

February 26, 1999

The Honorable Mayor-Commissioner, Commissioners,  
and City Manager  
City of Tallahassee, Florida

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Tallahassee, Florida, for the fiscal year ended September 30, 1998, is submitted herewith pursuant to Florida Statutes, Chapter 11, Section 45, and Chapter 10.550 and 10.600 of the Rules of the Auditor General of the State of Florida. The Comprehensive Annual Financial Report was compiled by the staff of the Accounting Services Division within the Department of Management and Administration, in close cooperation with the external auditors, and represents the official report of the City's financial operations and condition to the citizens, City Commission, management personnel of the City, rating agencies, and other interested persons. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is designed to meet the needs of a broad spectrum of readers and is presented in five sections: introductory, financial, supplemental financial data, statistical and single audit. The introductory section includes the table of contents, this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting awarded to the City by the Government Finance Officers Association, the City organization chart, and a listing of City of Tallahassee officials. The financial section includes the general purpose financial statements, the combining and individual fund and account group financial statements and schedules, and the independent auditor's report on the financial statements and schedules. The supplemental financial data section provides a summary of the debt service requirements for the City's outstanding bond issues and the statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

#### The Reporting Entity

The City of Tallahassee was incorporated in 1825, twenty years before Florida was admitted to the Union. In 1919, Tallahassee was granted a new City Charter by the State Legislature authorizing our present Commission-Manager form of government. Tallahassee voters approved a charter change in November 1996 calling for a separately elected Mayor beginning in February 1997 and thereby changing the structure of the Tallahassee City Commission for the first time since the Commission-Manager form of government was adopted in 1919. The Mayor is elected for a four-year term, and has powers commensurate with the other four members of the City Commission. The Mayor, serving a four-year term rather than a one year rotating term, provides leadership on significant community issues, such as economic development or transportation, and serves 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. These services include public safety (police and fire), construction and maintenance of streets and sidewalks, stormwater management, solid waste collection, recreation, public improvements, planning and zoning, general administrative services, four utilities (electric, gas, water, and sewer), a mass transit bus system, and a regional airport.

This report includes all funds, account groups, organizations, authorities, and agencies that are controlled by or dependent upon the City, as determined on the basis of budgetary oversight, taxing authority, and the City's obligation to fund any deficits that may occur. Control or dependence upon the City was determined based on the existence of one or more of the following criteria: the basis of budget adoption, taxing authority, outstanding debts collateralized by revenues of general obligations of the City, and the City's legal responsibility to fund any deficits that may occur.

Based on the foregoing criteria, entities were evaluated for inclusion in the City of Tallahassee reporting entity. The Downtown Improvement Authority is reported as a discretely presented component of the City of Tallahassee. Component units excluded from the reporting entity were the Tallahassee Housing Authority and the CoTenancy with Leon County Research and Development Authority. The Electric Utility Plant (Crystal River Unit 3) was included as a joint venture in the reporting entity and the Sunshine State Government Financing Commission, a joint venture, was excluded from the reporting entity.

Financial Information

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other enterprises are maintained on the accrual basis. Budgetary control is maintained at the fund level. Purchase orders which would result in an overrun of balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at September 30, 1998.

In developing and altering the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss through unauthorized use or disposition; and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the audit staff of the City.

The City's Auditing Department reviews and appraises the soundness, adequacy, and application of accounting, financial, and administrative controls in the City's accounting system. Financial transactions and related data are examined for accuracy, completeness, and authorization. Data processing applications and systems are periodically addressed by the internal auditors to assess the adequacy and accuracy of controls. Computerized applications are also reviewed to determine that they have been developed according to the policies, procedures, standards, and guidelines of the City.

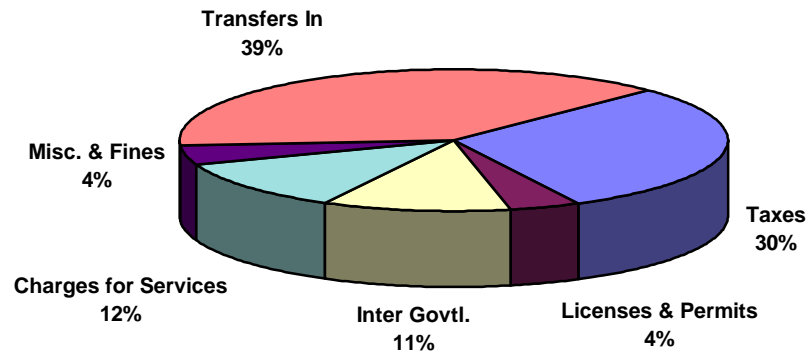
As demonstrated by the statements and schedules included in the financial section of this report, the City continues its responsibility for sound financial management.

General Governmental Functions

The General Fund encompasses the general governmental functions of the City not required to be accounted for in other funds. The following summary shows actual revenue to support these functions for the current fiscal year and the change from the prior fiscal year:

<u>Revenues and Other Financing Sources</u>	(in thousands) <u>Amount</u>	Percent <u>of Total</u>	Increase (Decrease) <u>From 1997</u>
Taxes	\$ 30,981	30.16	\$ 1,702
Licenses & Permits	4,067	3.96	626
Intergovernmental Revenues	11,631	11.32	406
Charges for Services	11,849	11.54	(253)
Fines & Forfeitures	1,619	1.58	(171)
Miscellaneous & Interest	<u>2,946</u>	<u>2.87</u>	<u>1,031</u>
SUB-TOTAL	63,093	61.43	3,341
Transfers In	<u>39,613</u>	<u>38.57</u>	<u>(1,234)</u>
TOTAL	<u>\$102,706</u>	<u>100.00</u>	<u>\$ 2,107</u>

## GENERAL GOVERNMENT REVENUES



The City's principal sources of local tax revenues are property taxes and public service taxes. In fiscal years 1997 and 1998, the City's property tax, all of which is for operating purposes, was 3.200 mills. The related property values subject to taxes showed growth of 6.7 percent, representing \$308.3 million in added taxable property, reflecting a continuing trend of growth as a result of increased property values in existing properties and new construction. Taxable assessed values have increased by \$1.1 billion over the last five years. Collection of property taxes increased by \$1,108,000 in 1998 to \$14.2 million.

Public service taxes on electric, water, and natural and bottled gas are levied at the maximum allowable State rate of 10 percent, and four cents per gallon on fuel oil services within the City. The telecommunications tax, effective April 1, 1994, is levied at 7 percent on purchases of intrastate telecommunications services. In 1998, total revenue from public service taxes reflected an increase of \$1.2 million equivalent to a 8.2 percent increase over 1997 resulting from increased consumption due to an unusually hot summer.

The increase of \$626,000 or 18.2% in licenses and permit revenues is primarily due to increased collections on fire inspection permits, environmental permits, contractor licensing permits and building permits resulting from rate increases.

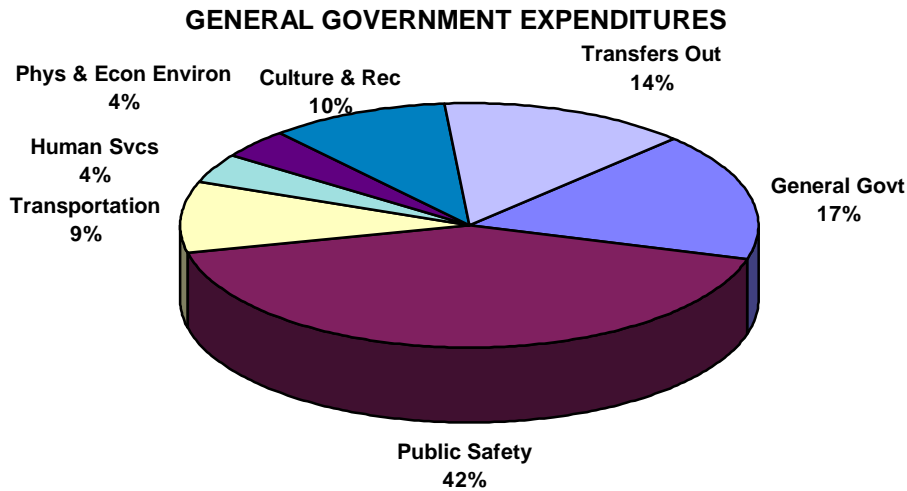
The increase of \$406,000 or 3.6% in intergovernmental revenues is primarily due to increased Local Government ½ cent sales tax revenue and revenue sharing.

Charges for services decreased \$253,000 or 2.1 percent over 1997. The decrease is primarily attributable to decreases in the amount received from Leon County for Parks & Recreation.

Transfers In decreased \$1,234,000 or 3 percent over 1997 due to budgeted decreases in electric transfers.

The following summary shows the level of funds used in providing general governmental services:

<u>Expenditures and Other Financing Uses</u>	(in thousands) <u>Amount</u>	<u>Percent Of Total</u>	<u>Increase (Decrease) From 1997</u>
Expenditures:			
General Government	\$ 17,002	16.94	\$ (547)
Public Safety	42,009	41.86	(354)
Transportation	9,445	9.41	(325)
Human Services	4,052	4.04	71
Economic Environment	742	0.74	107
Physical Environment	3,185	3.17	277
Culture & Recreation	<u>9,855</u>	<u>9.82</u>	<u>343</u>
SUB-TOTAL	86,290	85.98	(428)
Transfers Out	<u>14,059</u>	<u>14.02</u>	<u>574</u>
<b>TOTAL USES</b>	<b><u>\$100,349</u></b>	<b><u>100.00</u></b>	<b><u>\$ 146</u></b>



The decrease of \$547,000 or 3.0 percent in governmental expenditures is primarily due to reorganization of Growth Management department in Land Use and Environmental Services and Building Inspection Divisions. These expenditures are in the Physical Environment and Public Safety categories.

The preceding schedules of Financing Sources and Uses reflect significant Transfers In and Out. Transfers In primarily represent excess enterprise fund revenues which legally may be used for general governmental purposes. Transfers Out are primarily used for debt service, underwriting the operations of certain funds, and capital projects. The General Fund acts as a clearing fund and accordingly, utilizes funds or transfers them to other funds for their respective purposes. The reduction in Transfers In is a direct result of the City's efforts to reduce reliance on the City's Electric System.

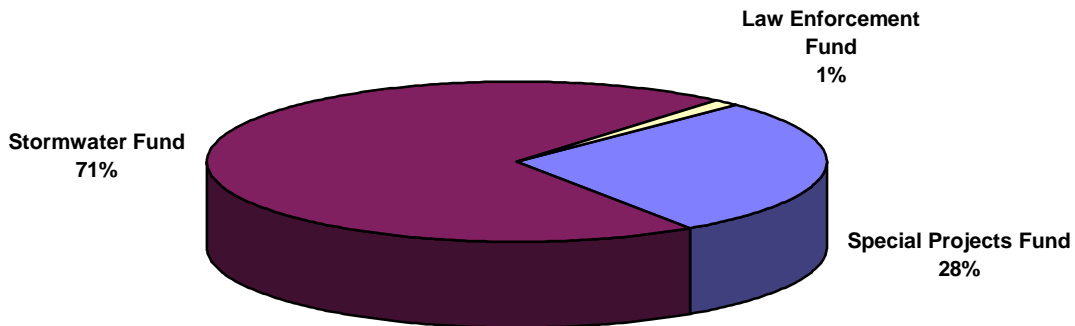
The City Commission adopted a financing policy that addresses the transfer of monies from the enterprise funds to the General Fund. The amount transferred is limited to the policy established for each enterprise fund. Included in the Transfers Out is \$7.8 million to internally fund capital projects, which otherwise would have to be funded through bonds. This internal funding is in accordance with the City Commission approved Debt Management Policy. In 1998, General Fund sources were \$3,821,000 over General Fund uses. At September 30, 1998, the fund balance of the General Fund consists of \$9.4 million with \$3.3 million reserved and \$6.1 million unreserved (\$2.8 million designated for future years and \$3.3 million undesignated).

Special Revenue Funds

Special revenue funds account for revenue from sources which are legally restricted for specific purposes. The combined fund balances of these funds for 1998 amount to \$26,300,000. An analysis of sources and uses in the special revenue funds follows:

Fund	(in thousands)		Sources Over (Under) Uses	Sept. 30, 1998 Fund Balances
	Sources	Uses		
Special Projects Fund	\$ 5,273	\$ 5,217	\$ 56	\$ 7,348
Stormwater Management Fund	10,872	8,531	2,341	18,583
Law Enforcement Forfeiture Fund	687	594	93	369
<b>TOTAL</b>	<b>\$ 16,832</b>	<b>\$ 14,342</b>	<b>\$ 2,490</b>	<b>\$ 26,300</b>

**SPECIAL REVENUE FUNDS  
Fund Balances 9-30-98**



The Special Projects Fund is used to account for Federal, State, local and other revenues that are to be used for specific general governmental purposes. The major revenue source in this fund was the Federally funded Community Development Block Grant program which provided \$1,800,000 to the City during 1998. Fund balance primarily consists of \$5.2 million reserved or encumbered for projects and \$2.1 million reserved for notes receivable.

The Stormwater Management Fund was established to account for fees restricted for stormwater operating and capital costs. Total revenues, including interest earnings and transfers, collected for fiscal year 1998 were \$10.9 million. Revenues decreased this year due to the CDBG Alberto grant awarded to the City in 1996. Grant revenues decreased from \$11 million to \$600,000 during this fiscal year. Fund balance primarily consists of \$15.3 million reserved or encumbered for projects and \$3.3 million unreserved/undesignated available for future projects.

The Law Enforcement Forfeiture Fund was established to account for forfeitures as prescribed by Chapter 932 of the Florida Statutes. Appropriations from this fund can be made only for law enforcement purposes. Total revenues, including interest earnings, were \$687,000 for fiscal year 1998. Fund balance primarily consists of \$166,000 reserved or encumbered for projects and \$203,000 unreserved/undesignated available for future projects.

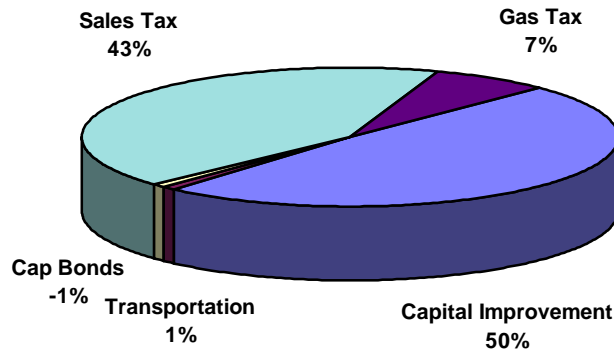
Capital Projects Funds

Capital Projects Funds are used to account for proceeds from general revenue bond issues, local option sales and gas tax collections, transportation impact fee collections, and internally generated funds used to acquire or construct major capital facilities.

An analysis of sources and uses in the capital projects funds follows:

Fund	(in thousands)			Sept.30, 1998 Fund Balances
	Sources	Uses	Sources Over (Under) Uses	
Capital Improvement	\$ 12,913	\$22,839	\$ (9,926)	\$ 29,734
Capital Bonds Construction	214	2,000	(1,786)	(536)
Transportation Impact Fee	134	497	(363)	453
Local Option Sales Tax	14,787	22,768	(7,981)	25,749
Local Option Gas Tax	3,764	4,019	(255)	4,350
<b>TOTAL</b>	<b><u>\$ 31,812</u></b>	<b><u>\$52,123</u></b>	<b><u>\$ (20,311)</u></b>	<b><u>\$ 59,750</u></b>

**CAPITAL PROJECTS FUNDS  
Fund Balances 9-30-98**



The sources of funds for the Capital Improvement Fund in 1998 were primarily a result of \$9.4 million of Operating Transfers In for various capital projects and interest earnings of \$2.1 million. There was also a \$451,000 gain on the fair value of investments recognized resulting from the implementation of GASB 31. The use of funds primarily consisted of capital outlay expenditures of \$21.2 million for Transportation, General Government, Economic Development, and Culture and Recreation projects. Fund balance primarily consists of \$24.5 million reserved or encumbered for projects, \$966,000 designated for fiscal year 1999 projects and \$3.6 million unreserved/undesigned available for future projects.

The Capital Bonds Construction Fund's source of funds in 1998 was \$184,000 of interest earnings and a \$26,000 gain recognized on the fair value of investments for the implementation of GASB 31. The use of funds consisted of capital outlay expenditures of \$326,000 for general government and transportation projects. The deficit fund balance of \$(536,000) resulted because the City has continued its Bond Construction projects with the anticipation of issuing debt.

The Transportation Impact Fee Construction Fund's primary source of funds was \$37,000 in interest earnings. Transportation projects accounted for the \$497,000 of capital outlay expenditures. The current year fund balance consists of \$220,000 reserved or encumbered for projects and \$233,000 of unreserved/undesignated funds for future projects. Effective July 25, 1995, the road impact fee ordinance was repealed.

On September 19, 1989, Leon County voters, in accordance with Florida Statutes, Chapter 212.055, approved in referendum the implementation of a 1 percent local option sales tax on all transactions subject to the State sales tax. The tax is to be split between the City and Leon County based upon the distribution as provided in the interlocal agreement. The tax began on December 1, 1989 and will expire November 30, 2004. The proceeds of the tax may be expended only on infrastructure, defined as any fixed capital expenditure or fixed capital costs associated with the construction, reconstruction or improvement of public facilities which have a life expectancy of five or more years and any land acquisition, land improvement, design and engineering costs related thereto. Capital outlay expenditures were for Public Safety and Transportation projects. Revenue was \$12.6 million from the City's share of the local option sales tax and \$1.7 million from the interest earnings and \$351,000 recognized as a gain on the fair value of investments resulting from the implementation of GASB 31. At year end, \$32.5 million of fund balance is reserved or encumbered for projects.

According to Florida Statutes, Chapter 336, a county may impose a one to six cent(s) local option gas tax upon every gallon of motor fuel and special fuel sold within the county. In June 1985, Leon County and the City entered into an interlocal agreement whereby a levy of four cents was approved and is to be split on an equal 50-50 percent basis. In June, 1987, the levy was increased by an additional two cents. The tax is due to expire September 30, 2015. The tax can be used only for transportation purposes. Revenue was \$3.3 million from the City's share of the local option gas tax. \$3.3 million is reserved or encumbered for projects.

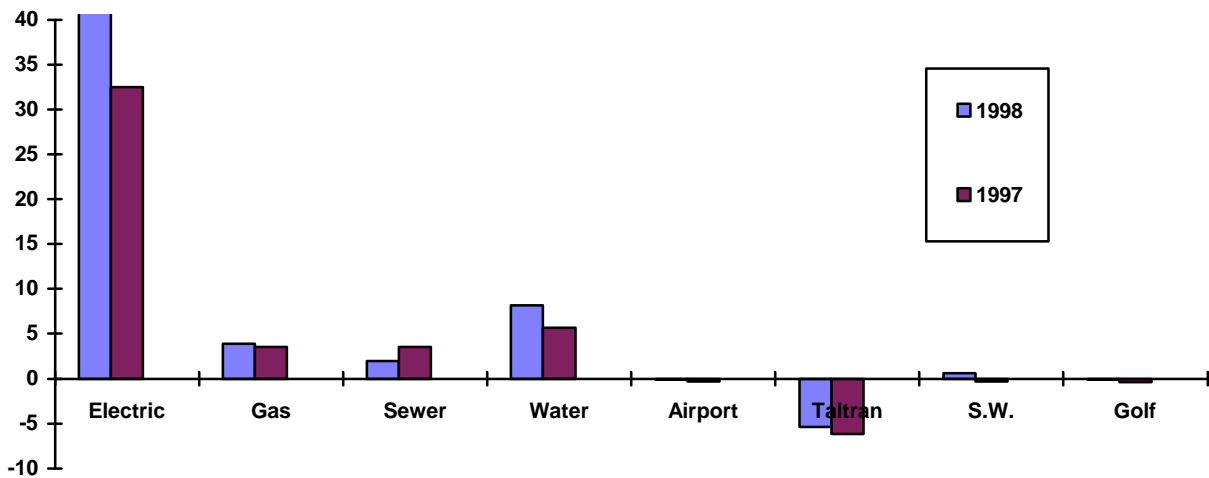
#### Enterprise Funds

Enterprise funds are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the cost of providing goods and services on a continuing basis be financed through user charges or where the governmental body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, budget policy, management control, accountability, or other purposes. The City accounts for its Electric, Gas, Water, Sewer, Airport, Tallahassee Transit, Solid Waste, and Golf Course Funds as enterprise operations.

(in thousands)

<u>Operating Income (Loss)</u>	<u>1998</u>	<u>1997</u>	<u>Increase (Decrease) From 1997</u>
Electric	\$43,461	\$32,521	\$10,940
Gas	3,920	3,473	447
Sewer	2,033	3,463	(1,430)
Water	8,189	5,664	2,525
Airport	(130)	(307)	177
Tallahassee Transit	(5,402)	(6,072)	670
Solid Waste	615	(288)	903
Golf Course	(91)	(401)	310
<b>TOTAL</b>	<u><b>\$52,595</b></u>	<u><b>\$38,053</b></u>	<u><b>\$14,542</b></u>

**ENTERPRISE FUNDS  
Operating Income (Loss)**



Electric Fund

The \$10.9 million net increase in Operating Income from 1997 to 1998 is primarily due to an increase in retail consumption and decreased operating expenses. The electric consumption was 9.0 percent higher than prior year due to a hot summer.

Gas Fund

The \$447,000 net increase in Operating Income from 1997 to 1998 is primarily due to increased revenues derived from increased consumption.

Sewer Fund

The \$1.4 million net decrease in Operating Income from 1997 to 1998 is primarily due to an increase in operating expenses. The increase in operating expenses is the result of increased emphasis on construction administration and inspection.

Water Fund

The \$2.5 million net increase in Operating Income from 1997 to 1998 is primarily due to an increase in operating revenue which is the result of hot and dry weather experienced from April through June.

Airport Fund

The net decrease in operating loss in 1998 is due to a decrease in operating expenses.

Tallahassee Transit Fund

The City-owned bus system reflects a net decrease in Operating Loss of \$670,000 from 1997 to 1998 due primarily to a decrease in operating expenses, which resulted in a smaller transfer from the General Fund. Each year the operating loss, exclusive of depreciation and capital purchases, is partially funded by a Section IX operating grant from Federal Transit Administration and subsidization by the City's General Fund (\$3,499,000 for the 1998 fiscal year).

Solid Waste Fund

The \$903,000 net increase in Operating Income from 1997 to 1998 is primarily the result of an increase in commercial revenues (\$791,000) due to an increase in the number of commercial customers. The commercial customers increase was primarily due to service areas previously serviced by Waste Management. Additionally, operating expenses decreased (\$140,000) due to contract renegotiations with a primary vendor.

### Golf Course Fund

The \$310,000 net decrease in Operating Loss from 1997 to 1998 is primarily due to a decrease in operating expenses as a result of transferring Jake Gaither golf course operation to the General Fund. The General Fund subsidized the Golf Course Fund in the amount of \$154,700 during the 1998 fiscal year.

### Internal Service Funds

Internal service funds are established to account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit on a cost-reimbursement basis. The City of Tallahassee accounted for its Reading, Billing, and Collection activities, Information Systems Services, Accounting, Central Stores, Purchasing, Garage, Human Resources, Pension Administration, Risk Management, Employee Healthcare, Wholesale Energy Services, and Utility Services as internal service funds in 1998. The expenses associated with these funds are billed to other City departments through allocation methodologies deemed reasonable for each activity. In addition, the City accounts for its Internal Loan Fund as an Internal Service Fund. The purpose of the fund is to provide interim and long-term financing to other funds of the City.

### Fiduciary Funds

Fiduciary funds are established to account for assets held by the City in a trustee or agent capacity for individuals, private organizations, other governmental units, and/or other funds.

Pension Trust Fund - The City maintains a retirement plan for its employees which covers police officers, firefighters, and general employees. Benefits vary depending on the particular membership in the plan. The City is responsible for funding liabilities of the plan based upon actuarial valuations. Employees participate in both a defined benefit article and a defined contribution article. At September 30, 1998, the City's pension plan had net assets of \$712,466,000. In order to obtain the highest possible yield on pension assets, substantially all of the assets are managed via contracts with private investment companies. Further details concerning pension expenses, vested benefits, and actuarial assumptions are included in the notes to the financial statements.

Expendable Trust Funds - Expendable trust funds consist of the following:

- Deficiencies and Emergencies Fund used to provide for unforeseen expenditures of an emergency nature.

This fund had total assets of \$21,508,000 at September 30, 1998.

Nonexpendable Trust Funds - Nonexpendable trust funds consist of the following:

- The Cemetery Perpetual Care Trust Fund was established pursuant to Commission action to provide for the perpetual maintenance of the City's cemeteries.
- The Scholarship Fund was established pursuant to Commission action to provide scholarships for the Partners in Excellence Program in the Leon County School System.

These funds have total assets of \$7,325,000 at September 30, 1998.

Agency Fund - The City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code, Section 457. These plans are administered by the International City Management Association Retirement Corporation (ICMA) and Prudential Insurance Company. Effective October 1, 1991, the ICMA plan was closed for new contributions; all new employees may only participate in the Prudential plan. This fund had total assets of \$14,127,000 at September 30, 1998.

### General Fixed Assets Account Group

The general fixed assets of the City are those assets used in the performance of general governmental functions and exclude the fixed assets of the Enterprise and Internal Service Funds. Governmental accounting dictates that these assets be accounted for separately from the General Fund since they do not represent financial resources available for expenditure. In accordance with generally accepted accounting principles, the City of Tallahassee does not record depreciation in the General Fixed Assets Account Group. As of September 30, 1998, the City of Tallahassee has \$176,105,000 of general fixed assets which were acquired from General Fund revenues, bonds, and gifts. As allowed by generally accepted accounting principles for local governments, roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar assets that are immovable and of value only to the governmental unit (infrastructure assets) are not recorded as general fixed assets.

At the end of the fiscal year, completed projects, except for infrastructure assets, are capitalized in the General Fixed Assets Account Group. During 1998, \$18.3 million of such assets was added to General Fixed Assets. As of September 30, 1998, there were authorized projects of \$50.2 million, with \$31.4 million expended.

Debt Administration

At September 30, 1998, the City had outstanding \$21,210,000 of Capital Revenue Bonds payable from specific general fund revenue sources other than ad valorem taxes; \$95,401,000 of Electric Revenue Bonds, payable from revenues of the Municipal Electric System; \$86,280,000 of Consolidated Utility System Revenue Bonds, payable from revenue of the Consolidated Utility System which consists of the Gas, Water, Sewer, and Stormwater operations; and \$15,251,000 of Airport Revenue Bonds, payable from revenues of the Airport. The City has no general obligation debt (debt secured by ad valorem taxes) outstanding. In addition to fixed capital debt outstanding, the City has outstanding loans from the Sunshine State Governmental Financing Commission (SSGFC) in the amount of \$46,200,000 (these loans are non-revenue specific with a covenant to budget and appropriate non ad valorem revenues).

All requirements mandated by bond covenants have been met. Actual debt service coverage as compared to required debt service coverage and ratings assigned to the City's bonds by independent nationally recognized agencies are useful indicators for evaluating the City's debt position. The City's indicators are as follows:

□ Debt Service Coverage

Debt service coverage demonstrates the City's ability to generate revenues sufficient to provide for the payment of debt service. As seen below, the City's debt service coverage is generally well above the amounts required.

	<u>Actual</u>	<u>Required</u>
Capital Revenue Bonds	10.99	1.50
Electric Revenue Bonds	4.51	1.40
Consolidated Utility System Revenue Bonds	3.97	1.50
Airport System Revenue Bonds	1.94	1.25

□ Ratings

Ratings for the City's bonds are assigned by independent nationally recognized agencies. These 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. Ratings by the three major rating agencies shown below for each series of outstanding long-term bonded debt continue to demonstrate the good investment quality of the City's bonds.

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>	<u>Fitch</u>
Capital Revenue Bonds 1993A and 1993B	Aaa	A+	AAA
Electric Refunding Revenue Bonds 1992A	A1	AA-	AA-
Electric Revenue Bonds 1992B	A1	AA-	AA-
Consolidated Utility System Revenue Bonds:			
Series 1991A	Aaa	AAA	N/A
Series 1991B	Aa	AA-	N/A
Series 1994	Aa	AA-	AA
Series 1995	Aa	AA-	AA
Airport System Revenue Bonds	Aaa	AAA	AAA

Cash Management Program

The City Charter provides for the adoption of a policy to govern investment of all City non-pension funds. In 1995, the Florida Legislature passed a law creating State Statute 218.415 which mandated that if local governments desired to invest outside the parameters of a narrowly defined list, they must adopt a written policy. The law further defines 14 parameters that any written investment policy must include in order to be in compliance with the new law. The new law became effective October 1, 1996.

Even though the City's existing policy was in compliance with the new law, it was revised (i) to format it more in keeping with the new law; (ii) to include new investment alternatives and industry procedures; (iii) to change certain provisions and procedures that, from experience, were deemed to be prudent or necessary; and (iv) to provide for the utilization of external management. The revision included two sections: a "Core Portfolio", governing the investment of all unrestricted funds of the City; and, a section for "Specialized Portfolios", those whose parameters may need to be either more restrictive or more flexible than those of the Core Portfolio. This revised policy was approved by the City Commission on April 10, 1996 and continues to more than adequately address the issues of credit, default, market and liquidity risk through diversification of portfolio composition by investment types and issuers, and liquidity and maturity provisions.

For fiscal year 1998, the accounting return (realized and accrued income and gains plus accretion and amortization of premiums and discounts) on the general investment portfolio was 5.97%. The market rate of return (reflects market price changes) was 6.36%.

Risk Management

All insurance, except health, is administered through the Risk Management Program. The Program is designed to provide financial protection for accidental losses through a combination of commercial and self-insurance. A major portion of the insurance program involves self-insurance which is provided for through an internal service fund. The City is currently self-insured in the areas of workers' compensation, general liability (including law enforcement liability, land-use related liability and employment-related liability), and automobile liability. In order to limit exposure, the City has purchased "excess coverage" for workers' compensation. For other coverage where frequency is low and potential losses are great (e.g., property and airport liability), the City transfers risk through the purchase of insurance. Premiums in excess of claims charged to the various operating funds have been retained in the fund to provide for stability and protection against catastrophic losses in accordance with the City's Financing Policy. It is the City's policy to record actuarially determined incurred-but-not-reported claims as expenses.

**PERSPECTIVES**

The economy of Tallahassee is strongly oriented toward governmental and educational activities. The remainder of the demand for labor is almost equally divided into those industry groups that support urban populations and governmental affairs. The level of governmental employment has a stabilizing effect on the economy and helps to keep unemployment down. Of the work force, 3.0 percent were unemployed in 1998 as compared to the State's unemployment rate of 4.5 percent. The percentage of employees employed by government has leveled off at approximately 40 percent of the work force. The employment rate is one of many economic indicators utilized to evaluate the condition of the government. The issuance of building permits for residential construction is also a strong indicator of the local economy and has bearing on the City's financial condition. The following chart indicates construction trends from 1991 to 1998.

1991	762
1992	972
1993	1,074
1994	1,081
1995	985
1996	1,114
1997	996
1998	863

Continued construction activity as reflected in building permit activity, increases consumer-based general revenues and utility revenues and is a boost to the local economy. The City Commission's actions such as the Project 2010 plan with the Chamber of Commerce which is investigating ways to better utilize institutions in the community in job creation and development, demonstrates the City's commitment to bolster the economy.

Property taxes can significantly impact the citizen's perception of economic success. As noted in the section on General Governmental Functions, the City's property tax has remained at 3.2 mills for 1998 and 1999. The following is a comparison of millage rates for the ten largest Florida cities for 1998 and 1999:

<u>City</u>	<u>Population</u>	<u>Rate 1998</u>	<u>Rate 1999</u>
Miami	364,765	11.5	11.8
Tampa	293,390	6.5	6.5
St. Petersburg	241,625	7.8	7.6
Hialeah	209,415	7.5	7.5
Orlando	180,462	6.1	6.1
Ft. Lauderdale	149,798	5.8	5.8
<b>Tallahassee</b>	<b>143,237</b>	<b>3.2</b>	<b>3.2</b>
Hollywood	126,917	6.0	6.3
Pembroke Pines	112,692	3.9	3.9
Coral Springs	107,156	4.1	4.2

As indicated above, the City enjoys the lowest millage rate of the ten largest cities in Florida for 1998 and 1999. Tallahassee's low and stable millage rate should act as an incentive to economic growth and stability.

The Five Year Financial Plan, originally adopted in 1996 and updated annually in budget process, provides a blueprint for the decision-making process and allows the flexibility to address issues as they may arise. The principal driving factor in modifying the City's operations and financing structure is the potential for deregulation of the electric industry, and the resulting implications for continued reliance on the transfer from the electric fund to finance a substantial portion of general government functions. Among other things, the financial planning process will be evaluating the size of the electric transfer, the competitiveness of electric rates and charges, capital financing, alternative general fund revenue sources, personnel levels and cost and service levels of the various City operations.

The following other activities are currently underway or recently completed:

- The six-story 71,000 square foot, Florida League of Cities headquarters office building was completed with underground parking to accommodate 170 vehicles. An additional 158 space parking garage was completed at the same time by the City for parking for future buildings to be constructed on the Kleman Plaza site. The Capital Cultural Center was completed and occupied in October of 1998. This 41,000 square foot building is home of the Odyssey Science Center and Museum of Art-Tallahassee. Current projects under way include the marketing of two additional parcels on Kleman Plaza and the Floridian site at Tennessee and Monroe Streets.
- Summit East is a one hundred fifteen acre business park at the intersection of I-10 and Mahan Drive that has begun and will be the City's newest hi-technology office center. Summit East offers companies an attractive working environment, fiber-optic cable for instant high speed intranet/internet access, data processing and video-conferencing centers.
- Money magazine recently ranked Tallahassee third for the quality of life among 45 mid-sized cities in the South. According to the survey, Tallahassee ranked high in all the areas that matter most to Americans when choosing a place to live: clean environment, low crime, good schools, and low property taxes.
- Challenger Center, a children's hands-on space science center, has been approved at Innovation Park as a component of the FAMU/FSU College of Engineering. Planning is underway and to date a \$2.5 million grant has been received from the State of Florida. Additional funding of \$3 million is expected in the upcoming legislative session. A large format film theater is being studied as an additional phase.
- The Parks and Recreation Department re-dedicated the Jake Gaither Golf Course on August 25, 1998. This event celebrated the completion of the Jake Gaither Golf Course renovation project which improved playing conditions while maintaining the original character of the course. In February 1999, the City also began a major renovation project at the Hilaman Golf Course, requiring the course to be closed approximately six to eight months.
- The City was involved with Saxon Software Inc. in the development of a solution for the City's Year 2000 problems. Their efforts gave rise to a methodology named ALTERNATIVE 2000. Using this approach, the life of the Customer Information System, Financial Management System, Purchasing, Inventory, Receivable, Budget and Check Reconciliation System was extended beyond the Year 2000. The City gained time to evaluate replacement systems and assess the impact of electric deregulation on the City's Utility Billing Software. The Year 2000 projects, CIS2000 and FMS2000, were extremely successful and won a national award from the National League of Cities.

- The City contracted with Motorola for the purchase and installation of an 800 MHz trunked simulcast radio system to replace existing VHF radio communications systems currently being used by the City. The new system began operation in May 1998 for the analog simulcast voice portion of the project with first the Tallahassee Police and Fire Departments. In August 1998, the remaining City Departments were migrated onto the new radio system. The 800 MHz data radio system portion was fully accepted in September 1998 with all Police units in use. The Fire Department will operate on the data system in the near future.
- The Department of Communications found new and more effective ways to communicate with the City's various customers during the fiscal year. One of the most significant accomplishments was the completion of the City's 1998-2002 Communications Strategic Plan. Based on input from commissioners, citizens, and employees the plan identifies the City's communication philosophies as well as specific work plans to continue to enhance two way communication. The Strategic Plan won top honors in a national competition sponsored by the City, County, Communications and Marketing Association (3CMA) in the fall of 1998, and was recognized as a practical, hands-on guide to effective government communication.
- On the City's web site at [www.ci.tallahassee.fl.us](http://www.ci.tallahassee.fl.us), new additions included the entire Tallahassee-Leon County Comprehensive Plan on line and a new Growth Management Department site. Numerous Government forms, applications and surveys were posted. Job listings and the on-line animal shelter continue to be among the most popular sites. The City's FY 1999 Operating and Capital Budgets are online and can be viewed at [www.ci.tallahassee.fl.us/citytlh/dma/fy99/toc.htm](http://www.ci.tallahassee.fl.us/citytlh/dma/fy99/toc.htm). In all, the Internet site saw a 70 percent increase in the number of visitors over the previous year.
- WCOT, the City's government access channel, continued its work to become self sufficient and made several key purchases including a computerized editing equipment. A monthly magazine show and a monthly talk show were added to the line up, and a new, more vivid and interesting message board was installed to promote City messages when programming is not being aired. During the year, WCOT won three national awards for excellence in television programming.
- The potential sale of all or a portion of the City's electric utility assets was an option explored during 1997 and in early 1998. However, in March of 1998, the City Commission dropped consideration of this alternative and voted not to proceed with the preparation of an offering document for the sale of all or a portion of the Electric System assets. This decision by the City followed a period of extensive analysis of the electric utility's competitive structure and future competitive position of the electric utility. This analysis found that following the planned reductions in the transfer to the City's general fund, the implementation of the Fire Rescue Service Charge, the commercial operation of Purdom Unit 8 and the implementation of other strategic initiatives, the Electric System will be able to react to market changes and be better positioned for electric market competition.
- In an effort to address electric competition issues and the unbundling of charges for service within the electric rates, the City will be implementing a fire service charge simultaneously with a customer rebate to city residents with city utilities so that customers will not see any increase in their monthly utility bill. This unbundling of charges will allow customers to have a more detailed breakout of the services they receive. On February 24, 1999, the City Commission adopted the fire service charge with an implementation date scheduled for October 1, 1999.

#### Independent Audit

The Florida Statutes and the City's Bond Resolutions require an annual audit of the books of account and financial records of the City by independent certified public accountants selected by the City Commission. This requirement has been complied with and the auditor's opinion has been included in this report.

#### Awards

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, 1997. The Certificate of Achievement is a prestigious national award recognizing 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 an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must 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.

In addition, the City received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 1997. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories including policy documentation, operations guidance, financial planning and communications.

Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of Accounting Services, in particular the members of Financial Management 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,

David C. Reid, C.P.A.  
Director of Management and Administration

# CITY OF TALLAHASSEE, FLORIDA

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Unit

September 30, 1998

(Continued)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>ASSETS AND OTHER DEBITS</b>						
<b>Assets:</b>						
Cash and Cash Equivalents/Investments.....	\$ 16,431	\$ 24,388	\$ --	\$ 65,745	\$ 17,739	\$ 13,501
Securities Lending Collateral.....	1,442	2,139	213	5,770	1,565	1,184
Investments.....	--	--	2,444	--	--	--
Receivables:						
Special Assessments - Current.....	--	--	--	48	--	--
Special Assessments - Deferred.....	--	--	--	105	--	--
Accrued Interest.....	83	108	--	340	212	43
Notes.....	--	2,100	--	98	--	--
Customers and Others.....	869	--	--	--	20,571	--
Accounts.....	1,284	608	--	14	--	1,217
Property Taxes-Delinquent.....	162	--	--	--	--	--
Less: Allowance for Doubtful Accounts.....	(205)	--	--	--	(2,273)	--
Due from Other Governments.....	397	678	--	270	1,722	--
Due from Other Funds.....	98	--	--	--	210	--
Advance to Other Funds.....	673	--	--	558	--	--
Deposits.....	--	--	73	--	--	6
Inventory.....	819	--	--	--	16,733	5,926
Restricted Assets:						
Cash and Cash Equivalents/Investments.....	241	--	--	--	107,011	47,639
Securities Lending Collateral.....	21	--	--	--	12,234	4,181
Investments.....	--	--	--	--	32,605	--
Accounts Receivable.....	--	--	--	--	1,374	261
Accrued Interest.....	--	--	--	--	548	238
Notes Receivable.....	--	--	--	--	5,785	1,417
Due from Other Governments.....	--	--	--	--	388	--
Loans to Other Funds.....	--	--	--	--	--	20,966
Unamortized Bond Issue Costs.....	--	--	--	--	1,039	--
Fixed Assets (Net of Accumulated Depreciation).....	--	--	--	--	630,570	44,051
<b>Other Debits:</b>						
Amount Available in Debt Service Funds.....	--	--	--	--	--	--
Amount to be Provided for Retirement of General Long-Term Debt.....	--	--	--	--	--	--
<b>Total Assets and Other Debits</b>	<b>\$ 22,315</b>	<b>\$ 30,021</b>	<b>\$ 2,730</b>	<b>\$ 72,948</b>	<b>\$ 848,033</b>	<b>\$ 140,630</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF TALLAHASSEE, FLORIDA

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Unit  
September 30, 1998  
(Continued)

Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Downtown Improvement Authority Totals	Reporting Entity Totals (Memorandum Only)	
	General	General Long-	September 30	September 30	September 30	
	Fixed Assets	Term Debt	1998	1998	1998	1997
\$ 22,474	\$ --	\$ --	\$ 160,278	\$ 142	\$ 160,420	\$ 164,044
25,168	--	--	37,481	12	37,493	76,333
726,770	--	--	729,214	--	729,214	686,680
--	--	--	48	--	48	57
--	--	--	105	--	105	127
117	--	--	903	1	904	1,919
--	--	--	2,198	--	2,198	1,890
--	--	--	21,440	--	21,440	23,345
21	--	--	3,144	--	3,144	4,496
--	--	--	162	--	162	129
--	--	--	(2,478)	--	(2,478)	(2,151)
--	--	--	3,067	--	3,067	3,280
2,825	--	--	3,133	--	3,133	1,610
--	--	--	1,231	--	1,231	1,408
--	--	--	79	--	79	77
--	--	--	23,478	--	23,478	19,401
--	--	--	154,891	--	154,891	153,425
--	--	--	16,436	--	16,436	43,583
--	--	--	32,605	--	32,605	36,752
--	--	--	1,635	--	1,635	2,240
--	--	--	786	--	786	435
--	--	--	7,202	--	7,202	7,408
--	--	--	388	--	388	936
--	--	--	20,966	--	20,966	38,873
--	--	--	1,039	--	1,039	1,161
--	176,105	--	850,726	--	850,726	809,153
--	--	2,517	2,517	--	2,517	2,580
--	--	31,257	31,257	--	31,257	27,744
<u>\$ 777,375</u>	<u>\$ 176,105</u>	<u>\$ 33,774</u>	<u>\$ 2,103,931</u>	<u>\$ 155</u>	<u>\$ 2,104,086</u>	<u>\$ 2,106,935</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF TALLAHASSEE, FLORIDA

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Unit

September 30, 1998

(Continued)

## LIABILITIES, EQUITY, AND OTHER CREDITS

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
<b>Liabilities:</b>						
Accounts Payable.....	\$ 2,184	\$ 609	\$ --	\$ 1,592	\$ 6,968	\$ 7,641
Due to Other Governments.....	--	--	--	--	--	--
Accrued Leave.....	--	--	--	--	5,260	2,304
Obligations Under Securities Lending.....	1,442	2,139	213	5,770	1,565	1,184
Contracts Payable.....	--	--	--	--	5,021	--
Retainage Payable.....	--	--	--	452	--	--
Due to Other Funds.....	--	--	--	--	2,923	210
Advance From Other Funds.....	--	--	--	--	1,231	--
Utility Deposits Payable.....	--	--	--	--	9,747	--
Payable From Restricted Assets:						
Retainage Payable and Accounts Payable.....	241	--	--	--	8,783	426
Loans Payable.....	--	--	--	--	--	26,200
Claims Payable.....	--	--	--	--	--	7,584
Deferred Revenue.....	--	--	--	--	319	--
Obligations Under Securities Lending.....	21	--	--	--	12,234	4,181
Deferred Compensation Payable.....	--	--	--	--	--	--
Deferred Revenue.....	9,066	973	--	106	--	--
Loan Payable.....	--	--	--	--	20,000	--
Bonds Payable.....	--	--	--	--	196,932	--
Unamortized Bond Discount.....	--	--	--	--	(940)	--
Deferment of Loss on Early Retirement of Debt.....	--	--	--	--	(2,355)	--
Loans from Other Funds.....	--	--	--	5,278	13,443	2,245
Notes and Loans Payable.....	--	--	--	--	--	--
Prepaid Fees Credit Payable.....	--	--	--	--	562	--
<b>Total Liabilities</b>	<b>12,954</b>	<b>3,721</b>	<b>213</b>	<b>13,198</b>	<b>281,693</b>	<b>51,975</b>
<b>Equity and Other Credits:</b>						
Contributed Capital.....	--	--	--	--	74,049	20,084
Investment in General Fixed Assets.....	--	--	--	--	--	--
Retained Earnings:						
Reserved for:						
Reserve Pursuant to Bond & Loan Covenants.....	--	--	--	--	126,897	1,318
Fleet Management.....	--	--	--	--	--	22,493
Insurance.....	--	--	--	--	--	10,847
Reserve for Projects.....	--	--	--	--	768	984
<b>Total Reserved.....</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>127,665</b>	<b>35,642</b>
Unreserved.....	--	--	--	--	364,626	32,929
Fund Balances:						
Reserved for:						
Notes Receivable.....	--	2,100	--	98	--	--
Advance to Other Funds.....	673	--	--	558	--	--
Inventory.....	819	--	--	--	--	--
Projects / Fixed Assets.....	--	17,880	--	44,275	--	--
Employees' Pension Benefits.....	--	--	--	--	--	--
Future Debt Service.....	--	--	2,517	--	--	--
Encumbrances.....	1,790	2,849	--	20,231	--	--
<b>Total Reserved.....</b>	<b>3,282</b>	<b>22,829</b>	<b>2,517</b>	<b>65,162</b>	<b>--</b>	<b>--</b>
Unreserved:						
Designated.....	2,783	--	--	968	--	--
Undesignated.....	3,296	3,471	--	(6,380)	--	--
<b>Total Equity and Other Credits.....</b>	<b>9,361</b>	<b>26,300</b>	<b>2,517</b>	<b>59,750</b>	<b>566,340</b>	<b>88,655</b>
<b>Total Liabilities, Equity and Other Credits.....</b>	<b>\$ 22,315</b>	<b>\$ 30,021</b>	<b>\$ 2,730</b>	<b>\$ 72,948</b>	<b>\$ 848,033</b>	<b>\$ 140,630</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF TALLAHASSEE, FLORIDA

Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Unit  
September 30, 1998  
(Continued)

Fiduciary Fund Types	Account Groups		Primary Government Totals (Memorandum Only)	Downtown Improvement Authority Totals	Reporting Entity Totals (Memorandum Only)	
	General	General Long-	September 30	September 30	September 30	
	Fixed Assets	Term Debt	1998	1998	1998	1997
\$ 31	\$ --	\$ --	\$ 19,025	\$ 1	\$ 19,026	\$ 20,324
--	--	--	--	--	--	1,110
--	--	8,651	16,215	--	16,215	14,353
25,168	--	--	37,481	12	37,493	76,333
--	--	--	5,021	--	5,021	5,469
--	--	--	452	--	452	2,628
--	--	--	3,133	--	3,133	1,610
--	--	--	1,231	--	1,231	1,408
--	--	--	9,747	--	9,747	8,839
--	--	--	9,450	--	9,450	7,855
--	--	--	26,200	--	26,200	26,200
--	--	--	7,584	--	7,584	7,498
--	--	--	319	--	319	338
--	--	--	16,436	--	16,436	43,583
12,996	--	--	12,996	--	12,996	13,127
--	--	--	10,145	--	10,145	2,070
--	--	--	20,000	--	20,000	20,000
--	--	25,063	221,995	--	221,995	227,579
--	--	--	(940)	--	(940)	(1,122)
--	--	--	(2,355)	--	(2,355)	(3,119)
--	--	--	20,966	--	20,966	38,873
--	--	60	60	--	60	116
--	--	--	562	--	562	400
<u>38,195</u>	<u>--</u>	<u>33,774</u>	<u>435,723</u>	<u>13</u>	<u>435,736</u>	<u>515,472</u>
--	--	--	94,133	--	94,133	91,994
--	176,105	--	176,105	--	176,105	157,780
--	--	--	128,215	--	128,215	133,127
--	--	--	22,493	--	22,493	22,005
--	--	--	10,847	--	10,847	9,300
--	--	--	1,752	--	1,752	2,536
--	--	--	163,307	--	163,307	166,968
--	--	--	397,555	--	397,555	367,544
--	--	--	2,198	--	2,198	1,890
--	--	--	1,231	--	1,231	1,408
--	--	--	819	--	819	13
--	--	--	62,155	--	62,155	50,395
712,466	--	--	712,466	--	712,466	668,393
--	--	--	2,517	--	2,517	2,580
--	--	--	24,870	--	24,870	37,070
<u>712,466</u>	<u>--</u>	<u>--</u>	<u>806,256</u>	<u>--</u>	<u>806,256</u>	<u>761,749</u>
--	--	--	3,751	--	3,751	4,229
26,714	--	--	27,101	142	27,243	41,199
<u>739,180</u>	<u>176,105</u>	<u>--</u>	<u>1,668,208</u>	<u>142</u>	<u>1,668,350</u>	<u>1,591,463</u>
<u>\$ 777,375</u>	<u>\$ 176,105</u>	<u>\$ 33,774</u>	<u>\$ 2,103,931</u>	<u>\$ 155</u>	<u>\$ 2,104,086</u>	<u>\$ 2,106,935</u>

The accompanying notes are an integral part of these financial statements.

# CITY OF TALLAHASSEE, FLORIDA

## Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Unit  
For the Fiscal Year Ended September 30, 1998  
(in thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes.....	\$ 30,981	\$ --	\$ --	\$ 15,881
Licenses and Permits.....	4,067	--	--	--
Intergovernmental Revenues.....	11,631	4,494	--	68
Charges for Services.....	11,849	8,994	--	9
Fines and Forfeitures.....	1,619	95	--	--
Special Assessments Revenues.....	--	--	--	134
Interest Earned.....	210	1,239	2	4,258
Net Increase in the Fair Value of Investments.....	207	284	--	888
Miscellaneous Revenues.....	2,529	644	--	707
<b>Total Revenues</b>	<b>63,093</b>	<b>15,750</b>	<b>2</b>	<b>21,945</b>
<b>Expenditures:</b>				
Current:				
General Government.....	17,002	707	--	--
Public Safety.....	42,009	1,065	--	--
Transportation.....	9,445	394	--	--
Human Services.....	4,052	906	--	--
Economic Development.....	742	2,266	--	--
Physical Environment.....	3,185	8,689	--	--
Culture and Recreation.....	9,855	50	--	--
Capital Outlay.....	--	225	--	49,972
Debt service:				
Principal Retired.....	--	--	1,128	--
Interest and Fiscal Charges.....	--	6	1,132	--
<b>Total Expenditures</b>	<b>86,290</b>	<b>14,308</b>	<b>2,260</b>	<b>49,972</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(23,197)</b>	<b>1,442</b>	<b>(2,258)</b>	<b>(28,027)</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In.....	39,613	1,071	2,195	9,865
Operating Transfers Out.....	(14,059)	(34)	--	(2,151)
Operating Transfers to / from Component Unit.....	--	11	--	2
<b>Total Other Financing Sources (Uses)</b>	<b>25,554</b>	<b>1,048</b>	<b>2,195</b>	<b>7,716</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>2,357</b>	<b>2,490</b>	<b>(63)</b>	<b>(20,311)</b>
Fund Balances - October 1.....	7,004	23,846	2,580	80,222
Cumulative Effect of a Change in Accounting Principle.....	--	(36)	--	(161)
Fund Balances - October 1 - As Restated.....	7,004	23,810	2,580	80,061
Residual Equity Transfers Out.....	--	--	--	--
Distribution of Joint Venture Assets to Leon County.....	--	--	--	--
<b>Fund Balances - September 30</b>	<b>\$ 9,361</b>	<b>\$ 26,300</b>	<b>\$ 2,517</b>	<b>\$ 59,750</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF TALLAHASSEE, FLORIDA

## Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Unit  
For the Fiscal Year Ended September 30, 1998  
(Continued)

Fiduciary Fund Type	Primary Government Totals (Memorandum Only)	Downtown Improvement Authority Totals	Reporting Entity Totals (Memorandum Only)	
Expendable Trust	September 30 1998	September 30 1998	September 30 1998	September 30 1997
\$ --	\$ 46,862	\$ 108	\$ 46,970	\$ 44,926
--	4,067	--	4,067	3,243
--	16,193	--	16,193	27,142
--	20,852	--	20,852	21,544
--	1,714	--	1,714	1,898
--	134	--	134	--
1,184	6,893	10	6,903	8,120
199	1,578	2	1,580	--
--	3,880	--	3,880	3,063
<u>1,383</u>	<u>102,173</u>	<u>120</u>	<u>102,293</u>	<u>109,936</u>
--	17,709	--	17,709	18,740
--	43,074	--	43,074	43,551
--	9,839	--	9,839	10,016
--	4,958	--	4,958	5,181
--	3,008	--	3,008	3,021
--	11,874	--	11,874	20,697
107	10,012	99	10,111	9,781
--	50,197	--	50,197	52,913
--	1,128	--	1,128	26,295
--	1,138	--	1,138	1,355
<u>107</u>	<u>152,937</u>	<u>99</u>	<u>153,036</u>	<u>191,550</u>
<u>1,276</u>	<u>(50,764)</u>	<u>21</u>	<u>(50,743)</u>	<u>(81,614)</u>
125	52,869	--	52,869	52,278
(91)	(16,335)	--	(16,335)	(15,740)
--	13	(13)	--	--
<u>34</u>	<u>36,547</u>	<u>(13)</u>	<u>36,534</u>	<u>36,538</u>
1,310	(14,217)	8	(14,209)	(45,076)
18,700	132,352	134	132,486	178,978
(31)	(228)	--	(228)	--
<u>18,669</u>	<u>132,124</u>	<u>134</u>	<u>132,258</u>	<u>178,978</u>
--	--	--	--	(26)
--	--	--	--	(1,390)
<u>\$ 19,979</u>	<u>\$ 117,907</u>	<u>\$ 142</u>	<u>\$ 118,049</u>	<u>\$ 132,486</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF TALLAHASSEE, FLORIDA**  
Statement of Revenues and Expenditures - Budget and Actual  
General Fund  
For the Fiscal Year Ended September 30, 1998  
(in thousands)

	1998			1997	
	Budget	Actual on Budgetary Basis	Variance- Favorable (Unfavorable)	Actual on GAAP Basis	Actual on GAAP Basis
<b>Revenues:</b>					
Taxes.....	\$ 30,048	\$ 30,981	\$ 933	\$ 30,981	\$ 29,279
Licenses and Permits.....	3,479	4,067	588	4,067	3,441
Intergovernmental Revenues.....	12,033	11,631	(402)	11,631	11,225
Charges for Services.....	12,442	11,849	(593)	11,849	12,102
Fines and Forfeitures.....	1,603	1,619	16	1,619	1,790
Interest Earned.....	224	210	(14)	210	236
Miscellaneous Revenues.....	1,701	2,831	1,130	2,736	1,679
<b>Total Revenues.....</b>	<b>61,530</b>	<b>63,188</b>	<b>1,658</b>	<b>63,093</b>	<b>59,752</b>
<b>Expenditures:</b>					
Current:					
General Government.....	19,274	17,126	2,148	17,002	17,549
Public Safety.....	42,670	41,996	674	42,009	42,363
Transportation.....	10,361	9,539	822	9,445	9,770
Human Services.....	4,228	4,009	219	4,052	3,981
Economic Development.....	746	755	(9)	742	635
Physical Environment.....	3,525	3,180	345	3,185	2,908
Culture and Recreation.....	10,249	9,990	259	9,855	9,512
<b>Total Expenditures.....</b>	<b>91,053</b>	<b>86,595</b>	<b>4,458</b>	<b>86,290</b>	<b>86,718</b>
<b>Excess of Revenues Over (Under) Expenditures.....</b>	<b>(29,523)</b>	<b>(23,407)</b>	<b>6,116</b>	<b>(23,197)</b>	<b>(26,966)</b>
<b>Other Financing Sources (Uses):</b>					
Appropriated Fund Balance.....	1,674	1,674	--	--	--
Operating Transfers In.....	39,836	39,613	(223)	39,613	40,847
Operating Transfers Out.....	(11,987)	(14,059)	(2,072)	(14,059)	(13,485)
<b>Total Other Financing Sources (Uses).....</b>	<b>29,523</b>	<b>27,228</b>	<b>(2,295)</b>	<b>25,554</b>	<b>27,362</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses.....</b>	<b>\$ --</b>	<b>\$ 3,821</b>	<b>\$ 3,821</b>	<b>\$ 2,357</b>	<b>\$ 396</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF TALLAHASSEE, FLORIDA**  
 Combined Statement of Revenues, Expenses and Changes in  
 Retained Earnings/Fund Balances  
 All Proprietary Fund Types and Nonexpendable Trust  
 Fund  
 For the Fiscal Year Ended September 30, 1998  
 (in thousands)

	Proprietary Fund Types			Fiduciary Fund Types	Totals (Memorandum Only)	
	Enterprise	Internal Service	Nonexpendable Trust		September 30	
					1998	1997
<b>Operating Revenues:</b>						
Charges for Services.....	\$ 271,489	\$ 138,906	\$ --	\$ 410,395	\$ 318,751	
Investment Revenue.....	--	--	387	387	360	
Other.....	--	--	239	239	158	
<b>Total Operating Revenues.....</b>	<b>271,489</b>	<b>138,906</b>	<b>626</b>	<b>411,021</b>	<b>319,269</b>	
<b>Operating Expenses:</b>						
Personal Services.....	36,188	17,430	--	53,618	55,836	
Fossil Fuel.....	51,831	--	--	51,831	55,440	
Power Purchased.....	34,651	--	--	34,651	30,891	
Gas Purchased.....	5,834	--	--	5,834	5,531	
Materials and Supplies.....	8,682	1,165	--	9,847	9,019	
Contractual Services.....	47,258	110,760	--	158,018	77,253	
Other Expenses.....	11,708	6,632	--	18,340	18,271	
Less: Applied Equipment Charges.....	(268)	--	--	(268)	(283)	
Depreciation.....	22,706	7,404	--	30,110	28,653	
Amortization.....	304	--	--	304	318	
Benefit Payments.....	--	--	18	18	14	
Administration.....	--	--	248	248	237	
<b>Total Operating Expenses.....</b>	<b>218,894</b>	<b>143,391</b>	<b>266</b>	<b>362,551</b>	<b>281,180</b>	
<b>Operating Income (Loss).....</b>	<b>52,595</b>	<b>(4,485)</b>	<b>360</b>	<b>48,470</b>	<b>38,089</b>	
<b>Nonoperating Revenues (Expenses):</b>						
Interest Revenue.....	9,963	3,903	--	13,866	13,354	
Net Increase in the Fair Value of Investments.....	1,998	741	88	2,827	--	
Gain on the Sale of Surplus Property.....	13	24	--	37	359	
Grant Revenue.....	1,666	--	--	1,666	1,568	
Other Revenues.....	9,819	--	--	9,819	8,543	
Interest Expense.....	(9,505)	(1,158)	--	(10,663)	(10,834)	
Other Expenses.....	(5,438)	--	--	(5,438)	(1,906)	
<b>Total Nonoperating Revenues (Expenses).....</b>	<b>8,516</b>	<b>3,510</b>	<b>88</b>	<b>12,114</b>	<b>11,084</b>	
<b>Income (Loss) Before Operating Transfers.....</b>	<b>61,111</b>	<b>(975)</b>	<b>448</b>	<b>60,584</b>	<b>49,173</b>	
Operating Transfers In.....	3,794	185	--	3,979	5,582	
Operating Transfers Out.....	(39,884)	(629)	--	(40,513)	(42,120)	
<b>Net Income.....</b>	<b>25,021</b>	<b>(1,419)</b>	<b>448</b>	<b>24,050</b>	<b>12,635</b>	
<b>Disposition of Net Income:</b>						
Depreciation on Contributed Assets.....	2,523	1,958	--	4,481	4,304	
<b>Net Increase in Retained Earnings/ Fund Balances.....</b>	<b>27,544</b>	<b>539</b>	<b>448</b>	<b>28,531</b>	<b>16,939</b>	
Retained Earnings/ Fund Balances - October 1.....	465,667	68,845	6,298	540,810	528,021	
##### (259)	(87)	(11)	(357)	--		
Fund Balance - October 1 - As Restated.....	465,408	68,758	6,287	540,453	528,021	
Residual Equity Transfers Out.....	(661)	(726)	--	(1,387)	(4,150)	
<b>Retained Earnings/ Fund Balances - September 30.....</b>	<b>\$ 492,291</b>	<b>\$ 68,571</b>	<b>\$ 6,735</b>	<b>\$ 567,597</b>	<b>\$ 540,810</b>	

The accompanying notes are an integral part of these financial statements.

# CITY OF TALLAHASSEE, FLORIDA

## CITY EMPLOYEES' PENSION PLANS COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS September 30, 1998 (in thousands)

	September 30	
ADDITIONS	1998	1997
<b>Contributions:</b>		
Employer.....	\$ 14,268	\$ 17,362
State.....	1,316	1,218
Plan Members.....	8,560	8,409
<b>Total Contributions.....</b>	<b>24,144</b>	<b>26,989</b>
<b>Investment Income:</b>		
Net Appreciation (Depreciation)		
In Fair Value of Investments.....	29,583	122,815
Interest.....	542	597
Dividends.....	5,000	5,614
Securities Lending Collateral.....	1,562	1,154
Commission Recapture Income.....	449	--
	37,136	130,180
Less Investment Expenses:		
Investment Management Fees.....	2,335	1,904
Securities Lending Expenses:		
Interest Expenses.....	268	156
Agent Fees.....	53	43
<b>Net Investment Income.....</b>	<b>34,480</b>	<b>128,077</b>
<b>TOTAL ADDITIONS</b>	<b>58,624</b>	<b>155,066</b>
<b>Deductions:</b>		
Benefits.....	13,197	11,957
Refunds of Contributions.....	949	756
Administrative Expense.....	405	393
<b>Total Deductions.....</b>	<b>14,551</b>	<b>13,106</b>
<b>Net Increase.....</b>	<b>44,073</b>	<b>141,960</b>
<b>Fund Balance Reserved for Employees' Pension Benefits:</b>		
October 1 - as Restated.....	668,393	526,433
September 30.....	\$ 712,466	\$ 668,393

**CITY OF TALLAHASSEE, FLORIDA**  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types and Nonexpendable Trust Fund  
 For the Fiscal Year Ended September 30, 1998  
 (Continued)

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal	Nonexpendable	(Memorandum Only)	
		Service	Trust	September 30	
				1998	1997
<b>Increase in Cash and Cash Equivalents:</b>					
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers.....	\$ --	\$ 358	\$ 325	\$ 683	\$ 249,982
Cash Received from Other Funds for Services.....	--	137,453	--	137,453	66,480
Cash Received from Other Revenues.....	--	--	--	--	4,194
Cash Payments to Suppliers for Goods and Services.....	--	(85,660)	--	(85,660)	(146,729)
Cash Payments to Employees for Services.....	--	--	--	--	(79,383)
Cash Payments for Services to Other Funds.....	--	(41,934)	--	(41,934)	(21,941)
Benefits Paid.....	--	--	(18)	(18)	(14)
Administrative Cost Paid.....	--	--	(248)	(248)	(235)
Cash Paid for Other Expenses.....	--	--	--	--	(2,183)
<b>Net Cash Provided by Operating Activities.....</b>	<b>--</b>	<b>10,217</b>	<b>59</b>	<b>10,276</b>	<b>70,171</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Operating Transfers In from Other Funds.....	--	185	--	185	5,582
Loans from Other Funds.....	--	--	--	--	--
Proceeds from Due to Other Funds.....	--	--	--	--	763
Operating Grants Received.....	--	--	--	--	935
Repayment of Advances.....	--	--	--	--	(294)
Operating Transfers Out to Other Funds.....	--	(629)	--	(629)	(42,117)
<b>Net Cash Used for Noncapital Financing Activities.....</b>	<b>--</b>	<b>(444)</b>	<b>--</b>	<b>(444)</b>	<b>(35,131)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Receipts from Energy Loan Program.....	--	--	--	--	7,350
Capital Grants Received.....	--	--	--	--	3,211
Proceeds from the Sale of Property.....	--	24	--	24	350
Proceeds from Loan from Internal Loan Fund.....	--	--	--	--	19,414
System Charges.....	--	--	--	--	4,063
Acquisition and Construction of Capital Assets.....	--	(3,267)	--	(3,267)	(48,109)
Residual Equity Transfers Out.....	--	(726)	--	(726)	(1,898)
Principal and Refunding Payments.....	--	--	--	--	(9,375)
Repayment of Loans from Other Funds.....	--	(196)	--	(196)	(971)
Funding of Energy Loan Program.....	--	--	--	--	(7,593)
Interest Paid.....	--	(1,158)	--	(1,158)	(13,922)
Payments on Capital Lease.....	--	--	--	--	(759)
<b>Net Cash Used for Capital and Related Financing Activities.....</b>	<b>--</b>	<b>(5,323)</b>	<b>--</b>	<b>(5,323)</b>	<b>(48,239)</b>
<b>Cash Flows from Investing Activities:</b>					
Proceeds from Sale & Maturities of Investment Securities.....	--	--	--	--	28,832
Receipts of Interest on Investments.....	--	3,903	388	4,291	15,312
Purchase of Investment Securities.....	--	--	--	--	(19,750)
<b>Net Cash Provided by Investing Activities.....</b>	<b>--</b>	<b>3,903</b>	<b>388</b>	<b>4,291</b>	<b>24,394</b>
Net Increase (Decrease) in Cash and Cash Equivalents.....	--	8,353	447	8,800	11,196
Cash and Cash Equivalents - October 1.....	--	52,133	6,179	58,312	177,978
<b>Cash and Cash Equivalents - September 30.....</b>	<b>\$ --</b>	<b>\$ 60,486</b>	<b>\$ 6,626</b>	<b>\$ 67,112</b>	<b>\$ 189,174</b>
Less: Cumulative Effect of a Change in Accounting Principle.....	--	(87)	(11)	(98)	--
Add: Unrealized Gain on Cash & Cash Equivalents/Investments.....	--	741	88	829	--
<b>Cash and Cash Equivalents/Investments - September 30.....</b>	<b>\$ --</b>	<b>\$ 61,140</b>	<b>\$ 6,703</b>	<b>\$ 67,843</b>	<b>\$ 189,174</b>
<b>Classified As:</b>					
Unrestricted Assets.....	\$ --	\$ 13,501	\$ 6,703	\$ 20,204	\$ 35,959
Restricted Assets.....	--	47,639	--	47,639	153,215
	<b>\$ --</b>	<b>\$ 61,140</b>	<b>\$ 6,703</b>	<b>\$ 67,843</b>	<b>\$ 189,174</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF TALLAHASSEE, FLORIDA**  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types and Nonexpendable Trust Fund  
 For the Fiscal Year Ended September 30, 1998  
 (Continued)

	Proprietary Fund Types		Fiduciary	Totals	
	Enterprise	Internal	Nonexpendable	(Memorandum Only)	
		Service	Trust	September 30	
				1998	1997
<b>Reconciliation of Operating Income to Net Cash</b>					
<b>Provided by Operating Activities:</b>					
Operating Income (Loss).....	\$ --	\$ (4,485)	\$ 360	\$ (4,125)	\$ 38,089
<b>Adjustments to Reconcile Operating Income to</b>					
<b>Net Cash Provided by Operating Activities:</b>					
Depreciation.....	--	7,404	--	7,404	28,653
Amortization.....	--	--	--	--	318
Provision for Uncollectible Accounts.....	--	--	--	--	(29)
Other.....	--	--	--	--	2,011
<b>Change in Assets and Liabilities:</b>					
(Increase) Decrease in Accounts Receivable.....	--	439	64	503	(2,678)
(Increase) Decrease in Other Accounts Receivable.....	--	18,466	22	18,488	(22,093)
(Increase) in Inventory.....	--	(244)	--	(244)	(950)
Decrease in Due from Other Funds.....	--	--	--	--	--
Increase (Decrease) in Accounts Payable.....	--	(11,359)	--	(11,359)	26,906
Increase in Due to Other Funds.....	--	--	--	--	14
Increase in Customer Contracts Payable.....	--	--	--	--	96
Increase in Utility Deposits Payable.....	--	--	--	--	677
Decrease in Deferred Revenue.....	--	--	--	--	(13)
Increase (Decrease) in Accrued Leave.....	--	(4)	--	(4)	(267)
Increase (Decrease) in Prepaid Fees Credit.....	--	--	--	--	(188)
Receipts of Interest on Investments.....	--	--	(387)	(387)	(375)
<b>Total Adjustments.....</b>	<b>--</b>	<b>14,702</b>	<b>(301)</b>	<b>14,401</b>	<b>32,082</b>
<b>Net Cash Provided by Operating Activities.....</b>	<b>\$ --</b>	<b>\$ 10,217</b>	<b>\$ 59</b>	<b>\$ 10,276</b>	<b>\$ 70,171</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>					
Interfund Transfers of Fixed Assets.....	\$ --	\$ -	\$ -	\$ --	\$ 243

**Cash and Cash Equivalents/Investments - September 30,1998:**

The Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds includes only Nonexpendable Trust Funds. The Combined Balance Sheet includes all Trust and Agency Funds including Pension Trust and Expendable Trust Funds. The res

The accompanying notes are an integral part of these financial statements.

# CITY OF TALLAHASSEE, FLORIDA

## COMMENTS ON THE STATISTICAL SECTION September 30, 1998

The following statistical tables recommended by the NCGAS 1 are not included for the reasons stated below:

- (a) Tables which concern general obligation debt are omitted because the City has no general obligation debt.

Additional schedules which are felt to be useful to various users, principally, underwriters, and rating agencies, have been included in this section.

# CITY OF TALLAHASSEE, FLORIDA

## GENERAL GOVERNMENT EXPENDITURES BY FUNCTION AND TRANSFERS

Last Ten Fiscal Years  
(in thousands)

Fiscal Year	General Government	Public Safety	Transportation	Human Services	Economic Environment	Physical <sup>(2)</sup> Environment	Culture <sup>(2)</sup> and Recreation	Transfers Out	Total <sup>(1)</sup>
1989	\$ 8,036	\$ 27,416	\$ 6,711	\$ 1,109	\$ 434	\$ 1,283	\$ 4,809	\$ 19,359	\$ 69,157
1990	9,377	29,000	7,999	1,223	502	1,691	5,412	24,598	79,802
1991	11,434	32,117	8,078	1,438	549	2,519	6,540	23,785	86,460
1992	12,817	34,081	8,845	1,799	715	2,751	7,199	30,374	98,581
1993	13,034	35,799	9,174	2,366	755	2,611	7,690	23,885	95,314
1994	13,533	35,624	9,539	2,567	672	2,605	8,234	24,942	97,716
1995	14,978	37,888	9,748	2,974	930	2,948	8,857	18,466	96,789
1996	16,830	40,661	9,534	3,390	589	2,850	9,263	19,055	102,172
1997	17,537	42,363	9,770	3,980	636	2,920	9,512	13,485	100,203
1998	17,002	42,009	9,445	4,052	742	3,185	9,855	14,059	100,349

## GENERAL REVENUES BY SOURCE AND TRANSFERS

Last Ten Fiscal Years  
(in thousands)

Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Charges <sup>(2)</sup> for Services	Interest	Inter- governmental Revenues	Miscellaneous Revenues	Transfers In	Total <sup>(1)</sup> Revenue
1989	\$ 19,021	\$ 1,410	\$ 987	\$ 6,188	\$ 437	\$ 8,972	\$ 825	\$ 30,247	\$ 68,087
1990	25,692	1,426	1,270	6,506	589	9,667	755	33,970	79,875
1991	30,394	1,807	1,109	7,673	523	9,233	508	35,487	86,734
1992	32,117	2,056	1,271	8,574	382	8,897	388	44,655	98,340
1993	23,261	2,234	1,321	10,945	296	10,707	740	45,747	95,251
1994	25,261	2,669	1,387	11,563	326	10,129	917	46,376	98,628
1995	27,422	2,092	1,505	11,992	311	10,694	939	45,306	100,261
1996	29,122	3,195	1,538	11,832	256	10,842	1,733	41,638	100,156
1997	29,279	3,243	1,790	12,300	236	11,225	1,677	40,847	100,597
1998	30,981	4,067	1,619	11,849	210	11,631	2,736	39,613	102,706

(1) Includes General Fund only.

(2) Solid Waste, Golf Course, and Stormwater activities have been set up as separate funds.

**CITY OF TALLAHASSEE, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**(in thousands)**

Fiscal Year	Total Assessed Valuation	Taxable Assessed Valuation	Levy	Collection	Percent <sup>(1)</sup>
1989	\$ 5,870,328	\$ 2,537,446	\$ 7,359	\$ 7,107	97
1990	6,119,396	2,738,165	7,975	7,759	97
1991	6,361,162	2,942,911	9,460	9,106	96
1992	6,584,152	3,157,138	10,147	9,796	97
1993	6,720,821	3,258,882	10,471	10,124	97
1994	8,389,730	3,736,737	11,305	10,906	96
1995	8,749,066	4,025,808	11,951	11,636	97
1996	9,043,725	4,270,650	12,925	12,432	96
1997	9,537,873	4,576,295	13,712	13,045	95
1998	9,900,598	4,884,574	14,699	14,153	96

(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.

**CITY OF TALLAHASSEE, FLORIDA**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**  
**(in thousands)**

Fiscal Year	Real Property		Personal Property		Centrally Assessed		Totals		Ratio of Total Assessed to Total Estimated Value <sup>(1)</sup>
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1989	4,889,803	5,752,709	978,936	1,151,589	1,675	1,970	5,870,414	6,906,268	85%
1990	5,119,778	6,023,268	997,936	1,174,043	1,682	1,979	6,119,396	7,199,290	85%
1991	5,322,947	6,262,291	1,036,487	1,219,396	1,728	2,033	6,361,162	7,483,720	85%
1992	5,511,272	6,483,849	1,071,207	1,260,244	1,673	1,968	6,584,152	7,746,061	85%
1993	5,628,046	6,621,231	1,091,204	1,283,769	1,571	1,849	6,720,821	7,906,849	85%
1994	7,002,886	8,238,689	1,385,137	1,629,573	1,707	2,008	8,389,730	9,870,270	85%
1995	7,347,838	8,644,515	1,399,538	1,646,515	1,690	1,988	8,749,066	10,293,018	85%
1996	7,619,852	8,964,532	1,422,106	1,673,066	1,767	2,078	9,043,725	10,639,676	85%
1997	8,083,657	9,510,185	1,451,205	1,707,300	3,011	3,543	9,537,873	11,221,028	85%
1998	8,353,871	9,828,083	1,544,223	1,816,733	2,505	2,947	9,900,599	11,647,763	85%

Source: Leon County Property Appraiser

(1) Calculated Figure

**CITY OF TALLAHASSEE, FLORIDA**  
**ASSESSED VALUATIONS, MILLAGE AND TAXES**  
**LEVIED AND COLLECTED**  
**Last Ten Fiscal Years**  
**(in thousands)**

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
<b>TOTAL VALUATIONS.....</b>	<b>\$ 5,870,328</b>	<b>\$ 6,119,396</b>	<b>\$ 6,361,162</b>	<b>\$ 6,584,152</b>	<b>\$ 6,720,821</b>	<b>\$ 8,389,730</b>	<b>\$ 8,749,066</b>	<b>\$ 9,043,725</b>	<b>\$ 9,537,873</b>	<b>\$ 9,900,598</b>
<b>REAL ESTATE EXEMPTIONS</b>										
Agricultural Adjustment.....	8,479	8,187	12,004	28,477	360,668	27,503	26,095	24,897	39,641	39,980
Government Exemption.....	2,589,404	2,620,076	2,632,150	2,630,197	2,637,332	3,771,466	3,764,988	3,765,959	3,888,862	3,931,418
Institutional Exemption.....	262,485	263,289	266,278	241,928	245,874	277,262	279,710	286,793	301,405	310,426
Individual or Homestead Exemptions.....	466,744	484,068	502,192	520,241	536,550	570,267	645,570	687,874	723,463	725,626
Other Charitable Exemptions.....	5,770	5,611	5,627	6,171	6,115	6,495	6,895	7,552	8,206	8,574
<b>TOTAL EXEMPTIONS AND ADJUSTMENTS.....</b>	<b>3,332,882</b>	<b>3,381,231</b>	<b>3,418,251</b>	<b>3,427,014</b>	<b>3,786,539</b>	<b>4,652,993</b>	<b>4,723,258</b>	<b>4,773,075</b>	<b>4,961,577</b>	<b>5,016,024</b>
<b>TAXABLE VALUATION.....</b>	<b>\$ 2,537,446</b>	<b>\$ 2,738,165</b>	<b>\$ 2,942,911</b>	<b>\$ 3,157,138</b>	<b>\$ 2,934,282</b>	<b>\$ 3,736,737</b>	<b>\$ 4,025,808</b>	<b>\$ 4,270,650</b>	<b>\$ 4,576,296</b>	<b>\$ 4,884,574</b>
<b>MILLAGE LEVIED.....</b>	<b>2.900</b>	<b>2.900</b>	<b>3.200</b>	<b>3.200</b>	<b>3.200</b>	<b>3.200</b>	<b>3.200</b>	<b>3.200</b>	<b>3.200</b>	<b>3.200</b>
<b>TOTAL TAXES LEVIED.....</b>	<b>\$ 7,359</b>	<b>\$ 7,975</b>	<b>\$ 9,460</b>	<b>\$ 10,147</b>	<b>\$ 10,471</b>	<b>\$ 11,305</b>	<b>\$ 11,951</b>	<b>\$ 12,925</b>	<b>\$ 13,712</b>	<b>\$ 14,699</b>
Less: Adjustments & Discount.....	319	231	273	302	323	367	392	425	453	488
<b>Net Taxes Levied.....</b>	<b>\$ 7,040</b>	<b>\$ 7,744</b>	<b>\$ 9,187</b>	<b>\$ 9,845</b>	<b>\$ 10,148</b>	<b>\$ 10,938</b>	<b>\$ 11,559</b>	<b>\$ 12,500</b>	<b>\$ 13,259</b>	<b>\$ 14,211</b>
<b>NET COLLECTED <sup>(1) (2)</sup>.....</b>	<b>\$ 7,107</b>	<b>\$ 7,759</b>	<b>\$ 9,106</b>	<b>\$ 9,796</b>	<b>\$ 10,124</b>	<b>\$ 10,906</b>	<b>\$ 11,636</b>	<b>\$ 12,432</b>	<b>\$ 13,045</b>	<b>\$ 14,153</b>

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

### PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Per \$1,000) Last Ten Fiscal Years

Fiscal Year	<u>City of Tallahassee</u>	<u>Leon County School Board</u>		<u>Leon County</u>	N.W. Water Management District	Total
	Operating	Operating	Debt Service	Operating		
1989	\$2.90	\$7.65	\$1.24	\$6.79	\$0.05	\$18.63
1990	2.90	8.53	1.99	8.09	0.05	21.56
1991	3.20	8.86	1.97	8.09	0.05	22.17
1992	3.20	8.88	1.90	8.29	0.05	22.32
1993	3.20	9.00	1.79	8.86	0.05	22.90
1994	3.20	9.03	1.47	8.66	0.05	22.41
1995	3.20	9.46	1.40	8.64	0.05	22.75
1996	3.20	9.24	1.27	8.62	0.05	22.38
1997	3.20	9.36	1.23	8.60	0.05	22.44
1998	3.20	8.60	1.10	9.29	0.05	22.24

Source: Leon County Tax Collector

### SPECIAL ASSESSMENT COLLECTIONS Last Ten Fiscal Years (in thousands)

Fiscal Year	Assessments Due October 1	Assessments Levied	Assessments Collected	Assessments Due September 30
1989	\$701	--	\$132	\$569
1990	569	--	146	423
1991	423	130	115	438
1992	438	160	188	410
1993	410	127	91	446
1994	446	306	574	178
1995	178	23	42	159
1996	159	102	125	136
1997	136	102	109	129
1998	129	103	70	162

Source: Leon County Tax Collector

**CITY OF TALLAHASSEE, FLORIDA**

**COMPUTATION OF LEGAL DEBT MARGIN**

**September 30, 1998**

**(in thousands)**

TAXABLE ASSESSED VALUE.....	<u>\$ 4,884,574</u>
Debt Limit 20 Percent of Assessed Value.....	<u>\$ 976,915</u>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**September 30, 1998**  
**(in thousands)**

**DIRECT DEBT**

Non-Self-Supporting Revenue Debt:		
Special Purpose Revenue Bonds	\$ 3,853	
Sunshine State Loans	10,130	
Capital Bonds Series, 1993 A & B.....	21,210	
Less: Debt Service and Reserve Funds.....	<u>(3,139)</u>	
Total Direct Debt.....		\$ 32,054

**OVERLAPPING DEBT**

Leon County School Board		
Tax Supported Ad Valorem Debt:		
General Obligation Bond Issue		
1993 Refunding.....	\$ 32,805	
Less: Debt Service and Reserve Funds.....	<u>(3,970)</u>	\$ 28,835
1991 Refunding.....	28,985	
Less: Debt Service and Reserve Funds.....	<u>(4,000)</u>	24,985
State Board of Education.....	12,130	
Less: Debt Service and Reserve Funds.....	<u>(1,466)</u>	10,664
Race Track School Portion Revenues.....	1,745	
Less: Debt Service and Reserve Funds.....	<u>(737)</u>	1,008
Leon County		
Non-Self-Supporting Revenue Debt		
Refunding Bonds 1991 Series		
Courthouse.....	28,125	
Less: Debt Service and Reserve Funds.....	<u>--</u>	28,125
Refund Revenue Bonds 1988 Series.....	833	
Less: Debt Service and Reserve Funds.....	<u>--</u>	833
Jail Construction, Series 1991.....	28,315	
Less: Debt Service and Reserve Funds.....	<u>(5,133)</u>	23,182
		<u>117,632</u>
<b>CITY SHARE OF NET OVERLAPPING DEBT <sup>(1)</sup>.....</b>		<u>78,813</u>
<b>TOTAL CITY DIRECT AND OVERLAPPING DEBT.....</b>		<u><u>\$ 110,867</u></u>

**SELF-SUPPORTING REVENUE DEBT:**

Electric Revenue Bonds.....	\$ 95,401	
Sunshine State Loan.....	\$ 20,000	
Less: Debt Service and Reserve Bonds.....	<u>(10,618)</u>	\$ 104,783
CUS Revenue Bonds.....	86,280	
Sunshine State Loan.....	16,069	
Less: Debt Service and Reserve Bonds.....	<u>(9,178)</u>	93,171
Airport Revenue Bond.....	15,251	
Less: Debt Service and Reserve Bonds.....	<u>(6,203)</u>	9,048
<b>TOTAL SELF-SUPPORTING REVENUE DEBT</b>		<u><u>\$ 207,002</u></u>

(1) These loans from the Sunshine State Governmental Financing Commission are secured by a City pledge to budget and appropriate sufficient Non-Ad Valorem revenues.

(2) City's share calculated based on 1997 County Taxable Value of \$7,263,381,591 and City Taxable Value of \$4,884,574,167 which results in 67 percent overlapping.

## CITY OF TALLAHASSEE, FLORIDA

### DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Year	Estimated <sup>(1)</sup> Population	Airline Passengers	Electric KWH Used (000's)	Water Consumed (Gals) (Millions)	Gas Used (Cu. Ft.) (Millions)	Housing <sup>(2)</sup> Units	Leon County School Enrollment	Retail <sup>(2)(3)(4)</sup> Sales (000's)
1989	122,333	434,859	1,756,912	6,635	1,311,770	53,749	26,404	1,237,572
1990	124,773	456,607	1,921,683	8,496	1,440,811	55,455	27,241	1,335,603
1991	127,100	437,444	2,049,242	8,299	1,409,379	56,276	28,432	1,423,666
1992	129,258	433,686	2,156,653	8,950	1,565,396	57,398	29,186	1,663,321
1993	132,036	427,225	2,018,551	8,397	1,560,133	58,735	28,143	1,750,343
1994	133,731	435,214	2,155,772	7,746	1,609,658	59,595	30,493	2,017,386
1995	137,057	501,499	2,350,754	8,008	1,553,888	61,186	33,555	2,470,375
1996	139,191	481,042	2,366,810	8,036	1,796,014	62,250	34,489	2,576,189
1997	141,087	468,205	2,318,022	7,840	1,719,273	63,211	31,599	N/A
1998	143,237	470,818	2,424,890	9,383	1,849,262	64,282	34,464	4,725,846

Source: City Records

- (1) U. S. Census Bureau and Tallahassee-Leon County Planning Department
- (2) Sales, Marketing and Management, calendar year figures
- (3) Leon County Statistics
- (4) N/A - Not available at year end

Year	Number of Labor Force	Number of Employed	Number of Unemployed	Unemployment Rate
1989	60,640	57,636	3,004	5.0 percent
1990	62,837	59,817	3,020	4.8 percent
1991	65,378	62,271	3,087	4.7 percent
1992	67,363	63,736	3,627	5.4 percent
1993	81,400	77,581	3,819	4.7 percent
1994	76,617	72,608	4,010	5.2 percent
1995	77,990	74,897	3,093	4.0 percent
1996	81,082	78,087	2,995	3.7 percent
1997	80,440 *	77,533 *	2,907 *	3.6 percent *
1998	124,601 *	120,717 *	3,884 *	3.1 percent *

Source: Florida Department of Labor and Employment Security

\* Average Based on 12 months

**CITY OF TALLAHASSEE, FLORIDA**  
**CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUES**  
**Last Ten Fiscal Years**  
**(in thousands)**

Fiscal Year	Commercial Construction (1)(4)		Residential Construction (1)(4)		Bank Deposits (2)		Property Value (3)			
	Number of Units	Value	Number of Units	Value	Commercial Banks	Savings and Loan Assn.	Commercial	Residential	Agricultural	Non-taxable
1989	151	\$ 49,578	2,250	\$ 86,375	\$ 1,331,064	\$ 451,102	\$ 1,132,534	\$ 3,116,990	\$ 388,807	\$ 2,428,351
1990	89	49,498	1,071	68,716	1,279,945	460,247	1,198,182	3,388,255	401,026	2,462,395
1991	38	16,907	727	41,433	1,305,279	481,108	1,216,844	3,719,398	404,344	2,425,545
1992	40	27,868	1,247	73,476	1,533,476	278,667	1,227,753	3,902,820	424,784	2,439,166
1993	30	14,896	1,278	86,070	1,607,316	260,059	1,261,844	4,312,987	414,791	2,491,456
1994	66	35,342	1,301	101,033	1,800,538	35,589	1,339,155	4,561,408	409,493	3,401,939
1995	81	34,574	1,518	100,292	1,865,550	59,815	1,460,992	4,840,687	388,315	3,463,162
1996	88	45,285	804	75,143	1,909,963	66,153	1,501,740	5,182,670	389,949	3,433,366
1997	101	20,022	684	62,946	1,850,729	53,519	1,578,566	5,769,660	426,151	3,602,731
1998	273	118,738	544	62,348	1,997,792	117,824	1,748,745	6,012,359	454,246	3,587,924

(1) Source: Tallahassee-Leon County Planning Department

(2) Source: Florida Bankers Association; includes deposits for entire Leon County, amount for 1998 based upon June 30.

(3) Source: Leon County Property Appraiser for entire Leon County

(4) Source: Building Inspection, Growth Management Department

# CITY OF TALLAHASSEE, FLORIDA

## PRINCIPAL TAXPAYERS

September 30, 1998

(in thousands)

Taxpayer	Assessed Valuation			Percentage of Total Assessed Valuation
	Real Property	Tangible Personal Property	Total	
Sprint-Florida, Inc.....	\$ 9,139	\$ 138,500	\$ 147,639	1.5
Talquin Electric.....	1,735	62,359	\$ 64,094	0.7
Governor's Square Mall.....	51,595	--	\$ 51,595	0.5
Koger Properties.....	46,231	--	\$ 46,231	0.5
Florida Gas Transmission.....	--	26,909	\$ 26,909	0.3
Tallahassee Mall.....	31,824	--	\$ 31,824	0.3
Comcast Cable.....	1,590	21,686	\$ 23,276	0.2
Wal-mart Stores.....	19,489	4,257	\$ 23,746	0.2
Melrose Apts. of Tallahassee.....	19,000	2,390	\$ 21,390	0.2
Capital City Bank .....	<u>27,880</u>	<u>5,570</u>	<u>\$ 33,450</u>	<u>0.4</u>
Total	<u>\$ 208,483</u>	<u>\$ 261,671</u>	<u>\$ 470,154</u>	<u>4.8</u>

Source: Leon County Property Appraiser

# CITY OF TALLAHASSEE, FLORIDA

## SCHEDULE OF INSURANCE IN FORCE September 30, 1998

Type of Coverage and Insurance Company	Policy Number	Policy Expiration	Details of Coverage	Limits (000's)	Estimated Annual Premium (000's)
<b>LIABILITY:</b>					
Self-insured.....	N/A	N/A	Excess Auto/General Liability	\$3,000	Funded Trust
Great American Insurance Company/Lloyds of London..	GHK002724605 - Primary A1K002727805 - Excess	9/30/99	Airport Liability	\$100,000	\$36 (3 year period)
Self-insured.....	N/A	N/A	Primary Auto/General Liability	\$100/200	Funded Reserves
Self-insured.....	N/A	N/A	Police Professional	\$100/200	Funded Reserves
Self-insured.....	N/A	N/A	Employment Related Liability	N/A	Funded Reserves
<b>FIRE AND EXTENDED COVERAGE:</b>					
Continental Casualty .....	BM1044952584	9/30/01	Boiler/Machinery	Combined	Combined
Cox Power.....	NA000116W	9/30/01	85% Gen Gov't - Utility Property	Total	Total
London Companies.....	NA000118W	9/30/01	15% Gen Gov't - Utility Property	Limit of	Limit of
London Companies.....	NA000119W	9/30/01	15% Excess / Gen Gov't and Utility - Boiler / Machinery	\$565,976	\$476
<b>HEALTHCARE:</b>					
Self-Insured.....	N/A	N/A	Employee Health Insurance	\$150	Fund Reserves
Standard Insurance Company.....	LF S8054801	12/31/95	Specific Stop-Loss	\$1,000	\$26
<b>ACCIDENTAL DEATH:</b>					
AIG Life Insurance Company.....	SRG0008047924	9/30/99	Statutory and Accidental Death (Firemen and Policemen)	\$50/\$75/\$25	\$25 (3 year period)
<b>WORKERS' COMPENSATION:</b>					
National Union Fire Insurance Company.....	4157717	9/30/99	Excess Workers' Compensation	Statutory excess of \$500 SIR per incident	\$42 (3 year period)
Self Insured.....	N/A	N/A	Primary Workers' Compensation	\$500	Funded Reserves
<b>BONDS:</b>					
Fidelity & Deposit Company of Maryland.....	30471076	9/30/99	Public Official	\$100	Combined Total
	CCP00181136-02	9/30/99	Public Employee Dishonesty	\$1,000	\$5

# CITY OF TALLAHASSEE, FLORIDA

## MISCELLANEOUS STATISTICAL DATA September 30, 1998

Date of Incorporation .....	1825
Date First Charter Adopted .....	1825
Date Present Charter Adopted .....	1919

Form of Government: Commission-Manager  
 Commission Composed of: Mayor and Four Commissioners

**Terms of Office:**

Mayor - Four Years (Elected by Tallahassee Citizens)	
Commissioners - Four Years	
Manager - Appointed by Commission	
Average Annual Temperature .....	67.20 Degrees
Average Annual Rainfall .....	64.59 Inches
Area.....	85.23 Square Miles

### MUNICIPAL UTILITIES AND SERVICES

**Electric System:**

Generating Plants .....	3
Generating Capacity (KW) .....	516,752
Net System Energy Generated (KWH) .....	2,469,805,267
Average Number Residential Customers ..	75,344
Average Residential Monthly Bill .....	\$89.54
Miles of Transmission Lines .....	183.1
Primary Distribution Sub-System Capacity (KVA)	730,000
Square Miles of Service Area .....	272
Number of Street Lights .....	14,607
Miles of Distribution Lines .....	1,900

**Gas System:**

Miles of Gas Lines	612
Daily Average Consumption (MCF) .....	5,066
Plant Capacity (MCF) .....	20,000
Number of Service Connections .....	17,600

**Police Protection:**

Number of Employees .....	454
Number of Vehicular Patrol Units .....	431
Number of Law Violations:	
Physical Arrests .....	8,470
Traffic Violations .....	35,744
Parking Violations .....	53,293

**Water System:**

Miles of Water Mains .....	962
Daily Average Consumption (MGD) .....	25.71
Plant Capacity (MGD) .....	73.6
Number of Service Connections .....	64,119
Deep Wells.....	29

**Sewage System:**

Miles of Sanitary Sewers .....	815.1
Number of Lift Stations .....	84
Daily Average Treatment (MGD) .....	16.063
Maximum Capacity of Treatment Plants (MGD) .....	32
Number of Disposal Plants .....	2
Number of Service Connections .....	53,451

**Parks and Recreation:**

Community Centers and Specialty Centers .....	10
Summer Playgrounds and Camps .....	26
Athletic Fields .....	138
Golf Courses .....	2
Swimming Pools .....	8
Park land Acreage .....	3,087
Fitness Trails .....	10
Tennis/Racquetball Courts .....	71
Gymnasiums, Center Sites .....	7
Gymnasiums, School Sites .....	12

# CITY OF TALLAHASSEE, FLORIDA

## MISCELLANEOUS STATISTICAL DATA (Continued)

### Community Facilities

**Transportation:**

Airline, Bus Line, and Railroad Freight and Passenger Services

**Communications:**

Newspapers, Radio Stations, Television Stations;  
Cable Television and Telephone Service

**Culture, Recreation, and Health:**

Conference Center, Civic Center, and Theaters	
Seating Capacity .....	24,585
Museums.....	4
Major Libraries.....	8
Skating Rinks .....	2
Golf Courses .....	9
Hospital Beds .....	951

**Education:**

Number of Public Schools .....	37
Number of Public School Instructors .....	2029
Number of Public School Students, (PK-12).....	31,599
Number of Vocational-Technical Schools .....	1
Number of Community Colleges .....	1
Number of Universities .....	2
Number of College-level Instructors .....	2,041
Number of College-level Students .....	51,000

**Major Annual Events:**

Springtime Tallahassee Festival  
Fourth of July "Celebrate America"  
North Florida Fair  
Market Days  
Winter Festival

## CITY OF TALLAHASSEE, FLORIDA

### REVENUE BOND COVERAGE

### ELECTRIC REVENUE BONDS

Last Ten Fiscal Years

(in thousands)

Fiscal Year Ending	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1989	\$ 131,623	\$ 72,885	\$ 58,738	\$ 6,115	\$ 7,914	\$ 14,029	4.19
1990	139,397	78,176	61,221	3,305	7,498	10,803	5.67
1991	151,046	96,139	54,907	4,590	7,267	11,857	4.63
1992	171,599	102,699	68,900	4,935	6,922	11,857	5.81
1993	167,650	104,952	62,698	5,315	6,542	11,857	5.29
1994	175,138	110,267	64,871	4,125	6,487	10,612	6.11
1995	192,650	131,106	61,544	4,275	6,339	10,614	5.80
1996	195,521	143,611	51,910	4,445	6,168	10,613	4.89
1997	177,803	131,259	46,544	4,645	5,972	10,617	4.38
1998	177,292	129,437	47,855	4,860	5,754	10,614	4.51

(1) Total operating revenues.

(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

#### AIRPORT REVENUE BONDS

Last Ten Fiscal Years

(in thousands)

Fiscal Year Ending	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1989	\$ 6,027	\$ 3,899	\$ 2,128	\$ --	\$ 940	\$ 940	2.26
1990	6,642	4,747	1,895	--	940	940	2.02
1991	7,094	5,667	1,427	--	940	940	1.52
1992	6,247	3,880	2,367	225	940	1,165	2.03
1993	6,423	4,030	2,393	240	926	1,166	2.05
1994	6,847	4,546	2,301	255	911	1,166	1.97
1995	7,500	4,755	2,745	270	897	1,167	2.35
1996	7,558	5,003	2,555	290	877	1,167	2.19
1997	7,273	4,820	2,453	580	588	1,168	2.10
1998	7,406	5,315	2,091	600	564	1,164	1.80

(1) Total operating revenues (plus interest revenue).

(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 Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1989	35,064	23,258	11,806	1,075	1,438	2,513	4.70
1990	39,159	26,226	12,933	1,140	1,374	2,514	5.14
1991	42,865	31,188	11,677	1,230	1,306	2,536	4.60
1992	54,090	35,998	18,092	1,085	3,341	4,426	4.09
1993	67,189	40,597	26,592	1,140	3,290	4,430	6.00
1994	64,899	41,848	23,051	1,200	3,230	4,430	5.20
1995	67,789	43,568	24,221	1,265	5,729	6,994	3.46
1996	67,995	41,974	26,021	2,684	5,331	8,015	3.25
1997	66,091	35,924	30,167	2,780	5,235	8,015	3.76
1998	69,793	37,983	31,810	2,920	5,092	8,012	3.97

(1) Total operating revenues of the gas, water, and stormwater utilities funds.

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

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

**CITY OF TALLAHASSEE, FLORIDA**

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September 30, 1998

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**CITY OF TALLAHASSEE, FLORIDA**

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# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Tallahassee (the "City") have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the then existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Standards and Interpretations), constitutes GAAP for governmental units.

This summary of the City's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying general purpose financial statements.

#### **A. REPORTING ENTITY**

The City of Tallahassee is a political subdivision of the State of Florida, located in Leon County in the center of the Florida Panhandle. It is approximately 97 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 legislature to locate the capital of the new Florida Territory midway between the population centers of St. Augustine and Pensacola.

In 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 Mayor was selected by the Commissioners 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 will be 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 eight enterprise funds which include a regional airport, a bus system, a golf course, and five utilities (an electric generator, transmission and distribution system, a natural gas distribution system, a water production and distribution system, a sewage collection and treatment system, and a solid waste collection system).

This report includes financial statements of the funds and account groups required to account for those financial activities which are related to the City and are controlled by or dependent upon the City's legislative body, the City Commission. Control or dependence upon the City was determined based on the existence of one or more of the following criteria: the basis of budget adoption, taxing authority, outstanding debt collateralized by revenues of general obligations of the City, and the City's legal responsibility to fund any deficits that may occur.

Based on the foregoing criteria, entities were evaluated for inclusion in the City of Tallahassee reporting entity with the following results:

#### **Discretely Presented Component Units Included in the Reporting Entity:**

Downtown Improvement Authority - The Downtown Improvement Authority (DIA) is an agency created by the Florida Legislature to regulate downtown growth. The governing board of the DIA is appointed by the City of Tallahassee Commission. 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. In prior years, the DIA was reported as a blended component unit (expendable trust fund).

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE I (CONTINUED)

#### **Entities Not Included in the Reporting Entity:**

The following entities were evaluated based on the criteria established in GASB 14, The Financial Reporting Entity, and were determined not to be component units.

- Tallahassee Housing Authority -The Tallahassee Housing Authority (the "Authority") was created by the City pursuant to Florida Statute 421 which requires the City Commission to appoint the Commissioners of the Authority. Operations are administered by the Authority and financed with federal funds and rentals. Outstanding debt of the Authority is not an obligation of the City.
- Co-Tenancy with Leon County Research and Development Authority

During 1988 and 1989, the City and Leon County Research & Development Authority entered into certain agreements for the purpose of constructing and holding a building situated on 9.16 acres of land located in Innovation Park, Tallahassee, Florida. The building was completed in 1989 at a cost of \$2,800,000. During 1988, the land and building were leased to Tadiran Ltd. for an initial period of 15 years. The lease terms require annual rental of \$1.00 during years 1 through 7 and \$1.00 during years 8 through 10 provided that certain minimum employment levels are achieved. During years 11 through 15, the annual rental shall be the fair market lease value with adjustments if the tenant exceeds certain employment levels.

The lease requires the Tenant to pay all utilities and expenses associated with maintaining and operating the facility. The lease is considered an operating lease and accordingly, revenues are recognized when due over the term of the lease.

The interest of the City and Authority in the Co-Tenancy is 60% and 40%, respectively. The City and Authority agreed that they acquired their respective interest in the building as a separate and distinct ownership and do not intend by the Agreement to form or create a partnership, joint venture, organization or association of any kind. Each Tenant in Common is the direct owner of its respective interest in the building, each owning its undivided interest separate and apart from the undivided interest of the other.

In the event that funds of the Co-Tenancy are insufficient to pay operating expenses or any other expenses, then the Tenants in Common shall contribute the necessary funds for such purposes in proportion to their respective interest. To the extent that either Tenant in Common does not contribute cash, the other Tenant in Common may lend money to the Co-Tenancy for such purpose. Such loan shall bear interest and have a priority claim on cash available for distribution.

To the extent cash flow is available after considering a reserve for capital improvements and working capital, a distribution will be made to the City and Authority in proportion to their respective interest. However, distributions will not be made until the Co-Tenancy begins receiving fair market lease value payments under the ground and building lease.

Condensed financial information relating to the Co-Tenancy as of September 30, 1998 is as follows:

Total Assets.....	\$ 2,162,000	Total Rental Income.....	\$ 15,000
Total Liabilities.....	\$ --	Distributions to Tenants in Common...	\$ 15,000
Total Fund Equity.....	\$ 2,162,000	Operating Income.....	\$ --
		Non-Operating Income.....	\$ --
		Depreciation Expense.....	\$ 70,000
		Net Loss.....	\$ 70,000

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE I (CONTINUED)

#### **Joint Ventures Included in the reporting entity:**

##### □ Electric Utility Plant (Crystal River Unit 3)

In November 1975, the cities of Tallahassee (1.3333%), Alachua (0.0779%), Bushnell (0.0388%), Gainesville (1.4079%), Kissimmee (0.6754%), Leesburg (0.8244%), Ocala (1.3333%), and Utilities Commissions from New Smyrna Beach (0.5608%), Orlando (1.6015%), Sebring (0.4473%), and Seminole Electric Corporation (1.6994%), through a participation agreement with Florida Power Corporation, a corporation organized and existing under the laws of the State of Florida, purchased a 10% undivided ownership interest, as tenants in common, in the Crystal River Unit 3 (CR3) nuclear power plant operated and managed by Florida Power Corporation. In accordance with the agreement, the City participates in the cost and the power output of CR3 based on its respective interest; however, the City has no legal authority over the operations of the plant. CR3 revenue and operating maintenance costs, which represents the Electric Utility's share of all revenue and expenses attributable to operation of CR3, are properly recorded in accordance with the instructions as set forth in the Uniform System of Accounts. Payments are made to Florida Power Corporation in accordance with the CR3 participation agreement.

Condensed financial information is not available relating to the power plant.

The City has established a liability in the Electric Fund to recognize its estimated share of costs associated with decommissioning the nuclear plant. While the exact amount of this liability is not known, we have recognized a liability of \$4,616,000 as a reasonable estimate based on engineering estimates currently available. The plant's decommissioning is anticipated to begin in 2016. See subsequent events footnote at Note VI.

#### **Joint Ventures excluded from the reporting entity:**

##### □ Sunshine State Governmental Financing Commission

In November 1985, the cities of Tallahassee and Orlando, Florida, through an interlocal agreement, created the Sunshine State Governmental Financing Commission (the "Commission") which was developed as a pooled financing vehicle to allow for a limited number of high quality Florida local governmental units (cities and counties) to join together in a variable rate financing program. On July 16, 1986, the Commission issued \$300,000,000 in Variable Rate Long-Term Bonds supported by a letter of credit.

The proceeds of the bonds are being used to provide loans to selected governmental units, acceptable to the banks, which have an A (or better) credit rating. Individual loans may be for a term of up to 30 years, with or without principal amortization. Each participant's loan will bear interest at an effective blended rate and the participant is responsible for paying interest and, in some cases, principal by the 15th of each month for the preceding month.

According to the interlocal agreement, each participating governmental unit appoints a representative to the Commission. These representatives elect a Board of Directors which is responsible for the administration of the program. As of September 30, 1998, the Board consisted of ten members representing the City of Tallahassee, the City of Orlando, the City of Vero Beach, the City of Lakeland, Miami-Dade County, Polk County, City of Miami, City of Coral Gables, Palm Beach County, and City of Miami Beach.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

**NOTE I (CONTINUED)**

The City of Tallahassee has no obligation or risk associated with the Commission other than the repayment of its loan from the Commission (See Note III.B.5.f). Condensed financial information relating to the Commission as of September 30, 1998, is as follows:

Total Assets.....	\$588,230,000	Total Operating Revenue.....	\$ 18,645,000
Total	\$588,230,000	Total Operating Expense.....	\$ 23,436,000
Liabilities.....			
Total Retained			
Earnings.....	\$ --	Operating Loss.....	\$ 4,791,000
		Non-Operating Income.....	\$ 4,791,000
		Net Income.....	\$ --

Financial statements for the Sunshine State Governmental Financing Commission can be obtained by contacting the Commission at P.O. Box 14923, Tallahassee, Florida, 32317-4923.

<b>B. BASIS OF PRESENTATION</b>
---------------------------------

The accounting records of the City are organized on the basis of funds and account groups. For reporting purposes, the various funds of the City are classified into three basic fund types: governmental funds, proprietary funds, and fiduciary funds. In addition to the various fund types, a fourth category of accounting entities is the account groups.

**The following fund types and account groups are used by the City:**

**GOVERNMENTAL FUNDS**

The focus of Governmental Fund measurement is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon determination of net income. The following is a description of the Governmental Funds of the City:

**GENERAL FUND** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**SPECIAL REVENUE FUNDS** are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

**DEBT SERVICE FUNDS** are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**CAPITAL PROJECTS FUNDS** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, financial position, and cash flows. The generally accepted accounting principles utilized for these funds are similar to those used by businesses in the private sector. The following is a description of the Proprietary Funds of the City:

**ENTERPRISE FUNDS** are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**INTERNAL SERVICE FUNDS** are used to account for the financing of goods or services provided by one department or agency of the City to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE I (CONTINUED)

#### **FIDUCIARY FUNDS**

**TRUST AND AGENCY FUNDS** are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust, Agency, and Pension Trust Funds. Pension Trust Funds and Nonexpendable Trust Funds are accounted for in essentially the same manner as Proprietary Funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### **ACCOUNT GROUPS**

Account Groups are used to establish control and accountability over the City's general fixed assets and the unmatured principal of its general long-term debt, which is not associated with, nor the obligation of, the proprietary or trust funds. Accordingly, the City maintains the following Account Groups:

- General Fixed Assets Account Group - this account group is used to establish control and accountability over the City's general fixed assets which are not associated with the Proprietary or Trust Funds.
- General Long - Term Debt Account Group - this account group is used to establish control and accountability over the unmatured principal of the City's general long-term debt which is not the obligation of the Proprietary or Trust Funds.

**MEMORANDUM ONLY - TOTALS COLUMNS** - Comparative data included in these notes and amounts in the "Totals (Memorandum Only)" columns in the combined financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**COMPARATIVE DATA** - Comparative total data for the prior year has been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain balances presented in the financial statements for the year ended September 30, 1997, have been reclassified for comparative purposes in the accompanying general purpose financial statements.

#### **C. BASIS OF ACCOUNTING**

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.

All Governmental Funds, Expendable Trust Funds, and Agency Funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available as net current assets. The types of revenues considered to be susceptible to accrual are: grant revenues, rent revenues, cigarette tax revenue, telecommunications revenue, mobile home licenses, state revenue sharing, and special assessments, etc. Interest earned on special assessment levies and interest expenses on offsetting long-term debt are not accrued unless fully matured and unpaid. Property taxes are accounted for on the modified accrual basis of accounting when measurable and available. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on general long-term debt are recognized when due.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE I (CONTINUED)

All Proprietary Funds, Nonexpendable Trust Funds, and Pension Trust Funds are accounted for using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Utility revenues are recorded as earned. Fuel adjustment revenues are recognized based on the actual fuel costs. Amounts are charged based on estimated costs and are adjusted semi-annually for any differences between the actual and estimated cost once actual costs are known.

Pursuant to the election option made available by GASB Statement No. 20, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund types.

#### **D. BUDGETARY DATA**

**1. BUDGET POLICY** - Budgets are legally adopted for the General and Enterprise Funds. Each Budget is controlled at the fund level. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception that encumbrances are reported as expenditures in the year the commitment is incurred and in current year, fund balance is appropriated for current year expenditures. The City Manager is authorized to transfer budget amounts within departments; however, any revision that alters the total expenditures of any department or fund must be approved by the City Commission. During the year, several supplementary appropriations were necessary to ensure that expenditures did not exceed budgeted appropriations. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the general purpose financial statements represents final authorized amounts. Unencumbered appropriations are closed at year end.

**2. ENCUMBRANCES** - 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 General Fund, Special Revenue Funds, Expendable Trust Funds and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balance, since they do not constitute expenditures or liabilities.

#### **E. CHANGES IN ACCOUNTING PRINCIPLES**

Effective October 1, 1997, the City adopted Governmental Accounting Standards Board GASB No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. In accordance with GASB No. 31, all investments of the City are recorded at fair value except for funds invested in a 2a7-like pool and certain non-participating contracts (see Note I-F-2).

Restatement of prior period financial statements to implement GASB No. 31 was not considered practical due to the significant volume and turnover of individual securities within the City's portfolio. As a result, the cumulative effect of applying GASB No. 31 is reported as a restatement of beginning fund balances or retained earnings, as appropriate, for the fiscal year ended September 30, 1998.

#### **F. ASSETS, LIABILITIES AND FUND EQUITY**

**1. CASH AND CASH EQUIVALENTS/INVESTMENTS** - The City considers cash on hand, cash with fiscal agents, demand deposits and bank repurchase agreements with an original maturity of 90 days or less to be cash and cash equivalents/investments. In addition, each fund's equity in the City's 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.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE I (CONTINUED)

**2. INVESTMENTS** - In 1997, the City adopted GASB No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans; accordingly, the City's Employees' Pension Plan, Deferred Compensation Fund, and Matched Annuity Plan Program are stated at fair value. Fair values are based on quoted values in custodian statements and/or quoted market prices. For 1997, all other investments of the City are stated at amortized cost.

In 1998, the City adopted GASB No. 31, Accounting and Financial reporting for Certain Investments and for External Investments Pools (see Note I-E); accordingly, the City's investments, except for funds invested in a 2a7-like pool and certain non-participating contracts, are stated at fair value. Fair value is based on quoted market prices as of the valuation date.

The 2a7-like pool, the Florida State Board of Administration Local Government Surplus Funds Trust Fund (Pool), and certain non-participating contracts are stated at amortized cost. The fair value of the City's position in the pool is the same as the value of the pool shares (account balance at amortized cost). The Pool is not a registrant with the Securities and Exchange Commission; regulatory oversight of the Pool is governed by Ch. 19-7 of the Florida Administrative Code which identifies the Rules of the Pool, and the operating procedures adopted by the Pool which are consistent with the requirements for a 2a7-like fund. In addition, the Auditor General of the State of Florida performs the operational audit of the activities and investments of the Pool.

**3. INVENTORY** - The City maintains a variety of inventory types stated at cost or the lower of cost or market in different funds as follows:

<u>Inventory Type</u>	<u>Fund</u>	<u>Valuation Method</u>
Maintenance & Repair Parts	Electric Fund	First-in, first out
Fuel	Electric Fund	Moving average
Fuel	Gas Fund	Moving average
Fuel	Tallahassee Transit Fund	Moving average
Maintenance parts & tires	Tallahassee Transit Fund	Weighted average
Maintenance & repair parts	Water	First-in, first-out
Maintenance & repair parts	Sewer	First-in, first out
Retail merchandise	Golf Course Fund	First-in, first-out
Office supplies, parts, Tires and fuel	Internal Service Funds	Moving average
Maintenance & repair parts	General Fund	Moving average

Perpetual inventory records are maintained for all significant inventories. Under the purchase method, inventories of the General Fund are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the fund. Reported inventories of the General Fund are equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

**4. ADVANCE TO/FROM OTHER FUNDS** - Non-current portions of interfund loans receivable (reported in "Advance 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. FIXED ASSETS** - Fixed assets, except for vehicles, used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Vehicles are accounted for in the Garage Fund.

No depreciation has been provided on general fixed assets. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized, as these assets are immovable and have value only to the City.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 1998

### NOTE I (CONTINUED)

Fixed Assets, except for vehicles, used in the Enterprise, Internal Service Funds and Expendable Trust Funds are accounted for in the respective funds. Vehicles are accounted for in the Garage Fund. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation is charged to contributed capital for those assets constructed or purchased with funds received from Grants, Entitlements or Shared Revenues. All fixed assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at their fair market value on the date donated.

The estimated useful lives are as follows:

Buildings	10 to 40 Years
Improvements other than Buildings	10 to 40 Years
Machinery and Equipment	10 to 60 Years
Vehicles	5 to 15 Years

The City follows the Federal Energy Regulatory Commission's Uniform System of Accounting; therefore, retirements of Utility Funds' plant in service are accounted for in accordance with Federal Energy Regulatory Commission regulations, whereby, when an asset is retired, the cost of the asset is charged to accumulated depreciation.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

**6. BOND DISCOUNTS, ISSUANCE COSTS, AND REFUNDING GAINS AND LOSSES** - For the proprietary fund types, bond discounts and issuance costs are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts are presented on the general purpose financial statements as such and issuance costs are presented as other assets. Beginning with fiscal year 1995, 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, and presented as other liabilities.

### **G. REVENUES, EXPENDITURES AND EXPENSES**

**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 County Property Appraiser and 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, 1998 was 3.200.

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.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

**NOTE I (CONTINUED)**

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 five 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. GRANTS AND OTHER INTERGOVERNMENTAL REVENUES** - Grants and other intergovernmental revenues recorded in governmental funds are recognized as revenue in the period when they are measurable and available (modified accrual basis of accounting) within the parameters of legal and contractual requirements. In enterprise funds, grants and other intergovernmental resources that are externally restricted to capital acquisition or construction are recorded as contributed equity (Contributed Capital accounts) and recognized in the period in which they are earned and become measurable (accrual basis of accounting). Grants and other intergovernmental resources for enterprise fund operating purposes are recognized as "non-operating" revenues on the accrual basis of accounting.

**3. IMPACT FEES** - Impact fees are recognized as other non-operating revenue (system charge revenues) in the Water and Sewer Funds. These revenues are collected for the exclusive use of the water and sewer systems.

**4. AMORTIZATION OF NUCLEAR FUEL** - The costs of nuclear fuel, including estimated disposal cost, are charged to operating expenses. These costs are charged to customers through increased rates or through the fuel adjustment clause.

**5. COMPENSATED ABSENCES** - All full-time employees earn vacation and sick leave starting with the first day of employment; all part-time employees earn vacation and sick leave in proportion to the number of hours in their normal work day.

Vacation leave is earned based on years of continuous and creditable service as follows:

<u>Executive</u>		<u>Senior Management</u>		<u>General</u>	
<u>Years of Service</u>	<u>Total Days Per Year</u>	<u>Years of Service</u>	<u>Total Days Per Year</u>	<u>Years of Service</u>	<u>Total Days Per Year</u>
Up to 1	15	Up to 1	15	Up to 5	15
1 to 5	21	1 to 5	18	5 to 10	18
5 to 10	24	5 to 10	21	10 to 20	21
Over 10	27	10 to 20	24	Over 20	24
		Over 20	27		

A maximum of 43 days vacation leave time may be carried over from one fiscal year to the next for executive employees and a maximum of 33 days 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 four hours for each month of service with no maximum limit on the number of hours which may be accumulated. Effective May 1, 1991, employees who have 24 months continuous service and who experience an absence in excess of 48 consecutive work hours for a medically certified illness or disability are also eligible for Catastrophic Illness Leave up to a lifetime maximum of 1200 hours. An 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 him or her 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 vested in Proprietary Funds. For Governmental Funds, the liability is recorded in the General Long-Term Debt Account Group. The City has established a reserve in the Human Resources Fund (an Internal Service Fund) to fund accrued leave pay outs which are in excess of annual budgetary amounts.

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 1998

**NOTE I (CONTINUED)**

**6. INTERFUND TRANSACTIONS**

**a. INTRA-GOVERNMENTAL 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, 1998 are as follows (in thousands):

General.....	\$ 12,374
Electric.....	83,449
Gas.....	7,567
.	
Sewer.....	3,164
.	
Water.....	3,652
...	
Airport.....	520
.	
Tallahassee	728
Transit.....	
Solid	2,500
Waste.....	
Golf	93
Course.....	
Stormwater Management.....	<u>1,225</u>
	<u>\$115,272</u>

**b. TRANSFERS** - All interfund transactions except advances, quasi-external transactions and reimbursements are accounted for as transfers. Non-recurring or non-routine transfers of equity between funds are considered residual or capital equity transfers. All other interfund transactions are treated as operating transfers.

**7. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS** - The following schedule reconciles the "Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary Basis" to the "Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - GAAP Basis" for the General Fund for the year ended September 30, 1998 (in thousands):

Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - Budgetary Basis.....	\$3,821
.	
Adjustments:	
Cancellation of Prior Year Encumbrances....	(95)
Expenditures against Prior Year Encumbrances.....	(889)
Recognition of Current Year Encumbrances.....	1,194
Appropriated Fund Balance.....	<u>(1,674)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses - GAAP Basis...	<u>\$2,357</u>

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

**NOTE I (CONTINUED)**

**8. BUDGETARY COMPLIANCE SCHEDULES ON A FUND BASIS:** - The following schedule gives a comparison on a fund basis of budget to actual expenditures on a budgetary basis. The City's legally adopted budget for the General Fund requires that we report encumbrances as an expenditure. Budgetary basis expenditures include encumbrances to reflect actual expenditures on a basis consistent with the legally adopted budget. The schedule includes budgetary comparisons for both Enterprise, on a GAAP basis, and General Fund, on a budgetary basis, operations (in thousands):

Funds	Budget	Expenditures	Variance
General Fund.....	\$ 91,053	\$ 86,595	\$ 4,458
Electric Fund.....	183,009	177,958	5,051
Airport Fund.....	6,415	6,354	61
Gas Fund.....	15,099	14,506	593
Sewer Fund.....	27,848	26,095	1,753
Water Fund.....	18,172	18,104	68
Tallahassee Transit Fund.....	12,120	11,242	878
Solid Waste Fund.....	16,038	15,670	368
Golf Course Fund.....	1,531	1,308	223
Stormwater Fund.....	8,736	8,294	442
Cemetery Perpetual Care Fund.....	273	253	20
Residential Energy Conservation Fund.....	721	665	56
Totals.....	<u>\$ 381,015</u>	<u>\$ 367,044</u>	<u>\$ 13,971</u>

**9. 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. Lease terms vary from one to twenty-five years and require, in some cases, that leasehold improvements be contributed to the City at lease termination. The following is a schedule, by years, of minimum future rentals on noncancelable operating leases of the Airport Fund as of September 30, 1998 (in thousands):

Years ending September 30,	
1999.....	\$ 2,192
2000.....	1,227
2001.....	765
2002.....	710
2003.....	710
Thereafter.....	7,122
	<u>\$ 12,726</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, 1998 amounted to \$140,000.

In October 1989, the City entered into a fifteen-year lease and use agreements with its major airline tenants, the signatory airline agreements. Among other provisions, the agreements require that landing fees and terminal rentals be reviewed annually and adjusted so that the total revenues of the Airport System are sufficient to meet the Airport Fund's requirements as determined by the signatory airline agreements. At the end of the fiscal year, after all required deposits have been made, a portion of remaining funds are required to be designated as the Prepaid Fees Credit to be credited against the subsequent year's rates for rentals, fees and charges. Remaining funds are to be designated to the Prepaid Fees Credit as follows: 60% for the first five fiscal years, and 50% in subsequent fiscal years. The allocation of the Prepaid Fees Credit is 85% toward terminal rentals and 15% toward landing fees.

The Prepaid Fees Credit is recorded as a current liability in the amount of \$562,000 and \$400,000 for the 1998 and 1997 fiscal years, respectively.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 1998

### NOTE I (CONTINUED)

The residual portion of remaining funds, (40% for the first five fiscal years and 50% for subsequent fiscal years), is to be allocated to the Signatory Airline Capital Account (25% up to \$140,700, adjusted for inflation) and the Airport System Capital Account (75%). Signatory airlines constituting a majority-in-interest shall direct the use of the Signatory Airline Capital Account. Funds on credit to the Airport System Capital Account shall generally be used to pay the costs of improvements in other than airline supported areas; or the cost of improvements in airline supported areas for which the signatory airlines are not financially responsible under the agreement.

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 fifteen year lease and use agreements with the City's major airline tenants (the signatory airline agreements) are reliant on the ongoing operations of the signatory airlines.

# CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS  
September 30, 1998

## NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### **A. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

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

### **B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**

The City has no excess of expenditures over appropriations in individual funds.

### **C. DEFICIT RETAINED EARNINGS - FUND BALANCE OF INDIVIDUAL FUNDS**

A deficit fund balance in the Capital Bonds Construction Fund within the Capital Projects Fund of \$536,000 is expected to be liquidated through future financing.

### **D. OFFERING CIRCULAR FOR ELECTRIC AND GAS UTILITIES**

During 1997 the City Commission retained outside consultants and instructed its staff to evaluate a number of alternatives that the City could utilize to respond to the future prospect of deregulation of the electric industry, and to report back to the Commission in March 1998. In March 1998, the City Commission voted not to proceed with the preparation of an offering document for the sale of all or a portion of the Electric and Gas System assets. The City continues to review and evaluate the business alternatives relating to the electric and gas utilities and electric competition, and has strategic initiatives in place to prepare the electric utility for heightened competition in the future.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS

#### A. ASSETS

##### 1. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City of Tallahassee maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reported in "Cash and Cash Equivalents/Investments." Interest earned by this pool is distributed to each fund monthly based on weekly balances. In addition, investments are separately held by several of the City's funds.

**Deposits** - At year end, the book balance of the City's deposits was \$4,124,900 and the bank balance was \$4,150,000. The difference between the book balance and bank balance is due to outstanding checks. 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 Deposit 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.

**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 all 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 certain portfolios to be designated as 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 City's banking arrangement requires daily cash balances to be invested in an overnight repurchase agreement at the federal fund rate. The repurchase agreement's balance at September 30, 1998 is \$-0-.

The Pension Fund monies may be invested at a level considered acceptable for the plan as adopted by the Sinking Fund Commission. The level of acceptable risk has been determined to equal the risk of a market portfolio composed of: 50% in S&P 500 stock index, 15% in the Frank Russell 2,000 index, 30% in Lehman's G/C Composite index, and 5% in the Frank Russell Company real estate index.

Authorized investment instruments for The Non-Pension Core Portfolio are as follows:

Repurchase Agreements	Fixed Income Securities rated at least A1/A+ for
Certificates of Deposit	corporate securities and A for municipal securities
Bankers' Acceptances	(or comparable rating) by at least two
Commercial Paper Rated A1/P1 (or comparable	nationally recognized rating agencies
rating) by at least two nationally recognized	Fixed Income Mutual Funds and Money Managers
rating agencies	Investment Agreements and Guaranteed Investment
U. S. Treasury Bills, Bonds, Notes and Stripped	Contracts
Securities	Florida State Board of Administration Local
U. S. Government Agencies Bonds, Notes and	Governments Surplus Funds Investment Pool
Stripped Securities	and other authorized government-sponsored
	pools

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

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 City's investments for all pools are summarized and categorized under GASB 3 guidelines as follows to give an indication of the level of risk assumed by the City at September 30, 1998 (in thousands):

	Category			Reported Amount	Fair Value
	1	2	3		
Repurchase Agreements.....	\$ --	\$ --	\$ --	--	\$ --
U. S. Government					
Securities.....	90,071	--	--	90,071	91,413
U. S. Government Agencies....	55,033	--	--	55,033	55,378
Corporate Fixed Income					
Securities.....	23,564	--	--	23,564	23,771
Corporate Equity Securities ....	<u>272,760</u>	--	--	<u>272,760</u>	<u>272,760</u>
	<u>\$ 441,428</u>	<u>\$ --</u>	<u>\$ --</u>	441,428	443,322
Investment in Florida State Board of Administration					
Local Governments Surplus Funds Investment Pool.....				108,392	108,392
Investment in Mutual Funds.....				455,774	456,328
Investment in Guaranteed Investment Contract.....				37,626	37,626
Investment in Real Estate .....				28,095	28,105
Accrued Interest .....				<u>1,690</u>	<u>1,690</u>
Total Investments.....				<u>\$ 1,073,005</u>	<u>\$ 1,075,463</u>

Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the City's name or held by the counterparty's trust department or agent, but not in the name of the City.

### 2. SECURITIES LENDING TRANSACTIONS

During the fiscal year 1997, the City adopted GASB No. 28 Accounting and Financial Reporting for Securities Lending Transactions.

State statutes do not prohibit the City of Tallahassee from participating in securities lending transactions, and the City has, via a Securities Lending Authorization Agreement, authorized both Bankers Trust and State Street Bank & Trust Company ("State Street") to lend its securities to broker-dealers and banks pursuant to a form of loan agreement.

During the 1998 fiscal year, Bankers Trust and State Street lent, at the direction of the City of Tallahassee, the City's securities and received cash, securities issued or guaranteed by the United States government, and irrevocable bank letters of credit as collateral. Neither institution had the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100% of the market value of the loaned securities.

The City did not impose any restrictions during the 1998 fiscal year on the amount of the loans that Bankers Trust or State Street made on its behalf and both entities indemnified Tallahassee for losses attributable to violations by these entities of the Standard of Care set out in the Agreement. There were no such violations during the 1998 fiscal year. Moreover, there were no losses during the 1998 fiscal year resulting from a default of the borrowers, Bankers Trust or State Street.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

During the 1998 fiscal year, the City and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in collective investment pools with each lender. Separate pools were established for both Bankers Trust and State Street. The average duration of each investment pool as of September 30, 1998 was 65 days. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral. On September 30, 1998, the City had no credit risk exposure to borrowers. The collateral held and the market value of securities on loan through Bankers Trust for the City as of September 30 1998 were \$31,979,600 and \$31,072,435, respectively. The collateral held and the market value of securities on loan through State Street for the City as of September 30, 1998 were \$21,948,911 and \$20,633,001, respectively.

### 3. FIXED ASSETS

During the fiscal year ended September 30, 1998, the following changes occurred in the general fixed assets account group (in thousands):

	Balance October 1, 1997	Additions and Transfers In	Deletions and Transfers Out	Balance September 30, 1998
Land.....	\$ 47,520	\$ 2,510	\$ --	\$ 50,030
Buildings .....	34,533	23,969	--	58,502
Improvements Other Than Buildings .....	11,429	10,942	--	22,371
Equipment.....	12,735	3,517	2,456	13,796
Construction in Progress.....	51,563	19,052	39,209	31,406
	<u>\$ 157,780</u>	<u>\$ 59,990</u>	<u>\$ 41,665</u>	<u>\$ 176,105</u>

General fixed assets construction in progress consisted of the following at September 30, 1998 (in thousands):

	Project Authorized	Expended	Committed	Required Future Funding
Parks & Recreation Facilities .....	\$ 5,287	\$ 1,244	\$ 4,043	None
Police Station Expansion/Equipment....	5,190	4,836	354	None
Science Center .....	2,050	2,050	--	None
Gymnastics Center .....	3,581	3,509	72	None
Animal Shelter .....	3,450	3,449	1	None
Fire Station Relocation .....	4,931	3,959	972	None
System Upgrade.....	17,617	5,285	12,332	None
Miscellaneous Projects .....	8,102	7,074	1,028	None
	<u>\$ 50,208</u>	<u>\$ 31,406</u>	<u>\$ 18,802</u>	None

Proprietary fund type fixed assets consisted of the following at September 30, 1998 (in thousands):

	Enterprise	Internal Service
Land.....	\$ 12,049	\$ 44
Structures and Improvements .....	316,134	4,561
Equipment.....	529,999	12,901
Vehicles.....	--	66,991
Construction in Progress.....	83,896	--
Total .....	942,078	84,497
Less: Accumulated Depreciation .....	(311,508)	(40,446)
Net Proprietary Fixed Assets .....	<u>\$ 630,570</u>	<u>\$ 44,051</u>

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

Net interest costs incurred during long-term construction projects are capitalized. Capitalized interest in the proprietary funds consisted of the following at September 30, 1998 (in thousands):

	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Gas Fund</u>	<u>Airport Fund</u>
Total Interest Cost Incurred.....	<u>\$ 6,670</u>	<u>\$ 896</u>	<u>\$ 4,204</u>	<u>\$1,051</u>	<u>\$ 1,139</u>
Interest Cost Capitalized.....	\$ 2,742	\$ 294	\$ 918	\$ 250	\$ 251
Interest Earned Bond Proceeds.....	<u>(362)</u>	<u>(53)</u>	<u>(721)</u>	<u>(80)</u>	<u>(52)</u>
Net Interest Capitalized.....	<u>\$ 2,380</u>	<u>\$ 241</u>	<u>\$ 197</u>	<u>\$ 170</u>	<u>\$ 199</u>

## B. LIABILITIES

### 1. PENSION PLAN OBLIGATIONS

The City of Tallahassee Pension Plan (the "Plan") was established by Chapter 17 of the City Code of Ordinances. Under the Plan the City provides a single employer defined benefit provision covering general employees (Article II), police officers (Article III) and firefighters (Article IV), and a defined contribution provision (Article V - Matched Annuity - MAP) covering all City employees. The provisions of the Plan are "qualified" under the Internal Revenue Service Code, which makes employee contributions tax deferred.

**a. Defined Benefit Provision** - Established through Parts A, B, and C in Articles II, III, and IV. Parts A and B are closed to further participation 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 detail description of the 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 for each 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.

**b. 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 20% of their gross pay not to exceed the maximum amount allowed by the Internal Revenue Service. The City contributes 5% to each general employee's MAP account. Upon reaching normal retirement age or retiring under the Plan, a participant shall be paid his contributions, together with accrued earnings. If a general employee uses the contributions and accrued earnings to purchase an annuity contract, the Plan will increase the amount of funds (only on the City's 5%, employee flex matched contribution and employees' contribution up to the 5%) used by the participant by a factor of 50 percent. 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.

**c. Funding Status and Progress** - The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan. The pension benefit obligation was computed as of September 30, 1997. Significant actuarial assumptions used in calculating the pension benefit obligation include (a) an interest rate of 8% per annum compounded annually, (b) projected salary increases for inflation and merit of 6.5% per annum compounded annually, (c) inflation rate of 4.5% and, (d) post retirement benefit increases including 3% cost-of-living adjustments and a health care supplement.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

#### Pension Plan Information:

#### 1998 Membership Statistical Information

A.	Retirees and beneficiaries of deceased retirees currently receiving benefits	66777
B.	Terminated employees entitled to benefits but not yet receiving benefits	8383
C.	Active employees	2,68484
D.	Total current year's payroll	\$91,897,90000
E.	Current year payroll for employees covered by the Plan	\$89,060,50000

**d. Actuarially Determined Contribution Requirements and Contributions Made** - The contributions required to support the benefits under Article II, III and IV, other than pre-retirement death benefits, are determined based on a level funding approach and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the entry age actuarial cost method. Under this method, a calculation is made to determine the uniform and constant percentage rate of contribution which, if applied to the compensation of the average new member during the entire period of his anticipated covered service, would be required to meet the cost of all benefits payable on his behalf.

The unfunded actuarial accrued liability contribution is funded when necessary using the entry age actuarial cost method with amortization period of fifteen years. Additional contributions are made on a term cost basis to support the pre-retirement death benefits.

Employer contributions required to support the benefits under Article V (MAP Program) are determined following a level funding aggregate approach. The present value of prospective employer contributions is determined by subtracting the present value of prospective member contributions and present assets from the total present value of benefit expected to be paid from the program. Contributions during fiscal year 1998 totaling \$10,283,000 (\$5,650,000 employer contributions representing 8.08% of covered payroll for general employees and \$4,633,000 voluntary employee contributions representing 4.86% of total covered MAP payroll), were made in accordance with contribution requirements determined through an actuarial valuation performed as of September 30, 1997. Total covered payroll for the MAP program was \$69,907,000 for general employees. Total covered payroll for fiscal year 1998 was \$95,246,000. Contributions are based on rates of covered payroll of 8.08% for the City and voluntary employee contributions of 0% - 20% for general employees, firefighters and police officers.

Contributions to the Defined Benefit Plan in 1998 amounted to \$12,546,000 of which \$8,618,000 and \$3,928,000 were made by the City and its employees, respectively. In addition, the State of Florida contribution for the Police and Fire plans amounted to \$801,000 and \$515,000, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of September 30, 1997. Contributions made by the City of Tallahassee and its employees are detailed in the table noted below.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described in the preceding page.

The employer pension cost and contribution made as a percentage of payroll for each Plan is as follows (in thousands):

	General Employees		Police		Firefighters	
	Amount	Percent of Payroll	Amount	Percent of Payroll	Amount	Percent of Payroll
Contribution Requirements:						
Normal Cost.....	\$ 9,784	14.37%	\$ 2,284	17.90%	\$ 1,794	21.65%
Contribution Made:						
City.....	\$ 7,219	10.62%	\$ 773	6.06%	\$ 626	7.53%
Employee.....	2,565	3.75%	710	5.57%	653	7.93%
State of Florida .....	--	--	801	6.27%	515	6.19%
Total.....	\$ 9,784	14.37%	\$ 2,284	17.90%	\$ 1,794	21.65%

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

A separate Article V MAP employer contribution is also payable for general employees, police officers and firefighters. The Article V MAP employer contribution for general employees was 8.08%, 7.54% and 7.24% for 1998, 1997 and 1996, respectively.

**e. Trend Information** - Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

The following historical trend information, prepared in accordance with GASB No. 27, provides information on progress made in accumulating sufficient assets to pay benefits when due. The purpose of the schedule is to establish a consistent method for analyzing and making comparisons among different public retirement systems. The following information also presents three year trend information required by GASB No. 27.

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1996	16,445	100%	\$0
1997	17,362	100%	\$0
1998	14,268	100%	\$0

\*Contributions were made in accordance with actuarially determined contribution requirements.

### 2. OTHER EMPLOYEE BENEFITS

**a. 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.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the Plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the City's legal counsel that the City has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of the general creditors in the future.

The City has chosen to have this plan administered by an independent plan administrator. By agreement between the employee and the City, an arrangement has been made to have the applicable portion of the employee's compensation deposited with the International City Management Association Retirement Corporation's national trust fund or the Prudential Asset Management Company, Inc. They invest and reinvest the money and credit each account with earnings from its investments.

**b. Flexible Benefits** - The City 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.

### 3. POST-EMPLOYMENT BENEFITS

Established through Chapter 17 of the City Code of Ordinances, retirees under the City's Pension Plan may participate in the health insurance plans offered by the City. The retiree is required to pay the full cost of the insurance. The City provides a health care supplement equivalent to \$4 per month for each year of service (maximum not to exceed \$120 per month per employee). This post employment benefit is funded through the City's contribution to the pension plan, and is based on a level funding approach using the entry age actuarial cost method.

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 1998

**NOTE III (CONTINUED)**

The number of active and retired plan participants included in the valuation of the health care supplement was 3,362. The actuarially required employer contribution for the period was determined to be .30% of payroll, which was the amount contributed to the plan. The amount of assets available for the health care supplement is \$11,937,187. The actuarial accrued liability is also equal to \$11,937,187 and the unfunded actuarial accrued liability is \$0.

**4. OUTSTANDING CONTRACTS**

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 1998, in the respective funds are as follows (in thousands):

General Fund.....	\$ 789
Special Revenue Funds.....	2,667
Capital Project Funds.....	10,107
Internal Service Funds.....	4,453
Enterprise Funds	
Electric.....	90,194
Gas.....	479
Sewer.....	6,154
Water.....	1,352
Airport.....	4,205
Tallahassee Transit.....	174
Solid Waste Fund.....	1,022
Golf.....	95
Total.....	<u>\$ 121,691</u>

**5. LONG-TERM DEBT**

a. The following is a summary of the changes in the General Long-Term Debt Account Group for the City for the year ended September 30, 1998 (in thousands):

	Balance October 1	Additions	Reductions	Balance September 30
General Revenue Bonds.....	\$ 22,265	\$ --	\$ 1,055	\$ 21,210
Accrued Leave.....	7,943	4,251	3,543	8,651
Note Payable.....	116	--	56	60
Special Revenue Bonds Series, 1998...	--	3,870	17	3,853
	<u>\$ 30,324</u>	<u>\$ 8,121</u>	<u>\$ 4,671</u>	<u>\$ 33,774</u>

b. Summarized below are the City's individual bond issues which were outstanding at September 30, 1998:

**General Revenue Bonds:**

\$18,770,000 Capital Bonds - Series 1993A, due in annual installments of \$1,095,000 to \$1,655,000 from October 1, 1999 to October 1, 2008, interest rates at 4.20% to 5.20% depending on maturity date.	\$13,510,000
\$7,700,000 Capital Bonds - Series 1993B, due in annual installments of \$1,620,000 to \$2,580,000 from October 1, 2009 to October 1, 2012, interest rate at 5.25%.	<u>7,700,000</u>
	<u>\$21,210,000</u>

The general revenue bonds are payable from and secured by first lien and pledge of the Public Service Tax, Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, and earnings on the investment of all funds and accounts created by and described in Resolutions.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 1998

### NOTE III (CONTINUED)

#### **Special Purpose Revenue Bonds:**

\$3,870,000 Special Purpose Revenue Bonds, Series 1998 due in monthly installments of \$27,725.88 for the next ten years with a final maturity payment due in July 2008 in the amount of \$2,497,366.19, interest rate is 6%.

\$3,853,000

The special purpose revenue bonds are payable from non ad valorem revenues in each fiscal year.

#### **Proprietary Revenue Bonds:**

\$2,862,000 Junior Lien Electric Revenue Bonds (Mini bonds) -Series 1992A; ten year bonds due February 1, 2002, with a term payment of \$1,307,500, interest at 6.09%. Bonds are subject to redemption prior to stated maturities and are presented at face amounts outstanding plus accretion of \$653,200. Bonds are secured by provisions of the 1992 General Resolution which includes net revenues of the City's Electric System and certain other amounts as provided by Resolution.

\$ 1,961,000

\$75,700,000 Electric Refunding Revenue Bonds - Series 1992A, due in annual installments of \$5,100,000 to \$7,895,000, from October 1, 1999 to October 1, 2007, interest rates at 5.10% to 6.10% depending on maturity date. Bonds are secured by provisions of the 1992 General Resolution which includes net revenues of the City's Electric System and certain other amounts as provided by Resolution.

53,350,000

\$40,090,000 Electric Revenue Bonds - Series 1992B, due in annual installments of \$4,000,000 to \$8,110,000 from October 1, 2004 to October 1, 2012, interest at 5.80% to 6.25% depending on maturity date. Bonds are secured by provisions of the 1992 General Resolution which includes net revenues of the City's Electric System and certain other amounts as provided by Resolution.

40,090,000

\$37,725,000 Consolidated Utility Systems Revenue Bonds - Series 1994, due in annual installments of \$950,000 to \$2,885,000 from October 1, 1999 to October 1, 2019, interest rates at 4.80% to 6.20% depending on maturity date. Bonds are payable and secured by lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water, sewer and gas systems), and the gross revenues of the City's Stormwater Drainage System. Lien on Pledged Revenues is on parity with the lien of Consolidated Utility Systems Revenue Bonds Series 1991A and Series 1991B.

35,955,000

\$46,780,000 Consolidated Utility Systems Revenue Bonds Series 1995, due in annual installments of \$360,000 to \$4,390,000 from October 1, 1999 to October 1, 2019, interest rates at 4.30% to 6.00% depending on maturity date. Bonds are payable and secured by lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water, sewer and gas systems), and the gross revenues of the City's Stormwater Drainage System. Lien on Pledged Revenues is on parity with the lien of Consolidated Utility Systems Revenue Bonds Series 1991A and Series 1991B.

45,275,000

\$4,490,000 Consolidated Utility Systems Revenue Bonds - Series 1991A, due in annual installments of \$215,000 to \$245,000 from October 1, 1999, to October 1, 2001, interest rates at 5.90% to 6.10% depending on maturity date. Bonds are payable and secured by lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System, and the gross revenues of the City's Stormwater Drainage System.

690,000

\$47,785,000 Consolidated Utility Systems Revenue Bonds - Series 1991B, due in annual installments of \$1,370,000 to \$1,540,000 from October 1, 1999, to October 1, 2001, interest rates at 6.10% to 6.30% depending on maturity date. Bonds are payable and secured by lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System, and the gross revenues of the City's Stormwater Drainage System.

4,360,000

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

#### **Proprietary Revenue Bonds (Continued):**

\$5,235,000 Airport System Subordinated Revenue Bonds-Series 1994A (Minibond Program) principal due April 1, 1999, with a interest rate of 5.00%. Bonds are payable and secured by lien on the Passenger Facility Charges, in the manner provided by Resolution and by subordinate lien on the net revenues derived from airport operations. 4,901,000

\$11,995,000 Airport System Revenue Refunding Bonds - Series 1995, due in annual installments of \$440,000 to \$930,000 from October 1, 1999 to October 1, 2014, interest rates at 4.40% to 5.60% depending on maturity date. Bonds are payable and secured by lien on and pledge of certain funds provided by Resolution, and net revenues of the City's Airport System. 10,350,000

\$196,932,000

**c. Legal Debt Margin** - The City of Tallahassee has no general obligation debt outstanding; the amount of general obligation debt the City can issue is limited by City Charter, as outlined below (in thousands):

TAXABLE ASSESSED VALUE .....	<u>\$4,884,574</u>
Debt Limit - 20 Percent of Assessed Value .....	<u>\$ 976,915</u>

**d. Refunded Issues** - The City defeased certain general revenue, municipal utility revenue, and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's general purpose financial statements. The following schedule reflects the refunded bonds as of September 30, 1998 (in thousands):

<u>Type</u>	<u>Series</u>	Outstanding as of <u>September 30, 1998</u>
General Revenue	1973	\$ 3,900
	1978	27,325
Special Obligation Bonds	1978A	630
	1981	16,350
Municipal Electric	1977	44,205
Special Obligation Bonds	1982	14,100
Junior Lien Electric Refunding	1985A	24,645
Municipal Utility Revenue Bonds	1979	6,535
Municipal Utility Revenue Bonds	1982	675
Municipal Utility Revenue Bonds	1991A	2,570
Municipal Utility Revenue Bonds	1991B	<u>34,830</u>
		<u>\$175,765</u>

**e. 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 mortgage 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. Accordingly, the bonds are not reported as liabilities in the accompanying general purpose financial statements.

As of September 30, 1998, there were three series of Health Facilities Revenue Refunding Bonds outstanding. The aggregate principal amount payable for the three series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$60.7 million.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 1998

### NOTE III (CONTINUED)

As of September 30, 1998, there were two series of Florida Student Housing Revenue Bonds outstanding. The aggregate principal amount payable for the two series issued prior to July 1995, could not be determined; however, their original issue amounts totaled \$9.2 million.

As of September 30, 1998, there were five series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable for the five series issued prior to July 1995, could not be determined; however, their original issue amounts totaled \$6.1 million.

**f. Loan Payable** - On November 18, 1986, the City obtained an \$18,200,000 loan from the Sunshine State Governmental Financing Commission, the proceeds of which were used to retire an outstanding Special Assessment note and to finance construction of certain water and sewer projects. During 1991, the City obtained additional loans totaling \$4,700,000 from the Sunshine State Governmental Financing Commission (SSGFC), the proceeds of which were used to fund the purchase of data processing equipment and to fund the construction of a road project. In 1997, \$4.5 million was borrowed by the City from SSGFC to fund the parking garage project. In addition, \$20 million was borrowed for the funding of various electric projects, which was subsequently transferred to the electric fund and will be defeased in fiscal year 1999.

The rate of interest on the loans vary based upon market interest rates for short-term tax exempt financing. The loan interest rate at September 30, 1998 was 3.06%. The debt service schedule on B-42 was prepared utilizing a 6% interest rate which is reflective of the average interest rate over the last six years. The outstanding balance at September 30, 1998 is \$46,200,000.

The above loans were transferred to the Internal Loan Fund. The Internal Loan Fund charges an interest rate equal to the Sunshine State variable interest rate. These loans are due and payable on July 1, 2016.

The loans are non-project specific (as long as designated projects are appropriate under Florida Law and will not cause the loan, if considered as a separate bond issue, to be in violation of applicable IRS guidelines) and non-revenue specific (a covenant to budget and appropriate for non-advalorem revenues exists).

The first loan was allocated as follows: gas fund (\$1,743,000, with the primary source of debt service being gas operating revenues); water fund (\$7,094,000, with the primary source of debt service being water operating revenues); sewer fund (\$8,163,000, with the primary source of debt service being sewer operating revenues). The second loan was allocated as follows: information systems services fund (\$2,400,000, with the primary source of debt service being data services revenues generated by user fee charges); and general long-term debt (\$2,300,000, with the primary source of debt service being revenues generated from special assessments and General Fund revenues). The third loan was for \$4.5 million to the Capital Improvement Fund to finance a portion of the Kleman Plaza parking garage (the primary source of debt service being general operating resource).

**g. Note Payable** - During 1989, the City purchased a building and land from the Florida Education Association, Inc. As part of the financing arrangement, the City executed a note payable to the Florida Education Association, Inc. in the amount of \$436,000. The note bears an interest rate of 8% and is payable in ten annual installments of \$65,000, principal and interest. The outstanding balance at September 30, 1998 and 1997 is \$60,000 and \$116,000, respectively. The note is recorded in the General Long-Term Debt Account Group.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

**NOTE III - (Continued)**

**h. Schedule of Debt Service Requirements, including Principal and Interest - All Fund Types**

Year Ending September 30	Proprietary Revenue Bonds (in thousands)						Note and Loan Payable	Total Debt Service	
	General Revenue Bonds	Special Purpose Revenue Bonds	Electric	Gas	Sewer	Water			Airport
1999	2,145	333	10,616	1,426	5,429	978	6,130	2,837	29,894
2000	2,149	333	10,616	1,426	5,423	977	979	2,772	24,675
2001	2,148	333	10,614	1,426	5,427	979	979	2,772	24,678
2002	2,145	333	12,575	1,691	5,242	898	982	7,272	31,138
2003	2,147	333	10,616	1,689	5,240	899	978	2,502	24,404
2004	2,146	333	10,615	1,689	5,240	899	978	2,502	24,402
2005	2,146	333	10,614	1,691	5,244	899	981	2,502	24,410
2006	2,145	333	10,614	1,691	5,244	900	982	2,502	24,411
2007	2,145	333	10,618	1,690	5,241	899	980	2,502	24,408
2008	2,145	2,780	8,616	1,690	5,241	899	982	2,502	24,855
2009	2,024	0	8,616	1,689	5,239	899	981	2,502	21,950
2010-2019	<u>6,765</u>	<u>0</u>	<u>25,848</u>	<u>12,699</u>	<u>38,438</u>	<u>5,958</u>	<u>4,899</u>	<u>59,214</u>	<u>153,821</u>
Totals	30,250	5,777	140,578	30,497	96,648	16,084	20,831	92,381	433,046
Less: Interest	<u>9,040</u>	<u>1,924</u>	<u>45,177</u>	<u>12,481</u>	<u>38,362</u>	<u>6,106</u>	<u>5,580</u>	<u>46,181</u>	<u>164,786</u>
Principal	<u>\$21,210</u>	<u>\$3,853</u>	<u>\$ 95,401</u>	<u>\$18,016</u>	<u>\$58,286</u>	<u>\$ 9,978</u>	<u>\$15,251</u>	<u>\$46,200</u>	<u>\$268,260</u>

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

#### 6. ACCRUED LEAVE

The current and long-term portions of accrued leave by fund consists of the following at September 30, 1998 (in thousands):

Enterprise Funds:	Accrued Vacation	Accrued Sick Leave	Total	Accrued Leave Short-Term Portion
Electric.....	\$ 1,174	\$ 1,186	\$ 2,360	\$ 1,045
Gas.....	124	93	217	106
Sewer.....	491	464	955	474
Water.....	169	151	320	169
Airport.....	166	232	398	154
Tallahassee Transit.....	237	185	422	247
Solid Waste.....	248	293	541	207
Golf Course.....	30	17	47	26
Internal Service Funds.....	1,172	1,134	2,306	1,093
General Long-Term Debt				
Account Group.....	<u>4,174</u>	<u>4,477</u>	<u>8,651</u>	<u>3,978</u>
Total.....	<u>\$ 7,985</u>	<u>\$ 8,232</u>	<u>\$ 16,217</u>	<u>\$ 7,499</u>

The accrued leave for governmental funds has been reported in the General Long-Term Debt Account Group, because this liability will be liquidated with future financial resources.

#### 7. LEASE COMMITMENTS

Operating - The City has entered into several operating leases for buildings and equipment. The leases are for one to eight years, expiring in 1998 through 2006. Total rent expense incurred by the City for the year ended September 30, 1998, was \$388,421. The remaining future minimum lease obligations are as follows:

1999.....	\$62,584
2000.....	60,428
2001.....	57,527
2002.....	55,102
2003.....	55,102
Thereafter.....	<u>165,307</u>
Total.....	<u>\$456,050</u>

#### 8. SELF-INSURANCE PROGRAM

The Self-Insurance Program provides coverage against workers' compensation claims (up to the first \$500,000 per occurrence), general liability and automobile liability. For general liability and automobile liability, statutory limitations are \$100,000 individual, \$200,000 aggregate per occurrence. The City has obtained "stop-loss" insurance which provides for the statutory workers' compensation requirements and excess of the \$500,000 self-insurance retention. The amount of settlements has not exceeded insurance coverage in any of the past three years. The Risk Management Fund, which is classified as an Internal Service Fund, is responsible for collecting premiums from insured funds, paying claim settlements and purchasing certain insurance policies. Claims settlements and loss expenses are accrued for the estimated settlement value of reported and unreported claims.

Employee health insurance is provided through two programs. Employees may choose a health maintenance organization, or a traditional insurance program, for which a premium is paid and the City retains no additional liability.

Changes in the balances of claims for the year ended September 30, 1998 and 1997, respectively, are as follows (in thousands):

	<u>Risk Management Fund</u>		<u>Employee Healthcare Fund</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Unpaid Claims – October 1 (including IBNRs).....	\$7,259	\$7,792	\$239	\$365
Expenses.....	3,371	2,398	70	502
Claim Payments.....	<u>(3,131)</u>	<u>(2,931)</u>	<u>(224)</u>	<u>(628)</u>
Unpaid Claims – September 30 (including IBNRs)...	<u>\$7,499</u>	<u>\$7,259</u>	<u>\$85</u>	<u>\$239</u>

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

#### C. INTERFUND RECEIVABLES AND PAYABLES

At September 30, 1998, Interfund Receivables and Payables are as follows (in thousands):

Fund	Due From	Due To	Advance To	Advance From	Loan To	Loan From
General .....	\$ 98	\$ --	\$ 673	\$ --	\$ --	\$ --
Capital Improvements.....	--	--	558	--	--	4,278
Capital Bonds Construction ...	--	--	--	--	--	1,000
Electric.....	210	--	--	--	--	--
Gas .....	--	2,000	--	--	--	1,245
Water .....	--	--	--	--	--	4,395
Sewer .....	--	--	--	--	--	4,490
Airport .....	--	98	--	628	--	3,313
Tallahassee Transit .....	--	825	--	603	--	--
Information Systems Services	--	--	--	--	--	645
Internal Loan .....	--	--	--	--	20,966	--
Utility Services.....	--	--	--	--	--	1,600
Wholesale Energy Services ...	--	210	--	--	--	--
Deficiencies & Emergencies...	2,825	--	--	--	--	--
	<u>\$ 3,133</u>	<u>\$ 3,133</u>	<u>\$ 1,231</u>	<u>\$ 1,231</u>	<u>\$ 20,966</u>	<u>\$ 20,966</u>

#### D. FUND EQUITY

##### 1. CHANGES IN CONTRIBUTED CAPITAL

a. Enterprise Funds - The following changes occurred in contributed capital of the Enterprise Funds during the year ended September 30, 1998 (in thousands):

	Electri c	Sewer	Airport	Tallahassee Transit	Others	Total
Beginning Balance as of October 1, 1997.....	<u>\$2,019</u>	<u>\$16,105</u>	<u>\$42,065</u>	<u>\$8,679</u>	<u>\$2,532</u>	<u>\$71,400</u>
Additions:						
Residual Equity Transfers Capital	155	123	--	28	59	365
Grants.....	--	-	3,351	395	--	3,746
Passenger Facility Charge	-	--	1,175	--	-	1,175
Total	<u>155</u>	<u>123</u>	<u>4,526</u>	<u>423</u>	<u>59</u>	<u>5,286</u>
Deductions:						
Disposal of Contributed Assets....	--	(13)	(100)	--	(1)	(114)
Depreciation on Contributed Assets.....	<u>(279)</u>	<u>(681)</u>	<u>(1,319)</u>	<u>(214)</u>	<u>(30)</u>	<u>(2,523)</u>
Total	<u>(279)</u>	<u>(694)</u>	<u>(1,419)</u>	<u>(214)</u>	<u>(31)</u>	<u>(2,637)</u>
Ending Balance as of September 30, 1998.....	<u>\$1,895</u>	<u>\$15,534</u>	<u>\$45,172</u>	<u>\$8,888</u>	<u>\$2,560</u>	<u>\$74,049</u>

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

	Information System Services	Garage	Risk Manage- ment	Utility Services	Others	Total
Beginning Balance as of October 1, 1997.....	<u>\$440</u>	<u>\$18,284</u>	<u>\$901</u>	<u>\$406</u>	<u>\$563</u>	<u>\$20,594</u>
Additions:						
Contributed Capital.....	81	548	--	--	46	675
Residual Equity Transfers	<u>757</u>	<u>102</u>	-	<u>44</u>	<u>99</u>	<u>1,002</u>
Total	838	650	-	44	145	1,677
Additions.....						
Deductions:						
Disposal of Contributed Assets.....	(138)	(26)	--	(49)	(16)	(229)
Depreciation on Contributed Assets.....	<u>(283)</u>	<u>(1,542)</u>	<u>(1)</u>	<u>(59)</u>	<u>(73)</u>	<u>(1,958)</u>
Total Deductions.....	<u>(421)</u>	<u>(1,568)</u>	<u>(1)</u>	<u>(108)</u>	<u>(89)</u>	<u>(2,187)</u>
Ending Balance as of..... September 30, 1998.....	<u>\$857</u>	<u>\$17,366</u>	<u>\$900</u>	<u>\$342</u>	<u>\$619</u>	<u>\$20,084</u>

### 2. CHANGES IN RESERVED RETAINED EARNINGS - ENTERPRISE FUNDS

For purposes of this presentation, the Tallahassee Transit Fund, Airport Fund, Solid Waste Fund and Golf Fund have been combined as Others. As of September 30, 1998, the Reserved Retained Earnings for the Tallahassee Transit Fund, Airport Fund, Solid Waste Fund, and Golf Fund, were \$768,000, \$7,755,000, \$1,682,000, and \$249,000, respectively. The following changes occurred in reserved retained earnings of the enterprise funds during the year ended September 30, 1998 (in thousands):

	Electric	Gas	Sewer	Water	Others	Total Enterprise Funds
Reserved Retained Earnings:						
Revenue Bond Reserve.....	\$ 10,618	\$ 1,069	\$ 6,947	\$ 905	\$ 1,168	\$ 20,707
Revenue Bonds Renewal and Replacement.....	24,699	1,659	5,744	9,785	1,563	43,450
Operating Reserve .....	33,392	--	--	824	1,493	35,709
System Charges.....	--	--	1,182	2,467	--	3,649
Other .....	<u>16,345</u>	<u>747</u>	<u>6,742</u>	<u>--</u>	<u>5,581</u>	<u>29,415</u>
Total - September 30, 1997 .....	<u>85,054</u>	<u>3,475</u>	<u>20,615</u>	<u>13,981</u>	<u>9,805</u>	<u>132,930</u>
Add:						
Income Earned on Restricted Assets .....	3,382	49	470	184	17	4,102
Debt Service Funding.....	10,614	1,462	5,559	1,023	133	18,791
Renewal and Replacement Funding.....	12,053	1,663	2,938	6,465	317	23,436
Increase in Other Reserve.....	510	--	--	--	--	510
Other .....	533	--	4,320	1,059	927	6,839
Deduct:						
Interest and Fiscal Charges.....	(5,739)	(1,051)	(3,452)	(589)	--	(10,831)
Payment of Bond Principal .....	(4,875)	(411)	(2,094)	(415)	--	(7,795)
Transfer to Other Funds.....	(12,307)	--	(2,020)	(585)	(46)	(14,958)
Transfer of Fixed Assets and Expenses.....	<u>(13,543)</u>	<u>(1,433)</u>	<u>(5,211)</u>	<u>(4,473)</u>	<u>(699)</u>	<u>(25,359)</u>
Net Increase (Decrease) in Reserved Retained Earnings.....	<u>(9,372)</u>	<u>279</u>	<u>510</u>	<u>2,669</u>	<u>649</u>	<u>(5,265)</u>
Total - September 30, 1998 .....	<u>\$ 75,682</u>	<u>\$ 3,754</u>	<u>\$ 21,125</u>	<u>\$ 16,650</u>	<u>\$ 10,454</u>	<u>\$ 127,665</u>

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

	Electric	Gas	Sewer	Water	Others	Total Enterprise Funds
Reserved Retained Earnings:						
Revenue Bond Reserve .....	\$ 10,618	\$ 1,069	\$ 7,301	\$ 1,026	\$ 1,302	\$ 21,316
Revenue Bonds Renewal and Replacement.....	11,924	1,889	5,622	12,976	1,807	34,218
Operating Reserve .....	35,971	--	--	894	1,676	38,541
System Charges.....	--	--	1,275	1,754	--	3,029
Other .....	<u>17,169</u>	<u>796</u>	<u>6,927</u>	<u>--</u>	<u>5,669</u>	<u>30,561</u>
Total - September 30, 1998 .....	<u>\$ 75,682</u>	<u>\$ 3,754</u>	<u>\$ 21,125</u>	<u>\$ 16,650</u>	<u>\$ 10,454</u>	<u>\$ 127,665</u>

The following is a description of each reserve:

**Revenue Bond Reserve:**

Established in conjunction with the issuance of Revenue Bonds and fully funded by initial deposits from the proceeds of such revenue bonds. The reserve is to be maintained, in an amount equal to the maximum debt service due in any ensuing fiscal year, as long as the bonds are outstanding.

**Revenue Bonds Renewal and Replacement:**

Established in conjunction with the issuance of revenue bonds and funded by transfers from the revenue accounts of the appropriate enterprise funds. The use of money is restricted to funding the cost of extensions, enlargements or additions to, or replacement of, or emergency repair of, capital assets.

**Operating Reserve:**

Established in conjunction with the issuance of revenue bonds and/or management decisions and funded by transfers from the revenue accounts of the appropriate enterprise funds. The use of the money is restricted to the payment of cost of operation and maintenance if revenues are insufficient for such purpose.

**System Charges:**

This reserve is funded through the collection of water and sewer system charges. The use of money is restricted to extensions and expansions of the City's water and sewer systems.

**Other:**

Other reserves have been established by Commission action for specified purposes.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

**NOTE III (CONTINUED)**

**3. RESERVED FUND BALANCES AND RETAINED EARNINGS**

a. Governmental and Expendable Trust Funds - Reserved fund balances indicate those portions of fund balances that are legally segregated for a specific use or not available for appropriation or expenditure. The nature of these reserves are as follows (in thousands):

	September 30	
	<u>1998</u>	<u>1997</u>
General Fund - Reserved for:		
Inventory.....	\$ 819	\$ 13
Advance to Other Funds.....	673	772
Encumbrances.....	<u>1,790</u>	<u>1,607</u>
Total General Fund.....	<u>3,282</u>	<u>2,392</u>
Special Revenue Funds - Reserved for:		
Encumbrances.....		2,849 4,743
Projects.....	17,880	13,261
Notes Receivable .....	<u>2,100</u>	<u>1,890</u>
Total Special Revenue Funds.....	<u>22,829</u>	<u>19,894</u>
Debt Service Fund - Reserved for:		
Future Debt Service.....	<u>2,517</u>	<u>2,580</u>
Total Debt Service Fund.....	<u>2,517</u>	<u>2,580</u>
Capital Projects Funds - Reserved for:		
Encumbrances.....	20,231	30,720
Projects.....	44,275	37,134
Notes Receivable .....	98	--
Advance to Other Funds.....	<u>558</u>	<u>636</u>
Total Capital Projects Funds .....	<u>65,162</u>	<u>68,490</u>
Total .....	<u>\$ 93,790</u>	<u>\$ 93,356</u>

b. Internal Service Funds - Reserved retained earnings are restricted to indicate funds obligated as follows (in thousands):

	September 30	
	<u>1998</u>	<u>1997</u>
Reserved for:		
Debt Service.....	\$ 1,318	\$ 1,172
Fleet Management.....	22,493	22,005
Projects.....	984	1,259
Insurance .....	<u>10,847</u>	<u>9,300</u>
Total .....	<u>\$ 35,642</u>	<u>\$ 33,736</u>

c. Pension Trust Fund - Fund Balance is reserved through Chapter 17 of the City Code of Ordinance and requires fund equity to be restricted for future benefits to members of the pension plans as follows (in thousands):

	September 30	
	<u>1998</u>	<u>1997</u>
General Employees - Article II .....	\$430,690	\$406,983
Police Officers - Article III .....	101,015	95,096
Firefighters - Article IV .....	82,913	79,038
General Defined Contribution - Article V.....	<u>97,848</u>	<u>87,276</u>
Total.....	<u>\$712,466</u>	<u>\$668,393</u>

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE III (CONTINUED)

#### 4. DESIGNATED FUND BALANCE

The City has established a designation of fund balance within the General Fund of \$2,783,800 for subsequent year's appropriations. The nature of this designation is year end budgetary surplus, which is being carried forward as a funding source for the next year's general fund operating budget. The designation of \$968,000 in the Capital Projects Fund is made up of the following designations: \$363,000 for the Economic Development program, \$358,000 for the Land Banking program, \$52,000 for the Gateway Beautification program, \$100,000 for the Tallahassee Police Department Facilities Maintenance program, and \$95,000 for the Mini-pass program. These designations will fund projects which will be opened in the future under the respective programs.

#### 5. RESIDUAL EQUITY TRANSFERS

Residual equity transfers at September 30, 1998 were recorded as follows (in thousands):

##### Residual Equity Transfers Out:

Enterprise Fund .....	\$ 661
Internal Service Fund .....	<u>726</u>
<b>Total Residual Equity Transfers Out .....</b>	<b><u>\$ 1,387</u></b>

##### Allocation of Residual Equity Transfers:

Contributed Capital (See Contributed Capital Footnote):

Enterprise Funds .....	\$ 365
Internal Service Fund .....	<u>1,002</u>
Total Contributed Capital .....	<u>1,367</u>

Additions:

General Fixed Assets Accounts .....	<u>20</u>
Total Additions .....	<u>20</u>

##### Total Allocation of Residual

<b>Equity Transfers .....</b>	<b><u>\$ 1,387</u></b>
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**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 1998

**NOTE IV - FINANCIAL SEGMENT INFORMATION OF ENTERPRISE FUNDS**

The City maintains eight Enterprise Funds which provide electric, gas, sewer, water, airport, mass transportation, solid waste collection, and golf course operation services. Segment information for the year ended September 30, 1998, was as follows (in thousands):

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Airport Fund	Tallahassee Transit Fund	Solid Waste Fund	Golf Course Fund	Total Enterprise Funds
Operating Revenues.....	\$ 186,593	\$ 14,882	\$ 24,289	\$ 19,585	\$ 6,801	\$ 2,613	\$ 15,696	\$ 1,030	\$ 271,489
Grant Revenues.....	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,666	\$ --	\$ --	\$ 1,666
Depreciation and Amortization Expense.....	\$ 13,695	\$ 787	\$ 4,080	\$ 1,764	\$ 2,178	\$ 326	\$ 74	\$ 106	\$ 23,010
Operating Income (Loss).....	\$ 43,461	\$ 3,920	\$ 2,033	\$ 8,189	\$ ( 130)	\$ ( 5,402)	\$ 615	\$ ( 91)	\$ 52,295
Operating Transfers:									
In.....	\$ 81	\$ --	\$ --	\$ 60	\$ 179	\$ 3,500	\$ --	\$ 153	\$ 3,794
Out.....	\$ ( 32,440)	\$ ( 2,300)	\$ ( 1,225)	\$ ( 3,580)	\$ ( 117)	\$ ( 83)	\$ --	\$ --	\$ ( 39,884)
Net Income (Loss).....	\$ 12,337	\$ 1,718	\$ 4,659	\$ 6,565	\$ ( 719)	\$ ( 325)	\$ 830	\$ 17	\$ 25,021
Current Capital Contributions.....	\$ 153	\$ 15	\$ 123	\$ 6	\$ 4,526	\$ 424	\$ ( 3)	\$ 37	\$ 5,281
Restricted Assets.....	\$ 88,089	\$ 4,123	\$ 32,133	\$ 19,522	\$ 13,922	\$ --	\$ 1,882	\$ 274	\$ 159,945
Fixed Assets:									
Additions.....	\$ 22,176	\$ 3,722	\$ 6,625	\$ 3,313	\$ 3,819	\$ 37	\$ 12	\$ 299	\$ 40,003
Disposals.....	\$ ( 3,728)	\$ ( 1,000)	\$ ( 231)	\$ ( 137)	\$ --	\$ ( 70)	\$ ( 89)	\$ ( 345)	\$ ( 5,600)
Net Working Capital.....	\$ 22,248	\$ ( 1,419)	\$ 3,460	\$ 824	\$ 680	\$ 1,519	\$ 1,676	\$ 148	\$ 29,150
Total Assets.....	\$ 437,905	\$ 40,475	\$ 184,380	\$ 88,019	\$ 76,977	\$ 12,402	\$ 4,968	\$ 2,907	\$ 848,033
Bonds and Other Term Liabilities Payable from Operating Revenues.....	\$ 115,936	\$ 19,336	\$ 62,966	\$ 15,032	\$ 18,625	\$ 778	\$ 334	\$ 21	\$ 233,028
Total Fund Equity.....	\$ 289,799	\$ 18,038	\$ 116,175	\$ 69,917	\$ 55,706	\$ 10,367	\$ 3,546	\$ 2,792	\$ 566,340

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE V - CONTINGENCIES

#### A. 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.

#### B. FEDERAL AND STATE GRANTS

The City participates in a number of federal and state assisted programs, principal of which are the Federal Transit Administration, Community Development Block Grant, Federal Emergency Management Agency, Federal Aviation Administration, and certain other State of Florida programs. These programs are subject to the financial and compliance audits made in accordance with the Office of Management and Budget Circular A-133. The audits of these programs for and including the year ended September 30, 1998 will be in a separate report. The amount, if any, of expenditures which may be disallowed by the granting agencies is immaterial to the City's Combined Financial Statements.

#### C. ADVANCE FUNDING OF STATE OF FLORIDA ROADWAY PROJECTS

As of September 30, 1998, the City had advanced \$36,650,000 to the Florida Department of Transportation for roadway improvements. Reimbursement of these advances is totally subject to state legislative approval and appropriation in the fiscal years of reimbursement indicated in each contract; accordingly, the advanced monies are treated as a gain contingency at September 30, 1998.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 1998

### NOTE VI - SUBSEQUENT EVENTS

#### A. ENERGY SYSTEM REVENUE BONDS, SERIES 1998

On November 1, 1998, the City issued \$143,800,000 Energy System Refunding Revenue Bonds, Series 1998 A and \$49,220,000 Energy System Revenue Bonds, Series 1998 B. The City permitted and intends to combine in the future its Electric System and its Gas System into a combined Energy System. The Electric System is currently the only component of the City's Energy System, and the Electric System currently has no claim on revenues received by the Gas System or any other enterprise system.

Series A was issued to accomplish the refunding of the City's outstanding Electric System Revenue Bonds Series 1992 B and its \$20,000,000 loan from the Sunshine State Financing Commission, dated April 10, 1997, to fund the debt service reserve requirement applicable to the Series 1998 A Bonds, to fund a portion of the costs of construction of planned transmission and distribution capital improvements to the City's Electric System, and to pay certain costs of issuance in connection with the Series 1998 A Bonds.

Series B was issued to fund a portion of the costs of construction for planned generation capital improvements to the City's Electric System to fund the debt service reserve requirement applicable to the Series 1998 B bonds, and to pay certain costs of issuance in connection with the Series 1998 B Bonds.

#### B. FIRE RESCUE SERVICE CHARGE

The City provides fire rescue services citywide and to the unincorporated areas of Leon County. On February 24, 1999, the City adopted an ordinance establishing a fire rescue service charge, to be implemented on October 1, 1999.

#### C. CRYSTAL RIVER UNIT 3 (CR3) NUCLEAR POWER PLANT

In December 1998, the Florida Power Corporation (FPC) and the City entered into an Acquisition Agreement for FPC to acquire the City's 1.3333 percent undivided ownership interest in CR-3, and certain duties and liabilities with respect to CR-3, with a closing date of no later than July 1999. In a related power sale agreement, also in December 1998, the City agreed to purchase certain electric capacity and energy from FPC.

#### D. DEFERRED COMPENSATION PLAN

In December 1998, the City established a Trust Agreement where all assets and income of the City Deferred Compensation Plan are held in trust, in accordance with Internal Revenue Code sections 457 (b) and (g). The Deferred Compensation Plan is an eligible deferred compensation plan within the meaning of the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974.

# CITY OF TALLAHASSEE, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION

September 30, 1998

The following historical trend information, prepared in accordance with Governmental Accounting Standards Board Statement No. 25, provides information on progress made in accumulating sufficient assets to pay benefits when due. The purpose of the schedule is to establish a consistent method for analyzing and making comparisons among different public retirement systems.

### Schedule of Funding Progress

(in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Excess of Assets Over AAL (a - b)	Funded Ratio (a / b)	Covered Payroll (c)	Percentage of Covered Payroll ( (a-b)/c)
9/30/97	\$ 476.4	\$ 427.3	\$ 49.1	111.5%	\$ 86.6	56.7%
9/30/96	\$ 396.6	\$ 384.6	\$ 12.0	103.1%	\$ 87.9	13.7%
9/30/94	\$ 307.0	\$ 300.8	\$ 6.1	102.0%	\$ 79.0	7.8%
9/30/92	\$ 248.0	\$ 237.4	\$ 10.6	104.5%	\$ 72.8	14.6%

### Schedule of Employer Contributions

(in thousands)

Fiscal Year	^Employer Annual Required Contributions	Percentage Contributed
1993	\$12,275	100%
1994	\$13,494	100%
1995	\$14,965	100%
1996	\$16,445	100%
1997	\$17,362	100%
1998	\$14,268	100%

^Contributions were made in accordance with actuarially determined contribution requirements.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of September 30, 1997, the latest actuarial valuation, follows.

Valuation date	September 30, 1997
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage open
Remaining amortization period	
General Employees	13.7 years
Police Officers	12.7 years
Firefighters	16.4 years
Asset valuation method	
General Employees	3 year smoothed market
Police Officers	5 year smoothed market
Firefighters	5 year smoothed market
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected Salary increases*	6.50%
*Includes inflation at	4.50%

# CITY OF TALLAHASSEE, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION

September 30, 1998

Cost -of-living adjustments 3.00%

### YEAR 2000 COMPLIANCE

The City has implemented a Year 2000 compliance plan to address mainframe and critical computer software applications to ensure Year 2000 compliance. The compliance plan is scheduled for completion in the fourth quarter of 1999. The total cost for the Year 2000 compliance plan is estimated at \$2,589,800; through September 30, 1998, the City has incurred and expended approximately \$2,252,000.

The following defines the stages necessary to implement Year 2000 compliance:

#### 1. AWARENESS STAGE

As of fiscal year 1998, the City had established a budget and a project plan with timelines to deal with the Year 2000 issue for all computer systems and microchip technology equipment.

#### 2. ASSESSMENT STAGE

As a result of risk analysis, the City identified the following mission-critical systems and equipment critical to conducting operations: Customer Information System/Utility billing (CIS); Financial Management System (FMS); Traffic System; Parking Ticket System; Network, Personal Computers and Phone System; Payroll System; Geographical Information System (GIS); Computer Aided Dispatch/Records Management (CAD/RMS); Fleet Maintenance System; Fixed Asset System (FMA); Electronic Document Management System (EDMS); Customer Inquiry Tracking System (CITS); Animal Service Center (Chameleon); and Permit Enforcement Tracking System (PETS).

#### 3. REMEDIATION STATE AND TESTING/VALIDATION STAGE

To ensure that the above defined critical systems and equipment are Year 2000 compliant, the following work has been completed or is scheduled for completion in order to meet the Remediation and the Validation/Testing Stages:

##### a) CIS

Remediation - Code changes for Year 2000 compliance have been completed by an internal project team, which extended the life of the application for seventeen years.

Testing/Validation - Code was turned over to user and was found to require minor changes. Changes are in process and testing and validation is to be completed by first quarter 1999.

##### b) FMS

Remediation - Code changes for Year 2000 compliance have been completed by an internal project team, which extended the life of the application for seventeen years.

Testing/Validation - Application is being testing by the user and errors are corrected as found. Testing and validation of the application is to be completed by the second quarter in 1999.

##### c) TRAFFIC SYSTEM

Remediation - A new system compliant with Year 2000 was purchased and implementation was in process during 1998. Project is scheduled to be completed in the fourth quarter of 1999.

Testing/Validation - Vendor will complete testing and validation by fourth quarter 1999.

##### d) PARKING TICKET SYSTEM

Remediation - A new version of the current system compliant with Year 2000 is being installed by the vendor. Implementation is scheduled to be completed by third quarter 1999.

Testing/Validation - Vendor will complete testing and validation by third quarter 1999.

##### e) NETWORK, PERSONAL COMPUTER AND PHONE SYSTEM

Remediation - Assigned staff is working with vendors to implement Year 2000 compliance changes required. Project completion is scheduled for third quarter 1999.

Testing/Validation - Internal completion of testing and validation, coordinated with vendors, is scheduled for third quarter 1999.

# CITY OF TALLAHASSEE, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION September 30, 1998

### Year 2000 Compliance (CONTINUED)

#### f) PAYROLL

Remediation - New software, compliant with Year 2000, was purchased and implementation is in process. Implementation is scheduled to be completed by second quarter 1999.

Testing/Validation - Testing and validation is scheduled to be completed by second quarter 1999.

#### g) GIS

Remediation - System was determined to be Year 2000 compliant; no problems have been found related to Year 2000.

Testing/Validation - Testing and validation will be completed by third quarter 1999.

#### h) CAD/RMS

Remediation - Existing system will be remediated to compliancy by second quarter 1999. New software, compliant with Year 2000, has been purchased and vendor will implement by third quarter 1999.

Testing/Validation - Testing and validation for existing system will be completed by second quarter 1999; vendor will complete testing and validation of new software by third quarter 1999.

#### i) FLEET MAINTENANCE SYSTEM

Remediation - New software, compliant with Year 2000, has been purchased and vendor will implement by second quarter 1999.

Testing/Validation - Vendor will complete testing and validation during second quarter 1999.

#### j) FMA

Remediation - Software was determined to be Year 2000 compliant; no problems have been found related to Year 2000.

Testing/Validation - Testing and validation will be completed by third quarter 1999.

#### k) EDMS

Remediation - In 1998, project team upgraded the current software to be Year 2000 compliant software.

Testing/Validation - Testing and validation of upgraded Year 2000 compliant system was completed during 1998.

#### l) CITS

Remediation - The vendor has supplied a written statement that the current program and associated subsystems are Year 2000 compliant.

Testing/Validation - System determined to be Year 2000 compliant; no further testing and validation required.

#### m) CHAMELEON

Remediation - The vendor has supplied a written statement that the current program and associated subsystems are Year 2000 compliant.

Testing/Validation - System determined to be Year 2000 compliant; no further testing and validation required.

#### n) PETS

Remediation - The vendor has supplied a written statement that the current program is Year 2000 compliant.

Testing/Validation - System determined to be Year 2000 compliant; no further testing and validation required.