

TEMPLE TERRACE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2017

OCTOBER 1, 2016 THROUGH SEPTEMBER 30, 2017



TEMPLE TERRACE

Amazing City. Since 1925.





TEMPLE TERRACE

Amazing City. Since 1925.

CITY OF TEMPLE TERRACE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

**PREPARED BY:
*THE FINANCE TEAM WITH:***

**LYN BOSWELL
*FINANCE DIRECTOR***

**JIM INGRAM
*ASSISTANT FINANCE DIRECTOR***

**CITY OF TEMPLE TERRACE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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INTRODUCTORY SECTION

Transmittal Letter

Certificate of Achievement

Organization Chart

List of Elected and Appointed Officials



THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

The CAFR is presented in three (3) main sections:

The Introductory Section includes the Transmittal Letter, a copy of the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended September 30, 2016, the City of Temple Terrace's organizational chart, a list of Elected and Appointed Officials.

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information (RSI), Combining and Individual Fund Statements.

The MD&A provides a narrative introduction, overview, and analysis to accompany the Basic Financial Statements. The Basic Financial Statements include the Government-wide Financial Statements that present an overview of the City's entire operations, while Fund Financial Statements present the financial information of each of the funds.

The Statistical Section presents on a multi-year basis, selected social and economic data, financial trends and the fiscal capacity of the City.

Reports and Schedules required by Governmental Auditing Standards, and the Florida Auditor General, follow the three sections identified above.



April 13, 2018

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

It is our pleasure to submit this Comprehensive Annual Financial Report (CAFR) for the City of Temple Terrace, Florida, for the fiscal year ended September 30, 2017. This report fulfills the requirements set forth in the City's Charter, Section 214; Florida State Statutes, Chapter 166.241 (4); and the Rules of the Auditor General, Chapter 10.550 which requires that all local governments publish each fiscal year a complete set of financial statements (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Temple Terrace. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Temple Terrace has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Temple Terrace's financial statements in conformity with GAAP. Because the cost of the internal controls should not outweigh their benefits, the City of Temple Terrace'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.

Florida Statutes, Chapter 11.45 and Chapter 10.550, require that an annual financial audit be performed by independent certified public accountants. This year, the audit was completed by Moore Stephens Lovelace, P.A. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Temple Terrace for the fiscal year ended September 30, 2017, 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 auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Temple Terrace's financial statements for the fiscal year ended September 30, 2017, are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

PROFILE OF THE CITY OF TEMPLE TERRACE

The City of Temple Terrace, named after the hybrid “Temple” oranges and the surrounding “Terraced” terrain, was incorporated on May 28, 1925, and operates under the Council-Manager form of government. The elected governing body is comprised of the Mayor and five City Councilmembers and is responsible for enacting ordinances, resolutions, and regulations governing the City and for appointing the City Manager, City Clerk, City Attorney, and members of various statutory and advisory boards. As chief administrative officer, the City Manager is responsible for managing the City’s day-to-day operations and affairs and appointing the City’s Department Directors.

Temple Terrace developed as a high-quality residential suburban community in the Tampa Bay area during the 1960s and 1970s. The unique neighborhoods, with a golf course and the meandering Hillsborough River, combined with the City’s proximity to downtown Tampa, Interstate 75, and the University of South Florida employment centers, continue to make the City attractive to a broad spectrum of the region’s population.

Like many of its suburban counterparts, the City’s employment base is heavily dominated by the service industry. Additional employment-generating industry is occurring as a result of development in the I-75 corridor. Although the percentage of resident workers employed within the City may increase, it will remain predominantly a suburban commuter community, maintaining its reputations as an “Amazing City. Since 1925.”

The City, with an estimated population of 27,435, provides a full-range of general municipal services including police, fire, street construction and maintenance, planning and zoning, parks and recreation, library, and general administrative services. In addition, water, sewer, and solid waste collection services are provided and funded with user charges established by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt. Equipment maintenance, warehouse services and facility maintenance are provided through Internal Service Funds with charge-backs to user departments to cover the cost of operation. The City of Temple Terrace contracts with the City of Tampa to receive and treat wastewater; and contracts with the County of Hillsborough to receive solid waste.

The annual budget serves as the foundation for the City’s financial planning and control. All City departments are required to submit requests for appropriations to the City Manager. The City Manager uses these requests as the basis for developing the proposed budget. The City Manager presents the proposed budget to City Council for review no less than forty-five (45) days before the expiration of each fiscal year as established by Charter Section 6.02. The City Council is required to hold two (2) public hearings on the proposed budget and adopt a final budget no later than September 30, the close of the City’s fiscal year. The appropriated budget is prepared by fund, function, and department. Budgets for all governmental fund types are adopted consistent with generally accepted accounting principles. Budget-to-actual comparisons are provided for each governmental fund.

ECONOMIC CONDITION

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

Local Economy

The City of Temple Terrace, located in Hillsborough County, is in close proximity to a progressive Tampa Bay area with an economy structured within four main industry sectors: (1) trade, transportation, and utilities; (2) business and professional services; (3) education and health services and (4) leisure and hospitality.

Hillsborough County's top private sector employers are Tampa General Hospital, Bloomin Brands, and Publix Super Markets with a combined total labor force of 17,886. The top public sector employers are Hillsborough County School District, MacDill Air Force Base, Hillsborough County Government, HCA West Florida, and the Tampa International Airport with a combined total labor force of 139,534.

Although the State of Florida is known for citrus fruits and tourism, the Tampa area boasts a high-technology job base, ranked the second largest technology hub in Florida. This higher wage industry is a positive indicator that the City's wage structure will improve over time. Hillsborough County's 2017 average unemployment rate of 3.3% is lower than the State average of 3.9%, and both the State and Hillsborough County's averages are lower than the national average of 4.2%—an indication that Florida is starting to experience some relief in its economic distress. With State-shared revenues and building permits both increasing, the City continues to diversify its economic base in terms of long-range strength.

Presently, the City has an aggregate inventory of 602 acres of developed commercial properties. Many of these retail venues serve the increasing convenience and general merchandise shopping demands of residents from Temple Terrace, Tampa, and unincorporated Hillsborough County. Temple Terrace's larger retail shopping opportunities are located outside the City limits and are largely concentrated in three geographical nodes: New Tampa and Wesley Chapel, located 15 miles north; Brandon, located 15 miles south; and Westshore and International Plazas, located 15 miles west of the City.

The City is home to Coca Cola Company's North American Customer Development Center. Telecom Park, the City's primary office district, is located on the Hillsborough River west of I-75 and south of Fletcher Avenue, and houses Verizon Communications, Moffitt Cancer Centre's main administration offices, Florida Orthopedic primary out-patient facility, The Florida Department of Environmental Protection Agency, Chapters Health Care, Holiday Inn, Residence Inn, and Circle K regional offices.

Long-term planning goals

Temple Terrace residents, elected officials, and the administration recently completed the Your City, Our Future community driven strategic plan which includes ten goals and fifty-one specific objectives. Annually, the Mayor and City Council review the objectives and develop the priorities for the upcoming fiscal year. The Mayor and City Council's objectives established for Fiscal Year 2017-2018 are:

- Develop a strategic marketing plan that attracts new residents, businesses, and promotes the City's services and events;
- Enhance and expand external communication methods and technology;
- Enhance and maintain library services that are enjoyable and accessible to the community;
- Improve the reliability and sustainability of fitness equipment as well as expand the varieties of fitness equipment in recreation facilities to enhance the user's fitness experience;
- Develop and implement a plan which ensures parks and playground equipment are maintained at a level that is consistent with users' expectations and desires;
- Improve facility conditions at the Temple Terrace Family Recreation Complex;
- Develop a strategy to provide sufficient water treatment and production capacity to accommodate future growth;
- Develop strategies/options to assure a sustainable Annual Pickup Program;
- Create Interdepartmental Annexation Committee;
- Establish annexation policy and direction;
- Ensure adequate staffing, resources, and facilities, area available to accommodate continued growth of the City and its populations;
- Establish Code Compliance staffing levels and programs that meet the needs of the City;
- Increase community awareness of Code Compliance activities and minimum code requirements;
- Provide City employees with a competitive total compensation program in an effort to attract high quality applicants and retain current valued and experienced employees;
- Create and maintain a diverse and inclusive workforce through the development of recruitment, training, performance management, and retention programs;
- Encourage development and revitalization of the entire Community Redevelopment Area;
- Establish long-term, realistic strategy consistent with the strategic plan;
- Improve the Budgeting process for both the operating and the capital budgets;
- Reform purchasing policies for consistency with ordinance, statutes, and best practices;
- Secure necessary department financing to achieve long-term sustainability; and
- Assist Temple Terrace Golf & Country Club in achieving financial sustainability.

The above twenty-one objectives directly relate to the Council's commitment to the below goals:

- Develop a comprehensive marketing and outreach plan to reach a diverse audience, promoting the City of Temple Terrace as an amazing place to live, work, play, and learn;
- Develop a multifaceted, comprehensive communication plan that engages internal and external audiences;
- Develop and implement a comprehensive formal plan which would enhance, maintain and promote Leisure Services' facilities, activities, programs, and encourage community growth and involvement;
- Support and enhance a high quality of life for the City's residents, businesses, and visitors by providing sustainable, environmentally-sensitive, cost-effective infrastructure and services to promote public health, personal safety, transportation, economic growth, and civic vitality;
- Promote orderly growth in the Urban Service Area and those in the Joint Planning Areas of Unincorporated Hillsborough County; Ensure that residents and businesses outside the city limits share tax and maintenance costs for facilities, streets and utilities necessary to meet the demand of future populations;
- Make certain our Public safety services continue to thrive and meet the challenges of population growth while delivering the community data to illustrate the level of services provided;
- Provide a comprehensive code enforcement effort which is consistent, fair and equitable in its application, preserves neighborhood integrity, protects the public health and well-being, and enhances property values;
- Develop and improve procedures to monitor and address employee compensation, departmental work load, and wellness in an effort to provide the citizens of Temple Terrace with exemplary service from a workforce of qualified, experienced, and healthy employees;
- Enhance the City's residential, commercial and municipal properties by engaging the residents and business community to promote sustainable, safe, attractive and desirable development by using innovative marketing, progressive regulations and model municipal facilities while supporting and promoting economic opportunity; and,
- Establish and promote a long-term stable financial future by effective and efficient use of fiscal resources and improving the purchasing and budgeting processes.

The Five-Year Capital Improvement Plan, adopted September 16, 2014, provides a City-wide business plan for utility improvements, equipment replacements, and projects related to growth. The plan details the development of revenue projections and capital needs assumptions. Over the past five years, many capital items in the General Fund have been delayed. Community Investment Tax revenue continues to provide many improvements that benefit the community, such as police and fire vehicles and equipment, parks and recreation enhancements.

The City extends infrastructure beyond the current service area and typically recoups the initial investment over a five- to seven-year period. Although there will be a lag between capital expenses and realized revenues, the growth should stabilize revenues in the short-term and provide long-term economic growth.

Long-range visions of water and sanitation:

- **Water** – The Water Division’s long-term vision is to provide uninterrupted, high quality water and service to a growing area. Annually, the Department coordinates utility relocations with the Engineering Division for street rehabilitation and resurfacing projects. As the City expands, the Department will be cognizant of plans to expand the water treatment plant and determine alternative treatment methods and sources.
- **Sanitation** –The Sanitation Division will explore phased-automation for the recycle program to improve service, increase efficiency, reduce costs and encourage recycling.

RELATED FINANCIAL POLICIES

The City’s general governmental accounting records are maintained on a modified accrual basis, with the revenues recorded when available and measurable. Expenditures are recorded when services or goods are received, and liabilities are incurred. Accounting records for the City’s utilities, proprietary funds, and pension trust funds are maintained on an accrual basis.

The City reviews financial policies annually with the adoption of the Operating and Capital Budget. The policies help ensure the ability to meet immediate and long-term service objectives. The City limits its exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures, whenever possible.

Accounting Systems

The City’s accounting system provides reliable financial records for preparing financial statements in conformity with generally accepted accounting principles. The accounting system supports an adequate internal control structure, which provides reasonable, but not absolute, assurance that the City’s assets are safeguarded against loss, theft, or misuse. Reasonable assurance recognizes that the cost of a control should not exceed the expected benefits based on management’s estimates.

Budgetary Control

During the fiscal year, budgetary control and revisions are maintained at the department level. All purchase orders are compared to the category appropriation, and budget adjustments are approved prior to issuing purchase orders. Department directors are authorized to move funds within the categories of their respective divisions. The City Manager is authorized to transfer any unencumbered appropriation balance, or portion thereof, between specific expenditure classifications within a department or fund. The budget process allows for amendments during the year as conditions warrant. Per the City Charter, the City Council is authorized to make changes to the budget as it deems necessary for the City’s proper and economical operation, and may transfer any unencumbered balance, or portion thereof, to pay for any municipal purpose. An amendment may be initiated by the Finance Director, reviewed by the City Manager, and submitted to the City Council for its consideration. With City Council approval, appropriations are realigned. In addition, the enabling legislation allows the City Manager or Finance Director to transfer an encumbered balance among programs within an operating fund, providing such action does not result in discontinuing a program. Also, appropriation of donated or grant expenditures is based upon the request. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in City Council’s adopted annual budget.

MAJOR INITIATIVES

Redevelopment of the City's commercial corridor remain a high priority for the City. The City's long-term financial condition is very dependent upon growing the local tax base through both strategic public and private investment. The City should reexamine its development criteria in the redevelopment overlay, which will focus on a flexible/streamlined development process. The City Council should also explore the development of the Facade Grant Program (FGP) in future years to provide assistance for redevelopment of current structures within the CRA.

FY 2017-2018 brought no net increase in rates for water and sewer and will be used to meet system operating costs and capital reinvestment needed to ensure long-term viability of the utility system.

The condition of the City's sanitary sewer collection system and pump stations that move wastewater to the City of Tampa for treatment has been a focal point for the City's utility staff this past year and will require substantial investment to ensure regulatory compliance and sustainable service to our customers.

The capital expenditures included in 2017 include resurfacing of streets in several locations, police vehicles and in-car cameras, MSA Packs for the Fire Department, A Jet-Vac Truck used in Public Works sewer system maintenance, building improvements to comply with ADA, water main replacements in the St. Augustine, Live Oak and Grandview areas, replacement of sanitary sewer lift station pumps, replacing older potable water meters with automated reading meters and new sanitation meters.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement for Excellence in Financial Reporting

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 Temple Terrace for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. This was the forty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program requirements and we are submitting it to GFOA to determine its eligibility for a subsequent certificate.

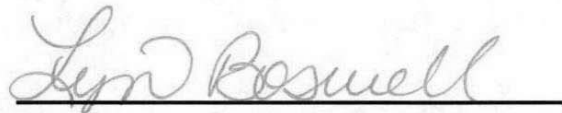
In addition, the City also received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the fiscal year beginning October 1, 2016, marking the twenty-eight year the City has received this award. It is based on a governmental unit's publishing a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications medium.

Acknowledgements

The preparation of the CAFR was made possible by the dedicated service of the entire staff of the City's Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. Appreciation is also extended to City departmental staff, who contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. We recognize the Mayor and City Council for their leadership and support in providing the highest level of accountability and transparency through financial reporting. We also thank the citizens of the City of Temple Terrace whose cooperation, support, and assistance have contributed greatly to the operation of this Amazing City.

Respectfully submitted,



Charles W. Stephenson
City Manager

Lyn Boswell
Finance Director



Government Finance Officers Association

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

Presented to

**City of Temple Terrace
Florida**

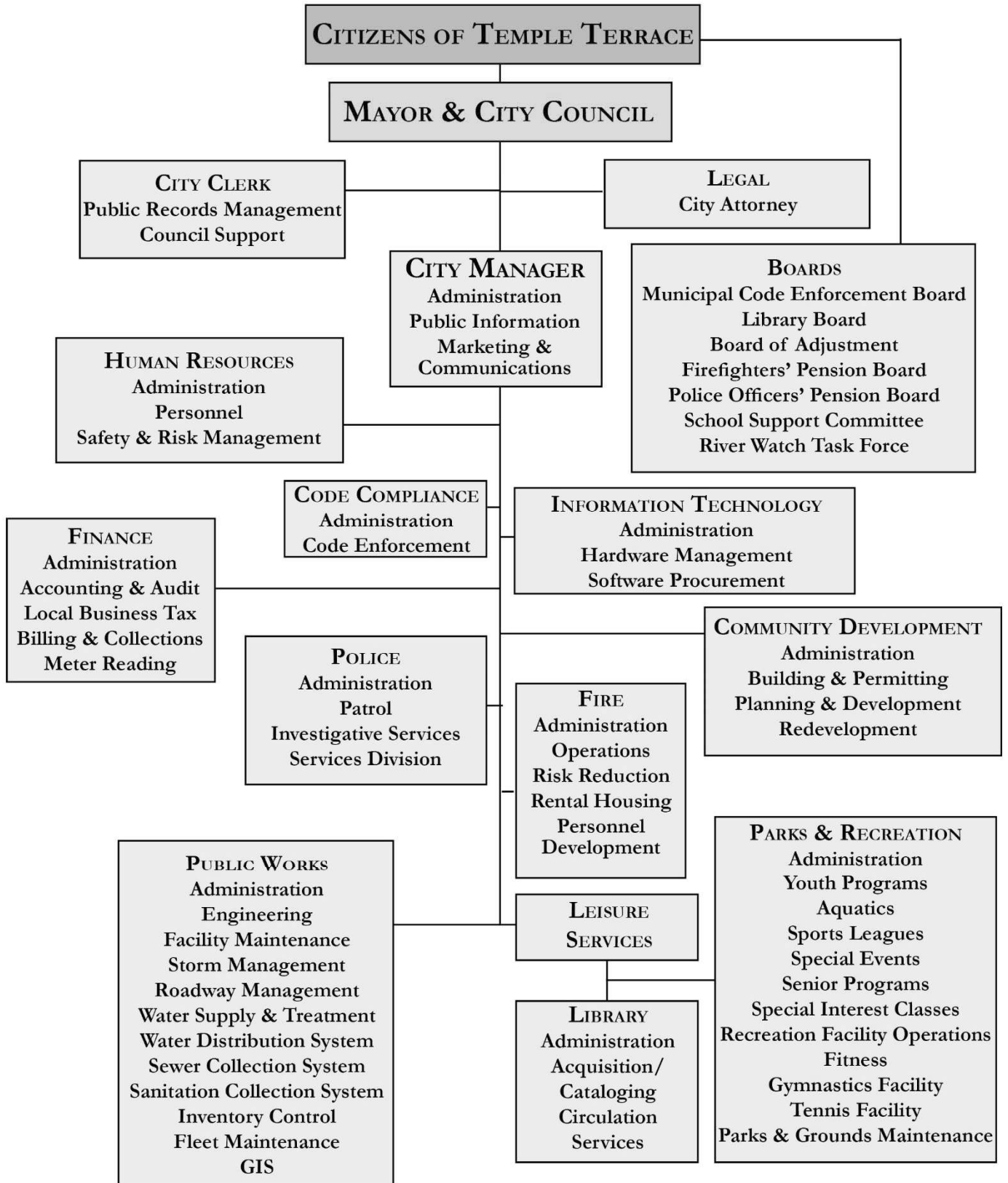
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrell

Executive Director/CEO

CITY OF TEMPLE TERRACE, FL ORGANIZATIONAL CHART



CITY OF TEMPLE TERRACE, FLORIDA

FISCAL YEAR 2016-17

CITY COUNCIL – ELECTED OFFICIALS

Andrew R. Ross
Frank M. Chillura

Dr. Mel Jurado, Mayor
David Pogorilich, Vice Mayor

Cheri Donohue
Robert M. Boss

CITY MANAGER

Charles W. Stephenson

APPOINTED OFFICIALS

City Attorney	Pamela Cichon
City Clerk	Cheryl Mooney
Code Compliance Director	Thomas Borroni
Community Development Director	Amir Anisi
Finance Director	Lyn Boswell
Fire Chief	Ian Kemp
Human Resources Director	Janet Bledsoe
Leisure Services Director	Karl Langefeld
Information Technology Director	Robert Keel
Police Chief	Kenneth Albano
Public Works Director of Operations	Ray LeBlanc
Public Works Director of Utilities	Troy Tinch

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining and Individual Fund Statements and Schedules

Financial Schedules



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Temple Terrace, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Temple Terrace, Florida (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 of material misstatement.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows, and the budget to actual statements for the general fund and major special revenue funds thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Emphasis-of-Matter – Change in Accounting Principle

As discussed in Note III B.2 to the financial statements, in the fiscal year ended September 30, 2017, the City adopted the provisions of Government Accounting Standards Board Statement (GASBS) Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of GASBS 75, the City reported a restatement for the change in accounting principle as of October 1, 2016. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

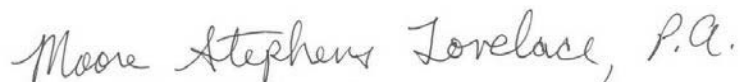
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and schedules, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements and schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements and schedules are fairly stated, in all material respects, in relation to the 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.

The Honorable Mayor and
Members of the City Council
City of Temple Terrace, Florida

INDEPENDENT AUDITOR'S REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.

Certified Public Accountants

Tampa, Florida

April 10, 2018

City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017

Management of the City of Temple Terrace's (the City) has prepared the following discussion and analysis to provide the readers of the City's financial statements a general overview of the financial activities for the Fiscal Year (FY) ended September 30, 2017. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the Transmittal Letter and the City's financial statements.

Financial Highlights

- For FY 2017, the City's total net position increased by \$2,329,747. The governmental net position increased by \$344,177 and business-type net position increased \$1,985,570.
- Comparing FY 2017 with FY 2016, the governmental activities revenue increased \$1,605,086 (or 4.5%). In FY 2017, the results of governmental activities produced an increase in net position of \$344,177, while in FY 2016 net position increased by \$570,974.
- Comparing FY 2017 with FY 2016, the business-type activities revenue increased by \$294,845 (or 4.8%). In FY 2017, the results of business type activities produced an increase in net position of \$1,985,570, while FY 2016 net position increased by \$1,240,822.
- Comparing FY 2017 with FY 2016, the City's total expenses increased by \$1,381,980 (or 3.5%).
- For FY 2017, the General Fund reported an increase in fund balance of \$188,430, compared to an increase of \$965,812 in FY 2016.

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 required supplementary information and other supplementary information in addition to the basic financial statements.

The government-wide financial statements provide long-term and short-term information about the City's overall financial status. The fund financial statements focus on individual parts of the City and provide greater detail of the City's operations than the government-wide statements. Additionally, the basic statements include notes, which explain some of the information in the statements and provide more detailed data.

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

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 government-wide financial statements can be found on pages 32-33 of this report.

The Statement of Net position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. This statement format combines and consolidates the governmental funds' current financial resources with capital assets (including infrastructure) and long-term obligations. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents changes in the City's net position during the most recent fiscal year. All changes in net position are reported when 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 City functions 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 basic services include general government, police, fire, protective inspections, public works, community development, and recreation. Property taxes, utility taxes, gas taxes, sales taxes, and the City's utilities contribution finance the majority of these services. The business-type activities reflect private sector-type operations (water, sewer, and sanitation), where the fee for services typically covers all or most of the cost of operation including depreciation.

Fund financial statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Temple Terrace, 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 of Temple Terrace can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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 decision. 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 six 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, the Street Improvement Fund, the Community Investment Tax Fund, the Tax Increment Financing Fund, Insurance Premium Tax, and the Debt Service Fund, all of which are considered major funds.

The governmental fund financial statements can be found on pages 34-44 of this report.

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

Proprietary funds. The City of Temple Terrace 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/Sewer and Sanitation operations. 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 fleet maintenance. These services predominantly benefit governmental rather than business-type functions. They have been included within governmental activities in the government-wide financial statements.

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 two major enterprise funds. The internal service fund is presented in the proprietary fund financial statements. Fund data for the internal funds is provided elsewhere in this report. The basic proprietary fund financial statements can be found on pages 46-51 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 52-53 of this report.

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 54-109 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 of Temple Terrace's progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on page 111-119 of this report.

The combining statements referred to earlier and other schedules are presented immediately following the required supplementary information on pensions.

Government-wide Financial Analysis

Statement of Net Position. 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 and deferred outflows exceeded liabilities and deferred inflows by \$32,765,157 as of September 30, 2017. The table below reflects the condensed government-wide Statement of Net Position.

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

Statement of Net Position
as of September 30

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 14,735,053	\$ 14,764,955	\$ 11,894,513	\$ 10,926,129	\$26,629,566	\$ 25,691,084
Capital Assets (net)	47,341,619	48,464,586	27,755,330	27,808,934	75,096,949	76,273,520
Total Assets	<u>62,076,672</u>	<u>63,229,541</u>	<u>39,649,843</u>	<u>38,735,063</u>	<u>101,726,515</u>	<u>101,964,604</u>
Deferred Outflow s of Resources	2,188,478	3,824,931	213,429	141,923	2,401,907	3,966,854
Current and Other Liabilities	1,247,262	3,046,895	2,703,056	3,760,912	3,950,318	6,807,807
Noncurrent Liabilities	63,370,111	61,563,421	1,543,218	856,258	64,913,329	62,419,679
Total Liabilities	<u>64,617,373</u>	<u>64,610,316</u>	<u>4,246,274</u>	<u>4,617,170</u>	<u>68,863,647</u>	<u>69,227,486</u>
Deferred Inflow s of Resources	2,241,998	205,093	257,620	33,076	2,499,618	238,169
Net Position:						
Investment in Capital Assets	44,751,620	45,787,690	27,755,329	27,161,205	72,506,949	72,948,895
Restricted	4,257,394	3,293,605	3,854,474	4,581,463	8,111,868	7,875,068
Unrestricted	(51,603,235)	(46,842,232)	3,749,575	2,484,072	(47,853,660)	(44,358,160)
Total Net Position	<u>\$ (2,594,221)</u>	<u>\$ 2,239,063</u>	<u>\$ 35,359,378</u>	<u>\$ 34,226,740</u>	<u>\$32,765,157</u>	<u>\$ 36,465,803</u>

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings and infrastructure, improvements other than buildings, and machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Temple Terrace uses these capital assets to provide a variety of services to its residents. Accordingly, 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.

Another portion of the City's net position, *restricted net position* at \$8,111,868 (24.6%) represents resources that are subject to external restrictions on how they may be used, e.g., for debt and capital improvements. Restricted net position increased 3% or \$236,800 during the year. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position except for a negative \$47,853,660 in unrestricted net position. The negative \$47,358,160 unrestricted net position is mainly the result of the net pension liability of \$30,184,034 and the implementation of GASB 75 which also increased OPEB obligation and decreased liability.

Statement of Activities. The key elements of the changes in the City's net position for the fiscal years ended September 30, 2016, and September 30, 2017 are as follows:

City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017
City of Temple Terrace
Changes in Net Position
As of September 30, 2017

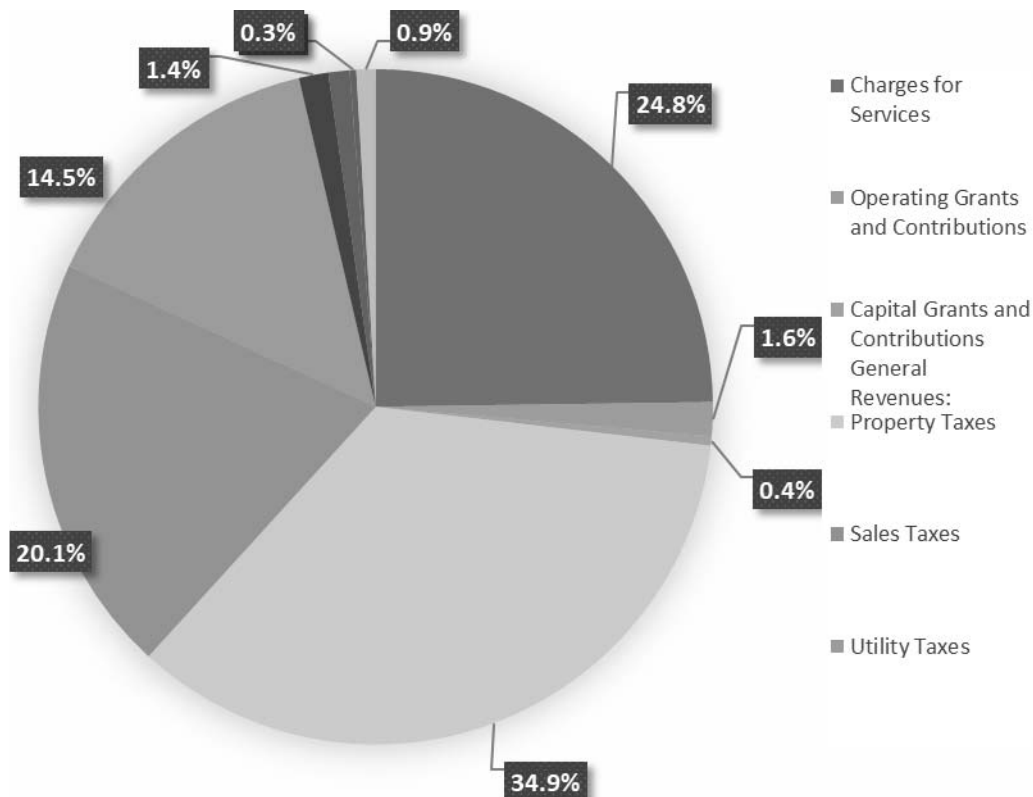
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$6,747,625	\$6,316,677	\$15,539,655	\$15,044,005	\$22,287,280	\$21,360,682
Operating Grants and Contributions	440,904	508,094			440,904	508,094
Capital Grants and Contributions General Revenues:						
Property Taxes	122,327	104,862	47,975	270,928	170,302	375,790
Property Taxes	9,509,915	8,452,704	-	-	9,509,915	8,452,704
Sales Taxes	5,470,285	5,460,439	-	-	5,470,285	5,460,439
Utility Taxes	3,947,322	3,836,324	-	-	3,947,322	3,836,324
Motor Fuel Taxes	383,954	341,761	-	-	383,954	341,761
Local Business Taxes	276,176	253,525	-	-	276,176	253,525
Investment Earnings	85,422	57,605	47,899	28,851	133,321	86,456
Other General Revenues	250,295	297,148	3100	-	253,395	297,148
Total Revenues	27,234,225	25,629,139	15,638,629	15,343,784	42,872,854	40,972,923
Expenses:						
General Government	3,934,517	4,084,662	-	-	3,934,517	4,084,662
Public Safety	15,865,516	13,994,461	-	-	15,865,516	13,994,461
Public Works	2,462,894	2,578,207	-	-	2,462,894	2,578,207
Economic Development	104,227	144,613	-	-	104,227	144,613
Culture and Recreation	3,837,790	3,961,717	-	-	3,837,790	3,961,717
Interest on Long-Term Debt	685,104	719,237	-	-	685,104	719,237
Water and Sewer Sanitation	-	-	10,075,846	10,207,950	10,075,846	10,207,950
Sanitation	-	-	3,577,213	3,470,280	3,577,213	3,470,280
Total Expenses	26,890,048	25,482,897	13,653,059	13,678,230	40,543,107	39,161,127
Change in Net Position before Transfers	344,177	146,242	1,985,570	1,665,554	2,329,747	1,811,796
Transfers	-	424,732	-	(424,732)	(47,975)	-
Change in Net Position	344,177	570,974	1,985,570	1,240,822	2,329,747	1,811,796
Net Position - Beginning	2,239,063	1,668,089	34,226,740	32,985,918	36,465,803	34,654,007
Prior Period Adjustment	(5,177,461)	-	(852,932)	-	(6,030,393)	-
Net Position - Beginning as Restated	(2,938,398)	1,668,089	33,373,808	32,985,918	30,435,410	34,654,007
Net Position - Ending	(\$2,594,221)	\$2,239,063	\$35,359,378	\$34,226,740	\$32,765,157	\$36,465,803

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

Governmental activities. Governmental activities increased the City's net position by \$344,177. The key elements in the difference between the two years are as follows:

- Property taxes increased by \$1,057,211 or 12.5% during the year. Most of this increase is due to the slight increase in taxable assessed values.
- Sales tax revenue increased .2% from \$5,460,439 in Fiscal Year 2016 to \$5,470,285, in Fiscal Year 2017, utility taxes increased by \$110,998 or 2.9% from \$3,836,324 to \$3,974,322, motor fuel tax revenue increased 12.3%, from \$341,764, to \$383,954, and local business tax increased 8.9% from \$253,525, to \$276,176.
- Total expenses were up \$1,407,151 (5.5%) in Fiscal Year 2017, after only an increase of \$777,938 (3.1%) in Fiscal Year 2016.

Revenue by Source – Governmental Activities



The pie chart above shows that 26.8% of offsetting revenues for governmental activity expenses come from specific charges for services (24.8%) and grants (2.1%). The remaining 73.2% of revenue supporting governmental activities come from property taxes (34.9%), other taxes (37.0%) and other general revenues (1.2%).

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

Business-type activities. Business-type activities increased the City's net position by \$1,985,570. Key elements of this increase were:

- The Water and Sewer Utility Fund had an operating gain of \$1,961,315. Charges for services increased \$564,650 (5.1%) from \$11,134,963 in 2016 to \$11,699,613 in 2017.
- The Sanitation Fund had an operating loss of \$59,829 which was a decrease over the 2017 operating gain of \$121,171. Waste Disposal charges for services decreased \$93,567 (2.6%) from \$3,549,026 in 2016 to \$3,455,459 in 2017.

The Charges for Services category accounts for 97.5% of the revenue generated in the enterprise funds. Rates are established to ensure operating expenses are covered.

The net position in the Water and Sewer Utility Fund increased \$2,039,027 while the Sanitation Fund decreased by \$53,457.

Financial Analysis of the Government's Funds

Governmental funds. As shown below, at the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,252,633, an increase of \$1,142,473, in comparison with the prior year. Approximately 42.9% of this total amount, \$5,686,544, is the total unassigned balance, which is available for spending. The remainder of the fund balance is either *non-spendable*, *restricted*, *committed*, or *assigned*, to indicate that it is 1) not in spendable form (\$2,703,833), legally required to be maintained intact (\$4,257,394), 3) committed for purposes (\$116,591), or 4) assigned for purposes (\$488,271).

**City of Temple Terrace
Governmental Funds –
Fund Balance as of September 30, 2017**

	General	Street Improvement	Community Investment Tax	Tax Increment Financing	Debt Service	Total
Nonspendable	\$ 2,703,833	\$ -	\$ -	\$ -	\$ -	\$ 2,703,833
Restricted Unrestricted	335,451	2,645,781	1,275,695	467	-	4,257,394
Committed	116,591	-	-	-	-	116,591
Assigned	488,271	-	-	-	-	488,271
Unassigned	5,975,077	-	-	-	(288,533)	5,686,544
Total Net Position	\$ 9,619,223	\$ 2,645,781	\$ 1,275,695	\$ 467	\$ (288,533)	\$ 13,252,633

The General Fund is the City's chief operating fund. At the end of the current fiscal year, *unassigned* fund balance of the General Fund was \$5,975,077, while total fund balance increased 2% to \$9,619,223. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 26.7% of total General Fund expenditures excluding capital outlay and debt service, while total fund balance represents 43.0% of that same amount.

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

The fund balance of the City's General Fund increased \$188,430 (2.0%) as of September 30, 2017.

- The General Fund Final Budget budgeted for a deficiency of revenues over expenditures of \$326,071, excluding transfers and the sale of general fixed assets. At fiscal year- end, actual revenues were under budgeted by \$153,511. Actual expenditures were \$1,681,578 under budget, resulting in a total excess of \$1,201,996.
- Revenues, at \$23,870,498 increased \$954,458 from Fiscal Year 2016 revenues of \$22,916,040.

The Street Improvement Fund increased by \$466,506 to a total fund balance of \$2,645,781, all of which is restricted for eligible street improvement programs.

- The revenues from the current Fiscal Year were \$1,549,629, while the expenditures were \$1,083,123. Of the expenditure amount, \$352,283 (32.5%) was spent on capital outlay.
- Total revenues increased \$186,845 (13.7%) compared to Fiscal Year 2016.
- Total expenditures increased \$174,946 (19.3%) compared to Fiscal Year 2016.

The Community Investment Tax (CIT) Fund ended the year with a fund balance of \$1,275,695, an increase of \$487,429, all of which is restricted for projects as outlined in the Five-Year Capital Improvement Plan.

- The revenues from the current Fiscal Year were \$1,336,429, including \$1,330,032 in one-cent local option sales tax revenue, while expenditures were \$849,000. Total revenues increased \$44,039 (3.4%), compared to Fiscal Year 2016. One-Cent Local Option Tax revenues, the main source of revenue for the CIT fund, increased \$46,557 (3.6%) from Fiscal Year 2016.
- Total expenditures decreased \$2,857,113 (77.1%), compared to Fiscal Year 2016.
- Changes in key personnel at the executive and finance level during this fiscal year affected the ability of directors to implement the budgeted program as planned.

The Tax Increment Financing (TIF) Fund has a fund balance of \$467. Total revenue collected of \$68,578 plus a transfer from the City of \$84,084 was used for debt service payments on the property purchased in the southeast quadrant and for services associated with operations in the Community Redevelopment Agency (CRA) district. As part of the City's efforts to improve quality of life and strengthen the economic environment, the City has established a community redevelopment agency that includes 20 acres of City-owned land. The long-term vision is to create a vibrant downtown.

The Debt Service Fund has a deficit fund balance of (\$288,533), which was a result of a loan from Sanitation Fund to General Fund in order to make the debt payments. Total revenue collected represents a transfer in of \$1,155,959 from other funds collecting receipts to pay debt service requirements. This fund paid principal and interest on debt in the amount of \$470,855 and \$685,104, respectively.

The Insurance Premium Tax Fund is used a pass-through and thus, has no budget.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. Unrestricted net position of the Water/Sewer Utility at the end of the year amounted to \$3,069,295, and those for the Sanitation Utility amounted to \$680,280. In 2017, net position for the Water/Sewer Utility increased by \$1,440,157 and Sanitation decreased by \$307,519.

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital asset for its governmental and business-type activities as of September 30, 2017, totals \$75,096,949. This investment in capital assets includes land, construction work in progress, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The City's total investment in capital assets for the current fiscal year decreased \$1,176,571 or 1.5%, more specifically comprised of a 2.3% decrease for governmental activities and a .2% decrease for business-type activities. Additional information on the City's capital assets can be found on page 79.

Major capital asset events during the current fiscal year included:

- Machinery, equipment and vehicles increased \$719,778 due primarily to the purchase of trucks and other construction and maintenance related vehicles and equipment during fiscal year 2017.
- Accumulated depreciation increased \$2,225,704, with \$1,139,336 of the increase in governmental activities and \$1,086,368 in business-type activities.

**Capital Assets at Year-End
Net of Depreciation**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,385,417	\$ 5,385,417	\$ 2,417,358	\$ 2,417,358	\$ 7,802,775	\$ 7,802,775
Buildings	12,108,886	11,840,702	2,286,589	2,225,418	14,395,475	14,066,120
Improvements Other Than Building	7,125,338	7,125,338	-	-	7,125,338	7,125,338
Equipment	14,649,092	14,900,906	6,309,690	5,338,098	20,958,782	20,239,004
Infrastructure	39,285,911	39,285,911	44,574,658	44,574,658	83,860,569	83,860,569
Construction in Progress	3,221,082	3,221,082	844,658	844,658	4,065,740	4,065,740
	81,775,726	81,759,356	56,432,953	55,400,190	138,208,679	137,159,546
Less: Accumulated Depreciation	(34,434,106)	(33,294,770)	(28,677,624)	(27,591,256)	(63,111,730)	(60,886,026)
Net Capital Assets	\$47,341,620	\$48,464,586	\$27,755,329	\$27,808,934	\$75,096,949	\$76,273,520

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

Long-term debt. At the end of the current fiscal year, the City of Temple Terrace had total debt outstanding secured by various revenue sources, e.g., revenue bonds, and covenants to budget and appropriation. Additional information on the City's long-term debt can be found on pages 104-107 of this report.

Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue Notes	\$ 26,176,033	\$ 26,646,888	\$ -		\$ 26,176,033	\$ 26,646,888
Revenue Bonds	-	-	-	325,000	-	325,000
	<u>\$ 26,176,033</u>	<u>\$ 26,646,888</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 26,176,033</u>	<u>\$ 26,971,888</u>

The long-term revenue note balloon payment of \$23,540,000 is due to be refinanced for a longer term in FY 2018.

General Fund Budgetary Highlights

During the current year, the total increase between adopted and final budgeted revenue totaled \$8,627. This increase is mainly due to unexpected donations and intergovernmental increases received. Supplemental budget amendments for budgeted appropriations increased between the adopted and final budget by \$524,860. The most significant budget between adopted and final was an increase of \$147,624 within the Capital Outlay budget and \$301,522 within the Public Safety – Police budget. The increase in the Capital Outlay's budget includes projects that were not completed or not started in the prior fiscal year that were ultimately allocated towards the amended fiscal year 2017 budget. The increase in the Public Safety – Police budget includes other contractual services that were not originally planned for.

Economic Factors and Next Year's Budgets and Rates

The City administration took a conservative approach to balance the Fiscal Year 2018 budget. The City's taxable property values, set by the Hillsborough County Property Appraiser in June 2017, increased \$29,960,374 or 7.4% to \$1.46 billion applicable to Fiscal Year 2018, with the property tax revenue in the General Fund adopted budget showing an increase of \$552,231 over Fiscal Year 2017. Over the last five years, property values have increased annually by an average of 3.9%. The City increased the millage rate to 7.205 mills per \$1,000 assessed property value in Fiscal Year 2017 and decreased that rate to 6.955 mills in Fiscal Year 2018.

The Fiscal Year 2018 budget utilizes no unassigned reserves to balance. City Council approved decreasing the City's unassigned reserves to two and a half months (16.7%) operating expenditures in Fiscal Year 2015. The unassigned reserves for Fiscal Year 2018 is estimated to remain at 16.7%.

The Temple Terrace Redevelopment Area property values rose to \$81.08 million during Fiscal Year 2017, while maintaining a taxable value increase of \$18,102,414 over the 2004 base value of \$62,978,340. Values in this area rose 16.3% over Fiscal Year 2016. The TIF income will assist with the \$274,941 interest payment on the investment in redevelopment. The budget includes interest expense, but the amount of TIF income will prohibit the City from paying anything towards principal.

The Water/Sewer Enterprise Fund - comprised of several sub-funds, including operations, debt service, renewal and replacement, and improvement fees - is expected to improve its performance slightly. A 4.3% water and sewer rate increase, became effective October 1, 2016. A 2.3% Residential Sanitation rate increase and a 2.3% Commercial Sanitation rate increase became effective October 1, 2016. However, for FY2018, no increases were planned.

**City of Temple Terrace, Florida
Management's Discussion and Analysis
Year Ended September 30, 2017**

Requests for Information

This financial report is designed to provide a general overview of and present accountability for the City of Temple Terrace's finances to users and interested parties, the citizens, taxpayers, customers, investors, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Temple Terrace, P.O. Box 16930, Temple Terrace, FL 33687-6930, via the City's website (<http://www.templeterrace.com>), or by phone at **813-506-6416**.



TEMPLE TERRACE

Amazing City. Since 1925.

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BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Fund Financial Statements Governmental Proprietary
Fiduciary

Notes to the Financial Statements

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF NET POSITION
September 30, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash, Cash Equivalents and Investments	\$ 10,840,434	\$ 4,817,654	\$ 15,658,088
Receivables (net of allowance for uncollectibles)	4,231,465	1,713,871	5,945,336
Internal Balances	(318,645)	318,645	-
Inventories	130,716	83,285	214,001
Prepays	4,707	-	4,707
Restricted Assets:			
Cash and Cash Equivalents	-	4,961,059	4,961,059
Capital Assets Not Being Depreciated			
Land	5,385,417	2,417,358	7,802,775
Construction in Progress	3,221,082	844,658	4,065,740
Capital Assets Net of Accumulated Depreciation			-
Buildings and Improvements	12,108,886	2,286,589	14,395,475
Improvements Other Than Buildings	7,125,338	-	7,125,338
Machinery, Equipment, and Vehicles	14,649,092	6,309,690	20,958,782
Infrastructure	39,285,911	44,574,658	83,860,569
Less Accumulated Depreciation	(34,434,106)	(28,677,624)	(63,111,730)
Total Assets	<u>62,230,297</u>	<u>39,649,843</u>	<u>101,880,140</u>
DEFERRED OUTFLOWS			
OPEB	510,825	85,772	596,597
Pensions	1,677,653	127,657	1,805,310
	<u>2,188,478</u>	<u>213,429</u>	<u>2,401,907</u>
LIABILITIES			
Accounts Payable	474,849	1,252,906	1,727,755
Accrued Payroll	705,227	107,477	812,704
Deposits and Other Payables	35,794	1,342,673	1,378,467
Unearned Revenue	185,017	-	185,017
Noncurrent Liabilities			
Due Within One Year:			
Revenue Bonds and Notes Payable	24,029,621	-	24,029,621
Compensated Absences	100,259	6,604	106,863
Due in More Than One Year:			
Revenue Bonds and Notes Payable	2,146,412	-	2,146,412
Compensated Absences	902,330	125,474	1,027,804
Net OPEB Obligation	6,363,477	1,055,118	7,418,595
Net Pension Liability	29,828,012	356,022	30,184,034
Total Liabilities	<u>64,770,998</u>	<u>4,246,274</u>	<u>69,017,272</u>
DEFERRED INFLOWS			
OPEB	900,496	151,201	1,051,697
Pensions	1,341,502	106,419	1,447,921
	<u>2,241,998</u>	<u>257,620</u>	<u>2,499,618</u>
NET POSITION			
Net Investment in Capital Assets	44,751,620	27,755,329	72,506,949
Restricted:			
Donations and Forfeitures	37,475	-	37,475
Debt Service	-	1,003,469	1,003,469
Renewal and Replacement	297,976	1,558,058	1,856,034
Capital Projects	3,921,943	1,292,947	5,214,890
Unrestricted	(51,603,235)	3,749,575	(47,853,660)
Total Net Position	<u>\$ (2,594,221)</u>	<u>\$ 35,359,378</u>	<u>\$ 32,765,157</u>

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF ACTIVITIES
September 30, 2017

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 3,934,517	\$ 4,408,774	\$ 352,282	\$ -	\$ 826,539	\$ -	\$ 826,539
Public Safety	15,865,516	1,147,181	88,622	-	(14,629,713)	-	(14,629,713)
Culture and recreation	3,837,790	1,086,548	-	-	(2,751,242)	-	(2,751,242)
Public Works	2,462,894	105,122	-	11,868	(2,345,904)	-	(2,345,904)
Economic Development	104,227	-	-	110,459	6,232	-	6,232
Capital Outlay	-	-	-	-	-	-	-
Principal and Interest	685,104	-	-	-	(685,104)	-	(685,104)
Total governmental activities	26,890,048	6,747,625	440,904	122,327	(19,579,192)	-	(19,579,192)
Business-type activities:							
Water/Sewer utility	10,075,846	12,022,271	-	47,975	-	1,994,400	1,994,400
Sanitation	3,577,213	3,517,384	-	-	-	(59,829)	(59,829)
Total business-type activities	13,653,059	15,539,655	-	47,975	-	1,934,571	1,934,571
Total primary government	\$ 40,543,107	\$ 22,287,280	\$ 440,904	\$ 170,302	(19,579,192)	1,934,571	(17,644,621)
General Revenues:							
Property Taxes, Levied For General Purposes					9,509,915	-	9,509,915
Sales Taxes					5,470,285	-	5,470,285
Utility Taxes					3,947,322	-	3,947,322
Motor Fuel Taxes					383,954	-	383,954
Local Business Taxes					276,176	-	276,176
Grants and Contributions Not Restricted to Specific Programs					69,367	-	69,367
Unrestricted Investment Earnings					85,422	47,899	133,321
Miscellaneous					180,928	3,100	184,028
Other					-	-	-
Transfers					-	-	-
Total general revenues and transfers					19,923,369	50,999	19,974,368
Change in net position					344,177	1,985,570	2,329,747
Net position -beginning as previously reported					2,239,063	34,226,740	36,465,803
Restatement - Implementation of GASB 75 (OPEB)					(5,177,461)	(852,932)	(6,030,393)
Net Position - beginning as restated					(2,938,398)	33,373,808	30,435,410
Net position - ending					<u>\$ (2,594,221)</u>	<u>\$ 35,359,378</u>	<u>\$ 32,765,157</u>

CITY OF TEMPLE TERRACE, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2017

	General Fund	Street Improvement Fund	Community Investment Tax Fund
ASSETS			
Equity in Pooled Cash and Investments	\$ 6,887,708	\$ 2,560,856	\$ 1,215,068
Receivables Net of Allowance for Uncollectibles:			
Accounts - Billed	22,356	-	-
Accounts - Unbilled	29,301	-	-
Interest	703	1,394	2,408
Due from Other Agencies	310,071	83,662	94,829
Other	3,531,783	885	-
Inventories	15,856	-	-
Prepaid Items	4,707	-	-
	<u>10,802,485</u>	<u>2,646,797</u>	<u>1,312,305</u>
Total Assets	<u>\$ 10,802,485</u>	<u>\$ 2,646,797</u>	<u>\$ 1,312,305</u>
LIABILITIES			
Accounts Payable	\$ 269,361	\$ 1,016	\$ 36,610
Interfund Advances Payable	-	-	-
Accrued Payroll	693,090	-	-
Deposits and Other Payables	35,794	-	-
Unearned Revenue	185,017	-	-
Total Liabilities	<u>1,183,262</u>	<u>1,016</u>	<u>36,610</u>
FUND BALANCES			
Nonspendable	2,703,833	-	-
Restricted	335,451	2,645,781	1,275,695
Committed	116,591	-	-
Assigned	488,271	-	-
Unassigned	5,975,077	-	-
	<u>9,619,223</u>	<u>2,645,781</u>	<u>1,275,695</u>
Total Fund Balances (Deficit)	<u>9,619,223</u>	<u>2,645,781</u>	<u>1,275,695</u>
Total Liabilities and Fund Balances (Deficit)	<u>\$ 10,802,485</u>	<u>\$ 2,646,797</u>	<u>\$ 1,312,305</u>

Tax Increment Financing Fund	Insurance Premium Tax Fund	Debt Service Fund	Total Governmental Funds
\$ 467	\$ -	\$ 29,720	\$ 10,693,819
-	-	-	-
-	-	-	22,356
-	-	-	29,301
-	-	392	4,897
-	153,625	-	642,187
-	-	-	3,532,668
-	-	-	15,856
-	-	-	4,707
<u>\$ 467</u>	<u>\$ 153,625</u>	<u>\$ 30,112</u>	<u>\$ 14,945,791</u>
\$ -	\$ 153,625	\$ -	\$ 460,612
-	-	318,645	318,645
-	-	-	693,090
-	-	-	35,794
-	-	-	185,017
<u>-</u>	<u>153,625.00</u>	<u>318,645</u>	<u>1,693,158</u>
-	-	-	2,703,833
467	-	-	4,257,394
-	-	-	116,591
-	-	-	488,271
-	-	(288,533)	5,686,544
<u>467</u>	<u>-</u>	<u>(288,533)</u>	<u>13,252,633</u>
<u>\$ 467</u>	<u>\$ 153,625</u>	<u>\$ 30,112</u>	<u>\$ 14,945,791</u>



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CITY OF TEMPLE TERRACE, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2017

Total fund balances - governmental funds		\$ 13,252,633
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$ 81,604,862	
Less accumulated depreciation	<u>(34,264,242)</u>	
Net governmental capital assets		47,340,620
The net pension liability is not due and payable in current period and, therefore, is not reported in the governmental funds.		(29,741,707)
Deferred Outflows/Inflows of resources reported in the statement of net position:		
Net deferred outflows-OPEB	500,998	
Net deferred inflows-OPEB	(883,172)	
Net deferred outflows-pensions	1,646,707	
Net deferred inflows-pensions	<u>(1,315,704)</u>	(51,171)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Revenue bonds payable	(26,176,033)	
Compensated absences	(982,779)	
Other Post Employment Benefits	<u>(6,243,921)</u>	
Total governmental long-term liabilities		(33,402,733)
Internal service funds are used by management to charge the cost of fleet maintenance and OPEB . The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>8,137</u>
Net position of governmental activities		<u><u>\$ (2,594,221)</u></u>

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2017

	General Fund	Street Improvement Fund	Community Investment Tax Fund
REVENUES			
Taxes	\$ 13,733,413	\$ 789,038	\$ 1,330,032
Licenses and Permits	438,681	-	-
Franchise Fees	1,746,693	-	-
Intergovernmental	3,389,589	736,236	-
Charges for Services	4,109,960	-	-
Fines and Forfeitures	157,134	-	-
Investment Earnings (Loss)	66,605	12,487	6,397
Contributions and Donations	90,292	11,868	-
Other	138,131	-	-
Total Revenues	23,870,498	1,549,629	1,336,429
EXPENDITURES			
Current:			
General Government:			
Legislative	344,744	-	-
Legal	255,526	-	-
Executive	1,453,560	-	-
Finance	610,362	-	-
Community Development	537,947	-	-
Code Enforcement	290,765	-	-
Economic Development	104,558	-	-
Non-Departmental	415,690	-	-
Total General Government	4,013,152	-	-
Public Safety:			
Police	7,904,583	-	-
Fire	6,460,380	-	-
Total Public Safety	14,364,963	-	-
Cultural and Recreation:			
Library	670,449	-	-
Parks and Recreation	2,837,235	-	-
Total Cultural and Recreation	3,507,684	-	-
Public Works:			
Public Works Administrative	380,069	-	-
Streets	91,035	676,965	-
Engineering	-	53,875	-
Total Public Works	471,104	730,840	-
Capital Outlay	311,599	352,283	849,000
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Debt Service	-	-	-
Total Expenditures	22,668,502	1,083,123	849,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,201,996	466,506	487,429
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(1,087,546)	-	-
Proceeds from the Sale of Capital Assets	73,980	-	-
Total Other Financing Sources (Uses)	(1,013,566)	\$ -	\$ -
Net Change in Fund Balances	188,430	466,506	487,429
Fund Balances, Beginning	9,430,793	2,179,275	788,266
Fund Balances (Deficit), Ending	\$ 9,619,223	\$ 2,645,781	\$ 1,275,695

Tax Increment Financing Fund	Insurance Premium Tax Fund	Debt Service Fund	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 15,852,483
-	-	-	438,681
-	-	-	1,746,693
68,588	335,168	-	4,529,581
-	-	-	4,109,960
-	-	-	157,134
(67)	-	-	85,422
-	-	-	102,160
-	-	-	138,131
<u>68,521</u>	<u>335,168</u>	<u>-</u>	<u>27,160,245</u>
-	-	-	344,744
-	-	-	255,526
-	-	-	1,453,560
-	-	-	610,362
-	-	-	537,947
-	-	-	290,765
-	-	-	104,558
-	-	-	415,690
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,013,152</u>
-	181,543	-	8,086,126
-	153,625	-	6,614,005
<u>-</u>	<u>335,168</u>	<u>-</u>	<u>14,700,131</u>
-	-	-	670,449
-	-	-	2,837,235
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,507,684</u>
-	-	-	380,069
-	-	-	768,000
-	-	-	53,875
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,201,944</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,512,882</u>
-	-	470,855	470,855
-	-	685,104	685,104
<u>-</u>	<u>-</u>	<u>1,155,959</u>	<u>1,155,959</u>
-	335,168	1,155,959	26,091,752
<u>68,521</u>	<u>-</u>	<u>(1,155,959)</u>	<u>1,068,493</u>
84,084	-	1,155,959	1,240,043
(152,497)	-	-	(1,240,043)
-	-	-	73,980
<u>(68,413)</u>	<u>-</u>	<u>1,155,959</u>	<u>73,980</u>
108	-	-	1,142,473
359	-	(288,533)	12,110,160
<u>\$ 467</u>	<u>\$ -</u>	<u>\$ (288,533)</u>	<u>\$ 13,252,633</u>

CITY OF TEMPLE TERRACE, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENT FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2017

Net change in fund balances - total governmental funds		\$ 1,142,473
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Expenditures for capital assets	\$ 1,036,635	
Less current year depreciation	<u>(2,120,800)</u>	
Net governmental capital assets		(1,084,165)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the capital assets sold.		
		(38,373)
Bond proceeds provide current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. Governmental funds report the debt issuance.		
Principal payments	<u>470,855</u>	470,855
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 the governmental funds.		
Change in long-term compensated absences	66,641	
Change in net OPEB obligation	183,813	
Change in pension related amounts	<u>(477,211)</u>	
Total other expenses		(226,757)
The internal service fund is used by management to charge the costs of fleet maintenance to individual funds. The net income (loss) of the internal service funds is reported with governmental activities.		
		<u>80,144</u>
Change in net position of governmental activities		<u><u>\$ 344,177</u></u>

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended September 30, 2017

General Fund				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 9,339,097	\$ 9,339,097	\$ 9,509,915	\$ 170,818
Utility	3,876,456	3,876,456	3,947,322	70,866
Local Business Tax	274,284	274,284	276,176	1,892
Licenses and Permits	398,893	398,893	438,681	39,788
Franchise Fees	1,817,237	1,817,237	1,746,693	(70,544)
Intergovernmental	3,487,782	3,488,924	3,389,589	(99,335)
Charges for Services	4,288,780	4,288,780	4,109,960	(178,820)
Fines and Forfeitures	128,216	128,216	157,134	28,918
Investment Earnings	22,400	22,400	66,605	44,205
Contributions and Donations	48,250	49,235	90,292	41,057
Other	333,987	340,487	138,131	(202,356)
Total Revenues	24,015,382	24,024,009	23,870,498	(153,511)
EXPENDITURES				
Current:				
General Government:				
Legislative	366,540	366,140	344,744	21,396
Legal	306,500	266,348	255,526	10,822
Executive	535,290	535,690	499,767	35,923
Human Resources	494,136	414,136	342,797	71,339
Information Technology	606,979	626,317	610,996	15,321
Finance	472,188	632,760	610,362	22,398
Community Development	670,698	631,753	537,947	93,806
Code Enforcement	299,176	358,402	290,765	67,637
Economic Development	176,805	109,829	104,558	5,271
Non-Departmental	363,387	420,803	415,690	5,113
Total General Government	4,291,699	4,362,178	4,013,152	349,026
Public Safety:				
Police	8,159,439	8,460,961	7,904,583	556,378
Fire	6,660,991	6,660,344	6,460,380	199,964
Total Public Safety	14,820,430	15,121,305	14,364,963	756,342
Cultural and Recreation:				
Library	723,817	708,852	670,449	38,403
Parks and Recreation	3,086,721	3,104,918	2,837,235	267,683
Total Cultural and Recreation	3,810,538	3,813,770	3,507,684	306,086
Public Works:				
Public Works Administrative	457,934	460,584	380,069	80,515
Streets	250,319	250,319	91,035	159,284
Total Public Works	708,253	710,903	471,104	239,799
Capital Outlay	194,300	341,924	311,599	30,325
Total Expenditures	23,825,220	24,350,080	22,668,502	1,681,578
Excess (Deficiency) of Revenues Over (Under) Expenditures	190,162	(326,071)	1,201,996	1,528,067
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,098,969)	(1,098,969)	(1,087,546)	11,423
Sale of Capital Assets	25,000	25,000	73,980	48,980
Total Other Financing Sources (Uses)	(1,073,969)	(1,073,969)	(1,013,566)	60,403
Net Change in Fund Balances	(883,807)	(1,400,040)	188,430	1,588,470
Fund Balances, Beginning	883,807	1,400,040	9,430,793	8,030,753
Fund Balances, Ending	\$ -	\$ -	\$ 9,619,223	\$ 9,619,223

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR FUND BALANCE
BUDGET AND ACTUAL
STREET IMPROVEMENT SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2017

	Street Improvement Special Revenue Fund			Variance with
	Budgeted Amounts		Actual Amounts	Final Budget -
	Original	Final		Positive
				(Negative)
REVENUES				
Taxes	\$ 725,000	\$ 725,000	\$ 789,038	\$ 64,038
Intergovernmental	336,600	336,600	736,236	399,636
Investment Earnings	6,000	6,000	12,487	6,487
Contributions and Donations	50,000	50,000	11,868	(38,132)
Total Revenues	1,117,600	1,117,600	1,549,629	432,029
EXPENDITURES				
Public Works:				
Street Maintenance	676,965	676,965	676,965	-
Engineering	53,875	53,875	53,875	-
Total Public Works	730,840	730,840	730,840	-
Capital Outlay	386,760	659,369	352,283	307,086
Total Expenditures	1,117,600	1,390,209	1,083,123	307,086
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	-	(272,609)	466,506	739,115
Net Change in Fund Balances	-	(272,609)	466,506	739,115
Fund Balances, Beginning	-	272,609	2,179,275	1,906,666
Fund Balances, Ending	\$ -	\$ -	\$ 2,645,781	\$ 2,645,781

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF REVENUES AND EXPENDITURES AND FUND BALANCE SHEET
BUDGET AND ACTUALS
COMMUNITY INVESTMENT TAX SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2017

Community Investment Tax Special Revenue Fund			
	Budgeted Amounts		Variance with
	Original	Final	Final Budget - Positive (Negative)
REVENUES			
Taxes	\$ 1,233,643	\$ 1,233,643	\$ 1,330,032
Investment Earnings	12,000	12,000	6,397
Total Revenues	1,245,643	1,245,643	1,336,429
EXPENDITURES			
Capital Outlay	1,245,643	1,274,684	849,000
Total Expenditures	1,245,643	1,274,684	849,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(29,041)	487,429
Net Change in Fund Balances	-	(29,041)	487,429
Fund Balances, Beginning	-	29,041	788,266
Fund Balances, Ending	\$ -	\$ -	\$ 1,275,695

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
BUDGET AND ACTUAL
TAX INCREMENTAL FINANCING SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2017

	Tax Incremental Financing Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 66,896	\$ 66,896	\$ 68,588	\$ 1,692
Investment Earnings	1,692	1,692	(67)	(1,759)
Total Revenues	68,588	68,588	68,521	(67)
EXPENDITURES				
Current:				
General Government:				
Economic Development	175	175	-	175
Total General Government	175	175	-	175
Total Expenditures	175	175	-	175
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,413	68,413	68,521	108
OTHER FINANCING SOURCES (USES)				
Transfers In	84,084	84,084	84,084	-
Transfers Out	(152,497)	(152,497)	(152,497)	-
Total Other Financing Sources (Uses)	(68,413)	(68,413)	(68,413)	-
Net Change in Fund Balances	-	-	108	108
Fund Balances, Beginning	-	-	359	359
Fund Balances, Ending	\$ -	\$ -	\$ 467	\$ 467



TEMPLE TERRACE

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CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water & Sewer Utility	Sanitation Utility	Total	
ASSETS				
Current assets:				
Equity in Pooled Cash and Investments	\$ 4,264,418	\$ 553,236	\$ 4,817,654	\$ 146,615
Accounts Receivable:				
Billed (Net Allowance for Uncollectibles)	580,598	168,825	749,423	-
Unbilled	680,092	274,673	954,765	-
Interest Receivable	3,918	5,765	9,683	56
Inventories	83,285	-	83,285	114,860
Total Current Assets	<u>5,612,311</u>	<u>1,002,499</u>	<u>6,614,810</u>	<u>261,531</u>
Noncurrent Assets:				
Restricted Cash, Cash Equivalents, and Investments:				
Equity in Pooled Cash and Investments	4,961,059	-	4,961,059	-
Interfund Advance	-	318,645	318,645	-
Capital Assets:				
Land	2,417,358	-	2,417,358	-
Construction in Progress	740,444	104,214	844,658	-
Buildings	2,286,589	-	2,286,589	-
Machinery, Equipment, and Vehicles	2,950,548	3,359,142	6,309,690	170,864
Infrastructure	44,574,658	-	44,574,658	-
Less Accumulated Depreciation	<u>(26,043,978)</u>	<u>(2,633,646)</u>	<u>(28,677,624)</u>	<u>(169,864)</u>
Net Capital Assets	<u>26,925,619</u>	<u>829,710</u>	<u>27,755,329</u>	<u>1,000</u>
Total Noncurrent Assets	<u>31,886,678</u>	<u>1,148,355</u>	<u>33,035,033</u>	<u>1,000</u>
Total Assets	<u>37,498,989</u>	<u>2,150,854</u>	<u>39,649,843</u>	<u>262,531</u>
Deferred Outflows of Resources				
Deferred Outflows - OPEB Related	60,223	25,549	85,772	9,827
Deferred Outflows - Pension Related	89,426	38,231	127,657	30,946
Total Deferred Outflows of Resources	<u>149,649</u>	<u>63,780</u>	<u>213,429</u>	<u>40,773</u>

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
September 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water & Sewer Utility	Sanitation Utility	Total	
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 1,115,743	\$ 137,163	\$ 1,252,906	\$ 14,237
Accrued Payroll	73,156	34,321	107,477	12,137
Compensated Absences	4,982	1,622	6,604	1,981
Customer Deposits	1,341,083	1,590	1,342,673	-
Total Current Liabilities	<u>2,534,964</u>	<u>174,696</u>	<u>2,709,660</u>	<u>28,355</u>
Noncurrent Liabilities:				
Compensated Absences	94,660	30,814	125,474	17,829
Net OPEB Obligation	739,513	315,605	1,055,118	119,556
Net Pension Liability	249,401	106,621	356,022	86,305
Total Noncurrent Liabilities	<u>1,083,574</u>	<u>453,040</u>	<u>1,536,614</u>	<u>223,690</u>
Total Liabilities	<u>3,618,538</u>	<u>627,736</u>	<u>4,246,274</u>	<u>252,045</u>
Deferred Inflows of Resources				
Deferred Inflows - OPEB Related	106,163	45,038	151,201	17,324
Deferred Inflows - Pension Related	74,549	31,870	106,419	25,798
Total Deferred Inflows of Resources	<u>180,712</u>	<u>76,908</u>	<u>257,620</u>	<u>43,122</u>
NET POSITION				
Net Investment in Capital Assets	26,925,619	829,710	27,755,329	1,000
Restricted:				
Debt Service	1,003,469	-	1,003,469	-
Renewal and Replacement	1,558,058	-	1,558,058	-
Capital Projects	1,292,947	-	1,292,947	-
Unrestricted	<u>3,069,295</u>	<u>680,280</u>	<u>3,749,575</u>	<u>7,137</u>
Total Net Position	<u>\$ 33,849,388</u>	<u>\$ 1,509,990</u>	<u>\$ 35,359,378</u>	<u>\$ 8,137</u>

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Fiscal Year Ended September 30, 2017

	Business-type Activities Enterprise Funds			Governmental Activities Internal Service Fund
	Water & Sewer Utility	Sanitation Utility	Total	
OPERATING REVENUES				
Charges for Services	\$ 11,699,613	\$ 3,455,459	\$ 15,155,072	\$ 1,021,804
Water and Sewer Taps and Extensions	15,031	-	15,031	-
Recycling	-	59,199	59,199	-
Other	307,627	2,726	310,353	(652)
Total Operating Revenues	<u>12,022,271</u>	<u>3,517,384</u>	<u>15,539,655</u>	<u>1,021,152</u>
OPERATING EXPENSES				
Salaries and Wages	1,308,307	548,616	1,856,923	208,530
Fringe Benefits and Payroll Taxes	416,082	207,589	623,671	118,892
Sewer Treatment Charges	3,925,059	-	3,925,059	-
Waste Disposal Charges	-	1,275,436	1,275,436	-
Insurance	140,070	29,050	169,120	36
Utilities and Telephone	340,028	3,530	343,558	-
Vehicle Maintenance	71,511	542,693	614,204	6,276
Fuel	53,949	119,747	173,696	14,548
Professional Services	289,555	79,270	368,825	483
Repairs and Maintenance	523,261	30,503	553,764	504,910
Postage and Office Supplies	44,385	33	44,418	-
Operating Supplies	268,681	26,628	295,309	7,059
Rental and Lease Costs	292,975	100,566	393,541	-
Other	38,014	1,192	39,206	335
Depreciation	1,085,022	168,022	1,253,044	428
Admin. Charges from Other Funds	1,264,057	444,338	1,708,395	78,860
Total Operating Expenses	<u>10,060,956</u>	<u>3,577,213</u>	<u>13,638,169</u>	<u>940,357</u>
Operating Income (Loss)	<u>1,961,315</u>	<u>(59,829)</u>	<u>1,901,486</u>	<u>80,795</u>
NONOPERATING REVENUES (EXPENSES)				
Gain (Loss) On Sale of Capital Assets	400	2,700	3,100	-
Investment Earnings (Loss)	44,227	3,672	47,899	(651)
Interest and Fiscal Charges	(14,890)	-	(14,890)	-
Total Nonoperating Revenues (Expenses)	<u>29,737</u>	<u>6,372</u>	<u>36,109</u>	<u>(651)</u>
Income (Loss) Before Contributions and Transfers	<u>1,991,052</u>	<u>(53,457)</u>	<u>1,937,595</u>	<u>80,144</u>
Impact Fees Paid By Customers	<u>47,975</u>	<u>-</u>	<u>47,975</u>	<u>-</u>
Change in Net Position	<u>2,039,027</u>	<u>(53,457)</u>	<u>1,985,570</u>	<u>80,144</u>
Net Position - Beginning as previously reported	32,409,231	1,817,509	34,226,740	25,717
Restatement - OPEB	<u>(598,870)</u>	<u>(254,062)</u>	<u>(852,932)</u>	<u>(97,724)</u>
Net Position, Beginning as Restated	<u>31,810,361</u>	<u>1,563,447</u>	<u>33,373,808</u>	<u>(72,007)</u>
Net Position - Ending	<u>\$ 33,849,388</u>	<u>\$ 1,509,990</u>	<u>\$ 35,359,378</u>	<u>\$ 8,137</u>



TEMPLE TERRACE

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CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water & Sewer Utility	Sanitation Utility	Totals	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 12,180,437	\$ 3,543,746	\$ 15,724,183	\$ 1,021,152
Cash Payments to Suppliers	(7,906,734)	(2,772,836)	(10,679,570)	(713,745)
Cash Payments to Employees	(1,739,236)	(768,220)	(12,507,456)	(286,169)
Net Cash Provided by (Used for) Operating Activities	<u>2,534,467</u>	<u>2,690</u>	<u>2,537,157</u>	<u>18,238</u>
Cash Flows From Capital and Related Financing Activities:				
Principal Payments on Long-term Debt	(325,000)	-	(325,000)	-
Interest Payments on Long-term Debt	(14,890)	-	(14,890)	-
Acquisition and Construction of Capital Assets	(601,064)	(598,375)	(1,199,439)	-
Proceeds from Sale of Capital Assets	400	2,700	3,100	-
Impact Fees Paid by Customers	47,975	-	47,975	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(892,579)</u>	<u>(595,675)</u>	<u>(1,488,254)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Interest and Dividends on Investments	44,227	3,672	47,899	(651)
Net Cash Provided by (Used for) Investing Activities	<u>44,227</u>	<u>3,672</u>	<u>47,899</u>	<u>(651)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,686,115	(589,313)	1,096,802	17,587
Cash and Cash Equivalents, October 1	<u>7,539,362</u>	<u>1,142,549</u>	<u>8,681,911</u>	<u>129,028</u>
Cash and Cash Equivalents, September 30	<u>\$ 9,225,477</u>	<u>\$ 553,226</u>	<u>\$ 9,778,713</u>	<u>\$ 146,615</u>
Cash and Cash Equivalents at End of Year Consists of:				
Equity in Pooled Cash and Investments- Current	\$ 4,264,418	\$ 553,236	\$ 4,817,654	\$ 146,615
Equity in Pooled Cash and Investments- Restricted	4,961,059	-	4,961,059	-
Total Cash and Cash Equivalents at End of Year	<u>\$ 9,225,477</u>	<u>\$ 553,236</u>	<u>\$ 9,778,713</u>	<u>\$ 146,615</u>

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water & Sewer Utility	Sanitation Utility	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 1,961,315	\$ (59,829)	\$ 1,901,486	\$ 80,795
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Expense	1,085,022	168,022	1,253,044	428
Change in Assets and Liabilities:				
(Increase) Decrease in Accts Receivable (Net)	100,649	24,772	125,421	-
(Increase) Decrease in Interest Receivable	1,020	-	1,020	-
(Increase) Decrease in Inventories	1,976	-	1,976	(47,142)
(Increase) Decrease in Deferred Outflow OPEB	(60,223)	(25,549)	(85,772)	(9,827)
(Increase) Decrease in Deferred Outflow Pension	9,920	4,346	14,266	(16,754)
Increase (Decrease) in Accounts Payable	(657,165)	(119,850)	(777,015)	(54,096)
Increase (Decrease) in Accrued Payroll	11,955	7,331	19,286	1,721
Increase (Decrease) in OPEB Liability	531,260	(28,683)	502,577	(11,033)
Increase (Decrease) in Net Pension Liability	(51,681)	(22,414)	(74,095)	43,293
Increase (Decrease) in Customer Deposits	56,497	1,590	58,087	-
Increase (Decrease) in Deferred Inflow OPEB	(492,707)	45,038	(447,669)	17,324
Increase (Decrease) in Deferred Inflow Pension	51,396	21,947	73,343	22,490
Increase (Decrease) in Compensated Absences	(14,767)	(14,031)	(28,798)	(8,961)
Total Adjustments	573,152	62,519	635,671	(62,557)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 2,534,467</u>	<u>\$ 2,690</u>	<u>\$ 2,537,157</u>	<u>\$ 18,238</u>

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Fiscal Year Ended September 30, 2017

	Total Employee Retirement Funds
ASSETS	
Cash and Cash Equivalents	
Money Market	\$ 1,457,031
Total Cash and Cash Equivalents	<u>1,457,031</u>
Receivables	
Employer Contribution	16,424
Investment Income	59,858
State Receivable	153,625
Total Receivables	<u>229,907</u>
Investments, at Fair Value	
U.S. Treasury Obligations and Agency Securities	9,173,259
Corporate Bonds	1,408,009
Common Stocks and Mutual Funds	30,182,775
Other - Pooled/Commingled Funds	6,703,408
Total Investments	<u>47,467,451</u>
Total Assets	<u>49,154,389</u>
LIABILITIES	
Payables	
Investment Expenses	3,125
Administrative and Other	7,539
Total Payables	<u>10,664</u>
Total Liabilities	<u>10,664</u>
NET POSITION	
Restricted for Pensions	<u>\$ 49,143,725</u>

CITY OF TEMPLE TERRACE, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Fiscal Year Ended September 30, 2017

	Total Employee Retirement Funds
ADDITIONS	
Contributions	
State Tax on Insurance Premiums	\$ 335,168
Contributions - Employer	3,396,508
Contributions - Employee	650,608
Employee Buy-Back	9,799
Total Contributions	<u>4,392,083</u>
Investment Income	
Net Appreciation in Fair Value of Investments	4,958,604
Interest	846,911
Total Investment Income	5,805,515
Investment Expense	<u>(250,497)</u>
Net Investment Income	<u>5,555,018</u>
Total Additions	<u>9,947,101</u>
Deductions	
Pension Benefits	3,669,907
Termination Refunds	62,415
Administrative Expense	<u>116,392</u>
Total Deductions	<u>3,848,714</u>
Change in Net Position	6,098,387
Net Position-Beginning	<u>43,045,338</u>
Net Position-Ending	<u><u>\$ 49,143,725</u></u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Temple Terrace (the City) have been prepared in accordance 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 principles. Significant accounting policies are described below.

A. REPORTING ENTITY

The City, incorporated on May 28, 1925, is a Florida municipality governed by the Mayor and five council members, all elected at-large. The City is located on the west coast of the State of Florida in the Tampa Bay Area, and operates under a Charter adopted on May 5, 1978, which provides for Council/Manager form of government. As required by Generally Accepted Accounting Principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units, entities for which the City is considered to be financially accountable.

The financial reporting entity consists of the following:

- The primary government;
- Organizations for which the primary government is financially accountable;
- Other organizations that, because of the nature and significance of their relationship with the primary government, may not be excluded from the financial reporting entity.

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, if applicable, has included them in the City's financial statements.

Blended Component Units

On December 16, 2003, by Resolution Number 168-03, the City established Temple Terrace Redevelopment Agency (TTRA) as a component unit of the City pursuant to Section 163.512, Florida Statutes. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The TTRA Board is comprised wholly of the City Councilmembers. Since the City appoints a voting majority and can impose its will on the agency, it is considered a component unit. Separate financial statements are not issued for TTRA. Fiscal year 2006 was the first year TTRA realized any financial activity. The information associated with this Tax Increment Financing Fund is reflected as a major governmental fund.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 meet 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.

Internal service activity of the City has been eliminated on the government-wide financial statements. Other interfund activity, namely overhead charges absorbed by the General Fund and allocated amongst the City's other funds, is reported as revenue in the fund providing the service or incurring the cost to be allocated and is reported as expense in the funds receiving the service or incurring the allocable share of the overhead charge.

Internal Service Funds of a government are presented in summary form as part of the proprietary fund financial statements. Since the predominant users of the internal services are the City's governmental activities, financial statements of Internal Service Funds are consolidated in the governmental column when presented at the government-wide level.

The City's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (pension plan participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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 in separate columns in the fund financial statements.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Fund Financial Statements:

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. Governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. The Proprietary Funds include Enterprise Funds for utility operations and Internal Service Funds for services within the City on a cost reimbursement basis. The two Fiduciary Funds are not included in the government-wide statements and are summarized as basic financial statements.

1. Governmental Funds: The City recognizes the following major governmental funds:

- a) **General Fund** - is the general operating fund of the City. It accounts for all financial resources not accounted for or reported in another fund.
- b) **Street Improvement Special Revenue Fund** - accounts for the proceeds of various intergovernmental gas tax revenues that are restricted to expenditure for specified purposes. The funds are generally used for items that are capital in nature but can be used for street maintenance.
- c) **Community Investment Tax Special Revenue Fund** - accounts for the proceeds from the half-cent sales tax revenues that are restricted to expenditure for specified purposes. The funds are generally used for capital items but can be used for public safety equipment that may or may not meet the capitalization threshold.
- d) **The Tax Increment Financing Special Revenue Fund** - accounts for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes associated with the Temple Terrace Redevelopment Area.
- e) **The Insurance Premium Tax Fund** – accounts for excise tax imposed on homeowners' insurance premiums collected by the State of Florida to help fund contributions to Firefighters' and Police Pension plans.
- f) **Debt Service Fund** - accounts for resources that are restricted, committed, or assigned to expenditure for principal and interest.

2. Proprietary Funds: The City recognizes the following major proprietary funds:

- a) **Water & Sewer Utility Fund** - accounts for the activities in providing water and wastewater collection, treatment and distribution services to the public.
- b) **Sanitation Utility Fund** - accounts for the activities in providing solid waste collection, transportation, and disposal services to the public.

3. Additionally, the City reports the following fund types:

- a) **Internal Service Funds** - account for the financing of goods and services provided by one department to other departments of the governmental unit on a cost-reimbursement basis. The City reports fleet maintenance as internal services.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

- b) **Pension Trust Funds** - account for the activities of the City's Police Officers' Retirement Fund and Firefighters' Retirement Fund. They are excluded from the government-wide financial statements because they are fiduciary in nature and do not represent resources available to the government for operation.

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It 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 fund financial statements. 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.

- 1. Modified Accrual:** Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available.

"Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, i.e., within 60 days of the end of the current fiscal period). Expenditures are recognized at the time the fund liability is incurred, if measurable. Interest and principal payments on general long-term debt and compensated absences are recognized when paid. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

- 2. Accrual:** All Proprietary and Fiduciary Funds are accounted for using the accrual basis of accounting and the economic resources measurement focus. Their revenues are recognized when they are earned and expenses recognized when they are incurred.

- 3. Proprietary Funds:** Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services, while operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

- 4. Accounting Pronouncements (GASB Statement No. 75):** GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (OPEB), issued in June 2015, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and parallels the pension standards issued in GASB Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 75 details the recognition and disclosure requirements for employers with payables to defined benefit OPEB

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

plans that are administered through trusts that meets specific criteria, and for employers whose employees are provided with defined contribution OPEB. For OPEB that is administered through trust, GASB Statement No. 75 requires the liability of employers to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. Though this pronouncement is not required to be implemented until Fiscal Year 2017-18; the City decided to be an early adopter and has included it in the Fiscal Year 2016-17 financial statements. The impact of adopting this statement is discussed in Note III B.2.

D. BUDGETARY DATA

1. Budget Policy: The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) Not later than 45 days prior to the end of the fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- b) Two public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally enacted through passage of an ordinance and resolution, unless an extension of time is authorized by the State legislature.
- d) The City Manager or Finance Director is authorized to transfer any unencumbered appropriation balance or portion thereof between departments and programs within a fund, and appropriate donated expenditures based on the request of donor. The City Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one fund to another.
- e) The City Council adopts the Budget Ordinance for all operating funds of the City except for Trust and Agency Funds. Budgets of the General, Special Revenue, and Debt Service, funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The insurance premium tax fund is not budgeted. Expenditures may not legally exceed appropriations for each fund.
- f) The key dates affecting the annual budget for the fiscal year ended September 30, 2017, were as follows:

City Council Budget Work Session	March 22, June 20, July 18, July 21, August 1, August 14, August 28, September 1, 2017
City Manager recommended budget to City Council	June 21, 2017
First public hearing and adoption of tentative millage rate	September 5, 2017
Second public hearing and adoption of millage rate	September 19, 2017

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

All budget amounts presented in the accompanying financial statements and supplemental information have been adjusted for legally authorized revisions of the annual budgets during the year. Appropriations, except open project appropriations and encumbrances, lapse at the end of each fiscal year.

2. Encumbrances: Encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. All Governmental Fund budgets are maintained on the modified accrual basis of accounting and appropriations exclude purchase orders and contracts (encumbrances) issued for goods or services not received at year end. The actual results of operations, presented in accordance with GAAP and the City's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. With the implementation of GASB Statement No. 54, encumbrances are not presented separately within the financial statements. They are restricted, committed, or assigned on the balance sheet depending on the nature of the encumbrance. Although encumbrances lapse at year-end, it is the City's intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. The City's legally adopted budget does not automatically include an appropriation for encumbrances.

E. ASSETS, LIABILITIES AND FUND EQUITY

1. Cash and Investments: All funds participate in the pooled cash investment program. Investment income is allocated to individual funds based upon their average daily balance in the cash pool. Each fund's individual equity in the City's investment pool is considered to be a cash equivalent, since the funds can deposit or effectively withdraw cash at any time without prior notice or penalty. This methodology is also used in the statement of cash flows for the proprietary funds.

Investments in debt securities are recorded at fair value based on quoted market prices of comparable instruments or other observable inputs. The City's policy for reporting particular investments at amortized cost applies only to investments held in external investment pools which are *2a7-like*. The value of the City's position in qualified external investment pools is the same as the value of the pool shares.

2. Receivables: Accounts receivables are recorded in the General, Special Revenue and Enterprise fund types. Property taxes, which were levied during fiscal year 2017, and are uncollected as of September 30, 2017, are immaterial and therefore not recorded as receivable.

There are allowances for uncollectable accounts over 365 days past due for EMS billing. The allowance for uncollectable accounts for utility billing is recorded as the average amount that was expensed as uncollectable over the past two years.

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3. Inventories: All City inventories are maintained on a consumption basis of accounting, where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Inventories held by the General Fund consist principally of general office and maintenance supplies. Inventories included in the Water and Sewer Utility Fund consists of maintenance parts. Inventories included in the Fleet Maintenance Fund consist of maintenance parts held for consumption. Inventories are stated at average cost, with quantities based on a physical count completed annually.

4. Restricted Assets: Certain proceeds of the City's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The "debt service" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. Capital Assets and Depreciation: Capital assets, which include property, plant, equipment, and infrastructure assets such as, roads, bridges, and sidewalks, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 and an estimated useful life of one year. Such assets are recorded at historical cost, including all infrastructure assets as required by GASB 34. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30-50 years
Improvements other than buildings	30-50 years
Equipment	5-10 years
Vehicles	5-10 years
Infrastructure, including transportation	30-50 years

The Water and Sewer Utility Fund and the Sanitation Utility Fund pay a rental charge to the General Fund for the use of the land and buildings reflected in the Governmental Capital Assets.

6. Bond Discounts: Bond discounts are amortized over the term of the bonds using the interest method. Bond discounts are presented as a reduction of the face amount of the revenue bonds payable.

7. Equity Classifications:

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.

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- b) Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation. Restrictions include debt service, renewal and replacement, and capital projects. Earnings on restricted assets are included in net income of the statement of activities. Increases in restricted assets result in a decrease to unrestricted net position.
- c) Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

Governmental fund equity is classified as fund balance. Appropriations for a specific purpose is stipulated by an external resource provider or imposed by a law or enabling legislature that restricts its use. Fund balance is further classified as nonspendable, restricted, and unrestricted, which is further split between committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

- a) **Nonspendable** - amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid items, inventories, or long-term notes receivable; or (b) legally or contractually required to be maintained intact, such as the principal portion of an endowment. For the fiscal year ended September 30, 2017, nonspendable fund balance in the General Fund totaled \$2,703,833. This balance consisted of \$15,856 of supplies inventory, \$4,707 of prepaid items, and \$2,683,270 representing a long-term loan initiated in 2005.
- b) **Restricted** - amounts that can be spent only for specific purposes stipulated by (a) external resource providers, such as creditors, grantors, contributors, or laws or regulations of other governmental entities; or (b) imposed by law through constitutional provisions or enabling legislation that creates the revenue source and restricts its use. The detail is seen below:

General Fund

Randy Mann Scholarship Funds	\$ 10,000
Donations - Knox Box Program	544
Donations - Culture & Recreation	12,399
Police Contraband & Forfeitures	14,532
911 Funding	262,750
Tree Impact Fees	35,226
Total General Fund	<u>335,451</u>
Street Improvements	2,645,781
CIT - Public Safety, Arts Education Center	1,275,695
Community Redevelopment (TIF)	467
Total Restricted Fund Balances	<u>\$ 4,257,394</u>

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- c) **Committed** - amounts that can be used only for the specific purposes determined by formal action (resolution) of the City Council, the City's highest level of decision-making authority. Commitments are binding unless removed by the City Council's formal action. Any formal action should occur prior to the end of the fiscal year. On August 21, 2012, the City Council committed the funds received from the Dovie Hamby Estate for Police activities. There was \$116,591 unspent of the committed fund balance at September 30, 2017.
- d) **Assigned** - amounts established by the City Manager or Finance Director intended to be used for specific purposes that are not restricted or committed. Below are the assigned amounts:

<u>Assigned</u>	
Encumbrances	\$431,554
Red Light Camera	56,717
Total Assigned	<u>\$488,271</u>

- e) **Unassigned** - the remaining portion of fund balance that does not fall into another category; applies to the General Fund only. The City's fund balance policy states that the General Fund shall strive to maintain an unassigned fund balance of 16.7% of operating expenditures.

In accordance with the City's policy, restricted funds will be spent first unless there are legal documents that prohibit doing this, such as grant agreements. Regarding the use of unrestricted fund balance amounts, committed would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary Fund equity restricts a portion of net position equal to certain assets to comply with revenue bond indenture covenants or other legal commitments. The use of restricted net position has been limited to the following items:

- a) **Debt Service** - restricted for future servicing of the revenue bonds, which must equal or exceed maximum amount of debt service due in any ensuing year.
- b) **Renewal and Replacement** - restricted to comply with revenue bond indenture covenant for specific contingencies.
- c) **Capital Projects** - indicates that portion of net position attributable to water and sewer improvement fees, which are restricted for costs related to physical plant expansion.

The following amounts are shown on the statement of net position:

Debt Service	\$1,003,469
Renewal and Replacement	1,558,058
Capital Projects	1,292,947
	<u>\$3,854,474</u>

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F. REVENUES, EXPENDITURES AND EXPENSES

1. **Revenues:** Governmental revenues are accrued unless their actual collection falls outside the availability period of 60 days, consistent with the modified accrual basis of accounting.
- a) **Property Taxes** - Property taxes are billed and collected within the same fiscal period and are reflected on a cash basis when it is received from the tax collector. Since virtually all taxes levied will be collected through the tax collection process, remittances in October and November for prior year taxes are insignificant.

Under Florida Law, the assessment of all properties and the collection of all City property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. All property is reassessed according to its fair market value on January 1 of each year. However, an increase in assessed value on eligible homestead property is limited to the lesser of 3% or the consumer price index. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

The tax levy of the City is established by the City Council prior to October 1 of each year and the Hillsborough County Property Appraiser incorporates the Millage into the total tax levy, which includes the municipality, county, independent districts, and the County School Board tax requirements. State Statutes permit cities to levy at a rate up to 10 mills (\$10 per \$1,000 of assessed taxable property value). The Millage rate in effect for the fiscal year ending September 30, 2017, was 7.205.

All taxes are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they were assessed, and at such time a lien on the property is recorded. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. The certificate holder may make application for a tax deed on any unredeemed tax certificate after a period of two years. The County holds unsold certificates.

- b) **Impact Fees** - Impact Fees recorded in the General Fund are levied per individual agreements with developers and are not subject to refund; therefore, the revenue is recognized when received.
- c) **Tap Fees** - Tap fees are reported as revenue only to the extent that the amount equals the cost of physical connection to the system. Since fees were not generated in excess of the cost to connect, no addition to contributed capital is required.

2. Expenditures: Expenditures are recognized when incurred with the following exceptions permitted by Generally Accepted Accounting Principles:

- a) General obligation long-term debt principal and interest are reported, if any, when due.
- b) Inventory costs are reported when items are consumed.

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3. Interfund Transfers and Advances: Transfers are used to:

- a) Move \$84,084 from the General Fund, which is required to collect taxes, to the Tax Increment Financing Fund, which is required to expend them,
- b) Move receipts totaling \$1,155,959 allocated to meet debt service requirements from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and

Below is a summary of interfund transfer activity:

	Fund Transfers In		
	Tax Increment Financing	Debt Service	Total
<u>Fund Transfer Out</u>			
General	\$ 84,084	\$ 1,003,462	\$ 1,087,546
Debt Service Fund	-	-	-
Street Improvement	-	-	-
Tax Increment Financing	-	152,497	152,497
Totals	\$ 84,084	\$ 1,155,959	\$ 1,240,043

Further, transfers are used to settle amounts due between funds when, in management's best estimate, an interfund loan is not expected to be repaid within a reasonable period of time. An interfund advance was recorded between the Sanitation Fund (asset) and Debt Service Fund (liability), which initially made the debt service payments, and will be responsible to repay the Sanitation Utility Fund by 2025. In March 2012, the City Council approved a loan modification to allow the Temple Terrace Golf and Country Club to defer principal payments. The Sanitation Utility Fund loaned money to the General Fund to make the principal payment. The total remaining principal payments advanced to the General Fund from the Sanitation Fund is \$318,645 as of September 30, 2017. Additional information is in the Contingency Section.

4. Operating Revenues and Expenses: Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principal operating revenues are charges for services including the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost to provide service and deliver goods in connection with a proprietary fund's principal ongoing operations, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

5. Compensated Absences: Regular permanent, full-time and part-time employees accrue a paid vacation period of ten days for one to four years of service. With five through fifteen years of service, employees receive fifteen days of paid vacation annually and thereafter twenty days. Exempt employees receive an additional five days per year until total vacation accrual reaches the maximum of twenty days per year. The City permits employees to accumulate unused vacation and carry it over from one year to

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the next; however, not more than 450 hours of accrued vacation time may be carried over. Sick Leave for Firefighters is accumulated at the rate of .0533 and for other permanent employees at the rate of .0462 per hour worked until the date of separation from City employment. Annually any unused sick leave over 112 hours for Firefighters, 120 hours for Police officers, and 80 hours for other employees is converted to vacation time on a one-for-one basis. This conversion of sick leave to vacation is done at the employee's option. Any unconverted sick leave at the date of separation from City employment services is forfeited. That portion of sick leave subject to accrual at September 30, 2017, is not material and has not been reflected in the accompanying financial statements.

The City accrues accumulated unpaid vacation leave when earned by the employee in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of resignations or retirements.

G. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the City's statement of net position represent differences between expected and actual economic experience, changes in actuarial assumptions, the net difference between projected and actual earnings on investments, changes in the proportion and differences between the City's contributions and proportionate share of contributions, and the City's contributions subsequent to the measurement date, relating to the City's defined benefit pension plans. The city also has deferred outflows of resources due to the implementation of GASB 75 related to the OPEB Plan. These amounts will be recognized as expenses in future years.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the City's statement of net position represent the difference between expected and actual economic experience and changes in the proportion and differences between the City's contributions and proportionate share of contributions relating to the City's defined benefit pension plans. The city also has deferred inflows of resources due to the implementation of GASB 75 related to the OPEB Plan. These amounts will be recognized as reductions in expenses in future years.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. MATERIAL VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City has no material violations of finance-related legal and contractual provisions.

B. DEFICIT FUND BALANCE OR NET POSITION OF INDIVIDUAL FUNDS

The Debt Service Fund has a deficit fund balance of (\$288,533) at September 30, 2017.

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C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There are no funds with expenditures that exceeded budgeted appropriations.

D. BUDGETARY COMPLIANCE

Proprietary Budget: The City adopts operating budgets for the proprietary funds on a modified accrual basis that is not the same basis of accounting as that used to account for the actual results of operations on an accrual basis. In addition, the budgets prepared are for the operating accounts of each fund. The following items indicate the primary differences between the budgetary basis and the GAAP basis used to account for the results of operations for the operating accounts:

- 1. Interest Income** - earned on restricted assets is included in the results of operations. Such amounts are not budgeted in the operating accounts. This portion of interest income is restricted for a specific purpose such as debt, capital project, renewal and replacement, and is not available to finance operations.
- 2. Intrafund transfers to the restricted accounts** - are budgeted and transferred on a budgetary basis but are eliminated on a GAAP basis.
- 3. Renewal and Replacement account** - expenses for certain repairs and maintenance are not reflected in the budgeted amounts of the operating accounts; however, transfers to the restricted accounts to maintain the required reserves are budgeted.
- 4. Interest expense** - is budgeted as debt service transfers, which include principal payments. The portion of the transfer representing principal payments has been adjusted to offset the related liability on a GAAP basis.
- 5. Capital outlay** - expenses for capital outlays are budgeted. These outlays have been capitalized into capital assets and eliminated from the results of operations on a GAAP basis.
- 6. Net position allocations** - residual unappropriated liquid assets resulting from prior period's operations are budgeted and included as revenue on a budgetary basis but are eliminated on a GAAP basis. The 2017-2018 budget does not utilize and fund balance as revenue.

NOTE III - DETAIL NOTES - ALL FUNDS

A. ASSETS

- 1. Cash and Investments:** The City maintains a pool of cash and investments in which each fund and/or account or sub-account of an enterprise fund participates on a dollar equivalent and daily transaction basis. Interest is distributed monthly based on average daily balances. There is restricted cash for donations given for specific purposes and unexpended grant funds. For purposes of proprietary fund cash flow statements, cash and cash equivalents include equity in pooled investments that meet the criteria described above.

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Florida Statutes 218.415 authorize municipalities to invest excess funds in time deposits or savings accounts of financial institutions approved by the State Treasurer, obligations of the United States Government and certain instruments guaranteed by the U.S. Government. Investments may include repurchase agreements. The Statutes also require depositories of public funds to provide collateral each month at least equal to 50 percent of the average daily balance of all public deposits in excess of deposit insurance.

Investments, except for those in the Pension Trust Funds, must be in the City's name and held in safekeeping by a commercial bank having trust powers or a trust company, which record and provide accounting for various securities held.

- a) **Deposits and Investments - General Operating Accounts:** As of September 30, 2017, the carrying amount of the City's deposits with financial institutions was \$3,934,233 and the total of the book balances was \$3,131,598. A portion of the balance (\$250,000) for each of the four banks is covered by Federal Depository Insurance Corporation. The remaining balance was collateralized pursuant to Chapter 280, Florida Statutes, which obligates all participating institutions to reimburse the governmental entity for the loss, in the event of default by a participating financial institution (a qualified public depository). On the Statement of Net position, cash and cash equivalents includes the petty cash funds held in the General Fund and in the Water and Sewer Utility Fund totaling \$2,114.

The City utilizes a consolidated bank account wherein uninvested cash of all funds are commingled for enabling efficient handling of receipts and disbursements and facilitating investment of idle balances at higher yields. The formal accounting records identify the individual equities of each fund in the account.

At September 30, 2017, the City had \$7,708,314 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool. This investment balance was entirely comprised of Florida PRIME, whose investment policy is to manage the weighted average maturity to 60 days or less. At September 30, 2017, the City also had \$1,810,417 invested in the Florida Surplus Asset Fund Trust ("FL SAFE"), whose primary objective is to provide safety, liquidity, transparency, and yield for Florida government entities.

Florida PRIME and FL SAFE are 2a-7-like pools. A 2a-7-like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company but has a policy that it operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which regulates money market funds. Therefore, Florida PRIME and FL SAFE operate essentially as a money market fund and the City's position in Florida PRIME and FL SAFE is measured at amortized cost. Florida PRIME and FL SAFE are rated by Standard & Poor's with a current rating of AAAM.

City of Temple Terrace, Florida
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Qualifying local government investment pools in the state of Florida must comply with applicable Florida statutory requirements. Chapter 218.409(8)(a), Florida Statutes, states that the principal balance within a LGIP trust fund is subject to withdrawal at any time. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the LGIP can invest in the monies entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council.

With regard to liquidity fees, Chapter 218.409(4) provides authority for an LGIP to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made by Florida PRIME or FL SAFE.

At September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100% of their account value within Florida PRIME and FL SAFE.

Custodial risk - Custodial credit risk is the risk that a government will not be able to recover deposits or the value of investments in the event of the failure of a depository financial institution or a third party holding the investment securities. Branch Bank & Trust had demand deposits of \$3,131,598 in a checking account, Regions held \$100,824 in a money market account, PNC National Bank held \$2,272,164 in a money market account, and \$4,737,376 was held in a money market account with Salem Trust. Demand deposits are fully insured by the Federal Depository Insurance Corporation and the multiple financial institution collateral pool, required by Sections 280.07 and 280.08, Florida Statutes. The City has U.S. government agencies held by Salem Trust in the City's name under a third-party safekeeping arrangement.

Credit risk - Credit risk is the risk resulting from potential default of investments that are not financially sound. The City of Temple Terrace limits its credit risk by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings. The City's investment policy does not require ratings for U.S. Treasury or Agency securities backed by the full faith and credit of the United States government. Government Sponsored Enterprises must maintain at least two AAA/Aaa/AAA long-term credit ratings from Standard & Poor's, Moody's, or Fitch, respectively.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributable to the quantity of investments in a single issuer. To limit concentration of credit risk, the City's investment policy requires diversification of the portfolio with maximum limits on what can be invested per investment type. Of the total \$20,617,033 available to invest, \$871,760 or 4% was invested in U.S. government agencies, which are limited to 75% of the portfolio. The investment policy requires that each individual government security issued cannot be more than 5% of the City's total assets. Other investment types, excluding cash in bank) have individual authority of 25%. At the time of purchase each individual issue complied with the policy based on the amount of investable cash at the time.

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Investment Type	Credit Rating	Fair Value	Percentage of Total Pooled Investments
Government National Mortgage Assoc	AA+	\$ 326,787	1.6%
Federal National Mortgage Assoc	AA+	378,918	1.8%
Federal Home Loan Mortgage Corp	AA+	165,966	0.8%
Local Government Investment Pools	AAAm	9,518,731	46.1%
Money Market Accounts	No rating	2,372,988	11.5%
Money Market Fund	AAAm	4,737,376	23.0%
Bank Deposits, Cash & Payable	No rating	3,131,598	15.2%
		<u>\$20,632,364</u>	

Interest risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy recognizes that the longer a maturity of an investment, the greater its price volatility, so the policy limits risk by requiring investments of current operating funds to have average maturities of no longer than 12 months and all investments to have an average maturity of 5 years or less.

- b) **Deposits and Investments - Pension Trust Funds:** The City's Pension Trust Funds maintained cash and investment balances of \$48,924,482 as of September 30, 2017, all of which is with fiscal agents. The Pension Fund Investment Policy, as mandated by City Ordinance, permits the investment of Police and Fire Pension Fund assets in stocks and bonds of publicly held companies provided no investment in any one stock exceeds five percent of the total equity portfolio at the time of purchase. In addition, the policy limits the aggregate of all investments in common stocks and convertible bonds to 70% of the total plan assets at market, separately for the Fire Pension and Police Pension Trust. Real estate pooled investments cannot exceed ten percent of plan assets at cost.

Custodial credit risk - The police and fire pension plans have U.S. treasury bonds, notes and bills, federal agency guaranteed securities, common stocks, corporate bonds, money market funds, and real estate and international equity funds held by Salem Trust in the City's pension plan name under a third-party safekeeping arrangement. Pooled investments may be governed separately.

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Credit risk - Credit risk is the risk resulting from potential default of investments that are not financially sound. The police and fire pension funds limit their credit risk by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings. Pension fund investment in fixed income investments must have a minimum "investment grade" rating from a major credit rating service. Both pension plans comply with the policy that all fixed income securities must be rated investment grade by a national agency.

The equities of the pension funds must be traded on a national exchange or electronic network. The corporate bonds in the pension trust funds were rated at least Baa1 by Moody's Investor Services and BBB+ by Standard and Poor's. The average credit quality of the portfolio by Moody's is A3 while S&P average is AA and the percent of the portfolio that has a AAA with Moody's or a AAA by S&P is roughly 72.4% for fire and 71.6% for police.

Concentration of credit risk - To limit concentration of credit risk, the police investment policy requires diversification of the portfolio with maximum limits on what can be invested per investment type. Per the policy, investments in corporate common stock and convertible bonds shall not exceed 70% of the Plan assets at market. Real estate investments cannot exceed 10% of Plan assets at cost. In addition, 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. The value of bonds issued by any single corporation shall not exceed 3% of the total fund.

Of the total \$25,257,650 police pension fund cash and investments, \$681,892 or 2.70% was invested in cash and cash equivalents. Common stock securities total \$12,051,940 or 47.72%, which are limited to 70% of the portfolio. Real estate investments are \$2,307,721 or 9.14% of total plan assets.

Police Pension Plan			Percentage of Total Pooled Investments
Investment Type	Credit Rating	Fair Value	
U.S. Treasury Bonds, Notes & Bills	AAA	\$ 3,991,345	16.2%
Federal agency guaranteed securities	AAA	662,516	2.7%
Corporate Bonds	A-	716,332	2.9%
Common Stocks	no rating	12,051,940	49.0%
Mutual Funds	no rating	4,845,904	19.7%
Pooled/Commingled Funds	no rating	2,307,721	9.4%
Total		<u>\$24,575,758</u>	

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The Firefighter Pension Plan investment policy also requires that investments in corporate common stock and convertible bonds shall not exceed 70% of the Plan assets at market. Real estate investments cannot exceed 15% of Plan assets at cost¹. In addition, 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. The value of bonds issued by any single corporation shall not exceed 3% of the total fund. Of the total \$23,666,832 fire pension fund cash and investments, \$1,457,031 or 6.16% was invested in cash and cash equivalents. Common stock securities total \$12,229,588 or 51.67%. Real estate investments are \$2,358,578 or 9.97%.

Plan assets at cost were \$19,100,238 and the Real Estate Fund at cost was \$1,354,328 as of September 30, 2017, which is 7.1% of total plan assets at cost, well below the maximum threshold of 15%.

Fire Pension Plan			Percentage of
Investment Type	Credit Rating	Fair Value	Total Pooled Investments
U.S. Treasury Bonds, Notes & Bills	AAA	\$ 3,940,484	17.2%
Federal agency guaranteed securities	AAA	578,914	2.5%
Corporate Bonds	A-	691,677	3.0%
Common Stocks	no rating	12,229,588	53.4%
Mutual Funds	no rating	3,092,452	13.5%
Pooled/Commingled Funds*	no rating	2,358,578	10.3%
Total		<u>\$22,891,693</u>	

* Real Estate investments previously were limited to not exceeding 10% of Plan assets at cost. This was amended to 15% in a new Investment Policy Statement, adopted on 8-10-17.

Interest rate risk - The City's pension trust fund does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates. The performance of the police and fire pension funds is measured against various nationally recognized benchmarks depending on the category. As of September 30, 2017, the average duration of the funds is 2.62 years for police and fire.

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CASH & INVESTMENTS

Petty cash - all funds	\$ 2,114
Branch Bank & Trust Bank operating account	3,131,598
Regions Bank money market account	100,824
Florida SAFE	1,810,417
Florida Prime	7,708,314
Goldman Sachs money market fund	4,737,376
PNC Bank money market account	2,272,164
U.S. government & agency securities	871,670
Adjustment for interest accrual	<u>(15,330)</u>
Subtotal City cash and investments	<u>20,619,147</u>
 Pension Trust Funds	
Cash and cash equivalents	1,457,031
U.S. Government bonds/notes	7,931,829
Federal agency guaranteed securities	1,241,430
Corporate bonds	1,408,009
Common stocks	24,281,528
Mutual Funds	5,925,893
Pooled/Common/Commingled Funds	<u>6,678,763</u>
Subtotal pension assets	<u>48,924,483</u>
 Total Cash & Investments	 <u><u>\$ 69,543,630</u></u>

**Cash and Investments - Primary Government
and Fiduciary Funds**

Pooled cash and investments - primary government	\$ 20,619,147
Police Officers' Retirement Plan	25,257,650
Firefighters' Retirement Fund	<u>23,666,832</u>
Total	<u><u>\$ 69,543,630</u></u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Fair Value Measurement - The City and the pension trust funds categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments are reported at fair value other than those using Net Asset Value ("NAV") or amortized cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value determination, other than those measured using the NAV as a practical expedient, are made based upon a hierarchy that prioritizes the inputs to valuation techniques. 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).

The City had the following recurring fair value measurements comprised of investments as of September 30, 2017:

2017				
<u>Fair Value Measurements Using</u>				
		Quoted Prices in Active Markets for Identical	Significant Observable	Significant Observable
	Fair Value	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
Investment by Fair Value Level				
U.S. Government Obligations and Federal Agency	\$ 871,670	\$ -	\$ 871,670	\$ -
Cash Equivalents Measured at Amortized Cost				
Money Market Mutual Fund	4,737,376			
Money Market Accounts	2,372,988			
Local Government Investment Pools (LGIP)	9,518,731			
Total Cash Equivalents and Investments	<u>\$ 16,629,095</u>			

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

The police pension plan had the following recurring fair value measurements comprised of investments as of September 30, 2017:

2017				
<u>Fair Value Measurements Using</u>				
		Quoted Prices in Active Markets for Identical	Significant Observable	Significant Observable
	Fair Value	Assets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
Investment by Fair Value Level				
U.S. Government Obligations	\$ 3,991,345	\$ -	\$3,991,345	\$ -
Federal Agency Securities	662,516	-	662,516	-
Corporate Bonds	716,332	-	716,332	-
Stocks Mutual Funds:	12,051,940	12,051,940	-	-
Fixed Income	1,153,806	1,153,806	-	-
Equity	3,692,098	3,692,098	-	-
	<u>22,268,037</u>	<u>\$ 16,897,844</u>	<u>\$ 5,370,193</u>	<u>\$ -</u>
 Investments Measured at Net Asset Value (NAV)				
Pooled/Common/Commingled Funds:				
Real Estate Commingled Fund	<u>2,307,721</u>			
 Cash Equivalents Measured at Amortized Cost				
Money Market Funds	681,892			
Total Cash Equivalents and Investments	<u>\$25,257,650</u>			

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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The firefighter pension plan had the following recurring fair value measurements comprised of investments as of September 30, 2017:

2017
Fair Value Measurements Using

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)
Investment by Fair Value Level			
U.S. Government Obligations	\$ 3,940,484	\$ -	\$ 3,940,484
Federal Agency Securities	578,914	-	578,914
Corporate Bonds	691,677	-	691,677
Stocks	12,229,588	12,229,588	-
Mutual Funds:			
Fixed Income	1,055,343	1,055,343	-
Equity	24,646	24,646	-
Total	<u>18,520,652</u>	<u>\$ 13,309,577</u>	<u>\$ 5,211,075</u>

**Investments Measured at Net Asset
Value (NAV)**

Pooled/Common/Commingled Funds:	
International Equity Fund	2,012,464
Real Estate Commingled Fund	<u>2,358,578</u>
Total Investments Measured at the NAV	<u>4,371,042</u>

Total Investments Measured at Fair Value	<u>22,891,694</u>
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**Cash Equivalents Measured at
Amortized Cost**

Money Market Funds	<u>775,139</u>
Total Cash Equivalents and Investments	<u>\$ 23,666,833</u>

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 of the fair value hierarchy are valued using quoted prices for similar assets in active markets. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Other information for investments measured at the NAV or its equivalent for the police officer and firefighter pension plans is as follows:

	Fair Value Police Officer Pension Plan	Fair Value Firefighter Pension Plan	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled/Common/Commingled Funds:					
International Equity Fund	\$ -	\$ 2,012,464	\$ -	Monthly	Daily
Real Estate Commingled Funds	2,307,721	2,358,578	\$ -	Quarterly	Daily
Total Investments Measured at the NAV	<u>\$ 2,307,721</u>	<u>\$ 4,371,042</u>			

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Real Estate Funds

The American Core Realty Fund is an open-end diversified core real estate commingled fund whose primary objective is to provide returns that are attractive relative to other asset classes with stable income and the potential for market appreciation. The Fund invests primarily in core institutional quality industrial, multi-family, office, and retail properties located throughout the United States, and is diversified by product type, geographic region, and economic exposure in order to mitigate investment risk.

The investment objectives of the U.S. Real Estate Investment Fund are to invest in a pool of real estate assets that are diversified by geography and property type with a focus on yield-driven investment and, to a lesser extent, on value-added investments. The manager of the fund is Intercontinental Real Estate Corporation.

International Equity Fund

The investment objective of the RBC International Equity Fund is to provide long-term capital growth by investing primarily in equity securities of companies outside of North America. The fund provides exposure to economies that offer different business cycles and growth opportunities than North American markets.

2. **Unbilled Receivable:** Water and sewer charges to customers are based on actual consumption, which is billed on a monthly cycle basis. Sanitation charges are based on user rates. As of September 30, 2017, the City recognized revenue related to estimated unbilled Water, Sewer, and Sanitation services. The combined Utility funds carries this receivable at \$954,765.
3. **Allowance for Doubtful Accounts:** Accounts receivable are written off on an individual basis in the year the City deems them uncollectible. Other allowances for doubtful accounts have been established as follows:

General Fund	
Miscellaneous Services	\$22,637
EMS Services	372,223
Water & Sewer Utility Fund	7,440
Sanitation Utility Fund	6,427
Total	<u>\$408,727</u>

4. **Property Taxes:** The City is permitted by state law to levy taxes up to 10 mills of assessed valuation. The Millage rate levied by the City for the fiscal year ended September 30, 2017 was 7.205 mills. Current tax collections for the City were approximately 96.1% of the total tax levy.

The tax levy of the City is established by the City Council. Under Florida Law, the assessment of all properties and the collection of all county, municipal, special district, and school board property taxes are provided by the County's Property Appraiser and Tax Collector.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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5. Due from Other Governments: The following amounts were due from other governments as of September 30, 2017:

<u>Fund</u>	<u>Name of Government</u>	<u>Revenue Source</u>	<u>Amount</u>
General	Hillsborough County	Delinquent Ad Valorem Taxes	\$1,335
General	State of Florida	Communications Services Tax	130,556
General	State of Florida	Half-Cent Sales Tax	178,180
Total General Fund			<u>\$310,071</u>
<u>Special Revenue Funds</u>			
Street Improvement	Hillsborough County	One-Cent Gas Tax	\$11,436
Street Improvement	State of Florida	Local Option Gas Tax	72,226
Community Investment Tax	Hillsborough County	Half-Cent Sales Tax	94,829
Insurance Premium Tax Fund	State of Florida	Excise taxes	153,625
Total Special Revenue Funds			<u>\$332,116</u>
Total All Funds			<u><u>\$642,187</u></u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

6. Capital Assets: The primary government's capital asset activity for the year ended September 30, 2017 was as follows:

<u>Governmental Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,385,417	-	-	\$ 5,385,417
Construction in progress	3,221,082	-	-	3,221,082
Total capital assets, not being depreciated	8,606,499	-	-	8,606,499
Capital assets, being depreciated:				
Buildings and improvements	11,840,702	268,184	-	12,108,886
Improvements other than buildings	7,125,338	-	-	7,125,338
Machinery and equipment	14,900,906	768,451	(1,020,265)	14,649,092
Infrastructure	39,285,911	-	-	39,285,911
Total capital assets, being depreciated	73,152,857	1,036,635	(1,020,265)	73,169,227
Less accumulated depreciation for:				
Buildings and improvements	(6,318,093)	(265,015)	-	(6,583,108)
Improvements other than buildings	(2,610,863)	(140,323)	-	(2,751,186)
Machinery and equipment	(11,201,360)	(906,581)	981,892	(11,126,049)
Infrastructure	(13,164,454)	(809,309)	-	(13,973,763)
Total accumulated depreciation	(33,294,770)	(2,121,228)	981,892	(34,434,106)
Total capital assets, being depreciated, net	39,858,087	(1,084,593)	(38,373)	38,735,121
Governmental activities capital assets, net	<u>\$48,464,586</u>	<u>\$(1,084,593)</u>	<u>\$ (38,373)</u>	<u>\$47,341,620</u>
<u>Business-type activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,417,358	\$ -	\$ -	\$ 2,417,358
Construction in Progress	844,658	-	-	844,658
Total capital assets, not being depreciated	3,262,016	-	-	3,262,016
Capital assets, being depreciated:				
Buildings and improvements	2,225,418	61,171	-	2,286,589
Machinery and equipment	5,338,098	1,138,270	(166,676)	6,309,692
Infrastructure	44,574,658	-	-	44,574,658
Total capital assets, being depreciated	52,138,174	1,199,441	(166,676)	53,170,939
Less accumulated depreciation for:				
Buildings	(1,659,061)	(58,349)	-	(1,717,410)
Machinery and equipment	(4,464,977)	(289,541)	166,676	(4,587,842)
Infrastructure	(21,467,218)	(905,154)	-	(22,372,372)
Total accumulated depreciation	(27,591,256)	(1,253,044)	166,676	(28,677,624)
Total capital assets, being depreciated, net	24,546,918	(53,603)	-	24,493,315
Business-type activities capital assets, net	<u>\$ 27,808,934</u>	<u>\$ (53,603)</u>	<u>\$ -</u>	<u>\$ 27,755,331</u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 45,334
Public Safety	723,988
Public Works and Streets, including depreciation of general infrastructure assets	930,797
Culture and Recreation	420,681
Capital assets held by the government's Internal Service Fund are charged to the various functions based on their usage of the assets	428
Total depreciation expense - governmental activities	<u>\$2,121,238</u>

Business-type Activities:

Water Operations	\$ 660,675
Sewer Operations	424,347
Sanitation - Residential Operations	10,681
Sanitation - Commercial Operations	120,410
Sanitation - Roll-off Container Operations	4,600
Sanitation - Special Trash Pick-Up Operations	32,331
Total depreciation expense - business-type activities	<u>\$1,253,044</u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Construction in progress is composed of the following:

Government Activities:

<u>Project Number</u>		<u>In-Progress at 9/30/17</u>
	<u>General Fund</u>	
N/A	Dell Marketing Corp	\$ 21,183
	Total General Fund	<u>21,183</u>
	<u>Community Investment Tax Fund</u>	
ABM	ABM Building Services	2,169,982
ARTSED	Arts Education Center	159,201
FRCIMP	Woodroffe Corp Architect	147,049
PWREP	Precision Door	11,878
CHALLG	Speak Up Tampa Bay Public	3,281
34-159	Aziz Construction	23,166
	Total Community Investment Fund	<u>2,514,557</u>
	<u>Street Improvement Fund</u>	
CDBG16	Ajax Paving Industries	141,282
37-242	Fowler Ave 1-75 Water Relocation	527,843
34-659	Aziz Construction	3,746
33-300	Cardno	9,020
33-304	Cardno	1,451
N/A	Patriot Scoreboards	2,000
	Total Street Improvement Fund	<u>685,342</u>
	Total governmental activities - construction in progress	<u><u>\$ 3,221,082</u></u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Business Type Activities:

<u>Project Number</u>		<u>In-Progress at 9/30/17</u>
	<u>Water & Sewer Utility Fund</u>	
ABM	ABM Building Services	\$ 530,850
N/A	IOTB/Meters	161,724
N/A	IOTB/Lift Stations	9,451
N/A	BRW Contracting, Inc.	22,900
N/A	IOTB/Water Treatment Plant	1,738
37-731	Cardno	<u>13,782</u>
	Total Water & Sewer Utility Fund	<u>740,445</u>
	<u>Sanitation Utility Fund</u>	
ABM	ABM Building Services	77,359
N/A	Iron Container	20,260
N/A	Tampa Spring	<u>6,594</u>
	Total Sanitation Utility Fund	<u>104,213</u>
	Total Business-Type activities - construction in progress	<u><u>\$ 844,658</u></u>

B. LIABILITIES

1. Pension Plan Obligations:

Defined Benefit Plans

The City maintains two separate single employer pension plans for firefighters and police officers that are maintained as Pension Trust Funds and included as part of the City's reporting entity.

Plans covering firefighters and police officers are contributory. Employee contributions made by firefighters and police officers are 100% refundable if the employee elects to terminate his vesting rights or is not vested at the date of employment termination.

The plans were amended during fiscal year ended September 30, 1998, to provide for Deferred Retirement Option Plan (DROP). A plan participant who is eligible to receive a normal retirement pension may elect to defer receipt of such retirement benefits and participate in the DROP. The participant may elect to continue employment from 12 to 60 months, while his/her pension benefit is invested in the plan.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Summary of Significant Accounting Policies for Retirement Plans

Basis of Accounting. The Firefighters' and Police Officers' Retirement Trust Fund's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Amortization of Past Service Costs. The past service costs of the firefighters' and police officers' retirement funds are being amortized over a period of 30 years and are included in the City's yearly contributions. The City's policy is to fund pension costs accrued.

Firefighters' Retirement

Plan Description. The City's Firefighters' Retirement Trust Fund has been established to conform to the Retirement Trust Fund provisions of Chapter 175 of the State of Florida Statutes, as modified by local ordinance. This is a defined benefit plan, which is administered by the City of Temple Terrace Firefighters' Retirement Trust Fund Board, which is made up of two firefighters, the Mayor, City Manager, and a resident of the City and covers all full-time firefighters. The Firefighters' Retirement Trust Fund does not issue a separate stand-alone financial report; however, GAAP financial reports for all of the pension plans are provided.

Contributions. The City's contribution to the fund is determined annually by actuarial valuation. The City contribution of \$1,316,570 for 2017 is reflected in the departmental expenditure section of the General Fund and recorded as revenue in the Pension Trust Fund during this period. The State of Florida's contribution to the retirement trust fund for 2017 amounted to \$153,625. The City recognized these on-behalf payments from the State as revenue and expenditure within the general fund of the governmental fund financial statements, as well as within governmental activities of the government-wide financial statements in Fiscal Year 2017. The State's contribution represents a portion of the 1.85% tax on all property insurance premiums collected within the City limits. Firefighters contribute 10.51% of gross salary to the retirement trust fund. Refunds of employee contributions for non-vested members are made at the time an employee terminates employment prior to retirement. The City funds the cost of plan administration.

At September 30, 2017, the Firefighters' Retirement Trust Fund membership consisted of:

Retirees and beneficiaries currently receiving benefits	23
Disability benefit retirees receiving benefits	5
Terminated vested employees not yet receiving benefits	2
Deferred retirement option plan (DROP) participants	2
Current employees - vested	5
Current employees - non-vested	43
	<u>80</u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Police Officers' Retirement

Plan Description. The City's Police Officers' Retirement Trust Fund was established to conform to the Retirement Trust Fund provisions of Chapter 185 of the State of Florida Statutes, as modified by local ordinance. This is a defined benefit plan which is administered by the City of Temple Terrace Police Officers' Retirement Trust Fund Board which is made up of two police officers, the Mayor, City Manager, and a resident of the City, and covers all full-time sworn police officers. The Police Officers' Retirement Trust Fund does not issue a separate stand-alone financial report; however, GAAP financial reports for all of the pension plans are provided.

Contributions. The City's contribution to the fund is determined annually by actuarial valuation. The City contribution of \$2,079,938 for 2017 is reflected in the departmental expenditure section of the General Fund and recorded as revenue in the Pension Trust Fund during this period. The State of Florida's contribution to the retirement trust fund for 2017 amounted to \$181,543. The City recognized these on-behalf payments from the State as revenue and expenditure within the general fund of the governmental fund financial statements, as well as within governmental activities of the government-wide financial statements in Fiscal Year 2017. The State's contribution represents a portion of the 0.85% tax on all casualty insurance premiums collected within the City limits. Police Officers contribute 11.2% of gross salary to the retirement trust fund. Refunds of employee contributions for non-vested members are made at the time an employee terminated employment prior to retirement. The City funds the cost of plan administration.

At September 30, 2017, the Police Officers' Retirement Trust Fund membership consisted of:

Retirees and beneficiaries currently receiving benefits	46
Disability benefit retirees receiving benefits	6
Terminated vested employees not yet receiving benefits	5
Deferred retirement option plan (DROP) participants	4
Current employees - vested	5
Current employees - non-vested	<u>39</u>
	<u>105</u>

Net Pension Liability. The City's net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of net pension liability at September 30, 2017 are as follows:

	<u>Firefighters'</u>	<u>Police Officers'</u>
Total pension liability	\$ 32,599,681	\$ 45,569,149
Plan fiduciary net position	<u>(23,860,977)</u>	<u>(25,282,748)</u>
City's net pension liability	<u>\$ 8,738,704</u>	<u>\$ 20,286,401</u>

Plan fiduciary net position as a percentage of total pension liability

73.19%

55.48%

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Actuarial assumptions. The total pension liability was determined by actuarial valuations as of October 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

	<u>Firefighters'</u>	<u>Police Officers'</u>
Valuation date	10/1/16 updated to 9/30/17	10/1/16 updated to 9/30/17
Actuarial cost method	Entry Age Normal Level of	Entry Age Normal Level of
Amortization method	percentage pay – closed	percentage pay – closed
Remaining amortization period	30 years	30 years
Actuarial asset valuation method	4-year average market value	4-year average market value
Actuarial assumptions: Investment rate of return	7.50%	7.50%
Projected salary increases	6.50%	5.50% - 8.50%
Inflation rate assumption	2.50%	2.50%
Post Retirement COLA (beginning at age 56)	3.00%	3.00%

Mortality rates were based on the RP-2000 Combined Healthy Participant Mortality Table for males and females using projection Scale BB to anticipate future mortality improvements, with a five-year age set forward for impaired mortality.

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	
	<u>Firefighters'</u>	<u>Police Officers'</u>
All Cap Value Equity	7.50%	7.50%
Broad Growth Equity	7.50%	7.50%
International Equity	8.50%	8.50%
Broad Market Fixed Income	2.50%	2.50%
Non-Core Fixed Income	2.50%	2.50%
Real Estate	4.50%	4.50%

For the year ended September 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.86% for the Firefighters' Plan and 12.99% for the Police Officers' Plan.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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The Discount Rate used to measure the Total Pension Liability was 7.50 percent. 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.

Changes in Net Pension Liability and Related Ratios

	Firefighters'		Police Officers'	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016
Total Pension Liability				
Service Cost	\$ 929,615	\$ 923,351	\$ 658,510	\$ 652,093
Interest	2,342,818	2,179,370	3,231,782	2,996,634
Changes in Excess State Money	-	(18,213)	(13,669)	-
Share Plan Allocation	-	15,028	-	-
Changes of benefit terms	-	-	-	-
Differences between Expected and Actual Experience	(261,617)	38,129	254,999	266,414
Changes of assumptions		627,713	129,219	1,632,506
Contributions - Buy Back	9,799	3,143	-	-
Benefits Payments, including Refunds of Employee Contributions	(1,457,773)	(1,769,625)	(2,274,549)	(2,562,970)
Net Change in Total Pension Liability	1,562,842	1,998,896	1,986,292	2,984,677
Total Pension Liability - Beginning	31,036,839	29,037,943	43,582,857	40,598,180
Total Pension Liability - Ending (a)	32,599,681	31,036,839	45,569,149	43,582,857
Plan Fiduciary Net Position				
Contributions - Employer	\$ 1,316,570	\$ 1,167,720	\$ 2,079,938	\$ 1,857,520
Contributions - State	153,625	168,057	181,543	188,055
Contributions - Employee	327,645	303,975	322,963	303,850
Contributions - Buy Back	9,799	3,143		
Net Investment Income	2,683,463	1,359,948	2,871,553	1,382,196
Benefit Payments, including Refunds of Employee Contributions	(1,457,773)	(1,769,625)	(2,274,549)	(2,562,970)
Administrative Expense	(65,679)	(43,311)	(50,713)	(37,851)
Net Change in Plan Fiduciary Net Position	2,967,650	1,189,907	3,130,735	1,130,800
Total Pension Liability - Beginning	20,893,327	19,703,420	22,152,013	21,021,213
Total Pension Liability - Ending (b)	\$23,860,977	\$20,893,327	\$25,282,748	\$22,152,013
Net Pension Liability - Ending (a) - (b)	\$ 8,738,704	\$10,143,512	\$20,286,401	\$21,430,844
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.19%	67.32%	55.48%	50.83%
Covered Employee Payroll	\$ 3,117,461	\$ 2,892,247	\$ 2,883,598	\$ 2,712,946
Net Pension Liability as a percentage of Covered Employee Payroll	280.31%	350.71%	703.51%	789.95%

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following table illustrates the impact of interest rate sensitivity on the net pension liability as of September 30, 2017:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Firefighters' Net Pension Liability	\$13,030,265	\$8,738,704	\$5,216,302
Police Officers' Net Pension Liability	\$26,274,022	\$20,286,401	\$15,420,778

For the year ended September 30, 2017 the City recognized pension expense of \$1,478,028 relating to the Firefighters' Plan. As of September 30, 2017, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to the Firefighters' Plan from the following sources:

<u>Firefighters' Plan</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 22,878	\$ 292,836
Changes of assumptions	508,711	-
Net difference between projected and actual earnings	-	426,322
Total	<u>\$ 531,589</u>	<u>\$ 719,158</u>

The amounts reported above as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense in the future as follows:

Fire	
Year ended September 30:	
2018	45,221
2019	158,723
2020	(118,029)
2021	(273,484)

City of Temple Terrace, Florida
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September 30, 2017

For the year ended September 30, 2017 the City recognized pension expense of \$2,776,848 relating to the Police Officers' Plan. As of September 30, 2017, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to the Police Officers' Plan from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
<u>Police Officers' Plan</u>		
Differences between expected and actual experience	\$ 258,805	\$ -
Changes of assumptions	630,315	-
Net difference between projected and actual earnings	-	408,144
Total	<u>\$ 889,120</u>	<u>\$ 408,144</u>

The amounts reported above as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in Pension Expense in the future as follows:

	Police	
Year ended September 30:		
2018		\$697,929
2019		226,227
2020		(203,093)
2021		(240,087)

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Combining Statement of Fiduciary Net Position
Firefighters' and Police Officers' Pension Trust Funds

	Pension Trust Funds		
	Firefighters' Retirement Fund	Police Officers' Retirement Fund	Total
ASSETS			
Cash and Cash Equivalents:			
Money Market	\$ 775,139	\$ 681,892	\$ 1,457,031
Total Cash and Cash Equivalents	<u>775,139</u>	<u>681,892</u>	<u>1,457,031</u>
Receivables:			
Employer Contribution	16,407	17	16,424
Investment Income	24,113	35,745	59,858
State Receivable	153,625	-	153,625
Total Receivables	<u>194,145</u>	<u>35,762</u>	<u>229,907</u>
Investments, at Fair Value:			
U.S. Treasury Obligations and Agency Securities	4,519,398	4,653,861	9,173,259
Corporate Bonds	691,677	716,332	1,408,009
Common Stocks and Mutual Funds	15,322,040	16,897,844	32,219,884
Other - Pooled/Commingled Funds	2,358,578	2,307,721	4,666,299
Total Investments	<u>22,891,693</u>	<u>24,575,758</u>	<u>47,467,451</u>
Total Assets	<u>23,860,977</u>	<u>25,293,412</u>	<u>49,154,389</u>
LIABILITIES			
Payables			
Investment Expenses	-	3,125	3,125
Administrative and Other	-	7,539	7,539
Total Payables	<u>-</u>	<u>10,664</u>	<u>10,664</u>
Total Liabilities	<u>-</u>	<u>10,664</u>	<u>10,664</u>
NET POSITION			
Restricted for Pension Benefits	<u>\$ 23,860,977</u>	<u>\$ 25,282,748</u>	<u>\$ 49,143,725</u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Combining Statement of Changes in Fiduciary Net Position
Police Officers' and Firefighters' Pension Trust Funds

	Firefighters' Retirement Fund	Police Officers' Retirement Fund	Total
ADDITIONS			
Contributions:			
State Tax on Insurance Premiums	\$ 153,625	\$ 181,543	\$ 335,168
Contributions - Employer	1,316,570	2,079,938	3,396,508
Contributions - Employee	327,645	322,963	650,608
Employee Buy-Back	9,799	-	9,799
Total Contributions	<u>1,807,639</u>	<u>2,584,444</u>	<u>4,392,083</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	2,429,705	2,528,899	4,958,604
Interest	379,079	467,832	846,911
Total Investment Income	2,808,784	2,996,731	5,805,515
Investment Expense	(125,320)	(125,177)	(250,497)
Net Investment Income	<u>2,683,464</u>	<u>2,871,554</u>	<u>5,555,018</u>
Total Additions	<u>4,491,103</u>	<u>5,455,998</u>	<u>9,947,101</u>
DEDUCTIONS			
Pension Benefits	1,395,358	2,274,549	3,669,907
Termination Refunds	62,415	-	62,415
Administrative Expense	65,679	50,713	116,392
Total Deductions	<u>1,523,452</u>	<u>2,325,262</u>	<u>3,848,714</u>
Change in Net Position	2,967,651	3,130,736	6,098,387
Net Position - Beginning	<u>20,893,326</u>	<u>22,152,012</u>	<u>43,045,338</u>
Net Position - Ending	<u>\$ 23,860,977</u>	<u>\$ 25,282,748</u>	<u>\$ 49,143,725</u>

City of Temple Terrace, Florida
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Florida Retirement System

Florida Retirement System (FRS) and Retiree Health Insurance (HIS) Program

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

All non-uniformed full-time employees of the City hired prior to January 1, 1996 participate in the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The City's pension expense totaled \$103,553 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2017.

Florida Retirement System Pension Plan

Plan Description. The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected County Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

City of Temple Terrace, Florida
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Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the FRS 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 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 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were applied to employee salaries as follows: Regular—7.52% and 7.92%; Senior Management Service—21.77% and 22.71%; and DROP participants—12.99% and 13.26%. These employer contribution rates include 1.66% HIS Plan subsidy through September 30, 2017. The City's contributions to the FRS Plan were \$68,334 for the year ended September 30, 2017.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Pension Costs. At September 30, 2017, the City reported a liability of \$810,675 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on the City's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2017, the City's proportion was 0.002740681%, which was a decrease of 0.000982723% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$96,470 for its proportionate share of FRS's pension expense. In addition, the City reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 74,400	\$ 4,491
Changes in Actuarial Assumptions	272,444	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	20,091
Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions	-	179,474
City Contributions Subsequent to the Measurement Date	15,903	-
Total	<u>\$ 362,747</u>	<u>\$ 204,056</u>

\$15,903 reported as deferred outflows of resources related to pensions resulting from City's contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year ended September 30:	
2018	\$ 3,511
2019	73,250
2020	43,314
2021	(15,476)
2022	27,478
Thereafter	10,711
	<u>\$ 142,788</u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Actuarial Assumptions - The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.10%, Net of Pension Plan Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study completed in 2014 for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>
Cash	1%	3.00%
Fixed Income	18%	4.50%
Global Equity	53%	7.80%
Real Estate (Property)	10%	6.60%
Private Equity	6%	11.50%
Strategic Investments	12%	6.10%

Discount Rate - The discount rate used to measure the total pension liability was 7.10% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of 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 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 Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate
- The following presents the City's proportionate share of the net pension liability of the FRS Pension Plan calculated using the discount rate disclosed in the previous paragraph. Also presented is what the City's proportionate share of the FRS Pension Plan 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 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
City's Proportionate Share of the FRS Pension Plan Net Pension Liability	\$1,467,273	\$810,675	\$265,548

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately-issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>

Retiree Health Insurance Subsidy (HIS) Program Defined Benefit Pension Plan

Plan Description - The Retiree Health Insurance Subsidy Program (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 June 30, 2017, 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 \$160 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, 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 June 30, 2017, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100 percent of its statutorily required contributions for the current and preceding 3 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The City's contributions to the HIS Plan were \$16,316 for the year ended September 30, 2017.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Pension Costs - At September 30, 2017, the City reported a liability of \$348,253 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on the City's contributions received during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all participating employers. At June 30, 2017, the City's proportion was 0.003256996%, which was a decrease of 0.000977912% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the City recognized pension expense of \$7,083 for its proportionate share of HIS's pension expense. In addition, the City reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 725
Changes in Actuarial Assumptions	48,952	30,114
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	193	-
Changes in Proportion and Differences Between Entity Contributions and Proportionate Share of Contributions	-	111,522
City Contributions Subsequent to the Measurement Date	3,655	-
	<u>\$ 52,800</u>	<u>\$ 142,361</u>

\$3,655 reported as deferred outflows of resources related to pensions resulting from Council contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the Plan year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

HIS	
Year ended September 30:	
2018	\$ (13,700)
2019	(13,736)
2020	(13,754)
2021	(14,117)
2022	(16,421)
Thereafter	(21,488)
	<u>\$ (93,216)</u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions - The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.60% per year
Salary Increases	3.25% Average, Including Inflation
Municipal Bond Rate	3.58%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study of the FRS Plan in 2014 for the period July 1, 2008, through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 3.58% for the HIS Plan. 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.

Long-Term Expected Rate of Return - as stated above, the HIS Pension Plan is essentially funded on a pay as you go basis. As such, there is no assumption for a long-term expected rate of return on a portfolio, no assumption for cash flows into and out of the pension plan or assumed asset allocation.

Pension Liability Sensitivity - The following presents the City's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	2.58%	3.58%	4.58%
City's Proportionate Share of the HIS Pension Plan Net Pension Liability	\$397,403	\$348,253	\$307,314

Defined Contribution Plan - 401(a) Retirement Plan

Plan Description. Beginning January 1, 1996, the City's new general employees participate in the ICMA Retirement Plan, which is qualified under Section 401(a) of the Internal Revenue Code. This is a money-purchase-retirement-program, administrated by the Retirement Corporation, providing vesting according to the following schedule:

Employment Term	Vesting
After 2 years	20%
After 3 years	40%
After 4 years	60%
After 5 years	80%
After 6 years	100%

City of Temple Terrace, Florida
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Plan Funding. The plan, as established by Resolution 186-95, applies to all employees, except public safety employees. The City contributes to the plan at a rate of 10% of employee salaries and wages which amount to \$503,153 for Fiscal Year 2016-17. The plan is non-contributory, which means employees are not allowed to contribute to the plan, unless the plan is amended pursuant to Section 14.05. Normal retirement age is 59. A second plan was established January 4, 1999, for the City Manager which exactly mirrors the general employee plan provisions described above except that the City Manager's plan provides immediate 100% vesting and has a contribution rate of 15%, which amounted to \$21,888 for the fiscal year. As of September 30, 2017, 122 general employees participated in the plan, along with the City Manager.

Deferred Compensation Plan. The City offers its employees a tax-deferred compensation plan meeting the requirements of Internal Revenue Code Section 457. The plan was established by City ordinance that appointed ICMA Retirement Corporation and Nationwide as plan administrators. The City's fiduciary responsibility is to remit employee deferred compensation to the administrator on a regular basis. The deferred compensation is not available to employees until termination, retirement, death, or emergency.

Basis of Accounting. The ICMA Retirement Plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

2. Postemployment Benefit Obligations:

Other Postemployment Benefits

OPEB Plan Description. The City provides the following health-related benefits to retirees and certain other employees: (a) The City is required by Florida Statute 112.0801 to allow retirees and certain other former employees to buy healthcare coverage at the same "group insurance rates" current employees are charged. Although retirees pay for healthcare at group rates, they are receiving a valuable benefit because they can buy insurance at costs that are lower than the costs associated with the experience rating for their age bracket. The availability of this lower cost health insurance represents an "implicit subsidy" for retirees. (b) The City offers a monthly flexible benefit amount (stipend) of 5% for each year of service up to the maximum of \$674 per month. The retiree must have been employed by the City for at least ten years and receive normal or early retirement benefits from his/her retirement plan. The stipend is payable to regular retired employees from ages 62 to 65 and to special risk retired employees from the age they are eligible to retire to 65. The stipend may be used to offset any medical, dental, vision, cancer indemnity, intensive care, hospital indemnity, and personal accident insurance costs. Although the implicit subsidy is the result of state law when healthcare is offered as an employee benefit, the stipend is no longer available for employees who began employment after November 1, 2005.

The City administers the OPEB plan as a single-employer defined benefit healthcare plan (the "OPEB Plan") available to retirees and their spouse/dependents. To be eligible for participation in the OPEB Plan, the employee must:

- 1) Retire under the Florida Retirement System, the City of Temple Terrace, Municipal Police Officers' Pension Plan or the Municipal Firefighters' Pension Plan, or the City of Temple Terrace Defined Contribution Plan, and

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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- 2) Attain the minimum service requirements under the OPEB Plan, and
- 3) Elect to continue medical coverage by paying the applicable monthly premium.

The City does not issue a stand-alone financial report on the OPEB Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of September 30, 2017, the latest actuarial valuation date:

Retirees and beneficiaries currently receiving benefits	42
Active Employees	231
	<u>273</u>

Benefits Provided

Participants in the City's OPEB Plan become participants in the City's group health self-insurance program and receive the healthcare benefits of that program for themselves and their dependents. (Pursuant to Section 112.0801, Florida Statutes, the City is required to offer participation in such a program at a cost to the retiree that is no greater than the cost at which coverage is available to active City employees i.e., the average blended cost. In other words, the premium payments to the group health self-insurance program cannot be *age-adjusted*, and there is therefore an *implicit subsidy* of retirees by the City and its active employees.) As an alternative, the City also offers retirees or their spouse/dependents the option to purchase a reduced level of coverage under a Medicare supplement plan.

Contributions

Contributions to the OPEB Plan are shared by the retiree and the City. OPEB Plan participants must reimburse the City for the City's average blended cost (the City provides the implicit subsidy). Thus, retirees can continue medical, dental and vision coverage into retirement on the City's plans on a retiree-pay-all basis, including spouse and dependents. The premium rate being charged active participants must be paid. Upon death of the retiree, a dependent may continue coverage only through COBRA continuation of coverage. Retirees eligible for the stipend mentioned above pay the difference in cost for benefits that exceed the Flexible Benefit Contribution.

Total OPEB Liability of the City

The measurement date for the City's total/net OPEB liability is September 30, 2017, same as the reporting date. The measurement period for OPEB cost was October 1, 2016 to September 30, 2017. The components of the City's net OPEB liability at September 30, 2017, are as follows:

Total OPEB liability	\$7,418,594
OPEB Plan fiduciary net position	-
City's net OPEB liability	<u>\$7,418,594</u>

OPEB Plan fiduciary net position as a percentage of total OPEB liability	0.00%
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City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions

The total OPEB liability at September 30, 2017 was based on an actuarial valuation dated September 30, 2017, using the following actuarial assumptions:

Inflation	2.5% per annum
Discount Rate	3.56% (S&P Municipal Bond 20-Year High-Grade Rate Index as of 2-14-18)
Healthcare cost trend rates	10% (HMO) and 8% (PPO and HSA Plans) with ultimate Healthcare cost trend rate of 5% by FY 2027
Mortality Rates	Based on RP -2014 Healthy Annuitant Mortality Rates for Males and Females

An experience study was not done, as it was not considered necessary to support the actuarial results.

Discount Rate

The discount rate used to measure the total OPEB liability at September 30, 2017 was 3.56%. Because the City's OPEB costs are essentially funded on a pay-as-you-go funding structure, a municipal bond rate was used to determine the total pension liability for the Program. The S&P Municipal bond 20-Year High-Grade Rate Index as of 2-14-18 was adopted for this purpose.

Changes in the Total OPEB Liability

	Fiscal Year <u>2017</u>
Total OPEB Liability	
Service Cost	\$ 210,731
Interest	277,720
Difference between expected and actual experience	(769,706)
Change of assumptions and other inputs	603,182
Benefit payments	(621,863)
Other Changes*	<u>(380,423)</u>
Net change in total OPEB liability	(680,809)
Total OPEB liability, beginning	<u>8,099,403</u>
Total OPEB liability, ending	<u><u>\$ 7,418,594</u></u>

*Includes new census and interaction amongst changes

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability, calculated using the discount rate of 3.56%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.56%) or one percentage-point higher (4.56%) than the current discount rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Total OPEB Liability	\$7,949,287	\$7,418,594	\$6,944,231

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower (2.56%) or one percentage-point higher (4.56%) than the current discount rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Total OPEB Liability	\$7,049,617	\$7,418,594	\$7,841,604

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2017 the City recognized negative OPEB expense of \$218,212. At September 30, 2017, the City has deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 651,002
Changes in Assumptions	606,424	418,019
Net Difference Between Projected and Actual Earnings	-	-
	<u>\$ 606,424</u>	<u>\$ 1,069,021</u>

Deferred inflows of resources shown above will be recognized in OPEB expense in the following years:

Fiscal Year Ending	Outflows	Inflows
September 30, 2018	\$110,576	\$194,926
September 30, 2019	110,576	194,926
September 30, 2020	110,576	194,926
September 30, 2021	110,576	194,926
September 30, 2022	110,576	194,926
September 30, 2023	53,546	94,392
	<u>\$606,426</u>	<u>\$1,069,022</u>

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Change in Accounting Principle and Adjustment to Beginning Net Position

In the current year, the City early-implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, requiring an adjustment to beginning net position. Where the City reported the "net OPEB obligation" on its statements of net position in prior years, the City now reports the "total OPEB liability (as calculated under the provisions of GASB No. 75) and related deferred inflows and outflows (if applicable).

Below is a summary of the adjustments to beginning net position:

	Entity Wide Statements		
	Governmental Activities	Business-type Activities	Total
Net Position, September 30, 2016 as previously reported	\$ 2,239,063	\$ 34,226,740	\$ 36,465,803
Cumulative effect of application of GASB Statement No. 75	(5,177,461)	(852,932)	(6,030,393)
Net Position, September 30, 2017 as restated	<u>\$ (2,938,398)</u>	<u>\$ 33,373,808</u>	<u>\$ 30,435,410</u>

	Enterprise Funds		
	Water and Sewer Utility	Sanitation Fund	Total
Net Position, September 30, 2016 as previously reported	\$ 34,409,231	\$ 1,817,509	\$ 36,226,740
Cumulative effect of application of GASB Statement No. 75	(598,870)	(254,062)	(852,932)
Net Position, September 30, 2017 as restated	<u>\$ 33,810,361</u>	<u>\$ 1,563,447</u>	<u>\$ 35,373,808</u>

Employee Contribution Information. Retirees participating in the group insurance plans offered by the City of Temple Terrace are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. Note that projected employee contributions for the Dental and AFLAC benefits are assumed to cover the entire cost of those respective programs. In addition, the Life and Disability Insurance benefits are currently not offered to retirees.

3. Other Employee Benefits:

a. Vacation and Sick Leave - Unused vacation leave is paid upon an employee's termination. Sick leave not taken is forfeited by terminating employees. The vacation leave is recorded as a liability in the financial statements. Over the past three years the vacation time used is nearly equal with the amount of earned vacation time. Of the \$1,239,067 beginning balance, \$933,570 or 75% of that amount was used in the current year. Since hours continue to accrue, most of the liability is recorded as long-term.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

b. Post-Retirement Benefits - Based on City of Temple Terrace Rules and Regulations, Section 13-8, retired City employees are eligible to continue participation in the same insurance benefits selected prior to retirement except for additional life insurance, disability, insurance, and deferred compensation. Retirees are eligible to receive the same monthly flexible benefit contribution amount as active City employees less any amount for health insurance subsidy under the retirement plan toward the cost of these benefits until age 65 as discussed in the note regarding other postemployment benefits. Upon reaching age 65, a retiree may elect to continue in the City's group health insurance program but will not be eligible for the City's flexible benefit contribution.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

1. Long-Term Debt: Revenue bonds and other long-term liabilities directly related to and intended to be paid from Enterprise Funds are included in the business-type activities. All other long-term indebtedness of the City is accounted for in the governmental activities.

a. Description of Long-Term Debt - Summarized below are the City's long-term debt issues which are outstanding at September 30, 2017:

			Amount	Interest	
	Purpose of Debt	Original Amount	Outstanding	Rate	Annual Debt
<u>Governmental Activities Long-Term Debt</u>					
2005 Revenue Note	Revenue Note	\$ 3,125,000	\$ 1,646,033	5.45%	259,330
2015 Revenue Note/Redevelopment	Revenue Note	1,600,000	990,000	2.95%	349,205
2015A Taxable Refunding Revenue Note	Revenue Note	23,540,000	23,540,000	4.33%	23,814,241
Total Governmental Activities		<u>\$ 28,265,000</u>	<u>\$26,176,033</u>		

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

b. Changes in Long-Term Debt - During the fiscal year ended September 30, 2017, the following changes in long-term debt occurred:

	2016	Additions	Deletions	2017	Due Within One Year
Governmental Activities Long-Term					
2005 Revenue Note -					
T.T. Golf & Country Club	\$ 1,806,888	\$ -	\$ 160,855	\$ 1,646,033	\$ 169,621
2015 Revenue Note/Redevelopment	1,300,000	-	310,000	990,000	320,000
2015A Taxable Refunding Revenue	23,540,000	-	-	23,540,000	23,540,000
Compensated absences -					
accrued vacation	1,078,191	746,331	821,939	1,002,589	100,259
Net OPEB obligation	6,947,993	-	584,516	6,363,477	-
Net Pension Liability	32,577,963	-	2,749,951	29,828,012	-
Total governmental activities	67,251,035	746,331	4,627,261	63,370,111	24,129,880
Business-Type Activities Long-Term					
2004 W&S Utility Revenue Bonds	\$ 325,000	\$ -	\$ 325,000	\$ -	\$ -
Compensated absences -					
accrued vacation	160,876	82,832	111,631	132,077	6,604
Net OPEB obligation	852,932	202,186	-	1,055,118	-
Net Pension Liability	430,117	-	74,095	356,022	-
Total business-type activities	1,768,925	285,018	510,726	1,543,217	6,604
Total long-term debt	\$ 69,019,960	\$ 1,031,349	\$ 5,137,987	\$ 64,913,328	\$ 24,136,484

In July 2009, title of the downtown property was transferred to Vlass Temple Terrace, LLC. In December of 2014 a settlement agreement was reached with Vlass Temple Terrace, LLC to reacquire the downtown property. This resulted in the City borrowing funds to pay the settlement. The 2015 Taxable Non-Ad Valorem Revenue Note in the amount of \$1,600,000 was issued on June 25, 2015. This is a principal and interest payable note to be paid off by October 1, 2020. In September of 2013 the City refinanced the \$21.2 million of the of the 2009 Revenue Note used to purchase the land and buildings in the redevelopment district and \$3 million 2010 Revenue Note used to finance road improvements within the district. The 2013 Revenue Note for \$24.3 million was an interest only note for two years. At the beginning of fiscal year 2016, there were two separate refinancing notes as follows, 2015A Taxable Non-Ad Valorem Refunding Revenue note for \$23,540,000 and 2015B Taxable Non-Ad Valorem Refunding Revenue note for \$870,000, both are interest only, due April 1, 2018. The 2015B note was paid off as of October 9, 2015. The 2004 W & S Utility Bonds were completely paid off by September 30, 2017.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Other long-term liabilities, such as compensated absences, net pension liabilities, and OPEB are typically liquidated by the individual fund to which the liability is directly associated, specifically General Fund, Water & Sewer Fund, Sanitation Fund, and Fleet Maintenance Fund.

- c. Summary of Principal and Interest Requirements (all Series)** - The annual requirements to amortize all outstanding debt except compensated absences, as of September 30, 2017, as follows:

Payable Fiscal Year Ended September 30, 2017	Governmental Activities					
	2005		2015		2015A	
	Revenue Note		Revenue Note		Refunding Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$169,621	\$89,709	\$320,000	\$29,205	\$23,540,000	\$274,241
2019	178,866	80,464	330,000	19,765		
2020	188,614	70,716	340,000	10,030	-	-
2021	198,893	60,437	-	-	-	-
2022	209,733	49,597	-	-	-	-
2023	221,163	38,167	-	-	-	-
2024	233,217	26,113	-	-	-	-
2025	245,926	13,403	-	-	-	-
2026						
	\$1,646,033	\$428,606	\$990,000	\$59,000	\$23,540,000	\$274,241
	(d)		(e)		(f)	

- d. 2005 Country Club Revenue Note** - On October 26, 2005, the City issued a \$3,125,000 taxable non-ad valorem revenue note, series 2005 at 5.45% with Wachovia Bank (now Wells Fargo) on behalf of Temple Terrace Golf and Country Club (Club) to pay off notes 323 and 364 and utilize the remaining proceeds of \$125,496 to construct a maintenance facility. Payment of the loan is secured by a lien upon and a pledge of non-ad valorem funds budgeted and appropriated for purposes of payment. Principal and interest on the note will be paid semi-annually commencing April 1, 2006, with the final payment due October 1, 2025. The source of funds for this payment is generated from the Temple Terrace Golf Club reimbursement, which include 0.5% surcharge over the rate on the note. This surcharge was eliminated on October 6, 2009, per Resolution 127-09. In February 2016, the City entered into an agreement with the golf course management company, Integrity Golf Company, who assumed the operations of the Club during fiscal year 2016. The agreement stipulated that the management company shall remit to the City \$125,000 annually for the Club's debt service payments on the 2005 Revenue Note. Integrity failed to make payments in Fiscal Year 2017, subsequently putting the Club in default for 2 payments.
- e. 2015 Taxable Non Ad Valorem Revenue Note**, On June 25, 2015, the City issued a \$1,600,000 taxable non-ad valorem revenue note at a fixed rate of 2.95% with PNC Bank. The principal and interest will be paid off by October 1, 2020.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

- f. 2015A Taxable Non Ad Valorem Revenue Bond**, On October 1, 2015, the City issued a \$24,410,000 taxable non-ad valorem revenue bond at a fixed rate of 2.304%. The principal and interest will be paid off by April 1, 2018. This debt issuance refunded the 2013 taxable non-ad valorem refunding revenue note.
- g. 2004 Water & Sewer Refunding Revenue Bonds** - On July 15, 2004, the City of Temple Terrace issued \$3,165,000 of Water and Sewer Refund Bonds, Series 2004. The bonds were issued to call the outstanding 1997 Series Water and Sewer Revenue Refunding Bonds issued on January 22, 1997, which themselves were issued to refund the Series 1992 bonds dated November 1, 1992. The interest rate on the bonds is 4.156% with final maturity on October 1, 2017. Debt Service payments are paid semiannually. This transaction meets the criteria of an in-substance defeasance, inasmuch as assets were placed into an irrevocable escrow to be used for the purpose of making principal and interest payments on the old debt. The City no longer has any in-substance defeased debt outstanding since the refunded bonds were called and paid prior to year-end. The aggregate difference in debt service between the refunded debt and the refunding debt was \$198,897 savings under the refunding stream, resulting in a net present value gain of \$10,494 on the refunding. The bonds were paid off during fiscal 2017.

C. CONDUIT DEBT

On December 2, 2003, City Council authorized the issuance of revenue bonds in the principal amount of \$15,000,000 for construction of two hospice facilities in Temple Terrace and Ruskin by LifePath Hospice and Palliative Care, Inc., which were delivered on December 11, 2003. On August 4, 2009, City Council authorized amendments and the interest rate conversion of \$13,827,500 Revenue Bonds (LifePath Hospice Project), Series 2003 consisting of one fully registered Bond, to SunTrust Bank, dated September 1, 2009, bearing interest at the Bank Rate, and maturing on December 1, 2030. Interest rate is variable based on the LIBOR index. Interest payments are made over a twenty-seven year period, with principal payments beginning December 1, 2006, and maturing December 1, 2030. These conduit bonds do not constitute an indebtedness of the City of Temple Terrace, but are payable solely from the revenues derived from the operation of the hospice facilities.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE IV - OTHER INFORMATION

A. RISK FINANCING

The City is subject to losses in the normal course of operations resulting from general liability, property and casualty, workers' compensation, employee health and accident, environmental and antitrust matters. The City has purchased commercial insurance to protect against employee dishonesty and employee health losses. The City participates in a self-insurance program for purposes of protecting against workers' compensation losses; real and personal property losses; automobile damage; and general liability, including malpractice, employment practices liability insurance and errors and omissions. Further, the City transfers risk, whenever possible, through hold-harmless clauses and insurance requirements in all contracts, leases and agreements. The City has maintained the same insurance coverage for years. Settled claims have not exceeded commercial coverage in any of the past five fiscal years.

On October 1, 2000, the City entered into an intergovernmental cooperative agreement with Public Risk Management of Florida (PRM), a risk management and self-insurance association, for the purpose of reducing and limiting member casualty and property losses and employee injuries caused by or arising out of the operations of its members. The pool processes claims, performs investigations, provides defense and settlement when claims arise. PRM administers a risk management pool and utilizes such funds to defend and protect any members of the pool against liability for a covered loss. All funds contained within the pool are funds directly derived from its members who are public agencies of the State of Florida. The relationship is a joint self-insurance or self-funded program using governmental funds. The purchase of liability insurance by the pool or any of its members is not intended to, and does not, waive sovereign immunity. The pool and the members of the pool do not intend to waive sovereign immunity through their use of public funds retained within the pool. Such funds are not intended to constitute the existence, issuance or purchase of a policy for insurance. And the pool is not treated as an "insurer" within the meaning of any State legislation. Among other things, the powers of the pool include the purchase of aggregate excess insurance and specific excess insurance to supplement the risk management pool. The City is obligated to make payments to the pool, select a representative to serve on the Board of Directors, allow attorneys employed by the pool to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City, and to follow operations and loss reduction and prevention procedures established by the pool.

Public Risk Management (PRM) is a risk pool that assumes the risk of loss for all participating members. The members are subject to additional premium assessments in the event that the risk pool required additional funding to satisfy all claims. The City has a "claims reporting period" that coincides with the fiscal year. Renewal premium quotes are typically available in June prior to the beginning of the fiscal year.

B. LEASES

Temple Terrace Golf and Country Club Lease. On January 1, 1997, the City entered into a 53 year agreement, which expires December 31, 2050, to lease the City-owned golf course to the Temple Terrace Golf and Country Club, Inc. (the Club). The lease is accounted for as an operating lease. All costs and expenses related to the operation of the golf course are borne by the Club.

City of Temple Terrace, Florida
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE V – SUBSEQUENT EVENT

In February 2018, the Club and the City entered into a new agreement. The Club paid the amount in arrears on this loan, and subsequent payments in FY2018 to keep the Club in good standings on loan payments. The amount owed to the Bank is accurately stated, however because of the renewed loan payment schedules, the amount owed to the city to eventually cover the entire loan amount with principal and interest may take an additional 25 years. The amount owed to the city by the club is \$3,210,100.

During the March 6, 2018 Council meeting, a resolution was approved in agreement with PNC to extend the due date of the \$23,540,000 taxable non-ad valorem revenue bond to June 1, 2018 in order for the city to obtain refinancing.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TEMPLE TERRACE, FLORIDA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Florida Retirement System Pension Plan

	2017	2016	2015
City's Proportion of the Net Pension Liability	0.002740681%	0.003723404%	0.004035504%
City's Proportionate Share of the Net Pension Liability	\$ 810,675	\$ 940,162	\$ 521,239
City's Covered-Employee Payroll	\$ 1,039,378	\$ 1,582,909	\$ 1,771,220
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	78.00%	59.39%	29.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.89%	84.88%	92.00%

Note: The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Retiree Health Insurance Subsidy Program (HIS)

	2017	2016	2015
City's Proportion of the Net Pension Liability	0.003256996%	0.004234908%	0.004234908%
City's Proportionate Share of the Net Pension Liability	\$ 348,253	\$ 493,561	\$ 467,719
City's Covered-Employee Payroll	\$ 1,039,378	\$ 1,582,909	\$ 1,771,220
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	33.51%	31.18%	26.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	1.64%	0.97%	0.50%

Note: The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

CITY OF TEMPLE TERRACE, FLORIDA SCHEDULE OF RETIREMENT CONTRIBUTIONS

Florida Retirement System Pension Plan

	2017	2016	2015
Contractually Required Contribution	\$ 68,334	\$ 83,671	\$ 99,131
Contributions in Relation to the Contractually Required Contribution	(68,334)	(83,671)	(99,131)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 984,051	\$ 1,202,558	\$ 1,412,055
Contributions as a Percentage of Covered Employee Payroll	6.94%	6.96%	7.02%

Note: The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

Retiree Health Insurance Subsidy Program (HIS)

	2017	2016	2015
Contractually Required Contribution	\$ 16,316	\$ 19,968	\$ 19,314
Contributions in Relation to the Contractually Required Contribution	(16,316)	(19,968)	(19,314)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 984,051	\$ 1,202,558	\$ 1,412,055
Contributions as a Percentage of Covered Employee Payroll	1.66%	1.66%	1.37%

Note: The Amounts Presented for Each Fiscal Year were Determined as of June 30.

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

CITY OF TEMPLE TERRACE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
FIREFIGHTERS' RETIREMENT SYSTEM

	September 30, 2017 *	September 30, 2016 *	September 30, 2015 *	September 30, 2014 *
Total Pension Liability:				
Service Cost	\$ 929,615	\$ 923,351	\$ 848,258	\$ 834,970
Interest	2,342,818	2,179,370	2,106,949	2,001,009
Changes in Excess State Money	-	(18,213)	-	-
Share Plan Allocation	-	15,028	-	-
Changes of benefit terms	-	-	-	-
Differences between Expected and Actual Experience	(261,617)	38,129	(208,861)	-
Changes of assumptions	-	627,713	330,207	-
Contributions - Buy Back	-	3,143	3,884	-
Benefit Payments, including Refunds of Employee Contributions	(1,447,974)	(1,769,625)	(1,870,919)	(1,039,727)
Net Change in Total Pension Liability	1,562,842	1,998,896	1,209,518	1,796,252
Total Pension Liability - Beginning	31,036,839	29,037,943	27,828,425	26,032,173
Total Pension Liability - Ending (a)	<u>\$ 32,599,681</u>	<u>\$ 31,036,839</u>	<u>\$ 29,037,943</u>	<u>\$ 27,828,425</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 1,316,570	\$ 1,167,720	\$ 1,064,455	\$ 1,064,867
Contributions - State	153,625	168,057	160,407	162,928
Contributions - Employee	327,645	303,975	297,030	292,410
Contributions - Buy Back	-	3,143	3,884	-
Net Investment Income	2,683,463	1,359,948	232,365	1,915,275
Benefit Payments, including Refunds of Employee Contributions	(1,447,974)	(1,769,625)	(1,870,919)	(1,039,727)
Administrative Expense	(65,679)	(43,311)	(49,011)	(48,151)
Net Change in Plan Fiduciary Net Position	2,967,650	1,189,907	(161,789)	2,347,602
Plan Fiduciary Net Position - Beginning	20,893,327	19,703,420	19,865,209	17,517,607
Plan Fiduciary Net Position - Ending (b)	<u>\$ 23,860,977</u>	<u>\$ 20,893,327</u>	<u>\$ 19,703,420</u>	<u>\$ 19,865,209</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 8,738,704</u>	<u>\$ 10,143,512</u>	<u>\$ 9,334,523</u>	<u>\$ 7,963,216</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	73.19%	67.32%	67.85%	71.38%
Covered Employee Payroll**	\$ 3,117,461	\$ 2,892,247	\$ 3,294,335	\$ 2,688,405
Net Pension Liability as a percentage of Covered Employee Payroll	280.31%	350.71%	283.35%	296.21%

Notes to Schedule:

* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

** For the year ending 9/30/15, the Covered Employee Payroll figure included payroll for DROP members.

CITY OF TEMPLE TERRACE, FLORIDA

SCHEDULE OF CONTRIBUTIONS AND NOTES TO SCHEDULE –

FIREFIGHTERS’ RETIREMENT SYSTEM

Reporting Period Ending	9/30/2017 *	9/30/2016 *	9/30/2015 *	9/30/2014 *
Actuarially Determined Contribution	\$ 1,470,195	\$ 1,329,855	\$ 1,224,862	\$ 1,227,794
Contributions in Relation to the Actuarially Determined Contribution	1,470,195	1,329,855	1,224,862	1,227,794
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll **	\$ 3,117,461	\$ 2,892,247	\$ 3,294,335	\$ 2,688,405
Contributions as a Percentage of Covered Employee Payroll	47.16%	45.98%	37.18%	45.67%

Notes to Schedule:

- * Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.
- ** For the year ending 9/30/15, the Covered Employee Payroll figure included payroll for DROP members.

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method
Amortization Method:	Level Percentage of Pay, Closed
Payroll Growth:	3.23%, as limited by the provisions of Part VII of Chapter 112, F.S.
Asset Valuation Method:	Each year, the prior year Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Salary Increases:	6.5% per year until the assumed retirement age
Interest Rate:	7.5% per year compounded annually, net of investment related expenses
Retirement Age:	Earlier of age 54 and 10 years of service or 20 years of service, regardless of age Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Termination and Disability Rates:	See tables below
Mortality:	RP-2000 Combined Healthy Mortality Table
Termination and Disability Rate Table:	

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	0.30%	9.30%
30	0.40%	7.90%
40	0.70%	4.30%
50	1.80%	1.10%

CITY OF TEMPLE TERRACE, FLORIDA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
POLICE OFFICERS' RETIREMENT SYSTEM

	September 30, 2017 *	September 30, 2016 *	September 30, 2015 *	September 30, 2014 *
Total Pension Liability:				
Interest	\$ 658,510	\$ 652,093	\$ 634,011	\$ 673,853
Changes in Excess State Money	3,231,782	2,996,634	2,909,094	2,826,257
Share Plan Allocation	(13,669)	-	-	-
Changes of benefit terms	-	-	(295,206)	-
Differences between Expected and Actual Experience	254,999	266,414	(7,809)	-
Changes of assumptions	129,219	1,632,506	444,806	-
Contributions - Buy Back	-	(2,562,970)	-	-
Benefit Payments, including Refunds of Employee Contributions	(2,274,549)	-	(2,078,269)	(2,071,931)
Net Change in Total Pension Liability	1,986,292	2,984,677	1,606,627	1,428,179
Total Pension Liability - Beginning	43,582,857	40,598,180	38,991,553	37,563,374
Total Pension Liability - Ending (a)	<u>\$ 45,569,149</u>	<u>\$ 43,582,857</u>	<u>\$ 40,598,180</u>	<u>\$ 38,991,553</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 2,079,938	\$ 1,857,520	\$ 1,562,285	\$ 1,536,551
Contributions - State	181,543	188,055	165,332	154,522
Contributions - Employee	322,963	303,850	303,704	303,725
Contributions - Buy Back	-	-	-	-
Net Investment Income	2,871,553	1,382,196	87,712	2,236,955
Benefit Payments, including Refunds of Employee Contributions	(2,274,549)	(2,562,970)	(2,078,269)	(2,071,931)
Administrative Expense	(50,713)	(37,851)	(32,080)	(18,966)
Net Change in Plan Fiduciary Net Position	3,130,735	1,130,800	8,684	2,140,856
Plan Fiduciary Net Position - Beginning	22,152,013	21,021,213	21,012,529	18,871,673
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,282,748</u>	<u>\$ 22,152,013</u>	<u>\$ 21,021,213</u>	<u>\$ 21,012,529</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 20,286,401</u>	<u>\$ 21,430,844</u>	<u>\$ 19,576,967</u>	<u>\$ 17,979,024</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55.48%	50.83%	51.78%	53.89%
Covered Employee Payroll**	\$ 2,883,598	\$ 2,712,946	\$ 3,126,443	\$ 2,889,864
Net Pension Liability as a percentage of Covered Employee Payroll	703.51%	789.95%	626.17%	622.14%

Notes to Schedule:

* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

** For the year ending 9/30/15, the Covered Employee Payroll figure included payroll for DROP members.

CITY OF TEMPLE TERRACE, FLORIDA
SCHEDULE OF CONTRIBUTIONS AND NOTES TO SCHEDULE –
POLICE OFFICERS’ RETIREMENT SYSTEM

Reporting Period Ending	9/30/2017 *	9/30/2016 *	9/30/2015 *	9/30/2014 *
Actuarially Determined Contribution	\$ 2,244,502	\$ 2,045,575	\$ 1,727,617	\$ 1,691,072
Contributions in Relation to the Actuarially Determined Contribution	2,261,481	2,045,575	1,727,617	1,691,072
Contribution Deficiency (Excess)	<u>\$ (16,979)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll **	\$ 2,883,598	\$ 2,712,946	\$ 3,126,443	\$ 2,889,864
Contributions as a Percentage of Covered Employee Payroll	78.43%	75.40%	55.26%	58.52%

Notes to Schedule:

* Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

** For the year ending 9/30/15, the Covered Employee Payroll figure included payroll for DROP members.

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Normal Actuarial Cost Method
Amortization Method:	Level Percentage of Pay, Closed
Payroll Growth:	.59% per year
Asset Valuation Method:	Each year, the prior year Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
Salary Increases:	6.5% per year until the assumed retirement age
Interest Rate:	7.5% per year compounded annually, net of investment related expenses
Retirement Age:	Earlier of age 55 and 10 years of service or 20 years of service, regardless of age. Also, any member who has reached Normal Retirement is assumed to retire one year later.
Termination and Disability Rates:	See tables below
Mortality:	RP-2000 Combined Healthy Mortality Table
Termination and Disability Rate Table:	

Age	% Terminating During the Year	% Becoming Disabled During the Year
20	0.07%	17.20%
30	0.11%	15.00%
40	0.19%	8.20%
50	0.51%	1.70%

**CITY OF TEMPLE TERRACE, FLORIDA
SCHEDULE OF MONEY-WEIGHTED INVESTMENT RETURNS -
FIREFIGHTERS' AND POLICE OFFICERS' RETIREMENT SYSTEM**

Annual money-weighted rate of return, net of investment expense for the pension plans:

<u>Fiscal Year Ended 9/30</u>	<u>Firefighters' Retirement System</u>	<u>Police Officers' Retirement System</u>
2017	12.86%	12.99%
2016	6.94%	6.72%
2015	1.18%	0.42%
2014	10.82%	11.93%

**CITY OF TEMPLE TERRACE, FLORIDA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**

	Fiscal Year 2017
Total OPEB Liability	
Service Cost	\$ 210,731
Interest	277,270
Difference between expected and actual experience	(769,706)
Change of Assumptions and Other Inputs	603,182
Benefit payments	(621,863)
Other Changes *	(380,423)
Net change in total OPEB liability	(680,809)
Total OPEB liability, beginning	8,099,403
Total OPEB liability, ending	<u>\$ 7,418,594</u>

* Includes new census and interation amongst changes.

Covered employee payroll \$ 11,542,072

Total OPEB liability as a percentage of covered employee payroll 64.27%

Notes to Schedule:

(1) Plan Assets:

- No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Other items:

This information is required for ten years. However, only one year of information is available.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Debt Service Fund:

The ***Debt Service Fund*** is established to account for resources that are restricted, committed, or assigned to expenditure for principal and interest on outstanding bonded debt of the City, exclusive of the bonded debt in the enterprise funds.

The City's **Debt Service Fund** is established in accordance with statutes and/or bond indentures. Its use enhances the attractiveness of bonds to prospective buyers. Inclusion of debt service fund provisions in the indentures indicates to the prospective buyer that the timing of the assets acquisition to satisfy maturing debt has been formalized and a sophisticated administrative approach to servicing the debt will be followed.

CITY OF TEMPLE TERRACE, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Fiscal Year Ended September 30, 2017

	Debt Service Fund			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Investment Earnings	\$ 2,700	\$ 2,700	\$ -	\$ (2,700)
Other	-	-	-	-
Total Revenues	2,700	2,700	-	(2,700)
EXPENDITURES				
Debt Service:				
Principal	470,855	470,855	470,855	-
Interest	699,227	699,227	685,104	14,123
Total Debt Service	1,170,082	1,170,082	1,155,959	14,123
Total Expenditures	1,170,082	1,170,082	1,155,959	14,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,167,382)	(1,167,382)	(1,155,959)	11,423
OTHER FINANCING SOURCES (USES)				
Transfers In	1,167,382	1,167,382	1,155,959	(11,423)
Total Other Financing Sources (Uses)	1,167,382	1,167,382	1,155,959	(11,423)
Net Change in Fund Balances	-	-	-	-
Fund Balances, Beginning	-	-	(288,533)	(288,533)
Fund Balances (Deficit), Ending	\$ -	\$ -	\$ (288,533)	\$ (288,533)

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

STATISTICAL SECTION

This part of the City of Temple Terrace's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understanding how the City's financial performance and well-being have changed over time.</i>	123
Revenue Capacity <i>These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.</i>	128
Debt Capacity <i>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.</i> <i>The following two schedules are not shown in the debt capacity section:</i> <ul style="list-style-type: none"> – <i>Ratio of General Bonded Debt Outstanding:</i> <i>There has been no general obligation bonded debt for the past ten fiscal years.</i> – <i>Legal Debt Margin:</i> <i>The City's Charter makes no provision for a general obligation legal debt margin.</i> 	135
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	138
Operating Information <i>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.</i>	142

Sources: Unless otherwise noted, the information in these tables is derived from the CAFR for the relevant year.



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CITY OF TEMPLE TERRACE, FLORIDA

TABLE 1

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Government Activities:										
Net investment in capital assets	\$29,105,198	\$ 34,313,966	\$36,609,269	\$40,321,330	\$44,564,467	\$44,929,535	\$44,461,063	\$46,467,096	\$ 45,787,690	\$ 44,751,620
Restricted	3,055,950	2,745,471	2,634,580	8,306,042	7,154,188	7,566,336	7,748,873	6,129,784	3,293,605	4,257,394
Unrestricted	9,810,471	(13,264,249)	(11,935,227)	(21,458,838)	(23,405,315)	(24,276,008)	(23,954,426)	(50,928,791)	(46,842,232)	(51,603,235)
Total governmental activities net position	\$41,971,619	\$ 23,795,188	\$27,308,622	\$27,168,534	\$28,313,340	\$28,219,863	\$28,255,509	\$ 1,668,089	\$ 2,239,063	\$ (2,594,221)
Business-Type Activities:										
Net investment in capital assets	\$21,759,409	\$ 22,534,522	\$23,197,089	\$24,490,972	\$24,973,142	\$25,505,001	\$26,317,510	\$26,554,406	\$ 27,161,205	\$ 27,755,329
Restricted	6,422,243	6,009,253	5,656,554	4,345,084	3,920,116	3,526,876	2,730,208	3,088,958	4,581,463	3,854,474
Unrestricted	2,544,915	1,710,998	1,112,489	1,387,947	1,262,546	1,765,197	2,490,090	3,342,554	2,484,072	3,749,575
Total business-type activities net position	\$30,726,567	\$ 30,254,773	\$29,966,132	\$30,224,003	\$30,155,804	\$30,797,074	\$31,537,808	\$32,985,918	\$ 34,226,740	\$ 35,359,378
Primary Government:										
Net investment in capital assets	\$50,864,607	\$ 56,848,488	\$59,806,358	\$64,812,302	\$69,537,609	\$70,434,536	\$70,778,573	\$73,021,501	\$ 72,948,895	\$ 72,506,949
Restricted	9,478,193	8,754,724	8,291,134	12,651,126	11,074,304	11,093,212	10,479,081	9,218,744	7,875,068	8,111,868
Unrestricted	12,355,386	(11,553,251)	(10,822,738)	(20,070,891)	(22,142,769)	(22,510,811)	(21,464,336)	(47,586,237)	(44,358,160)	(47,853,660)
Total primary government net position	\$72,698,186	\$ 54,049,961	\$57,274,754	\$57,392,537	\$58,469,144	\$59,016,937	\$59,793,317	\$34,654,008	\$ 36,465,803	\$ 32,765,157

Note: Prior year fund balances may be adjusted for restatements.

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 2
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	Fiscal Year		2014	2015	2016	2017
Expenses:										
Governmental activities:										
General government										
Public safety	\$ 3,811,622	\$ 4,084,419	\$ 4,114,286	\$ 3,980,313	\$ 3,900,099	\$ 3,876,690	\$ 3,847,264	\$ 4,889,652	\$ 4,084,662	\$ 3,934,517
Public works	12,204,544	13,083,126	12,723,993	13,130,360	13,343,136	13,454,784	13,880,527	13,790,072	13,994,461	15,865,516
Economic environment	2,307,220	2,361,372	2,258,804	2,384,940	2,338,570	2,167,279	2,193,891	1,414,185	2,578,207	2,462,894
Culture and recreation	1,193,867	807,943	742,629	2,305,198	1,000,416	21,692	522	94,120	144,613	104,227
Interest on long-term debt	4,176,554	4,029,039	3,953,613	4,046,833	3,973,313	3,882,710	3,979,142	4,029,260	3,961,717	3,837,790
Total governmental activities	1,063,052	662,520	803,347	821,790	837,962	868,701	415,854	487,670	719,237	685,104
	24,756,859	25,028,419	24,596,672	26,669,434	25,393,496	24,271,856	24,317,200	24,704,960	25,482,897	26,890,048
Business-type activities:										
Water/sewer	8,963,490	8,873,380	9,526,900	9,808,604	10,305,399	9,802,084	9,641,139	9,950,108	10,207,950	10,075,846
Sanitation	2,919,414	2,875,242	2,805,749	2,822,207	3,093,535	2,965,440	3,109,749	3,091,486	3,470,280	3,577,213
Total business-type activities	11,882,904	11,748,622	12,332,649	12,630,811	13,398,934	12,767,524	12,750,888	13,041,594	13,678,230	13,653,059
Total primary government expenses	\$ 36,639,763	\$ 36,777,041	\$ 36,929,321	\$ 39,300,245	\$ 38,792,430	\$ 37,039,380	\$ 37,068,088	\$ 37,746,554	\$ 39,161,127	\$ 40,543,107
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 4,295,393	\$ 3,944,462	\$ 4,057,379	\$ 4,164,981	\$ 4,635,442	\$ 4,375,457	\$ 4,322,450	\$ 4,704,230	\$ 4,585,227	\$ 4,408,774
Public safety	657,065	2,311,524	1,519,171	1,369,573	1,502,785	1,456,785	1,211,799	2,630,890	739,889	1,147,181
Public works	31,775	35,545	62,956	85,038	86,760	90,571	86,101	834,978	93,309	105,122
Economic environment	1,453,405	1,286,782	320,851	123,019	53,169	76,104	-	69,461	-	-
Culture and recreation	911,253	977,993	962,115	968,120	1,021,213	982,859	931,954	1,128,753	898,252	1,086,548
Operating grants and contributions	630,683	471,000	646,117	497,376	890,686	302,479	277,807	-	508,094	440,904
Capital grants and contributions	744,214	874,928	4,226,569	2,558,306	1,386,176	213,737	469,111	-	104,862	122,327
Total governmental activities	8,723,788	9,902,234	11,795,158	9,766,413	9,576,231	7,497,992	7,299,222	9,368,312	6,929,633	7,310,856
Business-type activities:										
Charges for services:										
Water/sewer	7,924,124	7,852,306	8,880,252	9,798,141	10,111,117	10,250,778	10,322,232	10,277,824	11,452,554	12,022,271
Sanitation	2,846,824	3,007,605	2,956,883	3,017,708	3,017,634	3,020,379	3,086,706	3,111,798	3,591,451	3,517,384
Capital grants and contributions	753,453	34,199	48,609	4,381	98,091	138,580	31,432	1,071,571	270,928	47,975
Total business-type activities	11,524,401	10,894,110	11,885,744	12,820,230	13,226,842	13,409,737	13,440,370	14,461,193	15,314,933	15,587,630
Total primary government program revenues	\$ 20,248,189	\$ 20,796,344	\$ 23,680,902	\$ 22,586,643	\$ 22,803,073	\$ 20,907,729	\$ 20,739,592	\$ 23,829,505	\$ 22,244,566	\$ 22,898,486

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 2
CHANGES IN NET POSITION (CONTINUED)
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities	\$ (16,033,071)	\$ (15,126,185)	\$ (12,801,514)	\$ (16,903,021)	\$ (15,817,265)	\$ (16,773,864)	\$ (17,017,978)	\$ (15,336,648)	\$ (18,553,264)	\$ (19,579,192)
Business-type activities	(358,503)	(854,512)	(446,905)	189,419	(172,092)	642,213	689,482	1,419,599	1,636,703	1,934,571
Total primary government net expense	<u>\$ (16,391,574)</u>	<u>\$ (15,980,697)</u>	<u>\$ (13,248,419)</u>	<u>\$ (16,713,602)</u>	<u>\$ (15,989,357)</u>	<u>\$ (16,131,651)</u>	<u>\$ (16,328,496)</u>	<u>\$ (13,917,049)</u>	<u>\$ (16,916,561)</u>	<u>\$ (17,644,621)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 15,888,570	\$ 15,320,964	\$ 15,509,155	\$ 15,877,313	\$ 16,046,405	\$ 15,907,757	\$ 16,567,885	\$ 16,844,869	\$ 18,344,753	\$ 19,587,652
Franchise fees	-	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	103,963	44,707	47,716	79,155	83,529	37,758	54,396	47,475	52,311	69,367
Unrestricted investment earnings	384,475	380,368	176,448	120,166	171,636	36,206	77,247	114,324	57,605	85,422
Miscellaneous	527,740	548,588	546,559	604,085	592,599	687,139	354,096	517,159	244,837	180,928
Special items	-	(19,344,873)	35,070	82,214	67,902	11,527	-	-	-	-
Transfers	-	-	-	-	-	-	-	59,845	424,732	-
Total governmental activities	<u>16,904,748</u>	<u>(3,050,246)</u>	<u>16,314,948</u>	<u>16,762,933</u>	<u>16,962,071</u>	<u>16,680,387</u>	<u>17,053,624</u>	<u>17,583,672</u>	<u>19,124,238</u>	<u>19,923,369</u>
Business-type activities:										
Investment earnings/Miscellaneous	328,696	382,718	143,992	59,024	103,873	(1,112)	49,307	48,827	28,851	50,999
Capital Contributions	-	-	-	-	-	-	-	-	-	-
Special items	9,431	-	14,272	9,428	-	169	1,939	320,734	-	-
Transfers	-	-	-	-	-	-	-	(59,845)	(424,732)	-
Total business-type activities	<u>338,127</u>	<u>382,718</u>	<u>158,264</u>	<u>68,452</u>	<u>103,873</u>	<u>(943)</u>	<u>51,246</u>	<u>309,716</u>	<u>(395,881)</u>	<u>50,999</u>
Total primary government general revenues and other changes in net position	<u>\$ 17,242,875</u>	<u>\$ (2,667,528)</u>	<u>\$ 16,473,212</u>	<u>\$ 16,831,385</u>	<u>\$ 17,065,944</u>	<u>\$ 16,679,444</u>	<u>\$ 17,104,870</u>	<u>\$ 17,893,388</u>	<u>\$ 18,728,357</u>	<u>\$ 19,974,368</u>
Change in Net Position										
Governmental activities	\$ 871,677	\$ (18,176,431)	\$ 3,513,434	\$ (140,088)	\$ 1,144,806	\$ (93,477)	\$ 35,646	\$ 2,247,024	\$ 570,974	\$ 344,177
Business-type activities	(20,376)	(471,794)	(288,641)	257,871	(68,219)	641,270	740,728	1,729,315	1,240,822	1,985,570
Total primary government net expense	<u>\$ 851,301</u>	<u>\$ (18,648,225)</u>	<u>\$ 3,224,793</u>	<u>\$ 117,783</u>	<u>\$ 1,076,587</u>	<u>\$ 547,793</u>	<u>\$ 776,374</u>	<u>\$ 3,976,340</u>	<u>\$ 1,811,797</u>	<u>\$ 2,329,748</u>

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 3
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011*	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 790,831	\$ 285,760	\$ 300,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,275,285	4,101,988	3,690,252	-	-	-	-	-	-	-
Total General Fund	\$ 5,066,116	\$ 4,387,748	\$ 3,990,978	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All Other Governmental Funds										
Reserved	\$ 4,308,654	\$ 2,887,761	\$ 3,533,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Funds	3,834,748	3,626,229	4,364,919	-	-	-	-	-	-	-
Debt Service Fund	151,117	770,331	439,316	-	-	-	-	-	-	-
Capital Projects Fund	-	-	1,771	-	-	-	-	-	-	-
Total all other governmental funds	\$ 8,294,519	\$ 7,284,321	\$ 8,339,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total fund balance										
All governmental funds	\$13,360,635	\$11,672,069	\$12,330,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

*Beginning in Fiscal Year 2011, due to implementation of GASB Statement No. 54, fund balance is now reported as follows :

	2008	2009	2010	2011*	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ 35,585	\$ 25,584	\$ 22,325	\$ 21,958	\$ 21,958	\$ 2,735,860	\$ 2,703,833
Restricted	-	-	-	143,111	131,774	174,300	217,513	276,403	325,705	335,451
Committed	-	-	-	-	471,349	116,591	116,591	116,591	116,591	116,591
Assigned	-	-	-	1,049,674	249,984	1,706,440	1,155,010	1,426,959	94,653	488,271
Unassigned	-	-	-	2,343,181	3,259,530	2,551,211	2,861,765	3,917,317	6,157,984	5,975,077
Total General Fund	\$ -	\$ -	\$ -	\$ 3,571,551	\$ 4,138,221	\$ 4,570,867	\$ 4,372,838	\$ 5,759,228	\$ 9,430,793	\$ 9,619,223
All Other Governmental Funds										
Restricted, reported in:										
Special Revenue Funds	-	-	-	4,566,211	3,610,417	4,023,569	4,232,684	5,806,751	2,967,900	3,921,943
Debt Service Fund	-	-	-	2,863,128	2,641,625	2,559,576	2,794,452	46,631	-	-
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Unrestricted, reported in:										
Debt Service Fund	-	-	-	\$ 7,429,339	\$ 6,252,042	\$ 6,583,145	\$ 7,027,136	\$ 5,853,382	(288,533)	(288,533)
Total all other governmental funds	\$ -	\$ -	\$ -	\$ 11,000,890	\$10,390,263	\$11,154,012	\$11,399,974	\$11,612,610	\$ 2,679,367	\$ 3,633,410
Total fund balance										
All governmental funds	\$ -	\$ -	\$ -	\$11,000,890	\$10,390,263	\$11,154,012	\$11,399,974	\$11,612,610	\$12,110,160	\$13,252,633

CITY OF TEMPLE TERRACE, FLORIDA

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	* \$ 13,050,257	\$ 12,589,786	\$ 13,017,443	\$ 12,934,258	\$ 13,021,553	\$ 12,805,206	\$ 13,262,249	\$ 13,675,122	\$ 14,593,675	\$ 15,852,483
Licenses and permits	* 2,185,822	2,213,232	2,221,279	2,130,961	2,061,898	2,064,671	2,017,310	2,351,720	2,360,318	2,185,374
Intergovernmental	4,215,060	4,077,105	6,810,376	6,139,380	4,796,594	3,686,168	4,011,413	4,941,011	4,360,329	4,529,581
Charges for services	4,968,642	4,757,182	3,800,496	3,842,628	4,237,744	4,032,528	3,963,372	4,416,457	3,653,272	4,109,960
Fines and forfeitures	226,120	1,710,665	751,591	576,551	788,489	685,288	449,747	745,001	190,095	157,134
Other	925,095	848,891	786,585	777,029	1,403,750	800,952	530,035	1,612,163	471,450	325,713
Total revenues	25,570,996	26,196,861	27,387,770	26,400,807	26,310,028	24,074,813	24,234,126	27,741,474	25,629,139	27,160,245
Expenditures										
General government	4,868,794	4,718,759	4,731,907	6,099,752	4,690,547	3,870,788	3,743,156	4,079,016	4,023,549	4,013,152
Public safety	11,616,955	12,468,044	11,919,349	12,222,205	12,397,480	12,606,806	12,979,074	12,808,684	13,330,262	14,700,131
Transportation and public works	1,690,642	1,745,232	1,647,345	1,711,672	1,534,495	1,359,681	1,378,734	1,341,907	1,336,109	1,201,944
Culture and recreation	3,767,511	3,647,510	3,575,879	3,594,863	3,516,949	3,439,561	3,515,786	3,572,694	3,441,957	3,507,684
Capital outlay	2,970,754	4,710,472	3,842,919	5,238,966	3,445,880	2,153,617	1,700,019	3,990,018	4,147,878	1,512,882
Debt service										
Principal	325,357	341,669	959,565	375,310	1,397,675	415,431	407,182	144,657	1,322,541	470,855
Interest	1,158,846	770,334	803,347	810,696	826,868	786,588	414,969	407,071	692,006	685,104
Debt issuance	-	78,179	31,283	2,000	-	71,019	885	80,599	27,231	-
Total expenditures	26,398,859	28,480,199	27,511,594	30,055,464	27,809,894	24,703,491	24,139,805	26,424,846	28,321,533	26,091,752
Excess (deficiency) of revenues over expenditures	(827,863)	(2,283,338)	(123,824)	(3,654,657)	(1,499,866)	(628,678)	94,321	1,316,828	(2,692,394)	1,068,493
Other financing sources (uses)										
Debt issues	-	592,278	724,568	2,284,299	1,000,192	(24,207,806)	-	-	24,410,000	-
Proceeds of Refunding Debt	-	-	-	-	-	24,335,000	-	-	(24,335,000)	-
Transfers in	1,424,640	1,506,100	943,892	739,480	1,798,761	1,943,343	826,329	504,453	2,882,275	1,240,043
Transfers out	(1,363,195)	(1,506,100)	(943,892)	(739,480)	(1,798,761)	(875,718)	(826,329)	(444,608)	(2,482,275)	(1,240,043)
Debt Proceeds	-	-	-	-	-	-	-	1,600,000	-	-
Sale of capital assets	43,064	2,494	57,277	41,158	69,047	17,608	29,816	63,541	9,191	73,980
Total other financing sources (uses)	104,509	594,772	781,845	2,325,457	1,069,239	1,212,427	29,816	1,723,386	484,191	73,980
Net change in fund balances	\$ (723,354)	\$ (1,688,566)	\$ 658,021	\$ (1,329,200)	\$ (430,627)	\$ 583,749	\$ 124,137	\$ 3,040,214	\$ (2,208,203)	\$ 1,142,473
Debt service as a percentage of noncapital expenditures	6.8%	4.9%	8.1%	5.0%	10.0%	5.6%	3.8%	2.5%	9.1%	4.9%

* In October 2007, the Auditor General reclassified Franchise Fees from Taxes to Licenses and Permits. Occupational Licenses and Permits were also reclassified from Licenses to Local Business Taxes.

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 5
GOVERNMENT-WIDE REVENUES
Last Ten Fiscal Years

Fiscal Year	-----PROGRAM REVENUES-----				-----GENERAL REVENUES-----				
	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Taxes *	Grants & Contributions				TOTAL
					Not Restricted	To Specific Programs	Unrestricted Investment Earnings	Miscellaneous Transfers	
2008	18,119,839	630,683	1,497,667	15,888,570	103,963	713,171	537,171	-	37,491,064
2009	19,416,217	471,000	909,127	15,320,964	44,707	380,368	551,088	-	37,093,471
2010	18,759,607	646,117	4,275,178	15,509,155	47,716	320,440	546,559	-	40,104,772
2011	19,526,580	497,376	2,562,687	15,877,313	79,155	179,190	604,085	-	39,326,386
2012	20,428,120	890,686	1,484,267	16,046,405	83,529	275,509	592,590	-	39,801,106
2013	20,252,933	302,479	352,317	15,907,757	37,758	35,094	698,835	-	37,587,173
2014	19,961,242	277,807	500,543	16,567,885	54,396	126,554	356,035	-	37,844,462
2015	21,022,492	935,977	1,871,036	16,844,869	96,302	114,324	837,893	-	41,722,893
2016	21,360,682	508,094	375,790	18,344,753	52,311	86,456	244,837	-	40,972,923
2017	22,287,280	440,904	170,302	19,587,652	69,367	133,321	184,028	-	42,872,854

* In October 2007, the Auditor General reclassified Franchise Fees from Taxes to Licenses and Permits. Occupational Licenses were reclassified from Licenses to Local Business Taxes. Franchises Fees are included in Charges for Services.

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 6
GOVERNMENT-WIDE EXPENSES BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Highways & Public Works	Economic Development	Culture & Recreation	Interest and Other General Government	Water & Sewer	Sanitation	Special Items	Transfers	TOTAL
2008	3,811,622	12,204,544	2,307,220	1,193,867	4,176,554	1,063,052	8,963,490	2,919,414	-	-	36,639,763
2009	4,084,419	13,083,126	2,361,372	807,943	4,029,039	662,520	8,873,380	2,875,242	(19,269,194)	-	17,507,847
2010	4,114,286	12,723,993	2,258,804	742,629	3,953,613	803,347	9,526,900	2,805,749	-	-	36,929,321
2011	3,980,313	13,130,360	2,384,940	2,305,198	4,046,833	821,790	9,808,604	2,822,207	-	-	39,300,245
2012	3,900,099	13,443,136	2,338,570	1,000,416	3,973,313	837,962	10,305,399	3,093,515	-	-	38,892,410
2013	3,876,690	13,454,784	2,167,279	21,692	3,882,710	868,701	9,802,084	2,965,440	-	-	37,039,380
2014	3,847,264	13,880,527	2,193,891	522	3,979,142	415,854	9,641,139	3,109,749	-	-	37,068,088
2015	4,889,652	13,790,072	1,414,185	94,120	4,029,260	487,670	9,950,108	3,091,486	-	-	37,746,553
2016	4,084,662	13,994,461	2,578,207	144,613	3,961,717	719,237	10,207,950	3,470,280	-	-	39,161,127
2017	3,934,517	15,865,516	2,462,894	104,227	3,837,790	685,104	10,075,846	3,577,213	-	-	40,543,107

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 7
GENERAL GOVERNMENTAL REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses & Permits	InterGovt	Charges For Services	Fines And Forfeitures	Investment Earnings	Contributions	Other	TOTAL
2007	14,830,103	431,134	4,087,762	4,855,469	219,078	697,963	201,902	262,550	25,585,961
2008	13,050,257	2,185,822	4,215,060	4,968,642	226,120	384,475	103,963	436,657	25,570,996
2009	12,589,786	2,213,232	4,077,105	4,757,182	1,710,665	380,368	44,707	423,816	26,196,861
2010	13,017,443	2,221,279	6,810,376	3,800,496	751,591	176,448	47,716	562,421	27,387,770
2011	12,934,258	2,130,961	6,139,380	3,842,628	576,551	73,841	79,155	624,033	26,400,807
2012	13,021,553	2,061,898	4,796,594	4,237,744	788,489	134,856	600,996	667,898	26,310,028
2013	12,805,206	2,064,671	3,686,168	4,032,528	685,288	(2,312)	54,935	748,329	24,074,813
2014	13,262,249	2,017,310	4,011,413	3,963,372	449,747	77,247	112,512	340,276	24,234,126
2015	13,675,122	2,351,720	4,941,011	4,416,457	745,001	276,392	842,264	493,507	27,741,474
2016	14,593,675	2,360,318	4,360,329	3,653,272	190,095	57,605	197,043	216,802	25,629,139
2017	15,852,483	2,185,374	4,529,581	4,109,960	157,134	85,422	102,160	138,131	27,160,245

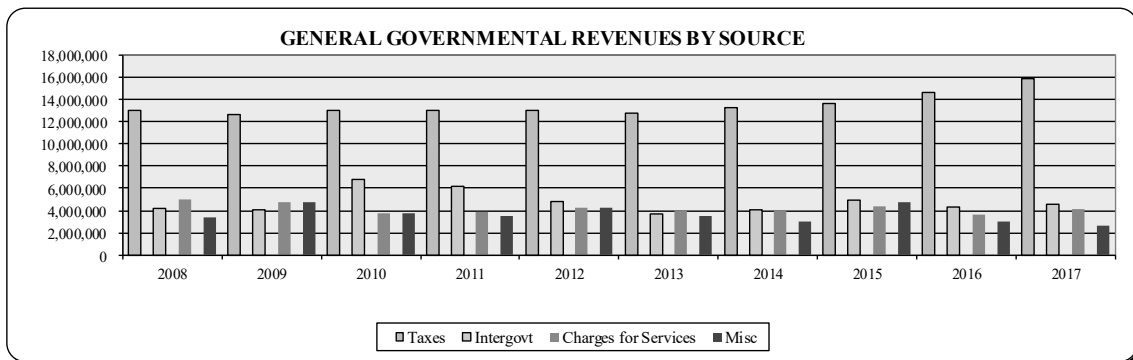
Revised table to include local option gas tax and local option sales tax in the Taxes category, previously recorded in Intergovernmental.

TAX REVENUES BY SOURCE

Fiscal Year	Property Tax	Local Option Tax	Franchise Tax	Utility Tax	Communications Svcs Tax	Local Business Tax	TOTAL TAXES
2008	7,292,079	1,774,738	*	1,930,116	1,820,216	233,108	13,050,257
2009	6,966,685	1,691,849	*	2,120,788	1,587,044	223,420	12,589,786
2010	7,047,679	1,676,543	*	2,404,690	1,663,902	224,629	13,017,443
2011	7,043,990	1,705,046	*	2,294,274	1,650,780	240,168	12,934,258
2012	7,121,260	1,760,198	*	2,228,386	1,678,859	232,850	13,021,553
2013	6,935,502	1,759,178	*	2,211,444	1,643,243	255,838	12,805,205
2014	7,334,187	1,856,112	*	3,811,075	-	260,875	13,262,249
2015	7,679,632	1,947,482	*	2,400,541	1,398,859	248,608	13,675,122
2016	8,452,704	2,051,122	*	2,463,214	1,373,110	253,525	14,593,675
2017	9,509,915	2,119,070	*	2,557,318	1,390,004	276,176	15,852,483

* In October 2007, the Auditor General reclassified Franchise Fees from Taxes to Licenses and Permits.
Occupational Licenses were reclassified from Licenses to Local Business Taxes.

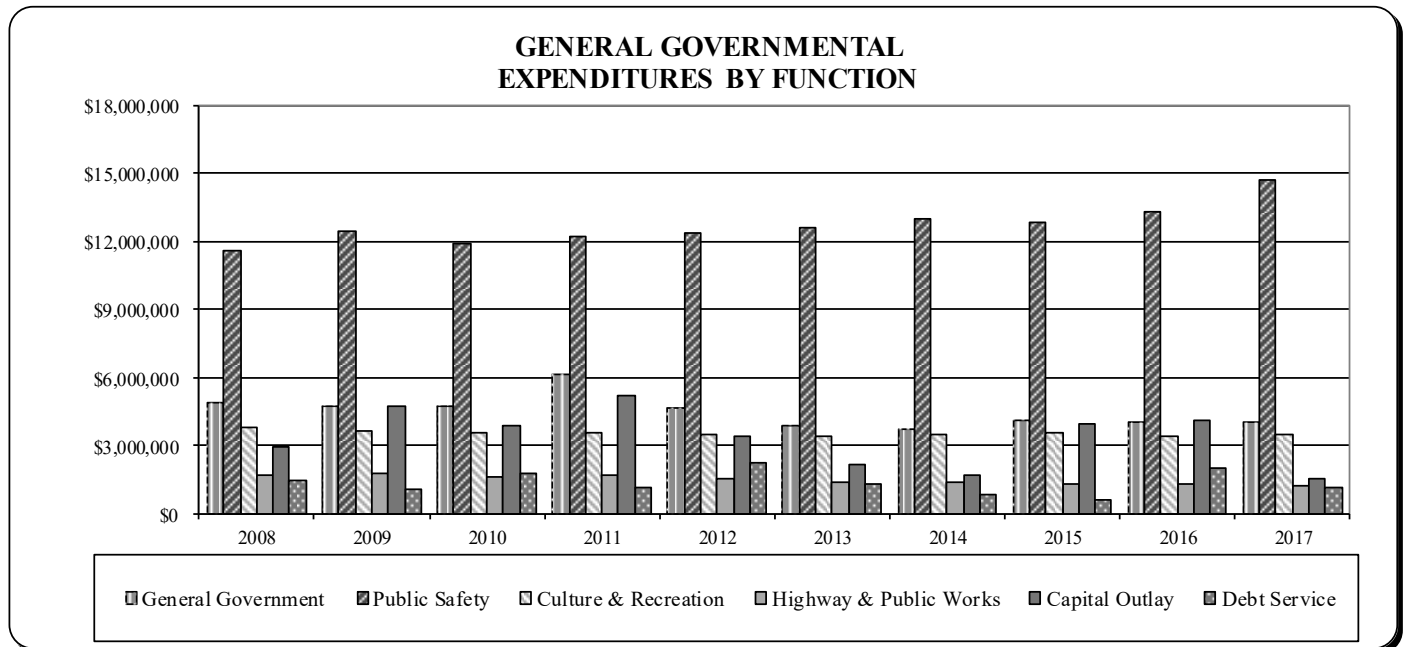
NOTE: Includes General, Special Revenue, Debt Service and Capital Project Funds.



CITY OF TEMPLE TERRACE, FLORIDA
TABLE 8
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Culture & Recreation	Highway & Public Works	Capital Outlay*	Debt Service	TOTAL
2008	4,868,794	11,616,955	3,767,511	1,690,642	2,970,754	1,484,203	26,398,859
2009	4,718,759	12,468,044	3,647,510	1,745,232	4,710,472	1,112,003	28,402,020
2010	4,731,907	11,919,349	3,575,879	1,647,345	3,842,919	1,794,195	27,511,594
2011	6,099,752	12,222,205	3,594,863	1,711,672	5,238,966	1,188,006	30,055,464
2012	4,690,547	12,397,480	3,516,949	1,534,495	3,445,880	2,224,543	27,809,894
2013	3,870,788	12,606,806	3,439,561	1,359,681	2,153,617	1,273,038	24,703,491
2014	3,743,156	12,979,074	3,515,786	1,378,734	1,700,019	823,037	24,139,806
2015	4,079,016	12,808,684	3,572,694	1,341,907	3,990,018	632,327	26,424,646
2016	4,023,549	13,330,262	3,441,957	1,336,109	4,147,878	2,041,778	28,321,533
2017	4,013,152	14,700,131	3,507,684	1,201,944	1,512,882	1,155,959	26,091,752

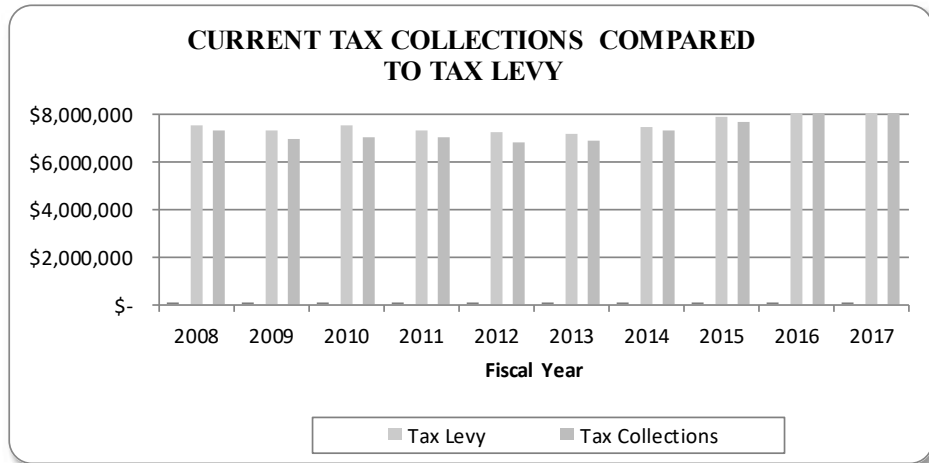
NOTES: Includes General, Special Revenue, Debt Service and Capital Project Funds.



CITY OF TEMPLE TERRACE, FLORIDA
TABLE 9
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections As Percent of Current Levy	Outstanding Delinquent Taxes	Delinquent Taxes As Percent Of Current Levy
2008	7,517,616	7,281,826	96.9%	2,103	7,283,929	96.9%	-	0.00%
2009	7,314,356	6,946,476	95.0%	109,450	7,055,926	96.5%	22,409	0.31%
2010	7,502,958	7,036,782	93.8%	112,562	7,149,344	95.3%	115,691	1.54%
2011	7,327,818	7,038,313	96.0%	230,978	7,269,291	99.2%	988	0.01%
2012	7,206,568	6,805,186	94.4%	287,654	7,092,840	98.4%	113,728	1.58%
2013	7,194,398	6,852,255	95.2%	-	6,852,255	95.2%	3,687	0.05%
2014	7,470,973	7,334,188	98.2%	1,066	7,335,254	98.2%	2,621	0.04%
2015	7,896,081	7,666,621	97.1%	13,011	7,679,632	97.3%	219,070	2.77%
2016	8,779,489	8,444,965	96.2%	7,739	8,452,704	96.3%	47,314	0.54%
2017	9,840,209	9,322,752	94.7%	187,163	9,509,915	96.6%	330,293	3.36%

Source: Hillsborough County Tax Collector



CITY OF TEMPLE TERRACE, FLORIDA
TABLE 10
ASSESSED AND ESTIMATED TRUE VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

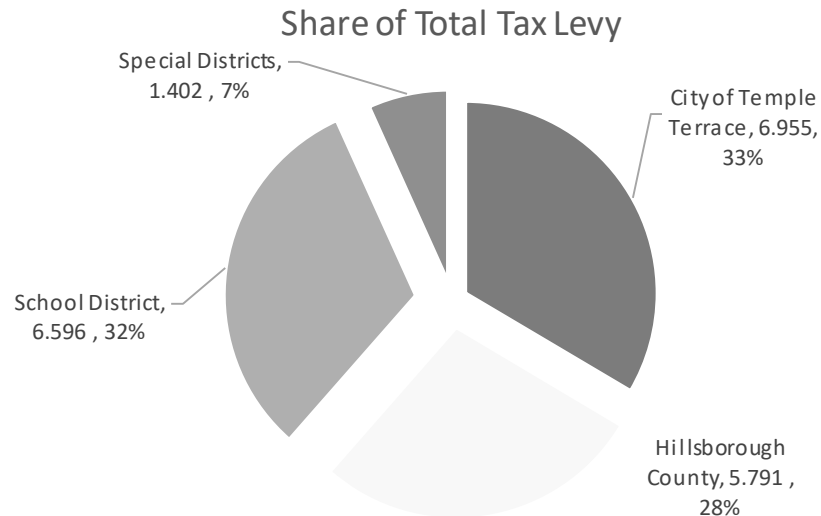
<u>Fiscal Year</u>	<u>Real Property Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Less Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Net Estimated True Value</u>	<u>Ratio of Net Assessed to True Value</u>
2008	2,154,869,809	161,831,290	671,420,531	1,645,280,568	4.569	2,316,701,099	71%
2009	2,099,071,550	175,123,060	673,398,901	1,600,795,709	4.569	2,274,194,610	70%
2010	1,704,757,891	181,624,140	466,147,402	1,420,234,629	5.283	1,886,382,031	75%
2011	1,443,942,096	180,109,330	392,485,391	1,231,566,035	5.950	1,624,051,426	76%
2012	1,339,227,728	185,492,400	352,084,991	1,171,799,728	6.150	1,524,720,128	77%
2013	1,296,779,042	168,532,670	346,431,717	1,118,879,995	6.430	1,465,311,712	76%
2014	1,377,052,761	164,018,070	379,177,661	1,161,893,170	6.430	1,541,070,831	75%
2015	1,481,403,262	200,656,340	429,707,356	1,252,352,246	6.955	1,682,059,602	74%
2016	1,452,226,373	155,911,850	340,039,072	1,268,099,151	7.205	1,682,059,603	75%
2017	1,684,079,334	169,745,459	356,783,155	1,365,747,277	7.205	1,722,530,432	79%

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 11
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City Operating Millage	Overlapping Rates			TOTAL Millage Rates
		County Total Millage	School Operating Millage	Special Districts Operating Millage	
2008	4.569	6.362	7.777	1.752	20.461
2009	4.569	6.360	7.692	1.805	20.426
2010	5.283	6.359	7.592	1.789	21.023
2011	5.950	6.357	7.913	1.765	21.985
2012	6.150	6.355	7.877	1.583	21.965
2013	6.430	6.354	7.690	1.578	22.052
2014	6.430	6.352	7.353	1.490	21.625
2015	6.955	6.350	7.247	1.490	22.042
2016	7.205	6.350	6.906	1.436	21.897
2017	6.955	5.791	6.596	1.402	20.744

NOTES: (A) Tax rates are per \$1,000 of assessed valuation.
(B) Tax levies include only that portion levied within the City limits.

SOURCE: Hillsborough County Tax Collector - Form DR529



CITY OF TEMPLE TERRACE, FLORIDA
TABLE 12
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES		Total Primary Government	Percentage Of Personal Income	Debt Per Capital
	Capital Improvement Notes	Capital Leases Payable	Utility System Revenue Bonds	Capital Leases Payable			
2008	25,490,595	116,792	5,455,000	50,053	31,112,440	4.49%	1,301.45
2009	25,762,662	95,334	4,840,000	40,857	30,738,853	4.98%	1,252.55
2010	25,550,033	72,966	4,205,000	31,270	29,859,269	4.83%	1,221.64
2011	27,482,340	49,648	3,540,000	21,277	31,093,265	5.03%	1,270.67
2012	27,109,164	25,340	2,855,000	10,869	30,000,363	4.58%	1,203.92
2013	26,846,267	-	2,145,000	-	28,991,267	4.22%	1,145.58
2014	26,439,086	-	1,410,000	-	27,849,086	3.64%	1,097.41
2015	27,894,429	-	635,000	-	28,529,429	N/A	1,122.37
2016	26,646,888	-	325,000	-	26,971,888	N/A	1,042.47
2017	26,971,033	-	-	-	26,971,033	3.30%	983.09

NOTES: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See demographic and economic statistics in table 15 for personal income and population data.

N/A - Information is not available.

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 13
COMPUTATIONS OF DIRECT AND OVERLAPPING DEBT
As of September 30, 2017

	Net Debt Outstanding	APPLICABLE TO CITY OF TEMPLE TERRACE	
		%	Amount (A)
<u>DIRECT DEBT</u>			
City of Temple Terrace	<u>\$ 26,697,647 (B)</u>	100.00%	<u>\$ 26,697,647</u>
<u>OVERLAPPING DEBT</u>			
*School Board of Hillsborough County, Hillsborough County, County-Wide Debt Service	<u>\$ 948,933,533</u>	1.87%	<u>\$ 17,745,057</u>
	<u>59,020,000</u>	1.87%	<u>1,103,674</u>
TOTAL AD VALOREM SUPPORTED DEBT	<u>\$ 1,007,953,533</u>		<u>\$ 45,546,378</u>

RATIOS

Overall Debt to 2017 Taxable Valuation	3.33%
Overall Debt per Capita	1,660.16

NOTES: (A) Determined by ratio of valuation of property subject to taxation in the City of Temple Terrace to assessed valuation of property subject to taxation in the overlapping unit.

(B) Includes subsequent event of refunding revenue note for \$23,540,000.

*Fiscal Year ended on June 30, 2017, thus the amount is for the school's FY.

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 14
SCHEDULE OF REVENUE BOND COVERAGE
Last Ten Fiscal Years

Fiscal Year Ended Sept. 30	Gross Revenue (A)	Expenses (B)	Net Revenue Available For Debt Service	DEBT SERVICE REQUIREMENTS			Coverage
				Principal	Interest	Totals	
WATER AND SEWER UTILITY:							
2008	8,238,678	4,514,206	3,724,472	598,822	225,572	824,394	4.518
2009	8,216,456	4,502,432	3,714,024	624,196	203,835	828,031	4.485
2010	9,013,917	4,618,136	4,395,781	644,587	181,099	825,686	5.324
2011	9,849,409	4,498,594	5,350,815	674,993	157,644	832,637	6.426
2012	10,199,253	4,635,769	5,350,815	674,993	157,644	832,637	6.619
2013	10,245,855	4,594,292	5,651,563	720,859	107,560	828,419	6.822
2014	10,365,058	4,638,239	5,726,819	735,000	81,363	816,363	7.015
2015	10,627,687	4,854,213	5,773,474	635,000	39,899	674,899	8.555
2016	11,476,512	4,993,152	6,483,360	325,000	13,508	338,508	19.153
2017	12,022,271	5,065,765	6,956,506	325,000	13,507	338,507	20.551

NOTES: (A) Includes interest earnings

(B) Operating expenses exclude depreciation and payments to the City of Tampa

SOURCE: City of Temple Terrace

CITY OF TEMPLE TERRACE, FLORIDA

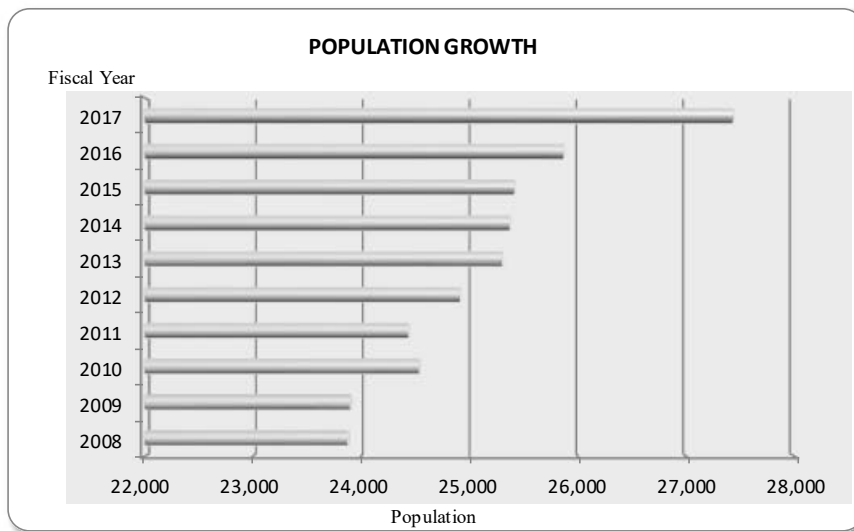
TABLE 15 DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (A)	Personal Income	Per Capita Money Income (D)	Median Age (C)	Median Education	School Enrollment (B)	UNEMPLOYMENT RATE (D)		
					Level in Years of		Hillsborough	State of	United
					Formal Schooling (C)		County	Florida	States
2008	23,882	857,316,036	35,898	36.6	13.4	2,752	6.8%	6.9%	6.0%
2009	23,906	693,034,940	28,990	36.0	13.5	2,799	11.6%	11.3%	9.5%
2010	24,541	617,672,429	25,169	36.1	14.1	2,663	12.5%	11.9%	9.6%
2011	24,442	617,576,014	25,267	33.3	14.1	2,722	10.5%	10.8%	8.9%
2012	24,919	654,946,077	26,283	33.4	14.1	2,652	8.6%	8.6%	7.6%
2013	25,307	687,059,743	27,149	33.4	14.1	2,574	7.0%	7.2%	7.4%
2014	25,377	765,776,352	30,176	34.5	14.2	2,609	6.0%	5.6%	6.5%
2015	25,419	N/A	N/A	35.2	N/A	2,551	5.8%	5.1%	5.1%
2016	25,873	N/A	N/A	35.2	N/A	3,992	4.4%	4.7%	4.5%
2017	27,435	816,328,425	29,755	35.2	14.2	3,543	3.3%	3.9%	4.2%

SOURCE: (A) City of Temple Terrace Planning Department
 (B) School Board of Hillsborough County
 (C) <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS>
 (D) Hillsborough County City-County Planning Commission (www.theplanningcommission.org),

NOTE: Specific statistics for per capita income, median age, education level in years of formal schooling, and unemployment rate are available for the City of Temple Terrace only for census years. The Hillsborough County-wide average has been substituted for informational comparisons only. Where noted "N/A", statistical information was not available at this time.



CITY OF TEMPLE TERRACE, FLORIDA
TABLE 16
PRINCIPAL PROPERTY TAXPAYERS
Current and Ten Years Ago

Taxpayers	Type of Business	2017			2008		
		2016 Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	2007 Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
Verizon Data Services Inc	Offices	\$ 41,185,300	1	3.43%	\$ 46,051,200	1	3.58%
Riverchase Property Holdings Llc	Apartments	\$ 39,533,450	2	3.30%	\$ 43,243,200	2	3.36%
Cio Intellicenter Lp	Offices	\$ 25,069,300	3	2.09%			
Daejan Fisherman'S Landing Llc	Apartments	\$ 14,565,500	4	1.21%	\$ 14,290,500	6	1.11%
Boardwalk At Morris Bridge Road Llc	Student Housin	\$ 13,817,800	5	1.15%	\$ 14,479,900	5	1.12%
Osprey Tampa Oaks Llc	Offices	\$ 12,916,000	6	1.08%	\$ 20,872,200	3	1.62%
Hta 13020 Telecom Llc	Medical Offices	\$ 12,792,400	7	1.07%			
Jmj Doral Oaks Llc And Dj Doral Oaks Llc	Apartments	\$ 12,076,700	8	1.01%	\$ 11,010,200	10	0.86%
Lsref3 Bravo Llc	Apartments	\$ 11,611,600	9	0.97%			
United Dominion Realty Trust Inc	Apartments	\$ 11,175,670	10	0.93%	\$ 12,808,700	8	0.99%
Tampa Bay Office Investors	Offices				\$ 18,555,900	4	1.44%
FAO Tampa LLC	Offices				\$ 12,493,000	7	0.97%
Total Principal Property Taxpayers		<u>\$ 194,743,720</u>		<u>16.24%</u>	<u>\$ 193,804,800</u>		<u>15.05%</u>
Total Assessed Value		\$ 1,199,068,021			\$ 1,287,628,263		

SOURCE: Hillsborough County Property Appraiser Real Estate Tax Rolls

NOTE: Blank information in Taxable Assessed Value does not mean the business no longer exists.

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 17
PRINCIPAL EMPLOYERS IN HILLSBOROUGH COUNTY
Current and Ten Years Ago

Employer	Type of Business	2017			2008		
		Employees	Rank	Percentage Total County Employees	Employees	Rank	Percentage of Total County Employees
Hillsborough County School District	Public Education	25,743	1	3.6%	24,642	1	4.0%
HCA West Florida	Medical Facility	16,461	2	2.3%			
MacDill Air Force Base	Central Command HQ	12,000	3	1.7%	6,656	5	1.1%
Hillsborough County Government	Government Service	10,600	4	1.5%	10,502	2	1.7%
Tampa International Airport	International Airport	7,500	5	1.0%	7,500	3	1.2%
Tampa General Hospital	Medical Facility	6,500	6	0.9%	5,842	7	0.9%
Publix Super Markets	Supermarket	6,086	7	0.8%	4,984	8	0.8%
Bloomin Brands	Restaurant	5,300	8	0.7%			
J.P. Morgan Chase	Financial Institution	4,733	9	0.7%			
Citibank	Financial Institution	4,000	10	0.6%			
St. Joseph's Hospital	Medical Facility	3,501	11	0.5%	4,273	11	0.7%
Humana	Insurance	3,500	12	0.5%			
Busch Gardens	Entertainment/Recreation	3,500	13	0.5%			
University of South Florida	Education	3,300	14	0.5%	6,000	6	1.0%
Wellcare Healthcare	Healthcare	3,190	16	0.4%			
Sweetbay Supermarket (Winn Dixie)	Grocery Store	2,834	17	0.4%			
Tampa Electric	Power Company	2,500	18	0.3%	3,370	16	0.5%
Caspers Company (McDonald's)	Food Service	2,470	19	0.3%			
Hillsborough Community College	Education	2,454	20	0.3%			
Verizon	Telecommunications				7,000	4	1.1%
James A. Haley Veterans Hospital 590	Medical Facility				4,529	9	0.7%
City of Tampa	Government Service				4,502	10	0.7%
H. Lee Moffitt Cancer Center	Medical Facility				3,725	12	0.6%
Bank of America	Financial Institution				3,679	13	0.6%
U.S. Postal Service	Government Service				3,456	14	0.6%
Hillsborough County Sheriff's Office	Public Safety				3,450	15	0.6%
Total Principal Employers		126,172		17.5%	104,110		16.80%

Hillsborough County Total Labor Force

722,243

616,097

SOURCE: <https://suncoastjobs.com/largest-suncoast-> and <http://www.hillsboroughcounty.org/library/hillsborough/media-center/documents/economic-development/indicator-reports/2017/2017-annual-indicators-report.pdf>

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 18
PRINCIPAL UTILITY CUSTOMERS
Current and Ten Years Ago

Customer	Classification	2017			2008		
		Consumption (In Gallons)	Rank	Percentage of Consumption Billed	Consumption (In Gallons)	Rank	Percentage of Consumption Billed
Lamplighter	Mobile Home Park	28,296,800	1	1.93%	24,370,300	3	2.04%
Meadowood Condominiums Inc.	Apartments	21,608,000	2	1.47%	23,878,715	4	1.99%
The Falls (Arbors at Fletcher Island)	Apartments	17,453,800	3	1.19%	12,658,300	10	1.06%
Verizon Data Services	Commercial	17,427,868	4	1.19%	39,004,500	1	3.26%
Southern Cove Apartments	Apartments	13,819,374	5	0.94%			
The Park at Valenza	Apartments	12,962,900	6	0.88%			
Victoria Terrace Association	Apartments	12,480,700	7	0.85%	13,100,500	8	1.09%
The Park Apartments	Apartments	12,477,000	8	0.85%			
JML Doral Oaks	Apartments	12,264,700	9	0.84%			
The Park at Valenza	Apartments	11,693,100	10	0.80%			
Riverchase	Apartments				30,765,300	2	2.57%
The Preserve at Temple Terrace	Apartments				20,967,100	5	1.75%
Hilton Garden Inn	Hotel				17,010,400	6	1.42%
Cameo Development	Apartments				14,918,900	7	1.25%
City of Temple Terrace	Municipality				12,852,901	9	1.07%
		160,484,242		10.94%	209,526,916		17.50%
Total water consumption billed		1,466,588,112			1,197,441,467		

SOURCE: City of Temple Terrace Utility Billing System

NOTE: Blank consumption information does not mean the business no longer exists.

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 19
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>FUNCTION</u>										
<u>General Government</u>										
Legislative	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Executive	2.70	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Human Resources	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Information Technology	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	5.80	6.15	6.15	6.15	6.09	5.89	5.89	5.89	5.89	5.89
Community Services	9.50	10.50	10.00	10.00	10.00	9.00	8.00	8.00	7.00	8.00
	<u>28.00</u>	<u>29.85</u>	<u>29.35</u>	<u>29.35</u>	<u>29.29</u>	<u>28.09</u>	<u>27.09</u>	<u>27.09</u>	<u>26.09</u>	<u>27.09</u>
<u>Public Safety</u>										
Code Compliance	5.00	5.00	4.50	4.50	4.50	4.12	4.12	4.12	4.12	4.12
Police										
Officers	53.00	52.00	54.00	52.00	53.00	52.00	52.00	52.00	52.00	52.00
Civilians	24.25	24.63	21.63	24.63	23.63	22.63	22.63	22.63	19.63	19.00
Fire										
Firefighters and Officers	43.00	43.00	49.50	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Civilians	7.50	7.50	7.00	7.00	7.00	7.08	7.58	7.33	7.08	7.08
	<u>132.75</u>	<u>132.13</u>	<u>136.63</u>	<u>138.13</u>	<u>138.13</u>	<u>135.83</u>	<u>136.33</u>	<u>136.08</u>	<u>132.83</u>	<u>132.20</u>
<u>Public Works</u>										
Administration*	7.00	4.50	3.50	3.50	4.25	4.75	5.00	4.00	4.00	4.00
Streets Maintenance	8.45	8.45	7.20	6.15	6.15	5.15	5.15	5.15	5.15	5.15
Facility Maintenance	5.15	5.15	4.65	3.65	3.65	2.65	2.65	2.65	2.65	2.68
Engineering	4.00	3.50	3.50	3.50	3.25	1.85	1.85	1.85	1.85	1.85
	<u>24.60</u>	<u>21.60</u>	<u>18.85</u>	<u>16.80</u>	<u>17.30</u>	<u>14.40</u>	<u>14.65</u>	<u>13.65</u>	<u>13.65</u>	<u>13.68</u>
<u>Economic Development</u>										
Redevelopment (CRA)	3.13	1.50	0.00	0.00	0.00	0.00	1.00	1.00	1.00	1.00
	<u>3.13</u>	<u>1.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>
<u>Culture & Recreation</u>										
Library	13.28	12.53	12.53	12.53	12.53	12.50	12.50	12.50	12.50	12.50
Parks & Recreation	59.04	58.79	55.58	54.48	54.71	53.44	53.44	53.44	53.44	53.44
	<u>72.32</u>	<u>71.32</u>	<u>68.11</u>	<u>67.01</u>	<u>67.24</u>	<u>65.94</u>	<u>65.94</u>	<u>65.94</u>	<u>65.94</u>	<u>65.94</u>
<u>Physical Environment</u>										
Finance - Utility Services	9.00	8.65	8.65	8.65	7.46	7.16	7.16	7.16	7.56	7.56
PW - Water	14.95	15.15	15.15	15.15	14.45	14.55	14.55	15.35	15.35	14.35
PW - Sewer	9.90	10.60	10.60	10.60	10.40	9.30	9.30	9.50	11.65	11.65
PW - Renewal & Replacement	3.15	3.15	3.15	3.15	3.15	2.15	2.15	2.15	2.15	2.15
Sanitation	16.50	17.60	17.60	16.65	15.55	14.70	14.70	14.70	14.70	14.70
	<u>53.50</u>	<u>55.15</u>	<u>55.15</u>	<u>54.20</u>	<u>51.01</u>	<u>47.86</u>	<u>47.86</u>	<u>48.86</u>	<u>51.41</u>	<u>50.41</u>
<u>Internal Services</u>										
Fleet Maintenance	4.15	4.15	4.15	4.15	4.65	4.40	4.15	4.15	4.15	4.15
Central Warehouse*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<u>4.15</u>	<u>4.15</u>	<u>4.15</u>	<u>4.15</u>	<u>4.65</u>	<u>4.40</u>	<u>4.15</u>	<u>4.15</u>	<u>4.15</u>	<u>4.15</u>
TOTAL	<u>318.45</u>	<u>315.70</u>	<u>312.24</u>	<u>309.64</u>	<u>307.62</u>	<u>296.52</u>	<u>297.02</u>	<u>296.77</u>	<u>295.07</u>	<u>294.47</u>

Source: City of Temple Terrace Annual Budget

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 20
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>FUNCTION:</u>										
Area: Land (square miles)	7.04	7.06	7.30	7.36	7.36	7.38	7.39	7.39	7.43	
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Streets and Drainage:										
Paved streets (miles)	75.56	75.56	75.56	76.25	76.13	76.13	76.13	78.88	78.52	78.52
Unimproved streets (miles)	0.07	0.07	0.07	0.07	0.41	0.07	0.07	0.32	0.32	0.32
Street Lights (#)	2,725	2,725	2,725	2,725	2,725	2,789	2,789	2,800	2,800	2,800
Storm Sewers (miles)	27.11	27.11	27.11	27.11	28.00	36.70	36.70	36.70	36.70	36.70
Culture and Recreation:										
Library:										
Branches	1	1	1	1	1	1	1	1	1	1
Holdings	100,495	101,947	102,010	102,010	98,500	98,061	98,061	94,700	94,700	94,700
Parks and Recreation:										
Recreation Centers	2	2	2	2	2	2	2	2	2	2
Fitness Center	1	1	1	1	1	1	1	1	1	1
Parks facilities	27	27	27	27	28	28	28	28	28	28
Parks acreage	413.52	413.52	413.52	413.52	416.34	417.67	417.84	419.50	419.50	419.50
Playgrounds	9	9	9	9	9	10	10	10	10	10
Softball diamonds	3	3	3	3	3	2	2	3	3	3
Tennis courts	15	15	15	15	15	14	14	14	14	14
Basketball courts	6	6	6	6	6	6	6	6	6	6
Soccer fields	9	9	9	9	9	8	8	8	8	8
Racquetball/Handball courts	6	6	6	6	6	6	6	6	6	6
Swimming Pools	5	5	5	5	5	5	5	5	5	5
Baseball fields	10	10	10	10	10	10	10	10	10	10
Football fields	0	0	0	0	1	0	0	0	0	0
Sanitary Sewers:										
Sewer mains (miles)	93.57	94.63	94.67	94.67	94.75	98.34	97.78	94.78	94.77	94.77
Equivalent Connections	11,640	11,645	11,655	11,655	11,727	11,743	7,047*	7,053*	7,055	7,055
Lift Stations	30	30	30	30	30	30	30	30	30	30
Force main (feet)	151,412	152,563	152,605	152,780	152,915	159,613	152,950	152,950	152,950	152,950
Gravity main (feet)	345,828	347,078	347,275	347,325	347,410	359,638	347,450	347,450	347,450	347,450
Water:										
Mains (miles)	120.54	120.75	121.00	121.00	121.30	123.75	123.50	123.50	123.75	123.75
Equivalent Connections	12,116	12,128	12,137	12,137	12,263	12,288	10,050*	10,052*	10,100	10,100
Wells	13	13	13	13	13	13	13	13	13	13
Fire Hydrants:										
Inside City	640	640	643	645	645	648	648	649	649	649
Service Area	210	210	211	211	218	220	220	218	218	218

* Changed from equivalent connections to actual connections in 2013-14.

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 21
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

<i>FUNCTION:</i>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Public Safety:</i>										
<i>Police:</i>										
Calls for service	34,720	38,055	32,530	31,232	32,562	34,832	38,548	32,500	27,152	27,300
Traffic citations	7,245	6,867	5,522	5,049	5,275	3,894	3,982	3,022	1,874	2,518
Traffic accidents	373	346	325	171	254	446	477	465	449	434
Boating citations	44	23	153	32	16	11	15	8	5	10
Part I cases reported	1,063	1,002	1,028	826	802	714	821	884	826	810
Part II cases reported	895	1,086	1,094	910	1,055	856	869	821	820	746
9-1-1 calls	10,156	10,042	9,180	11,517	12,553	12,225	13,300	14,600	16,643	16,750
<i>Fire:</i>										
Fire incidents	804	907	946	1,070	914	846	1,050	1,050	985	920
Medical incidents	2,038	2,153	2,149	2,233	2,154	2,181	2,250	2,250	2,754	2,680
Medical transports	1,552	1,692	1,709	1,900	1,723	1,740	1,900	1,900	2,184	1,950
<i>Community Development:</i>										
Permits issued	1,746	1,571	1,899	1,903	1,779	2,020	1,756	1,800	2,360	2,219
Value of permits issued (in millions)	\$87.10	\$28.29	\$23.87	\$23.23	\$24.25	\$38.54	\$35.86	\$45.24	\$40.27	\$47.29
<i>Streets and Drainage:</i>										
Linear feet sidewalk repaired/replaced	970	609	622	12,658	32,964	11,162	6,667	6,667	6,667	6,667
Linear feet of curbing replaced	71	70	285	202	326	680	200	200	200	200
Curb miles swept	850	755	441	467	694	836	650	650	650	650
<i>Culture and Recreation:</i>										
<i>Library:</i>										
Library service hours	2,979	2,580	2,564	2,604	2,600	2,612	2,600	2,600	2,591	2,591
Internet users	91,518	93,884	98,044	70,440	76,195	73,755	72,000	70,500	54,765	54,765
Circulation per year	328,188	333,256	340,431	372,983	454,914	450,965	426,900	378,510	394,910	394,910
Library card holders *	64,151	65,968	68,096	35,940	37,989	48,942	44,067	47,000	47,080	47,080

CITY OF TEMPLE TERRACE, FLORIDA

TABLE 21

OPERATING INDICATORS BY FUNCTION (CONTINUED)

Last Ten Fiscal Years

<u>FUNCTION:</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Parks and Recreation:</i>										
Summer youth participants	282	300	280	183	277	277	275	275	257	275
After school participants	160	155	160	132	159	131	130	130	152	130
Open swim visitors	50,790	52,405	55,000	43,149	36,874	30,087	32,000	35,125	28,626	28,000
Senior center annual participants	11,431	10,972	11,452	11,536	11,835	12,913	12,466	12,000	12,356	12,784
Special interest class participants	3,119	3,030	3,000	4,584	7,901	9,156	10,554	15,000	11,756	14,000
<i>Sanitary Sewers:</i>										
Number of customers	6,427	6,390	6,363	6,368	6,381	6,402	6,430	6,450	6,530	6,530
Gallons wastewater pumped (millions)	741	716	720	716	726	714	725	725	754	754
<i>Water:</i>										
Number of meters in system	9,865	9,670	9,835	9,869	9,895	9,930	10,050	10,050	10,078	10,100
Gallons raw water pumped (millions)	1,367	1,322	1,350	1,364	1,346	1,255	1,375	1,272	794	794
<i>Sanitation:</i>										
Tons of commercial waste collected	6,200	6,084	5,985	5,726	5,881	5,926	6,000	6,200	6,845	6,386
Tons of residential waste collected	7,452	6,596	5,590	5,551	5,347	5,359	5,600	6,001	6,595	6,061
Tons of special trash pickup collected	860	293	438	350	193	300	325	331	750	738
<i>Fleet Maintenance:</i>										
Number of vehicles/equipment	212	212	208	205	203	206	210	205	205	205
Repair orders completed	1,890	1,980	2,498	2,754	2,276	2,508	2,471	1,245	2,400	2,400
Preventive maintenance orders	424	424	355	281	283	289	318	167	410	410

* previous to this year, the entry was equal to total water and sewer pumped combined.

** Due to new software number no longer includes inactive card holders.

Source: City of Temple Terrace Annual Budget

CITY OF TEMPLE TERRACE, FLORIDA
TABLE 22
WATER AND SEWER FUND STATISTICAL DATA
Last Ten Fiscal Years

Fiscal Year	# OF EQUIVALENT CONNECTIONS		Total Operating Revenue	Operating Expenses	Non-Revenue	Non-operating Expenses	Net Income Before Transfers And Special Items
	Water	Sewer					
2008	12,116	11,640	7,924,124	8,700,728	1,077,438	262,762	38,072
2009	12,128	11,645	7,852,306	8,590,850	391,988	276,169	(622,725)
2010	12,137	11,655	8,880,252	9,309,487	175,018	217,413	(471,630)
2011	12,145	11,657	9,798,141	9,614,816	52,741	193,788	42,278
2012	12,263	11,727	10,111,117	10,137,498	88,136	167,901	(106,146)
2013	12,288	11,743	10,250,778	9,592,222	(4,754)	209,862	443,940
2014	10,050*	7,047*	10,322,234	9,557,947	44,763	83,191	725,859
2015	10,055*	7,055*	10,573,064	10,127,790	58,501	56,497	447,278
2016	10,065	7,100	11,452,554	10,122,651	23,958	26,391	1,327,470
2017	9,888	9,699	12,022,271	10,060,956	44,627	14,890	1,991,052

Fiscal Year	Water Impact Fees	Sewer Impact Fees	Total Impact Fees
2008	600,149	153,304	753,453
2009	30,599	3,600	34,199
2010	35,409	13,200	48,609
2011	3,181	1,200	4,381
2012	82,891	15,200	98,091
2013	111,980	26,600	138,580
2014	24,232	211,200	235,432
2015	860,371	7,200	867,571
2016	225,728	45,200	270,928
2017	39,175	8,800	47,975

Note: Non-operating revenue includes impact fees provided in the table above.

CITY OF TEMPLE TERRACE, FLORIDA

TABLE 23

**WATER PRODUCTION DATA
(IN MILLIONS OF GALLONS)**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Yearly Total</u>	<u>Monthly Peak</u>	<u>Monthly Average</u>	<u>Daily Peak</u>	<u>Daily Average</u>	<u>Rainfall (Inches)</u>
2008	1,263.1	128.1	105.3	5.0	3.5	48.67
2009	1,219.9	112.9	101.5	4.9	3.3	56.38
2010	1,167.7	129.3	97.3	5.7	3.2	53.87
2011	1,225.2	122.3	102.1	4.8	3.3	56.23
2012	1,199.4	116.2	100.0	4.7	3.3	62.39
2013	1,147.2	103.6	95.6	3.8	3.2	65.32
2014	1,131.2	104.3	94.2	4.8	3.1	61.42
2015	1,180.3	108.1	98.8	5.1	3.2	75.62
2016	1,034.5	100.5	86.2	4.8	2.9	70.73
2017	1,091.3	101.2	90.9	4.8	3.0	45.39

<https://www.freshfromflorida.com/Divisions-Offices/Florida-Forest-Service/Wildland-Fire/Fire-Weather/Forecasts/Year-to-Date-Rainfall>



**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
Members of the City Council
City of Temple Terrace, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund of the City of Temple Terrace, Florida (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 10, 2018.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. On the following page, we did identify deficiencies in internal control, one that we consider to be a material weakness and one that we consider a significant deficiency.

The Honorable Mayor and
Members of the City Council
City of Temple Terrace, Florida

2017-001 – Audit Adjustments

Type of Finding – Material Weakness

Condition:

During our audit of the current-year financial statements, we noted several account balances that required audit adjustments, such as cash and investments, accounts receivables, capital assets, pensions, accounts payable, and accrued liabilities.

Effect:

Material adjustments were proposed and subsequently recorded by the City to correct the misstatements.

Cause:

Turnover in the City's Finance Department created a lack of management oversight.

Criteria:

The City's management is responsible for establishing and maintaining internal controls over financial accounting and reporting to ensure the financial statements are fairly presented in conformity with U.S. GAAP.

Recommendation:

We recommend that the City's management strengthen internal controls and procedures over financial accounting and reporting.

Management Response:

Management agrees that turnover and experience has been an issue, including strong management oversight. Management has remedied these causes and have established stronger oversight and controls over financial accounting and reporting. Potential turnover issues in the future have also been addressed through procedural documentation, and strong financial training in oversight and accountability.

2017-002 – Internal Control over Cash Reconciliation

Type of Finding – Significant Deficiency

Condition:

During our audit of the City's financial statements, we performed testing of the City's controls over cash. During these procedures, we noted that cash had not been reconciled during the fiscal year. The September 2017 cash reconciliation was completed in March 2018, with an unreconciled difference of \$23,504.

Effect:

Monthly bank account reconciliations are important internal control procedures relating to the City's cash accounts. Unreconciled amounts should be investigated and not be allowed to carry over from month-to-month.

Cause:

Turnover in the City's Finance Department created a lack of management oversight.

Criteria:

To ensure timely financial accounting and reporting, controls over cash should include timely bank reconciliations to ensure that any errors are identified and corrected on a timely basis (no later than 30 days following month-end).

Recommendation:

We recommend that the City evaluate its controls over cash to ensure that the City completes its bank reconciliations in a timely manner.

Management Response:

Management fully recognizes the absolute importance of accurate cash reconciliation as an essential internal control over cash for the city. Staff duties toward cash reconciliation have already been reorganized and new procedures are already in place to eliminate this issue. Management is committed to ensuring the necessary oversight and guidance to this end.

Current Year Status of Prior Years Findings:

Material Weakness Communicated in Prior Year 2016-001-Audit Adjustments:

This finding was not resolved and is now being repeated as 2017-001-Audit Adjustments as a material weakness on the previous page.

Significant Deficiency Communicated in Prior Year 2015-001-Audit Adjustments:

This finding was not resolved and is now being reported as 2017-001-Audit Adjustments as a material weakness above.

The Honorable Mayor and
Members of the City Council
City of Temple Terrace, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of 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*.

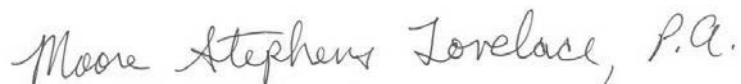
Pursuant to the provisions of Chapter 10.550, *Rules of the Auditor General*, we reported certain matters to management of the City in a separate management letter and Independent Accountant's Report dated April 10, 2018.

Response to Findings

The City's response to the findings identified in our audit is described in the management response on the previous pages. The City'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.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
April 10, 2018



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Mayor and
Members of the City Council
City of Temple Terrace, Florida

Report on Financial Statements

We have audited the financial statements of the City of Temple Terrace, Florida (the City) as of and for the year ended September 30, 2017, and have issued our report thereon dated April 10, 2018.

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 and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have also issued our 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*, and Independent Accountant's Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated April 10, 2018, 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 report. These recommendations are listed in Appendix A attached hereto.

Official Title and Legal Authority

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

Financial Condition and Management

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

Honorable Mayor and
Members of the City Council
City of Temple Terrace, Florida

Financial Condition and Management (*Continued*)

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

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, accounting procedures, and internal controls. In connection with our audit, we noted certain matters, as reported in Appendix A attached hereto. Included in our observations are management's responses, which we did not audit and, accordingly, we express no opinion on them.

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 City for the fiscal year ended September 30, 2017, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

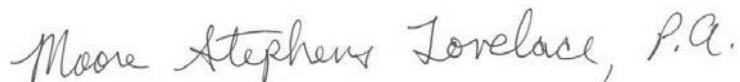
Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matter

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 conjunction 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 City Council members, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
April 10, 2018

APPENDIX A
CITY OF TEMPLE TERRACE, FLORIDA
Current Year and Prior Years Observations, Recommendations and Management Responses
For the Year Ended September 30, 2017

Current Year Observation

MLO-2017-001 – JOURNAL ENTRY APPROVAL

Observation:

During our audit of the City, we noted that journal entries were being prepared and posted without any review.

Recommendation:

We recommend that the City establish controls and procedures that require all journal entries to be reviewed and posted by someone other than the employee who prepared the journal entry.

Management Response:

Upon notification by the audit team of their concerns with our Journal Entry control system, management immediately implemented a revised process for Journal Entry creation, approval and posting to the accounting system. This new approach requires better segregation of duties with the end result of no one finance employee can create, approve and post any single entry, including management.

Current Year Status of Prior Years Observations

MLO-2015-001 – FINANCIAL CONDITION ASSESSMENT

Observation:

As part of our financial condition assessment procedures, we evaluated the results of financial indicators developed by the Auditor General for quantitative analysis. This assessment resulted in 8 unfavorable indicators and 10 inconclusive indicators, out of a total of 26 financial indicators. These results appear to have been caused by the economic recession and declining property values the City has experienced for the last several years. The fiscal year 2016 assessment resulted in 12 unfavorable indicators and 7 inconclusive indicators.

Recommendation:

We recommend that the City continue to carefully monitor its overall financial position and cash position to ensure that it does not find itself with a cash shortage or in the position of needing to issue debt to meet cash flow requirements.

Current Year Status:

The current year assessment showed slight improvement with 9 unfavorable indicators and 9 inconclusive indicators, out of a total of 26 financial indicators. We recommend that the City continue to monitor its overall financial position.

Management Response:

Management agrees with the observation and recommendation that the past has affected the City's results of the financial indicators developed by the Auditor General for quantitative analysis. Management will continue to carefully monitor its overall financial position and cash position through its financial reports and cash reconciliations. Management will continue to assist the City with a 5-10 year outlook which includes economic and financial/cash conditions, along with strengthening reserves and a firm budgeting policy.

APPENDIX A
CITY OF TEMPLE TERRACE, FLORIDA
Current Year and Prior Years Observations, Recommendations and Management Responses
For the Year Ended September 30, 2017 (*Continued*)

MLO 2015-002 – BALLOON PAYMENT

Observation:

During our audit of the City, we noted that the City has a substantial note that will become due in fiscal year 2018. If the City does not refinance or pay this note prior to its due date, we believe the requirement to settle this debt may place a significant strain on the City's cash flows. In addition, this note is currently properly reported as a long-term liability. This item will need to be reclassified to a short-term liability in fiscal year 2018 when the note will be due within twelve months. This reclassification will have a significant impact on the City's related financial ratios.

Recommendation:

We recommend that the City continue to take steps to refinance this obligation as soon as possible, taking advantage of the current historically low long-term interest rates.

Current Year Status:

As of the end of fiscal year 2017, the note remains outstanding and due on June 1, 2018. The City has received proposals from several banks and intends to refinance the debt after the audit.

Management Response:

Management recognizes the immediacy of the pending note payment balloon. All efforts to the successful refinancing of this note has been paramount to all concerned. Subsequent to the fiscal year-end the management and city council have entered into external financing agreements that, pending final approval, will accomplish this task.



INDEPENDENT ACCOUNTANT'S REPORT

Honorable Mayor and
Members of the City Council
City of Temple Terrace, Florida

We have examined the City of Temple Terrace, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. 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 fiscal year ended September 30, 2017.

A handwritten signature in cursive script that reads "Moore Stephens Lovelace, P.A.".

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Tampa, Florida
April 10, 2018



TEMPLE TERRACE

Amazing City. Since 1925.