

FLORIDA'S CAPITAL CITY Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2016



An All-America City



CITY OF TALLAHASSEE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
September 30, 2016**



PREPARED BY:

**Administrative and Professional Services
Accounting Services Division**

CITY OF TALLAHASSEE, FLORIDA

CITY COMMISSION

ANDREW GILLUM, Mayor

NANCY MILLER, Pro Tem

CURTIS RICHARDSON, Commissioner

SCOTT MADDOX, Commissioner

GIL ZIFFER, Commissioner

CITY MANAGER

RICARDO FERNANDEZ

CITY AUDITOR

T. Bert Fletcher, CPA

CITY ATTORNEY

Lewis E. Shelley

CITY TREASURER-CLERK

James O. Cooke, IV

ASSISTANT CITY MANAGER, ADMINISTRATIVE AND PROFESSIONAL SERVICES

Raoul A. Lavin

CITY OF TALLAHASSEE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

I. Introductory Section	Page
Letter of Transmittal.....	8
Government Finance Officers Association Certificate of Achievement.....	11
Organization Chart.....	12
List of Elected and Appointed Officials and Directors.....	13
List of Accounting Services Division Staff.....	14
II. Financial Section	
Independent Auditors' Report.....	17
A. Management's Discussion and Analysis	21
B. Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position.....	34
Statement of Activities.....	36
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet.....	40
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	41
Statement of Revenues, Expenditures and Changes in Fund Balance.....	42
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	43
Proprietary Funds Financial Statements:	
Statement of Net Position.....	44
Statement of Revenues, Expenses and Changes in Fund Net Position.....	46
Statement of Cash Flows.....	48
Fiduciary Funds Financial Statements:	
Statement of Net Position.....	50
Statement of Changes in Net Position.....	51
Notes to Financial Statements:	
Notes to the Financial Statements.....	54
C. Required Supplementary Information (Other than MD&A):	
Budgetary Comparison Schedule - General Fund.....	112
Note to Required Supplementary Information.....	113
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - General	114
Schedule of Net Pension Liability by Employer - General Employees.....	115
Schedule of Contributions - General Employees.....	116
Notes to Schedule of Contributions - General Employees.....	116
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Police Officers.....	117
Schedule of Contributions - Police Officers.....	118
Notes to Schedule of Contributions - Police Officers.....	118
Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Firefighters...	119

CITY OF TALLAHASSEE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

CONTENTS

	PAGE
Schedule of Contributions - Firefighters.....	120
Notes to Schedule of Contributions - Firefighters.....	120
Schedule of Investment Returns.....	121
Schedule of Funding Progress	122
Schedule of Employer Contributions.....	122
D. Combining Financial Statements:	
Nonmajor Governmental Funds:	
Balance Sheet.....	126
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	128
Nonmajor Enterprise Funds:	
Statement of Net Position.....	132
Statement of Revenues, Expenses, and Changes in Net Position.....	133
Statement of Cash Flows.....	134
Internal Service Funds:	
Statement of Net Position.....	136
Statement of Revenues, Expenses, and Changes in Net Position.....	138
Statement of Cash Flows.....	140
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Function and Activity.....	144
Schedule of Changes by Function and Activity.....	145
E. Supplementary Information:	
Capital Bonds, Series 2009.....	148
Capital Bonds, Series 2012.....	149
Capital Bonds, Series 2014.....	150
Energy System Refunding Revenue Bonds, Series 2007.....	151
Energy System Refunding Revenue Bonds, Series 2010.....	152
Energy System Refunding Revenue Bonds, Series 2010A.....	153
Energy System Revenue Bonds, Series 2010B	154
Energy System Revenue Bonds, Series 2010C.....	155
Energy System Refunding Revenue Bonds, Series 2011.....	156
Energy System Refunding Revenue Bonds, Series 2015.....	157
Consolidated Utility System Revenue Bonds, Series 2001.....	158
Consolidated Utility System Revenue Bonds, Series 2007.....	159
Consolidated Utility System Revenue Bonds, Series 2010A.....	160
Consolidated Utility System Revenue Bonds, Series 2010B.....	161
Consolidated Utility System Refunding Revenue Bonds, Series 2015.....	162
Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill.....	163
III. Statistical Section	
Net Position by Component.....	166
Changes in Net Position.....	167

CITY OF TALLAHASSEE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

CONTENTS

	PAGE
Fund Balances, Governmental Funds.....	170
Changes in Fund Balances, Governmental Funds.....	171
Assessed Value and Estimated Actual Value of Taxable Property.....	172
Direct and Overlapping Property Tax Rates.....	173
Principal Property Taxpayers.....	174
Property Tax Levies and Collections.....	175
Assessed Valuations, Millage, and Taxes Levied and Collected.....	176
Ratios of Outstanding Debt by Type.....	177
Ratios of General Bonded Debt Outstanding.....	178
Direct and Overlapping Governmental Activities Debt.....	179
Computation of Legal Debt Margin.....	180
Revenue Bond Coverage - Energy Revenue Bonds.....	181
Revenue Bond Coverage - Consolidated Utility Revenue Bonds.....	182
Demographics	183
Principal Employers.....	184
Full-time Equivalent City Government Employees by Function/Program.....	185
Operating Indicators by Function/Program.....	186
Capital Asset Statistics by Function/Program	187
Miscellaneous Statistical Data.....	188
Schedule of Insurance.....	189

IV. Single Audit and Other Reports

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	193
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.....	195
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	198
Schedule of Findings and Questioned Costs - Federal Awards and State Financial Assistance.....	200
Summary Schedule of Prior Audit Findings.....	205
Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance.....	206
Schedule of Expenditures of Passenger Facility Charges.....	209
Summary Schedule of Findings - Passenger Facility Charges.....	210
Schedule of Prior Audit Findings - Passenger Facility Charges.....	211
Independant Accountants' Report on Compliance with Local Government Invested Policies.....	212
Management Letter.....	213



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INTRODUCTORY SECTION

Letter of Transmittal

Government Finance Officers Association Certificate of Achievement

Organizational Chart

List of Elected and Appointed Officials and Directors

List of Accounting Services Division Staff

April 14, 2017

Honorable Mayor, Commissioners, and City Manager
City of Tallahassee, Florida



The Comprehensive Annual Financial Report of the City of Tallahassee, Florida, for the fiscal year ended September 30, 2016, is hereby submitted pursuant to Florida Statutes, Chapter 11, Section 45, and Chapters 10.550 of the Rules of the Auditor General of the State of Florida. This report represents the official report of the City's financial operations and condition to the citizens, City Commission, City management, rating agencies, and other interested persons.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements.

The certified public accounting firms of Thomas Howell Ferguson, P.A. and Law Redd Crona & Munroe, P.A. have issued an unmodified opinion on the City's financial statements for the year ended September 30, 2016. The independent auditors' report is located at the front of the financial section of this report.

The City is also required to undergo an annual audit to obtain reasonable assurance about compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects. These independent auditors' reports are presented in the single audit section of this report.

Management's Discussion and Analysis (MD & A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD & A and should be read in conjunction with it.

PROFILE OF THE CITY

Tallahassee, the capital city of Florida, was incorporated in 1825, twenty years before Florida was admitted to the Union. The City is governed by a Mayor and four Commissioners elected at-large.

The City Commission appoints the City Manager, the City Treasurer-Clerk, the City Auditor, and the City Attorney. Collectively the appointed officials are responsible for all administrative aspects of the government, with most falling under the purview of the City Manager.

The City provides a full range of municipal services. These services include public safety (police and fire), construction and maintenance of streets and sidewalks, stormwater management, recreation, planning and zoning, general administrative services, five utilities (electric, gas, water, sewer, and solid waste collection), a mass transit bus system, and an international airport.

The Commission is required to adopt a final budget no later than the close of the fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is approved at the fund and department level. Transfers between funds and/or departments require approval by the Commission.

The budget process is a formalized annual occurrence that involves input, collaboration, and coordination between the respective City departments, the Office of Budget and Policy, the executive team, the City Commission, and the citizens of Tallahassee.

A budget review team composed of various members of the leadership team and executive teams is established to set budget direction and priorities for the City. Annually, issues are selected by the City Commission to represent those programs and community needs, which are to be given priority attention during the year.

Prior to the development of the budget, citizen input is solicited on any program changes, as well as on performance of all major programs, through the use of a citizen survey.

CITY HALL
300 South Adams Street
Tallahassee, FL 32301-1731
850-891-0000
TDD: 711 • Talgov.com

ANDREW D. GILLUM
Mayor

RICARDO FERNANDEZ
City Manager

SCOTT MADDOX
Commissioner

LEWIS E. SHELLEY
City Attorney

NANCY MILLER
Commissioner

JAMES O. COOKE, IV
City Treasurer-Clerk

CURTIS RICHARDSON
Commissioner

T. BERT FLETCHER
City Auditor

GIL D. ZIFFER
Commissioner

FACTORS AFFECTING FINANCIAL CONDITION

The economy of Leon County is strongly influenced by governmental and educational activities. The presence of the State Capital and two major universities help to shape Leon County's population as relatively young, well educated, and affluent.

Leon County is a racially diverse community. Minorities account for 37.6% of the population, with African-Americans comprising 31.6%.

Leon County residents have historically attained a very high level of education. Forty five percent of area residents aged 25 or older have completed at least four years of college.

The 2011-2015 American Community Survey 5 year estimates report median family income in Leon County is \$46,745, which is comparable to the national median. Of the workers in Leon County, 58.4% are in management or professional occupations compared to 40% nationally.

The level of governmental employment has a stabilizing effect on the economy and helps to minimize unemployment. In December 2016, unemployment was 4.5% in Leon County as compared to the State's unemployment rate of 4.7%. The percentage of employees employed by local, state, and federal government is approximately 37.9% of the work force. The unemployment rate is one of many economic indicators utilized to evaluate the condition of the economy.

POPULATION GROWTH

Population growth trends for Leon County are presented in the following table:

Year	Tallahassee	Unincorporated	Leon
1950	27,237	24,353	51,590
1960	48,174	26,051	74,225
1970	71,897	31,150	103,047
1980	81,548	67,107	148,655
1990	124,773	67,720	192,493
2000	150,624	88,828	239,452
2010	181,376	94,111	275,487
2016 estimated	189,675	97,966	287,671
2020 projected	202,200	99,300	301,530
2030 projected	224,900	104,000	328,900
2040 projected	242,600	107,600	350,200

CONSTRUCTION TRENDS

Residential Construction

Another factor that is a strong indicator of the local economy and influences the City and County's financial condition, is the issuance of building permits for residential construction. Single-family residential building permits in Leon County were up 5% in fiscal year 2016, following a marginal decrease of 1% in fiscal year 2015. Permits for multi-family units were up 69% in fiscal year 2016 (following an 18% increase in fiscal year 2015). There were three multi-family apartment communities (50 units or more) permitted in fiscal year 2016 (Evergreen at Southwood, The Domain and Apalachee Point Villas) and two assisted living facilities (Kenwood Place and Mulligan Park).

Commercial Development

In fiscal year 2016, approximately \$72 million of new commercial construction was permitted in Leon County, an 8% increase compared with \$65 million permitted in fiscal year 2015.

Larger commercial permits in fiscal year 2016 include a \$12.4 million, six-story, 60,000 SF Class A downtown office building, a 29,000 SF Care Point community Health & Wellness Center and a 25,000 SF office building in Summit East for the Florida Sheriffs Risk Management Fund.

MILLAGE RATES

As indicated below, the City enjoys one of the lowest millage rates of the comparable largest cities in Florida for 2017 and 2016. Tallahassee's low and stable millage rate should act as an incentive to economic growth and stability.

Comparable City	Millage Rates	
	2017	2016
Clearwater	5.15	5.16
Daytona	6.64	7.24
Ft. Lauderdale	4.12	4.12
Gainesville	4.51	4.58
Hollywood	7.45	7.45
Lakeland	5.56	4.67
Largo	5.37	5.47
Orlando	6.65	6.65
Pensacola	4.29	4.29
Tallahassee	4.10	4.20
West Palm Beach	8.35	8.35

LONG-TERM FINANCIAL PLANNING

The financial viability of the City continues to be a high priority for the City Commission and management. An integral part of the budgeting process is the development of the City's Five-Year Financial Plan (the Plan). The Plan is updated annually during the budget process and serves as a blueprint for decision-making and allows for flexibility to address issues as they arise.

The Plan resulted in an approved fiscal year 2016 operating budget of \$706.8 million and an approved capital budget of \$145.4 million. The Plan for the ensuing five years (including 2016) results in projected capital expenditures of approximately \$765.8 million.

AWARDS AND ACKNOWLEDGEMENT

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 Tallahassee, Florida for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish a comprehensive annual financial report, whose contents satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for a new certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Accounting Services Division, in particular the members of the Financial Accounting and Reporting staff, who participated in the compilation of the report. We would also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Raoul A. Lavin

Assistant City Manager, Administrative & Professional Services



Patrick Twyman

Accounting Services Manager



Government Finance Officers Association

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

Presented to

**City of Tallahassee
Florida**

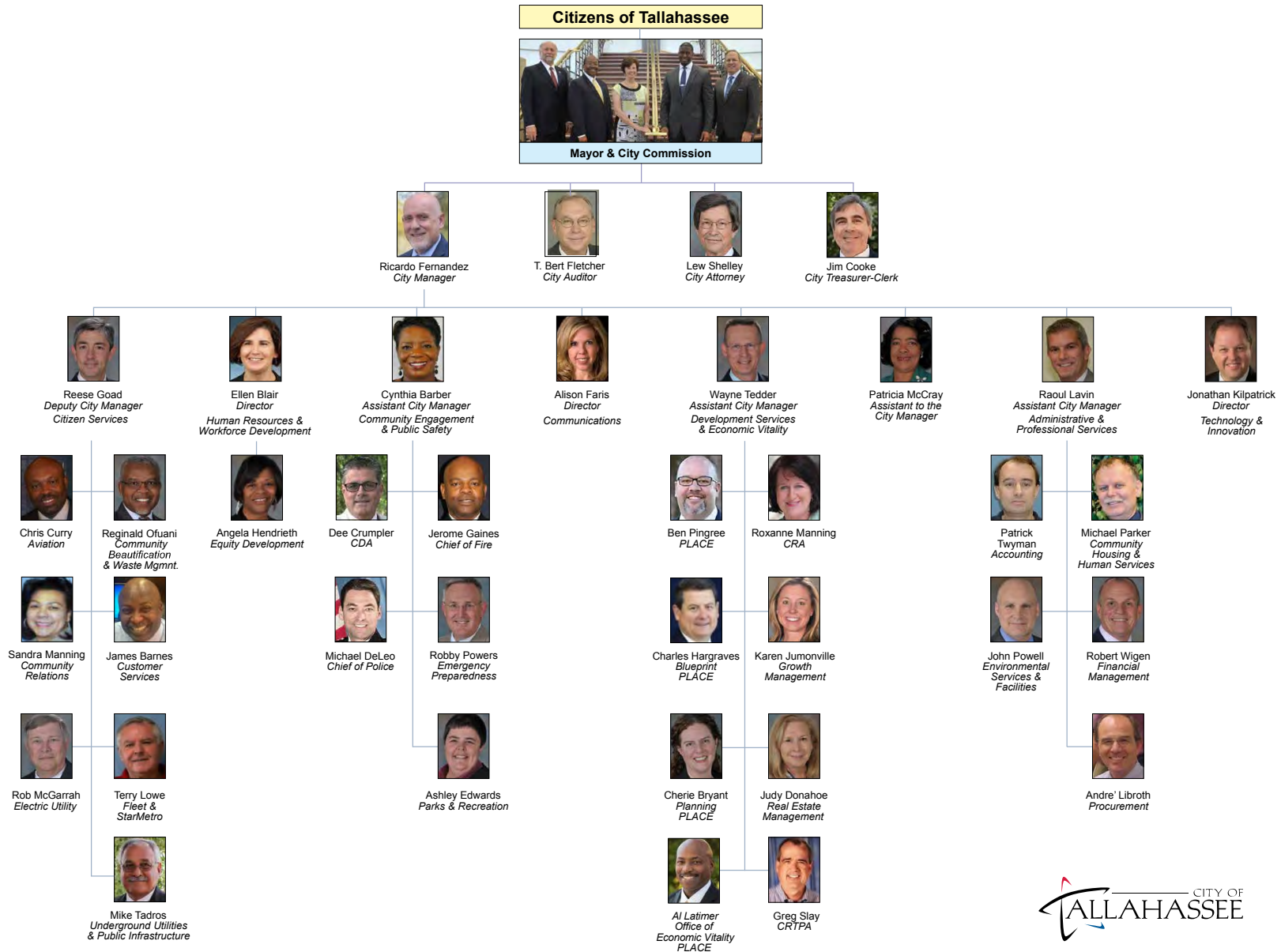
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

City of Tallahassee Organization Chart



**CITY OF TALLAHASSEE, FLORIDA
LISTING OF CITY OFFICIALS AND DIRECTORS**

Elected Officials

Mayor	Andrew Gillum
Mayor Pro-Tem	Nancy Miller
Commissioner	Scott Maddox
Commissioner	Curtis Richardson
Commissioner	Gil Ziffer

Appointed officials

City Manager	Ricardo Fernandez
City Treasurer-Clerk	James O. Cooke, IV
City Auditor	T. Bert Fletcher
City Attorney	Lewis E. Shelley

Assistant City Managers

Deputy City Manager For Citizens Services	Reese Goad
Assistant City Manager for Administrative and Professional Services	Raoul Lavin
Assistant City Manager for Community Engagement and Public Safety	Cynthia Barber
Assistant City Manager for Development Services and Economic Vitality	Wayne Tedder

Department Directors

Airport	Chris Curry
Communications	Allison Faris
Community Beautification and Waste Management	Reginald Ofuani
Community Housing and Human Services	Michael Parker
Customer Services	James Barnes
Electric Utility	Rob McGarrah
Environmental Services and Facilities	John Powell
Financial management	Robert Wigen
Fire	Jerome Gaines
Fleet and Starmetro	Terry Lowe
Growth Management	Karen Jumonville
Human Resources and Workforce Development	Ellen Blair
Parks and Recreation	Ashley Edwards
Planning, Land Management and Community Enhancement	Benjamim Pingree
Police	Michael DeLeo
Technology and Innovation	Jonathan Kilpatrick
Underground Utilities	Mike Tadros

The Comprehensive Annual Financial Report for the City of Tallahassee, Florida was produced by the combined efforts of the staff of the Accounting Services Division of the Administrative and Professional Services Department as well as the accounting staff of the Tallahassee International Airport. The following staff had primary responsibility for preparing and ensuring the accuracy of this report.

Assistant City Manager for Administrative and
Professional Services, Raoul A. Lavin

Accounting Services Division
Patrick Twyman, Manager

Financial and Systems Analyst
Rita Stevens, CPA

Patsy Capps, CPA*	Latrenda Johnson	Angela Roberts
Ben Halvorsen, CPA*	Kereen Jones	Reginald Rodney
George Robbins, CPA	Vernessa McMillon	Keith Srinivasan
Taylor Buckley	Julie Paniucki	EmersonThompson
Mazie Crumbie	Lajja Patel	Rosie Tu

Financial and Systems Analyst (Fixed Assets)

Robert Bechtol, CPA

* Tallahassee International Airport Staff

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining Financial Statements

Supplementary Information



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Independent Auditors' Report

Honorable Mayor, City Commission, City Manager,
Appointed Officials and Audit Committee
City of Tallahassee, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note III. D. to the financial statements, an October 1, 2015 net position balance was restated to correct a misstatement. Our opinion is 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 budgetary comparison and other information on pages 21-32 and 112-122 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 and Other Information

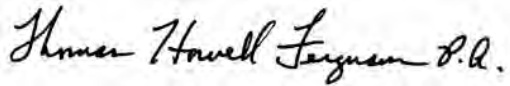
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill, other supplementary information, and the introductory and statistical section as presented in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as described in the *Passenger Facility Charge Audit Guide for Public Companies*, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill, other supplementary information, the schedule of expenditures of federal awards and state financial assistance, and the schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2017, on our consideration of the City of Tallahassee, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tallahassee, Florida's internal control over financial reporting and compliance.



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
April 14, 2017



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida

MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of Tallahassee (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year that ended September 30, 2016. Management's Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in the City's financial position, and (d) identify individual fund concerns or issues. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of September 30, 2016 by \$2.01 billion (net position). Of this amount, \$143 million represents unrestricted net position that is available to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$9.6 million as a result of fiscal year 2016 operations which increased net position by \$11.2 million and a reduction of net position for \$1.6 million resulting from prior period restatements.
- As of September 30, 2016, the City's Governmental Funds reported combined ending fund balances of \$100.0 million, an increase of \$1.4 million in comparison with the prior year. Approximately \$6.5 million of this amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the fiscal year, spendable fund balance for the general fund was \$34.3 million, or 24.8% of general fund expenditures.
- As of September 30, 2016, the City's enterprise funds reported combined net position of \$1.18 billion, an increase of \$22.7 million in comparison with the prior year. Approximately \$188.7 million of this amount is unrestricted.
- Capital assets, net of accumulated depreciation, as of September 30, 2016, totaled \$2.54 billion, an increase of \$1.1 million in comparison with prior year (Note- IV-D).
- The City's outstanding long-term debt (Note IV-G) increased from \$1.15 billion to \$1.20 billion, or 4.3%.

AN OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies. Two statements, the *statement of net position* and the *statement of activities*, are utilized to provide information on a government-wide basis.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in

net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported for some items that will result in cash flows in future periods.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** — These include the basic services provided by the City including police, parks and recreation, public works, and general administration. Property, sales, and other taxes finance the majority of these activities.
- **Business-type activities** — These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These services include electric, gas, airport, fire protection, solid waste collection, water, sewer, stormwater management, transit services, and the Hilaman Golf Course.
- **Component units** — These are legally separate organizations for which the City Commission appoints the governing board and the City has financial reporting responsibilities. The City has one discretely presented component unit, the Downtown Improvement Authority, which is an agency created by the Florida Legislature to regulate downtown growth. The City also has a blended component unit, the Community Redevelopment Agency, which is blended as a major special revenue fund into the primary government (see Note I-A for more details).

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The focus is on major funds, which provides detailed information about the most significant funds. The City, like other governmental entities, uses funds to ensure and demonstrate compliance with financial requirements imposed by law, bond covenants, and local administrative and legislative actions. All of the City's funds 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 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 balances of spendable resources available at the end of the fiscal year.

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

The City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and the Community Redevelopment Agency Funds, both of which are considered major funds. Data from the other eleven (11) funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided on pages 126 - 128 of this report.

PROPRIETARY FUNDS — The City maintains two different types of proprietary funds. Enterprise funds are

used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains ten (10) individual enterprise funds. Information is presented separately in the proprietary funds statement of net position and in the proprietary funds statement of revenues, expenses, and changes in net position for the Electric, Gas, Sewer, Water, Airport, and Stormwater Management Funds, all of which are considered major funds. Data from the other four (4) funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major proprietary funds is provided on pages 132 - 134 of this report.

Internal Service Funds are used to account for activities that provide goods and services to the City's other programs and activities. The City maintains twelve (12) individual internal service funds. These internal service funds are allocated between governmental activities and business-type activities in the government-wide financial statements based upon the activity that receives the predominant benefit. Internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided on pages 136 - 140 of this report.

FIDUCIARY FUNDS — Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs and activities. The City reports three fiduciary funds. The basic financial statements for these funds are provided on pages 50 - 51 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

This report additionally includes required supplementary information (RSI) including a budget comparison schedule, with related notes, for the General Fund and information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements in connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented in the combining statements section of the report.

Information regarding the City's debt service requirements, statistical information, and economic data is also presented to give report users a historical perspective of the City and to allow for broader understanding of the economic and social environment in which the City operates.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table is a summary of the fiscal year 2016 Statement of Net Position found on pages 34 - 35 with comparative information for fiscal year 2015.

Table 1
Statement of Net Position
As of September 30
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015 As Restated	2016	2015 As Restated
Assets and Deferred Outflows of Resources						
Current and Other Assets	\$ 162.5	\$ 156.2	\$ 547.9	\$ 562.1	\$ 710.4	\$ 718.3
Capital Assets	811.4	829.4	1,729.4	1,710.3	2,540.8	2,539.7
Deferred Outflow of Resources	79.9	25.6	23.4	21.0	103.3	46.6
Total Assets and Deferred Outflows of Resources	1,053.8	1,011.2	2,300.7	2,293.4	3,354.5	3,304.6
Liabilities and Deferred Inflows of Resources						
Current and Other Liabilities	157.6	88.7	150.7	137.1	308.3	225.8
Long-term Debt Outstanding	97.8	104.9	905.1	932.3	1,002.9	1,037.2
Deferred Inflow of Resources	25.8	33.0	10.8	13.0	36.6	46.0
Total Liabilities and Deferred Inflows of Resources	281.2	226.6	1,066.6	1,082.4	1,347.8	1,309.0
Net Position						
Net Investment in Capital Assets	729.3	742.2	840.4	807.8	1,569.7	1,550.0
Restricted	100.0	99.1	194.2	201.1	294.2	300.2
Unrestricted	(56.7)	(56.7)	199.5	202.1	142.8	145.4
Total Net Position	772.6	784.6	1,234.1	1,211.0	2,006.7	1,995.6
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,053.8	\$ 1,011.2	\$ 2,300.7	\$ 2,293.4	\$ 3,354.5	\$ 3,304.6

Changes in net position over time can be one of the best and most useful indicators of financial position. Total net position of the City increased from \$2.00 billion in 2015 to \$2.01 billion in 2016, an increase of \$11.2 million or 0.56%.

The largest portion of the City's net position, \$1.57 billion or 78.2%, reflects its substantial investment in capital assets (e.g., land, buildings, equipment, etc.), less the related outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the City's net position, \$294.2 million or 14.7%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$142.8 million or 7.1%, is available to meet the ongoing obligations of the City.

At the end of the fiscal year, the City is able to report positive balances in all reported categories of net position for the government as a whole. The unrestricted net position in governmental activities is negative as a result of the implementation of GASB 68, which requires the recording of net pension asset/liability. The remaining net position categories for governmental activities and all of the net position for business-type activities have positive balances.

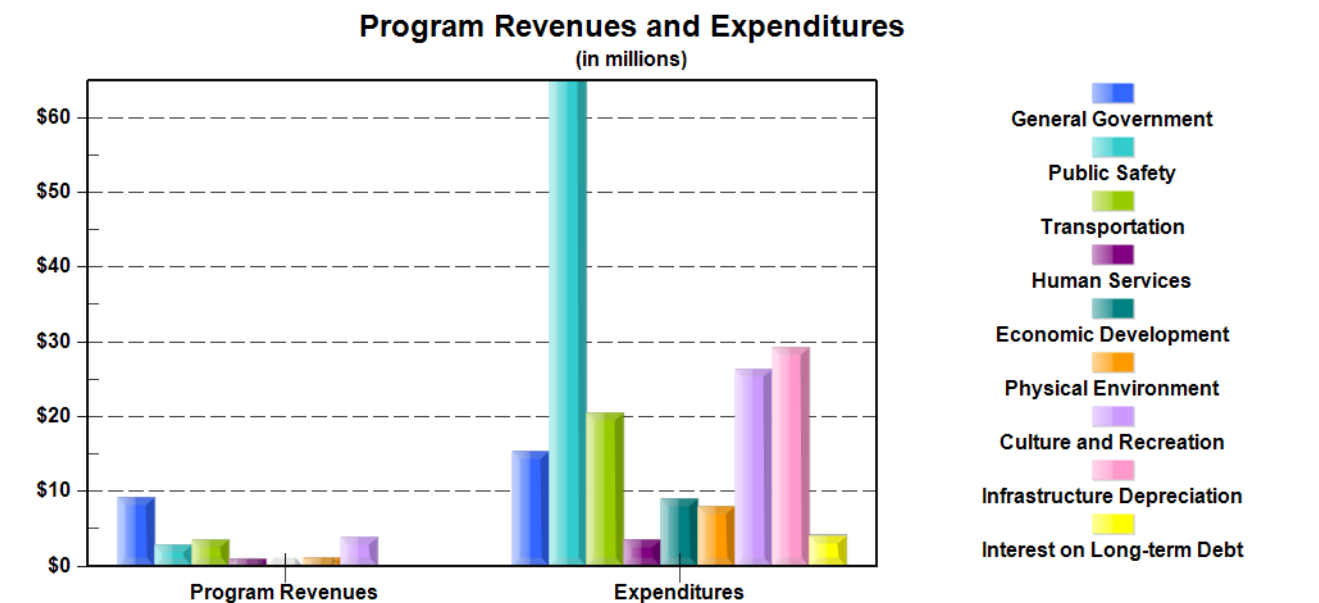
The following table is a summary of the fiscal year 2016 Statement of Activities found on page 36 - 37 with comparative information for fiscal year 2015.

Table 2
Changes in Net Position
(in millions)

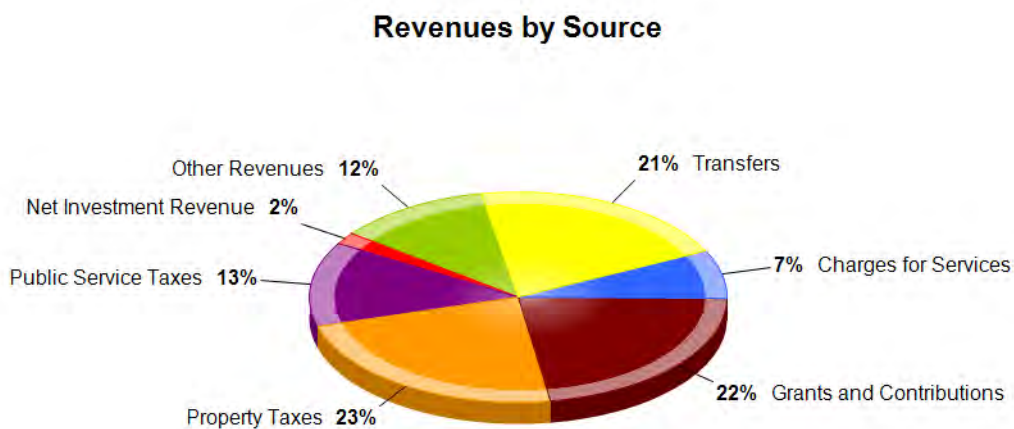
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
				2015 As Restated		2015 As Restated
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>Restated</u>	<u>2016</u>	<u>Restated</u>
Revenues						
Program revenues						
Charges for Services	\$ 13.2	\$ 13.3	\$ 492.6	\$ 506.8	\$ 505.8	\$ 520.1
Operating Grants and Contributions	8.3	1.5	9.0	5.5	17.3	7.0
Capital Grants and Contributions	-	-	12.9	16.4	12.9	16.4
General revenues						
Property Taxes	38.9	32.9	-	-	38.9	32.9
Public Service Taxes	23.0	23.7	-	-	23.0	23.7
Grants and Contributions	30.2	28.3	2.0	-	32.2	28.3
Net Investment Revenue	3.4	3.1	8.3	6.8	11.7	9.9
Other Revenues	20.5	12.9	1.0	-	21.5	12.9
Total Revenues	<u>137.5</u>	<u>115.7</u>	<u>525.8</u>	<u>535.5</u>	<u>663.3</u>	<u>651.2</u>
Expenses						
General Government	15.3	32.4	-	-	15.3	32.4
Public Safety	68.9	61.7	-	-	68.9	61.7
Transportation	20.5	19.9	-	-	20.5	19.9
Cultural and Recreation	26.4	22.3	-	-	26.4	22.3
Depreciation on Infrastructure	29.2	27.5	-	-	29.2	27.5
Other Primary Government	24.6	16.9	-	-	24.6	16.9
Electric	-	-	247.4	248.3	247.4	248.3
Gas	-	-	20.7	28.5	20.7	28.5
Sewer	-	-	53.3	46.8	53.3	46.8
Water	-	-	29.4	24.8	29.4	24.8
Airport	-	-	16.9	19.1	16.9	19.1
StarMetro	-	-	22.0	21.4	22.0	21.4
Solid Waste	-	-	20.9	20.7	20.9	20.7
Golf	-	-	0.9	1.0	0.9	1.0
Stormwater Management	-	-	14.9	14.8	14.9	14.8
Fire Services	-	-	40.8	36.8	40.8	36.8
Total Expenses	<u>184.9</u>	<u>180.7</u>	<u>467.2</u>	<u>462.2</u>	<u>652.1</u>	<u>642.9</u>
Excess (Deficiency) before transfers	(47.4)	(65.0)	58.6	73.3	11.2	8.3
Transfers	35.5	33.1	(35.5)	(33.1)	-	-
Increase (Decrease) in Net Position From Operations	<u>\$ (11.9)</u>	<u>\$ (31.9)</u>	<u>\$ 23.1</u>	<u>\$ 40.2</u>	<u>\$ 11.2</u>	<u>\$ 8.3</u>

GOVERNMENTAL ACTIVITIES - During the fiscal year, net position for governmental activities decreased \$11.9 million from the prior fiscal year for an ending balance of \$772.6 million. Contributing to the decrease in net position is the impact the City continues to experience from the recession.

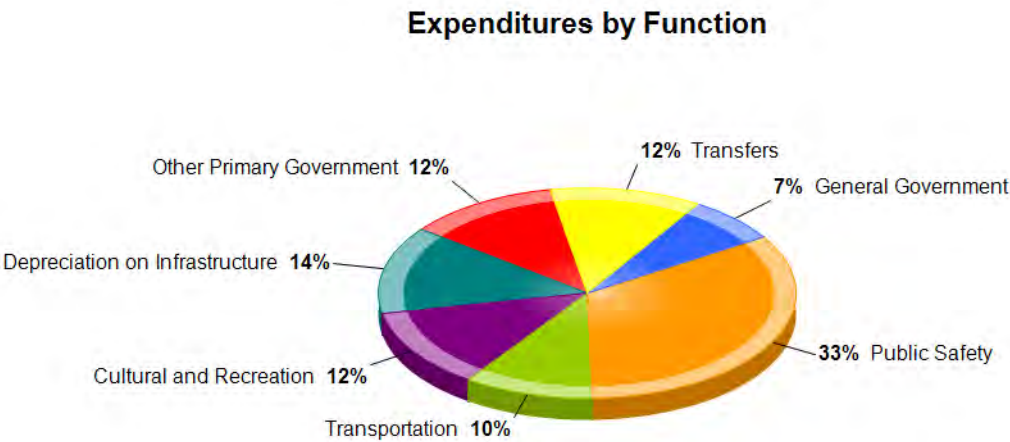
The following chart compares expenditures and program revenues for the governmental activities.



The following chart illustrates the City's revenues by source for the City's governmental activities.

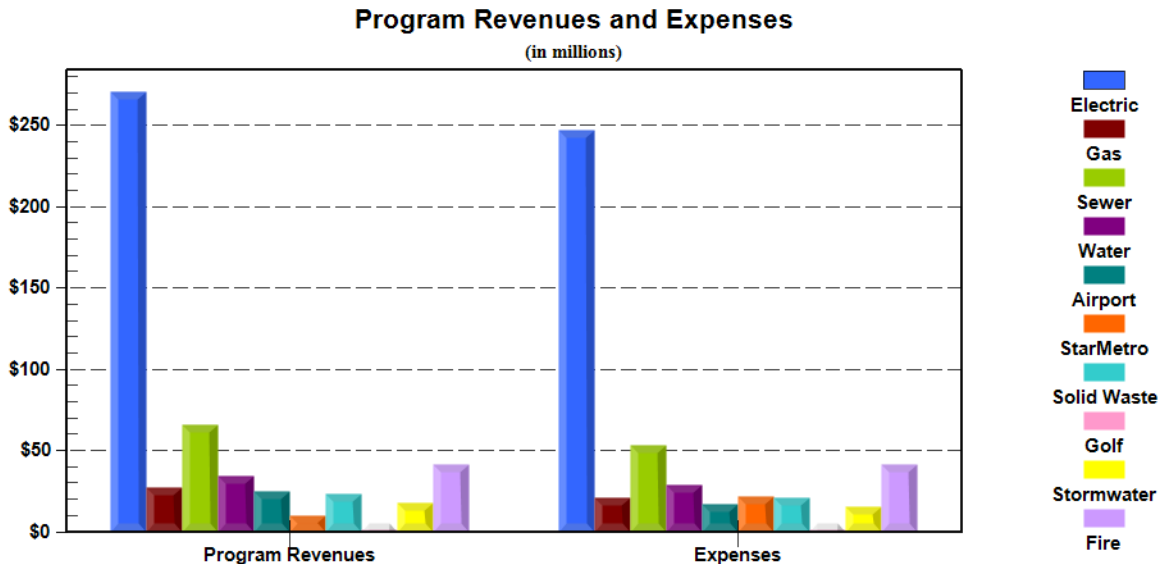


The following chart illustrates the City's expenditures by function for the City's governmental activities.



BUSINESS-TYPE ACTIVITIES - For the City's Business-type activities, the results for the current fiscal year were positive. Net position increased to reach an ending balance of \$1.23 billion. The increase in net position for business-type activities, including the effect of a prior period restatement of \$1.6 million, was \$21.5 million, or a 1.78% increase from the prior fiscal year.

The following chart compares program revenues and expenses for the City's business-type activities.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

GOVERNMENTAL FUNDS

The fund financial statements for the governmental funds are provided on pages 40 - 42. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2016, the City's governmental funds reported combined ending fund balances of \$100.0 million, a decrease of \$1.3 million in comparison with the prior year. Of this amount \$2.1 million is considered non-spendable; \$39.3 million is restricted for purposes which are externally imposed by providers; \$49.5 million is committed for specific purposes that are internally imposed by the government through the City Commission; \$2.6 million is assigned for specific purposes that are internally established by management; and \$6.5 million is unassigned.

The following table summarizes the change in fund balance for the governmental funds:

Table 3
Financial Analysis of the City's Governmental Funds
(in millions)

Fund	Fund Balances 9/30/2015	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2016
General Fund	\$ 29.8	\$ 163.4	\$ 157.4	\$ 6.0	\$ 35.8
Community Redevelopment	4.5	3.8	3.4	0.4	4.9
Other Funds	64.4	41.0	46.1	(5.1)	59.3
Total City Funds	<u>\$ 98.7</u>	<u>\$ 208.2</u>	<u>\$ 206.9</u>	<u>\$ 1.3</u>	<u>\$ 100.0</u>

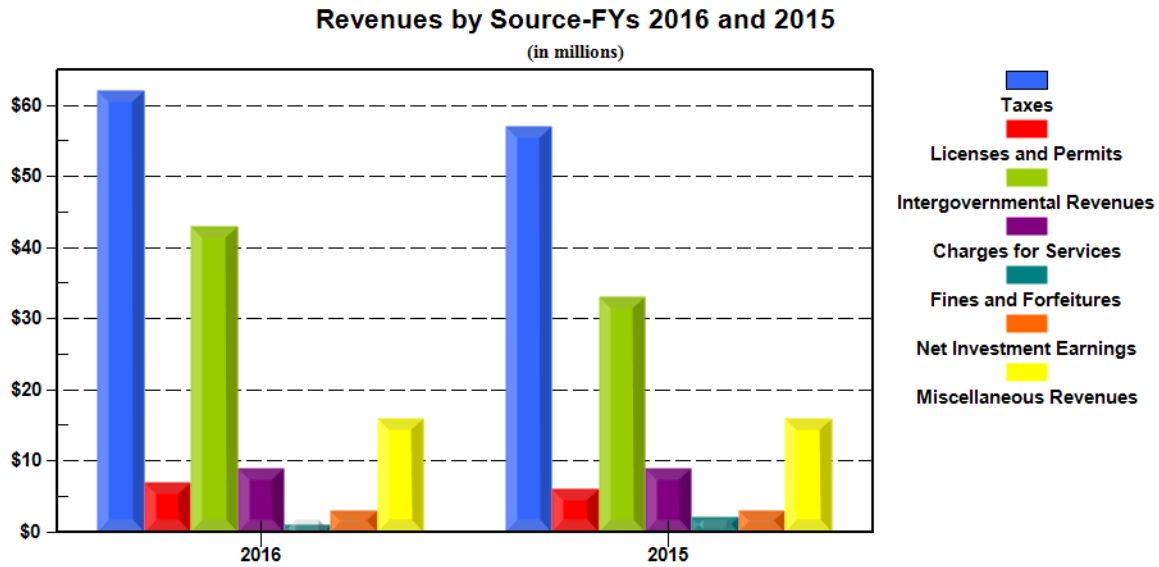
The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balance for the general fund was \$35.8 million, or 22.7% of general fund expenditures and other financing uses. Of this amount, \$1.5 million is non-spendable, \$25.3 million is committed, \$2.5 million is assigned, and \$6.5 million is unassigned.

The fund balance for the City's General Fund increased \$6.0 million from 2015. During fiscal year 2016, revenues and other sources increased \$19.1 million or 13.2%, as compared to the prior year while expenditures and other uses increased \$15.6 million or 11.0%, as compared to the prior year.

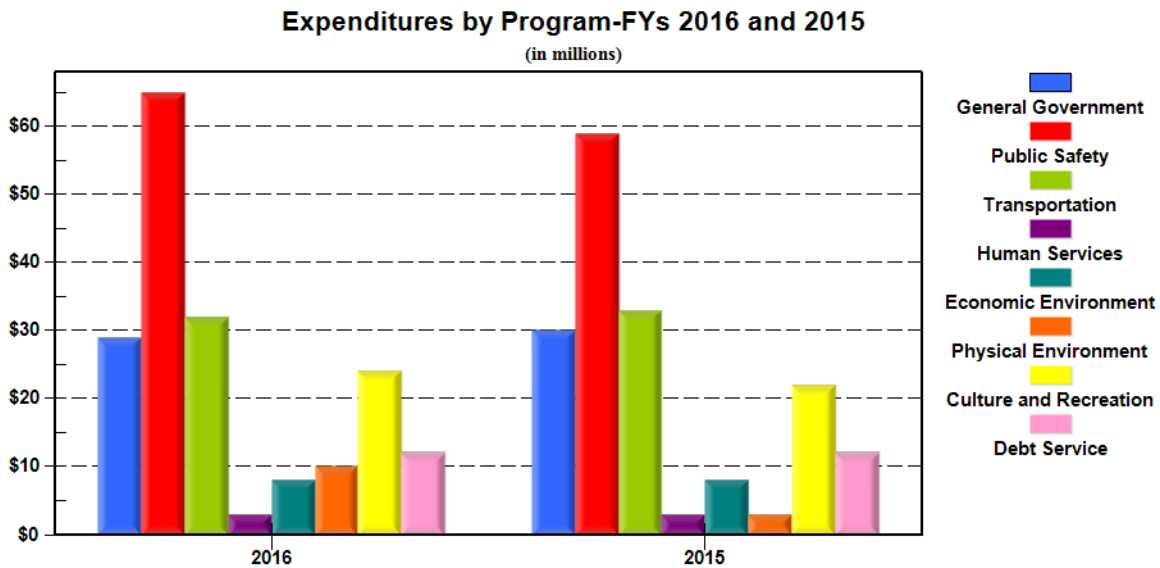
The fund balance for the City's Community Redevelopment Agency Fund increased \$0.4 million from 2015.

The fund balance in the City's other non-major governmental funds decreased \$5.1 million from 2015.

The following chart compares revenue by source for the governmental funds.



The following chart compares expenditures by program for the governmental funds.



PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Factors addressing the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 112 of the financial statements.

There was an increase to the original budget for \$95,000 for additional expenses in the City's ethics office. In addition, there were changes to the budget between transfers, which increased by \$3.35 million, and various other expense categories that decreased to fund additional projects. Project priorities change during the year based on needs, assessments, availability of grant funding or other issues that impact the start or completion of projects or their cost.

The City's general fund generated a positive variance of approximately \$0.8 million between the final amended budget and actual results of operation. Actual revenues were less than final budgeted revenues by \$3.5 million, or 2.3%; these variances were spread across most revenue sources. Actual expenditures for the year were less than final budgeted expenditures by \$4.2 million, or 2.8%, these variances were spread across most expenditure line items due to regular budget monitoring and continuation of soft freezes on hiring for vacant positions.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities, net of depreciation, as of September 30, 2016, were approximately \$2.5 billion. This represents a net decrease of approximately \$1 million, or zero percent, over last year. See Note IV-D for more information about the City's capital assets.

Table 4
Capital Assets, net of accumulated depreciation
(in millions)

	Governmental Activities		Business-Type Activities		Total		Total % Change 2016 -
	2016	2015	2016	2015	2016	2015	2015
Land	\$ 368	\$ 364	\$ 129	\$ 126	\$ 497	\$ 490	1.4 %
Buildings	47	50	134	132	181	182	(0.5)%
Equipment	13	13	421	413	434	426	1.9 %
Improvements (Other than Buildings)	8	8	24	24	32	32	- %
Infrastructure	361	368	736	765	1,097	1,133	(3.2)%
Intangibles	-	-	153	138	153	138	10.9 %
Construction in Progress	15	26	132	113	147	139	5.8 %
Total	<u>\$ 812</u>	<u>\$ 829</u>	<u>\$ 1,729</u>	<u>\$ 1,711</u>	<u>\$ 2,541</u>	<u>\$ 2,540</u>	

Major capital acquisitions and improvements during the year included the following:

- Aviation infrastructure - \$11.6 million
- Electric generation, transmission and distribution infrastructure - \$20.3 million
- Gas transmission and distribution infrastructure - \$2.5 million

- Sewer collection, treatment, and disposal infrastructure - \$9.7 million
- StarMetro acquisition of buses and system improvements - \$2 million
- Stormwater infrastructure - \$8.9 million
- Street construction, widening and expansion projects improvements, park improvements, and vehicles and equipment for public safety purposes, - \$13.5 million
- Water transmission and distribution infrastructure - \$6.4 million

LONG-TERM DEBT

As shown in the following table, as of September 30, 2016, the City had \$995.5 million in total debt outstanding. This amount represents bonds and loans secured by specified revenue sources and excludes issuance premium and discounts.

Table 5
Outstanding Debt at September 30
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General Revenue Bonds	\$ 91.8	\$ 99.4	\$ -	\$ -	\$ 91.8	\$ 99.4
Proprietary Revenue Bonds	-	-	877.6	902.8	877.6	902.8
Other Loans	1.7	-	24.4	26.3	26.1	26.3
Total	<u>\$ 93.5</u>	<u>\$ 99.4</u>	<u>\$ 902.0</u>	<u>\$ 929.1</u>	<u>\$ 995.5</u>	<u>\$ 1,028.5</u>

The City's total bonded debt decreased by \$33.0 million, or 3.21%, during the current fiscal year primarily due to the scheduled pay down of existing debt.

Bond ratings have a significant influence in establishing the rate of interest expense the City must pay when the bonds are sold. Ratings for the City's debt have been consistently judged to be of good investment quality as indicated in the following table:

Table 6
Bond Ratings

	<u>Moody's</u> <u>Investors Service, Inc</u>	<u>Standard & Poor's</u> <u>Rating Services</u>	<u>Fitch Ratings, Inc</u>
Capital Bonds	Aa2	NR	AA+
Consolidated Utility Systems Bonds	Aa1	AA	AA+
Energy System Bonds	Aa3	AA	AA-

The ratings for Moody's on the Consolidated Utility Systems Bonds only apply to debt issued prior to 2015. The ratings for Fitch on the Energy System Bonds only apply to debt issued before 2015. Additional information about the City's long-term liabilities is included in Note IV-G to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the City continue to show slight improvement as the economy improves. In December 2016, the unemployment rate in Tallahassee was 4.5% as compared to the state's unemployment rate of 4.7%. For December 2015, Tallahassee's unemployment rate was 4.6% as compared with the statewide rate of 4.8%. The percentage of employees employed by local, state, and federal government in Tallahassee is approximately 37.9% of the work force.
- The ratio of taxable assessed value to total estimated value for ad valorem tax purposes equals 46.73%, demonstrating the lack of taxable property in the City due to the large amount of tax-exempt property. In 2016, the approved budget included a millage increase from 3.7 mills to 4.2 mills. For 2017, the millage was reduced to 4.1 mills.
- While the local economy has not fully recovered from the economic downturn, the City is in a position to move away from reliance on one-time revenue sources and other actions that were necessary during the recession. This budget begins to take a long-view for City services, setting the stage for how we provide services and allocate resources for the next 3-5 years.
- Other factors affecting revenues include utility rate adjustments and changes in fee structure. In January 2016, electric, natural gas and solid waste rates were reduced for all customers. In October 2016, electric and natural gas rates were further reduced and remain below the state average. Business tax revenues were also eliminated starting in 2018 resulting in a revenue reduction of approximately \$2 million per year.

These indicators, as well as others, were taken into account when adopting the City's budget for fiscal year 2017. The City's total operating budget for the fiscal year totals \$700.6 million, which is \$6.2 million less than the fiscal year 2016 approved budget. The budget allocates \$151.6 million to the general fund, \$529.4 million to the enterprise funds, and \$19.6 million to other funds.

For the fiscal year 2017 budget, the ad valorem tax rate will be reduced from 4.2 to 4.1 mills. In addition, no fee or utility rate adjustments, except for annual CPI adjustments, are included in the 2017 budget.

Personnel expenditures account for approximately 27.4% of the City's Operating Budget. The City's fiscal year 2017 operating budget includes a net decrease of 10 positions, bringing the budgeted full time equivalent staff count to 2,864.

The City's fiscal year 2017 Capital Budget totals \$143.3 million with the City's utilities accounting for \$113.6 million or 79.3%; other major uses include transportation, general government, and culture and recreation. Bond proceeds (new and existing) will fund approximately 27.9% of these capital projects with the balance of funding coming primarily from capital improvement funds reserved for projects, federal funds, state funds, and general government resources. The City has a five year plan for capital improvements for all projects planned through fiscal year 2021 that totals \$890.8 million with appropriations of funding made on an annual basis.

FINANCIAL CONTACT

This financial report is designed to provide residents, taxpayers, customers, and creditors with a general overview of the City of Tallahassee's finances and to demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Accounting Services Manager at Mailbox A-29, 300 South Adams Street, Tallahassee, Florida 32301-1731 or via the email at Patrick.Twyman@talgov.com.

BASIC FINANCIAL STATEMENTS

These basic financial statements provide a summary overview of the financial position as well as the operating results of the City of Tallahassee. They also serve as an introduction to the more detailed statements and schedules that follow in subsequent sections:

Government-wide Financial Statements

Governmental Funds Financial Statements

Proprietary Funds Financial Statements

Fiduciary Funds Financial Statements

Notes to Financial Statements

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF NET POSITION September 30, 2016 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Improvement Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash and Cash Equivalents	\$ 106,938	\$ 216,534	\$ 323,472	\$ 96
Securities Lending Collateral	1,407	2,822	4,229	-
Receivables:				
Accrued Interest	208	409	617	-
Customers and Other	452	34,710	35,162	-
Notes	130	8,371	8,501	-
Special Assessments	104	-	104	-
Less: Allowance for Doubtful Accounts	(112)	(3,097)	(3,209)	-
Due From Other Governments	13,231	5,247	18,478	-
Prepaid Expenses	-	2,524	2,524	-
Inventory	931	46,949	47,880	-
Cash and Cash Equivalents - Restricted	6,594	252,319	258,913	-
Securities Lending Collateral - Restricted	80	3,327	3,407	-
Receivables - Restricted:				
Accrued Interest	12	480	492	-
Other	17	-	17	-
Notes	658	-	658	-
Due From Other Governments	1,012	972	1,984	-
Total Current Assets	131,662	571,567	703,229	96
Noncurrent Assets				
Internal Balances	30,849	(30,849)	-	-
Deposits	-	5,867	5,867	-
Derivative Instrument Asset	-	1,416	1,416	-
Capital Assets				
Land and Construction in Progress	383,221	261,171	644,392	-
Other, Net of Accumulated Depreciation	428,172	1,468,246	1,896,418	-
Total Noncurrent Assets	842,242	1,705,851	2,548,093	-
Total Assets	973,904	2,277,418	3,251,322	96
Effect of Deferred Loss on Bond Refunding	3,340	-	3,340	-
Pension related deferred outflows	76,603	23,261	99,864	50
Accumulated Decrease in Fair Value of Hedging Derivatives	-	110	110	-
Total Deferred Outflows of Resources	79,943	23,371	103,314	50
Assets and Deferred Outflows of Resources	\$ 1,053,847	\$ 2,300,789	\$ 3,354,636	\$ 146

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF NET POSITION

September 30, 2016

(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Improvement Authority
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities:				
Obligations Under Securities Lending	\$ 1,407	\$ 2,822	\$ 4,229	\$ -
Accounts Payable	11,305	51,440	62,745	9
Utility Deposits Payable	-	20,716	20,716	-
Unearned Revenue	1,745	179	1,924	-
Due to Other Governments	907	-	907	-
Capital Lease Payable	454	-	454	-
Compensated Absences	6,882	9,114	15,996	11
Accounts Payable - Restricted	748	3,465	4,213	-
Obligations Under Securities Lending - Restricted	80	3,327	3,407	-
Unearned Revenue - Restricted	773	286	1,059	-
Bonds and Loans Payable	8,119	26,731	34,850	-
Total Current Liabilities	32,420	118,080	150,500	20
Noncurrent Liabilities:				
Compensated Absences	2,687	3,770	6,457	6
Customer Contracts Payable	-	1,786	1,786	-
Claims Payable	-	13,611	13,611	-
Capital Lease Payable	462	-	462	-
Net OPEB Obligation	4,557	-	4,557	-
Derivative Instruments	-	110	110	-
Net Pension Liability	117,449	13,371	130,820	29
Bonds and Loans Payable	97,785	905,107	1,002,892	-
Total Noncurrent Liabilities	222,940	937,755	1,160,695	35
Total Liabilities	255,360	1,055,835	1,311,195	55
Pension Related Deferred Inflows	25,845	9,419	35,264	19
Fuel Hedging Related Deferred Inflows	-	1,416	1,416	-
Total Deferred Inflows of Resources	25,845	10,835	36,680	19
Total Liabilities and Deferred Inflows of Resources	281,205	1,066,670	1,347,875	74
Net Investment in Capital Assets	729,307	840,415	1,569,722	-
Restricted for:				
Capital Projects	39,212	170,945	210,157	-
Debt Service	-	23,240	23,240	-
Other Purposes	60,787	-	60,787	-
Unrestricted	(56,664)	199,519	142,855	72
Total Net Position	772,642	1,234,119	2,006,761	72
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 1,053,847	\$ 2,300,789	\$ 3,354,636	\$ 146

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF ACTIVITIES For the fiscal year ended September 30, 2016 (in thousands)

Function/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 15,295	\$ 2,520	\$ 6,592	\$ -
Public Safety	68,901	2,051	733	-
Transportation	20,530	2,698	876	-
Human Services	3,565	1,022	-	-
Economic Development	8,996	14	-	-
Physical Environment	7,943	1,004	49	-
Culture and Recreation	26,396	3,903	-	-
Unallocated Depreciation on Infrastructure	29,228	-	-	-
Interest on Long-Term Debt	4,058	-	-	-
Total governmental activities	<u>184,912</u>	<u>13,212</u>	<u>8,250</u>	<u>-</u>
Business-type Activities:				
Electric	247,370	268,262	2,381	-
Gas	20,744	26,963	-	-
Sewer	53,274	61,759	3,974	-
Water	29,401	33,290	411	-
Airport	16,885	14,090	-	10,489
StarMetro	22,018	5,548	2,211	2,376
Solid Waste	20,874	22,508	-	-
Golf	927	786	-	-
Stormwater Management	14,944	17,946	-	-
Fire Services	40,797	41,469	-	-
Total business-type activities	<u>467,234</u>	<u>492,621</u>	<u>8,977</u>	<u>12,865</u>
Total primary government	<u>\$ 652,146</u>	<u>\$ 505,833</u>	<u>\$ 17,227</u>	<u>\$ 12,865</u>
Component Unit:				
Downtown Improvement Authority	<u>\$ 325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property Taxes, levied for general purposes
 Public Service Taxes
 Business License Tax
 Grants and Contributions, not restricted to specific programs
 Net Unrestricted Investment Earnings
 Net Securities Lending Income
 Change in Fair Value of Investments
 Miscellaneous
 Net Transfers
 Total General Revenues and Transfers
 Change in Net Position
 Net Position - October 1
 Adjustment to October 1 Net Position
 Net Position - October 1 as restated
 Net Position - September 30

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF ACTIVITIES For the fiscal year ended September 30, 2016 (in thousands)

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit	
\$ (6,183)	\$ -	\$ (6,183)	\$ -	
(66,117)	-	(66,117)	-	
(16,956)	-	(16,956)	-	
(2,543)	-	(2,543)	-	
(8,982)	-	(8,982)	-	
(6,890)	-	(6,890)	-	
(22,493)	-	(22,493)	-	
(29,228)	-	(29,228)	-	
(4,058)	-	(4,058)	-	
(163,450)	-	(163,450)	-	
-	23,273	23,273	-	
-	6,219	6,219	-	
-	12,459	12,459	-	
-	4,300	4,300	-	
-	7,694	7,694	-	
-	(11,883)	(11,883)	-	
-	1,634	1,634	-	
-	(141)	(141)	-	
-	3,002	3,002	-	
-	672	672	-	
-	47,229	47,229	-	
(163,450)	47,229	(116,221)	-	
			(325)	
38,908	-	38,908	192	
22,950	-	22,950	-	
6,182	-	6,182	-	
30,154	1,985	32,139	10	
3,204	7,525	10,729	2	
5	11	16	-	
178	739	917	-	
14,475	1,094	15,569	159	
35,459	(35,459)	-	-	
151,515	(24,105)	127,410	363	
(11,935)	23,124	11,189	38	
784,577	1,212,610	1,997,187	34	
-	(1,615)	(1,615)	-	
784,577	1,210,995	1,995,572	34	
\$ 772,642	\$ 1,234,119	\$ 2,006,761	\$ 72	

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



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FUNDS

GOVERNMENTAL FUNDS

General	Accounts for all financial resources except those required to be accounted for in another fund. The functions paid for by the general fund include police, protective inspection, code enforcement, culture and recreation, general government, transportation, human services, economic development, and physical environment.
Community Redevelopment Agency	Accounts for the general tax revenue collected on and the expenses incurred in the redevelopment of properties in the community redevelopment area.
Other Governmental Funds	Detailed descriptions of these funds are provided on page 125.

PROPRIETARY FUNDS

Electric	Accounts for the assets, operation and maintenance of the City-owned electric generation, transmission, and distribution system.
Gas	Accounts for the assets, operation and maintenance of the City-owned gas system.
Sewer	Accounts for the assets, operation and maintenance of the City's wastewater collection and treatment system.
Water	Accounts for the assets, operation and maintenance of the City's water production and distribution system.
Airport	Accounts for the assets, operation and maintenance of the City-owned international airport.
Stormwater Management	Accounts for the operation, maintenance, and expansion of the City-owned stormwater utility system.
Other Enterprise Funds	Detailed descriptions of these funds are provided on page 131.
Internal Service Funds	Detailed description of these funds are provided on page 135.

FIDUCIARY FUNDS

Pension Trust	Accounts for the accumulation of resources to be used for retirement annuity payments to City employees including both a Defined Benefit Plan and a Defined Contribution Plan. The Defined Benefit Plan accounts for general employees, police officers and fire fighters separately. The Defined Contribution Plan covers all employees.
Nuclear Decommissioning	Accounts for resources legally held in trust for Florida Power Corporation (FPC) for the future decommissioning of the Crystal River Unit 3 Utility Plant (CR3 Plant).
OPEB Trust	Accounts for the accumulation of resources to be used for benefit payments for retirees health care costs.

CITY OF TALLAHASSEE, FLORIDA

BALANCE SHEET Governmental Funds September 30, 2016 (in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 36,308	\$ -	\$ 56,724	\$ 93,032
Securities Lending Collateral	482	-	743	1,225
Receivables:				
Accrued Interest	70	-	113	183
Customers and Others	254	-	185	439
Notes	-	-	130	130
Special Assessments	-	-	104	104
Less: Allowance for Doubtful Accounts	(112)	-	-	(112)
Due From Other Governments	10,504	-	2,693	13,197
Inventory	931	-	-	931
Cash and Cash Equivalents - Restricted	416	4,635	1,414	6,465
Securities Lending Collateral - Restricted	-	61	19	80
Receivables - Restricted:				
Accrued Interest	-	9	3	12
Customers and Others	-	10	8	18
Notes	-	369	289	658
Due From Other Governments	-	-	1,012	1,012
Total Assets	<u>\$ 48,853</u>	<u>\$ 5,084</u>	<u>\$ 63,437</u>	<u>\$ 117,374</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Obligations Under Securities Lending	\$ 482	\$ -	\$ 743	\$ 1,225
Accounts and Retainage Payable	8,848	-	1,677	10,525
Unearned Revenue	1,564	-	9	1,573
Accounts and Retainage Payable - Restricted	416	159	190	765
Obligations Under Securities Lending - Restricted	-	61	19	80
Due To Other Funds	53	-	-	53
Due To Other Governments	939	-	-	939
Advances from Other Funds	764	-	678	1,442
Unearned Revenue - Restricted	-	-	773	773
Total Liabilities	<u>13,066</u>	<u>220</u>	<u>4,089</u>	<u>17,375</u>
FUND BALANCES				
Nonspendable	1,513	21	563	2,097
Spendable:				
Restricted	-	4,843	34,488	39,331
Committed	25,251	-	24,227	49,478
Assigned	2,479	-	161	2,640
Unassigned	6,544	-	(91)	6,453
Total Fund Balances	<u>35,787</u>	<u>4,864</u>	<u>59,348</u>	<u>99,999</u>
Total Liabilities and Fund Balances	<u>\$ 48,853</u>	<u>\$ 5,084</u>	<u>\$ 63,437</u>	<u>\$ 117,374</u>

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

CITY OF TALLAHASSEE, FLORIDA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2016
(in thousands)

Total Fund Balances - Governmental Funds	\$	99,999
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	804,182
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Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds.	30,394
--	--------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the governmental-type internal service funds are included in the Statement of Net Position.	20,177
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Certain amounts related to the Net Pension Liability are deferred and amortized over time and are not reported in the funds.	30,140
--	--------

Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the fund statements but must be deferred in the Statement of Net Position.	20,618
--	--------

Long-term liabilities, including bonds payable, deferred outflows of resources, and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.	<u>(232,868)</u>
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Net Position - Governmental Activities	\$	<u>772,642</u>
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The notes to the financial statements are an integral part of these financial statements.

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Governmental Funds
for the fiscal year ended September 30, 2016
(in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 60,509	\$ 1,349	\$ -	\$ 61,858
Licenses and Permits	2,867	-	4,301	7,168
Intergovernmental Revenues	23,876	2,174	16,555	42,605
Charges for Services	8,880	142	363	9,385
Fines and Forfeitures	889	-	230	1,119
Net Investment Earnings	984	106	1,751	2,841
Securities Lending Income	5	-	6	11
Change in Fair Value of Investments	67	9	69	145
Miscellaneous Revenues	13,407	37	2,626	16,070
Total Revenues	111,484	3,817	25,901	141,202
Expenditures:				
General Government	27,560	-	1,029	28,589
Public Safety	60,064	-	4,539	64,603
Transportation	15,825	-	16,201	32,026
Human Services	3,018	-	397	3,415
Economic Environment	1,281	3,408	3,404	8,093
Physical Environment	8,822	-	693	9,515
Culture and Recreation	21,340	-	2,430	23,770
Securities Lending Expense:				
Interest Expense	2	-	-	2
Agent Fees	1	-	-	1
Debt Service:				
Principal Retired	-	-	7,530	7,530
Interest and Fiscal Charges	23	-	4,479	4,502
Total Expenditures	137,936	3,408	40,702	182,046
Excess of Revenues Over (Under) Expenditures	(26,452)	409	(14,801)	(40,844)
Other Financing Sources (Uses):				
Transfers In	46,532	-	13,410	59,942
Transfers Out	(19,412)	-	(5,411)	(24,823)
Loan Proceeds	-	-	1,736	1,736
Proceeds from Sale of Capital Assets	5,370	-	-	5,370
Total Other Financing Sources (Uses)	32,490	-	9,735	42,225
Net Change in Fund Balances	6,038	409	(5,066)	1,381
Fund Balances - October 1	29,749	4,455	64,414	98,618
Fund Balances - September 30	\$ 35,787	\$ 4,864	\$ 59,348	\$ 99,999

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

CITY OF TALLAHASSEE, FLORIDA

RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES for the fiscal year ended September 30, 2016 (in thousands)

Net Change in Fund Balances - Total Governmental Funds	\$	1,381
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(17,510)
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Internal Service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	1,754
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,540
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The net change in compensated absences which is reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	(298)
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The change in the unfunded Net OPEB Obligation which is included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	(781)
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Pension related items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.	<u>(1,021)</u>
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Change in Net Position of Governmental Activities	<u>\$</u>	<u>(11,935)</u>
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The notes to the financial statements are an integral part of these financial statements.

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET POSITION
Proprietary Funds
September 30, 2016
(in thousands)

	Enterprise Funds							Total	Internal
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Enterprise Funds	Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES									
Current Assets									
Cash and Cash Equivalents	\$ 73,527	\$ 3,610	\$ 1,687	\$ 2,321	\$ 1,794	\$ 49,868	\$ 12,917	\$ 145,724	\$ 84,715
Securities Lending Collateral	964	47	22	30	24	654	152	1,893	1,111
Receivables:									
Accrued Interest	138	7	3	4	5	95	27	279	158
Notes	7,626	-	745	-	-	-	-	8,371	-
Customers and Others	21,615	1,227	3,463	1,890	1,012	1,084	4,304	34,595	133
Due From Other Governments	-	-	499	-	-	2	4,340	4,841	437
Less: Allowance for Doubtful Accounts	(1,541)	(71)	(324)	(260)	(377)	(133)	(391)	(3,097)	-
Prepaid Expenses	-	-	-	-	-	-	-	-	2,524
Due From Other Funds	34,090	-	-	-	-	-	-	34,090	63
Inventory	42,470	199	1,174	76	-	-	592	44,511	2,437
Cash and Cash Equivalents - Restricted	147,863	9,660	58,347	24,117	12,332	-	-	252,319	-
Securities Lending Collateral - Restricted	1,939	127	765	316	162	-	18	3,327	-
Accrued Interest	282	19	111	46	22	-	-	480	-
Due From Other Governments	-	-	-	-	972	-	-	972	-
Total Current Assets	<u>328,973</u>	<u>14,825</u>	<u>66,492</u>	<u>28,540</u>	<u>15,946</u>	<u>51,570</u>	<u>21,959</u>	<u>528,305</u>	<u>91,578</u>
Noncurrent Assets									
Advances To Other Funds	500	-	-	-	-	178	-	678	1,951
Deposits	-	-	-	-	-	-	304	304	5,562
Derivative Instruments	-	-	-	-	-	-	-	-	1,416
Capital Assets:									
Land and Construction in Progress	80,454	2,279	36,165	13,435	22,442	97,556	8,794	261,125	1,755
Other, Net of Accumulated Depreciation	<u>614,983</u>	<u>56,032</u>	<u>418,021</u>	<u>133,718</u>	<u>95,787</u>	<u>63,404</u>	<u>41,105</u>	<u>1,423,050</u>	<u>50,695</u>
Total Noncurrent Assets	<u>695,937</u>	<u>58,311</u>	<u>454,186</u>	<u>147,153</u>	<u>118,229</u>	<u>161,138</u>	<u>50,203</u>	<u>1,685,157</u>	<u>61,379</u>
Total Assets	<u>1,024,910</u>	<u>73,136</u>	<u>520,678</u>	<u>175,693</u>	<u>134,175</u>	<u>212,708</u>	<u>72,162</u>	<u>2,213,462</u>	<u>152,957</u>
Accumulated Decrease in Fair Value of Hedging Derivatives									
	-	-	-	-	-	-	50	50	60
Pension Related Deferred Outflows	<u>9,025</u>	<u>683</u>	<u>4,260</u>	<u>1,932</u>	<u>1,759</u>	<u>1,842</u>	<u>3,760</u>	<u>23,261</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,033,935</u>	<u>\$ 73,819</u>	<u>\$ 524,938</u>	<u>\$ 177,625</u>	<u>\$ 135,934</u>	<u>\$ 214,550</u>	<u>\$ 75,972</u>	<u>\$ 2,236,773</u>	<u>\$ 153,017</u>

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF NET POSITION

Proprietary Funds

September 30, 2016

(in thousands)

	Enterprise Funds							Total Enterprise Funds	Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Enterprise Funds	Service Funds
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES									
Current Liabilities									
Accounts and Retainage Payable	\$ 26,541	\$ 3,150	\$ 2,567	\$ 775	\$ 523	\$ 1,780	\$ 3,823	\$ 39,159	\$ 13,103
Due To Other Funds	-	-	-	-	-	-	10	10	34,090
Due To Other Governments	-	-	-	-	-	-	-	-	6
Compensated Absences	2,091	164	1,045	578	348	440	2,953	7,619	2,367
Obligations Under Securities Lending	964	47	22	30	24	654	152	1,893	1,111
Unearned Revenue	-	-	-	-	-	-	179	179	83
Utility Deposits Payable	18,684	501	-	1,531	-	-	-	20,716	-
Obligations Under Securities Lending - Restricted	1,939	127	765	316	162	-	18	3,327	-
Accounts and Retainage Payable - Restricted	1,839	13	209	162	1,242	-	-	3,465	-
Unearned Revenue - Restricted	-	-	-	-	286	-	-	286	-
Loans Payable	1,499	215	26	1,242	-	-	-	2,982	-
Bonds Payable	14,664	1,400	6,398	1,287	-	-	-	23,749	-
Capital Lease Payable	-	-	-	-	-	-	-	-	454
Total Current Liabilities	<u>68,221</u>	<u>5,617</u>	<u>11,032</u>	<u>5,921</u>	<u>2,585</u>	<u>2,874</u>	<u>7,135</u>	<u>103,385</u>	<u>51,214</u>
Noncurrent Liabilities									
Loans Payable	10,733	1,545	194	8,900	-	-	-	21,372	-
Claims Payable	-	-	-	-	-	-	-	-	13,611
Derivative Instruments	-	-	-	-	-	-	50	50	60
Customer Contracts Payable	-	-	1,144	642	-	-	-	1,786	-
Advances from Other Funds	7,597	2,268	-	-	-	-	12,586	22,451	-
Compensated Absences	1,222	122	221	105	222	126	1,128	3,146	888
Net Pension Liability	5,190	388	2,478	1,082	984	1,059	2,190	13,371	-
Bonds Payable	528,964	12,814	272,527	69,430	-	-	-	883,735	-
Capital Lease Payable	-	-	-	-	-	-	-	-	462
Total Noncurrent Liabilities	<u>553,706</u>	<u>17,137</u>	<u>276,564</u>	<u>80,159</u>	<u>1,206</u>	<u>1,185</u>	<u>15,954</u>	<u>945,911</u>	<u>15,021</u>
Total Liabilities	<u>621,927</u>	<u>22,754</u>	<u>287,596</u>	<u>86,080</u>	<u>3,791</u>	<u>4,059</u>	<u>23,089</u>	<u>1,049,296</u>	<u>66,235</u>
Pension Related Deferred Inflows	3,652	282	1,696	811	739	745	1,494	9,419	-
Accumulated Increase in Fair Value of Hedging Derivatives	-	-	-	-	-	-	-	-	1,416
Total Liabilities and Deferred Inflows of Resources	<u>625,579</u>	<u>23,036</u>	<u>289,292</u>	<u>86,891</u>	<u>4,530</u>	<u>4,804</u>	<u>24,583</u>	<u>1,058,715</u>	<u>67,651</u>
NET POSITION									
Net Investment in Capital Assets	145,058	41,216	197,252	82,562	118,229	160,960	49,899	795,176	51,534
Restricted for Debt Service	6,795	1,113	13,520	1,812	-	-	-	23,240	-
Restricted for Renewal, Replacement and Improvements	120,957	9,719	22,682	5,969	11,618	-	-	170,945	-
Unrestricted	<u>135,546</u>	<u>(1,265)</u>	<u>2,192</u>	<u>391</u>	<u>1,557</u>	<u>48,786</u>	<u>1,490</u>	<u>188,697</u>	<u>33,832</u>
Total Net Position	<u>408,356</u>	<u>50,783</u>	<u>235,646</u>	<u>90,734</u>	<u>131,404</u>	<u>209,746</u>	<u>51,389</u>	<u>1,178,058</u>	<u>85,366</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 1,033,935</u>	<u>\$ 73,819</u>	<u>\$ 524,938</u>	<u>\$ 177,625</u>	<u>\$ 135,934</u>	<u>\$ 214,550</u>	<u>\$ 75,972</u>		<u>\$ 153,017</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds								56,061	
Net Position of Business-type Activities								<u>\$ 1,234,119</u>	

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

Proprietary Funds

For the fiscal year ended September 30, 2016

(in thousands)

	Enterprise Funds							Total Enterprise Funds	Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds		
Operating Revenues:									
Charges for Services:									
Residential Sales	\$ 117,935	\$ 10,500	\$ 29,186	\$ 14,808	\$ -	\$ 7,777	\$ 33,127	\$ 213,333	\$ -
Commercial and Industrial Sales	129,083	14,706	20,402	9,313	-	9,007	27,306	209,817	-
Public Street and Highway Lighting	4,095	-	-	-	-	-	-	4,095	-
Sales for Resale	3,977	-	-	-	-	-	-	3,977	-
Surcharge	2,329	259	944	1,673	-	-	-	5,205	-
Tapping Fees	-	7	138	396	-	-	-	541	-
Landing Fees	-	-	-	-	1,552	-	-	1,552	-
Late Fees	701	78	-	80	-	-	-	859	-
Initiating Service	859	126	-	490	-	-	-	1,475	-
Rentals	1,113	-	-	400	7,794	-	-	9,307	-
Cut-ins and Cut Fees	1,365	23	-	95	-	-	-	1,483	-
County Government	-	-	-	-	-	-	3,079	3,079	-
Recyclable Sales	-	-	-	-	-	-	103	103	-
Recreation Fees	-	-	-	-	-	-	767	767	-
Transportation Fees	-	-	-	-	-	-	4,960	4,960	-
Other Charges	6,432	1,192	2,165	4,843	2,224	633	1,960	19,449	190,339
Total Operating Revenues	267,889	26,891	52,835	32,098	11,570	17,417	71,302	480,002	190,339
Operating Expenses:									
Personnel Services	30,090	2,031	13,866	6,731	4,861	5,704	42,511	105,794	35,104
Fossil Fuel	85,688	10,932	-	-	-	-	-	96,620	-
Power Purchased	9,723	-	-	-	-	-	-	9,723	-
Contractual Services	47,626	3,006	12,906	10,151	4,431	6,424	31,903	116,447	134,909
Materials and Supplies	7,709	139	2,485	1,041	170	770	4,401	16,715	5,008
Other	3,913	1,857	2,968	4,353	82	378	615	14,166	13,113
Depreciation	42,323	2,161	16,066	4,994	6,539	1,619	4,455	78,157	8,842
Total Operating Expenses	227,072	20,126	48,291	27,270	16,083	14,895	83,885	437,622	196,976
Operating Income (Loss)	\$ 40,817	\$ 6,765	\$ 4,544	\$ 4,828	\$ (4,513)	\$ 2,522	\$ (12,583)	\$ 42,380	\$ (6,637)

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

Proprietary Funds

For the fiscal year ended September 30, 2016

(in thousands)

	Enterprise Funds								Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	
Non-Operating Revenues (Expenses):									
Net Investment Earnings	\$ 4,130	\$ 221	\$ 770	\$ 201	\$ 225	\$ 853	\$ 210	\$ 6,610	\$ 1,270
Change in Fair Value of Investments	306	24	101	29	20	67	20	567	205
Securities Lending:									
Securities Lending Income	17	2	2	-	2	2	-	25	4
Interest Expense	(8)	(1)	(1)	-	(1)	(1)	-	(12)	(2)
Agent Fees	(2)	-	-	-	-	-	-	(2)	-
Intergovernmental Revenues	2,381	-	3,974	121	-	-	2,211	8,687	-
Other Revenues	1,556	167	10,397	2,095	1,124	591	1,343	17,273	7,370
Interest Expense	(20,826)	(693)	(2,151)	(2,082)	-	-	(508)	(26,260)	(25)
Gain (Loss) on Sale of Assets	-	-	-	-	(114)	-	-	(114)	-
Other Expenses	-	(3)	(2,654)	(55)	(472)	(92)	(424)	(3,700)	(506)
Total Non-Operating Revenues (Expenses)	(12,446)	(283)	10,438	309	784	1,420	2,852	3,074	8,316
Income (Loss) Before Capital Contributions and Operating Transfers	28,371	6,482	14,982	5,137	(3,729)	3,942	(9,731)	45,454	1,679
Capital Contributions and Transfers:									
Capital Contributions	-	-	-	-	10,489	-	2,376	12,865	-
Transfers In	78	-	-	-	-	-	10,307	10,385	5,377
Transfers Out	(30,769)	(3,049)	(5,020)	(4,026)	-	(454)	(2,705)	(46,023)	(4,858)
Total Capital Contributions and Transfers	(30,691)	(3,049)	(5,020)	(4,026)	10,489	(454)	9,978	(22,773)	519
Change in Net Position	(2,320)	3,433	9,962	1,111	6,760	3,488	247	22,681	2,198
Net Position - October 1	410,676	47,350	227,299	89,623	124,644	206,258	51,142		83,168
Adjustments to October 1 Net Position	-	-	(1,615)	-	-	-	-		-
Net Position - October 1, as restated	410,676	47,350	225,684	89,623	124,644	206,258	51,142		83,168
Net Position - September 30	\$ 408,356	\$ 50,783	\$ 235,646	\$ 90,734	\$ 131,404	\$ 209,746	\$ 51,389		\$ 85,366
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds								443	
Change in net position of Business-type Activities								\$ 23,124	

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF CASH FLOWS Proprietary Funds For the fiscal year ended September 30, 2016 (in thousands)

	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities									
Cash Received from Customers	\$ 270,079	\$ 26,893	\$ 53,547	\$ 32,188	\$ 10,329	\$ 17,360	\$ 71,461	\$ 481,857	\$ 190,506
Cash Received from Other Revenues	1,556	167	6,561	1,170	653	591	918	11,616	2,413
Cash Paid to Suppliers for Goods and Services	(133,364)	(12,532)	(12,108)	(8,713)	(3,285)	(2,762)	(20,745)	(193,509)	(142,130)
Cash Paid to Employees for Services	(29,982)	(2,030)	(14,012)	(6,653)	(4,772)	(5,694)	(42,173)	(105,316)	(34,913)
Cash Paid to Other Funds	(23,953)	(2,470)	(6,776)	(7,579)	(1,546)	(4,686)	(16,731)	(63,741)	-
Cash Paid for Other Expenses	(1)	(4)	(2,654)	-	-	(92)	-	(2,751)	-
Net Cash Provided by (Used for) Operating Activities	84,335	10,024	24,558	10,413	1,379	4,717	(7,270)	128,156	15,876
Cash Flows from Noncapital Financing Activities									
Transfers In from Other Funds	78	-	-	-	-	-	10,307	10,385	6,362
Operating Grants Received	2,381	-	-	-	183	-	2,211	4,775	-
Other	-	-	-	-	-	-	-	-	7,520
Repayment of Advances	-	(1,072)	-	-	-	-	-	(1,072)	-
Transfers Out to Other Funds	(30,769)	(3,049)	(5,020)	(4,026)	-	(454)	(2,705)	(46,023)	(7,895)
Net Cash Provided by (Used for) Noncapital Financing Activities	(28,310)	(4,121)	(5,020)	(4,026)	183	(454)	9,813	(31,935)	5,987
Cash Flows from Capital and Related Financing Activities									
Capital Contributions	-	-	-	-	10,580	-	2,376	12,956	-
Systems Charges	-	-	3,836	925	-	-	-	4,761	-
Acquisition, Construction and Sale of Capital Assets	(30,301)	(2,622)	(7,235)	(6,858)	(13,067)	(9,450)	(4,257)	(73,790)	(9,584)
Intergovernmental Revenues	-	-	3,974	121	-	-	-	4,095	-
Bond and Loan Proceeds	-	180	220	440	-	-	-	840	-
Principal and Refunding Payments	(17,871)	(1,654)	(6,044)	(2,360)	-	-	-	(27,929)	-
Repayment of Loans from Other Funds	(383)	-	-	-	-	-	(472)	(855)	-
Interest Paid	(28,970)	(879)	(13,904)	(3,596)	(1)	(1)	(508)	(47,859)	(25)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(77,525)	(4,975)	(19,153)	(11,328)	(2,488)	(9,451)	(2,861)	(127,781)	(9,609)
Cash Flows from Investing Activities									
Interest Received on Investments	4,411	220	1,075	213	230	867	209	7,225	1,266
Increase (Decrease) in the Fair Value of Investments	306	24	101	29	20	67	20	567	10,263
Net Cash Provided by (Used for) Investing Activities	\$ 4,717	\$ 244	\$ 1,176	\$ 242	\$ 250	\$ 934	\$ 229	\$ 7,792	\$ 11,529

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF CASH FLOWS Proprietary Funds For the fiscal year ended September 30, 2016 (in thousands)

	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Net Increase (Decrease) in Cash and Cash Equivalents	(16,783)	1,172	1,561	(4,699)	(676)	(4,254)	(89)	(23,768)	23,783
Cash and Cash Equivalents - October 1	238,173	12,098	58,473	31,137	14,802	54,122	13,006	421,811	60,932
Cash and Cash Equivalents - September 30	<u>\$ 221,390</u>	<u>\$ 13,270</u>	<u>\$ 60,034</u>	<u>\$ 26,438</u>	<u>\$ 14,126</u>	<u>\$ 49,868</u>	<u>\$ 12,917</u>	<u>\$ 398,043</u>	<u>\$ 84,715</u>
Classified As:									
Unrestricted Assets	\$ 73,527	\$ 3,610	\$ 1,687	\$ 2,321	\$ 1,794	\$ 49,868	\$ 12,917	\$ 145,724	\$ 84,715
Restricted Assets	147,863	9,660	58,347	24,117	12,332	-	-	252,319	-
	<u>\$ 221,390</u>	<u>\$ 13,270</u>	<u>\$ 60,034</u>	<u>\$ 26,438</u>	<u>\$ 14,126</u>	<u>\$ 49,868</u>	<u>\$ 12,917</u>	<u>\$ 398,043</u>	<u>\$ 84,715</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Operating Income (Loss)	\$ 40,817	\$ 6,765	\$ 4,544	\$ 4,828	\$ (4,513)	\$ 2,522	\$ (12,583)	\$ 42,380	\$ (6,637)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Depreciation	42,323	2,161	16,066	4,994	6,539	1,619	4,455	78,157	8,842
Pension adjustment for GASB 68	(124)	(9)	(57)	(27)	(26)	(26)	(50)	(319)	-
Provision for Uncollectible Accounts	(158)	(4)	27	(2)	5	(34)	(85)	(251)	-
Other	1,555	163	3,907	1,170	470	499	918	8,682	2,411
(Increase) Decrease in Accounts Receivable	1,017	(11)	(18)	58	262	(24)	(514)	770	187
(Increase) Decrease in Inventory	87	(23)	(129)	1	-	-	(6)	(70)	2,123
(Increase) Decrease in Deposits	-	-	-	-	(8)	-	406	398	416
Decrease in Notes Receivables	191	-	25	-	-	-	-	216	-
(Increase) Decrease in Due From Other Funds	(2,745)	-	-	-	-	-	-	(2,745)	-
(Increase) Decrease in Due From Other Governments	352	-	679	-	-	-	576	1,607	(27)
Increase (Decrease) in Accounts Payable	-	955	(112)	(598)	(102)	128	(957)	(686)	5,215
Increase in Due To Other Funds	-	-	-	-	-	-	-	-	2,753
Decrease in Loans to Other Funds	-	-	-	-	-	-	-	-	2
Increase (Decrease) in Utility Deposits Payable	788	18	-	31	-	-	-	837	-
Increase (Decrease) in Deferred Revenue	-	-	-	-	-	-	179	179	-
Increase (Decrease) in Customer Contracts Payable	-	-	(285)	(148)	-	-	-	(433)	-
Increase (Decrease) in Compensated Absences	232	9	(89)	106	63	33	391	745	192
(Decrease) in Prepaid Fees Credit	-	-	-	-	(1,311)	-	-	(1,311)	-
Increase in Insurance Deposits	-	-	-	-	-	-	-	-	399
Total Adjustments	<u>43,518</u>	<u>3,259</u>	<u>20,014</u>	<u>5,585</u>	<u>5,892</u>	<u>2,195</u>	<u>5,313</u>	<u>85,776</u>	<u>22,513</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 84,335</u>	<u>\$ 10,024</u>	<u>\$ 24,558</u>	<u>\$ 10,413</u>	<u>\$ 1,379</u>	<u>\$ 4,717</u>	<u>\$ (7,270)</u>	<u>\$ 128,156</u>	<u>\$ 15,876</u>

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF NET POSITION Fiduciary Funds September 30, 2016 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Nuclear Decommissioning Private-Purpose Trust Fund
ASSETS			
Cash and Cash Equivalents	\$ 21,450	\$ -	\$ -
Receivables			
Other Receivables	1,122	-	-
Accrued Interest	1,827	-	-
Total Receivables	2,949	-	-
Investments, at Fair Value			
Mutual Index Funds	117,964	-	-
Fixed Income Securities	310,372	-	-
Domestic Stock	702,245	-	-
International Stock	143,073	-	-
Short-term Investments	-	6,875	6,877
Alternative Investments	270,678	-	-
Total Investments	1,544,332	6,875	6,877
Securities Lending Collateral	157,185	-	-
Total Assets	\$ 1,725,916	\$ 6,875	\$ 6,877
LIABILITIES AND NET POSITION			
LIABILITIES			
Obligations Under Securities Lending	\$ 157,185	\$ -	\$ -
Other Payables	-	419	-
Total Liabilities	157,185	419	-
NET POSITION			
Held in Trust for Benefits and Other Purposes	1,568,731	6,456	6,877
Total Liabilities and Net Position	\$ 1,725,916	\$ 6,875	\$ 6,877

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF CHANGES IN NET POSITION Fiduciary Funds For the fiscal year ended September 30, 2016 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Nuclear Decommissioning Private-Purpose Trust Fund
ADDITIONS			
Contributions:			
Employer	\$ 28,489	\$ 2,017	\$ 1
Plan Members	10,846	-	-
Total Contributions	<u>39,335</u>	<u>2,017</u>	<u>1</u>
Investment Income			
From Investment Activities:			
Gain/Loss on Sale of Investments	33,236	-	-
Change in Fair Value of Investments	83,390	922	-
Interest Income	13,275	-	37
Dividends	17,161	-	-
Total Investment Income	<u>147,062</u>	<u>922</u>	<u>37</u>
Less Investment Expenses:			
Investment Management Fees	7,364	-	-
Interest Expense	63	12	-
Net Income from Investing Activities	<u>139,635</u>	<u>910</u>	<u>37</u>
From Securities Lending Activities:			
Securities Lending Income	1,019	-	-
Less Securities Lending Expenses:			
Investment Management Fees	206	-	-
Net Income from Securities Lending Activities	<u>813</u>	<u>-</u>	<u>-</u>
Total Net Investment Income	<u>140,448</u>	<u>910</u>	<u>37</u>
Total Additions	<u>179,783</u>	<u>2,927</u>	<u>38</u>
DEDUCTIONS			
Benefits	84,239	2,200	-
Refunds of Contributions	470	-	-
Administrative Expense	1,029	-	-
Total Deductions	<u>85,738</u>	<u>2,200</u>	<u>-</u>
Change in Net Position	94,045	727	38
Net Position - October 1	1,474,686	5,729	6,839
Net Position - September 30	<u>\$ 1,568,731</u>	<u>\$ 6,456</u>	<u>\$ 6,877</u>

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



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Notes to the Financial Statements

Note I - Summary of Significant Accounting Policies

Note II - Reconciliation of Government-Wide and Fund Financial Statements

Note III - Stewardship, Compliance, and Accountability

Note IV - Detailed Notes - All Funds

Note V - Other Information

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This Summary of Significant Accounting Policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the accompanying financial statements. The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

The City is a political subdivision of the State of Florida, located in Leon County in the center of the Florida Panhandle. It is approximately 103 square miles in area. It is the capital of Florida, the county seat, and the only incorporated municipality in Leon County. The City was incorporated in 1825 following a decision by the Florida Legislature to locate the capital of the new Florida Territory midway between the population centers of St. Augustine and Pensacola.

In the Code of Ordinances, Chapter 8374, Laws of Florida, Special Acts 1919, the City was granted a new City Charter by the State Legislature authorizing a Commission-Manager form of government. In the original charter, the five City Commissioners were elected at large for four-year terms and each year, the Commissioners selected the Mayor for a one-year term to act as the official representative for the City. Tallahassee voters approved a charter change in November 1996 calling for a separately elected Mayor, thereby changing the structure of the Tallahassee City Commission. The first elected Mayor was elected in February 1997 for a four-year term. The elected Mayor has powers commensurate with the other four members of the City Commission; however, he/she is able to serve as an ongoing contact for matters involving other governmental or institutional organizations, including the state legislature, county government, and local universities.

The City provides a full range of municipal services to its citizens. These services include public safety (police and fire), construction and maintenance of streets and sidewalks, stormwater management, recreation, public improvements, planning and zoning, and general administrative services. In addition, the City owns and operates ten enterprise funds which include an international airport, a bus system, a golf course, a solid waste collection system, four utilities (an electric generation transmission and distribution system, a natural gas distribution system, a water production and distribution system, and a sewage collection and treatment system), fire services, and a stormwater system.

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, as such, be includable within the City's financial statements. 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 exclusion of the nature and significance of their relationship with the City would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the City's operation. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

1. BLENDED COMPONENT UNIT

Community Redevelopment Agency (CRA) - The Tallahassee Community Redevelopment Agency and the CRA Board were created in 1998. Governed by an interlocal agreement between the City of Tallahassee, Leon County and CRA, the CRA Board consists of the Mayor, the four City Commissioners and four of the County Commissioners. Although legally separate, management of the City has operational responsibility for this component unit. Thus the CRA is blended in the City's financial statements in accordance with GASB 14, as amended by GASB 61. The CRA has responsibility for two specifically separate tax increment districts as described below.

- Greater Frenchtown/Southside Community Redevelopment Area (GFSCRA) - The City Commission adopted the Greater Frenchtown/Southside Community Redevelopment Plan in June 2000. The GFSCRA consists of three distinct geographical sections of over 1,450 acres of residential, commercial/retail and industrial land uses, located within the greater Frenchtown and Southside neighborhoods.
- Downtown District Community Redevelopment Area (DDCRA) - The City Commission adopted the Downtown Community Redevelopment Plan in June 2004. The DDCRA consists of approximately 440 acres located in downtown and between the northern and southern portions of the Greater Frenchtown/South Community Redevelopment Area.

2. DISCRETELY PRESENTED COMPONENT UNIT

Downtown Improvement Authority- The Downtown Improvement Authority (DIA) is an agency created by the Florida Legislature to regulate downtown growth. The City Commission appoints the governing board of the DIA. The City can impose its will on the DIA by approving and/or modifying its budget. There are no separately issued financial statements for the DIA. The DIA utilizes governmental fund accounting.

3. JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY

- Sunshine State Governmental Financing Commission

The Sunshine State Governmental Financing Commission (the "Commission") was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida to operate and administer a loan program. As of September 30, 2016, the Commission's membership consists of the following governmental units: City of Coral Gables, Florida; City of Coral Springs, Florida; City of Daytona Beach, Florida; City of Ft. Lauderdale, Florida; City of Hollywood, Florida; City of Jacksonville, Florida; City of Lakeland, Florida; City of Miami, Florida; City of Miami Beach, Florida; City of Orlando, Florida; City of St. Petersburg, Florida; City of Tallahassee, Florida; City of Vero Beach, Florida; Miami-Dade County, Florida; Palm Beach County, Florida; and Polk County, Florida. In addition, the City of West Palm Beach, Florida, participates in the Commission's programs as a non-member participant. Other Florida local governments may in the future become members or non-member participants including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

As a joint venture among the member governmental units, the Commission enables a limited number of qualifying governments to participate in pooled debt financings with pricing and cost structures not normally available to governmental entities acting individually. Loan obligations from the Commission are reflected as debt by the participating governmental units.

The City of Tallahassee has no obligation and minimal event risk associated with the Commission other than

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

3. JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY

the repayment of its loans from the Commission. Financial statements may be obtained from the Sunshine State Governmental Financing Commission at website: www.ssgfc.com.

- Capital Region Transportation Planning Agency

In December 2004, the Capital Region Transportation Planning Agency (CRTPA) was created through an inter-local agreement between the Florida Department of Transportation; the Counties of Leon, Gadsden, Jefferson and Wakulla; the Cities of Chattahoochee, Gretna, Midway, Monticello, Quincy, St. Marks, Sopchoppy and Tallahassee; the Towns of Greensboro, Havana and the Leon County School Board as authorized by Section 163.01 Florida Statutes. It was established in order for the members to participate cooperatively in the development of transportation related plans and programs. The governing board consists of voting representatives from the Counties of Leon, Gadsden, Jefferson and Wakulla; the Cities of Midway, Quincy, Tallahassee, Chattahoochee and Gretna; the Towns of Greensboro and Havana, the Leon County School Board, and three nonvoting representatives from the Florida Department of Transportation, the Federal Highway Administration, and StarMetro.

The CRTPA receives federal and state transportation funds for the performance of its transportation planning and programming activities. If operating expenses exceed the external funding obtained, the deficit is funded by the members of the CRTPA in proportion to their weighted votes. As a participating member of CRTPA, the City therefore has a limited share of financial responsibility for any such deficits.

Current audited financial statements may be obtained from the Capital Region Transportation Planning Agency, 300 S. Adams Street, Box A-19, Tallahassee, Florida 32301.

- Consolidated Dispatch Agency

In December 2006, the Consolidated Dispatch Agency (CDA) was created through an inter-local agreement between the City of Tallahassee (City) and Leon County, Florida (County), and the Leon County Sheriff (Sheriff). The purpose of the CDA is to provide law enforcement and emergency dispatch services to the City and Leon County, Florida. On April 1, 2014, the commencement date, all existing dispatch operations personnel of the City, Sheriff, and the County became part of the CDA. The City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff constitute the CDA's Board of Directors.

The CDA is primarily funded by the City of Tallahassee and the Leon County Sheriff based upon the per capita population within the incorporated limits of the City of Tallahassee and within the unincorporated area of Leon County. For the twelve month period ended September 30, 2016, the City's contribution to the CDA was \$4,982,380.

Current audited financial statements may be obtained from the Consolidated Dispatch Agency, 300 S. Adams Street, Box A-19, Tallahassee, Florida 32301.

4. JOINTLY GOVERNED ORGANIZATION

- City of Tallahassee-Leon County Blueprint Intergovernmental Agency

In October 2000, the City entered into an inter-local agreement with Leon County as authorized by Section 163.01(7) Florida Statutes. This agreement created the Blueprint Intergovernmental Agency (Blueprint) to govern the project management for the project planning and construction of a list of projects known as the Blueprint projects. The Board of County Commissioners and the City Commission constitute the Blueprint Intergovernmental Agency. The revenues to fund the projects under this agreement are the collections of the

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

4. JOINTLY GOVERNED ORGANIZATION

local government infrastructure sales surtax, which began December 1, 2004. This tax was extended pursuant to the provisions in Section 212.055, Florida Statutes, until December 31, 2039.

Periodically, Blueprint provides construction management services to the City. For these services, Blueprint and the City enter into Joint Participation Agreements (JPAs) whereby the City agrees to pay an administrative fee to Blueprint. No fees were paid by the City to Blueprint in fiscal year 2016.

Current audited financial statements may be obtained from Blueprint Intergovernmental Agency, 315 S. Calhoun St., Suite 450, Tallahassee, Florida 32301.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. With the exception of interfund services provided and used, the effect of interfund activity has been eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Basis of accounting refers to when revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year taxes are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Community Redevelopment Agency Fund accounts for the general tax revenue collected and the expenses incurred in the redevelopment of properties in the Community Redevelopment area.

The government reports the following major proprietary funds:

- The Electric Fund accounts for the assets, operation and maintenance of the City-owned electric generation, transmission, and distribution system.
- The Gas Fund accounts for the assets, operation and maintenance of the City-owned gas system.
- The Sewer Fund accounts for the assets, operation and maintenance of the City's wastewater system.
- The Water Fund accounts for the assets, operation, and maintenance of the City's water production and distribution system.
- The Airport Fund accounts for the assets, operation, and maintenance of the City-owned international airport.
- The Stormwater Fund accounts for the assets, operation, maintenance, and expansion of the City-owned stormwater utility system.

Additionally, the government reports the following fund types:

- Internal Service Funds account for various services provided to other departments of the government and to other governments on a cost reimbursement basis. The services provided include an 800 megahertz system, revenue collection, information systems services, accounting operations, purchasing, fleet management, human resources, employee retirement plan's administrative operation, risk management operation, internal loan program, utility services functions, and environmental policy initiatives.
- The Nuclear Decommissioning Private-Purpose Trust Fund is used to account for resources legally held in trust for Florida Power Corporation (FPC) for the future decommissioning of the Crystal River Unit 3 Utility Plant (CR3 Plant). On October 1, 1999, the City sold its interest in the CR3 Plant to FPC and was released from any decommissioning costs in excess of the amount held in trust.
- The Pension Trust Fund includes a Defined Benefit Plan and a Defined Contribution Plan. It is used to account for the accumulation of resources to be used for retirement annuity payments to City employees. The Defined Benefit Plan accounts for general employees, police officers, and fire fighters separately. The Defined Contribution Plan covers all employees who elect to contribute a portion of their salary to the plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the general employees, police officers and fire fighters pension plans, and additions to/deductions from the respective plan's fiduciary net position have been determined on the same basis as they are reported by each of the plans. For this purpose, benefits payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- The OPEB Trust Fund accounts for the accumulation of resources to be used for benefit payments for retirees health care costs.

The private sector standards of accounting and financial reporting are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fines and forfeitures, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and of the City's internal service funds, are charges to customers for sales and services. The water and sewer funds also recognize as operating revenue the portion of the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet this definition are reported as nonoperating revenue and expenses. 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 they are needed.

D. ASSETS, LIABILITIES, AND NET POSITION

1. CASH AND CASH EQUIVALENTS/INVESTMENTS

The City considers cash on hand, demand deposits and liquid investments with an original maturity of 90 days or less to be cash and cash equivalents/investments. Liquid investments include repurchase agreements purchased under the terms of the City's depository contract, open repurchase agreements, certificates of deposit, banker's acceptances, commercial paper, U.S. Treasury direct and agency obligations and Florida Department of Treasury Special Purpose Investment Account (SPIA) funds. The City "pools" its cash and cash equivalent/investments in order to obtain efficiencies of operation and improved investment performance. Each fund maintains a share in the equity of the pooled cash and cash equivalents/investments. Each fund's equity in the City's cash and investment pool has been treated as cash equivalents/investments since cash may be withdrawn from the pool at any time without prior notice or penalty.

2. INVESTMENTS

The City's investments, except for funds invested in the Florida Department of Treasury's Special Purpose Investment Account, and certain non-participating contracts, are stated at fair value. Fair value is based on quoted market prices as of the valuation date.

3. INVENTORY

The City maintains a variety of inventory types, such as fuel, materials and supplies, and retail merchandise, all of which utilize the consumption method stated at cost, which approximates market. Inventory cost is determined using either the first-in, first-out method or the average cost method. Perpetual inventory records are maintained for all significant inventories. Reported inventories of the General Fund are equally offset by a reservation of fund balance, since they are unavailable for appropriation.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

4. ADVANCES TO OTHER FUNDS

Noncurrent portions of interfund loans receivable (reported in "Advances to" asset accounts) of governmental funds are equally offset by a fund balance reserve account which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources." The proceeds of advances to governmental funds are recorded in "Other Financing Sources."

5. RESTRICTED ASSETS

Certain proceeds of the City's enterprise funds 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. Assets are set aside for the following uses:

- Revenue Bonds Current Debt Service – used to segregate resources accumulated for debt service payments over the next twelve months.
- Revenue Bonds Future Debt Service – used to report resources set aside to make up potential future deficiencies in the revenue bonds current debt service account.
- Revenue Bonds Renewal and Replacement – used to report resources set aside to fund asset renewals and replacements or to meet unexpected contingencies.

6. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, improvements other than buildings, intangibles and public domain infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than land and infrastructure, are defined as assets with a cost of \$1,000 or more and an estimated useful life greater than one year. Land and infrastructure assets are long-lived capital assets that are stationary in nature and can be preserved for a significantly greater number of years than most general capital assets. Examples of infrastructure assets are roads, bridges, sidewalks, paved paths, utility systems, stormwater drainage systems, traffic control and lighting systems. In the initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The capitalization threshold for infrastructure assets has been set at \$100,000 for roadways and \$50,000 for other infrastructure assets. Land assets have no capitalization threshold, therefore all city-owned land is capitalized.

Other capital assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Major outlays for constructed capital assets and improvements are capitalized as projects are completed. Interest is capitalized during the construction phase of capital assets for business-type activities constructed with tax-exempt debt. The amount of interest to be capitalized is calculated as the interest expense incurred from the date of the borrowing until completion of the project net of the interest earned on invested proceeds over the same period.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund's financial statements. These general capital assets are included in the governmental activities column of the government-wide financial statements. Capital assets used in the Enterprise and Internal Service Funds are accounted for in the respective funds. All vehicles of the City are accounted for in the Garage Fund, with the

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

6. CAPITAL ASSETS

exception of StarMetro vehicles (generally buses). StarMetro vehicles are accounted for in their own fund. Depreciation on all exhaustible capital assets used in the Enterprise and Internal Service Funds is charged as an expense against their operations. Accumulated depreciation is reported on the respective fund's balance sheet.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Buildings	20 to 40
Improvements other than building	10 to 40
Equipment and machinery	5 to 40
Vehicles	5 to 20
Infrastructure	10 to 60

7. COMPENSATED ABSENCES

All non-union employees earn vacation and sick leave starting with the first day of employment; all non-union employees earn vacation and sick leave based on the number of hours worked. Vacation leave is earned based on creditable service hours worked as follows:

EXECUTIVE		SENIOR MANAGEMENT		GENERAL	
Creditable Service Hours	Leave earned per hour	Creditable Service Hours	Leave earned per hour	Creditable Service Hours	Leave earned per hour
0 - 2,079	0.057693	0 - 2,079	0.057693	0 - 10,400	0.057693
2,080 - 10,400	0.080770	2,080 - 10,400	0.069231	10,401 - 20,800	0.069231
10,401 - 20,800	0.092308	10,401 - 20,800	0.080770	20,801 - 41,600	0.080770
over 20,800	0.103847	20,801 - 41,600	0.092308	over 41,600	0.092308
		over 41,600	0.103847		

A maximum of 344 hours of vacation leave time may be carried over from one calendar year to the next for executive employees and a maximum of 264 hours for senior management and general employees. An employee who terminates employment with the City is paid for any unused vacation leave accumulated to the time of termination.

Sick leave is earned at the rate of .023077 hours for each hour of service with no maximum limit on the number of hours which may be accumulated. A non-unionized employee who terminates from the City for any reason other than termination for cause will be paid one-half of the total amount of sick leave (without regard to catastrophic illness leave) accumulated by the employee on the effective date of termination. A unionized employee who terminates from the City for any reason other than termination for cause will be paid one-third of the total amount of sick leave without regard to catastrophic illness leave accumulated by the employee on the effective date of termination. If the employee dies, the sick leave amount will be paid to the employee's beneficiary or estate. Retiring employees can elect the option of using the accumulated sick leave amount to purchase single coverage health insurance in lieu of receiving payment.

Accumulated current and long-term vacation and sick pay amounts are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for the amounts is reported in the governmental funds only if they have matured, as a result of employee resignation and retirements.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

7. COMPENSATED ABSENCES

Employees covered by the Police and Fire bargaining unit shall accrue vacation time on the following basis:

POLICE BARGAINING UNIT		FIRE BARGAINING UNIT			
		SUPPRESSION PERSONNEL		FORTY-HOUR PERSONNEL	
Creditable Service Hours	Leave Earned Per Hour	Years of Continuous Service	Hours Accrued Monthly	Years of Continuous Service	Hours Accrued Monthly
0-10,400	0.046154	1-5 years	13.25	1-5 years	10
10,401-20,800	0.057693	6-10 years	15.90	6-10 years	12
20,801-41,600	0.069231	11-15 years	18.55	11-15 years	14
over 41,600	0.080770	16-20 years	21.20	16-20 years	16
		over 20 years	23.85	over 20 years	18

For employees covered by the Police bargaining unit, accrued vacation time may not be carried over in excess of 30 days (240 hours). As of the end of the calendar year, accrued vacation time in excess of 240 hours shall be reduced to no more than 240 hours for any individual employee.

For employees covered by the Fire bargaining unit, accrued vacation time may not be carried over in excess of 318 hours for suppression personnel and 240 hours for forty-hour personnel.

Employees covered by the Police bargaining unit shall accrue sick leave at the rate of .046154 hours per hour worked, which is the fractional equivalent of eight (8) hours per month. There is no maximum limit on the number of hours which may be accumulated by an employee.

Employees covered by the Fire bargaining unit shall accrue sick leave credit at the rate of 10.6 hours of sick leave per month for suppression personnel and 8 hours of sick leave per month for forty-hour personnel. There is no maximum limit on the number of sick leave hours which may be accumulated by an employee.

For employees covered by the Police bargaining unit, payment for sick leave will be made for 33 1/3% (1/3) of the unused sick leave balance credited to an employee at the time of retirement or death, up to a maximum of seven hundred (700) hours, provided that the unused sick leave balance credited to the employee at the time of retirement or death equals at least three hundred (300) hours. If the unused sick leave balance credited to an employee at the time of retirement or death equals less than three hundred (300) hours, payment will be made for 25% (1/4) of the unused balance.

For employees covered by the Fire bargaining unit, a fire suppression employee who retires or dies will be paid for 33 1/3% (1/3) of the unused sick leave balance credited to the employee at the time of retirement or death, provided that the unused sick leave balance credited to the employee at the time of retirement or death equals at least three hundred ninety-eight (398) hours. If the unused sick leave balance credited to the employee at the time of retirement or death equals less than 398 hours, the employee who retires or dies will be paid 25% (1/4) of the unused balance. A 40-hour employee who retires or dies will be paid for 33 1/3% (1/3) of the unused sick leave balance credited to the employee at the time of retirement or death, provided that the unused sick leave balance credited to the employee at the time of retirement or death equals at least three hundred (300) hours. If the unused sick leave balance credited to the employee at the time of retirement or death equals less than three hundred (300) hours, the employee will be paid

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

7. COMPENSATED ABSENCES

for 25% (1/4) of the unused balance. An employee who accidentally dies while engaged in the performance of their firefighter duties, or who receives accidental bodily injury which subsequently results in the loss of their life within one (1) year after being received, provided that such a death is not the result of suicide and that such bodily injury is not intentionally self-inflicted, and the accidental death occurs as a result of the firefighter's response to what is reasonably believed to be an emergency involving the protection of life or property, will be paid 100% of the accrued but unused sick leave credited to them at the time of death.

In either of the above-described cases, the payment for unused sick and vacation leave will be made at the employee's straight time base rate.

8. BOND PREMIUMS, DISCOUNTS AND REFUNDING GAINS AND LOSSES

In the government-wide financial statements, and in the proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premium and discounts are deferred and amortized over the life of the bonds at the rate at which principal payments are made which approximates the effective interest method. Bond issuance costs are expensed in the year they are incurred in accordance with GASB Statement No. 65. Bond refunding gains and losses are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method. As a result of adopting GASB Statement No. 65, a deferred loss on bond refunding is reported as a Deferred Outflow of Resources on the government-wide Statement of Net Position and it is being amortized over the life of the bond. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. INDIRECT COST ALLOCATION

The City currently employs an indirect cost allocation system based upon an independent cost analysis. An administrative service fee is charged by the General Fund to the other operating funds to address General Fund administrative services provided (e.g., legal, cash management, internal audit, and budget and policy). At the fund-level statements, the administrative service fee is included in the General Fund's Miscellaneous Revenue line item and in the other operating funds in the Contractual Services line. This administrative service fee is eliminated at year-end in the government-wide statements.

10. FUELS MANAGEMENT PROGRAM

In connection with the purchase of natural gas, diesel fuel, and unleaded gasoline, the City has developed and implemented a fuels management program intended to manage the risk of changes in the market prices of natural gas, diesel fuel, and unleaded gasoline. Pursuant to this program the City may execute fixed price and option contracts from time to time to help manage fluctuations in the market price of such fuels. The fair value of such contracts are recorded at fair value on the Statement of Net Position as they have been determined to qualify as derivative instruments under GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". Such amounts are included in deferred outflows and liabilities. Any associated margin deposits are recorded in noncurrent assets. The net amounts received or paid under expired or closed contracts are recorded as an adjustment to fuel expense in the period realized. See Note V, section J.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balances – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, deferred outflows of resources, and net pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$232,868 difference are as follows (in thousands):

Bonds and Loan Payable including Premiums & Discounts	\$ (105,904)
Effect of Deferred Loss on Refunding	3,340
Compensated Absences	(8,429)
Net OPEB Obligation	(4,557)
Net Pension Liability	(117,449)
Cash Balances in Long Term Debt Fund	<u>131</u>
Net adjustments to reduce long-term liabilities of Total Governmental Funds to arrive at Net Position	<u>\$ (232,868)</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, “Capital Outlays are reported as expenditures in Governmental funds.” However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$17,510 difference are as follows (in thousands):

Capital Outlay	\$ 15,370
Depreciation Expense	<u>(32,880)</u>
Net adjustment to increase net change in Fund Balances Total Governmental Funds to arrive at Changes in Net Position Governmental Activities	<u>\$ (17,510)</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General and Enterprise Funds. The budget is adopted at the fund level and administered at the department level. The difference between budgetary revenues and expenditures and modified accrual basis revenues and expenditures as reported in the general fund financial statements are explained in the budgetary comparison schedule notes in the Required Supplementary Information of this report. The City Manager is authorized to transfer budget amounts within funds and between departments; however, any revision that alters the total expenditures of any department or fund must be approved by the City Commission. Unencumbered appropriations are closed at year-end.

Encumbrance accounting, under which requisitions, purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds.

B. COMPLIANCE WITH FINANCE - RELATED LEGAL AND CONTRACTUAL PROVISIONS

The City had no material violations of finance-related legal or contractual provisions.

C. DEFICIT FUND EQUITY - FUND BALANCE OF INDIVIDUAL FUNDS

There were no funds with a deficit fund balance as of September 30, 2016.

D. PRIOR PERIOD ADJUSTMENTS

Net Position as of October 1, 2015 has been restated to reflect the following adjustment:

Prior period depreciation was misstated related to fixed assets which were not capitalized when placed in service. This resulted in the net position of the Sewer fund (a major enterprise fund) being decreased by \$1,615,000.

NOTE IV. DETAILED NOTES - ALL FUNDS

A. DEPOSITS AND INVESTMENTS

As discussed in Note I.D. the City of Tallahassee maintains a cash and investment pool that is available for use by all funds. Each fund's portion of the pool is reported in "Cash and Cash Equivalents/Investments." Interest earned by the pool is distributed to each fund monthly based on daily balances. Other investments are also separately held by several of the City's funds.

1. DEPOSITS

At year-end, the book balance of the City's deposits were \$776,000 and the bank balance was \$(1,234,000). Also included within deposits is \$78,310,000 of the cash equivalents or liquid portion of the City's investments.

The difference between the book balance and bank balance is due to outstanding checks and deposits. Four city funds had deficit cash balances at year end totaling \$1,171,000 which is reported in accounts payable at September 30, 2016. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Depository Act (the Act). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

A. DEPOSITS AND INVESTMENTS

2. INVESTMENTS

The City's investment guidelines, as defined by the City Charter and its written investment policies, are approved by the City Commission or the Sinking Fund Commission. The City has two approved investment policies: 1) the Non-Pension Investment Policy, which covers the investment of all non-pension monies of the City, including the previously referenced cash and investment pool; and, 2) the Pension Investment Policy governing the investment of the assets of the City Pension Funds. The Non-Pension Investment Policy provides for a Core Portfolio, governing the investment of all monies held or controlled by the City, not otherwise classified as Specialized or Pension monies. The Policy specifies the investments that are authorized for purchase for the Core Portfolio. The Policy further provides for the establishment of Specialized Portfolios, with the governing criteria unique to that portfolio, including authorized investments, to be approved on a case-by-case basis by the Investment Advisory Committee. According to the City Charter, the City Treasurer-Clerk is designated to invest all monies belonging to the City pursuant to the policies approved by the City Commission, except those monies in the Pension Funds. Monies in the Pension Funds are invested under the auspices of the City Charter-created Sinking Fund Commission, which consists of the five City Commissioners and three appointed members.

Under the policies approved by the City Commission and the Sinking Fund Commission, the day-to-day investment of all monies is managed by the City Treasurer-Clerk.

The Public Funds book balance at September 30, 2016 was \$3,964,000 and the bank balance was \$1,954,000. The Public Funds balances are included in the above discussed City deposit balances.

In addition to authorizing investment instruments, the City's policies also identify various portfolio parameters addressing issuer diversification, term to maturity and liquidity, and requirement of "purchase versus delivery" perfection for securities held by a third party on behalf of and in the name of the City.

The non-pension Core Portfolio includes investments administered internally by the City of Tallahassee, funds invested in two external investment pools and the external portfolio administered by Galliard Asset Management (Galliard). The two external investment pools are 1) the Special Purpose Investment Account (the "SPIA Pool") administered by the Florida Department of Financial Services, Division of Treasury, Internal Investments and 2) the Florida Municipal Investment Trust Portfolio 0-2 Year High Quality Bond Fund (the "Florida League of Cities 0-2 Year Pool"), administered by the Florida League of Cities. At September 30, 2016, the City has \$209,196,000 invested in shares of the SPIA Pool, not the individual securities within the portfolio. The SPIA Pool has a rating of A+ from Standard and Poor's. The unaudited fair value factor for September 30, 2016 was 1.0121. The effective duration of the SPIA Pool as of September 30, 2016 was 2.65 years. At September 30, 2016, the City owns \$10,053,000 in shares of the Florida League of Cities 0-2 Year Pool, not the individual securities within the portfolio. The modified duration of the Florida League of Cities 0-2 Year Pool as of September 30, 2016 was 0.62 years.

The Nuclear Fuel Decommissioning Private Purpose Fund is a Specialized Portfolio. As of September 30, 2016, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$6,877,000 in the Florida State Board of Administration (SBA) Local Government Investment Prime Pool. The Prime Pool is a 2a-7 like pool which maintains a stable net asset value of \$1, is rated AAA and has an average weighted maturity of 50 days.

Credit Risk: The structure of the City's non-pension portfolio is designed to minimize credit risk. To limit the City's risk against possible credit losses, a maximum of 5% of the total portfolio may be held at any one time in all securities of any corporate entity, inclusive of commercial paper, medium term notes, or corporate notes and bonds. No corporate entity represented more than 5% of the portfolio at September 30, 2016. The City's Investment Policy provides that the structure of the non-pension portfolio is designed to minimize credit risk, with the majority of the securities held to be those of the highest available credit quality ratings. The non-pension portfolio's credit quality is measured using the Standard & Poor's rating scale.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

A. DEPOSITS AND INVESTMENTS

2. INVESTMENTS

As of September 30, 2016, the City had the following non-pension investments subject to credit risk in the internal and Galliard portion of the portfolio:

September 30, 2016	
Quality <u>Breakdown</u>	Portfolio <u>Percentage</u>
US Treasury	9.49 %
US Agency	27.70
AAA	10.05
AA	27.24
A	24.44
BBB	0.89
Other	0.19
Total	<u>100.00 %</u>

In addition, the City owns \$209,196,000 shares in the SPIA Pool and \$10,053,000 in the Florida League of Cities 0-2 Year Pool, as noted above.

Interest Rate Risk: In accordance with the City's non-pension investment policy, the City has established maturity limitations for each authorized investment category. The maximum duration of the various investments within the internally managed portion of the non-pension portfolio ranges from 60 days to 3.5 years. The maximum duration for externally managed investments ranges from 3.0 years to 6.0 years. The option adjusted duration of the non-pension portfolio as of September 30, 2016 was 1.45 years.

As of September 30, 2016, the non-pension portfolio that encompasses the internal portion as well as those assets under the management of Galliard, had the following investments on a time-segmented basis (in thousands):

Investment Type	Fair Value	Less than 1			
		Year	1-5 Years	6-10 Years	Over 10 Years
US Treasury	\$ 39,856	\$ 20,082	\$ 19,774	\$ -	\$ -
US Agency	53,819	10,373	43,446	-	-
Asset Backed	132,131	1,573	20,852	19,440	90,266
Corporate Bonds	133,565	66,868	66,246	451	-
Municipal	54,404	14,079	39,220	533	572
Other	6,207	6,207	-	-	-
Total	<u>\$ 419,982</u>	<u>\$ 119,182</u>	<u>\$ 189,538</u>	<u>\$ 20,424</u>	<u>\$ 90,838</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

A. DEPOSITS AND INVESTMENTS

3. PENSION PLAN

The City also has investments in its pension plan. It has investments in mutual funds in the defined contribution portion of the pension plan that are used to pay matching contributions to its retirees. As of September 30, 2016, these investments totaled \$117,964,000. Other pension plan investments are as described below.

Credit Risk: The City's Investment Policy for the Pension Plan requires its fixed-income managers to manage a high-grade portfolio of bonds. The individual money managers evaluate risk in their selection of bond securities to hold in their portfolios. The Pension Plan measures credit quality using the Standard & Poor's rating scale.

As of September 30, 2016, the City had the following pension investments subject to credit risk:

Credit Quality September 30, 2016	
<u>Quality Breakdown</u>	<u>Portfolio Percentage</u>
US Treasury	19.05 %
US Agency	5.24
AAA	1.89
AA	3.48
A	2.74
BBB	5.46
BB	0.53
CCC	0.11
C	0.10
D	0.19
NR	0.32
Commingled	60.89
Total	<u>100.00 %</u>

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS**A. DEPOSITS AND INVESTMENTS****3. PENSION PLAN**

Foreign Currency Risk: The City's Investment Policy for the Pension Plan does not explicitly address foreign currency risk. The investment policy specifies the market sectors of the investments and the benchmark for each sector. Individual money managers are hired to manage each sector and are evaluated on their performance against that benchmark. The individual money managers evaluate risk in their selection of securities to hold in their portfolios. The table below shows the Foreign Currency Risk for the City's Pension Plan (in thousands):

	<u>Exposure</u>	<u>Percentage</u>
US Dollar	\$ 1,326,994	91.94 %
Euro Currency	44,837	3.11
Japanese Yen	24,447	1.69
Pound Sterling	19,473	1.35
Swiss Franc	11,010	0.76
Hong Kong Dollar	5,154	0.36
Australian Dollar	3,388	0.23
Swedish Krona	2,796	0.19
Danish Krone	1,872	0.13
Brazilian Real	1,292	0.09
New Zealand Dollar	752	0.05
Norwegian Krone	341	0.02
South Korean Won	215	0.02
Indian Rupee	163	0.01
Taiwan Dollar	135	0.01
Hungarian Forint	124	0.01
Singapore Dollar	123	0.01
Indonesian Rupiah	97	0.01
Canadian Dollar	74	0.01
Israeli Shekel	12	-
Mexican Peso	6	-
Turkish Lira	5	-
Polish Zloty	5	-
South African Rand	2	-
Total	<u>\$ 1,443,317</u>	<u>100.00 %</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

A. DEPOSITS AND INVESTMENTS

3. PENSION PLAN

Interest Rate Risk: The City of Tallahassee's Investment Policy for the Pension Plan does not explicitly address interest rate risk. The investment policy specifies the market sectors of the investments and the benchmark for each sector. Individual money managers are hired to manage each sector and are evaluated on their performance against that benchmark. The individual money managers evaluate risk in their selection of securities to hold in their portfolios.

The City of Tallahassee held the following investments for its pension funds on a time-segmented basis as of September 30, 2016:

Pension Plan Interest Rate Risk (in thousands)

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	Over 10 Years
US Treasury	\$ 59,768	\$ -	\$ 54,760	\$ 5,008	\$ -
US Agency	16,455	3,844	4,475	26	8,110
Asset Backed	16,685	-	620	1,273	14,792
Corporate	28,567	3,566	11,729	11,279	1,993
Municipal	726	-	-	726	-
Cash and Equivalents	520	520	-	-	-
	122,721	\$ 7,930	\$ 71,584	\$ 18,312	\$ 24,895
Commingled	191,099				
Total	\$ 313,820				

4. FAIR VALUE MEASUREMENTS OF INVESTMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets. Only equities (stock holdings) held by the City's pension fund are classified as Level 1 investments. Investments classified in Level 2 of the fair value hierarchy are based upon observable, market-based inputs for similar, but not identical, investments. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Debt securities of the City's pension fund and operating fund are mostly classified at this Level. Investments classified in Level 3 of the fair value hierarchy are based upon extrapolated data, proprietary pricing models and indicative quotes for similar securities. The City has relatively few investments that are classified as Level 3 for securities that are not traded frequently. The City's Operating Portfolio and Pension Fund also have a number of investments that have their fair value determined by the net asset value of the investment holding. Investments in this category are not classified according to Levels 1, 2 and 3 of the fair value hierarchy and are shown separately in the tables that follow (in thousands).

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

A. DEPOSITS AND INVESTMENTS

4. FAIR VALUE MEASUREMENTS OF INVESTMENTS

Operating Portfolio Investments by Fair Value Level	As of September 30, 2016	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Total Internally Managed	\$ 297,218	\$ 67,565	\$ 225,131	\$ 4,522
Total Galliard Capital Management	63,483	1,468	62,015	-
Total Investments by Fair Value Level	<u>\$ 360,701</u>	<u>\$ 69,033</u>	<u>\$ 287,146</u>	<u>\$ 4,522</u>
Investments Measured at the Net Asset Value (NAV)				
Total Special Purpose Investment Account	\$ 211,727			
Total Florida League of Cities 0-2 Year	10,053			
Total Investments Measured at NAV	<u>\$ 221,780</u>			
Total Investments Measured at Fair Value	<u>\$ 582,481</u>			

The City's Operating Portfolio has two accounts that are measured at the NAV. The State of Florida's Special Purpose Investment Account (SPIA) restricts the amount that may be redeemed in any given month to 40% of the rolling three-month average of the value of the account. The City may withdraw up to \$20 million each business day from SPIA without any written notice, and may withdraw larger amounts up to the 40% rolling three-month average amount by providing advance notice of 5 business days. The Florida League of Cities 0-2 Year Bond Fund allows the City to withdraw any or all of its assets on the 15th and last day of each month, provided the City gives the Fund advance notice of at least 10 business days of the withdrawal. Included in the total investments measured at fair value are deposits of \$79,086,000 disclosed in Note IV.A.1.

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS**A. DEPOSITS AND INVESTMENTS****4. FAIR VALUE MEASUREMENTS OF INVESTMENTS**

Pension Portfolio Investments by Fair Value Level	As of September 30, 2016	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Total Debt Securities	\$ 122,201	\$ -	\$ 122,201	\$ -
Total Equity Securities	843,273	842,097	-	1,176
Total REIT Securities	66,306	66,306	-	-
Total Investments by Fair Value Level	<u>\$ 1,031,780</u>	<u>\$ 908,403</u>	<u>\$ 122,201</u>	<u>\$ 1,176</u>

Investments Measured at the Net
Asset Value (NAV)

Total Debt Securities	\$ 191,099
Total Real Estate Funds	143,403
Total Private Equity Funds	52,015
Total Timber Fund	14,552
Total Investments Measured at NAV	<u>\$ 401,069</u>

Total Investments Measured at Fair
Value\$ 1,432,849

The City's Pension Fund also has a number of investments that have their fair value determined by the net asset value of the investment holding. The Debt Securities category is comprised of two, commingled accounts: one investing in core fixed-income, the second investing in bank loans. The Pension Fund may withdraw from the core fixed-income account at any time with reasonable notice (five business days are recommended); the fund may withdraw from the bank loans account by providing advance notice of 30 days, with redemptions made on the 15th day of the month.

The Real Estate Funds consist of limited partnerships and a commingled fund. Withdrawals from the commingled fund may be made once per quarter by providing advance notice of 45 days prior to the end of the quarter; all withdrawals are subject to available cash, as determined by the fund's Trustee. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves. If withdrawal requests exceed available cash, distributions are made on a pro rata basis. Withdrawal requests are typically paid on the final day of the quarter. As of September 30, 2016, the commingled fund had a NAV of approximately \$78 million.

The limited partnerships cannot be redeemed at the option of the Pension Fund; the Pension Fund will receive distributions over the life of the limited partnership. Each partnership is expected to distribute the principal and earnings to the pension fund over a period of approximately 12 years from the establishment date of the partnership. The Pension Fund has investments in 11 active limited partnerships, all of which have varying start dates and commitment amounts. As of September 30, 2016, the Pension Fund had approximately \$69 million in unfunded commitments to these various real estate partnerships, with an expectation that the total contributions to each partnership will ultimately reach about 95% of the total commitment amount for each individual partnership.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

A. DEPOSITS AND INVESTMENTS

4. FAIR VALUE MEASUREMENTS OF INVESTMENTS

The Private Equity Funds consisted of several limited partnerships as of September 30, 2016. The limited partnerships cannot be redeemed at the option of the Pension Fund; the Pension Fund will receive distributions over the life of the limited partnership. Each partnership is expected to distribute the principal and earnings to the pension fund over a period of approximately 12 years from the establishment date of the partnership. The Pension Fund has investments in six active limited partnerships, all of which have varying start dates and commitment amounts. As of September 30, 2016, the Pension Fund had approximately \$87 million in unfunded commitments to these various real estate partnerships, with an expectation that the total contributions to each partnership will ultimately reach about 65% of the total commitment amount for each individual partnership.

The Timber Fund is comprised of a single limited partnership. The limited partnership cannot be redeemed at the option of the Pension Fund; the Pension Fund will receive distributions over the life of the limited partnership. The partnership is expected to distribute the principal and earnings to the Pension Fund over a period of approximately 12 years from the establishment date of the partnership. As of September 30, 2016, the Pension Fund had approximately \$15 million in unfunded commitments to the partnership, with an expectation that the total contributions to each partnership will ultimately reach about 85% of the total commitment amount.

B. SECURITIES LENDING TRANSACTIONS

In accordance with Section 51 of the City Charter, the City Treasurer-Clerk or his designee may authorize investment transactions that he considers prudent. Accordingly, the City participates in securities lending transactions via a Securities Lending Agreement with The Northern Trust Company ("Northern") that authorizes the banking institution to lend the City's securities to approved broker-dealers and banks in order to generate additional income. Gross income from securities lending transactions and the fees paid to Northern are reported in the City's statements. Assets and liabilities include the value of the collateral held.

During the fiscal year ended September 30, 2016, the Northern loaned, at the direction of the City's Treasurer-Clerk, securities and received cash, securities issued or guaranteed by the United States government, and irrevocable bank letters of credit as collateral. Northern does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver cash collateral for each loan equal to at least 102% of the initial market value of the loaned securities or if the borrowed securities and the collateral were denominated in different currencies, equal to 105% of the market value of the securities.

There are no restrictions on the amount of securities that may be loaned. The Agreement requires Northern to indemnify the City for losses attributable to violations by Northern of the Standard of Care set out in the Agreement. There were no such violations during the fiscal year ended September 30, 2016. Moreover, there were no losses during the fiscal year ended September 30, 2016 resulting from a default of any borrower.

During the fiscal year ended September 30, 2016, the City and each borrower maintained the right to terminate all securities lending transactions on demand. For the pension fund, the cash collateral received on each loan of securities together with the cash collateral of other qualified plan lenders were invested in a collective investment pool with Northern. The cash collateral for the non-pension funds lending activity was invested in a liquid assets portfolio institutional account. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. For the pension fund, the average term of the loan was approximately 35 days, while the average duration of the investment pool as of September 30, 2016 was 32 days. For the non-pension funds, the average term of the loan was approximately 24 days, while the average duration of the investment

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

B. SECURITIES LENDING TRANSACTIONS

pool as of September 30, 2016 was 55 days. On September 30, 2016, the City had no credit risk exposure to borrowers.

As of September 30, 2016, for the City's pension fund, the collateral held and the market value of securities on loan were \$157,185,000 and \$154,092,000, respectively; for the City's non-pension funds, the collateral held and the market value of securities on loan were \$7,636,000 and \$8,208,000 respectively.

A summary of the fair market value of the securities on loan as of September 30, 2016 follows (in thousands):

	Pension Fund	Non-Pension Fund
Corporate Bonds	\$ 1,447	\$ 8,208
Common Stock	138,405	-
U.S. Government Treasury Notes	14,240	-
	<u>\$ 154,092</u>	<u>\$ 8,208</u>

C. RECEIVABLES

1. PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Leon County Property Appraiser and the Leon County Tax Collector. The laws of the State regulating tax assessment are also designed to ensure consistent property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2016 was 4.2. All property is assessed by the county according to its fair market value on January 1 of each year. 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 current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties.

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. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer.

Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the seven year statute of limitations.

The City Tax Calendar is as follows: Valuation Date: January 1; Levy Date: November 1; Due Date: March 31, Succeeding Year; and Lien Date: April 1, Succeeding Year.

2. AIRPORT FUND'S LEASING OPERATIONS

The Airport Fund's leasing operations consist principally of leasing land and buildings under operating leases to airlines, rental car agencies and other commercial enterprises. Original lease terms vary from one to thirty-two years and require, in most cases, that leasehold improvements be contributed to the City at lease termination.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

C. RECEIVABLES

2. AIRPORT FUND'S LEASING OPERATIONS

The following is a schedule, by years, of minimum future rentals on noncancelable operating leases of the Airport Fund as of September 30, 2016 (in thousands):

<u>Years ending September 30,</u>	
2017	\$ 2,813
2018	2,723
2019	2,699
2020	2,657
2021	2,620
2022-2026	5,058
2027-2031	3,467
2032-2036	3,314
2037-2041	1,952
2042-2046	597
Thereafter	123
	<u>\$ 28,023</u>

Total minimum future rentals do not include contingent rentals that may be realized under certain leases that require additional rent if the tenant's gross revenues exceed stipulated minimums. Contingent rentals for the fiscal year ended September 30, 2016 amounted to \$221,311.

Effective October 2016, the City entered into five-year lease and use agreements with its major airline tenants (the signatory airline agreements). The agreement requires that rates for rentals, fees and charges be reviewed annually and adjusted so that the total airline revenues equal the Signatory Airline's share of the Net Requirement in each respective area of the Airport. Settlement provisions under the agreement provides for a recalculation of rates for rentals, fees and charges for the preceding fiscal year. Upon determination of any difference between the actual rentals, fees and charges paid by Signatory Airlines during the preceding fiscal year and the rentals, fees, and charges that would have been paid by Signatory Airlines using said recalculated rates, the City shall return to the airlines the amount of such difference in the event of an overpayment and, in the event of an underpayment, the City will invoice the airlines for the amount of such underpayment.

At the end of the fiscal year, after determination of settlement, the City will share with the Signatory Airlines a portion of net remaining revenues. The Signatory Airlines' percentage of revenue sharing on net remaining revenues will be forty percent (40%) and the City's share will be sixty percent (60%). Availability of revenue sharing will be based on City's ability to satisfy its obligations and meet Debt Service Coverage requirements in each fiscal year.

The minimum rentals to be paid by the signatory airlines under this agreement will vary each year and such amounts have not been included in the above schedule of minimum future rentals. The Signatory Airline Agreement is reliant on the ongoing operations of the signatory airlines.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2016 was as follows (in thousands):

	Primary Government			
	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Non-Depreciable Assets:				
Land	\$ 364,350	\$ 3,583	\$ -	\$ 367,933
Construction-in-Progress	25,717	15,504	(25,933)	15,288
Total Non-depreciable Assets	<u>\$ 390,067</u>	<u>\$ 19,087</u>	<u>\$ (25,933)</u>	<u>\$ 383,221</u>
Depreciable Assets:				
Buildings	\$ 114,031	\$ -	\$ -	\$ 114,031
Equipment	62,107	1,651	(10,141)	53,617
Improvements other than buildings	14,354	-	(10)	14,344
Infrastructure	851,388	44,726	(23,289)	872,825
Intangibles	14	-	-	14
Total Depreciable Assets	<u>1,041,894</u>	<u>46,377</u>	<u>(33,440)</u>	<u>1,054,831</u>
Less accumulated depreciation for:				
Buildings	(64,393)	(2,747)	-	(67,140)
Equipment	(49,041)	(2,018)	10,214	(40,845)
Improvements other than buildings	(6,132)	(446)	9	(6,569)
Infrastructure	(483,017)	(29,083)	-	(512,100)
Intangibles	(5)	-	-	(5)
Total Accumulated Depreciation	<u>(602,588)</u>	<u>(34,294)</u>	<u>10,223</u>	<u>(626,659)</u>
Total Depreciable Assets, net	<u>\$ 439,306</u>	<u>\$ 12,083</u>	<u>\$ (23,217)</u>	<u>\$ 428,172</u>
Business-type Activities				
Non-Depreciable Assets:				
Land	\$ 126,323	\$ 7,399	\$ (4,306)	\$ 129,416
Construction-in-Progress	113,072	93,179	(74,496)	131,755
Total Non-depreciable Assets	<u>\$ 239,395</u>	<u>\$ 100,578</u>	<u>\$ (78,802)</u>	<u>\$ 261,171</u>
Depreciable Assets:				
Buildings	\$ 204,462	\$ 22,622	\$ (13,145)	\$ 213,939
Equipment	880,066	88,007	(67,103)	900,970
Improvements other than buildings	37,641	2,318	(234)	39,725
Infrastructure	1,214,855	145,809	(141,337)	1,219,327
Intangibles	213,390	38,726	(18,541)	233,575
Total Depreciable Assets	<u>2,550,414</u>	<u>297,482</u>	<u>(240,360)</u>	<u>2,607,536</u>
Less accumulated depreciation for:				
Buildings	(73,033)	(6,766)	65	(79,734)
Equipment	(467,222)	(38,202)	25,601	(479,823)
Improvements other than buildings	(13,338)	(2,741)	455	(15,624)
Infrastructure	(450,374)	(32,958)	39	(483,293)
Intangibles	(75,570)	(5,379)	133	(80,816)
Total Accumulated Depreciation	<u>(1,079,537)</u>	<u>(86,046)</u>	<u>26,293</u>	<u>(1,139,290)</u>
Total Depreciable Assets, net	<u>\$ 1,470,877</u>	<u>\$ 211,436</u>	<u>\$ (214,067)</u>	<u>\$ 1,468,246</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

D. CAPITAL ASSETS

Depreciation expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental Activities:	
General Government	\$ 725
Public Safety	689
Transportation	993
Human Services	133
Economic Development	141
Physical Environment	8
Culture and Recreation	963
General Infrastructure	29,228
Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets	1,133
Total depreciation expense-governmental activities	<u>\$ 34,013</u>
Business-Type Activities:	
Electric	\$ 42,323
Gas	2,161
Sewer	16,066
Water	4,994
Airport	6,539
StarMetro	3,331
Solid Waste	71
Golf	114
Stormwater Management	1,619
Fire Services	939
Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets	7,709
Total depreciation expense-business-type activities	<u>\$ 85,866</u>

Interest incurred during long-term construction projects is included as part of the capitalized value of the assets constructed. Interest costs incurred in proprietary funds consisted of the following at September 30, 2016 (in thousands):

	Electric	Water	Sewer	Gas
Total interest cost incurred	\$ 28,034	\$ 3,806	\$ 13,622	\$ 836
Decrease as a result of capitalizing interest as a cost of construction	(7,208)	(1,724)	(11,471)	(143)
Interest Charged to Operations	<u>\$ 20,826</u>	<u>\$ 2,082</u>	<u>\$ 2,151</u>	<u>\$ 693</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

D. CAPITAL ASSETS

The interest costs capitalized above are netted with the interest earned on the bond proceeds to arrive at the net amount of interest capitalized. Capitalized interest in the proprietary funds consisted of the following at September 30, 2016 (in thousands):

	Electric	Water	Sewer	Gas
Interest expense incurred during construction and capitalized	\$ 7,208	\$ 1,724	\$ 11,471	\$ 143
Interest earned on bond proceeds	(221)	(291)	(255)	-
Net Interest Capitalized	<u>\$ 6,987</u>	<u>\$ 1,433</u>	<u>\$ 11,216</u>	<u>\$ 143</u>

E. INTERFUND RECEIVABLES, PAYABLES, INTRAGOVERNMENTAL CHARGES, AND TRANSFERS

1. INTERFUND RECEIVABLES/PAYABLES

At September 30, 2016, Interfund Receivables and Payables are as follows (in thousands):

Fund	Due From	Due To	Advance To	Advance From
General	\$ -	\$ 53	\$ -	\$ 764
Electric	34,090	-	500	7,597
Gas	-	-	-	2,268
Stormwater	-	-	178	-
Nonmajor governmental/Account group	-	-	21,264	678
Nonmajor business-type	-	10	-	12,586
Internal service funds	63	34,090	1,951	-
	<u>\$ 34,153</u>	<u>\$ 34,153</u>	<u>\$ 23,893</u>	<u>\$ 23,893</u>

\$34,331,000 of the interfund receivables and payables balances represent amounts remaining from loans to fund operations. \$23,715,000 of these balances represent amounts loaned for capital funding.

2. INTRAGOVERNMENTAL CHARGES

Certain functions of the City of a general and administrative nature are accounted for in internal service funds. The costs accumulated in these funds are allocated to the various funds benefited by the services via charges, which are recorded as charges for services in the internal service funds and expenses or expenditures in the benefited funds.

Such costs allocated to the funds for the year ended September 30, 2016 are as follows (in thousands):

General	\$ 20,091
Community Redevelopment Agency	30
Electric	21,207
Gas	2,470
Sewer	6,776
Water	7,579
Airport	1,546
Stormwater management	4,686
Nonmajor business type	16,733
Nonmajor governmental type	889
Fiduciary type	1,073
Internal service type	7,339
	<u>\$ 90,419</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

E. INTERFUND RECEIVABLES, PAYABLES, INTRAGOVERNMENTAL CHARGES, AND TRANSFERS

3. INTERFUND TRANSFERS

At September 30, 2016, Interfund Transfers are as follows (in thousands):

Transfer Out	Transfers In								Total
	General	Electric	Gas	Sewer	Water	Nonmajor Governmental	Nonmajor Business-type	Internal Service Funds	
General	\$ -	\$ 78	\$ -	\$ -	\$ -	\$ 9,882	\$ 7,329	\$ 2,123	\$ 19,412
Electric	29,367	-	-	-	-	164	-	1,238	30,769
Gas	2,809	-	-	-	-	4	-	236	3,049
Sewer	4,675	-	-	-	-	32	-	313	5,020
Water	3,416	-	-	-	-	21	-	589	4,026
Stormwater	415	-	-	-	-	39	-	-	454
Nonmajor governmental	592	-	-	-	-	1,497	2,978	344	5,411
Nonmajor business-type	2,287	-	-	-	-	204	-	214	2,705
Internal Service	2,971	-	-	-	-	1,567	-	320	4,858
Total	<u>\$ 46,532</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,410</u>	<u>\$ 10,307</u>	<u>\$ 5,377</u>	<u>\$ 75,704</u>

Interfund transfers are primarily for operations, capital projects funding and governmental fund debt service.

F. LEASE COMMITMENTS

1. Operating

The City has entered into operating leases for buildings and equipment. The leases are for one to five years, expiring in 2017 through 2020. Total rent expenses incurred by the City for the year ended September 30, 2016, was \$349,221. The remaining future minimum lease obligations are as follows (in thousands):

Year Ending September 30,	
2017	\$ 63
2018	50
2019	48
2020	43
Total	<u>\$ 204</u>

2. Capital

The City of Tallahassee leases certain specialized equipment under a lease classified as a capital lease. The leased equipment is depreciated on a straight line basis over 5 years and is included in depreciation expense. The gross amount of the equipment recorded under the capital lease is \$2,354,635 as of September 30, 2016. The following is a schedule showing the future minimum lease payments under capital leases by years and the present value of the minimum lease payments as of September 30, 2016 (in thousands):

Year Ending September 30,	
2017	\$ 471
2018	471
Total minimum lease payments	<u>\$ 942</u>
Less: Amount representing interest	26
Present Value of minimum lease payments	<u>\$ 916</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

1. SUMMARY OF CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in Long-Term Debt for the year ended September 30, 2016 (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Current	Noncurrent
Governmental Activities:						
General Revenue Bonds	\$ 99,355	\$ -	\$ 7,530	\$ 91,825	\$ 7,910	\$ 83,915
Unamortized Premiums	13,107	-	764	12,343	-	12,343
Bank of America Loan	-	1,736	-	1,736	209	1,527
	<u>112,462</u>	<u>1,736</u>	<u>8,294</u>	<u>105,904</u>	<u>8,119</u>	<u>97,785</u>
Compensated Absences	9,099	6,882	6,412	9,569	6,882	2,687
Net Pension Liability	54,657	112,698	49,906	117,449	-	117,449
OPEB Obligation	3,776	6,289	5,508	4,557	-	4,557
Total Governmental-Type Debt	<u>179,994</u>	<u>127,605</u>	<u>70,120</u>	<u>237,479</u>	<u>15,001</u>	<u>222,478</u>
Business-Type Activities:						
Energy System Refunding 2001	1,005	-	1,005	-	-	-
Energy System 2005	3,100	-	3,100	-	-	-
Energy System 2007	182,170	-	3,165	179,005	3,315	175,690
Energy System 2010	77,845	-	5,380	72,465	5,610	66,855
Energy System 2010A	42,250	-	215	42,035	220	41,815
Energy System 2010B	122,280	-	-	122,280	-	122,280
Energy System 2010C	30,715	-	1,735	28,980	1,815	27,165
Energy System 2011	3,365	-	23	3,342	1,084	2,258
Energy System Refunding 2015	94,615	-	3,275	91,340	4,020	87,320
CURSB 2001	7,810	-	1,800	6,010	1,900	4,110
CURSB 2007	151,675	-	4,020	147,655	4,220	143,435
CURSB 2010A	117,015	-	-	117,015	-	117,015
CURSB 2010B	24,700	-	1,155	23,545	1,215	22,330
CURSB 2015	44,255	-	300	43,955	350	43,605
AMI Loan Payable	26,282	-	2,768	23,514	2,881	20,633
Bank of America Loan	-	840	-	840	101	739
Unamortized Premiums	31,187	-	1,330	29,857	-	29,857
	<u>960,269</u>	<u>840</u>	<u>29,271</u>	<u>931,838</u>	<u>26,731</u>	<u>905,107</u>
Compensated Absences	12,115	9,114	8,345	12,884	9,114	3,770
Net Pension Asset	(5,305)	5,305	-	-	-	-
Net Pension Liability	-	28,071	14,700	13,371	-	13,371
Total Business-Type Debt	<u>967,079</u>	<u>43,330</u>	<u>52,316</u>	<u>958,093</u>	<u>35,845</u>	<u>922,248</u>
Total Long-Term Debt	<u>\$ 1,147,073</u>	<u>\$ 170,935</u>	<u>\$ 122,436</u>	<u>\$ 1,195,572</u>	<u>\$ 50,846</u>	<u>\$ 1,144,726</u>

For governmental activities, claims, judgments, pension obligations, OPEB obligations and compensated absences have been primarily liquidated by the General Fund.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

2. SUMMARY OF INDIVIDUAL BOND ISSUES

Summarized below are the City's individual bond issues outstanding at September 30, 2016 (in thousands):

GENERAL REVENUE BONDS:

\$26,975,000 Capital Improvement Refunding Revenue Bonds – Series 2009, due in annual installments ranging from \$550,000 to \$1,975,000 ending on April 1, 2031, interest rate at 3.710%. Bonds are payable from and secured by a junior lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, and the Communications Service Tax.

15,880

\$49,165,000 Capital Bonds - Series 2012, due in annual installments ranging from \$525,000 to \$5,830,000 ending on October 1, 2024, interest rates at 2.00% to 5.00% depending on maturity date. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Service Tax, and earnings on the investment of all funds and accounts created by and described in the Bond Resolution, except the Rebate Fund and the Unrestricted Revenue Account.

37,140

\$40,225,000 Capital Bonds – Series 2014, due in annual installments ranging from \$375,000 to \$3,175,000 ending on October 1, 2034, with interest rates at 2.0% to 5.0% depending on maturity date. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Services Tax, Public Service Tax Revenues and earnings on the investment of all funds and accounts created by the Bond Resolution, except the Rebate Fund and Unrestricted Revenue Account.

38,805

Total General Revenue Bonds

\$ 91,825

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

2. SUMMARY OF INDIVIDUAL BOND ISSUES

PROPRIETARY REVENUE BONDS

\$203,230,000 Energy System Revenue Bonds - Series 2007, due in annual installments ranging from \$670,000 to \$19,275,000 ending on October 1, 2037, interest rates at 4.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system.	179,005
\$77,845,000 Energy System Refunding Revenue Bonds – Series 2010, due in annual installments ranging from \$2,005,000 to \$14,225,000 ending on October 1, 2028, interest rates at 4.0% to 5.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	72,465
\$43,245,000 Energy System Refunding Revenue Bonds - Series 2010A, due in annual installments ranging from \$195,000 to \$8,825,000 ending on October 1, 2026, interest rates at 2.0% to 4.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	42,035
\$122,280,000 Energy System Revenue Bonds - Series 2010B, due in annual installments ranging from \$930,000 to \$32,445,000 ending on October 1, 2040, interest rate at 5.969%. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	122,280
\$35,485,000 Energy System Revenue Bonds - Series 2010C, due in annual installments ranging from \$900,000 to \$4,040,000 ending on October 1, 2029, interest rates at 4.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	28,980
\$3,440,000 Energy System Refunding Revenue Bonds - Series 2011, due in annual installments ranging from \$9,000 to \$1,142,000 ending on October 1, 2019, interest rate at 2.37%. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	3,342
\$94,615,000 Energy System Refunding Revenue Bonds - Series 2015, due in annual installments ranging from \$3,275,000 to \$7,880,000 ending on October 1, 2032, interest rates at 3.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System and certain other amounts as provided by Resolution.	91,340
\$23,900,000 Consolidated Utility System Refunding Revenue Bonds - Series 2001, due in annual installments ranging from \$1,195,000 to \$2,110,000 ending on October 1, 2019, interest rates at 4.50% to 5.50% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.	6,010

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

2. SUMMARY OF INDIVIDUAL BOND ISSUES

\$164,460,000 Consolidated Utility Systems Revenue Bonds - Series 2007, due in annual installments ranging from \$1,790,000 to \$10,910,000 ending on October 1, 2037, interest rates of 4.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.

147,655

\$117,015,000 Consolidated Utility Systems Revenue Bonds - Series 2010A, due in annual installments ranging from \$3,415,000 to \$20,010,000 ending on October 1, 2040, interest rates at 5.068% to 5.218% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution and the net revenues of the City's Utility System (consisting of the City's water and sewer systems).

117,015

\$25,820,000 Consolidated Utility Systems Revenue Bonds - Series 2010B, due in annual installments ranging from \$1,120,000 to \$3,255,000 ending on October 1, 2026, interest rates at 2.0% to 5.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution and the net revenues of the City's Utility System (consisting of the City's water and sewer systems).

23,545

\$44,255,000 Consolidated Utility System Refunding Revenue Bonds - Series 2015, due in annual installments ranging from \$300,000 to \$3,665,000 ending on October 1, 2035, interest rates at 3.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.

43,955

Total Proprietary Revenue Bonds

877,627

Total Bonds Payable

\$ 969,452

3. CONDUIT DEBT OBLIGATIONS

From time to time, the City has acted as a conduit for the issuance of bonds for non-profit organizations for the acquisition, construction, and improvement of housing, educational, and medical facilities deemed to be in the public interest, and has issued Industrial Revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

- As of September 30, 2016, there were two series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled \$357.3 million and the outstanding balance is \$357.3

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

3. CONDUIT DEBT OBLIGATIONS

million.

- As of September 30, 2016, there was one Florida State University School Lease Revenue Bond outstanding. The original issue amount totaled \$18.1 million and the outstanding balance is \$12.8 million.
- As of September 30, 2016, there was one Industrial Revenue Bond outstanding. The original issue amount totaled \$5.4 million and the outstanding balance is \$5.2 million.

4. AMI LOAN PROGRAM

On December 27, 2007, the City entered into a loan with the Bank of America Capital Corporation to provide \$35,300,000 of financing to fund the City's Smart Metering program. The loan is due in semi-annual installments ranging from \$1,083,000 to \$1,633,000 ending on June 27, 2024, bearing interest at 3.9459%. Additionally, on September 25, 2010, the City entered into a supplemental loan for additional funding of the Smart Metering program in the amount of \$4,670,000. The supplemental loan is due in semi-annual installments ranging from \$189,000 to \$219,000 ending on June 27, 2024, bearing interest at 4.59%. In prior years, the City reduced the outstanding amount of the supplemental loan through application of unused proceeds. The installment payment schedule was unchanged but the maturity of the supplemental loan will now occur on June 27, 2018. Both loans are payable and secured by the Smart Energy Metering and Management System, consisting of meters and communication devices. The outstanding balance of this loan was \$23.5 million as of September 30, 2016.

5. SCHEDULE OF DEBT SERVICE REQUIREMENTS, FOR ALL OUTSTANDING DEBT INCLUDING PRINCIPAL AND INTEREST (IN THOUSANDS)

Year ending September 30	Governmental Activities		Business - Type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2017	\$ 8,119	\$ 4,213	\$ 26,731	\$ 45,258	\$ 84,321
2018	7,325	3,942	27,930	44,105	83,302
2019	7,614	3,654	28,812	42,801	82,881
2020	7,967	3,298	30,553	41,443	83,261
2021	8,346	2,920	32,120	40,003	83,389
2022-2026	29,070	9,339	177,890	176,435	392,734
2027-2031	16,040	4,488	189,815	132,329	342,672
2032-2036	9,080	923	189,630	85,423	285,056
2037-2040	-	-	198,500	28,529	227,029
Totals	<u>\$ 93,561</u>	<u>\$ 32,777</u>	<u>\$ 901,981</u>	<u>\$ 636,326</u>	<u>\$ 1,664,645</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

H. NET POSITION

The business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted or unrestricted.

1. NET INVESTMENT IN CAPITAL ASSETS

Net Investment in Capital Assets is intended to reflect the portion of net position associated with non-liquid, capital assets less outstanding capital asset related debt. Related debt includes the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets of the City.

2. RESTRICTED ASSETS

Restricted Assets are subject to constraints that are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

3. UNRESTRICTED ASSETS

Unrestricted Assets are the portion of net position that are neither invested in capital assets nor restricted for use by a third party.

The net position shown in government-wide financial statements was changed beginning in fiscal year 2012 to comply with GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The details of net position presentation are explained in Note IV.I. "Fund Balance" below.

I. FUND BALANCE

The City classifies governmental fund balances as follows:

Non-spendable Fund Balance - includes fund balance amounts that cannot be spent either because it is a) not in a spendable form, such as inventory or b) because it is legally or contractually required to be maintained intact.

Spendable Fund Balance

- Restricted – fund balance amounts constrained for specific purposes that are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – fund balance amounts constrained for specific purposes imposed by majority vote of the City Commission.
- Assigned – spendable fund balance amounts transferred from committed funds into projects or other funds under the control of the department budgeted to receive the committed funds. Budgetary control is established within each fund and department. The City Manager or designee may transfer amounts between departments within the same fund. These transfers are not specifically approved by the City Commission.
- Unassigned - residual positive fund balance within the General Fund that was not classified within the categories defined above. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

I. FUND BALANCE

The City spends restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City Commission has established an emergency reserve policy and fund, referred to as the Deficiencies Fund, in order to meet unforeseen expenditures. The target amount per the policy is a maximum level of two (2) months of general government operating expenditures of the ensuing fiscal year's operating budget. Use of the Deficiencies Fund requires approval by the City Commission. The Deficiencies Fund is contained as a separate sub-fund within the General Fund and the balance is classified as committed fund balance within the General Fund.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS

I. FUND BALANCE

A schedule of City fund balances is provided below (in thousands):

	General	Community Redevelopment Agency	Total Other Governmental	Total Governmental Funds
Non-spendable				
Inventory	\$ 932	\$ -	\$ -	\$ 932
Notes Receivable	-	-	303	303
Police Evidence Holding Cash	416	-	-	416
FMV Cash	165	21	260	446
Total Non-Spendable	1,513	21	563	2,097
Restricted for:				
Animal Services	-	-	33	33
Building Improvements	-	-	1,772	1,772
Community Development	-	4,843	1,219	6,062
Consolidated Dispatch	-	-	117	117
Educational Programs	-	-	(2)	(2)
Emergency Management	-	-	(55)	(55)
Fire Programs	-	-	(20)	(20)
Housing	-	-	221	221
Land/Neighborhood Improvements	-	-	179	179
Law Enforcement Justice Assistance	-	-	119	119
Park Enhancements	-	-	(4)	(4)
Police Enforcement/Crime Prevention	-	-	(193)	(193)
Police Equipment	-	-	(31)	(31)
Police Mentoring	-	-	(6)	(6)
Recreation Facilities	-	-	914	914
Regional Transportation Management Center	-	-	(157)	(157)
Road Improvements	-	-	18,701	18,701
Sidewalks/Pedestrian & Bike Paths	-	-	4,904	4,904
Technology Upgrades	-	-	34	34
Traffic Signals	-	-	1,945	1,945
Transportation Improvements	-	-	4,802	4,802
Youth Programs	-	-	(4)	(4)
Total Restricted	-	4,843	34,488	39,331
Committed to:				
Cemetery Grounds Maintenance	-	-	4,741	4,741
City Building Improvements	-	-	2,683	2,683
Community Development	-	-	3,492	3,492
Consolidated Dispatch	-	-	3,434	3,434
Emergency Management	24,982	-	-	24,982
General Government	269	-	-	269
Historic Property Preservation	-	-	79	79
Housing	-	-	(1)	(1)
Land/Neighborhood Improvements	-	-	(10)	(10)
Police Enforcement/Crime Prevention	-	-	345	345
Police Equipment	-	-	1,413	1,413
Park Enhancements	-	-	(88)	(88)
Recreation Facilities	-	-	268	268
Road Improvements	-	-	4,410	4,410
Sidewalks/Pedestrian & Bike Paths	-	-	2,205	2,205
Technology Upgrades	-	-	286	286
Transportation Improvements	-	-	970	970
Total Committed	25,251	-	24,227	49,478

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**September 30, 2016

NOTE IV. DETAILED NOTES - ALL FUNDS**I. FUND BALANCE**

	General	Community Redevelopment Agency	Total Other Governmental	Total Governmental Funds
Assigned to:				
City Building Improvements	5	-	-	5
Community Development	236	-	-	236
Community Outreach	29	-	-	29
Cultural Events	40	-	-	40
General Government	364	-	-	364
Gun Buyback	-	-	1	1
Health and Wellness	13	-	-	13
Information Technology	234	-	-	234
Physical Environment	1,166	-	-	1,166
Police Equipment	-	-	143	143
Police Training	-	-	17	17
Public Safety	81	-	-	81
Transportation Improvements	311	-	-	311
Total Assigned	<u>2,479</u>	<u>-</u>	<u>161</u>	<u>2,640</u>
Unassigned:	<u>6,544</u>	<u>-</u>	<u>(91)</u>	<u>6,453</u>
Total Fund Balance	<u>\$ 35,787</u>	<u>\$ 4,864</u>	<u>\$ 59,348</u>	<u>\$ 99,999</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

A. OUTSTANDING CONTRACTS

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2016, in the respective funds are as follows (in thousands):

General Fund	\$	1,808
Electric		20,610
Gas		906
Sewer		10,445
Stormwater Management		8,333
Water		7,346
Airport		2,995
Nonmajor Governmental		7,420
Nonmajor Enterprise		5,706
Internal Service Funds		13,088
CRA		76
Total	\$	<u>78,733</u>

Long-term purchase contract obligations for the purchase of gas and energy are disclosed in Note V.F. Long-term contracts are not included in the above outstanding commitment balances.

B. RISK MANAGEMENT PROGRAM

The Risk Management program provides coverage for Workers' Compensation by self-insuring primary losses up to \$1 million and losses above that amount are insured through an excess policy. General liability, automobile and employment liability are totally self-insured. General and automobile liability losses are statutorily limited by sovereign immunity of \$200,000 per person and \$300,000 per accident. Prior to October, 2011, the statutory limit was \$100,000 per person and \$200,000 per accident. Settlement amounts in workers' compensation claims have not exceeded the self-insured retention in the past three years. The Risk Management program is also responsible for the purchase of certain other coverages including airport liability coverage. The City's buildings and contents are covered by an all-risk, blanket program with varying deductibles. Statutory death benefits for police and firefighters are also purchased and such policy pays pursuant to the benefits specified by state law. The Risk Management Fund, which is classified as an Internal Service Fund, is responsible for collecting premiums from all of the departments for both self-insured and commercial programs, paying claim settlements on self-insured claims and procuring commercial insurance. Claims settlements and loss expenses are reserved for the expected value of the known losses and also for estimated incurred but not reported losses (IBNRs). The Risk Management program also provides Employment Practice Liability such as allegations of race, gender and other discrimination or disparate treatment allegations. This exposure is also self-insured.

Annually, as of August 31 and extrapolated to September 30, the program has a third party actuary review the claim history for all claim years for which open self-insurance claims are outstanding. The actuary projects the ultimate claim payment obligation (including the IBNRs) for each year's claim experience and projects the new year's probable loss fund cost and a discounted alternative. The City elected to establish the liability at the discounted value (2.0%).

Employee health insurance is provided through two programs. Employees may choose a health maintenance organization, or a traditional insurance program. For both options, the City pays a premium and retains no additional liability.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

B. RISK MANAGEMENT PROGRAM

Changes in the balances of self-insured claims for the year ended September 30, 2016 are as follows (in thousands):

Unpaid claims - October 1 (including IBNRs)	\$	11,383
Expenses		8,476
Claim payments		(6,248)
Unpaid claims - September 30 (including IBNRs)	\$	<u>13,611</u>

C. LITIGATION

The City is involved in pending lawsuits. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from litigation would not materially affect the financial position of the City.

D. FEDERAL AND STATE GRANTS

The City has received numerous federal and state grants that are subject to financial and compliance audits made in accordance with the Office of Management and Budget uniform administrative requirements, cost principles and audit requirements.

Certain grants, such as the Community Development Block Grant, Home grant, State Housing Initiatives Partnership, and others, provide for the issuance of loans to qualifying individuals or non-profit entities. Loans to individuals include down payment assistance loans that are not repaid unless certain events occur, such as the sale or refinancing of a purchased home within a certain time period. Loans to non-profit entities are sometimes only payable if the entity has sufficient annual cash flow, or may be forgiven by the City Commission to prevent economic hardship for the entity. Since repayment of these loans is contingent upon various factors, the loans are not reported in the Financial Statements. As of September 30, 2016, the contingent loans for Special Projects totaled \$9.0 million. The contingent down payment assistance loan balance for SHIP totaled \$1.9 million.

E. ADVANCE FUNDING OF STATE OF FLORIDA ROADWAY PROJECTS

In prior years, the City had advanced \$220,319 to the Florida Department of Transportation (FDOT) for roadway improvements. Reimbursement of these advances is subject to State legislative approval and appropriation in the fiscal years of reimbursement indicated in each contract with the FDOT. Accordingly, the advanced monies have been treated as a gain contingency and no receivable has been recorded for the possible reimbursement.

F. LONG-TERM CONTRACTS

The City acquires natural gas and power through a combination of short, medium and long-term contracts. The City currently has a 20-Year contract with Tennessee Energy Acquisition Corporation and a 30-year contract with MainStreet for natural gas discounted from an index. These contracts save the City between \$55,000 and \$100,000 each month through 2040. These contracts are managed and monitored by the City's Utility Services Department. Revenues from customers through the Energy Cost Recovery Clause (ECRC) and the Purchased Gas Recovery Clause (PGRC) are designed to recover the costs incurred by these purchase commitments.

The City engages in the wholesale power markets on a short-term and long-term basis to buy or sell power when market prices are more economical than native generation. The City participates daily in the power markets for short-term opportunities to deliver the lowest cost power to our customers. The City continuously evaluates long-term purchase or sales offers through our internal planning process and participation in Request for Proposals (RFP). The

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**

September 30, 2016

NOTE V. OTHER INFORMATION**F. LONG-TERM CONTRACTS**

City signed a Purchased Power Agreement (PPA) for 20 MW of solar PV energy for a 20-year term starting in the fall of 2017. Negotiations for an additional 40 MW of solar power are ongoing but not final at this time. These contracts are managed and monitored by the City's Utility Services Department and Electric Utility. Revenues from customers through the ECRC are designed to recover costs incurred by these purchase commitments. The following is a schedule, by years, of approximate minimum future purchase commitments on long-term purchase contracts as of September 30, 2016 (in thousands):

Years ending September 30,	Gas Contracts	Energy Contracts (including Solar PPA)	Total
2017	\$ 31,294	\$ -	\$ 31,294
2018	7,865	2,056	9,921
2019	7,143	2,049	9,192
2020	6,806	2,042	8,848
2021	6,414	2,035	8,449
Thereafter	108,329	31,870	140,199
Total	<u>\$ 167,851</u>	<u>\$ 40,052</u>	<u>\$ 207,903</u>

G. PENSION PLAN OBLIGATIONS

The City of Tallahassee Pension Plan (Plan) was established by Chapter 14 of the City Code of Ordinances and provides the following:

Plan Type	Plan Name
Cost-sharing multiple-employer, defined benefit	General Employees Pension Plan (Article II)
Single-employer, defined benefit	Police Officers Pension Plan (Article III)
Single-employer, defined benefit	Firefighters Pension Plan (Article IV)
Multiple-employer, defined contribution	Matched Annuity Pension Plan (Article V)

The Plan is administered by the City of Tallahassee Treasurer-Clerk's Office, under guidance from the Plan's Board of Trustees, which is composed of the members of the City Commission and one City police officer or firefighter. The City police officer or firefighter is elected by a majority of the police officers and firefighters who are members of the Plan. The City's general employee defined benefit provision and defined contribution provision is also provided for the employees of Blueprint 2000 Intergovernmental Agency (Blueprint 2000), the Capital Region Transportation Planning Agency (CRTPA) and the Consolidated Dispatch Agency (CDA). Blueprint 2000 is a jointly governed organization, while CRTPA and CDA are both joint ventures. The defined benefit plans for police officers and firefighters are comprised only of City employees.

The defined benefit and defined contribution provisions are combined and reported as one plan in the financial statements. The City of Tallahassee does not issue a stand-alone financial report for the Plan. The provisions of the Plan are "qualified" under the Internal Revenue Service Code and employee contributions are tax deferred.

1. DEFINED BENEFIT PROVISION

The Plan is established for all three programs in Chapter 14 of the City Code of Ordinances, through Parts A, B, C and D in Articles II, for general employees with Parts A, B and C closed to new participants while part D provides coverage to all new employees. For police officers and firefighters, Article III and IV, respectively, Parts A and B are closed to new participants while Part C provides coverage to all new employees. All members of the Plan are covered by one of these parts depending upon employment date. These parts provide a detailed description of the

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

various defined benefit provisions. These provisions include the types of employees covered, benefit provisions, employee eligibility requirements for normal, early and/or vested retirements, and the related benefits of these retirements, pre-retirement death benefits, and provisions for disability retirements. There are also post retirement cost-of-living adjustments (COLA) and health care supplements. For the year ended September 30, 2016, employers contributed 13.07% of payroll for general employees, 25.75% for police officers and 26.47% for firefighters. Employee contributions were 3.75% for general employees, 11.25% for police officers hired before October 1, 2012 and 13.69% for police officers hired on or after October 1, 2012 and 17.67% for firefighters.

I) General Employees' Pension Plan (GEPP)

In March 2013, the City Commission approved changes to the City's General Employees' Pension Plan (GEPP) effective April 1, 2013, creating Part D participants. Anyone hired on or after April 1, 2013 is a participant in Part D. Those hired prior to that date are Part C participants of the Plan. Normal retirement benefits for participants in the plan are as follows:

- Eligibility:

A member may retire on the first day of the coincident with or next following the earliest of:

For Part C Participants:

- 1) Age 62 and 5 years of Credited Service; or
- 2) 30 years of Credited Service, regardless of age.

For Part D Participants:

- 1) Age 65 and 5 years of Credited Service; or
- 2) 33 years of Credited Service, regardless of age.

- Benefit:

2.25 of Average Final Compensation (AFC) multiplied by years of Credited Service up to a maximum of 81% of the AFC. The AFC is calculated for Part D participants as the average of the highest consecutive 5 years of Credited Service. For Part C participants it is the higher of:

- 1) The final 3 years of Credited Service;
- 2) Any consecutive 3 years during the period January 1987 through December 2005 escalated by 3% for the end of the 3-year period; or
- 3) Any consecutive 3 years during the period January 1987 to the point of retirement.

- COLA:

Each retiree will receive a 3% increase in benefits on each October 1st starting:

- 1) At the later of normal retirement date, or age 55 (if retiring under age and service eligibility) or age 50 (if retiring under service eligibility) for Part C participants, or
- 2) At the later of normal retirement date or age 65 for Part D participants.

- Early Retirement:

For both Part C and Part D participants, if a member is retiring under the age and service eligibility, the Normal Retirement Benefit is reduced by 4.8% per year for each year by which the Early Retirement date precedes the Normal Retirement date. If a member is retiring under the service eligibility, the Normal Retirement Benefit is reduced by 5% per year for each year by which the Early Retirement date precedes the Normal Retirement date.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

- **Disability:**

Service requirement: Five years of Credited Service for non-service connected disability. None for service connected disability.

Benefit: The greater of:

- 1) The member's accrued benefit to date of disability; and
- 2) The member's benefit with service projected to normal retirement date not to exceed 50% of AFC in effect on the date of disability.

II) Firefighters' and Police Officers' Plan

- **Eligibility:**

A member may retire on the first day of the coincident with or next following the earliest of:

- 1) Age 55 and 5 years of Credited Service; or
- 2) 25 years of Credited Service, regardless of age.

- **Benefit:**

AFC multiplied by the accrual percentage. The AFC is calculated in the same manner as for the Part C Participants in the GEPP. Accrual rates for each year of service are:

- 1) 2.0% for purchased military service and out-of-city public service
- 2) 3.0% for the first 20 years of Credited Service
- 3) 4.0% after 20 years of Credited Service (up to an additional five years and three months).

The maximum benefit is 81% of AFC for all members of the plans.

- **COLA:**

Each retiree will receive a 3% increase in benefits on each October 1st starting:

- 1) At the later of normal retirement date, or age 52 for current active participants with a pension entry date earlier than January 1, 1995, or
- 2) At the later of normal retirement date or age 62 for current active participants with a pension entry date on or after January 1, 1995; or
- 3) At the normal retirement age for participants retiring on or after reaching age 55.

- **Early Retirement:**

A member may elect to retire earlier than the Normal Retirement Eligibility after attainment of age 50 and 5 years of Credited Service or after completion of 20 years of Credited Service. If the member is retiring after attainment of age 50 and 5 years of Credited Service eligibility, the normal benefit is reduced by 3.0% per year for each year by which the Early Retirement date precedes the Normal Retirement date. If the member is retiring after attainment of 20 years of Credited Service, the Normal Retirement Benefit is reduced by 7.2% per year for each year by which the Early Retirement date precedes the 25 years of service attainment date.

- **Disability:**

Service requirement: Two years of Credited Service for non-service connected disability. None for service connected disability.

Benefit: The greater of:

- 1) The member's accrued benefit to date of disability; and
- 2) The member's benefit with service projected to normal retirement date not to exceed 50% of AFC in effect on the date of disability.

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**September 30, 2016

NOTE V. OTHER INFORMATION**G. PENSION PLAN OBLIGATIONS****2. DEFINED CONTRIBUTION PROVISION**

All employees (general, firefighters, and police officers) may elect to contribute a portion of their salary to the Plan. General employees, firefighters and police officers can contribute up to but not to exceed the maximum amount allowed by the Internal Revenue Service. Each employer contributes 5% to each general employee's Matched Annuity Plan (MAP) account. Upon reaching normal retirement age or retiring under the Plan, a participant shall be paid his and the City's contributions, together with accrued earnings. If a general employee uses the contributions and accrued earnings to receive an annuitized payment stream, the Plan will increase the amount of funds (only on the employer's 5%, employee flex matched contribution and employees' contribution up to the 5%) used by the participant by a factor of 50%. Employee contributions (including the City's 5% contribution to each general employees MAP account) plus accrued earnings thereon are 100% refundable if the employee elects to terminate his vesting rights or is not vested at the date of employment termination.

3. PENSION PLAN INFORMATION

2016 Membership Statistical Information	General Employees-City	Police Officers	Firefighters	Total
Retirees and beneficiaries of deceased retirees currently receiving benefits	1,431	225	195	1,851
Terminated employees entitled to benefits but not yet receiving benefits	231	36	7	274
Active employees	2,016	331	248	2,595

4. NET PENSION LIABILITY

The total pension liability was determined by an actuarial valuation as of October 1, 2014, using a measurement date of September 30, 2016. The net pension liability was also determined using a measurement date of September 30, 2016. The components of the net pension liability of the participating employers in the general employees plan as of September 30, 2016 were as follows (in thousands):

Total pension liability	\$ 1,009,166
Plan fiduciary net position	983,771
Net pension liability	<u>\$ 25,395</u>
Plan fiduciary net position as a percentage of the total pension liability	97.48 %

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

4. NET PENSION LIABILITY

The City's proportionate share of the General Employees Pension Plan is based on the covered pensionable payroll, since that was the basis for determining employer contributions. The City's portion of the net pension liability of the general employees, the police officer and the firefighter plans were as follows (in thousands):

	General Employees-City	Police Officers	Firefighters
Total pension liability	\$ 969,698	\$ 322,731	\$ 226,836
Plan fiduciary net position	945,297	279,774	187,102
Net pension liability	24,401	42,957	39,734
Plan fiduciary net position as a % of total pension liability	97.48%	86.69%	82.48%
City's proportion of the net pension liability	96.1%	100.0%	100.0%

The net pension liability for the General Employees, Police Officers and Firefighters plans were allocated among the general government, Electric, Gas, Sewer, Water, Airport, Stormwater, and Other Non-Major Enterprise Funds as of September 30, 2016 as follows (in thousands):

	General Employees	Percent Allocated	Police Officers	Percent Allocated	Firefighters	Percent Allocated	Total
General Government	\$ 25,494	65.6%	\$ 48,987	100%	\$ 42,968	100%	\$ 117,449
Electric	5,190	13.3					5,190
Gas	388	1.0					388
Water	1,082	6.5					1,082
Sewer	2,478	2.8					2,478
Airport	984	2.5					984
Stormwater	1,059	2.7					1,059
Other Non-Major Enterprise Funds	2,190	5.6					2,190
Downtown Improvement Authority	29	-					29
Total	\$ 38,894	100%	\$ 48,987	100%	\$ 42,968	100%	\$ 130,849

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**

September 30, 2016

NOTE V. OTHER INFORMATION**G. PENSION PLAN OBLIGATIONS****4. NET PENSION LIABILITY**

The total pension liability was determined by an actuarial valuation as of October 1, 2014, using the following significant actuarial assumptions applied to all periods included in the measurement:

	Inflation	Salary Increases	Investment rate of return
General Employees	3.00%	3.50%	7.75%
Police Officers	3.00%	5.00%	7.75%
Firefighters	3.00%	4.00%	7.75%

The actuarially determined contribution rates are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported. The actuarially determined contribution is projected to the contribution year using conventional actuarial projection methods.

The following actuarial methods and assumptions were used to determine the most recent contribution rate are as follows:

	General Employees	Police Officers	Firefighters
Valuation Date	October 1, 2014	October 1, 2014	October 1, 2014
Actuarial Cost Method	Entry age, normal	Entry age, normal	Entry age, normal
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, closed
Remaining Amortization Period	13 years	30 years	30 years
Asset Valuation Method	20% of the difference between expected actuarial value and market value is recognized annually with a 20% corridor around market value	20% of the difference between expected actuarial value and market value is recognized annually with a 20% corridor around market value	20% of the difference between expected actuarial value and market value is recognized annually with a 20% corridor around market value
Inflation rate	3.00%	3.00%	3.00%
Salary Increase	3.50%	5.00%	4.00%
Investment rate of return	7.75%	7.75%	7.75%

For the general employees pension plan, mortality rates were based on the RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females, with mortality improvements projected using Scale AA for 15 years from the valuation date (to October 1, 2029).

For both the police officers and firefighters pension plans, mortality rates were based on the RP-2000 Combined Mortality Table with blue collar adjustments for males and females, with mortality improvements projected using Scale AA for 15 years from the valuation date (to October 1, 2029).

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

4. NET PENSION LIABILITY

Changes in the Net Pension Liability

The City is presenting net pension liability for the year ended September 30, 2016 based on the September 30, 2016 measurement date as follows (in thousands):

Changes in Net Pension Liability - General Employees Pension Plan - Increase(Decrease)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2015	\$ 970,975	\$ 930,582	\$ 40,393
Changes for the year:			
Service Cost	14,964	-	14,964
Interest	74,426	-	74,426
Differences between Expected and Actual Experience	-	-	-
Benefit Changes	-	-	-
Assumption Changes	-	-	-
Employer Contributions	-	14,591	(14,591)
Employee Contributions	-	4,523	(4,523)
Other Contributions	-	-	-
Net Investment Income	-	85,979	(85,979)
Benefit Payments	(50,887)	(50,887)	-
Refunds	(312)	(312)	-
Administrative Expense	-	(705)	705
Other Charges	-	-	-
Net Changes	38,191	53,189	(14,998)
Balances at September 30, 2016	\$ 1,009,166	\$ 983,771	\$ 25,395

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

4. NET PENSION LIABILITY

Changes in Net Pension Liability - Police Officers Pension Plan - Increase(Decrease)

	Total Pension Liability (a)	Plan Fiduciary Net Position(b)	Net Pension Liability (a) - (b)
Balances at September 30, 2015	\$ 309,267	\$ 260,280	\$ 48,987
Changes for the year:			
Service Cost	5,573	-	5,573
Interest	23,784	-	23,784
Differences between Expected and Actual Experience	-	-	-
Benefit Changes	-	-	-
Assumption Changes	-	-	-
Employer Contributions	-	6,585	(6,585)
Employee Contributions	-	3,230	(3,230)
Other Contributions	-	-	-
Net Investment Income	-	25,772	(25,772)
Benefit Payments	(15,737)	(15,737)	-
Refunds	(156)	(156)	-
Administrative Expense	-	(200)	200
Other Charges	-	-	-
Net Changes	13,464	19,494	(6,030)
Balances at September 30, 2016	\$ 322,731	\$ 279,774	\$ 42,957

Changes in Net Pension Liability - Firefighters Pension Plan - Increase(Decrease)

	Total Pension Liability (a)	Plan Fiduciary Net Position(b)	Net Pension Liability (a) - (b)
Balances at September 30, 2015	\$ 219,264	\$ 176,296	\$ 42,968
Changes for the year:			
Service Cost	3,564	-	3,564
Interest	16,774	-	16,774
Differences between Expected and Actual Experience	-	-	-
Benefit Changes	-	-	-
Assumption Changes	-	-	-
Employer Contributions	-	4,671	(4,671)
Employee Contributions	-	3,092	(3,092)
Other Contributions	-	-	-
Net Investment Income	-	15,933	(15,933)
Benefit Payments	(12,701)	(12,701)	-
Refunds	(65)	(65)	-
Administrative Expense	-	(124)	124
Other Charges	-	-	-
Net Changes	7,572	10,806	(3,234)
Balances at September 30, 2016	\$ 226,836	\$ 187,102	\$ 39,734

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**

September 30, 2016

NOTE V. OTHER INFORMATION**G. PENSION PLAN OBLIGATIONS****5. INVESTMENTS**

Plan assets are managed in accordance with the Pension Investment Policy. The table below presents the adopted asset allocation as of September 30, 2016.

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	40 %	6.4 %
International Equity	10	6.9
Emerging Markets Equity	5	9.2
Fixed Income	20	1.4
Real Estate	15	4.2
Private Equity	5	11.5
Timber	5	5.2
Total	100 %	

The Plan's investments are managed by various investment managers under contract with the Boards who have discretionary authority of the assets managed by them and within the Plan's investment guidelines as established by the Board. The investments are held in trust by the Plan's custodian in the Plan's name. The City of Tallahassee Sinking Fund Commission is responsible for making investment policy changes. These assets are held exclusively for the purpose of providing benefits to members of the Plan and their beneficiaries.

For the year ended September 30, 2016, the annual money-weighted rate of return on the General Employees, Police Officers, and Firefighters pension plan investments, net of investment expense, was 9.04%. The money-weighted rate of return takes into account cash flows into and from the various investments of the Plan.

The long-term expected rate of return on pension plan investment is based upon an asset allocation study that was conducted for the Plan by its investment consultant toward the end of fiscal year 2013. The study was prepared by the Pension Plan's investment consultant, and went through numerous iterations before a final asset allocation was established. The study looked at expected rates of return for twenty-one (21) different asset classes, as well as examining expected standard deviations and correlations among these various asset classes.

6. DISCOUNT RATES

The discount rates used to measure the total pension liability of the Plan are indicated below. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these 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 (7.75%) was applied to all periods of projected benefits payments to determine the total pension liability.

The discount rates as of September 30, 2016 were as follows:

General Employees	Police Officers	Firefighters
7.75%	7.75%	7.75%

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

6. DISCOUNT RATES

The following presents the Plan's net pension liability, calculated using a single discount rate of 7.75%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption
(in thousands)

	1% Decrease 6.75%	Current Single Discount Rate Assumption 7.75%	1% Increase 8.75%
General Employees	\$ 154,528	\$ 25,395	\$ (82,028)
General Employees-City	148,485	24,401	(78,820)
Police Officers	86,358	42,957	7,156
Firefighters	68,027	39,734	16,250

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the general employees pension plan recognized pension expense of \$13,493,000 for the plan.

At September 30, 2016, the plan reported deferred outflows of resources and deferred inflows of resources related to the general employee pension plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 15,814	\$ (15,814)
Change in Net Pension Liability due to Change in Cost-Sharing Allocation Percentages	91	91	-
Net difference between projected and actual earnings on pension plan investments	50,240	13,478	36,762
Total	\$ 50,331	\$ 29,383	\$ 20,948

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

6. DISCOUNT RATES

**Net Amounts Reported as Deferred Outflows and Inflows of Resources Related to Pensions
To be Recognized in Future Pension Expenses**

Year Ending September 30	Net Amount (in thousands)
2017	\$ 3,876
2018	3,876
2019	3,877
2020	9,319
2021	-
Total	\$ 20,948

For the year ended September 30, 2016, the City recognized pension expense of \$12,949,000 for its proportionate share of the general employees pension plan. This was allocated among the City's funds and component unit as follows:

Fund	Pension Expense (in thousands)
General Government	\$ 8,647
Electric	1,664
Gas	129
Sewer	773
Water	370
Airport	337
Stormwater Management	339
Other Non-Major Enterprise	682
DIA	8
Total	\$ 12,949

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

6. DISCOUNT RATES

At September 30, 2016, the City reported \$48,468,000 of deferred outflows of resources and \$28,414,000 of deferred inflows of resources related to the general employee pension plan from the following sources (in thousands):

Fund	Difference between expected and actual experience	Net difference between projected and actual experience on pension investments	Change in Net Pension Liability due to change in cost sharing allocation percentage	Total
Deferred Outflows				
General Government	\$ -	\$ 29,774	\$ 61	\$ 29,835
Electric	-	7,211	12	7,223
Gas	-	543	1	544
Sewer	-	3,418	5	3,423
Water	-	1,528	4	1,532
Airport	-	1,392	2	1,394
Stormwater Management	-	1,452	2	1,454
Other Non-Major Enterprise	-	3,018	4	3,022
DIA	-	41	-	41
Total Deferred Outflows	\$ -	\$ 48,377	\$ 91	\$ 48,468
Deferred Inflows				
General Government	\$ 10,246	\$ 8,730	\$ -	\$ 18,976
Electric	1,972	1,680	-	3,652
Gas	152	130	-	282
Sewer	916	780	-	1,696
Water	438	373	-	811
Airport	399	340	-	739
Stormwater Management	402	343	-	745
Other Non-Major Enterprise	806	688	-	1,494
DIA	10	9	-	19
Total Deferred Inflows	15,341	13,073		28,414
Net Deferred Outflows/(Inflows)	\$ (15,341)	\$ 35,304	\$ 91	\$ 20,054

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2016

NOTE V. OTHER INFORMATION

G. PENSION PLAN OBLIGATIONS

6. DISCOUNT RATES

Net Amounts Reported as Deferred Outflows and Inflows of Resources Related to Pensions to be Recognized in Future Pension Expenses

Year Ending September 30 (in thousands)

Fund	2017	2018	2019	2020	2021	Total
General Government	\$ 1,998	\$ 1,998	\$ 2,000	\$ 4,856	\$ 7	\$ 10,859
Electric	658	657	657	1,596	3	3,571
Gas	48	48	48	118	-	262
Sewer	318	318	318	772	1	1,727
Water	133	133	133	321	-	721
Airport	120	120	121	293	1	655
Stormwater Management	130	130	132	317	-	709
Other Non-Major Enterprise	280	281	280	686	1	1,528
DIA	4	4	4	10	-	22
Total	<u>\$ 3,689</u>	<u>\$ 3,689</u>	<u>\$ 3,693</u>	<u>\$ 8,969</u>	<u>\$ 13</u>	<u>\$ 20,054</u>

At September 30, 2016, the City reported deferred outflows of resources related to the general employee pension plan from fiscal year 2016 contributions:

Fund	Deferred Outflows of Resources (in thousands)
General Government	\$ 9,364
Electric	1,802
Gas	139
Sewer	837
Water	400
Airport	365
Stormwater Management	388
Other Non-Major Enterprise	738
DIA	9
Total	<u>\$ 14,042</u>

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**September 30, 2016

NOTE V. OTHER INFORMATION**G. PENSION PLAN OBLIGATIONS****6. DISCOUNT RATES**

For the year ended September 30, 2016, the police officers pension plan recognized pension expense of \$7,422,000. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the police officers employee pension plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 777	\$ -	\$ 777
Net difference between projected and actual earnings on pension plan investments	13,869	4,591	9,278
Assumption Changes	-	-	-
Total	\$ 14,646	\$ 4,591	\$ 10,055

**Net Amounts Reported as Deferred Outflows and Inflows of Resources Related to Pensions to be
Recognized in Future Pension Expenses**

Year Ending September 30	Net Amount (in thousands)
2017	\$ 2,179
2018	2,179
2019	2,181
2020	3,516
2021	-
Total	\$ 10,055

At September 30, 2016, the City reported deferred outflows of resources related to the police officers' pension plan from fiscal year 2016 contributions of \$6,585,000.

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**
September 30, 2016**NOTE V. OTHER INFORMATION****G. PENSION PLAN OBLIGATIONS****6. DISCOUNT RATES**

For the year ended September 30, 2016, the firefighters pension plan recognized pension expense of \$5,152,000. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the firefighters pension plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,943	\$ -	\$ 1,943
Net difference between projected and actual earnings on pension plan investments	9,559	2,278	7,281
Total	\$ 11,502	\$ 2,278	\$ 9,224

**Net Amounts Reported as Deferred Outflows and Inflows of Resources Related to Pensions To be
Recognized in Future Pension Expenses**

Year Ending September 30	Net Amount (in thousands)
2017	\$ 2,051
2018	2,051
2019	2,050
2020	2,809
2021	263
Thereafter	-
Total	\$ 9,224

At September 30, 2016, the City reported deferred outflows of resources related to the firefighter's' pension plan from fiscal year 2016 contributions of \$4,671,000.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

H. OTHER EMPLOYEE BENEFITS

1. DEFERRED COMPENSATION

The City of Tallahassee offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In December 1998, the City established a Trust Agreement where all assets and income of the City Deferred Compensation Plan are held in trust for the exclusive benefit of City employees, in accordance with Internal Revenue Code Sections 457 (b) and (g). Thus, plan assets are no longer subject to the claims of the City's general creditors.

2. FLEXIBLE BENEFITS

The City has implemented a "Cafeteria" Plan created in accordance with Internal Revenue Code Section 125. The plan provides employees with an opportunity to select benefits from a menu of options, many of which are offered on a pre-tax basis.

I. OTHER POST EMPLOYMENT BENEFITS (OPEB)

1. PLAN DESCRIPTION

The City administers a single-employer defined benefit healthcare plan (the "OPEB Plan"). The plan provides health insurance and prescription drug coverage for eligible retirees and their eligible dependents through the City's health insurance program, which covers both active and retired employees. Pursuant to Section 112.0801, Florida Statutes, the City is required to permit participation in the health insurance program by retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. In addition, the City's program has elected to provide a partial subsidy to its retirees to offset the cost of such health insurance. The City does not issue a stand alone financial report on the OPEB Plan.

2. FUNDING POLICY

The contribution requirements of plan members and the City are established and may be amended by the City Commission. These contributions are neither mandated nor guaranteed. The City has retained the right to unilaterally modify its payment for retiree health care benefits. Effective October 1, 2010, the City implemented a "cap" on employer contributions for retirees. Accordingly, the City's subsidy was frozen at the 2010 levels, and retirees must absorb all future premium rate increases.

3. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The contribution required to support the OPEB Plan is calculated based on the Annual Required Contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year, calculated using the pay related entry age actuarial cost method, and to amortize the unfunded actuarial liability over a period not to exceed thirty years.

CITY OF TALLAHASSEE, FLORIDA**NOTES TO FINANCIAL STATEMENTS**

September 30, 2016

NOTE V. OTHER INFORMATION**I. OTHER POST EMPLOYMENT BENEFITS (OPEB)****3. ANNUAL OPEB COST AND NET OPEB OBLIGATION**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed, and the change in the City's net OPEB obligation (in thousands):

Annual required contribution	\$ 6,272
Interest on net OPEB obligation	180
Adjustment to annual required contribution	(163)
Annual OPEB cost	6,289
Contributions made	(5,508)
Increase in net OPEB obligation	781
Net OPEB Obligation - October 1	3,776
Net OPEB obligation - September 30	<u>\$ 4,557</u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30 is as follows (in thousands):

Fiscal Year	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 4,700	\$ 4,250	90.43 %	\$ 2,950
2015	6,019	5,193	86.28	3,776
2016	6,289	5,508	87.59	4,557

4. FUNDED STATUS AND FUNDING PROGRESS

As of October 1, 2014, the most recent actuarial valuation date, the plan was 6.1% funded. The actuarial accrued liability for benefits was \$97.3 million, and the actuarial value of assets was \$5.9 million resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$91.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$145.4 million, and the ratio of the UAAL to the covered payroll was 62.87%. The schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates about the future.

5. ACTUARIAL METHODS AND ASSUMPTIONS

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

I. OTHER POST EMPLOYMENT BENEFITS (OPEB)

5. ACTUARIAL METHODS AND ASSUMPTIONS

In the October 1, 2014 actuarial valuation, the pay related entry age actuarial cost method was used. The actuarial assumptions included a 4.76% investment rate of return and a 2.5% inflation assumption. The UAAL is being amortized as a level percentage of payroll on an open basis over a period of thirty years.

J. DERIVATIVE INSTRUMENTS

The contracts are recorded at fair value on the Statement of Net Position as they have been determined to qualify as derivative instruments under GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". The fair value balances and notional amounts of derivative instruments, all of which are accounted for within the City's business-type activities, as of September 30, 2016 and the changes in fair value of such derivative instruments for the year then ended, are as follows (in thousands):

	Changes in Fair Value (in		Fair Value at September 30, 2016		
	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges	Deferred Net Inflows of Resources	\$1,306	Net Derivative Instruments	\$1,306	5,010,000 mmbtu

The fair values of the forward contracts are estimated based upon the present value of their estimated cash flows. The City's sole counterparty for hedging, ADM Investor Services Inc. (ADM) was rated A2 by Moody's on September 30, 2016. All of the City's hedging positions as of September 30, 2016 are with the City's Futures Commission Merchant (FCM): ADM. Positions are cleared on a daily basis, so neither party incurs credit risk. As of September 30, 2016 the City had no hedged positions with Over the Counter counterparties. All of the City's positions are with ADM and cleared on a daily basis. No amounts due either party are outstanding and netting and/or master netting does not apply. Energy hedging derivatives with ADM may be terminated at any time.

The City is exposed to credit risk on derivative instruments that are in asset positions. All applicable fuel related counterparties have a minimum credit rating of 'A' from Standard and Poor's Investment Services (S&P) or 'A2' from Moody's Investment Services (Moody's).

The following table displays the objectives and terms of the City's derivative instruments outstanding at September 30, 2016:

Type	Objective	Effective Date	Maturity Date	Terms
Commodity Forward Contract	Value of changes in cash flows due to market price fluctuations related to expected purchases of natural gas	10/28/2015	October 2016-September 2017	Pay various prices per MMBTU; settlement based on Henry Hub pricing point at expiration date for natural gas. Pay various prices per Barrel; settlement based on New York Harbor pricing point at expiration date for diesel/heating oil and gasoline.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

NOTE V. OTHER INFORMATION

K. CONTINGENCY

Cascade Park Superfund Site

The City of Tallahassee (City) excavated approximately 85,000 tons of contaminated soil from the Cascades Park site in 2005-2006 pursuant to the requirements of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund). Additionally, Blueprint 2000 conducted subsequent excavations as part of park construction activities. Despite these efforts, residual groundwater and soil contamination remained at the site. As a result, in December 2011, the City as the CERCLA "responsible party" and the U.S. Environmental Protection Agency (EPA) entered into an "Administrative Settlement Agreement and Order on Consent for Remedial Investigation / Feasibility Study." This Settlement Agreement, which is still in effect, requires the City to determine the most appropriate remedial technology to address the subsurface contamination and make recommendations to the EPA on how to move forward. In accordance with the Settlement Agreement, a field-scale pilot injection study was completed in February 2013. After a year of groundwater monitoring following the pilot study, and additional negotiations with the EPA, the City finalized its recommendations which were formally submitted in the form of a Draft Feasibility Study Report to the EPA in February 2014. The City has monitored the site annually while EPA had the Draft Feasibility Study Report under review. In February 2017, the City and EPA met to discuss the results of the annual monitoring and the need for EPA to finalize review of the Draft Feasibility Study Report and provide a defined path forward. EPA is still in the process of determining exactly how to provide regulatory closure to the Cascades Park site. Following EPA internal discussions, and agreement by the parties, a new Record of Decision will be executed, requiring the City to implement EPA's required actions. In addition to the ongoing costs associated with developing the recommendations, and the future costs associated with implementing the yet-to-be-determined path forward, the City must also reimburse EPA annually for all direct and indirect costs incurred by EPA, its contractors, and the U.S. Department of Justice, including associated EPA markups for contractor oversight.

L. RELATED PARTY TRANSACTIONS

Related party transactions during the year ended September 30, 2016 included the following:

- 1) Periodically, the City will enter into Joint Project Agreements (JPA) with Blueprint Intergovernmental Agency (Blueprint) whereby the Blueprint will provide construction management services to the City for an administrative fee. For the year ended September 30, 2016, the City paid no fees to Blueprint.
- 2) On June, 22, 2012, the City and Blueprint entered into a Joint Project Agreement (JPA) whereby Blueprint will provide "right of way" services to the City for the City's FAMU Way Road Project. For the year ended September 30, 2016, the City paid fees to Blueprint for this project totaling \$28,000.
- 3) In the current year, the Office of Economic Vitality (OEV) was created under the Blueprint Intergovernmental Agency. As part of the original setup of the office, the City loaned to OEV \$500,000 for Business Research Incentives. This money will be repaid when the OEV begins collecting their share of the 2020 Sales Tax funds which will pay for their operation. The City also gave the OEV two amounts that will not be repaid: 1) \$300,000 toward a Disparity Study which OEV intends to perform and 2) \$174,500 to fund operations.
- 4) The City paid the following contributions to the Consolidated Dispatch Agency:
 - a. \$4,670,380 for operations.
 - b. \$312,000 for Fire/EMS revenue.



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REQUIRED SUPPLEMENTARY INFORMATION

THIS SUBSECTION CONTAINS THE FOLLOWING:

Budgetary Comparison Schedule-General Fund

Note to Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - General Employees

Schedule of Net Pension Liability by Employer - General Employees

Schedule of Contributions - General Employees

Notes to the Schedule of Contributions - General Employees

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Police Officers

Schedule of Contributions - Police Officers

Notes to the Schedule of Contributions - Police Officers

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - Firefighters

Schedule of Contributions - Firefighters

Notes to the Schedule of Contributions - Firefighters

Schedule of Investment Returns

Schedule of Funding Progress - OPEB

Schedule of Employer Contributions - OPEB

CITY OF TALLAHASSEE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

General Fund

for the fiscal year ended September 30, 2016

(in thousands)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance - October 1	\$ 1,342	\$ 1,342	\$ 1,342	\$ -
Resources				
Taxes	60,322	60,322	60,509	187
Licenses and Permits	2,825	2,825	2,867	42
Intergovernmental Revenues	17,790	17,790	17,283	(507)
Charges for Services	8,486	8,275	8,874	599
Fines and Forfeitures	825	825	889	64
Interest Earned	500	500	566	66
Miscellaneous	11,574	11,785	10,982	(803)
Transfers from Other Funds	45,362	45,457	42,330	(3,127)
Amounts Available for Appropriations	<u>149,026</u>	<u>149,121</u>	<u>145,642</u>	<u>(3,479)</u>
Charges to Appropriations				
General Government	27,448	26,301	25,449	852
Public Safety	55,545	54,639	54,128	511
Transportation	17,790	17,242	15,473	1,769
Human Services	1,716	1,716	1,610	106
Economic Development	920	620	498	122
Physical Environment	2,045	1,928	1,730	198
Culture and Recreation	21,979	21,742	20,943	799
Transfers to Other Funds	21,583	24,933	25,058	(125)
Total Charges to Appropriations	<u>149,026</u>	<u>149,121</u>	<u>144,889</u>	<u>4,232</u>
Budgetary Fund Balance - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753</u>	<u>\$ 753</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information

General Fund

September 30, 2016

(in thousands)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues/Transfers In and Expenditures/Transfers Out

Inflows of Resources

Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule.

\$ 145,642

Differences - budget to GAAP

The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.

(1,342)

The increase in the fair market value of investments is an increase in revenue for financial reporting purposes but is considered a budgetary inflow.

67

The revenues of the City's Deficiency Reserve and Scholarship Reserve are current year revenues for reporting purposes but are not considered budgetary inflows.

16,514

Current year nonbudgeted transfer is treated as revenue for financial reporting purposes but not as a budgetary inflow.

2,505

Miscellaneous items treated as budgetary inflows but not as revenues for financial reporting purposes.

-

Total Revenues/Transfers In as reported on the statement of revenues, expenditures, and changes in fund balances.

\$ 163,386

Outflows of Resources

Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule.

\$ 144,889

Difference - budget to GAAP

The expenditures of the City's Deficiency Reserve and Scholarship reserve are current year expenditures for reporting purposes but are not considered budgetary outflows.

12,694

Current year nonbudgeted transfer is treated as expense for financial reporting purposes but not as a budgetary outflow.

93

Miscellaneous items treated as budgetary outflows but not as expenditures for financial reporting purposes.

(328)

Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.

\$ 157,348

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS - GENERAL EMPLOYEES PENSION PLAN

(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2016)

Fiscal Year Ending September 30

(in thousands)

	2016	2015	2014
Total pension liability			
Service Cost	\$ 14,964	\$ 14,592	\$ 16,333
Interest	74,426	71,570	70,460
Difference between actual & expected experience	-	(24,196)	-
Benefit Payments	(50,887)	(47,928)	(44,510)
Refunds	(312)	(241)	(385)
Net Change in Total Pension Liability	38,191	13,797	41,898
Total Pension Liability - Beginning	970,975	957,178	915,280
Total Pension Liability - Ending (a)	1,009,166	970,975	957,178
Plan Fiduciary Net Position			
Contributions - Employer	\$ 14,591	\$ 16,537	\$ 16,110
Contributions - Other	-	23	92
Contributions - Member	4,523	4,719	4,607
Net Investment Income	85,979	9,640	89,958
Benefits Payments	(50,887)	(47,928)	(44,510)
Refunds	(312)	(241)	(385)
Administrative Expense	(705)	(637)	(668)
Net Change in Plan Fiduciary Net Position	53,189	(17,887)	65,204
Plan Fiduciary Net Position - Beginning	930,582	948,469	883,265
Plan Fiduciary Net Position - Ending (b)	\$ 983,771	\$ 930,582	\$ 948,469
Net Pension Liability - Ending (a) - (b)	\$ 25,395	\$ 40,393	\$ 8,709
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.48 %	95.84 %	99.09 %
Covered Employee Payroll	\$ 111,638	\$ 108,866	\$ 106,057
Net Pension Liability as a Percentage of Covered Employee Payroll	22.75 %	37.10 %	8.21 %

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF NET PENSION LIABILITY BY EMPLOYER - GENERAL EMPLOYEES (BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2016) (in thousands)

Measurement year ending September 30, 2016	BLUEPRINT	CRTPA	CDA	CITY OF TALLAHASSEE	GENERAL EMPLOYEES TOTAL
Total Pension Liability - Beginning	\$ 4,192	\$ 2,292	\$ 29,531	\$ 934,960	\$ 970,975
Total Pension Liability - Ending (a)	<u>5,162</u>	<u>2,658</u>	<u>31,648</u>	<u>969,698</u>	<u>1,009,166</u>
Plan Fiduciary Net Position - Beginning	4,018	2,197	28,302	896,065	930,582
Plan Fiduciary Net Position - Ending (b)	<u>5,032</u>	<u>2,591</u>	<u>30,851</u>	<u>945,297</u>	<u>983,771</u>
Net Pension Liability - Ending (a) - (b)	130	67	797	24,401	25,395
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	97.48 %	97.48 %	97.48 %	97.48 %	97.48 %
Employer's proportion of the Net Pension Liability	0.51 %	0.26 %	3.14 %	96.09 %	100.00 %
Covered Employee Payroll	\$ 571	\$ 294	\$ 3,501	\$ 107,272	\$ 111,638
Net Pension Liability as a percentage of Covered Employee Payroll	22.77 %	22.79 %	22.76 %	22.75 %	22.75 %

Note: The Total Pension Liability, the Plan Fiduciary Net Position, the Net Pension Liability, and the Pension Expense are allocated by department based on the covered pensionable payroll for each department, since that was the basis for determining employer contributions.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF CONTRIBUTIONS - GENERAL EMPLOYEES

**Last Ten Fiscal Years
(in thousands)**

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2007	\$ 9,307	\$ 9,307	\$ -	\$ 98,591	9.44 %
2008	9,609	9,609	-	95,233	10.09
2009	9,547	9,547	-	99,241	9.62
2010	8,862	8,862	-	93,383	9.49
2011	10,408	10,408	-	97,362	10.69
2012	10,523	10,523	-	95,577	11.01
2013	14,335	14,335	-	99,067	14.47
2014	16,110	16,110	-	106,057	15.19
2015	16,537	16,537	-	108,866	15.19
2016	14,591	14,591	-	111,638	13.07

NOTES TO SCHEDULE OF CONTRIBUTIONS - GENERAL EMPLOYEES

Valuation Date: October 1, 2014
Measurement Date: September 30, 2016

Notes: 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 Assumption Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 1.99% payroll growth assumption), Closed
Remaining Amortization Period	13 years
Asset Valuation Method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value
Inflation	3.0%
Salary Increases	3.5%, including inflation
Investment Rate of Return	7.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females with mortality improvement projected using Scale AA for 15 years from the valuation date (to October 1, 2029)

Notes: Covered Employee Payroll includes all (total) payroll during the fiscal year (not just pensionable payroll). Therefore, the Actual Contribution as a % of Payroll is different from the required contribution as a percentage of covered payroll that is reported in the actuarial valuations for funding purposes.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS POLICE OFFICERS (BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2016) (in thousands)

	2016	2015	2014
Total pension liability			
Service Cost	\$ 5,573	\$ 5,570	\$ 6,094
Interest	23,784	22,775	21,635
Difference between actual & expected experience	-	1,263	-
Benefit Payments	(15,737)	(14,684)	(12,638)
Refunds	(156)	(64)	(151)
Net Change in Total Pension Liability	13,464	14,860	14,940
Total Pension Liability - Beginning	309,267	294,407	279,467
Total Pension Liability - Ending (a)	<u>\$ 322,731</u>	<u>\$ 309,267</u>	<u>\$ 294,407</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 6,585	\$ 5,940	\$ 5,779
Contributions - Non-Employer Contributing Entity	-	6	26
Contributions - Member	3,230	3,104	2,808
Net Investment Income	25,772	2,843	26,199
Benefits Payments	(15,737)	(14,684)	(12,638)
Refunds	(156)	(64)	(151)
Administrative Expense	(200)	(187)	(192)
Net Change in Plan Fiduciary Net Position	19,494	(3,042)	21,831
Plan Fiduciary Net Position - Beginning	260,280	263,322	241,491
Plan Fiduciary Net Position - Ending (b)	<u>\$ 279,774</u>	<u>\$ 260,280</u>	<u>\$ 263,322</u>
Net Pension Liability - Ending (a) - (b)	\$ 42,957	\$ 48,987	\$ 31,085
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.69 %	84.16 %	89.44 %
Covered Employee Payroll	\$ 25,573	\$ 25,559	\$ 24,865
Net Pension Liability as a Percentage of Covered Employee Payroll	167.98 %	191.66 %	125.02 %

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF CONTRIBUTIONS - POLICE OFFICERS (in thousands)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2007	\$ 2,906	\$ 2,906	\$ -	\$ 20,937	13.88 %
2008	3,014	3,014	-	20,873	14.44
2009	3,064	3,064	-	21,547	14.22
2010	3,071	3,071	-	20,680	14.85
2011	4,228	4,228	-	22,067	19.16
2012	4,251	4,251	-	21,958	19.36
2013	4,787	4,787	-	22,548	21.23
2014	5,779	5,779	-	24,865	23.24
2015	5,940	5,940	-	25,559	23.24
2016	6,585	6,585	-	25,573	25.75

NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE OFFICERS

Valuation Date: October 1, 2014
Measurement Date: September 30, 2016

Notes: 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 Assumption Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 3.24% payroll growth assumption), Closed
Remaining Amortization Period	30 years
Asset Valuation Method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value
Inflation	3.0%
Salary Increases	5.0%, including inflation
Investment Rate of Return	7.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females with mortality improvement projected using Scale AA for 15 years from the valuation date (to October 1, 2029)

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS - FIREFIGHTERS

(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2016)

Fiscal Year Ending September 30

(in thousands)

	2016	2015	2014
Total pension liability			
Service Cost	\$ 3,564	\$ 3,288	\$ 3,987
Interest	16,774	16,205	15,438
Difference between actual & expected experience	-	2,783	-
Benefit Payments	(12,701)	(12,074)	(11,042)
Refunds	(65)	(5)	(90)
Net Change in Total Pension Liability	7,572	10,197	8,293
Total Pension Liability - Beginning	219,264	209,067	200,774
Total Pension Liability - Ending (a)	<u>\$ 226,836</u>	<u>\$ 219,264</u>	<u>\$ 209,067</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 4,671	\$ 4,104	\$ 3,894
Contributions - Non-Employer Contributing Entity	-	4	17
Contributions - Member	3,092	2,774	2,398
Net Investment Income	15,933	1,782	16,635
Benefits Payments	(12,701)	(12,074)	(11,042)
Refunds	(65)	(5)	(90)
Administrative Expense	(124)	(117)	(124)
Net Change in Plan Fiduciary Net Position	10,806	(3,532)	11,688
Plan Fiduciary Net Position - Beginning	176,296	179,828	168,140
Plan Fiduciary Net Position - Ending (b)	<u>\$ 187,102</u>	<u>\$ 176,296</u>	<u>\$ 179,828</u>
Net Pension Liability - Ending (a) - (b)	<u>39,734</u>	<u>42,968</u>	<u>29,239</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.48 %	80.40 %	86.01 %
Covered Employee Payroll	\$ 17,645	\$ 16,280	\$ 15,446
Net Pension Liability as a Percentage of Covered Employee Payroll	225.19 %	263.93 %	189.30 %

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS (in thousands)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2007	\$ 2,010	\$ 2,010	\$ -	\$ 12,602	15.95 %
2008	2,072	2,072	-	12,061	17.18
2009	2,376	2,376	-	12,760	18.62
2010	2,447	2,447	-	12,649	19.35
2011	3,022	3,022	-	13,401	22.55
2012	3,024	3,024	-	12,373	24.44
2013	3,154	3,154	-	12,718	24.80
2014	3,894	3,894	-	15,446	25.21
2015	4,104	4,104	-	16,280	25.21
2016	4,671	4,671	-	17,645	26.47

NOTES TO SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS

Valuation Date: October 1, 2014
Measurement Date: September 30, 2016

Notes: 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 Assumption Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 2.9% payroll growth assumption), Closed
Remaining Amortization Period	30 years
Asset Valuation Method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value
Inflation	3.0%
Salary Increases	4.0%, including inflation
Investment Rate of Return	7.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females with mortality improvement projected using Scale AA for 15 years from the valuation date (to October 1, 2029)

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF INVESTMENT RETURNS for the fiscal year ended September 30, 2016

Year	Annual money-weighted rate of return, net of investment income
2007	14.53 %
2008	14.28
2009	(1.41)
2010	10.62
2011	(0.26)
2012	20.85
2013	14.65
2014	10.34
2015	0.29
2016	9.04

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

September 30, 2016

The following historical trend information, prepared in accordance with Governmental Accounting Standards Board Statement No. 43 (Financial Reporting for Post-Employment Benefits Plans Other than Pension Plans) provides information on progress made in accumulating sufficient assets to pay benefits when due.

SCHEDULE OF FUNDING PROGRESS (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
10/1/2010 \$	4,179	\$ 24,539	\$ 20,360	17.03	\$ 141,300	14.41
10/1/2012	4,415	61,464	57,049	7.18	139,478	40.90
10/1/2014	5,945	97,327	91,382	6.11	145,355	62.87

SCHEDULE OF EMPLOYER CONTRIBUTIONS (in thousands)

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage Contributed
2014	\$ 4,700	90.43 %
2015	6,019	86.28
2016	6,288	87.59

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Combining Financial Statements

These basic financial statements provide a summary overview of the financial position of all funds and account groups as well as the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow in subsequent sections:

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

Capital Assets Used in the Operation of Governmental Funds



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NONMAJOR

GOVERNMENTAL FUNDS

Special Projects	Accounts for federal, state and local grants. These grants include but are not limited to the Community Development Block Grant, the Neighborhood Stabilization Program, the Homeless Prevention and Rapid Re-Housing Program, Emergency Shelter Grants, the HOME program and other miscellaneous grants. This fund includes other miscellaneous items that are to be used for general government purposes that are not appropriated in another fund.
Law Enforcement	For the accounting of state and federal forfeitures received by the City as prescribed by Florida Statutes. Also included: the Federal Law Enforcement Block Grant revenues and expenditures; and Second Dollar funding revenues received from the County who collects fines from citizens guilty of a statute violation or local ordinance.
Building Code Enforcement	Accounts for all assets, operations, and maintenance of the City's Building Inspection Division of the Growth Management Department. Revenues accounted for in this fund are derived from fees, fines, and investment earnings from the enforcement and implementation of the Florida Building code. Revenues in this fund were previously captured and reported in the General Revenue Fund.
Concurrency	Accounts for activity resulting from the State's new concurrency requirements outlined in Chapter 163, F.S. This statute allows developers the opportunity to move forward with development despite concurrency constraints by contributing their fair share of the cost to improve the impacted transportation facilities.
State Housing Partnership	Accounts for State funding to be used as an incentive to produce and preserve affordable housing for very low, low, and moderate income families.
Debt Service	Accounts for the accumulation of resources for, and the payment of, interest and principal on all general long-term debt other than that payable from Proprietary Funds.
Capital Improvement	Accounts for general revenue used for the acquisition or construction of general fixed assets.
Capital Bonds	Accounts for bond proceeds used for the acquisition or construction of general fixed assets.
Sales Tax Construction	Accounts for tax proceeds used for the acquisition or construction of public safety and transportation improvements.
Gas Tax	Accounts for tax proceeds used for the acquisition or construction of transportation improvements.
Cemetery	To accumulate resources for the perpetual maintenance of the City's cemeteries which include the sale and maintenance of plots.

CITY OF TALLAHASSEE, FLORIDA

COMBINING BALANCE SHEET Nonmajor Governmental Funds September 30, 2016 (in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
ASSETS					
Cash and Cash Equivalents	\$ 2,163	\$ -	\$ 381	\$ 4,979	\$ -
Securities Lending Collateral	28	-	5	65	-
Receivables:					
Accrued Interest	6	-	1	9	-
Customers and Others	185	-	-	-	-
Notes	58	-	-	-	-
Special Assessments	-	-	-	-	-
Due From Other Governments	307	-	-	-	-
Cash and Cash Equivalents - Restricted	-	755	-	-	659
Securities Lending Collateral - Restricted	-	10	-	-	9
Receivables - Restricted:					
Accrued Interest	1	1	-	-	1
Customers and Others	4	4	-	-	-
Notes	-	-	-	-	289
Due From Other Governments	1,012	-	-	-	-
Total Assets	\$ 3,764	\$ 770	\$ 387	\$ 5,053	\$ 958
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Obligations Under Securities Lending	\$ 28	\$ -	\$ 5	\$ 65	\$ -
Accounts and Retainage Payable	163	-	241	56	-
Unearned Revenue	9	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Accounts and Retainage Payable - Restricted	174	9	-	-	7
Obligations Under Securities Lending - Restricted	-	10	-	-	9
Unearned Revenue - Restricted	-	123	-	-	650
Total Liabilities	374	142	246	121	666
FUND BALANCES					
Nonspendable	24	3	2	22	292
Spendable:					
Restricted	265	119	-	4,910	-
Committed	3,331	345	-	-	-
Assigned	-	161	-	-	-
Unassigned	(230)	-	139	-	-
Total Fund Balances	3,390	628	141	4,932	292
Total Liabilities and Fund Balances	\$ 3,764	\$ 770	\$ 387	\$ 5,053	\$ 958

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING BALANCE SHEET Nonmajor Governmental Funds September 30, 2016 (in thousands)

		Capital Project Funds				Permanent Fund		
Debt Service		Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery		Total
\$	-	\$ 16,688	\$ 10,576	\$ 13,531	\$ 3,642	\$ 4,764	\$	56,724
	-	219	139	177	48	62		743
	-	35	20	26	7	9		113
	-	-	-	-	-	-		185
	-	72	-	-	-	-		130
	-	104	-	-	-	-		104
	-	500	-	655	1,231	-		2,693
	-	-	-	-	-	-		1,414
	-	-	-	-	-	-		19
	-	-	-	-	-	-		3
	-	-	-	-	-	-		8
	-	-	-	-	-	-		289
	-	-	-	-	-	-		1,012
<u>\$</u>	<u>-</u>	<u>\$ 17,618</u>	<u>\$ 10,735</u>	<u>\$ 14,389</u>	<u>\$ 4,928</u>	<u>\$ 4,835</u>	<u>\$</u>	<u>63,437</u>
\$	-	\$ 219	\$ 139	\$ 177	\$ 48	\$ 62	\$	743
	-	836	2	274	94	11		1,677
	-	-	-	-	-	-		9
	-	678	-	-	-	-		678
	-	-	-	-	-	-		190
	-	-	-	-	-	-		19
	-	-	-	-	-	-		773
	-	1,733	141	451	142	73		4,089
	-	75	47	61	16	21		563
	-	-	10,547	13,877	4,770	-		34,488
	-	15,810	-	-	-	4,741		24,227
	-	-	-	-	-	-		161
	-	-	-	-	-	-		(91)
	-	15,885	10,594	13,938	4,786	4,762		59,348
<u>\$</u>	<u>-</u>	<u>\$ 17,618</u>	<u>\$ 10,735</u>	<u>\$ 14,389</u>	<u>\$ 4,928</u>	<u>\$ 4,835</u>	<u>\$</u>	<u>63,437</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES Nonmajor Governmental Funds for the fiscal year ended September 30, 2016 (in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
Revenues:					
Licenses and Permits	\$ -	\$ -	\$ 3,175	\$ 1,126	\$ -
Intergovernmental Revenues	4,235	127	-	-	620
Charges for Services	-	-	170	-	-
Fines and Forfeitures	-	170	60	-	-
Net Investment Earnings	63	12	5	75	14
Securities Lending Income	-	-	-	-	-
Change in Fair Value of Investments	(1)	1	1	11	2
Miscellaneous Revenues	538	-	197	1	-
Total Revenues	<u>4,835</u>	<u>310</u>	<u>3,608</u>	<u>1,213</u>	<u>636</u>
Expenditures:					
Current:					
General Government	96	-	-	219	-
Public Safety	410	312	3,185	-	-
Transportation	698	-	-	26	-
Human Services	332	-	-	-	-
Economic Environment	2,718	-	-	-	631
Physical Environment	248	-	-	-	-
Culture and Recreation	124	-	-	-	-
Debt Service:					
Principal Retired	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>4,626</u>	<u>312</u>	<u>3,185</u>	<u>245</u>	<u>631</u>
Excess of Revenues Over (Under) Expenditures	<u>209</u>	<u>(2)</u>	<u>423</u>	<u>968</u>	<u>5</u>
Other Financing Sources (Uses):					
Transfers In	4	205	1	-	-
Transfers Out	(360)	(205)	(136)	-	-
Loan Proceeds	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(356)</u>	<u>-</u>	<u>(135)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(147)	(2)	288	968	5
Fund Balances - October 1	3,537	630	(147)	3,964	287
Fund Balances - September 30	<u>\$ 3,390</u>	<u>\$ 628</u>	<u>\$ 141</u>	<u>\$ 4,932</u>	<u>\$ 292</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES Nonmajor Governmental Funds for the fiscal year ended September 30, 2016 (in thousands)

Debt Service	Capital Project Funds				Permanent Fund	Total
	Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,301
-	120	-	4,187	7,266	-	16,555
-	60	-	-	-	133	363
-	-	-	-	-	-	230
868	278	219	41	97	79	1,751
2	2	2	-	-	-	6
-	30	(3)	24	(3)	7	69
1,723	95	-	31	38	3	2,626
<u>2,593</u>	<u>585</u>	<u>218</u>	<u>4,283</u>	<u>7,398</u>	<u>222</u>	<u>25,901</u>
-	640	71	3	-	-	1,029
-	632	-	-	-	-	4,539
-	1,809	4,741	3,709	5,218	-	16,201
-	65	-	-	-	-	397
-	54	-	1	-	-	3,404
-	6	-	-	-	439	693
-	2,304	-	2	-	-	2,430
7,530	-	-	-	-	-	7,530
4,479	-	-	-	-	-	4,479
<u>12,009</u>	<u>5,510</u>	<u>4,812</u>	<u>3,715</u>	<u>5,218</u>	<u>439</u>	<u>40,702</u>
<u>(9,416)</u>	<u>(4,925)</u>	<u>(4,594)</u>	<u>568</u>	<u>2,180</u>	<u>(217)</u>	<u>(14,801)</u>
9,416	3,784	-	-	-	-	13,410
-	-	-	-	(4,678)	(32)	(5,411)
-	1,736	-	-	-	-	1,736
<u>9,416</u>	<u>5,520</u>	<u>-</u>	<u>-</u>	<u>(4,678)</u>	<u>(32)</u>	<u>9,735</u>
-	595	(4,594)	568	(2,498)	(249)	(5,066)
-	15,290	15,188	13,370	7,284	5,011	64,414
<u>\$ -</u>	<u>\$ 15,885</u>	<u>\$ 10,594</u>	<u>\$ 13,938</u>	<u>\$ 4,786</u>	<u>\$ 4,762</u>	<u>\$ 59,348</u>

See Independent Auditors' Report



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NONMAJOR ENTERPRISE FUNDS

StarMetro	Accounts for the operations and maintenance of the City's public transit system.
Solid Waste	Accounts for the assets, operation and maintenance of the City-owned solid waste operation.
Golf Course	Accounts for the operations of the City's eighteen-hole Hilaman Park Golf Course.
Fire Services	Accounts for the operation and maintenance of the City-owned fire services department.

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF NET POSITION Nonmajor Enterprise Funds September 30, 2016 (in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 10,422	\$ 526	\$ 1,969	\$ 12,917
Securities Lending Collateral	-	137	2	13	152
Receivables:					
Accrued Interest	2	20	1	4	27
Customers and Others	736	1,359	-	2,209	4,304
Due From Other Governments	3,655	-	-	685	4,340
Less: Allowance for Doubtful Accounts	7	(204)	-	(194)	(391)
Inventory	556	-	36	-	592
Securities Lending Collateral - Restricted	-	-	5	13	18
Total Current Assets	<u>4,956</u>	<u>11,734</u>	<u>570</u>	<u>4,699</u>	<u>21,959</u>
Noncurrent Assets:					
Deposits	304	-	-	-	304
Capital Assets:					
Land and Construction in Progress	6,872	-	144	1,778	8,794
Other, Net of Accumulated Depreciation	21,981	3,477	929	14,718	41,105
Total Noncurrent Assets	<u>29,157</u>	<u>3,477</u>	<u>1,073</u>	<u>16,496</u>	<u>50,203</u>
Total Assets	<u>34,113</u>	<u>15,211</u>	<u>1,643</u>	<u>21,195</u>	<u>72,162</u>
Accumulated Decrease in Fair Value of Hedging Derivatives	50	-	-	-	50
Pension Related Deferred Outflows	2,489	1,210	61	-	3,760
Total Assets and Deferred Outflows of Resources	<u>\$ 36,652</u>	<u>\$ 16,421</u>	<u>\$ 1,704</u>	<u>\$ 21,195</u>	<u>\$ 75,972</u>
LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES					
Current Liabilities:					
Accounts and Retainage Payable	1,084	1,523	33	1,183	3,823
Due To Other Funds	8	-	2	-	10
Compensated Absences	517	312	20	2,104	2,953
Obligations Under Securities Lending	-	137	2	13	152
Unearned Revenue	179	-	-	-	179
Obligations Under Securities Lending - Restricted	-	-	5	13	18
Total Current Liabilities	<u>1,788</u>	<u>1,972</u>	<u>62</u>	<u>3,313</u>	<u>7,135</u>
Noncurrent Liabilities:					
Advances from Other Funds	-	-	-	12,586	12,586
Compensated Absences	87	228	11	802	1,128
Derivative Instruments	50	-	-	-	50
Net Pension Liability	1,447	706	37	-	2,190
Total Noncurrent Liabilities	<u>1,584</u>	<u>934</u>	<u>48</u>	<u>13,388</u>	<u>15,954</u>
Total Liabilities	<u>3,372</u>	<u>2,906</u>	<u>110</u>	<u>16,701</u>	<u>23,089</u>
Pension Related Deferred Inflows	992	480	22	-	1,494
NET POSITION					
Net Investment in Capital Assets	28,853	3,477	1,073	16,496	49,899
Unrestricted	3,435	9,558	499	(12,002)	1,490
Total Net Position	<u>32,288</u>	<u>13,035</u>	<u>1,572</u>	<u>4,494</u>	<u>51,389</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 36,652</u>	<u>\$ 16,421</u>	<u>\$ 1,704</u>	<u>\$ 21,195</u>	<u>\$ 75,972</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Nonmajor Enterprise Funds

For the fiscal year ended September 30, 2016

(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
Operating Revenues:					
Charges for Services:					
Residential Sales	\$ -	\$ 9,850	\$ -	\$ 23,277	\$ 33,127
Commercial and Industrial Sales	-	12,813	-	14,493	27,306
County Government	-	-	-	3,079	3,079
Recyclable Sales	-	103	-	-	103
Recreation Fees	-	-	767	-	767
Transportation Fees	4,960	-	-	-	4,960
Other Charges	103	7	19	1,831	1,960
Total Operating Revenues	<u>5,063</u>	<u>22,773</u>	<u>786</u>	<u>42,680</u>	<u>71,302</u>
Operating Expenses:					
Personnel Services	10,230	4,415	441	27,425	42,511
Contractual Services	5,074	16,054	264	10,511	31,903
Materials and Supplies	3,140	76	88	1,097	4,401
Other	58	95	15	447	615
Depreciation	3,331	71	114	939	4,455
Total Operating Expenses	<u>21,833</u>	<u>20,711</u>	<u>922</u>	<u>40,419</u>	<u>83,885</u>
Operating Income (Loss)	<u>(16,770)</u>	<u>2,062</u>	<u>(136)</u>	<u>2,261</u>	<u>(12,583)</u>
Non-Operating Revenues (Expenses):					
Net Investment Earnings	-	196	9	5	210
Change in Fair Value of Investments	-	11	-	9	20
Securities Lending:					
Other Expenses	1	(411)	(6)	(8)	(424)
Intergovernmental Revenues	2,211	-	-	-	2,211
Other Revenues	1,330	12	1	-	1,343
Interest Expense	-	-	-	(508)	(508)
Total Non-Operating Revenues (Expenses)	<u>3,542</u>	<u>(192)</u>	<u>4</u>	<u>(502)</u>	<u>2,852</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(13,228)</u>	<u>1,870</u>	<u>(132)</u>	<u>1,759</u>	<u>(9,731)</u>
Operating Transfers:					
Capital Contributions	2,376	-	-	-	2,376
Transfers In	10,307	-	-	-	10,307
Transfers Out	(28)	(2,474)	(1)	(202)	(2,705)
Total Operating Transfers	<u>12,655</u>	<u>(2,474)</u>	<u>(1)</u>	<u>(202)</u>	<u>9,978</u>
Change in Net Position	<u>(573)</u>	<u>(604)</u>	<u>(133)</u>	<u>1,557</u>	<u>247</u>
Net Position - October 1	<u>32,861</u>	<u>13,639</u>	<u>1,705</u>	<u>2,937</u>	<u>51,142</u>
Net Position - September 30	<u>\$ 32,288</u>	<u>\$ 13,035</u>	<u>\$ 1,572</u>	<u>\$ 4,494</u>	<u>\$ 51,389</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the fiscal year ended September 30, 2016
(in thousands)

	StarMetro	Solid Waste	Golf Course Fund	Fire Services	Total
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 4,590	\$ 22,817	\$ 787	\$ 43,267	\$ 71,461
Cash Paid to Suppliers for Goods and Services	(5,104)	(10,727)	(264)	(4,650)	(20,745)
Cash Paid to Employees for Services	(10,356)	(4,377)	(434)	(27,006)	(42,173)
Cash Paid to Other Funds	(2,820)	(5,498)	(113)	(8,300)	(16,731)
Cash Received (Paid) for Other Revenues (Expenses)	1,330	(399)	(5)	(8)	918
Net Cash Provided by (Used for) Operating Activities	<u>(12,360)</u>	<u>1,816</u>	<u>(29)</u>	<u>3,303</u>	<u>(7,270)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In from Other Funds	10,307	-	-	-	10,307
Transfers Out to Other Funds	(28)	(2,474)	(1)	(202)	(2,705)
Operating Grants Received	2,211	-	-	-	2,211
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>12,490</u>	<u>(2,474)</u>	<u>(1)</u>	<u>(202)</u>	<u>9,813</u>
Cash Flows from Capital and Related Financing Activities					
Capital Contributions	2,376	-	-	-	2,376
Acquisition, Construction, and Sale of Capital Assets	(2,503)	(1,598)	6	(162)	(4,257)
Repayment of Loans from Other Funds	-	-	-	(472)	(472)
Interest Paid	-	-	-	(508)	(508)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(127)</u>	<u>(1,598)</u>	<u>6</u>	<u>(1,142)</u>	<u>(2,861)</u>
Cash Flows from Investing Activities					
Interest Received on Investments	(3)	202	9	1	209
Increase in the Fair Value of Cash and Cash Equivalents	-	11	-	9	20
Net Cash Provided by (Used for) Investing Activities	<u>(3)</u>	<u>213</u>	<u>9</u>	<u>10</u>	<u>229</u>
Net Increase (Decrease) in Cash and Cash Equivalents/Investments	-	(2,043)	(15)	1,969	(89)
Cash and Cash Equivalents - October 1	-	12,465	541	-	13,006
Cash and Cash Equivalents - September 30	<u>\$ -</u>	<u>\$ 10,422</u>	<u>\$ 526</u>	<u>\$ 1,969</u>	<u>\$ 12,917</u>
Classified As:					
Unrestricted Assets	\$ -	\$ 10,422	\$ 526	\$ 1,969	\$ 12,917
	<u>\$ -</u>	<u>\$ 10,422</u>	<u>\$ 526</u>	<u>\$ 1,969</u>	<u>\$ 12,917</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (16,770)	\$ 2,062	\$ (136)	\$ 2,261	\$ (12,583)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	3,331	71	114	939	4,455
Provision for Uncollectible Accounts	(8)	(50)	-	(27)	(85)
Other	1,330	(399)	(5)	(8)	918
Pension Adjustment for GASB 68	(33)	(16)	(1)	-	(50)
Increase (Decrease) in Accounts Receivable	(272)	94	-	(336)	(514)
Decrease in Inventory	(6)	-	-	-	(6)
Increase(Decrease) in Deposits	406	-	-	-	406
(Decrease) in Accounts Payable	(52)	-	(10)	(895)	(957)
(Increase) in Due From Other Governments	(373)	-	-	949	576
Increase (Decrease) in Deferred Revenue	179	-	-	-	179
Increase (Decrease) in Accrued Leave	(92)	54	9	420	391
Total Adjustments	<u>4,410</u>	<u>(246)</u>	<u>107</u>	<u>1,042</u>	<u>5,313</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (12,360)</u>	<u>\$ 1,816</u>	<u>\$ (29)</u>	<u>\$ 3,303</u>	<u>\$ (7,270)</u>

See Independent Auditors' Report

INTERNAL SERVICE FUNDS

800 MHz Communication	Supports the 800 MHz Radios Communications unit within the Information System Services. Revenues for the fund are derived from Leon County per agreement, and rentals from other users. The remaining cost is allocated to user departments. The allocation is based on the number of 800 MHz devices per department.
Information Systems Services	Accounts for the costs of the City's data processing operations.
Accounting	Accounts for the costs of the City's accounting operations.
Purchasing	Accounts for the costs of the City's procurement operations.
Garage	Accounts for the costs of maintaining and operating the City's fleet management operation.
Human Resources	Accounts for the costs of the City's employee relations operations.
Pension Administration	Accounts for the costs of the City's employee retirement plan's administrative operation.
Risk Management	Accounts for the costs of the City's risk management.
Internal Loan	Accounts for the loans received from the Sunshine State Governmental Financing Commission, which in turn are loaned to other funds to provide financing for capital projects.
Revenue Collection	Accounts for the costs of the City's revenue collection services.
Utility Services	Accounts for the costs of centralizing safety and training, environmental, GIS, sales, rate design, and marketing functions of the City's utilities.
Environmental Policy and Energy Resources	Accounts for the City's environmental policy development and initiatives and environmental regulatory compliance.

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF NET POSITION Internal Service Funds September 30, 2016 (in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets:					
Cash and Cash Equivalents	\$ 1,683	\$ 10,991	\$ 863	\$ 224	\$ 2,644
Securities Lending Collateral	22	144	11	3	35
Receivables:					
Other Receivables	3	5	-	1	13
Accrued Interest	3	21	2	-	5
Due From Other Governments	-	33	-	-	-
Inventory	-	-	-	-	2,229
Prepaid Expenses	-	-	-	-	-
Due From Other Funds	-	-	-	-	-
Total Current Assets	<u>1,711</u>	<u>11,194</u>	<u>876</u>	<u>228</u>	<u>4,926</u>
Noncurrent Assets:					
Advances To Other Funds	-	-	-	-	-
Deposits	-	-	-	-	968
Derivative Instruments	-	-	-	-	-
Capital Assets:					
Land and Construction in Progress	440	1,271	-	44	-
Other, Net of Accumulated Depreciation	4,062	1,406	12	477	43,662
Total Noncurrent Assets	<u>4,502</u>	<u>2,677</u>	<u>12</u>	<u>521</u>	<u>44,630</u>
Total Assets	<u>6,213</u>	<u>13,871</u>	<u>888</u>	<u>749</u>	<u>49,556</u>
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	60
Total Assets and Deferred Outflows of Resources	<u>\$ 6,213</u>	<u>\$ 13,871</u>	<u>\$ 888</u>	<u>\$ 749</u>	<u>\$ 49,616</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current Liabilities:					
Obligations Under Securities Lending	\$ 22	\$ 144	\$ 11	\$ 3	\$ 35
Accounts Payable	52	523	193	77	276
Due To Other Funds	-	-	-	-	-
Due To Other Governments	6	-	-	-	-
Unearned Revenue	83	-	-	-	-
Capital Lease Payable	-	454	-	-	-
Compensated Absences	35	580	166	121	291
Total Current Liabilities	<u>198</u>	<u>1,701</u>	<u>370</u>	<u>201</u>	<u>602</u>
Noncurrent Liabilities:					
Claims Payable	-	-	-	-	-
Derivative Instruments	-	-	-	-	60
Capital Lease Payable	-	462	-	-	-
Compensated Absences	-	242	63	28	168
Total Noncurrent Liabilities	<u>-</u>	<u>704</u>	<u>63</u>	<u>28</u>	<u>228</u>
Total Liabilities	<u>198</u>	<u>2,405</u>	<u>433</u>	<u>229</u>	<u>830</u>
Accumulated Increase in Fair Value of Hedging Derivatives	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>198</u>	<u>2,405</u>	<u>433</u>	<u>229</u>	<u>830</u>
NET POSITION					
Net Investment in Capital Assets	4,502	1,761	12	521	43,662
Unrestricted	1,513	9,705	443	(1)	5,124
Total Net Position	<u>6,015</u>	<u>11,466</u>	<u>455</u>	<u>520</u>	<u>48,786</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 6,213</u>	<u>\$ 13,871</u>	<u>\$ 888</u>	<u>\$ 749</u>	<u>\$ 49,616</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF NET POSITION Internal Service Funds September 30, 2016 (in thousands)

Human Resources	Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Total
\$ -	\$ 105	\$ 20,029	\$ 1,127	\$ 172	\$ 46,822	\$ 55	\$ 84,715
-	1	263	15	2	614	1	1,111
3	2	1	-	8	96	1	133
-	-	38	2	-	87	-	158
-	-	68	-	1	335	-	437
-	-	-	-	-	208	-	2,437
-	-	1,598	-	-	926	-	2,524
-	-	-	-	63	-	-	63
3	108	21,997	1,144	246	49,088	57	91,578
-	-	-	1,951	-	-	-	1,951
-	-	-	-	-	4,594	-	5,562
-	-	-	-	-	1,416	-	1,416
-	-	-	-	-	-	-	1,755
31	-	-	-	648	390	7	50,695
31	-	-	1,951	648	6,400	7	61,379
34	108	21,997	3,095	894	55,488	64	152,957
-	-	-	-	-	-	-	60
\$ 34	\$ 108	\$ 21,997	\$ 3,095	\$ 894	\$ 55,488	\$ 64	\$ 153,017

\$ -	\$ 1	\$ 263	\$ 15	\$ 2	\$ 614	\$ 1	\$ 1,111
210	34	324	(1)	65	11,292	58	13,103
-	-	-	-	-	34,090	-	34,090
-	-	-	-	-	-	-	6
-	-	-	-	-	-	-	83
-	-	-	-	-	-	-	454
210	47	96	-	95	645	81	2,367
420	82	683	14	162	46,641	140	51,214
-	-	13,611	-	-	-	-	13,611
-	-	-	-	-	-	-	60
-	-	-	-	-	-	-	462
3	23	17	-	18	326	-	888
3	23	13,628	-	18	326	-	15,021
423	105	14,311	14	180	46,967	140	66,235
-	-	-	-	-	1,416	-	1,416
423	105	14,311	14	180	48,383	140	67,651
31	-	-	-	648	390	7	51,534
(420)	3	7,686	3,081	66	6,715	(83)	33,832
(389)	3	7,686	3,081	714	7,105	(76)	85,366
\$ 34	\$ 108	\$ 21,997	\$ 3,095	\$ 894	\$ 55,488	\$ 64	\$ 153,017

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION Internal Service Funds for the fiscal year ended September 30, 2016 (in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage
Operating Revenues:					
Charges for Services	\$ 2,124	\$ 21,519	\$ 3,464	\$ 2,303	\$ 19,191
Total Operating Revenues	<u>2,124</u>	<u>21,519</u>	<u>3,464</u>	<u>2,303</u>	<u>19,191</u>
Operating Expenses:					
Personnel Services	635	7,002	2,428	1,924	4,536
Contractual Services	1,364	11,732	881	208	4,854
Materials and Supplies	10	94	32	21	3,910
Other	10	151	35	8	88
Depreciation	478	649	1	32	7,512
Total Operating Expenses	<u>2,497</u>	<u>19,628</u>	<u>3,377</u>	<u>2,193</u>	<u>20,900</u>
Operating Income (Loss)	<u>(373)</u>	<u>1,891</u>	<u>87</u>	<u>110</u>	<u>(1,709)</u>
Non-Operating Revenues (Expenses):					
Net Investment Earnings	23	139	15	6	18
Change in Fair Value of Investments	4	28	2	-	5
Securities Lending:					
Securities Lending Income	-	-	-	-	-
Interest Expense	-	-	-	-	-
Other Revenues	-	188	7	-	2,212
Interest Expense	-	(25)	-	-	-
Other Expenses	-	-	-	(124)	-
Total Non-Operating Revenues (Expenses)	<u>27</u>	<u>330</u>	<u>24</u>	<u>(118)</u>	<u>2,235</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(346)</u>	<u>2,221</u>	<u>111</u>	<u>(8)</u>	<u>526</u>
Capital Contributions and Transfers					
Transfers In	-	2,441	41	1	-
Transfers Out	-	-	(28)	(136)	(62)
Total Capital Contributions and Transfers	<u>-</u>	<u>2,441</u>	<u>13</u>	<u>(135)</u>	<u>(62)</u>
Change in Net Position	(346)	4,662	124	(143)	464
Net Position - October 1	6,361	6,804	331	663	48,322
Net Position - September 30	<u>\$ 6,015</u>	<u>\$ 11,466</u>	<u>\$ 455</u>	<u>\$ 520</u>	<u>\$ 48,786</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION Internal Service Funds for the fiscal year ended September 30, 2016 (in thousands)

Human Resources	Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Total
\$ 4,300	\$ 1,034	\$ 10,892	\$ -	\$ 2,459	\$ 121,017	\$ 2,036	\$ 190,339
4,300	1,034	10,892	-	2,459	121,017	2,036	190,339
2,857	635	1,262	-	1,470	11,031	1,324	35,104
443	377	424	-	443	113,848	335	134,909
28	12	13	-	163	690	35	5,008
249	14	11,879	-	16	645	18	13,113
6	-	-	-	35	128	1	8,842
3,583	1,038	13,578	-	2,127	126,342	1,713	196,976
717	(4)	(2,686)	-	332	(5,325)	323	(6,637)
7	3	338	187	5	524	5	1,270
-	-	33	1	1	131	-	205
-	-	2	-	-	2	-	4
-	-	(1)	-	-	(1)	-	(2)
8	-	-	-	-	4,947	8	7,370
-	-	-	-	-	-	-	(25)
-	-	(369)	-	(13)	-	-	(506)
15	3	3	188	(7)	5,603	13	8,316
732	(1)	(2,683)	188	325	278	336	1,679
304	-	-	-	-	2,590	-	5,377
(1,015)	-	-	(1,391)	(360)	(1,528)	(338)	(4,858)
(711)	-	-	(1,391)	(360)	1,062	(338)	519
21	(1)	(2,683)	(1,203)	(35)	1,340	(2)	2,198
(410)	4	10,369	4,284	749	5,765	(74)	83,168
\$ (389)	\$ 3	\$ 7,686	\$ 3,081	\$ 714	\$ 7,105	\$ (76)	\$ 85,366

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF CASH FLOWS Internal Service Funds for the fiscal year ended September 30, 2016 (in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage
Cash Flow from Operating Activities					
Cash Received from Other Funds	\$ 2,200	\$ 21,485	\$ 3,473	\$ 2,303	\$ 19,242
Cash Received From Other Revenues	-	188	-	-	2,212
Cash Paid to Suppliers for Goods and Services	(1,366)	(12,480)	(964)	(229)	(8,091)
Cash Paid to Employees for Services	(632)	(6,864)	(2,445)	(1,928)	(4,503)
Net Cash Provided by (Used for) Operating Activities	202	2,329	64	146	8,860
Cash Flows from Noncapital Financing Activities					
Transfers from Other Funds	-	2,441	13	1	-
Other	-	-	7	(124)	-
Transfers to Other Funds	-	-	-	(136)	(62)
Net Cash Provided by (Used for) Noncapital Financing Activities	-	2,441	20	(259)	(62)
Cash Flows from Capital and Related Financing Activities					
Acquisition, Construction and Sale of Capital Assets	-	(1,188)	(8)	125	(8,475)
Interest Paid	-	(25)	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(1,213)	(8)	125	(8,475)
Cash Flows from Investing Activities					
Interest Received on Investments	23	132	15	6	18
Increase in the Fair Value of Cash & Cash Equivalents	4	28	2	-	5
Net Cash Provided by (Used for) Investing Activities	27	160	17	6	23
Net Increase (Decrease) in Cash and Cash Equivalents	229	3,717	93	18	346
Cash and Cash Equivalents - October 1	1,454	7,274	770	206	2,298
Cash and Cash Equivalents - September 30	<u>\$ 1,683</u>	<u>\$ 10,991</u>	<u>\$ 863</u>	<u>\$ 224</u>	<u>\$ 2,644</u>
Classified As:					
Unrestricted Assets	<u>\$ 1,683</u>	<u>\$ 10,991</u>	<u>\$ 863</u>	<u>\$ 224</u>	<u>\$ 2,644</u>
	<u>\$ 1,683</u>	<u>\$ 10,991</u>	<u>\$ 863</u>	<u>\$ 224</u>	<u>\$ 2,644</u>
Operating Activities					
Operating Income (Loss)	\$ (373)	\$ 1,891	\$ 87	\$ 110	\$ (1,709)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	478	649	1	32	7,512
Other	-	188	-	-	2,212
(Increase) Decrease in Accounts Receivable	68	(1)	-	-	51
(Increase) Decrease in Due From Other Governmentals	6	(33)	-	-	-
Increase (Decrease) in Due to Other Funds	-	-	8	-	-
(Increase) Decrease in Deposits	-	-	-	-	416
Increase in Loans to Other Funds	2	-	-	-	-
(Increase) Decrease in Inventory	-	-	-	-	289
Increase (Decrease) in Accounts Payable	19	(504)	(16)	8	57
Increase (Decrease) in Accrued Leave	2	139	(16)	(4)	32
Decrease in Insurance Deposits	-	-	-	-	-
Total Adjustments	575	438	(23)	36	10,569
Net Cash Provided By (Used For) Operating Activities	<u>\$ 202</u>	<u>\$ 2,329</u>	<u>\$ 64</u>	<u>\$ 146</u>	<u>\$ 8,860</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF CASH FLOWS Internal Service Funds for the fiscal year ended September 30, 2016 (in thousands)

Human Resources	Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Total
\$ 4,301	\$ 1,029	\$ 10,893	\$ -	\$ 2,459	\$ 121,086	\$ 2,035	\$ 190,506
8	5	-	-	-	-	-	2,413
(776)	(392)	(9,424)	-	(608)	(107,407)	(393)	(142,130)
(2,822)	(639)	(1,256)	-	(1,469)	(10,995)	(1,360)	(34,913)
711	3	213	-	382	2,684	282	15,876
304	-	-	1,013	-	2,590	-	6,362
-	-	2,695	-	(13)	4,947	8	7,520
(1,015)	-	(3,064)	(1,390)	(360)	(1,530)	(338)	(7,895)
(711)	-	(369)	(377)	(373)	6,007	(330)	5,987
(7)	(1)	-	(1)	13	(35)	(7)	(9,584)
-	-	-	-	-	-	-	(25)
(7)	(1)	-	(1)	13	(35)	(7)	(9,609)
7	3	339	187	5	526	5	1,266
-	-	33	1	1	10,189	-	10,263
7	3	372	188	6	10,715	5	11,529
-	5	216	(190)	28	19,371	(50)	23,783
-	100	19,813	1,317	144	27,451	105	60,932
\$ -	\$ 105	\$ 20,029	\$ 1,127	\$ 172	\$ 46,822	\$ 55	\$ 84,715
\$ -	\$ 105	\$ 20,029	\$ 1,127	\$ 172	\$ 46,822	\$ 55	\$ 84,715
\$ -	\$ 105	\$ 20,029	\$ 1,127	\$ 172	\$ 46,822	\$ 55	\$ 84,715
\$ 717	\$ (4)	\$ (2,686)	\$ -	\$ 332	\$ (5,325)	\$ 323	\$ (6,637)
6	-	-	-	35	128	1	8,842
8	3	-	-	-	-	-	2,411
-	-	1	-	-	69	(1)	187
-	-	-	-	-	-	-	(27)
-	-	-	-	-	2,745	-	2,753
-	-	-	-	-	-	-	416
-	-	-	-	-	-	-	2
-	-	-	-	-	1,834	-	2,123
(55)	9	2,493	-	14	3,195	(5)	5,215
35	(5)	6	-	1	38	(36)	192
-	-	399	-	-	-	-	399
(6)	7	2,899	-	50	8,009	(41)	22,513
\$ 711	\$ 3	\$ 213	\$ -	\$ 382	\$ 2,684	\$ 282	\$ 15,876

See Independent Auditors' Report



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**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

Schedule By Function and Activity

Schedule of Changes By Function and Activity

CITY OF TALLAHASSEE, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS Schedule By Function and Activity¹ September 30, 2016 (in thousands)

Function and Activity	Land	Buildings	Equipment	Improvements Other Than Buildings	Infrastructure	Total
General Government:						
Legislative	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ 30
Executive	96	-	122	-	-	218
Financial & Administrative	-	600	875	-	-	1,475
Legal	39	-	29	-	-	68
Comprehensive Planning	218	-	179	-	-	397
Other General Government	90,642	51,359	5,194	895	1,326	149,416
Total General Government	90,995	51,959	6,429	895	1,326	151,604
Public Safety:						
Law Enforcement	806	11,063	24,309	431	-	36,609
Protective Inspection	-	8	157	-	-	165
Total Public Safety	806	11,071	24,466	431	-	36,774
Other:						
Physical Environment	-	-	97	-	-	97
Road and Street Facilities	255,580	433	4,629	1,823	870,477	1,132,942
Economic Development	12,248	9,483	21	3,859	715	26,326
Human Services	167	5,748	35	7	-	5,957
Cultural and Recreation	7,697	23,853	2,989	7,329	258	42,126
Parking Facilities	-	-	-	-	-	-
Total Other	275,692	39,517	7,771	13,018	871,450	1,207,448
Total capital assets allocated to functions	<u>\$ 367,493</u>	<u>\$ 102,547</u>	<u>\$ 38,666</u>	<u>\$ 14,344</u>	<u>\$ 872,776</u>	1,395,826
Construction in Progress						<u>14,017</u>
Total capital assets						<u>\$ 1,409,843</u>

¹ This Schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF TALLAHASSEE, FLORIDA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS Schedule of Changes by Function and Activity¹ for the fiscal year ended September 30, 2016 (in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2015	Additions	Deductions	Governmental Funds Capital Assets September 30, 2016
General Government:				
Legislative	\$ 55	\$ -	\$ 25	\$ 30
Executive	133	98	13	218
Financial & Administrative	1,778	12	315	1,475
Legal	93	-	25	68
Comprehensive Planning	453	14	70	397
Other General Government	151,956	3,510	6,050	149,416
Total General Government	<u>154,468</u>	<u>3,634</u>	<u>6,498</u>	<u>151,604</u>
Public Safety:				
Law Enforcement	32,598	7,250	3,239	36,609
Protective Inspection	231	20	86	165
Total Public Safety	<u>32,829</u>	<u>7,270</u>	<u>3,325</u>	<u>36,774</u>
Other:				
Physical Environment	158	18	79	97
Road and Street Facilities	1,112,426	38,645	18,129	1,132,942
Economic Development	26,347	-	21	26,326
Human Services	5,997	-	40	5,957
Cultural and Recreation	42,942	71	887	42,126
Parking Facilities	-	-	-	-
Total Other	<u>1,187,870</u>	<u>38,734</u>	<u>19,156</u>	<u>1,207,448</u>
Total capital assets allocated to functions	1,375,167	49,638	28,979	1,395,826
Construction in Progress	<u>25,163</u>	<u>14,342</u>	<u>25,488</u>	<u>14,017</u>
Total capital assets	<u>\$ 1,400,330</u>	<u>\$ 63,980</u>	<u>\$ 54,467</u>	<u>\$ 1,409,843</u>

¹ This Schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.



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SUPPLEMENTARY INFORMATION

The following schedules provide a summary of the debt service requirements for the City's outstanding bond issues:

Capital Bonds, Series 2009

Capital Bonds, Series 2012

Capital Bonds, Series 2014

Energy System Refunding Revenue Bonds, Series 2007

Energy System Refunding Revenue Bonds, Series 2010

Energy System Refunding Revenue Bonds, Series 2010A

Energy System Revenue Bonds, Series 2010B

Energy System Revenue Bonds, Series 2010C

Energy System Refunding Revenue Bonds, Series 2011

Energy System Refunding Revenue Bonds, Series 2015

Consolidated Utility System Refunding Revenue Bonds, Series 2001

Consolidated Utility System Refunding Revenue Bonds, Series 2007

Consolidated Utility System Refunding Revenue Bonds, Series 2010A

Consolidated Utility System Refunding Revenue Bonds, Series 2010B

Consolidated Utility System Refunding Revenue Bonds, Series 2015

Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill

CITY OF TALLAHASSEE, FLORIDA

CAPITAL BONDS, SERIES 2009 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 1,905	\$ 554	\$ 2,459
2018	1,975	482	2,457
2019	925	428	1,353
2020	960	393	1,353
2021	995	357	1,352
2022	1,030	319	1,349
2023	1,070	280	1,350
2024	1,110	240	1,350
2025	1,150	198	1,348
2026	1,195	155	1,350
2027	1,240	109	1,349
2028	550	76	626
2029	570	55	625
2030	590	34	624
2031	<u>615</u>	<u>11</u>	<u>626</u>
Totals	<u>\$ 15,880</u>	<u>\$ 3,691</u>	<u>\$ 19,571</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CAPITAL BONDS, SERIES 2012 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 3,975	\$ 1,812	\$ 5,787
2018	3,890	1,653	5,543
2019	5,040	1,459	6,499
2020	5,285	1,212	6,497
2021	5,550	947	6,497
2022	5,830	670	6,500
2023	3,695	378	4,073
2024	<u>3,875</u>	<u>194</u>	<u>4,069</u>
Totals	<u>\$ 37,140</u>	<u>\$ 8,325</u>	<u>\$ 45,465</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CAPITAL BONDS, SERIES 2014 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 2,030	\$ 1,824	\$ 3,854
2018	1,215	1,784	2,999
2019	1,400	1,747	3,147
2020	1,470	1,677	3,147
2021	1,545	1,604	3,149
2022	1,590	1,557	3,147
2023	1,855	1,478	3,333
2024	1,950	1,385	3,335
2025	2,045	1,287	3,332
2026	2,150	1,185	3,335
2027	2,255	1,078	3,333
2028	2,370	965	3,335
2029	2,490	846	3,336
2030	2,615	722	3,337
2031	2,745	591	3,336
2032	2,880	454	3,334
2033	3,025	310	3,335
2034	<u>3,175</u>	<u>159</u>	<u>3,334</u>
Totals	<u>\$ 38,805</u>	<u>\$ 20,653</u>	<u>\$ 59,458</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2007 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 3,315	\$ 8,947	\$ 12,262
2018	3,485	8,781	12,266
2019	3,645	8,607	12,252
2020	3,825	8,425	12,250
2021	4,020	8,233	12,253
2022	4,220	8,032	12,252
2023	2,235	7,821	10,056
2024	670	7,710	8,380
2025	3,490	7,680	11,170
2026	4,245	7,505	11,750
2027	4,445	7,293	11,738
2028	4,675	7,071	11,746
2029	11,770	6,837	18,607
2030	12,355	6,248	18,603
2031	12,970	5,631	18,601
2032	14,380	4,982	19,362
2033	15,110	4,263	19,373
2034	15,860	3,507	19,367
2035	16,655	2,715	19,370
2036	18,360	1,881	20,241
2037	<u>19,275</u>	<u>964</u>	<u>20,239</u>
Totals	<u>\$ 179,005</u>	<u>\$ 133,133</u>	<u>\$ 312,138</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 5,610	\$ 3,558	\$ 9,168
2018	5,850	3,308	9,158
2019	6,135	3,036	9,171
2020	6,435	2,729	9,164
2021	6,755	2,408	9,163
2022	-	2,070	2,070
2023	2,005	2,070	4,075
2024	3,775	1,970	5,745
2025	3,960	1,790	5,750
2026	4,155	1,593	5,748
2027	13,560	1,385	14,945
2028	<u>14,225</u>	<u>707</u>	<u>14,932</u>
Totals	<u>\$ 72,465</u>	<u>\$ 26,624</u>	<u>\$ 99,089</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 220	\$ 1,671	\$ 1,891
2018	230	1,665	1,895
2019	235	1,658	1,893
2020	240	1,651	1,891
2021	250	1,643	1,893
2022	7,550	1,634	9,184
2023	7,845	1,332	9,177
2024	8,155	1,019	9,174
2025	8,485	692	9,177
2026	<u>8,825</u>	<u>353</u>	<u>9,178</u>
Totals	<u>\$ 42,035</u>	<u>\$ 13,318</u>	<u>\$ 55,353</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REVENUE BONDS, SERIES 2010B (FEDERALLY TAXABLE - BUILD AMERICA BONDS) SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ -	\$ 7,299	\$ 7,299
2018	-	7,299	7,299
2019	-	7,299	7,299
2020	-	7,299	7,299
2021	-	7,299	7,299
2022	-	7,299	7,299
2023	-	7,299	7,299
2024	-	7,299	7,299
2025	-	7,299	7,299
2026	-	7,299	7,299
2027	-	7,299	7,299
2028	-	7,299	7,299
2029	930	7,299	8,229
2030	1,855	7,243	9,098
2031	1,930	7,133	9,063
2032	1,240	7,017	8,257
2033	1,280	6,943	8,223
2034	1,335	6,867	8,202
2035	1,385	6,787	8,172
2036	9,110	6,705	15,815
2037	9,465	6,161	15,626
2038	30,070	5,596	35,666
2039	31,235	3,801	35,036
2040	<u>32,445</u>	<u>1,936</u>	<u>34,381</u>
Totals	<u>\$ 122,280</u>	<u>\$ 161,076</u>	<u>\$ 283,356</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REVENUE BONDS, SERIES 2010C SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 1,815	\$ 1,385	\$ 3,200
2018	1,885	1,313	3,198
2019	1,980	1,218	3,198
2020	3,325	1,119	4,444
2021	3,485	953	4,438
2022	3,465	779	4,244
2023	3,835	606	4,441
2024	4,040	414	4,454
2025	1,430	212	1,642
2026	910	155	1,065
2027	935	118	1,053
2028	975	81	1,056
2029	<u>900</u>	<u>39</u>	<u>939</u>
Totals	<u>\$ 28,980</u>	<u>\$ 8,392</u>	<u>\$ 37,372</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2011 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 1,084	\$ 79	\$ 1,163
2018	1,116	54	1,170
2019	<u>1,142</u>	<u>27</u>	<u>1,169</u>
Totals	<u>\$ 3,342</u>	<u>\$ 160</u>	<u>\$ 3,502</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS SERIES 2015 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 4,020	\$ 4,527	\$ 8,547
2018	4,180	4,366	8,546
2019	4,390	4,157	8,547
2020	4,610	3,938	8,548
2021	4,840	3,707	8,547
2022	5,080	3,465	8,545
2023	5,335	3,211	8,546
2024	5,600	2,944	8,544
2025	5,880	2,664	8,544
2026	6,170	2,370	8,540
2027	6,485	2,062	8,547
2028	6,805	1,737	8,542
2029	7,145	1,397	8,542
2030	7,500	1,040	8,540
2031	7,880	665	8,545
2032	<u>5,420</u>	<u>271</u>	<u>5,691</u>
Totals	<u>\$ 91,340</u>	<u>\$ 42,521</u>	<u>\$ 133,861</u>

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CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 1,900	\$ 331	\$ 2,231
2018	2,000	226	2,226
2019	<u>2,110</u>	<u>116</u>	<u>2,226</u>
Totals	<u>\$ 6,010</u>	<u>\$ 673</u>	<u>\$ 6,683</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2007 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 4,220	\$ 7,237	\$ 11,457
2018	4,430	7,026	11,456
2019	4,655	6,805	11,460
2020	4,885	6,572	11,457
2021	5,100	6,357	11,457
2022	5,330	6,128	11,458
2023	5,570	5,888	11,458
2024	5,825	5,632	11,457
2025	6,095	5,364	11,459
2026	6,380	5,077	11,457
2027	6,700	4,758	11,458
2028	7,035	4,423	11,458
2029	7,385	4,072	11,457
2030	7,755	3,702	11,457
2031	8,145	3,315	11,460
2032	8,550	2,907	11,457
2033	8,975	2,480	11,455
2034	9,425	2,031	11,456
2035	9,895	1,560	11,455
2036	10,390	1,065	11,455
2037	<u>10,910</u>	<u>546</u>	<u>11,456</u>
Totals	<u>\$ 147,655</u>	<u>\$ 92,945</u>	<u>\$ 240,600</u>

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CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A (FEDERALLY TAXABLE - BUILD AMERICA BONDS) SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ -	\$ 6,084	\$ 6,084
2018	-	6,084	6,084
2019	-	6,084	6,084
2020	-	6,084	6,084
2021	-	6,084	6,084
2022	-	6,084	6,084
2023	-	6,084	6,084
2024	-	6,084	6,084
2025	-	6,085	6,085
2026	-	6,085	6,085
2027	3,415	6,085	9,500
2028	3,530	5,911	9,441
2029	3,650	5,732	9,382
2030	3,765	5,547	9,312
2031	5,745	5,357	11,102
2032	5,945	5,057	11,002
2033	6,145	4,747	10,892
2034	6,355	4,426	10,781
2035	6,570	4,094	10,664
2036	6,795	3,752	10,547
2037	7,025	3,397	10,422
2038	18,715	3,030	21,745
2039	19,350	2,054	21,404
2040	<u>20,010</u>	<u>1,044</u>	<u>21,054</u>
Totals	<u>\$ 117,015</u>	<u>\$ 121,075</u>	<u>\$ 238,090</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010B SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 1,215	\$ 1,078	\$ 2,293
2018	1,240	1,054	2,294
2019	1,290	1,004	2,294
2020	2,450	966	3,416
2021	2,555	866	3,421
2022	2,680	740	3,420
2023	2,810	606	3,416
2024	2,950	465	3,415
2025	3,100	318	3,418
2026	<u>3,255</u>	<u>163</u>	<u>3,418</u>
Totals	<u>\$ 23,545</u>	<u>\$ 7,260</u>	<u>\$ 30,805</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 SEPTEMBER 30, 2016 (in thousands)

Fiscal Year	Principal	Interest	Total
2017	\$ 350	\$ 2,148	\$ 2,498
2018	400	2,130	2,530
2019	450	2,110	2,560
2020	1,895	2,088	3,983
2021	2,115	1,993	4,108
2022	2,300	1,887	4,187
2023	2,485	1,797	4,282
2024	2,590	1,698	4,288
2025	2,715	1,568	4,283
2026	2,855	1,433	4,288
2027	2,995	1,290	4,285
2028	3,205	1,140	4,345
2029	3,425	980	4,405
2030	3,665	809	4,474
2031	2,060	625	2,685
2032	2,265	522	2,787
2033	2,490	409	2,899
2034	2,725	285	3,010
2035	<u>2,970</u>	<u>148</u>	<u>3,118</u>
Totals	<u>\$ 43,955</u>	<u>\$ 25,060</u>	<u>\$ 69,015</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL for the fiscal year ended September 30, 2016 (in thousands)

<u>Source</u>	<u>Amount Received in the 2015-2016 Fiscal Year</u>	<u>Amount Expended in the 2015-2016 Fiscal Year</u>
British Petroleum:		
Agreement No. <u>2:10-md-02179-CJB-SS</u>	\$ -	\$ 1,571

Note: This schedule does not include funds related to the Deepwater Horizon Oil Spill that are considered Federal awards or State financial assistance. The City did not receive or expend any Federal awards or State financial assistance related to the Deepwater Horizon Oil Spill.

See Independent Auditors' Report



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STATISTICAL SECTION

This part of the City'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 City's overall financial health.

CONTENTS

PAGE

Financial Trends

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

Net Position by Component	166
Changes in Net Position	167
Fund Balances, Governmental Funds	170
Changes in Fund Balances, Governmental Funds	171

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property	172
Direct and Overlapping Property Tax Rates	173
Principal Property Taxpayers	174
Property Tax Levies and Collections	175
Assessed Valuations, Millage and Taxes Levied and Collected	176

Debt Capacity

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

Ratios of Outstanding Debt by Type	177
Ratios of General Bonded Debt Outstanding	178
Direct and Overlapping Governmental Activities Debt	179
Computation of Legal Debt Margin	180
Revenue Bond Coverage:	
Energy Revenue Bonds	181
Consolidated Utility Revenue Bonds	182

Sources: Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Reports for the relevant year.

STATISTICAL SECTION

(Continued)

Demographic and economic Information	PAGE
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Demographic Statistics	183
Principal Employers	184
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Full-time Equivalent City Government Employees by Function/Program	185
Operating Indicators by Function/Program	186
Capital Assets Statistics by Function/Program	187
Miscellaneous Statistical Data	188
Schedule of Insurance	189

Sources: Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Reports for the relevant year.

CITY OF TALLAHASSEE, FLORIDA

NET POSITION BY COMPONENT Last Ten Fiscal Years (accrual basis of accounting) (in thousands)

	2016	2015	2014 As Restated	2013	2012	2011	2010	2009	2008	2007
Governmental activities										
Net Investment in Capital Assets	\$ 729,307	\$ 742,216	\$ 756,332	\$ 836,872	\$ 834,489	\$ 828,993	\$ 845,995	\$ 856,883	\$ 814,842	\$ 818,366
Restricted	99,999	99,012	62,644	36,648	81,811	100,242	20,868	23,760	19,365	19,618
Unrestricted	(56,664)	(56,651)	(2,497)	57,367	47,334	34,026	123,832	120,014	123,446	148,298
Total governmental activities net position	<u>\$ 772,642</u>	<u>\$ 784,577</u>	<u>\$ 816,479</u>	<u>\$ 930,887</u>	<u>\$ 963,634</u>	<u>\$ 963,261</u>	<u>\$ 990,695</u>	<u>\$ 1,000,657</u>	<u>\$ 957,653</u>	<u>\$ 986,282</u>
Business activities										
Net Investment in Capital Assets	\$ 840,415	\$ 809,395	\$ 763,439	\$ 772,446	\$ 760,472	\$ 661,648	\$ 681,553	\$ 614,673	\$ 628,969	\$ 665,127
Restricted	194,185	201,116	198,491	190,295	185,679	157,107	157,342	144,224	124,090	107,926
Unrestricted	199,519	202,099	210,447	196,515	211,978	271,654	235,337	262,443	242,474	195,053
Total Business activities net position	<u>\$ 1,234,119</u>	<u>\$ 1,212,610</u>	<u>\$ 1,172,377</u>	<u>\$ 1,159,256</u>	<u>\$ 1,158,129</u>	<u>\$ 1,090,409</u>	<u>\$ 1,074,232</u>	<u>\$ 1,021,340</u>	<u>\$ 995,533</u>	<u>\$ 968,106</u>
Primary government										
Net Investment in Capital Assets	\$ 1,569,722	\$ 1,551,611	\$ 1,519,771	\$ 1,609,318	\$ 1,594,961	\$ 1,490,641	\$ 1,527,548	\$ 1,471,556	\$ 1,443,383	\$ 1,483,493
Restricted	294,184	300,128	261,135	226,943	267,490	257,349	178,210	167,984	143,455	127,544
Unrestricted	142,855	145,448	207,950	253,882	259,312	305,680	359,169	382,457	365,920	343,351
Total primary government net position	<u>\$ 2,006,761</u>	<u>\$ 1,997,187</u>	<u>\$ 1,988,856</u>	<u>\$ 2,090,143</u>	<u>\$ 2,121,763</u>	<u>\$ 2,053,670</u>	<u>\$ 2,064,927</u>	<u>\$ 2,021,997</u>	<u>\$ 1,952,758</u>	<u>\$ 1,954,388</u>

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN NET POSITION Last of Ten Fiscal Years (accrual basis of accounting) (in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>Expenses</u>										
Governmental Activities:										
General Government	\$ 15,295	\$ 32,352	\$ 16,581	\$ 20,184	\$ 19,068	\$ 22,409	\$ 22,575	\$ 22,254	\$ 20,737	\$ 23,047
Public Safety	68,901	61,703	75,241	57,636	56,044	54,676	50,298	53,819	54,416	50,875
Transportation	20,530	19,928	35,786	19,430	20,421	23,648	19,571	23,193	23,314	20,896
Human Services	3,565	3,097	2,516	3,428	3,117	2,897	2,715	3,984	6,863	6,182
Economic Development	8,996	7,337	5,616	9,564	8,710	11,277	9,265	10,575	7,828	9,143
Physical Environment	7,943	1,489	2,528	2,829	3,354	2,158	2,350	5,318	4,739	3,499
Culture and Recreation	26,396	22,289	23,414	21,906	21,374	20,642	20,264	20,650	19,459	18,168
Unallocated Depreciation on Infrastructure	29,228	27,477	26,633	26,413	26,401	26,733	26,210	26,584	23,956	24,002
Interest on Long-Term Debt	4,058	4,966	2,805	2,718	4,740	4,556	4,528	5,205	5,798	4,855
Total governmental activities expenses	\$ 184,912	\$ 180,638	\$ 191,120	\$ 164,108	\$ 163,229	\$ 168,996	\$ 157,776	\$ 171,582	\$ 167,110	\$ 160,667
Business-type activities										
Electric	\$ 247,370	\$ 248,266	\$ 256,301	\$ 237,358	\$ 266,145	\$ 303,715	\$ 307,823	\$ 347,955	\$ 346,318	\$ 323,181
Gas	20,744	28,480	25,304	27,452	30,121	44,773	47,823	42,618	51,609	40,063
Sewer	53,274	46,804	51,258	48,374	44,790	42,411	42,792	39,515	37,855	35,747
Water	29,401	24,770	25,133	26,509	26,277	28,942	21,402	24,764	21,083	19,057
Airport	16,885	19,120	16,733	13,840	12,861	14,635	18,656	20,141	16,298	16,084
StarMetro	22,018	21,397	20,706	20,851	19,123	18,581	17,364	18,059	18,358	16,299
Solid Waste	20,874	20,700	25,346	22,016	21,269	19,066	20,126	20,075	20,579	20,791
Golf	927	973	1,012	1,023	1,037	870	889	1,389	1,264	1,165
Stormwater Management	14,944	14,837	14,585	13,939	15,064	17,522	13,213	12,098	10,629	9,878
Fire Services	40,797	36,787	41,237	33,256	32,054	30,764	27,597	28,099	27,612	25,197
Total business-type activities expenses	\$ 467,234	\$ 462,134	\$ 477,615	\$ 444,618	\$ 468,741	\$ 521,279	\$ 517,685	\$ 554,713	\$ 551,605	\$ 507,462
Total primary government expenses	\$ 652,146	\$ 642,772	\$ 668,735	\$ 608,726	\$ 631,970	\$ 690,275	\$ 675,461	\$ 726,295	\$ 718,715	\$ 668,129

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN NET POSITION Last of Ten Fiscal Years (accrual basis of accounting) (in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,520	\$ 2,192	\$ 2,106	\$ 2,074	\$ 1,923	\$ 1,813	\$ 1,638	\$ 2,096	\$ 1,665	\$ 1,835
Public Safety	2,051	2,487	2,649	3,377	2,806	3,133	2,071	4,156	2,173	3,726
Transportation	2,698	2,540	2,484	2,911	2,509	2,547	2,821	2,330	2,250	2,224
Human Services	1,022	965	888	787	969	612	503	770	692	1,347
Economic Development	14	-	-	-	-	-	220	-	-	-
Physical Environment	1,004	1,187	1,057	980	1,139	997	861	873	4,049	2,082
Culture and Recreation	3,903	3,956	3,895	3,956	3,759	3,697	3,378	3,260	3,142	3,859
Operating Grants and Contributions	8,250	1,549	566	5,705	11,031	8,791	9,923	8,006	9,510	9,635
Capital Grants and Contributions	-	13	1	5,073	8,121	6,800	383	72,446	742	5,375
Total Governmental Activities Program Revenues	\$ 21,462	\$ 14,889	\$ 13,646	\$ 24,863	\$ 32,257	\$ 28,390	\$ 21,798	\$ 93,937	\$ 24,223	\$ 30,083
Business-type Activities:										
Charges for Services:										
Electric	\$ 268,262	\$ 286,271	\$ 280,317	\$ 257,511	\$ 285,660	\$ 317,647	\$ 341,778	\$ 369,923	\$ 369,483	\$ 347,388
Gas	26,963	34,564	33,225	32,731	34,082	48,311	52,697	46,521	53,691	43,321
Sewer	61,759	62,184	60,126	59,624	60,172	59,046	53,648	48,061	45,668	39,721
Water	33,290	30,787	29,631	28,137	30,321	30,515	25,673	26,230	25,764	27,988
Airport	14,090	12,840	13,328	11,564	11,660	11,498	11,729	12,203	12,713	12,494
StarMetro	5,548	4,705	4,954	4,759	5,008	4,542	4,509	6,496	4,258	3,640
Solid Waste	22,508	23,553	24,751	23,252	23,046	21,859	21,200	21,658	19,746	18,778
Golf	786	771	885	894	1,024	876	858	1,070	936	1,007
Stormwater Management	17,946	18,380	17,552	17,669	20,812	17,732	18,906	18,417	16,516	15,350
Fire Services	41,469	32,772	32,260	32,660	31,399	31,194	30,297	23,952	23,962	23,663
Operating Grants and Contributions	8,977	5,465	9,295	5,861	6,873	5,541	3,648	4,148	3,407	3,875
Capital Grants and Contributions	12,865	16,395	14,767	11,584	20,026	7,659	14,261	12,624	7,245	18,969
Total Business-type Activities Program Revenues	\$ 514,463	\$ 528,687	\$ 521,091	\$ 486,246	\$ 530,083	\$ 556,420	\$ 579,204	\$ 591,303	\$ 583,389	\$ 556,194
Total Primary Government Program Revenues	\$ 535,925	\$ 543,576	\$ 534,737	\$ 511,109	\$ 562,340	\$ 584,810	\$ 601,002	\$ 685,240	\$ 607,612	\$ 586,277
Net (Expenses) Revenues										
Governmental Activities	\$ (163,450)	\$ (165,749)	\$ (177,474)	\$ (139,245)	\$ (130,972)	\$ (140,606)	\$ (135,978)	\$ (77,645)	\$ (142,887)	\$ (130,584)
Business-Type Activities	47,229	66,553	43,476	41,628	61,342	35,141	61,519	36,590	31,784	48,732
Total Primary Government Net Expenses	\$ (116,221)	\$ (99,196)	\$ (133,998)	\$ (97,617)	\$ (69,630)	\$ (105,465)	\$ (74,459)	\$ (41,055)	\$ (111,103)	\$ (81,852)

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN NET POSITION Last of Ten Fiscal Years (accrual basis of accounting) (in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 38,908	\$ 32,947	\$ 31,528	\$ 31,520	\$ 33,483	\$ 34,438	\$ 35,113	\$ 34,001	\$ 33,570	\$ 35,630
Public Service Tax	22,950	23,728	23,429	22,835	22,524	22,595	23,140	22,834	22,144	21,747
Business License Tax	6,182	5,101	5,123	4,972	5,157	6,229	5,214	1,808	1,825	1,799
Grants and Contributions Not Restricted to Specific Programs	30,154	28,304	27,942	24,046	24,260	24,051	24,181	23,265	24,969	26,216
Unrestricted Investment Earnings	3,204	3,044	1,740	4,084	3,499	3,431	5,985	5,054	7,039	8,373
Net Securities Lending Income	5	-	5	14	11	15	12	224	268	90
Net Increase (Decrease) in Fair Value of Investments	178	14	131	(1,658)	76	(689)	1,045	3,719	(2,091)	1,282
Miscellaneous	14,475	7,634	13,052	1,806	5,058	1,455	1,738	4,284	2,008	3,120
Gain (Loss) on the Sale of Capital Assets	-	-	-	-	-	-	-	-	599	853
Special Item - Reclassification of Internal Service Funds	-	-	-	-	-	-	-	-	-	(54,332)
Transfers	35,459	33,075	31,021	29,104	29,246	26,978	29,588	25,888	21,470	25,830
Total Governmental Activities	\$ 151,515	\$ 133,847	\$ 133,971	\$ 116,723	\$ 123,314	\$ 118,503	\$ 126,016	\$ 121,077	\$ 111,801	\$ 70,608
Business-Type Activities:										
Grants and Contributions, not restricted to specific programs	\$ 1,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Investment Earnings	7,525	6,684	5,332	6,857	7,177	7,939	12,374	6,499	12,937	13,219
Net Securities Lending Income	11	-	38	30	25	40	31	286	441	142
Net Increase (Decrease) in Fair Value of Investments	739	52	202	(7,495)	426	2,235	3,912	8,320	(6,602)	3,513
Miscellaneous	1,094	19	2,058	-	(1)	18	381	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	(1,615)	(4,232)
Special Item - Reclassification of Internal Service Funds	-	-	-	-	-	-	-	-	-	54,332
Transfers	(35,459)	(33,075)	(31,021)	(29,104)	(29,246)	(26,978)	(29,588)	(25,888)	(21,470)	(25,830)
Total Business-type Activities	\$ (24,105)	\$ (26,320)	\$ (23,391)	\$ (29,712)	\$ (21,619)	\$ (16,746)	\$ (12,890)	\$ (10,783)	\$ (16,309)	\$ 41,144
Total Primary Government	\$ 127,410	\$ 107,527	\$ 110,580	\$ 87,011	\$ 101,695	\$ 101,757	\$ 113,126	\$ 110,294	\$ 95,492	\$ 111,752
Change in Net Position										
Governmental Activities	\$ (11,935)	\$ (31,902)	\$ (43,503)	\$ (22,522)	\$ 123,314	\$ (22,103)	\$ (9,962)	\$ 43,432	\$ (31,086)	\$ (59,976)
Business Activities	23,124	40,233	20,085	11,916	39,723	18,395	48,629	25,807	15,475	89,876
Total Primary Government	\$ 11,189	\$ 8,331	\$ (23,418)	\$ (10,606)	\$ 163,037	\$ (3,708)	\$ 38,667	\$ 69,239	\$ (15,611)	\$ 29,900

CITY OF TALLAHASSEE, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,018	\$ 3,649	\$ 2,189	\$ 1,838
Unreserved	-	-	-	-	-	-	12,594	5,288	5,083	8,075
Nonspendable	1,513	809	819	700	709	275	-	-	-	-
Spendable:										
Committed	25,251	25,420	21,414	20,552	21,746	16,979	-	-	-	-
Assigned	2,479	2,479	2,545	1,741	1,777	1,417	-	-	-	-
Unassigned	6,544	1,041	2,472	1,575	160	68	-	-	-	-
Total General Fund	<u>\$ 35,787</u>	<u>\$ 29,749</u>	<u>\$ 27,250</u>	<u>\$ 24,568</u>	<u>\$ 24,392</u>	<u>\$ 18,739</u>	<u>\$ 16,612</u>	<u>\$ 8,937</u>	<u>\$ 7,272</u>	<u>\$ 9,913</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,301	\$ 95,483	\$ 117,767	\$ 122,256
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	9,621	5,813	(1,085)	2,218
Capital Projects funds	-	-	-	-	-	-	14,028	19,931	3,737	14,472
Permanent funds	-	-	-	-	-	-	6,184	6,298	6,457	6,666
Non-Spendable	584	580	626	1,226	1,696	424	-	-	-	-
Spendable:										
Restricted	39,331	44,722	56,705	29,526	64,690	83,786	-	-	-	-
Committed	24,227	23,715	25,673	26,627	25,612	23,409	-	-	-	-
Assigned	161	-	-	2,136	2,586	2,561	-	-	-	-
Unassigned	(91)	(148)	(605)	(1,073)	(1,881)	(2,581)	-	-	-	-
Total all Other Governmental Funds	<u>\$ 64,212</u>	<u>\$ 68,869</u>	<u>\$ 82,399</u>	<u>\$ 58,442</u>	<u>\$ 92,703</u>	<u>\$ 107,599</u>	<u>\$ 118,134</u>	<u>\$ 127,525</u>	<u>\$ 126,876</u>	<u>\$ 145,612</u>

Note: In accordance with requirements of GASB Statement 54, which was effective for periods beginning after June 15, 2010, fund balances are classified based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The GASB was implemented in fiscal 2011. Retroactive restatement was not possible due to personnel constraints.

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
								As Restated	As Restated	
Revenues:										
Taxes	\$ 61,858	\$ 56,675	\$ 54,962	\$ 54,357	\$ 56,006	\$ 57,033	\$ 58,253	\$ 56,835	\$ 57,714	\$ 57,377
Licenses and Permits	7,168	6,176	6,047	5,745	5,967	7,132	5,936	11,072	6,149	7,061
Intergovernmental Revenues	42,605	33,231	39,032	34,350	43,105	39,637	34,376	38,892	34,474	39,534
Charges for Services	9,385	9,043	8,789	9,184	8,866	8,210	8,020	7,783	7,048	7,028
Fines and Forfeitures	1,119	1,550	1,713	2,478	2,647	2,436	1,162	1,361	1,594	1,549
Net Investment Earnings	2,841	2,847	1,550	3,748	3,065	2,964	5,312	4,094	5,690	7,010
Securities Lending Income	11	-	10	49	51	38	33	320	1,592	2,720
Net Inc (Dec) in the Fair Value of Investments	145	12	126	(1,491)	30	(617)	919	3,279	(1,637)	1,100
Miscellaneous Revenues	16,070	15,631	12,765	13,013	15,371	11,719	11,045	12,509	12,032	11,900
Total Revenues	\$ 141,202	\$ 125,165	\$ 124,994	\$ 121,433	\$ 135,108	\$ 128,552	\$ 125,056	\$ 136,145	\$ 124,656	\$ 135,279
Expenditures:										
General Government	\$ 28,589	\$ 30,497	\$ 28,660	\$ 26,007	\$ 26,915	\$ 29,833	\$ 29,689	\$ 30,095	\$ 30,766	\$ 27,690
Public Safety	64,603	58,615	57,281	55,861	54,138	52,502	50,499	51,110	51,730	50,247
Transportation	32,026	33,231	34,270	51,224	39,910	32,498	28,670	30,653	35,718	32,858
Human Services	3,415	2,955	2,375	3,284	2,977	2,781	2,639	3,585	6,594	6,139
Economic Environment	8,093	7,636	8,621	9,194	11,994	11,577	12,096	11,189	7,811	9,939
Physical Environment	9,515	3,390	2,406	2,890	3,200	2,452	2,539	4,130	5,259	3,617
Cultural and Recreation	23,770	21,986	22,486	21,242	20,452	19,894	19,845	19,426	18,981	18,134
Securities Lending Expense:										
Interest	2	-	5	33	40	21	20	92	1,317	2,624
Agent Fees	1	-	1	3	2	3	2	47	56	20
Debt Service:										
Principal Retired	7,530	6,620	6,050	5,320	10,675	4,615	6,890	4,750	4,160	4,055
Interest and Fiscal Charges	4,502	5,324	3,105	2,956	5,010	4,571	4,657	4,821	4,917	4,795
Bond Issuance Costs	-	-	263	236	-	-	-	-	-	-
Advance Refunding Escrow	-	-	-	10,340	-	-	-	-	-	-
Total Expenditures	\$ 182,046	\$ 170,254	\$ 165,523	\$ 188,590	\$ 175,313	\$ 160,747	\$ 157,546	\$ 159,898	\$ 167,309	\$ 160,118
Excess of Revenues Over (Under) Expenditures	(40,844)	(45,089)	(40,529)	(67,157)	(40,205)	(32,195)	(32,490)	(23,753)	(42,653)	(24,839)
Other Financing Sources (Uses):										
Transfers In	59,942	\$ 55,167	\$ 52,970	\$ 53,159	\$ 54,769	\$ 56,428	\$ 49,992	\$ 53,681	\$ 45,652	\$ 48,134
Transfers Out	(24,823)	(21,426)	(20,283)	(23,143)	(23,807)	(27,310)	(19,218)	(27,614)	(24,128)	(21,970)
Sale of Capital Assets	5,370	317	579	3,055	-	-	-	-	-	-
Proceeds from Loans from Other Funds	1,736	-	-	-	-	-	-	-	-	-
Refunding Bond Issue	-	-	33,902	58,164	-	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	-	(58,164)	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-	-	1,752	852
Total Other Financing Sources (Uses)	\$ 42,225	\$ 34,058	\$ 67,168	\$ 33,071	\$ 30,962	\$ 29,118	\$ 30,774	\$ 26,067	\$ 23,276	\$ 27,016
Net Change in Fund Balances	\$ 1,381	\$ (11,031)	\$ 26,639	\$ (34,086)	\$ (9,243)	\$ (3,077)	\$ (1,716)	\$ 2,314	\$ (19,377)	\$ 2,177
Debt Services as a Percentage of Noncapital Expenditures	7.22 %	7.12 %	6.59 %	5.17 %	10.47 %	6.18 %	8.03 %	10.52 %	6.12 %	6.14 %

⁽¹⁾Capital Outlay is reported in Note II.B.

CITY OF TALLAHASSEE, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (in thousands)

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽²⁾	Taxable Assessed Value as a Percentage of Actual Value ⁽³⁾
2007	\$ 15,774,924	\$ 1,866,335	\$ 2,499	\$ 7,560,579	\$ 10,083,179	3.70 %	\$ 20,757,362	48.58%
2008	17,370,043	1,878,935	2,603	8,088,767	11,162,814	3.17	22,648,918	49.29
2009	17,722,358	1,855,027	3,078	8,789,036	10,791,427	3.21	23,035,839	46.85
2010	15,900,917	1,872,241	1,081	7,854,304	9,919,935	3.70	20,910,869	47.44
2011	15,489,525	1,844,995	2,816	7,665,541	9,671,795	3.70	20,396,867	47.42
2012	15,333,433	1,756,386	5,253	7,834,968	9,260,104	3.70	20,111,850	46.04
2013	14,506,724	1,650,817	5,617	7,364,930	8,798,228	3.70	19,015,479	46.27
2014	14,499,790	1,654,905	5,923	7,342,511	8,818,107	3.70	19,012,492	46.38
2015	15,242,081	1,696,448	6,113	7,718,416	9,226,226	3.70	19,934,875	46.28
2016	15,744,126	1,701,380	6,175	7,857,175	9,594,506	4.20	20,531,389	46.73

Source: Leon County Property Appraiser

Note: Assessed values are determined as of January 1 for each fiscal year.

⁽¹⁾ Total assessed values less exemptions

⁽²⁾ Estimated actual value is based on the assumption that the assessed values is 85% of the actual value.

⁽³⁾ Calculated Figure

CITY OF TALLAHASSEE, FLORIDA

DIRECT AND OVERLAPPING PROPERTY TAX RATES LAST TEN FISCAL YEARS (rate per 1,000 of assessed value)

Fiscal Year	Direct	Overlapping				Total
	City of Tallahassee	Leon County School Board		Leon County	N.W . Fla Water Management	
	Operating	Operating	Debt Service	Operating	Operating	
2007	3.70	7.92	0.54	7.99	0.05	20.20
2008	3.17	7.45	0.48	7.21	0.05	18.36
2009	3.21	7.60	0.22	7.85	0.05	18.93
2010	3.70	7.75	-	7.85	0.05	19.35
2011	3.70	8.03	-	7.85	0.05	19.63
2012	3.70	7.78	-	7.85	0.04	19.37
2013	3.70	7.71	-	8.31	0.04	19.76
2014	3.70	7.35	-	8.31	0.04	19.40
2015	3.70	7.38	-	8.31	0.04	19.43
2016	4.20	7.20	-	8.81	0.04	20.25

Source: Leon County Tax Collector

CITY OF TALLAHASSEE, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS Current and Nine Years Ago (in thousands)

Tax payer	Types of Business	2016		2007			
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Smith Interest General Partnership	Retail	\$ 141,284	1	1.42 %	\$ 150,274	2	0.85 %
Embarq/CenturyLink	Communication	116,392	2	1.17	266,588	1	1.51
Florida Gas Transmission Company	Utilities	77,028	3	0.77	59,084	8	0.33
Capital Regional Medical Center	Medical	69,312	4	0.70	-	-	-
Talquin Electric Coop	Utilities	59,893	5	0.60	127,973	3	0.73
District Joint Venture, LLC	Real Estate	57,316	6	0.58	-	-	-
DRA CRT Tallahassee Center, LLC	Real Estate	55,743	7	0.56	71,027	5	0.40
Walmart Stores Inc.	Retail	50,904	8	0.51	51,874	7	0.29
Comcast Cablevision, Inc.	Communications	48,932	9	0.49	41,913	10	0.24
Woodlands of Tallahassee, LLC	Real Estate	39,398	10	0.40	-	-	-
Tallahassee Medical Center, LLC	Medical	-	-	-	78,923	4	0.45
City of Tallahassee	Municipality	-	-	-	41,504	9	0.24
Stiles, J.A, III Etal, Trust	Real Estate	-	-	-	63,667	6	0.36
Total		\$ 716,202		7.20 %	\$ 952,827		5.40 %

CITY OF TALLAHASSEE, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years (in thousands)

Fiscal Year Ended September 30,	Total Tax Levy Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 37,370	\$ 35,440	94.6 %	\$ 23	\$35,463	95.8 %
2008	35,416	33,595	94.9	78	33,673	95.1
2009	34,704	33,063	95.3	111	33,174	95.6
2010	36,704	35,031	95.4	89	35,120	95.7
2011	35,918	34,076	94.9	244	34,320	95.6
2012	34,707	33,055	95.2	71	33,126	95.4
2013	32,648	31,458	96.4	55	31,513	96.5
2014	32,673	31,471	96.3	53	31,524	96.5
2015	34,392	32,891	95.6	47	32,938	95.8
2016	40,352	38,837	96.2	-	38,837	96.2

N/A - Information not available.

CITY OF TALLAHASSEE, FLORIDA

ASSESSED VALUATIONS, MILLAGE AND TAXES LEVIED AND COLLECTED Last Ten Fiscal Years (in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
TOTAL VALUATIONS	\$ 17,451,681	\$ 16,944,644	\$ 16,160,618	\$ 16,163,157	\$ 17,095,072	\$ 17,337,336	\$ 17,774,239	\$ 19,580,463	\$ 19,251,581	\$ 17,643,758
EXEMPTIONS										
Agricultural Adjustment	\$ 49,272	\$ 42,463	\$ 37,998	\$ 38,173	\$ 38,367	\$ 38,591	\$ 37,371	\$ 72,812	\$ 66,919	\$ 37,636
Government Exemption	4,963,425	4,839,361	4,641,924	4,620,454	4,782,072	4,691,503	4,742,678	5,107,970	5,033,493	4,843,510
Institutional Exemption	616,233	667,825	658,118	643,767	667,240	663,234	638,457	698,220	667,120	597,011
Individual/Homestead Exemptions	1,322,310	1,319,847	1,329,354	1,354,810	1,382,463	1,402,154	2,362,458	2,862,860	2,277,245	2,044,997
Other Exemptions & Adjustments	905,934	848,920	675,118	707,727	964,826	870,059	73,340	47,173	43,990	37,425
TOTAL EXEMPTION AND ADJUSTMENTS	\$ 7,857,174	\$ 7,718,416	\$ 7,342,512	\$ 7,364,931	\$ 7,834,968	\$ 7,665,541	\$ 7,854,304	\$ 8,789,035	\$ 8,088,767	\$ 7,560,579
TAXABLE VALUATION	\$ 9,594,507	\$ 9,226,228	\$ 8,818,106	\$ 8,798,226	\$ 9,260,104	\$ 9,671,795	\$ 9,919,935	\$ 10,791,428	\$ 11,162,814	\$ 10,083,179
MILLAGE LEVIED	4.200	3.700	3.700	3.700	3.700	3.212	3.170	3.700	3.700	3.700
TOTAL TAXES LEVIED	\$ 40,352	\$ 34,392	\$ 32,673	\$ 32,648	\$ 34,707	\$ 35,918	\$ 36,704	\$ 34,704	\$ 35,416	\$ 37,370
Less: Adjustments & Discount	1,433	1,214	1,145	1,129	1,167	1,180	1,213	1,130	1,172	1,253
Net Taxes Levied	\$ 38,919	\$ 33,178	\$ 31,528	\$ 31,519	\$ 33,540	\$ 34,738	\$ 35,491	\$ 33,574	\$ 34,244	\$ 36,117
NET COLLECTED ⁽¹⁾⁽²⁾	\$ 38,908	\$ 32,891	\$ 31,511	\$ 31,507	\$ 33,055	\$ 33,124	\$ 35,119	\$ 33,172	\$ 33,673	\$ 35,442

Source: Leon County Property Appraiser

⁽¹⁾ Florida Statutes provide for a discount of up to four percent for early payment of ad valorem taxes. All unpaid taxes become delinquent on April 1 and are sold at auction on June 1 of each year as tax certificates. The City, after all tax certificates are sold, has fully collected all ad valorem tax revenues.

⁽²⁾ Net collected includes penalties or late payments.

CITY OF TALLAHASSEE, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years (in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
General Revenue Bonds	\$ 91,825	\$ 99,355	\$ 105,975	\$ 71,800	\$ 90,475	\$ 101,150	\$ 106,905	\$ 115,760	\$ 84,135	\$ 87,795
Sunshine State Loan Payable	-	-	-	-	-	-	2,300	2,300	30,200	30,700
Bank of America Loan Payable	1,736	-	-	-	-	-	-	-	-	-
Total Government Activities	<u>\$ 93,561</u>	<u>\$ 99,355</u>	<u>\$ 105,975</u>	<u>\$ 71,800</u>	<u>\$ 90,475</u>	<u>\$ 101,150</u>	<u>\$ 109,205</u>	<u>\$ 118,060</u>	<u>\$ 114,335</u>	<u>\$ 118,495</u>
Business-Type Activities:										
Energy System	\$ 448,107	\$ 461,725	\$ 579,023	\$ 600,857	\$ 603,011	\$ 614,160	\$ 462,580	\$ 479,590	\$ 479,590	\$ 487,910
Energy System Refunding	91,340	95,620	2,005	3,215	4,345	5,420	9,805	11,730	11,730	12,635
Airport Refunding	-	-	-	-	925	1,810	2,665	4,290	4,290	5,070
Consolidated Utility System Refunding	338,180	345,455	323,440	335,904	336,235	342,245	348,020	214,485	214,485	53,680
Sunshine State Loan Payable	-	-	-	-	-	-	35,961	38,200	57,030	61,143
AMI Loan Payable	23,514	26,282	28,941	33,332	35,706	37,987	40,230	37,431	35,300	-
Bank of America Loan Payable	840	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>\$ 901,981</u>	<u>\$ 929,082</u>	<u>\$ 933,409</u>	<u>\$ 973,308</u>	<u>\$ 980,222</u>	<u>\$ 1,001,622</u>	<u>\$ 899,261</u>	<u>\$ 785,726</u>	<u>\$ 802,425</u>	<u>\$ 620,438</u>
Total Primary Government	<u>\$ 995,542</u>	<u>\$ 1,028,437</u>	<u>\$ 1,039,384</u>	<u>\$ 1,045,108</u>	<u>\$ 1,070,697</u>	<u>\$ 1,102,772</u>	<u>\$ 1,008,466</u>	<u>\$ 903,786</u>	<u>\$ 916,760</u>	<u>\$ 738,933</u>
Per Capita	<u>\$ 5,249</u>	<u>\$ 5,471</u>	<u>\$ 5,595</u>	<u>\$ 5,604</u>	<u>\$ 5,830</u>	<u>\$ 6,043</u>	<u>\$ 5,636</u>	<u>\$ 5,081</u>	<u>\$ 5,155</u>	<u>\$ 4,188</u>

CITY OF TALLAHASSEE, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING for the fiscal year ended September 30, 2016 Last Ten Fiscal Years (in thousands)

GENERAL BONDED DEBT OUTSTANDING

Fiscal Year ended Sept. 30	General Revenue Bonds	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2007	\$ 87,795	0.42 %	\$ 499
2008	84,135	0.37	473
2009	115,760	0.51	651
2010	106,905	0.53	598
2011	101,150	0.50	554
2012	90,475	0.45	493
2013	71,800	0.39	391
2014	105,975	0.56	570
2015	99,355	0.50	529
2016	91,825	0.45	484

Source: City of Tallahassee, Accounting Services

⁽¹⁾ See Assessed Value and Estimated Actual Trend Value of Taxable Property Schedule for Property Value Data.

⁽²⁾ See Demographic and Economic Statistics for Population Data.

CITY OF TALLAHASSEE, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT September 30, 2016 (in thousands)

Government Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Leon County School Board ⁽²⁾	\$ 199,774	67 %	\$ 133,849
Debt repaid with non self-supporting revenue debt:			
Leon County ⁽³⁾	43,455	67 %	<u>29,115</u>
Subtotal, Overlapping Debt			162,964
City Direct Debt			<u>91,825</u>
Total Direct and Overlapping Debt			<u><u>\$ 254,789</u></u>

⁽¹⁾ City's share calculated based on 2012 County Taxable Value of \$13,387,231,768 and City's Taxable Value of \$8,808,227,231 which results in 66 percent overlapping

⁽²⁾ Leon County School Board

⁽³⁾ Leon County

CITY OF TALLAHASSEE, FLORIDA

COMPUTATION OF LEGAL DEBT MARGIN SEPTEMBER 30, 2016 (in thousands)

TAXABLE ASSESSED VALUE	\$ <u>9,594,506</u>
Debt Limit 20 Percent of Assessed Value	\$ <u>1,918,901</u>

Note: The City of Tallahassee has no general obligation debt outstanding and the amount of general obligation debt the City can issue is limited by City Charter.

CITY OF TALLAHASSEE, FLORIDA

REVENUE BOND COVERAGE ENERGY REVENUE BONDS Last Ten Fiscal Years (in thousands)

Fiscal Year Ending				Debt Service Requirements ⁽³⁾			Coverage
	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Principal	Interest	Total	
2007	\$ 378,909	\$ 309,195	\$ 69,714	\$ 12,760	\$ 15,932	\$ 28,692	2.43
2008	407,472	326,715	80,757	9,225	24,470	33,695	2.40
2009	405,440	323,803	81,637	9,635	24,051	33,686	2.42
2010	373,938	287,738	86,200	10,025	22,691	32,716	2.63
2011	359,940	271,399	88,541	14,010	28,613	42,623	2.08
2012	316,839	236,621	80,218	12,224	31,307	43,531	1.84
2013	286,876	202,640	84,236	12,846	30,687	43,533	1.93
2014	310,314	211,408	98,906	13,482	30,048	43,530	2.27
2015	314,807	217,485	97,322	11,058	26,703	37,761	2.58
2016	298,689	202,714	95,975	17,898	28,794	46,692	2.06

⁽¹⁾ Total operating revenues plus operating interest earned.

⁽²⁾ Total operating expenses exclusive of depreciation and amortization.

⁽³⁾ Includes principal and interest of revenue bonds only.

CITY OF TALLAHASSEE, FLORIDA

REVENUE BOND COVERAGE CONSOLIDATED UTILITY REVENUE BONDS Last Ten Fiscal Years (in thousands)

Fiscal Year Ending	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			
				Principal	Interest	Total	
2007	\$ 76,620	\$ 43,374	\$ 33,246	\$ 3,680	\$ 2,638	\$ 6,318	5.26
2008	83,873	44,787	39,086	3,655	9,274	12,929	3.02
2009	88,883	48,839	40,044	3,780	10,256	14,036	2.85
2010	94,458	50,949	43,509	5,520	10,122	15,642	2.78
2011	100,908	53,628	47,280	5,775	15,178	20,953	2.26
2012	101,822	53,868	47,954	6,010	16,939	22,949	2.09
2013	95,737	51,176	44,561	6,265	16,684	22,949	1.94
2014	99,063	51,802	47,261	6,530	16,417	22,947	2.06
2015	101,087	52,429	48,658	6,695	15,747	22,442	2.17
2016	103,063	54,501	48,562	7,275	17,251	24,526	1.98

⁽¹⁾ Total operating revenues of the Sewer, Water, and Stormwater Utilities Funds plus operating interest earned.

⁽²⁾ Total operating expenses of water and sewer funds exclusive of depreciation and amortization.

⁽³⁾ Includes principal and interest of revenue bonds only.

CITY OF TALLAHASSEE, FLORIDA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Year	Estimated ⁽¹⁾ Population	Airline Passengers	Electric KWH Sold (000's)	Water Consumed (Gals) (Millions)	Gas Used (Cu. Ft.) (Millions)	Housing Units	Leon County School (2) Enrollment
2007	176,429	947,165	2,758,101	11,209	2,315	80,138	37,515
2008	177,852	820,943	2,725,363	10,161	2,439	83,288	40,653
2009	177,879	734,151	2,657,425	9,554	2,550	83,609	33,360
2010	178,923	670,978	2,838,640	8,755	2,792	83,906	36,964
2011	182,482	633,706	2,848,889	9,881	2,696	84,413	33,754
2012	183,643	684,990	2,698,016	9,434	2,505	85,066	34,157
2013	183,727	697,633	2,638,092	8,492	2,714	85,475	34,738
2014	183,784	708,433	2,763,936	8,801	2,931	86,242	34,955
2015	187,996	690,533	2,677,292	8,540	2,930	86,735	34,797
2016	189,675	699,035	2,623,259	8,705	2,719	89,252	33,300

Year	City Personal Income (3) (Thousands)	Per Capita Personal Income (3)	Number of Labor Force (4)	Number of Employed (4)	Numbered of Unemployed (4)	Unemployment Rate (Percent) (4)
2007	\$ 11,463,000	\$ 32,536	89,969	87,219	2,750	3.2 %
2008	12,217,000	33,819	90,972	86,980	3,992	4.4
2009	12,180,000	33,399	92,543	86,156	6,387	6.9
2010	12,467,000	33,869	95,693	87,674	8,019	8.4
2011	N/A	N/A	94,927	87,142	7,785	8.2
2012	N/A	N/A	96,530	89,636	6,894	7.1
2013	N/A	N/A	97,523	91,785	5,738	5.9
2014	N/A	N/A	101,034	95,302	5,732	5.7
2015	N/A	N/A	99,331	94,321	5,010	5.0
2016	N/A	N/A	99,879	94,852	5,027	5.0

Source: City records, except as noted.

⁽¹⁾U.S. Census 2000; all other numbers are estimated by the Bureau of Economic and Business Research, University of Florida

⁽²⁾Leon County School Board

⁽³⁾Bureau of Economic Analysis, U.S. Department of Commerce.

⁽⁴⁾Florida Department of Economic Opportunity

N/A - Not Available

CITY OF TALLAHASSEE, FLORIDA

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	Type of Business	2016 ⁽¹⁾			2007 ⁽²⁾		
		Number of Employees	Rank	% age of Total	Number of Employees	Rank	% age of Total
State of Florida	Government	19,136	1	35.8 %	25,204	1	47.9 %
Florida State University	Education	14,378	2	26.8	8,784	2	16.7
Leon Co. School Board	Education	5,383	3	8.3	4,403	3	8.4
Tallahassee Memorial Healthcare	Healthcare	4,583	4	8.3	2,850	5	5.4
City of Tallahassee	Government	2,811	5	5.2	3,327	4	6.3
Publix	Retail	2,200	6	3.7	2,000	7	3.8
Florida A & M University	Education	1,767	7	3.5	2,681	6	5.1
Leon County	Government	1,712	8	3.3	1,522	8	2.9
Tallahassee Community College	Education	1,518	9	3.2	1,090	9	2.1
Capital Regional Medical Center ⁽³⁾	Healthcare	1,051	10	1.9	-		-
Sprint	Telecommunications	-		-	740	10	1.4
Total		<u>54,539</u>		<u>100.0 %</u>	<u>52,601</u>		<u>100.0 %</u>

⁽¹⁾ Data from employers or Website

⁽²⁾ Data from Leon County CAFR 2004.

⁽³⁾ Formerly known as the "Tallahassee Community Hospital".

CITY OF TALLAHASSEE, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

<u>Function/Program</u>	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City Commission & Appointed Official	134	134	133	130	130	130	130	139	132	133
Administration	184	183	181	179	182	181	184	198	188	191
Aviation	55	53	53	53	53	53	53	54	54	54
Communications	14	14	13	13	12	12	11	12	13	13
Customer Services	1	1	1	1	1	1	1	1	2	2
Economic and Community Development	36	36	37	37	37	38	38	57	N/A	N/A
Economic Development	-	-	-	-	-	-	-	-	7	8
Electric	303	302	298	298	298	295	295	291	290	290
Emergency Management	1	1	1	1	1	1	1	1	N/A	N/A
Energy Services	-	-	30	29	29	29	31	23	N/A	N/A
EPER	14	14	14	13	13	12	12	12	N/A	N/A
Ethics	1	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Fire	296	280	280	280	280	280	272	263	267	267
Fleet	80	61	59	58	57	57	58	57	58	59
Gas	-	-	-	-	-	-	-	-	40	40
Growth Management	63	63	63	62	61	61	58	75	83	83
Neighborhood & Community Services	-	-	-	-	-	-	-	-	85	86
Parks & Recreation & Neighborhood Affairs	173	171	171	170	172	171	172	176	152	154
Planning	26	26	26	26	27	27	27	28	29	29
Police	466	433	427	427	483	485	485	489	498	499
Public Works	286	285	286	283	278	279	283	301	254	260
Solid Waste	83	84	87	88	88	89	91	99	102	108
Stormwater	-	-	-	-	-	-	-	-	91	94
StarMetro	148	170	170	170	170	168	168	169	167	169
Utility Services	148	145	120	120	112	112	114	120	167	166
Underground Utilities	362	361	361	362	362	360	364	367	N/A	N/A
Water Utility	-	-	-	-	-	-	-	-	303	304
Total	<u>2,874</u>	<u>2,817</u>	<u>2,811</u>	<u>2,800</u>	<u>2,846</u>	<u>2,841</u>	<u>2,848</u>	<u>2,932</u>	<u>2,982</u>	<u>3,009</u>

Source: City of Tallahassee Budget

Note: The City was reorganized in FY 2009, combining some departments and creating new departments. Deleted departments are shown with "0" FTE employees.

"N / A" = not applicable

CITY OF TALLAHASSEE, FLORIDA

OPERATING INDICATORS BY FUNCTION / PROGRAM Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Arrests	5,998	5,933	6,053	5,360	5,362	5,777	7,171	6,619	N/A	7,002
Traffic violations	14,716	13,652	13,039	30,166	31,508	32,838	25,757	21,319	34,300	32,015
Parking violations	18,886	15,948	17,872	17,146	16,104	15,385	18,187	19,333	19,711	25,186
Fire										
Emergency responses	27,849	24,704	22,075	22,820	22,920	21,856	21,541	17,786	25,101	15,896
Fires reported	1,225	1,047	1,153	1,206	1,379	1,537	1,172	1,511	1,443	1,973
Gas										
Daily average consumption (MCF)	7,450	8,030	8,030	6,800	6,959	7,387	7,650	6,878	6,111	6,347
Number of service connections	30,355	29,659	29,275	28,576	28,018	27,654	26,948	26,448	26,447	26,348
Water										
Daily average consumption (MGD)	26	26	26	26	26	27	26	N/A	33	33
Number of service connections	75,334	83,554	83,384	83,095	82,606	82,133	81,945	82,016	82,069	81,275
Electric										
Net System Energy Generated (K W H) (Millions)	2,630	2,773	2,763	2,638	2,248	2,374	2,293	2,657	2,725	2,758
Average number residential customers	99,793	88,112	87,674	87,862	86,921	86,945	86,041	85,889	86,151	93,258
Average residential monthly bill	113	123	121	113.00	118.00	138.00	143.25	153.23	148.74	147.68
Sewage										
Daily average treatment (MDG)	17	16	16	18	16	15	16.00	-	-	17
Number of service connections	72,070	71,556	71,440	71,172	70,660	70,279	70,015	69,966	69,913	69,048
Transit										
Total revenue miles	2,254,316	2,246,364	2,591,582	2,140,779	2,089,369	2,060,351	2,035,922	1,966,766	N/A	1,604,339
Passengers trips	3,759,543	4,260,333	4,241,111	4,585,634	4,759,287	4,716,971	4,789,938	4,409,041	N/A	4,136,790
Solid Waste										
Number of customers	63,455	63,455	63,284	63,190	62,859	62,935	62,585	62,621	63,284	63,608
Refuse collected (in tons)	139,778	144,488	119,659	117,392	137,346	129,091	142,643	145,707	N/A	159,002
Recyclables collected (in tons)	24,474	24,474	33,752	96,405	10,614	19,793	9,925	6,172	6,884	9,361
Airport										
Number of passengers	699,035	690,533	708,433	697,633	684,990	633,706	670,978	734,151	821,716	947,165

Source: Various city departments

N / A - Not Available

CITY OF TALLAHASSEE, FLORIDA

CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM

Last Ten Fiscal Years

Function / Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular units										
Marked vehicles	306	289	284	284	266	256	257	295	318	311
Motorcycles	9	9	9	9	9	9	9	9	9	9
Unmarked vehicles	153	137	143	137	133	127	139	137	170	144
Bicycle patrol units	16	16	15	15	7	9	9	9	N/A	12
Fire stations	16	16	15	15	15	15	15	15	15	15
Gas										
Gas lines (in miles)	905	885	881	878	868	860	845	834	818	806
Plant Capacity (MCF)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Water										
Water mains (in miles)	1,201	1,212	1,206	1,203	1,193	1,197	1,212	1,212	1,181	1,170
Deep Wells	27	27	27	27	27	27	26	27	27	27
Plant Capacity (MGD)	76	74	76	74	74	72	74	72	72	72
Electric										
Generating plants	3	3	3	3	3	3	3	3	3	3
Generating capacity (MW)	746	746	746	794	805	805	805	805	795	795
Transmission lines (in miles)	214	204	204	204	194	188	188	187	185	185
Number of street lights	18,710	18,589	18,188	18,125	18,040	17,998	17,971	17,670	N/A	17,168
Distribution lines (in miles)	1,942	2,937	2,937	2,927	2,870	2,839	2,839	2,842	N/A	2,693
Sewage										
Number of lift stations	107	109	111	109	111	107	107	N/A	N/A	106
Sanitary sewers (in miles)	1,039	1,049	1,046	1,042	1,034	1,107	1,019	N/A	N/A	999
Number of disposal plants	1	1	1	2	2	2	2	2	2	2
Capacity of treatment plans (MGD)	27	27	27	31	31	31	31	32	32	32
Transit										
Bus Plaza	1	1	1	1	1	1	1	1	1	1
Buses	65	58	58	58	56	56	66	56	90	66
Refuse Collection										
Collection trucks	69	69	67	65	63	65	61	45	36	62
Parks and recreation										
Community centers and specialty center	11	11	11	11	11	12	12	12	10	10
Summer playgrounds and camps	43	43	43	43	43	43	43	43	43	43
Athletic fields	86	86	86	86	86	86	86	86	86	86
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	11	11	11	11	11	13	13	13	13	13
Park acreage	3,529	3,529	3,529	3,529	3,881	3,529	3,529	3,529	3,881	3,881
Fitness trails	30	30	30	30	30	17	17	17	17	17
Tennis/racquetball courts	67	67	67	67	67	67	67	67	72	67
Gymnasiums, center sites	7	7	7	7	7	7	7	7	7	7
Gymnasiums, school sites	4	4	4	4	4	4	4	4	9	9
Airport	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,394
Traffic signals ⁽¹⁾	73	73	73	71	71	71	72	128	122	123

Source: Various city departments

⁽¹⁾ The department did not have asset tracking database prior to FY 04. Only City owned signals are counted

CITY OF TALLAHASSEE, FLORIDA

Miscellaneous Statistical Data

September 30, 2016

Governance		Education:	
Date of Incorporation	1825	Number of Public Schools ⁽¹⁾	50
Date Present Charter Adopted	1996	Number of Public School Instructors ⁽¹⁾	2,274
Form of Government: Commission-Manager		Number of Public School Students, (PK-12) ⁽¹⁾	36,885
Commission Composed of: Mayor and Four Commissioners		Number of Vocational-Technical Schools ⁽¹⁾	1
Terms of Office:		Number of Community Colleges	1
Mayor - Four Years (Elected by Tallahassee Citizens)		Number of Universities	2
Commissioners - Four Years (Elected by Tallahassee Citizens)		Number of College-level Instructors ⁽⁴⁾	3,018
Manager (Appointed by Commission)		Number of College-level Students ⁽²⁾	89,751
Transportation:		Major Annual Events:	
Airlines, Bus Lines, and Railroad Freight and Passenger		Springtime Tallahassee Festival	
Communications:		Fourth of July "Celebrate America"	
Newspapers, Radio Stations, Television Stations;		North Florida Fair	
Cable Television and Telephone Service		Market Days	
Climate		Winter Festival	
Average Annual Temperature - in °F	67.7	Culture, Recreation, and Health:	
Average Annual Rainfall - in inches	63.2	Conference Center, Civic Center, and Theaters	
Area - in square miles	103.29	Seating Capacity (Leon County Civic Center and	
		Museums	
		Libraries (including branches)	
		Skating Rinks	
		Golf Courses	
		Hospital Beds ⁽³⁾	

Source: City of Tallahassee Records except as noted below:

⁽¹⁾ Leon County School Board

⁽²⁾ Tallahassee Community College; Florida State University; Florida A & M University

⁽³⁾ Tallahassee Memorial Healthcare and Capital Regional Medical Center

⁽⁴⁾ Full Time Faculty at Tallahassee Community College, Florida State University, and Florida A&M University

CITY OF TALLAHASSEE, FLORIDA

Schedule of Insurance

September 30, 2016

Type of Coverage	Carrier	Policy Number	Policy Term	Coverage Detail	Limits (in thousands)	Deductible/Retention (in thousands)	Premium (in thousands)
Self-Insurance	NA	NA	NA	General Liability, Police Civil Liability, Employment Practice	200/300	NA	NA
Airport Liability	GLOBAL AEROSPACE	15001414	10/1/2015-2018	Airport Liability	100,000	0	31
All Risk Property	FM GLOBAL	1011690	5/1/2016-17	General Government	Combined Total 1,000,000	100 per occurrence	2,643
				Utility Property		500 Wastewater & Power Gen.	
				Boiler & Machinery		750 Hopkins2 Steam and Purdom8 Steam. \$1,500 Purdom Unit 8 Gas and Hopkins Unit 2 Gas. Named Windstorm 2% of TIV location	
Fine Arts Floater	Travelers	QT6608735M564TIL16	8/19/16-17	Fine Arts Coverage, Refriger Murals	1.2	1 Basic, 5 Wind	2
Health Care	Capital Health Plan	00005	NA	Employee Health Care	NA	NA	Funded Reserves
	Blue Cross/Blue Shield	45380	NA	Employee Health Care	NA	NA	Funded Reserves
Workers Compensation	Self Insured	NA	NA	Primary Workers Compensation	Statutory	1,000 SIR	NA
	Colony Insurance Co	PXL 1401702	10/1/2015-16	Excess Workers Compensation	Statutory in excess of \$1M		148
Property Insurance	Preferred Governmental Insurance Trust	d38704325-001	3/31/2016-2017	Renaissance Building (Joint Mgt & Occupant with Leon County)	13,200	5 & 25 Windstorm	33
Workers Compensation	Preferred Governmental Insurance Trust	WC FL1 037404215-02	3/23/2015-10/1/2016	Consolidated Dispatch Agency	1,000	NA	8

CITY OF TALLAHASSEE, FLORIDA

Schedule of Insurance

September 30, 2016

Type of Coverage	Carrier	Policy Number	Policy Term	Coverage Detail	Limits (in thousands)	Deductible/Retention (in thousands)	Premium (in thousands)
Public Officials Bond	Auto Owners	66117834	Continuous	Statutory Position Bond- Treasurer Clerk	100	NA	NA
Employee Fidelity Bond	Travellers	106175065	Continuous	Government Crime	1,000	50	10
Right of Way Utility Bonds	Travellers	Multiple	Annual	Permit Bond	50	NA	1.875
EMS Liability	James River	299-12	10/1/2015-2016	Primary Professional Liability EMS	1,000/3,000	2.5 each	33
	James River	3042-11	10/1/2015-2016	Excess Professional Liability EMS	5,000		30
Fiduciary Liability	Travellers	106176744	10/1/2014-2016	175 Plan Fiduciary Liability (FF)	1,000	1	3
	Travellers	106176738	10/1/2015-2016	185 Plan Fiduciary Liability	1,000	1	3.9
	Travellers	106176742	10/1/2015-2016	General Employee Pension Fund Fiduciary Liability	1,000		16
General Liability Auto Liability and Public Officials Liability	Preferred Governmental Insurance Trust	PK FL1 037404215-02	2/18/2015- 10/1/2015	Consolidated Dispatch Agency	5,000	0	47



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SINGLE AUDIT AND OTHER REPORTS

Additional Elements Required by the Rules of the Auditor General and the Single Audit Act of 1996:

FOR THE ENTITY

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

FOR THE FINANCIAL ASSISTANCE PROGRAMS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General

Schedule of Expenditures of Federal Awards and State Financial Assistance

Schedule of Findings and Questioned Costs - Federal Awards and State Financial Assistance

Summary Schedule of Prior Audit Findings

OTHER

Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance

Schedule of Expenditures of Passenger Facility Charges

Schedule of Findings - Passenger Facility Charges

Summary Schedule of Prior Audit Findings - Passenger Facility Charges

Independent Accountants' Report on Compliance with Local Government Investment Policies

Management Letter

Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Honorable Mayor, City Commission, City Manager,
Appointed Officials and Audit Committee
City of Tallahassee, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida (the City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 14, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *Schedule of Findings and Questioned Costs* as Findings 2016-001 and 2016-005.

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. 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 result 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.



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
April 14, 2017



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida

Independent Auditors' Report on Compliance For Each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance And Chapter 10.550, *Rules of the Auditor General*

Honorable Mayor, City Commission, City Manager,
Appointed Officials and Audit Committee
City of Tallahassee, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Tallahassee, Florida's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Florida Department of Financial Service's State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2016. The City's major federal programs and state projects are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program and State Project

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2016-005 to be a significant deficiency.


The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Page Three

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



THOMAS HOWELL FERGUSON, P.A.
Tallahassee, Florida
April 14, 2017



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2016

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures	Amount Provided to Subrecipients
<u>FEDERAL AWARDS</u>					
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>					
Direct Programs:					
Community Development Block Grant/Entitlement Grant	14.218	B14MC120019/ B15MC120019	N/A	\$ 1,975,024	\$ 1,024,340
HOME Investment Partnerships Program	14.239	M-13-MC-12-0221	N/A	809,534	752,348
Emergency Solutions Grant Program	14.231	E-14-MC-12-0010	N/A	110,268	110,268
Emergency Solutions Grant Program	14.231	E-15-MC-12-0010	N/A	85,946	85,946
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				2,980,772	
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>					
Direct Program:					
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-95481911	N/A	167,426	
Pass through Florida Department of Environmental Protection					
Nonpoint Source Implementation Grants	66.460	C9-99451502-0/ C9-99451513-0	G0395	80,608	
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY				248,034	
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
<u>FEDERAL TRANSIT ADMINISTRATION</u>					
Direct Programs:					
Federal Transit - Capital Investment Grants	20.500	FL-04-0152	N/A	413	
Federal Transit - Formula Grant	20.507	FL-2016-020-00	N/A	1,500,269	
Federal Transit - Formula Grant	20.507	1095-2016-3	N/A	210,537	
Federal Transit - Formula Grant	20.507	FL-90-X746	N/A	309,126	
Federal Transit - Formula Grant	20.507	FL-90-X862	N/A	680,752	
Federal Transit - Formula Grant	20.507	FL-90-X803	N/A	10,216	
Federal Transit - Formula Grant	20.507	FL-90-X778	N/A	16,900	
Bus and Bus Facilities Formula Program	20.526	FL-34-0025-00	NA	335,335	
TOTAL FEDERAL TRANSIT CLUSTER				3,063,548	
New Freedom Program	20.521	FL-57-X015	N/A	6,166	
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	FL-88-0001	N/A	55,951	
Public Transportation Research	20.514	FL-26-0021	N/A	227	
<u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u>					
Pass through Florida Department of Transportation					
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	Unknown	ARN55	5,388	
National Priority Safety Programs	20.616	M5HVE-16-06-11	G0461	48,615	
State and Community Highway Safety	20.600	SC-16-13-06	G0528	46,603	
State and Community Highway Safety	20.600	TSP-16-04-03	G0540	2,714	
<u>FEDERAL HIGHWAY ADMINISTRATION</u>					
Pass through Florida Department of Transportation					
Highway Planning and Construction	20.205	777-204-A/7777-237-A 437144-1-58-01	430147-1-38-01/430147-1-48- 01/4046056-C/431047-1-58-01	60,242	
Highway Planning and Construction	20.205	437144-68-01	N/A	68,197	
<u>FEDERAL AVIATION ADMINISTRATION</u>					
Direct Programs:					
Airport Improvement Program	20.106	3-12-0077-37-2013	N/A	458,197	
Airport Improvement Program	20.106	3-12-0077-38-2015	N/A	499,325	
Airport Improvement Program	20.106	3-12-0077-39-2015	N/A	190,425	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				4,505,598	
<u>U.S. DEPARTMENT OF JUSTICE</u>					
Direct Programs:					
Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-2785	N/A	14,016	
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0513	N/A	34,514	
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-DJ-BX-0740	N/A	79,845	
Pass through Florida Department of Law Enforcement					
National Asset Forfeiture Strategic Plan	16.UNKNOWN	N/A	N/A	32,030	
Pass through Florida Department of Juvenile Justice					
Juvenile Justice and Delinquency Prevention	16.540	10167	N/A	82,086	
TOTAL U.S. DEPARTMENT OF JUSTICE				242,491	

See independent auditors' report on the financial statements.

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
For the Year Ended September 30, 2016

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures	Amount Provided to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY					
Direct Program:					
Assistance to Firefighters Grant	97.044	EMW-2014-FP-00327	NA	48,928	
Pass through Florida Department of Financial Service					
Homeland Security Grant Program	97.067	N/A	16-DFS-T9-02-47-23-293	12,443	
Homeland Security Grant Program	97.067	N/A	15-DS-P4-02-47-01-374	22,504	
Homeland Security Grant Program	97.067	N/A	15-DS-P4-02-47-01-380	10,140	
Homeland Security Grant Program	97.067	N/A	16-DS-T9-02-47-01-408	9,278	
Homeland Security Grant Program	97.067	N/A	16-DS-T9-02-47-01-362	57,616	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>160,909</u>	
TOTAL FEDERAL AWARDS EXPENDED				<u>\$ 8,137,804</u>	
STATE AWARDS					
FLORIDA DEPARTMENT OF TRANSPORTATION					
Florida Commission for the Transportation Disadvantaged (FCTD)					
Trip and Equipment Grant Program	55.001	NA	43202718401/43202818401/G0169	390,754	
Florida Commission for the Transportation Disadvantaged (FCTD)					
Trip and Equipment Grant Program	55.001	NA	43202718401/43202818401/G0B74	137,154	
Public Transit Block Grant Program	55.010	N/A	42225018401/ARM74	1,157,252	
Public Transit Service Development Program	55.012	N/A	43484618401/ARR77	90,099	
Aviation Development Grants	55.004	N/A	226781-18401/AH990	1,205,314	
Aviation Development Grants	55.004	N/A	226769-19401/AR051	25,455	
Aviation Development Grants	55.004	N/A	226781-56401/ARN63	281,250	
Aviation Development Grants	55.004	N/A	412210-19401/AQ399	125,618	
Aviation Development Grants	55.004	N/A	422301-49401/APA37	75,578	
Aviation Development Grants	55.004	N/A	226781-69401/G0419	397,937	
Aviation Development Grants	55.004	N/A	226792-29401/G0418	6,465	
Aviation Development Grants	55.004	N/A	422301-59401/G0420	87,570	
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION				<u>3,980,446</u>	
FLORIDA HOUSING FINANCE CORP.					
State Housing Initiatives Partnership Program (SHIP)	40.901	N/A	N/A	630,505	239,275
TOTAL FLORIDA HOUSING FINANCE CORP.				<u>630,505</u>	
TOTAL STATE AWARDS EXPENDED				<u>\$ 4,610,951</u>	
TOTAL FINANCIAL ASSISTANCE EXPENDED				<u>\$ 12,748,755</u>	<u>\$ 2,212,177</u>

NOTES

- The Schedule of Expenditures of Federal Awards and State Financial Assistance was prepared on the accrual basis of accounting.
- This method is consistent with the method used in the preparation of the City's financial statements.
- No federal or state financial assistance was expended in non-cash assistance.
- Expenditures for the U.S. Department of Transportation, Federal Transit-Formula Grant FL-90-X746, CFDA 20.507, in the amount of \$309,126 were incurred in prior fiscal years.
- Funding provided from the U.S. Department of Transportation, Federal Transit-Formula Grant FL-90-X803, CFDA 20.507 in the amount of \$1,255,935 included in prior fiscal years on the Schedule of Federal Expenditures and State Financial Assistance, incorrectly included local match expenditures. This amount was deducted from the current year expenditures. See Finding 2016-001 in Section III of the Schedule of Findings and Questioned Costs.
- The draw down in the amount of \$1,323,839 for the U.S. Department of Transportation, Federal Transit-Formula Grant FL-90-X862, CFDA 20.507, included seven vehicles purchased in the amount of \$842,443 for the U.S. Department of Transportation, Federal Transit-Formula Grant FL-90-X803, CFDA 20.507. See Finding 2016-001 in Section III of the Schedule of Findings and Questioned Costs.
- Housing loans outstanding at year end:

Community Development Block Grant-Entitlement	14.218	\$ 723,014
HOME Investment Partnerships Program	14.239	4,381,089
State Housing Initiatives Partnership Program	40.901	2,001,517
		<u>\$ 7,105,620</u>
- The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2016

Schedule of Findings and Questioned Costs Relating to Federal Awards

Section I -- Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified not considered to be material weaknesses? No

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

Any audit findings disclosed that are required to be reported in accordance with
2 CFR 200.516(a)? Yes

Identification of major federal programs:	<u>CFDA Number</u>	<u>Name of Federal Program</u>
		U.S. Department of Housing and Urban Development
		Direct Program
	14.231	Emergency Solutions Grant Program
		Federal Aviation Administration
		Direct Program
	20.106	Airport Improvement Program
		U.S. Department of Transportation
		Direct Programs
		Federal Transit Cluster
	20.500	Federal Transit - Capital Investment Grants
	20.507	Federal Transit - Formula Grants
	20.526	Bus and Bus Facilities Formula Program

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

Auditee qualified as low-risk auditee? No

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2016

Schedule of Findings and Questioned Costs Relating to State Financial Assistance

State Financial Assistance Awards

Internal control over major projects:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified not considered to be material weaknesses? Yes

Type of auditors' report issued on compliance for major state projects? Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(l)(4), *Rules of the Auditor General*? Yes

Findings required to be reported in a management letter pursuant to Chapter 10.554(1)(l)(4), *Rules of the Auditor General*? No

Identification of major state projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
	Florida Department of Transportation
	Direct Projects
55.001	Florida Commission for the Transportation Disadvantaged (FCTD)
	Trip and Equipment Grant Programs
55.004	Aviation Development Grants

Dollar threshold used to distinguish between Type A and Type B projects: \$300,000

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2016

Section II – Financial Statement Findings

We noted no matters involving internal control over financial reporting and its operations that we considered to be material weaknesses.

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

We noted the following matters involving noncompliance that are required to be reported in accordance with 2 CFR 200.516(a) and the Chapter 10.554(1)(1)(4), *Rules of the Auditor General*.

MATERIAL WEAKNESS

2016-001 – Grant Management; Schedule of Expenditures of Federal Awards and State Financial Assistance

Criteria: The City of Tallahassee administers many programs funded by federal awards and state financial assistance. For the year ended September 30, 2016, the City expended over \$8.1 million of federal awards and over \$4.6 million of state financial assistance for these programs. As a condition of receiving federal and state grant funds, the City must comply with federal and state laws and regulations, provisions of the grant agreements, and accounting and reporting requirements associated with the grants. Noncompliance could result in termination of existing agreements and may require reimbursement by the City for unallowable costs.

Conditions: During our current year audit, there were a number of corrections required for amounts of federal and state expenditures reported on the City's Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule). These adjustments included such items as:

- 1) Inclusion of \$6.5 million in expenditures for which there were no approved project worksheets.
- 2) A reduction of expenditures in the amount of \$1.2 million for U.S. Department of Transportation, Federal-Transit Formula Grant FL-90-X803 that were subsequently determined to be expenditures incurred as part of the City's match requirement. It was noted that the Schedule at September 30, 2015 also incorrectly included match expenditures.
- 3) Additional corrections for U.S. Department of Transportation, Federal-Transit Formula Grants FL-90-X803 and FL-90-X862 in the amounts of \$19,355 and \$474,076, as a result of a reallocation of expenditures between the two grant awards and related over/under reporting of expenditures and reimbursement requests for the respective grant awards.
- 4) The addition of two grants in the amounts of \$335,335 and \$1,157,252 at Star Metro that were not previously included on the Schedule.
- 5) Inclusion of \$309,126 in expenditures for the U.S. Department of Transportation, Federal-Transit Formula Grant FL-90-X746, which were incurred during the prior year that were not previously reported on the Schedule.

- 6) It was discovered by City personnel on March 22, 2017 that the Florida Commission for the Transportation Disadvantaged (FCTD) Trip and Equipment Grant Programs, with current year expenditures in the amount of \$527,908, were not included on the Schedule. This state project was last audited at September 30, 2013, therefore, it is a high risk program and required single audit procedures to be performed during the current fiscal year.
- 7) Due to the changes to the Schedule as noted above in regards to the U.S. Department of Transportation, Federal-Transit Formula grants, a reevaluation of the major federal program determination was completed. As a result, the single audit procedures already performed on the Airport Improvement Program was not necessary for the current fiscal year.

In addition to the above described adjustments, we also noted the following as it relates to grant management. While performing audit procedures on U.S. Department of Transportation, Federal Transit-Formula Grant FL-2016-020-00, it was noted that a draw down for reimbursement of expenditures in the amount of \$805,376 was not received. The draw down was originally submitted on November 16, 2016, but was rejected at the time of submission. This was not discovered by grant management at Star Metro until draw down information was requested for completion of our audit procedures on February 28, 2017. Additionally, upon review of the draw down request, it was noted that the reimbursement request was for expenditures incurred during the period of December 28, 2015 to April 22, 2016 for project #1600379, and April 4, 2016 to September 22, 2016 for project #1600475. In comparison to the amount of expenditures reflected on the Schedule in the amount of \$1,500,270, there remains an additional \$694,894 for project #1600379 that had not been requested for reimbursement as of February 28, 2017.

Cause: The Schedule is prepared by the City's Accounting Services Division, who relies on information supplied by the program managers in various departments, and there is no independent review of this information to verify its accuracy. Audit findings and questioned costs related to the Schedule have been reported as 2015-001 in the preceding fiscal year, 2014-002 in the second preceding fiscal year, and finding 2013-3 in the third preceding fiscal year.

Effect: The risk of noncompliance with the laws, regulations, accounting, reporting, and compliance requirements associated with federal awards and state financial assistance programs is increased by the lack of comprehensive internal control procedures over grant activity, and central grants administration personnel to coordinate, provide oversight, and monitor the process. For the years ended September 30, 2013, 2014, and 2015, adjustments were required to correct the amount of federal and state expenditures reported on the Schedules.

Additionally, all of the grants received from the U.S. Department of Transportation are eligible for reimbursement as costs are incurred. Failure to submit timely draw down requests negatively impacts cash flow to the City and could possibly result in the loss of any remaining unbilled funding from the U.S. Department of Transportation.

Recommendations: Given the level of funding provided by federal awards and state financial assistance programs, responsibility for federal and state grants is essential to ensure accountability, accurate reporting, and compliance over the programs. In the prior year, it was noted that the City has established a Grants Management Office, and a Grants Administration Policy has been developed and was being reviewed internally for feedback. We recommend that further actions be undertaken for the definition of

the roles and responsibilities for this office and that the policy be implemented as soon as reasonably possible.

Views of responsible officials and planned corrective actions: We concur with the recommendation. Following the establishment of the Grants Management office a year ago, we are taking additional steps to define its roles and responsibilities over grant activity and to provide oversight of grant compliance, including the preparation of the Schedule of Federal Awards and State Financial Assistance. As part of the City Manager's reorganization, the new full time Transit Grants Manager position will be a part of the Grants Management office with specific responsibility for Transit grants. The Grants Administration Policy will be finalized to incorporate the above and it will be implemented and communicated to department staff as soon as possible.

SIGNIFICANT DEFICIENCY

2016-005 – Eligibility Documentation for the Florida Commission for the Transportation Disadvantaged (FCTD) Trip and Equipment Grant Programs, Grant Numbers G0169 and G0B74, CSFA 55.001

Criteria: The City of Tallahassee receives funding from the FCTD, which is allocated from the Transportation Disadvantaged Trust Fund, for the specific purpose of purchasing passenger trips for non-sponsored transportation disadvantaged individuals. In accordance with Florida Statute 427.0155(7), the Community Transportation Coordinator (CTC), in cooperation with the coordinating board and pursuant to criteria developed by the FCTD, are required to establish eligibility guidelines with regards to the recipients of non-sponsored transportation disadvantaged services that are purchased with Transportation Disadvantaged Trust Fund monies. Eligibility criteria is described within the CTC's Transportation Disadvantaged Service Plan (TDSP).

Condition: During procedures performed on a sample of 30 riders, the City was unable to provide evidence in the form of completed assessment forms for five of the samples selected.

Cause: The CTC did not retain appropriate documentation which evidenced the completion of eligibility assessments in accordance with Florida Statute 427.0155(7) and the TDSP.

Effect: Failure to retain documentation of eligibility assessments could result in a loss of funding for these grant programs.

Recommendation: We recommend that appropriate policies be developed for the maintenance and retention of eligibility applications; that the policies include specifics as to who can approve the applications, require a signature of approval on the applications, and include the period when eligibility determinations are to be reassessed. Additionally, we recommend that procedures be implemented for an internal inspection of eligibility files to monitor compliance with documentation and retention requirements associated with eligibility.

Views of responsible officials and planned corrective action: StarMetro management has developed a records retention policy, which includes a quarterly internal review of files to monitor compliance with record retention requirements. The policy also prescribes who is authorized to approve and sign off on the applications and the frequency with which applications are to be submitted for reassessment.

City of Tallahassee, Florida
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2016

Section II - Financial Statement Findings

We noted no matters involving internal control over financial reporting and its operations that we consider to be material weaknesses.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

We noted no matters involving noncompliance that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.554(1)(1)(4), *Rules of the Auditor General*.

Independent Auditors' Report on Compliance with Requirements
Applicable to the Passenger Facility Charge Program
and on Internal Control Over Compliance

Honorable Mayor, City Commission, City Manager,
Appointed Officials and Audit Committee
City of Tallahassee, Florida

Report on Compliance for the Passenger Facility Charge Program

We have audited the compliance of the Tallahassee International Airport, City of Tallahassee, Florida (the Airport) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2016.

Management's Responsibility

Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Airport's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the Airport's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a direct and material effect on the passenger facility charge program, occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of the Airport's compliance with those requirements.

Opinion

In our opinion, the Airport complied, in all material respects, with the types of requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2016.

Report on Internal Control Over Compliance

The management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the Airport's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

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

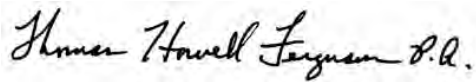
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Schedule of Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the City of Tallahassee, Florida as of and for the year ended September 30, 2016, and have issued our report thereon dated April 14, 2017. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

City of Tallahassee, Florida
Page Three

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



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
April 14, 2017



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida

City of Tallahassee, Florida
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended September 30, 2016

<u>Program Title</u>	<u>Expenditures</u>
Passenger Facility Charges Used:	
Passenger Facility Charge Application #06-06-C-00-TLH	
Project 8: In-Line Baggage Handling System	\$ 2,302,009
Project 9: Terminal Rehabilitation - Phase II	1,810,888
Project 10: Acquire Replacement ARRF Vehicle	66,783
Passenger Facility Charge Application #16-07-C-00-TLH	
Project 1: Terminal Rehabilitation	27,463
	<hr/>
Total Passenger Facility Charges Used	<u><u>\$ 4,207,143</u></u>

See independent auditors' report and report on compliance with requirements applicable to the passenger facility charge program and on internal control over compliance.

City of Tallahassee, Florida
Schedule of Findings – Passenger Facility Charges
For the Year Ended September 30, 2016

Findings and Questioned Costs – Passenger Facility Charges (PFC) for the Year Ended September 30, 2016

Financial Statement Findings – We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

PFC Findings and Questioned Costs – We noted no matters involving noncompliance that are required to be reported in accordance with the *PFC Audit Guide for Public Agencies*.

City of Tallahassee, Florida
Summary Schedule of Prior Audit Findings – Passenger Facility Charges
For the Year Ended September 30, 2016

Status of Prior Year Findings: We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. In addition, we noted no matters involving noncompliance that were required to be reported in accordance with the *PFC Audit Guide for Public Agencies*.

Independent Accountants' Report on Compliance with Local Government Investment Policies

Honorable Mayor, City Commission, City Manager,
Appointed Officials and Audit Committee
City of Tallahassee, Florida

We have examined the City of Tallahassee, Florida's (the City) compliance with local government investment policies provided in Chapter 218.415, *Florida Statutes*, during the year ended September 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

This report is intended solely for the information and use of the Honorable Mayor, City Commissioners, City Manager, Audit Committee, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
April 14, 2017



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida

Management Letter

Honorable Mayor, City Commission, City Manager,
Appointed Officials and Audit Committee
City of Tallahassee, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Tallahassee, Florida (the City), as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated April 14, 2017.

Auditors' Responsibility

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

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 14, 2017, should be considered in conjunction with this management letter.

Current Year September 30, 2016 Recommendations

2016-002 Cash and Investment Reconciliations

During the audit, various reconciling and classification differences were identified. The year-end pension investment reconciliation and resulting entries did not properly classify the investment related balances, such as transactions in transit at year-end and accrued interest, which impacted the cash and investment-type classifications. In addition, the investment reconciliation procedures did not identify variances in the cost basis that accumulated under the previous investment custodian and were detected during the transition to a new investment custodian. Lastly, it was noted that cash and investment account reconciliations are performed approximately two months after month-end.

Subsequent to year-end, the City began recording its investments at fair value, which eliminates the year-end conversion from cost to market. We recommend that the City evaluate its reconciliation process to ensure proper accounting of the monthly investment activity, including standardization of the monthly journal entries and review process. In addition, the City should review its year-end reporting requirements to ensure the proper classification of investment related balances as reported on the investment statement. The review of the monthly reconciliations should include a procedure to verify the investment activity, along with the proper classification of income, cash and investments. Lastly, the City should perform cash and investment reconciliations within one month of month-end and should address and resolve all reconciling items in a timely manner.

Management Response:

We concur with the recommendation. We will work with the Treasurer-Clerk's office to review and evaluate the process to properly account for monthly investment activity. We will also review the year-end reporting requirements and enhance our existing procedures to ensure the correct classification of income, cash and investments. Additionally, we will review internal resource allocations to allow us to move towards the completion of cash and investment reconciliations within one month of month-end.

2016-003 Accounting Staff – Blueprint 2000

Since 2003 Blueprint 2000 (Blueprint) has grown from \$60 million to over \$360 million in assets with an operating budget of approximately \$34 million. Blueprint's funding is anticipated to dramatically increase in the year 2019 when the collection of a new sales tax begins and new projects are initiated. In addition, the Office of Economic Vitality has been added to Blueprint. Currently, the accounting function for Blueprint is performed by the City's accounting staff. With the increasing complexity of governmental accounting and grant management, Blueprint has required more attention from the City's accounting staff than originally anticipated. The staffing required to provide accounting services to the City, as well as, Blueprint, the Consolidated Dispatch Agency and the Capital Region Transportation Planning Agency, exceeds the current capacity of the City's accounting staff. The City should consider hiring an accountant to handle the accounting function for Blueprint within the next year. With the increased activity anticipated from the influx of funding, it is important that Blueprint's accountant has the experience, knowledge and time required to perform this critical function.

Management Response:

We concur with the recommendation. As part of the FY18 budget process, management will recommend that an additional qualified accountant be hired to handle the accounting function for Blueprint.

2016-004 Payroll – Temporary and Part-time Parks and Recreation Employees

In October 2015 the City implemented the Kronos time management system. All employees of the City are on Kronos, except for temporary and part-time Parks and Recreation employees. During our tests of the Payroll function of the City, we noted two instances from our sample where the supervisor did not approve the timesheets for Parks and Recreation employees. In one instance, the employee signed as the employee and the supervisor and in the second instance, the employee signed, but there was no supervisor signature. Parks and Recreation has numerous employees working at many locations and some employees float between locations. Given these challenges, Parks and Recreation should review its timesheet procedures to ensure that the supervisors are approving all time logged by their employees.

Management Response:

We recognize and appreciate the importance of good internal controls and are confident that the payroll review processes in place, when followed, provide this oversight. We will continue to monitor this and take the necessary steps to ensure that supervisors have approved all employees' timesheets.

Prior Audit Findings

Sections 10.554(1)(i)1., Rules of the Auditor General, require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations in the preceding annual financial report except for the following:

Finding No. 2015-01, 2014-002 and Finding No. 2013-3, repeated in the current year as Finding No. 2016-001 in the Schedule of Findings and Questioned Costs.

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 name or official title and legal authority for the City and its component units are disclosed in Note 1 of the Notes to the Financial Statements.

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. The final report will be submitted to the Florida Department of Financial Services upon approval of the annual financial audit report by the City Commission.

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 statement 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.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the matters discussed in the Current Year September 30, 2016 Recommendations section of this letter and the Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance dated April 14, 2017.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted no matters to report.

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 Honorable Mayor, City Commissioners, City Manager, Audit Committee, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
April 14, 2017



LAW, REDD, CRONA & MUNROE, P.A.
Tallahassee, Florida