

Meeting Date
April 25th 2017



AGENDA	
Section	CONSENT
Item No.	II.D.2

AGENDA REPORT
 BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	ACKNOWLEDGE RECEIPT OF FY 2015-2016 REDEVELOPMENT AGENCIES ANNUAL REPORTS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016.
DEPT/OFFICE:	BUDGET OFFICE

Requested Action:

It is requested that the Board acknowledge receipt of 2015-2016 Redevelopment Agencies Annual Reports for the fiscal year ending September 30, 2016.

Summary Explanation & Background:

In accordance with Florida Statute 163.356(3) C, the following Redevelopment Agencies are providing the Brevard County Board of County Commissioners a copy of their 2016 Annual Financial Reports.

163.356 Creation of community redevelopment agency.—
 (3)(c) The governing body of the county or municipality shall designate a chair and vice chair from among the commissioners. An agency may employ an executive director, technical experts, and such other agents and employees, permanent and temporary, as it requires, and determine their qualifications, duties, and compensation. For such legal service as it requires, an agency may employ or retain its own counsel and legal staff. An agency authorized to transact business and exercise powers under this part shall file with the governing body, on or before March 31 of each year, a report of its activities for the preceding fiscal year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such fiscal year. At the time of filing the report, the agency shall publish in a newspaper of general circulation in the community a notice to the effect that such report has been filed with the county or municipality and that the report is available for inspection during business hours in the office of the clerk of the city or county commission and in the office of the agency.

Continued on page 2

Clerk to the Board instruction: Maintain necessary documents for records retention.

Exhibits Attached: The FY2015-2016 Redevelopment Agencies Annual Reports.

Contract /Agreement (If attached): Reviewed by County Attorney	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	PR	<input type="checkbox"/>
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County Manager		Department Director/Extension
Stockton Whitten		Jill Hayes/52857

City of Cape Canaveral Community Redevelopment Agency
City of Cocoa Community Redevelopment Agency
Downtown City of Cocoa Beach Community Redevelopment Agency
City of Melbourne Community Redevelopment Agencies
Merritt Island Community Redevelopment Agency (MIRA)
City of Palm Bay Bayfront Community Redevelopment Agency
Town of Palm Shores Community Redevelopment Agency
City of Rockledge Community Redevelopment Agency
City of Satellite Beach Community Redevelopment Agency
City of Titusville's Downtown Community Redevelopment Agency
City of West Melbourne/Brevard County Joint Community Redevelopment Agency

Fiscal Impact: There is no fiscal impact.



Tammy Rowe, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972
Tammy.Rowe@brevardclerk.us

April 26, 2017

M E M O R A N D U M

TO: Jill Hayes, Budget Office Director

RE: Item II.D.2., Acknowledge Receipt of FY 2015-2016 Redevelopment Agencies Annual Reports for the Fiscal Year Ending September 30, 2016.

The Board of County Commissioners, in regular session on April 25, 2017, acknowledged receipt of FY 2015-2016 Redevelopment Agencies Annual Reports for the Fiscal Year ending September 30, 2016.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe, Deputy Clerk

/kp

cc: Finance



City of Cape Canaveral

Community Redevelopment Agency

March 20, 2017

Honorable Mayor and City Council Members
City of Cape Canaveral
105 Polk Avenue, P.O. Box 326
Cape Canaveral, FL 32920-0326

**RE: CAPE CANAVERAL COMMUNITY REDEVELOPMENT AGENCY ANNUAL
REPORT – 2015/16 FY**

Dear Mayor Hoog and City Council Members:

The Cape Canaveral Community Redevelopment Agency was established August 21, 2012 with the adoption of Resolution No. 2012-16. On December 18, 2012, the City Council adopted the Community Redevelopment Plan and created the Redevelopment Trust Fund by adoption of Ordinance No. 23-2012.

Since the City of Cape Canaveral is financially accountable for the activities of the Cape Canaveral CRA, its governing board is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a major special revenue fund.

Per F.S. 163.356(3)(c), " ...An agency authorized to transact business and exercise powers under this part shall file with the governing body, on or before March 31 of each year, a report of its activities for the preceding fiscal year, which report shall include a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of such fiscal year. At the time of filing the report, the agency shall publish in a newspaper of general circulation in the community a notice to the effect that such report has been filed with the county or municipality and that the report is available for inspection during business hours in the office of the clerk of the city or county commission and in the office of the agency."

The fiscal year for the CRA is October 1 through September 30. This Report is for the period from October 1, 2015 to September 30, 2016 (FY 2015-16).

Mailing Address: P.O. Box 326 Physical Address: 110 Polk Avenue
Cape Canaveral, FL 32920-0326
Telephone (321) 868-1222 ~ Fax (321) 868-1247
www.cityofcapecanaveral.org e-mail: info@cityofcapecanaveral.org

CRA Accomplishments FY 2015-16:

- Passed Resolution No. CRA-04; adopting a budget for the CRA for Fiscal Year 2016/17.
- Approved a meeting schedule and financial reporting requirements for Fiscal Year 2016/17.

Financial Report:

- Revenues FY 2015-16: \$273,356
- Expenditures FY 2015-16: \$761,254

Please contact me at (321) 868-1230 or email d.greene@cityofcapecanaverall.org should you have questions or need additional information. Thank you.

Sincerely,



David L. Greene
Registered Agent

cc: Jim Barfield, Chair, Brevard County BoCC
Anthony Garganese, CRA Board Attorney
Mia Goforth, CRA Recording Secretary
John DeLeo, Financial Services Director
Todd Morley, Economic Development Director
David Dickey, Community Development Director



Finance Department
65 Stone Street I Cocoa, FL 32922
Phone: (321) 433-8600 I Fax: (321) 433-8608

AFFIDAVIT OF IMPACT FEE COMPLIANCE

The City of Cocoa has complied with Section 163.31801 of Florida Statutes regarding accounting and reporting impact fee collections and expenditures for Fiscal Year 2016.

Teri Butler

Teri Butler, CGFO
Finance Director

STATE OF FLORIDA
COUNTY OF BREVARD:

SWORN TO AND SUBSCRIBED before me this 23rd day of February, 2017, by Teri Butler who is personally known to me.

Carie E. Shealy
SIGNATURE OF NOTARY PUBLIC-STATE OF FLORIDA



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

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

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

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

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

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

Melbourne, Florida
March 16, 2017

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Effect: Salary amounts reported to the actuary for some fire personnel were understated. Per our discussion with the actuary, the amount was immaterial in the current year for the actuary's calculation of pension liability.

Recommendation: There needs to be a separate review when new payroll codes are established by someone other than the person who codes the items payroll system.

Management's Response: The City has created a pension reference worksheet to assist with the creation and entry of payroll codes. The City has also implemented a second review when new payroll codes are entered into the City's payroll software to ensure exclusions and inclusions are correct. Additionally, a log has been created to track changes as they are made to record the history of the payroll code changes.

Purpose of this Letter

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

Carri Riggs & Ingram, L.L.C

Melbourne, Florida
March 16, 2017

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 authorities of the City of Cocoa, Florida and its component units are disclosed in the footnotes.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City of Cocoa, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Cocoa, Florida 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 of Cocoa, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of Cocoa, Florida for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we had the following finding:

IC 2016-002 CODING FOR PENSIONABLE SALARY INFORMATION

Criteria: The actuary needs to obtain accurate information regarding the census in order to estimate the pension liability.

Condition: The Firefighters Pension coding needs to be periodically reviewed to ensure the coded items are included or properly excluded from the pensionable salary in the census information provided to the actuary.

Cause: An education incentive code created solely for individuals labeled as fire personnel was incorrectly coded as non-pensionable.



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Cocoa, Florida as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 16, 2017

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 *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550 Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 16, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the finding and recommendation made in the preceding annual financial audit as noted below:

Prior Year Internal Control Finding:	
IC 2015-001 Trial Balance	Corrected

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City of Cocoa, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

Federal Agency/ Pass-through Grantor/ Program Title	Grant or Contract Number	CFDA Number	Total Federal Expenditures	Transfers to Subrecipients
<i>U.S. Department of Environmental Protection Agency</i>				
Direct Programs:				
Brownsfields Assessment & Cleanup				-
Cooperative Agreement		BF00D33015-G400OR00	66.818	141,889
Subtotal - U.S. Department of Environmental Protection Agency			141,889	-
Total Expenditures of Federal Awards			\$ 1,431,757	\$ 18,153

Note: The Schedule of Expenditures of Federal Awards is a summary of the activity of the City's Federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles. The Uniform Guidance allows an organization to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2016, the City did not elect to use this rate.

City of Cocoa, Florida
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2016

Federal Agency/ Pass-through Grantor/ Program Title	Grant or Contract Number	CFDA Number	Total Federal Expenditures	Transfers to Subrecipients
Federal Programs:				
<i>U.S. Department of Housing and Urban Development</i>				
Direct Program:				
Community Development Block Grant	B-14-MC-12-0003	14.218	\$ 78,110	\$ 18,153
Indirect Program:				
Passed through Brevard County Department of Community Development				
HOME Investment Partnership Program	M-12-DC-12-00200	14.239	1,684	-
Subtotal - U.S. Department of Housing and Urban Development			79,794	18,153
<i>U.S. Department of Justice</i>				
Direct Programs:				
Bulletproof Vest Partnership Program	N/A	16.607	10,751	-
Edward Byrne Memorial Justice Assistance Grant Program	2015-DJ-BX-0717	16.738	22,993	-
Subtotal - Direct Programs			33,744	-
Indirect Program:				
Passed through Florida Attorney District General's Office				
Victim Advocate Grant	V14336	16.575	4,115	-
Subtotal - U.S. Department of Justice			37,859	-
<i>U.S. Department of Transportation</i>				
Indirect Programs:				
Passed through Florida Department of Transportation				
Highway Planning and Construction	FPN: 434971-1-58/68-01	20.205	1,148,282	-
Highway Planning and Construction	FPN: 435424-1-68-01	20.205	23,933	-
Subtotal - U.S. Department of Transportation			1,172,215	-



City of Cocoa, Florida
Schedule of Findings and Questioned Costs (continued)
Fiscal Year Ended September 30, 2016

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

No matters were reported.

OTHER ISSUES

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs.

No Corrective Action Plan is required because there were no findings required to be reported under the Uniform Guidance.

City of Cocoa, Florida
Schedule of Findings and Questioned Costs (continued)
Fiscal Year Ended September 30, 2016

FINDINGS - FINANCIAL STATEMENTS AUDIT

IC 2016-001 PENSION PLAN TRIAL BALANCE

Criteria: Investments in the Pensions funds need to be complete on the trial balance so the correct amounts are available to management when making decisions regarding the pension plan.

Condition: The Firefighters Pension Plan Trial Balance needs to be updated with complete and accurate information.

Cause: There was money moved to a new custodian by the Pension Board, and the City's Finance Department was unaware of the transfer. The withdrawal from the Pension account was incorrectly coded from the investment statements as a loss on the value of the investments.

Effect: Investments were understated by approximately \$1.5 million prior to an audit adjustment.

Recommendation: We recommend the personnel who record the transactions in the general ledger and the person that reviews the journal entries need training on how to read the investment statements so that transactions are properly recorded.

Management's Response: Currently the City has a process whereby a team member reviews and enters the transaction information related to the City's pension plans. These entries are reviewed by management and posted to the general ledger. The team members tasked with this responsibility are mostly inexperienced in reading complex investment statements.

Due to the inexperience of the team members responsible for these entries and the lack of a thorough review, the City has implemented training to all the team members that will either perform entry or review of all pension plan transactions. The City has added a second management review where the supervisor will perform a thorough review and the manager will perform a second high level review.

City of Cocoa, Florida
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2016

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) yes no

Major federal programs:

<u>Federal CFDA Numbers</u>	<u>Federal Program or Cluster</u>
20.205	Highway Planning and Construction

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Cocoa 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, 2016.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 have not been identified.

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

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

Melbourne, Florida
March 16, 2017



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cocoa, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Cocoa, Florida's major federal programs for the year ended September 30, 2016. The City of Cocoa, Florida's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cocoa, Florida'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*.

The City of Cocoa, Florida's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cary Riggs & Ingram, L.L.C.

Melbourne, Florida

March 16, 2017

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cocoa, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Cocoa, Florida's basic financial statements, and have issued our report thereon dated March 16, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weaknesses, IC 2016-001.

OTHER REPORTS

This section contains reports on internal control and compliance matters.

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Schedule 22

2011	2010	2009	2008	2007
1	1	1	1	1
3	3	3	3	3
93	93	93	93	84
2,004	2,004	2,004	1,860	2,052
146	146	146	146	146
1,321	1,319	1,309	1,302	1,294
683	658	624	624	549
6,424	6,397	6,363	6,293	6,217
22,500	22,500	22,500	22,500	22,500
117	117	99	99	99
4,500	4,500	4,500	4,500	4,500

City of Cocoa, Florida
Capital Assets by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012
Police Stations	1	1	1	1	1
Fire Stations	3	3	3	3	3
Other Public Works					
Streets (miles)	79	79	93	93	93
Street Lights	2,182	2,004	2,004	2,004	2,004
Traffic Signals	146	146	146	146	146
Water					
Water mains (miles)	1,341	1,339	1,331	1,325	1,322
Fire Hydrants in Cocoa	687	685	687	684	684
Fire Hydrants - Total System	6,590	6,499	6,515	6,467	6,442
Storage capacity (thousands of gallons)	22,500	22,500	22,500	22,500	22,500
Wastewater					
Sanitary sewers (miles)	125	125	117	117	117
Treatment capacity (thousands of gallons)	4,500	4,500	4,500	4,500	4,500

Sources: Various City departments.

Schedule 21

2012	2011	2010	2009	2008	2007
700	775	824	1,120	700	929
1,838	2,142	2,860	2,640	1,591	2,605
1,501	1,938	2,239	2,294	2,311	1,917
57	34	33	196	269	144
2,162	3,877	4,835	5,234	6,745	6,871
4,253	4,092	3,125	3,577	3,615	3,706
117	221	268	204	167	218
2,123	2,332	2,298	2,169	1,608	2,271
1	3	3	3	5	5
463	359	442	512	465	731
128	105	126	111	103	86
22,430	23,008	25,758	25,167	25,824	27,281
27,093	31,179	34,258	34,446	35,979	37,725
2,020	2,570	2,300	1,830	2,370	2,200

City of Cocoa, Florida
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013
General government				
Building permits issued	1,063	996	917	815
Building inspections conducted	3,618	3,669	2,890	2,118
Police				
Physical arrests	1,054	1,543	1,636	1,510
Parking violations	48	24	12	19
Traffic violations	1,630	2,096	3,161	2,455
Fire				
Emergency responses	5,139	4,835	4,481	4,085
Fires extinguished	107	96	108	90
Inspections	83	73	102	349
Public Works				
Streets resurfacing (miles)	4	2	4	0
Water				
New connections	707	719	522	612
Water main breaks	83	107	118	105
Average daily consumption (thousands of gallons)	21,247	21,954	21,223	22,370
Peak daily consumption (thousands of gallons)	28,271	27,550	26,867	29,028
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,077	2,139	1,796	1,930

Source: Various City departments.

Note: In fiscal year 2013, the City changed its policy on fire inspections. The Building Division no longer conducts annual business tax receipt or fire inspections. However the Building Division does conduct inspections for state licensed facilities upon request.

Schedule 20

2011	2010	2009	2008	2007
7.00	5.00	5.00	5.00	5.00
3.00	3.50	4.00	4.00	4.40
8.50	8.00	9.00	8.00	8.00
18.00	18.50	18.50	19.00	17.50
4.34	5.25	5.25	5.00	5.25
2.00	4.25	6.25	5.00	6.25
8.33	7.25	7.25	10.00	7.25
7.33	6.25	6.25	6.00	6.25
5.00	5.00	5.00	5.00	5.00
89.00	94.00	97.00	104.00	100.00
41.00	39.00	43.00	40.00	42.00
28.00	22.00	20.00	21.00	18.00
133.50	142.00	143.50	131.00	131.50
28.00	34.00	34.00	34.00	35.00
5.00	5.00	5.00	5.00	6.00
6.00	10.00	17.00	14.00	19.00
18.00	15.00	12.00	21.00	22.60
412.00	424.00	438.00	437.00	439.00

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

Function/Program	2016	2015	2014	2013	2012
General government					
City Manager/OMB	3.00	3.00	3.00	1.00	4.00
City Clerk	3.00	3.00	3.00	3.00	3.00
Finance	12.00	11.00	12.00	10.50	8.50
Customer Service	26.00	25.00	25.00	18.00	20.00
Human Resources	7.00	6.00	4.00	4.00	3.50
Purchasing	3.00	3.00	2.00	2.00	2.00
Information Technology	8.50	7.50	8.00	7.00	8.00
Fleet Services	7.00	7.00	7.00	7.00	7.50
Other	0.00	0.00	0.00	0.00	2.50
Public Safety					
Police Department	89.50	95.25	92.00	90.00	87.50
Fire Department	44.00	44.00	43.00	39.00	39.00
Public Works	28.00	27.00	27.00	26.00	26.00
Water	128.00	127.00	129.00	135.50	140.00
Wastewater	33.00	33.00	28.00	30.00	29.00
Stormwater	6.00	5.00	7.00	3.00	5.00
Parks and Recreation	5.00	5.00	3.00	2.00	3.50
Development	16.00	18.00	17.00	15.00	17.00
Total	419.00	419.75	410.00	393.00	406.00

Source: City of Cocoa Finance Department.

Schedule 19**2007**

Rank	Employer	Employees	% of Total Employment
1	Brevard Community College	478	6.10%
2	City of Cocoa	426	5.44%
3	Wal-Mart	382	4.88%
4	Beyel Brothers Crane & Rigging	214	2.73%
5	Florida Solar Energy Center	150	1.91%
6	Ocean Potion	122	1.56%
7	Fed Ex Ground Distribution Center	120	1.53%
8	Coca Cola	120	1.53%
9	Bell South	120	1.53%
10	RMD Americas	110	1.40%
Total Employees		2,242	28.62%

Source: Bureau of Economic and Business Research

**City of Cocoa, Florida
Principal Employers
Current and Nine Years Ago**

2016			
Rank	Employer	Employees	% of Total Employment
1	Eastern Florida State College - Cocoa Campus	555	6.67%
2	City of Cocoa	427	5.14%
3	Wal-Mart Super Center	341	4.10%
4	Beyel Brothers Inc.	313	3.76%
5	Coastal Steel Inc.	174	2.09%
6	Brevard Robotics, Inc	156	1.88%
7	Aging Matters In Brevard	153	1.84%
8	Publix Super Markets Inc.	145	1.74%
9	Sam's Club	135	1.62%
10	University of Central Florida - Cocoa Campus	129	1.55%
		2,528	30.40%

Source: The companies listed above.

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City of Cocoa, Florida
Demographic and Economic Statistics - Last Ten Fiscal Years
Schedule 18

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2016	18,833	\$ 762,943,663	\$ 40,511	5.2%
2015	18,313	717,832,974	39,198	6.1%
2014	17,678	672,382,730	38,035	6.9%
2013	17,443	664,264,326	38,082	7.9%
2012	17,259	663,936,471	38,469	9.1%
2011	17,238	634,461,828	36,806	11.6%
2010	17,140	614,417,580	35,847	11.8%
2009	16,825	627,690,275	37,307	9.8%
2008	16,971	617,829,255	36,405	6.1%
2007	17,164	609,424,984	35,506	3.8%

(1) Source 2014, 2009-2007: United States Census Bureau, American Fact Finder, Cocoa City, Florida

(1) Source 2016-2015, 2013-2010: Bureau of Economic and Business Research, University of Florida

(2) Source: 2016-2007 U.S. Department of Commerce, Bureau of Economic Analysis

(3) Source: U.S. Department of Labor, Bureau of Labor Statistics. Based on an average of the monthly unemployment rates throughout the fiscal year.

City of Cocoa, Florida
Pledged Revenue Coverage - Last Ten Fiscal Years (in thousands of dollars)
Schedule 17

Water Revenue Bonds								
Debt Service								
Fiscal Year	Pledged Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Principal (4)	Interest (5)	Total	Coverage (3)	
2016	\$ 55,856	\$ 30,195	\$ 25,661	\$ 2,420	\$ 3,124	\$ 5,544	4.63	
2015	53,736	29,455	24,281	2,300	3,248	5,548	4.38	
2014	54,392	27,793	26,599	2,180	3,362	5,542	4.80	
2013	53,301	27,603	25,698	2,095	3,434	5,529	4.65	
2012	50,601	26,627	23,974	2,295	3,492	5,787	4.14	
2011	48,903	26,561	22,342	2,220	3,287	5,507	4.06	
2010	43,621	31,174	12,447	2,160	2,410	4,570	2.72	
2009	43,998	32,022	11,976	1,517	1,763	3,280	3.65	
2008	42,165	27,577	14,588	1,755	2,073	3,828	3.81	
2007	41,421	25,894	15,527	1,700	2,423	4,123	3.77	

(1) Pledged revenues include operating and non-operating revenues of the Water and Sewer System, excluding impact fees, capital contributions, and gain on sale/disposal of assets.

(2) Excludes interest, depreciation, loss on sale/disposal of assets, and transfers out.

(3) Required coverage is 1.25.

(4) Bond proceeds from revenue refunding bonds are excluded since payments are made with proceeds and not pledged revenues. Accordingly, they are not included in the above calculation.

(5) Excludes subsidy received for Series 2010 Build America Bonds.

Source: Financial Statements, City of Cocoa, Florida.

City of Cocoa, Florida

Direct and Overlapping Governmental Activities Debt - September 30, 2016

Schedule 16

<u>Governmental Unit</u>	<u>Debt Outstanding (1)</u>	<u>Applicable Percentage (2)</u>	<u>City's Estimated Share of Direct and Overlapping Debt</u>
Brevard County	\$ 89,788,697	2.63%	\$ 2,362,023
City of Cocoa Direct Debt (Governmental Activities)			
Revenue Bonds			9,550,000
Revenue Notes			4,286,000
			<u>13,836,000</u>
Total Direct and Overlapping Debt			\$ 16,198,023

- (1) Source: Brevard County Comprehensive Annual Financial Report. Table 12
(2) Based on 2015 taxable assessed valuation.



City of Cocoa, Florida
Legal Debt Limit Information - September 30, 2016
Schedule 15

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

City of Cocoa, Florida

Ratio of Net General Bonded Debt Outstanding - Last Ten Fiscal Years
Schedule 14

General Bonded Debt Outstanding								
Fiscal Year	Capital Improvement Revenue Bonds	Cocoa Redevelopment Agency Revenue Bonds	Total	Percentage of Actual Taxable Value of Property (in thousands)	Per Capita	Population (1)	Net Assessed Value (in thousands)	
2016	\$ 9,376,026	\$ -	\$ 9,376,026	0.011	\$ 497.85	18,833	\$	817,571
2015	9,642,327	297,729	9,940,056	0.013	542.79	18,313		780,889
2014	9,898,628	573,229	10,471,857	0.014	592.37	17,678		775,130
2013	10,144,929	838,729	10,983,658	0.014	629.69	17,443		797,666
2012	10,381,230	1,378,500	11,759,730	0.015	681.37	17,259		797,666
2011	10,607,531	1,625,000	12,232,531	0.013	709.63	17,238		906,152
2010	13,573,832	1,863,000	15,436,832	0.015	925.14	16,686		1,024,738
2009	13,945,133	2,092,000	16,037,133	0.014	953.17	16,825		1,162,137
2008	14,306,434	2,313,000	16,619,434	0.014	979.28	16,971		1,174,238
2007	14,653,879	2,526,000	17,179,879	0.015	1,000.93	17,164		1,132,281

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

Schedule 13

Percentage of Personal Income (1)	Per capita (1)
12.6%	\$ 5,097
14.2%	5,547
15.6%	5,942
16.3%	6,211
16.9%	6,511
18.6%	6,845
15.8%	5,670
15.7%	5,847
14.6%	5,324
13.7%	4,868

City of Cocoa, Florida
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government
	Capital Improvement Revenue Bonds	Cocoa Redevelopment Agency Revenue Bonds	Capital Leases	Note Payable	Water and Sewer Bonds	Capital Leases	Note and Loans Payable	
2016	\$ 9,376,026	\$ -	\$ -	\$ 4,286,000	\$ 60,295,739	\$ -	\$ 22,026,569	\$ 95,984,334
2015	9,642,327	297,729	-	4,857,000	62,726,522	-	24,059,149	101,582,727
2014	9,898,628	573,229	-	3,377,000	65,037,304	-	26,161,299	105,047,460
2013	10,144,929	838,729	64,536	3,726,000	65,224,990	-	28,332,602	108,331,786
2012	10,381,230	1,378,500	236,158	2,718,000	67,212,256	-	30,451,616	112,377,760
2011	10,607,531	1,625,000	435,801	2,953,000	69,625,331	44,559	32,701,997	117,993,219
2010	13,573,832	1,863,000	547,833	-	47,093,879	264,029	33,837,921	97,180,494
2009	13,945,133	2,092,000	707,190	-	49,157,882	410,701	32,060,635	98,373,541
2008	14,306,434	2,313,000	222,041	-	41,385,413	638,121	31,486,116	90,351,125
2007	14,653,879	2,526,000	346,025	-	43,010,249	180,965	22,836,738	83,553,856

(1) See Schedule 18 - Demographic and Economic Statistics for personal income and population data.

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City of Cocoa, Florida
Water and Waste Water System Growth - Last Ten Fiscal Years
Schedule 12

Water System

Year	Number of Customers	Increase in Customers	Annual Revenue (*)	Increase in Revenue	Avg. Daily Flow	Increase in Avg. Daily Flow
2016	80,206	0.78%	\$ 45,776,069	3.15%	21.247	-3.22%
2015	79,589	1.52%	44,378,086	-2.15%	21.954	3.44%
2014	78,398	-2.24%	45,354,935	3.20%	21.223	-5.13%
2013	80,198	0.69%	43,949,338	5.08%	22.370	-0.27%
2012	79,647	0.53%	41,823,688	4.11%	22.430	-2.51%
2011	79,228	0.38%	40,171,798	14.15%	23.007	-10.74%
2010	78,928	3.00%	35,192,798	-2.40%	25.776	2.42%
2009	76,632	1.41%	36,057,704	10.94%	25.167	-2.54%
2008	75,567	-0.48%	32,501,661	6.66%	25.824	-5.34%
2007	75,935	1.94%	30,472,290	2.93%	27.280	-2.69%

Waste Water System

Year	Number of Customers	Increase in Customers	Annual Revenue (*)	Increase in Revenue	Avg. Daily Flow (mdg)	Increase in Avg. Daily Flow
2016	7,041	1.53%	\$ 5,006,306	2.99%	2.077	-2.90%
2015	6,935	0.52%	4,860,790	2.52%	2.139	19.10%
2014	6,899	12.16%	4,741,096	2.40%	1.796	-10.65%
2013	6,151	-8.63%	4,629,901	3.62%	2.010	3.61%
2012	6,732	-0.77%	4,468,058	-2.16%	1.940	-3.96%
2011	6,784	0.70%	4,566,617	14.13%	2.020	-1.94%
2010	6,737	-0.55%	4,001,072	-2.35%	2.060	6.74%
2009	6,774	0.85%	4,097,501	-1.11%	1.930	-18.57%
2008	6,717	-1.58%	4,143,307	4.74%	2.370	5.33%
2007	6,825	0.21%	3,955,949	12.18%	2.250	13.07%

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

City of Cocoa, Florida
Waste Water Rates - Last Ten Fiscal Years
Schedule 11

BASE RATES - INSIDE COCOA CITY LIMITS:

Meter Size	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
3/4"	\$ 13.20	\$ 12.82	\$ 12.82	\$ 12.21	\$ 11.63	\$ 11.51	\$ 9.77	\$ 9.90	\$ 9.90	\$ 9.00
1"	24.69	23.97	23.97	22.83	21.74	21.52	18.31	18.55	18.55	16.88
1.5"	49.52	48.08	48.08	45.79	43.61	43.18	36.64	37.12	37.12	33.75
2"	123.72	120.12	120.12	114.40	108.95	107.87	91.59	92.78	92.78	84.38
3"	495.16	480.74	480.74	457.85	436.05	431.73	366.39	371.14	371.14	337.50
4"	742.75	721.12	721.12	686.78	654.08	647.60	549.59	556.72	556.72	506.25
6"	1,336.96	1,298.02	1,298.02	1,236.21	1,177.34	1,165.68	989.26	N/A	N/A	N/A
8"	2,139.24	2,076.93	2,076.93	1,978.03	1,883.84	1,865.19	N/A	N/A	N/A	N/A
10"	3,075.17	2,985.60	2,985.60	2,843.43	2,708.03	2,681.22	N/A	N/A	N/A	N/A

Volume Rate

Per 1,000 Gal.	\$ 6.26	\$ 6.08	\$ 6.08	\$ 5.79	\$ 5.51	\$ 5.46	\$ 4.63	\$ 4.69	\$ 4.69	\$ 4.00
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BASE RATES - OUTSIDE COCOA CITY LIMITS:

Meter Size	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
3/4"	\$ 16.50	\$ 16.03	\$ 16.03	\$ 15.26	\$ 14.54	\$ 14.39	\$ 12.21	\$ 12.38	\$ 12.38	\$ 11.25
1"	30.86	29.96	29.96	28.54	27.18	26.90	22.89	23.20	23.20	21.09
1.5"	61.90	60.10	60.10	57.24	54.51	53.98	45.80	46.39	46.39	42.19
2"	154.65	150.15	150.15	143.00	136.19	134.84	114.49	115.98	115.98	105.47
3"	618.95	600.93	600.93	572.31	545.06	539.66	457.99	463.92	463.92	421.88
4"	928.44	901.40	901.40	858.48	817.60	809.50	686.99	695.89	695.89	632.81
6"	1,671.20	1,622.53	1,622.53	1,545.26	1,471.68	1,457.10	989.26	N/A	N/A	N/A
8"	2,674.05	2,596.16	2,596.16	2,472.54	2,354.80	2,331.49	N/A	N/A	N/A	N/A
10"	3,843.96	3,732.00	3,732.00	3,554.29	3,385.04	3,351.53	N/A	N/A	N/A	N/A

Volume Rate

Per 1,000 Gal.	\$ 7.83	\$ 7.60	\$ 7.60	\$ 7.24	\$ 6.89	\$ 6.83	\$ 5.79	\$ 5.87	\$ 5.87	\$ 5.00
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City of Cocoa, Florida
Water Rates - Last Ten Fiscal Years
Schedule 10

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

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

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

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

INSIDE COCOA CITY LIMITS

BASE RATES

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
3/4"	\$ 13.66	\$ 13.26	\$ 13.26	\$ 12.63	\$ 12.03	\$ 11.40	\$ 10.47	\$ 10.47	\$ 9.10	\$ 9.10
1"	33.07	32.11	32.11	30.58	29.12	27.60	25.30	25.30	22.00	19.87
1.5"	59.98	58.23	58.23	55.46	52.82	50.07	46.00	46.00	40.00	33.12
2"	150.04	145.67	145.67	138.73	132.12	125.23	115.00	115.00	100.00	79.46
3"	360.16	349.67	349.67	333.02	317.16	300.63	276.00	276.00	240.00	193.12
4"	540.25	524.51	524.51	499.53	475.74	450.94	414.00	414.00	360.00	275.88
6"	1,020.51	990.79	990.79	943.61	898.68	851.83	782.00	782.00	680.00	496.59
8"	1,418.26	1,376.95	1,376.95	1,311.38	1,248.93	1,183.82	N/A	N/A	N/A	N/A
10"	1,815.84	1,762.95	1,762.95	1,679.00	1,599.05	1,515.69	1,391.50	1,391.50	1,210.00	827.66

VOLUME RATES PER THOUSAND GALLONS

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
1st Tier	\$ 2.84	\$ 2.76	\$ 2.76	\$ 2.63	\$ 2.50	\$ 2.37	\$ 2.10	\$ 2.10	\$ 1.83	\$ 1.66
2nd Tier	\$ 5.44	\$ 5.28	\$ 5.28	\$ 5.03	\$ 4.79	\$ 4.54	\$ 3.07	\$ 3.07	\$ 2.67	\$ 2.21
3rd Tier	\$ 7.09	\$ 6.88	\$ 6.88	\$ 6.55	\$ 6.24	\$ 5.91	\$ 4.53	\$ 4.53	\$ 3.94	\$ 2.98
4th Tier	\$ 9.55	\$ 9.27	\$ 9.27	\$ 8.83	\$ 8.41	\$ 7.97	\$ 6.50	\$ 6.50	\$ 5.61	\$ 4.08

OUTSIDE COCOA CITY LIMITS

BASE RATES

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
3/4"	\$ 15.03	\$ 14.59	\$ 14.59	\$ 13.89	\$ 13.23	\$ 12.54	\$ 11.52	\$ 11.52	\$ 10.01	\$ 9.61
1"	36.38	35.32	35.32	33.64	32.03	30.36	27.83	27.83	21.85	20.98
1.5"	65.98	64.06	64.06	61.01	58.10	55.08	50.60	50.60	36.43	34.97
2"	165.04	160.23	160.23	152.60	145.33	137.75	126.50	126.50	87.41	93.91
3"	396.18	384.64	384.64	366.32	348.88	330.69	303.60	303.60	212.43	203.93
4"	594.28	576.96	576.96	549.48	523.31	496.03	455.40	455.40	303.47	291.32
6"	1,122.56	1,089.87	1,089.87	1,037.97	988.55	937.01	860.20	860.20	546.25	524.38
8"	1,560.09	1,514.65	1,514.65	1,442.52	1,373.82	1,302.20	N/A	N/A	N/A	N/A
10"	1,997.42	1,939.25	1,939.25	1,846.90	1,758.96	1,667.26	1,530.65	1,530.65	910.43	873.98

VOLUME RATES PER THOUSAND GALLONS

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
1st Tier	\$ 3.12	\$ 3.04	\$ 3.04	\$ 2.89	\$ 2.75	\$ 2.61	\$ 2.31	\$ 2.31	\$ 2.01	\$ 1.82
2nd Tier	\$ 5.98	\$ 5.81	\$ 5.81	\$ 5.53	\$ 5.27	\$ 4.99	\$ 3.38	\$ 3.38	\$ 2.94	\$ 2.43
3rd Tier	\$ 7.80	\$ 7.57	\$ 7.57	\$ 7.21	\$ 6.86	\$ 6.50	\$ 4.98	\$ 4.98	\$ 4.33	\$ 3.28
4th Tier	\$ 10.51	\$ 10.20	\$ 10.20	\$ 9.71	\$ 9.25	\$ 8.77	\$ 7.15	\$ 7.15	\$ 6.17	\$ 4.49

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

Fiscal Year	Amount Levied	Current Year Collections		(1) Delinquent Tax Collections	Total Collections to Date	
		Amount Collected	Percentage of Levy		Total Amount Collected	Percentage of Levy
2016	\$ 4,888,261	\$ 4,454,794	91.13%	\$ 244,447	\$ 4,699,241	96.13%
2015	4,668,943	4,275,053	91.56%	253,754	4,528,807	97.00%
2014	4,636,129	4,235,126	91.35%	284,980	4,520,107	97.50%
2013	4,452,014	4,173,107	93.74%	262,758	4,435,865	99.64%
2012	4,500,137	4,022,600	89.39%	309,298	4,331,898	96.26%
2011	4,600,154	4,040,240	87.83%	331,324	4,371,564	95.03%
2010	5,216,952	4,066,535	77.95%	413,677	4,480,212	85.88%
2009	5,271,278	4,542,123	86.17%	510,186	5,052,309	95.85%
2008	5,175,163	4,799,655	92.74%	345,433	5,145,088	99.42%
2007	4,535,156	4,819,914	106.28%	209,284	5,029,198	110.89%

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

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

Note: 2012 thru 2007 have been restated to be consistent with the 2013 presentation.

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Schedule 8

2007

Rank	Taxpayer	Amount Levied	Percentage of Total City Levy
1	Wal-Mart	\$ 50,727	1.12%
2	Poplar Associates, LLC	31,873	0.70%
3	RDI Developers, LLC	31,424	0.69%
4	12550, LC	28,730	0.63%
5	Barrera Shores, LLC	23,910	0.53%
6	Cocoa Landing, LLLP	18,540	0.41%
7	Cocoa Commerical Properties, LLC	17,059	0.38%
8	Cocoa Ford, Inc	15,802	0.35%
9	Chand Enterprises, Inc	16,936	0.37%
10	Southern Bell Telephone & Telegraph	15,110	0.33%
Total		\$ 250,110	5.51%
Total Amount Levied		\$ 4,535,156	

Source: Brevard County Tax Collector

**City of Cocoa, Florida
Principal Taxpayers
Current and Nine Years Ago**

2016

Rank	Taxpayer	Amount Levied	Percentage of Total City Levy
1	Cocoa Commons Station LLC	\$ 61,404	1.26%
2	Wal-Mart Stores East LP	57,064	1.17%
3	Sam`s East Inc	36,663	0.75%
4	Home Depot USA Inc	30,601	0.63%
5	12550 LC	29,239	0.60%
6	Monmouth Real Estate Investment	27,503	0.56%
7	Oaks Meadows Ltd Partnership	21,524	0.44%
8	Sunrise Mobile Home Park LLC	20,544	0.42%
9	Cocoa Commercial Properties LLC	20,388	0.42%
10	SSR Properties LLC	19,698	0.40%
Total		\$ 324,628	6.64%
Total Amount Levied		<u><u>\$ 4,888,261</u></u>	

Source: Brevard County Tax Collector.

City of Cocoa, Florida
Direct and Overlapping Property Tax Rates (1) – Last Ten Fiscal Years
Schedule 7

Fiscal Year	City Direct Rate	Overlapping Rates			Total Direct and Overlapping Rates
	Basic Rate	Brevard County	Brevard County Public School	Independent Special Districts	
2016	5.9790	5.4692	7.2750	0.3343	19.0575
2015	5.9790	5.6310	7.3390	0.3509	19.2999
2014	5.9811	5.7979	7.6060	0.3628	19.7478
2013	5.9811	5.9199	8.0960	0.3658	20.3628
2012	5.5813	5.9199	8.1120	0.3658	19.9790
2011	4.9662	5.2249	7.6530	0.4503	18.2944
2010	4.4891	4.5211	7.6870	0.4503	17.1475
2009	4.4891	4.6762	7.6610	0.4503	17.2766
2008	4.4891	4.6210	7.5310	0.4503	17.0914
2007	4.5705	4.9370	7.6670	0.5005	17.6750

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

Source: Brevard County Tax Collector.

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Schedule 6

	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Value as a Percentage of Actual Taxable Value
\$	817,570,738	5.979%	\$ 818,427,691	99.895%
	780,889,376	5.979%	782,374,729	99.810%
	775,129,535	5.981%	775,765,766	99.918%
	797,666,368	5.981%	798,015,398	99.956%
	906,151,634	5.581%	906,819,814	99.926%
	1,024,738,195	4.966%	1,025,224,075	99.953%
	1,162,136,934	4.489%	1,484,851,266	78.266%
	1,174,238,002	4.489%	1,753,503,308	66.965%
	1,132,280,912	4.489%	1,749,095,658	64.735%
	944,312,157	4.571%	1,459,254,103	64.712%

City of Cocoa, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax-Exempt Property
2016	\$ 874,284,810	\$ 277,265,631	\$ 3,514,003	\$ 337,493,706
2015	838,137,370	268,432,534	2,656,441	328,336,969
2014	820,754,020	277,223,578	2,335,457	325,183,520
2013	846,372,850	284,164,503	2,089,111	334,960,096
2012	961,539,190	306,406,665	2,019,635	363,813,856
2011	1,159,589,630	341,024,797	2,313,993	478,190,225
2010	1,371,082,320	369,202,673	3,420,128	581,568,187
2009	1,413,286,040	337,859,014	2,358,254	579,265,306
2008	1,418,325,800	328,751,272	2,018,486	616,814,646
2007	1,151,772,850	305,576,467	1,904,786	514,941,946

Source: Brevard County Property Appraiser.

City of Cocoa, Florida
General Governmental Revenues by Source
Last Ten Fiscal Years - (modified accrual basis of accounting)
Schedule 5

Fiscal Year	Property Taxes	Utilities and Franchise Taxes	(1) Inter- governmental*	Other*	Totals
2016	\$ 4,699,241	\$ 3,597,190	\$ 5,495,267	\$ 14,570,284	\$ 28,361,982
2015	4,528,807	3,570,471	5,238,875	14,501,130	27,839,283
2014	4,520,106	3,403,911	4,512,528	14,041,442	26,477,987
2013	4,435,865	3,485,682	4,361,263	14,018,816	26,301,626
2012*	4,331,898	3,327,267	4,165,693	13,236,958	25,061,816
2011*	4,371,564	3,477,264	3,835,207	13,946,678	25,630,713
2010*	4,480,212	2,572,894	4,587,230	16,382,201	28,022,537
2009*	5,052,309	3,715,142	5,038,694	16,291,173	30,097,318
2008	5,145,087	3,580,507	4,136,456	15,335,330	28,197,380
2007	5,029,198	3,637,362	5,378,705	15,188,924	29,234,189

(1) Includes local option gas tax.

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

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

Source: Financial Statements and records, City of Cocoa, Florida.

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Schedule 4

2012*	2011*	2010*	2009*	2008	2007
\$ 7,264,458	\$ 7,848,828	\$ 7,053,106	\$ 8,767,450	\$ 6,825,677	\$ 9,126,852
574,997	287,748	1,329,956	355,184	2,731,437	621,923
4,165,693	3,835,207	4,587,230	5,038,694	4,136,456	5,378,705
12,301,178	12,896,817	13,881,460	15,038,699	13,140,546	12,246,469
47,110	115,644	74,093	134,814	207,838	214,311
215,347	233,303	361,877	102,250	511,352	950,636
493,033	413,166	734,815	660,227	644,074	725,964
<u>25,061,816</u>	<u>25,630,713</u>	<u>28,022,537</u>	<u>30,097,318</u>	<u>28,197,380</u>	<u>29,264,860</u>
8,599,636	10,534,019	11,189,063	11,750,195	11,471,505	9,777,771
12,530,027	11,987,883	12,205,485	11,450,903	11,168,491	10,809,295
782,058	1,383,005	1,903,508	1,497,118	1,651,573	1,731,567
998,205	1,031,054	1,178,717	1,144,178	1,124,103	642,126
2,506,411	3,135,701	3,449,537	3,696,666	3,159,785	3,116,338
1,857,266	1,269,705	4,702,761	9,266,002	3,203,895	2,975,798
916,238	891,371	829,737	756,301	686,984	541,842
636,499	688,739	756,316	777,914	884,618	276,777
-	-	-	-	-	224,660
<u>28,826,340</u>	<u>30,921,477</u>	<u>36,215,124</u>	<u>40,339,277</u>	<u>33,350,954</u>	<u>30,096,174</u>
<u>(3,764,524)</u>	<u>(5,290,764)</u>	<u>(8,192,587)</u>	<u>(10,241,959)</u>	<u>(5,153,574)</u>	<u>(831,314)</u>
8,620,442	4,011,651	3,921,449	5,371,965	6,059,836	6,468,504
(355,397)	(568,359)	(134,852)	(1,266,682)	(876,327)	(474,520)
13,825	24,420	77,901	-	-	36,305
-	69,434	61,380	650,450	-	124,987
-	3,200,000	-	-	-	11,675,000
-	(2,750,000)	-	-	-	-
-	-	-	-	-	(247,981)
-	-	-	-	-	-
-	-	-	(1,611,706)	(254,950)	(688,443)
<u>8,278,870</u>	<u>3,987,146</u>	<u>3,925,878</u>	<u>3,144,027</u>	<u>4,928,559</u>	<u>16,893,852</u>
<u>\$ 4,514,346</u>	<u>\$ (1,303,618)</u>	<u>\$ (4,266,709)</u>	<u>\$ (7,097,932)</u>	<u>\$ (225,015)</u>	<u>\$ 16,062,538</u>
5.8%	5.3%	5.0%	4.9%	5.2%	3.0%

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

	2016	2015	2014	2013
Revenues				
Taxes*	\$ 8,296,431	\$ 8,099,278	\$ 7,924,017	\$ 7,921,547
Licenses and permits*	313,935	181,103	167,418	203,595
Intergovernmental*	5,495,267	5,238,875	4,512,528	4,361,263
Charges for services*	13,404,589	13,292,807	12,917,593	12,458,121
Fines and forfeitures	93,881	42,560	62,464	35,669
Investment earnings	131,533	192,048	70,053	173,736
Miscellaneous	626,346	792,612	823,914	1,147,695
Total revenues	28,361,982	27,839,283	26,477,987	26,301,626
Expenditures				
General government	10,342,933	9,987,287	9,199,043	9,186,111
Public safety	14,348,468	13,521,776	13,588,277	13,124,375
Economic development	959,938	1,155,565	950,343	1,048,240
Recreation	1,106,032	1,142,761	1,194,672	1,061,993
Physical environment	2,826,143	3,161,046	2,498,692	2,685,860
Capital outlay	6,431,769	5,028,077	3,022,931	2,808,239
Principal	1,143,729	1,070,500	934,036	1,198,393
Interest	557,042	583,843	599,540	616,102
Bond issue costs	-	-	-	-
Total expenditures	37,716,054	35,650,855	31,987,534	31,729,313
Deficiency of revenues under expenditures	(9,354,072)	(7,811,572)	(5,509,547)	(5,427,687)
Other financing sources (uses)				
Transfers in	7,873,404	11,159,572	11,877,562	9,564,909
Transfers out	(1,457,807)	(57,164)	(170,942)	(48,862)
Proceeds from sale of capital assets	90,087	108,512	17,084	2,023
Capital lease proceeds	-	-	-	-
Proceeds from issuance of debt	-	2,010,000	-	1,250,000
Payments to refunded debt escrow agent	-	-	-	-
Issuance discount	-	-	-	-
Contributions from US 1 Corridor CRA	78,754	65,457	61,695	429,039
Special item	-	-	-	-
Total other financing sources (uses)	6,584,438	13,286,377	11,785,399	11,197,109
Net change in fund balances	\$ (2,769,634)	\$ 5,474,805	\$ 6,275,852	\$ 5,769,422

Debt service as a percentage of noncapital expenditures	5.4%	5.4%	5.3%	6.3%
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*2012 thru 2009 amounts have been restated to be consistent with the 2013 presentation.

Schedule 3

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ 231,855	\$ 261,344	\$ 527,676	\$ 430,152
-	-	14,777,066	16,395,272	17,269,049	16,328,713
205,131	291,487	-	-	-	-
18,836	152,993	-	-	-	-
10,200,000	10,200,000	-	-	-	-
1,387,461	-	-	-	-	-
6,181,283	2,838,599	-	-	-	-
<u>\$ 17,992,711</u>	<u>\$ 13,483,079</u>	<u>\$ 15,008,921</u>	<u>\$ 16,656,616</u>	<u>\$ 17,796,725</u>	<u>\$ 16,758,865</u>
\$ -	\$ -	\$ 4,485,811	\$ 5,923,188	\$ 11,984,580	\$ 13,031,383
-	-	(1,119,152)	62,485	(41,084)	240,110
1,082,334	1,109,870	-	-	-	-
117,723	155,053	-	-	-	-
2,961,538	3,321,783	-	-	-	-
(567,998)	(997,823)	-	-	-	-
<u>\$ 3,593,597</u>	<u>\$ 3,588,883</u>	<u>\$ 3,366,659</u>	<u>\$ 5,985,673</u>	<u>\$ 11,943,496</u>	<u>\$ 13,271,493</u>

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

	2016	2015	2014	2013
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	172,051	438,024	232,583	245,679
Restricted	-	-	-	-
Committed	10,091,506	10,000,000	10,200,000	10,200,000
Assigned	12,639,139	10,855,020	1,520,181	1,370,443
Unassigned	10,100,892	14,297,920	18,192,939	11,823,962
Total general fund	\$ 33,003,588	\$ 35,590,964	\$ 30,145,703	\$ 23,640,084
All other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds (deficit)	-	-	-	-
Nonspendable	898,415	968,115	996,435	1,041,106
Restricted	281,203	252,338	87,030	80,456
Assigned	1,915,995	2,358,327	2,674,300	3,020,454
Unassigned (deficit)	237,552	(63,357)	(271,886)	(426,370)
Total all other government funds	\$ 3,333,165	\$ 3,515,423	\$ 3,485,879	\$ 3,715,646

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

Schedule 2 (continued)

2012	2011	2010	2009	2008	2007
\$ (16,714,553)	\$ (18,619,116)	\$ (20,073,719)	\$ (16,373,843)	\$ (15,139,448)	\$ (13,516,366)
12,133,979	10,463,185	5,024,238	11,659,320	8,001,010	7,760,839
\$ (4,580,574)	\$ (8,155,931)	\$ (15,049,481)	\$ (4,714,523)	\$ (7,138,438)	\$ (5,755,527)
\$ 4,331,898	\$ 4,371,564	\$ 4,480,212	\$ 5,052,308	\$ 5,145,087	\$ 5,059,869
1,999,902	2,062,808	2,178,588	2,188,917	2,076,281	2,115,422
1,327,365	1,414,456	1,400,508	1,526,226	1,504,226	1,521,940
1,864,355	1,814,427	1,920,196	2,152,489	2,304,909	2,514,804
246,918	274,572	400,133	126,343	581,120	1,112,889
792,711	359,300	623,192	513,738	459,549	170,268
-	-	-	-	-	-
8,265,045	3,443,292	3,786,597	4,105,283	5,183,509	5,993,984
-	-	-	(1,611,706)	(254,950)	(688,443)
18,828,194	13,740,419	14,789,426	14,053,598	16,999,731	17,800,733
361,168	282,282	267,867	(53,709)	831,185	950,970
41,657	135,265	67,564	147,462	95,943	327,071
-	-	-	-	-	-
(8,265,045)	(3,458,292)	(3,786,597)	(4,105,283)	(5,183,509)	(5,993,984)
-	-	-	(1,919,314)	-	-
(7,862,220)	(3,040,745)	(3,451,166)	(5,930,844)	(4,256,381)	(4,715,943)
\$ 10,965,974	\$ 10,699,674	\$ 11,338,260	\$ 8,122,754	\$ 12,743,350	\$ 13,084,790
\$ 2,113,642	\$ (4,878,697)	\$ (5,284,293)	\$ (2,320,245)	\$ 1,860,283	\$ 4,284,367
4,271,759	7,422,440	1,573,072	5,728,476	3,744,629	3,044,896
\$ 6,385,401	\$ 2,543,743	\$ (3,711,221)	\$ 3,408,231	\$ 5,604,912	\$ 7,329,263

Schedule 2 (continued)

Net (Expense)/Revenue	2016	2015	2014	2013
Governmental activities	\$ (12,759,744)	\$ (18,884,181)	\$ (17,222,341)	\$ (17,423,897)
Business-type activities	13,823,262	14,537,775	16,504,343	14,133,378
Total primary government net revenue (expense)	\$ 1,063,518	\$ (4,346,406)	\$ (717,998)	\$ (3,290,519)

General Revenues and Other Changes in Net Assets

Governmental activities:

Property taxes	\$ 4,699,241	\$ 4,528,807	\$ 4,520,106	\$ 4,435,865
Public utility and telecommunication taxes	2,179,176	2,142,546	2,011,573	2,152,855
Franchise taxes	1,418,014	1,427,925	1,392,338	1,332,827
Shared revenues not restricted to specific programs	2,088,744	2,012,550	1,983,054	1,917,889
Unrestricted investment earnings	100,579	154,667	90,445	182,955
Miscellaneous	503,570	829,289	529,855	739,177
Loss on sale of capital assets	-	-	-	-
Transfers, net	7,226,129	11,102,408	11,706,620	9,516,047
Special item	-	-	-	-
Total governmental activities	18,215,453	22,198,192	22,233,991	20,277,615

Business-type activities:

Unrestricted investment earnings	235,491	283,248	232,887	(90,540)
Miscellaneous	69,094	75,422	127,933	44,805
Gain on sale of capital assets	153,005	-	-	-
Transfers, net	(7,226,129)	(11,102,408)	(11,706,620)	(9,516,047)
Special item	-	-	-	-
Total business-type activities	(6,768,539)	(10,743,738)	(11,345,800)	(9,561,782)
Total primary government	\$ 11,446,914	\$ 11,454,454	\$ 10,888,191	\$ 10,715,833

Change in Net Position

Governmental activities	\$ 5,455,709	\$ 3,314,011	\$ 5,011,650	\$ 2,853,718
Business-type activities	7,054,723	3,794,037	5,158,543	4,571,596
Total primary government	\$ 12,510,432	\$ 7,108,048	\$ 10,170,193	\$ 7,425,314

Schedule 2 (continued)

	2012	2011	2010	2009	2008	2007
\$	10,528,005	\$ 14,265,207	\$ 15,491,497	\$ 15,281,950	\$ 13,346,011	\$ 10,719,285
	14,294,202	13,951,279	13,878,749	13,093,502	12,130,693	11,343,683
	1,085,098	1,130,151	1,252,356	1,228,844	1,174,088	678,931
	686,310	1,155,249	1,584,027	742,991	666,799	1,733,896
	2,688,133	1,487,530	2,158,716	2,607,162	2,100,294	3,218,540
	645,198	697,413	765,015	752,408	769,370	367,888
	1,689,124	1,595,419	1,601,323	1,599,953	1,620,335	1,624,767
	31,616,070	34,282,248	36,731,683	35,306,810	31,807,590	29,686,990
	39,776,639	39,731,176	42,417,064	42,793,336	38,000,883	36,221,177
	784,328	718,825	722,058	711,367	625,125	649,899
	-	-	-	-	-	931,998
	40,560,967	40,450,001	43,139,122	43,504,703	38,626,008	37,803,074
\$	72,177,037	\$ 74,732,249	\$ 79,870,805	\$ 78,811,513	\$ 70,433,598	\$ 67,490,064
\$	5,925,745	\$ 6,772,756	\$ 8,272,795	\$ 9,319,586	\$ 7,837,433	\$ 7,814,072
	1,280,764	1,183,748	869,942	912,474	1,007,280	931,007
	267,345	226,203	168,550	310,331	260,369	-
	169,286	217,943	406,155	163,882	46,625	2,514
	5,069,250	5,136,179	4,964,543	4,984,088	4,667,379	4,411,520
	1,643,910	1,707,691	1,652,316	3,141,095	2,094,929	2,176,608
	545,217	418,612	323,663	101,511	754,127	834,903
	14,901,517	15,663,132	16,657,964	18,932,967	16,668,142	16,170,624
	50,553,130	48,657,881	43,125,335	44,128,559	40,495,601	39,627,267
	1,092,791	1,046,929	994,226	950,602	666,603	688,094
	-	-	-	-	-	433,830
	653,209	504,423	-	35,588	-	500
	395,816	703,953	4,043,799	10,049,274	5,464,814	4,814,222
	52,694,946	50,913,186	48,163,360	55,164,023	46,627,018	45,563,913
\$	67,596,463	\$ 66,576,318	\$ 64,821,324	\$ 74,096,990	\$ 63,295,160	\$ 61,734,537

City of Cocoa, Florida
Changes in Net Position
Last Ten Fiscal Years - (accrual basis of accounting)

	2016	2015	2014	2013
Expenses				
Governmental activities:				
General government	\$ 12,001,545	\$ 12,192,945	\$ 11,008,561	\$ 10,744,769
Public safety	12,593,567	15,887,751	15,569,379	15,157,432
Recreation	1,221,987	1,236,510	1,248,559	1,153,649
Economic development	817,422	1,075,995	849,547	943,819
Physical environment	3,055,646	3,061,232	2,774,929	2,875,482
Interest on long term debt	565,742	592,542	608,239	624,801
Unallocated depreciation	128,124	1,303,323	1,720,039	1,703,523
Total governmental activities expenses	30,384,033	35,350,298	33,779,253	33,203,475
Business-type activities:				
Water and sewer	44,710,558	43,873,364	41,911,372	41,298,779
Stormwater utility	1,167,900	1,023,881	1,014,924	950,220
Special events	-	-	-	-
Total business-type activities	45,878,458	44,897,245	42,926,296	42,248,999
Total primary government activities	\$ 76,262,491	\$ 80,247,543	\$ 76,705,549	\$ 75,452,474
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 6,040,226	\$ 5,975,125	\$ 5,969,111	\$ 5,988,279
Public safety	2,219,789	2,000,615	1,669,761	1,294,010
Recreation	197,801	182,574	253,249	269,316
Economic development	78,120	166,553	232,543	374,430
Physical environment	5,367,608	5,374,671	5,275,079	5,161,816
Operating grants and contributions	2,070,571	2,082,850	2,528,861	2,128,951
Capital grants and contributions	1,650,174	683,729	628,308	562,776
Total governmental activities program revenues	17,624,289	16,466,117	16,556,912	15,779,578
Business-type activities:				
Charges for services:				
Water and sewer	56,433,043	54,719,795	55,488,254	53,740,469
Stormwater utility	1,376,341	1,312,233	1,212,723	1,154,911
Special events	-	-	-	-
Operating grants and contributions	608,791	605,525	606,178	624,792
Capital grants and contributions	1,283,545	2,797,467	2,123,484	862,205
Total business-type activities program revenues	59,701,720	59,435,020	59,430,639	56,382,377
Total primary government program revenues	\$ 77,326,009	\$ 75,901,137	\$ 75,987,551	\$ 72,161,955

Schedule 1

	2012	2011	2010	2009	2008	2007
\$	19,517,843	\$ 20,830,311	\$ 22,376,942	\$ 21,655,686	\$ 25,894,330	\$ 25,545,653
	136,559	308,046	4,506,016	5,484,631	3,094,255	2,768,983
	15,114,446	11,516,849	10,650,945	15,677,879	17,212,760	16,091,548
	34,768,848	32,655,206	37,533,903	42,818,196	46,201,345	44,406,184
	77,709,201	76,709,974	84,985,494	86,207,122	81,060,493	75,414,788
	13,061,321	13,393,511	11,477,638	12,329,712	11,360,177	11,547,618
	34,727,175	31,122,453	17,340,366	13,693,592	17,948,587	19,597,100
	125,497,697	121,225,938	113,803,498	112,230,426	110,369,257	106,559,506
	97,227,044	97,540,285	107,362,436	107,862,808	106,954,823	100,960,441
	13,197,880	13,701,557	15,983,654	17,814,343	14,454,432	24,408,794
	49,841,621	42,639,302	27,991,311	29,371,471	35,161,347	25,596,455
\$	160,266,545	\$ 153,881,144	\$ 151,337,401	\$ 155,048,622	\$ 156,570,602	\$ 150,965,690

City of Cocoa, Florida
Net Position by Component
Last Ten Fiscal Years - (accrual basis of accounting)

	2016	2015	2014	2013
Governmental activities				
Net investment in capital assets	\$ 25,284,348	\$ 20,134,496	\$ 19,145,644	\$ 18,770,655
Restricted	281,203	252,338	87,030	80,456
Unrestricted	11,063,634	10,786,642	23,184,495	18,771,455
Total governmental activities net position	36,629,185	31,173,476	42,417,169	37,622,566
Business-type activities				
Net investment in capital assets	115,435,116	103,777,006	93,350,606	81,193,813
Restricted	11,818,615	11,822,514	11,824,666	12,658,876
Unrestricted	12,143,637	16,743,125	29,178,323	36,216,604
Total business-type activities net position	139,397,368	132,342,645	134,353,595	130,069,293
Primary government				
Net investment in capital assets	140,719,464	123,911,502	112,496,250	99,964,468
Restricted	12,099,818	12,074,852	11,911,696	12,739,332
Unrestricted	23,207,271	27,529,767	52,362,818	54,988,059
Total primary government net position	\$ 176,026,553	\$ 163,516,121	\$ 176,770,764	\$ 167,691,859

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

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C. Debt Capacity

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

Schedule 13 Ratio of Outstanding Debt by Type

Schedule 14 Ratio of Net General Bonded Debt Outstanding

Schedule 15 Legal Debt Limit Information

Schedule 16 Direct and Overlapping Governmental Activities Debt

Schedule 17 Pledged Revenue Coverage

D. Demographic and Economic Information Financial Trends

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

Schedule 18 Demographic and Economic Statistics

Schedule 19 Principal Employers

E. Operating Information

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

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

Schedule 21 Operating Indicators by Function/Program

Schedule 22 Capital Assets by Function/Program

Additional Notes

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

STATISTICAL SECTION

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

Table of Contents

A. Financial Trends

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

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

B. Revenue Capacity

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

- Schedule 5** General Governmental Revenues by Source
- Schedule 6** Assessed Value and Estimated Actual Value of Taxable Property
- Schedule 7** Direct and Overlapping Property Tax Rates
- Schedule 8** Principal Taxpayers
- Schedule 9** Property Tax Levies and Collections
- Schedule 10** Water Rates
- Schedule 11** Waste Water Rates
- Schedule 12** Water and Waste Water System Growth

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STATISTICAL SECTION

STATISTICAL SECTION

This section contains statistical tables reflecting various supplemental financial data concerning General Government and Proprietary Fund operations. These tables have been included as part of the report for information purposes only and, therefore, have not been subjected to audit by the City's independent certified public accountants.

City of Cocoa, Florida
Combining Statement of Cash Flows – Internal Service Funds

<i>Year Ended September 30, 2016</i>	Internal Service Fund		
	Workers' Compensation	Self Insurance	Total
Cash flows from operating activities:			
Cash received from customers for sales and services	\$ 1,707,419	\$ 4,893,237	\$ 6,600,656
Cash payments for insurance and claims expenses	(1,762,819)	(4,988,932)	(6,751,751)
Net cash used in operating activities	(55,400)	(95,695)	(151,095)
Cash flows from noncapital financing activities:			
Cash transfers in from other funds	-	810,532	810,532
Net cash provided by noncapital financing activities	-	810,532	810,532
Cash flows from investing activities:			
Investment income	41,178	97	41,275
Proceeds from sale/maturity of investments	(3,904,003)	-	(3,904,003)
Purchase of investments	3,851,187	-	3,851,187
Net cash provided by (used by) investing activities	(11,638)	97	(11,541)
Net increase (decrease) in cash and cash equivalents	(67,038)	714,934	647,896
Cash and cash equivalents, beginning of year	1,001,703	-	1,001,703
Cash and cash equivalents, end of year	\$ 934,665	\$ 714,934	\$ 1,649,599
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	\$ 399,628	\$ (440,071)	\$ (40,443)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
(Increase) decrease in assets:			
Accounts receivable	(576)	-	(576)
Prepaid items	(12,672)	-	(12,672)
Increase (decrease) in liabilities:			
Accounts and claims payable	(25,780)	21,578	(4,202)
Unearned revenue	-	4,161	4,161
Accrued claims payable	(416,000)	318,637	(97,363)
Total adjustments	(455,028)	344,376	(110,652)
Net cash used in operating activities	\$ (55,400)	\$ (95,695)	\$ (151,095)
Noncash capital and related financing activities:			
Net decrease in fair value of assets	\$ (5,677)	\$ -	\$ (5,677)

City of Cocoa, Florida

**Combining Statement of Revenue, Expenses, and Changes in Fund Net Position –
Internal Service Funds**

<i>Year Ended September 30, 2016</i>	Internal Service Fund		Total
	Workers' Compensation	Self Insurance	
Operating revenues:			
Charges for services	\$ 1,171,439	\$ 4,889,076	\$ 6,060,515
Other charges and fees	536,556	-	536,556
Total operating revenues	1,707,995	4,889,076	6,597,071
Operating expenses:			
Insurance claims and expenses	1,308,367	5,329,147	6,637,514
Total operating expenses	1,308,367	5,329,147	6,637,514
Operating income	399,628	(440,071)	(40,443)
Nonoperating revenues (expenses):			
Investment earnings	30,693	97	30,790
Total nonoperating revenues (expenses)	30,693	97	30,790
Income before contributions and transfers	430,321	(439,974)	(9,653)
Transfers in	-	810,532	810,532
Change in net position	430,321	370,558	800,879
Net position, beginning	551,213	-	551,213
Net position, end of year	\$ 981,534	\$ 370,558	\$ 1,352,092

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

<i>September 30, 2016</i>	Internal Service Fund		
	Workers' Compensation	Health Care Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 934,665	\$ 714,934	\$ 1,649,599
Investments	3,019,287	-	3,019,287
Accounts receivable, net	890	-	890
Interest receivable	8,175	-	8,175
Prepaid items	126,127	-	126,127
Total assets	4,089,144	714,934	4,804,078
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts and claims payable	67,610	21,578	89,188
Unearned revenue	-	4,161	4,161
Accrued claims payable	1,500,000	318,637	1,818,637
Total current liabilities	1,567,610	344,376	1,911,986
Noncurrent liabilities:			
Accrued claims payable	1,540,000	-	1,540,000
Total noncurrent liabilities	1,540,000	-	1,540,000
Total liabilities	3,107,610	344,376	3,451,986
NET POSITION			
Unrestricted	981,534	370,558	1,352,092
Total net position	\$ 981,534	\$ 370,558	\$ 1,352,092

CITY OF COCOA, FLORIDA

Internal Service Funds

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

The City maintains the following Internal Service Funds:

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

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

City of Cocoa, Florida

Statement of Change in Assets and Liabilities - Taylor Agency Fund

<i>Year Ended September 30, 2016</i>	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Cash and cash equivalents	\$ 3,519	\$ -	\$ -	\$ 3,519
Total assets	\$ 3,519	\$ -	\$ -	\$ 3,519
LIABILITIES				
Refundable deposits	\$ 3,519	\$ -	\$ -	\$ 3,519
Total liabilities	\$ 3,519	\$ -	\$ -	\$ 3,519

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

<i>September 30, 2016</i>	Taylor Creek Project Agency Fund
ASSETS	
Cash and cash equivalents	\$ 3,519
Total assets	\$ 3,519
LIABILITIES	
Refundable deposits	\$ 3,519
Total liabilities	\$ 3,519

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CITY OF COCOA, FLORIDA

Fiduciary Funds

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

The City maintains the following Agency Fund:

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

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City of Cocoa, Florida

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

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 1,030,163	\$ 1,030,163	\$ 1,030,163	\$ -
Investment earnings	-	-	13,048	13,048
Total revenues	1,030,163	1,030,163	1,043,211	13,048
Expenditures				
Debt service	1,399,403	1,399,403	1,399,402	1
Total expenditures	1,399,403	1,399,403	1,399,402	1
Excess (deficiency) of revenues over (under) expenditures	(369,240)	(369,240)	(356,191)	13,049
Fund balances, beginning of year	1,474,416	1,474,416	1,474,416	-
Fund balances, end of year	\$ 1,105,176	\$ 1,105,176	\$ 1,118,225	\$ 13,049

City of Cocoa, Florida

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

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings	\$ -	\$ -	\$ 460	\$ 460
Total revenues	-	-	460	460
Expenditures				
Physical environment:				
Capital outlay	8,125,000	8,029,888	1,118,835	6,911,053
Total expenditures	8,125,000	8,029,888	1,118,835	6,911,053
Excess (deficiency) of revenues over (under) expenditures	(8,125,000)	(8,029,888)	(1,118,375)	6,911,513
Other financing sources				
Transfers in	2,044,095	2,044,095	996,138	(1,047,957)
Proceeds from issuance of debt	6,000,000	6,000,000	-	(6,000,000)
Transfers out	-	(95,112)	(56,403)	38,709
Net change in fund balance	(80,905)	(80,905)	(178,640)	(97,735)
Fund balances, beginning of year	1,847,883	1,847,883	1,847,883	-
Fund balances, end of year	\$ 1,766,978	\$ 1,766,978	\$ 1,669,243	\$ (97,735)

City of Cocoa, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual - Police Special Education Fund**

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fines and forfeitures	\$ 4,600	\$ 4,600	\$ 3,194	\$ (1,406)
Total revenues	4,600	4,600	3,194	(1,406)
Expenditures				
Public Safety:				
Operating expenditures	4,600	4,600	729	3,871
Total expenditures	4,600	4,600	729	3,871
Excess of revenues over expenditures	-	-	2,465	2,465
Fund balances, beginning of year	14,460	14,460	14,460	-
Fund balances, end of year	\$ 14,460	\$ 14,460	\$ 16,925	\$ 2,465

City of Cocoa, Florida

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

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fines and forfeitures	\$ -	\$ 11,635	\$ 66,318	\$ 54,683
Investment earnings	-	-	102	102
Total revenues	-	11,635	66,420	54,785
Expenditures				
Public Safety:				
Operating expenditures	-	23,849	23,848	1
Capital outlay	-	14,815	14,815	-
Total expenditures	-	38,664	38,663	1
Excess (deficiency) of revenues over (under) expenditures	-	(27,029)	27,757	54,786
Fund balances, beginning of year	57,389	57,389	57,389	-
Fund balances, end of year	\$ 57,389	\$ 30,360	\$ 85,146	\$ 54,786

City of Cocoa, Florida

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual - Brevard County Home Program Fund**

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 42,855	\$ 42,855	\$ 1,672	\$ (41,183)
Investment earnings	-	-	165	165
Total revenues	42,855	42,855	1,837	(41,018)
Expenditures				
Economic development:				
Operating expenditures	3,857	3,857	1,852	2,005
Aid to private organization	174,285	174,285	1,450	172,835
Total expenditures	178,142	178,142	3,302	174,840
Excess (deficiency) of revenues over (under) expenditures	(135,287)	(135,287)	(1,465)	133,822
Fund balances, beginning of year	172,080	172,080	172,080	-
Fund balances, end of year	\$ 36,793	\$ 36,793	\$ 170,615	\$ 133,822

City of Cocoa, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Community Development Block Grant Program

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 180,969	\$ 180,969	\$ 78,120	\$ (102,849)
Miscellaneous	-	-	22,795	22,795
Total revenues	180,969	180,969	100,915	(80,054)
Expenditures				
Economic development:				
Housing grants:				
Salaries and benefits	33,532	33,532	33,093	439
Operating expenditures	2,661	2,661	1,921	740
Public service:				
Grants and aids	289,281	289,281	43,095	246,186
Total expenditures	325,474	325,474	78,109	247,365
Excess (deficiency) of revenues over (under) expenditures	(144,505)	(144,505)	22,806	167,311
Fund balance, beginning of year	131	131	131	-
Fund balances (deficit), end of year	\$ (144,374)	\$ (144,374)	\$ 22,937	\$ 167,311

	Total	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
\$	-	\$ -	\$ 1,030,163	\$ 1,030,163
	79,792	-	-	79,792
	69,512	-	-	69,512
	267	460	13,048	13,775
	22,795	-	-	22,795
	172,366	460	1,043,211	1,216,037
	24,577	-	-	24,577
	81,411	-	-	81,411
	14,815	1,118,835	-	1,133,650
	-	-	846,000	846,000
	-	-	553,402	553,402
	120,803	1,118,835	1,399,402	2,639,040
	51,563	(1,118,375)	(356,191)	(1,423,003)
	-	996,138	-	996,138
	-	(56,403)	-	(56,403)
	-	939,735	-	939,735
	51,563	(178,640)	(356,191)	(483,268)
	244,060	1,847,883	1,474,416	3,566,359
\$	295,623	\$ 1,669,243	\$ 1,118,225	\$ 3,083,091

City of Cocoa, Florida

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

	Special Revenue			
	Community Development Block Grant	Brevard County Home Program	Police Confiscated Funds	Police Special Education
<i>Year Ended September 30, 2016</i>				
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	78,120	1,672	-	-
Fines and forfeitures	-	-	66,318	3,194
Investment earnings	-	165	102	-
Miscellaneous	22,795	-	-	-
Total revenues	100,915	1,837	66,420	3,194
EXPENDITURES				
Current:				
Public safety	-	-	23,848	729
Economic development	78,109	3,302	-	-
Capital outlay	-	-	14,815	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	78,109	3,302	38,663	729
Excess (deficiency) of revenues over (under) expenditures	22,806	(1,465)	27,757	2,465
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfer out	-	-	-	-
Other financing sources	-	-	-	-
Net change in fund balances	22,806	(1,465)	27,757	2,465
Fund balances, beginning of year	131	172,080	57,389	14,460
Fund balances, end of year	\$ 22,937	\$ 170,615	\$ 85,146	\$ 16,925

<u>Special Revenue</u>					Total
Police Special Education	Total	Capital Projects	Debt Service	Total Nonmajor Governmental Funds	
\$ 16,725	\$ 328,746	\$ 912,576	\$ 6,689	\$ 1,248,011	
-	-	-	1,274,215	1,274,215	
-	-	255	-	255	
-	-	-	3,454	3,454	
-	-	49,694	-	49,694	
200	3,665	-	-	3,665	
-	-	894,410	-	894,410	
\$ 16,925	\$ 332,411	\$ 1,856,935	\$ 1,284,358	\$ 3,473,704	
\$ -	\$ 10,110	\$ 187,692	\$ -	\$ 197,802	
-	536	-	-	536	
-	26,142	-	-	26,142	
-	-	-	166,133	166,133	
-	36,788	187,692	166,133	390,613	
-	-	894,410	-	894,410	
16,925	272,686	-	-	272,686	
-	22,937	774,833	1,118,225	1,915,995	
16,925	295,623	1,669,243	1,118,225	3,083,091	
\$ 16,925	\$ 332,411	\$ 1,856,935	\$ 1,284,358	\$ 3,473,704	

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

	Special Revenue		
	Community Development Block Grant	Brevard County Home Program	Police Confiscated Funds
<i>September 30, 2016</i>			
ASSETS			
Cash and cash equivalents	\$ 21,784	\$ 170,289	\$ 119,948
Investments	-	-	-
Receivables, net	-	-	-
Interest receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	1,611	1,854	-
Advance to other funds	-	-	-
Total assets	\$ 23,395	\$ 172,143	\$ 119,948
LIABILITIES			
Accounts and retainage payable	\$ -	\$ 1,450	\$ 8,660
Accrued payroll and related liabilities	458	78	-
Escrow deposits	-	-	26,142
Due to other funds	-	-	-
Total liabilities	458	1,528	34,802
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	170,615	85,146
Assigned	22,937	-	-
Total fund balances	22,937	170,615	85,146
Total liabilities and fund balances	\$ 23,395	\$ 172,143	\$ 119,948

CITY OF COCOA, FLORIDA

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Capital Projects Fund

Capital projects funds are used to account for the acquisition of capital assets or the construction of major capital projects.

Debt Service Fund

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

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City of Cocoa, Florida
Notes to Required Supplementary Information

A. Budgetary information

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

- Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. Complete copies of the proposed budget are open for public inspection until the budget is finally adopted.
- The required number of public hearings are held by the City Council.
- Prior to October 1, the budget is legally enacted through passage of a resolution, which indicates amounts appropriated. The appropriated budget is prepared by fund, function and department.
- The budgets for governmental funds are adopted on a basis that is consistent with generally accepted accounting principles (GAAP). Budgeted amounts reflected in the accompanying budget and actual comparisons are as adopted, and subsequently amended, by the City Council.
- All appropriations which are not expended or accrued lapse at year end.
- The City's Charter establishes the level at which expenditures may not exceed appropriations at the general classification level. Resolution 2006-142, which amended the Office of Management and Budget (OMB) Policies and Procedures now known as the Financial Operations Manual (Policy), defines "general classification" as the object level as defined by the State of Florida Uniform Accounting System Manual. Expenditures are monitored and adjusted by management in accordance with the City's policies and procedures. In addition, management may not amend the original budget without approval of the City Council. The City Council, by majority vote, may amend the budget at any time during the fiscal year during its regular meetings. The object level budgetary comparison can be found in the separate Fiscal Year 2016 Budgetary Report which demonstrates the legal level of budgetary control.

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

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual - Cocoa Redevelopment Agency

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,056,822	\$ 1,053,386	\$ 1,053,386	\$ -
Investment earnings	-	-	1,347	1,347
Miscellaneous	37,451	37,451	34,198	(3,253)
Total revenues	1,094,273	1,090,837	1,088,931	(1,906)
Expenditures				
Economic development:				
Salaries and benefits	93,621	93,621	78,269	15,352
Operating expenditures	275,989	301,603	249,844	51,759
Aids to government agency	75,000	66,427	43,988	22,439
Capital outlay	694,698	847,386	70,464	776,922
Debt service	313,207	301,370	301,369	1
Total expenditures	1,452,515	1,610,407	743,934	866,473
Excess (deficiency) of revenues over (under) expenditures	(358,242)	(519,570)	344,997	864,567
Other financing uses				
Transfers out	(44,095)	(44,095)	(44,095)	-
Other financing uses	(44,095)	(44,095)	(44,095)	-
Net change in fund balance	(402,337)	(563,665)	300,902	864,567
Fund balances (deficit), beginning of year	(59,345)	(59,345)	(59,345)	-
Fund balances (deficit), end of year	\$ (461,682)	\$ (623,010)	\$ 241,557	\$ 864,567

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

City of Cocoa, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Cocoa Housing Assistance Trust Fund

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 80,301	\$ 80,301	\$ 40,256	\$ (40,045)
Investment earnings	-	-	108	108
Total revenues	80,301	80,301	40,364	(39,937)
Expenditures				
Economic development:				
Salaries and benefits	-	-	-	-
Operating expenditures	1,856	1,856	986	870
Grants and aids	159,476	159,476	39,270	120,206
Total expenditures	161,332	161,332	40,256	121,076
Net change in fund balance	(81,031)	(81,031)	108	81,139
Fund balances, beginning of year	8,409	8,409	8,409	-
Fund balances, end of year	\$ (72,622)	\$ (72,622)	\$ 8,517	\$ 81,139

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

City of Cocoa, Florida

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

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Transfers in	6,891,192	7,079,304	6,877,266	(202,038)
Contributions from U.S. 1 Corridor	82,154	82,154	78,754	(3,400)
Proceeds from sales of capital assets	-	-	90,087	90,087
Proceeds from issuance of debt	-	-	-	-
Transfers out	(2,000,000)	(2,405,266)	(1,357,309)	1,047,957
Net other financing sources	4,973,346	4,756,192	5,688,798	932,606
Net change in fund balance	(6,191,630)	(8,143,227)	(2,587,376)	5,555,851
Fund balances, beginning of year	35,590,964	35,590,964	35,590,964	-
Fund balances, end of year	\$ 29,399,334	\$ 27,447,737	\$ 33,003,588	\$ 5,555,851

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

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual - General Fund

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Economic development:				
Personal services	280,344	283,318	265,148	18,170
Operating expenditures	689,406	699,259	201,022	498,237
Public works administration:				
Personal services	121,005	125,000	123,286	1,714
Operating expenditures	4,311	8,282	6,018	2,264
Public works maintenance:				
Personal services	179,805	163,738	160,715	3,023
Operating expenditures	551,548	552,642	462,474	90,168
Capital outlay	1,635,000	2,893,025	2,298,372	594,653
Parks and beautification:				
Personal services	611,383	613,860	561,442	52,418
Operating expenditures	303,965	306,034	246,512	59,522
Capital outlay	18,500	18,500	16,881	1,619
Sanitation:				
Operating expenditures	1,873,736	1,873,736	1,830,471	43,265
Facility maintenance:				
Personal services	544,699	558,749	530,312	28,437
Operating expenditures	726,682	735,375	628,898	106,477
Capital outlay	114,900	109,379	105,324	4,055
Capital projects management:				
Personal services	115,005	117,853	114,678	3,175
Operating expenditures	466,141	468,041	128,501	339,540
Capital outlay	298,800	337,009	77,418	259,591
Leisure services:				
Personal services	242,314	257,202	252,719	4,483
Operating expenditures	49,970	49,970	45,359	4,611
Capital outlay	4,990	-	-	-
Total expenditures	35,809,325	38,706,250	34,292,824	4,413,426
Excess (deficiency) of revenues over (under) expenditures	(11,164,976)	(12,899,419)	(8,276,174)	4,623,245

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

City of Cocoa, Florida

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

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Emergency disaster:				
Operating expenditures	6,825	7,855	2,705	5,150
Human resources:				
Personal services	410,652	440,971	422,775	18,196
Operating expenditures	11,935	14,989	14,258	731
City clerk:				
Personal services	211,915	213,916	185,388	28,528
Operating expenditures	34,790	31,736	22,053	9,683
Fleet:				
Personal services	472,911	494,320	492,867	1,453
Operating expenditures	43,007	47,702	40,022	7,680
Capital outlay	16,800	12,804	8,678	4,126
Police administration:				
Personal services	6,508,249	7,025,748	6,899,090	126,658
Operating expenditures	847,318	876,926	759,446	117,480
Capital outlay	1,214,930	1,193,893	1,042,592	151,301
Police communications:				
Personal services	1,009,833	964,960	904,789	60,171
Operating expenditures	73,486	70,482	62,720	7,762
Capital outlay	374,442	372,868	202,448	170,420
Fire department administration:				
Personal services	694,293	475,135	456,174	18,961
Operating expenditures	24,317	20,365	17,715	2,650
Fire department operations:				
Personal services	4,396,991	4,750,127	4,700,508	49,619
Operating expenditures	470,418	546,743	523,449	23,294
Capital outlay	250,480	255,586	237,333	18,253
Community development administration:				
Personal services	918,067	969,888	782,270	187,618
Operating expenditures	296,504	289,710	199,520	90,190
Capital outlay	-	117,752	-	117,752

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

City of Cocoa, Florida
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and
Actual - General Fund

<i>Year Ended September 30, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 7,317,385	\$ 7,317,385	\$ 7,266,268	\$ (51,117)
Licenses and permits	143,700	143,700	313,935	170,235
Intergovernmental	3,200,495	4,362,977	4,321,833	(41,144)
Charges for services	13,440,280	13,440,280	13,404,589	(35,691)
Fines and forfeitures	24,495	24,495	24,369	(126)
Miscellaneous (including investment earnings)	517,994	517,994	685,656	167,662
Total revenues	24,644,349	25,806,831	26,016,650	209,819
Expenditures				
Category:				
City council:				
Personal services	68,241	71,409	70,793	616
Operating expenditures	33,757	33,757	24,221	9,536
City manager:				
Personal services	403,751	434,964	425,137	9,827
Operating expenditures	81,195	81,195	50,174	31,021
Information technology:				
Personal services	667,688	580,793	535,760	45,033
Operating expenditures	1,014,152	1,009,826	982,179	27,647
Capital outlay	352,788	359,188	178,637	180,551
General accounting:				
Personal services	786,467	784,412	768,712	15,700
Operating expenditures	17,545	19,045	12,423	6,622
Purchasing:				
Personal services	346,844	346,771	249,752	97,019
Operating expenditures	2,095	2,095	988	1,107
Utility accounting:				
Personal services	975,361	991,816	963,351	28,465
Operating expenditures	645,315	736,815	645,926	90,889
General operations:				
Personal services	918,223	567,380	387,730	179,650
Operating expenditures	1,625,633	1,497,793	1,168,135	329,658
Capital outlay	-	1,080,000	1,059,972	20,028
Aid to government agencies	749,603	743,543	736,584	6,959

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

City of Cocoa, Florida

**Required Other Postemployment Benefits Supplementary Information -
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
10/1/2015	\$ -	\$ 34,106,567	\$ 34,106,567	0.0%	\$ 19,429,704	175.5%
10/1/2014	-	34,106,567	34,106,567	0.0%	19,107,681	178.5%
10/1/2013	-	49,901,000	49,901,000	0.0%	18,191,234	274.3%

City of Cocoa, Florida

**Required Other Pension Supplementary Information – Schedule of Investment
Returns – Last Three Years**

Annual Money-Weighted Rate of Return Net of Investment Expense	9/30/2016	9/30/2015	9/30/2014
General Employees' Pension Plan	8.39%	0.69%	10.60%
Police Officers' Pension Plan	9.11%	-2.80%	10.27%
Firefighters' Pension Plan	9.03%	-0.19%	10.29%

City of Cocoa, Florida

Required Other Pension Supplementary Information – Notes to Schedule

Methods and assumptions used to determine contribution rates (continued):

Early Retirement Rate:	Commencing at the earliest Early Retirement Age (55) and 10 years of credited service, Members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.	None.	Commencing with a Members eligibility for Early Retirement (Age 50 with 10 years of Service), Members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.
Termination Rates:	See table below	See table below	See table below.
Disability Rates:	See table below. It is assumed that 75% of disablements and active deaths that occur are service related.	See table below. 75% of Disability Retirements are assumed to be Line-of-Duty related.	See table below. It is assumed that 75% of disablements and active Member deaths are service related.
Mortality:	RP2000 Combined Healthy Mortality Table projected to the valuation date with scale AA. Disabled lives are set forward 5 years.	RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.	RP 2000 Combined Healthy Mortality Table, Sex Distinct. Disabled lives are set forward 5 years. Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.
Other Information:	Termination and Disability Rate Table.	Termination and Disability Rate Table.	Termination and Disability Rate Table.

General

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	17.2%	0.05%
30	15.0%	0.06%
40	8.2%	0.12%
50	1.7%	0.43%

Police

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

Fire

<u>Age</u>	<u>% Terminating During the Year</u>	<u>% Becoming Disabled During the Year</u>
20	6.0%	0.14%
30	5.0%	0.18%
40	2.6%	0.30%
50	0.8%	1.00%

Required Other Pension Supplementary Information – Notes to Schedule

Notes to Schedule

Valuation Date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Funding Method:	Entry Age Normal Actuarial Cost Method. The following funding loads are utilized for determination of the funding requirements: - Interest - A half-year, based on the current 7.6% assumption. - Salary - A full-year, based on the current 6.5% assumption.	Entry Age Normal Actuarial Cost Method.	Entry Age Normal Actuarial Cost Method.
Amortization Method:	Level dollar.	Level Percentage of Pay, Closed.	Level Percentage of Pay, Closed.
Remaining Amortization Period:	23 Years (as of 10/01/2014)	24 Years (as of 10/01/2014)	20 Years (as of 10/01/2014)
Asset Valuation Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value returns, net of fees. It is possible that over time this technique will produce an insignificant bias above or below Market Value.	The Actuarial Value of Assets is brought forward using the historical 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.	The Actuarial Value of Assets is brought forward using the historical 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% per year beginning at age 65.	3% per year beginning at age 65.	3% per year beginning at age 65.
Salary Increases:	6.5% per year until the assumed retirement age. Projected salary at retirement is increased 20% to account for non-regular compensation.	6.5% per year until the assumed retirement age. Projected salary at retirement is increased 20% to account for non-regular compensation.	5.0% per year until the assumed retirement Age (see table below). Projected salary at retirement is increased 20% to account for non-regular compensation.
Interest Rate:	7.6% per year compounded annually, net of investment related expenses.	8.0% per year compounded annually, net of investment related expenses.	8% per year compounded annually, net of investment related expenses.
Payroll Growth:	None.	None.	None.
Retirement Age:	Age 50 and 25 years of service or age 57. Any Member who has reached Normal Retirement on the valuation date is assumed to continue employment for one additional year.	Earlier of age 50 with 10 years of Credited Service or 25 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.	Earlier of age 52 with 10 years of service or 25 years of credited service. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

City of Cocoa, Florida

Required Other Pension Supplementary Information - Schedule of Contributions
– Last Three Fiscal Years

General Employees' Pension Plan	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 651,442	\$ 711,229	\$ 789,489
Contributions in Relation to the Actuarially Determined Contributions	651,442	711,229	789,489
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 165,865	\$ 360,114	\$ 282,176
Contributions as a Percentage of Covered Employee Payroll	392.75%	197.50%	279.79%
Police Officers' Pension Plan	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 1,089,539	\$ 1,187,316	\$ 1,384,722
Contributions in Relation to the Actuarially Determined Contributions	1,089,539	1,187,316	1,384,722
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 3,179,278	\$ 3,657,284	\$ 2,906,638
Contributions as a Percentage of Covered Employee Payroll	34.27%	32.46%	47.64%
Firefighters' Pension Plan	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 1,506,307	\$ 1,571,205	\$ 1,815,579
Contributions in Relation to the Actuarially Determined Contributions	1,506,307	1,571,205	1,815,579
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 2,341,531	\$ 2,257,178	\$ 2,072,106
Contributions as a Percentage of Covered Employee Payroll	64.33%	69.61%	87.62%

Notes to the schedules:

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

City of Cocoa, Florida

**Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios – Last Three Fiscal Years**

Firefighters' Pension Plan

<i>For the year ended September 30,</i>	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 437,785	\$ 428,719	\$ 433,714
Interest	1,793,566	1,712,414	1,731,706
Change in Excess State Money	-	-	34,809
Changes of Benefit Terms	-	(1,070,557)	-
Differences between Expected and Actual			
Experience	494,099	7,133	-
Changes of Assumptions	1,122,630	-	-
Benefit Payments, Including Refunds on Employee			
Contributions	(2,077,311)	(1,309,918)	(1,352,119)
Net Change in Total Pension Liability	1,770,769	(232,209)	848,110
Total Pension Liability -Beginning	23,020,447	23,252,656	22,404,546
Total Pension Liability- Ending (a)	24,791,216	23,020,447	23,252,656
Plan Fiduciary Net Position			
Contributions - Employer	1,391,074	1,442,906	1,720,919
Contributions - State	115,233	128,299	129,468
Contributions - Employee	152,199	140,228	134,687
Net Investment Income	1,340,094	(79,330)	1,370,989
Benefit Payments, Including Refunds of Employee			
Contributions	(2,077,311)	(1,309,918)	(1,352,119)
Administrative Expense	(84,495)	(95,930)	(56,334)
Net Change in Plan Fiduciary Net Position	836,794	226,255	1,947,610
Plan Fiduciary Net Position- Beginning	15,500,912	15,274,657	13,327,047
Plan Fiduciary Net Position- Ending (b)	16,337,706	15,500,912	15,274,657
Net Pension Liability- Ending (a) - (b)	\$ 8,453,510	\$ 7,519,535	\$ 7,977,999

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.90%	67.34%	65.69%
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Covered Employee Payroll	\$ 2,341,531	\$ 2,257,178	\$ 2,072,106
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Net Pension Liability as a Percentage of covered Employee Payroll	361.02%	333.14%	385.02%
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Notes to the schedules:

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

City of Cocoa, Florida

**Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios – Last Three Fiscal Years**

Police Officers' Pension Plan

<i>For the year ended September 30,</i>	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 618,297	\$ 618,844	\$ 674,987
Interest	2,201,265	2,131,633	2,089,717
Changes of Benefit Terms	-	(997,832)	-
Differences between Expected and Actual Experience	(374,962)	(513,866)	-
Changes of Assumptions	1,036,841	-	-
Contributions - Buy Back	10,045	6,362	-
Benefit Payments, Including Refund of Employee Contributions	(1,964,221)	(1,414,928)	(958,641)
Net Change in Total Pension Liability	1,527,265	(169,787)	1,806,063
Total Pension Liability -Beginning	27,879,625	28,049,412	26,243,349
Total Pension Liability- Ending (a)	29,406,890	27,879,625	28,049,412
Plan Fiduciary Net Position			
Contributions - Employer	943,008	1,052,280	1,247,515
Contributions - State	146,531	135,036	137,207
Contributions - Employee	206,653	197,582	188,931
Contributions - Buy Back	10,045	6,362	-
Net Investment Income	2,337,754	(751,053)	2,455,052
Benefit Payments, Including Refunds of Employee Contributions	(1,964,221)	(1,414,928)	(958,641)
Administrative Expense	(68,661)	(70,689)	(64,627)
Net Change in Plan Fiduciary Net Position	1,611,109	(845,410)	3,005,437
Plan Fiduciary Net Position- Beginning	26,034,102	26,879,512	23,874,075
Plan Fiduciary Net Position- Ending (b)	27,645,211	26,034,102	26,879,512
Net Pension Liability- Ending (a) - (b)	\$ 1,761,679	\$ 1,845,523	\$ 1,169,900

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.01%	93.38%	95.83%
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Covered Employee Payroll	\$ 3,179,278	\$ 3,657,284	\$ 2,906,638
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Net Pension Liability as a Percentage of covered Employee Payroll	55.41%	50.46%	40.25%
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Notes to the schedules:

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

City of Cocoa, Florida

**Required Other Pension Supplementary Information - Schedule of Changes in
Net Pension Liability and Related Ratios – Last Three Fiscal Years**

<i>For the year ended September 30,</i>	General Employees' Pension Plan		
	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 29,795	\$ 42,355	\$ 47,142
Interest	1,188,448	1,212,220	1,212,422
Differences between Expected and Actual Experience	90,981	(148,809)	-
Changes of Assumptions	1,307,508	280,514	-
Benefit payments, including Refunds of Employee Contributions	(1,265,867)	(1,261,866)	(1,253,011)
Net Change in Total Pension Liability	1,350,865	124,414	6,553
Total Pension Liability -Beginning	16,663,250	16,538,836	16,532,283
Total Pension Liability- Ending (a)	18,014,115	16,663,250	16,538,836
Plan Fiduciary Net Position			
Contributions - Employer	651,442	711,229	789,489
Contributions - Employee	8,293	11,199	14,167
Net Investment Income	1,014,663	88,087	1,269,824
Benefit Payments, Including Refunds of Employee Contributions	(1,265,867)	(1,261,866)	(1,253,011)
Administrative Expense	(58,000)	(63,707)	(48,959)
Net Change in Plan Fiduciary Net Position	350,531	(515,058)	771,510
Plan Fiduciary Net Position- Beginning	12,529,002	13,044,060	12,272,550
Plan Fiduciary Net Position- Ending (b)	12,879,533	12,529,002	13,044,060
Net Pension Liability- Ending (a) - (b)	\$ 5,134,582	\$ 4,134,248	\$ 3,494,776
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.50%	75.19%	78.87%
Covered Employee Payroll	\$ 165,865	\$ 360,114	\$ 282,176
Net Pension Liability as a Percentage of covered Employee Payroll	3095.64%	1148.04%	1238.51%

Notes to the schedules:

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

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

Florida Retirement System (FRS)

	2016	2015
Contractually required contribution	\$ 823,709	\$ 824,677
Contributions in relation to the contractually required contribution	(823,709)	(824,677)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 13,039,745	\$ 10,982,455
Contributions as a percentage of covered-employee payroll	6.32%	7.51%

Health Insurance Subsidy (HIS)

	2016	2015
Contractually required contribution	\$ 216,473	\$ 10,524
Contributions in relation to the contractually required contribution	(216,473)	(10,524)
Contribution deficiency (excess)	\$ -	\$ -
City's covered-employee payroll	\$ 13,039,745	\$ 10,982,455
Contributions as a percentage of covered-employee payroll	1.66%	0.10%

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

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

City of Cocoa, Florida

Required Pension Supplementary Information – Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System – Last Two Fiscal Years

Florida Retirement System (FRS)		
	2016	2015
City's proportion of the collective net pension liability	0.0290%	0.0309%
City's proportionate share of the collective net pension liability	\$ 7,318,096	\$ 3,984,745
City's covered-employee payroll	\$ 13,039,745	\$ 10,982,455
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	56.12%	36.28%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%

Health Insurance Subsidy (HIS)		
	2016	2015
City's proportion of the collective net pension liability	0.0385%	0.0383%
City's proportionate share of the collective net pension liability	\$ 4,490,228	\$ 3,908,990
City's covered-employee payroll	\$ 13,039,745	\$ 10,982,455
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	34.43%	35.59%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%

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

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

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

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

NOTE IV – OTHER INFORMATION (Continued)

K. Subsequent Events (continued)

On December 20, 2016, the City issued \$8,000,000 in Fire Protection Assessment Revenue Bonds, Series 2016, with interest rates ranging from 2.0% to 4.125%. The total amount of the debt, principal of \$8,000,000 and interest of \$5,763,711, is to be paid through fiscal year 2047 with annual debt service payments ranging from \$86,148 to \$464,767 beginning in fiscal year 2017. The Series 2016 Bonds were issued by the City for the purpose of, together with other available funds of the City, (i) financing a portion of the costs of acquisition and construction of three fire station facilities and other equipment for the City's fire protection services, (ii) making a deposit to the Series 2016 Reserve Fund Subaccount, and (iii) paying certain costs and expenses relating to the issuance of the Series 2016 Bonds. Debt service will be paid from certain non-ad valorem special assessments (fire protection assessments) with the rates established each year by Resolution.

NOTE IV – OTHER INFORMATION (Continued)

J. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in 2017. The statements address:

- Certain pension issues;
- Other postemployment benefit (OPEB) plans;
- Tax abatement disclosures; and
- Blending certain component units.

The City is currently evaluating the effects that these statements will have on its 2017 financial statements.

K. Subsequent Events

On October 6, 2016, the City experienced damage from Hurricane Matthew. While the City was spared catastrophic damage, the City will be requesting reimbursement from the Federal Emergency Management Agency (FEMA) for storm debris removal, street/road repairs, utility infrastructure repairs, building repairs, and City staff overtime related to the storm. The City estimates it incurred expenses it will request reimbursement of approximately \$1,800,000 from FEMA.

On November 1, 2016, the City issued \$8,865,000 in Capital Improvement Refunding Revenue Bonds, Series 2016, with interest rates ranging from 2.0% to 4.0%. The Series 2016 Bonds are being issued by the City for the purpose of, together with other available funds of the City, (i) advance refunding the City's Outstanding Capital Improvement Revenue Bonds, Series 2007, maturing on and after October 1, 2018, and defeasing the lien on all of the Series 2007 Bonds, and (ii) paying certain costs and expenses relating to the issuance of the Series 2016 Bonds. The City's decision to advance refund the Capital Improvement Revenue Bonds, Series 2007, resulted in a reduction of total debt service payments over the next twenty years of \$2,230,407 and an economic gain (difference between the present values of the old and new debt service payments) of \$925,052.

On November 21, 2016, the City Council approved a Joint Resolution between the City and the Cocoa Redevelopment Agency approving a second modification to an interlocal agreement authorizing the re-conveyance of property located at 300 Brunson Avenue from the Agency to the City, and authorizing the cancellation, in full, of the \$1.5 million dollar Promissory Note, bearing an interest rate of 4.5%, between the City and the Agency. The City plans to use the property to construct a new fire station facility. The transaction resulted in an reduction in the advance due to the General Fund of \$1,422,099 and a reduction in the advance from other funds of the Cocoa Redevelopment Agency Fund for the same amount. The financial impact over the life of the loan is a reduction of income in the General Fund of \$2,069,945, with \$1,422,099 representing the principal amount and \$647,846 representing the interest amount.

NOTE IV – OTHER INFORMATION (Continued)

G. Other post-employment benefits (continued)

In the October 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions used for the October 1, 2014 calculations included a 3.56% investment rate of return (including inflation of 2.5%) and an annual healthcare cost trend rate of 6.5% assumed for the year beginning October 1, 2015, reduced by decrements to an ultimate rate of 4.24% in 2040. The discount rate utilized was 3.56%. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The UAAL is being amortized using a level percentage of pay basis over a closed period of 24 years.

H. Litigation

The City was involved in a lawsuit filed by the Petitioner against the Florida Department of Environmental Protection and the City of Cocoa to obtain a 25 year sovereign submerged land lease related to a boardwalk and promenade constructed jointly by the City and the Petitioner. On November 8, 2005, the parties reached a settlement agreement whereby the Petitioner agreed to reimburse the City for its portion of construction costs in the amount of \$607,837 to be paid in installments through 2009. In accordance with the settlement agreement, the City received \$135,946 and \$200,000 during 2007 and 2006, respectively. During 2008, the Petitioner suspended payments, as the note payable to the City is subordinate to other debt of the Petitioner. At such time as the priority debt is paid by the Petitioner, they will resume payments to the City. A receivable for the remaining amount due, \$271,891, is recorded as of September 30, 2016 in the Cocoa Redevelopment Agency fund as a settlement receivable. The related revenue has been deferred in the governmental fund statements, as it is not collectible soon enough to pay liabilities of the current period.

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

I. Concentration – collective bargaining unit

Substantially all of the City's non-management operations, maintenance and public safety employees are covered by collective bargaining agreements. The agreements with the employees covered by the Laborers' International Union of North America (LIUNA), the International Association of Firefighters (IAFF) and the Coastal Florida Police Benevolent Association (PBA) extend through September 30, 2018.

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

G. Other post-employment benefits (continued)

The City’s annual OPEB cost, amount contributed, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ending September 30, 2016, 2015 and 2014 were as follows:

Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2016	\$ 2,623,675	\$ 1,224,173	46.66%	\$ 17,621,794
9/30/2015	\$ 2,536,044	\$ 1,058,751	41.75%	\$ 16,222,293
9/30/2014	\$ 4,040,000	\$ 1,161,000	28.74%	\$ 14,745,000

Funded status and funding progress. Because the Plan has more than 200 members, the City is required to obtain an actuarial valuation at least every two years. The most recent actuarial valuation was performed as of October 1, 2014. Accordingly, the City will be required to obtain a subsequent actuarial valuation within three years of that date. The actuarial valuation, performed as of October 1, 2014, estimated the actuarial accrued liability for benefits as of October 1, 2014 to be \$34,106,567, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$19,429,704, and the ratio of unfunded actuarial accrued liability (UAAL) to the covered payroll was 175.5%.

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

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

G. Other post-employment benefits (continued)

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65 the City's insurance coverage becomes secondary to the retiree's Medicare insurance. The Plan has 121 retirees and spouses receiving benefits and has a total of 419 active participants and dependents.

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

Funding policy. The City is funding the Plan on a pay-as-you-go basis. The City pays insurance premiums for medical, dental and vision incurred by pre-Medicare retirees at rates of 100% for retirees hired prior to January 14, 1992 and 50% for retirees hired after January 14, 1992. Regardless of their date of hire, Department Directors, one Deputy Director as of October 14, 2014, and the Deputy (Assistant) City Manager receive 100% of the premium for life. These members are generally eligible for this benefit after ten years of employment with the City and having reached the age of 55. In all cases, retirees may purchase coverage for dependents at their expense. In addition to the explicit subsidies described above, there is an implied subsidy in the insurance premiums for all employees because the premium charged for retirees is the same as the premium charged for active employees, who are younger than retirees on average.

For the year ended September 30, 2016, the City's contribution was \$1,224,173, which included both an estimate of the implied subsidy described above and the explicit subsidy paid on behalf of eligible retirees. Contributions by the City for Plan members not eligible for an explicit subsidy totaled \$0 for retirees and approximately \$184,807 for spouses for the year ended September 30, 2016.

Annual OPEB cost and net OPEB obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year ended September 30, 2016, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$	2,765,071
Interest on net OPEB obligation		577,514
Adjustment to annual required contribution		(718,912)
Annual OPEB cost (expense)		2,623,673
Contributions made		(1,224,173)
Increase in net OPEB obligation		1,399,500
Net OPEB obligation – beginning of year		16,222,294
Net OPEB obligation – end of year	\$	17,621,794

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

F. Employee retirement plans – combining fund information (continued)

The pension trust funds change in fiduciary net position activity as of September 30, 2016 was as follows:

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Defined Contribution Plans	Total
ADDITIONS					
Contributions:					
Employer contributions	\$ 651,442	\$ 943,010	\$ 1,391,074	\$ 85,806	\$ 3,071,332
Employee contributions	8,119	203,090	150,935	33,200	395,344
Employee voluntary contributions	-	-	-	1,418	1,418
State contributions	-	146,530	115,233	-	261,763
Total contributions	659,561	1,292,630	1,657,242	120,424	3,729,857
Investment earnings:					
Net decrease in the fair value of investments	766,266	1,652,856	1,097,454	101,145	3,617,721
Interest and dividends	334,408	818,696	400,842	158,049	1,711,995
Miscellaneous	1,232	15,021	6,509	-	22,762
Total investment earnings	1,101,906	2,486,573	1,504,805	259,194	5,352,478
Less investment expense	(46,034)	(118,601)	(123,993)	(2,410)	(291,038)
Net investment earnings	1,055,872	2,367,972	1,380,812	256,784	5,061,440
Total additions	1,715,433	3,660,602	3,038,054	377,208	8,791,297
DEDUCTIONS					
Benefit payments	1,268,071	1,980,918	2,079,183	214,206	5,542,378
Administrative expenses	76,370	78,267	137,377	-	292,014
Total deductions	1,344,441	2,059,185	2,216,560	214,206	5,834,392
Change in net position	370,992	1,601,417	821,494	163,002	2,956,905
Net position, beginning of year	12,504,359	26,066,277	15,515,568	2,431,007	56,517,211
Net position, end of year	\$ 12,875,351	\$ 27,667,694	\$ 16,337,062	\$ 2,594,009	\$ 59,474,116

G. Other post-employment benefits

The City follows Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Post-employment Benefits Other than Pensions* (OPEB), for certain post-employment health care benefits provided by the City.

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

F. Employee retirement plans – combining fund information

401(a) Money Purchase Plan and Trust

In February 2013, the City established a 401(a) Money Purchase Plan and Trust with ICMA Retirement Corporation exclusively for the City Manager in accordance with an employment agreement with the City Manager. During the year ended September 30, 2016, employer contributions were \$20,076 and employee contributions were \$5,813.

The pension trust funds fiduciary net position activity as of September 30, 2016 was as follows:

	General Employees' Plan	Police Officers' Plan	Firefighters' Plan	Defined Contribution Plans	Total
ASSETS					
Cash and cash equivalents	\$ 325,629	\$ 246,189	\$ 1,010,382	\$ 1,357	\$ 1,583,557
Investments at fair value:					
Equity funds	9,197,182	21,757,941	98,053	1,269,816	32,322,992
Blended mutual funds	-	-	-	624,158	624,158
Fixed income funds	1,557,830	-	-	548,878	2,106,708
Mortgage backed securities	711,278	-	1,000,156	-	1,711,434
Annuities	-	26,428	-	-	26,428
Corporate stock	-	2,812,473	10,053,373	-	12,865,846
Corporate bonds	892,888	1,967,716	1,652,909	-	4,513,513
Preferred securities bonds	-	872,189	-	-	872,189
Foreign equity funds	-	-	468,538	149,800	618,338
Foreign bonds	22,417	-	65,328	-	87,745
Government securities	143,838	-	428,265	-	572,103
US real estate investment fund	-	-	1,567,141	-	1,567,141
Interest receivable	36,635	14,849	34,190	-	85,674
Total assets	12,887,697	27,697,785	16,378,335	2,594,009	59,557,826
LIABILITIES					
Accounts payable	7,470	23,691	27,347	-	58,508
Deferred contributions	4,876	6,400	13,926	-	25,202
Total liabilities	12,346	30,091	41,273	-	83,710
NET POSITION					
Held in trust for pension benefits	\$ 12,875,351	\$ 27,667,694	\$ 16,337,062	\$ 2,594,009	\$ 59,474,116

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

D. Employee retirement plans – defined benefit plans (continued)

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Year ended September 30:			
2017	\$ 82,441	\$ 455,090	\$ 507,096
2018	82,441	455,090	507,095
2019	153,650	688,179	563,447
2020	(22,418)	(56,818)	299,315
Total	\$ 296,114	\$ 1,541,541	\$ 1,876,953

E. Defined contribution plans

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

Defined Contribution 401(a) Retirement Plan

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

The Plan requires the employer to contribute an amount equal to 12% of each participant's compensation. Pursuant to the provisions of the Defined Contribution Plan, any amounts forfeited by employees as a result of termination prior to vesting shall be used to reduce contributions of the employer. During 2016, the Plan had no forfeitures. Employer contributions for 2016 totaled \$65,730. At September 30, 2016, the remaining forfeiture balance from previous years was \$1,357. The employee contributes 5% of their compensation. Employee contributions for 2016 totaled \$27,387. Employees may also make voluntary contributions to the Plan. Total voluntary contributions made by the employees in the amount of \$1,418 are not matched by the employer.

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

D. Employee retirement plans – defined benefit plans (continued)

Pension Plan Fiduciary Net Position.

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

For the year ended September 30, 2016 the pension expense recognized on the General Employees', Police Officers' and Firefighters' Pension Plans, was \$1,846,307, \$1,082,999 and \$1,450,800, respectively.

On September 30, 2016 the City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>General Employees' Pension Plan</i>		
Net difference between projected and actual earnings on pension plan investments	\$ 528,204	\$ 232,090
Total General Employees' Pension Plan	528,204	232,090
<i>Police Officers' Pension Plan</i>		
Differences between expected and actual experience	-	538,156
Change of assumptions	777,630	-
Net difference between projected and actual earnings on pension plan investments	1,738,584	436,517
Total Police Officers' Pension Plan	2,516,214	974,673
<i>Firefighters' Pension Plan</i>		
Differences between expected and actual experience	399,561	-
Change of assumptions	898,104	-
Net difference between projected and actual earnings on pension plan investments	788,115	208,827
Total Firefighters' Pension Plan	2,085,780	208,827
Total deferred outflows and deferred inflows of resources related to pensions	\$ 5,130,198	\$ 1,415,590

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

D. Employee retirement plans – defined benefit plans (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Firefighters' Pension Plan			
Balances at September 30, 2015	\$ 23,020,447	\$ 15,500,912	\$ 7,519,535
Changes for a Year:			
Service Cost	437,785	-	437,785
Interest	1,793,566	-	1,793,566
Differences between Expected and Actual Experience	494,099	-	494,099
Changes of Benefit Terms	1,122,630	-	1,122,630
Contributions - Employer	-	1,391,074	(1,391,074)
Contributions - State	-	115,233	(115,233)
Contributions - Employee	-	152,199	(152,199)
Net Investment Income	-	1,340,094	(1,340,094)
Benefit Payments, including Refunds of Employees Contributions	(2,077,311)	(2,077,311)	-
Administrative Expense	-	(84,495)	84,495
Net Changes	1,770,769	836,794	933,975
Balances at September 30, 2016	\$ 24,791,216	\$ 16,337,706	\$ 8,453,510

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

	Current Discount		
	1% Decrease 6.20%	Rate 7.20%	1% Increase 8.20%
<i>Sponsor's Net Pension Liability</i>			
General Employees' Pension Plan	\$ 6,933,797	\$ 5,134,582	\$ 3,620,495

	Current Discount		
	1% Decrease 7.00%	Rate 8.00%	1% Increase 9.00%
<i>Sponsor's Net Pension Liability</i>			
Police Officers' Pension Plan	\$ 5,458,232	\$ 1,761,679	\$ (1,265,186)
Firefighters' Pension Plan	\$ 11,366,905	\$ 8,453,510	\$ 6,046,235

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

D. Employee retirement plans – defined benefit plans (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
General Employees' Pension Plan			
Balances at September 30, 2015	\$ 16,663,250	\$ 12,529,002	\$ 4,134,248
Changes for a Year:			
Service Cost	29,795	-	29,795
Interest	1,188,448	-	1,188,448
Differences between Expected and Actual Experience	90,981	-	90,981
Changes of Assumptions	1,307,508	-	1,307,508
Contributions - Employer	-	651,442	(651,442)
Contributions - Employee	-	8,293	(8,293)
Net Investment Income	-	1,014,663	(1,014,663)
Benefit Payments, including Refunds of Employees Contributions	(1,265,867)	(1,265,867)	-
Administrative Expense	-	(58,000)	58,000
Net Changes	1,350,865	350,531	1,000,334
Balances at September 30, 2016	\$ 18,014,115	\$ 12,879,533	\$ 5,134,582

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Police Officers' Pension Plan			
Balances at September 30, 2015	\$ 27,879,625	\$ 26,034,102	\$ 1,845,523
Changes for a Year:			
Service Cost	618,297	-	618,297
Interest	2,201,265	-	2,201,265
Differences between Expected and Actual Experience	(374,962)	-	(374,962)
Changes of Assumptions	1,036,841	-	1,036,841
Contributions - Employer	-	943,008	(943,008)
Contributions - State	-	146,531	(146,531)
Contributions - Employee	-	206,653	(206,653)
Contributions - Buy Back	10,045	10,045	-
Net Investment Income	-	2,337,754	(2,337,754)
Benefit Payments, including Refunds of Employees Contributions	(1,964,221)	(1,964,221)	-
Administrative Expense	-	(68,661)	68,661
Net Changes	1,527,265	1,611,109	(83,844)
Balances at September 30, 2016	\$ 29,406,890	\$ 27,645,211	\$ 1,761,679

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

D. Employee retirement plans – defined benefit plans (continued)

Asset Class	Long Term Expected Real Rate of Return		
	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Domestic Equity	7.50%	8.00%	-
International Equity	8.50%	3.00%	3.30%
Broad Market Fixed Income	2.50%	-	-
Global Fixed Income	3.50%	-	-
Real Estate	4.50%	-	-
Bonds	-	4.40%	-
Convertibles	-	6.40%	-
REITS	-	7.00%	-
MLPs	-	10.40%	-
Large Cap Equity	-	-	6.40%
Smid Cap Equity	-	-	7.80%
Fixed Income	-	-	2.70%
Alternative	10%		

Discount Rate:

The discount rate used to measure the total pension liability for the General Employees, Police and Fire Pension Plan investments was 7.20%, 8.00% and 8.00%, respectively.

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

NOTE IV: OTHER INFORMATION (Continued)

D. Employee retirement plans – defined benefit plans (continued)

General Employees Pension Plan	Police Officers' Pension Plan	Firefighters Pension Plan
<p>Mortality Rate Healthy Lives: RP2000 Generational with Scale BB, with collar and annuitant adjustments as follows: Males – 50% Annuitant White Collar, 50% Annuitant Blue Collar; Females – 100% Annuitant White Collar. Mortality Rate Disabled Lives: Mortality Table - RP2000 without projection, with the following adjustments: Males – 100% Disabled Male with four year setback; Females – 100% Disabled Female with two year set forward.</p> <p>The date of the most recent experience study for which significant assumptions are based upon is not available.</p>	<p>Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. Mortality Rate Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.</p> <p>The most recent actuarial experience study used to review the other significant assumptions was dated February 25, 2008.</p>	<p>Mortality Rate Healthy Lives: Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB. Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB. Mortality Rate Disabled Lives: Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.</p> <p>The most recent actuarial experience study used to review the other significant assumptions was dated December 18, 2008.</p>

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

These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

D. Employee retirement plans – defined benefit plans (continued)

Net Pension Liability of the Sponsor:

The components of the net pension liability of the sponsor on September 30, 2016 were as follows:

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Total Pension Liability	\$ 18,014,115	\$ 29,406,890	\$ 24,791,216
Plan Fiduciary Net Position	(12,879,533)	(27,645,211)	(16,337,706)
Sponsor's Net Pension Liability	\$ 5,134,582	\$ 1,761,679	\$ 8,453,510

Plan Fiduciary Net Position as a percentage of
Total Pension Liability

71.50% 94.01% 65.90%

Actuarial Assumptions:

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

	General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
Inflation	2.50%	2.70%	3.00%
Salary Increases	6.50%	6.50%	5.00%
Discount Rate	7.20%	8.00%	8.00%
Investment Rate of Return	7.20%	8.00%	8.00%

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

D. Employee retirement plans – defined benefit plans (continued)

Rate of Return:

For the year ended September 30, 2016 the annual money-weighted rate of return on General Employees, Police and Fire Pension Plan investments, net of pension plan investment expense, was 8.39%, 9.11% and 9.03%, respectively.

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

Deferred Retirement Option Program:

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

D. Retirement commitments – defined benefit plans (continued)

Waiting Period Service Connected: At expiration of sick pay and accrued vacation pay.

Waiting Period Non-Service Connected: 6 months from date of disability.

Benefit Amount Service Connected: Accrued benefit (at the 2% benefit rate) with a minimum of 42% of AME.

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

Pre-Retirement Death Benefits:

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

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

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2016:

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

Concentrations:

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

NOTE IV: OTHER INFORMATION (Continued)

D. Retirement commitments – defined benefit plans (continued)

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

Non-Service Connected: Accrued benefit.

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

Pre-Retirement Death:

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

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

Firefighters' Pension Plan:

Normal Retirement:

Date: Earlier of age 55 with 10 years of service or the completion of 25 years of Credited Service. Members with at least 10 years of Credited Service on October 27, 2015 as well as Members who were within 7 years of normal retirement eligibility on that date retain the normal retirement date previously in effect: earlier of age 52 and 10 years of Credited Service or the completion of 25 years of Credited Service.

Benefit: 3% of AME times Years of Credited Service.

Early Retirement:

Date: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3% per year.

Delayed Retirement:

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

Cost of Living Adjustment for Retirees:

Up to 3% per year beginning at age 65.

Vesting (Termination of Employment):

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

10 years or more: Accrued pension payable at Normal Retirement, or, on a reduced basis at Early Retirement, or refund of contributions with interest.

Disability:

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

NOTE IV: OTHER INFORMATION (Continued)

D. Retirement commitments – defined benefit plans (continued)

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

Cost of Living Increases for Retirees:

3% per year beginning at age 65.

Vesting:

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

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

Disability:

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

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

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

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

Pre-Retirement Death Benefits:

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

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

Police Officers' Pension Plan:

Normal Retirement:

Date: Earlier of: 1) Age 50 and 10 years of Credited Service, or 2) 25 years of Credited Service, regardless of age. Benefit: 3% of Average Monthly Earnings (AME) times Years of Credited Service.

Vesting (Termination of Employment):

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

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

Cost of Living Adjustment:

Up to 3% per year beginning at age 65.

Disability:

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

D. Retirement commitments – defined benefit plans (continued)

Plan Description

General Employees' Pension Plan	Police Officers' Pension Plan	Firefighters' Pension Plan
<i>Plan Administration</i>	<i>Plan Administration</i>	<i>Plan Administration</i>
The Plan is administered by a Board of Trustees comprised of: a) Two Council appointees (City residents), and b) Three Plan Members elected by the Membership.	The Plan is administered by a Board of Trustees comprised of: a) Two City Council appointees, b) Two Members of the System elected by a majority of the other covered Police Officers, and c) A fifth Member elected by the other 4 and appointed by Council.	The Plan is administered by a Board of Trustees comprised of: a) Two City Council appointees, b) Two Members of the System elected by a majority of the other covered Firefighters, and c) A fifth Member elected by the other 4 and appointed by Council.
	General	
	Employees' Pension Plan	Police Officers' Pension Plan Firefighters' Pension Plan
<u>Plan Membership as of October 1, 2015:</u>		
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	60	47 40
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1	9 3
Active Plan Members	3	58 40
Total Plan Members	64	114 83

Benefits Provided

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

General Employees' Pension Plan:

Normal Retirement:

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

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

Early Retirement:

Date: Age 55 and 10 Years of Credited Service.

NOTE IV: OTHER INFORMATION (Continued)

D. Retirement commitments – defined benefit plans

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

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

The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State of Florida paid to the Police and Firefighter retirement plans in the amounts of \$146,530 and \$115,233, respectively. These contributions are funded by an excise tax upon certain casualty insurance companies on their gross receipts of premiums from policy holders.

Funding policy – The City uses the Entry Age Normal Actuarial Cost Method (EANACM) for the General Employees' Retirement System, the Firefighters' Retirement System and the Police Retirement System to determine required contributions under its retirement systems because it provides for the systematic funding of the normal cost and any unfunded actuarial accrued liabilities. This is an acceptable method to the State of Florida. These liabilities are being funded over a 23 year period for the General Employees' Retirement System, 24 year period for the Police Retirement System and over a 20 year period for the Firefighters' Retirement System.

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

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

C. State of Florida Pension Plans (continued)

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.85% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS			HIS		
	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Employer's proportionate share of the net pension liability	\$ 13,473,110	\$ 7,318,096	\$ 2,194,860	\$ 5,151,312	\$ 4,490,227	\$ 3,941,565

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2016, totaled \$1,040,182.

D. Retirement commitments – defined benefit plans

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

C. State of Florida Pension Plans (continued)

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

For both plans, the actuarial assumptions used in the valuation dated July 1, 2016 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2016:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.65% to 7.60%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.80% to 2.85%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. The reduced investment return assumption of 7.60 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgment of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.0%	3.0%
Fixed income	18%	4.7%	4.6%
Global equity	53%	8.1%	6.8%
Real estate (property)	10%	6.4%	5.8%
Private equity	6%	11.5%	7.8%
Strategic investments	12%	6.1%	5.6%
	<u>100%</u>		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.60%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV – OTHER INFORMATION (Continued)

C. State of Florida Pension Plans (continued)

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 560,330	\$ 68,136	\$ -	\$ 10,227
Changes of assumptions	442,723	-	704,631	-
Net difference between projected and actual earnings on pension plan investments	3,366,595	1,474,956	2,270	-
Changes in proportion and differences between City pension plan contributions and proportionate share of contributions	141,633	222,007	141,030	-
Employer contributions subsequent to the measurement date	217,124	-	52,640	-
Total	\$ 4,728,405	\$ 1,765,099	\$ 900,571	\$ 10,227

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2017. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2017	\$ 397,475	\$ 156,431
2018	397,475	156,431
2019	1,132,379	156,431
2020	735,033	156,143
2021	71,999	117,202
Thereafter	11,821	95,066
Total	\$ 2,746,182	\$ 837,704

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2016, was determined by an actuarial valuation dated July 1, 2016, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.60%	N/A
Discount rate	7.60%	2.85%

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

C. State of Florida Pension Plans (continued)

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2016, were as follows:

	FRS	HIS
Regular Class	5.86%	1.66%
Special Risk Class	20.91%	1.66%
Senior Management Service Class	20.11%	1.66%
Elected Officials	40.81%	1.66%
DROP from FRS	11.33%	1.66%

The employer's contributions for the year ended September 30, 2016, were \$823,709 to the FRS and \$216,473 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2016, the City reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2016. The City's proportions of the net pension liabilities were based on the City's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 7,318,096	\$ 4,490,227
Proportion at:		
Current measurement date	0.0290%	0.0385%
Prior measurement date	0.0309%	0.0383%
Pension expense	\$ 1,117,612	\$ 404,110

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2016, the City's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE IV: OTHER INFORMATION (Continued)

C. State of Florida Pension Plans

Defined Benefit Plans

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

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

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

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

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

City of Cocoa, Florida
Notes to Financial Statements

NOTE IV: OTHER INFORMATION (Continued)

A. Risk management (continued)

GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. To estimate this liability, the incurred but not reported factors are applied to trended claims history. Settled claims have not exceeded coverage in any of the past three fiscal years.

Effective October 1, 2015, the City changed from a hybrid fully insured plan to a self-funded plan, engaging Cigna Health and Life Insurance Company (“Cigna”) to act as third party administrator in exchange for a medical administrative fee per covered employee. Funds are deposited into an imprest account from which Cigna, as third party administrator, pays plan claims in accordance with plan benefits. The City has obtained Specific Stop Loss Insurance and Aggregate Stop Loss Insurance to protect its assets in the event of a large individual claim (greater than \$125,000) or in the event claim costs exceed a predetermined amount (125% of the expected annual claims amount). For the year ended September 30, 2016, the City had \$4,471,158 in claims expense, including \$186,158 in incurred but not reported claims and \$857,989 in administrative costs recorded in the self-insurance fund. At September 30, 2016, the actuarially determined net loss reserve is \$318,637. This liability is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. To estimate this liability, the incurred but not reported factors are applied to trended claims history. Settled claims have not exceeded coverage in the past fiscal year.

Changes in the estimated accrued claims payable in fiscal years 2016 and 2015 were as follows:

	2016	2015
Balance at beginning of year	\$ 3,456,000	\$ 3,128,434
Current year claims and changes in estimate	6,637,514	1,949,991
Claims payments	(6,734,877)	(1,622,425)
Balance at end of fiscal year	3,358,637	3,456,000
Less: amount due within one year	(1,818,637)	(1,055,000)
Noncurrent portion	\$ 1,540,000	\$ 2,401,000

There have been no significant reductions in insurance coverage during fiscal year 2016.

B. Major customers

The City’s Water and Sewer System fund had one major customer in 2016. Sales to this customer aggregated \$1,928,632. At September 30, 2016, the amount due from this customer included in accounts receivable is \$217,386.

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (continued)

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

Principal and interest paid in the current fiscal year for the Cocoa Redevelopment Agency Revenue Bonds, Series 2002, was \$301,369 and pledged gross revenue was \$1,053,386. As of September 30, 2016, interest to maturity in 2017 to be paid from pledged future revenues totaled \$0. Principal and interest paid in the current fiscal year for the Capital Improvement Revenue Bond, Series 2007 was \$507,832 and pledged gross revenue was \$3,597,190. As of September 30, 2016, principal and interest to maturity in 2037 to be paid from pledged future revenues totaled \$15,303,917.

Principal and interest paid in the current fiscal year for the Water and Sewer System Revenue Bonds, Capital Improvement Revenue Notes, and the State Revolving Loan Funds was \$8,662,038 and pledged net revenue and impact fees was \$26,248,400. As of September 30, 2016, principal and interest to maturity in 2040 to be paid from pledged future revenues totaled \$137,431,174.

H. Operating leases

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

<i>Year Ending September 30,</i>		
2017	\$	146,872
2018		142,623
2019		12,835
2020		3,074
2021		78
Total minimum future rental expense	\$	305,482

NOTE IV: OTHER INFORMATION

A. Risk management

The City adopted a self-insurance program for workers' compensation effective January 1, 1990. The City is self-insured during each one-year liability period for the first \$650,000 of each workers' compensation claim and for any losses incurred exceeding \$25,000,000 per incident. For the year ended September 30, 2016, the City had an estimated \$1,117,737 in claims expense, including \$41,936 in incurred but not reported claims, and \$190,630 in administrative costs recorded in the self-insurance fund. At September 30, 2016, the actuarially determined net loss reserve for all fund years is \$3,593,000 (undiscounted). On a discounted basis (discounted at 3.0%), the actuarial net loss reserve is \$3,040,000. This liability is based on the requirements of

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2016, is as follows:

Primary Government:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bond payable:					
Revenue bonds payable	\$ 10,122,729	\$ -	\$ (572,729)	\$ 9,550,000	285,000
Less deferred amounts:					
For issuance discounts	(182,673)	-	8,699	(173,974)	-
Total bonds payable	9,940,056	-	(564,030)	9,376,026	285,000
Notes payable	4,857,000	-	(571,000)	4,286,000	586,000
Accrued claims payable	3,456,000	6,637,514	(6,734,877)	3,358,637	1,818,637
Net OPEB obligation	11,749,000	1,143,610	-	12,892,610	-
Net pension liability	15,122,789	3,133,941	-	18,256,730	-
Compensated absences	1,479,468	1,008,369	(1,368,699)	1,119,138	471,943
Governmental activities long-term liabilities	\$ 46,604,313	\$ 11,923,434	\$ (9,238,606)	\$ 49,289,141	\$ 3,161,580

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Bonds payable:					
Revenue bonds payable	\$63,085,000	\$ -	\$ (2,420,000)	\$60,665,000	\$ 2,545,000
Less deferred amounts:					
For issuance discounts	(751,385)	-	38,330	(713,055)	-
For issuance premium	392,907	-	(49,113)	343,794	-
Total bonds payable	62,726,522	-	(2,430,783)	60,295,739	2,545,000
Notes payable	367,568	-	(172,638)	194,930	194,930
Due to other governments:					
State revolving loans payable	23,691,581	-	(1,859,942)	21,831,639	1,908,690
Net OPEB obligation	4,473,294	255,890	-	4,729,184	-
Net pension liability	6,270,250	2,631,114	-	8,901,364	-
Compensated absences	696,528	406,044	(636,333)	466,239	197,030
Business-type activities long-term liabilities	\$ 98,225,743	\$ 3,293,048	\$ (5,099,696)	\$ 96,419,095	\$ 4,845,650

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (continued)

State Revolving Loans (continued)

During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517040), for the water main portion related to the Widening of US 1 from Park to Rosa L. Jones and from Rosa L. Jones to Pine. The maximum amount of the loan is \$3,200,000. The amount of the loan payable at September 30, 2016 is \$1,659,849. The loan bears interest at 2.77% per annum, with 40 principal and interest payments due in June and December of each fiscal year until the loan is repaid in full in fiscal year 2031.

During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517050), for South Mainland 42-inch Water Main Project. The maximum amount of the loan is \$6,400,000. The amount of the loan payable at September 30, 2016 is \$4,942,541. The loan bears interest at fixed rates ranging from 2.77% to 2.84% per annum, with 40 principal and interest payments due in April and October of each fiscal year until the loan is repaid in full in fiscal year 2030.

During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Drinking Water State Revolving Fund (DW0517060), for the South Atlantic Avenue Water Main Replacement Phase I project. The amount of the loan payable at September 30, 2016 is \$95,499. The loan bears interest at fixed rates ranging from 2.57% to 2.82% per annum, with 40 principal and interest payments due in June and December of each fiscal year until the loan is repaid in full in fiscal year 2031.

The balances outstanding under State Revolving Loan Funds as of September 30, 2016 are as follows:

Year ending September 30,	Business-type Activities	
	Principal	Interest
2017	\$ 1,908,690	\$ 600,789
2018	1,962,693	546,788
2019	2,018,245	491,236
2020	2,075,388	434,092
2021	2,134,172	375,309
2022-2026	7,909,883	1,079,169
2027-2031	3,822,568	274,500
Totals	\$ 21,831,639	\$ 3,801,883

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (continued)

State Revolving Loans

On March 20, 2001, the City was awarded financial assistance from the Florida Department of Environmental Protection in the form of a Drinking Water State Revolving Fund Loan (DW0517010), for the purpose of financing construction of the Banana River 36-inch Water Main project. The amount of the loan payable at September 30, 2016, is \$1,805,286. The loan bears interest at fixed rates ranging from 3.05% to 3.27% per annum, with principal and interest payments due in January and July of each fiscal year until the loan is paid in full in fiscal year 2022.

During 2003, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's Drinking Water State Revolving Fund Loan (DW0517020), for the purpose of financing Phase I of a 54-inch water main from State Road 524 to the St. John's River. The amount of the loan payable at September 30, 2016, is \$1,961,319. The loan bears interest at fixed rates ranging from 2.67% to 2.93% per annum, with principal and interest payments due in February and August of each fiscal year until the loan is paid in full in fiscal year 2024.

During 2003, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's Clean Water State Revolving Fund (WWG12081202P), for the purpose of preconstruction activities, which consist of the planning, administrative, and engineering work necessary for the City to qualify for Clean Water State Revolving Fund financing, for construction of wastewater transmission, collection, reuse, and treatment facilities. The amount of the loan payable at September 30, 2016, is \$1,606,200. The loan bears interest at fixed rates ranging from 1.89% to 2.04% per annum, with principal and interest payments due in June and December of each year until the loan is paid in full in fiscal year 2025.

During 2004, the City was awarded an additional construction loan under the Florida Department of Environmental Protection's State Revolving Fund (DW0517030), for the purpose of financing the City's 54-inch Water Transmission Main, Phase 2, construction project. The amount of the loan payable at September 30, 2016, is \$5,056,113. The loan bears interest at fixed rates ranging from 2.58% to 2.96% per annum, with principal and interest payments due in February and August of each year until the loan is repaid in full in fiscal year 2025.

During 2009, the City was awarded an additional construction loan under the Florida Department of Environmental Protection Clean Water State Revolving Fund (WW812030), for the waste water portion related to the Widening of US 1 from Park to Rosa L. Jones and from Rosa L. Jones to Pine, including a force main and reclaimed water main. The amount of the loan payable at September 30, 2016 is \$4,704,832. The loan bears interest at 2.92% per annum, with 40 principal and interest payments due in April and October of each fiscal year until the loan is repaid in full in fiscal year 2031.

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (continued)

Notes Payable (continued)

Note payables outstanding at year end are as follows:

Primary Government:

Governmental activities:

Capital Improvement Refunding Note, Series 2010, payments range from \$266,000 to \$303,000 annually through 2022	\$ 1,711,000
Transportation Improvement Revenue Note, Series 2012, payments range from \$125,000 to \$135,000 annually through 2022	910,000
Capital Improvement Revenue Note, Series 2014, payments range from \$195,000 to \$225,000 annually through 2024	1,665,000
Total governmental activities	\$ 4,286,000

Business-type activities:

Capital Improvement Revenue Note, Series 2005, remaining payment is \$150,000 through 2017	\$ 150,000
Capital Improvement Revenue Note, Series 2006, remaining payment is \$44,930 annually through 2017	44,930
Total business-type activities	\$ 194,930

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

September 30,	Government Activities		Business-type Activities	
	Principal	Interest	Principal	Interest (*)
2017	\$ 586,000	\$ 98,771	\$ 194,930	\$ 681
2018	597,000	85,518	-	-
2019	611,000	72,017	-	-
2020	625,000	58,172	-	-
2021	634,000	44,055	-	-
2022-2026	1,233,000	49,428	-	-
Totals	\$ 4,286,000	\$ 407,961	\$ 194,930	\$ 681

(*) The interest balances are estimated due to variable rates.

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

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (continued)

Notes Payable

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

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

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

The City entered into Capital Improvement Revenue Notes under a line of credit agreement in the principal amount of \$6,000,000 to finance certain costs of capital expenditures for the City's public purposes. Each draw on the line is treated as a separate borrowing, evidenced by a separate Note Payable. In previous years, the City made five draws on the line in the amounts of \$1,800,000, \$2,357,070, \$743,000, \$700,000 and \$399,930. Each of the Notes Payable bear interest at a variable rate calculated as the 30-day London Interbank Offered Rate (LIBOR) times 67% plus 65 basis points (calculated as .53% at September 30, 2016). Only the original draws, Series 2005 and 2006, for \$700,000 and \$399,930, respectively, had amounts outstanding as of September 30, 2016.

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (continued)

Revenue Bonds (continued)

annual basis, assuming a 360-day year consisting of twelve 30-day months, at the treasury rate (as defined in the bond agreement), plus 100 basis points; plus, in each case, accrued interest on the Series 2010 Bonds to be redeemed to the redemption date.

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

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

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

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt (continued)

Revenue Bonds (continued)

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

Year ending September 30,	Government Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 285,000	\$ 443,791	\$ 2,545,000	\$ 3,667,469
2018	295,000	427,641	2,670,000	3,471,994
2019	310,000	415,494	2,940,000	3,341,607
2020	320,000	402,638	3,070,000	3,273,838
2021	335,000	389,050	3,215,000	3,133,232
2022-2026	1,920,000	1,714,654	12,660,000	13,428,212
2027-2031	2,395,000	1,248,720	9,545,000	10,641,989
2032-2036	3,005,000	653,860	12,090,000	7,242,969
2037-2041	685,000	62,669	11,930,000	2,735,731
Totals	\$ 9,550,000	\$ 5,758,517	\$ 60,665,000	\$ 50,937,041

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-term debt

Revenue Bonds

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

The resolutions applicable to the revenue bonds require the establishment of various bond principal and interest sinking funds and reserve accounts with various requirements for deposit. These requirements have been met for the fiscal year ended September 30, 2016. Revenue bonds outstanding at year end are as follows:

Primary Government:

Governmental activities:

Capital Improvement Revenue Bond, Series 2007, original issuance amount of \$11,675,000 to the Capital Projects Fund, due \$285,000 to \$685,000 annually through 2037; interest at 3.79% to 4.83% (less bond discount of \$173,974)*	\$ 9,376,026
Total governmental activities	\$ 9,376,026

Business-type activities:

Water and Sewer System Refunding Revenue Bonds, Series 1999, original issuance amount of \$24,430,000, due \$1,230,000 to \$1,300,000 annually through 2019; interest at 3.8% to 5.25% (less bond discount of \$17,171)*	\$ 2,512,829
Water and Sewer System Refunding Revenue Bonds, Series 2003, original issuance amount of \$23,985,000, due \$1,315,000 to \$1,790,000 annually through 2023; interest at 2.0% to 5.5% (plus bond premium of \$343,794)*	11,093,794
Water and Sewer System Refunding Revenue Bonds, Series 2009 original issuance amounts of \$8,795,000 (Series 2009A) and \$13,820,000 (Series 2009B), due \$630,000 to \$1,995,000 annually in 2019 through 2039; interest at 3.75% to 5.00% (less bond discount of \$414,211)*	22,200,789
Water and Sewer System Revenue Bonds, Series 2010 (Federally Taxable-Build America Bonds-Direct Subsidy), original issuance amount of \$24,770,000 due \$1,110,000 to \$3,195,000 annually in 2027 through 2040; interest at 7.375% to 7.625% (less bond discount of \$281,673)	24,488,327
Total business-type activities	\$ 60,295,739

*Subject to Federal Arbitrage

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund receivables, payables and transfers (continued)

Transfers from the Water and Sewer System fund to the General fund for operations are allowable under the City's revenue bond debt covenants. The City makes actual transfers during the year based on the original budgeted amount approved by City Council. Total allowable transfers are calculated based on the net revenues of the water and sewer system. For the year ended September 30, 2016, total actual transfers were less than the allowable transfers by \$3,285,326.

The transfer from the Water and Sewer System to the General Fund was for a Gas Powered Lift (\$21,487 which is half the cost, shared 50/50 with General Fund), Project CP11FS Fleet Building Expansion (\$26,490), the Utility Billing Audit (\$84,563), Contribution (\$5,300,000), and 6% in Lieu of Franchise Fees (\$1,388,042).

The transfer from the Non-Major Capital Project Fund to the General Fund was for project PW16RC Railway Crossing Maintenance at Rosa L. Jones Drive.

The transfer from the Non-Major Stormwater Fund to the General Fund was for a portion of project PW16EL Elks Parking Lot Improvement.

The transfer from the General Fund to the Non-Major Capital Projects Fund was to cover the costs of an interfund loan for FDOT-US1 Streetscaping.

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

The transfer from the General Fund and Water and Sewer System to the Internal Service Self Insurance Fund was to establish a reserve in the Self-funded Health Insurance Fund in FY2016.

F. Contracts payable and due to other governments

The City bills and collects charges for sewer and other services on behalf of Brevard County, Titusville, Rockledge, Cocoa Beach, Cape Canaveral, Sun Lake and Colony Park. Cash collections are remitted to these entities monthly. At September 30, 2016, the balance recorded as contracts payable due to these entities was \$4,488,831, which includes billed amounts not collected of \$2,378,856 and unbilled revenue earned on their behalf of \$2,109,975. The balance due to other governments of \$3,087,892 in the Water and Sewer System fund at September 30, 2016 represents collections made on behalf of these entities not yet remitted at year end.

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund receivables, payables and transfers

The composition of interfund balances as of September 30, 2016, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Non Major – CDBG Fund	\$ 166,133
Non-Major Capital Projects Fund	Cocoa Redevelopment Agency	49,694
Total		\$ 215,827

Advance to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Cocoa Redevelopment Agency	\$ 2,922,099
Non-Major Capital Projects Fund	Cocoa Redevelopment Agency	894,410
Total		\$ 3,816,509

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

Interfund transfers:

Transfers in:	Transfers out:	Amount
General	Water and Sewer System	\$ 6,820,582
General	Non-Major Capital Project Fund	56,403
General	Non-Major Stormwater Fund	281
Non-Major Capital Projects Fund	General Fund	952,043
Non-Major Capital Projects Fund	Cocoa Redevelopment Agency	44,095
Internal Service Self Insurance	General Fund	405,266
Internal Service Self Insurance	Water and Sewer System	405,266
Total		\$ 8,683,936

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (continued)

Activity for the U.S. 1 Corridor Agency for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 668,295	\$ -	\$ (381,904)	\$ 286,391
Construction in progress	100,079	-	(100,079)	-
Total capital assets, not being depreciated	768,374	-	(481,983)	286,391
Capital assets, being depreciated:				
Improvements other than buildings	592,234	100,079	-	692,313
Less accumulated depreciation for:				
Improvements other than buildings	(77,299)	-	(21,070)	(98,369)
Total capital assets, being depreciated, net	514,935	100,079	(21,070)	593,944
U.S. 1 Corridor Agency capital assets, net	\$ 1,283,309	\$ 100,079	\$ (503,053)	\$ 880,335

Construction commitments

The City has active construction commitments as of September 30, 2016. At year end, the City's commitments with such contracts are summarized by project as follows:

Primary Government:

Project	Spent-to-Date	Remaining Commitment
Industrial Park Pump Station Improvements	\$ (4,851,931)	\$ 845,031
BNR Efficiency Improvements At Sellers	(3,105,941)	2,200,696
Ground Water/Surface Water Clearwell Separation	(3,066,358)	7,536,252
Claude H. Dyal Water Treatment Plant Elevated Walkway	(1,433,564)	139,657
Minuteman Causeway Watermain Improvements	(427,262)	221,630
Lift Station #4 Upgrades	(135,352)	544,434
Fire Station #1 Dixon Boulevard	(318,888)	78,241
Fire Station #2 Brunson Boulevard	(174,065)	37,966
Fire Station #3 S.R. 524	(477,320)	36,994
Fleet Garage Addition	(53,204)	249,936
Total	\$ (14,043,885)	\$ 11,890,837

The above remaining commitment balances include accounts and retainages payable recorded in the City's financial statements as of September 30, 2016.

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (continued)

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

Governmental activities:	
General government	\$ 1,110,907
Public safety	688,422
Recreation	120,307
Economic development	144,373
Physical environment	3,011
Unallocated	125,871
Total depreciation/amortization expense – governmental activities	\$ 2,192,891
Business-type activities:	
Water and Sewer System	\$ 9,986,651
Stormwater Utility	240,460
Total depreciation/amortization expense - business-type activities	\$ 10,227,111

Discretely presented component units

Activity for the Diamond Square Redevelopment Agency for the year ended September 30, 2016, was as follows:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 181,192	\$ -	\$ -	\$ 181,192
Construction in progress	25,833	10,914	-	36,747
Total capital assets, not being depreciated	207,025	10,914	-	217,939
Capital assets, being depreciated:				
Improvements other than buildings	270,067	-	-	270,067
Less accumulated depreciation for:				
Improvements other than buildings	(41,861)	-	(8,305)	(50,166)
Total capital assets, being depreciated, net	228,206	-	(8,305)	219,901
Diamond Square Agency capital assets, net	\$ 435,231	\$ 10,914	\$ (8,305)	\$ 437,840

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (continued)

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,803,148	\$ 31,137	\$ -	\$ 2,834,285
Construction in progress	25,886,635	13,495,173	(18,890,822)	20,490,986
Total capital assets, not being depreciated/amortized	28,689,783	13,526,310	(18,890,822)	23,325,271
Capital assets, being depreciated/amortized:				
Buildings	10,918,043	-	-	10,918,043
Improvements other than buildings	305,632,770	19,582,679	-	325,215,449
Equipment	21,265,081	3,413,186	(1,934,321)	22,743,946
Intangibles	2,593,155	37,332	-	2,630,487
Total capital assets, being depreciated/amortized	340,409,049	23,033,197	(1,934,321)	361,507,925
Less accumulated depreciation/amortization for:				
Buildings	(4,024,136)	(287,498)	-	(4,311,634)
Improvements other than buildings	(158,341,479)	(8,220,722)	-	(166,562,201)
Equipment	(16,584,568)	(1,332,521)	1,898,767	(16,018,322)
Intangibles	(1,205,715)	(386,370)	-	(1,592,085)
Total accumulated depreciation/amortization	(180,155,898)	(10,227,111)	1,898,767	(188,484,242)
Total capital assets, being depreciated/amortized, net	160,253,151	12,806,086	(35,554)	173,023,683
Business-type activities capital assets, net	\$ 188,942,934	\$ 26,332,396	\$ (18,926,376)	\$ 196,348,954

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets

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

Primary Government

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 5,081,549	\$ 1,097,367	\$ -	\$ 6,178,916
Construction in progress	1,230,702	2,950,126	(2,471,196)	1,709,632
Total capital assets, not being depreciated/amortized	6,312,251	4,047,493	(2,471,196)	7,888,548
Capital assets, being depreciated/amortized:				
Buildings	17,663,094	389,687	(203,776)	17,849,005
Equipment	14,678,656	1,814,033	(1,463,432)	15,029,257
Intangibles	2,030,539	54,958	-	2,085,497
Infrastructure	63,932,193	2,822,949	-	66,755,142
Total capital assets being depreciated/amortized	98,304,482	5,081,627	(1,667,208)	101,718,901
Less accumulated depreciation/amortization for:				
Buildings	(5,411,189)	(555,402)	-	(5,966,591)
Equipment	(9,230,152)	(1,089,031)	1,216,997	(9,102,186)
Intangibles	(1,982,749)	(47,489)	-	(2,030,238)
Infrastructure	(53,061,091)	(500,969)	-	(53,562,060)
Total accumulated depreciation/amortization	(69,685,181)	(2,192,891)	1,216,997	(70,661,075)
Total capital assets being depreciated/amortized, net	28,619,301	2,888,736	(450,211)	31,057,826
Governmental activities capital assets, net	\$ 34,931,552	\$ 6,936,229	\$ (2,921,407)	\$ 38,946,374

* \$70,810 of construction in progress was disposed of as of September 30, 2016



City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

C. Restricted assets

The balance of the restricted assets accounts at September 30, 2016, in the enterprise funds are as follows:

Customer and developer deposits	\$	3,799,425
Debt service – revenue bonds		5,086,959
Debt service – State revolving loans		726,749
Renewal and replacement		6,004,907
<u>Total restricted assets</u>	<u>\$</u>	<u>15,618,040</u>

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

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

The following table summarizes investments measured at fair value based on NAV per share as of September 30, 2016.

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
US Real Estate Investment	\$ 1,567,142	N/A	Quarterly	Last day of the quarter following the quarter during which the Fund receives the notice of redemption

B. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Cocoa Redevelopment Agency	Nonmajor Funds	Water and Sewer System Fund	Nonmajor Enterprise Fund	Internal Service Funds	Total
Accounts receivable	\$ 644,168	\$ 20	\$ 255	\$ 6,256,274	\$ 189,685	\$ 890	\$ 7,091,292
Accounts receivable earned, but not billed	-	-	-	4,439,364	19,597	-	4,458,961
Tax	458,240	-	-	-	-	-	458,240
Gross receivables	1,102,408	20	255	10,695,638	209,282	890	12,008,493
Less: allowance for uncollectible accounts	(36,913)	-	-	(50,962)	-	-	(87,875)
Total net receivables	\$ 1,065,495	\$ 20	\$ 255	\$ 10,644,676	\$ 209,282	\$ 890	\$ 11,920,618

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2016, this allowance was \$50,962. In the General fund, the City provides an allowance for miscellaneous uncollectible accounts of \$36,913. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2016.

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

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

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

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

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

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2016.

Equities: Valued at quoted market prices.

Mutual funds: Valued at quoted market prices.

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

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

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

Fiduciary Funds

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10	Rating	Agency	Level
Money Market Fund	\$ 1,583,557	\$ 1,583,557	\$ -	\$ -	\$ -	not rated		L2
Common Stock	10,053,373	10,053,373	-	-	-	not rated		L1
Equity Mutual Funds	3,942,909	3,942,909	-	-	-	not rated		L1
Equity - ETF	24,343	24,343	-	-	-	not rated		L1
Preferred Securities Bonds								
Preferred Securities Bonds (Baa2 - Ba2)	217,112	217,112	-	-	-	Baa2 - Ba2	Moody	L2
Preferred Securities Bonds NR	655,077	234,887	406,148	-	14,042	not rated		L2
Stock Mutual Fund	11,407,632	11,407,632	-	-	-	not rated		L1
Stock Mutual Fund-Specialty-Real Estate	3,276,133	3,276,133	-	-	-	not rated		L1
Equity Securities	2,812,473	2,812,473	-	-	-	not rated		L1
International Stock Mutual Fund	149,800	149,800	-	-	-	not rated		L1
Fixed Income Mutual Fund NR	1,663,016	1,663,016	-	-	-	not rated		L1
Fixed Income	46,864	46,864	-	-	-	not rated		L2
Foreign-Stock	468,538	468,538	-	-	-	not rated		L1
Unit Investment Trusts	73,710	73,710	-	-	-	not rated		L2
Corporate Bonds								
Corporate Bonds (AAA - A-)	1,475,352	390,606	615,755	175,426	293,565	AAA - A -	S&P	L2
Corporate Bonds (BBB+)	162,133	46,635	108,758	-	6,740	BBB+	S&P	L2
Corporate Bonds (Aaa - A3)	486,001	-	302,213	97,837	85,951	Aaa - A3	Moody	L2
Corporate Bonds (Baa1 - B1)	594,720	21,313	376,568	175,329	21,510	Baa1 - B1	Moody	L2
Corporate bonds NR	1,795,307	80,177	1,237,969	106,179	370,982	not rated		L2
Foreign Bonds								
Foreign bonds (AA - A-)	65,328	40,174	25,154	-	-	AA - A -	S&P	L2
Foreign bonds (Aa2 - A3)	12,183	-	5,588	6,595	-	Aa2 - A3	Moody	L2
Foreign bonds (Baa3)	10,233	10,233	-	-	-	Baa3	Moody	L2
Mutual Fund (AAA - BBB)	8,475,102	8,475,102	-	-	-	AAA - BBB	S&P	L1
Mutual Fund NR	5,123,164	5,123,164	-	-	-	not rated		L1
Blended Mutual Fund	624,158	624,158	-	-	-	not rated		L1
Bond Mutual Fund								
Bond Mutual Fund (AAA - BBB)	396,828	-	223,123	173,705	-	AAA - BBB	S&P	L1
Mortgage Backed Securities	1,525,479	74	2,704	67,939	1,454,762	not rated		L2
Mortgage Obligations (AAA)	59,053	-	-	-	59,053	Aaa	Moody	L2
Mortgage Obligations NR	41,623	-	-	-	41,623	not rated		L2
Collateralized Mortgage (AAA)	85,279	-	-	32,753	52,526	AAA	S&P	L2
Government Obligations	143,838	-	-	143,838	-	not rated		L2
US Treasuries	428,265	-	77,093	153,295	197,877	not rated		L2
Annuity	26,428	26,428	-	-	-	not rated		L2
US Real Estate Investment	1,567,141	1,567,141	-	-	-	not rated		-
Total fiduciary fund cash equivalents and investments	\$ 59,472,152	\$ 52,359,552	\$ 3,381,073	\$ 1,132,896	\$ 2,598,631			

GASB 72, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

City of Cocoa, Florida
Notes to Financial Statements

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

B. Deposits and investments (continued)

At September 30, 2016, the City had the following investments:

Investment Type	Primary Government				Rating	Agency	Level
	Fair Value	Less than 1	1 - 5	6 - 10			
SBA (Florida Prime)	\$ 717,313	\$ 717,313	\$ -	\$ -	AAAm	S&P	-
Certificates of Deposits	1,246,172	1,246,172	-	-	Not Rated		-
Money Market Fund	1,095,058	1,095,058	-	-	Not Rated		-
Corporate Stock	5,342	5,342	-	-	Not Rated		L1
Commercial Paper	997,616	997,616	-	-	Not Rated	Moody	L2
Corporate Bonds							
Corporate Bonds (Aaa - A1)	6,375,209	2,070,821	4,304,388	-	Aaa - A1	Moody	L2
Corporate Bonds	6,502,930	545,189	5,957,741	-	Not Rated		L2
Municipal Bonds (Aaa - Aa2)	241,015	-	241,015	-	Aa2-Aa3	Moody	L2
US Treasuries							
US Treasuries (Aaa-Aa2)	17,562,134	549,856	17,012,278	-	Aaa	Moody	L2
US Treasuries	492,770	-	492,770	-	Not Rated		L2
US Agencies							
US Agencies (Aaa)	11,282,167	1,353,841	9,928,326	-	Aaa	Moody	L2
US Agencies (P-1)	3,065,503	215,229	2,850,274	-	Not Rated	Moody	L2
Mortgage Backed Securities	141,486	11,225	130,261	-	Not Rated	Moody	L2
Total primary government cash equivalents and investments	\$ 49,724,715	\$ 8,807,662	\$ 40,917,053	\$ -			

NOTE III: DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and investments (continued)

Interest rate risk

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

Concentration of credit risk

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

Foreign currency risk

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

Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy does not contain requirements that would limit exposure to custodial credit risk for investments. The City's US Real Estate Investments are not covered by the SIPC insurance, are uncollateralized and held by the City's broker-dealer (counterparty); therefore the balance as of September 30, 2016 of \$1,567,142 is subject to custodial credit risk. The City's remaining investments are covered by SIPC insurance.

City of Cocoa, Florida
Notes to Financial Statements

NOTE II: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
(Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities (continued)

Another element of the reconciliation states that “the issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$1,135,030 difference are as follows:

Principal repayments:	
Revenue bonds	\$ 572,729
Note payable	571,000
Amortization of bond discount	(8,699)
<hr/>	
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ 1,135,030
<hr/>	

NOTE III: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

At September 30, 2016, the City’s carrying amount of cash deposits was \$33,400,097 and the bank balance was \$38,397,749. In addition, the City holds \$3,075 of petty cash. The component units’ carrying amount of deposits with banks was \$135,930 and the bank balance was \$135,930. The Agency Fund has deposits with a carrying amount and bank balance of \$3,519. As of September 30, 2016, \$250,000 of the City’s bank balances is covered by the FDIC. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

Credit risk

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE II: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. 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 balances - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds”. The details of this \$(45,930,504) difference are as follows:

Bonds payable	\$	(9,550,000)
Less: issuance discount (to be amortized over life of debt)		173,974
Note payable		(4,286,000)
Net OPEB obligation		(12,892,610)
Net pension liability		(18,256,730)
Compensated absences		(1,119,138)
<hr/>		
Net adjustment to reduce <i>fund balances - total governmental funds</i> to arrive at <i>net position-governmental activities</i>	\$	(45,930,504)
<hr/>		

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of this \$4,238,878 difference are as follows:

Capital outlay	\$	6,431,769
Depreciation expense		(2,192,891)
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Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$	4,238,878
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City of Cocoa, Florida
Notes to Financial Statements

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

11. Fund equity (continued)

At September 30, 2016, the City's fund balances were classified as follows:

<i>September 30, 2016</i>	General	Cocoa Housing Assistance Trust Fund	Cocoa Redevelopment Agency	Nonmajor Funds	Governmental Funds	Total Funds
Fund balances:						
Non-spendable:						
Inventory	\$ 95,635	\$ -	\$ -	\$ -	\$ -	\$ 95,635
Prepays	76,416	-	4,005	-	-	80,421
Long-term receivable	-	-	-	894,410	-	894,410
Restricted:						
Public safety	-	-	-	102,071	-	102,071
Housing assistance	-	8,517	-	-	-	8,517
Community improvement projects	-	-	-	170,615	-	170,615
Committed:						
Stabilization fund	9,591,506	-	-	-	-	9,591,506
Capital replacement	500,000	-	-	-	-	500,000
Assigned:						
Economic incentives	500,000	-	-	-	-	500,000
Economic development catalyst projects	3,000,000	-	-	-	-	3,000,000
City wide software upgrade	1,250,000	-	-	-	-	1,250,000
City wide roadway construction	2,250,000	-	-	-	-	2,250,000
Health insurance reserve	1,004,139	-	-	-	-	1,004,139
Harry T. Moore Center	125,000	-	-	-	-	125,000
Fiske Blvd Improvements Phase II	1,750,000	-	-	-	-	1,750,000
Stone Street Improvements	600,000	-	-	-	-	600,000
Heart of Cocoa meeting room	160,000	-	-	-	-	160,000
Joe Lee Smith Center for Justice	2,000,000	-	-	-	-	2,000,000
Other community improvement projects	-	-	-	797,770	-	797,770
Debt service payments	-	-	-	1,118,225	-	1,118,225
Unassigned	10,100,892	-	237,552	-	-	10,338,444
Total fund balances	\$ 33,003,588	\$ 8,517	\$ 241,557	\$ 3,083,091	\$ -	\$ 36,336,753

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

10. Long-term obligations (continued)

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

11. Fund equity

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

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

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

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

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

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

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

6. Capital assets (continued)

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

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

7. Compensated absences

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

8. Unearned revenues

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

9. Deferred inflows of resources

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

The deferred inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred inflows of resources related to pensions were \$3,190,916 for the year ended September 30, 2016.

10. Long-term obligations

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

4. Deferred outflows of resources (continued)

The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were \$10,759,174 for the year ended September 30, 2016.

5. Restricted assets

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

- **Customer and Developer Deposits Account** – Includes deposit balances to be refunded to customers and developers in accordance with City policies.
- **Debt Service Accounts** – Includes proceeds from issuance of revenue bonds and state revolving loan draws to be used to pay future debt service costs.
- **Renewal and Replacement Account** – Includes water and sewer area-specific connection charges to be used for improvements to and rehabilitation of the utility system.
- **Construction** – Includes proceeds of revenue bond issuances that are restricted for use in construction.
- **Other** – Includes restriction of funds to be used on environmental betterment projects.

6. Capital assets

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

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

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



City of Cocoa, Florida
Notes to Financial Statements

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

2. Receivables and payables

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

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

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430, Laws of Florida, a special act applicable only to governmental units in Brevard County, limits the annual increase to 10% of the prior year’s millage. Pursuant to Ch. 200.065(5)(a), F.S. the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Cocoa City Council levy for the fiscal year ended September 30, 2016 was 5.9790 mills, which represents an increase over the rolled back rate.

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

3. Inventories and prepaid items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Deferred outflows of resources

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

1. Cash and investments (continued)

- f) Commingled stock, bond or money market funds whose investments are restricted to securities meeting the requirements of Section 3 of the Investment policy related to liquidity, custodian, bid requirement and risk diversification;
- g) Investments in real estate are limited to real estate investment trusts (REITs); and
- h) Repurchase agreements adhering to the requirements of the Master Repurchase Agreement.

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

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

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

City of Cocoa, Florida
Notes to Financial Statements

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

1. Cash and investments (continued)

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

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

- a) Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan institution, insured by the Federal Deposit Insurance Corporation (FDIC), provided the amount deposited does not exceed the insured amount, and cash instruments that have a quality rating of at least Standard & Poor's "P-1" or Moody's "A-1";
- b) Obligations issued by the United States Government or obligations guaranteed as to principal and interest by the United States Government or by an agency of the United States Government;
- c) Bonds issued by the State of Israel;
- d) Bonds or other evidences or indebtedness issued or guaranteed by a corporation organized under the laws of the United States or the District of Columbia and the corporation is listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market provided the issuer has a quality rating of at least "A" by Standard & Poor's or Moody's;
- e) Equity investments (common stock, convertible bonds, and preferred stock) in a corporation listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ stock market;

City of Cocoa, Florida
Notes to Financial Statements

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity (continued)

1. Cash and investments (continued)

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, repurchase agreements, short-term investments with original maturities of three months or less from the date of acquisition, money market funds, and investments held in the Florida PRIME. Cash and cash equivalents for the purpose of the proprietary fund statement of cash flows include cash, short-term investments with original maturities of three months or less from the date of acquisition, money market funds, and investments held in the Florida PRIME.

The City is authorized to invest surplus funds as follows:

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

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

- a) Corporate fixed income securities rated "BAA" or higher by Moody's or "BBB" by Standard & Poor's;



City of Cocoa, Florida
Notes to Financial Statements

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and providing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund and the City's internal service fund are charges to customers for sales and services. The Water and Sewer System fund also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the internal service 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 nonoperating revenues and expenses.

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

D. Assets, deferred outflows, liabilities, deferred inflows and net position or equity

1. Cash and investments

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

The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The City's investment in the Florida PRIME is reported at amortized cost. The fair value of the City's position in the pool is equal to the value of pooled shares.

Deposits available within various funds, except pension trust funds, were consolidated for investment purposes. Substantially all deposits at September 30, 2016, were invested using the pooled investment concept. Interest earned was allocated to the various funds based on their average cash and investment balances.

City of Cocoa, Florida
Notes to Financial Statements

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (continued)

The *Cocoa housing assistance trust fund* accounts for the funds received for the State Housing Initiatives Partnership (SHIP), enacted by the State of Florida through the Florida Housing Finance Agency. The purpose of the program is to provide funds to local governments as an incentive for the creation of partnerships to produce and preserve affordable housing.

The *Cocoa redevelopment agency fund* accounts for incremental tax revenues within the downtown Cocoa Village area. The monies are restricted by State statute to specific projects or a class of projects within this geographical area.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

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

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

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

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

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (continued)

or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

C. Measurement focus, basis of accounting and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grant-related revenues which is within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, OPEB obligations and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting entity (continued)

Blended component units (continued)

participants are obligated to fund all GERS costs based upon actuarial valuations. The pension board is authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.

Stand-alone financial statements for the Public Safety Employees' Retirement Systems and the General Employees' Retirement System are contained in the annual actuarial reports that are prepared by an external consultant and can be obtained from the City Clerk.

Discretely presented component units

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

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers

NOTE I: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Cocoa, Florida (the “City”) was incorporated as a village in 1895, and as a city in 1913. The City of Cocoa was re-created pursuant to House Bill 1348 as set forth in Chapter 59-1186, Laws of Florida. The City has a population of approximately 18,800 and is located on the central east coast of Florida. The City operates under a charter adopted in 1959 and provides for a Council-City Manager form of government. The governing body is a five-member elected City Council comprised of a Mayor and four Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

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

Blended component units

1. Cocoa Redevelopment Agency – The Agency was organized under Section 163 of the Florida Statutes and formally came into existence in 1981. The Agency uses property tax incremental revenues derived from taxable real property within the geographic boundaries of the community redevelopment area to finance the development of affordable housing for residents of low or moderate income. The Agency’s board is comprised of the City Council and two additional members who reside in or are engaged in business in the area of the Agency’s operation.
2. Cocoa Public Safety Employees’ Retirement Systems – The City’s public safety employees participate in two Public Safety Employees’ Retirement Systems (“PSERS”). Each single-employer PSERS plan (firefighters and police) functions for the benefit of its employees and is governed by a five-member pension board, consisting of two City employees, two legal residents of the City, and one member appointed by the other four. The City and PSERS participants are obligated to fund all PSERS costs based upon actuarial valuations. The pension boards are authorized to establish benefit levels and to approve the actuarial assumptions used in the determination of contribution levels.
3. Cocoa General Employees’ Retirement System – City employees not participating in the PSERS or the 401(a) Defined Contribution Plan are covered under the General Employees’ Retirement System (“GERS”), unless they opted out as of March 1, 2009, to be included in the Florida Retirement System (see Note IV.C.). The GERS functions for the benefit of its employees and is governed by a five-member pension board consisting of three elected City employees and two City Council appointees residing in the City. The City and GERS

City of Cocoa, Florida
Statement of Changes in Fiduciary Net Position - Fiduciary Funds

<i>Year Ended September 30, 2016</i>	Employee Pension Trust Funds
ADDITIONS	
Contributions:	
Employer contributions	\$ 3,071,332
Employee contributions	395,344
Employee voluntary contributions	1,418
State contributions	261,763
Total contributions	3,729,857
Investment earnings:	
Net increase in the fair value of investments	3,617,721
Interest and dividends	1,711,995
Miscellaneous	22,762
Total investment earnings	5,352,478
Less investment expense	(291,038)
Net investment earnings	5,061,440
Total additions	8,791,297
DEDUCTIONS	
Benefit payments	5,542,378
Administrative expenses	292,014
Total deductions	5,834,392
Change in net position	2,956,905
Net position, beginning of year	56,517,211
Net position, end of year	\$ 59,474,116

The accompanying notes are an integral part of this financial statement

City of Cocoa, Florida
Statement of Fiduciary Net Position - Fiduciary Funds

<i>September 30, 2016</i>	Employee Pension Trust Funds	Taylor Creek Project Agency Fund
ASSETS		
Cash and cash equivalents	\$ 1,583,557	\$ 3,519
Investments at fair value:		
Equity funds	32,322,992	-
Blended mutual funds	624,158	-
Fixed income funds	2,106,708	-
Mortgage backed securities	1,711,434	-
Annuities	26,428	-
Common stock	12,865,846	-
Corporate bonds	4,513,513	-
Preferred securities bonds	872,189	-
Foreign equity funds	618,338	-
Foreign bonds	87,745	-
Government securities	572,103	-
US real estate investment fund	1,567,141	-
Interest receivable	85,674	-
Total assets	59,557,826	\$ 3,519
LIABILITIES		
Accounts payable	58,508	\$ -
Refundable deposits	-	3,519
Deferred contributions	25,202	-
Total liabilities	83,710	\$ 3,519
NET POSITION		
Restricted for pension benefits	\$ 59,474,116	

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

City of Cocoa, Florida
Statement of Cash Flows - Proprietary Funds (continued)

Year Ended September 30, 2016	Business-type activities - Enterprise Funds			Governmental
	Water and Sewer System	Nonmajor Fund	Total	Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 16,172,875	\$ 208,441	\$ 16,381,316	\$ (40,443)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation/amortization	9,986,651	240,460	10,227,111	-
Bad debt expense	99,009	-	99,009	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(558,015)	(18,343)	(576,358)	(576)
Inventory	(36,319)	-	(36,319)	-
Prepaid items	959	-	959	(12,672)
Overfunded pension costs	(4,876)	-	(4,876)	-
Deferred outflows of resources - pensions	(2,442,852)	(90,493)	(2,533,345)	-
Increase (decrease) in liabilities:				
Accounts and claims payable	937,603	216,007	1,153,610	(4,202)
Retainage payable	-	1,224	1,224	-
Contracts payable	128,177	-	128,177	-
Accrued payroll and related liabilities	(321,103)	(3,063)	(324,166)	-
Unearned revenue	-	-	-	4,161
Accrued claims payable	-	-	-	(97,363)
Due to other governments	209,953	-	209,953	-
Net OPEB obligation	244,950	10,940	255,890	-
Net pension liability	2,538,359	92,755	2,631,114	-
Deferred inflows of resources - pensions	364,212	17,748	381,960	-
Deposits	193,251	-	193,251	-
Total adjustments	11,339,959	467,235	11,807,194	(110,652)
Net cash provided by operating activities	\$ 27,512,834	\$ 675,676	\$ 28,188,510	\$ (151,095)
Noncash capital and related financing activities:				
Net decrease in fair value of assets	\$ (95,547)	\$ (475)	\$ (96,022)	\$ (5,677)
Acquisition of capital assets through contributions from property owners, developers and other governments				
	\$ 1,283,545	\$ -	\$ 1,283,545	\$ -
Retainage payable increase related to capital asset additions				
	\$ (101,749)	\$ -	\$ (101,749)	\$ -

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

City of Cocoa, Florida
Statement of Cash Flows - Proprietary Funds (continued)

<i>Year Ended September 30, 2016</i>	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Nonmajor Fund	Total	Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers for sales and services	\$ 56,462,102	\$ 1,367,696	\$ 57,829,798	\$ 6,600,656
Cash payments to employees	(6,758,376)	(293,681)	(7,052,057)	-
Cash payments to suppliers for goods and services	(22,190,892)	(398,339)	(22,589,231)	-
Cash payments for insurance and claims expenses	-	-	-	(6,751,751)
Net cash provided by (used in) operating activities	27,512,834	675,676	28,188,510	(151,095)
Cash flows from noncapital financing activities:				
Cash transfers (out) in (to) from other funds	(7,225,848)	(281)	(7,226,129)	810,532
Net cash provided by (used in) noncapital financing activities	(7,225,848)	(281)	(7,226,129)	810,532
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(15,807,673)	(656,951)	(16,464,624)	-
Proceeds from sale of capital assets	159,794	6,500	166,294	-
Principal paid on revenue bonds	(2,420,000)	-	(2,420,000)	-
Principal paid on notes	(172,638)	-	(172,638)	-
Principal paid on state revolving loans	(1,859,942)	-	(1,859,942)	-
Interest paid on long-term debt, net of subsidy	(3,776,662)	-	(3,776,662)	-
Net cash used in capital and related financing activities	(23,877,121)	(650,451)	(24,527,572)	-
Cash flows from investing activities:				
Investment income	501,630	4,775	506,405	41,275
Proceeds from sale/maturity of investments	52,172,613	289,295	52,461,908	(3,904,003)
Purchase of investments	(49,450,724)	(291,580)	(49,742,304)	3,851,187
Net cash provided by (used in) investing activities	3,223,519	2,490	3,226,009	(11,541)
Net increase (decrease) in cash and cash equivalents	(366,616)	27,434	(339,182)	647,896
Cash and cash equivalents, beginning of year	7,276,526	1,514,380	8,790,906	1,001,703
Cash and cash equivalents, end of year	\$ 6,909,910	\$ 1,541,814	\$ 8,451,724	\$ 1,649,599

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

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

<i>Year Ended September 30, 2016</i>	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Nonmajor Fund	Total	Activities - Internal Service Funds
Operating revenues:				
Charges for services	\$ 51,796,826	\$ 1,376,341	\$ 53,173,167	\$ 6,060,515
Impact fees	1,486,185	-	1,486,185	-
Fire protection	2,776,051	-	2,776,051	-
Other charges and fees	295,668	-	295,668	536,556
Total operating revenues	56,354,730	1,376,341	57,731,071	6,597,071
Operating expenses:				
Water/sewer treatment	11,880,366	-	11,880,366	-
Administration	10,841,088	927,440	11,768,528	-
Depreciation/amortization	9,986,651	240,460	10,227,111	-
Insurance claims and expenses	-	-	-	6,637,514
Transmission and distribution	5,931,603	-	5,931,603	-
Lift stations and lines	1,542,147	-	1,542,147	-
Total operating expenses	40,181,855	1,167,900	41,349,755	6,637,514
Operating income (loss)	16,172,875	208,441	16,381,316	(40,443)
Nonoperating revenues				
(expenses):				
Intergovernmental	608,791	-	608,791	-
Gain on disposal of assets	146,505	6,500	153,005	-
Investment earnings	378,976	3,922	382,898	30,790
Interest expense	(4,528,703)	-	(4,528,703)	-
Total nonoperating revenues (expenses)	(3,394,431)	10,422	(3,384,009)	30,790
Income before contributions				
and transfers				
Capital contributions	12,778,444	218,863	12,997,307	(9,653)
Transfers in	-	-	-	810,532
Transfers out	(7,225,848)	(281)	(7,226,129)	-
Change in net position	6,836,141	218,582	7,054,723	800,879
Net position, beginning	128,077,305	4,265,340	132,342,645	551,213
Net position, end of year	\$ 134,913,446	\$ 4,483,922	\$ 139,397,368	\$ 1,352,092

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

City of Cocoa, Florida
Statement of Net Position – Proprietary Funds (continued)

<i>September 30, 2016</i>	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Nonmajor Fund	Total	Activities - Internal Service Funds
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts and claims payable	4,929,825	230,498	5,160,323	89,188
Contracts payable	4,488,831	-	4,488,831	-
Retainage payable	629,854	1,224	631,078	-
Accrued payroll and related liabilities	147,818	7,684	155,502	-
Unearned revenue	-	-	-	4,161
Compensated absences	192,324	4,706	197,030	-
Accrued claims payable	-	-	-	1,818,637
Due to other governments	3,087,892	-	3,087,892	-
State revolving loan payable	1,908,690	-	1,908,690	-
Notes payable	194,930	-	194,930	-
Current liabilities (payable from restricted assets):				
Accrued interest	187,420	-	187,420	-
Customer and developer deposits	1,948,748	-	1,948,748	-
Sewer deposits	840,126	-	840,126	-
Other deposits	1,010,551	-	1,010,551	-
Revenue bonds payable	2,545,000	-	2,545,000	-
Total current liabilities	22,112,009	244,112	22,356,121	1,911,986
Noncurrent liabilities:				
State revolving loan payable	19,922,949	-	19,922,949	-
Compensated absences	263,802	5,407	269,209	-
Accrued claims payable	-	-	-	1,540,000
Net OPEB obligation	4,575,200	153,984	4,729,184	-
Net pension liability	8,662,289	239,075	8,901,364	-
Revenue bonds payable, net of unamortized bond discount/premium	57,750,739	-	57,750,739	-
Total noncurrent liabilities	91,174,979	398,466	91,573,445	1,540,000
Total liabilities	113,286,988	642,578	113,929,566	3,451,986
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	1,029,616	37,104	1,066,720	-
Total deferred inflows of resources	1,029,616	37,104	1,066,720	-
NET POSITION				
Net investment in capital assets	112,617,019	2,818,097	115,435,116	-
Restricted for:				
Debt service	5,086,959	-	5,086,959	-
Revenue generation system	726,749	-	726,749	-
Renewal and replacement	6,004,907	-	6,004,907	-
Unrestricted	10,477,812	1,665,825	12,143,637	1,352,092
Total net position	\$ 134,913,446	\$ 4,483,922	\$ 139,397,368	\$ 1,352,092

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

City of Cocoa, Florida
Statement of Net Position – Proprietary Funds

<i>September 30, 2016</i>	Business-type Activities - Enterprise Funds			Governmental
	Water and Sewer System	Nonmajor Fund	Total	Activities - Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,983,784	\$ 1,541,814	\$ 4,525,598	\$ 1,649,599
Restricted current assets:				
Cash and cash equivalents	3,926,126	-	3,926,126	-
Investments	20,834,838	237,052	21,071,890	3,019,287
Accounts receivable, net	6,205,312	189,685	6,394,997	890
Accounts receivable earned, but not billed	4,439,364	19,597	4,458,961	-
Interest receivable	85,200	638	85,838	8,175
Inventory	955,687	-	955,687	-
Overfunded pension costs	4,876	-	4,876	-
Prepaid items	8,045	-	8,045	126,127
Total current assets	39,443,232	1,988,786	41,432,018	4,804,078
Noncurrent assets:				
Restricted noncurrent assets:				
Investments	11,691,914	-	11,691,914	-
Capital assets:				
Land	2,795,148	39,137	2,834,285	-
Buildings	10,918,043	-	10,918,043	-
Improvements other than buildings	321,895,840	3,319,609	325,215,449	-
Machinery and equipment	21,106,074	1,637,872	22,743,946	-
Intangibles	2,630,487	-	2,630,487	-
Construction in progress	20,438,171	52,815	20,490,986	-
Less accumulated depreciation/amortization	(186,491,981)	(1,992,261)	(188,484,242)	-
Total capital assets, net of accumulated depreciation/amortization	193,291,782	3,057,172	196,348,954	-
Total noncurrent assets	204,983,696	3,057,172	208,040,868	-
Total assets	244,426,928	5,045,958	249,472,886	4,804,078
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	3,155,577	117,646	3,273,223	-
Deferred amount on advanced refunding	1,647,545	-	1,647,545	-
Total deferred outflows of resources	4,803,122	117,646	4,920,768	-

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

City of Cocoa, Florida

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

Year Ended September 30, 2016

Net change in fund balances - total governmental funds	\$ (2,769,634)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,238,878
In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.	(224,055)
Cash pension contributions reported in the funds were less than the calculated pension expense on the statement of activities and therefore decreased net position.	2,791,067
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	(9,653)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.	1,135,030
Some revenues are recorded in the statement of activities, but since they do not provide current financial resources are not reported as revenues in the funds. This is the amount of revenues recorded in the funds in the current year that was recorded in the statement of activities in a prior year.	266,824
Some expenses reported in the statement of activities (e.g., compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	360,330
Funds transferred to establish reserves for the new internal service are transfers out on the governmental fund level, and the transfer into the internal service fund is included on the proprietary statement of the change in net assets. However, on the statement of activities the transfers are net against each other.	810,532
The increase in the other post-employment benefit obligation reported in the statement of activities does not require the use of current financial resources; therefore, is not reported as an expenditure in governmental funds.	(1,143,610)
Change in net position of governmental activities	\$ 5,455,709

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

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

<i>Year Ended September 30, 2016</i>	General	Cocoa Housing Assistance Trust Fund	Cocoa Redevelopment Agency	Nonmajor Funds	Total Governmental Funds
Revenues					
Taxes	\$ 7,266,268	\$ -	\$ -	\$ 1,030,163	\$ 8,296,431
Licenses and permits	313,935	-	-	-	313,935
Intergovernmental	4,321,833	40,256	1,053,386	79,792	5,495,267
Charges for services	13,404,589	-	-	-	13,404,589
Fines and forfeitures	24,369	-	-	69,512	93,881
Investment earnings	116,303	108	1,347	13,775	131,533
Miscellaneous	569,353	-	34,198	22,795	626,346
Total revenues	26,016,650	40,364	1,088,931	1,216,037	28,361,982
Expenditures					
Current:					
General government	10,342,933	-	-	-	10,342,933
Public safety	14,323,891	-	-	24,577	14,348,468
Economic development	466,170	40,256	372,101	81,411	959,938
Recreation	1,106,032	-	-	-	1,106,032
Physical environment	2,826,143	-	-	-	2,826,143
Capital outlay	5,227,655	-	70,464	1,133,650	6,431,769
Debt service:					
Principal	-	-	297,729	846,000	1,143,729
Interest	-	-	3,640	553,402	557,042
Total expenditures	34,292,824	40,256	743,934	2,639,040	37,716,054
Excess (deficiency) of revenues over (under) expenditures	(8,276,174)	108	344,997	(1,423,003)	(9,354,072)
Other financing sources (uses)					
Transfers in	6,877,266	-	-	996,138	7,873,404
Transfers out	(1,357,309)	-	(44,095)	(56,403)	(1,457,807)
Proceeds from sales of capital assets	90,087	-	-	-	90,087
Contributions from U.S. 1 Corridor	78,754	-	-	-	78,754
Net other financing sources (uses)	5,688,798	-	(44,095)	939,735	6,584,438
Net change in fund balances	(2,587,376)	108	300,902	(483,268)	(2,769,634)
Fund balances (deficit), beginning	35,590,964	8,409	(59,345)	3,566,359	39,106,387
Fund balances (deficit), ending	\$ 33,003,588	\$ 8,517	\$ 241,557	\$ 3,083,091	\$ 36,336,753

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

City of Cocoa, Florida
Balance Sheet - Governmental Funds (Continued)

<i>September 30, 2016</i>	General	Cocoa Housing Assistance Trust Fund	Cocoa Redevelopment Agency	Nonmajor Funds	Total Governmental Funds
Fund balances:					
Nonspendable	172,051	-	4,005	894,410	1,070,466
Restricted	-	8,517	-	272,686	281,203
Committed	10,091,506	-	-	-	10,091,506
Assigned	12,639,139	-	-	1,915,995	14,555,134
Unassigned	10,100,892	-	237,552	-	10,338,444
Total fund balances (deficit)	33,003,588	8,517	241,557	3,083,091	36,336,753
Total liabilities and fund balances	\$ 38,512,092	\$ 148,740	\$ 4,437,551	\$ 3,473,704	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					38,946,374
Deferred revenue (related to the Whitley Marina settlement) recorded in the funds was previously recorded as revenue in governmental activities but deferred in governmental funds.					271,891
Property held for sale recorded as an asset in the governmental activities but not recorded in the fund financial statements.					24,000
Deferred outflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.					7,485,951
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.					(2,124,196)
Deferred inflow (related to reimbursement for grant funds) is recorded as a liability in the fund statements but is recorded as a revenue in governmental activities.					266,824
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.					1,352,092
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.					(45,930,504)
Net position of governmental activities					\$ 36,629,185

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

City of Cocoa, Florida
Balance Sheet - Governmental Funds

<i>September 30, 2016</i>	General	Cocoa Housing Assistance Trust Fund	Cocoa Redevelopment Agency	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 23,479,896	\$ 148,740	\$ 1,235,186	\$ 1,248,011	\$ 26,111,833
Investments	9,857,425	-	-	1,274,215	11,131,640
Accounts receivable, net	1,065,495	-	20	255	1,065,770
Interest receivable	23,166	-	-	3,454	26,620
Due from other funds	166,133	-	-	49,694	215,827
Due from other governments	825,827	-	-	3,665	829,492
Inventory, at cost	95,635	-	-	-	95,635
Prepaid items	76,416	-	4,005	-	80,421
Deposits	-	-	4,350	-	4,350
Deferred charges	-	-	2,922,099	-	2,922,099
Other receivable	-	-	271,891	-	271,891
Advance to other funds	2,922,099	-	-	894,410	3,816,509
Total assets	\$ 38,512,092	\$ 148,740	\$ 4,437,551	\$ 3,473,704	\$ 46,572,087
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 1,788,343	\$ 39,054	\$ 55,385	\$ 197,802	\$ 2,080,584
Accrued payroll and related liabilities	304,913	411	2,515	536	308,375
Retainage payable	5,293	-	-	-	5,293
Due to other funds	-	-	49,694	166,133	215,827
Due to other governments	989	-	-	-	989
Escrow deposits	12,928	-	-	26,142	39,070
Other liabilities	170,022	-	-	-	170,022
Unearned revenue	33,848	-	-	-	33,848
Advance from other funds	-	-	3,816,509	-	3,816,509
Total liabilities	2,316,336	39,465	3,924,103	390,613	6,670,517
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - sale of building	2,922,099	-	-	-	2,922,099
Deferred inflows - business tax receipts	104,003	-	-	-	104,003
Deferred inflows - unavailable grant revenue	166,066	100,758	-	-	266,824
Deferred inflow - Whitley Marina settlement revenue	-	-	271,891	-	271,891
Total deferred inflows of resources	3,192,168	100,758	271,891	-	3,564,817

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Diamond Square Redevelopment Agency	U.S. 1 Corridor Redevelopment Agency
\$ (4,983,207)	\$ -	\$ (4,983,207)	\$ -	\$ -
(9,990,722)	-	(9,990,722)	-	-
(975,047)	-	(975,047)	-	-
(596,616)	-	(596,616)	-	-
4,477,461	-	4,477,461	-	-
(565,742)	-	(565,742)	-	-
(125,871)	-	(125,871)	-	-
(12,759,744)	-	(12,759,744)	-	-
-	13,614,821	13,614,821	-	-
-	208,441	208,441	-	-
-	13,823,262	13,823,262	-	-
(12,759,744)	13,823,262	1,063,518	-	-
-	-	-	(84,274)	-
-	-	-	-	(106,613)
-	-	-	(84,274)	(106,613)
4,699,241	-	4,699,241	-	-
2,179,176	-	2,179,176	-	-
1,418,014	-	1,418,014	-	-
2,088,744	-	2,088,744	85,987	87,095
-	153,005	153,005	-	(381,904)
100,579	235,491	336,070	108	78
503,570	69,094	572,664	25,000	-
7,226,129	(7,226,129)	-	-	-
18,215,453	(6,768,539)	11,446,914	111,095	(294,731)
5,455,709	7,054,723	12,510,432	26,821	(401,344)
31,173,476	132,342,645	163,516,121	516,100	1,304,639
\$ 36,629,185	\$ 139,397,368	\$ 176,026,553	\$ 542,921	\$ 903,295

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

City of Cocoa, Florida
Statement of Activities

Year Ended September 30, 2016

Program Revenues

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 11,996,774	\$ 6,040,226	\$ 973,341	\$ -
Public safety	12,600,590	2,219,789	348,778	41,301
Recreation	1,221,988	197,801	49,140	-
Economic development	817,422	78,120	142,686	-
Physical environment	3,055,646	5,367,608	556,626	1,608,873
Interest on long-term debt	565,742	-	-	-
Unallocated depreciation	125,871	-	-	-
Total governmental activities	30,384,033	13,903,544	2,070,571	1,650,174
Business-type activities:				
Water and sewer	44,710,558	56,433,043	608,791	1,283,545
Stormwater utility	1,167,900	1,376,341	-	-
Total business-type activities	45,878,458	57,809,384	608,791	1,283,545
Total primary government	\$ 76,262,491	\$ 71,712,928	\$ 2,679,362	\$ 2,933,719
Component Units:				
Diamond Square Redevelopment				
Agency	\$ 84,274	\$ -	\$ -	\$ -
U.S. 1 Corridor Redevelopment				
Agency	106,613	-	-	-
Total component units	\$ 190,887	\$ -	\$ -	\$ -

General revenues:

Property taxes
Public utility and telecommunication taxes
Franchise taxes
Shared revenues not restricted to specific programs
Gain (loss) on sale of capital assets
Unrestricted investment earnings
Miscellaneous
Transfers, net
Total general revenues
Change in net position
Net position, beginning
Net position, end of year

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

City of Cocoa, Florida
Statement of Net Position (continued)

Primary Government

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts, contracts and retainage payable	2,175,065	10,280,232	12,455,297
Accrued payroll and related liabilities	308,375	155,502	463,877
Accrued interest payable	-	187,420	187,420
Due to other governments	989	3,087,892	3,088,881
Payable from restricted assets:			
Customer and developer escrow deposits	-	3,799,425	3,799,425
Escrow deposits	39,070	-	39,070
Unearned revenue	38,009	-	38,009
Other liabilities	170,022	-	170,022
Noncurrent liabilities:			
Due within one year:			
Revenue bonds payable	285,000	2,545,000	2,830,000
Notes payable	586,000	194,930	780,930
State revolving loans payable	-	1,908,690	1,908,690
Accrued claims payable	1,818,637	-	1,818,637
Compensated absences	471,943	197,030	668,973
Due in more than one year:			
Revenue bonds payable	9,091,026	57,750,739	66,841,765
Notes payable	3,700,000	-	3,700,000
State revolving loans payable	-	19,922,949	19,922,949
Accrued claims payable	1,540,000	-	1,540,000
Net OPEB obligation	12,892,610	4,729,184	17,621,794
Compensated absences	647,195	269,209	916,404
Net pension liability	18,256,730	8,901,364	27,158,094
Total liabilities	52,020,671	113,929,566	165,950,237
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	2,124,196	1,066,720	3,190,916
Deferred revenue - business tax receipts	104,003	-	104,003
Total deferred inflows of resources	2,228,199	1,066,720	3,294,919
NET POSITION			
Net investment in capital assets	25,284,348	115,435,116	140,719,464
Restricted for:			
Public safety	102,071	-	102,071
Housing assistance	8,517	-	8,517
Community improvement projects	170,615	-	170,615
Debt service	-	5,086,959	5,086,959
Revenue generation system	-	726,749	726,749
Renewal and replacement	-	6,004,907	6,004,907
Unrestricted	11,063,634	12,143,637	23,207,271
Total net position	\$ 36,629,185	\$ 139,397,368	\$ 176,026,553

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

Component Units			
	Diamond Square Redevelopment Agency		U.S. 1 Corridor Redevelopment Agency
\$	108,285	\$	19,385
	-		-
	-		-
	-		-
	-		-
	-		-
	4,205		4,055
	-		-
	-		-
	-		-
	-		-
	181,192		286,391
	-		-
	219,901		593,944
	-		-
	-		-
	-		-
	36,747		-
	550,330		903,775
	-		-
	-		-
	-		-

City of Cocoa, Florida
Statement of Net Position

September 30, 2016

Primary Government

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 27,761,432	\$ 4,525,598	\$ 32,287,030
Investments	14,150,927	21,071,890	35,222,817
Receivables	1,066,660	6,394,997	7,461,657
Receivables, earned but not billed	-	4,458,961	4,458,961
Interest receivable	34,795	85,838	120,633
Due from other governments	829,492	-	829,492
Deposits	4,350	-	4,350
Inventory	95,635	955,687	1,051,322
Prepaid items	206,548	8,045	214,593
Overfunded pension costs	-	4,876	4,876
Restricted assets:			
Cash and cash equivalents	-	3,926,126	3,926,126
Investments	-	11,691,914	11,691,914
Other receivable	271,891	-	271,891
Property held for sale	24,000	-	24,000
Net investment in capital assets			
Land	6,178,916	2,834,285	9,013,201
Buildings	11,882,414	6,606,409	18,488,823
Improvements other than buildings	-	158,653,248	158,653,248
Equipment	5,927,071	6,725,624	12,652,695
Infrastructure	13,193,082	-	13,193,082
Intangibles	55,259	1,038,402	1,093,661
Construction in progress	1,709,632	20,490,986	22,200,618
Total assets	83,392,104	249,472,886	332,864,990
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	7,485,951	3,273,223	10,759,174
Deferred amount on advanced refunding	-	1,647,545	1,647,545
Total deferred outflows of resources	7,485,951	4,920,768	12,406,719

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

CITY OF COCOA, FLORIDA

Basic Financial Statements



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

Requests for Information

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

City of Cocoa, Florida
Management's Discussion and Analysis

City's Outstanding Debt

Noncurrent Liabilities

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue bonds payable	\$9,376,026	\$9,940,056	\$60,295,739	\$62,726,522	\$69,671,765	\$72,666,578
Note payable	4,286,000	4,857,000	194,930	367,568	4,480,930	5,224,568
State revolving loans payable	-	-	21,831,639	23,691,581	21,831,639	23,691,581
Capital leases	-	-	-	-	-	-
Accrued claims payable	3,358,637	3,456,000	-	-	3,358,637	3,456,000
Net OPEB obligation	12,892,610	11,749,000	4,729,184	4,473,294	17,621,794	16,222,294
Compensated absences	1,119,138	1,479,468	466,239	696,528	1,585,377	2,175,996
Net pension liability	18,256,730	15,122,789	8,901,364	6,270,250	27,158,094	21,393,039
Total	\$49,289,141	\$46,604,313	\$96,419,095	\$98,225,743	\$145,708,236	\$144,830,056

The City's long-term liabilities increased by \$878,180 (0.6%) during the current fiscal year. The primary reasons for the increase is an increase of \$1,399,500 in net OPEB obligations and an increase of net pension liability of \$5,765,055, as required by GASB Statement No. 68, offset by regular debt service payments.

Additional information on the City's long-term debt can be found in note III.G. on pages 78 to 86 of this report.

Economic Factors and Next Year's Budgets and Rates

Local, national and international economic factors influence the City's revenues in a variety of ways. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, fuel taxes, charges for services, state revenue sharing as well as state and federal grants. Economic growth may be measured by a variety of indicators such as employment growth, new construction, assessed property values and enterprise fund revenues and net asset growth. In spite of the challenging economic conditions, the fiscal year 2016 budget did not require any reduction in the level of services. This was accomplished by adhering to the City's comprehensive financial policies, a thorough reassessment of the base budget and a critical review of all proposed additions to the budget.

The unemployment rate for the City and the surrounding area at September 30, 2016, was 5.2%, a 0.5% drop from the previous year. This compares to an unemployment rate of 4.7% for the state and 4.9% nationally.

The City Council adopted the tax millage rate of 5.9790 in fiscal year 2017 to sufficiently fund the current level of services to the citizens and business owners of Cocoa. The taxable value of real property increased .9% in 2016.

City of Cocoa, Florida
Management's Discussion and Analysis

- Purchased one John Deere Tractor - \$159,798
- Purchased five mowers and one mini-excavator - \$82,076
- Purchased 11 tablets and 20 Toughbooks - \$112,565
- Purchased 27 mobile + 32 portable radios (Public Safety Radio System upgrade) - \$238,079
- Acquired property at 6 Forrest Ave - \$248,866
- Acquired property at Dixon Blvd (Fire Station #1) - \$223,306
- Acquired property at Florida Ave and Rosa L Jones Dr. - \$811,106

- Acquired property at 6 Forrest Ave - \$62,953
- Continued city-wide annual asphalt paving - \$478,071
- Completed renovations of Lift Station #1 - \$65,965
- Completed installation of water mains along Indian River Dr. - \$3,091,130
- Completed refurbishment of the Wewahootee Pump Station - \$4,407,780
- Completed improvements to Riverfront Park - \$162,821
- Continued Phase 2 of Peachtree Street utility & roadway improvements - \$3,163,290
- Continued updating of raw water pipelines in the City's Wellfield - \$2,333,206
- Completed installation of a liquid oxygen system at Dyal Plant - \$2,874,896

These asset additions were offset by depreciation expense. Additional information on the City's capital assets can be found in note III.D on pages 72-75 of this report.

City's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 6,178,916	\$ 5,081,549	\$ 2,834,285	\$ 2,803,148	\$ 9,013,201	\$ 7,884,697
Buildings	11,882,414	12,251,905	6,606,409	6,893,907	18,488,823	19,145,812
Improvements other than buildings	-	-	158,653,248	147,291,291	158,653,248	147,291,291
Equipment	5,927,071	5,448,504	6,725,624	4,680,513	12,652,695	10,129,017
Infrastructure	13,193,082	10,871,102	-	-	13,193,082	10,871,102
Intangibles	55,259	47,790	1,038,402	1,387,440	1,093,661	1,435,230
Construction in progre	1,709,632	1,230,702	20,490,986	25,886,635	22,200,618	27,117,337
Total assets	\$ 38,946,374	\$ 34,931,552	\$ 196,348,954	\$ 188,942,934	\$ 235,295,328	\$ 223,874,486

Long-term Liabilities. At the end of the current fiscal year, the City had total bonded debt outstanding of \$69,671,765. The entire amount of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).



City of Cocoa, Florida Management's Discussion and Analysis

General Fund Budgetary Highlights

The net differences between the original budget and the final amended budget expenditures resulted in an increase in the amount appropriated for expenditures, including transfers out, of \$3,302,191 which is a result of the following unanticipated revenues:

- Various grants: Federal Transportation for Peachtree St Phase II, Brevard County EMS \$568,218
- Fleet Building Expansion Project - \$38,709
- Railroad Crossing Maintenance - \$56,403
- Reserves - Water Meter and Billing Audit - \$93,000
- Reserves - Land acquisition - \$1,198,000
- Reserves - Establish Self Insurance Internal Service Fund Health - \$700,257
- Reserves - Florida Avenue Street Project - \$29,792
- Reserves - Fiske Boulevard Reconstruction Street Project - \$522,350
- Reserves – Railroad Crossing Maintenance - \$95,462

The actual net expenditures were \$4,413,426 under the final budget projections. The personal services category was under budget by \$978,947. Operating expenditures were \$1,905,171 below final budget with departments spending an average of 19% less on operating expenses than expected and with aids to other government agencies expenditures being \$6,959 less than expected. The variance in capital outlay of \$1,522,349 can be attributed to projects that have not been started yet or have not been completed.

Actual resources available for appropriation were more than the final budget. The final revenue budgeted for the general fund was \$25,806,831; actual receipts of \$26,016,650 indicated an excess of .8% over anticipated revenues.

Capital Asset and Long-term Liabilities Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016, amounts to \$235,295,328 (net of accumulated depreciation). This represents a net increase of \$11,420,842 or 5.1% increase from the previous year (a \$4,014,822 or 11.5% increase for governmental activities and a \$7,406,020 or 3.9% increase for business-type activities). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, intangibles and construction in progress.

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

- Purchased one mobile police command unit - \$270,875
- Purchased 32 automobiles, 2 vans, and 21 trucks - \$1,703,315
- Purchased two 2017 Mack trucks - \$668,700
- Purchased one grader - \$172,000



City of Cocoa, Florida Management's Discussion and Analysis

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$36,336,753, a decrease of \$2,769,634 in comparison to the prior year. The amount of \$10,338,444 constitutes the unassigned portion of the fund balance which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate restriction requirements depending on the classification. Major restrictions, commitments or assignments include 1) \$281,203 is restricted by grant requirements, 2) \$10,091,506 is committed reserves for insurance against unanticipated events adversely affecting the financial condition of the City and jeopardizing the continuation of necessary public services, and 3) \$14,555,134 is assigned for future expenses for Fiske Boulevard improvements, Stone Street improvements, city-wide software upgrade, city-wide roadway construction, Joe Lee Smith Center for Justice, Harry T. Moore Center, Heart of Cocoa Meeting Room, health insurance reserve requirement, economic development and community improvement projects, and debt service payments.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$33,003,588, a decrease of \$2,587,376 from the previous year primarily due to an increase in capital outlay as authorized by Council and an increase in operating expenditures. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total expenditures. This amount represents 29.5% of total general fund expenditures.

The Cocoa Housing Assistance Trust fund has a total fund balance of \$8,517. The net increase in fund balance during the current year in the Cocoa Housing Assistance Trust Fund was \$108. Program income of \$40,364 was offset by program expenditures of \$40,256 resulting in the slight increase of fund balance. These funds were used to provide housing purchase assistance during the year. The fund did not qualify as a major fund but is shown as such to comply with audit requirements of the funding source.

The Cocoa Community Redevelopment Agency fund has a total fund balance of \$241,557. The elimination of a deficit fund balance of \$59,345 in the prior year is primarily due a small increase in revenues, a small decrease in expenditures, and debt reorganization.

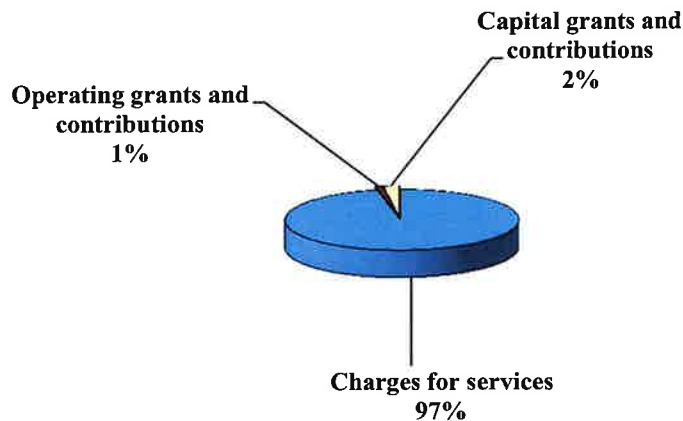
Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the current fiscal year amounted to \$10,477,812, a decrease of \$4,494,334. The Water and Sewer operating revenue increased from the previous year by \$1,763,428 due to a 3% rate increase. The increase of \$1,009,837 in operating expenses can be attributed to the increases in water and sewer treatment, administration, depreciation/amortization, transmission and distribution, and lift stations and lines \$285,614, \$242,300, \$269,923, \$187,681, and \$24,319 respectively).

The unrestricted net assets for the Stormwater Utility amounted to \$1,665,825, a decrease of \$105,154. The stormwater revenue increased by \$64,108 due to the annual rate increase. The expenses increased by \$144,019 with both administration and depreciation increasing by \$111,972 and \$32,047 respectively.

City of Cocoa, Florida Management's Discussion and Analysis

Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

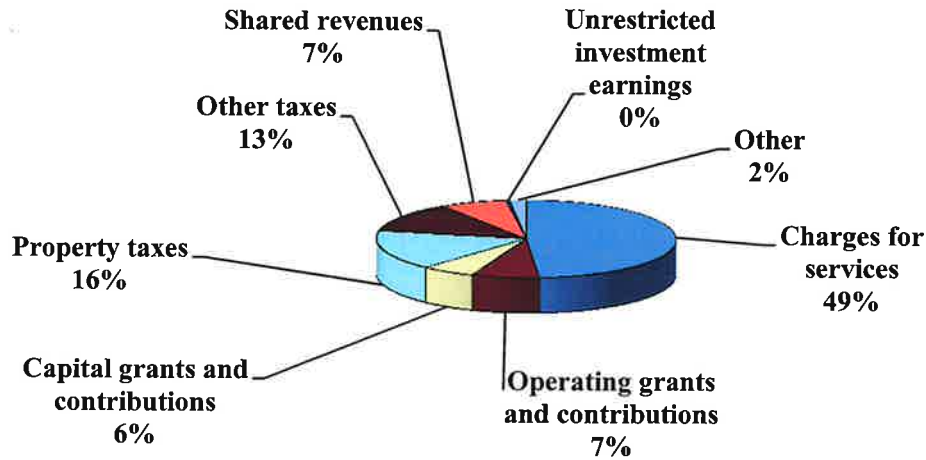
Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The equity section indicates the extent to which the government is bound to honor constraints on the specific purpose for which amounts in the fund can be spent. The five components of fund balance are as follows:

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

City of Cocoa, Florida
Management's Discussion and Analysis

Revenues by Source - Governmental Activities

Year Ended September 30, 2016



Business-type activities. Business-type activities increased the City's net position by \$7,054,723. Key elements of this decrease are as follows:

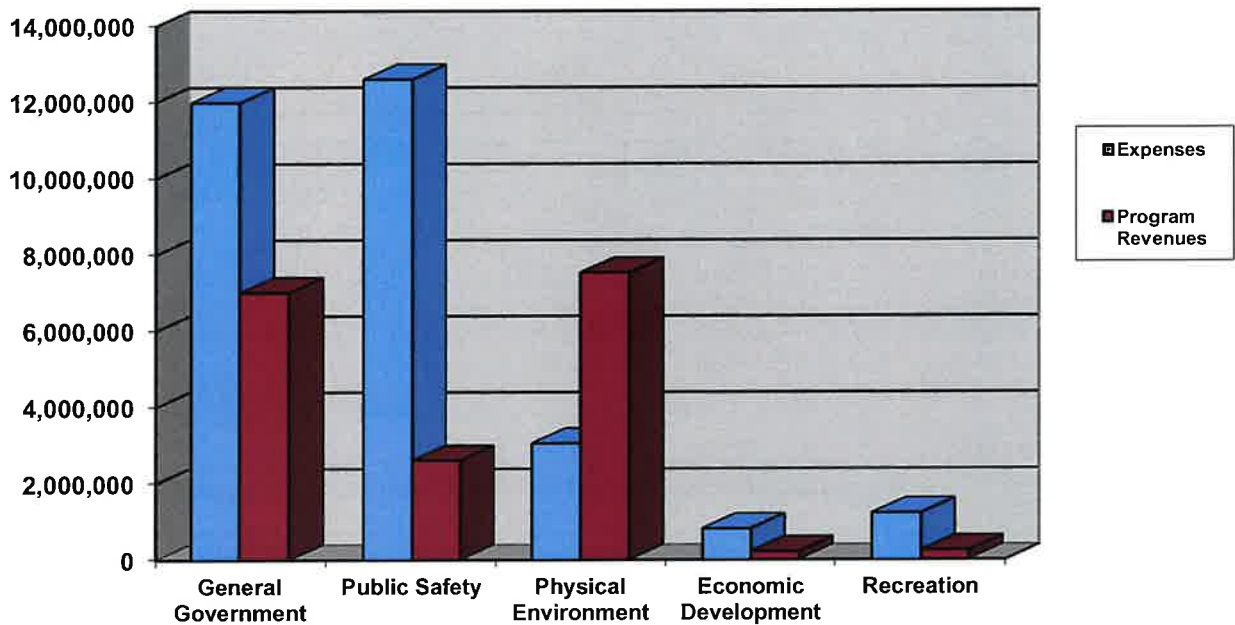
- Business-type activities reflect a 0.6% increase in revenues in the amount of \$365,620. This increase can be attributed to water and sewer rate increases during fiscal year 2016. Other areas that experienced increases are operating grants and contributions and a small gain on the sale of capital assets. These increases were offset by decreases in capital grants and contributions, unrestricted investment earnings, and miscellaneous revenue.
- Business-type revenues exceeded expenses by \$14,280,852 before transfers to the General Fund. Expenses, before transfers, related to business-type activities increased \$981,213 or 2.2% from the previous year. This increase can be attributed to the overall cost of doing business in the utility system.

City of Cocoa, Florida Management's Discussion and Analysis

- Expenses related to governmental activities decreased by \$4,966,265 or (14.0%) from the prior year. This decrease can be attributed primarily to a decrease in unallocated depreciation of \$1,177,452 and a decrease in public safety capital outlay.
- Although governmental expenditures exceeded revenues by \$1,770,420, the net contributions from other funds (transfers) of \$7,226,129 more than made up for the deficit.

Expenses and Program Revenues - Governmental Activities

Year Ended September 30, 2016



City of Cocoa, Florida Management's Discussion and Analysis

City of Cocoa's Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 13,903,544	\$ 13,699,538	\$ 57,809,384	\$ 56,032,028	\$ 71,712,928	\$ 69,731,566
Operating grants and contributions	2,070,571	2,082,850	608,791	605,525	2,679,362	2,688,375
Capital grants and contributions	1,650,174	683,729	1,283,545	2,797,467	2,933,719	3,481,196
General revenues:						
Property taxes	4,699,241	4,528,807	-	-	4,699,241	4,528,807
Other taxes	3,597,190	3,570,471	-	-	3,597,190	3,570,471
Shared revenues	2,088,744	2,012,550	-	-	2,088,744	2,012,550
Gain on sale of capital assets	-	-	153,005	-	153,005	-
Unrestricted investment earnings	100,579	154,667	235,491	283,248	336,070	437,915
Other	503,570	829,289	69,094	75,422	572,664	904,711
Total revenues	28,613,613	27,561,901	60,159,310	59,793,690	88,772,923	87,355,591
Expenses:						
General government	11,996,774	12,192,945	-	-	11,996,774	12,192,945
Public safety	12,600,590	15,887,751	-	-	12,600,590	15,887,751
Physical environment	3,055,646	3,061,232	-	-	3,055,646	3,061,232
Economic development	817,422	1,075,995	-	-	817,422	1,075,995
Recreation	1,221,988	1,236,510	-	-	1,221,988	1,236,510
Interest on long-term debt	565,742	592,542	-	-	565,742	592,542
Water & Sewer	-	-	44,710,558	43,873,364	44,710,558	43,873,364
Stormwater utility	-	-	1,167,900	1,023,881	1,167,900	1,023,881
Unallocated depreciation	125,871	1,303,323	-	-	125,871	1,303,323
Total expenses	30,384,033	35,350,298	45,878,458	44,897,245	76,262,491	80,247,543
Increase/(decrease) in net assets before transfers/special items	(1,770,420)	(7,788,397)	14,280,852	14,896,445	12,510,432	7,108,048
Transfers	7,226,129	11,102,408	(7,226,129)	(11,102,408)	-	-
Increase/(decrease) in net position	5,455,709	3,314,011	7,054,723	3,794,037	12,510,432	7,108,048
Net position, beginning of year	31,173,476	42,417,169	132,342,645	134,353,595	163,516,121	176,770,764
Prior period adjustment	-	(14,557,704)	-	(5,804,987)	-	(20,362,691)
Net position, beginning, as restated	31,173,476	27,859,465	132,342,645	128,548,608	163,516,121	156,408,073
Net position, end of year	\$ 36,629,185	\$ 31,173,476	\$ 139,397,368	\$ 132,342,645	\$ 176,026,553	\$ 163,516,121

Governmental activities. Governmental activities decreased the City's net position by \$5,455,709. Key elements of this decrease are as follows:

- The City's total revenues, excluding transfers, related to governmental activities increased by \$1,051,712 or 3.8% from the prior year. Administrative fees from the Enterprise Funds remained unchanged from the prior year. Charges for services, capital grants and contributions, property taxes, other taxes, and shared revenues experienced increases while unrestricted investment earnings, miscellaneous income, and operating grants and contributions experienced decreases.

City of Cocoa, Florida
Management's Discussion and Analysis

City of Cocoa's Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 44,445,730	\$ 46,808,693	\$ 53,123,932	\$ 55,837,753	\$ 97,569,662	\$ 102,646,446
Capital assets	38,946,374	34,931,552	196,348,954	188,942,934	235,295,328	223,874,486
Total assets	<u>83,392,104</u>	<u>81,740,245</u>	<u>249,472,886</u>	<u>244,780,687</u>	<u>332,864,990</u>	<u>326,520,932</u>
Deferred outflow s	7,485,951	725,017	4,920,768	2,505,941	12,406,719	3,230,958
Noncurrent liabilities	49,289,141	46,604,313	96,419,095	98,225,743	145,708,236	144,830,056
Other liabilities	2,731,530	3,296,338	17,510,471	16,033,480	20,242,001	19,329,818
Total liabilities	<u>52,020,671</u>	<u>49,900,651</u>	<u>113,929,566</u>	<u>114,259,223</u>	<u>165,950,237</u>	<u>164,159,874</u>
Deferred inflow s	2,228,199	1,391,135	1,066,720	684,760	3,294,919	2,075,895
Net position:						
Invested in capital assets						
net of related debt	25,284,348	20,134,496	115,435,116	103,777,006	140,719,464	123,911,502
Restricted	281,203	252,338	11,818,615	11,822,514	12,099,818	12,074,852
Unrestricted	11,063,634	10,786,642	12,143,637	16,743,125	23,207,271	27,529,767
Total net position	<u>\$ 36,629,185</u>	<u>\$ 31,173,476</u>	<u>\$ 139,397,368</u>	<u>\$ 132,342,645</u>	<u>\$ 176,026,553</u>	<u>\$ 163,516,121</u>

An additional portion of the City's net position (\$12,099,818 or 6.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$23,207,271, may be used to meet the government's ongoing obligations to citizens and creditors.

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



City of Cocoa, Florida Management's Discussion and Analysis

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

The basic proprietary fund financial statements can be found on pages 44-48 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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

The basic Fiduciary Fund financial statements can be found on pages 49-50 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 51-112 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required Supplementary Information can be found on pages 115-131 of this report.

The combining statements referred to earlier in connection with Non-major Governmental Funds and Enterprise Funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 134-143 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$176,026,553 at the close of fiscal year September 30, 2016.

By far the largest portion of the City's net position (\$140,719,464 or 79.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure and improvements, and intangibles); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.



City of Cocoa, Florida Management's Discussion and Analysis

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

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

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

The City maintains nine individual governmental funds: the General Fund, Cocoa Housing Assistance Trust Fund, Cocoa Community Redevelopment Agency and six non-major funds. The non-major funds are the Community Development Block Grant, Brevard County Home Program, Police Confiscated Funds, Police Special Education Fund, Capital Project Fund and the Debt Service Fund. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Cocoa Housing Assistance Trust Fund, and the Cocoa Community Redevelopment Agency, each of which is considered to be a major fund. The Cocoa Housing Assistance Trust Fund does not qualify as a major fund but is shown as one to comply with Florida Administrative Code 67-37.008, which requires this fund to be separately audited. The Cocoa Community Redevelopment Agency Fund also does not qualify as a major fund but is shown as one to comply with Chapter 163.387(8), Florida Statutes, which requires this fund to be separately audited. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 40-43 of this report.



City of Cocoa, Florida Management's Discussion and Analysis

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 34-39 of this report.

City of Cocoa, Florida Management's Discussion and Analysis

As management of the City of Cocoa (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found on pages 5-9 of this report, to get a complete financial picture of the City.

Financial Highlights

- The assets and deferred outflows of resources of the City of Cocoa exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$176,026,553 (net position). Of this amount, \$23,207,271 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The primary government's total net position increased \$12,510,432 or 7.7% from the previous year. This increase was attributed to the increase of \$7,054,723 in the business type activities and an increase of \$5,455,709 in the governmental activities.
- At September 30, 2016, the City's governmental funds reported combined ending fund balance of \$36,336,753, a decrease of \$2,769,634 compared to the prior year. The City's governmental fund balance consists of the following:
 - Non-spendable - \$ 1,070,466 (inventory, prepaid items and certain long-term receivables)
 - Restricted - \$281,203 (grants)
 - Committed - \$10,091,506 (stabilization and capital replacement reserves)
 - Assigned - \$14,555,134 (community improvement projects and debt service payments)
 - Unassigned - \$10,338,444 (available for spending at the government's discretion)
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$10,100,892 or 29.5% of total general fund expenditures.
- The City's total long-term liabilities increased \$878,180 (0.6%) during the current fiscal year. The governmental activities increased by \$2,684,828 due mainly to the increase in the net pension liability and OPEB obligations offset by the normal reductions resulting from annual debt service payments and reduced accrued claims payable and compensated absences obligations. The business-type activities decreased by \$1,806,648 due to the increase in the net pension liability and OPEB obligations offset by the normal reductions resulting from annual debt service payments and a reduction of compensated absences obligations.

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funds and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2017 on our consideration of the City of Cocoa, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cocoa Florida's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
March 16, 2017

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cocoa, Florida, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 to 32, budgetary comparison information on pages 125 to 131, and other required supplementary information, on pages 115 to 124, 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 of the City of Cocoa, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor governmental funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules of nonmajor governmental



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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Cocoa, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

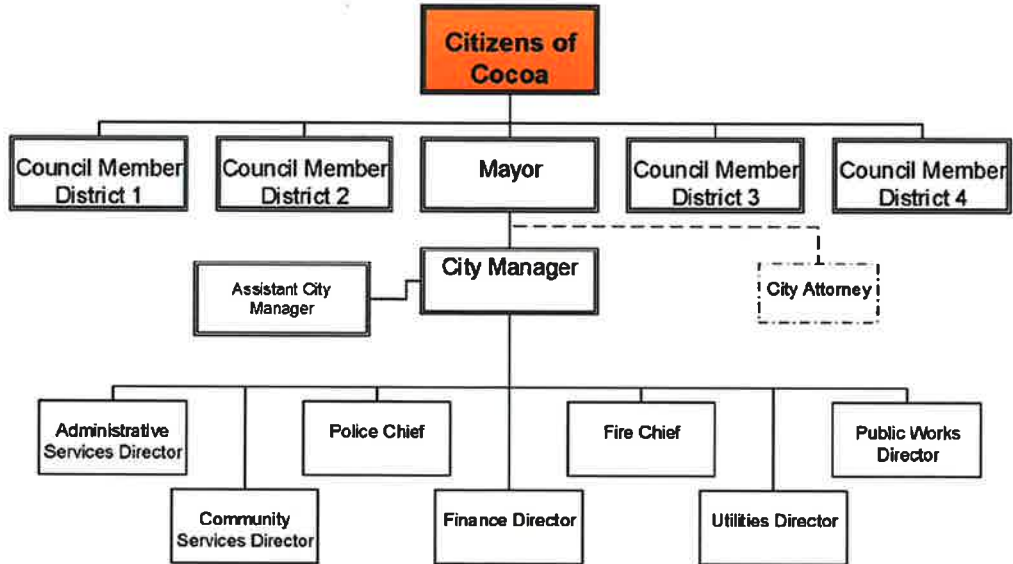
FINANCIAL SECTION

- **INDEPENDENT AUDITORS' REPORT**
- **MANAGEMENT'S DISCUSSION AND ANALYSIS**
- **BASIC FINANCIAL STATEMENTS**
- **REQUIRED SUPPLEMENTARY INFORMATION**
- **COMBINING FUND STATEMENTS AND SCHEDULES**

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City of Cocoa Organizational Chart



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Serving the Community

COUNCIL

Henry Parrish, III	Mayor
Donald Boisvert	Deputy Mayor
Brenda Warner	Council Member
Mike Blake	Council Member
Jeri Blanco	Council Member

EXECUTIVE MANAGEMENT TEAM

John Titkanich, Jr., AICP, ICMA-CM	City Manager
Matthew Fuhrer	Assistant City Manager
Anthony Garganese	City Attorney
Teri Butler, CGFO	Finance Director
Steven Belden, AICP	Community Development Director
Gene Prince	Fire Chief
Mike Cantaloupe	Police Chief
John Walsh II, P.E.	Utilities Director
Everett Wegerif, P.E.	Public Works Director
Tammy Gemmati, PHR	Administrative Services Director

As of September 30, 2016

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MAJOR INITIATIVES

The City recognizes the critical importance of fire protection safety and has begun construction of three new fire stations to be strategically located within the City to maximize fire protection coverage. Due to the current locations and obsolescence of the existing fire stations, the City Council approved construction for the three fire stations by issuing Fire Protection Assessment Revenue Bonds, Series 2016 and a General Fund Assigned Fund Balance contribution of not to exceed two million dollars. Construction on all three fire stations is expected to be complete during fiscal year 2017 or early fiscal year 2018.

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

The City operates an Employee Health Center to manage the cost of offering health care benefits to eligible employees, retirees, and family members. During the first full year of operation, the City experienced a 19% reduction in physician visits, a 30% reduction in urgent care visits, a 2.5% decrease in emergency room visits, a 3.5% decrease in diagnostic testing and an 11% decrease in generic prescriptions through the City's medical plan. The City saved \$1.30 for every \$1.00 spent to operate the Employee Health Center which has proven to be very popular with the employees.

OTHER INFORMATION

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

The preparation of the Comprehensive Annual Financial Report (CAFR) was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Sincerely,



John A. Titkanich, Jr.
City Manager



Teri Butler
Finance Director

and poverty and the City's ad valorem tax base is growing at a much slower rate than other Brevard municipalities but has experienced some new construction increases during the year. In fiscal year 2016, new residential building permits totaled sixty-one for a value of \$14,849,243 and sixteen commercial permits, including additions and alterations, for a value of \$3,015,565. The City's fiscal year 2016 certified assessed property valuation experienced an increase of \$36,681,362 from the fiscal year 2015 final valuation, an increase of 4.7%. For fiscal year 2016, the City adopted the tax millage rate of 5.9790 to sufficiently fund the current level of services to the citizens and business owners of Cocoa.

It is the City's continuous goal to preserve essential and critical services, maintain the adequate funding of reserves and provide resources to promote affordable and sustainable growth in the City of Cocoa. Local governments face the challenges of meeting multi-year labor contract obligations and the continued rise in operating costs despite the slower than average increase in revenue trends. In May of 2016 Cocoa City Council adopted a community based strategic plan (2016-2021). The strategic plan will serve as a guiding document for the City to ensure resources are strategically allocated to achieve the community vision. A number of the initiatives within the plan are already being implemented and the success of the implementation can be seen within the organization as well as in the community. For fiscal year 2017 the City will begin implementing a performance measurement program that will be used to monitor key performance indicators of success.

LONG-TERM FINANCIAL PLANNING

The City adopts a multi-year Capital Improvement Program (CIP) annually as part of the budgetary process. The CIP is a planning tool to recognize when major cash expenditures may be necessary. The revenue sources for these projects may come from the issuance of debt, grants, new revenue sources, impact fees and/or fund reserves. Some of the major projects included in the CIP for 2017-2021 are:

- Construction of Three New Fire Stations
- SR 520 Interim Safety Improvements
- Fiske Boulevard Complete Streets Roadway & Sidewalk Improvements Phases I - III
- Brevard Avenue Streetscape Project
- Stone Street Corridor Streetscape Project
- Pineda Street Roadway and Sidewalk Reconstruction
- Harry T. Moore Building Rehabilitation
- Cocoa Civic Center Building Improvements
- City Fiber Expansion Project
- Dyal Plant Chemical Conversion & Reliability Improvement Project
- Replacement and Repair of Utility Infrastructure
- Vehicle and Machinery Replacement Program

RELEVANT FINANCIAL POLICIES

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

Agency and the U.S. 1 Corridor Community Redevelopment Agency. The governing boards of these agencies are appointed by the Cocoa City Council and are made up of City residents and/or Cocoa business and property owners. These agencies also make use of property tax incremental revenues derived from taxable real property within the geographic boundaries of the areas to finance redevelopment of those areas.

The annual budget serves as the foundation for the City of Cocoa, Florida's financial planning and control. Budgetary control is maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The Capital Improvement Program (CIP) is a short range plan which identifies capital projects and equipment purchases, provides a planning schedule, and identifies options for financing the plan. The link between the CIP and the budget is essential and in fiscal year 2015, the City began including the CIP in the annual budget. All departments are required to submit their requests to the City Manager who uses these requests as a starting point for developing a proposed budget to submit to the City Council. The City Council is required to hold two public hearings and adopt a final budget, by Resolution, no later than September 30th of each year.

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

FACTORS AFFECTING FINANCIAL CONDITIONS

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

LOCAL ECONOMY

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

Eastern Florida State College has four campuses, the oldest of which is located in Cocoa and houses the administrative and business offices of the college. The City of Cocoa is also the home of the University of Central Florida's Brevard Campus, offering convenient, cost-effective educational opportunities to earn Bachelor's and Master's Degrees in more than twenty high-demand fields of study including Business Administration, Education, Engineering and Public Administration. Adjacent to and in conjunction with the University is the Florida Solar Energy Research Center which is primarily engaged in the study of alternative energy sources.

After a year of solid job growth, declining unemployment, and high consumer confidence, the Florida economy is expected to continue to strengthen in 2017. Florida's job market is showing some encouraging signs with the State unemployment rate decrease of .4% from a 5.1% rate in September 2015 compared to 4.7% in September 2016. This trend is also evident in the local unemployment rate (Palm Bay-Melbourne-Titusville, Florida metropolitan statistical area) which dropped from 5.7% to 5.2% in the same time frame, an annual decrease of .5%. While at the state and county level the economic picture is improving, the economic rebound for Cocoa is occurring at a slower pace. Comparatively, the City maintains higher levels of unemployment

only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The independent auditors' reports on internal controls and compliance issued in connection with the Single Audit are included in the Other Reports Section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements, in the form of Management's Discussion and Analysis (MD&A). The MD&A provides additional narrative and analysis of the basic financial statements; it complements this letter of transmittal and should be read in conjunction with it.

GOVERNMENT PROFILE

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

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

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

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



Finance Department
65 Stone Street Cocoa, FL 32922
Phone: (321) 433-8600 I Fax: (321) 433-8608

March 16, 2017

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

The Comprehensive Annual Financial Report of the City of Cocoa, Florida (the "City"), for the fiscal year ended September 30, 2016, as presented by the Finance Department of the City, is hereby submitted pursuant to Florida Statutes Chapter 166.241, Chapter 218.3, and Chapter 10.500 of the Rules of the Auditor General of the State of Florida and Article XIV, Section 1 of the City Charter.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Proper management of the government requires establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City has established an internal control structure designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and presents fairly the financial position and the results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by the City's independent Certified Public Accountants, Carr, Riggs & Ingram, LLC. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the City for the year ended September 30, 2016 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was complemented by a federal mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not

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City of Cocoa, Florida
Comprehensive Annual Financial Report
Table of Contents
September 30, 2016

Schedule 15 – Legal Debt Limit Information	185
Schedule 16 – Direct and Overlapping Governmental Activities Debt	186
Schedule 17 – Pledged Revenue Coverage	187
Schedule 18 – Demographic and Economic Statistics	188
Schedule 19 – Principal Employers	190
Schedule 20 – Full-Time Equivalent City Government Employees by Function/Program	192
Schedule 21 – Operating Indicators by Function/Program	194
Schedule 22 – Capital Assets by Function/Program	196

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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 <i>Government Auditing Standards</i>	199
Independent Auditors’ Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	201
Schedule of Findings and Questioned Costs	203
Schedule of Expenditures of Federal Awards	206
Independent Auditors’ Management Letter	209
Independent Accountants’ Report on Compliance with Local Government Investment Policies	213
Affidavit on Impact Fee Compliance	215

City of Cocoa, Florida
Comprehensive Annual Financial Report
Table of Contents
September 30, 2016

Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Cocoa Housing Assistance Trust Fund	129
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Cocoa Redevelopment Agency	130
Notes to Required Supplementary Information	131
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	134
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	136
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Community Development Block Grant Program	138
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Brevard County Home Program Fund	139
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Police Confiscated Funds	140
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Police Special Education Fund	141
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Capital Projects Fund	142
Schedule of Revenues, Expenditures and Changes in Fund	
Balances – Budget and Actual – Debt Service Fund	143
Balance Sheet – Taylor Creek Project Agency Fund	147
Statement of Changes in Assets and Liabilities – Taylor Creek Project Agency Fund	148
Combining Balance Sheet – Internal Service Funds	150
Combining Statement of Revenues, Expenses, and Changes in Net Fund Position – Internal Service Funds	151
Combining Statement of Cash Flows – Internal Service Funds	152
<u>STATISTICAL SECTION</u>	
Schedule 1 – Net Position by Component	158
Schedule 2 – Changes in Net Position	160
Schedule 3 – Fund Balances, Governmental Funds	164
Schedule 4 – Changes in Fund Balances, Governmental Funds	166
Schedule 5 – General Governmental Revenues by Source	169
Schedule 6 – Assessed Value and Estimated Actual Value of Taxable Property	170
Schedule 7 – Direct and Overlapping Property Tax Rates	173
Schedule 8 – Principal Taxpayers	174
Schedule 9 – Property Tax Levies and Collections	177
Schedule 10 – Water Rates	178
Schedule 11 – Waste Water Rates	179
Schedule 12 – Water and Waste Water System Growth	180
Schedule 13 – Ratio of Outstanding Debt by Type	182
Schedule 14 – Ratio of Net General Bonded Debt Outstanding	184

City of Cocoa, Florida
Comprehensive Annual Financial Report
Table of Contents
September 30, 2016

INTRODUCTORY SECTION

Table of Contents	1
City Manager's Letter of Transmittal	5
City Council Members and Executive Management Team	11
City of Cocoa, Florida Organizational Chart	13

FINANCIAL SECTION

Independent Auditors' Report	15
Management's Discussion and Analysis	19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	34
Statement of Activities	38
Fund Financial Statements:	
Balance Sheet – Governmental Funds	40
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	43
Statement of Net Position – Proprietary Funds	44
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	46
Statement of Cash Flows – Proprietary Funds	47
Statement of Fiduciary Net Position – Fiduciary Funds	49
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	50
Notes to Financial Statements	51
Required Supplementary Information:	
Required Pension Supplementary Information – Schedule of Proportionate Share of Net Pension Liability – Florida Retirement System – Last Two Fiscal Years	115
Required Pension Supplementary Information – Schedule of Contributions – Florida Retirement System – Last Two Fiscal Years	116
Required Other Pension Supplementary Information – Schedule of Changes in Net Pension Liability and Related Ratios – Last Three Fiscal Years	117
Required Other Pension Supplementary Information – Schedule of Contributions – Last Three Fiscal Years	120
Required Other Pension Supplementary Information – Notes to Schedule	121
Required Other Pension Supplementary Information – Schedule of Investment Returns – Last Three Fiscal Years	123
Required Other Postemployment Benefits Supplementary Information – Schedule of Funding Progress	124
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	125

INTRODUCTORY SECTION

- **TABLE OF CONTENTS**
- **CITY MANAGER'S LETTER OF TRANSMITTAL**
- **CITY COUNCIL MEMBERS AND EXECUTIVE MANAGEMENT TEAM**
- **CITY OF COCOA, FLORIDA ORGANIZATION CHART**

CITY OF COCOA, FLORIDA

COMPREHENSIVE

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2016

Prepared by:
Finance Department

City of Cocoa, Florida

COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
COMMUNITY REDEVELOPMENT AGENCIES
UNAUDITED

For the year ended September 30, 2016

	Cocoa Redevelopment Agency	Diamond Square Redevelopment Agency	U.S. 1 Corridor Redevelopment Agency	Totals
REVENUES				
Intergovernmental	\$ 1,053,386	\$ 85,987	\$ 87,095	\$ 1,226,468
Gain (loss) on sale of capital assets	-	-	(381,904)	(381,904)
Investment earnings	1,347	108	78	1,533
Contributions & donations	34,198	-	-	34,198
Miscellaneous	-	25,000	-	25,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 1,088,931</u>	<u>\$ 111,095</u>	<u>\$ (294,731)</u>	<u>\$ 905,295</u>
EXPENDITURES				
Current:				
Economic development	372,101	84,274	106,613	562,988
Capital outlay	70,464	-	-	70,464
Debt service:				
Principal	297,729	-	-	297,729
Interest	3,640	-	-	3,640
Total expenditures	<u>743,934</u>	<u>84,274</u>	<u>106,613</u>	<u>934,821</u>
Excess (deficiency) of revenues over (under) expenditures	344,997	26,821	(401,344)	(29,526)
OTHER FINANCING SOURCES (USES)				
Transfers out	(44,095)	-	-	(44,095)
Net other financing sources (uses)	<u>(44,095)</u>	<u>-</u>	<u>-</u>	<u>(44,095)</u>
Net change in fund balances	300,902	26,821	(401,344)	(73,621)
Fund balances (deficit), beginning	(59,345)	516,100	1,304,639	1,761,394
Fund balances (deficit), ending	<u>\$ 241,557</u>	<u>\$ 542,921</u>	<u>\$ 903,295</u>	<u>\$ 1,687,773</u>

Source: City of Cocoa Comprehensive Annual Financial Report

City of Cocoa, Florida

COMBINING BALANCE SHEET
COMMUNITY REDEVELOPMENT AGENCIES
UNAUDITED

For the year ended September 30, 2016

	Cocoa Redevelopment Agency	Diamond Square Redevelopment Agency	U.S. 1 Corridor Redevelopment Agency	Totals
ASSETS				
Cash and cash equivalents	\$ 1,235,186	\$ 108,285	\$ 19,385	\$ 1,362,856
Accounts receivable, net	20	-	-	20
Prepaid items	4,005	4,205	4,055	12,265
Deposits	4,350	-	-	4,350
Deferred charges	2,922,099	-	-	2,922,099
Other receivable	271,891	-	-	271,891
Land	-	181,192	286,391	467,583
Improvements other than buildings	-	219,901	593,944	813,845
Construction in progress	-	36,747	-	36,747
Total assets	<u>\$ 4,437,551</u>	<u>\$ 550,330</u>	<u>\$ 903,775</u>	<u>\$ 5,891,656</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts and retainage payable	\$ 55,385	\$ 7,078	\$ -	\$ 62,463
Accrued payroll and related liabilities	2,515	331	480	3,326
Due to other funds	49,694	-	-	49,694
Advance from other funds	3,816,509	-	-	3,816,509
Deferred revenue	271,891	-	-	271,891
Total liabilities	<u>4,195,994</u>	<u>7,409</u>	<u>480</u>	<u>4,203,883</u>
FUND BALANCES				
Reserved for community development projects	<u>241,557</u>	<u>542,921</u>	<u>903,295</u>	<u>1,687,773</u>
Total liabilities and fund balance	<u>\$ 4,437,551</u>	<u>\$ 550,330</u>	<u>\$ 903,775</u>	<u>\$ 5,891,656</u>

Source: City of Cocoa Comprehensive Annual Financial Report

CITY OF MELBOURNE, FLORIDA



Comprehensive Annual Financial Report For The Fiscal Year Ended September 30, 2016

CITY COUNCIL

Kathleen H. Meehan.....	Mayor
Dan Porsi.....	Vice Mayor, District 3
Mike Nowlin	District 1
Betty Moore	District 2
Debbie Thomas	District 4
Molly J. Tasker	District 5
Teresa Lopez	District 6

CITY OFFICIALS

Michael A. McNees.....	City Manager
Cathleen A. Wysor.....	City Clerk
Alison Dawley	City Attorney
Sondra L. D'Angelo,CGFO, CPA	Assistant Finance Director



INTRODUCTORY SECTION

This section contains the following subsections:

- Table of Contents
- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting
- Organizational Chart

CITY OF MELBOURNE, FLORIDA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 SEPTEMBER 30, 2016
 TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Title Page.....	i
Table of Contents.....	ii
Letter of Transmittal.....	vii
Certificate of Achievement for Excellence in Financial Reporting.....	xi
Organizational Chart.....	xii

FINANCIAL SECTION

Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	4

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	14
Statement of Activities.....	16

Fund Financial Statements:

Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Net Position – Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds.....	27
Statement of Fiduciary Net Position – Fiduciary Funds	29
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	30

Notes to the Financial Statements	31
--	-----------

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	83
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Downtown Redevelopment Special Revenue Fund	84
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Babcock Street Redevelopment Special Revenue Fund	85
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Olde Eau Gallie Redevelopment Special Revenue Fund	86
Budgetary Notes to Required Supplementary Information	87
Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters Pension	89
Schedule of City Contributions – Firefighters Pension	90
Schedule of Changes in Net Pension Liability and Related Ratios – Police Officers Pension	91
Schedule of City Contributions – Police Officers Pension	92
Schedule of Changes in Net Pension Liability and Related Ratios – General Employees Pension	93
Schedule of City Contributions – General Employees Pension	95
Schedules of Investment Returns	96
Schedule of Proportionate Share of the Net Pension Liability – Florida Retirement System	97
Schedule of Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Program	97
Schedule of Contributions – Florida Retirement System	98
Schedule of Contributions – Health Insurance Subsidy Program	98
Schedule of Funding Progress (OPEB)	99

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Combining Balance Sheet – Nonmajor Governmental Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	101
Combining Balance Sheet – Nonmajor Special Revenue Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	103

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis):	
Community Development Block Grant Special Revenue Fund.....	104
State Housing Initiative Partnership Program Special Revenue Fund	105
Home Investment Partnership Program Special Revenue Fund	106
Neighborhood Stabilization Program 3 Special Revenue Fund.....	107
Combining Balance Sheet – Nonmajor Capital Projects Funds	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	109
Nonmajor Enterprise Funds	
Combining Statement of Net Position – Nonmajor Enterprise Funds	110
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	112
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	113
Internal Service Funds	
Combining Statement of Net Position – Internal Service Funds	115
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	116
Combining Statement of Cash Flows – Internal Service Funds	117
Fiduciary Funds	
Statement of Fiduciary Net Position – Performance Deposits Agency Fund.....	118
Statement of Changes in Assets and Liabilities – Performance Deposits Agency Fund	119
Discretely Presented Component Unit	
Statement of Net Position – International Airport.....	120
Statement of Revenues, Expenses and Changes in Fund Net Position – International Airport	122
Statement of Cash Flows – International Airport	123
STATISTICAL SECTION (Unaudited)	<u>Schedule</u>
Net Position by Component – Last Ten Fiscal Years	1 125
Changes in Net Position – Last Ten Fiscal Years.....	2 127
Fund Balances, Governmental Funds – Last Ten Fiscal Years	3 131
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years.....	4 133

	<u>Schedule</u>	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	5	135
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years.....	6	136
Principal Property Taxpayers – Current Year and Nine Years Ago.....	7	137
Property Tax Levies and Collections – Last Ten Fiscal Years.....	8	138
Water & Sewer Consumption, Rates and Revenue – Last Ten Fiscal Years	9	139
Principal Water & Sewer Customers, Current Year and Nine Years Ago	10	140
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	11	141
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	12	143
Legal Debt Margin Information – Last Ten Fiscal Years	13	143
Direct and Overlapping Governmental Activities Debt - As of September 30, 2016	14	144
Pledged Revenue Coverage – Last Ten Fiscal Years	15	145
Demographic and Economic Statistics – Last Ten Fiscal Years	16	148
Principal Employers – Current Year and Nine Years Ago.....	17	149
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Fiscal Years	18	150
Operating Indicators by Function/Program – Last Ten Fiscal Years	19	151
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	20	153

SINGLE AUDIT SECTION

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 <i>Government Auditing Standards</i>		154
Independent Auditors’ Report on Compliance For Each Major Federal Program and State Project; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550, Rules of the Florida Auditor General		156
Schedule of Expenditures of Federal Awards and State of Florida Financial Assistance		159
Schedule of Findings and Questioned Costs		161
Summary of Prior Audit Findings.....		164
City of Melbourne Corrective Action Plan		165
Independent Auditors’ Management Letter		167

Independent Accountant’s Report on Compliance with Local Government Investment Policies 170
Affidavit per Section 163.31801, Florida Statutes 171

SECONDARY MARKET DISCLOSURE SECTION (Unaudited)

Water and Sewer System 172



City of Melbourne



Financial Services Department

900 E. Strawbridge Avenue • Melbourne, FL 32901 • (321) 608-7010 • Fax (321) 608-7048

March 3, 2017

Honorable Mayor and City Council and Concerned Citizens
City of Melbourne, Florida

We are submitting the Comprehensive Annual Financial Report of the City of Melbourne, Florida (the City) for the fiscal year ended September 30, 2016, as prepared by the City's Financial Services department. The report fulfills the requirements set forth in the City Charter, Section 3.20, Florida Statutes, Chapter 166.241; Chapter 218.39 and the Rules of the Auditor General, Chapter 10.550; and Rule 15c2-12 promulgated by the Securities and Exchange Commission.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by the City's independent Certified Public Accountants, Carr, Riggs & Ingram, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. The independent auditors' reports on internal controls and compliance issued in connection with the Federal and State Single Audits are included in the Single Audit Section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City is located on the central east coast of Florida in Brevard County. The City currently occupies a land area of 51.3 square miles and serves a population of 80,419. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City operates under the Council–City Manager form of government. The City of Melbourne has operated under the council–manager form of government since January 12, 1926. This is the date the voters in the old City of Melbourne approved the referendum called for in the special act adopted by the legislature in December 1925. When the former City of Eau Gallie and the old City of Melbourne merged in 1969, the council–manager form of government continued. Policy–making and legislative authority are vested in the city council, which consists of a mayor and six council members. The city council is responsible for passing ordinances, adopting the budget, appointing committee members and hiring the city manager and city attorney. The city manager is responsible for carrying out the policies and ordinances of the city council, for overseeing the day to day operations of the city and for appointing the heads of the various departments.

The city council is elected on a non-partisan basis. Council members serve four-year staggered terms with three council members elected during an even year and mayor and three council members elected during the next even year. The six council members represent districts and must reside in their respective districts; however, they are elected at large. The mayor may reside anywhere within the city and is elected at large.

The City provides a full range of services including general government administration; police and fire protection; public works; water and sewer service; a stormwater utility; recreational activities, including two golf courses; and an airport. This report includes all funds of the City. In evaluating the City as a reporting entity, we have included all component units for which the City Council is financially accountable.

With the exception of the Melbourne International Airport (the "Airport"), the component units have been blended with the financial statements presented for the Primary Government because the component unit's governing body is the same as the City Council or because the component unit exclusively serves the City. The blended component units are the Downtown Community Redevelopment Agency, the Babcock Street Community Redevelopment Agency, the Olde Eau Gallie Riverfront Community Redevelopment Agency, the Firefighters' Retirement System, the Melbourne Police Officers' Retirement System, and the General Employees' and Special Risk Class Employees' Pension Plan. Additional information on the City's component units can be found in Note (1)A in the notes to the financial statements. The Airport is presented in the financial statements as a discretely presented component unit to emphasize that it is legally separate from the City. Financial statements for the Melbourne International Airport may be obtained from the Executive Director, Melbourne International Airport, One Air Terminal Parkway, Suite 220, Melbourne, FL 32901.

The annual budget serves as the foundation for the City of Melbourne's financial planning and control. The City Council is required to adopt a final budget no later than September 30. The appropriated budget is prepared by fund (e.g., General), function (e.g., Public Safety), and department (e.g., Police). The City Manager may make transfers of appropriations within a fund as long as the total budget of the fund is not increased. City Council action is required for the approval of a supplemental budget.

Factors Affecting Financial Condition

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

Local Economy. Melbourne has a diverse local economy featuring cutting edge communications, electronics, aerospace, advanced security, emerging technologies, medical and service industries, as well as tourism. Melbourne is home to such progressive companies as Northrop Grumman, Harris Corporation, Rockwell Collins, GE Transportation, Embraer Air, and DRS Technologies. Health First Holmes Regional Medical Center, South Brevard County's major hospital, is located in Melbourne along with Wuesthoff Medical Center. Melbourne continues to be a hub for a variety of medical services as specialists and affiliated businesses are located in close proximity to the hospitals.

Facilities for higher education include: Florida Institute of Technology (FIT), Eastern Florida State College (EFSC), Barry University, Embry-Riddle Aeronautical University, Everest University, Keiser University, Warner Southern College and Webster University.

Northrop Grumman revealed an expansion of their Melbourne campus, located at the Melbourne International Airport. The expansion is to accommodate the production of the Air Force's next-generation Long Range Strike Bomber, a \$20-billion-plus contract with Northrop Grumman officials expecting to add 1,500 jobs averaging \$100,000 in earnings per year.

Embraer opened its newest facility in 2016 for the assembly, painting, and delivery of its latest executive jet aircraft, the Legacy 450 and 500. Embraer already produces the Phenom 100 and 300 at its Melbourne facilities and have built 170 jets valued at over \$1 billion. This newest expansion plans for another 600 jobs within the next four years.

Brevard County's robust aerospace and aviation industry has attracted French-headquartered Axyal, a supplier of technical plastics and composites, to plan for an expansion of their Melbourne sales office to include a full scale design and manufacturing facility. Axyal's expansion further develops a local supply chain for multiple industries making Brevard County an inviting site for aviation and aerospace industry leaders.

The number of building permits increased in the past year as the City experienced a rise in building activity. The number of new residential permits increased 29% this year, the value of new residential construction increased 34%; and the overall residential property value within the City increased 10% for the fiscal year ending September 30, 2016. The number of new commercial permits increased 9%; and, total commercial property values are 2% higher than the previous year. The population increased slightly this year, and the local unemployment rate decreased from 5.3% to 5.1%.

Pursuant to Ch. 200.065(5)(a), F.S. the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Melbourne City Council levy for the fiscal year ended September 30, 2016 was 7.6886 mills, which is greater than the computed rolled back rate of 6.9899.

Long-term financial planning. Assigned and unassigned fund balance in the General fund is 28% of total fiscal year 2016 General fund expenditures and 26% of fiscal 2017 appropriations. The General fund policy adopted by the City Council requires all excess funds be transferred to assigned and unassigned fund balance until assigned and unassigned fund balance equals 25% of the general fund operating budget excluding operating transfers. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance. At September 30, 2016 there is \$2,243,403 in excess funds available for assignment.

The Water and Sewer System fund Utility Rate of Return Policy requires excess funds to be transferred to the working capital reserve of the Water and Sewer System until that amount equals 25% of Water and Sewer System operating revenues. At September 30, 2016 the working capital reserves were 55% of fiscal year 2016 operating revenues. The remaining excess funds shall be transferred to the Water and Sewer System Capital Construction Reserve until that amount equals \$1,000,000. Once these two requirements are met, any excess funds shall be split evenly and distributed between the Water and Sewer System Working Capital and the Capital Construction Reserve. A transfer of \$2,190,817 to the Capital Construction Reserve was made which decreased the working capital reserves to 51% of the fiscal 2016 operating revenues. This is a 1% increase from the previous year, primarily due to the rate increase being deferred at October 1, 2015. The Water and Sewer System fund transferred \$3,062,936 to the General fund, which represented 5.9% of sales as defined in the policy.

Major Initiatives. The South Sarno Area Drainage project includes five phases: construction of a stormwater pond treatment system construction of culverts, under the Florida East Coast Railway (FECR) railroad, Apollo Boulevard, and Croton Road to enlarge the canal to provide storage and treatment of stormwater. These improvements will primarily be funded by the Stormwater operating funds.

Construction at the D.B. Lee Water Reclamation Facility includes energy efficiency and facility improvements that will improve treatment processes, as well as install new facilities based on regulatory requirements and reduce operating costs through the use of new technology. A State Revolving Fund loan from the Florida Department of Environmental Protection will fund this project.

Relevant Financial Policies. The City of Melbourne has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The City of Melbourne has a policy that requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). However, as a result of committed support to the Embraer facilities being constructed at the Melbourne International Airport and golf course equipment replacement, the original budget estimated revenues were less than appropriations (\$75,981,593 vs \$76,614,926). In such cases, the policy allows for the appropriation of fund balance to close the gap. The amount necessary for this purpose in the original budget was \$633,333, which increased to \$1,919,012 in the final amended budget. However, thanks to slightly higher than anticipated revenues and measures taken during the year to control expenditures, the City of Melbourne ultimately experienced no operating deficit for the year.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Melbourne for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

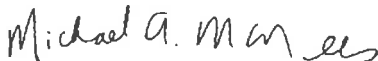
A Certificate of Achievement is valid for a period of one year only. The City of Melbourne has received a Certificate of Achievement for 29 years. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the Financial Services staff under my direction as Interim Director of Finance. Sincere appreciation is expressed to Linda Drake, who served as Acting Assistant Finance Director during this time and made significant contributions to this report. Appreciation is also expressed to the Mayor and Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Melbourne's finances.

Respectfully submitted,



Sondra L. D'Angelo
Assistant Finance Director



Michael A. McNees
City Manager



Government Finance Officers Association

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

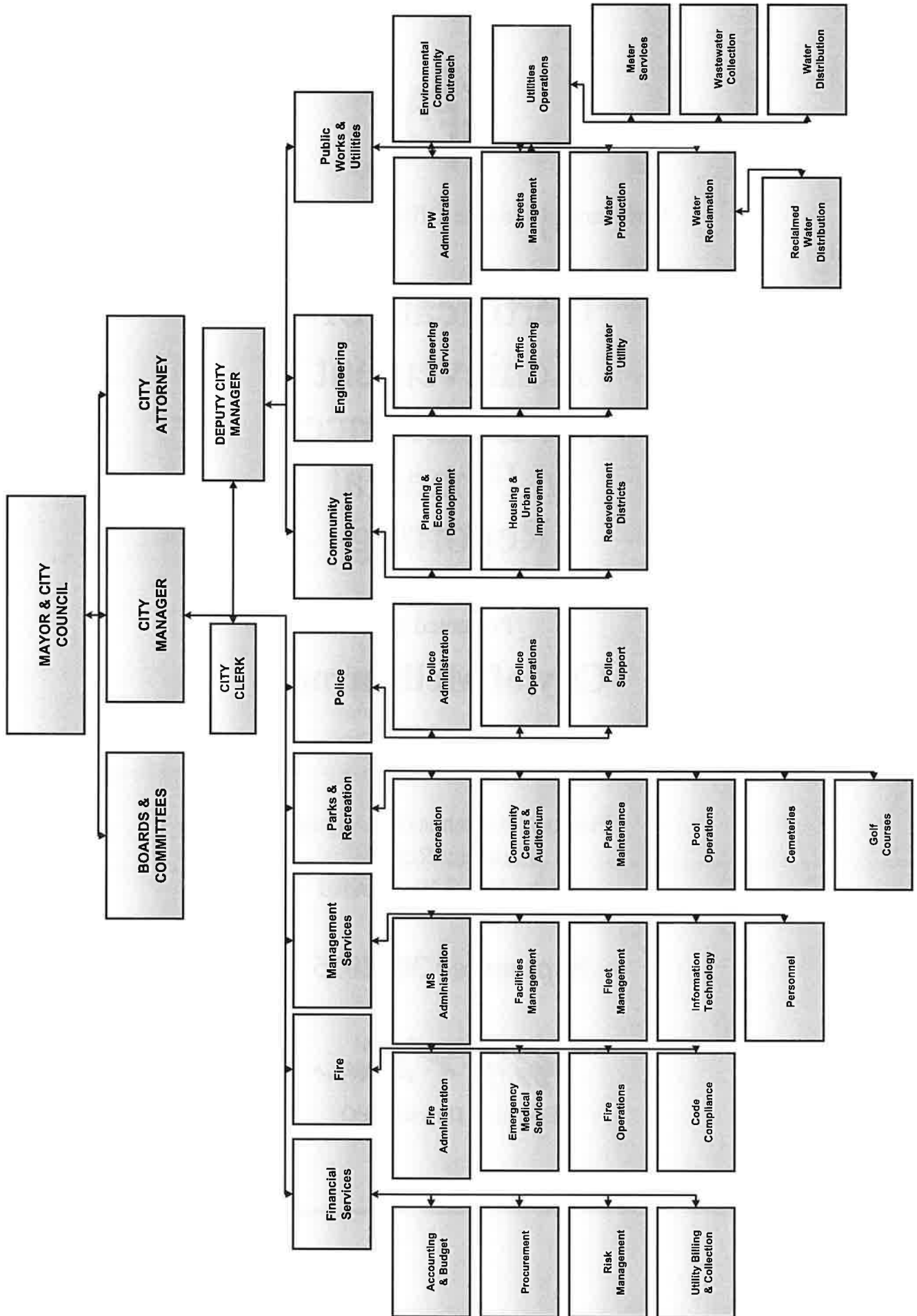
Presented to

**City of Melbourne
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO



FINANCIAL SECTION

This section contains the following subsections:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Melbourne, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and other required supplementary information on pages 4-13, and pages 83-99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Melbourne, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds, statistical section, and secondary market disclosures are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and State of Florida financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550 Rules of the Florida Auditor General is also not a required part of the basic financial statements.

Honorable Mayor and Members of the City Council
City of Melbourne, Florida
Page Three

The combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds, and schedule of expenditures of federal awards and State of Florida financial assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules of special revenue funds, and schedule of expenditures of federal awards and State of Florida financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section, statistical section and secondary market disclosures 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 3, 2017 on our consideration of the City of Melbourne, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Melbourne's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Melbourne, Florida
March 3, 2017



Management's Discussion and Analysis

As management of the City of Melbourne (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vii-x of this report.

Financial Highlights

- The assets and deferred outflows of the City of Melbourne exceeded its liabilities and deferred inflows at September 30, 2016 by \$196,317,926. Of this amount \$9,454,148 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$13,612,233, \$3,920,690 in governmental activities and \$9,691,543 in business-type activities.
- As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$51,363,068 an increase of \$4,353,457 in comparison with the prior year. Approximately 33% of this amount (\$16,987,905) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of assigned and unassigned components of fund balance) in the General fund was \$20,174,537 or 28% of total General fund expenditures for fiscal year 2016.
- The City's total debt decreased \$7,837,022 during the current fiscal year. This reflects increases of \$58,558 for net accretion on the Water and Sewer Refunding Revenue Bonds, Series 2002B, and \$5,004,810 for funds from the State Revolving Fund loan, and \$542,445 for new golf cart and equipment leases, offset by \$6,885,000 in savings from refunding of the Water and Sewer Revenue Bonds, Series 2007A and Water and Sewer Improvement Bonds Series 2007B and the normal reductions resulting from annual debt service and lease payments of \$6,557,835.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, and housing and urban improvement. The business-type activities of the City include a water and sewer system, golf courses, and a stormwater utility.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Melbourne International Airport, governed by the Melbourne Airport Authority, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-17 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 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 financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The City maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, three community redevelopment funds, and one capital projects fund. The redevelopment funds do not qualify as major funds but have been shown as such to comply with Chapter 163.387(8), Florida Statutes that requires these funds be separately audited. Data from the other four governmental fund types are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and three community redevelopment funds. A budgetary comparison statement has been provided for the General fund and Community Redevelopment funds as part of Required Supplementary Information, to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system, two golf courses and a stormwater utility. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers compensation and insurance costs. Because both of these services benefit governmental and business-type functions, they have been allocated accordingly in the government-wide financial statements and are consolidated into governmental activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, which is considered to be a major fund of the City. Conversely, the golf courses and stormwater utility are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the golf courses, stormwater utility and internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-28 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 those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29-30 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 31-82 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information (RSI) can be found on pages 83-99 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on page 100-124 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Melbourne, assets and deferred outflows exceeded liabilities and deferred inflows by \$196,317,926. By far, the largest portion of the City's net position (77%) reflects its investment in capital assets (i.e., land, buildings, improvements other than buildings, machinery, equipment, intangibles, and general government infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MELBOURNE'S Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 62,240,399	\$ 57,822,396	\$ 90,284,329	\$ 85,852,601	\$ 152,524,728	\$ 143,674,997
Capital assets	91,577,012	92,984,317	165,099,907	160,541,690	256,676,919	253,526,007
Total assets	153,817,411	150,806,713	255,384,236	246,394,291	409,201,647	397,201,004
Total deferred outflows of resources	24,110,672	11,717,224	8,075,790	4,324,619	32,186,462	16,041,843
Liabilities						
Long-term liabilities outstanding	91,671,933	79,640,361	126,863,516	122,734,139	218,535,449	202,374,500
Other liabilities	4,582,826	4,504,399	13,350,163	13,717,743	17,932,989	18,222,142
Total liabilities	96,254,759	84,144,760	140,213,679	136,451,882	236,468,438	220,596,642
Total deferred inflows of resources	7,128,217	7,754,760	1,473,528	2,185,752	8,601,745	9,940,512
Net position						
Net investment in capital assets	82,079,774	82,067,802	69,542,203	64,009,483	151,621,977	146,077,285
Restricted	24,564,405	22,960,162	10,677,396	12,253,588	35,241,801	35,213,750
Unrestricted	(32,099,072)	(34,403,547)	41,553,220	35,818,205	9,454,148	1,414,658
Total net position	\$ 74,545,107	\$ 70,624,417	\$ 121,772,819	\$ 112,081,276	\$ 196,317,926	\$ 182,705,693

An additional portion (\$35,241,801) of the City's net position (18%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,454,148 may be used to meet the City's ongoing obligations to citizens and creditors.

At September 30, 2016, the City is able to report positive balances in all three categories of net position for its business-type activities. The City's net position, excluding the Melbourne International Airport, a discretely presented component unit, increased by \$13,612,233 (7%) during the current fiscal year.

Key elements of the increase in net position are as follows:

CITY OF MELBOURNE'S Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Program revenue:						
Charges for services	\$ 14,924,130	\$ 13,940,354	\$ 58,883,500	\$ 58,140,960	\$ 73,807,630	\$ 72,081,314
Operating grants and contributions	7,117,618	6,999,122	-	-	7,117,618	6,999,122
Capital grants and contributions	903,067	628,876	1,884,001	2,174,091	2,787,068	2,802,967
General revenue:						
Property taxes	28,762,101	25,652,370	-	-	28,762,101	25,652,370
Other taxes	18,142,715	18,179,057	-	-	18,142,715	18,179,057
Grants and contributions not restricted to specific programs	8,117,198	7,678,420	-	-	8,117,198	7,678,420
Unrestricted investment earnings	657,927	384,988	695,166	508,043	1,353,093	893,031
Other	-	41,013	36,552	-	36,552	41,013
Total revenues	78,624,756	73,504,200	61,499,219	60,823,094	140,123,975	134,327,294
Expenses:						
General government	16,928,412	14,194,930	-	-	16,928,412	14,194,930
Public safety	40,329,521	33,441,611	-	-	40,329,521	33,441,611
Public works	8,145,791	7,108,185	-	-	8,145,791	7,108,185
Parks and recreation	6,927,039	6,437,870	-	-	6,927,039	6,437,870
Housing and urban improvement	1,298,756	1,289,586	-	-	1,298,756	1,289,586
Interest on long-term debt	394,519	445,221	-	-	394,519	445,221
Unallocated depreciation	3,322,705	3,191,952	-	-	3,322,705	3,191,952
Water and sewer	-	-	45,201,038	43,578,657	45,201,038	43,578,657
Golf courses	-	-	2,642,683	2,292,530	2,642,683	2,292,530
Stormwater utility	-	-	1,323,778	1,180,219	1,323,778	1,180,219
Total expenses	77,346,743	66,109,355	49,167,499	47,051,406	126,514,242	113,160,761
Increase in net position before contributions to permanent funds and transfers	1,278,013	7,394,845	12,331,720	13,771,688	13,609,733	21,166,533
Contributions to permanent funds	2,500	3,150	-	-	2,500	3,150
Transfers	2,640,177	2,671,942	(2,640,177)	(2,671,942)	-	-
Increase in net position	3,920,690	10,069,937	9,691,543	11,099,746	13,612,233	21,169,683
Net position - October 1, as previously stated	70,624,417	113,641,463	112,081,276	107,294,086	182,705,693	220,935,549
Adjustment	-	(53,086,983)	-	(6,312,556)	-	(59,399,539)
Net position - October 1	70,624,417	60,554,480	112,081,276	100,981,530	182,705,693	161,536,010
Net position - September 30	\$ 74,545,107	\$ 70,624,417	\$ 121,772,819	\$ 112,081,276	\$ 196,317,926	\$ 182,705,693

Governmental Activities. Governmental activities increased the City's net position by \$3,920,690. Charges for services increased \$983,776, primarily due to increases in building related permits and Wickham Park community center recreation programs. The \$118,496 increase in operating grants primarily funded dredging projects. The \$274,191 increase in capital grants and contributions primarily reflects Federal Aid Highway funding for the Hickory Street Complete project. The \$3,109,731 increase in property taxes is due to an increase in the millage rate and rise in taxable assessed value as the local economy continues to rebound. The increase in unrestricted grants and contributions of \$438,778 is primarily due to increases in shared tax revenues and impact fees. The \$272,939 increase in unrestricted investment earnings is due to an increase in market rates combined with more cash available for investment, primarily in the General and Capital Project funds.

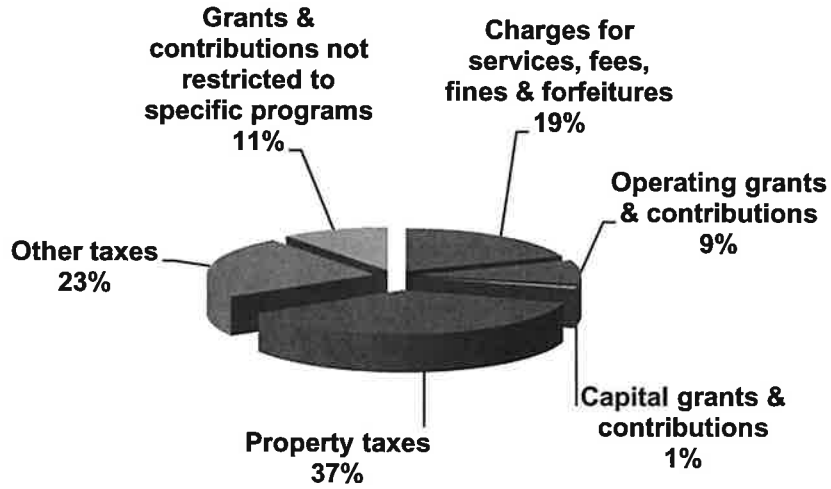
Although public safety expenses increased by \$6,887,910, that reflects the increase (\$6,692,230) in public safety pension contributions due to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". General government expenses increased \$2,733,482, primarily due to pension adjustments required by GASB Statement No. 68, salaries, and industry development. Public works expenses increased \$1,037,606, primarily for Horse Creek and Melbourne Harbor dredging, street resurfacing, railroad crossing improvements and Streets division vehicles. Parks and recreation services expenses increased \$489,169, primarily for operating the Wickham Park community center, Parks division vehicles and equipment, and increased marketing expenses.

Business-type Activities. Business-type activities increased the City's net position by \$9,691,543. Charges for services increased \$742,540, primarily due to increased consumption and an increase in the number of Water and Sewer accounts. Capital grants decreased (\$290,090), primarily due to the prior year (\$236,346) Airport contribution to the Stormwater South Sarno Road Area Drainage project, along with decreases in grants for other Stormwater projects. Investment earnings increased \$187,123 due to an increase in market rates combined with increased funds being invested.

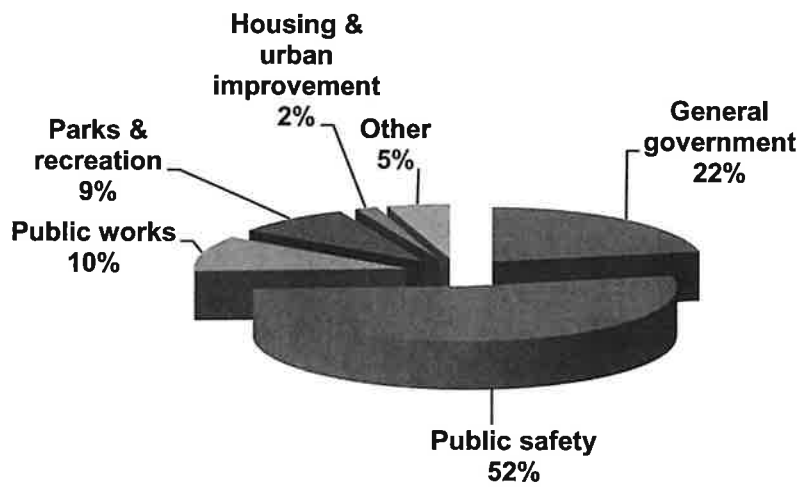
Water and Sewer expenses increased \$1,622,381, primarily due to salaries, pension adjustments, and increased solid waste disposal fees. Golf courses fund expenses increased \$350,153, primarily due to payments to the Florida Retirement System for misclassified employees from 1996 to the present. Stormwater expenses increased \$143,559, due to increases in the commissions to Brevard County Tax Collector, Information Technology, and depreciation.

The revenues by source and expenses by function for governmental activities are displayed in the following graphs:

Revenue by Source - Governmental Activities

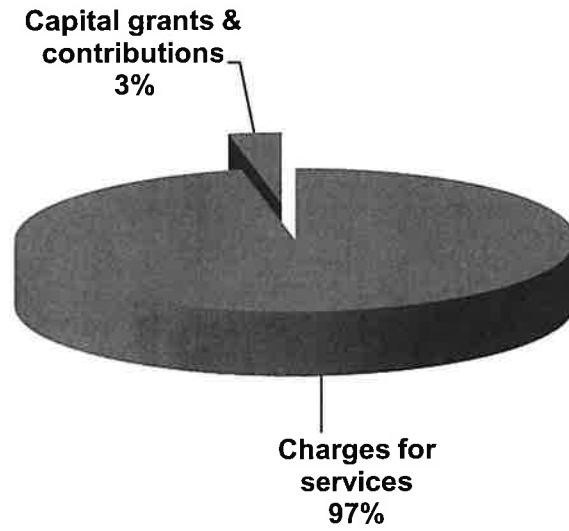


Expenditures by Function - Governmental Activities

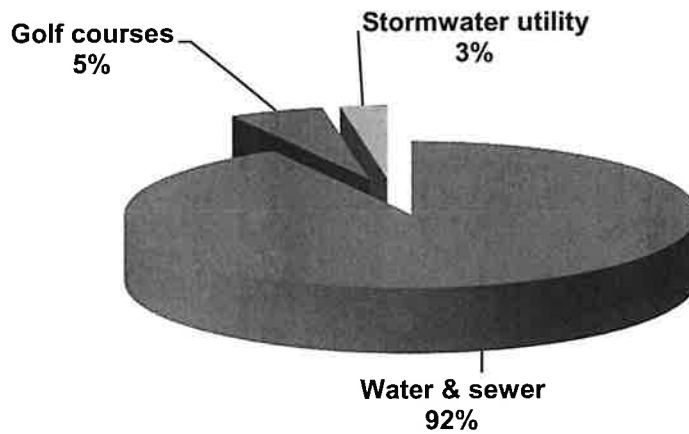


The revenues by source and expenses by function for all business-type activities is demonstrated in the following graphs:

Revenues by Source - Business-type Activities



Expenses by Function - Business-type Activities



Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *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 the fiscal year, the City's governmental funds reported combined ending fund balances of \$51,363,068, an increase of \$4,353,457 in comparison with the prior year. Approximately 33% (\$16,987,905) of this amount constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of fund balance is *non-spendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it is 1) obligated for long term advances to other funds; inventory; prepaids; land held for resale; and perpetual care (\$1,003,962), 2) restricted for specific purposes (\$24,261,250), 3) restricted for debt service (\$143,403), 4) committed for economic development (\$666,667), or 5) assigned to pay for obligations previously authorized by the City (\$8,299,881).

The General fund is the chief operating fund of the City. At the end of the current fiscal year, the total assigned and unassigned fund balance of the General fund was \$20,174,537 while total fund balance was \$21,873,010. As a measure of the General fund's liquidity, it may be useful to compare both total assigned and unassigned fund balance and total fund balance to total fund expenditures. Total assigned and unassigned fund balance represents 28% of total fiscal year 2016 General fund expenditures and 26% of fiscal 2017 appropriations. Total fund balance represents 30% of total fiscal year 2016 General fund expenditures and 28% of fiscal 2017 appropriations.

The fund balance of the City's General fund increased by \$2,243,781 during the current fiscal year, primarily a result of a slight increase in revenues combined with controlled spending to reduce expenditures. All other governmental funds increased by \$2,109,676, a result of increased funding for transportation projects.

The Transportation Capital Improvement fund, a major fund, had an increase in fund balance during the current year of \$2,073,975 to bring the year end fund balance to \$22,300,755. Assigned fund balance increased \$1,065,983 due to additional funding for road resurfacing projects. Fund balance restricted for transportation increased \$1,007,992 as restricted transportation impact fees and Local Option Gas Tax transfers in exceeded spending on road improvement projects funded from those restricted sources.

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

Unrestricted net position of the Water and Sewer System at the end of the year amounted to \$35,541,520. The unrestricted net position for the Stormwater Utility and Golf Courses fund were \$7,123,090 and (\$1,204,095), respectively. The net position in the Water and Sewer System and Stormwater Utility increased by \$8,435,489, \$1,729,607 respectively; due to normal growth and operating activities in the Water and Sewer System and Stormwater Utility. The net position in the Golf Courses decreased by (\$307,116). The net position for total business-type activities decreased \$166,437 to reflect the consolidation of the Internal Service fund activity in the Enterprise funds.

General Fund Budgetary Highlights

The following is a brief review of the budget changes from the original to the final amended budget, and a review of the final amended budget and actual amounts (presented on a budgetary basis). A detailed budgetary comparison schedule for the General fund is included on page 83 of the RSI section of the CAFR.

The original budget classifies all pending salary and benefit increases in the category, other-unclassified, while the final budget includes the various increases in each functional activity.

The variance between the final budget and the actual results in the General fund reflects total revenues, transfers in and sale of capital assets exceeding the budget by \$321,825 and total expenditures and transfers out of \$3,026,376 less than appropriated. This is a result of revenues and transfers in slightly greater than originally anticipated offset by a decrease in the sale of capital assets in conjunction with appropriations exceeding actual expenditures across the board. Since revenues exceeded budget estimates and expenditures were less than budgetary estimates, the change in fund balance in the General fund was \$3,348,201 higher than budgeted.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of September 20, 2016 total \$256,676,919 (net of accumulated depreciation). The capital assets include land, buildings, improvements other than buildings, machinery and equipment, intangibles, and general governmental infrastructure. The total increase in the City's capital assets for the current fiscal year was 1.24% (a 1.51% decrease in governmental activities and a 2.84% increase for business-type activities).

CITY OF MELBOURNE'S Capital Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 25,708,544	\$ 25,439,286	\$ 4,709,778	\$ 4,390,550	\$ 30,418,322	\$ 29,829,836
Buildings	19,646,439	20,507,537	27,290,378	28,285,875	46,936,817	48,793,412
Improvements other than buildings	3,992,305	4,574,002	113,892,784	114,587,264	117,885,089	119,161,266
Machinery and equipment	6,617,726	5,133,307	3,868,418	2,304,912	10,486,144	7,438,219
Intangibles, computer software	418,392	374,974	30,732	68,702	449,124	443,676
Infrastructure	32,545,130	35,191,935	-	-	32,545,130	35,191,935
Construction in progress	2,648,476	1,763,276	15,307,817	10,904,387	17,956,293	12,667,663
Total capital assets, net of depreciation/amortization	\$ 91,577,012	\$ 92,984,317	\$ 165,099,907	\$ 160,541,690	\$ 256,676,919	\$ 253,526,007

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

- \$1.5 million to replace an aging Police vehicle patrol fleet.
- \$611,913 expended on the Hickory Street mobility project.
- \$319,228 purchase of land for the Sherwood Park area storm water treatment.
- \$579,636 to replace the golf cart fleet and golf course maintenance equipment.
- \$1.5 million expended on replacement of water and sewer service vehicles and maintenance equipment.
- \$5.4 million expended on the DB Lee water reclamation plant energy upgrades project,

Additional information on the City of Melbourne's capital assets can be found in Note (4) E on pages 46-48 of this report.

Long-term debt. At the end of the current fiscal year, the City of Melbourne had total bonded debt outstanding of \$115,981,801. Of this amount, \$8,618,541 represents Public Improvement Bonds secured solely by specified revenue sources in the Governmental funds, and \$95,375,190 for Water and Sewer Revenue Bonds, secured solely by revenues of the Water and Sewer fund.

CITY OF MELBOURNE'S Outstanding Debt

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Public improvement bonds	\$ 8,618,541	\$ 9,509,262	\$ -	\$ -	\$ 8,618,541	\$ 9,509,262
Revenue bonds	-	-	95,375,190	107,099,544	95,375,190	107,099,544
Capital leases	782,969	1,138,327	551,064	188,385	1,334,033	1,326,712
State Revolving Fund loan	-	-	10,654,037	5,883,305	10,654,037	5,883,305
Total	\$ 9,401,510	\$ 10,647,589	\$ 106,580,291	\$ 113,171,234	\$ 115,981,801	\$ 123,818,823

The City of Melbourne's total debt decreased 6.33%. The primary factor was a result of normal principal payments of outstanding debts.

Governmental activities debt decreased \$1,246,079. The decrease reflects \$890,721 in normal bond principal payments and \$355,358 in capital lease payments.

Business-type activities decreased \$6,590,943. The decrease reflecting the \$4,897,912 in normal bonds principal payments, refunding of Water and Sewer Revenue Bonds, Series 2007A of \$18,715,000, Water and Sewer Improvement Bonds Series 2007B of \$21,795,000 State Revolving Fund loan repayments of \$234,078, golf course capital lease payments of \$125,972 and the balance of the 2012 golf cart lease \$53,794 was rolled into the new golf cart lease, offset by the issuance of the Water and Sewer Refunding Bonds Series 2016A and 2016B in the amounts of \$19,160,000 and \$14,465,000 respectively, net accretion of \$58,558 in the Water and Sewer Refunding Revenue Bonds Series 2002B, additional State Revolving Fund loan of \$5,004,810 and new golf course leases of \$542,445.

The City has no outstanding general obligation debt. As a result, there is no overall bond rating for the City, but certain individual bonds do have ratings. Bond ratings have a significant influence in establishing the rate of interest expense the City must pay when the bonds are sold. The City previously received an underlying rating of AA- from Fitch and an underlying rating of Aa3 from Moody's.

Additional information on the City of Melbourne's long-term debt can be found in Note (4) J on pages 53-59 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate as of September 30, 2016 for the City of Melbourne was 5.1%, which is a decrease from a rate of 5.3% last year. This is higher than the national average unemployment rate of 5.0% and the state average rate of 4.7%.
- The previously adopted water and sewer utility rate increase of 5.5% has been deferred until October 1, 2017.

Requests for Information

Questions about this report or requests for additional financial information should be addressed to:

City of Melbourne
Financial Services Department
900 E. Strawbridge Ave.
Melbourne, FL 32901
Telephone: (321) 608-7011

Or visit our website at: www.melbourneflorida.org

BASIC FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position as well as the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow in subsequent sections:

The following statements and schedules are reported in this subsection:

- Government-wide Statement of Net Position
- Government-wide Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
- Statement of Net Position - Proprietary Funds
- Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
- Statement of Cash Flows – Proprietary Funds
- Statement of Fiduciary Net Position – Fiduciary Funds
- Statement of Changes in Fiduciary Net Position – Fiduciary Funds
- Notes to the Financial Statements

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
ASSETS				
Cash and cash equivalents	\$ 22,865	\$ 3,550	\$ 26,415	\$ 9,057,173
Equity in pooled investments	54,714,045	64,611,351	119,325,396	-
Investments, at fair value	-	-	-	11,819,729
Receivables, net	2,894,256	8,771,036	11,665,292	1,398,250
Interest receivable	103,632	120,648	224,280	31,929
Internal balances	187,295	(187,295)	-	-
Due from fiduciary funds	14,749	-	14,749	-
Due from primary government	-	-	-	9,015
Due from other governments	2,321,509	88,023	2,409,532	3,875,423
Inventory	209,772	1,189,134	1,398,906	29,609
Prepaid items	676,472	5,750	682,222	48,455
Land held for resale	215,000	-	215,000	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	9,623,468	9,623,468	283,446
Equity in pooled investments	-	1,302,160	1,302,160	-
Investments, at fair value	-	4,599,553	4,599,553	-
Interest receivable	-	1,662	1,662	-
Due from other governments	36,071	-	36,071	5,738,499
Permanently restricted:				
Equity in pooled investments	172,543	-	172,543	-
Noncurrent lease receivable	-	-	-	911,442
Net pension asset	672,190	155,289	827,479	65,445
Capital assets:				
Nondepreciable:				
Land	25,708,544	4,709,778	30,418,322	6,899,179
Construction in progress	2,648,476	15,307,817	17,956,293	59,545,998
Depreciable:				
Buildings	34,028,481	82,281,212	116,309,693	66,534,190
Improvements other than buildings	13,212,563	262,414,862	275,627,425	72,419,526
Machinery and equipment	25,600,265	18,265,114	43,865,379	10,363,504
Intangibles, computer software	1,841,136	403,511	2,244,647	241,825
Infrastructure	136,264,968	-	136,264,968	-
Less accumulated depreciation/ amortization	(147,727,421)	(218,282,387)	(366,009,808)	(82,399,208)
Total assets	153,817,411	255,384,236	409,201,647	166,873,429
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, pensions	24,110,672	5,107,330	29,218,002	1,658,646
Deferred amount on advance refunding	-	2,968,460	2,968,460	-
Total deferred outflows	24,110,672	8,075,790	32,186,462	1,658,646

The statement of net position continues on the following page.
The accompanying notes are an integral part of this statement.

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	International Airport
LIABILITIES				
Accounts payable	1,785,654	4,654,477	6,440,131	690,122
Accrued payroll expenses	2,077,125	217,725	2,294,850	79,275
Accrued interest payable	131,394	-	131,394	-
Due to fiduciary funds	25,667	-	25,667	-
Due to component unit	9,015	-	9,015	-
Due to other governments	65,337	2,007,724	2,073,061	461,833
Deposits	385,887	-	385,887	-
Unearned revenue	102,747	40,879	143,626	5,260,359
Current liabilities payable from restricted assets	-	6,429,358	6,429,358	5,747,345
Noncurrent liabilities:				
Due within one year:				
Accrued claims	1,216,011	-	1,216,011	-
Compensated absences	1,493,173	388,263	1,881,436	138,748
Capital leases payable	214,128	158,120	372,248	-
Bonds payable	926,151	-	926,151	-
Due in more than one year:				
Liabilities payable from restricted assets				
Accrued claims	-	3,738,391	3,738,391	274,600
Compensated absences	1,997,866	-	1,997,866	-
Capital leases payable	2,057,132	372,604	2,429,736	184,449
State Revolving Fund loan payable	568,841	392,944	961,785	-
Other post employment benefits	-	10,139,913	10,139,913	-
Net pension liability	15,216,973	3,430,921	18,647,894	880,926
Bonds payable	60,289,268	10,241,716	70,530,984	3,161,325
Bonds payable	7,692,390	98,000,644	105,693,034	-
Total liabilities	96,254,759	140,213,679	236,468,438	16,878,982
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, pensions	6,346,251	1,473,528	7,819,779	439,253
Deferred revenue, business tax receipts	781,966	-	781,966	-
Total deferred inflows of resources	7,128,217	1,473,528	8,601,745	439,253
NET POSITION				
Net investment in capital assets	82,079,774	69,542,203	151,621,977	127,718,662
Restricted - nonexpendable	172,864	-	172,864	-
Restricted for:				
Debt service	130,291	9,814,840	9,945,131	-
Renewal and replacement	-	250,000	250,000	-
Capital improvements	21,745,661	612,556	22,358,217	5,747,345
Legal restrictions	22,674	-	22,674	-
Housing and urban improvement	518,050	-	518,050	-
Economic development	1,824,147	-	1,824,147	-
Public safety	150,718	-	150,718	-
Unrestricted	(32,099,072)	41,553,220	9,454,148	17,747,833
Total net position	\$ 74,545,107	\$ 121,772,819	\$ 196,317,926	\$ 151,213,840

CITY OF MELBOURNE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services, Fees, Fines, and Forfeitures	Operating Grants, Contributions and Restricted Interest	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 16,928,412	\$ 10,784,839	\$ 48,743	\$ -
Public safety - fire and police	40,329,521	1,836,711	1,467,077	22,818
Public works	8,145,791	1,188,363	4,332,233	734,220
Parks and recreation	6,927,039	1,114,217	80,640	50,000
Housing and urban improvement	1,298,756	-	1,188,925	96,029
Interest on long-term debt	394,519	-	-	-
Unallocated depreciation	3,322,705	-	-	-
Total governmental activities	<u>77,346,743</u>	<u>14,924,130</u>	<u>7,117,618</u>	<u>903,067</u>
Business-type activities:				
Water and sewer	45,201,038	54,089,987	-	1,796,696
Golf courses	2,642,683	2,019,697	-	-
Stormwater utility	1,323,778	2,773,816	-	87,305
Total business-type activities	<u>49,167,499</u>	<u>58,883,500</u>	<u>-</u>	<u>1,884,001</u>
Total primary government	<u>\$ 126,514,242</u>	<u>\$ 73,807,630</u>	<u>\$ 7,117,618</u>	<u>\$ 2,787,068</u>
Component unit - Airport	<u>\$ 21,635,571</u>	<u>\$ 16,207,250</u>	<u>\$ 1,162,112</u>	<u>\$ 43,963,664</u>

General Revenues:

 Taxes:
 Property
 Utility and telecommunication
 Franchise fees
 Grants and contributions not restricted to specific programs
 Unrestricted investment earnings
 Gain on sale of capital assets
 Contributions to permanent funds
 Transfers
 Total general revenues and transfers
 Change in net position

Net position, October 1,

Net position, September 30

The statement of activities continues on the following page.
The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	International Airport
\$ (6,094,830)	\$	\$ (6,094,830)	\$
(37,002,915)		(37,002,915)	
(1,890,975)		(1,890,975)	
(5,682,182)		(5,682,182)	
(13,802)		(13,802)	
(394,519)		(394,519)	
(3,322,705)		(3,322,705)	
<u>(54,401,928)</u>		<u>(54,401,928)</u>	
-	10,685,645	10,685,645	
-	(622,986)	(622,986)	
-	1,537,343	1,537,343	
<u>-</u>	<u>11,600,002</u>	<u>11,600,002</u>	
(54,401,928)	11,600,002	(42,801,926)	
			<u>39,697,455</u>
28,762,101	-	28,762,101	-
11,473,828	-	11,473,828	-
6,668,887	-	6,668,887	-
8,117,198	-	8,117,198	-
657,927	695,166	1,353,093	255,749
-	36,552	36,552	5,843
2,500	-	2,500	-
2,640,177	(2,640,177)	-	-
<u>58,322,618</u>	<u>(1,908,459)</u>	<u>56,414,159</u>	<u>261,592</u>
3,920,690	9,691,543	13,612,233	39,959,047
<u>70,624,417</u>	<u>112,081,276</u>	<u>182,705,693</u>	<u>111,254,793</u>
<u>\$ 74,545,107</u>	<u>\$ 121,772,819</u>	<u>\$ 196,317,926</u>	<u>\$ 151,213,840</u>

**CITY OF MELBOURNE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
ASSETS			
Cash and cash equivalents	\$ 22,865	\$ -	\$ -
Equity in pooled investments	20,529,559	215,676	510,068
Receivables (net of allowance of \$2,030)	2,805,387	-	-
Interest receivable	57,118	497	964
Due from other funds	111,161	-	-
Due from fiduciary funds	14,749	-	-
Due from other governments	1,939,534	-	-
Due from other governments, restricted	36,071	-	-
Advances to other funds	381,304	-	-
Inventory	209,772	-	-
Prepaid items	25,022	-	-
Land held for resale	215,000	-	-
Total assets	<u>\$ 26,347,542</u>	<u>\$ 216,173</u>	<u>\$ 511,032</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,208,138	\$ 2,700	\$ 745
Accrued payroll expenditures	2,064,265	3,559	3,912
Due to other funds	-	-	-
Due to fiduciary funds	25,667	-	-
Due to component unit	9,015	-	-
Due to other governments	65,337	-	-
Advances from other funds	-	-	-
Deposits	270,542	-	-
Unearned revenue	49,602	-	-
Total liabilities	<u>3,692,566</u>	<u>6,259</u>	<u>4,657</u>
Deferred inflows of resources:			
Deferred and unavailable revenue	<u>781,966</u>	<u>-</u>	<u>-</u>
Fund balances:			
Non-spendable:			
Long-term advances to other funds	381,304	-	-
Inventory	209,772	-	-
Prepays	25,022	-	-
Land held for resale	215,000	-	-
Perpetual care	-	-	-
Restricted:			
Public safety, law enforcement	34,631	-	-
Housing and urban improvement	-	-	-
Debt service	143,403	-	-
Economic development	-	209,914	506,375
Capital improvements	-	-	-
Transportation improvement	-	-	-
Recreation improvement	-	-	-
Fireworks display	22,674	-	-
Committed:			
Economic development	666,667	-	-
Assigned:			
General government	318,377	-	-
Public safety, law enforcement	297,384	-	-
Public safety, fire	26,525	-	-
Public works	93,668	-	-
Parks and recreation	434,250	-	-
Housing and community development	1,850	-	-
Capital improvements	2,014,578	-	-
Unassigned	16,987,905	-	-
Total fund balances	<u>21,873,010</u>	<u>209,914</u>	<u>506,375</u>
Total liabilities, deferred inflows of of resources, and fund balances	<u>\$ 26,347,542</u>	<u>\$ 216,173</u>	<u>\$ 511,032</u>

The accompanying notes are an integral part of this statement.

Olde Eau Gallie Redevelopment Fund	Transportation Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 22,865
357,906	22,659,822	6,275,051	50,548,082
-	-	-	2,805,387
673	29,769	7,152	96,173
-	-	-	111,161
-	-	-	14,749
-	-	381,975	2,321,509
-	-	-	36,071
-	-	-	381,304
-	-	-	209,772
-	-	-	25,022
-	-	-	215,000
<u>\$ 358,579</u>	<u>\$ 22,689,591</u>	<u>\$ 6,664,178</u>	<u>\$ 56,787,095</u>
\$ 785	\$ 381,744	\$ 173,712	\$ 1,767,824
1,383	-	-	2,073,119
37,690	-	73,471	111,161
-	-	-	25,667
-	-	-	9,015
-	-	-	65,337
101,304	-	-	101,304
-	7,092	108,253	385,887
-	-	53,145	102,747
<u>141,162</u>	<u>388,836</u>	<u>408,581</u>	<u>4,642,061</u>
-	-	-	781,966
-	-	-	381,304
-	-	-	209,772
-	-	-	25,022
-	-	-	215,000
-	-	172,864	172,864
-	-	116,087	150,718
-	-	518,050	518,050
-	-	-	143,403
217,417	-	890,441	1,824,147
-	-	1,196,347	1,196,347
-	18,882,200	788,729	19,670,929
-	-	878,385	878,385
-	-	-	22,674
-	-	-	666,667
-	-	-	318,377
-	-	-	297,384
-	-	-	26,525
-	-	-	93,668
-	-	-	434,250
-	-	-	1,850
-	3,418,555	1,694,694	7,127,827
-	-	-	16,987,905
<u>217,417</u>	<u>22,300,755</u>	<u>6,255,597</u>	<u>51,363,068</u>
<u>\$ 358,579</u>	<u>\$ 22,689,591</u>	<u>\$ 6,664,178</u>	<u>\$ 56,787,095</u>

CITY OF MELBOURNE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

Total *fund balances* for governmental funds \$ 51,363,068

Total *net position* reported for governmental activities in the statement of net position is different because:

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

	<u>Balance</u>	<u>Accumulated Depreciation/ Amortization</u>	
Land	\$ 25,708,544	\$ -	
Construction in progress	2,648,476	-	
Buildings	34,028,481	(14,382,042)	
Improvements	13,212,563	(9,220,258)	
Machinery and equipment	25,576,891	(18,959,165)	
Intangibles, computer software	1,841,136	(1,422,744)	
Infrastructure	<u>136,264,968</u>	<u>(103,719,838)</u>	
Total capital assets	<u>\$ 239,281,059</u>	<u>\$ (147,704,047)</u>	91,577,012

Pension contributions are reported as expenditures in the fund financial statements and adjust net pension asset or net pension liability, deferred outflows and deferred inflows on the statement of net position.

Net pension asset	\$ 643,303		
Net pension liability	(60,128,973)		
Deferred outflows - pensions	24,021,439		
Deferred inflows - pensions	<u>(6,308,898)</u>		(41,773,129)

Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

1,628,680

Long-term liabilities, including bonds payable, are not due and payable in the current period, and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest on bonds	\$ (131,394)		
Special obligation bonds	(8,618,541)		
Capital leases	(782,969)		
Compensated absences	(3,542,190)		
Other post employment benefits	<u>(15,175,430)</u>		
Total long-term liabilities and associated accrued interest			<u>(28,250,524)</u>

Net position of governmental activities

\$ 74,545,107

The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Downtown Redevelopment Fund	Babcock Street Redevelopment Fund
REVENUES			
Taxes:			
Property	\$ 28,762,101	\$ -	\$ -
Utility and telecommunications	11,473,828	-	-
Franchise fees	6,668,887	-	-
Intergovernmental	12,150,081	1,049,141	747,179
Charges for services	9,566,648	-	-
Impact fees	-	-	-
Licenses and permits	3,401,098	-	-
Confiscated property	-	-	-
Fines, forfeitures, penalties and fees	259,230	-	-
Investment earnings	357,046	4,894	6,477
Perpetual care endowment additions	-	-	-
Other revenues	823,071	-	-
Total revenues	<u>73,461,990</u>	<u>1,054,035</u>	<u>753,656</u>
EXPENDITURES			
Current:			
General government	14,555,254	746,963	210,242
Public safety	42,479,210	-	-
Public works	6,839,694	-	-
Parks and recreation	6,279,034	-	-
Housing and urban improvement	465,689	-	-
Debt service:			
Principal	760,227	130,494	-
Interest and fiscal agent fees	345,427	21,857	-
Capital outlay	-	-	-
Total expenditures	<u>71,724,535</u>	<u>899,314</u>	<u>210,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,737,455</u>	<u>154,721</u>	<u>543,414</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,240,626	-	-
Transfers out	(2,779,508)	(40,000)	(250,000)
Sale of capital assets	45,208	-	-
Total other financing sources (uses)	<u>506,326</u>	<u>(40,000)</u>	<u>(250,000)</u>
Net change in fund balances	2,243,781	114,721	293,414
Fund balances, October 1	<u>19,629,229</u>	<u>95,193</u>	<u>212,961</u>
Fund balances, September 30	<u>\$ 21,873,010</u>	<u>\$ 209,914</u>	<u>\$ 506,375</u>

The accompanying notes are an integral part of this statement.

Olde Eau Gallie Redevelopment Fund	Transportation Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 28,762,101
-	-	-	11,473,828
-	-	-	6,668,887
271,004	-	2,673,792	16,891,197
-	-	-	9,566,648
-	487,155	276,014	763,169
-	-	-	3,401,098
-	-	12,290	12,290
-	-	-	259,230
4,187	224,522	38,622	635,748
-	-	2,500	2,500
5,000	-	72,609	900,680
<u>280,191</u>	<u>711,677</u>	<u>3,075,827</u>	<u>79,337,376</u>
138,109	-	167,209	15,817,777
-	-	-	42,479,210
-	369,512	1,037,802	8,247,008
-	-	43,600	6,322,634
-	-	736,184	1,201,873
-	-	-	890,721
3,581	-	-	370,865
-	588,823	1,760,643	2,349,466
<u>141,690</u>	<u>958,335</u>	<u>3,745,438</u>	<u>77,679,554</u>
<u>138,501</u>	<u>(246,658)</u>	<u>(669,611)</u>	<u>1,657,822</u>
-	2,460,092	493,854	6,194,572
-	(139,459)	(335,178)	(3,544,145)
-	-	-	45,208
-	2,320,633	158,676	2,695,635
138,501	2,073,975	(510,935)	4,353,457
78,916	20,226,780	6,766,532	47,009,611
<u>\$ 217,417</u>	<u>\$ 22,300,755</u>	<u>\$ 6,255,597</u>	<u>\$ 51,363,068</u>

**CITY OF MELBOURNE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Net change in *fund balances* - total governmental funds \$ 4,353,457

The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization exceeded capital outlay in the current period.

Cost of capital assets	\$ 5,102,478	
Depreciation and amortization expense	<u>(6,443,242)</u>	(1,340,764)

In the statement of activities, only the gain or loss on the sale of capital assets are reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold or disposed.

Cost of capital assets sold or disposed	\$ (166,109)	
Transfer of capital assets to business-type activities		
Building improvements	\$ (10,250)	
Accumulated depreciation	<u>-</u>	<u>(10,250)</u>
		(176,359)

Pension contributions are reported as expenditures in the fund financial statements and the change in net pension asset (liability) and related outflows (inflows) are reported on the statement of activities. 840,272

The issuance of long-term debt provides current financial resources to governmental funds, and the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither have an effect on net position.

Principal repayment, bonds and notes	\$ 890,721	
Principal repayment, leases	<u>355,358</u>	1,246,079

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Other post employment benefits	\$ (905,261)	
Accrued interest on bonds and notes	(131,394)	
Compensated absences	<u>(38,326)</u>	(1,074,981)

Some expenditures reported in the governmental funds, and adjustments made to expenses reported in the statement of activities have been recognized as expenses in the prior fiscal year in the statement of activities.

Accrued interest on bonds and notes	\$ <u>148,556</u>	148,556
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Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

Capital asset contributed to general government	\$ 9,225	
Right of way contributions	100,593	
Capital assets purchased from business-type activities		
Machinery and equipment	\$ 109,776	
Accumulated depreciation	<u>(109,776)</u>	<u>109,818</u>

Internal service funds are used by management to charge the costs of workers compensation and insurance to individual funds. The net revenue of certain activities of the internal service funds are reported with governmental activities. (185,388)

Change in net position of governmental activities		<u>\$ 3,920,690</u>
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The accompanying notes are an integral part of this statement.



CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,350	\$ 2,200	\$ 3,550	\$ -
Cash and cash equivalents, restricted	5,897,468	-	5,897,468	-
Equity in pooled investments	57,403,290	7,208,061	64,611,351	4,338,506
Equity in pooled investments, restricted	102,598	-	102,598	-
Receivables, trade				
Billed (net of allowance of \$285,000)	5,030,323	-	5,030,323	88,869
Unbilled	3,740,713	-	3,740,713	-
Interest receivable	107,301	13,347	120,648	7,459
Interest receivable, restricted	1,662	-	1,662	-
Due from other governments	-	88,023	88,023	-
Inventory	1,125,612	63,522	1,189,134	-
Prepaid items	-	5,750	5,750	651,450
	<u>73,410,317</u>	<u>7,380,903</u>	<u>80,791,220</u>	<u>5,086,284</u>
Total current assets				
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	3,726,000	-	3,726,000	-
Equity in pooled investments	1,199,562	-	1,199,562	-
Investments, at fair value	4,599,553	-	4,599,553	-
	<u>9,525,115</u>	<u>-</u>	<u>9,525,115</u>	<u>-</u>
Total noncurrent restricted assets				
Net pension asset	142,847	12,442	155,289	28,887
	<u>142,847</u>	<u>12,442</u>	<u>155,289</u>	<u>28,887</u>
Total noncurrent, nonrestricted assets				
Capital assets:				
Nondepreciable:				
Land	3,094,971	1,614,807	4,709,778	-
Construction in progress	13,951,106	1,356,711	15,307,817	-
Depreciable:				
Buildings	81,453,548	827,664	82,281,212	-
Improvements other than buildings	246,709,960	15,704,902	262,414,862	-
Machinery and equipment	14,446,437	3,818,677	18,265,114	23,374
Intangibles, computer software	363,416	40,095	403,511	-
Less accumulated depreciation/amortization	(209,893,509)	(8,388,878)	(218,282,387)	(23,374)
	<u>150,125,929</u>	<u>14,973,978</u>	<u>165,099,907</u>	<u>-</u>
Total capital assets, net of accumulated depreciation/amortization				
Total noncurrent assets	<u>159,793,891</u>	<u>14,986,420</u>	<u>174,780,311</u>	<u>28,887</u>
Total assets	<u>233,204,208</u>	<u>22,367,323</u>	<u>255,571,531</u>	<u>5,115,171</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows, pensions	4,675,001	432,329	5,107,330	89,233
Deferred amount on advance refunding	2,968,460	-	2,968,460	-
	<u>7,643,461</u>	<u>432,329</u>	<u>8,075,790</u>	<u>89,233</u>
Total deferred outflows				

The proprietary statement of net position continues on the following page.
The accompanying notes are an integral part of this statement.

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES				
Current liabilities:				
Accounts payable	4,210,460	444,017	4,654,477	17,830
Accrued payroll expenses	199,579	18,146	217,725	4,006
Accrued claims	-	-	-	1,216,011
Due to other governments	1,965,069	42,655	2,007,724	-
Compensated absences	363,098	25,165	388,263	4,745
Unearned revenue	-	40,879	40,879	-
Capital leases payable	-	158,120	158,120	-
Current liabilities payable from restricted assets:				
Accounts payable	692	-	692	-
Accrued interest payable	1,064,542	-	1,064,542	-
State Revolving Fund loan payable	514,124	-	514,124	-
Revenue bonds payable	4,850,000	-	4,850,000	-
Total current liabilities	13,167,564	728,982	13,896,546	1,242,592
Noncurrent liabilities:				
Customer deposits payable from restricted assets	3,738,391	-	3,738,391	-
Advances from other funds	-	280,000	280,000	-
Accrued claims	-	-	-	1,997,866
Compensated absences	352,790	19,814	372,604	3,370
Capital leases payable	-	392,944	392,944	-
State Revolving Fund loan payable	10,139,913	-	10,139,913	-
Other post employment benefits	3,060,521	370,400	3,430,921	41,543
Net pension liability	9,377,757	863,959	10,241,716	160,295
Revenue bonds payable, net of unamortized premium and discount	98,000,644	-	98,000,644	-
Total noncurrent liabilities	124,670,016	1,927,117	126,597,133	2,203,074
Total liabilities	137,837,580	2,656,099	140,493,679	3,445,666
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows, pensions	1,353,660	119,868	1,473,528	37,353
NET POSITION				
Net investment in capital assets	55,437,513	14,104,690	69,542,203	-
Restricted for:				
Debt service	9,814,840	-	9,814,840	-
Renewal and replacement	250,000	-	250,000	-
Capital improvements	612,556	-	612,556	-
Unrestricted	35,541,520	5,918,995	41,460,515	1,721,385
Total net position	\$ 101,656,429	\$ 20,023,685	121,680,114	\$ 1,721,385
Adjustment to reflect the consolidation of internal service fund activities				
Related to enterprise funds for the current year			(166,437)	
Related to enterprise funds for prior years			259,142	
Net position of business-type activities			\$ 121,772,819	

CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES				
Water sales (net of bad debt of \$3,604)	\$ 30,980,416	\$ -	\$ 30,980,416	\$ -
Sewer charges (net of bad debt of \$2,402)	20,815,294	-	20,815,294	-
Golf course fees	-	1,984,636	1,984,636	-
Stormwater fees	-	2,772,154	2,772,154	-
Charges to other funds	-	-	-	4,424,854
Charges to component unit	-	-	-	594,942
Other revenues	2,294,277	36,723	2,331,000	251
Total operating revenues	54,089,987	4,793,513	58,883,500	5,020,047
OPERATING EXPENSES				
Salaries, wages and employee benefits	12,722,739	1,327,646	14,050,385	230,500
Contractual services, materials and supplies	17,898,064	1,902,940	19,801,004	2,569,977
Claims	-	-	-	2,604,025
Depreciation and amortization	9,826,872	724,553	10,551,425	-
Total operating expenses	40,447,675	3,955,139	44,402,814	5,404,502
Operating income (loss)	13,642,312	838,374	14,480,686	(384,455)
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	617,807	77,359	695,166	32,630
Interest expense	(4,278,638)	(3,357)	(4,281,995)	-
Debt issue expense	(316,253)	-	(316,253)	-
Gain on sale/disposal of capital assets	26,252	10,300	36,552	-
Total nonoperating revenues (expenses)	(3,950,832)	84,302	(3,866,530)	32,630
Income (loss) before contributions and transfers	9,691,480	922,676	10,614,156	(351,825)
Capital contributions	1,806,946	87,305	1,894,251	-
Transfers in	-	412,510	412,510	-
Transfers out	(3,062,937)	-	(3,062,937)	-
Change in net position	8,435,489	1,422,491	9,857,980	(351,825)
Total net position, October 1,	93,220,940	18,601,194	2,073,210	2,073,210
Total net position, September 30	\$ 101,656,429	\$ 20,023,685	\$ 1,721,385	\$ 1,721,385
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds for the current year			(166,437)	
Change in net position of business-type activities			\$ 9,691,543	

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

1 of 2

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
INCREASE IN CASH AND CASH EQUIVALENTS				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 54,081,598	\$ 4,756,327	\$ 58,837,925	\$ -
Cash received from other funds	-	-	-	4,424,854
Cash received from component unit	-	-	-	594,942
Cash payments to suppliers for goods and services	(16,675,215)	(2,619,851)	(19,295,066)	(3,611,620)
Cash payments for employee services	(12,519,573)	(1,310,551)	(13,830,124)	(218,353)
Deposits received	947,653	-	947,653	-
Deposits returned	(1,002,739)	-	(1,002,739)	-
Cash received from lessees	31,674	-	31,674	-
Other operating revenues	3,183	36,182	39,365	251
Net cash provided by operating activities	<u>24,866,581</u>	<u>862,107</u>	<u>25,728,688</u>	<u>1,190,074</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Advance from other funds	-	280,000	280,000	-
Transfers in	-	300,000	300,000	-
Transfers out	(3,062,937)	-	(3,062,937)	-
Net cash provided (used) by noncapital financing activities	<u>(3,062,937)</u>	<u>580,000</u>	<u>(2,482,937)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(12,602,798)	(1,907,793)	(14,510,591)	-
Principal paid on revenue bond maturities and lease obligations	(4,897,911)	(179,766)	(5,077,677)	-
Principal paid on State Revolving Fund loan	(234,079)	-	(234,079)	-
Proceeds from State Revolving Fund loan	4,947,725	-	4,947,725	-
Proceeds from leases	-	229,464	229,464	-
Bond refundings	(2,290,914)	-	(2,290,914)	-
Interest paid on revenue bonds and lease obligations	(4,096,116)	(3,357)	(4,099,473)	-
Cash received from impact fees	1,776,480	-	1,776,480	-
Proceeds from sale of capital assets	97,190	53,908	151,098	-
Repayment of General fund advance	(569,744)	-	(569,744)	-
Transfers in	-	112,510	112,510	-
Capital grants and contributions	4,232	236,346	240,578	-
Net cash used by capital and related financing activities	<u>(17,865,935)</u>	<u>(1,458,688)</u>	<u>(19,324,623)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(25,330,674)	-	(25,330,674)	-
Proceeds from sale and maturities of investment securities	27,009,062	-	27,009,062	-
Interest on investments	567,750	72,113	639,863	28,975
Net cash provided by investing activities	<u>2,246,138</u>	<u>72,113</u>	<u>2,318,251</u>	<u>28,975</u>
Net increase in cash and cash equivalents	6,183,847	55,532	6,239,379	1,219,049
Cash and cash equivalents at October 1	62,146,421	7,154,729	69,301,150	3,119,457
Cash and cash equivalents at September 30	<u>\$ 68,330,268</u>	<u>\$ 7,210,261</u>	<u>\$ 75,540,529</u>	<u>\$ 4,338,506</u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(CONTINUED)

	Business-type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer System	Other Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 13,642,312	\$ 838,374	\$ 14,480,686	\$ (384,455)
Adjustments not affecting cash:				
Depreciation and amortization	9,826,872	724,553	10,551,425	-
Deferred outflows, pensions	(2,549,752)	(239,694)	(2,789,446)	(46,658)
Deferred inflows, pensions	(650,823)	(61,401)	(712,224)	(9,704)
Changes in assets and liabilities:				
Receivables, trade	26,502	-	26,502	19,942
Due from other governments	-	(445)	(445)	-
Inventory	(54,804)	(963)	(55,767)	-
Prepaid items	-	9,007	9,007	692,787
Net pension asset	166,554	12,981	179,535	30,056
Net pension liability	3,513,762	332,444	3,846,206	42,823
Accounts payable	1,127,113	(724,955)	402,158	678
Accrued payroll expenses	(374,243)	(24,439)	(398,682)	(6,388)
Accrued claims	-	-	-	849,512
Due to other governments	150,506	(240)	150,266	-
Deposits	(55,086)	-	(55,086)	(537)
Unearned revenue	-	(319)	(319)	-
Other post employment benefits	97,668	(2,796)	94,872	2,018
Net cash provided by operating activities	<u>\$ 24,866,581</u>	<u>\$ 862,107</u>	<u>\$ 25,728,688</u>	<u>\$ 1,190,074</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Lease financed capital acquisitions	\$ -	\$ 312,981	\$ 312,981	\$ -
Contributions from developers	15,984	-	15,984	-
Contributions from other funds	10,250	-	10,250	-
2012 W&S bond capitalized interest	276,945	-	276,945	-
State Revolving Fund capitalized interest	57,086	-	57,086	-
Bond refunding	16,458	-	16,458	-
Total non-cash capital and related financing activities	<u>\$ 376,723</u>	<u>\$ 312,981</u>	<u>\$ 689,704</u>	<u>\$ -</u>
NON-CASH INVESTING ACTIVITIES				
Increase (decrease) in fair value of investments	<u>\$ 18,392</u>	<u>\$ (1,051)</u>	<u>\$ 17,341</u>	<u>\$ (1,821)</u>
Cash and cash equivalents reconciliation:				
Current assets:				
Cash and cash equivalents	\$ 1,350	\$ 2,200	\$ 3,550	\$ -
Cash and cash equivalents, restricted	5,897,468	-	5,897,468	-
Equity in pooled investments	57,403,290	7,208,061	64,611,351	4,338,506
Equity in pooled investments, restricted	102,598	-	102,598	-
Noncurrent assets:				
Cash and cash equivalents, restricted	3,726,000	-	3,726,000	-
Equity in pooled investments, restricted	1,199,562	-	1,199,562	-
Cash and cash equivalents at September 30	<u>\$ 68,330,268</u>	<u>\$ 7,210,261</u>	<u>\$ 75,540,529</u>	<u>\$ 4,338,506</u>

The accompanying notes are an integral part of this statement.

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016**

	Employee Pension Trust Funds	Performance Deposits Agency Fund
ASSETS		
Cash and cash equivalents	\$ 4,120,532	\$ -
Equity in pooled investments	-	785,370
Investments, at fair value:		
U.S. government obligations	23,254,543	-
Corporate bonds	14,730,540	-
Common and preferred stocks	101,846,493	-
Interest receivable	204,156	-
Due from other funds	25,667	-
Prepaid items	363,276	-
Total assets	144,545,207	\$ 785,370
LIABILITIES		
Accounts payable and accrued expenses	204,042	\$ -
Due to other funds	14,749	-
Overfunded contributions	845,318	-
Refundable deposits	-	785,370
Total liabilities	1,064,109	\$ 785,370
NET POSITION		
Restricted for pension benefits	\$ 143,481,098	

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Employee Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 5,647,306
Employee contributions	1,155,559
State contributions	<u>1,142,824</u>
Total contributions	<u>7,945,689</u>
Investment earnings:	
Net appreciation in fair value of investments	10,227,613
Interest, dividends, and other income	<u>3,991,721</u>
Total investment earnings	14,219,334
Less investment expense	<u>(738,430)</u>
Net investment earnings	<u>13,480,904</u>
Total additions	<u>21,426,593</u>
DEDUCTIONS	
Benefits paid	9,662,145
Refunded contributions	104,502
Administrative expenses	<u>373,715</u>
Total deductions	<u>10,140,362</u>
Change in net position	11,286,231
Net position, October 1	<u>132,194,867</u>
Net position, September 30	<u>\$ 143,481,098</u>

The accompanying notes are an integral part of this statement.

CITY OF MELBOURNE, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Melbourne (the "City"), a Florida Municipal Corporation, was formed in 1969 as a result of the unification of the former cities of Melbourne and Eau Gallie. The City has a population of 80,419 living within an area of approximately 51.3 square miles. The governing body is a seven member elected City Council comprised of a Mayor and six Council members. The City Council appoints the City Manager who is responsible for the administration of all City services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

The more significant of the City's accounting policies are described below:

A. Reporting Entity

In evaluating the City as a reporting entity, management has included all component units in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, "Defining the Financial Reporting Entity" and GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14, and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34." The Financial Reporting Entity consists of the City of Melbourne (the primary government) and its component units. Component units are legally separate organizations for which the City Council is financially accountable. GASB Statement No. 61 further requires that a financial benefit or burden relationship be present for a component unit to be blended with the primary government. The component units discussed below are included in the City's reporting entity and are reported as part of the primary government or discretely presented in the financial statements depending upon the nature of the relationship to the City.

Blended Component Units

The following component units are blended with the primary government for financial statement purposes. Although they are legally separate from the City, the component unit's governing body either is substantively the same as the City Council and the City manages their operations or the component unit exclusively serves the City. The blended component units do not issue separate financial statements. Their financial statements are included in the City's Comprehensive Annual Financial Report for the year ended September 30, 2016.

Downtown Community Redevelopment Agency -- The governing body of the Downtown Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Downtown Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Downtown Redevelopment fund".

Babcock Street Community Redevelopment Agency -- The governing body of the Babcock Street Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Babcock Street Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Babcock Street Redevelopment fund".

Olde Eau Gallie Riverfront Community Redevelopment Agency -- The governing body of the Olde Eau Gallie Riverfront Community Redevelopment Agency is the Melbourne City Council and the City manages their operations. The Olde Eau Gallie Riverfront Community Redevelopment Agency is accounted for as a Special Revenue fund entitled "Olde Eau Gallie Redevelopment fund."

Firefighters' Retirement System -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the firefighters' pension benefits. The Firefighters' Retirement

Trust fund only exists to provide pension benefits to City of Melbourne firefighters. It is accounted for in the Pension Trust funds.

Melbourne Police Officers' Retirement System -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the police officers' pension benefits. The Melbourne Police Officers' Retirement Trust fund only exists to provide pension benefits to City of Melbourne police officers. It is accounted for in the Pension Trust funds.

General Employees' and Special Risk Class Employees' Pension Plan -- The City Council only appoints two of the five members of the governing board, but it is financially responsible for funding the general employees' pension benefits. The General Employees' Retirement Trust fund only exists to provide pension benefits to City of Melbourne general employees, Airport general employees, and Airport police personnel hired between January 1, 1996 and July 31, 2008. It is accounted for in the Pension Trust funds.

Discretely Presented Component Unit

The Melbourne International Airport (the "Airport"), governed by the Melbourne Airport Authority, is a financially self-sustaining enterprise. Its main purpose is to provide and maintain scheduled air passenger and cargo service to residents of Brevard County and surrounding counties. The Airport Authority consists of three City Council members appointed by the City Council and four members from the business community. Although the City does not appoint a majority of the Airport Authority and the Airport does not provide a financial benefit or impose a financial burden on the City, the Airport Authority is fiscally dependent on the City and it would be misleading to exclude. The City must approve the Airport Authority's budget and its bonded debt issuances. The Discretely Presented Component Unit column in the government-wide financial statements presents the financial data of the Airport. It is reported in a separate column of the Government-wide Financial Statements to emphasize that it is legally separate from the City. Financial statements for the Melbourne International Airport may be obtained from the Executive Director, Melbourne International Airport, One Air Terminal Parkway, Suite 220, Melbourne, FL 32901.

Related Organizations

The City's Mayor is responsible for appointing the members of the Melbourne Housing Authority (MHA), but the City's accountability for the MHA does not extend beyond making the appointments. The MHA has full financial accountability for administering the housing programs for low and moderate income families funded by grants and rental income.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which 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. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

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

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

Basis of accounting refers to when revenues, expenditures or expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for grants, for which the period is 12 months. 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, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

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

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section.

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 those required to be accounted for in another fund.
- The Downtown Redevelopment fund is used to account for tax increment revenues assessed on downtown properties that are used to fund capital improvements that encourage development in the downtown area.
- The Babcock Street Redevelopment fund is used to account for tax increment revenues assessed on properties within the Babcock Street redevelopment district that are used to fund capital improvements that facilitate the revitalization of this commercial corridor in Melbourne.
- The Olde Eau Gallie Redevelopment fund is used to account for tax increment revenues assessed on properties within the Eau Gallie district that are used to fund capital improvements to revitalize the urban core area of Eau Gallie.
- The Transportation Capital Improvement fund, primarily funded by transportation impact fees and local option gas tax, accounts for the activities of governmental fund transportation projects.

The Redevelopment funds do not qualify as major funds but have been shown as such to comply with Chapter 163.387(8), Florida Statutes that requires these funds be separately audited.

The City reports the following major proprietary fund:

- The Water and Sewer System fund provides water and sewer service to residents of the City and neighboring communities.

Additionally, the City reports the following fund types:

- Special Revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes other than capital projects.
- Capital Projects funds account for the activities of governmental fund general construction, recreation, mobility, bikeways and public facility construction projects.
- The Permanent fund is used to account for resources legally held in trust to finance maintenance for the City's municipal cemeteries. The revenues designated for perpetual care are placed in trust and the interest earned is transferred to the General fund.
- Internal Service funds account for workers compensation services and general liability insurance provided to other departments and component units of the City on a cost reimbursement basis.
- The Pension Trust fund accounts are used to account for assets held by the City in a fiduciary capacity for the Firefighters Pension Plan, Police Pension Plan and General Employees Pension Plan. The funds are operated by carrying out specific terms of statutes, ordinances, and other governing regulations.
- The Performance Deposit Agency fund accounts for assets held by the City in a fiduciary capacity as an agent for individuals and businesses. This fund accounts for deposits placed by bidders and developers to guarantee specific performance pursuant to a bid or contract.

The City reports the following discretely presented component unit:

The Melbourne International Airport is an Enterprise fund accounted for on the accrual basis. All references in these notes to the accounting treatment for Proprietary or Enterprise funds are applicable to the Airport.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative charges provided by the General fund to the Enterprise funds and the Airport, and fire services provided by the General fund to the Airport. 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 privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and Cash Equivalents/Investments

Cash and cash equivalents represent all investments which are short term, highly liquid, and readily convertible to a specified cash value. These investments generally have original maturities of three months or less. Cash equivalents consist of equity in pooled investments. The cash and cash equivalents presented on the Statement of Cash Flows – Proprietary Funds are composed of restricted and unrestricted cash and cash equivalents and equity in pooled investments presented on the Statement of Net Position – Proprietary Funds. Investments are stated at fair value, based on the quoted market price.

2. Pooled Cash

Equity in pooled cash consists primarily of investments in debt instruments of the federal government. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant fund's investment to the total pooled investment. As of September 30, 2016 the funds participating in pooled cash investments are the General fund; all Special Revenue funds; all Capital Projects funds; all Enterprise funds; all Internal Service funds, the Permanent fund, and the Performance Deposits Agency fund. The Airport participates in the equity in pooled cash system on a limited basis to expedite disbursements. Its funds are primarily invested in debt instruments of the federal government.

3. 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 either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Long-term advances between funds are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". All trade receivables are shown net of an allowance for uncollectibles. The Airport records a net noncurrent lease receivable for Embraer earned rent that will be collected in future years per the lease agreement.

The City is permitted by State law to levy taxes up to 10 mills on assessed valuation. However, Chapter 74-430 Laws of Florida, a special act applicable only to governmental units in Brevard County, limits increases to 10% of the prior year's millage. Pursuant to Ch. 200.065(5)(a), F.S. the maximum millage rate that the City may levy is a rolled-back rate based on the amount of taxes which would have been levied in the prior year if the maximum millage rate had been applied, adjusted for the change in per capita Florida personal income, unless a higher rate is adopted, in which case the maximum is the adopted rate. The Melbourne City Council levy for the fiscal year ended September 30, 2016 was 7.6886 mills, which is greater than the computed rolled back rate of 6.9899 mills.

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

4. Inventories and Prepaids

Inventories such as central warehouse supplies are valued on a moving average cost basis. All other inventories, including fuel and chemicals, are valued at cost on the first-in, first-out method. Inventory in the General fund consists of materials and supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are issued. Inventory in the Proprietary funds consists of materials and supplies used in the production of goods and services.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain assets of the City are classified as restricted assets on the Statement of Net Position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted assets and then from unrestricted assets. Assets are set aside for the following uses:

- Revenue Bonds/State Revolving Fund (SRF) Current Debt Service – used to segregate resources accumulated for debt service payments over the next twelve months.
- Revenue Bonds Future Debt Service – used to report resources set aside to make up potential future deficiencies in the revenue bonds current debt service account.
- Revenue Bonds Renewal and Replacement – used to report resources set aside to fund asset renewals and replacements or to meet unexpected contingencies.
- Water/Sewer Impact Fees – used to segregate resources set aside for water and sewer improvements.
- Wastewater Capital Recovery – used to segregate resources set aside for wastewater improvements at the David B. Lee Water Reclamation Facility.
- Due from other governments – used to segregate revenues due from other governments for General fund firefighters pension contributions, fines restricted for police education, and for Airport projects.
- Customer/Tenant Deposits – used to segregate deposits collected from water customers and Airport tenants.
- Interest receivable – used to report interest receivable on restricted revenue and reserve accounts.
- Cash and cash equivalents – used to report resources set aside to meet grant requirements for Airport projects.

6. Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than equipment, are defined by the government as assets with an initial, individual cost of more than \$25,000 (amount not rounded) and an estimated useful life in excess of two years. Equipment is defined as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost, if purchased or constructed, and at estimated fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs which do not improve or materially extend the life of the respective assets are charged to expense. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The City's policy is to capitalize interest costs related to construction projects. 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. The amount of interest to be capitalized is calculated by offsetting interest expense of \$334,780 incurred with interest earned on unspent proceeds of \$749. For the year ended September 30, 2016, \$334,031 of interest expense was capitalized in the Water and Sewer System.

General infrastructure assets acquired prior to October 1, 2002 consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using actual original cost and acquisition date, estimated cost based on known average installed cost at the estimated acquisition date, or deflated replacement cost from the estimated acquisition date.

Capital assets of the primary government, as well as the component unit, are depreciated or amortized using the straight-line method over the following average useful lives:

<u>Classification</u>	<u>Range of Lives</u>
Buildings	20-40 years
Improvements other than buildings	10-25 years
Machinery, equipment and other	2-20 years
Intangibles, computer software	3-10 years
Airport runways	25 years
Bridges	50 years
Roads, asphalt	20 years
Sidewalks	20 years
Streetlights	15 years
Traffic signals	15 years
Docks, piers	15 years
Seawalls, boat ramps	30 years

7. Deferred Outflows of Resources

The deferred amount for advance refunding of debt in the Water and Sewer fund, and certain pension adjustments are classified as deferred outflows of resources due to GASB Statement No. 65 and No. 68.

8. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

The General fund and Internal Service funds obligations for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of \$3,550,305 are recorded as a liability in the governmental column of the Government-wide Statement of Net Position. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for accumulated, vested vacation, reimbursable sick leave, and applicable benefits of the Proprietary funds and the Airport was recorded in the applicable funds as compensated absences.

9. Long-Term Liabilities

Long-term liabilities expected to be financed from Governmental funds are not accounted for in the Governmental funds. Expenditure recognition for Governmental fund types is limited to exclude amounts paid from non-current assets. Such long-term amounts are not recognized as Governmental fund type expenditures or fund liabilities but are incorporated into the governmental column in the Government-wide Statement of Net Position.

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

In the Proprietary funds (and for the governmental funds, in the Government-wide statements, if applicable) the difference between the re-acquisition price (new debt) and the net carrying value of the old debt on refunded debt transactions is deferred and amortized as a component of interest expense using the bonds outstanding method over the shorter of the remaining life of the old debt or the life of the new debt. The deferred account is reported as deferred outflows of resources.

10. Deferred Inflows of Resources

Unavailable revenues in government funds, resources received before time requirements are met, and certain pension reporting adjustments are classified as deferred inflows of resources.

11. Categories and Classification of Fund Equity

Fund balance, under GASB Statement No. 54, is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The five classifications provide clarity to the level of restrictions, as fund balance can have different levels of restraint, such as external versus internal compliance requirements. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund advances.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of City Council, the City’s highest level of decision making authority. Commitments may only be removed or changed by the City Council taking the same formal action (resolution) that imposed the constraint originally.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents unspent funds appropriated by City Council for specific capital projects. Per City Resolution No. 3510, the authority to assign fund balances lies with the City Manager.

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

City Resolution No. 3510 requires excess funds to be transferred to unassigned fund balance until the total of assigned plus unassigned fund balance equals 25% of the General fund operating budget, excluding operating transfers. Thereafter, any remaining excess funds shall be identified by the City Manager as available to fund capital purchases, capital construction, non-recurring expenditures, or to establish additional assignments of fund balance.

The government-wide statement of net position reports \$35,241,801 of restricted net position, of which \$19,022,986 is restricted by enabling legislation.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

(3) ACCOUNTING CHANGES

The City has implemented GASB Statement No. 72, "Fair Value Measurement and Application", which provides guidance for determining, applying, and disclosing fair value measurement for financial reporting purposes for financial and non-financial assets, including real estate, intangible assets, land rights, natural resources and alternative investments. A three level hierarchy of valuation techniques used to measure fair value was established. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices that are observable either directly or indirectly. Level 3 inputs are unobservable inputs. The Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

(4) DETAILED NOTES – ON ALL FUNDS

A. Deposits and Investments

Deposits –Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them. At September 30, 2016 the carrying amount of the City of Melbourne's deposits with banks was \$8,605,591 and the bank balance was \$9,926,281. For the Airport the carrying amount of deposits with banks was \$3,191,456 and the bank balance was \$3,179,650.

For the Fiduciary funds, the carrying amount was \$543,788 and the bank balance was \$391,361. As of September 30, 2016, all of the City's non-interest bearing bank balances are covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the City pursuant to Section 280.08, Florida Statutes.

The City maintains a pool of cash and investments in which each fund participates on a daily transaction basis. Investment earnings are distributed monthly based on average daily balances. The City's pooled portfolio excludes the Home Investment Partnership Program, Neighborhood Stabilization Program 3, the Debt Service funds, the International Airport fund, and the Firefighters, Police, and General Employees Pension Trust funds.

City and Airport daily deposits are deposited in ECR earning accounts. These accounts are fully collateralized in accordance with Florida state law. Cash also includes Primary Government petty cash of \$8,415 and Component Unit petty cash of \$3,725.

At year-end, the City's cash investment balances were as follows:

	Concentration of Credit Risk	Credit Rating (S&P)	Fair Value Level ⁽¹⁾	Investment Maturities (in Years)				
				Fair Value	Less Than 1	1-5	6-10	More Than 10
Primary Government								
<u>Cash Equivalents</u>								
Money Market Funds	8.15%	AAA	-	\$ 10,306,158	\$ 10,306,158	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bills	3.64%	-	L2	4,599,553	4,599,553	-	-	-
U.S. Treasury Notes	14.24%	-	L2	18,002,695	2,159,410	15,843,285	-	-
Federal National Mortgage Association	6.59%	AA	L2	8,338,047	897,875	7,440,172	-	-
Federal Home Loan Mortgage Corporation	2.66%	AA	L2	3,358,622	2,793,645	564,977	-	-
Federal Home Loan Bank	21.55%	AA	L2	27,235,655	930,755	26,304,900	-	-
Municipal Bond/Note	1.28%	AA	L2	1,619,781	-	1,619,781	-	-
Corporate Notes ⁽²⁾	27.93%	-	L2	35,319,181	1,699,159	33,620,022	-	-
Commercial Paper	13.96%	A	L2	17,655,837	17,655,837	-	-	-
Subtotal Investments				116,129,371	30,736,234	85,393,137	-	-
Total Primary Government Cash Equivalents and Investments				126,435,529	\$ 41,042,392	\$ 85,393,137	\$ -	\$ -
Fiduciary and Agency Funds								
Agency Fund Investment								
<u>Cash Equivalents</u>								
Agency Fund Money Market	0.54%	AAA	-	785,370	\$ 785,370	\$ -	\$ -	\$ -
Fiduciary Fund Investments								
<u>Cash Equivalents</u>								
Money Market Funds	2.48%	AAA	-	3,576,744	3,576,744	-	-	-
<u>Investments</u>								
Corporate Bonds ⁽²⁾	10.22%	-	L2	14,730,540	3,579,666	7,932,398	2,981,194	237,282
U.S. Treasury & Agency Bonds:								
U.S. Treasury Bonds/Notes	3.79%	-	L2	5,463,453	-	-	47,946	5,415,507
Federal National Mortgage Association	1.29%	AA	L2	1,856,616	1,509,033	347,583	-	-
Federal National Mortgage Association	3.07%	Unrated	L2	4,428,925	-	4,428,925	-	-
Federal Home Loan Mortgage Corporation	0.90%	AA	L2	1,300,539	1,300,539	-	-	-
Federal Home Loan Mortgage Corporation	2.38%	Unrated	L2	3,425,353	-	3,425,353	-	-
Federal Home Loan Bank	1.72%	AA	L2	2,479,441	2,479,441	-	-	-
Federal Farm Credit Bank	2.69%	AA	L2	3,883,255	3,883,255	-	-	-
Government National Mortgage Association	0.29%	AA	L2	416,961	-	416,961	-	-
Common and Preferred Stock	70.63%	Unrated	L1	101,846,493	101,846,493	-	-	-
Subtotal Investments				139,831,576	114,598,427	16,551,220	3,029,140	5,652,789
Fiduciary Fund Cash Equivalents and Investments				143,408,320	118,175,171	16,551,220	3,029,140	5,652,789
Total Fiduciary/Agency Fund Cash Equivalents and Investments				144,193,690	\$ 118,960,541	\$ 16,551,220	\$ 3,029,140	\$ 5,652,789

	Concentration of Credit Risk	Credit Rating (S&P)	Fair Value Level ⁽¹⁾	Fair Value	Investment Maturities (in Years)			
					Less Than 1	1-5	6-10	More Than 10
Component Unit - Airport								
<u>Cash Equivalents</u>								
Money Market Funds	34.21%	AAA	-	6,145,438	\$ 6,145,438	\$ -	\$ -	\$ -
<u>Investments</u>								
U.S. Treasury & Agency Bonds:								
U.S. Treasury Notes	6.59%	-	L2	1,183,117	-	1,183,117	-	-
Federal National Mortgage Association	6.75%	AA	L2	1,213,032	270,867	942,165	-	-
Federal Home Loan Mortgage Corporation	0.68%	AA	L2	122,412	-	122,412	-	-
Federal Home Loan Bank	10.45%	AA	L2	1,878,127	-	1,878,127	-	-
Corporate Notes ⁽²⁾	33.12%	-	L2	5,950,175	-	5,950,175	-	-
Municipal Bond/Note	2.38%	AA	L2	427,867	-	427,867	-	-
Commercial Paper	5.82%	A	L2	1,044,999	1,044,999	-	-	-
Subtotal Investments				11,819,729	1,315,866	10,503,863	-	-
Total Component Unit Cash Equivalents and Investments				17,965,167	\$ 7,461,304	\$ 10,503,863	\$ -	\$ -
Total Reporting Entity Cash Equivalents and Investments				\$ 288,594,386				

(1) The City of Melbourne categorizes its 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 (L1) inputs are quoted prices in active markets for identical assets; Level 2 (L2) inputs are other than quoted prices that are observable either directly or indirectly; Level 3 (L3) inputs are significant unobservable inputs.

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

* *Fixed income funds* - valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

* *Common stock* - valued at quoted market prices for identical assets in active markets.

The above table summarizes the assets of the City for which fair values are determined on a recurring basis as of September 30, 2016. In accordance with GASB No. 72, money market funds have not been classified in the fair value hierarchy as they are measured at net asset value (NAV). There are no unfunded commitments for money market funds and they can be redeemed daily with no redemption notice period.

	Credit Rating (S&P)		Fire Pension	Police Pension	General Pension	Primary Government	Component Unit
(2) Corporate Bonds/Notes	N/A ⁽³⁾	-	-	-	3.03%	4.27%	3.20%
	AAA	-	-	-	1.90%	18.54%	18.28%
	AA	-	-	-	5.34%	39.57%	36.44%
	A	22.36%	28.00%	31.12%	34.49%	41.40%	
	BBB	77.64%	72.00%	58.61%	3.13%	0.68%	
		100.00%	100.00%	100.00%	100.00%	100.00%	

(3) N/A=Not rated by S&P

City of Melbourne Investment Policy – Pursuant to the requirements of Section 218.415, Florida Statutes, the City of Melbourne adopted Resolution No. 3511 on September 8, 2015, establishing the City’s present investment policy. Such investment policy applies to the investment of surplus funds, which include cash and investment balances of the following funds of the City: General, Capital Projects, Special Revenue, Enterprise, Internal Service, Trust and Agency, and Airport. The investment policy does not apply to the investment of principal, interest, reserve, construction, capitalized interest, redemption or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depository. This policy does not apply to funds not under control of the City; such as, the Police Officers’ Retirement System, the Firefighters’ Retirement System, and the General Employees’ and Special Risk Class Employees’ Pension Plan.

All investments are made based on reasonable research as to credit quality, liquidity and interest rate risk prior to the investment being acquired.

The investment policy authorizes the City to invest in U.S. Government securities, agencies and Federal instrumentalities, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, interest bearing time deposits or savings accounts, commercial paper, corporate notes, bankers acceptances, and State or local government taxable or tax-exempt debt, and an intergovernmental investment pool. Overnight repurchase agreements restrict investments to obligations of U.S. Government Agencies and Federal instrumentalities.

The investment policy provides maturity and liquidity requirements for investments. All investments other than investments in the Local Government Surplus Funds Trust Fund are required to be purchased pursuant to competitive bids. A maximum of 25% of available funds may be invested in the Local Government Surplus Funds Trust Fund. The policy also requires diversification of the investment portfolio to control the risk of loss from overconcentration of assets in a specific maturity, issuer, instrument, dealer, savings and loan, or bank through which investments are purchased. Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s investment policy restricts portfolio composition for federal instrumentalities to 100% total, 40% individually. Concentration percentages for the Federal instrumentalities are provided in the schedule. Currently, the investment of a significant portion of the City’s and Airport’s portfolios is being managed by the City’s financial advisor, PFM Asset Management LLC.

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City’s investment policy states that all 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 third party custodian holds securities in an account separate and apart from the assets of the financial institution, and are either insured or registered in the City’s or Airport’s name.

The fair values of the City’s fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest rate-sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument, and other general market conditions. As a means to limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy limits its investment portfolio to maturities of less than 5.5 years for corporate notes, two years for time deposits, and 270 days for commercial paper.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As a means to limiting its exposure to credit risk, the City limits investments with credit quality ratings from nationally recognized rating agencies of:

- State and/or local government taxable and/or tax-exempt debt, general obligation and/or revenue bonds, rated at least “MIG 1/A3” by Moody’s Investors Services and “SP-1/A-2” by Standard & Poor’s for long-term debt.
- Commercial paper of any United States company that is rated, at the time of purchase, “P-1” by Moody’s and “A-1” by Standard & Poor’s.

- Money Market Mutual Funds that are rated “AAA” by Standard & Poor’s, or the equivalent by another rating agency.
- Local Government Surplus Funds Trust Fund money market funds that are rated “AAA” by Standard & Poor’s, or the equivalent by another rating agency.

Fire Pension Investment Policy – The investment policy is maintained by the Pension Board of Trustees with the objective of obtaining a reasonable total rate of return commensurate with the Prudent Investor Rule. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees. The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA).

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI all Country World Index ex U.S., 20% Barclays Capital U.S. Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% Consumer Price Index + 5%, and 10% NFI Opened End Diversified Core Equity (ODCE). On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. On an absolute basis, the total return of the combined equity, fixed income, and cash portfolio is expected to equal or exceed the actuarial earnings assumption of 8%.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange or election network. Not more than 5% of the Plan’s assets at the time of purchase shall be invested in the common stock, capital stock, or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. There are no qualitative guidelines with regard to equity ratings except that prudent standards should be developed and maintained.
2. Fixed income investments must have a minimum rating of Investment Grade or higher as determined by at least one major audit rating service. The value of bonds issued by any single corporation shall not exceed 5% of the total bond portfolio.
3. Money Market Funds or Short – term Investment Fund (STIF) provided by the Plan’s custodian; government paper backed by the full faith and credit of the United States Government.
4. Foreign Securities are limited to fully and easily negotiable equity securities and shall be traded on an exchange recognized as the official exchange by the government where the exchange is located, or on any of the major equivalent electronic exchanges.
5. Pooled investments may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. In the event of investment by the Plan into a pooled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.

Limitations include investments in corporate common stock and convertible bonds not to exceed 70% of the Fund assets at market value, and foreign securities not to exceed 25% of the value of the Fund at market. All securities must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best-execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and market value of all assets. The Investment Manager provides written quarterly reports detailing the Fund’s performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

Police Pension Investment Policy – The investment policy is maintained by the Pension Board of Trustees with the primary objective of preserving investment capital and the secondary objective of achieving moderate long-term growth while minimizing risk. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees. The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA). This investment policy is intended to complement the investment guidelines provided in Chapter 185, Florida Statutes and the Local Ordinances.

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 45% Russell 3000, 15% MSCI All Country World Index ex U.S., 25% Barclays Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% NFI Opened End Diversified Core Equity (ODCE), and 5% Consumer Price Index plus 5%. On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. A further goal is to achieve an average annual rate of return greater than the absolute return of 7.5%, over the long term.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange or elections network. Not more than 5% of the Plan's assets at the time of purchase shall be invested in common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
2. Fixed Income investments shall have a minimum rating of investment grade or higher as reported by a major credit rating service. The value of bonds issued by any single corporation shall not exceed 5% of the total bond portfolio.
3. Money Market Fund or Short-term Investment Fund (STIF) provided by the Plan's custodian must be a minimum rating of Standard & Poor's A1 or Moody's P1.
4. Pooled investments may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. In the event of investment by the Plan into a pooled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.
5. Limitations include investments in corporate common stock, domestic and international, along with convertible bonds shall not exceed 70% of the Plan assets at market, and foreign securities shall not exceed 25% of the Plan's market value. All securities must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and market value of all assets. The Investment Manager provides written quarterly reports detailing the Fund's performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

General Pension Investment Policy - The investment policy is maintained by the Pension Board of Trustees with the objective of obtaining a reasonable total rate of return commensurate with the Prudent Investor Rule. The asset allocation, sector weightings, security selection, and investment style are at the sole discretion of the Investment Manager employed by the Board of Trustees. The fiduciary responsibility of the Board is to recognize that the retirement system provides income benefits to retired participants and beneficiaries on a long-term basis. The Board of Trustees shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA).

Performance of the total Fund is measured for rolling three and five year periods to accommodate the market cycles experienced with investments. The Fund performance is compared to the return of a blended index of 50% Russell 3000, 10% MSCI All Country World Index ex U.S., 25% Barclays Capital U.S. Aggregate Bond Index, 5% Barclays Global Aggregate Index, 5% NFI Open End Diversified Core Equity (ODCE), and 5% Consumer Price Index plus 5%. On a relative basis, the total return of combined equity, fixed income, and cash portfolio is expected to be in the top 40% of the appropriate peer universe. On an absolute basis, the total return of the combined equity, fixed income, and cash portfolio is expected to equal or exceed the actuarial earnings assumption of 7%.

Authorized investments held in the Fund are limited to the following:

1. Equities must be traded on a national exchange. Not more than 5% of the Plan's assets at the time of purchase shall be invested in common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company.
2. Fixed income investments must have a minimum rating of investment grade or higher as determined by at least one major credit rating service. The value of bonds issued by any single corporation shall not exceed 7.5% of the total fund.
3. Money Market Funds or Short-term Investment Fund (STIF) provided by the Plan's custodian; government paper backed by full faith and credit of the United States Government.
4. Foreign Securities are limited to fully and easily negotiable equity securities, traded on an exchange recognized as the official exchange by the government where the exchange is located, or on any of the major equivalent electronic exchanges.
5. Commingled funds may include mutual funds, commingled funds, and exchange-traded funds. In the event of investment by the Plan into a commingled fund, the Board will adopt the prospectus or governing policy of that fund as the stated addendum to this Investment Policy Statement.

Limitations include investments in corporate common stock and convertible bonds not to exceed 70% of the Fund assets at market, and foreign securities not to exceed 20% of the value of the Fund at market. All securities must be competitively bid and the most economically advantageous bid selected. Commissions paid for the purchase of securities must meet the prevailing best-execution rates.

Communication between the Board of Trustees and the Board Professionals is continuous. The Plan Custodian provides a monthly accounting statement that includes all receipts, disbursements, and the cost and market value of all assets. The Investment Manager provides written quarterly reports detailing the Fund's performance, compliance, economic forecast, and portfolio analysis. The Plan Investment Monitor provides a written quarterly report of the relative and absolute performance of the Fund. The Board of Trustees meets on a quarterly basis to discuss the performance of the Fund, investment strategy, and any other pertinent matters.

B. Allowance for Doubtful Accounts

The City provides an allowance for water and sewer accounts receivable that may become uncollectible. At September 30, 2016, this allowance was \$285,000. In the General fund, the City provides an allowance for miscellaneous uncollectible accounts of \$2,030. No other allowances for doubtful accounts are maintained since all other accounts receivable are considered collectible at September 30, 2016.

C. Receivables

Receivables in the General fund of \$2,805,387 net of uncollectibles of \$2,030, mainly include \$2,698,864 of utility taxes and franchise fees due to the City from Florida Power and Light for taxes and fees billed as of September 30, 2016.

D. Retainage Payables

Retainage payable balances by fund as of September 30, 2016, included in accounts payable, are as follows:

Governmental Activities:

Transportation Capital Improvement	\$ 46,905
SHIP Program	3,811
HOME Investment Partnership Program	8,095

Business-type Activities:

Water and Sewer System	287,898
Stormwater Utility	26,427
Total Primary Government	373,136

Component Unit:

Airport	2,900,873
Total Reporting Entity	\$ 3,274,009

E. Capital Assets

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

Primary Government Governmental Activities:	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Capital assets, not being depreciated/amortized:				
Land and intangible land rights	\$ 25,439,286 (1)	\$ 284,242	\$ 14,984	\$ 25,708,544
Construction in progress	1,763,276	2,518,749	1,633,549	2,648,476
Total capital assets, not being depreciated/amortized	<u>27,202,562</u>	<u>2,802,991</u>	<u>1,648,533</u>	<u>28,357,020</u>
Capital assets, being depreciated/amortized:				
Buildings	34,108,428	-	79,947	34,028,481
Improvements other than buildings	13,099,625	112,938	-	13,212,563
Machinery and equipment	24,096,928 (2)	3,151,538	1,648,201	25,600,265
Intangibles	1,697,077	144,059	-	1,841,136
Infrastructure	135,583,347	681,621	-	136,264,968
Total capital assets, being depreciated/amortized	<u>208,585,405</u>	<u>4,090,156</u>	<u>1,728,148</u>	<u>210,947,413</u>
Less accumulated depreciation/amortization for:				
Buildings	13,600,891	824,650	43,499	14,382,042
Improvements other than buildings	8,525,623	694,635	-	9,220,258
Machinery and equipment	18,963,621	1,604,666	1,585,748	18,982,539
Intangibles	1,322,103	100,641	-	1,422,744
Infrastructure	100,391,412	3,328,426	-	103,719,838
Total accumulated depreciation/amortization	<u>142,803,650</u>	<u>6,553,018 (3)</u>	<u>1,629,247</u>	<u>147,727,421</u>
Total capital assets, being depreciated/amortized, net	<u>65,781,755</u>	<u>(2,462,862)</u>	<u>98,901</u>	<u>63,219,992</u>
Governmental activities capital assets, net	<u>\$ 92,984,317</u>	<u>\$ 340,129</u>	<u>\$ 1,747,434</u>	<u>\$ 91,577,012</u>
Business-type Activities:	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Capital assets, not being depreciated:				
Land	\$ 4,390,550	\$ 319,228	\$ -	\$ 4,709,778
Construction in progress	10,904,387	13,063,663	8,660,233	15,307,817
Total capital assets, not being depreciated/amortized	<u>15,294,937</u>	<u>13,382,891</u>	<u>8,660,233</u>	<u>20,017,595</u>
Capital assets, being depreciated/amortized:				
Buildings	81,992,247	288,965	-	82,281,212
Improvements other than buildings	254,688,778	7,726,084	-	262,414,862
Machinery and equipment	16,535,864	2,416,651	687,401	18,265,114
Intangibles, computer software	453,916	-	50,405	403,511
Total capital assets, being depreciated/amortized	<u>353,670,805</u>	<u>10,431,700</u>	<u>737,806</u>	<u>363,364,699</u>

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Less accumulated depreciation/amortization for:				
Buildings	53,706,372	1,284,462	-	54,990,834
Improvements other than buildings	140,101,514	8,420,564	-	148,522,078
Machinery and equipment	14,230,952	808,429	642,685	14,396,696
Intangibles, computer software	385,214	37,970	50,405	372,779
Total accumulated depreciation/amortization	<u>208,424,052</u>	<u>10,551,425</u>	<u>693,090</u>	<u>218,282,387</u>
Total capital assets, being depreciated/amortized, net	<u>145,246,753</u>	<u>(119,725)</u>	<u>44,716</u>	<u>145,082,312</u>
Business-type activities capital assets, net	<u>\$ 160,541,690</u>	<u>\$ 13,263,166</u>	<u>\$ 8,704,949</u>	<u>\$ 165,099,907</u>

Component Unit:

	Balance October 1, 2015	Additions	Deletions	Balance September 30, 2016
Capital assets, not being depreciated:				
Land	\$ 6,746,824	\$ 152,355	\$ -	\$ 6,899,179
Construction in progress	11,514,654	49,375,295	1,343,951	59,545,998
Total capital assets, not being depreciated/amortized	<u>18,261,478</u>	<u>49,527,650</u>	<u>1,343,951</u>	<u>66,445,177</u>
Capital assets, being depreciated/amortized:				
Buildings	66,412,930	121,260	-	66,534,190
Improvements other than buildings	72,447,432	218,094	246,000	72,419,526
Machinery and equipment	9,782,817	1,058,702	478,015	10,363,504
Intangibles, computer software	241,825	-	-	241,825
Total capital assets, being depreciated/amortized	<u>148,885,004</u>	<u>1,398,056</u>	<u>724,015</u>	<u>149,559,045</u>
Less accumulated depreciation/amortization for:				
Buildings	31,588,727	1,645,793	-	33,234,520
Improvements other than buildings	38,758,819	2,477,943	237,800	40,998,962
Machinery and equipment	7,951,797	458,473	477,459	7,932,811
Intangibles, computer software	197,275	35,640	-	232,915
Total accumulated depreciation/amortization	<u>78,496,618</u>	<u>4,617,849</u>	<u>715,259</u>	<u>82,399,208</u>
Total capital assets, being depreciated/amortized, net	<u>70,388,386</u>	<u>(3,219,793)</u>	<u>8,756</u>	<u>67,159,837</u>
Component unit capital assets, net	<u>\$ 88,649,864</u>	<u>\$ 46,307,857</u>	<u>\$ 1,352,707</u>	<u>\$ 133,605,014</u>

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

Governmental Activities:

General government	\$ 587,401
Housing and urban improvement	86,986
Public safety:	
Fire protection	549,535
Police protection	840,910
Highways and streets, including general infrastructure assets	3,322,705
Public works	212,276
Parks and recreation	843,429
Total depreciation/amortization expense - governmental activities	<u>\$ 6,443,242</u>

Business-type Activities:

Water and Sewer System	\$ 9,826,872
Golf Courses	202,762
Stormwater Utility	<u>521,791</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 10,551,425</u>

(1) The City has a nonrecurring fair value measurement as of September 30, 2016 for a donation from Holmes Regional Medical Center of right of way on Hickory Street for two roundabouts. The right of way is valued at \$100,593 based on engineering staff property appraisal and comparison analysis (Level 3 input).

(2) The City has a nonrecurring fair value measurement as of September 30, 2016 for a donation from the Florida Department of Transportation of a mobile radar unit to the Police Department. The radar unit is valued at \$9,225 per trailer registration documents (Level 2 input).

(3) The difference between accumulated depreciation/amortization additions and depreciation/amortization expense of \$109,776 is due to the transfer of assets from the Water & Sewer fund to the General fund.

Capital assets are not contributed to other funds, as recipient funds pay for reassigned assets at current book value at the time of transfer.

F. Construction and Other Significant Commitments

Construction Commitments

The Reporting Entity's construction and other significant commitments at September 30, 2016 are summarized below by fund.

Governmental Activities:

Community Development Block Grant	
Brothers Park Improvement	\$ 155,249
General Construction	
Babcok Façade Improvement Program	40,639
Time and Attendance Software	31,430
Recreation Improvement	
Riverview Park Improvements	186,332
Transportation Capital Improvement	
FY16 Resurfacing Program	1,401,208
FY15 Resurfacing Program	1,108,739
FY14 Resurfacing Program	289,276
Miscellaneous Pipe Lining	150,000
Lake Washington/Stewart Mast Arms	130,790
Hibiscus/Hickory Mast Arms	3,434

Business-type Activities:

Water and Sewer System	
Convert RO Booster Pump to Variable Frequency Drives	625,461
Construct Hibiscus Booster Pump Station Fill Water Main and Valve	354,201
Replace Reclaimed Water Transmission Main at Eau Gallie River Crossing and Autumn Woods Drive	268,903
Install Generator and Fuel Tank at Production Well #4	190,969
Stormwater Utility	
Install Second Generation Baffle Boxes through out the City	797,736
Install South Croton Baffle Box	499,199
Florida Avenue at Southeast Park Drainage Improvements	336,152
West Eau Gallie Basin	250,000
Total Primary Government	<u>6,819,718</u>

Component Unit:

Airport	
Design and Construct Aviation Facilities	3,919,867
Relocate Grumman Lane	918,818
Air Traffic Control Tower Construction	<u>82,860</u>
Total Component Unit	<u>4,921,545</u>
Total Reporting Entity	<u>\$ 11,741,263</u>

Encumbrance Commitments

At September 30, 2016, the City had encumbrance commitments in the Governmental funds as follows:

Major funds:	<u>Encumbrances</u>
General fund	\$ 814,592
Downtown Redevelopment fund	70,000
Babcock Redevelopment fund	30,794
Olde Eau Gallie Redevelopment fund	22,675
Transportation Capital Improvement fund	3,195,803
Total Major funds	<u>4,133,864</u>
Nonmajor funds:	
SHIP Program	\$ 40,955
HOME Investment Partnership Program	4,958
Community Development Block Grants	174,768
General Construction fund	178,005
Recreation Improvement fund	186,332
Mobility Improvement fund	14,920
Bikeways Improvement fund	15,790
Total Nonmajor funds	<u>615,728</u>
Total Encumbrances	<u>\$ 4,749,592</u>

G. Interfund Receivables and Payables

Interfund receivables and payables of the Reporting Entity at September 30, 2016, are summarized below.

<u>Primary Government Transactions</u>	<u>Due From</u>	<u>Due To</u>
By Major fund:		
General fund	\$ 125,910	\$ 25,667
Olde Eau Gallie Redevelopment fund	-	37,690 *
By Other Governmental funds:		
Community Development Block Grant	-	73,471 *
By Fiduciary funds:		
Firefighters Pension	25,667	-
Police Pension	-	5,651
General Employees Pension	-	9,098
Totals	<u>\$ 151,577</u>	<u>\$ 151,577</u>
<u>Transactions between Primary Government and Component Unit</u>	<u>Due From</u>	<u>Due To</u>
General fund	\$ -	\$ 9,015
Component Unit - Airport	9,015	-
Totals	<u>\$ 9,015</u>	<u>\$ 9,015</u>
<u>Advances to/from other funds</u>	<u>Advance To</u>	<u>Advance From</u>
By Major fund:		
General fund	\$ 381,304	\$ -
Olde Eau Gallie Redevelopment fund	-	101,304 *
By Other Business-type funds:		
Golf Courses fund	-	280,000
Totals	<u>\$ 381,304</u>	<u>\$ 381,304</u>

* Interfund receivables/payables are shown on the fund statements, but are eliminated on the government-wide statements.

All interfund receivables and payables within the primary government represent cash transfers for operating purposes and amounts expected to be repaid within one year. Advances represent the non-current portion of interfund loans. Amounts advanced to the Olde Eau Gallie Redevelopment fund in 2002 were to finance the purchase of land and will be repaid by 2019. Additional advances to the Olde Eau Gallie Redevelopment fund in 2010 were to finance the purchase of land to use for parking and will be repaid by 2020. Amounts advanced to the Golf Courses fund were to finance the payment of FRS contributions and penalties incurred due to a reclassification of former Golf Course fund employees, and will be repaid as funds become available.

H. Interfund Transactions

There are two types of interfund transactions and transfers that are reported as interfund items between the funds:

- (1) Interfund services provided and used represent sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds.
- (2) Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. It includes:
 - (a) Interfund transfers for flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. Transfers are used to (1) move revenues from the fund that state law requires to collect them to the fund that state law requires to expend them, (2) provide matching funds for grants, and (3) provide unrestricted general fund revenues to finance transportation activities which must be accounted for in another fund.
 - (b) Interfund reimbursements for repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not displayed in the financial statements.

All other transfers are included in the results of operations for both Governmental and Proprietary fund statements. Interfund transfers at September 30, 2016 are summarized as follows:

Transfer out:	Transfer in:				Total
	General Fund	Transportation Capital Improvement	Nonmajor Governmental	Nonmajor Business- type	
General fund	\$ -	\$ 2,460,092	\$ 19,416	\$ 300,000	\$ 2,779,508
Downtown Redevelopment	-	-	40,000	-	40,000
Babcock Street Redevelopment	-	-	250,000	-	250,000
Transportation Capital Improvement	-	-	26,949	112,510	139,459
Nonmajor Governmental funds	177,689	-	157,489	-	335,178
Water and Sewer System	3,062,937	-	-	-	3,062,937
Total Transfers out	\$ 3,240,626	\$ 2,460,092	\$ 493,854	\$ 412,510	\$ 6,607,082

Significant transfers included \$2,460,092 from General fund to the Transportation fund to fund various projects; \$300,000 from the General fund to the Golf Courses fund to cover operating deficiencies; The CDBG fund transferred \$156,177 to the Recreation Improvement fund for playground equipment; \$3,062,937 from the Water and Sewer fund to the General fund for the rate of return per Resolution No. 3510.

I. Leases

1. Capital Leases

Governmental Activities:

The General fund is the lessee of four capital leases for the acquisition of 5 police vehicles, 55 police radios, a fire truck and 100 police in-car video systems. Future minimum payments on these leases are:

Year ending September 30,	
2017	\$ 243,242
2018	222,834
2019	71,982
2020	71,982
2021	71,982
2022-2024	<u>173,957</u>
Total minimum lease payments	855,979
Less amount representing interest	<u>(73,010)</u>
Present value of net minimum lease payments	<u>\$ 782,969</u>

Business-Type Activities:

The Golf Course fund is the lessee of two capital leases for the acquisition of golf carts and maintenance equipment. Future minimum payments on these leases are:

Year Ending September 30,	
2017	\$ 170,664
2018	143,058
2019	143,058
2020	<u>122,658</u>
Total Minimum lease payments	579,438
Less amount representing interest	<u>(28,374)</u>
Present value of net minimum lease payments	<u>\$ 551,064</u>

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery and equipment	\$ 1,807,158	\$ 684,864
Intangible computer software	83,811	-
Less accumulated depreciation/amortization	<u>(742,111)</u>	<u>(145,856)</u>
Net property, plant, and equipment	<u>\$ 1,148,858</u>	<u>\$ 539,008</u>

2. Operating Leases

Component Unit:

The Airport is the lessor of various properties with terms of one to 40 years. Most leases include contractual rent increases of a fixed percentage, or escalate with CPI or fair value adjustments, and some have renewal options. Only fixed contractual increases are included in the following schedule of operating leases by year of minimum future rental income:

Year Ending September 30,	
2017	\$ 7,940,950
2018	5,452,301
2019	4,939,144
2020	5,006,730
2021	4,963,181
2022-2026	22,562,452
2027-2031	20,008,539
2032-2036	19,573,901
2037-2041	13,995,916
2042-2046	9,076,976
2047-2051	5,177,582
2052-2056	1,079,710
Total minimum future rentals	<u>\$ 119,777,382</u>
Total lease income for the current fiscal year	<u>\$ 7,964,821</u>

The following provides an analysis of the Airport's investment in property held for lease as of September 30, 2016:

Land improvements	\$ 141,906
Buildings	39,099,187
Improvements other than buildings	2,844,840
Machinery and equipment	463,430
Less accumulated depreciation	<u>(15,768,121)</u>
Net property, plant and equipment	<u>\$ 26,781,242</u>

J. Long-Term Liabilities

1. Debt Service Requirements to Maturity

The annual requirements to amortize all bonded debt outstanding as of September 30, 2016 including interest requirements are described on pages 54 through 56.

MATURITIES

	Purpose of Issue	Amount Issued
PRIMARY GOVERNMENT:		
Governmental Activities		
Downtown CRA Revenue Bonds, Series 2003 - 3.95%	Finance lighting, sidewalk, curb restoration and entrance features	\$ 1,700,000
Gas Tax Revenue Bonds, Series 2003 - 3.95%	Partially finance improvements to Eber Road	1,600,000
Public Service/Utility Tax Revenue Bonds, Series 2003 - 3.95%	Partially finance replacement of Fee Ave. Pool	800,000
Subordinate Electric Utility Tax Revenue Note, Series 2005 - 4.02%*	Construct City Hall Building and Eber Road Fire Station	6,082,000
Series 2006 - 3.96%*	Construct City Hall Building and Parking Facility	6,176,000
Total Public Improvement Bonds		16,358,000
Governmental activities Interest		-
Total governmental activities		16,358,000
Business-type Activities		
Water and Sewer Refunding Revenue Bonds, Series 2002B - 4.84% - 5.61% *	Parital refunding of Series 2000 bonds	21,495,333
Series 2013 - 2.00% - 5.00%*	Parital refunding of Series 2004 bonds	14,525,000
Series 2014 - 1.98%	Partial refunding of Series 2004 bonds(refunded 1994A)	7,030,000
Series 2016A - 3.00% - 5.00% *	Partial refunding of Series 2007B	19,160,000
Series 2016B - 5.00% *	Refunding Series 2007A	14,465,000
Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 - 2.00% - 3.375%*	Refunding Series 2002A/improvements of \$5,000,000	12,200,000
Water and Sewer Improvement Revenue Bonds, Series 2007B - 4.00% *	Various improvements/additions and renovations	27,100,000
Total Revenue Bonds		115,975,333
Business-type activities Interest		-
Total business-type activities		115,975,333
TOTAL REPORTING ENTITY DEBT SERVICE		\$ 132,333,333

*Subject to Federal Arbitrage

MATURITIES

Amount Outstanding	2017	2018	2019	2020	2021
\$ 423,230	\$ 135,648	\$ 141,006	\$ 146,576	\$ -	\$ -
398,335	127,669	132,712	137,954	-	-
176,976	63,834	66,356	46,786	-	-
3,637,000	303,000	315,000	327,000	341,000	354,000
3,983,000	296,000	308,000	320,000	332,000	346,000
<u>8,618,541</u>	<u>926,151</u>	<u>963,074</u>	<u>978,316</u>	<u>673,000</u>	<u>700,000</u>
1,785,863	331,425	294,122	255,351	215,927	188,533
<u>10,404,404</u>	<u>1,257,576</u>	<u>1,257,196</u>	<u>1,233,667</u>	<u>888,927</u>	<u>888,533</u>
32,270,190	3,455,000	3,450,000	3,450,000	3,445,000	3,445,000
14,010,000	530,000	555,000	570,000	590,000	610,000
5,390,000	-	850,000	870,000	890,000	905,000
19,160,000	-	-	590,000	620,000	645,000
14,465,000	-	-	-	-	-
8,735,000	205,000	210,000	215,000	220,000	230,000
1,345,000	660,000	685,000	-	-	-
<u>95,375,190</u>	<u>4,850,000</u>	<u>5,750,000</u>	<u>5,695,000</u>	<u>5,765,000</u>	<u>5,835,000</u>
40,989,936	2,301,581	2,482,838	2,415,185	2,341,711	2,264,616
<u>136,365,126</u>	<u>7,151,581</u>	<u>8,232,838</u>	<u>8,110,185</u>	<u>8,106,711</u>	<u>8,099,616</u>
<u>\$ 146,769,530</u>	<u>\$ 8,409,157</u>	<u>\$ 9,490,034</u>	<u>\$ 9,343,852</u>	<u>\$ 8,995,638</u>	<u>\$ 8,988,149</u>

	<u>2022- 2026</u>	<u>2027- 2031</u>	<u>2032- 2036</u>	<u>2037- 2038</u>
PRIMARY GOVERNMENT:				
Governmental Activities				
Downtown CRA Revenue Bonds, Series 2003 - 3.95%	\$ -	\$ -	\$ -	\$ -
Gas Tax Revenue Bonds, Series 2003 - 3.95%	-	-	-	-
Public Service/Utility Tax Revenue Bonds, Series 2003 - 3.95%	-	-	-	-
Subordinate Electric Utility Tax Revenue Note, Series 2005 - 4.02%*	1,997,000	-	-	-
Series 2006 - 3.96%*	1,945,000	436,000	-	-
Total Public Improvement Bonds	<u>3,942,000</u>	<u>436,000</u>	<u>-</u>	<u>-</u>
Governmental activities Interest	491,872	8,633	-	-
Total governmental activities	<u>4,433,872</u>	<u>444,633</u>	<u>-</u>	<u>-</u>
Business-type Activities				
Water and Sewer Refunding Revenue Bonds, Series 2002B - 4.84% - 5.61% *	13,814,608	1,210,582	-	-
Series 2013 - 2.00% - 5.00%*	3,355,000	4,030,000	3,770,000	-
Series 2014 - 1.98%	1,875,000	-	-	-
Series 2016A - 3.00% - 5.00% *	3,755,000	4,755,000	5,995,000	2,800,000
Series 2016B - 5.00% *	-	14,465,000	-	-
Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012 - 2.00% - 3.375%*	1,245,000	1,445,000	4,965,000	-
Water and Sewer Improvement Revenue Bonds, Series 2007B - 4.00% *	-	-	-	-
Total Revenue Bonds	<u>24,044,608</u>	<u>25,905,582</u>	<u>14,730,000</u>	<u>2,800,000</u>
Business-type activities Interest	17,051,734	10,225,368	1,793,703	113,200
Total business-type activities	<u>41,096,342</u>	<u>36,130,950</u>	<u>16,523,703</u>	<u>2,913,200</u>
TOTAL REPORTING ENTITY DEBT SERVICE	<u>\$ 45,530,214</u>	<u>\$ 36,575,583</u>	<u>\$ 16,523,703</u>	<u>\$ 2,913,200</u>

*Subject to Federal Arbitrage

2. Revenue Bonds

Revenue bonds are secured by and payable from the gross revenues of the respective funds which issued them. The proceeds of these issues were for capital improvements and refunding certain outstanding issues of the funds.

The resolutions applicable to the revenue bonds established various requirements for deposits to the sinking fund and reserve accounts applicable to the particular bond issues. The provisions require either (1) monthly sinking fund contributions for current debt service of one-twelfth and one-sixth of the next maturing principal and interest payment, respectively, or (2) an annual bucket approach where all receipts are deposited into a sinking fund until the funds therein are sufficient to meet the maturing principal and interest payments. In addition, certain reserves for future debt service requirements (generally the largest principal and interest payment due in any succeeding year) must be maintained.

The following two rate covenant commitments are required with regard to the Water and Sewer Revenue bonds:

- (a) The gross revenues to be received in each bond year shall be at least equal to the sum of one hundred percent (100%) of the sum of the cost of operation and maintenance for such bond year plus the bond service requirement for the bonds in such bond year; and
- (b) The sum of the gross revenues and the available impact fees to be received in each bond year shall be at least equal to the sum of one hundred percent (100%) of the cost of operation and maintenance for such bond year, and one hundred fifteen percent (115%) of the bond service requirement for the bonds in such bond year.

These requirements have been met for the City as of September 30, 2016.

Ordinance No. 2012-37 has amended the debt service reserve requirements to provide the City the flexibility to fund the debt service reserve fund at \$0 for all revenue bonds issued after October 9, 2012. The remaining bonds issued prior to 2012 have a debt service reserve requirement of \$4,645,375.

3. Pledged Revenues

Information on pledged revenues and principal and interest payments are as follows:

Pledged Revenue	Term	Future Principal and Interest	Current Pledged Revenue	Current Principal and Interest	Current Percentage of Revenue
Governmental Activities:					
Public Service Utility Tax	2019	\$ 190,284	\$ 7,853,722	\$ 70,825	0.90%
Electric Utility Tax	2026	9,326,813	7,488,265	891,426	11.90%
Gas Tax	2019	430,210	2,926,058	143,403	4.90%
Downtown CRA	2019	457,097	1,054,035	152,351	14.45%
Total governmental activities		<u>\$ 10,404,404</u>	<u>\$ 19,322,080</u>	<u>\$ 1,258,005</u>	
Business-type Activities:					
Water and Sewer net revenues	2038	\$ 136,365,126	\$ 26,291,128	\$ 8,455,716	32.16%
Total business-type activities		<u>\$ 136,365,126</u>	<u>\$ 26,291,128</u>	<u>\$ 8,455,716</u>	

4. New Bond Issues

On March 30, 2016 the City issued Water and Sewer Refunding and Improvement Revenue Bonds, Series 2016A in the principal amount of \$19,160,000. These bonds were sold to refund \$21,795,000 of the City's outstanding Water and Sewer Refunding and Improvement Revenue Bonds, Series 2007B. The difference in cash flows required to service the old debt and required to service the new debt is a decrease of \$2,960,274. The economic gain resulting from the refunding is \$2,051,343.

On July 6, 2016 the City issued Water and Sewer Refunding Revenue Bonds, Series 2016B in principal amount \$14,465,000. These bonds were sold to refund \$18,715,000 of the City's outstanding Water and Sewer Improvement Revenue Bonds, Series 2007A. The difference in cash flows required to service the old debt and required to service the new debt is a decrease of \$4,620,823. The economic gain resulting from the refunding is \$3,547,804.

5. Accretion on Capital Appreciation Bonds

A portion of the Water and Sewer Refunding Revenue Bonds, Series 2002B was issued in the form of capital appreciation bonds. These bonds were sold at a deep discount and increase in value each year as they approach their various maturity dates. This increase in value, or accretion, from August 15, 2002 to September 30, 2016 amounted to \$16,855,775 and is reported as bonds payable.

6. State Revolving Fund Loan

On October, 20, 2009, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW513030), for the purpose of financing the planning, design, and construction of the reclaimed water reuse facility project. The amount of the loan payable at September 30, 2016 is \$4,732,215. The loan bears interest at fixed rates ranging from 2.65% to 2.81% per annum, with principal and interest payments of \$182,839 due in March and September of each year until the loan is repaid in full in fiscal year 2032.

On February 27, 2013, the City was awarded financial assistance from the Florida Department of Environmental Protection, in the form of a Clean Water State Revolving Fund loan (WW050900), for the purpose of financing the planning and design of the transmission, treatment, and reclaimed water system improvements project. The maximum amount of the loan is \$6,543,783. The amount of the loan payable at September 30, 2016 is \$5,921,822. Debt service maturity schedules have not yet been calculated by the grantor. However, the loan bears interest at fixed rates ranging from 1.74% to 2.37% per annum, with principal and interest payments of \$215,680 due in February and August of each year beginning February 15, 2017 until the loan is repaid in full in fiscal year 2036.

The loan described above is considered a federal grant and is recorded in the financial statements as State Revolving Fund loan payable because it is payable to the State of Florida Department of Environmental Protection.

Year ending September 30,	Business-type Activities	
	Principal	Interest
2017	\$ 466,618	\$ 330,420
2018	451,607	345,431
2019	466,572	330,466
2020	482,054	314,984
2021	498,070	298,967
2022-2026	2,750,721	1,234,470
2027-2031	3,243,331	741,859
2032-2036	2,295,064	227,414
	<u>\$ 10,654,037</u>	<u>\$ 3,824,011</u>

For the State Revolving Fund Loan payable for which a final amortization schedule has not yet been received, future maturities have been estimated based on the outstanding balance as of September 30, 2016. The repayment schedules will be revised when the borrowing periods are closed.

7. Conduit Debt Obligation

Pursuant to Resolution No. 3087 adopted on August 25, 2009, the City, on October 29, 2009, issued tax-exempt Revenue Bonds, Series 2009A for \$5,000,000 and Series 2009B for \$1,000,000. The outstanding balances at September 30, 2016 are \$3,980,463 and \$639,012, respectively. The Bonds provided funds to the non-profit organization Circles of Care Inc., for the purpose of construction of a new thirty-bed health care facility, equipping some of their existing facilities, and refinancing an outstanding loan. The bonds shall be payable

solely from the revenues and proceeds derived from payments made by Circles of Care Inc., and will not constitute a debt, liability or obligation of the City. No tax revenues or other revenues of the City will be used to repay the bonds. Circles of Care Inc. has indemnified the City against any loss or damage arising out of the Circles of Care Inc. project or the issuance of the bonds.

These bonds do not constitute a debt or liability of the City within the meaning of any constitutional or statutory limitation and, accordingly, are not reflected in the accompanying financial statements.

8. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2016 was as follows:

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Amounts Due Within One Year
Governmental Activities:					
Compensated absences	\$ 3,512,740	\$ 2,508,671	\$ 2,471,106	\$ 3,550,305	\$ 1,493,173
Capital leases payable	1,138,327	-	355,358	782,969	214,128
Public improvement bonds and notes	9,509,262	-	890,721	8,618,541	926,151
Total governmental activities	<u>\$ 14,160,329</u>	<u>\$ 2,508,671</u>	<u>\$ 3,717,185</u>	<u>\$ 12,951,815</u>	<u>\$ 2,633,452</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above total for governmental activities. At year-end, \$8,115 of internal service funds compensated absences are included in the above amounts.

The compensated absence liability attributable to the governmental activities are liquidated primarily by the General fund, although a small portion is liquidated by the Insurance fund.

	Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016	Amounts Due Within One Year
Business-type Activities:					
Bonds payable:					
Water and Sewer revenue bonds	\$ 90,302,327	\$ 33,625,000	\$ 45,407,912	\$ 78,519,415	\$ 3,152,973
Accretion on Water and Sewer bonds	16,797,217	1,645,647	1,587,089	16,855,775	1,697,027
Unamortized issuance premium	964,416	6,948,036	436,421	7,476,031	-
Unamortized issuance discount	(112,825)	-	(112,248)	(577)	-
Total bonds payable	107,951,135	42,218,683	47,319,174	102,850,644	4,850,000
Leases payable	188,385	542,445	179,766	551,064	158,120
State Revolving Fund loans payable	5,883,305	5,004,810	234,078	10,654,037	514,124
Compensated absences	841,278	857,004	937,415	760,867	388,263
Total business-type activities	<u>\$ 114,864,103</u>	<u>\$ 48,622,942</u>	<u>\$ 48,670,433</u>	<u>\$ 114,816,612</u>	<u>\$ 5,910,507</u>
Component Unit:					
Compensated absences	<u>\$ 380,893</u>	<u>\$ 269,946</u>	<u>\$ 327,642</u>	<u>\$ 323,197</u>	<u>\$ 138,748</u>

(5) RESTRICTED ASSETS

The balance of the restricted assets in the Water & Sewer System fund is as follows:

Customer deposits	\$ 3,738,391
Interest receivable	1,662
Water impact fees	684
Sewer impact fees	278,109
Wastewater capital recovery	612,556
State Revolving Fund current debt service	102,598
Revenue bonds current debt service	5,897,468
Revenue bonds future debt service	4,599,553
2007B Reserve	45,822
Revenue bonds renewal and replacement	250,000
Total restricted assets	<u>\$ 15,526,843</u>

(6) OTHER INFORMATION

A. Risk Management

Insurance - The City is exposed to various risks of loss related to torts; theft of or damage to and destruction of assets; errors and omissions; and natural disasters. The City purchases commercial insurance with various deductibles for different types of losses. The costs for this insurance program are accounted for in the Insurance Internal Service fund. Settled claims have not exceeded this commercial coverage in the past three fiscal years. All applicable funds and component units participate in the general property and liability insurance program and make payments to the Insurance fund based on estimates of the amounts needed to pay insurance premiums and claims and to accumulate funds for financial stability. The excess accumulated funds over claims liability was \$1,711,409 at September 30, 2016. The Airport also purchased additional insurance not covered by these programs, which is accounted for in the Airport fund.

The General Property and Liability claims liability at September 30, 2016 is \$849,666 and is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. General Property and Liability claims at September 30, 2015 and 2016 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2014-2015	\$ 614,753	\$ 227,279	\$ 181,842	\$ 660,190	\$ 302,413
2015-2016	660,190	356,794	167,318	849,666	527,526

Workers Compensation - The City is exposed to risk of loss related to injuries to employees. The City established a self-insured workers compensation program, accounted for in the Workers Compensation Internal Service fund to finance its uninsured risk of loss. The Workers Compensation fund provides coverage for up to a maximum of \$200,000 for each worker's compensation claim. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance program. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All applicable funds and component units participate in the workers compensation self-insurance program and make payments to the Workers Compensation fund based on estimates of the amounts needed to pay prior and current year claims and to accumulate funds for financial stability. Excess accumulated funds over claims liability was \$9,976 at September 30, 2016.

The workers compensation claims liability at September 30, 2016 is \$2,364,211 and is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. To estimate this liability the incurred but not reported (IBNR) factors are applied to trended claims history. Workers compensation claims at September 30, 2015 and 2016 are summarized below:

Fiscal Year	Claims Liability October 1,	Current Year Claims and Changes in Estimates	Payments	Claims Liability September 30,	Due Within One Year
2014-2015	\$ 2,295,639	\$ 1,376,356	\$ 1,967,820	\$ 1,704,175	\$ 579,978
2015-2016	1,704,175	2,137,905	1,477,869	2,364,211	688,485

B. Pension Plans

All regular employees are covered by retirement plans. Firefighters and police officers are covered by local pension plans. All other employees are covered by the Florida Retirement System or a local pension plan.

The total pension expense as of September 30, 2016 are as follows:

Governmental Activities	\$ 7,616,930
Business-type Activities	1,478,049
Component Unit	<u>605,656</u>
Total	<u>\$ 9,700,635</u>

The City has three defined benefit single employer pension plans:

- Firefighters Pension Plan
- Police Officers Pension Plan
- General Employee Pension Plan

The plans do not issue stand-alone financial reports and are not included in any other retirement system's or entity's financial report. The City accounts for all three plans as pension trust funds, therefore, they are accounted for in substantially the same manner as proprietary funds, with a capital measurement focus and employment of the accrual basis of accounting. Plan member contributions, employer contributions and contributions from other entities are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Firefighters, Police and General Employee Pension Plans

Summary of Significant Accounting Policies

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. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

Because the plans do not issue stand-alone GAAP financial reports, the following individual financial reports are presented for each of the plans:

The Pension trust funds fiduciary net position activity as of September 30, 2016 was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ASSETS				
Cash and cash equivalents	\$ 2,007,693	\$ 1,934,908	\$ 177,931	\$ 4,120,532
Investments, at fair value:				
U.S. government obligations	8,301,428	13,925,498	1,027,617	23,254,543
Corporate bonds	5,406,161	7,197,557	2,126,822	14,730,540
Common and preferred stocks	48,299,941	48,564,691	4,981,861	101,846,493
Interest receivable	75,540	103,058	25,558	204,156
Due from other funds	25,667	-	-	25,667
Prepaid expenses	-	363,276	-	363,276
Total assets	64,116,430	72,088,988	8,339,789	144,545,207
LIABILITIES				
Accounts payable and accrued expenses	79,450	105,809	18,783	204,042
Due to other funds	-	5,651	9,098	14,749
Overfunded contributions	397,984	58,867	388,467	845,318
Total liabilities	477,434	170,327	416,348	1,064,109
NET POSITION				
Held in trust for pension benefits	\$ 63,638,996	\$ 71,918,661	\$ 7,923,441	\$ 143,481,098

The Pension trust funds change in fiduciary net position activity as of September 30, 2016 was as follows:

	Firefighters Pension	Police Pension	General Employees Pension	Total Pension Trust Funds
ADDITIONS				
Contributions				
Employer contributions	\$ 2,622,565	\$ 2,948,527	\$ 76,214	\$ 5,647,306
Employee contributions	578,536	556,311	20,712	1,155,559
State contributions	545,561	597,263	-	1,142,824
Total contributions	3,746,662	4,102,101	96,926	7,945,689
Investment income				
Net appreciation in fair value of investments	4,599,573	5,135,680	492,360	10,227,613
Interest, dividends, and other income	1,882,708	1,880,594	228,419	3,991,721
Total investment gains	6,482,281	7,016,274	720,779	14,219,334
Less investment expense	(343,818)	(361,903)	(32,709)	(738,430)
Net investment earnings	6,138,463	6,654,371	688,070	13,480,904
Total additions	9,885,125	10,756,472	784,996	21,426,593
DEDUCTIONS				
Benefits paid	4,459,046	4,689,484	513,615	9,662,145
Refunded contributions	-	104,502	-	104,502
Administrative expense	128,302	170,902	74,511	373,715
Total deductions	4,587,348	4,964,888	588,126	10,140,362
Net change in net position	5,297,777	5,791,584	196,870	11,286,231
Net position held in trust for pension benefits October 1	58,341,219	66,127,077	7,726,571	132,194,867
Net position held in trust for pension benefits September 30	\$ 63,638,996	\$ 71,918,661	\$ 7,923,441	\$ 143,481,098

Plan Description

Plan administration. The firefighters, police officers and general employees participate in the Firefighters Retirement System (Firefighters Pension Plan), the Police Officers Retirement System (Police Pension Plan), and the Regular Class Employees and Special Risk Class Employees Pension Plan (General Employees Pension Plan), respectively. These are single employer defined benefit pension plans. Only City employees participate in the Firefighters and Police Pension Plans. City and Airport employees participate in the General Employees Pension Plan. The General Employees Pension Plan was closed to new members as of August 1, 2008.

The Firefighters, Police Officers, and General Employees Pension Plans are administered by a Board of Trustees comprised of:

- a) Two City residents appointed by the City Council.
- b) Two Members of the Plan elected by a majority of the membership.
- c) A Fifth Member elected by the Board and appointed by the City Council.

Plan membership. At September 30, 2016, pension plan membership consisted of the following:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Inactive plan members or beneficiaries currently receiving benefits	108	154	33
Inactive plan members entitled to but not yet receiving benefits	6	38	39
Active plan members	117	135	6
Total	231	327	78

Benefits provided. All three plans provide retirement, disability, and death benefits. Accrued pension equals Average Final Compensation (AFC) times Benefit Multiplier times Credited Service.

Firefighters Pension Plan:

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or completion of 25 years of Credited Service.

Benefit: 3.25% of Average Final Compensation times Credited Service, plus Supplemental Benefit.

Supplemental Benefit: Effective October 1, 2003, a Supplemental Benefit is payable monthly for the life of the member equal to \$5 times Credited Service. In addition, Ordinance No. 2009-35 provided for all current and future retirees to potentially receive an additional \$2.50 times Credited Service (for a total of \$7.50 x Credited Service) beginning on the fifth anniversary of retirement. DROP participation counts toward the satisfaction of the five year retirement. The additional \$2.50 is only provided through available funds from the Enhanced Benefit Account, if any.

Early Retirement:

Date: Earlier of age 50 and 10 years of Credited Service, or completion of 20 years of Credited Service.

Benefit: The Accrued Benefit reduced by 3% per year by which the commencement of benefits precedes the Normal Retirement Date, plus the Supplemental Benefit.

Vesting:

Less than 10 years: Return of Member Contributions with interest at 4.0% per year.

More than 10 years: Accrued benefit payable at Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability Retirement:

Service Connected Eligibility: Total, permanent, and unable to perform the duties of a Firefighter. Benefits payable are the greater of 2% of AFC times Credited Service, 42% times AFC, and 40% of Regular Base Salary.

Non-Service Connected Eligibility: Same as for Service Connected except also must have 10 years of Credited Service and benefits payable are the greater of 2% of AFC times Credited Service, and accrued benefit reduced for early retirement, minimum amount payable is 25% of AFC.

Pre-Retirement Death:

In the line of duty prior to retirement eligibility: 40% of Regular Base Salary is payable to the spouse until their death. If there is no spouse, or upon the death of the spouse, 15% of Regular Base Salary is payable for each unmarried child until the age of 18 (or age 22 if a full-time student). The maximum amount payable to all such children is 40% of Regular Base Salary.

Not in the line of duty prior to retirement eligibility: Accumulated Employee Contributions with interest is payable or 10-year certain annuity reduced actuarially from the early retirement date.

Eligible for retirement at date of death: Benefit payable is the greater actuarial value between the benefit defined for line of duty death prior to retirement eligibility and the benefit payable if the Member had retired on the date of death. The resulting amount is payable on a monthly basis for ten years, or on such other actuarially equivalent basis as approved by the board.

Enhanced Benefit Account (EBA):

Date: Provides for a lump sum variable cost of living adjustment for all members who retired, became disabled, or terminated vested on or after September 30, 1996, and their beneficiaries.

Benefit: Commencing annually from March 1, 1997, the sum of (a) and (b), as follows, shall be credited to or deducted from the Enhanced Benefit Account to provide a lump sum variable cost of living adjustment:

- (a) 50% of positive or negative net investment income compared to fund's investment objective of 8% for the preceding fiscal year, and
- (b) 50% of the amount by which the premium taxes collected and distributed by the state exceed 5.6% of covered payroll during the preceding fiscal year.

Effective October 13, 2009, Ordinance No. 2009-35 reduced EBA funds retroactively to October 1, 2008 by a one-time deduction equal to the cost to provide the increased 3.25% benefit accrual rate minus the amount of any unallocated premium tax money; and defined use of EBA funds to first pay for an additional Supplemental Benefit of \$2.50 x Credited Service after the fifth year of retirement, prior to the payment of any lump sum variable cost of living adjustment described in the following.

Each April 1st the Enhanced Benefit Account is allocated among the retirees as of the preceding September 30th based upon (i) the number of full months of retirement during the preceding fiscal year, and (ii) in proportion to the amount of each retiree's actual monthly retirement benefit. The allocation is limited to a maximum of 3% of the pension benefit (prorated if retired less than a full year).

Police Officers Pension Plan:

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or completion of 25 years of Credited Service.

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

Early Retirement:

Date: Age 45 and 10 years of Credited Service.

Benefit: Accrued pension payable immediately, reduced 3% for each of the first 5 years, and actuarially reduced for all years in excess of 5 years; or, unreduced accrued pension payable at Normal Retirement Date.

Vesting:

Less than 10 years: Return of Member Contributions.

More than 10 years: Accrued benefit payable at Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Disability Retirement:

Service Connected Eligibility: Total, permanent, and unable to perform the duties of a Police Officer with Accrued pension, but not less than 50% of AFC.

Non-Service Connected Eligibility: Same as for Service Connected except also must have 366 consecutive days of Credited Service, with Accrued pension, but not less than 25% of AFC.

Pre-Retirement Death:

Vested: Beneficiary may elect \$50,000 or the Member's accrued pension benefit payable for 10 years beginning at the Member's otherwise Normal Retirement Date (unreduced) or Early Retirement Date (reduced).

Non-Vested: Refund of Member Contributions.

Cost of Living Adjustment (COLA):

Members eligible for normal retirement prior to 11/28/2012:

1 % automatic cost-of-living increases beginning one year after retirement for Normal, Early, and Disability Retirees. Vested terminated members are not included.

Members eligible for normal retirement after 11/27/2012:

Proportion of 1 % (measured by comparing actual service as of 11/27/2012 to total service at the time of retirement) beginning one year after retirement and continuing for 10 years, payable to Normal, Early, and Disability retirees. Vested terminated members are not included.

General Employees Pension Plan:

Normal Retirement:

Date: Regular Class – Earlier of age 62 and 6 years of Credited Service (age 57 with 10 years of Credited Service for the City Manager), or completion of 30 years of Credited Service. Special Risk Class – Earlier of age 55 and 6 years of Credited Service or completion of 25 years of Credited Service.

Benefit: Regular Class 1.6% of AFC times Credited Service. Rate increases to 1.63% if age 63 or 31 years, 1.65% if age 64 or 32 years, and 1.68% if age 65 or 33 years. Rate is 2.0% for Senior Management employees. Special Risk Class – 3.0% of Average Final Compensation times Credited Service.

Early Retirement:

Date: 6 years of Credited Service for both Regular and Special Risk Class.

Benefit: Regular Class – Accrued benefit reduced 5% for each year prior to Normal Retirement. Special Risk Class - Accrued benefit reduced 3% for each of the first 5 years prior to Normal Retirement and 5% for each additional year thereafter.

Vesting:

Schedule: 100% after 6 years of Credited Service for both Regular and Special Risk Class.

Benefit: Vested portion of accrued benefit payable at the otherwise Normal Retirement date.

Disability Retirement:

Service Connected Eligibility: Covered from date of employment for both Regular and Special Risk Class.

Non-Service Connected Eligibility: After 8 years of Credited Service.

Benefit: Regular Class – Accrued to date of disability, but not less than 42% of AFC (Service Connected), or 25% of AFC (Non-Service Connected). Special Risk Class – Accrued to date of disability, but not less than 65% of AFC (Service Connected), or 25% of AFC (Non-Service Connected)

Pre-Retirement Death:

Vested: Beneficiary receives an immediate or deferred monthly benefit computed based on the assumption that the member retired on the date of death and elected the 100% joint and survivor annuity.

Non-Vested: Refund of Member Contributions, if any.

Cost of Living Adjustment (COLA):

Regular Class – each July 1 following retirement the monthly benefit amount is increased 3%, based on the June benefit, excluding any supplemental benefit. Special Risk Class – beginning on the July 1 following 2 years of payments, the monthly amount is increased 3% based on the June benefit, excluding any supplemental benefit.

Supplement:

Early and Normal Retirees receive a monthly benefit of \$5 for each year of Credited Service (minimum is \$30 and maximum is \$150) for both Regular and Special Risk Class.

Contribution Requirements. All three local pension plans provide retirement and disability benefits to plan members and beneficiaries. These pension plans are administered by separate local Boards of Trustees. Benefit provisions and contribution requirements are established by City ordinance as provided in Chapter 23, Articles V, VI and VII of the Melbourne City Code for the Firefighters, Police, and General Employee Pension Plans, respectively. Amendments may only be made by City Council adoption of a local ordinance.

Contributions. The employer, employee, and State contribution requirements are applicable to each Plan and actuarially determined on an annual basis. Administrative costs of each of the pension plans are financed by the respective plans. The employee contribution rates, expressed as a percentage of salary, for the Firefighters Pension Plan and the Police Pension Plan were 7.5% and 6.5%, respectively for the 2015-2016 fiscal year. Police officers hired after November 27, 2012 contribute 8.0%. No employee contributions are required for the General Employee Pension Plan. The employer contribution rates, expressed as a percentage of salary for the Firefighters and Police Pension Plans were 43.82% and 37.09%, respectively, for the 2015-2016 fiscal year. The employer contribution rates, expressed as a percentage of payroll, for the General Employee Pension Plan were 15.45% for general employees and 42.61% for Airport police personnel for the 2015-2016 fiscal year. The City recognized as revenues and expenditures on-behalf payments relating to pension contributions for its public safety employees that the State paid to the Firefighters and Police Pension Plans in the amounts of \$545,561 and \$597,263 respectively. These contributions are funded by an excise tax upon certain casualty and property insurance companies on their gross receipts of premiums from policy holders. If the remittance from the State is less than estimated by the actuary, the City pays the balance required to fund the total actuarial requirements.

The City's and Airport's annual contributions exceeded the annual pension cost for each of the local pension plans for the year ended September 30, 2016. The City's contributions to the Firefighters and Police Pension Plans were \$2,622,565 and \$2,948,527 which includes prepaids of \$397,984 and \$58,867 respectively. The Airport's contribution to the General Employees Special Risk Class was \$32,286. The General Employees Regular Class used \$43,928 in prepaids.

Investments

Investment policy. The pension plan policy in regard to the allocation of invested assets is established and may be amended by the Boards. In fulfilling their fiduciary responsibility, the Board recognizes that the pension plan is an essential vehicle for providing income benefits to retired participants. The Board also recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return, defined as interest and dividend income plus realized and unrealized capital gains and losses, commensurate with the Prudent Investor Rule and any other applicable City Ordinances and State Statutes.

The following was the Board's adopted asset allocation policy as of September 30, 2016:

Asset Class	Target Allocation		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic	45.00%	45.00%	50.00%
International	15.00%	15.00%	10.00%
Domestic Bonds	20.00%	25.00%	25.00%
Global Bonds	5.00%	5.00%	5.00%
Real Estate	10.00%	5.00%	5.00%
Alternatives	5.00%	5.00%	5.00%

Concentration. Investments (excluding mutual funds and those issued or guaranteed by the U.S. government) held by the local pension plans did not exceed five percent of total plan assets.

Rate of Return. For the year end September 30, 2016, the annual money-weighted rate of return on the Firefighters' Pension Plan, the Police Pension Plan, and the General Employee Pension Plan investments, net of pension plan investment expense, was 10.36%, 10.02%, and 8.46% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Plan (DROP)

Firefighters Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 60 months. The Accrued Benefit plus Supplemental Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with interest, credited quarterly, as elected by the Member (where this election may be changed by the Member annually):

- (a) An annual rate of 6.50%, compounded monthly on the prior month's ending balance (1.3% for members who enter DROP on or after March 24, 2016).
- (b) The average daily balance in the member's DROP account is credited or debited at a rate equal to the net investment return realized for the quarter.
- (c) 50% of (a) plus 50% of (b).

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The Supplemental Benefit is payable once the member actually terminates from employment and begins to receive monthly pension payments after the end of the DROP. The DROP balance at September 30, 2016 was \$8,209,291.

Police Officers Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 60 months or the completion of 31 years of employment with the City as a Police Officer. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with interest, credited quarterly, as elected by the Member (where this election may be changed once during the DROP period):

- (a) An annual rate of 6.50%, compounded monthly on the prior month's ending balance (1.3% for members who enter DROP on or after 11/27/2012).
- (b) The average daily balance in the member's DROP account is credited or debited at a rate equal to the net investment return realized for the quarter.
- (c) 50% of (a) plus 50% of (b).

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2016 was \$3,138,647.

General Employees Pension Plan:

Members are eligible to enter the DROP at the Normal Retirement Date. DROP participants are not eligible for death or disability benefits. The maximum DROP participation duration is 60 months. The Accrued Benefit is frozen and no further Employee Contributions are payable at DROP entry. The Accrued Benefit accumulates in the DROP account with an annual interest rate of 6.5%, compounded monthly on the prior month's ending balance (1.3% for members who enter DROP on or after 6/01/2012).

A Member's final DROP account value for distribution is the value of the account at the end of the quarter immediately preceding termination of participation in the DROP, plus any monthly periodic additions made to the DROP account subsequent to the end of the previous quarter and prior to distribution. The DROP balance at September 30, 2016 was \$26,731.

Net Pension Liability of the City of Melbourne

The components of the net pension liability of the City at September 30, 2016, as follows, is presented in accordance with GASB Statement No. 67, while the net pension liability recognized by the City in the current financial statements represents the net pension liability as of September 30, 2015, which is allowed by GASB Statement No. 68.

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan	
			Regular Class	Special Risk Class
Total pension liability	\$ 81,468,456	\$ 93,996,175	\$ 6,117,065	\$ 1,133,470
Plan fiduciary net position	(63,638,996)	(71,918,661)	(6,858,732)	(1,064,709)
Sponsor's net pension liability (asset)	\$ 17,829,460	\$ 22,077,514	\$ (741,667)	\$ 68,761
Plan fiduciary net position as a percentage of total pension liability	78.11%	76.51%	112.12%	93.93%

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2016 for the Firefighters' Pension Plan, Police Pension and General Employees Pension Plan using the following actuarial assumptions applied to all measurement periods:

	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Inflation	2.50%	2.50%	2.50%
Salary increases	6.00%	4.50%	6.00%
Investment rate of return	8.00%	7.50%	7.00%

Mortality rates were based on the RP-2000 Table with no projection for Males and Females, as appropriate. The actuarial assumptions used in the October 1, 2016 valuation were carried forward from the prior actuary. No recent actuarial experience study has been performed.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best estimates 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 expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2016 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return		
	Firefighters Pension Plan	Police Pension Plan	General Employees Pension Plan
Domestic equity	7.50%	7.50%	7.50%
International	8.50%	8.50%	8.50%
Domestic fixed income	2.50%	2.50%	2.50%
Global fixed income	3.50%	3.50%	3.50%
Real Estate	4.50%	4.50%	0.00%
Alternatives	6.03%	0.00%	0.00%

Discount rate. The discount rate used to measure the total pension liability for the Firefighters, Police, and General Employee Pension Plans were 8.00%, 7.50%, and 7.00% percent, respectively. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contributions 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 benefits payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Firefighters Pension Plan	\$ 25,475,864	\$ 17,829,460	\$ 11,352,042
Police Pension Plan	32,860,745	22,077,514	13,116,013
General Employee Regular Class	4,620	(741,667)	(1,358,404)
General Employee Special Risk Class	497,233	68,761	(201,735)

Net Pension Liability

The City's net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016 for the Firefighters Pension Plan, and October 1, 2016 for the Police and General Employee Pension Plans.

Changes in Net Pension Liability

FIREFIGHTERS PENSION PLAN

	<u>Increase (Decrease)</u>		
	<u>Total Pension</u>	<u>Plan Fiduciary</u>	<u>Net Pension</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Reporting Period Ending 9/30/2014	\$ 76,300,337	\$ 58,760,194	\$ 17,540,143
Changes for the year:			
Service cost	1,465,467	-	1,465,467
Interest	5,937,717	-	5,937,717
Changes of benefit terms	(1,042,704)	-	(1,042,704)
Difference between expected and actual experience	(418,968)	-	(418,968)
Changes of assumptions	76,676	-	76,676
Contributions - employer	-	2,702,209	(2,702,209)
Contributions - state	-	569,837	(569,837)
Contributions - employee	-	466,578	(466,578)
Net investment income	-	126,002	(126,002)
Benefit payments, including refunds of employee contributions	(4,151,523)	(4,151,523)	-
Administrative expenses	-	(132,078)	132,078
Net changes	<u>1,866,665</u>	<u>(418,975)</u>	<u>2,285,640</u>
Reporting Period Ending 9/30/2015	<u>\$ 78,167,002</u>	<u>\$ 58,341,219</u>	<u>\$ 19,825,783</u>

POLICE OFFICERS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2014	\$ 88,192,033	\$ 68,007,130	\$ 20,184,903
Changes for the year:			
Service cost	1,457,495	-	1,457,495
Interest	6,500,397	-	6,500,397
Differences between Expected and Actual Experience	(129,550)	-	(129,550)
Changes of assumptions	(1,189,338)	-	(1,189,338)
Contributions - employer	-	2,876,710	(2,876,710)
Contributions - state	-	543,474	(543,474)
Contributions - employee	-	512,708	(512,708)
Contributions - buy back	8,784	8,784	-
Net investment income	-	(43,614)	43,614
Benefit payments, including refunds of employee contributions	(5,699,583)	(5,699,583)	-
Administrative expenses	-	(78,532)	78,532
Net changes	948,205	(1,880,053)	2,828,258
Reporting Period Ending 9/30/2015	\$ 89,140,238	\$ 66,127,077	\$ 23,013,161

GENERAL EMPLOYEES REGULAR CLASS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2014	\$ 5,322,967	\$ 7,214,418	\$ (1,891,451)
Changes for the year:			
Service cost	49,546	-	49,546
Interest	406,207	-	406,207
Difference between expected and actual experience	(31,975)	-	(31,975)
Changes of assumptions	442,831	-	442,831
Contributions - employer	-	52,573	(52,573)
Net investment income	-	(143,686)	143,686
Benefit payments, including refunds of employee contributions	(329,470)	(329,470)	-
Administrative expenses	-	(40,805)	40,805
Net changes	537,139	(461,388)	998,527
Reporting Period Ending 9/30/2015	\$ 5,860,106	\$ 6,753,030	\$ (892,924)

GENERAL EMPLOYEES SPECIAL RISK CLASS PENSION PLAN

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Reporting Period Ending 9/30/2014	\$ 1,000,567	\$ 959,447	\$ 41,120
Changes for the year:			
Service cost	56,954	-	56,954
Interest	82,160	-	82,160
Difference between expected and actual experience	32,533	-	32,533
Changes of assumptions	136,013	-	136,013
Contributions - employer	-	47,458	(47,458)
Net investment income	-	(19,272)	19,272
Benefit payments, including refunds of employee contributions	(8,382)	(8,382)	-
Administrative expenses	-	(5,710)	5,710
Net changes	<u>299,278</u>	<u>14,094</u>	<u>285,184</u>
Reporting Period Ending 9/30/2015	<u>\$ 1,299,845</u>	<u>\$ 973,541</u>	<u>\$ 326,304</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Firefighters Pension Plan	\$ 27,345,415	\$ 19,825,783	\$ 13,451,208
Police Pension Plan	32,784,714	23,013,161	14,797,529
General Employee Regular Class	(242,337)	(892,924)	(1,436,061)
General Employee Special Risk Class	531,333	326,304	159,513

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016 the City will recognize a pension expense of \$1,975,546 for the Firefighters Pension Plan. On September 30, 2016 the City reported for the **Firefighters Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 700,614
Changes of assumptions	784,184	-
Net difference between projected and actual earnings on pension plan investments	3,624,177	1,035,718
Contributions subsequent to the measurement date	<u>3,168,126</u>	<u>-</u>
Total	<u>\$ 7,576,487</u>	<u>\$ 1,736,332</u>

Deferred outflows of \$3,168,126, resulting from City and State contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2017	\$	605,789
2018		605,789
2019		605,791
2020		854,660

For the year ended September 30, 2016 the City will recognize a pension expense of \$2,867,693 for the Police Officers Pension Plan. On September 30, 2016 the City reported for the **Police Officers Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	\$ 97,163
Changes of assumptions	-	892,004
Net difference between projected and actual earnings on pension plan investments	4,060,225	929,073
Contributions subsequent to the measurement date	3,545,790	-
Total	\$ 7,606,015	\$ 1,918,240

Deferred outflows of \$3,545,790, resulting from City and State contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:

2017	\$	375,645
2018		375,642
2019		375,642
2020		1,015,056

For the year ended September 30, 2016 the City will recognize a pension expense of \$432,723 for the General Employees Regular Class Pension Plan. On September 30, 2016 the City reported for the **General Employees Regular Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 555,216	\$ 189,483
Contributions subsequent to the measurement date	43,928	-
Total	\$ 599,144	\$ 189,483

Deferred outflows of \$43,928, resulting from City contributions subsequent to the measurement date, will be recognized as an adjustment to the net pension asset (liability) in the fiscal year ended September 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:		
2017	\$	75,643
2018		75,643
2019		75,643
2020		138,804

For the year ended September 30, 2016 the City will recognize a pension expense of \$122,700 for the General Employees Special Risk Class Pension Plan. On September 30, 2016 the City reported for the **General Employees Special Risk Class Pension Plan** deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,399	\$ -
Changes of assumptions	102,009	-
Net difference between projected and actual earnings on pension plan investments	76,328	\$ 21,618
Contributions subsequent to the measurement date	32,286	-
Total	\$ 235,022	\$ 21,618

Deferred outflows of \$32,286, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended September 30:		
2017	\$	54,012
2018		54,012
2019		54,012
2020		19,082

Florida Retirement System

General Information – City employees who are not covered under the Fire, Police, or General Pension Plans participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site: www.dms.myflorida.com/workforce_operations/retirement/publications.

Pension Plan

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (“DROP”) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk class members (sworn Airport police officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers’ class members, and to age 60 or 30 years of service regardless of age for Special Risk class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular 7.26% and 7.52%; Special Risk Airport Police 22.04% and 22.57%; Senior Management Service 21.43% and 21.77%; Elected Officers’ 42.27% and 42.47%; DROP participants 12.88% and 12.99%; Re-employed General 4.31% and 4.49%, and Re-employed Airport Police 10.65% and 10.71%.

The City's contributions, including employee contributions, to the Pension Plan totaled \$3,073,552 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016, the City reported a liability of \$20,012,850 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City's proportionate share of the net pension liability was based on the City's 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the City's proportionate share was .07926%, which was a decrease of .000415% from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$3,099,046. In addition the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,532,338	\$ 186,333
Change of assumptions	1,210,718	-
Net difference between projected and actual earnings on Pension Plan investments	9,206,651	4,033,574
Changes in proportion and differences between City Pension Plan contributions and proportionate share of contributions	212,306	82,407
City Pension Plan contributions subsequent to the measurement date	666,789	-
Total	<u>\$ 12,828,802</u>	<u>\$ 4,302,314</u>

The deferred outflows of resources related to the Pension Plan, totaling \$666,789 resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending	<u>Amount</u>
September 30:	
2017	\$ 1,129,680
2018	1,129,680
2019	3,139,428
2020	2,089,519
2021	297,749
Thereafter	73,643

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. The reduced investment return assumption of 7.60 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgement of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.70%
Fixed income	18.00%	4.70%	4.60%	4.60%
Global equity	53.00%	8.10%	6.80%	17.20%
Real estate	10.00%	6.40%	5.80%	12.00%
Private equity	6.00%	11.50%	7.80%	30.00%
Strategic investments	12.00%	6.10%	5.60%	11.10%
Total	100.00%			
Assumed Inflation - Mean			2.60%	1.90%

* As outlined in the Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 7.60%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
City's proportionate share of the net pension liability	\$ 36,845,012	\$ 20,012,850	\$ 6,002,298

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2016, the City reported a payable in the amount of \$430,024 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2016.

HIS Plan

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided – For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution was 1.66%. The City contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The City’s contributions to the HIS Plan totaled \$497,507 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016, the City reported a liability of \$10,514,211 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The City’s proportionate share of the net pension liability was based on the City’s 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the City’s proportionate share was .090215%, which was an increase of .0023% from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the City recognized pension expense of \$902,915. In addition the City reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,948
Change of assumptions	1,649,947	-
Net difference between projected and actual earnings on HIS Plan investments	5,316	-
Changes in proportion and differences between City HIS Plan contributions and proportionate share of contributions	237,110	67,096
City HIS Plan contributions subsequent to the measurement date	138,805	-
Total	<u>\$ 2,031,178</u>	<u>\$ 91,044</u>

The deferred outflows of resources related to the HIS Plan, totaling \$138,805 resulting from City contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending	Amount
September 30:	
2017	\$ 322,958
2018	322,958
2019	322,958
2020	322,958
2021	264,146
Thereafter	245,351

Actuarial Assumptions – The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.85 %

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the City’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the City’s proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
City's proportionate share of the net pension liability	\$ 12,062,189	\$ 10,514,211	\$ 9,229,474

Pension Plan Fiduciary Net Position - Detailed information regarding the HIS Plan’s fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2016, the City reported a payable in the amount of \$70,629 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2016.

Investment Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. City employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross

compensation, by class, as follows: Regular class 5.56%, Special Risk class 20.34%, Senior Management Service class 19.73% and County Elected Officers class 40.57%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the City.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The City's Investment Plan pension expense totaled \$300,012 for the fiscal year ended September 30, 2016.

C. Post Employment Benefits Other Than Pensions

Plan Description. The City of Melbourne administers a single-employer defined benefit healthcare plan (the "Plan") that provides medical insurance to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the City is required to provide eligible retirees (as defined in the City's pension plans) the opportunity to participate in this Plan at the same cost that is applicable to active employees. Eligible retirees must be drawing an immediate benefit from their respective pension plan and be enrolled in medical coverage prior to retirement. Surviving spouses of participants are allowed access to the Plan but must pay the full premium. Benefit provisions for the Plan were established by City Council on May 12, 1987 and may only be amended by City Council. The City does not issue stand alone financial statements for this Plan. All financial information related to the Plan is accounted for in the City's basic financial statements.

Funding Policy. The City is funding the post employee benefits on a pay-as-you-go basis. Contribution rates for the Plan are established by City Council annually. For non-union and Police Union employees hired before January 1, 2011, the City provides 50% of the health insurance premium for retirees who opt for coverage through the City's insurance program or the Florida Retired Public Employees Group Medicare Supplemental Insurance Program as an explicit subsidy. IAFF employees receive a subsidy at the rate of 2% per year of service up to a maximum of 50% of published rates, until the retiree reaches normal medicare age. LIU Union employees receive a subsidy of 50% or \$236.90, whichever is less, if they have 22 or more years of service as of October 1, 2010. They receive 25% or \$120.00, whichever is less, for a period of 5 years if they have 7 to 22 years of service. There will be no subsidy for LIU employees with less than 7 years of service as of October 1, 2010. For the fiscal year ended September 30, 2016 the City contributed \$455,184 to cover 237 retired employees and \$19,493 for the Airport to cover 13 retired employees. Blended premium rates for active and retired employees combined provide an implicit subsidy for retirees because on an actual basis, their current and future claims are expected to result in higher costs to the Plan than those of active employees. The current year contribution represents an estimate of this implied subsidy.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, and the amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the last three fiscal years, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the retiree health plan:

	9/30/2014	9/30/2015	9/30/2016
Annual required contribution (ARC)	\$ 2,907,000	\$ 1,943,000	\$ 2,064,000
Interest on net OPEB obligation	538,000	612,000	648,000
Adjustment to annual required contribution	(674,000)	(796,000)	(877,000)
Annual OPEB cost	2,771,000	1,759,000	1,835,000
Contributions made	(441,984)	(456,329)	(474,678)
Implicit subsidy	(265,000)	(284,000)	(320,000)
Increase in net OPEB obligation	2,064,016	1,018,671	1,040,322
Net OPEB obligation-beginning of year	15,405,811	17,469,827	18,488,498
Net OPEB obligation-end of year	<u>\$ 17,469,827</u>	<u>\$ 18,488,498</u>	<u>\$ 19,528,820</u>

The net OPEB obligation is allocated to governmental activities, business-type activities, and the component unit based on the relative proportion of plan participants. At September 30, 2016 the net OPEB obligation of governmental activities, business-type activities, and the component unit is \$15,216,973, \$3,430,921, and \$880,926, respectively.

No trust or agency fund has been established for the Plan and there were no adjustments to the annual required contribution or interest earnings. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three fiscal years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2014	\$ 2,771	\$ 707	26%	\$ 17,470
2015	1,759	740	42%	18,488
2016	1,835	795	43%	19,529

Funded Status and Funding Progress. The funded status as of October 1, 2016, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Measurement Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)		Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		Projected Unit Cost (b)					
10/1/2015	\$ -	\$22,763		\$22,763	0%	\$37,393	60.9%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. The actuarial determined amounts regarding the funding status of the Plan and the ARC are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Calculations are based on benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of cost sharing between the employer and the plan members at that time. Because the Plan has greater than 200 members, the City is required to obtain an actuarial valuation at least every two years.

Methods and Assumptions. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of calculations. In the 10/1/2016 actuarial valuation the Projected Unit Credit (PUC) cost method was used with linear pro-ratio to assumed benefit commencement. The unfunded actuarial accrued liability is being amortized over a remaining period of 23 years using a 30 year closed amortization both as a level dollar and as a level percent of pay. The actuarial assumptions included a 3.5% investment rate of return, 3% projected annual salary increase, and a 2.2% rate of inflation. The medical trend assumption of 4.7% was developed using the Society of Actuaries Long-Term Medical Trend Model.

D. Contingencies

1. Litigation

The City and the Airport are named as defendants in various lawsuits. The outcome of the lawsuits is not determinable at this time. It is the opinion of counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the City or the Airport.

2. Pollution Remediation

During fiscal year 2012, the City of Melbourne recognized a pollution remediation liability related to contaminated soil and groundwater discovered during the process of removing and decommissioning the vehicle fuel facility at the Melbourne Police Department on Apollo Boulevard. The Florida Department of Environmental Protection approved the Remedial Action Plan for site cleanup and restoration.

Cleanup, restoration, and testing were completed in 2015. No additional testing or remediation is expected.

3. Grants

The City and the Airport receive funds from federal, state, and private agencies under grants and contracts. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and possible disallowance by the sponsoring agency. It is management's belief that any disallowances or adjustments would not have a significant effect on the financial statements.

E. Subsequent Events

In early October of 2016, the City was impacted by Hurricane Matthew. The estimated costs of overtime, debris removal, and other costs associated with the hurricane were \$1,468,645. The City believes that it will be able to obtain reimbursement in the amount of \$1,290,472 through insurance and agreements with FEMA and the State.

On October 11, 2016, the City Council approved the purchase of one replacement fire rescue pumper from South Florida Emergency Vehicles, Fort Myers, Florida for \$422,278.

On October 25, 2016, the City Council approved the purchase of sewer manhole and lift station lining services from VacVision Environmental, LLC, Tampa, Florida for an estimated annual cost of \$880,100.

On November 8, 2016, the City Council approved amendment Nos. 7 and 8 for the engineering services for systems upgrades related to the Reverse Water Treatment Plant Replacement of Control Instrumentation with CH2M Hill Engineers, Inc., Orlando, Florida for \$1,443,890.

One December 7, 2016, the Melbourne Airport Authority approved the Construction Manager at Risk, Walbridge, for the guaranteed maximum price for the new Air Traffic Control Tower in the amount not to exceed \$5,860,724.

On December 7, 2016, the Melbourne Airport Authority approved the Construction Manager at Risk, Ivey's Construction, for the guaranteed maximum price for the Federal Inspection Station project in an amount not to exceed \$4,630,478.

On December 13, 2016, the City Council awarded a contract for the Autumn Woods Stormwater Quality Retrofit to Jobear Contracting, Inc., Palm Bay, Florida for \$670,831.

On December 13, 2016, the City Council approved the purchase of fifteen 2017 Dodge Charger Police Package Patrol Units from Gator Chrysler Dodge Jeep, Melbourne, Florida for \$502,092.

On January 25, 2017, the Melbourne Airport Authority approved a contract with AVCON, Inc. for professional engineering services for the rehabilitation of Runway 09R-27L in an amount not to exceed \$1,200,000.

On February 14, 2017, the City Council awarded a contract for the Sarno Road-US Highway 1 Turn Lane Addition, Stormwater Retrofit and Signalization project to Timothy Rose Contracting, Vero Beach, Florida for \$520,994.

REQUIRED SUPPLEMENTARY INFORMATION

The following schedules are reported in this subsection:

- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Downtown Redevelopment Special Revenue Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Babcock Street Redevelopment Special Revenue Fund
- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Olde Eau Gallie Redevelopment Special Revenue Fund
- Budgetary Notes to Required Supplementary Information
- Schedules of Changes in Net Pension Liability and Related Ratios
- Schedule of City Contributions
- Schedules of Investment Returns
- Schedules of Proportionate Share of the Net Pension Liability
- Schedules of Contributions
- Schedule of Funding Progress - OPFB

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

Variance with Final Budget - Positive (Negative)	Actual Amounts (Budgetary Basis) (See Note A)	Budgeted Amounts	
		Final	Original

REVENUES			
Taxes:			
	\$	\$	\$
Property	28,906,298	28,751,193	28,906,298
Utility and communications	11,754,608	11,370,437	11,754,608
Franchise fees	6,985,000	6,689,761	6,985,000
Intergovernmental	11,797,015	11,966,175	11,797,015
Charges for services	9,316,944	9,565,145	9,316,944
Licenses and permits	2,632,750	3,188,350	2,632,750
Fines, forfeitures, penalties and fees	293,400	303,400	293,400
Investment earnings	157,792	312,792	157,792
Other revenues	905,995	989,029	905,995
Total revenues	72,749,802	73,136,282	72,749,802

EXPENDITURES			
Current:			
General government:			
Mayor and council	168,442	169,862	168,442
City manager	746,055	768,082	746,055
City attorney	710,317	723,081	710,317
City clerk	404,111	451,203	404,111
Accounting and budget	1,760,864	1,782,044	1,760,864
Management services	308,194	290,137	308,194
Procurement	457,910	443,408	457,910
Personnel	537,711	554,311	537,711
Information technology	3,651,261	4,148,143	3,651,261
Engineering	1,284,966	1,318,790	1,284,966
Planning and economic development	680,415	709,590	680,415
Other - unclassified	4,365,450	3,966,458	4,365,450
Total general government	15,075,696	15,325,109	15,075,696
Public Safety:			
Fire	18,484,302	19,189,236	18,484,302
Police	24,952,611	25,246,611	24,952,611
Total public safety	43,436,913	44,435,847	43,436,913
Public works	7,363,745	7,750,141	7,363,745
Parks and recreation	6,899,575	6,952,050	6,899,575
Housing and urban improvement	456,963	480,414	456,963
Debt service:			
Principal	760,227	760,227	760,227
Interest and fiscal agent fees	345,429	345,429	345,429
Total debt service	1,105,656	1,105,656	1,105,656
Total expenditures	74,338,548	76,049,217	74,338,548
Excess(deficiency) of revenues over (under) expenditures	(1,588,746)	(2,912,935)	(1,588,746)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,201,791	3,234,717	3,201,791
Transfers out	(2,276,378)	(2,295,794)	(2,276,378)
Sale of capital assets	30,000	55,000	30,000
Total other financing sources (uses)	955,413	993,923	955,413
Net change in fund balance	(633,333)	(1,919,012)	(633,333)
Fund balance, October 1	19,629,229	19,629,229	19,629,229
Fund balance, September 30	\$ 18,995,896	\$ 17,710,217	\$ 18,995,896

Fund balance, September 30 \$ 3,348,201

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,049,142	\$ 1,049,142	\$ 1,049,141	\$ (1)
Investment earnings	3,200	3,200	4,894	1,694
Total revenues	<u>1,052,342</u>	<u>1,052,342</u>	<u>1,054,035</u>	<u>1,693</u>
EXPENDITURES				
Current:				
General government	924,217	929,629	816,963	112,666
Debt service:				
Principal	130,494	130,494	130,494	-
Interest and fiscal agent fees	21,872	21,872	21,857	15
Total expenditures	<u>1,076,583</u>	<u>1,081,995</u>	<u>969,314</u>	<u>112,681</u>
Excess (deficiency) of revenues over (under) expenditures	(24,241)	(29,653)	84,721	114,374
OTHER FINANCING USES				
Transfers out	(40,000)	(40,000)	(40,000)	-
Net change in fund balance	(64,241)	(69,653)	44,721	114,374
Fund balance, October 1	<u>95,193</u>	<u>95,193</u>	<u>95,193</u>	<u>-</u>
Fund balance, September 30	<u>\$ 30,952</u>	<u>\$ 25,540</u>	<u>\$ 139,914</u>	<u>\$ 114,374</u>

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BABCOCK STREET REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budget Amounts		Actual on (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive/ (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 747,179	\$ 747,179	\$ 747,179	\$ -
Investment earnings	2,400	2,400	6,477	4,077
Total revenues	749,579	749,579	753,656	4,077
EXPENDITURES				
Current:				
General government	667,996	698,745	241,036	457,709
Excess of revenues over expenditures	81,583	50,834	512,620	461,786
OTHER FINANCING USES				
Transfers out	(250,000)	(250,000)	(250,000)	-
Net change in fund balance	(168,417)	(199,166)	262,620	461,786
Fund balance, October 1	212,961	212,961	212,961	-
Fund balance, September 30	\$ 44,544	\$ 13,795	\$ 475,581	\$ 461,786

**REQUIRED SUPPLEMENTARY INFORMATION
CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
OLDE EAU GALLIE REDEVELOPMENT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budget Amounts		Actual on (Budgetary Basis)	Variance with Final Budget- Positive/ (Negative)
	Original	Final	(See Note A)	
REVENUES				
Intergovernmental	\$ 271,004	\$ 271,004	\$ 271,004	\$ -
Investment earnings	1,500	1,500	4,187	2,687
Other revenue	-	-	5,000	5,000
Total revenues	<u>272,504</u>	<u>272,504</u>	<u>280,191</u>	<u>7,687</u>
EXPENDITURES				
Current:				
General government	273,357	273,357	160,784	112,573
Debt service:				
Principal	36,064	36,064	-	36,064
Interest and fiscal agent fees	<u>7,792</u>	<u>7,792</u>	<u>3,581</u>	<u>4,211</u>
Total expenditures	<u>317,213</u>	<u>317,213</u>	<u>164,365</u>	<u>152,848</u>
Net change in fund balance	(44,709)	(44,709)	115,826	160,535
Fund balance, October 1	<u>78,916</u>	<u>78,916</u>	<u>78,916</u>	<u>-</u>
Fund balance, September 30	<u>\$ 34,207</u>	<u>\$ 34,207</u>	<u>\$ 194,742</u>	<u>\$ 160,535</u>

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The City Council typically adopts an annual budget for the General fund and the Special Revenue funds. The City Council adopts budgets for projects in Capital Projects funds on a “life of the project” basis. All budgets are prepared on a modified accrual basis with encumbrance accounting. Budgetary control is legally maintained at the fund level. Budget transfer authority is provided to the City Manager within a fund as long as the total budget of the fund is not increased. City Council action is required for the approval of a supplemental budget.

Governmental Accounting Standards Board Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis-for State and Local Governments” requires reporting of supplementary information for budgetary comparison schedules for the general fund and each major special revenue fund that has a legally adopted annual budget. These schedules include the original budget, the final budget, and actual amounts (stated on the budgetary basis). The City has shown three special revenue funds as major funds, and, accordingly, is presenting the budgetary comparison schedule for the General Fund, Downtown Redevelopment, Babcock Street Redevelopment and Olde Eau Gallie Redevelopment with original and final budgets, as Required Supplementary Information.

There was no budget adopted for the Law Enforcement Special Revenue fund. Funds accumulated in the Law Enforcement fund are transferred to other funds, from which expenditures are made, and these expenditures are budgeted in those funds. Capital Projects funds have budgets which are approved on a “life of the project basis”. These budget periods are not consistent with the method of financial reporting; therefore, comparisons between the results of operations and budgets in these funds are not relevant and are not presented herein.

Supplemental appropriations were made during the year and all budget amounts presented in the accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance for the General Fund, Downtown Redevelopment, Babcock Street Redevelopment and Olde Eau Gallie Redevelopment funds have been adjusted for legally authorized revisions of the annual budget. All appropriations which are not expended, encumbered, or committed lapse at year end. Encumbered appropriations are carried forward to the subsequent year’s budget.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects funds. Encumbrances outstanding at year end are carried forward to the next year’s budget and are reported as a restricted or assigned fund balance in the governmental fund financial statements since they do not constitute actual expenditures or liabilities.

Actual results of operations are presented in accordance with generally accepted accounting principles (GAAP basis) and the City’s accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the City’s legally adopted budget.

A – Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Revenues

Actual amounts (budgetary basis) of total revenues as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual equal total revenues as reported on the statement of revenues, expenditures, and changes in fund balances.

Expenditures	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Babcock Street Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Actual amounts (budgetary basis) "total expenditures" as reported on the statement of revenues, expenditures and changes in fund balances - - budget and actual	\$ 72,539,127	\$ 969,314	\$ 241,036	\$ 164,365
Differences - - budget to GAAP:				
Encumbrances for professional services, supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies and services are received for <i>financial reporting</i> purposes.	(814,592)	(70,000)	(30,794)	(22,675)
Total expenditures are reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 71,724,535</u>	<u>\$ 899,314</u>	<u>\$ 210,242</u>	<u>\$ 141,690</u>

B – Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

The budgetary schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences in the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis) as compared to the excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis) for the year ended September 30, 2016 is presented in the following table:

	<u>General Fund</u>	<u>Downtown Redevelopment</u>	<u>Babcock Street Redevelopment</u>	<u>Olde Eau Gallie Redevelopment</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (Budgetary Basis)	\$ 1,429,189	\$ 44,721	\$ 262,620	\$ 115,826
Adjustments:				
Encumbrances	814,592	70,000	30,794	22,675
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) (GAAP Basis)	<u>\$ 2,243,781</u>	<u>\$ 114,721</u>	<u>\$ 293,414</u>	<u>\$ 138,501</u>

REQUIRED SUPPLEMENTARY INFORMATION

Governmental Accounting Standards Board Statements No 67 “Financial Reporting for Pension Plans” and No 68 “Accounting and Financial Reporting for Pensions” require supplementary information be reported on the local pension plans in addition to that provided in the Notes to the Financial Statements. This information is presented in the following schedules.

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST THREE FISCAL YEARS
FIREFIGHTERS PENSION**

	<u>9/30/2016</u>	<u>9/30/2015*</u>	<u>9/30/2014</u>
Total pension liability			
Service cost	\$ 1,596,483	\$ 1,465,467	\$ 1,431,629
Interest	6,164,017	5,937,717	5,743,448
Changes of benefit terms	-	(1,042,704)	-
Difference between expected and actual experience	-	(418,968)	(604,020)
Changes in assumptions	-	76,676	1,189,708
Benefit payments, including refunds of employee contributions	<u>(4,459,046)</u>	<u>(4,151,523)</u>	<u>(4,161,045)</u>
Net change in total pension liability	3,301,454	1,866,665	3,599,720
Total pension liability - beginning	<u>78,167,002</u>	<u>76,300,337</u>	<u>72,700,617</u>
Total pension liability - ending (a)	<u>\$ 81,468,456</u>	<u>\$ 78,167,002</u>	<u>\$ 76,300,337</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,622,565	\$ 2,702,209	\$ 2,282,865
Contributions - state	545,561	569,837	604,006
Contributions - employee	578,536	466,578	442,286
Net investment income	6,138,463	126,002	5,965,296
Benefit payments, including refunds of employee contributions	<u>(4,459,046)</u>	<u>(4,151,523)</u>	<u>(4,161,045)</u>
Administrative expense	<u>(128,302)</u>	<u>(132,078)</u>	<u>(159,794)</u>
Net change in plan fiduciary net position	5,297,777	(418,975)	4,973,614
Plan fiduciary net position - beginning	<u>58,341,219</u>	<u>58,760,194</u>	<u>53,786,580</u>
Plan fiduciary net position - ending (b)	<u>\$ 63,638,996</u>	<u>\$ 58,341,219</u>	<u>\$ 58,760,194</u>
Net pension liability - ending (a) - (b)	<u>\$ 17,829,460</u>	<u>\$ 19,825,783</u>	<u>\$ 17,540,143</u>
Plan fiduciary net position as a percentage of the total pension liability	78.11%	74.64%	77.01%
Covered employee payroll	\$ 6,893,083	\$ 6,513,920	\$ 6,075,965
Net pension liability as a percentage of covered employee payroll	258.66%	304.36%	288.68%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability as of September 30, 2015, which is allowed by GASB Statement No. 68.

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS
LAST THREE FISCAL YEARS
FIREFIGHTERS PENSION**

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 3,168,126	\$ 3,272,046	\$ 2,886,871
Contributions in relation to the actuarially determined contributions	<u>3,168,126</u>	<u>3,272,046</u>	<u>2,886,871</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,893,083	\$ 6,513,920	\$ 6,075,965
Contributions as a percentage of covered employee payroll	45.96%	50.23%	47.51%

Notes to Schedule

Valuation date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	25 years
Asset valuation method	5-Year smoothed market
Inflation	2.5%
Salary increases	6.0%
Investment rate of return	8.0%
Payroll growth assumption	1.75% per year
Normal retirement	Earlier of age 55 or 10 years of service or the completion of 25 years of service
Early retirement	Age 50 and 20 years of credited service
Disability retirement	It is assumed the 100% of disablements and active member deaths are service related.
Mortality	RP-2000 Combined Mortality Table projected to the valuation year using Scale AA.

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST THREE FISCAL YEARS
POLICE OFFICERS PENSION

	9/30/2016	9/30/2015 *	9/30/2014
Total pension liability			
Service cost	\$ 1,514,579	\$ 1,457,495	\$ 1,468,863
Interest	6,609,747	6,500,397	6,297,597
Difference between expected and actual experience	(723,896)	(129,550)	-
Changes in assumptions	2,243,175	(1,189,338)	-
Contributions - buy back	6,497	8,784	-
Benefit payments, including refunds of employee contributions	(4,794,165)	(5,699,583)	(4,402,589)
Net change in total pension liability	4,855,937	948,205	3,363,871
Total pension liability - beginning	89,140,238	88,192,033	84,828,162
Total pension liability - ending (a)	<u>\$ 93,996,175</u>	<u>\$ 89,140,238</u>	<u>\$ 88,192,033</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,948,527	\$ 2,876,710	\$ 3,025,362
Contributions - state	597,263	543,474	535,651
Contributions - employee	549,814	512,708	523,863
Contributions - buy back	6,497	8,784	-
Net investment income	6,589,808	(43,614)	6,199,184
Benefit payments, including refunds of employee contributions	(4,794,165)	(5,699,583)	(4,402,589)
Administrative expense	(106,160)	(78,532)	(85,877)
Net change in plan fiduciary net position	5,791,584	(1,880,053)	5,795,594
Plan fiduciary net position - beginning	66,127,077	68,007,130	62,211,536
Plan fiduciary net position - ending (b)	<u>\$ 71,918,661</u>	<u>\$ 66,127,077</u>	<u>\$ 68,007,130</u>
Net pension liability - ending (a) - (b)	<u>\$ 22,077,514</u>	<u>\$ 23,013,161</u>	<u>\$ 20,184,903</u>
Plan fiduciary net position as a percentage of the total pension liability	76.51%	74.18%	77.11%
Covered employee payroll	\$ 8,108,369	\$ 8,613,965	\$ 7,753,130
Net pension liability as a percentage of covered employee payroll	272.28%	267.16%	260.35%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability as of September 30, 2015, which is allowed by GASB Statement No. 68.

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS
LAST THREE FISCAL YEARS
POLICE OFFICERS PENSION**

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Actuarially determined contribution	\$ 3,545,790	\$ 3,420,184	\$ 3,561,013
Contributions in relation to the actuarially determined contributions	<u>3,545,790</u>	<u>3,420,184</u>	<u>3,561,013</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,108,369	\$ 8,613,965	\$ 7,753,130
Contributions as a percentage of covered employee payroll	43.73%	39.71%	45.93%

Notes to Schedule

Valuation date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Remaining amortization period	30 years
Asset valuation method	Historical geometric 4 year average market value returns, net of fees
Inflation	2.5%
Salary increases	6.0%
Investment rate of return	7.5%
Payroll growth assumption	0.9%
Normal retirement	Earlier of age 55 and 10 years of service or the completion of 25 years of service
Early retirement	Age 45 and 10 years of service
Disability retirement	It is assumed that 75% of disablements and active member deaths are service related.
Mortality	RP-2000 Combined Healthy-Sex Distinct. Disabled lives set forward 5 years. Based on a study of over 650 public safety funds with a 10% margin for future mortality improvement.

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST THREE FISCAL YEARS
GENERAL EMPLOYEES PENSION

	Regular Class		
	9/30/2016	9/30/2015 *	9/30/2014
Total pension liability			
Service cost	\$ 57,835	\$ 49,546	\$ 90,848
Interest	396,941	406,207	391,267
Difference between expected and actual experience	(62,793)	(31,975)	-
Changes in assumptions	338,980	442,831	-
Contributions - Buy Back	20,712	-	-
Benefit payments, including refunds of employee contributions	(494,716)	(329,470)	(169,081)
Net change in total pension liability	256,959	537,139	313,034
Total pension liability - beginning	5,860,106	5,322,967	5,009,933
Total pension liability - ending (a)	<u>\$ 6,117,065</u>	<u>\$ 5,860,106</u>	<u>\$ 5,322,967</u>
Plan fiduciary net position			
Contributions - employer	\$ 43,928	\$ 52,573	\$ 70,913
Contributions - Buy Back	20,712	-	
Net investment income	583,511	(143,686)	819,869
Benefit payments, including refunds of employee contributions	(494,716)	(329,470)	(169,081)
Administrative expense	(47,733)	(40,805)	(37,463)
Net change in plan fiduciary net position	105,702	(461,388)	684,238
Plan fiduciary net position - beginning	6,753,030	7,214,418	6,530,180
Plan fiduciary net position - ending (b)	<u>\$ 6,858,732</u>	<u>\$ 6,753,030</u>	<u>\$ 7,214,418</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (741,667)</u>	<u>\$ (892,924)</u>	<u>\$ (1,891,451)</u>
Plan fiduciary net position as a percentage of the total pension liability	112.12%	115.24%	135.53%
Covered employee payroll	\$ 284,325	\$ 496,332	\$ 416,889
Net pension liability as a percentage of covered employee payroll	(260.85)%	(179.90)%	(453.71)%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability as of September 30, 2015, which is allowed by GASB Statement No. 68.

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
LAST THREE FISCAL YEARS
GENERAL EMPLOYEES PENSION

	Special Risk Class		
	9/30/2016	9/30/2015 *	9/30/2014
Total pension liability			
Service cost	\$ 22,024	\$ 56,954	\$ 47,919
Interest	91,869	82,160	72,693
Difference between expected and actual experience	(281,383)	32,533	-
Changes in assumptions	20,015	136,013	-
Benefit payments, including refunds of employee contributions	(18,900)	(8,382)	(8,174)
Net change in total pension liability	(166,375)	299,278	112,438
Total pension liability - beginning	1,299,845	1,000,567	888,129
Total pension liability - ending (a)	<u>\$ 1,133,470</u>	<u>\$ 1,299,845</u>	<u>\$ 1,000,567</u>
Plan fiduciary net position			
Contributions - employer	\$ 32,286	\$ 47,458	\$ 90,530
Net investment income	84,999	(19,272)	100,040
Benefit payments, including refunds of employee contributions	(18,900)	(8,382)	(8,174)
Administrative expense	(7,217)	(5,710)	(4,822)
Net change in plan fiduciary net position	91,168	14,094	177,574
Plan fiduciary net position - beginning	973,541	959,447	781,873
Plan fiduciary net position - ending (b)	<u>\$ 1,064,709</u>	<u>\$ 973,541</u>	<u>\$ 959,447</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 68,761</u>	<u>\$ 326,304</u>	<u>\$ 41,120</u>
Plan fiduciary net position as a percentage of the total pension liability	93.93%	74.90%	95.89%
Covered employee payroll	\$ 75,771	\$ 110,625	\$ 190,350
Net pension liability as a percentage of covered employee payroll	90.75%	294.96%	21.60%

*The net pension liability recognized by the City in the current year financial statements represents the net pension liability as of September 30, 2015, which is allowed by GASB Statement No. 68.

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CITY CONTRIBUTIONS
LAST THREE FISCAL YEARS
GENERAL EMPLOYEES PENSION**

	Regular Class		
	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 43,928	\$ 52,573	\$ 70,913
Contributions in relation to the actuarially determined contributions	43,928	52,573	70,913
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 284,325	\$ 496,332	\$ 416,889
Contributions as a percentage of covered employee payroll	15.45%	10.59%	17.01%

	Special Risk Class		
	9/30/2016	9/30/2015	9/30/2014
Actuarially determined contribution	\$ 32,286	\$ 47,458	\$ 90,530
Contributions in relation to the actuarially determined contributions	32,286	47,458	90,530
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 75,771	\$ 110,625	\$ 190,350
Contributions as a percentage of covered employee payroll	42.61%	42.90%	47.56%

Notes to Schedule

Valuation date: 10/01/2014

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	16 years
Asset valuation method	Historical geometric 4 year average market value returns, net of fees
Inflation	3.0%
Salary increases	6.0%
Investment rate of return	7.8%
Payroll growth assumption	None
Normal retirement	Regular - Earlier of age 62 and 6 years of service or the completion of 30 years of service Special Risk – Earlier of 55 and 6 years of service or the completion of 25 years of service
Early retirement	Regular – Age 52 and 6 years of service, or the completion of 20 years Special Risk – Completion of 6 years of service
Disability retirement	It is assumed that 100% of disablements and active member deaths are service related.
Mortality	RP-2000 Combined Healthy Mortality Table projected to valuation date using Scale AA. Disabled lives set forward 5 years.

**CITY OF MELBOURNE, FLORIDA
SCHEDULES OF INVESTMENT RETURNS
LAST THREE FISCAL YEARS**

FIREFIGHTERS PENSION

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	10.36%	0.07%	10.85%

POLICE OFFICERS PENSION

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	10.02%	(0.07)%	9.99%

GENERAL EMPLOYEES PENSION

	<u>9/30/2016</u>	<u>9/30/2015</u>	<u>9/30/2014</u>
Annual money-weighted rate of return, net of investment expenses	8.46%	(1.92)%	11.79%

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LAIBILITY
FLORIDA RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.079258566%	0.079673656%	0.079984257%
City's proportionate share of the net pension liability (asset)	\$ 20,012,850	\$ 10,290,921	\$ 4,880,216
City's covered-employee payroll	27,871,449	26,680,027	25,481,617
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	71.80%	38.57%	19.15%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

The amounts presented for each fiscal year were determined as of 6/30.

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LAIBILITY
HEALTH INSURANCE SUBSIDY PROGRAM
LAST THREE FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability (asset)	0.090215231%	0.087923955%	0.088954715%
City's proportionate share of the net pension liability (asset)	\$ 10,514,211	\$ 8,966,860	\$ 8,317,483
City's covered-employee payroll	27,871,449	26,680,027	25,481,617
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.72%	33.60%	32.64%
Plan fiduciary net position as a percentage of the total pension liability	.97%	.50%	.99%

The amounts presented for each fiscal year were determined as of 6/30.

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,169,203	\$ 1,936,874	\$ 1,589,141
Contributions in relation to the contractually required contribution	2,169,203	1,936,874	1,589,141
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 30,392,862	\$ 26,867,609	\$ 25,478,479
Contributions as a percentage of covered-employee payroll	7.14%	7.21%	6.24%

The amounts presented for each fiscal year were determined as of 9/30.

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PROGRAM
LAST THREE FISCAL YEARS**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 497,507	\$ 363,208	\$ 308,312
Contributions in relation to the contractually required contribution	497,507	363,208	308,312
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 30,392,862	\$ 26,867,609	\$ 25,478,479
Contributions as a percentage of covered-employee payroll	1.64%	1.35%	1.21%

The amounts presented for each fiscal year were determined as of 9/30.

REQUIRED SUPPLEMENTARY INFORMATION

Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" (OPEB) require supplementary information be reported in addition to that provided in the notes to the Financial Statements.

**CITY OF MELBOURNE
SCHEDULE OF FUNDING PROGRESS
LAST THREE FISCAL YEARS
(IN THOUSANDS OF DOLLARS)**

Measurement Date (1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2013	\$ -	\$ 30,190	\$ 30,190	0%	\$ 36,532	82.6%
10/1/2014	-	21,824	21,824	0	36,540	59.7
10/1/2015	-	22,763	22,763	0	37,393	60.9

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

The following statements and schedules are reported in this subsection:

- Nonmajor Governmental Funds
- Nonmajor Enterprise Funds
- Internal Service Funds
- Fiduciary Fund
- Discretely Presented Component Unit

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues from specific revenue sources, which by law are designed to finance particular functions, or activities of the government and which, therefore, cannot be diverted to other uses.

The City maintains the following Special Revenue Funds to finance construction improvements and provide housing and economic assistance to lower income residents:

- Community Development Block Grant
- State Housing Initiative Partnership Program
- HOME Investment Partnership Program
- Neighborhood Stabilization Program 3
- Law Enforcement – accounts for confiscated money, vehicles, and tangible personal property for use in law enforcement activities.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

The City maintains the following Capital Projects Funds:

- General Construction – accounts for capital improvements mainly funded by General fund, grants, and transfers from the Redevelopment funds.
- Mobility Improvement – accounts for mobility improvements mainly funded by mobility impact fees from developers.
- Recreation Improvement – accounts for recreation facilities improvements mainly funded by recreation impact fees from developers.
- Bikeways Improvement – accounts for bikepath improvements mainly funded by bikeway impact fees from developers.
- Public Facility Improvement – accounts for public facility improvements mainly funded by public facility impact fees from developers.

PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

The City maintains the following Permanent Fund:

- Perpetual Care – accounts for funds held in trust to finance maintenance for the City's municipal cemeteries.

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
ASSETS				
Equity in pooled investments	\$ 854,312	\$ 5,248,196	\$ 172,543	\$ 6,275,051
Interest receivable	1,346	5,485	321	7,152
Due from other governments	134,104	247,871	-	381,975
Total assets	<u>\$ 989,762</u>	<u>\$ 5,501,552</u>	<u>\$ 172,864</u>	<u>\$ 6,664,178</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 127,935	\$ 45,777	\$ -	\$ 173,712
Due to other funds	73,471	-	-	73,471
Deposits	96,074	12,179	-	108,253
Unearned revenue	53,145	-	-	53,145
Total liabilities	<u>350,625</u>	<u>57,956</u>	<u>-</u>	<u>408,581</u>
Fund balances:				
Non-spendable	-	-	172,864	172,864
Restricted:				
Public safety, law enforcement	116,087	-	-	116,087
Housing and urban improvement	518,050	-	-	518,050
Economic development	-	890,441	-	890,441
Capital improvements	-	1,196,347	-	1,196,347
Transportation improvement	-	788,729	-	788,729
Recreation improvement	-	878,385	-	878,385
Assigned to capital improvements	5,000	1,689,694	-	1,694,694
Total fund balances	<u>639,137</u>	<u>5,443,596</u>	<u>172,864</u>	<u>6,255,597</u>
Total liabilities and fund balances	<u>\$ 989,762</u>	<u>\$ 5,501,552</u>	<u>\$ 172,864</u>	<u>\$ 6,664,178</u>

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Special Revenue Funds	Capital Projects Funds	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,212,937	\$ 1,460,855	\$ -	\$ 2,673,792
Impact fees	-	276,014	-	276,014
Confiscated property	12,290	-	-	12,290
Investment earnings	6,870	29,968	1,784	38,622
Perpetual care endowment additions	-	-	2,500	2,500
Other revenue	72,609	-	-	72,609
Total revenues	1,304,706	1,766,837	4,284	3,075,827
EXPENDITURES				
Current:				
General government	-	167,209	-	167,209
Public works	-	1,037,802	-	1,037,802
Parks and recreation	-	43,600	-	43,600
Housing and urban improvement	736,184	-	-	736,184
Capital outlay	97,647	1,662,996	-	1,760,643
Total expenditures	833,831	2,911,607	-	3,745,438
Excess (deficiency) of revenues over (under) expenditures	470,875	(1,144,770)	4,284	(669,611)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	493,854	-	493,854
Transfers out	(333,394)	-	(1,784)	(335,178)
Total other financing sources (uses)	(333,394)	493,854	(1,784)	158,676
Net change in fund balances	137,481	(650,916)	2,500	(510,935)
Fund balances, October 1	501,656	6,094,512	170,364	6,766,532
Fund balances, September 30	<u>\$ 639,137</u>	<u>\$ 5,443,596</u>	<u>\$ 172,864</u>	<u>\$ 6,255,597</u>

**CITY OF MELBOURNE
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2016**

	<u>Community Development Block Grant</u>	<u>State Housing Initiative Partnership Program</u>	<u>HOME Investment Partnership Program</u>	<u>Neighborhood Stabilization Program 3</u>	<u>Law Enforcement</u>	<u>Total</u>
ASSETS						
Equity in pooled investments	\$ 4,825	\$ 567,054	\$ 57,479	\$ 109,093	\$ 115,861	\$ 854,312
Interest receivable	-	1,120	-	-	226	1,346
Due from other governments	93,853	-	40,251	-	-	134,104
Total assets	\$ 98,678	\$ 568,174	\$ 97,730	\$ 109,093	\$ 116,087	\$ 989,762
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 20,207	\$ 25,124	\$ 59,266	\$ 23,338	\$ -	\$ 127,935
Due to other funds	73,471	-	-	-	-	73,471
Deposits	-	25,000	28,145	-	-	53,145
Unearned revenues	-	-	10,319	85,755	-	96,074
Total liabilities	93,678	50,124	97,730	109,093	-	350,625
Fund balances:						
Assigned to capital improvements	5,000	-	-	-	-	5,000
Restricted	-	518,050	-	-	116,087	634,137
Total fund balances	5,000	518,050	-	-	116,087	639,137
Total liabilities and fund balances	\$ 98,678	\$ 568,174	\$ 97,730	\$ 109,093	\$ 116,087	\$ 989,762

**CITY OF MELBOURNE, FLORIDA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Community Development Block Grant	State Housing Initiative Partnership Program	HOME Investment Partnership Program	Neighborhood Stabilization Program 3	Law Enforcement	Total
REVENUES						
Intergovernmental	\$ 513,538	\$ 382,457	\$ 125,254	\$ 191,688	\$ -	\$ 1,212,937
Confiscated property	-	-	-	-	12,290	12,290
Investment earnings	-	5,641	-	-	1,229	6,870
Other revenue	-	64,876	1,500	-	6,233	72,609
Total revenues	513,538	452,974	126,754	191,688	19,752	1,304,706
EXPENDITURES						
Current:						
Housing and urban improvement	176,001	264,604	115,502	180,077	-	736,184
Capital outlay	97,647	-	-	-	-	97,647
Total expenditures	273,648	264,604	115,502	180,077	-	833,831
 Excess of revenues over expenditures	 239,890	 188,370	 11,252	 11,611	 19,752	 470,875
OTHER FINANCING USES						
Transfers out	(242,072)	(50,932)	(11,252)	(11,611)	(17,527)	(333,394)
 Net change in fund balances	 (2,182)	 137,438	 -	 -	 2,225	 137,481
Fund balances, October 1	7,182	380,612	-	-	113,862	501,656
Fund balances, September 30	<u>\$ 5,000</u>	<u>\$ 518,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,087</u>	<u>\$ 639,137</u>

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	<u>\$ 1,006,599</u>	<u>\$ 513,538</u>	<u>\$ (493,061)</u>
EXPENDITURES			
Current:			
Housing and urban improvement	239,668	176,025	63,643
Capital outlay	<u>275,894</u>	<u>272,391</u>	<u>3,503</u>
Total expenditures	<u>515,562</u>	<u>448,416</u>	<u>67,146</u>
Excess of revenues over expenditures	491,037	65,122	(425,915)
OTHER FINANCING USES			
Transfers out	<u>(498,219)</u>	<u>(242,072)</u>	<u>256,147</u>
Net change in fund balance	(7,182)	(176,950)	(169,768)
Fund balance, October 1	<u>7,182</u>	<u>7,182</u>	<u>-</u>
Fund deficit, September 30	<u>\$ -</u>	<u>\$ (169,768)</u>	<u>\$ (169,768)</u>

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
STATE HOUSING INITIATIVE PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budget	Actual on Budgetary Basis	Variance Positive/ (Negative)
REVENUES			
Intergovernmental	\$ 382,457	\$ 382,457	\$ -
Investment earnings	-	5,641	5,641
Other revenue	-	64,876	64,876
Total revenues	382,457	452,974	70,517
EXPENDITURES			
Current:			
Housing and urban improvement	712,136	305,559	406,577
Excess (deficiency) of revenues over (under) expenditures	(329,679)	147,415	477,094
OTHER FINANCING USES			
Transfers out	(50,933)	(50,932)	1
Net change in fund balance	(380,612)	96,483	477,095
Fund balance, October 1	380,612	380,612	-
Fund balance, September 30	\$ -	\$ 477,095	\$ 477,095

CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HOME INVESTMENT PARTNERSHIP PROGRAM
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Positive/ (Negative)</u>
REVENUES			
Intergovernmental	\$ 466,790	\$ 125,254	\$ (341,536)
Other revenue	-	1,500	1,500
Total revenues	466,790	126,754	(340,036)
EXPENDITURES			
Current:			
Housing and urban improvement	455,538	120,460	335,078
Excess of revenues over expenditures	11,252	6,294	(4,958)
OTHER FINANCING USES			
Transfers out	(11,252)	(11,252)	-
Net change in fund balance	-	(4,958)	(4,958)
Fund balance, October 1	-	-	-
Fund deficit, September 30	\$ -	\$ (4,958)	\$ (4,958)

**CITY OF MELBOURNE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
NEIGHBORHOOD STABILIZATION PROGRAM 3
SPECIAL REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Budget	Actual on Budgetary Basis	Variance Positive/ (Negative)
REVENUES			
Intergovernmental	\$ 67,377	\$ 191,688	\$ 124,311
EXPENDITURES			
Current:			
Housing and community development	55,766	180,077	(124,311)
Excess of revenues over expenditures	11,611	11,611	-
OTHER FINANCING USES			
Transfers out	(11,611)	(11,611)	-
Net change in fund balance	-	-	-
Fund balance, October 1	-	-	-
Fund balance, September 30	\$ -	\$ -	\$ -

**CITY OF MELBOURNE, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2016**

	<u>General Construction</u>	<u>Mobility Improvement</u>	<u>Recreation Improvement</u>	<u>Bikeways Improvement</u>	<u>Public Facility Improvement</u>	<u>Total</u>
ASSETS						
Equity in pooled investments	\$ 2,417,826	\$ 452,565	\$ 921,936	\$ 261,731	\$ 1,194,138	\$ 5,248,196
Interest receivable	142	1,065	1,764	305	2,209	5,485
Due from other governments	247,871	-	-	-	-	247,871
Total assets	\$ 2,665,839	\$ 453,630	\$ 923,700	\$ 262,036	\$ 1,196,347	\$ 5,501,552
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 39,528	\$ 328	\$ 5,321	\$ 600	\$ -	\$ 45,777
Deposits	12,179	-	-	-	-	12,179
Total liabilities	51,707	328	5,321	600	-	57,956
Fund balances:						
Restricted:						
Economic development	890,441	-	-	-	-	890,441
Capital improvements	-	-	-	-	1,196,347	1,196,347
Transportation improvement	73,991	453,302	-	261,436	-	788,729
Recreation improvement	-	-	878,385	-	-	878,385
Assigned to capital improvements	1,649,700	-	39,994	-	-	1,689,694
Total fund balances	2,614,132	453,302	918,379	261,436	1,196,347	5,443,596
Total liabilities and fund balances	\$ 2,665,839	\$ 453,630	\$ 923,700	\$ 262,036	\$ 1,196,347	\$ 5,501,552

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Construction	Mobility Improvement	Recreation Improvement	Bikeways Improvement	Public Facility Improvement	Total
REVENUES						
Intergovernmental	\$ 1,071,731	\$ 389,124	\$ -	\$ -	\$ -	\$ 1,460,855
Impact fees	-	62,647	114,740	642	97,985	276,014
Investment earnings	788	5,662	9,664	2,006	11,848	29,968
Total revenues	1,072,519	457,433	124,404	2,648	109,833	1,766,837
EXPENDITURES						
Current:						
General government	167,209	-	-	-	-	167,209
Public works	1,017,262	-	-	20,540	-	1,037,802
Parks and recreation	43,600	-	-	-	-	43,600
Capital outlay:						
General government	111,266	-	-	-	-	111,266
Public safety - fire and police	90,159	-	-	-	4,770	94,929
Public works	411,287	611,913	-	20,877	-	1,044,077
Parks and recreation	112,211	-	300,513	-	-	412,724
Total expenditures	1,952,994	611,913	300,513	41,417	4,770	2,911,607
Excess (deficiency) of revenues over (under) expenditures	(880,475)	(154,480)	(176,109)	(38,769)	105,063	(1,144,770)
OTHER FINANCING SOURCES						
Transfers in	216,365	100,000	176,177	1,312	-	493,854
Net change in fund balances	(664,110)	(54,480)	68	(37,457)	105,063	(650,916)
Fund balances, October 1	3,278,242	507,782	918,311	298,893	1,091,284	6,094,512
Fund balances, September 30	\$ 2,614,132	\$ 453,302	\$ 918,379	\$ 261,436	\$ 1,196,347	\$ 5,443,596



NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services, which are entirely or predominantly self-supported, by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

The City maintains the following Nonmajor Enterprise Funds:

- Golf Courses – accounts for the operation of two municipal golf courses.
- Stormwater Utility – accounts for the operation of stormwater services in the City.

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2016

	Golf Courses	Stormwater Utility	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,200	\$ -	\$ 2,200
Equity in pooled investments	84,570	7,123,491	7,208,061
Interest receivable	-	13,347	13,347
Due from other governments	-	88,023	88,023
Inventory	63,522	-	63,522
Prepaid items	5,750	-	5,750
	<u>156,042</u>	<u>7,224,861</u>	<u>7,380,903</u>
Total current assets			
Noncurrent assets:			
Net pension asset	<u>12,442</u>	<u>-</u>	<u>12,442</u>
Capital assets:			
Nondepreciable:			
Land	649,500	965,307	1,614,807
Construction in progress	-	1,356,711	1,356,711
Depreciable:			
Buildings	827,664	-	827,664
Improvements other than buildings	3,439,217	12,265,685	15,704,902
Machinery and equipment	1,812,899	2,005,778	3,818,677
Intangibles, computer software	31,932	8,163	40,095
Less accumulated depreciation/amortization	<u>(5,040,552)</u>	<u>(3,348,326)</u>	<u>(8,388,878)</u>
Total capital assets, net of accumulated depreciation/amortization	<u>1,720,660</u>	<u>13,253,318</u>	<u>14,973,978</u>
Total noncurrent assets	<u>1,733,102</u>	<u>13,253,318</u>	<u>14,986,420</u>
Total assets	<u>1,889,144</u>	<u>20,478,179</u>	<u>22,367,323</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows, pensions	<u>386,870</u>	<u>45,459</u>	<u>432,329</u>

	Golf Courses	Stormwater Utility	Total
LIABILITIES			
Current liabilities:			
Accounts payable	112,138	331,879	444,017
Accrued payroll expenses	14,572	3,574	18,146
Due to other governments	42,655	-	42,655
Compensated absences	24,580	585	25,165
Unearned revenue	40,879	-	40,879
Capital leases payable	158,120	-	158,120
	<u>392,944</u>	<u>336,038</u>	<u>728,982</u>
Total current liabilities			
Noncurrent liabilities:			
Advance from other funds	280,000	-	280,000
Compensated absences	19,645	169	19,814
Capital leases payable	392,944	-	392,944
Other post employment benefits	345,187	25,213	370,400
Net pension liability	772,049	91,910	863,959
	<u>1,809,825</u>	<u>117,292</u>	<u>1,927,117</u>
Total noncurrent liabilities			
	<u>2,202,769</u>	<u>453,330</u>	<u>2,656,099</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows, pensions	107,744	12,124	119,868
NET POSITION			
Net investment in capital assets	1,169,596	12,935,094	14,104,690
Unrestricted	<u>(1,204,095)</u>	<u>7,123,090</u>	<u>5,918,995</u>
	<u>\$ (34,499)</u>	<u>\$ 20,058,184</u>	<u>\$ 20,023,685</u>
Total net position			

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Golf Courses	Stormwater Utility	Total
OPERATING REVENUES			
Golf course fees	\$ 1,984,636	\$ -	\$ 1,984,636
Stormwater fees	-	2,772,154	2,772,154
Other revenues	35,061	1,662	36,723
Total operating revenues	<u>2,019,697</u>	<u>2,773,816</u>	<u>4,793,513</u>
OPERATING EXPENSES			
Salaries, wages and employee benefits	1,195,811	131,835	1,327,646
Contractual services, materials and supplies	1,235,183	667,757	1,902,940
Depreciation and amortization	202,762	521,791	724,553
Total operating expenses	<u>2,633,756</u>	<u>1,321,383</u>	<u>3,955,139</u>
Operating income (loss)	<u>(614,059)</u>	<u>1,452,433</u>	<u>838,374</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	-	77,359	77,359
Interest expense	(3,357)	-	(3,357)
Gain on sale/disposal of capital assets	10,300	-	10,300
Total nonoperating revenues	<u>6,943</u>	<u>77,359</u>	<u>84,302</u>
Income (loss) before contributions and transfers	<u>(607,116)</u>	<u>1,529,792</u>	<u>922,676</u>
Capital contributions	-	87,305	87,305
Transfers in	300,000	112,510	412,510
Change in net position	<u>(307,116)</u>	<u>1,729,607</u>	<u>1,422,491</u>
Total net position, October 1	<u>272,617</u>	<u>18,328,577</u>	<u>18,601,194</u>
Total net position, September 30	<u>\$ (34,499)</u>	<u>\$ 20,058,184</u>	<u>\$ 20,023,685</u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

1 of 2

	Golf Courses	Stormwater Utility	Total
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,984,618	\$ 2,771,709	\$ 4,756,327
Cash payments to suppliers for goods and services	(1,202,470)	(1,417,381)	(2,619,851)
Cash payments for employee services	(1,183,122)	(127,429)	(1,310,551)
Other operating revenues	34,520	1,662	36,182
Net cash provided (used) by operating activities	<u>(366,454)</u>	<u>1,228,561</u>	<u>862,107</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advance from other funds	280,000	-	280,000
Transfers in	300,000	-	300,000
Net cash provided by noncapital financing activities	<u>580,000</u>	<u>-</u>	<u>580,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(229,464)	(1,678,329)	(1,907,793)
Principal paid on lease obligations	(179,766)	-	(179,766)
Proceeds from leases	229,464	-	229,464
Interest paid on lease obligations	(3,357)	-	(3,357)
Proceeds from sale of capital assets	53,908	-	53,908
Transfers in	-	112,510	112,510
Capital grants and contributions	-	236,346	236,346
Net cash used by capital and related financing activities	<u>(129,215)</u>	<u>(1,329,473)</u>	<u>(1,458,688)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	40	72,073	72,113
Net cash provided by investing activities	<u>40</u>	<u>72,073</u>	<u>72,113</u>
Net increase (decrease) in cash and cash equivalents	84,371	(28,839)	55,532
Cash and cash equivalents at October 1	<u>2,399</u>	<u>7,152,330</u>	<u>7,154,729</u>
Cash and cash equivalents at September 30	<u>\$ 86,770</u>	<u>\$ 7,123,491</u>	<u>\$ 7,210,261</u>

CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(Continued)

	<u>Golf Courses</u>	<u>Stormwater Utility</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (614,059)	\$ 1,452,433	\$ 838,374
Adjustments not affecting cash:			
Depreciation and amortization	202,762	521,791	724,553
Deferred outflows-pensions	(214,476)	(25,218)	(239,694)
Deferred inflows-pensions	(54,829)	(6,572)	(61,401)
Changes in assets and liabilities:			
Due from other governments	-	(445)	(445)
Inventory	(963)	-	(963)
Prepaid items	9,007	-	9,007
Net pension asset	12,981	-	12,981
Accounts payable	24,669	(749,624)	(724,955)
Accrued payroll expenses	(22,187)	(2,252)	(24,439)
Due to other governments	(240)	-	(240)
Unearned revenue	(319)	-	(319)
Other post employment benefits	(5,182)	2,386	(2,796)
Net pension liability	296,382	36,062	332,444
Net cash provided (used) by operating activities	<u>\$ (366,454)</u>	<u>\$ 1,228,561</u>	<u>\$ 862,107</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Lease financed capital acquisitions	<u>\$ 312,981</u>	<u>\$ -</u>	<u>\$ 312,981</u>
NON-CASH INVESTING ACTIVITIES			
Decrease in fair value of investments	<u>\$ -</u>	<u>\$ (1,051)</u>	<u>\$ (1,051)</u>
Cash and cash equivalents reconciliation:			
Current assets:			
Cash and cash equivalents	\$ 2,200	\$ -	\$ 2,200
Equity in pooled investments	<u>84,570</u>	<u>7,123,491</u>	<u>7,208,061</u>
Cash and cash equivalents at September 30	<u>\$ 86,770</u>	<u>\$ 7,123,491</u>	<u>\$ 7,210,261</u>

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services to the various departments within the City. The charges are based on the cost of the services supplied.

The City maintains the following Internal Service Funds:

- Workers Compensation – accounts for workers compensation services provided to other funds and the component units of the City on a cost reimbursement basis.
- Insurance - accounts for insurance services provided to other funds and the component units of the City on a cost reimbursement basis.

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2016**

	<u>Workers Compensation</u>	<u>Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Equity in pooled investments	\$ 1,735,095	\$ 2,603,411	\$ 4,338,506
Accounts receivable	-	88,869	88,869
Interest receivable	2,654	4,805	7,459
Prepaid items	649,900	1,550	651,450
Total current assets	<u>2,387,649</u>	<u>2,698,635</u>	<u>5,086,284</u>
Noncurrent asset:			
Net pension asset	<u>-</u>	<u>28,887</u>	<u>28,887</u>
Capital assets:			
Machinery and equipment	-	23,374	23,374
Less accumulated depreciation	<u>-</u>	<u>(23,374)</u>	<u>(23,374)</u>
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>28,887</u>	<u>28,887</u>
Total assets	<u>2,387,649</u>	<u>2,727,522</u>	<u>5,115,171</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows, pensions	<u>-</u>	<u>89,233</u>	<u>89,233</u>
LIABILITIES			
Current liabilities:			
Accounts payable	13,462	4,368	17,830
Accrued payroll expenses	-	4,006	4,006
Accrued claims	688,485	527,526	1,216,011
Compensated absences	-	4,745	4,745
Total current liabilities	<u>701,947</u>	<u>540,645</u>	<u>1,242,592</u>
Noncurrent liabilities:			
Accrued claims	1,675,726	322,140	1,997,866
Compensated absences	-	3,370	3,370
Other post employment benefits	-	41,543	41,543
Net pension liability	-	160,295	160,295
Total noncurrent liabilities	<u>1,675,726</u>	<u>527,348</u>	<u>2,203,074</u>
Total liabilities	<u>2,377,673</u>	<u>1,067,993</u>	<u>3,445,666</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows, pensions	<u>-</u>	<u>37,353</u>	<u>37,353</u>
NET POSITION			
Unrestricted	<u>9,976</u>	<u>1,711,409</u>	<u>1,721,385</u>
Total net position	<u>\$ 9,976</u>	<u>\$ 1,711,409</u>	<u>\$ 1,721,385</u>

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Workers Compensation	Insurance	Total
OPERATING REVENUES			
Charges to other funds	\$ 2,919,489	\$ 1,505,365	\$ 4,424,854
Charges to component unit	110,104	484,838	594,942
Other revenues	-	251	251
Total operating revenue	3,029,593	1,990,454	5,020,047
OPERATING EXPENSES			
Salaries, wages and employee benefits	-	230,500	230,500
Contractual services, materials and supplies	794,746	1,775,231	2,569,977
Claims	2,240,268	363,757	2,604,025
Total operating expense	3,035,014	2,369,488	5,404,502
Operating loss	(5,421)	(379,034)	(384,455)
NONOPERATING REVENUE			
Investment earnings	7,663	24,967	32,630
Change in net position	2,242	(354,067)	(351,825)
Total net position, October 1,	7,734	2,065,476	2,073,210
Total net position, September 30	\$ 9,976	\$ 1,711,409	\$ 1,721,385

**CITY OF MELBOURNE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	<u>Workers Compensation</u>	<u>Insurance</u>	<u>Total</u>
INCREASE IN CASH AND CASH EQUIVALENTS			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from other funds	\$ 2,919,489	\$ 1,505,365	\$ 4,424,854
Cash received from component unit	110,104	484,838	594,942
Cash payments to suppliers for goods and services	(2,114,445)	(1,497,175)	(3,611,620)
Cash payments for employee services	-	(218,353)	(218,353)
Other operating revenues	-	251	251
Net cash provided by operating activities	<u>915,148</u>	<u>274,926</u>	<u>1,190,074</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>6,040</u>	<u>22,935</u>	<u>28,975</u>
Net cash provided by investing activities	<u>6,040</u>	<u>22,935</u>	<u>28,975</u>
Net increase in cash and cash equivalents	921,188	297,861	1,219,049
Cash and cash equivalents at October 1	<u>813,907</u>	<u>2,305,550</u>	<u>3,119,457</u>
Cash and cash equivalents at September 30	<u>\$ 1,735,095</u>	<u>\$ 2,603,411</u>	<u>\$ 4,338,506</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating loss	\$ (5,421)	\$ (379,034)	\$ (384,455)
Adjustments not affecting cash:			
Deferred outflows - pensions	-	(46,658)	(46,658)
Deferred inflows - pensions	-	(9,704)	(9,704)
Changes in assets and liabilities:			
Accounts receivable	-	19,942	19,942
Prepaid items	263,037	429,750	692,787
Net pension asset	-	30,056	30,056
Net pension liability	-	42,823	42,823
Accounts payable	(2,504)	3,182	678
Accrued payroll expenses	-	(6,388)	(6,388)
Accrued claims	660,036	189,476	849,512
Deposits	-	(537)	(537)
Other post employment benefits	-	2,018	2,018
Net cash provided by operating activities	<u>\$ 915,148</u>	<u>\$ 274,926</u>	<u>\$ 1,190,074</u>
NON-CASH INVESTING ACTIVITIES			
Decrease in fair value of investments	<u>\$ (1,447)</u>	<u>\$ (374)</u>	<u>\$ (1,821)</u>
Cash and cash equivalents reconciliation at September 30			
Current assets:			
Equity in pooled investments	<u>\$ 1,735,095</u>	<u>\$ 2,603,411</u>	<u>\$ 4,338,506</u>

FIDUCIARY FUNDS

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

AGENCY FUND

The City maintains the following Agency Fund:

- Performance Deposits

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PERFORMANCE DEPOSITS AGENCY FUND
SEPTEMBER 30, 2016**

ASSETS

Equity in pooled investments	<u>\$ 785,370</u>
Total assets	<u><u>\$ 785,370</u></u>

LIABILITIES

Refundable deposits	<u>\$ 785,370</u>
Total liabilities	<u><u>\$ 785,370</u></u>

CITY OF MELBOURNE, FLORIDA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
PERFORMANCE DEPOSITS AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
ASSETS				
Equity in pooled investments	\$ 769,151	\$ 176,028	\$ 159,809	\$ 785,370
Total assets	<u>\$ 769,151</u>	<u>\$ 176,028</u>	<u>\$ 159,809</u>	<u>\$ 785,370</u>
LIABILITIES				
Accounts payable	\$ -	\$ 156,937	\$ 156,937	\$ -
Refundable deposits	<u>769,151</u>	<u>174,928</u>	<u>158,709</u>	<u>785,370</u>
Total liabilities	<u>\$ 769,151</u>	<u>\$ 331,865</u>	<u>\$ 315,646</u>	<u>\$ 785,370</u>



DISCRETELY PRESENTED COMPONENT UNIT

The Melbourne International Airport, an Enterprise fund, is a discretely presented component unit of the City. The Airport fund accounts for the operation and maintenance of air passenger and cargo service to residents, which are entirely or predominantly self-supported, by user charges. The operation of the Airport fund is accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

CITY OF MELBOURNE, FLORIDA
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
SEPTEMBER 30, 2016

ASSETS

Current assets:

Cash and cash equivalents	\$ 9,057,173
Cash and cash equivalents, restricted	8,846
Investments, at fair value	11,819,729
Receivables, trade	398,820
Other receivables	999,430
Interest receivable	31,929
Due from primary government	9,015
Due from other governments	3,875,423
Due from other governments, restricted	5,738,499
Inventory	29,609
Prepaid items	<u>48,455</u>

Total current assets 32,016,928

Noncurrent assets:

Restricted assets:

Cash and cash equivalents 274,600

Noncurrent lease receivables 911,442

Net pension asset 65,445

Capital assets:

Nondepreciable:

Land 6,899,179

Construction in progress 59,545,998

Depreciable:

Buildings 66,534,190

Improvements other than buildings 72,419,526

Machinery and equipment 10,363,504

Intangibles, computer software 241,825

Less accumulated depreciation/amortization (82,399,208)

Total capital assets, net of accumulated
depreciation/amortization 133,605,014

Total noncurrent assets 134,856,501

Total assets 166,873,429

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows, pensions 1,658,646

LIABILITIES

Current liabilities:

Accounts payable	690,122
Accrued payroll expenses	79,275
Due to other governments	461,833
Unearned revenue	5,260,359
Compensated absences	138,748

Current liabilities payable from restricted assets:

Accounts payable	<u>5,747,345</u>
------------------	------------------

Total current liabilities	<u>12,377,682</u>
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Noncurrent liabilities:

Liabilities payable from restricted assets, customer deposits	274,600
Compensated absences	184,449
Other post employment benefits	880,926
Net pension liability	<u>3,161,325</u>

Total noncurrent liabilities	<u>4,501,300</u>
------------------------------	------------------

Total liabilities	<u>16,878,982</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows, pensions	<u>439,253</u>
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NET POSITION

Net investment in capital assets	127,718,662
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Restricted for:

Capital improvements	5,747,345
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Unrestricted

<u>17,747,833</u>

Total net position	<u>\$ 151,213,840</u>
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**CITY OF MELBOURNE, FLORIDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

OPERATING REVENUES	
Airfield and hangar fees	\$ 6,252,528
Terminal and area building fees	4,119,851
Commercial business center fees	3,962,449
Tropical Haven fees	1,669,000
International/U.S. Customs/Foreign Trade Zone fees	24,502
Other	178,920
Total operating revenues	<u>16,207,250</u>
OPERATING EXPENSES	
Salaries, wages and employee benefits	4,596,476
Contractual services, materials and supplies	12,427,869
Depreciation and amortization	4,611,226
Total operating expenses	<u>21,635,571</u>
Operating loss	<u>(5,428,321)</u>
NONOPERATING REVENUES	
Federal and State grants	248,705
Passenger Facility Charges	913,407
Investment earnings	255,749
Gain on sale/disposal of capital assets	5,843
Total nonoperating revenues	<u>1,423,704</u>
Loss before contributions	(4,004,617)
Capital contributions	<u>43,963,664</u>
Change in net position	39,959,047
Total net position, October 1,	<u>111,254,793</u>
Total net position, September 30	<u>\$ 151,213,840</u>

**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

1 of 2

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 17,550,442
Cash payments to suppliers for goods and services	(11,990,380)
Cash payments for employee services	(4,458,540)
Deposits received	470,000
Deposits returned and applied	(300,000)
Other operating revenues	178,920
	<u>1,450,442</u>

Net cash provided by operating activities	<u>1,450,442</u>
---	------------------

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Operating grants and donations	244,241
Passenger facility charges	910,463
	<u>1,154,704</u>

Net cash provided by noncapital financing activities	<u>1,154,704</u>
--	------------------

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(47,260,925)
Proceeds from sale of capital assets	14,599
Capital grants	36,461,931
	<u>(10,784,395)</u>

Net cash used by capital and related financing activities	<u>(10,784,395)</u>
--	---------------------

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investment securities	(17,001,498)
Proceeds from sale and maturities of investment securities	26,186,546
Interest on investments	343,220
	<u>9,528,268</u>

Net cash provided by investing activities	<u>9,528,268</u>
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Net increase in cash and cash equivalents	1,349,019
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Cash and cash equivalents at October 1	<u>7,991,600</u>
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Cash and cash equivalents at September 30	<u>\$ 9,340,619</u>
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**CITY OF MELBOURNE, FLORIDA
STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNIT
INTERNATIONAL AIRPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(Continued)**

**RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (5,428,321)
Adjustments not affecting cash:	
Depreciation and amortization	4,611,226
Deferred outflows - pensions	(965,588)
Deferred inflows - pensions	(203,896)
Changes in assets and liabilities:	
Receivables, trade	(232,308)
Other receivables	(9,446)
Due from other governments	(6)
Inventory	(4,765)
Prepaid items	(46,669)
Noncurrent lease receivables	(70,617)
Net pension asset	74,091
Net pension liability	1,338,861
Accounts payable	627,478
Accrued payroll expenses	(143,703)
Due to (from) primary government	(162,391)
Due to other governments	5,559
Customer deposits	170,000
Unearned revenue	1,852,766
Other post employment benefits	38,171
	<u>1,450,442</u>
Net cash provided by operating activities	<u>\$ 1,450,442</u>

NON-CASH INVESTING ACTIVITIES

Decrease in fair value of investments	<u>\$ (14,569)</u>
Cash and cash equivalents reconciliation:	
Current assets:	
Cash and cash equivalents	\$ 9,057,173
Cash and cash equivalents, restricted	8,846
Noncurrent assets:	
Cash and cash equivalents, restricted	<u>274,600</u>
Cash and cash equivalents at September 30	<u>\$ 9,340,619</u>

STATISTICAL SECTION

The Statistical Schedules present detailed information as a context for understanding this year's financial statements, note disclosures, and required supplementary information.

This section contains the following subsections:

- Financial Trends
- Revenue Capacity
- Debt Capacity
- Demographic and Economic Information
- Operating Information

FINANCIAL TRENDS

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

Schedule

- 1 Net Position by Component, Last Ten Fiscal Years
- 2 Changes in Net Position, Last Ten Fiscal Years
- 3 Fund Balances, Governmental Funds, Last Ten Fiscal Years
- 4 Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years

REVENUE CAPACITY

These schedules contain information to help the reader assess the City's two significant local revenue sources, the property tax, and water and sewer charges.

Schedule

- 5 Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years
- 6 Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years
- 7 Principal Property Taxpayers, Current Year and Nine Years Ago
- 8 Property Tax Levies and Collections, Last Ten Fiscal Years
- 9 Water and Sewer Consumption, Rates, and Revenue, Last Ten Fiscal Years
- 10 Principal Water and Sewer Customers, Current Year and Nine Years Ago

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.

Schedule

- 11 Ratios of Outstanding Debt by Type, Last Ten Fiscal Years
- 12 Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years
- 13 Legal Debt Margin Information, Last Ten Fiscal Years
- 14 Direct and Overlapping Governmental Activities Debt, as of September 30, 2016
- 15 Pledged Revenue Coverage, Last Ten Fiscal Years

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

Schedule

- 16 Demographic and Economic Statistics, Last Ten Fiscal Years
- 17 Principal Employers, Current Year and Nine Years Ago

OPERATING INFORMATION

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

Schedule

- 18 Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years
- 19 Operating Indicators by Function/Program, Last Ten Fiscal Years
- 20 Capital Asset Statistics by Function/Program, Last Ten Fiscal Years

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF MELBOURNE, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Net investment in capital assets	\$ 67,323,807	\$ 70,069,032	\$ 71,429,676	\$ 72,038,559
Restricted	10,840,818	23,458,471	27,783,161	27,879,876
Unrestricted	26,681,395	21,577,336	16,229,875	16,362,185
Total governmental activities net position	<u>\$ 104,846,020</u>	<u>\$ 115,104,839</u>	<u>\$ 115,442,712</u>	<u>\$ 116,280,620</u>
Business-type activities				
Net investment in capital assets	\$ 54,560,098	\$ 55,833,195	\$ 58,553,489	\$ 58,045,690
Restricted	17,686,247	19,046,129	21,577,139	21,511,729
Unrestricted	18,147,078	17,488,598	10,169,559	10,762,763
Total business-type activities net position	<u>\$ 90,393,423</u>	<u>\$ 92,367,922</u>	<u>\$ 90,300,187</u>	<u>\$ 90,320,182</u>
Primary government				
Net investment in capital assets	\$ 121,883,905	\$ 125,902,227	\$ 129,983,165	\$ 130,084,249
Restricted	28,527,065	42,504,600	49,360,300	49,391,605
Unrestricted	44,828,473	39,065,934	26,399,434	27,124,948
Total primary government net position	<u>\$ 195,239,443</u>	<u>\$ 207,472,761</u>	<u>\$ 205,742,899</u>	<u>\$ 206,600,802</u>

2013 restated for cumulative effect of implementation of GASB Statement No. 65

2015 and 2016 unrestricted reflects the adjustments to net position for disclosing full pension liability due to the implementation of GASB Statement No. 68.

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

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 77,645,248	\$ 81,082,994	\$ 78,404,558	\$ 82,144,646	\$ 82,067,802	\$ 82,079,774
22,714,682	22,841,308	22,841,609	22,826,912	22,960,162	24,564,405
18,489,936	14,490,489	12,231,951	8,669,905	(34,403,547)	(32,099,072)
<u>\$ 118,849,866</u>	<u>\$ 118,414,791</u>	<u>\$ 113,478,118</u>	<u>\$ 113,641,463</u>	<u>\$ 70,624,417</u>	<u>\$ 74,545,107</u>
\$ 58,609,763	\$ 58,925,901	\$ 65,889,305	\$ 63,190,585	\$ 64,009,483	\$ 69,542,203
18,985,861	18,156,113	14,849,906	14,489,407	12,253,588	10,677,396
15,655,994	19,864,115	19,547,409	29,614,094	35,818,205	41,553,220
<u>\$ 93,251,618</u>	<u>\$ 96,946,129</u>	<u>\$ 100,286,620</u>	<u>\$ 107,294,086</u>	<u>\$ 112,081,276</u>	<u>\$ 121,772,819</u>
\$ 136,255,011	\$ 140,008,895	\$ 144,293,863	\$ 145,335,231	\$ 146,077,285	\$ 151,621,977
41,700,543	40,997,421	37,691,515	37,316,319	35,213,750	35,241,801
34,145,930	34,354,604	31,779,360	38,283,999	1,414,658	9,454,148
<u>\$ 212,101,484</u>	<u>\$ 215,360,920</u>	<u>\$ 213,764,738</u>	<u>\$ 220,935,549</u>	<u>\$ 182,705,693</u>	<u>\$ 196,317,926</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses				
Governmental activities:				
General government	\$ 12,309,070	\$ 12,337,005	\$ 13,660,469	\$ 13,597,891
Public safety - fire and police	36,556,368	38,140,246	39,053,513	39,010,931
Public works	7,087,272	8,278,938	7,235,457	7,323,261
Parks and recreation	6,722,785	6,676,949	6,250,733	6,104,076
Housing and urban improvement	3,650,743 ⁽¹⁾	2,400,139	2,841,243	3,164,117
Interest on long-term debt	639,344	693,742	669,954	619,428
Unallocated depreciation	2,177,228	2,350,035	2,404,570	2,475,341
Total governmental activities expenses	<u>69,142,810</u>	<u>70,877,054</u>	<u>72,115,939</u>	<u>72,295,045</u>
Business-type activities:				
Water and sewer	41,530,508	43,472,925	47,768,307	44,401,203
Golf courses	2,749,349	2,824,678	2,830,653	2,579,574
Stormwater utility	396,859	474,630	559,565	627,482
Total business-type activities expenses	<u>44,676,716</u>	<u>46,772,233</u>	<u>51,158,525</u>	<u>47,608,259</u>
Total primary government expenses	<u>\$ 113,819,526</u>	<u>\$ 117,649,287</u>	<u>\$ 123,274,464</u>	<u>\$ 119,903,304</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 10,414,334	\$ 9,434,123	\$ 9,111,954	\$ 10,291,593
Public safety - fire and police	2,104,591	2,545,161	2,056,832	1,613,850
Public works	1,656,161	1,651,604	1,707,319	1,027,069
Parks & recreation	806,212	813,449	792,014	851,507
Housing and urban development	200	-	-	-
Operating grants and contributions	8,969,076	9,129,809	8,563,054	8,620,743
Capital grants and contributions	1,679,306	2,801,330	601,107	1,826,368
Total governmental activities program revenues	<u>25,629,880</u>	<u>26,375,476</u>	<u>22,832,280</u>	<u>24,231,130</u>
Business-type activities:				
Charges for services:				
Water and sewer	36,940,779	39,504,368	40,579,170	42,913,122
Golf courses	2,777,029	2,512,528	2,391,390	2,337,589
Stormwater utility	1,134,880	1,134,769	1,270,656	1,286,742
Operating grants and contributions	170,399	170,443	123,818	-
Capital grants and contributions	4,581,958	4,277,235	4,735,533	2,344,185
Total business-type activities program revenues	<u>45,605,045</u>	<u>47,599,343</u>	<u>49,100,567</u>	<u>48,881,638</u>
Total primary government program revenues	<u>\$ 71,234,925</u>	<u>\$ 73,974,819</u>	<u>\$ 71,932,847</u>	<u>\$ 73,112,768</u>

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 13,366,909	\$ 13,764,828	\$ 15,561,604 ⁽³⁾	\$ 13,835,021	\$ 14,194,930 ⁽⁸⁾	\$ 16,928,412
39,717,295	41,815,591 ⁽²⁾	40,168,100	41,353,221	33,441,611 ⁽⁸⁾	40,329,521
8,720,053	6,049,564	8,316,795 ⁽⁴⁾	8,116,255	7,108,185	8,145,791
6,036,530	6,136,168	6,254,656	6,711,448	6,437,870	6,927,039
2,399,107	1,592,095	2,574,619	1,883,401	1,289,586	1,298,756
569,317	537,544	497,222	467,651	445,221	394,519
<u>2,567,216</u>	<u>2,794,502</u>	<u>2,868,115</u>	<u>2,997,742</u>	<u>3,191,952</u>	<u>3,322,705</u>
<u>73,376,427</u>	<u>72,690,292</u>	<u>76,241,111</u>	<u>75,364,739</u>	<u>66,109,355</u>	<u>77,346,743</u>
43,688,265	43,494,835	45,289,816 ⁽⁵⁾	42,643,322	43,578,657 ⁽⁸⁾	45,201,038
2,510,247	2,535,298	2,507,241	2,565,545	2,292,530	2,642,683
808,587	1,007,033	1,099,665	1,174,732	1,180,219	1,323,778
<u>47,007,099</u>	<u>47,037,166</u>	<u>48,896,722</u>	<u>46,383,599</u>	<u>47,051,406</u>	<u>49,167,499</u>
<u>\$ 120,383,526</u>	<u>\$ 119,727,458</u>	<u>\$ 125,137,833</u>	<u>\$ 121,748,338</u>	<u>\$ 113,160,761</u>	<u>\$ 126,514,242</u>
\$ 10,220,895	\$ 9,918,937	\$ 10,456,884	\$ 9,523,800	\$ 10,072,902	\$ 10,784,839
1,483,927	1,566,866	1,776,557	1,873,093	1,810,164	1,836,711
1,075,153	1,015,248	976,080	1,091,551	1,157,906	1,188,363
806,870	838,908	815,759	834,368	898,132	1,114,217
16,300	13,100	13,500	19,685	1,250	-
6,948,506	6,660,356	7,084,093	6,133,822	6,999,122	7,117,618
<u>6,795,571</u>	<u>3,273,290</u>	<u>1,418,806</u>	<u>2,553,954</u>	<u>628,876</u>	<u>903,067</u>
<u>27,347,222</u>	<u>23,286,705</u>	<u>22,541,679</u>	<u>22,030,273</u>	<u>21,568,352</u>	<u>22,944,815</u>
45,853,683	47,245,389	47,370,637	50,164,115	53,391,431	54,089,987
2,455,332	2,413,445	2,286,132	2,078,840	2,029,093	2,019,697
1,775,997	2,218,083	2,290,742	2,275,789	2,720,436	2,773,816
(24,972)	110,477	-	-	-	-
<u>1,359,095</u>	<u>736,596</u>	<u>2,244,507</u>	<u>1,241,348</u>	<u>2,174,091</u>	<u>1,884,001</u>
<u>51,419,135</u>	<u>52,723,990</u>	<u>54,192,018</u>	<u>55,760,092</u>	<u>60,315,051</u>	<u>60,767,501</u>
<u>\$ 78,766,357</u>	<u>\$ 76,010,695</u>	<u>\$ 76,733,697</u>	<u>\$ 77,790,365</u>	<u>\$ 81,883,403</u>	<u>\$ 83,712,316</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN NET POSITION (Continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (Expense)/Revenue				
Governmental activities	\$ (43,512,930)	\$ (44,501,578)	\$ (49,283,659)	\$ (48,063,915)
Business-type activities	928,329	827,110	(2,057,958)	1,273,379
Total primary government net expense	<u>\$ (42,584,601)</u>	<u>\$ (43,674,468)</u>	<u>\$ (51,341,617)</u>	<u>\$ (46,790,536)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property	\$ 20,102,973	\$ 21,575,415	\$ 21,279,929	\$ 21,976,524
Utility and telecommunication	10,776,705	11,326,996	10,997,283	11,394,528
Franchise fees	7,155,421	7,187,413	7,281,090	6,594,719
Unrestricted grants and contributions	10,335,305	11,514,895	6,468,279	6,032,442
Investment earnings	2,906,310	2,139,784	2,248,911	1,067,666
Miscellaneous	96,923	103,776	91,906	350
Gain on sale of capital assets	21,419	-	-	-
Contributions to permanent funds	3,350	2,250	1,100	2,400
Extraordinary item	-	-	-	-
Transfers	<u>2,122,657</u>	<u>909,868</u>	<u>1,253,034</u>	<u>1,833,194</u>
Total governmental activities	<u>53,521,063</u>	<u>54,760,397</u>	<u>49,621,532</u>	<u>48,901,823</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	2,539,126	2,057,257	1,243,257	579,810
Gain on sale of capital assets	-	-	-	-
Transfers	<u>(2,122,657)</u>	<u>(909,868)</u>	<u>(1,253,034)</u>	<u>(1,833,194)</u>
Total business-type activities	<u>416,469</u>	<u>1,147,389</u>	<u>(9,777)</u>	<u>(1,253,384)</u>
Total primary government	<u>\$ 53,937,532</u>	<u>\$ 55,907,786</u>	<u>\$ 49,611,755</u>	<u>\$ 47,648,439</u>
Change in Net Position				
Governmental activities	\$ 10,008,133	\$ 10,258,819	\$ 337,873	\$ 837,908
Business-type activities	1,344,798	1,974,499	(2,067,735)	19,995
Total primary government	<u>\$ 11,352,931</u>	<u>\$ 12,233,318</u>	<u>\$ (1,729,862)</u>	<u>\$ 857,903</u>

- (1) Increase is due to the activity of the Hurricane Housing Recovery Program fund, created in 2006.
- (2) Increase is due to the increase in pension, Worker's Compensation and OPEB expenses.
- (3) Increase is due to the transfer of land to the Airport.
- (4) Increase is due to road resurfacing.
- (5) Implemented GASB Statement No. 65.
- (6) Water and wastewater rate increase of 7% and decrease in operational expenses.
- (7) Property tax millage increase of 6%.
- (8) Implemented GASB Statement No. 68.

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (46,029,205)	\$ (49,403,587)	\$ (53,699,432)	\$ (53,334,466)	\$ (44,541,003)	\$ (54,401,928)
4,412,036	5,686,824	5,295,296	9,376,493 ⁽⁶⁾	13,263,645	11,600,002
<u>\$ (41,617,169)</u>	<u>\$ (43,716,763)</u>	<u>\$ (48,404,136)</u>	<u>\$ (43,957,973)</u>	<u>\$ (31,277,358)</u>	<u>\$ (42,801,926)</u>
\$ 22,137,715	\$ 21,813,062	\$ 21,896,644	\$ 24,328,815 ⁽⁷⁾	\$ 25,652,370	\$ 28,762,101
11,104,099	10,922,977	11,234,486	11,360,611	11,394,026	11,473,828
6,587,477	6,280,299	6,246,963	6,614,483	6,785,031	6,668,887
6,441,922	6,804,372	7,092,078	8,487,828	7,678,420	8,117,198
492,069	484,969	149,243	125,364	384,988	657,927
-	-	-	-	-	-
-	3,250	3,500	1,600	41,013	-
-	-	-	-	3,150	2,500
-	197,508	-	-	-	-
1,835,169	2,462,075	2,139,845	2,579,110	2,671,942	2,640,177
<u>48,598,451</u>	<u>48,968,512</u>	<u>48,762,759</u>	<u>53,497,811</u>	<u>54,610,940</u>	<u>58,322,618</u>
301	-	-	-	-	-
354,268	379,256	177,220	210,083	508,043	695,166
-	90,506	7,820	-	-	36,552
<u>(1,835,169)</u>	<u>(2,462,075)</u>	<u>(2,139,845)</u>	<u>(2,579,110)</u>	<u>(2,671,942)</u>	<u>(2,640,177)</u>
<u>(1,480,600)</u>	<u>(1,992,313)</u>	<u>(1,954,805)</u>	<u>(2,369,027)</u>	<u>(2,163,899)</u>	<u>(1,908,459)</u>
<u>\$ 47,117,851</u>	<u>\$ 46,976,199</u>	<u>\$ 46,807,954</u>	<u>\$ 51,128,784</u>	<u>\$ 52,447,041</u>	<u>\$ 56,414,159</u>
\$ 2,569,246	\$ (435,075)	\$ (4,936,673)	\$ 163,345	\$ 10,069,937	\$ 3,920,690
2,931,436	3,694,511	3,340,491	7,007,466	11,099,746	9,691,543
<u>\$ 5,500,682</u>	<u>\$ 3,259,436</u>	<u>\$ (1,596,182)</u>	<u>\$ 7,170,811</u>	<u>\$ 21,169,683</u>	<u>\$ 13,612,233</u>

CITY OF MELBOURNE, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u> ⁽⁴⁾
General fund				
Reserved	\$ 2,436,065	\$ 1,655,931	\$ 1,376,981	
Unreserved	<u>12,851,004</u>	<u>14,363,270</u>	<u>16,338,580</u>	
Non-spendable				\$ 1,937,571
Restricted				171,734
Committed				-
Assigned				2,384,098
Unassigned				<u>15,533,104</u>
Total general fund	<u>\$ 15,287,069</u>	<u>\$ 16,019,201</u>	<u>\$ 17,715,561</u>	<u>\$ 20,026,507</u>
 All Other Governmental funds				
Reserved	14,660,844 ⁽¹⁾	11,127,124	2,552,614 ⁽³⁾	
Unreserved, reported in				
Special revenue funds	1,103,673	1,347,211	1,602,220	
Capital projects funds	<u>17,663,031</u> ⁽²⁾	<u>20,803,266</u>	<u>23,392,404</u>	
Non-spendable				\$ 158,864
Restricted				23,462,041
Committed ⁽⁵⁾				-
Assigned				4,136,188
Unassigned				<u>(189,187)</u>
Total all other governmental funds	<u>\$ 33,427,548</u>	<u>\$ 33,277,601</u>	<u>\$ 27,547,238</u>	<u>\$ 27,567,906</u>

- (1) The increase in reserved fund balance of other governmental funds is due to unspent bond proceeds for the new City Hall and parking garage.
- (2) The increase in unreserved fund balance in the capital projects fund is due to unspent impact fees and transfers from various funds.
- (3) The decrease in reserved fund balance of the other governmental funds is due to the completion of the construction of the new City Hall.
- (4) The City implemented GASB No. 54 changing this presentation.
- (5) The City committed \$1,000,000 for economic development in 2014, and spent \$333,333 in 2016.
- (6) Reflects the reduction in subsequent year budget for assigned.

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 1,813,302	\$ 1,622,852	\$ 1,316,565	\$ 1,472,121	\$ 1,186,384	\$ 831,098
172,649	174,979	297,940	183,165	186,720	200,708
-	-	-	1,000,000 ⁽⁵⁾	1,000,000	666,667
2,756,749	4,132,491	5,189,667	5,119,574	3,194,815 ⁽⁶⁾	3,186,632
16,619,290	15,084,688	14,400,945	11,694,539	14,061,310	16,987,905
<u>\$ 21,361,990</u>	<u>\$ 21,015,010</u>	<u>\$ 21,205,117</u>	<u>\$ 19,469,399</u>	<u>\$ 19,629,229</u>	<u>\$ 21,873,010</u>
\$ 158,864	\$ 162,114	\$ 165,614	\$ 167,214	\$ 170,364	\$ 172,864
22,430,641	22,494,871	22,411,090	22,495,728	22,620,233	24,203,945
-	-	-	-	-	-
2,379,452	2,570,803	2,027,216	2,257,553	4,589,785	5,113,249
(118,174)	(86,772)	(46,257)	-	-	-
<u>\$ 24,850,783</u>	<u>\$ 25,141,016</u>	<u>\$ 24,557,663</u>	<u>\$ 24,920,495</u>	<u>\$ 27,380,382</u>	<u>\$ 29,490,058</u>

CITY OF MELBOURNE, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues				
Taxes				
Property	\$ 20,102,973	\$ 21,575,415	\$ 21,279,929	\$ 21,976,524
Utility and telecommunications	10,776,705	10,707,574	11,397,119	11,492,122
Franchise fees	7,155,421	7,187,413	7,281,090	6,594,719
Intergovernmental	16,054,733	16,049,655	15,088,823	15,660,518
Charges for services	10,964,291	10,475,048	10,495,266	10,140,673
Impact fees	4,224,599	5,829,725	1,224,448 ⁽³⁾	990,382
Licenses and permits	2,620,650	2,606,129	2,113,101	2,176,146
Confiscated property	51,468	134,125	50,892	101,335
Fines, forfeitures, penalties and fees	636,026	545,813	428,541	349,902
Investment earnings	2,756,167	2,026,505	2,058,312	980,543
Perpetual care endowment additions	3,350	2,250	1,100	2,400
Other revenues	675,564	780,545	853,052	868,794
Total revenues	<u>76,021,947</u>	<u>77,920,197</u>	<u>72,271,673</u>	<u>71,334,058</u>
Expenditures				
General government	12,130,419	12,753,633	13,080,708	12,733,112
Public safety	35,128,764	37,283,528	36,632,263	36,471,946
Public works	6,879,135	8,235,277	7,262,198	7,333,757
Parks and recreation	6,130,938	6,137,068	5,539,116	5,357,134
Housing and urban improvement	3,605,551	2,374,948	2,778,951	3,119,666
Capital outlay	9,684,871	10,823,301	10,807,978	4,429,871
Debt service				
Principal	599,443	829,163	875,355	835,446
Interest	576,110	680,262	641,885	603,110
Bond issuance costs	26,137	-	-	-
Total expenditures	<u>74,761,368</u>	<u>79,117,180</u>	<u>77,618,454</u>	<u>70,884,042</u>
Excess of revenues over (under) expenditures	<u>1,260,579</u>	<u>(1,196,983)</u>	<u>(5,346,781)</u>	<u>450,016</u>
Other financing sources (uses)				
Revenue bonds issued	6,176,000	-	-	-
Capital leases	1,171,481 ⁽¹⁾	782,817 ⁽¹⁾	-	-
Sale of capital assets	61,606	64,421	71,185	64,575
Insurance recoveries	-	-	-	-
Transfers in	9,882,451 ⁽²⁾	4,813,589	5,247,400	5,694,976
Transfers out	<u>(7,755,785)</u>	<u>(3,881,659)</u>	<u>(4,005,807)</u>	<u>(3,877,953)</u>
Total other financing sources (uses)	<u>9,535,753</u>	<u>1,779,168</u>	<u>1,312,778</u>	<u>1,881,598</u>
Net change in fund balances	<u>\$ 10,796,332</u>	<u>\$ 582,185</u>	<u>\$ (4,034,003)</u>	<u>\$ 2,331,614</u>
Debt service as a percentage of noncapital expenditures	1.8%	2.2%	2.3%	2.2%

(1) Purchase of police vehicles and radios.

(2) Non-departmental general fund for appropriation to transportation projects and various funds for general capital projects.

(3) Downturn in construction activity.

(4) No road resurfacing in 2012.

(5) Neighborhood stabilization program expenditures

(6) Purchase of fire truck and police video system, contractual salary increases and increased workers compensation medical claims.

(7) Purchase of aerial fire truck and police video system.

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 22,137,715	\$ 21,813,062	\$ 21,896,644	\$ 24,328,815	\$ 25,652,370	\$ 28,762,101
11,201,693	10,947,375	11,234,486	11,360,611	11,394,026	11,473,828
6,587,477	6,280,299	6,246,963	6,614,483	6,785,031	6,668,887
15,683,713	14,149,766	15,098,505	14,472,033	15,963,669	16,891,197
9,700,060	9,785,168	9,840,594	8,575,679	9,255,551	9,566,648
438,748	637,910	856,742	1,867,890	659,517	763,169
1,987,969	2,046,163	2,394,206	2,635,612	2,562,653	3,401,098
56,864	30,352	79,342	144,431	15,436	12,290
323,931	294,776	306,942	318,348	276,967	259,230
454,240	450,086	142,459	115,967	358,728	635,748
-	3,250	3,500	1,600	3,150	2,500
<u>1,280,613</u>	<u>871,611</u>	<u>1,171,801</u>	<u>1,064,968</u>	<u>1,170,249</u>	<u>900,680</u>
<u>69,853,023</u>	<u>67,309,818</u>	<u>69,272,184</u>	<u>71,500,437</u>	<u>74,097,347</u>	<u>79,337,376</u>
12,655,808	12,975,285	13,251,414	14,736,194	14,868,874	15,817,777
37,296,823	38,729,328	37,806,771	41,033,892 ⁽⁶⁾	41,143,272	42,479,210
8,739,063	6,223,871 ⁽⁴⁾	8,376,512	8,261,768	7,148,771	8,247,008
5,384,549	5,542,863	5,606,919	5,995,492	5,810,118	6,322,634
2,351,014	1,529,290	2,525,881 ⁽⁵⁾	1,799,654	1,218,370	1,201,873
5,905,671	3,863,206	3,155,525	3,422,444	2,916,863	2,349,466
872,299	907,542	941,189	983,256	1,026,761	890,721
570,230	532,575	493,529	453,032	409,983	370,865
-	-	-	-	-	-
<u>73,775,457</u>	<u>70,303,960</u>	<u>72,157,740</u>	<u>76,685,732</u>	<u>74,543,012</u>	<u>77,679,554</u>
<u>(3,922,434)</u>	<u>(2,994,142)</u>	<u>(2,885,556)</u>	<u>(5,185,295)</u>	<u>(445,665)</u>	<u>1,657,822</u>
-	-	-	-	-	-
604,160 ⁽¹⁾	142,546 ⁽¹⁾	284,934 ⁽¹⁾	1,194,795 ⁽⁷⁾	-	-
103,300	43,945	67,531	38,504	102,170	45,208
-	282,122	-	-	291,195	-
5,881,667	6,262,963	6,863,500	7,748,928	7,871,803	6,194,572
<u>(4,048,333)</u>	<u>(3,794,181)</u>	<u>(4,723,655)</u>	<u>(5,169,818)</u>	<u>(5,199,786)</u>	<u>(3,544,145)</u>
<u>2,540,794</u>	<u>2,937,395</u>	<u>2,492,310</u>	<u>3,812,409</u>	<u>3,065,382</u>	<u>2,695,635</u>
<u>\$ (1,381,640)</u>	<u>\$ (56,747)</u>	<u>\$ (393,246)</u>	<u>\$ (1,372,886)</u>	<u>\$ 2,619,717</u>	<u>\$ 4,353,457</u>
2.1%	2.2%	2.1%	2.0%	2.1%	1.7%

SCHEDULE 5

CITY OF MELBOURNE, FLORIDA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Residential Property	Commercial Property ⁽¹⁾	Less: Tax Exempt Property ⁽²⁾	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2007	\$ 4,712,028,500	\$ 2,919,288,219	\$ 2,994,643,764	\$ 4,636,672,955	4.5081	\$ 5,151,858,839	90%
2008	4,548,973,150	3,161,863,232	2,755,132,745	4,955,703,637	4.4751	5,506,337,374	90
2009	4,329,701,570	3,451,859,684	2,883,528,633	4,898,032,621	4.4751	5,442,258,468	90
2010	3,561,870,170	3,271,835,120	2,421,702,175	4,412,003,115	5.1287	4,902,225,683	90
2011	2,571,020,800	3,382,339,518	2,083,735,043	3,869,625,275	5.9223	4,299,583,639	90
2012	2,570,972,360	2,479,804,026	1,788,286,688	3,262,489,698	6.9200	3,624,988,553	90
2013	2,504,916,790	2,511,387,105	1,733,928,941	3,282,374,954	6.9000	3,647,083,282	90
2014	2,705,952,860	2,603,573,641	1,864,230,555	3,445,295,946	7.3126	3,828,106,607	90
2015	3,022,128,940	2,653,608,626	2,059,322,942	3,616,414,624	7.3125	4,018,238,471	90
2016	3,367,691,320 ⁽³⁾	2,745,036,807 ⁽³⁾	2,247,871,092	3,864,857,035	7.6886	4,294,285,594	90

Source: Brevard County Property Appraiser

- (1) Includes utility, railroad and tangible property.
- (2) Includes agricultural, governmental, renewable energy source, widows, widowers, institutional, disability, and homestead exemptions.
- (3) Brevard County Property Appraiser changed format in deliverance of reference materials, amounts from 2016 forward are calculated in a different manner than prior years.

CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year	City of Melbourne	Overlapping Rates			Total Direct & Overlapping Rates
	Single Direct ⁽¹⁾ Rate	School Rate	County Rate	Multi-County ⁽²⁾ Rate	
2007	4.5081	7.6670	5.5370	0.6600	18.3721
2008	4.4751	7.5310	5.2210	0.5627	17.7898
2009	4.4751	7.6610	5.2628	0.5627	17.9616
2010	5.1287	7.6870	5.1077	0.5627	18.4861
2011	5.9223	7.6530	5.8249	0.5627	19.9629
2012	6.9200	8.1120	6.5199	0.4782	22.0301
2013	6.9000	8.0960	6.5199	0.4782	21.9941
2014	7.3126	7.6060	6.3979	0.4752	21.7917
2015	7.3125	7.3390	6.2310	0.4633	21.3458
2016	7.6886	7.2750	6.0692	0.4412	21.4740

Source: Brevard County Tax Collector

- (1) The City of Melbourne only levies one single direct rate. There is no multi-tier rate.
- (2) Includes Florida Inland Navigation District, Sebastian Inlet District and St. Johns River Water Management District.

Note: The City's property tax rate may not be increased in excess of 10% from the previous year without a majority vote of the city's residents, as per Florida's House Bill #4173.

SCHEDULE 7

**CITY OF MELBOURNE, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Melbourne Airport Authority	\$ 114,170,840	1	2.95%	\$ 97,383,880	1	2.10%
Melbourne Square LLC ⁽¹⁾	33,000,000	2	0.85	36,000,000	2	0.77
Health First Physicians Real Estate	29,495,000	3	0.76			
Harris Corporation	26,185,000	4	0.68	33,800,000	3	0.73
Melbourne HMA LLC	24,557,070	5	0.64			
Northland Caribbean Isle LLC	18,800,000	6	0.49			
Wal-Mart Stores	17,815,000	7	0.46	22,656,270	4	0.49
The Preserve at Longleaf Partners	17,700,000	8	0.46			
LSREF3 Bravo LLC	16,500,000	9	0.43			
Health Care REIT Inc	16,000,000	10	0.41			
KRC Melbourne LTD				15,571,350	5	0.34
MIMA Real Estate LLC				15,281,760	6	0.33
Rialto, LTD				15,012,240	7	0.32
Florida Marketplace of Brevard				13,300,000	8	0.29
Melbourne Greyhound Park LLC				13,266,960	9	0.28
MP Promenade LLC				10,995,000	10	0.24
	<u>\$ 314,222,910</u>		<u>8.13%</u>	<u>\$ 273,267,460</u>		<u>5.89%</u>

(1) Formerly reported as Melbourne- JCP Assoc. LTD

Source: Brevard County Property Appraiser

**CITY OF MELBOURNE, FLORIDA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended September 30	Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 20,926,112	\$ 19,562,580	93%	\$ 540,393	\$ 20,102,973	96%
2008	22,203,634	20,782,975	94	792,440	21,575,415	97
2009	21,969,032	19,613,547	89	1,666,382	21,279,929	97
2010	22,691,851	20,568,976	91	1,407,548	21,976,524	97
2011	23,001,409	21,136,767	92	1,000,948	22,137,715	96
2012	22,576,429	21,175,428	94	637,634	21,813,062	97
2013	22,648,387	21,091,561	93	805,083	21,896,644	97
2014	25,194,071	23,667,815	94	661,000	24,328,815	97
2015	26,549,365	24,922,260	94	730,110	25,652,370	97
2016	29,775,050	28,092,686	94	669,415	28,762,101	97

Sources: Brevard County Property Appraiser and City of Melbourne Financial Services.

SCHEDULE 9

**CITY OF MELBOURNE, FLORIDA
WATER AND SEWER CONSUMPTION, RATES AND REVENUE
LAST TEN FISCAL YEARS**

Fiscal Year	Gallons of Water Consumed ⁽¹⁾	Water Revenue ⁽⁴⁾	Total Direct Rate		Gallons of Sewer Treated ⁽¹⁾	Sewer Revenue ⁽⁴⁾	Total Direct Rate	
			Water Base Rate ⁽²⁾	Water Usage Rate ⁽³⁾			Sewer Base Rate ⁽²⁾	Sewer Usage Rate ⁽³⁾
2007	4,857,091	\$ 20,727,646	\$ 5.09	\$ 3.21	2,272,113	\$ 14,542,999	\$ 7.19	\$ 5.17
2008	4,718,506	22,295,533	6.25	3.43	2,226,739	15,067,766	7.85	5.27
2009	4,562,415	23,154,689	6.69	3.67	2,153,407	15,586,500	8.40	5.64
2010	4,657,291	24,571,182	6.25	3.85	2,171,931	16,469,144	8.18	5.92
2011	4,783,236	26,334,505	6.56	4.04	2,179,757	17,543,002	8.59	6.22
2012	4,687,615	27,195,156	6.89	4.24	2,143,691	18,100,459	9.02	6.53
2013	4,645,065	27,275,917	6.89	4.24	2,129,172	18,083,757	9.02	6.53
2014	4,672,892	28,638,534	7.58	4.33	2,127,061	19,292,642	11.21	6.49
2015	4,643,892	30,412,363	8.00	4.57	2,136,767	20,527,181	11.83	6.85
2016	4,768,201	30,984,020	8.00	4.57	2,214,882	20,817,696	11.83	6.85

Source: City Water and Sewer Department

(1) Gallons are presented in thousands.

(2) Rates shown through 2009 are for 3/4" meters at the inside City rate. Rates after October 1, 2009 are based on one equivalent residential connection (ERC) at the inside City rate.

(3) Per 1,000 gallons of metered water at the inside City rate.

(4) Revenues are not adjusted for bad debt.

CITY OF MELBOURNE, FLORIDA
PRINCIPAL WATER AND SEWER CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

<u>Water Customer</u>	<u>2016</u>			<u>2007</u>		
	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>	<u>Water Revenue</u>	<u>Rank</u>	<u>Percentage of Total Water Revenue</u>
City of West Melbourne	\$ 3,221,135	1	10.40 %	\$ 1,717,561	1	8.29 %
Holmes Regional Medical Center	387,947	2	1.25	274,380	2	1.32
Florida Institute of Technology	298,764	3	0.96	134,969	4	0.65
School Board of Brevard County	238,466	4	0.77	157,979	3	0.76
DW MLB H LLC	90,448	5	0.29			
We Harbours LLC	88,959	6	0.29			
Harris Corporation	88,266	7	0.29	66,337	6	0.32
Northrop Grumman Systems Corp	82,471	8	0.27			
Eastern Florida State College	81,594	9	0.26			
Prestige AB Ready Mix of Melbourne	81,330	10	0.26			
Lake in the Woods				85,325	5	0.41
Melbourne Hampton Greens				57,251	7	0.28
Lake Washington Downs				54,075	8	0.26
Manufactured Home Communities				52,243	9	0.25
MEL OHIO/Tradewinds Apartments				48,073	10	0.23
Total	<u>\$ 4,659,380</u>		<u>15.04 %</u>	<u>\$ 2,648,193</u>		<u>12.77 %</u>

<u>Sewer Customer</u>	<u>2016</u>			<u>2007</u>		
	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>	<u>Sewer Revenue</u>	<u>Rank</u>	<u>Percentage of Total Sewer Revenue</u>
Holmes Regional Medical Center	\$ 579,597	1	2.72 %	\$ 440,790	1	3.03 %
Florida Institute of Technology	445,501	2	2.09	211,979	2	1.46
School Board of Brevard County	210,191	3	0.99	146,882	3	1.01
We Harbours LLC	132,813	4	0.62			
Harris Corporation	130,971	5	0.61	105,718	5	0.73
Northrop Grumman Systems Corp	122,084	6	0.57			
Eastern Florida State College	122,009	7	0.57			
Manufactured Home Communities	118,941	8	0.56	83,175	8	0.57
Northland Carribean Isle LLC	111,193	9	0.52			
Rockwell-Collins	110,167	10	0.52			
Lake in the Woods				135,630	4	0.93
Melbourne Hampton Greens				88,701	6	0.61
Lake Washington Downs				86,482	7	0.59
MEL OHIO/Tradewinds Apartments				76,972	9	0.53
Caribbean Isle LLC				71,590	10	0.49
Total	<u>\$ 2,083,467</u>		<u>9.77 %</u>	<u>\$ 1,447,919</u>		<u>9.95 %</u>

Source: City Water and Sewer Department

**CITY OF MELBOURNE, FLORIDA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Governmental Activities						
Fiscal Year	1994, 1995 & 1998		2003	2003	2005 & 2006	
	Sales Tax Bonds	Utility Tax Bonds	Utility Tax Bonds	Gax Tax Bonds	Electric Utility Tax Note	Redevelopment Bonds
2007	\$ 1,284,701	\$ 652,689	\$ 652,689	\$ 1,349,762	\$ 12,062,000	\$ 1,434,121
2008	1,092,387	607,645	607,645	1,259,675	11,653,000	1,338,403
2009	895,000	560,822	560,822	1,166,029	11,215,000	1,238,904
2010	765,000	512,150	512,150	1,068,684	10,759,000	1,135,475
2011	625,000	461,555	461,555	967,494	10,286,000	1,027,961
2012	480,000	408,961	408,961	862,307	9,793,000	916,200
2013	330,000	354,290	354,290	752,965	9,282,000	800,024
2014	170,000	297,460	297,460	639,304	8,750,000	679,259
2015	-	238,385	238,385	521,153	8,196,000	553,724
2016	-	176,976	176,976	398,335	7,620,000	423,230

Fiscal Year	Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2007	\$ 149,857,808	9.01%	\$ 1,912
2008	146,764,619	7.84	1,874
2009	142,520,066	7.52	1,820
2010	137,864,199	6.74	1,758
2011	133,449,834	6.81	1,748
2012	131,660,444	7.81	1,708
2013	131,229,204	7.44	1,696
2014	128,575,363	6.59	1,647
2015	123,818,823	6.62	1,556
2016	115,981,801	5.64	1,442

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

(1) Population and personal income data can be found in Schedule 16.

<u>Governmental Activities</u>	<u>Business-type Activities</u>			
<u>Capital Lease</u>	<u>Water and Sewer Bonds</u>	<u>Golf Course Bonds</u>	<u>Capital Lease</u>	<u>State Revolving Fund Loan</u>
\$ 1,171,481	\$ 131,194,568	\$ 433,987	\$ 274,499	\$ -
1,635,671	128,583,641	353,920	240,277	-
1,183,917	125,890,460	270,095	99,839	-
690,022	122,529,739	182,333	26,526	195,270
744,413	119,000,408	90,449	-	246,554
588,383	113,646,262	46,174	-	4,919,157
684,624	112,749,277	-	467,732	5,808,292
1,492,237	110,624,777	-	329,148	5,593,178
1,138,327	107,099,544	-	188,385	5,883,305
782,969	95,375,190	-	551,064	10,654,037

SCHEDULE 12

**CITY OF MELBOURNE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

The City of Melbourne has no general bonded debt.

SCHEDULE 13

**CITY OF MELBOURNE, FLORIDA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

The City of Melbourne has no general bonded debt.

CITY OF MELBOURNE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding ⁽¹⁾</u>	<u>Estimated Percentage Applicable ^(*)</u>	<u>City's Share of Overlapping Debt</u>
Debt repaid with property taxes			
Brevard County General Obligation Debt	\$ 21,205,000	13.03% ⁽²⁾	\$ 2,763,012
South Brevard Recreation Special District	40,850,000	23.04 ⁽²⁾	9,411,840
Other debt			
Constitutional Fuel Tax Revenue Bonds, Series 2015	11,270,000	14.14 ⁽³⁾	1,593,578
Brevard County Sales Tax Bonds	18,560,000	10.00 ⁽⁴⁾	<u>1,856,000</u>
Subtotal, overlapping debt			<u>15,624,430</u>
City of Melbourne direct debt			
Capital Leases			782,969
Public Improvement Bonds and Notes			<u>8,618,541</u>
Subtotal, direct debt			<u>9,401,510</u>
Total direct and overlapping debt			<u><u>\$ 25,025,940</u></u>

Notes: Overlapping governments are local and county governments that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Melbourne. 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.

(*) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value. The percentage of fuel tax debt applicable to the City was estimated by dividing Melbourne's population by Brevard County's population. The applicable percentage of Brevard County Sales Tax Bonds based on the State of Florida sales tax percentage for the City of Melbourne.

Sources:

- (1) Brevard County Clerk of Court.
- (2) Assessed value data used to estimate applicable percentages is provided by the Brevard County Property Appraiser.
- (3) Bureau of Economic and Business Research at the University of Florida provided population statistics to estimate the percentage of fuel tax debt that is applicable to the City.
- (4) Florida Department of Revenue provided percentage of sales tax the City receives.

**CITY OF MELBOURNE, FLORIDA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Pledged Revenues ⁽¹⁾	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
1994, 1995 & 1998 Sales Tax Bonds						
2007	\$ 4,030,711	\$ -	\$ 4,030,711	\$ 181,366	\$ 68,243	16.15
2008	3,729,359	-	3,729,359	189,312	59,714	14.98
2009	3,492,385	-	3,492,385	197,387	50,725	14.08
2010	3,362,959	-	3,362,959	130,000	41,295	19.63
2011	3,467,138	-	3,467,138	140,000	34,680	19.85
2012	3,533,182	-	3,533,182	145,000	27,625	20.47
2013	3,707,972	-	3,707,972	150,000	20,250	21.78
2014	3,896,683	-	3,896,683	160,000	12,500	22.59
2015	4,158,771	-	4,158,771	170,000	4,250	23.87

⁽¹⁾ Pledged revenues include local government 1/2 cent sales tax

2003 Utility Tax Bonds

2007	\$ 5,812,940	\$ -	\$ 5,812,940	\$ 43,332	\$ 27,493	82.07
2008	5,694,086	-	5,694,086	45,044	25,781	80.40
2009	5,836,617	-	5,836,617	46,823	24,002	82.41
2010	6,299,867	-	6,299,867	48,672	22,152	88.95
2011	6,389,132	-	6,389,132	50,595	20,230	90.21
2012	6,426,055	-	6,426,055	52,594	18,231	90.73
2013	6,901,061	-	6,901,061	54,671	16,154	97.44
2014	7,393,614	-	7,393,614	56,830	13,988	104.40
2015	7,543,411	-	7,543,411	59,075	11,725	106.55
2016	7,853,722	-	7,853,722	61,409	9,416	110.89

⁽¹⁾ Pledged revenues include electric utility taxes and gas utility taxes

2005 & 2006 Subordinate Electric Utility Tax Revenue Note

2007	\$ 5,479,476	\$ -	\$ 5,479,476	\$ 196,000	\$ 349,254	10.05
2008	5,370,028	-	5,370,028	409,000	473,025	6.09
2009	5,562,352	-	5,562,352	438,000	456,125	6.22
2010	6,010,459	-	6,010,459	456,000	438,288	6.72
2011	6,047,410	-	6,047,410	473,000	419,753	6.77
2012	6,088,803	-	6,088,803	493,000	400,480	6.81
2013	6,553,097	-	6,553,097	511,000	380,420	7.35
2014	7,030,112	-	7,030,112	532,000	359,519	7.89
2015	7,172,554	-	7,172,554	554,000	337,972	8.04
2016	7,488,265	-	7,488,265	576,000	315,426	8.40

⁽¹⁾ Pledged revenues include electric utility taxes

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

Fiscal Year	Pledged Revenues ⁽¹⁾	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2003 Gas Tax Bonds						
2007	\$ 1,999,911	\$ -	\$ 1,999,911	\$ 86,664	\$ 56,739	13.95
2008	2,054,704	-	2,054,704	90,087	53,316	14.33
2009	2,040,929	-	2,040,929	93,646	49,757	14.23
2010	2,248,079	-	2,248,079	97,345	46,058	15.68
2011	2,015,306	-	2,015,306	101,190	42,213	14.05
2012	2,524,218	-	2,524,218	105,187	38,216	17.60
2013	2,436,072	-	2,436,072	109,342	34,061	16.99
2014	2,493,210	-	2,493,210	113,661	29,730	17.39
2015	2,643,746	-	2,643,746	118,151	25,202	18.44
2016	2,926,058	-	2,926,058	122,818	20,585	20.40

⁽¹⁾ Pledged revenues include local option gas taxes

2003 Downtown Community Redevelopment Agency Bonds

2007	\$ 757,314	\$ -	\$ 757,314	\$ 92,081	\$ 60,285	4.97
2008	787,563	-	787,563	95,718	56,648	5.17
2009	857,605	-	857,605	99,499	52,867	5.63
2010	811,645	-	811,645	103,429	48,937	5.33
2011	865,519	-	865,519	107,514	44,851	5.68
2012	895,798	-	895,798	111,761	40,604	5.88
2013	863,941	-	863,941	116,176	36,189	5.67
2014	907,221	-	907,221	120,765	31,600	5.95
2015	958,164	-	958,164	125,535	26,816	6.29
2016	1,054,035	-	1,054,035	130,494	21,857	6.92

⁽¹⁾ Pledged revenues include Downtown Community Redevelopment Agency revenues

**CITY OF MELBOURNE, FLORIDA
PLEGGED REVENUE COVERAGE (Continued)
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
Water and Sewer System Bonds						
	(2)	(3)				(4)
2007	\$ 43,306,181	\$ 28,390,394	\$ 14,915,787	\$ 3,920,000	\$ 3,364,780	2.05
2008	45,522,402	29,632,898	15,889,504	4,070,000	4,385,962	1.88
2009	43,813,725	33,283,227	10,530,498	4,810,000	4,226,494	1.17
2010	45,790,479	29,367,097	16,423,382	5,055,000	4,041,053	1.81
2011	47,764,676	28,707,983	19,056,693	5,260,000	3,863,564	2.09
2012	48,657,854	28,119,487	20,538,367	5,465,000	3,651,526	2.25
2013	48,856,212	28,880,314	19,975,898	5,025,000	2,997,351	2.49
2014	51,620,232	27,386,863	24,233,369	5,245,000	3,154,311	2.89
2015	55,532,077	28,260,906	27,271,171	5,655,000	2,819,919	3.22
2016	56,501,605	30,210,477	26,291,128	5,680,000	2,775,716	3.11
Golf Course Bonds						
	(5)					(6)
2007	\$ 2,798,594	-	\$ 2,798,594	\$ 76,477	\$ 23,605	27.96
2008	2,535,579	-	2,535,579	80,067	20,016	25.33
2009	2,397,503	-	2,397,503	83,825	16,257	23.96
2010	2,337,805	-	2,337,805	87,762	12,320	23.36
2011	2,456,865	-	2,456,865	91,884	6,344	25.01
2012	2,415,675	-	2,415,675	44,275	2,613	51.52
2013	2,293,952	-	2,293,952	46,174	648	48.99

- (2) Total gross operating revenues, grants, interest income (less construction interest income) and capital contributions up to pledged amount.
- (3) Total operating expenses, exclusive of depreciation and amortization, plus bad debt.
- (4) Required coverage is 1.15.
- (5) Total of operating and non-operating revenues.
- (6) Required coverage is 1.0 of gross revenues.

**CITY OF MELBOURNE, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Year	Population ⁽¹⁾	Personal Income (amounts expressed in thousands of dollars)	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽³⁾	Unemployment Rate ⁽⁴⁾
2007	78,386	\$ 1,663,116	\$ 21,217	42.1	15,810	4.4
2008	78,308	1,870,856	23,891	42.2	14,709	6.7
2009	78,323	1,895,025	24,195	41.9	13,266	10.5
2010	78,427	2,045,533	26,082	42.3	12,895	11.3
2011	76,354	1,959,625	25,665	44.7	12,716	9.7
2012	77,101	1,706,554	22,134	44.9	12,694	8.6
2013	77,394	1,783,622	23,046	45.6	12,864	6.4
2014	78,088	1,952,044	24,998	44.9	12,965	6.3
2015	79,600	1,869,963	23,492	44.8	13,079	5.3
2016	80,419	2,054,866	25,552	45.1	12,993	5.1

Sources:

- (1) Bureau of Economic and Business Research
- (2) Economic Development Commission of Florida's Space Coast
- (3) The School Board of Brevard County
- (4) Bureau of Labor Statistics

SCHEDULE 17

**CITY OF MELBOURNE, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Health First, Inc. ¹	4,066	1	11.45 %	3,466	1	9.01 %
Northrop-Grumman	2,894	2	8.15	1,800	4	4.68
Harris Corporation ²	2,532	3	7.13	2,595	2	6.75
Florida Institute of Technology	2,410	4	6.78	1,665	5	4.33
School Board of Brevard County	1,720	5	4.84	1,934	3	5.03
Rockwell Collins, Inc.	1,467	6	4.13	1,396	6	3.63
Teletch	1,205	7	3.39			
City of Melbourne	890	8	2.51	956	7	2.49
Walmart	725	9	2.04	760	8	1.98
Eastern Florida State College	591	10	1.66			
MIMA ¹				686	9	1.78
Wuesthoff Health System				553	10	1.44
Total	<u>18,500</u>		<u>52.08 %</u>	<u>15,811</u>		<u>41.12 %</u>

(1) Health First and MIMA merged in 2013.

(2) Harris Corporation's 150 S. Wickham Rd. location was included as of 2016, it is not included in prior year numbers.

Source: The companies listed above.

CITY OF MELBOURNE, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS ⁽¹⁾

<u>Function/program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	113	115	110	103	102	102	103	103	103	104
Police	244	245	242	242	244	241	241	239	239	239
Fire	169	173	171	169	168	164	164	164	165	165
Public works	70	71	71	63	64	64	63 ⁽²⁾	65	65	65
Parks and recreation	89	85	89	83	84	84	82	84	87 ⁽³⁾	88
Housing and urban improvement	10	10	9	7	7	7	7	6	6	6
Water and sewer system	186	187	187	177	175	175	175	178	179	183
Stormwater utility	0	0	0	1	1	1	4 ⁽²⁾	4	4	4
Golf courses	37	36	37	32	31	31	23	23	22	21
Total	918	922	916	877	876	869	862	866	870	875
Component unit - Airport	51	52	53	52	52	51	52	49	52	55

Source: City of Melbourne Budget Department

(1) Full-time equivalent employees per the adopted budget.

(2) The Stormwater Utility added one new position and reclassified two positions from the Streets Management Division of Public Works to meet federal mandates and regulatory compliance in 2013.

(3) The Parks and Recreation department added three new positions to staff Wickham Park Community Center.

SCHEDULE 19

1 of 2

**CITY OF MELBOURNE, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police			
Physical arrests	4,160	4,476	4,559
Parking violations	1,319	1,140	914
Traffic violations	23,031	23,280	22,115
Fire			
Emergency responses	13,646	13,187	13,384
Fires extinguished	321	222	223
Inspections	5,862	5,179	6,956
Public works			
Resurfacing (miles)	-	10.26	16.20
New streets (miles)	1.46	1.68	0.34
Parks and recreation			
Auditorium (number of events)	227	218	202
Recreation centers (attendance)	60,605	66,923	77,984
Tennis courts (attendance)	40,941	30,600	31,884
Golf courses (rounds played)	128,702	115,357	111,486
Water			
Average number of accounts	53,629	56,073	56,511
Average daily consumption (gallons)	13,491,921	13,106,962	12,673,375
Sewer			
Average number of accounts	26,899	28,282	28,529
Average daily sewage treatment (gallons)	6,311,425	6,185,386	5,981,687

(1) The City contracted with a consultant to create a pavement management system and will begin implementation in fiscal year 16/17.

(2) Higher recreation attendance due to first full year of operation of the Wickham Park Community Center and change in methodology in attendance calculation.

(3) Tennis court attendance increase as a result of a change in methodology in how attendance is calculated.

Sources: Various City departments.

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	
3,854	3,158	2,948	3,101	3,315	2,895	2,938	
621	436	733	692	1,099	886	581	
17,041	19,412	16,847	20,061	15,861	12,193	17,870	
13,775	14,263	14,932	14,986	15,650	16,787	17,394	
207	244	214	245	208	210	225	
6,161	6,665	5,864	5,878	5,298	3,972	5,555	
2.00	14.40	-	8.10	7.22	-	3.05	(1)
-	0.49	-	-	-	-	-	
200	193	184	182	162	195	199	
66,412	56,971	59,483	61,208	71,089	67,717	222,066	(2)
28,059	27,194	21,414	23,337	21,694	20,858	33,152	(3)
96,477	93,717	87,720	86,302	80,151	73,833	83,617	
56,711	56,819	56,934	57,162	57,487	57,766	58,108	
12,759,702	13,104,756	12,842,782	12,726,206	12,802,444	12,722,993	13,063,565	
28,748	28,583	28,764	28,878	29,026	29,132	29,250	
5,950,497	5,971,936	5,873,126	5,833,348	5,827,564	5,854,155	6,068,169	

SCHEDULE 20

**CITY OF MELBOURNE, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol vehicles	112	116	125	126	135	142	150	146	142	142
Fire stations	8 ⁽¹⁾	8	8	8	8	8	8	8	8	8
Public works										
Streets (miles)	293	295	295	295	289 ⁽³⁾	289	286	286	284	291
Streetlights	7,822	8,228	8,474	8,630	8,638	8,886	8,403	8,415	8,460	8,460
Parks and recreation										
Acreage	555	555	555	555	555	570 ⁽⁴⁾	570	570	570	570
Special use facilities	7	7	7	7	7	7	7	7	7	7
Community parks	11	11	11	11	11	12 ⁽⁴⁾	12	12	12	12
Neighborhood parks	27	27	27	27	27	27	27	27	27	27
Water										
Mains (miles)										
Water transmission	148	149	149	149	149	149	149	149	149	149
Water distribution	725	729	730	730	730	730	730	730	730	730
Storage tanks										
Quantity	9	9	9	10 ⁽²⁾	10	10	7 ⁽⁵⁾	7	7	7
Capacity (thousands of gallons)	15,000	15,000	15,000	17,000 ⁽²⁾	17,000	17,000	16,000	16,000	16,000	16,000
Sewer (miles)										
Gravity sewer mains	265	267	267	267	267	256	257	257	258	258
Force mains	53	53	53	53	53	53	53	53	57	57
Storm sewers	200	200	200	200	201	201	201	201	201	201
Reclaimed - Water mains	19	19	23	24	24	33	34	34	34	34

Sources: Various City departments.

- (1) New station on Eber Road.
- (2) New Pineda Blvd. water tank.
- (3) Per City GIS survey, portions of Aurora Rd. reclassified as County maintained.
- (4) Brevard County donation to City of Riverview Park.
- (5) 5th Street, Oak Street and Tradewinds tanks were demolished in 2013.

SINGLE AUDIT SECTION

The Single Audit Section contains various independent auditors' reports and schedules as required by the Single Audit Act of 1996 for state and local governments that receive federal financial assistance and as required by Chapter 215.97, Florida Statutes for local governments that receive grants from State agencies.

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

Honorable Mayor and Members of the City Council
City of Melbourne, Florida

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Melbourne, Florida, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Melbourne, Florida's basic financial statements, and have issued our report thereon dated March 3, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Melbourne, Florida'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.

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

Melbourne, Florida
March 3, 2017



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

Honorable Mayor and Members of the City Council
City of Melbourne, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Melbourne, Florida's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Melbourne, Florida's major federal programs and state projects for the year ended September 30, 2016. The City of Melbourne, Florida's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program and State Project

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2014-3. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Three

control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Item 2014-3, which we consider to be a significant deficiency.

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

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

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

Melbourne, Florida
March 3, 2017

**CITY OF MELBOURNE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE OF FLORIDA FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Federal/State Agency, Pass-through Entity, <u>Federal Program/State Project</u>	CFDA CSFA <u>No.</u>	Contract/ Grant <u>No.</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Programs:				
U.S. DEPARTMENT OF JUSTICE				
2014 Edward Byrne Memorial JAG-VSAT Communications and Surveillance Project	16.738	2014-DJ-BX-0389	\$ 42,500	
2015 Edward Byrne Memorial JAG-Melbourne 2015 JAG Grant	16.738	2015-DJ-BX-0494	38,933	
			<u>81,433</u>	
Pass through Office of the Attorney General:				
Victims of Crime Act (VOCA)	16.575	V138-14026	37,224	
Total U.S Department of Justice			<u>118,657</u>	
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Community Development Block Grant 2013	14.218	B-13-MC-12-0012	26,308	
Community Development Block Grant 2014	14.218	B-14-MC-12-0012	175,434	
Community Development Block Grant 2015	14.218	B-15-MC-12-0012	302,868	\$ 66,966
Neighborhood Stabilization Program 3	14.218	B-11-MN-12-0033	191,688	
Total Community Development Block Grant			<u>696,298</u>	<u>66,966</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Pass through FL Dept of Economic Opportunity				
Neighborhood Stabilization Program 1	14.228	10DB-4X-06-15-02-F 15	8,928	
Pass through Brevard County:				
Home Investment Partnerships Program 2010	14.239	M-10-DC-12-00200	4,148	
Home Investment Partnerships Program 2011	14.239	M-11-DC-12-00200	66,383	
Home Investment Partnerships Program 2012	14.239	M-12-DC-12-00200	5,344	
Home Investment Partnerships Program 2015	14.239	M-15-DC-12-00200	49,379	
Total Pass through Brevard County			<u>125,254</u>	
Total U.S Department of Housing & Urban Development			<u>830,480</u>	
U.S ENVIRONMENTAL PROTECTION ACT				
Pass through Florida Department of Environmental Protection:				
State Revolving Fund Loan	66.458	WW050900	5,846,641	
U.S. DEPARTMENT OF TRANSPORTATION				
Pass through Florida Department of Transportation				
Highway Planning and Construction-Safe Route to School (Sherwood Elementary)	20.205	G0671	246,976	
Highway Planning and Construction-Hickory Street Complete Street	20.205	G0035	389,124	
Total Pass through Florida Department of Transportation			<u>636,100</u>	
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration				
Airport Improvement Grant	20.106	3-12-0046-38-2012	203,065	
Airport Improvement Grant - Construct Cargo Apron and TW Improvement	20.106	3-12-0046-39-2013	(4,035)	
Airport Improvement Grant - Master Plan Audit	20.106	3-12-0046-40-2014	290,057	
Airport Improvement Grant - Widen TW Phase 3 Construction	20.106	3-12-0046-42-2015	1,126,723	
			<u>1,615,810</u>	
Total U.S. Department of Transportation			<u>2,251,910</u>	
TRANSPORTATION SECURITY ADMINISTRATION				
LEO Support Co-op Agreement	97.090	HSTS0213HSLR037	39,610	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,087,298</u>	<u>\$ 66,966</u>

Federal/State Agency, Pass-through Entity, Federal Program/State Project	CFDA CSFA No.	Contract/ Grant NO.	Expenditures	Transfers to Subrecipients
State Programs:				
FLORIDA HOUSING FINANCE CORPORATION				
State Housing Initiatives Partnership 12/13	52.901		\$ (136)	
State Housing Initiatives Partnership 13/14	52.901		748	
State Housing Initiatives Partnership 14/15	52.901		209,685	
State Housing Initiatives Partnership 15/16	40.901		20,020	
State Housing Initiatives Partnership 16/17	40.901		26,599	
Total Florida Housing Finance Corporation			256,916	
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				
Water Restoration Assistance - Horse Creek Dredging	37.039	S0843	458,166	
Water Restoration Assistance - South Croton Stormwater Drainage Improvements	37.039	LP05092	14,553	
FL Recreation Development Assistance Program - Wells Park Playground	37.017	A6081	50,000	
			522,719	
FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY				
Space Florida Escrow Agreement	40.008		8,000,000	
Joint Participation Agreements with Florida Department of Transportation				
Conduct Noise Compatibility Study	55.004	432339/AQP06	6,651	
Construct Aviation Facilities-(Summit)	55.004	409782/ARF76	28,638,108	
Construct Aircraft Hangar	55.004	431572/AR155	1,161,052	
Construct Air Traffic Control Tower	55.004	437014/G0383	249,100	
Widen Taxi K-Construction	55.004	431567/ARO04	62,353	
Fuel Facility Improvements	55.004	431568/G0077	17,450	
Rehabilitation of Runway 9L-27R and Taxiway "B" Cargo Apron	55.004	431565/G0078	12,450	
Update Master Plan	55.004	431569/ARO03	26,268	
Northside Access Road	55.032	432508/ARL50	1,293,589	
Relocate Grumman Lane	55.032	435824/ARF87	29,671	
Total FDOT Joint Participation Agreement			31,496,692	
Total Florida Department of Transportation			31,496,692	
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 40,276,327	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE OF FLORIDA FINANCIAL ASSISTANCE

NOTE A

The Schedule of Expenditures of Federal Awards and State of Florida Financial Assistance is a summary of the activity of the City's Federal and State award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B

The Uniform Guidance allows a City to elect a 10% de minimus indirect cost rate. For the year ended September 30, 2016, the City elected not to use the rate.

NOTE C

Reconciliation of the State Revolving Loan:

\$ 5,846,641	Draws on loan WW050900
75,181	Capitalized interest on loan WW050900
4,732,215	Additional State Revolving loan closed out and being repaid.
\$ 10,654,037	Total State Revolving Loan payable

THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs
Fiscal Year Ended September 30, 2016

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards and State Projects

Internal control over major federal programs and state projects:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200 of OMB Compliance Supplement and/or Chapter 10.550? yes no

Identification of major federal programs and state projects:

Federal CFDA Numbers

20.106
66.458

Federal Program or Cluster

Airport Improvement Grants 2012 -2015
State Revolving Fund Loan

State CSFA Numbers

55.004 & 55.032

State Project

Joint Participation Agreements with FDOT:
 Conduct Noise Compatibility Study
 Construct Aviation Facilities (Summit)
 Construct Aircraft Hangar
 Construct Aircraft Traffic Control Tower
 Widen Taxi K-Design
 Fuel Facility Improvements
 Rehabilitation of Runway 9L-27R and Taxiway “b” Cargo Apron
 Update Master Plan
 Northside Access Road
 Relocate Grumman Lane
 Space Florida Escrow Agreement

40.008

THE CITY OF MELBOURNE, FLORIDA
Schedule of Findings and Questioned Costs (Continued)
Fiscal Year Ended September 30, 2016

Section I—Summary of Auditors' Results (Continued)

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs and \$300,000 for major state projects.

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

Section II—Financial Statement Findings

2016-1 Accounts Payable – Significant Deficiency

CONDITION: An adjusting journal entry was required for fiscal year 2016 to record accounts payable for services or goods incurred or received prior to the balance sheet date.

CRITERIA: Section 1500: Reporting Liabilities of the *Governmental Accounting Standards Board Codification of Governmental Accounting and Financial Reporting Standards* requires a government to accrue a liability and expense in the period in which the government incurs the liability. Accounts payable should be recorded for all invoices for goods and services received on or before the balance sheet date.

POTENTIAL EFFECT OF CONDITION: During the audit, journal entries totaling \$535,381 were required to provide for proper accrual of the component unit's accounts payable at September 30, 2016. Accounts payable and accrued liabilities were understated prior to the audit adjustment in the Component Unit's trial balance.

CAUSE OF THE CONDITION: Invoices received subsequent to the balance sheet date were not accrued in the proper accounting period for the year ended September 30, 2016.

RECOMMENDATION: We recommend that the Component Unit implement procedures to provide reasonable assurance that all amounts due to vendors are properly accrued in the correct accounting period.

MANAGEMENT'S RESPONSE: The Airport Administration agrees with this finding and will establish a log for all invoices. All Airport invoices come to the Airport accounting department to be logged, prior to sending out for department approval. When returned to the Airport accounting department the invoices will be checked off the log and processed for payment. The Airport Financial Services Manager will be responsible to locate any invoices not returned. At year end, the Airport Financial Services Manager will be responsible to review all invoices received after year end to ensure they are recorded in the proper year. Once assured that all invoices are properly recorded, the Airport Senior Director of Finance and Administration will review and transmit the SEFA to the Finance department.

Section III–Federal Award Findings and Questioned Costs

2014-3 Grant Expenditures reported on the Schedule of Expenditures of Federal Awards “SEFA” were not reviewed prior to the final submission to the auditors.

CONDITION: During testing of the September 30, 2016 SEFA we noted that one of the Airport Improvement Grants did not report the correct amount of expenditures which caused the SEFA to be revised one time.

CRITERIA: Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) states that the auditor is required to determine and provide an opinion on whether the SEFA is presented fairly in all material respects in relation to the auditee’s financial statements as a whole. Furthermore, the information in the SEFA serves as the primary basis for the auditor’s major program determination which is a key component of performing a single audit.

POTENTIAL EFFECT OF CONDITION: If not detected by the audit, the incorrect amounts would have been reported from the SEFA to grantors on the data collection form. Additionally, misstatement could have caused the determination of a major program to be incorrectly calculated.

CAUSE OF THE CONDITION: For one grant, CFDA 20.106 Grant #3-12-0046-42-2015 the SEFA expenditure amount had to be revised one time because it did not reconcile to the actual cash received plus the accrual amounts.

RECOMMENDATION: We recommend that prior to the final SEFA being submitted to the auditors that a secondary review be performed by the Airport Senior Director of Finance and Administration to ensure the cash amounts received plus the accrual amounts are reconciled to the SEFA.

MANAGEMENT’S RESPONSE: The Airport Administration agrees with this finding and have amended internal procedures to ensure review and approval of the SEFA reports prior to submission. The Airport Senior Director of Finance and Administration has created a tracking log to record all federal and state grants which includes grant funding, appropriate CFDA/CSFA number, contract number, and whether the grant is active or inactive. The Airport Senior Director of Finance and Administration will review and transmit the SEFA to the Finance department in a timely manner to enable the Finance department to review the accuracy of the information.

Section IV–State Project Findings and Questioned Costs

No matters were reported.

**THE CITY OF MELBOURNE, FLORIDA
Summary of Prior Audit Findings
Fiscal Year Ended September 30, 2016**

Section V—Prior Findings and Questioned Costs for Federal Awards

2014-3 Grant Expenditures reported on the Schedule of Expenditures of Federal Awards “SEFA” were not reviewed prior to the final submission to the auditors.

Status: Repeated



City of Melbourne



Financial Services Department
900 E. Strawbridge Avenue • Melbourne, FL 32901 • (321) 608-7010 • Fax (321) 608-7048

CORRECTIVE ACTION PLAN

March 3, 2017

The City of Melbourne, Florida respectfully submits the following corrective action plan for the year ended September 30, 2016.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

Audit Period:

Fiscal Year October 1, 2015 – September 30, 2016

The finding from the March 3, 2017 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

2014-3 Grant Expenditures reported on the Schedule of Expenditures of Federal Awards "SEFA" were not reviewed prior to the final submission to the auditors.

RECOMMENDATION: We recommend that prior to the final SEFA being submitted to the auditors that a secondary review be performed by the Airport Senior Director of Finance and Administration to ensure the cash amounts received plus accruals are reconciled to the SEFA.

CORRECTIVE ACTION: The Airport Administration agrees with this finding and have amended internal procedures to ensure review and approval of the SEFA reports prior to submission. The Airport Senior Director of Finance and Administration has created a tracking log to record all federal and state grants which includes grant funding, appropriate CFDA/CSFA number, contract number, and whether the grant is active or inactive. The Airport Senior Director of Finance and Administration will review and transmit the SEFA to the Finance department in a timely manner to enable the Finance department to review the accuracy of the information.

2016-1 Accounts Payable – Significant Deficiency

RECOMMENDATION: We recommend that the Component Unit implement procedures to provide reasonable assurance that all amounts due to vendors are properly accrued in the correct accounting period.

CORRECTIVE ACTION: The Airport Administration agrees with this finding and will establish a log for all invoices. All Airport invoices come to the Airport accounting department to be logged, prior to sending out for department approval. When returned to the Airport accounting department the invoices will be checked off the log and processed for payment. The Airport Financial Services Manager will be responsible to locate any invoices not returned. At year end, the Airport Financial Services Manager will be responsible to review all invoices received after year end to ensure they are recorded in the proper year. Once assured that all invoices are properly recorded, the Airport Senior Director of Finance and Administration will review and transmit the SEFA to the Finance department.

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the City of Melbourne, Florida, as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated March 3, 2017.

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 *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550 Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 3, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective action not has been taken to fully address the finding and recommendation made in the preceding annual financial audit report, as noted below:

Findings and Questioned Costs Comments

2014-3 Schedule of Expenditure of Federal Awards ("SEFA") Repeated and revised

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 authorities for the City of Melbourne, Florida and its component unit are disclosed in the footnotes.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City of Melbourne, Florida has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City of Melbourne, Florida 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 of Melbourne, Florida's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City of Melbourne, Florida for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

2016-2 Purchase Cards

CONDITION: During testing of the September 30, 2016 expenses, we identified two purchase card ("P-card") transactions where the cardholder was unable to provide a detailed receipt.

CRITERIA: The City's P-CARD policy dated July 2015 states "The cardholder must obtain an original sales itemized receipt and/or invoice for all transactions."

To the Honorable Mayor and Members of City Council
City of Melbourne, Florida
Page Three

POTENTIAL EFFECT OF CONDITION: The expenses could be coded incorrectly in the general ledger.

CAUSE OF THE CONDITION: During 2016 fiscal year the component unit began processing their own P-CARD transactions, and they were not requiring detailed receipts from its employees.

RECOMMENDATION: We recommend that a detailed receipt be submitted with all P-CARD transactions as required by the P-CARD policy dated July 2015.

MANAGEMENT'S RESPONSE: The Airport Administration agrees that employees should submit a detailed receipt per the City of Melbourne Purchasing Card Policy. Subsequent to the auditors' finding two purchases without an itemized receipt, a reminder of the policy was sent to all Airport purchasing card users. Users that do not follow the policy may have their cards revoked.

Purpose of this Letter

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

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

Melbourne, Florida
March 3, 2017



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940

(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

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

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

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

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

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

Melbourne, Florida
March 3, 2017

STATE OF FLORIDA
COUNTY OF BREVARD

I, Jeffrey C. Towne, Affiant, first being duly sworn on oath, depose and say as follows:

1. I am over eighteen (18) years of age.
2. I am the Director of Financial Services with the City of Melbourne, Florida, and, as such, have personal knowledge of the facts set forth herein.
3. In accordance with Section 163.31801, Florida Statutes, the City of Melbourne, Florida, is confirming that it has complied with all requirements of this Statute for the fiscal year ended September 30, 2016.

FURTHER AFFIANT SAYETH NOT.



JEFFREY C. TOWNE

STATE OF FLORIDA
COUNTY OF BREVARD:

SWORN TO AND SUBSCRIBED before me this 20th day of February, 2017 by Jeffrey C. Towne who is personally known to me.



SIGNATURE OF NOTARY PUBLIC – STATE OF FLORIDA





SECONDARY MARKET DISCLOSURE SECTION

Rule 15c2-12 promulgated by the Securities and Exchange Commission requires certain ongoing disclosure of annual financial information and operating data for bonds sold on or after July 3, 1995. This section includes disclosures not found elsewhere in this Report for the following bonds:

- Water and Sewer Refunding Revenue Bonds, Series 2002B
- Water and Sewer Improvement Revenue Bonds, Series 2007B
- Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012
- Water and Sewer Refunding Revenue Bonds, Series 2013
- Water and Sewer Refunding Revenue Bond, Series 2014
- Water and Sewer Refunding Revenue Bonds, Series 2016A
- Water and Sewer Refunding Revenue Bonds, Series 2016B

City of Melbourne



Financial Services Department
900 E. Strawbridge Avenue • Melbourne, FL 32901 • (321) 608-7010 • Fax (321) 608-7048

SECONDARY MARKET DISCLOSURE For the Year Ended September 30, 2016

General

The City of Melbourne is required to provide ongoing disclosure for holders of its Water and Sewer Refunding Revenue Bonds, Series 2002B, Water and Sewer Improvement Revenue Bonds, Series 2007B, Water and Sewer Refunding and Improvement Revenue Bonds, Series 2012, Water and Sewer Refunding Revenue Bonds, Series 2013 and Water and Sewer Refunding Revenue Bond, Series 2014, Water and Sewer Refunding Revenue Bonds, Series 2016A and Water and Sewer Refunding Revenue Bonds, Series 2016B. Rule 15c2-12 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 as required by the Continuing Disclosure Certificate.

The City owns, operates, and maintains the Water and Sewer System. Potable water is provided to two different service areas, one being the “Mainland,” consisting of all areas west of the Indian River, and the other being the “Beach,” consisting of all areas east of the west boundary of the Indian River. The System also recognizes two service areas, both located on the Mainland and identified as either being inside the incorporated limits of the City or outside the incorporated limits.

Existing Water System

The City presently provides water service to a customer base of approximately 150,000 persons. This service covers the municipal limits of the City (population of 80,419), plus wholesale service to West Melbourne, and retail service to Melbourne Village, Melbourne Beach, Indialantic, Satellite Beach, Indian Harbour Beach, Palm Shores, and a portion of unincorporated Brevard County.

The City’s two water production facilities consist of the Lake Washington Surface Water Production Facility with a production capacity of 20 million gallons per day (MGD) and the Reverse Osmosis Water Production Facility, with a production capacity of 5 MGD.

The City’s water distribution system consists of approximately 149 miles of six (6) to 36-inch diameter transmission mains, and about 730 miles of two (2) to six (6)-inch diameter distribution mains.

The top ten water customers of the System are:

Customer	Annual Revenue
City of West Melbourne ⁽¹⁾	\$3,221,135
Holmes Regional Medical Center	387,947
Florida Institute of Technology	298,764
School Board of Brevard County	238,466
DW MLB H LLC	90,448
We Harbours LLC	88,959
Harris Corporation	88,266
Northrop Grumman Systems Corp	82,471
Eastern Florida State College	81,594
Prestige AB Ready Mix of Melbourne	81,330

(1) Pursuant to a bulk water sales agreement.

The table below summarizes the historical customer base and water demands for the City's water system service area.

Historic Water Flows (MGD)			
Year	Number of Accounts ⁽¹⁾	Average Day Demand	Maximum Day Demand
2012	56,934	15.5	17.2
2013	57,162	15.6	17.6
2014	57,487	15.7	17.5
2015	57,766	16.2	21.0
2016	58,108	16.3	18.8

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Sewer System

The City currently owns and operates an extensive collection and transmission system. The System consists of approximately 258 miles of gravity and 57 miles of force collection mains, 94 lift stations, an inverted siphon and two (2) influent pump stations. The collection/transmission system transports the wastewater to two (2) wastewater treatment plants; the David B. Lee Water Reclamation Facility (the "D.B. Lee WRF" with a permitted capacity of 7.0 MGD) and the Grant Street Water Reclamation Facility (the "Grant Street WRF" with a permitted capacity of 5.5 MGD).

The top ten sewer customers of the System are:

Customer	Annual Revenue
Holmes Regional Medical Center	\$ 579,597
Florida Institute of Technology	445,501
School Board of Brevard County	210,191
We Harbours LLC	132,813
Harris Corporation	130,971
Northrop Grumman Systems Corp	122,084
Eastern Florida State College	122,009
Manufactured Home Communities	118,941
Northland Caribbean Isle LLC	111,193
Rockwell-Collins	110,167

The table below summarizes the historical wastewater flows.

Historic Wastewater Flows (MGD)				
Year	Number of Accounts ⁽¹⁾	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2012	28,764	3.85	3.29	7.14
2013	28,878	3.86	3.06	6.92
2014	29,026	3.98	3.46	7.44
2015	29,132	4.36	3.46	7.82
2016	29,250	4.19	3.57	7.76

(1) Average number of accounts for each of the fiscal years ended September 30.

Existing Reclaimed Water System

The City currently owns and operates a reclaimed water production and distribution system. The System consists of two reclaimed water production facilities, and approximately 34 miles of various sized reclaimed water distribution mains. In regards to reclaimed water production, the David B. Lee Water Reclamation Facility (the “D.B. Lee WRF”) has a production capacity of 4.0 MGD, while the Grant Street Water Reclamation Facility (the “Grant Street WRF”) has a production capacity of 2.0 MGD. The public access approved reclaimed water is applied via spray irrigation to City golf courses, City parks, commercial green space, medians/rights-of-way and residential areas. As of September 30, 2016, there were 682 accounts in the reclaimed water system, of which 470 were residential.

The table below summarizes the historical reclaimed water flows.

Historic Reclaimed Water Flows (MGD)				
Year	Number of Accounts ⁽¹⁾	D.B.Lee WRF	Grant Street WRF	Total Combined Flows
2012	641	1.29	0.92	2.21
2013	645	1.61	0.58	2.19
2014	648	1.76	0.52	2.28
2015	651	1.74	0.44	2.18
2016	682	1.69	0.44	2.13

(1) Average number of accounts for each of the fiscal years ended September 30.

Water Rates

The rate charged for potable water service to each customer shall consist of a monthly service charge based on the number of equivalent residential connections (ERCs) determined by the city periodically for the premise which shall serve as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. Such charges are due and payable on a monthly basis. The rates are charged based on the customer’s location. Customers located within the city limits of the City are charged the inside City rate. Customers located outside the city limits of the City are charged the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2015	\$ 8.00	\$ 8.80
October 1, 2016	8.00	8.80
October 1, 2017	8.44	9.28

In addition to the above established service charge, each customer pays a monthly gallonage charge per unit for each one thousand (1,000) gallons, or portion thereof, of water passed through the customer’s service meter in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2015	\$ 4.57	\$ 5.02
October 1, 2016	4.57	5.02
October 1, 2017	4.82	5.30

Sewer Rates

The rate charged for sewer service to each customer shall consist of a monthly service charge based on the number of equivalent residential connections (ERCs) being served at such connection as determined by the city periodically for the premise which shall serve as the minimum bill, and a gallonage charge for each unit of one thousand (1,000) gallons or portion thereof. The rates charged are based on the customer's location. Customers located within the city limits pay the inside City rate. Customers located outside the city limits pay the outside City rate.

Effective Date	Rate per ERC – All Customers	
	Inside City	Outside City
October 1, 2015	\$ 11.83	\$ 14.78
October 1, 2016	11.83	14.78
October 1, 2017	12.48	15.59

Each customer connected to the City's sewer system to whom a monthly bill is rendered for water furnished by the water works system of the City pays a charge per one thousand (1,000) gallons, or portion thereof, of water passed through the water meter for sewer services in accordance with the schedule set forth below:

Effective Date	Inside City	Outside City
October 1, 2015	\$ 6.85	\$ 8.56
October 1, 2016	6.85	8.56
October 1, 2017	7.22	9.03

Reclaimed Water Rates

All existing customers of reclaimed water who have active accounts on May 1, 2008, shall be charged a monthly service charge as follows:

Reclaimed Water Service Fees for Customers Active on May 1, 2008		
Effective Date	Rate for first ½ acre	Rate per acre of previous area (after first ½ acre)
October 1, 2015	\$ 13.70	\$ 54.80
October 1, 2016	13.70	54.80
October 1, 2017	14.50	58.00

The rate charged for all new customers of reclaimed water after May 1, 2008 shall consist of a monthly service charge and a monthly gallonage charge. The rates for a ¾ meter in which 15,000 gallons are included in the service charge are as follows:

Reclaimed water system rate for new customers	
Effective Date	Monthly service charge
October 1, 2015	\$ 8.55
October 1, 2016	8.55
October 1, 2017	9.00

In addition to the above established service charge, each customer shall pay a monthly gallonage charge for each 1,000 gallons, or a portion thereof, of reclaimed water that passes through the customer's service meter that is over and above the gallonage allocation as follows:

Gallonage Charges	
Effective Date	Monthly gallonage charge
October 1, 2015	\$.57
October 1, 2016	.57
October 1, 2017	.60

Each customer requesting reclaimed water service from the City shall, prior to the installation of a flow meter for each connection to the reclaimed water main, pay the following amounts to defray the cost of the service provided:

Meter Size (Inches)	Reclaimed Water Connection Charge
¾	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's reclaimed water system. The meter shall be adequately sized to service the customer irrigation system.

Water Impact Fees

Each customer requesting capacity from the City's water system shall, prior to the installation of the connection to the water main, pay the following amounts to provide service to properties or customers and to all customers presently connected to the City's water system when additional development, structural changes, additions or changes in permitted use shall result in an additional impact to the City's water system. Water impact fees shall not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered one (1) ERC. The water impact fee per one (1) ERC shall be one thousand five hundred forty dollars (\$1,540).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual water meter connections, or other multiple living units or developments of mobile-type homes: The water impact fees for each living unit served by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the water impact fee for such individually metered non-residential use will be determined in addition to the applicable water impact fees as shown below for this customer designation.

	ERC Factor per Living Unit	Water Impact Fee
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,283
Duplex (3 or more Bedrooms)	1.000	1,540
Multifamily (1 Bedroom)	0.583	898
Multifamily (efficiency less than 500 sq. ft.)	0.500	770
Multifamily (2 Bedrooms)	0.833	1,283
Multifamily (3 Bedrooms)	1.000	1,540
Mobile Home (1 or 2 Bedrooms)	0.667	1,027
Mobile Home (3 or more Bedrooms)	0.833	1,283

(3) Hotels and motels not having individual water connections: The water impact fees for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per each unit shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(4) Housing for older persons not having individual water connections: The water impact fees for each unit of housing as defined by Florida Statute 760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The water impact fee per unit of housing shall be one thousand one hundred fifty-five dollars (\$1,155) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the water impact fees shall be based on the average dependable daily capacity for the development of property identified by the applicant and as certified for the applicant

by a registered Florida Professional Engineer using the city's potable water concurrency standards in Article IV, Chapter 3, Section 3.46 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity. In no event will the water impact fee charged to a commercial customer property be less than one thousand five hundred forty dollars (\$1,540). For each commercial customer that is presently connected to the city's water system that constructs structural changes, additions, or changes in permitted use of such property that shall result in additional capacity impact to the city's water system, the water impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$6.417 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during any consecutive twelve month period is greater than the average dependable daily capacity for which water impact fees have been paid, an additional water impact fee shall be assessed for the excess flow calculated in accordance with this section. No refund or credit shall be afforded to the owner of the property in the event that diminution of use occurs.

(6) Each customer requesting water service from the City shall, prior to the installation of a flow meter for each connection to the water main, pay the following amounts to defray the cost of the service provided:

<u>Meter Size (Inches)</u>	<u>Water Connection Charge</u>
3/4	\$ 250
1	475
1-1/2	850
2	1,600
Over 2 inches	To be determined by the City on an individual basis

The full amount of the connection charge provided above must be paid prior to connection of each unit to the City's water system. The City reserves the right to determine the meter size that will be required for the service requested.

Sewer Impact Fees

Each customer requesting capacity from the City's sewer system shall, prior to connection to the system pay the following amounts to provide service to properties and on all properties presently connected to the City's sewer system when structural changes, additions or changes in permitted use shall result in an additional impact to the City's sewer system. Sewer impact fees will not be transferable from one property to another property.

(1) Single-family residence: All development which is considered an individually metered residential unit shall be considered as one (1) ERC. The sewer impact fee per ERC shall be two thousand two hundred ten dollars (\$2,210).

(2) Multiple-family, condominium, mobile home trailer and motor home parks, including all related facilities not having individual sewer connections, or other multiple living units or developments of mobile type homes: The sewer impact fees for each living unit serviced by a master meter shall be determined in accordance with the following schedule. If the development served by the master meter includes individually metered non-residential use, then the sewer impact fee for such non-residential use will be determined in addition to the applicable sewer impact fees as shown on the next page for this customer designation.

	<u>ERC Factor per Living Unit</u>	<u>Sewer Impact Fee</u>
Duplex (1 or 2 Bedrooms)	0.833	\$ 1,841
Duplex (3 or more Bedrooms)	1.000	2,210
Multifamily (1 Bedroom)	0.583	1,288
Multifamily (efficiency less than 500 sq. ft.)	0.500	1,105
Multifamily (2 Bedrooms)	0.833	1,841
Multifamily (3 or more Bedrooms)	1.000	2,210
Mobile Home (1 or 2 Bedrooms)	0.667	1,474
Mobile Home (3 or more Bedrooms)	0.833	1,841

(3) Hotels and motels not having individual sewer connections: The sewer impact fee for each unit that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit shall be one thousand six hundred fifty eight dollars (\$1,658) per unit.

(4) Housing for older persons not having individual sewer connections: The sewer impact fees for each unit of housing as defined by Florida Statute 760.29, as amended from time to time, that is not individually metered shall be considered as 0.75 ERC's per unit. The sewer impact fee per each unit of housing shall be one thousand six hundred fifty-eight dollars (\$1,658) per unit.

(5) Commercial customers: For all commercial and non-residential connections not specifically identified in one of the classifications listed above, the sewer impact fees shall be based on the average dependable daily capacity for the development or property identified by the applicant and as certified for the applicant by a registered Florida Professional Engineer using the city's potable water concurrency standards in Article IV, Chapter 3 of Appendix D, Land Development Code and as approved by the city expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity. In no event will the sewer impact fee charged to a commercial customer property be less than two thousand two hundred ten dollars (\$2,210). For each commercial customer that is presently connected to the city's system that constructs structural changes, additions or changes in permitted use of such property that shall result in an additional capacity impact to the city's sewer system, the sewer impact fee shall be based on the net increase in the average dependable daily capacity for the structural changes, additions, or changes in permitted use as determined above expressed on a gallons per day basis multiplied by \$9.208 per gallon of capacity.

To the extent that the average daily flow for a commercial connection during a consecutive twelve month period is greater than the average dependable daily capacity for which sewer impact fees have been paid, an additional sewer impact fee shall be assessed for the excess flow calculated in accordance with this section. No refund or credit shall be afforded to the owner of the property in the event that a diminution of use occurs.

(6) Each customer requesting sewer service from the City shall be required to pay to the City an amount equal to the actual cost as determined by the City as incurred for any modification or extension of the sewer system required to provide sewer service to the property requiring such service. The minimum charge to be billed by the City for the cost of a sewer connection is one hundred dollars (\$100), regardless of meter size. The payment of the sewer connection charges shall be in addition to the payment of the sewer impact fees.

Comparison of Water and Sewer Rates (as of October 1, 2016)

Service Provider	Water charge				Sewer charge				Combined water and sewer charge						
	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	0 Gallons	2,000 Gallons	5,000 Gallons	10,000 Gallons	15,000 Gallons		
City of Melbourne	\$8.00	\$17.14	\$30.85	\$53.70	\$76.55	\$11.83	\$25.53	\$46.08	\$80.33	\$114.58	\$19.83	\$42.67	\$76.93	\$134.03	\$191.13
Brevard County	15.70	15.70	25.52	54.51	90.16	20.21	28.75	41.56	62.91	71.45	35.91	44.45	67.08	117.42	161.61
City of Cocoa	14.34	20.30	29.24	55.06	88.80	13.86	27.00	46.71	79.56	92.70	28.20	47.30	75.95	134.62	181.50
City of Palm Bay	13.80	21.08	32.00	55.65	84.80	20.25	31.35	48.00	75.75	75.75	34.05	52.43	80.00	131.40	160.55
City of Titusville	9.50	15.66	24.90	48.00	78.75	13.84	28.50	50.49	87.14	123.79	23.34	44.16	75.39	135.14	202.54
City of Vero Beach	13.60	15.26	17.75	31.65	45.55	19.89	27.07	37.84	55.79	73.74	33.49	42.33	55.59	87.44	119.29
City of West Melbourne	13.88	26.38	45.63	79.03	114.43	13.87	23.73	38.52	63.17	87.82	27.75	50.11	84.15	142.20	202.25

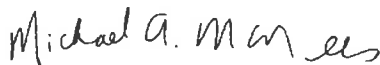
Data prepared by City of Melbourne Financial Services

Historical Bond Service Coverage

	For Fiscal Years Ending September 30				
	2012	2013	2014	2015	2016
Revenues					
Water sales	\$ 27,195,156	\$ 27,275,917	\$ 28,638,534	\$ 30,412,363	\$ 30,984,020
Sewer charges	18,100,459	18,083,757	19,292,642	20,527,181	20,817,696
Other revenues	2,364,142	2,337,345	2,376,670	2,822,167	2,324,743
Interest income	327,653	244,091	205,354	320,993	594,555
Total Operating Revenues⁽¹⁾	47,987,410	47,941,110	50,513,200	54,082,704	54,721,014
Operating Expense					
Salaries, wages and employee benefits	10,497,766	10,736,349	11,393,580	11,359,207	12,208,739
Other post employment benefits	535,072	311,038	325,603	97,197	97,668
Contractual services, materials, supplies	17,086,649	17,832,927	15,667,680	16,804,502	17,904,070
Total Operating Expense⁽¹⁾	28,119,487	28,880,314	27,386,863	28,260,906	30,210,477
Net Operating Income⁽¹⁾	19,867,923	19,060,796	23,126,337	25,821,798	24,510,537
Available Impact Fees⁽¹⁾	670,444	915,102	1,107,032	1,449,373	1,780,591
Available for Debt Service	\$ 20,538,367	\$ 19,975,898	\$ 24,233,369	\$ 27,271,171	\$ 26,291,128
Annual Debt Service Requirement					
Series 2002A	\$ 4,247,650	\$ -	\$ -	\$ -	\$ -
Series 2002B	-	1,805,000	1,465,000	3,455,000	3,455,000
Series 2004	2,323,105	1,604,725	1,602,200	-	-
Series 2007A	878,021	876,796	875,536	879,268	711,890
Series 2007B	1,667,750	1,665,150	1,666,750	1,667,350	1,190,375
Series 2012	-	1,739,378	2,238,894	483,694	482,694
Series 2013	-	331,302	525,412	1,040,413	1,039,962
Series 2014	-	-	25,519	949,194	953,156
Series 2016A	-	-	-	-	451,872
Series 2016B	-	-	-	-	170,767
Total Debt Service	\$ 9,116,526	\$ 8,022,351	\$ 8,399,311	\$ 8,474,919	\$ 8,455,716
Coverage					
Net Revenue 100% Test	218%	238%	275%	305%	290%
With Impact Fees 115% Test	225%	249%	289%	322%	311%

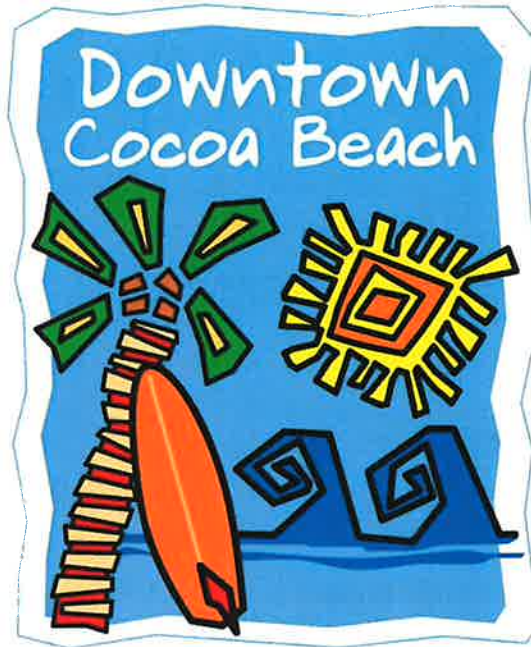
(1) Calculated according to bond ordinance and therefore not consistent with GAAP.

Respectfully submitted,



Michael A. McNees
City Manager

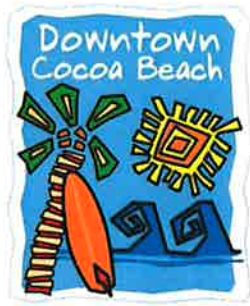




**Downtown Cocoa Beach
Community
Redevelopment Agency**

2016 Annual Report

Prepared by: CRA Administrator and City of Cocoa Beach Finance Department
March, 2017



Downtown Cocoa Beach Community Redevelopment Agency

2016 Annual Report

Redevelopment Plan Purpose:

- Serve to eliminate and reduce blighted conditions;
- Establish community policing to encourage compliance with established community standards and to enforce City ordinances;
- Provide and encourage the expansion of storm water systems and improvements to infrastructure;
- Provide and support improvement of the roadway network and promote pedestrian and bicycle safe infrastructure;
- Provide and encourage improvements to parking;
- Provide and encourage improvements to landscaping and streetscape;
- Encourage and provide incentives for appropriate economic development;
- Encourage and foster the development of activities which impact our culture and the quality of life; and
- Any and all additional programs, projects, and activities which may be identified by the DCBCRA that is consistent with this comprehensive community Redevelopment Plan.

Table of Contents



Agency Summary.....	2
CRA Board	3
An Overview.....	4
Redevelopment Plan.....	5
Redevelopment Area at a Glance.....	6
Downtown Cocoa Beach- Highlights 2016.....	8
Schedule of Revenues, Expenditures and Fund Balance.....	11
What is a CRA?.....	12
Before and After Grant Pictures.....	13



AGENCY SUMMARY

On January 29, 2008, the citizens of Cocoa Beach by referendum voted to authorize establishment of a Downtown Community Redevelopment Agency (CRA).

On April 3, 2008, the Cocoa Beach City Commission adopted Resolution No. 2008-13 requesting Brevard County to delegate to the City Commission the powers to create a Downtown Cocoa Beach Community Redevelopment Agency.

The Brevard County Board of County Commissioners (BCC) authorized the City to create the Downtown CRA, with their adoption of County Resolution 08-128 on May 29, 2008 for a period of 25 years.

With this authority, on August 20, 2009, the City Commission adopted Resolution No. 2009-20, finding the need for a CRA given the City's July, 2009 'Finding of Necessity', as required by §163.355, Florida Statutes, in the possible creation of a CRA. This Resolution also identified the Redevelopment Area.

Based on the adopted 'Finding of Necessity', the City Commission adopted Resolution No. 2009-28 on November 19, 2009, establishing the Downtown Cocoa Beach Community Redevelopment Agency (CRA).

The Downtown Cocoa Beach Community Redevelopment Area is the City's only CRA district, and this is the fifth annual report for that agency. This report was reviewed and approved by the CRA Board at their meeting held on March 2, 2017.



Community Redevelopment Agency Board 2016



CRA Board Members:

Mayor Tim Tumulty (January 2016)

Vice Mayor Mike Miller

Commissioner Ben Malik

Commissioner Skip Williams

Commissioner Ed Martinez

City of Cocoa Beach:

Acting City Manager Charles H. Holland, Jr.

Finance Director Eileen Clark

CRA Staff:

General Counsel Fowler, O'Quinn, Feeney & Sneed, P.A.

Administrator Melissa Byron

Registered Agent & City Clerk Loredana Kalaghchy

An Overview



The Community Redevelopment Agency is a public entity established under the guidelines of the Community Redevelopment Act (Chapter 163, Part III, Florida Statutes) to implement community redevelopment activities. A Community Redevelopment Agency (CRA) is a dependent taxing district established by City government for the purpose of carrying out redevelopment activities that include reducing or eliminating blight, improving the tax base, and encouraging public and private investments in the redevelopment area.

In Cocoa Beach, the CRA Board has been determined to be the City Commission. To date, no other governance structure, such as an Advisory Board, has been created. However, Cocoa Beach Main Street has been established.

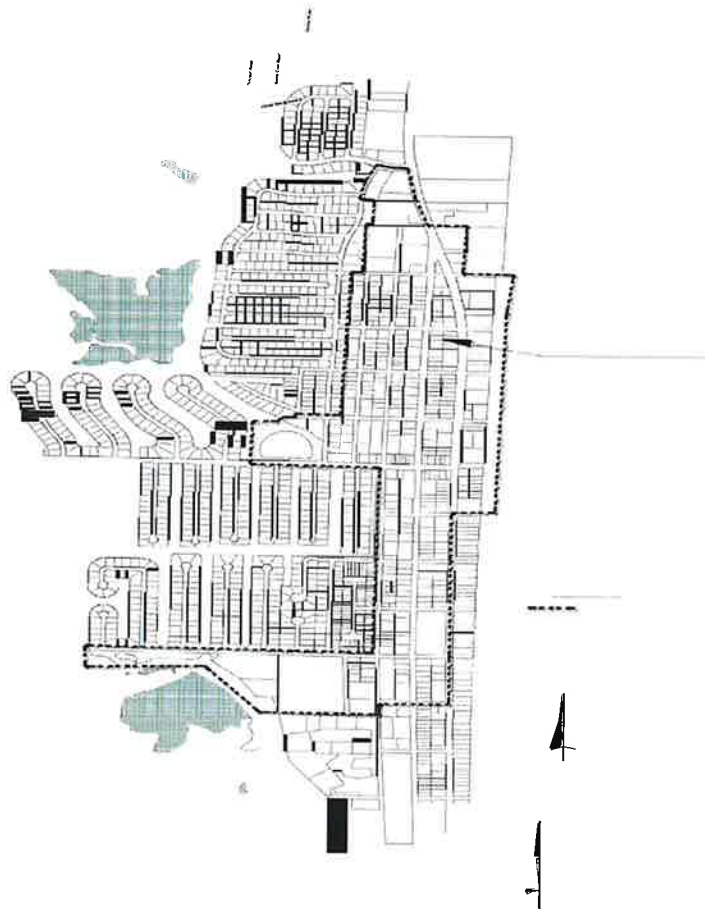
To implement the purposes of the Downtown Community Redevelopment Agency, the Board and the City have entered into an interlocal agreement authorizing use of City staff and City resources for the creation of the required Redevelopment Plan for the downtown area.

At this stage in the life of the Downtown CRA, the required Downtown Cocoa Beach Community Redevelopment Plan has been adopted by City Commission Resolution No. 2012-13 on May 17, 2012. The process toward adoption of this plan was in accordance with Florida Statutes Chapter 163.360. As such, the Plan was adopted following review and recommendation by the City's Planning Board (local planning agency) as to the Plan's conformity with the City's comprehensive plan. Following Planning Board review and recommendation (Resolution No. 2012-09PB) on April 2, 2012, the Redevelopment Agency on April 5, 2012, adopted CRA Resolution No. CRA 2012-01, recommending the City Commission adopt the Redevelopment Plan.

Redevelopment Plan

The Redevelopment Plan outlines the steps to revitalize Downtown Cocoa Beach and maximize its future competitive advantage. The general premise of the plan seeks to:

- Promote a more walkable Village Center.
- Support economic stability.
- Promote and enhance the "surfing village" resort uses.
- Protect residential neighborhoods from commercial intrusion.
- Enhance downtown with a broader mix of uses.
- Reinforce, preserve, and expand the unique building types and neighborhood characteristics.





Redevelopment Area at a Glance

Downtown CRA Redevelopment Area *

Size: 235 acres (0.37 square miles)

Redevelopment area Residential

LAND USE TYPE	Acreage	ASSESS VALUE
Vacant Residential MF	3.15	\$ 1,284,640
Vacant Condo Common	0.11	
Vacant Condo land	0.40	\$ 985,010
Single Family	12.35	\$ 14,959,830
Duplex as single Family	1.82	\$ 2,950,960
Townhouse	0.44	\$ 733,480
Garden Apt	0.9	\$ 694,100
Low rise	2.18	\$ 2,882,000
Condo	24.55	\$ 77,127,090
Condo Accessory	1.19	\$ 370
2 Res. Units not attached	1.21	\$ 731,320
Duplex	9.32	\$ 7,336,520
Triplex	3.4	\$ 2,879,000
3-4 Res units not attached	1.13	\$ 1,079,780
Quad	1.93	\$ 2,397,500
Multifamily	2.79	\$ 2,591,280
<i>SUBTOTAL</i>	<i>66.87</i>	<i>\$ 118,632,880</i>

Redevelopment Area Commercial



LAND USE TYPE	Acreage	ASSESS VALUE
Vacant Commercial(1)	4.76	\$ 1,552,690
Retail Commercial	17.93	\$ 15,064,300
Mixed Use	7.51	\$ 5,529,430
Office & Professional	13.68	\$ 8,651,280
Restaurants	3.38	\$ 3,471,300
Service Shop		\$ 1,010,000
Commercial Auto	2.5	\$ 1,265,560
Night clubs/Bars	1.44	\$ 2,254,900
Motor Inn	1.66	\$ 1,259,380
Parking lots		\$ 510,440
Light Industry	3.52	\$ 1,550,780
Churches	8.27	
Funeral Homes	0.37	\$ 293,710
Clubs and Lodges	0.94	
Utilities	0.69	\$ 201,050
Postal Facilities		\$ 729,300
Public Schools-Improved	12.00	
County Land-Improved (2)	6.05	
City Owned Property	11.71	
Roads and Rights of Way	71.00	
Subtotal	168.27	\$ 43,344,120
TOTAL	235.14	161,977,000

Notes: (1) Includes Vacant Institution (2) Includes Environmentally Endangered Lands Program (EELS) * Not audited- December 2016 parcel data

Highlights 2016

Redevelopment of the City's historic downtown area has been a focus of the City Commission beginning in the 1990's. Following the enabling of area plans in the City's Comprehensive Plan in 2005, the City began a deliberative planning effort for the City's historic downtown area. The result of that planning effort has led to the creation of the Downtown Cocoa Beach Community Redevelopment Agency. This is the seventh year in the life of that agency, and as such this is the agency's seventh annual report. The City Comprehensive Plan has been approved by City Commission and the State of Florida. The Land Development Code has been rewritten and was approved in March 2016. Highlights and a summary of the agency's activities during the fiscal year ending September 30, 2016 can be summarized as:

Anticipating that 2012 would be the year that property values would "bottom out" following the national recession of 2007-2009, the CRA completed the Downtown Cocoa Beach Community Redevelopment Plan with the professional help of planning consultant, Lawandales Planning Affiliates. As noted earlier in this report, this Plan was adopted by the City Commission on May 17, 2012. The Plan was developed with extensive and collaborative input from the citizens and businesses of Cocoa Beach, and relied upon studies and plans developed by City staff, and consulting firms Zyscovich Architects and Miller Legg & Associates. The content of the Downtown Cocoa Beach Redevelopment Plan includes:

- Executive Summary
- Chapter 1 - Introduction
- Chapter 2 - Existing Conditions
- Chapter 3 - Vision, Mission and Philosophies
- Chapter 4 - Redevelopment Plan
- Chapter 5 - Financial Matters

Highlights 2016

Chapter 6 - Legal, Regulatory, and Statutory Components
Chapter 7 - Conclusion
Appendices
Market Assessment
Vision Plan
Low Impact Design Storm water Master Plan

The goal of the plan is to enhance Downtown Cocoa Beach's identity and to encourage private investment and quality redevelopment. Since adoption of the Plan, the City Commission has proceeded to modify the regulatory environment within the downtown area by enabling (the adoption of a Comprehensive Plan amendment) mixed use and a design standards manual. All plans are located on the website.

The plan will guide the policy and actions for the downtown area.

Plan Premise: The Redevelopment Plan has been designed and adopted to outline the steps to revitalize Downtown Cocoa Beach and maximize its future competitive advantage.

The general premise of the plan is to:

1. Promote a more walkable Village Center.
The Minutemen Streetscape is progressing with new pavers, storm water drainage, lighting, benches, and landscaping. This project will be completed in the first half of 2017.
2. Support economic stability
The CRA Board approved seven (7) re-vitalization (façade) grants totaling \$15,010.00 for CRA businesses. The total re-investment was \$215,851.00 which equals a 69.5% return on investment.
3. Promote and enhance the surfing village resort uses.
CRA Board is moving forward with the construction of a Downtown parking garage. Plus City Commission is exploring new City Hall and Police Station, which will be funded by non-CRA monies.

4. Protect residential neighborhoods from commercial intrusion.
Cocoa Beach Main Street was established to enhance and focus on downtown businesses with boundaries from First Street North to First Street South.

5. Enhance Downtown with a mix of uses.
Six new businesses opened and two existing businesses expanded their floor space.

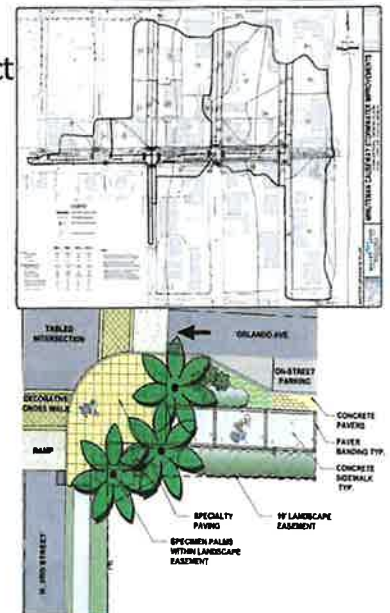
6. Reinforce, preserve, and expand the unique building types and Neighborhood characteristics.
Mural paintings are continuing downtown and four artists are completing the planter painting project.



7. Coordinated with the City's Stormwater Program

Utility to develop and design a demonstration project for the Minutemen Causeway corridor to be designed as an LID (Low Impact

Design) storm water project that qualified for a federal Section 319 grant. *As part of this storm water project the CRA's Streetscape and Landscaping Plan was integrated into the storm water design. Such partnership between the CRA, Complete Streets and the City has aided in leveraging 60% of the funding through grants for initiating stormwater improvements in the downtown area. Including but not limited to the Complete Streets federal program. This project began November 2015 and is scheduled to be completed in 2017.*



Schedule of Revenues Expenditures and Fund Balance

FINANCIAL STATEMENT*

(Audited)

City of Cocoa Beach, Florida

Downtown Community Redevelopment Agency September 30, 2016

*The FY 2016 budget was prepared with the Tax Incremental
Financing (TIF). TIF explained on page 12.*

Statement of Revenues and Expenditures

Revenues:		
City of Cocoa Beach (TIF)	\$	94,370
Brevard County (TIF)		86,219
Misc Revenue		<u>729</u>
Total Revenue	\$	181,318
Expenditures:		
Grants	\$	12,046
Insurance		4,983
Professional Services		48,498
Operating		177
Repayment of loan		<u>20,000</u>
Total Expenditures	\$	85,702
Net Change in fund balance	\$	114,887
Fund balances, beginning of year		(186,835)
Fund balances, end of year	\$	(71,948)

* The CRA fund financial statement is reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available is defined as collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period, usually considered sixty (60) days.

The Tax Incremental Financing (TIF) was not available prior to fiscal year 2014. Therefore, advances were made from the City's General Fund to provide funds for the development of the CRA Plan. The cumulative total in the amount of \$261,230 of all advances to date from the City of Cocoa Beach is considered the Liability of the Agency.

A repayment schedule was established in FY2015 and the principal payment of \$21,230 was made. The advance is being repaid over a twelve (12) year period in annual \$20,000 installments and will mature in FY 2027.

What is a CRA?

A CRA is a geographic area that meets the physical and/or economic conditions of a blighted area as defined in the Community Redevelopment Act of 1969 (Florida Statutes, Chapter 163, Part III).

The area has to be formally designated by the local government as appropriate for redevelopment.

It has to be determined that dedicated resources should be used to reduce or eliminate these blighted conditions and to stimulate community and economic revitalization.

Once the CRA is established, Tax Increment Financing (TIF) programs may be implemented.

TIF programs are generally long-term, 30-year commitments.

CRA's have been created in other states throughout the country - Florida has over 140.

The Community Redevelopment Act specifies that the governing body of the CRA is separate from the governing body of the jurisdiction in which the area is located. However, the City Commission can be the CRA Board—but must act as a separate and distinct agency.

A five to seven member Board, created by the local government, administers the activities and programs within a CRA. In Cocoa Beach, the City Commission is also the CRA Board.

Each CRA district must maintain separate trust funds and expend those funds only in that district.

Advisory committees, public meetings, and city staff provide input to the CRA Board.

Annual budgets, financial reporting, and activity reports are also required by the Community Redevelopment Act



Green Room Café Grant

Before



AFTER



Coastal Produce- Old Post Office in Downtown

Before



After



MERRITT ISLAND REDEVELOPMENT AGENCY



MERRITT ISLAND
REDEVELOPMENT AGENCY

ANNUAL REPORT FY 2015-2016

Prepared by

Merritt Island Redevelopment Agency
and Brevard County Finance Department

March 31, 2017

2575 N. Courtenay Pkwy., Suite 207
Merritt Island, FL 32953
Phone: #321-454-6610
MIRA@brevardFL.gov



MERRITT ISLAND REDEVELOPMENT AGENCY

ACKNOWLEDGEMENTS

MIRA BOARD MEMBERS:

Sue Nisbet-Lawrence, Chair
Marcus Herman, Vice-Chair
Chris Cook
Andy Barber
Tom Vani
Eddie LeBron
Wendy Ellis

BEAUTIFICATION COMMITTEE:

Marcus Herman, Chair
Beth Kring
Denise Berg
Teresa Demark
Linda Brandt
Richard Webb
Terri Pentz

MIRA STAFF:

Lisa Leger Frazier, Executive Director
Cheryl J. Hurren, Special Projects Coordinator II



MERRITT ISLAND REDEVELOPMENT AGENCY

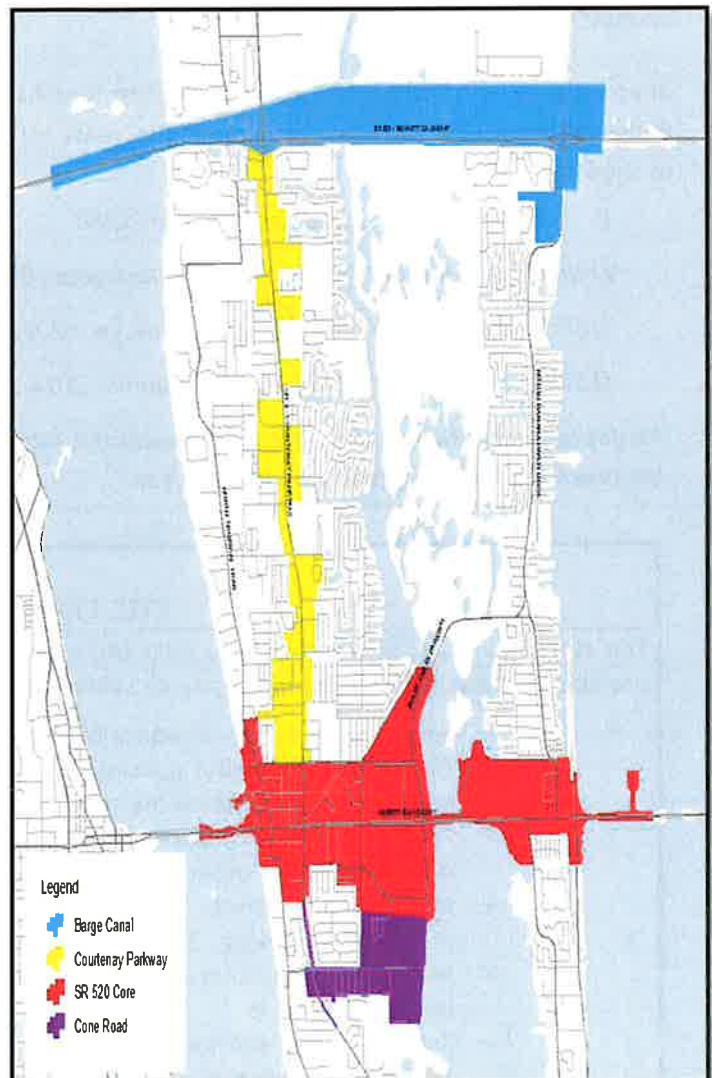
MISSION STATEMENT

The Merritt Island Redevelopment Agency was created by the Brevard County Commission to assist in the elimination of slum and blight and assists in the redevelopment of the Merritt Island business district. The redevelopment activity prevents the decline of the economic base, and establishes partnership with property owners to invest in the restoration and rejuvenation of businesses. The Agency's mission is to implement the Merritt Island Redevelopment Plan as adopted and amended by the County Commission. The Plan sets forth the objective of the redevelopment program and describes the Agency's purpose, authority, financial mechanisms, and public improvement projects. The Agency is also responsible for administering the Redevelopment Trust Fund established by Brevard County Ordinance.

INTRODUCTION

In 1989, the Brevard County Board of County Commissioners established the Merritt Island Redevelopment Agency (MIRA). At that time the Commission designated the District's boundaries and set up the funding mechanism in accordance with Chapter 163, Part III, Florida Statutes. The purpose of MIRA was to develop and implement a redevelopment plan to eliminate slum and blight conditions within the central business district of Merritt Island. Since 1989, the redevelopment area has been expanded to include areas east (1991) and north (2006) of the central business district. In 2011 MIRA again recognized that the very conditions that were in existence in 1989 had become visible in other areas of the Island. Seeking to arrest and alter those conditions, and prevent the decline of the economic base, MIRA once again expanded the boundary of the District to apply redevelopment tools in two new areas of Merritt Island: the Barge Canal/SR 528 area and SR 3 north of the existing district, and the Cone Road area to the south.

MIRA has been highly successful in achieving many of the goals and objectives found within the early Merritt Island Redevelopment Plan and completing many of the originally planned projects. However, new areas of concern within Merritt Island and recent changes in the economic environment within





MERRITT ISLAND REDEVELOPMENT AGENCY

Brevard County, dictated the need to update the Plan. The updated Plan provides an opportunity to consolidate the overall redevelopment strategies for the entire District; to establish a new vision and mission; and to create a unified approach to enhance and continue the positive outcomes of the Agency's work.

The current Merritt Island Redevelopment Plan was adopted in late 2014. This updated plan is not only a presentation of MIRA successes and progress, it creates a renewed mission, along with direction for financial commitments and expenditures that are needed to reverse blight conditions, promote economic and business development, create a sound climate for public and private sector investments, and foster a healthy and safe living and working environment for all citizens within the redevelopment area. The redevelopment provisions, controls, restrictions and covenants of the Redevelopment Plan shall be effective for 30 years from the date of adoption. The new Plan introduced an expanded boundary for MIRA, adding approximately 1.86 square miles to the redevelopment area, for a total area of 3.72 square miles. This change in boundary will affect the future amount of tax increment financing.

In accordance with Ordinance 2014-22, one trust fund has been established for the duration of the Merritt Island Redevelopment Plan with the tax increment increase for each expansion area using the associated base tax year as shown:

- 1) *520 Area, Ordinance 89-28, base year 1988*
- 2) *Newfound Harbor, Ordinance 91-40, base year 1990*
- 3) *State Road 3, Ordinance 2006-165, base year 2005*
- 4) *528, North SR 3, and Cone Road, Ordinance 2014-22, base year 2014.*

All deposits into the trust fund shall begin with the incremental increases from tax rolls resulting in ad valorem tax revenues due subsequent to the base year.

THE PLAN'S PURPOSE

The stated purpose of the Plan is to help MIRA plan, fund and implement any and all public programs, projects, and activities and stimulate private sector's actions which:

- Serve to eliminate and reduce blighted conditions;
- Establish community policing to encourage compliance with established community standards and to assure the safety and security of people and property;
- Provide and encourage the expansion of stormwater management systems and improvements to other public infrastructure;
- Provide and support improvement of the roadway network for enhanced circulation, mobility and parking; and promote multi-modal, pedestrian and bicycle-safe infrastructure;
- Provide and encourage public and private landscaping and streetscape enhancements to beautify the area;
- Encourage and provide incentives for appropriate economic development by the private sector or through public - private partnerships;
- Encourage and foster the development of activities which enhance Merritt Island's cultural and historic resources and improve the quality of life.



MERRITT ISLAND REDEVELOPMENT AGENCY

THE GOAL OF THE MERRITT ISLAND REDEVELOPMENT AGENCY (MIRA) IS THE BETTERMENT OF THE MERRITT ISLAND CENTRAL BUSINESS DISTRICT.

The Brevard County Board of County Commissioners by Ordinance 88-43 of November 15, 1988, established a seven-member volunteer Board of Directors for the Merritt Island Redevelopment Agency (MIRA) composed of Merritt Island residents and/or Merritt Island business owners. The Board is responsible for major policy decisions pertaining to the various aspects of the Redevelopment Program; approval of the budget; prioritization of Agency projects and programs; authorization for financing projects including grant applications; and execution of contracts and other program decisions.

In accordance with Florida Statutes 163.356(3)(c), an Annual Report of the Merritt Island Redevelopment Agency (MIRA) shall be filed with the governing body on or before March 31st of each year. The report contains a review of the redevelopment agency; a description of the FY2015-2016 adopted budget and a list of major accomplishments; a map of the redevelopment area; and FY 2016 Financial Statements. The Financial Statements are prepared in conformance with generally accepted accounting principles by the Brevard County Finance Department.

FISCAL YEAR 2015-2016 OVERVIEW

Fiscal Year 2015-2016 was a period of re-focusing on the organizations programs, policies, and procedures as they related to the new Redevelopment Plan. The following highlights the major accomplishments of the organization including the initiation of an aggressive Capital Improvement Project Plan as the result of the MIRA Board of Directors special workshop held in September 2015 that established a comprehensive work plan and schedule which "ranked" the importance of each proposed project and/or project area for the next five-years. This Project Plan meets the criteria found within the redevelopment plan for development and economic growth, eliminating slum and blight, and safety concerns for the public.



MERRITT ISLAND REDEVELOPMENT AGENCY

NON-CAPITAL PROJECTS

A. ADMINISTRATION

1. Amendments to Policy and Procedures

a. Merritt Island Redevelopment Agency Bylaws

The last update to the Merritt Island Redevelopment Agency By-Laws was in 2005. In accordance with policy, the By-Laws should be updated every two years. The Director worked with the MIRA Attorney to present an update to the MIRA Board which was approved in September 2016.

b. MIRA Interlocal Agreements

In response to changes in the employment status of MIRA staff, the Interlocal Agreement from 2009 was amended to clarify the labor distribution transfer of all personnel and support service costs between MIRA and Brevard County. The amended Interlocal Agreement was approved by the MIRA Board in September 2016. Final approval by the Board of County Commissioners was received in November 2016.

2. MIRA Boundary Audit

MIRA conducted a verification of the new 2014 boundary and tax parcels in recognition of the new expansion area included in the 2014 MIRA Redevelopment Plan. Planning maps were created that consisted of district aerial parcel map and an updated property owner data base.

3. Annual Report

MIRA created a new "stand alone" annual report of the agencies activities for the preceding fiscal year. Per Florida Statute 163.356, this report has been made a part of the County Budget which provides a brief synopsis of the activities. The new Annual Report was created in order to elaborate on the Agencies accomplishments for the year that may be readily shared with the public.

4. New Logo

As part of the MIRA Boards desire to improve the Agency's public outreach, the MIRA Logo was updated in May 2016 to better reflect the Island's Redevelopment Mission.



5. Website Update

The MIRA Board requested that a complete update to the MIRA website be performed. The Director secured an intern through Eastern Florida State College in December 2015 to assist with our multi-media proposal. The intern updated the MIRA website to improve the Agency's goal of providing enhanced public outreach.

6. Continuing Services Contracts

As part of the MIRA Board's aggressive Capital Improvement Project Plan, continuing service consultants were selected and placed under contract in May 2016. Consequently, contractual language changes were instituted to better line up with Brevard County and MIRA Policy and Procedures.

The following firms were contracted as part of the library of consultants under MIRA.

- | | |
|---|--|
| 1. Susan Hall Landscape Architecture (Landscape Architecture) | 5. Little-John & Associates, Inc. (Planning) |
| 2. Kimely-Horn & Associates, Inc. (Landscape Architecture/Planning) | 6. Bussen Mayer Engineering Group (Engineering/Environmental/Survey) |
| 3. CPH, Inc. (Landscape Architecture) | 7. DRMP (Engineering) |
| 4. Tindal-Oliver (Planning) | 8. Morgan & Assoc (Survey) |
| | 9. Cardno (Environmental) |

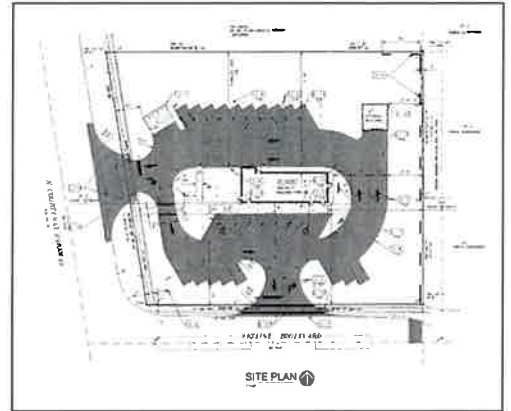


MERRITT ISLAND REDEVELOPMENT AGENCY

B. ZONING & SITE PLAN REVIEWS

In order to maintain a consistency in the development that occurs within the MIRA boundary, the MIRA Board of Directors reviews and makes recommendations as part of Brevard County Planning and Development for development requests including: changes in land use and zoning, site development plans, conditional use or variance applications, and vacating of road right-of-way. The following requests were made and approved during the current fiscal year.

- a. Mark Homer/Ralph S. And Cynthia Perrone; proposal to build a Sonic Drive-thru at the corner of Skyline Blvd and S.R 3; Rezoning request from BU-1-A TO BU-1 with a BDP limiting the property use to a restaurant with a wall between the property and residential area behind the building; approved December 2015.
- b. Southgate Investments, Inc., Jake Wise, PE, CEG Engineering; proposed future commercial development of the property located at the south east corner of Pioneer Road & N. Courtenay Parkway; Future Land Use change from NC & Res-15 to CC with requirement for future site plan review by MIRA, traffic study and buffer wall, approved December 2015.
- c. Shore Lanes Patio Addition, Mr. Gary Neal, ME Construction; proposed renovation of the restaurant and addition of a covered patio. The patio consists of 40 seats with a handicapped ramp, and additional landscape, site plan approved March 2016.
- d. MI Island Restaurant, LLC; Conditional Use Permit (CUP) Request for Alcoholic Beverages for On-Premises Consumption; approved May 2016.
- e. Merritt Island South Commercial, Panorama Mobile Home Park, Steven Monroe, Mid Florida Engineering Consultants; Zoning & Site Plan Request for a Retail Store located at Courtenay Blvd., south of SR 520. Appropriate Zoning (BU-1) and FLU (CC) exists for this type of use. Approved July 2016.
- f. Home Depot, James Rosich, Greenberg Farrow; Conditional Use Permit (CUP) request to operate a Penske Truck Rental Center as an accessory use to the existing Tool Rental Center with three conditions (1) Home Depot agrees to park all rental equipment with the Penske trucks in the designated area that is to be clearly marked with signage or striping, (2) there is to be no more than 10 Penske trucks at any given time, (3) after hour drop off vehicles must be in the designated area and any outside of the area will be moved at the start of business, approved September 2016.
- g. 110 McLeod St, Greg Taylor and Rachel Fitzpatrick, Owners, John Campbell, Campbell Surveying, Representative; Owners of 110 McLeod St request a CUP for beer and wine consumption on site as an accessory to a retail store and snack bar. Approval with two conditions (1) the indoor and outdoor seating for the snack bar is limited to 30 seats, (2) the CUP is to be tied only to the larger of the two buildings on the property which is defined as PDC-1 on the property appraiser's website; approved September 2016.
- h. Site Development Plans; approved by County Staff only
 - Sonny's BBQ outside seating expansion; May 2016.
 - Lock It Storage mini storage/office on the corner of Fortenberry and Plumosa Roads. The site plan is for a one story 3,550 square foot structure housing an office and 23 mini storage units with parking; July 2016.





MERRITT ISLAND REDEVELOPMENT AGENCY

C. HOSTED SPEAKERS, PUBLIC SPEAKING ENGAGEMENTS, AND EVENT ATTENDANCE

- Economic Development Council, Gregory Weiner, Senior Director of Business Development; May 2016.
- Realtors Roundtable, CRA Directors Panel; May 2016.
- Merritt Island Rotary Club, MIRA Presentation; May 2016.
- Port Canaveral Tour, Atlantic Coast Section of APA; June 2016.
- Port Canaveral Strategic Master Plan, Stakeholder Meeting, July 2016.
- Veteran's Memorial Center, Expansion Open House; July 2016.
- Cocoa Beach Chamber of Commerce, sponsored by Regions Bank, presentation of the Commercial Façade Grant Program; August 2016.
- SR 528 PD&E Study, Stakeholders meeting; September 2016.
- Florida Redevelopment Association, Annual Conference; October 2015.





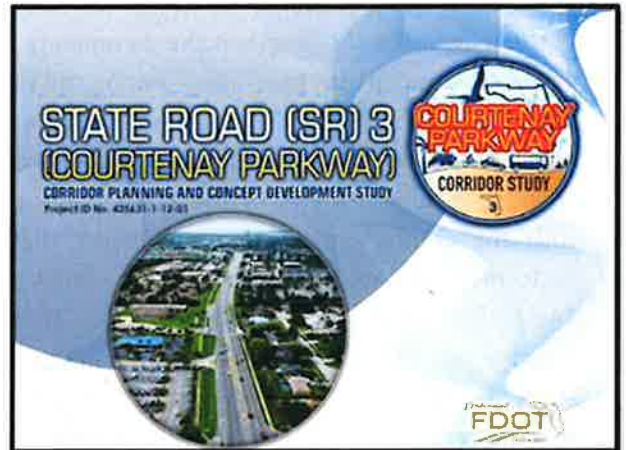
MERRITT ISLAND REDEVELOPMENT AGENCY

CAPITAL WORK PROGRAM

A continued effort has been made by the Merritt Island Redevelopment Agency to complete planned projects in accordance with the adopted redevelopment master plan. The following provides a synopsis of projects in various phases that were a priority of MIRA in this fiscal year.

1. SR3 CORRIDOR IMPROVEMENT PLAN

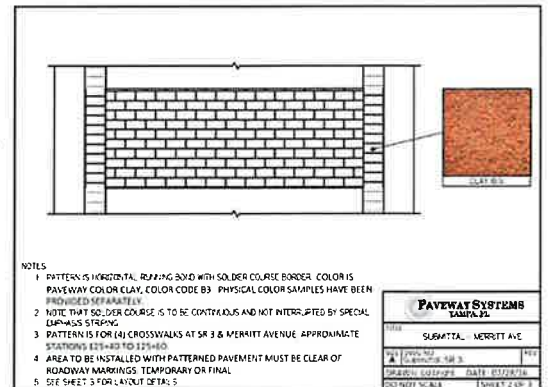
In response to community demand, a corridor planning study was initiated by the Florida Department of Transportation (FDOT) in 2015 to evaluate multi-modal transportation improvements along a 4.1 mile section of SR 3/Courtenay Parkway between Fortenberry Road (south of SR 520) to Grant Road/Smith Road (north of SR 528), in MIRA. SR 3 is a primary north-south route between SR 528 and Pineda Causeway. It serves as both a primary corridor for local traffic and emergency evacuation, as well as providing access to the beaches.



In May 2016 the MIRA Board sent a Letter of Support to the Space Coast TPO for the findings of the study selecting lighting, sidewalks, & bus stops as priorities that address public safety concerns along the corridor. MIRA continued to partner with the FDOT and as part of the Project Visioning Team to complete the Corridor Development Plan in December 2016.

2. STATE ROAD 3 IMPROVEMENTS

MIRA continued project management services for the Florida Department of Transportation (FDOT) roadway improvements on N. Courtenay Parkway/State Road (SR) 3 in Merritt Island. This nearly \$1.9 million FDOT project began in August 2015 and was completed in late spring 2016. The .9 mile resurfacing project extended from the Merritt Island Causeway/SR 520 to Skylark Ave. MIRA paid for the decorative crosswalks and pavers as part of the roadway enhancements in FY 2014-2015. Project improvements included a new mast arm signal, the extension of existing left turn lanes and the reconstruction of raised medians.



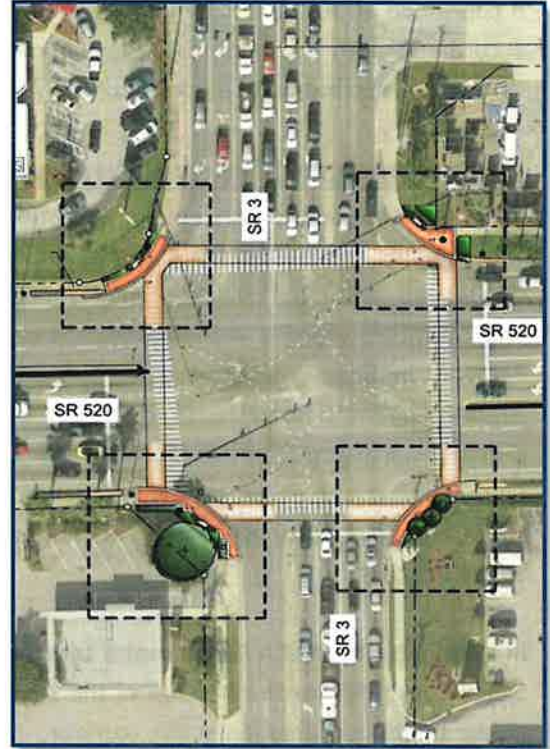
(Redevelopment Plan reference: Chapter 4; Page 4 - 8).



MERRITT ISLAND REDEVELOPMENT AGENCY

3. SR 520 CONSTRUCTION MANAGEMENT AND MAINTENANCE

MIRA continued to work with FDOT on the resurfacing of S.R. 520 including: landscaping, mastarm upgrade, pavers, and crosswalks. This project began in 2013 and was completed in spring of 2016 at an estimated FDOT investment of \$5.58 million. The S.R. 520 Landscape/Streetscape Project will aid in attracting commercial business and retail shoppes to the 520 Commercial Corridor, which will strengthen the community and increase the County's economic tax base. Recognizing the significance of this project to the economic development of the Central Commercial Area, MIRA hired a construction management consulting firm to conduct periodic reviews of the FDOT work, provide interface with the contractors on site, and verify that the work was performed in accordance with the MIRA Locally Funded Agreement (LFA). MIRA allocated a \$10,000 retainer for Construction Management Services for this project in FY 2014-2015. In May 2016, the MIRA Board approved an extension of services for S.R. 520 Construction Management in the amount of \$7,756.00, to oversee and coordinate the installation of pavers, crosswalks, and additional landscaping by FDOT at a cost of **\$13,176.00**.



(Redevelopment Plan reference: Chapter 6; Page 6 -14).

4. COMMERCIAL CORE OVERLAY DISTRICT

In 2013, a study was commissioned to review current zoning and land development regulations for the area from Fortenbery Road north to the south side of SR 520, surrounding and including, the Merritt Square Mall. The purpose of the study was to create an overlay zoning classification for the Central Commercial Core which would encourage redevelopment by allowing flexibility in the uses and design. The Overlay District would set minimum design requirements to facilitate quality development while providing incentives that promote the use of the Regional Stormwater Pond. The zoning overlay considered mixed uses and form-based design standards with an emphasis on the pedestrian experience. This effort will guide development and redevelopment of the area towards the type of standards that promote reinvestment within the Merritt Island Mall Focus Area.

In 2015, MIRA determined that the Overlay Zone should encompass more of the Central Commercial Core including north of SR 520 and the Cone Road Industrial area. In addition, more incentives and flexibility was required to promote economic redevelopment. An expanded study was initiated at the end of 2016 by the MIRA Board with the approval of consulting services for a Market Analysis and Existing Conditions Study. This was the first step toward creating flexible and incentivized land development regulations and performance standards. The MIRA investment



MERRITT ISLAND REDEVELOPMENT AGENCY

for these reports in FY 2015-2016 was **\$9,403.50**. The studies were completed in October 2016 and presented to the public in November 2016.

(Redevelopment Plan reference: Chapter 6 and 7; Page 7-12).

5. CONE ROAD INFRASTRUCTURE IMPROVEMENTS PRELIMINARY ENGINEERING REPORT

In 2015, MIRA partnered with the Brevard County Public Works Department to provide stormwater drainage, sidewalk, and sanitary sewer utility improvements along the Cone Road corridor in Merritt Island, from South Courtenay Parkway eastward to the intersection of Plumosa Street. Public Works is proposing to improve the safety of the roadway by piping a dangerous open ditch, providing sidewalk for the safety of the public walking on this road, and road resurfacing. MIRA proposes to contribute, as part of this project, the installation of a gravity sewer system for the Airport Industrial Park and water quality improvements within the Brevard County Stormwater Pond.



In June 2016, the project design and permitting phase was initiated when MIRA entered into a 3-Phase Project Task Order with Bussen-Mayer Engineering for the Cone Road Sewer System and Water Quality Improvements. MIRA's cost for this project in FY 2016 was **\$6,821.25**.

(Redevelopment Plan reference: Chapter 5; Page 5 - 8).

6. CONE ROAD ALTERNATIVE FUNDING

In March 2016, MIRA submitted for a Clean Water Act Section 319(h) Grant to the EPA in the amount of \$300,000 to pay for the property owner construction costs incurred as a result of connecting to the public sewer system within the Airport Industrial Park. Notification was received in late summer that the Florida Department of Environmental Protection (FDEP) had approved the grant request and sent it up to the EPA for consideration. A final decision is expected in September 2017.

In April 2016, MIRA applied for and received the St John's River Water Management District (SJRWMD) Cost-Share Grant in the amount of \$912,225 to pay for 33% of the cost of construction for the three phase project. There are three phases to this reimbursement grant:

- *Phase I* will assist the property owners in the South Tropical Area with 33% of the cost of construction incurred as a result of connecting to the public sewer system installed by MIRA.
- *Phase II* will be part of an Interlocal Agreement between MIRA and the Brevard County Public Works to do improvements to Cone Road.
- *Phase III* includes the cost of construction incurred by the property owners within the Airport Industrial Park as a result of connecting to the public sewer system installed by MIRA.

The SJRWMD Cost Share Grant will be awarded in October 2016 and this project must be completed by 2018.



MERRITT ISLAND REDEVELOPMENT AGENCY

7. KIWANIS ISLAND PARK SIGN

MIRA partnered with Brevard County Parks and Recreation to provide a new sign for the Kiwanis Island Park. In August 2016, the new LED sign was installed at the entrance to the Kiwanis Island Park on SR 520. On September 23, 2016, a ribbon cutting was held with elected officials, several members of the MIRA Board, County staff, and Kiwanis Club members in attendance. MIRA transferred \$30,000 in FY 2016 to Parks and Recreation for the purchase and installation of the sign.



8. VETERAN'S MEMORIAL PARK



In 2013, the Brevard County District 2 Commissioner requested the MIRA Board to allocate \$400,000 to Parks & Recreation to assist in the funding of the entrance way into Veteran's Memorial Park and parking lot for the Veterans Memorial Center. On November 11, 2016 (Veteran's Day), a Grand Opening was held for the Veterans Memorial Center expansion and the Veterans Memorial Park. MIRA was recognized at the Grand Opening as a Platinum Level Organization donor and made part of their Dedication Plaque, which is installed at the new Military History Museum. The MIRA logo was also added to their Plaza Wall of Honor and Support.

(Redevelopment Plan reference: Chapter 6; Page 10 and 15).



MERRITT ISLAND REDEVELOPMENT AGENCY

COMMERCIAL FAÇADE IMPROVEMENT PROGRAM GRANT

The Merritt Island Redevelopment Agency retains a seven-member volunteer *Beautification Committee* composed of Merritt Island residents and/or Merritt Island business owners. The Committee's purpose is to serve as a recommending body to the MIRA Board for beautification projects within the MIRA District. In 2002, MIRA created the Commercial Façade Improvement Grant program (CFIG). The goal of the CFIG is to improve the function and aesthetics of the Merritt Island Redevelopment Area by assisting commercial property owners in funding physical redevelopment and safety improvements to their existing properties. The Grant provided by MIRA is a reimbursement grant, matching 50% of the investment made by individual grantees, up to \$15,000. With the availability of matching funds through the CFIG program, the improvements will have a positive visual impact on the community, reducing blight, and thereby increasing the economic benefits within the Redevelopment Area. Since 2007, MIRA has invested over \$750K in commercial facade grant projects generating over \$3.6M in private sector investments for property renovations, representing nearly a 5:1 return on investment. In FY 2016, MIRA provided grants in the amount of \$104,064.

1. New Brochure Mail Out

In recognition of the fact that limited applications were being submitted for the Commercial Façade Improvement Grant program, MIRA began working on an informational brochure to be distributed to all commercial property owners at a cost of less than \$1500.00. Utilizing our talented volunteer pool, the Agency designed, developed, and mailed over 600 informational brochures in January 2016 effectively doubling the amount of applications from 2015 to 2016!

2. MIRA's Commercial Façade Improvement Grant Policies and Procedures Modification

As part of the MIRA Boards request to make the Grant program more readily available to commercial property owners, a major overhaul of the Grant programs policies and procedures was undertaken. The MIRA Board approved changes to the Grant Policies, Procedures, and Application process in January 2016.



3. Grant Partnering Project, Yard Signs

New yard signs were created as part of the CFIG program that recognizes the partnership between the commercial property owners and MIRA. These temporary signs will be placed on the property for up to two weeks. In addition, existing metal signs were resurrected utilizing new logo sticky patches to cover the old logo. These signs are a part of the Beautification Award and Façade Grant Award program initiated by the Beautification Committee.

4. Program Organization

As part of the ongoing effort to consolidate MIRA's data base and make it more readily available, the file data was summarized, scanned, and mapped. Spreadsheets were created that clearly define the programs benefit to the community.



MERRITT ISLAND REDEVELOPMENT AGENCY

COMMERCIAL FACADE IMPROVEMENT GRANT COMPLETED PROJECTS FOR FY 2015-2016

1. 1781/89 LLC; Peter Rochester, 1789 E. Merritt Island Causeway, Merritt Island.

Improvements included painting, paving, and fascia and gutter repairs. The amount of private investment eligible for reimbursement was \$31,750.00; grant received was for \$15,000. (July 2016)

BEFORE



AFTER



2. Honey 2 Do, Inc., 381 Hibiscus Avenue, Merritt Island.

Overall improvements included stucco work, window replacements, privacy fence, awnings, lighting, signage and landscaping. The amount of private investment eligible for reimbursement was \$31,015.99; grant received was \$15,000. (July 2016)

AFTER



BEFORE





MERRITT ISLAND REDEVELOPMENT AGENCY

3. Perrone Village, 2137 N. Courteney Parkway #302, Merritt Island.

Improvements included painting, innovative landscaping, stucco, and signage. The amount of private investment eligible for reimbursement was \$41,548.81; grant received was \$15,000. (July 2016)



BEFORE



AFTER

4. Dollar Tree Plaza, 715-777 N. Courtenay Parkway, Merritt Island.

Enhancements made to the Plaza were for painting, wood repairs, and waterproofing. The amount of private investment eligible for reimbursement was \$41,122.00; grant received was for \$15,000. (August 2016)

BEFORE



AFTER





MERRITT ISLAND REDEVELOPMENT AGENCY

5. Sonny's Real Pit Bar BQ (McNab & McNab), 310 N. Courtenay Pkwy, Merritt Island.

Improvements included a new roof, and exterior storefront door. The amount of private investment eligible for reimbursement was \$53,423; grant received was for \$15,000. (July 2016)

BEFORE



AFTER



6. Three properties, 241 N. Courtenay Pkwy, Merritt Island.

The expansion of these properties included demolition of an old building, roof line extension, new windows, doors, painting, landscaping, and parking lot improvements. The amount of private investment eligible for reimbursement was \$33,436; grant received was for \$15,000. (September 2016)

BEFORE



AFTER





MERRITT ISLAND REDEVELOPMENT AGENCY

7. Collins Animal Hospital, 590 S. Plumosa Street, Merritt Island.

Upgrades to this property were for parking lot improvements, advanced landscaping, and painting. The amount of private investment eligible for reimbursement was \$28,128; grant received was for \$14,064. (June 2016)

BEFORE



AFTER





MERRITT ISLAND REDEVELOPMENT AGENCY

FY 2015/2016 TRUST FUND FINANCIAL STATEMENTS

Historically, MIRA has had a steady increase in the Tax Increment Financing (TIF) revenue per year since the inception of the CRA. In recent years, the TIF has been more volatile due to the impacts of the difficult economic conditions experienced throughout the nation, as well as in Brevard County. CRA's often have to leverage many financial programs in order to have enough resources for planned infrastructure projects. Partnerships and grants are often leveraged to fund economic development projects. MIRA has leveraged their TIF funding with state and federal agencies to the tune of 9:1 or greater!

**MERRITT ISLAND REDEVELOPMENT AGENCY
BREVARD COUNTY, FL
STATEMENT OF FUND ACTIVITIES
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2016
(UNAUDITED)**

	ADOPTED BUDGET	ACTUAL AMOUNTS	VARIANCE/+ (-)
REVENUES			
INCREMENT TAX	\$ 904,734.00	\$ 904,733.00	\$ (1.00)
INTEREST	\$ 15,000.00	\$ 20,174.00	\$ 5,174.00
MISCELLANEOUS	\$ -	\$ 1,292.00	\$ 1,292.00
STATUTORY 5% REDUCTION	\$ (45,987.00)		
BALANCE FORWARD	\$ 1,853,984.00	\$ 1,855,675.00	\$ 1,691.00
TOTAL REVENUES	\$ 2,727,731.00	\$ 2,781,874.00	\$ 54,143.00
EXPENDITURES			
COMPENSATION/BENEFITS	\$ 59,299.00	\$ 51,817.39	\$ (7,481.61)
OPERATING EXPENSES	\$ 511,863.00	\$ 157,926.04	\$ (353,936.96)
CAPITAL OUTLAY	\$1,191,684.00	\$ 21,162.25	\$ (1,170,521.75)
AID TO PRIVATE ORG	\$ 150,000.00	\$ 104,064.00	\$ (45,936.00)
TRANSFERS OUT	\$ 30,000.00	\$ 30,000.00	
RESERVES	\$ 784,885.00		
TOTAL EXPENDITURES	\$2,727,731.00	\$ 364,969.68	\$ (2,362,761.32)

CITY OF PALM BAY | BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

2016

A N N U A L R E P O R T

FOR YEAR ENDING SEPTEMBER 30, 2016



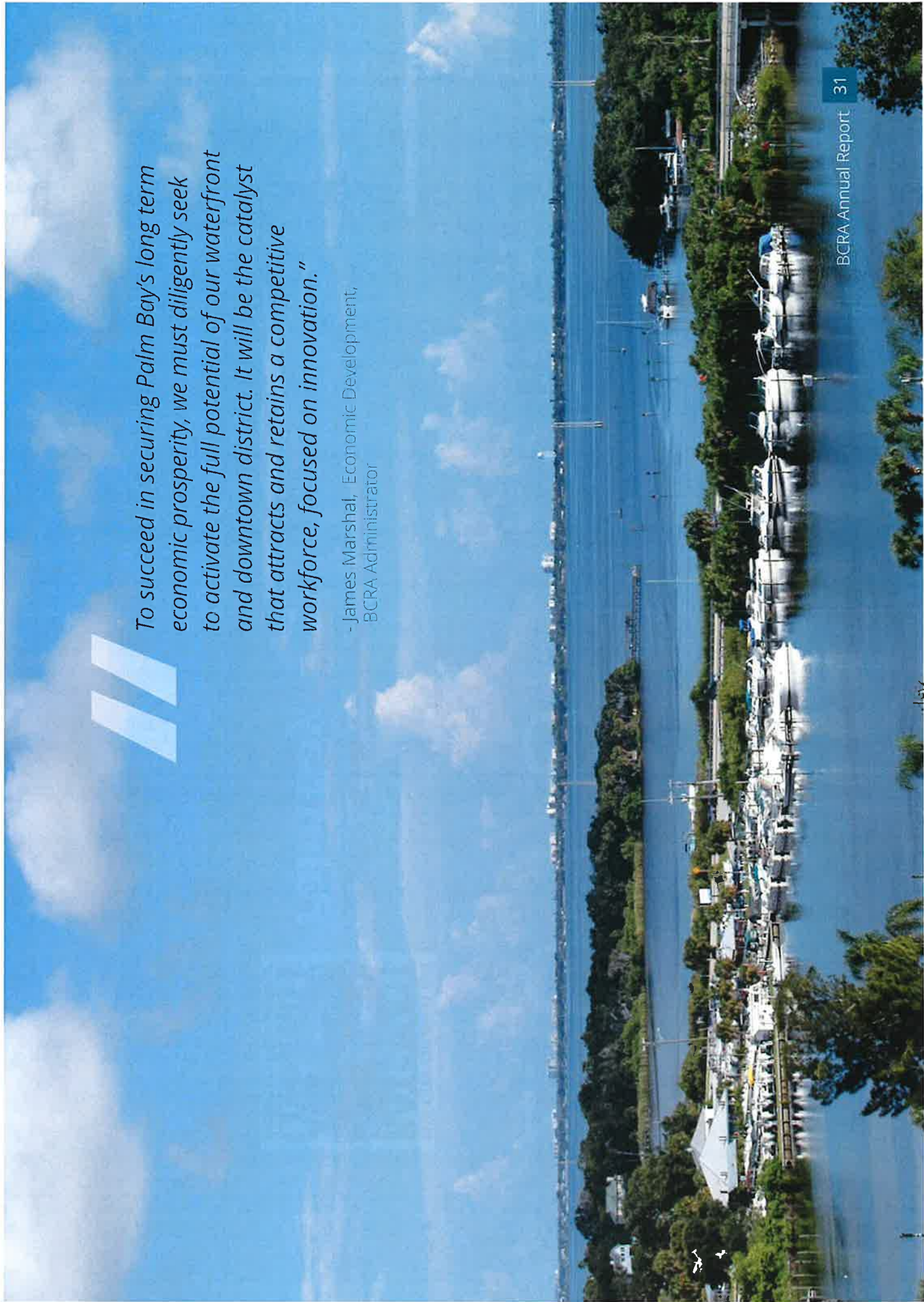
120 MALABAR ROAD SE, PALM BAY, FL 32907

+1 321.409.7187 TEL



To succeed in securing Palm Bay's long term economic prosperity, we must diligently seek to activate the full potential of our waterfront and downtown district. It will be the catalyst that attracts and retains a competitive workforce, focused on innovation."

- James Marshal, Economic Development,
BCRA Administrator



BCRA Owned Parcels

ASSET ADDRESS	Acres	Value**	Reported Basis
1626 Orange Blossom Trail	1.19	\$ 116,630	505,980
1644 Main Street NE	.35	15,040	10
2898 Palm Bay Road NE	.21	43,630	10
2920 Pospisil Avenue NE	2.3	356,880	785,00
2932 Pospisil Avenue NE	.24	19,950	-
Parcel ID: 28-37-11-78-A-7	.09	6,400	10
Parcel ID: 28-37-13-FK-*2.17	.34	147,760	10
Parcel ID: 28-37-14-FL-N-5.02	.19	6,900	1
Parcel ID: 28-37-13-FK-*2.08	.15	6,900	1
Parcel ID: 28-37-24-25-6-13	.58	56,700	-
Total Land Assets	-	\$ 776,990	\$ 1,291,022

**Value is derived from the Brevard County Property Appraisers Office

OTHER FINANCING SOURCES	Budget	Actual Amounts	Variance with Budget Positive (Negative)
Transfers In	\$ 104,238	\$ 104,238	\$ -
Total Other Financing Sources	\$ 104,238	\$ 104,238	\$ -
Net Change in Fund Balance	(\$ 441,555)	(\$ 31,112)	(\$ 410,443)
Fund Balance (Beginning)		\$ 648,970	\$ -
Fund Balance (Ending)		\$ 617,858	\$ -

¹ Intergovernmental Revenues includes all revenues received from federal, state, and other local government sources in the forms of grants, shared revenues, and payments in lieu of taxes.
² Economic Environment pertains to expenditures associated with providing services which develop and improve economic conditions of the community and its citizens.
³ Capital Outlay are expenditures for the acquisition of or in addition to fixed assets. This would include such transactions as: land, buildings, infrastructure, equipment, and construction in progress.

Budgetary Comparison | Schedule for the Year ending September 30, 2016

REVENUES	Budget	Actual Amounts	Variance with Budget Positive (Negative)
Taxes	\$ 661,954	\$ 661,954	\$ -
Intergovernmental Revenues ¹	1,014,896	919,759	(95,137)
Investment Income	150	2,081	1,931
Total Expenditures	\$ 1,677,453	\$ 1,583,794	(\$ 93,206)
EXPENDITURES	Budget	Actual Amounts	Variance with Budget Positive (Negative)
Current Economic Environment ²	\$ 274,839	\$ 249,600	\$ 25,239
Capital Outlay ³	1,472,130	993,835	478,295
Debt Service Principal Retirement	335,000	335,000	-
Interest & Fiscal Changes	140,824	140,709	115
Total Expenditures	\$ 2,222,793	\$ 1,719,144	\$ 503,649
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$ 545,793)	(\$ 135,350)	\$ 410,443

OTHER FINANCING SOURCES (USES)	General	Bayfront Community Redevelopment Agency	BCRA Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Transfers In	\$ 2,133,758	\$ 104,238	\$ -	\$ 8,954,310	\$ 11,192,306
Transfers Out	(8,633,064)	-	-	(1,629,481)	(10,262,545)
Capital Leases	754,000	-	-	-	754,000
Proceeds of Refunding Debt	-	-	-	15,922,652	15,922,652
Payment to Refunded Bond Escrow Agent	-	-	-	(15,723,067)	(15,723,067)
Total Other Financing Sources (Uses)	(5,745,306)	104,238	-	7,524,414	1,883,346
Net Change in Fund Balance	892,232	(31,112)	(1,561,647)	(2,711,698)	(3,412,225)
	General	Bayfront Community Redevelopment Agency	BCRA Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Fund Balance (Beginning)	\$ 8,282,350	\$ 648,970	\$ 2,631,124	\$ 13,430,292	\$ 24,992,736
Fund Balance (Ending)	\$ 9,174,582	\$ 617,858	\$ 1,069,477	\$ 10,718,594	\$ 21,580,511

³ Economic Environment pertains to expenditures associated with providing services which develop and improve economic conditions of the community and its citizens.

⁴ Capital Outlay are expenditures for the acquisition of or in addition to fixed assets. This would include transactions such as: land, buildings, infrastructure, equipment, and construction in progress.

Statement of Revenues, Expenditures & Change in Fund Balance | Governmental Funds from September 30, 2016

EXPENDITURES	General	Bayfront Community Redevelopment Agency	BCRA Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
General Government	\$ 14,317,295	\$ -	\$ 184	\$ 175,622	\$ 14,493,101
Public Safety	31,170,225	-	-	137,215	31,307,440
Physical Environment	-	-	-	-	-
Transportation	4,599,336	-	-	-	4,599,336
Economic Environment ³	-	249,600	-	442,230	691,830
Culture / Recreation	2,673,323	-	-	937,254	3,610,577
Principle Retirement	-	335,000	-	2,009,046	2,344,046
Interest & Fiscal Changes	-	140,709	-	4,290,473	4,431,182
Capital Outlay ⁴	-	993,835	1,575,826	8,669,036	11,238,697
Total Expenditures	\$ 52,760,179	\$ 1,719,144	\$ 1,576,010	\$ 16,660,876	\$ 72,716,209
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,637,538	(\$ 135,350)	(\$ 1,561,647)	(\$ 10,236,112)	(\$ 5,295,571)

⁴Due to a delay in reporting from the State of Florida Pension (FRS), The City's CAFR information is not yet certified, but expects to receive it's certification by the end of April.

Statement of Revenues, Expenditures & Change in Fund Balance | Governmental Funds from September 30, 2016

REVENUES	General	Bayfront Community Redevelopment Agency	BCRA Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Taxes	\$ 39,514,823	\$ 661,954	\$ -	\$ -	\$ 40,176,777
Impact Fees	-	-	-	2,176,573	2,176,573
Licenses & Permits	5,376,631	-	-	-	5,376,631
Intergovernmental Revenues ¹	10,281,540	919,759	-	3,377,733	14,579,032
Charges for Services	2,894,245	-	-	464,038	3,358,283
Fines & Forfeitures	395,040	-	-	158,785	553,825
Investment Income	53,820	2,081	14,363	50,632	120,896
Miscellaneous Revenues ²	881,618	-	-	197,003	1,078,621
Total Assets	\$ 59,397,717	\$ 1,583,794	\$ 14,363	\$ 6,424,764	\$ 67,420,638

¹ Intergovernmental Revenues includes all revenues received from federal, state, and other local government sources in the forms of grants, shared revenues, and payments in lieu of taxes.

² Miscellaneous Revenues are revenues that are not captured in another major category as in the case of taxes, intergovernmental, etc. This includes interest income and other sundry revenues.

Balance Sheet | Governmental Funds (Unaudited*) from September 30, 2016

FUND BALANCES	General	Bayfront Community Redevelopment Agency	BCRA Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable	\$ 39,002	\$ 1,789	\$ -	\$ 15,500	\$ 56,291
Restricted	-	616,069	1,069,477	7,895,628	9,581,174
Committed	184,628	-	-	2,991,029	3,175,657
Assigned	50,883	-	-	647,747	698,630
Unassigned (Deficit)	8,900,069	-	-	(831,310)	8,068,759
Total Fund Balances	\$ 9,174,582	\$ 617,858	\$ 1,069,477	\$ 10,718,594	\$ 21,580,511
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 12,256,316	\$ 716,703	\$ 1,213,612	\$ 14,795,317	\$ 28,981,948

*Due to a delay in reporting from the State of Florida Pension (FRS), The City's CAFR information is not yet certified, but expects to receive it's certification by the end of April.

LIABILITIES	General	Bayfront Community Redevelopment Agency	BCRA Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Accounts Payable	\$ 948,553	\$ 95,210	\$ 144,135	\$ 1,734,402	\$ 2,922,300
Accrued Liabilities	1,104,611	3,635	-	25,120	1,133,366
Due to Other Funds	-	-	-	215,600	215,600
Unearned Revenues	134,794	-	-	1,475,501	1,610,295
Advances from Other Funds	502,961	-	-	609,000	1,111,961
Due to Other Governments	-	-	-	17,100	17,100
Total Liabilities	\$ 2,690,919	\$ 98,845	\$ 144,135	\$ 4,076,723	\$ 7,010,622
DEFERRED INFLOW OF RESOURCES		Bayfront Community Redevelopment Agency	BCRA Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Deferred Business Tax Licenses	\$ 390,815	-	-	-	\$ 390,815
Total Deferred Inflow of Resources	\$ 390,815	-	-	-	\$ 390,815

Balance Sheet | Governmental Funds (Unaudited*) from September 30, 2016

ASSETS	General	Bayfront Community Redevelopment Agency	BCRA Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Cash & Cash Equivalents	\$ 4,737,064	\$ 420,320	\$ 492,237	\$ 14,038,180	\$ 19,687,801
Investments	2,104,399	-	719,426	738,106	3,561,931
Account Receivables	2,603,041	-	1,949	3,531	2,608,521
Due from Other Governments	2,557,210	294,594	-	-	2,851,804
Due from Other Funds	215,600	-	-	-	215,600
Land Held for Resale	-	-	-	15,500	15,500
Prepaid Items	35,029	1,789	-	-	36,818
Inventory	3,973	-	-	-	3,973
Other Assets	-	-	-	-	-
Total Assets	\$ 12,256,316	\$ 716,703	\$ 1,213,612 \$	\$ 14,795,317	\$ 28,981,948

* Due to a delay in reporting from the State of Florida Pension (FRS), The City's CAFR information is not yet certified, but expects to receive its certification by the end of April.



The City of Palm Bay's history and identity were established on the beautiful shoreline in our Bayfront area. With extraordinary potential, this area will be transformed into the City's treasure that all residents will be proud of."

- Andy Anderson, Director
Economic Development & External Affairs
City of Palm Bay



Florida Inland Navigation District

The City/BCRA was awarded a matching grant from Florida Inland Navigation District in the amount of \$48,000 to begin a phase 1 design/permit project in consideration of for dredging the Palm Bay entrance channel to accommodate sail boats and larger vessels who require a minimum 6' water depth.

This portion of the project is expected to be completed in FY 16-17.

Currently, the Bay is deep enough to allow sail boats and larger vessels to moor in its protected harbor, however the entrance channel to the Bay has some shallow areas which can become a real deterrent for boaters due to navigation concerns.

In the next few years, the BCRA will look to partner with the city, the State of Florida, and other key organizations to complete the required dredging for activating Palm Bay's waterfront and to revitalize the Bay area.



Stormwater Funding for Indian River Lagoon and Turkey Creek

The City/BCRA applied for and was awarded from the Florida Legislature \$400,000 through Specific Appropriation Line Item No. 1600A, Fiscal Year (FY) 2016 - 2017, General Appropriations Act.

This appropriation is to help provide critical stormwater infrastructure needed to attract/retain an environmentally conscious high-tech workforce located near Turkey Creek and the Indian River Lagoon.

The appropriation will help construct a new stormwater treatment train system and repair damaged seawall(s) from untreated stormwater runoff directly discharging into Turkey Creek and the Indian River Lagoon. This project will help facilitate redevelopment of the Pelican Harbor Marina and adjacent waterfront property. This project is expected to take 2 - 3 years to complete.



St. John's River Water Management Grant

The BCRA applied for and was awarded a cost share grant from St. Johns River Water Management District to help offset construction costs of the project mentioned above. The award is to cover 1/3 of the construction cost up to a maximum of \$490k.



RiverView Senior Resorts

RiverView Senior Resorts had their grand opening in April 2016 and was attended by many key business leaders locally, including the Palm Bay Chamber of Commerce.

"This is a beautiful facility," Palm Bay Mayor William Capote told about 500 guests that were gathered at the seven-story resort at 3490 Gran Avenue.

"The City of Palm Bay worked wholeheartedly with Steve [Ciancio] to make this happen, and we are so happy that we were able to fulfill this dream for him in conjunction with us."

"Residents started moving into the facility's 119-apartment first phase during the first week of July," said Carol Kueppers, the resort's business office manager. "I want to thank Steve and his family for allowing this wonderful opportunity for all of us to serve the seniors of Palm Bay."

When completed, the 136,000 square-foot complex will have about 250 units for independent residents; those in need of a little assistance, and residents diagnosed with Alzheimer's disease or other forms of dementia.

Amenities include 3,000 square feet of private shoreline, gourmet dining, 24-hour caregiver and nursing staff access, an onsite physician, home health services, around-the-clock security, an emergency system, local transportation, a full activity schedule, concierge services, a heated pool, an observation pier, waterfront walkways, a library, an Internet café, a theater, a billiard and cards room, and hair salon and barber services.

Palm Bay Hospital is only a few minutes away, and RiverView is licensed for extended congregate care.

RiverView executive director Courtney Legg said she's proud of the new resort and the team that will run it. The facility will employ about 160 full-time workers.

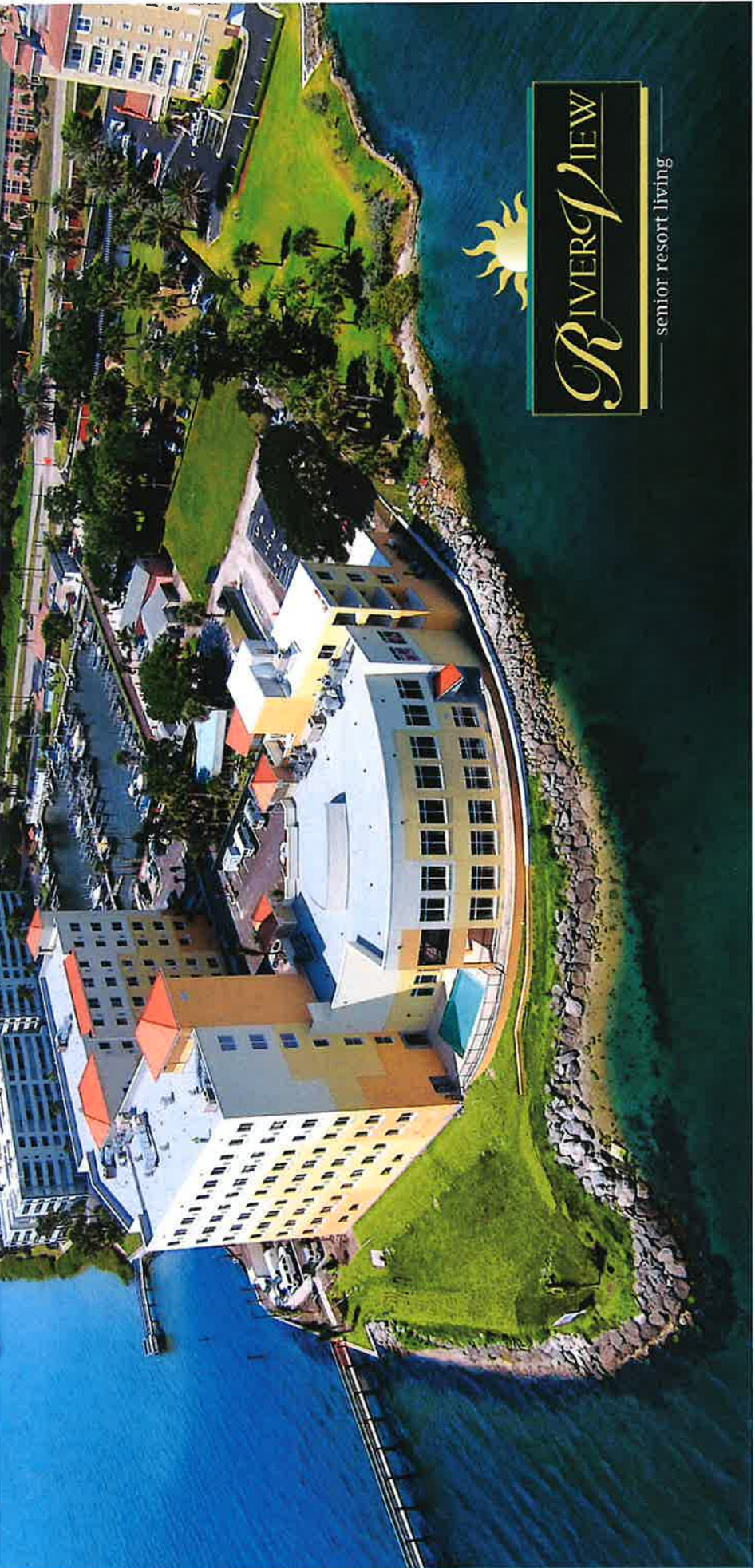
The BCRA and City assisted the developer with zoning, vacating roadway, and the issuance of a \$30 million private activity bond with the City serving as its 'conduit issuer'.

Economic Development Benefits

- Total phase 1 investment: \$36 million
- 119 units (phase 1)
- \$430,000 Impact Fees
- \$110,000 Building Permit Fees
- Future Ad Valorem revenue estimated at over \$200,000 per year to the City and over \$100,000 per year to the County General Fund.
- 120 Full time jobs (phase 1)
Additional 40 after phase 2 completion.
- 100+ construction jobs for 18 months (phase 1)
- 100+ construction jobs over 12 months (Phase 2)
- 20% of all residential rooms will be available for affordable housing residents as per Florida Statute
- Completion of boardwalk/observation pier as part of developer agreement with the City
- State of the art Alzheimer's Memory Care facility



2016 NEW DEVELOPMENT



RIVERVIEW

senior resort living

Special Events⁸

As in previous years, the BCRA sponsored special events in the redevelopment district to help attract people to visit the District and promote local businesses.

The BCRA sponsored the **5th Annual Bayfront 5K-9** run/walk event. Over 200 runners and walkers took part in the event, to raise funds for the Brevard County Animal Shelter. The five kilometer race course was located entirely in the Bayfront Community Redevelopment District.

Visit pbfl.org/5k9 for more information.

Making its debut back in June 2015, the First Friday by the Bay continues to be a fun community festival held at Celebration Square located in the Bayfront District on US-1 overlooking the Indian River Lagoon. This monthly Parks and Recreation event is designed to feature local businesses, food vendors, and great live music.

Beginning February of FY 16, this monthly event will be expanded to a larger 10 acre site called "**Celebration Square**" located in the Bayfront District on US-1 overlooking the Indian River Lagoon.

Visit facebook.com/firstfridaybythebay/ for more information.



⁸ Bayfront Community Redevelopment District 2024 Plan: As Adopted February, 2010; pages 14, 23

Evans Center⁷

In 2016, the Evans Center continued to build momentum. In effort to increase awareness of the Evans Center and the local need for healthy foods, the organization began holding monthly Farmers Markets at their future location, assisting in raising additional money for their construction fund.

As the year came to a close, the organization successfully completed the purchase of land from the City for the building site and three adjacent lots. Once the organization garners the appropriate zoning classification for the parcels, they will be ready to begin building.

Evans Center will serve its community just as the Evan's Market once did, with easily accessible, healthy, fairly priced foods. Classrooms at Evans Center will be used for job training for neighborhood youth and community gatherings. Evans Center will also host a health clinic and wellness programs.

Last year, the Evan's Center group, a 501(c)3 non profit, purchased a total of four (4) lots from the City. We're excited to see this area grow and become a focal point for our community.

Visit evanscenter.org for more information.



⁷ Bayfront Community Redevelopment District 2024 Plan: As Adopted February, 2010; page17

Landscape, Signs, Tracts, and Pond Maintenance⁵

BCRA funding to the ongoing maintenance of improvements made in the District remained steady this past year. However, it is expected that maintenance funding will need to be increased next year to protect prior investments.

The Agency maintained its gateway signs (BV 7 pg 40) and tracts, the R.J. Conlan Boulevard landscaping, the Port Malabar sign tracts including the monolith sign at the intersection of US-1 and Port Malabar Boulevard, the Water Drive improvements, the Bay Boulevard/Castaway Cove improvements, and the maintenance of two (2) storm water retention ponds (the Victoria Park Pond and the University Boulevard/Riverview Drive pond).

However, due to a rise in automobile accidents and vehicles driving through/over median landscaping, more intensive irrigation repairs will be required and several trees will need to be replaced next year.



⁵ Bayfront Community Redevelopment District 2024 Plan: As Adopted February, 2010; pages 11,15,16,23,35,37,42-44, BRD 18-19

Dredging Operations

As part of a larger Indian River Lagoon cleanup effort by Brevard County, the BCRA partnered with the County in 2016 to support a dredging project that would ultimately remove a total of 235,000 cubic yards of muck from Turkey Creek and our name sake bay.



The County benefited from the utilization of a BCRA owned parcel of vacant waterfront land located on Turkey Creek, adjacent to Pelican Harbor, in order to stage the mobilization of their vast amount of equipment and piping. Once assembled, the muck would be pumped to a Dredged Material Management Area (DMMA) owned by the Florida Inland Navigation District (FINID), located just 2 miles north of Turkey Creek on US-1. However, because Turkey Creek is home to a large number of manatees, the effort required the development of several equipment modifications designed for manatee protection and included two trained spotters who are certified manatee observers. Upon completion of the dredging, the staging site will be restored to its prior condition by the company.

Invasive Vegetation Removal³



Invasive vegetation removal remains a key concern for the Bayfront shoreline. As a result, the BCRA renewed its contract with BKI, Inc, a consulting ecologist who will continue to manage the vegetation area located on the east side of the Bayfront sidewalk. This area encompasses the Bayfront shoreline running parallel with US-1 from the Turkey Creek bridge to just north of Hesseley Avenue.

Management included removing invasive plants, collecting garbage, and trimming vegetation to maintain a scenic vista of the Bay. The Agency had previously approved their proposal in October 2015 for BKI to again provide two (2) maintenance periods in FY 15. The contract will come up for renewal again in FY 16.

³ Bayfront Community Redevelopment District 2024 Plan: As Adopted February, 2010; page 36 and 39

Palm Bay Road Drainage⁴

The city's Public Works department continued drainage improvement efforts on the east side of Palm Bay Road within the BCRA District.

This past year, crews completed work on drainage swales that had become blocked resulting from a long term accumulation of stone and silt run-off. This was causing nearby parking lots to flood during heavy rain.



⁴ Bayfront Community Redevelopment District 2024 Plan: As Adopted February, 2010; page 41

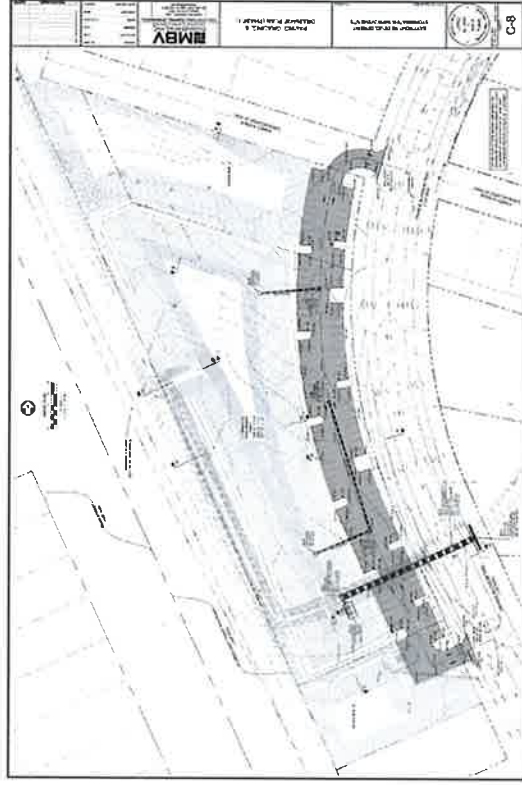
Stormwater Efficiency and Permits Expedite and Incentivize Development²

With the City Manager successfully recruiting new leadership and engineering staff for the Public Works Department in 2016, it provided an opportunity to take a fresh look at this project.

The new design improved pollutant reduction treatment capacity that's beneficial for the Indian River Lagoon and provides support for a larger developmental opportunity on the adjacent 11 acres. This work shortens the time needed to redevelop the area given that the required permitting from St. Johns River Water Management District will already be in place having a 5 year expiration. An incentive for redevelopment, it may save 4-6 months of time normally lost to permitting—allowing construction to begin sooner.

An Investment

The stormwater system may require additional investment over the short term to support this more advanced treatment technology. Because engineers were able to increase its efficiency from 70% to 85%, it provides for greater intensity, which may increase future ad valorem revenues (post development) resulting from a larger developmental footprint. This easily offsets any one-time cost increases.



² Bayfront Community Redevelopment District 2024 Plan: As Adopted February, 2010; page 40, BV 5; and page 51 "Additional Funding Sources"

Update: Oakridge

In August 2015, Oakridge Global Energy Solutions announced their intent to expand their manufacturing operations to Palm Bay and lease a facility located in the redevelopment district. The company reported that the expansion would bring 1,000 new jobs over the next few years. Unfortunately, the company was unable to fulfill its commitments and later withdrew its jobs related tax abatement request from the City.

Shortly thereafter, the company announced a strategic relationship with a Japanese conglomerate which required the establishment of a major new corporate office in Japan and the expansion of the company's existing Hong Kong office.

According to the company's press release, they expect to reestablish a logistics and distribution center on the West Coast of the United States in 2017.

The City expects the current 68,718 sq ft facility to then become available for lease later in the year. There are a number of potential corporate relocations that would be interested in the space in the future.

US-1 Lighting Project¹

As FY 2016 began, the BCRA continued to move forward with the **Street Lighting Project** under construction along the east side of US-1. American Lighting and Signalization, began base installation in September 2015 with 106 bases successfully installed by April 2016. Light pole installation completed May 6th with members of the City Council and BCRA Board counting down to light the entirety of US-1. The project completed in July 2016 with a lighting ceremony attended by City Council and the BCRA board members.



¹ Bayfront Community Redevelopment District 2024 Plan: As Adopted February, 2010; page 42, BRD 18; and page 51 "Additional Funding Sources".

Project Status

- 1. Sidewalk Construction.** Rather than the City/BCRA fund the construction of a sidewalk along US-1, the City/BCRA will be applying for State and Federal Transportation Department grants as US-1 is considered an Interstate Road. If the grant applications are successful, the sidewalk (shovel ready) will be scheduled for future construction.
- 2. Palm Bay Road Stormwater.** The clearing of drainage swales along east Palm Bay Road to address the localized flooding.
- 3. Vegetation Management.** Continuation of the vegetation management program along the Bayfront shoreline and US-1
- 4. Dredging the Bay.** Submission of an application to Florida Inland Navigation District for phase one (1) of a design and permit project to dredge the Bay entrance channel.
- 5. Dredging Turkey Creek.** Assisted Brevard County with providing a site for staging the Turkey Creek/Palm Bay Muck Dredging project.
- 6. Evans Center.** Continued support of the development of the Evans Center, helped facilitate the establishment of their new farmers market.
- 7. Maintenance and Landscaping.** Continued maintenance of landscaping of BCRA improved rights of way, tracts, and retention ponds.
- 8. Events.** Sponsored the Palm Bay Animal Clinic Bayfront 5k9Run/Walk; and continued to support the "First Friday by the Bay" event, a monthly community festivity, now managed by Parks and Recreation. It features vendors and live music at Celebration Square at the corner of US-1 and Port Malabar Boulevard.

ON HOLD

ONGOING

ONGOING

PROGRESSING

COMPLETED

PROGRESSING

ONGOING

ONGOING



Redeveloping the Waterfront

The BCRA launched both a Request for Interest (RFI) and a Request for Proposal (RFP) to redevelop the City of BCRA Waterfront parcels.

The Agency ran a targeted ad campaign in the Spring 2016 Issue of Development Magazine, a national magazine focused on developers.

The ad linked to a video presentation, allowing us to measure effectiveness. The goal was to gather potential investor/developer leads and present the City of Palm Bay's Bayfront as a strategic place for a new waterfront development.

Visit online at pbfl.org/bayfront/

palmbaybcra.org

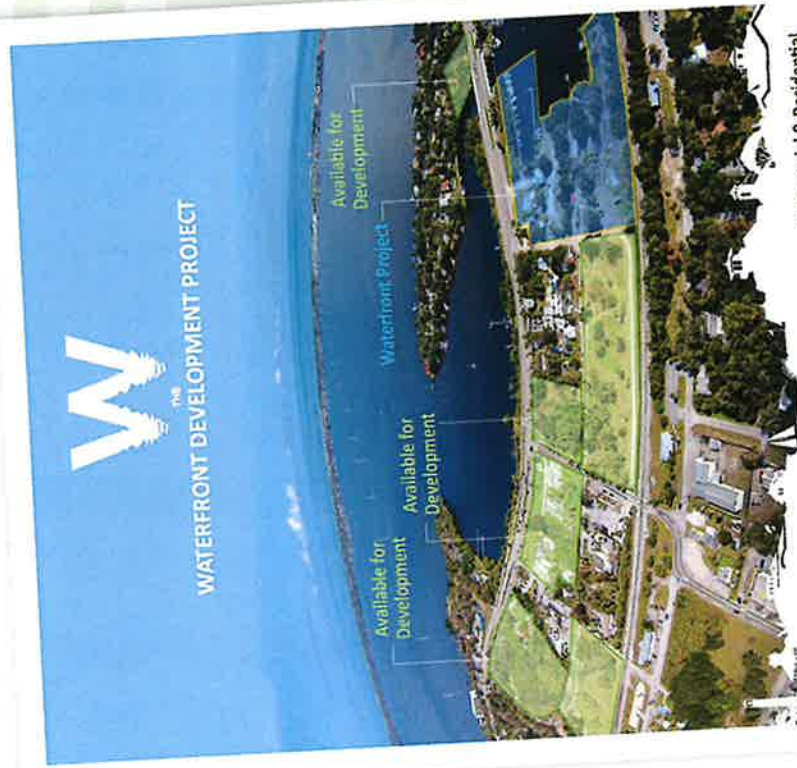
Goals

Results

from 3/1/16 to 3/29/16

Visit our site	Total views	588
Watch our video	Video Views	344
Download RFI	RFI Downloads	54
Contact us	Contacts	18
Submit RFI	RFI Submissions	2

Present Palm Bay's Waterfront as an attractive opportunity for future development.



COMMERCIAL & RESIDENTIAL ATTENTION DEVELOPERS

The City of Palm Bay is inviting Expressions of Interest from developers interested in a land development opportunity on prime waterfront property along the Indian River Lagoon.

- Existing Submerged Land Lease • Opportunity for Shared Parking
- Ability for Shared Stormwater to Increase Development Envelope
- Multi/Mixed Use Zoning District Available

For more information and a virtual tour, please visit: www.pbfl.org/waterfront



Property Values

Fiscal Year (FY) 2016 provided the Bayfront Community Redevelopment District an economic backdrop of **steadily improving property values**.

As reported by the Brevard County Property Appraisers Office, taxable property values grew to total \$165,638,690, up from the FY 2015 total of \$153,768,150.

This represented a net increase of 7.7% or \$11,870,540 in taxable property value for the year.



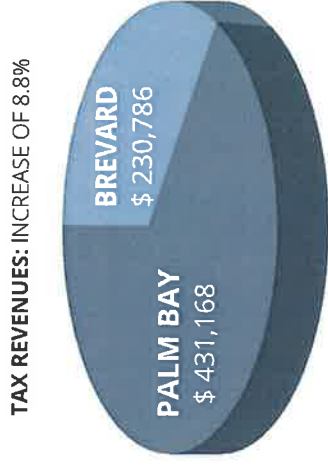
PROPERTY VALUES: NET INCREASE 7.7%

Tax Revenues

Tax increment revenue for FY 2016 was \$661,954 up from \$608,590, representing a **net increase** of 8.8% over FY 2015.

The city portion of the increment equaled \$431,168 (65%), while the Brevard County portion totaled \$230,786 (35%).

For the year, revenues totaled \$1,583,794 up 140% from the FY 2015 total of \$653,896 primarily due to intergovernmental revenues received as a result of an FDOT grant.



TAX REVENUES: INCREASE OF 8.8%

Expenditures

Expenditures for the year totaled \$1,719,144 with \$475,709 allocated to debt service.

Though the FY 2016 approved budget provided \$274,839 in total operational expenses, actual operational expenses came in 9.2% lower at \$249,000 which represents a total decline of 44% below FY 2015 operational expenses.

OPERATIONAL EXPENSES: \$249,000

DEBT SERVICES: \$475,709

EXPENDITURES: 9.2% LOWER



Redeveloping our public waterfront is a priority, as it represents one of the City's best opportunities for long term growth."

- Stephen Borowski,
Chairman BCRA

District Overview

The Agency began the year with the US-1 Lighting Project under construction with an expected March completion date. As the holidays approached, BCRA Commissioners turned their attention to redeveloping the waterfront and marina properties. The City's Procurement Department was instrumental in helping the BCRA plan, prepare, and manage a Request for Interest (RFI) seeking to attract developer/investor interest for either participating in a Public Private Partnership (P3) or a potential sale, or long term lease of the properties.

The Agency developed an advertising campaign for the "Expression of Interest" which began on March 1, 2016. In coordination with the launch of the advertising campaign, the BCRA held a public workshop to receive community input to determine which key features/amenities/attractions should be included in a developer agreement for the Waterfront Project to be considered a resounding success. This list of community preferences would ultimately be provided to interested investors/developers as part of a Request for Proposal (RFP).

As the US-1 Lighting project concluded construction, the BCRA Waterfront RFP was prepared to be published. By the end of August, the BCRA was already beginning the process of negotiating a mutually beneficial development agreement with a developer/investment group as identified through the RFP process.





The Bayfront District

The Bayfront Community Redevelopment District is a four-mile section of US-1 bounded by the City of Melbourne city limits on the north and the Town of Malabar on the south. The Indian River Lagoon makes up the eastern boundary and the western boundary runs south from the US-1 and University Boulevard intersection for approximately 500 feet, then west to the Florida East Coast (FEC) Railroad; south along the railroad about 2,200 feet; west along the city limits of Florida Avenue to Lipscomb Street; south on Lipscomb Street to Doreatha Fields Avenue (aka Pacific Avenue); east on Doreatha Fields Avenue (aka Pacific Avenue) to Northview Street; south on Northview Street to R. J. Conlan Boulevard; south on R. J. Conlan Boulevard to Palm Bay Road; east on Palm Bay Road including those parcels abutting the south side of Palm Bay Road to the FEC Railroad; and south on the FEC Railroad to the Malabar town limits (See Map to left).

The City established the Bayfront Community Redevelopment District as a community redevelopment agency in 1999. A community redevelopment agency is defined as a separate public entity created by the local municipality in order to implement redevelopment activities outlined in Chapter 163 of the Florida Statutes. Seven (7) commissioners appointed by the City Council serve on the Bayfront Community Redevelopment Agency. The overall goal of the Bayfront Community Redevelopment Agency as stated in the adopted redevelopment plan—is to develop, redevelop, and revitalize the area over a 30-year period.

The adopted vision of the Bayfront Redevelopment Plan is to have the district be redeveloped as an attractive, inviting, and economically successful community with residential, commercial/retail and mixed-use areas that promote a positive image and marine village for the enjoyment of the community and region.



Stephen Borowski
CHAIRMAN

An annual report of the Bayfront Community Redevelopment Agency (BCRA) for the fiscal year ended September 30, 2016 is submitted herewith pursuant to Chapter 163.365(3) (c) of the Florida Statutes.

This report consists of the activities of the Agency and a financial statement of the Agency as reported by the independent auditing firm of Cari, Riggs and Ingram, L.L.C., Melbourne, Florida which was taken from the City of Palm Bay's Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2016.

2016 Brought significant progress for the Bayfront. Our vision to revitalize Palm Bay as a whole begins with the Bay itself—a key area that has been underperforming for many years. Transforming this beautiful location into a centerpiece will provide recurring revenue that benefits every Palm Bay community and enables us to reach our greater goals.

Reviving our Tech District around Harris will transform this location with new shopping centers, restaurants, and housing; establishing Palm Bay as a technology center for years to come.

But along with the good, came two disappointments. Oakridge Global Energy Solutions, was unable to fulfill its commitments and withdrew its job-related abatement request. Shortly thereafter their focus changed, forcing them to move away. Additionally, plans for Pelican Harbor, a redevelopment project in the Bayfront, failed to come to fruition this year. We take these temporary setbacks in stride and remain focused.

Our future looks bright. We're creating a business-friendly environment that draws the right kind of development—enhancing our quality of life in Palm Bay.

I am grateful for the opportunity to serve as BCRA Chairman and look forward to continuing success for the Bayfront.

Best of success,

2016 ANNUAL REPORT

Table of Contents

Welcome Message	3
Commissioners	4
Chairman's Letter	5
Map	6
Bayfront Introduction	6
2016 Overview	8-9
2016 Projects	10-13
2016 Improvements	14-15
2016 Enhancements	16-17
2016 New Development	18-19
2016 Grants	20
2016 Financials	22-29
2016 Land Assets	30



Stephen Borowski
Chairperson
Mayor William Capote



James L. Ritter
Vice-Chairperson
At-Large



Rick Bertel
Commissioner
Deputy Mayor,
Harry Santiago, Jr.



Mary Jane Browning
Commissioner
Brian Anderson



Eugene Cate
Commissioner
At-Large



Gene Collins
Commissioner
Tres Holton



Mike McGarry
Commissioner
Jeff Bailey

Special thanks for the service to all of our Bayfront Commissioners.



Palm Bay is growing and building a bright future—full of economic opportunity for all of our residents and businesses. We're excited to see our city come together towards the common goal of improving the value of our community, and making Palm Bay an exceptional place to live and work.

As our City Manager and Executive Director for the Bayfront Community Redevelopment Agency, I'm excited to share this annual report.

In 2016, we made great strides toward our vision that seeks to draw amazing businesses and innovative companies to our city. Palm Bay is named after our beautiful waterfront, the heart of our community, and we will reclaim our heritage by restoring the Bay to its former glory.

Our Industrial Commercial Corridor continues to be a primary focal point for attracting new businesses and transforming the district; bringing new jobs, shops, restaurants, and a new level of prosperity to our city. With innovative design and use of a variety of redevelopment tools at our disposal, we're laying the groundwork, making it possible to attract the new investment required for redevelopment to flourish. We're reimagining Palm Bay to become a leading economic center for the next twenty years. This is the exact kind of growth we need, allowing our city to take hold of its future in a way that improves the lives of our entire community.

By focusing on economic growth, we make it possible to attract investment and new jobs, which in turn helps to strengthen local revenues for delivering key services, new roads, utilities, renewed infrastructure, and to keep our Parks vibrant and fun. It's an exciting time for our city.

I am honored and privileged to be able to be a part of the amazing team of people that's been assembled. We thank our Honorable Mayor and the City Council for their vision and focused collaboration.

There's still much to be done and an incredible amount of opportunity coming our way.

Wish you all remarkable success in the year ahead!

Gregg Lynk
BCRA Executive Director and Palm Bay City Manager





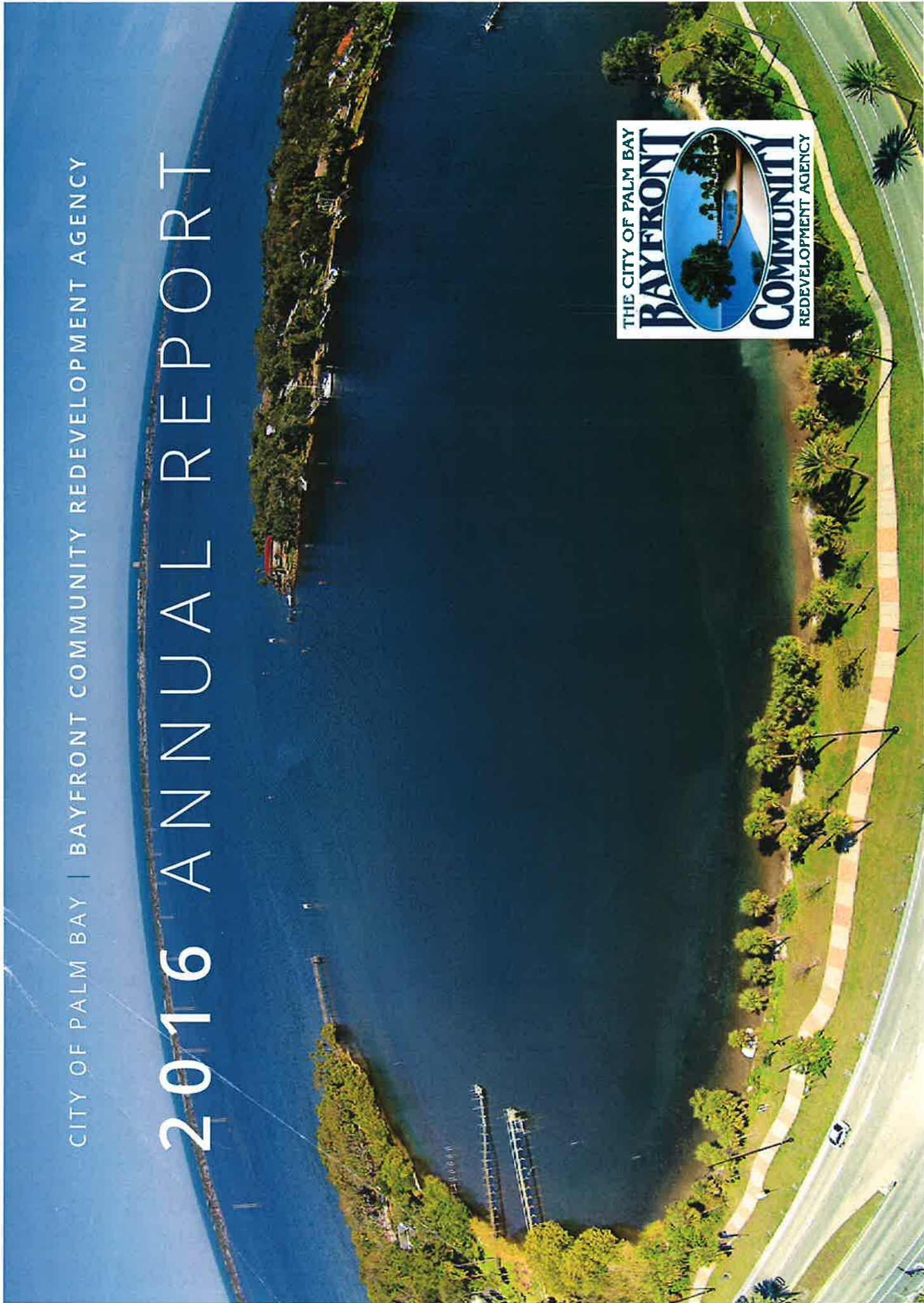
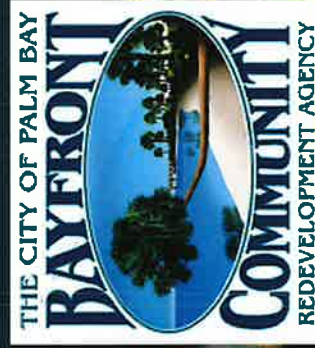
*The City of Palm Bay
reclaims its past and
imagines its future—
centered around its
waterfront district.
These efforts today set
the groundwork for the
prosperity of all in this
community.”*

*- Gregg Lynk,
Executive Director BCRA and
City Manager, City of Palm Bay*



CITY OF PALM BAY | BAYFRONT COMMUNITY REDEVELOPMENT AGENCY

2016 ANNUAL REPORT





West Melbourne/Brevard County Joint
Community Redevelopment Agency
Annual Report



Fiscal Year 2015-2016

Community Redevelopment Agency
City Hall - 2240 Minton Road, West Melbourne, FL 32904
Phone: 321-837-7771 Fax: 321-768-2390

TABLE OF CONTENTS

I. Letter of Transmittal	3
II. Community Redevelopment Agency Officials	4
III. Introduction	5
IV. Financial Statements	6
V. Accomplishments	8
VI. Economic Development	13
VII. Summary	14

SECTION I – LETTER OF TRANSMITTAL

West Melbourne/Brevard
County Joint
Community Redevelopment
Agency

Hal J. Rose
John "Coach" Tice
Pat Bentley
Adam Gaffney
Bill Mettrick
Barbara A. Smith
Andrea Young
Kristine Isnardi



CITY HALL
2240 Minton Road
West Melbourne, FL 32904
Phone: (321) 727-7700
Fax: (321) 768-2390
www.westmelbourne.org

March 20, 2017

VIA CERTIFIED AND REGISTERED MAIL

Florida Auditor General;
Florida Department of Financial Services;
Florida Department of Economic Opportunity;
Brevard County Property Appraiser;
Joint West Melbourne-Brevard County Community Redevelopment Agency;
City Council; and
Brevard County Board of Commissioners (all); and County Manager

RE: West Melbourne/Brevard County Joint Community Redevelopment Agency
Annual Financial Report

Ladies and Gentlemen,

City staff is pleased to submit the West Melbourne/Brevard County Joint Community Redevelopment Agency (CRA) Annual Report for fiscal year 2015-2016. The Joint CRA Annual Report was filed with the City of West Melbourne and Brevard County on March 14, 2017. Under Florida law (Chapter 163, Part III), local governments are required to file a report of the activities of the previous fiscal year by March 31st of each year. This transparency supports the efficient utilization of resources when they are applied to the redevelopment of our commercial corridors.

Feel free to contact me with any questions. I can be reached at 321-837-7778.

Sincerely,

Christy Fischer, Planning Director

Attachment

RECEIVED

MAR 23 2017

County Manager's
Office

SECTION II – LIST OF OFFICIALS

Who are the members of the Community Redevelopment Agency?

The activities and programs offered within a Community Redevelopment Area are administered by the Community Redevelopment Agency. An eight-member CRA Board created by the City of West Melbourne and Brevard County in 2011. The CRA Board is served by the City of West Melbourne staff at no cost to the Agency. CRA Board members and staff at the close of the fiscal year on September 30, 2016, are listed in the table below.

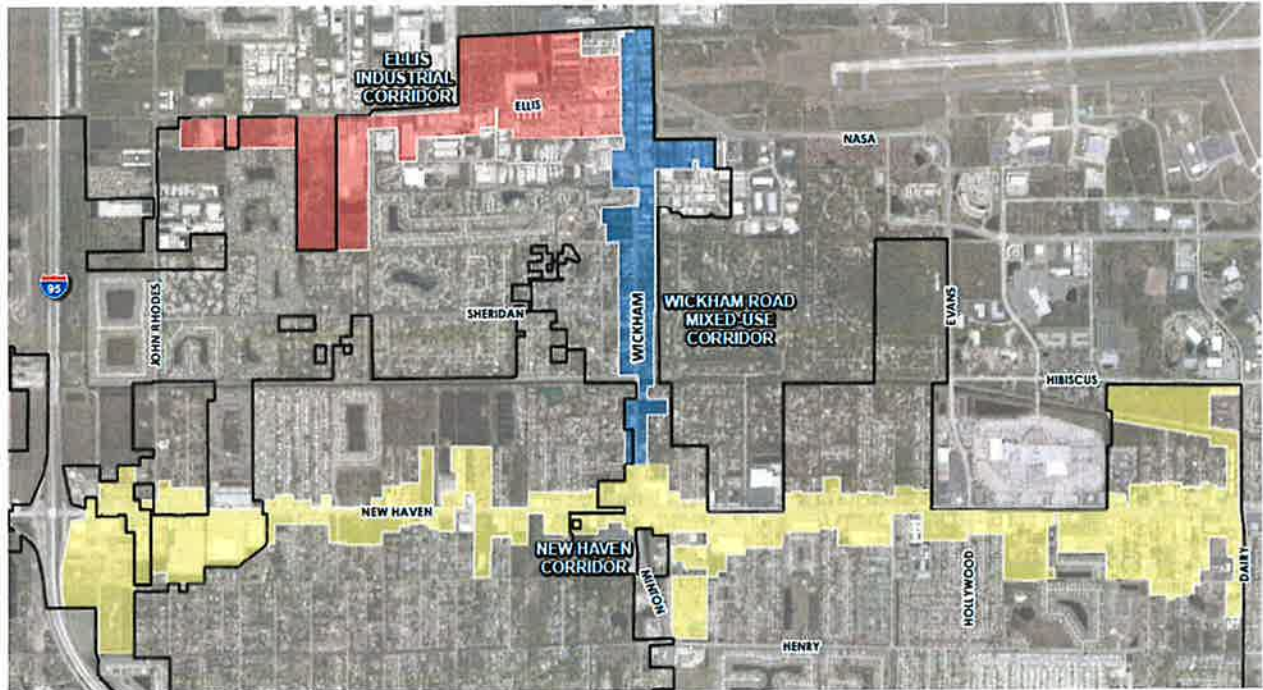
WEST MELBOURNE/BREVARD COUNTY JOINT COMMUNITY REDEVELOPMENT AGENCY

Chairman	Hal Rose (West Melbourne Mayor)
Vice Chairman	Kristine Isnardi (District 5 County Commissioner)
CRA Official	Bill Mettrick (West Melbourne Council)
CRA Official	Barbara Smith (West Melbourne Deputy Mayor)
CRA Official	John "Coach" Tice (West Melbourne Council)
CRA Official	Andrea Young (West Melbourne Council)
CRA Official	Pat Bentley (West Melbourne Council)
CRA Official	Adam Gaffney (West Melbourne Council)
Registered Agent	Scott Morgan (West Melbourne City Manager)
CRA Attorney	Morris Richardson (West Melbourne City Attorney)
Executive Director	Christy Fischer (West Melbourne Planning Director)
CRA Clerk	Sue Frank (West Melbourne City Clerk)
Financial Officer	Margi Starkey (West Melbourne Finance Director)

SECTION III – INTRODUCTION

WHEN WAS IT FORMED?

The unique West Melbourne/Brevard County Joint Community Redevelopment Agency was created in 2011. This redevelopment area encompasses two unincorporated areas and three areas in the West Melbourne city limits along three main corridors: the New Haven Corridor that stretches from the Intersection of I-95 to Dairy Road, the Wickham Road Mixed-Use Corridor that extends north from New Haven Ave to Emerald Drive, and the Ellis Industrial Corridor that extends west from Wickham Road to John Rodes Blvd (see map below).



2013 REDEVELOPMENT MASTER PLAN

The adopted Redevelopment Master Plan guides the redevelopment focus of the CRA. The three primary categories addressed in the Plan are:

- 1) Identification of primary redevelopment opportunity areas and corresponding infrastructure including sidewalks, bike paths, stormwater and utilities.
- 2) Identification of private investment opportunities as well as recommended programs for improvements including gateways, streetscape, wayfinding and branding.
- 3) Identification of governmental actions that can implement some of the 55 strategies listed in the Master Plan including updates to comprehensive plans, land development codes, proactive code enforcement, business development programs and incentives for business retention.

Chapter 163.356(3)(c), Florida Statutes, requires that community redevelopment agencies file an annual report of their financial activities with the taxing authorities by March 31st of each year for the preceding fiscal year. This annual report has been prepared to meet that obligation and is filed for fiscal year 2015-2016.

This report is a retrospective review of the CRA’s efforts, the financial status of the trust fund, the beautification efforts near the interchange of I-95 and New Haven Avenue, and capital improvement programs as of the close of the 2015-2016 fiscal year on September 30, 2016.

SECTION IV – FISCAL YEAR 2015-2016 FINANCIAL STATEMENT (Unaudited as of March 15, 2017)

The CRA is funded through tax increment financing which earmarks a specific portion of property tax dollars for redevelopment within the CRA area without levying any additional taxes. Within the CRA area, both Brevard County and the City of West Melbourne continue to receive property tax revenue based on the property values of the area in 2012 – the CRA’s base year. Fiscal year 2012-2013 was the first year that the CRA received any tax increment revenue. Every year since then, the City of West Melbourne has funded a non-interest bearing loan to the Agency to pay for operating expenses and programs and to pay for the payment of the preparation of the 2013 CRA Master Plan. Since fiscal year 2012-2013, the revenue to the tax increment trust fund has increased from \$27,706, to \$86,267 in FY 2014-2015 and currently \$152,204 in fiscal year 2015-2016.

FY 2015-2016 Assets:

Cash and Investments		\$,1023,850.00
Receivables		\$00,000.00
	Total Assets	\$1,023,850.00

FY 2015-2016 Liabilities:

Accounts Payable		\$18,432.00
City Loan Debt Service – Long Term (operating and programs)		\$800,000.00
City Loan Debt Service – Current (annual repayment of CRA Plan)		\$101,500.00
	Total Liabilities	\$919,842.00

Revenues, Expenditures and Changes in Fund Balances – September 30, 2016

FY 2015-2016 Revenues:

Increment Financing (County)		\$104,183.00
Increment Financing (City)		\$48,021.00
Interest Income (\$0)		0.00
Transfer from CRA		\$00,000.00
	Total Revenue	\$152,204.00

FY 2015-2016 Expenditures:

Personnel costs	\$00,000.00
Operating Expenditures	\$6,956.00
Capital Outlay/Improvements (Lighting along US 192/New Haven)	\$71,602.00
Total Expenditures	<u>\$78,558.00</u>

FY 2015-2016 Changes in Fund Balance

Fund Balance – Beginning of Year	\$30,362.00
Fund Balance – End of Year Reserved for Lighting Project on US 192	*\$104,008.00
Total Changes	<u>\$73,646.00</u>

General Comments – Since the City of West Melbourne is the agency that has been delegated the operational administrative tasks of the CRA, the financial statements of the CRA are included in the City’s annual audit. The audited financial statements for the City of West Melbourne for the year ended September 30, 2016 will not be available until after the March 31, 2017 deadline for filing the CRA annual report. Once the City finalizes its Comprehensive Annual Financial Report for September 30, 2016, an addendum to this financial statement will be attached and will replace the March 31th version of the financial statement on the City’s web site with the 2015-2016 audited CRA results.

SECTION V – ACCOMPLISHMENTS

The CRA, in partnership with the community is spearheading redevelopment efforts to create an attractive business climate and promote commercial property improvements. This section lists some of the milestones and accomplishments.

CRA Milestones:

2011 Collaboration - West Melbourne and Brevard County began discussing embarking on a joint community redevelopment area since some of New Haven Avenue and Wickham Road are in unincorporated county areas. The two government entities collaborated for months about creating a community redevelopment area based on the following findings of blight:

- Business corridors with high vacancy rates
- Outdated building density/intensity patterns
- Inadequate transportation and parking facilities
- Faulty lot layouts and inadequate street layouts related to older subdivisions and road widenings

2013 Master Plan Adopted – All CRA's must have a redevelopment plan and can only carry out tasks identified in the master plan. The adoption of a Community Redevelopment Plan for the West Melbourne/Brevard County Joint CRA occurred in March 2013 and the 55 identified strategies outline the main programs and results that the joint CRA is endeavoring to achieve during its 30 year tenure through the year 2043. The strategies were partially drawn from a series of workshops conducted with business owners along New Haven Avenue, Wickham Road and Ellis Road.

2013 Revenue Fund Initiated - The tax increment trust fund (revenue) was initiated in May of 2013, and the coding of the specific properties by the Brevard County Property Appraiser that were included in the CRA area occurred in the summer of 2013. The City and County trust fund is limited per Florida Statutes to 95% of the incremental increase of City and County general ad valorem taxes generated in the CRA boundaries over the 2011-2012 base year.

2013 First Budget and First Working Capital – The City of West Melbourne approved an interlocal agreement in September 2013 to extend administrative services to the CRA at no cost and to lend the working capital for the Agency for ten years. This working capital loan is a no-interest loan providing the capital required for the Agency start up.

2014 Activities – The 2014 CRA work plan consisted of the initiation of the commercial façade loans, and providing funding for the lighting on New Haven Avenue near I-95. However, coordination with FDOT for its share of the road lighting took longer than initially expected and has continued into 2015 and 2016. The first façade redevelopment loan was approved and work on the façade of the business located along Wickham Road, Space Coast Massage, was completed in 2014.

In 2014-2015, as a separate activity since the interchange of I-95 and New Haven Avenue is not part of the CRA but is next to it, the City of West Melbourne with a grant from FDOT, planted hundreds of trees and a new fountain along the interchange and the State's retention pond. The beautification of this interchange complements the public right of way improvement endeavors of the CRA, since the CRA boundaries end on New Haven Avenue before the interchange and the CRA embarked on a street lighting beautification program on New Haven Avenue, also known as US 192/State Road 500. The FDOT landscape grant was part of FDOT's set aside when highway improvements are completed such as the bridge enhancements and 6-laning of the interstate.

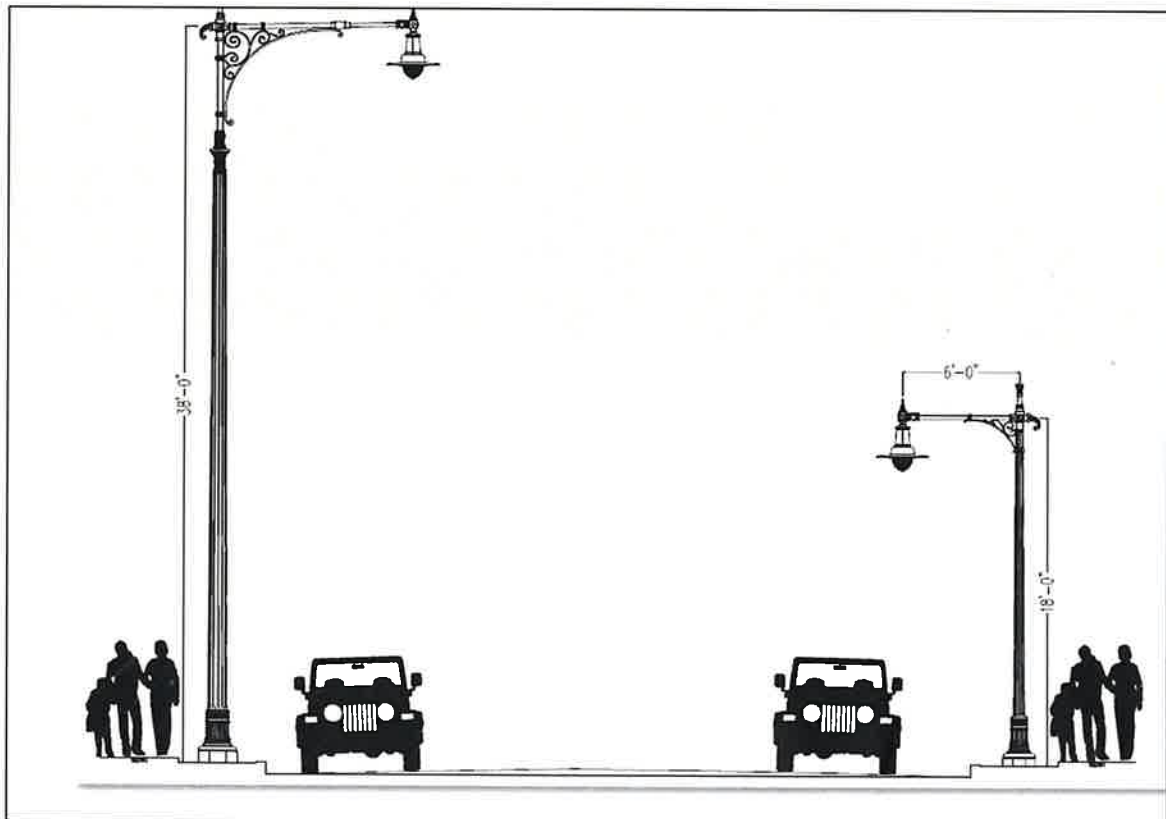
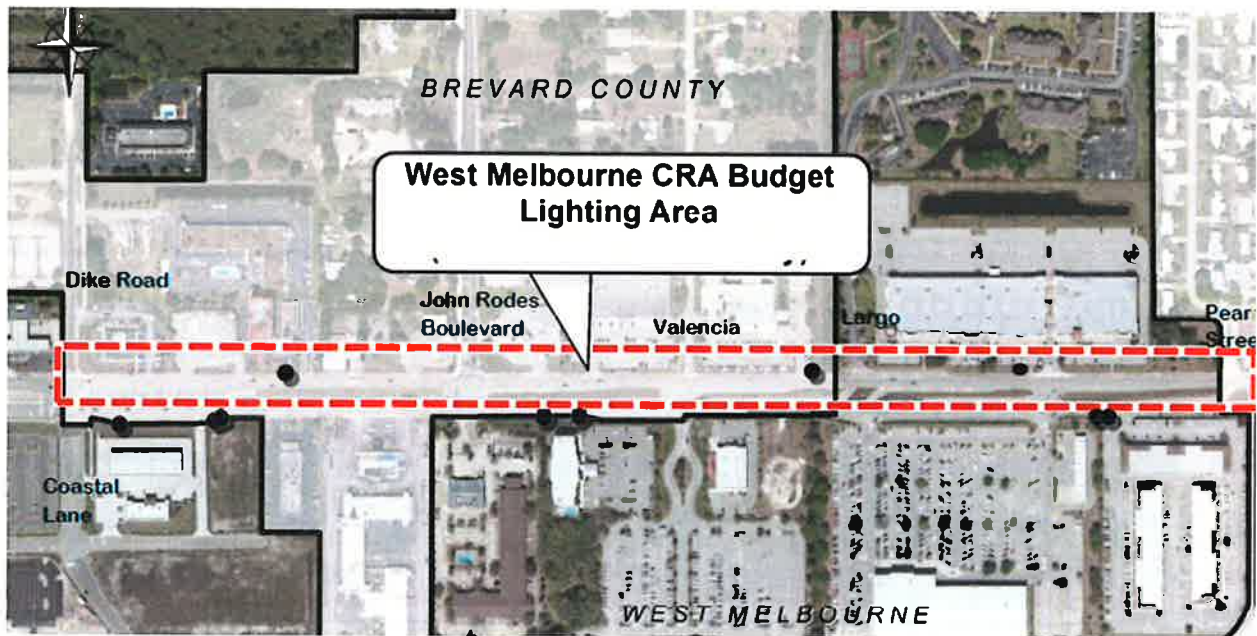


Before -Corner of New Haven Avenue and Interchange prior to landscaping



After - I-95 Landscape Improvements (FDOT grant and City of West Melbourne)

2015 Activities – For the past several years, FDOT identified New Haven Avenue as too dark for motorists and FDOT’s typical illumination consists of installing wooden poles and cobra head style street lights. The City of West Melbourne and the CRA have joined forces to leverage funds from FDOT and to instead install decorative lighting on New Haven Avenue from west of I-95 near Columbia Lane to Pearl Street (next to Safelite Auto Glass). The CRA funded section of improvements starts at Dike Road and ends at Pearl Street (see map below). In the spring of 2015, the CRA chose the “Parkwood” style of street pole and lamp shown in the black and white drawing below as the enhanced lighting fixture to illuminate the almost one mile of the State road.



2016 Activities – The predominant activity in 2016 was the lighting proposal for US 192 from the interstate to Pearl Street. One of the obstacles has been issues related to the design of the lighting plan in FDOT's right of way. The City assisted the State of Florida with its process of obtaining the turn lane in front of Sam's Club by conducting new surveys and ensuring the street light design reflected the updates. The City sent the lighting construction drawings out to bid in 2017 and will have the results of the contractor bids for the City Council to deliberate on March 21st.

City staff also met with a few property owners about possibly reviving the façade loan program for commercial properties along New Haven Avenue, Ellis Road and Wickham Road, but there were no submittals during the 2015-2016 fiscal year. City staff continues to encourage redevelopment of existing commercial businesses in our three corridors of emphasis and we worked successfully with Health First to review their restoration plans at the unoccupied Office Depot/Wild Oats plaza on New Haven Avenue near Dairy Road.

Special District website requirements - The “West Melbourne/Brevard County Joint CRA” was one of the first in Brevard County to update its web site to include an organized outline of the features of the special district new statutory requirements. The purpose of the new requirements by the State of Florida was to add transparency to a complex maze of special districts by having CRA’s identify themselves as special districts, with listed purposes, establishment dates, and contact information. The State of Florida had conducted an exhaustive review of existing special districts in 2013 which included identification of all such taxing authorities like ports, inlet districts, airports and community redevelopment agencies and had determined that every special district should include basic information linking their taxing

http://www.westmelbourne.org/index.aspx?NID=644

West Melbourne, FL - Offici...

Resident Government Departments How Do I Business

651 Site Tools >

Search our site

Home > Departments > Planning > Community Redevelopment Area (CRA) > Special District

Special District

Each special district must post the following information, at a minimum, on its official website

1. General Information

- Full legal name – Joint West Melbourne/Brevard County Community Redevelopment Area
- Public purpose – Encourage redevelopment along three (3) business corridors, Ellis Road, Wickham Road and Now Haven Avenue
- Boundaries/service area (click on link to "Maps")
- Services provided – Redevelop and encourage redevelopment of areas in unincorporated and municipal areas along Ellis Road, Wickham Road and Now Haven Avenue
- Delegation of Authority Issued by Brevard County per County Ordinance Number 2011-26, which provides the following powers:
 - Name the redevelopment agency
 - Conduct boundary surveys
 - Organize and operate the redevelopment agency
 - Give public notice per the Florida Statutes
 - Make a finding of necessity per the Florida Statutes
 - Determine area appropriate for redevelopment area
 - Approve a redevelopment plan
 - Issue redevelopment bonds
 - Acquire and dispose of real estate property
 - Create and maintain redevelopment trust fund, and appropriate funds and expenses
 - Distribute redevelopment information
 - Arrange and request federal financial assistance
 - Obtain property insurance
 - Solicit requests for proposals for property redevelopment
 - Develop, test and report results for redevelopment of slums
 - Assist with relocations of displaced families, persons, companies as a result of redevelopment activities
 - Vacate streets, sidewalks and other public infrastructure and re-route if needed
 - Allow the City to serve as redevelopment agency administrator
- Enabling legislation – Florida Statutes Chapters 163 and 189
- Date Established – August 9, 2011
- Establishing Entity – Brevard County (Charter County)

2. Contact Information:

- Mailing address – 2240 Minton Road, West Melbourne, FL 32904
- Email address – smorgan@westmelbourne.org
- Telephone number – 321-837-7771

authority or tax source of revenue with a stated purpose.

SECTION VI – ECONOMIC DEVELOPMENT

Retail and industrial businesses are integral to the tax base of the business corridors, Wickham Road, Ellis Road and New Haven Avenue that comprise the West Melbourne/Brevard County joint community redevelopment area. Attracting new merchants and industries to the area supports the CRA philosophy of converting vacant store fronts and businesses into revenue generators by providing jobs, property taxes for all applicable government agencies listed on the tax bills, franchise fees to Brevard County and West Melbourne, water and sewer fees to West Melbourne, and sales tax to the State of Florida. When property values rise in the community redevelopment area, then surrounding properties that may be on the fringe of the area also rise. When additional jobs are created due to new or expanded businesses, the South Brevard area benefits from additional spending on housing, shopping services and other needs. The following lists some of the businesses that have developed in the community redevelopment area since the base year of 2012.

Business Name/Address	Year Built or Renovated	2014 Property Appraiser Value	2015 Property Appraiser Value	2016 Property Appraiser Value
Cheddar's/2130 W. New Haven Ave.	2013 built	\$1,850,360	\$1,850,000	\$1,900,000
Autozone/1340 W. New Haven Ave.	2014 renovated	1,295,000	\$1,350,000	\$1,485,000
Arby's/2300 W. New Haven Ave.	2015 renovated	\$760,000	\$780,000	\$840,000
McDonald's/445 S. Wickham Road	2011 renovated	\$570,000	\$590,000	\$640,000
McDonald's/ 2450 W. New Haven Avenue	2016 renovated	\$725,000	\$745,000	\$820,000
Advance Auto/ 450 S. Wickham Road	2013 demo and built	\$600,000	\$650,000	\$715,000
Cumberland Farms/440 S. Wickham Road	2015 demo and built	\$190,000	\$195,000	\$875,330
Cumberland Farms/ 4440 W. New Haven	2015 demo and built	\$330,000	\$320,000	\$1,165,050
Cumberland Farms/ 1050 W. New Haven Ave.	2015 built	\$144,720	\$144,720	\$154,370
Wawa/combination of 3 parcels – 3175 W. New Haven Avenue	2015-2016	\$320,000	\$405,630	\$713,900
Health First (used to be Office Depot/Wild Oats plaza) – 1131 W. New Haven Avenue	2016	\$2,000,000	\$2,000,000	\$2,100,000

Before and After Photographs



440 S. Wickham Road in 2015 before demolition



440 S. Wickham Road in 2016 – new business



2450 W. New Haven Avenue in 2009 – before renovation



2450 W. New Haven Avenue in 2016 – after renovation

SECTION VII – SUMMARY

The primary purpose of a community redevelopment area is to encourage property revitalization and redevelopment. It has been shown that public improvements, such as extension of sewer lines, continuation of sidewalks, street lighting, and other enhancements near undeveloped properties spur private investment in the area and ultimately add value to property values, franchise fees, sales taxes, local retail and housing investments. The West Melbourne/Brevard County Joint Community Redevelopment Agency is in its third year of operation and believes that the public improvements, code changes and gradual implementation of other strategies identified in the 2013 Redevelopment Master Plan will yield the increased property values and other benefits to an area that might otherwise continue further into blight conditions.

City of Melbourne



Financial Services Department

900 E. Strawbridge Avenue • Melbourne, FL 32901 • (321) 608-7010 • Fax (321) 608-7048

March 31, 2017
17F – 03224

Mr. Thomas Rosenberg, Director-Budget Office
Brevard County Government Center
2725 Judge Fran Jamieson Way, Bldg. C
Viera, FL 32940

Subject: City of Melbourne Downtown Redevelopment Agency
Babcock Redevelopment Agency
Olde Eau Gallie Redevelopment Agency

Dear Mr. Rosenberg:

Enclosed is the City of Melbourne's Comprehensive Annual Financial Report which includes the financial activity of Melbourne's Community Redevelopment Agencies on pages 18 thru 22 of the Report. The statement of revenues, expenditures, and changes in fund balances identifies the revenues and expenditures, including principal and interest, as required by Chapter 163.387(8), Florida Statutes. The other financing uses (transfers out) were used for the following purposes:

Downtown - \$20,000 West Crane Creek Pedestrian Bridge; \$20,000 Riverview Park improvements

Babcock - \$150,000 for Babcock Medians from Apollo Blvd to Brevard Drive; \$100,000 Hickory Street Improvements from New Haven Ave to Nasa Blvd

The ability to institute revitalization projects within the City's targeted redevelopment areas would not be possible without the County's participation. We recognize that these efforts improve the economic vitality within the respective districts and also improve the quality of life for all of the residents of Brevard County. We look forward to continuing our working relationship in the transformation of the Historic Downtown Melbourne, Babcock Street and Olde Eau Gallie Redevelopment Districts.

The report may be viewed on the City's website at
<http://www.melbourneflorida.org/departments/financial-services/accounting>.

Sincerely,

A handwritten signature in blue ink that reads "Jeffrey Towne". The signature is written in a cursive style.

Jeffrey Towne
Director of Finance
Enclosures

c (w/o Enclosures):

Stockton Whitten, Brevard County Manager
Venetta Valdengo, Assistant Brevard County Manager
Michael A. McNees, City Manager
Jenni Lamb, City Engineer
Cindy Dittmer, Community Development Director
Downtown Redevelopment Agency file
Babcock Redevelopment Agency file
2016 CAFR file

City of Melbourne



Financial Services Department
900 E. Strawbridge Avenue • Melbourne, FL 32901 • (321) 608-7010 • Fax (321) 608-7048

March 31, 2017
17F - 03214

Mr. Stockton Whitten, Deputy County Manager
Management & Community Services, Brevard County Government Center
2725 Judge Fran Jamieson Way, Bldg. C
Viera, FL 32940

Subject: City of Melbourne Downtown Redevelopment Agency
Babcock Redevelopment Agency
Olde Eau Gallie Redevelopment Agency

Dear Mr. Whitten:

Enclosed is the City of Melbourne's Comprehensive Annual Financial Report which includes the financial activity of Melbourne's Community Redevelopment Agencies on pages 18 thru 22 of the Report. The statement of revenues, expenditures, and changes in fund balances identifies the revenues and expenditures, including principal and interest, as required by Chapter 163.387(8), Florida Statutes. The other financing uses (transfers out) were used for the following purposes:

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Sincerely,

Jeffrey Towne
Director of Finance

Enclosures

c (w/c Enclosures):

Michael A. McNees, City Manager
Jenni Lamb, City Engineer
Cindy Dittmer, Community Development Director
Doug Dombroski, Planning/Redevelopment Coordinator
Downtown Redevelopment, Babcock Redevelopment
2016 CAFR file

RECEIVED

APR 3 - 2017

County Manager's
Office

March 29, 2017

Mr. Stockton Whitten, County Manager
Brevard County
2725 Judge Fran Jamieson Way
Building C – Third Floor
Viera, FL 32940

Dear County Manager Whitten,

Section 163.356(3)(c), Florida Statutes, requires all community redevelopment agencies to file an annual report with their respective governing body. The annual report outlines the activities of the redevelopment agency and also includes a complete financial review for the preceding fiscal year.

In accordance with the statutory requirements, on March 29, 2017, our governing body, Rockledge City Council, was provided with a copy of the 2016 Annual Report for the City of Rockledge Community Redevelopment Agency, which was approved by a unanimous vote at the March 22, 2017, meeting of the Agency's Board of Commissioners. For your review, I have enclosed a copy of this report, which showcases the Rockledge Community Redevelopment Agency's numerous accomplishments throughout the past year.

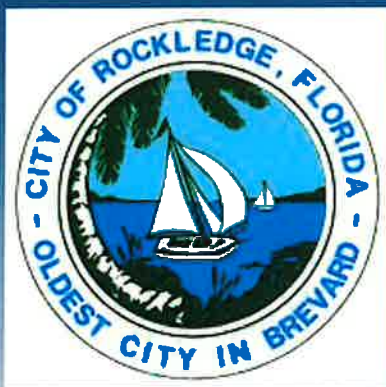
It is my hope that you find this information to be beneficial. If, however, you have any questions or concerns, please do not hesitate to contact me.

Very truly yours,

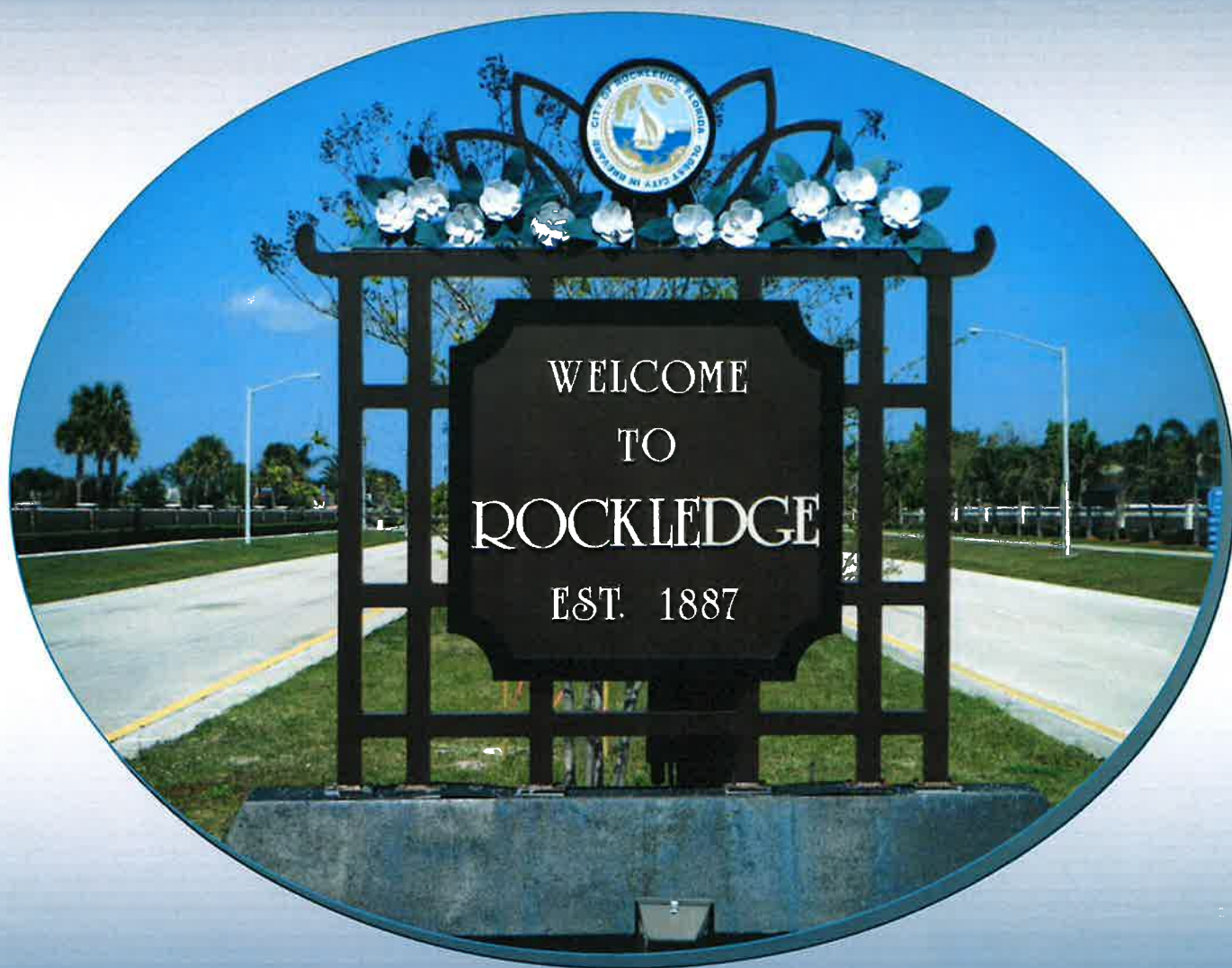


Cheryl H. Valdez
Redevelopment Coordinator

c: Brevard County Board of County Commissioners



**Rockledge Community
Redevelopment Agency
2016 Annual Report**



R O C K L E D G E 
COMMUNITY REDEVELOPMENT AGENCY



FORWARD

The 2016 Annual Report of the City of Rockledge Community Redevelopment Agency was approved by a unanimous vote on March 22, 2017, and prepared under the direction of:

Rockledge Community Redevelopment Agency Board of Commissioners

- ~ Steve Lum, Chairman**
- ~ Edward Inman, Vice Chairman**
- ~ Albert Forbes, Commissioner**
- ~ Dan Henn, Commissioner**
- ~ Lynne Krnoul Roll, Commissioner**
- ~ Ken Zeszutko, Commissioner**
- ~ Perry Cameron, Jr., Commissioner**

Community Redevelopment Agency Staff

- ~ Cheryl Valdez, Redevelopment Coordinator**
- ~ Dr. Brenda Fettrow, City Manager**
- ~ Alix Bernard, Planning and Grants Coordinator**



The Rockledge Community Redevelopment Agency

123 Barton Blvd., Suite 103, Rockledge, Florida, 32955

321.221.7540 (phone) and 321.204.6385 (fax)

WWW.CHOOSEROCKLEDGE.COM

WWW.FACEBOOK.COM/CHOOSEROCKLEDGENOW

TABLE OF CONTENTS

Section 1:

Rockledge, Florida: The Heart of Brevard County

Section 2:

The Rockledge Community Redevelopment Agency

Section 3:

Accomplishments and Successes

Section 4:

Economic Development and Projects

Section 5:

Building Community

Section 6:

Façade Improvement Grant Program

Section 7:

Agency Promotion and Marketing Efforts

Section 8:

Financial Report

Section 9:

Conclusion

SECTION 1. ROCKLEDGE, FLORIDA: THE HEART OF BREVARD COUNTY

Founded on the shoreline of the Indian River Lagoon on August 7, 1887, the City of Rockledge was the first incorporated municipality in Brevard County. The name “Rockledge” is attributed to Gardner S. Hardee, an early settler, which comes from the many ledges of coquina rock that line the Indian River. In fact, the area was originally referred to as “Rock Ledge.” The citrus trade was the chief industry of Rockledge and the area also served as accommodation for tourists traveling to South Florida via the Intracoastal Waterway.

The City of Rockledge provides its residents with a wide array of services: law enforcement, fire protection (including emergency medical technicians), refuse and recycling collection, sanitary sewer services (including water reclamation), and a comprehensive Public Works department that is responsible for the continued maintenance of streets, roadways, sidewalks, drainage and other City infrastructure. Operating under a Council-Manager form of government, Rockledge is well known for its political stability and has had only two city managers in the past 50 years. The third Rockledge City Manager just began her tenure in January 2017.

Strategically located in the geographic center of Brevard County on Florida’s east coast, Rockledge boasts convenient access to a number of major thoroughfares, including U.S. Highway 1 and Interstate 95. The Florida East Coast Railway runs parallel to U.S. Highway 1.

Encompassing just shy of 12 square miles within its City limits, the population of the City of Rockledge was approximately 26,303 in 2016 according to the University of Florida’s Bureau of Economic and Business Research (BEBR).

Although Rockledge is primarily a residential community, it does have a stable base of clean, light industry. The City also enjoys a variety of available commercial and retail centers to meet the needs of its residents. Home to Wuesthoff Health System, Rockledge has six public schools, three private schools and churches of various denominations, as well as a high level of community participation.



SECTION 2. THE ROCKLEDGE COMMUNITY REDEVELOPMENT AGENCY



Authorized by Chapter 163, Part III, Florida Statutes, a community redevelopment agency is created to guide redevelopment activities that are designed to return properties to their highest and best use and to improve the economic vitality of a specially designated area, rendering it more appealing for private-sector investment. When properly administered, the general purpose of a redevelopment agency is to preserve and enhance the redevelopment district's tax base

through economic development activities and the establishment of public-private partnerships.

Redevelopment endeavors are implemented through a public body, which is known as a community redevelopment agency. Community redevelopment agencies have the ability to utilize a designated funding tool, known as Increment Financing, which is available to cities and counties for redevelopment activities. Increment Financing is used to leverage public funds to promote private-sector activity in the denoted area or areas.

When established, the dollar value of all real property in a redevelopment district is determined as of a fixed date, also known as the "frozen value." Taxing authorities that contribute to the redevelopment district continue to receive property tax revenues based on the frozen value, and these frozen-value revenues are available for general government purposes. However, any revenues from increases in real property value, referred to as "increment," are deposited into a community redevelopment agency trust fund and are allocated to the redevelopment district.

It is important to note that property tax revenue collected by a school board, and certain other entities, are exempt from and not affected under the Increment Financing process.

STATUTORY REQUIREMENTS



Statutory Requirements

The establishment of community redevelopment agencies is authorized by Florida statute, and their activities are also strictly regulated by statute. In addition, redevelopment agencies are guided by their adopted community redevelopment plans – very simply, if an activity is not generally outlined in the redevelopment plan, it cannot be executed.

Primarily, two statutes govern the activities of redevelopment agencies – Chapter 163 (Intergovernmental Programs), Part III (Community Redevelopment), and Chapter 189 (Uniform Special District Accountability Act). Certain reporting requirements pertaining to finances, budgets and audits, however, are outlined in Chapter 218 (Financial Matters Pertaining to Political Subdivisions).

Redevelopment agencies are required to submit six annual reports, most of which are set forth in Chapter 189, and include:

- Agency Annual Report, including a financial review, along with notice in a newspaper of general circulation that states the Annual Report is available for viewing, by March 31 (Sec. 163.356(c)(3))
- Agency Budget, or City Budget with Agency Budget included, posted on the official Agency website (September/October) (Ch. 189)
- Website filing of up-to-date Agency detailed information (December) (Ch. 189)
- Annual filing fee of \$175 and any updates to the Florida Special District Accountability Program (December) (Ch. 189)
- Inclusion of Agency financial information in annual financial report (AFR/CAFR) of governing body (within 45 days after the completion of the audit or by June 30) (Ch. 218)
- Agency local copy of annual audit to each taxing authority and to Auditor General (45 days after completion or June 30) (Ch. 218)

STATUTORY REQUIREMENTS

In addition, in accordance with Chapter 189, all special districts, including redevelopment agencies, must now establish an official website, which may be under a parent site of a city or county, that shall contain the following details:

- ◆ Agency legal name
- ◆ Agency boundaries/map
- ◆ Public purpose
- ◆ Services provided
- ◆ Agency creation documents
- ◆ Primary statutes under which the special district operates
- ◆ Date established
- ◆ Establishing entities
- ◆ Contact information, including mailing address, e-mail address, phone number, website address
- ◆ Registered agent/title
- ◆ Code of Ethics (if adopted)
- ◆ Link to generally applicable ethics
- ◆ Proposed budget (at least two days before adoption)
- ◆ Adopted budget (within 30 days of adoption)
- ◆ Budget amendments (if/when adopted)
- ◆ Complete agency audit report for the most recent fiscal year, posted when available
- ◆ Link to Florida Chief Financial Officer's Local Government Reporting searchable database
- ◆ For each governing board member (even if they

In order to ensure compliance of the entire list of new website reporting requirements, specific guidelines are published and made available for special district personnel on the Department of Economic Opportunity, Special District Accountability Program's website.



Furthermore, in an effort to ensure that redevelopment agency staff members are properly educated in all of the governing statutory provisions, the Florida Redevelopment Association has implemented the Redevelopment Academy, which offers certification to those agency staff who successfully complete a comprehensive training and testing program.



WHAT IS THE ROCKLEDGE COMMUNITY REDEVELOPMENT AGENCY?



Under the authority of Chapter 163, Part III, Florida Statutes, the Rockledge City Council established the City of Rockledge Community Redevelopment Agency in 2002 as a dependent special district to guide the City in its redevelopment efforts. The mission of the Rockledge Community Redevelopment Agency is to:

- ◇ Foster revitalization of the specifically identified sub-districts through public investments in order to improve infrastructure and aesthetics, resulting in an inviting area in which the private sector will want to more actively invest.
- ◇ Create a wide variety of opportunities to generate interest in and return people to the City of Rockledge to live, shop and work.
- ◇ Pursue economic development opportunities, while also serving as a liaison and advocate for the existing business community.

The Agency Vision

The vision of the Rockledge Community Redevelopment Agency is to—

- Stimulate economic growth
- Promote private-sector development opportunities; and
- Maintain a safe and prosperous community

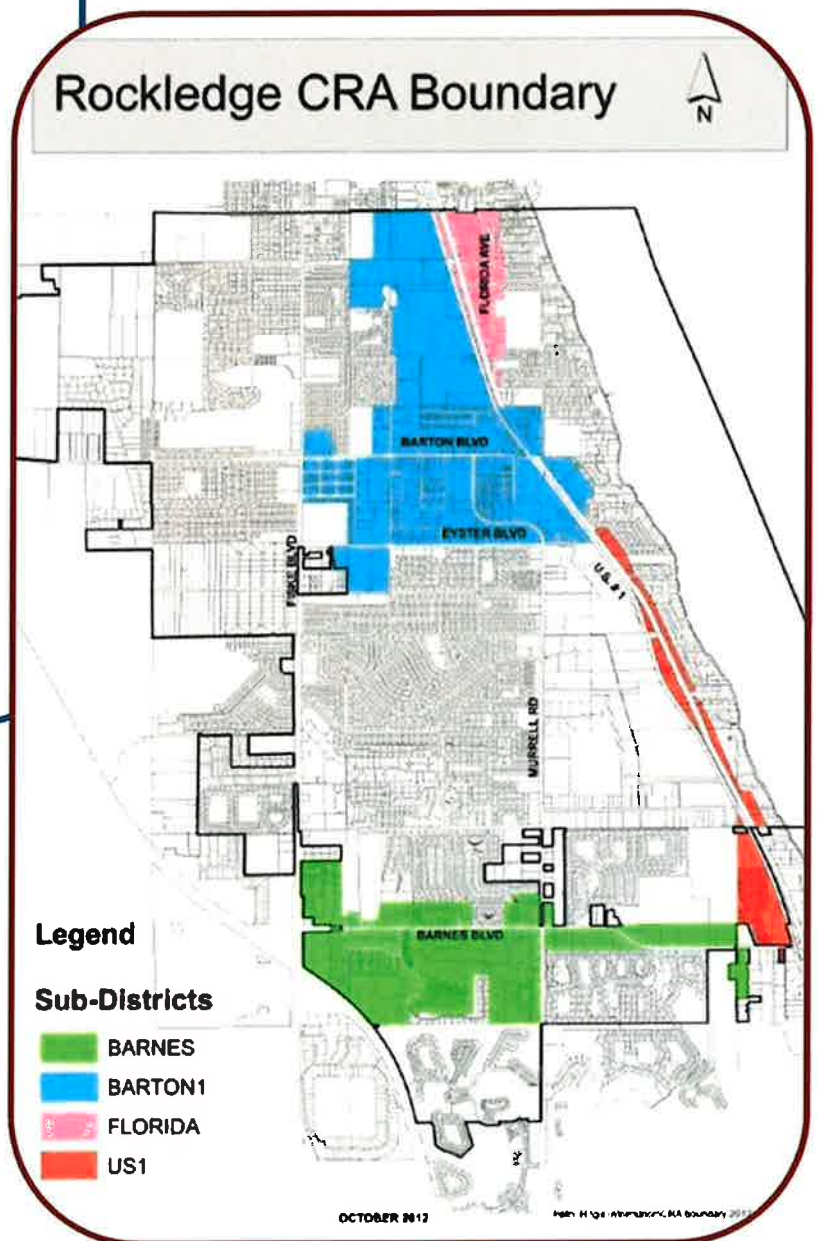
—all while enhancing the quality of life for the City's families and citizens.

THE REDEVELOPMENT DISTRICT

After determining it was necessary to tackle the blighted conditions that were threatening the City's commercial core, the City created four **contiguous** sub-districts that compose the entire Rockledge Community Redevelopment District.

Focused around the City's major arteries and collector roadways, these four sub-districts include:

- I. Florida Avenue
- II. Barton Boulevard
- III. U.S. Highway 1
- IV. Barnes Boulevard

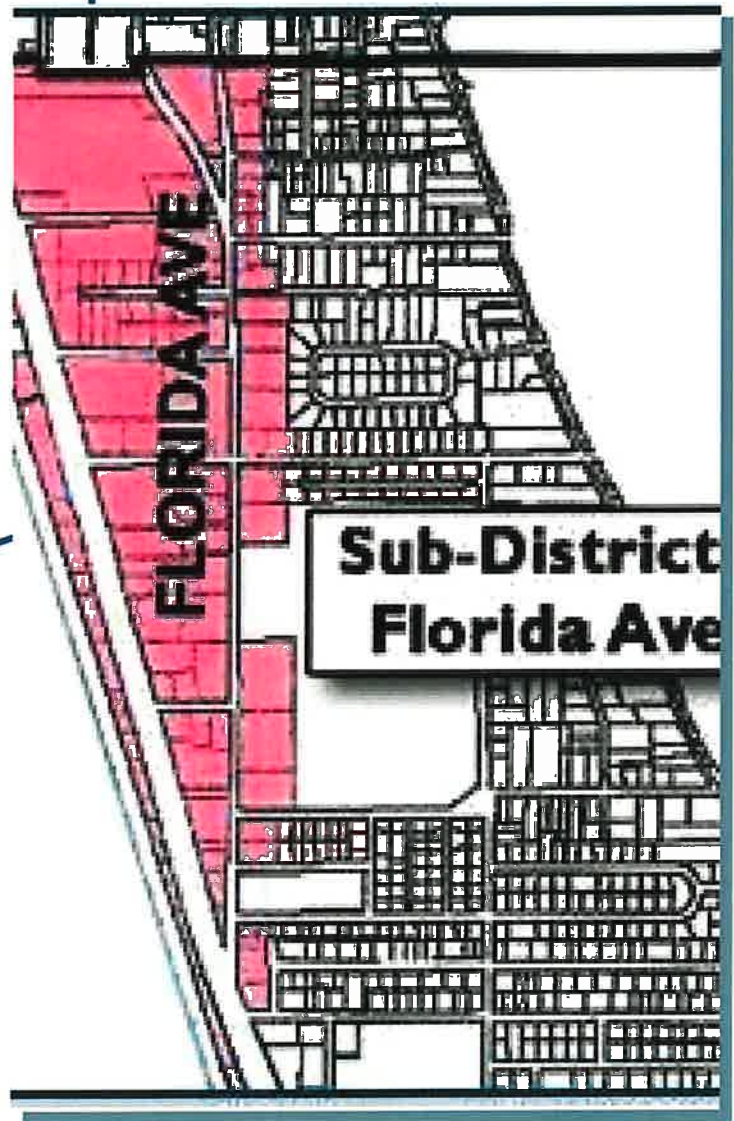


THE REDEVELOPMENT DISTRICT

SUB-DISTRICT I : FLORIDA AVENUE

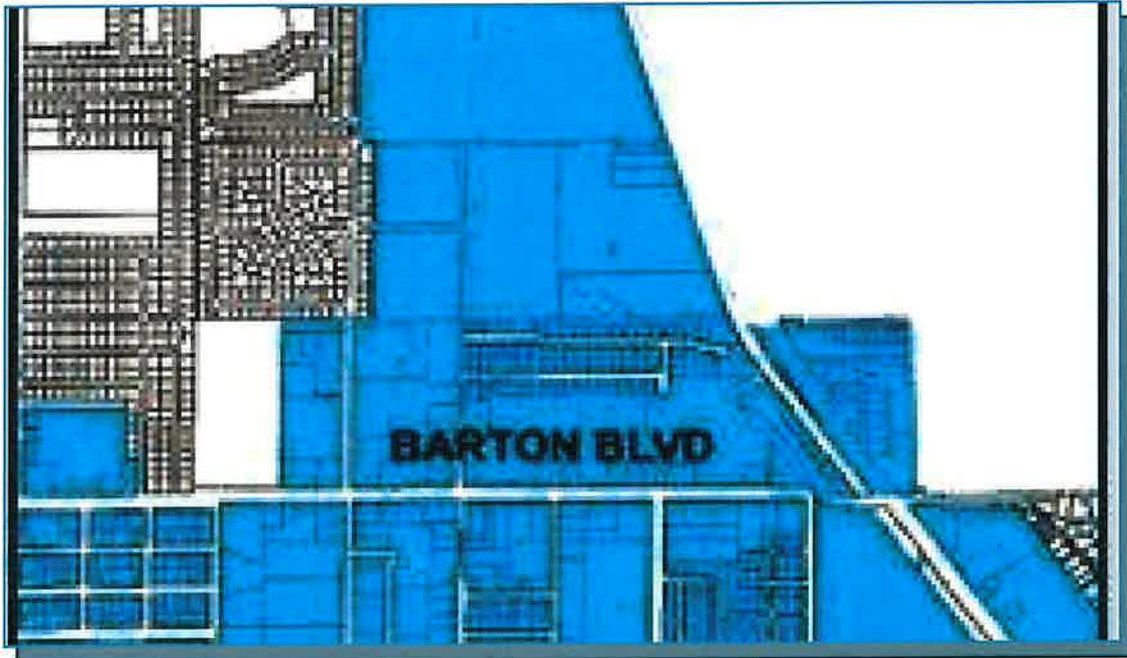
The Florida Avenue Redevelopment Sub-District encompasses the commercial areas along Florida Avenue in the northern portion of Rockledge. The sub-district also includes U.S. Highway 1 from the northern City limits south to Orange Avenue.

Currently, a number of medical offices that serve to support Wuesthoff Hospital maintain a strong presence in this sub-district, and, in adhering to the principles of the Agency's Community Redevelopment Plan, this area will continue to be promoted as a medical hub for the central Brevard area.



THE REDEVELOPMENT DISTRICT

SUB-DISTRICT II: BARTON BOULEVARD



Barton Boulevard serves as an important connector roadway, linking the residential areas surrounding Fiske Boulevard and the residential communities along the riverfront to the thriving commercial core of Barton Boulevard.

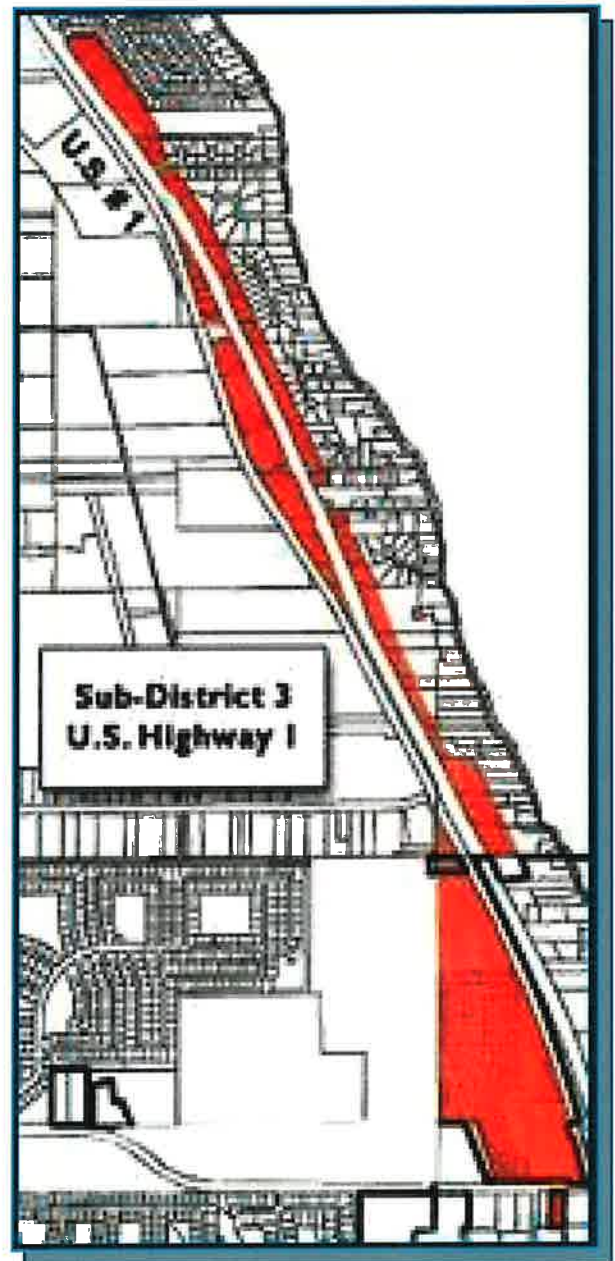
After undergoing an extensive streetscape enhancement project in 2008, which included installation of decorative lighting, landscaping, and sidewalk improvements, Barton Boulevard was awarded the Florida Redevelopment Association's "Best Capital Project Beautification" award in 2009.

THE REDEVELOPMENT DISTRICT

SUB-DISTRICT III: U.S. HIGHWAY 1

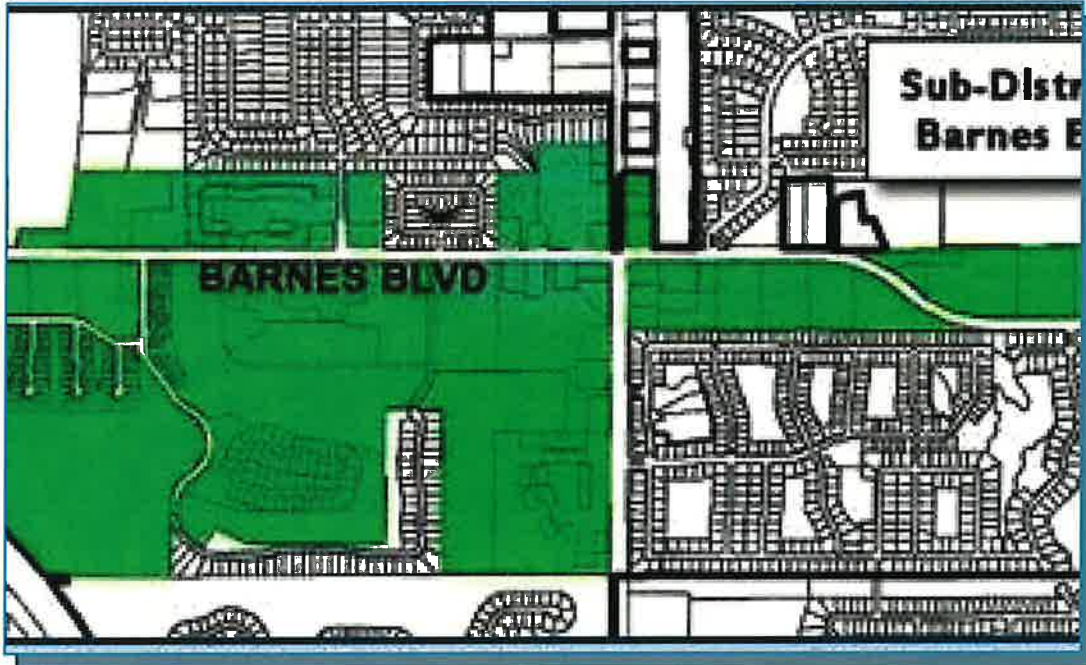
The widening of U.S. Highway 1 was completed during 2010, and a grand re-opening celebration was held in December of that year to commemorate this notable achievement.

Stylish lighting, picturesque landscaping, aesthetic signage, and sidewalk enhancements were incorporated into the project. Through the Agency's Façade Improvement Grant Program, a significant number of businesses applied for and have received funds in the form of a matching grant for renovating the exteriors of their properties. As U.S. Highway 1 improvements continue to make an impact in this area, additional business owners are seeking funding to refurbish their properties as well. The Agency looks forward to assisting existing local businesses and future businesses with the façade grant application and grant administration process.



THE REDEVELOPMENT DISTRICT

SUB-DISTRICT IV: BARNES BOULEVARD



Throughout the past several years, the Barnes Boulevard Redevelopment Sub-District has attracted the majority of new development. Although this development is highly desirable for the City and the Redevelopment District, it has led to an increased strain on current infrastructure. As a result, The City of Rockledge invested approximately \$2 million into the County road widening project, which will widen Barnes Boulevard from two lanes to four lanes from Fiske Boulevard to just east of Murrell Road. Brevard County broke ground on the widening project in November 2014, and it is expected to be completed by fall 2017. The Community Redevelopment Agency has budgeted in future years for a variety of streetscape elements, as well as a privacy wall to be constructed that will provide for a barrier between the residential areas and the commercial portions of this roadway.

THE REDEVELOPMENT AGENCY

BOARD OF COMMISSIONERS

Steve Lum has been with Slug-A-Bug, Inc. since 1987 and has served as President since December 2005. In his current capacity, Steve oversees all facets of Slug-A-Bug's operations, including marketing, sales, and training. Immediately prior to joining the Slug-A-Bug team, Steve served as a Termite Inspector for Orkin. Largely active in the Florida Pest Management Association, Steve has dutifully executed the roles of Director and Assistant Director, as well as member of the Association's Termite Training Facility Committee and Government Affairs Committee. Steve currently serves as President Elect for the Florida Pest Management Association and will serve as President in January 2018.

Steve has a long history of community service and, in addition to his position as Commissioner on the Rockledge Community Redevelopment Agency Board, he has served as Men's Ministry Director, Adult and Young Adult Sunday School Teacher for First Baptist Church of Merritt Island, Young Life Volunteer Leader, and is a member of the Young Life Board. He currently serves as Secretary of Rockledge Rotary Board and is past Vice President of the Eau Gallie Arts District Board and serves on the Quality Pro Board for the National Pest Management Association. In addition, Steve was instrumental in



Steven T. "Steve" Lum, Chairman

bringing renewed life back to the Rockledge Community Garden. Steve was recommended to be the Chair of the Agency by the Board in December 2015 and received unanimous approval by City Council in February 2016.

Originally from Bronx, New York, Steve has resided in Rockledge since 1982. He and his wife, Jacqueline, have one daughter, Jennifer.

THE REDEVELOPMENT AGENCY

BOARD OF COMMISSIONERS

Ed Inman has been involved with the Rockledge Community Redevelopment Agency since its inception in 2002. Before the Board's composition became citizen-based, Ed served as a member of the Citizens Advisory Committee to the Redevelopment Agency Board and subsequently became a Board member when the shift to a citizen-based board occurred in 2010.

For the majority of his career, Ed has been involved in the food service industry. Having had a restaurant on Barton Boulevard, in the core of the Redevelopment District, Ed became interested in being able to make a difference in the community and joined the Agency.

Exceptionally community minded, Ed is a past member of the Rockledge Rotary, past president of Rockledge Youth Football, past president of the Rockledge High School Baseball Boosters, and has devoted his time and talents to coaching Rockledge Little League. Originally from Utica, New York, Ed has been in Florida since 1974 and a Rockledge resident since 1976. Ed and his wife, Cheryl, have three children, Edward, Michael, and Lisa, and four grandchildren.



Edward "Ed" Inman

THE REDEVELOPMENT AGENCY

BOARD OF COMMISSIONERS

A former local business owner, Lynne Roll has been extremely involved in both the Cocoa and the Rockledge Rotary Clubs for 20 years. In addition, Lynne has served as a member of the Rockledge Business Development Committee since 1987 and has previously devoted her time and talents to a number of Rockledge volunteer boards and committees, including the Citizens Advisory Committee, Board of Adjustment, Charter Review Committee, and Planning Commission. Extremely civic-minded, Lynne also volunteers for a variety of Redevelopment Agency events, such as the annual Wednesday-Friday networking event and the Rockledge Art and Craft Show. An advocate for local businesses, Lynne is heavily involved with the Cocoa Beach Regional Chamber of Commerce and can be seen at numerous ribbon cuttings and grand-opening events. Lynne became involved with the Redevelopment Agency even prior to its establishment, and in 2003, shortly after its inception, served as chair of the former Citizens Advisory Committee to the Redevelopment Agency. In 2013, Lynne, who resides in Rockledge with her husband, Lee, garnered the City of Rockledge Volunteer of the Year Award.



Lynne Krnoul Roll

THE REDEVELOPMENT AGENCY

BOARD OF COMMISSIONERS

Ken Zeszutko has been a member of the City of Rockledge Community Redevelopment Agency Board of Commissioners since 2010, and served as Board chairman from 2011 through December 2015.

Prior to that, when City Council sat as the Redevelopment Agency Board, Ken served on the Citizens' Advisory Committee to the Redevelopment Agency from the Agency's inception in 2002 until the shift to a citizen-based board occurred in 2010. Ken began serving as chair of that Advisory Committee in 2003.

A civically active member of the community, Ken is a member of Rotary and has been active on several city boards in the past.

In his current capacity as president of Z-Corp., a strategic public relations agency, Ken brings a considerable amount of marketing and public relations expertise to the Board.

Originally from Rome, New York, Ken has lived in Brevard County since 1997 and has been a Rockledge resident since 1998. Ken and his wife, Amy, have three children, Eddie, Tessa, and Olivia.



Ken Zeszutko

THE REDEVELOPMENT AGENCY

BOARD OF COMMISSIONERS

Al Forbes joined the Rockledge Community Redevelopment Agency in 2012. With more than 41 years of construction experience, Al currently serves as Executive Vice President of RUSH Construction, leading the business development and marketing efforts, as well as all aspects of project management, field operations, schedule, safety, quality control and profitability. Prior to joining Rush Construction, Al served as Project Manager for Doug Wilson Enterprises and Manager of Facility Construction for Wuesthoff Health System.

Active in the community, Al has served on many boards and committees including Rockledge High School Lacrosse Boosters, Friends of Brevard, and Rockledge High School Baseball Boosters. A Florida native and Brevard County resident for over 40 years, Al has been married to his wife, Angela, for 24 years and has two sons, Matthew and Kyle. Al enjoys playing golf, spending time with his family and giving back to the community.



Albert "Al" Forbes

THE REDEVELOPMENT AGENCY

BOARD OF COMMISSIONERS

Dan Henn, CPA, joined the Redevelopment Agency Board in November 2015, succeeding Commissioner Duane Daski, who was elected to City Council. The author of *The No Holds Barred, Candid Talk About Small Business Success In Florida*, Dan brings more than 20 years of tax and financial experience to the Board.

Dan participates in many professional organizations, including the Florida Institute of Certified Public Accountants (FICPA), its Accounting Careers and Education Committee and Brevard County Chapter. Active in the Rockledge Rotary, Dan is also involved in the Cocoa Beach Regional Chamber of Commerce, the Rockledge High School Soccer Club, and the Space Coast Field of Dreams project. In addition to his appointment to the Redevelopment Agency Board of Commissioners, Dan serves on the City's Business Development Committee and is the City's liaison to the Space Coast Economic Development Commission's Board of Directors and Ad Valorem Tax Council.

Dan has been a resident of Rockledge for 12 years and has had his CPA firm in Rockledge for 7 years. A graduate of Leadership Brevard's Class of 2006, Dan enjoys spending time and traveling with his family, church activities, playing soccer, and woodworking. A 1993 graduate of the University of South Florida, Dan remains an ardent fan of the USF Bulls.



Dan Henn

THE REDEVELOPMENT AGENCY

BOARD OF COMMISSIONERS

Perry Cameron is a long time resident of Rockledge, Florida. He received his high school diploma from Rockledge High School and then continued his education at Florida State University in Tallahassee. After graduating with a Bachelor's in Criminology, Perry moved to Orlando and began working as a correctional probation and parole officer.

Perry has always had the desire to give a voice to the voiceless. That desire led him to attend Florida Agricultural & Mechanical College of Law. In 2011, Perry's hard work and dedication paid off and he graduated with his Juris Doctor and subsequently passed the Florida Bar Exam. Today, he is an attorney that is committed to serving people and his community.

This commitment has led Perry to take an active part in various organizations. Today, Perry currently serves the City of Rockledge by serving on the Rockledge Community Redevelopment Board and the Rockledge Business Development Committee.

In addition to serving the City of Rockledge, Perry is the proud father of one son, Perry Cameron III. He spends a lot of his time volunteering for various civic and social causes. He believes he has a duty to make his community a better place for everyone in which to live.



Perry Cameron, Jr.

SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

Notable Achievements 2007-2015

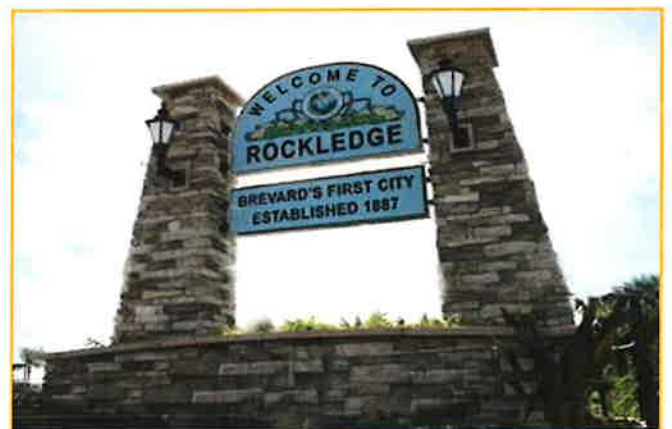
Since the inception of the Rockledge Community Redevelopment Agency in 2002, there have been many significant projects that have had a profound impact and are prime examples of the purpose and goals of redevelopment. Although the Rockledge Community Redevelopment Agency was established in 2002, these more significant undertakings of the Agency did not come about until 2007, when the Agency's increment revenue began to accrue.

The completion of two signature roadway enhancement endeavors that occurred between 2007 and 2010 were of critical importance as the conclusion of these projects and their continued maintenance have served as a channel for growth as well as renewed interest from the private-sector in retail and commercial investment in the City of Rockledge and the Community Redevelopment District. The culmination of these two streetscape and roadway enhancement projects - Barton Boulevard and U.S. Highway 1 - has had a lasting and encouraging impact on other programs offered by the Community Redevelopment Agency, such as the Façade Improvement Grant Program. Furthermore, willingness to improve the current infrastructure demonstrates to the private sector that the City is a sound partner and is mindful of the overall future well being of the community.

Other significant achievements that have occurred between 2007 and 2016, and that have been outlined in more detail in previous Annual Reports, include:



- ◆ Construction of the U.S. 1 gateway sign (2010-2011);
- ◆ Installation of the Barton Boulevard Business District sign (2011);
- ◆ Completion of Phase I and II drainage improvements in the Cocoa-Rockledge Land Company (2011-2015);
- ◆ A successful public-private partnership, which led to the creation of outparcels at Three Meadows Plaza (2011);
- ◆ A comprehensive update to the Rockledge Community Redevelopment Plan and District boundary modifications (2012)



SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

Notable Achievements

2007-2015

- Acquisition of Barton Boulevard Properties (2013-2014);
- Groundbreaking on the Barnes Boulevard widening project (2014); and
- Launch of the new and improved “chooserockledge.com” (2014);
- An adaptive reuse project that transformed the former police station into an office complex, including the home of The Rockledge Community Redevelopment Agency, and reading/ book lending room (2012-2013)



 +/- 1.42 ACRES
PRIME FOR REDEVELOPMENT
chooserockledge.com
321.305.4975
www.chooserockledge.com
ROCKLEDGE



SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

2016 Success Stories: Completion of Cocoa-Rockledge Land Company Phases IIIa and IV Drainage Enhancements

The Cocoa-Rockledge Land Company, which encompasses an area within the Barton Boulevard Redevelopment Sub-District and includes Cardinal, Dove, and Pennsylvania Avenues from Cedar Street west to Fiske Boulevard was recognized as an area in need of major infrastructure improvements. The need for drainage improvements in this area was identified in 2012, and a long-term goal was established to provide drainage swales, new culverts and pipes, new driveways, and pedestrian sidewalks. Phases I and II were completed by mid-2014, and Phase IIIa was completed during Fiscal Year 2015-2016. Phase IV was completed in early 2016 and the entire project is expected to reach completion in Fiscal Year 2017-2018.

This area will be assigned the zoning classification of Redevelopment Mixed Use, which will provide for increased flexibility for future uses. The project exemplifies Goal PFS-1 (Public Facilities and Services) of the Community Redevelopment Plan, which is to provide necessary public services and facilities to accommodate existing needs and new demands as proposed development occurs, as well as Objectives PFS-1-1 and PFS-1-2, as related to ensuring the provision of adequate services and sufficient infrastructure.



SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

2016 Success Stories: The Barton Boulevard Redevelopment Site

The effort continues to support future private-sector development in accordance with the Rockledge Community Redevelopment Plan, which encourages assemblage of small and irregular parcels of land at strategic locations within the Redevelopment District. In 2013 and 2014, City Council approved the purchase of several adjacent parcels along Barton Boulevard, directly across from City Hall, which could be combined to create one land parcel that is currently +/- 1.42 acres and has been cleared and is prime for redevelopment. The City envisions a mixed-use type of development in order to create the highest and best use for the property. The City is currently in negotiations to assemble more properties within this same area in an effort to expand the land parcel to increase the interest and desirability for development. If the City is successful in its negotiations, it is expected that an RFQ will be issued during Fiscal Year 2017-2018.



SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

2016 Success Stories: “Public-Public” Partnership With Space Coast Area Transit

In late 2014, the Agency Board of Commissioners approved, and recommended to City Council for approval, the purchase of a defunct car wash located at 565 Barton Boulevard. With an interlocal agreement from Space Coast Area Transit (SCAT), the property now serves as a bus pull-off, which combined three stops along Barton Boulevard into one central stop, and provides for a public parking area with landscaping. Three of the four car wash bays were demolished, while the remaining bay is utilized as a bus shelter. The interlocal agreement was approved by the Brevard County Board of Commissioners in 2016 and the former Mr. Sparkle Car Wash is now the NEW Space Coast Area Transit stop on Barton Boulevard.

THEN



NOW



SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

2016 Success Stories: SkyZone Indoor Trampoline Park

In April 2015, SkyZone, the original indoor trampoline park, informed the City and the Agency that it was considering Rockledge for its newest location that was within the Barnes Boulevard Redevelopment Sub-District, specifically in an existing vacant storefront that was formerly a grocery store in an otherwise active strip center. Agency staff educated the project developer on incentives available through the Agency, including expedited permitting and funding for exterior enhancements through the Façade Improvement Grant Program. In August 2015, the Agency eagerly issued a press release welcoming SkyZone Space Coast to Rockledge.

Combining fun and fitness by using a variety of trampolines, SkyZone currently has over 100 trampoline parks in four countries and continues to expand. Providing a unique and enjoyable approach to being active and getting healthy, SkyZone offers a new source of leisure activity for the citizens of Rockledge, visitors to the Rockledge area, and the entire Space Coast.



SkyZone Space Coast opened to the public in July, 2016, and is a successful business that provided between 100 and 125 new jobs to the area. Promoting a unique mixture of fun and fitness, this new business venture is in harmony with the Community Redevelopment Plan, Goal ED-1 (Economic Development), to maintain the positive character of Rockledge while promoting economic vitality, as well as Objective ED-1-4 as it relates to improving the investment image of the redevelopment area and stimulating private investment.

SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

2016 Success Stories: The Rovac Building



Constructed in 1976, the 14, 711 square-foot facility located at 100 Eyster Boulevard in the Barton Boulevard Redevelopment Sub-District is situated on 2.25 acres and was in severe need of redevelopment. A current Rockledge business owner has purchased the property and planned a comprehensive adaptive reuse and exterior enhancement project for the structure. Formerly utilized for warehousing, distribution, and trucking, the refurbished building now provides a new showroom for cabinetry and related items, as well as an interior design studio. The total estimated cost for the entire project totaled more than \$400,000. The project, which corresponded to a number of Community Redevelopment Plan goals and objectives, opened in February 2017, and used funding for exterior enhancements through the Façade Improvement Grant Program.

SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

2016 Success Stories: Scooter's



—THEN

NOW —



In 2016, the City of Rockledge welcomed Scooter's Coffee Drive-Thru, which was constructed in the location of the former Space Coast Credit Union, located at 833 Osceola Drive in the Barton Boulevard Redevelopment Sub-District. The Space Coast Credit Union structure was demolished and replaced by a brand new building that houses an innovative drive-thru coffee concept. Epitomizing the definition of redevelopment, the total estimated cost of the project was in excess of \$600,000. The Façade Improvement Grant Program contributed \$10,000 to exterior improvements. This outstanding redevelopment project aligns with the Rockledge Community Redevelopment Plan, Goal ED-1 (Economic Development), to maintain a positive sense of community for Rockledge while promoting economic vitality through new development, redevelopment and sustained growth, as well as Objective ED-1-3, as related to improving and strengthening the existing business community.

SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

2016 Success Stories: Rockledge Square



In 2016, Rockledge Square underwent a number of exterior enhancements to the property including complete exterior painting, ADA compliance improvements, replacement of current lighting with new LED lighting, parking lot enhancements (repairs, sealing, re-stripping), and extensive irrigation system and landscaping upgrades. The owner, the Phillips-Edison Company, spent more than \$203,000 to beautify this thriving, retail shopping center located in the Barton Boulevard Redevelopment Sub-District. The Agency was able to provide assistance in accordance with the Façade Improvement Grant Program, which was directly related to Goal Ed-1 (Economic Development), to maintain the positive character of Rockledge while promoting economic vitality, as well as Objective Ed-1-4 as it relates to improving the investment image of the redevelopment area and stimulating private investment.

SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

Future Endeavors: 2017 Cocoa-Rockledge Land Company—Phase V



Phase V of the Cocoa-Rockledge Land Company Drainage Enhancement and Neighborhood Improvement Initiative, which will be the last phase of the project, is expected to begin in 2017 or 2018 and will be the culmination of an ongoing project that will improve the drainage swales, provide for the installation of new culverts and pipes, and implement new driveways on Dove Avenue and Cardinal Avenue, from Cedar Street to Dogwood Street. In accordance with Goal PFS-1 (Public Facilities and Services) of the Community Redevelopment Plan, the project provides necessary public services to accommodate existing needs, as well as new demands, as proposed development occurs, and also adheres to Objectives PFS-1-1 and PFS 1-2, as related to ensuring the provision of adequate services and sufficient infrastructure.

SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

Future Endeavors: 2017

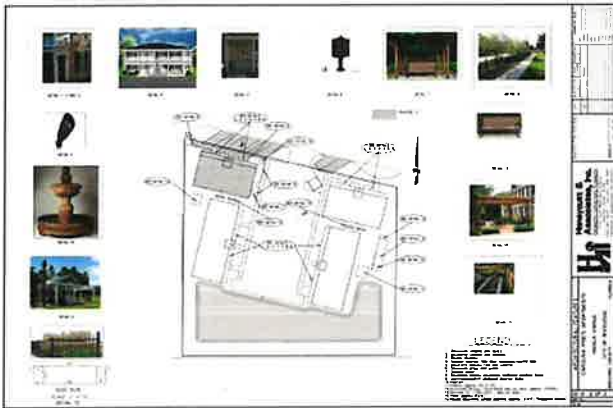
Development of the Barton Boulevard Civic Hub



In 2016, the City was successful in purchasing a land parcel, which is directly to the north of the current redevelopment properties and immediately east of Rockledge City Hall, with the intent of creating a “civic hub.” A conceptual plan was approved by the Redevelopment Agency Board in August 2015 and then approved by City Council in 2016. This +/- 1.69-acre parcel is currently in the hard design phase of development and will eventually serve as a location for public events and gatherings. It will include green space and other amenities available for the use of Rockledge residents and visitors. Development of this particular parcel will transform the face of the City and the Barton Boulevard Redevelopment Sub-District. The Community Redevelopment Plan indicates that the improvement of areas adjacent to City Hall was identified as a high priority, and the Agency Board, City, and Agency staff acknowledged this location as being ideal for a neighborhood or civic hub.

SECTION 3. ACCOMPLISHMENTS AND SUCCESSES

Future Endeavors: 2017 Carolina Pines



Carolina Pines is a multi-family housing project that was approved by the Agency Board in 2015 and approved by City Council in 2016. The complex will be located on Angela Avenue in the Barton Boulevard Redevelopment Sub-District. The project will consist of four, two-story apartment buildings on a 1.2-acre site, built using a two-phase approach. In order to receive approval, the developer was required to request an increase in density from 14 dwelling units per acre (DUPA) to 25 DUPA and include a minimum of 12 architectural elements which are set forth in the Redevelopment Mixed Use Zoning District Architectural Design Guidelines. Section 62.184 of the City of Rockledge Land Development Regulations sets forth that residential uses may be developed in the Redevelopment Mixed Use zoning category and that the maximum density is 14 DUPA, unless more units are earned through use of such design features. The project is in accordance with the City of Rockledge Land Development Regulations (Sec. 62.184) and also the Community Redevelopment Plan, specifically Goal HS-1 (Housing), to promote workforce-housing opportunities within the Redevelopment District as well as objectives HS-1-1, HS 1-2, and HD 1-3, as related to identifying and encouraging private interests to develop housing in the Redevelopment District and identifying areas within the Redevelopment District that are suitable for increased residential densities to encourage workforce-housing opportunities. The Agency and City look forward to the groundbreaking of Carolina Pines during Fiscal Year 2017-2018.

SECTION 4. ECONOMIC DEVELOPMENT AND PROJECTS

Supporting Local Business



The Rockledge Community Redevelopment Agency constantly strives to achieve one of the most basic principles of redevelopment—to preserve and expand the tax base through increasing economic development opportunities. With that in mind, the Agency understands that in order to achieve this goal, it is important to not only recruit new business, but also to provide outreach and frequent contact to the existing business community. The Agency goes about this by providing a number of marketing initiatives to Rockledge businesses. To monitor the local business community to an even greater extent, Agency staff attends and provides a report on Agency activities each month to the City's Business Development Committee which is an 11-member body appointed by City Council charged with implementing a long-range program of business and industrial growth and educating the community on the need for increased business and industry.

The Florida Avenue Business District sign is a prime example of just one way the Agency is active in promoting local businesses. Located at the intersection of Florida Avenue and U.S. Highway 1, this large-scale monument sign which, due to its strategic location, has an average traffic count of approximately 40,000 vehicles per day, offers low-cost annual advertising to four area businesses.

SECTION 4. ECONOMIC DEVELOPMENT AND PROJECTS

Supporting Local Business



The Rockledge Community Redevelopment Agency was approached in 2016 by a local business owner with the idea of creating a way in which Rockledge businesses could meet for the purpose of creating a no-cost approach to networking and meeting with a variety of business owners within the City to discuss the wants and needs of the business community at large. The goal of the meetings would be to find ways to work together and promote each other within the Rockledge community. The first meeting was held in October 2016 and was received with great interest and enthusiasm. With approximately 30 businesses in attendance, the Rockledge Business Alliance was established. Quarterly meetings are scheduled to be held at various host business locations throughout the City and it is the intention of the Agency to support all local businesses and assist in bringing them together to create a more successful and thriving business core. As an extension of the City’s “Buy Local” program, this initiative is directly in accordance with the Rockledge Community Redevelopment Plan, specifically Objective ED-1-3 as it relates to strengthening existing businesses, including marketing and promotion and Objective ED-2-4 as it relates to working closely with area businesses to address the needs of existing businesses.

SECTION 4. ECONOMIC DEVELOPMENT AND PROJECTS

Coordinating Grand Openings and Ribbon Cutting Events

The Agency is active in coordinating grand opening and ribbon cutting events for new businesses or existing businesses that want to reinvent themselves or have undergone significant changes either in appearance or management. The Agency is pleased to assist businesses within the Redevelopment District to provide exposure and publicity. For a ribbon cutting event, Agency staff sends invitations to members of a number of City boards and committees, City Council, prominent City dignitaries, and City executive staff. In addition, staff provides a variety of marketing and promotional materials for the business and the event by way of press releases, flyers and posters, media advisories, multiple advertisements on both the Agency and City websites and Facebook pages. The Agency was pleased to coordinate and participate in nine ribbon cutting and grand opening events in 2016.



SECTION 4. ECONOMIC DEVELOPMENT AND PROJECTS

Promoting New Business

In 2016, the City of Rockledge welcomed a wide array of new businesses that ranged from restaurants and retail shops to gas stations and health service professionals. Twenty-four new businesses selected Rockledge to establish themselves and became part of this growing community. Ten of these businesses, or approximately 42 percent, are now located in the Redevelopment District of the City of Rockledge. As the economy continues to thrive, we anticipate more businesses looking to Rockledge as a desirable and centrally located opportunity for growth. On a monthly basis, the City of Rockledge promotes new business on the Agency website and the City Facebook pages to provide exposure and promote the business community with the intention that residents of Rockledge and the surrounding area will patronize these area merchants, eating establishments, health care professionals, and service providers.

Supporting the Existing Commercial Core

There are a number of current retail assets within the Redevelopment District that have vacancies, and the Agency has actively participated in an effort to spotlight these locations with the goal of attracting new businesses to the Rockledge area. The International Council of Shopping Centers publication, *Shopping Centers Today*, has been utilized by the Agency as an avenue to advertise for new tenants and increase awareness of the available space in the six commercial shopping centers, as well as strategically located outparcels along Fiske Boulevard and the Interstate 95 interchange. As the economic conditions continue to improve, the City and the Agency anticipates an increased interest in these retail assets.

SECTION 4. ECONOMIC DEVELOPMENT AND PROJECTS

Supporting the Existing Commercial Core THE FOOD TRUCK BAZAAR

In an effort to increase foot traffic and recognition to local businesses, the food truck phenomenon, which has swept across the nation, has become one of our most popular events. The Agency has partnered with Central Florida's "The Daily City Food Truck Bazaar" to bring food trucks to various shopping centers within the Rockledge community and create a fun, family atmosphere for the more than 1,000 attendees while drawing increased attention to the retailers that occupy space in the shopping centers.



SECTION 4. ECONOMIC DEVELOPMENT AND PROJECTS

Supporting the Existing Commercial Core



ROCKLEDGE NIGHT WITH THE MANATEES

Recognizing that baseball, the great American pastime, is a pleasurable and popular source of entertainment, the City of Rockledge and the Community Redevelopment Agency have partnered for the past six years with a Class “A”

Advanced Affiliate of the Milwaukee Brewers, the Brevard County Manatees. In cooperation with the Manatees staff, Rockledge hosts an annual “Rockledge Night At Space Coast Stadium,” which affords Rockledge Businesses an opportunity to purchase a package that includes game tickets, a table top display on game night, announcements on the public address system throughout the game, and listings on the Choose Rockledge and Manatees’ websites. Merchants, service providers, and healthcare professionals can distribute the game tickets any way they wish, but generally, they provide them to customers or clients, free of charge, to demonstrate their appreciation for their continued patronage. This special evening benefits businesses and residents, alike. Rockledge businesses gain exposure through publicity and increased advertising, residents get to take in an entertaining evening at no cost, and the Manatees organization enjoys an increased attendance and added publicity. The Rockledge Community Redevelopment Agency realizes that by combining economic development opportunities and positive community relations, the results create a dynamic combination that is constructive for business and enjoyable for community.

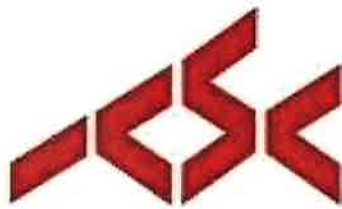


SECTION 4. ECONOMIC DEVELOPMENT AND PROJECTS

Retail Recruitment Efforts

Retail recruitment is a vital and integral role in expanding the tax base and the Rockledge Community Redevelopment Agency takes an assertive and active approach to supporting existing retailers who are already established in the City as well as working to attract new merchants to the City and the Redevelopment District.

In an effort to attract quality retail establishments, Agency staff annually attends the International Council of Shopping Centers (ICSC) Florida Conference each August. The Florida Conference provides abundant opportunities for staff to meet with prospective retailers, developers, and real estate professionals and provide them with notification regarding potential redevelopment projects, as well as, demographical information pertaining to the City of Rockledge and the Redevelopment District.



**International Council
of Shopping Centers**

SECTION 5. BUILDING COMMUNITY

RETURNING PEOPLE TO THE CITY

The Agency recognizes that community events are an important aspect in achieving the goal of generating interest and revitalizing the core areas of the City. Therefore, the City has signature events throughout the year, which are either sponsored by or supported by the Community Redevelopment Agency. The Agency also regularly assists in marketing and promotion in the spirit of partnership and collaboration of a variety of community-based organizations. With the development of the Civic Hub, the Agency anticipates supporting new events in the near future.

AGENCY-SPONSORED EVENTS

HOT ROCKIN' NIGHTS

The Redevelopment Agency sponsors the “Hot Rockin’ Nights” Car Show each October, which features trophies for 30 classic automobiles and “Cruiser of the Year” that are voted on and determined by the attendees. In 2016, more than 150 cars registered to participate in the event, which included food vendors, live music, and a



local disc jockey who provided entertainment. Additionally, a 50-50 raffle was held with the proceeds benefiting the Rockledge High School Class of 2017 Project Graduation event.



SECTION 5. BUILDING COMMUNITY

AGENCY SPONSORED EVENTS

ANNUAL ROCKLEDGE ART AND CRAFT SHOW

Art and Craft shows have always been a favorite community event and, recognizing this, the City and the Agency have held the Annual Rockledge Art and Craft Show for the past eight years, which draws more than 75 vendors who come from near and far to participate in this annual community event. Consistently a tremendous success the event is attended by hundreds of spectators, spans two full days on the last weekend in January, and includes a Cruise-On-In Car Show on Saturday afternoon where nearly 200 classic and muscle cars line the eastbound lanes of Barton Boulevard. The show also features music, food vendors, and the “Chairman’s Choice Award,” which is selected by the Redevelopment Agency Board for best in show. The Agency also collaborates with Rockledge High School students, who are required



to obtain volunteer hours for graduation, to assist vendors with setup and breakdown. This partnership has become beneficial both to students and to art show participants. For the past three years, the Agency has presented an Annual Community Redevelopment Agency Scholarship to a deserving Rockledge High School student for their time and dedication to volunteerism and to helping the public. Each year, as the show continues to grow larger and more successful, the City and Agency staff are committed to improving this highly anticipated annual event.

ROCKLEDGE
COMMUNITY REDEVELOPMENT AGENCY

8th Annual Art & Craft Show 2016

Saturday, Jan. 30th - 10 a.m. to 5 p.m.
Sunday, Jan. 31st - 10 a.m. to 4 p.m.

On BARTON BOULEVARD IN THE HEART OF ROCKLEDGE

- Unique Art & Crafts • Music • Food Court •
- Car Show Saturday - 1 pm! •

Parking Available at McLarty Park & Village Green Shopping Center

Stay tuned to Facebook.com/CityofRockledge for further details

• SPECTATOR ADMISSION IS FREE! •

www.chooserockledge.com

SECTION 5. BUILDING COMMUNITY

AGENCY SPONSORED EVENTS

WEDNESDAY-FRIENDSDAY

In partnership with the Cocoa Beach Regional Chamber of Commerce, the Community Redevelopment Agency co-sponsors the Chamber's monthly Wednesday-Friendsday event each March. This networking and tabletop expo offers Chamber members from throughout Brevard County, as well as Rockledge business owners and residents, the opportunity to meet and interact with new people and make new friends.

The March Wednesday-Friendsday, which is held at Rockledge City Hall, is traditionally the most popular and well attended of these monthly events. Each year, Agency staff selects a theme and participants dress and decorate their tabletop displays accordingly. The theme for 2016 was "**Ahoy Mates**". During the event, Agency staff sets up a tabletop exhibit and provides information on Agency programs and fields questions on City initiatives.



SECTION 5. BUILDING COMMUNITY

AGENCY SPONSORED EVENTS

ANNUAL AND ONGOING CITY-WIDE EVENTS

The Agency is also active in supporting and promoting a number of both ongoing/annual events and special, one-time City events including:



- * Trash Bash—in conjunction with Keep Brevard Beautiful
- * Arbor Day Tree Planting Ceremony
- * City of Rockledge and ONEBLOOD Blood Drive
- * Memorial Day Ceremony
- * City Employee Charity Golf Tournament
- * Independence Day Picnic
- * Cocoa-Rockledge Independence Day Celebration at Riverfront Park
- * Rockledge Night at Space Coast Stadium
- * 9/11 Memorial Ceremony
- * Annual Volunteer Breakfast
- * Cocoa-Rockledge Holiday Food Drive
- * Light Up Rockledge!—the official kickoff of the holiday season in Rockledge

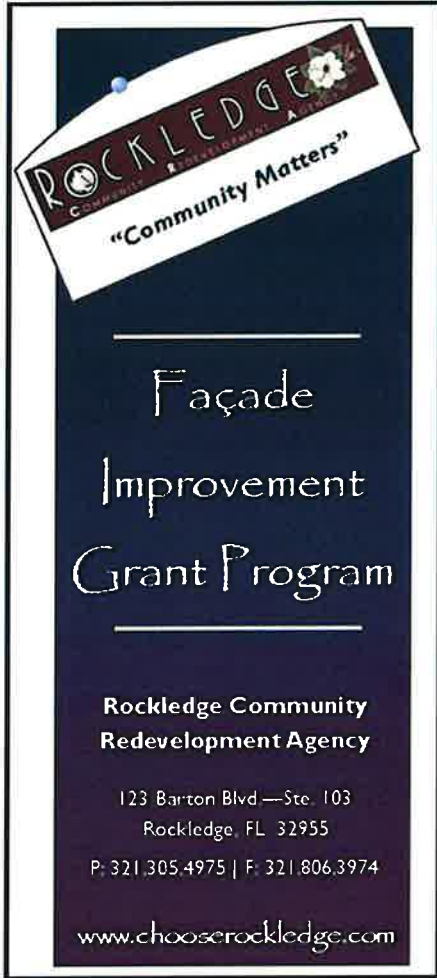


- * Cocoa-Rockledge Holiday Parade
- * Rockledge Fire Department 2nd Annual Toy Drive
- * A number of Rockledge Police Department events, including:
 - Operation SHRED
 - National Night Out crime prevention and awareness event
 - Coffee with a Cop
 - Ministry Security Training
 - Senior Seminar
 - Law Enforcement Torch Run
 - Stuff-A-Cruiser Thanksgiving Food Drive
 - Reverse Christmas Parade

Details about all of these events are placed on the Agency's website and Facebook page with press releases and media advisory distribution to local media outlets in an effort to maximize exposure for the events.



SECTION 6. FAÇADE IMPROVEMENT GRANT PROGRAM



Because they help to revitalize, bring new life, and new investment into the Redevelopment Districts, façade improvement grants have become an integral component of the Community Redevelopment Agency. Façade improvements and enhancements assist in increasing the aesthetic appearance of an area and also serve as an important aspect in attracting additional private-sector development.

The Rockledge Community Redevelopment Agency Façade Improvement Grant Program is a matching grant reimbursement program with a maximum allowance of \$10,000.00. Awarded funds are used to refurbish the exteriors of properties that are visible to pedestrian and motor vehicle traffic. The type of improvements that would qualify for grant funding can include landscaping and irrigation, painting and stucco work, signage, installation of artificial rooflines, decorative lighting, fencing, and enhancements to pavement and parking

areas. In an effort to ensure adherence to the objectives of the Community Redevelopment Plan, particular design guidelines that are encouraged by the Redevelopment Agency are discussed with applicants as they begin to formulate their projects.

Furthermore, an inventive use of the Program can help businesses that wish to start-up in the Redevelopment District through offering incentive awards by providing grant funding for impact fees and other related fees. In the past, the Agency has paid up to 50 percent of sewer impact fees and has offered the business owner a deferred repayment scheduled for the remaining 50 percent.

SECTION 6. FAÇADE IMPROVEMENT GRANT PROGRAM

Exterior enhancements and aesthetic improvements have a direct and undeniable correlation to attracting new businesses to a particular area and lead to one of the main objectives of a community redevelopment agency which is increasing private-sector investment within the region which increases the tax base and is the catalyst to greater economic development opportunities.

Businesses within the Redevelopment District continue to apply for and have received façade grants, which has significantly added to the ongoing improvements within the City. The Agency has seven improvement grant projects currently in progress, and Agency staff continues to be contacted by other interested applicants. The Agency has funded 87 successful projects since the Program's inception in 2004 which equates to approximately \$640,000 in grant funding leading to overall renovations and improvements that exceed \$2.5 million

The Agency is extremely appreciative of these businesses, whose goal is to beautify the community, and has implemented the Façade Improvement Grant Award Program to further identify and provide a way to recognize them for their efforts. Each business is provided a Certificate of Appreciation once the project is completed, and the Agency Board chooses a "Façade Improvement Grant Project of the Year" for the best overall project based on a number of requirements. The most recent recipient of this award was Molly Mutt Thrift Shop III.



The following pages contain a selection of the most successful projects which were completed during 2016 and have had a positive effect on the community as well as area businesses.

SAALEX INFORMATION TECHNOLOGY, LLC

1006 PATHFINDER WAY

Approved: October 2015
Completed: January 2016
Total project cost: \$10,895.77
Total grant award: \$5,447.89
Project elements:
Complete exterior painting
Extensive landscape enhancements
Signage
Repainting existing monument sign

BEFORE:



AFTER:



PIRTEK USA LLC

1265 ROCKLEDGE BOULEVARD

Approved: January 2016
Completed: June 2016
Total project cost: \$62,341.19
Total grant award: \$10,000.00
Project elements:

Renovation of existing building, which includes paint and front facade
Striping and resealing parking area
Sign enhancements

BEFORE:



AFTER:



BOATERS EXCHANGE 2145 ROCKLEDGE BOULEVARD

Approved: June 2015
Completed: March 2016
Total project cost: \$54,865.00
Total grant award: \$10,000.00
Project elements:
Complete stuccoing and repainting of exterior

BEFORE:



AFTER:



3B COMMERCIAL LLC

220 CORAL SANDS DRIVE

Approved: April 2014
Completed: May 2016
Total project cost: \$20,334.80
Total grant award: \$10,000.00
Project elements:
Exterior painting
Signage
Repair/replace hand rails
Remove and replace stucco
Install new gutters and soffits

BEFORE:



AFTER:



EXTREME STUCCO 630 EYSTER BOULEVARD

Approved: April 2015
Completed: March 2016
Total project cost: \$40,000.00
Total grant award: \$10,000.00
Project elements:
Replace all doors and windows

BEFORE:



AFTER:



MEB LAW FIRM

895 BARTON BOULEVARD

Approved: April 2014
Completed: September 2016
Total project cost: \$15,249.10
Total grant award: \$7,624.55
Project elements:

- Installation of a new monument sign on the north side of the building
- Moving the sign currently mounted on the east side of the building to the west side of the building
- Installation of awnings on the east side of the building

BEFORE:



AFTER:



FAÇADE IMPROVEMENT GRANT PROJECTS COMPLETED SINCE 2004

<u>APPROVED</u>	<u>COMPLETED</u>	<u>BUSINESS NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
2004	2004	Barton Street Bistro	379 Barton Blvd	\$5,102.05
2004	2004	Mash Hoagies	563 Barton Blvd	\$2,629.59
2004	2004	Peldan LLC	400 Barton Blvd	\$7,500.00
2004	2004	Scptt Baughan	895 Barton Blvd	\$4,930.40
2005	2005	Casa Del Rey	966 Florida Ave	\$3,267.50
2005	2005	Malibu's Sports Grill	165 Barton Blvd	\$5,000.00
2006	2006	Brevard Prosthetics	966 U.S. Hwy 1	\$7,481.20
2006	2006	Rockledge Health & Rehab	587 Barton Blvd	\$3,750.00
2006	2006	Rockledge Square	1800 U.S. Hwy 1	\$7,500.00
2006	2006	Schlenker Automotive	385 Barton Blvd	\$7,500.00
2006	2006	Scott Baughan	895 Barton Blvd	\$7,500.00
2007	2007	Rockledge Land/Boater's Exchange	2101 U.S. Hwy 1	\$15,000.00
2007	2007	Schlenker Automotive	396 Barton Blvd	\$7,500.00
2008	2008	All About Kids of Brevard	515 Barton Blvd	\$5,044.50
2008	2008	Fogarty Chiropractic	839 Barton Blvd	\$7,500.00
2008	2008	Methusaleh Guaranteed Auto	907 Barton Blvd	\$7,500.00
2008	2008	Rockledge Liquors/Coquina Lounge	555 Barton Blvd	\$7,500.00
2008	2008	Valvoline Express Care	419 Barton Blvd	\$7,500.00
2008	2008	Zackeroff, Miller, & Hurt Financial	182 Barton Blvd	\$7,500.00
2009	2009	Bavarian Auto	1258 U.S. Hwy 1	\$10,000.00
2009	2009	Crest Cleaners	885 Barton Blvd	\$4,076.88
2009	2009	Rockledge Liquors/Coquina Lounge	555 Barton Blvd	\$7,500.00
2009	2009	Sonic Lube	419 Barton Blvd	\$10,000.00
2009	2009	Vinay Kumar	833 Barton Blvd	\$3,230.02
2010	2010	Ashley's Restaurant	1609 U.S. Hwy 1	\$1,282.86
2010	2010	Blue Marlin Pools	513 Barton Blvd	\$10,000.00
2010	2010	Building Bodies Fitness	906 Barton Blvd	\$6,013.75
2010	2011	Dana Ferrell	1265 U.S. Hwy 1	\$10,000.00
2010	2010	Grimaldi Candies	3006 U.S. Hwy 1	\$10,000.00
2010	2010	La Bamba	1172 U.S. Hwy 1	\$7,214.41

FAÇADE IMPROVEMENT GRANT PROJECTS COMPLETED SINCE 2004

<u>APPROVED</u>	<u>COMPLETED</u>	<u>BUSINESS NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
2010	2010	La Bamba (Impact Fee Incentive)	1172 U.S. Hwy 1	\$4,335.56
2010	2011	Sunoco	825 Barton Blvd	\$10,000.00
2010	2010	Telecom Service Center/Grant #1	4050 Riomar	\$10,000.00
2010	2010	Telecom Service Center/Grant #2	4050 Riomar	\$10,000.00
2010	2010	Woodhaven Apartments	913 Woodhaven	\$10,000.00
2010	2010	Woody's BBQ	411 Barton Blvd	\$2,000.00
2010	2011	Big League Eatery	563 Barton Blvd	\$2,930.29
2011	2011	Sunoco (Phase II)	825 Barton Blvd	\$10,000.00
2011	2011	Rockledge Health/Rehab (Phase II)	587 Barton Blvd	\$10,000.00
2011	2011	Brevard Vision	1285 U.S. Hwy 1	\$10,000.00
2011	2011	Baywash Car Wash	1998 U.S. Hwy 1	\$7,142.50
2011	2012	Rahal Real Estate	1269 U.S. Hwy 1	\$5,073.84
2012	2012	Country Cookin' Diner (Impact Fee Incentive)	614 Barnes Blvd	\$4,290.00
2012	2012	Harbor Auto Restoration	2121 U.S. Hwy 1	\$7,122.94
2012	2013	Berry Signs	1740 Huntington Ln	\$10,000.00
2012	2013	Rafael Picon Art Studio	1725 Cedar St	\$4,137.07
2012	2013	Rockledge Heath/Rehab (Phase III)	825 Barton Blvd	\$10,000.00
2012	2014	Rockledge Liquors (Impact Fee/ Sewer Connection Funding)	555 Barton Blvd	\$10,000.00
2013	2013	MedFast Urgent Care	1400 U.S. Hwy 1	\$7,803.50
2013	2013	Palm Cottages	825 Sunnyside	\$10,000.00
2013	2013	Planet Fitness	1802 U.S. Hwy 1	\$10,000.00
2013	2013	Barton Commons	182 Barton Blvd	\$10,000.00
2013	2014	Tantalizing Tangerine Frozen Yogurt	616 Barnes Blvd	\$1,335.96
2013	2014	Coffee Tree Café (Impact Fee)	634 Barnes Blvd	\$6,220.00
2013	2014	MEB Law Firm	895 Barton Blvd	\$9,372.42
2014	2014	Dan Henn, CPA	1824 Fiske Blvd	\$397.50
2014	2014	Color Express Salon	2130 U.S. Hwy 1	\$6,450.00
2014	2014	Gene Hinton (residential)	411 Dove Ave	\$4,683.50
2014	2014	Hazelwood Villas	1720 Murrell Rd	\$10,000.00

FAÇADE IMPROVEMENT GRANT PROJECTS COMPLETED SINCE 2004

<u>APPROVED</u>	<u>COMPLETED</u>	<u>BUSINESS NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
2014	2014	Ellington A/C & Heat	3280 U.S. Hwy 1	\$10,000.00
2014	2014	TJ's for Great Food	1256 U.S. Hwy 1	\$10,000.00
2013	2014	E-lifeguard	2109 U.S. Hwy 1	\$9,316.43
2013	2015	La Marimba	411 Barton Blvd	\$6,897.95
2013	2015	Bridges	1694 Cedar St	\$2,784.31
2014	2015	Coastal Windows	2110 U.S. Hwy 1	\$10,000.00
2014	2015	Rockledge Gardens (The Farm)	2153 U.S. Hwy 1	\$10,000.00
2014	2015	Miller & Hurt Financial	182 Barton Blvd	\$5,728.00
2015	2015	Ellington A/C & Heat (Phase II)	3280 U.S. Hwy 1	\$10,000.00
2014	2015	Malibu's Sports Grill	165 Barton Blvd	\$10,000.00
2015	2015	Bella Salata (CranCo Industries)	1710 Baldwin St	\$10,000.00
2015	2016	Brevard Vision (Phase II)	1285 U.S. Hwy 1	\$4,300.00
2015	2016	Saalex Information Technology	1006 Pathfinder Way	\$5,347.89
2014	2016	Brevard Humane Society	876 U.S. Hwy 1	\$7,943.86
2014	2016	3B Commercial	220 Coral Sands Dr	\$10,000.00
2014	2016	Turtle Creek Golf Club Clubhouse	1278 Admiralty Ln	\$10,000.00
2014	2016	MEB Law Firm (Phase II)	895 Barton Blvd	\$7,624.55
2015	2016	Boaters Exchange	2145 Rockledge Blvd	\$10,000.00
2015	2016	Extreme Stucco	630 Eyster Blvd	\$10,000.00
2016	2016	Pirtek	1225 U.S. Hwy 1	\$10,000.00
2016	2016	Rockledge Square	1880 U.S. Hwy 1	\$10,000.00
2016	2016	SkyZone	624 Barnes Blvd	\$10,000.00
2016	2016	Scooter's	833 Osceola Dr	\$10,000.00
2016	2016	Rockledge Liquors (Impact Fee)	555 Barton Blvd	\$4,350.00
			TOTAL	\$624,111.23

FAÇADE IMPROVEMENT GRANT PROJECTS APPROVED AND IN PROGRESS

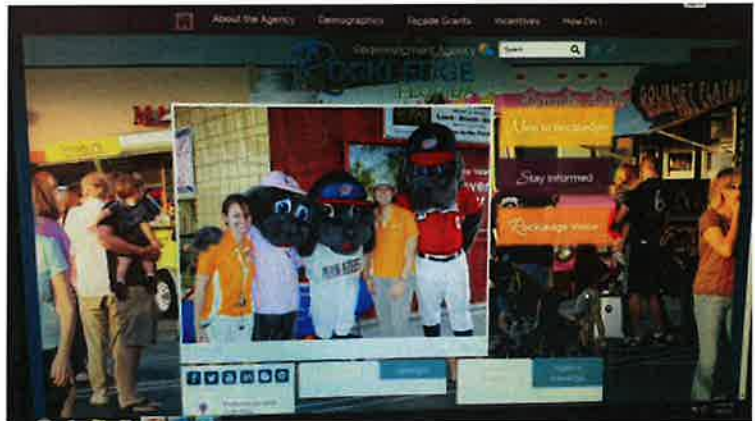
<u>APPROVED</u>	<u>COMPLETED</u>	<u>BUSINESS NAME</u>	<u>ADDRESS</u>	<u>AMOUNT</u>
2015		Marathon Gas	825 Barton Blvd	\$10,000.00
2016		East Coast Cabinet Company	100 Eyster Blvd	\$10,000.00
2016		Subway	545 Barton Blvd	\$8,250.00
2016		Berry Signs	1744 Huntington Ln	\$10,000.00
2016		A New Image Salon & Spa	1345 U.S. Hwy 1	\$10,000.00
2016		J.R.'s Sports Pub (Gnarly Gecko)	400 Barton Blvd	\$10,000.00
2016		Cheers Seafood & Grill (Impact Fee)	3826 Murrell Rd	\$10,000.00
2016		Indian River Furniture	3200 Rockledge Blvd	\$5,528.00
			TOTAL	\$73,778.00

SECTION 7: AGENCY PROMOTION AND MARKETING EFFORTS

Social media has become the number one method of reaching millions of people in a matter of seconds. Knowing this, the Community Redevelopment Agency developed its own Agency website, chooserockledge.com, which has become the foundation for advertising events and community news from the Agency, as well as the City of Rockledge and Brevard County. Citizens can also stay informed about upcoming projects, events, and meetings. The Agency minutes and agenda are also posted on the chooserockledge.com site. There are additional links to noteworthy items and events that may be of interest to citizens.

Along with the chooserockledge.com website, the Agency established a Facebook page as well as LinkedIn and Twitter accounts. These methods of communication have reached a broad range of constituents in a modern-day fashion, which has proven to be very successful in promoting Agency activities and interacting with the public.

In addition, the social media outlets have been a very effective way of communicating weather alerts, road closures, and traffic-related complications within the City. Whenever possible, critical features are directly linked back to the chooserockledge.com site.



Social media is recognized as a very useful and effective tool for communicating; however, the Agency also uses local radio, posters, and flyers when advertising for the principal events within the community.

The newest addition to promotion and marketing efforts is Rockledge Central, a mobile app that was launched in 2016 and has proven to be another practical method of providing information to the public in an efficient and easily accessible manner.



SECTION 8: FINANCIAL REPORT

**Rockledge Community
Redevelopment Agency
2016 Financial Statement**

FISCAL YEAR ENDED SEPTEMBER 30, 2016

REVENUES	
City Contributions	\$616,138.00
County Contributions	\$503,192.00
Miscellaneous Revenue	\$16,220.00
Debt Proceeds	\$200,000.00
TOTAL REVENUE	\$1,335,550.00

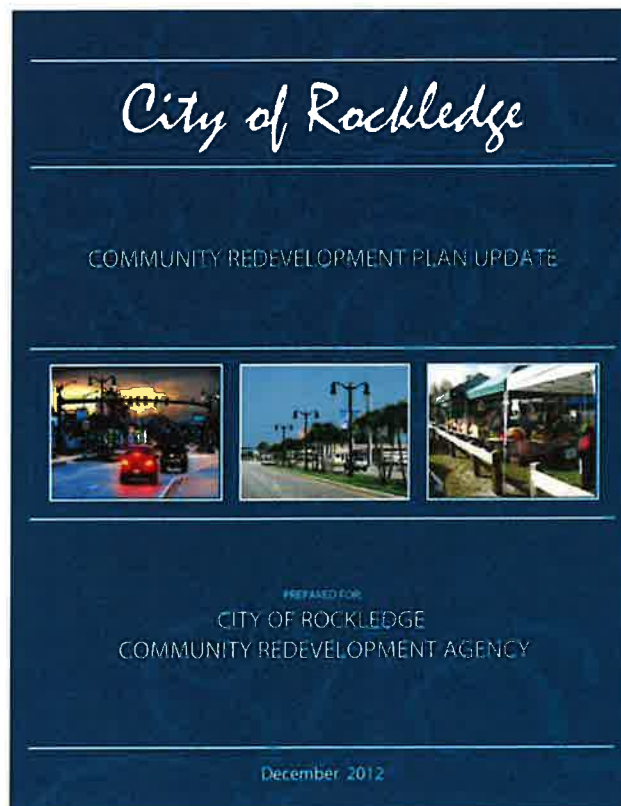
EXPENDITURES	
Administrative	\$211,183.00
Debt Service	\$453,665.00
Capital Projects	\$434,690.00
Special Projects	\$261,274.00
Façade Grants	\$112,114.00
Committed Funds	\$895,638.00
TOTAL EXPENDITURES	\$2,368,564.00

SECTION 9: CONCLUSION

As the Rockledge Community Redevelopment Agency nears its halfway point through the established statutory existence, the Agency is proud to have many achievements and success stories to reflect upon and looks forward to the future with great anticipation of beautifying and enhancing the City of Rockledge Community Redevelopment District and the entire City of Rockledge.

Last updated in 2012, the Rockledge Community Redevelopment Plan continues to serve the purposes and goals of the current Agency with a sound framework for current and future projects and priorities and includes a targeted timeframe for their completion. As we look ahead, the Plan will be reviewed and updated as the face of Rockledge changes and new projects are brought to the forefront of the Agency and the City of Rockledge.

The Agency administrators, coupled with the unfailing support and guidance of the Agency commissioners of the Rockledge Community Redevelopment Agency, have altered and will continue to alter the face of the City of Rockledge while being mindful of the goals and objectives of the Community Redevelopment Plan and adhering to its governing statutes.



CITY OF SATELLITE BEACH, FLORIDA

**565 CASSIA BOULEVARD 32937-3116
(321) 773-4407
(321) 779-1388 FAX**



INCORPORATED 1957

March 1, 2017

Stockton Whitten, County Manager
Brevard County
2725 Judge Fran Jamieson Way, Building C
Viera, FL 32940

RE: City of Satellite Beach Community Redevelopment Agency
FY 15/16 Annual Report

Dear Mr. Whitten:

At the February 1, 2017 Community Redevelopment Agency meeting, the Agency approved the CRA Annual Report for FY 15/16. Enclosed is a copy of the CRA Annual Report.

Please do not hesitate to contact our office should you need further information.

Sincerely,

Leonor Olexa
City Clerk

Enclosure

City of Satellite Beach

Community Redevelopment Agency

Annual Report

FY 2015/2016



Pelican Beach Park

Community Redevelopment Agency (CRA) Background

In partnership with Brevard County, the City of Satellite Beach created the CRA in 2002 to address aging conditions and outdated lot and access patterns along the City's commercial corridors. Since then, the CRA has completed the following in the Redevelopment District: beach access, park, and roadway projects; façade grant improvements; community policing initiatives; and land acquisition. The Community Redevelopment Plan was amended in 2014 to complete all remaining CRA projects within the next five years.

CRA Members

Frank Catino, Chairman

Mark Brimer, Vice Chair

Lorraine Gott

Dominick Montanaro

Steve Osmer

CRA Staff

Courtney H. Barker, AICP, Executive Director

Clifford Shepard, P.A., General Counsel

John Stone, Administrator

Leonor Olexa, City Clerk



Satellite Beach Community Redevelopment District

FY 2015/2016 Projects

[1] Beach Access Improvements

Because our business community thrives when we bring in more visitors to our parks and beaches, we have continued to increase access to the beach and improve the quality of these facilities.

The following projects were undertaken in FY 2014/2015, with completions in fiscal year 2015/2016:

- **Shell Street.** Renovations to the Shell Street beach access include undergrounding powerlines and utilities, freshwater shower, restroom, sidewalks, landscaping, signage, picnic tables and pavilions, trash receptacle, bike racks, redesigned roadway for better/safer traffic flow, added parking, stormwater exfiltration to reduce flooding and improve water quality, and sewer line installation to remove the last remaining street in the City on septic tanks. Project was completed in December 2015
- **Seaside Plaza.** Partnering with the owners of Seaside Plaza (adjacent to the Shell Street project), the CRA provided a 2:1 matching façade grant for a project that includes paved walkways, fresh paint, stucco, covered metal roofs for outdoor ocean-view dining, landscaping, dumpster enclosure, new asphalt with sealcoat and striping, and improved ADA parking access. It also creates additional parking for both the Plaza and the beach access by removing barriers between the two properties. Project was completed March 2016.
- **Beach Access Signage.** The CRA recognizes our beaches and their access points as an asset to Satellite Beach in supporting local businesses while also bringing art to the community and improving quality of life for its residents. The CRA has engaged internationally acclaimed metal sculpture artist Frits Van Eeden to fabricate local themed art at all the beach accesses. This project is spread over two budget years. In FY 2015/2016 5 signs were to be installed. The remaining 7 signs will be fabricated and installed in FY 2016/2017

[2] FDOT SRA1A Resurfacing Project

Florida Department of Transportation (FDOT) announced its FY 2015/2016 SRA1A resurfacing project from SR404 (Pineda Causeway) to SR192 (New Haven Avenue), which includes the full SRA1A corridor in Satellite Beach. Through a series of 13 public meetings, a **traffic-safety conceptual engineering plan** was created to request the following additional improvements in the project: additional sidewalks, mid-block crossings to beach accesses to provide pedestrian refuges on SRA1A, SCAT bus shelters, and galvanized mast arms to replace concrete strand pole signalization. The FDOT project start date of August 2016 has yielded several conceptual-plan goals and **Complete Street** principles (designing roads for multi-modal transportation) as the project continues with an expected completion date in the summer of 2018.

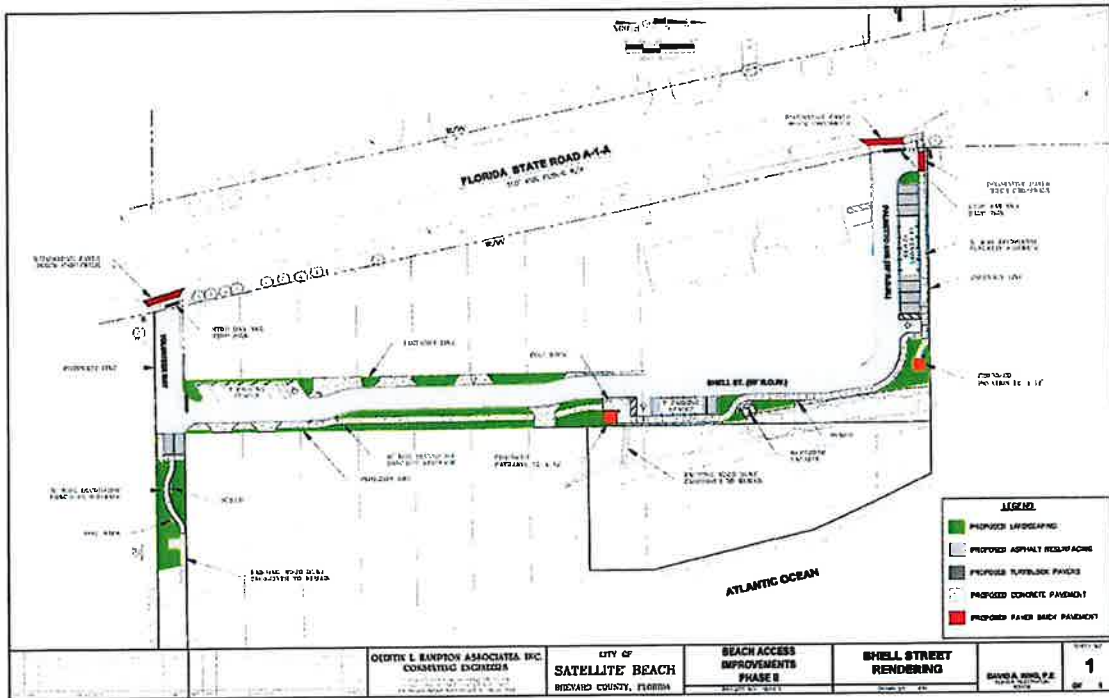
[3] Landscaping at Street Entrances to SRA1A

The CRA provided funding to landscape approximately 10 intersections of SRA1A and neighborhood entrance streets. This project was completed in November 2015.

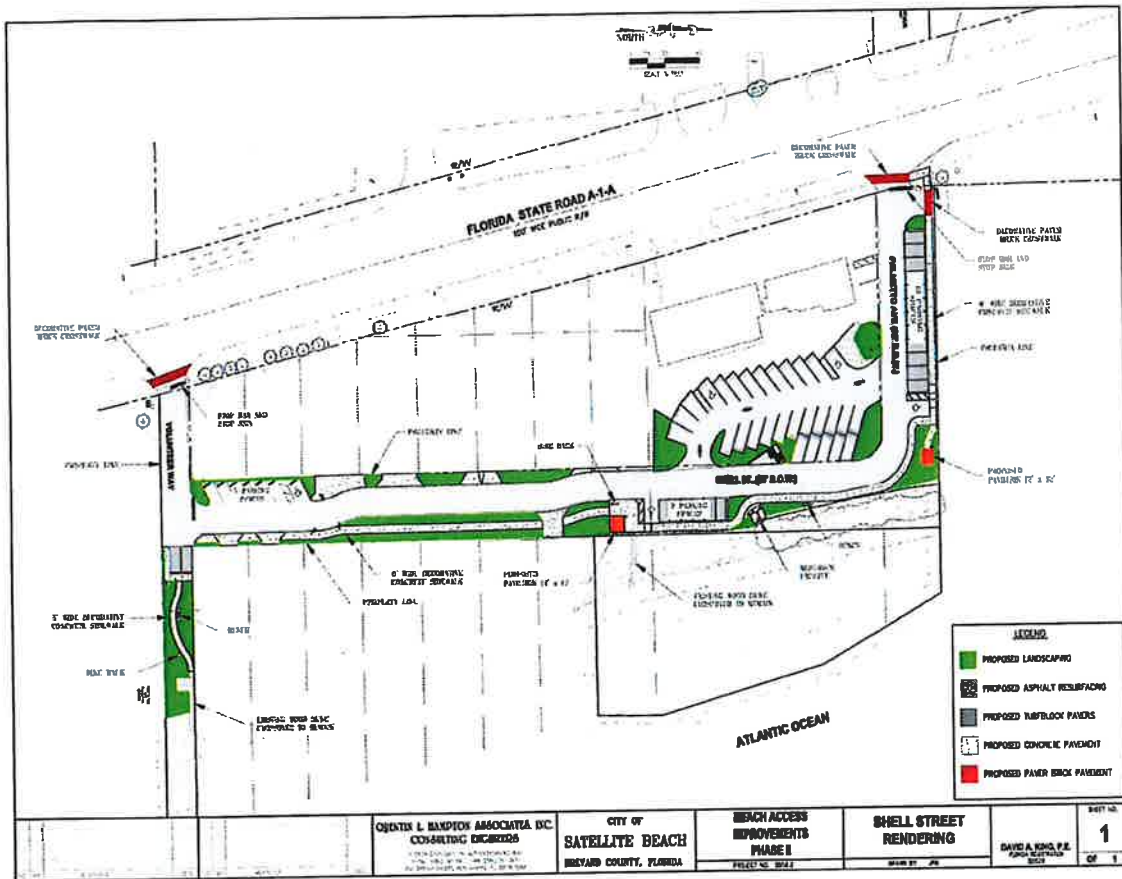
[4] Community Redevelopment Plan Amendment

With Ordinance No. 1097, the CRA amended its Community Redevelopment Plan on September 17, 2014, to complete all remaining redevelopment projects by FY 2019/2020. After those projects are completed, the CRA will reduce its focus to maintaining CRA assets, long-term debt-service obligations, and operational expenses. Funds which are excess to these needs will be sent back to the taxing authorities.

Shell Street Improvements



Seaside Plaza Improvements



Financial Statements (unaudited)

FY 2015/2016 CRA Financial Statement		
City of Satellite Beach Community Redevelopment Agency		
<u>Balance Sheet</u>		
Assets	Cash and Equivalents	\$585,959
	Investments	\$111,048
	Prepaid Expenses	<u>\$2,143</u>
	Total Assests	<u>\$699,149</u>
Liabilities	Accounts Payable	\$188,317
	Due to Other Funds	\$99,532
	Due to Other Governments	<u>\$53,594</u>
	Total Liabilities	\$341,443
Reserves/Balances	Fund Balance - Reserves	\$1,011,172
	Change in Fund Balance	<u>-\$653,465</u>
	Total Reserves	\$357,707
	Total Liabilities & Reserves	<u>\$699,149</u>

[continued on next page]

Income Statement

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues			
Taxes (County Portion)	\$490,283	\$476,070	\$476,070
Interest	\$4,500	\$4,500	\$3,891
Interest - <G>/L on Investement	\$166	\$166	\$0
Other Miscellaneous Revenues	\$0	\$0	\$0
Fund Balance Transfer In	\$298,116	\$1,011,172	\$682,181
Transfer From General Fund (TIF)	<u>\$906,755</u>	<u>\$902,785</u>	<u>\$902,785</u>
Total Revenues	<u>\$1,699,820</u>	<u>\$2,394,693</u>	<u>\$2,064,927</u>
Expenditures			
<i>Operating Expenses:</i>			
Legal Services	\$10,000	\$10,000	\$9,902
Engineering Services	\$0	\$0	\$2,995
Consultant Fees	\$1,500	\$0	\$0
Travel - Business Trips	\$7,000	\$7,000	\$0
Façade Grant Program	\$65,000	\$65,000	\$65,000
Banking Fees	\$4,500	\$4,500	\$4,525
Operating Supplies	\$20,000	\$20,000	\$24,131
Tuition, Membership, & Publications	\$1,600	\$1,600	\$175
Landscaping Projects	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<i>Total:</i>	\$109,600	\$108,100	\$106,727
<i>Non-Operating Expenses:</i>			
Interfund Memo of Understanding	\$167,974	\$167,974	\$167,974
ILA with Brevard Co. for TIF Refund	\$144,341	\$144,341	\$144,341
Brevard Co. Excess TIF Refund	\$205,414	\$189,264	\$72,302
Transfer to General Fund - TIF Refund	\$245,771	\$245,771	\$245,771
Transfer to General Fund - Excess	<u>\$308,120</u>	<u>\$283,895</u>	<u>\$134,275</u>
<i>Total:</i>	\$1,071,620	\$1,031,245	\$764,663
<i>Debt Service:</i>			
CRA Line of Credit - Principal	\$307,864	\$307,864	\$300,400
CRA Line of Credit - Interest	<u>\$200,736</u>	<u>\$200,736</u>	<u>\$167,239</u>
<i>Total:</i>	\$508,600	\$508,600	\$467,639
<i>Capital Outlay:</i>			
Pelican Beach Park Improvement	\$0	\$0	\$0
Beach Access Improvement	\$0	\$306,532	\$285,628
Master A1A Streetscape	\$0	\$416,216	\$396,553
Landscaping Projects	\$10,000	\$0	\$0
Beach Access Signage Project	<u>\$0</u>	<u>\$24,000</u>	<u>\$15,000</u>
<i>Total:</i>	\$10,000	\$746,748	\$697,181
<i>Additions to Reserves:</i>			
Additions to Reserves	\$0	\$0	\$28,716
Total Expenditures	<u>\$1,699,820</u>	<u>\$2,394,693</u>	<u>\$2,064,927</u>
Net Effect for Fund Type Special Revenue			\$0

Note: Unaudited Financial Statements

City of Titusville

555 SOUTH WASHINGTON AVENUE
TITUSVILLE, FLORIDA 32796-3584
POST OFFICE BOX 2806 (32781-2806)



PLANNING DEPARTMENT
(321) 567-3778
Fax (321) 383-5700

Gateway to Nature & Space™
www.titusville.com

March 29, 2017

Brevard County Board of County Commissioners
2725 Judge Fran Jamieson Way
Viera, Florida 32940

Re: City of Titusville Community Redevelopment Agency Annual Report

To Whom It May Concern:

The City of Titusville's Downtown Community Redevelopment Agency (CRA), in accordance with Chapter 163, *Florida Statutes*, has filed with the City of Titusville, and other entities, a report of its' activities for fiscal year 2015-2016. The annual report includes a complete financial statement setting forth its assets, liabilities, income, and operating expenses as of the end of fiscal year 2015-2016.

Please find a copy of the annual report enclosed. If you have any questions or comments you may contact me at (321) 567-3778.

Sincerely,

Tim Ford,
Redevelopment Planner

Cc: Wanda Wells, City Clerk
Richard Broome, City Attorney

City of Titusville

Community Redevelopment Agency



Annual Report FY 2015 - 2016

Prepared by
City of Titusville
Community Development Department
& Finance Department

Downtown Community Redevelopment Agency

CRA Board Members:

Walt Johnson, Chairman
Matt Barringer, Vice Chairman
Christi Anderson
Dan Diesel
Curt Leady
Jo Lynn Nelson
Sarah Stoekel

CRA Staff:

Scott Larese, Executive Director, Community Redevelopment Agency
Kevin Cook, P.E., Public Works Director
Bridgette Clements, Finance Director
Terry Chevallier, Finance Manager
Wanda Wells, City Clerk
Peggy Busacca, Community Development Department Director
Tim Ford, Redevelopment Planner

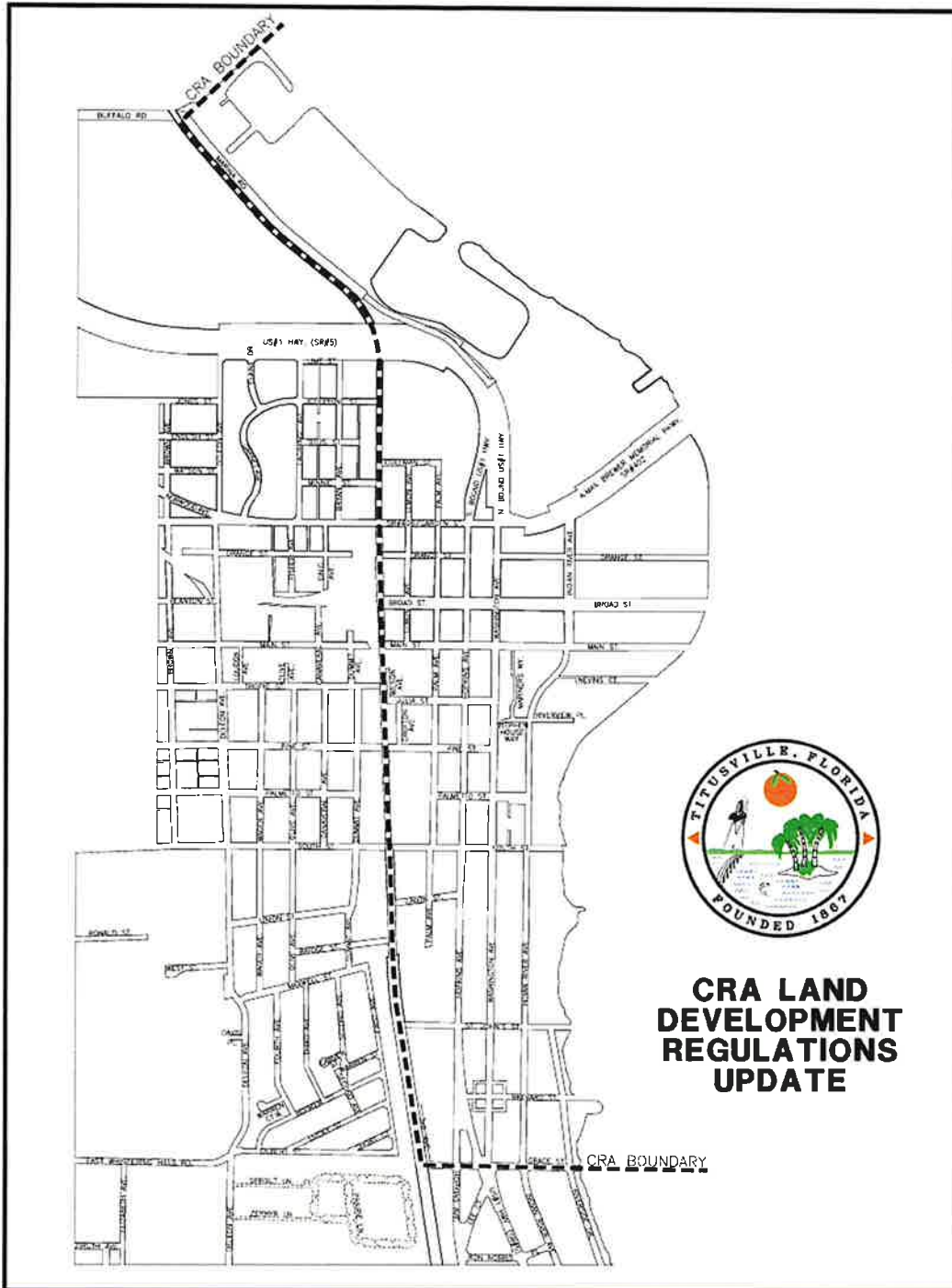
Introduction

The City of Titusville's Community Redevelopment Agency (CRA) was created in 1982, and the Community Redevelopment Plan was adopted in 1984. For over thirty years, the Titusville Community Redevelopment Agency has played an integral role in the revitalization of the Downtown area and the surrounding community. The Downtown area has faced many challenges similar to those in other areas of Florida and the nation. The vision of Titusville's Downtown was established by residents who attended workshops in the 1980's, 1990's and 2000's and determined a set of goals and priorities that have evolved over the years. The original vision of the Redevelopment Plan still stands as a foundation for redevelopment in the Downtown and surrounding neighborhoods.

In an effort to provide residents and visitors with a memorable experience, the City envisions the addition of new mixed-use buildings on infill lots, new open space amenities, enhanced streetscape conditions, new public facilities, and regional storm-water parks. The standards will be aimed at increasing the area's capacity to accommodate new growth while preserving the historic character of the community. By combining these features with a smarter approach to growth, the City will realize a downtown that will attract sustainable growth and create a unique sense of place in which all residents can be proud.

The Downtown CRA encompasses approximately 300 acres of land on the eastern edge of the City and is over a mile and half from its northernmost area at the municipal waterfront park and marina complex, to its southern terminus at Grace Street. The CRA includes the Historic Downtown, or core area and a number of small neighborhoods. The CRA is bounded by the Indian River waterfront on the east and north and by the Florida East Coast Railroad tracks on the west. The CRA parallels the Indian River and includes over 1.9 miles of waterfront as shown on the map on the following page.

MAP 6 STREET NETWORK



Tax Increment Financing Revenues

A history of the Titusville CRA Tax Increment Revenue per year since FY2005–2006 is found in Table-1 below. Prior to FY 2005–2006 the Downtown CRA had a steady but low tax increment since its inception in 1982. Over the past decade the CRA's tax increment revenue has been more volatile due to the impacts of both new development and economic conditions.

Table 1: Tax Increment Revenues by Year

FY 2005-2006	\$268,508
FY 2006-2007	\$574,727
FY 2007-2008	\$955,027
FY 2008-2009	\$916,623
FY 2009-2010	\$729,703
FY 2010-2011	\$724,997
FY 2011-2012	\$644,893
FY 2012-2013	\$646,170
FY 2013-2014	\$699,901
FY 2014-2015	\$712,212
FY 2015-2016	\$766,683

The Tax Increment Financing (TIF) revenues for the Downtown CRA increased substantially in fiscal year 2006 - 2007 due to the completion of the Harbor Pointe condominium complex. The first building was added to the tax rolls in fiscal year 2006-2007. This revenue allowed the CRA to complete projects that were not possible with revenues from the previous years.

The three remaining Harbor Pointe buildings were added to the tax rolls in fiscal year 2007 - 2008. Due to the economic downturn and increased foreclosures the revenue in fiscal year 2008 - 2009 decreased to \$916,623. The revenue for fiscal year 2009 - 2010 was approximately \$729,703. Revenues for the 2010 - 2011 fiscal year decreased further by almost nine percent (9%) to approximately \$724,997. Continuing the downward trend of property values within much of Florida, unaudited revenues for fiscal year 2011-2012 decreased eleven percent (11%) to an estimated \$644,893. TIF revenues in FY2012-2013 essentially remained flat, with an increase of 0.2%. The reduction in revenues between FY2009-2010 and FY2012-2013 resulted in a greater percentage of revenues being dedicated to debt service, thereby limiting redevelopment projects that were being undertaken by the CRA during those years. An 8.3% increase in the TIF revenues occurred in FY2013-2014. FY2014-2015 TIF revenues continued trending positive with an increase of \$12,311 or 1.76%. The tax increment figure for FY 2015 - 2016 showed an increase of \$54,471 or 7.65 percent from the previous fiscal year.

In 2011, the CRA authorized issuance of a Public Improvement Revenue Note in an amount not to exceed \$2,535,000 to finance roadway and landscaping improvements in conjunction with the FDOT U.S. 1 project. In February 2013, the CRA approved partial repayment of the loan for \$850,000. The repayment funds were the result of lower than anticipated projects costs. The CRA's action produced a total savings of \$1.27 million. The CRA also paid off the Commons Project Bond at a cost of approximately \$95,000. The loan repayments reduced the annual debt service in FY2014-2015 from 34% to 19% of the Annual Revenues, thus providing more opportunities for capital projects in the future. In FY 2015-2016 the Agency's annual debt service was reduced further to 18% of the annual tax increment revenues.



Harbor Pointe Condominiums on Indian River Avenue

Fiscal Year 15-16 Capital and Non-Capital Projects

The Downtown CRA has continued with existing projects during the 2015 - 2016 fiscal year as well as some new projects. The Fiscal Year 2015 – 2016 Capital Projects included the following:

- ❖ Julia Street Parking Lot Lighting (completed),
- ❖ Main Street Streetscape (design, engineering and temporary striping to convert the project to a cycle track as part of the Downtown Connector of the Florida Coast to Coast Trail),
- ❖ Pedestrian Safety Crossings on South Washington Avenue at Julia Street (completed),
- ❖ South Hopkins Avenue benches, trash cans, and bike racks (delivered and awaiting placement),
- ❖ BMX Bicycle Track at Marina Park (completed),
- ❖ Downtown Welcome Center – Bathroom Facilities (under construction),
- ❖ Concrete Street Repair at Grace Street and Riverside Drive (completed), and
- ❖ Memorial bench at Sand Point Park for former Titusville Environmental Commission Chairman (completed)

More detail about these projects follows.

Julia Street Parking Lot

Improvements to the Julia Street Parking Lot were completed in September 2013 except for the installation of enhanced lighting. During FY 2013-2014, requests for proposals for both solar and non-solar lighting were issued three (3) times with no success. The project was rebid in early 2015 as a design-build project with L.E.D. lights and a budget of approximately \$100,000. In April 2015, the CRA approved a Budget Amendment and an award of contract to Loyd Contracting of Titusville for \$110,953 for the design and construction of L.E.D. lighting at the Julia Street Parking lot. The project was completed in October, 2015 with the installation of the interior parking lot light poles after the Arts & Algorithms event held in early October. The installation of the interior parking lot light poles were put on hold until after the Arts & Algorithms event so that pre-leased tents for the Art & Algorithms event could be erected at the parking lot.



Parking Lot Lights at the Julia St. Parking Lot

Main Street Streetscape – Coast to Coast Downtown Connector Cycle Track

The Main Street Streetscape project extends from Palm Avenue to Indian River Avenue. The Main Street Streetscape project was presented to the CRA with options for improvements for pedestrians and bicyclists as part of a larger citywide trail system. In October 2014, the CRA approved a plan with marked bike lanes, reconstructed sidewalks and landscaping. The project was bid in the summer of 2015 with bids opened on August 4, 2015. Bids came in over the budgeted \$150,000 amount. The project was rebid with alternatives, with bids due in October 2015 in FY 2015-2016. The CRA did not award the bid after Florida Department of Transportation (FDOT) plans to construct a cycle track on Main Street, from the FEC Railroad tracks to the intersection of Indian River Avenue and Garden Street as part of the Florida Coast to Coast Trail, became available. These plans conflicted with the City's streetscape plans and the CRA reprioritized the project as a trail improvement. FDOT allocated design funds to the city to design the cycle track and the CRA and City Council appropriated impact fee funds, CRA funds and funds from other projects to construct the proposed cycle track improvements which included the repaving of Main Street and Indian River Avenue and the conversion of Main Street between Washington Avenue and Indian River Avenue to a one way street with parallel on-street parking spaces. Multiple meetings were held from April to August with the public, the CRA and City Council to obtain advisability on the ultimate Main Street on-street parking design. Temporary striping, signage and markings were installed while the advertising of bids for the construction of the improvements occurred in FY 2017.



Main Street Parking & Cycle Track Plans between Washington Avenue & Indian River Avenue

Pedestrian Safety Crossings at South Washington Avenue at Julia Street

Pedestrian safety in the downtown area has long been a concern. With the removal of the on-street parking several years ago, an increase in cars speeding through downtown has increased these concerns. In 2014, the CRA approved the expenditure of \$96,000 for a hybrid rapid flashing warning signal at the Julia Street/South Washington Avenue crosswalk. This improvement has increased pedestrian safety particularly for those that use the Julia Street parking lot and then walk downtown. Wiring and electrical service for the project was completed in FY 2014-2015 while the sign bases and signage was installed in January 2016.



Rapid Flashing Pedestrian Warning Signals at Julia St. & Washington Ave.

South Hopkins Avenue Benches, Trash Cans and Bicycle Racks

In April 2015, the CRA allocated \$20,000 to install five (5) sets of benches, bicycle racks and trashcans along Hopkins Avenue within the CRA boundaries. The amenities were ordered by the City but were not delivered in the fiscal year. The benches, bicycle racks and trashcans were delivered to the City in FY2015-2016, however easements that were needed from private property owners to place the amenities along the narrow South Hopkins Avenue right of way have not been able to obtain. The City/CRA is looking to possibly install the amenities to the Main Street & Indian River Avenue cycle track after the cycle track has been constructed.

BMX Bicycle Track at Marina Park

The CRA approved funding not to exceed \$35,000 for the construction of a BMX Bicycle Track at Marina Park in FY2014-2015. The improvements were completed in July 2016.



BMX Bicycle Facility at Marina Park

Downtown Welcome Center – Bathroom Facilities

After years of discussing ways to provide downtown public restroom facilities to serve visitors, bicyclists utilizing the regional and national trails converging in the City and special events, the CRA and City Council approved the construction of a Downtown Welcome Center that includes restrooms, retail space and other amenities at the Julia Street Parking Lot. The project was bid and in September, 2015 a contract was awarded to Saturn Builders of Brevard, Inc. of Titusville to design and construct an approximate 2,000 square foot Welcome Center at the southwest corner of the Julia Street Parking Lot in the amount of \$303,304. Design and permitting took place over the first part of FY 2015-2016. A groundbreaking ceremony was held on April 1, 2016. Construction of the facility ensued and continued throughout the rest of the fiscal year.

During the year the City negotiated with the Titusville Chamber of Commerce to operate and manage the Welcome Center to promote the City's trails, businesses and attractions. A Memorandum of Understanding between the City and the Chamber was signed in the following fiscal year.

In July 2016 the City received a letter of interest from a bicycle shop concessionaire to operate out of the Welcome Center. A Request for Proposals was advertised for a Welcome Center bike shop concessionaire on July 22, 2016 with proposals due on August 22, 2016. In September 2016 an award of proposal was made to East Coast Bicycles, which is now operating as Coast to Coast Bicycles. Both the Chamber and Coast to Coast Bicycles moved into the Welcome Center after completion of the Welcome Center in FY 2016 – 2017.



Conceptual Renderings of the exterior and interior of the Downtown Welcome Center



Welcome Center Groundbreaking Ceremony – April 1, 2016

Stages of Development



6/22/16



6/30/16



7/26/16



8/22/16



Interior under construction 9/26/16



Welcome Center under construction – 9/30/16

Concrete Street Repair at Grace Street and Riverside Drive

The CRA funded concrete street repair at the intersection of Grace Street and Riverside Drive in the Residential Historic District of the CRA in FY 2015 - 2016. The concrete streets in the Residential Historic District are part of the historic fabric of the this district. Due to their age, many portions of the concrete streets in this area are cracking and buckling and are in need of replacement. Based on public meetings, the majority of residents have spoken in favor of maintaining the concrete roads. The City's Public Works Department has prioritized the portions of the concrete roads in this area that need replacement and the CRA will be annually funding the work to repair the concrete section by section based on the priority list in order to maintain the district's historic character.



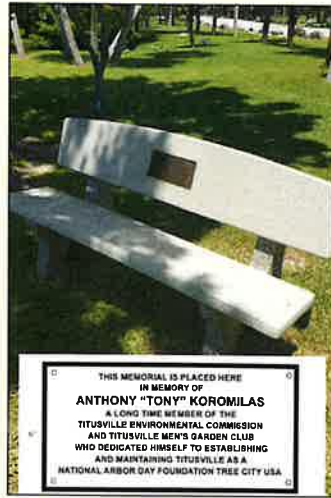
Removal and repair of concrete at the Grace St. & Riverside Dr. intersection



Completed concrete street repair at the Grace St. & Riverside Dr. intersection

Memorial Bench at Sand Point Park

In March 2016 the Titusville Environmental Commission (TEC) made a request to the CRA to fund a memorial bench and plaque in honor of Anthony "Tony" Koramilas, a long time TEC member and chairman at Sand Point Park. The CRA unanimously approved the request at a cost of \$1,595.87.



The Non-Capital Projects that occurred over the fiscal year are as follows:

- ❖ US 1 Corridor Streetscape Landscaping and Maintenance,
- ❖ Community Policing,
- ❖ Downtown Street Events and Marketing,
- ❖ Historic Preservation Board activities,
- ❖ Downtown Mobility Committee Report,
- ❖ Wayfinding Master Plan adopted,
- ❖ Julia & Nevins Courts renovation advisability,
- ❖ Sand Point Park Splash Pad.
- ❖ Downtown Murals including a proposed First Responders Mural at the Fire Headquarters.
- ❖ Text amendment to the DMU, Downtown Mixed Use Zoning District regulations to permit outdoor seating at Food & Dining establishments in the CRA without a conditional use
- ❖ Commercial Interior Building Renovation Incentive Grant Program

Titusville Landscaping and Maintenance

The CRA continued its funding of the general maintenance of the plantings, lighting and street furniture funded by the CRA along the US-1 corridor (Washington Avenue & Hopkins Avenue) and in the Titusville Downtown Commons area. The maintenance provided by the CRA along the US-1 corridor is at a higher level of maintenance than provided by the Florida Department of Transportation and helps to protect the CRA's investment. The CRA also continues to fund the irrigation and utilities along US 1. Repairs to the irrigation system along both roadways were made by Public Works staff in preparation for replacement vegetation scheduled to be planted in FY 2016-2017.



Original Landscaping in the Julia Street Courtyard and Downtown Commons



US 1 Streetscape – Washington Avenue, Downtown Core Area

Community Policing

In June 2014, the CRA initiated a Community Policing program. The program consists of law enforcement officers deployed on an overtime basis during varying days and times. Increased activities in the CRA District include business contacts, directed patrols, traffic details, community relations, neighborhood patrols and anti-burglary details. This is thought to be a more cost effective method to provide coverage as needed, rather than one full-time officer who would have less flexibility to address issues as they arise.

Program accomplishments for the fiscal year are listed below. As the community policing initiative augments the Titusville Police Department's regular presence in the CRA, only those activities conducted during the community policing details are provided.

Business Burglaries: 36
Residential Burglaries: 7
Vehicle Burglaries: 19

Stolen Vehicles: 8

Robberies: 2

Property Checks: 402

Trespass/unwanted: 229
Citizen Contacts/Suspicious Persons: 201

Traffic Stops: 779
Citations: Issued on 20% of the stops
Vehicle Crashes: 153

Lieutenant Glen Hamann attends monthly Downtown Merchant Association meetings and held a crime prevention meeting for residents and property owners in the CRA district during the fiscal year.

The Community Policing program has been acknowledged a success by the residents and property owners within the CRA.

Downtown Events and Marketing

Based on a new Agency policy adopted by the CRA in FY 2015 – 2016 where the CRA approved the creation of special event grant funding criteria based on a per diem maximum rate of \$3,000/day for street closures, \$325/day for police, fire and emergency services, and \$310/day for portable restrooms, the CRA assisted six (6) special events with grants helping to fund these specific public services. The support of these events increased visibility, foot traffic and economic vitality within the downtown area. These events included the Veterans Appreciation Parade, Art & Algorithms, Rotary Chili Cook-Off, Let It Snow, Friday Nite Live (monthly downtown street parties) sponsored by the Downtown Merchants Association, and the Lights of Hope holiday event at Sand Point Park. Approximately \$ 30,327 was spent on Special Events by the CRA in FY2015-2016.

At the October 2015 CRA meeting the Agency voted to recommend to City Council that future funding assistance for special events in the City be paid for from the General Fund. In December 2015 the City Council approved a resolution establishing guidelines for the expenditure of public funds for special events. General funds and not CRA funds were to be used to provide valid public services for special events in the City in the future.



"Let It Snow" Event



Holiday Parade

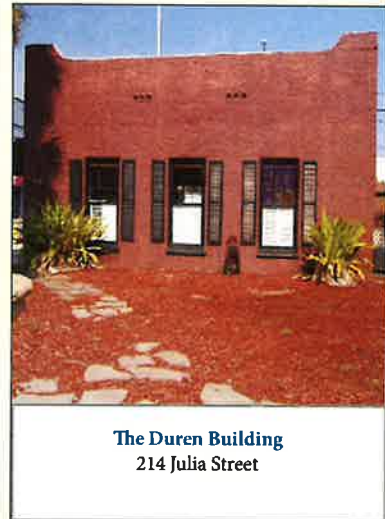
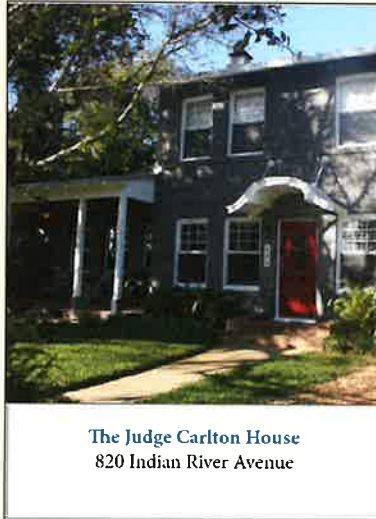
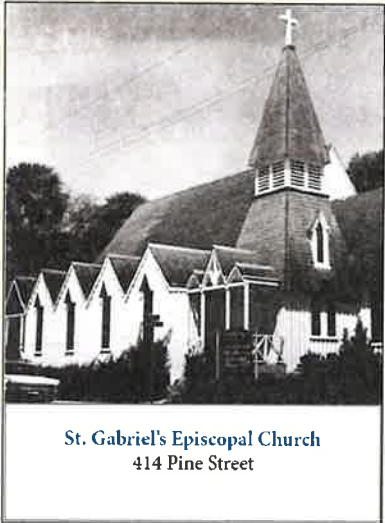


Friday Nite Live Events

Historic Preservation

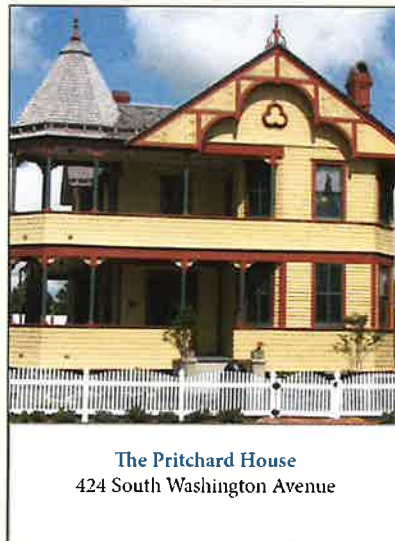
Four (4) properties located within the CRA district were nominated and three (3) were designated to the City of Titusville's Local Register of Historic Places in FY 2015 – 2016. The fourth property located in the district received its local designation in FY 2016 – 2017. The following properties in the CRA were nominated and designated during the fiscal year:

- ❖ St. Gabriel's Episcopal Church at 414 Pine Street,
- ❖ Judge Carleton House at 820 Indian River Avenue, and
- ❖ Duren Building at 214 Julia Street.



The following property in the CRA was nominated but not designated until FY 2016 – 2017:

- ❖ Pritchard House at 424 S. Washington Street.



The designation of these properties to the Local Historic Register helps to protect and preserve the City's heritage and culture. The preservation of historic resources in the downtown adds to the City's civic pride and creates pedestrian and visitor appeal, which provides economic development for the City.

Downtown Mobility Committee

In June 2015, the CRA created an ad-hoc Downtown Mobility Committee consisting of up to seven (7) members with two (2) alternates. The committee was to consist of people familiar with the outdoors

and what it took to move people through mobility corridors in a Trail Town. Specifically the committee was to review the connectivity of the proposed trails coming to the downtown and connectivity between the trails and downtown, the waterfront parks, the proposed Welcome Center and other downtown facilities and amenities. The committee was to consider access, safety, signage, parking and multi-use of the trail.

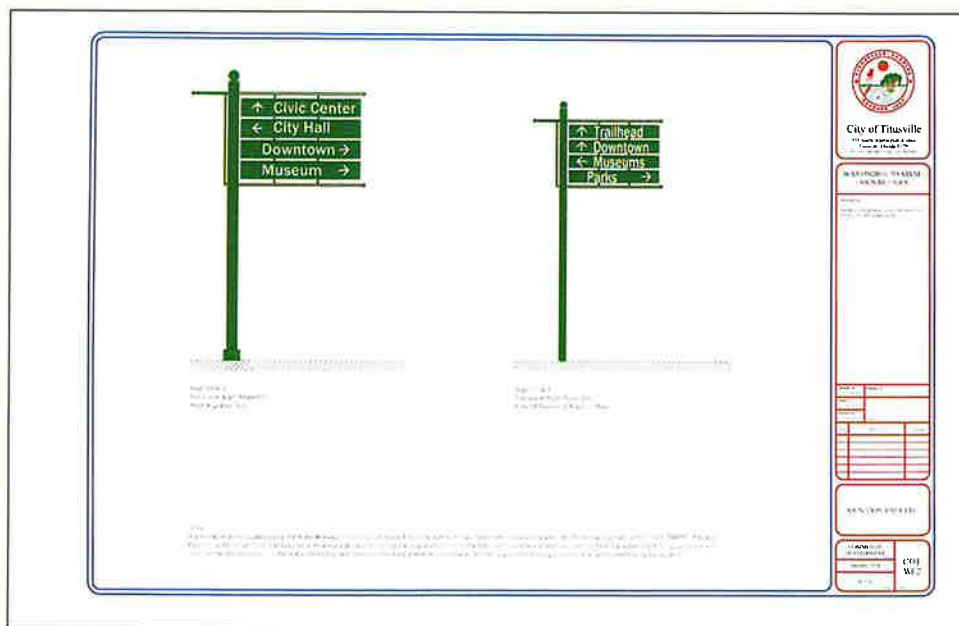
Seven (7) residents were appointed to the committee at the August 2015 CRA meeting. The committee members were:

- ❖ Reva Harris
- ❖ Julie Hilligoss
- ❖ Dan McGivern
- ❖ Kennedy Poff
- ❖ Chris Scalzi
- ❖ Dory Valentine
- ❖ Marty Winkel

The committee met monthly from August 2015 to December 2015. Their work culminated in January 2016 with the adoption of the Downtown Mobility Committee Report by the CRA and City Council. The Report developed thirty two (32) assessment/recommendation items relating to the connectivity of the downtown to proposed regional and national trails. The assessments/recommendations were categorized into six (6) categories: Aesthetics, amenities, safety, publications-community outreach, routes and wayfinding. The Report's recommendations will be implemented by the City and CRA over time as resources permit.

Wayfinding Master Plan

Based on the recommendation of Downtown Mobility Committee and a goal of the Titusville Redevelopment Plan, Staff created a Wayfinding Master Plan, which included wayfinding for trail users in the downtown to help direct visitors and residents to the Downtown Welcome Center and other points of interest in the downtown and area. The plan was used to advertise bids for downtown wayfinding signage in the CRA in September 2016. The submittals to the advertisement were due in October 2016 in FY 2016 – 2017.

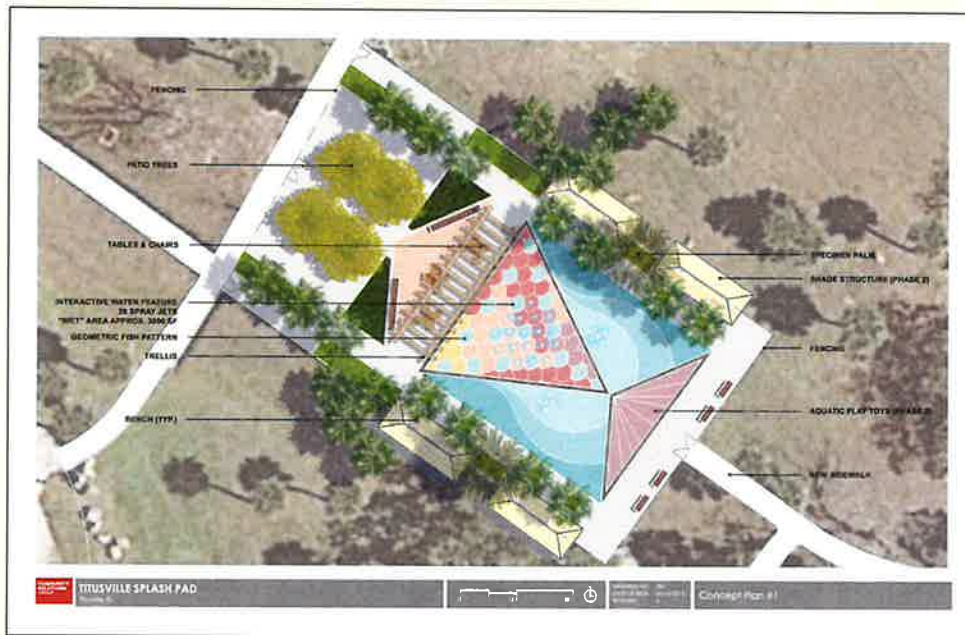


Julia and Nevins Court Renovation

In July 2016 the CRA provided advisability on the use of the Nevins and Julia Courtyards. In order to make the courtyard use more flexible and usable for events and visitors, the approval was granted to remove the existing courtyard structures and install shade structures with tables and chairs. Work on the courtyards did not occur until FY 2016 – 2017.

Sand Point Park Splash Pad

The Titusville Rotary and Kiwanis Service Organizations approached the City regarding building splash pads at Sand Point Park and Marina Park. Both organizations joined forces to fund raise to build one (1) splash pad at Sand Point Park. Fund raising took place during the fiscal year by the organizations and others including the 40 Days of Generosity group, school groups and individuals. Sufficient donation funds and City general funds were raised to move forward to develop design plans for the Splash Pad. No funds from the CRA were committed to the project during the fiscal year.



Conceptual graphic of the proposed Splash Pad

Downtown Murals

The North Brevard Mural Society provided a presentation to the CRA at the December 2015. The group informed the CRA about the murals that had been commissioned in the downtown CRA area and reported on future potential mural sites and ideas. A video was shown of Lake Placid, Florida and how murals became a tourist attraction and economic development tool for that city. A Florida Mural Trail was being formed in the state comprised of cities that had at minimum of five (5) wall murals and it is a goal of the Mural Society to have Titusville on the State Mural Trail. The idea of a "First Responders" mural at the Fire Headquarters in the downtown was discussed by the Agency. In February when it was determined that there was additional tax increment received over the estimate that was budgeted for the year, the CRA approved providing \$10,417 of the unbudgeted funds to go towards the Fire Headquarter wall mural. No work was performed on proposed the Fire Headquarters mural during the fiscal year.

Murals Painted in the CRA in FY 2015 – 2016



"Space and Time Capsule" at 5 Main St.



"Paddling Our Wildlife Paradise" at 410 S. Hopkins Ave.



"Reflections of Our Past" at Main St. & Washington Ave.

Text Amendment to Permit Outdoor Seating at Food and Dining Establishments in the DMU, Downtown Mixed Use Zoning District

The CRA provided advisability to staff in July 2016 to amend the DMU, Downtown Mixed Use zoning district regulations to allow outdoor seating at food and dining establishments in the CRA without having to receive a conditional use approval. The requirement to obtain a conditional use for outdoor seating for food and dining businesses in the downtown area required an applicant to go before the Planning and Zoning Board, the CRA and the City Council. Requiring a food and dining business to go through all of the public meetings was deemed to be contrary to goals of the Redevelopment Plan and the City's Comprehensive Plan policies, which encouraged the creation of outdoor pedestrian places to create a vibrant and active downtown. In August 2016 the CRA and City Council approved a text amendment to the zoning code to permit outdoor seating for food and dining establishments with site criteria.

Commercial Interior Building Renovation Incentive Grant Program

One of the items included in the FY 2016 – 2017 proposed budget was the creation of a Building Improvement/Loan Program. Staff found that renovation of older and historic buildings in the downtown many times is deterred by the expense required to bring older buildings up to today's Americans with Disabilities Act (ADA), the Florida Fire Protection Code, and the Florida Building Code. In response to this Staff drafted a Commercial Interior Building Renovation Incentive Grant Program to help property owners and commercial tenants of older buildings to expand and improve their under-used buildings to increase commercial and mixed use intensity, bring their buildings up to code, assist small businesses in the CRA to grow and prosper and to promote job creation in the district. This grant program offers financial assistance in the form of a reimbursable, 50% matching grant up to a maximum of \$50,000 to the property owner or business owner for eligible expenses associated with the renovation and rehab of the following interior elements of commercial and mixed use building space:

- ❖ ADA requirements
- ❖ Florida Fire Protection Code requirements
- ❖ Florida Building Code requirements including:
 - Interior plumbing to meet code
 - Interior electrical system including lighting to meet code
 - HVAC system to meet code

The CRA approved of the program in September 2016 with the program to go into effect starting on the first of FY 2016 – 2017.

Financial Audit Information

The financial information for the Titusville CRA on the following pages is as reported by the independent auditing firm of Cherry Bekaert, LLP, 800 North Magnolia Avenue, Suite 1300, Orlando, Florida 32803-3255. The data was taken from the City of Titusville's Comprehensive Annual Financial Report, Fiscal Year ended September 30, 2016. The financial statement provides information on the Agency's assets, liabilities, income, and operating expenses as of the end of fiscal year 2015 – 2016 in accordance with Chapter 163, Part III, Florida Statutes.

**City of Titusville, Florida
Downtown Community Redevelopment Agency**

**Balance Sheet
Governmental Funds
September 30, 2016**

Assets

Cash	\$ 136,393
Investments	502,028
Receivables, net	
Advances to other funds	-
<u>Inventories</u>	<u>-</u>
Total assets	\$ 638,421

Liabilities

Accounts payable	28,774
Accrued liabilities	4,417
Advances from other funds	79,185
<u>Unearned revenue</u>	<u>-</u>
Total liabilities	\$ 112,376

Fund balance

Nonspendable	-
Restricted	526,045
Committed	-
Assigned	-
<u>Unassigned</u>	<u>-</u>
Total fund balance	526,045
Total liabilities and fund balance	\$ 638,421

The notes to the financial statements are an integral part of this statement. (See CAFR)

City of Titusville, Florida
Downtown Community Redevelopment Agency
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended September 30, 2016

Revenues

Taxes:	
Property taxes	\$ 766,683
Local option gas tax	-
Utility and franchise taxes	-
Intergovernmental	-
Licenses and permits	-
Charges for services	-
Fines and forfeitures	-
Investment earnings (loss)	12,333
Impact fees	-
Miscellaneous revenue	-
Total revenue	\$ 779,016

Expenditures

Current:	
Legislative	-
Executive	-
Legal Counsel	-
Community development	289,984
Public Works	-
Public Safety	-
Support Services	-
General administrative services	-
Debt Service:	
Principal	-
Interest	-
Debt cost/administration fees	-
Capital Outlay/Improvements	343,471
Total expenditures	\$ 633,455
Excess (deficiency) of revenues –	
Over (under) expenditures	145,561

Other Financing Sources (Uses)

Transfers in	
Transfers out	(304,066)
Capital leases	-
Total other financing sources (uses)	(304,066)
Net change in fund balances	(158,505)

Beginning fund balances	684,550
Ending fund balances	\$ 526,045

The notes to the financial statements are an integral part of this statement. (See CAFR)

City of Titusville, Florida
Downtown Community Redevelopment Agency

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

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

TOWN OF PALM SHORES



"The Little Town That Cares"

March 6, 2017

Economic and Financial Program
Board of County Commissioners
2725 Judge Fran Jamieson Way
Viera, FL 32940

Re: Town of Palm Shores, Florida

To Whom It May Concern:

Enclosed please find a copy of our certified audit report for year ending September 30, 2016. This report was presented to the Town Council on February 28, 2017 and was prepared by Berman, Hopkins, Wright and LaHam.

I trust this information will meet your requirements. If I may be of any further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Carol M. McCormack".

Carol M. McCormack
Mayor

Encl.

**TOWN OF
PALM SHORES,
FLORIDA**

**Basic
Financial Statements and
Supplementary
Information**

**Year ended
September 30, 2016**

TOWN OF PALM SHORES, FLORIDA

Official Directory

September 30, 2016

Carol McCormack	Mayor
Frank Falcone	Vice-Mayor
Chase Chambliss	Council Man
Paul Bonville	Council Man
Sharon Secord	Council Woman

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Funds	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	27
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Community Redevelopment Fund	28
Note to Required Supplementary Information	29

TABLE OF CONTENTS (continued)

	Page
SUPPLEMENTAL COMBINING FUND FINANCIAL STATEMENTS	
Nonmajor Governmental Funds	
Nonmajor Governmental Funds - Combining Balance Sheet	32
Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	33
Nonmajor Governmental Funds - Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	34
COMPLIANCE	
Independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	35
Management letter	37
Management findings and recommendations	39
Independent accountant's report on investment compliance	40

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Town Council
Town of Palm Shores, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Palm Shores, Florida as of September 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 Town's basic financial statements. The accompanying supplemental information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

February 16, 2017
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

**TOWN OF PALM SHORES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

As management of the Town of Palm Shores, Florida (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2016. Consideration should be given to the information presented here in conjunction with information that has been furnished in the basic financial statements and notes, on pages as listed on the table of contents.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$2,871,644 (Net Position). Of this amount, \$999,262 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the fiscal year the Town's total net position increased by \$203,985. The Town continues to monitor expenses closely.
- The Town received \$103,885 in Community Redevelopment funds.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,100,690, an increase of \$252,907 over the previous fiscal year. Of this amount, \$1,000,049 is available for spending at the Town's discretion (unassigned).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- The statement of net position presents information on all of the Town's assets, deferred outflows, liabilities, differed inflows, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The statement of activities presents information showing how the Town'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.

- The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, public facilities, transportation, economic development, and culture and recreation. The Town has no business type activities.

The government-wide financial statements can be found on pages as listed on the table of content of this report.

2) 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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has only one category of funds - governmental 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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Community Redevelopment Fund, both identified as major funds.

The basic governmental fund financial statements can be found on pages as listed on the table of contents of this report.

3) Notes to the financial statements. The notes provide additional information 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 as listed on the table of contents of this report.

Government-wide Financial Analysis

Comparison of the condensed statement of net position is provided below.

Town of Palm Shores Statement of Net Position

	Governmental Activities		
	2016	2015	Variance
ASSETS			
Current assets	\$ 1,135,806	\$ 870,364	\$ 265,442
Capital assets	1,776,484	1,825,843	(49,359)
Total assets	<u>2,912,290</u>	<u>2,696,207</u>	<u>216,083</u>
LIABILITIES			
Current liabilities	35,116	22,581	12,535
Noncurrent liabilities	5,530	5,967	(437)
Total liabilities	<u>40,646</u>	<u>28,548</u>	<u>12,098</u>
NET POSITION			
Net investment in capital assets	1,776,484	1,825,843	(49,359)
Restricted	95,898	40,952	54,946
Unrestricted	999,262	800,864	198,398
Total net position	<u>\$ 2,871,644</u>	<u>\$ 2,667,659</u>	<u>\$ 203,985</u>

Current assets increased approximately \$265,000 due to an increase in cash. The Town's capital assets decrease relates to current year depreciation expense of approximately \$77,000 offset by current year additions. Total liabilities increased by \$12,098 due to slight increases in accounts payable and accrued wages.

The Town's investment in capital assets, e.g., land, buildings and improvements, improvements other than buildings, furniture and equipment, and infrastructure, net of related debt to acquire these assets, represents 62% of the Town's net position.

Approximately 3.3% of the Town's net position represents sources that are subject to restrictions on how they may be used. The Town's unrestricted resources increase by 25% from the prior year.

Comparison of the Town's statement of activities for the years ended September 30 is provided below.

**Town of Palm Shores
Statement of Activities**

	Governmental Activities		
	2016	2015	Variance
Program revenues:			
Charges for services	\$ 299,395	\$ 99,644	\$ 199,751
Operating grants and contributions	103,885	84,542	19,343
Total program revenues	<u>403,280</u>	<u>184,186</u>	<u>219,094</u>
General revenues:			
Franchise fees	62,984	63,589	(605)
Utility and communication service taxes	83,446	80,172	3,274
Motor fuel taxes	21,434	19,477	1,957
State shared revenues	72,800	70,067	2,733
Interest income	1,776	2,148	(372)
Other revenues	21,300	18,953	2,347
Total general revenues	<u>263,740</u>	<u>254,406</u>	<u>9,334</u>
Total revenues	<u>667,020</u>	<u>438,592</u>	<u>228,428</u>
Expenses:			
General government	344,226	305,983	38,243
Public safety	-	120	(120)
Public facilities	1,049	1,049	-
Transportation	49,828	53,111	(3,283)
Economic development	66,003	56,366	9,637
Culture and recreation	1,929	7,839	(5,910)
Total expenses	<u>463,035</u>	<u>424,468</u>	<u>38,567</u>
Increase in net position	<u>203,985</u>	<u>14,124</u>	<u>189,861</u>
Net position, beginning	<u>2,667,659</u>	<u>2,653,535</u>	<u>14,124</u>
Net position, ending	<u>\$ 2,871,644</u>	<u>\$ 2,667,659</u>	<u>\$ 203,985</u>

Charges for services increased by approximately \$200,000 mostly due to more permits in the current year related to the new subdivision construction and the Wawa gas station added during fiscal year 2016. The increase was also due to the higher expenditures of impact funds.

Operating grants and contributions reflects an increase over the prior year of approximately \$19,000, which is due to higher funding in the current year. Total general revenues increased slightly by approximately \$9,000. The increase is due mostly to the higher fund appropriations for utility and communication service taxes, and state shared revenues. Also, the Town renewed an agreement with a nearby diner to lease parking spaces. This agreement is generating approximately \$1,800 per year.

General government expenses increased by approximately \$38,000 mostly due to the employees' raises in the current year and increase in salary for inspections related to the increase of permit fees issued during the year. The economic development expenditures increased from prior year by approximately \$9,600 as a result of the use of the Facade Grant money redevelopment purchases. The culture and recreation expenditures decreased by approximately \$6,000 due to less repairs and maintenance performed in the current year.

Fund Financial Statements

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined fund balances of \$1,100,690, an increase of \$252,907 in comparison with the prior year. The combined fund balance amount is comprised of non-spendable funds of \$4,743, restricted funds of \$95,898 and unassigned funds of \$1,000,049 which is available for spending at the government's discretion. At the year end, there were no outstanding contracts or purchase orders.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, total fund balance of the General Fund was \$1,004,792, of which \$4,743 is non-spendable fund balance, and \$1,000,049 is unassigned fund balance.

General Fund Budgetary Highlights

The following information is presented to assist the reader in comparing actual results with budgetary amounts. The general fund budgetary highlights can be found as listed on table of contents of this report.

The actual revenues exceeded budgeted revenues by \$197,961. The budgeted expenditures exceeded actual expenditures by \$2,184.

Capital Asset and Debt Administration

- **Capital Assets:** The Town's total capital assets for its governmental activities as of September 30, 2016, amounts to \$1,776,484 (net of accumulated depreciation). The Town purchased capital assets in 2016 for \$28,619, which relates to the acquisition of new banners, a sound system, and park improvements. This investment in capital assets includes land, buildings and improvements, improvements other than buildings, furniture and equipment, and infrastructure.
- At the end of the current fiscal year, the Town had no outstanding debt.

Additional information on the Town's capital assets can be found in Note C to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The Town does not assess property tax.
- The Town has budgeted for \$464,700 in expenditures for fiscal year ending September 30, 2017.

Request for information

This financial report is designed to provide a general overview of the Town of Palm Shores, Florida's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the management staff of the Town of Palm Shores, Florida.

Town of Palm Shores, Florida

STATEMENT OF NET POSITION

September 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,131,063
Prepaid expenses	4,743
Total current assets	<u>1,135,806</u>
Capital assets, not being depreciated	
Land	881,602
Capital assets, net of accumulated depreciation	
Buildings and improvements	348,616
Improvements other than buildings	175,316
Furniture and equipment	21,596
Infrastructure	349,354
Total capital assets	<u>1,776,484</u>
Total assets	<u>2,912,290</u>
LIABILITIES	
Accounts payable	8,005
Accrued wages payable	9,865
Unearned revenue	13,139
Other liabilities	4,107
Noncurrent liabilities	
Due in more than one year	5,530
Total liabilities	<u>40,646</u>
Net Position	
Net investment in capital assets	1,776,484
Restricted for:	
Community redevelopment	42,585
Public facilities	28,257
Culture and recreation	25,056
Unrestricted	999,262
Total net position	<u>\$ 2,871,644</u>

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

Town of Palm Shores, Florida

STATEMENT OF ACTIVITIES

Year ended September 30, 2016

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 344,226	\$ 199,658	\$ -	\$ -	\$ (144,568)
Public safety	-	63,758	-	-	63,758
Public facilities	1,049	-	-	-	(1,049)
Transportation	49,828	35,979	-	-	(13,849)
Economic development	66,003	-	103,885	-	37,882
Culture and recreation	1,929	-	-	-	(1,929)
Total	<u>\$ 463,035</u>	<u>\$ 299,395</u>	<u>\$ 103,885</u>	<u>\$ -</u>	<u>(59,755)</u>
General revenues:					
Taxes:					
					62,984
					83,446
					21,434
					72,800
					1,776
					21,300
					<u>263,740</u>
					203,985
					<u>2,667,659</u>
					<u>\$ 2,871,644</u>

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

Town of Palm Shores, Florida
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2016

	General	Community Redevelopment	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,131,063	\$ -	\$ -	\$ 1,131,063
Prepaid expenses	4,743	-	-	4,743
Due from other funds	-	45,135	53,313	98,448
Total assets	\$ 1,135,806	\$ 45,135	\$ 53,313	\$ 1,234,254
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,692	\$ 1,313	\$ -	\$ 8,005
Accrued wages payable	8,716	1,149	-	9,865
Unearned revenue	13,139	-	-	13,139
Due to other funds	98,448	-	-	98,448
Other liabilities	4,019	88	-	4,107
Total liabilities	131,014	2,550	-	133,564
Fund balance				
Non-spendable				
Prepaid expenses	4,743	-	-	4,743
Restricted				
Special revenue funds	-	42,585	53,313	95,898
Unassigned	1,000,049	-	-	1,000,049
Total fund balances	1,004,792	42,585	53,313	1,100,690
Total liabilities and fund balances	\$ 1,135,806	\$ 45,135	\$ 53,313	\$ 1,234,254

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

Town of Palm Shores, Florida

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

September 30, 2016

Fund balances - total governmental funds		\$ 1,100,690
The net position reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Land	\$ 881,602	
Buildings and improvements, net	348,616	
Improvements other than buildings, net	175,316	
Furniture and equipment, net	21,596	
Infrastructure, net	<u>349,354</u>	
		1,776,484
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Compensated absences		<u>(5,530)</u>
Total net position of governmental activities		<u>\$ 2,871,644</u>

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

Town of Palm Shores, Florida

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year ended September 30, 2016

	General	Community Redevelopment	Other Governmental	Total Governmental Funds
REVENUES				
Taxes	\$ 167,864	\$ -	\$ -	\$ 167,864
Licenses and permits	198,658	-	-	198,658
Intergovernmental	72,800	103,885	-	176,685
Charges for services	39,258	-	40,188	79,446
Transportation	35,979	-	-	35,979
Interest income	1,776	-	-	1,776
Miscellaneous	6,612	-	-	6,612
	<u>522,947</u>	<u>103,885</u>	<u>40,188</u>	<u>667,020</u>
EXPENDITURES				
Current				
General government	285,364	36,223	-	321,587
Transportation	36,241	13,587	-	49,828
Economic development	30	12,120	-	12,150
Culture and recreation	-	1,399	530	1,929
Capital outlay	3,351	19,967	5,301	28,619
	<u>324,986</u>	<u>83,296</u>	<u>5,831</u>	<u>414,113</u>
Excess (deficiency) of revenues over (under) expenditures	197,961	20,589	34,357	252,907
Fund balances at October 1, 2015	<u>806,831</u>	<u>21,996</u>	<u>18,956</u>	<u>847,783</u>
Fund balances at September 30, 2016	<u>\$ 1,004,792</u>	<u>\$ 42,585</u>	<u>\$ 53,313</u>	<u>\$ 1,100,690</u>

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

Town of Palm Shores, Florida

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES**

Year ended September 30, 2016

Net change in fund balances - total governmental funds	\$	252,907
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	\$	28,619	
Depreciation expense		<u>(76,836)</u>	(48,217)

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance.

Loss on disposal of capital assets		(1,142)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses are:

Compensated absences		<u>437</u>
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Change in net position of governmental activities	\$	<u><u>203,985</u></u>
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The accompanying notes are an integral part of this financial statement.

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Palm Shores, Florida (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Town are described below.

1. Reporting entity

The Town was incorporated and organized by a special act of the Florida legislator in 1959 as a municipality with a Mayor and a four-member Council. Both the Mayor and Council are elected by the registered voters of the Town. The Council elects a Vice-Mayor from among its members annually. The Town provides a wide range of services as directed by the Town Charter, including general government, inspections, planning and zoning, and other related general and administrative services for its approximately 922 residents.

In evaluating the Town as a reporting entity, management has addressed all potential component units that may, or may not fall within the Town's oversight and control, and thus, be included in the Town's financial statements. The component unit represents the entity for which the Town of Palm Shores is financially accountable. The Community Redevelopment Agency is a blended component unit disclosed together within the Town's financial statements in accordance with GASB Statement No. 61. The Community Redevelopment Agency, (the "CRA") was organized under Section 163 of the Florida Statutes and formally came into existence during the fiscal year ending September 30, 2004. A blended component unit, although legally a separate entity, is, in substance, part of the government's operations and, therefore, data from this unit may be combined with data of the primary government.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the primary government as a whole. As part of the consolidation process, all interfund activities are eliminated from these statements.

Net position, the total of assets, deferred outflows, liabilities, and deferred inflows as presented in the statement of net position, are subdivided into three categories: net investments in capital assets; restricted net position; and unrestricted net position. Net position is reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.

Town of Palm Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function or segment and its program revenues, and displays the extent to which each function or segment contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate fund financial statements report detailed information about the Town's governmental funds. The focus of governmental fund financial statements is on major funds. Therefore, major funds are reported as separate columns in the fund financial statements and non-major funds are aggregated and presented as a single column on each statement. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting and financial statement presentation (continued)

Franchise and utility taxes, state revenue sharing and charges for services (except for investment earnings) associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Investment earnings are recorded when earned.

The Town reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the Town and is used to account for all financial resources except those required to be accounted for in another fund.

Community Redevelopment Fund - This special revenue fund accounts for the Town's community redevelopment revenues, which are restricted by law or administrative action to expenditures for community redevelopment.

4. Cash, cash equivalents and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and pooled investments with the State Board of Administration.

Florida Statutes authorize the Town to invest in the Local Government Surplus Funds Trust Fund, which is administered by the State Board of Administration; obligations of, or obligations the principal and interest of which are unconditionally guaranteed by the United States Government; interest bearing time deposits or savings accounts in banks and savings and loan organized under Laws of the United States; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, or obligations guaranteed by the Government National Mortgage Association; and obligations of the Federal National Mortgage Association.

5. Receivables

After reviewing the individual account balances, the Town's management has determined that 100% of the receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital assets

Capital assets, which include land, buildings and improvements, improvements other than buildings, furniture and equipment, and infrastructure assets (i.e. park rehabilitation) are reported in the applicable governmental columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at cost when purchased. Contributed capital assets are capitalized at their fair value at the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Pursuant to GASB Statement No. 34, the Town has elected not to record and depreciate infrastructure assets placed in service prior to the fiscal year ended September 30, 2006. Current year additions are placed in service and recorded as a capital asset.

Depreciation is provided using the straight-line method over the estimated useful lives of the various classes of depreciable assets. The estimated useful lives of the various classes of depreciable assets are as follows:

Asset class	Estimated useful lives (years)
Buildings and improvements	10-40
Improvements other than buildings	10-40
Furniture and equipment	5-7
Infrastructure	40

7. Compensated absences

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

8. Long-term obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities.

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Income tax

The Town qualifies as a tax-exempt entity and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

10. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reported year. Actual results could differ from these estimates.

11. Fund balance classification

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

Fund Balance - The difference between assets and all current operational commitments and liabilities reported in a governmental fund.

Non-spendable Fund Balance - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (inventories, prepaid expenditures) and items such as long-term amount of loans, property acquired for resale, as well as unrealized gains.

Restricted Fund Balance - Amounts that have externally enforceable limitations on use of resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Council, the Town's highest level of decision making authority. Commitments may only be removed or changed by the Town Council taking the same formal action (resolution) that imposed the constraint originally.

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Fund balance classification (continued)

Assigned Fund Balance - Amounts that are constrained by the Town's intent to be used for specific purposes that are neither considered restricted or committed. The authority to assign fund balance lies with the Mayor.

Unassigned Fund Balance - The residual classification for the General Fund resources. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Restricted amounts shall be spent first unless there are legal documents/contracts prohibiting this, such as grant agreements. Further, the order of priority shall be 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 classifications could be used.

For the year ending September 30, 2016, the breakout of the fund balances is shown below:

	General Fund	Community Redevelopment	Other Governmental Funds	Total
Nonspendable				
Prepaid expenses	\$ 4,743	\$ -	\$ -	\$ 4,743
Restricted				
Community				
Redevelopment	-	42,585	-	42,585
Public facilities	-	-	28,257	28,257
Culture and recreation	-	-	25,056	25,056
Unassigned	1,000,049	-	-	1,000,049
Total fund balance	<u>\$1,004,792</u>	<u>\$ 42,585</u>	<u>\$ 53,313</u>	<u>\$1,100,690</u>

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Property tax

The Town of Palm Shores derives no revenue from property taxes. Therefore, a millage rate is not applicable.

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Town's cash, cash equivalents and investments at September 30, 2016 consisted of the following:

	<u>Fair Value</u>	<u>Duration</u>	<u>Rating</u>
Cash	\$ 737,346	N/A	Not rated
Certificates of deposit	336,988	6 months to 1 year	Not rated
Local government pooled investment accounts:			
Florida PRIME	<u>56,729</u>	35	AAAm
Total cash and cash equivalents and restricted investments	<u>\$1,131,063</u>		

The Town maintains its cash and cash equivalent balances in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to \$250,000 per depositor. At September 30, 2016, the Town's cash and cash equivalent balances were fully insured. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the Town pursuant to Section 280.08, Florida Statutes. Financial institutions must meet the criteria of being a Qualified Public Depository as described in the Florida Security for Public Deposits Act, under Chapter 280, Florida Statutes, before any investments are made with those institutions.

The local government pooled investment account is administered by the State Board of Administration and is composed of local government surplus funds deposited therein by units of local government. The investing of public funds with the State Board of Administration is governed by Section 218.407, Florida Statutes. The investments with the State Board of Administration consist largely of federal agency obligations, repurchase agreements, banker's acceptance and commercial paper.

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE B - CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

On December 23, 2008, all Local Government Investment Pool ("LGIP") fund balances became 100% liquid. The LGIP was given a new name, "Florida PRIME", on August 3, 2009. The Florida PRIME is operated as a "2a7-like" money market fund. As of September 30, 2016, the Town had \$56,729 in Florida PRIME.

Interest rate risk - The interest rate risk is the risk that the value of investments will decrease as a result of a change in interest rates. The interest bearing deposits maintained by the Town earned between 0.11% and 0.6% during the year ending September 30, 2016.

Credit risk - The Town's adopted investment guidelines require that the investments of the Town be limited to those investments contained in Florida Statutes 218.415(17) subparagraphs (a) through (d), which allow investments in the local government pooled investment account, securities and exchange commission required money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories, and direct obligations of the U.S. Treasury. The Town's investment policy does not further limit its investment choices. As of September 30, 2016, the Florida Prime Fund was rated by S&P, nationally recognized statistical rating organization, as noted in the table above.

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE C - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 881,602	\$ -	\$ -	\$ 881,602
Total capital assets, not being depreciated	881,602	-	-	881,602
Capital assets, being depreciated:				
Building and improvements	559,856	-	-	559,856
Improvements other than buildings	421,221	9,722	16,700	414,243
Furniture and equipment	129,424	8,652	-	138,076
Infrastructure	492,434	10,245	-	502,679
Total capital assets being depreciated	1,602,935	28,619	16,700	1,614,854
Less accumulated depreciation for:				
Buildings and improvements	196,670	14,570	-	211,240
Improvements other than buildings	219,594	34,891	15,558	238,927
Furniture and equipment	109,131	7,349	-	116,480
Infrastructure	133,299	20,026	-	153,325
Total accumulated depreciation	658,694	76,836	15,558	719,972
Total capital assets, being depreciated, net	944,241	(48,217)	1,142	894,882
Governmental activities capital assets, net	<u>\$ 1,825,843</u>	<u>\$ (48,217)</u>	<u>\$ 1,142</u>	<u>\$ 1,776,484</u>

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

General government	\$ 21,934
Public facilities	1,049
Community redevelopment	<u>53,853</u>
Total depreciation expense	<u>\$ 76,836</u>

Town of Palm Shores, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE D - INTERFUND ACTIVITY

Due to/from other funds at September 30, 2016 is summarized as follows:

Fund	Due from other funds	Due to other funds
General fund	\$ -	\$ 98,448
Community Redevelopment	45,135	-
Other governmental funds	53,313	-
	<u>\$ 98,448</u>	<u>\$ 98,448</u>

The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. The Town intends to pay the above interfund balances within the coming year.

NOTE E - LONG-TERM LIABILITIES

Compensated absences in the governmental activities are classified as non-current liabilities and are typically liquidated by the general fund.

Changes in long-term liabilities

	Balance at October 1, 2015	Additions	Reductions	Balance at September 30, 2016	Due within one year
Compensated absences	\$ 5,967	\$ 5,583	\$ 6,020	\$ 5,530	\$ -

NOTE F - OPERATING LEASE

The Town leases two copiers under an operating lease. For the year ended September 30, 2016, total costs for the copier lease were \$3,131.

The future minimum lease payments for these leases are as follows:

Year ending September 30,	Copiers
2017	2,286
2018	1,716
2019	1,716
2020	1,716
2021	1,537
Total	<u>\$ 8,971</u>

Town of Palm Shores, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE G - COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operations, the Town is party to various claims, legal actions and complaints. Some of these matters are covered by the Town's insurance program. While the ultimate effect of any litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the Town's financial position and/or that the Town has sufficient insurance coverage to cover any claims.

NOTE H - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained insurance from commercial underwriters for all the aforementioned risks except workers' compensation. For workers' compensation, the Town has joined with other local governments in the State participating in the Florida League of Cities Municipal Self-Insurance Program ("Program"), a public entity risk pool currently operating as a common risk management and insurance program.

The interlocal agreement with the Program provides that the Program will be self-sustaining through member premiums and will reinsure through commercial companies. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the Town's insurance coverage for each of the past three fiscal years.

NOTE I - SUBSEQUENT EVENTS

The Town has evaluated subsequent events through February 16, 2017; the date on which the financial statements were available for issuance, and has determined that no material events occurred that would require additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Palm Shores, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND**

Year ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 156,500	\$ 156,500	\$ 167,864	\$ 11,364
Licenses and permits	18,200	25,200	198,658	173,458
Intergovernmental	70,800	70,800	72,800	2,000
Charges for services	36,580	36,580	39,258	2,678
Transportation	35,290	35,290	35,979	689
Interest income	800	800	1,776	976
Miscellaneous	2,000	2,000	6,612	4,612
	<u>320,170</u>	<u>327,170</u>	<u>522,947</u>	<u>195,777</u>
EXPENDITURES				
General government	278,550	285,550	285,364	186
Public safety	120	120	-	120
Transportation	39,500	39,500	36,241	3,259
Economic development	-	-	30	(30)
Capital outlay	2,000	2,000	3,351	(1,351)
	<u>320,170</u>	<u>327,170</u>	<u>324,986</u>	<u>2,184</u>
Excess of revenues and other financial uses over expenditures (GAAP basis)	-	-	197,961	197,961
Fund balances at October 1, 2015	<u>572,336</u>	<u>572,336</u>	<u>806,831</u>	<u>234,495</u>
Fund balances at September 30, 2016	<u>\$ 572,336</u>	<u>\$ 572,336</u>	<u>\$ 1,004,792</u>	<u>\$ 432,456</u>

See accompanying note to required supplementary information.

Town of Palm Shores, Florida

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - COMMUNITY REDEVELOPMENT FUND**

Year ended September 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 103,885	\$ (6,115)
Total revenues	110,000	110,000	103,885	(6,115)
EXPENDITURES				
General government	12,300	12,300	36,223	(23,923)
Transportation	16,500	16,500	13,587	2,913
Economic development	-	-	12,120	(12,120)
Culture and recreation	21,200	21,200	1,399	19,801
Capital outlay	60,000	60,000	19,967	40,033
Total expenditures	110,000	110,000	83,296	26,704
Excess (deficiency) of revenues over (under) expenditures	-	-	20,589	20,589
Fund balances at October 1, 2015	7,581	7,581	21,996	14,415
Fund balances at September 30, 2016	<u>\$ 7,581</u>	<u>\$ 7,581</u>	<u>\$ 42,585</u>	<u>\$ 35,004</u>

See accompanying note to required supplementary information.

Town of Palm Shores, Florida

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgets and budgetary accounting

The Town's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Town Council. Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and the major special revenue fund.

The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the budget. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying Budgetary Comparison Schedules for the General and Special Revenue Fund present actual expenditures in accordance with accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

**SUPPLEMENTAL COMBINING FUND
FINANCIAL STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor governmental funds are special revenue funds which are used to account for specific revenues that are legally restricted to expenditure for particular purposes and are funds that were not deemed a major fund by GASB 34 standards.

Public Facilities Impact Fund is used to account for revenues obtained by the Town through impact fees imposed on new businesses within the Town.

Recreation is used to account for revenues obtained by the Town through recreation impact fees imposed on new businesses within the Town.

Town of Palm Shores, Florida

NONMAJOR GOVERNMENTAL FUNDS -
COMBINING BALANCE SHEET

September 30, 2016

	<u>Public Facilities Impact</u>	<u>Recreation</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Due from other funds	<u>\$ 28,257</u>	<u>\$ 25,056</u>	<u>\$ 53,313</u>
LIABILITIES AND FUND BALANCES			
Fund balances			
Restricted	<u>\$ 28,257</u>	<u>\$ 25,056</u>	<u>\$ 53,313</u>

See Independent Auditor's Report.

Town of Palm Shores, Florida

**NONMAJOR GOVERNMENTAL FUNDS -
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Year ended September 30, 2016

	Public Facilities Impact	Recreation	Total Other Governmental Funds
REVENUES			
Charges for service	\$ 25,500	\$ 14,688	\$ 40,188
EXPENDITURES			
Current			
Culture and recreation	530	-	530
Capital outlay	5,301	-	5,301
Total expenditures	5,831	-	5,831
Excess (deficiency) of revenues over (under) expenditures	19,669	14,688	34,357
Fund balances at October 1, 2015	8,588	10,368	18,956
Fund balances at September 30, 2016	\$ 28,257	\$ 25,056	\$ 53,313

See Independent Auditor's Report.

Town of Palm Shores, Florida

NONMAJOR GOVERNMENTAL FUNDS -
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

Year ended September 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Charges for service	\$ 8,000	\$ 9,000	\$ 40,188	\$ 31,188
EXPENDITURES				
Current				
Culture and recreation	-	-	530	(530)
Capital outlay	8,000	9,000	5,301	3,699
Total expenditures	<u>8,000</u>	<u>9,000</u>	<u>5,831</u>	<u>3,169</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	34,357	34,357
Fund balances at October 1, 2015	<u>5,085</u>	<u>5,085</u>	<u>18,956</u>	<u>13,871</u>
Fund balances at September 30, 2016	<u>\$ 5,085</u>	<u>\$ 5,085</u>	<u>\$ 53,313</u>	<u>\$ 48,228</u>

See Independent Auditor's Report.

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

Honorable Mayor and the Town Council
Town of Palm Shores, 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, each major fund, and the aggregate remaining fund information of the Town of Palm Shores, Florida (the "Town") as of and for the year ended September 30, 2016, and related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we consider the Town'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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

This report is intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

February 16, 2017
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

MANAGEMENT LETTER

To the Honorable Members of the Town Council
Town of Palm Shores, Florida

Report on the Financial Statements

We have audited the financial statements of the Town of Palm Shores, Florida (the "Town"), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated February 16, 2017.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's 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* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 16, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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 Town of Palm Shores, Florida was established by and is governed per the special law 54-1407 Laws of Florida. Additional legal entity disclosures are included in Note A-1 of the financial statements. The Town of Palm Shores, Florida has the Community Redevelopment Agency listed as the blended component unit.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Town has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town 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 Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Town for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

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

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

Purpose of this Letter

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

February 16, 2017
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Management Findings and Recommendations

There are no findings or recommendations for the year ended September 30, 2015 and September 30, 2016.

BERMAN HOPKINS WRIGHT & LAHAM

CPAS AND ASSOCIATES, LLP

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INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

The Honorable Mayor and Town Council
Town of Palm Shores, Florida

We have examined Town of Palm Shores' compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2016. Management is responsible for Town of Palm Shores' compliance with those requirements. Our responsibility is to express an opinion on Town of Palm Shores' compliance based on our examination.

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

In our opinion, Town of Palm Shores' complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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

February 16, 2017
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

Butt Tice

West Melbourne/Brevard
County Joint
Community Redevelopment
Agency

Hal J. Rose
John "Coach" Tice
Pat Bentley
Adam Gaffney
Bill Mettrick
Barbara A. Smith
Andrea Young
Kristine Isnardi



CITY HALL
2240 Minton Road
West Melbourne, FL 32904
Phone: (321) 727-7700
Fax: (321) 768-2390
www.westmelbourne.org

March 20, 2017

VIA CERTIFIED AND REGISTERED MAIL

Florida Auditor General;
Florida Department of Financial Services;
Florida Department of Economic Opportunity;
Brevard County Property Appraiser;
Joint West Melbourne-Brevard County Community Redevelopment Agency;
City Council; and
Brevard County Board of Commissioners (all); and County Manager

RE: West Melbourne/Brevard County Joint Community Redevelopment Agency
Annual Financial Report

Ladies and Gentlemen,

City staff is pleased to submit the West Melbourne/Brevard County Joint Community Redevelopment Agency (CRA) Annual Report for fiscal year 2015-2016. The Joint CRA Annual Report was filed with the City of West Melbourne and Brevard County on March 14, 2017. Under Florida law (Chapter 163, Part III), local governments are required to file a report of the activities of the previous fiscal year by March 31st of each year. This transparency supports the efficient utilization of resources when they are applied to the redevelopment of our commercial corridors.

Feel free to contact me with any questions. I can be reached at 321-837-7778.

Sincerely,

Christy Fischer
Christy Fischer, Planning Director

Attachment

RECEIVED

MAR 23 2017

County Manager's
Office