

TOWN OF MELBOURNE VILLAGE, FLORIDA

Annual Financial Report

September 30, 2016

**TOWN OF MELBOURNE VILLAGE, FLORIDA
TOWN OFFICIALS
AT SEPTEMBER 30, 2016**

Mayor:

Rand Carroll

Vice-Mayor:

Scott McCoy

Commissioners:

Valerie Calenda
Steve Gaul
Sommer Lourcey
Gerda Murphy
David Sinton

**TOWN OF MELBOURNE VILLAGE, FLORIDA
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
SEPTEMBER 30, 2016**

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund - Budget and Actual	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Stormwater Utility Fund - Budget and Actual	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Investment Fund A - Budget and Actual	21
Notes to Financial Statements	23

**TOWN OF MELBOURNE VILLAGE, FLORIDA
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
SEPTEMBER 30, 2016**

	Page
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>	37
Schedule of Audit Findings	39
Management's Response to Audit Findings	41
Management Letter	43
Schedule of Current Year Comments and Recommendations	45
Management's Response to Current Year Comments and Recommendations	47
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	49

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Town Commission
Town of Melbourne Village, Florida

Report of the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Melbourne Village, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Melbourne Village, Florida, as of September 30, 2016, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund, Stormwater Utility Fund and Investment Fund A, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, 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. I have applied certain limited procedures to management's discussion and analysis 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2017 on my consideration of the Town's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, listed in the table of contents as 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*. The purpose of that report is to describe the scope of my 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.



Titusville, Florida
June 24, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Melbourne Village, we offer readers of the Town of Melbourne Village's financial statements this narrative overview and analysis of the financial activities of the Town of Melbourne Village for the year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follows this section.

Financial Highlights

- The Town's total net position decreased by \$31,698 over last year.
- Property taxes account for \$351,064 or approximately 52.67 percent of all revenues. This figure was up \$17,037 from last year.
- Other taxes, primarily utility taxes and franchise payments, account for approximately \$191,509 or 28.73 percent of all revenues. This figure was down \$2,375 from the prior year.
- The Town had \$698,190 in expenses related to governmental activities. Total revenues were \$666,492 leaving a deficit of revenue over expenses of \$31,698. This deficit manifests in the Town's net position as a reduction in the net capital assets of \$8,367, in restricted funds of \$2,297, and in the unrestricted fund balance of \$21,034.
- The Town of Melbourne Village's assets exceeded its liabilities at September 30, 2016 by \$1,878,112. Of this amount \$240,178 is invested in the Town's capital assets, \$9,215 is restricted for specific purposes, and \$1,628,719 is unrestricted and subject to the Town's discretion.
- The difference between the unrestricted balance of \$1,628,719 on a full accrual basis and the Governmental Funds total fund balances of \$1,666,009 is due to the Town's accrued compensated absences of \$29,241 and the restricted amount of \$9,215, offset by \$1,166 in unavailable revenue at September 30. The total fund balance of the Governmental Funds consists of non-spendable, restricted, committed, assigned and unassigned amounts. The Town's committed funds consist of \$1,263,668 in the Town's stabilization fund (Investment Fund A) and \$26,051 in the Stormwater Utility Fund. Non-spendable funds consist of \$19,000 for prepaid items. Assigned funds of \$244,768 are for future expenses of road resurfacing, tree maintenance and placement, a reserve for the Community House, and a hurricane reserve. \$103,307 is the Town's unassigned fund balance.
- The unassigned fund balance is equal to approximately 15 percent of the Town's operating costs for the year. This is an adequate but not excessive reserve, given the Town's dependence on revenue sources not under our control, and relatively small annual budget. A sufficient reserve provides the Town with time to secure alternate sources of revenue or adjust expenditures and levels of service in the event of a loss of a revenue stream, and provides for major expenditures that would not be possible to fund in a single year.

- The assigned funds include \$109,587 set aside for future road needs (re-pavement and maintenance), \$6,081 received from code enforcement action and set aside for tree related expenses, \$61,884 received from rental fees and set aside for the Community House, \$79 for a historical restoration project and \$67,137 that, as we previously reported, is the balance of the \$100,000 transferred from the Special Revenue Fund A in 2004-05 (to cover expenses related to the hurricanes that impacted the Town in September 2004) being held as a designated reserve which will be designated by the Town Commission for future expenses.

Overview of the Financial Statements

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two types of statements that present different views of the Town:

- The first two statements are Government-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Government-wide statement.
- The statement of activities shows how basic services such as public safety were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about activities that operate like businesses. The Town of Melbourne Village currently has no proprietary funds.
- Fiduciary funds statements provide information about the financial relationships in which the government acts solely as a trustee or agent for the benefit of others. The Town of Melbourne Village currently has no fiduciary funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Government-wide Financial Statements

The Government-wide financial statements are designed to provide readers 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 of resources, liabilities, and deferred inflows of resources, with the difference between them 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 Town is improving or deteriorating. To assess the Town's overall health, the reader should consider additional non-financial factors such as changes in the Town's property tax base and the condition of roads, drainage installations, and other facilities.

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, revenue and expenses are reported in this statement for some items that will result in cash inflows or outflows in future fiscal periods (e.g. unavailable revenue, and earned but unused vacation leave).

Both of the Government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (general revenues) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (charges for services). Included in governmental activities are most of the Town's basic services such as public safety, public works, permitting, and administration. The Town currently has no business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds. Funds are account groupings the Town uses to track specific sources of funding and spending on particular programs. The Town, like other local governments, uses fund accounting to measure the use of current resources and to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: All of the Town's basic services are included in governmental funds, which generally focus on the near-term inflows, outflows, and balance of spendable resources available at year-end. Because this information does not encompass the long-term focus of the Government-wide statements, additional information in the form of a reconciliation schedule is presented to show differences between the presentations.

The Town maintained three individual governmental funds as of October 1, 2015. 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 (1) General Fund, (2) Stormwater Utility Fund, and (3) Investment Fund A, because they are considered major funds. The Town has no debt-service fund as there is no long-term debt outstanding.

The Town also reports budget-to-actual information of all governmental funds.

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.

Government-wide Financial Analysis

The government-wide statements represent the approach mandated by the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB sets the uniform standards for presenting government annual financial reports.

Table 1 provides a summary of the Town's net position at September 30, 2016, and changes from the prior year.

Table 1
Summary Statement of Net Position

	Governmental Activities		
	2016	2015	Change
Current and other assets	\$1,685,003	\$1,710,828	\$ (25,825)
Capital assets, net	240,178	248,545	(8,367)
	<hr/>	<hr/>	<hr/>
Total assets	1,925,181	1,959,373	(34,192)
	<hr/>	<hr/>	<hr/>
Long-term liabilities	21,931	19,611	2,320
Other liabilities	24,336	29,952	(5,616)
	<hr/>	<hr/>	<hr/>
Total liabilities	46,267	49,563	(3,296)
	<hr/>	<hr/>	<hr/>
Deferred inflows of resources	802	-	802
	<hr/>	<hr/>	<hr/>
Net position:			
Net investment in capital assets	240,178	248,545	(8,367)
Restricted	9,215	11,512	(2,297)
Unrestricted	1,628,719	1,649,753	(21,034)
	<hr/>	<hr/>	<hr/>
Total net position	\$1,878,112	\$1,909,810	\$ (31,698)
	<hr/>	<hr/>	<hr/>

Table 2 provides a summary of the changes in net position. Following Table 2 is a specific discussion related to overall revenues and expenses.

Table 2
Changes in Net Position

	Governmental Activities		
	2016	2015	Change
Revenues			
Program revenues:			
Charges for services	\$ 88,672	\$ 97,217	\$ (8,545)
Operating grants/contributions	450	220	230
Capital grants/contributions	3,166	-	3,166
General revenues:			
Property taxes	351,064	334,027	17,037
Sales taxes	37,038	35,402	1,636
Local option motor fuel taxes	18,064	16,355	1,709
Utility taxes and franchise fees	136,407	142,127	(5,720)
Intergovernmental revenues	17,996	17,407	589
Investment revenue	6,112	7,626	(1,514)
Miscellaneous revenue	1,523	2,517	(994)
Insurance recovery proceeds	6,000	-	6,000
Total revenues	<u>666,492</u>	<u>652,898</u>	<u>13,594</u>
Expenses			
General government	165,367	164,759	608
Public safety	366,009	347,694	18,315
Physical environment	163,285	161,484	1,801
Unallocated depreciation	3,529	3,723	(194)
Total expenses	<u>698,190</u>	<u>677,660</u>	<u>20,530</u>
Change in net position	(31,698)	(24,762)	(6,936)
Net position, beginning	<u>1,909,810</u>	<u>1,934,572</u>	<u>(24,762)</u>
Net position, ending	<u><u>\$1,878,112</u></u>	<u><u>\$1,909,810</u></u>	<u><u>\$ (31,698)</u></u>

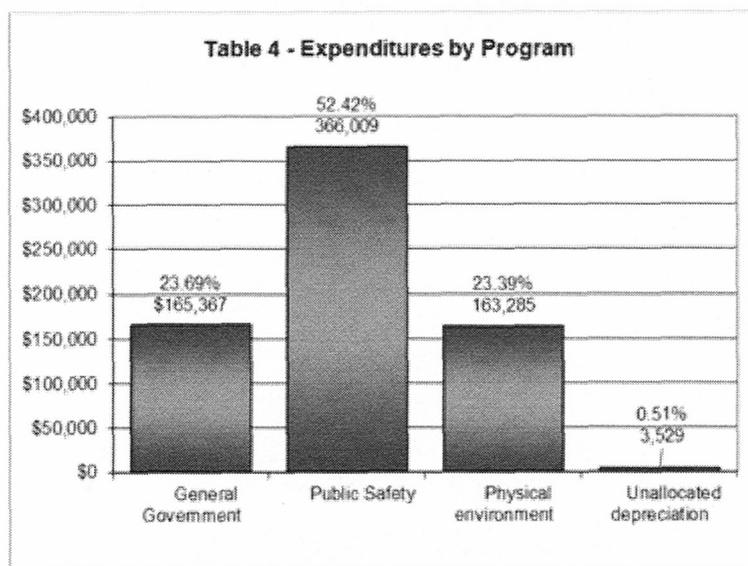
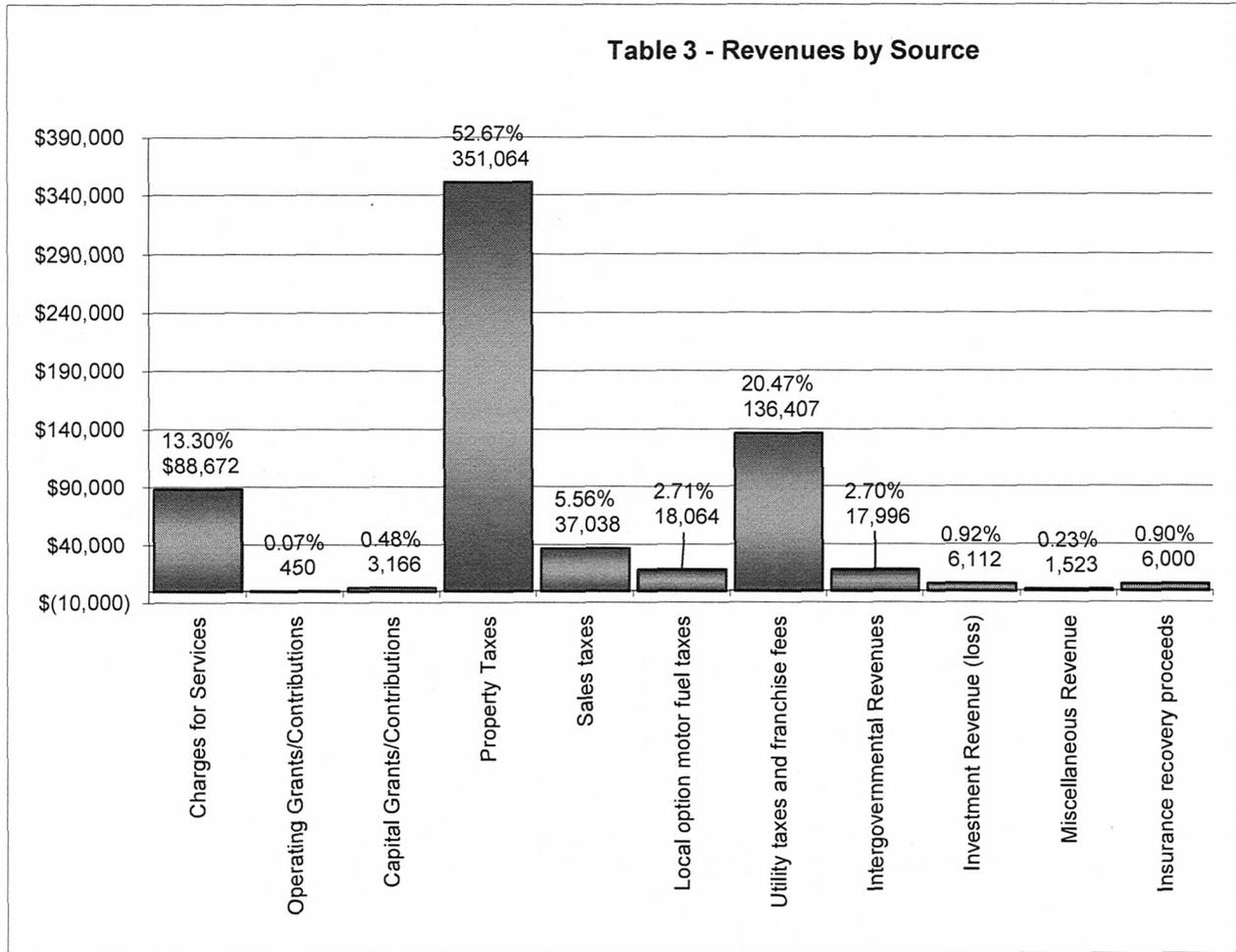
- The primary source of operating revenue for the Town comes from taxes, including property taxes and utility taxes.
- The cost of all governmental activities this year was \$698,190.
- Federal and State governments subsidized certain programs with grants and contributions amounting to \$450 and capital grants and contributions of \$3,166, and user fees and charges for services generated \$88,672.
- Most of the Town's costs were, however, financed by Town and State taxpayers.
- The difference in revenues from 2015 to 2016 was an increase of \$13,594. The major factors contributing to this increase in revenue was the increase in Property Taxes of \$17,037 and various minor changes up and down throughout the budget.
- Property taxes account for the largest source of the Town's revenue, contributing almost 53 cents for every dollar of revenue (see Table 3). The millage rate of 9.8135, with the new construction, generated \$17,037 more than in 2015.
- While Investment income still reflects the low interest rates available to the Town, interest rates have improved a bit. Interest income is still much lower than in the past.
- The Town received \$6,000 in settlement for damages caused by a delivery company vehicle to a Town culvert. This amount covered the repair cost of \$6,000.
- In summary, governmental activities were financed with \$542,573 in taxes and franchise fees, \$88,672 in charges for services, \$450 in grants and contributions, \$3,166 in capital grants and contributions, \$17,996 in intergovernmental revenue, \$6,112 in investment earnings, \$6,000 in insurance recovery proceeds, and \$1,523 in miscellaneous revenue for a total of \$666,492.

The Town's expenses predominantly relate to law enforcement, public works, and administration services, which includes support for the building permit department and the general governmental functions of the Town. Given that the Town is a service organization providing governmental services to residents, the majority of expenses are paid in the form of compensation (salaries and benefits) to the Town's employees.

Total expenses in 2016 were \$698,190. This was a \$20,530 increase from those of 2015. The most significant contributions to this difference were increases of \$13,253 in health insurance for Public Safety and \$4,844 in capital equipment expenses, and \$3,921 in workers' compensation expense, offset by minor increases and decreases throughout the budget.

- The Town purchased a new police patrol vehicle this year for a cost of \$25,135 with the trade in of a 2008 vehicle.
- The Town incurred repair costs of \$6,000 for a drainage culvert at the end of Sheridan Rd, adjacent to Deerhead Hammock Park. The damage was caused by a delivery truck driving beyond the paved surface and crushing the culvert. The repair cost was covered by a payment from the delivery company's insurance company of the full amount of \$6,000.
- Two Public Safety employees who had previously declined the Town's health insurance coverage enrolled this year due to changes in circumstances concerning their other coverage. This resulted in an increase in health insurance costs of \$13,253.

Detailed below in Tables 3 and 4 are charts displaying revenues by source, and expenses by program for the Town.



Financial Analysis of the Town's Funds

The Town's governmental funds are accounted for using the modified accrual basis of accounting. Governmental funds have total revenues of \$659,326 and expenditures of \$686,730. The net change in fund balance for the year was negative \$27,404.

General Fund Budgetary Highlights

The Town approves a budget in September based on anticipated revenue for the following year. The Town frequently adopts a revision to the annual budget late in the year. In 2016, the Town adopted Ordinance 2017-01, a revised annual operating budget for the fiscal year 2015-16, in November 2016. The anticipated revenues were decreased in the revised budget by \$4,150 due primarily to expected reductions of about \$5,000 in the building permit fees and \$3,000 in court fines, offset by an anticipated \$3,000 increase in utilities taxes and a few minor adjustments. Anticipated expenditures were decreased by \$14,941 from the original budget due to decreases of \$70,491 offset by increases elsewhere of \$55,550. Decreases included \$30,100 in capital expenses, \$19,900 set aside for contingencies, \$5,600 in fuel costs, and \$14,891 in smaller reductions in various items. Increases included \$17,200 in payroll, \$13,000 in health insurance, \$6,000 for a culvert replacement, \$4,600 in public safety operating supplies, and \$14,750 in smaller increases in various items.

The actual revenues were \$1,059 more than budgeted due to several minor increases.

The actual expenditures were \$7,747 under budget, due primarily to savings of \$5,887 in department accounts for miscellaneous expenses, and minor overages and savings in various items, totaling \$1,860.

Capital Assets

By the end of the fiscal year 2015-16, the Town had invested \$240,178 (net of depreciation) in capital assets, including land, buildings, site improvements, vehicles, and other equipment. (See Table 5).

Table 5
Schedule of Capital Assets
(net of accumulated depreciation)

	Governmental Activities		
	2016	2015	Change
Land	\$ 40,300	\$ 40,300	\$ -
Buildings and improvements	95,175	103,082	(7,907)
Furniture and equipment	25,190	30,789	(5,599)
Vehicles	30,981	15,751	15,230
Infrastructure	48,532	58,623	(10,091)
Total	\$240,178	\$248,545	\$ (8,367)

Long-Term Debt

At year-end, the Town had no long-term debt outstanding, except accrued vacation time for employees. The Town has no long-term commitments or liabilities regarding pensions or other postemployment benefits.

Factors Bearing on the Town's Future

At the time these financial statements were prepared and audited, the Town was aware of the following existing circumstances that could affect its financial health in the future.

- While the Town is close to build-out as far as vacant home-sites are concerned, we are seeing a steady trend towards major remodeling and rebuilding on existing home-sites. The current upturn in the market is causing an increase in remodeling projects and tear down/rebuilds. Melbourne Village is a desirable location with a significant inventory of older houses, so we anticipate that the Town will continue to see one to two major single-family-home building/remodeling permits per year. Fiscal Year 2016-17 may also see development of the one remaining vacant commercial property.
- Because the majority of the Town's expenses are in the form of compensation (salaries and benefits) to the Town's employees, increases in the cost of providing benefits, especially health insurance, and increases in compensation are the major factors in increasing the budget each year. While the Town was able to offset these increases this year, recent history shows anticipated increases of 2-3% of wages plus 3-5% of health insurance, equaling approximately \$15,000 per year. In past years the Town has covered this increase by increasing the ad valorem property tax rate by 10% over the roll back rate. The actions of the State Legislature in increasing the Homestead Exemption, combined with the fall in property values since 2008 have pushed the millage rate over 9 mills, flirting with the 10 mill cap. Unless recovering property values create significant roll-backs or the State legislature provides some relief on the 10 mill cap, perhaps by allowing some costs to be covered by special assessments instead of ad valorem taxes, the Town will need to fund these increases from other sources or consider a reduction in levels of service.
- In addition, the State legislature has placed a referendum on the November 2018 ballot to provide an additional \$25,000 in homestead exemption value, with the full amount applying to homes assessed at \$125,000 or higher. This measure, if approved by 60% of the voters, would result in a reduction of over \$3,750,000 in the tax base of the town. Since additional legislation adopted will prevent the roll-back from being affected by this additional exemption, it will result in a tax revenue reduction to the Town of approximately \$35,000 or more. It would take effect in January 2019, so it would reduce revenues in the fiscal year starting October 1, 2019.
- While the economy is recovering, the State is still faced with increasing deficits in funding. The Town may face reductions in state revenues (revenue sharing, sales tax, gas tax) as legislation is considered to make up shortfalls elsewhere by rewriting formulas for distribution of these funds. The Town will also likely face an increase in un-funded mandates, as the legislature adopts new requirements and programs without funding behind them, and without assessing the impact on local governments.
- The Town Commission established a Stormwater Utility, and implemented a Stormwater Utility Fee in FY 2010-11 to fund improvements and maintenance of the Town's Stormwater infrastructure. The Town may consider increasing the fee, and dedicating more time and resources to the stormwater system.
- The Town has shifted the Special Revenue Fund to investment options which are giving the Town a better return, without any increased risk. As the overall market improves, we will continue to benefit from increased interest levels.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk/Treasurer's office:

Phone: 321-723-8300

Mail or in person: 555 Hammock Road,
Melbourne Village, FL 32094

e-mail: Town@melbournevillage.org



Rand Carroll
Mayor



Gail E. Griswold
Town Clerk/Treasurer

**TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,440,146
Accounts receivable	33,285
Prepaid items	19,000
Investments	183,357
Restricted assets:	
Cash and cash equivalents	9,215
Capital assets (not being depreciated):	
Land	40,300
Capital assets (net of accumulated depreciation):	
Buildings and improvements	95,175
Furniture and equipment	25,190
Vehicles	30,981
Infrastructure	48,532
Total assets	<u>1,925,181</u>
LIABILITIES	
Accounts payable and accrued liabilities	14,649
Unearned revenue	2,377
Noncurrent liabilities:	
Due within one year	7,310
Due in more than one year	21,931
Total liabilities	<u>46,267</u>
DEFERRED INFLOWS OF RESOURCES	
Business taxes not yet earned	802
Total deferred inflows of resources	<u>802</u>
NET POSITION	
Net investment in capital assets	240,178
Restricted for:	
Transportation (impact fees)	8,807
Law enforcement education	408
Unrestricted	1,628,719
Total net position	<u>\$ 1,878,112</u>

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	<u>Capital Grants/ Contributions</u>	
Governmental activities:					
General government	\$ 165,367	\$ 28,473	\$ 450	\$ -	\$ (136,444)
Public safety	366,009	12,615	-	3,166	(350,228)
Physical environment	163,285	47,584	-	-	(115,701)
Unallocated depreciation	3,529	-	-	-	(3,529)
Total government	<u>\$ 698,190</u>	<u>\$ 88,672</u>	<u>\$ 450</u>	<u>\$ 3,166</u>	<u>(605,902)</u>

General revenues:	
Property taxes	351,064
Sales taxes	37,038
Local option motor fuel taxes	18,064
Utility taxes and franchise fees	136,407
Intergovernmental revenues	17,996
Investment income (loss)	6,112
Miscellaneous revenues	1,523
Insurance recovery proceeds	6,000
Total general revenues	<u>574,204</u>
Change in net position	<u>(31,698)</u>
Net position - beginning	<u>1,909,810</u>
Net position - ending	<u>\$ 1,878,112</u>

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	<u>General Fund</u>	<u>Stormwater Utility Fund</u>	<u>Investment Fund A</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 359,835	\$ -	\$ 1,080,311	\$ 1,440,146
Accounts receivable	24,624	8,661	-	33,285
Prepaid items	19,000	-	-	19,000
Investments	-	-	183,357	183,357
Due from other funds	-	17,637	-	17,637
Restricted assets:				
Cash and cash equivalents	9,215	-	-	9,215
Total assets	<u>\$ 412,674</u>	<u>\$ 26,298</u>	<u>\$ 1,263,668</u>	<u>\$ 1,702,640</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 14,402	\$ 247	\$ -	\$ 14,649
Due to other funds	17,637	-	-	17,637
Unearned revenue	2,377	-	-	2,377
Total liabilities	<u>34,416</u>	<u>247</u>	<u>-</u>	<u>34,663</u>
Deferred Inflows of Resources				
Business taxes not yet earned	802	-	-	802
Unavailable grant revenue	1,166	-	-	1,166
Total deferred inflows of resources	<u>1,968</u>	<u>-</u>	<u>-</u>	<u>1,968</u>
Fund Balances				
Nonspendable	19,000	-	-	19,000
Restricted	9,215	-	-	9,215
Committed	-	26,051	1,263,668	1,289,719
Assigned	244,768	-	-	244,768
Unassigned	103,307	-	-	103,307
Total fund balances	<u>376,290</u>	<u>26,051</u>	<u>1,263,668</u>	<u>1,666,009</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 412,674</u>	<u>\$ 26,298</u>	<u>\$ 1,263,668</u>	<u>\$ 1,702,640</u>

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

**TOWN OF MELBOURNE VILLAGE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

Fund balances - total governmental funds	\$ 1,666,009
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The 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 governmental funds. Those assets consist of:

Land	40,300	
Buildings and improvements, net	95,175	
Furniture and equipment, net	25,190	
Vehicles, net	30,981	
Infrastructure, net	48,532	240,178

Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds	(29,241)
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Deferred inflow of resources in governmental funds is susceptible to full accrual on the entity wide statement	1,166
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Net position of governmental activities	\$ 1,878,112
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The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>General Fund</u>	<u>Stormwater Utility Fund</u>	<u>Investment Fund A</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes and franchise fees	\$ 505,535	\$ -	\$ -	\$ 505,535
Licenses and permits and other fees	21,294	47,584	-	68,878
Intergovernmental revenues	57,412	-	-	57,412
Fines and forfeitures	3,048	-	-	3,048
Investment income (net)	1,152	-	4,960	6,112
Miscellaneous revenue	18,341	-	-	18,341
Total revenues	<u>606,782</u>	<u>47,584</u>	<u>4,960</u>	<u>659,326</u>
EXPENDITURES				
Current				
General government	164,519	-	-	164,519
Public safety	351,880	-	-	351,880
Physical environment	139,206	3,079	-	142,285
Capital outlay	28,046	-	-	28,046
Total expenditures	<u>683,651</u>	<u>3,079</u>	<u>-</u>	<u>686,730</u>
Excess (deficiency) of revenues over (under) expenditures	(76,869)	44,505	4,960	(27,404)
OTHER FINANCING SOURCES (USES)				
Transfers in	49,152	-	-	49,152
Transfers out	-	(49,152)	-	(49,152)
Insurance recovery proceeds	6,000	-	-	6,000
Total other financing sources (uses)	<u>55,152</u>	<u>(49,152)</u>	<u>-</u>	<u>6,000</u>
Net change in fund balances	<u>(21,717)</u>	<u>(4,647)</u>	<u>4,960</u>	<u>(21,404)</u>
Fund balances, beginning of year	<u>398,007</u>	<u>30,698</u>	<u>1,258,708</u>	<u>1,687,413</u>
Fund balances, end of year	<u><u>\$ 376,290</u></u>	<u><u>\$ 26,051</u></u>	<u><u>\$ 1,263,668</u></u>	<u><u>\$ 1,666,009</u></u>

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

TOWN OF MELBOURNE VILLAGE, 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 \$ (21,404)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which depreciation exceeded capital outlays in the current period:

Expenditure for capital assets	\$ 28,046	
Current year depreciation	<u>(36,412)</u>	(8,366)

Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. Those include:

Change in deferred inflows from grant	1,166
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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. Those include:

Accrued compensated absences	<u>(3,094)</u>
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Change in net position of governmental activities	<u><u>\$ (31,698)</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Taxes and franchise fees	\$ 503,106	\$ 506,106	\$ 505,535	\$ (571)
Licenses and permits and other fees	25,435	20,935	21,294	359
Intergovernmental revenues	56,132	56,782	57,412	630
Fines and forfeitures	6,000	3,000	3,048	48
Investment income (net)	1,000	200	1,152	952
Miscellaneous revenue	18,200	18,700	18,341	(359)
Total revenues	<u>609,873</u>	<u>605,723</u>	<u>606,782</u>	<u>1,059</u>
EXPENDITURES				
Current				
General government	179,561	168,670	164,519	4,151
Public safety	331,329	352,679	351,880	799
Physical environment	136,949	141,649	139,206	2,443
Capital outlay	58,500	28,400	28,046	354
Total expenditures	<u>706,339</u>	<u>691,398</u>	<u>683,651</u>	<u>7,747</u>
Excess (deficiency) of revenues over (under) expenditures	(96,466)	(85,675)	(76,869)	8,806
OTHER FINANCING SOURCES (USES)				
Transfers in	73,500	55,800	49,152	(6,648)
Insurance recovery proceeds	-	6,000	6,000	-
Total other financing sources (uses)	<u>73,500</u>	<u>61,800</u>	<u>55,152</u>	<u>(6,648)</u>
Net change in fund balances	(22,966)	(23,875)	(21,717)	2,158
Fund balances, beginning of year	<u>398,007</u>	<u>398,007</u>	<u>398,007</u>	<u>-</u>
Fund balances, end of year	<u>\$ 375,041</u>	<u>\$ 374,132</u>	<u>\$ 376,290</u>	<u>\$ 2,158</u>

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
STORMWATER UTILITY FUND - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Licenses and permits and other fees	\$ 49,500	\$ 49,500	\$ 47,584	\$ (1,916)
Miscellaneous revenue	-	-	-	-
Total revenues	<u>49,500</u>	<u>49,500</u>	<u>47,584</u>	<u>(1,916)</u>
EXPENDITURES				
Current				
Physical environment	<u>4,500</u>	<u>4,500</u>	<u>3,079</u>	<u>1,421</u>
Total expenditures	<u>4,500</u>	<u>4,500</u>	<u>3,079</u>	<u>1,421</u>
Excess (deficiency) of revenues over (under) expenditures	45,000	45,000	44,505	(495)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(69,000)</u>	<u>(69,000)</u>	<u>(49,152)</u>	<u>19,848</u>
Total other financing sources (uses)	<u>(69,000)</u>	<u>(69,000)</u>	<u>(49,152)</u>	<u>19,848</u>
Net change in fund balances	(24,000)	(24,000)	(4,647)	19,353
Fund balances, beginning of year	<u>30,698</u>	<u>30,698</u>	<u>30,698</u>	<u>-</u>
Fund balances, end of year	<u>\$ 6,698</u>	<u>\$ 6,698</u>	<u>\$ 26,051</u>	<u>\$ 19,353</u>

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

TOWN OF MELBOURNE VILLAGE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
INVESTMENT FUND A - BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
REVENUES				
Investment income (net)	\$ 9,000	\$ 9,000	\$ 4,960	\$ (4,040)
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>4,960</u>	<u>(4,040)</u>
EXPENDITURES				
Current				
General government	1,000	1,000	-	1,000
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,000</u>	<u>8,000</u>	<u>4,960</u>	<u>(3,040)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,000)	(4,000)	-	4,000
Total other financing sources (uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>	<u>4,000</u>
Net change in fund balances	4,000	4,000	4,960	960
Fund balances, beginning of year	<u>1,258,708</u>	<u>1,258,708</u>	<u>1,258,708</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,262,708</u>	<u>\$ 1,262,708</u>	<u>\$ 1,263,668</u>	<u>\$ 960</u>

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