

FLORIDA'S CAPITAL CITY

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2014



CITY OF
ALLAHASSEE

CITY OF TALLAHASSEE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
September 30, 2014**



PREPARED BY:

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

CITY OF TALLAHASSEE, FLORIDA

CITY COMMISSION

ANDREW GILLUM, Mayor

SCOTT MADDOX, Pro Tem

CURTIS RICHARDSON, Commissioner

NANCY MILLER, 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, 2014**

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INTRODUCTORY SECTION

Letter of Transmittal

Government Finance Officers Association Certificate of Achievement

Organizational Chart

List of Elected and Appointed Officials and Directors

List of Accounting Services Division Staff





March 25, 2015

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

The Comprehensive Annual Financial Report of the City of Tallahassee, Florida, for the fiscal year ended September 30, 2014, is hereby submitted pursuant to Florida Statutes, Chapter 11, Section 45, and Chapters 10.550 of the Rules of the Auditor General of the State of Florida. This report represents the official report of the City's financial operations and condition to the citizens. City Commission, City management, rating agencies, and other interested persons.

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

The certified public accounting firms of Thomas Howell Ferguson, P.A. and Law Redd Crona & Munroe, P.A. have issued an unmodified opinion on the City's financial statements for the year ended September 30, 2014. The independent auditors' report is located at the front of the financial section of this report.

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

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

PROFILE OF THE CITY

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

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

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

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

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

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

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

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 four percent of area residents aged 25 or older have completed at least four years of college.

The 2009-2013 American Community Survey 5 year estimates report median family income in Leon County is \$68,516, which is comparable to the national median. Of the workers in Leon County, 44.9% are in management or professional occupations compared to 36.2% nationally.

The level of governmental employment has a stabilizing effect on the economy and helps to minimize unemployment. In December 2014, unemployment was 4.7% in Leon County as compared to the State’s unemployment rate of 5.4%. The percentage of employees employed by local, state, and federal government is approximately 35.1% 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:

| <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 |
| 2014 estimated | 185,784 | 95,508 | 281,292 |
| 2015 projected | 189,300 | 95,500 | 284,800 |
| 2020 projected | 199,300 | 97,500 | 296,800 |
| 2030 projected | 219,700 | 101,400 | 321,100 |

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 21% in fiscal year 2014 following declines in seven-straight years. Permits for multi-family units declined slightly in fiscal year 2014 with two multi-family apartment communities (50 units or more) permitted, down from four permitted in fiscal year 2013.

Commercial Development

In fiscal year 2014, approximately \$35 million of new commercial construction was permitted in Leon County, a slight decline compared with the \$41 million permitted in fiscal year 2013. Larger commercial permits include the VA Outpatient Clinic, a FedEx Ground distribution facility warehouse and headquarters for Hayes Computer Systems.

MILLAGE RATES

As indicated below, the City enjoys the lowest millage rate of the comparable largest cities in Florida for 2015 and 2014. Tallahassee's low and stable millage rate should act as an incentive to economic growth and stability.

Millage Rates - Comparable Cities in Florida

| City | Millage Rates | |
|--------------------|---------------|-------------|
| | 2015 | 2014 |
| Clearwater | 5.16 | 5.16 |
| Daytona | 7.24 | 6.57 |
| F t. Lauderdale | 4.12 | 4.12 |
| Gainesville | 4.51 | 4.49 |
| Hollywood | 7.45 | 7.45 |
| Lakeland | 4.66 | 4.66 |
| Largo | 5.19 | 5.00 |
| Orlando | 6.65 | 5.65 |
| Pensacola | 4.29 | 4.29 |
| Pompano | 4.75 | 5.47 |
| Tallahassee | 3.70 | 3.70 |
| 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.

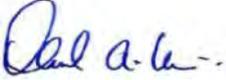
The Plan resulted in an approved fiscal year 2015 operating budget of \$697.3 million and an approved capital budget of \$116.3 million. The Plan for the ensuing five years (including 2015) results in projected capital expenditures of approximately \$721 million.

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



Patrick Twyman
Accounting Services Manager



Government Finance Officers Association

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

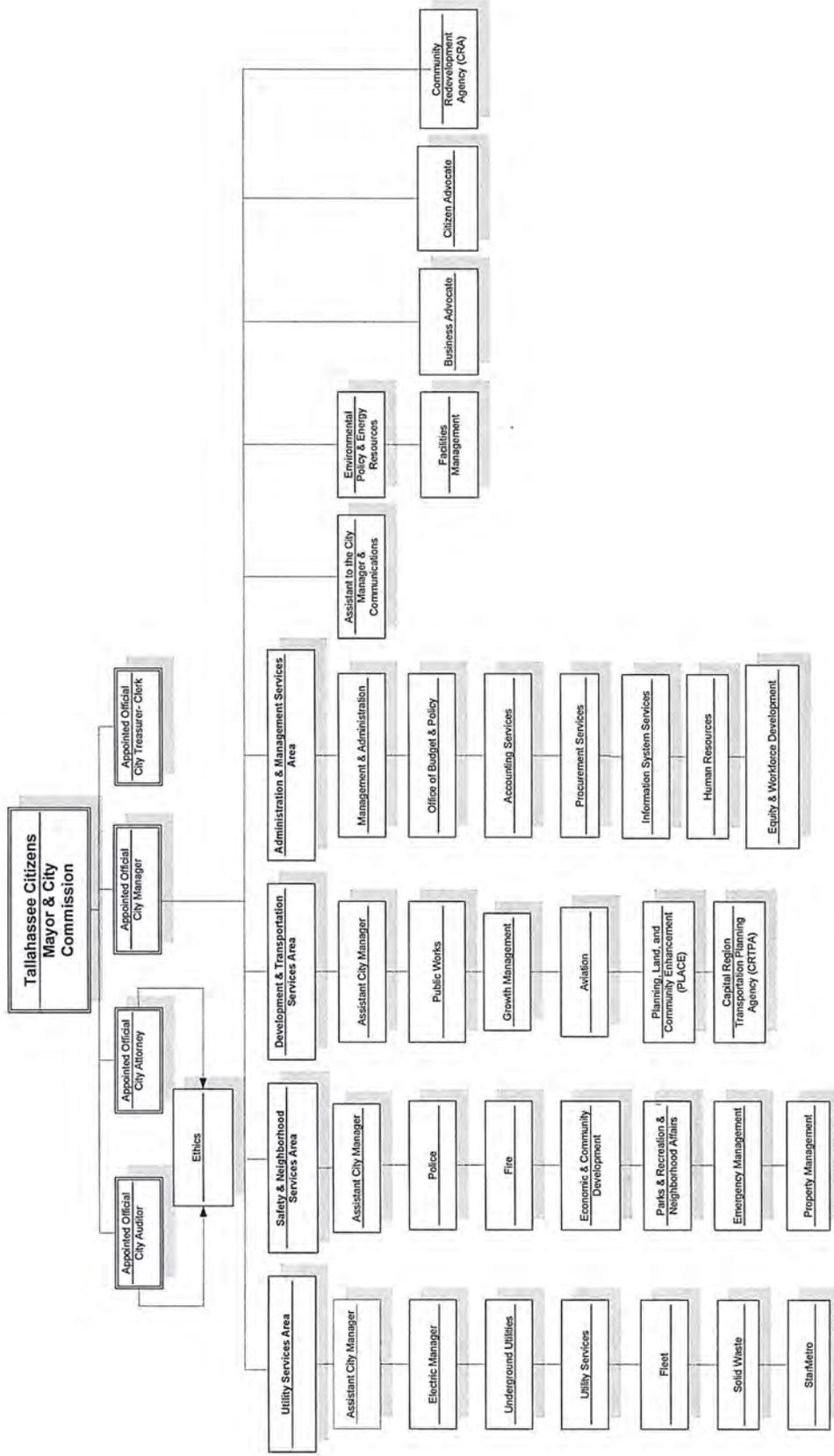
Presented to

**City of Tallahassee
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



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

ELECTED OFFICIALS

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

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..... **Lonnie Ballard**
Assistant City Manager for Utility Services..... **Ricardo Fernandez**
Assistant City Manager for Safety and Neighborhood Services **Dee Crumpler**

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.....**Jerome Gaines**
Growth Management **Karen Jumonville**
Management and Administration **Raoul A. Lavin**
Parks, Recreation and Neighborhood Affairs..... **Ashley Edwards**
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
Patrick Twyman, Manager**

| | | |
|----------------------------|-------------------------|------------------------|
| Patsy Capps, CPA* | Linda Caines | Mazie Crumbie |
| Ben Halvorsen, CPA* | Latrenda Johnson | Kereen Jones |
| Vernessa McMillon | Julie Paniucki | Lajja Patel |
| George Robbins, CPA | Angela Roberts | Reginald Rodney |
| Rita Stevens, CPA | Emerson Thompson | |

**Financial and Systems Analyst (Fixed Assets)
Robert Bechtol, CPA**

*** Tallahassee Regional Airport Staff**

**Cover photo: The Declaration
Gaines Street Revitalization Project**



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



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, 2014, 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note III. D. to the financial statements, in the fiscal year ending September 30, 2014, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement 65, *Items Previously Reported as Assets and Liabilities* and also identified a misstatement. October 1, 2013 net position balances have been restated to reflect the implementation of the new standard and to correct the misstatement. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and other information on pages 24-35 and 101-116 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.

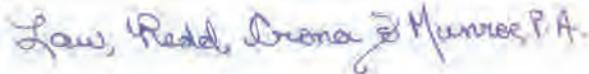
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015, 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 25, 2015



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



MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of Tallahassee (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year that ended September 30, 2014. Management's Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in the City's financial position, and (d) identify individual fund concerns or issues. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of September 30, 2014 by \$2.07 billion (net position). Of this amount, \$285 million represents unrestricted net position that is available to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$46.5 million as a result of fiscal year 2014 operations and prior period restatements.
- As of September 30, 2014, the City's governmental funds reported combined ending fund balances of \$109.6 million, an increase of \$26.6 million in comparison with the prior year. Approximately \$1.9 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 \$26.4 million, or 21.6% of general fund expenditures.
- As of September 30, 2014, the City's enterprise funds reported combined net position of \$1,122.2 million, an increase of \$21.6 million in comparison with the prior year. Approximately \$159.4 million of this amount is unrestricted.
- Capital assets, net of accumulated depreciation, as of September 30, 2014 fiscal year totaled \$2.55 billion, a decrease of \$7.0 million in comparison with prior year (Note- IV-D).
- The City's outstanding long-term debt (Note IV-G) increased from \$1,053.5 million to \$1,063.3 million, or 0.9%.

AN OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The *statement of activities* presents information showing how the City's net 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 services include electric, gas, airport, fire protection, solid waste collection, water, sewer, stormwater management, transit services, and the Hilaman Golf Course.
- **Component units** — These are legally separate organizations for which the City Commission appoints the governing board and the City has financial reporting responsibilities. The City has one discretely presented component unit, the Downtown Improvement Authority, which is an agency created by the Florida Legislature to regulate downtown growth. The City also has a blended component unit, the Community Redevelopment Agency, which is blended as a major special revenue fund into the primary government (see Note I-A for more details).

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

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

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

The City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and the Community Redevelopment Agency Funds, both of which are considered major funds. Data from the other eleven (11) funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided on pages 118 to 122 of this report.

PROPRIETARY FUNDS

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains ten (10) individual enterprise funds. Information is presented separately in the proprietary funds statement of net 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 123 to 126 of this report.

Internal Service Funds are used to account for activities that provide goods and services to the City's other programs and activities. The City maintains 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 128 to 134 of this report.

FIDUCIARY FUNDS - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs and activities. The City reports three fiduciary funds. The basic financial statements for these funds are provided on pages 53 to 54 of this report.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table is a summary of the fiscal year 2014 Statement of Net Position found on pages 38 to 39 with comparative information for fiscal year 2013.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|------------------------|--------------------------|------------------------|-------------------|------------------------|
| | 2014 | 2013 As Restated | 2014 | 2013 As Restated | 2014 | 2013 As Restated |
| Assets | | | | | | |
| Current and other assets | \$ 169.1 | \$ 143.5 | \$ 542.1 | \$ 625.5 | \$ 711.2 | \$ 769.0 |
| Capital assets | 860.9 | 899.1 | 1,689.7 | 1,658.5 | 2,550.6 | 2,557.6 |
| Deferred Outflow of Resources | 3.9 | 4.4 | 1.3 | - | 5.2 | 4.4 |
| Total Assets and Deferred Outflows of Resources | 1,033.9 | 1,047.0 | 2,233.1 | 2,284.0 | 3,267.0 | 3,331.0 |
| Liabilities | | | | | | |
| Current and other liabilities | 33.4 | 41.4 | 129.0 | 173.9 | 162.4 | 215.3 |
| Long-term debt outstanding | 113.1 | 74.7 | 924.8 | 950.8 | 1,037.9 | 1,025.5 |
| Total Liabilities | 146.5 | 116.1 | 1,053.8 | 1,124.7 | 1,200.3 | 1,240.8 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 756.3 | 836.9 | 764.3 | 772.5 | 1,520.6 | 1,609.4 |
| Restricted | 62.7 | 36.6 | 198.4 | 190.3 | 261.1 | 226.9 |
| Unrestricted | 68.4 | 57.4 | 216.6 | 196.5 | 285.0 | 253.9 |
| Total Net Position | \$ 887.4 | \$ 930.9 | \$ 1,179.3 | \$ 1,159.3 | \$ 2,066.7 | \$ 2,090.2 |

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 \$2.090 billion in 2013 to \$2.067 billion in 2014, a decrease of \$23.5 million or 1.1%.

The largest portion of the City's net position, \$1.52 billion or 73.6%, 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 \$261.1 million (12.6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$285.0 million (13.8%) 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.

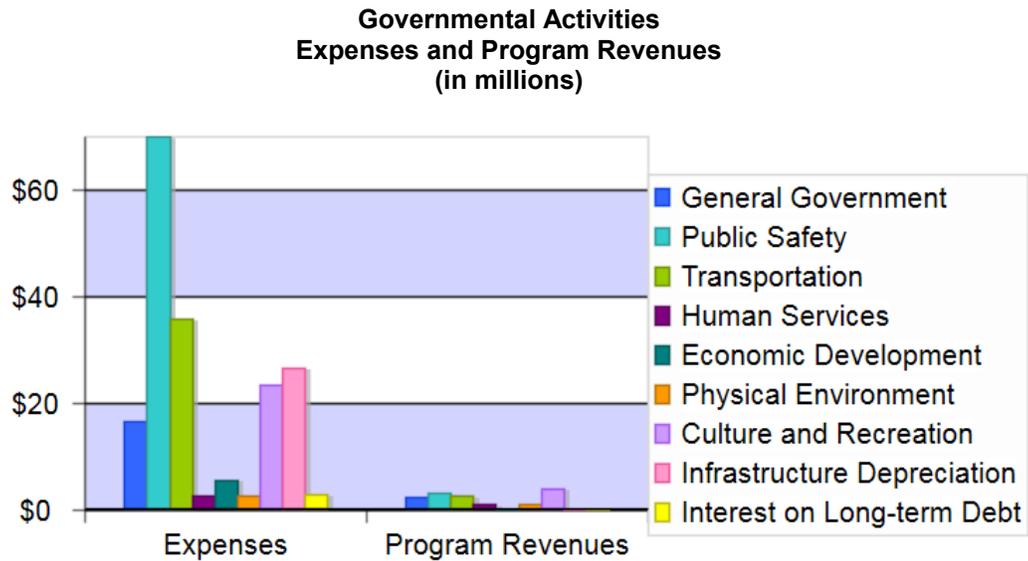
The following table is a summary of the fiscal year 2014 Statement of Activities found on page 40 with comparative information for fiscal year 2013.

Table 2
Changes in net position
(in millions)

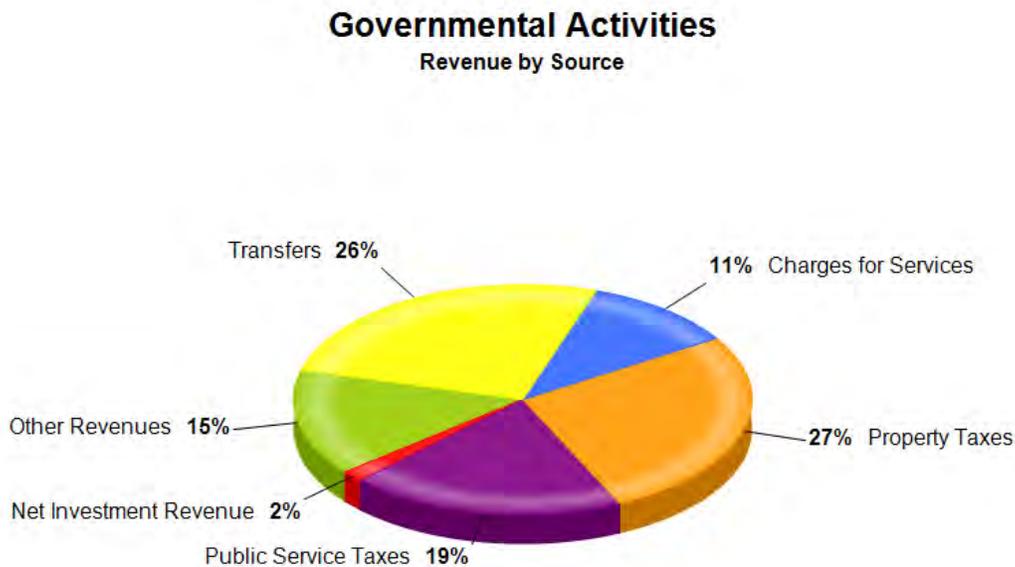
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|------------------|---------------------------------|----------------|------------------|------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| Revenues | | | | | | |
| Program revenue | | | | | | |
| Charges for Services | \$ 13.1 | \$ 14.1 | \$ 497.0 | \$ 468.8 | \$ 510.1 | \$ 482.9 |
| Operating Grants and Contributions | 0.6 | 5.7 | 9.3 | 5.9 | 9.9 | 11.6 |
| Capital Grants and Contributions | - | 5.1 | 14.8 | 11.6 | 14.8 | 16.7 |
| General revenues | | | | | | |
| Property Taxes | 31.5 | 31.5 | - | - | 31.5 | 31.5 |
| Public Service Taxes | 23.4 | 22.8 | - | - | 23.4 | 22.8 |
| Grants and Contributions | 27.9 | 24.0 | - | - | 27.9 | 24.0 |
| Net Investment Revenue | 1.9 | 4.1 | 5.5 | 6.9 | 7.4 | 11.0 |
| Other Revenues | 18.2 | 5.1 | 2.1 | (7.5) | 20.3 | (2.4) |
| Total Revenues | <u>116.6</u> | <u>112.4</u> | <u>528.7</u> | <u>485.7</u> | <u>645.3</u> | <u>598.1</u> |
| Expenses | | | | | | |
| General Government | 16.6 | 20.2 | - | - | 16.6 | 20.2 |
| Public Safety | 75.2 | 57.6 | - | - | 75.2 | 57.6 |
| Transportation | 35.8 | 19.4 | - | - | 35.8 | 19.4 |
| Cultural and Recreation | 23.4 | 21.9 | - | - | 23.4 | 21.9 |
| Depreciation on Infrastructure | 26.6 | 26.4 | - | - | 26.6 | 26.4 |
| Other Primary Government | 13.5 | 18.5 | - | - | 13.5 | 18.5 |
| Electric | - | - | 256.3 | 237.4 | 256.3 | 237.4 |
| Gas | - | - | 25.4 | 27.5 | 25.4 | 27.5 |
| Sewer | - | - | 51.3 | 48.4 | 51.3 | 48.4 |
| Water | - | - | 25.1 | 26.5 | 25.1 | 26.5 |
| Airport | - | - | 16.7 | 13.8 | 16.7 | 13.8 |
| StarMetro | - | - | 20.7 | 20.9 | 20.7 | 20.9 |
| Solid Waste | - | - | 25.3 | 22.0 | 25.3 | 22.0 |
| Golf | - | - | 1.0 | 1.0 | 1.0 | 1.0 |
| Stormwater Management | - | - | 14.6 | 13.9 | 14.6 | 13.9 |
| Fire Services | - | - | 41.2 | 33.3 | 41.2 | 33.3 |
| Total Expenses | <u>191.1</u> | <u>164.0</u> | <u>477.6</u> | <u>444.7</u> | <u>668.7</u> | <u>608.7</u> |
| Excess (Deficiency) before transfers | | | | | | |
| Transfers | (74.5) | (51.6) | 51.2 | 41.0 | (23.4) | (10.6) |
| Transfers | 31.0 | 29.1 | (31.0) | (29.1) | - | - |
| Increase (Decrease) in Net Position | <u>\$ (43.5)</u> | <u>\$ (22.5)</u> | <u>\$ 20.1</u> | <u>\$ 11.9</u> | <u>\$ (23.4)</u> | <u>\$ (10.6)</u> |

GOVERNMENTAL ACTIVITIES - During the fiscal year, net position for governmental activities decreased \$43.5 million from the prior fiscal year for an ending balance of \$887.4 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.



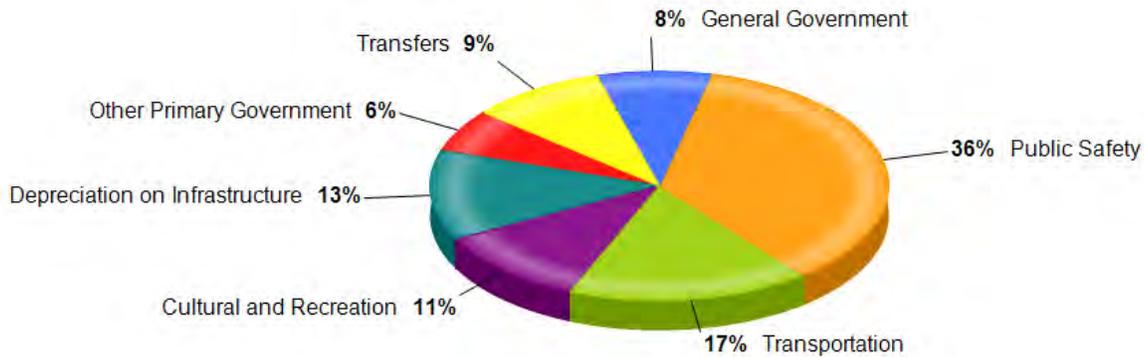
The following chart illustrates the City's Revenues by Source for the City's governmental activities.



* Zero Data, Grants and Contributions

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

Governmental Activities
Expenses by Function

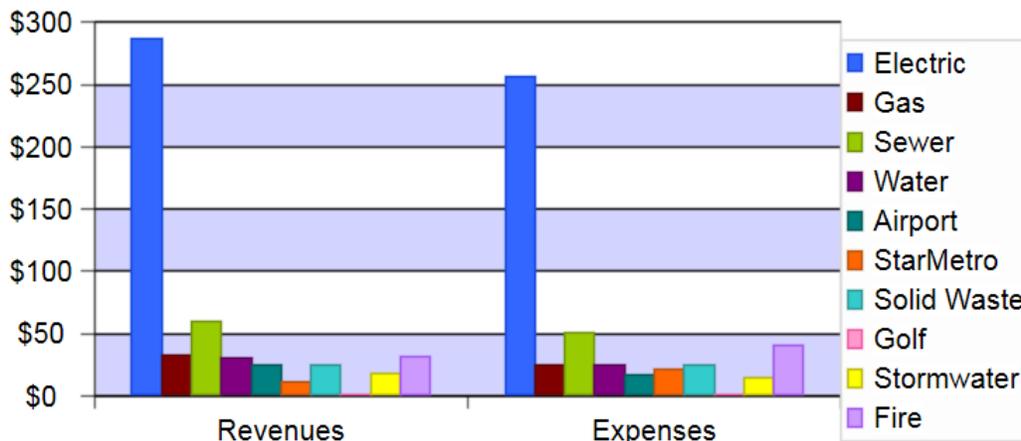


BUSINESS-TYPE ACTIVITIES

For the City's Business-type activities, the results for the current fiscal year were positive. Net position increased to reach an ending balance of \$1,179.3 million. The total increase in net position for business-type activities was \$20.1 million, or a 1.7 % increase from the prior fiscal year

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

Business-Type Activities
Program Revenues & Expenses
(in millions)



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 42 to 45. 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, 2014, the City's governmental funds reported combined ending fund balances of \$109.6 million, an increase of \$26.6 million in comparison with the prior year. Of this amount \$1.4 million is considered non-spendable; \$56.7 million is restricted for purposes which are externally imposed by providers; \$47.1 million is committed for specific purposes that are internally imposed by the government through the City Commission; \$2.5 million is assigned for specific purposes that are internally established by management; and \$1.9 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 9/30/2013 | Sources | Uses | Sources Over (Under) Uses | Fund Balances 9/30/2014 |
|--------------------------------|-------------------------------|-----------------|-----------------|------------------------------------|-------------------------------|
| General Fund | \$ 24.6 | \$ 138.8 | \$ 136.2 | \$ 2.6 | \$ 27.2 |
| Community Redevelopment | 6.6 | 2.3 | 4.6 | (2.3) | 4.3 |
| Other Funds | 51.8 | 71.2 | 44.9 | 26.3 | 78.1 |
| Total City Funds | <u>\$ 83.0</u> | <u>\$ 212.3</u> | <u>\$ 185.7</u> | <u>\$ 26.6</u> | <u>\$ 109.6</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 \$27.2 million, or 20.0% of general fund expenditures and other financing uses. Of this amount, \$0.8 million is non-spendable, \$21.4 million is committed, \$2.5 million is assigned, and \$2.5 million is unassigned.

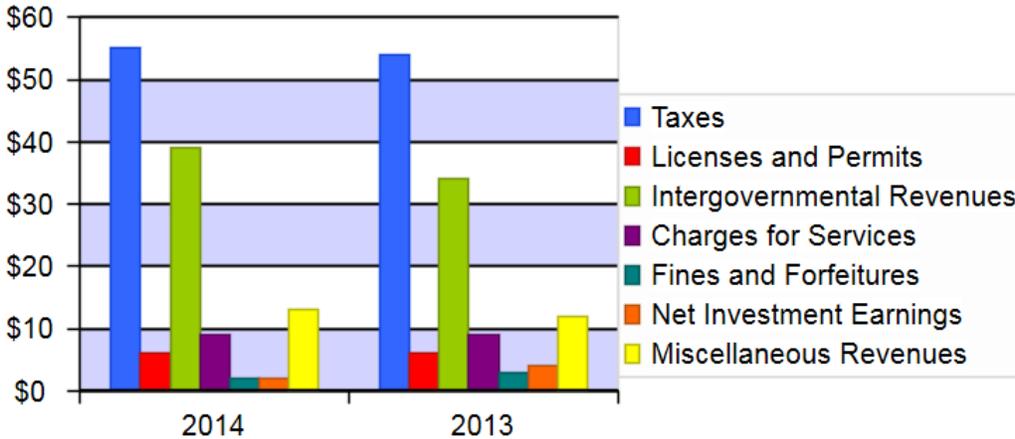
The fund balance for the City's General Fund increased \$2.6 million from 2013. During fiscal year 2014, revenues and other sources increased \$5.5 million, 4.1%, as compared to the prior year while expenditures and other uses increased \$3.1 million, 2.3%, as compared to the prior year.

The fund balance for the City's Community Redevelopment Agency Fund decreased \$2.3 million from 2013.

The fund balance in the City's other non-major governmental funds increased \$26.3 million from 2013 primarily as a result of the issuance of Capital Bonds, Series 2014.

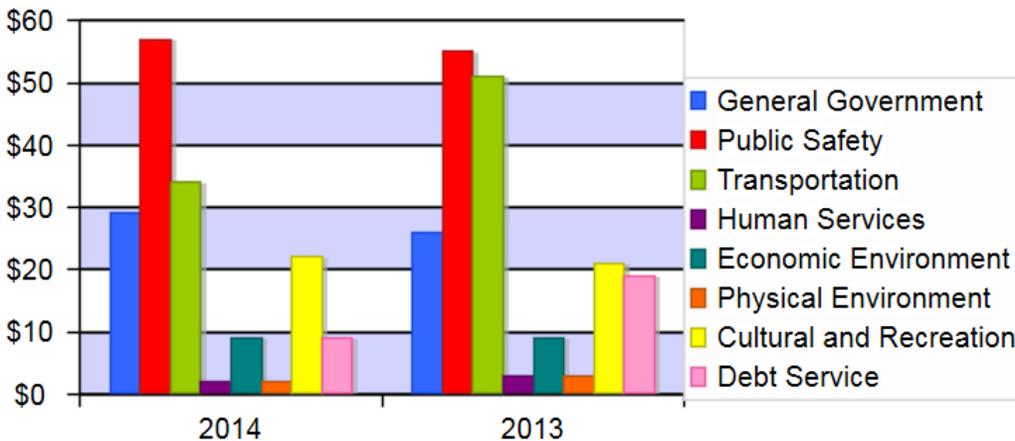
The following chart compares revenue by source for the governmental funds.

**Governmental Funds
Revenue by Source
Fiscal Years 2014 and 2013
(Dollars in Millions)**



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

**Governmental Funds
Expenditures by Program
Fiscal Year 2014 and 2013
(Dollars in Millions)**



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 101 of the financial statements.

There was no change between the original and final amended general fund operating budget for 2014; however changes to the budgets between functions occurred between the budget for transfers, which increased by \$3.5 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 \$1.2 million between the final amended budget and actual results of operation. Actual revenues were less than final budgeted revenues by \$1.7 million, or 1.2%; 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 \$2.8 million, or 2.0%, 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, 2014, was approximately \$2.6 billion. This represents a net decrease of approximately \$8 million, or 0.3%, over last year. See Note IV-D for more information about the City's capital assets.

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

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | | <u>Total % Change</u> |
|--|--------------------------------|---------------|---------------------------------|--------------------|-----------------|--------------------|-----------------------|
| | | | 2013 | | 2013 | | 2014-2013 |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>As Restated</u> | <u>2014</u> | <u>As Restated</u> | |
| Land | \$ 363 | \$ 358 | \$ 126 | \$ 125 | \$ 489 | \$ 483 | 1.2 % |
| Buildings | 53 | 56 | 123 | 124 | 176 | 180 | (2.2)% |
| Equipment Improvements (Other than Buildings) | 14 | (5) | 375 | 394 | 389 | 389 | - % |
| Infrastructure | 8 | 7 | 23 | 23 | 31 | 30 | 3.3 % |
| Intangibles | 369 | 378 | 608 | 553 | 977 | 931 | 4.9 % |
| Construction in Progress | - | - | 92 | 71 | 92 | 71 | 29.6 % |
| Total | <u>53</u> | <u>105</u> | <u>343</u> | <u>369</u> | <u>396</u> | <u>474</u> | <u>(16.5)%</u> |
| | <u>\$ 860</u> | <u>\$ 899</u> | <u>\$ 1,690</u> | <u>\$ 1,659</u> | <u>\$ 2,550</u> | <u>\$ 2,558</u> | <u>(0.3)%</u> |

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

- Aviation infrastructure - \$12.9 million
- Electric generation, transmission and distribution infrastructure - \$37.1 million
- Gas transmission and distribution infrastructure - \$2.0 million

- Sewer collection, treatment, and disposal infrastructure - \$19.4 million
- StarMetro acquisition of buses and system improvements - \$1.1 million
- Stormwater infrastructure - \$8.4 Million
- Street construction, widening and expansion projects - \$16.1 million
- Water transmission and distribution infrastructure - \$7.6 million

LONG-TERM DEBT

As shown in the following table, as of September 30, 2014, the City had \$1,039.4 million in total debt outstanding. This amount represents bonds and loans secured by specified revenue sources and excludes issuance premium and discounts.

Table 5
Outstanding Debt at September 30
(In millions)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|----------------------------------|--------------------------------|----------------|---------------------------------|-----------------|------------------|------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| General Revenue Bonds | 106.0 | \$ 71.8 | \$ - | \$ - | \$ 106.0 | \$ 71.8 |
| Proprietary Revenue Bonds | - | - | 904.5 | 924.5 | 904.5 | 924.5 |
| Other Loans | - | - | 28.9 | 33.3 | 28.9 | 33.3 |
| Total | <u>\$ 106.0</u> | <u>\$ 71.8</u> | <u>\$ 933.4</u> | <u>\$ 957.8</u> | <u>\$1,039.4</u> | <u>\$1,029.6</u> |

The City's total bonded debt increased by \$9.8 million, or 0.95%, during the current fiscal year. In addition to the scheduled pay down of existing debt, the City issued Capital Bonds, Series 2014 for \$40,225,000.

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 & Poor's Rating Services</u> | <u>Fitch Ratings, Inc</u> |
|--|---|--|---------------------------|
| Capital Bonds | Aa2 | NR | AA |
| Consolidated Utility System Bonds | Aa1 | AA+ | AA+ |
| Energy System Bonds | 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 December 2014, the Tallahassee MSA unemployment rate was 4.7% as compared to the state's unemployment rate of 5.4%. For November 2013, the Tallahassee MSA unemployment rate was 5.3% as compared with the statewide rate of 6.4%.
- The percentage of employees employed by local, state, and federal government in Tallahassee is approximately 35.1 % of the work force.
- The ratio of taxable assessed value to total estimated value for ad valorem tax purposes equals 46.4 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 2015. The City's total operating budget for fiscal year 2015 totals \$697.3 million, which is \$8.1 million more than the fiscal year 2014 approved budget. The 2015 budget allocates \$142.8 million to the general fund, \$535.4 million to the enterprise funds, and \$19.1 million to other funds.

For the fiscal year 2015 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 2015 budget.

Personnel expenditures account for approximately 26.2% of the City's Operating Budget. The City's fiscal year 2015 operating budget includes a net increase of 14 positions, bringing the budgeted full time equivalent staff count to 2,825.

The City's fiscal year 2015 Capital Budget totals \$116.3 million with the City's utilities accounting for \$81.8 million (70.3%); other major uses include transportation, general government, and culture and recreation. Bond proceeds (new and existing) will fund approximately 30.1% 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 2019 that totals \$721.0 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 Patrick.Twyman@talgov.com.



BASIC FINANCIAL STATEMENTS

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

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014
(in thousands)

| | <u>Primary Government</u> | | | <u>Component Unit</u> |
|---|---------------------------|------------------------|---------------------|-----------------------|
| | <u>Governmental</u> | <u>Business-</u> | <u>Total</u> | <u>Downtown</u> |
| ASSETS | Activities | Type Activities | | Improvement |
| | | | | Authority |
| Current Assets | | | | |
| Cash and Cash Equivalents | \$ 113,830 | \$ 210,347 | \$ 324,177 | \$ 98 |
| Securities Lending Collateral | 1,940 | 3,651 | 5,591 | 2 |
| Receivables: | | | | |
| Accrued Interest | 215 | 430 | 645 | - |
| Customers and Other | 1,306 | 34,879 | 36,185 | - |
| Notes | 123 | 8,715 | 8,838 | - |
| Special Assessments | 137 | - | 137 | - |
| Less: Allowance for Doubtful Accounts | (294) | (3,493) | (3,787) | - |
| Due From Other Governments | 6,180 | 9,446 | 15,626 | - |
| Prepaid Expenses | - | 2,209 | 2,209 | - |
| Inventory | 403 | 48,929 | 49,332 | - |
| Cash and Cash Equivalents - Restricted | 6,665 | 245,001 | 251,666 | - |
| Securities Lending Collateral - Restricted | 130 | 4,148 | 4,278 | - |
| Receivables - Restricted: | | | | |
| Accrued Interest | 15 | 484 | 499 | - |
| Other | 8 | - | 8 | - |
| Notes | 916 | - | 916 | - |
| Due From Other Governments | 1,114 | 3,416 | 4,530 | - |
| Total Current Assets | 132,688 | 568,162 | 700,850 | 100 |
| Noncurrent Assets | | | | |
| Internal Balances | 36,428 | (36,428) | - | - |
| Deposits | - | 10,357 | 10,357 | - |
| Capital Assets | | | | |
| Land and Construction in Progress | 416,795 | 468,420 | 885,215 | - |
| Other, Net of Accumulated Depreciation | 444,082 | 1,221,315 | 1,665,397 | - |
| Total Noncurrent Assets | 897,305 | 1,663,664 | 2,560,969 | - |
| Total Assets | 1,029,993 | 2,231,826 | 3,261,819 | 100 |
| Deferred Outflows of Resources | | | | |
| Effect of Deferred Loss on Bond Refunding | 3,923 | - | 3,923 | - |
| Accumulated Decrease in Fair Value of Hedging Derivatives | - | 1,263 | 1,263 | - |
| Total Deferred Outflows of Resources | 3,923 | 1,263 | 5,186 | - |
| Assets and Deferred Outflows of Resources | \$ 1,033,916 | \$ 2,233,089 | \$ 3,267,005 | \$ 100 |

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET POSITION
September 30, 2014
(in thousands)

| | <u>Primary Government</u> | | | <u>Component Unit</u> |
|--|------------------------------------|--------------------------------------|---------------------|---|
| | <u>Governmental Activities</u> | <u>Business- Type Activities</u> | <u>Total</u> | <u>Downtown Improvement Authority</u> |
| LIABILITIES AND NET POSITION | | | | |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Obligations Under Securities Lending | \$ 1,940 | \$ 3,651 | \$ 5,591 | \$ 2 |
| Accounts Payable | 6,226 | 48,258 | 54,484 | 8 |
| Customer Contracts Payable | - | 968 | 968 | - |
| Utility Deposits Payable | - | 19,074 | 19,074 | - |
| Unearned Revenue | 1,745 | - | 1,745 | - |
| Capital Lease Payable | 471 | - | 471 | - |
| Compensated Absences | 6,593 | 8,406 | 14,999 | 9 |
| Accounts Payable - Restricted | 2,188 | 3,046 | 5,234 | - |
| Obligations Under Securities Lending - Restricted | 130 | 4,148 | 4,278 | - |
| Unearned Revenue - Restricted | 549 | - | 549 | - |
| Bonds and Loans Payable | 6,620 | 23,512 | 30,132 | - |
| Total Current Liabilities | <u>26,462</u> | <u>111,063</u> | <u>137,525</u> | <u>19</u> |
| Noncurrent Liabilities: | | | | |
| Compensated Absences | 2,600 | 3,333 | 5,933 | 10 |
| Customer Contracts Payable | - | 1,251 | 1,251 | - |
| Claims Payable | - | 12,064 | 12,064 | - |
| Capital Lease Payable | 1,412 | - | 1,412 | - |
| Net OPEB Obligation | 2,950 | - | 2,950 | - |
| Derivative Instruments | - | 1,263 | 1,263 | - |
| Bonds & Loans Payable | 113,108 | 924,774 | 1,037,882 | - |
| Total Noncurrent Liabilities | <u>120,070</u> | <u>942,685</u> | <u>1,062,755</u> | <u>10</u> |
| Total Liabilities | <u>146,532</u> | <u>1,053,748</u> | <u>1,200,280</u> | <u>29</u> |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 756,332 | 764,295 | 1,520,627 | - |
| Restricted for: | | | | |
| Capital Projects | 55,789 | 161,188 | 216,977 | - |
| Debt Service | 787 | 37,303 | 38,090 | - |
| Other Purposes | 6,068 | - | 6,068 | - |
| Unrestricted | 68,408 | 216,555 | 284,963 | 71 |
| Total Net Position | <u>887,384</u> | <u>1,179,341</u> | <u>2,066,725</u> | <u>71</u> |
| Total Liabilities and Net Position | <u>\$ 1,033,916</u> | <u>\$ 2,233,089</u> | <u>\$ 3,267,005</u> | <u>\$ 100</u> |

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, 2014
(in thousands)

| <u>Function/Programs</u> | <u>Program Revenue</u> | | | |
|--|------------------------|-------------------------------------|---|------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | 16,581 | 2,106 | 103 | - |
| Public Safety | 75,241 | 2,649 | 381 | 1 |
| Transportation | 35,786 | 2,484 | - | - |
| Human Services | 2,516 | 888 | - | - |
| Economic Development | 5,616 | - | - | - |
| Physical Environment | 2,528 | 1,057 | - | - |
| Culture and Recreation | 23,414 | 3,895 | 82 | - |
| Unallocated Depreciation on Infrastructure | 26,633 | - | - | - |
| Interest on Long-Term Debt | 2,805 | - | - | - |
| Total Governmental Activities | 191,120 | 13,079 | 566 | 1 |
| Business-type Activities: | | | | |
| Electric | 256,301 | 280,317 | 6,280 | - |
| Gas | 25,304 | 33,225 | - | - |
| Sewer | 51,258 | 60,126 | - | - |
| Water | 25,133 | 29,631 | - | - |
| Airport | 16,733 | 13,328 | - | 11,818 |
| StarMetro | 20,706 | 4,954 | 3,015 | 2,949 |
| Solid Waste | 25,346 | 24,751 | - | - |
| Golf | 1,012 | 885 | - | - |
| Stormwater Management | 14,585 | 17,552 | - | - |
| Fire Services | 41,237 | 32,260 | - | - |
| Total business-type activities | 477,615 | 497,029 | 9,295 | 14,767 |
| Total primary government | \$ 668,735 | \$ 510,108 | \$ 9,861 | \$ 14,768 |
| Component Unit: | | | | |
| Downtown Improvement Authority | \$ 315 | \$ - | \$ - | \$ - |

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

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2014
(in thousands)

| Net (Expense) Revenue and Changes in Net Position | | | |
|--|---------------------------------|---------------------|-----------------------|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Unit |
| (14,372) | - | (14,372) | - |
| (72,210) | - | (72,210) | - |
| (33,302) | - | (33,302) | - |
| (1,628) | - | (1,628) | - |
| (5,616) | - | (5,616) | - |
| (1,471) | - | (1,471) | - |
| (19,437) | - | (19,437) | - |
| (26,633) | - | (26,633) | - |
| (2,805) | - | (2,805) | - |
| <u>(177,474)</u> | <u>-</u> | <u>(177,474)</u> | <u>-</u> |
| - | 30,296 | 30,296 | - |
| - | 7,921 | 7,921 | - |
| - | 8,868 | 8,868 | - |
| - | 4,498 | 4,498 | - |
| - | 8,413 | 8,413 | - |
| - | (9,788) | (9,788) | - |
| - | (595) | (595) | - |
| - | (127) | (127) | - |
| - | 2,967 | 2,967 | - |
| - | (8,977) | (8,977) | - |
| <u>-</u> | <u>43,476</u> | <u>43,476</u> | <u>-</u> |
| <u>(177,474)</u> | <u>43,476</u> | <u>(133,998)</u> | <u>-</u> |
| | | | <u>(315)</u> |
| 31,528 | - | 31,528 | 179 |
| 23,429 | - | 23,429 | - |
| 5,123 | - | 5,123 | - |
| 27,942 | - | 27,942 | - |
| 1,740 | 5,332 | 7,072 | 1 |
| 5 | 38 | 43 | - |
| 131 | 202 | 333 | - |
| 13,052 | 2,058 | 15,110 | 111 |
| 31,021 | (31,021) | - | - |
| <u>133,971</u> | <u>(23,391)</u> | <u>110,580</u> | <u>291</u> |
| <u>(43,503)</u> | <u>20,085</u> | <u>(23,418)</u> | <u>(24)</u> |
| 941,112 | 1,172,085 | 2,113,197 | 95 |
| (10,225) | (12,829) | (23,054) | - |
| <u>930,887</u> | <u>1,159,256</u> | <u>2,090,143</u> | <u>95</u> |
| <u>\$ 887,384</u> | <u>\$ 1,179,341</u> | <u>\$ 2,066,725</u> | <u>\$ 71</u> |

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

FUNDS

GOVERNMENTAL FUNDS

| | |
|---------------------------------------|---|
| General | Accounts for all financial resources except those required to be accounted for in another fund. The functions paid for by the general fund include police, protective inspection, code enforcement, culture and recreation, general government, transportation, human services, economic development, and physical environment. |
| Community Redevelopment Agency | Accounts for the general tax revenue collected on and the expenses incurred in the redevelopment of properties in the community redevelopment area. |
| Other Governmental Funds | Detailed descriptions of these funds are provided on page 118. |

PROPRIETARY FUNDS

| | |
|-------------------------------|--|
| Electric | Accounts for the assets, operation and maintenance of the City-owned electric generation, transmission, and distribution system. |
| Gas | Accounts for the assets, operation and maintenance of the City-owned gas system. |
| Sewer | Accounts for the assets, operation and maintenance of the City's wastewater collection and treatment system. |
| Water | Accounts for the assets, operation and maintenance of the City's water production and distribution system. |
| Airport | Accounts for the assets, operation and maintenance of the City-owned regional airport. |
| Stormwater Management | Accounts for the operation, maintenance, and expansion of the City-owned stormwater utility system. |
| Other Enterprise Funds | Detailed descriptions of these funds are provided on page 123. |
| Internal Service Funds | Detailed description of these funds are provided on page 128. |

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, 2014
(in thousands)

| | <u>General</u> | <u>Community Redevelopment Agency</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|---|---|---|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 29,703 | \$ - | \$ 75,766 | \$ 105,469 |
| Securities Lending Collateral | 521 | - | 1,297 | 1,818 |
| Receivables: | | | | |
| Accrued Interest | 60 | - | 140 | 200 |
| Customers and Others | 999 | - | 289 | 1,288 |
| Notes | - | - | 131 | 131 |
| Special Assessments | - | - | 137 | 137 |
| Less: Allowance for Doubtful Accounts | (300) | - | - | (300) |
| Due From Other Governments | 3,486 | - | 2,520 | 6,006 |
| Advances To Other Funds | 629 | - | - | 629 |
| Inventory | 403 | - | - | 403 |
| Cash and Cash Equivalents - Restricted | 329 | 3,646 | 2,561 | 6,536 |
| Investments - Restricted | - | - | - | - |
| Securities Lending Collateral - Restricted | - | 63 | 67 | 130 |
| Receivables - Restricted: | | | | |
| Accrued Interest | - | 7 | 8 | 15 |
| Customers and Others | - | - | 10 | 10 |
| Notes | - | 638 | 284 | 922 |
| Due From Other Governments | - | - | 1,114 | 1,114 |
| Total Assets | <u>\$ 35,830</u> | <u>\$ 4,354</u> | <u>\$ 84,324</u> | <u>\$ 124,508</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Obligations Under Securities Lending | \$ 521 | \$ - | \$ 1,297 | \$ 1,818 |
| Accounts and Retainage Payable | 3,898 | - | 1,307 | 5,205 |
| Unearned Revenue | 1,583 | - | 78 | 1,661 |
| Accounts and Retainage Payable - Restricted | 329 | 17 | 1,595 | 1,941 |
| Obligations Under Securities Lending - Restricted | - | 63 | 67 | 130 |
| Due To Other Funds | 53 | - | - | 53 |
| Due To Other Governments | 775 | - | - | 775 |
| Advances from Other Funds | 1,421 | - | 1,307 | 2,728 |
| Unearned Revenue - Restricted | - | - | 548 | 548 |
| Total Liabilities | <u>8,580</u> | <u>80</u> | <u>6,199</u> | <u>14,859</u> |
| FUND BALANCES | | | | |
| Nonspendable | 819 | - | 626 | 1,445 |
| Spendable: | | | | |
| Restricted | - | 4,273 | 52,432 | 56,705 |
| Committed | 21,414 | - | 25,673 | 47,087 |
| Assigned | 2,545 | - | - | 2,545 |
| Unassigned | 2,472 | 1 | (606) | 1,867 |
| Total Fund Balances | <u>27,250</u> | <u>4,274</u> | <u>78,125</u> | <u>109,649</u> |
| Total Liabilities and Fund Balances | <u>\$ 35,830</u> | <u>\$ 4,354</u> | <u>\$ 84,324</u> | <u>\$ 124,508</u> |

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

**CITY OF TALLAHASSEE, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2014
(in thousands)**

| | | |
|---|-----------|-----------------------|
| Total Fund Balances - Governmental Funds | \$ | 109,649 |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p> | | 851,429 |
| <p>Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds.</p> | | 24,499 |
| <p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the governmental-type internal service funds are included in the Statement of Net Position.</p> | | 28,665 |
| <p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.</p> | | <u>(126,858)</u> |
| Net Position - Governmental Activities | \$ | <u>887,384</u> |

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, 2014
(in thousands)

| | <u>General</u> | <u>Community Redevelopment Agency</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--|------------------|---|---|-------------------|
| Revenues: | | | | |
| Taxes | \$ 54,237 | \$ 725 | \$ - | \$ 54,962 |
| Licenses and Permits | 2,707 | - | 3,340 | 6,047 |
| Intergovernmental Revenues | 15,843 | 1,368 | 21,821 | 39,032 |
| Charges for Services | 8,481 | - | 308 | 8,789 |
| Fines and Forfeitures | 1,448 | - | 265 | 1,713 |
| Net Investment Earnings | 513 | 68 | 969 | 1,550 |
| Securities Lending Income | 8 | - | 2 | 10 |
| Change in Fair Value of Investments | 25 | (4) | 105 | 126 |
| Miscellaneous Revenues | 10,611 | 154 | 2,000 | 12,765 |
| Total Revenues | <u>93,873</u> | <u>2,311</u> | <u>28,810</u> | <u>124,994</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 25,719 | - | 2,941 | 28,660 |
| Public Safety | 53,457 | - | 3,824 | 57,281 |
| Transportation | 17,148 | - | 17,122 | 34,270 |
| Human Services | 2,038 | - | 337 | 2,375 |
| Economic Environment | 976 | 4,548 | 3,097 | 8,621 |
| Physical Environment | 1,894 | - | 512 | 2,406 |
| Culture and Recreation | 20,879 | - | 1,607 | 22,486 |
| Securities Lending Expense: | | | | |
| Interest Expense | 4 | - | 1 | 5 |
| Agent Fees | 1 | - | - | 1 |
| Debt Service: | | | | |
| Principal Retired | - | - | 6,050 | 6,050 |
| Interest and Fiscal Charges | 54 | - | 3,051 | 3,105 |
| Bond Issuance Costs | 263 | - | - | 263 |
| Total Expenditures | <u>122,433</u> | <u>4,548</u> | <u>38,542</u> | <u>165,523</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(28,560)</u> | <u>(2,237)</u> | <u>(9,732)</u> | <u>(40,529)</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 45,010 | - | 7,960 | 52,970 |
| Transfers Out | (13,815) | (75) | (6,393) | (20,283) |
| Proceeds From Sale of Bonds | - | - | 33,902 | 33,902 |
| Proceeds from Sale of Capital Assets | 47 | - | 532 | 579 |
| Total Other Financing Sources (Uses) | <u>31,242</u> | <u>(75)</u> | <u>36,001</u> | <u>67,168</u> |
| Net Change in Fund Balances | 2,682 | (2,312) | 26,269 | 26,639 |
| Fund Balances - October 1 | 24,568 | 6,586 | 51,856 | 83,010 |
| Fund Balances - September 30 | <u>\$ 27,250</u> | <u>\$ 4,274</u> | <u>\$ 78,125</u> | <u>\$ 109,649</u> |

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, 2014
(in thousands)**

Net Change in Fund Balances - Total Governmental Funds \$ 26,639

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. (38,720)

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. (3,561)

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. (27,552)

The change in the unfunded Net OPEB Obligation which is included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds (450)

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. 141

Change in Net Position of Governmental Activities \$ (43,503)

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, 2014
(in thousands)

| | Enterprise Funds | | | | | | | Total Enterprise Funds | Internal Service Funds |
|---|---------------------|------------------|-------------------|-------------------|-------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| | Electric | Gas | Sewer | Water | Airport | Stormwater Management | Other Enterprise Funds | | |
| ASSETS | | | | | | | | | |
| Current Assets | | | | | | | | | |
| Cash and Cash Equivalents | \$ 85,752 | \$ 1,582 | \$ 1,165 | \$ 1,131 | \$ 3,319 | \$ 55,942 | \$ 17,199 | \$ 166,090 | \$ 53,575 |
| Securities Lending Collateral | 1,479 | 31 | 20 | 37 | 57 | 958 | 295 | 2,877 | 896 |
| Receivables: | | | | | | | | | |
| Accrued Interest | 171 | 3 | 2 | 4 | 7 | 111 | 32 | 330 | 112 |
| Notes | 7,897 | - | 818 | - | - | - | - | 8,715 | - |
| Customers and Others | 21,453 | 1,015 | 3,503 | 1,867 | 895 | 1,139 | 4,974 | 34,846 | 40 |
| Due From Other Governments | 1,055 | - | 1,110 | 2 | - | 2 | 3,222 | 5,391 | 521 |
| Less: Allowance for Doubtful Accounts | (1,755) | (83) | (292) | (264) | (349) | (225) | (524) | (3,492) | - |
| Prepaid Expenses | - | - | - | - | - | - | - | - | 2,209 |
| Due From Other Funds | 12,356 | - | - | - | - | - | - | 12,356 | 63 |
| Inventory | 43,280 | 138 | 1,330 | 74 | - | - | 891 | 45,713 | 3,216 |
| Cash and Cash Equivalents - Restricted | 160,668 | 8,135 | 44,611 | 22,902 | 7,730 | - | - | 244,046 | - |
| Securities Lending Collateral - Restricted | 2,741 | 136 | 764 | 375 | 132 | - | - | 4,148 | - |
| Receivables - Restricted: | | | | | | | | | |
| Accrued Interest | 320 | 16 | 89 | 44 | 15 | - | - | 484 | - |
| Due From Other Governments | 3,707 | - | - | - | 3,416 | - | - | 7,123 | - |
| Total Current Assets | 339,124 | 10,973 | 53,120 | 26,172 | 15,222 | 57,927 | 26,089 | 528,627 | 60,632 |
| Noncurrent Assets | | | | | | | | | |
| Advances To Other Funds | 500 | - | - | - | - | 178 | - | 678 | 3,661 |
| Deposits | - | - | - | - | - | - | 9 | 9 | 10,348 |
| Capital Assets | | | | | | | | | |
| Land and Construction in Progress | 186,746 | 5,430 | 103,481 | 20,383 | 22,964 | 112,594 | 16,777 | 468,375 | 1,900 |
| Other, Net of Accumulated Depreciation | 516,155 | 52,298 | 336,459 | 117,273 | 85,487 | 35,017 | 33,670 | 1,176,359 | 52,549 |
| Total Noncurrent Assets | 703,401 | 57,728 | 439,940 | 137,656 | 108,451 | 147,789 | 50,456 | 1,645,421 | 68,458 |
| Total Assets | 1,042,525 | 68,701 | 493,060 | 163,828 | 123,673 | 205,716 | 76,545 | 2,174,048 | 129,090 |
| Deferred Outflows of Resources | | | | | | | | | |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | - | - | - | - | - | - | - | - | 1,263 |
| Assets and Deferred Outflows of Resources | \$ 1,042,525 | \$ 68,701 | \$ 493,060 | \$ 163,828 | \$ 123,673 | \$ 205,716 | \$ 76,545 | \$ 2,174,048 | \$ 130,353 |

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, 2014
(in thousands)

| | Enterprise Funds | | | | | | | Total Enterprise Funds | Internal Service Funds |
|---|---------------------|------------------|-------------------|-------------------|-------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| | Electric | Gas | Sewer | Water | Airport | Stormwater Management | Other Enterprise Funds | | |
| LIABILITIES | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| Accounts and Retainage Payable | \$ 23,149 | \$ 937 | \$ 3,445 | \$ 804 | \$ 3,011 | \$ 1,463 | \$ 2,966 | \$ 35,775 | \$ 12,980 |
| Due To Other Funds | - | - | - | - | - | - | 10 | 10 | 12,356 |
| Compensated Absences | 1,986 | 149 | 984 | 388 | 317 | 400 | 2,662 | 6,886 | 2,249 |
| Obligations Under Securities Lending | 1,479 | 31 | 20 | 37 | 57 | 958 | 295 | 2,877 | 896 |
| Customer Contracts Payable | - | - | 480 | 285 | - | - | - | 765 | - |
| Unearned Revenue | - | - | - | - | - | - | - | - | 83 |
| Utility Deposits Payable | 17,030 | 461 | - | 1,583 | - | - | - | 19,074 | - |
| Obligations Under Securities Lending - Restricted | 2,741 | 136 | 764 | 375 | 132 | - | - | 4,148 | - |
| Accounts and Retainage Payable - Restricted | 1,115 | 15 | 619 | 201 | 1,095 | - | - | 3,045 | - |
| Loans Payable | 1,383 | 179 | - | 1,097 | - | - | - | 2,659 | - |
| Bonds Payable | 12,877 | 1,281 | 5,604 | 1,091 | - | - | - | 20,853 | - |
| Capital Lease Payable | - | - | - | - | - | - | - | - | 471 |
| Total Current Liabilities | 61,760 | 3,189 | 11,916 | 5,861 | 4,612 | 2,821 | 5,933 | 96,092 | 29,035 |
| Noncurrent Liabilities | | | | | | | | | |
| Loans Payable | 13,996 | 1,663 | - | 10,624 | - | - | - | 26,283 | - |
| Claims Payable | - | - | - | - | - | - | - | - | 12,064 |
| Derivative Instruments | - | - | - | - | - | - | - | - | 1,263 |
| Customer Contracts Payable | - | - | 958 | 495 | - | - | - | 1,453 | - |
| Advances from Other Funds | 8,349 | 4,429 | - | - | - | - | 13,961 | 26,739 | - |
| Compensated Absences | 1,067 | 109 | 382 | 141 | 158 | 108 | 830 | 2,795 | 769 |
| Bonds Payable | 560,289 | 15,671 | 263,029 | 59,504 | - | - | - | 898,493 | - |
| Capital Lease Payable | - | - | - | - | - | - | - | - | 1,413 |
| Total Noncurrent Liabilities | 583,701 | 21,872 | 264,369 | 70,764 | 158 | 108 | 14,791 | 955,763 | 15,509 |
| Total Liabilities | 645,461 | 25,061 | 276,285 | 76,625 | 4,770 | 2,929 | 20,724 | 1,051,855 | 44,544 |
| NET POSITION | | | | | | | | | |
| Net Investment in Capital Assets | 167,102 | 38,476 | 176,839 | 76,229 | 108,451 | 146,918 | 50,279 | 764,294 | 85,789 |
| Restricted for Debt Service | 21,000 | 1,578 | 13,022 | 1,703 | - | - | - | 37,303 | - |
| Restricted for Renewal, Replacement and Improvements | 107,230 | 7,504 | 26,565 | 9,822 | 10,067 | - | - | 161,188 | - |
| Unrestricted | 101,732 | (3,918) | 349 | (551) | 385 | 55,869 | 5,542 | 159,408 | 20 |
| Total Net Position | 397,064 | 43,640 | 216,775 | 87,203 | 118,903 | 202,787 | 55,821 | 1,122,193 | 85,809 |
| Total Liabilities and Net Position | \$ 1,042,525 | \$ 68,701 | \$ 493,060 | \$ 163,828 | \$ 123,673 | \$ 205,716 | \$ 76,545 | | \$ 130,353 |
| Adjustment to reflect the consolidation of internal service fund activities to enterprise funds | | | | | | | | 57,148 | |
| Net Position of business-type activities | | | | | | | | <u>\$ 1,179,341</u> | |

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Proprietary Funds
For the fiscal year ended September 30, 2014
(in thousands)

| | Enterprise Funds | | | | | | | Total Enterprise Funds | Internal Service Funds |
|------------------------------------|------------------|---------------|---------------|---------------|---------------|--------------------------|------------------------------|------------------------------|------------------------------|
| | Electric | Gas | Sewer | Water | Airport | Stormwater Management | Other Enterprise Funds | | |
| Operating Revenues: | | | | | | | | | |
| Charges for Services: | | | | | | | | | |
| Residential Sales | \$ 123,950 | \$ 11,964 | \$ 28,890 | \$ 13,833 | \$ - | \$ 7,620 | \$ 27,145 | \$ 213,402 | \$ - |
| Commercial and Industrial Sales | 128,481 | 17,128 | 19,976 | 8,733 | - | 8,868 | 24,317 | 207,503 | - |
| Public Street and Highway Lighting | 3,869 | - | - | - | - | - | - | 3,869 | - |
| Sales for Resale | 5,888 | - | - | - | - | - | - | 5,888 | - |
| Surcharge | 2,269 | 246 | 1,044 | 1,499 | - | - | - | 5,058 | - |
| Tapping Fees | - | 8 | 95 | 382 | - | - | - | 485 | - |
| Landing and Tie Down Fees | - | - | - | - | 1,309 | - | - | 1,309 | - |
| Late Fees | 686 | 115 | - | 75 | - | - | - | 876 | - |
| Initiating Service | 932 | 134 | - | 516 | - | - | - | 1,582 | - |
| Rentals | 1,033 | - | - | 381 | 8,428 | - | - | 9,842 | - |
| Cut-ins and Cut Fees | 1,345 | 28 | - | 108 | - | - | - | 1,481 | - |
| County Government | - | - | - | - | - | - | 2,948 | 2,948 | - |
| Recyclable Sales | - | - | - | - | - | - | 570 | 570 | - |
| Recreation Fees | - | - | - | - | - | - | 886 | 886 | - |
| Transportation Fees | - | - | - | - | - | - | 5,020 | 5,020 | - |
| Other Charges | 8,547 | 1,198 | 2,214 | 3,232 | 2,012 | 1,201 | 2,253 | 20,657 | 206,472 |
| Total Operating Revenues | 277,000 | 30,821 | 52,219 | 28,759 | 11,749 | 17,689 | 63,139 | 481,376 | 206,472 |
| Operating Expenses: | | | | | | | | | |
| Personnel Services | 27,490 | 2,123 | 13,900 | 5,238 | 4,396 | 5,717 | 38,513 | 97,377 | 33,489 |
| Fossil Fuel | 108,161 | 13,643 | - | - | - | - | - | 121,804 | - |
| Power Purchased | 4,816 | - | - | - | - | - | - | 4,816 | - |
| Contractual Services | 37,421 | 3,028 | 14,221 | 9,041 | 4,027 | 6,472 | 29,689 | 103,899 | 147,066 |
| Materials and Supplies | 7,424 | 198 | 2,494 | 720 | 155 | 594 | 4,291 | 15,876 | 7,704 |
| Other | 5,645 | 1,459 | 2,225 | 3,963 | 526 | 807 | 761 | 15,386 | 11,241 |
| Depreciation | 37,542 | 1,767 | 12,998 | 3,960 | 6,028 | 1,019 | 3,413 | 66,727 | 8,139 |
| Total Operating Expenses | 228,499 | 22,218 | 45,838 | 22,922 | 15,132 | 14,609 | 76,667 | 425,885 | 207,639 |
| Operating Income (Loss) | \$ 48,501 | \$ 8,603 | \$ 6,381 | \$ 5,837 | \$ (3,383) | \$ 3,080 | \$ (13,528) | \$ 55,491 | \$ (1,167) |

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, 2014
(in thousands)

| | Enterprise Funds | | | | | | | | Internal Service Funds |
|--|-------------------|------------------|-------------------|------------------|-------------------|--------------------------|------------------------------|------------------------------|------------------------------|
| | Electric | Gas | Sewer | Water | Airport | Stormwater Management | Other Enterprise Funds | Total Enterprise Funds | |
| Non-Operating Revenues (Expenses): | | | | | | | | | |
| Net Investment Earnings | \$ 2,906 | \$ 97 | \$ 668 | \$ 288 | \$ 126 | \$ 618 | \$ 148 | \$ 4,851 | \$ 673 |
| Change in Fair Value of Investments | 111 | 9 | - | 4 | 4 | 23 | 19 | 170 | 37 |
| Securities Lending: | | | | | | | | | |
| Securities Lending Income | 39 | 2 | 10 | 4 | 2 | 8 | 2 | 67 | 6 |
| Interest Expense | (14) | (1) | (3) | (1) | (1) | (3) | (1) | (24) | (1) |
| Agent Fees | (5) | - | (2) | (1) | - | (1) | - | (9) | - |
| Grant Revenues | 6,280 | - | - | - | - | - | 3,647 | 9,927 | - |
| Other Revenues | - | 30 | 8,621 | 1,267 | 507 | 1 | 185 | 10,611 | 1,046 |
| Interest Expense | (21,780) | (931) | (4,055) | (2,105) | (16) | - | (76) | (28,963) | - |
| Gain (Loss) on Sale of Assets | - | - | - | - | - | - | 485 | 485 | - |
| Other Expenses | (3,038) | (163) | (1,545) | (9) | (1,545) | (84) | (2,571) | (8,955) | (579) |
| Total Non-Operating Revenues (Expenses) | <u>(15,501)</u> | <u>(957)</u> | <u>3,694</u> | <u>(553)</u> | <u>(923)</u> | <u>562</u> | <u>1,838</u> | <u>(11,840)</u> | <u>1,182</u> |
| Income (Loss) Before Capital Contributions and Operating Transfers | <u>33,000</u> | <u>7,646</u> | <u>10,075</u> | <u>5,284</u> | <u>(4,306)</u> | <u>3,642</u> | <u>(11,690)</u> | <u>43,651</u> | <u>15</u> |
| Capital Contributions and Transfers: | | | | | | | | | |
| Capital Contributions | - | - | - | - | 11,818 | - | (4,922) | 6,896 | - |
| Transfers In | 130 | 10 | 4 | 4 | - | 28 | 9,227 | 9,403 | 1,131 |
| Transfers Out | (24,763) | (2,628) | (4,843) | (3,454) | - | (418) | (2,288) | (38,394) | (4,827) |
| Total Capital Contributions and Transfers | <u>(24,633)</u> | <u>(2,618)</u> | <u>(4,839)</u> | <u>(3,450)</u> | <u>11,818</u> | <u>(390)</u> | <u>2,017</u> | <u>(22,095)</u> | <u>(3,696)</u> |
| Change in Net Position | <u>8,367</u> | <u>5,028</u> | <u>5,236</u> | <u>1,834</u> | <u>7,512</u> | <u>3,252</u> | <u>(9,673)</u> | <u>21,556</u> | <u>(3,681)</u> |
| Net Position - October 1 | 399,853 | 38,740 | 213,518 | 84,171 | 112,159 | 199,535 | 65,494 | | 93,688 |
| Adjustments to October 1 Net Position | (11,156) | (128) | (1,979) | 1,198 | (768) | - | - | | (4,198) |
| Net Position - October 1, as restated | <u>388,697</u> | <u>38,612</u> | <u>211,539</u> | <u>85,369</u> | <u>111,391</u> | <u>199,535</u> | <u>65,494</u> | | <u>89,490</u> |
| Net Position - September 30 | <u>\$ 397,064</u> | <u>\$ 43,640</u> | <u>\$ 216,775</u> | <u>\$ 87,203</u> | <u>\$ 118,903</u> | <u>\$ 202,787</u> | <u>\$ 55,821</u> | | <u>\$ 85,809</u> |
| Adjustment to reflect the consolidation of internal service fund activities to enterprise funds | | | | | | | | <u>(1,471)</u> | |
| Change in net position of business-type activities | | | | | | | | <u>\$ 20,085</u> | |

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2014
(in thousands)

| | Electric | Gas | Sewer | Water | Airport | Stormwater Management | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|--|------------|-----------|-----------|-----------|-----------|-----------------------|------------------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | |
| Cash Received from Customers | \$ 267,199 | \$ 30,815 | \$ 52,398 | \$ 28,962 | \$ 11,498 | \$ 17,637 | \$ 61,106 | \$ 469,615 | \$ 216,400 |
| Cash Received from Other Revenues | - | 30 | 5,958 | 659 | - | 1 | - | 6,648 | 1,022 |
| Cash Paid to Suppliers for Goods and Services | (138,426) | (16,936) | (13,727) | (7,656) | (2,469) | (7,578) | (33,207) | (219,999) | (168,463) |
| Cash Paid to Employees for Services | (27,501) | (2,121) | (13,870) | (5,253) | (4,381) | (5,695) | (38,638) | (97,459) | (33,398) |
| Cash Paid to Other Funds | (19,739) | (2,329) | (6,602) | (5,884) | (1,728) | - | (11,958) | (48,240) | - |
| Cash Paid for Other Expenses | (424) | (163) | (1,544) | (10) | (1,035) | - | - | (3,176) | - |
| Net Cash Provided by (Used for) Operating Activities | 81,109 | 9,296 | 22,613 | 10,818 | 1,885 | 4,365 | (22,697) | 107,389 | 15,561 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | | |
| Transfers In from Other Funds | 130 | 10 | 4 | 4 | - | 28 | 11,758 | 11,934 | 773 |
| Operating Grants Received | 6,280 | - | - | - | 256 | - | 3,647 | 10,183 | - |
| Other | - | - | - | - | - | - | - | - | 67 |
| Repayment of Advances | - | (1,050) | - | - | (296) | - | - | (1,346) | - |
| Transfers Out to Other Funds | (24,763) | (2,628) | (4,843) | (3,454) | - | (418) | (2,286) | (38,392) | (5,564) |
| Net Cash Provided by (Used for) Noncapital Financing Activities | (18,353) | (3,668) | (4,839) | (3,450) | (40) | (390) | 13,119 | (17,621) | (4,724) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | | |
| Capital Contributions | - | - | - | - | 9,726 | - | 2,317 | 12,043 | - |
| Systems Charges | - | - | 2,665 | 609 | - | - | - | 3,274 | - |
| Acquisition, Construction and Sale of Capital Assets | (35,360) | (1,823) | (17,548) | (8,184) | (13,078) | (8,512) | (4,696) | (89,201) | (11,524) |
| Proceeds From Sales of Property | - | - | - | - | - | - | 485 | 485 | - |
| Bond and Loan Proceeds | - | - | - | - | - | - | 13,437 | 13,437 | - |
| Principal and Refunding Payments | (12,009) | (1,473) | (5,870) | (660) | - | - | - | (20,012) | - |
| Repayment of Loans Payable | (1,959) | (399) | - | (2,032) | - | - | - | (4,390) | - |
| Repayment of Loans from Other Funds | (356) | - | - | - | - | - | (506) | (862) | - |
| Interest Paid | (30,220) | (1,104) | (13,381) | (3,579) | (17) | (4) | (77) | (48,382) | - |
| Net Cash Provided by (used for) Capital and Related financing Activities | (79,904) | (4,799) | (34,134) | (13,846) | (3,369) | (8,516) | 10,960 | (133,608) | (11,524) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Proceeds from Sale and Maturities of | | | | | | | | | |
| Interest Received on Investments | 3,475 | 109 | 737 | 311 | 888 | 662 | 147 | 6,329 | 697 |
| Increase in the Fair Value of Cash and Cash Equivalents | 111 | 9 | - | 4 | 4 | 23 | 19 | 170 | 35 |
| Net Cash Provided by (used for) Investing Activities | \$ 3,586 | \$ 118 | \$ 737 | \$ 315 | \$ 892 | \$ 685 | \$ 166 | \$ 6,499 | \$ 732 |

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended September 30, 2014
(in thousands)

| | Electric | Gas | Sewer | Water | Airport | Stormwater Management | Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
|--|-------------------|-----------------|------------------|------------------|------------------|-----------------------|------------------------|------------------------|------------------------|
| Net Increase (Decrease) in Cash and Cash Equivalents | (13,562) | 947 | (15,623) | (6,163) | (632) | (3,856) | 1,548 | (37,341) | 45 |
| Cash and Cash Equivalents - October 1 | 259,982 | 8,770 | 61,399 | 30,196 | 11,681 | 59,798 | 15,651 | 447,477 | 53,530 |
| Cash and Cash Equivalents - September 30 | <u>\$ 246,420</u> | <u>\$ 9,717</u> | <u>\$ 45,776</u> | <u>\$ 24,033</u> | <u>\$ 11,049</u> | <u>\$ 55,942</u> | <u>\$ 17,199</u> | <u>\$ 410,136</u> | <u>\$ 53,575</u> |
| Classified As: | | | | | | | | | |
| Unrestricted Assets | \$ 85,752 | \$ 1,582 | \$ 1,165 | \$ 1,131 | \$ 3,319 | \$ 55,942 | \$ 17,199 | \$ 166,090 | \$ 53,575 |
| Restricted Assets | 160,668 | 8,135 | 44,611 | 22,902 | 7,730 | - | - | 244,046 | - |
| | <u>\$ 246,420</u> | <u>\$ 9,717</u> | <u>\$ 45,776</u> | <u>\$ 24,033</u> | <u>\$ 11,049</u> | <u>\$ 55,942</u> | <u>\$ 17,199</u> | <u>\$ 410,136</u> | <u>\$ 53,575</u> |
| Reconciliation of Operating Income (Loss) | | | | | | | | | |
| to Net Cash Provided by (Used for) | | | | | | | | | |
| Operating Activities: | | | | | | | | | |
| Operating Income (Loss) | \$ 48,501 | \$ 8,603 | \$ 6,381 | \$ 5,837 | \$ (3,383) | \$ 3,080 | \$ (13,528) | \$ 55,491 | \$ (1,167) |
| Adjustments to Reconcile Operating Income (Loss) | | | | | | | | | |
| to Net Cash Provided by (Used for) Operating Activities: | | | | | | | | | |
| Depreciation | 37,542 | 1,767 | 12,998 | 3,960 | 6,028 | 1,019 | 3,413 | 66,727 | 8,139 |
| Provision for Uncollectible Accounts | 5 | (5) | 69 | 59 | 108 | - | (225) | 11 | - |
| Other | (424) | (133) | 4,414 | 649 | (1,290) | - | - | 3,216 | 1,022 |
| (Increase) Decrease in Accounts Receivable | 598 | (14) | 307 | (98) | 140 | (53) | (138) | 742 | 793 |
| (Increase) Decrease in Inventory | 3,502 | (22) | 274 | 3 | - | - | 56 | 3,813 | (6,348) |
| (Increase) Decrease in Deposits | - | - | - | - | 8 | - | - | 8 | (114) |
| (Increase) Decrease in Notes Receivables | 704 | - | 27 | - | - | - | - | 731 | - |
| (Increase) Decrease in Due From Other Funds | (8,866) | - | - | - | - | - | - | (8,866) | - |
| (Increase) Decrease in Due From Other Governments | (3,003) | - | (224) | 2 | - | - | (1,671) | (4,896) | 70 |
| Increase (Decrease) in Accounts Payable | 1,800 | (915) | (1,540) | 268 | 429 | 297 | (10,478) | (10,139) | 2,131 |
| Decrease in Due To Other Funds | - | - | - | - | - | - | - | - | 9,019 |
| Increase in loans to other funds | - | - | - | - | - | - | - | - | 41 |
| Increase in Utility Deposits Payable | 761 | 13 | - | 239 | - | - | - | 1,013 | - |
| Increase (Decrease) in Customer Contracts Payable | - | - | (123) | (86) | - | - | - | (209) | - |
| Increase (Decrease) in Compensated Absences | (11) | 2 | 30 | (15) | (11) | 22 | (126) | (109) | 86 |
| Increase in Prepaid Fees Credit | - | - | - | - | (144) | - | - | (144) | - |
| Decrease in Insurance Deposits | - | - | - | - | - | - | - | - | 5 |
| Increase (Decrease) in Capital Lease Payable | - | - | - | - | - | - | - | - | 1,884 |
| Total Adjustments | <u>32,608</u> | <u>693</u> | <u>16,232</u> | <u>4,981</u> | <u>5,268</u> | <u>1,285</u> | <u>(9,169)</u> | <u>51,898</u> | <u>16,728</u> |
| Net Cash Provided by (used for) Operating Activities | <u>\$ 81,109</u> | <u>\$ 9,296</u> | <u>\$ 22,613</u> | <u>\$ 10,818</u> | <u>\$ 1,885</u> | <u>\$ 4,365</u> | <u>\$ (22,697)</u> | <u>\$ 107,389</u> | <u>\$ 15,561</u> |

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET POSITION
Fiduciary Funds
September 30, 2014
(in thousands)

| | Pension Trust Fund | OPEB Trust Fund | Nuclear Decommissioning Private-Purpose Trust Fund |
|---|-------------------------------|----------------------------|---|
| Assets | | | |
| Cash and Cash Equivalents | \$ 3,618 | \$ - | \$ - |
| Receivables | | | |
| Other Receivables | 59,868 | - | - |
| Accrued Interest | 1,516 | - | - |
| Due From Other Governments | 452 | - | - |
| Total Receivables | <u>61,836</u> | <u>-</u> | <u>-</u> |
| Investments, at Fair Value | | | |
| Mutual Index Funds | 330,511 | - | - |
| Fixed Income Securities | 291,783 | - | - |
| Domestic Stock | 487,842 | - | - |
| International Stock | 194,275 | - | - |
| Short-term Investments | 11,380 | 5,984 | 6,813 |
| Real Estate | 187,603 | - | - |
| Total Investments | <u>1,503,394</u> | <u>5,984</u> | <u>6,813</u> |
| Securities Lending Collateral | 79,355 | 70 | - |
| Total Assets | <u>\$ 1,648,203</u> | <u>\$ 6,054</u> | <u>\$ 6,813</u> |
| LIABILITIES AND NET POSITION | | | |
| LIABILITIES | | | |
| Obligations Under Securities Lending | \$ 79,355 | \$ 70 | \$ - |
| Other Payables | 65,685 | 39 | - |
| Total Liabilities | <u>145,040</u> | <u>109</u> | <u>-</u> |
| NET POSITION | | | |
| Held in Trust for Benefits and Other Purposes | <u>1,503,163</u> | <u>5,945</u> | <u>6,813</u> |
| Total Liabilities and Net Position | <u>\$ 1,648,203</u> | <u>\$ 6,054</u> | <u>\$ 6,813</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, 2014
(in thousands)

| | Pension Trust Fund | OPEB Trust Fund | Nuclear Decommissioning Private-Purpose Trust Fund |
|---|-----------------------|--------------------|---|
| ADDITIONS | | | |
| Contributions: | | | |
| Employer | \$ 28,258 | \$ 1,980 | \$ - |
| Plan Members | 9,814 | - | - |
| Miscellaneous Contributions | 135 | - | - |
| Total Contributions | <u>38,207</u> | <u>1,980</u> | <u>-</u> |
| Investment Income | | | |
| <i>From Investment Activities:</i> | | | |
| Unrealized appreciation/depreciation | 120,631 | 986 | - |
| Interest Income | 19,077 | 2 | 11 |
| Dividends | 10,651 | - | - |
| Total Investment Income | <u>150,359</u> | <u>988</u> | <u>11</u> |
| Less Investment Expenses: | | | |
| Investment Management Fees | 6,890 | - | - |
| Interest Expense | 97 | - | - |
| Net Income from Investing Activities | <u>143,372</u> | <u>988</u> | <u>11</u> |
| <i>From Securities Lending Activities:</i> | | | |
| Securities Lending Income | 468 | - | - |
| Less Securities Lending Expenses: | | | |
| Investment Management Fees | 57 | - | - |
| Net Income from Securities Lending Activities | <u>411</u> | <u>-</u> | <u>-</u> |
| Total Net Investment Income | <u>143,783</u> | <u>988</u> | <u>11</u> |
| Total Additions | <u>181,990</u> | <u>2,968</u> | <u>11</u> |
| DEDUCTIONS | | | |
| Benefits | 72,115 | 2,167 | - |
| Refunds of Contributions | 495 | - | - |
| Administrative Expense | 984 | - | - |
| Total Deductions | <u>73,594</u> | <u>2,167</u> | <u>-</u> |
| Change in Net Position | 108,396 | 801 | 11 |
| Net Position - October 1 | <u>1,394,767</u> | <u>5,144</u> | <u>6,802</u> |
| Net Position - September 30 | <u>\$ 1,503,163</u> | <u>\$ 5,945</u> | <u>\$ 6,813</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, 2014

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.

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

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's governing body is substantively the same as the governing body of the City of Tallahassee and management of the City has operational responsibility for this component unit. Thus the CRA is blended in the City's financial statements in accordance with GASB 14, as amended by GASB 61. The CRA has responsibility for two specifically separate tax increment districts as described below.

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

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, 2014, the Commission's membership consists of the following governmental units: City of Coral Gables, Florida; City of Coral Springs, Florida; City of Daytona Beach, Florida; City of Ft. Lauderdale, Florida; City of Hollywood, Florida; City of Jacksonville, Florida; City of Lakeland, Florida; City of Miami, Florida; City of Miami Beach, Florida; City of Orlando, Florida; City of St. Petersburg, Florida; City of Tallahassee, Florida; City of Vero Beach, Florida; Miami-Dade County, Florida; Palm Beach County, Florida; and Polk County, Florida. In addition, the City of West Palm Beach, Florida, participates in the Commission's programs as a non-member participant. Other Florida local governments may in the future become members or non-member participants including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY (CONTINUED)

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 1, 2014, the commencement date, all existing dispatch operations personnel of the City, Sheriff, and the County became part of the CDA. The City of Tallahassee City Manager, the Leon County Administrator and the Leon County Sheriff constitute the 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 twelve month period ended September 30, 2014, the City's contribution to the CDA was \$4,302,000.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. REPORTING ENTITY (CONTINUED)

JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY (CONTINUED)

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.
- 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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

D. ASSETS, LIABILITIES, AND NET POSITION

1. CASH AND CASH EQUIVALENTS/INVESTMENTS

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

2. INVESTMENTS

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

3. INVENTORY

The City maintains a variety of inventory types, such as fuel, 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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

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, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

6. CAPITAL ASSETS (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 | 0.923080 | 10,401 - 20,800 | 0.080770 | 20,801 - 41,600 | 0.080770 |
| over 20,800 | 0.103847 | 20,801 - 41,600 | 0.092308 | over 41,600 | 0.092308 |
| | | over 41,600 | 0.103847 | | |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

7. COMPENSATED ABSENCES (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 |
| 6-10 years | 15.90 | 6-10 years | 12 | 10,401 - 20,800 | 0.057693 |
| 11-15 years | 18.55 | 11-15 years | 14 | 20,801 - 41,600 | 0.069231 |
| 16-20 years | 21.20 | 16-20 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.

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (CONTINUED)

7. COMPENSATED ABSENCES (CONTINUED)

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 PREMIUMS, DISCOUNTS AND REFUNDING GAINS AND LOSSES

In the government-wide financial statements, and in the proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premium and discounts are deferred and amortized over the life of the bonds at the rate at which principal payments are made which approximates the effective interest method. Bond issuance costs are expensed in the year they are incurred in accordance with GASB Statement No. 65. Bond refunding gains and losses are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method. As a result of adopting GASB Statement No. 65, \$3,923,000 deferred loss on bond refunding was reported as a Deferred Outflow of Resources on the government-wide Statement of Net Position. 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, 2014

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. ASSETS, LIABILITIES, AND NET POSITION (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 deferred outflows and liabilities. Any associated margin deposits are recorded in noncurrent assets. The net amounts received or paid under expired or closed contracts are recorded as an adjustment to fuel expense in the period realized. See Note V, section J.

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, and deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds." The details of this \$126,858 difference are as follows (in thousands):

| | |
|--|-------------------|
| Bonds and loan payable including premiums & discount | 119,597 |
| Effect of Deferred Loss on Refunding | (3,923) |
| Compensated Absences | 8,234 |
| Net OPEB Obligation | 2,950 |
| Net adjustments to reduce fund balances- | - |
| Total Governmental funds to arrive at net position | <u>\$ 126,858</u> |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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

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 \$38,720 difference are as follows (in thousands):

| | |
|---|--------------------|
| Capital Outlay | \$ 17,509 |
| Assets Contributed to Other Governments | (24,451) |
| Depreciation Expense | <u>(31,778)</u> |
| Net adjustment to increase net changes in Fund Balances Total | |
| Governmental Funds to arrive at changes in Net Position | |
| Governmental Activities | <u>\$ (38,720)</u> |

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, a Governmental Fund, had a fund deficit of \$605,000 at fiscal year end.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

D. PRIOR PERIOD ADJUSTMENTS

Net Position as of September 30, 2013 has been restated to reflect the following adjustments:

The agency adopted GASB Statement No. 65 which requires the restatement of the September 2013 net position to remove the balance of Unamortized Bond Issuance Costs. This resulted in the decrease of the net position of the following major enterprise funds by the following amounts: Electric Fund - \$5,352,000; Sewer Fund - \$2,014,000; Water Fund - \$434,000; Gas Fund - \$128,000. It also resulted in the decrease in General Government net position by \$421,000.

A review of the City's open projects resulted in an adjustment to Construction in Progress. This resulted in net position of the Airport Fund (a major enterprise fund) decreasing by \$768,000, the net position of the Electric Fund (a major enterprise fund) decreasing by \$4,107,000, the net position of the Sewer Fund (a major enterprise fund) increasing by \$698,000, the net position of the Water Fund (a major enterprise fund) increasing by \$1,633,000 and the General Government net position increasing by \$1,369,000.

Prior period depreciation was misstated related to certain fixed assets which were not capitalized when placed in service. This resulted in the net position of two major enterprise funds decreasing as follows: Electric Fund - \$1,696,000; Sewer Fund - \$661,000. It also resulted in the General Government net position decreasing by \$6,975,000 and the net position of the Information System Services fund (an Internal Service Fund) decreasing by \$4,198,000.

NOTE IV. DETAILED NOTES - ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

1. DEPOSITS

At year-end, the book balance of the City's deposits was \$5,496,000 and the bank balance was \$7,128,000. 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. Two city funds had deficit cash balances at year end totaling \$904,000 which is reported in accounts payable at September 30, 2014. 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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

2. INVESTMENTS (CONTINUED)

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

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

The Public Funds book balance at September 30, 2014 was \$5,165,000 and the bank balance was \$6,706,000. 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, 2014, the City owns \$10,184,000 in shares of the Florida League of Cities 1-3 Year Pool and \$20,047,000 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, 2014 is 1.50 years; the effective duration of the Florida League of Cities 0-2 Year Pool as of September 30, 2014 is .70 years. At September 30, 2014, the City has \$223,531,000 invested in shares of the SPIA Pool, not the individual securities within the portfolio. The SPIA Pool has a rating of A+ from Standard and Poor's. The unaudited fair value factor for September 30, 2014 was 1.0046. The effective duration of the SPIA Pool as of September 30, 2014 was 2.57 years.

The Nuclear Fuel Decommissioning Private Purpose Fund is a Specialized Portfolio. As of September 30, 2014, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$6,813,000 in the Florida State Board of Administration (SBA) Local Government Investment Prime Pool. The Prime Pool is a 2a-7 like pool which maintains a stable net asset value of \$1, is rated AAA and has an average weighted maturity of 39 days. For most of the fiscal year, the Nuclear Fuel Decommissioning Private-Purpose Fund has a small investment in Pool B, which does not meet the qualifications of a 2a-7 like pool. The investment in Pool B was \$56,000 at the beginning of the fiscal year, dropping to \$0 on September 5, 2014, when Pool B was closed and the remaining assets were transferred to the Prime Pool. Pool B was not rated, and had an estimated weighted average maturity of 2.86 years at June 30, 2014. The Fair Value factor for Pool B at June 30, 2014 was 1.8444.

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 anyone time in all securities of any corporate entity, inclusive of commercial paper, medium term notes, or corporate notes and bonds. No corporate entity

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

2. INVESTMENTS (CONTINUED)

represented more than 5% of the portfolio at September 30, 2014. 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.

As of September 30, 2014, the City had the following non-pension investments subject to credit risk in the internal and Galliard portion of the portfolio (in thousands):

| September 30, 2014 | |
|---------------------------|-----------------------------|
| Quality Breakdown | Portfolio Percentage |
| US Treasury | 20.56% |
| US Agency | 50.42% |
| AAA | 3.35% |
| AA | 21.08% |
| A | 4.39% |
| Other | 0.20% |
| Total | 100.00% |

In addition, the City owns \$10,184,000 shares in the Florida League of Cities 1-3 Year Pool, \$20,047,000 shares in the Florida League of Cities 0-2 Year Pool, and \$223,531,000 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 maximum duration of the various investments within the internally managed portion of the non-pension portfolio ranges from 60 days to 3.5 years. The maximum duration for externally managed investments ranges from 3.0 years to 6.0 years. The option adjusted duration of the non-pension portfolio as of September 30, 2014 was 1.76 years.

As of September 30, 2014, the non-pension portfolio that encompasses the internal portion as well as those assets under the management of Galliard, had the following investments on a time-segmented basis (in thousands):

| Investment Type | Fair Value | Less than 1 Year | 1-5 Years | 6-10 Years | Over 10 Years |
|------------------------|-------------------|-------------------------|------------------|-------------------|----------------------|
| US Treasury | \$ 80,067 | \$ 27,337 | \$ 52,730 | \$ - | \$ - |
| US Agency | 100,355 | 7,316 | 92,738 | - | 301 |
| Asset Backed | 96,009 | - | 10,383 | 9,518 | 76,108 |
| Corporate Bonds | 71,240 | 21,576 | 49,664 | - | - |
| Municipal | 41,796 | 8,204 | 33,592 | - | - |
| Other | 8,085 | 8,085 | - | - | - |
| Total | \$ 397,552 | \$ 72,518 | \$ 239,107 | \$ 9,518 | \$ 76,409 |

3. PENSION PLAN

The City also has investments in its pension plan. It has investments in mutual funds in the defined contribution portion of the pension plan that are used to pay matching contributions to its retirees. As of September 30, 2014, these investments totaled \$111,475,000. Other pension plan investments are as described below.

Credit Risk: The City's Investment Policy for the Pension Plan requires its fixed-income managers to manage a high-grade

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

3. PENSION PLAN (CONTINUED)

portfolio of bonds. The individual money managers evaluate risk in their selection of bond securities to hold in their portfolios. The Pension Plan measures credit quality using the Standard & Poor's rating scale.

As of September 30, 2014, the City had the following pension investments subject to credit risk:

| Credit Quality | |
|---------------------------|-----------------------------|
| September 30, 2014 | |
| Quality Breakdown | Portfolio Percentage |
| US Treasury | 15.11% |
| US Agency | 12.06% |
| AAA | 5.65% |
| AA | 5.08% |
| A | 4.53% |
| BBB -B | 4.02% |
| CCC -C | 0.16% |
| Other | 2.21% |
| Commingled | 51.18% |
| Total | 100.00% |

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 | \$ 1,265,688 | 90.91% |
| Euro Currency | 46,980 | 3.38% |
| Japanese Yen | 29,758 | 2.14% |
| Pound Sterling | 20,431 | 1.47% |
| Hong Kong Dollar | 11,400 | 0.82% |
| Swiss Franc | 10,568 | 0.76% |
| Australian Dollar | 2,123 | 0.15% |
| Canadian Dollar | 10 | -% |
| South Korean Won | 1,151 | 0.08% |
| Norwegian Krone | 1,099 | 0.08% |
| Singapore Dollar | 6 | -% |
| Polish Zloty | 5 | -% |
| Israeli Shekel | 969 | 0.07% |
| Swedish Krona | 4 | -% |
| Danish Krone | 1,992 | 0.14% |
| South African Rand | 2 | -% |
| Turkish Lira | 4 | -% |
| Mexican Peso | 9 | -% |
| Total | \$ 1,392,199 | 100.00% |

Interest Rate Risk: The City of Tallahassee's Investment Policy for the Pension Plan does not explicitly address interest

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

A. DEPOSITS AND INVESTMENTS (CONTINUED)

3. PENSION PLAN (CONTINUED)

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.

The City of Tallahassee held the following investments for its pension funds on a time-segmented basis as of September 30, 2014 (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>Over 10 Years</u> |
|------------------------|-------------------|-------------------------|------------------|-------------------|----------------------|
| Asset Backed | \$ 54,257 | \$ - | \$ 1,062 | \$ 10,211 | \$ 42,984 |
| Corporate Bonds | 21,498 | 3,310 | 10,195 | 5,164 | 2,829 |
| Municipal | 4,210 | - | 588 | 1,537 | 2,085 |
| US Agency | 3,332 | - | 2,667 | - | 664 |
| US Treasury | 44,098 | 1,011 | 34,559 | 8,528 | - |
| Commingled | 149,315 | - | - | - | - |
| Cash and Equivalents | 15,073 | 15,073 | - | - | - |
| Total | <u>\$ 291,783</u> | <u>\$ 19,394</u> | <u>\$ 49,071</u> | <u>\$ 25,440</u> | <u>\$ 48,562</u> |

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, 2014, 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, 2014. Moreover, there were no losses during the fiscal year ended September 30, 2014 resulting from a default of any borrower.

During the fiscal year ended September 30, 2014, 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, 2014 was 2.9 days with an average weighted maturity of 218 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, 2014, the City had no credit risk exposure to borrowers.

As of September 30, 2014, for the City's pension fund, the collateral held and the market value of securities on loan were \$79,355,000 and \$77,693,000, respectively; for the City's non-pension funds, the collateral held and the market value of securities on loan were \$10,057,000 and \$9,855,000 respectively.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

B. SECURITIES LENDING TRANSACTIONS (CONTINUED)

A summary of the fair market value of the securities on loan as of September 30, 2014 follows:

| | Pension Fund | Non-Pension Fund |
|--------------------------------|----------------------|---------------------|
| Corporate Bonds | \$ 408,000 | \$ 939,000 |
| Common Stock | 36,050,000 | - |
| U.S. Government Treasury Notes | 41,235,000 | 8,916,000 |
| | <u>\$ 77,693,000</u> | <u>\$ 9,855,000</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, 2014 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.

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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

C. RECEIVABLES (CONTINUED)

2. AIRPORT FUND'S LEASING OPERATIONS (CONTINUED)

The following is a schedule, by years, of minimum future rentals on noncancelable operating leases of the Airport Fund as of September 30, 2014 (in thousands):

| <u>Years ending September 30,</u> | |
|-----------------------------------|------------------|
| 2015 | \$ 2,763 |
| 2016 | 1,588 |
| 2017 | 952 |
| 2018 | 927 |
| 2019 | 900 |
| 2020-2024 | 4,256 |
| 2025-2029 | 3,359 |
| 2030-2034 | 2,869 |
| 2035-2039 | 2,591 |
| 2040-2044 | 14 |
| | <u>\$ 20,219</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, 2014 amounted to \$237,349.

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) would 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 increased the distribution of Remaining Funds for the Prepaid Fees Credit from 50% to 60% and eliminated the 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 was responsible for paying all fees and charges incurred by its affiliate airlines. On September 30, 2014, the Signatory Airlines representing the majority in interest ("MII") of the airlines agreed to and signed the 'Third Amendment to Airline-Airport Use and Lease Agreement' that among other things extended the term of the agreements to September 30, 2015.

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, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2014 was as follows (in thousands):

| | Primary Government | | | |
|---|-------------------------------|-------------------|---------------------|---------------------|
| | Beginning Balance As Restated | Increases | Decreases | Ending Balance |
| Governmental Activities | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 358,452 | \$ 5,557 | \$ (675) | \$ 363,334 |
| Construction in Progress | 105,389 | 16,536 | (68,464) | 53,461 |
| Depreciable Assets: | | | | |
| Buildings | 114,025 | 6 | - | 114,031 |
| Equipment | 39,968 | 22,985 | (1,400) | 61,553 |
| Improvements other than buildings | 12,558 | 2,394 | (598) | 14,354 |
| Infrastructure | 806,336 | 24,301 | (6,527) | 824,110 |
| Intangibles | 14 | - | - | 14 |
| | <u>1,436,742</u> | <u>71,779</u> | <u>(77,664)</u> | <u>1,430,857</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (58,424) | (2,780) | - | (61,204) |
| Equipment | (44,880) | (3,627) | 1,069 | (47,438) |
| Improvements other than buildings | (5,660) | (409) | - | (6,069) |
| Infrastructure | (428,631) | (26,634) | - | (455,265) |
| Intangibles | (4) | - | - | (4) |
| | <u>(537,599)</u> | <u>(33,450)</u> | <u>1,069</u> | <u>(569,980)</u> |
| Governmental Activities capital assets, net | <u>\$ 899,143</u> | <u>\$ 38,329</u> | <u>\$ (76,595)</u> | <u>\$ 860,877</u> |
| Business-type Activities | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 124,555 | \$ 1,512 | \$ (264) | \$ 125,803 |
| Construction in Progress | 368,912 | 89,087 | (115,382) | 342,617 |
| Depreciable Assets: | | | | |
| Buildings | 186,177 | 5,236 | (1,111) | 190,302 |
| Equipment | 805,040 | 15,070 | (5,016) | 815,094 |
| Improvements other than buildings | 31,895 | 4,237 | (1,716) | 34,416 |
| Infrastructure | 962,939 | 115,374 | (31,278) | 1,047,035 |
| Intangibles | 137,558 | 58,690 | (33,746) | 162,502 |
| | <u>2,617,076</u> | <u>289,206</u> | <u>(188,513)</u> | <u>2,717,769</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (62,341) | (5,149) | 56 | (67,434) |
| Equipment | (410,580) | (33,815) | 4,780 | (439,615) |
| Improvements other than buildings | (8,818) | (2,250) | 4 | (11,064) |
| Infrastructure | (410,279) | (28,828) | 51 | (439,056) |
| Intangibles | (66,521) | (4,344) | - | (70,865) |
| | <u>(958,539)</u> | <u>(74,386)</u> | <u>4,891</u> | <u>(1,028,034)</u> |
| Business-type Activities, net | <u>\$ 1,658,537</u> | <u>\$ 214,820</u> | <u>\$ (183,622)</u> | <u>\$ 1,689,735</u> |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

D. CAPITAL ASSETS (CONTINUED)

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

GOVERNMENTAL ACTIVITIES:

| | |
|---|-------------------------|
| General Government | \$ 947 |
| Public Safety | 1,959 |
| Transportation | 1,003 |
| Human Services | 128 |
| Economic Development | 135 |
| Physical Environment | 8 |
| Culture and Recreation | 966 |
| General Infrastructure | 26,633 |
| Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets | <u>1,534</u> |
| Total depreciation expense-governmental activities | <u><u>\$ 33,313</u></u> |

BUSINESS-TYPE ACTIVITIES:

| | |
|---|-------------------------|
| Electric | \$ 37,542 |
| Gas | 1,767 |
| Sewer | 12,998 |
| Water | 3,960 |
| Airport | 6,028 |
| StarMetro | 2,401 |
| Solid Waste | 56 |
| Golf | 183 |
| Stormwater Management | 1,019 |
| Fire Services | 773 |
| Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets | <u>6,606</u> |
| Total depreciation expense-business-type activities | <u><u>\$ 73,333</u></u> |

Interest incurred during long-term construction projects is included as part of the capitalized value of the assets constructed. Interest costs incurred in proprietary funds consisted of the following at September 30, 2014 (in thousands):

| | Electric | Water | Sewer | Gas |
|---|-------------------------|------------------------|------------------------|----------------------|
| Total interest cost incurred | \$ 29,767 | \$ 3,586 | \$ 13,431 | \$ 1,083 |
| Decrease as a result of capitalizing interest as a cost of construction | <u>(7,987)</u> | <u>(1,481)</u> | <u>(9,376)</u> | <u>(152)</u> |
| Interest charged to operations | <u><u>\$ 21,780</u></u> | <u><u>\$ 2,105</u></u> | <u><u>\$ 4,055</u></u> | <u><u>\$ 931</u></u> |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

D. CAPITAL ASSETS (CONTINUED)

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, 2014 (in thousands):

| | Electric | Water | Sewer | Gas |
|---|-----------------|-----------------|-----------------|---------------|
| Interest expense incurred during construction and capitalized | \$ 7,987 | \$ 1,481 | \$ 9,376 | \$ 152 |
| Interest earned on bond proceeds | (399) | - | - | (10) |
| Net Interest Capitalized | <u>\$ 7,588</u> | <u>\$ 1,481</u> | <u>\$ 9,376</u> | <u>\$ 142</u> |

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

1. INTERFUND RECEIVABLES/PAYABLES

At September 30, 2014, Interfund Receivables and Payables are as follows (in thousands):

| Fund | Due From | Due To | Advance To | Advance From |
|------------------------|------------------|------------------|------------------|------------------|
| General | \$ - | \$ 53 | \$ 629 | \$ 1,421 |
| Electric | 12,356 | - | 500 | 8,349 |
| Gas | - | - | - | 4,429 |
| Stormwater | - | - | 178 | - |
| Nonmajor governmental | - | - | 24,499 | 1,307 |
| Nonmajor business-type | - | 10 | - | 13,961 |
| Internal service funds | 63 | 12,356 | 3,661 | - |
| | <u>\$ 12,419</u> | <u>\$ 12,419</u> | <u>\$ 29,467</u> | <u>\$ 29,467</u> |

\$13,226,000 of the interfund receivables and payables balances represent amounts remaining from loans to fund operations. \$28,660,000 of these balances represent amounts loaned for capital funding.

2. INTRAGOVERNMENTAL CHARGES

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

E. INTERFUND RECEIVABLES, PAYABLES, INTRAGOVERNMENTAL CHARGES, AND TRANSFERS (CONTINUED)

Such costs allocated to the funds for the year ended September 30, 2014 are as follows (in thousands):

| | |
|----------------------------|------------------|
| General | \$ 18,182 |
| Electric | 17,867 |
| Gas | 2,141 |
| Sewer | 5,670 |
| Water | 5,357 |
| Airport | 1,459 |
| Stormwater management | 3,209 |
| Nonmajor business type | 12,390 |
| Nonmajor governmental type | 359 |
| Fiduciary type | 984 |
| Internal service type | 6,038 |
| | <u>\$ 73,656</u> |

3. INTERFUND TRANSFERS

At September 30, 2014, Interfund Transfers are as follows (in thousands):

| Transfer Out | Transfers In | | | | | | | | | Total |
|--------------------------------|------------------|---------------|--------------|-------------|-------------|-----------------------|-----------------------|------------------------|------------------------|------------------|
| | General | Electric | Gas | Sewer | Water | Stormwater Management | Nonmajor Governmental | Nonmajor Business-type | Internal Service Funds | |
| General | \$ - | \$ 130 | \$ 10 | \$ 4 | \$ 4 | \$ 7 | \$ 6,704 | \$ 6,876 | \$ 80 | \$ 13,815 |
| Electric | 24,301 | - | - | - | - | - | 164 | - | 298 | 24,763 |
| Community Redevelopment Agency | 75 | - | - | - | - | - | - | - | - | 75 |
| Gas | 2,544 | - | - | - | - | - | 28 | - | 56 | 2,628 |
| Sewer | 4,718 | - | - | - | - | - | 32 | - | 93 | 4,843 |
| Water | 3,263 | - | - | - | - | 21 | 21 | - | 149 | 3,454 |
| Stormwater | 379 | - | - | - | - | - | 39 | - | - | 418 |
| Nonmajor governmental | 3,600 | - | - | - | - | - | 86 | 2,351 | 356 | 6,393 |
| Nonmajor business-type | 1,982 | - | - | - | - | - | 207 | - | 99 | 2,288 |
| Internal Service | 4,148 | - | - | - | - | - | 679 | - | - | 4,827 |
| Total | <u>\$ 45,010</u> | <u>\$ 130</u> | <u>\$ 10</u> | <u>\$ 4</u> | <u>\$ 4</u> | <u>\$ 28</u> | <u>\$ 7,960</u> | <u>\$ 9,227</u> | <u>\$ 1,131</u> | <u>\$ 63,504</u> |

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (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 2015 through 2017. Total rent expenses incurred by the City for the year ended September 30, 2014, was \$1,704,833. The remaining future minimum lease obligations are as follows (in thousands):

| <u>Year Ending September 30,</u> | |
|----------------------------------|---------------|
| 2015 | \$ 208 |
| 2016 | 88 |
| 2017 | 85 |
| Total | <u>\$ 381</u> |

CAPITAL - The City of Tallahassee leases certain specialized equipment under a lease classified as a capital lease. The leased equipment is amortized on a straight line basis over 5 years and is included in depreciation expense. The gross amount of the equipment recorded under the capital lease is \$2,354,635 as of September 30, 2014. The accumulated amortization related to the leased equipment is \$470,927 as of September 2014. At September 30, 2014 the present value of minimum lease payments due within one year is \$470,927. The following is a schedule showing the future minimum lease payments under capital leases by years and the present value of the minimum lease payments as of September 30, 2014 (in thousands).

| <u>Year Ending September 30,</u> | |
|---|-----------------|
| 2015 | \$ 471 |
| 2016 | 471 |
| 2017 | 471 |
| 2018 | 471 |
| Total minimum lease payments | <u>\$ 1,884</u> |
| Less: Amount representing interest | <u>84</u> |
| Present Value of minimum lease payments | <u>\$ 1,800</u> |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

G. LONG-TERM DEBT

1. THE SUMMARY OF THE CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in Long-Term Debt for the year ended September 30, 2014 (in thousands):

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due within one year</u> |
|------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| General Revenue Bonds | \$ 71,800 | \$ 40,225 | \$ 6,050 | \$ 105,975 | \$ 6,620 |
| Compensated Absences | 9,645 | 6,593 | 7,045 | 9,193 | 6,593 |
| OPEB Obligation | 2,500 | 4,700 | 4,250 | 2,950 | - |
| Total Governmental-Type Debt | <u>83,945</u> | <u>51,518</u> | <u>17,345</u> | <u>118,118</u> | <u>13,213</u> |
| Business-Type Activities: | | | | | |
| Energy System - 1998A | 10,220 | - | 4,980 | 5,240 | 5,240 |
| Energy System Refunding 2001 | 3,205 | - | 1,200 | 2,005 | 1,000 |
| Energy System 2005 | 113,405 | - | 3,065 | 110,340 | 3,100 |
| Energy System 2007 | 188,135 | - | 2,865 | 185,270 | 3,100 |
| Energy System 2010 | 77,845 | - | - | 77,845 | - |
| Energy System 2010A | 42,665 | - | 205 | 42,460 | 210 |
| Energy System 2010B | 122,280 | - | - | 122,280 | - |
| Energy System 2010C | 33,345 | - | 1,145 | 32,200 | 1,485 |
| Energy System 2011 | 3,410 | - | 22 | 3,388 | 23 |
| CURSB 2001 | 10,850 | - | 1,330 | 9,520 | 1,710 |
| CURSB 2005 | 18,810 | - | 3,265 | 15,545 | - |
| CURSB 2007 | 157,475 | - | 1,935 | 155,540 | 3,865 |
| CURSB 2010A | 117,015 | - | - | 117,015 | - |
| CURSB 2010B | 25,820 | - | - | 25,820 | 1,120 |
| Compensated Absences | 11,705 | 8,406 | 8,372 | 11,739 | 8,406 |
| AMI Loan Payable | 33,332 | - | 4,391 | 28,941 | 2,659 |
| Total Business-Type Debt | <u>969,517</u> | <u>8,406</u> | <u>32,775</u> | <u>945,148</u> | <u>31,918</u> |
| Total Long-Term Debt | <u>\$ 1,053,462</u> | <u>\$ 59,924</u> | <u>\$ 50,120</u> | <u>\$ 1,063,266</u> | <u>\$ 45,131</u> |

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

G. LONG-TERM DEBT (CONTINUED)

2. THE SUMMARY OF INDIVIDUAL BOND ISSUES

Summarized below are the City's individual bond issues which were outstanding at September 30, 2014 (in thousands):

GENERAL REVENUE BONDS:

\$40,225,000 Capital Bonds – Series 2014, due in annual installments ranging from \$375,000 to \$3,175,000 ending on October 1, 2034, with interest rates at 2.00% 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 Services Tax, Public Service Tax Revenues and earnings on the investment of all funds and accounts created by the Bond Resolution, except the Rebate Fund and Unrestricted Revenue Account. \$ 40,225

\$49,165,000 Capital Bonds - Series 2012, due in annual installments ranging from \$525,000 to \$5,830,000 ending on October 1, 2024, interest rates at 2.00% to 5.00% depending on maturity date. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Service Tax, and earnings on the investment of all funds and accounts created by and described in the Bond Resolution, except the Rebate Fund and the Unrestricted Revenue Account. 43,620

\$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 are payable from and secured by a covenant to budget and appropriate pledge of Non-Ad Valorem Revenues. 2,645

\$26,975,000 Capital Improvement Refunding Revenue Bonds – Series 2009, due in annual installments ranging from \$550,000 to \$1,975,000 ending on April 1, 2031, interest rate at 3.710%. Bonds are payable from and secured by a junior lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, and the Communications Service Tax. 19,485

Total General Revenue Bonds 105,975

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, 2015, 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. 5,240

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

G. LONG-TERM DEBT (CONTINUED)

2. THE SUMMARY OF INDIVIDUAL BOND ISSUES (CONTINUED)

\$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. 2,005

\$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. 110,340

\$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. 185,270

\$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. 42,460

\$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. 32,200

\$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. 3,388

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

G. LONG-TERM DEBT (CONTINUED)

2. THE SUMMARY OF INDIVIDUAL BOND ISSUES (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. | 9,520 |
| \$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. | 15,545 |
| \$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 sewer systems) and the gross revenues of the City's Stormwater Drainage System. | 155,540 |
| \$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). | <u>25,820</u> |
| Total Proprietary Revenue Bonds | <u>904,468</u> |
| Total Bonds Payable | <u>\$ 1,010,443</u> |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

G. LONG-TERM DEBT (CONTINUED)

3. CONDUIT DEBT OBLIGATIONS

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

- As of September 30, 2014, there were four series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled \$161.4 million and the outstanding balance is \$106,790,000.
- As of September 30, 2014, there was one Florida State University School Lease Revenue Bond outstanding. The original issue amount totaled \$18.1 million and the outstanding balance is \$14,646,522.
- As of September 30, 2014, there was one Industrial Revenue Bond outstanding. The original issue Amount totaled \$5.4 million and the outstanding balance is \$5,335,815.

4. 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 \$4,670,000. The supplemental loan is due in semi-annual installments ranging from \$189,000 to \$219,000 ending on June 27, 2024, bearing interest at 4.59%. On June 27, 2014, the City reduced the outstanding amount of the supplemental loan by \$1,921,235.79 through application of unused proceeds. The installment payment schedule was unchanged but the maturity of the supplemental loan will now occur on June 27, 2018. Both loans are payable and secured by the Smart Energy Metering and Management System, consisting of meters and communication devices.

5. 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 | |
| 2015 | \$ 6,620 | \$ 5,278 | \$ 23,512 | \$ 46,624 | \$ 82,034 |
| 2016 | 7,530 | 5,040 | 24,590 | 45,543 | 82,703 |
| 2017 | 7,910 | 4,793 | 25,750 | 44,383 | 82,836 |
| 2018 | 7,080 | 4,562 | 26,887 | 43,241 | 81,770 |
| 2019 | 7,365 | 4,314 | 27,692 | 41,985 | 81,356 |
| 2020-2024 | 37,810 | 17,126 | 159,244 | 189,470 | 403,650 |
| 2025-2029 | 16,015 | 12,727 | 173,795 | 150,749 | 353,286 |
| 2030-2034 | 15,645 | 12,180 | 186,140 | 106,972 | 320,937 |
| 2035-2039 | - | - | 233,345 | 54,515 | 287,860 |
| 2040-2042 | - | - | 52,454 | 2,981 | 55,435 |
| Totals | <u>\$ 105,975</u> | <u>\$ 66,020</u> | <u>\$ 933,409</u> | <u>\$ 726,463</u> | <u>\$ 1,831,867</u> |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

H. NET POSITION

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

1. INVESTMENT IN CAPITAL ASSETS

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

2. RESTRICTED ASSETS

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

3. UNRESTRICTED ASSETS

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

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

I. FUND BALANCE

The City classifies governmental fund balances as follows:

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

Spendable Fund Balance

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

I. FUND BALANCE (CONTINUED)

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

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

A schedule of City fund balances is provided below:

| FUND BALANCES | General | Community Redevelopment Agency | Total Other Governmental | Total Governmental |
|------------------------|------------------|---|-------------------------------------|-------------------------------|
| Non-spendable | | | | |
| Inventory | \$ 403 | \$ - | \$ - | \$ 403 |
| Notes Receivable | 329 | - | 408 | 737 |
| FMV Cash | 87 | - | 218 | 305 |
| Total Non-Spendable | <u>819</u> | <u>-</u> | <u>626</u> | <u>1,445</u> |
| Restricted for: | | | | |
| Debt Service | - | - | 787 | 787 |
| General Government | - | - | 4,748 | 4,748 |
| Public Safety | - | - | 3,883 | 3,883 |
| Transportation | - | - | 41,710 | 41,710 |
| Human Service | - | - | 340 | 340 |
| Economic Environment | - | 4,273 | 157 | 4,430 |
| Physical Environment | - | - | - | - |
| Culture and Recreation | - | - | 807 | 807 |
| Total Restricted | <u>-</u> | <u>4,273</u> | <u>52,432</u> | <u>56,705</u> |
| Committed to: | | | | |
| General Government | 21,414 | - | 15,483 | 36,897 |
| Public Safety | - | - | 1,210 | 1,210 |
| Transportation | - | - | (1,166) | (1,166) |
| Economic Environment | - | - | 4,565 | 4,565 |
| Physical Environment | - | - | 5,409 | 5,409 |
| Culture and Recreation | - | - | 172 | 172 |
| Total Committed | <u>21,414</u> | <u>-</u> | <u>25,673</u> | <u>47,087</u> |
| Assigned to: | | | | |
| General Government | 926 | - | - | 926 |
| Public Safety | 191 | - | - | 191 |
| Transportation | 633 | - | - | 633 |
| Human Services | 207 | - | - | 207 |
| Economic Environment | 83 | - | - | 83 |
| Physical Environment | 387 | - | - | 387 |
| Culture and Recreation | 118 | - | - | 118 |
| Total Assigned | <u>2,545</u> | <u>-</u> | <u>-</u> | <u>2,545</u> |
| Unassigned: | <u>2,472</u> | <u>1</u> | <u>(606)</u> | <u>1,867</u> |
| Total Fund Balance | <u>\$ 27,250</u> | <u>\$ 4,274</u> | <u>\$ 78,125</u> | <u>\$ 109,649</u> |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

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, 2014, in the respective funds are as follows (in thousands):

| | | |
|------------------------|----|---------------|
| General Fund | \$ | 1,794 |
| Electric | | 18,257 |
| Gas | | 674 |
| Sewer | | 12,875 |
| Stormwater Management | | 6,865 |
| Water | | 6,626 |
| Airport | | 14,893 |
| Nonmajor Governmental | | 14,745 |
| Nonmajor Enterprise | | 3,555 |
| Internal Service Funds | | 7,909 |
| CRA | | 71 |
| Total | \$ | <u>88,264</u> |

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

B. RISK MANAGEMENT PROGRAM

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

B. RISK MANAGEMENT PROGRAM (CONTINUED)

Changes in the balances of self-insured claims for the year ended September 30, 2014 are as follows (in thousands):

| | | |
|--|----|----------------|
| Unpaid claims - October 1 (including IBNRs) | \$ | 10,699 |
| Expenses | | 5,162 |
| Claim payments | | <u>(3,797)</u> |
| Unpaid claims - September 30 (including IBNRs) | \$ | <u>12,064</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. As of September 30, 2014, the contingent loans for Special Projects totaled \$5.7 million. The contingent down payment assistance loan balance 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.

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 \$109,000 and \$180,000 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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

F. LONG-TERM CONTRACTS (CONTINUED)

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). 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, 2014 (in thousands):

| <u>Years ending September 30,</u> | <u>Gas Contracts</u> |
|---------------------------------------|----------------------|
| 2015 | 85,978 |
| 2016 | 7,564 |
| 2017 | 8,658 |
| 2018 | 8,952 |
| 2019 | 8,876 |
| Thereafter | 179,852 |
| Total | <u>\$ 299,880</u> |

G. PENSION PLAN OBLIGATIONS

The City of Tallahassee Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit and defined contribution plan that was established by Chapter 14 of the City Code of Ordinances for general employees and single employer plans for both the police officers and firefighters. The Plan is administered by the City of Tallahassee Treasurer-Clerk's Office, under guidance from the Plan's Board of Trustees, which is composed of the members of the City Commission and one City police officer or firefighter. The City police officer or firefighter is elected by a majority of the police and firefighters who are members of the Plan. Under the Plan, the City provides a multi-employer defined benefit provision covering general employees (Article II), and a defined contribution provision (Article V) covering all City employees. The City's general employee defined benefit provision and defined contribution provision is also provided for the employees of Blueprint 2000 Intergovernmental Agency (Blueprint 2000), the Capital Regional Transportation Planning Agency (CRTPA) and the Consolidated Dispatch Agency (CDA). The City's police officers (Article III) and firefighters (Article IV) are both covered by single employer defined benefit provisions as well as the defined contribution provision in Article V. As noted earlier, Blueprint 2000 is a jointly governed organization, while CRTPA and CDA are both joint ventures. The defined benefit plans for police officers and firefighters are comprised only of City employees.

The Defined Benefit and Defined Contribution provisions are combined and reported as one plan in the financial statements. The City of Tallahassee does not issue a stand-alone Financial Report for the Plan. The provisions of the Plan are "qualified" under the Internal Revenue Service Code, and employee contributions are tax deferred.

1. DEFINED BENEFIT PROVISION

The Pension Plan is established for all three programs in Chapter 14 of the Municipal Code, through Parts A, B, C and D in Articles II, for general employees with Parts A, B and C closed to new participants while part D provides coverage to all new employees. For police officers and firefighters, Article III and IV, respectively, Parts A and B are closed to new

NOTE V. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN OBLIGATIONS (CONTINUED)

1. DEFINED BENEFIT PROVISION (CONTINUED)

participants while Part C provides coverage to all new employees. All members of the Plan are covered by one of these parts depending upon employment date. These parts provide a detailed description of the various defined benefit provisions. These provisions include the types of employees covered, benefit provisions, employee eligibility requirements for normal, early and/or vested retirements, and the related benefits of these retirements, pre-retirement death benefits, and provisions for disability retirements. There are also post retirement cost-of-living adjustments (COLA) and health care supplements. For FY2014, employers contributed 15.19% of payroll for general employees, 23.24% for police officers and 25.21% for firefighters. Employee contributions were 3.75% for general employees, 10.45% for police officers hired before October 1, 2012 and 12.89% for police officers hired on or after October 1, 2012 and 15.33% for firefighters.

2. DEFINED CONTRIBUTION PROVISION

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

3. PENSION PLAN INFORMATION

2014 Membership Statistical Information

| | |
|---|-------|
| A. Retirees and beneficiaries of deceased retirees currently receiving benefits | 1,786 |
| B. Terminated employees entitled to benefits but not yet receiving benefits | 238 |
| C. Active Employees | 2,386 |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN OBLIGATIONS (CONTINUED)

4. NET PENSION LIABILITY

The components of the net pension liability of the participating employers in the general employees plan as of September 30, 2014 were as follows:

| | |
|---|--------------------|
| Total pension liability | \$957,178,000 |
| Plan fiduciary net position | <u>948,469,000</u> |
| Employers' net pension liability | \$ 8,709,000 |
| Plan fiduciary net position as a percentage of the total pension liability | 99.09% |

The components of the net pension liability of the firefighters pension plan as of September 30, 2014 were as follows:

| | |
|---|--------------------|
| Total pension liability | \$209,067,000 |
| Plan fiduciary net position | <u>179,828,000</u> |
| Employers' net pension liability | \$ 29,239,000 |
| Plan fiduciary net position as a percentage of the total pension liability | 86.01% |

The components of the net pension liability of the police officers plan as of September 30, 2014 were as follows:

| | |
|---|--------------------|
| Total pension liability | \$294,407,000 |
| Plan fiduciary net position | <u>263,322,000</u> |
| Employers' net pension liability | \$ 31,085,000 |
| Plan fiduciary net position as a percentage of the total pension liability | 89.44% |

The total pension liability was determined by an actuarial valuation as of October 1, 2012, rolled forward to measurement date of September 30, 2014. 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. Mortality rates were based on the RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females, with adjustments for mortality improvements based on Scale AA.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN OBLIGATIONS (CONTINUED)
5. INVESTMENTS

Plan assets are managed in accordance with the Pension Investment Policy. The table below presents the adopted asset allocation as of September 30, 2014.

| <u>Asset Class</u> | <u>Target Allocation Percentage</u> |
|-------------------------|---|
| Domestic Equity | 40 % |
| International Equity | 10 % |
| Emerging Markets Equity | 5 % |
| Fixed Income | 20 % |
| Real Estate | 15 % |
| Private Equity | 5 % |
| Timber | 5 % |
| Grand Total | <u>100 %</u> |

For the year ended September 30, 2014, the annual money-weighted rate of return on pension plan investments, net of investment expense, was 10.34%. The money-weighted rate of return takes into account cash flows into and from the various investment of the Plan.

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

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-------------------------|---|
| Domestic Equity | 6.4 % |
| International Equity | 6.9 % |
| Emerging Markets Equity | 9.2 % |
| Fixed Income | 1.4 % |
| Real Estate | 4.2 % |
| Private Equity | 11.5 % |
| Timber | 5.2 % |

6. DISCOUNT RATES

General Employees - A single discount rate 7.75% was used to measure the total pension liability for the general employees plan. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN OBLIGATIONS (CONTINUED)

6. DISCOUNT RATES (CONTINUED)

plan members. Therefore, the long-term expected rate of return on pension plan investments (7.75%) was applied to all periods of projected benefits payments to determine the total pension liability.

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

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

| 1% Decrease 6.75% | Current Single Discount Rate Assumption 7.75% | 1% Increase 8.75% |
|----------------------|--|----------------------|
| \$ 134,126,000 | \$ 8,709,000 | \$ (95,320,000) |

Police officers - A single discount rate of 7.75% was used to measure the total pension liability for the police officers plan. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.75%) was applied to all periods of projected benefits payments to determine the total pension liability.

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

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

| 1% Decrease 6.75% | Current Single Discount Rate Assumption 7.75% | 1% Increase 8.75% |
|----------------------|--|----------------------|
| \$ 71,000,000 | \$ 31,085,000 | \$ (1,769,000) |

Firefighters - A single discount rate of 7.75% was used to measure the total pension liability for the firefighters plan. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.75%) was applied to all periods of projected benefits payments to determine the total pension liability.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN OBLIGATIONS (CONTINUED)

6. DISCOUNT RATES (CONTINUED)

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

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

| 1% Decrease 6.75% | Current Single Discount Rate Assumption 7.75% | 1% Increase 8.75% |
|----------------------|--|----------------------|
| \$ 55,496,000 | \$ 23,239,000 | \$ 7,459,000 |

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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

I. OTHER POST EMPLOYMENT BENEFITS (OPEB)

1. PLAN DESCRIPTION

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

2. FUNDING POLICY

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

3. ANNUAL OPEB COST AND NET OPEB OBLIGATION

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

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 | \$ | 4,639 |
| Interest on net OPEB obligation | | 194 |
| Adjustment to annual required contribution | | (133) |
| Annual OPEB cost | | <u>4,700</u> |
| Contributions made | | <u>4,250</u> |
| Increase in net OPEB obligation | | 450 |
| Net OPEB Obligation - October 1 | | <u>2,500</u> |
| Net OPEB obligation - September 30 | \$ | <u><u>2,950</u></u> |

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

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

3. ANNUAL OPEB COST AND NET OPEB OBLIGATION (CONTINUED)

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):

| Fiscal Year | Annual OPEB Cost | Amount Contributed | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------|------------------|--------------------|--|---------------------|
| 2012 | \$ 2,052 | \$ 2,052 | 100.00 % | \$ 2,500 |
| 2013 | \$ 1,996 | \$ 1,996 | 100.00 % | \$ 2,500 |
| 2014 | \$ 4,700 | \$ 4,250 | 90.43 % | \$ 2,950 |

4. FUNDED STATUS AND FUNDING PROGRESS

As of October 1, 2012, the most recent actuarial valuation date, the plan was 7.2% funded. The actuarial accrued liability for benefits was \$61.5 million, and the actuarial value of assets was \$4.4 million resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$57.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$139.5 million, and the ratio of the UAAL to the covered payroll was 40.9%. The schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

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

5. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members 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, 2012 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 3.0 % inflation assumption. The UAAL is being amortized as a level percentage of payroll on an open basis over a period of thirty years.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

J. DERIVATIVE INSTRUMENTS

The contracts are recorded at fair value on the Statement of Net Assets as they have been determined to qualify as derivative instruments under GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". The fair value balances and notional amounts of derivative instruments, all of which are accounted for within the City's business-type activities, as of September 30, 2014 and the changes in fair value of such derivative instruments for the year then ended, are as follows (amounts in thousands; debit (credit)):

| | <u>Changes in Fair Value</u> | | <u>Fair Value at September 30, 2014</u> | | |
|---------------------------------|--------------------------------|--------------------|---|--------------------|-------------------|
| | <u>Classification</u> | <u>Amount (\$)</u> | <u>Classification</u> | <u>Amount (\$)</u> | <u>Notional</u> |
| Cash Flow Hedges: | | | | | |
| Commodity Forward - Natural Gas | Deferred Outflows of Resources | 1,263 | Derivative Instrument | (1,263) | 17,625,000 Mmbtus |

The following table displays the objectives and terms of the City's derivative instruments outstanding at September 30, 2014:

| <u>Type</u> | <u>Objective</u> | <u>Effective Date</u> | <u>Maturity Date</u> | <u>Terms</u> |
|----------------------------|--|-----------------------|--------------------------------|--|
| Commodity Forward Contract | Value of changes in cash flows due to market price fluctuations related to expected purchases of natural gas | Various | November 2014 - September 2015 | Pay various prices per MMBTU; settlement based on Henry Hub 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.

K. CONTINGENCY

CASCADE PARK SUPERFUND SITE - The City of Tallahassee (City) excavated approximately 85,000 tons of contaminated soil from the Cascades Park site in 2005-2006 pursuant to the requirements of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund). Additionally, Blueprint 2000 conducted subsequent excavations as part of park construction activities. Despite these efforts, residual groundwater and soil contamination remained at the site. As a result, in December 2011, the City as the CERCLA "responsible party" and the U.S. Environmental Protection Agency (EPA) entered into an "Administrative Settlement Agreement and Order on Consent for Remedial Investigation / Feasibility Study." This Settlement Agreement, which is still in effect, requires the City to determine the most appropriate remedial technology to address the subsurface contamination and make recommendations to the EPA on how to move forward. In accordance with the Settlement Agreement, a field-scale pilot injection study was completed in February 2013. After a year of groundwater monitoring following the pilot study, and additional negotiations with the EPA, the City finalized its recommendations which were formally in the form of a Draft Feasibility Study Report to the EPA in February 2014. EPA is still in the process of reviewing the report recommendations. 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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

NOTE V. OTHER INFORMATION (CONTINUED)

K. CONTINGENCY (CONTINUED)

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, 2014 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, 2014, the City paid fees to the Agency totaling \$164,463.
- 2) On June, 22, 2012, 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, 2014, the City paid fees to BP2K for this project totaling \$424,812.
- 3) The City paid the following contributions to the following entities:
 - a. \$220,000 to BP2K for costs related to Cascades Park.
 - b. \$4,302,000 to CDA for operations.
 - c. \$312,300 to CDA for Fire/EMS revenue.
- 4) The City received the following contributions/donations from the following entities:
 - a. \$82,140 donation from BP2K for landscaping costs at Cascades Park.

**REQUIRED
SUPPLEMENTARY INFORMATION**

THIS SUBSECTION CONTAINS THE FOLLOWING:

Budgetary Comparison Schedule-General Fund

Note to Required Supplementary Information

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

Schedule of the Employer's Net Pension Liability - General Employees

Schedule of Net Pension Liability by Employer - General Employees

Schedule of Contributions - General Employees

Notes to the Schedule of Contributions - General Employees

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

Schedule of the Employer's Net Pension Liability - Police Officers

Schedule of Contributions - Police Officers

Notes to the Schedule of Contributions - Police Officers

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

Schedule of the Employer's Net Pension Liability - Firefighters

Schedule of Contributions - Firefighters

Notes to the Schedule of Contributions - Firefighters

Schedule of Funding Progress - OPEB

Schedule of Employer Contributions - OPEB

CITY OF TALLAHASSEE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule
General Fund
for the fiscal year ended September 30, 2014
(in thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with</u> |
|---|-------------------------|----------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>(Budgetary Basis)</u> | <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u> |
| Budgetary Fund Balance - October 1 | \$ 680 | \$ 680 | \$ 680 | \$ - |
| Resources | | | | |
| Taxes | 54,316 | 54,316 | 54,962 | 646 |
| Licenses and Permits | 2,751 | 2,751 | 2,707 | (44) |
| Intergovernmental Revenues | 15,477 | 15,477 | 15,642 | 165 |
| Charges for Services | 8,839 | 8,839 | 8,475 | (364) |
| Fines and Forfeitures | 2,466 | 2,466 | 1,448 | (1,018) |
| Interest Earned | 500 | 500 | 303 | (197) |
| Miscellaneous | 11,162 | 11,162 | 10,312 | (850) |
| Transfers from Other Funds | 42,868 | 42,868 | 42,843 | (25) |
| Amounts Available for Appropriations | <u>139,059</u> | <u>139,059</u> | <u>137,372</u> | <u>(1,687)</u> |
| Charges to Appropriations | | | | |
| General Government | 28,413 | 26,238 | 23,596 | 2,642 |
| Public Safety | 48,453 | 49,064 | 49,161 | (97) |
| Transportation | 17,814 | 17,311 | 16,447 | 864 |
| Human Services | 2,009 | 880 | 917 | (37) |
| Economic Development | 824 | 824 | 755 | 69 |
| Physical Environment | 1,885 | 1,884 | 1,811 | 73 |
| Culture and Recreation | 20,668 | 20,367 | 20,669 | (302) |
| Transfers to Other Funds | 18,993 | 22,491 | 22,860 | (369) |
| Total Charges to Appropriations | <u>139,059</u> | <u>139,059</u> | <u>136,216</u> | <u>2,843</u> |
| Budgetary fund balance, September 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,156</u> | <u>\$ 1,156</u> |

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
Note to Required Supplementary Information
General Fund
For the Year Ended September 30, 2014
(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. | \$ 137,372 |
| Differences - budget to GAAP | |
| The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes. | (680) |
| The increase in the fair market value of investments is an increase in revenue for financial reporting purposes but is considered a budgetary inflow. | 25 |
| The revenues of the City's Deficiency Reserve and Scholarship Reserve are current year revenues for reporting purposes but are not considered budgetary inflows. | 2,902 |
| Current year nonbudgeted transfer is treated as revenue for financial reporting purposes but not as a budgetary inflow. | 31 |
| Miscellaneous items treated as budgetary inflows but not as revenues for financial reporting purposes. | <u>(720)</u> |
| Total Revenues/Transfers In as reported on the statement of revenues, expenditures, and changes in fund balances. | <u>\$ 138,930</u> |

Outflows of Resources

| | |
|---|-------------------|
| Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule. | \$ 136,216 |
| Difference - budget to GAAP | |
| The expenditures of the City's Deficiency Reserve and Scholarship reserve are current year expenditures for reporting purposes but are not considered budgetary outflows. | 4,349 |
| 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 | (521) |
| Miscellaneous items treated as budgetary outflows but not as expenditures for financial reporting purposes. | <u>(3,796)</u> |
| Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances. | <u>\$ 136,248</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS -
GENERAL EMPLOYEES
(in thousands)

| | Fiscal Year Ending September 30 2014 |
|--|---|
| Total pension liability | |
| Service Cost | \$ 16,333 |
| Interest | 70,460 |
| Benefit Payments | (44,510) |
| Refunds | (385) |
| Net Change in Total Pension Liability | 41,898 |
| Total Pension Liability - Beginning | 915,280 |
| Total Pension Liability - Ending (a) | 957,178 |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 16,110 |
| Contributions - Other | 92 |
| Contributions - Member | 4,607 |
| Net Investment Income | 89,958 |
| Benefits Payments | (44,510) |
| Refunds | (385) |
| Administrative Expense | (668) |
| Net Change in Plan Fiduciary Net Position | 65,204 |
| Plan Fiduciary Net Position - Beginning | 883,265 |
| Plan Fiduciary Net Position - Ending (b) | \$ 948,469 |
| Net Pension Liability - Ending (a) - (b) | \$ 8,709 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 99.09 % |
| Covered Employee Payroll | \$ 106,057 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 8.21 % |

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY - GENERAL EMPLOYEES
(in thousands)

| FY Ending September 30 | Total Pension Liability | Plan Net Position | Net Pension Liability | Plan Net Position as a % of Total Pension Liability | Covered Payroll | Net Pension Liability as a % of Covered Payroll |
|-----------------------------------|------------------------------------|------------------------------|----------------------------------|--|----------------------------|--|
| 2014 | \$ 957,178 | \$ 948,469 | \$ 8,709 | 99.09 % | \$ 106,057 | 8.21 % |

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF NET PENSION LIABILITY BY EMPLOYER - GENERAL EMPLOYEES
(in thousands)

| Fiscal year ending September 30, | EMPLOYER: BLUEPRINT 2014 | EMPLOYER: CRTPA 2014 | EMPLOYER: CDA 2014 | EMPLOYER: CITY OF TALLAHASSEE 2014 | GENERAL EMPLOYEES TOTAL 2014 |
|--|---|-------------------------------------|-----------------------------------|---|---|
| Total Pension Liability - Beginning | \$ 3,970 | \$ 2,088 | \$ 21,377 | \$ 887,845 | \$ 915,280 |
| Total Pension Liability - Ending (a) | <u>4,152</u> | <u>2,184</u> | <u>22,355</u> | <u>928,487</u> | <u>957,178</u> |
| Plan Fiduciary Net Position - Beginning | <u>3,831</u> | <u>2,015</u> | <u>20,629</u> | <u>856,790</u> | <u>883,265</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 4,114</u> | <u>\$ 2,164</u> | <u>\$ 22,152</u> | <u>\$ 920,039</u> | <u>\$ 948,469</u> |
| Net Pension Liability - Ending (a) - (b) | 38 | 20 | 203 | 8,448 | 8,709 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 99.08 % | 99.08 % | 99.09 % | 99.09 | 99.09 % |
| Covered Employee Payroll | \$ 460 | \$ 242 | \$ 2,477 | \$ 102,878 | \$ 106,057 |
| Net Pension Liability as a percentage of Covered Employee Payroll | 8.26 % | 8.26 % | 8.20 % | 8.21 % | 8.21 % |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CONTRIBUTIONS-GENERAL EMPLOYEES
Last Ten Fiscal Years
(in thousands)

| Fiscal Year Ending September 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---|--|--------------------------------|---|----------------------------|--|
| 2005 \$ | 8,811 \$ | 8,811 \$ | - \$ | 90,000 | 9.79 % |
| 2006 | 8,488 | 8,488 | - | 92,664 | 9.16 % |
| 2007 | 9,307 | 9,307 | - | 98,591 | 9.44 % |
| 2008 | 9,609 | 9,609 | - | 95,233 | 10.09 % |
| 2009 | 9,547 | 9,547 | - | 99,241 | 9.62 % |
| 2010 | 8,862 | 8,862 | - | 93,383 | 9.49 % |
| 2011 | 10,408 | 10,408 | - | 97,362 | 10.69 % |
| 2012 | 10,523 | 10,523 | - | 95,577 | 11.01 % |
| 2013 | 14,335 | 14,335 | - | 99,067 | 14.47 % |
| 2014 \$ | 16,110 \$ | 16,110 \$ | - \$ | 106,057 | 15.19 % |

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA
NOTES TO SCHEDULE OF CONTRIBUTIONS - GENERAL EMPLOYEES**

Valuation Date: October 1, 2012
Measurement Date: September 30, 2014
Notes: Actuarially determined contribution rates are calculated as of October 1, which is two year (s) prior to the end of the fiscal year in which contributions are reported.

Methods and Assumption Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Pay (with 2.4% payroll growth assumption), Closed |
| Remaining Amortization Period | 17 years |
| Asset Valuation Method | 20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value |
| Salary Increases | 3.5%, including inflation |
| Investment Rate of Return | 7.75% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females with mortality improvement projected using Scale AA for 15 years from the valuation date (to October 1, 2027) |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS - POLICE OFFICERS
(in thousands)

| | Fiscal Year Ending September 30 2014 |
|--|---|
| Total pension liability | |
| Service Cost | \$ 6,094 |
| Interest | 21,635 |
| Benefit Payments | (12,638) |
| Refunds | (151) |
| Net Change in Total Pension Liability | 14,940 |
| Total Pension Liability - Beginning | 279,467 |
| Total Pension Liability - Ending (a) | \$ 294,407 |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 5,779 |
| Contributions - Non-Employer Contributing Entity | 26 |
| Contributions - Member | 2,808 |
| Net Investment Income | 26,199 |
| Benefits Payments | (12,638) |
| Refunds | (151) |
| Administrative Expense | (192) |
| Net Change in Plan Fiduciary Net Position | 21,831 |
| Plan Fiduciary Net Position - Beginning | 241,491 |
| Plan Fiduciary Net Position - Ending (b) | \$ 263,322 |
| Net Pension Liability - Ending (a) - (b) | \$ 31,085 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 89.44 % |
| Covered Employee Payroll | \$ 24,865 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 125.02 % |

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY - POLICE OFFICERS
(in thousands)

| FY Ending September 30 | Total Pension Liability | Plan Net Position | Net Pension Liability | Plan Net Position as a % of Total Pension Liability | Covered Payroll | Net Pension Liability as a % of Covered Payroll |
|-----------------------------------|------------------------------------|------------------------------|----------------------------------|--|----------------------------|--|
| 2014 | \$ 294,407 | \$ 263,322 | \$ 31,085 | 89.44 % | \$ 24,865 | 125.02 % |

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CONTRIBUTIONS-POLICE OFFICERS
Last Ten Fiscal Years
(in thousands)

| Fiscal Year Ending September 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---|--|--------------------------------|---|------------------------|--|
| 2005 \$ | 2,797 \$ | 2,797 \$ | - \$ | 18,797 | 14.88 % |
| 2006 | 2,755 | 2,755 | - | 19,849 | 13.88 % |
| 2007 | 2,906 | 2,906 | - | 20,937 | 13.88 % |
| 2008 | 3,014 | 3,014 | - | 20,873 | 14.44 % |
| 2009 | 3,064 | 3,064 | - | 21,547 | 14.22 % |
| 2010 | 3,071 | 3,071 | - | 20,680 | 14.85 % |
| 2011 | 4,228 | 4,228 | - | 22,067 | 19.16 % |
| 2012 | 4,251 | 4,251 | - | 21,958 | 19.36 % |
| 2013 | 4,787 | 4,787 | - | 22,548 | 21.23 % |
| 2014 \$ | 5,779 \$ | 5,779 \$ | - \$ | 24,865 | 23.24 % |

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA
NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE OFFICERS**

Valuation Date: October 1, 2012
Measurement Date: September 30, 2014
Notes: Actuarially determined contribution rates are calculated as of October 1, which is two year (s) prior to the end of the fiscal year in which contributions are reported.

Methods and Assumption Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Pay (with 4.0% payroll growth assumption), Closed |
| Remaining Amortization Period | 30 years |
| Asset Valuation Method | 20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value |
| Salary Increases | 5.0%, including inflation |
| Investment Rate of Return | 7.75% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females with mortality improvement projected using Scale AA for 15 years from the valuation date (to October 1, 2027) |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS -
FIREFIGHTERS
(in thousands)

| | Fiscal Year Ending September 30 2014 |
|--|---|
| Total pension liability | |
| Service Cost | \$ 3,987 |
| Interest | 15,438 |
| Benefit Payments | (11,042) |
| Refunds | (90) |
| Net Change in Total Pension Liability | 8,293 |
| Total Pension Liability - Beginning | 200,774 |
| Total Pension Liability - Ending (a) | \$ 209,067 |
| Plan Fiduciary Net Position | |
| Contributions - Employer | \$ 3,894 |
| Contributions - Non-Employer Contributing Entity | 17 |
| Contributions - Member | 2,398 |
| Net Investment Income | 16,635 |
| Benefits Payments | (11,042) |
| Refunds | (90) |
| Administrative Expense | (124) |
| Net Change in Plan Fiduciary Net Position | 11,688 |
| Plan Fiduciary Net Position - Beginning | 168,140 |
| Plan Fiduciary Net Position - Ending (b) | \$ 179,828 |
| Net Pension Liability - Ending (a) - (b) | 29,239 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 86.01 % |
| Covered Employee Payroll | \$ 15,446 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 189.30 % |

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY - FIREFIGHTERS
(in thousands)

| FY Ending September 30 | Total Pension Liability | Plan Net Position | Net Pension Liability | Plan Net Position as a % of Total Pension Liability | Covered Payroll | Net Pension Liability as a % of Covered Payroll |
|-----------------------------------|--|------------------------------|----------------------------------|--|----------------------------|--|
| 2014 | \$ 209,067 | \$ 179,828 | \$ 29,239 | 86.01 % | \$ 15,446 | 189.30 % |

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS
Last Ten Fiscal Years
(in thousands)

| Fiscal Year Ending September 30, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---|--|--------------------------------|---|------------------------|--|
| 2005 \$ | 1,848 \$ | 1,848 \$ | - \$ | 12,039 | 15.35 % |
| 2006 | 1,906 | 1,906 | - | 12,210 | 15.61 % |
| 2007 | 2,010 | 2,010 | - | 12,602 | 15.95 % |
| 2008 | 2,072 | 2,072 | - | 12,061 | 17.18 % |
| 2009 | 2,376 | 2,376 | - | 12,760 | 18.62 % |
| 2010 | 2,447 | 2,447 | - | 12,649 | 19.35 % |
| 2011 | 3,022 | 3,022 | - | 13,401 | 22.55 % |
| 2012 | 3,024 | 3,024 | - | 12,373 | 24.44 % |
| 2013 | 3,154 | 3,154 | - | 12,718 | 24.80 % |
| 2014 \$ | 3,894 \$ | 3,894 \$ | - \$ | 15,446 | 25.21 % |

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA
NOTES TO SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS**

Valuation Date: October 1, 2012
Measurement Date: September 30, 2014
Notes Actuarially determined contribution rates are calculated as of October 1, which is two year (s) prior to the end of the fiscal year in which contributions are reported.

Methods and Assumption Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Pay (with 3.5% payroll growth assumption), Closed |
| Remaining Amortization Period | 30 years |
| Asset Valuation Method | 20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value |
| Salary Increases | 4.0%, including inflation |
| Investment Rate of Return | 7.75% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | RP-2000 Combined Mortality Table with 40%/60% blend of white/blue collar rates for males and females with mortality improvement projected using Scale AA for 15 years from the valuation date (to October 1, 2027) |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

September 30, 2014

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

SCHEDULE OF FUNDING PROGRESS
(in millions)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Liability (AAL)- Entry Age (b) | Unfunded AAL (UA AL) (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((a-b)/c) |
|---------------------------------|--------------------------------------|---|-----------------------------------|---------------------------|----------------------------|--|
| 10/1/2009 \$ | 2.7 \$ | 44.6 \$ | 41.9 \$ | 6.05 % | 142.7 \$ | 29.36 % |
| 10/1/2010 \$ | 4.2 \$ | 24.5 \$ | 20.3 \$ | 17.14 % | 141.3 \$ | 14.37 % |
| 10/1/2012 \$ | 4.4 \$ | 61.5 \$ | 57.1 \$ | 7.15 % | 139.5 \$ | 40.93 % |

SCHEDULE OF EMPLOYER CONTRIBUTIONS
(in thousands)

| Fiscal Year Ending | Annual Required Contribution (ARC) | Percentage Contributed |
|---------------------------|---|-------------------------------|
| 2012 | \$ 2,052 | 100.0 % |
| 2013 | 1,996 | 100.0 % |
| 2014 | \$ 4,700 | 90.4 % |

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



NONMAJOR FUNDS

GOVERNMENTAL FUNDS

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

CITY OF TALLAHASSEE, FLORIDA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2014
(in thousands)

| | Special Revenue Funds | | | | |
|---|------------------------------|------------------------|----------------------------------|--------------------|----------------------------------|
| | Special Projects | Law Enforcement | Building Code Enforcement | Concurrency | State Housing Partnership |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 4,199 | \$ - | \$ 180 | \$ 3,615 | \$ - |
| Securities Lending Collateral | 171 | - | 3 | 62 | - |
| Receivables: | | | | | |
| Accrued Interest | 6 | - | - | 7 | - |
| Customers and Others | 275 | - | - | - | - |
| Notes | 44 | - | - | - | - |
| Special Assessments | - | - | - | - | - |
| Due From Other Governments | 210 | - | - | - | - |
| Cash and Cash Equivalents - Restricted | 584 | 795 | - | - | 399 |
| Securities Lending Collateral - Restricted | 10 | 14 | - | - | 7 |
| Receivables - Restricted: | | | | | |
| Accrued Interest | 1 | 2 | - | - | 1 |
| Customers and Others | 5 | 5 | - | - | - |
| Notes | - | - | - | - | 284 |
| Due From Other Governments | 1,114 | - | - | - | - |
| Total Assets | <u>\$ 6,619</u> | <u>\$ 816</u> | <u>\$ 183</u> | <u>\$ 3,684</u> | <u>\$ 691</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Obligations Under Securities Lending | \$ 171 | \$ - | \$ 3 | \$ 62 | \$ - |
| Accounts and Retainage Payable | 179 | 8 | 82 | - | 1 |
| Unearned Revenue | 4 | - | 74 | - | - |
| Advances from Other Funds | - | - | 629 | - | - |
| Accounts and Retainage Payable - Restricted | 963 | - | - | - | - |
| Obligations Under Securities Lending - Restricted | 10 | 14 | - | - | 7 |
| Unearned Revenue - Restricted | - | 150 | - | - | 398 |
| Total Liabilities | <u>1,327</u> | <u>172</u> | <u>788</u> | <u>62</u> | <u>406</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 74 | - | 1 | 10 | 285 |
| Spendable: | | | | | |
| Restricted | 1,387 | 129 | - | 3,612 | - |
| Committed | 3,831 | 515 | - | - | - |
| Unassigned | - | - | (606) | - | - |
| Total Fund Balances | <u>5,292</u> | <u>644</u> | <u>(605)</u> | <u>3,622</u> | <u>285</u> |
| Total Liabilities and Fund Balances | <u>\$ 6,619</u> | <u>\$ 816</u> | <u>\$ 183</u> | <u>\$ 3,684</u> | <u>\$ 691</u> |

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2014
(in thousands)**

| Debt Service | Capital Project Funds | | | | Gas Tax | Permanent Fund | Total |
|---------------|-----------------------|------------------|------------------------|-----------------|-----------------|------------------|-------|
| | Capital Improvement | Capital Bonds | Sales Tax Construction | Cemetery | | | |
| \$ - | \$ 16,954 | \$ 26,282 | \$ 13,411 | \$ 5,701 | \$ 5,424 | \$ 75,766 | |
| - | 191 | 451 | 230 | 98 | 91 | 1,297 | |
| - | 26 | 52 | 27 | 11 | 11 | 140 | |
| - | 14 | - | - | - | - | 289 | |
| - | 87 | - | - | - | - | 131 | |
| - | 137 | - | - | - | - | 137 | |
| - | - | - | 640 | 1,670 | - | 2,520 | |
| 783 | - | - | - | - | - | 2,561 | |
| 36 | - | - | - | - | - | 67 | |
| 4 | - | - | - | - | - | 8 | |
| - | - | - | - | - | - | 10 | |
| - | - | - | - | - | - | 284 | |
| - | - | - | - | - | - | 1,114 | |
| <u>\$ 823</u> | <u>\$ 17,409</u> | <u>\$ 26,785</u> | <u>\$ 14,308</u> | <u>\$ 7,480</u> | <u>\$ 5,526</u> | <u>\$ 84,324</u> | |
| \$ - | \$ 191 | \$ 451 | \$ 230 | \$ 98 | \$ 91 | \$ 1,297 | |
| - | 511 | 245 | 207 | 63 | 11 | 1,307 | |
| - | - | - | - | - | - | 78 | |
| - | 678 | - | - | - | - | 1,307 | |
| - | - | 632 | - | - | - | 1,595 | |
| 36 | - | - | - | - | - | 67 | |
| - | - | - | - | - | - | 548 | |
| <u>36</u> | <u>1,380</u> | <u>1,328</u> | <u>437</u> | <u>161</u> | <u>102</u> | <u>6,199</u> | |
| - | 111 | 76 | 38 | 16 | 15 | 626 | |
| 787 | - | 25,381 | 13,833 | 7,303 | - | 52,432 | |
| - | 15,918 | - | - | - | 5,409 | 25,673 | |
| - | - | - | - | - | - | (606) | |
| <u>787</u> | <u>16,029</u> | <u>25,457</u> | <u>13,871</u> | <u>7,319</u> | <u>5,424</u> | <u>78,125</u> | |
| <u>\$ 823</u> | <u>\$ 17,409</u> | <u>\$ 26,785</u> | <u>\$ 14,308</u> | <u>\$ 7,480</u> | <u>\$ 5,526</u> | <u>\$ 84,324</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, 2014
(in thousands)

| | Special Revenue Funds | | | | |
|---|------------------------------|----------------------------|--------------------------------------|--------------------|--------------------------------------|
| | Special Projects | Law Enforcement | Building Code Enforcement | Concurrency | State Housing Partnership |
| Revenues: | | | | | |
| Licenses and Permits | \$ - | \$ - | \$ 3,062 | \$ 278 | \$ - |
| Intergovernmental Revenues | 4,703 | 52 | - | - | 329 |
| Charges for Services | 13 | - | 129 | - | - |
| Fines and Forfeitures | - | 220 | 45 | - | - |
| Net Investment Earnings | 37 | 8 | 5 | 50 | 6 |
| Securities Lending Income | - | - | - | - | - |
| Change in Fair Value of Investments | 21 | - | 1 | (2) | - |
| Miscellaneous Revenues | 190 | - | 197 | - | - |
| Total Revenues | 4,964 | 280 | 3,439 | 326 | 335 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | 477 | - | - | 1,650 | - |
| Public Safety | 568 | 306 | 2,796 | - | - |
| Transportation | 1,635 | - | - | 12 | - |
| Human Services | 337 | - | - | - | - |
| Economic Environment | 2,708 | - | - | - | 332 |
| Physical Environment | 16 | - | - | - | - |
| Culture and Recreation | 177 | - | - | - | - |
| Securities Lending Expense: | | | | | |
| Interest Expense | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal Retired | - | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - | - |
| Total Expenditures | 5,918 | 306 | 2,796 | 1,662 | 332 |
| Excess of Revenues Over (Under) Expenditures | (954) | (26) | 643 | (1,336) | 3 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 462 | 205 | 40 | - | - |
| Transfers Out | (387) | (205) | (215) | (192) | - |
| Proceeds from Sale of Bonds | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - |
| Total Other Financing Sources (Uses) | 75 | - | (175) | (192) | - |
| Net Change in Fund Balances | (879) | (26) | 468 | (1,528) | 3 |
| Fund Balances - October 1 | 6,171 | 670 | (1,073) | 5,150 | 282 |
| Fund Balances - September 30 | \$ 5,292 | \$ 644 | \$ (605) | \$ 3,622 | \$ 285 |

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, 2014
(in thousands)

| <u>Debt Service</u> | <u>Capital Project Funds</u> | | | | <u>Permanent Fund</u> | <u>Total</u> |
|---------------------|------------------------------|----------------------|-------------------------------|-----------------|-----------------------|------------------|
| | <u>Capital Improvement</u> | <u>Capital Bonds</u> | <u>Sales Tax Construction</u> | <u>Gas Tax</u> | <u>Cemetery</u> | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,340 |
| - | 5,800 | - | 3,848 | 7,089 | - | 21,821 |
| - | 11 | 1 | - | - | 154 | 308 |
| - | - | - | - | - | - | 265 |
| 498 | 166 | 37 | 37 | 66 | 59 | 969 |
| - | 2 | - | - | - | - | 2 |
| 4 | (9) | 76 | 10 | 2 | 2 | 105 |
| 1,350 | 254 | - | 9 | - | - | 2,000 |
| <u>1,852</u> | <u>6,224</u> | <u>114</u> | <u>3,904</u> | <u>7,157</u> | <u>215</u> | <u>28,810</u> |
| - | 392 | 386 | 17 | 19 | - | 2,941 |
| - | 154 | - | - | - | - | 3,824 |
| - | 2,671 | 6,435 | 2,729 | 3,640 | - | 17,122 |
| - | - | - | - | - | - | 337 |
| - | 57 | - | - | - | - | 3,097 |
| - | 66 | - | - | - | 430 | 512 |
| - | 1,168 | - | 262 | - | - | 1,607 |
| - | 1 | - | - | - | - | 1 |
| 6,050 | - | - | - | - | - | 6,050 |
| 3,051 | - | - | - | - | - | 3,051 |
| <u>9,101</u> | <u>4,509</u> | <u>6,821</u> | <u>3,008</u> | <u>3,659</u> | <u>430</u> | <u>38,542</u> |
| <u>(7,249)</u> | <u>1,715</u> | <u>(6,707)</u> | <u>896</u> | <u>3,498</u> | <u>(215)</u> | <u>(9,732)</u> |
| 7,253 | - | - | - | - | - | 7,960 |
| - | (3,000) | - | - | (2,364) | (30) | (6,393) |
| - | - | 33,902 | - | - | - | 33,902 |
| - | 6 | - | 526 | - | - | 532 |
| <u>7,253</u> | <u>(2,994)</u> | <u>33,902</u> | <u>526</u> | <u>(2,364)</u> | <u>(30)</u> | <u>36,001</u> |
| 4 | (1,279) | 27,195 | 1,422 | 1,134 | (245) | 26,269 |
| 783 | 17,308 | (1,738) | 12,449 | 6,185 | 5,669 | 51,856 |
| <u>\$ 787</u> | <u>\$ 16,029</u> | <u>\$ 25,457</u> | <u>\$ 13,871</u> | <u>\$ 7,319</u> | <u>\$ 5,424</u> | <u>\$ 78,125</u> |

See Independent Auditors' Report

NONMAJOR FUNDS

ENTERPRISE FUNDS

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

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Nonmajor Enterprise Funds
September 30, 2014
(in thousands)

| ASSETS | StarMetro | Solid Waste | Golf | Fire Services | Total |
|---|------------------|--------------------|-----------------|----------------------|------------------|
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 955 | \$ 11,141 | \$ 615 | \$ 4,488 | \$ 17,199 |
| Securities Lending Collateral | 16 | 191 | 11 | 77 | 295 |
| Receivables: | | | | | |
| Accrued Interest | - | 22 | 1 | 9 | 32 |
| Customers and Others | 1,748 | 1,474 | - | 1,752 | 4,974 |
| Due From Other Governments | 1,550 | 1 | - | 1,671 | 3,222 |
| Less: Allowance for Doubtful Accounts | 1 | (350) | - | (175) | (524) |
| Inventory | 855 | - | 36 | - | 891 |
| Total Current Assets | 5,125 | 12,479 | 663 | 7,822 | 26,089 |
| Noncurrent Assets: | | | | | |
| Deposits | 9 | - | - | - | 9 |
| Capital Assets: | | | | | |
| Land and Construction in Progress | 13,801 | - | 144 | 2,832 | 16,777 |
| Other, Net of Accumulated Depreciation | 18,134 | 2,014 | 1,182 | 12,340 | 33,670 |
| Total Noncurrent Assets | 31,944 | 2,014 | 1,326 | 15,172 | 50,456 |
| Total Assets | \$ 37,069 | \$ 14,493 | \$ 1,989 | \$ 22,994 | \$ 76,545 |
| LIABILITIES AND NET POSITION | | | | | |
| Current Liabilities: | | | | | |
| Accounts and Retainage Payable | \$ 493 | \$ 1,465 | \$ 29 | \$ 979 | \$ 2,966 |
| Due To Other Funds | 8 | - | 2 | - | 10 |
| Compensated Absences | 547 | 261 | 18 | 1,836 | 2,662 |
| Obligations Under Securities Lending | 16 | 191 | 11 | 77 | 295 |
| Total Current Liabilities | 1,064 | 1,917 | 60 | 2,892 | 5,933 |
| Noncurrent Liabilities: | | | | | |
| Advances from Other Funds | - | - | - | 13,961 | 13,961 |
| Compensated Absences | 190 | 198 | 14 | 428 | 830 |
| Total Noncurrent Liabilities | 190 | 198 | 14 | 14,389 | 14,791 |
| Total Liabilities | 1,254 | 2,115 | 74 | 17,281 | 20,724 |
| Net Position: | | | | | |
| Net Investment in Capital Assets | 31,767 | 2,014 | 1,326 | 15,172 | 50,279 |
| Unrestricted | 4,048 | 10,364 | 589 | (9,459) | 5,542 |
| Total Net Position | 35,815 | 12,378 | 1,915 | 5,713 | 55,821 |
| Total Liabilities and Net Position | \$ 37,069 | \$ 14,493 | \$ 1,989 | \$ 22,994 | \$ 76,545 |

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, 2014
(in thousands)

| | <u>StarMetro</u> | <u>Solid Waste</u> | <u>Golf</u> | <u>Fire Services</u> | <u>Total</u> |
|---|------------------|--------------------|-----------------|--------------------------|------------------|
| Operating Revenues: | | | | | |
| Charges for Services: | | | | | |
| Residential Sales | \$ - | \$ 9,929 | \$ - | \$ 17,216 | \$ 27,145 |
| Commercial and Industrial Sales | - | 12,688 | - | 11,629 | 24,317 |
| County Government | - | - | - | 2,948 | 2,948 |
| Recyclable Sales | - | 570 | - | - | 570 |
| Recreation Fees | - | - | 886 | - | 886 |
| Transportation Fees | 5,020 | - | - | - | 5,020 |
| Other Charges | 24 | (1) | - | 2,230 | 2,253 |
| Total Operating Revenues | <u>5,044</u> | <u>23,186</u> | <u>886</u> | <u>34,023</u> | <u>63,139</u> |
| Operating Expenses: | | | | | |
| Personnel Services | 10,200 | 4,565 | 470 | 23,278 | 38,513 |
| Contractual Services | 4,203 | 16,542 | 209 | 8,735 | 29,689 |
| Materials and Supplies | 3,366 | 65 | 115 | 745 | 4,291 |
| Other | 547 | (83) | 34 | 263 | 761 |
| Depreciation | 2,401 | 56 | 183 | 773 | 3,413 |
| Total Operating Expenses | <u>20,717</u> | <u>21,145</u> | <u>1,011</u> | <u>33,794</u> | <u>76,667</u> |
| Operating Income (Loss) | <u>(15,673)</u> | <u>2,041</u> | <u>(125)</u> | <u>229</u> | <u>(13,528)</u> |
| Non-Operating Revenues (Expenses): | | | | | |
| Net Investment Earnings | - | 132 | 7 | 9 | 148 |
| Change in Fair Value of Investments | 3 | 2 | 1 | 13 | 19 |
| Securities Lending: | | | | | |
| Securities Lending Income | - | 2 | - | - | 2 |
| Interest Expense | - | (1) | - | - | (1) |
| Other Expenses | (60) | (2,418) | (2) | (91) | (2,571) |
| Grant Revenues | 3,647 | - | - | - | 3,647 |
| Other Revenues | - | - | - | 185 | 185 |
| Gain (Loss) on Sale of Assets | - | - | - | 485 | 485 |
| Interest Expense | - | - | - | (76) | (76) |
| Total Non-Operating Revenues (Expenses) | <u>3,590</u> | <u>(2,283)</u> | <u>6</u> | <u>525</u> | <u>1,838</u> |
| Income (Loss) Before Capital Contributions and Operating Transfers | <u>(12,083)</u> | <u>(242)</u> | <u>(119)</u> | <u>754</u> | <u>(11,690)</u> |
| Operating Transfers: | | | | | |
| Capital Contributions | 2,317 | - | - | (7,239) | (4,922) |
| Transfers In | 9,227 | - | - | - | 9,227 |
| Transfers Out | (368) | (1,672) | (1) | (247) | (2,288) |
| Total Operating Transfers | <u>11,176</u> | <u>(1,672)</u> | <u>(1)</u> | <u>(7,486)</u> | <u>2,017</u> |
| Change in Net Position | <u>(907)</u> | <u>(1,914)</u> | <u>(120)</u> | <u>(6,732)</u> | <u>(9,673)</u> |
| Net Position - October 1 | <u>36,722</u> | <u>14,292</u> | <u>2,035</u> | <u>12,445</u> | <u>65,494</u> |
| Net Position - September 30 | <u>\$ 35,815</u> | <u>\$ 12,378</u> | <u>\$ 1,915</u> | <u>\$ 5,713</u> | <u>\$ 55,821</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended September 30, 2014
(in thousands)

| | StarMetro | Solid Waste | Golf Course Fund | Fire Services | Total |
|---|--------------------|------------------|---------------------|-------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash Received from Customers | \$ 4,062 | \$ 22,897 | \$ 885 | \$ 33,262 | \$ 61,106 |
| Cash Paid to Suppliers for Goods and Services | (11,282) | (11,716) | (362) | (9,847) | (33,207) |
| Cash Paid to Employees for Services | (10,168) | (4,568) | (471) | (23,431) | (38,638) |
| Cash Paid to Other Funds | - | (5,374) | - | (6,584) | (11,958) |
| Net Cash Provided by (Used for) Operating Activities | <u>(17,388)</u> | <u>1,239</u> | <u>52</u> | <u>(6,600)</u> | <u>(22,697)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers In from Other Funds | 11,758 | - | - | - | 11,758 |
| Transfers Out to Other Funds | (368) | (1,672) | 1 | (247) | (2,286) |
| Operating Grants Received | 3,647 | - | - | - | 3,647 |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>15,037</u> | <u>(1,672)</u> | <u>1</u> | <u>(247)</u> | <u>13,119</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Capital Contributions | 2,317 | - | - | - | 2,317 |
| Acquisition, Construction, and Sale of Capital Assets | (1,114) | (1,565) | 1 | (2,018) | (4,696) |
| Proceeds from the Sale of Property | - | - | - | 485 | 485 |
| Bond and Loan Proceeds | - | - | - | 13,437 | 13,437 |
| Repayment of Loans from Other Funds | - | - | - | (506) | (506) |
| Interest Paid | - | (1) | - | (76) | (77) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>1,203</u> | <u>(1,566)</u> | <u>1</u> | <u>11,322</u> | <u>10,960</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest Received on Investments | - | 144 | 3 | - | 147 |
| Increase in the Fair Value of Cash and Cash Equivalents | 3 | 2 | 1 | 13 | 19 |
| Net cash provided by (used in) investing activities | <u>3</u> | <u>146</u> | <u>4</u> | <u>13</u> | <u>166</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents/Investments | (1,145) | (1,853) | 58 | 4,488 | 1,548 |
| Cash and Cash Equivalents - October 1 | 2,100 | 12,994 | 557 | - | 15,651 |
| Cash and Cash Equivalents - September 30 | <u>\$ 955</u> | <u>\$ 11,141</u> | <u>\$ 615</u> | <u>\$ 4,488</u> | <u>\$ 17,199</u> |
| Classified As: | | | | | |
| Unrestricted Assets | \$ 955 | \$ 11,141 | \$ 615 | \$ 4,488 | \$ 17,199 |
| Restricted Assets | - | - | - | - | - |
| | <u>\$ 955</u> | <u>\$ 11,141</u> | <u>\$ 615</u> | <u>\$ 4,488</u> | <u>\$ 17,199</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | | |
| Operating Income (Loss) | \$ (15,673) | \$ 2,041 | \$ (125) | \$ 229 | \$ (13,528) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | | |
| Depreciation | 2,401 | 56 | 183 | 773 | 3,413 |
| Provision for Uncollectable Accounts | - | (225) | - | - | (225) |
| Increase (Decrease) in Accounts Receivable | (983) | (67) | 1 | 911 | (138) |
| Decrease in Inventory | 56 | - | - | - | 56 |
| (Decrease) in Accounts Payable | (3,221) | (563) | (6) | (6,688) | (10,478) |
| (Increase) in Due From Other Governments | - | - | - | (1,671) | (1,671) |
| Increase (Decrease) in Accrued Leave | 32 | (3) | (1) | (154) | (126) |
| Total Adjustments | <u>(1,715)</u> | <u>(802)</u> | <u>177</u> | <u>(6,829)</u> | <u>(9,169)</u> |
| Net Cash Provided By (Used For) Operating Activities | <u>\$ (17,388)</u> | <u>\$ 1,239</u> | <u>\$ 52</u> | <u>\$ (6,600)</u> | <u>\$ (22,697)</u> |

See Independent Auditors' Report



INTERNAL SERVICE FUNDS

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

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
September 30, 2014
(in thousands)

| | 800 Mhz | Information System Services | Accounting | Purchasing | Garage | Human Resources |
|--|-----------------|-----------------------------------|---------------|---------------|------------------|--------------------|
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ 1,397 | \$ 4,407 | \$ 309 | \$ 185 | \$ 4,735 | \$ 568 |
| Securities Lending Collateral | 24 | 76 | 5 | 3 | 81 | 10 |
| Receivables: | | | | | | |
| Other Receivables | - | 4 | - | - | (100) | 3 |
| Accrued Interest | 3 | 9 | 10 | - | 9 | 1 |
| Due From Other Governments | 148 | 25 | - | - | - | - |
| Inventory | - | - | - | - | 2,431 | - |
| Prepaid Expenses | - | - | - | - | - | - |
| Due From Other Funds | - | - | - | - | - | - |
| Total Current Assets | 1,572 | 4,521 | 324 | 188 | 7,156 | 582 |
| Noncurrent Assets: | | | | | | |
| Advances To Other Funds | - | - | - | - | - | - |
| Deposits | - | - | - | - | 170 | - |
| Capital Assets: | | | | | | |
| Land and Construction in Progress | 440 | 1,416 | - | 44 | - | - |
| Other, Net of Accumulated Depreciation | 5,034 | 2,525 | 2 | 672 | 43,019 | 33 |
| Total Noncurrent Assets | 5,474 | 3,941 | 2 | 716 | 43,189 | 33 |
| Total Assets | 7,046 | 8,462 | 326 | 904 | 50,345 | 615 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Accumulated Decrease in Fair Value of Hedging Derivatives | - | - | - | - | - | - |
| Assets and Deferred Outflows of Resources | \$ 7,046 | \$ 8,462 | \$ 326 | \$ 904 | \$ 50,345 | \$ 615 |
| LIABILITIES AND NET POSITION | | | | | | |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Obligations Under Securities Lending | \$ 24 | \$ 76 | \$ 5 | \$ 3 | \$ 81 | \$ 10 |
| Accounts Payable | 46 | 335 | 63 | 61 | 458 | 95 |
| Due To Other Funds | - | - | - | - | - | - |
| Unearned Revenue | 83 | - | - | - | - | - |
| Capital Lease Payable | - | 471 | - | - | - | - |
| Compensated Absences | 27 | 469 | 146 | 125 | 271 | 190 |
| Total Current Liabilities | 180 | 1,351 | 214 | 189 | 810 | 295 |
| Noncurrent Liabilities: | | | | | | |
| Claims Payable | - | - | - | - | - | - |
| Derivative Instruments | - | - | - | - | - | - |
| Capital Lease Payable | - | 1,413 | - | - | - | - |
| Compensated Absences | - | 206 | 28 | 10 | 133 | - |
| Total Noncurrent Liabilities | - | 1,619 | 28 | 10 | 133 | - |
| Total Liabilities | 180 | 2,970 | 242 | 199 | 943 | 295 |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | 6,015 | 2,183 | 2 | 715 | 43,019 | 32,593 |
| Unrestricted | 851 | 3,309 | 82 | (10) | 6,383 | (32,273) |
| Total Net Position | 6,866 | 5,492 | 84 | 705 | 49,402 | 320 |
| Total Liabilities and Net Position | \$ 7,046 | \$ 8,462 | \$ 326 | \$ 904 | \$ 50,345 | \$ 615 |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
September 30, 2014
(in thousands)

| <u>Pension Administration</u> | <u>Risk Management</u> | <u>Internal Loan</u> | <u>Revenue Collection</u> | <u>Utility Services</u> | <u>Environmental Policy</u> | <u>Wholesale Energy Services</u> | <u>Total</u> |
|-------------------------------|------------------------|----------------------|---------------------------|-------------------------|-----------------------------|----------------------------------|-------------------|
| \$ 90 | \$ 18,974 | \$ 1,901 | \$ 167 | \$ 3,994 | \$ 182 | \$ 16,666 | \$ 53,575 |
| 2 | 325 | 10 | 3 | 68 | 3 | 286 | 896 |
| 2 | - | - | 7 | 1 | - | 123 | 40 |
| - | 38 | 1 | - | 8 | - | 33 | 112 |
| - | (14) | - | - | - | - | 362 | 521 |
| - | - | - | - | - | - | 785 | 3,216 |
| - | 2,209 | - | - | - | - | - | 2,209 |
| - | - | - | 63 | - | - | - | 63 |
| <u>94</u> | <u>21,532</u> | <u>1,912</u> | <u>240</u> | <u>4,071</u> | <u>185</u> | <u>18,255</u> | <u>60,632</u> |
| - | - | 3,661 | - | - | - | - | 3,661 |
| - | - | - | - | - | - | 10,178 | 10,348 |
| - | - | - | - | - | - | - | 1,900 |
| <u>1</u> | <u>1</u> | <u>-</u> | <u>731</u> | <u>525</u> | <u>-</u> | <u>6</u> | <u>52,549</u> |
| <u>1</u> | <u>1</u> | <u>3,661</u> | <u>731</u> | <u>525</u> | <u>-</u> | <u>10,184</u> | <u>68,458</u> |
| <u>95</u> | <u>21,533</u> | <u>5,573</u> | <u>971</u> | <u>4,596</u> | <u>185</u> | <u>28,439</u> | <u>129,090</u> |
| - | - | - | - | - | - | 1,263 | 1,263 |
| <u>\$ 95</u> | <u>\$ 21,533</u> | <u>\$ 5,573</u> | <u>\$ 971</u> | <u>\$ 4,596</u> | <u>\$ 185</u> | <u>\$ 29,702</u> | <u>\$ 130,353</u> |
| \$ 2 | \$ 325 | \$ 10 | \$ 3 | \$ 68 | \$ 3 | \$ 286 | \$ 896 |
| 21 | 82 | - | 74 | 373 | 55 | 11,317 | 12,980 |
| - | - | - | - | - | - | 12,356 | 12,356 |
| - | - | - | - | - | - | - | 83 |
| - | - | - | - | - | - | - | 471 |
| <u>44</u> | <u>96</u> | <u>-</u> | <u>96</u> | <u>674</u> | <u>111</u> | <u>-</u> | <u>2,249</u> |
| <u>67</u> | <u>503</u> | <u>10</u> | <u>173</u> | <u>1,115</u> | <u>169</u> | <u>23,959</u> | <u>29,035</u> |
| - | 12,064 | - | - | - | - | - | 12,064 |
| - | - | - | - | - | - | 1,263 | 1,263 |
| - | - | - | - | - | - | - | 1,413 |
| <u>24</u> | <u>18</u> | <u>-</u> | <u>15</u> | <u>-</u> | <u>22</u> | <u>313</u> | <u>769</u> |
| <u>24</u> | <u>12,082</u> | <u>-</u> | <u>15</u> | <u>-</u> | <u>22</u> | <u>1,576</u> | <u>15,509</u> |
| <u>91</u> | <u>12,585</u> | <u>10</u> | <u>188</u> | <u>1,115</u> | <u>191</u> | <u>25,535</u> | <u>44,544</u> |
| - | - | - | 731 | 525 | - | 6 | 85,789 |
| <u>4</u> | <u>8,948</u> | <u>5,563</u> | <u>52</u> | <u>2,956</u> | <u>(6)</u> | <u>4,161</u> | <u>20</u> |
| <u>4</u> | <u>8,948</u> | <u>5,563</u> | <u>783</u> | <u>3,481</u> | <u>(6)</u> | <u>4,167</u> | <u>85,809</u> |
| <u>\$ 95</u> | <u>\$ 21,533</u> | <u>\$ 5,573</u> | <u>\$ 971</u> | <u>\$ 4,596</u> | <u>\$ 185</u> | <u>\$ 29,702</u> | <u>\$ 130,353</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
Internal Service Funds
for the fiscal year ended September 30, 2014
(in thousands)

| | 800 Mhz | Information System Services | Accounting | Purchasing | Garage | Human Resources |
|---|-----------------|-----------------------------------|--------------|---------------|------------------|--------------------|
| Operating Revenues: | | | | | | |
| Charges for Services | \$ 1,881 | \$ 16,752 | \$ 2,955 | \$ 2,101 | \$ 17,922 | \$ 3,683 |
| Total Operating Revenues | <u>1,881</u> | <u>16,752</u> | <u>2,955</u> | <u>2,101</u> | <u>17,922</u> | <u>3,683</u> |
| Operating Expenses: | | | | | | |
| Personnel Services | 558 | 6,615 | 2,346 | 1,816 | 4,056 | 2,830 |
| Contractual Services | 1,337 | 8,552 | 643 | 253 | 3,707 | 529 |
| Materials and Supplies | 3 | 19 | 10 | 13 | 5,035 | 18 |
| Other | 20 | 1,053 | 14 | - | 252 | 228 |
| Depreciation | 542 | 986 | 2 | 39 | 6,388 | 5 |
| Total Operating Expenses | <u>2,460</u> | <u>17,225</u> | <u>3,015</u> | <u>2,121</u> | <u>19,438</u> | <u>3,610</u> |
| Operating Income (Loss) | <u>(579)</u> | <u>(473)</u> | <u>(60)</u> | <u>(20)</u> | <u>(1,516)</u> | <u>73</u> |
| Non-Operating Revenues (Expenses): | | | | | | |
| Net Investment Earnings | 17 | 37 | 2 | 2 | 61 | 5 |
| Change in Fair Value of Investments | - | 2 | - | 1 | (4) | 1 |
| Securities Lending: | | | | | | |
| Securities Lending Income | - | - | - | - | - | - |
| Interest Expense | - | - | - | - | - | - |
| Other Revenues | 5 | 92 | - | - | 930 | - |
| Other Expenses | - | (369) | - | - | (210) | - |
| Total Non-Operating Revenues (Expenses) | <u>22</u> | <u>(238)</u> | <u>2</u> | <u>3</u> | <u>777</u> | <u>6</u> |
| Income (Loss) Before Capital Contributions and Transfers | <u>(557)</u> | <u>(711)</u> | <u>(58)</u> | <u>(17)</u> | <u>(739)</u> | <u>79</u> |
| Capital Contributions and Transfers | | | | | | |
| Transfers In | - | - | 352 | - | - | 62 |
| Transfers Out | (200) | - | (296) | (10) | (21) | (136) |
| Total Capital Contributions and Transfers | <u>(200)</u> | <u>-</u> | <u>56</u> | <u>(10)</u> | <u>(21)</u> | <u>(74)</u> |
| Change in Net Position | (757) | (711) | (2) | (27) | (760) | 5 |
| Net Position - October 1 | 7,623 | 10,401 | 86 | 732 | 50,162 | 315 |
| Adjustments to October 1 Net Position | - | (4,198) | - | - | - | - |
| Net Position - October 1, as restated | 7,623 | 6,203 | 86 | 732 | 50,162 | 315 |
| Net Position - September 30 | <u>\$ 6,866</u> | <u>\$ 5,492</u> | <u>\$ 84</u> | <u>\$ 705</u> | <u>\$ 49,402</u> | <u>\$ 320</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
Internal Service Funds
for the fiscal year ended September 30, 2014
(in thousands)

| <u>Pension Administration</u> | <u>Risk Management</u> | <u>Internal Loan</u> | <u>Revenue Collection</u> | <u>Utility Services</u> | <u>Environmental Policy</u> | <u>Wholesale Energy Services</u> | <u>Total</u> |
|-------------------------------|------------------------|----------------------|---------------------------|-------------------------|-----------------------------|----------------------------------|--------------|
| \$ 984 | \$ 11,105 | \$ - | \$ 2,427 | \$ 12,522 | \$ 1,806 | \$ 132,334 | \$ 206,472 |
| 984 | 11,105 | - | 2,427 | 12,522 | 1,806 | 132,334 | 206,472 |
| 588 | 1,284 | - | 1,393 | 8,133 | 1,272 | 2,598 | 33,489 |
| 364 | 293 | (2) | 366 | 1,813 | 308 | 128,903 | 147,066 |
| 28 | 9 | - | 199 | 2,337 | 27 | 6 | 7,704 |
| 2 | 9,395 | - | 11 | 199 | 33 | 34 | 11,241 |
| 1 | - | - | 36 | 136 | - | 4 | 8,139 |
| 983 | 10,981 | (2) | 2,005 | 12,618 | 1,640 | 131,545 | 207,639 |
| 1 | 124 | 2 | 422 | (96) | 166 | 789 | (1,167) |
| 2 | 197 | 132 | 2 | 42 | 3 | 171 | 673 |
| - | 11 | 2 | - | 3 | 1 | 20 | 37 |
| - | 2 | 2 | - | - | - | 2 | 6 |
| - | (1) | (1) | - | - | - | 1 | (1) |
| - | - | - | 4 | 15 | - | - | 1,046 |
| - | - | - | - | - | - | - | (579) |
| 2 | 209 | 135 | 6 | 60 | 4 | 194 | 1,182 |
| 3 | 333 | 137 | 428 | (36) | 170 | 983 | 15 |
| - | - | - | 8 | 691 | 13 | 5 | 1,131 |
| - | (1,717) | (1,393) | (467) | (325) | (198) | (64) | (4,827) |
| - | (1,717) | (1,393) | (459) | 366 | (185) | (59) | (3,696) |
| 3 | (1,384) | (1,256) | (31) | 330 | (15) | 924 | (3,681) |
| 1 | 10,332 | 6,819 | 814 | 3,151 | 9 | 3,243 | 93,688 |
| - | - | - | - | - | - | - | (4,198) |
| 1 | 10,332 | 6,819 | 814 | 3,151 | 9 | 3,243 | 89,490 |
| \$ 4 | \$ 8,948 | \$ 5,563 | \$ 783 | \$ 3,481 | \$ (6) | \$ 4,167 | \$ 85,809 |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
for the fiscal year ended September 30, 2014
(in thousands)

| | (in thousands) | | | | | |
|---|--------------------|-----------------|----------------|---------------|-----------------|---------------|
| | Information System | | | | | Human |
| | 800 Mhz | Services | Accounting | Purchasing | Garage | Resources |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Cash Received from Other Funds | \$ 1,890 | \$ 16,996 | \$ 2,969 | \$ 2,111 | \$ 18,477 | \$ 3,744 |
| Cash Received From Other Revenues | - | 92 | - | - | 930 | - |
| Cash Paid to Suppliers for Goods and Services | (1,421) | (8,657) | (668) | (256) | (8,856) | (772) |
| Cash Paid to Employees for Services | (552) | (6,633) | (2,346) | (1,806) | (4,060) | (2,823) |
| Net Cash Provided by (Used for) Operating Activities | <u>(83)</u> | <u>1,798</u> | <u>(45)</u> | <u>49</u> | <u>6,491</u> | <u>149</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers from Other Funds | - | - | 56 | - | - | - |
| Other | 5 | - | - | - | - | 62 |
| Transfers to Other Funds | (200) | - | - | (10) | (21) | (136) |
| Net Cash Provided by (Used for) Noncapital Financing Activities | <u>(195)</u> | <u>-</u> | <u>56</u> | <u>(10)</u> | <u>(21)</u> | <u>(74)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition and Construction of Capital Assets | - | (2,352) | (1) | (1) | (9,174) | 1 |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>-</u> | <u>(2,352)</u> | <u>(1)</u> | <u>(1)</u> | <u>(9,174)</u> | <u>1</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Interest Received on Investments | 17 | 40 | 2 | 2 | 70 | 5 |
| Increase in the Fair Value of Cash & Cash Equivalents | - | 2 | - | 1 | (4) | (1) |
| Net Cash Provided by (Used For) Investing Activities | <u>17</u> | <u>42</u> | <u>2</u> | <u>3</u> | <u>66</u> | <u>4</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (261) | (512) | 12 | 41 | (2,638) | 80 |
| Cash and Cash Equivalents - October 1 | 1,658 | 4,919 | 297 | 144 | 7,373 | 488 |
| Cash and Cash Equivalents - September 30 | <u>\$ 1,397</u> | <u>\$ 4,407</u> | <u>\$ 309</u> | <u>\$ 185</u> | <u>\$ 4,735</u> | <u>\$ 568</u> |
| Classified As: | | | | | | |
| Unrestricted Assets | \$ 1,397 | \$ 4,407 | \$ 309 | \$ 185 | \$ 4,735 | \$ 568 |
| Restricted Assets | - | - | - | - | - | - |
| | <u>1,397</u> | <u>4,407</u> | <u>309</u> | <u>185</u> | <u>4,735</u> | <u>568</u> |
| OPERATING ACTIVITIES: | | | | | | |
| Operating Income (Loss) | \$ (579) | \$ (473) | \$ (60) | \$ (20) | \$ (1,516) | \$ 73 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | | | |
| Depreciation | 542 | 986 | 2 | 39 | 6,388 | 5 |
| Other | - | 92 | - | - | 930 | - |
| (Increase) Decrease in Accounts Receivable | 116 | (3) | 1 | - | 559 | 3 |
| (Increase) Decrease in Due From Other Governmentals | (148) | 245 | - | - | - | - |
| Increase (Decrease) in Due to Other Funds | - | - | 13 | 9 | - | 57 |
| (Increase) Decrease in Deposits | - | - | - | - | (109) | - |
| Increase in Loans to Other Funds | 41 | - | - | - | - | - |
| (Increase) Decrease in Inventory | - | - | - | - | (113) | - |
| Increase (Decrease) in Accounts Payable | (60) | (915) | (1) | 10 | 357 | 5 |
| Increase (Decrease) in Accrued Leave | 5 | (18) | - | 11 | (5) | 6 |
| Decrease in Insurance Deposits | - | - | - | - | - | - |
| Increase (Decrease) in Capital Lease Payable | - | 1,884 | - | - | - | - |
| Total Adjustments | <u>496</u> | <u>2,271</u> | <u>15</u> | <u>69</u> | <u>8,007</u> | <u>76</u> |
| Net Cash Provided By (Used For) Operating Activities | <u>\$ (83)</u> | <u>\$ 1,798</u> | <u>\$ (45)</u> | <u>\$ 49</u> | <u>\$ 6,491</u> | <u>\$ 149</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
for the fiscal year ended September 30, 2014
(in thousands)

| <u>Pension Administration</u> | <u>Risk Management</u> | <u>Internal Loan</u> | <u>Revenue Collection</u> | <u>Utility Services</u> | <u>Environmental Policy</u> | <u>Wholesale Energy Services</u> | <u>Total</u> |
|-------------------------------|------------------------|----------------------|---------------------------|-------------------------|-----------------------------|----------------------------------|------------------|
| \$ 984 | \$ 11,180 | \$ - | \$ 2,440 | \$ 12,525 | \$ 1,805 | \$ 141,279 | \$ 216,400 |
| - | - | - | - | - | - | - | 1,022 |
| (387) | (8,306) | 2 | (551) | (4,213) | (354) | (134,024) | (168,463) |
| (580) | (1,279) | - | (1,393) | (8,104) | (1,247) | (2,575) | (33,398) |
| <u>17</u> | <u>1,595</u> | <u>2</u> | <u>496</u> | <u>208</u> | <u>204</u> | <u>4,680</u> | <u>15,561</u> |
| - | - | - | 8 | 691 | 13 | 5 | 773 |
| - | - | - | - | - | - | - | 67 |
| - | (1,717) | (2,426) | (467) | (325) | (198) | (64) | (5,564) |
| - | (1,717) | (2,426) | (459) | 366 | (185) | (59) | (4,724) |
| (1) | 5 | (2) | - | (1) | 2 | - | (11,524) |
| (1) | 5 | (2) | - | (1) | 2 | - | (11,524) |
| 2 | 198 | 141 | 2 | 42 | 3 | 173 | 697 |
| - | 11 | 2 | - | 3 | 1 | 20 | 35 |
| <u>2</u> | <u>209</u> | <u>143</u> | <u>2</u> | <u>45</u> | <u>4</u> | <u>193</u> | <u>732</u> |
| 18 | 92 | (2,283) | 39 | 618 | 25 | 4,814 | 45 |
| 72 | 18,882 | 4,184 | 128 | 3,376 | 157 | 11,852 | 53,530 |
| <u>\$ 90</u> | <u>\$ 18,974</u> | <u>\$ 1,901</u> | <u>\$ 167</u> | <u>\$ 3,994</u> | <u>\$ 182</u> | <u>\$ 16,666</u> | <u>\$ 53,575</u> |
| \$ 90 | \$ 18,974 | \$ 1,901 | \$ 167 | \$ 3,994 | \$ 182 | \$ 16,666 | \$ 53,575 |
| - | - | - | - | - | - | - | - |
| <u>90</u> | <u>18,974</u> | <u>1,901</u> | <u>167</u> | <u>3,994</u> | <u>182</u> | <u>16,666</u> | <u>53,575</u> |
| \$ 1 | \$ 124 | \$ 2 | \$ 422 | \$ (96) | \$ 166 | \$ 789 | \$ (1,167) |
| 1 | - | - | 36 | 136 | - | 4 | 8,139 |
| - | - | - | - | - | - | - | 1,022 |
| - | 9 | - | - | 3 | (1) | 106 | 793 |
| - | - | - | - | - | - | (27) | 70 |
| - | 61 | - | 13 | - | - | 8,866 | 9,019 |
| - | (5) | - | - | - | - | - | (114) |
| - | - | - | - | - | - | - | 41 |
| - | - | - | - | - | - | (6,235) | (6,348) |
| 7 | 1,396 | - | 25 | 137 | 16 | 1,154 | 2,131 |
| 8 | 5 | - | - | 28 | 23 | 23 | 86 |
| - | 5 | - | - | - | - | - | 5 |
| - | - | - | - | - | - | - | 1,884 |
| <u>16</u> | <u>1,471</u> | <u>-</u> | <u>74</u> | <u>304</u> | <u>38</u> | <u>3,891</u> | <u>16,728</u> |
| <u>\$ 17</u> | <u>\$ 1,595</u> | <u>\$ 2</u> | <u>\$ 496</u> | <u>\$ 208</u> | <u>\$ 204</u> | <u>\$ 4,680</u> | <u>\$ 15,561</u> |

See Independent Auditors' Report

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

Schedule By Function and Activity

Schedule of Changes By Function and Activity

CITY OF TALLAHASSEE, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule By Function and Activity¹
September 30, 2014
(in thousands)

| Function and Activity | Land | Buildings | Equipment | Improvements Other Than Buildings | Infrastructure | Total |
|--|-------------------|-------------------|------------------|---|-------------------|---------------------|
| General Government: | | | | | | |
| Legislative | \$ - | \$ - | \$ 56 | \$ - | \$ - | \$ 56 |
| Executive | - | - | 133 | - | - | 133 |
| Financial & Administrative | - | 600 | 1,167 | - | - | 1,767 |
| Legal | - | - | 54 | - | - | 54 |
| Comprehensive Planning | 218 | - | 242 | - | - | 460 |
| Other General Government | 86,698 | 51,357 | 5,127 | 895 | 515 | 144,592 |
| Total General Government | 86,916 | 51,957 | 6,779 | 895 | 515 | 147,062 |
| Public Safety: | | | | | | |
| Law Enforcement | 806 | 11,064 | 11,455 | 451 | - | 23,776 |
| Protective Inspection | - | 8 | 231 | - | - | 239 |
| Total Public Safety | 806 | 11,072 | 11,686 | 451 | - | 24,015 |
| Other: | | | | | | |
| Physical Environment | - | - | 142 | - | - | 142 |
| Road and Street Facilities | 255,580 | 433 | 4,890 | 2,279 | 821,252 | 1,084,434 |
| Economic Development | 11,729 | 9,483 | 42 | 3,859 | 715 | 25,828 |
| Human Services | 167 | 5,748 | 75 | 7 | - | 5,997 |
| Cultural and Recreation | 7,697 | 23,853 | 3,868 | 7,319 | 258 | 42,995 |
| Parking Facilities | - | - | - | - | - | - |
| Total Other | 275,173 | 39,517 | 9,017 | 13,464 | 822,225 | 1,159,396 |
| Total capital assets allocated to functions | \$ 362,895 | \$ 102,546 | \$ 27,482 | \$ 14,810 | \$ 822,740 | 1,330,473 |
| Construction in Progress | | | | | | 52,045 |
| Total capital assets | | | | | | \$ 1,382,518 |

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule of Changes by Function and Activity¹
for the fiscal year ended September 30, 2014
(in thousands)

| <u>Function and Activity</u> | <u>Governmental Funds Capital Assets October 1, 2013</u> | <u>Additions</u> | <u>Deductions</u> | <u>Governmental Funds Capital Assets September 30, 2014</u> |
|--|--|-------------------------|-------------------------|---|
| General Government: | | | | |
| Legislative | \$ 56 | \$ - | \$ - | \$ 56 |
| Executive | 131 | 2 | - | 133 |
| Financial & Administrative | 1,778 | 3 | 14 | 1,767 |
| Legal | 56 | - | 2 | 54 |
| Comprehensive Planning | 454 | 6 | - | 460 |
| Other General Government | <u>143,613</u> | <u>6,664</u> | <u>5,685</u> | <u>144,592</u> |
| Total General Government | <u>146,088</u> | <u>6,675</u> | <u>5,701</u> | <u>147,062</u> |
| Public Safety: | | | | |
| Law Enforcement | 24,235 | 402 | 861 | 23,776 |
| Protective Inspection | <u>311</u> | <u>6</u> | <u>78</u> | <u>239</u> |
| Total Public Safety | <u>24,546</u> | <u>408</u> | <u>939</u> | <u>24,015</u> |
| Other: | | | | |
| Physical Environment | 142 | - | - | 142 |
| Road and Street Facilities | 1,057,790 | 27,157 | 513 | 1,084,434 |
| Economic Development | 16,204 | 10,305 | 681 | 25,828 |
| Human Services | 6,003 | - | 6 | 5,997 |
| Cultural and Recreation | 42,786 | 558 | 349 | 42,995 |
| Parking Facilities | - | - | - | - |
| Total Other | <u>1,122,925</u> | <u>38,020</u> | <u>1,549</u> | <u>1,159,396</u> |
| Total capital assets allocated to functions | 1,293,559 | 45,103 | 8,189 | 1,330,473 |
| Construction in Progress | <u>99,321</u> | <u>16,318</u> | <u>63,594</u> | <u>52,045</u> |
| Total capital assets | <u>\$ 1,392,880</u> | <u>\$ 61,421</u> | <u>\$ 71,783</u> | <u>\$ 1,382,518</u> |

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

See Independent Auditors' Report

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

Capital Bonds, Series 2014

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, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|-----------------|
| 2015 | \$ 1,300 | \$ 90 | \$ 1,390 |
| 2016 | <u>1,345</u> | <u>46</u> | <u>1,391</u> |
| Totals | <u>\$ 2,645</u> | <u>\$ 136</u> | <u>\$ 2,781</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
CAPITAL BONDS
SERIES 2009
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 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 | 995 | 357 | 1,352 |
| 2022 | 1,030 | 319 | 1,349 |
| 2023 | 1,070 | 280 | 1,350 |
| 2024 | 1,110 | 240 | 1,350 |
| 2025 | 1,150 | 198 | 1,348 |
| 2026 | 1,195 | 155 | 1,350 |
| 2027 | 1,240 | 109 | 1,349 |
| 2028 | 550 | 76 | 626 |
| 2029 | 570 | 55 | 625 |
| 2030 | 590 | 34 | 624 |
| 2031 | 615 | 11 | 626 |
| Totals | <u>\$ 19,485</u> | <u>\$ 5,004</u> | <u>\$ 24,489</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
CAPITAL BONDS
SERIES 2012
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|------------------|------------------|
| 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 | 947 | 6,497 |
| 2022 | 5,830 | 670 | 6,500 |
| 2023 | 3,695 | 378 | 4,073 |
| 2024 | <u>3,875</u> | <u>194</u> | <u>4,069</u> |
| Totals | <u>\$ 43,620</u> | <u>\$ 12,340</u> | <u>\$ 55,960</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
CAPITAL BONDS
SERIES 2014
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|------------------|------------------|
| 2015 | \$ 375 | \$ 2,427 | \$ 2,802 |
| 2016 | 1,045 | 1,856 | 2,901 |
| 2017 | 2,030 | 1,824 | 3,854 |
| 2018 | 1,215 | 1,784 | 2,999 |
| 2019 | 1,400 | 1,747 | 3,147 |
| 2020 | 1,470 | 1,677 | 3,147 |
| 2021 | 1,545 | 1,604 | 3,149 |
| 2022 | 1,590 | 1,557 | 3,147 |
| 2023 | 1,855 | 1,478 | 3,333 |
| 2024 | 1,950 | 1,385 | 3,335 |
| 2025 | 2,045 | 1,287 | 3,332 |
| 2026 | 2,150 | 1,185 | 3,335 |
| 2027 | 2,255 | 1,078 | 3,333 |
| 2028 | 2,370 | 965 | 3,335 |
| 2029 | 2,490 | 846 | 3,336 |
| 2030 | 2,615 | 722 | 3,337 |
| 2031 | 2,745 | 591 | 3,336 |
| 2032 | 2,880 | 454 | 3,334 |
| 2033 | 3,025 | 310 | 3,335 |
| 2034 | <u>3,175</u> | <u>159</u> | <u>3,334</u> |
| Totals | <u>\$ 40,225</u> | <u>\$ 24,936</u> | <u>\$ 65,161</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ELECTRIC ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 1998A
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------------|----------------------|------------------------|
| 2015 | <u>\$ 5,240</u> | <u>\$ 275</u> | <u>\$ 5,515</u> |
| Totals | <u><u>\$ 5,240</u></u> | <u><u>\$ 275</u></u> | <u><u>\$ 5,515</u></u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 2001
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|-----------------|
| 2015 | \$ 1,000 | \$ 110 | \$ 1,110 |
| 2016 | <u>1,005</u> | <u>55</u> | <u>1,060</u> |
| Totals | <u>\$ 2,005</u> | <u>\$ 165</u> | <u>\$ 2,170</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REVENUE BONDS
SERIES 2005
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|------------------|-------------------|
| 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 | 4,185 | 4,364 | 8,549 |
| 2022 | 4,370 | 4,176 | 8,546 |
| 2023 | 4,570 | 3,979 | 8,549 |
| 2024 | 4,795 | 3,751 | 8,546 |
| 2025 | 5,015 | 3,530 | 8,545 |
| 2026 | 5,245 | 3,299 | 8,544 |
| 2027 | 5,510 | 3,037 | 8,547 |
| 2028 | 5,785 | 2,762 | 8,547 |
| 2029 | 6,070 | 2,472 | 8,542 |
| 2030 | 6,375 | 2,169 | 8,544 |
| 2031 | 6,695 | 1,850 | 8,545 |
| 2032 | 7,035 | 1,515 | 8,550 |
| 2033 | 7,380 | 1,164 | 8,544 |
| 2034 | 7,750 | 795 | 8,545 |
| 2035 | <u>8,140</u> | <u>407</u> | <u>8,547</u> |
| Totals | <u>\$ 110,340</u> | <u>\$ 69,030</u> | <u>\$ 179,370</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 2007
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|-------------------|-------------------|
| 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 | 4,020 | 8,233 | 12,253 |
| 2022 | 4,220 | 8,032 | 12,252 |
| 2023 | 2,235 | 7,821 | 10,056 |
| 2024 | 670 | 7,710 | 8,380 |
| 2025 | 3,490 | 7,680 | 11,170 |
| 2026 | 4,245 | 7,505 | 11,750 |
| 2027 | 4,445 | 7,293 | 11,738 |
| 2028 | 4,675 | 7,071 | 11,746 |
| 2029 | 11,770 | 6,837 | 18,607 |
| 2030 | 12,355 | 6,248 | 18,603 |
| 2031 | 12,970 | 5,631 | 18,601 |
| 2032 | 14,380 | 4,982 | 19,362 |
| 2033 | 15,110 | 4,263 | 19,373 |
| 2034 | 15,860 | 3,507 | 19,367 |
| 2035 | 16,655 | 2,715 | 19,370 |
| 2036 | 18,360 | 1,881 | 20,241 |
| 2037 | <u>19,275</u> | <u>964</u> | <u>20,239</u> |
| Totals | <u>\$ 185,270</u> | <u>\$ 151,498</u> | <u>\$ 336,768</u> |

See Independent Auditors' Report

**CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 2010**

**September 30, 2014
(in thousands)**

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|------------------|-------------------|
| 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 | 2,729 | 9,164 |
| 2021 | 6,755 | 2,408 | 9,163 |
| 2022 | - | 2,070 | 2,070 |
| 2023 | 2,005 | 2,070 | 4,075 |
| 2024 | 3,775 | 1,970 | 5,745 |
| 2025 | 3,960 | 1,790 | 5,750 |
| 2026 | 4,155 | 1,593 | 5,748 |
| 2027 | 13,560 | 1,385 | 14,945 |
| 2028 | 14,225 | 707 | 14,932 |
| Totals | <u>\$ 77,845</u> | <u>\$ 34,178</u> | <u>\$ 112,023</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 2010A
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|------------------|------------------|
| 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 | 250 | 1,643 | 1,893 |
| 2022 | 7,550 | 1,634 | 9,184 |
| 2023 | 7,845 | 1,332 | 9,177 |
| 2024 | 8,155 | 1,019 | 9,174 |
| 2025 | 8,485 | 692 | 9,177 |
| 2026 | <u>8,825</u> | <u>353</u> | <u>9,178</u> |
| Totals | <u>\$ 42,460</u> | <u>\$ 16,677</u> | <u>\$ 59,137</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REVENUE BONDS
SERIES 2010B
(FEDERALLY TAXABLE - BUILD AMERICA BONDS)
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|-------------------|-------------------|
| 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 | - | 7,299 | 7,299 |
| 2023 | - | 7,299 | 7,299 |
| 2024 | - | 7,299 | 7,299 |
| 2025 | - | 7,299 | 7,299 |
| 2026 | - | 7,299 | 7,299 |
| 2027 | - | 7,299 | 7,299 |
| 2028 | - | 7,299 | 7,299 |
| 2029 | 930 | 7,299 | 8,229 |
| 2030 | 1,855 | 7,243 | 9,098 |
| 2031 | 1,930 | 7,133 | 9,063 |
| 2032 | 1,240 | 7,017 | 8,257 |
| 2033 | 1,280 | 6,943 | 8,223 |
| 2034 | 1,335 | 6,867 | 8,202 |
| 2035 | 1,385 | 6,787 | 8,172 |
| 2036 | 9,110 | 6,705 | 15,815 |
| 2037 | 9,465 | 6,161 | 15,626 |
| 2038 | 30,070 | 5,596 | 35,666 |
| 2039 | 31,235 | 3,801 | 35,036 |
| 2040 | <u>32,445</u> | <u>1,936</u> | <u>34,381</u> |
| Totals | <u>\$ 122,280</u> | <u>\$ 175,674</u> | <u>\$ 297,954</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REVENUE BONDS
SERIES 2010C
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|------------------|------------------|
| 2015 | \$ 1,485 | \$ 1,546 | \$ 3,031 |
| 2016 | 1,735 | 1,472 | 3,207 |
| 2017 | 1,815 | 1,385 | 3,200 |
| 2018 | 1,885 | 1,313 | 3,198 |
| 2019 | 1,980 | 1,218 | 3,198 |
| 2020 | 3,325 | 1,119 | 4,444 |
| 2021 | 3,485 | 953 | 4,438 |
| 2022 | 3,465 | 779 | 4,244 |
| 2023 | 3,835 | 606 | 4,441 |
| 2024 | 4,040 | 414 | 4,454 |
| 2025 | 1,430 | 212 | 1,642 |
| 2026 | 910 | 155 | 1,065 |
| 2027 | 935 | 118 | 1,053 |
| 2028 | 975 | 81 | 1,056 |
| 2029 | 900 | 39 | 939 |
| Totals | <u>\$ 32,200</u> | <u>\$ 11,410</u> | <u>\$ 43,610</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 2011
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|-----------------|
| 2015 | \$ 23 | \$ 80 | \$ 103 |
| 2016 | 23 | 80 | 103 |
| 2017 | 1,084 | 79 | 1,163 |
| 2018 | 1,116 | 54 | 1,170 |
| 2019 | <u>1,142</u> | <u>27</u> | <u>1,169</u> |
| Totals | <u>\$ 3,388</u> | <u>\$ 320</u> | <u>\$ 3,708</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS
SERIES 2001
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2015 | \$ 1,710 | \$ 524 | \$ 2,234 |
| 2016 | 1,800 | 429 | 2,229 |
| 2017 | 1,900 | 331 | 2,231 |
| 2018 | 2,000 | 226 | 2,226 |
| 2019 | <u>2,110</u> | <u>116</u> | <u>2,226</u> |
| Totals | <u>\$ 9,520</u> | <u>\$ 1,626</u> | <u>\$ 11,146</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
CONSOLIDATED UTILITLY SYSTEM REFUNDING REVENUE BONDS
SERIES 2005
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2015 | \$ - | \$ 753 | \$ 753 |
| 2016 | - | 753 | 753 |
| 2017 | - | 753 | 753 |
| 2018 | - | 753 | 753 |
| 2019 | - | 753 | 753 |
| 2020 | 1,105 | 753 | 1,858 |
| 2021 | 1,145 | 709 | 1,854 |
| 2022 | 1,205 | 651 | 1,856 |
| 2023 | 1,265 | 591 | 1,856 |
| 2024 | 1,330 | 528 | 1,858 |
| 2025 | 1,395 | 461 | 1,856 |
| 2026 | 1,465 | 392 | 1,857 |
| 2027 | 1,540 | 318 | 1,858 |
| 2028 | 1,615 | 241 | 1,856 |
| 2029 | 1,695 | 160 | 1,855 |
| 2030 | <u>1,785</u> | <u>76</u> | <u>1,861</u> |
| Totals | <u>\$ 15,545</u> | <u>\$ 8,645</u> | <u>\$ 24,190</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS
SERIES 2007
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|-------------------|-------------------|
| 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 | 5,100 | 6,357 | 11,457 |
| 2022 | 5,330 | 6,128 | 11,458 |
| 2023 | 5,570 | 5,888 | 11,458 |
| 2024 | 5,825 | 5,632 | 11,457 |
| 2025 | 6,095 | 5,364 | 11,459 |
| 2026 | 6,380 | 5,077 | 11,457 |
| 2027 | 6,700 | 4,758 | 11,458 |
| 2028 | 7,035 | 4,423 | 11,458 |
| 2029 | 7,385 | 4,072 | 11,457 |
| 2030 | 7,755 | 3,702 | 11,457 |
| 2031 | 8,145 | 3,315 | 11,460 |
| 2032 | 8,550 | 2,907 | 11,457 |
| 2033 | 8,975 | 2,480 | 11,455 |
| 2034 | 9,425 | 2,031 | 11,456 |
| 2035 | 9,895 | 1,560 | 11,455 |
| 2036 | 10,390 | 1,065 | 11,455 |
| 2037 | <u>10,910</u> | <u>546</u> | <u>11,456</u> |
| Totals | <u>\$ 155,540</u> | <u>\$ 107,976</u> | <u>\$ 263,516</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS
SERIES 2010A
(FEDERALLY TAXABLE - BUILD AMERICA BONDS)
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-------------------|-------------------|-------------------|
| 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 | - | 6,084 | 6,084 |
| 2022 | - | 6,084 | 6,084 |
| 2023 | - | 6,084 | 6,084 |
| 2024 | - | 6,084 | 6,084 |
| 2025 | - | 6,085 | 6,085 |
| 2026 | - | 6,085 | 6,085 |
| 2027 | 3,415 | 6,085 | 9,500 |
| 2028 | 3,530 | 5,911 | 9,441 |
| 2029 | 3,650 | 5,732 | 9,382 |
| 2030 | 3,765 | 5,547 | 9,312 |
| 2031 | 5,745 | 5,357 | 11,102 |
| 2032 | 5,945 | 5,057 | 11,002 |
| 2033 | 6,145 | 4,747 | 10,892 |
| 2034 | 6,355 | 4,426 | 10,781 |
| 2035 | 6,570 | 4,094 | 10,664 |
| 2036 | 6,795 | 3,752 | 10,547 |
| 2037 | 7,025 | 3,397 | 10,422 |
| 2038 | 18,715 | 3,030 | 21,745 |
| 2039 | 19,350 | 2,054 | 21,404 |
| 2040 | <u>20,010</u> | <u>1,044</u> | <u>21,054</u> |
| Totals | <u>\$ 117,015</u> | <u>\$ 133,243</u> | <u>\$ 250,258</u> |

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS
SERIES 2010B
September 30, 2014
(in thousands)

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 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 | 2,555 | 866 | 3,421 |
| 2022 | 2,680 | 740 | 3,420 |
| 2023 | 2,810 | 606 | 3,416 |
| 2024 | 2,950 | 465 | 3,415 |
| 2025 | 3,100 | 318 | 3,418 |
| 2026 | <u>3,255</u> | <u>163</u> | <u>3,418</u> |
| Totals | <u>\$ 25,820</u> | <u>\$ 9,565</u> | <u>\$ 35,385</u> |

See Independent Auditors' Report

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

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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)

| | 2014 | 2013 As Restated | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---------------------|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 756,332 | \$ 847,097 | \$ 834,489 | \$ 828,993 | \$ 845,995 | \$ 856,883 | \$ 814,842 | \$ 818,366 | \$ 850,484 | \$ 873,202 |
| Restricted | 62,644 | 36,648 | 81,811 | 100,242 | 20,868 | 23,760 | 19,365 | 19,618 | 18,882 | 17,340 |
| Unrestricted | 68,408 | 57,367 | 47,334 | 34,026 | 123,832 | 120,014 | 123,446 | 148,298 | 166,196 | 183,146 |
| Total governmental activities net position | <u>\$ 887,384</u> | <u>\$ 941,112</u> | <u>\$ 963,634</u> | <u>\$ 963,261</u> | <u>\$ 990,695</u> | <u>\$ 1,000,657</u> | <u>\$ 957,653</u> | <u>\$ 986,282</u> | <u>\$ 1,035,562</u> | <u>\$ 1,073,688</u> |
| Business activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 764,295 | \$ 785,276 | \$ 760,472 | \$ 661,648 | \$ 681,553 | \$ 614,673 | \$ 628,969 | \$ 665,127 | \$ 609,204 | \$ 679,304 |
| Restricted | 198,491 | 190,295 | 185,679 | 157,107 | 157,342 | 144,224 | 124,090 | 107,926 | 127,256 | 98,568 |
| Unrestricted | 216,555 | 196,515 | 211,978 | 271,654 | 235,337 | 262,443 | 242,474 | 195,053 | 142,816 | 79,933 |
| Total Business activities net position | <u>\$ 1,179,341</u> | <u>\$ 1,172,086</u> | <u>\$ 1,158,129</u> | <u>\$ 1,090,409</u> | <u>\$ 1,074,232</u> | <u>\$ 1,021,340</u> | <u>\$ 995,533</u> | <u>\$ 968,106</u> | <u>\$ 879,276</u> | <u>\$ 857,805</u> |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 1,520,627 | \$ 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 | 261,135 | 226,943 | 267,490 | 257,349 | 178,210 | 167,984 | 143,455 | 127,544 | 146,138 | 115,908 |
| Unrestricted | 284,963 | 253,882 | 259,312 | 305,680 | 359,169 | 382,457 | 365,920 | 343,351 | 309,012 | 263,079 |
| Total primary government net position | <u>\$ 2,066,725</u> | <u>\$ 2,113,198</u> | <u>\$ 2,121,763</u> | <u>\$ 2,053,670</u> | <u>\$ 2,064,927</u> | <u>\$ 2,021,997</u> | <u>\$ 1,952,758</u> | <u>\$ 1,954,388</u> | <u>\$ 1,914,838</u> | <u>\$ 1,931,493</u> |

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 16,581 | \$ 20,184 | \$ 19,068 | \$ 22,409 | \$ 22,575 | \$ 22,254 | \$ 20,737 | \$ 23,047 | \$ 26,495 | \$ 28,203 |
| Public Safety | 75,241 | 57,636 | 56,044 | 54,676 | 50,298 | 53,819 | 54,416 | 50,875 | 48,312 | 47,794 |
| Transportation | 35,786 | 19,430 | 20,421 | 23,648 | 19,571 | 23,193 | 23,314 | 20,896 | 28,614 | 17,739 |
| Human Services | 2,516 | 3,428 | 3,117 | 2,897 | 2,715 | 3,984 | 6,863 | 6,182 | 5,710 | 12,085 |
| Economic Development | 5,616 | 9,564 | 8,710 | 11,277 | 9,265 | 10,575 | 7,828 | 9,143 | 9,241 | 3,980 |
| Physical Environment | 2,528 | 2,829 | 3,354 | 2,158 | 2,350 | 5,318 | 4,739 | 3,499 | 2,864 | 2,667 |
| Culture and Recreation | 23,414 | 21,906 | 21,374 | 20,642 | 20,264 | 20,650 | 19,459 | 18,168 | 26,335 | 17,461 |
| Unallocated Depreciation on Infrastructure | 26,633 | 26,413 | 26,401 | 26,733 | 26,210 | 26,584 | 23,956 | 24,002 | 24,110 | 23,848 |
| Interest on Long-Term Debt | 2,805 | 2,718 | 4,740 | 4,556 | 4,528 | 5,205 | 5,798 | 4,855 | 6,396 | 4,191 |
| Total governmental activities expenses | \$ 191,120 | \$ 164,108 | \$ 163,229 | \$ 168,996 | \$ 157,776 | \$ 171,582 | \$ 167,110 | \$ 160,667 | \$ 178,077 | \$ 157,968 |
| Business-type activities | | | | | | | | | | |
| Electric | \$ 256,301 | \$ 237,358 | \$ 266,145 | \$ 303,715 | \$ 307,823 | \$ 347,955 | \$ 346,318 | \$ 323,181 | \$ 315,083 | \$ 262,050 |
| Gas | 25,304 | 27,452 | 30,121 | 44,773 | 47,823 | 42,618 | 51,609 | 40,063 | 52,383 | 33,746 |
| Sewer | 51,258 | 48,374 | 44,790 | 42,411 | 42,792 | 39,515 | 37,855 | 35,747 | 33,839 | 32,409 |
| Water | 25,133 | 26,509 | 26,277 | 28,942 | 21,402 | 24,764 | 21,083 | 19,057 | 20,684 | 19,253 |
| Airport | 16,733 | 13,840 | 12,861 | 14,635 | 18,656 | 20,141 | 16,298 | 16,084 | 13,301 | 15,236 |
| StarMetro | 20,706 | 20,851 | 19,123 | 18,581 | 17,364 | 18,059 | 18,358 | 16,299 | 15,374 | 14,152 |
| Solid Waste | 25,346 | 22,016 | 21,269 | 19,066 | 20,126 | 20,075 | 20,579 | 20,791 | 19,333 | 18,081 |
| Golf | 1,012 | 1,023 | 1,037 | 870 | 889 | 1,389 | 1,264 | 1,165 | 1,432 | 1,168 |
| Stormwater Management | 14,585 | 13,939 | 15,064 | 17,522 | 13,213 | 12,098 | 10,629 | 9,878 | 9,950 | 8,619 |
| Fire Services | 41,237 | 33,256 | 32,054 | 30,764 | 27,597 | 28,099 | 27,612 | 25,197 | 24,790 | 24,051 |
| Total business-type activities expenses | \$ 477,615 | \$ 444,618 | \$ 468,741 | \$ 521,279 | \$ 517,685 | \$ 554,713 | \$ 551,605 | \$ 507,462 | \$ 506,169 | \$ 428,765 |
| Total primary government expenses | \$ 668,735 | \$ 608,726 | \$ 631,970 | \$ 690,275 | \$ 675,461 | \$ 726,295 | \$ 718,715 | \$ 668,129 | \$ 684,246 | \$ 586,733 |

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|---------------------|--------------------|-------------------|---------------------|--------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| <u>Program Revenues</u> | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | \$ 2,106 | \$ 2,074 | \$ 1,923 | \$ 1,813 | \$ 1,638 | \$ 2,096 | \$ 1,665 | \$ 1,835 | \$ 1,986 | \$ 1,766 |
| Public Safety | 2,649 | 3,377 | 2,806 | 3,133 | 2,071 | 4,156 | 2,173 | 3,726 | 3,364 | 4,055 |
| Transportation | 2,484 | 2,911 | 2,509 | 2,547 | 2,821 | 2,330 | 2,250 | 2,224 | 2,459 | 2,542 |
| Human Services | 888 | 787 | 969 | 612 | 503 | 770 | 692 | 1,347 | 1,088 | 1,120 |
| Economic Development | - | - | - | - | 220 | - | - | - | 61 | 111 |
| Physical Environment | 1,057 | 980 | 1,139 | 997 | 861 | 873 | 4,049 | 2,082 | 2,036 | 2,600 |
| Culture and Recreation | 3,895 | 3,956 | 3,759 | 3,697 | 3,378 | 3,260 | 3,142 | 3,859 | 3,614 | 3,390 |
| Operating Grants and Contributions | 566 | 5,705 | 11,031 | 8,791 | 9,923 | 8,006 | 9,510 | 9,635 | 22,238 | 9,370 |
| Capital Grants and Contributions | 1 | 5,073 | 8,121 | 6,800 | 383 | 72,446 | 742 | 5,375 | 110 | 204 |
| Total Governmental Activities Program Revenues | \$ 13,646 | \$ 24,863 | \$ 32,257 | \$ 28,390 | \$ 21,798 | \$ 93,937 | \$ 24,223 | \$ 30,083 | \$ 36,956 | \$ 25,158 |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Electric | \$ 280,317 | \$ 257,511 | \$ 285,660 | \$ 317,647 | \$ 341,778 | \$ 369,923 | \$ 369,483 | \$ 347,388 | \$ 341,203 | \$ 281,800 |
| Gas | 33,225 | 32,731 | 34,082 | 48,311 | 52,697 | 46,521 | 53,691 | 43,321 | 55,684 | 35,871 |
| Sewer | 60,126 | 59,624 | 60,172 | 59,046 | 53,648 | 48,061 | 45,668 | 39,721 | 35,896 | 35,695 |
| Water | 29,631 | 28,137 | 30,321 | 30,515 | 25,673 | 26,230 | 25,764 | 27,988 | 24,813 | 22,927 |
| Airport | 13,328 | 11,564 | 11,660 | 11,498 | 11,729 | 12,203 | 12,713 | 12,494 | 11,437 | 11,179 |
| StarMetro | 4,954 | 4,759 | 5,008 | 4,542 | 4,509 | 6,496 | 4,258 | 3,640 | 3,231 | 3,402 |
| Solid Waste | 24,751 | 23,252 | 23,046 | 21,859 | 21,200 | 21,658 | 19,746 | 18,778 | 18,326 | 18,069 |
| Golf | 885 | 894 | 1,024 | 876 | 858 | 1,070 | 936 | 1,007 | 981 | 909 |
| Stormwater Management | 17,552 | 17,669 | 20,812 | 17,732 | 18,906 | 18,417 | 16,516 | 15,350 | 14,557 | 13,088 |
| Fire Services | 32,260 | 32,660 | 31,399 | 31,194 | 30,297 | 23,952 | 23,962 | 23,663 | 23,002 | 20,733 |
| Operating Grants and Contributions | 9,295 | 5,861 | 6,873 | 5,541 | 3,648 | 4,148 | 3,407 | 3,875 | 5,021 | 4,121 |
| Capital Grants and Contributions | 14,767 | 11,584 | 20,026 | 7,659 | 14,261 | 12,624 | 7,245 | 18,969 | 10,600 | 14,891 |
| Total Business-type Activities Program Revenues | \$ 521,091 | \$ 486,246 | \$ 530,083 | \$ 556,420 | \$ 579,204 | \$ 591,303 | \$ 583,389 | \$ 556,194 | \$ 544,751 | \$ 462,685 |
| Total Primary Government Program Revenues | \$ 534,737 | \$ 511,109 | \$ 562,340 | \$ 584,810 | \$ 601,002 | \$ 685,240 | \$ 607,612 | \$ 586,277 | \$ 581,707 | \$ 487,843 |
| <u>Net (Expenses) Revenues</u> | | | | | | | | | | |
| Governmental Activities | \$ (177,474) | \$ (139,245) | \$ - | \$ (140,606) | \$ (135,978) | \$ (77,645) | \$ (142,887) | \$ (130,584) | \$ (141,121) | \$ (132,810) |
| Business-Type Activities | 43,476 | 41,628 | 61,342 | 35,141 | 61,519 | 36,590 | 31,784 | 48,732 | 38,582 | 33,920 |
| Total Primary Government Net Expenses | \$ (133,998) | \$ (97,617) | \$ 61,342 | \$ (105,465) | \$ (74,459) | \$ (41,055) | \$ (111,103) | \$ (81,852) | \$ (102,539) | \$ (98,890) |

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes, Levied for General Purposes | \$ 31,528 | \$ 31,520 | \$ 33,483 | \$ 34,438 | \$ 35,113 | \$ 34,001 | \$ 33,570 | \$ 35,630 | \$ 31,583 | \$ 27,319 |
| Local Option Sales Tax | - | - | - | - | - | - | - | - | 3,915 | 8,709 |
| Local Option Gas Tax | - | - | - | - | - | - | - | - | 4,118 | 4,314 |
| Public Service Tax | 23,429 | 22,835 | 22,524 | 22,595 | 23,140 | 22,834 | 22,144 | 21,747 | 19,930 | 18,977 |
| Business License Tax | 5,123 | 4,972 | 5,157 | 6,229 | 5,214 | 1,808 | 1,825 | 1,799 | - | - |
| Occupational Licenses and Franchise Fees | - | - | - | - | - | - | - | - | 1,654 | 1,655 |
| Grants and Contributions Not Restricted to Specific Programs | 27,942 | 24,046 | 24,260 | 24,051 | 24,181 | 23,265 | 24,969 | 26,216 | 15,811 | 14,964 |
| Unrestricted Investment Earnings | 1,740 | 4,084 | 3,499 | 3,431 | 5,985 | 5,054 | 7,039 | 8,373 | 9,861 | 7,150 |
| Net Securities Lending Income | 5 | 14 | 11 | 15 | 12 | 224 | 268 | 90 | - | - |
| Net Increase (Decrease) in Fair Value of Investments | 131 | (1,658) | 76 | (689) | 1,045 | 3,719 | (2,091) | 1,282 | 933 | (2,045) |
| Miscellaneous | 13,052 | 1,806 | 5,058 | 1,455 | 1,738 | 4,284 | 2,008 | 3,120 | 131 | 5,558 |
| Gain (Loss) on the Sale of Capital Assets | - | - | - | - | - | - | 599 | 853 | - | - |
| Special Item - Reclassification of Internal Service Funds | - | - | - | - | - | - | - | (54,332) | - | - |
| Transfers | 31,021 | 29,104 | 29,246 | 26,978 | 29,588 | 25,888 | 21,470 | 25,830 | 27,410 | 18,858 |
| Total Governmental Activities | \$ 133,971 | \$ 116,723 | \$ 123,314 | \$ 118,503 | \$ 126,016 | \$ 121,077 | \$ 111,801 | \$ 70,608 | \$ 115,346 | \$ 105,459 |
| Business-Type Activities: | | | | | | | | | | |
| Unrestricted Investment Earnings | \$ 5,332 | \$ 6,857 | \$ 7,177 | \$ 7,939 | \$ 12,374 | \$ 6,499 | \$ 12,937 | \$ 13,219 | \$ 9,162 | \$ 6,635 |
| Net Securities Lending Income | 38 | 30 | 25 | 40 | 31 | 286 | 441 | 142 | - | - |
| Net Increase (Decrease) in Fair Value of Investments | 202 | (7,495) | 426 | 2,235 | 3,912 | 8,320 | (6,602) | 3,513 | 1,137 | (2,609) |
| Miscellaneous | 2,058 | - | (1) | 18 | 381 | - | - | - | - | - |
| Gain (Loss) on Sale of Capital Assets | - | - | - | - | - | - | (1,615) | (4,232) | - | - |
| Special Item - Reclassification of Internal Service Funds | - | - | - | - | - | - | - | 54,332 | - | - |
| Transfers | (31,021) | (29,104) | (29,246) | (26,978) | (29,588) | (25,888) | (21,470) | (25,830) | (27,410) | (18,858) |
| Total Business-type Activities | \$ (23,391) | \$ (29,712) | \$ (21,619) | \$ (16,746) | \$ (12,890) | \$ (10,783) | \$ (16,309) | \$ 41,144 | \$ (17,111) | \$ (14,832) |
| Total Primary Government | \$ 110,580 | \$ 87,011 | \$ 101,695 | \$ 101,757 | \$ 113,126 | \$ 110,294 | \$ 95,492 | \$ 111,752 | \$ 98,235 | \$ 90,627 |
| Change in Net Assests | | | | | | | | | | |
| Governmental Activities | \$ (43,503) | \$ (22,522) | \$ 123,314 | \$ (22,103) | \$ (9,962) | \$ 43,432 | \$ (31,086) | \$ (59,976) | \$ (25,775) | \$ (27,351) |
| Business Activities | 20,085 | 11,916 | 39,723 | 18,395 | 48,629 | 25,807 | 15,475 | 89,876 | 21,471 | 19,088 |
| Total Primary Government | \$ (23,418) | \$ (10,606) | \$ 163,037 | \$ (3,708) | \$ 38,667 | \$ 69,239 | \$ (15,611) | \$ 29,900 | \$ (4,304) | \$ (8,263) |

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|------------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ 4,018 | \$ 3,649 | \$ 2,189 | \$ 1,838 | \$ 904 | \$ 1,130 |
| Unreserved | - | - | - | - | 12,594 | 5,288 | 5,083 | 8,075 | 15,580 | 11,394 |
| Nonspendable | 819 | 700 | 709 | 275 | - | - | - | - | - | - |
| Spendable: | | | | | | | | | | |
| Committed | 21,414 | 20,552 | 21,746 | 16,979 | - | - | - | - | - | - |
| Assigned | 2,545 | 1,741 | 1,777 | 1,417 | - | - | - | - | - | - |
| Unassigned | 2,472 | 1,575 | 160 | 68 | - | - | - | - | - | - |
| Total General Fund | <u>\$ 27,250</u> | <u>\$ 24,568</u> | <u>\$ 24,392</u> | <u>\$ 18,739</u> | <u>\$ 16,612</u> | <u>\$ 8,937</u> | <u>\$ 7,272</u> | <u>\$ 9,913</u> | <u>\$ 16,484</u> | <u>\$ 12,524</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ 88,301 | \$ 95,483 | \$ 117,767 | \$ 122,256 | \$ 107,474 | \$ 124,439 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | 9,621 | 5,813 | (1,085) | 2,218 | 1,120 | (238) |
| Capital Projects funds | - | - | - | - | 14,028 | 19,931 | 3,737 | 14,472 | 17,313 | 20,217 |
| Permanent funds | - | - | - | - | 6,184 | 6,298 | 6,457 | 6,666 | 6,274 | 6,258 |
| Non-Spendable | 626 | 1,226 | 1,696 | 424 | - | - | - | - | - | - |
| Spendable: | | | | | | | | | | |
| Restricted | 56,705 | 29,526 | 64,690 | 83,786 | - | - | - | - | - | - |
| Committed | 25,673 | 26,627 | 25,612 | 23,409 | - | - | - | - | - | - |
| Assigned | - | 2,136 | 2,586 | 2,561 | - | - | - | - | - | - |
| Unassigned | (605) | (1,073) | (1,881) | (2,581) | - | - | - | - | - | - |
| Total all Other Governmental Funds | <u>\$ 82,399</u> | <u>\$ 58,442</u> | <u>\$ 92,703</u> | <u>\$ 107,599</u> | <u>\$ 118,134</u> | <u>\$ 127,525</u> | <u>\$ 126,876</u> | <u>\$ 145,612</u> | <u>\$ 132,181</u> | <u>\$ 150,676</u> |

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 (as restated) | 2007 (as restated) | 2006 | 2005 |
|--|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-----------------------|--------------------|-------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 54,962 | \$ 54,357 | \$ 56,006 | \$ 57,033 | \$ 58,253 | \$ 56,835 | \$ 57,714 | \$ 57,377 | \$ 59,546 | \$ 59,319 |
| Licenses and Permits | 6,047 | 5,745 | 5,967 | 7,132 | 5,936 | 11,072 | 6,149 | 7,061 | 6,058 | 6,780 |
| Intergovernmental Revenues | 39,032 | 34,350 | 43,105 | 39,637 | 34,376 | 38,892 | 34,474 | 39,534 | 37,641 | 25,328 |
| Charges for Services | 8,789 | 9,184 | 8,866 | 8,210 | 8,020 | 7,783 | 7,048 | 7,028 | 7,032 | 7,011 |
| Fines and Forfeitures | 1,713 | 2,478 | 2,647 | 2,436 | 1,162 | 1,361 | 1,594 | 1,549 | 1,613 | 1,820 |
| Special Assessments | - | - | - | - | - | - | - | - | - | - |
| Net Investment Earnings | 1,550 | 3,748 | 3,065 | 2,964 | 5,312 | 4,094 | 5,690 | 7,010 | 7,371 | 5,589 |
| Securities Lending Income | 10 | 49 | 51 | 38 | 33 | 320 | 1,592 | 2,720 | - | - |
| Net Inc (Dec) in the Fair Value of Investments | 126 | (1,491) | 30 | (617) | 919 | 3,279 | (1,637) | 1,100 | 680 | (1,458) |
| Miscellaneous Revenues | 12,765 | 13,013 | 15,371 | 11,719 | 11,045 | 12,509 | 12,032 | 11,900 | 10,491 | 11,176 |
| Total Revenues | \$ 124,994 | \$ 121,433 | \$ 135,108 | \$ 128,552 | \$ 125,056 | \$ 136,145 | \$ 124,656 | \$ 135,279 | \$ 130,432 | \$ 115,565 |
| Expenditures: | | | | | | | | | | |
| General Government | 28,660 | 26,007 | 26,915 | 29,833 | 29,689 | 30,095 | 30,766 | 27,690 | 38,237 | 33,695 |
| Public Safety | 57,281 | 55,861 | 54,138 | 52,502 | 50,499 | 51,110 | 51,730 | 50,247 | 45,381 | 45,627 |
| Transportation | 34,270 | 51,224 | 39,910 | 32,498 | 28,670 | 30,653 | 35,718 | 32,858 | 39,794 | 49,675 |
| Human Services | 2,375 | 3,284 | 2,977 | 2,781 | 2,639 | 3,585 | 6,594 | 6,139 | 5,524 | 11,879 |
| Economic Environment | 8,621 | 9,194 | 11,994 | 11,577 | 12,096 | 11,189 | 7,811 | 9,939 | 12,852 | 2,701 |
| Physical Environment | 2,406 | 2,890 | 3,200 | 2,452 | 2,539 | 4,130 | 5,259 | 3,617 | 2,829 | 2,642 |
| Cultural and Recreation | 22,486 | 21,242 | 20,452 | 19,894 | 19,845 | 19,426 | 18,981 | 18,134 | 26,018 | 17,402 |
| Securities Lending Expense: | | | | | | | | | | |
| Interest | 5 | 33 | 40 | 21 | 20 | 92 | 1,317 | 2,624 | - | - |
| Agent Fees | 1 | 3 | 2 | 3 | 2 | 47 | 56 | 20 | - | - |
| Capital Outlay | - | - | - | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | | | |
| Principal Retired | 6,050 | 5,320 | 10,675 | 4,615 | 6,890 | 4,750 | 4,160 | 4,055 | 3,955 | 5,797 |
| Interest and Fiscal Charges | 3,105 | 2,956 | 5,010 | 4,571 | 4,657 | 4,821 | 4,917 | 4,795 | 5,410 | 3,791 |
| Bond Issuance Costs | 263 | 236 | - | - | - | - | - | - | - | - |
| Advance Refunding Escrow | - | 10,340 | - | - | - | - | - | - | - | - |
| Total Expenditures | \$ 165,523 | \$ 188,590 | \$ 175,313 | \$ 160,747 | \$ 157,546 | \$ 159,898 | \$ 167,309 | \$ 160,118 | \$ 180,000 | \$ 173,209 |
| Excess of Revenues Over (Under) Expenditures | (40,529) | (67,157) | (40,205) | (32,195) | (32,490) | (23,753) | (42,653) | (24,839) | (49,568) | (57,644) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Transfers In | 52,970 | 53,159 | 54,769 | 56,428 | 49,992 | 53,681 | 45,652 | 48,134 | 48,607 | 58,172 |
| Transfers Out | (20,283) | (23,143) | (23,807) | (27,310) | (19,218) | (27,614) | (24,128) | (21,970) | (22,233) | (36,119) |
| Sale of Capital Assets | 579 | 3,055 | - | - | - | - | - | - | - | 90,516 |
| Proceeds from Loans from Other Funds | - | - | - | - | - | - | - | - | - | - |
| Bond Issue Costs | - | - | - | - | - | - | - | - | - | (1,159) |
| Refunding Bond Issue | 33,902 | 58,164 | - | - | - | - | - | - | - | - |
| Payments to Refunded Bond Escrow Agent | - | (58,164) | - | - | - | - | - | - | - | - |
| Proceeds from Sale of Capital Assets | - | - | - | - | - | - | 1,752 | 852 | - | 4,667 |
| Operating Transfer From Component Unit | - | - | - | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | \$ 67,168 | \$ 33,071 | \$ 30,962 | \$ 29,118 | \$ 30,774 | \$ 26,067 | \$ 23,276 | \$ 27,016 | \$ 26,374 | \$ 116,077 |
| Net Change in Fund Balances | \$ 26,639 | \$ (34,086) | \$ (9,243) | \$ (3,077) | \$ (1,716) | \$ 2,314 | \$ (19,377) | \$ 2,177 | \$ (23,194) | \$ 58,433 |
| Debt Services as a Percentage of Noncapital Expenditures | 6.59 % | 5.17 % | 10.47 % | 6.18 % | 8.03 % | 10.52 % | 6.12 % | 6.14 % | 6.01 % | 6.83 % |

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

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

| Fiscal Year | Real Property | Personal Property | Centrally Assessed Property | Less: Tax Exempt Property | Total Taxable Assessed Value ⁽¹⁾ | Total Direct Tax Rate | Estimated Actual Taxable Value ⁽²⁾ | Taxable Assessed Value as a Percentage of Actual Value ⁽³⁾ |
|-------------|---------------|-------------------|-----------------------------|---------------------------|---|-----------------------|---|---|
| 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 | 10,083,179 | 3.70 | 20,757,362 | 48.58 |
| 2008 | 17,370,043 | 1,878,935 | 2,603 | 8,088,767 | 11,162,814 | 3.17 | 22,648,918 | 49.29 |
| 2009 | 17,722,358 | 1,855,027 | 3,078 | 8,789,036 | 10,791,427 | 3.21 | 23,035,839 | 46.85 |
| 2010 | 15,900,917 | 1,872,241 | 1,081 | 7,854,304 | 9,919,935 | 3.70 | 20,910,869 | 47.44 |
| 2011 | 15,489,525 | 1,844,995 | 2,816 | 7,665,541 | 9,671,795 | 3.70 | 20,396,867 | 47.42 |
| 2012 | 15,333,433 | 1,756,386 | 5,253 | 7,834,968 | 9,260,104 | 3.70 | 20,111,850 | 46.04 |
| 2013 | 14,506,724 | 1,650,817 | 5,617 | 7,364,930 | 8,798,228 | 3.70 | 19,015,479 | 46.27 |
| 2014 | 14,499,790 | 1,654,905 | 5,923 | 7,342,511 | 8,818,107 | 3.70 | 19,012,492 | 46.38 |

Source: Leon County Property Appraiser

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

⁽¹⁾ Total assessed values less exemptions

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

⁽³⁾ Calculated Figure

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

| Fiscal Year | Direct | Overlapping | | | | Total |
|-------------|---------------------|---------------------|--------------|-------------|---------------------------|-------|
| | City of Tallahassee | County School Board | | Leon County | N.W. Fla Water Management | |
| | Operating | Operating | Debt Service | Operating | Operating | |
| 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 | - | 7.85 | 0.05 | 19.35 |
| 2011 | 3.70 | 8.03 | - | 7.85 | 0.05 | 19.63 |
| 2012 | 3.70 | 7.78 | - | 7.85 | 0.04 | 19.37 |
| 2013 | 3.70 | 7.71 | - | 8.31 | 0.04 | 19.76 |
| 2014 | 3.70 | 7.35 | - | 8.31 | 0.04 | 19.40 |

Source: Leon County Tax Collector

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

| Tax payer | Types of Business | 2014 | | 2005 | | | |
|------------------------------------|-------------------|------------------------|------|---|------------------------|------|---|
| | | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Century Link (aka Embarq, Sprint) | Communications | 123,878 | 1 | 1.40 % | 251,192 | 1 | 1.90 % |
| Smith Interest General Partnership | Retail | 114,254 | 2 | 1.30 % | 131,979 | 2 | 1.00 % |
| Florida Gas Transmission Company | Utilities | 77,460 | 3 | 0.88 % | 40,980 | 7 | 0.30 % |
| Tallahassee Medical Center, Inc. | Medical | 68,643 | 4 | 0.78 % | 65,284 | 4 | 0.50 % |
| Talquin Electric Coop | Utilities | 64,928 | 5 | 0.74 % | - | - | - % |
| DRA CRT Tallahassee Center | Real Estate | 59,539 | 6 | 0.68 % | 93,363 | 3 | 0.70 % |
| Walmart Stores, Inc | Retail | 50,006 | 7 | 0.57 % | 44,646 | 6 | 0.30 % |
| St. Joe Company | Communications | 45,236 | 8 | 0.51 % | - | - | - % |
| Comcast Cablevision, Inc. | Communications | 37,592 | 9 | 0.43 % | 33,128 | 9 | 0.20 % |
| Capital City Bank | Banking | 35,457 | 10 | 0.40 % | 32,373 | 10 | 0.20 % |
| Koger Properties | Retail | N/A | | - | 40,445 | 8 | 0.30 % |
| Stiles, J. A. III Etal, Trust | Real Estate | N/A | | - | 49,801 | 5 | 0.40 % |
| Total | | <u>676,993</u> | | <u>7.69 %</u> | <u>783,191</u> | | <u>5.80 %</u> |

**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 |
| 2005 | N/A | N/A | - | N/A | N/A | - |
| 2006 | 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 % | 108 | 33,171 | 95.7 % |
| 2010 | 36,704 | 35,031 | 95.4 % | 88 | 35,119 | 95.7 % |
| 2011 | 35,918 | 34,076 | 94.9 % | 242 | 34,318 | 95.5 % |
| 2012 | 34,707 | 33,055 | 95.2 % | 66 | 33,121 | 95.4 % |
| 2013 | 32,646 | 31,458 | 96.4 % | 39 | 31,497 | 96.5 % |
| 2014 | 32,702 | 31,471 | 96.2 % | - | - | - |

N/A - Information not available.

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| TOTAL VALUATIONS | \$ 16,160,618 | \$ 16,163,157 | \$ 17,095,072 | \$ 17,337,336 | \$ 17,774,239 | \$ 19,580,463 | \$ 19,251,581 | \$ 17,643,758 | \$ 14,983,276 | \$ 13,321,051 |
| EXEMPTIONS | | | | | | | | | | |
| Agricultural Adjustment | \$ 37,998 | \$ 38,173 | \$ 38,367 | \$ 38,591 | \$ 37,371 | \$ 72,812 | \$ 66,919 | \$ 37,636 | \$ 34,920 | \$ 40,454 |
| Government Exemption | 4,641,924 | 4,620,454 | 4,782,072 | 4,691,503 | 4,742,678 | 5,107,970 | 5,033,493 | 4,843,510 | 4,230,744 | 4,235,264 |
| Institutional Exemption | 658,118 | 643,767 | 667,240 | 663,234 | 638,457 | 698,220 | 667,120 | 597,011 | 503,931 | 391,109 |
| Individual/Homestead Exemptions | 1,329,354 | 1,354,810 | 1,382,463 | 1,402,154 | 2,362,458 | 2,862,860 | 2,277,245 | 2,044,997 | 1,581,633 | 1,257,938 |
| Other Exemptions & Adjustments | 675,118 | 707,727 | 964,826 | 870,059 | 73,340 | 47,173 | 43,990 | 37,425 | 31,530 | 26,102 |
| TOTAL EXEMPTION AND ADJUSTMENTS | \$ 7,342,512 | \$ 7,364,931 | \$ 7,834,968 | \$ 7,665,541 | \$ 7,854,304 | \$ 8,789,035 | \$ 8,088,767 | \$ 7,560,579 | \$ 6,382,758 | \$ 5,950,867 |
| TAXABLE VALUATION | \$ 8,818,106 | \$ 8,798,226 | \$ 9,260,104 | \$ 9,671,795 | \$ 9,919,935 | \$ 10,791,428 | \$ 11,162,814 | \$ 10,083,179 | \$ 8,600,518 | \$ 7,370,184 |
| MILLAGE LEVIED | <u>3.700</u> | <u>3.700</u> | <u>3.700</u> | <u>3.212</u> | <u>3.170</u> | <u>3.700</u> | <u>3.700</u> | <u>3.700</u> | <u>3.200</u> | <u>3.200</u> |
| TOTAL TAXES LEVIED | \$ 32,673 | \$ 32,648 | \$ 34,707 | \$ 35,918 | \$ 36,704 | \$ 34,704 | \$ 35,416 | \$ 37,370 | \$ 31,875 | \$ 27,306 |
| Less: Adjustments & Discount | 1,145 | 1,129 | 1,167 | 1,180 | 1,213 | 1,130 | 1,172 | 1,253 | 1,079 | 937 |
| Net Taxes Levied | \$ <u>31,528</u> | \$ <u>31,519</u> | \$ <u>33,540</u> | \$ <u>34,738</u> | \$ <u>35,491</u> | \$ <u>33,574</u> | \$ <u>34,244</u> | \$ <u>36,117</u> | \$ <u>30,796</u> | \$ <u>26,369</u> |
| NET COLLECTED ⁽¹⁾⁽²⁾ | \$ <u>31,571</u> | \$ <u>31,458</u> | \$ <u>33,055</u> | \$ <u>34,224</u> | \$ <u>35,114</u> | \$ <u>33,100</u> | \$ <u>33,592</u> | \$ <u>35,442</u> | \$ <u>30,191</u> | \$ <u>26,349</u> |

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 |
|------------------------------------|------------------------------|------------------------------------|--------------------------------------|
| 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 | - | - |
| 2014 | 105,975 | - | - |

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 |
|------------------------------------|----------------------|--------------------------------|--------------------------|--|------------------------------------|-------------------------|---------------------------------|--------------------------------------|-------------------|
| 2005 | \$ 166,395 | \$ 27,095 | \$ 6,570 | \$ 60,855 | \$ 54,320 | \$ - | \$ 441,740 | 4.54 % | 2,527 |
| 2006 | 290,100 | 19,975 | 5,830 | 57,360 | 61,506 | - | 557,321 | 5.10 % | 3,161 |
| 2007 | 487,910 | 12,635 | 5,070 | 53,680 | 61,143 | - | 738,933 | 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 |
| 2014 | 579,023 | 2,005 | - | 323,440 | - | 28,941 | 1,039,384 | N/A | 5,595 |

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

| Fiscal Year Ended Sept. 30 | General Revenue Bonds | Percentage of Actual Taxable Value of Property⁽¹⁾ | Per Capita⁽²⁾ |
|---|--------------------------------------|---|-------------------------------------|
| 2005 | \$ 94,805 | 0.60 % | 542 |
| 2006 | 91,350 | 0.52 % | 519 |
| 2007 | 87,795 | 0.42 % | 499 |
| 2008 | 84,135 | 0.37 % | 473 |
| 2009 | 115,760 | 0.51 % | 651 |
| 2010 | 106,905 | 0.53 % | 598 |
| 2011 | 101,150 | 0.50 % | 554 |
| 2012 | 90,475 | 0.45 % | 493 |
| 2013 | 71,800 | 0.39 % | 391 |
| 2014 | 105,975 | 0.56 % | 570 |

Source: City of Tallahassee, Accounting Services

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

⁽²⁾ See Demographic and Economic Statistics Schedule for Population data.

CITY OF TALLAHASSEE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES
September 30, 2014
(in thousands)

| <u>Government Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable⁽¹⁾</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-------------------------|--|--|
| Debt repaid with property taxes | | | |
| Leon County School Board ⁽²⁾ | \$ 205,887 | 66 % | \$ 135,885 |
| Debt repaid with non self-supporting revenue debt | | | |
| Leon County ⁽³⁾ | 57,186 | 66 % | 37,743 |
| Subtotal, Overlapping Debt | | - | 173,628 |
| City Direct Debt | | - | <u>105,975</u> |
| Total Direct and Overlapping Debt | | - | <u>\$ 279,603</u> |

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

⁽²⁾ Leon County School Board

⁽³⁾ Leon County

**CITY OF TALLAHASSEE, FLORIDA
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2014
(in thousands)**

| | |
|---|---------------------|
| TAXABLE ASSESSED VALUE | <u>\$ 8,818,107</u> |
| Debt Limit 20 Percent of Assessed Value | <u>\$ 1,763,621</u> |

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

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

| Fiscal Year Ending | Gross Revenue ⁽¹⁾ | Operating Expenses ⁽²⁾ | Net Revenue Available for Debt Service | Debt Service Requirements ⁽³⁾ | | | Coverage |
|--------------------------|---------------------------------|--------------------------------------|--|--|----------|-----------|----------|
| | | | | Principal | Interest | Total | |
| 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 |
| 2014 | 310,314 | 211,408 | 98,906 | 13,482 | 30,048 | 43,530 | 2.27 |

(1) Total operating revenues plus operating interest earned.

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

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

CITY OF TALLAHASSEE, FLORIDA
REVENUE BOND COVERAGE
CONSOLIDATED UTILITY REVENUE BONDS
Last Ten Fiscal Years
(in thousands)

| Fiscal Year Ending | Gross Revenues ⁽¹⁾ | Operating Expenses ⁽²⁾ | Net Revenue Available for Debt Service | Debt Service Requirements ⁽³⁾ | | | Coverage |
|-----------------------|----------------------------------|--------------------------------------|--|--|----------|----------|----------|
| | | | | Principal | Interest | Total | |
| 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 |
| 2014 | 99,063 | 51,802 | 47,261 | 6,530 | 16,417 | 22,947 | 2.06 |

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

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

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

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

| Year | Estimated⁽¹⁾ Population | Airline Passengers | Electric KWH Sold (000's) | Water Consumed (Gals) (Millions) | Gas Used (Cu. Ft.) (Millions) | Housing Units | Leon County School (2) Enrollment |
|-------------|---|-------------------------------|--------------------------------------|---|--|----------------------|--|
| 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 |
| 2014 | 183,784 | 708,433 | 2,763,936 | 8,801 | 2,931 | 86,242 | 34,955 |

Source: City records, except as noted.

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

(2) Leon County School Board

| Year | City Personal Income (3) (Thousands) | Per Capita Personal Income (3) | Number of Labor Force (4) | Number of Employed (4) | Numbered of Unemployed (4) | Unemployment Rate (Percent) (4) |
|-------------|---|---|--------------------------------------|-----------------------------------|---------------------------------------|--|
| 2005 | 9,721,000 | \$ 29,852 | 84,997 | 82,082 | 2,915 | 3.6 % |
| 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 % |
| 2014 | N/A | N/A | 101,034 | 95,302 | 5,732 | 5.7 % |

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

(4) Florida Department of Economic Opportunity.

N/A - Not Available

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

| <u>Employer</u> | <u>Type of Business</u> | <u>2014⁽¹⁾</u> | | | <u>2005⁽²⁾</u> | | |
|--|-------------------------|----------------------------|-------------|----------------------------|-----------------------------|-------------|----------------------------|
| | | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total</u> | <u>Numbers of Employees</u> | <u>Rank</u> | <u>Percentage of Total</u> |
| State of Florida | Government | 19,442 | 1 | 35.83 % | 25,204 | 1 | 47.92 % |
| Florida State University | Education | 14,378 | 2 | 26.78 % | 8,784 | 2 | 16.70 % |
| Leon Co. School Board | Education | 5,383 | 3 | 8.34 % | 4,403 | 3 | 8.37 % |
| Tallahassee Memorial Healthcare | Healthcare | 4,583 | 4 | 8.32 % | 2,850 | 5 | 5.42 % |
| City of Tallahassee | Government | 2,811 | 5 | 5.19 % | 3,327 | 4 | 6.32 % |
| Publix | Retail | 2,200 | 6 | 3.68 % | 2,000 | 7 | 3.80 % |
| Tallahassee Community College | Education | 1,518 | 7 | 3.45 % | 1,090 | 9 | 2.07 % |
| Florida A & M University | Education | 1,767 | 8 | 3.29 % | 2,681 | 6 | 5.10 % |
| Leon County | Government | 1,712 | 9 | 3.19 % | 1,522 | 8 | 2.89 % |
| Capital Regional Medical Center ⁽³⁾ | Healthcare | 1,051 | 10 | 1.93 % | - | | - % |
| Sprint | Telecommunications | - | | - % | 740 | 10 | 1.41 % |
| Total | | <u>54,845</u> | | <u>100.00 %</u> | <u>52,601</u> | | <u>100.00 %</u> |

(1) Data from employers or Website

(2) Data from Leon County CAFR 2004.

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

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

| Function/Program | Full Time Equivalent Employees as of September 30 | | | | | | | | | |
|---|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| City Commission & Appointed Official | 133 | 130 | 130 | 130 | 130 | 139 | 132 | 133 | 132 | 131 |
| Administration | 181 | 179 | 182 | 181 | 184 | 198 | 188 | 191 | 187 | 185 |
| Aviation | 53 | 53 | 53 | 53 | 53 | 54 | 54 | 54 | 54 | 53 |
| Communications | 13 | 13 | 12 | 12 | 11 | 12 | 13 | 13 | 12 | 10 |
| Customer Services | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Economic and Community Development | 37 | 37 | 37 | 38 | 38 | 57 | N/A | N/A | N/A | N/A |
| Economic Development | - | - | - | - | - | - | 7 | 8 | 9 | 9 |
| Electric | 298 | 298 | 298 | 295 | 295 | 291 | 290 | 290 | 282 | 280 |
| Emergency Management | 1 | 1 | 1 | 1 | 1 | 1 | N/A | N/A | N/A | N/A |
| Energy Services | 30 | 29 | 29 | 29 | 31 | 23 | N/A | N/A | N/A | N/A |
| EPER | 14 | 13 | 13 | 12 | 12 | 12 | N/A | N/A | N/A | N/A |
| Fire | 280 | 280 | 280 | 280 | 272 | 263 | 267 | 267 | 265 | 265 |
| Fleet | 59 | 58 | 57 | 57 | 58 | 57 | 58 | 59 | 60 | 60 |
| Gas | - | - | - | - | - | - | 40 | 40 | 40 | 40 |
| Growth Management | 63 | 62 | 61 | 61 | 58 | 75 | 83 | 83 | 80 | 80 |
| Neighborhood & Community Services | - | - | - | - | - | - | 85 | 86 | 83 | 79 |
| Parks & Recreation & Neighborhood Affairs | 171 | 170 | 172 | 171 | 172 | 176 | 152 | 154 | 154 | 154 |
| Planning | 26 | 26 | 27 | 27 | 27 | 28 | 29 | 29 | 28 | 28 |
| Police | 427 | 427 | 483 | 485 | 485 | 489 | 498 | 499 | 492 | 491 |
| Public Works | 286 | 283 | 278 | 279 | 283 | 301 | 254 | 260 | 265 | 266 |
| Solid Waste | 87 | 88 | 88 | 89 | 91 | 99 | 102 | 108 | 107 | 103 |
| Stormwater | - | - | - | - | - | - | 91 | 94 | 85 | 83 |
| StarMetro | 170 | 170 | 170 | 168 | 168 | 169 | 167 | 169 | 140 | 138 |
| Utility Services | 120 | 120 | 112 | 112 | 114 | 120 | 167 | 166 | 165 | 165 |
| Underground Utilities | 361 | 362 | 362 | 360 | 364 | 367 | N/A | N/A | N/A | N/A |
| Water Utility | - | - | - | - | - | - | 303 | 304 | 301 | 298 |
| Total | 2,811 | 2,800 | 2,846 | 2,841 | 2,848 | 2,932 | 2,982 | 3,009 | 2,943 | 2,920 |

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 YEARS**

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|---------|-----------|-----------|-----------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Police | | | | | | | | | | |
| Arrests | 6,053 | 5,360 | 5,362 | 5,777 | 7,171 | 6,619 | N/A | 7,002 | 7,033 | 6,329 |
| Traffic violations | 13,039 | 30,166 | 31,508 | 32,838 | 25,757 | 21,319 | 34,300 | 32,015 | 36,991 | 30,756 |
| Parking violations | 17,872 | 17,146 | 16,104 | 15,385 | 18,187 | 19,333 | 19,711 | 25,186 | 25,548 | 28,306 |
| Fire | | | | | | | | | | |
| Emergency responses | 22,075 | 22,820 | 22,920 | 21,856 | 21,541 | 17,786 | 25,101 | 15,896 | 16,415 | 14,700 |
| Fires reported | 1,153 | 1,206 | 1,379 | 1,537 | 1,172 | 1,511 | 1,443 | 1,973 | 1,793 | 1,593 |
| Gas | | | | | | | | | | |
| Daily average consumption (MCF) | 8,030 | 6,800 | 6,959 | 7,387 | 7,650 | 6,878 | 6,111 | 6,347 | 6,392 | 7,058 |
| Number of service connections | 29,275 | 28,576 | 28,018 | 27,654 | 26,948 | 26,448 | 26,447 | 26,348 | 25,888 | 24,322 |
| Water | | | | | | | | | | |
| Daily average consumption (MGD) | 26 | 26 | 26 | 27 | 26 | N/A | 33 | 33 | 27 | 28 |
| Number of service connections | 83,384 | 83,095 | 82,606 | 82,133 | 81,945 | 82,016 | 82,069 | 81,275 | 79,887 | 77,866 |
| Electric | | | | | | | | | | |
| Net Systeem Energy Generated (K W H) (Millions) | 2,763 | 2,638 | 2,248 | 2,374 | 2,293 | 2,657 | 2,725 | 2,758 | 2,758 | 2,698 |
| Average number residential customers | 87,674 | 87,862 | 86,921 | 86,945 | 86,041 | 85,889 | 86,151 | 93,258 | 91,490 | 88,788 |
| Average residential monthly bill | 121 | 113 | 118 | 138.00 | 143.25 | 153.23 | 148.74 | 147.68 | 140.50 | 111.51 |
| Sewage | | | | | | | | | | |
| Daily average treatment (MDG) | 16 | 18 | 16 | 15.00 | 16.47 | - | - | 16.89 | 17.24 | 19.53 |
| Number of service connections | 71,440 | 71,172 | 70,660 | 70,279 | 70,015 | 69,966 | 69,913 | 69,048 | 66,063 | 66,603 |
| Transit | | | | | | | | | | |
| Total revenue miles | 2,591,582 | 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 |
| Passengers trips | 4,241,111 | 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 |
| Solid Waste | | | | | | | | | | |
| Number of customers | 63,284 | 63,190 | 62,859 | 62,935 | 62,585 | 62,621 | 63,284 | 63,608 | 63,176 | 62,699 |
| Refuse collected (in tons) | 119,659 | 117,392 | 137,346 | 129,091 | 142,643 | 145,707 | N/A | 159,002 | 157,253 | 162,737 |
| Recyclables collected (in tons) | 33,752 | 96,405 | 10,614 | 19,793 | 9,925 | 6,172 | 6,884 | 9,361 | 8,055 | 7,821 |
| Airport | | | | | | | | | | |
| Number of passengers | 708,433 | 697,633 | 684,990 | 633,706 | 670,978 | 734,151 | 821,716 | 947,165 | 993,860 | 1,129,947 |

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 | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicular units | | | | | | | | | | |
| Marked vehicles | 284 | 284 | 266 | 256 | 257 | 295 | 318 | 311 | 291 | 290 |
| Motorcycles | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Unmarked vehicles | 143 | 137 | 133 | 127 | 139 | 137 | 170 | 144 | 132 | 132 |
| Bicycle patrol units | 15 | 15 | 7 | 9 | 9 | 9 | N/A | 12 | 12 | 12 |
| Fire stations | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Gas | | | | | | | | | | |
| Gas lines (in miles) | 881 | 878 | 868 | 860 | 845 | 834 | 818 | 806 | 780 | 744 |
| Plant Capacity (MCF) | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 24,000 | 42,000 |
| Water | | | | | | | | | | |
| Water mains (in miles) | 1,206 | 1,203 | 1,193 | 1,197 | 1,212 | 1,212 | 1,181 | 1,170 | 1,147 | 1,143 |
| Deep Wells | 27 | 27 | 27 | 27 | 26 | 27 | 27 | 27 | 27 | 28 |
| Plant Capacity (MGD) | 76 | 74 | 74 | 72 | 74 | 72 | 72 | 72 | 74 | 74 |
| Electric | | | | | | | | | | |
| Generating plants | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Generating capacity (K W) | 746 | 794 | 805 | 805 | 805 | 805 | 795 | 795 | 795 | 747 |
| Transmission lines (in miles) | 204 | 204 | 194 | 188 | 188 | 187 | 185 | 185 | 185 | 185 |
| Number of street lights | 18,188 | 18,125 | 18,040 | 17,998 | 17,971 | 17,670 | N/A | 17,168 | 16,812 | 16,682 |
| Distribution lines (in miles) | 2,937 | 2,927 | 2,870 | 2,839 | 2,839 | 2,842 | N/A | 2,693 | 2,693 | 2,586 |
| Sewage | | | | | | | | | | |
| Number of lift stations | 111 | 109 | 111 | 107 | 107 | N/A | N/A | 106 | 102 | 96 |
| Sanitary sewers (in miles) | 1,046 | 1,042 | 1,034 | 1,107 | 1,019 | N/A | N/A | 999 | 865 | 968 |
| Number of disposal plants | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Capacity of treatment plans (MGD) | 27 | 31 | 31 | 31 | 31 | 32 | 32 | 32 | 32 | 32 |
| Transit | | | | | | | | | | |
| Bus Plaza | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Buses | 58 | 58 | 56 | 56 | 66 | 56 | 90 | 66 | 66 | 49 |
| Refuse Collection | | | | | | | | | | |
| Collection trucks | 67 | 65 | 63 | 65 | 61 | 45 | 36 | 62 | 62 | 62 |
| Parks and recreation | | | | | | | | | | |
| Community centers and specialty center | 11 | 11 | 11 | 12 | 12 | 12 | 10 | 10 | 10 | 10 |
| Summer playgrounds and camps | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 43 | 26 | 26 |
| Athletic fields | 86 | 86 | 86 | 86 | 86 | 86 | 86 | 86 | 87 | 86 |
| Golf courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Swimming pools | 11 | 11 | 11 | 13 | 13 | 13 | 13 | 13 | 9 | 9 |
| Park acreage | 3,529 | 3,529 | 3,881 | 3,529 | 3,529 | 3,529 | 3,881 | 3,881 | 3,881 | 3,881 |
| Fitness trails | 30 | 30 | 30 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Tennis/racquetball courts | 67 | 67 | 67 | 67 | 67 | 67 | 72 | 67 | 70 | 69 |
| Gymnasiums, center sites | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Gymnasiums, school sites | 4 | 4 | 4 | 4 | 4 | 4 | 9 | 9 | 12 | 12 |
| Airport | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Other public works | | | | | | | | | | |
| Streets (miles) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 1,394 | 1,354 | 1,335 |
| Traffic signals ⁽¹⁾ | 73 | 71 | 71 | 71 | 72 | 128 | 122 | 123 | 114 | 109 |

Source: Various city departments

(1) 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, 2014**

| | | | |
|---|---------------------|--|--------|
| Date of Incorporation | 1825 | Form of Government: Commission-Manager | |
| | 1825 | Commission Composed of: Mayor and Four Commissioners | |
| Date Present Charter Adopted | 1996 | | |
| | | Terms of Office: | |
| | | Mayor - Four Years (Elected by Tallahassee Citizens) | |
| | | Commissioners - Four Years (Elected by Tallahassee Citizens) | |
| | | Manager (Appointed by Commission) | |
| | | Education: | |
| Transportation: | | Number of Public Schools ⁽¹⁾ | 52 |
| Airline, Bus Line, and Railroad Freight and Passenger Services | | Number of Public School Instructors ⁽¹⁾ | 2,341 |
| | | Number of Public School Students, (PK-12) ⁽¹⁾ | 34,955 |
| | | Number of Vocational-Technical Schools ⁽¹⁾ | 1 |
| Communications: | | Number of Community Colleges | 1 |
| Newspapers, Radio Stations, Television Stations; | | Number of Universities | 2 |
| Cable Television and Telephone Service | | Number of College-level Instructors ⁽⁴⁾ | 3,073 |
| | | Number of College-level Students ⁽²⁾ | 89,343 |
| | | Major Annual Events: | |
| Culture, Recreation, and Health: | | Springtime Tallahassee Festival | |
| Conference Center, Civic Center, and Theaters | | Fourth of July "Celebrate America" | |
| Seating Capacity (Leon County Civic Center and FSU Conf Center) | 13,375 | North Florida Fair | |
| Museums | 12 | Market Days | |
| Libraries (including branches) | 19 | Winter Festival | |
| Skating Rinks | 2 | | |
| Golf Courses | 9 | | |
| Hospital Beds ⁽³⁾ | 1014 | | |
| Average Annual Temperature | 67.9 Degrees | | |
| Average Annual Rainfall | 63.2 Inches | | |
| Area | 103.25 Square Miles | | |

Source: City of Tallahassee Records except as noted below:

- ⁽¹⁾ Leon County
- ⁽²⁾ Tallahassee Community College; Florida State University; Florida A & M University
- ⁽³⁾ Tallahassee Memorial Healthcare and Capital Regional Medical Center
- ⁽⁴⁾ Full Time Faculty at Tallahassee Community College, Florida State University, and Florida A&M University

City of Tallahassee
Schedule of Insurance
September 30, 2014

| Type of Coverage | Carrier | Policy Number | Policy Term | Coverage Detail | Limits (,000s) | Deductible/Retention (,000s) | Premium (,000s) |
|---------------------------------|--|----------------------------|------------------------|--|---|--|------------------------------------|
| Liability Self-Insurance | na | na | na | General Liability Police Civil Liability Employment Practice | 200/300 200/300 200/300 | na na na | na na na |
| Airport Liability | ACE | AAPN0738760A 001 | 10/1/12-15 | Airport Liability | 100,000 | 10 | 45 |
| ALL Risk Property | Axis National Union Westport Landmark XL Insurance | Liberty Zurich AEGIS | Various 5/1/2014/15 | General Government Utility Property Boiler & Machinery | Combined total 700,000 | 100 per occurrence 500 Wastewater & Power Gen. 750 Hopkins2 and Purdom8 Steam \$1,000 Purdom Unit 8 Gas Named Windstorm 2% TIV of location | 3,784 |
| Builders Risk | | | 5/1/2013-1/31/2015 | TPS Wastewater treatment | | 13.5 | 36 |
| Fine Arts Floater | Travelers | QT6608735M564TIL 13 | 8/19/14-15 | Fine Arts Coverage Refreiger Murals | | 1 basic 1.2 wind | 5 2 |
| Property Insurance | Lloyds | WPB37381 | 5/19/13-14 | Commercial Property 1425 Colorado St | | 110 | 5 1.4 |
| Health Care | Capital Health Plan Blue Cross/Blue Shield | 00005 45380 | NA na | Employee Health Care Employee Health Care | na na | na na | Funded Reserves Funded Reserves |
| Statutory Death Benefits | National Union Fire | SRG0009140576 | 10/1/2013-14 | Statutory and Accidental Death (Police & Fire) | 70/70/198 | na | 9.7 |
| Workers Compensation | Self Insured Midwest Employers Casualty | na EWC008358 | na 10/1/2013-14 | Primary Workers Compensation Excess Workers Compensation | Statutory Statutory in excess of \$1M retention | 1,000 SIR | na 170 |
| Public Officials Bond | Fidelity Deposit Company | 66117834 | Continuous | Statutory Position Bond- Treasurer Clerk | 100 | na | na |

**City of Tallahassee
Schedule of Insurance
September 30, 2014**

| Type of Coverage | Carrier | Policy Number | Policy Term | Coverage Detail | Limits (,000s) | Deductible/Retention (,000s) | Premium (,000s) |
|----------------------------|--------------------------|---------------|-------------|--|----------------|------------------------------|-----------------|
| Employee Fidelity Bond | Fidelity Deposit Company | CCP0018136-17 | Continuous | Government Crime | 1000 | 25 | 20 |
| Right of Way Utility Bonds | Old Dominion | multiple | annual | Permit Bond | | 50 na | 2.5 |
| EMS Liability | James River | 30000 | 3/1/13-14 | Primary Professional Liability EMS | 1000/3000 | 2.5 each annual aggregate | 250 |
| | James River | 30429 | 3/1/13-14 | Excess Professional Liability EMS | | | 5000 |
| Fiduciary Liability | Travelers | 105958450 | 7/1/13-16 | 175 Plan Fiduciary Liability | 1000 | | 1 3.1 |
| | Travelers | 105958444 | 7/1/13-16 | 185 Plan Fiduciary Liability | 1000 | | 1 3.6 |
| | Travelers | 105958454 | 7/1/13-16 | General Employee Pension Fund Fiduciary Liability | 1000 | | 15 |
| Workers Compensation | Bridgefield | 0830-52491 | 3/23/14-15 | Consolidated Dispatch Agency | | na | 10 |
| Property Insurance | Zurich American | CPP948296202 | 3/31/14-15 | Renaissance Building (Joint Mgt & Occupant with Leon County) | 13200 | 25 | 46 |

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 - Passenger Facility Charges

Independent Accountants' Report on Compliance with Local Government Investment Policies

Management Letter



A *significant deficiency* is a deficiency or 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 described in the accompanying Schedule of Findings and Questioned Costs as Finding 2014-002 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 Finding 2014-002.

City of Tallahassee, Florida's Response to Findings

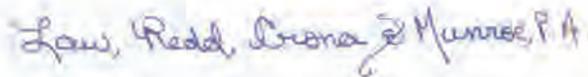
The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
March 25, 2015



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, 2014. 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.

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2014.

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 significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Finding 2014-002 to be a significant deficiency.

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

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.

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

THOMAS HOWELL FERGUSON, P.A.

Tallahassee, Florida

March 25, 2015

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

Tallahassee, Florida

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2014

| Federal Grantor/Pass Through Grantor/Program Title | CFDA/CSFA Number | Federal Grant Number | Pass-Through/State Grant Number | Expenditures | Amount Provided to Subrecipients |
|--|---------------------|-----------------------------|------------------------------------|-------------------|--|
| <u>FEDERAL AWARDS</u> | | | | | |
| <u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u> | | | | | |
| Direct Programs: | | | | | |
| Community Development Block Grant-Entitlement | 14.218 | B12MC120019/ B13MC120019 | N/A | \$ 1,822,961 | \$ 1,096,912 |
| HOME Investment Partnerships Program | 14.239 | M-13-MC-12-0221 | N/A | 1,091,023 | 1,004,946 |
| Emergency Solutions | 14.231 | EXX-MC120010 | N/A | 105,938 | 123,707 |
| TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT | | | | <u>3,019,922</u> | |
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | | |
| Direct Program: | | | | | |
| Farmer's Market Promotion Program | 10.168 | 12-25-G-1547 | N/A | 27,824 | |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | <u>27,824</u> | |
| <u>U.S. DEPARTMENT OF ENERGY</u> | | | | | |
| Direct Program: | | | | | |
| ARRA - Electricity Delivery and Energy Reliability | 81.122 | DE-OE0000391 | N/A | 3,799,066 | |
| TOTAL U.S. DEPARTMENT OF ENERGY | | | | <u>3,799,066</u> | |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | | | |
| Direct Programs: | | | | | |
| Brownfield Assessment and Cleanup Cooperative Agreements | 66.818 | BF-95481911 | N/A | 18,778 | |
| Nonpoint Source Implementation Grants | 66.460 | C9-99451505-05 | G0188 | (30,408) | |
| TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY | | | | <u>(11,630)</u> | |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | | |
| FEDERAL TRANSIT ADMINISTRATION | | | | | |
| Direct Programs: | | | | | |
| Federal Transit Capital Investment | 20.500 | FL-04-0152 | N/A | 514,436 | |
| Federal Transit Formula Grant | 20.507 | FL-90-X803 | N/A | 182,301 | |
| Federal Transit Formula Grant | 20.507 | FL-90-X746 | N/A | 29,888 | |
| Federal Transit Formula Grant | 20.507 | FL-90-X778 | N/A | 41,152 | |
| Federal Transit Formula Grant | 20.507 | FL-90-X862 | N/A | 1,020,085 | |
| Job Access-Reverse Commute Project Grant | 20.516 | FL-37-X057 | N/A | 7,823 | |
| Job Access-Reverse Commute Project Grant | 20.516 | FL-37-X071 | N/A | 46,440 | |
| New Freedom Program | 20.521 | FL-57-X015 | N/A | 3,254 | |
| Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions | 20.523 | FL-88-0001 | N/A | 297,768 | |
| Public Transportation Research | 20.514 | FL-26-0021 | N/A | 4,327 | |
| Pass through Florida Department of Transportation: | | | | | |
| Formula Grants for Rural Areas | 20.509 | FL-18-X031 | AQG69 | 68,591 | |
| NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION | | | | | |
| Pass through Florida Department of Transportation: | | | | | |
| Alcohol Impaired Driving Countermeasures Incentive | 20.601 | PT-13-12-12 | AQV39 | 2,268 | |
| Alcohol Impaired Driving Countermeasures Incentive | 20.601 | K8-13-06-15 | AQS82 | 5,157 | |
| FEDERAL HIGHWAY ADMINISTRATION | | | | | |
| Pass through Florida Department of Transportation: | | | | | |
| Highway Planning and Construction | 20.205 | 777-204-A | 430147-1-38-01 | 79,994 | |
| Highway Planning and Construction | 20.205 | 8887-896-A | N/A | (18,254) | |
| Pass through Florida Department of Environmental Protection | | | | | |
| Recreational Trails Program | 20.219 | RTP09 | 998688/T2908 | 20,303 | |
| FEDERAL AVIATION ADMINISTRATION | | | | | |
| Direct Programs: | | | | | |
| Airport Improvement Program | 20.106 | 3-12-0077-36-2011 | N/A | 18,016 | |
| Airport Improvement Program | 20.106 | 3-12-0077-37-2013 | N/A | 9,546,391 | |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | | <u>11,869,940</u> | |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | | |
| Pass through Florida Department of Transportation: | | | | | |
| Medical Assistance Program-Transportation Disadvantaged | 93.778 | BDM79 | N/A | 543,763 | |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | <u>543,763</u> | |

See independent auditors' report on the financial statements.

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
For the Year Ended September 30, 2014

| Federal Grantor/Pass Through Grantor/Program Title | CFDA/CSFA Number | Federal Grant Number | Pass-Through/State Grant Number | Expenditures | Amount Provided to Subrecipients |
|---|---------------------|-------------------------|------------------------------------|----------------------|--|
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | | |
| Direct Programs: | | | | | |
| Edward Byrne Memorial Justice Assistance Grant (JAG) | 16.738 | 2011-DJ-BX-3412 | N/A | 3,517 | |
| Edward Byrne Memorial Justice Assistance Grant (JAG) | 16.738 | 2012-DJ-BX-0988 | N/A | 27,066 | |
| Edward Byrne Memorial Justice Assistance Grant (JAG) | 16.738 | 2013-DJ-BX-2785 | N/A | 22,338 | |
| ARRA -Public Safety Partnership and Community Policing Grants | 16.710 | 2011-UL-WX-0011 | N/A | 146,121 | |
| Pass through Florida Department of Law Enforcement | | | | | |
| National Asset Forfeiture Strategic Plan | 16.UNKNOWN | N/A | N/A | 101,358 | |
| Pass through Florida Department of Juvenile Justice | | | | | |
| Juvenile Justice and Delinquency Prevention | 16.540 | 2010-JF-FX-022 | 2273C | 59,389 | |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | | <u>359,789</u> | |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | | | |
| Direct Program: | | | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2012-FO-03386 | N/A | 800 | |
| Pass through Florida Department of Financial Services | | | | | |
| Homeland Security Grant Program | 97.067 | - | 12-DS-20-13-00-16-501 | 66,935 | |
| Homeland Security Grant Program | 97.067 | - | 11-DS-9Z-13-00-16-436 | 52,188 | |
| Homeland Security Grant Program | 97.067 | - | 13-DS-97-13-00-16-409 | 37,134 | |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | | <u>157,057</u> | |
| TOTAL FEDERAL AWARDS EXPENDED | | | | <u>\$ 19,765,731</u> | |
| <u>STATE AWARDS</u> | | | | | |
| <u>FLORIDA DEPARTMENT OF TRANSPORTATION</u> | | | | | |
| Commission for the Transportation Disadvantaged | 55.001 | N/A | 22710618401/ARI87 | 387,746 | |
| Commission for the Transportation Disadvantaged | 55.001 | N/A | 43202718401/ARG10 | 124,433 | |
| Commission for the Transportation Disadvantaged-United We Guide | 55.001 | N/A | BDW46 | 108,250 | |
| Commission for the Transportation Disadvantaged-United We Guide | 55.001 | N/A | ARD24 | 33,750 | |
| Public Transit Block Grant | 55.010 | N/A | 42225018401/AQG68 | 1,193,982 | |
| Public Transit Service Development Program | 55.012 | N/A | AQJ58 | 156,093 | |
| Public Transit Service Development Program | 55.012 | N/A | AR974 | 33,473 | |
| Aviation Development Grants | 55.004 | N/A | 226792-18401/AG678 | 11,430 | |
| Aviation Development Grants | 55.004 | N/A | 226769-1A801/ARC49 | 27,267 | |
| Aviation Development Grants | 55.004 | N/A | 226781-18401/AH990 | 113,570 | |
| Aviation Development Grants | 55.004 | N/A | 416010-19401/AR999 | 211,077 | |
| Aviation Development Grants | 55.004 | N/A | 422301-49401/APA37 | 18,562 | |
| Aviation Development Grants | 55.004 | N/A | 412210-19401/AQ399 | 477,877 | |
| State Highway Project Reimbursement | 55.023 | 416533-8-58-30 | AQT09 | 4,181 | |
| TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION | | | | <u>2,901,691</u> | |
| <u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u> | | | | | |
| Statewide Surface Water Restoration and Wastewater | 37.039 | N/A | LP37021 | 1,926 | |
| TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION | | | | <u>1,926</u> | |
| <u>FLORIDA HOUSING FINANCE CORP.</u> | | | | | |
| State Housing Initiatives Partnership Program | 52.901 | N/A | N/A | 331,787 | 70,000 |
| TOTAL FLORIDA HOUSING FINANCE CORP. | | | | <u>331,787</u> | |
| TOTA STATE AWARDS EXPENDED | | | | <u>\$ 3,235,404</u> | |
| TOTAL FINANCIAL ASSISTANCE EXPENDED | | | | <u>\$ 23,001,135</u> | <u>\$ 2,295,565</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) Housing loans outstanding at year end:

| | | |
|---|--------|------------------------|
| Community Development Block Grant-Entitlement | 14.218 | \$ 331,900.00 |
| HOME Investment Partnerships Program | 14.239 | 4,451,714 |
| State Housing Initiatives Partnership Program | 52.901 | 2,248,703 |
| | | <u>\$ 7,032,317.00</u> |

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 on the financial statements.

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

Schedule of Findings and Questioned Costs Relating to Federal Awards

Section I -- Summary of Auditors' Results

Financial Statements

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

Federal Awards

| | |
|--|------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weaknesses? | Yes |
| Type of auditors' report issued on compliance for major federal programs? | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with <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 Housing & Urban Development Direct Programs |
| 14.218 | Community Development Block Grant-Entitlement |
| 14.239 | HOME Investment Partnerships Program |
| | Federal Aviation Administration Direct Program |
| 20.106 | Airport Improvement Program |
| | U.S. Department of Transportation Federal Transit Administration Direct Programs |
| 20.500 | Federal Transit Capital Investment |
| 20.507 | Federal Transit Formula Grant |
| | U.S. Department of Energy Direct Program |
| 81.122 | ARRA-Electricity Delivery and Energy Reliability |

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$592,972 |
| Auditee qualified as low-risk auditee? | No |

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2014

Schedule of Findings and Questioned Costs Relating to State Financial Assistance

State Financial Assistance Awards

Internal control over major projects:

| | |
|--|-----|
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified not considered to be material weaknesses? | Yes |

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

| | |
|--|----|
| Any audit findings disclosed that are required to be reported in accordance with <i>Rules of the Auditor General</i> , Chapter 10.554(1)(l)(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 Housing Finance Corporation |
| | Direct Program |
| 52.901 | State Housing Initiatives Partnership Program |
| | Florida Department of Transportation |
| | Direct Programs |
| 55.004 | Aviation Development Grants |
| 55.010 | Public Transit Block Grant |

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

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2014

Section II – Financial Statement Findings

MATERIAL WEAKNESS

2014-001 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 generally accepted accounting principles, 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 that the current capitalization policy for assets is not in accordance with generally accepted accounting principles (GAAP). GAAP requires that projects considered "substantially complete" and "ready for its intended use" are capitalized and depreciated. During the audit, a significant amount of time was spent by City staff to verify that projects were properly recorded as construction in progress (CIP.) During the audit it was noted that some projects, which were in service and incurring maintenance costs, were classified as construction in progress. These projects were substantially complete, but had not been closed and reclassified to fixed assets and appropriate depreciation expense recorded, because of a small pending item, such as a disputed invoice. Although this project closing treatment is in accordance with the City's current capitalization policy, which requires all issues to be resolved prior to closing the project, it is inconsistent with proscribed accounting standards. In addition, periodic reviews of open projects were not performed at the operations level to evaluate the status of projects and to determine if the criteria to capitalize and depreciate the asset have been met. Further, the change in status of completed projects was not timely communicated to Accounting Services.

Effect: For the year ended September 30, 2014, significant adjusting entries were required to correct errors in the reported amount of general and proprietary capital assets and depreciation. These adjustments were as follows:

- CIP in the amount of approximately \$53 million was reclassified to Fixed Assets.
- Depreciation Expense of approximately \$16.2 million was recorded, of which \$13.5 million was associated with prior years and recorded as a prior period adjustment and \$2.7 million recorded as depreciation in the current year.

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

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2014

2014-001 Capital Assets / Fixed Asset and Depreciation System (continued)

Recommendation: The City's capitalization policy should be reviewed and revised to ensure that it meets the requirements of generally accepted accounting principles. 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. Upon implementation of the revised policy, it will be important to train accounting staff and project managers and administrators to ensure compliance with the policy changes. Proper implementation and monitoring of capital assets will require close coordination between the Asset Manager and departments' project managers.

Views of responsible officials and planned corrective actions: The Fixed Asset Supervisor is reviewing the Administrative Policy #662, Property Control, and will make revisions to specify that assets which are substantially complete and in service should be sent up to Accounting Services for capitalization on a timely basis. Once the policy has been revised, the change will be communicated to all departments and training will be held for accounting staff, project managers and administrators to make them aware of the requirements of the updated policy.

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs-Federal Awards
and State Financial Assistance (continued)
For the Year Ended September 30, 2014

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)(1)(4).

SIGNIFICANT DEFICIENCY

2014-002 – 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, 2014, the City expended over \$19.8 million of federal awards and over \$3.2 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 correcting adjustments to programs and amounts reported in the City's Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule.) These errors also required adjusting accounting entries to correct amounts reported in major funds of the City's financial statements.

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, 2014, adjustments were required to correct the amount of federal and state expenditures reported on the Schedule.

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.

Recommendations: The City of Tallahassee should consider establishing a position of central responsibility for federal and state grant administration.

Views of responsible officials and planned corrective actions: A position as recommended will be requested as part of the 2016 budget process. Additionally, a Grants Administration Policy will be formalized which defines the roles and responsibilities of City personnel in the management of federal awards and state financial assistance.

City of Tallahassee, Florida
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2014

Financial Statement Findings:

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

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

Status: Significant adjusting accounting entries, including a prior period adjustment for the year ended September 30, 2014, continued to be necessary to properly record capital assets. See current year finding 2014-001.

Federal Awards and State Financial Assistance:

Federal Programs

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

Material Weakness: Davis-Bacon Act. Certified payrolls were not completed by the contractors and submitted to City Management.

Status: Certified payrolls were completed by the contractors and were submitted to appropriate City Management. This finding was resolved for the year ended September 30, 2014.

2013-3 – 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, 2013.

Status: Audit procedures for the year ended September 30, 2014 identified errors in the preparation of the Schedule. See current year finding 2014-002.

State Projects

There were no prior State project audit findings.

**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, 2014.

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, 2014.

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, 2014, and have issued our report thereon dated March 25, 2015. 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.

Page Three

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 25, 2015

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, 2014

| <u>Program Title</u> | <u>Expenditures</u> |
|--|---------------------|
| Passenger Facility Charges Used: | |
| Passenger Facility Charge Application #06-06-C-00-TLH | |
| Project 5: Terminal Improvements | \$ 2,434 |
| Project 8: In-Line Baggage Handling System | 2,449 |
| Project 9: Terminal Rehabilitation - Phase II | 221,677 |
| Project 10: Acquire Replacement ARRF Vehicle | 476,503 |
| | |
| Total Passenger Facility Charges Used | \$ 703,062 |

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, 2014

Findings and Questioned Costs – Passenger Facility Charges (PFC) for the Year Ended September 30, 2014

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, 2014

Status of Prior Year Findings: We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. In addition, we noted no matters involving noncompliance that were required to be reported in accordance with the PFC Audit Guide for Public Agencies.

Independent Accountants' Report on Compliance with Local Government Investment Policies

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

We have examined the City of Tallahassee, Florida's (the City) compliance with local government investment policies provided in Chapter 218.415, *Florida Statutes*, during the year ended September 30, 2014. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
March 25, 2015

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

Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the City of Tallahassee, Florida (the City), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 25, 2015.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by *OMB Circular A-133* and Chapter 10.550, *Rules of the Auditor General*, Schedule of Findings and Questioned Costs, Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance and Independent Accountants' Report on Compliance with Local Government Investment Policies, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated March 25, 2015, should be considered in conjunction with this management letter.

Current Year September 30, 2014 Recommendations

2014-01 Regular Performance of Reconciliation and Closing Procedures

During our audit it was noted that payroll reconciliations were not performed in a timely manner. Certain cash and investment account reconciliations were not consistently reviewed. Vacant accounting positions and implementation of CaseWare resulted in delays in closing and significant accounting adjustments. Changes in final balances and supporting documentation also delayed the year end closing process. In addition, it was noted that a department level inventory was not performed and inventory adjustments for an inventory performed during the year were not posted until the year-end closing. The Accounting Services Division is not adequately staffed to ensure that all reconciling and reporting requirements are met. The lack of regular reconciliation and closing procedures could result in a misstatement of the financial statement that is not detected and corrected in a timely manner. We recommend that recruitment and training of additional accounting staff be made a priority during 2015. This will allow for adequate staff to perform the required accounting procedures including reconciliations, reviews and closing of the City's accounting records on a regular and timely basis.

Management Response: Accounting Services will continue the process of filling vacant positions and training staff in order to ensure that all reconciliations are prepared and reviewed in a timely manner and to speed up the process of closing the books each year. Additional experience in the use of the new Caseware software will also improve the efficiency and effectiveness of the annual closing process.

2014-02 Evaluate Succession Planning for Anticipated Changes in City Personnel

The City currently has 127 employees in DROP, representing approximately 7% of the City's general employees. The controls and knowledge of various City operations could be dramatically impacted by the impending retirement of these employees. During the audit we noted several instances where critical operational and accounting functions were not performed due to the retirement or resignation of a long-term employee. Each of these instances were attributed to the successor's lack of the knowledge or training to ensure procedures were adequately performed. When significant changes in personnel are anticipated, it is important that proper planning and training are in place to ensure the responsibilities and duties are adequately transitioned. We recommend that the City evaluate its succession planning for these anticipated changes in City personnel to ensure that all job duties and responsibilities are adequately transferred.

Management Response: The City continues to face the retirement of a significant number of long term employees and it is committed to succession planning to mitigate the impact to its daily operations and controls. A review of its current strategies will be carried out to ensure as far as possible the continuity of daily operations and controls.

2014-03 Evaluate Access to the Information Systems Services (ISS) Server Room

Currently, over 240 City employees have access to the ISS server room. While some police, security, and facilities management staff may need access at times to deal with emergency situations, we recommend that the City explore options for allowing a limited number of such personnel access for emergency purposes rather than having large numbers of employees with unlimited ongoing access.

Management Response: Staff are in the process of reviewing the list and reducing the number of employees who have unlimited ongoing access to the ISS server room.

2014-04 Subrecipient Monitoring and Contracts

In conjunction with our grant compliance testing for the Community Development Block Grant, CFDA 14.218, and the HOME Investment Partnership Program, CFDA 14.239, we noted the following:

- Monitoring on the following subrecipients has not been conducted during the last one to two year period: Bethel Community Development Corporation, Big Bend Community Development Corporation (formerly Frenchtown Community Development), Tallahassee Urban League, and Home Rehabilitation and Development. In accordance with OMB Circular A-133, monitoring should be completed to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements, and performance goals are achieved.
- The following subrecipient contracts, which were executed for services to be provided for the Community Development Block Grant, CFDA 14.218, did not contain the CFDA number and information for the federal grant program: Big Bend Community Development Corporation (formerly Frenchtown Community Development) (Contract # 3190); Big Bend Homeless Coalition (Contract # 3057); and Tallahassee Lenders' Consortium (Contract # 3058). In accordance with OMB Circular A-133, contracts awarded to subrecipients must include the Federal award information (i.e., CFDA title and number; award name and number; and the name of the Federal awarding agency).

We recommend the following in regards to subrecipient monitoring and subrecipient contracts: a monitoring tool should be created in order to track monitoring visits, which would facilitate scheduling subsequent visits, and ensure that required monitoring is completed in a timely manner; the above mentioned contracts should be amended to include the required information pertaining to the Community Development Block Grant. We also continue to recommend that the City consider establishing a position of central responsibility for federal and state grants administration.

2014-04 Subrecipient Monitoring and Contracts (continued)

Management Response: The Bethel CDC, Big Bend CDC, Tallahassee Urban League, and Home Rehabilitation and Development, contracts were all monitored for compliance during the 2012/2013 fiscal year. The monitoring report for the Big Bend CDC reflected the fiscal year ending September 30, 2013. And the monitoring reports for the Bethel CDC, Tallahassee Urban League, and Home Rehabilitation and Development reflected the fiscal year ending September 30, 2012. While agency monitoring visits are normally scheduled during the fall of each year, monitoring of contracts were delayed in 2014 due to staff health related absences and challenges. At this time, monitoring of the Big Bend CDC for fiscal year ending September 30, 2014 has been completed. Monitoring for the Home Rehabilitation and Development is scheduled for March 17, 2015 and monitoring for the Tallahassee Urban League is scheduled for April 9, 2015. Monitoring for the Bethel CDC is scheduled for April 10, 2015. The remaining monitoring visits will cover the fiscal years ending September 30, 2013 and September 30, 2014 for both agencies. The omission of the CFDA number was an oversight relative to the CDBG contract template which is used to prepare all CDBG contracts. The template will be adjusted to reflect the CFDA number so that all future contracts will include the number.

2014-05 Davis-Bacon Act

During our audit, we experienced delays in obtaining the certified payrolls in order to perform our single audit procedures. While performing single audit procedures on the Federal Transit Formula Grant, Grant Number FL-90-X778, it was noted that certified payrolls were not being completed and submitted to management for the portion of the funding which was utilized for concrete repairs to the C.K. Steele Plaza. In accordance with the requirements for the Davis-Bacon Act contained in 40 USC 3141-3144, 3146, and 3147, and 29 CFR Part 29, management is responsible for monitoring compliance by the contractors and subcontractors through verification and review of weekly certified payrolls. We recommend that a project manager (or other designated individual) be appointed to track all projects for compliance with the subcontractor agreement, including the timely submission of certified payrolls.

Management Response: StarMetro has updated its internal processes to ensure that appropriate Davis-Bacon Act procedures are followed and the collection of certified payrolls is fully in compliance. Minor repair or construction projects will be monitored by StarMetro's Supervisor of Building Maintenance; in such case, all payroll information will be provided to the Coordinator of Special Projects who will follow all appropriate Federal Transit Administration record keeping and reporting guidelines.

For large constructions and repairs, an independent contractor and/or employee will be hired. The individual will manage Federal Government construction projects to ensure StarMetro is in compliance with all Davis-Bacon Act provisions.

2014-06 Timesheet Approval Procedures

Employee timesheets are not reviewed and approved by the supervisor on a consistent basis. City policy requires the approval of timesheets by a supervisor as evidence that the supervisor concurs with the time reported by each employee. While performing tests of payroll, supervisor approval of timesheets was not evident for all applicable employees tested. We recommend that the City implement procedures to ensure that all applicable timesheets are approved in accordance with City policy.

Management Response: The City is in the process of implementing new software which will significantly improve the efficiency and effectiveness of the time keeping process and will address. The Kronos Timekeeping System will be ‘live’ prior to the start of the new fiscal year.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations in the preceding annual financial report.

Official Title and Legal Authority

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

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b, Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2014, 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, 2014. 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.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the matters discussed in the Current Year September 30, 2014 Recommendations section of this letter and the Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance dated March 25, 2015.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the matters discussed in the Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance dated March 25, 2015.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Honorable Mayor, City Commissioners, City Manager, Audit Committee, the Florida Auditor General, 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.
Tallahassee, Florida
March 25, 2015



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

