

FLORIDA'S CAPITAL CITY

# Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2013



# **CITY OF TALLAHASSEE, FLORIDA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
September 30, 2013**



**PREPARED BY:**

**Department of Management and Administration  
Accounting Services Division**

# **CITY OF TALLAHASSEE, FLORIDA**

## **CITY COMMISSION**

**JOHN MARKS, Mayor**

**NANCY MILLER, Pro Tem**

**SCOTT MADDOX, Commissioner**

**ANDREW GILLUM, Commissioner**

**GIL ZIFFER, Commissioner**

## **CITY MANAGER**

**ANITA FAVORS THOMPSON**

### **CITY AUDITOR**

**T. Bert Fletcher, CPA**

### **CITY ATTORNEY**

**Lewis E. Shelley**

### **CITY TREASURER-CLERK**

**James O. Cooke, IV**

### **DIRECTOR OF MANAGEMENT AND ADMINISTRATION**

**Raoul A. Lavin**

**CITY OF TALLAHASSEE, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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# **INTRODUCTORY SECTION**

Office of the Mayor

Letter of Transmittal

Government Finance Officers Association Certificate of Achievement

Organizational Chart

List of Elected and Appointed Officials and Directors

List of Accounting Services Division Staff



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Office of the Mayor • City of Tallahassee  
300 South Adams Street • Tallahassee, FL 32301 • 850.891.2000

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March 30, 2014

Dear Citizens of Tallahassee:

It is a pleasure to present you with the City of Tallahassee's Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2013.

This report represents the framework of the City's financial operations and fulfills the requirements set forth by State Law in accordance with generally accepted accounting principles for local governments as prescribed by the GASB. The City is committed to the highest standards of financial management and will continue to provide customer service that ensures efficiency and accountability.

I look forward to our continued work together to help Tallahassee remain one of the "Top 100 Best Places to Live, Work and Play".

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Marks, III".

John R. Marks, III  
Mayor



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*Most Livable City in America*

March 20, 2014

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

#### PROFILE OF THE CITY

The Comprehensive Annual Financial Report of the City of Tallahassee, Florida, for the fiscal year ended September 30, 2013, is hereby submitted pursuant to Florida Statutes, Chapter 11, Section 45, and Chapters 10.550 and 10.600 of the Rules of the Auditor General of the State of Florida. This report represents the official report of the City's financial operations and condition to the citizens, City Commission, City management, rating agencies, and other interested persons.

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

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

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

The certified public accounting firms of Thomas Howell Ferguson and Law Redd Crona & Munroe have issued an unmodified opinion on the City's financial statements for the year ended September 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

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

The budget process is a formalized annual occurrence that involves input, collaboration, and coordination between the respective City departments, the Office of Budget and Policy, the executive team, the City Commission, and the citizens of Tallahassee. A budget review team composed of various members of the leadership team and executive teams is established to set budget direction and priorities for the City. Annually, issues are selected by the City Commission to represent those programs and community needs, which are to be given priority attention during the year.

-5-

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

**FACTORS AFFECTING FINANCIAL CONDITION**

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

Leon County is a racially diverse community. Minorities account for 37% of the population, with African-Americans comprising 30.3%.

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

The 2008-2012 American Community Survey 5 year Estimates report median family income in Leon County is \$68,158, which is comparable to the national median. Of the workers in Leon County, 44.7% are in management or professional occupations compared to 35.9% nationally.

The level of governmental employment has a stabilizing effect on the economy and helps to minimize unemployment. In November 2013, unemployment was 5.3% in the Leon County as compared to the State’s unemployment rate of 6.4%. The percentage of employees employed by local, state, and federal government is approximately 31.7% of the work force. The unemployment rate is one of many economic indicators utilized to evaluate the condition of the economy.

**POPULATION GROWTH**

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

<b>POPULATION GROWTH</b>			
<u>Year</u>	<u>Tallahassee</u>	<u>Unincorporated</u>	<u>Leon County</u>
1950	27,237	24,353	51,590
1960	48,174	26,051	74,225
1970	71,897	31,150	103,047
1980	81,548	67,107	148,655
1990	124,773	67,720	192,493
2000	150,624	88,828	239,452
2009	172,574	93,140	265,714
2010	181,376	94,111	275,487
2013 estimated	183,727	94,650	278,377
2015 projected	189,300	95,500	284,800
2020 projected	200,900	97,500	298,400
2030 projected	221,800	101,100	322,900

**CONSTRUCTION TRENDS**

Residential Construction

Another factor that is a strong indicator of the local economy and influences the City and County’s financial condition is the issuance of building permits for residential construction. Due to the condition of the national, state, and local economy, single-family residential building permits in Leon County increased 24% following declines for the previous seven years. Permits for multi-family units slightly declined in fiscal year 2013. There were four multi-family apartment communities (50 units or more) permitted in fiscal year 2013 following a noteworthy eight new multi-family apartment communities permitted in fiscal 2012.

Commercial Development

In fiscal year 2013, approximately \$41 million of new commercial construction was permitted in Leon County, a decline compared with the \$75 million permitted in fiscal year 2012. Larger commercial permits include Gateway Center, Miracle Plaza and Whole Foods.

**MILLAGE RATES**

As indicated below, the City enjoys the lowest millage rate of the comparable largest cities in Florida for 2014 and 2013. Tallahassee’s low and stable millage rate should act as an incentive to economic growth and stability.

Millage Rates - Comparable Cities in Florida

<u>City</u>	<u>Millage Rates</u>	
	<u>2014</u>	<u>2013</u>
Clearwater	5.16	5.16
Daytona	6.57	6.57
Ft. Lauderdale	4.12	4.12
Gainesville	4.49	4.49
Hollywood	7.45	7.45
Lakeland	4.66	4.66
Largo	5.00	5.00
Orlando	5.65	5.65
Pensacola	4.29	4.29
Pompano	5.47	5.47
<b>Tallahassee</b>	<b>3.70</b>	<b>3.70</b>
West Palm Beach	8.35	8.35

**LONG-TERM FINANCIAL PLANNING**

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

The Plan resulted in an approved fiscal year 2014 operating budget of \$689.2 million and an approved capital budget of \$163 million. The Plan for the ensuing five years (including 2014) results in projected capital expenditures of approximately \$764 million.

**AWARDS AND ACKNOWLEDGMENT**

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, 2013. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish a comprehensive annual financial report, whose contents satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for a new certificate.

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

Respectfully submitted,



Raoul A. Lavin  
Director of Management and Administration



Richard G. Feldman, CPA  
Accounting Services Manager



Government Finance Officers Association

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

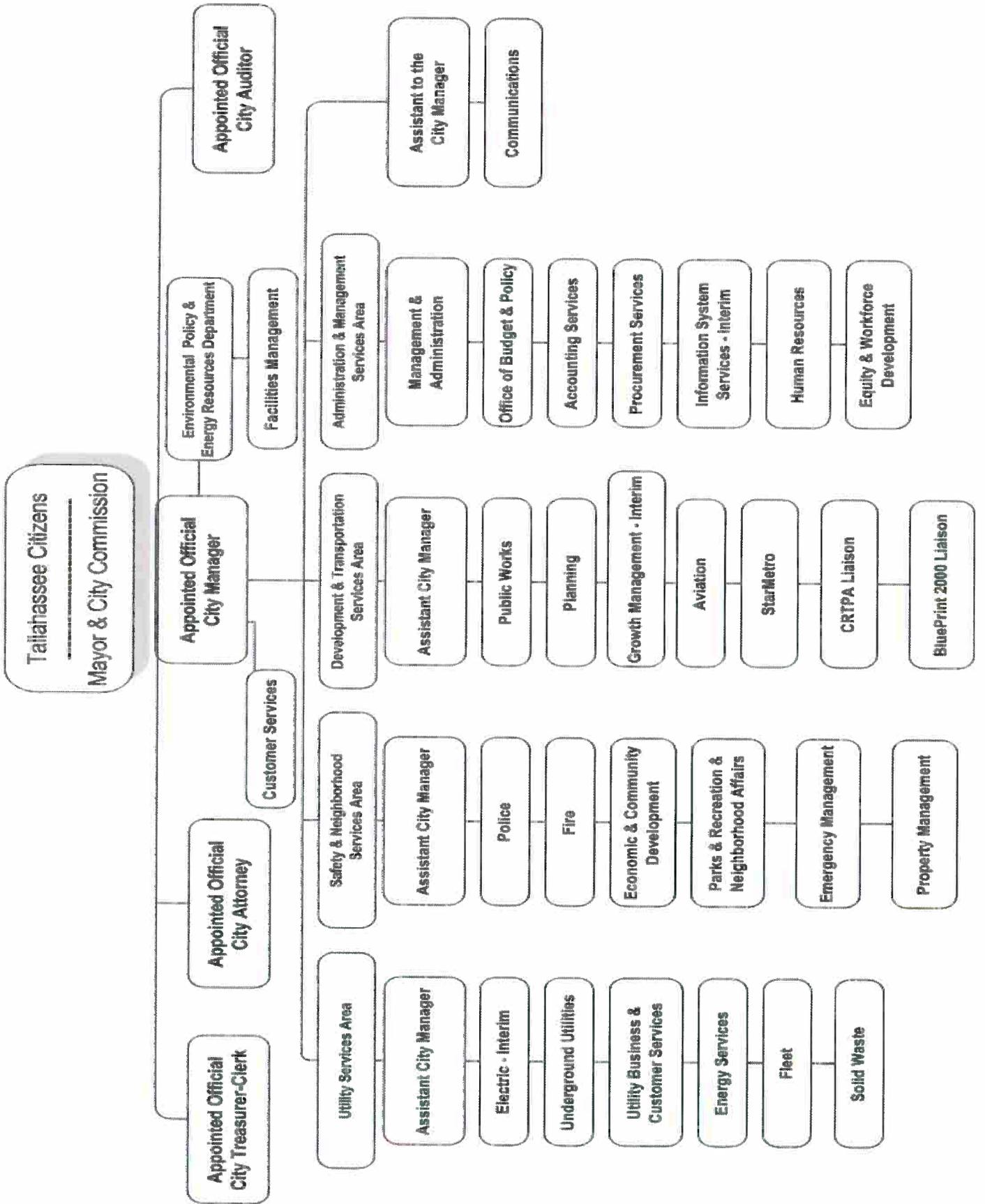
Presented to

**City of Tallahassee  
Florida**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO



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

**ELECTED OFFICIALS**

**Mayor** ..... **John Marks**  
**Mayor Pro Tem** ..... **Gil Ziffer**  
**Commissioner** ..... **Andrew Gillum**  
**Commissioner** ..... **Scott Maddox**  
**Commissioner** ..... **Nancy Miller**

**APPOINTED OFFICIALS**

**City Manager** ..... **Anita Favors Thompson**  
**City Treasurer-Clerk** ..... **James O. Cooke, IV**  
**City Auditor** ..... **T. Bert Fletcher**  
**City Attorney** ..... **Lewis E. Shelley**

**ASSISTANT CITY MANAGERS**

**Assistant City Manager for Development and Transportation Services** ..... **OPEN**  
**Assistant City Manager for Utility Services** ..... **Ricardo Fernandez**  
**Assistant City Manager for Safety and Neighborhood Services** ..... **Thomas R. Coe**

**DEPARTMENT DIRECTORS**

**Airport** ..... **Chris Curry**  
**Communications** ..... **Michelle Bono**  
**Economic and Community Development** ..... **Michael Parker**  
**Electric (General Manager)** ..... **Rob McGarrah**  
**Environmental Policy and Energy Resources** ..... **Cynthia Barber**  
**Fire (Interim)** ..... **Wes Roberts**  
**Growth Management** ..... **Karen Jumonville**  
**Management and Administration** ..... **Raoul A. Lavin**  
**Parks, Recreation and Neighborhood Affairs** ..... **Dee Crumpler**  
**Planning, Land Management and Community Enhancement** ..... **Wayne Tedder**  
**Police** ..... **Michael DeLeo**  
**Public Works** ..... **Gabriel Menendez**  
**Solid Waste** ..... **Reginald Ofuani**  
**StarMetro** ..... **Ivan Maldonado**  
**Underground Utilities (General Manager)** ..... **Mike Tadros**  
**Utility Business and Customer Services** ..... **Reese Goad**

The Comprehensive Annual Financial Report for the City of Tallahassee, Florida was produced by the combined efforts of the staff of the Accounting Services Division of the Department of Management and Administration. The following staff had primary responsibility for preparing and assuring the accuracy of this report

**Department of Management and Administration  
Raoul A. Lavin, Director**

**Accounting Services Division  
Richard G. Feldman, CPA, CGMA, Manager**

**Financial and Systems Analyst  
Patrick A. Twyman**

<b>Patsy Capps, CPA*</b>	<b>Mazie Crumbie</b>	<b>Ben Halvorsen, CPA*</b>
<b>Roy Jeter, CPA</b>	<b>Latrenda Johnson</b>	<b>Kereen Jones</b>
<b>Vernessa McMillon</b>	<b>Julie Paniucki</b>	<b>Lajja Patel</b>
<b>George Robbins, CPA</b>	<b>Angela Roberts</b>	<b>Reginald Rodney</b>
	<b>Rita Stevens, CPA</b>	

**Financial and Systems Analyst (Fixed Assets)  
Rebecca Scarano**

**\* Tallahassee Regional Airport Staff**

**Cover photo: Cascades Park  
Design by Danny Capps  
Department of Communications**



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# **FINANCIAL SECTION**

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

Independent Auditors' Report  
Management's Discussion and Analysis  
Basic Financial Statements  
Required Supplementary Information  
Combining Financial Statements  
Supplementary Information



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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 19-31 and 98-100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, other supplementary information and the introductory and statistical section as presented in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the*

*Auditor General* and is not a required part of the basic financial statements. The schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as described in the *Passenger Facility Charge Audit Guide for Public Companies*, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements.

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

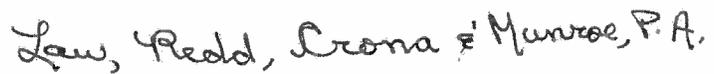
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2014, on our consideration of the City of Tallahassee, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Tallahassee, Florida's internal control over financial reporting and compliance.



**THOMAS HOWELL FERGUSON P.A.**  
Tallahassee, Florida  
March 20, 2014



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



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Tallahassee (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year that ended September 30, 2013. Management's Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in the City's financial position, and (d) identify individual fund concerns or issues. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

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### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of September 30, 2013 by \$2.11 billion (net assets). Of this amount, \$254 million represents unrestricted net position that are available to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$10.6 million as a result of fiscal 2013 operations.
- As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$83 million, a decrease of \$34.1 million in comparison with the prior year. Approximately \$500,000 of this amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the fiscal year, spendable fund balance (the total of committed, assigned and unassigned components of fund balance) for the general fund was \$23.9 million, or 20.5% of general fund expenditures.
- As of September 30, 2013, the City's enterprise funds reported combined net position of \$1,113.5 million, an increase of \$15.9 million in comparison with the prior year. Approximately \$180.5 million of this amount is unrestricted.
- Capital assets, net of accumulated depreciation, as of September 30, 2013 fiscal year totaled \$2.57 billion, an increase of \$76 million in comparison with prior year (Note- IV-D).
- The City's outstanding long-term debt (Note IV-G) decreased from \$1,094.5 million to \$1,053.5million, or 3.8%.

### AN OVERVIEW OF THE FINANCIAL STATEMENTS

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The focus is on Major Funds, which provides detailed information about the most significant funds. The City, like other governmental entities, uses funds to ensure and demonstrate compliance with financial requirements imposed by law, bond covenants, and local administrative and legislative actions. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**GOVERNMENTAL FUNDS** – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

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

of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and the Community Redevelopment Agency Funds, both of which are considered major funds. Data from the other eleven (11) funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided on pages 103 to 107 in this report

#### **PROPRIETARY FUNDS**

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains ten (10) individual enterprise funds. Information is presented separately in the proprietary funds statement of net assets and in the proprietary funds statement of revenues, expenses, and changes in net assets for the Electric, Gas, Sewer, Water, Airport, and Stormwater Management Funds, all of which are considered major funds. Data from the other four (4) funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major proprietary funds is provided on pages 108 to 111 in this report.

*Internal Service Funds* are used to account for activities that provide goods and services to the City's other programs and activities. The City maintains thirteen (13) individual internal service funds. These internal service funds are allocated between governmental activities and business-type activities in the government-wide financial statements based upon the activity that receives the predominant benefit. Internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided on pages 113 to 119 in this report.

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

#### **NOTES TO THE FINANCIAL STATEMENTS**

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

#### **OTHER INFORMATION**

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table is a summary of the fiscal year 2013 Statement of Net Position found on pages 34 to 35 with comparative information for fiscal year 2012.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
				As Restated		
<b>Assets</b>						
Current and other assets	\$ 143.9	\$ 187.4	\$ 633.4	\$ 730.4	\$ 777.3	\$ 917.8
Capital assets	908.9	910.8	1,663.4	1,585.5	2,572.3	2,496.3
<b>Total Assets</b>	<u>1,052.8</u>	<u>1,098.2</u>	<u>2,296.8</u>	<u>2,315.9</u>	<u>3,349.6</u>	<u>3,414.1</u>
<b>Liabilities</b>						
Current and other liabilities	41.4	47.8	173.9	181.8	215.3	229.6
Long-term debt outstanding	70.3	86.8	950.8	973.9	1,021.1	1,060.7
<b>Total Liabilities</b>	<u>111.7</u>	<u>134.6</u>	<u>1,124.7</u>	<u>1,155.7</u>	<u>1,236.4</u>	<u>1,290.3</u>
<b>Net Position</b>						
Invested in capital assets, net of related debt	847.1	834.5	785.3	762.5	1,632.4	1,597.0
Restricted	36.6	81.8	190.3	185.7	226.9	267.5
Unrestricted	57.4	47.3	196.5	212.0	253.9	259.3
<b>Total Net Position</b>	<u>\$ 941.1</u>	<u>\$ 963.6</u>	<u>\$ 1,172.1</u>	<u>\$ 1,160.2</u>	<u>\$ 2,113.2</u>	<u>\$ 2,123.8</u>

Changes in net position over time can be one of the best and most useful indicators of financial position. Total net position of the City decreased from \$2.123 billion in 2012 to \$2.113 billion in 2013, a decrease of \$10.6 million or 0.5%.

The largest portion of the City's net position, \$1.63 billion or 77.2%, reflects its substantial investment in capital assets (e.g., land, buildings, equipment, etc.), less the related outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the City's net position \$226.9 million (10.7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$253.9 million (12.0%) is available to meet the ongoing obligations of the City.

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

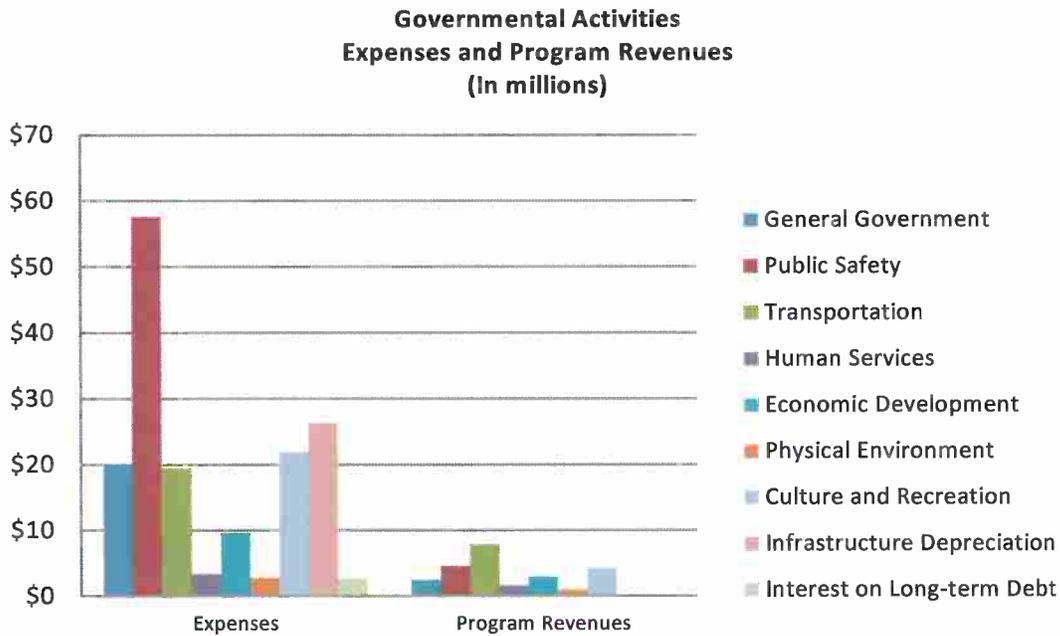
The following table is a summary of the fiscal year 2013 Statement of Activities found on pages 31 to 32 with comparative information for fiscal year 2012.

**Table 2**  
**Changes in Net Position**  
**(in millions)**

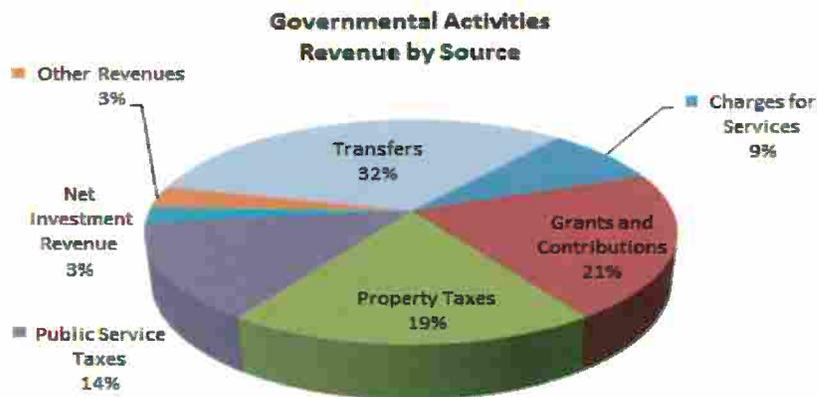
	<b>Governmental Activities</b>		<b>Business Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for Services	\$14.1	\$13.1	\$468.8	\$503.2	\$482.9	\$516.3
Operating Grants and Contributions	5.7	11.0	5.9	6.9	11.6	17.9
Capital Grants and Contributions	5.1	8.1	11.6	20.0	16.7	28.1
<b>General revenues</b>						
Property Taxes	31.5	33.5	--	--	31.5	33.5
Public Service Taxes	22.8	22.5	--	--	22.8	22.5
Grants and Contributions	24.0	24.3	--	--	24.0	24.3
Net Investment Revenue	4.1	3.5	6.9	7.2	11.0	10.7
Other Revenues	5.1	10.3	(7.5)	0.5	(2.4)	10.8
<b>Total Revenues</b>	<b>112.4</b>	<b>126.3</b>	<b>485.7</b>	<b>537.8</b>	<b>598.1</b>	<b>664.1</b>
<b>Expenses</b>						
General Government	20.2	19.1	--	--	20.2	19.1
Public Safety	57.6	56.0	--	--	57.6	56.0
Transportation	19.4	20.4	--	--	19.4	20.4
Cultural and Recreation	21.9	21.4	--	--	21.9	21.4
Depreciation on Infrastructure	26.4	26.4	--	--	26.4	26.4
Other Primary Government	18.5	19.8	--	--	18.5	19.8
Electric	--	--	237.4	266.2	237.4	266.2
Gas	--	--	27.5	30.1	27.5	30.1
Sewer	--	--	48.4	47.3	48.4	47.3
Water	--	--	26.5	26.3	26.5	26.3
Airport	--	--	13.8	12.9	13.8	12.9
StarMetro	--	--	20.9	19.1	20.9	19.1
Solid Waste	--	--	22.0	21.3	22.0	21.3
Golf	--	--	1.0	1.0	1.0	1.0
Stormwater Management	--	--	13.9	15.1	13.9	15.1
Fire Services	--	--	33.3	32.1	33.3	32.1
<b>Total Expenses</b>	<b>164.0</b>	<b>163.1</b>	<b>444.7</b>	<b>471.4</b>	<b>608.7</b>	<b>634.5</b>
<b>Excess (Deficiency) before transfers</b>	<b>(51.6)</b>	<b>(36.8)</b>	<b>41.0</b>	<b>66.4</b>	<b>(10.6)</b>	<b>29.6</b>
Transfers	29.1	29.2	(29.1)	(29.2)	--	--
<b>Increase (Decrease) in Net Position</b>	<b>(\$22.5)</b>	<b>(\$7.6)</b>	<b>\$11.9</b>	<b>\$37.2</b>	<b>(\$10.6)</b>	<b>\$29.6</b>

**GOVERNMENTAL ACTIVITIES** - During the fiscal year, net position for governmental activities decreased \$22.5 million from the prior fiscal year for an ending balance of \$941.1 million. Contributing to the decrease in net position is the impact the City continues to experience from the recession, revenues such as property taxes and grants were lower than the previous year. In addition, the investments of the City’s governmental activities experienced a decrease in fair market value.

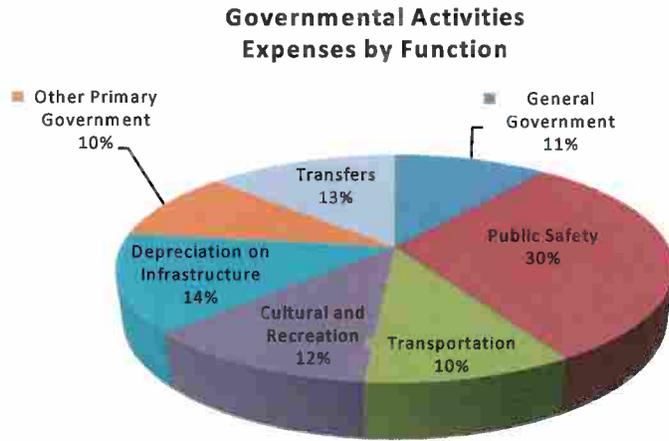
The following chart compares expenses and program revenues for the governmental activities.



The following chart illustrates the City’s Revenues by Source for the City’s governmental activities.



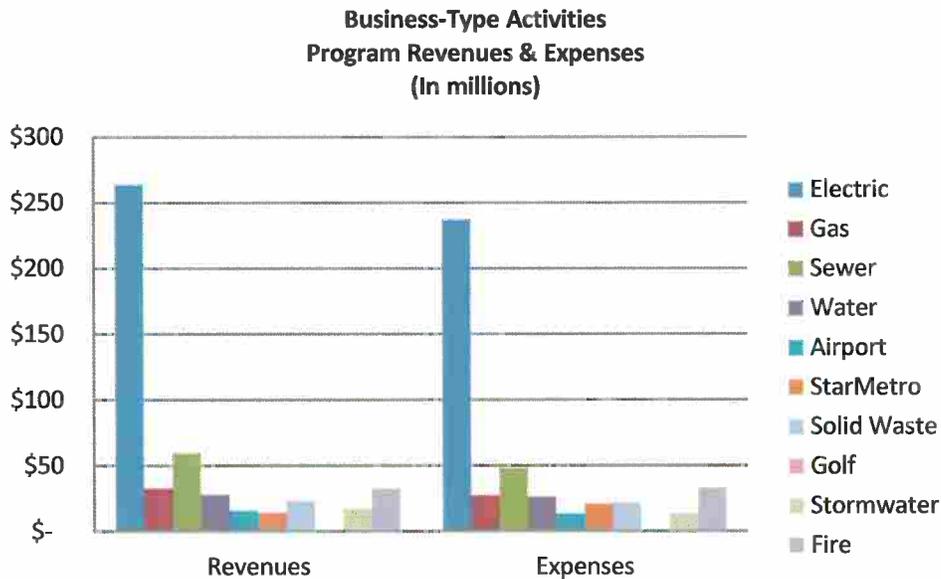
The following chart illustrates the City's Expenses by Function for the City's governmental activities.



### BUSINESS-TYPE ACTIVITIES

For the City's Business-type activities, the results for the current fiscal year were positive. The net position increased to reach an ending balance of \$1,172.1 billion. The total increase in net position for business-type activities was \$11.9 million, or 1.0% from the prior fiscal year

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



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### GOVERNMENTAL FUNDS

The fund financial statements for the governmental funds are provided on pages 40 to 43. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$83 million, a decrease of \$34.1 million in comparison with the prior year. Of this amount \$1.9 million is considered non-spendable; \$29.5 million is restricted for purposes which are externally imposed by providers; \$47.2 million is committed for specific purposes that are internally imposed by the government through the City Commission; \$3.9 million is assigned for specific purposes that are that are internally established by management; and \$0.5 million is unassigned.

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

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

Fund	Fund Balances 9/30/2012	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2013
<b>General Fund</b>	\$ 24.4	\$ 133.3	\$ 133.1	\$ 0.2	\$ 24.6
<b>Community Redevelopment</b>	9.6	2.3	5.3	(3.0)	6.6
<b>Other Funds</b>	83.1	100.2	131.4	(31.2)	51.9
<b>Total City Funds</b>	<u>\$ 117.1</u>	<u>\$ 235.8</u>	<u>\$ 269.8</u>	<u>\$ (34.0)</u>	<u>\$ 83.1</u>

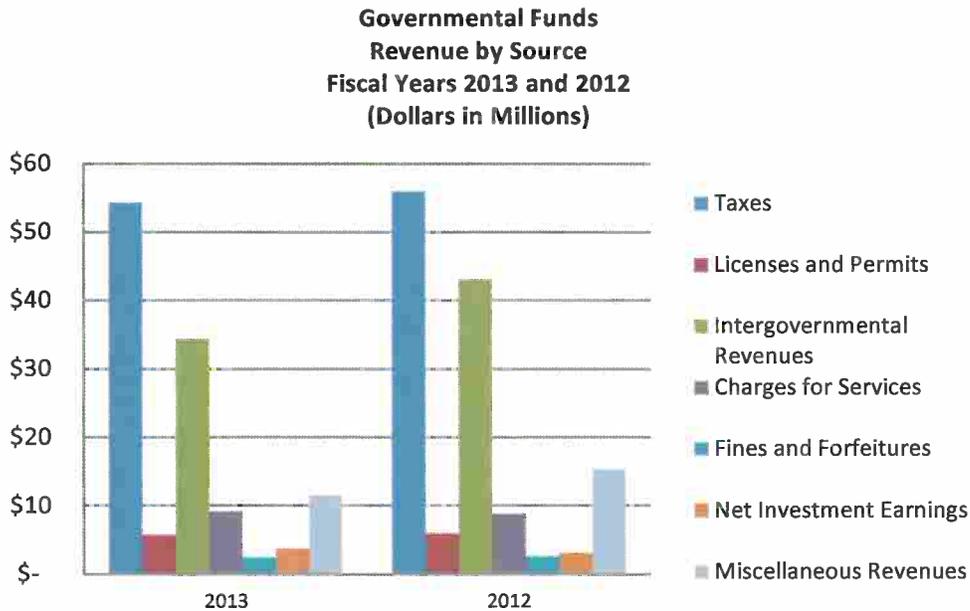
The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balance for the general fund was \$24.6 million, or 18.5% of general fund expenditures and other financing uses. Of this amount, \$0.7 million is non-spendable, \$20.6 million is committed, \$1.7 million is assigned, and \$1.6 million is unassigned.

The fund balance for the City's General Fund increased \$176,000 from 2012. During fiscal year 2013, revenues and other sources decreased \$1.8 million, 1.3%, as compared to the prior year while expenditures and other uses increased \$3.7 million, 2.9%, as compared to the prior year.

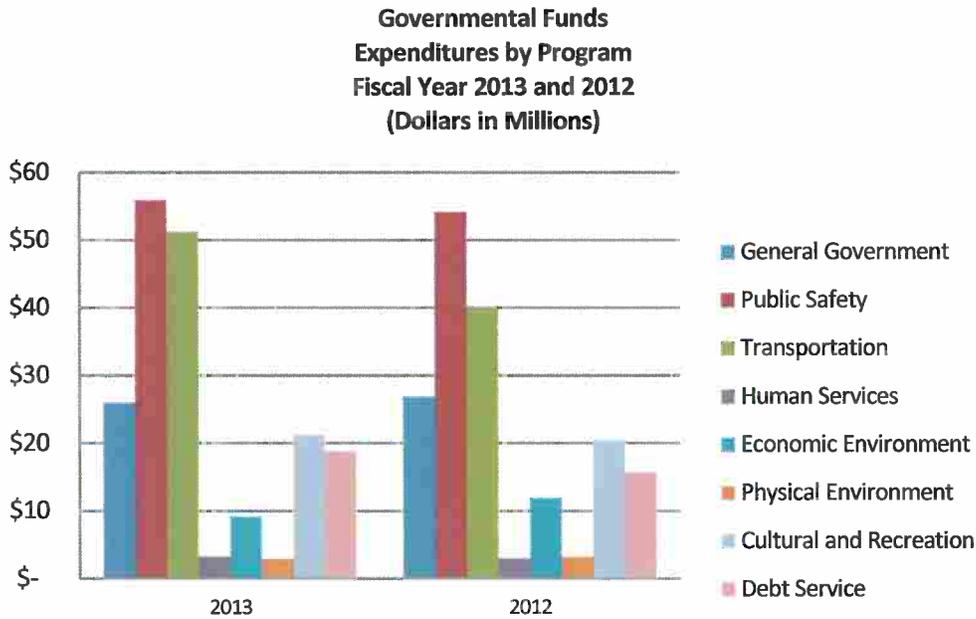
The fund balance for the City's Community Redevelopment Agency Fund decreased \$3.0 million from 2012.

The fund balance in the City's other non-major governmental funds decreased \$31.2 million from 2012 as a result of the expenditure of bond proceeds received in prior years and the use of cash reserves to fund the advance refunding of the Capital Bonds, Series 2004.

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



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



**PROPRIETARY FUNDS**

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

## GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 98 of the financial statements.

There was no material change between the original and final amended general fund operating budget for 2013; however changes to the budgets between functions occurred between the budget for transfers, which increased by \$3.3 million, and various other expense categories that decreased to fund projects. Project priorities change during the year based on needs, assessments, availability of grant funding or other issues that impact the start or completion of projects or their cost.

The City's general fund generated a positive variance of approximately \$680,000 between the final amended budget and actual results of operation. Actual revenues were less than final budgeted revenues by \$3.3 million, or 2.4%; these variances were spread across most revenue sources as the City's revenue stream continues to be impacted by the economic environment. Actual expenditures for the year were less than final budgeted expenditures by \$4.0 million, or 2.9%, these variances were spread across most expenditure line items due to regular budget monitoring and continuation of soft freezes on hiring for vacant positions.

### CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities, net of depreciation, as of September 30, 2013, was approximately \$2.6 billion. This represents a net increase of approximately \$76 million, or 3.0%, over last year. See Note IV-D for more information about the City's capital assets.

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
			2012				
	2013	2012	2013	As Restated	2013	As Restated	
<b>Land</b>	\$ 358	\$ 357	\$ 125	\$ 124	\$ 483	\$ 481	0.4%
<b>Buildings</b>	56	59	124	63	180	122	47.5%
<b>Equipment</b>	6	7	394	359	400	366	9.2%
<b>Improvements (Other than Buildings)</b>	7	7	23	8	30	15	100.0%
<b>Infrastructure</b>	377	396	555	624	932	1,020	-8.6%
<b>Intangibles</b>	1	--	71	60	72	60	20.0%
<b>Construction in Progress</b>	104	85	371	347	475	432	9.9%
<b>Total</b>	<u>\$ 909</u>	<u>\$ 911</u>	<u>\$ 1,663</u>	<u>\$ 1,585</u>	<u>\$ 2,572</u>	<u>\$ 2,496</u>	<u>3.0%</u>

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

- Aviation infrastructure - \$3.7 million
- Electric generation, transmission and distribution infrastructure - \$62.8 million
- Gas transmission and distribution infrastructure - \$4.1 million
- Public Safety Complex construction - \$11.8 million
- Sewer collection, treatment, and disposal infrastructure - \$36.7 million
- StarMetro acquisition of buses and system improvements - \$6.0 million
- Stormwater infrastructure - \$5.6 Million
- Street construction, widening and expansion projects - \$17.1 million
- Water transmission and distribution infrastructure - \$11.0 million

#### LONG-TERM DEBT

As shown in the following table, as of September 30, 2013, the City had \$1,029.6 million in total debt outstanding. This amount represents bonds and loans secured by specified revenue sources and excludes issuance premium and discounts.

**Table 5**  
**Outstanding Debt at September 30**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2013	2012	2013	2012	2013	2012
<b>General Revenue Bonds</b>	\$ 71.8	\$ 90.5	\$ --	\$ --	\$ 71.8	\$ 90.5
<b>Proprietary Revenue Bonds</b>	--	--	924.5	944.5	924.5	944.5
<b>Other Loans</b>	--	--	33.3	35.7	33.3	35.7
<b>Total</b>	<u>\$ 71.8</u>	<u>\$ 90.5</u>	<u>\$ 957.8</u>	<u>\$ 980.2</u>	<u>\$ 1,029.6</u>	<u>\$ 1,070.7</u>

The City's total bonded debt decreased by \$41.1 million, or 3.84%, during the current fiscal year. In addition to the scheduled pay down of existing debt, the City advanced refunded the outstanding balance (\$62.5 million) of the Capital Bonds, Series 2004 utilizing \$10.4 million of cash and the issuance of the Capital Bonds, Series 2012 (\$49.2 million).

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

**Table 6  
Bond Ratings**

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

Additional information about the City's long-term liabilities is included in Note IV-G to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The unemployment rate for the Tallahassee Metropolitan Statistical Area (MSA) continue to show improvement as the impact of the recession lessens. In November 2013, the Tallahassee MSA unemployment rate was 5.3% as compared to the state's unemployment rate of 6.4%. For December 2012, the Tallahassee MSA unemployment rate was 7.1% as compared with the statewide rate of 8.6%.
- The percentage of employees employed by local, state, and federal government in Tallahassee is approximately 31.7 % of the work force.
- The ratio of taxable assessed value to total estimated value for ad valorem tax purposes equals 46.27 percent, demonstrating the lack of taxable property in the City due to the large amount of tax-exempt property. In addition, property tax reform initiated at the state level and the general slowdown in the state economy, especially in the housing market, continues to have significant impact on the revenues of the City.
- Inflationary pressures, the lack of growth, increased conservation, and environmental issues continue to impact the City's electric, gas, water and sewer utilities.
- The Florida Legislature continues to consider various proposals relating to caps on the growth of state and local government revenues and expenditures. Potential legislation could have a significant impact on the City's ability to meet the service level expectations of its residents. The City is carefully monitoring these initiatives and their potential future impact.

These indicators, as well as others, were taken into account when adopting the City's budget for fiscal year 2014. The City's total operating budget for fiscal year 2014 totals \$689.2 million, which is \$4.1 million more than the fiscal year 2013 approved budget. The 2014 budget allocates \$138.4 million to the general fund, \$525.2 million to the enterprise funds, and \$25.6 million to other funds.

For the fiscal year 2014 budget, the ad valorem tax rate remains at 3.700 mills. In addition, no fee or utility rate adjustments, except for annual CPI adjustments, are included in the 2014 budget.

Personnel expenditures account for approximately 25.4% of the City's Operating Budget. The City's fiscal year 2014 operating budget includes a net increase of 10 positions, bringing the budgeted full time equivalent staff count to 2,811.

The City's fiscal year 2014 Capital Budget totals \$163.0 million with the City's utilities accounting for \$88.0 million (54.0%); other major uses include transportation, general government, and culture and recreation. Bond proceeds (new and existing) will fund approximately 32.7% of these capital projects with the balance of funding coming primarily from capital improvement funds reserved for projects, federal funds, state funds, and general government resources. The City has a five year plan for capital improvements for all projects planned through fiscal year 2018 that totals \$764.0 million with appropriations of funding made on an annual basis.

#### FINANCIAL CONTACT

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



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# **BASIC FINANCIAL STATEMENTS**

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

Government-wide Financial Statements  
Governmental Funds Financial Statements  
Proprietary Funds Financial Statements  
Fiduciary Funds Financial Statements  
Notes to Financial Statements

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**  
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Downtown Improvement Authority
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents.....	\$ 88,539	\$ 205,126	\$ 293,665	\$ 142
Securities Lending Collateral .....	8,951	20,738	29,689	14
Receivables:				
Accrued Interest.....	221	538	759	--
Customers and Other.....	3,273	36,287	39,560	--
Notes.....	141	9,461	9,602	--
Special Assessments.....	160	--	160	--
Property Taxes-Delinquent.....	--	--	--	--
Less: Allowance for Doubtful Accounts.....	(500)	(3,489)	(3,989)	--
Due from Other Governments.....	4,934	7,115	12,049	--
Prepaid Expenses.....	--	2,214	2,214	--
Inventory.....	296	52,070	52,366	--
Cash and Cash Equivalents - Restricted.....	9,154	284,560	293,714	--
Investments - Restricted.....	--	752	752	--
Securities Lending Collateral - Restricted.....	927	28,203	29,130	--
Receivables - Restricted:				
Accrued Interest.....	24	692	716	--
Other.....	11	--	11	--
Notes.....	905	--	905	--
Due from Other Governments.....	1,776	1,324	3,100	--
<b>Total Current Assets.....</b>	<b>118,812</b>	<b>645,591</b>	<b>764,403</b>	<b>156</b>
<b>Noncurrent Assets</b>				
Internal Balances.....	24,680	(24,680)	--	--
Deposits.....	--	4,569	4,569	--
Unamortized Bond Issue Costs.....	421	7,931	8,352	--
Capital Assets				
Land and Construction in Progress.....	462,472	496,012	958,484	--
Other, Net of Accumulated Depreciation.....	446,475	1,167,428	1,613,903	--
<b>Total Noncurrent Assets.....</b>	<b>934,048</b>	<b>1,651,260</b>	<b>2,585,308</b>	<b>--</b>
<b>Total Assets.....</b>	<b>\$ 1,052,860</b>	<b>\$ 2,296,851</b>	<b>\$ 3,349,711</b>	<b>\$ 156</b>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**September 30, 2013**  
(in thousands)

	Primary Government			Component Unit Downtown Improvement Authority
	Governmental Activities	Business- type Activities	Total	
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Obligations Under Securities Lending .....	\$ 8,951	\$ 20,738	\$ 29,689	\$ 14
Accounts Payable.....	7,199	51,428	58,627	34
Customer Contracts Payable.....	--	765	765	--
Utility Deposits Payable.....	--	18,060	18,060	--
Unearned Revenue.....	1,784	5	1,789	--
Compensated Absences.....	6,402	8,341	14,743	8
Accounts Payable - Restricted.....	4,273	8,143	12,416	--
Obligations Under Securities Lending - Restricted.	927	28,203	29,130	--
Unearned Revenue - Restricted.....	436	--	436	--
Bonds & Loans Payable - Current.....	6,050	22,482	28,532	--
<b>Total Current Liabilities</b> .....	<b>36,022</b>	<b>158,165</b>	<b>194,187</b>	<b>56</b>
<b>Noncurrent Liabilities</b>				
Compensated Absences.....	2,931	3,414	6,345	5
Customer Contracts Payable.....	--	1,662	1,662	--
Claims Payable.....	--	10,699	10,699	--
Net OPEB Obligation.....	2,500	--	2,500	--
Bonds & Loans Payable.....	70,295	950,826	1,021,121	--
<b>Total Noncurrent Liabilities</b> .....	<b>75,726</b>	<b>966,601</b>	<b>1,042,327</b>	<b>5</b>
<b>Total Liabilities</b> .....	<b>111,748</b>	<b>1,124,766</b>	<b>1,236,514</b>	<b>61</b>
<b>NET POSITION</b>				
Invested in Capital Assets, net of Related Debt.....	847,097	785,276	1,632,373	--
Restricted for:.....				
Capital Projects.....	29,526	153,154	182,680	--
Debt Service.....	783	37,141	37,924	--
Cemetery.....	6,339	--	6,339	--
Unrestricted.....	57,367	196,514	253,881	95
<b>Total Net Position</b> .....	<b>941,112</b>	<b>1,172,085</b>	<b>2,113,197</b>	<b>95</b>
<b>Total Liabilities and Net Position</b> .....	<b>\$ 1,052,860</b>	<b>\$ 2,296,851</b>	<b>\$ 3,349,711</b>	<b>\$ 156</b>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**For the fiscal year ended September 30, 2013**  
**(in thousands)**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government.....	\$ 20,184	\$ 2,074	\$ 401	\$ --
Public Safety.....	57,637	3,376	1,042	176
Transportation.....	19,432	2,911	11	4,905
Human Services.....	3,428	787	861	--
Economic Development.....	9,564	--	2,978	--
Physical Environment.....	2,829	979	47	(7)
Culture and Recreation.....	21,907	3,956	364	--
Unallocated Depreciation on Infrastructure.....	26,413	--	--	--
Interest on Long-Term Debt.....	2,718	--	--	--
<b>Total governmental activities.....</b>	<b>164,112</b>	<b>14,083</b>	<b>5,704</b>	<b>5,074</b>
<b>Business-type Activities:</b>				
Electric.....	237,360	257,511	3,180	--
Gas.....	27,454	32,731	--	--
Sewer.....	48,372	59,624	--	--
Water.....	26,511	28,137	--	--
Airport.....	13,837	11,561	--	4,533
StarMetro.....	20,853	4,759	2,681	7,051
Solid Waste.....	22,013	23,249	--	--
Golf.....	1,023	893	--	--
Stormwater Management.....	13,941	17,670	--	--
Fire Services.....	33,256	32,659	--	--
<b>Total business-type activities.....</b>	<b>444,620</b>	<b>468,794</b>	<b>5,861</b>	<b>11,584</b>
<b>Total primary government.....</b>	<b>\$ 608,732</b>	<b>\$ 482,877</b>	<b>\$ 11,565</b>	<b>\$ 16,658</b>
<b>Component Unit:</b>				
Downtown Improvement Authority.....	\$ 394	\$ --	\$ --	\$ --

General Revenues:

Property taxes, levied for general purposes.....	
Public service taxes.....	
Business license tax.....	
Grants and contributions not restricted to specific programs.....	
Net unrestricted investment earnings.....	
Net securities lending income.....	
Change in fair value of investments.....	
Miscellaneous.....	
Net transfers.....	
<b>Total general revenues and transfers.....</b>	
Change in net position.....	
Net position - October 1.....	
Adjustment to October 1 net position.....	
Net position - October 1 as restated.....	
Net position - September 30.....	

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended September 30, 2013  
(in thousands)

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (17,709)	\$ --	\$ (17,709)	\$ --
(53,043)	--	(53,043)	--
(11,605)	--	(11,605)	--
(1,780)	--	(1,780)	--
(6,586)	--	(6,586)	--
(1,810)	--	(1,810)	--
(17,587)	--	(17,587)	--
(26,413)	--	(26,413)	--
(2,718)	--	(2,718)	--
<u>(139,251)</u>	<u>--</u>	<u>(139,251)</u>	<u>--</u>
--	23,331	23,331	--
--	5,277	5,277	--
--	11,252	11,252	--
--	1,626	1,626	--
--	2,257	2,257	--
--	(6,362)	(6,362)	--
--	1,236	1,236	--
--	(130)	(130)	--
--	3,729	3,729	--
--	(597)	(597)	--
<u>--</u>	<u>41,619</u>	<u>41,619</u>	<u>--</u>
<u>(139,251)</u>	<u>41,619</u>	<u>(97,632)</u>	<u>--</u>
			<u>(394)</u>
31,522	--	31,522	183
22,835	--	22,835	--
4,973	--	4,973	--
24,046	--	24,046	--
4,086	6,861	10,947	3
14	30	44	--
(1,658)	(7,494)	(9,152)	(4)
1,808	--	1,808	92
29,103	(29,103)	--	--
<u>116,729</u>	<u>(29,706)</u>	<u>87,023</u>	<u>274</u>
<u>(22,522)</u>	<u>11,913</u>	<u>(10,609)</u>	<u>(120)</u>
963,634	1,155,640	2,119,274	215
--	4,532	4,532	--
<u>963,634</u>	<u>1,160,172</u>	<u>2,123,806</u>	<u>215</u>
<u>\$ 941,112</u>	<u>\$ 1,172,085</u>	<u>\$ 2,113,197</u>	<u>\$ 95</u>

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

# FUNDS

## GOVERNMENTAL FUNDS

<b>General</b>	Accounts for all financial resources except those required to be accounted for in another fund. The functions paid for by the general fund include police, protective inspection, code enforcement, culture and recreation, general government, transportation, human services, economic development, and physical environment.
<b>Community Redevelopment Agency</b>	Accounts for the general tax revenue collected on and the expenses incurred in the redevelopment of properties in the community redevelopment area.
<b>Other Governmental Funds</b>	Detailed descriptions of these funds are provided on page 103.

## PROPRIETARY FUNDS

<b>Electric</b>	Accounts for the assets, operation and maintenance of the City-owned electric generation, transmission, and distribution system.
<b>Gas</b>	Accounts for the assets, operation and maintenance of the City-owned gas system.
<b>Sewer</b>	Accounts for the assets, operation and maintenance of the City's wastewater collection and treatment system.
<b>Water</b>	Accounts for the assets, operation and maintenance of the City's water production and distribution system.
<b>Airport</b>	Accounts for the assets, operation and maintenance of the City-owned regional airport.
<b>Stormwater Management</b>	Accounts for the operation, maintenance, and expansion of the City-owned stormwater utility system.
<b>Other Enterprise Funds</b>	Detailed descriptions of these funds are provided on page 108.
<b>Internal Service Funds</b>	Detailed descriptions of these funds are provided on page 113.

**FUNDS**  
(continued)

**FIDUCIARY FUNDS**

**Pension Trust**

Accounts for the accumulation of resources to be used for retirement annuity payments to City employees including both a Defined Benefit Plan and a Defined Contribution Plan. The Defined Benefit Plan accounts for general employees, police officers and fire fighters separately. The Defined Contribution Plan covers all employees.

**Nuclear  
Decommissioning**

Accounts for resources legally held in trust for Florida Power Corporation (FPC) for the future decommissioning of the Crystal River Unit 3 Utility Plant (CR3 Plant).

**OPEB Trust**

Accounts for the accumulation of resources to be used for benefit payments for retirees health care costs.

**CITY OF TALLAHASSEE, FLORIDA**  
**BALANCE SHEET**  
**Governmental Funds**  
**September 30, 2013**  
(in thousands)

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 26,676	\$ --	\$ 50,542	\$ 77,218
Securities Lending Collateral .....	2,697	--	5,110	7,807
Receivables:				
Accrued Interest.....	67	--	130	197
Customers and Other.....	2,815	--	335	3,150
Notes.....	--	--	141	141
Special Assessments - Current.....	--	--	160	160
Less: Allowance for Doubtful Accounts.....	(500)	--	--	(500)
Due From Other Governments.....	1,320	--	3,246	4,566
Advances to Other Funds.....	1,080	--	--	1,080
Inventory.....	296	--	--	296
Cash and Cash Equivalents - Restricted.....	477	6,338	2,339	9,154
Investments - Restricted.....	--	--	--	--
Securities Lending Collateral - Restricted.....	48	641	238	927
Receivables - Restricted:				
Accrued Interest Receivable.....	--	15	9	24
Customers.....	--	--	11	11
Notes Receivable.....	--	624	281	905
Due from Other Governments.....	--	--	1,776	1,776
<b>Total Assets</b> .....	<b>\$ 34,976</b>	<b>\$ 7,618</b>	<b>\$ 64,318</b>	<b>\$ 106,912</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Obligations Under Securities Lending .....	\$ 2,697	\$ --	\$ 5,110	\$ 7,807
Accounts and Retainage Payable.....	3,677	--	1,389	5,066
Unearned Revenue.....	1,575	--	126	1,701
Accounts and Retainage Payable - Restricted.....	477	391	3,405	4,273
Obligations Under Securities Lending - Restricted....	48	641	238	927
Due to Other Funds.....	66	--	--	66
Due to Other Governments.....	676	--	--	676
Advances from Other Funds.....	1,192	--	1,758	2,950
Unearned Revenue - Restricted.....	--	--	436	436
<b>Total Liabilities</b> .....	<b>10,408</b>	<b>1,032</b>	<b>12,462</b>	<b>23,902</b>
<b>FUND BALANCES</b>				
Non-spendable.....	700	14	1,212	1,926
Spendable:				
Restricted.....	--	6,572	22,954	29,526
Committed.....	20,552	--	26,627	47,179
Assigned.....	1,741	--	2,136	3,877
Unassigned.....	1,575	--	(1,073)	502
<b>Total Fund Balances</b> .....	<b>24,568</b>	<b>6,586</b>	<b>51,856</b>	<b>83,010</b>
<b>Total Liabilities and Fund Balances</b> .....	<b>\$ 34,976</b>	<b>\$ 7,618</b>	<b>\$ 64,318</b>	<b>\$ 106,912</b>

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

**CITY OF TALLAHASSEE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2013**  
**(in thousands)**

**Total Fund Balances - Governmental Funds** **\$ 83,010**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 895,754

Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds. 14,074

Unamortized Bond Issue Costs are not financial resources and, therefore, are not reported in the funds. 421

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the governmental-type internal services funds are included in the Statement of Net Position. 35,073

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (87,220)

**Net Position - Governmental Activities** \$ 941,112

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**Governmental Funds**  
**For the fiscal year ended September 30, 2013**  
**(in thousands)**

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Taxes.....	\$ 53,613	\$ 744	\$ --	\$ 54,357
Licenses and Permits.....	2,538	--	3,207	5,745
Intergovernmental Revenues.....	14,108	1,328	18,915	34,351
Charges for Services.....	8,719	--	465	9,184
Fines and Forfeitures.....	2,212	--	265	2,477
Net Investment Earnings.....	783	115	2,852	3,750
Securities Lending Income.....	11	--	38	49
Change in the Fair Value of Investments.....	(342)	(132)	(1,017)	(1,491)
Miscellaneous Revenues.....	10,588	262	2,165	13,015
<b>Total Revenues.....</b>	<b>92,230</b>	<b>2,317</b>	<b>26,890</b>	<b>121,437</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government.....	24,058	--	1,950	26,008
Public Safety.....	51,905	--	3,956	55,861
Transportation.....	15,965	--	35,260	51,225
Human Services.....	2,481	--	803	3,284
Economic Environment.....	724	5,344	3,126	9,194
Physical Environment.....	2,320	--	571	2,891
Cultural and Recreation.....	19,038	--	2,204	21,242
<b>Securities Lending Expense:</b>				
Interest.....	7	--	26	33
Agent Fees.....	1	--	2	3
<b>Debt Service:</b>				
Principal Retired.....	--	--	5,320	5,320
Interest and Fiscal Charges.....	96	--	2,860	2,956
Bond Issuance Costs.....	--	--	236	236
Advance Refunding Escrow.....	--	--	10,340	10,340
<b>Total Expenditures.....</b>	<b>116,595</b>	<b>5,344</b>	<b>66,654</b>	<b>188,593</b>
<b>Excess of Revenues Over (Under) Expenditures.....</b>	<b>(24,365)</b>	<b>(3,027)</b>	<b>(39,764)</b>	<b>(67,156)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In.....	41,095	--	12,063	53,158
Transfers Out.....	(16,554)	--	(6,588)	(23,142)
Refunding Bond Issue.....	--	--	58,164	58,164
Payment to Refunded Bond Escrow Agent.....	--	--	(58,164)	(58,164)
Proceeds from Sale of Capital Assets.....	--	--	3,055	3,055
<b>Total Other Financing Sources (Uses).....</b>	<b>24,541</b>	<b>--</b>	<b>8,530</b>	<b>33,071</b>
<b>Net Change in Fund Balances.....</b>	<b>176</b>	<b>(3,027)</b>	<b>(31,234)</b>	<b>(34,085)</b>
Fund Balances - October 1.....	24,392	9,613	83,090	117,095
<b>Fund Balances - September 30.....</b>	<b>\$ 24,568</b>	<b>\$ 6,586</b>	<b>\$ 51,856</b>	<b>\$ 83,010</b>

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

**CITY OF TALLAHASSEE, FLORIDA  
RECONCILIATION OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the fiscal year ended September 30, 2013  
(in thousands)**

**Net Changes in Fund Balances - Total Governmental Funds** **\$ (34,085)**

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

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (2,245)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain internal services funds is reported with governmental activities. (2,473)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 16,113

The net change in compensated absences which is reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds. 168

**Change in Net Position of Governmental Activities** \$ (22,522)

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

CITY OF TALLAHASSEE, FLORIDA  
STATEMENT OF NET POSITION

Proprietary Funds  
September 30, 2013  
(in thousands)

	Enterprise Funds								Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	
<b>ASSETS</b>									
<b>Current Assets</b>									
Cash and Cash Equivalents.....	\$ 80,671	\$ 2,627	\$ 774	\$ 1,862	\$ 3,634	\$ 59,798	\$ 13,551	\$ 162,917	\$ 53,530
Investments.....	--	--	--	--	--	--	--	--	--
Securities Lending Collateral.....	8,156	266	78	188	367	6,046	1,370	16,471	5,411
Receivables:									
Accrued Interest.....	199	6	5	4	9	148	33	404	158
Notes.....	8,616	--	845	--	--	--	--	9,461	--
Customers and Others.....	22,036	1,002	3,810	1,769	1,035	1,086	4,842	35,580	830
Due From Other Governments.....	1,758	--	887	4	--	2	4,082	6,733	750
Less: Allowance for Doubtful Accounts.....	(1,750)	(88)	(223)	(206)	(241)	(225)	(756)	(3,489)	--
Prepaid Expenses.....	--	--	--	--	--	--	--	--	2,214
Due from Other Funds.....	3,490	--	--	--	--	--	--	3,490	76
Inventory.....	46,782	116	1,603	77	--	--	947	49,525	2,545
Cash and Cash Equivalents - Restricted.....	179,311	6,143	60,625	28,334	8,047	--	2,100	284,560	--
Investments - Restricted.....	--	--	--	--	752	--	--	752	--
Securities Lending Collateral - Restricted.....	18,052	575	6,129	2,633	814	--	--	28,203	--
Receivables - Restricted.....	--	--	--	--	--	--	--	--	--
Accrued Interest.....	442	14	150	65	21	--	--	692	--
Due from Other Governments.....	--	--	--	--	1,324	--	--	1,324	--
<b>Total Current Assets.....</b>	<b>367,763</b>	<b>10,661</b>	<b>74,683</b>	<b>34,730</b>	<b>15,762</b>	<b>66,855</b>	<b>26,169</b>	<b>596,623</b>	<b>65,514</b>
<b>Noncurrent Assets</b>									
Advances to Other Funds.....	500	--	--	--	--	178	--	678	2,628
Deposits.....	--	--	--	--	--	--	7	7	4,562
Unamortized Bond Issue Costs.....	5,353	128	2,015	435	--	--	--	7,931	--
Capital Assets									
Land and Construction in Progress.....	219,936	6,346	113,353	18,113	12,585	104,287	21,348	495,968	6,552
Other, Net of Accumulated Depreciation.....	485,977	51,185	312,758	112,277	89,303	35,912	37,439	1,124,851	49,262
<b>Total Noncurrent Assets.....</b>	<b>711,766</b>	<b>57,659</b>	<b>428,126</b>	<b>130,825</b>	<b>101,888</b>	<b>140,377</b>	<b>58,794</b>	<b>1,629,435</b>	<b>63,004</b>
<b>Total Assets.....</b>	<b>\$ 1,079,529</b>	<b>\$ 68,320</b>	<b>\$ 502,809</b>	<b>\$ 165,555</b>	<b>\$ 117,650</b>	<b>\$ 207,232</b>	<b>\$ 84,963</b>	<b>\$ 2,226,058</b>	<b>\$ 128,518</b>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**Proprietary Funds**  
**September 30, 2013**  
(in thousands)

	Enterprise Funds								Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Accounts Payable.....	\$ 20,364	\$ 1,762	\$ 1,098	\$ 303	\$ 2,537	\$ 1,165	\$ 13,445	\$ 40,674	\$ 12,211
Due to Other Funds.....	--	--	--	--	--	--	9	9	3,491
Compensated Absences.....	1,887	153	962	385	279	384	2,763	6,813	2,239
Obligations Under Securities Lending.....	8,156	266	78	188	367	6,046	1,370	16,471	5,411
Customer Contracts Payable.....	--	--	480	285	--	--	--	765	--
Unearned Revenue.....	--	--	--	--	--	--	--	--	88
Utility Deposits Payable.....	16,268	448	--	1,344	--	--	--	18,060	--
Obligations Under Securities Lending - Restricted.....	18,052	575	6,129	2,633	814	--	--	28,203	--
Retainage Payable and Accounts Payable - Restricted.....	2,101	109	4,505	436	992	--	--	8,143	--
Loans Payable - Current.....	1,285	166	--	1,019	--	--	--	2,470	--
Bonds Payable - Current.....	12,011	1,471	5,869	661	--	--	--	20,012	--
<b>Total Current Liabilities.....</b>	<b>80,124</b>	<b>4,950</b>	<b>19,121</b>	<b>7,254</b>	<b>4,989</b>	<b>7,595</b>	<b>17,587</b>	<b>141,620</b>	<b>23,440</b>
<b>Noncurrent Liabilities</b>									
Loans Payable.....	16,053	2,075	--	12,735	--	--	--	30,863	--
Claims Payable.....	--	--	--	--	--	--	--	--	10,699
Customer Contracts Payable.....	--	--	1,081	581	--	--	--	1,662	--
Advances from Other Funds.....	8,705	5,479	--	--	296	--	1,030	15,510	--
Compensated Absences.....	1,177	102	373	158	206	102	852	2,970	691
Net OPEB Obligations.....	--	--	--	--	--	--	--	--	--
Derivative Instruments.....	--	--	--	--	--	--	--	--	--
Deferred Inflows of Resources.....	--	--	--	--	--	--	--	--	--
Bonds Payable.....	573,617	16,974	268,716	60,656	--	--	--	919,963	--
<b>Total Noncurrent Liabilities.....</b>	<b>599,552</b>	<b>24,630</b>	<b>270,170</b>	<b>74,130</b>	<b>502</b>	<b>102</b>	<b>1,882</b>	<b>970,968</b>	<b>11,390</b>
<b>Total Liabilities.....</b>	<b>679,676</b>	<b>29,580</b>	<b>289,291</b>	<b>81,384</b>	<b>5,491</b>	<b>7,697</b>	<b>19,469</b>	<b>1,112,588</b>	<b>34,830</b>
<b>NET POSITION</b>									
Investment in Capital Assets, Net of Related Debt.....	168,141	36,251	173,508	71,112	101,592	140,200	51,851	742,635	55,814
Restricted for Debt Service.....	20,991	1,574	12,963	1,613	--	--	--	37,141	--
Restricted for Renewal, Replacement, and Improvements.....	98,717	4,869	26,964	11,352	9,152	--	2,100	153,154	--
Unrestricted.....	112,004	(3,954)	83	94	1,415	59,335	11,543	180,520	37,874
<b>Total Net Position.....</b>	<b>\$ 399,853</b>	<b>\$ 38,740</b>	<b>\$ 213,518</b>	<b>\$ 84,171</b>	<b>\$ 112,139</b>	<b>\$ 199,535</b>	<b>\$ 65,494</b>	<b>\$ 1,113,470</b>	<b>\$ 93,688</b>

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds.....

58,615

**\$ 1,172,085**

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**Proprietary Funds**  
**For the fiscal year ended September 30, 2013**  
**(in thousands)**

	Enterprise Funds									
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
<b>Operating Revenues:</b>										
Charges for Services:										
Residential Sales.....	\$ 112,491	\$ 10,589	\$ 28,764	\$ 13,452	\$ --	\$ 7,509	\$ 28,163	\$ 200,968	\$ --	
Commercial and Industrial Sales.....	122,539	15,738	19,208	7,752	--	8,749	24,093	198,079	--	
Public Street and Highway Lighting.....	3,694	--	--	--	--	--	--	3,694	--	
Sales for Resale.....	4,109	--	--	--	--	--	--	4,109	--	
Surcharge.....	2,103	188	1,055	1,487	--	--	--	4,833	--	
Tapping Fees.....	--	10	114	436	--	--	--	560	--	
Landing and Tie Down Fees.....	--	--	--	--	1,380	--	--	1,380	--	
Late Fees.....	657	69	--	74	--	--	--	800	--	
Initiating Service.....	862	124	--	494	--	--	--	1,480	--	
Rentals.....	1,048	--	--	359	8,397	--	--	9,804	--	
Cut-ins and Cut-fees.....	1,350	25	--	107	--	--	--	1,482	--	
County Government.....	--	--	--	--	--	--	2,194	2,194	--	
Recyclable Sales.....	--	--	--	--	--	--	822	822	--	
Recreation Fees.....	--	--	--	--	--	--	908	908	--	
Transportation Fees.....	--	--	--	--	--	--	4,863	4,863	--	
Other.....	6,691	702	2,210	2,378	1,784	1,066	640	15,471	195,441	
<b>Total Operating Revenues.....</b>	<b>255,544</b>	<b>27,445</b>	<b>51,551</b>	<b>26,539</b>	<b>11,561</b>	<b>17,324</b>	<b>61,683</b>	<b>451,447</b>	<b>195,441</b>	
<b>Operating Expenses:</b>										
Personnel Services.....	26,883	1,946	13,287	5,494	4,217	5,611	37,904	95,342	32,744	
Fossil Fuel.....	97,569	12,518	--	--	--	--	--	110,087	--	
Power Purchased.....	6,959	--	--	--	--	--	--	6,959	--	
Contractual Services.....	37,820	2,592	12,812	10,664	3,539	6,128	29,452	103,007	139,755	
Materials and Supplies.....	7,671	135	2,785	865	108	557	4,367	16,488	7,749	
Other Expenses.....	6,897	1,650	1,919	3,350	435	542	1,337	16,130	8,779	
Depreciation.....	32,631	1,808	12,971	3,883	3,882	1,012	3,600	59,787	7,552	
Amortization.....	239	13	99	15	--	--	--	366	--	
<b>Total Operating Expenses.....</b>	<b>216,669</b>	<b>20,662</b>	<b>43,873</b>	<b>24,271</b>	<b>12,181</b>	<b>13,850</b>	<b>76,660</b>	<b>408,166</b>	<b>196,579</b>	
<b>Operating Income (Loss).....</b>	<b>\$ 38,875</b>	<b>\$ 6,783</b>	<b>\$ 7,478</b>	<b>\$ 2,268</b>	<b>\$ (620)</b>	<b>\$ 3,474</b>	<b>\$ (14,977)</b>	<b>\$ 43,281</b>	<b>\$ (1,138)</b>	

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**Proprietary Funds**

**For the fiscal year ended September 30, 2013**  
(in thousands)

	Enterprise Funds									
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
Non-Operating Revenues (Expenses):										
Net Investment Earnings.....	\$ 4,239	\$ 128	\$ 692	\$ 140	\$ 155	\$ 800	\$ 177	\$ 6,331	\$ 866	
Change in the Fair Value of Investments.....	(3,960)	(119)	(1,173)	(489)	(145)	(823)	(177)	(6,886)	(775)	
Securities Lending:										
Income.....	66	3	11	7	4	11	4	106	10	
Interest Expense.....	(43)	(2)	(7)	(4)	(3)	(7)	(3)	(69)	(8)	
Agent Fees.....	(5)	--	(1)	(1)	--	(1)	--	(8)	--	
Grant Revenues.....	3,180	--	--	--	--	--	2,681	5,861	--	
Other Revenues.....	--	61	8,273	1,598	--	346	(123)	10,155	2,329	
Interest Expense.....	(18,943)	(1,089)	(4,125)	(2,165)	(69)	--	(120)	(26,511)	(1)	
Gain (Loss) on Sale of Assets.....	--	--	--	--	(3)	--	--	(3)	1	
Other Expenses.....	(264)	(179)	(411)	(6)	(1,623)	--	--	(2,483)	(1,684)	
Total Non-Operating Revenues (Expenses).....	(15,730)	(1,197)	3,259	(920)	(1,684)	326	2,439	(13,507)	738	
Income (Loss) Before Capital Contributions and Operating Transfers.....	23,145	5,586	10,737	1,348	(2,304)	3,800	(12,538)	29,774	(400)	
Capital Contributions and Transfers:										
Capital Contributions.....	--	--	--	--	4,533	--	7,051	11,584	--	
Transfers In.....	1,850	--	5	5	--	10	10,722	12,592	1,439	
Transfers Out.....	(24,388)	(2,614)	(4,243)	(3,339)	(1,083)	(391)	(2,031)	(38,089)	(5,958)	
Total Capital Contributions and Transfers.....	(22,538)	(2,614)	(4,238)	(3,334)	3,450	(381)	15,742	(13,913)	(4,519)	
Change in Net Position.....	607	2,972	6,499	(1,986)	1,146	3,419	3,204	15,861	(4,919)	
Net Position - October 1.....	394,714	35,768	207,019	86,157	111,013	196,116	62,290	98,607	98,607	
Adjustment to October 1 Net Position.....	4,532	--	--	--	--	--	--	--	--	
Net Position - October 1, as restated.....	399,246	35,768	207,019	86,157	111,013	196,116	62,290	98,607	98,607	
Net Position - September 30	\$ 399,853	\$ 38,740	\$ 213,518	\$ 84,171	\$ 112,159	\$ 199,535	\$ 65,494	\$ 93,688	\$ 93,688	

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds..... (3,948)  
Change in net position of business-type activities..... \$ 11,913

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended September 30, 2013**  
*(in thousands)*

	Enterprise Funds										Total	
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Enterprise Funds	Internal Service Funds			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>												
Cash Received from Customers.....	\$ 256,467	\$ 27,998	\$ 53,197	\$ 27,067	\$ 11,914	\$ 17,535	\$ 61,432	\$ 455,610	\$	\$ 197,233		
Cash Received from Other Funds.....	—	61	4,798	796	—	346	—	—	—	6,001		
Cash Received from Other Revenues.....	(126,627)	(16,089)	(15,794)	(11,011)	(2,843)	(3,209)	(25,477)	(201,050)	(153,420)			
Cash Paid to Suppliers for Goods and Services.....	(26,721)	(1,932)	(13,168)	(5,533)	(4,184)	(5,635)	(37,645)	(94,838)	(32,783)			
Cash Paid to Employees for Services.....	(20,560)	(2,061)	(5,803)	(5,922)	(1,091)	(4,058)	(13,241)	(52,736)	—			
Cash Paid for Other Expenses.....	(264)	(179)	—	—	(1,623)	—	—	(2,066)	—			
Net Cash Provided by (Used For) Operating Activities.....	82,295	7,798	23,230	5,377	2,173	4,979	(14,931)	110,921	1,030			
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>												
Transfers In from Other Funds.....	1,850	—	5	5	—	10	10,722	12,592	1,439			
Operating Grants Received.....	3,180	—	—	—	—	—	2,032	5,212	—			
Other.....	—	—	—	—	—	—	—	—	2,219			
Repayment of Advances.....	—	—	—	—	(281)	—	197	(84)	—			
Transfers Out to Other Funds.....	(24,388)	(2,614)	(4,243)	(3,339)	(1,083)	(389)	(2,031)	(38,087)	(5,958)			
Net Cash Provided by (Used for) Noncapital Financing Activities.....	(19,358)	(2,614)	(4,238)	(3,334)	(1,364)	(379)	10,920	(20,367)	(2,300)			
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>												
Capital Contributions.....	—	—	—	—	5,965	—	7,051	13,016	—			
System Changes.....	—	—	3,475	(802)	—	—	—	2,673	—			
Proceeds from Sale of Property.....	—	—	—	—	—	—	—	—	(61)			
Bond and Loan Proceeds.....	—	—	—	—	—	—	—	—	40			
Acquisition, Construction and Sale of Capital Assets.....	(50,277)	(3,382)	(25,608)	(8,488)	(5,082)	(6,098)	(2,187)	(101,122)	(12,610)			
Principal and Refunding Payments.....	(11,446)	(1,400)	(5,631)	(1,613)	(925)	—	—	(21,015)	—			
Repayment of Loans Payable.....	(1,235)	(160)	—	—	—	—	—	(1,395)	—			
Repayment of Loans from Other Funds.....	(343)	(1,012)	—	—	—	—	(489)	(1,844)	—			
Interest Paid.....	(30,848)	(1,222)	(13,552)	(3,436)	(69)	—	(120)	(49,247)	(1)			
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	(94,149)	(7,176)	(41,316)	(14,339)	(111)	(6,098)	4,255	(158,934)	(12,632)			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Proceeds from Sale and Maturities of Interest Received on Investments.....	4,372	130	1,119	155	151	798	175	6,900	868			
Purchase of Investment Securities.....	—	—	—	—	—	—	—	—	—			
Decrease in the Fair Value of Cash and Cash Equivalents.....	(3,960)	(119)	(1,173)	(489)	(145)	(823)	(177)	(6,886)	(775)			
<b>Net Change in Cash and Cash Equivalents</b>	<b>\$ 412</b>	<b>\$ 11</b>	<b>\$ (54)</b>	<b>\$ (334)</b>	<b>\$ 6</b>	<b>\$ (25)</b>	<b>\$ (2)</b>	<b>\$ 14</b>	<b>\$ 93</b>			

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF CASH FLOWS**

Proprietary Funds  
For the Year Ended September 30, 2013  
(in thousands)

	Enterprise Funds										Total
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Enterprise Funds	Internal Service Funds		
Net increase (decrease) in cash and cash equivalents.....	\$ (30,800)	\$ (1,981)	\$ (22,378)	\$ (12,630)	\$ 704	\$ (1,523)	\$ 242	\$ (68,366)	\$ (3,809)		
Cash and cash equivalents - October 1.....	290,782	10,751	83,777	42,826	10,977	61,321	15,409	515,843	57,339		
Cash and cash equivalents - September 30.....	\$ 259,982	\$ 8,770	\$ 61,399	\$ 30,196	\$ 11,681	\$ 59,798	\$ 15,651	\$ 447,477	\$ 53,530		
Classified As:											
Unrestricted Assets.....	\$ 80,671	\$ 2,627	\$ 774	\$ 1,862	\$ 3,634	\$ 59,798	\$ 13,551	\$ 162,917	\$ 53,530		
Restricted Assets.....	179,311	6,143	60,625	28,334	8,047	-	2,100	284,560	-		
	\$ 259,982	\$ 8,770	\$ 61,399	\$ 30,196	\$ 11,681	\$ 59,798	\$ 15,651	\$ 447,477	\$ 53,530		
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:											
Operating Income (Loss).....	\$ 38,875	\$ 6,783	\$ 7,478	\$ 2,268	\$ (620)	\$ 3,474	\$ (14,977)	\$ 43,281	\$ (1,138)		
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:											
Depreciation.....	32,631	1,808	12,971	3,883	3,882	1,012	3,600	59,787	7,552		
Amortization.....	239	13	99	15	-	-	-	366	-		
Provision for Uncollectible Accounts.....	-	(12)	(9)	66	26	-	(38)	33	-		
Other.....	(264)	(118)	4,798	796	(1,623)	346	-	3,935	-		
(Increase) Decrease in Accounts Receivable.....	(665)	520	(198)	437	154	212	(205)	255	783		
Decrease in Other Accounts Receivable.....	-	-	-	-	-	-	-	-	(21)		
(Increase) Decrease in Inventory.....	(436)	(60)	120	-	-	-	33	(343)	142		
(Increase) Decrease in Deposits.....	-	-	-	-	-	-	-	-	(86)		
(Increase) Decrease in Notes Receivable.....	(195)	-	(115)	-	-	-	-	(310)	-		
(Increase) Decrease in Due From Other Funds.....	(408)	-	-	-	-	-	-	(408)	-		
(Increase) Decrease in Due From Other Governments.....	1,268	-	2,168	-	-	-	-	3,436	(648)		
Increase (Decrease) in Accounts Payable.....	10,165	(1,195)	(3,998)	(2,019)	138	(41)	(3,364)	(314)	2,232		
Decrease in Due To Other Funds.....	-	-	-	-	-	-	-	-	(92)		
Increase in Prepaid Expenses.....	-	-	-	-	-	-	(7)	(7)	-		
Increase in loans to other funds.....	-	-	-	-	-	-	-	-	2,344		
Increase in Utility Deposits Payable.....	923	45	-	25	-	-	-	993	-		
Increase (Decrease) in Deferred Revenue.....	-	-	-	-	-	-	(33)	(33)	-		
Increase (Decrease) in Customer Contracts Payable.....	-	-	(203)	(35)	-	-	-	(238)	-		
Increase (Decrease) in Compensated Absences.....	162	14	119	(59)	(4)	(24)	60	268	(39)		
Increase in Prepaid Fees Credit.....	-	-	-	-	220	-	-	220	-		
Decrease in Insurance Deposits.....	-	-	-	-	-	-	-	-	1		
Total Adjustments.....	43,420	1,015	15,752	3,109	2,793	1,505	46	67,640	12,168		
Net Cash Provided by (Used for) Operating Activities.....	\$ 82,295	\$ 7,798	\$ 23,230	\$ 5,377	\$ 2,173	\$ 4,979	\$ (14,931)	\$ 110,921	\$ 11,030		

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET POSITION**  
**Fiduciary Funds**  
**September 30, 2013**  
**(in thousands)**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Nuclear Decommissioning Private-Purpose Trust Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 1,420	\$ 148	\$ --
Receivables			
Other Receivables.....	38,564	--	--
Accrued Interest.....	1,528	--	--
Due from Other Governments.....	11	--	--
Total Receivables.....	<u>40,103</u>	<u>--</u>	<u>--</u>
Investments, at Fair Value			
Mutual Index Funds.....	323,538	--	--
Fixed Income Securities.....	298,892	--	--
Domestic Stock.....	443,946	--	--
International Stock.....	184,846	--	--
Short-term Investments.....	14,604	4,996	6,802
Real Estate.....	142,073	--	--
Total Investments.....	<u>1,407,899</u>	<u>4,996</u>	<u>6,802</u>
Securities Lending Collateral.....	49,530	15	--
Total Assets.....	<u>\$ 1,498,952</u>	<u>\$ 5,159</u>	<u>\$ 6,802</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Obligations Under Securities Lending.....	\$ 49,530	\$ 15	\$ --
Other Payables.....	54,655	--	--
Total Liabilities.....	<u>104,185</u>	<u>15</u>	<u>--</u>
<b>NET POSITION</b>			
Held in Trust for Benefits and Other Purposes.....	<u>1,394,767</u>	<u>5,144</u>	<u>6,802</u>
Total Liabilities and Net Position.....	<u>\$ 1,498,952</u>	<u>\$ 5,159</u>	<u>\$ 6,802</u>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF CHANGES IN NET POSITION**  
**Fiduciary Funds**  
**For the fiscal year ended September 30, 2013**  
**(in thousands)**

	Pension Trust Fund	OPEB Trust Fund	Nuclear Decommissioning Private-Purpose Trust Fund
<b>ADDITIONS</b>			
Contributions			
Employer.....	\$ 24,721	\$ 2,022	\$ --
Plan Members.....	9,164	--	--
Miscellaneous.....	135	--	--
Total Contributions.....	<u>34,020</u>	<u>2,022</u>	<u>--</u>
Investment Income			
<i>From Investment Activities:</i>			
Unrealized Appreciation (Depreciation)			
In Fair Value of Investments.....	152,883	828	478
Interest.....	21,075	21	15
Dividends.....	10,646	--	--
Total Investment Income.....	<u>184,604</u>	<u>849</u>	<u>493</u>
Less Investment Expenses:			
Investment Management Fees.....	5,487	--	--
Interest Expenses.....	55	--	--
Net Income from Investing Activities.....	<u>179,062</u>	<u>849</u>	<u>493</u>
<i>From Securities Lending Activities:</i>			
Securities Lending Income.....	258	--	--
Less Securities Lending Expenses:			
Interest Expenses.....	--	--	--
Investment Management Fees.....	50	--	--
Net Income from Securities Lending Activities.....	<u>208</u>	<u>--</u>	<u>--</u>
Total Net Investment Income.....	<u>179,270</u>	<u>849</u>	<u>493</u>
Total Additions.....	<u>213,290</u>	<u>2,871</u>	<u>493</u>
<b>DEDUCTIONS</b>			
Benefits.....	65,977	2,142	--
Refunds of Contributions.....	447	--	--
Administrative Expense.....	1,043	--	--
Total Deductions.....	<u>67,467</u>	<u>2,142</u>	<u>--</u>
Change in Net Position.....	145,823	729	493
Net Position - October 1.....	<u>1,248,944</u>	<u>4,415</u>	<u>6,309</u>
Net Position - September 30.....	<u>\$ 1,394,767</u>	<u>\$ 5,144</u>	<u>\$ 6,802</u>

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

# **NOTES TO THE FINANCIAL STATEMENTS**

Note I – Summary of Significant Accounting Policies

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

Note III – Stewardship, Compliance, and Accountability

Note IV – Detailed Notes (All Funds)

Note V – Other Information

# **CITY OF TALLAHASSEE, FLORIDA**

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

The City is a political subdivision of the State of Florida, located in Leon County in the center of the Florida Panhandle. It is approximately 102 square miles in area. It is the capital of Florida, the county seat, and the only incorporated municipality in Leon County. The City was incorporated in 1825 following a decision by the Florida Legislature to locate the capital of the new Florida Territory midway between the population centers of St. Augustine and Pensacola.

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

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

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which exclusion of the nature and significance of their relationship with the City would cause the reporting entity's financial statements to be misleading or incomplete.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE I (CONTINUED)

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

#### BLENDING COMPONENT UNIT

Community Redevelopment Agency (CRA) - The Tallahassee Community Redevelopment Agency and the CRA Board were created in 1998. Governed by an interlocal agreement between the City of Tallahassee, Leon County and CRA, the CRA Board consists of the Mayor, the four City Commissioners and four of the County Commissioners. Although legally separate, the CRA is blended in the City's financial statements in accordance with the criteria for blending set forth by GASB 14, as amended by GASB 39. The CRA has responsibility for two specifically separate tax increment districts as described below.

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

#### DISCRETELY PRESENTED COMPONENT UNIT

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

#### JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY

- Sunshine State Governmental Financing Commission

The Sunshine State Governmental Financing Commission (the "Commission") was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida to operate and administer a loan program. As of September 30, 2012, the Commission's membership consists of the following governmental units: City of Coral Gables, Florida; City of Coral Springs, Florida; City of Daytona Beach, Florida; City of Ft. Lauderdale, Florida; City of Hollywood, Florida; City of Jacksonville, Florida; City of Lakeland, Florida; City of Miami, Florida; City of Miami Beach, Florida; City of Orlando, Florida; City of St. Petersburg, Florida; City of Tallahassee, Florida; City of Vero Beach, Florida; Miami-Dade County, Florida; Palm Beach County, Florida;

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE I (CONTINUED)

and Polk County, Florida. In addition, the City of West Palm Beach, Florida, participates in the Commission's programs as a non-member participant. Other Florida local governments may in the future become members or non-member participants including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

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

The City of Tallahassee has no obligation and minimal event risk associated with the Commission other than the repayment of its loans from the Commission. Financial statements may be obtained from the Sunshine State Governmental Financing Commission.

- Capital Regional Transportation Planning Agency

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

The CRTPA receives federal and state transportation funds for the performance of its transportation planning and programming activities. If operating expenses exceed the external funding obtained, the deficit is funded by the members of the CRTPA in proportion to their weighted votes. As a participating member of CRTPA, the City therefore has a limited share of financial responsibility for any such deficits. Current audited financial statements may be obtained from the Capital Regional Transportation Planning Agency, 300 S. Adams Street, Box A-19, Tallahassee, Florida 32301.

- Consolidated Dispatch Agency

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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#### NOTE I (CONTINUED)

the City, Sheriff, and the County became part of the CDA. The City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff constitute the Agency's Board of Directors.

The Agency is primarily funded by the City of Tallahassee and the Leon County Sheriff based upon the per capita population within the incorporated limits of the City of Tallahassee and within the unincorporated area of Leon County. For the six month period ended September 30, 2013, the City's contribution to the CDA was \$2,780,000.

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

#### JOINTLY GOVERNED ORGANIZATION

- City of Tallahassee-Leon County Blueprint 2000 Intergovernmental Agency

In October 2000, the City entered into an interlocal agreement with Leon County as authorized by Section 163.01(7) Florida Statutes. This agreement created the Blueprint 2000 Intergovernmental Agency to govern the project management for the project planning and construction of a list of projects known as the Blueprint 2000 projects. The Board of County Commissioners and the City Commission constitute the Blueprint 2000 Intergovernmental Agency. The revenues to fund the projects under this agreement are the collections of the local government infrastructure sales surtax, which began December 1, 2004. This tax was extended pursuant to the provisions in Section 212.055, Florida Statutes, until December 31, 2019.

Periodically, the Agency provides construction management services to the City. For these services the Agency and the City enter into Joint Participation Agreements (JPAs) whereby the City agrees to pay an administrative fee to the Agency.

Current audited financial statements may be obtained from Blueprint 2000, 2727 Apalachee Parkway, Suite 200, Tallahassee, Florida 32301.

#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE I (CONTINUED)

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

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

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

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

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

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

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE I (CONTINUED)

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

- Internal Service Funds account for various services provided to other departments of the government and to other governments on a cost reimbursement basis. The services provided include an 800 megahertz system, revenue collection, information systems services, accounting operations, fleet management, employee relations operations, employee retirement plan's administrative operation, risk management operation, internal loans program, utility services functions, wholesale energy operations, and environmental policy initiatives.
- The Nuclear Decommissioning Private-Purpose Trust Fund is used to account for resources legally held in trust for Florida Power Corporation (FPC) for the future decommissioning of the Crystal River Unit 3 Utility Plant (CR3 Plant). On October 1, 1999, the City sold its interest in the CR3 Plant to FPC and was released from any decommissioning costs in excess of the amount held in trust. The plant's decommissioning is anticipated to begin in 2016.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE I (CONTINUED)

- The Pension Trust Fund includes a Defined Benefit Plan and a Defined Contribution Plan. It is used to account for the accumulation of resources to be used for retirement annuity payments to City employees. The Defined Benefit Plan accounts for general employees, police officers, and fire fighters separately. The Defined Contribution Plan covers all employees who elect to contribute a portion of their salary to the plan.
- The OPEB Trust Fund accounts for the accumulation of resources to be used for benefit payments for retirees health care costs.

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private sector guidance.

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

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

### D. ASSETS, LIABILITIES, AND NET POSITION

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

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE I (CONTINUED)

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

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

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

**5. RESTRICTED ASSETS** - Certain proceeds of the City's enterprise funds revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Assets are set aside for the following uses:

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

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

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

**NOTE I (CONTINUED)**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund's financial statements. These general capital assets are included in the governmental activities column of the government-wide financial statements. Capital assets used in the Enterprise and Internal Service Funds are accounted for in the respective funds. All vehicles of the City are accounted for in the Garage Fund, with the exception of StarMetro vehicles (generally buses). StarMetro vehicles are accounted for in their own fund. Depreciation on all exhaustible capital assets used in the Enterprise and Internal Service Funds is charged as an expense against their operations. Accumulated depreciation is reported on the respective fund's balance sheet.

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

<u>ASSETS</u>	<u>YEARS</u>
Buildings	20 to 40
Improvements other than buildings	10 to 40
Equipment and machinery	5 to 40
Vehicles	5 to 20
Infrastructure	10 to 60

**7. COMPENSATED ABSENCES** - All non-union employees earn vacation and sick leave starting with the first day of employment; all non-union employees earn vacation and sick leave based on the number of hours worked.

Vacation leave is earned based on creditable service hours worked as follows:

<u>Executive</u>		<u>Senior Management</u>		<u>General</u>	
<u>Creditable Service Hours</u>	<u>Leave earned per hour</u>	<u>Creditable Service Hours</u>	<u>Leave earned per hour</u>	<u>Creditable Service Hours</u>	<u>Leave earned per hour</u>
0 - 2,079	0.057693	0 - 2,079	0.057693	0 - 10,400	0.057693
2,080 - 10,400	0.080770	2,080 - 10,400	0.069231	10,401 - 20,800	0.069231
10,401 - 20,800	0.092308	10,401 - 20,800	0.080770	20,801 - 41,600	0.080770
over 20,800	0.103847	20,800 - 41,600	0.092308	over 41,600	0.092308
		over 41,600	0.103847		

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE I (CONTINUED)**

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

Sick leave is earned at the rate of .023077 hours for each hour of service with no maximum limit on the number of hours which may be accumulated. A non-unionized employee who terminates from the City for any reason other than termination for cause will be paid one-half of the total amount of sick leave (without regard to catastrophic illness leave) accumulated by him or her on the effective date of termination. A unionized employee who terminates from the City for any reason other than termination for cause will be paid one-third of the total amount of sick leave without regard to catastrophic illness leave accumulated by 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 incurred in the government-wide and proprietary fund financial statements. A liability for the amounts is reported in the governmental funds only if they have matured, as a result of employee resignation and retirements.

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

<u>Fire Bargaining Unit Suppression Personnel</u>		<u>Fire Bargaining Unit Forty-hour Personnel</u>		<u>Police Bargaining Unit</u>	
<u>Years of Continuous Service</u>	<u>Hours Accrued Monthly</u>	<u>Years of Continuous Service</u>	<u>Hours Accrued Monthly</u>	<u>Creditable Service Hours</u>	<u>Leave earned per hour</u>
1-5 years	13.25	1-5 years	10	0 - 10,400	0.046154
5-10 years	15.90	5-10 years	12	10,401 - 20,800	0.057693
10-15 years	18.55	10-15 years	14	20,801 - 41,600	0.069231
15-20 years	21.20	15-20 years	16	over 41,600	0.080770
over 20 years	23.85	over 20 years	18		

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

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

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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#### NOTE I (CONTINUED)

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

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

For employees covered by the Fire bargaining unit, a fire suppression employee who retires or dies will be paid for 33 1/3% (1/3) of the unused sick leave balance credited to him at the time of retirement or death, provided that the unused sick leave balance credited to him at the time of retirement or death equals at least three hundred ninety-eight (398) hours. If the unused sick leave balance credited to the employee at the time of retirement or death equals less than three hundred ninety-eight hours, the employee who retires or dies will be paid 25% (1/4) of the unused balance. A 40-hour employee who retires or dies will be paid for 33 1/3% (1/3) of the unused sick leave balance credited to him at the time of retirement or death, provided that the unused sick leave balance credited to him at the time of retirement or death equals at least three hundred (300) hours. If the unused sick leave balance credited to the employee at the time of retirement or death equals less than three hundred (300) hours, the employee will be paid for 25% (1/4) of the unused balance. An employee who accidentally dies while engaged in the performance of his firefighter duties, or who receives accidental bodily injury which subsequently results in the loss of his life within one (1) year after being received, provided that such a death is not the result of suicide and that such bodily injury is not intentionally self-inflicted, and the accidental death occurs as a result of the firefighter's response to what is reasonably believed to be an emergency involving the protection of life or property, will be paid 100% of the accrued but unused sick leave credited to him at the time of death.

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

**8. BOND DISCOUNTS, ISSUANCE COSTS, AND REFUNDING GAINS AND LOSSES** - In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premium and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds at the rate at which principal payments are made which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. 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. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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#### NOTE I (CONTINUED)

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

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

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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

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

The governmental fund balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$87,220 difference are as follows (in thousands):

Bonds and loan payable including premiums & discount.....	\$	76,345
Compensated absences.....		8,375
Net OPEB Obligation.....		<u>2,500</u>
Net adjustments to reduce fund balances-		
Total governmental funds to arrive at net position.....	\$	<u>87,220</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, “Governmental funds report capital outlays as expenditures.” However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$ (2,245) difference are as follows (in thousands):

Capital Outlay.....	\$	28,600
Depreciation Expense .....		<u>(30,845)</u>
Net adjustment to increase net changes in Fund Balances		
Total Governmental Funds to arrive at changes in Net Position		
Governmental Activities.....	\$	<u>(2,245)</u>

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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#### **NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

##### **A. BUDGETARY INFORMATION**

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

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

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

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

##### **C. DEFICIT FUND EQUITY - FUND BALANCE OF INDIVIDUAL FUNDS**

The Building Code Enforcement Fund had a fund deficit of \$1,073,000 at fiscal year end. The Capital Bonds Fund had a deficit of \$1,738,000 at fiscal year end. Both are Governmental Funds.

##### **D. PRIOR PERIOD ADJUSTMENT**

Net Position as of September 30, 2012 has been restated to reflect adjustments to Construction in Progress of the Electric Fund (a major enterprise fund) that were previously reported as operating expenses, which resulted in an increase in net assets of \$4,532,000.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE IV - DETAILED NOTES - ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

**1. DEPOSITS** - At year-end, the book balance of the City's deposits was \$13,615,000 and the bank balance was \$18,537,000. Also included within deposits is \$28,318,000 of the Cash Equivalent or liquid portion of the City's investments.

The difference between the book balance and bank balance is due to outstanding checks and deposits. Three city funds had deficit cash balances at year end totaling \$10,603,000 which is reported in accounts payable at September 30, 2013. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Depository (the Act). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

**2. INVESTMENTS** - The City's investment guidelines, as defined by the City Charter and its written investment policies, are approved by the City Commission or the Sinking Fund Commission. The City has two approved investment policies: 1) the Non-Pension Investment Policy, which covers the investment of all non-pension monies of the City, including the previously referenced cash and investment pool; and, 2) the Pension Investment Policy governing the investment of 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.

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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#### NOTE IV (CONTINUED)

The City's banking arrangement requires daily cash balances to be invested in a Public Funds NOW account at the federal fund rate, less ten basis points. The Public Funds book balance at September 30, 2013 was \$3,936,000 and the bank balance was \$2,173,000. The Public Funds balances are included in the above discussed City deposit balances.

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

The non-pension Core Portfolio includes investments administered internally by the City of Tallahassee, funds invested in three external investment pools and the external portfolio administered by Galliard Asset Management (Galliard). The three external investment pools are 1) the Florida Municipal Investment Trust Portfolio 1-3 year High Quality Bond Fund (the "Florida League of Cities 1-3 Year Pool") 2) the Florida Municipal Investment Trust Portfolio 0-2 year High Quality Bond Fund (the "Florida League of Cities 0-2 Year Pool"), both of which pools are administered by the Florida League of Cities and 3) the Special Purpose Investment Account administered by the Florida Department of Financial Services, Division of Treasury, Internal Investments (the "SPIA Pool"). At September 30, 2013, the City owns \$25,048,000 in shares of the Florida League of Cities 1-3 Year Pool and \$25,002,000 in shares of the Florida League of Cities 0-2 Year Pool, not the individual securities within the portfolio. The effective duration of the Florida League of Cities 1-3 Year Pool as of September 30, 2013 is 1.59 years; the effective duration of the Florida League of Cities 0-2 Year Pool as of September 30, 2013 is .72 years. At September 30, 2013, the City has \$175,473,000 invested in shares of the SPIA Pool, not the individual securities within the portfolio. The SPIA Pool has a rating of A+f from Standard and Poor's. The unaudited fair value factor for September 30, 2013 was .9983. The effective duration of the SPIA Pool as of September 30, 2013 was 2.55 years.

The Nuclear Fuel Decommissioning Private Purpose Fund is a Specialized Portfolio. As of September 30, 2013, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$6,747,000 in the Florida State Board of Administration (SBA) Local Government Investment Prime Pool and \$55,000 in the SBA's Pool B. The Prime Pool is a 2a-7 like pool which maintains a stable net asset value of \$1, is rated AAAM and has an average weighted maturity of 43.9 days. Pool B does not meet the qualifications of a 2a-7 like pool. The Pool is not rated, and has an estimated weighted average maturity of 4.04 years at September 30, 2013. The Fair Value factor for Pool B at September 30, 2013 is 1.1326.

**Credit Risk:** The structure of the City's non-pension portfolio is designed to minimize credit risk. To limit the City's risk against possible credit losses, a maximum of 5% of the total portfolio may be held at any one time in all securities of any corporate entity, inclusive of commercial paper, medium term notes, or corporate notes and bonds. No corporate entity represented more than 5% of the portfolio at September 30, 2013. The City's Investment Policy provides that the structure of the non-pension portfolio is designed to minimize credit risk, with the majority of the securities held to be those of the highest available credit quality ratings. The non-pension portfolio's credit quality is measured using the Standard & Poor's rating scale.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS September 30, 2013

### NOTE IV (CONTINUED)

As of September 30, 2013, the City had the following non-pension investments subject to credit risk in the internal and Galliard portion of the portfolio (in thousands):

Credit Quality September 30, 2013	
Quality Breakdown	Portfolio Percentage
US Treasury	28.87%
US Agency	39.56%
AAA	3.79%
AA	20.34%
A	7.17%
BBB	0.00%
Other	0.27%
<b>Total</b>	<b>100.00%</b>

In addition, the City owns \$25,048,000 shares in the Florida League of Cities 1-3 Year Pool, \$25,002,000 shares in the Florida League of Cities 0-2 Year Pool, and \$175,473,000 shares in the SPIA Pool, as noted above.

**Interest Rate Risk:** In accordance with the City's non-pension investment policy, the City has established maturity limitations for each authorized investment category. The normal duration of the non-pension portfolio is defined as .5 years to 2.5 years. The option adjusted duration of the non-pension portfolio as of September 30, 2013 was 1.93 years.

As of September 30, 2013, the non-pension portfolio that encompasses the internal portion as well as those assets under the management of Galliard, had the following investments on a time-segmented basis (in thousands):

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
US Treasury	\$ 131,715	\$ 69,663	\$ 62,052	\$ --	\$ --
US Agency	71,219	2,995	63,226	4,998	--
Asset Backed	91,111	--	10,370	12,583	68,158
Corporate Bonds	88,677	22,049	66,628	--	--
Municipal	37,099	8,356	28,743	--	--
Other	4,554	3,038	1,516	--	--
<b>Total</b>	<b>\$ 424,375</b>	<b>\$ 106,101</b>	<b>\$ 232,535</b>	<b>\$ 17,581</b>	<b>\$ 68,158</b>

**PENSION PLAN** - The City also has investments in its pension plan as described below.

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

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

### NOTE IV (CONTINUED)

As of September 30, 2013, the City had the following pension investments subject to credit risk:

Credit Quality September 30, 2013	
Quality Breakdown	Portfolio Percentage
US Treasury	5.25%
US Agency	20.96%
AAA	4.30%
AA	5.96%
A	5.29%
BBB-B	4.51%
CCC-C	0.57%
Other	2.27%
Commingled	50.89%
<b>Total</b>	<b>100.00%</b>

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

The table below shows the Foreign Currency Risk for the City's Pension Plan (in thousands):

	Exposure	Percentage
US Dollar	\$ 1,179,959	90.32%
Euro Currency	45,423	3.48%
Japanese Yen	23,489	1.80%
Pound Sterling	25,936	1.99%
Hong Kong Dollar	7,085	0.54%
Swiss Franc	13,761	1.05%
Australian Dollar	4,480	0.34%
Canadian Dollar	11	0.00%
South Korean Won	1,828	0.14%
Norwegian Krone	1,056	0.08%
Singapore Dollar	413	0.03%
Brazilian Real	386	0.03%
Polish Zloty	6	0.00%
Israeli Shekel	659	0.05%
Indonesian Rupiah	451	0.04%
Swedish Krona	269	0.02%
Danish Krone	933	0.07%
Turkish Lira	4	0.00%
Malaysian Ringgit	93	0.01%
Mexican Peso	108	0.01%
New Taiwan Dollar	--	0.00%
<b>Total</b>	<b>\$ 1,306,350</b>	<b>100.00%</b>

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE IV (CONTINUED)**

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

**Interest Rate Risk:** The City of Tallahassee held the following investments for its pension funds as of September 30, 2013 (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6 – 10 Years</u>	<u>10+ Years</u>
Asset Backed	\$ 64,874	\$ --	\$ 525	\$ 10,584	\$ 53,765
Corporate Bonds	30,331	6,274	13,994	5,184	4,879
Municipal	3,527	--	1,150	1,239	1,138
US Agency	13,842	2,072	9,542	1,585	643
US Treasury	15,701	4,122	11,579	--	--
Commingled	152,097	--	--	--	--
Cash and Equivalents	18,520	18,520	--	--	--
<b>Total</b>	<b>\$ 298,892</b>	<b>\$ 30,988</b>	<b>\$ 36,790</b>	<b>\$ 18,592</b>	<b>\$ 60,425</b>

**B. SECURITIES LENDING TRANSACTIONS**

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

During the fiscal year ended September 30, 2013, the Bank loaned, at the direction of the City’s Treasurer-Clerk, securities and received cash, securities issued or guaranteed by the United States government, and irrevocable bank letters of credit as collateral. The Bank did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver cash collateral for each loan equal to at least 100% of the market value of the loaned securities or U.S. Government Securities equal to 102% of the market value of the securities.

There are no restrictions on the amount of securities that may be loaned. The Agreement requires the Bank to indemnify the City for losses attributable to violations by the Bank of the Standard of Care set out in the Agreement. There were no such violations during the fiscal year ended September 30, 2013. Moreover, there were no losses during the fiscal year ended September 30, 2013 resulting from a default of any borrower.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE IV (CONTINUED)**

During the fiscal year ended September 30, 2013, the City and each borrower maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan of securities together with the cash collateral of other qualified tax-exempt plan lenders were invested in a collective investment pool with the Bank. The average duration of the investment pool as of September 30, 2013 was 1.9 days with an average weighted maturity of 284 days. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. On September 30, 2013, the City had no credit risk exposure to borrowers.

As of September 30, 2013, for the City's pension fund, the collateral held and the market value of securities on loan were \$49,530,000 and \$48,462,000, respectively; for the City's non-pension funds, the collateral held and the market value of securities on loan were \$58,849,000 and \$57,686,000 respectively.

A summary of the fair market value of the securities on loan as of September 30, 2013 follows:

	Pension Fund	Non-Pension Fund
Corporate Bonds	\$ 675,000	\$ 7,255,000
Common Stock	37,790,000	--
U.S. Government Treasury Notes	9,997,000	50,431,000
	<u>\$ 48,462,000</u>	<u>\$ 57,686,000</u>

**C. RECEIVABLES**

**1. PROPERTY TAXES** - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Leon County Property Appraiser and the Leon County Tax Collector. The laws of the State regulating tax assessment are also designed to ensure consistent property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2013 was 3.7000.

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.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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**NOTE IV (CONTINUED)**

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer.

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

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

**2. AIRPORT FUND'S LEASING OPERATIONS** - The Airport Fund's leasing operations consist principally of leasing land and buildings under operating leases to airlines, rental car agencies and other commercial enterprises. Original lease terms vary from one to fifty years and require, in most 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, 2013 (in thousands):

<u>Years ending September 30,</u>	
2014.....	\$ 2,679
2015.....	1,398
2016.....	788
2017.....	763
2018.....	771
2019-2023.....	4,077
2024-2028.....	4,052
2029-2033.....	3,608
2034-2038.....	3,567
2039-2043.....	1,229
There after.....	4,467
	<u>\$ 27,399</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, 2013 amounted to \$219,134.

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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#### NOTE IV (CONTINUED)

In October 1989, the City entered into fifteen-year lease and use agreements with its major airline tenants, (the signatory airline agreements). On October 21, 2004, the Signatory Airline representing the majority in interest (“MII”) of the airlines agreed to and signed the ‘First Amendment to Airline-Airport Use and Lease Agreement’ that among other things extended the term of the Signatory Airline Agreements to September 30, 2009. The amendment added provisions for ‘affiliate airline(s)’ of signatory airlines to participate in the signatory airline fees and charges, provided that such affiliate airline(s) will have primary obligation for payment of such charges and fees with the signatory airlines becoming jointly and severally liable for payment of all fees and charges for use of the airport by such affiliate. The amendment also increases the distribution of Remaining Funds for the Prepaid Fees Credit from 50% to 60% and eliminates required deposits to the Signatory Airline Capital Account. On September 11, 2008, the Signatory Airline representing “MII” of the airlines agreed to and signed the ‘Second Amendment to Airline-Airport Use and Lease Agreement’ that among other things extended the term of the agreements to September 30, 2014. During 2008, the Affiliate Airline Airport Use Agreements were amended to reflect that the Signatory Airline is responsible for paying all fees and charges incurred by its affiliate airlines.

The agreement as amended, requires 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. Sixty percent (60%) of Funds Remaining shall be apportioned to Prepaid Fees Credit and forty percent (40%) to the Airport System Capital Account. Settlement provisions under the amended agreement provides for a recalculation of rates for rentals, fees and charges for the preceding Fiscal Year. Upon determination of any difference between the actual rentals, fees and charges paid by Signatory Airlines during the preceding Fiscal Year and the rentals, fees, and charges that would have been paid by Signatory Airlines using said recalculated rates, the City shall return to the airline the amount of such difference in the event of an overpayment and, in the event of an underpayment, apply such difference to the Prepaid Fees Credit for the next Fiscal Year.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE IV (CONTINUED)**

**D. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2013 was as follows (in thousands):

	Primary Government			
	Beginning Balance As Restated	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
<b>Non-Depreciable Assets:</b>				
Land.....	\$ 356,737	\$ 10,229	\$ (8,514)	\$ 358,452
Construction in Progress.....	84,696	34,020	(14,696)	\$ 104,020
<b>Depreciable Assets:</b>				
Buildings.....	114,014	11	--	114,025
Equipment.....	39,608	1,355	(995)	39,968
Improvements other than buildings.....	12,416	142	--	12,558
Infrastructure.....	798,512	11,298	(3,474)	806,336
Intangibles.....	14	--	--	14
	<u>1,405,997</u>	<u>57,055</u>	<u>(27,679)</u>	<u>1,435,373</u>
<b>Less accumulated depreciation for:</b>				
Buildings.....	(55,126)	(3,298)	--	(58,424)
Equipment.....	(32,433)	(1,909)	635	(33,707)
Improvements other than buildings.....	(5,389)	(271)	--	(5,660)
Infrastructure.....	(402,230)	(26,401)	--	(428,631)
Intangibles.....	(3)	(1)	--	(4)
	<u>(495,181)</u>	<u>(31,880)</u>	<u>635</u>	<u>(526,426)</u>
<b>Governmental Activities capital assets, net</b>	<u>\$ 910,816</u>	<u>\$ 25,175</u>	<u>\$ (27,044)</u>	<u>\$ 908,947</u>
<b>Business-type Activities</b>				
<b>Non-Depreciable Assets:</b>				
Land.....	\$ 124,125	\$ 2,883	\$ (2,453)	\$ 124,555
Construction in Progress.....	347,001	132,976	(108,520)	\$ 371,457
<b>Depreciable Assets:</b>				
Buildings.....	119,583	66,594	--	186,177
Equipment.....	742,881	214,813	(152,654)	805,040
Improvements other than buildings.....	14,501	17,394	--	31,895
Infrastructure.....	1,011,722	4,541	(53,324)	962,939
Intangibles.....	122,291	15,267	--	137,558
	<u>2,482,104</u>	<u>454,468</u>	<u>(316,951)</u>	<u>2,619,621</u>
<b>Less accumulated depreciation for:</b>				
Buildings.....	(56,740)	(5,601)	--	(62,341)
Equipment.....	(383,523)	(48,337)	21,280	(410,580)
Improvements other than buildings.....	(6,627)	(2,191)	--	(8,818)
Infrastructure.....	(387,271)	(20,714)	64	(407,921)
Intangibles.....	(62,420)	(4,101)	--	(66,521)
	<u>(896,581)</u>	<u>(80,944)</u>	<u>21,344</u>	<u>(956,181)</u>
<b>Business-type Activities, net</b>	<u>\$ 1,585,523</u>	<u>\$ 373,524</u>	<u>\$ (295,607)</u>	<u>\$ 1,663,440</u>

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE IV (CONTINUED)**

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

**GOVERNMENTAL ACTIVITIES:**

General Government.....	\$	1,267
Public Safety.....		787
Transportation.....		882
Human Services.....		145
Economic Development.....		369
Physical Environment.....		8
Culture and Recreation.....		974
General Infrastructure.....		26,413
Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets.....		779
Total depreciation expense-governmental activities	\$	<u>31,624</u>

**BUSINESS-TYPE ACTIVITIES:**

Electric.....	\$	32,631
Gas.....		1,808
Sewer.....		12,971
Water.....		3,883
Airport.....		3,882
Star Metro.....		2,381
Solid Waste.....		98
Golf.....		203
Stormwater Management.....		1,012
Fire Services.....		918
Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets.....		6,773
Total depreciation expense-business-type activities	\$	<u>66,560</u>

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE IV (CONTINUED)**

Interest incurred during long-term construction projects is included as part of the capitalized value of the assets constructed. Interest costs incurred in proprietary funds consisted of the following at September 30, 2013 (in thousands):

	Electric	Water	Sewer	Gas
Total interest cost incurred	\$ 30,403	\$ 3,646	\$ 13,473	\$ 1,203
Decrease as a result of capitalizing interest as a cost of construction	<u>(11,460)</u>	<u>(1,481)</u>	<u>(9,348)</u>	<u>(114)</u>
Interest charged to operations	<u>\$ 18,943</u>	<u>\$ 2,165</u>	<u>\$ 4,125</u>	<u>\$ 1,089</u>

The interest costs capitalized above are netted with the interest earned on the bond proceeds to arrive at the net amount of interest capitalized. Capitalized interest in the proprietary funds consisted of the following at September 30, 2013 (in thousands):

Interest expense incurred during construction and capitalized	\$ 11,460	\$ 1,481	\$ 9,348	\$ 114
Interest earned on bond proceeds	<u>(82)</u>	<u>(279)</u>	<u>(380)</u>	<u>--</u>
Net interest capitalized	<u>\$ 11,378</u>	<u>\$ 1,202</u>	<u>\$ 8,968</u>	<u>\$ 114</u>

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

**1. INTERFUND RECEIVABLES/PAYABLES** - At September 30, 2013, Interfund Receivables and Payables are as follows (in thousands):

Fund	Due From	Due To	Advance To	Advance From
General.....	\$ --	66	1,080	1,192
Electric.....	3,490	--	500	8,705
Gas.....	--	--	--	5,479
Water.....	--	--	--	--
Sewer.....	--	--	--	--
Airport.....	--	--	--	296
Stormwater.....	--	--	178	--
Nonmajor governmental.....	--	--	14,074	1,758
Nonmajor business-type.....	--	9	--	1,030
Internal service funds.....	76	3,491	2,628	--
	<u>\$ 3,566</u>	<u>\$ 3,566</u>	<u>\$ 18,460</u>	<u>\$ 18,460</u>

\$5,324,000 of the interfund receivables and payables balances represent amounts remaining from loans to fund operations. \$16,702,000 of these balances represent amounts loaned for capital funding.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE IV (CONTINUED)**

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

Such costs allocated to the funds for the year ended September 30, 2013 are as follows (in thousands):

General.....	\$	17,620
Electric.....		17,729
Gas.....		1,997
Sewer.....		4,841
Water.....		5,350
Airport.....		1,242
Stormwater management.....		2,744
Nonmajor business type.....		12,351
Nonmajor governmental type.....		733
Fiduciary type.....		1,043
Internal service type.....		5,932
	\$	<u>71,582</u>

**3. INTERFUND TRANSFERS** - At September 30, 2013, Interfund Transfers are as follows (in thousands)

		Transfers In								
		General	Electric	Sewer	Water	Stormwater	Nonmajor Governmental	Nonmajor Business-type	Internal Service Funds	Total
Transfers Out	General	\$ --	\$ 63	\$ 5	\$ 5	\$ 10	\$ 6,846	\$ 9,614	\$ 11	\$ 16,554
	Electric	23,953	--	--	--	--	124	--	311	24,388
	Gas	2,531	--	--	--	--	27	--	56	2,614
	Sewer	4,126	--	--	--	--	24	--	93	4,243
	Water	3,174	--	--	--	--	16	--	149	3,339
	Airport	--	--	--	--	--	--	1,083	--	1,083
	Stormwater	361	--	--	--	--	30	--	--	391
	Nonmajor governmental	1,303	--	--	--	--	4,500	25	760	6,588
	Nonmajor business-type	1,826	--	--	--	--	151	--	54	2,031
	Internal service	3,821	1,787	--	--	--	345	--	5	5,958
	<b>Total</b>	<b>\$ 41,095</b>	<b>\$ 1,850</b>	<b>\$ 5</b>	<b>\$ 5</b>	<b>\$ 10</b>	<b>\$ 12,063</b>	<b>\$ 10,722</b>	<b>\$ 1,439</b>	<b>\$ 67,189</b>

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE IV (CONTINUED)**

**F. LEASE COMMITMENTS**

**OPERATING** - The City has entered into operating leases for buildings and equipment. The leases are for one to three years, expiring in 2014 through 2016. Total rent expenses incurred by the City for the year ended September 30, 2013, was \$1,062,411. The remaining future minimum lease obligations are as follows (in thousands):

	<u>Year Ending Sept. 30</u>
2014.....	\$ 169
2015.....	164
2016.....	59
Total.....	<u>\$ 392</u>

**G. LONG-TERM DEBT**

1. The following is a summary of the changes in Long-Term Debt for the year ended September 30, 2013 (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Revenue Bonds.....	\$ 90,475	\$ 49,165	\$ 67,840	\$ 71,800	\$ 6,050
Compensated Absences.....	9,814	6,402	6,571	9,645	6,402
OPEB Obligation.....	2,500	1,996	1,996	2,500	--
Total Governmental-Type Debt	<u>102,789</u>	<u>57,563</u>	<u>76,407</u>	<u>83,945</u>	<u>12,452</u>
<b>Business-Type Activities:</b>					
Energy System – 1998 A.....	14,950	--	4,730	10,220	4,980
Energy System Refunding 2001.....	4,345	--	1,140	3,205	1,200
Energy System 2005.....	116,345	--	2,940	113,405	3,065
Energy System 2007.....	190,860	--	2,725	188,135	2,865
Energy System 2010.....	77,845	--	--	77,845	--
Energy System 2010A.....	42,860	--	195	42,665	205
Energy System 2010B.....	122,280	--	--	122,280	--
Energy System 2010C.....	34,440	--	1,095	33,345	1,145
Energy System 2011.....	3,431	--	21	3,410	22
Airport Refunding 2004.....	925	--	925	--	--
CURSB 2001.....	12,110	--	1,260	10,850	1,330
CURSB 2005.....	21,950	--	3,140	18,810	3,265
CURSB 2007.....	159,340	--	1,865	157,475	1,935
CURSB 2010A.....	117,015	--	--	117,015	--
CURSB 2010B.....	25,820	--	--	25,820	--
Compensated Absences.....	11,499	8,341	8,135	11,705	8,341
AMI Loan Payable.....	35,706	--	2,374	33,332	2,470
Total Business-Type Debt	<u>991,721</u>	<u>8,341</u>	<u>30,545</u>	<u>969,517</u>	<u>30,823</u>
Total Long-Term Debt	<u>\$ 1,094,510</u>	<u>\$ 65,904</u>	<u>\$ 106,952</u>	<u>\$ 1,053,462</u>	<u>\$ 43,275</u>

For governmental activities, claims and judgements and compensated absences are generally liquidated by the General Fund.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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**NOTE IV (CONTINUED)**

2. Summarized below are the City's individual bond issues which were outstanding at September 30, 2013 (in thousands):

**GENERAL REVENUE BONDS:**

\$49,165,000 Capital Bonds - Series 2012, due in annual installments ranging from \$525,000 to \$5,830,000 ending on October 1, 2024, interest rates at 2.00% to 5.00% depending on maturity date. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Service Tax, and earnings on the investment of all funds and accounts created by and described in the Bond Resolutions.	\$ 46,705
\$9,400,000 Capital Improvement Refunding Revenue Bonds – Series 2008, due in annual installments ranging from \$1,260,000 to \$1,345,000 ending on October 1, 2016, interest rate at 3.410%. Bonds secured by a covenant to budget and appropriate in its annual budget an amount legally available from all non-ad valorem revenues of the City.	3,905
\$26,975,000 Capital Improvement Refunding Revenue Bonds – Series 2009, due in annual installments ranging from \$550,000 to \$1,975,000 ending on April 1, 2031, interest rate at 3.710%. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Service Tax, and earnings on the investment of all funds and accounts created by and described in the Bond Resolutions.	<u>21,190</u>
Total General Revenue Bonds	<u>71,800</u>

**PROPRIETARY REVENUE BONDS:**

\$143,800,000 Energy System Refunding Revenue Bonds - Series 1998A, due in annual installments ranging from \$4,495,000 to \$5,240,000 ending on October 1, 2028, interest rates at 5.00% to 5.25% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Electric System and certain other amounts as provided by Resolution.	10,220
\$17,680,000 Energy System Refunding Revenue Bonds - Series 2001, due in annual installments ranging from \$1,000,000 to \$1,200,000 ending on October 1, 2019, interest rates at 4.40% to 5.50% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system.	3,205

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE IV (CONTINUED)

\$128,920,000 Energy System Revenue Bonds - Series 2005, due in annual installments ranging from \$2,715,000 to \$8,140,000 ending on October 1, 2035, interest rates at 3.50% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system. 113,405

\$203,230,000 Energy System Revenue Bonds - Series 2007, due in annual installments ranging from \$670,000 to \$19,275,000 ending on October 1, 2037, interest rates at 4.00% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system. 188,135

\$77,845,000 Energy System Refunding Revenue Bonds – Series 2010, due in annual installments ranging from \$2,005,000 to \$14,225,000 ending on October 1, 2028, interest rates at 3.0% to 5.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System. 77,845

\$43,245,000 Energy System Refunding Revenue Bonds – Series 2010A, due in annual installments ranging from \$195,000 to \$8,825,000 ending on October 1, 2026, interest rates at 2.0% to 4.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System. 42,665

\$122,280,000 Energy System Revenue Bonds – Series 2010B, due in annual installments ranging from \$930,000 to \$32,445,000 ending on October 1, 2040, interest rate at 5.969%. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System. 122,280

\$35,485,000 Energy System Revenue Bonds – Series 2010C, due in annual installments ranging from \$900,000 to \$4,040,000 ending on October 1, 2029, interest rates at 4.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System. 33,345

\$3,440,000 Energy System Refunding Revenue Bonds – Series 2011, due in annual installments ranging from \$9,000 to \$1,142,000 ending on October 1, 2019, interest rate at 2.37%. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System. 3,410

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

### NOTE IV (CONTINUED)

\$23,900,000 Consolidated Utility System Refunding Revenue Bonds - Series 2001, due in annual installments ranging from \$1,195,000 to \$2,110,000 ending on October 1, 2019, interest rates at 4.50% to 5.50% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.

10,850

\$36,110,000 Consolidated Utility Systems Refunding Revenue Bonds - Series 2005, due in annual installments ranging from \$3,025,000 to \$3,265,000 ending on October 1, 2014 and ranging from \$1,105,000 to \$1,785,000 from October 1, 2020 to October 1, 2030, interest rates at 3.25% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.

18,810

\$164,460,000 Consolidated Utility Systems Revenue Bonds – Series 2007, due in annual installments ranging from \$1,790,000 to \$10,910,000 ending on October 1, 2037, interest rates of 4.00% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's Water and Stormwater Drainage System).

157,475

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

117,015

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

25,820

Total Proprietary Revenue Bonds	924,480
Total Bonds Payable	<u>\$ 996,280</u>

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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**NOTE IV (CONTINUED)**

**3. DEFEASED DEBT** - On November 27, 2012, the City defeased and refunded on an advance basis all of the City's outstanding \$86,210,000 original aggregate principal amount of the Capital Bonds, Series 2004. As a result of this defeasance, the City reduced its total debt service requirements by \$10,148,014 which resulted in an economic gain of \$7,291,451.

**4. 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.....	\$ 8,808,227
Debt Limit - 20 Percent of Assessed Value.....	\$ 1,761,645

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

- As of September 30, 2013, there were four series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled \$161.4 million and the outstanding balance is \$112,265,000.
- As of September 30, 2013, there was one Florida State University School Lease Revenue Bond outstanding. The original issue amount totaled \$18.1 million and the outstanding balance is \$15,581,853.
- As of September 30, 2013, there was one Industrial Revenue Bond outstanding. The original issue amount totaled \$5.4 million and the outstanding balance is \$5,395,284.

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

**NOTE IV (CONTINUED)**

**6. AMI LOAN PROGRAM**

On December 27, 2007, the City entered into a loan with the Bank of America Capital Corp to provide \$35,500,000 of financing to fund the City’s Smart Metering program. The loan is due in semi-annual installments ranging from \$1,083,000 to \$1,633,000 ending on June 27, 2024, bearing interest at 3.9459%. Additionally, on September 25, 2010, the City entered into a supplemental loan for additional funding of the Smart Metering program in the amount of \$4,700,000. The loan is due in semi-annual installments ranging from \$139,000 to \$219,000 ending on June 27, 2024, bearing interest at 4.59%. Both loans are payable and secured by the Smart Energy Metering and Management System, consisting of meters and communication devices.

**7. SCHEDULE OF DEBT SERVICE REQUIREMENTS, FOR ALL OUTSTANDING DEBT INCLUDING PRINCIPAL AND INTEREST**

Year ending September 30	Governmental Activities		Business - Type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2014	\$ 6,050	\$ 3,052	\$ 22,482	\$ 47,779	\$ 79,363
2015	6,245	2,851	23,425	46,711	79,232
2016	6,485	2,613	24,497	45,636	79,231
2017	5,880	2,366	25,652	44,480	78,378
2018	5,865	2,135	26,788	43,343	78,131
2019-2023	30,380	6,443	154,098	196,825	387,746
2024-2028	9,120	971	176,530	159,118	345,739
2029-2033	1,775	100	177,815	115,956	295,646
2034-2038	--	--	223,485	66,287	289,772
2039-2041	--	--	103,040	8,835	111,875
Totals	\$ 71,800	\$ 20,531	\$ 957,812	\$ 774,970	\$ 1,825,113

**H. NET POSITION**

The business-type Fund Financial Statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted or unrestricted.

**1. INVESTMENT IN CAPITAL ASSETS (net of related debt)** is intended to reflect the portion of net position associated with non-liquid, capital assets less outstanding capital asset related debt. Related debt includes the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of capital assets of the City.

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

**3. UNRESTRICTED ASSETS** are the portion of net position that are neither invested in capital assets nor restricted for use by a third party.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE IV (CONTINUED)

The net position shown in Government-wide fund financial statements were changed beginning in FY2011 to comply with GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The details of net position presentation are explained in Note IV.1. "Fund Balance" below.

#### I. FUND BALANCE

The City classifies governmental fund balances as follows:

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

#### Spendable Fund Balance

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

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

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE IV (CONTINUED)**

A schedule of City fund balances is provided below:

	General	Community Redevelopment Agency	Total Other Governmental	Total Governmental
<b>FUND BALANCES</b>				
<b>Non-spendable.....</b>				
Inventory.....	\$ 296	\$ --	\$ --	\$ 296
Notes Receivable.....	--	--	422	422
FMV Cash.....	404	14	790	1,208
<b>Total Non-Spendable.....</b>	<b>700</b>	<b>14</b>	<b>1,212</b>	<b>1,926</b>
<b>Restricted for:</b>				
Debt Service.....	--	--	783	783
General Government.....	--	--	1,925	1,925
Public Safety.....	--	--	6,052	6,052
Transportation.....	--	--	13,475	13,475
Human Services.....	--	--	171	171
Economic Environment.....	--	6,572	190	6,762
Physical Environment.....	--	--	--	--
Culture and Recreation.....	--	--	358	358
<b>Total Restricted.....</b>	<b>--</b>	<b>6,572</b>	<b>22,954</b>	<b>29,526</b>
<b>Committed to:</b>				
General Government.....	20,552	--	821	21,373
Public Safety.....	--	--	15,490	15,490
Transportation.....	--	--	424	424
Human Services.....	--	--	822	822
Economic Environment.....	--	--	3,325	3,325
Physical Environment.....	--	--	5,719	5,719
Culture and Recreation.....	--	--	26	26
<b>Total Committed.....</b>	<b>20,552</b>	<b>--</b>	<b>26,627</b>	<b>47,179</b>
<b>Assigned to:</b>				
General Government.....	710	--	2,101	2,811
Public Safety.....	134	--	34	168
Transportation.....	372	--	1	373
Human Services.....	249	--	--	249
Economic Environment.....	98	--	--	98
Physical Environment.....	128	--	--	128
Culture and Recreation.....	50	--	--	50
<b>Total Assigned.....</b>	<b>1,741</b>	<b>--</b>	<b>2,136</b>	<b>3,877</b>
<b>Unassigned :</b>	<b>1,575</b>	<b>--</b>	<b>(1,073)</b>	<b>502</b>
<b>Total Fund Balances.....</b>	<b>\$ 24,568</b>	<b>\$ 6,586</b>	<b>\$ 51,856</b>	<b>\$ 83,010</b>

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**NOTE V - OTHER INFORMATION**

**A. OUTSTANDING CONTRACTS**

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2013, in the respective funds are as follows (in thousands):

General Fund.....	\$	1,325
Electric.....		33,780
Gas.....		891
Sewer.....		20,309
Stormwater Management.....		6,245
Water.....		5,321
Airport.....		2,776
Nonmajor Governmental.....		9,316
Nonmajor Enterprise.....		2,473
Internal Service Funds.....		9,245
CRA.....		1,538
Total.....	\$	<u>93,219</u>

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

**B. RISK MANAGEMENT PROGRAM**

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

Annually, as of August 31 and extrapolated to September 30, the program has a third party actuary review the claim history for all claim years for which open self-insurance claims are outstanding. The actuary projects the ultimate claim payment obligation (including the IBNRs) for each year's claim experience and projects the new year's probable loss fund cost and a discounted alternative. The City elected to establish the liability at the discounted value (3.5%).

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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**NOTE V (CONTINUED)**

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

Changes in the balances of self-insured claims for the year ended September 30, 2013 are as follows (in thousands):

	2013
Unpaid claims – October 1 (including IBNRs).....	\$ 9,448
Expenses.....	2,618
Claim payments.....	<u>(1,367)</u>
Unpaid claims – September 30 (including IBNRs).....	10,699
Estimated amount due in one year.....	<u>\$ 3,845</u>

**C. LITIGATION**

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

**D. FEDERAL AND STATE GRANTS**

The City has received numerous federal and state grants that are subject to financial and compliance audits made in accordance with the Office of Management and Budget Circular A-133.

Certain grants, such as the Community Development Block Grant, Home grant, State Housing Initiatives Partnership, and others, provide for the issuance of loans to qualifying individuals or non-profit entities. Loans to individuals include down payment assistance loans that are not repaid unless certain events occur, such as the sale or refinancing of a purchased home within a certain time period. Loans to non-profit entities are sometimes only payable if the entity has sufficient annual cash flow, or may be forgiven by the City Commission to prevent economic hardship for the entity. Since repayment of these loans is contingent upon various factors, the loans are not reported in the Financial Statements. Down payment assistance loans for Special Projects totaled \$4.8 million and other loans approximately \$.8 million. Down payment assistance loans for SHIP totaled \$2.0 million.

**E. ADVANCE FUNDING OF STATE OF FLORIDA ROADWAY PROJECTS**

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

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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### NOTE V (CONTINUED)

#### F. LONG-TERM CONTRACTS

The City acquires natural gas and power through a combination of short, medium and long-term contracts. The City currently has one long-term (20 Year) contract with Tennessee Energy Acquisition Corporation and another 30-year contract with MainStreet for natural gas discounted from an index. These contracts save the City between \$98,000 and \$155,000 each month through 2040. These contracts are managed and monitored by the City's Utility Services Department. Revenues from customers through the Energy Cost Recovery Clause (ECRC) and the Purchased Gas Recovery Clause (PGRC) are designed to recover the costs incurred by these purchase commitments.

The City engages in the wholesale power markets on both a short-term and long-term basis to buy or sell power when market prices are more economical than native generation. The City participates daily in the power markets for short-term opportunities to deliver the lowest cost power to our customers. The City continuously evaluates long-term purchase or sales offers through our internal planning process and participation in Request for Proposals (RFP). The City recently ended a purchased power contract with Duke Energy Florida/Progress Energy Florida for 11.4 MWs. The contract with PEF began in December 1998 and ended December 31, 2012. These contracts are managed and monitored by the City's Utility Services Department. Revenues from customers through the ECRC are designed to recover costs incurred by these purchase commitments.

The following is a schedule, by years, of approximate minimum future purchase commitments on long-term purchase contracts as of September 30, 2013 (in thousands):

Years ending September 30,	Gas Contracts
2014	\$ 80,284
2015	9,797
2016	10,165
2017	10,724
2018	10,703
Thereafter	216,432
Total	<u>\$ 338,105</u>

#### G. PENSION PLAN OBLIGATIONS

The City of Tallahassee Pension Plan (Plan) was established by Chapter 14 of the City Code of Ordinances. The Plan is administered by the City of Tallahassee Treasurer-Clerk's Office, under guidance from the Plan's Board of Trustees. 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 Defined Benefit and Defined Contribution provisions are combined and reported as one plan in the financial statements. The City of Tallahassee does not issue a stand alone Financial Report for the Plan. The provisions of the Plan are "qualified" under the Internal Revenue Service Code, and employee contributions are tax deferred.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

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**NOTE V (CONTINUED)**

**1. 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 detailed 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 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.

**2. DEFINED CONTRIBUTION PROVISION** - All employees (general, firefighters, and police officers) may elect to contribute a portion of their salary to the Plan. General employees, firefighters and police officers can contribute up to but not to exceed the maximum amount allowed by the Internal Revenue Service. 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 and the City's 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 %. Employee contributions (including the City's 5% contribution to each general employees MAP account) plus accrued earnings thereon are 100% refundable if the employee elects to terminate his vesting rights or is not vested at the date of employment termination.

**3. PENSION PLAN INFORMATION**

2013 Membership Statistical Information

A. Retirees and beneficiaries of deceased retirees currently receiving benefits.....	1,636
B. Terminated employees entitled to benefits but not yet receiving benefits.....	294
C. Active Employees.....	2,575
D. Total current year's payroll.....	\$ 164,258,000
E. Current year payroll for employees covered by the plan.....	\$ 134,307,000

**4. 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.

As of the September 30, 2012 actuarial valuation, the unfunded actuarial accrued liability contribution for the defined benefit plan is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization periods are as follows: general employees, 17 years; police officers, 30 years; and firefighters, 30 years. The unfunded initial liability for the MAP program is being amortized over 9 years for general employees as a percentage of payroll.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE V (CONTINUED)**

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 benefits expected to be paid from the program. Contributions during fiscal year 2013 totaling \$14,049,000 (\$7,902,000 employer contributions representing 7.06% covered payroll for general employees and \$6,147,000 voluntary employee contributions representing 3.98% of total covered MAP payroll), were made in accordance with contribution requirements determined through an actuarial valuation performed as of September 30, 2012. Total covered payroll for the MAP program was \$112,000,000 for general employees. Total covered payroll for fiscal year 2013 was \$154,345,000. Contributions are based on rates of covered payroll of 7.15% (5% employer contribution and 2.15 actuarial contribution) for the City and voluntary employee contributions ranging from 0% to the IRS limit for general employees, firefighters and police officers.

Contributions to the Defined Benefit Plan in 2013 amounted to \$31,439,000 of which \$22,275,000 and \$9,164,000 were made by the City and its employees, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of September 30, 2010 and include changes in funding due to plan amendments since the valuation was prepared. Contributions made by the City of Tallahassee and its employees are detailed in the table that follows.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements include (a) an interest rate of 7.75% per annum compounded annually, (b) projected salary increases for inflation and merit of 5.0% per annum for Police Officers, 4.0% for Firefighters, and 3.5% per annum for general employees compounded annually, (c) inflation rate of 4.00% and, (d) post retirement benefit increases including 3% cost-of-living adjustments and a health care supplement.

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	Amount	Percent of	Amount	Percent of
		Payroll		Payroll		Payroll
Contribution Requirements:	\$ 18,956	19.14%	\$ 7,139	31.66%	\$ 5,344	42.02%
Contribution Made:						
City.....	\$ 14,335	14.47%	\$ 4,787	21.23%	\$ 3,154	24.80%
Employee.....	4,621	4.67%	2,352	10.43%	2,190	17.22%
Total.....	\$ 18,956	19.14%	\$ 7,139	31.66%	\$ 5,344	42.02%

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 7.06%, 7.35% and 7.39% for 2013, 2012 and 2011, respectively.

**5. TREND INFORMATION** - 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.

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

**NOTE V (CONTINUED)**

The following information presents three year trend information required by GASB No. 27.

Fiscal Year	Annual Pension Cost (APC) (in thousands)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 17,657	100%	\$ --
2012	17,797	100%	--
2013	22,275	100%	--

Contributions were made in accordance with actuarially determined contribution requirements.

The following historical trend information, prepared in accordance with Governmental Accounting Standards Board Statement No. 25, (Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans) 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 Accrued Liability (AAL) Entry Age (b)	Excess(Deficit) of Assets Over AAL (a - b)	Funded Ratio (a / b)	Covered Payroll (c)	Excess(Deficit) as a Percentage of Covered Payroll (( a-b)/c)
9/30/1996	\$ 396.6	\$ 384.6	\$ 12.0	103.1%	\$ 87.9	13.7%
9/30/1997	476.4	427.3	49.1	111.5	86.6	56.7
9/30/1999	613.0	496.2	116.8	123.5	90.7	128.8
9/30/2001	723.6	597.6	126.0	121.1	99.9	126.1
9/30/2003	796.6	719.2	77.4	110.8	113.7	68.1
9/30/2005	916.3	842.1	74.2	108.8	118.6	62.6
9/30/2007	1,076.7	994.1	82.6	108.2	129.6	63.7
9/30/2009	1,127.8	1,088.1	39.7	103.7	129.4	30.7
9/30/2010	1,150.3	1,150.2	0.1	100.0	126.8	0.1
9/30/2012	1,210.9	1,325.0	(114.1)	91.4	132.9	(85.9)

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2013

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**NOTE V (CONTINUED)**

**Schedule of Employer Contributions**  
(in thousands)

<u>Fiscal Year</u>	<u>*Employer Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	\$14,987	100%
2010	14,379	100%
2011	17,657	100%
2012	17,797	100%
2013	22,275	100%

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

\*\*Actuarial valuation prepared as of September 30, 2012 to determine annual contributions for the plan year beginning October 1, 2012.

**H. OTHER EMPLOYEE BENEFITS**

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

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

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

**I. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2013

**NOTE V (CONTINUED)**

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

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

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

Annual required contribution.....	\$	1,996
Contributions made.....		<u>1,996</u>
Change in net OPEB obligation.....		--
Net OPEB obligation - October 1.....		<u>2,500</u>
Net OPEB obligation - September 30 .....	\$	<u>2,500</u>

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 8,353	29.43%	\$ 5,895
2009	\$ 8,622	36.07%	\$ 11,407
2010	\$ 4,351	72.08%	\$ 2,500
2011	\$ 2,027	100.00%	\$ 2,500
2012	\$ 2,052	100.00%	\$ 2,500
2013	\$ 1,996	100.00%	\$ 2,500

**4. FUNDED STATUS AND FUNDING PROGRESS** - As of October 1, 2010, the most recent actuarial valuation date, the plan was .21% funded. The actuarial accrued liability for benefits was \$24.5 million, and the actuarial value of assets was \$4.2 million resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$20.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$141.3 million, and the ratio of the UAAL to the covered payroll was 14.4 %. The schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2013

### NOTE V (CONTINUED)

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

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

In the October 1, 2010 actuarial valuation, the pay related entry age actuarial cost method was used. The actuarial assumptions included a 7.75 % investment rate of return and a 4.0 % inflation assumption. The UAAL is being amortized as a level percentage of payroll on an open basis over a period of thirty years.

### J. DERIVATIVE INSTRUMENTS

The following table displays the objectives and terms of the City's derivative instruments outstanding at September 30, 2013:

<u>Type</u>	<u>Objective</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
Commodity Forward Contract	Hedge of changes in cash flows due to market price fluctuations related to expected purchases of natural gas	Various	November 2012 - March 2013	Pay various prices per MMBTU; settlement based on Henry Hub pricing point at expiration date
Commodity Forward Contract	Hedge of changes in cash flows due to market price fluctuations related to expected purchases of gasoline	Various	September 2012 - November 2013	Pay various prices per gallon; settlement based on New York Harbor Gasoline pricing point at expiration date

**CREDIT RISK** – The City is exposed to credit risk on derivative instruments that are in asset positions. All applicable fuel related counterparties have a minimum credit rating of “A-” issued from Standard & Poor’s Investors Service or “A1” issued from Moody’s Investors Service.

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2013

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#### NOTE V (CONTINUED)

##### K. CONTINGENCY

**CASCADE PARK SUPERFUND SITE** - Although the City of Tallahassee (City) has excavated approximately 85,000 tons of contaminated soil from the Cascades Park site in 2005-2006 pursuant to the requirements of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund), and subsequent excavation conducted by Blueprint 2000 as part of park construction activities, residual groundwater and soil contamination remain at the site. As a result, in December 2011, the City as the CERCLA “responsible party” and the U.S. Environmental Protection Agency (EPA) entered into an “Administrative Settlement Agreement and Order on Consent for Remedial Investigation / Feasibility Study.” This Settlement Agreement, which is still in effect, requires the City to determine the most appropriate remedial technology to address the subsurface contamination and make recommendations to the EPA on how to move forward. In accordance with the Settlement Agreement, a field-scale pilot injection study was completed in February 2013. After several months of groundwater monitoring following the pilot study, and additional negotiations with the EPA, the City is finalizing its recommendations which will be submitted to the EPA by March 2014. Following EPA review, and agreement by the parties, a new Settlement Agreement will be executed requiring the City to implement the EPA-approved path forward. In addition to the ongoing costs associated with developing the recommendations, and the future costs associated with implementing the yet-to-be-determined path forward, the City must also reimburse EPA annually for all direct and indirect costs incurred by EPA, its contractors, and the U.S. Department of Justice, including associated EPA markups for contractor oversight.

##### L. RELATED PARTY TRANSACTIONS

Related party transactions during the year ended September 30, 2013 included the following:

- 1) Periodically, the City will enter into Joint Project Agreements (JPA) with Blueprint 2000 Intergovernmental Agency (BP2K) whereby the BP2K will provide construction management services to the City for an administrative fee. For the year ended September 30, 2013, the City paid fees to the Agency totaling \$54,702.
- 2) On June, 22, 2011, the City and BP2K entered into a Joint Project Agreement (JPA) whereby the BP2K will provide “right of way” services to the City for the City’s FAMU Way Road Project. For the year ended September 30, 2013, the City paid fees to BP2K for this project totaling \$593,869.
- 3) The City paid the following contributions to the following entities:
  - a. \$300,000 to BP2K for a fountain at Cascades Park.
  - b. \$2,780,000 to CDA for operations.
  - c. \$196,000 to CDA for Fire/EMS revenue.
- 4) The City received the following contributions/donations from the following entities:
  - a. \$313,000 from CDA for project implementation costs.
  - b. \$500,000 donation from BP2K for the Lafayette Heritage Trail.

# **REQUIRED SUPPLEMENTARY INFORMATION**

THIS SUBSECTION CONTAINS THE FOLLOWING:

Budgetary Comparison Schedule-General Fund  
Note to Required Supplementary Information  
Schedule of Funding Progress - OPEB  
Schedule of Employer Contributions - OPEB

**CITY OF TALLAHASSEE, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2013**  
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary Fund Balance - October 1</b>	\$ 408	\$ 408	\$ 408	\$ --
<b>Resources</b>				
Taxes	54,649	54,649	54,357	(292)
Licenses and Permits	2,854	2,854	2,538	(316)
Intergovernmental Revenues	14,903	14,903	14,072	(831)
Charges for Services	9,224	9,224	8,714	(510)
Fines and Forfeitures	2,808	2,808	2,213	(595)
Interest Earned	520	520	521	1
Miscellaneous	11,350	11,350	10,442	(908)
Transfers from Other Funds	42,006	42,006	42,166	160
Amounts Available for Appropriations	<u>138,722</u>	<u>138,722</u>	<u>135,431</u>	<u>(3,291)</u>
		-		
<b>Charges to Appropriations</b>				
General Government	26,929	25,702	23,337	2,365
Public Safety	49,379	48,913	49,167	(254)
Transportation	16,097	15,820	15,643	177
Human Services	2,710	1,500	1,324	176
Economic Development	603	682	637	45
Physical Environment	1,783	1,783	1,714	69
Culture and Recreation	20,301	20,065	18,938	1,127
Transfers to Other Funds	20,920	24,257	23,991	266
Total Charges to Appropriations	<u>138,722</u>	<u>138,722</u>	<u>134,751</u>	<u>3,971</u>
<b>Budgetary fund balance, September 30</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 680</u>	<u>\$ 680</u>

See Independent Auditors' Report

**CITY OF TALLAHASSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Note to Required Supplementary Information**  
**General Fund**  
**For the Year Ended September 30, 2013**  
**(in thousands)**

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

**Inflows of Resources**

Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule.	\$ 135,431
<b>Differences - budget to GAAP</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(408)
The decrease in the fair market value of investments is a decrease in revenue for financial reporting purposes but is considered a budgetary inflow.	(342)
The revenues of the City's Deficiency Reserve and Scholarship Reserve are current year revenues for reporting purposes but are not considered budgetary inflows.	1,305
Current year nonbudgeted transfer is treated as revenue for financial reporting purposes but not as a budgetary inflow.	(1,810)
Miscellaneous items treated as budgetary inflows but not as revenues for financial reporting purposes.	(851)
<b>Total Revenues/Transfers In as reported on the statement of revenues, expenditures, and changes in fund balances.</b>	<u><u>\$ 133,325</u></u>

**Outflows of Resources**

Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule.	\$ 134,751
<b>Differences - budget to GAAP</b>	
The expenditures of the City's Deficiency Reserve and Scholarship reserve are current year expenditures for reporting purposes but are not considered budgetary outflows.	3,438
Repayment of the principal portion of debt is treated as an outflow for budgetary purposes, but as a reduction of the debt for reporting purposes	(805)
Miscellaneous items treated as budgetary outflows but not as expenditures for financial reporting purposes.	(4,235)
<b>Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.</b>	<u><u>\$ 133,149</u></u>

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION (Continued)**

September 30, 2013

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

**Schedule of Funding Progress**

(in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
10/1/2007	\$ --	\$ 101.8	\$ 101.8	0.00%	\$ 133.4	76.3%
10/1/2009	\$ 2.7	\$ 44.6	\$ 41.9	6.05%	\$ 142.7	29.4%
10/1/2010	\$ 4.2	\$ 24.5	\$ 20.3	17.14%	\$ 141.3	14.4%

**Schedule of Employer Contributions**

(in thousands)

Fiscal Year	Employer Annual Required Contributions	Percentage Contributed
2008	\$ 8,353	29.4%
2009	\$ 8,622	36.1%
2010	\$ 4,350	72.1%
2011	\$ 2,027	100.0%
2012	\$ 2,052	100.0%
2013	\$ 1,996	100.0%

See Independent Auditors' Report

# **COMBINING FINANCIAL STATEMENTS**

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

Nonmajor Governmental Funds  
Nonmajor Enterprise Funds  
Internal Service Funds  
Capital Assets Used in the Operation of Governmental Funds



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## NONMAJOR FUNDS

### GOVERNMENTAL FUNDS

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

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**September 30, 2013**  
**(in thousands)**

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency Fund	State Housing Partnership
<b>ASSETS</b>					
Cash and Cash Equivalents.....	\$ 3,497	\$ --	\$ 191	\$ 5,140	\$ --
Securities Lending Collateral .....	354	--	19	519	--
Receivables:					
Accrued Interest.....	7	--	--	10	--
Customers and Other.....	323	--	--	--	--
Notes.....	37	--	--	--	--
Special Assessments.....	--	--	--	--	--
Due From Other Governments.....	2,271	--	--	--	--
Advances to Other Funds.....	--	--	--	--	--
Cash and Cash Equivalents - Restricted.....	450	740	--	--	371
Investments - Restricted.....	--	--	--	--	--
Securities Lending Collateral - Restricted.....	46	75	--	--	38
Receivables - Restricted:					
Accrued Interest Receivable.....	1	2	--	--	1
Customers.....	4	7	--	--	--
Notes Receivable.....	--	--	--	--	281
Due from Other Governments.....	1,776	--	--	--	--
Total Assets.....	<u>\$ 8,766</u>	<u>\$ 824</u>	<u>\$ 210</u>	<u>\$ 5,669</u>	<u>\$ 691</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Obligations Under Securities Lending .....	\$ 354	\$ --	\$ 19	\$ 519	\$ --
Accounts and Retainage Payable.....	517	14	69	--	--
Unearned Revenue.....	13	--	113	--	--
Advance from Other Funds.....	--	--	1,080	--	--
Accounts and Retainage Payable - Restricted.....	1,665	--	2	--	--
Obligations Under Securities Lending - Restricted.....	46	75	--	--	38
Unearned Revenue - Restricted.....	--	65	--	--	371
Total Liabilities.....	<u>2,595</u>	<u>154</u>	<u>1,283</u>	<u>519</u>	<u>409</u>
<b>FUND BALANCES</b>					
Non-spendable.....	46	2	--	12	282
Spendable:					
Restricted.....	495	181	--	5,138	--
Committed.....	3,494	487	--	--	--
Assigned.....	2,136	--	--	--	--
Unassigned.....	--	--	(1,073)	--	--
Total Fund Balances.....	<u>6,171</u>	<u>670</u>	<u>(1,073)</u>	<u>5,150</u>	<u>282</u>
Total Liabilities and Fund Balances.....	<u>\$ 8,766</u>	<u>\$ 824</u>	<u>\$ 210</u>	<u>\$ 5,669</u>	<u>\$ 691</u>

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**September 30, 2013**  
**(in thousands)**

Debt Service	Capital Projects Funds					Permanent Fund	Total
	Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery		
\$ --	\$ 17,871	\$ --	\$ 12,096	\$ 6,079	\$ 5,668	\$ 50,542	
--	1,807	--	1,223	615	573	5,110	
--	54	--	30	15	14	130	
--	12	--	--	--	--	335	
--	104	--	--	--	--	141	
--	160	--	--	--	--	160	
--	--	--	646	329	--	3,246	
--	--	--	--	--	--	--	
778	--	--	--	--	--	2,339	
--	--	--	--	--	--	--	
79	--	--	--	--	--	238	
5	--	--	--	--	--	9	
--	--	--	--	--	--	11	
--	--	--	--	--	--	281	
--	--	--	--	--	--	1,776	
<u>\$ 862</u>	<u>\$ 20,008</u>	<u>\$ --</u>	<u>\$ 13,995</u>	<u>\$ 7,038</u>	<u>\$ 6,255</u>	<u>\$ 64,318</u>	
\$ --	\$ 1,807	\$ --	\$ 1,223	\$ 615	\$ 573	\$ 5,110	
--	215	--	323	238	13	1,389	
--	--	--	--	--	--	126	
--	678	--	--	--	--	1,758	
--	--	1,738	--	--	--	3,405	
79	--	--	--	--	--	238	
--	--	--	--	--	--	436	
<u>79</u>	<u>2,700</u>	<u>1,738</u>	<u>1,546</u>	<u>853</u>	<u>586</u>	<u>12,462</u>	
--	318	259	193	87	13	1,212	
783	--	(1,997)	12,256	6,098	--	22,954	
--	16,990	--	--	--	5,656	26,627	
--	--	--	--	--	--	2,136	
--	--	--	--	--	--	(1,073)	
<u>783</u>	<u>17,308</u>	<u>(1,738)</u>	<u>12,449</u>	<u>6,185</u>	<u>5,669</u>	<u>51,856</u>	
<u>\$ 862</u>	<u>\$ 20,008</u>	<u>\$ --</u>	<u>\$ 13,995</u>	<u>\$ 7,038</u>	<u>\$ 6,255</u>	<u>\$ 64,318</u>	

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**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended September 30, 2013**  
**(in thousands)**

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
<b>Revenues:</b>					
Taxes.....	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits.....	--	--	3,110	97	--
Intergovernmental Revenues.....	9,424	93	--	--	173
Charges for Services.....	--	--	135	--	--
Fines and Forfeitures.....	--	221	44	--	--
Net Investment Earnings.....	43	12	7	73	5
Securities Lending Income.....	--	--	--	--	--
Change in Fair Value of Investments.....	(2)	(13)	(2)	(139)	(1)
Miscellaneous Revenues.....	314	--	197	--	--
Total Revenues.....	<u>9,779</u>	<u>313</u>	<u>3,491</u>	<u>31</u>	<u>177</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government.....	488	--	--	--	--
Public Safety.....	853	501	2,539	--	--
Transportation.....	4,646	--	--	5	--
Human Services.....	803	--	--	--	--
Economic Environment.....	2,861	--	--	--	175
Physical Environment.....	48	--	--	--	--
Cultural and Recreation.....	430	--	--	--	--
<b>Securities Lending Expense:</b>					
Interest.....	--	--	--	--	--
Agent Fees.....	--	--	--	--	--
<b>Debt Service:</b>					
Principal Retired.....	--	--	--	--	--
Interest and Fiscal Charges.....	--	--	--	--	--
Bond Issuance Costs.....	--	--	--	--	--
Advance Refunding Escrow.....	--	--	--	--	--
Total Expenditures.....	<u>10,129</u>	<u>501</u>	<u>2,539</u>	<u>5</u>	<u>175</u>
Excess of Revenues Over (Under) Expenditures.....	<u>(350)</u>	<u>(188)</u>	<u>952</u>	<u>26</u>	<u>2</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In.....	213	205	56	--	--
Transfers Out.....	(89)	(205)	(200)	(4,525)	--
Refunding Bonds Issued.....	--	--	--	--	--
Payment to Refunded Bond Escrow Agent.....	--	--	--	--	--
Proceeds from Sale of Capital Assets.....	68	--	--	--	--
Total Other Financing Sources (Uses).....	<u>192</u>	<u>--</u>	<u>(144)</u>	<u>(4,525)</u>	<u>--</u>
Net Change in Fund Balances.....	(158)	(188)	808	(4,499)	2
Fund Balances - October 1.....	6,329	858	(1,881)	9,649	280
Fund Balances - September 30.....	<u>\$ 6,171</u>	<u>\$ 670</u>	<u>\$ ( 1,073)</u>	<u>\$ 5,150</u>	<u>\$ 282</u>

**See Independent Auditors' Report**

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended September 30, 2013**  
**(in thousands)**

Debt Service	Capital Projects Funds				Permanent Fund	Total
	Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery	
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--	3,207
--	500	--	4,771	3,954	--	18,915
--	12	91	--	--	227	465
--	--	--	--	--	--	265
2,162	235	106	51	85	73	2,852
33	5	--	--	--	--	38
(28)	(214)	(259)	(193)	(87)	(79)	(1,017)
1,305	339	--	10	--	--	2,165
3,472	877	(62)	4,639	3,952	221	26,890
--	698	661	87	16	--	1,950
--	63	--	--	--	--	3,956
--	4,288	16,280	6,118	3,923	--	35,260
--	--	--	--	--	--	803
--	90	--	--	--	--	3,126
--	100	--	--	--	423	571
--	1,488	--	286	--	--	2,204
22	4	--	--	--	--	26
2	--	--	--	--	--	2
5,320	--	--	--	--	--	5,320
2,860	--	--	--	--	--	2,860
236	--	--	--	--	--	236
10,340	--	--	--	--	--	10,340
18,780	6,731	16,941	6,491	3,939	423	66,654
(15,308)	(5,854)	(17,003)	(1,852)	13	(202)	(39,764)
6,329	5,260	--	--	--	--	12,063
(631)	(705)	--	--	(204)	(29)	(6,588)
58,164	--	--	--	--	--	58,164
(58,164)	--	--	--	--	--	(58,164)
--	2,987	--	--	--	--	3,055
5,698	7,542	--	--	(204)	(29)	8,530
(9,610)	1,688	(17,003)	(1,852)	(191)	(231)	(31,234)
10,393	15,620	15,265	14,301	6,376	5,900	83,090
\$ 783	\$ 17,308	\$ (1,738)	\$ 12,449	\$ 6,185	\$ 5,669	\$ 51,856

See Independent Auditors' Report

# NONMAJOR FUNDS

## ENTERPRISE FUNDS

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

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**Nonmajor Enterprise Funds**  
**September 30, 2013**  
**(in thousands)**

	<u>StarMetro</u>	<u>Solid Waste</u>	<u>Golf</u>	<u>Fire Services</u>	<u>Total</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents.....	\$ --	\$ 12,994	\$ 557	\$ --	\$ 13,551
Securities Lending Collateral.....	--	1,314	56	--	1,370
Receivables:					
Accrued Interest.....	--	32	1	--	33
Customers and Others.....	773	1,407	--	2,662	4,842
Due From Other Governments.....	4,081	1	--	--	4,082
Less: Allowance for Doubtful Accounts.....	(6)	(575)	--	(175)	(756)
Inventory.....	911	--	36	--	947
Cash and Cash Equivalents - Restricted.....	2,100	--	--	--	2,100
<b>Total Current Assets.....</b>	<u>7,859</u>	<u>15,173</u>	<u>650</u>	<u>2,487</u>	<u>26,169</u>
<b>Noncurrent Assets</b>					
Capital Assets					
Land and Construction in Progress.....	12,828	--	144	8,376	21,348
Other, Net of Accumulated Depreciation.....	20,454	2,923	1,366	12,696	37,439
<b>Total Noncurrent Assets.....</b>	<u>33,289</u>	<u>2,923</u>	<u>1,510</u>	<u>21,072</u>	<u>58,794</u>
<b>Total Assets.....</b>	<u>\$ 41,148</u>	<u>\$ 18,096</u>	<u>\$ 2,160</u>	<u>\$ 23,559</u>	<u>\$ 84,963</u>
<b>LIABILITIES AND NET POSITION</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable.....	\$ 3,715	\$ 2,028	\$ 35	\$ 7,667	\$ 13,445
Due to Other Funds.....	8	--	1	--	9
Compensated Absences.....	539	265	18	1,941	2,763
Obligations Under Securities Lending.....	--	1,314	56	--	1,370
Unearned Revenue.....	--	--	--	--	--
<b>Total Current Liabilities.....</b>	<u>4,262</u>	<u>3,607</u>	<u>110</u>	<u>9,608</u>	<u>17,587</u>
<b>Noncurrent Liabilities:</b>					
Advances from Other Funds.....	--	--	--	1,030	1,030
Compensated Absences.....	164	197	15	476	852
<b>Total Noncurrent Liabilities.....</b>	<u>164</u>	<u>197</u>	<u>15</u>	<u>1,506</u>	<u>1,882</u>
<b>Total Liabilities.....</b>	<u>4,426</u>	<u>3,804</u>	<u>125</u>	<u>11,114</u>	<u>19,469</u>
<b>Net Position</b>					
Investment in Capital Assets, net of related debt.....	33,282	2,923	1,510	14,136	51,851
Restricted for					
Renewal, Replacement, and Improvements.....	2,100	--	--	--	2,100
Unrestricted.....	1,340	11,369	525	(1,691)	11,543
<b>Total Net Position.....</b>	<u>36,722</u>	<u>14,292</u>	<u>2,035</u>	<u>12,445</u>	<u>65,494</u>
<b>Total Liabilities and Net Position.....</b>	<u>\$ 41,148</u>	<u>\$ 18,096</u>	<u>\$ 2,160</u>	<u>\$ 23,559</u>	<u>\$ 84,963</u>

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended September 30, 2013**  
**(in thousands)**

	<u>StarMetro</u>	<u>Solid Waste</u>	<u>Golf Course</u>	<u>Fire Services</u>	<u>Total</u>
<b>Operating Revenues:</b>					
<b>Charges for Services:</b>					
Residential Sales.....	\$ --	\$ 9,702	\$ --	\$ 18,461	\$ 28,163
Commercial and Industrial Sales.....	--	12,565	--	11,528	24,093
County Government.....	--	--	--	2,194	2,194
Recyclable Sales.....	--	822	--	--	822
Recreation Fees.....	--	--	908	--	908
Transportation Fees.....	4,863	--	--	--	4,863
Other.....	4	160	--	476	640
Total Operating Revenues.....	<u>4,867</u>	<u>23,249</u>	<u>908</u>	<u>32,659</u>	<u>61,683</u>
<b>Operating Expenses:</b>					
Personnel Services.....	10,279	4,536	432	22,657	37,904
Contractual Services.....	4,680	16,129	206	8,437	29,452
Materials and Supplies.....	3,493	73	144	657	4,367
Other Expenses.....	95	916	36	290	1,337
Depreciation.....	2,381	98	203	918	3,600
Total Operating Expenses.....	<u>20,928</u>	<u>21,752</u>	<u>1,021</u>	<u>32,959</u>	<u>76,660</u>
Operating Income (Loss).....	<u>(16,061)</u>	<u>1,497</u>	<u>(113)</u>	<u>(300)</u>	<u>(14,977)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Net Investment Earnings.....	--	170	7	--	177
Change in the Fair Value of Investments.....	--	(170)	(7)	--	(177)
<b>Securities Lending:</b>					
Income.....	--	4	--	--	4
Interest.....	--	(3)	--	--	(3)
Other Revenues (Expenses).....	(108)	--	(15)	--	(123)
Grant Revenues.....	2,681	--	--	--	2,681
Gain (Loss) on Sale of Assets.....	--	--	--	--	--
Interest Expense.....	--	--	--	(120)	(120)
Total Non-Operating Revenues (Expenses).....	<u>2,573</u>	<u>1</u>	<u>(15)</u>	<u>(120)</u>	<u>2,439</u>
Income (Loss) Before Capital Contributions and Operating Transfers.....	<u>(13,488)</u>	<u>1,498</u>	<u>(128)</u>	<u>(420)</u>	<u>(12,538)</u>
<b>Operating Transfers:</b>					
Capital Contributions.....	7,051	--	--	--	7,051
Transfers In.....	9,639	--	--	1,083	10,722
Transfers Out.....	(72)	(1,648)	(1)	(310)	(2,031)
Total Operating Transfers.....	<u>16,618</u>	<u>(1,648)</u>	<u>(1)</u>	<u>773</u>	<u>15,742</u>
Change in Net Position.....	<u>3,130</u>	<u>(150)</u>	<u>(129)</u>	<u>353</u>	<u>3,204</u>
Net Position - October 1.....	<u>33,592</u>	<u>14,442</u>	<u>2,164</u>	<u>12,092</u>	<u>62,290</u>
Net Position - September 30.....	<u>\$ 36,722</u>	<u>\$ 14,292</u>	<u>\$ 2,035</u>	<u>\$ 12,445</u>	<u>\$ 65,494</u>

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Nonmajor Enterprise Funds**  
**For the Year Ended September 30, 2013**  
**(in thousands)**

	StarMetro	Solid Waste	Golf Course	Fire Services	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers.....	\$ 4,987	\$ 23,316	\$ 875	\$ 32,254	\$ 61,432
Cash Paid to Suppliers for Goods and Services.....	(5,423)	(11,055)	(244)	(8,755)	(25,477)
Cash Paid to Employees for Services.....	(10,275)	(4,539)	(435)	(22,396)	(37,645)
Cash Paid to Other Funds.....	(1,848)	(5,010)	(144)	(6,239)	(13,241)
Net Cash Provided by (Used for) Operating Activities.....	<u>(12,559)</u>	<u>2,712</u>	<u>52</u>	<u>(5,136)</u>	<u>(14,931)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In from Other Funds.....	9,639	--	--	1,083	10,722
Transfers Out to Other Funds.....	(72)	(1,648)	(1)	(310)	(2,031)
Operating Grants Received.....	2,032	--	--	--	2,032
Repayment of Advances to Other Funds.....	--	--	--	197	197
Net Cash Provided by (Used for) Noncapital Financing Activities.....	<u>11,599</u>	<u>(1,648)</u>	<u>(1)</u>	<u>970</u>	<u>10,920</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Contributions.....	7,051	--	--	--	7,051
Acquisition, Construction, and Sale of Capital Assets.....	(6,091)	(853)	(18)	4,775	(2,187)
Repayment of Loans from Other Funds.....	--	--	--	(489)	(489)
Interest Paid.....	--	--	--	(120)	(120)
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	<u>960</u>	<u>(853)</u>	<u>(18)</u>	<u>4,166</u>	<u>4,255</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received on Investments.....	--	168	7	--	175
Increase in the Fair Value of Cash and Cash Equivalents.....	--	(170)	(7)	--	(177)
Net Cash Provided by (Used for) Investing Activities.....	<u>--</u>	<u>(2)</u>	<u>--</u>	<u>--</u>	<u>(2)</u>
Net Increase in Cash and Cash Equivalents/Investments.....	--	209	33	--	242
Cash and Cash Equivalents - October 1.....	2,100	12,785	524	--	15,409
Cash and Cash Equivalents - September 30.....	<u>\$ 2,100</u>	<u>\$ 12,994</u>	<u>\$ 557</u>	<u>\$ --</u>	<u>\$ 15,651</u>
<b>Classified As:</b>					
Unrestricted Assets.....	\$ --	\$ 12,994	\$ 557	\$ --	\$ 13,551
Restricted Assets.....	2,100	--	--	--	2,100
	<u>\$ 2,100</u>	<u>\$ 12,994</u>	<u>\$ 557</u>	<u>\$ --</u>	<u>\$ 15,651</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating Income (Loss).....	\$ ( 16,061)	\$ 1,497	\$ ( 113)	\$ ( 300)	\$ ( 14,977)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation.....	2,381	98	203	918	3,600
Provision for Uncollectible Accounts.....	2	(15)	--	(25)	(38)
Increase in Accounts Receivable.....	118	82	--	(405)	(205)
(Increase) Decrease in Inventory.....	42	--	(9)	--	33
Increase (Decrease) in Accounts Payable.....	962	1,053	7	(5,386)	(3,364)
Increase in Prepaid Expenses.....	(7)	--	--	--	(7)
Increase (Decrease) in Deferred Revenue.....	--	--	(33)	--	(33)
Increase (Decrease) in Accrued Leave.....	4	(3)	(3)	62	60
Total Adjustments.....	<u>3,502</u>	<u>1,215</u>	<u>165</u>	<u>(4,836)</u>	<u>46</u>
Net Cash Provided by (Used for) Operating Activities.....	<u>\$ ( 12,559)</u>	<u>\$ 2,712</u>	<u>\$ 52</u>	<u>\$ ( 5,136)</u>	<u>\$ ( 14,931)</u>

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## INTERNAL SERVICE FUNDS

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

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**Internal Service Funds**  
**September 30, 2013**  
**(in thousands)**

ASSETS	800 Mhz	Information Systems Services	Accounting	Purchasing	Garage	Human Resources
<b>Current Assets</b>						
Cash and Cash Equivalents.....	\$ 1,658	\$ 4,919	\$ 297	\$ 144	\$ 7,373	\$ 488
Securities Lending Collateral.....	168	497	30	15	745	49
Receivables:						
Other.....	114	1	--	--	460	6
Accrued Interest.....	4	12	24	9	18	1
Due from Other Governments.....	41	270	--	--	--	57
Inventory .....	--	--	--	--	2,380	--
Prepaid Expenses.....	--	--	--	--	--	--
Due from Other Funds.....	--	--	--	--	--	--
<b>Total Current Assets.....</b>	<b>1,985</b>	<b>5,699</b>	<b>351</b>	<b>168</b>	<b>10,976</b>	<b>601</b>
<b>Noncurrent Assets</b>						
Advances to Other Funds.....	--	--	--	--	--	--
Deposits.....	--	--	--	--	--	--
<b>Capital Assets</b>						
Land and Construction in Progress.....	440	6,068	--	44	--	--
Other, Net of Accumulated Depreciation.....	5,575	1,073	4	712	40,442	36
	6,015	7,141	4	756	40,442	36
<b>Total Assets.....</b>	<b>\$ 8,000</b>	<b>\$ 12,840</b>	<b>\$ 355</b>	<b>\$ 924</b>	<b>\$ 51,418</b>	<b>\$ 637</b>
<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Obligations Under Securities Lending.....	\$ 168	\$ 497	\$ 30	\$ 15	\$ 745	\$ 49
Accounts Payable.....	105	1,249	65	52	98	89
Due to Other Funds.....	--	--	--	1	--	--
Unearned Revenue.....	83	--	--	--	5	--
Compensated Absences.....	21	468	170	117	261	184
<b>Total Current Liabilities.....</b>	<b>377</b>	<b>2,214</b>	<b>265</b>	<b>185</b>	<b>1,109</b>	<b>322</b>
<b>Noncurrent Liabilities</b>						
Claims Payable.....	--	--	--	--	--	--
Compensated Absences.....	--	225	4	7	147	--
<b>Total Noncurrent Liabilities.....</b>	<b>--</b>	<b>225</b>	<b>4</b>	<b>7</b>	<b>147</b>	<b>--</b>
<b>Total Liabilities.....</b>	<b>377</b>	<b>2,439</b>	<b>269</b>	<b>192</b>	<b>1,256</b>	<b>322</b>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt.....	6,015	7,141	4	756	40,442	36
Unrestricted.....	1,608	3,260	82	(24)	9,720	279
<b>Total Net Position.....</b>	<b>7,623</b>	<b>10,401</b>	<b>86</b>	<b>732</b>	<b>50,162</b>	<b>315</b>
<b>Total Liabilities and Net Position.....</b>	<b>\$ 8,000</b>	<b>\$ 12,840</b>	<b>\$ 355</b>	<b>\$ 924</b>	<b>\$ 51,418</b>	<b>\$ 637</b>

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**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF NET POSITION**  
**Internal Service Funds**  
**September 30, 2013**  
**(in thousands)**

<b>Pension Administration</b>	<b>Risk Management</b>	<b>Internal Loan</b>	<b>Revenue Collection</b>	<b>Utility Services</b>	<b>Environmental Policy</b>	<b>Wholesale Energy Services</b>	<b>Total</b>
\$ 72	\$ 18,882	\$ 4,184	\$ 128	\$ 3,376	\$ 157	\$ 11,852	\$ 53,530
7	1,909	423	13	341	16	1,198	5,411
2	1	--	8	3	--	235	830
--	47	7	--	8	--	28	158
--	47	--	--	--	--	335	750
--	--	--	--	--	--	165	2,545
--	2,214	--	--	--	--	--	2,214
--	--	--	76	--	--	--	76
<u>81</u>	<u>23,100</u>	<u>4,614</u>	<u>225</u>	<u>3,728</u>	<u>173</u>	<u>13,813</u>	<u>65,514</u>
--	--	2,628	--	--	--	--	2,628
--	--	--	--	--	--	4,562	4,562
--	--	--	--	--	--	--	6,552
1	1	--	762	646	--	10	49,262
<u>1</u>	<u>1</u>	<u>2,628</u>	<u>762</u>	<u>646</u>	<u>--</u>	<u>4,572</u>	<u>63,004</u>
<u>\$ 82</u>	<u>\$ 23,101</u>	<u>\$ 7,242</u>	<u>\$ 987</u>	<u>\$ 4,374</u>	<u>\$ 173</u>	<u>\$ 18,385</u>	<u>\$ 128,518</u>
\$ 7	\$ 1,909	\$ 423	\$ 13	\$ 341	\$ 16	\$ 1,198	5,411
14	52	--	49	236	38	10,164	12,211
--	--	--	--	--	--	3,490	3,491
--	--	--	--	--	--	--	88
38	90	--	91	501	92	206	2,239
<u>59</u>	<u>2,051</u>	<u>423</u>	<u>153</u>	<u>1,078</u>	<u>146</u>	<u>15,058</u>	<u>23,440</u>
--	10,699	--	--	--	--	--	10,699
22	19	--	20	145	18	84	691
22	10,718	--	20	145	18	84	11,390
<u>81</u>	<u>12,769</u>	<u>423</u>	<u>173</u>	<u>1,223</u>	<u>164</u>	<u>15,142</u>	<u>34,830</u>
1	1	--	762	646	--	10	55,814
--	10,331	6,819	52	2,505	9	3,233	37,874
<u>1</u>	<u>10,332</u>	<u>6,819</u>	<u>814</u>	<u>3,151</u>	<u>9</u>	<u>3,243</u>	<u>93,688</u>
<u>\$ 82</u>	<u>\$ 23,101</u>	<u>\$ 7,242</u>	<u>\$ 987</u>	<u>\$ 4,374</u>	<u>\$ 173</u>	<u>\$ 18,385</u>	<u>\$ 128,518</u>

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CITY OF TALLAHASSEE, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 Internal Service Funds  
 For the fiscal year ended September 30, 2013  
 (in thousands)

	800MHz	Information Systems Services	Accounting	Purchasing	Garage	Human Resources
Operating Revenues:						
Charges for Service.....	\$ 1,821	\$ 14,315	\$ 3,003	\$ 2,227	\$ 18,324	\$ 3,731
Total Operating Revenues.....	<u>1,821</u>	<u>14,315</u>	<u>3,003</u>	<u>2,227</u>	<u>18,324</u>	<u>3,731</u>
Operating Expenses:						
Personnel Services.....	555	6,565	2,344	1,892	3,873	2,629
Contractual Services.....	1,164	7,305	520	312	4,237	530
Materials and Supplies.....	2	20	14	15	5,432	17
Other Expenses.....	1	885	18	-	42	246
Depreciation.....	540	233	2	40	6,534	5
Total Operating Expenses.....	<u>2,262</u>	<u>15,008</u>	<u>2,898</u>	<u>2,259</u>	<u>20,118</u>	<u>3,427</u>
Operating Income (Loss).....	<u>(441)</u>	<u>(693)</u>	<u>105</u>	<u>(32)</u>	<u>(1,794)</u>	<u>304</u>
Non-Operating Revenues (Expenses):						
Net Investment Earnings.....	20	80	5	4	105	8
Change in the Fair Value of Investments.....	(21)	(97)	(4)	(2)	(149)	(7)
Securities Lending:						
Income.....	-	-	-	-	-	-
Interest Expense.....	-	-	-	-	-	-
Other Revenue.....	-	70	-	-	2,219	-
Gain (Loss) on the sale of surplus property.....	1	-	-	-	-	-
Interest Expense.....	-	(1)	-	-	-	-
Other Expense.....	-	-	-	-	(1,684)	-
Total Non-Operating Revenues.....	<u>-</u>	<u>52</u>	<u>1</u>	<u>2</u>	<u>491</u>	<u>1</u>
Income (Loss) Before Capital Contributions and Transfers.....	<u>(441)</u>	<u>(641)</u>	<u>106</u>	<u>(30)</u>	<u>(1,303)</u>	<u>305</u>
Capital Contributions and Transfers						
Transfers In.....	-	29	-	-	-	1
Transfers Out.....	-	(8)	(102)	-	(18)	(246)
Total Capital Contributions and Transfers.....	<u>-</u>	<u>21</u>	<u>(102)</u>	<u>-</u>	<u>(18)</u>	<u>(245)</u>
Change in Net Position.....	<u>(441)</u>	<u>(620)</u>	<u>4</u>	<u>(30)</u>	<u>(1,321)</u>	<u>60</u>
Net Position - October 1.....	8,064	11,021	82	762	51,483	255
Net Position - September 30.....	<u>\$ 7,623</u>	<u>\$ 10,401</u>	<u>\$ 86</u>	<u>\$ 732</u>	<u>\$ 50,162</u>	<u>\$ 315</u>

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN POSITION**  
**Internal Service Funds**  
**For the fiscal year ended September 30, 2013**  
**(in thousands)**

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Wholesale Energy Services	Total
\$ 1,042	\$ 10,626	\$ --	\$ 1,925	\$ 12,133	\$ 1,923	\$ 124,371	\$ 195,441
1,042	10,626	--	1,925	12,133	1,923	124,371	195,441
580	1,281	--	1,348	7,859	1,284	2,534	32,744
409	232	--	355	1,843	545	122,303	139,755
23	10	--	113	2,060	31	12	7,749
2	7,333	--	17	216	33	(14)	8,779
1	--	--	39	154	--	4	7,552
1,015	8,856	--	1,872	12,132	1,893	124,839	196,579
27	1,770	--	53	1	30	(468)	(1,138)
3	247	225	3	46	3	117	866
(1)	(251)	(41)	(2)	(34)	(2)	(164)	(775)
--	5	5	--	--	--	--	10
--	(4)	(4)	--	--	--	--	(8)
--	--	--	--	40	--	--	2,329
--	--	--	--	--	--	--	1
--	--	--	--	--	--	--	(1)
--	--	--	--	--	--	--	(1,684)
2	(3)	185	1	52	1	(47)	738
29	1,767	185	54	53	31	(515)	(400)
705	52	--	--	652	--	--	1,439
--	(2,000)	(1,394)	(70)	(259)	(22)	(1,839)	(5,958)
705	(1,948)	(1,394)	(70)	393	(22)	(1,839)	(4,519)
734	(181)	(1,209)	(16)	446	9	(2,354)	(4,919)
(733)	10,513	8,028	830	2,705	--	5,597	98,607
\$ 1	\$ 10,332	\$ 6,819	\$ 814	\$ 3,151	\$ 9	\$ 3,243	\$ 93,688

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**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Internal Service Funds**  
**For the Year Ended September 30, 2013**  
**(in thousands)**

	800 MHz	Information System Services	Accounting	Purchasing	Garage	Human Resources
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received from Other Funds.....	\$ 1,707	\$ 14,008	\$ 2,980	\$ 2,219	\$ 18,329	\$ 3,673
Cash Paid to Suppliers for Goods and Services.....	(1,096)	(8,173)	(539)	(307)	(9,233)	(781)
Cash Paid to Employees for Services.....	(552)	(6,569)	(2,374)	(1,903)	(3,909)	(2,654)
Cash Paid to Other Funds.....	--	--	--	--	--	--
Net Cash Provided by (Used for) Operating Activities.....	<u>59</u>	<u>(734)</u>	<u>67</u>	<u>9</u>	<u>5,187</u>	<u>238</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from Other Funds.....	--	29	--	--	--	1
Other.....	--	--	--	--	2,219	--
Transfers to Other Funds.....	--	(8)	(102)	--	(18)	(246)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities.....	<u>--</u>	<u>21</u>	<u>(102)</u>	<u>--</u>	<u>2,201</u>	<u>(245)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from sale of properties.....	--	--	--	--	--	(21)
Loan Proceeds.....	--	--	--	--	--	--
Acquisition and Construction of Capital Assets.....	--	(1,322)	--	(1)	(10,546)	--
Interest Paid.....	--	(1)	--	--	--	--
Net Cash Provided by (Used For) Capital and Related Financing Activities.....	<u>--</u>	<u>(1,323)</u>	<u>--</u>	<u>(1)</u>	<u>(10,546)</u>	<u>(21)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Received on Investments.....	20	80	5	4	105	8
Increase in the Fair Value of Cash & Cash Equivalents.....	(21)	(97)	(4)	(2)	(149)	(7)
Net Cash Provided by (Used for) Investing Activities.....	<u>(1)</u>	<u>(17)</u>	<u>1</u>	<u>2</u>	<u>(44)</u>	<u>1</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	58	(2,053)	(34)	10	(3,202)	(27)
Cash and Cash Equivalents - October 1.....	1,600	6,972	331	134	10,575	515
Cash and Cash Equivalents - September 30.....	<u>\$ 1,658</u>	<u>\$ 4,919</u>	<u>\$ 297</u>	<u>\$ 144</u>	<u>\$ 7,373</u>	<u>\$ 488</u>
<b>Classified As:</b>						
Unrestricted Assets.....	\$ 1,658	\$ 4,919	\$ 297	\$ 144	\$ 7,373	488
Restricted Assets.....	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
	<u>\$ 1,658</u>	<u>\$ 4,919</u>	<u>\$ 297</u>	<u>\$ 144</u>	<u>\$ 7,373</u>	<u>\$ 488</u>
<b>OPERATING ACTIVITIES:</b>						
Operating Income (Loss).....	\$ (441)	\$ (693)	\$ 105	\$ (32)	\$ (1,794)	\$ 304
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation.....	540	233	2	40	6,534	5
(Increase) Decrease in Accounts Receivable.....	(73)	--	--	(9)	11	(1)
(Increase) Decrease in Other Accounts Receivable.....	--	4	(23)	1	--	--
(Increase) Decrease in Due From Other Governments.....	(41)	(270)	--	--	--	--
Increase (Decrease) in Due to Other Funds.....	--	--	--	--	--	--
Increase (Decrease) in Deposits.....	--	--	--	--	533	--
Increase in Loans to Other Funds.....	--	--	--	--	--	(57)
(Increase) Decrease in Inventory.....	--	--	--	--	10	--
Increase (Decrease) in Accounts Payable.....	71	(4)	13	19	(71)	12
Increase (Decrease) in Accrued Leave.....	3	(4)	(30)	(11)	(36)	(25)
Decrease in Insurance Deposits.....	--	--	--	1	--	--
Total Adjustments.....	<u>500</u>	<u>(41)</u>	<u>(38)</u>	<u>41</u>	<u>6,981</u>	<u>(66)</u>
Net Cash Provided by (Used For) Operating Activities.....	<u>\$ 59</u>	<u>\$ (734)</u>	<u>\$ 67</u>	<u>\$ 9</u>	<u>\$ 5,187</u>	<u>\$ 238</u>

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**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Internal Service Funds**  
**For the Year Ended September 30, 2013**  
**(in thousands)**

<b>Pension Administration</b>	<b>Risk Management</b>	<b>Internal Loan</b>	<b>Revenue Collection</b>	<b>Utility Services</b>	<b>Environmental Policy</b>	<b>Wholesale Energy Services</b>	<b>Total</b>
\$ 1,041	\$ 10,575	\$ 2,401	\$ 1,925	\$ 12,128	\$ 1,923	\$ 124,324	\$ 197,233
(437)	(7,241)	--	(471)	(4,059)	(592)	(120,491)	(153,420)
(581)	(1,273)	--	(1,351)	(7,813)	(1,295)	(2,509)	(32,783)
--	--	--	--	--	--	--	--
23	2,061	2,401	103	256	36	1,324	11,030
705	52	--	--	652	--	--	1,439
--	--	--	--	--	--	--	2,219
--	(2,000)	(1,394)	(70)	(259)	(22)	(1,839)	(5,958)
705	(1,948)	(1,394)	(70)	393	(22)	(1,839)	(2,300)
--	--	--	--	(40)	--	--	(61)
--	--	--	--	40	--	--	40
(736)	--	--	(5)	--	--	--	(12,610)
--	--	--	--	--	--	--	(1)
(736)	--	--	(5)	--	--	--	(12,632)
3	248	226	3	46	3	117	868
(1)	(251)	(41)	(2)	(34)	(2)	(164)	(775)
2	(3)	185	1	12	1	(47)	93
(6)	110	1,192	29	661	15	(562)	(3,809)
78	18,772	2,992	99	2,715	142	12,414	57,339
\$ 72	\$ 18,882	\$ 4,184	\$ 128	\$ 3,376	\$ 157	\$ 11,852	\$ 53,530
72	18,882	4,184	128	3,376	157	11,852	53,530
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
\$ 72	\$ 18,882	\$ 4,184	\$ 128	\$ 3,376	\$ 157	\$ 11,852	\$ 53,530
\$ 27	\$ 1,770	\$ --	\$ 53	\$ 1	\$ 30	\$ (468)	\$ (1,138)
1	--	--	39	154	--	4	7,552
(1)	(51)	--	--	--	--	907	783
--	--	--	--	(3)	--	--	(21)
--	--	--	--	(2)	--	(335)	(648)
--	--	--	--	--	--	(92)	(92)
--	--	--	--	--	--	(619)	(86)
--	--	2,401	--	--	--	--	2,344
--	--	--	--	--	--	132	142
(3)	334	--	14	60	17	1,770	2,232
(1)	8	--	(3)	46	(11)	25	(39)
--	--	--	--	--	--	--	1
(4)	291	2,401	50	255	6	1,792	12,168
\$ 23	\$ 2,061	\$ 2,401	\$ 103	\$ 256	\$ 36	\$ 1,324	\$ 11,030

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

Schedule By Function and Activity

Schedule of Changes By Function and Activity

**CITY OF TALLAHASSEE, FLORIDA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**Schedule By Function and Activity<sup>1</sup>**  
**September 30, 2013**  
(amounts expressed in thousands)

Function and Activity	Land	Buildings	Equipment	Improvements Other Than Buildings	Infrastructure	Total
<b>General Government:</b>						
Legislative	\$ -	\$ -	\$ 56	\$ -	\$ -	\$ 56
Executive	-	-	131	-	-	131
Financial & Administrative	-	600	1,178	-	-	1,778
Legal	-	-	56	-	-	56
Comprehensive Planning	218	-	236	-	-	454
Other General Government	85,816	51,358	5,029	895	515	143,613
Total General Government	<u>86,034</u>	<u>51,958</u>	<u>6,686</u>	<u>895</u>	<u>515</u>	<u>146,088</u>
<b>Public Safety:</b>						
Law Enforcement	806	11,064	11,914	451	-	24,235
Protective Inspection	-	8	303	-	-	311
Total Public Safety	<u>806</u>	<u>11,072</u>	<u>12,217</u>	<u>451</u>	<u>-</u>	<u>24,546</u>
<b>Other:</b>						
Physical Environment	-	-	142	-	-	142
Road and Street Facilities	255,580	433	4,808	5	796,964	1,057,790
Economic Development	2,100	9,483	47	3,859	715	16,204
Human Services	167	5,748	81	7	-	6,003
Cultural and Recreation	7,697	23,848	3,784	7,199	258	42,786
Parking Facilities	-	-	-	-	-	-
Total Other	<u>265,544</u>	<u>39,512</u>	<u>8,862</u>	<u>11,070</u>	<u>797,937</u>	<u>1,122,925</u>
Total capital assets allocated to functions	<u>\$ 352,384</u>	<u>\$ 102,542</u>	<u>\$ 27,765</u>	<u>\$ 12,416</u>	<u>\$ 798,452</u>	<u>1,293,559</u>
Construction in Progress						<u>97,952</u>
Total capital assets						<u>\$ 1,391,511</u>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**Schedule of Changes By Function and Activity<sup>1</sup>**  
**For the fiscal year ended September 30, 2013**  
**(amounts expressed in thousands)**

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets October 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Governmental Funds Capital Assets September 30, 2013</u>
<b>General Government:</b>				
Legislative	\$ 56	\$ -	\$ -	\$ 56
Executive	134	-	3	131
Financial & Administrative	1,781	-	3	1,778
Legal	56	-	-	56
Comprehensive Planning	481	3	30	454
Other General Government	150,155	192	6,734	143,613
Total General Government	<u>152,663</u>	<u>195</u>	<u>6,770</u>	<u>146,088</u>
<b>Public Safety:</b>				
Law Enforcement	24,052	503	320	24,235
Protective Inspection	131	180	-	311
Total Public Safety	<u>24,183</u>	<u>683</u>	<u>320</u>	<u>24,546</u>
<b>Other:</b>				
Physical Environment	139	5	2	142
Road and Street Facilities	1,057,672	146	28	1,057,790
Economic Development	16,213	-	9	16,204
Human Services	7,104	-	1,101	6,003
Cultural and Recreation	42,696	350	260	42,786
Parking Facilities	-	-	-	-
Total Other:	<u>1,123,824</u>	<u>501</u>	<u>1,400</u>	<u>1,122,925</u>
Total capital assets allocated to functions	1,300,670	1,379	8,490	1,293,559
Construction in Progress	79,924	32,740	14,712	97,952
Total capital assets	<u>\$ 1,380,594</u>	<u>\$ 34,119</u>	<u>\$ 23,202</u>	<u>\$ 1,391,511</u>

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

## **SUPPLEMENTARY INFORMATION**

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

Capital Bonds, Series 2008

Capital Bonds, Series 2009

Capital Bonds, Series 2012

Energy System Refunding Revenue Bonds, Series 1998A

Energy System Refunding Revenue Bonds, Series 2001

Energy System Revenue Bonds, Series 2005

Energy System Refunding Revenue Bonds, Series 2007

Energy System Refunding Revenue Bonds, Series 2010

Energy System Refunding Revenue Bonds, Series 2010A

Energy System Revenue Bonds, Series 2010B

Energy System Revenue Bonds, Series 2010C

Energy System Refunding Revenue Bonds, Series 2011

Consolidated Utility System Refunding Revenue Bonds, Series 2001

Consolidated Utility System Refunding Revenue Bonds, Series 2005

Consolidated Utility System Refunding Revenue Bonds, Series 2007

Consolidated Utility System Refunding Revenue Bonds, Series 2010A

Consolidated Utility System Refunding Revenue Bonds, Series 2010B

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CAPITAL BONDS**  
**SERIES 2008**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,260	133	1,393
2015	1,300	90	1,390
2016	<u>1,345</u>	<u>46</u>	<u>1,391</u>
Totals	<u>\$ 3,905</u>	<u>\$ 269</u>	<u>\$ 4,174</u>

Bonds Dated: December 11, 2008  
Original Issue Amount: \$9,400,000.00  
Principal Due: October 1, beginning 2009  
Interest Due: April 1 and October 1 of each year, beginning 2009  
Paying Agent: BB&T

Security: The Issuer covenants and agrees to appropriate in its annual budget for each Fiscal Year in which the Bond remains outstanding, sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Bond in each such Fiscal Year.

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CAPITAL BONDS**  
**SERIES 2009**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,705	755	2,460
2015	1,770	690	2,460
2016	1,835	623	2,458
2017	1,905	554	2,459
2018	1,975	482	2,457
2019	925	428	1,353
2020	960	393	1,353
2021-2031	<u>10,115</u>	<u>1,833</u>	<u>11,948</u>
<b>Totals</b>	<b><u>\$ 21,190</u></b>	<b><u>\$ 5,758</u></b>	<b><u>\$ 26,948</u></b>

Bonds Dated: April 4, 2009  
Original Issue Amount: \$26,975,000.00  
Principal Due: April 1, beginning 2010  
Interest Due: October 1 and April 1 of each year, beginning 2009  
Paying Agent: Bank of America

Security: This resolution is adopted pursuant to the provisions of the Constitution of Florida Chapter 166, Part II, Florida Statutes, and other applicable provisions of law, in accordance with their terms and the provisions of Resolution No. 09-R-09. They are secured by a pledge of and lien on (i) the City's receipts from the Local Government Half - Cent Sales tax; (ii) the City's Guaranteed Entitlement Revenues; (iii) the proceeds from the City's Local Communications Services Tax; and (iv) earnings on the investment of all funds and accounts created under the resolution.

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CAPITAL BONDS**  
**SERIES 2012**  
**September 30, 2013**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2014	3,085	2,164	5,249
2015	3,175	2,071	5,246
2016	3,305	1,944	5,249
2017	3,975	1,812	5,787
2018	3,890	1,653	5,543
2019	5,040	1,459	6,499
2020	5,285	1,212	6,497
2021	5,550	948	6,498
2022	5,830	670	6,500
2023	3,695	379	4,074
2024	3,875	194	4,069
Totals	<u>\$ 46,705</u>	<u>\$ 14,506</u>	<u>\$ 61,211</u>

Bonds Dated: October 16, 2012  
Original Issue Amount: \$49,165,000  
Principal Due: October 1, beginning 2013  
Interest Due: April 1 and October 1 of each year, beginning 2013  
Paying Agent: Bank of America, Merrill Lynch

Security: The Series 2004 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of Resolution No. 12-R-42, as adopted by the City Commission on September 19, 2012, as supplemented by Resolution No. 12-R-49, adopted on September 19, 2012. They are secured by a lien on the Pledged Funds which consist of (a) the City's receipts from the Local Government Half - Cent Sales tax; (b) the City's Guaranteed Entitlement Revenues; (c) the proceeds from the City's Local Communications Services Tax; and (d) earnings on the investment of all funds and accounts created under the resolution, except the Rebate Fund and the Unrestricted Revenue Account; all as described in the Resolution.

Optional Redemption

For Series 2012 bonds maturing before 10/1/2022, no option.  
For Series 2012 bonds maturing after 10/1/2022, option to redeem at a price of 100%.

Bond Ratings: Moody's Aa3, Fitch AA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ELECTRIC ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 1998A**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	4,980	537	5,517
2015	5,240	275	5,515
Totals	<u>\$ 10,220</u>	<u>\$ 812</u>	<u>\$ 11,032</u>

Bonds Dated: November 1, 1998  
Original Issue Amount: \$143,800,000  
Principal Due: October 1, beginning 2000  
Interest Due: April 1 and October 1 of each year, beginning April 1, 1999  
Paying Agent: First Union National Bank of Florida, Jacksonville, Florida

Security: The Series 1998 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1992 General Resolution and subsequently by the terms and provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolutions, (ii) the Net Revenues of the City's Electric System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof for the purposes of and on the terms and conditions set forth in the Resolutions.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2008 to September 30, 2009	One Hundred and One Percent
October 1, 2009 and thereafter	One Hundred Percent

Bond Ratings: Moody's Aaa, Standard and Poor's AAA, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2001**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,200	176	1,376
2015	1,000	110	1,110
2016	1,005	55	1,060
Totals	<u>\$ 3,205</u>	<u>\$ 341</u>	<u>\$ 3,546</u>

Bonds Dated: May 1, 2001  
Original Issue Amount: \$17,680,000  
Principal Due: October 1, 2010  
Interest Due: April 1 and October 1 of each year, beginning 2001

Security: The Series 2001 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1998 General Resolution and subsequently by the terms and provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolutions, (ii) the Net Revenues of the City's Energy System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof of for the purposes of and on the terms and conditions set forth in the Resolutions.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2011 to September 30, 2012	One Hundred and One Percent
October 1, 2012 and thereafter	One Hundred Percent

Bond Rating: Moody's Aaa, Standard and Poor's AAA, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REVENUE BONDS**  
**SERIES 2005**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3,065	5,480	8,545
2015	3,100	5,344	8,444
2016	3,325	5,220	8,545
2017	3,490	5,057	8,547
2018	3,655	4,891	8,546
2019	3,840	4,708	8,548
2020	4,010	4,540	8,550
2021 - 2035	<u>88,920</u>	<u>39,268</u>	<u>128,188</u>
Totals	<u>\$ 113,405</u>	<u>\$ 74,508</u>	<u>\$ 187,913</u>

Bonds Dated: December 8, 2005  
Original Issue Amount: \$128,920,000  
Principal Due: October 1, 2010  
Interest Due: April 1 and October 1 of each year, beginning 2006

Security: The Series 2005 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1998 General Resolution and subsequently by the terms and provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolutions, (ii) the Net Revenues of the City's Energy System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof for the purposes of and on the terms and conditions set forth in the Resolutions.

Optional Redemption  
October 1, 2015 and thereafter

Redemption Price  
One Hundred and accrued interest

Bond Rating: Moody's Aaa, Standard and Poor's AAA, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2007**  
**September 30, 2013**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2014	2,865	9,403	12,268
2015	3,100	9,260	12,360
2016	3,165	9,105	12,270
2017	3,315	8,947	12,262
2018	3,485	8,781	12,266
2019	3,645	8,607	12,252
2020	3,825	8,425	12,250
2021 - 2037	<u>164,735</u>	<u>98,372</u>	<u>263,107</u>
Totals	<u>\$ 188,135</u>	<u>\$ 160,900</u>	<u>\$ 349,035</u>

Bonds Dated: August 9, 2007  
Original Issue Amount: \$203,230,000  
Principal Due: October 1, 2010  
Interest Due: April 1 and October 1 of each year, beginning 2008

Security: The Series 2007 Bonds will be payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 98-R-0048 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Energy System, and (iii) the proceeds of the sale of any Series of Bonds, subject to application as provided in the Resolutions. The Series 2007 Bonds will be secured by the Net Revenues on a parity with the Parity Bonds.

Bond Rating: Moody's Aaa, Standard and Poor's AAA, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2010**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	--	3,777	3,777
2015	--	3,777	3,777
2016	5,380	3,777	9,157
2017	5,610	3,558	9,168
2018	5,850	3,308	9,158
2019	6,135	3,036	9,171
2020	6,435	2,730	9,165
2021-2028	<u>48,435</u>	<u>13,993</u>	<u>62,428</u>
<b>Totals</b>	<b>\$ <u>77,845</u></b>	<b>\$ <u>37,956</u></b>	<b>\$ <u>115,801</u></b>

Bonds Dated: April 7, 2010  
Original Issue Amount: \$77,845,000  
Principal Due: October 1, 2016  
Interest Due: April 1 and October 1 of each year, beginning April 1, 2010  
Paying Agent: US Bank, National Association, Jacksonville, Florida

Security: The Series 2010 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolution, (ii) the Net Revenues of the City's Energy System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof of for the purposes of and on the terms and conditions set forth in the Resolution.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2020 and prior	No optional redemption
October 1, 2021 and thereafter	One Hundred Percent

Bond Rating: Moody's Aa3, Standard and Poor's AA, Fitch AA-

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2010A**  
**September 30, 2013**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2014	205	1,691	1,896
2015	210	1,683	1,893
2016	215	1,676	1,891
2017	220	1,671	1,891
2018	230	1,665	1,895
2019	235	1,658	1,893
2020	240	1,651	1,891
2021-2026	41,110	6,674	47,784
Totals	\$ 42,665	\$ 18,369	\$ 61,034

Bonds Dated: July 23, 2010  
Original Issue Amount: \$43,245,000  
Principal Due: October 1, 2011  
Interest Due: April 1 and October 1 of each year, beginning April 1, 2010  
Paying Agent: US Bank, National Association, Jacksonville, Florida

Security: The Series 2010 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolution, (ii) the Net Revenues of the City's Energy System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof of for the purposes of and on the terms and conditions set forth in the Resolution.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2020 and prior	No optional redemption
October 1, 2021 and thereafter	One Hundred Percent

Bond Rating: Moody's Aa3, Standard and Poor's AA, Fitch AA-

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REVENUE BONDS**  
**SERIES 2010B**  
**(FEDERALLY TAXABLE - BUILD AMERICA BONDS)**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	--	7,299	7,299
2015	--	7,299	7,299
2016	--	7,299	7,299
2017	--	7,299	7,299
2018	--	7,299	7,299
2019	--	7,299	7,299
2020	--	7,299	7,299
2021	--	7,299	7,299
2022-2040	<u>122,280</u>	<u>124,581</u>	<u>246,861</u>
Totals	<u>\$ 122,280</u>	<u>\$ 182,973</u>	<u>\$ 305,253</u>

Bonds Dated: October 27, 2010  
Original Issue Amount: \$122,280,000  
Principal Due: October 1, 2029  
Interest Due: April 1 and October 1 of each year, beginning April 1, 2011  
Paying Agent: US Bank, National Association, Jacksonville, Florida

Security: The Series 2010 Bonds will be payable solely from and secured as to payment of principal and interest thereon in accordance with their terms and the provisions of the 1998 General Resolution, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolution, (ii) the Net Revenues of the City's Energy System, and (iii) certain amounts, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

Optional Redemption  
Any Date

Redemption Price  
100% of principal amount or Discounted Value thereof

Bond Rating: Moody's Aa3, Standard and Poor's AA, Fitch AA-

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REVENUE BONDS**  
**SERIES 2010C**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	1,145	1,603	2,748
2015	1,485	1,546	3,031
2016	1,735	1,472	3,207
2017	1,815	1,385	3,200
2018	1,885	1,312	3,197
2019	1,980	1,218	3,198
2020	3,325	1,119	4,444
2021	3,485	953	4,438
2022-2029	<u>16,490</u>	<u>2,404</u>	<u>18,894</u>
Totals	<u>\$ 33,345</u>	<u>\$ 13,012</u>	<u>\$ 46,357</u>

Bonds Dated: October 27, 2010  
Original Issue Amount: \$35,485,000  
Principal Due: October 1, 2012  
Interest Due: April 1 and October 1 of each year, beginning April 1, 2011  
Paying Agent: US Bank, National Association, Jacksonville, Florida

Security: The Series 2010 Bonds will be payable solely from and secured as to payment of principal and interest thereon in accordance with their terms and the provisions of the 1998 General Resolution, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolution, (ii) the Net Revenues of the City's Energy System, and (iii) certain amounts, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

Optional Redemption  
October 1, 2021 and thereafter

Redemption Price  
100% plus interest to the redemptive date

Bond Rating: Moody's Aa3, Standard and Poor's AA, Fitch AA-

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2011**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	22	81	103
2015	23	80	103
2016	23	80	103
2017	1,084	79	1,163
2018	1,116	54	1,170
2019	1,142	27	1,169
<b>Totals</b>	<b>\$ 3,410</b>	<b>\$ 401</b>	<b>\$ 3,811</b>

Bonds Dated: August 8, 2011  
Original Issue Amount: \$3,440,000  
Principal Due: October 1, 2012  
Interest Due: April 1 and October 1 of each year, beginning April 1, 2012  
Paying Agent: BB&T

Security: The Series 2011 Bonds will be payable solely from and secured by a lien upon and pledge of the Pledged Receivables, as defined in the Resolution, in the manner and to the extent provided in the Resolution.

<u>Optional Redemption</u>	<u>Redemption Price</u>
Date of closing thru fifth anniversary	101%
After fifth anniversary	100%

Bond Rating: Moody's Aa3, Standard and Poor's AA, Fitch AA-

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2001**  
**September 30, 2013**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2014	1,330	597	1,927
2015	1,710	524	2,234
2016	1,800	429	2,229
2017	1,900	330	2,230
2018	2,000	226	2,226
2019	2,110	116	2,226
<b>Totals</b>	<b>\$ 10,850</b>	<b>\$ 2,222</b>	<b>\$ 13,072</b>

Bonds Dated: May 1, 2001  
Original Issue Amount: \$23,900,000  
Principal Due: October 1, beginning 2001  
Interest Due: April 1 and October 1 of each year, beginning 2001

Security: The Series 2001 Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2001 BONDS." The lien of the Series 2001 Bonds on the Pledged Revenues is on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 1995.

Bond Ratings: Moody's Aaa, Standard and Poor's AAA and Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2005**  
**September 30, 2013**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2014	3,265	896	4,161
2015	--	753	753
2016	--	753	753
2017	--	753	753
2018	--	753	753
2019	--	753	753
2020	1,105	753	1,858
2021 - 2030	14,440	4,128	18,568
<b>Totals</b>	<b>\$ 18,810</b>	<b>\$ 9,542</b>	<b>\$ 28,352</b>

Bonds Dated: July 14, 2005  
Original Issue Amount: \$36,110,000  
Principal Due: October 1, beginning 2008  
Interest Due: April 1 and October 1 of each year, beginning 2005

Security: The Series 2005 Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2005 BONDS." The lien of the Series 2005 Bonds on the Pledged Revenues is on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 1995 and 2001.

Bond Ratings: Moody's Aaa, Standard and Poor's AAA and Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2007**  
**September 30, 2013**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2014	1,935	7,670	9,605
2015	3,865	7,593	11,458
2016	4,020	7,438	11,458
2017	4,220	7,237	11,457
2018	4,430	7,026	11,456
2019	4,655	6,805	11,460
2020	4,885	6,572	11,457
2021 - 2037	<u>129,465</u>	<u>65,303</u>	<u>194,768</u>
Totals	<u>\$ 157,475</u>	<u>\$ 115,644</u>	<u>\$ 273,119</u>

Bonds Dated: November 8, 2007  
Original Issue Amount: \$164,460,000  
Principal Due: October 1, beginning 2010  
Interest Due: April 1 and October 1 of each year, beginning 2008

Security: The Series 2007 Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2007 BONDS." The lien of the Series 2007 Bonds on the Pledged Revenues is on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 2001 and 2005.

Bond Ratings: Moody's Aa2, Standard and Poor's AA and Fitch AA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2010A**  
**(FEDERALLY TAXABLE - BUILD AMERICA BONDS)**  
**September 30, 2013**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2014	--	6,084	6,084
2015	--	6,084	6,084
2016	--	6,084	6,084
2017	--	6,084	6,084
2018	--	6,084	6,084
2019	--	6,084	6,084
2020	--	6,084	6,084
2021 - 2040	<u>117,015</u>	<u>96,733</u>	<u>213,748</u>
<b>Totals</b>	<b><u>\$ 117,015</u></b>	<b><u>\$ 139,321</u></b>	<b><u>\$ 256,336</u></b>

Bonds Dated: September 9, 2010  
Original Issue Amount: \$117,015,000  
Principal Due: October 1, beginning 2027  
Interest Due: April 1 and October 1 of each year, beginning 2011

Security: The Series 2010A Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2010 BONDS." The lien of the Series 2010 Bonds on the Pledged Revenues is secured on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 2001, 2005 and 2007.

Bond Ratings: Moody's Aa1, Standard and Poor's AA+ and Fitch AA+

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2010B**  
**September 30, 2013**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	--	1,169	1,169
2015	1,120	1,169	2,289
2016	1,155	1,136	2,291
2017	1,215	1,078	2,293
2018	1,240	1,054	2,294
2019	1,290	1,004	2,294
2020	2,450	966	3,416
2021 - 2026	<u>17,350</u>	<u>3,159</u>	<u>20,509</u>
Totals	<u>\$ 25,820</u>	<u>\$ 10,735</u>	<u>\$ 36,555</u>

Bonds Dated: September 9, 2010  
Original Issue Amount: \$25,820,000  
Principal Due: October 1, beginning 2015  
Interest Due: April 1 and October 1 of each year, beginning 2011

Security: The Series 2010B Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2010 BONDS." The lien of the Series 2010 Bonds on the Pledged Revenues is on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 2001, 2005 and 2007.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2010 and prior	No optional redemption
October 1, 2020 and thereafter	One Hundred Percent

Bond Ratings: Moody's Aa1, Standard and Poor's AA+ and Fitch AA+

## STATISTICAL SECTION

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

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**STATISTICAL SECTION  
(Continued)**

**Demographic and Economic Information** **PAGE**

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

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**Operating Information**

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

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

CITY OF TALLAHASSEE, FLORIDA  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(accrual basis of accounting)  
(in thousands)

	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 847,097	\$ 834,489	\$ 828,993	\$ 845,995	\$ 856,883	\$ 814,842	\$ 818,366	\$ 850,484	\$ 873,202
Restricted	36,648	81,811	100,242	20,868	23,760	19,365	19,618	18,882	17,340
Unrestricted	57,367	47,334	34,026	123,832	120,014	123,446	148,298	166,196	183,146
<b>Total governmental activities net position</b>	<b>\$ 941,112</b>	<b>\$ 963,634</b>	<b>\$ 963,261</b>	<b>\$ 990,695</b>	<b>\$ 1,000,657</b>	<b>\$ 957,653</b>	<b>\$ 986,282</b>	<b>\$ 1,035,562</b>	<b>\$ 1,073,688</b>
<b>Business activities</b>									
Invested in capital assets, net of related debt	\$ 785,276	\$ 760,472	\$ 661,648	\$ 681,553	\$ 614,673	\$ 628,969	\$ 665,127	\$ 609,204	\$ 679,304
Restricted	190,295	185,679	157,107	157,342	144,224	124,090	107,926	127,256	98,568
Unrestricted	196,514	211,978	271,654	235,337	262,443	242,474	195,053	142,816	79,933
<b>Total Business activities net position</b>	<b>\$ 1,172,085</b>	<b>\$ 1,158,129</b>	<b>\$ 1,090,409</b>	<b>\$ 1,074,232</b>	<b>\$ 1,021,340</b>	<b>\$ 995,533</b>	<b>\$ 968,106</b>	<b>\$ 879,276</b>	<b>\$ 857,805</b>
<b>Primary government</b>									
Invested in capital assets, net of related debt	\$ 1,632,373	\$ 1,594,961	\$ 1,490,641	\$ 1,527,548	\$ 1,471,556	\$ 1,443,383	\$ 1,483,493	\$ 1,459,688	\$ 1,552,506
Restricted	\$ 226,943	\$ 267,490	\$ 257,349	\$ 178,210	\$ 167,984	\$ 143,455	\$ 127,544	\$ 146,138	\$ 115,908
Unrestricted	\$ 253,881	\$ 259,312	\$ 305,680	\$ 359,169	\$ 382,457	\$ 365,920	\$ 343,351	\$ 309,012	\$ 263,079
<b>Total primary government net position</b>	<b>\$ 2,113,197</b>	<b>\$ 2,121,763</b>	<b>\$ 2,053,670</b>	<b>\$ 2,064,927</b>	<b>\$ 2,021,997</b>	<b>\$ 1,952,758</b>	<b>\$ 1,954,388</b>	<b>\$ 1,914,838</b>	<b>\$ 1,931,493</b>

**CITY OF TALLAHASSEE, FLORIDA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
*(in thousands)*

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
Governmental activities:										
General Government	\$ 20,184	\$ 19,068	\$ 22,409	\$ 22,575	\$ 22,254	\$ 20,737	\$ 23,047	\$ 26,495	\$ 28,203	\$ 22,207
Public Safety	57,637	56,044	54,676	50,298	53,819	54,416	50,875	48,312	47,794	43,835
Transportation	19,432	20,421	23,648	19,571	23,193	23,314	20,896	28,614	17,739	17,983
Human Services	3,428	3,117	2,897	2,715	3,984	6,863	6,182	5,710	12,085	10,733
Economic Development	9,564	8,710	11,277	9,265	10,575	7,828	9,143	9,241	3,980	1,809
Physical Environment	2,829	3,354	2,158	2,350	5,318	4,739	3,499	2,864	2,667	3,203
Culture and Recreation	21,907	21,374	20,642	20,264	20,650	19,459	18,168	26,335	17,461	14,991
Unallocated Depreciation on Infrastructure	26,413	26,401	26,733	26,210	26,584	23,956	24,002	24,110	23,848	22,478
Interest on Long-Term Debt	2,718	4,740	4,556	4,528	5,205	5,798	4,855	6,396	4,191	1,007
Total governmental activities expenses	164,112	163,229	168,996	157,776	171,582	167,110	160,667	178,077	157,968	138,246
Business-type activities										
Electric	237,360	266,145	303,715	307,823	347,955	346,318	323,181	315,083	262,050	250,349
Gas	27,454	30,121	44,773	47,823	42,618	51,609	40,063	52,383	33,746	29,314
Sewer	48,372	44,790	42,411	42,792	39,515	37,855	35,747	33,839	32,409	30,514
Water	26,511	26,277	28,942	21,402	24,764	21,083	19,057	20,684	19,253	17,332
Airport	13,837	12,861	14,635	18,656	20,141	16,298	16,084	13,301	15,236	12,759
StarMetro	20,853	19,123	18,581	17,364	18,059	18,358	16,299	15,374	14,152	13,495
Solid Waste	22,013	21,269	19,066	20,126	20,075	20,579	20,791	19,333	18,081	16,966
Golf	1,023	1,037	870	889	1,389	1,264	1,165	1,432	1,168	1,189
Stormwater Management	13,941	15,064	17,522	13,213	12,098	10,629	9,878	9,950	8,619	10,346
Fire Services	33,256	32,054	30,764	27,597	28,099	27,612	25,197	24,790	24,051	22,375
Total business-type activities expenses	444,620	468,741	521,279	517,685	554,713	551,605	507,462	506,169	428,765	404,639
Total primary government expenses	608,732	631,970	690,275	675,461	726,295	718,715	668,129	684,246	586,733	542,885

**CITY OF TALLAHASSEE, FLORIDA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
*(in thousands)*

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	2,074	1,923	1,813	1,638	2,096	1,665	1,835	1,986	1,766	1,761
Public Safety	3,376	2,806	3,133	2,071	4,156	2,173	3,726	3,364	4,055	3,810
Transportation	2,911	2,509	2,547	2,821	2,330	2,250	2,224	2,459	2,542	2,317
Human Services	787	969	612	503	770	692	1,347	1,088	1,120	1,030
Economic Development	-	-	-	220	-	-	-	61	111	93
Physical Environment	979	1,139	997	861	873	4,049	2,082	2,036	2,600	2,153
Culture and Recreation	3,956	3,759	3,697	3,378	3,260	3,142	3,859	3,614	3,390	3,408
Operating Grants and Contributions	5,704	11,031	8,791	9,923	8,006	9,510	9,635	22,238	9,370	7,907
Capital Grants and Contributions	5,074	8,121	6,800	383	72,446	742	5,375	110	204	496
<b>Total Governmental Activities Program Revenues</b>	<b>24,861</b>	<b>32,257</b>	<b>28,390</b>	<b>21,798</b>	<b>93,937</b>	<b>24,223</b>	<b>30,083</b>	<b>36,956</b>	<b>25,158</b>	<b>22,975</b>
Business-type Activities:										
Charges for Services:										
Electric	257,511	285,660	317,647	341,778	369,923	369,483	347,388	341,203	281,800	259,164
Gas	32,731	34,082	48,311	52,697	46,521	53,691	43,321	55,684	35,871	33,695
Sewer	59,624	60,172	59,046	53,648	48,061	45,668	39,721	35,896	35,695	34,800
Water	28,137	30,321	30,515	25,673	26,230	25,764	27,988	24,813	22,927	23,558
Airport	11,561	11,660	11,498	11,729	12,203	12,713	12,494	11,437	11,179	9,550
StarMetro	4,759	5,008	4,542	4,509	6,496	4,258	3,640	3,231	3,402	3,431
Solid Waste	23,249	23,046	21,859	21,200	21,658	19,746	18,778	18,326	18,069	17,278
Golf	893	1,024	876	858	1,070	936	1,007	981	909	1,012
Stormwater Management	17,670	20,812	17,732	18,906	18,417	16,516	15,350	14,557	13,088	11,874
Fire Services	32,659	31,399	31,194	30,297	23,952	23,962	23,663	23,002	20,733	19,343
Operating Grants and Contributions	5,861	6,873	5,541	3,648	4,148	3,407	3,875	5,021	4,121	3,857
Capital Grants and Contributions	11,584	20,026	7,659	14,261	12,624	7,245	18,969	10,600	14,891	12,916
<b>Total Business-type Activities Program Revenues</b>	<b>486,239</b>	<b>530,083</b>	<b>556,420</b>	<b>579,204</b>	<b>591,303</b>	<b>583,389</b>	<b>556,194</b>	<b>544,751</b>	<b>462,685</b>	<b>430,478</b>
<b>Total Primary Government Program Revenues</b>	<b>511,100</b>	<b>562,340</b>	<b>584,810</b>	<b>601,002</b>	<b>685,240</b>	<b>607,612</b>	<b>586,277</b>	<b>581,707</b>	<b>487,843</b>	<b>453,453</b>
<b>Net (Expenses) Revenues</b>										
Governmental Activities	(139,251)	(130,972)	(135,978)	(135,978)	(77,645)	(142,887)	(130,584)	(141,121)	(132,810)	(115,271)
Business-type Activities	41,619	61,342	35,141	61,519	36,590	31,784	48,732	38,582	33,920	25,839
<b>Total Primary Government Net Expenses</b>	<b>(97,632)</b>	<b>(69,630)</b>	<b>(35,141)</b>	<b>(74,459)</b>	<b>(41,055)</b>	<b>(111,103)</b>	<b>(81,852)</b>	<b>(102,539)</b>	<b>(98,890)</b>	<b>(89,432)</b>

**CITY OF TALLAHASSEE, FLORIDA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*  
*(in thousands)*

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities:										
Property Taxes, Levied for General Purposes	31,522	33,483	34,438	35,113	34,001	33,570	35,630	31,583	27,319	24,517
Local Option Sales Tax								3,915	8,709	14,247
Local Option Gas Tax								4,118	4,314	3,522
Public Service Tax	22,835	22,524	22,595	23,140	22,834	22,144	21,747	19,930	18,977	19,237
Business License Tax	4,973	5,157	6,229	5,214	1,808	1,825	1,799	-	-	-
Occupational Licenses and Franchise Fees								1,654	1,655	1,602
Grants and Contributions Not Restricted to Specific Programs	24,046	24,260	24,051	24,181	23,265	24,969	26,216	15,811	14,964	14,009
Unrestricted Investment Earnings	4,086	3,499	3,431	5,985	5,054	7,039	8,373	9,861	7,150	4,838
Net Securities Lending Income	14	11	15	12	224	268	90	-	-	-
Net Increase (Decrease) in Fair Value of Investments	(1,658)	76	(689)	1,045	3,719	(2,091)	1,282	933	(2,045)	(2,339)
Miscellaneous	1,808	5,058	1,455	1,738	4,284	2,008	3,120	131	5,558	4,783
Gain (Loss) on the Sale of Capital Assets						599	853	-	-	-
Special Item - Reclassification of Internal Service Funds							(54,332)	-	-	-
Capital Contributions To / From Other Funds										(11,676)
Transfers	29,103	29,246	26,978	29,588	25,888	21,470	25,830	27,410	18,858	28,888
<b>Total Governmental Activities</b>	<b>116,729</b>	<b>123,314</b>	<b>118,503</b>	<b>126,016</b>	<b>121,077</b>	<b>111,801</b>	<b>70,608</b>	<b>115,346</b>	<b>105,459</b>	<b>101,628</b>
<b>Business-type Activities:</b>										
Unrestricted Investment Earnings	6,861	7,177	7,939	12,374	6,499	12,937	13,219	9,162	6,635	8,057
Net Securities Lending Income	30	25	40	31	286	441	142	-	-	-
Net Increase (Decrease) in Fair Value of Investments	(7,494)	426	2,235	3,912	8,320	(6,602)	3,513	1,137	(2,609)	(3,378)
Miscellaneous		(1)	18	381	0	-	-	-	-	-
Capital Contributions To / From Other Funds										11,676
Gain (Loss) on Sale of Capital Assets						(1,615)	(4,232)	-	-	-
Special Item - Reclassification of Internal Service Funds										-
Transfers	(29,103)	(29,246)	(26,978)	(29,588)	(25,888)	(21,470)	(25,830)	(27,410)	(18,858)	(28,888)
<b>Total Business-type Activities</b>	<b>(29,706)</b>	<b>(21,619)</b>	<b>(16,746)</b>	<b>(12,890)</b>	<b>(10,783)</b>	<b>(16,309)</b>	<b>41,144</b>	<b>(17,111)</b>	<b>(14,832)</b>	<b>(12,533)</b>
<b>Total Primary Government</b>	<b>87,023</b>	<b>101,695</b>	<b>101,757</b>	<b>113,126</b>	<b>110,294</b>	<b>95,492</b>	<b>111,752</b>	<b>98,235</b>	<b>90,627</b>	<b>89,095</b>
<b>Change in Net Assets</b>										
Governmental Activities	(22,522)	(5,158)	(22,103)	(9,962)	43,432	(31,086)	(59,976)	(25,775)	(27,351)	(13,643)
Business Activities	11,913	39,723	18,395	48,629	25,807	15,475	89,876	21,471	19,088	13,306
<b>Total Primary Government</b>	<b>\$ (10,609)</b>	<b>\$ 34,565</b>	<b>\$ (3,708)</b>	<b>\$ 38,667</b>	<b>\$ 69,239</b>	<b>\$ (15,611)</b>	<b>\$ 29,900</b>	<b>\$ (4,304)</b>	<b>\$ (8,263)</b>	<b>\$ (337)</b>

CITY OF TALLAHASSEE, FLORIDA  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (modified accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ 4,018	\$ 3,649	\$ 2,189	\$ 1,838	\$ 904	\$ 1,130	\$ 1,059
Unreserved	-	-	-	12,594	5,288	5,083	8,075	15,580	11,394	26,779
Non-Spendable	700	709	275	-	-	-	-	-	-	-
Spendable:										
Committed	20,552	21,746	16,979	-	-	-	-	-	-	-
Assigned	1,741	1,777	1,417	-	-	-	-	-	-	-
Unassigned	1,575	160	68	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 24,568</b>	<b>\$ 24,392</b>	<b>\$ 18,739</b>	<b>\$ 16,612</b>	<b>\$ 8,937</b>	<b>\$ 7,272</b>	<b>\$ 9,913</b>	<b>\$ 16,484</b>	<b>\$ 12,524</b>	<b>\$ 27,838</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ 88,301	\$ 95,483	\$ 117,767	\$ 122,256	\$ 107,474	\$ 124,439	\$ 59,640
Unreserved, reported in:										
Special revenue funds	-	-	-	9,621	5,813	(1,085)	2,218	1,120	(238)	310
Capital Projects funds	-	-	-	14,028	19,931	3,737	14,472	17,313	20,217	9,978
Permanent funds	-	-	-	6,184	6,298	6,457	6,666	6,274	6,258	7,001
Non-Spendable	1,226	1,696	424	-	-	-	-	-	-	-
Spendable:										
Restricted	29,526	64,690	83,786	-	-	-	-	-	-	-
Committed	26,627	25,612	23,409	-	-	-	-	-	-	-
Assigned	2,136	2,586	2,561	-	-	-	-	-	-	-
Unassigned	(1,073)	(1,881)	(2,581)	-	-	-	-	-	-	-
<b>Total all other Governmental Funds</b>	<b>\$ 58,442</b>	<b>\$ 92,703</b>	<b>\$ 107,599</b>	<b>\$ 118,134</b>	<b>\$ 127,525</b>	<b>\$ 126,876</b>	<b>\$ 145,612</b>	<b>\$ 132,181</b>	<b>\$ 150,676</b>	<b>\$ 76,929</b>

**CITY OF TALLAHASSEE, FLORIDA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Modified accrual basis of accounting)*  
*(in thousands)*

	2013	2012	2011	2010	2009	2008	2007 (as restated)	2006 (as restated)	2005	2004
<b>Revenues:</b>										
Taxes.....	\$ 54,357	\$ 56,006	\$ 57,033	\$ 58,253	\$ 56,835	\$ 57,714	\$ 57,377	\$ 59,546	\$ 59,319	\$ 61,523
Licenses and Permits.....	5,745	5,967	7,132	5,936	11,072	6,149	7,061	6,038	6,780	6,276
Intergovernmental Revenues.....	34,351	43,105	39,637	34,376	38,892	34,474	39,534	37,641	25,328	22,269
Charges for Services.....	9,184	8,866	8,210	8,020	7,783	7,048	7,032	7,028	7,011	6,455
Fines and Forfeitures.....	2,477	2,647	2,436	1,162	1,361	1,594	1,549	1,613	1,820	1,876
Special Assessments.....	--	--	--	--	--	--	--	--	--	--
Net Investment Earnings.....	3,750	3,065	2,964	5,312	4,094	5,690	7,010	7,371	5,589	3,322
Securities Lending Income.....	49	51	38	33	320	1,592	2,720	--	--	--
Net Inc (Dec) in the Fair Value of Investments	(1,491)	30	(617)	919	3,279	(1,637)	1,100	680	(1,458)	(1,679)
Miscellaneous Revenues.....	13,015	15,371	11,719	11,045	12,509	12,032	11,900	10,491	11,176	9,575
<b>Total Revenues.....</b>	<b>121,437</b>	<b>135,108</b>	<b>128,552</b>	<b>125,056</b>	<b>136,145</b>	<b>124,656</b>	<b>135,279</b>	<b>130,432</b>	<b>115,565</b>	<b>109,617</b>
<b>Expenditures:</b>										
General Government.....	26,008	26,915	29,833	29,689	30,095	30,766	27,690	38,237	33,695	28,347
Public Safety.....	55,861	54,138	52,502	50,499	51,110	51,730	50,247	45,381	45,627	42,726
Transportation.....	51,225	39,910	32,498	28,670	30,653	35,718	32,858	39,794	49,675	36,559
Human Services.....	3,284	2,977	2,781	2,639	3,585	6,594	6,139	5,524	11,879	10,919
Economic Environment.....	9,194	11,994	11,577	12,096	11,189	7,811	9,939	12,852	2,701	1,822
Physical Environment.....	2,891	3,200	2,452	2,539	4,130	5,259	3,617	2,829	2,642	3,534
Cultural and Recreation.....	21,242	20,452	19,894	19,845	19,426	18,981	18,134	26,018	17,402	20,396
Securities Lending Expense:										
Interest.....	33	40	21	20	92	1,317	2,624	--	--	--
Agent Fees.....	3	2	3	2	47	56	20	--	--	--
Capital Outlay.....	--	--	--	--	--	--	--	--	--	--
Debt Service:										
Principal Retired.....	5,320	10,675	4,615	6,890	4,750	4,160	4,055	3,955	5,797	1,713
Interest and Fiscal Charges.....	2,956	5,010	4,371	4,657	4,821	4,917	4,795	5,410	3,791	670
Bond Issuance Costs.....	236	--	--	--	--	--	--	--	--	--
Advance Refunding Escrow.....	10,340	--	--	--	--	--	--	--	--	--
<b>Total Expenditures.....</b>	<b>188,593</b>	<b>175,313</b>	<b>160,747</b>	<b>157,546</b>	<b>159,898</b>	<b>167,309</b>	<b>160,118</b>	<b>180,000</b>	<b>173,209</b>	<b>146,706</b>
<b>Excess of Revenues Over (Under) Expenditures..</b>	<b>(67,156)</b>	<b>(40,205)</b>	<b>(32,195)</b>	<b>(32,490)</b>	<b>(23,753)</b>	<b>(42,653)</b>	<b>(24,839)</b>	<b>(49,568)</b>	<b>(57,644)</b>	<b>(37,089)</b>
<b>Other Financing Sources (Uses):</b>										
Transfers In.....	53,158	54,769	56,428	49,992	53,681	45,652	48,134	48,607	58,172	49,089
Transfers Out.....	(23,142)	(23,807)	(27,310)	(19,218)	(27,614)	(24,128)	(21,970)	(22,233)	(36,119)	(16,940)
Sale of Capital Assets.....	3,055	--	--	--	--	--	--	--	90,516	--
Proceeds from Loans from Other Funds.....	--	--	--	--	--	--	--	--	--	--
Bond Issue Costs.....	--	--	--	--	--	--	--	--	(1,159)	--
Refunding Bond Issue.....	58,164	--	--	--	--	--	--	--	--	--
Payment to Refunded Bond Escrow Agent.....	(58,164)	--	--	--	--	--	--	--	--	--
Proceeds from Sale of Capital Assets.....	--	--	--	--	--	1,752	852	--	--	--
Operating Transfer From Component Unit.....	--	--	--	--	--	--	--	--	4,667	1,986
<b>Total Other Financing Sources (Uses).....</b>	<b>33,071</b>	<b>30,962</b>	<b>29,118</b>	<b>30,774</b>	<b>26,067</b>	<b>23,276</b>	<b>27,016</b>	<b>26,374</b>	<b>116,077</b>	<b>34,135</b>
<b>Net Change in Fund Balances.....</b>	<b>(\$34,085)</b>	<b>(\$9,243)</b>	<b>(\$3,077)</b>	<b>(\$1,716)</b>	<b>\$2,314</b>	<b>(\$19,377)</b>	<b>\$2,177</b>	<b>(\$23,194)</b>	<b>\$58,433</b>	<b>(\$2,954)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.17%</b>	<b>10.47%</b>	<b>6.18%</b>	<b>8.03%</b>	<b>10.52%</b>	<b>6.12%</b>	<b>6.14%</b>	<b>6.01%</b>	<b>6.83%</b>	<b>2.03%</b>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
*(in thousands)*

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>(2)</sup>	Taxable Assessed Value as a Percentage of Actual Value <sup>(3)</sup>
2004	10,939,265	1,618,035	3,690	5,826,031	6,734,959	3.20	14,777,635	45.58
2005	11,675,763	1,641,568	3,720	5,950,867	7,370,184	3.70	15,671,824	47.03
2006	13,143,244	1,837,515	2,517	6,382,757	8,600,519	3.70	17,627,383	48.79
2007	15,774,924	1,866,335	2,499	7,560,579	10,083,178	3.70	20,757,362	48.58
2008	17,370,043	1,878,935	2,603	8,088,767	11,162,814	3.17	22,648,918	49.29
2009	17,722,358	1,855,027	3,078	8,789,036	10,791,427	3.21	23,035,839	46.85
2010	15,900,917	1,872,241	1,081	7,854,304	9,919,935	3.70	20,910,869	47.44
2011	15,489,525	1,844,995	2,816	7,665,541	9,671,795	3.70	20,396,867	47.42
2012	15,333,433	1,756,386	5,253	7,834,968	9,260,104	3.70	20,111,850	46.04
2013	14,506,724	1,650,817	5,617	7,364,930	8,798,227	3.70	19,015,479	46.27

Source: Leon County Property Appraiser

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

(1) Total assessed values less exemptions

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

(3) Calculated Figure

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

Fiscal Year	Direct	Overlapping				Total
	City of Tallahassee	County School Board	Leon County	N.W. Fla Water Management		
	Operating	Operating	Debt Service	Operating	Operating	
2004	3.70	8.42	0.81	8.55	0.05	21.53
2005	3.70	8.35	0.73	8.54	0.05	21.37
2006	3.70	8.01	0.65	8.54	0.05	20.95
2007	3.70	7.92	0.54	7.99	0.05	20.20
2008	3.17	7.45	0.48	7.21	0.05	18.36
2009	3.21	7.60	0.22	7.85	0.05	18.93
2010	3.70	7.75	0.00	7.85	0.05	19.35
2011	3.70	8.03	0.00	7.85	0.05	19.63
2012	3.70	7.78	0.00	7.85	0.04	19.37
2013	3.70	7.71	0.00	8.31	0.04	19.76

Source: Leon County Tax Collector

**CITY OF TALLAHASSEE, FLORIDA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
( in thousands )**

Taxpayer	Type of Business	2013			2004		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Smith Interest General Partnership	Retail	\$ 123,878	1	18.30%	120,890	2	20.83%
Century Link (aka Embarq, Sprint)	Communications	114,254	2	16.88%	141,894	1	24.44%
Florida Gas Transmission Company	Utilities	77,460	3	11.44%	27,411	10	4.72%
Tallahassee Medical Center, Inc.	Medical	68,643	4	10.14%	--	--	--
DRA CRT Tallahassee Center	Real Estate	59,539	5	8.79%	--	--	--
Talquin Electric Coop	Utilities	64,928	6	9.59%	88,409	3	15.23%
Walmart Stores, Inc	Retail	50,006	7	7.39%	28,896	6	4.98%
St. Joe Company	Communications	45,236	8	6.68%	--	--	--
Comcast Cablevision, Inc.	Communications	37,592	9	5.55%	26,919	8	4.64%
Capital City Bank	Banking	35,457	10	5.24%	27,208	9	4.69%
Koger Properties	Retail	N/A		N/A	46,747	4	8.05%
Stiles, J.A. III Etal, Trust	Real Estate	N/A		N/A	44,841	5	7.72%
Blairstone Properties	Real Estate	N/A		N/A	27,285	7	4.70%
Total		\$ 676,993		100%	580,500		100%

Source: Leon County Property Appraiser

**CITY OF TALLAHASSEE, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
(in thousands)

Fiscal Year Ended September 30,	Total Tax Levy Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A
2007	37,308	35,440	95.0%	23	35,463	95.1%
2008	35,370	33,595	95.0%	77	33,672	95.2%
2009	34,657	33,063	95.4%	107	33,170	95.7%
2010	36,704	35,031	95.4%	88	35,119	95.7%
2011	35,918	34,076	94.9%	239	34,315	95.5%
2012	34,707	33,055	95.2%	48	33,103	95.4%
2013	32,646	31,458	96.4%			

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>TOTAL VALUATIONS</b>	\$ 12,560,990	\$ 13,321,051	\$ 14,983,276	\$ 17,643,758	\$ 19,251,581	\$ 19,580,463	\$ 17,774,239	\$ 17,337,336	\$ 17,095,072	\$ 16,163,157
<b>EXEMPTIONS</b>										
Agricultural Adjustment	38,911	40,454	34,920	37,636	66,919	72,812	37,371	38,591	38,367	38,173
Government Exemption	4,455,255	4,235,264	4,230,744	4,843,510	5,033,493	5,107,970	4,742,678	4,691,503	4,782,072	4,620,454
Institutional Exemption	314,938	391,109	503,931	597,011	667,120	698,220	638,457	663,234	667,240	643,767
Individual / Homestead Exemptions	993,843	1,257,938	1,581,633	2,044,997	2,277,245	2,862,860	2,362,458	1,402,154	1,382,463	1,354,810
Other Exemptions & Adjustments	23,084	26,102	31,530	37,425	43,990	47,173	73,340	870,059	964,826	707,727
<b>TOTAL EXEMPTION AND ADJUSTMENTS</b>	5,826,031	5,950,867	6,382,758	7,560,579	8,088,767	8,789,036	7,854,304	7,665,541	7,834,968	7,364,930
<b>TAXABLE VALUATION</b>	\$ 6,734,959	\$ 7,370,184	\$ 8,600,518	\$ 10,083,179	\$ 11,162,814	\$ 10,791,427	\$ 9,919,935	\$ 9,671,795	\$ 9,260,104	\$ 8,798,227
<b>MILLAGE LEVIED</b>	3.200	3.700	3.700	3.700	3.170	3.212	3.700	3.700	3.700	3.700
<b>TOTAL TAXES LEVIED</b>	\$ 24,988	\$ 27,306	\$ 31,875	\$ 37,370	\$ 35,416	\$ 34,704	\$ 36,704	\$ 35,918	\$ 34,707	\$ 32,648
Less: Adjustments & Discount	848	937	1,079	1,253	1,172	1,130	1,213	1,180	1,167	1,129
<b>Net Taxes Levied</b>	\$ 24,140	\$ 26,369	\$ 30,796	\$ 36,117	\$ 34,244	\$ 33,574	\$ 35,491	\$ 34,739	\$ 33,540	\$ 31,519
<b>NET COLLECTED <sup>(1)</sup> <sup>(2)</sup></b>	\$ 24,053	\$ 26,349	\$ 30,191	\$ 35,442	\$ 33,592	\$ 33,100	\$ 35,114	\$ 34,224	\$ 33,055	\$ 31,458

Source: Leon County Property Appraiser

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

(2) Net collected includes penalties or late payments.

**CITY OF TALLAHASSEE, FLORIDA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
(in thousands)

**Governmental Activities:**

Fiscal Year Ended Sept. 30,	General Revenue Bonds	Sunshine State Loan Payable	Special Purpose Revenue Bonds
2004	11,270	21,700	3,122
2005	94,805	31,700	--
2006	91,350	31,200	--
2007	87,795	30,700	--
2008	84,135	30,200	--
2009	115,760	2,300	--
2010	106,905	2,300	--
2011	101,150	--	--
2012	90,475	--	--
2013	76,345	--	--

**Business-type Activities:**

Fiscal Year Ended Sept. 30,	Energy System	Energy System Refunding	Airport Refunding	Consolidated Utility System Refunding	Sunshine State Loan Payable	AMI Loan Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2004	171,410	34,005	7,295	51,965	61,064	--	452,244	3.90%	2,139
2005	166,395	27,095	6,570	60,855	54,320	--	437,785	4.54%	2,527
2006	290,100	19,975	5,830	57,360	61,506	--	553,266	5.10%	3,161
2007	487,910	12,635	5,070	53,680	61,143	--	734,773	6.41%	4,188
2008	479,590	11,730	4,290	214,485	57,030	35,300	916,760	7.50%	5,155
2009	479,590	11,730	4,290	214,485	38,200	37,431	903,786	7.42%	5,081
2010	462,580	9,805	2,665	348,020	35,961	40,230	1,008,466	8.09%	5,636
2011	614,160	5,420	1,810	342,245	--	37,987	1,102,772	N/A	6,043
2012	603,011	4,345	925	336,235	--	35,706	1,070,697	N/A	5,830
2013	600,857	3,215	--	335,904	--	33,332	1,049,653	N/A	5,604

Source: City of Tallahassee, Accounting Services Department

Notes: See Demographic and Economic Statistics for personal income and population data.

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF TALLAHASSEE, FLORIDA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(in thousands)*

**General Bonded Debt Outstanding**

<b>Fiscal Year Ended Sept. 30</b>	<b>General Revenue Bonds</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property <sup>(1)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
2004	11,270	11,270	0.08%	67
2005	94,805	94,805	0.60%	542
2006	91,350	91,350	0.52%	519
2007	87,795	87,795	0.42%	499
2008	84,135	84,135	0.37%	473
2009	115,760	115,760	0.51%	651
2010	106,905	106,905	0.53%	598
2011	101,150	101,150	0.50%	554
2012	90,475	90,475	0.45%	493
2013	71,800	71,800	0.39%	391

**Source:** City of Tallahassee, Accounting Services

<sup>(1)</sup> See Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.

<sup>(2)</sup> See Demographic and Economic Statistics Schedule for Population data.

**CITY OF TALLAHASSEE, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES**  
**September 30, 2013**  
*(in thousands)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Leon County School Board <sup>(2)</sup>	4,682	66%	3,090
Debt repaid with non self-supporting revenue debt			
Leon County <sup>(3)</sup>	21,104	66%	13,929
Subtotal, Overlapping Debt			17,018
City Direct Debt			71,800
Total Direct and Overlapping Debt			<u>88,818</u>

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

<sup>(2)</sup> Leon County School Board

<sup>(3)</sup> Leon County

**CITY OF TALLAHASSEE, FLORIDA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**SEPTEMBER 30, 2013**  
*(in thousands)*

TAXABLE ASSESSED VALUE	<u>\$ 8,808,227</u>
Debt Limit 20 Percent of Assessed Value	<u>\$ 1,761,645</u>

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

**CITY OF TALLAHASSEE  
REVENUE BOND COVERAGE  
ENERGY REVENUE BONDS  
Last Ten Fiscal Years  
(in thousands)**

Fiscal Year Ending	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>(3)</sup>			Coverage
				Principal	Interest	Total	
2004	282,250	236,732	45,518	11,495	9,998	21,493	2.12
2005	303,028	251,417	51,611	11,925	9,565	21,490	2.40
2006	371,885	308,448	63,437	12,335	14,128	26,463	2.40
2007	378,909	309,195	69,714	12,760	15,932	28,692	2.43
2008	407,472	326,715	80,757	9,225	24,470	33,695	2.40
2009	405,440	323,803	81,637	9,635	24,051	33,686	2.42
2010	373,938	287,738	86,200	10,025	22,691	32,716	2.63
2011	359,940	271,399	88,541	14,010	28,613	42,623	2.08
2012	316,839	236,621	80,218	12,224	31,307	43,531	1.84
2013	286,876	202,640	84,236	12,846	30,687	43,533	1.93

<sup>(1)</sup> Total operating revenues plus operating interest earned.

<sup>(2)</sup> Total operating expenses exclusive of depreciation and amortization.

<sup>(3)</sup> 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 <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	<u>Debt Service Requirements <sup>(3)</sup></u>			<u>Coverage</u>
				Principal	Interest	Total	
2004	10,032	9,414	618	60	234	294	2.10
2005	12,209	8,313	3,896	725	238	963	4.05
2006	12,553	8,313	4,240	740	220	960	4.42
2007	13,941	9,104	4,837	760	202	962	5.03
2008	12,851	9,323	3,528	780	183	963	3.66
2009	12,284	9,150	3,134	800	159	959	3.27
2010	12,797	8,398	4,399	825	133	958	4.59
2011	11,552	8,791	2,761	855	105	960	2.88
2012	11,716	7,933	3,783	885	72	957	3.95
2013	12,960	8,299	4,661	925	37	962	4.84

<sup>(1)</sup> Total operating revenues (plus operating interest revenue & prepaid fees credit).

<sup>(2)</sup> Total operating expenses exclusive of depreciation and amortization.

<sup>(3)</sup> 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 <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>(3)</sup>			Coverage
				Principal	Interest	Total	
2004	62,706	36,740	25,966	3,150	3,003	6,153	4.22
2005	65,093	40,305	24,788	3,325	2,424	5,749	4.31
2006	69,521	42,617	26,904	3,495	2,816	6,311	4.26
2007	76,620	43,374	33,246	3,680	2,638	6,318	5.26
2008	83,873	44,787	39,086	3,655	9,274	12,929	3.02
2009	88,883	48,839	40,044	3,780	10,256	14,036	2.85
2010	94,458	50,949	43,509	5,520	10,122	15,642	2.78
2011	100,908	53,628	47,280	5,775	15,178	20,953	2.26
2012	101,822	53,868	47,954	6,010	16,939	22,949	2.09
2013	95,737	51,176	44,561	6,265	16,684	22,949	1.94

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

<sup>(2)</sup> Total operating expenses of water and sewer funds exclusive of depreciation and amortization.

<sup>(3)</sup> Includes principal and interest of revenue bonds only.

**CITY OF TALLAHASSEE, FLORIDA**  
**DEMOGRAPHIC STATISTICS**  
 Last Ten Calendar Years

Year	Estimated <sup>(1)</sup> Population	Airline Passengers	Electric KWH Sold (000's)	Water Consumed		Gas Used (Cu. Ft.) (Millions)	Housing Units	Leon County School (2) Enrollment
				(Gals) (Millions)	(Millions)			
2004	169,136	1,155,072	2,740,095	9,729	2,318	76,826	35,483	
2005	174,781	1,129,947	2,804,485	9,276	2,277	79,390	35,951	
2006	176,336	993,860	2,809,418	10,747	2,318	80,096	34,944	
2007	176,429	947,165	2,758,101	11,209	2,315	80,138	37,515	
2008	177,852	820,943	2,725,363	10,161	2,439	83,288	40,653	
2009	177,879	734,151	2,657,425	9,554	2,550	83,609	33,360	
2010	178,923	670,978	2,838,640	8,755	2,792	83,906	36,964	
2011	182,482	633,706	2,848,889	9,881	2,696	84,413	33,754	
2012	183,643	684,990	2,698,016	9,434	2,505	85,066	34,157	
2013	183,727	697,633	2,638,092	8,492	2,714	85,475	34,738	

Source: City records, except as noted.

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

<sup>(2)</sup> Leon County School Board

Year	City Personal Income (3) (Thousands)	Per Capita Personal Income (3)	Number of Labor Force (4)	Number of Employed (4)	Number of Unemployed (4)	Unemployment Rate (Percent) (4)
2005	9,721,000	29,852	84,997	82,082	2,915	3.4%
2006	10,840,258	31,180	87,522	85,102	2,420	2.8%
2007	11,463,000	32,536	89,969	87,219	2,750	3.2%
2008	12,217,000	33,819	90,972	86,980	3,992	4.4%
2009	12,180,000	33,399	92,543	86,156	6,387	6.9%
2010	12,467,000	33,869	95,693	87,674	8,019	8.4%
2011	N/A	N/A	94,927	87,142	7,785	8.2%
2012	N/A	N/A	96,530	89,636	6,894	7.1%
2013	N/A	N/A	97,523	91,785	5,738	5.9%

Source:

<sup>(3)</sup> Bureau of Economic Analysis, U.S. Department of Commerce.

<sup>(4)</sup> Florida Department of Economic Opportunity

N/A - Not Available

**CITY OF TALLAHASSEE  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Employer	Type of Business	2013 <sup>(1)</sup>			2004 <sup>(2)</sup>		
		Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
State of Florida	Government	19,322	1	35.84%	25,204	1	47.92%
Florida State University	Education	14,436	2	26.78%	8,784	2	16.70%
Leon Co. School Board	Education	4,496	3	8.34%	4,403	3	8.37%
Tallahassee Memorial Healthcare	Healthcare	4,483	4	8.32%	2,850	5	5.42%
City of Tallahassee	Government	2,800	5	5.19%	3,327	4	6.32%
Publix	Retail	1,983	6	3.68%	2,000	7	3.80%
Tallahassee Community College	Education	1,862	7	3.45%	1,090	9	2.07%
Florida A & M University	Education	1,774	8	3.29%	2,681	6	5.10%
Leon County	Government	1,718	9	3.19%	1,522	8	2.89%
Capital Regional Medical Center <sup>(3)</sup>	Healthcare	1,038	10	1.93%			0.00%
Sprint	Telecommunications				740	10	1.41%
Total		53,912		100.00%	52,601		100.00%

(1) Data from employers or Website

(2) Data from Leon County CAFR 2004.

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

**CITY OF TALLAHASSEE, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES**  
**LAST TEN YEARS**

Function/Program	Full Time Equivalent Employees as of September 30									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
City Commission & Appointed Official	130	130	130	130	139	132	133	132	131	132
Administration	179	182	181	184	198	188	191	187	185	184
Aviation	53	53	53	53	54	54	54	54	53	53
Communications	13	12	12	11	12	13	13	12	10	10
Customer Services	1	1	1	1	1	2	2	2	2	2
Economic and Community Development	37	37	38	38	57	N/A	N/A	N/A	N/A	N/A
Economic Development	--	--	--	--	--	7	8	9	9	9
Electric	298	298	295	295	291	290	290	282	280	282
Emergency Management	1	1	1	1	1	N/A	N/A	N/A	N/A	N/A
Energy Services	29	29	29	31	23	N/A	N/A	N/A	N/A	N/A
EPER	13	13	12	12	12	N/A	N/A	N/A	N/A	N/A
Fire	280	280	280	272	263	267	267	265	265	265
Fleet	58	57	57	58	57	58	59	60	60	N/A
Gas	--	--	--	--	--	40	40	40	40	41
Growth Management	62	61	61	58	75	83	83	80	80	79
Neighborhood & Community Services	--	--	--	--	--	85	86	83	79	81
Parks & Recreation & Neighborhood Affairs	170	172	171	172	176	152	154	154	154	149
Planning	26	27	27	27	28	29	29	28	28	36
Police	427	483	485	485	489	498	499	492	491	492
Public Works	283	278	279	283	301	254	260	265	266	326
Solid Waste	88	88	89	91	99	102	108	107	103	103
Stormwater	--	--	--	--	--	91	94	85	83	84
StarMetro	170	170	168	168	169	167	169	140	138	138
Utility Services	120	112	112	114	120	167	166	165	165	165
Underground Utilities	362	362	360	364	367	N/A	N/A	N/A	N/A	N/A
Water Utility	--	--	--	--	--	303	304	301	298	296
<b>Total</b>	<b>2800</b>	<b>2,846</b>	<b>2,841</b>	<b>2,848</b>	<b>2,932</b>	<b>2,982</b>	<b>3,009</b>	<b>2,943</b>	<b>2,920</b>	<b>2,927</b>

Source: City of Tallahassee Budget  
 Note: The City was reorganized in FY 2009, combining some departments and creating new departments. Deleted departments are shown with "0" FTE employees.  
 "N/A" = not applicable

**CITY OF TALLAHASSEE, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Police										
Arrests	5,360	5,362	5,777	7,171	6,619	N/A	7,002	7,033	6,329	7,847
Traffic violations	30,166	31,508	32,838	25,757	21,319	34,300	32,015	36,991	30,756	30,933
Parking violations	17,146	16,104	15,385	18,187	19,333	19,711	25,186	25,548	28,306	35,192
Fire										
Emergency responses	22,820	22,920	21,856	21,541	17,786	25,101	15,896	16,415	14,700	11,125
Fires reported	1,206	1,379	1,537	1,172	1,511	1,443	1,973	1,793	1,593	1,429
Gas										
Daily average consumption (MCF)	6,800	6,959	7,387	7,650	6,878	6,111	6,347	6,392	7,058	6,351
Number of service connections	28,576	28,018	27,654	26,948	26,448	26,447	26,348	25,888	24,322	24,322
Water										
Daily average consumption (MGD)	26	26	27	26	N/A	33.03	33.03	27.00	28.00	30.43
Number of service connections	83,095	82,606	82,133	81,945	82,016	82,069	81,275	79,887	77,866	76,039
Electric										
Net System Energy Generated (KWH) (Millions)	2,638	2,248	2,374	2,293	2,657	2,725	2,758	2,758	2,698	2,684
Average number residential customers	87,862	86,921	86,945	86,041	85,889	86,151	93,258	91,490	88,788	87,071
Average residential monthly bill	113	118	138	143.25	153.23	148.74	147.68	140.50	111.51	115.31
Sewage										
Daily average treatment (MDG)	18	16	15	16.47	N/A	N/A	16.89	17.24	19.53	16.61
Number of service connections	71,172	70,660	70,279	70,015	69,966	69,913	69,048	66,063	66,603	64,406
Transit										
Total revenue miles	2,140,779	2,089,369	2,060,351	2,035,922	1,966,766	N/A	1,604,339	1,908,268	1,747,116	1,720,087
Passengers trips	4,585,634	4,759,287	4,716,971	4,789,938	4,409,041	N/A	4,136,790	4,304,334	4,612,725	4,459,371
Solid Waste										
Number of customers	63,190	62,859	62,935	62,585	62,621	63,284	63,608	63,176	62,699	61,782
Refuse collected (in tons)	117,392	137,346	129,091	142,643	145,707	N/A	159,002	157,253	162,737	162,328
Recyclables collected (in tons)	96,405	10,614	19,793	9,925	6,172	6,884	9,361	8,055	7,821	7,861
Airport										
Number of passengers	697,633	684,990	633,706	670,978	734,151	821,716	947,165	993,860	1,129,947	1,155,072

Source: Various city departments  
N/A - Not Available

**CITY OF TALLAHASSEE, FLORIDA**  
**CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Vehicular units</b>										
Marked vehicles	284	266	256	267	295	318	311	291	290	288
Motorcycles	9	9	9	9	9	9	9	9	9	9
Unmarked vehicles	137	133	127	139	137	170	144	132	132	132
Bicycle patrol units	15	7	9	9	9	N/A	12	12	12	15
Fire stations	15	15	15	15	15	15	15	15	15	15
<b>Gas</b>										
Gas lines (in miles)	878	868	860	845	834	818	806	780	744	731
Plant Capacity (MCF)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	42,000	24,322
<b>Water</b>										
Water mains (in miles)	1,203	1,193	1,197	1,212	1,212	1,181	1,170	1,147	1,143	1,131
Deep Wells	27	27	27	26	27	27	27	27	28	28
Plant Capacity (MGD)	74.2	73.7	72	74	72.3	72.3	72.3	73.6	73.6	73.6
<b>Electric</b>										
Generating plants	3	3	3	3	3	3	3	3	3	3
Generating capacity (KW)	794	805	805	805	805	795	795	795	747	699
Transmission lines (in miles)	204	194	188	188	187	185	185	185	185	188
Number of street lights	18,125	18,040	17,998	17,971	17,670	N/A	17,168	16,812	16,682	16,466
Distribution lines (in miles)	2927	2,870	2,839	2,839	2,842	N/A	2,693	2,693	2,586	2,115
<b>Sewage</b>										
Number of lift stations	109	111	107	107	N/A	N/A	106	102	96	93
Sanitary sewers (in miles)	1,042	1,034	1,107	1,019	N/A	N/A	999	865	968	949
Number of disposal plants	2	2	2	2	2	2	2	2	2	2
Capacity of treatment plants (MGD)	31	31	31	31	32	32	32	32	32	32
<b>Transit</b>										
Bus Plaza	1	1	1	1	1	1	1	1	1	1
Buses	58	56	56	66	56	90	66	66	49	49
<b>Refuse Collection</b>										
Collection trucks	65	63	65	61	45	36	62	62	62	62
<b>Parks and recreation</b>										
Community centers and specialty center	11	11	12	12	12	10	10	10	10	10
Summer playgrounds and camps	43	43	43	43	43	43	43	26	26	26
Athletic fields	86	86	86	86	86	86	86	87	86	86
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	11	11	13	13	13	13	13	9	9	9
Park acreage	3,529	3,881	3,529	3,529	3,529	3,881	3,881	3,881	3,881	3,881
Fitness trails	30	30	17	17	17	17	17	17	17	17
Tennis/racquetball courts	67	67	67	67	67	72	67	70	69	69
Gymnasiums, center sites	7	7	7	7	7	7	7	7	7	7
Gymnasiums, school sites	4	4	4	4	4	9	9	12	12	12
Airport	1	1	1	1	1	1	1	1	1	1
<b>Other public works</b>										
Streets (miles)	N/A	N/A	N/A	N/A	N/A	N/A	1,394	1,354	1,335	1,253
Traffic signals <sup>(1)</sup>	71	71	71	72	128	122	123	114	109	105

Source: Various city departments

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

N/A- Not Available

**City of Tallahassee  
Miscellaneous Statistical Data  
September 30, 2013**

Date of Incorporation	1824	Form of Government: Commission-Manager	
Date Present Charter Adopted	1824	Commission Composed of: Mayor and Four Commissioners	
	1996	<b>Terms of Office:</b>	
		Mayor - Four Years (Elected by Tallahassee Citizens)	
		Commissioners - Four Years (Elected by Tallahassee Citizens)	
		Manager (Appointed by Commission)	
		<b>Education:</b>	
		Number of Public Schools <sup>(1)</sup>	51
		Number of Public School Instructors <sup>(1)</sup>	2,366
		Number of Public School Students, (PK -12) <sup>(1)</sup>	34,738
		Number of Vocational-Technical Schools <sup>(1)</sup>	1
		Number of Community Colleges	1
		Number of Universities	2
		Number of College-level Instructors <sup>(4)</sup>	3,307
		Number of College-level Students <sup>(2)</sup>	90,173
		<b>Culture, Recreation, and Health:</b>	
		Conference Center, Civic Center, and Theaters	
		Seating Capacity (Leon County Civic Center and FSU Conf Center)	13,375
		Museums	13
		Libraries (Including branches)	19
		Skating Rinks	3
		Golf Courses	9
		Hospital Beds <sup>(3)</sup>	968
		Average Annual Temperature	67.9 Degrees
		Average Annual Rainfall	63.2 Inches
		Area	103.06 Square Miles
		<b>Major Annual Events:</b>	
		Springtime Tallahassee Festival	
		Fourth of July "Celebrate America"	
		North Florida Fair	
		Market Days	
		Winter Festival	

Source: City of Tallahassee Records except as noted below:

<sup>(1)</sup> Leon County

<sup>(2)</sup> Tallahassee Community College; Florida State University; Florida A & M University

<sup>(3)</sup> Tallahassee Memorial Healthcare and Capital Regional Medical Center

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

**CITY OF TALLAHASSEE  
SCHEDULE OF INSURANCE  
September 30, 2013**

Type of Coverage	Carrier	Policy Number	Policy Term	Coverage Detail	Limits (,000s)	Deductible/Retention (,000s)	Premium (,000s)
Liability Self-Insurance	N/A	N/A	N/A	General Liability	200/300	N/A	N/A
				Police Civil Liability	200/300	N/A	N/A
				Employment Practice	200/300	N/A	N/A
Airport Liability	ACE	AAPN0738760A0 01	10/1/12-13	Airport Liability	100,000	10	46
ALL Risk Property	Axis	Various	4/1/13- 3/31/14	General Government	Combined total 700,000	100 per occurrence	3,624
	National Union Liberty			Utility Property		500 Wastewater & Power Gen.	
	Westport Landmark AEGIS Insurance			Boiler & Machinery		750 Hopkins2 and Purdom8 Steam \$1,000 Purdom Unit 8 Gas Named Windstorm 2% TIV of location	
Builders Risk	Travelers	QT6608735M564 TIL13	5/1/2013- 1/31/2015	TPS Wastewater treatment	13.5		36
Fine Arts Floater			8/19/13-14	Fine Arts Coverage Refreiger Murals	1.2	1 basic wind	2
Property Insurance	Lloyds	WPB37381	5/19/13-14	Commercial Property 1425 Colorado St	110	5	1.4
Health Care	Capital Health Plan	00005	N/A	Employee Health Care	N/A	N/A	Funded Reserves
	Blue Cross/Blue Shield	45380	N/A	Employee Health Care	N/A	N/A	Funded Reserves
Statutory Death Benefits	Federal Ins Co.	9906-39-31	10/1/10- 10/1/13	Statutory and Accidental Death (Police & Fire)	50/50/150	N/A	30 (3 year)

**CITY OF TALLAHASSEE  
SCHEDULE OF INSURANCE  
September 30, 2013**

Type of Coverage	Carrier	Policy Number	Policy Term	Coverage Detail	Limits (,000s)	Deductible/Retention (,000s)	Premium (,000s)
<b>Workers Compensation</b>							
	Self Insured	N/A	N/A	Primary Workers Compensation	Statutory	1,000 SIR	N/A
	Midwest Employers Casualty	EW C008358	10/1/2012-13	Excess Workers Compensation	Statutory in excess of \$1M		161
<b>Public Officials Bond</b>							
	Fidelity Deposit Company	66117834	Continuous	Statutory Position Bond- Treasurer Clerk	100	N/A	N/A
<b>Employee Fidelity Bond</b>							
	Fidelity Deposit Company	CCP0018136-17	Continuous	Government Crime	1000	25	20
<b>Right of Way Utility Bonds</b>							
	Old Dominion	multiple	annual	Permit Bond	50 na		2.5
<b>EMS Liability</b>							
	James River	30000	3/1/13-14	Primary Professional Liability EMS	1000/3000	2.5 each	32
	James River	30429	3/1/13-14	Excess Professional Liability EMS	5000	250 annual aggregate	30
<b>Fiduciary Liability</b>							
	Travelers	105958444	7/1/13-16	175 Plan Fiduciary Liability	1000		3.6
	Travelers	105958450	7/1/13-16	185 Plan Fiduciary Liability	1000		3.1
	Travelers	105958454	7/1/13-16	General Employee Pension Fund Fiduciary Liability	1000		15
<b>Workers Compensation</b>							
	Bridgefield	0830-52491	3/23/13-14	Consolidated Dispatch Agency		N/A	10
<b>Property Insurance</b>							
	Zurich American	CPP948296202	3/13/13-14	Renaissance Building (Joint Mgt & Occupant with Leon County)	13200		47

N/A - Not Available

# SINGLE AUDIT

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

## FOR THE ENTITY

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

## FOR THE FINANCIAL ASSISTANCE PROGRAMS

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

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

Summary Schedule of Prior Audit Findings

## OTHER

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

Schedule of Expenditures of Passenger Facility Charges

Schedule of Findings – Passenger Facility Charges

Summary Schedule of Prior Audit Findings

Management Letter



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida (the City) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 20, 2014.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given the limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain conditions in internal control that in our consideration comprise a significant deficiency.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency identified in the accompanying Schedule of Findings and Questioned Costs as Finding 2013-1 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-2 and 2013-3.

### **City of Tallahassee, Florida's Response to Findings**

The City of Tallahassee, Florida's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Tallahassee, Florida's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



**THOMAS HOWELL FERGUSON, P.A.**  
Tallahassee, Florida  
March 20, 2014



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

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

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

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the City of Tallahassee, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *Florida Department of Financial Service's State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2013. The City's major federal programs and state projects are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, *OMB Circular A-133*, and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Basis for Qualified Opinion on CFDA 20.500 and 20.507, Federal Transit Cluster**

As described in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding CFDA 20.500 and 20.507, Federal Transit Cluster, as described in finding number 2013-2 for the Davis-Bacon Act. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

**Qualified Opinion on CFDA 20.500 and 20.507, Federal Transit Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 20.500 and 20.507, Federal Transit Cluster for the year ended September 30, 2013.

**Unmodified Opinion on Each of the Other Major Federal Programs and State Projects**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs and state projects identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended September 30, 2013.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-2 and 2013-3 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



**THOMAS HOWELL FERGUSON, P.A.**  
Tallahassee, Florida  
March 20, 2014



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

City of Tallahassee, Florida  
 Schedule of Expenditures of Federal Awards and State Financial Assistance  
 For the Year Ended September 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures
<b><u>FEDERAL AWARDS</u></b>				
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>				
Direct Programs:				
Community Development Block Grant-Entitlement	14.218	BXX-MC120019	N/A	\$ 2,061,311
HOME Investment Partnerships Program	14.239	MXM-MC120221	N/A	1,183,219
Emergency Solutions	14.231	EXX-MC120010	N/A	183,140
Pass through Florida Department of Economic Opportunity Community Development Block Grant	14.228	B08-DN-12-001	10DB-4X-02-47-02-F24	<u>114,912</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				<u><u>3,542,582</u></u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Direct Programs:				
Farmer's Market Promotion Program	10.168	12-25-G-1547	N/A	<u>40,776</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>40,776</u>
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>				
Direct Programs:				
<u>ARRA</u> - Energy Efficiency and Conservation Block Grant	81.128	DE-SC0002568	N/A	187,718
<u>ARRA</u> - Electricity Delivery and Energy Reliability	81.122	DE-OE0000391	N/A	985,243
<u>ARRA</u> - Renewable Energy Research and Development	81.087	DE-0000277	N/A	<u>208,804</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>				<u><u>1,381,765</u></u>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>				
Direct Programs:				
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-95481911	N/A	<u>3,298</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				<u>3,298</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<b><u>FEDERAL TRANSIT ADMINISTRATION</u></b>				
Direct Programs:				
Federal Transit Capital Investment	20.500	FL-04-0120	N/A	27,943
Federal Transit Capital Investment	20.500	FL-04-0152	N/A	576,586
Federal Transit Formula Grant	20.507	FL-90-X563	N/A	(12,493)
Federal Transit Formula Grant	20.507	FL-90-X708	N/A	(1,851)
Federal Transit Formula Grant	20.507	FL-90-X803	N/A	1,156,912
Federal Transit Formula Grant	20.507	FL-90-X746	N/A	18,240
Federal Transit Formula Grant	20.507	FL-90-X778	N/A	964,216
Federal Transit Formula Grant	20.516	FL-37-X030	N/A	28,902
Job Access-Reverse Commute Project Grant	20.516	FL-37-X040	N/A	2,031
Job Access-Reverse Commute Project Grant	20.516	FL-37-X050	N/A	28,451
Job Access-Reverse Commute Project Grant	20.516	FL-37-X057	N/A	50,090
Job Access-Reverse Commute Project Grant	20.516	FL-37-X067	N/A	5,409
Job Access-Reverse Commute Project Grant	20.516	FL-37-X071	N/A	22,318
New Freedom Program	20.521	FL-57-X015	N/A	21,442
New Freedom Program	20.521	FL-57-X028	N/A	3,063
New Freedom Program	20.521	FL-57-X039	N/A	(241)
New Freedom Program	20.521	FL-57-X028	N/A	(2,463)
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	FL-88-0001	N/A	4,112,994
Public Transportation Research	20.514	FL-26-0021	N/A	2,479
Pass through Florida Department of Transportation: Formula Grants for Rural Areas	20.509	FL-18-X031	AQG69	64,737
<b><u>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</u></b>				
Pass through Florida Department of Transportation:				
Alcohol Impaired Driving Countermeasures Incentive	20.601	PT-13-12-12	AQV39	79,914
Alcohol Impaired Driving Countermeasures Incentive	20.601	K8-13-06-15	AQ582	104,490
Alcohol Impaired Driving Countermeasures Incentive	20.601	K8-12-06-08	AQ557	2,876
State and Community Highway Safety	20.600	PT-12-12-10	AQK73	4,380

See Independent Auditors' Report

City of Tallahassee, Florida  
 Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)  
 For the Year Ended September 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures
<b>FEDERAL HIGHWAY ADMINISTRATION</b>				
Pass through Florida Department of Transportation:				
Highway Planning and Construction	20.205	777-204-A	430147-1-38-01	20,092
Highway Planning and Construction	20.205	8887-896-A	N/A	238,418
Pass through Florida Department of Environmental Protection Recreational Trails Program	20.219	RTP09	998688/T2908	181,530
<b>FEDERAL AVIATION ADMINISTRATION</b>				
Direct Programs:				
Airport Improvement Program	20.106	3-12-0077-36	N/A	2,254,873
Airport Improvement Program	20.106	3-12-0077-34	N/A	10,834
Airport Improvement Program	20.106	3-12-0077-35	N/A	165,875
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<u>10,132,045</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Pass through Florida Department of Transportation				
Medical Assistance Program-Transportation Disadvantaged	93.778	BDM79	N/A	638,183
Pass through Florida Department of Health:				
Grants to States to Support Oral Health Workforce Activities	93.236	T12HP19361	COHC6	48,076
Preventive Health & Health Services Block Grant	93.991	T12HP19361	COHC6	3,619
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u>689,878</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Direct Programs:				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2010-DJ-BX-1167	N/A	9,811
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2011-DJ-BX-3412	N/A	2,215
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2012-DJ-BX-0988	N/A	101,343
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	2009-SB-B9-2375	N/A	749
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2009-RJ-WX-0029	N/A	11,403
ARRA - Public Safety Partnership and Community Policing Grants	16.710	2011-LJL-WX-0011	N/A	218,466
Pass through City of Gainesville				
Missing Children's Assistance	16.543	N/A	N/A	4,288
Pass through Florida Department of Law Enforcement				
ARRA - National Asset Forfeiture Strategic Plan Project Safe Neighborhoods	16.609	N/A	2012-PSNN-LEON-1-D4-005	220,858 26,261
Pass through Florida Department of Juvenile Justice				
Juvenile Justice and Delinquency Prevention	16.540	2010-JF-FX-022	2273C	29,503
Juvenile Justice and Delinquency Prevention	16.540	2010-JF-FX-022	2273C	38,447
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>				<u>663,344</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Direct Programs:				
Assistance to Firefighters Grant	97.044	EMW-2012-FO-03386	N/A	76,608
Pass through Florida Department of Financial Services:				
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	12,117
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	18,778
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	147
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	4,650
Homeland Security Grant Program	97.067	-	11-DS-9Z-13-00-16-436	24,500
Homeland Security Grant Program	97.067	-	11-DS-9Z-13-00-16-436	23,321
Homeland Security Grant Program	97.067	-	11-DS-9Z-13-00-16-436	699
Homeland Security Grant Program	97.067	-	11-DS-9Z-13-00-16-436	545
Homeland Security Grant Program	97.067	-	11-DS-9Z-13-00-16-436	26,001
Homeland Security Grant Program	97.067	-	11-DS-9Z-13-00-16-436	(128)
Homeland Security Grant Program	97.067	-	11-DS-9Z-13-00-16-436	1,294
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	(243)
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	153
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	(692)
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	1
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	84,747
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	87
Homeland Security Grant Program	97.067	-	09-DS-51-13-00-16-409	2,140

See Independent Auditors' Report

City of Tallahassee, Florida  
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)  
For the Year Ended September 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Pass through Florida Department of Community Affairs				
Disaster Grants-Public Assistance	97.036	-	09-SS-E8-02-47-13-515	(47,748)
Disaster Grants-Public Assistance	97.036	-	08-FA-B9-02-47-00-572	30,868
Pass through Florida Department of Emergency Management				
Homeland Security Grant Program	97.067	-	12-DS-9Z-02-47-01-160	<u>32,510</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>				<u>290,355</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass through Florida Department of Children and Families				
Safe and Drug-Free Schools and Communities-National Programs	84.184	N/A	LD963	<u>13,133</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<u>13,133</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				<u>\$ 16,757,176</u>
<b><u>STATE AWARDS</u></b>				
<b><u>FLORIDA DEPARTMENT OF TRANSPORTATION</u></b>				
Commission for the Transportation Disadvantaged	55.001	N/A	22710618401/AQO96	\$ 360,209
Commission for the Transportation Disadvantaged	55.001	N/A	22710618401/ARI87	128,086
Commission for the Transportation Disadvantaged-United We Guide	55.001	N/A	RS-12-15-05	<u>71,474</u>
				559,769
Public Transit Block Grant	55.010	N/A	42225018401/AQG68	1,141,605
Public Transit Service Development Program	55.012	N/A	AQJ58	32,201
Public Transit Service Development Program	55.012	N/A	4253551/APR40	86,807
Aviation Development Grants	55.004	N/A	226792-18401	26,351
Aviation Development Grants	55.004	N/A	226781-18401	99,256
Aviation Development Grants	55.004	N/A	416011-19401	66,318
Aviation Development Grants	55.004	N/A	422301-19401	40,965
Aviation Development Grants	55.004	N/A	412210-19401	<u>211,293</u>
Total Aviation Development Grants				444,183
State Highway Project Reimbursement	55.023	N/A	AQT09	<u>9,123</u>
<b>TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION</b>				<u>2,273,688</u>
<b><u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u></b>				
Statewide Surface Water Restoration and Wastewater	37.039	N/A	LP6011	<u>3,893</u>
<b>TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>				<u>3,893</u>
<b><u>FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</u></b>				
Domestic Marijuana Eradication	52.008	N/A	N/A	<u>1,185</u>
<b>TOTAL FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</b>				<u>1,185</u>
<b><u>FLORIDA HOUSING FINANCE CORP.</u></b>				
State Housing Initiatives Partnership Program	52.901	N/A	N/A	<u>174,940</u>
<b>TOTAL FLORIDA HOUSING FINANCE CORP.</b>				<u>174,940</u>
<b>TOTAL STATE AWARDS EXPENDED</b>				<u>\$ 2,453,706</u>
<b>TOTAL FINANCIAL ASSISTANCE EXPENDED</b>				<u>\$ 19,210,882</u>

**NOTES**

- 1) The Schedule of Expenditures of Federal Awards and State Financial Assistance was prepared on the accrual basis of accounting.
- 2) This method is consistent with the method used in the preparation of the City's financial statements.
- 3) No federal or state financial assistance was expended in non-cash assistance.
- 4) During the current year audit, we noted that funding provided for the FDOT-RTMC JPA project is not state financial assistance. We also noted that additional expenditures for the Federal Transit Formula Grant FL-90-X778 in the amount of \$660,800 were not included in the total expenditures reported at September 30, 2012. Both of these instances resulted in a reassessment of major program determination for federal programs and state projects.

Statement in accordance with Florida Section 341.052 F.S.:

FDOT Public Transportation Block Grant funds did not exceed local revenue, were not expended for depreciation or amortization of capital assets, and did not supplant local tax revenues made available for operations in the previous year.

See Independent Auditors' Report

City of Tallahassee, Florida  
 Schedule of Findings and Questioned Costs  
 For the Year Ended September 30, 2013

*Schedule of Findings and Questioned Costs Relating to Federal Awards*

**Section 1 – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major federal programs?	Modified
Any audit findings disclosed that are required to be reported in accordance with <i>OMB Circular A-133, Section .510(a)</i> ?	Yes

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	U.S. Department of Transportation Federal Transit Administration
	Direct Programs:
20.500	Federal Transit Capital Investment
20.507	Federal Transit Formula Grant
20.523	Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions
	U.S. Department of Energy
	Direct Program
81.122	ARRA-Electricity Delivery and Energy Reliability
	U.S. Department of Health and Human Services
	Direct Program
93.778	Medical Assistance Program-Transportation Disadvantaged

Dollar threshold used to distinguish between Type A and Type B programs:	\$502,715
Auditee qualified as low-risk auditee?	No

City of Tallahassee, Florida  
 Schedule of Findings and Questioned Costs (continued)  
 For the Year Ended September 30, 2013

*Schedule of Findings and Questioned Costs Relating to State Financial Assistance*

State Financial Assistance Awards

Internal control over major projects:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major state projects?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>Rules of the Auditor General</i> , Chapter 10.554(1)(i)(4)?	No
Findings required to be reported in a management letter pursuant to <i>Rules of the Auditor General</i> , Chapter 10.554(1)(i)?	None reported

Identification of major state projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
	Florida Department of Transportation Direct Programs
55.001	Commission for the Transportation Disadvantaged
55.010	Public Transit Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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City of Tallahassee, Florida  
Schedule of Findings and Questioned Costs-Federal Awards  
and State Financial Assistance (continued)  
For the Year Ended September 30, 2013

**Section II – Financial Statement Findings**

**SIGNIFICANT DEFICIENCY**

**2013-1 Capital Assets / Fixed Asset and Depreciation System**

*Criteria:* The City of Tallahassee manages over \$4 billion, at cost, of capital assets included in its governmental and business-like (proprietary) activities. To prevent material misstatements in its financial statements, the City should capitalize assets in accordance with its established policies, and where applicable should allocate the cost of those assets over their useful lives by accurately calculating and reporting the depreciation of the capital assets. The City's capital asset and depreciation policies are described in the notes to its financial statements.

*Condition:* During our audit procedures, we noted the client recorded adjustments to correct misstatements in the City's 2012 financial statements related to fixed assets. Current year audit procedures and efforts by accounting personnel to implement prior year audit recommendations continued to identify adjusting accounting entries to correct errors in recording and reporting fixed assets.

*Cause:* Inadequate identification and monitoring of capital projects and expenditures, and uncorrected errors in the City's fixed asset and depreciation system may result in material misstatements of capital assets, accumulated depreciation, and depreciation expense.

*Effect:* For the year ended September 30, 2013, numerous adjusting entries were required during our audit work to correct errors in the reported amount of general and proprietary capital assets and depreciation. The nature of the errors included:

- Projects containing expenditures that should be capitalized according to policy were not flagged as "capital" when the project was created and continued to be identified in the current year.
- Assets were not entered into the fixed asset and depreciation system when a capital project was completed. Manual journal entries were made so the amounts were reflected in the general ledger but they were not in the fixed asset system.

*Recommendations:* The City of Tallahassee has made progress in its procedures to identify and record capital assets. The City should continue to review and improve its procedures regarding capital assets and depreciation to resolve these weaknesses and reduce the risk of material misstatements in its financial statements. Improved procedures will require a coordinated effort and communication between City departments and Accounting Services.

City of Tallahassee, Florida  
Schedule of Findings and Questioned Costs-Federal Awards  
and State Financial Assistance (continued)  
For the Year Ended September 30, 2013

Departments should understand and comply with procedures for identifying capital projects and notify the Asset Manager in Accounting Services when a project is complete and ready for capitalization to ensure that all capital assets are added to the fixed asset and depreciation system on a timely basis.

*Management Response:* During fiscal year 2013 Administrative Policy 662, Property Control, was updated to clarify that project managers are responsible for identifying projects which will result in capital assets and submitting timely information to the Accounting Services Division to facilitate the entry into the City's fixed asset system. In order to facilitate the increased departmental responsibility, the Accounting Services Division focused on the departments with high dollar projects (Electric, Underground Utilities, and Aviation). Efforts will continue to assist the remaining departments in the understanding of their responsibilities.

City of Tallahassee, Florida  
Schedule of Findings and Questioned Costs-Federal Awards  
and State Financial Assistance (continued)  
For the Year Ended September 30, 2013

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

We noted the following matters involving noncompliance that are required to be reported in accordance with OMB circular A-133 and the *Rules of the Auditor General*, Chapter 10.554(1)(i)(4).

**MATERIAL WEAKNESSES**

**U.S. DEPARTMENT OF TRANSPORTATION, FEDERAL TRANSIT ADMINISTRATION**

**2013-2 Federal Transit Formula Grant, Grant Number FL-90-X803, CFDA 20.507**

*Criteria:* The Davis-Bacon Act applies to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration or repair of public buildings or public works. Contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area, which is determined by the Department of Labor. Management is responsible for monitoring compliance by the contractors and subcontractors through verification and review of weekly certified payrolls. The requirements for the Davis-Bacon Act are contained in 40 USC 3141-3144, 3146, and 3147; and 29 CFR Part 29.

*Condition:* During audit procedures performed on the Federal Transit Formula Grant, Grant Number FL-90-X803, it was noted that certified payrolls were not completed by the contractors and submitted to City management.

*Cause:* Program managers are assigned within each department to administer federal and state grant programs. Management of a program is typically only one part of an employee's responsibilities. The familiarity with federal and state laws, regulations, and accounting and compliance requirements for the programs varies among individual program managers. The laws, regulations, and accounting and compliance requirements for each program are often complex. There is no central oversight or monitoring of the administration of federal award and state financial assistance programs, and no internal resource to assist in interpreting and applying the requirements.

*Questioned Costs:* Not determinable

*Effect:* The risk of noncompliance with the laws, regulations, and accounting and compliance requirements associated with federal awards and state financial assistance programs is increased by the lack of a central grants administration review process. Noncompliance with the requirements of the Davis-Bacon Act could result in disallowed costs.

City of Tallahassee, Florida  
Schedule of Findings and Questioned Costs-Federal Awards  
and State Financial Assistance (continued)  
For the Year Ended September 30, 2013

*Recommendations:* To reduce the risk of future accounting and financial reporting misstatements and noncompliance, the City of Tallahassee should consider establishing a position of central responsibility for federal and state grants administration. This position would monitor compliance with laws, regulations, accounting and reporting standards, and grant contract provisions for federal and state funded programs throughout City departments. The position would also serve as a resource to individual program managers in understanding grant accounting, reporting, and compliance requirements, and provide independent review to reduce errors in the preparation of the City's annual Schedule of Expenditures of Federal Awards and State Financial Assistance.

*Management Response:* Procedures have been implemented to ensure compliance with all grant requirements; in addition, staff has requested the certified payrolls from the contractor for review to ensure that the contractor complied with the Davis-Bacon Act.

**2013-3 Schedule of Expenditures of Federal Awards and State Financial Assistance**

*Criteria:* The City of Tallahassee administers many programs funded by federal awards and state financial assistance. For the year ended September 30, 2013, the City expended over \$16 million of federal awards and over \$2 million of state financial assistance for these programs. As a condition of receiving federal and state grant funds, the City must comply with federal and state laws and regulations, provisions of the grant agreements, and accounting and reporting requirements associated with the grants.

*Condition:* During audit procedures in the area of federal and state grants, several errors were noted in accounting for federal and state grant expenditures which required material correcting adjustments to programs and amounts reported in the City's Schedule of Expenditures of Federal Awards and State Financial Assistance. These errors also required adjusting accounting entries to correct amounts reported in major funds of the City's financial statements. Audit procedures identified expenditures for a non-grant contract which was included on the Schedule of State Financial Assistance. We also noted that the same contract was audited as a major grant program in the prior year.

*Cause:* The City's Accounting Services Division relies on information supplied by the program managers in various departments when it prepares the Schedule of Expenditures of Federal Awards and State Financial Assistance. There is no independent review of this information, supplied by the program managers, to verify that it is correct.

City of Tallahassee, Florida  
Schedule of Findings and Questioned Costs-Federal Awards  
and State Financial Assistance (continued)  
For the Year Ended September 30, 2013

*Effect:* The risk of noncompliance with the laws, regulations, and accounting and compliance requirements associated with federal awards and state financial assistance programs is increased by the lack of a central grants administration review process. For the year ended September 30, 2013, material adjustments were required to correct the amount of state expenditures reported on the Schedule. The adjustment affected not only amounts reported on the Schedule, but also impacted the selection of major programs related to state financial assistance.

*Recommendations:* As noted at Finding 2013-2 above, the City of Tallahassee should consider establishing a position of central responsibility for federal and state grant administration.

*Management Response:* A position as recommended by the auditors was requested in the preparation of the FY2014 budget. Due to budgetary constraints this position was not funded. The City will continue to evaluate best practices and procedures to ensure that the schedule is correctly prepared.

City of Tallahassee, Florida  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2013

**Federal Awards and State Financial Assistance:**

**Federal Programs**

**Status:** The following issue reported in the prior year as Finding 2012-3 was resolved for the year ended September 30, 2013.

2012-3 – Medical Assistance Program – Transportation Disadvantaged – CFDA 93.778

*Significant Deficiency: Allowable Costs*

The City of Tallahassee developed procedures to ensure that the source documents received from vendors who provide medical transportation included all required information sufficient to evidence performance of services.

**State Projects – None (2012)**

**Financial Statement Findings:**

2012-1 – Capital Assets/Fixed Asset and Depreciation System

**Material Weakness:** Errors in accounting for capital assets and depreciation, which required adjusting accounting entries to correct material misstatements, in the City's financial statements.

**Status:** Adjusting accounting entries including a prior period adjustment for the year ended September 30, 2013 continued to be necessary to properly record capital assets. See current year finding 2013-1.

2012-2 – Federal Awards and State Financial Assistance - Schedule of Expenditures of Federal Awards and State Financial Assistance.

**Material Weakness:** Errors in preparation of the Schedule for the year ended September 30, 2012.

**Status:** Audit procedures for the year ended September 30, 2013 identified errors in the preparation of the Schedule. See current year finding 2013-3.

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

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

**Report on Compliance for the Passenger Facility Charge Program**

We have audited the compliance of the Tallahassee Regional Airport, City of Tallahassee, Florida (the Airport) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2013.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion**

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2013.

### **Report on Internal Control Over Compliance**

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

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

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

### **Schedule of Expenditures of Passenger Facility Charges**

We have audited the basic financial statements of the City of Tallahassee, Florida as of and for the year ended September 30, 2013, and have issued our report thereon dated March 20, 2014. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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This report is intended solely for the information and use of the Honorable Mayor, City Commissioners, City Manager, Audit Committee, and the Auditor General of the State of Florida and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than those specified parties.

*Thomas Howell Ferguson P.A.*

*Law, Redd, Crona & Munroe P.A.*

**THOMAS HOWELL FERGUSON P.A.**  
Tallahassee, Florida  
March 20, 2014

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

City of Tallahassee, Florida  
 Schedule of Expenditures of Passenger Facility Charges  
 For the Year Ended September 30, 2013

<b>Program Title</b>	<b>Expenditures</b>
<b>Passenger Facility Charges Used:</b>	
<b>Passenger Facility Charge Application #06-06-C-00-TLH</b>	
Project 5: Terminal Improvements	\$ 47,445
Project 8: In-Line Baggage Handling System	24,710
Project 9: Terminal Rehabilitation - Phase II	197,968
Project 12: Electronic Airport Layout Plan	126,351
Project 13: Runway 9/27 Pre-Design	68,658
Project 19: Airfield Signage Improvements Design	536
Project 20: Airfield Lighting Improvements Design	429
	466,097
<b>Total Passenger Facility Charges Used</b>	<b>\$ 466,097</b>

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

City of Tallahassee, Florida  
Schedule of Findings - Passenger Facility Charges  
For the Year Ended September 30, 2013

**Findings and Questioned Costs – Passenger Facility Charges (PFC) for the Year Ended September 30, 2013**

**Financial Statement Findings** – We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**PFC Findings and Questioned Costs** – We noted no matters involving noncompliance that are required to be reported in accordance with the PFC Audit Guide for Public Agencies.

City of Tallahassee, Florida  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2013

SIGNIFICANT DEFICIENCY

Status: The following issue reported in the prior year was resolved for the year ended September 30, 2013.

**PFC-2012-1 Inconsistent Reporting of Expenditures of Passenger Facility Charges**

The total amount of expenditures reported on the Schedule of Expenditures of Passenger Facility Charges for the year ended September 30, 2012 is \$377,079. This amount represents the actual amount of PFC expenditures during the fiscal year. The City reported a total of \$898,273 on its Passenger Facility Charge Quarterly Reports submitted to the Federal Aviation Administration (FAA), PFC Manager, for the same fiscal year. The difference of \$521,194 was caused by underreporting expenditures of passenger facility charges on the quarterly report of a prior year, and instead reporting them to the FAA on the quarterly reports for the year ended September 30, 2012. Corrective Action has been completed.

## Management Letter

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

We have audited the financial statements of the City of Tallahassee, Florida (the City), as of and for the fiscal year ended September 30, 2013 and have issued our report thereon dated March 20, 2014.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550 *Rules of the Auditor General*, Schedule of Findings and Questioned Costs, and Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance. Disclosures in those reports and schedules, which are dated March 20, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, *Rules of the Auditor General*, which governs the conduct of the local governmental entity audits performed in the state of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports:

### Current Year September 30, 2013 Recommendations

### Current Year Reference

#### **Trial Balance Close-out Process**

**13-01**

The trial balance close-out and the related financial statement preparation process are very detailed and complex processes involving 204 funds encompassing a wide range of activities and programs. These programs require differing bases of accounting and reporting. Recent GASB pronouncements will require changes in financial statement presentations which will involve significant additional effort by the City's accounting personnel going forward. We noted certain inefficiencies related to these processes during the course of the engagement. We recommend the City evaluate these processes, the adequacy of the financial statement software currently utilized and implement procedures to gain efficiency and facilitate the close-out process.

*Management Response:* Staff will evaluate the processes associated with year-end close-out and financial statement preparation in order to improve efficiency. In addition, staff will be evaluating the purchase of financial statement preparation software for the FY2014 financial statements.

**ACH Vouchers and Payments**

**13-02**

The City does not currently have a procedure designed to ensure that all ACH vouchers and related ACH payments (Automated Clearing House - electronic payments) are timely recorded in the general ledger. As a result, an ACH payment could potentially not be identified until the performance of the monthly bank reconciliation. During our audit we identified an ACH payment that was not recorded in the general ledger. The payment was later identified during the bank reconciliation process however it was not timely addressed and resolved. We recommend the City develop and implement policies and procedures similar to those already in place for check disbursements to ensure all ACH transactions are recorded in the general ledger.

*Management Response:* Procedures are being reviewed to ensure that ACH transactions are properly recorded.

**Bank Reconciliations**

**13-03**

Performance of bank reconciliations, including timely disposition of reconciling differences, is a key control over the cash receipt and disbursement functions. During our audit we noted that the payroll bank account reconciliation was not reconciled in a timely manner. Additionally, we noted reconciling items on the payroll bank reconciliations that had been carried forward each month and not investigated and resolved in a timely manner. By not timely identifying and resolving these differences, recorded balances in the general ledger may be incorrect and certain internal controls over the cash receipts and disbursements processes may be ineffective. We recommend timely performance of bank reconciliations and appropriate resolution of identified bank reconciliation differences. We also recommend that the preparer and reviewer be required to initial and date the bank reconciliations.

*Management Response:* Procedures have been put in place to ensure that all reconciliations are performed and reconciling items are investigated and resolved on a timely basis.

**Employment Eligibility Verification Form I-9**

13-04

The Immigration Reform and Control Act of 1986 (IRCA) required employers to verify that all newly hired employees present documentation verifying the employee's identity and legal authorization to accept employment in the United States. The Employment Eligibility Verification Form (I-9 form) is provided by the federal government for that purpose and every employee hired after November 6, 1986 must complete an I-9 form at the time of hire.

During our testing over the payroll cycle, the City was unable to provide an I-9 form for three out of 25 (12%) employees that were selected for testing. An employer who fails to keep records that I-9 forms are properly filed can receive a fine even if the employee is legally authorized to work in the United States. We recommend the City identify the population of employees hired after 1986 who are missing an I-9 form and obtain the missing form. Additionally, at a minimum, the City should evaluate its new hire documentation procedures to ensure proper receipt of an I-9 form at the time of hire.

*Management Response:* The I-9 form and required employee identification is initiated and verified at the hiring department level, forwarded to Human Resources, and used as the foundation in which to run the e-Verify process. The form is then scanned and filed in the City's electronic data management system (EDMS) for storage. In the past the scanning and storage process had been handled by several personnel; the process has recently been consolidated under one individual who is responsible for the proper collection and storage of these documents. Staff will re-evaluate our processes to ensure that these documents are timely and properly filed in EDMS so retrieval in the future is without problem. In addition, staff will perform sampling of all active employee records to ensure that the I-9 form is properly reflected in their files.

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**Rules of the Auditor General**

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions are in process to address findings and recommendations made in the preceding annual financial report. See current year findings and recommendations discussed in the Schedule of Findings and Questioned Costs and the above Current Year September 30, 2013 Recommendations management letter section.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, *Florida Statutes*.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the matters discussed in the Current Year September 30, 2013 Recommendations section of this letter and the Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance dated March 20, 2014.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the matters discussed in the Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance dated March 20, 2014.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority for the City and its component units are disclosed in Note 1 of the Notes to Financial Statements.

Section 10.554(1)(i)6.a., *Rules of the Auditor General*, requires a statement to be included as to whether or not the City has met one or more of the conditions described in Section 218.503(1), *Florida Statutes* and identification of specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Section 10.554(1)(i)6.b., *Rules of the Auditor General*, requires that we determine whether the annual financial report for the City for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. Management will draft the annual financial report to be in agreement with the annual financial audit report for the year ended September 30, 2013. The final report will be submitted to the Florida Department of Financial Services upon approval of the annual financial audit report by the City Commission.

Pursuant to Sections 10.554(1)(i)6.c and 10.556(7), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.

The City's responses to the findings identified in our audit are included in this letter. We did not audit the City's responses and accordingly, we express no opinion on the responses.

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Our management letter is intended solely for the information and use of the Honorable Mayor, City Commissioners, City Manager, Audit Committee, Florida Auditor General and federal and state granting agencies and pass-through entities, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Thomas Howell Ferguson P.A.*

*Law, Redd, Crona & Munroe P.A.*

**THOMAS HOWELL FERGUSON P.A.**  
Tallahassee, Florida  
March 20, 2014

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



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