



T. Bert Fletcher, CPA, CGMA
City Auditor

HIGHLIGHTS

Highlights of City Auditor Report #1425, a report to the City Commission and City management

WHY THIS AUDIT WAS DONE

This audit was conducted to (1) assess the CRA's compliance with selected requirements in Chapter 163, Part III, Florida Statutes, also known as the Community Redevelopment Act of 1969; (2) determine whether selected CRA transactions, events, and activities were proper and appropriate, in compliance with applicable laws, rules, policies, and good business practices, and properly recorded and supported; and (3) evaluate the effectiveness of performance measures used to assess and report the successes of the CRA.

The scope of the audit included selected financial and other activity within the two CRA districts during October 1, 2008, through August 31, 2013. The two districts are the Greater Frenchtown/Southside District and the Downtown District. As part of the audit we reviewed the CRA's purchases of properties within the two redevelopment districts; identified, analyzed, and tested activity within selected CRA projects; and provided historical information and maps for the two districts and related projects.

WHAT WE RECOMMENDED

As part of this audit we made several recommendations to enhance and improve CRA operations. Those included (1) revising two areas in the district redevelopment plans to more fully achieve compliance with the Redevelopment Act; (2) revising the process for committing and spending remaining funds at yearend to better ensure compliance with Redevelopment Act provisions regarding timely use of tax increment financing; (3) strengthening internal controls relating to monitoring and enforcing contractual requirements, properly classifying expenditures, preparing and retaining documentation, ensuring correct payments for goods and services, and properly recording property acquisitions; and (4) developing and using specific performance measures to better assess and report the successes of the CRA.

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August 22, 2014

Audit of the Tallahassee Community Redevelopment Agency (CRA)

Overall, our audit showed the CRA complied with the Redevelopment Act; received and accurately projected shares of property tax revenues; and ensured transactions, events, and activities were proper and appropriate. Areas were identified where improvements were needed. Recommendations were made to address those areas.

WHAT WE CONCLUDED

Overall, we concluded the CRA complied with applicable Redevelopment Act provisions and received the appropriate share of property tax revenues resulting from incremental increases in property taxes. Projections of the share and amount of property tax revenues to be received during the maximum authorized remaining lives of the two CRA districts were calculated accurately and in accordance with management assumptions. The reporting requirements of the Redevelopment Act were met through the CRA annual reports and the City's Comprehensive Annual Financial Report. Furthermore, for the most part, CRA transactions, events, and activities were proper and appropriate and in compliance with controlling laws, rules, regulations, and good business practices, and were properly recorded and supported. Additionally, performance of CRA programs was, to an extent, reported to the CRA Board.

Areas identified where improvements should be made included:

- Two areas in district redevelopment plans did not fully comply with the Redevelopment Act.
- The process for committing and spending remaining funds at fiscal yearend did not ensure compliance with Redevelopment Act provisions regarding timely use of tax increment financing.
- Instances were identified where contractual provisions were not adequately monitored or enforced.
- Instances were noted where more documentation was needed to support and substantiate expenditures and activities.
- A few instances were identified where payments were not correct or in proper amounts.
- Three property acquisitions were not properly recorded.
- Formal and specific performance measures are needed to better demonstrate CRA successes.

Audit of the Tallahassee Community Redevelopment Agency



Report #1425
August 22, 2014



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Audit supervised by:
T. Bert Fletcher, CPA, CGMA, City Auditor

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Audit of the Tallahassee Community Redevelopment Agency



T. Bert Fletcher, CPA, CGMA
City Auditor

Report #1425

August 22, 2014

Executive Summary

In this audit, we assessed the CRA's compliance with selected requirements in the Redevelopment Act; tested selected CRA transactions, events, and activities; and evaluated the performance measures used by the CRA to assess and report success of CRA programs and activities.

The CRA, while a legally separate organization, is considered a "blended component unit" of the City for financial statement reporting purposes. Oversight of CRA activities and operations is provided by the CRA Board.

The purpose of this audit was to (1) assess the Tallahassee Community Redevelopment Agency's (CRA) compliance with selected requirements in Chapter 163, Part III, Florida Statutes, also known as the "Community Redevelopment Act of 1969" (Redevelopment Act); (2) determine whether selected CRA transactions, events, and activities were proper and appropriate, in compliance with applicable laws, rules, policies, and good business practices, and properly recorded and supported; and (3) evaluate the effectiveness of performance measures used to assess and report the success of CRA programs and activities.

The CRA was established in 1998 by the City of Tallahassee (City) to create a framework for the redevelopment and enhancement of selected areas within the City's central urban district. There are two distinct CRA redevelopment areas, the Greater Frenchtown/Southside Community Redevelopment Area (Greater Frenchtown/Southside District) established in June 2000, and the Downtown District Community Redevelopment Area (Downtown District) established in June 2004. CRA projects are to address concerns raised in the adopted redevelopment plans for each area, and typical CRA projects include parking lots and garages, new buildings, new parks or park improvements, streetscape improvements, and sidewalks.

The CRA is a legally separate organization from the City, but for financial statement reporting purposes is considered a "blended component unit" of the City. The major revenue funding source for the CRA is tax increment financing. Administratively, the CRA is required to follow City policies and procedures, while oversight of CRA activities and operations is provided by the CRA Board, comprised of nine members including the City Mayor and four City Commissioners, along with four (of the seven) Leon County Commissioners.

Overall, the CRA complied with the Redevelopment Act related to tax increment financing and incorporating required contents into redevelopment plans for each of the two CRA districts.

The CRA Annual Report and the City's Comprehensive Annual Financial Report fulfilled the reporting requirements in the Redevelopment Act, and performance of CRA programs has been reported to the CRA Board.

For the most part, transactions, events, and activities were proper and appropriate and in compliance with controlling laws, rules, regulations and good business practices, and were properly recorded and supported. However, areas for improvement were identified.

Overall, our audit showed the CRA (and the City and Leon County, as applicable) complied with the Redevelopment Act provisions related to tax increment financing and, except for two areas, the provisions related to the content and establishment of the redevelopment plans for each district. The CRA received the appropriate share of property tax revenues resulting from incremental increases in property values (tax increment financing) for fiscal years (FYs) 2002 through 2013 in accordance with the Redevelopment Act. Projections of the share and amount of property tax revenues to be received during the maximum authorized remaining lives of the districts were calculated accurately and in accordance with management assumptions, which included estimates of the future valuations of newly constructed properties and an average annual two percent growth in taxable values. Overall, the CRA's annual reports and the City's Comprehensive Annual Financial Report (CAFR) fulfilled the reporting requirements in the Redevelopment Act. Furthermore, our audit showed, for the most part, transactions, events, and activities of the CRA were proper and appropriate and in compliance with controlling laws, rules, regulations, and good business practices, and were properly recorded and supported. Additionally, although not formally measured, performance of CRA programs, to an extent, has been reported to the CRA Board.

However, areas for improvement and enhancement were identified. Specifically, two areas were identified in the district redevelopment plans for which plan revisions are needed to more fully achieve compliance with the Redevelopment Act. Also, the CRA needs to revise the process for committing and spending remaining funds at fiscal yearend to better ensure compliance with Redevelopment Act provisions regarding timely use and commitment of tax increment financing (i.e., property tax receipts received by the CRA). Additionally, internal controls should be strengthened relating to: (1) monitoring and enforcement of contractual requirements; (2) classifying expenditures properly; (3) preparing and/or retaining documentation to support and substantiate transactions, events, and activities; (4) ensuring payments are correct and in accordance with controlling contractual terms and policies and procedures; and (5) properly and accurately recording property acquisitions. Furthermore, CRA management should develop and use specific performance measures/indicators to better assess and report the success of CRA

activities and programs.

The specific issues identified included the following.

Although the Greater Frenchtown/Southside District Redevelopment Plan did not include required language related to establishment of restrictions or covenants of land sold or leased, we noted that such restrictions were regularly included in executed agreements.

There is a wording discrepancy in the legal description excluding 48 parcels in the Lafayette Townhomes from the Downtown District. However, these 48 parcels are included in the tax increment financing. The CRA needs to determine the accurate boundaries of the Downtown District.

- Each district redevelopment plan complied with the selected requirements in the Redevelopment Act (Section 163, Part III, Florida Statutes) with two exceptions, one in each district.
 - First, the Greater Frenchtown/Southside District Redevelopment Plan did not include required language to “Provide for the retention of controls and the establishment of any restrictions or covenants running with land sold or leased for private use for such periods of time and under such conditions as the governing body deems necessary to effectuate the purposes of this part.” Even though the wording was not included in the district’s redevelopment plan, we noted in each of the nine reviewed instances the contracts for land/property sales and purchases included terms and conditions properly mandating the establishment of covenants to ensure the land/property continues to be used for the intended purpose for the predetermined period of time. Notwithstanding contract terms addressing this provision, inclusion of the required language in the redevelopment plan is important to establishing a basis for CRA staff’s execution of the restrictive covenant requirement when providing CRA funds to purchase, lease, or renovate properties. Accordingly, the plan should be revised to incorporate the required language.
 - Second, the Downtown Redevelopment Plan includes both a legal description of the boundaries of the District and a map of the District. We found that these two descriptions of the District’s boundaries differed in some respects. Specifically, a small area (representing 48 tax parcels of 1,278 total Downtown District tax parcels, or 3.8% of all parcels) was not clearly included in the legal description of the Downtown District. Notwithstanding this inconsistency, those 48 tax parcels were included in the District’s calculation of tax increment revenues. We

recommend that the CRA update the Plan and clarify the boundaries of the Downtown District.

- Section 163.387(7), Florida Statutes, relates to the timely use and commitment of tax increment financing (TIF). That section provides that on the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of eligible expenses for that year shall be (a) returned to each taxing authority which paid the increment in the proportion that the amount of the payment of such taxing authority bears to the total amount paid into the trust fund by all taxing authorities for that year; (b) used to reduce the amount of any indebtedness to which increment revenues are pledged; (c) deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; or (d) appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan, which project will be completed within three years from the date of such appropriation.

The CRA practice of allocating remaining unspent/uncommitted funds at fiscal yearend to a land acquisition account is not in accordance with Section 163.387(7), Florida Statutes, related to the timely use and commitment of tax increment financing.

Prior to the audit, CRA records did not clearly demonstrate the extent of compliance with provisions of Section 163.387(7), Florida Statutes, related to timely use and commitment of tax increment financing. During the audit, we determined that the CRA's practice was to allocate remaining unspent/uncommitted funds at yearend to a "land acquisition fund." Within three years of that appropriation, monies within that fund were subsequently committed to specific redevelopment projects approved by the CRA. CRA management stated that, based on the advice of former outside legal counsel, they deemed such a practice to constitute compliance with the statute as "appropriation to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within three years from the date of such appropriation." *(Note: Management indicated that other CRAs in Florida may have been using the same practice as the Tallahassee CRA based on the advice of the former outside legal counsel. Management indicated that former legal counsel [who is now deceased] was considered to be the*

“expert” in these matters. To date, CRA management has not located and provided for our review documentation supplied by the former legal counsel describing the advice and legal rationale.)

Based on a plain reading of the statute, it appears the applicable statutory provisions require the remaining funds to be appropriated as of the fiscal yearend to specific approved projects which will be completed within three years from the date of such appropriation. Accordingly, we have questioned the CRA’s practice of allocating unspent/uncommitted monies at fiscal yearend to a land acquisition fund and the subsequent (i.e., within three years) pledging or commitment of those monies to specific projects. We have consulted with the City Attorney’s Office on this issue and, in the absence of judicial construction or other authoritative interpretation to the contrary, the City Attorney has concurred with our plain language interpretation of the statute.

The CRA should appropriate future remaining yearend funds to specific projects intended to be completed within the following three-year period.

CRA schedules prepared in response to our inquiry on this matter show CRA remaining fiscal yearend funds have not always been appropriated to and used for projects that were completed within the three-year period provided by the plain language interpretation of the statute. We acknowledge that circumstances outside the control of the CRA may occur and impact the timely completion of projects within the prescribed three-year period (e.g., project completion delayed due to a private developer). Notwithstanding those potential circumstances, and absent any written legal opinion explaining the rationale for the former practice, we recommend the CRA appropriate any future year remaining yearend funds to specific projects that are intended to be completed within the following three-year period. Any remaining funds not appropriated or reserved to pay indebtedness (in the event indebtedness is incurred) should be returned to the contributing taxing authorities. We also recommend the CRA maintain and retain records to track the extent of compliance with this statutory provision. Furthermore, information on the timely use requirement should be included in the CRA Annual Report.

Internal controls over CRA transactions, events, and activities should be enhanced and strengthened.

- Internal controls over CRA transactions, events, and activities should be enhanced and strengthened. While we determined, overall, tested transactions and related events and activities were proper and appropriate and in compliance with controlling laws, rules, regulations, and good business practices, and were properly recorded and supported, we noted improvements were needed related to:
 - Monitoring and enforcing contractual requirements.
 - Classifying expenditures to the proper expenditure accounts.
 - Preparing and retaining documentation to support and substantiate expenditures and other transactions, events, and activities.
 - Ensuring payments are correct and in proper amounts and in accordance with controlling policies and procedures.

The recording of acquired properties should be improved.

- The three properties purchased by the CRA during the period October 1, 2008, through September 30, 2013, were acquired in accordance with the City’s “Real Estate Policy” (City Commission Policy No. 136) with the exception that two properties were not recorded correctly in City records as being owned by the CRA, and one of the properties was not recorded at the correct cost. (The property was recorded in amount of \$262,075 instead of correct amount of \$273,790.)

Formal performance measures should be defined and used to periodically assess and report CRA program successes and accomplishments.

- Various CRA program accomplishments and completed projects were reported and discussed during CRA Board meetings. However, formal and specific performance measures have not been defined and used as a means to periodically assess and report on the successes of the CRA. Appropriate performance measures should be developed and the measurements reported periodically to the CRA Board.

Recommendations were made to address the identified issues. Appendix A provides Management's Action Plan to address the issues and our recommendations.

We would like to thank staff in the CRA and various City departments, including the Information System Services (ISS) Geographic Information Systems Section, Property Management Division, Department of Management and Administration (DMA) Accounting Services Section, and DMA Office of Budget and Policy, as well as staff from the Leon County Property Appraiser's Office, for their assistance during this audit.

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Audit of the Tallahassee Community Redevelopment Agency



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City Auditor

Report #1425

August 22, 2014

Scope, Objectives, and Methodology

The overall purpose of this audit was to review selected transactions, events, activities, and operations within the Tallahassee Community Redevelopment Agency (CRA); determine compliance with applicable Florida Statutes, rules, policies, procedures, and good business practices; and evaluate the effectiveness of performance measures used to assess and report the success of the CRA.

The overall purpose of this audit was to assess the Tallahassee Community Redevelopment Agency's (CRA) compliance with selected requirements in Chapter 163, Part III, Florida Statutes, also known as the Redevelopment Act of 1969 (Redevelopment Act); determine whether selected CRA transactions, events, and activities were proper and appropriate, in compliance with applicable laws, rules, policies, and good business practices, and properly recorded and supported; and evaluate the effectiveness of performance measures used to assess and report the success of CRA programs and activities.

The scope of this audit included selected financial activity within the two CRA districts, the Greater Frenchtown/Southside Community Redevelopment Area (Greater Frenchtown/Southside District) and the Downtown District Community Redevelopment Area (Downtown District) during periods identified in the objectives specified below. Using City accounting records, we have also prepared schedules showing the total amounts expended for all CRA projects during the existence of each district (i.e., since 2000 for the Greater Frenchtown/Southside District and since 2004 for the Downtown District - see Appendices E and F).

In addition to the CRA's responsibilities in managing the activities within the two redevelopment districts, the CRA also is responsible for the activities and operations related to the Tourist Development Tax and the one-cent tourist development tax collected and held by Leon County for projects directly related to the proposed Tallahassee Performing Arts Center. The scope of this audit did not include activities and operations of the Tourist Development Tax as the Leon County Clerk of Courts manages the disbursement of those funds.

Our specific objectives included:

The scope of this audit included selected financial activity within the two CRA districts.

This audit identified CRA project activities and events occurring during the life of each CRA district and tested transactions, events, and activities occurring during the period October 1, 2008, through August 31, 2013.

We performed various audit procedures to achieve our objectives.

- Determine compliance with selected requirements in Chapter 163, Part III, Florida Statutes, pertaining to:
 - Required components of individual CRA district redevelopment plans.
 - Property tax proceeds (tax increment financing) received by the CRA from the taxing authorities (City and Leon County).
 - Timely and authorized uses or commitment of redevelopment funding (tax increment financing) for selected periods (i.e., FY 2009 through FY 2013 in each of the two CRA districts).
- Determine whether CRA transactions, events, and activities during the period October 1, 2008, through August 31, 2013, (i.e., FY 2009 through FY 2013) were proper and appropriate; in compliance with governing laws, rules, policies, and good business practices; and properly recorded and supported.
- Identify and evaluate the effectiveness of performance measures used to measure CRA program success.

We performed various audit procedures to achieve our objectives, including:

- Reviewing relevant laws, ordinances, interlocal agreements, policies, redevelopment plans, CRA program requirements, and meeting agendas and minutes for the City Commission and CRA Board.
- Interviewing CRA management and staff and City staff from departments that regularly support CRA activities, such as the Property Management Division, DMA Office of Budget and Policy, DMA Accounting Services Section, and ISS Geographic Information Systems Section, as well as staff from the Leon County Property Appraiser's Office.
- Identifying, reviewing, and testing selected financial activity (tax revenues, administrative expenditures, transfers, etc.) in regard to CRA functions.

- Reviewing the CRA's purchases of properties within the redevelopment districts.
- Identifying projects funded from CRA funds and analyzing, reviewing, and testing activity (including disbursements) within selected projects.
- With the assistance of ISS Geographic Information Systems coordinators, mapping the locations of all CRA-funded projects in each of the two CRA districts.

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Redevelopment Act authorizes counties and municipalities to create a redevelopment agency to address the existence of slum or blighted areas, or a shortage of affordable housing.

Purpose of a Community Redevelopment Agency

The "Community Redevelopment Act of 1969" (Redevelopment Act), Part III of Chapter 163, Florida Statutes, authorizes counties and municipalities to create a redevelopment agency after adoption of a resolution making a legislative conclusion there are areas needing to be redeveloped due to the existence of slum or blighted areas, or a shortage of affordable housing. The Act provides such areas constitute a serious and growing menace and impact the public health, safety, morals, and welfare of the areas' residents. The Redevelopment Act provides guidance and requirements regarding how community redevelopment agencies can be established, the powers of the agency, the funding for the agency, and the authorized activities of the agency. The agency facilitates the studies that define the area, or areas, to be redeveloped (community redevelopment area); facilitates the development of the plan to redevelop the area (community redevelopment plan); and manages the redevelopment activities. The Act requires that each plan provide a time certain for completing all redevelopment financed by tax increment revenues. The time certain is limited to no longer than 30 years after the fiscal year in which the plan is approved for agencies

Funding for an established community development area is provided through incremental increases in property taxes due to favorable redevelopment, referred to as “tax increment financing.”

Overall oversight of the CRA activities is provided by the CRA Board.

The Tallahassee CRA, established in 1998, has two distinct community redevelopment areas: (1) The Greater Frenchtown/Southside Redevelopment Area (established in 2000) and (2) the Downtown District Redevelopment Area (established in 2004).

created before July 1, 2002, such as the Tallahassee CRA, unless otherwise extended in accordance with the Community Redevelopment Act.

Due to the existence of slum or blight, the tax base (ad valorem, or property tax) in a community development area prior to redevelopment is generally declining. As a CRA redevelops the area, those taxes should increase as the property values increase. A common and effective method of funding redevelopment for an established community development area is provided through that incremental increase in property taxes due to the redevelopment. The term for that concept is “tax increment financing.” Under that concept, incremental taxes assessed and collected on properties located within the designated community redevelopment area by each participating taxing authority are designated for redevelopment in that area. While the ultimate goal is community redevelopment, another long-term result is an increased tax base that provides increased tax revenues to the participating taxing authorities to allow for additional public services.

When the governing body adopts a resolution declaring the need for a community redevelopment agency, the Redevelopment Act requires that body to appoint a board of commissioners through an ordinance, which shall consist of not fewer than five or more than nine commissioners. The terms of office of the commissioners shall be for four years, from the date of their appointments. Such governing board is established to direct and oversee the community redevelopment agency operations and use of the tax increment funding.

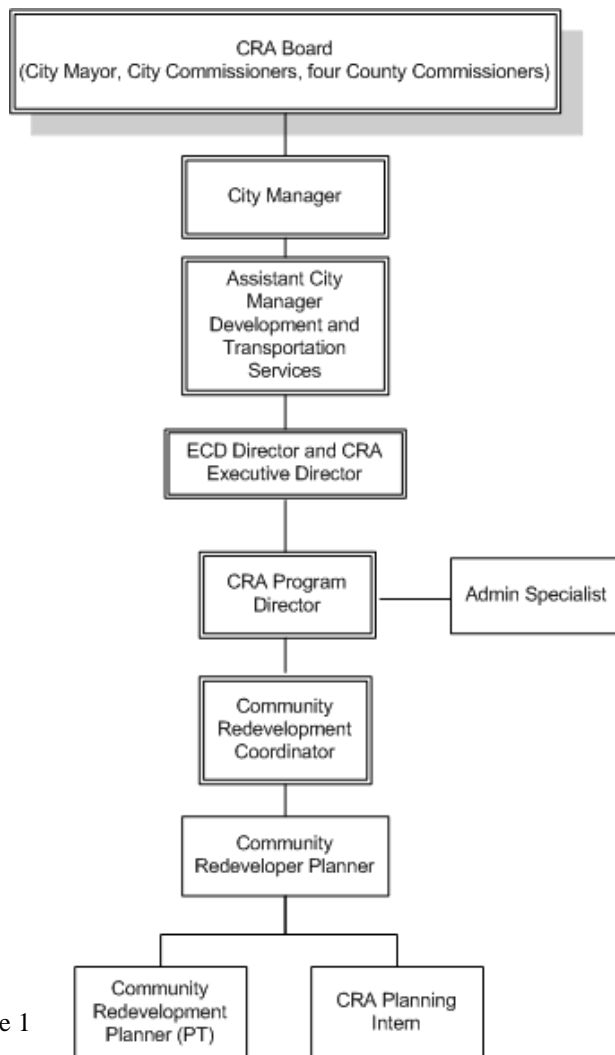
The Tallahassee Community Redevelopment Agency (CRA)

The City established the Tallahassee CRA in 1998 to create a framework for the redevelopment and enhancement of selected areas within the City’s central urban district. The City has two distinct community redevelopment areas, the Greater Frenchtown/Southside Community Redevelopment Area (Greater Frenchtown/Southside District) established in June 2000, and the Downtown District Community Redevelopment Area (Downtown District) established in June 2004. One governing body, the CRA Board, has been established to direct and oversee the CRA operations of both areas, also known as districts. The CRA Board is a nine member board consisting of the City Commissioners (Mayor and four commissioners) and four (of the seven) Leon County Commissioners. While there is only one governing

board, each district was established separately through resolution and ordinance, and has its own redevelopment plan, advisory committee, tax increment financing methodology, and operating funds.

The administrative oversight of the CRA staff was reorganized in July 2013 and implemented in October 2013, at the beginning of the 2014 fiscal year. Previously, the CRA was managed through the City’s Economic and Community Development (ECD) Department as shown in Figure 1 below.

Figure 1
CRA Organizational Chart Prior to October 2013



The CRA function was recently reorganized within the City’s organizational structure.

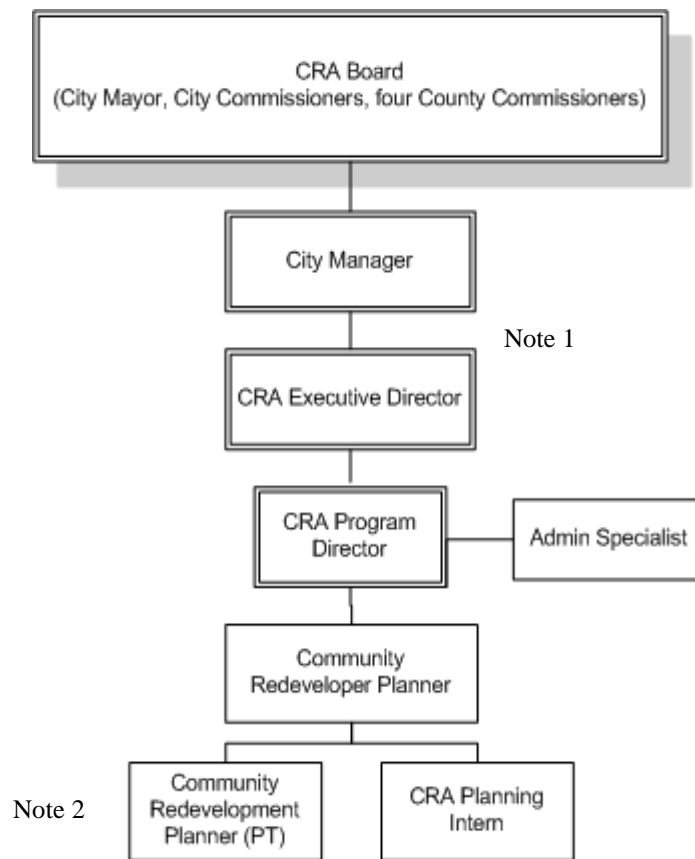
Note 1

Source: Developed by Audit Staff
Note (1): PT is the abbreviation for “part time”

In July 2013, the City Manager reorganized the CRA function by moving it from the ECD Department to having it report directly to the City Manager. One result of that reorganization is the position of CRA Executive Director is no longer also responsible for non-CRA functions (i.e., ECD programs and activities). Figure 2 shows the current organizational structure of the CRA within the City. [Note, as of February 28, 2014, the City’s organization chart on the City’s website has not been updated to reflect the changed structure.]

Administratively, CRA management now reports directly to the City Manager.

Figure 2
Current CRA Organizational Chart After October 2013



Source: Developed by Audit Staff

Note: (1) For daily operations, the CRA Executive Director reports to the City Manager through the Assistant City Manager for Development and Transportation Services.

(2) PT is the abbreviation for “part time”

The CRA staff manages the administrative operations and projects and activities that take place in the two districts: (1) the Greater Frenchtown/Southside District and (2) the Downtown District. The map for

each of these districts is provided in Appendix B and each district is described further below.

*The Greater Frenchtown/
Southside Redevelopment
Plan was approved in June
2000.*

The Greater Frenchtown/Southside District. In 1998, the City of Tallahassee adopted (1) Resolution No. 98-R-0039 declaring an area now identified as the “Greater Frenchtown/Southside District” (approximately 1,455 acres) a blighted area and finding a necessity to implement the provisions of the Redevelopment Act; and (2) Ordinance No. 98-O-0046 establishing the Tallahassee CRA and its board pursuant to and in accordance with the provisions of Part III of Chapter 163, Florida Statutes. Appendix B provides a map of the Greater Frenchtown/Southside District.

The Greater Frenchtown/Southside Community Redevelopment Plan, approved in June 2000, serves as a strategy to guide the activities of the Tallahassee CRA within the designated redevelopment area. The Plan was developed through a process involving community input from an advisory committee and public workshops and meetings. The Greater Frenchtown/Southside Redevelopment Plan places priority on redevelopment, economic development, quality affordable housing, security for those most in need, and enhanced education for youth through citizen participation with its local government. The Plan also calls for a responsive transportation system, ample open space, parks, and landscaping.

*The Greater
Frenchtown/Southside
Community Redevelopment
Plan prioritizes economic
development, quality
affordable housing,
security for those most in
need, and enhanced
education for youth
through citizen
participation with its local
government.*

The tax increment financing to fund programs and activities for the Greater Frenchtown/Southside District is determined annually based on the provisions of the Redevelopment Act. Specifically, the tax increment is calculated as 95 percent of the difference between:

- a) The amount of ad valorem taxes levied each year by all taxing authorities, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of the redevelopment area (*i.e., taxes based on current year values*); and
- b) The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any amount from any debt service millage, upon the total of the assessed value of the taxable real property in the redevelopment area as shown upon the assessment roll used in connection with the taxation of such property by each taxing authority,

*The Redevelopment Act
provides a methodology for
how the tax increment
financing is determined for
redevelopment districts.*

prior to the effective date of Ordinance No. 00-O-51 (June 2000). *(This is the tax that would have been assessed on the base year values.)*

The Greater Frenchtown/Southside District utilizes the Redevelopment Act’s methodology for calculating the tax increment financing.

Below is the tax increment calculation for the Greater Frenchtown/Southside District for FY 2013:

2012 taxable value of real properties	\$286,243,835
<u>Less 2001 base year taxable value of real properties</u>	<u><\$167,640,940></u>
Taxable value difference	\$118,602,895

Using the above information, the tax increment financing calculation is shown in Table 1 below.

**Table 1
Calculation of Greater Frenchtown/Southside Tax Increment Financing for Fiscal Year 2013**

Jurisdiction	Millage rate	Tax Increment Financing Calculation (Millage rate x Taxable Value Difference x 95%) Note 1
City	3.7	.0037 x \$118,602,895 x 95% = \$416,889
County	8.8144	.0088144 x \$118,602,895 x 95% = \$993,143

Note 1: The jurisdictions are permitted to retain five percent to apply toward administrative costs.

Therefore, for FY 2013, the total amount of tax increment financing designated for the Greater Frenchtown/Southside District was \$1,410,032 (\$416,889 + \$993,143). Appendix C provides the historical and projected future tax increment financing income should the Greater Frenchtown/Southside District continue to operate over a 30-year period.

The Downtown Redevelopment Plan was approved in June 2004.

The Downtown District. Over several years, the downtown area of Tallahassee changed from retail and residential to an area dominated by office space, with little activity after 5:00 p.m. In response to the Downtown Improvement Authority’s request for the City to create a downtown community redevelopment area, the City Commission authorized a feasibility study in March 2002 to document whether any downtown areas met the Redevelopment Act’s criteria for establishing a community redevelopment area. A study was conducted and the results were provided to the City Commission recommending a downtown redevelopment area be created, to include 79 blocks. In September 2002, the City Commission adopted Resolution No. 02-R-43 finding in an area of

The Downtown Redevelopment Plan prioritizes areas to revitalize the downtown area into an “18-hour destination” with a wide variety of uses, including new residential and retail space.

An interlocal agreement involving the City, Leon County, and CRA was executed in 2004 to provide County participation in the Downtown District.

The City/County/CRA Interlocal Agreement for the Downtown District has been amended twice (in 2007 and 2009).

the City, to be identified as the “Downtown District” (approximately 413 acres), the existence of blight conditions and a shortage of affordable housing and declaring that area as part of the Tallahassee CRA. A map of the Downtown District boundaries is provided in Appendix B. A Downtown Redevelopment Plan was created. That plan prioritizes areas to revitalize downtown into an “18-hour destination” with a wide variety of uses, including new residential and retail space.

From 2002 through 2004, the development of the Downtown District was discussed by the Leon County and the City Commissions. One area of concern was the Leon County Commissioners’ limited level of involvement in the creation of the Downtown District and the tax revenue that would be redirected from Leon County to the Downtown District. In June 2004, as a result of those meetings and discussions, Leon County and the City executed the “*Interlocal Agreement Among the City of Tallahassee, Leon County, and the Community Redevelopment Agency of the City of Tallahassee Regarding the Creation and Operations of the Downtown District Community Redevelopment Area and The Expansion of Any Community Redevelopment Area*” (2004 City/County/CRA Interlocal Agreement). This interlocal agreement authorized the development of the Downtown District Community Redevelopment Area and allows the City or County to propose expansion of existing redevelopment areas or creation of additional community redevelopment areas only with consent of both parties.

Two amendments to the 2004 City/County/CRA Interlocal Agreement have been approved and executed:

- First Amendment, October 2007: Provided for (1) the Downtown District to expend funds for costs associated with the Performing Arts Center and Gaines Street Reconstruction projects; (2) the establishment of the County-wide additional one-cent tourist development tax to be used exclusively for the costs associated with the proposed Performing Arts Center; (3) development of a plan for additional public parking in the district; and (4) a change in the funding amount determination from the standard calculation provided in the Redevelopment Act to an alternative method allowed under the Redevelopment Act. Under that alternative method there are predefined tax rates for the County (4.29

mills) and City (3.7 mills multiplied by 95%), plus some additional supplemental contributions.

- Second Amendment, February 2009: Revised the methodology for calculating the City and County annual tax increment financing a second time. Under that revised methodology, allowable by the Redevelopment Act, the County’s annual contribution was limited to a maximum of 4.2698 mills (or 1.154 times the City’s ad valorem rate); the City’s rate remained the same (3.7 mills multiplied by 95%); and the supplemental contributions were eliminated. Our audit showed that this contribution methodology continues to remain in effect as of December 31, 2013.

An alternative method (allowed by the Redevelopment Act) is used to calculate the Downtown District’s tax increment financing.

Below is the tax increment calculation for the Downtown District for FY 2013:

2012 taxable value of the real properties	\$331,339,494
<u>Less 2004 base year taxable value of the real properties</u>	<u><\$238,244,226></u>
Taxable value difference	\$ 93,095,268

Table 2 below shows the tax increment financing calculation for the Downtown District for FY 2013.

**Table 2
Calculation of Downtown District Tax Increment Financing for Fiscal Year 2013**

Jurisdiction	Interlocal Millage Rate	Tax Increment Financing Calculation (Millage rate x Taxable Value Difference x 95%)
City	3.7	.0037 x \$93,095,268 x 95% = \$327,230
County	4.2698	.0042698 x \$93,095,268 = \$397,498

Therefore, for FY 2013, the total amount of tax increment financing designated for the Downtown District was \$724,728 (\$327,230 + \$397,498). Appendix C provides the historical and projected future tax increment financing income should the Downtown District continue to operate over a 30-year period.

Tallahassee CRA Projects and Activities

Redevelopment Act provisions allow CRA monies to be expended for activities described in a district's approved redevelopment plan, including those activities necessary or incidental to the implementation of a plan.

Redevelopment Act provisions allow CRA monies to be expended for activities described in a district's approved redevelopment plan, including those activities necessary or incidental to the implementation of a plan. To execute its plans, the CRA Board adopts for each plan an annual budget that includes estimated revenues, appropriations for specific programs, administrative expenditures, and any amounts that are being reserved for future programs. Program examples include the Commercial Façade Improvement Grant Program, Retail Incentive Loan Program, Commercial Painting Program, and Promotional/Special Events Program. In addition, a Residential Landscaping Program was approved in prior years, but is not currently in the CRA budget.

For preapproved programs, applications are evaluated based on selected criteria.

For programs such as these, projects are selected through an application process and to be selected, a project must satisfy criteria that have been approved by the CRA Board. CRA staff review project applications and based on the use of the established criteria either recommend approval or denial. The selection criteria differ among the programs. However, some criteria common to several of the programs include: (a) the project must be within the boundary of a redevelopment area and be consistent with the goals and objectives of the redevelopment plan; (b) the applicant must agree to maintain the improvements for at least five years or longer (not applicable to special events/promotions); (c) all work must be performed by a licensed contractor, as applicable; (d) the property being improved must be free from any judgment liens, and all mortgage and tax obligations must be current, as applicable.

The CRA Executive Director has been authorized to approve projects up to certain thresholds for each pre-defined program approved by the CRA Board.

Decisions regarding project approval or denial are to be made either by the CRA Board or the Executive Director. The Executive Director is authorized by the CRA Board to approve applications of \$10,000 or less for the Commercial Façade Improvement Grant Program and the Retail Incentive Loan Program, up to \$5,000 for the Commercial Painting Program, and \$5,000 or less for the Promotional/Special Events Program in the Greater Frenchtown/Southside District. (The Tallahassee Downtown Improvement Authority Executive Director approves promotional/special events in the Downtown District.) Applications requesting funding in

excess of the amounts that may be approved by the Executive Director are to be brought before the CRA Board, along with the CRA staff recommendation of Board approval or denial.

Project funding requests that are outside of these established programs can be proposed by CRA staff or board members, not-for-profit organizations, private enterprises, or members of the public. Such proposals will either be approved or denied by the CRA Board or the Executive Director depending on the proposed funding amount. Generally, projects with funding requests in excess of \$25,000 must be submitted to the Board, while pursuant to the authority provided through the City's procurement policy, the Executive Director may approve projects with funding requests of \$25,000 or less. Examples of project proposals approved by the Board included:

Project funding requests for projects outside of the established programs can be proposed by CRA staff or board members, not-for-profit organizations, private enterprises, or members of the public.

In the Greater Frenchtown/Southside District:

- Purchase of the O'Connell property, located across the street from the Civic Center (approximately \$4.6 million).
- Grant and loan to develop "The Lofts on Gaines" mixed-use residential condominium development (approximately \$705,800).
- Affordable housing grant to Bethel Community Development Corporation to purchase and renovate a home to be used for low-income affordable rental property (\$105,000).

In the Downtown District:

- Contributions to the Cascades Park development (\$1.1 million).
- Purchase of a StarMetro parcel adjacent to the former Floridian property, located on the Southeast corner of West Tennessee and Adams Street (approximately \$2.1 million).
- Grant to assist in the construction of the John G. Riley House Museum located at 419 East Jefferson Street (\$175,000).

Generally, CRA authorized redevelopment projects and activities are funded through grants or loans to eligible recipients. Contracts for grants are designed so that the amounts received by the recipient

business/organization (grantee) are amortized over a pre-determined number of months. If the business/organization complies with the contract terms for the life of the contract, no repayment to the CRA is required. Should the business/organization default on the contract terms, the amortized amount due would need to be repaid to the CRA. Loans are provided at lower-than-market interest rates and intended to be repaid to the CRA based on the terms defined in the individual contracts.

In our audit, we classified the CRA projects and activity expenditures into three categories: Betterment, Development, and Promotional/Special Events.

During our audit, we classified the CRA projects and activity expenditures into three categories: “Betterment,” “Development,” and “Promotional/Special Events.” Below is a description of the three classifications. Appendices D through F provide a detailed map and listings of projects and activities within each classification for each district funded during the life of each CRA district through August 31, 2013.

- Betterment projects and activities are those that involve (1) acquisition, construction or renovation of real properties for non-profit organizations (i.e., for their own facilities and projects) and affordable housing units, community centers, and gardens; (2) non-structural improvements to the condition of affordable housing neighborhoods such as residential landscaping improvements and replacements of water heaters and heating, ventilation, and air conditioning units; and (3) community artwork. Examples of such projects include Goodbread Hills (multiple projects totaling \$925,000) and Providence Neighborhood (multiple projects totaling \$1,019,381). [See Appendices E and F for a complete listing of Betterment projects and activities.]
- Development projects and activities are those that involve the acquisition or disposal of land and construction and/or renovation of exterior improvements to buildings for commercial organizations and related professional fees such as legal services, real estate analyses and appraisals, and market analyses. Three recurring programs approved by the CRA Board for renovations to commercial buildings have been the (1) Commercial Façade Program, (2) Commercial Painting Program, and (3) Retail Loan Incentive Program. Other projects, some major, have also been and can be approved by the CRA Board on an as needed basis. Examples of other major development projects include

Betterment projects primarily relate to non-profits and affordable housing.

Development projects generally pertain to commercial organizations and related development.

land acquisitions (O’Connell Property - \$4.65 million), purchase of parking spaces within private redevelopment for public use (e.g., at The Deck and The Block on Gaines Street - \$1.3 million to date), business renovations (Four Points Hotel - \$314,000), and business construction (The Lofts on Gaines Street - \$705,800). [See Appendices E and F for a complete listing of Development projects and activities.]

Promotional/Special Events projects promote the goals and objectives of the CRA.

- Promotional/Special Events projects and activities are those that are held in the redevelopment district to promote the goals and objectives of the respective CRA district redevelopment plans. Funding has been approved annually by the CRA Board for promotional/special event activities since FY 2010. For FY 2014, the CRA set aside \$35,000 to help fund special events and/or promotional activities in each CRA district. Examples of promotional/special events in the Greater Frenchtown/Southside District include three Frenchtown Heritage Festivals (totaling \$14,500), two Arti-Gras events (totaling \$9,650), two REUSE Festivals (totaling \$8,500), and one Tallahassee Film Festival (\$10,000). Examples of promotional/special events in the Downtown District include three Jingle Jubilee events (totaling \$17,400), Downtown Get Downs (two years totaling \$14,000), and one Tallahassee Film Festival (\$20,000). [See Appendices E and F for a complete listing of Promotional/Special Events projects and activities.]

Audit Results, Issues, and Recommendations

OVERALL CONCLUSIONS

Our audit showed the CRA (and the City and Leon County, as applicable) complied with the Redevelopment Act provisions related to tax increment financing and, except for two areas, the provisions related to the content and establishment of the redevelopment plans for each district. The CRA received the appropriate share of property tax revenues resulting from incremental increases in property values (tax increment financing) for FYs 2002 through 2013 in accordance with the Redevelopment Act. Projections of the share and amount of property tax revenues to be received during the maximum authorized remaining lives of the districts were calculated accurately and in accordance with management assumptions, which included estimates of the future valuations of newly constructed properties and an average annual two percent growth in taxable values. Overall, the

Overall, the CRA complied with the Redevelopment Act related to tax increment financing and incorporating required contents into the redevelopment plans for each of the two CRA districts.

The CRA Annual Report and the City's Comprehensive Annual Financial Report fulfilled the reporting requirements in the Redevelopment Act, and performance of CRA programs has been reported to the CRA Board.

For the most part, transactions, events, and activities were proper and appropriate and in compliance with controlling laws, rules, regulations and good business practices, and were properly recorded and supported. However, areas for improvement were identified.

CRA's annual reports and the City's Comprehensive Annual Financial Report (CAFR) fulfilled the reporting requirements in the Redevelopment Act. Furthermore, our audit showed, for the most part, transactions, events, and activities of the CRA were proper and appropriate and in compliance with controlling laws, rules, regulations, and good business practices, and were properly recorded and supported. Additionally, although not formally measured, performance of CRA programs, to an extent, has been reported to the CRA Board.

However, areas for improvement and enhancement were identified. Specifically, the CRA needs to establish a process to clearly demonstrate compliance with the Redevelopment Act regarding timely use and commitment of the tax increment financing (i.e., property tax receipts received by the CRA). Also, two areas were identified in the district redevelopment plans for which revisions are needed to achieve full compliance with the Redevelopment Act. Additionally, internal controls should be strengthened relating to: (1) monitoring and enforcement of contractual requirements; (2) classifying expenditures properly; (3) preparing and/or retaining documentation to support and substantiate transactions, events, and activities; (4) ensuring payments are correct and in proper amounts and in accordance with controlling contractual terms and policies and procedures; and (5) properly and accurately recording property acquisitions. Furthermore, CRA management should develop and use specific performance measures/indicators to better assess and report the success of CRA activities and programs.

Each of the above conclusions and related issues are further discussed in the following sections: Compliance with Selected Requirements in the Redevelopment Act; Redevelopment Transactions, Events, and Activities; and Performance Measures.

COMPLIANCE WITH SELECTED REQUIREMENTS IN THE REDEVELOPMENT ACT

Our first objective was to determine compliance with selected requirements in Chapter 163, Part III, Florida Statutes (Redevelopment Act), governing (1) required components of the individual district redevelopment plans; (2) property tax proceeds (tax increment financing) received by the CRA from the taxing authorities (Leon County and the City); and (3) timely and

CRA redevelopment plans are required to address information and components specified in the Redevelopment Act.

authorized uses of redevelopment funding (tax increment financing) for selected periods in the life of each CRA district (i.e., FY 2009 through FY 2013).

CRA Redevelopment Plans

Sections 163.360 through 163.362, Florida Statutes, address the requirements for CRA redevelopment plans. Those statutes require the plans be based on specific information, conform to the applicable comprehensive plan, and include specific components. We determined the Downtown Community Redevelopment Plan (approved and implemented in September 2002) fully complied with all but one of the Redevelopment Act requirements (for which it only partially complied) and the Frenchtown Community Redevelopment Plan (approved and implemented in June 2000) fully complied with all but one of the requirements.

Overall, the Tallahassee CRA redevelopment plans complied with Redevelopment Act requirements; two areas of noncompliance were identified that should be addressed.

Table 3 that follows provides a brief description of the Redevelopment Act requirements and whether those requirements were met by each CRA district (Greater Frenchtown/Southside and Downtown). The two areas of noncompliance shown in the table are further described after the table.

**Table 3
Compliance with the Redevelopment Act Plan Requirements for the Greater Frenchtown/Southside District and Downtown District**

Brief Description of Redevelopment Act Requirements	Frenchtown/ Southside Plan	Downtown Plan
The CRA area must have been declared by resolution as a CRA area based on slum, blight, and/or shortage of affordable housing.	✓ (Resolution 98-R-0039)	✓ (Resolution 02-R-43)
Plan shall conform to the comprehensive plan for the county or municipality as prepared by the local planning agency under the Community Planning Act.	✓	✓
Plan shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation proposed to be carried out in the community redevelopment area. Plan shall address zoning and planning changes (if any), land uses, maximum densities, and building requirements.	✓	✓
Plan shall provide for development of affordable housing in the area, or state the reasons for not addressing it.	✓	✓
Plan <u>may</u> provide for the development and implementation of community policing innovations.	Not in plan, OK – as is optional	✓
Prior to its consideration of a community redevelopment plan, the community redevelopment agency shall submit such plan to the local planning agency of the county or municipality for review and recommendations as to its conformity with the comprehensive plan for the development of the county or municipality as a	✓	✓

whole. The local planning agency shall submit its written recommendations with respect to the conformity of the proposed community redevelopment plan to the community redevelopment agency within 60 days after receipt of the plan for review.		
The community redevelopment agency shall submit any community redevelopment plan it recommends for approval, together with its written recommendations, to the governing body and to each taxing authority that levies ad valorem taxes on taxable real property contained within the geographic boundaries of the redevelopment area.	✓	✓
In the event the area is to be developed in whole or in part for residential uses, the plan should demonstrate a shortage of safe, decent, and affordable housing and also provide some other elements related to combined nonresidential use and acquisition criteria.	✓	✓
Upon approval of the plan, the plan should be carried out. <i>(Note 1)</i>	✓	✓
Plan shall contain a legal description of the boundaries of the community redevelopment area and the reasons for establishing such boundaries.	✓	Partially Complied
Plan shall show by diagram and in general terms: <ul style="list-style-type: none"> • The approximate amount of open space to be provided and the street layout. • Limitations on the type, size, height, number, and proposed use of buildings. • The approximate number of dwelling units. 	✓	✓
Plan shall identify property intended for use as public parks, recreation areas, streets, public utilities, and public improvements of any nature.	✓	✓
Related to low or moderate income housing... the plan shall contain a neighborhood impact element which describes in detail the impact of the redevelopment upon the residents of the redevelopment area and the surrounding areas in terms of relocation, traffic circulation, environmental quality, availability of community facilities and services, effect on school population, and other matters affecting the physical and social quality of the neighborhood.	✓	✓
Plan shall identify specifically any publicly funded capital projects to be undertaken within the community redevelopment area.	✓	✓
Plan shall contain adequate safeguards that the work of redevelopment will be carried out pursuant to the plan. (Examples of safeguards would be regular reporting of CRA activities that tie back to the redevelopment plans and adequate oversight provided by the governing board to assure CRA activities are in compliance with the redevelopment plan.)	✓	✓
Plan shall provide for the retention of controls and the establishment of any restrictions or covenants running with land sold or leased for private use for such periods of time and under such conditions as the governing body deems necessary to effectuate the purposes of this part.	No	✓
Plan shall provide assurances that there will be replacement housing for the relocation of persons temporarily or permanently displaced from housing facilities within the community redevelopment area.	✓	✓
Plan shall provide an element of residential use in the redevelopment area if such use exists in the area prior to the adoption of the plan or if the plan is intended to remedy a shortage of housing affordable to residents of low or moderate income, including the elderly, or if the plan is not intended to remedy such shortage, the reasons therefor.	✓	✓

<p>Plan shall contain a detailed statement of the projected costs of the redevelopment, including the amount to be expended on publicly funded capital projects in the community redevelopment area and any indebtedness of the community redevelopment agency, the county, or the municipality proposed to be incurred for such redevelopment if such indebtedness is to be repaid with increment revenues.</p>	<p>✓</p>	<p>✓</p>
<p>Plan shall provide a time certain for completing all redevelopment financed by increment revenues. Such time certain shall occur no later than 30 years after the fiscal year in which the plan is approved, adopted, or amended pursuant to Section 163.361(1), Florida Statutes. However, for any agency created after July 1, 2002, the time certain for completing all redevelopment financed by increment revenues must occur within 40 years after the fiscal year in which the plan is approved or adopted.</p>	<p>✓</p>	<p>✓</p>

Table Legend:

✓ District plan was in compliance with the Redevelopment Act Requirement.

Note 1: Based on activities observed and documentation reviewed during this audit, the CRA is executing the plan.

REPORT ISSUE #1: The Greater Frenchtown/Southside Redevelopment Plan complies with the Redevelopment Act, with the exception that it does not include a provision that addresses Section 163.362(6), Florida Statutes, which requires that the CRA “Provide for the retention of controls and the establishment of any restrictions or covenants running with land sold or leased for private use for such periods of time and under such conditions as the governing body deems necessary to effectuate the purposes of this part.” CRA management acknowledged this requirement is not specifically addressed in the Greater Frenchtown/Southside Redevelopment Plan, but indicated their operating procedures require that contracts for land/property sales or leases include terms mandating the establishment of covenants to ensure the land/property continues to be used for the intended purpose for predetermined periods of time.

The Greater Frenchtown/Southside District Redevelopment Plan should be revised to include required wording regarding restrictions and covenants for land sold or leased over a period of time.

Our audit confirmed management’s assertion. Specifically, as part of our tests of CRA transactions we reviewed nine contracts with organizations receiving project funding, either in the form of a grant or loan, where the noted restrictive covenant requirement should have been included in the contract. We determined in the nine contracts, the contracts for land/property sales and purchases included terms and conditions properly mandating the establishment of covenants requiring that the land/property continue to be used for the intended purpose for the predetermined period of time.

The CRA included appropriate restrictive covenants in each of the nine contracts reviewed.

There is a wording discrepancy in the legal description excluding 48 parcels in the Lafayette Townhomes from the Downtown District. However, these 48 parcels are included in the tax increment financing. The CRA needs to determine the accurate boundaries of the Downtown District.

Notwithstanding contract terms addressing this provision, inclusion of the required language in the redevelopment plan is important to establishing a basis for CRA staff's execution of the restrictive covenant requirement when providing CRA funds to purchase, lease, or renovate properties. Accordingly, we recommend CRA staff update the Frenchtown/Southside Redevelopment Plan to address the required statutory provision.

REPORT ISSUE #2: As required by Section 163.362(1), Florida Statutes, the Plan includes a legal description of the boundaries of the Downtown District. However, the boundaries depicted by the legal description differ from the boundaries shown by a District map, also included as a part of the Plan. As part of our audit, we requested staff from the City/County Planning Division assist our office by drawing the District boundaries using the legal description in the Downtown Redevelopment Plan. This depiction of the District's boundaries was then compared to the District map, also included in the Plan, and to the area (tax parcels) included in the calculation of District incremental tax revenues. This comparison identified one area included in the map, and included in the calculation of District incremental tax revenues, that was not clearly included in the legal description. The area, identified as Lafayette Townhomes (located between East Pensacola, North Franklin, East Jefferson, and North Meridian Streets), consists of 48 parcels and is shown in Figure 3 on the next page. For FY 2013, the Downtown District, including the 48 Lafayette Townhomes parcels, consisted of 1,278 tax parcels.

It is the CRA staff's understanding that the 48 parcels in the Lafayette Townhomes are to be included in the Downtown District and that the legal description is in error. We recommend the CRA update the Plan and clarify the boundaries of the Downtown District.

Figure 3
Location of the 48 Tax Parcels Not Clearly Defined in the Downtown District's Legal Description



Source: Extracted from the Downtown District's map (from Appendix B)

The CRA tax increment financing methodologies were in compliance with the Redevelopment Act.

Tax Increment Financing Received and Projected by the CRA

Funding Methodologies. Section 163.387(1), Florida Statutes, provides the authorization for CRAs to establish a redevelopment trust fund to receive and account for CRA funds and the methodology for determining the amounts of tax increment financing (incremental tax proceeds) to contribute to that trust fund annually. Pursuant to those statutory provisions and as previously described in this report, the annual amount contributed should equal 95 percent of the difference between:

- 1) The amount of ad valorem taxes levied each year by each taxing authority, exclusive of any amount from any debt service millage, on taxable real property contained within the geographic boundaries of a community redevelopment area; and
- 2) The amount of ad valorem taxes which would have been produced by the rate upon which the tax is levied each year by or for each taxing authority, exclusive of any debt service millage, upon the total of the assessed value of the taxable real property in the community redevelopment area as shown upon the most recent assessment roll used in connection with the taxation of such property by each taxing

The CRA uses the methodology outlined in the Redevelopment Act for the Greater Frenchtown/Southside District.

authority prior to the effective date of the ordinance providing for the funding of the trust fund.

As shown in the background section of this report on page 16, the above methodology has been used to determine the tax increment financing for the CRA's Greater Frenchtown/Southside District.

The Redevelopment Act also allows taxing authorities (i.e., City and County) to vary from the above tax increment financing methodology as long as the resulting amounts are not less than 50 percent of the amount that would be calculated using that methodology. In June 2004, the City, Leon County, and the CRA entered into an interlocal agreement that included provisions for tax increment financing in the Downtown District. As allowed by the Redevelopment Act, the methodology was amended in October 2007, and again in February 2009, to the following:

As allowed by the Redevelopment Act, the CRA uses an alternative methodology defined in the Interlocal Agreement between the City, Leon County, and the CRA for the Downtown District.

The City's annual contribution of Increment Revenue to the Trust Fund shall be equal to the ad valorem tax rate adopted by the City Commission as part of the annual budget adoption process, and applied to the incremental increase in ad valorem taxes. The County's annual contribution of Increment Revenue to the Trust Fund shall be equal to an ad valorem rate that is 1.154 times the City ad valorem rate, but not to exceed a maximum rate of 4.2698, and applied to the incremental increase in ad valorem taxes. The incremental increase in ad valorem taxes shall be determined as provided in Section 163.387(1), Florida Statutes.

Overall, the tax increment financing calculated and received by the CRA for each district from the City and Leon County for FYs 2002 through 2013 was in accordance with the Redevelopment Act and was materially correct.

The application of this methodology is demonstrated in the background section of this report on page 18.

Past Funding Received Through Tax Increments. In our audit, we recalculated the amount of tax increment financing due based on the above methodologies for each CRA district from the inception of the CRA district through FY 2013. We compared those calculated amounts to the amounts of tax increment financing received by the CRA from Leon County and the City during that period. Those calculations and analyses showed the following:

- 1) For the Greater Frenchtown/Southside District, the tax increment financing amounts, based on the Redevelopment Act methodology, paid to the CRA by Leon County and the City were materially correct for FYs 2002 through 2013.
- 2) For the Downtown District, based on the Redevelopment Act methodology and amendments to the Leon County, City, and CRA Interlocal Agreement, the tax increment financing amounts, paid to the CRA by Leon County and the City were materially correct for FYs 2005 through 2013.

Overall, the projected tax increment financing to be received by the CRA for each district in future years is reasonable.

Projections of Future Funding. CRA management projects tax increment financing amounts for future years to assist the CRA Board in making redevelopment decisions. CRA management obtains projected property value increases from the Leon County Property Appraiser for known major construction projects in the CRA district, and then applies a two percent annual estimated increase in taxable property values for future years. Appendix C provides the amounts of tax increment financing received in prior years and the future projected amounts to be received over a 30-year period (the maximum authorized life) for each CRA district.

During our audit, we determined that the projections of tax increment financing were calculated accurately and in accordance with management assumptions, which included estimates of the future valuations of newly constructed properties and an average annual two percent growth in taxable values.

We determined that the projections of tax increment financing were calculated accurately and in accordance with management assumptions, which included estimates of the future valuations of newly constructed properties and an average annual two percent growth in taxable values.

Tax Parcels. The City and Leon County base the annual tax increment financing amounts paid to the CRA on the increase in taxable values of the properties (tax parcels) located in each CRA district, as determined by the Leon County Property Appraiser's Office (Property Appraiser). With the assistance of staff in the ISS Geographic Information Systems (GIS) Section, we compared the tax parcels identified in each CRA district redevelopment plan to the tax parcels the Property Appraiser identified in each CRA district.

Our analyses showed that the tax parcels identified using the CRA district boundaries in the respective redevelopment plans were the same as the tax

parcels the Property Appraiser sent to the Department of Revenue in August 2013 for purposes of determining incremental tax financing amounts with a few exceptions. Specifically, there were 12 differences between the Greater Frenchtown/Southside District tax parcels identified in the GIS database (in September 2013) and the tax parcels included in the 2013 tax roll sent to the Department of Revenue. However, these differences were attributable to changes in parcel status between the date of the tax roll and the date of our analysis. Of the 12 differences, nine were newly developed condominium properties, one was a City property, one was a state property, and one was a railroad property.

[Note: As noted previously within this report, the Downtown Redevelopment Plan includes both a legal description of the boundaries of the District and a map of the District. We found that these two descriptions of the District's boundaries differed in some respects. Specifically, the legal description appears to exclude 48 tax parcels that are included in the Plan's map of the District. We have recommended that the CRA take steps to clarify the Plan's description of the Downtown District's boundaries.]

Appendix B provides maps showing the boundaries of each CRA district.

The Redevelopment Act requires unused tax increment financing at yearend be used to reduce pledged indebtedness, appropriated to a specific redevelopment project in the redevelopment plan that will be completed within three years, or returned to the taxing authority.

Timely Utilization of Tax Increment Financing

Section 163.387(7), Florida Statutes, states that on the last day of the fiscal year of the community redevelopment agency, any money which remains in the trust fund after the payment of eligible expenses for that year shall be (a) returned to each taxing authority which paid the increment in the proportion that the amount of the payment of such taxing authority bears to the total amount paid into the trust fund by all taxing authorities for that year; (b) used to reduce the amount of any indebtedness to which increment revenues are pledged; (c) deposited into an escrow account for the purpose of later reducing any indebtedness to which increment revenues are pledged; or (d) appropriated to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within three years from the date of such appropriation.

REPORT ISSUE #3: Prior to the audit, CRA records did not clearly demonstrate the extent of compliance with provisions of Section 163.387(7), Florida Statutes, related to timely use and commitment of tax increment financing. During the audit, we determined that the CRA's practice was to allocate remaining unspent/uncommitted funds at yearend to a "land acquisition fund." Within three years of that appropriation, monies within that fund were subsequently committed to specific redevelopment projects approved by the CRA. CRA management stated that, based on the advice of former outside legal counsel, they deemed such a practice to constitute compliance with the statute as "appropriation to a specific redevelopment project pursuant to an approved community redevelopment plan which project will be completed within three years from the date of such appropriation."

Prior to the audit, records were not maintained to clearly demonstrate the extent of compliance with Section 163.387(7), Florida Statutes, related to timely use and commitment of funds.

Based on a plain reading of the statute, it appears the applicable statutory provisions require the remaining funds to be appropriated as of the fiscal yearend to specific approved projects which will be completed within three years from the date of such appropriation. Accordingly, we have questioned the CRA's practice of allocating unspent/uncommitted monies at fiscal yearend to a land acquisition fund and the subsequent (i.e., within three years) pledging or commitment of those monies to specific projects. We have consulted with the City Attorney's Office on this issue and, in the absence of judicial construction or other authoritative interpretation to the contrary, the City Attorney concurs with our plain language interpretation of the statute.

Based on a plain language interpretation of the statute, the CRA practice of allocating remaining unspent/uncommitted monies at fiscal yearend to a land acquisition fund did not ensure compliance with Section 163.387(7), Florida Statutes.

In response to our request, CRA staff developed schedules to track and show the extent to which remaining FY 2009 and FY 2010 funds (after having been appropriated to the land acquisition fund) had been committed to specific projects that were completed within three years of fiscal yearend. That is, the CRA prepared schedules showing the extent to which FY 2009 remaining funds had been committed to and spent on projects completed no later than September 30, 2012; and FY 2010 remaining funds had been committed to and spent on projects completed no later than September 30, 2013. Those schedules, which we reviewed, showed the CRA expended the remaining funds on approved projects. However, for each of the two CRA districts for each fiscal year (FY 2009 and FY 2010),

some of the projects were not completed within three years of the respective fiscal yearend. This is demonstrated in the following table.

**Table 4
Timely Use of Yearend Remaining Funds**

CRA District/FY	Remaining Funds	Used on projects completed within subsequent three-year period	NOT used on projects completed within subsequent three-year period	Percent NOT used on projects completed within subsequent three year period
Greater Frenchtown/ Southside – FY 2009	\$1,840,143	\$1,656,132	\$184,011	10%
Greater Frenchtown/ Southside – FY 2010	\$2,319,822	\$980,650	\$1,339,172	58%
Downtown – FY 2009	\$758,159	\$613,042	\$145,117	19%
Downtown – FY 2010	\$599,438	\$355,387	\$244,051	41%
Total	\$5,517,562	\$3,605,211	\$1,912,351	37%

CRA records prepared in response to this audit showed remaining unspent/uncommitted funds have not always been spent on projects that were completed within three years of the respective fiscal yearend.

Our analysis showed that, of the \$1,912,351 shown in Table 4 above that was not used on projects completed within three years of the fiscal yearend, the majority (\$1,758,809 or 92%) was spent and/or used on projects that were completed within seven months after the end of the applicable three-year periods. The remaining \$153,542 (8%) was spent and/or used on projects that were completed between 12 and 17 months after the end of the respective three-year periods.

CRA staff also noted the CRA cannot always ensure that remaining funds at a fiscal yearend will be used on specific projects completed within three years in the event there are significant delays in the project’s completion for which the CRA has no control (e.g., private redevelopments receiving CRA funding incentives that are planned to be completed within the three-year period; but, significant construction delays occur due to the contractor or other factors outside the control of the CRA). Notwithstanding the possibility of those circumstances, and absent any written legal opinion explaining the rationale for the former practice, we recommend for future

Records should be maintained to track and document compliance with the timely use requirement.

fiscal year ends, that the CRA appropriate any remaining funds to specific projects that are planned to be completed within three years of the date of appropriation. Any remaining funds not appropriated or reserved to pay indebtedness (in the event indebtedness is incurred) should be returned to the contributing taxing authorities. Additionally, we recommend the CRA continue to prepare appropriate records to track each year's funds (tax increment financing) for purposes of demonstrating the extent of compliance with Section 163.387(7), Florida Statutes. In the event a fiscal year's remaining funds are not used in accordance with Section 163.387(7), Florida Statutes, the reasons therefore should be properly documented in CRA records. Furthermore, information on compliance with the timely use requirement should be included as part of the information in the CRA Annual Report.

Reporting of Tax Increment Financing

The City's Comprehensive Annual Financial Report and the CRA Annual Reports fulfill the reporting requirements specified in the Redevelopment Act.

In addition to the previously mentioned Redevelopment Act requirements, there are two provisions that address CRA agency reporting. First, Section 163.356(3)(c), Florida Statutes, requires agencies to file an annual report of its activities for the preceding fiscal year, including a complete financial statement with assets, liabilities, income, and operating expenses as of the end of the fiscal year. Second, Section 163.387(8), Florida Statutes, requires each agency to provide to each taxing authority an audit of the trust fund each fiscal year. The report of such audit is to be prepared by an independent certified public accountant or firm. Such report shall describe the amount and source of deposits into, and the amount and purpose of withdrawals from, the trust fund during such fiscal year and the amount of principal and interest paid during such year on any indebtedness to which increment revenues are pledged and the remaining amount of such indebtedness.

The CRA is classified as a "blended component unit" in the City's Comprehensive Annual Financial Report.

The annual audit of the City's Comprehensive Annual Financial Report conducted by independent CPA firms, and the CRA's annual report meet the Redevelopment Act audit and reporting requirements. Specifically, through inclusion of the CRA as a "blended component unit" in the City's Comprehensive Annual Financial Report, CRA financial activities are reported and included in the scope of the City's annual audit. Additionally,

The CRA prepares an Annual Report to the CRA Board and posts the annual reports on the CRA website.

CRA management prepares and provides an annual report to the CRA board and posts the annual reports on the CRA website. The annual report provides financial statements for each CRA district, including a description of the overall CRA financial status, a statement of revenues, expenditures and changes in fund balances, and a balance sheet. Among other things, those reports provide descriptions and information on the CRA's revenues (deposits) and expenditures (withdrawals).

[Notwithstanding this determination of compliance with reporting requirements, we provided recommendations to enhance the CRA Annual Report. Please see audit report recommendations related to the CRA Annual Report on pages 32-34 related to compliance with timeliness of use of tax increment financing funds, on pages 48-49 to disclose the properties that are owned by each CRA district, and on pages 50-51 to report on the levels of success for the CRA programs and activities.]

REDEVELOPMENT TRANSACTIONS, EVENTS, AND ACTIVITIES

The Redevelopment Act (Section 163.387(6), Florida Statutes) specifies the authorized uses of redevelopment funds. Specifically, monies in the redevelopment trust fund may be expended by the CRA for purposes, including but not limited to, the following:

- a) Administrative and overhead expenses necessary or incidental to the implementation of a community development plan adopted by the CRA.
- b) Expenses of redevelopment planning, surveys, and financial analysis, including expenses incurred before the redevelopment plan was approved and adopted.
- c) Acquisition of real property in the redevelopment area.
- d) Clearance and preparation of any redevelopment area for redevelopment and relocation of site occupants within or outside the community redevelopment area (in accordance with the requirements of Section 163.370, Florida Statutes).
- e) Repayment of principal and interest for any form of indebtedness.

Monies in the redevelopment trust funds may be expended by the CRA for authorized uses defined in the Redevelopment Act.

- f) All expenses incidental to or connected with the issuance, sale, redemption, retirement, or purchase of bonds or other form of indebtedness.
- g) Development of affordable housing within the redevelopment area.
- h) Development of community policing innovations.

The CRA is required to comply with City policies and procedures, including City Commission Policy No. 242, "Procurement Policy," and Administrative Policy and Procedures No. 630, "Internal Control Guidelines."

City Commission Policy No. 242 "Procurement Policy" provides guidance and outlines specific roles and responsibilities of employees, supervisors, and management to ensure that purchases of goods and services are properly authorized, competitively procured, received, approved, and paid for in a timely manner. Additionally, City Administrative Policy and Procedures No. 630, "Internal Control Guidelines" provides guidance regarding the recording of transactions and events. Transactions and other significant events recorded correctly and on a timely basis provide value to management in monitoring and controlling operations and making decisions.

We tested expenditures incurred by both CRA districts to determine whether they were proper and appropriate, recorded and supported, and in accordance with controlling laws, rules, policies, and good business practices. For each judgmentally selected transaction, we tested related transactions (and events and activities). For example, if the selected transaction was for a project, we tested all transactions related to that specific project; or if one transaction was related to a travel cost, we tested all transactions related to that specific travel occurrence. As a result, we tested 63 percent of total expenditures during the period October 1, 2009, through August 31, 2013, incurred by both CRA districts, as shown in Table 5 below.

We tested expenditures and related transactions, events, and activities to determine whether they were proper and appropriate; recorded and supported; and in accordance with applicable laws, rules, policies, and good business practices.

**Table 5
Expenditures Tested in Each CRA District**

CRA District	Population Count	Population Amount	Sample Count and Percent	Total Sample Amount Tested and Percent
Greater Frenchtown/Southside	647	\$ 2,557,790	29 (4%)	\$1,561,867 (61%)
Downtown	402	\$ 652,040	24 (6%)	\$ 471,352 (72%)
Total	1,049	\$ 3,209,830	53 (5%)	\$2,033,219 (63%)

Overall, CRA transactions and related project events and activities were proper and appropriate and in compliance with controlling laws, rules, regulations, and good business practices, and were properly recorded and supported. However, we noted some areas where controls should be enhanced and/or strengthened.

The CRA should strengthen controls related to monitoring and enforcing contractual requirements.

Overall, we determined that the tested CRA transactions and related project events and activities were proper and appropriate and in compliance with controlling laws, rules, regulations, and good business practices, and were properly recorded and supported. Additionally, transactions and related project events and activities were applicable and appropriate to the respective CRA districts and redevelopment plans (i.e., funds received for one district were not used for the other district). However, as addressed in the following paragraphs of this report, several issues were identified for which improvements and enhancements were recommended.

General Expenditures and Related Transactions, Events, and Activities

REPORT ISSUE #4: Controls related to monitoring and enforcement of contractual requirements should be strengthened. The CRA is administered within the City and therefore subject to applicable City policies and procedures. Administrative Policy and Procedure (APP) 630, “Internal Control Guidelines,” provides standards for City departments and offices (including the CRA) to establish an internal control structure to help attain goals and objectives, promote operational efficiency and effectiveness, comply with applicable laws and regulations, and protect the integrity and reliability of financial information. One control activity applicable to the CRA is ongoing monitoring of contracts executed for CRA projects and programs.

During our testing of 53 selected transactions (and related events and activities) for the two districts, we noted the following instances where CRA staff did not adequately monitor contract activities in a manner to ensure contractors complied with applicable contractual requirements.

In the Greater Frenchtown/Southside District:

- 1) For one contract, CRA staff did not monitor to ensure adequate insurance was maintained. Good business practices provide that City/CRA contractors, in applicable circumstances, obtain and/or maintain certain insurance coverages to protect not only the contractors but also the City/CRA from liability risks. In accordance with those practices, the City and CRA require contractors to obtain/maintain insurance coverages for applicable risks, and to generally name the City/CRA as an additional insured on the related insurance policies. For most contracts reviewed during our testing that required such

For one contract, the CRA had not retained evidence showing the contracted organization had obtained required insurance coverage for the entire contract period. Subsequent to our inquiry, documentation was obtained to support the organization had obtained the appropriate insurance.

insurance coverages, we found evidence was maintained by the CRA/City that the required coverages were obtained and maintained. However for one of the contracts we determined evidence of required insurance coverage by the contractors was not verified by CRA staff. Specifically, in December 2009 the CRA awarded a grant of \$550,000 to, and entered into a contract to partner with, Delta Kappa Omega Housing Foundation and Service Center, Inc. (Delta Kappa Omega) to construct, operate, and maintain the Providence Neighborhood Community Service Center on Highland Street. Delta Kappa Omega agreed to provide a minimum of \$100,000 towards the construction project and to operate and maintain the Center after construction was completed. The grant required Delta Kappa Omega to (1) execute a seven-year lease/purchase agreement with the City for the property (the City owns the property where the Center was constructed); (2) construct, operate, and maintain the Center in accordance with the CRA and City agreement; (3) comply with other terms and conditions of the CRA and City agreement; and (4) maintain appropriate minimum liability and property damage insurance on the Center. CRA funding was to be provided to Delta Kappa Omega as construction milestones were completed and verified.

The Certificate of Occupancy for the Center was issued by the City in July 2012. During our review, we noted the CRA did not have evidence to support required insurance coverages were obtained by Delta Kappa Omega for the Center for the period July 2012 through March 2013. While evidence was maintained by the CRA showing required coverages were obtained subsequent to March 2013, the lack of records showing insurance coverages for the noted period precluded a timely determination that the Center (and CRA) was adequately protected against liability and property damage risks for that period. Subsequent to our audit inquiry on this matter, documentation was obtained from the insurance provider showing the property was insured during the period July 2012 through March 2013.

In the Downtown District:

- 1) For two contracts providing loans and/or grants, CRA monitoring efforts were not adequate to ensure timely reports were submitted by the contractors and, for one of those contractors, that all required loan repayments were made. In our testing of items for the Downtown District, we identified eight contracts that required reports to be submitted by grant/loan recipients. We noted that required reports were submitted as required for six of the contracts and not always submitted for the other two contracts. The instances where reports were not submitted included the following.

CRA staff did not adequately monitor one contract to ensure all required loan payments were made and annual reports submitted.

- The first contract, executed in August 2010 with Tallahassee RI, LLC, was a \$50,000 retail incentive loan to assist in retail build-out improvements in space leased at the Marriott Residence Inn on Gaines Street. (Tallahassee RI, LLC, was the owner of that Marriot Inn.) The loan agreement called for a 10-year repayment schedule at a 3.25 percent annual interest rate. The loan agreement also required Tallahassee RI, LLC, to submit annual reports to the CRA, no later than February 28 of each year during the 10-year period, on the status of any tenants in the leased space. The build-out improvements were completed and the certificate of occupancy for the retail space was issued in November 2010. During our review, we noted no annual reports from Tallahassee RI, LLC, were available in the CRA’s records for this project. Additionally, we noted that CRA staff had not verified that all required loan repayments were made in compliance with the loan agreement. Our review showed that over FYs 2011 through 2013, the City’s financial records do not contain an indication that monthly payments of \$488.60 had been received in two instances.
- The second contract, executed with the Downtown Merchants and Business Association (Association), was a promotional/special event grant for \$5,500. The grant was to allow the Association to fund two “Saturday in the Park” events held in July and August 2012. Contractual provisions required the Association to provide a post-events report to

For one promotional/special event grant of \$5,500, there was no evidence the contractor submitted a required post-events report.

For one contract, CRA staff did not ensure the contractor established a required shared bank account as a means to secure the CRA's interest in the project.

For that same contract, project documentation did not support that a required City inspection of the contracted improvements was performed.

substantiate and demonstrate how the grant funds were expended. While the grant funds were paid to the Association, no post-events report was received by the CRA.

- 2) For one contract, the CRA did not monitor and enforce contractual terms securing the CRA's interest in the event of noncompliance by the grantee. A contract was executed in March 2012 that provided a \$44,383 Commercial Façade Program grant to the Florida Commerce Credit Union (Credit Union). Under the terms of the contract, the Credit Union was to make structural improvements to the façade of the Credit Union's building at 107 East College Avenue. If the Credit Union complies with the terms and conditions of the contract, including maintaining the structural improvements for a five-year period, the amortized monthly amount due to the CRA will be forgiven. In the event the Credit Union does not comply with those terms, grant funds are to be returned to the CRA in an amount proportional to the remaining part of the five-year period.

As a means to secure the CRA in the event of noncompliance with the described grant terms, the contract required the CRA and Credit Union to establish a shared bank account and maintain in the account a balance equal to the amortized balance of the grant for the five-year life of the grant. The Credit Union was also required to submit quarterly statements on the shared account to the CRA. Our audit disclosed the CRA did not have on file the quarterly statements for the shared account. Absent the quarterly statements, CRA records lack sufficient evidence of the enforcement of key contract terms designed to protect the CRA's interests in the event of grantee noncompliance. Prior to the release of this report, CRA staff obtained evidence that the appropriate balance in the shared account has been maintained. In addition, the credit union has agreed to regularly send quarterly statements to CRA staff.

Other terms of this same contract provided for a City building inspector to certify the CRA-approved improvements were completed in a satisfactory and professional manner before grant funds were disbursed to the Credit Union. However, there was no evidence to support that the required inspection was performed and work certified as

satisfactory and professional. (Note: Prior to release of this report and in response to our inquiry, CRA management obtained evidence to support the Certificate of Occupancy was issued for the Credit Union property prior to the grant payment, indicating that all required inspections were performed and approved.)

The instances described above indicate that CRA monitoring and oversight activities should be strengthened to ensure contracted deliverables are provided, contract and grant requirements are met, and resources of the CRA are adequately protected. We recommend CRA management enhance processes related to monitoring and enforcement of contractual requirements to ensure contracted deliverables are adequately and properly provided in accordance with contract terms and conditions.

REPORT ISSUE #5: Controls related to proper classification of expenditures to the correct expenditure account need to be strengthened.

APP 630, "Internal Control Guidelines," provides that transactions and other significant events should be recorded on a timely basis and properly classified. Promptly recording and properly classifying transactions helps establish their relevance and value to management in monitoring and managing operations and making relevant decisions. During our testing of 53 selected transactions from the two districts, we noted improvements were needed relative to properly classifying and recording expenditures to the correct expenditure account or fund. Specifically:

In the Greater Frenchtown/Southside District: We noted four of 29 transactions where the expenditure was classified to the wrong cost account code. Instances included incorrectly classifying expenditures for:

- Unclassified contractual services as construction services.
- Office supplies as unclassified supplies.
- Advertising as food costs.
- Project costs as administrative costs.

In the Downtown District: For the 24 transactions tested, we noted the following:

- Four transactions where the expenditure was classified to the wrong cost account code. Specifically, unclassified professional fees and

The CRA should strengthen controls to ensure expenditures are properly classified.

professional services were incorrectly coded as unclassified contractual services or vice versa.

- Two instances where “program-type” expenditures were charged to the CRA administrative fund, when it may have been more appropriate to have created specific projects within the accounting system for the applicable activity and charged those expenditures to the CRA Project Fund. Those instances included expenditures to fund the “Saturday in the Park Event” and selection of an artist for the artwork to be placed within the CRA district.

It is important to correctly and accurately classify and record expenditures to ensure the effectiveness of budgetary controls and useful financial reports for managerial purposes. Therefore, we recommend CRA management implement improvements to ensure expenditures are properly classified to the correct expenditure account. Consideration should also be given to charging all expenditures of a programmatic nature to the CRA Project Fund.

REPORT ISSUE #6: Controls related to preparation and retention of documentation to support and substantiate expenditures and other transactions, events, and activities need to be strengthened. APP 630, “Internal Control Guidelines,” requires the design and use of adequate documents and records to help ensure the proper recording of and accountability for transactions and events. Documentation of transactions and other significant events consists of various records such as employee time sheets, purchase requisitions, purchase orders, receiving reports, invoices, payment vouchers, journal vouchers, applications, permits, licenses, activity reports, and contracts and agreements. Documentation should be sufficient to demonstrate the applicable transactions and events occurred and were properly authorized and approved in accordance with good business practices, accurately classified and recorded, and executed in accordance with controlling laws, rules, regulations, policies and procedures, and contractual terms and conditions.

During our testing of 53 selected transactions from the two districts, we noted four areas where improvements were needed related to preparing and retaining sufficient documentation. Specifically:

The CRA should strengthen controls to ensure sufficient documentation is retained to substantiate expenditures and other transactions, events, and activities.

In the Greater Frenchtown/Southside District:

We noted two instances where purchase card transactions (for \$577 and \$3,127) were not adequately supported.

- 1) Two instances were noted where documentation was inadequate or not available to support purchase card expenditures were authorized and approved and/or the purchased goods/services received. These transactions included purchases of office equipment in amounts of \$577 and \$3,127. The first purchase (\$577) was for a television and wall mount purchased by an employee of the City's Economic and Community Development (ECD) Department for an ECD conference room (also used by the CRA) and charged to the CRA. For that purchase, the applicable vendor invoice and purchase card statement (required to be signed by the purchaser and applicable supervisor) were not retained by ECD or CRA. Accordingly, evidence was inadequate to demonstrate that the purchase was authorized and approved or that the items had been received. The second purchase was for an office cubicle (\$3,127) for a recently hired administrative assistant position. For that purchase there was a supporting invoice and some evidence of approval, authorization, and receipt. However, the related purchase card statement from the bank, showing concurrence by the purchasing employee and that employee's supervisor that the purchase was approved and appropriate, was not retained.

For one contract, a formal amendment should have been executed when the former CRA Executive Director and contractor agreed to allow a renovated property to be leased instead of sold.

- 2) A formal contract amendment was not executed for a substantial change to a contract. Formal (written) contract amendments should be executed for substantial changes to a contract's initial terms and conditions. Formally executed contract amendments serve to clarify the changes and to protect both parties to the contract in the event of subsequent questions or issues. We noted one instance where a significant change to a contract was verbally approved but not documented through a written contract amendment. Specifically, in February 2009, the CRA contracted with Rainbow Rehab, Inc., for \$46,000, to rehabilitate a home (668 West 5th Avenue). Two written contract amendments were executed to change the scope of the project work, add a restrictive covenant, require monthly status reports, and to sell the home to a buyer that would live in the home and qualify for homestead exemption. Subsequently, in July 2011, Rainbow Rehab, Inc. requested approval to lease the home due to a lack of qualified

homebuyers. The former CRA Executive Director indicated he verbally approved changing the contract requirement from selling the home to leasing the home for 10 years; however, the contract was not formally amended for that change.

[NOTE: For this contract we also noted the required monthly status reports on the rehabilitation and use of the property were not being submitted to the CRA. As of October 2013, only three monthly status reports had been submitted (i.e., for February, March, and April of FY 2010). Prior to the release of this report, it was brought to our attention that Rainbow Rehab, Inc. sold the property to a qualified buyer in February 2014. See **REPORT ISSUE #4** for other similar incidents.]

3) Adequate controls were not implemented to document the transfer of responsibility upon issuance of CRA checks and gift cards to recipients.

CRA staff regularly processed check requests for payments to grantees and loan recipients, picked up the checks from the City Treasurer-Clerk's Office, and hand-delivered the checks without obtaining signatures from the recipients that they received payment. In a few instances, CRA staff required the recipient of the check to provide a signature acknowledging their receipt of the payment; however, in most instances, a signature was not obtained. Additionally, we noted that as part of the FY 2010 Residential Landscaping Project, CRA staff reported they hand-delivered 80 gift cards, each worth \$200, to eligible recipients for use at authorized local nurseries to improve the landscaping around their homes. CRA staff did not require signatures from those recipients acknowledging their receipt of the gift cards. Documented transfers of custody (signatures of persons receiving the checks or gift cards) are appropriate to demonstrate the proper disposition of those items of value.

CRA staff should document the transfer of checks and gift cards to recipients to demonstrate the proper disposition of those items of value.

[NOTE: The process of the same CRA staff processing the check requests, picking up the resulting checks from the City Treasurer-Clerk's Office, and hand-delivering the checks to grant/loan recipients increases the risk of loss or unauthorized and undetected diversion, as the person involved in the processing of payments is also handling the resulting checks (i.e., an inadequate segregation of duties). This also

varies from normal City operating practices of processing payments through the PeopleSoft Financials System, whereby resulting checks are mailed directly by City staff to vendors (or grantees and loan recipients). In response to our inquiry in this matter and prior to release of this report, CRA management indicated checks are no longer hand-delivered.]

In one instance, the CRA did not retain documentation to support receipt of purchased services.

In the Downtown District:

- 1) One instance was noted where the CRA did not retain adequate evidence that the required services were provided. In this instance the CRA used a purchase card to acquire an advertisement in the local newspaper for the 2013 Special/Promotional Events Program and application process. The cost was \$550. While evidence showed the purchase was properly authorized and approved, appropriate documentation was not obtained and/or retained to show that the services were actually provided (e.g., copy of the published advertisement). [Prior to release of this report and in response to our inquiry, CRA management obtained a copy of the advertisement from the vendor as evidence that the services were received.]

Proper documentation is necessary to support that transactions, events, and activities are properly authorized, approved, procured, received, recorded, etc. We recommend CRA management enhance procedures to ensure that all expenditures and other transactions, events, and activities are properly documented and executed in accordance with applicable policies and procedures and good business practices.

REPORT ISSUE #7: Controls related to ensuring proper payment for services and goods, including travel, need to be strengthened. Good business practices provide that an entity should not pay more for items than contract terms or governing policy allow. The City's Travel and Training Policy (APP 602) requires that:

The CRA should strengthen controls to ensure proper payment for services and goods, including travel.

Economics shall be the primary consideration when making travel arrangements. The method, class, routing and other arrangements associated with the travel shall be the most economical available and result in the shortest 'time-away' or lowest overall cost consistent with distance to be traveled and trip purposes.

Accordingly, if a traveler selects a different route, method, or rate, for his or her own personal benefit, reimbursement shall be limited to that which best suits the interest of the City and the traveler shall pay the difference.

Our testing showed instances where the CRA paid more for goods/services than amounts provided by applicable contracts or allowed by the City's Travel and Training Policy. Specifically:

In the Greater Frenchtown/Southside District:

1) We noted in three of 29 transactions where the CRA paid or was charged more for goods/services than amounts specified on applicable contracts or more than was otherwise appropriate. Specifically:

We identified three overpayments for goods and services totaling approximately \$1,650.

- The CRA paid \$790 for an association conference registration when the applicable registration fee was \$590, resulting in an overpayment of \$200. (After we informed CRA staff of this matter they initiated action and recovered the overpayment from the association.)
- The CRA paid a vendor \$9,588 to fence a CRA-owned property at 815 West Georgia Street and the adjacent property being acquired from the City, when the applicable citywide contract terms provided that only \$8,387 should have been paid, resulting in an overpayment of \$1,201. CRA staff was aware there was a citywide contract available, but were not aware of the contract prices established for specific fencing materials.
- The CRA was charged \$4,975 for real estate appraisal services acquired by the City's Property Management Division (PMD) on behalf of the CRA using a citywide contract. The invoice included a fee of \$4,725 for appraisal services based on 35 hours of appraisal work at the contractual rate of \$135, plus a separate clerical fee of \$250. The citywide contract does not specifically address clerical fees as a separate fee. Thus, it was not possible for City staff, or for us on audit, to determine whether the amount charged conformed with the contractual intent (i.e., interpreted by audit as an agreed-upon established

hourly rate for services rendered intended to recover all costs and provide a reasonable profit). In response to our inquiry on this matter, PMD stated that the clerical fee in this instance had been reviewed and determined appropriate prior to the acquisition of services. However, PMD acknowledged our concern and indicated that in future acquisitions the contracted appraisers will be required to quote and invoice strictly on the contract rate.

In the Downtown District:

We noted one instance where a CRA employee was paid approximately \$185 more than allowed by City travel policy.

- 1) We noted one instance in 24 transactions tested where the CRA paid approximately \$185 more for a CRA staff's travel than the amount allowed by the City travel policy. This involved (1) use of personal vehicle for the travel when a rental car would have been more economical and (2) reimbursement for a breakfast when the cost of that meal was included in the hotel registration fee.

We recommend controls related to proper procurement of services and goods and travel expenditures be strengthened in order to ensure CRA funds are spent prudently.

Property Acquisitions

The City's Real Estate Policy provides guidelines for real estate transactions.

City Commission Policy No. 136, "Real Estate Policy," provides guidelines to ensure proper accountability for real estate transactions executed by the City and CRA and to ensure fair and equitable treatment to the City (and CRA), the general public, and all affected property owners. The policy outlines the roles and responsibilities of applicable departments (including the department for which the transaction is executed and the Property Management Division), the City oversight committee, and management regarding property acquisitions and dispositions.

Acquisitions by the CRA were in accordance with City Real Estate Policy.

REPORT ISSUE #8: The acquisitions of three properties by the CRA during the period October 1, 2008, through September 30, 2013, were in compliance with the City's Real Estate Policy, with the exception that two of the properties were not recorded correctly in the City's records as being owned by the CRA and one of the properties was not recorded at the

Two properties were not properly recorded in the City's records as being owned by the CRA.

The recorded cost of one property acquired by the CRA was understated by \$11,715.

correct cost. Our testing of the three properties showed each was purchased in compliance with the City Real Estate Policy, in that required appraisals, reviews, approvals, and other required documentation were obtained. We also noted that each purchase related to authorized CRA activities within the respective CRA district. However, we determined there were issues related to the recording of the properties in the City's PeopleSoft Financials System (i.e., accounting records). Specifically:

- The Soul Gardens property (518 West Georgia Street), located in the Greater Frenchtown/Southside District and purchased in June 2009 for a total cost of \$273,790 was: (1) not recorded in the City's PeopleSoft Financial system as being owned by the CRA Greater Frenchtown/Southside District (i.e., was instead recorded as an asset of the City's Property Management Division) and (2) recorded in an amount that was \$11,715 less than the actual cost of the property (\$262,075 instead of \$273,790). The understatement occurred because the costs of the associated environmental assessments, survey, and appraisal were not properly included as part of the property's total acquisition cost.
- The property adjacent to the Soul Gardens property (604 North Macomb Street), in the Greater Frenchtown/Southside District, purchased in September 2013 for a total cost of \$26,031, had not been recorded as an asset of the CRA in the City's PeopleSoft Financial system Greater Frenchtown/Southside District as of the end of our audit fieldwork in December 2013.

Upon additional inquiry, we also determined that a previous property acquisition (O'Connell property purchased by the CRA from the City in 2009 for approximately \$4.65 million and located on Madison Street across from the Civic Center) was also not properly recorded in the City's PeopleSoft Financial system as being owned by the CRA.

Transactions and other significant events recorded on a timely basis and properly classified provide value to management in controlling operations and making decisions. Therefore, we recommend:

- Accounting adjustments be processed to record the correct cost of the Soul Gardens property in the City's financial records.

- Appropriate accounting entries be executed to ensure CRA properties are properly recorded in the City's PeopleSoft Financial system as owned by the CRA.

Properties owned by the CRA should be included in the CRA Annual Report.

Furthermore, we noted that CRA district properties are not shown in the CRA Annual Reports addressed on pages 34-35 of this report. To enhance the usefulness of the CRA Annual Reports, we recommend CRA management disclose in those reports the properties that are owned by each CRA district. Prior to the release of this report and in response to our recommendation, we noted that CRA management included the properties owned by the CRA in its FY 2013 Annual Report presented to the City Commission on March 26, 2014.

PERFORMANCE MEASURES

Performance measures are an effective tool in assessing and reporting the level of success of CRA programs and activities.

Performance measures are a key tool to help managers assess progress toward meeting goals or objectives stated in strategic or operational plans and to make important decisions. Performance measures can provide objective and quantitative information about program services, such as progress in meeting goals, degree of customer satisfaction, and if and where improvements may be necessary. Additionally, performance measures are an accountability tool to communicate progress to oversight boards and the public.

While CRA management has reported various program accomplishments, formal performance measures should be developed and used to assess and report the level of success of CRA activities and programs.

REPORT ISSUE #9: CRA management should develop specific performance measures and/or performance indicators to periodically assess and report the level of success of CRA activities and programs. During recent CRA Board meetings, the CRA Executive Director reported various program accomplishments and discussed selected completed projects. However, formal performance measures have not been defined and used as a means to periodically assess and report on the successes of the CRA. Below are examples of performance measures utilized by other CRAs that could be considered for use by the Tallahassee CRA:

- Increase in taxable value of properties participating in CRA programs.

- The increase in taxable value of those properties that have participated in CRA programs compared to the amount of funds contributed to those properties.
- Net gain in affordable housing units.
- Reduction in identified unmet housing needs.
- The increase in affordable housing units compared to the overall affordable housing goal.
- The number of (and amount provided to) businesses that have received grants and/or loans, and the number of those businesses that were able to open and stay in business for a set period, or to expand their businesses.
- Incidence of loan repayments or defaults.
- Number (dollar) of projects completed on time or on budget.
- Number and quality of jobs created or retained.
- Reduced vacancy rates in commercial and industrial properties.
- Satisfaction of the CRA district advisory committees on the efforts of the CRA.
- Resident ratings of shopping opportunities.
- Resident ratings of neighborhood quality.
- Number of residents/merchants receiving services.

The defined performance measures should be reported in the CRA Annual Report.

Well-defined and designed measures that are timely, relevant, and accurate will provide management and the CRA Board an effective tool in measuring the level of success of CRA programs and activities and in making important decisions as to continuation of and/or modification to those programs and activities. Accordingly, we recommend CRA management develop and define appropriate performance measures to periodically assess and report on the levels of success for the CRA programs and activities. Such measures should be incorporated into the CRA's Annual Report.

Conclusion

Overall, the CRA has complied with the Redevelopment Act related to tax increment financing and required contents of redevelopment plans.

The CRA Annual Report and the City's Comprehensive Annual Financial Report fulfill the reporting requirements in the Redevelopment Act, and performance of CRA programs has been reported to the CRA Board.

In this audit of the CRA, we (1) assessed the Tallahassee Community Redevelopment Agency's (CRA) compliance with selected requirements in Chapter 163, Part III, Florida Statutes, also known as the "Community Redevelopment Act of 1969" (Redevelopment Act); (2) determined whether selected CRA transactions, events, and activities were proper and appropriate, in compliance with laws, rules, policies, and good business practices, and properly recorded and supported; and (3) evaluated the effectiveness of the performance measures used to assess the success of CRA programs and activities.

Overall, we concluded that the CRA (and City and County, as applicable) complied with the Redevelopment Act provisions and that the CRA received the appropriate share of property tax revenues resulting from incremental increases in property taxes for FYs 2009 through 2013. Also, projections of the share and amount of property tax revenues to be received during the maximum authorized remaining lives of the two CRA districts were calculated accurately and in accordance with management assumptions, which included estimates of the future valuations of newly constructed properties and an average annual two percent growth in taxable values. We determined the reporting requirements of the Redevelopment Act were met through the CRA Annual Reports and the City's Comprehensive Annual Financial Report. Furthermore, our audit showed, for the most part, that CRA transactions, events, and activities were proper and appropriate and in compliance with controlling laws, rules, regulations, and good business practices, and were properly recorded and supported. Additionally, performance of CRA programs was, to an extent, reported to the CRA Board.

However, several areas for improvement were identified. Those areas are addressed in the following:

- Overall, the content and establishment of the redevelopment plans for each district complied with the Redevelopment Act, with two exceptions, one in each district plan. Specifically, the Greater Frenchtown/Southside Redevelopment Plan does not contain wording related to retaining controls and establishing restrictions or covenants

For the most part, transactions, events, and activities were proper and appropriate and in compliance with controlling laws, rules, regulations and good business practices, and were properly recorded. However, several areas for improvement were identified.

There were two exceptions noted in the content of the redevelopment plans, one in each district plan.

CRA practices should be revised to better ensure compliance with Section 163.387(7), Florida Statutes, related to the timely use and commitment of tax increment financing.

running with land sold or leased for private use for such periods of time and under such conditions as the governing body deems necessary for the redevelopment purposes (*Report Issue #1*). Additionally, the Downtown redevelopment plan's legal description of the Downtown District's boundaries was not the same as the boundaries shown in the District map, and as a result, it was unclear whether 48 of the District's 1,278 tax parcels should or should not be included within the District's boundaries (*Report Issue #2*). The Districts' plans should be revised to address these issues.

- We have questioned whether the CRA's practice of allocating remaining unspent/uncommitted monies at yearend to a "land acquisition fund" and subsequently committing those monies over the following three years to specific projects is in accordance with Section 163.387(7), Florida Statutes, as related to the timely use and commitment of tax increment financing. A plain language interpretation of that statute provides that remaining unspent/uncommitted monies at yearend be appropriated as of the yearend to specific approved projects which will be completed within three years of such appropriation. CRA schedules prepared in response to our inquiry on this matter show CRA remaining fiscal yearend funds have not always been spent on projects that were completed within three-years of the respective fiscal yearend appropriation, as required based on a plain language interpretation of the statute. Notwithstanding circumstances outside control of the CRA may occur and impact the timely completion of projects within the prescribed three-year periods, we recommend the CRA appropriate remaining funds in future fiscal years to specific projects that are intended to be completed within the applicable three-year period as determined under a plain language interpretation of the statute. Any remaining funds not appropriated or reserved to pay indebtedness (in the event indebtedness is incurred) should be returned to the contributing taxing authorities. We also recommend the CRA maintain records to track compliance with this statutory provision. Furthermore, information on the timely use requirement should be included in the CRA Annual Report (*Report Issue #3*).

Internal Controls over expenditures and related activities, including recording of property acquisitions, should be strengthened.

- The internal controls over CRA contracts and expenditures need to be strengthened related to monitoring and enforcing contractual requirements; classifying expenditures to the proper expenditure accounts; preparing and retaining documentation to support and substantiate expenditures and other transactions, events, and activities; and ensuring payments are correct and in proper amounts and in accordance with controlling policies and procedures (*Report Issues #4, #5, #6 and #7*).
- Properties acquired and owned by the CRA should be properly recorded in the City's accounting records. Also, the properties owned by the CRA districts should be regularly reported in the CRA Annual Report (*Report Issue #8*).
- CRA management should develop defined, formal, and specific performance measures to periodically assess and report on the success of the CRA. Those performance measures should be regularly included in the CRA Annual Report (*Report Issue #9*).

Formal performance measures should be adopted and used to periodically assess and report the success of the CRA.

Appendix A provides Management's Action Plan to address the issues and recommendations.

We would like to thank staff in the CRA and in various City departments, including ISS Geographic Information Systems Section, Property Management Division, DMA Accounting Services, and DMA Office of Budget and Policy, and staff from the Leon County Property Appraiser's Office for their assistance during this audit.

***Appointed
Official's
Response*****City Manager:**

I have reviewed the City Auditor's report of the Tallahassee Community Redevelopment Agency (CRA), and am pleased with the thoroughness and balance of the audit. As is expected from any city department, the audit found that, overall, the CRA complied with the Redevelopment Act that governs the actions and activities of the CRA; adequately projected and accounted for the amount of tax increment received by the Agency; and, most importantly, the various transactions, events and activities funded by the CRA were proper and appropriate. The audit did note some areas for improvement, including improved monitoring of project timelines to help ensure the timely spending of tax increment funds. The CRA staff has taken note of the audit findings, implementing some corrections and improvements while the audit was still in a draft format, and preparing program improvements that will be implemented over the next several months.

The timely commitment of tax increment funds was an issue raised in the audit, and a point I believe deserves further edification. The audit noted that, contrary to the original advice of outside legal counsel at the start of the CRA, the methodology used by CRA staff to contractually allocate tax increment funds against projects within three years, did not meet a strict reading of the relevant section of the Redevelopment Act, which required the project to be completed in three years. Although the funds were contractually obligated within the three-year period, based on the audit findings 63 percent of projects were completed within three years and 92 percent were completed within 3.6 years. All projects were completed within 12 to 17 months following the three-year period. In the future, all funds will be committed within the strictest interpretation of the Redevelopment Act. The role of the CRA in the revitalization of key areas of our community has already been well documented and will only improve through the implementation of the procedural amendments outlined in this audit.

I would like to thank the City Auditor and his staff for a thorough and professional review and for the cooperation that is required to obtain a quality product.

APPENDICES

- APPENDIX A Management Action Plan
- APPENDIX B 1) Map Showing the Boundaries for Both CRA Districts; 2) Map Showing the Boundaries for the Greater Frenchtown/Southside District; and 3) Map Showing the Boundaries for the Downtown District
- APPENDIX C Tax Increment Financing (Historical and Future Projections Over a 30-Year Period) for Each District
- APPENDIX D Map of Projects in Each District by Category from Inception through August 31, 2013 (relates to Appendices E and F)
- APPENDIX E Listing of CRA Projects Expenditures in the Greater Frenchtown/Southside District by Category from Inception through August 31, 2013 (Relates to Appendix D)
- APPENDIX F Listing of CRA Projects Expenditures in the Downtown District by Category from Inception through August 31, 2013 (Relates to Appendix D)

Appendix A Management Action Plan

	Action Steps	Responsible Employee	Target Date
A. Objective:	To ensure compliance with the Redevelopment Act requirements related to the content in the Districts' Redevelopment Plans.		
	<p>1. Amend the Greater Frenchtown/Southside Community Redevelopment Plan to include the required wording related to the establishment of any restrictions or covenants running with land sold or leased for private use, as addressed in Section 163.362(6), Florida Statutes.</p> <p><u>Specific Action:</u> This will be done as part of the update to the Greater Frenchtown/Southside Community Redevelopment Plan. Staff is also exploring the possibility of including the language as part of a minor amendment to the redevelopment plan, which would reduce the target date considerably.</p>	Roxanne Manning, CRA Executive Director	June 30, 2015
	<p>2. Clarify the boundaries of the Downtown District to correct the discrepancy between the boundary map and the legal description.</p> <p><u>Specific Action:</u> The boundary as reflected on Downtown District maps matches the map as shown in the Finding of Necessity for the Downtown District Community Redevelopment Area and in Resolution 02-R-43, which established the boundaries of the Downtown District. The existing boundary legal description discrepancy will be corrected as a scrivener error.</p>	Roxanne Manning, CRA Executive Director	December 31, 2014
B. Objective:	To ensure compliance with the Redevelopment Act requirements related to the timely use and commitment of the Districts' tax increment financing (TIF).		
	<p>1. Appropriate at fiscal yearend uncommitted TIF moneys remaining in the trust fund at fiscal yearend to specific projects that are intended to be completed within three fiscal years.</p> <p><u>Specific Action:</u> Based on the audit findings, starting at the end of FY 2014, any uncommitted yearend tax increment funds (including funds in the existing Land Acquisition, Development and Related Program) will be committed to specific projects that will be completed within three years.</p>	Roxanne Manning, CRA Executive Director	October 1, 2014

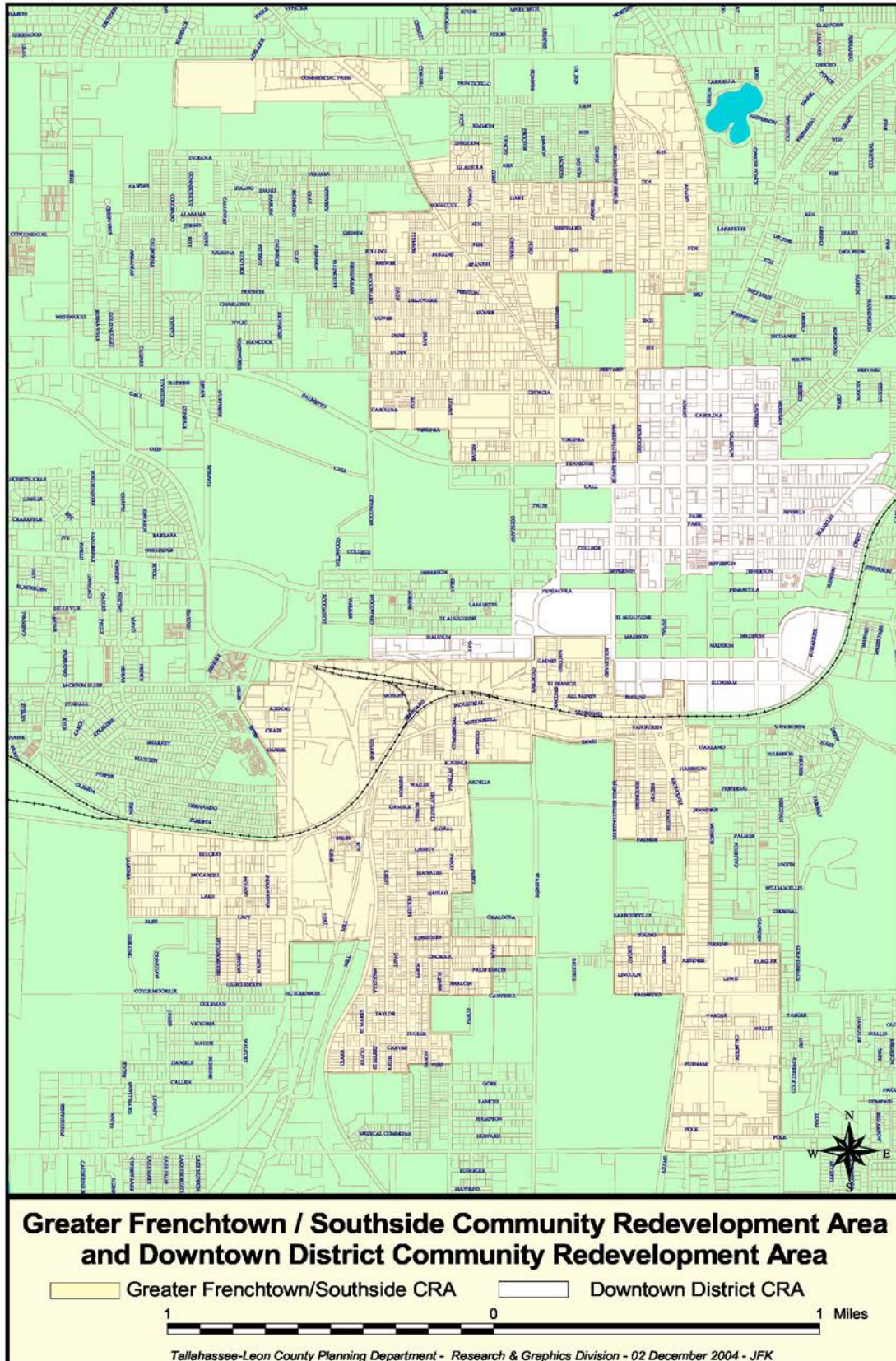
Action Steps	Responsible Employee	Target Date
<p>2. Improve the system and/or process to track and document whether TIF moneys remaining in the trust fund at fiscal yearend are used or committed in a timely manner as provided by Section 163.387(7), Florida Statutes.</p> <p><u>Specific Action:</u> Staff is working with Accounting Services to improve the tracking of tax increment funds, to ensure they are spent or committed in accordance with Section 163.387(7). We expect this process to be completed by the end of the calendar year</p>	<p>Roxanne Manning, CRA Executive Director</p>	<p>December 31, 2014</p>
<p>C. Objective:</p>	<p>To improve controls related to general expenditures and related transactions, events, and activities.</p>	
<p>1. Enhance processes related to monitoring and enforcement of contractual requirements to ensure post-project deliverables, such as insurance and annual reports, where applicable, are adequately and properly provided in accordance with contract terms and conditions.</p> <p><u>Specific Action:</u> The CRA is in the process of reorganizing to help ensure the more efficient use of staff resources. As part of the reorganization, the CRA is creating a new position that, among other duties, will monitor agreements for pre- and post-project completion requirements. This new position is expected to be filled by December 31, 2014.</p>	<p>Roxanne Manning, CRA Executive Director</p>	<p>December 31, 2014</p>
<p>2. Implement improvements to ensure expenditures are properly classified to the correct expenditure account and fund.</p> <p><u>Specific Action:</u> Staff has developed enhanced payment and classification procedures to include charging all programmatic expenses against a project fund. These changes are beginning immediately, but the addition of a new project management position to the CRA staff will also assist in this effort. This new position is expected to be filled by December 31, 2014.</p>	<p>Roxanne Manning, CRA Executive Director</p>	<p>December 31, 2014</p>
<p>3. Enhance procedures to ensure expenditures and other transactions, events, and activities are properly documented and executed in accordance with applicable policies and procedures and good business practices.</p> <p><u>Specific Action:</u> Staff has already implemented improved control procedures to address the issues described in the audit. Many of the control/procedure issues noted in the audit were addressed when an administrative assistant position was added</p>	<p>Roxanne Manning, CRA Executive Director</p>	<p>December 31, 2014</p>

Action Steps	Responsible Employee	Target Date
<p>to the CRA in August 2011 and assumed day-to-day oversight of the various CRA financial transactions. The addition of a project management position to the CRA staff by December 31, 2014, will further enhance internal budget control procedures.</p>		
<p>4. Implement controls to either stop hand-delivering payments or obtain written receipt from recipients upon delivery.</p> <p><u>Specific Action:</u> The CRA now requires financial assistance recipients wishing to pick-up the payments to do so directly from the City Treasurer-Clerk’s Asset Liability Division.</p>	<p>Roxanne Manning, CRA Executive Director</p>	<p>Completed April 4, 2014</p>
<p>5. Implement controls to strengthen the procurement of services and goods and payment of travel expenditures to ensure CRA funds are spent prudently.</p> <p><u>Specific Action:</u> Staff has already strengthened purchasing and payment control procedures to address the issues described in the audit. Many of these issues noted in the audit were addressed when an administrative assistant position was added to the CRA in August 2011 and assumed day-to-day oversight of the various CRA financial transactions. The addition of a project management position to the CRA staff by December 31, 2014 will further enhance internal budget control procedures.</p>	<p>Roxanne Manning, CRA Executive Director</p>	<p>December 31, 2014</p>
<p>6. Property Management Division to work with Accounting Services to process adjustments to record the correct cost of the Soul Gardens property in the City's financial records.</p> <p><u>Specific Action:</u> A revised Land Cost Memo for The Soul Gardens was sent to Accounting Services on July 30, 2014, to reflect the corrected purchase price of \$273,790 and to have it recorded as a “CRA-owned” property instead of “City-owned.”</p>	<p>Mark Beaudoin, Property Management Division</p>	<p>Completed July 30, 2014</p>
<p>7. Property Management Division to provide the appropriate information to Accounting Services in order to properly record CRA property purchases in the City’s PeopleSoft Financial system as owned by the CRA.</p> <p><u>Specific Action:</u> Effective immediately, Property Management has revised the Land Cost Memo format provided to Accounting Services following the purchase of a property to include a field that indicates whether the acquired</p>	<p>Mark Beaudoin, Property Management Division</p>	<p>Completed July 30, 2014</p>

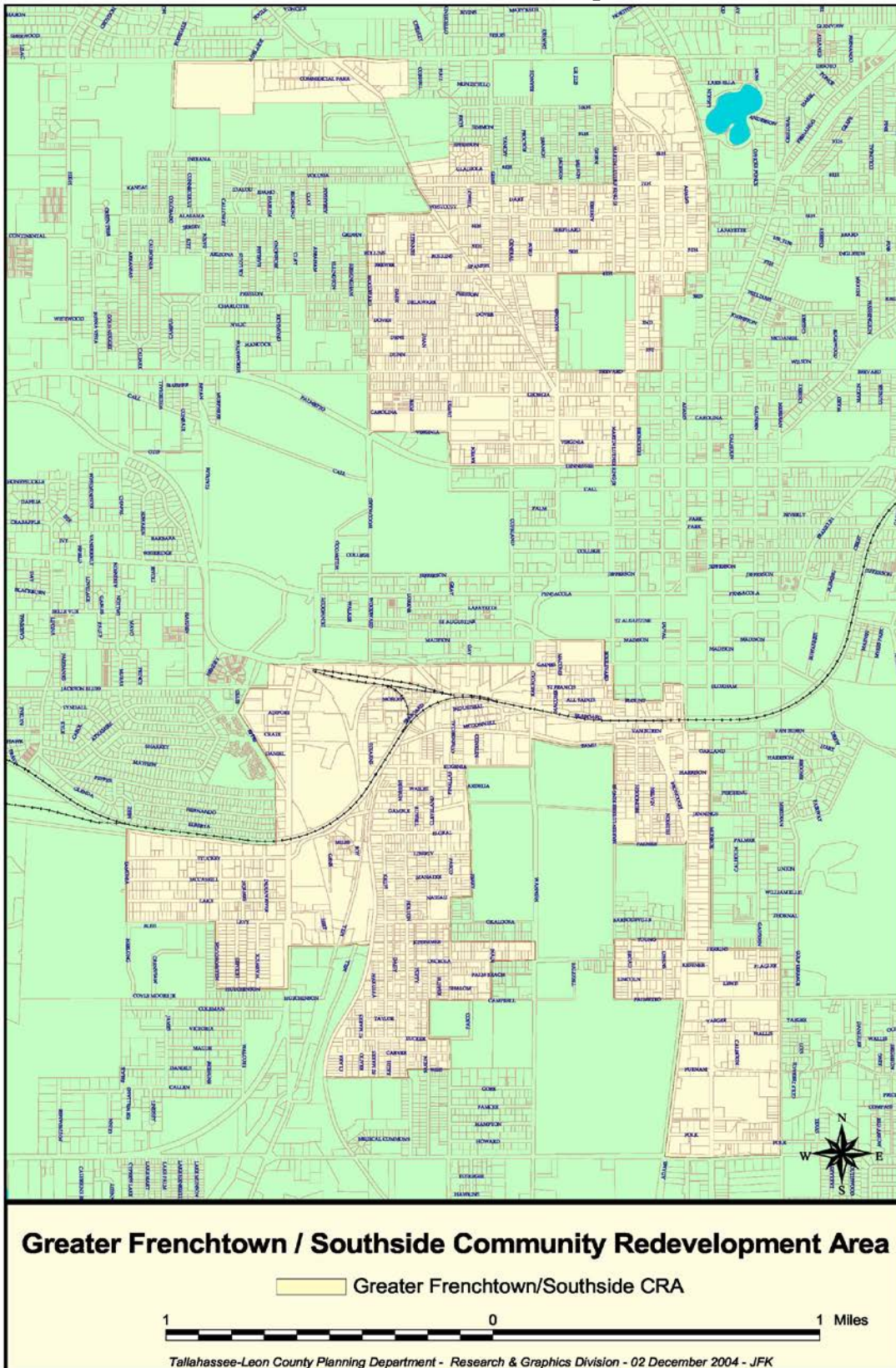
Action Steps		Responsible Employee	Target Date
property is “City-owned” or “CRA-owned.” This will help ensure the property ownership is properly recorded on the asset inventory.			
D. Objective:	To assess and report the level of CRA program successes.		
1. Develop and define appropriate performance measures to periodically assess and report on the levels of success for the CRA programs and activities. <u>Specific Action:</u> Staff will prepare and implement a series of performance measures for evaluating CRA programs and activities by the end of the calendar year.		Roxanne Manning, CRA Executive Director	December 31, 2014
E. Objective:	To enhance the usefulness of the CRA Annual Reports.		
1. Include information on compliance with the timely use requirement in the CRA Annual Report. <u>Specific Action:</u> This will be done starting with the FY 2014 Annual Report in March 2015.		Roxanne Manning, CRA Executive Director	March 31, 2015
2. List the properties that are owned by the CRA in the CRA Annual Report. <u>Specific Action:</u> This was done starting with the FY 2013 Annual Report in March 2014.		Roxanne Manning, CRA Executive Director	Completed March 26, 2014
3. Provide the status of CRA’s defined performance measures in the CRA’s Annual Report. <u>Specific Action:</u> Performance measures will be included in the CRA Annual Report starting with the FY 2014 CRA Annual Report in March 2015.		Roxanne Manning, CRA Executive Director	March 31, 2015

APPENDIX B

Greater Frenchtown/Southside District and Downtown District



APPENDIX B (continued) Greater Frenchtown/Southside Redevelopment District



APPENDIX C
Greater Frenchtown/Southside District Tax Increment Financing
(Historical and Future Projections Over a 30-Year Period)

Fiscal Year		Taxable Value	TIF Total		TIF from Each Jurisdiction	
					City	County ³
Base		167,640,940				
1	2002	189,154,313 ⁴	\$240,552	actual*	\$65,401	\$175,151
2	2003	202,219,451 ⁴	\$380,253	actual*	\$105,119	\$275,134
3	2004	225,835,188 ⁴	\$702,463	actual*	\$204,553	\$497,910
4	2005	254,334,899 ⁴	\$1,067,376	actual*	\$304,729	\$762,647
5	2006	294,147,999	\$1,557,555	actual*	\$444,672	\$1,112,883
6	2007	358,387,589	\$2,208,941	actual*	\$670,474	\$1,538,467
7	2008	398,730,490	\$2,279,125	actual*	\$695,619	\$1,583,506
8	2009	419,514,411	\$2,646,793	actual*	\$768,447	\$1,878,346
9	2010	351,798,085	\$2,108,139	actual*	\$647,312	\$1,460,827
10	2011	339,625,729	\$1,968,796	actual*	\$604,527	\$1,364,269
11	2012	305,741,420	\$1,580,905	actual*	\$485,423	\$1,095,482
12	2013	286,243,835	\$1,410,032	actual*	\$416,889	\$993,143
13	2014 ¹	288,455,359	\$1,436,324	preliminary**	\$424,663	\$1,011,661
14	2015	294,224,466	\$1,504,911	projection***	\$444,941	\$1,059,970
15	2016 ²	334,478,834	\$1,983,482	projection***	\$586,435	\$1,397,047
16	2017	341,168,410	\$2,063,013	projection***	\$609,949	\$1,453,064
17	2018	347,991,778	\$2,144,133	projection***	\$633,933	\$1,510,200
18	2019	354,951,614	\$2,226,877	projection***	\$658,397	\$1,568,480
19	2020	362,050,646	\$2,311,275	projection***	\$683,350	\$1,627,925
20	2021	369,291,659	\$2,397,361	projection***	\$708,802	\$1,688,559
21	2022	376,677,492	\$2,485,168	projection***	\$734,763	\$1,750,405
22	2023	384,211,042	\$2,574,733	projection***	\$761,244	\$1,813,489
23	2024	391,895,263	\$2,666,088	projection***	\$788,254	\$1,877,834
24	2025	399,733,168	\$2,759,270	projection***	\$815,804	\$1,943,466
25	2026	407,727,832	\$2,854,316	projection***	\$843,905	\$2,010,411
26	2027	415,882,388	\$2,951,263	projection***	\$872,569	\$2,078,694
27	2028	424,200,036	\$3,050,149	projection***	\$901,805	\$2,148,344
28	2029	432,684,037	\$3,151,012	projection***	\$931,626	\$2,219,386
29	2030	441,337,718	\$3,253,893	projection***	\$962,044	\$2,291,849
30	2031	450,164,472	\$3,358,832	projection***	\$993,070	\$2,365,762
Total			\$63,323,030		\$18,768,719	\$44,554,311

Notes:

- * Actual is based on the Final Tax Roll issued by the Leon County Property Appraiser in October.
 - ** "Preliminary" amounts are based on the Preliminary Tax Roll issued by the Leon County Property Appraiser in July 2013.
 - *** "Projection" amounts are based on staff assumptions for anticipated changes in property values. Current projections assume ad valorem taxes of 8.814 mills (x 95 percent) for the County and 3.7 mills (x 95 percent) for the City and a two percent annual growth increase.
1. The 2014 projection includes the estimated assessment for the renovated value of the Four Points Hotel (\$6 million).
 2. The 2016 projection includes the estimated assessed values for District East (\$21.8 million) and District West (\$12.5 million), which are being developed by North American Properties.
 3. This is the full amount of County TIF paid annually. This amount is reduced by the amount the CRA reimburses the County each year for the .005 mills for the Emergency Management Services Tax.
 4. During the first four years of the CRA, the data used to determine taxable value differed slightly between the City and the County (less than 0.5%). The amount shown is the City's reported taxable value. Since 2005, the taxable value has been based on the same data.

APPENDIX C (continued)
Downtown District Tax Increment Financing
(Historical and Future Projections Over a 30-Year Period)

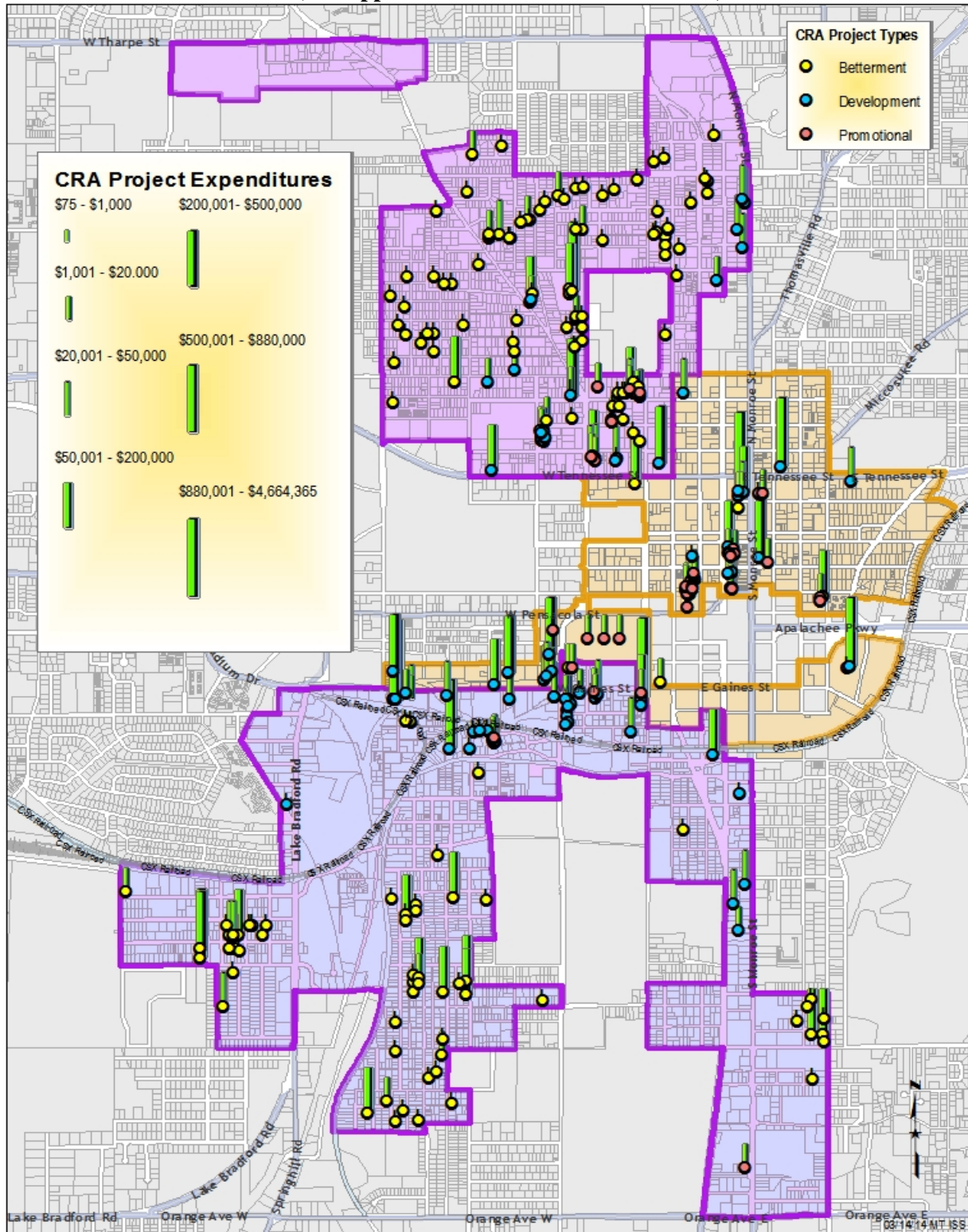
Fiscal Year		Taxable Value	TIF Total		TIF from Each Jurisdiction ³	
					City	County
Base		\$238,244,226				
1	2005	\$248,161,463	\$122,101	actual*	\$34,859	\$87,242
2	2006	\$262,568,978	\$1,563,297	actual*	\$765,881 ³	\$797,416 ³
3	2007	\$315,597,954	\$1,537,658	actual*	\$772,475 ³	\$765,183 ³
4	2008	\$388,375,621	\$1,000,801	actual*	\$451,921	\$548,880
5	2009	\$388,888,359	\$1,017,906	actual*	\$459,604	\$558,302
6	2010	\$338,261,824	\$778,617	actual*	\$351,562	\$427,055
7	2011	\$375,780,116	\$1,070,689	actual*	\$483,439	\$587,251
8	2012	\$365,049,309	\$987,152	actual*	\$445,720	\$541,432
9	2013	\$331,339,494	\$724,728	actual*	\$327,230	\$397,498
10	2014	\$325,972,256	\$682,945	preliminary**	\$308,364	\$374,581
11	2015 ¹	\$371,307,443	\$1,035,870	projection***	\$467,717	\$568,153
12	2016 ²	\$382,111,550	\$1,119,978	projection***	\$505,694	\$614,285
13	2017	\$389,753,781	\$1,179,471	projection***	\$532,556	\$646,915
14	2018	\$397,548,857	\$1,240,155	projection***	\$559,956	\$680,199
15	2019	\$405,499,834	\$1,302,051	projection***	\$587,903	\$714,148
16	2020	\$413,609,830	\$1,365,186	projection***	\$616,410	\$748,776
17	2021	\$421,882,027	\$1,429,584	projection***	\$645,487	\$784,097
18	2022	\$430,319,668	\$1,495,269	projection***	\$675,145	\$820,124
19	2023	\$438,926,061	\$1,562,268	projection***	\$705,397	\$856,871
20	2024	\$447,704,582	\$1,630,607	projection***	\$736,253	\$894,354
21	2025	\$456,658,674	\$1,700,313	projection***	\$767,727	\$932,586
22	2026	\$465,791,847	\$1,771,413	projection***	\$799,830	\$971,583
23	2027	\$475,107,684	\$1,843,935	projection***	\$832,575	\$1,011,360
24	2028	\$484,609,838	\$1,917,907	projection***	\$865,975	\$1,051,932
25	2029	\$494,302,035	\$1,993,359	projection***	\$900,043	\$1,093,316
26	2030	\$504,188,075	\$2,070,320	projection***	\$934,793	\$1,135,527
27	2031	\$514,271,837	\$2,148,820	projection***	\$970,237	\$1,178,583
28	2032	\$524,557,274	\$2,228,889	projection***	\$1,006,390	\$1,222,499
29	2033	\$535,048,419	\$2,310,561	projection***	\$1,043,267	\$1,267,295
30	2034	\$545,749,387	\$2,393,867	projection***	\$1,080,881	\$1,312,986
Totals			\$43,225,717³		\$19,635,291³	\$23,590,429³

Notes:

- * Actual is based on the Final Tax Roll issued by the Leon County Property Appraiser in October.
 - ** "Preliminary" amounts are based on the Preliminary Tax Roll issued by the Leon County Property Appraiser in July 2013.
 - *** "Projection" amounts are based on staff assumptions for anticipated changes in property values. Current projections assume ad valorem taxes of 4.2698 mills for the County and 3.7 mills (x 95 percent) for the City and a two percent annual growth increase.
1. The projected 2015 value assumes the College Town (\$14 million), Catalyst (\$13.5 million) and 601 South Copeland (\$11.1 million) developments are complete and added to the tax rolls.
 2. The projected FY 2016 value includes the additional value of the Gateway Tallahassee Development (estimated to be \$3.4 million).
 3. In 2006 and 2007, the City and the County provided supplemental amounts to the TIF as agreed upon in the Interlocal Agreement. The amount shown includes the supplemental amounts provided.

APPENDIX D

Map of Projects in Each District by Category From Inception Through August 31, 2013
(See Appendix B for district identification)



Source: Tallahassee-Leon County Geographic Information Systems, January 2014, and based on data provided in Appendices E and F

APPENDIX E
Listing of CRA Project Expenditures in the Greater Frenchtown/Southside District by Category from Inception through August 31, 2013

BETTERMENT
Affordable Housing

Project ID	Recipient	Amount expended	
04410	Bethel Community Development Corp.	\$ 56,700	} \$479,020
0900456	Bethel Community Development Corp.	\$ 147,146	
1200404	Bethel Community Development Corp. Acquisition and Rehabilitation	\$ 96,726	
0800668	Bethel Community Development Corp. Gap Financing	\$ 76,000	
1100590	Bethel Community Development Corp. Property Acquisition	\$ 102,448	
0800645	Chelsea Apartment Renovations	\$ 9,000	} \$1,030,481
0100877	Goodbread Hills – Loan	\$ 200,000	
0100543	Goodbread Hills Loan	\$ 105,481	
0100845	Goodbread Hills Apartment Development	\$ 725,000	} \$142,352
0100541	Providence Neighborhood Affordable Housing	\$ 50,000	
02864	Providence Neighborhood Community Improvements - Affordable Housing	\$ 92,352	
0900458	Rainbow Rehab., Inc.	\$ 35,986	
0800436	Tallahassee Lending Coalition - Lake Ave. Gap Financing Assistance	\$ 75,000	
	Total	\$ 1,771,839	

BETTERMENT
Community Non-Profit and Service

Project ID	Recipient	Amount expended	
0800437	621 Gallery Sculpture Garden	\$ 5,000	} \$675,086
0101447	Frenchtown Community Credit Union Renovation	\$ 150,000	
n/a	Gaines Street Bus Shelter Artistic Panel (Railroad Ave. & W. Gaines St.)	\$ 9,500	
0100543	Providence Neighborhood Community Center	\$ 639	
0900615	Providence Neighborhood Community Center	\$ 674,447	
1100389	NAACP Franklin Building Renovation	\$ 200,000	
1100391	Project R.E.A.C.H. (Re-enfranchisement, Education, Advancement, Counseling, Housing) – replacement of heating, ventilation, and air conditioning units in 11 homes and water heaters in 33 homes)	\$ 66,695	
0101453	Residential Landscaping (80 homes)	\$ 20,000	
1200623	Tallahassee Urban League Building Renovations	\$ 69,669	
0101448	Tish Byrd Community Garden	\$ 125,000	
	Total	\$ 1,320,950	

Source: City's Financial System

Total Greater Frenchtown/Southside District BETTERMENT Projects: \$3,092,789

APPENDIX E (continued)**DEVELOPMENT**
Commercial Façade

Project ID	Recipient	Amount expended
0800457	Advanced Plumbing Co, Inc. (657 W. Brevard St.)	\$ 6,607
0101435	Arrowood Law Firm (1014 N. Adams St.)	\$ 19,126
0800643	Bella Bella Restaurant (123 E. 5th Ave.)	\$ 48,794
0101358	Cash for Houses (1714 S. Monroe St.)	\$ 4,499
1200534	CFI Franklin Worth Trust (729 W. Gaines St.)	\$ 24,779
1300435	Cornucopia Financial Planning (630 W. Brevard St.)	\$ 8,940
1200434	Crepevine Restaurant (809 Railroad Ave.)	\$ 49,659
1200414	Esperanza LLC/Renaissance Resource Center (457 W. Virginia St.)	\$ 47,937
1100620	Gaines Street Square (445 W. Gaines St.)	\$ 43,712
0101297	Head Start/Shelter Bldg. (431 W. Virginia St.)	\$ 928
0101217	Henderson/Innovation Grant (1617 S. Monroe St.)	\$ 45,835
1100621	Hinson Commercial (1600 S. Monroe St.)	\$ 50,000
1100463	Midtown Landing (1216 N. Monroe St.)	\$ 50,000
1000554	Tallahassee Triad (1300 N. Monroe St.)	\$ 50,000
0800489	Tennessee Square Partners (646-666 W. Tennessee St.)	\$ 150,000
0800549	Trophy King USA (1320 S. Monroe St.)	\$ 388
0900632	Venture East (1304 N. Monroe St.)	\$ 50,000
1000598	Voodoo Dog (805 S. Macomb St.)	\$ 3,753
1100293	Wash Around Clock (1338 Lake Bradford Rd.)	\$ 75
0900742	Watch Me Grow II (431 W. Virginia St.)	\$ 29,326
	Total	\$ 684,358

APPENDIX E (continued)

DEVELOPMENT

Land Acquisition and Development

Project ID	Recipient	Amount expended
04754	All Saints Streetscape Improvement	\$ 21,892
0800404	City Warehouse (Railroad Ave.)	\$ 720
0900582	Coal Chute Park Stormwater Project	\$ 665,419
1300224	Four Points Hotel Renovation (316 W. Tennessee St.)	\$ 314,000
04755	Frenchtown Village Market Place (Corner of Macomb St. and Brevard St.)	\$ 142,073
0100543	Frenchtown Village Market Place	\$ 96,462
1100445	FSU Mural Project (2 murals: SW corner of Gaines St. and Railroad Ave.; and 653 W. Gaines St.)	\$ 8,000
0900616	Lofts On Gaines (833 W. Gaines St.)	\$ 705,806
1000438	O'Connell Property Acquisition (Between W. Madison St. and W. Gaines St.)	\$ 4,664,365
04756	S. Monroe Sector Plan Sidewalk Improvements	\$ 111,928
0800403	Sallie Property Demolition (Corner of Gay St. and Gaines St.)	\$ 50,512
0100850	Soul Gardens Land Acquisition (518 W. Georgia St.)	\$ 7,482
0900614	Soul Gardens Land Acquisition (518 W. Georgia St.)	\$ 262,781
1300511	The Deck and The Block - Purchase of 174 parking spaces	\$ 1,368,750
0100931	Water/Sewer Fee Waiver Pilot (7 homes on W. Carolina St.)	\$ 7,800
	Total	\$ 8,427,990

} \$270,263

DEVELOPMENT

Commercial Painting

Project ID	Recipient	Amount expended
1300476	1026 Commercial Dr.	\$ 94
1300478	670 Industrial Dr.	\$ 94
1300474	688 Industrial Dr.	\$ 94
1300475	694 Industrial Dr.	\$ 94
0800438	809 Railroad Ave.	\$ 2,948
0800438	825 Railroad Ave.	\$ 2,948
0800438	903 Railroad Ave.	\$ 2,948
0800438	915 Railroad Ave.	\$ 2,948
1300408	Gaines Street Pies	\$ 200
1200623	Tallahassee Urban League (923 Old Bainbridge Rd.)	\$ 4,573
	Total	\$ 16,941

APPENDIX E (continued)

DEVELOPMENT

Professional Fees

Project ID	Recipient	Amount expended
03726	Downtown CRA Plan Development	\$ 87,969
0100848	Greater Frenchtown/Southside CRA Plan Update	\$ 83,392
0800517	General District Real Estate Analyses (throughout District)	\$ 49,945
1000493	HVS Convention Center Feasibility Analysis (Between W. Madison St. and W. Gaines St.)	\$ 76,307
0101228	Legal Services - Environmental Assessment of 601 W. Gaines St.	\$ 36,048
1000211	Legal Services - Environmental Assessment of 601 W. Gaines St.	\$ 7,945
0101216	Legal Services - O'Connell Property	\$ 27,155
	Total	\$ 368,761

} \$43,993

DEVELOPMENT

Retail Incentive Loans

Project ID	Recipient	Amount expended
1200441	Crepevine (809 Railroad Ave.)	\$ 50,000
1300373	Gaines Street Pies (507 W. Gaines St.)	\$ 9,007
1200613	Wild Greens (915-2 Railroad Ave.) (Note 1)	\$ 9,800
	Total	\$ 68,807

Note 1 - This business has closed and defaulted on the loan. The CRA sold restaurant equipment to recover funds.

Total Greater Frenchtown/Southside District DEVELOPMENT Projects: \$9,566,857

APPENDIX E (continued)

PROMOTIONS /SPECIAL EVENTS

Project ID	Recipient	Amount expended	
1300228	10,000 Marbles Urban Disturbance (2013)	\$ 2,500	
1200271	Arti-Gras (2012)	\$ 4,650	} \$9,650
1300228	Arti-Gras (2013)	\$ 5,000	
1300228	Community Healing Days (2013)	\$ 3,546	
1100435	Frenchtown Heritage Festival (2011)	\$ 5,000	} \$14,500
1200271	Frenchtown Heritage Festival (2012)	\$ 4,500	
1300228	Frenchtown Heritage Festival (2013)	\$ 5,000	
1200271	Frenchtown Heritage Marketplace (2012)	\$ 2,289	} \$4,809
1100435	Frenchtown Heritage Marketplace (2011)	\$ 2,520	
1100435	Gaines Street Block Party (2011)	\$ 2,500	
1100435	Kick-Off 14th Annual African Dance (2011)	\$ 5,000	
0100849	Promotional Activity at Railroad Square	\$ 2,550	
1200271	REUSE Festival (2012)	\$ 3,500	} \$8,500
1300228	REUSE Festival (2013)	\$ 5,000	
0800520	Tallahassee Film Festival	\$ 10,000	
1200271	Tish Byrd Gardens Cultural Arts Program (2012)	\$ 1,712	
1300228	Tour de Frenchtown 5K (2013)	\$ 2,154	
1200271	Victory Park Festival (2012)	\$ 2,100	
	Total	\$ 69,521	

Total Greater Frenchtown/Southside District PROMOTIONS /SPECIAL EVENTS Projects: \$69,521

TOTAL ALL GREATER FRENCHTOWN/SOUTHSIDE DISTRICT PROJECTS: \$12,729,167

APPENDIX F
Listing of CRA Project Expenditures in the Downtown District by Category
from Inception through August 31, 2013

BETTERMENT
Community Non-Profit and Service

Project ID	Recipient	Amount expended	
1200442	John G. Riley House Museum (419 E. Jefferson St.)	\$ 175,000	
1000457	Civil Rights Commemorative Sidewalk (Corner of Jefferson St. and N. Monroe St.)	\$ 65,425	} \$69,537
n/a	Civil Rights Commemorative Sidewalk celebration	\$ 4,112	
0800440	Juror Shuttle Bus	\$ 221	
n/a	Gaines Street Tree Art Project	\$ 10,000	
	Total	\$ 254,758	

Total Downtown District BETTERMENT Projects: \$254,758

DEVELOPMENT
Land Acquisition and Development

Project ID	Recipient	Amount expended	
1200584	601 Copeland Street Student Housing	\$ 215,000	
0101446	Alliance Project (construction of mixed use development on S. Monroe St.)	\$ 495,000	
1000445	Cascade Park Phase I Contributions	\$ 880,000	} \$880,750
1000634	Cascade Park (Waterworks Building related costs)	\$ 750	
1200590	Chance 631 South - Catalyst (mixed use development)	\$ 250,062	
1100394	College Town @ W. Madison St. (Seminole Boosters)	\$ 350,027	
0101296	Design Criteria Package for 626 Parking spaces S.W. corner of Adams St. and Tennessee St.	\$ 24,995	
0101167	Floridian Block (Related costs for purchase)	\$ 101,200	} \$2,122,532
0101460	Floridian Block - Land Acquisition	\$ 1,957,938	
0800644	Floridian Block (Related costs for purchase)	\$ 13,394	
0101215	Floridian Block (Related costs for purchase)	\$ 50,000	
n/a	Gaines St. Linear Park Illustrations	\$ 10,000	
1000494	Gateway Mixed-Use (202 E. Tennessee St.)	\$ 537,619	
0101398	Marriott Streetscape Improvements	\$ 7,801	} \$57,801
0101376	Marriott Residence Inn Sidewalk	\$ 50,000	
	Total	\$ 4,943,786	

APPENDIX F (continued)

DEVELOPMENT
Commercial Façade

Project ID	Recipient	Amount expended
1200533	Botel Properties (523 E. Tennessee St.)	\$ 27,939
1000600	FL Commerce Credit Union (205 S. Adams St.)	\$ 44,383
1300425	ASA Office (205 S. Adams St.)	\$ 49,463
1300473	Sachs Media Group (114 S. Duval St.)	\$ 250
1000537	Lewis & Whitlock (206 W. Georgia St.)	\$ 50,000
	Total	\$ 172,035

DEVELOPMENT
Retail Incentive Loans

Project ID	Recipient	Amount expended
1000575	FY2010 Marriott RI, LLC	\$ 50,000
	Total	\$ 50,000

Total Downtown District DEVELOPMENT Projects:

\$5,165,821

APPENDIX F (continued)

PROMOTIONS / SPECIAL EVENTS

Project ID	Recipient	Amount expended	
1300259	10,000 Marbles Urban Disturbance (2013)	\$ 2,500	
0100558	Activity at Challenger Center	\$ 2,500	
0100558	Activity at Downtown Marketplace	\$ 17,732	
1200263	Annual Capital World AIDS Day Event (2012)	\$ 5,000	
1100444	Back to School Bash (2011)	\$ 2,500	
1000448	Cinco de Mayo Get Down (2010)	\$ 2,500	
n/a	Downtown Improvement Authority Saturday in the Park (2012)	\$ 5,500	
0900502	Downtown Get Downs (2009)	\$ 9,000	} \$14,000
1300259	Downtown Get Downs (2013)	\$ 5,000	
1100444	Downtown Po Boys Café (2011)	\$ 2,487	
1000448	Downtown Summer Bijou Theater (2010)	\$ 4,300	
1200263	Food Day Events (2012)	\$ 4,000	
1000448	Jingle Jubilee (2010)	\$ 10,000	} \$17,400
1200263	Jingle Jubilee (2012)	\$ 2,400	
1300259	Jingle Jubilee (2013)	\$ 5,000	
1100444	John G. Riley Center/Museum (2011)	\$ 5,000	
1300259	Martin Luther King - Dare to Dream (2013)	\$ 5,000	
1300259	Sing-a-Long Sound of Music (2013)	\$ 2,000	
1100444	Skies over Tallahassee (2011)	\$ 2,400	
1200263	Smokey Hollow Reunion (2012)	\$ 4,332	
1000448	Springtime Tallahassee (2010)	\$ 2,500	
1300259	St. Patrick's Day Festival (2013)	\$ 1,000	} \$2,500
1200263	Tallahassee Bach Parley (2012)	\$ 1,000	
1300259	Tallahassee Bach Parley (2013)	\$ 1,500	
1000448	Tallahassee Festival of Books & Writers Conference (2010)	\$ 700	
0800520	Tallahassee Film Festival	\$ 20,000	
1300259	Tallahassee New Year's Eve (2013)	\$ 5,000	
1200263	Victory Park Festival (2012)	\$ 2,100	
	Total	\$ 132,951	

Total Downtown District PROMOTIONS/SPECIAL EVENTS Projects \$132,951

TOTAL DOWNTOWN DISTRICT PROJECTS: \$5,553,530