

FLORIDA'S CAPITAL CITY

# Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2015



*An All America City*





# **CITY OF TALLAHASSEE, FLORIDA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
September 30, 2015**



**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, 2015**

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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 21, 2016

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, 2015, 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, 2015. The independent auditors' report is located at the front of the financial section of this report.

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

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

## PROFILE OF THE CITY

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

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

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

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

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

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

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

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

ANDREW D. GILLUM  
Mayor

RICARDO FERNANDEZ  
City Manager

SCOTT MADDUX  
Commissioner

LEWIS E. SHELLEY  
City Attorney

NANCY MILLER  
Commissioner

JAMES O. COOKE, IV  
City Treasurer-Clerk

CURTIS RICHARDSON  
Commissioner

T. BERT FLETCHER  
City Auditor

GIL D. ZIFFER  
Commissioner

## FACTORS AFFECTING FINANCIAL CONDITION

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

Leon County is a racially diverse community. Minorities account for 37% of the population, with African-Americans comprising 31%.

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 2010-2014 American Community Survey 5 year estimates report median family income in Leon County is \$68,943, 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 2015, unemployment was 4.6% in Leon County as compared to the State's unemployment rate of 5.0%. The percentage of employees employed by local, state, and federal government is approximately 34.5% of the work force. The unemployment rate is one of many economic indicators utilized to evaluate the condition of the economy.

## POPULATION GROWTH

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

Year	Tallahassee	Unincorporated	Leon
1950	27,237	24,353	51,590
1960	48,174	26,051	74,225
1970	71,897	31,150	103,047
1980	81,548	67,107	148,655
1990	124,773	67,720	192,493
2000	150,624	88,828	239,452
2010	181,376	94,111	275,487
2015 estimated	187,996	96,447	284,443
2020 projected	199,500	98,800	298,300
2030 projected	220,700	103,100	298,300
2040 projected	239,500	106,900	346,400

## CONSTRUCTION TRENDS

### Residential Construction

Another factor that is a strong indicator of the local economy and influences the City and County's financial condition, is the issuance of building permits for residential construction. Single-family residential building permits in Leon County were down a marginal 1% in fiscal year 2015, following a 21% increase in fiscal year 2014 (which came on the heels of seven-straight years of declining single-family home construction). Permits for multi-family units were up by 18% in fiscal year 2015 with four multi-family apartment communities (50 units or more) permitted, up from two permitted in fiscal year 2014.

### Commercial Development

In fiscal year 2015, approximately \$65 million of new commercial construction was permitted in Leon County, an 84% increase compared with \$35 million permitted in fiscal year 2014. Larger commercial permits in fiscal year 2015 include a 132-room Home2 Suites by Hilton, a \$6 million facility for Capital City Hyundai Auto Dealership, and a \$3 million headquarters for Professional Firefighters of Florida, Inc. and a 32,000 SF Class A Office building in Regional Office Park.

## MILLAGE RATES

As indicated below, the City enjoys one of the lowest millage rates of the comparable largest cities in Florida for 2016 and 2015. Tallahassee's low and stable millage rate should act as an incentive to economic growth and stability.

Comparable City	Millage Rates	
	2016	2015
Clearwater	5.16	5.16
Daytona	7.24	7.24
Ft. Lauderdale	4.12	4.12
Gainesville	4.58	4.51
Hollywood	7.45	7.45
Lakeland	4.67	4.66
Largo	5.47	5.19
Orlando	6.65	6.65
Pensacola	4.29	4.29
<b>Tallahassee</b>	<b>4.20</b>	<b>3.70</b>
West Palm Beach	8.35	8.35

## LONG-TERM FINANCIAL PLANNING

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

The Plan resulted in an approved fiscal year 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 ACKNOWLEDGEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tallahassee, Florida for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014. 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

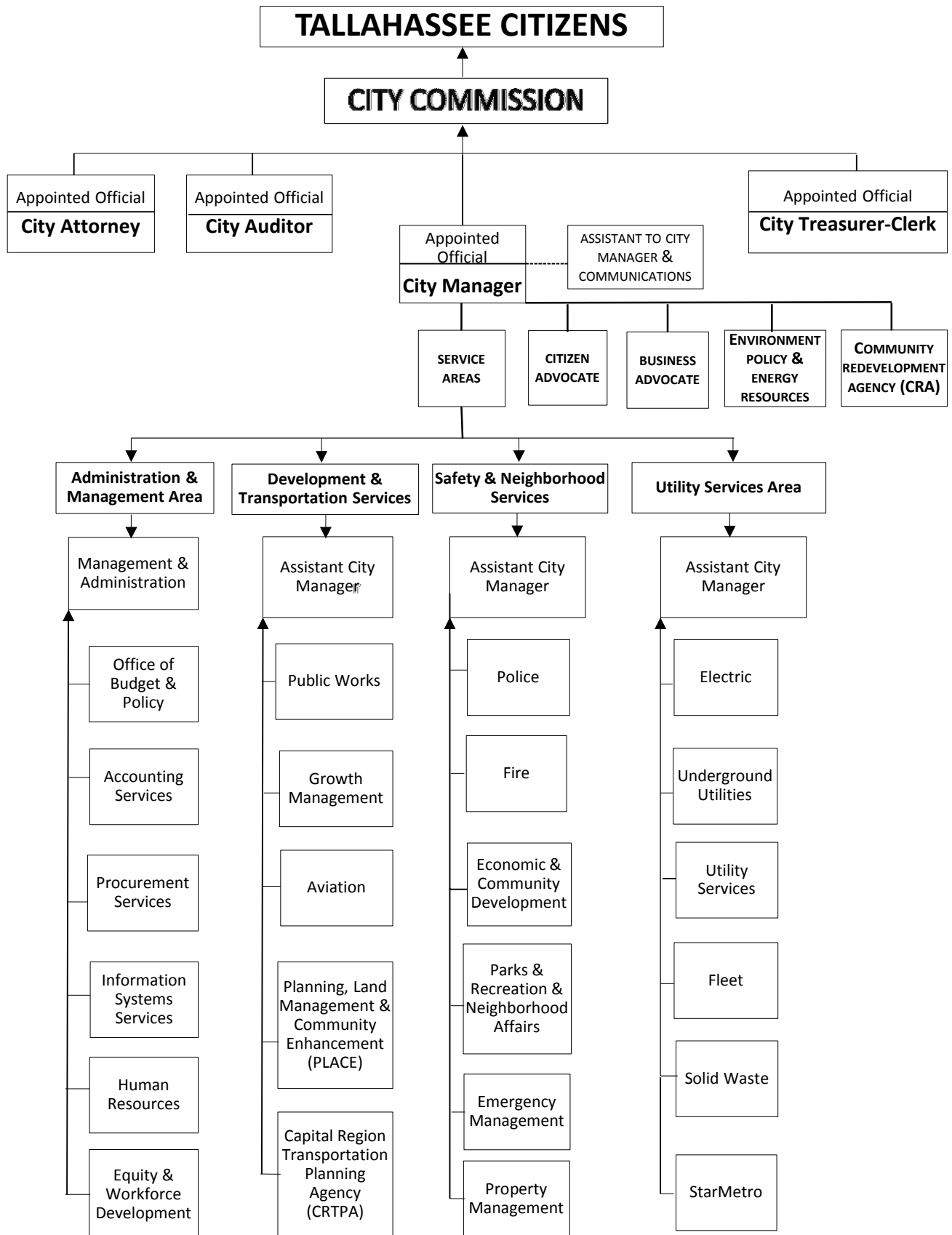
**September 30, 2014**

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

Executive Director/CEO

# City of Tallahassee Organization Chart

(as of September 30, 2015)



**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**



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

**Accounting Services Division  
Patrick Twyman, Manager**

**Financial and Systems Analyst  
Rita Stevens, CPA**

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

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

**\* Tallahassee Regional Airport Staff**

## **FINANCIAL SECTION**

**Independent Auditors' Report**

**Management's Discussion and Analysis**

**Basic Financial Statements**

**Required Supplementary Information**

**Combining Financial Statements**

**Supplementary Information**



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## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida (the City) as of and for the year ended September 30, 2015, 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, 2015, 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, 2015, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and also identified misstatements. October 1, 2014 net position balances have been restated to reflect the implementation of the new standard and to correct the misstatements. 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 21-32 and 106-116 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, the schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill, other supplementary information, and the introductory and statistical section as presented in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by 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, the schedule of receipts and expenditures of funds related to the Deepwater Horizon Oil Spill, other supplementary information, the schedule of expenditures of federal awards and state financial assistance, and the schedule of expenditures of passenger facility charges are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, 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 21, 2016



**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, 2015. 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, 2015 by \$2.00 billion (net position). Of this amount, \$145 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 \$69.5 million as a result of fiscal year 2015 operations and prior period restatements.
- As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$98.6 million, a decrease of \$11.0 million in comparison with the prior year. Approximately \$0.9 million of this amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the fiscal year, spendable fund balance for the general fund was \$28.9 million, or 22.8% of general fund expenditures.
- As of September 30, 2015, the City's enterprise funds reported combined net position of \$1,157.0 million, an increase of \$41.8 million in comparison with the prior year. Approximately \$191.0 million of this amount is unrestricted.
- Capital assets, net of accumulated depreciation, as of September 30, 2015 fiscal year totaled \$2.54 billion, a decrease of \$9.3 million in comparison with prior year (Note- IV-D).
- The City's outstanding long-term debt (Note IV-G) decreased from \$1,182.6 million to \$1,152.4 million, or 2.6%.

### 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 120 - 123 of this report.

## PROPRIETARY FUNDS

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains ten (10) individual enterprise funds. Information is presented separately in the proprietary funds statement of net position and in the proprietary funds statement of revenues, expenses, and changes in net 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 126 - 128 of this report.

*Internal Service Funds* are used to account for activities that provide goods and services to the City's other programs and activities. The City maintains twelve(12) individual internal service funds. These internal service funds are allocated between governmental activities and business-type activities in the government-wide financial statements based upon the activity that receives the predominant benefit. Internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided on pages 130 - 135 of this report.

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

## NOTES TO THE FINANCIAL STATEMENTS

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

## OTHER INFORMATION

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table is a summary of the fiscal year 2015 Statement of Net Position found on pages 34 - 35 with comparative information for fiscal year 2014.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>		<u>2014</u>			
	<u>2015</u>	<u>As Restated</u>	<u>2015</u>	<u>As Restated</u>	<u>2015</u>	<u>2014</u>
<b>Assets and Deferred Outflow of Resources</b>						
Current and other assets	\$ 156.2	\$ 169.1	\$ 562.1	\$ 542.1	\$ 718.3	\$ 711.2
Capital assets	829.4	860.9	1,711.9	1,689.7	2,541.3	2,550.6
Deferred Outflow of Resources	25.6	3.9	21.0	1.3	46.6	5.2
<b>Total Assets and Deferred Outflows of Resources</b>	<u>1,011.2</u>	<u>1,033.9</u>	<u>2,295.0</u>	<u>2,233.1</u>	<u>3,306.2</u>	<u>3,267.0</u>
<b>Liabilities and Deferred Inflow of Resources</b>						
Current and other liabilities	88.7	33.4	137.1	129.0	225.8	162.4
Long-term debt outstanding	104.9	113.1	932.3	924.8	1,037.2	1,037.9
Deferred Inflow of Resources	33.0	-	13.0	-	46.0	-
<b>Total Liabilities and Deferred Inflow of Resources</b>	<u>226.6</u>	<u>146.5</u>	<u>1,082.4</u>	<u>1,053.8</u>	<u>1,309.0</u>	<u>1,200.3</u>
<b>Net Position</b>						
Net Investment in Capital Assets	742.2	756.3	809.4	764.3	1,551.6	1,520.6
Restricted	99.1	62.7	201.1	198.4	300.2	261.1
Unrestricted	(56.7)	68.4	202.1	216.6	145.4	285.0
<b>Total Net Position</b>	<u>784.6</u>	<u>887.4</u>	<u>1,212.6</u>	<u>1,179.3</u>	<u>1,997.2</u>	<u>2,066.7</u>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<u>\$ 1,011.2</u>	<u>\$ 1,033.9</u>	<u>\$ 2,295.0</u>	<u>\$ 2,233.1</u>	<u>\$ 3,306.2</u>	<u>\$ 3,267.0</u>

Changes in net position over time can be one of the best and most useful indicators of financial position. Total net position of the City decreased from \$2.067 billion in 2014 to \$1.997 billion in 2015, a decrease of \$69.5 million or 3.4%.

The largest portion of the City's net position, \$1,551.60 billion or 77.8%, 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 \$300.2 million 15.0%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$145.4 million 7.3% is available to meet the ongoing obligations of the City.

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

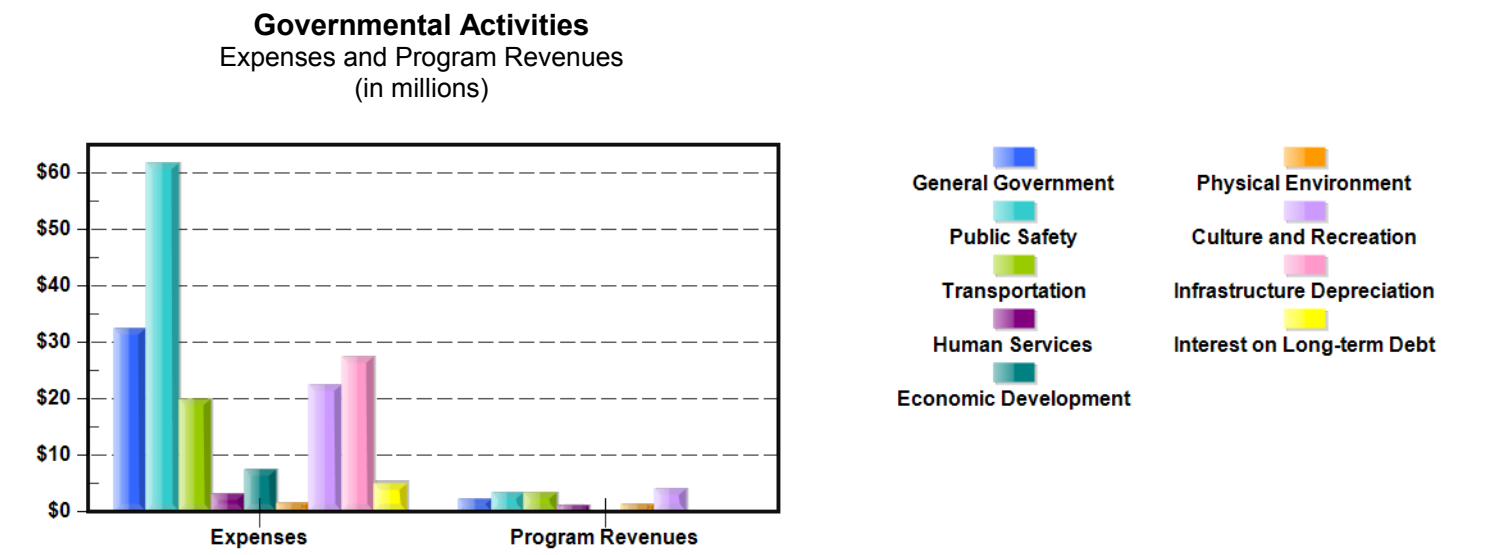
The following table is a summary of the fiscal year 2015 Statement of Activities found on page 36 - 37 with comparative information for fiscal year 2014.

**Table 2**  
**Changes in net position**  
(in millions)

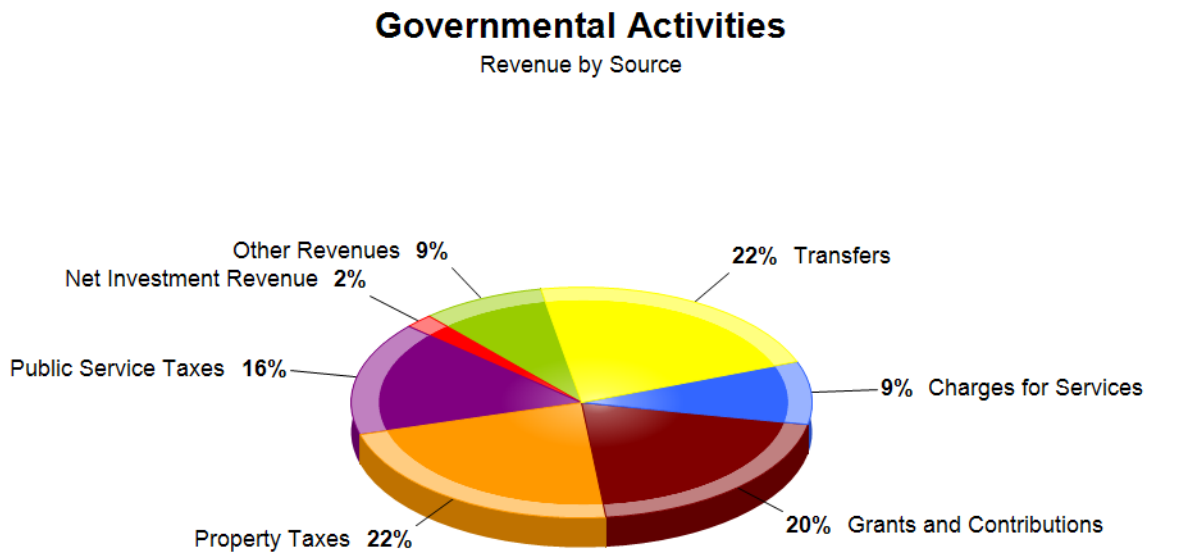
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues</b>						
<b>Program revenue</b>						
Charges for Services	\$ 13.3	\$ 13.1	\$ 506.8	\$ 497.0	\$ 520.1	\$ 510.1
Operating Grants and Contributions	1.5	0.6	5.5	9.3	7.0	9.9
Capital Grants and Contributions	-	-	16.4	14.8	16.4	14.8
<b>General revenues</b>						
Property Taxes	32.9	31.5	-	-	32.9	31.5
Public Service Taxes	23.7	23.4	-	-	23.7	23.4
Grants and Contributions	28.3	27.9	-	-	28.3	27.9
Net Investment Revenue	3.1	1.9	6.8	5.5	9.9	7.4
Other Revenues	12.9	18.2	-	2.1	12.9	20.3
<b>Total Revenues</b>	<u>115.7</u>	<u>116.6</u>	<u>535.5</u>	<u>528.7</u>	<u>651.2</u>	<u>645.3</u>
<b>Expenses</b>						
General Government	32.4	16.6	-	-	32.4	16.6
Public Safety	61.7	75.2	-	-	61.7	75.2
Transportation	19.9	35.8	-	-	19.9	35.8
Cultural and Recreation	22.3	23.4	-	-	22.3	23.4
Depreciation on Infrastructure	27.5	26.6	-	-	27.5	26.6
Other Primary Government	16.9	13.5	-	-	16.9	13.5
Electric	-	-	248.3	256.3	248.3	256.3
Gas	-	-	28.5	25.4	28.5	25.4
Sewer	-	-	46.8	51.3	46.8	51.3
Water	-	-	24.8	25.1	24.8	25.1
Airport	-	-	19.1	16.7	19.1	16.7
StarMetro	-	-	21.4	20.7	21.4	20.7
Solid Waste	-	-	20.7	25.3	20.7	25.3
Golf	-	-	1.0	1.0	1.0	1.0
Stormwater Management	-	-	14.8	14.6	14.8	14.6
Fire Services	-	-	36.8	41.2	36.8	41.2
<b>Total Expenses</b>	<u>180.7</u>	<u>191.1</u>	<u>462.2</u>	<u>477.6</u>	<u>642.9</u>	<u>668.7</u>
<b>Excess (Deficiency) before transfers</b>	<u>(65.0)</u>	<u>(74.5)</u>	<u>(65.0)</u>	<u>51.2</u>	<u>8.3</u>	<u>(23.4)</u>
Transfers	33.1	31.0	(33.1)	(31.0)	-	-
<b>Increase (Decrease) in Net Position</b>	<u>\$ (31.9)</u>	<u>\$ (43.5)</u>	<u>\$ 40.2</u>	<u>\$ 20.1</u>	<u>\$ 8.3</u>	<u>\$ (23.4)</u>

**GOVERNMENTAL ACTIVITIES** - During the fiscal year, net position for governmental activities decreased \$31.9 million from the prior fiscal year for an ending balance of \$784.6 million. Contributing to the decrease in net position is the impact the City continues to experience from the recession.

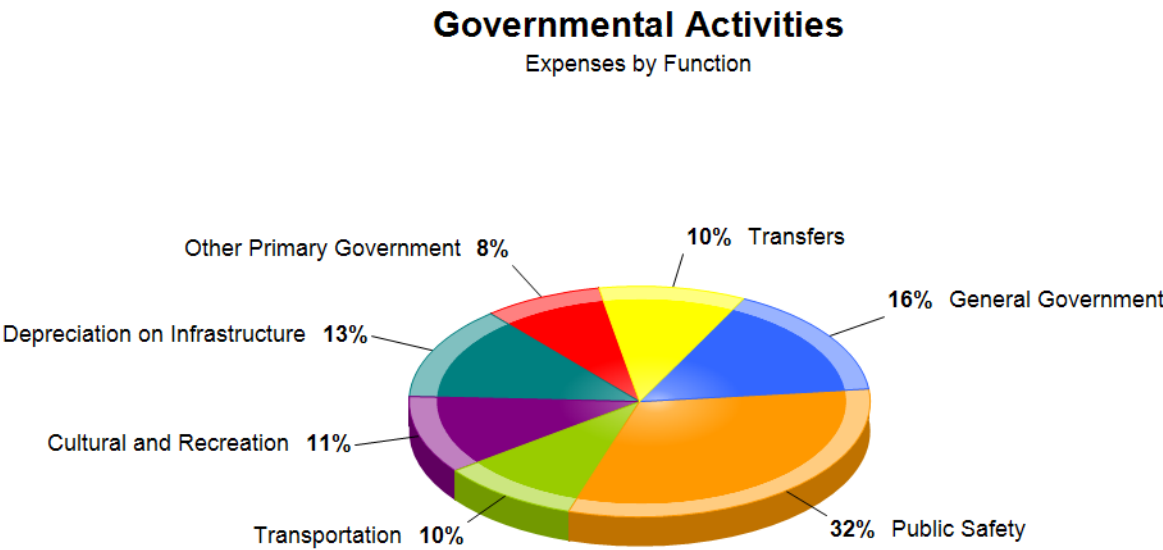
The following chart compares expenses and program revenues for the governmental activities.



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



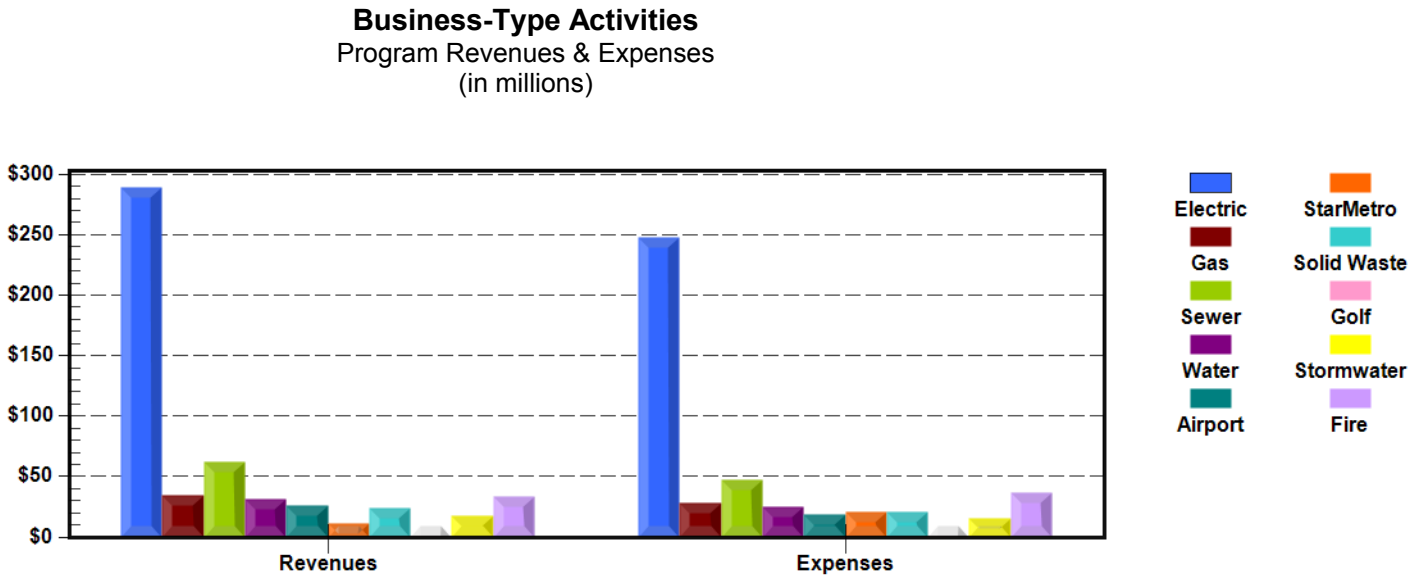
The following chart illustrates the City's Expenses by Function for the City's governmental activities.



**BUSINESS-TYPE ACTIVITIES**

For the City's Business-type activities, the results for the current fiscal year were positive. Net position increased to reach an ending balance of \$1,212.6 million. The total increase in net position for business-type activities was \$40.2 million, or a 3.41% increase from the prior fiscal year

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





## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### GOVERNMENTAL FUNDS

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

As of September 30, 2015, the City's governmental funds reported combined ending fund balances of \$98.7 million, a decrease of \$11.0 million in comparison with the prior year. Of this amount \$1.4 million is considered non-spendable; \$44.7 million is restricted for purposes which are externally imposed by providers; \$49.1 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 \$0.9 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 9/30/2014	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2015
<b>General Fund</b>	\$ 27.3	\$ 144.3	\$ 141.8	\$ 2.5	\$ 29.8
<b>Community Redevelopment</b>	4.3	2.9	2.7	0.2	4.5
<b>Other Funds</b>	78.1	33.5	47.2	(13.7)	64.4
<b>Total City Funds</b>	<u>\$ 109.7</u>	<u>\$ 180.7</u>	<u>\$ 191.7</u>	<u>\$ (11.0)</u>	<u>\$ 98.7</u>

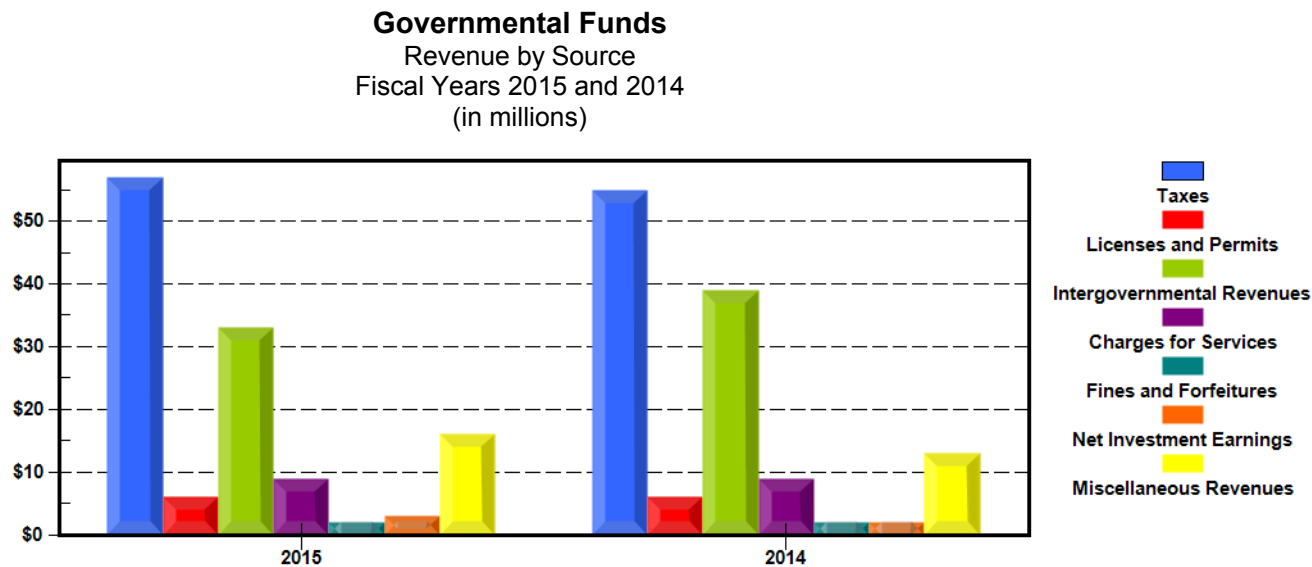
The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balance for the general fund was \$29.8 million, or 21.0% of general fund expenditures and other financing uses. Of this amount, \$0.8 million is non-spendable, \$25.4 million is committed, \$2.5 million is assigned, and \$1.0 million is unassigned.

The fund balance for the City's General Fund increased \$2.5 million from 2014. During fiscal year 2015, revenues and other sources increased \$5.5 million, 4.0%, as compared to the prior year while expenditures and other uses increased \$5.6 million, 4.1%, as compared to the prior year.

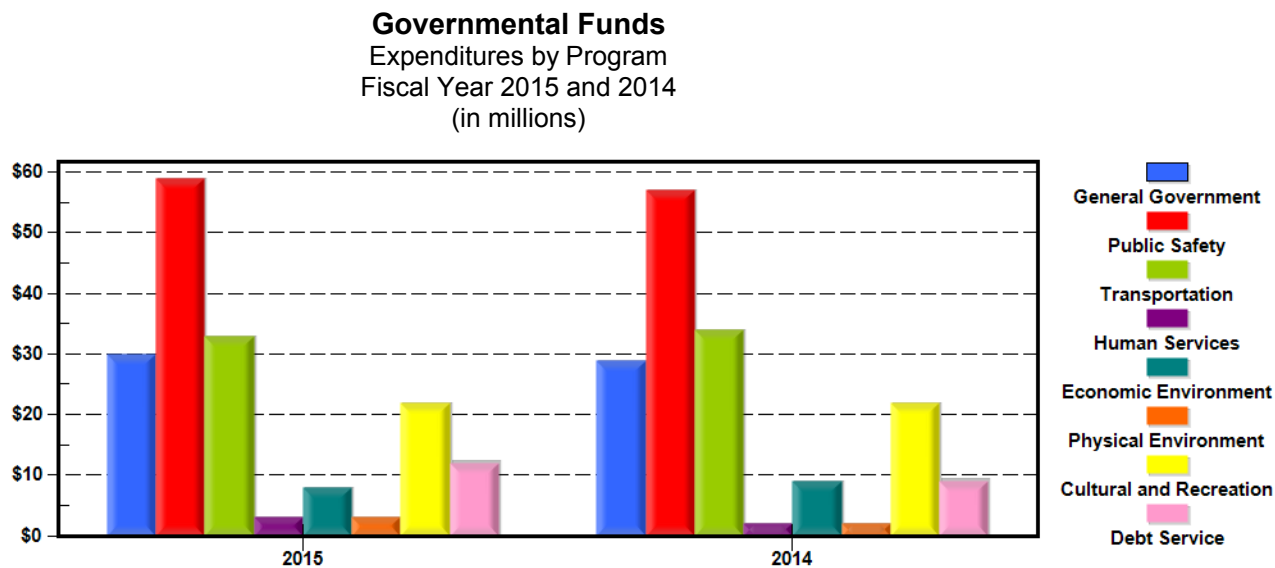
The fund balance for the City's Community Redevelopment Agency Fund increased \$0.2 million from 2014.

The fund balance in the City's other non-major governmental funds decreased \$13.7 million from 2014.

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



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



**PROPRIETARY FUNDS**

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

## GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 106 of the financial statements.

There was no change between the original and final amended general fund operating budget for 2015; however changes to the budgets between functions occurred between the budget for transfers, which increased by \$1,389.0 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 \$1.3 million between the final amended budget and actual results of operation. Actual revenues were less than final budgeted revenues by \$0.5 million, or 0.3%; these variances were spread across most revenue sources. Actual expenditures for the year were less than final budgeted expenditures by \$1.8 million, or 1.3%, 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, 2015, was approximately \$2.5 billion. This represents a net decrease of approximately \$10 million, or 0.4%, 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>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015-2014</u>
Land	\$ 364	\$ 363	\$ 126	\$ 126	\$ 490	\$ 489	0.2 %
Buildings	50	53	132	123	182	176	3.4 %
Equipment	13	14	413	375	426	389	9.5 %
Improvements (Other than Buildings)	8	8	24	23	32	31	3.2 %
Infrastructure	368	369	765	608	1,133	977	16.0 %
Intangibles	-	-	138	92	138	92	50.0 %
Construction in Progress	26	53	113	343	139	396	(64.9)%
<b>Total</b>	<u>\$ 829</u>	<u>\$ 860</u>	<u>\$ 1,711</u>	<u>\$ 1,690</u>	<u>\$ 2,540</u>	<u>\$ 2,550</u>	<u>(0.4)%</u>

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

- Aviation infrastructure - \$12.1 million
- Electric generation, transmission and distribution infrastructure - \$20.3 million
- Gas transmission and distribution infrastructure - \$1.1 million
- Sewer collection, treatment, and disposal infrastructure - \$14.7 million

- StarMetro acquisition of buses and system improvements - \$5.9 million
- Stormwater infrastructure - \$6.2 Million
- Street construction, widening and expansion projects - \$8.2 million
- Water transmission and distribution infrastructure - \$8.9 million

### LONG-TERM DEBT

As shown in the following table, as of September 30, 2015, the City had \$1,028.5 million in total debt outstanding. This amount represents bonds and loans secured by specified revenue sources and excludes issuance premium and discounts.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>General Revenue Bonds</b>	\$ 99.4	\$ 106.0	\$ -	\$ -	\$ 99.4	\$ 106.0
<b>Proprietary Revenue Bonds</b>	-	-	902.8	904.5	902.8	904.5
<b>Other Loans</b>	-	-	26.3	28.9	26.3	28.9
<b>Total</b>	<u>\$ 99.4</u>	<u>\$ 106.0</u>	<u>\$ 929.1</u>	<u>\$ 933.4</u>	<u>\$ 1,028.5</u>	<u>\$ 1,039.4</u>

The City's total bonded debt decreased by \$10.9 million, or 1.05%, during the current fiscal year. In addition to the scheduled pay down of existing debt, the City issued Energy System Refunding Revenue Bonds, Series 2015 for \$94,615,000 and Consolidated Utility System Refunding Revenue Bonds, Series 2015 for \$44,255,000, both of which were used to refund Energy System Revenue Bonds, Series 2005 and Consolidated Utility System Revenue Bonds, Series 2005.

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**

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

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

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

- The unemployment rate for the City continue to show improvement as the impact of the recession lessens. In December 2015, the unemployment rate in Tallahassee was 4.5% as compared to the state's unemployment rate of 5.0%. For December 2014, the Tallahassee MSA unemployment rate was 4.7% as compared with the statewide rate of 5.4%. The percentage of employees employed by local, state, and federal government in Tallahassee is approximately 31.0 % of the work force.
- The ratio of taxable assessed value to total estimated value for ad valorem tax purposes equals 46.3 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 2016. The City's total operating budget for the fiscal year totals \$706.8 million, which is \$9.5 million more than the fiscal year 2015 approved budget. The budget allocates \$149.0 million to the general fund, \$538.6 million to the enterprise funds, and \$19.2 million to other funds.

For the fiscal year 2016 budget, the ad valorem tax rate remains at 4.20 mills. In addition, no fee or utility rate adjustments, except for annual CPI adjustments, are included in the 2016 budget.

Personnel expenditures account for approximately 27.4% of the City's Operating Budget. The City's fiscal year 2016 operating budget includes a net increase of 50 positions, bringing the budgeted full time equivalent staff count to 2875.

The City's fiscal year 2016 Capital Budget totals \$145.4 million with the City's utilities accounting for \$109.3 million (75.2%); other major uses include transportation, general government, and culture and recreation. Bond proceeds (new and existing) will fund approximately 24.4% 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 2020 that totals \$765.8 million with appropriations of funding made on an annual basis.

## **FINANCIAL CONTACT**

This financial report is designed to provide residents, taxpayers, customers, and creditors with a general overview of the City of Tallahassee's finances and to demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Accounting Services Manager at Mailbox A-29, 300 South Adams Street, Tallahassee, Florida 32301-1731 or via the email at [Patrick.Twyman@talgov.com](mailto: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, 2015 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Improvement Authority
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 107,941	\$ 199,294	\$ 307,235	\$ 67
Receivables:				
Accrued Interest	219	392	611	-
Customers and Other	1,308	35,610	36,918	-
Notes	91	8,587	8,678	-
Special Assessments	120	-	120	-
Less: Allowance for Doubtful Accounts	(178)	(3,346)	(3,524)	-
Due From Other Governments	4,794	6,863	11,657	-
Prepaid Expenses	-	1,997	1,997	-
Inventory	364	49,006	49,370	-
Cash and Cash Equivalents - Restricted	5,917	273,302	279,219	-
Receivables - Restricted:				
Accrued Interest	11	544	555	-
Other	20	-	20	-
Notes	876	-	876	-
Due From Other Governments	558	1,082	1,640	-
<b>Total Current Assets</b>	<u>122,041</u>	<u>573,331</u>	<u>695,372</u>	<u>67</u>
<b>Noncurrent Assets</b>				
Internal Balances	34,153	(34,153)	-	-
Deposits	-	17,672	17,672	-
Net Pension Asset	-	5,305	5,305	5
Capital Assets				
Land and Construction in Progress	390,067	239,395	629,462	-
Other, Net of Accumulated Depreciation	439,306	1,472,492	1,911,798	-
<b>Total Noncurrent Assets</b>	<u>863,526</u>	<u>1,700,711</u>	<u>2,564,237</u>	<u>5</u>
<b>Total Assets</b>	<u>985,567</u>	<u>2,274,042</u>	<u>3,259,609</u>	<u>72</u>
<b>Deferred Outflows of Resources</b>				
Effect of Deferred Loss on Bond Refunding	3,637	-	3,637	-
Pension related deferred outflows	21,953	7,854	29,807	19
Accumulated Decrease in Fair Value of Hedging Derivatives	-	13,096	13,096	-
<b>Total Deferred Outflows of Resources</b>	<u>25,590</u>	<u>20,950</u>	<u>46,540</u>	<u>19</u>
<b>Assets and Deferred Outflows of Resources</b>	<u>\$ 1,011,157</u>	<u>\$ 2,294,992</u>	<u>\$ 3,306,149</u>	<u>\$ 91</u>

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



# CITY OF TALLAHASSEE, FLORIDA

## STATEMENT OF NET POSITION September 30, 2015 (in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Improvement Authority
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 7,457	\$ 47,610	\$ 55,067	\$ 8
Customer Contracts Payable	-	765	765	-
Utility Deposits Payable	-	19,880	19,880	-
Unearned Revenue	1,790	-	1,790	-
Due to Other Governments	870	-	870	-
Capital Lease Payable	446	-	446	-
Compensated Absences	6,679	8,680	15,359	10
Accounts Payable - Restricted	1,669	2,802	4,471	-
Unearned Revenue - Restricted	388	-	388	-
Bonds and Loans Payable	7,530	27,941	35,471	-
<b>Total Current Liabilities</b>	<b>26,829</b>	<b>107,678</b>	<b>134,507</b>	<b>18</b>
<b>Noncurrent Liabilities:</b>				
Compensated Absences	2,420	3,435	5,855	16
Customer Contracts Payable	-	1,454	1,454	-
Claims Payable	-	11,383	11,383	-
Capital Lease Payable	1,000	-	1,000	-
Net OPEB Obligation	3,776	-	3,776	-
Derivative Instruments	-	13,096	13,096	-
Net Pension Liability	54,657	-	54,657	-
Bonds and Loans Payable	104,932	932,328	1,037,260	-
<b>Total Noncurrent Liabilities</b>	<b>166,785</b>	<b>961,696</b>	<b>1,128,481</b>	<b>16</b>
<b>Total Liabilities</b>	<b>193,614</b>	<b>1,069,374</b>	<b>1,262,988</b>	<b>34</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources	32,966	13,008	45,974	23
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>226,580</b>	<b>1,082,382</b>	<b>1,308,962</b>	<b>57</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	742,216	809,395	1,551,611	-
Restricted for:				
Capital Projects	44,888	172,148	217,036	-
Debt Service	-	28,968	28,968	-
Other Purposes	54,124	-	54,124	-
Unrestricted	(56,651)	202,099	145,448	34
<b>Total Net Position</b>	<b>784,577</b>	<b>1,212,610</b>	<b>1,997,187</b>	<b>34</b>
<b>Total Liabilities, Deferred Inflow of Resources and Net Position</b>	<b>\$ 1,011,157</b>	<b>\$ 2,294,992</b>	<b>\$ 3,306,149</b>	<b>\$ 91</b>

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

# CITY OF TALLAHASSEE, FLORIDA

## STATEMENT OF ACTIVITIES For the fiscal year ended September 30, 2015 (in thousands)

<u>Function/Programs</u>	<u>Program Revenue</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government	\$ 32,352	\$ 2,192	\$ -	\$ -
Public Safety	61,703	2,487	891	-
Transportation	19,928	2,540	658	13
Human Services	3,097	965	-	-
Economic Development	7,337	-	-	-
Physical Environment	1,489	1,187	-	-
Culture and Recreation	22,289	3,956	-	-
Unallocated Depreciation on Infrastructure	27,477	-	-	-
Interest on Long-Term Debt	4,966	-	-	-
<b>Total governmental activities</b>	<b>180,638</b>	<b>13,327</b>	<b>1,549</b>	<b>13</b>
<b>Business-type Activities:</b>				
Electric	248,266	286,271	2,616	-
Gas	28,480	34,564	-	-
Sewer	46,804	62,184	-	-
Water	24,770	30,787	-	-
Airport	19,120	12,840	-	13,346
StarMetro	21,397	4,705	2,849	3,049
Solid Waste	20,700	23,553	-	-
Golf	973	771	-	-
Stormwater Management	14,837	18,380	-	-
Fire Services	36,787	32,772	-	-
<b>Total business-type activities</b>	<b>462,134</b>	<b>506,827</b>	<b>5,465</b>	<b>16,395</b>
<b>Total primary government</b>	<b>\$ 642,772</b>	<b>\$ 520,154</b>	<b>\$ 7,014</b>	<b>\$ 16,408</b>
<b>Component Unit:</b>				
Downtown Improvement Authority	\$ 313	\$ -	\$ -	\$ -

### 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  
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, 2015 (in thousands)

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit	
\$ (30,160)	\$ -	\$ (30,160)	\$ -	-
(58,325)	-	(58,325)	-	-
(16,717)	-	(16,717)	-	-
(2,132)	-	(2,132)	-	-
(7,337)	-	(7,337)	-	-
(302)	-	(302)	-	-
(18,333)	-	(18,333)	-	-
(27,477)	-	(27,477)	-	-
(4,966)	-	(4,966)	-	-
(165,749)	-	(165,749)	-	-
-	40,621	40,621	-	-
-	6,084	6,084	-	-
-	15,380	15,380	-	-
-	6,017	6,017	-	-
-	7,066	7,066	-	-
-	(10,794)	(10,794)	-	-
-	2,853	2,853	-	-
-	(202)	(202)	-	-
-	3,543	3,543	-	-
-	(4,015)	(4,015)	-	-
-	66,553	66,553	-	-
(165,749)	66,553	(99,196)	-	-
			(313)	
32,947	-	32,947	190	
23,728	-	23,728	-	
5,101	-	5,101	-	
28,304	-	28,304	-	
3,044	6,684	9,728	2	
14	52	66	-	
7,634	19	7,653	96	
33,075	(33,075)	-	-	
133,847	(26,320)	107,527	288	
(31,902)	40,233	8,331	(25)	
887,384	1,179,341	2,066,725	71	
(70,905)	(6,964)	(77,869)	(12)	
816,479	1,172,377	1,988,856	59	
\$ 784,577	\$ 1,212,610	\$ 1,997,187	\$ 34	

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



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## **FUNDS**

### **GOVERNMENTAL FUNDS**

<b>General</b>	Accounts for all financial resources except those required to be accounted for in another fund. The functions paid for by the general fund include police, protective inspection, code enforcement, culture and recreation, general government, transportation, human services, economic development, and physical environment.
<b>Community Redevelopment Agency</b>	Accounts for the general tax revenue collected on and the expenses incurred in the redevelopment of properties in the community redevelopment area.
<b>Other Governmental Funds</b>	Detailed descriptions of these funds are provided on page 119.

### **PROPRIETARY FUNDS**

<b>Electric</b>	Accounts for the assets, operation and maintenance of the City-owned electric generation, transmission, and distribution system.
<b>Gas</b>	Accounts for the assets, operation and maintenance of the City-owned gas system.
<b>Sewer</b>	Accounts for the assets, operation and maintenance of the City's wastewater collection and treatment system.
<b>Water</b>	Accounts for the assets, operation and maintenance of the City's water production and distribution system.
<b>Airport</b>	Accounts for the assets, operation and maintenance of the City-owned international airport.
<b>Stormwater Management</b>	Accounts for the operation, maintenance, and expansion of the City-owned stormwater utility system.
<b>Other Enterprise Funds</b>	Detailed descriptions of these funds are provided on page 125.
<b>Internal Service Funds</b>	Detailed description of these funds are provided on page 129.

### **FIDUCIARY FUNDS**

<b>Pension Trust</b>	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.
<b>Nuclear Decommissioning</b>	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).
<b>OPEB Trust</b>	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, 2015 (in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 33,946	\$ -	\$ 63,850	\$ 97,796
Receivables:				
Accrued Interest	67	-	130	197
Customers and Others	977	-	251	1,228
Notes	-	-	91	91
Special Assessments	-	-	120	120
Less: Allowance for Doubtful Accounts	(178)	-	-	(178)
Due From Other Governments	2,814	-	1,979	4,793
Advances To Other Funds	182	-	-	182
Inventory	364	-	-	364
Cash and Cash Equivalents - Restricted	347	4,302	1,141	5,790
Receivables - Restricted:				
Accrued Interest	-	9	4	13
Customers and Others	-	10	9	19
Notes	-	589	286	875
Due From Other Governments	-	-	558	558
<b>Total Assets</b>	<u>\$ 38,519</u>	<u>\$ 4,910</u>	<u>\$ 68,419</u>	<u>\$ 111,848</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts and Retainage Payable	4,324	-	1,781	6,105
Unearned Revenue	1,602	-	104	1,706
Accounts and Retainage Payable - Restricted	347	455	871	1,673
Due To Other Funds	53	-	-	53
Due To Other Governments	870	-	-	870
Advances from Other Funds	1,574	-	860	2,434
Unearned Revenue - Restricted	-	-	389	389
<b>Total Liabilities</b>	<u>8,770</u>	<u>455</u>	<u>4,005</u>	<u>13,230</u>
<b>FUND BALANCES</b>				
Nonspendable	809	12	568	1,389
Spendable:				
Restricted	-	4,443	40,279	44,722
Committed	25,420	-	23,715	49,135
Assigned	2,479	-	-	2,479
Unassigned	1,041	-	(148)	893
<b>Total Fund Balances</b>	<u>29,749</u>	<u>4,455</u>	<u>64,414</u>	<u>98,618</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 38,519</u>	<u>\$ 4,910</u>	<u>\$ 68,419</u>	<u>\$ 111,848</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, 2015  
(in thousands)

<b>Total Fund Balances - Governmental Funds</b>	\$	98,618
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	821,695
---	---------

Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds.	23,114
--	--------

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.	27,551
--	--------

Certain amounts related to the Net Pension Liability are deferred and amortized over time and are not reported in the funds.	(29,585)
--	----------

Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the fund statements but must be deferred in the Statement of Net Position.	18,572
--	--------

Long-term liabilities, including bonds payable, deferred outflows of resources, and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.	<u>(175,388)</u>
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<b>Net Position - Governmental Activities</b>	<u>\$</u>	<u>784,577</u>
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*The notes to the financial statements are an integral part of these financial statements.*

# CITY OF TALLAHASSEE, FLORIDA

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

**Governmental Funds**  
for the fiscal year ended September 30, 2015  
(in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 55,681	\$ 994	\$ -	\$ 56,675
Licenses and Permits	2,851	-	3,325	6,176
Intergovernmental Revenues	16,710	1,661	14,860	33,231
Charges for Services	8,706	25	312	9,043
Fines and Forfeitures	1,295	-	255	1,550
Net Investment Earnings	732	88	2,027	2,847
Change in Fair Value of Investments	11	2	(1)	12
Miscellaneous Revenues	13,077	113	2,441	15,631
Total Revenues	<u>99,063</u>	<u>2,883</u>	<u>23,219</u>	<u>125,165</u>
Expenditures:				
General Government	27,876	-	2,621	30,497
Public Safety	54,906	-	3,709	58,615
Transportation	17,123	-	16,108	33,231
Human Services	2,242	-	713	2,955
Economic Environment	1,052	2,702	3,882	7,636
Physical Environment	2,714	-	676	3,390
Culture and Recreation	21,089	-	897	21,986
Debt Service:				
Principal Retired	-	-	6,620	6,620
Interest and Fiscal Charges	45	-	5,279	5,324
Total Expenditures	<u>127,047</u>	<u>2,702</u>	<u>40,505</u>	<u>170,254</u>
Excess of Revenues Over (Under) Expenditures	<u>(27,984)</u>	<u>181</u>	<u>(17,286)</u>	<u>(45,089)</u>
Other Financing Sources (Uses):				
Transfers In	44,913	-	10,254	55,167
Transfers Out	(14,723)	-	(6,703)	(21,426)
Proceeds from Sale of Capital Assets	293	-	24	317
Total Other Financing Sources (Uses)	<u>30,483</u>	<u>-</u>	<u>3,575</u>	<u>34,058</u>
Net Change in Fund Balances	2,499	181	(13,711)	(11,031)
Fund Balances - October 1	27,250	4,274	78,125	109,649
Fund Balances - September 30	<u>\$ 29,749</u>	<u>\$ 4,455</u>	<u>\$ 64,414</u>	<u>\$ 98,618</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, 2015 (in thousands)

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (11,031)</b>
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(29,734)
--	----------

Internal Service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	(1,210)
--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,561
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The net change in compensated absences which is reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	103
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The change in the unfunded Net OPEB Obligation which is included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	(826)
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Pension related items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.	<u>5,235</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (31,902)</u></b>
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*The notes to the financial statements are an integral part of these financial statements.*

# CITY OF TALLAHASSEE, FLORIDA

## STATEMENT OF NET POSITION

### Proprietary Funds

September 30, 2015

(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS									
Current Assets									
Cash and Cash Equivalents	\$ 74,059	\$ 2,457	\$ 1,111	\$ 1,234	\$ 2,519	\$ 54,122	\$ 13,006	\$ 148,508	\$ 60,932
Receivables:									
Accrued Interest	147	5	2	2	6	107	26	295	120
Notes	7,817	-	770	-	-	-	-	8,587	-
Customers and Others	22,630	1,216	3,444	1,949	1,251	1,061	3,790	35,341	353
Due From Other Governments	352	-	1,179	-	-	2	4,916	6,449	414
Less: Allowance for Doubtful Accounts	(1,699)	(75)	(297)	(262)	(372)	(166)	(477)	(3,348)	-
Prepaid Expenses	-	-	-	-	-	-	-	-	1,997
Due From Other Funds	31,345	-	-	-	-	-	-	31,345	63
Inventory	42,558	177	1,045	77	-	-	586	44,443	4,561
Cash and Cash Equivalents - Restricted	164,114	9,641	57,362	29,903	12,282	-	-	273,302	-
Accrued Interest	326	19	114	59	23	-	-	541	-
Due From Other Governments	-	-	-	-	1,082	-	-	1,082	-
Total Current Assets	341,649	13,440	64,730	32,962	16,791	55,126	21,847	546,545	68,440
Noncurrent Assets									
Advances To Other Funds	500	-	-	-	-	178	-	678	2,964
Deposits	-	-	-	-	-	-	710	710	16,963
Net Pension Asset	2,059	150	1,005	409	372	421	889	5,305	-
Capital Assets									
Land and Construction in Progress	70,471	1,469	47,828	10,884	12,185	89,813	6,701	239,351	1,039
Other, Net of Accumulated Depreciation	626,365	56,276	405,635	133,027	99,969	63,312	43,393	1,427,977	51,198
Total Noncurrent Assets	699,395	57,895	454,468	144,320	112,526	153,724	51,693	1,674,021	72,164
Total Assets	1,041,044	71,335	519,198	177,282	129,317	208,850	73,540	2,220,566	140,604
DEFERRED OUTFLOWS OF RESOURCES									
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-	400	400	12,696
Pension Related Deferred Outflows	3,047	222	1,488	606	550	623	1,318	7,854	-
Total Assets and Deferred Outflows of Resources	\$ 1,044,091	\$ 71,557	\$ 520,686	\$ 177,888	\$ 129,867	\$ 209,473	\$ 75,258	\$ 2,228,820	\$ 153,300

*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, 2015

(in thousands)

	Enterprise Funds						Other	Total	Internal
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Enterprise Funds	Enterprise Funds	Service Funds
<b>LIABILITIES</b>									
<b>Current Liabilities</b>									
Accounts and Retainage Payable	\$ 24,060	\$ 2,196	\$ 2,614	\$ 1,430	\$ 2,116	\$ 1,651	\$ 4,776	\$ 38,843	\$ 10,116
Due To Other Funds	1	-	-	-	-	-	9	10	31,345
Compensated Absences	1,979	157	978	410	330	415	2,846	7,115	2,286
Customer Contracts Payable	-	-	480	285	-	-	-	765	-
Unearned Revenue	-	-	-	-	-	-	-	-	83
Utility Deposits Payable	17,896	483	-	1,500	-	-	-	19,879	-
Accounts and Retainage Payable - Restricted	681	51	274	107	1,688	-	-	2,801	-
Loans Payable	1,440	186	-	1,142	-	-	-	2,768	-
Bonds Payable	16,430	1,468	6,057	1,218	-	-	-	25,173	-
Capital Lease Payable	-	-	-	-	-	-	-	-	446
<b>Total Current Liabilities</b>	<b>62,487</b>	<b>4,541</b>	<b>10,403</b>	<b>6,092</b>	<b>4,134</b>	<b>2,066</b>	<b>7,631</b>	<b>97,354</b>	<b>44,276</b>
<b>Noncurrent Liabilities</b>									
Loans Payable	12,232	1,580	-	9,702	-	-	-	23,514	-
Claims Payable	-	-	-	-	-	-	-	-	11,383
Derivative Instruments	-	-	-	-	-	-	400	400	12,696
Customer Contracts Payable	-	-	949	505	-	-	-	1,454	-
Advances from Other Funds	7,980	3,340	-	-	-	-	13,058	24,378	-
Compensated Absences	1,102	120	377	166	177	117	846	2,905	776
Bonds Payable	544,566	14,258	279,194	70,797	-	-	-	908,815	-
Capital Lease Payable	-	-	-	-	-	-	-	-	1,001
<b>Total Noncurrent Liabilities</b>	<b>565,880</b>	<b>19,298</b>	<b>280,520</b>	<b>81,170</b>	<b>177</b>	<b>117</b>	<b>14,304</b>	<b>961,466</b>	<b>25,856</b>
<b>Total Liabilities</b>	<b>628,367</b>	<b>23,839</b>	<b>290,923</b>	<b>87,262</b>	<b>4,311</b>	<b>2,183</b>	<b>21,935</b>	<b>1,058,820</b>	<b>70,132</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Pension Related Deferred Inflows	5,048	368	2,464	1,003	912	1,032	2,181	13,008	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>633,415</b>	<b>24,207</b>	<b>293,387</b>	<b>88,265</b>	<b>5,223</b>	<b>3,215</b>	<b>24,116</b>	<b>1,071,828</b>	<b>70,132</b>
<b>NET POSITION</b>									
Net Investment in Capital Assets	142,714	39,200	187,551	79,997	112,154	153,125	50,094	764,835	50,790
Restricted for Debt Service	11,801	1,892	13,520	1,755	-	-	-	28,968	-
Restricted for Renewal, Replacement and Improvements	118,098	8,812	24,525	9,173	11,540	-	-	172,148	-
Unrestricted	138,063	(2,554)	1,703	(1,302)	950	53,133	1,048	191,041	32,378
<b>Total Net Position</b>	<b>410,676</b>	<b>47,350</b>	<b>227,299</b>	<b>89,623</b>	<b>124,644</b>	<b>206,258</b>	<b>51,142</b>	<b>1,156,992</b>	<b>83,168</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,044,091</b>	<b>\$ 71,557</b>	<b>\$ 520,686</b>	<b>\$ 177,888</b>	<b>\$ 129,867</b>	<b>\$ 209,473</b>	<b>\$ 75,258</b>		<b>\$ 153,300</b>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds								55,618	
<b>Net Position of Business-type Activities</b>								<b>\$ 1,212,610</b>	

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

# CITY OF TALLAHASSEE, FLORIDA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

### Proprietary Funds

For the fiscal year ended September 30, 2015

(in thousands)

	Enterprise Funds								Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	
<b>Operating Revenues:</b>									
Charges for Services:									
Residential Sales	\$ 127,140	\$ 12,378	\$ 29,210	\$ 14,497	\$ -	\$ 7,690	\$ 27,415	\$ 218,330	\$ -
Commercial and Industrial Sales	136,829	17,021	20,520	9,145	-	8,950	24,842	217,307	-
Public Street and Highway Lighting	4,163	-	-	-	-	-	-	4,163	-
Sales for Resale	4,460	-	-	-	-	-	-	4,460	-
Surcharge	2,390	270	1,041	1,601	-	-	-	5,302	-
Tapping Fees	-	8	71	390	-	-	-	469	-
Landing and Tie Down Fees	-	-	-	-	1,498	-	-	1,498	-
Late Fees	673	101	-	87	-	-	-	861	-
Initiating Service	872	125	-	495	-	-	-	1,492	-
Rentals	893	-	-	412	7,939	-	-	9,244	-
Cut-ins and Cut Fees	1,395	27	-	106	-	-	-	1,528	-
County Government	-	-	-	-	-	-	3,013	3,013	-
Recyclable Sales	-	-	-	-	-	-	302	302	-
Recreation Fees	-	-	-	-	-	-	771	771	-
Transportation Fees	-	-	-	-	-	-	4,663	4,663	-
Other Charges	4,898	1,164	2,248	3,095	2,153	1,024	1,853	16,435	201,638
<b>Total Operating Revenues</b>	<b>283,713</b>	<b>31,094</b>	<b>53,090</b>	<b>29,828</b>	<b>11,590</b>	<b>17,664</b>	<b>62,859</b>	<b>489,838</b>	<b>201,638</b>
<b>Operating Expenses:</b>									
Personnel Services	27,913	2,102	13,165	4,964	4,350	5,410	39,610	97,514	33,947
Fossil Fuel	103,974	14,173	-	-	-	-	-	118,147	-
Power Purchased	7,355	-	-	-	-	-	-	7,355	-
Contractual Services	39,771	3,397	14,260	9,519	4,407	6,847	29,871	108,072	146,041
Materials and Supplies	7,979	387	2,316	799	174	1,249	4,470	17,374	7,566
Other	5,814	2,289	2,797	3,116	111	368	612	15,107	10,387
Depreciation	33,809	1,891	13,393	4,361	6,182	1,083	4,370	65,089	8,640
<b>Total Operating Expenses</b>	<b>226,615</b>	<b>24,239</b>	<b>45,931</b>	<b>22,759</b>	<b>15,224</b>	<b>14,957</b>	<b>78,933</b>	<b>428,658</b>	<b>206,581</b>
<b>Operating Income (Loss)</b>	<b>\$ 57,098</b>	<b>\$ 6,855</b>	<b>\$ 7,159</b>	<b>\$ 7,069</b>	<b>\$ (3,634)</b>	<b>\$ 2,707</b>	<b>\$ (16,074)</b>	<b>\$ 61,180</b>	<b>\$ (4,943)</b>

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

# CITY OF TALLAHASSEE, FLORIDA

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

### Proprietary Funds

For the fiscal year ended September 30, 2015

(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Non-Operating Revenues (Expenses):</b>									
Net Investment Earnings	\$ 3,981	\$ 167	\$ 681	\$ 194	\$ 181	\$ 771	\$ 215	\$ 6,190	\$ 695
Change in Fair Value of Investments	(17)	7	28	21	12	(3)	(12)	36	18
Grant Revenues	2,616	-	-	-	-	-	3,705	6,321	-
Other Revenues	660	362	10,217	1,263	3	864	51	13,420	6,119
Interest Expense	(18,224)	(705)	(1,892)	(1,618)	-	-	(655)	(23,094)	(33)
Gain (Loss) on Sale of Assets	-	-	-	-	(1,793)	-	-	(1,793)	-
Other Expenses	(2,302)	(145)	(280)	(746)	(1,992)	-	(139)	(5,604)	(46)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(13,286)</b>	<b>(314)</b>	<b>8,754</b>	<b>(886)</b>	<b>(3,589)</b>	<b>1,632</b>	<b>3,165</b>	<b>(4,524)</b>	<b>6,753</b>
<b>Income (Loss) Before Capital Contributions and Operating Transfers</b>	<b>43,812</b>	<b>6,541</b>	<b>15,913</b>	<b>6,183</b>	<b>(7,223)</b>	<b>4,339</b>	<b>(12,909)</b>	<b>56,656</b>	<b>1,810</b>
<b>Capital Contributions and Transfers:</b>									
Capital Contributions	-	-	-	-	13,346	-	2,194	15,540	-
Transfers In	924	159	265	422	-	-	10,493	12,263	2,302
Transfers Out	(29,009)	(2,836)	(4,622)	(3,765)	-	(436)	(2,028)	(42,696)	(5,610)
<b>Total Capital Contributions and Transfers</b>	<b>(28,085)</b>	<b>(2,677)</b>	<b>(4,357)</b>	<b>(3,343)</b>	<b>13,346</b>	<b>(436)</b>	<b>10,659</b>	<b>(14,893)</b>	<b>(3,308)</b>
<b>Change in Net Position</b>	<b>15,727</b>	<b>3,864</b>	<b>11,556</b>	<b>2,840</b>	<b>6,123</b>	<b>3,903</b>	<b>(2,250)</b>	<b>41,763</b>	<b>(1,498)</b>
<b>Net Position - October 1</b>	<b>397,064</b>	<b>43,640</b>	<b>216,775</b>	<b>87,203</b>	<b>118,903</b>	<b>202,787</b>	<b>55,821</b>		<b>85,809</b>
<b>Adjustments to October 1 Net Position</b>	<b>(2,115)</b>	<b>(154)</b>	<b>(1,032)</b>	<b>(420)</b>	<b>(382)</b>	<b>(432)</b>	<b>(2,429)</b>		<b>(1,143)</b>
<b>Net Position - October 1, as restated</b>	<b>394,949</b>	<b>43,486</b>	<b>215,743</b>	<b>86,783</b>	<b>118,521</b>	<b>202,355</b>	<b>53,392</b>		<b>84,666</b>
<b>Net Position - September 30</b>	<b>\$ 410,676</b>	<b>\$ 47,350</b>	<b>\$ 227,299</b>	<b>\$ 89,623</b>	<b>\$ 124,644</b>	<b>\$ 206,258</b>	<b>\$ 51,142</b>		<b>\$ 83,168</b>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds								(1,530)	
<b>Change in net position of Business-type Activities</b>								<b>\$ 40,233</b>	

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

# CITY OF TALLAHASSEE, FLORIDA

## STATEMENT OF CASH FLOWS Proprietary Funds For the fiscal year ended September 30, 2015 (in thousands)

	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities</b>									
Cash Received from Customers	\$ 287,836	\$ 30,907	\$ 53,133	\$ 29,663	\$ 10,968	\$ 18,546	\$ 61,639	\$ 492,692	\$ 200,985
Cash Received from Other Revenues	660	362	7,164	510	-	-	-	8,696	6,526
Cash Paid to Suppliers for Goods and Services	(143,522)	(16,832)	(13,117)	(6,682)	(2,835)	(7,290)	(17,689)	(207,967)	(156,299)
Cash Paid to Employees for Services	(30,058)	(2,241)	(14,237)	(5,349)	(4,689)	(5,831)	(40,348)	(102,753)	(33,903)
Cash Paid to Other Funds	(38,891)	(2,195)	(6,811)	(5,955)	(1,717)	(985)	(15,848)	(72,402)	696
Cash Paid for Other Expenses	(747)	(144)	(280)	-	(1,991)	-	(139)	(3,301)	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>75,278</b>	<b>9,857</b>	<b>25,852</b>	<b>12,187</b>	<b>(264)</b>	<b>4,440</b>	<b>(12,385)</b>	<b>114,965</b>	<b>18,005</b>
<b>Cash Flows from Noncapital Financing Activities</b>									
Transfers In from Other Funds	924	159	265	422	-	-	10,493	12,263	2,302
Operating Grants Received	2,616	-	-	-	256	-	3,705	6,577	-
Repayment of Advances	1	(1,034)	-	-	-	-	-	(1,033)	-
Transfers Out to Other Funds	(29,009)	(2,836)	(4,622)	(3,765)	-	(436)	(2,028)	(42,696)	(5,610)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(25,468)</b>	<b>(3,711)</b>	<b>(4,357)</b>	<b>(3,343)</b>	<b>256</b>	<b>(436)</b>	<b>12,170</b>	<b>(24,889)</b>	<b>(3,308)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>									
Capital Contributions	-	-	-	-	15,710	-	2,194	17,904	-
Systems Charges	-	-	3,053	753	-	-	-	3,806	-
Acquisition, Construction and Sale of Capital Assets	(21,550)	(1,769)	(16,192)	(10,054)	(12,136)	(6,596)	(4,823)	(73,120)	(8,019)
Bond and Loan Proceeds	99,665	5,745	37,203	13,458	-	-	-	156,071	-
Principal and Refunding Payments	(113,051)	(7,029)	(20,283)	(2,835)	-	-	-	(143,198)	-
Repayment of Loans from Other Funds	(369)	(55)	-	-	-	-	(903)	(1,327)	-
Interest Paid	(26,986)	(826)	(13,274)	(3,393)	-	-	(655)	(45,134)	(33)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(62,291)</b>	<b>(3,934)</b>	<b>(9,493)</b>	<b>(2,071)</b>	<b>3,574</b>	<b>(6,596)</b>	<b>(4,187)</b>	<b>(84,998)</b>	<b>(8,052)</b>
<b>Cash Flows from Investing Activities</b>									
Interest Received on Investments	4,251	162	667	310	174	775	221	6,560	694
Increase (Decrease) in the Fair Value of Investments	(17)	7	28	21	12	(3)	(12)	36	18
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>\$ 4,234</b>	<b>\$ 169</b>	<b>\$ 695</b>	<b>\$ 331</b>	<b>\$ 186</b>	<b>\$ 772</b>	<b>\$ 209</b>	<b>\$ 6,596</b>	<b>\$ 712</b>

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

# CITY OF TALLAHASSEE, FLORIDA

## STATEMENT OF CASH FLOWS Proprietary Funds For the fiscal year ended September 30, 2015 (in thousands)

	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(8,247)	2,381	12,697	7,104	3,752	(1,820)	(4,193)	11,674	7,357
<b>Cash and Cash Equivalents - October 1</b>	246,420	9,717	45,776	24,033	11,049	55,942	17,199	410,136	53,575
<b>Cash and Cash Equivalents - September 30</b>	<u>\$ 238,173</u>	<u>\$ 12,098</u>	<u>\$ 58,473</u>	<u>\$ 31,137</u>	<u>\$ 14,801</u>	<u>\$ 54,122</u>	<u>\$ 13,006</u>	<u>\$ 421,810</u>	<u>\$ 60,932</u>
<b>Classified As:</b>									
Unrestricted Assets	\$ 74,059	\$ 2,457	\$ 1,111	\$ 1,234	\$ 2,519	\$ 54,122	\$ 13,006	\$ 148,508	\$ 60,932
Restricted Assets	164,114	9,641	57,362	29,903	12,282	-	-	273,302	-
	<u>\$ 238,173</u>	<u>\$ 12,098</u>	<u>\$ 58,473</u>	<u>\$ 31,137</u>	<u>\$ 14,801</u>	<u>\$ 54,122</u>	<u>\$ 13,006</u>	<u>\$ 421,810</u>	<u>\$ 60,932</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>									
Operating Income (Loss)	\$ 57,098	\$ 6,855	\$ 7,159	\$ 7,069	\$ (3,634)	\$ 2,707	\$ (16,074)	\$ 61,180	\$ (4,943)
<b>Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>									
Depreciation	33,809	1,891	13,393	4,361	6,182	1,083	4,370	65,089	8,640
Provision for Uncollectible Accounts	(56)	(8)	5	(2)	28	-	(49)	(82)	-
Other Changes in Assets and Liabilities:	(1,513)	59	5,823	78	(2,639)	(446)	(1,077)	285	6,777
(Increase) Decrease in Accounts Receivable	(1,177)	(201)	59	(80)	(265)	20	1,027	(617)	(322)
Increase in Other Accounts Receivable	-	-	-	-	-	-	-	-	(1)
(Increase) Decrease in Inventory	722	(39)	285	(3)	-	-	(397)	568	(1,284)
(Increase) Decrease in Deposits	-	-	-	-	4	-	-	4	(6,675)
Decrease in Notes Receivables	80	-	48	-	-	-	-	128	-
(Increase) Decrease in Due From Other Funds	(18,989)	-	-	-	-	863	-	(18,126)	-
(Increase) Decrease in Due From Other Governments	4,410	-	(69)	-	-	-	(2,196)	2,145	200
Increase (Decrease) in Accounts Payable	-	1,259	(831)	790	132	189	1,811	3,350	(3,547)
Increase in Due To Other Funds	-	-	-	-	-	-	-	-	18,908
Decrease in Loans to Other Funds	-	-	-	-	-	-	-	-	(2)
Increase (Decrease) in Utility Deposits Payable	867	22	-	(83)	-	-	-	806	-
Increase (Decrease) in Customer Contracts Payable	-	-	(9)	10	-	-	-	1	-
Increase (Decrease) in Compensated Absences	27	19	(11)	47	32	24	200	338	43
(Decrease) in Prepaid Fees Credit	-	-	-	-	(104)	-	-	(104)	-
Increase in Insurance Deposits	-	-	-	-	-	-	-	-	211
<b>Total Adjustments</b>	<u>18,180</u>	<u>3,002</u>	<u>18,693</u>	<u>5,118</u>	<u>3,370</u>	<u>1,733</u>	<u>3,689</u>	<u>53,785</u>	<u>22,948</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 75,278</u>	<u>\$ 9,857</u>	<u>\$ 25,852</u>	<u>\$ 12,187</u>	<u>\$ (264)</u>	<u>\$ 4,440</u>	<u>\$ (12,385)</u>	<u>\$ 114,965</u>	<u>\$ 18,005</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, 2015 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Nuclear Decommissioning Private-Purpose Trust Fund
<b>Assets</b>			
Cash and Cash Equivalents	\$ 24,973	\$ -	\$ -
Receivables			
Other Receivables	40,545	-	-
Accrued Interest	1,375	-	-
Due From Other Governments	473	-	-
Total Receivables	<u>42,393</u>	<u>-</u>	<u>-</u>
Investments, at Fair Value			
Mutual Index Funds	107,448	-	-
Fixed Income Securities	327,575	-	-
Domestic Stock	611,437	-	-
International Stock	178,660	-	-
Short-term Investments	-	5,952	6,839
Real Estate	224,779	-	-
Total Investments	<u>1,449,899</u>	<u>5,952</u>	<u>6,839</u>
<b>Total Assets</b>	<u>\$ 1,517,265</u>	<u>\$ 5,952</u>	<u>\$ 6,839</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>LIABILITIES</b>			
Other Payables	\$ 42,579	\$ 223	\$ -
<b>Total Liabilities</b>	<u>42,579</u>	<u>223</u>	<u>-</u>
<b>NET POSITION</b>			
Held in Trust for Benefits and Other Purposes	<u>1,474,686</u>	<u>5,729</u>	<u>6,839</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,517,265</u>	<u>\$ 5,952</u>	<u>\$ 6,839</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, 2015 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Nuclear Decommissioning Private-Purpose Trust Fund
<b>ADDITIONS</b>			
<b>Contributions:</b>			
Employer	\$ 29,135	\$ 2,017	\$ -
Plan Members	10,597	-	-
Miscellaneous Contributions	34	-	-
<b>Total Contributions</b>	<u>39,766</u>	<u>2,017</u>	<u>-</u>
<b>Investment Income</b>			
<b>From Investment Activities:</b>			
Gain/Loss on Sale of Investments	148,358	(2)	-
Change in Fair Value of Investments	(154,008)	(33)	-
Interest Income	13,337	-	26
Dividends	10,415	-	-
<b>Total Investment Income</b>	<u>18,102</u>	<u>(35)</u>	<u>26</u>
Less Investment Expenses:			
Investment Management Fees	6,969	-	-
Interest Expense	50	1	-
<b>Net Income from Investing Activities</b>	<u>11,083</u>	<u>(36)</u>	<u>26</u>
<b>From Securities Lending Activities:</b>			
Securities Lending Income	387	-	-
Less Securities Lending Expenses:			
Investment Management Fees	77	-	-
<b>Net Income from Securities Lending Activities</b>	<u>310</u>	<u>-</u>	<u>-</u>
 Total Net Investment Income	 <u>11,393</u>	 <u>(36)</u>	 <u>26</u>
 <b>Total Additions</b>	 <u>51,159</u>	 <u>1,981</u>	 <u>26</u>
<b>DEDUCTIONS</b>			
Benefits	78,434	2,197	-
Refunds of Contributions	260	-	-
Administrative Expense	942	-	-
<b>Total Deductions</b>	<u>79,636</u>	<u>2,197</u>	<u>-</u>
<b>Change in Net Position</b>	<u>(28,477)</u>	<u>(216)</u>	<u>26</u>
<b>Net Position - October 1</b>	<u>1,503,163</u>	<u>5,945</u>	<u>6,813</u>
<b>Net Position - September 30</b>	<u>\$ 1,474,686</u>	<u>\$ 5,729</u>	<u>\$ 6,839</u>

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



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## **Notes to the Financial Statements**

**Note I - Summary of Significant Accounting Policies**

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

**Note III - Stewardship, Compliance, and Accountability**

**Note IV - Detailed Notes (All Funds)**

**Note V - Other Information**

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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

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

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

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

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

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

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

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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#### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### A. REPORTING ENTITY (CONTINUED)

###### 1. BLENDED COMPONENT UNIT

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

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

###### 2. DISCRETELY PRESENTED COMPONENT UNIT

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

###### 3. JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY

- Sunshine State Governmental Financing Commission

The Sunshine State Governmental Financing Commission (the "Commission") was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida to operate and administer a loan program. As of September 30, 2015, the Commission's membership consists of the following governmental units: City of Coral Gables, Florida; City of Coral Springs, Florida; City of Daytona Beach, Florida; City of Ft. Lauderdale, Florida; City of Hollywood, Florida; City of Jacksonville, Florida; City of Lakeland, Florida; City of Miami, Florida; City of Miami Beach, Florida; City of Orlando, Florida; City of St. Petersburg, Florida; City of Tallahassee, Florida; City of Vero Beach, Florida; Miami-Dade County, Florida; Palm Beach County, Florida; and Polk County, Florida. In addition, the City of West Palm Beach, Florida, participates in the Commission's programs as a non-member participant. Other Florida local governments may in the future become members or non-member participants including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

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

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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#### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### A. REPORTING ENTITY (CONTINUED)

##### 3. JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY (CONTINUED)

the repayment of its loans from the Commission. Financial statements may be obtained from the Sunshine State Governmental Financing Commission.

- Capital Region Transportation Planning Agency

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

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

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

- Consolidated Dispatch Agency

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

The CDA is primarily funded by the City of Tallahassee and the Leon County Sheriff based upon the per capita population within the incorporated limits of the City of Tallahassee and within the unincorporated area of Leon County. For the twelve month period ended September 30, 2015, the City's contribution to the CDA was \$4,563,000.

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

#### 4. JOINTLY GOVERNED ORGANIZATION

- City of Tallahassee-Leon County Blueprint 2000 Intergovernmental Agency

In October 2000, the City entered into an inter-local agreement with Leon County as authorized by Section 163.01(7) Florida Statutes. This agreement created the Blueprint 2000 Intergovernmental Agency (Blueprint 2000) 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

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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#### **NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **A. REPORTING ENTITY (CONTINUED)**

###### **4. JOINTLY GOVERNED ORGANIZATION (CONTINUED)**

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, Blueprint 2000 provides construction management services to the City. For these services, Blueprint 2000 and the City enter into Joint Participation Agreements (JPAs) whereby the City agrees to pay an administrative fee to Blueprint 2000. No fees were paid by the City to Blueprint 2000 in fiscal year 2015.

Current audited financial statements may be obtained from Blueprint 2000, 315 S. Calhoun St., Suite 450, Tallahassee, Florida 32301.

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

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

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

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

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

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

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

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

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



## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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#### **NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

###### **1. CASH AND CASH EQUIVALENTS/INVESTMENTS**

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

###### **2. INVESTMENTS**

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

###### **3. INVENTORY**

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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#### 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.

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

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**6. CAPITAL ASSETS (CONTINUED)**

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:

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

**7. COMPENSATED ABSENCES**

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

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

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

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

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. COMPENSATED ABSENCES (CONTINUED)**

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

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

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

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

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

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

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

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

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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#### **NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

###### **7. COMPENSATED ABSENCES (CONTINUED)**

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

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

###### **8. BOND PREMIUMS, DISCOUNTS AND REFUNDING GAINS AND LOSSES**

In the government-wide financial statements, and in the proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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, a deferred loss on bond refunding is reported as a Deferred Outflow of Resources on the government-wide Statement of Net Position and it is being amortized over the life of the bond. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

###### **9. INDIRECT COST ALLOCATION**

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

###### **10. FUELS MANAGEMENT PROGRAM**

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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

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

The governmental fund balance sheet includes a reconciliation between *fund balances – total governmental funds and net assets – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, deferred outflows of resources, and net pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$175,388 difference are as follows (in thousands):

Bonds and Loan Payable including Premiums & Discounts	\$ 112,462
Effect of Deferred Loss on Refunding	(3,637)
Compensated Absences	8,130
Net OPEB Obligation	3,776
Net Pension Liability	<u>54,657</u>
Net adjustments to reduce long-term liabilities of Total Governmental Funds to arrive at Net Position	<u>\$ 175,388</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, “Capital Outlays are reported as expenditures in Governmental funds.” However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$29,734 difference are as follows (in thousands):

Capital Outlay	\$ 1,957
Depreciation Expense	<u>(31,691)</u>
Net adjustment to increase net change in Fund Balances Total Governmental Funds to arrive at Changes in Net Position Governmental Activities	<u>\$ (29,734)</u>

## **CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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

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

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

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

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

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

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

The Building Code Enforcement Fund, a Governmental Fund, had a fund deficit of \$147,000 at fiscal year end.

#### **D. PRIOR PERIOD ADJUSTMENTS**

Net Position as of October 1, 2014 has been restated to reflect the following adjustments:

The City adopted GASB Statement No. 68 which requires the restatement of the October 1, 2014 net position to add the governmental employer's applicable net pension liability as of the beginning of the initial period of implementation. This resulted in a decrease in General Government net position of \$70,905,000 and in the Downtown Improvement Authority net position of \$12,000. It also decreased the net position of major enterprise funds as follows: Electric - \$2,115,000, Gas - \$ 154,000, Sewer - \$ 1,032,000, Water - \$420,000, Airport - \$382,000 and Stormwater Management - \$432,000. The net position of nonmajor enterprise funds decreased as follows: Starmetro - \$601,000, Solid Waste - \$296,000 and Golf - \$16,000.

A review of the City's capital projects resulted in an adjustment to Construction-in-Progress. This resulted in net position of the Starmetro Fund (a non-major enterprise fund) decreasing by \$856,000, and the net position of the Information Systems Services Fund (an internal service fund) decreasing by \$903,000.

Prior period depreciation was misstated related to a fixed asset which was not capitalized when placed in service. This resulted in the net position of the Information Systems Service fund being decreased by \$240,000.

An accrued receivable was overstated resulting in the overstatement of the net assets of the Starmetro fund (a non-major enterprise fund) by \$660,000.

### **NOTE IV. DETAILED NOTES - ALL FUNDS**

#### **A. DEPOSITS AND INVESTMENTS**

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

##### **1. DEPOSITS**

At year-end, the book balance of the City's deposits were \$(1,042,000) and the bank balance was \$1,570,000. Also included within deposits is \$12,784,000 of the cash equivalents or liquid portion of the City's investments.

The difference between the book balance and bank balance is due to outstanding checks and deposits. Two City funds had deficit cash balances at year end totaling \$1,897,000 which is reported in accounts payable at September 30, 2015. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Depository Act (the Act). Provisions of the Act require that public

**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

**1. DEPOSITS (CONTINUED)**

deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

**2. INVESTMENTS**

The City's investment guidelines, as defined by the City Charter and its written investment policies, are approved by the City Commission or the Sinking Fund Commission. The City has two approved investment policies: 1) the Non-Pension Investment Policy, which covers the investment of all non-pension monies of the City, including the previously referenced cash and investment pool; and, 2) the Pension Investment Policy governing the investment of the assets of the City Pension Funds. The Non-Pension Investment Policy provides for a Core Portfolio, governing the investment of all monies held or controlled by the City, not otherwise classified as Specialized or Pension monies. The Policy specifies the investments that are authorized for purchase for the Core Portfolio. The Policy further provides for 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, 2015 was \$(543,000) and the bank balance was \$1,944,000. 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 one external investment pool and the external portfolio administered by Galliard Asset Management (Galliard). The external investment pool is the Special Purpose Investment Account administered by the Florida Department of Financial Services, Division of Treasury, Internal Investments (the "SPIA Pool"). At September 30, 2015, the City has \$263,059,000 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, 2015 was 1.0033. The effective duration of the SPIA Pool as of September 30, 2015 was 2.51 years.

The Nuclear Fuel Decommissioning Private Purpose Fund is a Specialized Portfolio. As of September 30, 2015, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$6,839,000 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 28 days.

**Credit Risk:** The structure of the City's non-pension portfolio is designed to minimize credit risk. To limit the City's risk against possible credit losses, a maximum of 5% of the total portfolio may be held at any one time in all securities of any corporate entity, inclusive of commercial paper, medium term notes, or corporate notes and bonds. No corporate entity represented more than 5% of the portfolio at September 30, 2015. The City's Investment Policy provides that the structure of the non-pension portfolio is designed to minimize credit risk, with the majority of the securities held to be those of the highest available credit quality ratings. The non-pension portfolio's credit quality is measured using the Standard & Poor's rating scale.



**CITY OF TALLAHASSEE, FLORIDA****NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)****A. DEPOSITS AND INVESTMENTS (CONTINUED)****2. INVESTMENTS (CONTINUED)**

As of September 30, 2015, the City had the following non-pension investments subject to credit risk in the internal and Galliard portion of the portfolio:

<b>September 30, 2015</b>	
<b>Quality Breakdown</b>	<b>Portfolio Percentage</b>
US Treasury	9.97%
US Agency	42.35
AAA	10.55
AA	24.60
A	8.42
BBB	0.60
Other	3.51
<b>Total</b>	<b>100.00%</b>

In addition, the City owns \$263,059,000 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, 2015 was 1.76 years.

As of September 30, 2015, 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):

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>Over 10 Years</b>
US Treasury	\$ 38,926	\$ 4,096	\$ 34,830	\$ -	\$ -
US Agency	95,026	10,704	63,715	20,607	-
Asset Backed Corporate Bonds	106,441	-	13,165	8,534	84,742
Municipal	81,767	17,591	61,985	1,382	809
Other	55,626	9,009	42,121	3,325	1,171
	12,746	12,746	-	-	-
<b>Total</b>	<b>\$ 390,532</b>	<b>\$ 54,146</b>	<b>\$ 215,816</b>	<b>\$ 33,848</b>	<b>\$ 86,722</b>

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2015, these investments totaled \$107,448,000. Other pension plan investments are as described below.

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

As of September 30, 2015, the City had the following pension investments subject to credit risk:

<b>Credit Quality</b>	
<b>September 30, 2015</b>	
<b>Quality Breakdown</b>	<b>Portfolio Percentage</b>
US Treasury	17.99%
US Agency	6.52
AAA	4.06
AA	3.28
A	2.75
BBB	3.67
BB	0.59
B	0.16
CCC	0.14
C	0.10
D	0.19
NR	0.21
Commingled	60.34
Total	100.00%

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**A. DEPOSITS AND INVESTMENTS (CONTINUED)**

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):

	<b>Exposure</b>	<b>Percentage</b>
US Dollar	\$ 1,249,766	91.75%
Euro Currency	38,010	2.79
Japanese Yen	23,358	1.72
Pound Sterling	20,870	1.53
Hong Kong Dollar	7,527	0.55
Swiss Franc	13,619	1.00
Australian Dollar	3,353	0.25
Canadian Dollar	9	-
South Korean Won	1,101	0.08
Norwegian Krone	568	0.04
Singapore Dollar	5	-
Brazilian Real	238	0.02
Polish Zloty	5	-
Israeli Shekel	680	0.05
Swedish Krona	1,664	0.12
Danish Krone	1,371	0.10
South African Rand	2	-
Turkish Lira	3	-
Mexican Peso	7	-
Total	<u>\$ 1,362,156</u>	<u>100.00%</u>

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

The City of Tallahassee held the following investments for its pension funds on a time-segmented basis as of September 30, 2015:

**Pension Plan Interest Rate Risk**  
(in thousands)

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>6-10 Years</b>	<b>Over 10 Years</b>
US Treasury	\$ 58,946	\$ 1,923	\$ 48,165	\$ 8,858	\$ -
US Agency	3,279	-	1,977	1,302	-
Asset Backed	42,588	-	3,956	7,425	31,207
Corporate	22,721	3,259	12,695	4,581	2,185
Municipal	2,389	436	511	715	727
Cash and Equivalents	1,358	1,358	-	-	-
	<u>131,281</u>	<u>\$ 6,976</u>	<u>\$ 67,304</u>	<u>\$ 22,881</u>	<u>\$ 34,119</u>
Commingled	197,652				
Total	<u>\$ 328,933</u>				

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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#### **NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

##### **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, 2015, 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, 2015. Moreover, there were no losses during the fiscal year ended September 30, 2015 resulting from a default of any borrower.

During the fiscal year ended September 30, 2015, 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. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. The City terminated its securities lending program with Deutsche Bank on September 18, 2015, thus there were no securities on loan at September 30, 2015, nor was the City subject to any credit risk exposure to borrowers at year end. The City initiated a new securities lending program on October 8, 2015, with its new custodian, Northern Trust. The new agreement with Northern Trust is similar to the prior agreement with Deutsche Bank.

As of September 30, 2015, for the City's pension fund and non-pension funds, there were no securities on loan.

##### **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, 2015 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.

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

#### NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)

##### C. RECEIVABLES (CONTINUED)

###### 1. PROPERTY TAXES (CONTINUED)

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

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

###### 2. AIRPORT FUND'S LEASING OPERATIONS

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

The following is a schedule, by years, of minimum future rentals on noncancelable operating leases of the Airport Fund as of September 30, 2015 (in thousands):

<u>Years ending September 30,</u>	
2016	\$ 2,762
2017	1,544
2018	938
2019	913
2020	869
2021-2025	4,110
2026-2030	3,084
2031-2035	2,822
2036-2040	2,334
2041-2045	590
Thereafter	246
	<u>\$ 20,212</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, 2015 amounted to \$207,859.

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**C. RECEIVABLES (CONTINUED)**

**2. AIRPORT FUND'S LEASING OPERATIONS (CONTINUED)**

Use and Lease Agreement' that among other things extended the term of the agreements to September 30, 2015. On September 30, 2015, the Signatory Airlines representing the majority in interest ("MII") of the airlines agreed to and signed the 'Fourth Amendment to Airline-Airport Use and Lease Agreement' that among other things extended the term of the agreements to September 30, 2016.

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, 2015

**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**D. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2015 was as follows (in thousands):

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Non-Depreciable Assets:				
Land	\$ 363,334	\$ 1,517	\$ (501)	\$ 364,350
Construction-in-Progress	53,461	862	(28,606)	25,717
Total Non-depreciable Assets	<u>\$ 416,795</u>	<u>\$ 2,379</u>	<u>\$ (29,107)</u>	<u>\$ 390,067</u>
Depreciable Assets:				
Buildings	\$ 114,031	\$ -	\$ -	\$ 114,031
Equipment	61,553	1,444	(890)	62,107
Improvements other than buildings	14,354	-	-	14,354
Infrastructure	824,110	27,278	-	851,388
Intangibles	14	-	-	14
Total Depreciable Assets	<u>1,014,062</u>	<u>28,722</u>	<u>(890)</u>	<u>1,041,894</u>
Less accumulated depreciation for:				
Buildings	(61,204)	(3,189)	-	(64,393)
Equipment	(47,438)	(2,276)	673	(49,041)
Improvements other than buildings	(6,069)	(504)	441	(6,132)
Infrastructure	(455,265)	(27,752)	-	(483,017)
Intangibles	(4)	(1)	-	(5)
Total Accumulated Depreciation	<u>(569,980)</u>	<u>(33,722)</u>	<u>1,114</u>	<u>(602,588)</u>
Total Depreciable Assets, net	<u>\$ 444,082</u>	<u>\$ (5,000)</u>	<u>\$ 224</u>	<u>\$ 439,306</u>
<b>Business-type Activities</b>				
Non-Depreciable Assets:				
Land	\$ 125,803	\$ 525	\$ (5)	\$ 126,323
Construction-in-Progress	342,617	86,782	(316,327)	113,072
Total Non-depreciable Assets	<u>\$ 468,420</u>	<u>\$ 87,307</u>	<u>\$ (316,332)</u>	<u>\$ 239,395</u>
Depreciable Assets:				
Buildings	\$ 190,302	\$ 14,243	\$ (83)	\$ 204,462
Equipment	815,094	79,461	(14,489)	880,066
Improvements other than buildings	34,416	4,263	(1,038)	37,641
Infrastructure	1,047,035	238,858	(71,038)	1,214,855
Intangibles	162,502	50,888	-	213,390
Total Depreciable Assets	<u>2,249,349</u>	<u>387,713</u>	<u>(86,648)</u>	<u>2,550,414</u>
Less accumulated depreciation for:				
Buildings	(67,434)	(5,164)	51	(72,547)
Equipment	(439,615)	(35,385)	8,336	(466,664)
Improvements other than buildings	(11,064)	(2,488)	328	(13,224)
Infrastructure	(439,056)	(26,033)	15,172	(449,917)
Intangibles	(70,865)	(4,705)	-	(75,570)
Total Accumulated Depreciation	<u>(1,028,034)</u>	<u>(73,775)</u>	<u>23,887</u>	<u>(1,077,922)</u>
Total Depreciable Assets, net	<u>\$ 1,221,315</u>	<u>\$ 313,938</u>	<u>\$ (62,761)</u>	<u>\$ 1,472,492</u>

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

**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	\$	708
Public Safety		712
Transportation		1,114
Human Services		128
Economic Development		135
Physical Environment		8
Culture and Recreation		958
General Infrastructure		27,477
Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets		1,311
Total depreciation expense-governmental activities	\$	<u>32,551</u>

Business-Type Activities:

Electric	\$	33,809
Gas		1,891
Sewer		13,393
Water		4,361
Airport		6,182
StarMetro		3,384
Solid Waste		63
Golf		128
Stormwater Management		1,083
Fire Services		795
Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets		7,331
Total depreciation expense-business-type activities	\$	<u>72,420</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, 2015 (in thousands):

	Electric	Water	Sewer	Gas
Total interest cost incurred	\$ 26,495	\$ 3,312	\$ 12,971	\$ 807
Decrease as a result of capitalizing interest as a cost of construction	(8,271)	(1,694)	(11,079)	(102)
Interest Charged to Operations	<u>\$ 18,224</u>	<u>\$ 1,618</u>	<u>\$ 1,892</u>	<u>\$ 705</u>

The interest costs capitalized above are netted with the interest earned on the bond proceeds to arrive at the net amount of interest capitalized. Capitalized interest in the proprietary funds consisted of the following at September 30, 2015 (in thousands):

	Electric	Water	Sewer	Gas
Interest expense incurred during construction and capitalized	\$ 8,271	\$ 1,694	\$ 11,079	\$ 102
Interest earned on bond proceeds	(252)	(129)	(11)	-
Net Interest Capitalized	<u>\$ 8,019</u>	<u>\$ 1,565</u>	<u>\$ 11,068</u>	<u>\$ 102</u>



**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

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

**1. INTERFUND RECEIVABLES/PAYABLES**

At September 30, 2015, Interfund Receivables and Payables are as follows (in thousands):

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Advance To</u>	<u>Advance From</u>
General	\$ -	\$ 53	\$ 182	\$ 1,574
Electric	31,345	1	500	7,980
Gas	-	-	-	3,340
Stormwater	-	-	178	-
Nonmajor governmental	-	-	22,988	860
Nonmajor business-type	-	9	-	13,058
Internal service funds	63	31,345	2,964	-
	<u>\$ 31,408</u>	<u>\$ 31,408</u>	<u>\$ 26,812</u>	<u>\$ 26,812</u>

\$31,767,000 of the interfund receivables and payables balances represent amounts remaining from loans to fund operations. \$26,453,000 of these balances represent amounts loaned for capital funding.

**2. INTRAGOVERNMENTAL CHARGES**

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

Such costs allocated to the funds for the year ended September 30, 2015 are as follows (in thousands):

General	\$ 13,192
Electric	18,062
Gas	1,974
Sewer	5,847
Water	5,372
Airport	1,374
Stormwater management	3,239
Nonmajor business type	14,368
Nonmajor governmental type	489
Fiduciary type	942
Internal service type	6,764
	<u>\$ 71,623</u>

**3. INTERFUND TRANSFERS**

At September 30, 2015, Interfund Transfers are as follows (in thousands):

<u>Transfer Out</u>	<u>Transfers In</u>								<u>Total</u>
	<u>General</u>	<u>Electric</u>	<u>Gas</u>	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Business-type</u>	<u>Internal Service Funds</u>	
General	\$ -	\$ 78	\$ -	\$ -	\$ -	\$ 7,192	\$ 7,441	\$ 12	\$ 14,723
Electric	28,845	-	-	-	-	164	-	-	29,009
Gas	2,808	-	-	-	-	28	-	-	2,836
Sewer	4,587	-	-	-	-	32	-	3	4,622
Water	3,744	-	-	-	-	21	-	-	3,765
Stormwater	397	-	-	-	-	39	-	-	436
Nonmajor governmental	2,233	-	-	-	-	912	2,899	659	6,703
Nonmajor business-type	1,828	-	-	-	-	200	-	-	2,028
Internal Service	471	846	159	265	422	1,666	153	1,628	5,610
Total	<u>\$ 44,913</u>	<u>\$ 924</u>	<u>\$ 159</u>	<u>\$ 265</u>	<u>\$ 422</u>	<u>\$ 10,254</u>	<u>\$ 10,493</u>	<u>\$ 2,302</u>	<u>\$ 69,732</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, 2015

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**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)****F. LEASE COMMITMENTS****1. Operating**

The City has entered into operating leases for buildings and equipment. The leases are for one to five years, expiring in 2016 through 2019. Total rent expenses incurred by the City for the year ended September 30, 2015, was \$1,128,229. The remaining future minimum lease obligations are as follows (in thousands):

<u>Year Ending September 30,</u>	
2016	\$ 91
2017	63
2018	50
2019	48
Total	<u>\$ 252</u>

**2. Capital**

The City of Tallahassee leases certain specialized equipment under a lease classified as a capital lease. The leased equipment is depreciated on a straight line basis over 5 years and is included in depreciation expense. The gross amount of the equipment recorded under the capital lease is \$1,883,708 as of September 30, 2015. At September 30, 2015 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, 2015 (in thousands):

<u>Year Ending September 30,</u>	
2016	\$ 555
2017	471
2018	471
Total minimum lease payments	\$ 1,497
Less: Amount representing interest	51
Present Value of minimum lease payments	<u>\$ 1,446</u>

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT**

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

The following is a summary of the changes in Long-Term Debt for the year ended September 30, 2015 (in thousands):

	Beginning Balance As Restated	Additions	Reductions	Ending Balance	Current	Noncurrent
<b>Governmental Activities:</b>						
General Revenue Bonds	\$ 105,975	\$ -	\$ 6,620	\$ 99,355	\$ 7,530	\$ 91,825
Unamortized Premiums	13,753	-	646	13,107	-	13,107
	<u>119,728</u>	<u>-</u>	<u>7,266</u>	<u>112,462</u>	<u>7,530</u>	<u>104,932</u>
Compensated Absences	9,193	6,679	6,773	9,099	6,679	2,420
Net Pension Liability	90,676	-	36,019	54,657	-	54,657
OPEB Obligation	2,950	6,019	5,193	3,776	-	3,776
Total Governmental-Type Debt	<u>222,547</u>	<u>12,698</u>	<u>55,251</u>	<u>179,994</u>	<u>14,209</u>	<u>165,785</u>
<b>Business-Type Activities:</b>						
Energy System 1998A	5,240	-	5,240	-	-	-
Energy System Refunding 2001	2,005	-	1,000	1,005	1,005	-
Energy System 2005	110,340	-	107,240	3,100	3,100	-
Energy System 2007	185,270	-	3,100	182,170	3,165	179,005
Energy System 2010	77,845	-	-	77,845	5,380	72,465
Energy System 2010A	42,460	-	210	42,250	215	42,035
Energy System 2010B	122,280	-	-	122,280	-	122,280
Energy System 2010C	32,200	-	1,485	30,715	1,735	28,980
Energy System 2011	3,388	-	23	3,365	23	3,342
Energy System Refunding 2015	-	94,615	-	94,615	3,275	91,340
CURSB 2001	9,520	-	1,710	7,810	1,800	6,010
CURSB 2005	15,545	-	15,545	-	-	-
CURSB 2007	155,540	-	3,865	151,675	4,020	147,655
CURSB 2010A	117,015	-	-	117,015	-	117,015
CURSB 2010B	25,820	-	1,120	24,700	1,155	23,545
CURSB 2015	-	44,255	-	44,255	300	43,955
AMI Loan Payable	28,941	-	2,659	26,282	2,768	23,514
Unamortized Premiums	14,877	20,282	3,972	31,187	-	31,187
	<u>948,286</u>	<u>159,152</u>	<u>147,169</u>	<u>960,269</u>	<u>27,941</u>	<u>932,328</u>
Compensated Absences	11,739	8,680	8,304	12,115	8,680	3,435
Total Business-Type Debt	<u>960,025</u>	<u>167,832</u>	<u>155,473</u>	<u>972,384</u>	<u>36,621</u>	<u>935,763</u>
Total Long-Term Debt	<u>\$ 1,182,572</u>	<u>\$ 180,530</u>	<u>\$ 210,724</u>	<u>\$ 1,152,378</u>	<u>\$ 50,830</u>	<u>\$ 1,101,548</u>

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT (CONTINUED)**  
**2. SUMMARY OF INDIVIDUAL BOND ISSUES**

Summarized below are the City's individual bond issues outstanding at September 30, 2015 (in thousands):

**GENERAL REVENUE BONDS:**

\$9,400,000 Capital Improvement Refunding Revenue Bonds - Series 2008, due in annual installment of \$1,260,000 to \$1,345,000 due 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.

\$ 1,345

\$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.

17,715

\$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.

40,445

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

39,850

**Total General Revenue Bonds**

**\$ 99,355**

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

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**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT (CONTINUED)**

**2. SUMMARY OF INDIVIDUAL BOND ISSUES (CONTINUED)**

**PROPRIETARY REVENUE BONDS**

\$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, 2016, interest rates at 4.0% to 5.28% 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.	\$ 1,005
\$128,920,000 Energy System Revenue Bonds - Series 2005. This bond was partially refunded in August 2015 leaving a remaining balance of \$3,100,000 which was paid in October 2015.	3,100
\$203,230,000 Energy System Revenue Bonds - Series 2007, due in annual installments ranging from \$670,000 to \$19,275,000 ending on October 1, 2037, interest rates at 4.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system.	182,170
\$77,845,000 Energy System Refunding Revenue Bonds - Series 2010, due in annual installments ranging from \$2,005,000 to \$14,225,000 ending on October 1, 2028, interest rates at 4.0% to 5.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	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.	42,250
\$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.	30,715
\$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.	3,365

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**G. LONG-TERM DEBT (CONTINUED)**

**2. SUMMARY OF INDIVIDUAL BOND ISSUES (CONTINUED)**

\$94,615,000 Energy System Refunding Revenue Bonds - Series 2015, due in annual installments ranging from \$3,275,000 to \$7,880,000 ending on October 1, 2032, interest rates at 3.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System and certain other amounts as provided by Resolution.

94,615

\$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.

7,810

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

151,675

\$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).

24,700

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

44,255

Total Proprietary Revenue Bonds

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902,800

**Total Bonds Payable**

**\$ 1,002,155**

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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#### **NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

##### **G. LONG-TERM DEBT (CONTINUED)**

###### **3. REFUNDED DEBT**

On August 11 2015, the City issued \$94,615,000 in Energy System Refunding Revenue Bonds, Series 2015 due on October 1, 2032, with interest rates of 3.0% to 5.0% depending on maturity date. The bonds were issued to refund Energy System Revenue Bonds, Series 2005. The aggregate difference in debt service between the new refunding debt and the refunded debt is \$29,232,000 resulting in an economic gain of \$18,144,000.

On September 30, 2015, the City issued \$44,255,000 in Consolidated Utility System Refunding Revenue Bonds, Series 2015 due on October 1, 2035, with interest rates of 3.0% to 5.0% depending on maturity date. The bonds were issued to: 1) finance acquisition and construction of certain capital improvements to the City's Consolidated Utility Systems and 2) refund Consolidated Utility System Revenue Bonds, Series 2005. The aggregate difference in debt service between the new refunding debt and the refunded debt is \$2,986,000 resulting in an economic gain of \$2,355,000.

###### **4. 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, 2015, there were two series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled \$107.9 million and the outstanding balance is \$107.9 million.
- As of September 30, 2015, there was one Florida State University School Lease Revenue Bond outstanding. The original issue amount totaled \$18.1 million and the outstanding balance is \$13.7 million.
- As of September 30, 2015, there was one Industrial Revenue Bond outstanding. The original issue amount totaled \$5.4 million and the outstanding balance is \$5.3 million.

###### **5. AMI LOAN PROGRAM**

On December 27, 2007, the City entered into a loan with the Bank of America Capital Corporation to provide \$35,300,000 of financing to fund the City's Smart Metering program. The loan is due in semi-annual installments ranging from \$1,083,000 to \$1,633,000 ending on June 27, 2024, bearing interest at 3.9459%. Additionally, on September 25, 2010, the City entered into a supplemental loan for additional funding of the Smart Metering program in the amount of \$4,670,000. The supplemental loan is due in semi-annual installments ranging from \$189,000 to \$219,000 ending on June 27, 2024, bearing interest at 4.59%. In prior years, the City reduced the outstanding amount of the supplemental loan through application of unused proceeds. The installment payment schedule was unchanged but the maturity of the supplemental loan will now occur on June 27, 2018. Both loans are payable and secured by the Smart Energy Metering and Management System, consisting of meters and communication devices. The outstanding balance of this loan was \$26.3 million as of September 30, 2015.

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

September 30, 2015

**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)****G. LONG-TERM DEBT (CONTINUED)****6. 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	
2016	\$ 7,530	\$ 4,469	\$ 27,941	\$ 47,061	\$ 87,001
2017	7,910	4,190	26,630	45,247	83,977
2018	7,080	3,919	27,811	44,093	82,903
2019	7,365	3,634	28,692	42,791	82,482
2020	7,715	3,282	30,431	41,435	82,863
2021-2025	33,290	10,893	172,837	184,394	401,414
2026-2030	16,025	5,226	187,880	141,637	350,768
2031-2035	12,440	1,525	183,705	94,745	292,415
2036-2040	-	-	243,155	41,933	285,088
Totals	<u>\$ 99,355</u>	<u>\$ 37,138</u>	<u>\$ 929,082</u>	<u>\$ 683,336</u>	<u>\$ 1,748,911</u>

**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 fiscal year 2012 to comply with GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The details of net position presentation are explained in Note IV.I. "Fund Balance" below.



## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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#### **NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

##### **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.

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

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2015

**NOTE IV. DETAILED NOTES - ALL FUNDS (CONTINUED)**

**I. FUND BALANCE (CONTINUED)**

A schedule of City fund balances is provided below:

	General	Community Redevelopment Agency	Total Other Governmental	Total Governmental Funds
<b>FUND BALANCES</b>				
Non-spendable				
Inventory	\$ 364	\$ -	\$ -	\$ 364
Notes Receivable	-	-	377	377
Police Evidence Holding Cash	347	-	-	347
FMV Cash	98	12	191	301
Total Non-Spendable	<u>809</u>	<u>12</u>	<u>568</u>	<u>1,389</u>
Restricted for:				
General Government	-	-	26,921	26,921
Public Safety	-	-	4,225	4,225
Transportation	-	-	7,888	7,888
Human Service	-	-	282	282
Economic Environment	-	4,443	184	4,627
Physical Environment	-	-	(7)	(7)
Culture and Recreation	-	-	786	786
Total Restricted	<u>-</u>	<u>4,443</u>	<u>40,279</u>	<u>44,722</u>
Committed to:				
General Government	25,420	-	(7,165)	18,255
Public Safety	-	-	555	555
Transportation	-	-	5,127	5,127
Human Services	-	-	(1,166)	(1,166)
Economic Environment	-	-	14,483	14,483
Physical Environment	-	-	10,725	10,725
Culture and Recreation	-	-	1,156	1,156
Total Committed	<u>25,420</u>	<u>-</u>	<u>23,715</u>	<u>49,135</u>
Assigned to:				
General Government	1,182	-	-	1,182
Public Safety	88	-	-	88
Transportation	457	-	-	457
Human Services	250	-	-	250
Economic Environment	104	-	-	104
Physical Environment	198	-	-	198
Culture and Recreation	200	-	-	200
Total Assigned	<u>2,479</u>	<u>-</u>	<u>-</u>	<u>2,479</u>
Unassigned:	<u>1,041</u>	<u>-</u>	<u>(148)</u>	<u>893</u>
Total Fund Balance	<u>\$ 29,749</u>	<u>\$ 4,455</u>	<u>\$ 64,414</u>	<u>\$ 98,618</u>

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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#### NOTE V. OTHER INFORMATION

##### A. OUTSTANDING CONTRACTS

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2015, in the respective funds are as follows (in thousands):

General Fund	\$	2,001
Electric		12,413
Gas		731
Sewer		6,208
Stormwater Management		5,789
Water		6,225
Airport		12,417
Nonmajor Governmental		10,767
Nonmajor Enterprise		2,053
Internal Service Funds		10,380
CRA		682
Total	\$	<u>69,666</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, 2015

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#### NOTE V. OTHER INFORMATION (CONTINUED)

##### B. RISK MANAGEMENT PROGRAM (CONTINUED)

Changes in the balances of self-insured claims for the year ended September 30, 2015 are as follows (in thousands):

Unpaid claims - October 1 (including IBNRs)	\$ 12,064
Expenses	4,912
Claim payments	(5,593)
Unpaid claims - September 30 (including IBNRs)	<u>\$ 11,383</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, 2015, the contingent loans for Special Projects totaled \$5.8 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.

The City engages in the wholesale power markets on both a short-term and long-term basis to buy or sell power when market prices are more economical than native generation. The City participates daily in the power markets for short-term opportunities to deliver the lowest cost power to our customers. The City continuously evaluates long-term purchase or sales offers through our internal planning process and participation in Request for Proposals (RFP). The City is currently in negotiations with solar PV providers for the purchase of 10 MW of energy for a 20-30 year term. These contracts are managed and monitored by the City's Utility Services Department and Electric Utility. Revenues

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

September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)****F. LONG-TERM CONTRACTS (CONTINUED)**

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, 2015 (in thousands):

Years ending September 30,	Gas Contracts
2016	\$ 46,737
2017	7,122
2018	7,337
2019	7,311
2020	7,171
Thereafter	123,717
Total	<u>\$ 199,395</u>

**G. PENSION PLAN OBLIGATIONS**

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

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

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

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

**1. DEFINED BENEFIT PROVISION**

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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#### NOTE V. OTHER INFORMATION (CONTINUED)

##### G. PENSION PLAN OBLIGATIONS (CONTINUED)

###### 1. DEFINED BENEFIT PROVISION (CONTINUED)

cost-of-living adjustments (COLA) and health care supplements. For the year ended September 30, 2015, 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, 11.25% for police officers hired before October 1, 2012 and 13.69% for police officers hired on or after October 1, 2012 and 16.50% for firefighters.

##### I) General Employees' Pension Plan (GEPP)

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

- Eligibility:

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

For Part C Participants:

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

For Part D Participants:

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

- Benefit:

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

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

- COLA:

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

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

- Early Retirement:

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2015

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#### NOTE V. OTHER INFORMATION (CONTINUED)

##### G. PENSION PLAN OBLIGATIONS (CONTINUED)

###### 1. DEFINED BENEFIT PROVISION (CONTINUED)

- Disability:

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

Benefit: The greater of:

- 1) The member's accrued benefit to date of disability; and

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

###### II) Firefighters' and Police Officers' Plan

- Eligibility:

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

- 1) Age 55 and 5 years of Credited Service; or

- 2) 25 years of Credited Service, regardless of age.

- Benefit:

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

- 1) 2.0% for purchased military service and out-of-city public service

- 2) 3.0% for the first 20 years of Credited Service

- 3) 4.0% after 20 years of Credited Service (up to an additional five years and three months).

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

- COLA:

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

- 1) At the later of normal retirement date, or age 52 for current active participants with a pension entry date earlier than January 1, 1995, or

- 2) At the later of normal retirement date or age 62 for current active participants with a pension entry date on or after January 1, 1995; or

- 3) At the normal retirement age for participants retiring on or after reaching age 55.

- Early Retirement:

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

- Disability:

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

Benefit: The greater of:

- 1) The member's accrued benefit to date of disability; and

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

**2. DEFINED CONTRIBUTION PROVISION**

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

**3. PENSION PLAN INFORMATION**

2015 Membership Statistical Information	General Employees-City	Police Officers	Firefighters	Total
Retirees and beneficiaries of deceased retirees currently receiving benefits	1,392	229	216	1,837
Terminated employees entitled to benefits but not yet receiving benefits	199	34	5	238
Active employees	2,028	319	229	2,576

**4. NET PENSION LIABILITY (ASSET)**

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

Total pension liability	\$ 932,982
Plan fiduciary net position	948,469
Net pension liability (asset)	\$ (15,487)
Plan fiduciary net position as a percentage of the total pension liability	101.66 %

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

	General Employees-City	Police Officers	Firefighters
Total pension liability	\$ 905,016	\$ 295,670	\$ 211,850
Plan fiduciary net position	920,039	263,322	179,828
Net pension liability (asset)	(15,023)	32,348	32,022
Plan fiduciary net position as a % of total pension liability	101.66%	89.06%	84.88%
City's proportion of the net pension liability (asset)	97.0%	100.0%	100.0%



**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

**4. NET PENSION LIABILITY (CONTINUED)**

The net pension liability (asset) for the General Employees, Police Officers and Firefighters plans were allocated among the general government, Electric, Gas, Sewer, Water, Airport, Stormwater, and Other Non-Major Enterprise Funds as of September 30, 2015 as follows:

	General Employees	Percent Allocated	Police Officers	Percent Allocated	Firefighters	Percent Allocated	Total
General Government	\$ (9,713)	64.7%	\$ 32,348	100%	\$ 32,022	100%	\$ 54,657
Electric	(2,059)	13.7					(2,059)
Gas	(150)	1.0					(150)
Sewer	(1,005)	6.7					(1,005)
Water	(409)	2.7					(409)
Airport	(372)	2.5					(372)
Stormwater	(421)	2.8					(421)
Other Non-Major Enterprise Funds	(889)	5.9					(889)
DIA	(5)	-					(5)
Total	\$ (15,023)	100%	\$ 32,348	100%	\$ 32,022	100%	\$ 49,347

The total pension liability was determined by an actuarial valuation as of September 30, 2014, using the following significant actuarial assumptions applied to all periods included in the measurement:

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

The actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

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

	General Employees	Police Officers	Firefighters
Valuation Date	October 1, 2012	October 1, 2012	October 1, 2012
Actuarial Cost Method	Entry age, normal	Entry age, normal	Entry age, normal
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, closed
Remaining Amortization Period	13 years	30 years	30 years
Asset Valuation Method	Market value	Market value	Market value
Inflation rate	3.00%	3.00%	3.00%
Salary Increase	3.50%	5.00%	4.00%
Investment rate of return	7.75%	7.75%	7.75%

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

**4. NET PENSION LIABILITY (CONTINUED)**

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

**Changes in the Net Pension Liability**

The City is presenting net pension liability for the year ended September 30, 2015 based on the September 30, 2014 measurement date as follows (in thousands):

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)- (b)
Balances at September 30, 2014	\$ 915,280	\$ 883,265	\$ 32,015
Changes for the year:			
Service Cost	16,333	-	16,333
Interest	70,460	-	70,460
Differences between Expected and Actual Experience	(24,196)	-	(24,196)
Benefit Changes	-	-	-
Assumption Changes	-	-	-
Employer Contributions	-	16,110	(16,110)
Employee Contributions	-	4,607	(4,607)
Other Contributions	-	92	(92)
Net Investment Income	-	89,958	(89,958)
Benefit Payments	(44,510)	(44,510)	-
Refunds	(385)	(385)	-
Administrative Expense	-	(668)	668
Other Charges	-	-	-
Net Changes	17,702	65,204	(47,502)
Balances at September 30, 2015	\$ 932,982	\$ 948,469	\$ (15,487)

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

**4. NET PENSION LIABILITY (CONTINUED)**

<b><u>Changes in Net Pension Liability - Police Officers Pension Plan - Increase(Decrease)</u></b>			
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position(b)</b>	<b>Net Pension Liability (a)- (b)</b>
Balances at September 30, 2014	\$ 279,467	\$ 241,491	\$ 37,976
Changes for the year:			
Service Cost	6,094	-	6,094
Interest	21,635	-	21,635
Differences between Expected and Actual Experience	1,263	-	1,263
Benefit Changes	-	-	-
Assumption Changes	-	-	-
Employer Contributions	-	5,779	(5,779)
Employee Contributions	-	2,808	(2,808)
Other Contributions	-	26	(26)
Net Investment Income	-	26,199	(26,199)
Benefit Payments	(12,638)	(12,638)	-
Refunds	(151)	(151)	-
Administrative Expense	-	(192)	192
Other Charges	-	-	-
Net Changes	16,203	21,831	(5,628)
Balances at September 30, 2015	\$ 295,670	\$ 263,322	\$ 32,348

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

4. Net Pension Liability (continued)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position(b)	Net Pension Liability (a)- (b)
Balances at September 30, 2014	\$ 200,774	\$ 168,140	\$ 32,634
Changes for the year:			
Service Cost	3,987	-	3,987
Interest	15,438	-	15,438
Differences between Expected and Actual Experience	2,783	-	2,783
Benefit Changes	-	-	-
Assumption Changes	-	-	-
Employer Contributions	-	3,894	(3,894)
Employee Contributions	-	2,398	(2,398)
Other Contributions	-	17	(17)
Net Investment Income	-	16,635	(16,635)
Benefit Payments	(11,042)	(11,042)	-
Refunds	(90)	(90)	-
Administrative Expense	-	(124)	124
Other Charges	-	-	-
Net Changes	11,076	11,688	(612)
Balances at September 30, 2015	\$ 211,850	\$ 179,828	\$ 32,022

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

September 30, 2015

**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, 2015.

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

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

For the year ended September 30, 2015, the annual money-weighted rate of return on the General Employees, Police Officers, and Firefighters pension plan investments, net of investment expense, was 0.29%. The money-weighted rate of return takes into account cash flows into and from the various investments of the Plan.

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

**6. DISCOUNT RATES**

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

The discount rates as of September 30, 2014 were as follows:

<b>General Employees</b>	<b>Police Officers</b>	<b>Firefighters</b>
7.75%	7.75%	7.75%

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

**6. DISCOUNT RATES (CONTINUED)**

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

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

	<b>1% Decrease 6.75%</b>	<b>Current Single Discount Rate Assumption 7.75%</b>	<b>1% Increase 8.75%</b>
<b>General Employees</b>	\$ 106,960	\$ (15,487)	\$ (117,027)
<b>General Employees-City</b>	103,754	(15,023)	(113,519)
<b>Police Officers</b>	72,931	32,348	(10,103)
<b>Firefighters</b>	58,920	32,022	9,762

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

For the year ended September 30, 2015, the general employees pension plan recognized pension expense of \$6,584,000 for the plan.

At September 30, 2015, the plan reported deferred outflows of resources and deferred inflows of resources related to the general employee pension plan from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows of Resources</b>
<b>Differences between expected and actual experience</b>	\$ -	\$ 20,005	\$ (20,005)
<b>Net difference between projected and actual earnings on pension plan investments</b>	-	17,971	(17,971)
<b>Total</b>	\$ -	\$ 37,976	\$ (37,976)

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

<b>Year Ending September 30</b>	<b>Net Amount (in thousands)</b>
2016	\$ (8,684)
2017	(8,684)
2018	(8,684)
2019	(8,683)
2020	(3,241)
<b>Total</b>	<b>\$ (37,976)</b>

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

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**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

**6. DISCOUNT RATES (CONTINUED)**

For the year ended September 30, 2015, the City recognized pension expense of \$6,387,000 for its proportionate share of the general employees pension plan. This was allocated among the General Government, Electric, Gas, Sewer, Water, Airport, Stormwater, and Other Non-Major Enterprise Funds as follows:

<b>Fund</b>	<b>Pension Expense</b> (in thousands)
General Government	\$ 4,128
Electric	875
Gas	64
Sewer	427
Water	174
Airport	158
Stormwater Management	179
Other Non-Major Enterprise	378
DIA	4
<b>Total</b>	<b>\$ 6,387</b>

At September 30, 2015, the City reported \$0 of deferred outflows of resources and \$36,838,000 of deferred inflows of resources related to the general employee pension plan from the following sources (in thousands):

<b>Fund</b>	<b>Difference between expected and actual experience</b>	<b>Net difference between projected and actual experience on pension investments</b>	<b>Total</b>
General Government	\$ 12,541	\$ 11,266	\$ 23,807
Electric	2,660	2,388	5,048
Gas	194	174	368
Sewer	1,298	1,166	2,464
Water	528	475	1,003
Airport	480	432	912
Stormwater Management	544	488	1,032
Other Non-Major Enterprise	1,149	1,032	2,181
DIA	12	11	23
<b>Total</b>	<b>\$ 19,406</b>	<b>\$ 17,432</b>	<b>\$ 36,838</b>

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

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

<b>Year Ending September 30 (in thousands)</b>						
<b>Fund</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
General Government	\$ 5,444	\$ 5,444	\$ 5,444	\$ 5,441	\$ 2,034	\$ 23,807
Electric	1,154	1,154	1,154	1,155	431	5,048
Gas	85	84	84	84	31	368
Sewer	564	564	563	563	210	2,464
Water	229	229	229	229	87	1,003
Airport	208	209	209	208	78	912
Stormwater Management	236	236	236	236	88	1,032
Other Non-Major Enterprise	499	499	499	499	185	2,181
DIA	5	5	6	5	2	23
<b>Total</b>	<b>\$ 8,424</b>	<b>\$ 8,424</b>	<b>\$ 8,424</b>	<b>\$ 8,420</b>	<b>\$ 3,146</b>	<b>\$ 36,838</b>

At September 30, 2015, the City reported deferred outflows of resources related to the general employee pension plan from fiscal year 2015 contributions:

<b>Fund</b>	<b>Deferred Outflows of Resources (in thousands)</b>
General Government	\$ 8,172
Electric	3,047
Gas	222
Sewer	1,488
Water	606
Airport	550
Stormwater Management	623
Other Non-Major Enterprise	1,318
DIA	19
<b>Total</b>	<b>\$ 16,045</b>

For the year ended September 30, 2015, the police officers pension plan recognized pension expense of \$5,253,000. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the police officers employee pension plan from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows of Resources</b>
<b>Differences between expected and actual experience</b>	\$ 1,020	\$ -	\$ 1,020
<b>Net difference between projected and actual earnings on pension plan investments</b>	-	6,122	(6,122)
<b>Fiscal year 2015 contributions</b>	6,200	-	6,200
<b>Total</b>	<b>\$ 7,220</b>	<b>\$ 6,122</b>	<b>\$ 1,098</b>



**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2015

**NOTE V. OTHER INFORMATION (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS (CONTINUED)**

**6. DISCOUNT RATES (CONTINUED)**

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

<b>Year Ending September 30</b>	<b>Net Amount (in thousands)</b>
2016	\$ (1,288)
2017	(1,288)
2018	(1,288)
2019	(1,286)
2020	48
<b>Total</b>	<b>\$ 5,102</b>

For the year ended September 30, 2015, the firefighters pension plan recognized pension expense of \$3,956,000. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the firefighters pension plan from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows of Resources</b>
<b>Differences between expected and actual experience</b>	\$ 2,363	\$ -	\$ 2,363
<b>Net difference between projected and actual earnings on pension plan investments</b>	-	3,037	(3,037)
<b>Fiscal year 2015 contributions</b>	4,198	-	4,198
<b>Total</b>	<b>\$ 6,561</b>	<b>\$ 3,037</b>	<b>\$ 3,524</b>

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

<b>Year Ending September 30</b>	<b>Net Amount (in thousands)</b>
2016	\$ (339)
2017	(339)
2018	(339)
2019	(340)
2020	420
Thereafter	263
<b>Total</b>	<b>\$ (674)</b>

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS September 30, 2015

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#### NOTE V. OTHER INFORMATION (CONTINUED)

##### H. OTHER EMPLOYEE BENEFITS

###### 1. DEFERRED COMPENSATION

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

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

###### 2. FLEXIBLE BENEFITS

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

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

###### 1. PLAN DESCRIPTION

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

###### 2. FUNDING POLICY

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

###### 3. ANNUAL OPEB COST AND NET OPEB OBLIGATION

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

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

Annual required contribution	\$ 6,003
Interest on net OPEB obligation	140
Adjustment to annual required contribution	(124)
Annual OPEB cost	6,019
Contributions made	5,193
Increase in net OPEB obligation	826
Net OPEB Obligation - October 1	2,950
Net OPEB obligation - September 30	<u>\$ 3,776</u>

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS September 30, 2015

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#### 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
2013	\$ 1,996	\$ 1,996	100.00 %	\$ 2,500
2014	4,700	4,250	90.43	2,950
2015	6,019	5,193	86.28	3,776

##### 4. FUNDED STATUS AND FUNDING PROGRESS

As of October 1, 2014, the most recent actuarial valuation date, the plan was 6.1% funded. The actuarial accrued liability for benefits was \$97.3 million, and the actuarial value of assets was \$5.9 million resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$91.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$145.4 million, and the ratio of the UAAL to the covered payroll was 62.90%. The schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

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

##### 5. ACTUARIAL METHODS AND ASSUMPTIONS

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

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

**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, 2015 and the changes in fair value of such derivative instruments for the year then ended, are as follows (in thousands):

	Changes in Fair Value		Fair Value at September 30, 2015		
	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges	Deferred Outflow of Resources	\$ 13,096	Derivative Instruments	\$ (13,096)	15,425,000 mmbtu

The fair values of the forward contracts are estimated based upon the present value of their estimated cash flows. The City's sole counterparty for hedging, ADM Investor Services Inc. (ADM) was rated A2 by Moody's on 9/30/15. All of the City's hedging positions as of September 30, 2015 are with the City's Futures Commission Merchant (FCM): ADM. Positions are cleared on a daily basis, so neither party incurs credit risk. As of September 30, 2015 the City had no hedged positions with OTC counterparties. All of the City's positions are with ADM and cleared on a daily basis. No amounts due either party are outstanding and netting and/or master netting does not apply. Energy hedging derivatives with ADM may be terminated at any time.

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

The following table displays the objectives and terms of the City's derivative instruments outstanding at September 30, 2015:

Type	Objective	Effective Date	Maturity Date	Terms
Commodity Forward Contract	Value of changes in cash flows due to market price fluctuations related to expected purchases of natural gas	12/23/2014	October 2015-September 2016	Pay various prices per MMBTU; settlement based on Henry Hub pricing at expiration date for natural gas. Pay various prices per Barrel; settlement based on New York Harbor pricing point at expiration date for diesel/heating oil and gasoline.

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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#### **NOTE V. OTHER INFORMATION (CONTINUED)**

##### **K. CONTINGENCY**

###### **Cascade Park Superfund Site**

The City of Tallahassee (City) excavated approximately 85,000 tons of contaminated soil from the Cascades Park site in 2005-2006 pursuant to the requirements of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund). Additionally, Blueprint 2000 conducted subsequent excavations as part of park construction activities. Despite these efforts, residual groundwater and soil contamination remained at the site. As a result, in December 2011, the City as the CERCLA "responsible party" and the U.S. Environmental Protection Agency (EPA) entered into an "Administrative Settlement Agreement and Order on Consent for Remedial Investigation / Feasibility Study." This Settlement Agreement, which is still in effect, requires the City to determine the most appropriate remedial technology to address the subsurface contamination and make recommendations to the EPA on how to move forward. In accordance with the Settlement Agreement, a field-scale pilot injection study was completed in February 2013. After a year of groundwater monitoring following the pilot study, and additional negotiations with the EPA, the City finalized its recommendations which were formally submitted in the form of a Draft Feasibility Study Report to the EPA in February 2014. 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 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, 2015 included the following:

- 1) Periodically, the City will enter into Joint Project Agreements (JPA) with Blueprint 2000 whereby the Blueprint 2000 will provide construction management services to the City for an administrative fee. For the year ended September 30, 2015, the City paid no fees to Blueprint 2000.
- 2) On June, 22, 2012, the City and Blueprint 2000 entered into a Joint Project Agreement (JPA) whereby Blueprint 2000 will provide "right of way" services to the City for the City's FAMU Way Road Project. For the year ended September 30, 2015, the City paid fees to Blueprint 2000 for this project totaling \$160,450.
- 3) The City paid the following contributions to the Consolidated Dispatch Agency:
  - a. \$4,251,000 for operations.
  - b. \$312,000 for Fire/EMS revenue.

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2015

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#### **NOTE V. OTHER INFORMATION (CONTINUED)**

##### **M. SUBSEQUENT EVENTS**

###### **Consolidated Dispatch Agency Litigation**

On October 1, 2012, the Consolidated Dispatch Agency ("CDA") was formed as a separate legal entity by virtue of an Interlocal Agreement between Leon County, Florida, the City of Tallahassee, and the Leon County Sheriff's Office. Subsequent to the CDA's formation and during the course of the CDA providing dispatch services, there have been occasions which have given rise to certain claims and litigation against the CDA itself. At no time has Leon County or the City of Tallahassee been named as a Party Defendant to any of the litigation. To the extent that any Plaintiff or Claimant in this litigation is able to prevail in their claims against the CDA, obtain a Final Judgment against the CDA, it could be covered by the CDA's general liability insurance and would be subject to the statutory mandates of sovereign immunity contained in Florida Statutes, Section 768.28. Thus, should a money judgment be obtained against the CDA, and to the extent it exceeds or is not covered by the CDA's insurance, and to the extent it exceeds the sovereign immunity caps under Section 768.28, and to the extent that the successful Plaintiff seeks a further waiver of the sovereign immunity cap by virtue of filing a Claims Bill in the Florida Legislature, and to the extent that in some year in the future the Florida Legislature actually approves such a Claims Bill, and to the extent that such a Claims Bill requires payment from the CDA which exceeds its existing budgeted funds, then the CDA may seek financial contribution from Leon County and the City of Tallahassee, which the City and the County are not legally obligated to appropriate. Then, to the extent that Leon County and/or the City of Tallahassee chooses to budget and appropriate funds to the CDA to cover the costs set forth in any Claims Bill which is directed to the CDA, then, and only then, would there be a potential financial impact to Leon County and/or the City of Tallahassee.

###### **City Litigation**

On March 2, 2016, a federal civil jury awarded approximately \$850,000 to a former employee who claimed violation of whistleblower protection. In addition to the actual award, amounts for attorney fees and costs and entitlement to forward pay will be determined at a later date. The City has not made a determination whether to file an appeal in this case which could eliminate or reduce the required payment.

## **REQUIRED SUPPLEMENTARY INFORMATION**

THIS SUBSECTION CONTAINS THE FOLLOWING:

**Budgetary Comparison Schedule-General Fund**

**Note to Required Supplementary Information**

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

**Schedule of Net Pension Liability by Employer - General Employees**

**Schedule of Contributions - General Employees**

**Notes to the Schedule of Contributions - General Employees**

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

**Schedule of Contributions - Police Officers**

**Notes to the Schedule of Contributions - Police Officers**

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

**Schedule of Contributions - Firefighters**

**Notes to the Schedule of Contributions - Firefighters**

**Schedule of Investment Returns**

**Schedule of Funding Progress - OPEB**

**Schedule of Employer Contributions - OPEB**

# CITY OF TALLAHASSEE, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION

### Budgetary Comparison Schedule

#### General Fund

for the fiscal year ended September 30, 2015

(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>
<b>Budgetary Fund Balance - October 1</b>	\$ 1,157	\$ 1,157	\$ 1,157	\$ -
<b>Resources</b>				
Taxes	55,898	55,898	56,674	776
Licenses and Permits	2,788	2,788	2,851	63
Intergovernmental Revenues	16,355	16,355	16,652	297
Charges for Services	8,644	8,644	8,698	54
Fines and Forfeitures	1,691	1,691	1,295	(396)
Interest Earned	500	500	437	(63)
Miscellaneous	11,768	11,768	10,906	(862)
Transfers from Other Funds	45,154	45,154	44,811	(343)
Amounts Available for Appropriations	<u>143,955</u>	<u>143,955</u>	<u>143,481</u>	<u>(474)</u>
<b>Charges to Appropriations</b>				
General Government	26,807	25,968	26,501	(533)
Public Safety	51,323	51,115	50,406	709
Transportation	18,714	18,588	16,689	1,899
Human Services	1,162	1,162	1,069	93
Economic Development	750	750	781	(31)
Physical Environment	1,905	1,903	1,879	24
Culture and Recreation	21,230	21,016	20,777	239
Transfers to Other Funds	22,064	23,453	24,037	(584)
Total Charges to Appropriations	<u>143,955</u>	<u>143,955</u>	<u>142,139</u>	<u>1,816</u>
<b>Budgetary Fund Balance - September 30</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,342</u>	<u>\$ 1,342</u>

See Independent Auditors' Report



# CITY OF TALLAHASSEE, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION

### Note to Required Supplementary Information

#### General Fund

September 30, 2015

(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.	\$ 143,481
Differences - budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(1,157)
The increase in the fair market value of investments is an increase in revenue for financial reporting purposes but is considered a budgetary inflow.	11
The revenues of the City's Deficiency Reserve and Scholarship Reserve are current year revenues for reporting purposes but are not considered budgetary inflows.	2,523
Current year nonbudgeted transfer is treated as revenue for financial reporting purposes but not as a budgetary inflow.	103
Miscellaneous items treated as budgetary inflows but not as revenues for financial reporting purposes.	<u>(692)</u>
Total Revenues/Transfers In as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 144,269</u>

#### Outflows of Resources

Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule.	\$ 142,139
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.	4,649
Current year nonbudgeted transfer is treated as expense for financial reporting purposes but not as a budgetary outflow.	(5,063)
Miscellaneous items treated as budgetary outflows but not as expenditures for financial reporting purposes.	<u>45</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	<u>\$ 141,770</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

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

(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2014)

(in thousands)

Fiscal Year Ending September 30

	2015	2014
<b>Total pension liability</b>		
Service Cost	\$ 16,333	\$ 16,333
Interest	70,460	70,460
Difference between actual & expected experience	(24,196)	-
Benefit Payments	(44,510)	(44,510)
Refunds	(385)	(385)
Net Change in Total Pension Liability	17,702	41,898
Total Pension Liability - Beginning	915,280	915,280
Total Pension Liability - Ending (a)	932,982	957,178
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 16,110	\$ 16,110
Contributions - Other	92	92
Contributions - Member	4,607	4,607
Net Investment Income	89,958	89,958
Benefits Payments	(44,510)	(44,510)
Refunds	(385)	(385)
Administrative Expense	(668)	(668)
Net Change in Plan Fiduciary Net Position	65,204	65,204
Plan Fiduciary Net Position - Beginning	883,265	883,265
Plan Fiduciary Net Position - Ending (b)	\$ 948,469	\$ 948,469
Net Pension Liability - Ending (a) - (b)	\$ (15,487)	\$ 8,709
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.66 %	99.09 %
Covered Employee Payroll	\$ 125,530	\$ 106,057
Net Pension Liability as a Percentage of Covered Employee Payroll	(12.34)%	8.21 %

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

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## SCHEDULE OF NET PENSION LIABILITY BY EMPLOYER - GENERAL EMPLOYEES (BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2014) (in thousands)

Measurement year ending September 30, 2014	BLUEPRINT	CRTPA	CDA	CITY OF TALLAHASSEE	GENERAL EMPLOYEES TOTAL
Total Pension Liability - Beginning	\$ 3,970	\$ 2,088	\$ 21,377	\$ 887,845	\$ 915,280
Total Pension Liability - Ending (a)	<u>4,047</u>	<u>2,129</u>	<u>21,790</u>	<u>905,016</u>	<u>932,982</u>
Plan Fiduciary Net Position - Beginning	3,831	2,015	20,629	856,790	883,265
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)	(67)	(35)	(362)	(15,023)	(15,487)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.66 %	101.64 %	101.66 %	101.66 %	101.66 %
Employer's proportion of the Net Pension Liability	0.40 %	0.20 %	2.40 %	97.00 %	100.00 %
Covered Pensionable Payroll	\$ 460	\$ 242	\$ 2,477	\$ 102,878	\$ 106,057
Covered Employee Payroll	\$ 634	\$ 260	\$ 4,433	\$ 120,203	\$ 125,530
Net Pension Liability as a percentage of Covered Employee Payroll	(10.57)%	(13.46)%	(8.17)%	(12.50)%	(12.34)%

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

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## SCHEDULE OF CONTRIBUTIONS - GENERAL EMPLOYEES

Last Ten Fiscal Years  
(in thousands)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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
2015	16,045	16,045	-	128,929	12.44

### 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, two years prior to the end of the fiscal year in which contributions are reported.*

#### Methods and Assumption Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 2.4% 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)

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

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

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

### POLICE OFFICERS

(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2014)

(in thousands)

Fiscal Year Ending September 30

	2015	2014
<b>Total pension liability</b>		
Service Cost	\$ 6,094	\$ 6,094
Interest	21,635	21,635
Difference between actual & expected experience	1,263	-
Benefit Payments	(12,638)	(12,638)
Refunds	(151)	(151)
Net Change in Total Pension Liability	16,203	14,940
Total Pension Liability - Beginning	279,467	279,467
Total Pension Liability - Ending (a)	<u>\$ 295,670</u>	<u>\$ 294,407</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 5,779	\$ 5,779
Contributions - Non-Employer Contributing Entity	26	26
Contributions - Member	2,808	2,808
Net Investment Income	26,199	26,199
Benefits Payments	(12,638)	(12,638)
Refunds	(151)	(151)
Administrative Expense	(192)	(192)
Net Change in Plan Fiduciary Net Position	21,831	21,831
Plan Fiduciary Net Position - Beginning	241,491	241,491
Plan Fiduciary Net Position - Ending (b)	<u>\$ 263,322</u>	<u>\$ 263,322</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 32,348</u>	<u>\$ 31,085</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.06 %	89.44 %
Covered Employee Payroll*	\$ 30,715	\$ 24,865
Net Pension Liability as a Percentage of Covered Employee Payroll	105.32 %	125.02 %

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

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## SCHEDULE OF CONTRIBUTIONS-POLICE OFFICERS (in thousands)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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
2015	6,200	6,200	-	31,770	19.52

### 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, two years prior to the end of the fiscal year in which contributions are reported.*

**Methods and Assumption Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 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

(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2014)

(in thousands)

Fiscal Year Ending September 30

	2015	2014
<b>Total pension liability</b>		
Service Cost	\$ 3,987	\$ 3,987
Interest	15,438	15,438
Difference between actual & expected experience	2,783	-
Benefit Payments	(11,042)	(11,042)
Refunds	(90)	(90)
Total Pension Liability - Beginning	200,774	200,774
Total Pension Liability - Ending (a)	<u>\$ 211,850</u>	<u>\$ 209,067</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 3,894	\$ 3,894
Contributions - Non-Employer Contributing Entity	17	17
Contributions - Member	2,398	2,398
Net Investment Income	16,635	16,635
Benefits Payments	(11,042)	(11,042)
Refunds	(90)	(90)
Administrative Expense	(124)	(124)
Plan Fiduciary Net Position - Beginning	168,140	168,140
Plan Fiduciary Net Position - Ending (b)	<u>\$ 179,828</u>	<u>\$ 179,828</u>
Net Pension Liability - Ending (a) - (b)	<u>32,022</u>	<u>29,239</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.88 %	86.01 %
Covered Employee Payroll	\$ 16,944	\$ 15,446
Net Pension Liability as a Percentage of Covered Employee Payroll	188.99 %	189.30 %

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

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS (in thousands)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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
2015	4,198	4,198	-	17,782	23.61

### 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, two years prior to the end of the fiscal year in which contributions are reported.*

#### Methods and Assumption Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 3.5% 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

## SCHEDULE OF INVESTMENT RETURNS

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment income</u>
2006	9.86 %
2007	14.53
2008	14.28
2009	-1.41
2010	10.62
2011	-0.26
2012	20.85
2013	14.65
2014	10.34
2015	0.29

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

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 Accrued Liability (AAL)- Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
10/1/2010 \$	4.2	\$ 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
10/1/2014	5.9	97.3	91.4	6.06	145.4	62.87

## SCHEDULE OF EMPLOYER CONTRIBUTIONS (in thousands)

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage Contributed
2013	\$ 1,996	100.0
2014	4,700	90.4
2015	6,019	86.3

*See Independent Auditors' Report*

## **Combining Financial Statements**

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

**Nonmajor Governmental Funds**

**Nonmajor Enterprise Funds**

**Internal Service Funds**

**Capital Assets Used in the Operation of Governmental Funds**



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## **NONMAJOR**

### **GOVERNMENTAL FUNDS**

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

# CITY OF TALLAHASSEE, FLORIDA

## COMBINING BALANCE SHEET Nonmajor Governmental Funds September 30, 2015 (in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,480	\$ -	\$ 227	\$ 3,956	\$ -
Receivables:					
Accrued Interest	6	-	-	8	-
Customers and Others	236	-	-	-	-
Notes	14	-	-	-	-
Special Assessments	-	-	-	-	-
Due From Other Governments	181	-	-	-	-
Cash and Cash Equivalents - Restricted	108	760	-	-	273
Receivables - Restricted:					
Accrued Interest	1	2	-	-	1
Customers and Others	4	5	-	-	-
Notes	-	-	-	-	286
Due From Other Governments	558	-	-	-	-
<b>Total Assets</b>	<b>\$ 3,588</b>	<b>\$ 767</b>	<b>\$ 227</b>	<b>\$ 3,964</b>	<b>\$ 560</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts and Retainage Payable	7	12	114	-	-
Unearned Revenue	26	-	78	-	-
Advances from Other Funds	-	-	182	-	-
Accounts and Retainage Payable - Restricted	18	2	-	-	7
Unearned Revenue - Restricted	-	123	-	-	266
<b>Total Liabilities</b>	<b>51</b>	<b>137</b>	<b>374</b>	<b>-</b>	<b>273</b>
<b>FUND BALANCES</b>					
Nonspendable	25	2	1	11	287
Spendable:					
Restricted	341	249	-	3,953	-
Committed	3,171	379	-	-	-
Unassigned	-	-	(148)	-	-
<b>Total Fund Balances</b>	<b>3,537</b>	<b>630</b>	<b>(147)</b>	<b>3,964</b>	<b>287</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,588</b>	<b>\$ 767</b>	<b>\$ 227</b>	<b>\$ 3,964</b>	<b>\$ 560</b>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## COMBINING BALANCE SHEET Nonmajor Governmental Funds September 30, 2015 (in thousands)

		Capital Project Funds			Permanent Fund			
Debt Service		Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery	Total	
\$	-	\$ 16,046	\$ 16,847	\$ 12,832	\$ 6,451	\$ 5,011	\$	63,850
	-	35	33	25	13	10		130
	-	15	-	-	-	-		251
	-	77	-	-	-	-		91
	-	120	-	-	-	-		120
	-	-	-	624	1,174	-		1,979
	-	-	-	-	-	-		1,141
	-	-	-	-	-	-		4
	-	-	-	-	-	-		9
	-	-	-	-	-	-		286
	-	-	-	-	-	-		558
\$	-	\$ 16,293	\$ 16,880	\$ 13,481	\$ 7,638	\$ 5,021	\$	68,419
	-	325	848	111	354	10		1,781
	-	-	-	-	-	-		104
	-	678	-	-	-	-		860
	-	-	844	-	-	-		871
	-	-	-	-	-	-		389
	-	1,003	1,692	111	354	10		4,005
	-	122	50	37	19	14		568
	-	-	15,138	13,333	7,265	-		40,279
	-	15,168	-	-	-	4,997		23,715
	-	-	-	-	-	-		(148)
	-	15,290	15,188	13,370	7,284	5,011		64,414
\$	-	\$ 16,293	\$ 16,880	\$ 13,481	\$ 7,638	\$ 5,021	\$	68,419

*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, 2015 (in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
<b>Revenues:</b>					
Licenses and Permits	\$ -	\$ -	\$ 2,997	\$ 328	\$ -
Intergovernmental Revenues	3,365	156	-	-	735
Charges for Services	-	-	150	-	-
Fines and Forfeitures	-	201	54	-	-
Net Investment Earnings	120	12	6	52	6
Change in Fair Value of Investments	(19)	-	-	1	-
Miscellaneous Revenues	261	36	197	-	-
<b>Total Revenues</b>	<u>3,727</u>	<u>405</u>	<u>3,404</u>	<u>381</u>	<u>741</u>
<b>Expenditures:</b>					
Current:					
General Government	1,376	-	-	-	-
Public Safety	338	419	2,837	-	-
Transportation	449	-	-	39	-
Human Services	712	-	-	-	1
Economic Environment	1,720	-	-	-	738
Physical Environment	186	-	-	-	-
Culture and Recreation	184	-	-	-	-
Debt Service:					
Principal Retired	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>Total Expenditures</b>	<u>4,965</u>	<u>419</u>	<u>2,837</u>	<u>39</u>	<u>739</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(1,238)</u>	<u>(14)</u>	<u>567</u>	<u>342</u>	<u>2</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	118	205	35	-	-
Transfers Out	(659)	(205)	(144)	-	-
Proceeds from Sale of Capital Assets	24	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(517)</u>	<u>-</u>	<u>(109)</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(1,755)</u>	<u>(14)</u>	<u>458</u>	<u>342</u>	<u>2</u>
<b>Fund Balances - October 1</b>	<u>5,292</u>	<u>644</u>	<u>(605)</u>	<u>3,622</u>	<u>285</u>
<b>Fund Balances - September 30</b>	<u>\$ 3,537</u>	<u>\$ 630</u>	<u>\$ (147)</u>	<u>\$ 3,964</u>	<u>\$ 287</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, 2015 (in thousands)

Debt Service	Capital Project Funds				Permanent Fund	Total
	Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,325
-	-	-	4,032	6,572	-	14,860
-	9	-	-	-	153	312
-	-	-	-	-	-	255
1,072	227	306	54	99	73	2,027
28	14	(26)	(1)	3	(1)	(1)
1,495	428	-	24	-	-	2,441
<u>2,595</u>	<u>678</u>	<u>280</u>	<u>4,109</u>	<u>6,674</u>	<u>225</u>	<u>23,219</u>
-	1,054	132	58	1	-	2,621
-	115	-	-	-	-	3,709
-	(1,296)	10,417	3,487	3,012	-	16,108
-	-	-	-	-	-	713
-	123	-	1,301	-	-	3,882
-	58	-	-	-	432	676
-	630	-	83	-	-	897
6,620	-	-	-	-	-	6,620
5,279	-	-	-	-	-	5,279
<u>11,899</u>	<u>684</u>	<u>10,549</u>	<u>4,929</u>	<u>3,013</u>	<u>432</u>	<u>40,505</u>
<u>(9,304)</u>	<u>(6)</u>	<u>(10,269)</u>	<u>(820)</u>	<u>3,661</u>	<u>(207)</u>	<u>(17,286)</u>
8,517	1,060	-	319	-	-	10,254
-	(1,793)	-	-	(3,696)	(206)	(6,703)
-	-	-	-	-	-	24
<u>8,517</u>	<u>(733)</u>	<u>-</u>	<u>319</u>	<u>(3,696)</u>	<u>(206)</u>	<u>3,575</u>
(787)	(739)	(10,269)	(501)	(35)	(413)	(13,711)
787	16,029	25,457	13,871	7,319	5,424	78,125
<u>\$ -</u>	<u>\$ 15,290</u>	<u>\$ 15,188</u>	<u>\$ 13,370</u>	<u>\$ 7,284</u>	<u>\$ 5,011</u>	<u>\$ 64,414</u>

*See Independent Auditors' Report*



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## **NONMAJOR ENTERPRISE FUNDS**

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

# CITY OF TALLAHASSEE, FLORIDA

## COMBINING STATEMENT OF NET POSITION Nonmajor Enterprise Funds September 30, 2015 (in thousands)

	<u>StarMetro</u>	<u>Solid Waste</u>	<u>Golf</u>	<u>Fire Services</u>	<u>Total</u>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ -	\$ 12,465	\$ 541	\$ -	\$ 13,006
Receivables:					
Accrued Interest	-	25	1	-	26
Customers and Others	464	1,453	-	1,873	3,790
Due From Other Governments	3,282	-	-	1,634	4,916
Less: Allowance for Doubtful Accounts	(1)	(255)	-	(221)	(477)
Inventory	550	-	36	-	586
<b>Total Current Assets</b>	<u>4,295</u>	<u>13,688</u>	<u>578</u>	<u>3,286</u>	<u>21,847</u>
<b>Noncurrent Assets:</b>					
Deposits	710	-	-	-	710
Net Pension Asset	586	287	16	-	889
Capital Assets:					
Land and Construction in Progress	4,852	-	144	1,705	6,701
Other, Net of Accumulated Depreciation	24,828	1,951	1,047	15,567	43,393
<b>Total Noncurrent Assets</b>	<u>30,976</u>	<u>2,238</u>	<u>1,207</u>	<u>17,272</u>	<u>51,693</u>
<b>Total Assets</b>	<u>35,271</u>	<u>15,926</u>	<u>1,785</u>	<u>20,558</u>	<u>73,540</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	400	-	-	-	400
Pension Related Deferred Outflows	867	426	25	-	1,318
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 36,538</u>	<u>\$ 16,352</u>	<u>\$ 1,810</u>	<u>\$ 20,558</u>	<u>\$ 75,258</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts and Retainage Payable	1,136	1,523	41	2,076	4,776
Due To Other Funds	8	-	1	-	9
Compensated Absences	546	283	13	2,004	2,846
<b>Total Current Liabilities</b>	<u>1,690</u>	<u>1,806</u>	<u>55</u>	<u>4,080</u>	<u>7,631</u>
<b>Noncurrent Liabilities:</b>					
Advances from Other Funds	-	-	-	13,058	13,058
Compensated Absences	151	202	10	483	846
Derivative Instruments	400	-	-	-	400
<b>Total Noncurrent Liabilities</b>	<u>551</u>	<u>202</u>	<u>10</u>	<u>13,541</u>	<u>14,304</u>
<b>Total Liabilities</b>	<u>2,241</u>	<u>2,008</u>	<u>65</u>	<u>17,621</u>	<u>21,935</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Related Deferred Inflows	1,436	705	40	-	2,181
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>3,677</u>	<u>2,713</u>	<u>105</u>	<u>17,621</u>	<u>24,116</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	29,680	1,951	1,191	17,272	50,094
Unrestricted	3,181	11,688	514	(14,335)	1,048
<b>Total Net Position</b>	<u>32,861</u>	<u>13,639</u>	<u>1,705</u>	<u>2,937</u>	<u>51,142</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 36,538</u>	<u>\$ 16,352</u>	<u>\$ 1,810</u>	<u>\$ 20,558</u>	<u>\$ 75,258</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

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

### Nonmajor Enterprise Funds

For the fiscal year ended September 30, 2015

(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
<b>Operating Revenues:</b>					
Charges for Services:					
Residential Sales	\$ -	\$ 10,154	\$ -	\$ 17,261	\$ 27,415
Commercial and Industrial Sales	-	13,081	-	11,761	24,842
County Government	-	-	-	3,013	3,013
Recyclable Sales	-	302	-	-	302
Recreation Fees	-	-	771	-	771
Transportation Fees	4,663	-	-	-	4,663
Other Charges	42	11	-	1,800	1,853
<b>Total Operating Revenues</b>	<b>4,705</b>	<b>23,548</b>	<b>771</b>	<b>33,835</b>	<b>62,859</b>
<b>Operating Expenses:</b>					
Personnel Services	9,809	4,431	447	24,923	39,610
Contractual Services	4,495	15,854	218	9,304	29,871
Materials and Supplies	3,552	94	142	682	4,470
Other	78	66	31	437	612
Depreciation	3,384	63	128	795	4,370
<b>Total Operating Expenses</b>	<b>21,318</b>	<b>20,508</b>	<b>966</b>	<b>36,141</b>	<b>78,933</b>
<b>Operating Income (Loss)</b>	<b>(16,613)</b>	<b>3,040</b>	<b>(195)</b>	<b>(2,306)</b>	<b>(16,074)</b>
<b>Non-Operating Revenues (Expenses):</b>					
Net Investment Earnings	-	172	8	35	215
Change in Fair Value of Investments	(3)	4	-	(13)	(12)
Securities Lending:					
Securities Lending Income	-	-	-	-	-
Other Expenses	(92)	-	(6)	(41)	(139)
Grant Revenues	3,705	-	-	-	3,705
Other Revenues	-	-	-	51	51
Gain (Loss) on Sale of Assets	-	-	-	-	-
Interest Expense	-	-	-	(655)	(655)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>3,610</b>	<b>176</b>	<b>2</b>	<b>(623)</b>	<b>3,165</b>
<b>Income (Loss) Before Capital Contributions and Operating Transfers</b>	<b>(13,003)</b>	<b>3,216</b>	<b>(193)</b>	<b>(2,929)</b>	<b>(12,909)</b>
<b>Operating Transfers:</b>					
Capital Contributions	2,194	-	-	-	2,194
Transfers In	10,000	153	-	340	10,493
Transfers Out	(28)	(1,812)	(1)	(187)	(2,028)
<b>Total Operating Transfers</b>	<b>12,166</b>	<b>(1,659)</b>	<b>(1)</b>	<b>153</b>	<b>10,659</b>
<b>Change in Net Position</b>	<b>(837)</b>	<b>1,557</b>	<b>(194)</b>	<b>(2,776)</b>	<b>(2,250)</b>
<b>Net Position - October 1</b>	<b>35,815</b>	<b>12,378</b>	<b>1,915</b>	<b>5,713</b>	<b>55,821</b>
<b>Adjustments to October 1 Net Position</b>	<b>(2,117)</b>	<b>(296)</b>	<b>(16)</b>	<b>-</b>	<b>(2,429)</b>
<b>Net Position - October 1, as restated</b>	<b>33,698</b>	<b>12,082</b>	<b>1,899</b>	<b>5,713</b>	<b>53,392</b>
<b>Net Position - September 30</b>	<b>\$ 32,861</b>	<b>\$ 13,639</b>	<b>\$ 1,705</b>	<b>\$ 2,937</b>	<b>\$ 51,142</b>

See Independent Auditors' Report

# CITY OF TALLAHASSEE, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the fiscal year ended September 30, 2015 (in thousands)

	StarMetro	Solid Waste	Golf Course Fund	Fire Services	Total
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$ 3,597	\$ 23,475	\$ 770	\$ 33,797	\$ 61,639
Cash Paid to Suppliers for Goods and Services	(4,162)	(10,719)	(378)	(2,430)	(17,689)
Cash Paid to Employees for Services	(10,467)	(4,708)	(473)	(24,700)	(40,348)
Cash Paid to Other Funds	(3,714)	(5,238)	-	(6,896)	(15,848)
Cash Paid for Other Expenses	(92)	-	(6)	(41)	(139)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(14,838)</b>	<b>2,810</b>	<b>(87)</b>	<b>(270)</b>	<b>(12,385)</b>
<b>Cash Flows from Financing Activities</b>					
Transfers In from Other Funds	10,000	153	-	340	10,493
Transfers Out to Other Funds	(28)	(1,812)	(1)	(187)	(2,028)
Operating Grants Received	3,705	-	-	-	3,705
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>13,677</b>	<b>(1,659)</b>	<b>(1)</b>	<b>153</b>	<b>12,170</b>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Capital Contributions	2,194	-	-	-	2,194
Acquisition, Construction, and Sale of Capital Assets	(1,985)	-	6	(2,844)	(4,823)
Repayment of Loans from Other Funds	-	-	-	(903)	(903)
Interest Paid	-	-	-	(655)	(655)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>209</b>	<b>-</b>	<b>6</b>	<b>(4,402)</b>	<b>(4,187)</b>
<b>Cash Flows from Investing Activities</b>					
Interest Received on Investments	-	169	8	44	221
Increase in the Fair Value of Cash and Cash Equivalents	(3)	4	-	(13)	(12)
Net cash provided by (used in) investing activities	(3)	173	8	31	209
<b>Net Increase (Decrease) in Cash and Cash Equivalents/Investments</b>	<b>(955)</b>	<b>1,324</b>	<b>(74)</b>	<b>(4,488)</b>	<b>(4,193)</b>
Cash and Cash Equivalents - October 1	955	11,141	615	4,488	17,199
Cash and Cash Equivalents - September 30	<u>\$ -</u>	<u>\$ 12,465</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 13,006</u>
<b>Classified As:</b>					
Unrestricted Assets	\$ -	\$ 12,465	\$ 541	\$ -	\$ 13,006
Restricted Assets	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 12,465</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ 13,006</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating Income (Loss)	\$ (16,613)	\$ 3,040	\$ (195)	\$ (2,306)	\$ (16,074)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	3,384	63	128	795	4,370
Provision for Uncollectible Accounts	1	(96)	-	46	(49)
Other	(710)	(303)	(23)	(41)	(1,077)
Increase (Decrease) in Accounts Receivable	1,125	23	-	(121)	1,027
Decrease in Inventory	(397)	-	-	-	(397)
(Decrease) in Accounts Payable	645	57	12	1,097	1,811
(Increase) in Due From Other Governments	(2,233)	-	-	37	(2,196)
Increase (Decrease) in Accrued Leave	(40)	26	(9)	223	200
Total Adjustments	1,775	(230)	108	2,036	3,689
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ (14,838)</b>	<b>\$ 2,810</b>	<b>\$ (87)</b>	<b>\$ (270)</b>	<b>\$ (12,385)</b>

See Independent Auditors' Report

## INTERNAL SERVICE FUNDS

<b>800 MHz Communication</b>	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.
<b>Information Systems Services</b>	Accounts for the costs of the City's data processing operations.
<b>Accounting</b>	Accounts for the costs of the City's accounting operations.
<b>Purchasing</b>	Accounts for the costs of the City's procurement operations.
<b>Garage</b>	Accounts for the costs of maintaining and operating the City's fleet management operation.
<b>Human Resources</b>	Accounts for the costs of the City's employee relations operations.
<b>Pension Administration</b>	Accounts for the costs of the City's employee retirement plan's administrative operation.
<b>Risk Management</b>	Accounts for the costs of the City's risk management.
<b>Internal Loan</b>	Accounts for the loans received from the Sunshine State Governmental Financing Commission, which in turn are loaned to other funds to provide financing for capital projects.
<b>Revenue Collection</b>	Accounts for the costs of the City's revenue collection services.
<b>Utility Services</b>	Accounts for the costs of centralizing safety and training, environmental, GIS, sales, rate design, and marketing functions of the City's utilities.
<b>Environmental Policy and Energy Resources</b>	Accounts for the City's environmental policy development and initiatives and environmental regulatory compliance.

# CITY OF TALLAHASSEE, FLORIDA

## COMBINING STATEMENT OF NET POSITION Internal Service Funds September 30, 2015 (in thousands)

	Information				
	800 Mhz	System Services	Accounting	Purchasing	Garage
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 1,454	\$ 7,274	\$ 770	\$ 206	\$ 2,298
<b>Receivables:</b>					
Other Receivables	71	4	-	1	64
Accrued Interest	3	14	2	-	5
Due From Other Governments	2	-	8	-	-
Inventory	-	-	-	-	2,519
Prepaid Expenses	-	-	-	-	-
Due From Other Funds	-	-	-	-	-
<b>Total Current Assets</b>	<b>1,530</b>	<b>7,292</b>	<b>780</b>	<b>207</b>	<b>4,886</b>
<b>Noncurrent Assets:</b>					
Advances To Other Funds	-	-	-	-	-
Deposits	-	-	-	-	1,385
<b>Capital Assets:</b>					
Land and Construction in Progress	440	555	-	44	-
Other, Net of Accumulated Depreciation	4,540	2,113	6	634	42,698
<b>Total Noncurrent Assets</b>	<b>4,980</b>	<b>2,668</b>	<b>6</b>	<b>678</b>	<b>44,083</b>
<b>Total Assets</b>	<b>6,510</b>	<b>9,960</b>	<b>786</b>	<b>885</b>	<b>48,969</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,510</b>	<b>\$ 9,960</b>	<b>\$ 786</b>	<b>\$ 885</b>	<b>\$ 48,969</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	34	1,024	210	70	221
Due To Other Funds	-	-	-	-	-
Unearned Revenue	83	-	-	-	-
Capital Lease Payable	-	446	-	-	-
Compensated Absences	32	465	167	130	271
<b>Total Current Liabilities</b>	<b>149</b>	<b>1,935</b>	<b>377</b>	<b>200</b>	<b>492</b>
<b>Noncurrent Liabilities:</b>					
Claims Payable	-	-	-	-	-
Derivative Instruments	-	-	-	-	-
Capital Lease Payable	-	1,001	-	-	-
Compensated Absences	-	220	78	22	155
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>1,221</b>	<b>78</b>	<b>22</b>	<b>155</b>
<b>Total Liabilities</b>	<b>149</b>	<b>3,156</b>	<b>455</b>	<b>222</b>	<b>647</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	4,980	1,221	6	678	42,698
Unrestricted	1,381	5,583	325	(15)	5,624
<b>Total Net Position</b>	<b>6,361</b>	<b>6,804</b>	<b>331</b>	<b>663</b>	<b>48,322</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,510</b>	<b>\$ 9,960</b>	<b>\$ 786</b>	<b>\$ 885</b>	<b>\$ 48,969</b>

See Independent Auditors' Report



# CITY OF TALLAHASSEE, FLORIDA

## COMBINING STATEMENT OF NET POSITION Internal Service Funds September 30, 2015 (in thousands)

Human Resources	Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Total
\$ -	\$ 100	\$ 19,813	\$ 1,317	\$ 144	\$ 27,451	\$ 105	\$ 60,932
3	2	1	-	8	199	-	353
-	-	39	3	-	54	-	120
-	-	68	-	1	335	-	414
-	-	-	-	-	2,042	-	4,561
-	-	1,997	-	-	-	-	1,997
-	-	-	-	63	-	-	63
3	102	21,918	1,320	216	30,081	105	68,440
-	-	-	2,964	-	-	-	2,964
-	-	-	-	-	15,578	-	16,963
-	-	-	-	-	-	-	1,039
30	-	1	-	696	480	-	51,198
30	-	1	2,964	696	16,058	-	72,164
33	102	21,919	4,284	912	46,139	105	140,604
-	-	-	-	-	12,696	-	12,696
\$ 33	\$ 102	\$ 21,919	\$ 4,284	\$ 912	\$ 58,835	\$ 105	\$ 153,300
265	24	60	-	50	8,096	62	10,116
-	-	-	-	-	31,345	-	31,345
-	-	-	-	-	-	-	83
-	-	-	-	-	-	-	446
178	46	95	-	97	696	109	2,286
443	70	155	-	147	40,137	171	44,276
-	-	11,383	-	-	-	-	11,383
-	-	-	-	-	12,696	-	12,696
-	-	-	-	-	-	-	1,001
-	28	12	-	16	237	8	776
-	28	11,395	-	16	12,933	8	25,856
443	98	11,550	-	163	53,070	179	70,132
30	-	1	-	696	480	-	50,790
(440)	4	10,368	4,284	53	5,285	(74)	32,378
(410)	4	10,369	4,284	749	5,765	(74)	83,168
\$ 33	\$ 102	\$ 21,919	\$ 4,284	\$ 912	\$ 58,835	\$ 105	\$ 153,300

*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, 2015 (in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage	Human Resources
<b>Operating Revenues:</b>						
Charges for Services	\$ 1,964	\$ 18,113	\$ 3,619	\$ 2,263	\$ 18,086	\$ 3,974
<b>Total Operating Revenues</b>	<u>1,964</u>	<u>18,113</u>	<u>3,619</u>	<u>2,263</u>	<u>18,086</u>	<u>3,974</u>
<b>Operating Expenses:</b>						
Personnel Services	637	6,677	2,430	1,866	4,323	2,918
Contractual Services	1,336	8,996	909	263	4,049	590
Materials and Supplies	4	32	23	12	4,033	19
Other	17	798	19	2	583	273
Depreciation	526	779	2	38	7,119	5
<b>Total Operating Expenses</b>	<u>2,520</u>	<u>17,282</u>	<u>3,383</u>	<u>2,181</u>	<u>20,107</u>	<u>3,805</u>
<b>Operating Income (Loss)</b>	<u>(556)</u>	<u>831</u>	<u>236</u>	<u>82</u>	<u>(2,021)</u>	<u>169</u>
<b>Non-Operating Revenues (Expenses):</b>						
Net Investment Earnings	19	57	4	3	29	6
Change in Fair Value of Investments	-	8	1	-	(6)	(2)
Securities Lending:						
Other Revenues	32	-	6	-	996	3
Interest Expense	-	(33)	-	-	-	-
Other Expenses	-	(39)	-	-	(7)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>51</u>	<u>(7)</u>	<u>11</u>	<u>3</u>	<u>1,012</u>	<u>7</u>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<u>(505)</u>	<u>824</u>	<u>247</u>	<u>85</u>	<u>(1,009)</u>	<u>176</u>
<b>Capital Contributions and Transfers</b>						
Transfers In	-	1,631	-	-	-	657
Transfers Out	-	-	-	(127)	(71)	(1,563)
<b>Total Capital Contributions and Transfers</b>	<u>-</u>	<u>1,631</u>	<u>-</u>	<u>(127)</u>	<u>(71)</u>	<u>(906)</u>
<b>Change in Net Position</b>	<u>(505)</u>	<u>2,455</u>	<u>247</u>	<u>(42)</u>	<u>(1,080)</u>	<u>(730)</u>
<b>Net Position - October 1</b>	<u>6,866</u>	<u>5,492</u>	<u>84</u>	<u>705</u>	<u>49,402</u>	<u>320</u>
<b>Adjustments to October 1 Net Position</b>	<u>-</u>	<u>(1,143)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position - October 1, as restated</b>	<u>6,866</u>	<u>4,349</u>	<u>84</u>	<u>705</u>	<u>49,402</u>	<u>320</u>
<b>Net Position - September 30</b>	<u>\$ 6,361</u>	<u>\$ 6,804</u>	<u>\$ 331</u>	<u>\$ 663</u>	<u>\$ 48,322</u>	<u>\$ (410)</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, 2015 (in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Total
\$ 942	\$ 11,099	\$ -	\$ 2,198	\$ 137,592	\$ 1,788	\$ 201,638
942	11,099	-	2,198	137,592	1,788	201,638
633	1,230	-	1,451	10,350	1,432	33,947
331	313	-	367	128,580	307	146,041
16	10	-	199	3,197	21	7,566
2	8,400	-	17	241	35	10,387
1	-	-	36	134	-	8,640
983	9,953	-	2,070	142,502	1,795	206,581
(41)	1,146	-	128	(4,910)	(7)	(4,943)
2	272	115	1	183	4	695
-	3	(4)	-	21	(3)	18
39	-	-	-	5,043	-	6,119
-	-	-	-	-	-	(33)
-	-	-	-	-	-	(46)
41	275	111	1	5,247	1	6,753
-	1,421	111	129	337	(6)	1,810
-	-	-	12	2	-	2,302
-	-	(1,390)	(175)	(2,222)	(62)	(5,610)
-	-	(1,390)	(163)	(2,220)	(62)	(3,308)
-	1,421	(1,279)	(34)	(1,883)	(68)	(1,498)
4	8,948	5,563	783	7,648	(6)	85,809
-	-	-	-	-	-	(1,143)
4	8,948	5,563	783	7,648	(6)	84,666
\$ 4	\$ 10,369	\$ 4,284	\$ 749	\$ 5,765	\$ (74)	\$ 83,168

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS Internal Service Funds for the fiscal year ended September 30, 2015 (in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage	Human Resources
<b>Cash Flow from Operating Activities</b>						
Cash Received from Other Funds	\$ 2,038	\$ 18,138	\$ 3,620	\$ 2,263	\$ 17,922	\$ 3,975
Cash Received From Other Revenues	-	-	6	-	990	3
Cash Paid to Suppliers for Goods and Services	(1,368)	(9,135)	(804)	(270)	(10,205)	(713)
Cash Paid to Employees for Services	(632)	(6,668)	(2,359)	(1,849)	(4,301)	(2,929)
Cash Paid to Other Funds	-	-	-	-	-	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>38</b>	<b>2,335</b>	<b>463</b>	<b>144</b>	<b>4,406</b>	<b>336</b>
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers from Other Funds	-	1,631	-	-	-	657
Transfers to Other Funds	-	-	-	(127)	(71)	(1,563)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>-</b>	<b>1,631</b>	<b>-</b>	<b>(127)</b>	<b>(71)</b>	<b>(906)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition, Construction and Sale of Capital Assets	-	(1,125)	(6)	1	(6,800)	(2)
Interest Paid	-	(33)	-	-	-	-
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>-</b>	<b>(1,158)</b>	<b>(6)</b>	<b>1</b>	<b>(6,800)</b>	<b>(2)</b>
<b>Cash Flows from Investing Activities</b>						
Interest Received on Investments	19	51	3	3	34	6
Increase in the Fair Value of Cash & Cash Equivalents	-	8	1	-	(6)	(2)
<b>Net Cash Provided by (Used For) Investing Activities</b>	<b>19</b>	<b>59</b>	<b>4</b>	<b>3</b>	<b>28</b>	<b>4</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>57</b>	<b>2,867</b>	<b>461</b>	<b>21</b>	<b>(2,437)</b>	<b>(568)</b>
Cash and Cash Equivalents - October 1	1,397	4,407	309	185	4,735	568
<b>Cash and Cash Equivalents - September 30</b>	<b>\$ 1,454</b>	<b>\$ 7,274</b>	<b>\$ 770</b>	<b>\$ 206</b>	<b>\$ 2,298</b>	<b>\$ -</b>
<b>Classified As:</b>						
Unrestricted Assets	\$ 1,454	\$ 7,274	\$ 770	\$ 206	\$ 2,298	\$ -
Restricted Assets	-	-	-	-	-	-
	<b>\$ 1,454</b>	<b>\$ 7,274</b>	<b>\$ 770</b>	<b>\$ 206</b>	<b>\$ 2,298</b>	<b>\$ -</b>
<b>Operating Activities</b>						
Operating Income (Loss)	\$ (556)	\$ 831	\$ 236	\$ 82	\$ (2,021)	\$ 169
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash</b>						
<b>Provided by (Used for) Operating Activities:</b>						
Depreciation	526	779	2	38	7,119	5
Other	-	-	6	-	990	3
(Increase) Decrease in Accounts Receivable	(71)	-	-	-	(164)	2
(Increase) Decrease in Other Accounts Receivable	-	-	-	(1)	-	-
(Increase) Decrease in Due From Other Governmentals	148	25	-	-	-	-
Increase (Decrease) in Due to Other Funds	-	-	1	-	-	-
(Increase) Decrease in Deposits	-	-	-	-	(1,275)	-
Increase in Loans to Other Funds	(2)	-	-	-	-	-
(Increase) Decrease in Inventory	-	-	-	-	(27)	-
Increase (Decrease) in Accounts Payable	(12)	690	147	8	(238)	169
Increase (Decrease) in Accrued Leave	5	10	71	17	22	(12)
Decrease in Insurance Deposits	-	-	-	-	-	-
<b>Total Adjustments</b>	<b>594</b>	<b>1,504</b>	<b>227</b>	<b>62</b>	<b>6,427</b>	<b>167</b>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ 38</b>	<b>\$ 2,335</b>	<b>\$ 463</b>	<b>\$ 144</b>	<b>\$ 4,406</b>	<b>\$ 336</b>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS Internal Service Funds for the fiscal year ended September 30, 2015 (in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Total
\$ 942	\$ 10,570	\$ -	\$ 2,197	\$ 137,532	\$ 1,788	\$ 200,985
39	445	-	-	5,043	-	6,526
(346)	(9,216)	-	(607)	(123,280)	(355)	(156,299)
(626)	(1,237)	-	(1,449)	(10,405)	(1,448)	(33,903)
-	-	696	-	-	-	696
9	562	696	141	8,890	(15)	18,005
-	-	-	12	2	-	2,302
-	-	(1,390)	(175)	(2,222)	(62)	(5,610)
-	-	(1,390)	(163)	(2,220)	(62)	(3,308)
(1)	2	(2)	(2)	(83)	(1)	(8,019)
-	-	-	-	-	-	(33)
(1)	2	(2)	(2)	(83)	(1)	(8,052)
2	272	116	1	183	4	694
-	3	(4)	-	21	(3)	18
2	275	112	1	204	1	712
10	839	(584)	(23)	6,791	(77)	7,357
90	18,974	1,901	167	20,660	182	53,575
<u>\$ 100</u>	<u>\$ 19,813</u>	<u>\$ 1,317</u>	<u>\$ 144</u>	<u>\$ 27,451</u>	<u>\$ 105</u>	<u>\$ 60,932</u>
\$ 100	\$ 19,813	\$ 1,317	\$ 144	\$ 27,451	\$ 105	\$ 60,932
-	-	-	-	-	-	-
<u>\$ 100</u>	<u>\$ 19,813</u>	<u>\$ 1,317</u>	<u>\$ 144</u>	<u>\$ 27,451</u>	<u>\$ 105</u>	<u>\$ 60,932</u>
\$ (41)	\$ 1,146	\$ -	\$ 128	\$ (4,910)	\$ (7)	\$ (4,943)
1	-	-	36	134	-	8,640
39	-	696	-	5,043	-	6,777
-	(2)	-	-	(87)	-	(322)
-	-	-	-	-	-	(1)
-	-	-	-	27	-	200
-	(82)	-	-	18,989	-	18,908
-	-	-	-	(5,400)	-	(6,675)
-	-	-	-	-	-	(2)
-	-	-	-	(1,257)	-	(1,284)
3	(703)	-	(25)	(3,594)	8	(3,547)
7	(8)	-	2	(55)	(16)	43
-	211	-	-	-	-	211
50	(584)	696	13	13,800	(8)	22,948
<u>9</u>	<u>562</u>	<u>696</u>	<u>141</u>	<u>8,890</u>	<u>(15)</u>	<u>18,005</u>

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

**Schedule By Function and Activity**

**Schedule of Changes By Function and Activity**

# CITY OF TALLAHASSEE, FLORIDA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS Schedule By Function and Activity<sup>1</sup> September 30, 2015 (in thousands)

Function and Activity	Land	Buildings	Equipment	Improvements Other Than Buildings	Infrastructure	Total
General Government:						
Legislative	\$ -	\$ -	\$ 55	\$ -	\$ -	\$ 55
Executive	-	-	133	-	-	133
Financial & Administrative	-	600	1,178	-	-	1,778
Legal	39	-	54	-	-	93
Comprehensive Planning	218	-	235	-	-	453
Other General Government	87,154	51,358	12,034	895	515	151,956
Total General Government	87,411	51,958	13,689	895	515	154,468
Public Safety:						
Law Enforcement	806	11,063	20,278	451	-	32,598
Protective Inspection	-	8	223	-	-	231
Total Public Safety	806	11,071	20,501	451	-	32,829
Other:						
Physical Environment	-	-	158	-	-	158
Road and Street Facilities	255,580	433	4,764	1,823	849,826	1,112,426
Economic Development	12,248	9,483	42	3,859	715	26,347
Human Services	167	5,748	74	7	-	5,996
Cultural and Recreation	7,697	23,853	3,815	7,319	258	42,942
Parking Facilities	-	-	-	-	-	-
Total Other	275,692	39,517	8,853	13,008	850,799	1,187,869
Total capital assets allocated to functions	\$ 363,909	\$ 102,546	\$ 43,043	\$ 14,354	\$ 851,314	1,375,166
Construction in Progress						25,163
Total capital assets						\$ 1,400,329

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



# CITY OF TALLAHASSEE, FLORIDA

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS Schedule of Changes by Function and Activity<sup>1</sup> for the fiscal year ended September 30, 2015 (in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2014	Additions	Deductions	Governmental Funds Capital Assets September 30, 2015
General Government:				
Legislative	\$ 56	\$ -	\$ 1	\$ 55
Executive	133	-	-	133
Financial & Administrative	1,767	13	2	1,778
Legal	54	39	-	93
Comprehensive Planning	460	4	11	453
Other General Government	144,592	7,877	513	151,956
Total General Government	<u>147,062</u>	<u>7,933</u>	<u>527</u>	<u>154,468</u>
Public Safety:				
Law Enforcement	23,776	8,957	135	32,598
Protective Inspection	239	11	19	231
Total Public Safety	<u>24,015</u>	<u>8,968</u>	<u>154</u>	<u>32,829</u>
Other:				
Physical Environment	142	18	2	158
Road and Street Facilities	1,084,434	28,761	769	1,112,426
Economic Development	25,828	519	-	26,347
Human Services	5,997	-	1	5,996
Cultural and Recreation	42,995	149	202	42,942
Parking Facilities	-	-	-	-
Total Other	<u>1,159,396</u>	<u>29,447</u>	<u>974</u>	<u>1,187,869</u>
Total capital assets allocated to functions	1,330,473	46,348	1,655	1,375,166
Construction in Progress	52,045	862	27,744	25,163
Total capital assets	<u>\$ 1,382,518</u>	<u>\$ 47,210</u>	<u>\$ 29,399</u>	<u>\$ 1,400,329</u>

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



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## **SUPPLEMENTARY INFORMATION**

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

Capital Bonds, Series 2008

Capital Bonds, Series 2009

Capital Bonds, Series 2012

Capital Bonds, Series 2014

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

Energy System Refunding Revenue Bonds, Series 2015

Consolidated Utility System Refunding Revenue Bonds, Series 2001

Consolidated Utility System Refunding Revenue Bonds, Series 2007

Consolidated Utility System Refunding Revenue Bonds, Series 2010A

Consolidated Utility System Refunding Revenue Bonds, Series 2010B

Consolidated Utility System Refunding Revenue Bonds, Series 2015

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

# CITY OF TALLAHASSEE, FLORIDA

## CAPITAL BONDS, SERIES 2008

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
2016	<u>\$ 1,345</u>	<u>\$ 46</u>	<u>\$ 1,391</u>
Totals	<u><u>\$ 1,345</u></u>	<u><u>\$ 46</u></u>	<u><u>\$ 1,391</u></u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## CAPITAL BONDS, SERIES 2009

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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	<u>615</u>	<u>11</u>	<u>626</u>
Totals	<u>\$ 17,715</u>	<u>\$ 4,314</u>	<u>\$ 22,029</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## CAPITAL BONDS, SERIES 2012

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 40,445</u>	<u>\$ 10,269</u>	<u>\$ 50,714</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## CAPITAL BONDS, SERIES 2014

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 39,850</u>	<u>\$ 22,509</u>	<u>\$ 62,359</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2001

SEPTEMBER 30, 2015  
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ <u>1,005</u>	\$ <u>55</u>	\$ <u>1,060</u>
Totals	\$ <u><u>1,005</u></u>	\$ <u><u>55</u></u>	\$ <u><u>1,060</u></u>

*See Independent Auditors' Report*



# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REVENUE BONDS, SERIES 2005

September 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
2016	<u>\$ 3,100</u>	<u>\$ 62</u>	<u>\$ 3,162</u>
Totals	<u><u>\$ 3,100</u></u>	<u><u>\$ 62</u></u>	<u><u>\$ 3,162</u></u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2007

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 182,170</u>	<u>\$ 142,238</u>	<u>\$ 324,408</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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	<u>14,225</u>	<u>707</u>	<u>14,932</u>
Totals	<u>\$ 77,845</u>	<u>\$ 30,401</u>	<u>\$ 108,246</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 42,250</u>	<u>\$ 14,994</u>	<u>\$ 57,244</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REVENUE BONDS, SERIES 2010B (FEDERALLY TAXABLE - BUILD AMERICA BONDS)

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 168,375</u>	<u>\$ 290,655</u>

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# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REVENUE BONDS, SERIES 2010C

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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	<u>900</u>	<u>39</u>	<u>939</u>
Totals	<u>\$ 30,715</u>	<u>\$ 9,864</u>	<u>\$ 40,579</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2011

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 3,365</u>	<u>\$ 240</u>	<u>\$ 3,605</u>

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# CITY OF TALLAHASSEE, FLORIDA

## ENERGY SYSTEM REFUNDING REVENUE BONDS SERIES 2015

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
2016	\$ 3,275	\$ 5,267	\$ 8,542
2017	4,020	4,527	8,547
2018	4,180	4,366	8,546
2019	4,390	4,157	8,547
2020	4,610	3,938	8,548
2021	4,840	3,707	8,547
2022	5,080	3,465	8,545
2023	5,335	3,211	8,546
2024	5,600	2,944	8,544
2025	5,880	2,664	8,544
2026	6,170	2,370	8,540
2027	6,485	2,062	8,547
2028	6,805	1,737	8,542
2029	7,145	1,397	8,542
2030	7,500	1,040	8,540
2031	7,880	665	8,545
2032	<u>5,420</u>	<u>271</u>	<u>5,691</u>
Totals	<u>\$ 94,615</u>	<u>\$ 47,788</u>	<u>\$ 142,403</u>

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# CITY OF TALLAHASSEE, FLORIDA

## CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2001

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 7,810</u>	<u>\$ 1,102</u>	<u>\$ 8,912</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2007

**SEPTEMBER 30, 2015**  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 151,675</u>	<u>\$ 100,383</u>	<u>\$ 252,058</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A (FEDERALLY TAXABLE - BUILD AMERICA BONDS)

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 127,159</u>	<u>\$ 244,174</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010B

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 24,700</u>	<u>\$ 8,396</u>	<u>\$ 33,096</u>

*See Independent Auditors' Report*

# CITY OF TALLAHASSEE, FLORIDA

## CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2015

SEPTEMBER 30, 2015  
(in thousands)

Fiscal Year	Principal	Interest	Total
2016	\$ 300	\$ 2,163	\$ 2,463
2017	350	2,148	2,498
2018	400	2,130	2,530
2019	450	2,110	2,560
2020	1,895	2,088	3,983
2021	2,115	1,993	4,108
2022	2,300	1,887	4,187
2023	2,485	1,797	4,282
2024	2,590	1,698	4,288
2025	2,715	1,568	4,283
2026	2,855	1,433	4,288
2027	2,995	1,290	4,285
2028	3,205	1,140	4,345
2029	3,425	980	4,405
2030	3,665	809	4,474
2031	2,060	625	2,685
2032	2,265	522	2,787
2033	2,490	409	2,899
2034	2,725	285	3,010
2035	<u>2,970</u>	<u>148</u>	<u>3,118</u>
Totals	<u>\$ 44,255</u>	<u>\$ 27,223</u>	<u>\$ 71,478</u>

See Independent Auditors' Report

# CITY OF TALLAHASSEE, FLORIDA

## SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS RELATED TO THE DEEPWATER HORIZON OIL SPILL for the fiscal year ended September 30, 2015 (in thousands)

<u>Source</u>	<u>Amount Received in the 2014-2015 Fiscal Year</u>	<u>Amount Expended in the 2014-2015 Fiscal Year</u>
<b>British Petroleum:</b>		
Agreement No. <u>2:10-md-02179-CJB-SS</u>	\$ 2,122	\$ -

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

*See Independent Auditors' Report*

# 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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<b>Financial Trends</b>	
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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<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant revenue source, the property tax.	
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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.*

# STATISTICAL SECTION

(Continued)

## Demographic and economic Information

## PAGE

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

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## Operating Information

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

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



# CITY OF TALLAHASSEE, FLORIDA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
		As Restated	As Restated							
Governmental activities										
Invested in capital assets, net of related debt	\$ 742,216	\$ 756,332	\$ 836,872	\$ 834,489	\$ 828,993	\$ 845,995	\$ 856,883	\$ 814,842	\$ 818,366	\$ 850,484
Restricted	99,012	62,644	36,648	81,811	100,242	20,868	23,760	19,365	19,618	18,882
Unrestricted	(56,651)	(2,497)	57,367	47,334	34,026	123,832	120,014	123,446	148,298	166,196
Total governmental activities net position	<u>\$ 784,577</u>	<u>\$ 816,479</u>	<u>\$ 930,887</u>	<u>\$ 963,634</u>	<u>\$ 963,261</u>	<u>\$ 990,695</u>	<u>\$ 1,000,657</u>	<u>\$ 957,653</u>	<u>\$ 986,282</u>	<u>\$ 1,035,562</u>
Business activities										
Net Investment in Capital Assets	\$ 809,395	\$ 763,439	\$ 772,446	\$ 760,472	\$ 661,648	\$ 681,553	\$ 614,673	\$ 628,969	\$ 665,127	\$ 609,204
Restricted	201,116	198,491	190,295	185,679	157,107	157,342	144,224	124,090	107,926	127,256
Unrestricted	202,099	210,447	196,515	211,978	271,654	235,337	262,443	242,474	195,053	142,816
Total Business activities net position	<u>\$ 1,212,610</u>	<u>\$ 1,172,377</u>	<u>\$ 1,159,256</u>	<u>\$ 1,158,129</u>	<u>\$ 1,090,409</u>	<u>\$ 1,074,232</u>	<u>\$ 1,021,340</u>	<u>\$ 995,533</u>	<u>\$ 968,106</u>	<u>\$ 879,276</u>
Primary government										
Invested in capital assets, net of related debt	\$ 1,551,611	\$ 1,519,771	\$ 1,609,318	\$ 1,594,961	\$ 1,490,641	\$ 1,527,548	\$ 1,471,556	\$ 1,443,383	\$ 1,483,493	\$ 1,459,688
Restricted	300,128	261,135	226,943	267,490	257,349	178,210	167,984	143,455	127,544	146,138
Unrestricted	145,448	207,950	253,882	259,312	305,680	359,169	382,457	365,920	343,351	309,012
Total primary government net position	<u>\$ 1,997,187</u>	<u>\$ 1,988,856</u>	<u>\$ 2,090,143</u>	<u>\$ 2,121,763</u>	<u>\$ 2,053,670</u>	<u>\$ 2,064,927</u>	<u>\$ 2,021,997</u>	<u>\$ 1,952,758</u>	<u>\$ 1,954,388</u>	<u>\$ 1,914,838</u>

# CITY OF TALLAHASSEE, FLORIDA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 32,352	\$ 16,581	\$ 20,184	\$ 19,068	\$ 22,409	\$ 22,575	\$ 22,254	\$ 20,737	\$ 23,047	\$ 26,495
Public Safety	61,703	75,241	57,636	56,044	54,676	50,298	53,819	54,416	50,875	48,312
Transportation	19,928	35,786	19,430	20,421	23,648	19,571	23,193	23,314	20,896	28,614
Human Services	3,097	2,516	3,428	3,117	2,897	2,715	3,984	6,863	6,182	5,710
Economic Development	7,337	5,616	9,564	8,710	11,277	9,265	10,575	7,828	9,143	9,241
Physical Environment	1,489	2,528	2,829	3,354	2,158	2,350	5,318	4,739	3,499	2,864
Culture and Recreation	22,289	23,414	21,906	21,374	20,642	20,264	20,650	19,459	18,168	26,335
Unallocated Depreciation on Infrastructure	27,477	26,633	26,413	26,401	26,733	26,210	26,584	23,956	24,002	24,110
Interest on Long-Term Debt	4,966	2,805	2,718	4,740	4,556	4,528	5,205	5,798	4,855	6,396
Total governmental activities expenses	\$ 180,638	\$ 191,120	\$ 164,108	\$ 163,229	\$ 168,996	\$ 157,776	\$ 171,582	\$ 167,110	\$ 160,667	\$ 178,077
Business-type activities										
Electric	\$ 248,266	\$ 256,301	\$ 237,358	\$ 266,145	\$ 303,715	\$ 307,823	\$ 347,955	\$ 346,318	\$ 323,181	\$ 315,083
Gas	28,480	25,304	27,452	30,121	44,773	47,823	42,618	51,609	40,063	52,383
Sewer	46,804	51,258	48,374	44,790	42,411	42,792	39,515	37,855	35,747	33,839
Water	24,770	25,133	26,509	26,277	28,942	21,402	24,764	21,083	19,057	20,684
Airport	19,120	16,733	13,840	12,861	14,635	18,656	20,141	16,298	16,084	13,301
StarMetro	21,397	20,706	20,851	19,123	18,581	17,364	18,059	18,358	16,299	15,374
Solid Waste	20,700	25,346	22,016	21,269	19,066	20,126	20,075	20,579	20,791	19,333
Golf	973	1,012	1,023	1,037	870	889	1,389	1,264	1,165	1,432
Stormwater Management	14,837	14,585	13,939	15,064	17,522	13,213	12,098	10,629	9,878	9,950
Fire Services	36,787	41,237	33,256	32,054	30,764	27,597	28,099	27,612	25,197	24,790
Total business-type activities expenses	\$ 462,134	\$ 477,615	\$ 444,618	\$ 468,741	\$ 521,279	\$ 517,685	\$ 554,713	\$ 551,605	\$ 507,462	\$ 506,169
Total primary government expenses	\$ 642,772	\$ 668,735	\$ 608,726	\$ 631,970	\$ 690,275	\$ 675,461	\$ 726,295	\$ 718,715	\$ 668,129	\$ 684,246

# CITY OF TALLAHASSEE, FLORIDA

## CHANGES IN NET POSITION

Last of Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,192	\$ 2,106	\$ 2,074	\$ 1,923	\$ 1,813	\$ 1,638	\$ 2,096	\$ 1,665	\$ 1,835	\$ 1,986
Public Safety	2,487	2,649	3,377	2,806	3,133	2,071	4,156	2,173	3,726	3,364
Transportation	2,540	2,484	2,911	2,509	2,547	2,821	2,330	2,250	2,224	2,459
Human Services	965	888	787	969	612	503	770	692	1,347	1,088
Economic Development	-	-	-	-	-	220	-	-	-	61
Physical Environment	1,187	1,057	980	1,139	997	861	873	4,049	2,082	2,036
Culture and Recreation	3,956	3,895	3,956	3,759	3,697	3,378	3,260	3,142	3,859	3,614
Operating Grants and Contributions	1,549	566	5,705	11,031	8,791	9,923	8,006	9,510	9,635	22,238
Capital Grants and Contributions	13	1	5,073	8,121	6,800	383	72,446	742	5,375	110
Total Governmental Activities Program Revenues	\$ 14,889	\$ 13,646	\$ 24,863	\$ 32,257	\$ 28,390	\$ 21,798	\$ 93,937	\$ 24,223	\$ 30,083	\$ 36,956
Business-type Activities:										
Charges for Services:										
Electric	\$ 286,271	\$ 280,317	\$ 257,511	\$ 285,660	\$ 317,647	\$ 341,778	\$ 369,923	\$ 369,483	\$ 347,388	\$ 341,203
Gas	34,564	33,225	32,731	34,082	48,311	52,697	46,521	53,691	43,321	55,684
Sewer	62,184	60,126	59,624	60,172	59,046	53,648	48,061	45,668	39,721	35,896
Water	30,787	29,631	28,137	30,321	30,515	25,673	26,230	25,764	27,988	24,813
Airport	12,840	13,328	11,564	11,660	11,498	11,729	12,203	12,713	12,494	11,437
StarMetro	4,705	4,954	4,759	5,008	4,542	4,509	6,496	4,258	3,640	3,231
Solid Waste	23,553	24,751	23,252	23,046	21,859	21,200	21,658	19,746	18,778	18,326
Golf	771	885	894	1,024	876	858	1,070	936	1,007	981
Stormwater Management	18,380	17,552	17,669	20,812	17,732	18,906	18,417	16,516	15,350	14,557
Fire Services	32,772	32,260	32,660	31,399	31,194	30,297	23,952	23,962	23,663	23,002
Operating Grants and Contributions	5,465	9,295	5,861	6,873	5,541	3,648	4,148	3,407	3,875	5,021
Capital Grants and Contributions	16,395	14,767	11,584	20,026	7,659	14,261	12,624	7,245	18,969	10,600
Total Business-type Activities Program Revenues	\$ 528,687	\$ 521,091	\$ 486,246	\$ 530,083	\$ 556,420	\$ 579,204	\$ 591,303	\$ 583,389	\$ 556,194	\$ 544,751
Total Primary Government Program Revenues	\$ 543,576	\$ 534,737	\$ 511,109	\$ 562,340	\$ 584,810	\$ 601,002	\$ 685,240	\$ 607,612	\$ 586,277	\$ 581,707
<b>Net (Expenses) Revenues</b>										
Governmental Activities	\$ (165,749)	\$ (177,474)	\$ -	\$ (130,972)	\$ (140,606)	\$ (135,978)	\$ (77,645)	\$ (142,887)	\$ (130,584)	\$ (141,121)
Business-Type Activities	66,553	43,476	41,628	61,342	35,141	61,519	36,590	31,784	48,732	38,582
Total Primary Government Net Expenses	\$ (99,196)	\$ (133,998)	\$ 41,628	\$ (69,630)	\$ (105,465)	\$ (74,459)	\$ (41,055)	\$ (111,103)	\$ (81,852)	\$ (102,539)

# CITY OF TALLAHASSEE, FLORIDA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 32,947	\$ 31,528	\$ 31,520	\$ 33,483	\$ 34,438	\$ 35,113	\$ 34,001	\$ 33,570	\$ 35,630	\$ 31,583
Local Option Sales Tax	-	-	-	-	-	-	-	-	-	3,915
Local Option Gas Tax	-	-	-	-	-	-	-	-	-	4,118
Public Service Tax	23,728	23,429	22,835	22,524	22,595	23,140	22,834	22,144	21,747	19,930
Business License Tax	5,101	5,123	4,972	5,157	6,229	5,214	1,808	1,825	1,799	-
Occupational Licenses and Franchise Fees	-	-	-	-	-	-	-	-	-	1,654
Grants and Contributions Not Restricted to Specific Programs	28,304	27,942	24,046	24,260	24,051	24,181	23,265	24,969	26,216	15,811
Unrestricted Investment Earnings	3,044	1,740	4,084	3,499	3,431	5,985	5,054	7,039	8,373	9,861
Net Securities Lending Income	-	5	14	11	15	12	224	268	90	-
Net Increase (Decrease) in Fair Value of Investments	14	131	(1,658)	76	(689)	1,045	3,719	(2,091)	1,282	933
Miscellaneous	7,634	13,052	1,806	5,058	1,455	1,738	4,284	2,008	3,120	131
Gain (Loss) on the Sale of Capital Assets	-	-	-	-	-	-	-	599	853	-
Special Item - Reclassification of Internal Service Funds	-	-	-	-	-	-	-	-	(54,332)	-
Transfers	33,075	31,021	29,104	29,246	26,978	29,588	25,888	21,470	25,830	27,410
Total Governmental Activities	\$ 133,847	\$ 133,971	\$ 116,723	\$ 123,314	\$ 118,503	\$ 126,016	\$ 121,077	\$ 111,801	\$ 70,608	\$ 115,346
Business-Type Activities:										
Unrestricted Investment Earnings	\$ 6,684	\$ 5,332	\$ 6,857	\$ 7,177	\$ 7,939	\$ 12,374	\$ 6,499	\$ 12,937	\$ 13,219	\$ 9,162
Net Securities Lending Income	-	38	30	25	40	31	286	441	142	-
Net Increase (Decrease) in Fair Value of Investments	52	202	(7,495)	426	2,235	3,912	8,320	(6,602)	3,513	1,137
Miscellaneous	19	2,058	-	(1)	18	381	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	(1,615)	(4,232)	-
Special Item - Reclassification of Internal Service Funds	-	-	-	-	-	-	-	-	54,332	-
Transfers	(33,075)	(31,021)	(29,104)	(29,246)	(26,978)	(29,588)	(25,888)	(21,470)	(25,830)	(27,410)
Total Business-type Activities	\$ (26,320)	\$ (23,391)	\$ (29,712)	\$ (21,619)	\$ (16,746)	\$ (12,890)	\$ (10,783)	\$ (16,309)	\$ 41,144	\$ (17,111)
Total Primary Government	\$ 107,527	\$ 110,580	\$ 87,011	\$ 101,695	\$ 101,757	\$ 113,126	\$ 110,294	\$ 95,492	\$ 111,752	\$ 98,235
<b>Change in Net Position</b>										
Governmental Activities	\$ (31,902)	\$ (43,503)	\$ (22,522)	\$ 123,314	\$ (22,103)	\$ (9,962)	\$ 43,432	\$ (31,086)	\$ (59,976)	\$ (25,775)
Business Activities	40,233	20,085	11,916	39,723	18,395	48,629	25,807	15,475	89,876	21,471
Total Primary Government	\$ 8,331	\$ (23,418)	\$ (10,606)	\$ 163,037	\$ (3,708)	\$ 38,667	\$ 69,239	\$ (15,611)	\$ 29,900	\$ (4,304)

# CITY OF TALLAHASSEE, FLORIDA

## FUND BALANCES, GOVERNMENTAL FUNDS

### Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	4,018	\$ 3,649	\$ 2,189	\$ 1,838	\$ 904
Unreserved	-	-	-	-	-	12,594	5,288	5,083	8,075	15,580
Nonspendable	809	819	700	709	275	-	-	-	-	-
Spendable:										
Committed	25,420	21,414	20,552	21,746	16,979	-	-	-	-	-
Assigned	2,479	2,545	1,741	1,777	1,417	-	-	-	-	-
Unassigned	1,041	2,472	1,575	160	68	-	-	-	-	-
Total General Fund	<u>\$ 29,749</u>	<u>\$ 27,250</u>	<u>\$ 24,568</u>	<u>\$ 24,392</u>	<u>\$ 18,739</u>	<u>\$ 16,612</u>	<u>\$ 8,937</u>	<u>\$ 7,272</u>	<u>\$ 9,913</u>	<u>\$ 16,484</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	88,301	\$ 95,483	\$ 117,767	\$ 122,256	\$ 107,474
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	9,621	5,813	(1,085)	2,218	1,120
Capital Projects funds	-	-	-	-	-	14,028	19,931	3,737	14,472	17,313
Permanent funds	-	-	-	-	-	6,184	6,298	6,457	6,666	6,274
Non-Spendable	580	626	1,226	1,696	424	-	-	-	-	-
Spendable:										
Restricted	44,722	56,705	29,526	64,690	83,786	-	-	-	-	-
Committed	23,715	25,673	26,627	25,612	23,409	-	-	-	-	-
Assigned	-	-	2,136	2,586	2,561	-	-	-	-	-
Unassigned	(148)	(605)	(1,073)	(1,881)	(2,581)	-	-	-	-	-
Total all Other Governmental Funds	<u>\$ 68,869</u>	<u>\$ 82,399</u>	<u>\$ 58,442</u>	<u>\$ 92,703</u>	<u>\$ 107,599</u>	<u>\$ 118,134</u>	<u>\$ 127,525</u>	<u>\$ 126,876</u>	<u>\$ 145,612</u>	<u>\$ 132,181</u>

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

# CITY OF TALLAHASSEE, FLORIDA

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS Last Ten Fiscal Years (modified accrual basis of accounting) (in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
							As Restated	As Restated		
<b>Revenues:</b>										
Taxes	\$ 56,675	\$ 54,962	\$ 54,357	\$ 56,006	\$ 57,033	\$ 58,253	\$ 56,835	\$ 57,714	\$ 57,377	\$ 59,546
Licenses and Permits	6,176	6,047	5,745	5,967	7,132	5,936	11,072	6,149	7,061	6,058
Intergovernmental Revenues	33,231	39,032	34,350	43,105	39,637	34,376	38,892	34,474	39,534	37,641
Charges for Services	9,043	8,789	9,184	8,866	8,210	8,020	7,783	7,048	7,028	7,032
Fines and Forfeitures	1,550	1,713	2,478	2,647	2,436	1,162	1,361	1,594	1,549	1,613
Net Investment Earnings	2,847	1,550	3,748	3,065	2,964	5,312	4,094	5,690	7,010	7,371
Securities Lending Income	-	10	49	51	38	33	320	1,592	2,720	-
Net Inc (Dec) in the Fair Value of Investments	12	126	(1,491)	30	(617)	919	3,279	(1,637)	1,100	680
Miscellaneous Revenues	15,631	12,765	13,013	15,371	11,719	11,045	12,509	12,032	11,900	10,491
<b>Total Revenues</b>	<b>\$ 125,165</b>	<b>\$ 124,994</b>	<b>\$ 121,433</b>	<b>\$ 135,108</b>	<b>\$ 128,552</b>	<b>\$ 125,056</b>	<b>\$ 136,145</b>	<b>\$ 124,656</b>	<b>\$ 135,279</b>	<b>\$ 130,432</b>
<b>Expenditures:</b>										
General Government	\$ 30,497	\$ 28,660	\$ 26,007	\$ 26,915	\$ 29,833	\$ 29,689	\$ 30,095	\$ 30,766	\$ 27,690	\$ 38,237
Public Safety	58,615	57,281	55,861	54,138	52,502	50,499	51,110	51,730	50,247	45,381
Transportation	33,231	34,270	51,224	39,910	32,498	28,670	30,653	35,718	32,858	39,794
Human Services	2,955	2,375	3,284	2,977	2,781	2,639	3,585	6,594	6,139	5,524
Economic Environment	7,636	8,621	9,194	11,994	11,577	12,096	11,189	7,811	9,939	12,852
Physical Environment	3,390	2,406	2,890	3,200	2,452	2,539	4,130	5,259	3,617	2,829
Cultural and Recreation	21,986	22,486	21,242	20,452	19,894	19,845	19,426	18,981	18,134	26,018
Securities Lending Expense:										
Interest	-	5	33	40	21	20	92	1,317	2,624	-
Agent Fees	-	1	3	2	3	2	47	56	20	-
<b>Debt Service:</b>										
Principal Retired	6,620	6,050	5,320	10,675	4,615	6,890	4,750	4,160	4,055	3,955
Interest and Fiscal Charges	5,324	3,105	2,956	5,010	4,571	4,657	4,821	4,917	4,795	5,410
Bond Issuance Costs	-	263	236	-	-	-	-	-	-	-
Advance Refunding Escrow	-	-	10,340	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 170,254</b>	<b>\$ 165,523</b>	<b>\$ 188,590</b>	<b>\$ 175,313</b>	<b>\$ 160,747</b>	<b>\$ 157,546</b>	<b>\$ 159,898</b>	<b>\$ 167,309</b>	<b>\$ 160,118</b>	<b>\$ 180,000</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(45,089)</b>	<b>(40,529)</b>	<b>(67,157)</b>	<b>(40,205)</b>	<b>(32,195)</b>	<b>(32,490)</b>	<b>(23,753)</b>	<b>(42,653)</b>	<b>(24,839)</b>	<b>(49,568)</b>
<b>Other Financing Sources (Uses):</b>										
Transfers In	55,167	\$ 52,970	\$ 53,159	\$ 54,769	\$ 56,428	\$ 49,992	\$ 53,681	\$ 45,652	\$ 48,134	\$ 48,607
Transfers Out	(21,426)	(20,283)	(23,143)	(23,807)	(27,310)	(19,218)	(27,614)	(24,128)	(21,970)	(22,233)
Sale of Capital Assets	317	579	3,055	-	-	-	-	-	-	-
Proceeds from Loans from Other Funds	-	-	-	-	-	-	-	-	-	-
Refunding Bond Issue	-	33,902	58,164	-	-	-	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	(58,164)	-	-	-	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-	-	-	-	1,752	852	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 34,058</b>	<b>\$ 67,168</b>	<b>\$ 33,071</b>	<b>\$ 30,962</b>	<b>\$ 29,118</b>	<b>\$ 30,774</b>	<b>\$ 26,067</b>	<b>\$ 23,276</b>	<b>\$ 27,016</b>	<b>\$ 26,374</b>
<b>Net Change in Fund Balances</b>	<b>\$ (11,031)</b>	<b>\$ 26,639</b>	<b>\$ (34,086)</b>	<b>\$ (9,243)</b>	<b>\$ (3,077)</b>	<b>\$ (1,716)</b>	<b>\$ 2,314</b>	<b>\$ (19,377)</b>	<b>\$ 2,177</b>	<b>\$ (23,194)</b>
<b>Debt Services as a Percentage of Noncapital Expenditures</b>	<b>7.12 %</b>	<b>6.59 %</b>	<b>5.17 %</b>	<b>10.47 %</b>	<b>6.18 %</b>	<b>8.03 %</b>	<b>10.52 %</b>	<b>6.12 %</b>	<b>6.14 %</b>	<b>6.01 %</b>

<sup>(1)</sup>Capital Outlay is reported in Note II.B.

# CITY OF TALLAHASSEE, FLORIDA

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

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>(2)</sup>	Taxable Assessed Value as a Percentage of Actual Value <sup>(3)</sup>
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
2015	15,242,081	1,696,448	6,113	7,718,416	9,226,228	3.70	19,934,875	46.28

Source: Leon County Property Appraiser

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

<sup>(1)</sup> Total assessed values less exemptions

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

<sup>(3)</sup> Calculated Figure

# CITY OF TALLAHASSEE, FLORIDA

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

Fiscal Year	Direct	Overlapping				Total
	City of Tallahassee	Leon County School Board	Debt Service	Leon County	N.W . Fla Water Management	
	Operating	Operating		Operating	Operating	
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
2015	3.70	7.38	-	8.31	0.04	19.43

Source: Leon County Tax Collector



# CITY OF TALLAHASSEE, FLORIDA

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

Tax payer	Types of Business	2015				2006			
		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	\$ 128,568	1	1.39 %		\$ 265,543	1	1.51 %	
Smith Interest General Partnership	Retail	124,943	2	1.35		135,016	2	0.77	
Florida Gas Transmission Company	Utilities	75,854	3	0.82		42,626	8	0.24	
Tallahassee Medical Center, Inc.	Medical	67,950	4	0.74		78,496	4	0.44	
Talquin Electric Coop	Utilities	62,671	5	0.68		105,174	3	0.60	
DRA CRT Tallahassee Center	Real Estate	56,733	6	0.61		52,731	6	0.30	
Walmart Stores, Inc	Retail	50,047	7	0.54		47,070	7	0.27	
St. Joe Company	Development	44,365	8	0.48		NA		-	
Comcast Cablevision, Inc.	Communications	43,473	9	0.47		31,631	10	0.18	
Bainbridge Campus Apartments	Real Estate	41,161	10	0.45		NA	-	-	
Capital City Bank	Banking	-	-	-		32,358	9	0.18	
Kroger Properties	Retail	-	-	-		-	-	-	
Stiles, J.A, III Etal, Trust	Real Estate	-	-	NA		58,655	5	0.33	
Total		<u>\$ 695,765</u>		<u>7.53 %</u>		<u>\$ 849,300</u>		<u>4.82 %</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
2006	\$ 31,875	\$ 30,191	94.7 %	\$ -	\$ 30,191	94.7 %
2007	37,370	35,440	94.6	23	35,463	95.1
2008	35,416	33,595	94.9	78	33,673	95.1
2009	34,704	33,063	95.3	110	33,172	95.6
2010	36,704	35,031	95.4	88	35,119	95.7
2011	35,918	34,076	94.9	243	34,319	95.5
2012	34,707	33,055	95.2	69	33,124	95.4
2013	32,648	31,458	96.4	49	31,507	96.5
2014	32,673	31,471	96.3	40	31,511	96.4
2015	34,392	32,891	95.6	-	32,891	95.6

N/A - Information not available.

# CITY OF TALLAHASSEE, FLORIDA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
TOTAL VALUATIONS	\$ 16,944,644	\$ 16,160,618	\$ 16,163,157	\$ 17,095,072	\$ 17,337,336	\$ 17,774,239	\$ 19,580,463	\$ 19,251,581	\$ 17,643,758	\$ 14,983,276
EXEMPTIONS										
Agricultural Adjustment	\$ 42,463	\$ 37,998	\$ 38,173	\$ 38,367	\$ 38,591	\$ 37,371	\$ 72,812	\$ 66,919	\$ 37,636	\$ 34,920
Government Exemption	4,839,361	4,641,924	4,620,454	4,782,072	4,691,503	4,742,678	5,107,970	5,033,493	4,843,510	4,230,744
Institutional Exemption	667,825	658,118	643,767	667,240	663,234	638,457	698,220	667,120	597,011	503,931
Individual/Homestead Exemptions	1,319,847	1,329,354	1,354,810	1,382,463	1,402,154	2,362,458	2,862,860	2,277,245	2,044,997	1,581,633
Other Exemptions & Adjustments	848,920	675,118	707,727	964,826	870,059	73,340	47,173	43,990	37,425	31,530
TOTAL EXEMPTION AND ADJUSTMENTS	\$ 7,718,416	\$ 7,342,512	\$ 7,364,931	\$ 7,834,968	\$ 7,665,541	\$ 7,854,304	\$ 8,789,035	\$ 8,088,767	\$ 7,560,579	\$ 6,382,758
TAXABLE VALUATION	\$ 9,226,228	\$ 8,818,106	\$ 8,798,226	\$ 9,260,104	\$ 9,671,795	\$ 9,919,935	\$ 10,791,428	\$ 11,162,814	\$ 10,083,179	\$ 8,600,518
MILLAGE LEVIED	3.700	3.700	3.700	3.700	3.212	3.170	3.700	3.700	3.700	3.200
TOTAL TAXES LEVIED	\$ 34,392	\$ 32,673	\$ 32,648	\$ 34,707	\$ 35,918	\$ 36,704	\$ 34,704	\$ 35,416	\$ 37,370	\$ 31,875
Less: Adjustments & Discount	1,214	1,145	1,129	1,167	1,180	1,213	1,130	1,172	1,253	1,079
Net Taxes Levied	\$ 33,178	\$ 31,528	\$ 31,519	\$ 33,540	\$ 34,738	\$ 35,491	\$ 33,574	\$ 34,244	\$ 36,117	\$ 30,796
NET COLLECTED <sup>(1)(2)</sup>	\$ 32,891	\$ 31,511	\$ 31,507	\$ 33,055	\$ 33,124	\$ 35,119	\$ 33,172	\$ 33,673	\$ 35,442	\$ 30,191

Source: Leon County Property Appraiser

<sup>(1)</sup> 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.

<sup>(2)</sup> Net collected includes penalties or late payments.

# CITY OF TALLAHASSEE, FLORIDA

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

	<u>2015</u>	<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>
Governmental Activities:										
General Revenue Bonds	\$ 99,355	\$ 105,975	\$ 71,800	\$ 90,475	\$ 101,150	\$ 106,905	\$ 115,760	\$ 84,135	\$ 87,795	\$ 91,350
Sunshine State Loan Payable	-	-	-	-	-	2,300	2,300	30,200	30,700	31,200
Total Government Activities	<u>\$ 99,355</u>	<u>\$ 105,975</u>	<u>\$ 71,800</u>	<u>\$ 90,475</u>	<u>\$ 101,150</u>	<u>\$ 109,205</u>	<u>\$ 118,060</u>	<u>\$114,335</u>	<u>\$ 118,495</u>	<u>\$ 122,550</u>
Business-Type Activities:										
Energy System	\$ 461,725	\$ 579,023	\$ 600,857	\$ 603,011	\$ 614,160	\$ 462,580	\$ 479,590	\$ 479,590	\$ 487,910	\$ 290,100
Energy System Refunding	95,620	2,005	3,215	4,345	5,420	9,805	11,730	11,730	12,635	19,975
Airport Refunding	-	-	-	925	1,810	2,665	4,290	4,290	5,070	5,830
Consolidated Utility System Refunding	345,455	323,440	335,904	336,235	342,245	348,020	214,485	214,485	53,680	57,360
Sunshine State Loan Payable	-	-	-	-	-	35,961	38,200	57,030	61,143	61,506
AMI Loan Payable	26,282	28,941	33,332	35,706	37,987	40,230	37,431	35,300	-	-
Total Business-Type Activities	<u>\$ 929,082</u>	<u>\$ 933,409</u>	<u>\$ 973,308</u>	<u>\$ 980,222</u>	<u>\$ 1,001,622</u>	<u>\$ 899,261</u>	<u>\$ 785,726</u>	<u>\$ 802,425</u>	<u>\$ 620,438</u>	<u>\$ 434,771</u>
Total Primary Government	<u>\$ 1,028,437</u>	<u>\$ 1,039,384</u>	<u>\$ 1,045,108</u>	<u>\$ 1,070,697</u>	<u>\$ 1,102,772</u>	<u>\$ 1,008,466</u>	<u>\$ 903,786</u>	<u>\$ 916,760</u>	<u>\$ 738,933</u>	<u>\$ 557,321</u>
Per Capita	<u>\$ 5,471</u>	<u>\$ 5,595</u>	<u>\$ 5,604</u>	<u>\$ 5,830</u>	<u>\$ 6,043</u>	<u>\$ 5,636</u>	<u>\$ 5,081</u>	<u>\$ 5,155</u>	<u>\$ 4,188</u>	<u>\$ 3,161</u>

# CITY OF TALLAHASSEE, FLORIDA

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING for the fiscal year ended September 30, 2015 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 <sup>(1)</sup>	Per Capita <sup>(2)</sup>
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
2015	99,355	0.50	529

Source: City of Tallahassee, Accounting Services

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

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

# CITY OF TALLAHASSEE, FLORIDA

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2015

(in thousands)

Government Unit	Debt Outstanding	Estimated Percentage Applicable <sup>(1)</sup>	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Leon County School Board <sup>(2)</sup>	\$ 200,783	66 %	\$ 132,517
Debt repaid with non self-supporting revenue debt			
Leon County <sup>(3)</sup>	50,553	66 %	33,365
Subtotal, Overlapping Debt		-	165,882
City Direct Debt		-	<u>99,355</u>
Total Direct and Overlapping Debt		-	<u>\$ 265,237</u>

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

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

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

# CITY OF TALLAHASSEE, FLORIDA

## COMPUTATION OF LEGAL DEBT MARGIN SEPTEMBER 30, 2015 (in thousands)

TAXABLE ASSESSED VALUE	<u>\$ 9,226,228</u>
Debt Limit 20 Percent of Assessed Value	<u>\$ 1,845,246</u>

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

# CITY OF TALLAHASSEE, FLORIDA

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

Fiscal Year Ending				Debt Service Requirements <sup>(3)</sup>			Coverage
	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Principal	Interest	Total	
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
2015	314,807	217,485	97,322	11,058	26,703	37,761	2.58

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

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

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



# CITY OF TALLAHASSEE, FLORIDA

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

Fiscal Year Ending				Debt Service Requirements <sup>(3)</sup>			Coverage
	Gross Revenues <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Principal	Interest	Total	
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
2015	101,087	52,429	48,658	6,695	15,747	22,442	2.17

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

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

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

# CITY OF TALLAHASSEE, FLORIDA

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Year	Estimated <sup>(1)</sup> Population	Airline Passengers	Electric KWH Sold (000's)	Water Consumed (Gals) (Millions)	Gas Used (Cu. Ft.) (Millions)	Housing Units	Leon County School (2) Enrollment
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
2015	187,996	690,533	2,677,292	8,540	2,930	86,735	34,797

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)
2006	\$ 10,840,258	\$ 31,180	87,522	85,102	2,420	3.6 %
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	-	94,927	87,142	7,785	8.2
2012	N/A	N/A	96,530	89,636	6,894	7.1
2013	N/A	N/A	97,523	91,785	5,738	5.9
2014	N/A	N/A	101,034	95,302	5,732	5.7
2015	N/A	N/A	99,331	94,321	5,010	5.0

Source: City records, except as noted.

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

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

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

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

N/A - Not Available

# CITY OF TALLAHASSEE, FLORIDA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	Type of Business	2015 <sup>(1)</sup>			2006 <sup>(2)</sup>		
		Number of Employees	Rank	% age of Total	Number of Employees	Rank	% age of Total
State of Florida	Government	19,442	1	35.8 %	25,204	1	47.9 %
Florida State University	Education	14,378	2	26.8	8,784	2	16.7
Leon Co. School Board	Education	5,383	3	8.3	4,403	3	8.4
Tallahassee Memorial Healthcare	Healthcare	4,583	4	8.3	2,850	5	5.4
City of Tallahassee	Government	2,811	5	5.2	3,327	4	6.3
Publix	Retail	2,200	6	3.7	2,000	7	3.8
Florida A & M University	Education	1,767	7	3.5	2,681	6	5.1
Leon County	Government	1,712	8	3.3	1,522	8	2.9
Tallahassee Community College	Education	1,518	9	3.2	1,090	9	2.1
Capital Regional Medical Center <sup>(3)</sup>	Healthcare	1,051	10	1.9			-
Sprint	Telecommunications	0		-	740	10	1.4
Total		<u>54,845</u>		<u>100.0 %</u>	<u>52,601</u>		<u>100.0 %</u>

<sup>(1)</sup> Data from employers or Website

<sup>(2)</sup> Data from Leon County CAFR 2004.

<sup>(3)</sup> Formerly known as the "Tallahassee Community Hospital".

# CITY OF TALLAHASSEE, FLORIDA

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
City Commission & Appointed Official	134	133	130	130	130	130	139	132	133	132
Administration	183	181	179	182	181	184	198	188	191	187
Aviation	53	53	53	53	53	53	54	54	54	54
Communications	14	13	13	12	12	11	12	13	13	12
Customer Services	1	1	1	1	1	1	1	2	2	2
Economic and Community Development	36	37	37	37	38	38	57	N/A	N/A	N/A
Economic Development	-	-	-	-	-	-	-	7	8	9
Electric	302	298	298	298	295	295	291	290	290	282
Emergency Management	1	1	1	1	1	1	1	N/A	N/A	N/A
Energy Services	-	30	29	29	29	31	23	N/A	N/A	N/A
EPER	14	14	13	13	12	12	12	N/A	N/A	N/A
Fire	280	280	280	280	280	272	263	267	267	265
Fleet	61	59	58	57	57	58	57	58	59	60
Gas	-	-	-	-	-	-	-	40	40	40
Growth Management	63	63	62	61	61	58	75	83	83	80
Neighborhood & Community Services	-	-	-	-	-	-	-	85	86	83
Parks & Recreation & Neighborhood Affairs	171	171	170	172	171	172	176	152	154	154
Planning	26	26	26	27	27	27	28	29	29	28
Police	433	427	427	483	485	485	489	498	499	492
Public Works	285	286	283	278	279	283	301	254	260	265
Solid Waste	84	87	88	88	89	91	99	102	108	107
Stormwater	-	-	-	-	-	-	-	91	94	85
StarMetro	170	170	170	170	168	168	169	167	169	140
Utility Services	145	120	120	112	112	114	120	167	166	165
Underground Utilities	361	361	362	362	360	364	367	N/A	N/A	N/A
Water Utility	-	-	-	-	-	-	-	303	304	301
Total	<u>2,817</u>	<u>2,811</u>	<u>2,800</u>	<u>2,846</u>	<u>2,841</u>	<u>2,848</u>	<u>2,932</u>	<u>2,982</u>	<u>3,009</u>	<u>2,943</u>

Source: City of Tallahassee Budget

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

"N / A" = not applicable

# CITY OF TALLAHASSEE, FLORIDA

## OPERATING INDICATORS BY FUNCTION / PROGRAM Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Arrests	5,933	6,053	5,360	5,362	5,777	7,171	6,619	N/A	7,002	7,033
Traffic violations	13,652	13,039	30,166	31,508	32,838	25,757	21,319	34,300	32,015	36,991
Parking violations	15,948	17,872	17,146	16,104	15,385	18,187	19,333	19,711	25,186	25,548
Fire										
Emergency responses	24,704	22,075	22,820	22,920	21,856	21,541	17,786	25,101	15,896	16,415
Fires reported	1,047	1,153	1,206	1,379	1,537	1,172	1,511	1,443	1,973	1,793
Gas										
Daily average consumption (MCF)	8,030	8,030	6,800	6,959	7,387	7,650	6,878	6,111	6,347	6,392
Number of service connections	29,659	29,275	28,576	28,018	27,654	26,948	26,448	26,447	26,348	25,888
Water										
Daily average consumption (MGD)	26	26	26	26	27	26	N/A	33	33	27
Number of service connections	83,554	83,384	83,095	82,606	82,133	81,945	82,016	82,069	81,275	79,887
Electric										
Net Sustem Energy Generated (K W H) (Millions)	2,773	2,763	2,638	2,248	2,374	2,293	2,657	2,725	2,758	2,758
Average number residential customers	88,112	87,674	87,862	86,921	86,945	86,041	85,889	86,151	93,258	91,490
Average residential monthly bill	123	121	113	118.00	138.00	143.25	153.23	148.74	147.68	140.50
Sewage										
Daily average treatment (MDG)	16	16	18	16	15	16	-	-	17	17
Number of service connections	71,556	71,440	71,172	70,660	70,279	70,015	69,966	69,913	69,048	66,063
Transit										
Total revenue miles	2,246,364	2,591,582	2,140,779	2,089,369	2,060,351	2,035,922	1,966,766	N/A	1,604,339	1,908,268
Passengers trips	4,260,333	4,241,111	4,585,634	4,759,287	4,716,971	4,789,938	4,409,041	N/A	4,136,790	4,304,334
Solid Waste										
Number of customers	63,455	63,284	63,190	62,859	62,935	62,585	62,621	63,284	63,608	63,176
Refuse collected (in tons)	144,488	119,659	117,392	137,346	129,091	142,643	145,707	N/A	159,002	157,253
Recyclables collected (in tons)	24,474	33,752	96,405	10,614	19,793	9,925	6,172	6,884	9,361	8,055
Airport										
Number of passengers	690,533	708,433	697,633	684,990	633,706	670,978	734,151	821,716	947,165	993,860

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular units										
Marked vehicles	289	284	284	266	256	257	295	318	311	291
Motorcycles	9	9	9	9	9	9	9	9	9	9
Unmarked vehicles	137	143	137	133	127	139	137	170	144	132
Bicycle patrol units	16	15	15	7	9	9	9	N/A	12	12
Fire stations	16	15	15	15	15	15	15	15	15	15
Gas										
Gas lines (in miles)	885	881	878	868	860	845	834	818	806	780
Plant Capacity (MCF)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Water										
Water mains (in miles)	1,212	1,206	1,203	1,193	1,197	1,212	1,212	1,181	1,170	1,147
Deep Wells	27	27	27	27	27	26	27	27	27	27
Plant Capacity (MGD)	74	76	74	74	72	74	72	72	72	74
Electric										
Generating plants	3	3	3	3	3	3	3	3	3	3
Generating capacity (K W)	746	746	794	805	805	805	805	795	795	795
Transmission lines (in miles)	204	204	204	194	188	188	187	185	185	185
Number of street lights	18,589	18,188	18,125	18,040	17,998	17,971	17,670	N/A	17,168	16,812
Distribution lines (in miles)	2,937	2,937	2,927	2,870	2,839	2,839	2,842	N/A	2,693	2,693
Sewage										
Number of lift stations	109	111	109	111	107	107	N/A	N/A	106	102
Sanitary sewers (in miles)	1,049	1,046	1,042	1,034	1,107	1,019	N/A	N/A	999	865
Number of disposal plants	1	1	2	2	2	2	2	2	2	2
Capacity of treatment plans (MGD)	27	27	31	31	31	31	32	32	32	32
Transit										
Bus Plaza	1	1	1	1	1	1	1	1	1	1
Buses	58	58	58	56	56	66	56	90	66	66
Refuse Collection										
Collection trucks	69	67	65	63	65	61	45	36	62	62
Parks and recreation										
Community centers and specialty center	11	11	11	11	12	12	12	10	10	10
Summer playgrounds and camps	43	43	43	43	43	43	43	43	43	26
Athletic fields	86	86	86	86	86	86	86	86	86	87
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	11	11	11	11	13	13	13	13	13	9
Park acreage	3,529	3,529	3,529	3,881	3,529	3,529	3,529	3,881	3,881	3,881
Fitness trails	30	30	30	30	17	17	17	17	17	17
Tennis/racquetball courts	67	67	67	67	67	67	67	72	67	70
Gymnasiums, center sites	7	7	7	7	7	7	7	7	7	7
Gymnasiums, school sites	4	4	4	4	4	4	4	9	9	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	N/A	1,394	1,354
Traffic signals <sup>(1)</sup>	73	73	71	71	71	72	128	122	123	114

Source: Various city departments

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

# CITY OF TALLAHASSEE, FLORIDA

## Miscellaneous Statistical Data

September 30, 2015

<b>Governance</b>		<b>Education:</b>	
Date of Incorporation	1825	Number of Public Schools <sup>(1)</sup>	50
Date Present Charter Adopted	1996	Number of Public School Instructors <sup>(1)</sup>	2,388
Form of Government: Commission-Manager		Number of Public School Students, (PK-12) <sup>(1)</sup>	34,797
Commission Composed of: Mayor and Four Commissioners		Number of Vocational-Technical Schools <sup>(1)</sup>	1
Terms of Office:		Number of Community Colleges	1
Mayor - Four Years (Elected by Tallahassee Citizens)		Number of Universities	2
Commissioners - Four Years (Elected by Tallahassee Citizens)		Number of College-level Instructors <sup>(4)</sup>	3,044
Manager (Appointed by Commission)		Number of College-level Students <sup>(2)</sup>	89,033
<b>Transportation:</b>		<b>Major Annual Events:</b>	
Airlines, Bus Lines, and Railroad Freight and Passenger		Springtime Tallahassee Festival	
<b>Communications:</b>		Fourth of July "Celebrate America"	
Newspapers, Radio Stations, Television Stations;		North Florida Fair	
Cable Television and Telephone Service		Market Days	
<b>Climate</b>		Winter Festival	
Average Annual Temperature - in °F	67.7	<b>Culture, Recreation, and Health:</b>	
Average Annual Rainfall - in inches	63.2	Conference Center, Civic Center, and Theaters	
Area - in square miles	103.29	Seating Capacity (Leon County Civic Center and	
		Museums	
		Libraries (including branches)	
		Skating Rinks	
		Golf Courses	
		Hospital Beds <sup>(3)</sup>	

Source: City of Tallahassee Records except as noted below:

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

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

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

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

# CITY OF TALLAHASSEE, FLORIDA

## Schedule of Insurance

**September 30, 2015**

Type of Coverage	Carrier	Policy Number	Policy Term	Coverage Detail	Limits (in thousands)	Deductible/Retention (in thousands)	Premium (in thousands)
Self-Insurance	NA	NA	NA	General Liability, Police Civil Liability, Employment Practice	200/300	NA	NA
Airport Liability	ACE	AAPN0738760A001	10/01/12-15	Airport Liability	100,000	10	45
All Risk Property	Axis	Various	5/1/2014-15	General Government	Combined Total 700,000	100 per occurrence	3,677
	National Union			Utility Property		500 Wastewater & Power Gen.	
	Liberty					500 Wastewater & Power Gen.	
	Westport	2999-11	10/1/2014-2015			500 Wastewater & Power Gen.	
	Zurich	3042-10	10/1/2014-2015			500 Wastewater & Power Gen.	
	Landmark					Boiler & Machinery	
	AEGIS						
	XL Insurance	106176744	10/1/2014-2015				
Fine Arts Floater	Travelers	QT6608735M564TIL15	8/19/14-15	Fine Arts Coverage, Refriger Murals	1.2	1 Basic, 5 Wind	2
Property Insurance	Lloyds	WPB37381	5/1/2015-16	Commercial Property 1425 Colarado ST	92	1, 2% wind/hail	1.2
Health Care	Capital Health Plan	00005	NA	Employee Health Care	NA	NA	Funded Reserves
	Blue Cross/Blue Shield	45380	NA	Employee Health Care	NA	NA	Funded Reserves
Workers Compensation	Self Insured	NA	NA	Primary Workers Compensation	Statutory	1,000 SIR	NA
	Colony Insurance Co	PXL 1401702	10/1/2014-15	Excess Workers Compensation	Statutory in excess of \$1M		145



# CITY OF TALLAHASSEE, FLORIDA

## Schedule of Insurance

**September 30, 2015**

Type of Coverage	Carrier	Policy Number	Policy Term	Coverage Detail	Limits (in thousands)	Deductible/Retention (in thousands)	Premium (in thousands)
Public Officials Bond	Auto Owners	66117834	Continuous	Statutory Position Bond- Treasurer Clerk	100	NA	NA
Employee Fidelity Bond	Travelers	106175065	Continuous	Government Crime	1,000	50	9.9
Right of Way Utility Bonds	Travelers	Multiple	Annual	Permit Bond	50	NA	1.875
EMS Liability	James River	299-11	10/1/2014-2015	Primary Professional Liability EMS	1,000/3,000	2.5 each	36
	James River	3042-10	10/1/2014-2015	Excess Professional Liability EMS	5,000		31
Fiduciary Liability	Travelers	106176744	10/1/2014-2015	175 Plan Fiduciary Liability (FF)	1,000	1	3
	Travelers	106176738	10/1/2014-2015	185 Plan Fiduciary Liability	1,000	1	3.9
	Travelers	106176742	10/1/2014-2015	General Employee Pension Fund Fiduciary Liability	1,000		16
Property Insurance	Preferred Governmental Insurance Trust	CPP948296202	3/31/2015-2016	Renaissance Building (Joint Mgt & Occupant with Leon County)	13,120	25. 3% Windstorm(35k minimum)	39
Workers Compensation	Preferred Governmental Insurance Trust	WC FL1 037404215- 01	3/23/2015- 10/1/2015	Consolidated Dispatch Agency	1,000	NA	4
General Liability Auto Liability and Public Officials Liability	Preferred Governmental Insurance Trust	PK FL1 037404215-01	2/18/2015- 10/1/2015	Consolidated Dispatch Agency	1000	NA	22



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# **SINGLE AUDIT AND OTHER REPORTS**

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

## **FOR THE ENTITY**

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

## **FOR THE FINANCIAL ASSISTANCE PROGRAMS**

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

Schedule of Expenditures of Federal Awards and State Financial Assistance

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

Summary Schedule of Prior Audit Findings

## **OTHER**

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

Schedule of Expenditures of Passenger Facility Charges

Schedule of Findings - Passenger Facility Charges

Summary Schedule of Prior Audit Findings - Passenger Facility Charges

Independent Accountants' Report on Compliance with Local Government Investment Policies

Management Letter

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 21, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



**THOMAS HOWELL FERGUSON P.A.**  
Tallahassee, Florida  
March 21, 2016



**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's) 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, 2015. 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, 2015.

### **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.

*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.

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

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



**THOMAS HOWELL FERGUSON, P.A.**  
Tallahassee, Florida  
March 21, 2016



**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, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures	Amount Provided to Subrecipients
<b><u>FEDERAL AWARDS</u></b>					
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>					
<b>Direct Programs:</b>					
Community Development Block Grant/Entitlement Grant	14.218	B13MC120019/ B14MC120019	N/A	\$ 1,517,674	\$ 707,748
HOME Investment Partnerships Program	14.239	M-13-MC-12-0221	N/A	689,481	590,404
Emergency Solutions Grant Program	14.231	E-13-MC-12-0010	N/A	33,251	16,663
Emergency Solutions Grant Program	14.231	E-14-MC-12-0010	N/A	35,643	
<b>TOTAL U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>				<b>2,276,049</b>	
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>					
<b>Direct Program:</b>					
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	DE-OE0000391	N/A	300,964	
<b>Pass through Florida Department of Agriculture and Consumer Services:</b>					
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	DD-EE-0004575	G0437	80,000	
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>				<b>380,964</b>	
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>					
<b>Direct Program:</b>					
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-95481911	N/A	111,830	
<b>Pass through Florida Department of Environmental Protection:</b>					
Nonpoint Source Implementation Grants	66.460	C9-99451502-0/C9- 99451513-0	G0395	74,300	
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				<b>186,130</b>	
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>					
<b>FEDERAL TRANSIT ADMINISTRATION</b>					
<b>Direct Programs:</b>					
Federal Transit Capital Investment Grants	20.500	FL-04-0152	N/A	86,774	
Federal Transit Formula Grant	20.507	FL-90-X803	N/A	1,292,870	
Federal Transit Formula Grant	20.507	FL-90-X746	N/A	101,824	
Federal Transit Formula Grant	20.507	FL-90-X778	N/A	289,927	
Federal Transit Formula Grant	20.507	FL-90-X862	N/A	1,102,429	
Job Access and Reverse Commute Program	20.516	FL-37-X067	N/A	56,000	
Job Access and Reverse Commute Program	20.516	FL-37-X071	N/A	98,365	
New Freedom Program	20.521	FL-57-X015	N/A	35,932	
New Freedom Program	20.521	FL-57-X043	N/A	12,776	
Alternatives Analysis	20.522	FL-39-0010-00	N/A	164,600	
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	FL-88-0001	N/A	75,199	
Public Transportation Research	20.514	FL-26-0021	N/A	8,092	
Formula Grants for Rural Areas	20.509	FL-18-X031	AQG69	18,971	
Formula Grants for Rural Areas	20.509	42136428434	ARM73	50,056	
<b>NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION</b>					
<b>Pass through Florida Department of Transportation:</b>					
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	Unknown	ARN55	89,329	
<b>FEDERAL HIGHWAY ADMINISTRATION</b>					
<b>Pass through Florida Department of Transportation:</b>					
Highway Planning and Construction	20.205	777-204-A	430147-1-38-01	76,739	
<b>FEDERAL AVIATION ADMINISTRATION</b>					
<b>Direct Programs:</b>					
Airport Improvement Program	20.106	3-12-0077-36-2011	N/A	25,100	
Airport Improvement Program	20.106	3-12-0077-37-2013	N/A	10,976,725	
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>				<b>14,561,708</b>	
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>					
<b>Direct Programs:</b>					
Edward Byrne Memorial Justice Assistance Grant	16.738	2012-DJ-BX-0988	N/A	14,870	
Edward Byrne Memorial Justice Assistance Grant	16.738	2013-DJ-BX-2785	N/A	100,580	
Edward Byrne Memorial Justice Assistance Grant	16.738	2014-DJ-BX-0513	N/A	43,197	
Edward Byrne Memorial Justice Assistance Grant	16.738	2015-JAGC-LEON-1-R3-148	N/A	10,477	
ARRA -Public Safety Partnership and Community Policing Grants	16.710	2011-UL-WX-0011	N/A	175,322	
<b>Pass through Florida Department of Law Enforcement</b>					
National Asset Forfeiture Strategic Plan	16.UNKNOWN	N/A	N/A	15,484	
<b>Pass through Florida Department of Juvenile Justice</b>					
Juvenile Justice and Delinquency Prevention	16.540	10167	N/A	77,998	
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>				<b>437,928</b>	

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, 2015

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures	Amount Provided to Subrecipients
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
<b>Pass through Florida Department of Financial Services</b>					
Homeland Security Grant Program	97.067	N/A	14-DS-L5-02-47-01	61,495	
Homeland Security Grant Program	97.067	N/A	15-DS-P4-02-47-01-374	3,008	
Homeland Security Grant Program	97.067	N/A	15-DS-P4-02-47-01-380	7,105	
Homeland Security Grant Program	97.067	N/A	14-DS-IL5-02-47-01	50,065	
Homeland Security Grant Program	97.067	N/A	15-DS-P4-02-47-23	7,653	
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>				<u>129,326</u>	
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				<u>\$ 17,972,105</u>	
<b>STATE AWARDS</b>					
<b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>					
Commission for the Transportation Disadvantaged (CTD) Trip And Equipment Grant Program	55.001	N/A	43202718401/ARG10	465,141	
Public Transit Block Grant	55.010	N/A	42225018401/ARM74	1,151,016	
Public Transit Service Development Program	55.012	N/A	AQJ58	2,275	
Public Transit Service Development Program	55.012	N/A	43484618401/ARR77	33,537	
Public Transit Service Development Program	55.012	N/A	AR974	121	
Aviation Development Grants	55.004	N/A	226792-18401/AG678	25,906	
Aviation Development Grants	55.004	N/A	226769-1A801/ARC49	472,733	
Aviation Development Grants	55.004	N/A	226781-18401/AH990	75,007	
Aviation Development Grants	55.004	N/A	226769-19401/ARO51	137,085	
Aviation Development Grants	55.004	N/A	422301-49401/APA37	175,100	
<b>TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION</b>				<u>2,537,921</u>	
<b>FLORIDA DEPARTMENT OF AGRICULTURE &amp; CONSUMER SERVICES</b>					
Emergency Management Programs	52.008	N/A	N/A	4,679	
<b>TOTAL FLORIDA DEPARTMENT OF AGRICULTURE &amp; CONSUMER SERVICES</b>				<u>4,679</u>	
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>					
Statewide Surface Water Restoration and Wastewater Projects	37.039	N/A	LP37021	65,654	
Statewide Surface Water Restoration and Wastewater Projects	37.039	N/A		1,095	
Statewide Surface Water Restoration and Wastewater Projects	37.039	N/A	S0614	500,000	
<b>TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>				<u>566,749</u>	
<b>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b>					
Growth Management Implementation	40.024	N/A	P0134	25,000	
<b>TOTAL FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b>				<u>25,000</u>	
<b>FLORIDA HOUSING FINANCE CORP.</b>					
State Housing Initiatives Partnership (SHIP) Program	52.901	N/A	N/A	739,586	326,990
<b>TOTAL FLORIDA HOUSING FINANCE CORP.</b>				<u>739,586</u>	
<b>TOTA STATE AWARDS EXPENDED</b>				<u>\$ 3,873,935</u>	
<b>TOTAL FINANCIAL ASSISTANCE EXPENDED</b>				<u>\$ 21,846,040</u>	<u>\$ 1,641,805</u>

**NOTES**

- The Schedule of Expenditures of Federal Awards and State Financial Assistance was prepared on the accrual basis of accounting.
- This method is consistent with the method used in the preparation of the City's financial statements.
- No federal or state financial assistance was expended in non-cash assistance.
- Funding provided from the Department of Homeland Security, passed through the Florida Division of Emergency Management, CFDA 97.036, grant number 09-PA-B9-02-47-00-572 in the amount of \$886,133 has been spent in prior years.
- Housing loans outstanding at year end:

Community Development Block Grant-Entitlement	14.218	\$ 679,521
HOME Investment Partnerships Program	14.239	4,502,076
State Housing Initiatives Partnership Program	52.901	2,174,887
		<u>\$ 7,356,484</u>

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

FDOT Public Transit 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, 2015**

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

**Section I -- Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

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

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? No

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

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

Any audit findings disclosed that are required to be reported in accordance with  
*OMB Circular A-133, Section .510(a)*? No

Identification of major federal programs:	<u>CFDA Number</u>	<u>Name of Federal Program</u>
		Federal Aviation Administration
		Direct Program
	20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$539,163

Auditee qualified as low-risk auditee? No

**City of Tallahassee, Florida**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended September 30, 2015**

***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? No

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

Any audit findings disclosed that are required to be reported in accordance with  
*Rules of the Auditor General*, Chapter 10.554(1)(l)(4)? No

Findings required to be reported in a management letter pursuant to  
*Rules of the Auditor General*, Chapter 10.554(1)(i)? Yes

Identification of major state projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
	Florida Department of Environmental Protection
	Direct Project
37.039	Statewide Surface Water Restoration and Wastewater Projects
	Florida Department of Transportation
	Direct Projects
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, 2015**

**Section II – Financial Statement Findings**

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

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

We noted no matters involving noncompliance that are required to be reported in accordance with *OMB Circular A-133, Section .510(a)* and the *Rules of the Auditor General*, Chapter 10.554(1)(1)(4).

**City of Tallahassee, Florida  
Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 2015**

**Financial Statement Findings:**

**2014-001** – Capital Assets/Fixed Asset and Depreciation System

Material Weakness: Current capitalization policy for assets is not in accordance with generally accepted accounting principles.

Status: This issue was resolved for the year ended September 30, 2015. The City revised its capitalization policy for assets during 2015.

**Federal Awards and State Financial Assistance:**

**Federal Programs and State Projects**

**2014-002** – Schedule of Expenditures of Federal Awards and State Financial Assistance

Significant Deficiency: 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.

Status: See current year finding 2015-01 in City's management letter.

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, 2015.

**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, 2015.

### **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 purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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, 2015, and have issued our report thereon dated March 21, 2016. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

City of Tallahassee, Florida  
Page Three

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.**  
Tallahassee, Florida  
March 21, 2016



**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, 2015

<u>Program Title</u>	<u>Expenditures</u>
<b>Passenger Facility Charges Used:</b>	
<b>Passenger Facility Charge Application #06-06-C-00-TLH</b>	
Project 8:    In-Line Baggage Handling System	39,049
Project 9:    Terminal Rehabilitation - Phase II	73,849
	<hr/>
<b>Total Passenger Facility Charges Used</b>	<b>\$      112,898</b>

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

City of Tallahassee, Florida  
Schedule of Findings – Passenger Facility Charges  
For the Year Ended September 30, 2015

**Findings and Questioned Costs – Passenger Facility Charges (PFC) for the Year Ended September 30, 2015**

**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, 2015

**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, 2015. 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, 2015.

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.*

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

**THOMAS HOWELL FERGUSON P.A.**  
Tallahassee, Florida  
March 21, 2016

**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, 2015, and have issued our report thereon dated March 21, 2016.

### 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 and schedule, which are dated March 21, 2016, should be considered in conjunction with this management letter.

Current Year September 30, 2015 Recommendations

**2015-01 Schedule of Expenditures of Federal Awards and State Financial Assistance**

The City of Tallahassee administers many programs funded by federal awards and state financial assistance. For the year ended September 30, 2015, the City expended over \$17.9 million of federal awards and over \$3.8 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. 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. During our audit, there were adjustments required to correct the amount of federal and state expenditures reported on the City's Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule). The City's Accounting Services Division relies on information supplied by the program managers in various departments when it prepares the Schedule. The City should consider establishing a position of central responsibility for federal and state grant administration in order to provide an independent review of the information provided by the program managers and perform an oversight function with respect to program compliance. This was reported as finding 2014-002 in the preceding fiscal year and finding 2013-3 in the second preceding fiscal year.

*Management Response:* The City has established a Grants Management Office which is directed by a Grants Manager. A draft Grants Administration policy, which defines roles and responsibilities, has been developed and been sent out internally for feedback prior to formalization and implementation.

**2015-02 Evaluation of Accounts Payable**

Gross receipts taxes are paid by the City of Tallahassee to the Department of Revenue for all power purchased from outside providers. This liability is accrued in PeopleSoft CIS (Customer Interface System), which automatically records a liability as a percentage of power used, not just purchased. As a result, the liability account is overstated by the percentage of tax accrued for generated power, for which the City has no liability. This overstatement was not detected during the City's year end close out process, since the variance in the liability increased gradually over several years. We recommend that the City review its procedures for posting automatically generated accruals and substantiate its significant payable accounts during the year end closing procedures to ensure that all recorded liabilities represent actual liabilities of the City.

*Management Response:* The City will update its year end closing procedures to include a review of all significant payable accounts and ensure that recorded liabilities represent actual liabilities.

### **2015-03 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. This was reported as Finding 2014-03 in the preceding fiscal year.

*Management Response:* As of March 9, 2016, a security key pad has been installed and the security access has been modified to allow 48 City employees access to the Technology & Innovations server room.

\*\*\*\*\*

### **Prior Audit Findings**

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

Finding No. 2014-03, repeated in the current year as Finding No. 2015-03.

Finding No. 2014-002 and Finding No. 2013-3, repeated in the current year as Finding No. 2015-01

### **Official Title and Legal Authority**

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

### **Financial Condition**

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

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

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. The final report will be submitted to the Florida Department of Financial Services upon approval of the annual financial audit report by the City Commission.

### **Special District Component Units**

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

### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we noted the matters discussed in the Current Year September 30, 2015 Recommendations section of this letter and the Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance dated March 21, 2016.


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 21, 2016.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Honorable Mayor, City Commissioners, City Manager, Audit Committee, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



**THOMAS HOWELL FERGUSON P.A.**  
Tallahassee, Florida  
March 21, 2016



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