

FLORIDA'S CAPITAL CITY
Comprehensive Annual
Financial Report
For the Fiscal Year Ended September 30, 2018



An All-America City



CITY OF TALLAHASSEE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
September 30, 2018**



PREPARED BY:

**Financial Reporting Division
Financial Services Department**

CITY OF TALLAHASSEE, FLORIDA

CITY COMMISSION

JOHN E. DAILEY, Mayor

CURTIS RICHARDSON, Pro Tem

DIANNE WILLIAMS-COX, Commissioner

JEREMY MATLOW, Commissioner

ELAINE W. BRYANT, Commissioner

REESE GOAD, City Manager

CYNTHIA BARBER, Deputy City Manager

RAOUL LAVIN
Assistant City Manager

WAYNE TEDDER
Assistant City Manager

JOSEPH MALESZEWSKI
City Auditor

JIM COOKE
City Treasurer-Clerk

CASSANDRA JACKSON
City Attorney

**CITY OF TALLAHASSEE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2018**

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INTRODUCTORY SECTION

Letter of Transmittal

Government Finance Officers Association Certificate of Achievement

Organizational Chart

List of Elected and Appointed Officials and Directors

List of Financial Reporting Division Staff



March 28, 2019
Honorable Mayor, Commissioners, and City Manager
City of Tallahassee, Florida

The Comprehensive Annual Financial Report of the City of Tallahassee, Florida, for the fiscal year ended September 30, 2018, is hereby submitted pursuant to Section 11.45, Florida Statutes and Chapter 10.550 of the Rules of the Auditor General of the State of Florida. This report represents the official report of the City's financial operations and condition to the citizens, City Commission, City management, rating agencies, and other interested persons.

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

The certified public accounting firms of Thomas Howell Ferguson, P.A. and Law Redd Crona & Munroe, P.A. have issued an unmodified opinion on the City's financial statements for the year ended September 30, 2018. The independent auditors' report is located at the front of the financial section of this report.

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

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

PROFILE OF THE CITY

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

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

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

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

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

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

JOHN E. DAILEY
Mayor

REESE GOAD
City Manager

CURTIS RICHARDSON
Mayor Pro Tem

CASSANDRA K. JACKSON
City Attorney

ELAINE W. BRYANT
Commissioner

JAMES O. COOKE, IV
City Treasurer-Clerk

JEREMY MATLOW
Commissioner

JOSEPH MALESZEWSKI
City Auditor

DIANNE WILLIAMS-COX
Commissioner

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

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

FACTORS AFFECTING FINANCIAL CONDITION

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

Leon County is a racially diverse community. Minorities account for 37.90% of the population, with African-Americans comprising 31.60%.

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

The 2013-2017 American Community Survey 5-year estimates report median family income in Leon County is \$49,941, which is comparable to the national median.

The level of governmental employment has a stabilizing effect on the economy and helps to minimize unemployment. In December 2018, the unemployment rate was 3.2% in the City as compared to the State's unemployment rate of 3.3%. The percentage of employees employed by local, state, and federal government is approximately 51% of the work force. The unemployment rate is one of many economic indicators utilized to evaluate the condition of the economy.

POPULATION GROWTH

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

Year	Tallahassee	Unincorporated	Leon
1960	48,174	26,051	74,225
1970	71,897	31,150	103,047
1980	81,548	67,107	148,655
1990	124,773	67,720	192,493
2000	150,624	88,828	239,452
2010	181,736	94,111	275,487
2018	192,381	99,951	292,332
2020	196,500	100,100	296,600
2025	207,000	102,900	309,900
2030	215,700	105,200	320,900
2035	222,900	107,100	330,000
2040	228,600	108,700	337,300
2045	234,000	110,100	344,100

CONSTRUCTION TRENDS

Residential Construction

Another factor that is a strong indicator of the local economy and influences the City and County's financial condition, is the issuance of building permits for residential construction. Single-family residential building permits in Leon County were down slightly (6%) in fiscal year 2018, following a 30% increase in fiscal year 2017. Permits for multi-family units were down 2% in fiscal year 2018 (following a 37% increase in fiscal year 2017). There were five multi-family apartment communities (50 units or more) permitted in fiscal year 2018 (Arbor Trace at Canopy, Gaines Assemblage, Lullwater at Blairstone, Quantum on West Call and The Standard) and four assisted living/senior living facilities (Canterfield Assisted Living Facility, Harborchase at Capital City, PruittHealth Skilled Nursing Facility, Villas at Killearn Lakes).

Commercial Development

In fiscal year 2018, approximately \$137 million of new commercial construction was permitted in Leon County, a 72% increase compared with nearly \$80 million permitted in fiscal year 2017. Larger commercial permits in fiscal year 2018 include two hotel developments: a \$12.4 million, seven-story, 142 room Hotel Indigo and a \$2.9 million, four-story, 62 room Holiday Inn Express. In addition, a five-story, \$12 million, 74,000 sf office building for the Florida Department of Financial Services and a \$4 million, 10,267 sf office building for Envision Credit Union were permitted in fiscal year 2018.

MILLAGE RATES

As indicated below, the City enjoys the lowest millage rate of the comparable largest cities in Florida for 2018 and 2017. Tallahassee's low and stable millage rate should act as an incentive to economic growth and stability.

Comparable City	Millage Rates	
	2018	2017
Clearwater	5.96	5.15
Daytona	7.66	7.05
Ft. Lauderdale	4.12	4.12
Gainesville	4.74	4.74
Hollywood	7.70	7.45
Lakeland	5.56	5.56
Largo	5.74	5.37
Orlando	6.65	6.65
Pensacola	4.29	4.29
Tallahassee	4.10	4.10
West Palm Beach	8.35	8.35

LONG-TERM FINANCIAL PLANNING

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

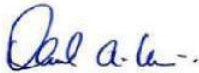
The Plan resulted in an approved fiscal year 2018 operating budget of \$729.4 million and an approved capital budget of \$177.3 million. The Plan for the ensuing five years (including 2018) results in projected capital expenditures of approximately \$960.2 million.

AWARDS AND ACKNOWLEDGEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tallahassee, Florida for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2017. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish a comprehensive annual financial report, whose contents satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for a new certificate.

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

Respectfully submitted,



Raoul A. Lavin
Assistant City Manager



Patrick Twyman
Director of Financial Services



Government Finance Officers Association

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

Presented to

**City of Tallahassee
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO



Organizational Values

- Customer service is our business
- Demonstrate leadership & personal responsibility
- Promote & support employee excellence
- Practice teamwork

THE CITIZENS OF TALLAHASSEE



THE CITY COMMISSION



Members of the City Commission (L to R):
Mayor Pro Tem Curtis Richardson
Commissioner Dianne Williams-Cox
Mayor John E. Dailey
Commissioner Elaine W. Bryant
Commissioner Jeremy Matlow



REESE GOAD
CITY MANAGER



JOSEPH MALESZEWSKI
CITY AUDITOR



CASSANDRA K. JACKSON
CITY ATTORNEY



JIM COOKE
CITY TREASURER-CLERK



CYNTHIA BARBER
DEPUTY CITY MANAGER



ROB MCGARRAH
GENERAL MANAGER
ENERGY SERVICES
ELECTRIC & GAS



RAOUL LAVIN
ASSISTANT CITY MANAGER



ALISON FARIS
DIRECTOR
COMMUNICATIONS



WAYNE TEDDER
ASSISTANT CITY MANAGER



JAMES BARNES
CHIEF CUSTOMER OFFICER
CUSTOMER OPERATIONS



MICHAEL DELEO
CHIEF OF POLICE



LINDSEY EDWARDS
DIRECTOR
PARKS, RECREATION
& NEIGHBORHOOD AFFAIRS



REGINALD OFUANI
DIRECTOR
COMMUNITY BEAUTIFICATION
& WASTE MANAGEMENT



STEVE HARRELSON
INTERIM DIRECTOR
COA



JEROME GAINES
CHIEF OF FIRE



MICHAEL PARKER
DIRECTOR
TALLAHASSEE HOUSING
& HUMAN SERVICES



ARENA GUITANO
DIRECTOR
SUSTAINABILITY
& COMMUNITY PRESERVATION



PATRICK TWYMAN
DIRECTOR
FINANCIAL SERVICES



ELLEN BLAIR
DIRECTOR
HUMAN RESOURCES



ANGELA BALDWIN
DIRECTOR
STAFFING



JAN AUGER
SUPERINTENDENT
GOLF COURSES



CHRISTIAN COOLIN
DIRECTOR
STRATEGIC INNOVATION



ROBERT WIGEN
DIRECTOR
RESOURCE MANAGEMENT



JOHN POWELL
DIRECTOR
ENVIRONMENTAL SERVICES
& FACILITIES



JONATHAN RIETRICK
DIRECTOR
TECHNOLOGY & INNOVATION



JEFF SHEPARD
DIRECTOR
FLEET



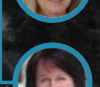
KAREN JUMONVILLE
DIRECTOR
GROWTH MANAGEMENT



DAVID POLLARD
INTERIM DIRECTOR
AVIATION



JENNIFER PORTER
INTERIM DIRECTOR
UNDERGROUND UTILITIES &
PUBLIC INFRASTRUCTURE



JUDY DONAHOE
DIRECTOR
REAL ESTATE



ROXANNE MANNING
DIRECTOR
LHA



GREG SLAY
DIRECTOR
BPPA



BEN PINGREE
DIRECTOR
PLACE



AUTUMN CALDER
DIRECTOR
BLUEPRINT - PLACE



CHERIE BRYANT
DIRECTOR
PLANNING - PLACE



KRISTINA CARIDES
DIRECTOR
DEV. PLACE

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

Elected Officials

Mayor..... John E. Dailey
Mayor Pro-Tem.....Curtis Richardson
Commissioner Elaine W. Bryant
Commissioner Dianne Williams-Cox
CommissionerJeremy Matlow

Appointed Officials

City Manager Reese Goad
City Treasurer-Clerk Jim Cooke
City Auditor..... Joseph Maleszewski
City Attorney Cassandra Jackson

Deputy City Manager and Assistant City Managers

Deputy City Manager..... Cynthia Barber
Assistant City ManagerRaoul Lavin
Assistant City Manager Wayne Tedder

Department Directors

Interim Aviation..... David Pollard
CommunicationsAllison Faris
Community Beautification and Waste Management Reginald Ofuani
Community Housing and Human Services..... Michael Parker
Community Redevelopment Agency..... Roxanna Manning
Customer Operations James Barnes
Energy Services, Electric and Gas Rob McGarrah
Environmental Services and Facilities..... John Powell
Financial Services Patrick Twyman
Fire..... Jerome Gaines
Fleet Jeff Shepard
Growth Management Karen Jumonville
Human Resources Ellen Blair
Parks, Recreation and Neighborhood Affairs Ashley Edwards
Planning, Land Management and Community Enhancement..... Benjamin Pingree
Police Michael DeLeo
Real Estate Judy Donahoe
Resource Management..... Robert Wigen
StarMetro Angela Baldwin
Strategic Innovation..... Christian Doolin
Sustainability and Community Preservation..... Abena Ojetayo
Technology and Innovation Jonathan Kilpatrick
Interim Underground Utilities..... Jennifer Porter

The Comprehensive Annual Financial Report for the City of Tallahassee, Florida was produced by the combined efforts of the Financial Reporting Division of the Financial Services Department as well as the accounting staff of the Tallahassee International Airport. The following staff had primary responsibility for preparing and ensuring the accuracy of this report.

Assistant City Manager
Raoul A. Lavin

Director of Financial Services
Patrick Twyman

Manager, Financial Reporting
Rita Stevens, CPA

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

Manager, Fixed Assets and Accounts Receivable
Robert Bechtol, CPA

* Tallahassee International Airport Staff



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FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Combining Financial Statements

Supplementary Information

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida, as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note III.D. to the financial statements, in the fiscal year ending September 30, 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. October 1, 2017 net position balances have been restated to reflect the implementation of the new standard. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and other information on 23-35 and 116-129 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, other supplementary information, and the introductory and statistical section as presented in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. The schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as described in the *Passenger Facility Charge Audit Guide for Public Companies*, issued by the Federal Aviation Administration, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Thomas Howell Ferguson P.A.
Tallahassee, Florida
March 28, 2019



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



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MANAGEMENT DISCUSSION AND ANALYSIS

As management of the City of Tallahassee (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year that ended September 30, 2018. Management's Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in the City's financial position, and (d) identify individual fund concerns or issues. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities as of September 30, 2018 by \$1.98 billion (net position). Of this amount, \$31 million represents unrestricted net position that is available to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$81.1 million as a result of fiscal year 2018 operations which increased net position by \$0.8 million and a reduction of net position of \$81.9 million resulting from prior period restatements related to the adoption of GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No.75).
- As of September 30, 2018, the City's Governmental Funds reported combined ending fund balances of \$114.9 million, an increase of \$14.7 million in comparison with the prior year. Approximately \$1.1 million of this amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the fiscal year, spendable fund balance for the general fund was \$27.2 million, or 19.8% of general fund expenditures.
- As of September 30, 2018, the City's enterprise funds reported combined net position of \$1.20 billion, a decrease of \$9.5 million from the prior year. This decrease was due to the net effect of current year income of \$27.4 and a \$36.9 reduction for the prior period adjustment related to the adoption of GASB Statement No. 75. Approximately \$142.0 million of the net position is unrestricted.
- Capital assets, net of accumulated depreciation, as of September 30, 2018, totaled \$2.66 billion, an increase of \$47.9 million in comparison with prior year (Note IV.D.).
- The City's outstanding long-term debt (Note IV.G.) increased from \$1.25 billion to \$1.41 billion, or 12.8%.

AN OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

The City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and the Community Redevelopment Agency Funds, both of which are considered major funds. Data from the other eleven (11) funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided on pages 134 - 137 of this report.

PROPRIETARY FUNDS — The City maintains two different types of proprietary funds, enterprise and internal service.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains ten (10) individual enterprise funds. Information is presented separately in the proprietary funds statement of net position and in the proprietary funds statement of revenues, expenses, and changes in net position for the Electric, Gas, Sewer, Water, Airport, and Stormwater Management Funds, all of which are considered major funds. Data from the other four (4) funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major proprietary funds is provided on pages 140 - 142 of this report.

Internal Service Funds are used to account for activities that provide goods and services to the City's other programs and activities. The City maintains thirteen (13) individual internal service funds. These internal service funds are allocated between governmental activities and business-type activities in the government-wide financial statements based upon the activity that receives the predominant benefit. Internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided on pages 144 - 149 of this report.

FIDUCIARY FUNDS — Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs and activities. The City reports three fiduciary funds, two of which are combined into a single, aggregate presentation in the fiduciary fund statements. Individual fund data for each of these two fiduciary funds is provided on pages 152 - 153 of this report. The basic financial statements for all three fiduciary funds are provided on pages 54 - 55 of this report.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table is a summary of the fiscal year 2018 Statement of Net Position found on pages 38 - 39 with comparative information for fiscal year 2017.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current and Other Assets	\$ 167.1	\$ 156.3	\$ 596.3	\$ 494.3	\$ 763.4	\$ 650.6
Capital Assets	829.4	840.7	1,833.3	1,774.1	2,662.7	2,614.8
Total Assets	996.5	997.0	2,429.6	2,268.5	3,426.1	3,265.4
Deferred Outflow of Resources	126.5	85.2	45.8	26.2	172.3	111.4
Total Assets and Deferred Outflows	1,123.0	1,082.2	2,475.4	2,294.6	3,598.4	3,376.8
Liabilities						
Current and Other Liabilities	216.3	163.3	196.3	147.6	412.6	310.9
Long-term Debt Outstanding	111.4	89.4	999.7	872.8	1,111.1	962.2
Total Liabilities	327.7	252.7	1,196.0	1,020.4	1,523.7	1,273.1
Deferred Inflows of Resources	72.3	32.2	22.6	10.6	94.9	42.8
Total Liabilities and Deferred Inflows of						
Resources	400.0	284.9	1,218.6	1,031.0	1,618.6	1,315.9
Net Investment in Capital Assets	730.0	762.8	884.1	863.2	1,614.1	1,626.0
Restricted	114.3	100.1	220.0	202.2	334.3	302.3
Unrestricted	(121.3)	(65.6)	152.7	198.2	31.4	132.6
Total Net Position	723.0	797.3	1,256.8	1,263.6	1,979.8	2,060.9
Total Liabilities, Deferred Inflows of Resources and Net						
Position	\$ 1,123.0	\$ 1,082.2	\$ 2,475.4	\$ 2,294.6	\$ 3,598.4	\$ 3,376.8

Changes in net position over time can be one of the best and most useful indicators of financial position. Total net position of the City decreased from \$2.06 billion in 2017 to \$1.98 billion in 2018, a decrease of \$81.1 million or 3.94%.

The largest portion of the City's net position, \$1.61 billion or 81.5%, reflects its substantial investment in capital assets (e.g., land, buildings, equipment, etc.), less the related outstanding debt used to acquire or construct those assets. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the City's net position, \$334.3 million or 16.9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$31.4 million or 1.6%, is available to meet the ongoing obligations of the City.

At the end of the fiscal year, the City is able to report positive balances in all reported categories of net position for the government as a whole. The unrestricted net position in governmental activities is negative as a result of the implementation of GASBs 68 and 75 which require the recording of net pension asset/liability as well as other pension plan obligations. The remaining net position categories for governmental activities and all of the net position for business-type activities have positive balances.

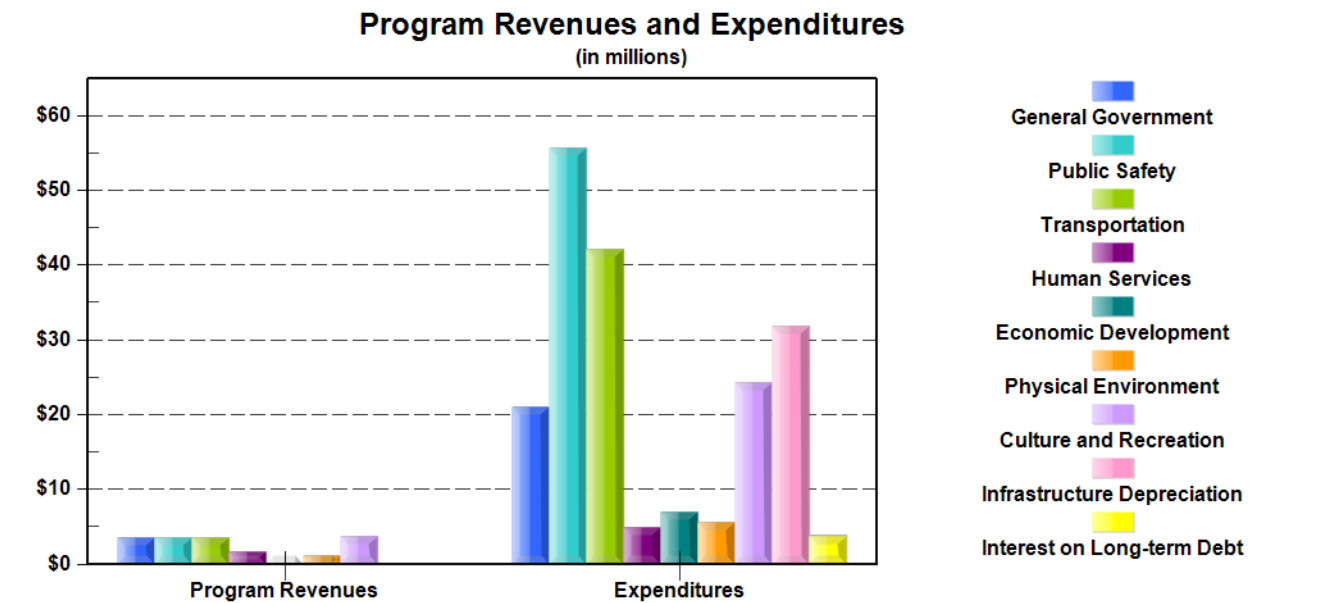
The following table is a summary of the fiscal year 2018 Statement of Activities found on pages 40 - 41 with comparative information for fiscal year 2017.

Table 2
Changes in Net Position
For the Year Ended September 30
(in millions)

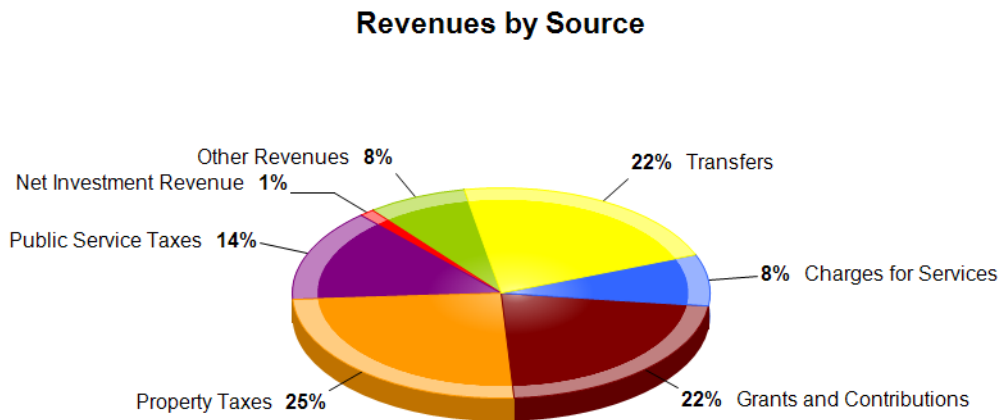
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017 As Restated</u>	<u>2018</u>	<u>2017 As Restated</u>
Revenues						
Program revenues						
Charges for Services	\$ 12.6	\$ 13.4	\$ 520.6	\$ 497.5	\$ 533.2	\$ 510.9
Operating Grants and Contributions	4.4	10.3	4.9	4.8	9.3	15.1
Capital Grants and Contributions	-	-	14.2	13.3	14.2	13.3
General revenues						
Property Taxes	41.5	39.4	-	-	41.5	39.4
Public Service Taxes	23.6	22.8	-	-	23.6	22.8
Grants and Contributions	32.4	85.0	2.0	2.0	34.4	87.0
Net Investment Revenue	2.0	1.9	(1.5)	2.1	0.5	4.0
Other Revenues	13.2	20.1	23.7	(0.3)	36.9	19.8
Total Revenues	<u>129.7</u>	<u>192.9</u>	<u>563.9</u>	<u>519.4</u>	<u>693.6</u>	<u>712.3</u>
Expenses						
General Government	21.0	26.6	-	-	21.0	26.6
Public Safety	55.7	77.1	-	-	55.7	77.1
Transportation	42.1	20.2	-	-	42.1	20.2
Cultural and Recreation	24.3	27.6	-	-	24.3	27.6
Depreciation on Infrastructure	31.8	28.3	-	-	31.8	28.3
Other Primary Government	21.1	23.2	-	-	21.1	23.2
Electric	-	-	240.9	228.1	240.9	228.1
Gas	-	-	21.0	21.0	21.0	21.0
Sewer	-	-	76.7	51.6	76.7	51.6
Water	-	-	31.9	32.0	31.9	32.0
Airport	-	-	18.5	18.1	18.5	18.1
StarMetro	-	-	21.5	20.8	21.5	20.8
Solid Waste	-	-	24.6	21.2	24.6	21.2
Golf	-	-	1.3	0.9	1.3	0.9
Stormwater Management	-	-	16.9	15.4	16.9	15.4
Fire Services	-	-	43.7	42.5	43.7	42.5
Total Expenses	<u>196.0</u>	<u>203.0</u>	<u>497.0</u>	<u>451.6</u>	<u>693.0</u>	<u>654.6</u>
Excess (Deficiency) before transfers	(66.3)	(10.1)	66.9	67.8	0.6	57.7
Transfers	37.0	34.8	(37.0)	(34.8)	-	-
Increase (Decrease) in Net Position From Operations	(29.3)	24.7	29.9	33.0	0.6	57.7
Net Position - October 1 as restated	752.3	772.6	1,226.8	1,230.6	1,979.1	2,003.2
Net Position - September 30	<u>\$ 723.0</u>	<u>\$ 797.3</u>	<u>\$ 1,256.7</u>	<u>\$ 1,263.6</u>	<u>\$ 1,979.7</u>	<u>\$ 2,060.9</u>

GOVERNMENTAL ACTIVITIES - During the fiscal year, net position for governmental activities decreased \$29.3 million for current year operations and it decreased \$45.1 million resulting from the prior period adjustment made for the implementation of GASB 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The result was a total decrease in net position of \$74.8 million from the prior fiscal year for an ending balance of \$723.0 million.

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

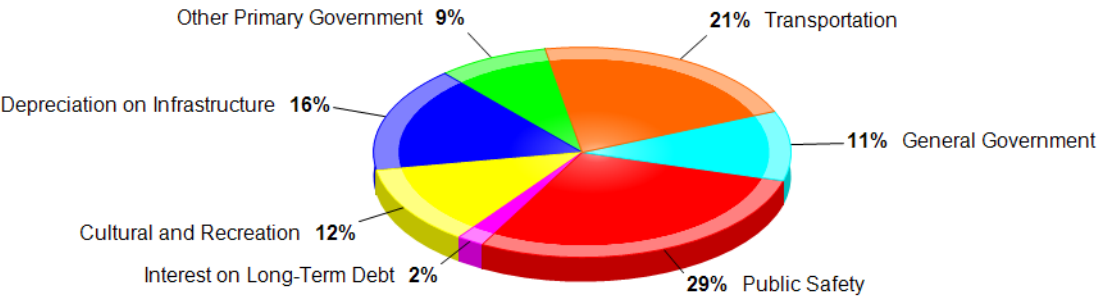


The following chart illutrates the City's revenues by source for the City's governmental activities.



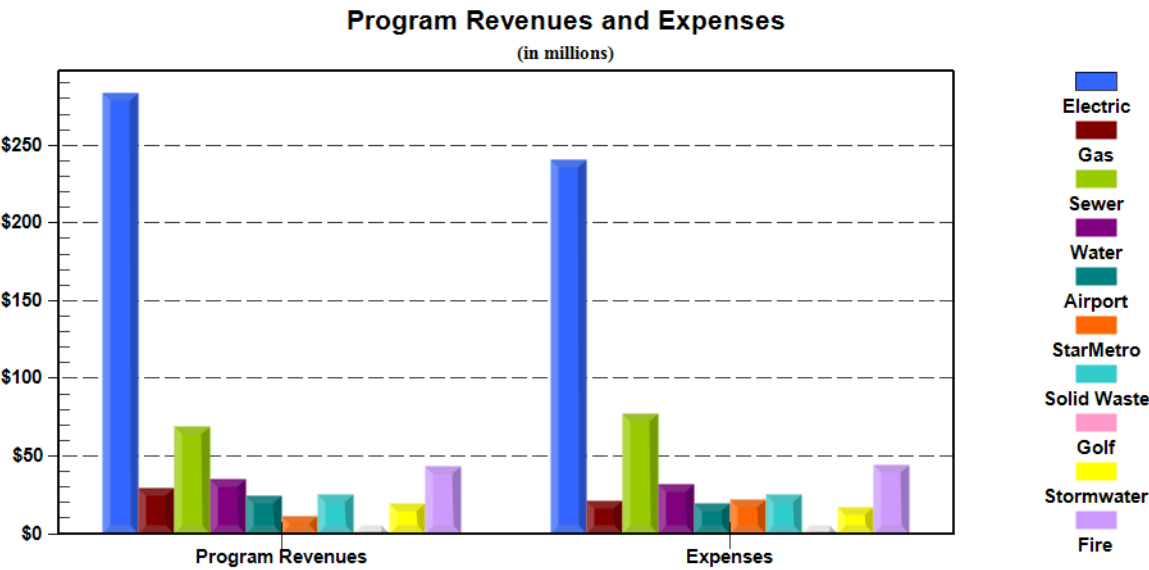
The following chart illustrates the City's expenditures by function for the City's governmental activities.

Expenditures by Function



BUSINESS-TYPE ACTIVITIES - For the City's Business-type activities, the results for the current fiscal year were positive. However, overall net position decreased to reach an ending balance of \$1.26 billion. The overall decrease of \$7.0 million in net position for business-type activities, includes a prior period restatement of \$36.9 million.

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



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

GOVERNMENTAL FUNDS

The fund financial statements for the governmental funds are provided on pages 44 - 47. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2018, the City's governmental funds reported combined ending fund balances of \$114.8 million, an increase of \$14.7 million in comparison with the prior year. Of this amount \$1.2 million is considered non-spendable; \$58.9 million is restricted for purposes which are externally imposed by providers; \$48.6 million is committed for specific purposes that are internally imposed by the government through the City Commission; \$5.1 million is assigned for specific purposes that are internally established by management; and \$1.1 million is unassigned.

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

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

Fund	Fund Balances 9/30/2017	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2018
General Fund	\$ 35.8	\$ 151.0	\$ 158.4	\$ (7.4)	\$ 28.4
Community Redevelopment	8.0	4.8	4.1	0.7	8.7
Other Funds	56.4	76.9	55.5	21.4	77.8
Total City Funds	<u>\$ 100.2</u>	<u>\$ 232.7</u>	<u>\$ 218.0</u>	<u>\$ 14.7</u>	<u>\$ 114.9</u>

The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balance for the general fund was \$28.4 million, or 17.9% of general fund expenditures and other financing uses. Of this amount, \$1.2 million is non-spendable, \$23.3 million is committed, \$3.1 million is assigned, and \$804,000 is unassigned.

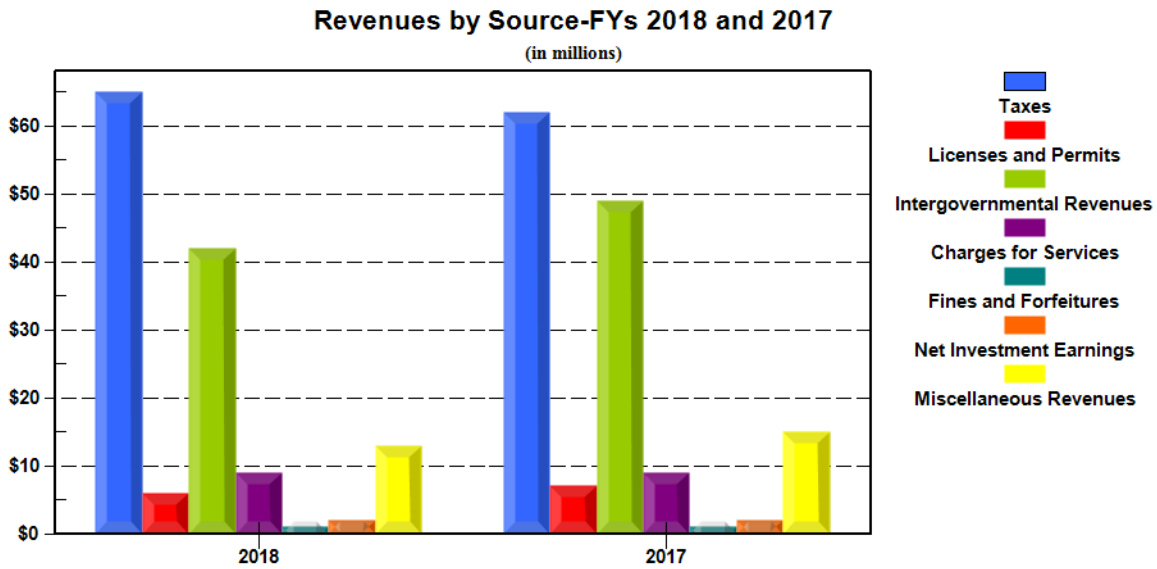
The fund balance for the City's General Fund decreased substantially during fiscal year 2018. Revenues and other sources decreased \$5.4 million or 3.5%, as compared to the prior year. The reduction of revenue was primarily because in 2018, the City incurred approximately \$5.3 million less FEMA reimbursable expenditures resulting in less grant revenues. Expenditures and other uses increased \$2.0 million or 1.3%, as compared to the prior year. This increase in expenditures is mainly due to increases in transfers to the capital improvement funds for projects involved in the City's aggressive capital improvement program.

The fund balance for the City's Community Redevelopment Agency (CRA) Fund increased \$748,000 from 2017. Revenues decreased \$1.2 million primarily because in 2017 there was a property sale that generated \$1.7 million for which there was no comparable sale in the current year. Expenditures increased \$1.1 million or 36.7% in 2018 primarily because the Agency spent \$983,000 on projects which did not occur in 2017 including a Frenchtown Farmers' Market Commercial Kitchen, Business Facility Improvement Program Grants, and an agreement to reimburse Big Bend Cares for construction related costs. The net results for the year was net income of \$748,000.

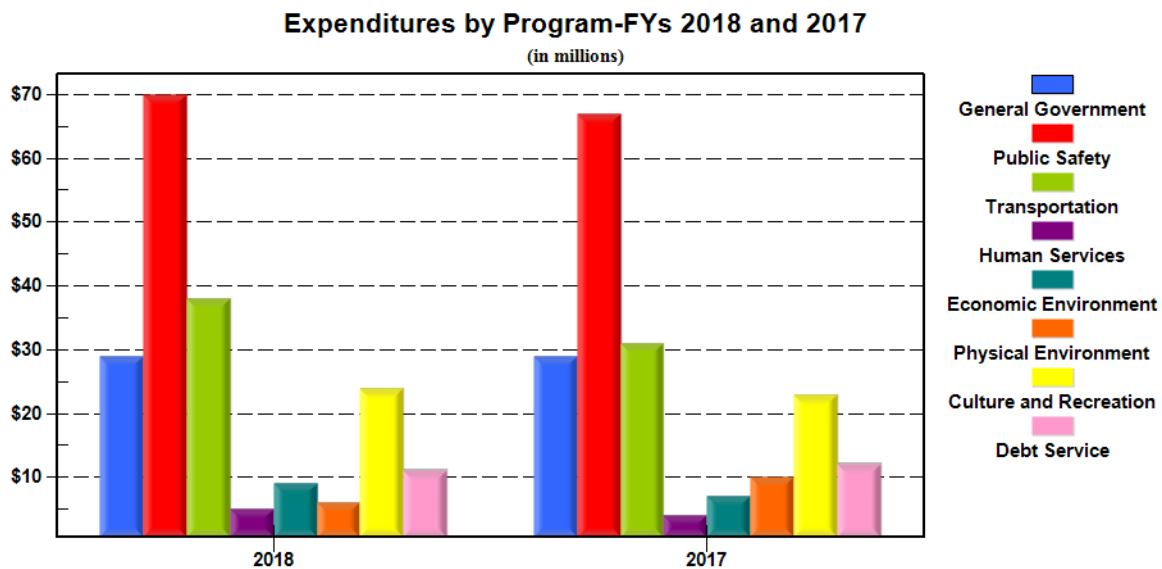
The fund balance in the City's other non-major governmental funds increased \$21.4 million from 2017. This

increase was primarily a result of a 2018 Capital Bond Sale in July 2018.

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



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



PROPRIETARY FUNDS

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

GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 116 of the financial statements.

There was an increase to the original budget for \$50,000 from State Law Enforcement Trust Funds for K-9s. In addition, there were changes to the budgeted transfers, which increased by \$1.42 million, and various other expense categories that decreased to fund additional projects. Project priorities change during the year based on needs, assessments, availability of grant funding or other issues that impact the start or completion of projects or their cost.

The City's general fund generated a positive variance of approximately \$224,000 between the final amended budget and actual results of operation. Actual revenues were less than final budgeted revenues by \$2.9 million, or 1.9%; these variances were spread across most revenue sources. Actual expenditures for the year were less than final budgeted expenditures by \$3.2 million, or 2.0%, these variances were spread across most expenditure line items due to regular budget monitoring.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities, net of depreciation, as of September 30, 2018, were approximately \$2.7 billion. This represents a net increase of approximately \$48 million, or 1.8%, over last year. See Note IV.D. for more information about the City's capital assets.

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

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2018	2017	2018	2017	2018	2017	2018- 2017
Land	\$ 365,679	\$ 364,127	\$ 129,646	\$ 129,545	\$ 495,325	\$ 493,672	0.3 %
Buildings	41,629	44,163	133,205	140,922	174,834	185,085	(5.5)%
Equipment	17,105	12,361	464,798	411,574	481,903	423,935	13.7 %
Improvements (Other than Buildings)	7,347	7,339	24,467	25,880	31,814	33,219	(4.2)%
Infrastructure	378,994	389,957	767,862	733,546	1,146,856	1,123,503	2.1 %
Intangibles	8	8	195,424	159,582	195,432	159,590	22.5 %
Construction in Progress	18,591	22,700	117,922	173,122	136,513	195,822	(30.3)%
Total	<u>\$ 829,353</u>	<u>\$ 840,655</u>	<u>\$ 1,833,324</u>	<u>\$ 1,774,171</u>	<u>\$ 2,662,677</u>	<u>\$ 2,614,826</u>	

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

- Aviation infrastructure - \$8.4 million
- Electric generation, transmission and distribution infrastructure - \$81.9 million
- Gas transmission and distribution infrastructure - \$3 million
- Sewer collection, treatment, and disposal infrastructure - \$14.7 million
- StarMetro acquisition of buses and system improvements - \$1 million
- Stormwater infrastructure - \$8.3 million
- Street construction, widening and expansion projects improvements, park improvements, and vehicles and equipment for public safety purposes, - \$21.2 million
- Water transmission and distribution infrastructure - \$9.4 million
- Solid Waste Truck Replacement - \$1.2 million.

LONG-TERM DEBT

As shown in the following table, as of September 30, 2018, the City had \$1.05 billion in total debt outstanding. This amount represents bonds and loans secured by specified revenue sources and excludes issuance premium and discounts.

Table 5
Outstanding Debt at September 30
(in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017
General Revenue Bonds	104,155	83,915	-	-	104,155	83,915
Proprietary Revenue Bonds	-	-	921,612	825,483	921,612	825,483
Other Loans	1,282	1,527	18,627	21,774	19,909	23,301
Total	<u>105,437</u>	<u>85,442</u>	<u>940,239</u>	<u>847,257</u>	<u>1,045,676</u>	<u>932,699</u>

The City's total debt increased by \$112.98 million, or 12.11%, during the current fiscal year. This is primarily the result of the net effect of principal paydowns of approximately \$33 million netted with the sale of Capital Bonds for \$27 million, Energy System Bonds for \$105 million, and Consolidated Utility Systems Bonds for \$160 million. The Consolidated Utility Systems bonds included new financing of \$45 million and refunding bonds of \$115 million, the latter of which refunded previously outstanding debt in the amount of \$143 million.

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

Table 6
Bond Ratings

	Moody's Investors Service, Inc	Standard & Poor's Rating Services	Fitch Ratings, Inc
Capital Bonds	Aa2	NR	AA+
Consolidated Utility Systems Bonds	NR	AA	AA+
Energy System Bonds	Aa3	AA	NR

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the City continues to show improvement as the economy recovers. Unemployment has consistently been lower than both the state and national levels. In December 2018, the unemployment rate in Tallahassee was 3.2% as compared to the state's unemployment rate of 3.3%. For December 2017, Tallahassee's unemployment rate was 3.5% as compared with the statewide rate of 3.9%. The percentage of employees employed by local, state, and federal government in Tallahassee is approximately 51% of the work force.
- The ratio of taxable assessed value to total estimated value for ad valorem tax purposes equals 48.0%, demonstrating the large amount of state-owned tax-exempt property located in the City. In 2018, the millage rate was 4.1 mills and there will be no change for 2019.
- The presence of two state universities, a community college and the state government provide a stabilizing influence on the City of Tallahassee's financial position. Unemployment has decreased from its peak, and Leon County's unemployment has consistently been lower than both the state and national levels.
- As with any capital city, the health of the state government will continue to have a substantial impact on the economic or financial health of the City of Tallahassee. With the state government seeing some stability in revenues, it appears that the City will not endure additional hardships because of state budget cuts. The City continues to monitor state and local revenue streams, such as the Communication Services Tax, and contracts lobbying services to advocate for its financial interest at both the state and federal level. Additionally, the City is deliberate in seeking out state and federal grant opportunities to support the services it provides to its citizens.
- Alongside the state workforce, Tallahassee's institutions of higher learning continue to be major economic drivers in the community. Ongoing partnership with these institutions represents significant economic and development opportunities for the City. Most recently, increased partnership between the universities and the City have helped attract companies to relocate to Tallahassee, especially those companies that are interested in the research being performed by Florida State University's National High Magnetic Field Laboratory. Furthermore, while the cost of college education has come under increased scrutiny in the past couple of years, tuition at the state universities remains affordable when compared to public universities in other states.
- The City is actively involved in recruiting new businesses and employers to the area by providing a number of incentives and funding for eligible businesses as well as planning tools designed to promote economic development. This strategy has been successful in attracting new businesses as well as helping existing businesses remain in the City. This is highlighted by the increasing number of new developments that have occurred throughout the City. The Ballard Building, a six story, 62,000 square feet mixed use structure in downtown that opened at the end of 2017, includes an upscale steak restaurant on the ground floor. Other projects expected to be completed over the next couple of years include the construction of a 340,000 square foot surgical center at Tallahassee Memorial Hospital; Washington Square, a 15-story, 576,000 square foot mixed-use development in the heart of downtown which will include the City's first four star hotel, expected to open in August, 2020; the Cascades Project, a mixed-use development adjacent to Cascades Park downtown, expected to be completed by Thanksgiving 2020 with a second phase featuring townhomes and apartments to be completed in the Spring of 2021; the Canopy Project, a mixed-use development of 500 acres, part of the Welaunee property in the City's northeast section, which feature hundreds of new single-family homes; and various commercial and residential developments around the universities. New subdivisions continue their

construction of single family homes in the City's northeast, northwest and east sectors as well as continuing on the south side in several subdivisions. Construction of new apartment complexes are planned or underway in Midtown, downtown and on the west, southeast and south sides, with new condominium units planned in the western and eastern parts of the community.

These indicators, as well as others, were taken into account when adopting the City's budget for fiscal year 2019. The total fiscal year 2019 Citywide operating budget totals \$727.3 million, a decrease of \$2.1 million from fiscal year 2018. The major changes causing most of this decrease consisted of a decrease of \$19.6 in Electric, a decrease of \$2.2 million in Utility Services, and the following increases: \$5.8 million in general fund, \$5.8 million in Sewer, \$4.2 million in Water, \$1 million in Fire Services, \$1 million in Starmetro, and \$1.3 million in Solid Waste. Personnel expenditures account for approximately 30% of the City's operating budget. The City's fiscal year 2019 operating budget has no change in the total positions keeping the count at 2,851.5.

The capital budget for fiscal year 2019 totals \$161.8 million, a decrease of \$15.5 million from fiscal year 2018. The City's utilities account for \$100.9 million or 62.34% of the capital budget; other major uses include transportation, general government, and culture and recreation. Bond proceeds (new and existing) will fund approximately 28.0% of these capital projects with the balance of funding coming primarily from capital improvement funds reserved for projects, federal funds, state funds, and general government resources. The City has a five year plan for capital improvements for all projects planned through fiscal year 2023 which totals \$887 million with appropriations of funding made on an annual basis.

FINANCIAL CONTACT

This financial report is designed to provide residents, taxpayers, customers, and creditors with a general overview of the City of Tallahassee's finances and to demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Financial Reporting Manager at Mailbox A-29, 300 South Adams Street, Tallahassee, Florida 32301-1731 or via email at Rita.Stevens@talgov.com.



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BASIC FINANCIAL STATEMENTS

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

Government-wide Financial Statements

Governmental Funds Financial Statements

Proprietary Funds Financial Statements

Fiduciary Funds Financial Statements

Notes to Financial Statements

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Improvement Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash and Cash Equivalents	\$ 103,797	\$ 207,456	\$ 311,253	\$ 61
Securities Lending Collateral	29	63	92	-
Receivables:				
Accrued Interest	137	269	406	-
Customers and Other	405	39,002	39,407	-
Notes	164	7,965	8,129	-
Special Assessments	94	-	94	-
Less: Allowance for Doubtful Accounts	(115)	(3,041)	(3,156)	-
Due From Other Governments	18,436	4,517	22,953	-
Prepaid Expenses	-	1,906	1,906	-
Inventory	513	45,014	45,527	-
Cash and Cash Equivalents - Restricted	11,988	312,937	324,925	-
Securities Lending Collateral - Restricted	3	95	98	-
Receivables - Restricted:				
Accrued Interest	15	417	432	-
Other	4	-	4	-
Notes	1,084	-	1,084	-
Due From Other Governments	622	2,724	3,346	-
Total Current Assets	<u>137,176</u>	<u>619,324</u>	<u>756,500</u>	<u>61</u>
Noncurrent Assets				
Internal Balances	30,013	(30,013)	-	-
Deposits	-	6,927	6,927	-
Capital Assets				
Land and Construction in Progress	384,270	247,568	631,838	-
Other, Net of Accumulated Depreciation	<u>445,083</u>	<u>1,585,756</u>	<u>2,030,839</u>	-
Total Noncurrent Assets	<u>859,366</u>	<u>1,810,238</u>	<u>2,669,604</u>	-
Total Assets	<u>996,542</u>	<u>2,429,562</u>	<u>3,426,104</u>	<u>61</u>
Deferred Outflows of Resources				
Effect of Deferred Loss on Bond Refunding	2,633	-	2,633	-
Pension related deferred outflows	121,035	42,559	163,594	102
OPEB related deferred outflows	2,797	2,043	4,840	10
Accumulated Decrease in Fair Value of Hedging Derivatives	-	1,243	1,243	-
Total Deferred Outflows of Resources	<u>126,465</u>	<u>45,845</u>	<u>172,310</u>	<u>112</u>
Assets and Deferred Outflows of Resources	<u>\$ 1,123,007</u>	<u>\$ 2,475,407</u>	<u>\$ 3,598,414</u>	<u>\$ 173</u>

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET POSITION
September 30, 2018
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Improvement Authority
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities				
Obligations Under Securities Lending	\$ 29	\$ 63	\$ 92	\$ -
Accounts Payable	10,041	54,500	64,541	11
Customer Contracts Payable	-	307	307	-
Utility Deposits Payable	-	22,924	22,924	-
Unearned Revenue	171	54	225	-
Due to Other Governments	1,116	-	1,116	-
Compensated Absences	7,282	9,353	16,635	11
Accounts Payable - Restricted	1,130	2,783	3,913	-
Obligations Under Securities Lending - Restricted	3	95	98	-
Unearned Revenue - Restricted	1,560	-	1,560	-
Bonds and Loans Payable	8,189	29,744	37,933	-
Total Current Liabilities	<u>29,521</u>	<u>119,823</u>	<u>149,344</u>	<u>22</u>
Noncurrent Liabilities				
Compensated Absences	2,797	4,316	7,113	16
Customer Contracts Payable	-	1,341	1,341	-
Claims Payable	-	14,677	14,677	-
Net OPEB Obligation	49,997	36,533	86,530	122
Derivative Instruments	-	1,243	1,243	-
Net Pension Liability	134,003	18,427	152,430	44
Bonds and Loans Payable	111,391	999,659	1,111,050	-
Total Noncurrent Liabilities	<u>298,188</u>	<u>1,076,196</u>	<u>1,374,384</u>	<u>182</u>
Total Liabilities	<u>327,709</u>	<u>1,196,019</u>	<u>1,523,728</u>	<u>204</u>
Deferred Inflows of Resources				
Pension Related Deferred Inflows	69,405	20,546	89,951	48
OPEB Related Deferred Inflows	2,851	2,080	4,931	3
Total Deferred Inflows of Resources	<u>72,256</u>	<u>22,626</u>	<u>94,882</u>	<u>51</u>
Total Liabilities and Deferred Inflows of Resources	<u>399,965</u>	<u>1,218,645</u>	<u>1,618,610</u>	<u>255</u>
Net Position				
Net Investment in Capital Assets	729,969	884,077	1,614,046	-
Restricted for:				
Capital Projects	58,330	201,587	259,917	-
Debt Service	-	18,355	18,355	-
Other Purposes	56,031	-	56,031	-
Unrestricted	(121,288)	152,743	31,455	(82)
Total Net Position	<u>723,042</u>	<u>1,256,762</u>	<u>1,979,804</u>	<u>(82)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,123,007</u>	<u>\$ 2,475,407</u>	<u>\$ 3,598,414</u>	<u>\$ 173</u>

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2018
(in thousands)

Function/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 21,049	\$ 2,230	\$ 1,262	\$ -
Public Safety	55,737	1,876	1,669	-
Transportation	42,106	2,572	951	-
Human Services	4,971	1,072	500	-
Economic Development	6,956	11	-	-
Physical Environment	5,530	1,133	2	-
Culture and Recreation	24,331	3,755	-	-
Unallocated Depreciation on Infrastructure	31,810	-	-	-
Interest on Long-Term Debt	3,610	-	-	-
Total governmental activities	196,100	12,649	4,384	-
Business-type Activities:				
Electric	240,872	281,375	2,748	-
Gas	21,019	29,122	-	-
Sewer	76,701	68,180	-	1,131
Water	31,888	35,293	-	-
Airport	18,517	13,176	-	10,357
StarMetro	21,547	5,786	2,041	2,763
Solid Waste	24,551	24,674	64	-
Golf	1,271	765	-	-
Stormwater Management	16,893	19,250	-	-
Fire Services	43,698	43,021	-	-
Total business-type activities	496,957	520,642	4,853	14,251
Total primary government	\$ 693,057	\$ 533,291	\$ 9,237	\$ 14,251
Component Unit:				
Downtown Improvement Authority	\$ 347	\$ -	\$ -	\$ -

General Revenues:

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

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2018
(in thousands)

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit	
\$		\$	\$	
(17,557)	-	(17,557)	-	
(52,192)	-	(52,192)	-	
(38,583)	-	(38,583)	-	
(3,399)	-	(3,399)	-	
(6,945)	-	(6,945)	-	
(4,395)	-	(4,395)	-	
(20,576)	-	(20,576)	-	
(31,810)	-	(31,810)	-	
(3,610)	-	(3,610)	-	
<u>(179,067)</u>	<u>-</u>	<u>(179,067)</u>	<u>-</u>	
-	43,251	43,251	-	
-	8,103	8,103	-	
-	(7,390)	(7,390)	-	
-	3,405	3,405	-	
-	5,016	5,016	-	
-	(10,957)	(10,957)	-	
-	187	187	-	
-	(506)	(506)	-	
-	2,357	2,357	-	
-	(677)	(677)	-	
<u>-</u>	<u>42,789</u>	<u>42,789</u>	<u>-</u>	
<u>(179,067)</u>	<u>42,789</u>	<u>(136,278)</u>	<u>-</u>	
			<u>(347)</u>	
41,485	-	41,485	203	
23,692	-	23,692	-	
4,441	-	4,441	-	
32,478	1,989	34,467	-	
2,763	7,234	9,997	2	
2	7	9	-	
(806)	(8,700)	(9,506)	-	
8,828	23,655	32,483	101	
36,971	(36,971)	-	-	
<u>149,854</u>	<u>(12,786)</u>	<u>137,068</u>	<u>306</u>	
<u>(29,213)</u>	<u>30,003</u>	<u>790</u>	<u>(41)</u>	
797,317	1,263,621	2,060,938	78	
<u>(45,062)</u>	<u>(36,862)</u>	<u>(81,924)</u>	<u>(119)</u>	
<u>752,255</u>	<u>1,226,759</u>	<u>1,979,014</u>	<u>(41)</u>	
<u>\$ 723,042</u>	<u>\$ 1,256,762</u>	<u>\$ 1,979,804</u>	<u>\$ (82)</u>	

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



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FUNDS

GOVERNMENTAL FUNDS

General	Accounts for all financial resources except those required to be accounted for in another fund. The functions paid for by the general fund include police, protective inspection, code enforcement, culture and recreation, general government, transportation, human services, economic development, and physical environment.
Community Redevelopment Agency	Accounts for the general tax revenue collected on and the expenses incurred in the redevelopment of properties in the community redevelopment area.
Other Governmental Funds	Detailed descriptions of these funds are provided on page 133.

PROPRIETARY FUNDS

Electric	Accounts for the assets, operation and maintenance of the City-owned electric generation, transmission, and distribution system.
Gas	Accounts for the assets, operation and maintenance of the City-owned gas system.
Sewer	Accounts for the assets, operation and maintenance of the City's wastewater collection and treatment system.
Water	Accounts for the assets, operation and maintenance of the City's water production and distribution system.
Airport	Accounts for the assets, operation and maintenance of the City-owned international airport.
Stormwater Management	Accounts for the operation, maintenance, and expansion of the City-owned stormwater utility system.
Other Enterprise Funds	Detailed descriptions of these funds are provided on page 139.
Internal Service Funds	Detailed description of these funds are provided on page 143.

FIDUCIARY FUNDS

Pension and OPEB Trust Funds	Detailed descriptions of these funds are provided on page 151
Nuclear Decommissioning	Accounts for resources legally held in trust for Florida Power Corporation (FPC) for the future decommissioning of the Crystal River Unit 3 Utility Plant (CR3 Plant).

CITY OF TALLAHASSEE, FLORIDA

BALANCE SHEET Governmental Funds September 30, 2018 (in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 21,671	\$ -	\$ 74,541	\$ 96,212
Securities Lending Collateral	6	-	22	28
Receivables:				
Accrued Interest	27	-	100	127
Customers and Others	327	-	-	327
Notes	-	-	164	164
Special Assessments	-	-	94	94
Less: Allowance for Doubtful Accounts	(115)	-	-	(115)
Due From Other Governments	14,674	-	3,568	18,242
Inventory	513	-	-	513
Cash and Cash Equivalents	672	8,535	2,572	11,779
Securities Lending Collateral	-	3	-	3
Receivables - Restricted:				
Accrued Interest	-	11	4	15
Customers and Others	-	1	3	4
Notes	-	272	812	1,084
Due From Other Governments	-	-	622	622
Total Assets	<u>\$ 37,775</u>	<u>\$ 8,822</u>	<u>\$ 82,502</u>	<u>\$ 129,099</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Obligations Under Securities Lending	\$ 6	\$ -	\$ 22	\$ 28
Accounts and Retainage Payable	6,332	-	2,214	8,546
Unearned Revenue	151	-	20	171
Accounts and Retainage Payable - Restricted	672	142	316	1,130
Obligations Under Securities Lending - Restricted	-	3	-	3
Due To Other Funds	53	-	-	53
Due To Other Governments	972	-	-	972
Advances from Other Funds	1,217	-	548	1,765
Unearned Revenue - Restricted	-	-	1,560	1,560
Total Liabilities	<u>9,403</u>	<u>145</u>	<u>4,680</u>	<u>14,228</u>
FUND BALANCES				
Nonspendable	1,186	-	-	1,186
Spendable:				
Restricted	-	8,394	50,510	58,904
Committed	23,306	-	25,322	48,628
Assigned	3,076	-	1,990	5,066
Unassigned	804	283	-	1,087
Total Fund Balances	<u>28,372</u>	<u>8,677</u>	<u>77,822</u>	<u>114,871</u>
Total Liabilities and Fund Balances	<u>\$ 37,775</u>	<u>\$ 8,822</u>	<u>\$ 82,502</u>	<u>\$ 129,099</u>

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

CITY OF TALLAHASSEE, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2018
(in thousands)

Total Fund Balances - Governmental Funds	\$ 114,871
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	818,812
Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds.	29,847
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the governmental-type internal service funds are included in the Statement of Net Position.	17,413
Certain amounts related to the Net Pension Liability and Net OPEB liability are deferred and amortized over time and are not reported in the funds.	26,462
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the fund statements but must be deferred in the Statement of Net Position.	25,114
Long-term liabilities, including bonds payable, deferred outflows of resources, net pension liability, and net OPEB obligation are not due and payable in the current period and therefore are not reported in the funds.	(309,477)
Net Position - Governmental Activities	<u>\$ 723,042</u>

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Governmental Funds
for the fiscal year ended September 30, 2018
(in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total
Revenues:				
Taxes	\$ 63,364	\$ 1,810	\$ -	\$ 65,174
Licenses and Permits	1,135	-	4,441	5,576
Intergovernmental Revenues	20,004	2,887	19,514	42,405
Charges for Services	8,665	137	349	9,151
Fines and Forfeitures	645	-	181	826
Net Investment Earnings	736	156	1,710	2,602
Securities Lending Income	2	-	2	4
Change in Fair Value of Investments	(587)	(123)	(112)	(822)
Miscellaneous Revenues	10,270	2	2,937	13,209
Total Revenues	<u>104,234</u>	<u>4,869</u>	<u>29,022</u>	<u>138,125</u>
Expenditures:				
General Government	27,240	-	1,698	28,938
Public Safety	63,560	-	6,105	69,665
Transportation	15,026	-	23,168	38,194
Human Services	4,231	-	723	4,954
Economic Environment	497	4,121	4,219	8,837
Physical Environment	4,272	-	1,398	5,670
Culture and Recreation	22,480	-	1,468	23,948
Securities Lending Expense:				
Interest Expense	1	-	-	1
Debt Service:				
Principal Retired	-	-	7,325	7,325
Interest and Fiscal Charges	8	-	3,940	3,948
Bond Issuance Costs	7	-	203	210
Total Expenditures	<u>137,322</u>	<u>4,121</u>	<u>50,247</u>	<u>191,690</u>
Excess of Revenues Over (Under) Expenditures	<u>(33,088)</u>	<u>748</u>	<u>(21,225)</u>	<u>(53,565)</u>
Other Financing Sources (Uses):				
Transfers In	45,930	-	16,915	62,845
Transfers Out	(21,091)	-	(5,292)	(26,383)
Proceeds From Sale of Bonds	-	-	30,969	30,969
Proceeds from Sale of Capital Assets	838	-	-	838
Total Other Financing Sources (Uses)	<u>25,677</u>	<u>-</u>	<u>42,592</u>	<u>68,269</u>
Net Change in Fund Balances	<u>(7,411)</u>	<u>748</u>	<u>21,367</u>	<u>14,704</u>
Fund Balances - October 1	35,783	7,929	56,455	100,167
Fund Balances - September 30	<u>\$ 28,372</u>	<u>\$ 8,677</u>	<u>\$ 77,822</u>	<u>\$ 114,871</u>

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

CITY OF TALLAHASSEE, FLORIDA
RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
for the fiscal year ended September 30, 2018
(in thousands)

Net Change in Fund Balances - Total Governmental Funds	\$	14,704
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(14,421)
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Internal Service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain internal service funds is reported with governmental activities.		2,118
--	--	-------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(25,023)
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The net change in compensated absences which is reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.		(51)
--	--	------

Pension and OPEB related items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.		(6,540)
--	--	---------

Change in Net Position of Governmental Activities	\$	<u>(29,213)</u>
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The notes to the financial statements are an integral part of these financial statements.

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF NET POSITION

Proprietary Funds

September 30, 2018

(in thousands)

	Enterprise Funds									
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES										
Current Assets										
Cash and Cash Equivalents	\$ 74,323	\$ 2,647	\$ 2,954	\$ 1,498	\$ 1,815	\$ 40,018	\$ 8,606	\$ 131,861	\$ 83,180	
Securities Lending Collateral	23	2	-	-	1	12	2	40	24	
Receivables:										
Accrued Interest	120	4	2	2	2	53	11	194	85	
Notes	7,070	-	895	-	-	-	-	7,965	-	
Customers and Others	24,140	1,470	4,278	2,236	1,193	1,246	4,157	38,720	360	
Due From Other Governments	311	2	221	5	6	22	3,826	4,393	318	
Less: Allowance for Doubtful Accounts	(1,537)	(89)	(387)	(196)	(377)	(108)	(347)	(3,041)	-	
Prepaid Expenses	-	-	-	-	-	-	-	-	1,906	
Due From Other Funds	36,090	-	-	-	-	-	-	36,090	63	
Inventory	41,862	222	1,216	74	-	-	661	44,035	979	
Current Assets - Restricted:										
Cash and Cash Equivalents	180,733	6,510	67,984	40,651	17,059	-	-	312,937	-	
Securities Lending Collateral	55	2	21	12	5	-	-	95	-	
Accrued Interest	239	9	92	54	23	-	-	417	-	
Due From Other Governments	-	-	-	-	2,724	-	-	2,724	-	
Total Current Assets	<u>363,429</u>	<u>10,779</u>	<u>77,276</u>	<u>44,336</u>	<u>22,451</u>	<u>41,243</u>	<u>16,916</u>	<u>576,430</u>	<u>86,915</u>	
Noncurrent Assets										
Advances To Other Funds	500	-	-	-	-	48	-	548	1,984	
Deposits	-	-	-	-	-	-	256	256	6,671	
Capital Assets:										
Land and Construction in Progress	84,477	1,182	26,942	13,775	18,351	96,861	5,935	247,523	1,901	
Other, Net of Accumulated Depreciation	681,390	58,049	433,908	140,898	101,406	80,109	43,746	1,539,506	54,936	
Total Noncurrent Assets	<u>766,367</u>	<u>59,231</u>	<u>460,850</u>	<u>154,673</u>	<u>119,757</u>	<u>177,018</u>	<u>49,937</u>	<u>1,787,833</u>	<u>65,492</u>	
Total Assets	<u>1,129,796</u>	<u>70,010</u>	<u>538,126</u>	<u>199,009</u>	<u>142,208</u>	<u>218,261</u>	<u>66,853</u>	<u>2,364,263</u>	<u>152,407</u>	
Deferred Outflows of Resources										
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-	-	-	1,243	
Pension Related Deferred Outflows	16,659	1,164	7,839	3,766	3,183	3,441	6,507	42,559	-	
OPEB Related Deferred Outflows	508	53	322	144	83	50	883	2,043	-	
Total Assets and Deferred Outflows of Resources	<u>\$ 1,146,963</u>	<u>\$ 71,227</u>	<u>\$ 546,287</u>	<u>\$ 202,919</u>	<u>\$ 145,474</u>	<u>\$ 221,752</u>	<u>\$ 74,243</u>	<u>\$ 2,408,865</u>	<u>\$ 153,650</u>	

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF NET POSITION

Proprietary Funds

September 30, 2018

(in thousands)

	Enterprise Funds						Other	Total	Internal
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Enterprise Funds	Enterprise Funds	Service Funds
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES									
Current Liabilities									
Accounts and Retainage Payable	\$ 28,333	\$ 3,252	\$ 2,375	\$ 1,293	\$ 1,867	\$ 1,849	\$ 4,317	\$ 43,286	\$ 12,712
Due To Other Funds	2,000	-	-	-	-	-	10	2,010	34,090
Due To Other Governments	-	-	-	-	-	-	-	-	144
Compensated Absences	2,230	159	1,059	544	386	458	2,766	7,602	2,682
Obligations Under Securities Lending	23	2	-	-	1	12	2	40	24
Customer Contracts Payable	-	-	210	97	-	-	-	307	-
Unearned Revenue	-	-	-	-	-	-	54	54	-
Utility Deposits Payable	20,824	515	-	1,585	-	-	-	22,924	-
Obligations Under Securities Lending - Restricted	55	2	21	12	5	-	-	95	-
Accounts and Retainage Payable - Restricted	254	41	541	231	1,716	-	-	2,783	-
Loans Payable	1,384	205	32	1,160	37	-	-	2,818	-
Bonds Payable	16,701	1,391	6,861	1,974	-	-	-	26,927	-
Total Current Liabilities	71,804	5,567	11,099	6,896	4,012	2,319	7,149	108,846	49,652
Noncurrent Liabilities									
Loans Payable	7,790	1,114	130	6,443	331	-	-	15,808	-
Claims Payable	-	-	-	-	-	-	-	-	14,677
Derivative Instruments	-	-	-	-	-	-	-	-	1,243
Customer Contracts Payable	-	-	842	499	-	-	-	1,341	-
Advances from Other Funds	6,789	-	-	-	-	-	11,331	18,120	-
Compensated Absences	1,489	145	270	219	259	154	1,095	3,631	1,092
Net OPEB Liability	9,068	946	5,762	2,577	1,482	892	15,806	36,533	-
Net Pension Liability	7,192	507	3,424	1,580	1,353	1,483	2,888	18,427	-
Bonds Payable	612,452	5,535	274,548	91,313	-	-	-	983,848	-
Total Noncurrent Liabilities	644,780	8,247	284,976	102,631	3,425	2,529	31,120	1,077,708	17,012
Total Liabilities	716,584	13,814	296,075	109,527	7,437	4,848	38,269	1,186,554	66,664
Deferred Inflows of Resources									
Pension Related Deferred Inflows	8,073	558	3,757	1,858	1,556	1,670	3,074	20,546	-
OPEB Related Deferred Inflows	517	54	328	147	84	50	900	2,080	-
Total Liabilities and Deferred Inflows of Resources	725,174	14,426	300,160	111,532	9,077	6,568	42,243	1,209,180	66,664
NET POSITION									
Net Investment in Capital Assets	144,678	49,803	210,334	86,926	119,390	176,970	49,681	837,782	56,837
Restricted for Debt Service	13,425	1,573	2,916	441	-	-	-	18,355	-
Restricted for Renewal, Replacement and Improvements	151,984	6,099	21,534	4,807	17,163	-	-	201,587	-
Unrestricted:	111,702	(674)	11,343	(787)	(156)	38,214	(17,681)	141,961	30,149
Total Net Position	421,789	56,801	246,127	91,387	136,397	215,184	32,000	1,199,685	86,986
Total Liabilities, Deferred Inflows, and Net Position	\$ 1,146,963	\$ 71,227	\$ 546,287	\$ 202,919	\$ 145,474	\$ 221,752	\$ 74,243		\$ 153,650
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds								57,077	
Net Position of Business-type Activities								\$ 1,256,762	

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Proprietary Funds
For the fiscal year ended September 30, 2018
(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:									
Charges for Services:									
Residential Sales	\$ 123,258	\$ 11,776	\$ 31,794	\$ 15,866	\$ -	\$ 8,135	\$ 34,494	\$ 225,323	\$ -
Commercial and Industrial Sales	128,550	16,283	22,929	9,992	-	9,405	29,128	216,287	-
Public Street and Highway Lighting	4,180	-	-	-	-	-	-	4,180	-
Sales for Resale	5,608	-	-	-	-	-	-	5,608	-
Surcharge	2,551	302	1,205	1,794	-	-	-	5,852	-
Tapping Fees	-	15	122	600	-	-	-	737	-
Landing Fees	-	-	-	-	1,371	-	-	1,371	-
Late Fees	749	178	-	93	-	-	-	1,020	-
Initiating Service	906	124	-	477	-	-	-	1,507	-
Rentals	938	-	-	475	8,641	-	-	10,054	-
Cut-ins and Cut Fees	1,444	27	-	93	-	-	-	1,564	-
County Government	-	-	-	-	-	-	3,191	3,191	-
Recyclable Sales	-	-	-	-	-	-	131	131	-
Recreation Fees	-	-	-	-	-	-	765	765	-
Transportation Fees	-	-	-	-	-	-	5,088	5,088	-
Other Charges	12,010	365	2,962	4,546	1,728	1,538	2,008	25,157	196,758
Total Operating Revenues	280,194	29,070	59,012	33,936	11,740	19,078	74,805	507,835	196,758
Operating Expenses:									
Personnel Services	30,943	2,122	13,768	7,715	5,100	5,955	45,123	110,726	39,589
Fossil Fuel	88,652	11,425	-	-	-	-	-	100,077	-
Power Purchased	7,098	-	-	-	-	-	-	7,098	-
Contractual Services	41,999	3,240	15,190	11,859	4,867	7,130	35,158	119,443	128,058
Materials and Supplies	7,180	125	2,449	867	173	585	4,005	15,384	2,559
Other	3,583	1,930	3,272	4,723	95	306	1,099	15,008	17,176
Depreciation	42,148	2,138	17,710	5,420	7,426	1,922	4,449	81,213	9,336
Total Operating Expenses	221,603	20,980	52,389	30,584	17,661	15,898	89,834	448,949	196,718
Operating Income (Loss)	\$ 58,591	\$ 8,090	\$ 6,623	\$ 3,352	\$ (5,921)	\$ 3,180	\$ (15,029)	\$ 58,886	\$ 40

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Proprietary Funds
For the fiscal year ended September 30, 2018
(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Non-Operating Revenues (Expenses):									
Net Investment Earnings	\$ 3,586	\$ 155	\$ 760	\$ 203	\$ 329	\$ 741	\$ 154	\$ 5,928	\$ 1,465
Change in Fair Value of Investments	(6,777)	(232)	(552)	(121)	(133)	(16)	(50)	(7,881)	(803)
Securities Lending:									
Securities Lending Income	10	-	2	-	-	2	-	14	2
Interest Expense	(4)	-	(1)	-	-	(1)	-	(6)	(1)
Agent Fees	(1)	-	-	-	-	-	-	(1)	-
Intergovernmental Revenues	2,745	-	1,131	-	-	-	2,105	5,981	-
Other Revenues	654	54	11,124	1,858	32	172	651	14,545	4,572
Interest Expense	(19,284)	(161)	(135)	(1,497)	(28)	-	(480)	(21,585)	(9)
Bond Issuance Costs	(500)	-	(617)	(249)	-	-	-	(1,366)	-
Gain (Loss) on Sale of Assets	-	-	-	-	43	-	-	43	-
Other Expenses	(572)	(59)	(172)	(133)	(721)	(1,372)	(1,082)	(4,111)	(325)
Total Non-Operating Revenues (Expenses)	(20,143)	(243)	11,540	61	(478)	(474)	1,298	(8,439)	4,901
Income (Loss) Before Capital Contributions and Operating Transfers	38,448	7,847	18,163	3,413	(6,399)	2,706	(13,731)	50,447	4,941
Capital Contributions and Transfers:									
Capital Contributions	-	-	-	-	10,357	-	2,763	13,120	-
Transfers In	115	-	-	4,410	-	-	10,029	14,554	2,142
Transfers Out	(30,684)	(3,211)	(9,662)	(4,222)	-	(496)	(2,492)	(50,767)	(2,391)
Total Capital Contributions and Transfers	(30,569)	(3,211)	(9,662)	188	10,357	(496)	10,300	(23,093)	(249)
Change in Net Position	7,879	4,636	8,501	3,601	3,958	2,210	(3,431)	27,354	4,692
Net Position - October 1	423,060	53,120	243,440	90,386	133,934	213,873	51,380		82,294
Adjustments to October 1 Net Position	(9,150)	(955)	(5,814)	(2,600)	(1,495)	(899)	(15,949)		-
Net Position - October 1, as restated	413,910	52,165	237,626	87,786	132,439	212,974	35,431		82,294
Net Position - September 30	\$ 421,789	\$ 56,801	\$ 246,127	\$ 91,387	\$ 136,397	\$ 215,184	\$ 32,000		\$ 86,986
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds								2,649	
Change in net position of Business-type Activities								\$ 30,003	

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF CASH FLOWS

Proprietary Funds

For the fiscal year ended September 30, 2018

(in thousands)

	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities									
Cash Received from Customers	\$ 279,826	\$ 29,034	\$ 58,476	\$ 33,690	\$ 11,610	\$ 18,927	\$ 75,344	\$ 506,907	\$ -
Cash Received for Interfund Services	-	-	-	-	-	-	-	-	196,722
Cash Received from Other Revenues	(3,215)	54	5,697	501	-	172	(2,920)	289	211
Cash Paid to Suppliers for Goods and Services	(121,150)	(13,647)	(11,910)	(7,993)	(2,222)	(4,703)	(11,273)	(172,898)	(149,262)
Cash Paid to Employees for Services	(31,752)	(2,188)	(14,170)	(7,981)	(5,170)	(6,122)	(45,346)	(112,729)	(39,332)
Cash Paid to Other Funds	(22,600)	(2,667)	(8,408)	(9,056)	(1,655)	(5,288)	(28,358)	(78,032)	(533)
Cash Paid for Other Expenses	(572)	(59)	-	-	(577)	-	-	(1,208)	-
Net Cash Provided by (Used for) Operating Activities	100,537	10,527	29,685	9,161	1,986	2,986	(12,553)	142,329	7,806
Cash Flows from Noncapital Financing Activities									
Transfers In from Other Funds	115	-	-	4,410	-	-	10,029	14,554	2,142
Operating Grants Received	2,745	-	-	-	113	-	2,105	4,963	-
Other	-	-	-	-	-	-	-	-	4,545
Repayment of Advances	(412)	(1,154)	-	-	-	-	-	(1,566)	-
Transfers Out to Other Funds	(30,684)	(3,211)	(9,662)	(4,222)	-	(496)	(2,492)	(50,767)	(2,392)
Net Cash Provided by (Used for) Noncapital Financing Activities	(28,236)	(4,365)	(9,662)	188	113	(496)	9,642	(32,816)	4,295
Cash Flows from Capital and Related Financing Activities									
Capital Contributions	-	-	-	-	8,019	-	2,763	10,782	-
Systems Charges	-	-	5,427	1,357	-	-	-	6,784	-
Bond and Loan Proceeds	118,072	-	133,986	51,015	-	-	-	303,073	-
Acquisition, Construction and Sale of Capital Assets	(74,796)	(2,876)	(10,821)	(8,285)	(7,999)	(8,306)	(2,781)	(115,864)	(12,693)
Intergovernmental Revenues	-	-	1,131	-	-	-	-	1,131	-
Principal and Refunding Payments	(17,742)	(1,579)	(124,695)	(28,388)	-	-	-	(172,404)	-
Repayment of Loans from Other Funds	-	-	-	-	-	130	(525)	(395)	-
Interest Paid	(30,204)	(396)	(12,936)	(3,963)	(28)	(1)	(480)	(48,008)	(10)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,670)	(4,851)	(7,908)	11,736	(8)	(8,177)	(1,023)	(14,901)	(12,703)
Cash Flows from Investing Activities									
Interest Received on Investments	4,427	156	1,156	528	337	776	160	7,540	1,531
Increase (Decrease) in the Fair Value of Investments	(6,777)	(232)	(552)	(121)	(133)	(16)	(50)	(7,881)	(803)
Net Cash Provided by (Used for) Investing Activities	\$ (2,350)	\$ (76)	\$ 604	\$ 407	\$ 204	\$ 760	\$ 110	\$ (341)	\$ 728

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF CASH FLOWS

Proprietary Funds

For the fiscal year ended September 30, 2018

(in thousands)

	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Net Increase (Decrease) in Cash and Cash Equivalents	65,281	1,235	12,719	21,492	2,295	(4,927)	(3,824)	94,271	126
Cash and Cash Equivalents - October 1	189,775	7,922	58,219	20,657	16,579	44,945	12,430	350,527	83,054
Cash and Cash Equivalents - September 30	<u>\$ 255,056</u>	<u>\$ 9,157</u>	<u>\$ 70,938</u>	<u>\$ 42,149</u>	<u>\$ 18,874</u>	<u>\$ 40,018</u>	<u>\$ 8,606</u>	<u>\$ 444,798</u>	<u>\$ 83,180</u>
Classified As:									
Unrestricted Assets	\$ 74,323	\$ 2,647	\$ 2,954	\$ 1,498	\$ 1,815	\$ 40,018	\$ 8,606	\$ 131,861	\$ 83,180
Restricted Assets	180,733	6,510	67,984	40,651	17,059	-	-	312,937	-
	<u>\$ 255,056</u>	<u>\$ 9,157</u>	<u>\$ 70,938</u>	<u>\$ 42,149</u>	<u>\$ 18,874</u>	<u>\$ 40,018</u>	<u>\$ 8,606</u>	<u>\$ 444,798</u>	<u>\$ 83,180</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Operating Income (Loss)	\$ 58,591	\$ 8,090	\$ 6,623	\$ 3,352	\$ (5,921)	\$ 3,180	\$ (15,029)	\$ 58,886	\$ 40
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Depreciation	42,148	2,138	17,710	5,420	7,426	1,922	4,449	81,213	9,336
Net pension and OPEB liability changes	(921)	(67)	(441)	(214)	(175)	(175)	(449)	(2,442)	-
Provision for Uncollectible Accounts	(684)	6	(145)	16	1	(7)	(18)	(831)	-
Other	(3,246)	(5)	5,888	501	(690)	172	(431)	2,189	13
(Increase) Decrease in Accounts Receivable	(690)	(2)	(345)	(113)	(12)	(151)	564	(749)	17
(Increase) Decrease in Inventory	365	(17)	(19)	-	-	-	8	337	(18)
(Increase) Decrease in Deposits	-	-	-	-	-	-	(2)	(2)	(2,683)
Decrease in Notes Receivables	(54)	-	(50)	-	-	-	-	(104)	-
(Increase) Decrease in Due From Other Governments	(311)	(2)	3	-	(6)	-	(2,489)	(2,805)	144
Increase (Decrease) in Accounts Payable	3,858	377	501	295	1,271	(1,970)	615	4,947	1,227
Increase in Due To Other Funds	-	-	-	-	-	-	-	-	(83)
Decrease in Loans to Other Funds	-	-	-	-	-	-	-	-	(450)
Increase (Decrease) in Utility Deposits Payable	1,369	8	-	22	-	-	-	1,399	-
Increase (Decrease) in Customer Contracts Payable	-	-	(78)	(67)	-	-	-	(145)	-
Increase (Decrease) in Compensated Absences	112	1	38	(51)	92	15	229	436	259
Increase in Insurance Deposits	-	-	-	-	-	-	-	-	4
Total Adjustments	<u>41,946</u>	<u>2,437</u>	<u>23,062</u>	<u>5,809</u>	<u>7,907</u>	<u>(194)</u>	<u>2,476</u>	<u>83,443</u>	<u>7,766</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 100,537</u>	<u>\$ 10,527</u>	<u>\$ 29,685</u>	<u>\$ 9,161</u>	<u>\$ 1,986</u>	<u>\$ 2,986</u>	<u>\$ (12,553)</u>	<u>\$ 142,329</u>	<u>\$ 7,806</u>

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

CITY OF TALLAHASSEE, FLORIDA

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

September 30, 2018

(in thousands)

	Pension and Other Employee Benefit Trust Funds	Nuclear Decommissioning Private-Purpose Trust Fund
ASSETS		
Cash and Cash Equivalents	\$ 17,612	\$ -
Receivables		
Other Receivables	1,273	-
Accrued Interest	597	-
Due From Other Governments	80	-
Total Receivables	<u>1,950</u>	<u>-</u>
Investments, at Fair Value		
Mutual Index Funds	142,106	-
Private Equity Funds	77,044	-
Fixed Income Securities	315,884	-
Domestic Stock	800,650	-
International Stock	162,099	-
Short-term Investments	-	7,084
Alternative Investments	320,588	-
Total Investments	<u>1,818,371</u>	<u>7,084</u>
Securities Lending Collateral	139,824	-
Total Assets	<u>\$ 1,977,757</u>	<u>\$ 7,084</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Obligations Under Securities Lending	\$ 139,824	\$ -
Other Payables	758	-
Total Liabilities	<u>140,582</u>	<u>-</u>
NET POSITION		
Net Position Restricted for Pensions	<u>1,837,175</u>	<u>7,084</u>
Total Liabilities and Net Position	<u>\$ 1,977,757</u>	<u>\$ 7,084</u>

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
for the fiscal year ended September 30, 2018
(in thousands)

	Pension and Other Employee Benefit Trust Funds	Nuclear Decommissioning Private-Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 34,948	\$ -
Plan Members	11,874	-
Miscellaneous Contributions	20	-
Total Contributions	<u>46,842</u>	<u>-</u>
Investment Return		
From Investment Activities:		
Gain/Loss on Sale of Investments	141,157	-
Change in Fair Value of Investments	(12,748)	-
Interest Income	16,274	133
Dividends	21,863	-
Total Investment Income	<u>166,546</u>	<u>133</u>
Less Investment Expenses:		
Investment Management Fees	7,638	-
Interest Expense	88	-
Net Income from Investing Activities	<u>158,820</u>	<u>133</u>
From Securities Lending Activities:		
Securities Lending Income	2,954	-
Less Securities Lending Expenses:		
Investment Management Fees	2,332	-
Net Income from Securities Lending Activities	<u>622</u>	<u>-</u>
Total Net Investment Income	<u>159,442</u>	<u>133</u>
Total Additions	<u>206,284</u>	<u>133</u>
DEDUCTIONS		
Benefits	100,567	-
Refunds of Contributions	418	-
Administrative Expense	739	-
Total Deductions	<u>101,724</u>	<u>-</u>
Change in Net Position	104,560	133
Net Position - October 1	1,732,615	6,951
Net Position - September 30	<u>\$ 1,837,175</u>	<u>\$ 7,084</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Note I - Summary of Significant Accounting Policies

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

Note III - Stewardship, Compliance, and Accountability

Note IV - Detailed Notes - All Funds

Note V - Other Information

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

1. BLENDED COMPONENT UNIT

Community Redevelopment Agency (CRA) - The Tallahassee Community Redevelopment Agency and the CRA Board were created in 1998. Governed by an interlocal agreement between the City of Tallahassee, Leon County and CRA, the CRA Board consists of the Mayor and the four City Commissioners. The Board membership included four County Commissioners until May 29, 2018 when their participation as members to the CRA Board ended with the execution of the 4th amendment to the interlocal agreement by the City of Tallahassee, Leon County and the CRA. Although legally separate, management of the City has operational responsibility for this component unit. Thus the CRA is blended in the City's financial statements in accordance with GASB 14, as amended by GASB 61. The CRA has responsibility for two specifically separate tax increment districts as described below.

- Greater Frenchtown/Southside Community Redevelopment Area (GFSCRA) - The City Commission adopted the Greater Frenchtown/Southside Community Redevelopment Plan in June 2000. The GFSCRA consists of three distinct geographical sections of 1,859 acres of residential, commercial/retail and industrial land uses, located within the greater Frenchtown and Southside neighborhoods. In FY 2017, the City Commission approved the expansion of the GFSCRA District boundaries by 26 parcels on the east side of South Monroe Street from Van Buren Street to Perkins Street, adding an additional 23.5 acres to the District. In FY 2018, the City Commission approved the expansion of the GFS District boundaries by 552 parcels in the southside area of the District. This included the South City neighborhood, the lower Bond neighborhood and areas along the west side of Lake Bradford and Springhill Roads to Orange Avenue. This expansion added an additional 380 acres to the District, increasing the total area to 1,859 acres.
- Downtown District Community Redevelopment Area (DDCRA) - The City Commission adopted the Downtown Community Redevelopment Plan in June 2004. The DDCRA consists of approximately 440 acres located in downtown and between the northern and southern portions of the Greater Frenchtown/South Community Redevelopment Area.

2. DISCRETELY PRESENTED COMPONENT UNIT

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

3. JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY

- Sunshine State Governmental Financing Commission

The Sunshine State Governmental Financing Commission (the "Commission") was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida to operate and administer a loan program. As of September 30, 2018, the Commission's membership consists of the following governmental units: City of Coral Gables, Florida; City of Coral Springs, Florida; City of Daytona Beach, Florida; City of Ft. Lauderdale, Florida; City of Hollywood, Florida; City of Jacksonville, Florida; City of Lakeland, Florida; City of Miami, Florida; City of Miami Beach, Florida; City of Orlando, Florida; City of St. Petersburg, Florida; City of Tallahassee, Florida; City of Vero Beach, Florida; Miami-Dade County, Florida; Palm Beach County, Florida; and Polk County, Florida. In addition, the City of West Palm Beach, Florida, participates in the Commission's programs as a non-member participant. Other Florida local governments may in the future become members or non-member participants including units of government such as special districts or other qualifying public

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

3. JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY

agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

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

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

- Capital Region Transportation Planning Agency

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

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

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

- Consolidated Dispatch Agency

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

The CDA is primarily funded by the City of Tallahassee and the Leon County Sheriff based upon the per capita population within the incorporated limits of the City of Tallahassee and within the unincorporated area of Leon County. For the twelve month period ended September 30, 2018, the City's contribution to the CDA was \$4,926,287.

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

4. JOINTLY GOVERNED ORGANIZATION

- City of Tallahassee-Leon County Blueprint Intergovernmental Agency

In October 2000, the City entered into an inter-local agreement with Leon County as authorized by Section 163.01(7) Florida Statutes. This agreement created the Blueprint Intergovernmental Agency (Blueprint) to govern the project management for the project planning and construction of a list of projects known as the Blueprint projects. The Board of County Commissioners and the City Commission constitute the Blueprint Intergovernmental Agency. The revenues to fund the projects under this agreement are the collections of the local government infrastructure sales surtax, which began December 1, 2004. This tax was extended pursuant to the provisions in Section 212.055, Florida Statutes, until December 31, 2039. In response to the passage of the extension, Blueprint also opened the Office of Economic Vitality whose purpose is to invest in and cultivate the evolving economic development landscape.

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Additionally, the government reports the following fund types:

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

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

1. CASH AND CASH EQUIVALENTS

The City considers cash on hand, demand deposits, liquid investments with an original maturity of 90 days or less, and balances included within its cash and investments pool to be cash and cash equivalents. The City's cash and investments pool is an internal cash management pool used to obtain efficiencies of operation and improved financial performance, and includes certain non-pension cash, cash equivalent, and investment securities. Each fund maintains a share in the equity of the pool which is reported as cash and cash equivalents in the statements of net position since cash may be withdrawn from the pool at any time without penalty. Liquid investments classified as cash and cash equivalents include repurchase agreements purchased under the terms of the City's depository contract, open repurchase agreements, certificates of deposit, banker's acceptances, commercial paper, U.S. Treasury direct and agency obligations, and the Florida League of Cities 0-2 Year Pool funds. Interest earned by the cash and investments pool is distributed to each fund monthly based on daily balances.

The City's bank balances are insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Depository Act (the Act). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

2. INVESTMENTS

The City's investments are pension and other trust fund assets held in the fiduciary funds. Investments are carried at fair value, except for those investments for which net asset value or amortized cost is the most appropriate measurement.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets. Only equities (stock holdings) held by the City's pension trust fund are classified as Level 1 investments. Investments classified in Level 2 of the fair value hierarchy are based upon observable, market-based inputs for similar, but not identical, investments. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 of the fair value hierarchy are based upon extrapolated data, proprietary pricing models and indicative quotes for similar securities. The City has relatively few investments that are classified as Level 3 for securities that are not traded frequently. The City has a number of investments that have their fair value determined by the net asset value of the investment holding. Investments in this category are not classified according to Levels 1, 2 and 3 of the fair value hierarchy.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

3. INVENTORY

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

4. ADVANCES TO OTHER FUNDS

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

5. RESTRICTED ASSETS

Certain proceeds of the City's enterprise funds revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. Assets are set aside for the following uses:

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

6. CAPITAL ASSETS

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

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

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

7. COMPENSATED ABSENCES

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

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

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

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

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

7. COMPENSATED ABSENCES

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

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

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

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

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. ASSETS, LIABILITIES, AND NET POSITION

8. BOND PREMIUMS, DISCOUNTS AND REFUNDING GAINS AND LOSSES

In the government-wide financial statements and in the proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premium and discounts are deferred and amortized over the life of the bonds at the rate at which principal payments are made which approximates the effective interest method. Bond issuance costs are expensed in the year they are incurred in accordance with GASB Statement No. 65. Bond refunding gains and losses are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method. As a result of adopting GASB Statement No. 65, a deferred loss on bond refunding is reported as a Deferred Outflow of Resources on the government-wide Statement of Net Position and it is being amortized over the life of the bond. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on debt issuances are reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. INDIRECT COST ALLOCATION

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

10. FUELS MANAGEMENT PROGRAM

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

The City uses an allowance account to manage fluctuations in future electric and gas costs. These costs are evaluated bi-annually and any amounts over or under recovered are amortized over the following six months. This allowance is included in Accounts and Retainage Payables.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

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

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

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, deferred outflows of resources, net pension liability, and net OPEB obligation are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$309,477 difference are as follows (in thousands):

Bonds and Loans Payable including Premiums and Discounts	\$ (119,580)
Effect of Deferred Loss on Refunding	2,633
Compensated Absences	(8,739)
Net OPEB Obligation	(49,997)
Net Pension Liability	(134,003)
Cash Balances in Long Term Debt Fund	<u>209</u>
Net adjustments to reduce long-term liabilities of Total Governmental Funds to arrive at Net Position	<u>\$ (309,477)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, “Capital Outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.” The details of this \$14,421 difference are as follows (in thousands):

Capital Outlay	\$ 20,773
Depreciation Expense	<u>(35,194)</u>
Net adjustment to increase net change in Fund Balances Total Governmental Funds to arrive at Changes in Net Position Governmental Activities	<u>\$ (14,421)</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

B. COMPLIANCE WITH FINANCE - RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

C. DEFICIT FUND EQUITY - FUND BALANCE OF INDIVIDUAL FUNDS

At fiscal year end, the Human Resources fund had a deficit of \$390,000, the Pension Administration fund had a deficit of \$35,000, and the Community Relations fund had a deficit of \$7,000. All three funds are internal service funds. Fire Services fund, which is a nonmajor enterprise fund had a deficit of \$3,411,000.

D. PRIOR PERIOD ADJUSTMENTS

Net Position as of September 30, 2018 has been restated to reflect the following adjustments:

The City adopted GASB Statement No. 75 which requires the restatement of the October 1, 2017 net position to add the governmental employer's applicable net OPEB liability as of the beginning of the initial period of implementation. This resulted in a decrease in General Government net position of \$45,062,000 and in the Downtown Improvement Authority net position of \$119,000. It also decreased the net position of major enterprise funds as follows: Electric - \$9,150,000, Gas - \$955,000, Sewer - \$5,814,000, Water - \$2,600,000, Airport - \$1,495,000, and Stormwater Management - \$899,000. The net position of nonmajor enterprise funds decreased as follows: Starmetro - \$5,089,000, Solid Waste - \$1,931,000, Golf - \$132,000, and Fire Services - \$8,797,000.

NOTE IV. DETAILED NOTES - ALL FUNDS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City reports the following cash, cash equivalents and investments in the statements of net position at September 30, 2018 (in thousands):

	Primary Government	Component Unit	Fiduciary Funds
Cash and cash equivalents	\$ 311,253	\$ 61	\$ 17,612
Cash and cash equivalents – restricted	324,925	-	-
Investments	-	-	1,825,455
Total	<u>\$ 636,178</u>	<u>\$ 61</u>	<u>\$ 1,843,067</u>

As discussed in Note I.D. the City's cash and cash equivalents include cash, cash equivalents, and funds held in a cash and investments pool. The City's investments are monies held by the City's pension funds.

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

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS**A. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

According to the City Charter, the City Treasurer-Clerk is designated to invest all monies belonging to the City pursuant to the policies approved by the City Commission, except those monies in the pension funds. Monies in the pension funds are invested under the auspices of the City Charter-created Sinking Fund Commission, which consists of the five City Commissioners and three appointed members. Under the policies approved by the City Commission and the Sinking Fund Commission, the day-to-day investment of all monies is managed by the City Treasurer-Clerk.

The City has two approved investment policies: 1) the Non-Pension Investment Policy, which is approved by the City Commission and governs the investment of all non-pension monies of the City, including the previously referenced cash and investments pool, and 2) the Pension Investment Policy, which is approved by the Sinking Fund Commission and governs the investment of assets of the City's Pension Funds. The Non-Pension Investment Policy provides for a Core Portfolio, governing the investment of all monies held or controlled by the City, not otherwise classified as Specialized or Pension Fund monies. The Non-Pension Investment Policy specifies the investments that are authorized for purchase within the Core Portfolio. The Non-Pension Investment Policy further provides for the establishment of Specialized Portfolios, with the governing criteria unique to that portfolio, including authorized investments, to be approved on a case-by-case basis by the Investment Advisory Committee. In addition to authorizing investment instruments, the City's investment policies also identify various portfolio parameters addressing issuer diversification, term to maturity and liquidity, and requirement of "purchase versus delivery" perfection for securities held by a third party on behalf of and in the name of the City.

1. CASH AND CASH EQUIVALENTS

The following table presents the City's primary government cash and cash equivalent balances at September 30, 2018 carried at fair value by level within the valuation hierarchy, financial assets carried at net asset value or amortized cost, and other cash and cash equivalent balances. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of net position (in thousands).

	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Cash equivalents type by fair value level				
Debt securities	\$ 569,109	\$ -	\$ 564,321	\$ 4,788
Total cash equivalents at fair value	569,109	-	564,321	4,788
Cash equivalents recorded at net asset value				
FL League of Cities 0-2 Year Pool	10,260			
Other cash and cash equivalent balances	56,809			
Total cash and cash equivalents	<u>\$ 636,178</u>			

At year-end, the book balance of the City's operating cash deposits was \$5,496,000 and the bank balance was \$1,317,000, which is included in total other cash and cash equivalent balances. The difference between the book balance and bank balance is due to outstanding checks and deposits. Three City funds had deficit cash balances at year end totaling \$2,106,000 which is reported in accounts payable at September 30, 2018.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

1. CASH AND CASH EQUIVALENTS

The City's Core Portfolio includes investments administered internally by the City, funds invested in an external investment pool, and funds invested in externally managed portfolios. The external managers for these portfolios include Galliard Capital Management, Income Research and Management and Wellington Management Company. The external investment pool is the Florida Municipal Investment Trust Portfolio 0-2 Year High Quality Bond Fund (the "Florida League of Cities 0-2 Year Pool"), administered by the Florida League of Cities. A copy of the Florida Municipal Investment Trust audited financial statements can be obtained from the Florida Municipal Investment Trust, 301 South Bronough Street, Suite 300, Tallahassee, FL 32301.

The Florida League of Cities 0-2 Year Pool is measured at net asset value (NAV). At September 30, 2018, the City owns \$10,260,000 in shares of the Florida League of Cities 0-2 Year Pool, not the individual securities within the portfolio. The modified duration of the Florida League of Cities 0-2 Year Pool as of September 30, 2018, was 0.67 years. The Florida League of Cities 0-2 Year Bond Fund (Florida League of City's Fund) allows the City to withdraw any or all of its assets on the 15th and last day of each month, provided the City gives the Florida League of City's Fund advance notice of at least 10 business days of the withdrawal.

Credit Risk: The structure of the City's non-pension portfolio is designed to minimize credit risk. To limit the City's risk against possible credit losses, a maximum of 5% of the total portfolio may not be held at any one time in all securities of any corporate entity, inclusive of commercial paper, medium term notes, or corporate notes and bonds. No corporate entity represented more than 5% of the portfolio at September 30, 2018. The majority of the securities held are of the highest available credit quality ratings. The non-pension portfolio's credit quality is measured using the Standard & Poor's rating scale.

As of September 30, 2018, the City had the following non-pension investments subject to credit risk in the internal and externally managed portions of the portfolio, in addition to the previously discussed shares in the Florida League of Cities 0-2 Year Pool:

Quality Breakdown	Portfolio Percentage
U.S. Treasury	11.59 %
U.S. Agency	29.68
AAA	10.13
AA	13.82
A	18.97
BBB	8.65
Other	7.16
Total	100.00 %

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

1. CASH AND CASH EQUIVALENTS

Interest Rate Risk: In accordance with the City's Non-Pension Investment Policy, the City has established maturity limitations for each authorized investment category. The maximum duration of the various investments within the internally managed portion of the non-pension portfolio ranges from 60 days to 3.5 years. The maximum duration for externally managed investments ranges from 3.0 years to 6.0 years. The option adjusted duration of the non-pension portfolio as of September 30, 2018 was 1.88 years.

As of September 30, 2018, the Core Portfolio had the following investments on a time-segmented basis (in thousands):

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
U.S. Treasury	\$ 65,959	\$ 1,355	\$ 63,546	\$ 1,058	\$ -
U.S. Agency	168,885	377	40,216	20,862	107,430
Asset-backed	44,301	1,311	29,084	2,461	11,445
Corporate Bonds	211,303	46,360	139,190	21,998	3,755
Municipal	68,149	17,743	47,205	1,266	1,935
Other	10,512	-	-	-	10,512
Subtotal	569,109	\$ 67,146	\$ 319,241	\$ 47,645	\$ 135,077
Commingled	10,260				
Total	<u>\$ 579,369</u>				

2. INVESTMENTS

The following table presents investments held in the City's fiduciary funds at September 30, 2018 carried at fair value by level within the valuation hierarchy and investments carried at net asset value or amortized cost (in thousands).

Investment type by fair value level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt securities	\$ 115,403	\$ -	\$ 115,403	\$ -
Equity securities	962,749	961,786	-	963
REIT securities	42,935	42,935	-	-
Total investments at fair value	<u>1,121,087</u>	<u>\$ 1,004,721</u>	<u>\$ 115,403</u>	<u>\$ 963</u>
Investments measured at net asset value				
Mutual funds	142,106			
Debt securities	200,481			
Real estate funds	231,126			
Private equity funds	77,044			
Timber funds	46,527			
Local government investment prime pool	<u>7,084</u>			
Total investments measured at net asset value	<u>704,368</u>			
Total investments	\$ 1,825,455			

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

2. INVESTMENTS

The assets shown as Level 1 Inputs represent those investments for which the City's custodian had directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities. The assets shown as Level 2 Inputs represent those investments for which the City's custodian had inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. The assets shown as Level 3 Inputs represent those investments for which the City's custodian utilized unobservable inputs when relevant Level 1 and Level 2 inputs were unavailable. The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation. There were no changes in the valuation techniques used by the City's custodian from the end of the prior fiscal year.

The Mutual funds category is the invested assets of the defined contribution portion of the City's pension plan which are used to pay matching contributions to City retirees. As of September 30, 2018, these investments totaled \$142,106,000. The equity securities category includes the invested assets of the OPEB Trust. As of September 30, 2018, these investments totaled \$9,618,000.

The Debt securities category is comprised of two, commingled accounts in the Pension Fund: one investing in core fixed-income, the second investing in bank loans. The Pension Fund may withdraw from the core fixed-income account at any time with reasonable notice (five business days are recommended); the fund may withdraw from the bank loans account by providing advance notice of 30 days, with redemptions made on the 15th day of the month.

The real estate investment consists of commingled funds and a number of limited partnerships. The City has invested in two commingled funds. The commingled funds permit withdrawals once per quarter by providing advance notice of 45 days prior to the end of the quarter; all withdrawals are subject to available cash, as determined by the fund's Trustee. Available cash is defined as excess cash after provision for outstanding future capital commitments and other operating reserves. If withdrawal requests exceed available cash, distributions are made on a pro rata basis. Withdrawal requests are typically paid on the final day of the quarter. As of September 30, 2018, the commingled funds had a NAV of approximately \$88 million.

Limited partnerships cannot be redeemed at the option of the Pension Fund; the Pension Fund will receive distributions over the life of each limited partnership. Each partnership is expected to distribute the principal and earnings to the Pension Fund over a period of approximately 12 years from the establishment date of the partnership. The Pension Fund has investment commitments in 13 active limited partnerships, all of which have varying start dates and commitment amounts. As of September 30, 2018, the Pension Fund had approximately \$67 million in remaining commitments to these various real estate partnerships, with an expectation that the total contributions to each partnership will ultimately reach about 95% of the total commitment amount for each individual partnership.

Private equity funds consist of several limited partnerships as of September 30, 2018. The limited partnerships cannot be redeemed at the option of the Pension Fund; the Pension Fund will receive distributions over the life of each limited partnership. Each partnership is expected to distribute the principal and earnings to the pension fund over a period of approximately 12 years from the establishment date of the partnership. The Pension Fund has investment commitments in ten active limited partnerships, all of which have varying start dates and commitment amounts. As of September 30, 2018, the Pension Fund had approximately \$127 million in remaining commitments to these various partnerships, with an expectation that the total contributions to each partnership will ultimately reach about 65% of the total commitment amount for each individual partnership.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

2. INVESTMENTS

Timber funds are comprised of several limited partnerships. The limited partnerships cannot be redeemed at the option of the Pension Fund; the Pension Fund will receive distributions over the life of each limited partnership. Each partnership is expected to distribute the principal and earnings to the Pension Fund over a period of approximately 12 years from the establishment date of the partnership. The Pension Fund has investment commitments in three active limited partnerships, all of which have varying start dates and commitment amounts. As of September 30, 2018, the Pension Fund had approximately \$26 million in remaining commitments to these various timber partnerships, with an expectation that the total contributions to each partnership will ultimately reach about 85% of the total commitment amount.

The Local Government Investment Prime Pool is composed of the Nuclear Fuel Decommissioning Private-Purpose Fund which is a Specialized Portfolio. As of September 30, 2018, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$7,084,000 in the Florida State Board of Administration (SBA) Local Government Investment Prime Pool. The Prime Pool is a 2a-7 like pool which maintains a stable net asset value of \$1, is rated AAAm, and has an average weighted maturity of 33 days. A copy of the audited financial statements of the Florida State Board of Administration (SBA) Local Government Investment Prime Pool can be obtained from the Florida State Board of Administration website.

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

As of September 30, 2018, the City had the following pension investments subject to credit risk:

<u>Quality Breakdown</u>	<u>Portfolio Percentage</u>
US Treasury	17.17 %
US Agency	4.26
AAA	1.18
AA	2.51
A	4.72
BBB	5.81
BB	0.22
B	0.18
CCC	0.12
D	0.18
NR	0.47
Commingled	63.18
Total	<u>100.00 %</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

2. INVESTMENTS

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

The table below shows the Foreign Currency Risk for the City's Pension Plan with the amount (in thousands) and the percentage each currency represents for the Pension Plan's cash, cash equivalents and investments:

	Exposure	Percentage
United States Dollar	\$ 1,697,956	92.12 %
Euro	72,068	3.91
Japanese Yen	24,640	1.34
British Pound Sterling	16,557	0.90
Swiss Franc	8,890	0.48
Hong Kong Dollar	7,846	0.43
Danish Krone	2,950	0.16
Australian Dollar	2,945	0.16
Norwegian Krone	2,556	0.14
Brazilian Real	2,303	0.12
South Korean Won	1,240	0.07
Swedish Krone	1,226	0.07
Israeli Shekel	903	0.05
Indonesian Rupiah	540	0.03
Canadian Dollar	447	0.02
Total	<u>\$ 1,843,067</u>	<u>100 %</u>

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

The City of Tallahassee held the following debt securities for its Pension Fund on a time-segmented basis as of September 30, 2018 (in thousands):

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
US Treasury	\$ 54,033	\$ 16	\$ 46,485	\$ 7,532	\$ -
US Agency	13,416	-	4,657	2,797	5,962
Asset Backed	12,703	-	-	1,159	11,544
Corporate Bonds	32,122	1,537	16,276	12,273	2,036
Municipal	3,129	-	350	990	1,789
Other	1,055	1,055	-	-	-
Subtotal	116,458	<u>\$ 2,608</u>	<u>\$ 67,768</u>	<u>\$ 24,751</u>	<u>\$ 21,331</u>
Commingled	199,426				
Total	<u>\$ 315,884</u>				

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

B. SECURITIES LENDING TRANSACTIONS

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

During the fiscal year ended September 30, 2018, Northern loaned, at the direction of the City's Treasurer-Clerk, securities and received cash, securities issued or guaranteed by the United States government, and irrevocable bank letters of credit as collateral. Northern does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver cash collateral for each loan equal to at least 102% of the initial market value of the loaned securities or if the borrowed securities and the collateral were denominated in different currencies, equal to 105% of the market value of the securities.

There are no restrictions on the amount of securities that may be loaned. The Agreement requires Northern to indemnify the City for losses attributable to violations by Northern of the Standard of Care set out in the Agreement. There were no such violations during the fiscal year ended September 30, 2018. Moreover, there were no losses during the fiscal year ended September 30, 2018 resulting from a default of any borrower.

During the fiscal year ended September 30, 2018, the City and each borrower maintained the right to terminate all securities lending transactions on demand. For the Pension Fund, the cash collateral received on each loan of securities together with the cash collateral of other qualified plan lenders were invested in a collective investment pool with Northern. The cash collateral for the non-pension funds lending activity was invested in a liquid assets portfolio institutional account. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. For the Pension Fund, the average term of the loan was approximately 49 days, while the average duration of the investment pool as of September 30, 2018 was 31 days. For the non-pension funds, the average term of the loan was approximately 21 days, while the average duration of the investment pool as of September 30, 2018 was 16 days. On September 30, 2018, the City had no credit risk exposure to borrowers.

As of September 30, 2018, for the City's Pension Fund, the collateral held and the market value of securities on loan were \$139,824,000 and \$136,360,000, respectively; for the City's non-pension funds, the collateral held and the market value of securities on loan were \$190,000 and \$187,000 respectively.

A summary of the fair market value of the securities on loan as of September 30, 2018 follows (in thousands):

	Pension Fund	Non-Pension Fund
Corporate Bonds	\$ 3,048	\$ 187
Common Stock	95,530	-
U.S. Agencies	936	-
U.S. Government Treasury Notes	36,846	-
	<u>\$ 136,360</u>	<u>\$ 187</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

C. RECEIVABLES

1. PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Leon County Property Appraiser and the Leon County Tax Collector. The laws of the State regulating tax assessment are also designed to ensure consistent property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2018 was 4.1. All property is assessed by the county according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount. Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the seven year statute of limitations.

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

In August 2015, the GASB issued Statement No. 77, *Tax Abatements Disclosures*. The objective of this Statement is to require disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. Tax abatements are widely used by state and local governments, particularly to encourage economic development. The provisions for this Statement were effective for the fiscal year ending September 30, 2017 and requires governments that enter into tax abatement agreements to disclose information regarding the agreement. For fiscal year ending September 30, 2018, the City did not have any tax abatement agreements to disclose.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

C. RECEIVABLES

2. AIRPORT FUND'S LEASING OPERATIONS

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

The following is a schedule, by years, of minimum future rentals on noncancelable operating leases of the Airport Fund as of September 30, 2018 (in thousands):

Years ending September 30,	
2019	\$ 3,062
2020	3,062
2021	3,016
2022	1,769
2023	1,165
2024-2028	4,365
2029-2033	3,343
2034-2038	3,198
2039-2043	1,023
2044-2048	499
	<u>\$ 24,502</u>

Total minimum future rentals do not include contingent rentals that may be realized under certain leases that require additional rent if the tenant's gross revenues exceed stipulated minimums. Contingent rentals for the fiscal year ended September 30, 2018 amounted to \$339,605.

Effective October 2016, the City entered into five-year lease and use agreements with its major airline tenants (the Signatory Airline Agreements). The agreement requires that rates for rentals, fees and charges be reviewed annually and adjusted so that the total airline revenues equal the Signatory Airline's share of the applicable costs. Year-end settlement provisions under the agreement provides for a recalculation of rates and charges. Upon determination of any difference between the actual rentals, fees and charges paid by Signatory Airlines, the City shall return to the airlines the amount of such difference in the event of an overpayment and, in the event of an underpayment, the City will invoice the airlines for the amount of such underpayment.

At the end of the fiscal year, after determination of settlement, the City will share with the Signatory Airlines a portion of net remaining revenues. The Signatory Airlines' percentage of revenue sharing on net remaining revenues will be forty percent (40%) and the City's share will be sixty percent (60%). Availability of revenue sharing will be based on City's ability to satisfy its obligations and meet Debt Service Coverage requirements in each fiscal year.

The minimum rentals to be paid by the Signatory Airlines under this agreement will vary each year and such amounts have not been included in the above schedule of minimum future rentals. The Signatory Airline Agreement is reliant on the ongoing operations of the Signatory Airlines.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2018 was as follows (in thousands):

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Non-Depreciable Assets:				
Land	\$ 364,127	\$ 2,064	\$ (512)	\$ 365,679
Construction-in-Progress	22,700	26,203	(30,312)	18,591
Total Non-Depreciable Assets	<u>\$ 386,827</u>	<u>\$ 28,267</u>	<u>\$ (30,824)</u>	<u>\$ 384,270</u>
Depreciable Assets:				
Buildings	\$ 114,031	\$ 148	\$ -	\$ 114,179
Equipment	55,400	7,774	(1,805)	61,369
Improvements other than buildings	14,354	448	-	14,802
Infrastructure	929,919	20,458	-	950,377
Intangibles	14	-	-	14
Total Depreciable Assets	<u>1,113,718</u>	<u>28,828</u>	<u>(1,805)</u>	<u>1,140,741</u>
Less accumulated depreciation for:				
Buildings	(69,868)	(2,682)	-	(72,550)
Equipment	(43,039)	(2,144)	919	(44,264)
Improvements other than buildings	(7,015)	(440)	-	(7,455)
Infrastructure	(539,962)	(31,421)	-	(571,383)
Intangibles	(6)	-	-	(6)
Total Accumulated Depreciation	<u>(659,890)</u>	<u>(36,687)</u>	<u>919</u>	<u>(695,658)</u>
Total Depreciable Assets, net	<u>\$ 453,828</u>	<u>\$ (7,859)</u>	<u>\$ (886)</u>	<u>\$ 445,083</u>
Business-Type Activities				
Non-Depreciable Assets:				
Land	\$ 129,545	\$ 2,885	\$ (2,784)	\$ 129,646
Construction-in-Progress	173,122	113,534	(168,734)	117,922
Total Non-Depreciable Assets	<u>\$ 302,667</u>	<u>\$ 116,419</u>	<u>\$ (171,518)</u>	<u>\$ 247,568</u>
Depreciable Assets:				
Buildings	\$ 226,536	\$ 497	\$ (1,994)	\$ 225,039
Equipment	928,376	113,635	(28,284)	1,013,727
Improvements other than buildings	44,360	1,370	-	45,730
Infrastructure	1,246,762	67,497	-	1,314,259
Intangibles	248,034	42,696	-	290,730
Total Depreciable Assets	<u>2,694,068</u>	<u>225,695</u>	<u>(30,278)</u>	<u>2,889,485</u>
Less accumulated depreciation for:				
Buildings	(85,614)	(6,263)	43	(91,834)
Equipment	(516,802)	(40,734)	8,607	(548,929)
Improvements other than buildings	(18,480)	(2,783)	-	(21,263)
Infrastructure	(513,216)	(33,181)	-	(546,397)
Intangibles	(88,452)	(6,854)	-	(95,306)
Total Accumulated Depreciation	<u>(1,222,564)</u>	<u>(89,815)</u>	<u>8,650</u>	<u>(1,303,729)</u>
Total Depreciable Assets, net	<u>\$ 1,471,504</u>	<u>\$ 135,880</u>	<u>\$ (21,628)</u>	<u>\$ 1,585,756</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

D. CAPITAL ASSETS

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

Governmental Activities:	
General Government	\$ 695
Public Safety	515
Transportation	1,033
Human Services	129
Economic Development	137
Physical Environment	8
Culture and Recreation	867
General Infrastructure	31,810
Capital Assets held by the governmental internal service funds are charged to the various functions based on their usage of assets	1,481
Total depreciation expense-governmental activities	<u>\$ 36,675</u>
Business-Type Activities:	
Electric	\$ 42,148
Gas	2,138
Sewer	17,710
Water	5,420
Airport	7,426
StarMetro	3,053
Solid Waste	279
Golf	90
Stormwater Management	1,922
Fire Services	1,027
Capital Assets held by the business-type internal service funds are charged to the various functions based on their usage of assets	7,855
Total depreciation expense-business-type activities	<u>\$ 89,068</u>

Interest incurred during long-term construction projects is included as part of the capitalized value of the assets constructed. Interest costs incurred in proprietary funds consisted of the following at September 30, 2018 (in thousands):

	Electric	Gas	Sewer	Water
Total interest cost incurred	\$ 28,513	\$ 367	\$ 12,075	\$ 3,713
Decrease as a result of capitalizing interest as a cost of construction	(9,229)	(206)	(11,940)	(2,216)
Interest Charged to Operations	<u>\$ 19,284</u>	<u>\$ 161</u>	<u>\$ 135</u>	<u>\$ 1,497</u>

The interest costs capitalized above are netted with the interest earned on the bond proceeds to arrive at the net amount of interest capitalized. Capitalized interest in the proprietary funds consisted of the following at September 30, 2018 (in thousands):

	Electric	Gas	Sewer	Water
Interest expense incurred during construction and capitalized	\$ 9,229	\$ 206	\$ 11,940	\$ 2,216
Interest earned on bond proceeds	(819)	-	(374)	(342)
Net Interest Capitalized	<u>\$ 8,410</u>	<u>\$ 206</u>	<u>\$ 11,566</u>	<u>\$ 1,874</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

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

1. INTERFUND RECEIVABLES/PAYABLES

At September 30, 2018, Interfund Receivables and Payables are as follows (in thousands):

Fund	Due From	Due To	Advance To	Advance From
General	\$ -	\$ 53	\$ -	\$ 1,217
Electric	36,090	2,000	500	6,789
Stormwater	-	-	48	-
Nonmajor governmental/Account group	-	-	17,353	548
Nonmajor business-type	-	10	-	11,331
Internal service funds	63	34,090	1,984	-
	<u>\$ 36,153</u>	<u>\$ 36,153</u>	<u>\$ 19,885</u>	<u>\$ 19,885</u>

\$36,201,000 of the interfund receivables and payables balances represent amounts remaining from loans to fund operations. \$19,837,000 of these balances represent amounts loaned for capital funding.

2. INTRAGOVERNMENTAL CHARGES

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

Such costs allocated to the funds for the year ended September 30, 2018 are as follows (in thousands):

General	\$ 19,332
Community Redevelopment Agency	54
Electric	22,841
Gas	2,667
Sewer	8,408
Water	9,056
Airport	1,655
Stormwater management	5,162
Nonmajor business type	19,786
Nonmajor governmental type	859
Fiduciary type	739
Internal service type	7,046
Total	<u>\$ 97,605</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

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

3. INTERFUND TRANSFERS

At September 30, 2018, Interfund Transfers are as follows (in thousands):

Transfer Out	Transfers In						Total
	General	Electric	Water	Nonmajor Governmental	Nonmajor Business-type	Internal Service Funds	
General	\$ -	\$ 115	\$ -	\$ 13,926	\$ 6,842	\$ 208	\$ 21,091
Electric	29,866	-	-	818	-	-	30,684
Gas	2,897	-	-	5	-	309	3,211
Sewer	4,828	-	4,410	34	-	390	9,662
Water	3,508	-	-	23	-	691	4,222
Stormwater	453	-	-	42	-	1	496
Nonmajor governmental	596	-	-	1,569	3,005	122	5,292
Nonmajor business-type	2,241	-	-	212	-	39	2,492
Internal Service	1,541	-	-	286	182	382	2,391
Total	<u>\$ 45,930</u>	<u>\$ 115</u>	<u>\$ 4,410</u>	<u>\$ 16,915</u>	<u>\$ 10,029</u>	<u>\$ 2,142</u>	<u>\$ 79,541</u>

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

F. LEASE COMMITMENTS

1. Operating

The City has entered into operating leases for buildings and equipment. The leases are for one to five years, expiring in 2019 through 2022. Total rent expenses incurred by the City for the year ended September 30, 2018, was \$1,546,000. The remaining future minimum lease obligations are as follows (in thousands):

Year Ending September 30,	
2019	\$ 72
2020	60
2021	54
2022	46
2023	38
Total	<u>\$ 270</u>

2. Capital

The City of Tallahassee leases certain specialized equipment under a lease classified as a capital lease. The leased equipment is depreciated on a straight line basis over 5 years and is included in depreciation expense. The gross amount of the equipment recorded under the capital lease was \$2,354,635 as of September 30, 2018. In 2018, the final payment of \$471,000 was made.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

1. SUMMARY OF CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in Long-Term Debt for the year ended September 30, 2018 (in thousands):

	Beginning Balance as restated	Additions	Reductions	Ending Balance	Current	Noncurrent
Governmental Activities:						
General Revenue Bonds	\$ 83,915	\$ 27,320	\$ 7,080	\$ 104,155	\$ 7,940	\$ 96,215
Unamortized Premiums	11,317	3,724	898	14,143	-	14,143
Bank of America Loan	1,527	-	245	1,282	249	1,033
Bonds and Loans Payable	96,759	31,044	8,223	119,580	8,189	111,391
Compensated Absences	9,983	7,282	7,186	10,079	7,282	2,797
Net Pension Liability	125,415	42,300	33,712	134,003	-	134,003
Net OPEB Liability	52,907	-	2,910	49,997	-	49,997
Total Governmental-Type Debt	285,064	80,626	52,031	313,659	15,471	298,188
Business-Type Activities:						
Energy System 2010	66,855	-	5,850	61,005	6,135	54,870
Energy System 2010A	41,815	-	230	41,585	235	41,350
Energy System 2010B	122,280	-	-	122,280	-	122,280
Energy System 2010C	27,165	-	1,885	25,280	1,980	23,300
Energy System 2011	2,258	-	1,116	1,142	1,142	-
Energy System Refunding 2015	87,320	-	4,180	83,140	4,390	78,750
Energy System Refunding 2017	147,295	-	3,000	144,295	3,200	141,095
Energy System 2018	-	104,975	1,275	103,700	1,010	102,690
CUSRB 2001	4,110	-	2,000	2,110	2,110	-
CUSRB 2007	143,435	-	143,435	-	-	-
CUSRB 2010A	117,015	-	-	117,015	-	117,015
CUSRB 2010B	22,330	-	1,240	21,090	1,290	19,800
CUSRB 2015	43,605	-	400	43,205	450	42,755
CUSRB 2017	-	115,060	4,680	110,380	3,615	106,765
CUSRB 2018	-	45,385	-	45,385	1,370	44,015
Unamortized Premiums/Discounts	52,974	40,584	4,394	89,164	-	89,164
AMI Loan	20,634	-	2,995	17,639	2,660	14,979
Bank of America Loan	739	-	118	621	120	501
Republic Parking Loan	401	-	34	367	37	330
Bonds and Loans Payable	900,231	306,004	176,832	1,029,403	29,744	999,659
Compensated Absences	13,018	9,353	8,702	13,669	9,353	4,316
Net Pension Liability	14,103	10,404	6,080	18,427	-	18,427
Net OPEB Liability	38,656	-	2,123	36,533	-	36,533
Total Business-Type Debt	966,008	325,761	193,737	1,098,032	39,097	1,058,935
Total Long-Term Debt	\$ 1,251,072	\$ 406,387	\$ 245,768	\$ 1,411,691	\$ 54,568	\$ 1,357,123

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

2. SUMMARY OF INDIVIDUAL BOND ISSUES

Summarized below are the City's individual bond issues outstanding at September 30, 2018 (in thousands):

GENERAL REVENUE BONDS:

\$26,975,000 Capital Improvement Refunding Revenue Bonds – Series 2009, due in annual installments ranging from \$550,000 to \$1,240,000 ending on April 1, 2031, interest rate at 3.710%. Bonds are payable from and secured by a junior lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, and the Communications Service Tax.

\$ 12,000

\$49,165,000 Capital Bonds - Series 2012, due in annual installments ranging from \$3,695,000 to \$5,830,000 ending on October 1, 2024, interest rates at 2.00% to 5.00% depending on maturity date. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Service Tax, and earnings on the investment of all funds and accounts created by and described in the Bond Resolution, except the Rebate Fund and the Unrestricted Revenue Account.

29,275

\$40,225,000 Capital Bonds – Series 2014, due in annual installments ranging from \$1,400,000 to \$3,175,000 ending on October 1, 2034, with interest rates at 2.0% to 5.0% depending on maturity date. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Services Tax, Public Service Tax Revenues and earnings on the investment of all funds and accounts created by the Bond Resolution, except the Rebate Fund and Unrestricted Revenue Account.

35,560

\$27,320,000 Capital Bonds – Series 2018, due in annual installments ranging from \$575,000 to \$2,105,000 ending on October 1, 2038, with interest rates at 1.75% to 5.0% depending on maturity date. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Services Tax, Public Service Tax Revenues and earnings on the investment of all funds and accounts created by the Bond Resolution, except the Rebate Fund and Unrestricted Revenue Account.

27,320

Total General Revenue Bonds

\$ 104,155

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

2. SUMMARY OF INDIVIDUAL BOND ISSUES

PROPRIETARY REVENUE BONDS

\$77,845,000 Energy System Refunding Revenue Bonds – Series 2010, due in annual installments ranging from \$2,005,000 to \$14,225,000 ending on October 1, 2028, interest rates at 4.0% to 5.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	\$ 61,005
\$43,245,000 Energy System Refunding Revenue Bonds - Series 2010A, due in annual installments ranging from \$235,000 to \$8,825,000 ending on October 1, 2026, interest rates at 2.0% to 4.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	41,585
\$122,280,000 Energy System Revenue Bonds - Series 2010B, due in annual installments ranging from \$930,000 to \$32,445,000 ending on October 1, 2040, interest rate at 5.969%. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	122,280
\$35,485,000 Energy System Revenue Bonds - Series 2010C, due in annual installments ranging from \$900,000 to \$4,040,000 ending on October 1, 2029, interest rates at 4.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	25,280
\$3,440,000 Energy System Refunding Revenue Bonds - Series 2011, with final installment of \$1,142,000 due on October 1, 2019, interest rate at 2.37%. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	1,142
\$94,615,000 Energy System Refunding Revenue Bonds - Series 2015, due in annual installments ranging from \$4,390,000 to \$7,880,000 ending on October 1, 2032, interest rates at 3.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	83,140
\$147,295,000 Energy System Refunding Revenue Bonds - Series 2017, due in annual installments ranging from \$2,010,000 to \$15,000,000 ending on October 1, 2037, interest rates at 3.00% in 2018 and 5.00% for the remaining maturity dates. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution, which includes the net revenues of the City's Energy System.	144,295
\$104,975,000 Energy System Revenue Bonds - Series 2018, due in annual installments ranging from \$750,000 to \$12,655,000 ending on October 1, 2042, interest rates at 3.00% in 2018 and 5.00% for the remaining maturity dates. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution, which includes the net revenues of the City's Energy System.	103,700

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

2. SUMMARY OF INDIVIDUAL BOND ISSUES

\$23,900,000 Consolidated Utility System Refunding Revenue Bonds - Series 2001, with final installment of \$2,110,000 due on October 1, 2019, interest rate at 5.50%. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System. 2,110

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

\$25,820,000 Consolidated Utility Systems Revenue Bonds - Series 2010B, due in annual installments ranging from \$1,290,000 to \$3,255,000 ending on October 1, 2026, interest rates at 2.0% to 5.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution and the net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System. 21,090

\$44,255,000 Consolidated Utility System Refunding Revenue Bonds - Series 2015, due in annual installments ranging from \$450,000 to \$3,665,000 ending on October 1, 2035, interest rates at 3.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System. 43,205

\$115,060,000 Consolidated Utility System Refunding Bonds - Series 2017, due in annual installments ranging from \$3,615,000 to \$8,695,000 ending on October 1, 2037, at an interest rate of 5.0% on each maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System. 110,380

\$45,385,000 Consolidated Utility System Refunding Revenue Bonds - Series 2018, due in annual installments ranging from \$1,370,000 to \$3,470,000 ending on October 1, 2038, at an interest rate of 5.0% on each maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System. 45,385

Total Proprietary Revenue Bonds \$ 921,612

Total Bonds Payable \$ 1,025,767

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

3. CONDUIT DEBT OBLIGATIONS

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

- As of September 30, 2018, there were three series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled \$357.3 million and the outstanding balance as of September 30, 2018 was \$352.2 million.
- As of September 30, 2018, there was one Florida State University School Lease Revenue Bond outstanding. The original issue amount totaled \$18.1 million and the outstanding balance as of September 30, 2018 was \$10.5 million.
- As of September 30, 2018, there was one Industrial Revenue Bond outstanding. The original issue amount totaled \$5.4 million and the outstanding balance as of September 30, 2018 was \$5.0 million.

4. LOANS PAYABLE

AMI Loan Program

On December 27, 2007, the City entered into a loan with the Bank of America Capital Corporation to provide \$35,300,000 of financing to fund the City's Smart Metering program. The loan is due in semi-annual installments ranging from \$1,083,000 to \$1,633,000 ending on June 27, 2024, bearing interest at 3.9459%. Additionally, on September 25, 2010, the City entered into a supplemental loan for additional funding of the Smart Metering program in the amount of \$4,670,000. This supplemental loan was paid off on June 27, 2018. The remaining balance of the original loan is payable and secured by the Smart Energy Metering and Management System, consisting of meters and communication devices. The outstanding balance of the remaining loan was \$17.6 million as of September 30, 2018.

Bank of America Loan

On May 20, 2016, the City entered into a loan with the Bank of America Public Capital Corporation to provide \$2,575,875 of financing to fund the purchase of Sports Lighting Equipment at various parks and Communications Equipment for the City's utility operations. Interest payments on the loan are due semi-annually, with principal payments due annually, ending on April 1, 2023, bearing interest at 1.5494%. The annual debt service for the loan ranges from \$347,236 to \$395,621. The loan is payable and secured by the City's pledge to budget and appropriate the debt service payments. The outstanding balance of this loan was \$1.9 million as of September 30, 2018.

Republic Parking System, Inc. Loan

In accordance with the Management Agreement for Management and Operation of Parking Services at Tallahassee International Airport, Republic Parking System, Inc. acquired a new Revenue Control System in the amount of \$410,000 for the Airport's parking operation. Under the terms of the Agreement, which include an interest rate of 7.25%, monthly payments of \$5,173.47 will be made to Republic Parking over a nine-year period. The outstanding balance of this loan was \$367,000 as of September 30, 2018.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

5. SCHEDULE OF DEBT SERVICE REQUIREMENTS, FOR ALL OUTSTANDING DEBT INCLUDING PRINCIPAL AND INTEREST (IN THOUSANDS)

Year ending September 30	Governmental Activities		Business - Type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2019	\$ 8,189	\$ 5,291	\$ 29,744	\$ 47,602	\$ 90,826
2020	8,872	4,606	31,828	46,197	91,503
2021	9,266	4,212	33,653	44,663	91,794
2022	9,675	3,800	36,023	43,018	92,516
2023	7,899	3,338	37,932	41,353	90,522
2024-2028	25,765	12,048	206,958	179,038	423,809
2029-2033	23,025	6,577	228,860	124,267	382,729
2034-2038	12,746	1,641	215,185	69,517	299,089
2039-2042	-	-	120,056	11,612	131,668
Totals	<u>\$ 105,437</u>	<u>\$ 41,513</u>	<u>\$ 940,239</u>	<u>\$ 607,267</u>	<u>\$ 1,694,456</u>

H. NET POSITION

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

1. NET INVESTMENT IN CAPITAL ASSETS

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

2. RESTRICTED ASSETS

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

3. UNRESTRICTED ASSETS

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

The net position shown in government-wide financial statements was changed beginning in fiscal year 2012 to comply with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The details of net position presentation are explained in Note IV.I. "Fund Balance" below.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

I. FUND BALANCE

The City classifies governmental fund balances as follows:

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

Spendable Fund Balance

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

I. FUND BALANCE

A schedule of City fund balances is provided below (in thousands):

	General	Community Redevelopment Agency	Total Other Governmental	Total Governmental Funds
Non-spendable				
Inventory	\$ 514	\$ -	\$ -	\$ 514
Police Evidence Holding Cash	672	-	-	672
Total Non-Spendable	<u>1,186</u>	<u>-</u>	<u>-</u>	<u>1,186</u>
Restricted for:				
Animal Services	-	-	39	39
Building Improvements	-	-	2,453	2,453
Community Development	-	8,394	233	8,627
Emergency Management	-	-	(64)	(64)
Environmental Clean Up	-	-	190	190
Fire Programs	-	-	(6)	(6)
Housing	-	-	343	343
Land/Neighborhood Improvements	-	-	108	108
Law Enforcement Justice Assistance	-	-	64	64
Park Enhancements	-	-	260	260
Police Enforcement/Crime Prevention	-	-	(145)	(145)
Police Equipment	-	-	896	896
Police Mentoring	-	-	8	8
Public Infrastructure	-	-	1,171	1,171
Road Improvements	-	-	23,017	23,017
Sidewalks/Pedestrian & Bike Paths	-	-	14,081	14,081
Technology Upgrades	-	-	585	585
Traffic Signals	-	-	2,193	2,193
Transportation Improvements	-	-	5,084	5,084
Total Restricted	<u>-</u>	<u>8,394</u>	<u>50,510</u>	<u>58,904</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE IV. DETAILED NOTES - ALL FUNDS

I. FUND BALANCE

	General	Community Redevelopment Agency	Total Other Governmental	Total Governmental Funds
Committed to:				
Cemetery Grounds Maintenance	-	-	3,897	3,897
City Building Improvements	-	-	3,682	3,682
Community Development	-	-	2,601	2,601
Emergency Management	23,070	-	-	23,070
Historic Property Preservation	-	-	494	494
Housing	-	-	4,251	4,251
Land/Neighborhood Improvements	-	-	238	238
Park Enhancements	-	-	46	46
Police Enforcement/Crime Prevention	-	-	562	562
Police Equipment	-	-	1,596	1,596
Public Infrastructure	-	-	297	297
Recreation Facilities	-	-	128	128
Road Improvements	-	-	2,236	2,236
Scholarship Assistance	236	-	-	236
Sidewalks/Pedestrian & Bike Paths	-	-	4,314	4,314
Technology Upgrades	-	-	412	412
Traffic Signals	-	-	301	301
Trail Enhancements	-	-	195	195
Transportation Improvements	-	-	72	72
Total Committed	23,306	-	25,322	48,628
Assigned to:				
City Building Improvements	600	-	-	600
Community Development	297	-	-	297
Community Outreach	31	-	-	31
Cultural Events	283	-	-	283
General Government	933	-	-	933
Health and Wellness	21	-	-	21
Information Technology	568	-	-	568
Physical Environment	276	-	-	276
Police Training	-	-	30	30
Public Safety	44	-	1,960	2,004
Transportation Improvements	23	-	-	23
Total Assigned	3,076	-	1,990	5,066
Unassigned:	804	283	-	1,087
Total Fund Balance	\$ 28,372	\$ 8,677	\$ 77,822	\$ 114,871

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

A. OUTSTANDING CONTRACTS

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2018, in the respective funds are as follows (in thousands):

General Fund	\$	2,029
Electric		25,385
Gas		550
Sewer		5,246
Stormwater Management		6,114
Water		8,155
Airport		2,848
Nonmajor Governmental		5,809
Nonmajor Enterprise		3,607
Internal Service Funds		8,848
CRA		4
Total	\$	<u>68,595</u>

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

B. RISK MANAGEMENT PROGRAM

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

B. RISK MANAGEMENT PROGRAM

Changes in the balances of self-insured claims for the year ended September 30, 2018 are as follows (in thousands):

Unpaid claims - October 1 (including IBNRs)	\$	14,199
Expenses		5,168
Claim payments		(4,690)
Unpaid claims - September 30 (including IBNRs)	\$	<u>14,677</u>

C. LITIGATION

The City is involved in pending lawsuits. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from litigation would not materially affect the financial position of the City. The City has replied to subpoenas as part of an on-going investigation by a federal government agency into potential criminal activities. A former city commissioner and a former executive have been indicted as a result of this investigation. At this time, we do not anticipate any impact on the City's financial condition.

D. FEDERAL AND STATE GRANTS

The City has received numerous federal and state grants that are subject to financial and compliance audits made in accordance with the Office of Management and Budget uniform administrative requirements, cost principles and audit requirements.

In January 2019, the Florida Department of Transportation (FDOT) conducted its triennial on-site review and audit of certain City public transit grant programs, and in February 2019, FDOT submitted its 2019 Draft Triennial Review Report (draft report) to the City for its review and response. The draft report indicates that the City is out of compliance and unable to receive public transit grant reimbursements until the City has demonstrated the ability to achieve and maintain compliance. In accordance with the timeline provided for in the draft report, the City provided FDOT with its response to the draft report and, when applicable, indicated corrective actions that have either already been implemented or will be implemented to achieve compliance. The final FDOT Triennial Review Report, which would include approval or comments in regard to the City's corrective action plan, has not yet been released.

Certain grants, such as the Community Development Block Grant, HOME grant, State Housing Initiatives Partnership (SHIP), and others, provide for the issuance of loans to qualifying individuals or non-profit entities. Loans to individuals include down payment assistance loans that are not repaid unless certain events occur, such as the sale or refinancing of a purchased home within a certain time period. Loans to non-profit entities are sometimes only payable if the entity has sufficient annual cash flow, or may be forgiven by the City Commission to prevent economic hardship for the entity. Since repayment of these loans is contingent upon various factors, the loans are not reported in the Financial Statements. As of September 30, 2018, the contingent loans for Special Projects totaled \$5.9 million. The contingent down payment assistance loan balance for SHIP totaled \$1.8 million.

E. LONG-TERM CONTRACTS

The City acquires natural gas and power through a combination of short, medium and long-term contracts. The City currently has five long-term natural gas contracts discounted from an index: 1) 20-Year contract with Tennessee Energy Acquisition Corporation; 2) 30-year contract with MainStreet; 3) 30-Year contract with Tennessee Energy Acquisition Corporation; 4) 7-year contract with Blackbelt; 5) TEAC 3-year, 9-month. These contracts save the City between \$153,000 and \$200,000 each month through 2048. The contracts are managed and monitored by the City's Energy Services Department. Revenues from customers through the Energy Cost Recovery Clause (ECRC) and the Purchased Gas Recovery Clause (PGRC) are designed to recover the costs incurred by these purchase

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

September 30, 2018

NOTE V. OTHER INFORMATION**E. LONG-TERM CONTRACTS**

commitments.

The City engages in the wholesale power markets on a short-term and long-term basis to buy or sell power when market prices are more economical than native generation. The City participates daily in the power markets for short-term opportunities to deliver the lowest cost power to our customers. The City continuously evaluates long-term purchase or sales offers through our internal planning process and participation in Request for Proposals (RFP). The City signed a Purchased Power Agreement (PPA) for 20 MW of solar PV energy for a 20-year term starting in the fall of 2017. Negotiations for an additional 40 MW of solar power are ongoing but not final at this time. These contracts are managed and monitored by the City's Energy Services Department and Electric Utility. The following is a schedule, by years, of approximate minimum future purchase commitments on long-term purchase contracts as of September 30, 2018 (in thousands):

Years ending September 30,	Gas Contracts	Energy Contracts (including Solar PPA)	Total
2019	\$ 77,448	\$ 1,489	\$ 78,937
2020	79,045	1,556	80,601
2021	41,091	1,626	42,717
2022	26,306	1,699	28,005
2023	22,832	1,776	24,608
Thereafter	307,340	35,126	342,466
Total	<u>\$ 554,062</u>	<u>\$ 43,272</u>	<u>\$ 597,334</u>

F. PENSION PLAN OBLIGATIONS

The City of Tallahassee sponsors and administers the Pension Plan (Plan), established by Chapter 14 of the City Code of Ordinances, as separate plans as follows:

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

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

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

September 30, 2018

NOTE V. OTHER INFORMATION**F. PENSION PLAN OBLIGATIONS**

The aggregate amount of net pension liabilities, related deferred inflows and outflows of resources, and pension expense for the City's defined benefit pension plans are summarized as follows:

Plan Obligations and Expenses (in thousands):	General Employees - City	Police Officers	Firefighters	Total
Net Pension Liability	\$ 53,526	\$ 48,138	\$ 50,810	\$ 152,474
Pension Related Deferred Outflows	103,498	32,522	27,676	163,696
Pension Related Deferred Inflows	60,844	19,217	9,938	89,999
Pension Expense	\$ 19,783	\$ 8,822	\$ 7,345	\$ 35,950

2017 Membership Statistical Information	General Employees - City	Police Officers	Firefighters	Total
Retirees and beneficiaries of deceased retirees currently receiving benefits	1,599	274	247	2,120
Terminated employees entitled to benefits but not yet receiving benefits	239	32	7	278
Active Employees	1,952	331	230	2,513

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

1. DEFINED BENEFIT PROVISION

The Plan is established for all three programs in Chapter 14 of the City Code of Ordinances, through Parts A, B, C and D in Article II for general employees with Parts A, B and C closed to new participants. Effective April 1, 2013, the City Commission approved changes to the City's General Employees' Pension Plan creating Part D participants. Part D provides coverage to all new employees hired after that date. For police officers and firefighters, Article III and IV, respectively, Parts A and B are closed to new participants while Part C provides coverage to all new employees. All members of the Plan are covered by one of these parts depending upon employment date. These parts provide a detailed description of the various defined benefit provisions. These provisions include the types of employees covered, benefit provisions, employee eligibility requirements for normal, early and/or vested retirements, and the related benefits of these retirements, pre-retirement death benefits, and provisions for disability retirements. There are also post retirement cost-of-living adjustments (COLA) and health care supplements.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

	General Employees		Police Officers	Firefighters
	Part C-Employees hired prior to April 1, 2013	Part D-Employees hired after April 1, 2013		
Normal Retirement Benefits:				
Age	62 (or 30 years of Credited Service, regardless of age)	65 (or 33 years of Credited Service, regardless of age)	55 (or 25 years of Credited Service, regardless of age)	55 (or 25 years of Credited Service, regardless of age)
Years of Credited Service (minimum)	5	5	5	5
Benefit calculation	2.25% x AFC x Years of Credited Service	2.25% x AFC x Years of Credited Service	2% - Purchased military or other public service 3% - first 20 yrs of Credited Service 4% - after 20 yrs of Credited Service (up to an add'l 5 yrs and 3 mths)	2% - Purchased military or other public service 3% - first 20 yrs of Credited Service 4% - after 20 yrs of Credited Service (up to an add'l 5 yrs and 3 mths)
Average Final Compensation (AFC)	Higher of: 1) final 3 yrs; 2) any consecutive 3 yrs – 1/1987 to 12/2005, escalated by 3%; or 3) any consecutive 3 yrs during 1/1987 to the date of retirement.	Average of the highest consecutive 5 years of Credited Service	Higher of: 1) final 3 yrs; 2) any consecutive 3 yrs – 1/1987 to 12/2005, escalated by 3%; or 3) any consecutive 3 yrs during 1/1987 to the date of retirement.	Higher of: 1) final 3 yrs; 2) any consecutive 3 yrs – 1/1987 to 12/2005, escalated by 3%; or 3) any consecutive 3 yrs during 1/1987 to the date of retirement.
Maximum Benefit	81% of AFC	81% of AFC	81% of AFC	81% of AFC
COLA	3% increase in benefits each 10/1 starting at the later of normal retirement date, or age 55 (under age and service eligibility); or age 50 (under service eligibility)	3% increase in benefits each 10/1 starting at the later of normal retirement date or age 65	3% increase in benefits each 10/1 starting between age 52 and 62 depending on pension entry date.	3% increase in benefits each 10/1 starting between age 52 and 62 depending on pension entry date.
	General Employees		Police Officers and Firefighters	
Early Retirement	<p>If a member is retiring under the age and service eligibility, Normal Retirement Benefit is reduced by 4.8% per year for each year by which the Early Retirement date precedes the Normal Retirement date.</p> <p>If a member is retiring under the service eligibility, the Normal Retirement Benefit is reduced by 5% per year for each year by which the Early Retirement date precedes the Normal Retirement date.</p>		<p>At age 50 and 5 years of Credited Service or after completion of 20 years of Credited Service. If the member is retiring after attainment of age 50 and 5 years of Credited Service eligibility, the normal benefit is reduced by 3.0% per year for each year by which the Early Retirement date precedes the Normal Retirement date. If the member is retiring after attainment of 20 years of Credited Service, the Normal Retirement Benefit is reduced by 7.2% per year for each year by which the Early Retirement date precedes the 25 years of service attainment date.</p>	

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

F. BENEFIT PROVISION			
	General Employees	Police Officers and Firefighters	
Disability	Five years of Credited Service for non-service connected disability. None for service connected disability. Benefit: The greater of 1) the member's accrued benefit to date of disability; and 2) the member's benefit with service projected to normal retirement date not to exceed 50% of AFC in effect on the date of disability.	Two years of Credited Service for non-service connected disability. None for service connected disability. Benefit: The greater of 1) The member's accrued benefit to date of disability; and 2) The member's benefit with service projected to normal retirement date not to exceed 50% of AFC in effect on the date of disability.	
Contribution Rates - actuarially determined rates were calculated as of October 1, 2016 for the year ended September 30, 2018			
City	18.53%	31.40%	31.13%
Employee	5.00%	11.25% (hire date prior to 10/1/2012) 13.69% (hire date after 10/1/2012)	17.47%

Net Pension Liability - The total pension liability was determined by an actuarial valuation as of October 1, 2017, using a measurement date of September 30, 2018. The net pension liability was also determined using a measurement date of September 30, 2018. The components of the net pension liability of the participating employers in the general employees, police officers and firefighters plans as of September 30, 2018 were as follows (in thousands):

	General Employees	Police Officers	Firefighters
Total pension liability	\$ 1,188,456	\$ 375,785	\$ 267,297
Plan fiduciary net position	1,134,558	335,728	215,884
Net pension liability	53,898	40,057	51,413
Plan fiduciary net position as a % of total pension liability	95.46 %	89.34 %	80.77 %
City's proportion of the net pension liability	94.93 %	100.0 %	100.0 %

The City's proportionate share of the General Employees Pension Plan is based on the covered payroll, which was the basis for determining employer contributions. The City's portion of the net pension liability of the general employees plan was as follows (in thousands):

	General Employees-City	General Employees City
Measurement Date	September 30, 2018	September 30, 2017
Total pension liability	1,128,154	1,064,392
Plan fiduciary net position	1,076,991	1,022,370
Net pension liability	51,163	42,022
Plan fiduciary net position as a % of total pension liability	95.46%	96.05%
City's proportion of the net pension liability	94.93%	95.10%

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

The total pension liability was determined by an actuarial valuation as of October 1, 2017, using the following significant actuarial assumptions applied to all periods included in the measurement: The actuarially determined contribution rates are calculated as of October 1, 2016, which is two years prior to the end of the fiscal year in which contributions are reported. The actuarially determined contribution is projected to the contribution year using conventional actuarial projection methods.

The assumptions used in determining the total pension liability are as follows:

	General Employees	Police Officers	Firefighters
Valuation Date	October 1, 2017	October 1, 2017	October 1, 2017
Actuarial Cost Method	Entry age, normal	Entry age, normal	Entry age, normal
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, closed
Remaining Amortization Period	20 years	28 years	28 years
Asset Valuation Method	20% of the difference between expected actuarial value and market value is recognized annually with a 20% corridor around market value	20% of the difference between expected actuarial value and market value is recognized annually with a 20% corridor around market value	20% of the difference between expected actuarial value and market value is recognized annually with a 20% corridor around market value
Inflation rate	2.50%	2.50%	2.50%
Salary Increase	A blend of 33.33% of 3.5% and 66.67% of a range of 2.95 to 5.0% based on years of service	A blend of 33.33% of 5.0% and 66.67% of a range of 4.5 to 6.4% based on years of service	A blend of 33.33% of 4.0% and 66.67% of a range of 4.4 to 5.75% based on years of service
Investment rate of return	7.60%	7.60%	7.60%
Mortality Rate:	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.
Experience Study	The last experience study was prepared on June 24, 2016. Assumption changes resulting from this experience study were implemented for the fiscal year ending September 30, 2017.	The last experience study was prepared on June 24, 2016. Assumption changes resulting from this experience study were implemented for the fiscal year ending September 30, 2017.	The last experience study was prepared on June 24, 2016. Assumption changes resulting from this experience study were implemented for the fiscal year ending September 30, 2017.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

Effective as of October 1, 2017, the following assumption changes were adopted:

- The investment return assumption was lowered from 7.7% to 7.6%.
- Based on the Experience Study dated June 24, 2016, new salary, retirement, employment separation, disability and administrative assumptions are being phased-in over a three year period. The October 1, 2017 Actuarial Valuation used a blend of the 33.33% of the old assumptions and 66.67% of the new assumptions.

Changes in the Net Pension Liability - The Plan is presenting net pension liability for the year ended September 30, 2018 based on the October 1, 2017 valuation date rolled forward to the September 30, 2018 measurement date as follows (in thousands):

General Employees Pension Plan - Increase(Decrease)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 1,118,980	\$ 1,074,804	\$ 44,176
Changes for the year:			
Service Cost	15,916	-	15,916
Interest	86,053	-	86,053
Differences between Expected and Actual Experiences	11,976	-	11,976
Benefit Changes	118	-	118
Assumption Changes	14,262	-	14,262
Employer Contributions	-	18,801	(18,801)
Employee Contributions	-	5,560	(5,560)
Other Contributions	-	13	(13)
Net Investment Income	-	94,722	(94,722)
Benefit Payments	(58,587)	(58,587)	-
Refunds	(262)	(262)	-
Administrative Expense	-	(493)	493
Other Charges	-	-	-
Net Changes	69,476	59,754	9,722
Balances at September 30, 2018	<u>\$ 1,188,456</u>	<u>\$ 1,134,558</u>	<u>\$ 53,898</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2018

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

Police Officers Pension Plan - Increase(Decrease)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 357,060	\$ 312,205	\$ 44,855
Changes for the year:			
Service Cost	6,777	-	6,777
Interest	27,583	-	27,583
Differences between Expected and Actual Experiences	3,283	-	3,283
Benefit Changes	(5,904)	-	(5,904)
Assumption Changes	4,776	-	4,776
Employer Contributions	-	8,326	(8,326)
Employee Contributions	-	3,451	(3,451)
Other Contributions	-	4	(4)
Net Investment Income	-	29,685	(29,685)
Benefit Payments	(17,606)	(17,606)	-
Refunds	(184)	(184)	-
Administrative Expense	-	(153)	153
Other Charges	-	-	-
Net Changes	18,725	23,523	(4,798)
Balances at September 30, 2018	\$ 375,785	\$ 335,728	\$ 40,057

Firefighters Pension Plan - Increase(Decrease)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 252,931	\$ 205,257	\$ 47,674
Changes for the year:			
Service Cost	4,000	-	4,000
Interest	19,312	-	19,312
Differences between Expected and Actual Experiences	3,136	-	3,136
Benefit Changes	(1,850)	-	(1,850)
Assumption Changes	4,590	-	4,590
Employer Contributions	-	5,001	(5,001)
Employee Contributions	-	2,862	(2,862)
Other Contributions	-	3	(3)
Net Investment Income	-	17,675	(17,675)
Benefit Payments	(14,772)	(14,772)	-
Refunds	(50)	(50)	-
Administrative Expense	-	(92)	92
Other Charges	-	-	-
Net Changes	14,366	10,627	3,739
Balances at September 30, 2018	\$ 267,297	\$ 215,884	\$ 51,413

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

Investments - Plan assets are managed in accordance with the Pension Investment Policy. The table below presents the adopted asset allocation as of September 30, 2018.

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	40 %	5.9 %
International Equity	10	6.9
Emerging Markets Equity	5	9.0
Fixed Income	20	1.3
Real Estate	15	4.4
Private Equity	5	10.1
Timber	5	5.1
Total	100 %	

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

For the year ended September 30, 2018, the annual money-weighted rate of return on the General Employees, Police Officers, and Firefighters pension plan investments, net of investment expense, was 8.6%. The money-weighted rate of return takes into account cash flows into and from the various investments of the Plan.

The long-term expected arithmetic rate of return on pension plan investment is based upon an asset allocation study that was conducted for the Plan by its investment consultant toward the end of fiscal year 2018. The study was prepared by the Pension Plan's investment consultant, and went through numerous iterations before a final asset allocation was established. The study looked at expected rates of return for twenty-one (21) different asset classes, as well as examining expected standard deviations and correlations among these various asset classes.

Discount Rates – The discount rates used to measure the total pension liability of the Plan are indicated below. This single discount rate was based on the expected rate of return on pension plan investments of 7.60%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.60%) was applied to all periods of projected benefits payments to determine the total pension liability.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

The discount rates as of September 30, 2018 were as follows:

General Employees	Police Officers	Firefighters
7.60 %	7.60 %	7.60 %

The following presents the Plan's net pension liability, calculated using a single discount rate of 7.60%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage point higher:

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

	1% Decrease 6.60%	Current Single Discount Rate	1% Increase 8.60%
General Employees	\$ 213,279	\$ 53,898	\$ (77,104)
General Employees-City	202,456	51,163	(73,192)
Police Officers	93,088	40,057	(3,112)
Firefighters	87,284	51,413	22,074

Pension Expense and Deferred Outflows (Inflows) of Resources Related to Pensions - In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized as pension expense in the current measurement period, except as shown below. For each of the following, a portion is recognized in pension expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Changes of assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Changes in proportion and differences between contributions and proportionate share of contributions which are amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan, both active and inactive.
- Differences between expected and actual earnings on pension plan investments are amortized over five years.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

General Employees – Plan - For the year ended September 30, 2018, the general employees pension plan recognized pension expense of \$20,890,000 for the plan. At September 30, 2018, the plan reported deferred outflows of resources and deferred inflows of resources related to the general employee pension plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 20,574	\$ (7,432)	\$ 13,142
Assumption changes	43,874	-	43,874
Change in Net Pension Liability due to Change in Cost-Sharing Allocation Percentages	438	(438)	-
Net difference between projected and actual earnings on pension plan investments	25,120	(55,800)	(30,680)
Total	\$ 90,006	\$ (63,670)	\$ 26,336

Net amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense, as follows:

Year Ending September 30,	Net Amount (in thousands)
2019	\$ 5,859
2020	11,300
2021	1,983
2022	3,456
2023	3,738
Total	<u>\$ 26,336</u>

General Employees – City – For the year ended September 30, 2018, the City recognized pension expenses of \$19,783,000 for its proportionate share of the general employees pension plan. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the general employee pension plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Difference between expected and actual experience	\$ 19,675	\$ (7,211)	\$ 12,464
Assumption changes	41,734	-	41,734
Net difference between projected and actual experience on pension investments	24,189	(53,248)	(29,059)
Change in Net Pension Liability due to change in cost sharing allocation percentage	53	(385)	(332)
Total	\$ 85,651	\$ (60,844)	\$ 24,807

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

September 30, 2018

NOTE V. OTHER INFORMATION**F. PENSION PLAN OBLIGATIONS****1. DEFINED BENEFIT PROVISION**

Deferred outflows of resources related to the general employee pension plan of \$17,847,000, resulting from City contributions to the plan paid subsequent to the measurement date and prior to the City's fiscal year, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan pension expense will be recognized in future pension expenses as follows:

<u>Year Ending September 30,</u>	<u>Net Amount (in thousands)</u>
2019	\$ 5,487
2020	10,762
2021	1,810
2022	3,218
2023	3,530
Total	<u>\$ 24,807</u>

Police officers - For the year ended September 30, 2018, the police officers pension plan recognized pension expense of \$8,822,000. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the police officers employee pension plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 7,842	\$ -	\$ 7,842
Net difference between projected and actual earnings on pension plan investments	6,935	(19,217)	(12,282)
Assumption Changes	9,419	-	9,419
Total	<u>\$ 24,196</u>	<u>\$ (19,217)</u>	<u>\$ 4,979</u>

Deferred outflows of resources related to the police officers pension plan of \$8,326,000, resulting from City contributions to the plan paid subsequent to the measurement date and prior to the City's fiscal year, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan pension expense will be recognized in future pension expenses, as follows:

<u>Year Ending September 30,</u>	<u>Net Amount (in thousands)</u>
2019	\$ 1,854
2020	3,189
2021	(326)
2022	(581)
2023	843
Total	<u>\$ 4,979</u>

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

September 30, 2018

NOTE V. OTHER INFORMATION**F. PENSION PLAN OBLIGATIONS****1. DEFINED BENEFIT PROVISION**

Firefighters - For the year ended September 30, 2018, the firefighters pension plan recognized pension expense of \$7,345,000. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the firefighters pension plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ 9,453	\$ -	\$ 9,453
Net difference between projected and actual earnings on pension plan investments	4,779	(9,938)	(5,159)
Assumption changes	8,443	-	8,443
Total	\$ 22,675	\$ (9,938)	\$ 12,737

Deferred outflows of resources related to the firefighters pension plan of \$5,001,000, resulting from City contributions to the plan paid subsequent to the measurement date and prior to the City's fiscal year, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan pension expense will be recognized in future pension expenses, as follows:

Year Ending September 30,	Net Amount (in thousands)
2019	\$ 2,811
2020	3,570
2021	1,025
2022	1,254
2023	3,065
Thereafter	1,012
Total	<u>\$ 12,737</u>

2. DEFINED CONTRIBUTION PROVISION

All employees (general, firefighters, and police officers) may elect to contribute a portion of their salary to the Plan. General employees, firefighters and police officers can contribute up to but not to exceed the maximum amount allowed by the Internal Revenue Service. Each employer contributes 5% to each general employee's Matched Annuity Plan (MAP) account. Upon reaching normal retirement age or retiring under the Plan, a participant shall be paid his and the City's contributions, together with accrued earnings. If a general employee uses the contributions and accrued earnings to receive an annuitized payment stream, the Plan will increase the amount of funds (only on the employer's 5%, employee flex matched contribution and employees' contribution up to the 5%) used by the participant by a factor of 50%. Employee contributions (including the City's 5% contribution to each general employee's MAP account) plus accrued earnings thereon are 100% refundable if the employee elects to terminate his vesting rights or is not vested at the date of employment termination. For the year ended September 30, 2018, the contributions and forfeitures to the MAP account totaled \$1,178,000 and \$442,000, respectively.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

G. OTHER EMPLOYEE BENEFITS

1. DEFERRED COMPENSATION

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

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

2. FLEXIBLE BENEFITS

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

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

1. OPEB PLAN DESCRIPTION

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

The OPEB Plan is established by City Commission Policy 150. To aid in the administration of the OPEB Plan, the City of Tallahassee created the Retiree Medical Trust (RMI Trust) in January 2010, the provisions of which are in Article VII of Chapter 2 of the City Code of Ordinances. The plan provides health insurance and prescription drug coverage for eligible retirees and their eligible dependents through the City's health insurance program, which covers both active and retired employees.

The OPEB Plan and the RMI Trust are administered by the City of Tallahassee Treasurer-Clerk's Office, under guidance from the Plan's Board of Trustees, which is composed of the members of the City Commission and the chairperson of the general employees' pension advisory committee. The City of Tallahassee does not issue a stand-alone financial report for the RMI Trust.

The aggregate amounts, reported by the City as of September 30, 2018, of net OPEB liabilities, related deferred inflows and outflows of resources, and OPEB expenses using a valuation date of October 1, 2016 and rolled forward to September 30, 2017, the measurement date, are summarized as follows:

OPEB Plan Obligations and Expenses	Primary Government	DIA (Component Unit)	Total (in thousands)
Net OPEB Liability	\$ 86,530	\$122	\$ 86,652
OPEB Related Deferred Outflows	4,840	10	4,850
OPEB Related Deferred Inflows	4,931	3	4,934
OPEB Expense	4,149	6	4,155

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

1. OPEB PLAN DESCRIPTION

OPEB Plan membership at October 1, 2016 was as follows:

Inactive Members or Beneficiaries	
Currently Receiving Benefits	1,165
Active Members	2,710
Total Members	<u>3,875</u>

Benefits - A member receives a reduced rate on the health insurance premium for the City's health insurance plan. All reduced rate premiums will be deducted from the retiree's pension benefit. If the health insurance premium exceeds the pension benefit amount, the member will pay the City for the difference. The following tables provide the amounts of the City's monthly retiree subsidy that reduces the member's health insurance premium, which were established by Resolution 11-R-04, effective January 1, 2011:

Retiree with No Medicare Coverage	Monthly Subsidy Amount
Individual	\$ 174.88
Two-Party	\$ 315.71
Three or More	\$ 443.22

Retiree with Medicare CHP* Coverage	Monthly Subsidy Amount
Individual	\$ 37.76
Two-Party(Both Medicare)	\$ 71.74
Two-Party (One Medicare)	\$ 183.40
Family (One or two Medicare)	\$ 298.82

*Capital Health Plan

Retiree with Medicare BCBS** Coverage	Monthly Subsidy Amount
Individual	\$ 159.78
Two-Party (Both Medicare)	\$ 336.07
Two-Party (One Medicare)	\$ 336.07
Family (One or two Medicare)	\$ 463.39

**Blue Cross/Blue Shield

Eligibility - A member may continue on the City's health insurance plan upon retirement if the member is drawing a pension for Normal Retirement, Early Retirement or Disability Retirement. The retiree may continue to cover any qualified dependents that were on the City's health insurance plan at the time of retirement. If the retiree's spouse or domestic partner is an active permanent City employee, the member may choose to be covered under the spouse's or domestic partner's insurance coverage. When the spouse or domestic partner retires and begins to draw a pension, both individuals will be covered as retirees under the City's health insurance policy.

A member who is a Deferred Retiree (eligible to retire upon termination but chooses to defer the commencement of a pension benefit) may choose to remain on the City's health insurance plan and pay the unreduced health insurance

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

1. OPEB PLAN DESCRIPTION

premium until the commencement of a pension benefit. A Deferred Retiree may also choose to terminate health insurance coverage and be allowed to rejoin the City's health insurance plan upon commencement of a pension benefit and pay the reduced health insurance premium if they are able to prove they maintained continuous health insurance coverage during the period between terminating from the City's health insurance plan and when they rejoined the City's health insurance plan.

A Long-Term Vested Participant (10 years or more service time in the City's pension plan, but not yet eligible to receive a pension benefit) may choose to remain on the City's health insurance plan at their expense. The Participant will be required to pay the unreduced health insurance premium cost until the Participant retires. If the Participant chooses to terminate the City's health insurance coverage, the Participant will no longer be eligible to participate in the OPEB Plan.

A surviving spouse of a deceased retiree may continue or join the City's health insurance plan only if the deceased retiree was enrolled in the City's health insurance plan at the time of death. The surviving spouse may join the OPEB Plan without being subject to the evidence of insurability requirements. The surviving spouse may cover any qualified dependents.

2. OPEB PLAN INVESTMENTS

Due to its small size, there is not a separate investment policy specifically for the assets of the RMI Trust. Chapter 2 of the Municipal Code provides that the RMI Trust invests in instruments similar to those invested in by the City's Pension Fund. There were no significant changes to the investment of the RMI Trust assets during Fiscal Year 2018. More than 5% of the RMI Trust's net position was invested in a S&P 500 index fund.

3. NET OPEB LIABILITY

Changes in the Net OPEB Liability - The Plan is presenting net pension liability for the year ended September 30, 2018 based on the September 30, 2018 measurement date as follows (in thousands):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2017	\$ 94,226	\$ 7,574	\$ 86,652
Changes for the year:			
Service Cost	2,375	-	2,375
Interest	3,334	-	3,334
Assumption Changes	(3,480)	-	(3,480)
Employer Contributions to the Trust Fund	-	2,017	(2,017)
Employer Contributions not deposited in Trust Fund	-	2,673	(2,673)
Net Investment Income	-	1,447	(1,447)
Benefit Payments	(4,851)	(2,177)	(2,674)
Benefit Payments not reimbursed by Trust Fund	-	(2,673)	2,673
Other (Adjustment to prior year)	-	(1)	1
Net Changes	(2,622)	1,286	(3,908)
Balances at September 30, 2018	\$ 91,604	\$ 8,860	\$ 82,744

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

3. NET OPEB LIABILITY

The total OPEB liability and contribution rates were determined by an actuarial valuation as of October 1, 2016. The total OPEB liability was rolled forward two years. The significant assumptions used were as follows:

Actuarial Cost Method	Entry Age Normal
Normal Inflation	2.5%.
Discount Rate	3.88%, the resulting Single Discount Rate based on the expected rate of return on OPEB Plan investments as of September 30, 2018 at 7.70% and the long term municipal bond rate as of September 28, 2018 at 3.83%.
Salary Increases	3.32% to 5.47%, including inflation; varies by plan type and years of service.
Retirement Age	Experience based table of rates that are specific to the plan and type of eligibility condition.
Mortality	RP 2000 Healthy Annuitant Mortality Table, with mortality improvements projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% white collar adjustment and a 50% blue collar adjustment. These are the same mortality rates currently in use for Regular Class members of the Florida Retirement System (FRS). They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.5% and gradually decreasing to an ultimate trend rate of 4.72% (including the impact of the excise tax).
Aging factors to Death Expenses	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Investment expenses are net of the investment returns; and, administrative expenses are included in the premium costs.
Notes	There were no benefit changes during the year. Assumption changes reflect the change in the Single Discount Rate from the beginning of the year at 3.54% to the end of the year at 3.83% (the resulting Single Discount Rate based on the expected rate of return on OPEB Plan investments as of September 30, 2018 at 7.70% and the long-term municipal bond rate as of September 28, 2018 at 3.83%)

Sensitivity of Net OPEB Liability to changes in the Single Discount Rate –The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.88%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher (in thousands):

1% Decrease 2.88%	Current Single Discount Rate Assumption 3.88%	1% Increase 4.88%
\$ 93,644	\$ 82,744	\$ 73,653

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

3. NET OPEB LIABILITY

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher (in thousands):

1% Decrease (6.5% down to 3.72%)	Current Healthcare Cost Trend Rate Assumption	1% Increase (8.5% down to 5.72%)
\$ 74,438	\$ 82,744	\$ 92,890

OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB – In accordance with GASB 75, changes in the net OPEB liability are recognized as OPEB expense in the current measurement period, except as shown below. For each of the following, a portion is recognized in OPEB expense in the current measurement period, and the balance is amortized as deferred outflows or inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors which are amortized over the average expected remaining service life of all employees that are provided with benefits through the OPEB plan, both active and inactive.
- Changes of assumptions or other inputs which are amortized over the average expected remaining service life of all employees that are provided with benefits through the OPEB plan, both active and inactive.
- Changes in proportion and differences between contributions and proportionate share of contributions which are amortized over the average expected remaining service life of all employees that are provided with benefits through the OPEB plan, both active and inactive.
- Differences between expected and actual earnings on OPEB plan investments are amortized over five years.

Based on a valuation date of October 1, 2016 and a measurement date of September 30, 2017, the City recognized OPEB expenses of \$4,155,000 for the year ended September 30, 2018. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -	\$ -
Assumption Changes	-	4,309	(4,309)
Net Difference between projected and actual earnings on OPEB plan investments	-	625	(625)
Total	\$ -	\$4,934	\$(4,934)

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

3. NET OPEB LIABILITY

Deferred outflows of resources related to the plan of \$4,850,000, resulting from City contributions to the plan paid subsequent to the measurement date and prior to the City's fiscal year, will be recognized as a reduction of the net OPEB liability in the fiscal year ended September 30, 2019. Other amounts reported as OPEB related deferred outflows and inflows of resources will be recognized in future OPEB expense, as follows:

Year ending September 30,	Net Amount (in thousands)
2019	\$ 863
2020	863
2021	863
2022	863
2023	706
Thereafter	776
Total	\$4,934

4. FUNDING POLICY

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

I. DERIVATIVE INSTRUMENTS

The commodity forward contracts are recorded at fair value on the Statement of Net Assets as they have been determined to qualify as derivative instruments under GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". The fair value balances and notional amounts of derivative instruments, all of which are accounted for within the City's business-type activities, as of September 30, 2018 and the changes in fair value of such derivative instruments for the year then ended, are as follows (amounts in thousands):

	Changes in Fair Value		Fair Value at September 30, 2018		
	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges:					
Commodity Forward – Natural Gas	Deferred Outflows of Resources	\$1,243	Derivative Instrument	(\$1,243)	40,635,000 MMBTUs

The fair values of the forward contracts are estimated based upon the present value of their estimated cash flows. For FY 2019 & 2020 the City has hedged various volumes Over-the-Counter (OTC) with BP Energy Company, J. Aron & Company LLC and Conoco Phillips Company. For FY 2021 the City hedged on the CME exchange with Futures Commission Merchant (FCM), ADM Investor Services Inc.(ADM). Counterparty S&P credit ratings are as follows: BP Energy Company A-, The Goldman Sachs Group Inc. BBB+ (parent of J. Aron & Company), Conoco Phillips Company A- and Archer Daniels Midland Co. A (parent of ADM Investor Services) as of September 30, 2018. The City's ADM positions are traded on the CME exchange which require daily clearing as the value of the position changes vs. the market. The daily clearing mechanism eliminates credit risk because any monies owed the other

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

I. DERIVATIVE INSTRUMENTS

party are transferred into or out of the accounts as the market changes each trading day. These transactions are different than OTC trades in which gains or losses are not realized until the final settlement expiration which can be months or years later. The risk in OTC transactions is that your counterparty may not be able to honor their future commitments. Exchange traded positions in the ADM accounts require posting of margin/collateral until the positions have settled or are closed. As of September 30, 2018, the City held various open positions which required a combined margin/collateral amount of \$422,216.

The following table displays the objectives and terms of the City's derivative instruments outstanding as of September 30, 2018:

Type	Objective	Effective Date	Maturity Date	Terms
Commodity Forward Contract	Stabilize cash flows due to market price volatility related to expected purchases of natural gas.	Various	Various: October 2018 - September 2021	Pay various prices per MMBTU; settlement based on the Henry Hub index price on the expiration date for natural gas contracts.

J. CONTINGENCY

Cascade Park Superfund Site

The City of Tallahassee (City) excavated approximately 85,000 tons of contaminated soil from the Cascades Park site in 2005-2006 pursuant to the requirements of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund). Blueprint 2000, as part of park construction activities, conducted additional excavation and contaminated soil disposal. Despite these efforts, residual groundwater and soil contamination remained at the site. As a result, in December 2011, the City as the CERCLA "responsible party" and the U.S. Environmental Protection Agency (EPA) entered into a new Settlement Agreement that required the City to determine the most appropriate remedial technology to address the subsurface contamination and make recommendations to the EPA on how to move forward. In accordance with the Settlement Agreement, and as part of this evaluation, a field-scale pilot injection study was completed in February 2013. Following the pilot study, the City finalized its recommendations which were formally submitted in the form of a Draft Feasibility Study Report in February 2014, and continued annual groundwater monitoring. Throughout 2017 and into 2018, the City, the Florida Department of Environmental Protection and the EPA met to discuss the results of the work completed to date, including the annual monitoring results. Based on the data, which demonstrated that unacceptable site risks posed by soil, sediment, and groundwater were all successfully eliminated through the remedial actions, in July 2018 the EPA issued a Proposed Plan, proposing a "No Action" Record of Decision (ROD). On February 4, 2019, the EPA issued the ROD, determining that no further action is necessary to protect public health, welfare or the environment, and concluding that no further action is required to clean up the Cascades Park Superfund Site. This determination concludes a nearly 15-year long cleanup effort by the City to remediate contamination associated with the site's manufactured gas plant and landfill, which operated from the late 1800s to the mid-1900s. The issuance of the No Action ROD means that no further assessment, remediation or monitoring work is required by the City, thereby allowing for official regulatory closure. As mandated, the City will be liable for any direct and indirect costs incurred by the EPA associated with the site, including development and issuance of the ROD. The City has not yet been invoiced for these costs. Other than EPA costs, and well abandonment expenses, no additional costs are expected for subsequent years following official site closure.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2018

NOTE V. OTHER INFORMATION

K. RELATED PARTY TRANSACTIONS

Related party transactions during the year ended September 30, 2018 included the following:

- 1) On June, 22, 2012, the City and Blueprint entered into a Joint Project Agreement (JPA) whereby Blueprint will provide "right of way" services to the City for the City's FAMU Way Road Project. For the year ended September 30, 2018, the City paid \$229,544 in fees to Blueprint for this project.
- 2) In the current year, the City contributed to the Blueprint's Office of Economic Vitality (OEV) \$174,500 to fund operations.
- 3) The City paid the following contributions to the Consolidated Dispatch Agency:
 - a. \$4,613,787 for operations.
 - b. \$312,500 for Fire/EMS revenue.
- 4) The City charges fees for administrative services to the Consolidated Dispatch Agency, Blueprint Intergovernmental Agency, and the Capital Region Transportation Planning Agency. For the year ended September 30, 2018, the City charged fees of \$782,526, \$116,958, and \$65,193, respectively.
- 5) As of September 30, 2018, the City was owed \$1,106,526 by the Consolidated Dispatch Agency, \$2,130,638 by the Blueprint Intergovernmental Agency, and \$571,602 by the Capital Region Transportation Planning Agency.

REQUIRED SUPPLEMENTARY INFORMATION

THIS SUBSECTION CONTAINS THE FOLLOWING:

Budgetary Comparison Schedule-General Fund

Note to Required Supplementary Information-Budgetary Comparison Schedule-General Fund

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

Schedule of Net Pension Liability by Employer - General Employees

Schedule of Contributions - General Employees

Notes to Schedule of Contributions - General Employees

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

Schedule of Contributions - Police Officers

Notes to Schedule of Contributions - Police Officers

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

Schedule of Contributions - Firefighters

Notes to Schedule of Contributions - Firefighters

Schedule of Investment Returns - Pension Plans

Schedule of Changes in the Net OPEB Liability and Related Ratios

Schedule of the Net OPEB Liability

Notes to Schedule of Net OPEB Liability

Schedule of Contributions - OPEB

Notes to Schedule of Contributions - OPEB

Schedule of Investment Returns - OPEB

CITY OF TALLAHASSEE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule
General Fund
for the fiscal year ended September 30, 2018
(in thousands)
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance - October 1	\$ 1,279	\$ 1,279	\$ 1,279	\$ -
Resources				
Taxes	65,733	65,733	65,174	(559)
Licenses and Permits	1,349	1,349	1,135	(214)
Intergovernmental Revenues	18,802	18,802	18,739	(63)
Charges for Services	10,206	10,206	8,665	(1,541)
Fines and Forfeitures	953	953	645	(308)
Interest Earned	525	525	444	(81)
Miscellaneous	11,834	11,834	11,445	(389)
Transfers from Other Funds	43,641	43,691	43,919	228
Amounts Available for Appropriations	<u>154,322</u>	<u>154,372</u>	<u>151,445</u>	<u>(2,927)</u>
Charges to Appropriations				
General Government	24,745	24,170	23,011	1,159
Public Safety	58,727	58,528	58,482	46
Transportation	15,041	14,451	14,438	13
Human Services	1,542	1,542	1,483	59
Economic Development	267	267	322	(55)
Physical Environment	1,731	1,731	1,665	66
Culture and Recreation	22,181	22,173	22,300	(127)
Transfers to Other Funds	30,088	31,510	29,520	1,990
Total Charges to Appropriations	<u>154,322</u>	<u>154,372</u>	<u>151,221</u>	<u>3,151</u>
Budgetary Fund Balance - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224</u>	<u>\$ 224</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
Note to Required Supplementary Information
General Fund
September 30, 2018
(in thousands)
(Unaudited)

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

Inflows of Resources

Actual amounts (budgetary basis) available for appropriation from the budgetary comparison schedule.	\$ 151,445
Differences - budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(1,279)
The increase in the fair market value of investments is an increase in revenue for financial reporting purposes but is considered a budgetary inflow.	(587)
The revenues of the City's Deficiency Reserve and Scholarship Reserve are current year revenues for reporting purposes but are not considered budgetary inflows.	3,142
Current year nonbudgeted transfer is treated as revenue for financial reporting purposes but not as a budgetary inflow.	89
Miscellaneous items treated as budgetary inflows but not as revenues for financial reporting purposes.	(1,810)
Miscellaneous items treated as revenues for financial reporting purposes but not as budgetary inflows	<u>2</u>
Total Revenues and Other Financing Sources as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 151,002</u></u>

Outflows of Resources

Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule.	\$ 151,221
Difference - budget to GAAP	
The expenditures of the City's Deficiency Reserve and Scholarship reserve are current year expenditures for reporting purposes but are not considered budgetary outflows.	8,193
Current year nonbudgeted transfer is treated as expense for financial reporting purposes but not as a budgetary outflow.	1,013
Miscellaneous items treated as budgetary outflows but not as expenditures for financial reporting purposes.	(2,031)
Miscellaneous items treated as expenditures for financial reporting purposes but not as budgetary outflows.	<u>17</u>
Total Expenditures and Other Financing Uses as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 158,413</u></u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

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

(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2018)

Fiscal Year Ending September 30

(in thousands)

(Unaudited)

	2018	2017	2016	2015	2014
Total pension liability					
Service Cost	\$ 15,916	\$ 15,008	\$ 14,964	\$ 14,592	\$ 16,333
Interest	86,053	78,568	74,426	71,570	70,460
Benefit Changes	118	-	-	-	-
Difference between actual & expected experience	11,976	17,064	-	(24,196)	-
Assumption Changes	14,262	54,077	-	-	-
Benefit Payments	(58,587)	(54,634)	(50,887)	(47,928)	(44,510)
Refunds	(262)	(269)	(312)	(241)	(385)
Net Change in Total Pension Liability	69,476	109,814	38,191	13,797	41,898
Total Pension Liability - Beginning	1,118,980	1,009,166	970,975	957,178	915,280
Total Pension Liability - Ending (a)	1,188,456	1,118,980	1,009,166	970,975	957,178
Plan Fiduciary Net Position					
Contributions - Employer	\$ 18,801	\$ 14,486	\$ 14,591	\$ 16,537	\$ 16,110
Contributions - Other	13	356	-	23	92
Contributions - Member	5,560	5,160	4,523	4,719	4,607
Net Investment Income	94,722	127,148	85,979	9,640	89,958
Benefits Payments	(58,587)	(54,634)	(50,887)	(47,928)	(44,510)
Refunds	(262)	(269)	(312)	(241)	(385)
Administrative Expense	(493)	(1,214)	(705)	(637)	(668)
Net Change in Plan Fiduciary Net Position	59,754	91,033	53,189	(17,887)	65,204
Plan Fiduciary Net Position - Beginning	1,074,804	983,771	930,582	948,469	883,265
Plan Fiduciary Net Position - Ending (b)	\$ 1,134,558	\$ 1,074,804	\$ 983,771	\$ 930,582	\$ 948,469
Net Pension Liability - Ending (a) - (b)	\$ 53,898	\$ 44,176	\$ 25,395	\$ 40,393	\$ 8,709
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	95.46 %	96.05 %	97.48 %	95.84 %	99.09 %
Covered Payroll	\$ 100,986	\$ 110,835	\$ 111,638	\$ 108,866	\$ 106,057
Net Pension Liability as a Percentage of Covered Payroll	53.37 %	39.86 %	22.75 %	37.10 %	8.21 %

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

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF NET PENSION LIABILITY BY EMPLOYER - GENERAL EMPLOYEES (BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2018) (in thousands) (Unaudited)

Fiscal year ending September 30, 2018	BLUEPRINT	CRTPA	CDA	CITY OF TALLAHASSEE	GENERAL EMPLOYEES TOTAL
Total Pension Liability - Beginning	\$ 11,590	\$ 3,836	\$ 39,162	\$ 1,064,392	\$ 1,118,980
Total Pension Liability - Ending (a)	<u>12,992</u>	<u>4,578</u>	<u>42,732</u>	<u>1,128,154</u>	<u>1,188,456</u>
Plan Fiduciary Net Position - Beginning	<u>11,133</u>	<u>3,685</u>	<u>37,616</u>	<u>1,022,370</u>	<u>1,074,804</u>
Plan Fiduciary Net Position - Ending (b)	<u>12,403</u>	<u>4,370</u>	<u>40,794</u>	<u>1,076,991</u>	<u>1,134,558</u>
Net Pension Liability - Ending (a) - (b)	589	208	1,938	51,163	53,898
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	95.47 %	95.46 %	95.46 %	95.46 %	95.46 %
Covered Payroll	\$ 1,104	\$ 389	\$ 3,631	\$ 95,862	\$ 100,986
Net Pension Liability as a percentage of Covered					
Payroll	53.35 %	53.47 %	53.37 %	53.37 %	53.37 %
<u>Allocation Determination*</u>					
Allocation Percentage Prior Year	1.04 %	0.34 %	3.50 %	95.12 %	100.00 %
Allocation Percentage Current Year	1.09 %	0.38 %	3.60 %	94.93 %	100.00 %

*The Total Pension Liability, the Plan Fiduciary Net Position, and the Net Pension Liability are allocated by department based on the covered payroll for each department.

See Independent Auditors' Report

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

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$ 9,547	\$ 9,547	\$ -	\$ 99,241	9.62 %
2010	8,862	8,862	-	93,383	9.49
2011	10,408	10,408	-	97,362	10.69
2012	10,523	10,523	-	95,577	11.01
2013	14,335	14,335	-	99,067	14.47
2014	16,110	16,110	-	106,057	15.19
2015	16,537	16,537	-	108,866	15.19
2016	14,591	14,591	-	111,638	13.07
2017	14,486	14,486	-	110,835	13.07
2018	18,713	18,801	(88)	100,986	18.62

NOTES TO SCHEDULE OF CONTRIBUTIONS - GENERAL EMPLOYEES

Valuation Date: October 1, 2016
Measurement Date: September 30, 2018

Notes: Actuarially determined contribution rates are calculated as of October 1, 2016 for the fiscal year ended September 30, 2018. The actuarially determined contribution is projected to the contribution year using conventional actuarial projection methods.

Methods and Assumption Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 1.71% payroll growth assumption), Closed
Remaining Amortization Period	20 years
Asset Valuation Method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value
Inflation	2.5%
Salary Increases	A blend of 66.67% of 3.5% and 33.33% of a range of 2.95% to 5.00%, depending on completed years of service, including inflation
Investment Rate of Return	7.70%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality) with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
POLICE OFFICERS
(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2018)
Fiscal Year Ending September 30
(in thousands)
(Unaudited)

	2018	2017	2016	2015	2014
Total pension liability					
Service Cost	\$ 6,777	\$ 6,031	\$ 5,573	\$ 5,570	\$ 6,094
Interest	27,583	25,451	23,784	22,775	21,635
Benefit Changes	(5,904)	-	-	-	-
Difference between actual & expected experience	3,283	8,041	-	1,263	-
Assumption Changes	4,776	11,610	-	-	-
Benefit Payments	(17,606)	(16,699)	(15,737)	(14,684)	(12,638)
Refunds	(184)	(105)	(156)	(64)	(151)
Net Change in Total Pension Liability	18,725	34,329	13,464	14,860	14,940
Total Pension Liability - Beginning	357,060	322,731	309,267	294,407	279,467
Total Pension Liability - Ending (a)	<u>\$ 375,785</u>	<u>\$ 357,060</u>	<u>\$ 322,731</u>	<u>\$ 309,267</u>	<u>\$ 294,407</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 8,326	\$ 6,996	\$ 6,585	\$ 5,940	\$ 5,779
Contributions - Non-Employer Contributing Entity	4	109	-	6	26
Contributions - Member	3,451	3,483	3,230	3,104	2,808
Net Investment Income	29,685	39,016	25,772	2,843	26,199
Benefits Payments	(17,606)	(16,699)	(15,737)	(14,684)	(12,638)
Refunds	(184)	(105)	(156)	(64)	(151)
Administrative Expense	(153)	(369)	(200)	(187)	(192)
Net Change in Plan Fiduciary Net Position	23,523	32,431	19,494	(3,042)	21,831
Plan Fiduciary Net Position - Beginning	312,205	279,774	260,280	263,322	241,491
Plan Fiduciary Net Position - Ending (b)	<u>\$ 335,728</u>	<u>\$ 312,205</u>	<u>\$ 279,774</u>	<u>\$ 260,280</u>	<u>\$ 263,322</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 40,057</u>	<u>\$ 44,855</u>	<u>\$ 42,957</u>	<u>\$ 48,987</u>	<u>\$ 31,085</u>
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	89.34 %	87.44 %	86.69 %	84.16 %	89.44 %
Covered Payroll	\$ 26,235	\$ 27,170	\$ 25,573	\$ 25,559	\$ 24,865
Net Pension Liability as a Percentage of Covered Payroll	152.69 %	165.09 %	167.98 %	191.66 %	125.02 %

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

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CONTRIBUTIONS - POLICE OFFICERS
(in thousands)
(Unaudited)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	\$ 3,064	\$ 3,064	\$ -	\$ 21,547	14.22 %
2010	3,071	3,071	-	20,680	14.85
2011	4,228	4,228	-	22,067	19.16
2012	4,251	4,251	-	21,958	19.36
2013	4,787	4,787	-	22,548	21.23
2014	5,779	5,779	-	24,865	23.24
2015	5,940	5,940	-	25,559	23.24
2016	6,585	6,585	-	25,573	25.75
2017	6,996	6,996	-	27,170	25.75
2018	8,238	8,326	(88)	26,235	31.74

NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE OFFICERS

Valuation Date: October 1, 2016
Measurement Date: September 30, 2018

Notes: Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumption Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 3.43% payroll growth assumption), Closed
Remaining Amortization Period	28 years
Asset Valuation Method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value
Inflation	2.5%
Salary Increases	A blend of 66.67% of 5.0% and 33.33% of a range of 4.5% to 6.4%, depending on completed years of service, including inflation
Investment Rate of Return	7.70%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality) with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS -
FIREFIGHTERS
(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2018)
Fiscal Year Ending September 30
(in thousands)
(Unaudited)

	2018	2017	2016	2015	2014
Total pension liability					
Service Cost	\$ 4,000	\$ 3,863	\$ 3,564	\$ 3,288	\$ 3,987
Interest	19,312	17,968	16,774	16,205	15,438
Benefit Changes	(1,850)	-	-	-	-
Difference between actual & expected experience	3,136	8,020	-	2,783	-
Assumption Changes	4,590	9,978	-	-	-
Benefit Payments	(14,772)	(13,669)	(12,701)	(12,074)	(11,042)
Refunds	(50)	(65)	(65)	(5)	(90)
Net Change in Total Pension Liability	14,366	26,095	7,572	10,197	8,293
Total Pension Liability - Beginning	252,931	226,836	219,264	209,067	200,774
Total Pension Liability - Ending (a)	\$ 267,297	\$ 252,931	\$ 226,836	\$ 219,264	\$ 209,067
Plan Fiduciary Net Position					
Contributions - Employer	\$ 5,001	\$ 4,970	\$ 4,671	\$ 4,104	\$ 3,894
Contributions - Non-Employer Contributing Entity	3	66	-	4	17
Contributions - Member	2,862	3,270	3,092	2,774	2,398
Net Investment Income	17,675	23,810	15,933	1,782	16,635
Benefits Payments	(14,772)	(13,669)	(12,701)	(12,074)	(11,042)
Refunds	(50)	(65)	(65)	(5)	(90)
Administrative Expense	(92)	(227)	(124)	(117)	(124)
Net Change in Plan Fiduciary Net Position	10,627	18,155	10,806	(3,532)	11,688
Plan Fiduciary Net Position - Beginning	205,257	187,102	176,296	179,828	168,140
Plan Fiduciary Net Position - Ending (b)	\$ 215,884	\$ 205,257	\$ 187,102	\$ 176,296	\$ 179,828
Net Pension Liability - Ending (a) - (b)	51,413	47,674	39,734	42,968	29,239
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	80.77 %	81.15 %	82.48 %	80.40 %	86.01 %
Covered Payroll	\$ 15,097	\$ 18,774	\$ 17,645	\$ 16,280	\$ 15,446
Net Pension Liability as a Percentage of Covered Payroll	340.55 %	253.94 %	225.19 %	263.93 %	189.30 %

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

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS
(in thousands)
(Unaudited)

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2009	2,376	\$ 2,376	\$ -	\$ 12,760	18.62 %
2010	2,447	2,447	-	12,649	19.35
2011	3,022	3,022	-	13,401	22.55
2012	3,024	3,024	-	12,373	24.44
2013	3,154	3,154	-	12,718	24.80
2014	3,894	3,894	-	15,446	25.21
2015	4,104	4,104	-	16,280	25.21
2016	4,671	4,671	-	17,645	26.47
2017	4,970	4,970	-	18,774	26.47
2018	4,700	5,001	(301)	15,097	33.13

* The actual contributions are the same as contractually required contributions for participating cost sharing employers.

NOTES TO SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS

Valuation Date: October 1, 2016
Measurement Date: September 30, 2018

Notes: Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumption Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay (with 3.5% payroll growth assumption), Closed
Remaining Amortization Period	28 years
Asset Valuation Method	20% of the difference between expected actuarial value (based on assumed return) and market value is recognized each year with 20% corridor around market value
Inflation	2.5%
Salary Increases	A blend of 66.67% of 4.0% and 33.33% of a range of 4.40% to 5.75%, depending on completed years of service, including inflation
Investment Rate of Return	7.70%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for postretirement mortality) with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF INVESTMENT RETURNS - PENSION PLANS
For the Fiscal Year Ended September 30
(Unaudited)

Year	Annual money-weighted rate of return, net of investment expenses
2009	-1.41 %
2010	10.62
2011	-0.26
2012	20.85
2013	14.65
2014	10.34
2015	0.29
2016	9.04
2017	13.12
2018	8.58

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Fiscal year ending September 30
(in thousands)
(Unaudited)

	2018	2017
Total OPEB Liability		
Service cost	\$ 2,375	\$ 2,468
Interest on the total OPEB liability	3,334	3,041
Change of assumptions	(3,480)	(5,015)
Benefit payments	(4,851)	(4,412)
Net change in total OPEB liability	(2,622)	(3,918)
Total OPEB liability - beginning	94,226	98,144
Total OPEB liability - ending (a)	<u>\$ 91,604</u>	<u>\$ 94,226</u>
Plan Fiduciary Net Pension		
Employer Contributions	\$ 2,017	\$ 2,015
Employer Contributions not deposited in OPEB Trust Fund	2,673	-
OPEB plan net investment income	1,447	1,273
Benefit payments	(2,177)	(2,170)
Benefit payments not reimbursed by the OPEB Trust Fund	(2,673)	-
Other (Adjustment to prior year)	(1)	-
Net change in plan fiduciary net position	1,286	1,118
Plan fiduciary net position - beginning	7,574	6,456
Plan fiduciary net position - ending (b)	<u>\$ 8,860</u>	<u>\$ 7,574</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 82,744</u>	<u>\$ 86,652</u>
Plan fiduciary net position as a % of the total OPEB liability	9.67 %	8.04 %
Covered payroll	\$ 153,725	\$ 149,247
Net OPEB liability as a % of covered employee payroll	53.83 %	58.06 %

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

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF NET OPEB LIABILITY

(in thousands)

(Unaudited)

FY Ending September 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Payroll	Net OPEB Liability as a % of Covered Payroll
2017	\$ 94,226	\$ 7,574	\$ 86,652	8.04 %	\$ 149,247	58.06 %
2018	\$ 91,604	\$ 8,860	\$ 82,744	9.67 %	\$ 153,725	53.83 %

NOTES TO SCHEDULE OF NET OPEB LIABILITY

Valuation date:	October 1, 2016
Methods and Assumptions Used to Determine Net OPEB Liability::	
Actuarial Cost Method	Entry Age Normal.
Inflation	2.5%.
Discount Rate	3.88%, the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2018 at 7.70% and the long-term municipal bond rate as of September 28, 2018 at 3.83%.
Salary Increases	3.32% to 5.47%, including inflation; varies by plan type and years of service.
Retirement Age	Experience-based table of rates that are specific to the plan and type of eligibility condition.
Mortality	RP-2000 Healthy Annuitant Mortality Table, with mortality improvements projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% white color adjustment and a 50% blue collar adjustment. These are the same mortality rates currently in use for Regular Class members of the Florida Retirement System (FRS). They are based on the results of a statewide experience study covering the period 2008 through 2013.
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 7.5% and gradually decreasing to an ultimate trend rate of 4.72% (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Investment expenses are net of the investment returns; and, Administrative expenses are included in the premium costs.
Other Information:	
Notes	There were no benefit changes during the year. Assumption changes reflect the change in the Single Discount Rate from the beginning of the year at 3.54% to the end of the year at 3.88% (the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2018 at 7.70% and the long-term municipal bond rate as of September 28, 2018 at 3.83%).

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

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CONTRIBUTIONS - OPEB
(in thousands)
(Unaudited)

FY ending September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 5,323	\$ 2,015	\$ 3,308	\$ 149,247	1.35 %
2018	\$ 5,567	\$ 2,017	\$ 3,550	\$ 153,725	1.31 %

NOTES TO SCHEDULE OF CONTRIBUTIONS - OPEB

Valuation date: October 1, 2016

Notes: Actuarially determined contribution rates are calculated as of October 1, which is 24 months prior to the end of the fiscal year in which contributions are made and reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal.
Amortization method	Level Percentage of Payroll, Closed.
Remaining Amortization Period	27 years.
Asset Valuation Method	Market Value.
Inflation	2.5%.
Salary increases	3.32% to 5.47%, including inflation; varies by plan type and years of service.
Investment rate of return	4.56%, net of OPEB plan investment expense, including inflation.
Retirement Age	Experience-based table of rates that are specific to the plan and type of eligibility condition.
Mortality	RP-2000 Healthy Annuitant Mortality Table, with mortality improvements projected to all future years using Scale BB. For females, the base mortality rates include a 100% white collar adjustment. For males, the base mortality rates include a 50% white color adjustment and a 50% blue collar adjustment. These are the same mortality rates currently in use for Regular Class members of the Florida Retirement System (FRS). They are based on the results of a statewide experience study covering the period 2008 through 2013.
Health Care Trend Rates	Based on the Getzen Model, with trend starting at 7.5% and gradually decreasing to an ultimate trend rate of 4.72% (including the impact of the excise tax).
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death".
Expenses	Investment expenses are net of the investment returns; and, Administrative expenses are included in the premium costs.

Other Information:

Notes There were no benefit changes during the year.

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

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF INVESTMENT RETURNS - OPEB
(Unaudited)

FY Ending September 30,	Annual Return*	
2017	19.96	%
2018	19.31	%

* Estimated Annual money-weighted
rate of return, net of investment
expenses.

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



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COMBINING FINANCIAL STATEMENTS

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

Nonmajor Governmental Funds

Nonmajor Enterprise Funds

Internal Service Funds

Fiduciary Funds

Capital Assets Used in the Operation of Governmental Funds



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NONMAJOR GOVERNMENTAL FUNDS

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

CITY OF TALLAHASSEE, FLORIDA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2018
(in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
ASSETS					
Cash and Cash Equivalents	\$ 2,528	\$ -	\$ 2,144	\$ 5,385	\$ -
Securities Lending Collateral	1	-	1	2	-
Receivables:					
Accrued Interest	5	-	-	7	-
Notes	47	-	-	-	-
Special Assessments	-	-	-	-	-
Due From Other Governments	1,061	-	-	-	-
Cash and Cash Equivalents	570	738	-	-	1,264
Receivables - Restricted:					
Accrued Interest	1	1	-	-	2
Customers and Others	-	3	-	-	-
Notes	517	-	-	-	295
Due From Other Governments	622	-	-	-	-
Total Assets	<u>\$ 5,352</u>	<u>\$ 742</u>	<u>\$ 2,145</u>	<u>\$ 5,394</u>	<u>\$ 1,561</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Obligations Under Securities Lending	\$ 1	\$ -	\$ 1	\$ 2	\$ -
Accounts and Retainage Payable	74	-	181	-	-
Unearned Revenue	20	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Accounts and Retainage Payable - Restricted	258	1	3	-	54
Unearned Revenue - Restricted	517	85	-	-	958
Total Liabilities	<u>870</u>	<u>86</u>	<u>185</u>	<u>2</u>	<u>1,012</u>
FUND BALANCES					
Spendable:					
Restricted	327	64	-	5,392	255
Committed	4,155	562	-	-	294
Assigned	-	30	1,960	-	-
Total Fund Balances	<u>4,482</u>	<u>656</u>	<u>1,960</u>	<u>5,392</u>	<u>549</u>
Total Liabilities and Fund Balances	<u>\$ 5,352</u>	<u>\$ 742</u>	<u>\$ 2,145</u>	<u>\$ 5,394</u>	<u>\$ 1,561</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2018
(in thousands)

Capital Project Funds					Permanent Fund	
Debt Service	Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery	Total
\$ -	\$ 17,971	\$ 30,896	\$ 10,418	\$ 1,304	\$ 3,895	\$ 74,541
-	5	9	3	-	1	22
-	26	41	14	2	5	100
-	117	-	-	-	-	164
-	94	-	-	-	-	94
-	500	-	714	1,293	-	3,568
-	-	-	-	-	-	2,572
-	-	-	-	-	-	4
-	-	-	-	-	-	3
-	-	-	-	-	-	812
-	-	-	-	-	-	622
<u>\$ -</u>	<u>\$ 18,713</u>	<u>\$ 30,946</u>	<u>\$ 11,149</u>	<u>\$ 2,599</u>	<u>\$ 3,901</u>	<u>\$ 82,502</u>
\$ -	\$ 5	\$ 9	\$ 3	\$ -	\$ 1	\$ 22
-	315	668	886	87	3	2,214
-	-	-	-	-	-	20
-	548	-	-	-	-	548
-	-	-	-	-	-	316
-	-	-	-	-	-	1,560
<u>-</u>	<u>868</u>	<u>677</u>	<u>889</u>	<u>87</u>	<u>4</u>	<u>4,680</u>
-	1,431	30,269	10,260	2,512	-	50,510
-	16,414	-	-	-	3,897	25,322
-	-	-	-	-	-	1,990
<u>-</u>	<u>17,845</u>	<u>30,269</u>	<u>10,260</u>	<u>2,512</u>	<u>3,897</u>	<u>77,822</u>
<u>\$ -</u>	<u>\$ 18,713</u>	<u>\$ 30,946</u>	<u>\$ 11,149</u>	<u>\$ 2,599</u>	<u>\$ 3,901</u>	<u>\$ 82,502</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds
for the fiscal year ended September 30, 2018
(in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
Revenues:					
Licenses and Permits	\$ -	\$ -	\$ 4,105	\$ 336	\$ -
Intergovernmental Revenues	6,043	181	-	-	1,488
Charges for Services	115	-	206	-	-
Fines and Forfeitures	-	157	24	-	-
Net Investment Earnings	79	13	32	91	28
Securities Lending Income	-	-	-	-	-
Change in Fair Value of Investments	(6)	-	(18)	-	-
Miscellaneous Revenues	568	-	226	-	-
Total Revenues	<u>6,799</u>	<u>351</u>	<u>4,575</u>	<u>427</u>	<u>1,516</u>
Expenditures:					
Current:					
General Government	205	-	-	-	-
Public Safety	1,397	281	3,588	-	-
Transportation	665	-	-	4	-
Human Services	714	-	-	-	-
Economic Environment	2,793	-	-	-	1,222
Physical Environment	1,029	-	-	-	-
Culture and Recreation	172	-	-	-	-
Debt Service:					
Principal Retired	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	<u>6,975</u>	<u>281</u>	<u>3,588</u>	<u>4</u>	<u>1,222</u>
Excess of Revenues Over (Under) Expenditures	<u>(176)</u>	<u>70</u>	<u>987</u>	<u>423</u>	<u>294</u>
Other Financing Sources (Uses):					
Transfers In	651	195	-	1	-
Transfers Out	(100)	(195)	(87)	-	-
Proceeds from Sale of Bonds	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>551</u>	<u>-</u>	<u>(87)</u>	<u>1</u>	<u>-</u>
Net Change in Fund Balances	375	70	900	424	294
Fund Balances - October 1	4,107	586	1,060	4,968	255
Fund Balances - September 30	<u>\$ 4,482</u>	<u>\$ 656</u>	<u>\$ 1,960</u>	<u>\$ 5,392</u>	<u>\$ 549</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds
for the fiscal year ended September 30, 2018
(in thousands)

Debt Service	Capital Project Funds				Permanent Fund	Total
	Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,441
-	-	-	4,468	7,334	-	19,514
-	11	-	-	-	17	349
-	-	-	-	-	-	181
736	324	260	14	66	67	1,710
2	-	-	-	-	-	2
-	-	-	-	-	(88)	(112)
1,876	214	-	45	8	-	2,937
<u>2,614</u>	<u>549</u>	<u>260</u>	<u>4,527</u>	<u>7,408</u>	<u>(4)</u>	<u>29,022</u>
-	1,272	206	-	3	12	1,698
-	828	11	-	-	-	6,105
-	3,270	7,806	6,724	4,699	-	23,168
-	9	-	-	-	-	723
-	204	-	-	-	-	4,219
-	108	-	-	-	261	1,398
-	1,252	1	43	-	-	1,468
7,325	-	-	-	-	-	7,325
3,940	-	-	-	-	-	3,940
-	-	203	-	-	-	203
<u>11,265</u>	<u>6,943</u>	<u>8,227</u>	<u>6,767</u>	<u>4,702</u>	<u>273</u>	<u>50,247</u>
<u>(8,651)</u>	<u>(6,394)</u>	<u>(7,967)</u>	<u>(2,240)</u>	<u>2,706</u>	<u>(277)</u>	<u>(21,225)</u>
8,651	7,417	-	-	-	-	16,915
-	(22)	-	-	(4,778)	(110)	(5,292)
-	-	30,969	-	-	-	30,969
<u>8,651</u>	<u>7,395</u>	<u>30,969</u>	<u>-</u>	<u>(4,778)</u>	<u>(110)</u>	<u>42,592</u>
-	1,001	23,002	(2,240)	(2,072)	(387)	21,367
-	16,844	7,267	12,500	4,584	4,284	56,455
<u>\$ -</u>	<u>\$ 17,845</u>	<u>\$ 30,269</u>	<u>\$ 10,260</u>	<u>\$ 2,512</u>	<u>\$ 3,897</u>	<u>\$ 77,822</u>

See Independent Auditors' Report



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NONMAJOR ENTERPRISE FUNDS

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

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Nonmajor Enterprise Funds
September 30, 2018
(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 7,451	\$ 203	\$ 952	\$ 8,606
Securities Lending Collateral	-	2	-	-	2
Receivables:					
Accrued Interest	-	10	-	1	11
Customers and Others	10	1,639	-	2,508	4,157
Due From Other Governments	3,320	64	-	442	3,826
Less: Allowance for Doubtful Accounts	(8)	(171)	-	(168)	(347)
Inventory	625	-	36	-	661
Total Current Assets	<u>3,947</u>	<u>8,995</u>	<u>239</u>	<u>3,735</u>	<u>16,916</u>
Noncurrent Assets:					
Deposits	256	-	-	-	256
Capital Assets:					
Land and Construction in Progress	3,838	-	144	1,953	5,935
Other, Net of Accumulated Depreciation	23,481	4,751	745	14,769	43,746
Total Noncurrent Assets	<u>27,575</u>	<u>4,751</u>	<u>889</u>	<u>16,722</u>	<u>49,937</u>
Total Assets	<u>31,522</u>	<u>13,746</u>	<u>1,128</u>	<u>20,457</u>	<u>66,853</u>
Deferred Outflows of Resources:					
Pension Related Deferred Outflows	3,918	2,430	159	-	6,507
OPEB Related Deferred Outflows	282	107	6	488	883
Total Assets and Deferred Outflows of Resources	<u>\$ 35,722</u>	<u>\$ 16,283</u>	<u>\$ 1,293</u>	<u>\$ 20,945</u>	<u>\$ 74,243</u>
LIABILITIES, AND DEFERRED INFLOWS OF RESOURCES					
Current Liabilities:					
Accounts and Retainage Payable	1,997	1,114	43	1,163	4,317
Due To Other Funds	8	-	2	-	10
Compensated Absences	494	313	22	1,937	2,766
Obligations Under Securities Lending	-	2	-	-	2
Unearned Revenue	54	-	-	-	54
Total Current Liabilities	<u>2,553</u>	<u>1,429</u>	<u>67</u>	<u>3,100</u>	<u>7,149</u>
Noncurrent Liabilities:					
Advances from Other Funds	-	-	-	11,331	11,331
Compensated Absences	137	241	7	710	1,095
Net Pension Liability	1,783	1,039	66	-	2,888
Net OPEB Liability	5,044	1,914	130	8,718	15,806
Total Noncurrent Liabilities	<u>6,964</u>	<u>3,194</u>	<u>203</u>	<u>20,759</u>	<u>31,120</u>
Total Liabilities	<u>9,517</u>	<u>4,623</u>	<u>270</u>	<u>23,859</u>	<u>38,269</u>
Deferred Inflows of Resources:					
Pension Related Deferred Inflows	1,807	1,188	79	-	3,074
OPEB Related Deferred Inflows	287	109	7	497	900
Total Liabilities and Deferred Inflows of Resources	<u>11,611</u>	<u>5,920</u>	<u>356</u>	<u>24,356</u>	<u>42,243</u>
NET POSITION					
Net Investment in Capital Assets	27,319	4,751	889	16,722	49,681
Unrestricted:	<u>(3,208)</u>	<u>5,612</u>	<u>48</u>	<u>(20,133)</u>	<u>(17,681)</u>
Total Net Position	<u>24,111</u>	<u>10,363</u>	<u>937</u>	<u>(3,411)</u>	<u>32,000</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 35,722</u>	<u>\$ 16,283</u>	<u>\$ 1,293</u>	<u>\$ 20,945</u>	<u>\$ 74,243</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
Nonmajor Enterprise Funds
For the fiscal year ended September 30, 2018
(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
Operating Revenues:					
Charges for Services:					
Residential Sales	\$ -	\$ 10,649	\$ -	\$ 23,845	\$ 34,494
Commercial and Industrial Sales	-	13,880	-	15,248	29,128
County Government	-	-	-	3,191	3,191
Recyclable Sales	-	131	-	-	131
Recreation Fees	-	-	765	-	765
Transportation Fees	5,088	-	-	-	5,088
Other Charges	47	6	-	1,955	2,008
Total Operating Revenues	5,135	24,666	765	44,239	74,805
Operating Expenses:					
Personnel Services	10,864	4,795	483	28,981	45,123
Contractual Services	4,378	18,197	520	12,063	35,158
Materials and Supplies	3,062	83	162	698	4,005
Other	124	329	13	633	1,099
Depreciation	3,053	279	90	1,027	4,449
Total Operating Expenses	21,481	23,683	1,268	43,402	89,834
Operating Income (Loss)	(16,346)	983	(503)	837	(15,029)
Non-Operating Revenues (Expenses):					
Net Investment Earnings	2	144	3	5	154
Change in Fair Value of Investments	-	(49)	(1)	-	(50)
Other Expenses	(17)	(860)	(4)	(201)	(1,082)
Intergovernmental Revenues	2,041	64	-	-	2,105
Other Revenues	652	-	(1)	-	651
Interest Expense	-	-	-	(480)	(480)
Total Non-Operating Revenues (Expenses)	2,678	(701)	(3)	(676)	1,298
Income (Loss) Before Capital Contributions and Operating Transfers	(13,668)	282	(506)	161	(13,731)
Operating Transfers:					
Capital Contributions	2,763	-	-	-	2,763
Transfers In	9,766	182	70	11	10,029
Transfers Out	(23)	(2,237)	-	(232)	(2,492)
Total Operating Transfers	12,506	(2,055)	70	(221)	10,300
Change in Net Position	(1,162)	(1,773)	(436)	(60)	(3,431)
Net Position - October 1	30,362	14,067	1,505	5,446	51,380
Adjustments to October 1 Net Position	(5,089)	(1,931)	(132)	(8,797)	(15,949)
Net Position - September 30	\$ 24,111	\$ 10,363	\$ 937	\$ (3,411)	\$ 32,000

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the fiscal year ended September 30, 2018 (in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 6,049	\$ 24,467	\$ 765	\$ 44,063	\$ 75,344
Cash Paid to Suppliers for Goods and Services	(671)	(6,978)	(561)	(3,063)	(11,273)
Cash Paid to Employees for Services	(11,072)	(4,920)	(496)	(28,858)	(45,346)
Cash Paid to Other Funds	(5,442)	(12,464)	(132)	(10,320)	(28,358)
Cash Received (Paid) for Other Revenues (Expenses)	(1,854)	(860)	(5)	(201)	(2,920)
Net Cash Provided by (Used for) Operating Activities	(12,990)	(755)	(429)	1,621	(12,553)
Cash Flows from Noncapital Financing Activities					
Transfers In from Other Funds	9,766	182	70	11	10,029
Transfers Out to Other Funds	(23)	(2,237)	-	(232)	(2,492)
Operating Grants Received	2,041	64	-	-	2,105
Net Cash Provided by (Used for) Noncapital Financing Activities	11,784	(1,991)	70	(221)	9,642
Cash Flows from Capital and Related Financing Activities					
Capital Contributions	2,763	-	-	-	2,763
Acquisition, Construction, and Sale of Capital Assets	(2,186)	187	-	(782)	(2,781)
Repayment of Loans from Other Funds	-	-	-	(525)	(525)
Interest Paid	-	-	-	(480)	(480)
Net Cash Provided by (Used for) Capital and Related Financing Activities	577	187	-	(1,787)	(1,023)
Cash Flows from Investing Activities					
Interest Received on Investments	-	150	4	6	160
Increase in the Fair Value of Cash and Cash Equivalents	-	(49)	(1)	-	(50)
Net Cash Provided by (Used for) Investing Activities	-	101	3	6	110
Net Increase (Decrease) in Cash and Cash Equivalents/Investments	(629)	(2,458)	(356)	(381)	(3,824)
Cash and Cash Equivalents - October 1	629	9,909	559	1,333	12,430
Cash and Cash Equivalents - September 30	\$ -	\$ 7,451	\$ 203	\$ 952	\$ 8,606
Classified As:					
Unrestricted Assets	\$ -	\$ 7,451	\$ 203	\$ 952	\$ 8,606
	\$ -	\$ 7,451	\$ 203	\$ 952	\$ 8,606
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (16,346)	\$ 983	\$ (503)	\$ 837	\$ (15,029)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	3,053	279	90	1,027	4,449
Provision for Uncollectible Accounts	-	(12)	-	(6)	(18)
Other	635	(860)	(5)	(201)	(431)
Pension Adjustment for GASB 68	(230)	(140)	(9)	(70)	(449)
Increase (Decrease) in Accounts Receivable	916	(182)	-	(170)	564
Decrease in Inventory	8	-	-	-	8
Increase(Decrease) in Deposits	(2)	-	-	-	(2)
(Decrease) in Accounts Payable	1,439	(837)	2	11	615
(Increase) in Due From Other Governments	(2,489)	-	-	-	(2,489)
Increase (Decrease) in Accrued Leave	26	14	(4)	193	229
Total Adjustments	3,356	(1,738)	74	784	2,476
Net Cash Provided by (Used For) Operating Activities	\$ (12,990)	\$ (755)	\$ (429)	\$ 1,621	\$ (12,553)

See Independent Auditors' Report

INTERNAL SERVICE FUNDS

800 MHz Communication

Supports the 800 MHz Radios Communications unit within the Information System Services. Revenues for the fund are derived from Leon County per agreement, and rentals from other users. The remaining cost is allocated to user departments. The allocation is based on the number of 800 MHz devices per department.

Information Systems Services

Accounts for the costs of the City's data processing operations.

Accounting

Accounts for the costs of the City's accounting operations.

Purchasing

Accounts for the costs of the City's procurement operations.

Garage

Accounts for the costs of maintaining and operating the City's fleet management operation.

Human Resources

Accounts for the costs of the City's employee relations operations.

Pension Administration

Accounts for the costs of the City's employee retirement plan's administrative operation.

Risk Management

Accounts for the costs of the City's risk management.

Internal Loan

Accounts for the loans received from the Sunshine State Governmental Financing Commission, which in turn are loaned to other funds to provide financing for capital projects.

Revenue Collection

Accounts for the costs of the City's revenue collection services.

Utility Services

Accounts for the costs of centralizing safety and training, environmental, GIS, sales, rate design, and marketing functions of the City's utilities.

Environmental Policy and Energy Resources

Accounts for the City's environmental policy development and initiatives and environmental regulatory compliance.

Community Relations

Accounts for the City's community relations function which serves to engage citizens through interactive educational outreach efforts focused on a variety of City services and programs ranging from utility services to transportation.

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
September 30, 2018
(in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage	Human Resources
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets:						
Cash and Cash Equivalents	\$ 1,519	\$ 4,799	\$ 1,048	\$ 176	\$ 5,940	\$ -
Securities Lending Collateral	-	1	-	-	2	-
Receivables:						
Other Receivables	65	7	1	1	13	4
Accrued Interest	2	6	1	-	8	-
Due From Other Governments	194	-	-	-	55	-
Inventory	-	-	-	-	1,030	-
Prepaid Expenses	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Total Current Assets	<u>1,780</u>	<u>4,813</u>	<u>1,050</u>	<u>177</u>	<u>7,048</u>	<u>4</u>
Noncurrent Assets:						
Advances To Other Funds	-	-	-	-	-	-
Deposits	-	-	-	-	538	-
Capital Assets:						
Land and Construction in Progress	440	1,417	-	44	-	-
Other, Net of Accumulated Depreciation	3,136	5,511	12	433	45,020	38
Total Noncurrent Assets	<u>3,576</u>	<u>6,928</u>	<u>12</u>	<u>477</u>	<u>45,558</u>	<u>38</u>
Total Assets	<u>5,356</u>	<u>11,741</u>	<u>1,062</u>	<u>654</u>	<u>52,606</u>	<u>42</u>
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>5,356</u>	<u>11,741</u>	<u>1,062</u>	<u>654</u>	<u>52,606</u>	<u>42</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Current Liabilities:						
Obligations Under Securities Lending	-	1	-	-	2	-
Accounts Payable	34	1,220	244	63	646	178
Due To Other Funds	-	-	-	-	-	-
Due To Other Governments	144	-	-	-	-	-
Compensated Absences	38	630	248	102	316	236
Total Current Liabilities	<u>216</u>	<u>1,851</u>	<u>492</u>	<u>165</u>	<u>964</u>	<u>414</u>
Noncurrent Liabilities:						
Claims Payable	-	-	-	-	-	-
Derivative Instruments	-	-	-	-	-	-
Compensated Absences	-	383	95	29	186	18
Total Noncurrent Liabilities	<u>-</u>	<u>383</u>	<u>95</u>	<u>29</u>	<u>186</u>	<u>18</u>
Total Liabilities	<u>216</u>	<u>2,234</u>	<u>587</u>	<u>194</u>	<u>1,150</u>	<u>432</u>
Total Liabilities and Deferred Inflows of Resources	<u>216</u>	<u>2,234</u>	<u>587</u>	<u>194</u>	<u>1,150</u>	<u>432</u>
NET POSITION						
Net Investment in Capital Assets	3,576	6,928	12	477	45,020	38
Unrestricted:	1,564	2,579	463	(17)	6,436	(428)
Total Net Position	<u>5,140</u>	<u>9,507</u>	<u>475</u>	<u>460</u>	<u>51,456</u>	<u>(390)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 5,356</u>	<u>\$ 11,741</u>	<u>\$ 1,062</u>	<u>\$ 654</u>	<u>\$ 52,606</u>	<u>\$ 42</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
September 30, 2018
(in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Community Relations	Total
\$ 61	\$ 20,143	\$ 1,206	\$ 263	\$ 47,551	\$ 346	\$ 128	\$ 83,180
-	6	-	-	15	-	-	24
2	1	-	7	255	4	-	360
-	26	2	-	40	-	-	85
-	68	-	1	-	-	-	318
-	-	-	-	(51)	-	-	979
-	1,906	-	-	-	-	-	1,906
-	-	-	63	-	-	-	63
63	22,150	1,208	334	47,810	350	128	86,915
-	-	1,984	-	-	-	-	1,984
-	-	-	-	6,133	-	-	6,671
-	-	-	-	-	-	-	1,901
-	-	-	585	193	8	-	54,936
-	-	1,984	585	6,326	8	-	65,492
63	22,150	3,192	919	54,136	358	128	152,407
-	-	-	-	1,243	-	-	1,243
63	22,150	3,192	919	55,379	358	128	153,650
-	6	-	-	15	-	-	24
64	93	1	75	9,883	153	58	12,712
-	-	-	-	34,090	-	-	34,090
-	-	-	-	-	-	-	144
28	109	-	93	685	120	77	2,682
92	208	1	168	44,673	273	135	49,652
-	14,677	-	-	-	-	-	14,677
-	-	-	-	1,243	-	-	1,243
6	24	-	37	298	16	-	1,092
6	14,701	-	37	1,541	16	-	17,012
98	14,909	1	205	46,214	289	135	66,664
98	14,909	1	205	46,214	289	135	66,664
-	-	-	585	193	8	-	56,837
(35)	7,241	3,191	129	8,972	61	(7)	30,149
(35)	7,241	3,191	714	9,165	69	(7)	86,986
\$ 63	\$ 22,150	\$ 3,192	\$ 919	\$ 55,379	\$ 358	\$ 128	\$ 153,650

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Internal Service Funds
for the fiscal year ended September 30, 2018
(in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage	Human Resources
Operating Revenues:						
Charges for Services	\$ 2,196	\$ 22,043	\$ 4,169	\$ 2,166	\$ 24,887	\$ 4,479
Total Operating Revenues	<u>2,196</u>	<u>22,043</u>	<u>4,169</u>	<u>2,166</u>	<u>24,887</u>	<u>4,479</u>
Operating Expenses:						
Personnel Services	608	8,725	3,306	1,478	4,633	3,160
Contractual Services	1,384	12,728	976	223	2,384	697
Materials and Supplies	4	197	16	33	1,149	24
Other	22	793	84	28	6,713	263
Depreciation	463	1,013	3	23	7,672	5
Total Operating Expenses	<u>2,481</u>	<u>23,456</u>	<u>4,385</u>	<u>1,785</u>	<u>22,551</u>	<u>4,149</u>
Operating Income (Loss)	<u>(285)</u>	<u>(1,413)</u>	<u>(216)</u>	<u>381</u>	<u>2,336</u>	<u>330</u>
Non-Operating Revenues (Expenses):						
Net Investment Earnings	27	121	9	11	62	7
Change in Fair Value of Investments	51	(22)	(11)	(13)	-	(8)
Securities Lending:						
Securities Lending Income	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Other Revenues	-	149	4	-	1,522	13
Interest Expense	-	(9)	-	-	-	-
Other Expenses	-	(325)	-	-	-	-
Total Non-Operating Revenues (Expenses)	<u>78</u>	<u>(86)</u>	<u>2</u>	<u>(2)</u>	<u>1,584</u>	<u>12</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(207)</u>	<u>(1,499)</u>	<u>(214)</u>	<u>379</u>	<u>3,920</u>	<u>342</u>
Capital Contributions and Transfers						
Transfers In	144	1,292	148	-	-	-
Transfers Out	(234)	(253)	-	(421)	(14)	(442)
Total Capital Contributions and Transfers	<u>(90)</u>	<u>1,039</u>	<u>148</u>	<u>(421)</u>	<u>(14)</u>	<u>(442)</u>
Change in Net Position	(297)	(460)	(66)	(42)	3,906	(100)
Net Position - October 1	5,437	9,967	541	502	47,550	(290)
Net Position - September 30	<u>\$ 5,140</u>	<u>\$ 9,507</u>	<u>\$ 475</u>	<u>\$ 460</u>	<u>\$ 51,456</u>	<u>\$ (390)</u>

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Internal Service Funds
for the fiscal year ended September 30, 2018
(in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Community Relations	Total
\$ 739	\$ 10,575	\$ 53	\$ 2,073	\$ 118,098	\$ 3,835	\$ 1,445	\$ 196,758
739	10,575	53	2,073	118,098	3,835	1,445	196,758
462	1,415	-	1,329	11,156	2,192	1,125	39,589
306	497	1	297	106,845	1,449	271	128,058
12	7	-	126	877	74	40	2,559
8	8,611	-	30	567	44	13	17,176
-	-	-	32	122	3	-	9,336
788	10,530	1	1,814	119,567	3,762	1,449	196,718
(49)	45	52	259	(1,469)	73	(4)	40
4	354	-	10	851	7	2	1,465
(5)	(304)	-	(12)	(468)	(9)	(2)	(803)
-	-	-	-	2	-	-	2
-	-	-	-	(1)	-	-	(1)
-	-	-	-	2,869	15	-	4,572
-	-	-	-	-	-	-	(9)
-	-	-	-	-	-	-	(325)
(1)	50	-	(2)	3,253	13	-	4,901
(50)	95	52	257	1,784	86	(4)	4,941
-	-	-	100	394	64	-	2,142
-	-	-	(293)	(734)	-	-	(2,391)
-	-	-	(193)	(340)	64	-	(249)
(50)	95	52	64	1,444	150	(4)	4,692
15	7,146	3,139	650	7,721	(81)	(3)	82,294
(35)	7,241	3,191	714	9,165	69	(7)	86,986

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
for the fiscal year ended September 30, 2018
(in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage	Human Resources
Cash Flow from Operating Activities						
Cash Received for Interfund Services	\$ 2,196	\$ 22,045	\$ 4,170	\$ 2,166	\$ 24,881	\$ 4,478
Cash Received From Other Revenues	144	-	-	-	-	13
Cash Paid to Suppliers for Goods and Services	(1,451)	(13,694)	(1,029)	(277)	(10,488)	(929)
Cash Paid to Employees for Services	(603)	(8,668)	(3,207)	(1,480)	(4,621)	(3,146)
Cash Paid to Other Funds	(83)	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	203	(317)	(66)	409	9,772	416
Cash Flows from Noncapital Financing Activities						
Transfers from Other Funds	144	1,292	148	-	-	-
Other	-	149	-	-	1,522	-
Transfers to Other Funds	(235)	(253)	-	(421)	(14)	(442)
Net Cash Provided by (Used for) Noncapital Financing Activities	(91)	1,188	148	(421)	1,508	(442)
Cash Flows from Capital and Related Financing Activities						
Acquisition, Construction and Sale of Capital Assets	(1)	(5,036)	1	1	(7,643)	-
Interest Paid	-	(9)	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1)	(5,045)	1	1	(7,643)	-
Cash Flows from Investing Activities						
Interest Received on Investments	27	132	10	11	62	7
Increase in the Fair Value of Cash & Cash Equivalents	51	(22)	(11)	(13)	-	(8)
Net Cash Provided by (Used for) Investing Activities	78	110	(1)	(2)	62	(1)
Net Increase (Decrease) in Cash and Cash Equivalents	189	(4,064)	82	(13)	3,699	(27)
Cash and Cash Equivalents - October 1	1,330	8,863	966	189	2,241	27
Cash and Cash Equivalents - September 30	<u>\$ 1,519</u>	<u>\$ 4,799</u>	<u>\$ 1,048</u>	<u>\$ 176</u>	<u>\$ 5,940</u>	<u>\$ -</u>
Operating Activities						
Operating Income (Loss)	\$ (285)	\$ (1,413)	\$ (216)	\$ 381	\$ 2,336	\$ 330
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	463	1,013	3	23	7,672	5
Other	-	-	-	-	-	13
(Increase) Decrease in Accounts Receivable	-	2	-	-	(6)	(1)
Increase (Decrease) in Due to Other Funds	(83)	-	-	-	-	-
Increase (Decrease) in Due to Other Governments	144	-	-	-	-	-
Increase (Decrease) in Deposits	-	-	-	-	(3)	-
(Increase) Decrease in Advances to Other Funds	-	-	-	-	-	-
(Increase) Decrease in Inventory	-	-	-	-	257	-
Increase (Decrease) in Accounts Payable	(42)	23	48	8	(496)	55
Increase (Decrease) in Accrued Leave	6	58	99	(3)	12	14
(Increase) Decrease in Insurance Deposits	-	-	-	-	-	-
Total Adjustments	488	1,096	150	28	7,436	86
Net Cash Provided By (Used For) Operating Activities	<u>\$ 203</u>	<u>\$ (317)</u>	<u>\$ (66)</u>	<u>\$ 409</u>	<u>\$ 9,772</u>	<u>\$ 416</u>

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
for the fiscal year ended September 30, 2018
(in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Community Relations	Total
\$ 739	\$ 10,588	\$ -	\$ 2,073	\$ 118,107	\$ 3,834	\$ 1,445	\$ 196,722
-	-	54	-	-	-	-	211
(301)	(8,665)	(1)	(446)	(110,171)	(1,502)	(308)	(149,262)
(493)	(1,417)	-	(1,302)	(11,144)	(2,114)	(1,137)	(39,332)
-	-	(450)	-	-	-	-	(533)
(55)	506	(397)	325	(3,208)	218	-	7,806
-	-	-	100	394	64	-	2,142
-	-	-	-	2,869	3	2	4,545
-	-	-	(293)	(734)	-	-	(2,392)
-	-	-	(193)	2,529	67	2	4,295
(1)	1	1	1	(23)	6	-	(12,693)
-	-	-	-	(1)	-	-	(10)
(1)	1	1	1	(24)	6	-	(12,703)
4	354	-	10	907	7	-	1,531
(5)	(304)	-	(12)	(468)	(9)	(2)	(803)
(1)	50	-	(2)	439	(2)	(2)	728
(57)	557	(396)	131	(264)	289	-	126
118	19,586	1,602	132	47,815	57	128	83,054
\$ 61	\$ 20,143	\$ 1,206	\$ 263	\$ 47,551	\$ 346	\$ 128	\$ 83,180
\$ (49)	\$ 45	\$ 52	\$ 259	\$ (1,469)	\$ 73	\$ (4)	\$ 40
-	-	-	32	122	3	-	9,336
-	-	-	-	-	-	-	13
-	13	1	-	9	(1)	-	17
-	-	-	-	-	-	-	(83)
-	-	-	-	-	-	-	144
-	-	-	-	(2,680)	-	-	(2,683)
-	-	(450)	-	-	-	-	(450)
-	-	-	-	(275)	-	-	(18)
25	446	-	7	1,073	65	15	1,227
(31)	(2)	-	27	12	78	(11)	259
-	4	-	-	-	-	-	4
(6)	461	(449)	66	(1,739)	145	4	7,766
\$ (55)	\$ 506	\$ (397)	\$ 325	\$ (3,208)	\$ 218	\$ -	\$ 7,806



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FIDUCIARY FUNDS

Pension Trust

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

OPEB Trust

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

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Fiduciary Funds
September 30, 2018
(in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 17,612	\$ -	\$ 17,612
Receivables			
Other Receivables	1,273	-	1,273
Accrued Interest	597	-	597
Due From Other Governments	80	-	80
Total Receivables	1,950	-	1,950
Investments, at Fair Value			
Mutual Index Funds	142,106	-	142,106
Private Equity Funds	77,044	-	77,044
Fixed Income Securities	315,884	-	315,884
Domestic Stock	791,032	9,618	800,650
International Stock	162,099	-	162,099
Alternative Investments	320,588	-	320,588
Total Investments	1,808,753	9,618	1,818,371
Securities Lending Collateral	139,824	-	139,824
Total Assets	\$ 1,968,139	\$ 9,618	\$ 1,977,757
LIABILITIES AND NET POSITION			
LIABILITIES			
Obligations Under Securities Lending	\$ 139,824	\$ -	\$ 139,824
Other Payables	-	758	758
Total Liabilities	139,824	758	140,582
NET POSITION			
Net Position Restricted for Pensions	1,828,315	8,860	1,837,175
Total Liabilities and Net Position	\$ 1,968,139	\$ 9,618	\$ 1,977,757

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CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Fiduciary Funds
For the fiscal year ended September 30, 2018
(in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 32,932	\$ 2,016	\$ 34,948
Plan Members	11,874	-	11,874
Miscellaneous Contributions	20	-	20
Total Contributions	<u>44,826</u>	<u>2,016</u>	<u>46,842</u>
Investment Income			
From Investment Activities:			
Gain/Loss on Sale of Investments	141,157	-	141,157
Change in Fair Value of Investments	(14,210)	1,462	(12,748)
Interest Income	16,274	-	16,274
Dividends	21,863	-	21,863
Total Investment Income	<u>165,084</u>	<u>1,462</u>	<u>166,546</u>
Less Investment Expenses:			
Investment Management Fees	7,634	4	7,638
Interest Expense	78	10	88
Net Income from Investing Activities	<u>157,372</u>	<u>1,448</u>	<u>158,820</u>
From Securities Lending Activities:			
Securities Lending Income	2,954	-	2,954
Less Securities Lending Expenses:			
Investment Management Fees	<u>2,332</u>	<u>-</u>	<u>2,332</u>
Net Income from Securities Lending Activities	<u>622</u>	<u>-</u>	<u>622</u>
Total Net Investment Income	<u>157,994</u>	<u>1,448</u>	<u>159,442</u>
Total Additions	<u>202,820</u>	<u>3,464</u>	<u>206,284</u>
DEDUCTIONS			
Benefits	98,390	2,177	100,567
Refunds of Contributions	418	-	418
Administrative Expense	739	-	739
Total Deductions	<u>99,547</u>	<u>2,177</u>	<u>101,724</u>
Change in Net Position	103,273	1,287	104,560
Net Position - October 1	1,725,042	7,573	1,732,615
Net Position - September 30	<u>\$ 1,828,315</u>	<u>\$ 8,860</u>	<u>\$ 1,837,175</u>

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

Schedule By Function and Activity
Schedule of Changes By Function and Activity

CITY OF TALLAHASSEE, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule By Function and Activity¹
September 30, 2018
(in thousands)

Function and Activity	Land	Buildings	Equipment	Improvements Other Than Buildings	Infrastructure	Total
General Government:						
Legislative	\$ -	\$ -	\$ 31	\$ -	\$ -	\$ 31
Executive	96	-	125	-	-	221
Financial & Administrative	-	600	857	-	-	1,457
Legal	39	-	29	-	-	68
Comprehensive Planning	218	-	126	-	-	344
Other General Government	90,010	51,359	5,097	895	1,947	149,308
Total General Government	90,363	51,959	6,265	895	1,947	151,429
Public Safety:						
Law Enforcement	806	11,063	24,822	441	-	37,132
Protective Inspection	-	11	650	-	-	661
Total Public Safety	806	11,074	25,472	441	-	37,793
Other:						
Physical Environment	-	-	105	-	-	105
Road and Street Facilities	255,067	433	5,169	1,871	891,798	1,154,338
Economic Development	11,139	9,483	19	4,259	715	25,615
Human Services	167	5,748	25	7	-	5,947
Cultural and Recreation	7,697	23,853	3,610	7,329	55,867	98,356
Parking Facilities	-	-	-	-	-	-
Total Other	274,070	39,517	8,928	13,466	948,380	1,284,361
Total capital assets allocated to functions	<u>\$ 365,239</u>	<u>\$ 102,550</u>	<u>\$ 40,665</u>	<u>\$ 14,802</u>	<u>\$ 950,327</u>	1,473,583
Construction in Progress						<u>17,174</u>
Total Capital Assets						<u>\$ 1,490,757</u>

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

CITY OF TALLAHASSEE, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule of Changes by Function and Activity¹
for the fiscal year ended September 30, 2018
(in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2017	Additions	Deductions	Governmental Funds Capital Assets September 30, 2018
General Government:				
Legislative	\$ 31	\$ -	\$ -	\$ 31
Executive	221	-	-	221
Financial & Administrative	1,470	-	13	1,457
Legal	68	-	-	68
Comprehensive Planning	357	-	13	344
Other General Government	146,267	3,145	104	149,308
Total General Government	<u>148,414</u>	<u>3,145</u>	<u>130</u>	<u>151,429</u>
Public Safety:				
Law Enforcement	37,297	1,019	1,184	37,132
Protective Inspection	188	474	1	661
Total Public Safety	<u>37,485</u>	<u>1,493</u>	<u>1,185</u>	<u>37,793</u>
Other:				
Physical Environment	97	8	-	105
Road and Street Facilities	1,137,124	17,213	-	1,154,337
Economic Development	25,215	401	-	25,616
Human Services	5,947	-	-	5,947
Cultural and Recreation	96,587	1,861	92	98,356
Parking Facilities	-	-	-	-
Total Other	<u>1,264,970</u>	<u>19,483</u>	<u>92</u>	<u>1,284,361</u>
Total capital assets allocated to functions	1,450,869	24,121	1,407	1,473,583
Construction in Progress	<u>19,961</u>	<u>21,207</u>	<u>23,994</u>	<u>17,174</u>
Total Capital Assets	<u>\$ 1,470,830</u>	<u>\$ 45,328</u>	<u>\$ 25,401</u>	<u>\$ 1,490,757</u>

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



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SUPPLEMENTARY INFORMATION

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

Capital Bonds, Series 2009

Capital Bonds, Series 2012

Capital Bonds, Series 2014

Capital Bonds, Series 2018

Energy System Refunding Revenue Bonds, Series 2010

Energy System Refunding Revenue Bonds, Series 2010A

Energy System Revenue Bonds, Series 2010B

Energy System Revenue Bonds, Series 2010C

Energy System Refunding Revenue Bonds, Series 2011

Energy System Refunding Revenue Bonds, Series 2015

Energy System Refunding Revenue Bonds, Series 2017

Energy System Revenue Bonds, Series 2018

Consolidated Utility System Refunding Revenue Bonds, Series 2001

Consolidated Utility System Refunding Revenue Bonds, Series 2010A

Consolidated Utility System Refunding Revenue Bonds, Series 2010B

Consolidated Utility System Refunding Revenue Bonds, Series 2015

Consolidated Utility System Refunding Revenue Bonds, Series 2017

Consolidated Utility System Revenue Bonds, Series 2018

CITY OF TALLAHASSEE, FLORIDA

CAPITAL BONDS, SERIES 2009 SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 925	\$ 428	\$ 1,353
2020	960	393	1,353
2021	995	357	1,352
2022	1,030	319	1,349
2023	1,070	280	1,350
2024	1,110	240	1,350
2025	1,150	198	1,348
2026	1,195	155	1,350
2027	1,240	109	1,349
2028	550	76	626
2029	570	55	625
2030	590	34	624
2031	<u>615</u>	<u>11</u>	<u>626</u>
Totals	<u>\$ 12,000</u>	<u>\$ 2,655</u>	<u>\$ 14,655</u>

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CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2012
SEPTEMBER 30, 2018
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 5,040	\$ 1,459	\$ 6,499
2020	5,285	1,212	6,497
2021	5,550	947	6,497
2022	5,830	670	6,500
2023	3,695	378	4,073
2024	<u>3,875</u>	<u>194</u>	<u>4,069</u>
Totals	<u>\$ 29,275</u>	<u>\$ 4,860</u>	<u>\$ 34,135</u>

CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2014
SEPTEMBER 30, 2018
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,400	\$ 1,747	\$ 3,147
2020	1,470	1,677	3,147
2021	1,545	1,604	3,149
2022	1,590	1,557	3,147
2023	1,855	1,478	3,333
2024	1,950	1,385	3,335
2025	2,045	1,287	3,332
2026	2,150	1,185	3,335
2027	2,255	1,078	3,333
2028	2,370	965	3,335
2029	2,490	846	3,336
2030	2,615	722	3,337
2031	2,745	591	3,336
2032	2,880	454	3,334
2033	3,025	310	3,335
2034	<u>3,175</u>	<u>159</u>	<u>3,334</u>
Totals	<u>\$ 35,560</u>	<u>\$ 17,045</u>	<u>\$ 52,605</u>

CITY OF TALLAHASSEE, FLORIDA

CAPITAL BONDS, SERIES 2018 SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 575	\$ 1,637	\$ 2,212
2020	905	1,308	2,213
2021	920	1,292	2,212
2022	965	1,246	2,211
2023	1,015	1,198	2,213
2024	1,065	1,147	2,212
2025	1,115	1,094	2,209
2026	1,175	1,038	2,213
2027	1,230	979	2,209
2028	1,290	918	2,208
2029	1,355	853	2,208
2030	1,425	785	2,210
2031	1,495	714	2,209
2032	1,570	640	2,210
2033	1,650	561	2,211
2034	1,730	479	2,209
2035	1,820	392	2,212
2036	1,910	301	2,211
2037	2,005	205	2,210
2038	<u>2,105</u>	<u>105</u>	<u>2,210</u>
Totals	<u>\$ 27,320</u>	<u>\$ 16,892</u>	<u>\$ 44,212</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010 SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 6,135	\$ 3,036	\$ 9,171
2020	6,435	2,729	9,164
2021	6,755	2,408	9,163
2022	-	2,070	2,070
2023	2,005	2,070	4,075
2024	3,775	1,970	5,745
2025	3,960	1,790	5,750
2026	4,155	1,593	5,748
2027	13,560	1,385	14,945
2028	<u>14,225</u>	<u>707</u>	<u>14,932</u>
Totals	<u>\$ 61,005</u>	<u>\$ 19,758</u>	<u>\$ 80,763</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 235	\$ 1,658	\$ 1,893
2020	240	1,651	1,891
2021	250	1,643	1,893
2022	7,550	1,634	9,184
2023	7,845	1,332	9,177
2024	8,155	1,019	9,174
2025	8,485	692	9,177
2026	<u>8,825</u>	<u>353</u>	<u>9,178</u>
Totals	<u>\$ 41,585</u>	<u>\$ 9,982</u>	<u>\$ 51,567</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REVENUE BONDS, SERIES 2010B (FEDERALLY TAXABLE - BUILD AMERICA BONDS) SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 7,299	\$ 7,299
2020	-	7,299	7,299
2021	-	7,299	7,299
2022	-	7,299	7,299
2023	-	7,299	7,299
2024	-	7,299	7,299
2025	-	7,299	7,299
2026	-	7,299	7,299
2027	-	7,299	7,299
2028	-	7,299	7,299
2029	930	7,299	8,229
2030	1,855	7,243	9,098
2031	1,930	7,133	9,063
2032	1,240	7,017	8,257
2033	1,280	6,943	8,223
2034	1,335	6,867	8,202
2035	1,385	6,787	8,172
2036	9,110	6,705	15,815
2037	9,465	6,161	15,626
2038	30,070	5,596	35,666
2039	31,235	3,801	35,036
2040	32,445	1,936	34,381
	<u> </u>	<u> </u>	<u> </u>
Totals	\$ <u>122,280</u>	\$ <u>146,478</u>	\$ <u>268,758</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REVENUE BONDS, SERIES 2010C SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,980	\$ 1,218	\$ 3,198
2020	3,325	1,119	4,444
2021	3,485	953	4,438
2022	3,465	779	4,244
2023	3,835	606	4,441
2024	4,040	414	4,454
2025	1,430	212	1,642
2026	910	155	1,065
2027	935	118	1,053
2028	975	81	1,056
2029	<u>900</u>	<u>39</u>	<u>939</u>
Totals	<u>\$ 25,280</u>	<u>\$ 5,694</u>	<u>\$ 30,974</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2011 SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,142	\$ 27	\$ 1,169

CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS SERIES 2015 SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,390	\$ 4,157	\$ 8,547
2020	4,610	3,938	8,548
2021	4,840	3,707	8,547
2022	5,080	3,465	8,545
2023	5,335	3,211	8,546
2024	5,600	2,944	8,544
2025	5,880	2,664	8,544
2026	6,170	2,370	8,540
2027	6,485	2,062	8,547
2028	6,805	1,737	8,542
2029	7,145	1,397	8,542
2030	7,500	1,040	8,540
2031	7,880	665	8,545
2032	<u>5,420</u>	<u>271</u>	<u>5,691</u>
Totals	<u>\$ 83,140</u>	<u>\$ 33,628</u>	<u>\$ 116,768</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2017

September 30, 2018

(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,200	\$ 7,214	\$ 10,414
2020	3,500	7,054	10,554
2021	3,800	6,880	10,680
2022	4,500	6,690	11,190
2023	3,515	6,465	9,980
2024	2,010	6,289	8,299
2025	4,900	6,188	11,088
2026	5,725	5,943	11,668
2027	6,000	5,657	11,657
2028	6,350	5,357	11,707
2029	12,500	5,040	17,540
2030	12,500	4,415	16,915
2031	12,500	3,790	16,290
2032	13,500	3,165	16,665
2033	14,500	2,490	16,990
2034	15,000	1,765	16,765
2035	7,520	1,015	8,535
2036	7,000	639	7,639
2037	<u>5,775</u>	<u>289</u>	<u>6,064</u>
Totals	<u>\$ 144,295</u>	<u>\$ 86,345</u>	<u>\$ 230,640</u>

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CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REVENUE BONDS, SERIES 2018
September 30, 2018
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,010	\$ 5,185	\$ 6,195
2020	1,210	5,134	6,344
2021	1,310	5,074	6,384
2022	1,510	5,008	6,518
2023	750	4,933	5,683
2024	1,415	4,896	6,311
2025	1,565	4,825	6,390
2026	1,715	4,746	6,461
2027	1,815	4,661	6,476
2028	1,920	4,570	6,490
2029	10,320	4,474	14,794
2030	11,520	3,958	15,478
2031	8,130	3,382	11,512
2032	4,375	2,975	7,350
2033	8,900	2,757	11,657
2034	4,200	2,312	6,512
2035	12,655	2,102	14,757
2036	5,600	1,469	7,069
2037	5,750	1,189	6,939
2038	1,015	901	1,916
2039	1,015	851	1,866
2040	1,100	800	1,900
2041	7,270	745	8,015
2042	<u>7,630</u>	<u>382</u>	<u>8,012</u>
Totals	<u>\$ 103,700</u>	<u>\$ 77,329</u>	<u>\$ 181,029</u>

CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,110	\$ 116	\$ 2,226

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CITY OF TALLAHASSEE, FLORIDA

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

SEPTEMBER 30, 2018

(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 6,084	\$ 6,084
2020	-	6,084	6,084
2021	-	6,084	6,084
2022	-	6,084	6,084
2023	-	6,084	6,084
2024	-	6,084	6,084
2025	-	6,085	6,085
2026	-	6,085	6,085
2027	3,415	6,085	9,500
2028	3,530	5,911	9,441
2029	3,650	5,732	9,382
2030	3,765	5,547	9,312
2031	5,745	5,357	11,102
2032	5,945	5,057	11,002
2033	6,145	4,747	10,892
2034	6,355	4,426	10,781
2035	6,570	4,094	10,664
2036	6,795	3,752	10,547
2037	7,025	3,397	10,422
2038	18,715	3,030	21,745
2039	19,350	2,054	21,404
2040	<u>20,010</u>	<u>1,044</u>	<u>21,054</u>
Totals	<u>\$ 117,015</u>	<u>\$ 108,907</u>	<u>\$ 225,922</u>

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CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010B SEPTEMBER 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,290	\$ 1,004	\$ 2,294
2020	2,450	966	3,416
2021	2,555	866	3,421
2022	2,680	740	3,420
2023	2,810	606	3,416
2024	2,950	465	3,415
2025	3,100	318	3,418
2026	<u>3,255</u>	<u>163</u>	<u>3,418</u>
Totals	<u>\$ 21,090</u>	<u>\$ 5,128</u>	<u>\$ 26,218</u>

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CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2015 September 30, 2018 (in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 450	\$ 2,110	\$ 2,560
2020	1,895	2,088	3,983
2021	2,115	1,993	4,108
2022	2,300	1,887	4,187
2023	2,485	1,797	4,282
2024	2,590	1,698	4,288
2025	2,715	1,568	4,283
2026	2,855	1,433	4,288
2027	2,995	1,290	4,285
2028	3,205	1,140	4,345
2029	3,425	980	4,405
2030	3,665	809	4,474
2031	2,060	625	2,685
2032	2,265	522	2,787
2033	2,490	409	2,899
2034	2,725	285	3,010
2035	2,970	148	3,118
2036	-	-	-
Totals	<u>\$ 43,205</u>	<u>\$ 20,782</u>	<u>\$ 63,987</u>

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CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2017
September 30, 2018
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,615	\$ 5,519	\$ 9,134
2020	3,795	5,338	9,133
2021	3,985	5,148	9,133
2022	4,185	4,949	9,134
2023	4,395	4,740	9,135
2024	4,615	4,520	9,135
2025	4,845	4,290	9,135
2026	5,085	4,047	9,132
2027	5,340	3,793	9,133
2028	5,610	3,526	9,136
2029	5,885	3,246	9,131
2030	6,180	2,951	9,131
2031	6,495	2,642	9,137
2032	6,815	2,318	9,133
2033	7,155	1,977	9,132
2034	7,515	1,619	9,134
2035	7,890	1,243	9,133
2036	8,280	849	9,129
2037	<u>8,695</u>	<u>435</u>	<u>9,130</u>
Totals	<u>\$ 110,380</u>	<u>\$ 63,150</u>	<u>\$ 173,530</u>

CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEM REVENUE BONDS, SERIES 2018
September 30, 2018
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,370	\$ 2,269	\$ 3,639
2020	1,440	2,201	3,641
2021	1,515	2,129	3,644
2022	1,590	2,053	3,643
2023	1,670	1,974	3,644
2024	1,750	1,890	3,640
2025	1,840	1,803	3,643
2026	1,930	1,711	3,641
2027	2,030	1,614	3,644
2028	2,130	1,513	3,643
2029	2,235	1,406	3,641
2030	2,345	1,294	3,639
2031	2,465	1,177	3,642
2032	2,590	1,054	3,644
2033	2,715	924	3,639
2034	2,855	789	3,644
2035	2,995	646	3,641
2036	3,145	496	3,641
2037	3,305	339	3,644
2038	<u>3,470</u>	<u>174</u>	<u>3,644</u>
Totals	<u>\$ 45,385</u>	<u>\$ 27,456</u>	<u>\$ 72,841</u>



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STATISTICAL SECTION

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

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Reports for the relevant year.

STATISTICAL SECTION

(Continued)

Demographic and economic Information

PAGE

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

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Operating Information

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

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CITY OF TALLAHASSEE, FLORIDA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net Investment in Capital Assets	\$ 729,969	\$ 762,798	\$ 729,307	\$ 742,216	\$ 756,332	\$ 836,872	\$ 834,489	\$ 828,993	\$ 845,995	\$ 856,883
Restricted	114,361	100,167	99,999	99,012	62,644	36,648	81,811	100,242	20,868	23,760
Unrestricted	(121,288)	(65,648)	(56,664)	(56,651)	(2,497)	57,367	47,334	34,026	123,832	120,014
Total governmental activities net position	<u>\$ 723,042</u>	<u>\$ 797,317</u>	<u>\$ 772,642</u>	<u>\$ 784,577</u>	<u>\$ 816,479</u>	<u>\$ 930,887</u>	<u>\$ 963,634</u>	<u>\$ 963,261</u>	<u>\$ 990,695</u>	<u>\$ 1,000,657</u>
Business activities										
Net Investment in Capital Assets	\$ 884,077	\$ 863,179	\$ 840,415	\$ 809,395	\$ 763,439	\$ 772,446	\$ 760,472	\$ 661,648	\$ 681,553	\$ 614,673
Restricted	219,942	202,210	194,185	201,116	198,491	190,295	185,679	157,107	157,342	144,224
Unrestricted	152,743	198,232	199,519	202,099	210,447	196,515	211,978	271,654	235,337	262,443
Total Business activities net position	<u>\$ 1,256,762</u>	<u>\$ 1,263,621</u>	<u>\$ 1,234,119</u>	<u>\$ 1,212,610</u>	<u>\$ 1,172,377</u>	<u>\$ 1,159,256</u>	<u>\$ 1,158,129</u>	<u>\$ 1,090,409</u>	<u>\$ 1,074,232</u>	<u>\$ 1,021,340</u>
Primary government										
Net Investment in Capital Assets	\$ 1,614,046	\$ 1,625,977	\$ 1,569,722	\$ 1,551,611	\$ 1,519,771	\$ 1,609,318	\$ 1,594,961	\$ 1,490,641	\$ 1,527,548	\$ 1,471,556
Restricted	334,303	302,377	294,184	300,128	261,135	226,943	267,490	257,349	178,210	167,984
Unrestricted	31,455	132,584	142,855	145,448	207,950	253,882	259,312	305,680	359,169	382,457
Total primary government net position	<u>\$ 1,979,804</u>	<u>\$ 2,060,938</u>	<u>\$ 2,006,761</u>	<u>\$ 1,997,187</u>	<u>\$ 1,988,856</u>	<u>\$ 2,090,143</u>	<u>\$ 2,121,763</u>	<u>\$ 2,053,670</u>	<u>\$ 2,064,927</u>	<u>\$ 2,021,997</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN NET POSITION

Last of Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Expenses</u>										
Governmental Activities:										
General Government	\$ 21,049	\$ 26,625	\$ 15,295	\$ 32,352	\$ 16,581	\$ 20,184	\$ 19,068	\$ 22,409	\$ 22,575	\$ 22,254
Public Safety	55,737	77,197	68,901	61,703	75,241	57,636	56,044	54,676	50,298	53,819
Transportation	42,106	20,164	20,530	19,928	35,786	19,430	20,421	23,648	19,571	23,193
Human Services	4,971	4,652	3,565	3,097	2,516	3,428	3,117	2,897	2,715	3,984
Economic Development	6,956	7,238	8,996	7,337	5,616	9,564	8,710	11,277	9,265	10,575
Physical Environment	5,530	7,693	7,943	1,489	2,528	2,829	3,354	2,158	2,350	5,318
Culture and Recreation	24,331	27,620	26,396	22,289	23,414	21,906	21,374	20,642	20,264	20,650
Unallocated Depreciation on Infrastructure	31,810	28,297	29,228	27,477	26,633	26,413	26,401	26,733	26,210	26,584
Interest on Long-Term Debt	3,610	3,572	4,058	4,966	2,805	2,718	4,740	4,556	4,528	5,205
Total governmental activities expenses	\$ 196,100	\$ 203,058	\$ 184,912	\$ 180,638	\$ 191,120	\$ 164,108	\$ 163,229	\$ 168,996	\$ 157,776	\$ 171,582
Business-type activities										
Electric	\$ 240,872	\$ 228,137	\$ 247,370	\$ 248,266	\$ 256,301	\$ 237,358	\$ 266,145	\$ 303,715	\$ 307,823	\$ 347,955
Gas	21,019	20,962	20,744	28,480	25,304	27,452	30,121	44,773	47,823	42,618
Sewer	76,701	51,629	53,274	46,804	51,258	48,374	44,790	42,411	42,792	39,515
Water	31,888	32,093	29,401	24,770	25,133	26,509	26,277	28,942	21,402	24,764
Airport	18,517	18,053	16,885	19,120	16,733	13,840	12,861	14,635	18,656	20,141
StarMetro	21,547	20,753	22,018	21,397	20,706	20,851	19,123	18,581	17,364	18,059
Solid Waste	24,551	21,285	20,874	20,700	25,346	22,016	21,269	19,066	20,126	20,075
Golf	1,271	864	927	973	1,012	1,023	1,037	870	889	1,389
Stormwater Management	16,893	15,440	14,944	14,837	14,585	13,939	15,064	17,522	13,213	12,098
Fire Services	43,698	42,475	40,797	36,787	41,237	33,256	32,054	30,764	27,597	28,099
Total business-type activities expenses	\$ 496,957	\$ 451,691	\$ 467,234	\$ 462,134	\$ 477,615	\$ 444,618	\$ 468,741	\$ 521,279	\$ 517,685	\$ 554,713
Total primary government expenses	\$ 693,057	\$ 654,749	\$ 652,146	\$ 642,772	\$ 668,735	\$ 608,726	\$ 631,970	\$ 690,275	\$ 675,461	\$ 726,295

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN NET POSITION

Last of Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>Program Revenues</u>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,230	\$ 2,991	\$ 2,520	\$ 2,192	\$ 2,106	\$ 2,074	\$ 1,923	\$ 1,813	\$ 1,638	\$ 2,096
Public Safety	1,876	2,026	2,051	2,487	2,649	3,377	2,806	3,133	2,071	4,156
Transportation	2,572	2,550	2,698	2,540	2,484	2,911	2,509	2,547	2,821	2,330
Human Services	1,072	953	1,022	965	888	787	969	612	503	770
Economic Development	11	10	14	-	-	-	-	-	220	-
Physical Environment	1,133	1,174	1,004	1,187	1,057	980	1,139	997	861	873
Culture and Recreation	3,755	3,745	3,903	3,956	3,895	3,956	3,759	3,697	3,378	3,260
Operating Grants and Contributions	4,384	10,270	8,250	1,549	566	5,705	11,031	8,791	9,923	8,006
Capital Grants and Contributions	-	-	-	13	1	5,073	8,121	6,800	383	72,446
Total Governmental Activities Program Revenues	\$ 17,033	\$ 23,719	\$ 21,462	\$ 14,889	\$ 13,646	\$ 24,863	\$ 32,257	\$ 28,390	\$ 21,798	\$ 93,937
Business-type Activities:										
Charges for Services:										
Electric	\$ 281,375	\$ 269,704	\$ 268,262	\$ 286,271	\$ 280,317	\$ 257,511	\$ 285,660	\$ 317,647	\$ 341,778	\$ 369,923
Gas	29,122	25,889	26,963	34,564	33,225	32,731	34,082	48,311	52,697	46,521
Sewer	68,180	63,351	61,759	62,184	60,126	59,624	60,172	59,046	53,648	48,061
Water	35,293	34,342	33,290	30,787	29,631	28,137	30,321	30,515	25,673	26,230
Airport	13,176	13,241	14,090	12,840	13,328	11,564	11,660	11,498	11,729	12,203
StarMetro	5,786	5,007	5,548	4,705	4,954	4,759	5,008	4,542	4,509	6,496
Solid Waste	24,674	24,215	22,508	23,553	24,751	23,252	23,046	21,859	21,200	21,658
Golf	765	794	786	771	885	894	1,024	876	858	1,070
Stormwater Management	19,250	18,198	17,946	18,380	17,552	17,669	20,812	17,732	18,906	18,417
Fire Services	43,021	42,777	41,469	32,772	32,260	32,660	31,399	31,194	30,297	23,952
Operating Grants and Contributions	4,853	4,825	8,977	5,465	9,295	5,861	6,873	5,541	3,648	4,148
Capital Grants and Contributions	14,251	13,347	12,865	16,395	14,767	11,584	20,026	7,659	14,261	12,624
Total Business-type Activities Program Revenues	\$ 539,746	\$ 515,690	\$ 514,463	\$ 528,687	\$ 521,091	\$ 486,246	\$ 530,083	\$ 556,420	\$ 579,204	\$ 591,303
Total Primary Government Program Revenues	\$ 556,779	\$ 539,409	\$ 535,925	\$ 543,576	\$ 534,737	\$ 511,109	\$ 562,340	\$ 584,810	\$ 601,002	\$ 685,240
<u>Net (Expenses) Revenues</u>										
Governmental Activities	\$ (179,067)	\$ (179,339)	\$ (163,450)	\$ (165,749)	\$ (177,474)	\$ (139,245)	\$ (130,972)	\$ (140,606)	\$ (135,978)	\$ (77,645)
Business-Type Activities	42,789	63,999	47,229	66,553	43,476	41,628	61,342	35,141	61,519	36,590
Total Primary Government Net Expenses	\$ (136,278)	\$ (115,340)	\$ (116,221)	\$ (99,196)	\$ (133,998)	\$ (97,617)	\$ (69,630)	\$ (105,465)	\$ (74,459)	\$ (41,055)

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN NET POSITION

Last of Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 41,485	\$ 39,430	\$ 38,908	\$ 32,947	\$ 31,528	\$ 31,520	\$ 33,483	\$ 34,438	\$ 35,113	\$ 34,001
Public Service Tax	23,692	22,812	22,950	23,728	23,429	22,835	22,524	22,595	23,140	22,834
Business License Tax	4,441	5,817	6,182	5,101	5,123	4,972	5,157	6,229	5,214	1,808
Grants and Contributions Not Restricted to Specific Programs	32,478	85,024	30,154	28,304	27,942	24,046	24,260	24,051	24,181	23,265
Unrestricted Investment Earnings	2,763	2,438	3,204	3,044	1,740	4,084	3,499	3,431	5,985	5,054
Net Securities Lending Income	2	2	5	-	5	14	11	15	12	224
Net Increase (Decrease) in Fair Value of Investments	(806)	(526)	178	14	131	(1,658)	76	(689)	1,045	3,719
Miscellaneous	8,828	14,251	14,475	7,634	13,052	1,806	5,058	1,455	1,738	4,284
Transfers	36,971	34,766	35,459	33,075	31,021	29,104	29,246	26,978	29,588	25,888
Total Governmental Activities	\$ 149,854	\$ 204,014	\$ 151,515	\$ 133,847	\$ 133,971	\$ 116,723	\$ 123,314	\$ 118,503	\$ 126,016	\$ 121,077
Business-Type Activities:										
Grants and Contributions, not restricted to specific programs	\$ 1,989	\$ 1,983	\$ 1,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Investment Earnings	7,234	5,539	7,525	6,684	5,332	6,857	7,177	7,939	12,374	6,499
Net Securities Lending Income	7	5	11	-	38	30	25	40	31	286
Net Increase (Decrease) in Fair Value of Investments	(8,700)	(3,418)	739	52	202	(7,495)	426	2,235	3,912	8,320
Miscellaneous	23,655	(337)	1,094	19	2,058	-	(1)	18	381	-
Transfers	(36,971)	(34,766)	(35,459)	(33,075)	(31,021)	(29,104)	(29,246)	(26,978)	(29,588)	(25,888)
Total Business-type Activities	\$ (12,786)	\$ (30,994)	\$ (24,105)	\$ (26,320)	\$ (23,391)	\$ (29,712)	\$ (21,619)	\$ (16,746)	\$ (12,890)	\$ (10,783)
Total Primary Government	\$ 137,068	\$ 173,020	\$ 127,410	\$ 107,527	\$ 110,580	\$ 87,011	\$ 101,695	\$ 101,757	\$ 113,126	\$ 110,294
<u>Change in Net Position</u>										
Governmental Activities	\$ (29,213)	\$ 24,675	\$ (11,935)	\$ (31,902)	\$ (43,503)	\$ (22,522)	\$ 123,314	\$ (22,103)	\$ (9,962)	\$ 43,432
Business Activities	30,003	33,005	23,124	40,233	20,085	11,916	39,723	18,395	48,629	25,807
Total Primary Government	\$ 790	\$ 57,680	\$ 11,189	\$ 8,331	\$ (23,418)	\$ (10,606)	\$ 163,037	\$ (3,708)	\$ 38,667	\$ 69,239

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,018	\$ 3,649
Unreserved	-	-	-	-	-	-	-	-	12,594	5,288
Nonspendable	1,186	1,147	1,513	809	819	700	709	275	-	-
Spendable:										
Committed	23,306	26,492	25,251	25,420	21,414	20,552	21,746	16,979	-	-
Assigned	3,076	5,192	2,479	2,479	2,545	1,741	1,777	1,417	-	-
Unassigned	804	2,952	6,544	1,041	2,472	1,575	160	68	-	-
Total General Fund	<u>\$ 28,372</u>	<u>\$ 35,783</u>	<u>\$ 35,787</u>	<u>\$ 29,749</u>	<u>\$ 27,250</u>	<u>\$ 24,568</u>	<u>\$ 24,392</u>	<u>\$ 18,739</u>	<u>\$ 16,612</u>	<u>\$ 8,937</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	88,301	\$ 95,483
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	9,621	5,813
Capital Projects funds	-	-	-	-	-	-	-	-	14,028	19,931
Permanent funds	-	-	-	-	-	-	-	-	6,184	6,298
Non-Spendable	-	620	584	580	626	1,226	1,696	424	-	-
Spendable:										
Restricted	58,904	39,487	39,331	44,722	56,705	29,526	64,690	83,786	-	-
Committed	25,322	23,160	24,227	23,715	25,673	26,627	25,612	23,409	-	-
Assigned	1,990	57	161	-	-	2,136	2,586	2,561	-	-
Unassigned	283	1,060	(91)	(148)	(605)	(1,073)	(1,881)	(2,581)	-	-
Total all Other Governmental Funds	<u>\$ 86,499</u>	<u>\$ 64,384</u>	<u>\$ 64,212</u>	<u>\$ 68,869</u>	<u>\$ 82,399</u>	<u>\$ 58,442</u>	<u>\$ 92,703</u>	<u>\$ 107,599</u>	<u>\$ 118,134</u>	<u>\$ 127,525</u>

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

See Independent Auditors' Report

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	As Restated									
Revenues:										
Taxes	\$ 65,174	\$ 62,243	\$ 61,858	\$ 56,675	\$ 54,962	\$ 54,357	\$ 56,006	\$ 57,033	\$ 58,253	\$ 56,835
Licenses and Permits	5,576	6,978	7,168	6,176	6,047	5,745	5,967	7,132	5,936	11,072
Intergovernmental Revenues	42,405	49,151	42,605	33,231	39,032	34,350	43,105	39,637	34,376	38,892
Charges for Services	9,151	8,830	9,385	9,043	8,789	9,184	8,866	8,210	8,020	7,783
Fines and Forfeitures	826	970	1,119	1,550	1,713	2,478	2,647	2,436	1,162	1,361
Net Investment Earnings	2,602	2,169	2,841	2,847	1,550	3,748	3,065	2,964	5,312	4,094
Securities Lending Income	4	6	11	-	10	49	51	38	33	320
Net Inc (Dec) in the Fair Value of Investments	(822)	(429)	145	12	126	(1,491)	30	(617)	919	3,279
Miscellaneous Revenues	13,209	14,889	16,070	15,631	12,765	13,013	15,371	11,719	11,045	12,509
Total Revenues	\$ 138,125	\$ 144,807	\$ 141,202	\$ 125,165	\$ 124,994	\$ 121,433	\$ 135,108	\$ 128,552	\$ 125,056	\$ 136,145
Expenditures:										
General Government	\$ 28,938	\$ 28,611	\$ 28,589	\$ 30,497	\$ 28,660	\$ 26,007	\$ 26,915	\$ 29,833	\$ 29,689	\$ 30,095
Public Safety	69,665	66,808	64,603	58,615	57,281	55,861	54,138	52,502	50,499	51,110
Transportation	38,194	31,212	32,026	33,231	34,270	51,224	39,910	32,498	28,670	30,653
Human Services	4,954	4,487	3,415	2,955	2,375	3,284	2,977	2,781	2,639	3,585
Economic Environment	8,837	7,178	8,093	7,636	8,621	9,194	11,994	11,577	12,096	11,189
Physical Environment	5,670	9,681	9,515	3,390	2,406	2,890	3,200	2,452	2,539	4,130
Cultural and Recreation	23,948	23,306	23,770	21,986	22,486	21,242	20,452	19,894	19,845	19,426
Securities Lending Expense:										
Interest	1	2	2	-	5	33	40	21	20	92
Agent Fees	-	-	1	-	1	3	2	3	2	47
Debt Service:										
Principal Retired	7,325	8,119	7,530	6,620	6,050	5,320	10,675	4,615	6,890	4,750
Interest and Fiscal Charges	3,948	4,226	4,502	5,324	3,105	2,956	5,010	4,571	4,657	4,821
Bond Issuance Costs	210	5	-	-	263	236	-	-	-	-
Advance Refunding Escrow	-	-	-	-	-	10,340	-	-	-	-
Total Expenditures	\$ 191,690	\$ 183,635	\$ 182,046	\$ 170,254	\$ 165,523	\$ 188,590	\$ 175,313	\$ 160,747	\$ 157,546	\$ 159,898
Excess of Revenues Over (Under) Expenditures	(53,565)	(38,828)	(40,844)	(45,089)	(40,529)	(67,157)	(40,205)	(32,195)	(32,490)	(23,753)
Other Financing Sources (Uses):										
Transfers In	62,845	\$ 60,433	\$ 59,942	\$ 55,167	\$ 52,970	\$ 53,159	\$ 54,769	\$ 56,428	\$ 49,992	\$ 53,681
Transfers Out	(26,383)	(24,283)	(24,823)	(21,426)	(20,283)	(23,143)	(23,807)	(27,310)	(19,218)	(27,614)
Sale of Capital Assets	838	2,846	5,370	317	579	3,055	-	-	-	-
Proceeds from Loans from Other Funds	-	-	1,736	-	-	-	-	-	-	-
Refunding Bond Issue	30,969	-	-	-	33,902	58,164	-	-	-	-
Payments to Refunded Bond Escrow Agent	-	-	-	-	-	(58,164)	-	-	-	-
Total Other Financing Sources (Uses)	\$ 68,269	\$ 38,996	\$ 42,225	\$ 34,058	\$ 67,168	\$ 33,071	\$ 30,962	\$ 29,118	\$ 30,774	\$ 26,067
Net Change in Fund Balances	\$ 14,704	\$ 168	\$ 1,381	\$ (11,031)	\$ 26,639	\$ (34,086)	\$ (9,243)	\$ (3,077)	\$ (1,716)	\$ 2,314
Debt Services as a Percentage of Noncapital Expenditures	6.60 %	10.05 %	7.22 %	7.12 %	6.59 %	5.17 %	10.47 %	6.18 %	8.03 %	10.52 %

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

See Independent Auditors' Report

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

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax-Exempt Property	Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽²⁾	Taxable Assessed Value as a Percentage of Actual Taxable Value ⁽³⁾
2009	\$ 17,722,358	\$ 1,855,027	\$ 3,078	\$ 8,789,036	\$ 10,791,427	3.21 %	23,035,839	46.85 %
2010	15,900,917	1,872,241	1,081	7,854,304	9,919,935	3.70	20,910,869	47.44
2011	15,489,525	1,844,995	2,816	7,665,541	9,671,795	3.70	20,396,867	47.42
2012	15,333,433	1,756,386	5,253	7,834,968	9,260,104	3.70	20,111,850	46.04
2013	14,506,724	1,650,817	5,617	7,364,930	8,798,228	3.70	19,015,479	46.27
2014	14,499,790	1,654,905	5,923	7,342,511	8,818,107	3.70	19,012,492	46.38
2015	15,242,081	1,696,448	6,113	7,718,416	9,226,226	3.70	19,934,875	46.28
2016	15,744,126	1,701,380	6,175	7,857,175	9,594,506	4.20	20,531,389	46.73
2017	16,904,533	1,637,177	6,532	8,074,382	10,473,860	4.10	21,821,461	48.00
2018	16,898,065	1,635,772	6,447	8,077,231	10,463,053	4.10	21,812,098	47.97

Source: Leon County Property Appraiser

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

⁽¹⁾ Total assessed values less exemptions

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

⁽³⁾ Calculated Figure

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Rate per 1,000 of assessed value)

Fiscal Year	Direct	Overlapping				Total
	City of Tallahassee	Leon County School Board		Leon County	N.W. Fla Water Management	
	Operating	Operating	Debt Service	Operating	Operating	
2009	3.21	7.60	0.22	7.85	0.05	18.93
2010	3.70	7.75	-	7.85	0.05	19.35
2011	3.70	8.03	-	7.85	0.05	19.63
2012	3.70	7.78	-	7.85	0.04	19.37
2013	3.70	7.71	-	8.31	0.04	19.76
2014	3.70	7.35	-	8.31	0.04	19.40
2015	3.70	7.38	-	8.31	0.04	19.43
2016	4.20	7.20	-	8.81	0.04	20.25
2017	4.10	6.85	-	8.31	0.04	19.30
2018	4.10	6.34	-	8.31	0.04	18.79

Source: Leon County Tax Collector

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

Tax payer	Type of Business	2018		2009		Rank	Percentage of Total City Taxable Assessed Value
		Taxable Assessed Value	Rank	Taxable Assessed Value	Rank		
Smith Interest General Partnership	Retail	\$ 149,365	1	1.34 % \$ 139,981	2		1.02 %
Embarq/CenturyLink	Communications	78,476	2	0.70 % 194,015	1		1.42 %
Capital Regional Medical Center	Medical	75,956	3	0.68 % -			- %
District Joint Venture, LLC	Real Estate	61,823	4	0.55 % -			- %
DRA CRT Tallahassee Center, LLC	Real Estate	55,860	5	0.50 % 69,477	5		0.51 %
Woodlands of Tallahassee, LLC	Real Estate	46,895	6	0.42 % 64,937	6		0.47 %
Campus Investors FSU 444	Real Estate	45,453	7	0.41 % -			- %
Wal-Mart	Retail	42,499	8	0.38 % 49,237	7		0.36 %
PCC Tallahassee, LLC	Real Estate	41,048	9	0.37 % -			- %
Comcast	Communication	40,971	10	0.37 % -			- %
Tallahassee Medical Center, LLC	Medical	-		- % 72,797	3		0.53 %
Talquin Electric Corporation, Inc.	Utilities	-		- % 64,938	6		0.47 %
Capital City Bank	Finance	-		- % 39,316	8		0.29 %
St. Joe Company	Real Estate	-		- % 68,754	4		0.50 %
AIG Baker Partnership	Retail	-		- % 47,645	9		0.35 %
Total		<u>\$ 638,346</u>		<u>5.72 % \$ 811,097</u>			<u>5.92 %</u>

Source: Leon County Tax Collector

CITY OF TALLAHASSEE, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years (in thousands)

Fiscal Year Ended September 30,	Total Tax Levy Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 34,704	33,063	95.3 %	\$ 111	33,174	95.6 %
2010	36,704	35,031	95.4	89	35,120	95.7
2011	35,918	34,076	94.9	244	34,320	95.6
2012	34,707	33,055	95.2	71	33,126	95.4
2013	32,648	31,458	96.4	55	31,513	96.5
2014	32,673	31,471	96.3	53	31,524	96.5
2015	34,392	32,891	95.6	47	32,938	95.8
2016	40,352	38,837	96.2	-	38,837	96.2
2017	40,857	39,628	97.0	71	39,699	97.2
2018	42,970	41,410	96.4	72	41,482	96.5

See Independent Auditors' Report

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
TOTAL VALUATIONS	\$ 18,540,284	\$ 18,548,241	\$ 17,451,681	\$ 16,944,644	\$ 16,160,618	\$ 16,163,157	\$ 17,095,072	\$ 17,337,336	\$ 17,774,239	\$ 19,580,463
EXEMPTIONS										
Agricultural Adjustment	\$ 46,859	\$ 46,859	\$ 49,272	\$ 42,463	\$ 37,998	\$ 38,173	\$ 38,367	\$ 38,591	\$ 37,371	\$ 72,812
Government Exemption	5,042,044	5,040,624	4,963,425	4,839,361	4,641,924	4,620,454	4,782,072	4,691,503	4,742,678	5,107,970
Institutional Exemption	629,419	631,059	616,233	667,825	658,118	643,767	667,240	663,234	638,457	698,220
Individual/Homestead Exemptions	1,347,750	1,347,729	1,322,310	1,319,847	1,329,354	1,354,810	1,382,463	1,402,154	2,362,458	2,862,860
Other Exemptions & Adjustments	1,011,159	1,008,110	905,934	848,920	675,118	707,727	964,826	870,059	73,340	47,173
TOTAL EXEMPTION AND ADJUSTMENTS	\$ 8,077,231	\$ 8,074,381	\$ 7,857,174	\$ 7,718,416	\$ 7,342,512	\$ 7,364,931	\$ 7,834,968	\$ 7,665,541	\$ 7,854,304	\$ 8,789,035
TAXABLE VALUATION	\$ 10,463,053	\$ 10,473,860	\$ 9,594,507	\$ 9,226,228	\$ 8,818,106	\$ 8,798,226	\$ 9,260,104	\$ 9,671,795	\$ 9,919,935	\$ 10,791,428
MILLAGE LEVIED	4.100	4.100	4.200	3.700	3.700	3.700	3.700	3.212	3.170	3.700
TOTAL TAXES LEVIED	\$ 42,914	\$ 40,857	\$ 40,352	\$ 34,392	\$ 32,673	\$ 32,648	\$ 34,707	\$ 35,918	\$ 36,704	\$ 34,704
Less: Adjustments & Discount	1,545	1,457	1,433	1,214	1,145	1,129	1,167	1,180	1,213	1,130
Net Taxes Levied	\$ 41,369	\$ 39,400	\$ 38,919	\$ 33,178	\$ 31,528	\$ 31,519	\$ 33,540	\$ 34,738	\$ 35,491	\$ 33,574
NET COLLECTED⁽¹⁾⁽²⁾	\$ 41,410	\$ 39,431	\$ 38,908	\$ 32,891	\$ 31,511	\$ 31,507	\$ 33,055	\$ 33,124	\$ 35,119	\$ 33,172

Source: Leon County Property Appraiser

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

⁽²⁾ Net collected includes penalties or late payments.

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
General Revenue Bonds	\$ 104,155	\$ 83,915	\$ 91,825	\$ 99,355	\$ 105,975	\$ 71,800	\$ 90,475	\$ 101,150	\$ 106,905	\$ 115,760
Sunshine State Loan Payable	-	-	-	-	-	-	-	-	2,300	2,300
Unamortized										
Premiums/Discounts	14,143	11,317	12,343	13,107	13,753	8,745	-	-	-	-
Bank of America Loan Payable	1,282	1,527	1,736	-	-	-	-	-	-	-
Total Governmental Activities	\$ 119,580	\$ 96,759	\$ 105,904	\$ 112,462	\$ 119,728	\$ 80,545	\$ 90,475	\$ 101,150	\$ 109,205	\$ 118,060
Business-Type Activities:										
Energy System	\$ 582,427	\$ 494,988	\$ 539,447	\$ 557,345	\$ 581,028	\$ 594,510	\$ 607,356	\$ 619,580	\$ 472,385	\$ 491,320
Airport Refunding	-	-	-	-	-	-	925	1,810	2,665	4,290
Consolidated Utility System	339,185	330,495	338,180	345,455	323,440	329,970	336,235	342,245	348,020	214,485
Unamortized										
Premiums/Discounts	89,164	52,974	29,857	31,187	14,877	15,492	16,106	16,698	14,695	9,747
Sunshine State Loan Payable	-	-	-	-	-	-	-	-	35,961	38,200
AMI Loan Payable	17,639	20,634	23,514	26,282	28,941	33,332	35,706	37,987	40,230	37,431
Bank of America Loan Payable	621	739	840	-	-	-	-	-	-	-
Republic Parking Loan	367	401	-	-	-	-	-	-	-	-
Total Business-Type Activities	\$ 1,029,403	\$ 900,231	\$ 931,838	\$ 960,269	\$ 948,286	\$ 973,304	\$ 996,328	\$1,018,320	\$ 913,956	\$ 795,473
Total Primary Government	\$ 1,148,983	\$ 996,990	\$ 1,037,742	\$ 1,072,731	\$ 1,068,014	\$ 1,053,849	\$1,086,803	\$1,119,470	\$1,023,161	\$ 913,533
Per Capita	\$ 5,972	\$ 5,258	\$ 5,249	\$ 5,471	\$ 5,595	\$ 5,604	\$ 5,830	\$ 6,043	\$ 5,636	\$ 5,081

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
for the fiscal year ended September 30, 2018
Last Ten Fiscal Years
(in thousands)

Fiscal Year ended Sept. 30	General Revenue Bonds	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
2009	\$ 115,760	0.51 %	\$ 651
2010	106,905	0.53	598
2011	101,150	0.50	554
2012	90,475	0.45	493
2013	80,545	0.42	438
2014	119,728	0.63	651
2015	112,462	0.56	598
2016	104,168	0.51	549
2017	95,232	0.44	502
2018	118,298	0.54	615

Source: City of Tallahassee, Accounting Services

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

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2018
(in thousands)

Government Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Leon County School Board ⁽²⁾	\$ 159,067	67 %	\$ 106,575
Debt repaid with non self-supporting revenue debt:			
Leon County ⁽³⁾	29,473	67 %	<u>19,747</u>
Subtotal, Overlapping Debt			126,322
City Direct Debt			<u>119,580</u>
Total Direct and Overlapping Debt			<u><u>\$ 245,902</u></u>

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

⁽²⁾ Leon County School Board

⁽³⁾ Leon County

CITY OF TALLAHASSEE, FLORIDA
LEGAL DEBT MARGIN
SEPTEMBER 30, 2018
(in thousands)

The City has no legal debt margin requirements set forth by either State Statute or City Ordinance.

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

Fiscal Year Ending				Debt Service Requirements ⁽³⁾			Coverage
	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Principal	Interest	Total	
2009	\$ 405,440	\$ 323,803	\$ 81,637	\$ 9,635	\$ 24,051	\$ 33,686	2.42
2010	373,938	287,738	86,200	10,025	22,691	32,716	2.63
2011	359,940	271,399	88,541	14,010	28,613	42,623	2.08
2012	316,839	236,621	80,218	12,224	31,307	43,531	1.84
2013	286,876	202,640	84,236	12,846	30,687	43,533	1.93
2014	310,314	211,408	98,906	13,482	30,048	43,530	2.27
2015	314,807	217,485	97,322	11,058	26,703	37,761	2.58
2016	298,689	202,714	95,975	17,898	28,794	46,692	2.06
2017	326,028	170,978	155,050	191,754	25,734	217,488	0.71
2018	314,604	198,297	116,307	17,536	29,854	47,390	2.45

⁽¹⁾ Total operating revenues plus operating interest earned.

⁽²⁾ Total operating expenses exclusive of depreciation.

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

See Independent Auditors' Report

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

Fiscal Year Ending	Gross Revenues ⁽¹⁾		Operating Expenses ⁽²⁾		Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			
						Principal	Interest	Total	
2009	\$	88,883	\$	48,839	\$ 40,044	\$ 3,780	\$ 10,256	\$ 14,036	2.85
2010		94,458		50,949	43,509	5,520	10,122	15,642	2.78
2011		100,908		53,628	47,280	5,775	15,178	20,953	2.26
2012		101,822		53,868	47,954	6,010	16,939	22,949	2.09
2013		95,737		51,176	44,561	6,265	16,684	22,949	1.94
2014		99,063		51,802	47,261	6,530	16,417	22,947	2.06
2015		101,087		52,429	48,658	6,695	15,747	22,442	2.17
2016		103,063		54,501	48,562	7,275	17,251	24,526	1.98
2017		106,599		59,553	47,046	7,685	16,878	24,563	1.92
2018		112,656		59,843	52,813	151,755	15,008	166,763	0.32

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

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

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Year	Estimated ⁽¹⁾ Population	Airline Passengers	Electric KWH Sold (000's)	Water Consumed (Gals) (Millions)	Gas Used (Cu. Ft.) (Millions)	Housing Units	Leon County School (2) Enrollment
2009	177,879	734,151	2,657,425	9,554	2,550	83,609	33,360
2010	178,923	670,978	2,838,640	8,755	2,792	83,906	36,964
2011	182,482	633,706	2,848,889	9,881	2,696	84,413	33,754
2012	183,643	684,990	2,698,016	9,434	2,505	85,066	34,157
2013	183,727	697,633	2,638,092	8,492	2,714	85,475	34,738
2014	183,784	708,433	2,763,936	8,801	2,931	86,242	34,955
2015	187,996	690,533	2,677,292	8,540	2,930	86,735	34,797
2016	189,675	699,035	2,623,259	8,705	2,719	89,252	33,300
2017	189,625	717,559	2,693,286	9,145	2,705	89,798	33,993
2018	192,381	796,214	2,798,286	8,578	2,971	91,703	34,012

Year	City Personal Income (3) (Thousands)	Per Capita Personal Income (3)	Number of Labor Force (4)	Number of Employed (4)	Numbered of Unemployed (4)	Unemployment Rate (Percent) (4)
2009	12,180,000	\$ 33,399	92,543	86,156	6,387	3.2 %
2010	12,467,000	33,869	95,693	87,674	8,019	8.4
2011	N/A	-	94,927	87,142	7,785	8.2
2012	N/A	-	96,530	89,636	6,894	7.1
2013	N/A	N/A	97,523	91,785	5,738	5.9
2014	N/A	N/A	101,034	95,302	5,732	5.7
2015	N/A	N/A	99,331	94,321	5,010	5.0
2016	N/A	N/A	99,879	94,852	5,027	5.0
2017	N/A	N/A	101,300	95,674	5,626	4.0
2018	N/A	N/A	101,793	98,162	3,631	3.6

Source: City records, except as noted.

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

⁽²⁾Leon County School Board

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

⁽⁴⁾Florida Department of Economic Opportunity

N/A - Not Available

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
PRINCIPAL EMPLOYERS
Current and Nine Years Ago

Employer	Type of Business	2018 ⁽¹⁾			2009 ⁽²⁾		
		Number of Employees	Rank	% age of Total	Number of Employees	Rank	% age of Total
State of Florida	Government	24,166	1	39.7 %	20,901	1	50.5 %
Florida State University	Education	14,367	2	23.6	6,129	2	14.8
Leon Co. School Board	Education	4,229	3	7.0	4,195	3	10.1
Tallahassee Memorial Healthcare	Healthcare	3,800	4	6.3	3,480	4	8.4
City of Tallahassee	Government	2,851	5	4.7	2,931	5	7.1
Publix	Retail	2,800	6	4.6	-		-
Walmart Stores, Inc.	Retail	2,600	7	4.3	-		-
Florida A&M University	Education	1,758	8	2.9	1,924	6	4.7
Leon County	Government	1,739	9	2.8	1,806	7	4.4
Tallahassee Community College ⁽³⁾	Education	1,468	10	2.4	-		-
Capital Regional Medical Center	Healthcare	<u>1,076</u>		<u>1.7</u>	<u>-</u>		<u>-</u>
Total		<u><u>60,854</u></u>		<u><u>100.0 %</u></u>	<u><u>41,366</u></u>		<u><u>100.0 %</u></u>

Note: In previous years, data was presented for Leon County rather than City of Tallahassee.

⁽¹⁾ Data from employers or Website

⁽²⁾ Data from Leon County CAFR 2008.

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

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
City Commission & Appointed Officials	111	124	134	134	133	130	130	130	130	139
Administration	67	62	184	183	181	179	182	181	184	198
Aviation	55	55	55	53	53	53	53	53	53	54
Communications	9	8	14	14	13	13	12	12	11	12
Customer Services	17	17	1	1	1	1	1	1	1	1
Human Resources & Workforce										
Development	35	35	-	-	-	-	-	-	-	-
Technology and Workforce Development	99	100	-	-	-	-	-	-	-	-
Real Estate Management	7	11	-	-	-	-	-	-	-	-
Economic and Community Development	18	20	36	36	37	37	37	38	38	57
Electric	328	336	303	302	298	298	298	295	295	291
Emergency Management	4	5	1	1	1	1	1	1	1	1
Energy Services	-	-	-	-	30	29	29	29	31	23
EPER	22	12	14	14	14	13	13	12	12	12
Ethics	2	-	1	-	-	N/A	N/A	N/A	N/A	N/A
Fire	299	297	296	280	280	280	280	280	272	263
Fleet	82	82	80	61	59	58	57	57	58	57
Growth Management	77	80	63	63	63	62	61	61	58	75
Parks & Recreation & Neighborhood Affairs	177	173	173	171	171	170	172	171	172	176
Planning	25	27	26	26	26	26	27	27	27	28
Police	483	466	466	433	427	427	483	485	485	489
Public Works	-	-	286	285	286	283	278	279	283	301
Solid Waste	151	148	83	84	87	88	88	89	91	99
StarMetro	140	141	148	170	170	170	170	168	168	169
Utility Services	129	135	148	145	120	120	112	112	114	120
Underground Utilities	514	531	362	361	361	362	362	360	364	367
Total	2,851	2,865	2,874	2,817	2,811	2,800	2,846	2,841	2,848	2,932

Source: City of Tallahassee Budget

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

"N / A" = not applicable

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Ten Fiscal Years

<u>Function/Program</u>	2018	2017	2016	2014	2014	2013	2012	2011	2010	2009
Police										
Arrests	6,267	7,044	5,998	5,933	6,053	5,360	5,362	5,777	7,171	6619
Traffic violations	9,710	15,459	14,716	13,652	13,039	30,166	31,508	32,838	25,757	21,319
Parking violations	13,804	14,891	18,886	15,948	17,872	17,146	16,104	15,385	18,187	19,333
Fire										
Emergency responses	28,015	27,379	27,849	24,704	22,075	22,820	22,920	21,856	21,541	17,786
Fires reported	1,033	989	1,225	1,047	1,153	1,206	1,379	1,537	1,172	1,511
Gas										
Daily average consumption (MCF)	7,988	7,411	7,450	8,030	8,030	6,800	6,959	7,387	7,650	6,878
Number of service connections	31,471	30,638	30,355	29,659	29,275	28,576	28,018	27,654	26,948	26,448
Water										
Daily average consumption (MGD)	25	26	26	26	26	26	26	26	26	-
Number of service connections	86,528	84,783	75,334	83,554	83,384	83,095	82,606	82,133	81,945	82,016
Electric										
Net System Energy Generated (K W H) (Millions)	2,798	2,693	2,630	2,773	2,763	2,638	2,248	2,374	2,293	2,657
Average number residential customers	89,798	89,070	99,793	88,112	87,674	87,862	86,921	86,945	86,041	85,889
Average residential monthly bill	119	108	113	123	121	113	118	138	143	153
Sewage										
Daily average treatment (MDG)	16	17	17	16	16	18	16	15	16	-
Number of service connections	74,322	72,614	72,070	71,556	71,440	71,172	70,660	70,279	70,015	69,966
Transit										
Total revenue miles	2,141,697	2,133,772	2,254,316	2,246,364	2,591,582	2,140,779	2,089,369	2,060,351	2,035,922	1966766
Passengers trips	3,289,053	3,302,667	3,759,543	4,260,333	4,241,111	4,585,634	4,759,287	4,716,971	4,789,938	4409041
Solid Waste										
Number of customers	61,547	52,528	63,455	63,455	63,284	63,190	62,859	62,935	62,585	62,621
Refuse collected (in tons)	149,560	149,560	139,778	144,488	119,659	117,392	137,346	129,091	142,643	145707
Recyclables collected (in tons)	13,297	13,297	24,474	24,474	33,752	96,405	10,614	19,793	9,925	6,172
Airport										
Number of passengers	796,214	717,559	699,035	690,533	708,433	697,633	684,990	633,706	670,978	734,151

Source: Various city departments

N / A - Not Available

See Independent Auditors' Report
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CITY OF TALLAHASSEE, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM
Last Ten Fiscal Years

<u>Function / Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular units										
Marked vehicles	309	300	306	289	284	284	266	256	257	295
Motorcycles	9	9	9	9	9	9	9	9	9	9
Unmarked vehicles	150	152	153	137	143	137	133	127	139	137
Bicycle patrol units	25	16	16	16	15	15	7	9	9	9
Fire stations	16	16	16	16	15	15	15	15	15	15
Gas										
Gas lines (in miles)	923	910	905	885	881	878	868	860	845	834
Plant Capacity (MCF)	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Water										
Water mains (in miles)	1,211	1,202	1,201	1,212	1,206	1,203	1,193	1,197	1,212	1,212
Deep Wells	27	27	27	27	27	27	27	27	26	27
Plant Capacity (MGD)	76	76	76	74	76	74	74	72	74	72
Electric										
Generating plants	3	3	3	3	3	3	3	3	3	3
Generating capacity (MW)	711	711	746	746	746	794	805	805	805	805
Transmission lines (in miles)	214	214	214	204	204	204	194	188	188	187
Number of street lights	18,825	18,825	18,710	18,589	18,188	18,125	18,040	17,998	17,971	17,670
Distribution lines (in miles)	1,995	1,995	1,942	2,937	2,937	2,927	2,870	2,839	2,839	2,842
Sewage										
Number of lift stations	110	107	107	109	111	109	111	107	107	N/A
Sanitary sewers (in miles)	1,050	1,039	1,039	1,049	1,046	1,042	1,034	1,107	1,019	N/A
Number of disposal plants	1	1	1	1	1	2	2	2	2	2
Capacity of treatment plans (MGD)	27	27	27	27	27	31	31	31	31	32
Transit										
Bus Plaza	1	1	1	1	1	1	1	1	1	1
Buses	58	65	65	58	58	58	56	56	66	56
Refuse Collection										
Collection trucks	73	73	69	69	67	65	63	65	61	45
Parks and recreation										
Community centers and specialty center	11	11	11	11	11	11	11	12	12	12
Summer playgrounds and camps	43	43	43	43	43	43	43	43	43	43
Athletic fields	86	86	86	86	86	86	86	86	86	86
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	11	11	11	11	11	11	11	13	13	13
Park acreage	3,881	3,881	3,529	3,529	3,529	3,529	3,881	3,529	3,529	3,529
Fitness trails	30	30	30	30	30	30	30	17	17	17
Tennis/racquetball courts	67	67	67	67	67	67	67	67	67	67
Gymnasiums, center sites	7	7	7	7	7	7	7	7	7	7
Gymnasiums, school sites	5	5	4	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Other public works										
Traffic signals ⁽¹⁾	73	73	73	73	73	71	71	71	72	128

Source: Various city departments

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

CITY OF TALLAHASSEE, FLORIDA
Miscellaneous Statistical Data
September 30, 2018

Governance		Education:	
Date of Incorporation	1825	Number of Public Schools ⁽¹⁾	49
Date Present Charter Adopted	1996	Number of Public School Instructors ⁽¹⁾	2,400
Form of Government: Commission-Manager		Number of Public School Students, (PK-12) ⁽¹⁾	34,012
Commission Composed of: Mayor and Four Commissioners		Number of Vocational-Technical Schools ⁽¹⁾	1
Terms of Office:		Number of Community Colleges	1
Mayor - Four Years (Elected by Tallahassee Citizens)		Number of Universities	2
Commissioners - Four Years (Elected by Tallahassee Citizens)		Number of College-level Instructors ⁽⁴⁾	3,431
Manager (Appointed by Commission)		Number of College-level Students ⁽²⁾	76,153
Transportation:		Major Annual Events:	
Airlines, Bus Lines, and Railroad Freight and Passenger		Springtime Tallahassee Festival	
		Fourth of July "Celebrate America"	
		North Florida Fair	
Communications:		Market Days	
Newspapers, Radio Stations, Television Stations;		Winter Festival	
Cable Television and Telephone Service			
Climate		Culture, Recreation, and Health:	
Average Annual Temperature - in °F	67.7	Conference Center, Civic Center, and Theaters	
Average Annual Rainfall - in inches	63.2	Seating Capacity (Leon County Civic Center and Museums	13,375
Area - in square miles	103.29	Libraries (including branches)	12
		Skating Rinks	20
		Golf Courses	2
		Hospital Beds ⁽³⁾	9
			1,165

Source: City of Tallahassee Records except as noted below:

⁽¹⁾ Leon County School Board

⁽²⁾ Tallahassee Community College; Florida State University; Florida A & M University

⁽³⁾ Tallahassee Memorial Healthcare and Capital Regional Medical Center

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

CITY OF TALLAHASSEE, FLORIDA
Schedule of Insurance
September 30, 2018

Line of Coverage	Carrier	Limits/Coverage	Deductible/Retention	Effective	Expiration	Premium		Policy #
Property Renaissance Bldg	Westchester Surplus Lines Insurance Co.	Real Property - \$13,200,000	AOP - \$5,000 per Occurrence	3/31/2018	3/31/2019	Premium	\$ 35,261	D39186445002
		Earth Movement - \$2,500,000 Flood - \$2,500,000 Extra Expense - \$1,000,000	Flood - \$100,000 per Occurrence Named Storm - 1% Per Building/Structure; subject to the minimum deductible of \$25,000 per occurrence			Total Premium Paid	\$ 35,261	
Terrorism	Lloyds of London	Primary Property Damage: Annual Aggregate - \$250,000,000 Liability: Each Claim - \$1,000,000 Annual Aggregate - \$2,000,000 Excess Property Damage: Annual Aggregate - \$100,000,000 excess of \$250,000,000	Property Damage - \$100,000 Liability - \$100,000	5/1/2018	5/1/2019		\$ 76,235	UTS2538316.18
			Per Primary	5/1/2018	5/1/2019	Total Premium Paid	\$ 27,035 \$ 103,270	W185B4180301
Surety	Auto-Owners Insurance Co.	James Cooke Bond		9/8/2018	9/8/2019	Premium	\$259.00	66117834
Fine Arts	Travelers Property Casualty Company of America	Scheduled Property - \$120,000 (6 Anton Refregier Mosaic Murals)	Basic Deductible - \$1,000 Windstorm Deductible: \$5,000	8/19/2018	8/19/2019	Premium	\$ 1,713.60	QT-660-2G88697A

This document is intended as a summary of insurance coverages only. Refer to the actual policy for coverage details.

CITY OF TALLAHASSEE, FLORIDA
Schedule of Insurance
September 30, 2018

Line of Coverage	Carrier	Limits/Coverage	Deductible/Retention	Effective	Expiration	Premium		Policy #
Property	Factory Mutual Insurance Company	Policy Limit - \$1,000,000,000 Total Insurable Value - \$1,600,637,775	\$100,000 - per Occurrence \$100,000 - Wastewater Treatment Plant \$500,000 - Power Generation Plants \$250,000 - Transformers not at Power Generation locations \$750,000 - Steam Turbine Generators \$1,500,000 - Gas Turbine Generators \$500,000 - Flood for property at locations identified in policy 2% Property Damage, per location 2% Time Element, per location The above is subject to a minimum deductible of \$100,000 combined all coverages, per location	5/1/2018	5/1/2019	Premium	\$ 3,118,842	1023237

This document is intended as a summary of insurance coverages only. Refer to the actual policy for coverage details.

CITY OF TALLAHASSEE, FLORIDA
Schedule of Insurance
September 30, 2018

Line of Coverage	Carrier	Limits/Coverage	Deductible/Retention	Effective	Expiration	Premium		Policy #
Airport Operators Liability	Global Aerospace	Per Occurrence - \$100,000,000 Damage to Premises Rented to You - \$1,000,000 Personal and Advertising Injury Aggregate - \$25,000,000 Products-Completed Operations Aggregate - \$100,000,000 Hangarkeepers' Each Accident - \$100,000,000 Hangarkeepers' Each Aircraft - \$100,000,000 Non-Owned Aircraft - \$100,000,000	\$0 Each Occurrence or Offense Deductible \$0 Aggregate Deductible	10/1/2015	2018	Premium	\$ 30,563.40	15001414
						Annual Installments		
EMS Liability	General Star Indemnity Co	\$6,000,000/\$8,000,000 - Professional Liability \$1,000,000/\$1,000,000 - Abuse Molestation	\$0 Each Claim	10/1/2017	2018	Premium	\$ 60,746	IUG927317A
XS Workers' Compensation / XS General Liability	Colony Insurance Company	Statutory - Workers' Compensation \$1,000,000 - Employers Liability \$1,000,000/\$2,000,000 - General Liability	\$1,000,000 Per Occurrence Retention	10/1/2017	2018	Premium	\$ 176,832	PXL 17108702
Crime	Travelers Casualty and Surety Company of America	\$1,000,000 - Employee Theft Per Loss Coverage	\$50,000	10/1/2017	2018	Premium	\$ 10,742	106175065
Cyber Liability	CHUBB/Ace American Insurance Co.	\$5,000,000,Single, Limit/\$5,000,000,Annual,aggregate	\$50,000,Retention	10/1/2017	2018	Premium	\$ 10,742	EON G25664644 001
Fiduciary Firefighters	Travelers Casualty and Surety Company of America	\$1,000,000 for all Claims Settlement Program Limit of Liability \$100,000 HIPAA Limit of Liability \$100,000 502 (c) Penalties Limit of Liability \$100,000	\$1,000 Retention	10/1/2017	2018	Premium	\$ 4,620	106176744

This document is intended as a summary of insurance coverages only. Refer to the actual policy for coverage details.

CITY OF TALLAHASSEE, FLORIDA
Schedule of Insurance
September 30, 2018

Line of Coverage	Carrier	Limits/Coverage	Deductible/Retention	Effective	Expiration	Premium		Policy #
Fiduciary General Employees	Travelers Casualty and Surety Company of America	\$1,000,000 for all Claims Settlement Program Limit of Liability \$100,000 HIPAA Limit of Liability \$100,000 502 (c) Penalties Limit of Liability \$100,000	\$1,000 Retention	10/1/2017	2018	Premium	\$ 17,561	106176742
Fiduciary Police Officers	Travelers Casualty and Surety Company of America	\$1,000,000 for all Claims Settlement Program Limit of Liability \$100,000 HIPAA Limit of Liability \$100,000 502 (c) Penalties Limit of Liability \$100,000	\$1,000 Retention	10/1/2017	2018	Premium	\$ 5,572	106176738
AD&D	National Union Fire Insurance Company of Pittsburgh, PA	Statutory AD&D Coverage		10/1/2017	2019	Premium	\$ 21,552	SRG 0009140576-C
Bond	Travelers	\$50,000	ROW Leon County	10/24/2017	2018	Premium	\$ 1,750.00	106189058
Bond	Travelers	\$50,000	ROW Leon County	10/24/2017	2018			106189059
Bond	Travelers	\$50,000	ROW Leon County	10/24/2017	2018			106189060
Bond	Travelers	\$50,000	ROW Leon County	10/24/2017	2018			106189061
Bond	Travelers	\$50,000	ROW Leon County	10/24/2017	2018			106189062
Appointed Officials' Auto	Auto-Owners Insurance Co.	\$1,000,000 C.S.L		7/1/2017		Premium	\$ 4,654	51-278879-00
Broker/Agency Fee - Property	Public Risk Insurance Agency			6/1/2015	2018	Annual Installments	\$ 115,000	NA
Broker/Agency Fee	Public Risk Insurance Agency			10/1/2014	9/30/2017	Annual Installments	\$ 18,500	NA
TOTAL PREMIUMS							\$3,795,632	

This document is intended as a summary of insurance coverages only. Refer to the actual policy for coverage details.



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SINGLE AUDIT AND OTHER REPORTS

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

FOR THE ENTITY

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

FOR THE FINANCIAL ASSISTANCE PROGRAMS

Independent Auditors' Report on Compliance For Each Major Federal Program and State Project and Report on Internal Control Over Compliance

Schedule of Expenditures of Federal Awards and State Financial Assistance

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

Summary Schedule of Prior Audit Findings

OTHER

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

Schedule of Expenditures of Passenger Facility Charges

Schedule of Findings - Passenger Facility Charges

Summary Schedule of Prior Audit Findings - Passenger Facility Charges

Independent Accountants' Report on Compliance with Local Government Investment Policies

Management Letter

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Tallahassee, Florida (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 28, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

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

Purpose of this Report

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



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
March 28, 2019



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

Independent Auditors' Report on Compliance For Each Major Federal Program and State Project and Report on Internal Control Over Compliance

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

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Tallahassee, Florida's (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the requirements described in the *Florida Department of Financial Service's State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2018. The City's major federal programs and state projects are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program and State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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

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

City of Tallahassee, Florida
Page Three

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



THOMAS HOWELL FERGUSON, P.A.
Tallahassee, Florida
March 28, 2019



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

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures	Amount Provided to Subrecipients
FEDERAL AWARDS					
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT					
Direct Programs:					
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-12-0019	N/A	\$ 71,243	\$ 60,878
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-12-0019	N/A	111,068	98,157
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-12-0019	N/A	1,612,885	773,591
		M-12-MC-12-0221 /			
Home Investment Partnerships Program	14.239	M-14-MC-12-0221	N/A	157,356	157,356
Home Investment Partnerships Program	14.239	M-15-MC-12-0221	N/A	12,906	29,755
Home Investment Partnerships Program	14.239	M-16-MC-12-0221	N/A	175,392	395,347
Home Investment Partnerships Program	14.239	M-17-MC-12-0221	N/A	281,961	212,043
Emergency Solutions Grant Program	14.231	E-16-MC-12-0019	N/A	6,565	787
Emergency Solutions Grant Program	14.231	E-17-MC-12-0019	N/A	127,379	104,168
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				<u>2,556,755</u>	
U.S. ENVIRONMENTAL PROTECTION AGENCY					
Pass through Florida Department of Environmental Protection:					
Nonpoint Source Implementation Grants	66.460	N/A	NF022	4,988	
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY				<u>4,988</u>	
U.S. DEPARTMENT OF TRANSPORTATION					
FEDERAL TRANSIT ADMINISTRATION					
Direct Programs:					
Federal Transit Capital Investment Grants	20.500	FL-04-0152-00	N/A	21,732	
Federal Transit Formula Grant	20.507	FL-2016-020	N/A	575,556	
Federal Transit Formula Grant	20.507	FL-2017-080	N/A	833,451	
Federal Transit Formula Grant	20.507	FL-90-X862	N/A	30,119	
Federal Transit Formula Grant	20.507	1095-2017-2	N/A	1,092,250	
TOTAL FEDERAL TRANSIT CLUSTER				<u>2,553,108</u>	
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	FL-2017-078-00	N/A	138,583	
Job Access and Reverse Commute Program	20.516	FL-37-X067-00	N/A	27,796	
Job Access and Reverse Commute Program	20.516	FL-37-X070-00	N/A	17,439	
New Freedom Program	20.521	FL-57-X015-00	N/A	9,610	
New Freedom Program	20.521	FL-57-X043-00	N/A	17,411	
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER				<u>210,839</u>	
Public Transportation Research, Technical Assistance, and Training	20.514	FL-26-0021	N/A	32,972	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION					
Pass through Florida Department of Transportation:					
National Priority Safety Programs	20.616	N/A	G0F23	19,967	
National Priority Safety Programs	20.616	N/A	G0F18	3,693	
TOTAL HIGHWAY SAFETY CLUSTER				<u>23,660</u>	
FEDERAL HIGHWAY ADMINISTRATION					
Pass through Florida Department of Transportation:					
Highway Planning and Construction	20.205	N/A	G0B84	156,650	
Highway Planning and Construction	20.205	N/A	G0O24	36,214	
Highway Planning and Construction	20.205	N/A	G0O47	110,810	
Formula Grants for Rural Areas	20.509	N/A	G0R18	158,925	
				<u>462,599</u>	
FEDERAL AVIATION ADMINISTRATION					
Direct Programs:					
Airport Improvement Program	20.106	3-12-0077-39-2015	N/A	156,117	
Airport Improvement Program	20.106	3-12-0077-40-2016	N/A	879,976	
Airport Improvement Program	20.106	3-12-0077-41-2017	N/A	4,641,460	
Airport Improvement Program	20.106	3-12-0077-42-2018	N/A	989,631	
				<u>6,667,184</u>	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				<u>9,950,362</u>	
U.S. DEPARTMENT OF JUSTICE					
Direct Programs:					
Body Worn Camera Policy and Implementation	16.835	2017-BC-BX-0038	N/A	615,000	
Public Safety Partnership and Community Policing Grants	16.710	2015ULWX0013	N/A	642,272	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0513	N/A	15,763	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0740	N/A	8,764	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0661	N/A	108,116	
Pass through Florida Department of Law Enforcement					
National Asset Forfeiture Strategic Plan	16.UNKNOWN	N/A	N/A	5,341	
Pass through Florida Department of Juvenile Justice					
Juvenile Justice and Delinquency Prevention	16.540	N/A	10531	56,143	
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>1,451,399</u>	

See independent auditors' report on the financial statements.

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)
For the Year Ended September 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures	Amount Provided to Subrecipients
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
Direct Program:					
Assistance to Firefighters Grant	97.044	EMW-2014-FP-00327	NA	10,423	
Pass through Florida Executive Office of the Governor					
Homeland Security Grant Program	97.067	N/A	17-DS-V4-02-47-02-313	17,081	
Homeland Security Grant Program	97.067	N/A	17-DS-V4-02-47-02-312	61,803	
Homeland Security Grant Program	97.067	N/A	17-DS-V4-02-47-02-301	3,083	
Homeland Security Grant Program	97.067	N/A	17-DS-V4-02-47-02-321	18,808	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>111,198</u>	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Pass through Florida Executive Office of the Governor					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	PA-00-02-47-01-424	456,803	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	17-PA-W1-02-47-01-077	2,445,756	
				<u>2,902,559</u>	
Pass through Health Planning Council of Southwest Florida, Inc.					
State And Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	N/A	COHR6	5,000	
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>2,907,559</u>	
TOTAL FEDERAL AWARDS EXPENDED				<u>\$ 16,982,261</u>	
<u>STATE AWARDS</u>					
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>					
Statewide Surface Water Restoration and Wastewater Projects	37.039	N/A	LP37020	332,905	
TOTAL FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION				<u>332,905</u>	
<u>NORTH FLORIDA WATER MANAGEMENT DISTRICT</u>					
Florida Springs Grant Program	37.052	N/A	17-056	93,954	
TOTAL NORTH FLORIDA WATER MANAGEMENT DISTRICT				<u>93,954</u>	
<u>FLORIDA DEPARTMENT OF JUVENILE JUSTICE</u>					
Delinquency Prevention	80.029	N/A	10518	45,131	
TOTAL FLORIDA DEPARTMENT OF JUVENILE JUSTICE				<u>45,131</u>	
<u>FLORIDA DEPARTMENT OF TRANSPORTATION</u>					
Florida Commission for the Transportation Disadvantaged (CTD)					
Trip and Equipment Grant Program	55.001	NA	G0M57	364,833	
Florida Commission for the Transportation Disadvantaged (CTD)					
Trip and Equipment Grant Program	55.001	NA	G0X40	128,569	
Florida Commission for the Transportation Disadvantaged (CTD)					
Trip and Equipment Grant Program	55.001	NA	G0Y19	7,227	
Public Transit Block Grant Program	55.010	N/A	42225018401/G0Q96	1,089,406	
Public Transit Service Development Program	55.012	N/A	ARR77	8,615	
Public Transit Service Development Program	55.012	N/A	ARV75	92,660	
Aviation Grant Programs	55.004	N/A	APA37	6,110	
Aviation Grant Programs	55.004	N/A	ARO51	40,874	
Aviation Grant Programs	55.004	N/A	G0419	111,024	
Aviation Grant Programs	55.004	N/A	G0418	10,310	
Aviation Grant Programs	55.004	N/A	G0420	36,887	
Aviation Grant Programs	55.004	N/A	G0G65	26	
Aviation Grant Programs	55.004	N/A	G0G66	53	
Aviation Grant Programs	55.004	N/A	G0R11	43,385	
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION				<u>1,939,979</u>	
<u>FLORIDA HOUSING FINANCE CORPORATION</u>					
State Housing Initiatives Partnership Program (SHIP)	40.901	N/A	N/A	1,087,902	460,078
TOTAL FLORIDA HOUSING FINANCE CORPORATION				<u>1,087,902</u>	
TOTAL STATE AWARDS EXPENDED				<u>\$ 3,499,871</u>	
TOTAL FINANCIAL ASSISTANCE EXPENDED				<u>\$ 20,482,132</u>	<u>\$ 2,292,160</u>

NOTES

- The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the Schedule) presents the activity of all federal programs and state projects of the City of Tallahassee for the year ended September 30, 2018. All expenditures related to federal awards and state projects received directly from federal and state agencies, as well as federal awards and state projects passed through other governmental agencies, are included in the accompanying Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2, *Uniform Guidance* of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*.
- The Schedule was prepared on the modified accrual basis of accounting.
- No federal or state financial assistance was expended in non-cash assistance.
- The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
- Housing loans outstanding at year end:

Community Development Block Grant-Entitlement	14,218	\$ 798,218
HOME Investment Partnerships Program	14,239	4,141,471
State Housing Initiatives Partnership Program	40,901	1,840,733
		<u>\$ 6,780,422</u>
- Expenditures in the amount of \$272,038 shown for U.S. Department of Health and Human Services, Pass through Florida Executive Office of the Governor, Disaster Grants-Public Assistance (Presidentially Declared Disasters), CFDA 97.036, grant number PA-00-02-47-01-424, were incurred during the year ended September 30, 2017.
- Statement in accordance with Chapter 341.052, Florida Statutes**, Florida Department of Transportation, Public Transit Block Grant funds did not exceed local revenue; were not expended for depreciation or amortization of capital assets; and did not supplant local tax revenues made available for operations in the previous year.

See independent auditors' report on the financial statements.

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2018

Schedule of Findings and Questioned Costs Relating to Federal Awards

Section I -- Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major federal programs?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs: <u>CFDA Number</u>	<u>Name of Federal Program</u>
	U.S. Department of Housing and Urban Development
	Direct Programs
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program
	Federal Aviation Administration
	Direct Program
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2018

Schedule of Findings and Questioned Costs Relating to State Financial Assistance

State Financial Assistance Awards

Internal control over major projects:

Material weakness(es) identified? No

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

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

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

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

Identification of major state projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
37.039	Florida Department of Environmental Protection Statewide Surface Water Restoration and Wastewater Projects
40.901	Florida Housing Finance Corporation State Housing Initiatives Partnership Program (SHIP)
55.010	Florida Department of Transportation Public Transit Block Grant Program

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

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2018

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

2018-001 - Capital Assets Accounting

Criteria: The City managed capital assets with a book value, net of depreciation, of approximately \$2.7 billion for the year ended September 30, 2018. Management and reconciliation of this process requires close coordination and communication with the departments involved in project management and the financial reporting function. Physical inventory of material assets should be performed and reconciled to the asset management system on a regular basis to ensure existence and condition of assets. The asset management system should be reconciled to the general ledger to maintain a complete and accurate record of the City's capital assets.

Condition: Land and building owned by the City since 1999 was not included in the financial statements or asset management system. This was noted when the property was sold during the year and the sale price was reported as gain on sale of property. Assets were duplicated in the asset management system when department staff entered assets and Financial Reporting staff entered the same assets. The Asset Management system was not reconciled to the general ledger as of September 30, 2018. Lastly, the City's capital asset records did not consistently identify capital assets acquired with federal and state funds to ensure compliance with grant agreements.

Cause: The City's Fixed Assets office does not receive the information required to properly record CIP, especially when projects are completed in phases and placed into service. The Capital Assets office has developed a system of entering "placeholder" assets for completed CIP projects until the departments add the completed project to the Asset Management system. This is a manual process that relies on the Capital Assets staff to remember to remove the "placeholder" asset after an asset is added by the project manager or department staff. In addition, the Fixed Asset office does not reconcile its records with other departments, such as the Real Estate office, to ensure that all City owned property is reflected in the City's Capital Asset records. Neither the departments or the Capital Asset office have a consistent system for identifying assets acquired with federal or state funds.

Effect: Seven adjusting journal entries were posted to correct capital assets for the year ended September 30, 2018. CIP projects were not adjusted during the year-end closing process to record invoices received subsequent to year-end to properly reflect the CIP balance as of September 30, 2018. Duplicate assets are entered into the asset management system when assets are recorded by the Capital Assets office and by the various departments. Property owned by the City was not reflected in the City's financial records until the sale of the property was recorded as a gain on sale. Without the proper identification of funding sources, monitoring for compliance with federal and state grants for purchases of capital assets may be inadequate.

City of Tallahassee, Florida
Schedule of Findings and Questioned Costs (continued)
For the Year Ended September 30, 2018

Recommendation:

The proper capitalization and transfers from construction in progress (CIP) to depreciable assets requires coordination between the departments and the Financial Reporting Division. As recommended in the prior year, the City is in the process of implementing a review process of all CIP projects that allows projects that are substantially complete or placed in service to be transferred within a timely manner from CIP to depreciable assets. With hundreds of projects and project coordinators, timely and efficient communication is essential and additional review procedures should be implemented to evaluate CIP projects throughout the year. To facilitate the management and accounting of long-term capital projects, the Financial Reporting Division and the departments must coordinate the information necessary to determine that the portion of projects that remain in CIP are properly classified and that the portion of the projects transferred to depreciable assets are placed in service and depreciated in an accurate and timely manner.

In order to improve the accuracy of the asset management system and financial reporting, we recommend that procedures over purchases of capital assets be reviewed to eliminate the duplication of asset additions and to properly identify sources of funding, especially federal and state funded purchases. Identification of funding sources will facilitate compliance with federal and state grants. Procedures, including a physical inventory, should be developed to ensure that capital assets owned by the City are properly reflected in the Asset Management system and properly accounted for in the general ledger. In addition, we recommend that the City utilize the capabilities of the Asset Management system, as a subsidiary record of the general ledger, and minimize its reliance on Excel spreadsheets for CIP and capital assets and include a reconciliation of the Asset Management system to the general ledger on at least a quarterly basis. A reconciliation of the Asset Management system to the general ledger should detect missing and duplicate assets in a timely manner.

Views of responsible officials and planned corrective actions:

While recognizing the need to continue to improve the capital assets accounting process, the City has made significant improvements over the last few years. The new quarterly CIP process, which was implemented as a result of the FY17 audit, will continue to be refined and improved. This will include a greater emphasis on communication between Fixed Assets and departmental staff. Such communication will include details of assets capitalized by the Fixed Assets division in order to eliminate duplication of asset additions. Financial Services staff will begin an evaluation of its asset management processes and procedures which will include an assessment of the capabilities of the Asset Management module of the financial system to determine how it can be utilized to improve the efficiency and effectiveness of the capital assets accounting process.

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

We noted no matters involving noncompliance that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.554(1)(4), *Rules of the Auditor General*.

City of Tallahassee, Florida
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2018

Section II - Financial Statement Findings

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

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

2017-001 – Grant Management; Schedule of Expenditures of Federal Awards and State Financial Assistance

Significant Deficiency: There were various items and omissions noted in regards to the amounts of federal and state expenditures reported on the City's Schedule of Expenditures of Federal Awards and State Financial Assistance.

Status: Corrective actions have been implemented and no further issues were noted during the current year.

2017-002 – U.S. Department of Housing & Urban Development, Community Development Block Grants/Entitlement Grants, Grant Numbers B-15-MC-12-0019 and B-16-MC-12-0019, CFDA 14.218

Significant Deficiency: (1) Reporting: HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons was not completed on an annual basis; (2) Subrecipient Monitoring: One subrecipient contract did not include the identification of the CFDA title and number, award name, or the name of the federal awarding agency; monitoring of four subrecipients had not been completed during the past fiscal year, or within a reasonable time period; one monitoring report could not be located.

Status: Corrective actions have been implemented and no further issues were noted during the current year.

2017-003 – U.S. Department of Housing & Urban Development, HOME Investment Partnerships Programs, Grant Numbers M-15-MC-12-0021 and M-16-MC-12-0221, CFDA 14.239

Significant Deficiency: (1) Reporting: HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons was not completed on an annual basis; (2) Subrecipient Monitoring: Monitoring of four subrecipients had not been completed during the past fiscal year, or within a reasonable time.

Status: (1) Corrective actions have been implemented; (2) There is one subrecipient that remains to be monitored. See current year finding 2018-006 in the management letter.

City of Tallahassee, Florida
Summary Schedule of Prior Audit Findings (continued)
For the Year Ended September 30, 2018

2017-004 – Florida Housing Finance Corporation, State Housing Initiatives Partnership (SHIP) Program, Grant Number NA, CSFA 40.901

Significant Deficiency: Subrecipient Monitoring: Monitoring of three subrecipients had not been completed during the past fiscal year, or within a reasonable time period; monitoring of three rental properties previously assisted with SHIP funding have not been monitored; there was no formal monitoring tool utilized for the monitoring of one subrecipient; and one monitoring report could not be located.

Status: Corrective actions have been implemented for monitoring of three subrecipients, a monitoring tool has been created and was utilized on all monitoring tested during the current year, all monitoring reports were provided; and one of the three rental properties was sold. Monitoring visits remain to be completed on two of the rental units. See current year finding 2018-006 in the management letter.

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

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

Report on Compliance for the Passenger Facility Charge Program

We have audited the compliance of the Tallahassee International Airport, City of Tallahassee, Florida (the Airport) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2018.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion

In our opinion, the Airport complied, in all material respects, with the types of requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Passenger Facility Charges

We have audited the basic financial statements of the City of Tallahassee, Florida as of and for the year ended September 30, 2018, and have issued our report thereon dated March 28, 2019. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

City of Tallahassee, Florida
Page Three

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.



THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
March 28, 2019



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

City of Tallahassee, Florida
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended September 30, 2018

<u>Program Title</u>	<u>Expenditures</u>
Passenger Facility Charges Used:	
Passenger Facility Charge Application #06-06-C-00-TLH	
Project 9: Terminal Rehabilitation – Phase II	\$ 132,832
Passenger Facility Charge Application #16-07-C-00-TLH	
Project 1: Terminal Rehabilitation	76,671
Project 3: South Ramp Reconstruction and Rehabilitation	263,744
	<hr/>
Total Passenger Facility Charges Used	<u>\$ 473,247</u>

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

City of Tallahassee, Florida
Schedule of Findings – Passenger Facility Charges
For the Year Ended September 30, 2018

Findings and Questioned Costs – Passenger Facility Charges (PFC) for the Year Ended September 30, 2018

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

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

City of Tallahassee, Florida
Summary Schedule of Prior Audit Findings – Passenger Facility Charges
For the Year Ended September 30, 2018

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

Independent Accountants' Report on Compliance with Local Government Investment Policies

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

We have examined the City of Tallahassee, Florida's (the City) compliance with local government investment policies provided in Chapter 218.415, *Florida Statutes*, during the year ended September 30, 2018. The City's management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

Thomas Howell Ferguson P.A.

Law Redd Crona & Munroe P.A.

THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
March 28, 2019

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

Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the City of Tallahassee, Florida (the City), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated March 28, 2019.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Expenditures of Federal Awards and State Financial Assistance; Schedule of Findings and Questioned Costs; Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March 28, 2019, should be considered in conjunction with this management letter.

Current Year September 30, 2018 Recommendations

2018-002 Communication and Financial Services Department

Information critical to the financial reporting process is managed in various departments throughout the City of Tallahassee, including some accounting functions, which are assigned to various departments. A decentralized system is very efficient and effective when accounting staff are working directly with programs and services, but it requires close coordination, cooperation and communication across departments. Decentralization also requires accounting policies and procedures that are standardized to ensure that all departments and personnel are providing essential information across divisions and departments throughout the City.

We recommend that policies and procedures be reviewed to ensure that accounting and reporting functions assigned to various departments throughout the City have clearly defined channels of communications with the Financial Reporting Division. Setting a tone that encourages cooperation and establishing communication channels should ensure that information required for accurate and complete financial reporting is available. The City should also standardize the accounting policies and procedures used by the departments so that the information provided is consistent throughout the City. The City should ensure personnel assigned to the departments where critical accounting functions are assigned have the required skills, knowledge and experience. Training relative to job functions and accounting processes should be regularly provided.

Management Response:

We will undertake a review of the City's policies and procedures with a view to ensuring that there are clearly defined channels of communication between departments and Financial Services. The review will include the accounting policies and procedures used by departments as part of the financial reporting process. It will also include an assessment of skills, knowledge and experience of departmental staff assigned to such tasks.

2018-003 Financial Reporting Division

Accounting for local governments and for the activities of the City has become increasingly complex over the last several years. In addition to the accounting required for the City's activities, the Financial Reporting Division is also responsible for maintaining the accounting records for Blueprint Intergovernmental Agency (Blueprint), Capital Region Transportation Planning Agency and the Consolidated Dispatch Agency. The accounting for these entities, in addition to the City's reorganization of its departments, the implementation of several complicated Governmental Accounting Standards Board (GASB) pronouncements, and other special requests, have stretched the resources of the Financial Reporting Division. In response to the management letter comment no. 2016-003, an accountant position was approved in the 2017-18 budget for Blueprint and filled in June 2018.

During the audit, we noted that the City's general ledger contains over 20,000 accounts across approximately 275 funds. The high volume of accounts and funds requires care and review when transactions are posted to ensure the proper funds and accounts are utilized. Several accounts receivable and revenue accounts were incorrect due to posting errors. Various entries were required to correctly classify negative cash balances within the "pooled cash" accounts and to properly reflect due to/due from amounts with other entities and governments. Some accounts receivable, accounts payable and deferred revenue accounts were unchanged from the prior year or netted against each other and should have been evaluated at year end. These issues were not identified by the Financial Reporting Division during the year nor during the year end accounting and review process. The Financial Reporting Division's management allocates a significant amount of time to day-to-day transactions and preparation of supporting documentation, rather than focusing on higher level review and risk assessment associated with the City's financial reports and transactions.

We recommend that the City evaluate the workload of the Financial Reporting Division and evaluate the qualifications of its current staff to ensure that personnel are in place to provide the proper financial accounting and reporting of the City's operations as well as the joint ventures for which it assumes accounting responsibilities. In addition, we recommend that the City evaluate its general ledger and streamline its account structure. Each account should be clearly defined and reviewed to determine its use and function. Account balances should be reviewed to ensure proper reporting in the financial statements. We also recommend that the City review its year-end closing procedures in order to improve the timeliness of the procedures. The current schedule of closing procedures does not allow sufficient time to evaluate and accurately report all of the City's financial activities. Consideration should be given to evaluating accounts throughout the year to smooth out the year-end accounting process. Given the complexities and volume of the City's financial transactions, it is important to continue to cross train staff in new areas. This will improve the continuity of procedures and review processes and facilitate better management of accountant workloads and accounting processes.

Management Response:

The Financial Reporting Division continues to review and improve its processes and procedures including those related to year-end. They will be looking at reorganizing in the summer of 2019 as part of a continued evaluation of staffing and responsibilities and to be better able to utilize resources and to allow management more time for reviewing. During this process, they will address cross training and the review and evaluation of any old balances to ensure their accuracy.

2018-004 Bank Reconciliations

During the audit, we observed reconciliation of the Treasury account bank reconciliations were performed six to 11 weeks after month end. City staff established preliminary bank reconciliation procedures beginning in April 2018. Four of the six preliminary bank reconciliations were performed five to six weeks after month-end, with the preliminary bank reconciliation for the month ended September 30, 2018 performed on December 4, 2018 and the final reconciliation performed on December 18, 2018. The delay in performing bank reconciliations has been observed and included as part of various management letter comments over the past several years.

The timely reconciliations of the City's bank accounts are a critical control activity. Cash transactions account for almost every activity of a government's operations, from utility payments from customers to payroll and the purchase of goods and services. Delays in performing this key control allows for errors or fraudulent transactions to occur and not be identified in a timely manner. We recommend that all bank reconciliations be performed and reviewed no later than 30 days after month end.

Management Response:

Financial Reporting recognizes the importance of timely bank reconciliations and has succeeded in improving the timeliness since this comment was first made. They continue to review process and have for the last couple of months been cross training another employee on this task with the goal of completing the reconciliations within one month of closing each month in the general ledger which will represent approximately 5 weeks after month end.

2018-005 P-card Program

The City has 2,850 employees with approximately 800 P-cards issued for their use. The limits of the P-cards range from \$200 to \$250,000. Most P-card transactions are travel related or small dollar purchases. During our current year testing and in prior years, we noted the following:

- P-cards with little to no activity during the year.
- No documentation for P-card transactions.
- Lack of supervisor approval of P-card transactions.
- High dollar limit cards with minimal usage.

We recommend that the City evaluate its P-card program. The high number of P-cards issued can circumvent the City's procurement policies and procedures if card activity is not carefully monitored. In addition, it exposes the City to the potential for losses due to fraud and theft. The City Auditor's office has included the P-card program in its 2018-19 Audit Plan. This detailed audit should provide additional recommendations for improving controls over the City's P-card usage. Training of employees, especially at the supervisory level, should be considered to ensure that P-cards transactions are properly authorized and comply with the City's Procurement and Purchasing Policies. The comment was included in the prior year management letter as 2017-007.

Management Response:

There are system related issues in our use of the P-card module in PeopleSoft that impede the effective use of the program. Therefore, management intends on re-implementing the module and at that time limits, transaction processing, and approval of bank statements will be automated in a manner that will enforce the rules. The City Auditor findings on the audit of department P-card usage will be considered during the reimplementation process.

2018-006 Subrecipient Monitoring

During our single audit testing of subrecipient monitoring for the HOME Investment Partnership Program, CFDA 14.239, and the State Housing Initiatives Partnership Program (SHIP), CSFA 40.901, we noted that monitoring for the Bethel Community Development Corporation Community Housing Development Organization Rental Homes (HOME) and Home Place at Balkin and Del Rio Apartments (SHIP) had not been monitored. The Uniform Guidance contained in 2 CFR Part 200, Section 200.331 requires that monitoring be performed on all subrecipients to ensure that the subaward is used for authorized purposes, complies with Federal statutes, regulations, the terms and conditions of the subaward, and that subaward performance is achieved.

We recommend that formal monitoring on these rental properties be completed as soon as possible and future monitoring be completed on a timely and ongoing basis

Management Response:

As of March 22, 2019, monitoring of Home Place at Balkin and Del Rio Apartments has been completed. The reports were issued by City staff on February 28, 2019 and February 26, 2019, respectively. Responses from the entities are pending. The Bethel Community Development Corporation Community Housing Development Organization Rental Homes monitoring of their CHDO properties is currently ongoing. This review began July 31, 2018, with a technical assistance visit; the monitoring session occurred September 19, 2018; the report is pending additional items to be received by the entity. The deadline for submission is March 29, 2019, after which the final report will be issued.

2018-007 Procurement of Contracts With Davis-Bacon Provisions

During our single audit testing of the Airport Improvement Programs, grant number 3-12-0077-041-2017, CFDA 20.106, we noted that the Invitation to Bid No. 0077-17-CC-BC for the Allen's Excavation contract #4029 and the Invitation to Bid No. 0078-17-CC-BC for the Cook Brothers, Inc. contract #4028 did not contain the required language for construction contracts subject to the Davis-Bacon Act. In accordance with 2 CFR 200, Appendix II, all construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144 and 3146-3148) as supplemented by DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction). The non-Federal entity must also place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation.

Our review of the bid documents noted that the prevailing wage determinations were included. We also noted through our testing of the certified payrolls that the contractors are complying with the requirements of the Davis-Bacon Act.

We recommend that all future procurements contain the appropriate language required for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144 and 3146-3148) as supplemented by DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction).

Management Response:

The omission of the Davis-Bacon provisions in the ITB was an oversight and we will ensure all future solicitations contain this language. While the provision was not included, airport staff enforced the provision as this is standard operating procedure.

Prior Audit Findings

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

- Finding No. 2017-003 U.S. Department of Housing & Urban Development, HOME Investment Partnerships Programs, Grant Numbers M-15-MC-12-0221 and M-16-MC-12-0221, CFDA 14.239 repeated in the current year as Finding No. 2018-006 Subrecipient Monitoring.
- Finding No. 2017-004 Florida Housing Finance Corporation, State Housing Initiatives Partnership Program (SHIP), Grant Number NA, CSFA 40.901 repeated in the current year as Finding No. 2018-006 Subrecipient Monitoring.
- Finding No. 2017-005 Financial Reporting Division Structure and Workload, repeated in the current year as Finding No. 2018-003 Financial Reporting Division.
- Finding No. 2017-006 Capital Assets Accounting, repeated in the current year as Finding No. 2018-001 Capital Assets Accounting.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the matters discussed in the Current Year September 30, 2018 Recommendations section of this letter and Section II of the September 30, 2018 Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance.

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statement of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Thomas Howell Ferguson P.A. *Law Redd Crona + Munroe P.A.*

THOMAS HOWELL FERGUSON P.A.
Tallahassee, Florida
March 28, 2019

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



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