

FLORIDA'S CAPITAL CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF
TALLAHASSEE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

CITY OF TALLAHASSEE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
September 30, 2019**



PREPARED BY:

**Financial Reporting Division
Financial Services Department**

CITY OF TALLAHASSEE, FLORIDA

CITY COMMISSION

JOHN E. DAILEY, Mayor

DIANNE WILLIAMS-COX, Pro Tem

CURTIS RICHARDSON, 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

DENNIS R. SUTTON
City Auditor

JIM COOKE
City Treasurer-Clerk

CASSANDRA JACKSON
City Attorney

**CITY OF TALLAHASSEE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2019
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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



April 8, 2020

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, 2019, 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 firm of MSL, P.A. has issued an unmodified opinion on the City's financial statements for the year ended September 30, 2019. 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.

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 38.10% of the population, with African-Americans comprising 31.7%.

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 2014-2018 American Community Survey 5-year estimates report median family income in Leon County is \$51,201, 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 2019, the unemployment rate was 2.9% in the City as compared to the State's unemployment rate of 3.0%. The percentage of employees employed by local, state, and federal government is approximately 33.41% 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	275,847
2019	195,713	100,786	296,499
2020	197,100	101,200	298,300
2025	207,900	104,000	311,900
2030	216,500	106,300	322,800
2035	223,400	108,100	331,500
2040	229,500	109,700	339,200
2045	234,800	111,200	346,000

CONSTRUCTION TRENDS

Residential Construction

Single-family residential building permits in Leon County were down 9% in fiscal year 2019, following a 6% decrease in fiscal year 2018. Permits for multi-family units were down 67% in fiscal year 2019 following a 2% decrease in fiscal year 2018. Year-over-year new multi-family construction can be volatile given the number of units included in each development.

Commercial Development

In fiscal year 2019, approximately \$293 million in new commercial construction was permitted in Leon County, more than double the nearly \$137 million permitted in fiscal year 2018. Larger new commercial permits in fiscal year 2019 include the \$150 million, 576,000 square foot Washington Square development, the \$21.5 million, 72,000 square foot CHP Metropolitan Health Center, a \$15 million, 154-room AC Hotel Tallahassee by Marriott at Cascades, and the \$14.5 million, 38,000 square foot Tallahassee Orthopedic Clinic.

MILLAGE RATES

As indicated below, the City enjoys the lowest millage rate of the comparable largest cities in Florida for 2019 and 2018. Tallahassee's low and stable millage rate should act as an incentive to economic growth and stability.

Comparable City	Millage Rates	
	2019	2018
Clearwater	5.96	5.96
Daytona	5.85	7.66
Fort Lauderdale	4.12	4.12
Gainesville	4.74	4.74
Hollywood	7.46	7.7
Lakeland	5.46	5.56
Largo	5.62	5.74
Orlando	6.65	6.65
Pensacola	4.29	4.29
Tallahassee	4.1	4.1
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 2019 operating budget of \$727.2 million and an approved capital budget of \$161.8 million. The Plan for the ensuing five years (including 2019) results in projected capital expenditures of approximately \$887.1 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, 2018. 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, 2018

Christopher P. Morrell

Executive Director/CEO



CITY OF TALLAHASSEE Organizational Values

- Honor public trust through ethical behavior
- Provide exceptional citizen service
- Lead with integrity at every level
- Collaborate to reach common goals
- Invest in employee excellence
- Promote equity and celebrate diversity

THE CITIZENS OF TALLAHASSEE



THE CITY COMMISSION



Members of the City Commission (L to R):
Commissioner Curtis Richardson
Mayor Pro Tem Diane Williams-Cox
Commissioner Elinor W. Bryant
Commissioner Jeremy Marlow



REESE GOAD
CITY MANAGER



DENNIS R. SUTTON
CITY AUDITOR



CASSANDRA K. JACKSON
CITY ATTORNEY



JIM COOKE
CITY TREASURER-CLERK



CYNTHIA BARBER
DEPUTY CITY MANAGER



ROB MCGARRAHAN
GENERAL MANAGER
ELECTRIC & GAS



RAOUL LAVIN
ASSISTANT CITY MANAGER



ALISON FARIS
DIRECTOR
COMMUNICATIONS



WAYNE TEDDER
ASSISTANT CITY MANAGER
and CRA DIRECTOR



JAMES BARNES
CHIEF CUSTOMER OFFICER
CUSTOMER OPERATIONS



ANGELA HENDRIETH
CHIEF DIVERSITY OFFICER
OFFICE OF DIVERSITY & INCLUSION



LAWRENCE REVELL
CHIEF OF POLICE



ASHLEY EDWARDS
DIRECTOR
PARKS, RECREATION
& NEIGHBORHOOD AFFAIRS



REGINALD OFUANI
DIRECTOR
COMMUNITY BEAUTIFICATION
& WASTE MANAGEMENT



JEANINE GAUDIN
DIRECTOR
CDA



JEROME GAINES
CHIEF OF FIRE



ABENA OJETAYO
INTERIM DIRECTOR
COMMUNITY HOUSING
& HUMAN SERVICES



KIMBALL THOMAS
DIRECTOR
DEPARTMENT OF COMMUNITY
SERVICES



PATRICK TWYMAN
DIRECTOR
FINANCIAL SERVICES



ELLEN BLAIR
DIRECTOR
HUMAN RESOURCES



ANGELA BALDWIN
DIRECTOR
STARMETRO



JAN AUGER
GENERAL MANAGER
GOLF COURSES



CHRISTIAN DOOLIN
DIRECTOR
STRATEGIC INNOVATION



ROBERT WIGEN
DIRECTOR
RESOURCE MANAGEMENT



JOHN POWELL
DIRECTOR
ENVIRONMENTAL SERVICES
& FACILITIES



TIM DAVIS
DIRECTOR
TECHNOLOGY & INNOVATION



JEFF SHEPARD
DIRECTOR
FLEET



KAREN JUMONVILLE
DIRECTOR
GROWTH MANAGEMENT



DAVID POLLARD
DIRECTOR
AVIATION



RAYNETTA CURRY MARSHALL
DIRECTOR
UNDERGROUND UTILITIES &
PUBLIC INFRASTRUCTURE



GREG SLAY
DIRECTOR
CRTPA



BEN PINGREE
DIRECTOR
PLACE



AUTUMN CALDER
DIRECTOR
BLUPRINT - PLACE



CHERIE BRYANT
DIRECTOR
PLANNING - PLACE



CRISTINA PAREDES
DIRECTOR
OFFY PLACE

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

Elected Officials

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

Appointed Officials

City Manager Reese Goad
City Treasurer-Clerk Jim Cooke
City Auditor Dennis R. Sutton
City Attorney Cassandra Jackson

Deputy City Manager and Assistant City Managers

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

Department Directors

Aviation David Pollard
Communications Allison Faris
Community Beautification and Waste Management Reginald Ofuani
Interim Community Housing and Human Services Abena Oteyaho
Community Redevelopment Agency..... Wayne Tedder
Community Services..... Kimball Thomas
Customer Operations Chief Customer Officer James Barnes
Diversity and Inclusion Chief Diversity Officer..... Angela Hendrieth
Energy Services, Electric and Gas General Manager Rob McGarrah
Environmental Services and Facilities..... John Powell
Financial Services Patrick Twyman
Fire..... Jerome Gaines
Fleet Jeff Shepard
Golf Courses General Manager Jan Auger
Growth Management Karen Jumonville
Human Resources..... Ellen Blair
Parks, Recreation and Neighborhood Affairs Ashley Edwards
Planning, Land Management and Community Enhancement..... Benjamin Pingree
Police Lawrence Revell
Real Estate Judy Donahoe
Resource Management..... Robert Wigen
StarMetro Angela Baldwin
Strategic Innovation..... Christian Doolin
Sustainability and Community Preservation..... Abena Ojetayo
Technology and Innovation Tim Davis
Underground Utilities Raynetta Curry Marshall

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	Linda Caines

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 AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Commission
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, 2019, 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.

Auditor's 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 of 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 City'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 City'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.

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

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 as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter – Correction of an error

As discussed in Note III. D to the financial statements, in the year ended September 30, 2019, the City made an adjustment to accrue unbilled utility receivables which required the restatement of the October 1, 2018 net position in various funds. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information (other than MD&A), as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining financial statements and schedules, the other supplemental information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining financial statements and schedules, and other supplemental information 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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.

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2020 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida

April 8, 2020

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, 2019. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2019 by \$2.0 billion. Of this amount, \$58 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 increased by \$24.0 million as a result of fiscal year 2019 operations which increased net position by \$1.7 million and an increase in net position of \$22.3 million resulting from prior period restatements related to a change in the method for recording utility receivables.
- As of September 30, 2019, the City's Governmental Funds reported combined ending fund balances of \$84.7 million, a decrease of \$30.9 million in comparison with the prior year. Approximately \$1.5 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 \$1.5 million, or 0.9% of general fund expenditures.
- As of September 30, 2019, the City's enterprise funds reported combined net position of \$1.24 billion, an increase of \$39.6 million from the prior year. This increase was due to the net effect of current year income of \$18.0 million and a \$21.6 million increase for the prior period restatements related to a change in the method for recording utility receivables. Approximately \$155.8 million of the net position is unrestricted.
- Capital assets, net of accumulated depreciation, as of September 30, 2019, totaled \$2.68 billion, an increase of \$14.3 million in comparison with prior year (Note IV.D.).
- The City's outstanding long-term debt (Note IV.G.) increased from \$1.41 billion to \$1.42 billion, or 0.3%.

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 136 - 139 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 142 - 144 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 146 - 151 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 154 - 155 of this report. The basic financial statements for all three fiduciary funds are provided on pages 52 - 53 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 and other post employment 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 2019 Statement of Net Position found on pages 36 - 37 with comparative information for fiscal year 2018.

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>2019</u>	<u>2018 *</u>	<u>2019</u>	<u>2018 *</u>	<u>2019</u>	<u>2018 *</u>
Assets						
Current and Other Assets	\$ 149.1	\$ 167.1	\$ 600.1	\$ 596.3	\$ 749.2	\$ 763.4
Capital Assets	824.9	829.4	1,852.1	1,833.3	2,677.0	2,662.7
Total Assets	974.0	996.5	2,452.2	2,429.6	3,426.2	3,426.1
Deferred Outflow of Resources	126.7	126.5	61.9	45.8	188.6	172.3
Total Assets and Deferred Outflows	1,100.7	1,123.0	2,514.1	2,475.4	3,614.8	3,598.4
Liabilities						
Current and Other Liabilities	248.6	216.3	222.2	196.3	470.8	412.6
Long-term Debt Outstanding	101.3	111.4	972.1	999.7	1,073.4	1,111.1
Total Liabilities	349.9	327.7	1,194.3	1,196.0	1,544.2	1,523.7
Deferred Inflows of Resources	49.4	72.3	17.4	22.6	66.8	94.9
Total Liabilities and Deferred Inflows of						
Resources	399.3	400.0	1,211.7	1,218.6	1,611.0	1,618.6
Net Investment in Capital Assets	731.0	730.0	899.7	884.1	1,630.7	1,614.1
Restricted	83.8	114.3	231.8	220.0	315.6	334.3
Unrestricted	(113.4)	(121.3)	170.9	152.7	57.5	31.4
Total Net Position	701.4	723.0	1,302.4	1,256.8	2,003.8	1,979.8
Total Liabilities, Deferred Inflows of Resources and Net						
Position	\$ 1,100.7	\$ 1,123.0	\$ 2,514.1	\$ 2,475.4	\$ 3,614.8	\$ 3,598.4

(*) Balances for 2018 have not been restated for prior period adjustments related to recording of unbilled receivables.

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 increased from \$1.98 billion in 2018 to \$2.00 billion in 2019, an increase of \$1.7 million or .086%.

The largest portion of the City's net position, \$1.63 billion or 81.4%, 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, \$315.6 million or 15.7%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$57.5 million or 2.9%, 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 primarily negative as a result of the implementation of GASBs 68 and 75 which require the recording of a net pension/liability net OPEB liability. The remaining net position categories for governmental activities and all of the net position for business-type activities have positive balances.

The following table is a summary of the fiscal year 2019 Statement of Activities found on pages 38 - 39 with comparative information for fiscal year 2018.

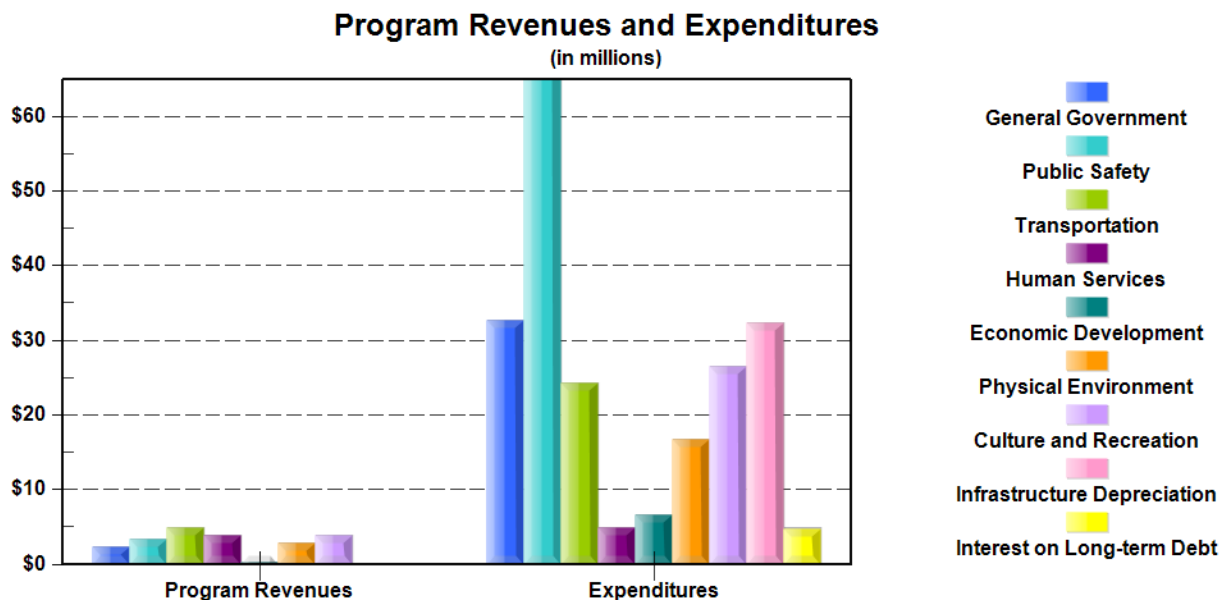
Table 2
Changes in Net Position
For the Year Ended September 30
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018 *</u>	<u>2019</u>	<u>2018 *</u>	<u>2019</u>	<u>2018 *</u>
Revenues						
Program revenues						
Charges for Services	\$ 13.1	\$ 12.6	\$ 533.1	\$ 520.6	\$ 546.2	\$ 533.2
Operating Grants and Contributions	7.2	4.4	4.6	4.9	11.8	9.3
Capital Grants and Contributions	1.2	-	10.3	14.2	11.5	14.2
General revenues						
Property Taxes	44.2	41.5	-	-	44.2	41.5
Public Service Taxes	24.2	23.6	-	-	24.2	23.6
Grants and Contributions	33.3	32.4	2.0	2.0	35.3	34.4
Net Investment Revenue	4.6	2.0	28.9	(1.5)	33.5	0.5
Other Revenues	11.9	13.2	1.9	23.7	13.8	36.9
Total Revenues	<u>139.7</u>	<u>129.7</u>	<u>580.8</u>	<u>563.9</u>	<u>720.5</u>	<u>693.6</u>
Expenses						
General Government	32.7	21.0	-	-	32.7	21.0
Public Safety	70.1	55.7	-	-	70.1	55.7
Transportation	24.2	42.1	-	-	24.2	42.1
Cultural and Recreation	26.5	24.3	-	-	26.5	24.3
Depreciation on Infrastructure	32.4	31.8	-	-	32.4	31.8
Other Primary Government	32.9	21.1	-	-	32.9	21.1
Electric	-	-	252.6	240.9	252.6	240.9
Gas	-	-	21.7	21.0	21.7	21.0
Sewer	-	-	52.8	76.7	52.8	76.7
Water	-	-	36.3	31.9	36.3	31.9
Airport	-	-	19.9	18.5	19.9	18.5
StarMetro	-	-	23.9	21.5	23.9	21.5
Solid Waste	-	-	26.4	24.6	26.4	24.6
Golf	-	-	1.0	1.3	1.0	1.3
Stormwater Management	-	-	19.6	16.9	19.6	16.9
Fire Services	-	-	45.8	43.7	45.8	43.7
Total Expenses	<u>218.8</u>	<u>196.0</u>	<u>500.0</u>	<u>497.0</u>	<u>718.8</u>	<u>693.0</u>
Increase (Decrease) in Net Position Before Transfers	<u>(79.1)</u>	<u>(66.3)</u>	<u>80.8</u>	<u>66.9</u>	<u>1.7</u>	<u>0.6</u>
Transfers	<u>56.8</u>	<u>37.0</u>	<u>(56.8)</u>	<u>(37.0)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position From Operations	<u>(22.3)</u>	<u>(29.3)</u>	<u>24.0</u>	<u>29.9</u>	<u>1.7</u>	<u>0.6</u>
Net Position - October 1 as restated	<u>723.8</u>	<u>752.3</u>	<u>1,278.3</u>	<u>1,226.8</u>	<u>2,002.1</u>	<u>1,979.1</u>
Net Position - September 30	<u>\$ 701.5</u>	<u>\$ 723.0</u>	<u>\$ 1,302.3</u>	<u>\$ 1,256.7</u>	<u>\$ 2,003.8</u>	<u>\$ 1,979.7</u>

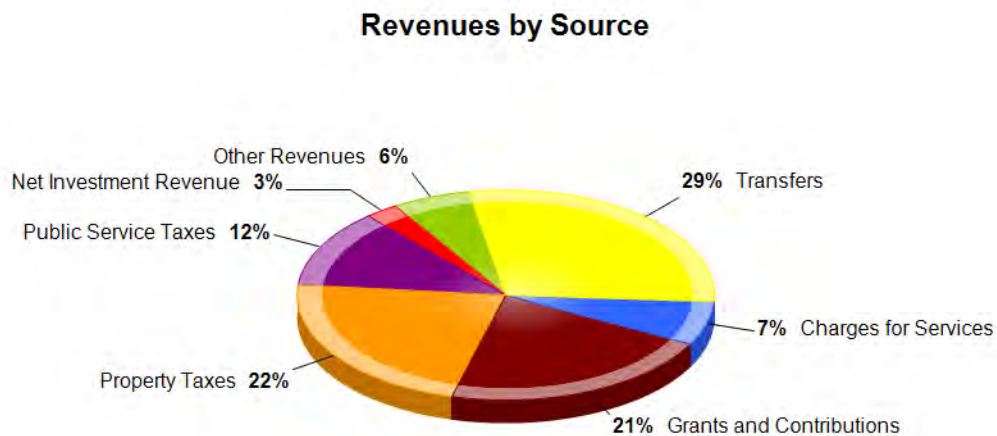
(*) Balances for 2018 have not been restated for prior period adjustments related to recording of unbilled receivables.

GOVERNMENTAL ACTIVITIES - During the fiscal year, net position for governmental activities decreased \$22.3 million for current year operations and it increased \$736,000 resulting from a prior period restatement related to a change in the method for recording utility receivables. The result was a total decrease in net position of \$21.6 million from the prior fiscal year for an ending balance of \$701.5 million.

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

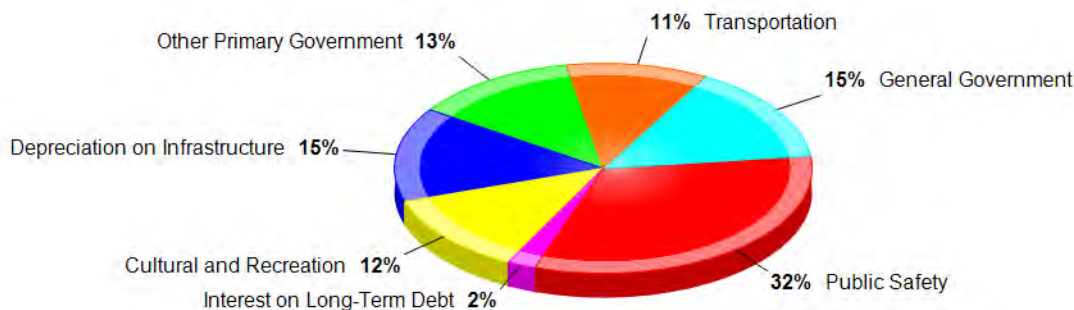


The following chart illustrates the City's revenues by source for the City's governmental activities.



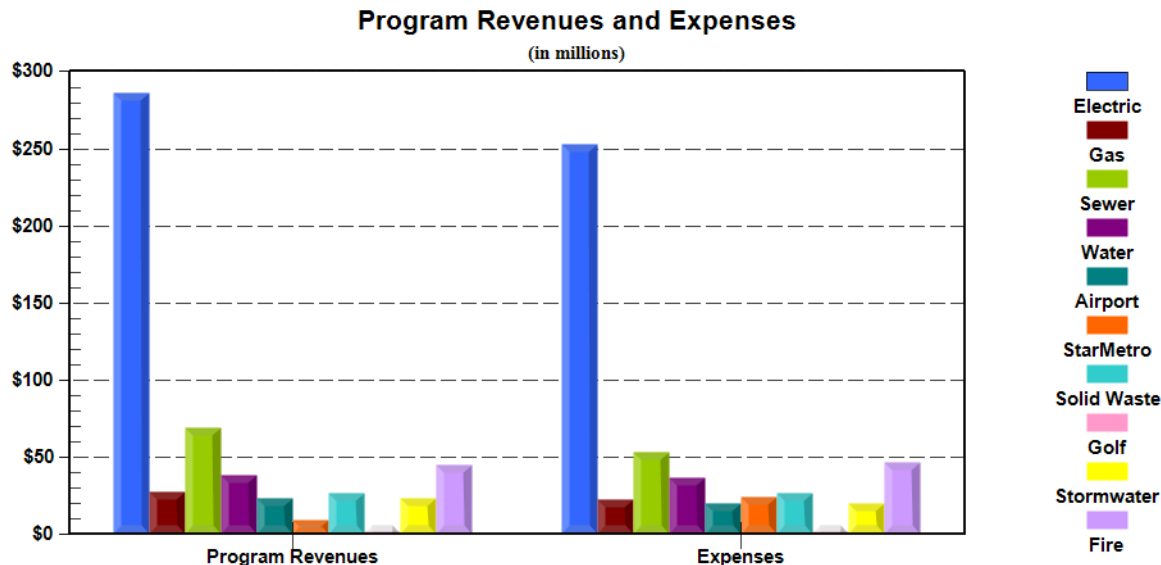
The following chart illustrates the City's expenditures by function for the City's governmental activities.

Expenditures by Function



BUSINESS-TYPE ACTIVITIES - For the City's Business-type activities, the results for the current fiscal year were positive resulting in an ending balance of \$1.30 billion. The overall increase of \$45.6 million in net position for business-type activities includes a prior period restatement of \$21.6 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 42 - 45. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2019, the City's governmental funds reported combined ending fund balances of \$84.6 million, a decrease of \$31.0 million in comparison with the prior year. Of this amount \$2.1 million is considered non-spendable; \$59.8 million is restricted for purposes which are externally imposed by providers; \$21.2 million is committed for specific purposes that are internally imposed by the government through the City Commission; and \$1.5 million is unassigned.

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

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

Fund	Fund Balances 9/30/2018 As Restated	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2019
General Fund	\$ 29.1	\$ 159.9	\$ 186.0	\$ (26.1)	\$ 3.0
Community Redevelopment	8.7	9.7	3.3	6.4	15.1
Other Funds	77.8	51.7	63.0	(11.3)	66.5
Total City Funds	<u>\$ 115.6</u>	<u>\$ 221.3</u>	<u>\$ 252.3</u>	<u>\$ (31.0)</u>	<u>\$ 84.6</u>

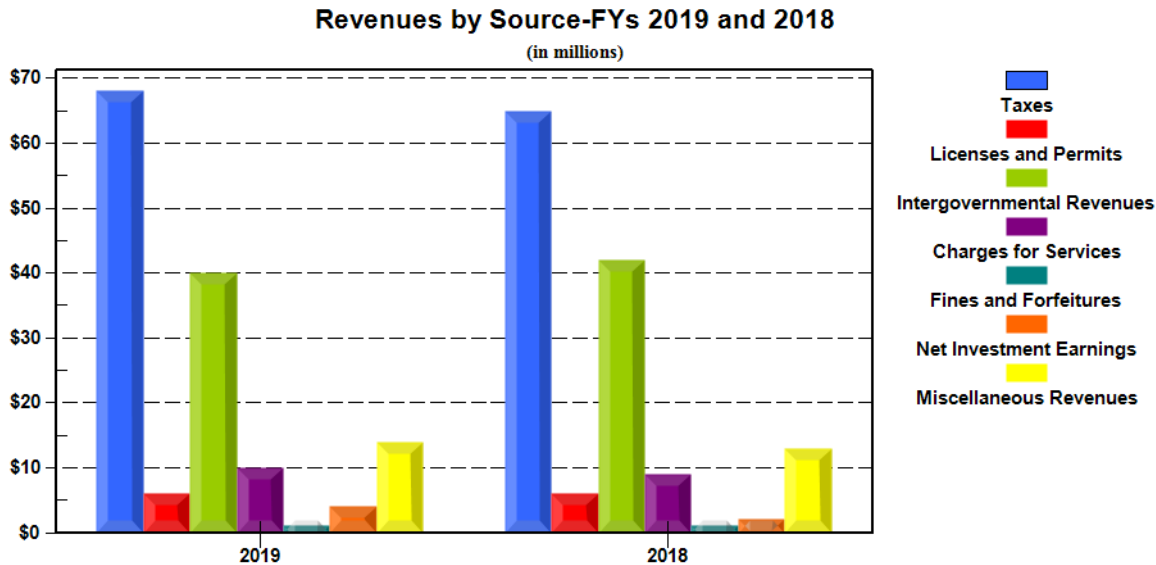
The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balance for the general fund was \$3.0 million, or 1.8% of general fund expenditures and other financing uses. Of this amount, \$1.5 million is non-spendable and \$1.5 million is unassigned.

The fund balance for the City's General Fund decreased substantially during fiscal year 2019. Revenues and other sources increased \$8.9 million or 5.9%, as compared to the prior year. The increase of revenue included \$2.9 million increase in property and public service taxes, \$3.7 million increase in transfers from other funds in accordance with the City's financing policy for disposition of annual surpluses as well as transfers for reimbursements related to hurricane emergency expenditures originally paid from the general fund, \$1 million related to increases in overhead charges and \$1.5 million resulting from an increase in the fair market value of investments. Expenditures and other uses increased \$27.6 million or 17.4%, as compared to the prior year. This increase in expenditures is primarily from expenditures incurred for Hurricane Michael cleanup and recovery. These expenses are expected to be recovered from FEMA and other grantors.

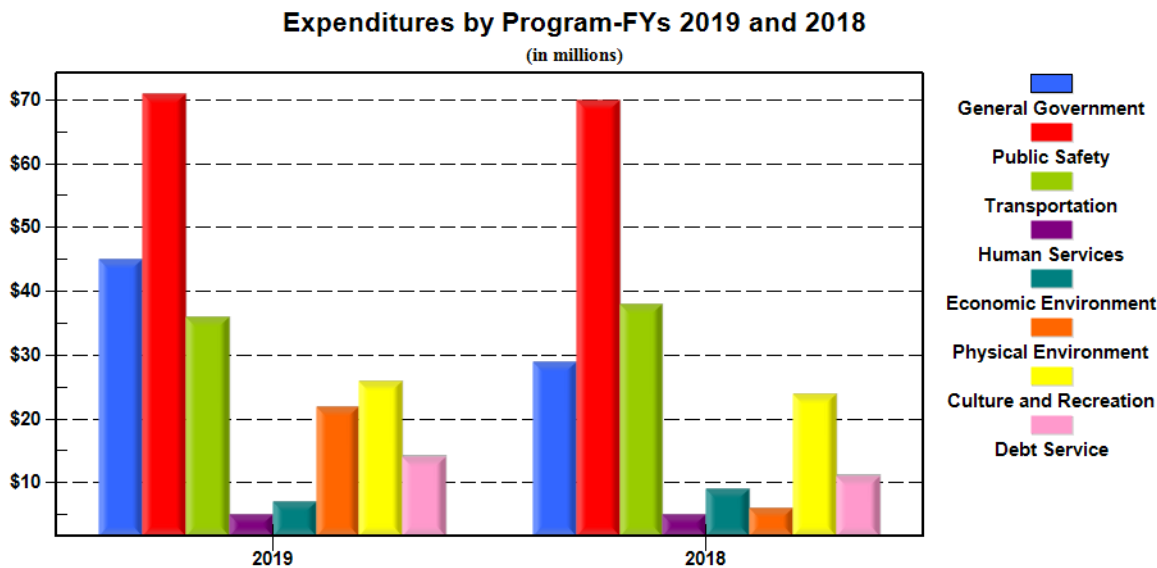
The fund balance for the City's Community Redevelopment Agency (CRA) Fund increased \$6.4 million from 2018. Revenues increased \$4.8 million primarily from the sale of the Firestone/Bloxham land which generated \$4.2 million for which there was no comparable sale in the prior year. Expenditures decreased \$847,000 or 20.5% primarily because the Agency spent \$983,000 on projects in the prior year which did not occur in the current year. These projects included 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 \$6.4 million

The fund balance in the City's other non-major governmental funds decreased \$11.3 million from the prior year primarily due to the decreases in the capital projects funds where the expenses related to the City's aggressive capital improvement program are incurred. The decreases in those funds totalled \$11.1 million.

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 118 of the financial statements.

There was an increase to the original budget for \$203,000 for various changes including a reorganization of traffic operations as well as changes to budgeted transfers that increased 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 \$294,000 between the final amended budget and actual results of operation. Actual revenues were less than final budgeted revenues by \$2.6 million, or 1.6%; these variances were spread across most revenue sources. Actual expenditures for the year were less than final budgeted expenditures by \$2.9 million, or 1.8%; 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, 2019, were approximately \$2.7 billion. This represents a net increase of approximately \$14 million, or 0.5%, 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 368,461	\$ 365,679	\$ 142,322	\$ 129,646	\$ 510,783	\$ 495,325
Buildings	44,632	41,629	136,473	133,205	181,105	174,834
Equipment	26,331	17,105	468,142	464,798	494,473	481,903
Improvements (Other than Buildings)	6,889	7,347	33,845	24,467	40,734	31,814
Infrastructure	362,201	378,994	776,817	767,862	1,139,018	1,146,856
Intangibles	190	8	204,109	195,424	204,299	195,432
Construction in Progress	16,166	18,591	90,376	117,922	106,542	136,513
Total	<u>\$ 824,870</u>	<u>\$ 829,353</u>	<u>\$ 1,852,084</u>	<u>\$ 1,833,324</u>	<u>\$ 2,676,954</u>	<u>\$ 2,662,677</u>

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

Aviation infrastructure - \$5.5 million

Electric generation, transmission and distribution infrastructure - \$38.0 million

Gas transmission and distribution infrastructure - \$2.7 million

Sewer collection, treatment, and disposal infrastructure - \$14.3 million

StarMetro acquisition of buses and system improvements - \$11.6 million

Stormwater infrastructure - \$7.2 million

Street construction, widening and expansion projects improvements, park improvements, and vehicles and equipment for public safety purposes, - \$26.5 million

Water transmission and distribution infrastructure - \$8.5 million

Solid Waste Truck Replacement - \$1.2 million.

Technology and Innovation - \$5.6 million

LONG-TERM DEBT

As shown in the following table, as of September 30, 2019, the City had \$1.02 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)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Revenue Bonds	96,215	104,155	-	-	96,215	104,155
Proprietary Revenue Bonds	-	-	902,680	921,612	902,680	921,612
Other Loans	1,033	1,282	15,808	18,627	16,841	19,909
Total	<u>97,248</u>	<u>105,437</u>	<u>918,488</u>	<u>940,239</u>	<u>1,015,736</u>	<u>1,045,676</u>

The City's total debt decreased by \$29.94 million, or 2.86%, during the current fiscal year. This is primarily the result of the net effect of principal paydowns of approximately \$37.9 million netted with the sale of a Transportation Improvement Bond for \$8 million for the purchase of electric buses.

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	Aa1	AA	AA+
Energy System Bonds	Aa3	AA	AA

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate is one of many economic indicators utilized to evaluate the condition of the economy. The unemployment rate for the City continues to show improvement as the economy thrives. Unemployment has consistently been lower than both the state and national levels. In December 2019, the unemployment rate in Tallahassee was 2.9% as compared to the state's unemployment rate of 3.0%. For December 2018, Tallahassee's unemployment rate was 3.2% as compared with the statewide rate of 3.3%. The percentage of employees employed by local, state, and federal government in Tallahassee is approximately 33.4% of the work force.
- The ratio of taxable assessed value to total estimated value for ad valorem tax purposes equals 49.1%, demonstrating the large amount of state-owned tax-exempt property located in the City. In 2019, the millage rate was 4.1 mills and there will be no change for 2020.
- The Small Business/Commercial Cost Comparison for FY19, which shows the City's costs for services for our local businesses, demonstrates a business-friendly environment in Tallahassee, which was strengthened by the Commission's decision in July 2016 to repeal the business license tax. The City will continue to monitor costs and work to keep them competitive for the community while maintaining quality service.
- 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. 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.
- In December 2017, a 20-MW solar farm located at the Tallahassee International Airport was connected to the city's power grid. The 234,000-panel solar farm is spread out over 120 acres. It produces enough energy to light 3,400 homes.
- 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.
- Single-family residential building permits in Leon County were down slightly in fiscal year 2019, following a 6% decrease in fiscal year 2018. Permits for multi-family units were down also in fiscal year 2019. Year-over-year, new multi-family construction can be volatile given the number of units included in each development.
- 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.

- Based on reviews of management practices, financial results and reserves, the City continues to receive positive bond ratings, including AA bond ratings for its capital (governmental), consolidated utility system (water, sewer and stormwater) and energy system (electric and gas) bonds.
- City priorities are intended to make Tallahassee a better place to live attracting new citizens. These priorities include enhancing and modernizing infrastructure to enable capacity for growth; soliciting opportunities for new and emerging industries to locate in Tallahassee; increasing Tallahassee International Airport's economic impact on the region; rehabilitating and enhancing the existing housing inventory to reduce the cost of living; enhancing the city's network of roads, bike lanes, and sidewalks; ensuring public transit is accessible, efficient, and equitable; implementing proactive community-based solutions to enhance public safety; maintaining a safe, accessible, well-maintained network of parks, recreational facilities, greenways, and trails; and enhancing livability and preserving the unique characteristics of neighborhoods.

These indicators, as well as others, were taken into account when adopting the City's budget for fiscal year 2020. The total fiscal year 2020 Citywide operating budget totals \$727.0 million, a decrease of \$300,000 from fiscal year 2019. Personnel expenditures account for approximately 30% of the City's operating budget. The City's fiscal year 2020 operating budget has a net increase of 2 positions bringing total positions to 2,853.5.

The capital budget for fiscal year 2020 totals \$158.8 million, a decrease of \$3.0 million from fiscal year 2019. The City's utilities account for \$111.1 million or 70.00% of the capital budget; other major uses include transportation, general government, and culture and recreation. Bond proceeds (new and existing) will fund approximately 17.9% 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 2024 which totals \$851 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, 2019
(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	\$ 81,182	\$ 200,587	\$ 281,769	\$ 52
Securities Lending Collateral	335	841	1,176	-
Receivables:				
Accrued Interest	299	889	1,188	-
Customers and Other	1,179	62,690	63,869	4
Notes	209	8,059	8,268	-
Special Assessments	86	-	86	-
Less: Allowance for Doubtful Accounts	(8)	(1,798)	(1,806)	-
Due From Other Governments	14,237	4,501	18,738	-
Prepaid Expenses	-	2,315	2,315	7
Inventory	612	45,089	45,701	-
Cash and Cash Equivalents - Restricted	18,148	297,472	315,620	-
Securities Lending Collateral - Restricted	69	1,223	1,292	-
Receivables - Restricted:				
Accrued Interest	71	1,220	1,291	-
Other	7	-	7	-
Notes	535	-	535	-
Due From Other Governments	1,258	895	2,153	-
Total Current Assets	<u>118,219</u>	<u>623,983</u>	<u>742,202</u>	<u>63</u>
Noncurrent Assets				
Internal Balances	30,876	(30,876)	-	-
Deposits	-	7,034	7,034	-
Capital Assets				
Land and Construction in Progress	384,627	232,698	617,325	-
Other, Net of Accumulated Depreciation	<u>440,243</u>	<u>1,619,386</u>	<u>2,059,629</u>	-
Total Noncurrent Assets	<u>855,746</u>	<u>1,828,242</u>	<u>2,683,988</u>	-
Total Assets	<u>973,965</u>	<u>2,452,225</u>	<u>3,426,190</u>	<u>63</u>
Deferred Outflows of Resources				
Effect of Deferred Loss on Bond Refunding	2,180	-	2,180	-
Pension related deferred outflows	121,853	47,492	169,345	79
OPEB related deferred outflows	2,658	1,922	4,580	10
Accumulated Decrease in Fair Value of Hedging Derivatives	-	12,492	12,492	-
Total Deferred Outflows of Resources	<u>126,691</u>	<u>61,906</u>	<u>188,597</u>	<u>89</u>
Assets and Deferred Outflows of Resources	<u>\$ 1,100,656</u>	<u>\$ 2,514,131</u>	<u>\$ 3,614,787</u>	<u>\$ 152</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, 2019
(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	\$ 335	\$ 841	\$ 1,176	\$ -
Accounts Payable	13,605	46,364	59,969	12
Customer Contracts Payable	-	396	396	-
Utility Deposits Payable	-	24,186	24,186	-
Unearned Revenue	175	73	248	10
Due to Other Governments	1,222	-	1,222	-
Capital Lease Payable	611	315	926	-
Compensated Absences	7,404	10,152	17,556	11
Accounts Payable - Restricted	1,587	2,238	3,825	-
Obligations Under Securities Lending - Restricted	69	1,223	1,292	-
Unearned Revenue - Restricted	337	-	337	-
Bonds and Loans Payable	8,873	32,637	41,510	-
Total Current Liabilities	34,218	118,425	152,643	33
Noncurrent Liabilities				
Compensated Absences	2,941	3,934	6,875	10
Customer Contracts Payable	-	1,554	1,554	-
Claims Payable	-	14,881	14,881	-
Capital Lease Payable	2,006	3,654	5,660	-
Net OPEB Liability	47,892	34,398	82,290	118
Derivative Instruments	-	12,492	12,492	-
Net Pension Liability	161,425	32,925	194,350	53
Bonds and Loans Payable	101,303	972,087	1,073,390	-
Total Noncurrent Liabilities	315,567	1,075,925	1,391,492	181
Total Liabilities	349,785	1,194,350	1,544,135	214
Deferred Inflows of Resources				
Pension Related Deferred Inflows	45,158	13,813	58,971	19
OPEB Related Deferred Inflows	4,247	3,613	7,860	6
Total Deferred Inflows of Resources	49,405	17,426	66,831	25
Total Liabilities and Deferred Inflows of Resources	399,190	1,211,776	1,610,966	239
Net Position				
Net Investment in Capital Assets	731,038	899,679	1,630,717	-
Restricted for:				
Capital Projects	56,933	213,523	270,456	-
Debt Service	-	18,262	18,262	-
Other Purposes	26,881	-	26,881	-
Unrestricted	(113,386)	170,891	57,505	(87)
Total Net Position	701,466	1,302,355	2,003,821	(87)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 1,100,656	\$ 2,514,131	\$ 3,614,787	\$ 152

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, 2019
(in thousands)

Function/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 32,747	\$ 2,310	\$ 79	\$ -
Public Safety	70,088	1,261	2,139	-
Transportation	24,197	2,961	813	1,160
Human Services	4,893	1,421	2,471	-
Economic Development	6,587	8	194	-
Physical Environment	16,786	1,323	1,427	-
Culture and Recreation	26,536	3,846	50	-
Unallocated Depreciation on Infrastructure	32,395	-	-	-
Interest on Long-Term Debt	4,635	-	-	-
Total governmental activities	<u>218,864</u>	<u>13,130</u>	<u>7,173</u>	<u>1,160</u>
Business-type Activities:				
Electric	252,552	284,736	2,348	-
Gas	21,741	26,984	-	-
Sewer	52,753	69,325	-	-
Water	36,345	38,226	-	-
Airport	19,851	14,466	-	8,283
StarMetro	23,869	4,757	2,226	2,049
Solid Waste	26,441	25,686	46	-
Golf	968	955	-	-
Stormwater Management	19,618	22,722	-	-
Fire Services	45,836	45,239	-	-
Total business-type activities	<u>499,974</u>	<u>533,096</u>	<u>4,620</u>	<u>10,332</u>
Total primary government	<u>\$ 718,838</u>	<u>\$ 546,226</u>	<u>\$ 11,793</u>	<u>\$ 11,492</u>
Component Unit:				
Downtown Improvement Authority	\$ 326	\$ -	\$ -	\$ -

General Revenues:

Taxes:
Property Taxes, levied for general purposes
Public Service Taxes
Permits and Fees
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, 2019
(in thousands)

Net (Expense) Revenue and Changes in Net Position				
Primary Government				
Governmental Activities	Business-type Activities	Total	Component Unit	
\$ (30,358)	\$ -	\$ (30,358)	\$ -	-
(66,688)	-	(66,688)	-	-
(19,263)	-	(19,263)	-	-
(1,001)	-	(1,001)	-	-
(6,385)	-	(6,385)	-	-
(14,036)	-	(14,036)	-	-
(22,640)	-	(22,640)	-	-
(32,395)	-	(32,395)	-	-
(4,635)	-	(4,635)	-	-
<u>(197,401)</u>	<u>-</u>	<u>(197,401)</u>	<u>-</u>	<u>-</u>
-	34,532	34,532	-	-
-	5,243	5,243	-	-
-	16,572	16,572	-	-
-	1,881	1,881	-	-
-	2,898	2,898	-	-
-	(14,837)	(14,837)	-	-
-	(709)	(709)	-	-
-	(13)	(13)	-	-
-	3,104	3,104	-	-
-	(597)	(597)	-	-
-	<u>48,074</u>	<u>48,074</u>	-	-
<u>(197,401)</u>	<u>48,074</u>	<u>(149,327)</u>	-	-
				<u>(326)</u>
44,152	-	44,152	211	-
24,263	-	24,263	-	-
4,229	-	4,229	-	-
33,306	1,997	35,303	-	-
3,352	12,415	15,767	3	-
2	10	12	-	-
1,248	16,446	17,694	-	-
7,781	1,856	9,637	107	-
56,756	(56,756)	-	-	-
<u>175,089</u>	<u>(24,032)</u>	<u>151,057</u>	<u>321</u>	-
<u>(22,312)</u>	<u>24,042</u>	<u>1,730</u>	<u>(5)</u>	-
723,042	1,256,762	1,979,804	(82)	-
736	21,551	22,287	-	-
<u>723,778</u>	<u>1,278,313</u>	<u>2,002,091</u>	<u>(82)</u>	-
<u>\$ 701,466</u>	<u>\$ 1,302,355</u>	<u>\$ 2,003,821</u>	<u>\$ (87)</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 135.

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 141.
Internal Service Funds	Detailed description of these funds are provided on page 145.

FIDUCIARY FUNDS

Pension and OPEB Trust Funds	Detailed descriptions of these funds are provided on page 153
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, 2019
(in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,480	\$ -	\$ 63,767	\$ 66,247
Securities Lending Collateral	13	-	261	274
Receivables:				
Accrued Interest	5	-	266	271
Customers and Others	1,105	-	3	1,108
Notes	-	-	209	209
Special Assessments	-	-	86	86
Less: Allowance for Doubtful Accounts	(8)	-	-	(8)
Due From Other Governments	9,233	-	4,446	13,679
Inventory	612	-	-	612
Cash and Cash Equivalents	888	14,938	2,108	17,934
Securities Lending Collateral	-	61	8	69
Receivables - Restricted:				
Accrued Interest	-	60	10	70
Customers and Others	-	4	3	7
Notes	-	237	297	534
Due From Other Governments	-	-	1,258	1,258
Total Assets	\$ 14,328	\$ 15,300	\$ 72,722	\$ 102,350
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Obligations Under Securities Lending	\$ 13	\$ -	\$ 261	\$ 274
Accounts and Retainage Payable	7,586	-	3,800	11,386
Unearned Revenue	151	-	24	175
Accounts and Retainage Payable - Restricted	888	121	585	1,594
Obligations Under Securities Lending - Restricted	-	61	8	69
Due To Other Funds	53	-	-	53
Due To Other Governments	1,071	-	-	1,071
Advances from Other Funds	864	-	48	912
Unearned Revenue - Restricted	-	-	338	338
Total Liabilities	10,626	182	5,064	15,872
DEFERRED INFLOWS				
Deferred Inflows - Unavailable Revenues	661	-	1,141	1,802
Total Liabilities and Deferred Inflows	11,287	182	6,205	17,674
FUND BALANCES				
Nonspendable	1,500	297	297	2,094
Spendable:				
Restricted	-	14,821	44,964	59,785
Committed	-	-	21,256	21,256
Assigned	-	-	-	-
Unassigned	1,541	-	-	1,541
Total Fund Balances	3,041	15,118	66,517	84,676
Total Liabilities and Fund Balances	\$ 14,328	\$ 15,300	\$ 72,722	\$ 102,350

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, 2019
(in thousands)

Total Fund Balances - Governmental Funds	\$ 84,676
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.	807,035
Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds.	30,427
Revenues not available at year end which are deferred in fund statements are recognized as revenues in the Statement of Activities increasing net position.	1,803
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.	29,862
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.	45,262
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.	29,845
Long-term liabilities, including bonds payable, compensated absences, 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.	(327,444)
Net Position - Governmental Activities	<u>\$ 701,466</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, 2019
(in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total
REVENUES				
Taxes	\$ 66,308	\$ 2,111	\$ -	\$ 68,419
Licenses and Permits	1,345	-	4,229	5,574
Intergovernmental Revenues	19,608	2,476	18,032	40,116
Charges for Services	9,363	133	548	10,044
Fines and Forfeitures	592	-	134	726
Net Investment Earnings	403	372	2,399	3,174
Securities Lending Income	-	-	8	8
Change in Fair Value of Investments	886	259	18	1,163
Miscellaneous Revenues	11,396	164	2,210	13,770
Total Revenues	<u>109,901</u>	<u>5,515</u>	<u>27,578</u>	<u>142,994</u>
EXPENDITURES				
General Government	36,730	-	8,244	44,974
Public Safety	63,347	-	7,396	70,743
Transportation	15,438	-	20,514	35,952
Human Services	3,787	-	931	4,718
Economic Environment	615	3,274	3,407	7,296
Physical Environment	20,481	-	1,362	21,843
Culture and Recreation	24,049	-	1,478	25,527
Securities Lending Expense:				
Interest Expense	-	-	6	6
Debt Service:				
Principal Retired	-	-	8,189	8,189
Interest and Fiscal Charges	26	-	5,289	5,315
Total Expenditures	<u>164,473</u>	<u>3,274</u>	<u>56,816</u>	<u>224,563</u>
Excess of Revenues Over (Under) Expenditures	<u>(54,572)</u>	<u>2,241</u>	<u>(29,238)</u>	<u>(81,569)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	49,597	-	24,085	73,682
Transfers Out	(21,522)	-	(6,152)	(27,674)
Proceeds from Sale of Capital Assets	430	4,200	-	4,630
Total Other Financing Sources (Uses)	<u>28,505</u>	<u>4,200</u>	<u>17,933</u>	<u>50,638</u>
Net Change in Fund Balances	<u>(26,067)</u>	<u>6,441</u>	<u>(11,305)</u>	<u>(30,931)</u>
Fund Balances - October 1	28,372	8,677	77,822	114,871
Adjustments to October 1 Fund Balance	736	-	-	736
Fund Balance - October 1, as restated	<u>29,108</u>	<u>8,677</u>	<u>77,822</u>	<u>115,607</u>
Fund Balances - September 30	<u>\$ 3,041</u>	<u>\$ 15,118</u>	<u>\$ 66,517</u>	<u>\$ 84,676</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, 2019
(in thousands)**

Net Change in Fund Balances - Total Governmental Funds	\$ (30,931)
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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.	(11,780)
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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.	12,736
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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.	7,908
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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.	(262)
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Revenues not available at year end are deferred in the fund statements but are recorded as revenues in the Statement of Activities.	1,803
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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.	(1,786)
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Change in Net Position of Governmental Activities	<u>\$ (22,312)</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, 2019

(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise	Total Enterprise	Internal Service
Assets and Deferred Outflows									
Current Assets									
Cash and Cash Equivalents	\$ 67,936	\$ 3,556	\$ 2,900	\$ 426	\$ 2,325	\$ 36,830	\$ 5,784	\$ 119,757	\$ 95,727
Securities Lending Collateral	296	15	12	2	10	151	23	509	393
Receivables:									
Accrued Interest	344	15	12	2	10	152	22	557	360
Notes	7,098	-	854	-	-	-	-	7,952	-
Customers and Others	38,663	2,392	6,897	4,260	1,202	2,047	7,130	62,591	278
Due From Other Governments	149	11	228	-	8	22	4,013	4,431	628
Less: Allowance for Doubtful Accounts	(723)	(36)	(223)	(180)	(378)	(50)	(208)	(1,798)	-
Prepaid Expenses	-	-	-	-	-	-	-	-	2,315
Due From Other Funds	38,143	-	-	-	-	-	-	38,143	73
Inventory	42,088	239	1,274	74	-	-	625	44,300	789
Current Assets - Restricted:									
Cash and Cash Equivalents	163,205	5,555	68,458	37,672	22,582	-	37	297,509	-
Securities Lending Collateral	671	23	281	155	93	-	-	1,223	-
Accrued Interest	662	27	283	156	93	-	-	1,221	-
Due From Other Governments	-	-	-	-	895	-	-	895	-
Total Current Assets	358,532	11,797	80,976	42,567	26,840	39,152	17,426	577,290	100,563
Noncurrent Assets									
Advances To Other Funds	-	-	-	-	-	48	-	48	1,414
Deposits	-	-	-	-	-	-	258	258	6,776
Capital Assets:									
Land and Construction in Progress	51,248	1,288	36,382	12,065	14,940	109,167	6,864	231,954	1,862
Other, Net of Accumulated Depreciation	707,097	58,559	433,594	141,191	102,349	74,325	55,006	1,572,121	63,984
Total Noncurrent Assets	758,345	59,847	469,976	153,256	117,289	183,540	62,128	1,804,381	74,036
Total Assets	1,116,877	71,644	550,952	195,823	144,129	222,692	79,554	2,381,671	174,599
Deferred Outflows of Resources									
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-	-	-	12,492
Pension Related Deferred Outflows	17,886	1,322	8,824	4,483	3,277	3,962	7,738	47,492	-
OPEB Related Deferred Outflows	470	50	306	135	78	43	840	1,922	-
Total Assets and Deferred Outflows of Resources	1,135,233	73,016	560,082	200,441	147,484	226,697	88,132	2,431,085	187,091

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, 2019

(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise	Total Enterprise	Internal Service
Liabilities, Deferred Inflows and Net Position									
Current Liabilities									
Accounts and Retainage Payable	18,495	3,681	2,698	1,148	1,884	1,807	5,169	34,882	13,145
Due To Other Funds	-	-	-	-	-	-	4,062	4,062	34,101
Due To Other Governments	-	-	-	-	-	-	-	-	150
Compensated Absences	2,319	186	1,125	574	401	497	3,321	8,423	2,706
Capital Lease Payable	-	-	-	-	-	-	315	315	611
Obligations Under Securities Lending	296	15	12	2	10	151	23	509	393
Customer Contracts Payable	-	-	272	124	-	-	-	396	-
Unearned Revenue	-	-	-	-	-	-	73	73	-
Utility Deposits Payable	21,984	554	-	1,647	-	-	-	24,185	-
Obligations Under Securities Lending - Restricted	671	23	281	155	93	-	-	1,223	-
Accounts and Retainage Payable - Restricted	391	69	733	193	846	-	560	2,792	-
Loans Payable	1,439	212	32	1,205	39	-	-	2,927	-
Bonds Payable	18,949	371	7,104	2,476	-	-	810	29,710	-
Total Current Liabilities	64,544	5,111	12,257	7,524	3,273	2,455	14,333	109,497	51,106
Noncurrent Liabilities									
Loans Payable	6,353	901	98	5,238	291	-	-	12,881	-
Claims Payable	-	-	-	-	-	-	-	-	14,881
Derivative Instruments	-	-	-	-	-	-	-	-	12,492
Customer Contracts Payable	-	-	1,025	529	-	-	-	1,554	-
Advances from Other Funds	6,362	-	-	-	-	-	10,754	17,116	-
Compensated Absences	1,344	165	265	214	276	114	767	3,145	1,153
Net OPEB Liability	8,253	904	5,515	2,420	1,384	682	15,240	34,398	-
Net Pension Liability	12,408	918	6,131	3,074	2,262	2,742	5,390	32,925	-
Bonds Payable	591,861	5,033	266,568	88,559	-	-	7,185	959,206	-
Capital Lease Payable	-	-	-	-	-	-	3,654	3,654	2,006
Total Noncurrent Liabilities	626,581	7,921	279,602	100,034	4,213	3,538	42,990	1,064,879	30,532
Total Liabilities	691,125	13,032	291,859	107,558	7,486	5,993	57,323	1,174,376	81,638
Deferred Inflows of Resources									
Pension Related Deferred Inflows	5,137	384	2,559	1,361	932	1,172	2,268	13,813	-
OPEB Related Deferred Inflows	1,142	82	492	261	156	222	1,258	3,613	-
Total Liabilities and Deferred Inflows of Resources	697,404	13,498	294,910	109,180	8,574	7,387	60,849	1,191,802	81,638
Net Investment in Capital Assets	133,724	53,601	220,783	85,211	116,958	183,492	57,901	851,670	63,229
Restricted for Debt Service	13,369	1,542	2,850	501	-	-	-	18,262	-
Restricted for Renewal, Replacement and Improvements	156,834	3,722	26,063	5,162	21,742	-	-	213,523	-
Unrestricted:	133,902	653	15,476	387	210	35,818	(30,618)	155,828	42,224
Total Net Position	437,829	59,518	265,172	91,261	138,910	219,310	27,283	1,239,283	105,453
Total Liabilities, Deferred Inflows, and Net Position	1,135,233	73,016	560,082	200,441	147,484	226,697	88,132		187,091
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds								63,072	
Net Position of Business-type Activities								\$ 1,302,355	

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, 2019
(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	\$ 128,467	\$ 10,487	\$ 33,401	\$ 17,943	\$ -	\$ 8,486	\$ 35,299	\$ 234,083	\$ -
Commercial and Industrial Sales	130,380	15,531	24,485	11,165	-	9,737	30,610	221,908	-
Public Street and Highway Lighting	4,318	-	-	-	-	-	-	4,318	-
Sales for Resale	6,356	-	-	-	-	-	-	6,356	-
Surcharge	2,658	282	1,393	2,040	-	-	-	6,373	-
Tapping Fees	-	19	144	485	-	-	-	648	-
Landing Fees	-	-	-	-	1,474	-	-	1,474	-
Late Fees	694	78	-	89	-	-	-	861	-
Initiating Service	867	125	-	458	-	-	-	1,450	-
Rentals	967	-	-	626	9,597	-	-	11,190	-
Cut-ins and Cut Fees	1,199	25	-	84	-	-	-	1,308	-
County Government	-	-	-	-	-	-	3,261	3,261	-
Recyclable Sales	-	-	-	-	-	-	-	-	-
Recreation Fees	-	-	-	-	-	-	943	943	-
Transportation Fees	-	-	-	-	-	-	5,138	5,138	-
Other Charges	8,832	311	3,137	4,506	1,841	1,407	1,949	21,983	199,964
Total Operating Revenues	284,738	26,858	62,560	37,396	12,912	19,630	77,200	521,294	199,964
Operating Expenses:									
Personnel Services	34,832	2,526	15,623	8,084	5,636	6,785	47,903	121,389	41,141
Fossil Fuel	83,126	11,090	-	-	-	-	-	94,216	-
Power Purchased	6,503	-	-	-	-	-	-	6,503	-
Contractual Services	45,241	3,621	14,535	12,034	5,048	9,187	39,591	129,257	128,654
Materials and Supplies	9,313	214	2,872	561	245	417	4,036	17,658	9,834
Other	3,756	1,810	2,631	2,997	107	588	757	12,646	13,217
Depreciation	52,202	2,230	20,123	5,659	7,798	2,914	4,693	95,619	9,837
Total Operating Expenses	234,973	21,491	55,784	29,335	18,834	19,891	96,980	477,288	202,683
Operating Income (Loss)	\$ 49,765	\$ 5,367	\$ 6,776	\$ 8,061	\$ (5,922)	\$ (261)	\$ (19,780)	\$ 44,006	\$ (2,719)

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, 2019
(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	\$ 6,783	\$ 263	\$ 1,268	\$ 298	\$ 594	\$ 998	\$ 185	\$ 10,389	\$ 2,201
Change in Fair Value of Investments	11,922	474	1,423	239	326	37	110	14,531	2,002
Securities Lending:									
Securities Lending Income	31	-	4	-	4	4	-	43	8
Interest Expense	(22)	-	(3)	-	(3)	(3)	-	(31)	(6)
Agent Fees	(2)	-	-	-	-	-	-	(2)	-
Intergovernmental Revenues	2,348	-	-	-	-	-	2,272	4,620	-
Other Revenues	1,158	165	15,244	1,602	265	3,093	1,157	22,684	8,417
Interest Expense	(17,293)	(255)	(1,258)	(1,550)	(25)	-	(538)	(20,919)	(88)
Bond Issuance Costs	(60)	-	(20)	(22)	-	-	(23)	(125)	-
Other Expenses	(2,136)	(188)	(1,635)	(6,278)	(1,009)	(3)	(245)	(11,494)	(1,327)
Total Non-Operating Revenues (Expenses)	2,729	459	15,023	(5,711)	152	4,126	2,918	19,696	11,207
Income (Loss) Before Capital Contributions and Operating Transfers	52,494	5,826	21,799	2,350	(5,770)	3,865	(16,862)	63,702	8,488
Capital Contributions and Transfers:									
Capital Contributions	-	-	-	-	8,283	-	2,049	10,332	-
Transfers In	158	6	-	10	-	-	10,477	10,651	11,569
Transfers Out	(50,367)	(3,962)	(5,107)	(3,664)	-	(522)	(3,016)	(66,638)	(1,590)
Total Capital Contributions and Transfers	(50,209)	(3,956)	(5,107)	(3,654)	8,283	(522)	9,510	(45,655)	9,979
Change in Net Position	2,285	1,870	16,692	(1,304)	2,513	3,343	(7,352)	18,047	18,467
Net Position - October 1	421,789	56,801	246,127	91,387	136,397	215,184	32,000		86,986
Adjustments to October 1 Net Position	13,755	847	2,353	1,178	-	783	2,635		-
Net Position - October 1, as restated	435,544	57,648	248,480	92,565	136,397	215,967	34,635		86,986
Net Position - September 30	\$ 437,829	\$ 59,518	\$ 265,172	\$ 91,261	\$ 138,910	\$ 219,310	\$ 27,283		\$ 105,453
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds								5,995	
Change in net position of Business-type Activities								\$ 24,042	

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, 2019

(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	\$ 284,443	\$ 26,778	\$ 62,108	\$ 36,459	\$ 12,818	\$ 19,546	\$ 76,538	\$ 518,690	\$ -
Cash Received for Interfund Services	-	-	-	-	-	-	-	-	199,473
Cash Received from Other Revenues	1,158	165	11,447	772	-	176	1,067	14,785	13
Cash Paid to Suppliers for Goods and Services	(134,622)	(13,343)	(11,556)	(5,674)	(4,682)	(4,126)	(21,177)	(195,180)	(151,398)
Cash Paid to Employees for Services	(33,987)	(2,410)	(15,105)	(7,814)	(5,452)	(6,578)	(47,375)	(118,721)	(41,054)
Cash Paid to Other Funds	(23,238)	(2,971)	(7,720)	(9,898)	(1,688)	(6,100)	(21,749)	(73,364)	-
Cash Paid for Other Expenses	(2,136)	(188)	-	(6,278)	(375)	(3)	-	(8,980)	-
Net Cash Provided by (Used for) Operating Activities	91,618	8,031	39,174	7,567	621	2,915	(12,696)	137,230	7,034
Cash Flows from Noncapital Financing Activities									
Transfers In from Other Funds	158	6	-	10	-	-	10,477	10,651	11,569
Operating Grants Received	2,348	-	-	-	113	-	2,272	4,733	-
Cash Received From Other Non-operating Revenues	-	-	-	-	-	-	-	-	7,303
Cash Received From Interfund Balances	500	-	-	-	-	-	4,053	4,553	571
Cash Paid For Interfund Balances	(4,480)	-	-	-	-	-	-	(4,480)	-
Transfers Out to Other Funds	(50,367)	(3,962)	(5,107)	(3,664)	-	(522)	(3,016)	(66,638)	(1,589)
Net Cash Provided by (Used for) Noncapital Financing Activities	(51,841)	(3,956)	(5,107)	(3,654)	113	(522)	13,786	(51,181)	17,854
Cash Flows from Capital and Related Financing Activities									
Capital Contributions	-	-	-	-	10,082	-	2,049	12,131	-
Systems Charges	-	-	3,797	830	-	-	-	4,627	-
Bond and Loan Proceeds and Issuance Costs	(60)	-	(20)	(22)	-	-	7,972	7,870	-
Acquisition, Construction and Sale of Capital Assets	(33,914)	(2,587)	(19,395)	(2,135)	(5,602)	(6,518)	(13,066)	(83,217)	(16,449)
Principal and Refunding Payments	(17,984)	(1,696)	(6,892)	(3,135)	-	-	-	(29,707)	-
Repayment of Loans from Other Funds	-	-	-	-	-	-	(577)	(577)	-
Interest Paid	(29,887)	(547)	(14,377)	(4,712)	(28)	-	(538)	(50,089)	(91)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(81,845)	(4,830)	(36,887)	(9,174)	4,452	(6,518)	(4,160)	(138,962)	(16,540)
Cash Flows from Investing Activities									
Interest Received on Investments	6,231	235	1,817	971	521	900	175	10,850	2,204
Increase (Decrease) in the Fair Value of Investments	11,922	474	1,423	239	326	37	110	14,531	1,995
Net Cash Provided by (Used for) Investing Activities	\$ 18,153	\$ 709	\$ 3,240	\$ 1,210	\$ 847	\$ 937	\$ 285	\$ 25,381	\$ 4,199

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, 2019

(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	(23,915)	(46)	420	(4,051)	6,033	(3,188)	(2,785)	(27,532)	12,547
Cash and Cash Equivalents - October 1	255,056	9,157	70,938	42,149	18,874	40,018	8,606	444,798	83,180
Cash and Cash Equivalents - September 30	<u>\$ 231,141</u>	<u>\$ 9,111</u>	<u>\$ 71,358</u>	<u>\$ 38,098</u>	<u>\$ 24,907</u>	<u>\$ 36,830</u>	<u>\$ 5,821</u>	<u>\$ 417,266</u>	<u>\$ 95,727</u>
Classified As:									
Unrestricted Assets	\$ 67,936	\$ 3,556	\$ 2,900	\$ 426	\$ 2,325	\$ 36,830	\$ 5,784	\$ 119,757	\$ 95,727
Restricted Assets	163,205	5,555	68,458	37,672	22,582	-	37	297,509	-
	<u>\$ 231,141</u>	<u>\$ 9,111</u>	<u>\$ 71,358</u>	<u>\$ 38,098</u>	<u>\$ 24,907</u>	<u>\$ 36,830</u>	<u>\$ 5,821</u>	<u>\$ 417,266</u>	<u>\$ 95,727</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Operating Income (Loss)	\$ 49,765	\$ 5,367	\$ 6,776	\$ 8,061	\$ (5,922)	\$ (261)	\$ (19,780)	\$ 44,006	\$ (2,719)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Depreciation	52,202	2,230	20,123	5,659	7,798	2,914	4,693	95,619	9,837
Net pension and OPEB liability changes	901	68	457	246	170	209	300	2,351	-
Provision for Uncollectible Accounts	(820)	(53)	(164)	(15)	1	(58)	(140)	(1,249)	-
Other	(972)	(23)	11,447	(5,506)	(488)	173	1,067	5,698	7
(Increase) Decrease in Accounts Receivable	(768)	(75)	(264)	(846)	21	(18)	(339)	(2,289)	58
(Increase) Decrease in Inventory	(226)	(17)	(58)	-	-	-	36	(265)	189
(Increase) Decrease in Deposits	-	-	-	-	-	-	(2)	(2)	(352)
Decrease in Notes Receivables	(28)	-	41	-	-	-	-	13	-
(Increase) Decrease in Due From Other Governments	162	(9)	(7)	5	(1)	-	(189)	(39)	(563)
Increase (Decrease) in Accounts Payable	(9,702)	456	517	(182)	(979)	(42)	1,413	(8,519)	637
Increase in Due To Other Funds	-	-	-	-	-	-	-	-	12
Increase in Due to Other Governments	-	-	-	-	-	-	-	-	6
Increase (Decrease) in Utility Deposits Payable	1,160	39	-	63	-	-	-	1,262	-
Increase (Decrease) in Deferred Revenue	-	-	-	-	-	-	18	18	-
Increase (Decrease) in Customer Contracts Payable	-	-	245	57	-	-	-	302	-
Increase (Decrease) in Compensated Absences	(56)	48	61	25	21	(2)	227	324	84
Increase in Insurance Deposits	-	-	-	-	-	-	-	-	(162)
Total Adjustments	41,853	2,664	32,398	(494)	6,543	3,176	7,084	93,224	9,753
Net Cash Provided by (Used for) Operating Activities	<u>\$ 91,618</u>	<u>\$ 8,031</u>	<u>\$ 39,174</u>	<u>\$ 7,567</u>	<u>\$ 621</u>	<u>\$ 2,915</u>	<u>\$ (12,696)</u>	<u>\$ 137,230</u>	<u>\$ 7,034</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, 2019
(in thousands)

	Pension and Other Employee Benefit Trust Funds	Nuclear Decommissioning Private-Purpose Trust Fund
ASSETS		
Cash and Cash Equivalents	\$ 16,416	\$ -
Receivables		
Other Receivables	35	-
Accrued Interest	2,607	-
Due From Other Governments	799	-
Total Receivables	<u>3,441</u>	<u>-</u>
Investments, at Fair Value		
Mutual Index Funds	139,662	-
Private Equities	126,717	-
Fixed Income Securities	250,176	-
Domestic Equities	706,831	-
International Equities	154,824	-
Private Credit Funds	11,091	-
Bank Loan	81,461	-
Short-term Investments	-	7,265
Alternative Investments	279,430	-
Timber	84,863	-
Total Investments	<u>1,835,055</u>	<u>7,265</u>
Securities Lending Collateral	94,457	-
Total Assets	<u>\$ 1,949,369</u>	<u>\$ 7,265</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Obligations Under Securities Lending	\$ 94,457	\$ -
Total Liabilities	<u>94,457</u>	<u>-</u>
NET POSITION		
Net Position Restricted for Pensions	<u>1,854,912</u>	<u>7,265</u>
Total Liabilities and Net Position	<u>\$ 1,949,369</u>	<u>\$ 7,265</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, 2019
(in thousands)

	Pension and Other Employee Benefit Trust Funds	Nuclear Decommissioning Private-Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 37,999	\$ -
Other	847	-
Plan Members	12,305	-
Miscellaneous Contributions	11	-
Total Contributions	<u>51,162</u>	<u>-</u>
Investment Return		
From Investment Activities:		
Gain/Loss on Sale of Investments	74,072	-
Change in Fair Value of Investments	(33,253)	-
Interest Income	19,843	181
Dividends	21,525	-
Total Investment Income	<u>82,187</u>	<u>181</u>
Less Investment Expenses:		
Investment Management Fees	6,808	-
Interest Expense	146	-
Net Income from Investing Activities	<u>75,233</u>	<u>181</u>
From Securities Lending Activities:		
Securities Lending Income	3,434	-
Less Securities Lending Expenses:		
Investment Management Fees	2,981	-
Net Income from Securities Lending Activities	<u>453</u>	<u>-</u>
Total Net Investment Income	<u>75,686</u>	<u>181</u>
Total Additions	<u>126,848</u>	<u>181</u>
DEDUCTIONS		
Benefits	106,283	-
Refunds of Contributions	906	-
Administrative Expense	1,922	-
Total Deductions	<u>109,111</u>	<u>-</u>
Change in Net Position	17,737	181
Net Position - October 1	<u>1,837,175</u>	<u>7,084</u>
Net Position - September 30	<u>\$ 1,854,912</u>	<u>\$ 7,265</u>

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



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NOTES TO THE FINANCIAL STATEMENTS

Note I - Summary of Significant Accounting Policies

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

Note III - Stewardship, Compliance, and Accountability

Note IV - Detailed Notes - All Funds

Note V - Other Information

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2019

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. 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. The City Commission approved two expansions for the GFSCRA, one in 2016 and another in 2018, adding 578 parcels and over 400 acres, increasing the GFSCRA 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, 2019, the Commission's membership consists of the following governmental units: City of Coral Gables, Florida; City of Coral Springs, Florida; City of Daytona Beach, Florida; City of Ft. Lauderdale, Florida; City of Hollywood, Florida; City of Jacksonville, Florida; City of Lakeland, Florida; City of Miami, Florida; City of Miami Beach, Florida; City of Orlando, Florida; City of St. Petersburg, Florida; City of Tallahassee, Florida; City of Vero Beach, Florida; Miami-Dade County, Florida; Palm Beach County, Florida; and Polk County, Florida. In addition, the City of West Palm Beach, Florida, participates in the Commission's programs as a non-member participant. Other Florida local governments may in the future become members or non-member participants including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

3. JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY

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, 2019, the City's contribution to the CDA was \$5,159,078.

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, 2019

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. There were no fees paid to Blueprint under these agreements in the current year.

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.

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, 2019

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 services and facilities management, 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, 2019

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, holdings at the FLCLASS investment pool 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. The City's custodian uses the pricing services of multiple vendors to price the same assets to determine the most accurate price. 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, 2019

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, 2019

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, 2019

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 units shall accrue vacation time on the following basis:

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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 33 days (264 hours). As of the end of the calendar year, accrued vacation time in excess of 264 hours shall be reduced to no more than 264 hours for any individual employee.

For employees covered by the Fire bargaining unit, accrued vacation at the end of the calendar year may not be carried over in excess of 264 hours for 40-hour supervisory personnel, and 350 hours for 53-hour supervisory personnel. For non-supervisory firefighters who are 40-hour personnel, accrued vacation time may not carry over in excess of 240 hours in a calendar year, and for non-supervisory firefighters who are 53-hour personnel, accrued vacation time may not carry over in excess of 318 hours in a calendar year.

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, 2019

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 internal 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 executive services). 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, 2019

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, compensated absences, 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 \$327,444 difference are as follows (in thousands):

Bonds and Loans Payable including Premiums and Discounts	\$ (110,176)
Effect of Deferred Loss on Refunding	2,180
Compensated Absences	(10,345)
Net OPEB Liability	(47,892)
Net Pension Liability	(161,425)
Cash Balances in Long Term Debt Fund	<u>214</u>
Net adjustments to reduce long-term liabilities of Total Governmental Funds to arrive at Net Position	<u>\$ (327,444)</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 fund balances - total governmental funds and 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 \$11,780 difference are as follows (in thousands):

Capital Outlay	\$ 23,879
Depreciation Expense	<u>(35,659)</u>
Net adjustment to increase net change in Fund Balances Total Governmental Funds to arrive at Changes in Net Position Governmental Activities	<u>\$ (11,780)</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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 \$389,000 and the Pension Administration fund had a deficit of \$37,000. Both funds are internal service funds. Fire Services fund, which is a nonmajor enterprise fund had a deficit of \$1,845,000.

D. PRIOR PERIOD ADJUSTMENTS

Net Position as of September 30, 2019 has been restated to reflect the following adjustment:

The City made an adjustment to accrue unbilled utility receivables which required the restatement of the October 1, 2018 net position in various funds. This adjustment resulted in an increase in General Government net position of \$736,000. It also increased net position of major enterprise funds as follows: Electric - \$13,755,000, Gas - \$847,000, Water - \$1,178,000, Sewer - \$2,353,000, and Stormwater - \$783,000. The net position of nonmajor enterprise funds increased as follows: Fire - \$1,580,000 and Solid Waste - \$1,055,000. The adjustment increased the change in net assets in General Government by \$127,000, major enterprise funds by \$1,901,000 and nonmajor enterprise funds by \$395,000.

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, 2019 (in thousands):

	Primary Government	Component Unit	Fiduciary Funds
Cash and cash equivalents	\$ 281,769	\$ 52	\$ 16,416
Cash and cash equivalents – restricted	315,620	-	-
Investments	-	-	1,842,320
Total	<u>\$ 597,389</u>	<u>\$ 52</u>	<u>\$ 1,858,736</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, 2019

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, 2019 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	\$ 531,286	\$ 20,134	\$ 504,301	\$ 6,851
Total cash equivalents at fair value	531,286	20,134	504,301	6,851
Cash equivalents recorded at net asset value				
FL League of Cities 0-2 Year Pool	10,548			
Other cash and cash equivalent balances	55,555			
Total cash and cash equivalents	<u>\$ 597,389</u>			

At year-end, the book balance of the City's operating cash deposits was \$13,433,000 and the bank balance was \$10,849,000, 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 \$4,058,000 which is reported in interfund payables at September 30, 2019.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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 external investment pools, 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 pools are 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, and Florida Cooperative Liquid Assets Securities System ("FLCLASS"), an intergovernmental investment pool administered by Public Trust Advisors, LLC. FLCLASS is an authorized local government investment pool under Section 218.415(16)(a), Florida Statutes, by and for participating Florida public agencies. A copy of the Florida Municipal Investment Trust audited financial statements may be obtained from the Florida Municipal Investment Trust, 301 South Bronough Street, Suite 300, Tallahassee, FL 32301. A copy of the FLCLASS audited financial statements may be obtained at their offices, 201 E. Pine Street, Suite 750, Orlando, FL 32801.

The Florida League of Cities 0-2 Year Pool is measured at net asset value (NAV). At September 30, 2019, the City owns \$10,548,000 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, 2019, was 0.80 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.

The FLCLASS investment pool is measured at net asset value (NAV). At September 30, 2019, the City owns \$15,540,000 in shares of FLCLASS, not the individual securities within the portfolio. The Pool is a 2a-7 like pool which maintains a stable net asset value of \$1, is rated AAAM by Standard & Poor's, and has a weighted average days to maturity of 54 days. The FLCLASS pool allows the City to withdraw any or all of its assets on any business day that the pool is open.

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, 2019. 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, 2019, 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 and FLCLASS:

Quality Breakdown	Portfolio Percentage
U.S. Treasury	13.79 %
U.S. Agency	28.14
AAA	10.16
AA	12.32
A	20.82
BBB	8.35
Other	6.42
Total	100.00 %

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2019 was 1.91 years.

As of September 30, 2019, 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	\$ 75,056	\$ 23,139	\$ 50,410	\$ 1,507	\$ -
U.S. Agency	152,057	245	23,987	18,237	109,588
Asset-backed	38,825	278	22,228	2,660	13,659
Corporate Bonds	207,172	65,524	114,547	26,617	484
Municipal	53,780	22,792	28,020	937	2,031
Other	4,396	4,396	-	-	-
Subtotal	531,286	\$ 116,374	\$ 239,192	\$ 49,958	\$ 125,762
Local gov't investment pool	55,555				
Commingled	10,548				
Total	\$ 597,389				

2. INVESTMENTS

The following table presents investments held in the City's fiduciary funds at September 30, 2019 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			Significant Other Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3		
Debt securities	\$ 152,599	\$ 207	\$ 152,129	\$ 263		
Equity securities	872,584	871,512	106	966		
REIT securities	45,704	45,704	-	-		
Total investments at fair value	1,070,887	\$ 917,423	\$ 152,235	\$ 1,229		
Investments measured at net asset value						
Mutual funds	139,069					
Debt securities	168,406					
Real estate funds	234,035					
Private equity funds	126,717					
Timber funds	84,863					
Total Private Credit	11,091					
Local government investment pool	7,252					
Total investments measured at net asset value	771,433					
Total investments	\$ 1,842,320					

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2019, these investments totaled \$139,069,000. The equity securities category includes the invested assets of the OPEB Trust. As of September 30, 2019, these investments totaled \$9,036,000.

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, 2019, the commingled funds had a NAV of approximately \$96 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, 2019, the Pension Fund had approximately \$59 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, 2019. 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, 2019, the Pension Fund had approximately \$99 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, 2019

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 five active limited partnerships, all of which have varying start dates and commitment amounts. As of September 30, 2019, the Pension Fund had approximately \$4 million in remaining commitments to these various timber partnerships, with an expectation that the total contributions to each partnership will ultimately reach about 95% of the total commitment amount.

Private credit 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 six to ten 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, 2019, the Pension Fund had approximately \$52 million in remaining commitments to these various private credit 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, 2019, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$7,265,000 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 37 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, 2019, the City had the following pension investments subject to credit risk:

<u>Quality Breakdown</u>	<u>Portfolio Percentage</u>
US Treasury	15.54 %
US Agency	11.18
AAA	3.24
AA	1.51
A	3.36
BBB	7.67
BB	0.52
B	0.27
CCC	0.12
D	0.19
NR	1.37
Commingled	55.03
Total	<u>100.00 %</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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	\$ 1,562,155	91.97 %
Euro	68,499	4.03
Japanese Yen	17,938	1.06
British Pound Sterling	12,221	0.72
Swiss Franc	11,961	0.70
Hong Kong Dollar	7,233	0.43
Danish Krone	4,890	0.29
Brazilian Real	3,600	0.21
Australian Dollar	2,644	0.16
Canadian Dollar	2,096	0.12
Norwegian Krone	1,635	0.10
Swedish Krone	1,575	0.09
South Korean Won	1,215	0.07
Israeli Shekel	835	0.05
Chinese Yuan	35	-
Indian Rupee	14	-
Singapore Dollar	12	-
Turkish Lira	9	-
Polish Zloty	4	-
Total	<u>\$ 1,698,571</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, 2019 (in thousands):

Investment Type	Fair Value	Less than 1 Year	1-5 Years	6-10 Years	10+ Years
US Treasury	\$ 51,959	\$ 710	\$ 38,645	\$ 10,436	\$ 2,168
US Agency	37,583	113	2,584	3,147	31,739
Asset Backed	26,329	-	2,313	3,041	20,975
Corporate Bonds	35,348	1,820	16,025	13,883	3,620
Municipal	1,171	-	-	248	923
Other	207	207	-	-	-
Subtotal	<u>152,597</u>	<u>\$ 2,850</u>	<u>\$ 59,567</u>	<u>\$ 30,755</u>	<u>\$ 59,425</u>
Commingled	<u>180,014</u>				
Total	<u>\$ 332,611</u>				

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

2. INVESTMENTS

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, 2019, 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, 2019. Moreover, there were no losses during the fiscal year ended September 30, 2019 resulting from a default of any borrower.

During the fiscal year ended September 30, 2019, 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 61 days, while the average duration of the investment pool as of September 30, 2019 was 32 days. For the non-pension funds, the average term of the loan was approximately 39 days, while the average duration of the investment pool as of September 30, 2019 was 17 days. On September 30, 2019, the City had no credit risk exposure to borrowers.

As of September 30, 2019, for the City's Pension Fund, the collateral held and the market value of securities on loan were \$94,457,000 and \$92,501,000, respectively; for the City's non-pension funds, the collateral held and the market value of securities on loan were \$2,469,000 and \$2,411,000 respectively.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

B. SECURITIES LENDING TRANSACTIONS

A summary of the fair market value of the securities on loan as of September 30, 2019 follows (in thousands):

	Pension Fund	Non-Pension Fund
Corporate Bonds	\$ 5,786	\$ 2,411
Common Stock	76,747	-
U.S. Government Treasury Notes	9,967	-
	<u>\$ 92,500</u>	<u>\$ 2,411</u>

C. RECEIVABLES

1. PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Leon County Property Appraiser and the Leon County Tax Collector. The laws of the State regulating tax assessment are also designed to ensure consistent property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2019 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, 2019, the City did not have any tax abatement agreements to disclose.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2019 (in thousands):

Years ending September 30,	
2020	\$ 3,538
2021	3,523
2022	2,111
2023	1,429
2024	1,385
2025-2029	5,074
2030-2034	4,645
2035-2039	4,481
2040-2044	667
2045-2049	376
	<u>\$ 27,229</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, 2019 amounted to \$623,571.

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, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2019 was as follows (in thousands):

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Non-Depreciable Assets:				
Land	\$ 365,679	\$ 2,782	\$ -	\$ 368,461
Construction-in-Progress	18,591	32,965	(35,390)	16,166
Total Non-Depreciable Assets	<u>\$ 384,270</u>	<u>\$ 35,747</u>	<u>\$ (35,390)</u>	<u>\$ 384,627</u>
Depreciable Assets:				
Buildings	\$ 114,179	\$ 5,758	\$ (20)	\$ 119,917
Equipment	61,369	13,662	(2,576)	72,455
Improvements other than buildings	14,802	-	-	14,802
Infrastructure	950,377	16,151	(1,006)	965,522
Intangibles	14	183	-	197
Total Depreciable Assets	<u>1,140,741</u>	<u>35,754</u>	<u>(3,602)</u>	<u>1,172,893</u>
Less accumulated depreciation for:				
Buildings	(72,550)	(2,742)	7	(75,285)
Equipment	(44,264)	(2,057)	197	(46,124)
Improvements other than buildings	(7,455)	(458)	-	(7,913)
Infrastructure	(571,383)	(31,967)	29	(603,321)
Intangibles	(6)	(1)	-	(7)
Total Accumulated Depreciation	<u>(695,658)</u>	<u>(37,225)</u>	<u>233</u>	<u>(732,650)</u>
Total Depreciable Assets, net	<u>\$ 445,083</u>	<u>\$ (1,471)</u>	<u>\$ (3,369)</u>	<u>\$ 440,243</u>
Business-Type Activities				
Non-Depreciable Assets:				
Land	\$ 129,646	\$ 12,716	\$ (40)	\$ 142,322
Construction-in-Progress	117,922	99,218	(126,764)	90,376
Total Non-Depreciable Assets	<u>\$ 247,568</u>	<u>\$ 111,934</u>	<u>\$ (126,804)</u>	<u>\$ 232,698</u>
Depreciable Assets:				
Buildings	\$ 225,039	\$ 19,737	\$ (8,862)	\$ 235,914
Equipment	1,013,727	59,231	(21,327)	1,051,631
Improvements other than buildings	45,730	12,168	(91)	57,807
Infrastructure	1,314,259	62,045	(20,833)	1,355,471
Intangibles	290,730	19,820	(106)	310,444
Total Depreciable Assets	<u>2,889,485</u>	<u>173,001</u>	<u>(51,219)</u>	<u>3,011,267</u>
Less accumulated depreciation for:				
Buildings	(91,834)	(7,656)	49	(99,441)
Equipment	(548,929)	(49,083)	14,523	(583,489)
Improvements other than buildings	(21,263)	(2,699)	-	(23,962)
Infrastructure	(546,397)	(33,422)	1,165	(578,654)
Intangibles	(95,306)	(11,029)	-	(106,335)
Total Accumulated Depreciation	<u>(1,303,729)</u>	<u>(103,889)</u>	<u>15,737</u>	<u>(1,391,881)</u>
Total Depreciable Assets, net	<u>\$ 1,585,756</u>	<u>\$ 69,112</u>	<u>\$ (35,482)</u>	<u>\$ 1,619,386</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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	\$ 681
Public Safety	470
Transportation	1,011
Human Services	129
Economic Development	137
Physical Environment	18
Culture and Recreation	817
General Infrastructure	32,395
Capital Assets held by the governmental internal service funds are charged to the various functions based on their usage of assets	1,567
Total depreciation expense-governmental activities	<u>\$ 37,225</u>
Business-Type Activities:	
Electric	\$ 52,202
Gas	2,230
Sewer	20,123
Water	5,659
Airport	7,798
StarMetro	3,149
Solid Waste	384
Golf	87
Stormwater Management	2,914
Fire Services	1,073
Capital Assets held by the business-type internal service funds are charged to the various functions based on their usage of assets	8,270
Total depreciation expense-business-type activities	<u>\$ 103,889</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, 2019 (in thousands):

	Electric	Gas	Sewer	Water
Total interest cost incurred	\$ 28,146	\$ 516	\$ 13,500	\$ 4,434
Decrease as a result of capitalizing interest as a cost of construction	(10,853)	(261)	(12,242)	(2,884)
Interest Charged to Operations	<u>\$ 17,293</u>	<u>\$ 255</u>	<u>\$ 1,258</u>	<u>\$ 1,550</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, 2019 (in thousands):

	Electric	Gas	Sewer	Water
Interest expense incurred during construction and capitalized	\$ 10,853	\$ 261	\$ 12,242	\$ 2,884
Interest earned on bond proceeds	(88)	-	(749)	(775)
Net Interest Capitalized	<u>\$ 10,765</u>	<u>\$ 261</u>	<u>\$ 11,493</u>	<u>\$ 2,109</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

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

1. INTERFUND RECEIVABLES/PAYABLES

At September 30, 2019, Interfund Receivables and Payables are as follows (in thousands):

Fund	Due From	Due To	Advance To	Advance From
General	\$ -	\$ 53	\$ -	\$ 864
Electric	38,143	-	-	6,362
Stormwater	-	-	48	-
Nonmajor governmental/Account group	-	-	16,566	48
Nonmajor business-type	-	4,062	-	10,754
Internal service funds	73	34,101	1,414	-
	<u>\$ 38,216</u>	<u>\$ 38,216</u>	<u>\$ 18,028</u>	<u>\$ 18,028</u>

\$38,264,000 of the interfund receivables and payables balances represent amounts remaining from loans to fund operations. \$17,980,000 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, 2019 are as follows (in thousands):

General	\$ 20,607
Community Redevelopment Agency	27
Electric	23,238
Gas	2,971
Sewer	8,866
Water	9,899
Airport	1,688
Stormwater management	6,100
Nonmajor business type	21,749
Nonmajor governmental type	904
Fiduciary type	600
Internal service type	7,159
Total	<u>\$ 103,808</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

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

3. INTERFUND TRANSFERS

At September 30, 2019, Interfund Transfers are as follows (in thousands):

Transfer Out	Transfers In							Total
	General	Electric	Water	Gas	Nonmajor Governmental	Nonmajor Business- type	Internal Service Funds	
General	\$ -	\$ 158	\$ 10	\$ 6	\$ 14,017	\$ 7,207	\$ 124	\$ 21,522
Electric	32,871	-	-	-	7,703	-	9,793	50,367
Gas	2,989	-	-	-	6	-	967	3,962
Sewer	4,968	-	-	-	39	-	100	5,107
Water	3,638	-	-	-	26	-	-	3,664
Stormwater	473	-	-	-	49	-	-	522
Nonmajor governmental	657	-	-	-	1,777	3,270	448	6,152
Nonmajor business-type	2,768	-	-	-	248	-	-	3,016
Internal Service	1,233	-	-	-	220	-	137	1,590
Total	<u>\$ 49,597</u>	<u>\$ 158</u>	<u>\$ 10</u>	<u>\$ 6</u>	<u>\$ 24,085</u>	<u>\$ 10,477</u>	<u>\$ 11,569</u>	<u>\$ 95,902</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 2023. Total rent expenses incurred by the City for the year ended September 30, 2019, was \$1,767,000. The remaining future minimum lease obligations are as follows (in thousands):

Year Ending September 30,	
2020	\$ 76
2021	64
2022	54
2023	52
Total	<u>\$ 246</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

F. LEASE COMMITMENTS

2.Capital

The City (as Lessee) has entered into lease agreements for financing electric bus batteries, a modular office building, wireless, computer and network equipment. These lease agreements qualify as capital leases for accounting purposes and are recorded at the present value of the future minimum lease payments as of the inception date (in thousands):

<u>Asset/stated interest rate</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Bus Batteries/4%	\$ -	\$ 3,969
Modular Building/3%	253	-
Computer/Network Equipment/4%	1,932	-
Wireless Equipment/5.596%	820	-
Less: Accumulated Depreciation	(388)	-
Total	<u>\$ 2,617</u>	<u>\$ 3,969</u>

The future minimum lease payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 926,000	\$ 268,000	\$ 1,194,000
2021	919,000	207,000	1,126,000
2022	958,000	168,000	1,126,000
2023	764,000	127,000	891,000
2024	551,000	98,000	649,000
2025-2029	1,714,000	292,000	2,006,000
2030-2031	754,000	28,000	782,000
Present Value of minimum lease payments	<u>\$ 6,586,000</u>	<u>\$ 1,188,000</u>	<u>\$ 7,774,000</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2019 (in thousands):

	Beginning Balance as restated	Additions	Reductions	Ending Balance	Current	Noncurrent
Governmental Activities:						
General Revenue Bonds	\$ 104,155	\$ -	\$ 7,940	\$ 96,215	\$ 8,620	\$ 87,595
Unamortized Premiums	14,143	-	1,215	12,928	-	12,928
Bank of America Loan	1,282	-	249	1,033	253	780
Bonds and Loans Payable	119,580	-	9,404	110,176	8,873	101,303
Compensated Absences	10,079	7,404	7,138	10,345	7,404	2,941
Net Pension Liability	134,003	61,550	34,128	161,425	-	161,425
Net OPEB Liability	49,997	2,851	4,956	47,892	-	47,892
Total Governmental-Type Debt	313,659	71,805	55,626	329,838	16,277	313,561
Business-Type Activities:						
Energy System 2010	61,005	-	6,135	54,870	6,435	48,435
Energy System 2010A	41,585	-	235	41,350	240	41,110
Energy System 2010B	122,280	-	-	122,280	-	122,280
Energy System 2010C	25,280	-	1,980	23,300	3,325	19,975
Energy System 2011	1,142	-	1,142	-	-	-
Energy System Refunding 2015	83,140	-	4,390	78,750	4,610	74,140
Energy System Refunding 2017	144,295	-	3,200	141,095	3,500	137,595
Energy System 2018	103,700	-	1,010	102,690	1,210	101,480
CUSRB 2001	2,110	-	2,110	-	-	-
CUSRB 2010A	117,015	-	-	117,015	-	117,015
CUSRB 2010B	21,090	-	1,290	19,800	2,450	17,350
CUSRB 2015	43,205	-	450	42,755	1,895	40,860
CUSRB 2017	110,380	-	3,615	106,765	3,795	102,970
CUSRB 2018	45,385	-	1,370	44,015	1,440	42,575
2019 Transportation Improvement Bond	-	7,995	-	7,995	810	7,185
Unamortized Premiums/Discounts	89,164	-	2,928	86,236	-	86,236
AMI Loan	17,639	-	2,662	14,977	2,766	12,211
Bank of America Loan	621	-	121	500	122	378
Republic Parking Loan	367	-	36	331	39	292
Bonds and Loans Payable	1,029,403	7,995	32,674	1,004,724	32,637	972,087
Compensated Absences	13,669	10,152	9,735	14,086	10,152	3,934
Net Pension Liability	18,427	22,873	8,375	32,925	-	32,925
Net OPEB Liability	36,533	2,080	4,215	34,398	-	34,398
Total Business-Type Debt	1,098,032	43,100	54,999	1,086,133	42,789	1,043,344
Total Long-Term Debt	\$ 1,411,691	\$ 114,905	\$ 110,625	\$ 1,415,971	\$ 59,066	\$ 1,356,905

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, 2019

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, 2019 (in thousands):

GENERAL REVENUE BONDS:

\$26,975,000 Capital Improvement Refunding Revenue Bond – Series 2009, due in annual installments ranging from \$550,000 to \$1,240,000 ending on April 1, 2031, interest rate at 3.710%. The Bond is 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.

\$ 11,075

\$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.

24,235

\$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.

34,160

\$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.

26,745

Total General Revenue Bonds

\$ 96,215

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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	\$ 54,870
\$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.	41,350
\$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.	23,300
\$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.	78,750
\$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.	141,095
\$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.	102,690

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

2. SUMMARY OF INDIVIDUAL BOND ISSUES

\$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. 19,800

\$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. 42,755

\$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. 106,765

\$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. 44,015

\$7,994,660 Transportation Improvement Bond – Series 2019, due in annual installments ranging from \$809,990 to \$970,840 ending on May 1, 2028, at an interest rate of 2.29%. The Bond is payable from and secured by a covenant to budget and appropriate pledge of legally available non-ad valorem revenues from the General Fund. The Bond was issued to purchase 14 electric buses for the City's mass transit bus system. 7,995

Total Proprietary Revenue Bonds \$ 902,680

Total Bonds Payable \$ 998,895

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

G. LONG-TERM DEBT

3. PRIVATE PLACEMENT BONDS/DIRECT BORROWINGS

The Capital Improvement Refunding Revenue Bond, Series 2009, and the Transportation Improvement Bond, Series 2019, are both private placement bonds. Should there be an Event of Default, the City would be required to prepay the entire outstanding obligation of both of these bonds. The borrowings identified below under Loans Payable are the direct borrowings of the City. Should there be an Event of Default, the City would be obligated to return the equipment financed to the lender unless the City agreed to prepay the entire outstanding obligation of the loan. For all of the private placement bonds and direct borrowings, should the borrowings no longer be tax exempt, the interest rate on the outstanding amount will be increased.

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%. The remaining balance of this 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 \$14,977,000 as of September 30, 2019.

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 \$1,533,000 as of September 30, 2019.

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 \$331,000 as of September 30, 2019.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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
			Notes from Direct Borrowings and Direct Placements				Notes from Direct Borrowings and Direct Placements		
	Bonds				Bonds				
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$ 7,660	\$ 4,197	\$ 1,212	\$ 407	\$ 28,900	\$ 45,602	\$ 3,738	\$ 777	\$ 92,493
2021	8,015	3,843	1,251	367	30,610	44,186	3,871	643	92,786
2022	8,385	3,473	1,290	325	32,860	42,659	4,010	504	93,506
2023	6,565	3,054	1,334	282	34,645	41,116	4,154	360	91,510
2024	6,890	2,726	1,110	240	36,900	39,488	4,174	212	91,740
2025-2029	17,475	10,244	4,705	593	213,660	169,048	3,856	224	419,805
2030-2034	22,310	5,415	1,206	45	221,855	112,716	-	-	363,547
2035-2039	7,840	1,004	-	-	226,800	58,160	-	-	293,804
2040-2043	-	-	-	-	68,455	4,907	-	-	73,362
Totals	\$ 85,140	\$ 33,956	\$ 12,108	\$ 2,259	\$ 894,685	\$ 557,882	\$ 23,803	\$ 2,720	\$1,612,553

6. OTHER DEBT CONSIDERATIONS

The City, as of September 30, 2019, nor at any time during fiscal year 2019, did not have a line of credit upon which to borrow additional funds.

7. 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, 2019, 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, 2019 was \$349.5 million.
- As of September 30, 2019, 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, 2019 was \$9.4 million.
- As of September 30, 2019, there was one Industrial Revenue Bond outstanding. The original issue amount totaled \$5.4 million and the outstanding balance as of September 30, 2019 was \$4.9 million.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

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, 2019

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.

During 2019, the Deficiencies Fund expended more than \$28 million responding to Hurricane Michael and recovering from its effects. The Hurricane made landfall in October 2018 and as of September 30, 2019 the City had received \$3.5 million in reimbursements. The total of allowable expenditures which the City expects to receive in the future is approximately \$24 million. This revenue is not reflected above since it does not yet meet the criteria for recognition in the governmental fund financial statements prescribed by the Governmental Accounting Standards Board.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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	\$ 612	\$ -	\$ -	\$ 612
Notes Receivable	-	297	297	594
Police Evidence Holding Cash	888	-	-	888
Total Non-Spendable	<u>1,500</u>	<u>297</u>	<u>297</u>	<u>2,094</u>
Restricted for:				
Animal Services	-	-	33	33
Community Development	-	14,821	2	14,823
Environmental Clean Up	-	-	501	501
Fire Programs	-	-	-	-
Housing	-	-	200	200
Law Enforcement Justice Assistance	-	-	1	1
Park Enhancements	-	-	5,388	5,388
Police Equipment	-	-	145	145
Police Mentoring	-	-	3	3
Public Infrastructure	-	-	1,205	1,205
Public Safety - Building Code	-	-	2,228	2,228
Road Improvements	-	-	24,455	24,455
Sidewalks/Pedestrian & Bike Paths	-	-	9,594	9,594
Traffic Signals	-	-	1,209	1,209
Total Restricted	<u>-</u>	<u>14,821</u>	<u>44,964</u>	<u>59,785</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE IV. DETAILED NOTES - ALL FUNDS

I. FUND BALANCE

	General	Community Redevelopment Agency	Total Other Governmental	Total Governmental Funds
Committed to:				
Cemetery Grounds Maintenance	-	-	3,706	3,706
City Building Improvements	-	-	4,305	4,305
Community Development	-	-	2,957	2,957
Historic Property Preservation	-	-	715	715
Housing	-	-	4,179	4,179
Land/Neighborhood Improvements	-	-	165	165
Park Enhancements	-	-	73	73
Personnel Development	-	-	121	121
Police Enforcement/Crime Prevention	-	-	295	295
Police Equipment	-	-	1,264	1,264
Public Infrastructure	-	-	982	982
Recreation Facilities	-	-	151	151
Road Improvements	-	-	740	740
Sidewalks/Pedestrian & Bike Paths	-	-	754	754
Technology Upgrades	-	-	341	341
Traffic Signals	-	-	270	270
Trail Enhancements	-	-	181	181
Transportation Improvements	-	-	57	57
Total Committed	-	-	21,256	21,256
Unassigned:	1,541	-	-	1,541
Total Fund Balance	\$ 3,041	\$ 15,118	\$ 66,517	\$ 84,676

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2019, in the respective funds are as follows (in thousands):

General Fund	\$	3,048
Electric		28,604
Gas		860
Sewer		12,155
Stormwater Management		5,648
Water		11,390
Airport		6,988
Nonmajor Governmental		20,674
Nonmajor Enterprise		7,662
Internal Service Funds		20,525
CRA		82
Total	\$	<u>117,636</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, 2019

NOTE V. OTHER INFORMATION

B. RISK MANAGEMENT PROGRAM

Changes in the balances of self-insured claims for the year ended September 30, 2019 are as follows (in thousands):

Unpaid claims - October 1 (including IBNRs)	\$	14,677
Expenses		5,260
Claim payments		<u>(5,056)</u>
Unpaid claims - September 30 (including IBNRs)	\$	<u>14,881</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.

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, 2019, the contingent loans for Special Projects totaled \$5.2 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 six long-term natural gas "prepay" contracts discounted from an index: 1) 20-Year contract with Tennessee Energy Acquisition Corporation (TEAC); 2) 30-year contract with MainStreet; 3) 30-Year contract with TEAC; 4) 30-year contract with Blackbelt; 5) TEAC 3-year, 9-month; 6) Black Belt 5 months. These contracts save the City between \$160,000 and \$320,000 each month through 2048. The City also uses financial instruments to hedge natural gas for future periods. The City is currently hedged for approximately 75% of our gas needs through FY 2024. The City's obligation for financial hedges is limited to the difference between the hedge price and market price. The City is not obligated to purchase the underlying gas supply. Energy 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 commitments.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE V. OTHER INFORMATION

E. LONG-TERM CONTRACTS

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. The City has two Purchased Power Agreements (PPA) for solar energy. The first 20 MW of solar started in the fall of 2017 and the second 40 MW solar contract started in late December 2020. Each of these contracts are for 20 years with option clauses to either purchase or extend their terms. 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, 2019 (in thousands):

Years ending September 30,	Gas Contracts	Energy Contracts (including Solar PPA)	Total
2020	\$ 28,473	\$ 3,790	\$ 32,263
2021	25,045	4,603	29,648
2022	22,461	4,783	27,244
2023	19,236	4,982	24,218
2024	20,273	5,178	25,451
Thereafter	582,820	100,885	683,705
Total	<u>\$ 698,308</u>	<u>\$ 124,221</u>	<u>\$ 822,529</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

General Employees Pension Plan (Article II)
Police Officers Pension Plan (Article III)
Firefighters Pension Plan (Article IV)
Matched Annuity Pension Plan (Article V)

Supplemental Plans

Municipal Police Officers Share Plan
Municipal Firefighters Share Plan

Plan Type

Cost-sharing multiple-employer, defined benefit
Single-employer, defined benefit
Single-employer, defined benefit
Multiple-employer, defined contribution

Single-employer, defined contribution
Single-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, 2019

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	\$ 92,107	\$ 46,099	\$ 56,197	\$ 194,403
Pension Related Deferred Outflows	111,674	29,786	27,964	169,424
Pension Related Deferred Inflows	(38,285)	(14,460)	(6,245)	(58,990)
Pension Expense	\$ 28,713	\$ 4,244	\$ 7,141	\$ 40,098

2018 Membership Statistical Information	General Employees - City	Police Officers	Firefighters	Total
Retirees and beneficiaries of deceased retirees currently receiving benefits	1,668	279	252	2,199
Terminated employees entitled to benefits but not yet receiving benefits	246	30	7	283
Active Employees	1,895	331	259	2,485

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.

The City of Tallahassee Supplemental Share Plans for Firefighters and Police Officers were created in 2000 by Sections 14-9.010 and 14-8.010, City Ordinances. Both Plans are defined contribution pension plan covering all full-time Firefighters and Police Officers of the City of Tallahassee. Participation in the Plans are required as a condition of employment. The Plans provide for additional and supplemental pension, death and disability benefits. In addition, the Plans are local law plans subject to provisions of Chapters 175 and 185 of the State of Florida Statutes.

The Plans are each governed by a five-member pension board. The Fire Supplemental Share Plan members include two Firefighters, two City residents and a fifth member elected by the other four members of the board. The Police Supplemental Share Plan members include two Police Officers, two City residents and a fifth member elected by the other four members of the board.

Contributions to the Plans are the Florida Excise Tax Rebate monies received from the State of Florida pursuant to Florida Statutes Chapters 175 and 185. Participants may not make voluntary contributions to the Plans. The total additions to each participant's account cannot exceed \$55,000 or 100 percent of each participant's compensation.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

Each participant's account is credited with an allocation of the Florida Excise Tax Rebate payment to and among those participants that are entitled on the first day of each plan year. The payments are allocated equally among the total shares of the participants with the number of shares allocated to each participant's account in accordance with the following schedule:

<u>Years of credited service</u>	<u>Number of Shares</u>
Less than 5	0
5 or more, but less than 10	1
10 or more, but less than 15	2
15 or more, but less than 20	3
20 or more, but less than 31	4
31 years or more	5

The Florida Excise Tax Rebate payment for each Plan is sent directly to the City of Tallahassee and is deposited into the City's bank account. Based on the total amount of shares to be distributed to each participants account, the City transfers the money received to Empower (formerly known as Great West Life & Annuity Insurance Company) a third-party administrator who administers the investments for the Plans. A small portion of the money is held by the City and is included in the City's cash and investment pool that is available for use by the Plans Board of Trustees for administrative and operational expenses.

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, 2019

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		Part C-Employees hired prior to October 1, 2017	Part D-Employees hired after October 1, 2017
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)	55 (or 25 years of Credited Service, regardless of age)
Years of Credited Service (minimum)	5	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)	AFC x Sum of 2% per year of purchased military and out-of-city public service and 3% per year of Credited Service
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.	Average of the highest consecutive 5 years of Credited Service
Maximum Benefit	81% of AFC	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.	3% increase in benefits each 10/1 starting at the later of normal retirement date or age 62

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

F. DEFINED BENEFIT PROVISION			
	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>	
Disability	<p>Five years of Credited Service for non-service connected disability. None for service connected disability.</p> <p>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.</p>	<p>Two years of Credited Service for non-service connected disability. None for service connected disability.</p> <p>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.</p>	
Contribution Rates - actuarially determined for the year ended September 30, 2019			
City	20.60%	33.69%	39.81%
Employee	5.00%	11.25% (hire date prior to 10/1/2012) 13.69% (hire date after 10/1/2012)	19.08%

Net Pension Liability - The total pension liability was determined by an actuarial valuation as of October 1, 2018, using a measurement date of September 30, 2019. The net pension liability was also determined using a measurement date of September 30, 2019. The components of the net pension liability of the participating employers in the general employees, police officers and firefighters plans as of September 30, 2019 were as follows (in thousands):

	General Employees	Police Officers	Firefighters
Total pension liability	\$ 1,297,843	\$ 403,459	\$ 286,119
Plan fiduciary net position	1,145,742	342,855	217,526
Net pension liability	152,101	60,604	68,593
Plan fiduciary net position as a % of total pension liability	88.28 %	84.98 %	76.03 %
City's proportion of the net pension liability	95.16 %	100.0 %	100.0 %

The City's Proportionate share of the General Employees' Pension Plan is based on the covered payroll and it increased from 94.93% in 2018 to 95.16% in 2019.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2018, 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 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, 2018	October 1, 2018	October 1, 2018
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	30 years	30 years	30 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	7.50%	7.50%	7.50%
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, 2019

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

Changes in the Net Pension Liability - The Plan is presenting net pension liability for the year ended September 30, 2019 based on the September 30, 2019 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, 2018	\$ 1,131,074	\$ 1,074,804	\$ 56,270
Changes for the year:			
Service Cost	15,916	-	15,916
Interest	86,053	-	86,053
Differences between Expected and Actual Experiences	43,132	-	43,132
Benefit Changes	-	-	-
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	100,514	59,754	40,760
Balances at September 30, 2019	<u>\$ 1,231,588</u>	<u>\$ 1,134,558</u>	<u>\$ 97,030</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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, 2018	\$ 360,343	\$ 312,205	\$ 48,138
Changes for the year:			
Service Cost	6,777	-	6,777
Interest	27,583	-	27,583
Differences between Expected and Actual Experiences	6,042	-	6,042
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	21,484	23,523	(2,039)
Balances at September 30, 2019	\$ 381,827	\$ 335,728	\$ 46,099

Firefighters Pension Plan - Increase(Decrease)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 30, 2018	\$ 256,067	\$ 205,257	\$ 50,810
Changes for the year:			
Service Cost	4,000	-	4,000
Interest	19,312	-	19,312
Differences between Expected and Actual Experiences	4,784	-	4,784
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	16,014	10,627	5,387
Balances at September 30, 2019	\$ 272,081	\$ 215,884	\$ 56,197

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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, 2019.

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.5 %
International Equity	10	5.0
Emerging Markets Equity	5	6.4
Fixed Income	19	1.6
Real Estate	15	5.0
Private Equity	5	8.0
Private Credit	5	6.8
Timber	5	4.7
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, 2019, the annual money-weighted rate of return on the General Employees, Police Officers, and Firefighters pension plan investments, net of investment expense, was 3.73%. 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 7.50%. 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 (7.50%) 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, 2019

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

The discount rates as of September 30, 2019 were as follows:

General Employees	Police Officers	Firefighters
7.50 %	7.50 %	7.50 %

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 6.50%	Current Single Discount Rate	1% Increase 8.50%
General Employees	\$ 325,107	\$ 152,101	\$ 10,020
General Employees-City	309,372	144,739	9,535
Police Officers	117,140	60,604	14,542
Firefighters	106,916	68,593	37,236

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, 2019

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

General Employees – Plan - For the year ended September 30, 2019, the general employees pension plan recognized pension expense of \$30,348,000 for the plan. At September 30, 2019, 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	\$ 50,205	\$ (3,241)	\$ 46,964
Assumption changes	45,242	-	45,242
Change in Net Pension Liability due to Change in Cost-Sharing Allocation Percentages	416	(416)	-
Net difference between projected and actual earnings on pension plan investments	-	(36,657)	(36,657)
Contributions after measurement date	21,927	-	21,927
Total	\$ 117,790	\$ (40,314)	\$ 77,476

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)
2020	\$ 19,257
2021	9,938
2022	11,412
2023	11,693
2024	3,249
Total	<u>\$ 55,549</u>

General Employees – City – For the year ended September 30, 2019, the City recognized pension expenses of \$28,713,000 for its proportionate share of the general employees pension plan. At September 30, 2019, 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	\$ 47,761	\$ (3,146)	\$ 44,615
Assumption changes	43,012	-	43,012
Net difference between projected and actual experience on pension investments	-	(34,757)	(34,757)
Change in Net Pension Liability due to change in cost sharing allocation percentage	34	(382)	(348)
Contributions after measurement date	20,867	-	20,867
Total	\$ 111,674	\$ (38,285)	\$ 73,389

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE V. OTHER INFORMATION

F. PENSION PLAN OBLIGATIONS

1. DEFINED BENEFIT PROVISION

Deferred outflows of resources related to the general employee pension plan of \$20,867,000, 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>
2020	\$ 18,294
2021	9,342
2022	10,750
2023	11,060
2024	3,076
Total	<u>\$ 52,522</u>

Police officers - For the year ended September 30, 2019, the police officers pension plan recognized pension expense of \$4,244,000. At September 30, 2019, 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	\$ 10,346	\$ -	\$ 10,346
Net difference between projected and actual earnings on pension plan investments	-	(14,460)	(14,460)
Assumption Changes	11,136	-	11,136
Contributions after measurement date	8,304	-	8,304
Total	\$ 29,786	\$ (14,460)	\$ 15,326

Deferred outflows of resources related to the police officers pension plan of \$8,304,000, 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>
2020	\$ 3,918
2021	403
2022	148
2023	1,570
2024	983
Total	<u>\$ 7,022</u>

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

September 30, 2019

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

Firefighters - For the year ended September 30, 2019, the firefighters pension plan recognized pension expense of \$7,141,000. At September 30, 2019, 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	\$ 11,437	\$ -	\$ 11,437
Net difference between projected and actual earnings on pension plan investments	-	(6,245)	(6,245)
Assumption changes	10,792	-	10,792
Contributions after measurement date	5,735	-	5,735
Total	\$ 27,964	\$ (6,245)	\$ 21,719

Deferred outflows of resources related to the firefighters pension plan of \$5,735,000, 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)
2020	\$ 4,543
2021	1,998
2022	2,227
2023	4,040
2024	2,454
Thereafter	722
Total	<u>\$ 15,984</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, 2019, the contributions and forfeitures to the MAP account totaled \$1,782,000 and \$448,000, respectively.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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 multi-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 OPEB plan is also provided for the employees of the Blueprint Intergovernmental Agency (Blueprint), a jointly governed organization, and the Capital Regional Transportation Planning Agency, a joint venture.

The aggregate amounts, reported by the City as of September 30, 2019, of net OPEB liabilities, related deferred inflows and outflows of resources, and OPEB expenses using a valuation date and measurement date of September 30, 2018 are summarized as follows:

OPEB Plan Obligations and Expenses	Primary Government	DIA (Component Unit)	Total (in thousands)
Net OPEB Liability	\$ 82,290	\$118	\$ 82,408
OPEB Related Deferred Outflows	4,580	10	4,590
OPEB Related Deferred Inflows	7,860	6	7,866
OPEB Expense	3,950	3	3,953

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE V. OTHER INFORMATION

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

1. OPEB PLAN DESCRIPTION

OPEB Plan membership at September 30, 2018 was as follows:

Inactive Members or Beneficiaries	
Currently Receiving Benefits	1,247
Active Members	2,638
Total Members	<u>3,885</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, 2019

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 2019. 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 OPEB liability for the year ended September 30, 2019 based on the September 30, 2019 measurement date as follows (in thousands):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2018	\$ 91,604	\$ 8,860	\$ 82,744
Changes for the year:			
Service Cost	2,064	-	2,064
Interest	3,544	-	3,544
Assumption Changes	12,851	-	12,851
Employer Contributions to the Trust Fund	-	2,031	(2,031)
Employer Contributions not deposited in Trust Fund	-	2,439	(2,439)
Net Investment Income	-	384	(384)
Benefit Payments	(4,634)	(2,196)	(2,438)
Benefit Payments not reimbursed by Trust Fund	-	(2,438)	2,438
Difference between expected and actual experience	(74)	-	(74)
Net Changes	13,751	220	13,531
Balances at September 30, 2019	\$ 105,355	\$ 9,080	\$ 96,275

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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 September 30, 2018. The total OPEB liability was rolled forward one year. The significant assumptions used were as follows:

Actuarial Cost Method	Entry Age Normal
Normal Inflation	2.5%.
Discount Rate	2.79%, the resulting Single Discount Rate based on the expected rate of return on OPEB Plan investments as of September 30, 2019 at 7.50% and the long term municipal bond rate as of September 30, 2019 at 2.75%.
Salary Increases	2.95% to 6.40%, 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	Mortality Tables used for Regular Class and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System, with generational projections using scale BB. 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 6.1% for 2019 (based on actual premium increases), followed by 6.5% for 2020, and then gradually decreasing to an ultimate trend rate of 4.24% plus 0.49% increase to reflect the Excise Tax on High-Cost Employer Health Plans.
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 following changes: The Single Discount Rate from the beginning of the year at 3.88% is changed to the end of the year at 2.79% (the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2019 at 7.5% and the long-term municipal bond rate as of September 30, 2019 at 2.75%) Assumed initial costs and premium amounts were revised to reflect premium rates adopted for the 2018 plan year. For more details, refer to Sections E and G of the September 30, 2018 Actuarial Valuation Report dated October 4, 2019

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 2.79%, 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 1.79%	Current Single Discount Rate Assumption 2.79%	1% Increase 3.79%
\$ 110,602	\$ 96,275	\$ 84,611

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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 (5.1% down to 3.73%)	Current Healthcare Cost Trend Rate Assumption	1% Increase (7.1% down to 5.73%)
\$ 86,606	\$ 96,275	\$ 84,610

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 September 30, 2018 and a measurement date of September 30, 2018, the City recognized OPEB expenses of \$3,863,000 for the year ended September 30, 2019. At September 30, 2019, 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	\$ -	\$ 35	\$ (35)
Assumption Changes	-	6,137	(6,137)
Net Difference between projected and actual earnings on OPEB plan investments	-	1,403	(1,403)
Change in Net OPEB liability due to Change in Cost-Sharing Allocation Percentage	-	291	(291)
Contributions after measurement date	4,590	-	4,590
	<u>\$ 4,590</u>	<u>\$ 7,866</u>	<u>\$ (3,276)</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE V. OTHER INFORMATION

H. OTHER POST EMPLOYMENT BENEFITS (OPEB)

3. NET OPEB LIABILITY

Deferred outflows of resources related to the plan of \$4,590,000, 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, 2020. 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)
2020	\$ 1,572
2021	1,572
2022	1,572
2023	1,417
2024	1,183
Thereafter	550
Total	\$7,866

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 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, 2019 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, 2019		
	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges:					
Commodity Forward – Natural Gas	Deferred Outflows of Resources	\$12,492	Derivative Instrument	(\$12,492)	71,670,000 MMBTUs

The fair values of the forward contracts are estimated based upon the present value of their estimated cash flows. For FY 2020 & 2023 the City has hedged various volumes Over-the-Counter (OTC) with BP Energy Company, J. Aron & Company LLC and Shell Energy North America. For FY 2021 only, 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-, J. Aron & Company. BBB+, Shell Energy North America A+ and ADM A, as of September 30, 2019. Positions with ADM are cleared on a daily basis, so neither party incurs credit risk for those transactions.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

NOTE V. OTHER INFORMATION

I. DERIVATIVE INSTRUMENTS

The following table displays the objectives and terms of the City's derivative instruments outstanding as of September 30, 2019:

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 2019 - September 2023	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, 2019

NOTE V. OTHER INFORMATION

K. RELATED PARTY TRANSACTIONS

Related party transactions during the year ended September 30, 2019 included the following:

- 1) In the current year, the City contributed to the Blueprint's Office of Economic Vitality (OEV) \$174,500 to fund operations.
- 2) The City paid the following contributions to the Consolidated Dispatch Agency:
 - a. \$4,846,778 for operations.
 - b. \$312,300 for Fire/EMS revenue.
- 3) The City paid \$380,000 to Blueprint Intergovernmental Agency for the Agency's Northeast Corridor Connector Bannerman Road Project during the fiscal year. The funding for this contribution came from the City's Significant Benefit District 1 concurrency fund comprised of fees paid by developers to mitigate excess traffic within a specific geographic area.
- 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, 2019, the City charged fees of \$1,344,890, \$66,269, and \$68,038, respectively.
- 5) As of September 30, 2019, the City was owed \$1,973,457 by the Consolidated Dispatch Agency, \$2,471,195 by the Blueprint Intergovernmental Agency, and \$525,772 by the Capital Region Transportation Planning Agency. The City also owed the Consolidated Dispatch Agency \$67,467.

L. SUBSEQUENT EVENTS

PAYOUT OF NUCLEAR DECOMMISSIONING TRUST FUNDS

In 1977, the City of Tallahassee agreed to join with certain other municipal electricity providers and with Florida Power Corporation (now doing business as Duke Energy Florida) as part owners of the Crystal River Unit Three (CR-3) nuclear power plant. As an owner of CR-3, the City incurred certain liabilities, including a portion of the costs associated with the decommissioning of the facility proportional to its ownership interest. In 1992, the City created the City of Tallahassee Nuclear Decommissioning Trust Fund, managed by a third-party trustee to provide a funding source for the eventual decommissioning of CR-3. In December 1998, the City entered into a CR-3 Acquisition Agreement ("Acquisition Agreement") with Florida Power Corporation to sell its interest in CR-3. The Acquisition Agreement called for the City to maintain the Trust Fund and ultimately pay the City's share of the decommissioning costs as they were incurred and invoiced to the City. As a result of the Acquisition Agreement, the Trust Fund was amended slightly in October 1999, but kept its original purpose to provide funding for the decommissioning costs. In addition to the direct decommissioning costs, the City agreed to pay 50% of the income tax liability incurred by Duke Energy for the receipt of decommissioning funds paid from the Trust Fund to Duke Energy. This tax liability was required to be paid from funds other than the Trust Fund proceeds and was capped at \$1.5 million. In January 2020, City staff received the proposed Nuclear Decommissioning Trust Fund Transfer and Release Agreement which provided for disbursement of 100% of the proceeds in the Trust Fund to Duke Energy no later than March 26, 2020 in return for Duke Energy's release of the City from any tax liability under the Acquisition Agreement, or otherwise. On February 12, 2020, the City Commission agreed to the terms of the Transfer and Release Agreement and they intend to make the payment by March 26 as agreed.

CORONAVIRUS PANDEMIC

On December 31, 2019, the first cases of what would become the COVID-19 virus were reported in China. Since then, the virus has spread across the globe and has been declared a global pandemic by the World Health Organization. The City continues to monitor the situation and take appropriate measures as necessary; however, the financial impact to the City, if any, cannot be determined at this time.

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, 2019
(in thousands)
(Unaudited)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance - October 1	\$ 302	\$ 302	\$ 302	\$ -
Resources				
Taxes	69,022	69,022	68,419	(603)
Licenses and Permits	1,428	1,428	1,345	(83)
Intergovernmental Revenues	19,845	19,980	19,390	(590)
Charges for Services	10,245	10,245	9,347	(898)
Fines and Forfeitures	1,024	1,024	592	(432)
Interest Earned	585	585	511	(74)
Miscellaneous	12,007	12,045	11,755	(290)
Transfers from Other Funds	44,679	44,709	45,071	362
Amounts Available for Appropriations	<u>159,137</u>	<u>159,340</u>	<u>156,732</u>	<u>(2,608)</u>
Charges to Appropriations				
General Government	23,856	23,673	22,075	1,598
Public Safety	59,763	59,536	58,146	1,390
Transportation	15,677	15,808	15,141	667
Human Services	1,325	1,315	1,254	61
Economic Development	365	365	441	(76)
Physical Environment	3,907	3,388	3,538	(150)
Culture and Recreation	23,493	23,320	23,771	(451)
Transfers to Other Funds	<u>30,751</u>	<u>31,935</u>	<u>32,072</u>	<u>(137)</u>
Total Charges to Appropriations	<u>159,137</u>	<u>159,340</u>	<u>156,438</u>	<u>2,902</u>
Budgetary Fund Balance - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294</u>	<u>\$ 294</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
Note to Required Supplementary Information
General Fund
September 30, 2019
(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.	\$ 156,732
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.	(302)
The increase in the fair market value of investments is an increase in revenue for financial reporting purposes but is considered a budgetary inflow.	886
The revenues of the City's Deficiency Reserve and Scholarship Reserve are current year revenues for reporting purposes but are not considered budgetary inflows.	4,528
Current year nonbudgeted transfer is treated as revenue for financial reporting purposes but not as a budgetary inflow.	122
Miscellaneous items treated as budgetary inflows but not as revenues for financial reporting purposes.	(2,111)
Miscellaneous items treated as revenues for financial reporting purposes but not as budgetary inflows	73
Total Revenues and Other Financing Sources as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 159,928</u></u>

Outflows of Resources

Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule.	\$ 156,438
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.	31,639
Current year nonbudgeted transfer is treated as expense for financial reporting purposes but not as a budgetary outflow.	61
Miscellaneous items treated as budgetary outflows but not as expenditures for financial reporting purposes.	(2,493)
Miscellaneous items treated as expenditures for financial reporting purposes but not as budgetary outflows.	350
Total Expenditures and Other Financing Uses as reported on the statement of revenues, expenditures, and changes in fund balances.	<u><u>\$ 185,995</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, 2019)
Fiscal Year Ending September 30
(in thousands)
(Unaudited)

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service Cost	\$ 16,845	\$ 15,916	\$ 15,008	\$ 14,964	\$ 14,592	\$ 16,333
Interest	92,484	86,053	78,568	74,426	71,570	70,460
Benefit Changes	-	118	-	-	-	-
Difference between actual & expected experience	43,132	11,976	17,064	-	(24,196)	-
Assumption Changes	19,989	14,262	54,077	-	-	-
Benefit Payments	(62,578)	(58,587)	(54,634)	(50,887)	(47,928)	(44,510)
Refunds	(485)	(262)	(269)	(312)	(241)	(385)
Net Change in Total Pension Liability	109,387	69,476	109,814	38,191	13,797	41,898
Total Pension Liability - Beginning	1,188,456	1,118,980	1,009,166	970,975	957,178	915,280
Total Pension Liability - Ending (a)	<u>\$1,297,843</u>	<u>\$1,188,456</u>	<u>\$1,118,980</u>	<u>\$1,009,166</u>	<u>\$ 970,975</u>	<u>\$ 957,178</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 21,927	\$ 18,801	\$ 14,486	\$ 14,591	\$ 16,537	\$ 16,110
Contributions - Other	7	13	356	-	23	92
Contributions - Member	6,119	5,560	5,160	4,523	4,719	4,607
Net Investment Income	47,306	94,722	127,148	85,979	9,640	89,958
Benefits Payments	(62,578)	(58,587)	(54,634)	(50,887)	(47,928)	(44,510)
Refunds	(485)	(262)	(269)	(312)	(241)	(385)
Administrative Expense	(1,112)	(493)	(1,214)	(705)	(637)	(668)
Net Change in Plan Fiduciary Net Position	11,184	59,754	91,033	53,189	(17,887)	65,204
Plan Fiduciary Net Position - Beginning	1,134,558	1,074,804	983,771	930,582	948,469	883,265
Plan Fiduciary Net Position - Ending (b)	<u>\$1,145,742</u>	<u>\$1,134,558</u>	<u>\$1,074,804</u>	<u>\$ 983,771</u>	<u>\$ 930,582</u>	<u>\$ 948,469</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 152,101</u>	<u>\$ 53,898</u>	<u>\$ 44,176</u>	<u>\$ 25,395</u>	<u>\$ 40,393</u>	<u>\$ 8,709</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.28 %	95.46 %	96.05 %	97.48 %	95.84 %	99.09 %
Covered Payroll	\$ 106,445	\$ 100,986	\$ 110,835	\$ 111,638	\$ 108,866	\$ 106,057
Net Pension Liability as a Percentage of Covered Payroll	142.89 %	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, 2019)
(in thousands)
(Unaudited)**

Fiscal year ending September 30, 2019	BLUEPRINT	CRTPA	CDA	CITY OF TALLAHASSEE	GENERAL EMPLOYEES TOTAL
Total Pension Liability - Beginning	\$ 12,992	\$ 4,578	\$ 42,732	\$ 1,128,154	\$ 1,188,456
Total Pension Liability - Ending (a)	<u>\$ 13,168</u>	<u>\$ 4,877</u>	<u>\$ 44,771</u>	<u>\$ 1,235,027</u>	<u>\$ 1,297,843</u>
Plan Fiduciary Net Position - Beginning	\$ 12,403	\$ 4,370	\$ 40,794	\$ 1,076,991	\$ 1,134,558
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,625</u>	<u>\$ 4,305</u>	<u>\$ 39,524</u>	<u>\$ 1,090,288</u>	<u>\$ 1,145,742</u>
Net Pension Liability - Ending (a) - (b)	\$ 1,543	\$ 572	\$ 5,247	\$ 144,739	\$ 152,101
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.28 %	88.27 %	88.28 %	88.28 %	88.28 %
Covered Payroll	\$ 1,080	\$ 400	\$ 3,672	\$ 101,293	\$ 106,445
Net Pension Liability as a percentage of Covered Payroll	142.87 %	143.00 %	142.89 %	142.89 %	142.89 %
<u>Allocation Determination*</u>					
Allocation Percentage Prior Year	1.09 %	0.38 %	3.60 %	94.93 %	100.00 %
Allocation Percentage Current Year	1.01 %	0.38 %	3.45 %	95.16 %	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
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
2019	21,927	21,927	-	106,445	20.60

NOTES TO SCHEDULE OF CONTRIBUTIONS - GENERAL EMPLOYEES

Valuation Date: October 1, 2017
Measurement Date: September 30, 2019

Notes: Actuarially determined contribution rates are calculated as of October 1, 2017 for the fiscal year ended September 30, 2019. 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 1.25% payroll growth assumption) for bases created before October 1, 2017; Level Dollar for bases created on and after October 1, 2017, 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 33.33% of 3.5% and 66.67% of a range of 2.95% to 5.00%, depending on completed years of service, including inflation
Investment Rate of Return	7.60%
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.

Other Information:

Notes See Discussion of Valuation Results in the October 1, 2017 Actuarial Valuation Report dated June 5, 2018.

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, 2019)
Fiscal Year Ending September 30
(in thousands)
(Unaudited)

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service Cost	\$ 6,858	\$ 6,777	\$ 6,031	\$ 5,573	\$ 5,570	\$ 6,094
Interest	28,820	27,583	25,451	23,784	22,775	21,635
Benefit Changes	-	(5,904)	-	-	-	-
Difference between actual & expected experience	6,042	3,283	8,041	-	1,263	-
Assumption Changes	4,893	4,776	11,610	-	-	-
Benefit Payments	(18,729)	(17,606)	(16,699)	(15,737)	(14,684)	(12,638)
Refunds	(210)	(184)	(105)	(156)	(64)	(151)
Net Change in Total Pension Liability	27,674	18,725	34,329	13,464	14,860	14,940
Total Pension Liability - Beginning	375,785	357,060	322,731	309,267	294,407	279,467
Total Pension Liability - Ending (a)	<u>\$ 403,459</u>	<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	\$ 8,304	\$ 8,326	\$ 6,996	\$ 6,585	\$ 5,940	\$ 5,779
Contributions - Non-Employer Contributing Entity	2	4	109	-	6	26
Contributions - Member	3,187	3,451	3,483	3,230	3,104	2,808
Net Investment Income	15,073	29,685	39,016	25,772	2,843	26,199
Benefits Payments	(18,729)	(17,606)	(16,699)	(15,737)	(14,684)	(12,638)
Refunds	(210)	(184)	(105)	(156)	(64)	(151)
Administrative Expense	(500)	(153)	(369)	(200)	(187)	(192)
Net Change in Plan Fiduciary Net Position	7,127	23,523	32,431	19,494	(3,042)	21,831
Plan Fiduciary Net Position - Beginning	335,728	312,205	279,774	260,280	263,322	241,491
Plan Fiduciary Net Position - Ending (b)	<u>\$ 342,855</u>	<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>\$ 60,604</u>	<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	84.98 %	89.34 %	87.44 %	86.69 %	84.16 %	89.44 %
Covered Payroll	\$ 26,071	\$ 26,235	\$ 27,170	\$ 25,573	\$ 25,559	\$ 24,865
Net Pension Liability as a Percentage of Covered Payroll	232.46 %	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	
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	
2019	8,304	8,304	-	26,071	31.85	

NOTES TO SCHEDULE OF CONTRIBUTIONS - POLICE OFFICERS

Valuation Date: October 1, 2017

Measurement Date: September 30, 2019

Notes: Actuarially determined contribution rates are calculated as of October 1 2017 for the fiscal year ended September 30, 2019. 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 2.72% payroll growth assumption) for bases created before October 1, 2017; Level Dollar for bases created on and after October 1, 2017, Closed
Remaining Amortization Period	25 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 33.33% of 5.0% and 66.67% of a range of 4.5% to 6.4%, depending on completed years of service, including inflation
Investment Rate of Return	7.60%
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.

Other Information:

Notes See Discussion of Valuation Results in the October 1, 2017 Actuarial Valuation Report dated June 5, 2018, and the Actuarial Impact Statement for Ordinance No. 18-O-18 dated June 8, 2018.

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS -
FIREFIGHTERS
(BASED ON MEASUREMENT PERIOD ENDING SEPTEMBER 30, 2019)
Fiscal Year Ending September 30
(in thousands)
(Unaudited)

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service Cost	\$ 4,310	\$ 4,000	\$ 3,863	\$ 3,564	\$ 3,288	\$ 3,987
Interest	20,412	19,312	17,968	16,774	16,205	15,438
Benefit Changes	-	(1,850)	-	-	-	-
Difference between actual & expected experience	4,784	3,136	8,020	-	2,783	-
Assumption Changes	4,930	4,590	9,978	-	-	-
Benefit Payments	(15,275)	(14,772)	(13,669)	(12,701)	(12,074)	(11,042)
Refunds	(339)	(50)	(65)	(65)	(5)	(90)
Net Change in Total Pension Liability	18,822	14,366	26,095	7,572	10,197	8,293
Total Pension Liability - Beginning	267,297	252,931	226,836	219,264	209,067	200,774
Total Pension Liability - Ending (a)	<u>\$ 286,119</u>	<u>\$ 267,297</u>	<u>\$ 252,931</u>	<u>\$ 226,836</u>	<u>\$ 219,264</u>	<u>\$ 209,067</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 5,735	\$ 5,001	\$ 4,970	\$ 4,671	\$ 4,104	\$ 3,894
Contributions - Non-Employer Contributing Entity	1	3	66	-	4	17
Contributions - Member	2,999	2,862	3,270	3,092	2,774	2,398
Net Investment Income	8,831	17,675	23,810	15,933	1,782	16,635
Benefits Payments	(15,275)	(14,772)	(13,669)	(12,701)	(12,074)	(11,042)
Refunds	(339)	(50)	(65)	(65)	(5)	(90)
Administrative Expense	(310)	(92)	(227)	(124)	(117)	(124)
Net Change in Plan Fiduciary Net Position	1,642	10,627	18,155	10,806	(3,532)	11,688
Plan Fiduciary Net Position - Beginning	215,884	205,257	187,102	176,296	179,828	168,140
Plan Fiduciary Net Position - Ending (b)	<u>\$ 217,526</u>	<u>\$ 215,884</u>	<u>\$ 205,257</u>	<u>\$ 187,102</u>	<u>\$ 176,296</u>	<u>\$ 179,828</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 68,593</u>	<u>\$ 51,413</u>	<u>\$ 47,674</u>	<u>\$ 39,734</u>	<u>\$ 42,968</u>	<u>\$ 29,239</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.03 %	80.77 %	81.15 %	82.48 %	80.40 %	86.01 %
Covered Payroll	\$ 15,545	\$ 15,097	\$ 18,774	\$ 17,645	\$ 16,280	\$ 15,446
Net Pension Liability as a Percentage of Covered Payroll	441.25 %	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
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
2019	5,735	5,735	-	15,545	36.89

* 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, 2017
Measurement Date: September 30, 2019

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) for bases created before October 1, 2017; Level Dollar for bases created on and after October 1, 2017, Closed
Remaining Amortization Period	25 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 33.33% of 4.0% and 66.67% of a range of 4.40% to 5.75%, depending on completed years of service, including inflation
Investment Rate of Return	7.60%
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.

Other Information:

Notes See Discussion of Valuation Results in the October 1, 2017 Actuarial Valuation Report dated June 5, 2018.

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
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
2019	3.73

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIO
For the Fiscal Year Ended September 30
(in thousands)
(Unaudited)

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 2,064	\$ 2,375	\$ 2,468
Interest on the total OPEB liability	3,545	3,334	3,041
Differences between expected and actual experience	(74)	-	-
Change of assumptions	12,851	(3,480)	(5,015)
Benefit payments	(4,635)	(4,851)	(4,412)
Net change in total OPEB liability	13,751	(2,622)	(3,918)
Total OPEB liability - beginning	91,604	94,226	98,144
Total OPEB liability - ending (a)	<u>\$ 105,355</u>	<u>\$ 91,604</u>	<u>\$ 94,226</u>
Plan Fiduciary Net Pension			
Employer Contributions to the OPEB Trust Fund	\$ 2,031	\$ 2,017	\$ 2,015
Employer Contributions not deposited in OPEB Trust Fund	2,439	2,673	-
OPEB plan net investment income	385	1,447	1,273
Benefit payments	(2,196)	(2,177)	(2,170)
Benefit payments not reimbursed by the OPEB Trust Fund	(2,439)	(2,673)	-
Other (Adjustment to prior year)	-	1	-
Net change in plan fiduciary net position	220	1,286	1,118
Plan fiduciary net position - beginning	8,860	7,574	6,456
Plan fiduciary net position - ending (b)	9,080	8,860	7,574
Net OPEB liability - ending (a) - (b)	<u>\$ 96,275</u>	<u>\$ 82,744</u>	<u>\$ 86,652</u>
Plan fiduciary net position as a % of the total OPEB liability	8.62	9.67	8.04
Covered-Employee payroll	\$ 151,093	\$ 153,725	\$ 149,247
Net OPEB liability as a % of covered-employee payroll	63.72	53.83	58.06

Note: Covered-Employee Payrolls presented above are estimates based on the data submitted for valuation purposes. GASB Statement 75 defined Covered-Employee payroll as the payroll of employees that are provided with OPEB through the OPEB plan, including employees terminating during the measurement period.

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- Employee 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 %
2019	105,355	9,080	96,275	8.62 %	151,093	63.72 %

NOTES TO SCHEDULE OF NET OPEB LIABILITY

Valuation date: October 1, 2018

Methods and Assumptions Used to Determine Net OPEB Liability::

Actuarial Cost Method Entry Age Normal.

Inflation 2.5%.

Discount Rate 2.79%, the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2019 at 7.50% and the long-term municipal bond rate as of September 30, 2019 at 2.75%.

Salary Increases 2.95% to 6.40%, 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 Mortality Table used for Regular Class and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System, with generational projections using scale BB. 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 6.1% for 2019 (based on actual premium increase), followed by 6.50% for 2020, and then gradually decreasing to an ultimate trend rate of 4.24% plus 0.49% increase to reflect the Excise Tax on High-Cost Employer Health Plans.

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 per capital health cost.

Other Information:

Notes There were no benefit changes during the year.
Assumption changes reflect the follow changes:
-The Single Discount Rate from the beginning of the year at 3.88% is changed to the end of the year at 2.79% (the resulting Single Discount Rate based on the expected rate of return on OPEB plan investments as of September 30, 2019 at 7.50% and the long-term municipal bond rate as of September 30, 2019 at 2.75%).
-Assumed initial costs and premium amounts were revised to reflect premiums rates adopted for the 2018 plan year. For more details, refer to sections E and G of the September 30, 2018 Actuarial Valuation Report dated October 4, 2019.

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 %
2019	5,372	2,031	3,346	151,093	1.34 %

NOTES TO SCHEDULE OF CONTRIBUTIONS - OPEB

Valuation date: September 30, 2018

Notes: Actuarially determined contribution rates are calculated as of October 1, which is 12 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	26 years.
Asset Valuation Method	Market Value.
Inflation	2.5%.
Salary increases	2.95% to 6.40%, including inflation; varies by plan type and years of service.
Investment rate of return	3.88%, the resulting Single Discount Rate based on the expected rate of return on OPEB plan investment as of September 30, 2018 at 7.50% and the long-term municipal bond rate as of September 30, 2018 at 3.88%.
Retirement Age	Experience-based table of rates that are specific to the plan and type of eligibility condition.
Mortality	Mortality-based Table used for Regular Class and Special Risk Class members in the July 1, 2018 actuarial valuation of the Florida Retirement System, with generational projections using scale BB. 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 6.10% for 2019 (based on actual premium increase), followed by 6.50% for 2020, and then gradually decreasing to an ultimate trend rate of 4.24% plus 0.49% increase to reflect the Excise Tax on High-Cost Employer Health Plans.
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	18.68	%
2018	17.87	%
2019	4.27	%

* 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, 2019
(in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
ASSETS					
Cash and Cash Equivalents	\$ 2,012	\$ -	\$ 2,466	\$ 5,624	\$ -
Securities Lending Collateral	8	-	10	23	-
Receivables:					
Accrued Interest	17	-	1	23	-
Customers and Others	-	-	-	-	-
Notes	43	-	-	-	-
Special Assessments	-	-	-	-	-
Due From Other Governments	1,683	-	-	-	-
Cash and Cash Equivalents	728	783	-	-	597
Securities Lending Collateral	3	3	-	-	2
Receivables - Restricted:					
Accrued Interest	5	3	-	-	2
Customers and Others	-	3	-	-	-
Notes	-	-	-	-	297
Due From Other Governments	1,257	1	-	-	-
Total Assets	\$ 5,756	\$ 793	\$ 2,477	\$ 5,670	\$ 898
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Obligations Under Securities Lending	\$ 8	\$ -	\$ 10	\$ 23	\$ -
Accounts and Retainage Payable	178	-	236	-	-
Unearned Revenue	24	-	-	-	-
Advances from Other Funds	-	-	-	-	-
Accounts and Retainage Payable - Restricted	451	40	3	-	91
Obligations Under Securities Lending - Restricted	3	3	-	-	2
Unearned Revenue - Restricted	-	240	-	-	98
Total Liabilities	664	283	249	23	191
DEFERRED INFLOWS					
Deferred Inflows - Unavailable Revenues	1,141	-	-	-	-
Total Liabilities and Deferred Inflows	1,805	283	249	23	191
FUND BALANCES					
Nonspendable	-	-	-	-	297
Spendable:					
Restricted	202	1	2,228	5,647	410
Committed	3,749	509	-	-	-
Total Fund Balances	3,951	510	2,228	5,647	707
Total Liabilities and Fund Balances	\$ 5,756	\$ 793	\$ 2,477	\$ 5,670	\$ 898

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2019
(in thousands)

Capital Project Funds						Permanent Fund	
Debt Service	Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery	Total	
\$ -	\$ 13,451	\$ 23,756	\$ 11,253	\$ 1,505	\$ 3,700	\$ 63,767	
-	55	98	46	6	15	261	
-	60	98	46	6	15	266	
-	-	-	3	-	-	3	
-	166	-	-	-	-	209	
-	86	-	-	-	-	86	
-	725	-	725	1,313	-	4,446	
-	-	-	-	-	-	2,108	
-	-	-	-	-	-	8	
-	-	-	-	-	-	10	
-	-	-	-	-	-	3	
-	-	-	-	-	-	297	
-	-	-	-	-	-	1,258	
\$ -	\$ 14,543	\$ 23,952	\$ 12,073	\$ 2,830	\$ 3,730	\$ 72,722	

\$ -	\$ 55	\$ 98	\$ 46	\$ 6	\$ 15	\$	261
-	415	2,138	519	305	9		3,800
-	-	-	-	-	-		24
-	48	-	-	-	-		48
-	-	-	-	-	-		585
-	-	-	-	-	-		8
-	-	-	-	-	-		338
-	518	2,236	565	311	24		5,064
-	-	-	-	-	-		1,141
-	518	2,236	565	311	24		6,205
-	-	-	-	-	-		297
-	733	21,716	11,508	2,519	-		44,964
-	13,292	-	-	-	3,706		21,256
-	14,025	21,716	11,508	2,519	3,706		66,517
<u>\$ -</u>	<u>\$ 14,543</u>	<u>\$ 23,952</u>	<u>\$ 12,073</u>	<u>\$ 2,830</u>	<u>\$ 3,730</u>	<u>\$</u>	<u>72,722</u>

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Nonmajor Governmental Funds
for the fiscal year ended September 30, 2019
(in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership
Revenues:					
Licenses and Permits	\$ -	\$ -	\$ 3,615	\$ 614	\$ -
Intergovernmental Revenues	4,315	21	-	-	1,265
Charges for Services	163	-	222	-	-
Fines and Forfeitures	-	115	19	-	-
Net Investment Earnings	122	19	54	144	31
Securities Lending Income	-	-	-	-	-
Change in Fair Value of Investments	10	-	8	-	-
Miscellaneous Revenues	1,072	-	250	-	-
Total Revenues	<u>5,682</u>	<u>155</u>	<u>4,168</u>	<u>758</u>	<u>1,296</u>
Expenditures:					
Current:					
General Government	49	-	1	5	-
Public Safety	1,339	301	3,765	-	-
Transportation	1,164	-	-	380	-
Human Services	717	-	-	-	-
Economic Environment	2,230	-	-	-	1,138
Physical Environment	556	-	-	-	-
Culture and Recreation	129	-	-	-	-
Securities Lending Expense:					
Interest Expense	-	-	-	-	-
Debt Service:					
Principal Retired	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>6,184</u>	<u>301</u>	<u>3,766</u>	<u>385</u>	<u>1,138</u>
Excess of Revenues Over (Under) Expenditures	<u>(502)</u>	<u>(146)</u>	<u>402</u>	<u>373</u>	<u>158</u>
Other Financing Sources (Uses):					
Transfers In	15	175	-	-	-
Transfers Out	<u>(44)</u>	<u>(175)</u>	<u>(134)</u>	<u>(118)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(29)</u>	<u>-</u>	<u>(134)</u>	<u>(118)</u>	<u>-</u>
Net Change in Fund Balances	(531)	(146)	268	255	158
Fund Balances - October 1	4,482	656	1,960	5,392	549
Fund Balances - September 30	<u>\$ 3,951</u>	<u>\$ 510</u>	<u>\$ 2,228</u>	<u>\$ 5,647</u>	<u>\$ 707</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, 2019
(in thousands)

Debt Service	Capital Project Funds				Permanent Fund	Total
	Capital Improvement	Capital Bonds	Sales Tax Construction	Gas Tax	Cemetery	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,229
-	225	-	4,643	7,563	-	18,032
-	44	-	-	-	119	548
-	-	-	-	-	-	134
692	429	733	19	63	93	2,399
4	-	4	-	-	-	8
-	-	-	-	-	-	18
787	54	11	36	-	-	2,210
<u>1,483</u>	<u>752</u>	<u>748</u>	<u>4,698</u>	<u>7,626</u>	<u>212</u>	<u>27,578</u>
-	7,745	441	-	3	-	8,244
-	1,854	137	-	-	-	7,396
-	4,763	8,706	2,975	2,526	-	20,514
-	212	2	-	-	-	931
-	39	-	-	-	-	3,407
-	538	-	-	-	268	1,362
-	862	12	475	-	-	1,478
3	-	3	-	-	-	6
8,189	-	-	-	-	-	8,189
5,289	-	-	-	-	-	5,289
<u>13,481</u>	<u>16,013</u>	<u>9,301</u>	<u>3,450</u>	<u>2,529</u>	<u>268</u>	<u>56,816</u>
<u>(11,998)</u>	<u>(15,261)</u>	<u>(8,553)</u>	<u>1,248</u>	<u>5,097</u>	<u>(56)</u>	<u>(29,238)</u>
11,998	11,891	-	-	-	6	24,085
-	(450)	-	-	(5,090)	(141)	(6,152)
<u>11,998</u>	<u>11,441</u>	<u>-</u>	<u>-</u>	<u>(5,090)</u>	<u>(135)</u>	<u>17,933</u>
-	(3,820)	(8,553)	1,248	7	(191)	(11,305)
-	17,845	30,269	10,260	2,512	3,897	77,822
<u>\$ -</u>	<u>\$ 14,025</u>	<u>\$ 21,716</u>	<u>\$ 11,508</u>	<u>\$ 2,519</u>	<u>\$ 3,706</u>	<u>\$ 66,517</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, 2019
(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
ASSETS AND DEFERRED OUTFLOWS					
Current Assets:					
Cash and Cash Equivalents	\$ 438	\$ 5,054	\$ 292	\$ -	\$ 5,784
Securities Lending Collateral	1	21	1	-	23
Receivables:					
Accrued Interest	-	21	1	-	22
Customers and Others	69	2,873	-	4,188	7,130
Due From Other Governments	2,987	9	-	1,017	4,013
Less: Allowance for Doubtful Accounts	(10)	(82)	-	(116)	(208)
Inventory	589	-	36	-	625
Current Assets - Restricted:					
Cash and Cash Equivalents	-	-	-	37	37
Total Current Assets	<u>4,074</u>	<u>7,896</u>	<u>330</u>	<u>5,126</u>	<u>17,426</u>
Noncurrent Assets:					
Deposits	258	-	-	-	258
Capital Assets:					
Land and Construction in Progress	4,950	-	144	1,770	6,864
Other, Net of Accumulated Depreciation	34,658	4,280	671	15,397	55,006
Total Noncurrent Assets	<u>39,866</u>	<u>4,280</u>	<u>815</u>	<u>17,167</u>	<u>62,128</u>
Total Assets	<u>43,940</u>	<u>12,176</u>	<u>1,145</u>	<u>22,293</u>	<u>79,554</u>
Deferred Outflows of Resources:					
Pension Related Deferred Outflows	4,731	2,838	169	-	7,738
OPEB Related Deferred Outflows	274	102	5	459	840
Total Assets and Deferred Outflows of Resources	<u>\$ 48,945</u>	<u>\$ 15,116</u>	<u>\$ 1,319</u>	<u>\$ 22,752</u>	<u>\$ 88,132</u>
LIABILITIES, AND DEFERRED INFLOWS					
Current Liabilities:					
Accounts and Retainage Payable	2,729	1,267	57	1,116	5,169
Due To Other Funds	3,255	-	1	806	4,062
Compensated Absences	509	325	22	2,465	3,321
Capital Lease Payable	315	-	-	-	315
Obligations Under Securities Lending	1	21	1	-	23
Unearned Revenue	73	-	-	-	73
Bonds Payable	810	-	-	-	810
Accounts and Retainage Payable - Restricted	560	-	-	-	560
Total Current Liabilities	<u>8,252</u>	<u>1,613</u>	<u>81</u>	<u>4,387</u>	<u>14,333</u>
Noncurrent Liabilities:					
Advances from Other Funds	-	-	-	10,754	10,754
Compensated Absences	166	204	12	385	767
Capital Lease Payable	3,654	-	-	-	3,654
Bonds Payable	7,185	-	-	-	7,185
Net Pension Liability	3,314	1,960	116	-	5,390
Net OPEB Liability	5,063	1,849	124	8,204	15,240
Total Noncurrent Liabilities	<u>19,382</u>	<u>4,013</u>	<u>252</u>	<u>19,343</u>	<u>42,990</u>
Total Liabilities	<u>27,634</u>	<u>5,626</u>	<u>333</u>	<u>23,730</u>	<u>57,323</u>
Deferred Inflows of Resources:					
Pension Related Deferred Inflows	1,370	849	49	-	2,268
OPEB Related Deferred Inflows	230	150	11	867	1,258
Total Liabilities and Deferred Inflows of Resources	<u>29,234</u>	<u>6,625</u>	<u>393</u>	<u>24,597</u>	<u>60,849</u>
NET POSITION					
Net Investment in Capital Assets	35,639	4,280	815	17,167	57,901
Unrestricted:	<u>(15,928)</u>	<u>4,211</u>	<u>111</u>	<u>(19,012)</u>	<u>(30,618)</u>
Total Net Position	<u>19,711</u>	<u>8,491</u>	<u>926</u>	<u>(1,845)</u>	<u>27,283</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 48,945</u>	<u>\$ 15,116</u>	<u>\$ 1,319</u>	<u>\$ 22,752</u>	<u>\$ 88,132</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, 2019
(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
Operating Revenues:					
Charges for Services:					
Residential Sales	\$ -	\$ 11,059	\$ -	\$ 24,240	\$ 35,299
Commercial and Industrial Sales	-	14,613	-	15,997	30,610
County Government	-	-	-	3,261	3,261
Recreation Fees	-	-	943	-	943
Transportation Fees	5,138	-	-	-	5,138
Other Charges	14	5	-	1,930	1,949
Total Operating Revenues	<u>5,152</u>	<u>25,677</u>	<u>943</u>	<u>45,428</u>	<u>77,200</u>
Operating Expenses:					
Personnel Services	11,418	5,345	520	30,620	47,903
Contractual Services	6,261	20,403	186	12,741	39,591
Materials and Supplies	3,099	85	163	689	4,036
Other	136	126	17	478	757
Depreciation	3,149	384	87	1,073	4,693
Total Operating Expenses	<u>24,063</u>	<u>26,343</u>	<u>973</u>	<u>45,601</u>	<u>96,980</u>
Operating Income (Loss)	<u>(18,911)</u>	<u>(666)</u>	<u>(30)</u>	<u>(173)</u>	<u>(19,780)</u>
Non-Operating Revenues (Expenses):					
Net Investment Earnings	2	179	4	-	185
Change in Fair Value of Investments	-	105	5	-	110
Other Expenses	(153)	(89)	(2)	(1)	(245)
Intergovernmental Revenues	2,226	46	-	-	2,272
Other Revenues	-	-	13	1,144	1,157
Bond Issuance Costs	(23)	-	-	-	(23)
Interest Expense	-	-	-	(538)	(538)
Total Non-Operating Revenues (Expenses)	<u>2,052</u>	<u>241</u>	<u>20</u>	<u>605</u>	<u>2,918</u>
Income (Loss) Before Capital Contributions and Operating Transfers	<u>(16,859)</u>	<u>(425)</u>	<u>(10)</u>	<u>432</u>	<u>(16,862)</u>
Operating Transfers:					
Capital Contributions	2,049	-	-	-	2,049
Transfers In	10,427	4	1	45	10,477
Transfers Out	(17)	(2,506)	(2)	(491)	(3,016)
Total Operating Transfers	<u>12,459</u>	<u>(2,502)</u>	<u>(1)</u>	<u>(446)</u>	<u>9,510</u>
Change in Net Position	<u>(4,400)</u>	<u>(2,927)</u>	<u>(11)</u>	<u>(14)</u>	<u>(7,352)</u>
Net Position - October 1	<u>24,111</u>	<u>10,363</u>	<u>937</u>	<u>(3,411)</u>	<u>32,000</u>
Adjustments to October 1 Net Position	-	1,055	-	1,580	2,635
Net Position - September 30	<u>\$ 19,711</u>	<u>\$ 8,491</u>	<u>\$ 926</u>	<u>\$ (1,845)</u>	<u>\$ 27,283</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the fiscal year ended September 30, 2019
(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 5,433	\$ 25,463	\$ 942	\$ 44,700	\$ 76,538
Cash Paid to Suppliers for Goods and Services	(5,236)	(12,268)	(306)	(3,367)	(21,177)
Cash Paid to Employees for Services	(11,123)	(5,215)	(505)	(30,532)	(47,375)
Cash Paid to Other Funds	(2,920)	(8,195)	(47)	(10,587)	(21,749)
Cash Received (Paid) for Other Revenues (Expenses)	-	(89)	13	1,143	1,067
Net Cash Provided by (Used for) Operating Activities	<u>(13,846)</u>	<u>(304)</u>	<u>97</u>	<u>1,357</u>	<u>(12,696)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In from Other Funds	10,427	4	1	45	10,477
Transfers Out to Other Funds	(17)	(2,506)	(2)	(491)	(3,016)
Operating Grants Received	2,226	46	-	-	2,272
Due To Other Funds	-	-	-	806	806
Advances From Other Funds	3,247	-	-	-	3,247
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>15,883</u>	<u>(2,456)</u>	<u>(1)</u>	<u>360</u>	<u>13,786</u>
Cash Flows from Capital and Related Financing Activities					
Capital Contributions	2,049	-	-	-	2,049
Acquisition, Construction, and Sale of Capital Assets	(11,622)	89	(15)	(1,518)	(13,066)
Bond and Loan Proceeds	7,972	-	-	-	7,972
Repayment of Loans from Other Funds	-	-	-	(577)	(577)
Interest Paid	-	-	-	(538)	(538)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,601)</u>	<u>89</u>	<u>(15)</u>	<u>(2,633)</u>	<u>(4,160)</u>
Cash Flows from Investing Activities					
Interest Received on Investments	2	169	3	1	175
Increase in the Fair Value of Cash and Cash Equivalents	-	105	5	-	110
Net Cash Provided by (Used for) Investing Activities	<u>2</u>	<u>274</u>	<u>8</u>	<u>1</u>	<u>285</u>
Net Increase (Decrease) in Cash and Cash Equivalents/Investments	438	(2,397)	89	(915)	(2,785)
Cash and Cash Equivalents - October 1	-	7,451	203	952	8,606
Cash and Cash Equivalents - September 30	<u>\$ 438</u>	<u>\$ 5,054</u>	<u>\$ 292</u>	<u>\$ 37</u>	<u>\$ 5,821</u>
Classified As:					
Unrestricted Assets	\$ 438	\$ 5,054	\$ 292	\$ -	\$ 5,784
Restricted Assets	-	-	-	37	37
	<u>\$ 438</u>	<u>\$ 5,054</u>	<u>\$ 292</u>	<u>\$ 37</u>	<u>\$ 5,821</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	\$ (18,911)	\$ (666)	\$ (30)	\$ (173)	\$ (19,780)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation	3,149	384	87	1,073	4,693
Provision for Uncollectible Accounts	2	(90)	-	(52)	(140)
Other	-	(89)	13	1,143	1,067
Pension Adjustment for GASB 68	251	155	9	(115)	300
Increase (Decrease) in Accounts Receivable	(59)	(180)	-	(100)	(339)
Decrease in Inventory	36	-	-	-	36
Increase(Decrease) in Deposits	(2)	-	-	-	(2)
(Decrease) in Accounts Payable	1,294	153	12	(46)	1,413
(Increase) in Due From Other Governments	332	55	-	(576)	(189)
Increase (Decrease) in Deferred Revenue	18	-	-	-	18
Increase (Decrease) in Accrued Leave	44	(26)	6	203	227
Total Adjustments	<u>5,065</u>	<u>362</u>	<u>127</u>	<u>1,530</u>	<u>7,084</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (13,846)</u>	<u>\$ (304)</u>	<u>\$ 97</u>	<u>\$ 1,357</u>	<u>\$ (12,696)</u>

See Independent Auditors' Report

INTERNAL SERVICE FUNDS

800 MHz Communication

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

Information Systems Services

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

Accounting

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

Purchasing

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

Garage

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

Human Resources

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

Pension Administration

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

Risk Management

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

Internal Loan

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

Revenue Collection

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

Utility Services

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

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, 2019
(in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage	Human Resources
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets:						
Cash and Cash Equivalents	\$ 1,701	\$ 11,276	\$ 503	\$ 189	\$ 7,644	\$ -
Securities Lending Collateral	7	46	2	1	31	-
Receivables:						
Other Receivables	64	3	-	1	142	4
Accrued Interest	7	12	2	1	32	-
Due From Other Governments	7	552	-	-	-	-
Inventory	-	-	-	-	533	-
Prepaid Expenses	-	-	247	-	-	-
Due From Other Funds	-	11	-	-	-	-
Total Current Assets	<u>1,786</u>	<u>11,900</u>	<u>754</u>	<u>192</u>	<u>8,382</u>	<u>4</u>
Noncurrent Assets:						
Advances To Other Funds	-	-	-	-	-	-
Deposits	-	-	-	-	542	-
Capital Assets:						
Land and Construction in Progress	440	680	-	44	-	-
Other, Net of Accumulated Depreciation	2,649	14,028	9	409	46,139	40
Total Noncurrent Assets	<u>3,089</u>	<u>14,708</u>	<u>9</u>	<u>453</u>	<u>46,681</u>	<u>40</u>
Total Assets	<u>4,875</u>	<u>26,608</u>	<u>763</u>	<u>645</u>	<u>55,063</u>	<u>44</u>
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>4,875</u>	<u>26,608</u>	<u>763</u>	<u>645</u>	<u>55,063</u>	<u>44</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Current Liabilities:						
Obligations Under Securities Lending	7	46	2	1	31	-
Accounts Payable	117	1,859	139	57	550	142
Due To Other Funds	-	-	-	-	-	11
Due To Other Governments	150	-	-	-	-	-
Capital Lease Payable	-	611	-	-	-	-
Compensated Absences	26	650	263	89	309	263
Total Current Liabilities	<u>300</u>	<u>3,166</u>	<u>404</u>	<u>147</u>	<u>890</u>	<u>416</u>
Noncurrent Liabilities:						
Claims Payable	-	-	-	-	-	-
Derivative Instruments	-	-	-	-	-	-
Capital Lease Payable	-	2,006	-	-	-	-
Compensated Absences	-	342	133	45	188	17
Total Noncurrent Liabilities	<u>-</u>	<u>2,348</u>	<u>133</u>	<u>45</u>	<u>188</u>	<u>17</u>
Total Liabilities	<u>300</u>	<u>5,514</u>	<u>537</u>	<u>192</u>	<u>1,078</u>	<u>433</u>
Total Liabilities and Deferred Inflows of Resources	<u>300</u>	<u>5,514</u>	<u>537</u>	<u>192</u>	<u>1,078</u>	<u>433</u>
NET POSITION						
Net Investment in Capital Assets	3,089	12,091	9	453	46,139	40
Unrestricted:	1,486	9,003	217	-	7,846	(429)
Total Net Position	<u>4,575</u>	<u>21,094</u>	<u>226</u>	<u>453</u>	<u>53,985</u>	<u>(389)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 4,875</u>	<u>\$ 26,608</u>	<u>\$ 763</u>	<u>\$ 645</u>	<u>\$ 55,063</u>	<u>\$ 44</u>

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Internal Service Funds
September 30, 2019
(in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Community Relations	Total
\$ 105	\$ 20,609	\$ 1,855	\$ 300	\$ 50,323	\$ 1,015	\$ 207	\$ 95,727
-	85	8	1	207	4	1	393
-	2	-	8	54	-	-	278
-	85	8	-	208	4	1	360
-	68	-	1	-	-	-	628
-	-	-	-	256	-	-	789
-	2,068	-	-	-	-	-	2,315
-	-	-	62	-	-	-	73
105	22,917	1,871	372	51,048	1,023	209	100,563
-	-	1,414	-	-	-	-	1,414
-	-	-	-	6,234	-	-	6,776
-	-	-	-	698	-	-	1,862
-	5	-	554	131	10	10	63,984
-	5	1,414	554	7,063	10	10	74,036
105	22,922	3,285	926	58,111	1,033	219	174,599
-	-	-	-	12,492	-	-	12,492
105	22,922	3,285	926	70,603	1,033	219	187,091
-	85	8	1	207	4	1	393
97	87	-	64	9,791	180	62	13,145
-	-	-	-	34,090	-	-	34,101
-	-	-	-	-	-	-	150
-	-	-	-	-	-	-	611
40	112	-	101	646	141	66	2,706
137	284	8	166	44,734	325	129	51,106
-	14,881	-	-	-	-	-	14,881
-	-	-	-	12,492	-	-	12,492
-	-	-	-	-	-	-	2,006
5	35	-	31	332	25	-	1,153
5	14,916	-	31	12,824	25	-	30,532
142	15,200	8	197	57,558	350	129	81,638
142	15,200	8	197	57,558	350	129	81,638
-	5	-	554	829	10	10	63,229
(37)	7,717	3,277	175	12,216	673	80	42,224
(37)	7,722	3,277	729	13,045	683	90	105,453
\$ 105	\$ 22,922	\$ 3,285	\$ 926	\$ 70,603	\$ 1,033	\$ 219	\$ 187,091

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Internal Service Funds
for the fiscal year ended September 30, 2019
(in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage	Human Resources
Operating Revenues:						
Charges for Services	\$ 2,463	\$ 24,061	\$ 4,483	\$ 2,022	\$ 26,963	\$ 4,367
Total Operating Revenues	<u>2,463</u>	<u>24,061</u>	<u>4,483</u>	<u>2,022</u>	<u>26,963</u>	<u>4,367</u>
Operating Expenses:						
Personnel Services	646	8,982	3,428	1,538	5,089	3,359
Contractual Services	1,627	12,171	982	285	2,032	451
Materials and Supplies	4	245	16	11	8,383	31
Other	25	1,348	400	46	698	226
Depreciation	459	1,104	3	23	8,116	4
Total Operating Expenses	<u>2,761</u>	<u>23,850</u>	<u>4,829</u>	<u>1,903</u>	<u>24,318</u>	<u>4,071</u>
Operating Income (Loss)	<u>(298)</u>	<u>211</u>	<u>(346)</u>	<u>119</u>	<u>2,645</u>	<u>296</u>
Non-Operating Revenues (Expenses):						
Net Investment Earnings	39	85	15	9	147	4
Change in Fair Value of Investments	68	-	26	15	-	7
Securities Lending:						
Securities Lending Income	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Other Revenues	-	25	56	-	995	7
Interest Expense	-	(88)	-	-	-	-
Other Expenses	(27)	(54)	-	-	(1,241)	-
Total Non-Operating Revenues (Expenses)	<u>80</u>	<u>(32)</u>	<u>97</u>	<u>24</u>	<u>(99)</u>	<u>18</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(218)</u>	<u>179</u>	<u>(249)</u>	<u>143</u>	<u>2,546</u>	<u>314</u>
Capital Contributions and Transfers						
Transfers In	26	11,451	-	-	2	-
Transfers Out	(373)	(43)	-	(150)	(19)	(313)
Total Capital Contributions and Transfers	<u>(347)</u>	<u>11,408</u>	<u>-</u>	<u>(150)</u>	<u>(17)</u>	<u>(313)</u>
Change in Net Position	(565)	11,587	(249)	(7)	2,529	1
Net Position - October 1	5,140	9,507	475	460	51,456	(390)
Net Position - September 30	<u>\$ 4,575</u>	<u>\$ 21,094</u>	<u>\$ 226</u>	<u>\$ 453</u>	<u>\$ 53,985</u>	<u>\$ (389)</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, 2019
(in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Community Relations	Total
\$ 903	\$ 10,990	\$ 44	\$ 2,082	\$ 115,147	\$ 4,929	\$ 1,510	\$ 199,964
903	10,990	44	2,082	115,147	4,929	1,510	199,964
533	1,477	-	1,376	11,375	2,233	1,105	41,141
356	529	-	414	107,819	1,659	329	128,654
58	6	-	152	712	145	71	9,834
(25)	9,646	-	35	555	250	13	13,217
-	-	-	31	90	7	-	9,837
922	11,658	-	2,008	120,551	4,294	1,518	202,683
(19)	(668)	44	74	(5,404)	635	(8)	(2,719)
6	518	42	12	1,302	18	4	2,201
11	625	-	20	1,224	-	6	2,002
-	4	-	-	4	-	-	8
-	(3)	-	-	(3)	-	-	(6)
-	5	-	-	7,263	56	10	8,417
-	-	-	-	-	-	-	(88)
-	-	-	-	-	(5)	-	(1,327)
17	1,149	42	32	9,790	69	20	11,207
(2)	481	86	106	4,386	704	12	8,488
-	-	-	-	-	5	85	11,569
-	-	-	(91)	(506)	(95)	-	(1,590)
-	-	-	(91)	(506)	(90)	85	9,979
(2)	481	86	15	3,880	614	97	18,467
(35)	7,241	3,191	714	9,165	69	(7)	86,986
(37)	7,722	3,277	729	13,045	683	90	105,453

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
for the fiscal year ended September 30, 2019
(in thousands)

	800 Mhz	Information System Services	Accounting	Purchasing	Garage	Human Resources
Cash Flow from Operating Activities						
Cash Received for Interfund Services	\$ 2,646	\$ 23,496	\$ 4,484	\$ 2,022	\$ 26,865	\$ 4,378
Cash Received From Other Revenues	6	-	-	-	-	7
Cash Paid to Suppliers for Goods and Services	(1,572)	(13,126)	(1,753)	(350)	(10,715)	(743)
Cash Paid to Employees for Services	(658)	(9,002)	(3,375)	(1,536)	(5,094)	(3,333)
Net Cash Provided by (Used for) Operating Activities	422	1,368	(644)	136	11,056	309
Cash Flows from Noncapital Financing Activities						
Transfers from Other Funds	26	11,451	-	-	2	-
Cash Received From Other Non-operating Revenues	-	25	-	-	-	-
Repayment of Advances To/From Other Funds	-	-	-	-	-	-
Transfers to Other Funds	(373)	(43)	-	(150)	(18)	(313)
Net Cash Provided by (Used for) Noncapital Financing Activities	(347)	11,433	-	(150)	(16)	(313)
Cash Flows from Capital and Related Financing Activities						
Acquisition, Construction and Sale of Capital Assets	1	(6,321)	59	3	(9,483)	(7)
Interest Paid	-	(88)	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	1	(6,409)	59	3	(9,483)	(7)
Cash Flows from Investing Activities						
Interest Received on Investments	39	85	14	9	147	4
Increase in the Fair Value of Cash & Cash Equivalents	67	-	26	15	-	7
Net Cash Provided by (Used for) Investing Activities	106	85	40	24	147	11
Net Increase (Decrease) in Cash and Cash Equivalents	182	6,477	(545)	13	1,704	-
Cash and Cash Equivalents - October 1	1,519	4,799	1,048	176	5,940	-
Cash and Cash Equivalents - September 30	<u>\$ 1,701</u>	<u>\$ 11,276</u>	<u>\$ 503</u>	<u>\$ 189</u>	<u>\$ 7,644</u>	<u>\$ -</u>
Operating Activities						
Operating Income (Loss)	\$ (298)	\$ 211	\$ (346)	\$ 119	\$ 2,645	\$ 296
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation	459	1,104	3	23	8,116	4
Other	-	-	-	-	-	7
(Increase) Decrease in Accounts Receivable	183	(2)	-	-	(98)	-
(Increase) Decrease in Due From Other Governments	-	(563)	-	-	-	-
Increase (Decrease) in Due to Other Funds	-	-	-	-	-	11
Increase (Decrease) in Due to Other Governments	6	-	-	-	-	-
Increase (Decrease) in Deposits	-	-	(247)	-	(4)	-
(Increase) Decrease in Inventory	-	-	-	-	496	-
Increase (Decrease) in Accounts Payable	84	639	(107)	(6)	(94)	(35)
Increase (Decrease) in Accrued Leave	(12)	(21)	53	-	(5)	26
(Increase) Decrease in Insurance Deposits	-	-	-	-	-	-
Total Adjustments	720	1,157	(298)	17	8,411	13
Net Cash Provided By (Used For) Operating Activities	<u>\$ 422</u>	<u>\$ 1,368</u>	<u>\$ (644)</u>	<u>\$ 136</u>	<u>\$ 11,056</u>	<u>\$ 309</u>

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
for the fiscal year ended September 30, 2019
(in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Community Relations	Total
\$ 905	\$ 10,930	\$ 44	\$ 2,082	\$ 115,181	\$ 4,930	\$ 1,510	\$ 199,473
-	-	-	-	-	-	-	13
(356)	(10,145)	-	(611)	(109,589)	(2,028)	(410)	(151,398)
(522)	(1,462)	-	(1,373)	(11,379)	(2,204)	(1,116)	(41,054)
27	(677)	44	98	(5,787)	698	(16)	7,034
-	-	-	-	-	5	85	11,569
-	-	-	-	7,236	42	-	7,303
-	-	571	-	-	-	-	571
-	-	-	(91)	(506)	(95)	-	(1,589)
-	-	571	(91)	6,730	(48)	85	17,854
-	(1)	(1)	(2)	(698)	1	-	(16,449)
-	-	-	-	(3)	-	-	(91)
-	(1)	(1)	(2)	(701)	1	-	(16,540)
6	519	35	12	1,306	18	10	2,204
11	625	-	20	1,224	-	-	1,995
17	1,144	35	32	2,530	18	10	4,199
44	466	649	37	2,772	669	79	12,547
61	20,143	1,206	263	47,551	346	128	83,180
\$ 105	\$ 20,609	\$ 1,855	\$ 300	\$ 50,323	\$ 1,015	\$ 207	\$ 95,727
\$ (19)	\$ (668)	\$ 44	\$ 74	\$ (5,404)	\$ 635	\$ (8)	\$ (2,719)
-	-	-	31	90	7	-	9,837
-	-	-	-	-	-	-	7
2	(60)	-	(1)	34	-	-	58
-	-	-	-	-	-	-	(563)
-	-	-	1	-	-	-	12
-	-	-	-	-	-	-	6
-	-	-	-	(101)	-	-	(352)
-	-	-	-	(307)	-	-	189
33	198	-	(10)	(95)	27	3	637
11	15	-	3	(4)	29	(11)	84
-	(162)	-	-	-	-	-	(162)
46	(9)	-	24	(383)	63	(8)	9,753
\$ 27	\$ (677)	\$ 44	\$ 98	\$ (5,787)	\$ 698	\$ (16)	\$ 7,034



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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' care costs.

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET POSITION
Fiduciary Funds
September 30, 2019
(in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 16,372	\$ 44	\$ 16,416
Receivables			
Other Receivables	35	-	35
Accrued Interest	2,607	-	2,607
Due From Other Governments	799	-	799
Total Receivables	<u>3,441</u>	<u>-</u>	<u>3,441</u>
Investments, at Fair Value			
Mutual Index Funds	139,662	-	139,662
Private Equities	126,717	-	126,717
Fixed Income Securities	250,176	-	250,176
Domestic Equities	697,795	9,036	706,831
International Equities	154,824	-	154,824
Private Credit Funds	11,091	-	11,091
Bank Loan	81,461	-	81,461
Alternative Investments	279,430	-	279,430
Timber	84,863	-	84,863
Total Investments	<u>1,826,019</u>	<u>9,036</u>	<u>1,835,055</u>
Securities Lending Collateral	94,457	-	94,457
Total Assets	<u>\$ 1,940,289</u>	<u>\$ 9,080</u>	<u>\$ 1,949,369</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Obligations Under Securities Lending	\$ 94,457	\$ -	\$ 94,457
Total Liabilities	<u>94,457</u>	<u>-</u>	<u>94,457</u>
NET POSITION			
Net Position Restricted for Pensions	<u>1,845,832</u>	<u>9,080</u>	<u>1,854,912</u>
Total Liabilities and Net Position	<u>\$ 1,940,289</u>	<u>\$ 9,080</u>	<u>\$ 1,949,369</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CHANGES IN NET POSITION
Fiduciary Funds
For the fiscal year ended September 30, 2019
(in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 35,968	\$ 2,031	\$ 37,999
Other	847	-	847
Plan Members	12,305	-	12,305
Miscellaneous Contributions	11	-	11
Total Contributions	<u>49,131</u>	<u>2,031</u>	<u>51,162</u>
Investment Income			
From Investment Activities:			
Gain/Loss on Sale of Investments	73,482	590	74,072
Change in Fair Value of Investments	(33,071)	(182)	(33,253)
Interest Income	19,843	-	19,843
Dividends	<u>21,525</u>	<u>-</u>	<u>21,525</u>
Total Investment Income	<u>81,779</u>	<u>408</u>	<u>82,187</u>
Less Investment Expenses:			
Investment Management Fees	6,803	5	6,808
Interest Expense	<u>128</u>	<u>18</u>	<u>146</u>
Net Income from Investing Activities	<u>74,848</u>	<u>385</u>	<u>75,233</u>
From Securities Lending Activities:			
Securities Lending Income	3,434	-	3,434
Less Securities Lending Expenses:			
Investment Management Fees	<u>2,981</u>	<u>-</u>	<u>2,981</u>
Net Income from Securities Lending Activities	<u>453</u>	<u>-</u>	<u>453</u>
 Total Net Investment Income	 <u>75,301</u>	 <u>385</u>	 <u>75,686</u>
 Total Additions	 <u>124,432</u>	 <u>2,416</u>	 <u>126,848</u>
DEDUCTIONS			
Benefits	104,087	2,196	106,283
Refunds of Contributions	906	-	906
Administrative Expense	<u>1,922</u>	<u>-</u>	<u>1,922</u>
Total Deductions	<u>106,915</u>	<u>2,196</u>	<u>109,111</u>
Change in Net Position	<u>17,517</u>	<u>220</u>	<u>17,737</u>
Net Position - October 1	<u>1,828,315</u>	<u>8,860</u>	<u>1,837,175</u>
Net Position - September 30	<u>\$ 1,845,832</u>	<u>\$ 9,080</u>	<u>\$ 1,854,912</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, 2019
(in thousands)

Function and Activity	Land	Buildings	Equipment	Improvements Other Than Buildings	Infrastructure	Total
General Government:						
Legislative	\$ -	\$ -	\$ 30	\$ -	\$ -	\$ 30
Executive	96	-	116	-	-	212
Financial & Administrative	-	600	855	-	-	1,455
Legal	39	-	29	-	-	68
Comprehensive Planning	218	-	131	-	-	349
Other General Government	88,872	57,116	6,572	895	1,947	155,402
Total General Government	89,225	57,716	7,733	895	1,947	157,516
Public Safety:						
Law Enforcement	806	11,063	24,292	441	-	36,602
Protective Inspection	-	11	672	-	-	683
Total Public Safety	806	11,074	24,964	441	-	37,285
Other:						
Physical Environment	3,408	-	147	-	3,618	7,173
Road and Street Facilities	255,580	414	5,143	1,871	902,568	1,165,576
Economic Development	11,139	9,483	19	4,259	715	25,615
Human Services	167	5,748	22	7	-	5,944
Cultural and Recreation	7,697	23,853	3,723	7,329	56,623	99,225
Parking Facilities	-	-	-	-	-	-
Total Other	277,991	39,498	9,054	13,466	963,524	1,303,533
Total capital assets allocated to functions	<u>\$ 368,022</u>	<u>\$ 108,288</u>	<u>\$ 41,751</u>	<u>\$ 14,802</u>	<u>\$ 965,471</u>	1,498,334
Construction in Progress						<u>15,486</u>
Total Capital Assets						<u>\$ 1,513,820</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, 2019
(in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2018	Additions	Deductions	Governmental Funds Capital Assets September 30, 2019
General Government:				
Legislative	\$ 31	\$ -	\$ 1	\$ 30
Executive	221	-	9	212
Financial & Administrative	1,457	8	10	1,455
Legal	68	3	3	68
Comprehensive Planning	344	5	-	349
Other General Government	149,308	8,670	751	157,227
Total General Government	<u>151,429</u>	<u>8,686</u>	<u>774</u>	<u>159,341</u>
Public Safety:				
Law Enforcement	37,132	2	532	36,602
Protective Inspection	661	49	27	683
Total Public Safety	<u>37,793</u>	<u>51</u>	<u>559</u>	<u>37,285</u>
Other:				
Physical Environment	105	4,985	-	5,090
Road and Street Facilities	1,154,337	12,382	1,286	1,165,433
Economic Development	25,616	-	-	25,616
Human Services	5,947	-	3	5,944
Cultural and Recreation	98,356	1,387	118	99,625
Parking Facilities	-	-	-	-
Total Other	<u>1,284,361</u>	<u>18,754</u>	<u>1,407</u>	<u>1,301,708</u>
Total capital assets allocated to functions	1,473,583	27,491	2,740	1,498,334
Construction in Progress	<u>17,174</u>	<u>26,438</u>	<u>28,126</u>	<u>15,486</u>
Total Capital Assets	<u>\$ 1,490,757</u>	<u>\$ 53,929</u>	<u>\$ 30,866</u>	<u>\$ 1,513,820</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 2015

Energy System Refunding Revenue Bonds, Series 2017

Energy System Revenue Bonds, Series 2018

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

Transportation Improvement Bond, Series 2019

CITY OF TALLAHASSEE, FLORIDA

**CAPITAL BONDS, SERIES 2009
SEPTEMBER 30, 2019
(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 11,075</u>	<u>\$ 2,227</u>	<u>\$ 13,302</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2012
SEPTEMBER 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 24,235</u>	<u>\$ 3,401</u>	<u>\$ 27,636</u>

CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2014
SEPTEMBER 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 34,160</u>	<u>\$ 15,298</u>	<u>\$ 49,458</u>

CITY OF TALLAHASSEE, FLORIDA
CAPITAL BONDS, SERIES 2018
SEPTEMBER 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 26,745</u>	<u>\$ 15,255</u>	<u>\$ 42,000</u>

CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010
SEPTEMBER 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 54,870</u>	<u>\$ 16,722</u>	<u>\$ 71,592</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010A
SEPTEMBER 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 41,350</u>	<u>\$ 8,324</u>	<u>\$ 49,674</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REVENUE BONDS, SERIES 2010B
(FEDERALLY TAXABLE - BUILD AMERICA BONDS)
SEPTEMBER 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 7,299	\$ 7,299
2021	-	7,299	7,299
2022	-	7,299	7,299
2023	-	7,299	7,299
2024	-	7,299	7,299
2025	-	7,299	7,299
2026	-	7,299	7,299
2027	-	7,299	7,299
2028	-	7,299	7,299
2029	930	7,299	8,229
2030	1,855	7,243	9,098
2031	1,930	7,133	9,063
2032	1,240	7,017	8,257
2033	1,280	6,943	8,223
2034	1,335	6,867	8,202
2035	1,385	6,787	8,172
2036	9,110	6,705	15,815
2037	9,465	6,161	15,626
2038	30,070	5,596	35,666
2039	31,235	3,801	35,036
2040	<u>32,445</u>	<u>1,936</u>	<u>34,381</u>
Totals	<u>\$ 122,280</u>	<u>\$ 139,179</u>	<u>\$ 261,459</u>

CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REVENUE BONDS, SERIES 2010C
SEPTEMBER 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 23,300</u>	<u>\$ 4,476</u>	<u>\$ 27,776</u>

CITY OF TALLAHASSEE, FLORIDA

**ENERGY SYSTEM REFUNDING REVENUE BONDS SERIES 2015
SEPTEMBER 30, 2019
(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 78,750</u>	<u>\$ 29,471</u>	<u>\$ 108,221</u>

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CITY OF TALLAHASSEE, FLORIDA

ENERGY SYSTEM REFUNDING REVENUE BONDS, SERIES 2017

September 30, 2019

(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 141,095</u>	<u>\$ 79,131</u>	<u>\$ 220,226</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
ENERGY SYSTEM REVENUE BONDS, SERIES 2018
September 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 102,690</u>	<u>\$ 72,144</u>	<u>\$ 174,834</u>

CITY OF TALLAHASSEE, FLORIDA

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

SEPTEMBER 30, 2019

(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 102,823</u>	<u>\$ 219,838</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2010B
SEPTEMBER 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 19,800</u>	<u>\$ 4,124</u>	<u>\$ 23,924</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2015

September 30, 2019

(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,895	\$ 2,088	\$ 3,983
2021	2,115	1,993	4,108
2022	2,300	1,887	4,187
2023	2,485	1,797	4,282
2024	2,590	1,698	4,288
2025	2,715	1,568	4,283
2026	2,855	1,433	4,288
2027	2,995	1,290	4,285
2028	3,205	1,140	4,345
2029	3,425	980	4,405
2030	3,665	809	4,474
2031	2,060	625	2,685
2032	2,265	522	2,787
2033	2,490	409	2,899
2034	2,725	285	3,010
2035	<u>2,970</u>	<u>148</u>	<u>3,118</u>
Totals	<u>\$ 42,755</u>	<u>\$ 18,672</u>	<u>\$ 61,427</u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS, SERIES 2017
September 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 106,765</u>	<u>\$ 57,631</u>	<u>\$ 164,396</u>

CITY OF TALLAHASSEE, FLORIDA
CONSOLIDATED UTILITY SYSTEM REVENUE BONDS, SERIES 2018
September 30, 2019
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 44,015</u>	<u>\$ 25,187</u>	<u>\$ 69,202</u>

**CITY OF TALLAHASSEE, FLORIDA
TRANSPORTATION IMPROVEMENT BOND, SERIES 2019**

**September 30, 2019
(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 810	\$ 183	\$ 993
2021	829	165	994
2022	848	146	994
2023	867	126	993
2024	887	106	993
2025	907	86	993
2026	928	65	993
2027	949	44	993
2028	<u>970</u>	<u>22</u>	<u>992</u>
Totals	<u>\$ 7,995</u>	<u>\$ 943</u>	<u>\$ 8,938</u>

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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Financial Trends	
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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Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant revenue source, the property tax.	
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Sources: Unless otherwise noted, the information in these schedules is derived from the City's Comprehensive Annual Financial Reports for the relevant year.

STATISTICAL SECTION

(Continued)

Demographic and economic Information

PAGE

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

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Operating Information

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

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

CITY OF TALLAHASSEE, FLORIDA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net Investment in Capital Assets	\$ 731,038	\$ 729,969	\$ 762,798	\$ 729,307	\$ 742,216	\$ 756,332	\$ 836,872	\$ 834,489	\$ 828,993	\$ 845,995
Restricted	83,814	114,361	100,167	99,999	99,012	62,644	36,648	81,811	100,242	20,868
Unrestricted	(113,386)	(121,288)	(65,648)	(56,664)	(56,651)	(2,497)	57,367	47,334	34,026	123,832
Total governmental activities net position	<u>\$ 701,466</u>	<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>
Business activities										
Net Investment in Capital Assets	\$ 899,679	\$ 884,077	\$ 863,179	\$ 840,415	\$ 809,395	\$ 763,439	\$ 772,446	\$ 760,472	\$ 661,648	\$ 681,553
Restricted	231,785	219,942	202,210	194,185	201,116	198,491	190,295	185,679	157,107	157,342
Unrestricted	170,891	152,743	198,232	199,519	202,099	210,447	196,515	211,978	271,654	235,337
Total Business activities net position	<u>\$ 1,302,355</u>	<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>
Primary government										
Net Investment in Capital Assets	\$ 1,630,717	\$ 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
Restricted	315,599	334,303	302,377	294,184	300,128	261,135	226,943	267,490	257,349	178,210
Unrestricted	57,505	31,455	132,584	142,855	145,448	207,950	253,882	259,312	305,680	359,169
Total primary government net position	<u>\$ 2,003,821</u>	<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>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN NET POSITION

Last of Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Expenses</u>										
Governmental Activities:										
General Government	\$ 32,747	\$ 21,049	\$ 26,625	\$ 15,295	\$ 32,352	\$ 16,581	\$ 20,184	\$ 19,068	\$ 22,409	\$ 22,575
Public Safety	70,088	55,737	77,197	68,901	61,703	75,241	57,636	56,044	54,676	50,298
Transportation	24,197	42,106	20,164	20,530	19,928	35,786	19,430	20,421	23,648	19,571
Human Services	4,893	4,971	4,652	3,565	3,097	2,516	3,428	3,117	2,897	2,715
Economic Development	6,587	6,956	7,238	8,996	7,337	5,616	9,564	8,710	11,277	9,265
Physical Environment	16,786	5,530	7,693	7,943	1,489	2,528	2,829	3,354	2,158	2,350
Culture and Recreation	26,536	24,331	27,620	26,396	22,289	23,414	21,906	21,374	20,642	20,264
Unallocated Depreciation on Infrastructure	32,395	31,810	28,297	29,228	27,477	26,633	26,413	26,401	26,733	26,210
Interest on Long-Term Debt	4,635	3,610	3,572	4,058	4,966	2,805	2,718	4,740	4,556	4,528
Total governmental activities expenses	<u>\$ 218,864</u>	<u>\$ 196,100</u>	<u>\$ 203,058</u>	<u>\$ 184,912</u>	<u>\$ 180,638</u>	<u>\$ 191,120</u>	<u>\$ 164,108</u>	<u>\$ 163,229</u>	<u>\$ 168,996</u>	<u>\$ 157,776</u>
Business-type activities										
Electric	\$ 252,552	\$ 240,872	\$ 228,137	\$ 247,370	\$ 248,266	\$ 256,301	\$ 237,358	\$ 266,145	\$ 303,715	\$ 307,823
Gas	21,741	21,019	20,962	20,744	28,480	25,304	27,452	30,121	44,773	47,823
Sewer	52,753	76,701	51,629	53,274	46,804	51,258	48,374	44,790	42,411	42,792
Water	36,345	31,888	32,093	29,401	24,770	25,133	26,509	26,277	28,942	21,402
Airport	19,851	18,517	18,053	16,885	19,120	16,733	13,840	12,861	14,635	18,656
StarMetro	23,869	21,547	20,753	22,018	21,397	20,706	20,851	19,123	18,581	17,364
Solid Waste	26,441	24,551	21,285	20,874	20,700	25,346	22,016	21,269	19,066	20,126
Golf	968	1,271	864	927	973	1,012	1,023	1,037	870	889
Stormwater Management	19,618	16,893	15,440	14,944	14,837	14,585	13,939	15,064	17,522	13,213
Fire Services	45,836	43,698	42,475	40,797	36,787	41,237	33,256	32,054	30,764	27,597
Total business-type activities expenses	<u>\$ 499,974</u>	<u>\$ 496,957</u>	<u>\$ 451,691</u>	<u>\$ 467,234</u>	<u>\$ 462,134</u>	<u>\$ 477,615</u>	<u>\$ 444,618</u>	<u>\$ 468,741</u>	<u>\$ 521,279</u>	<u>\$ 517,685</u>
Total primary government expenses	<u><u>\$ 718,838</u></u>	<u><u>\$ 693,057</u></u>	<u><u>\$ 654,749</u></u>	<u><u>\$ 652,146</u></u>	<u><u>\$ 642,772</u></u>	<u><u>\$ 668,735</u></u>	<u><u>\$ 608,726</u></u>	<u><u>\$ 631,970</u></u>	<u><u>\$ 690,275</u></u>	<u><u>\$ 675,461</u></u>

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Program Revenues</u>										
Governmental Activities:										
Charges for Services:										
General Government	\$ 2,310	\$ 2,230	\$ 2,991	\$ 2,520	\$ 2,192	\$ 2,106	\$ 2,074	\$ 1,923	\$ 1,813	\$ 1,638
Public Safety	1,261	1,876	2,026	2,051	2,487	2,649	3,377	2,806	3,133	2,071
Transportation	2,961	2,572	2,550	2,698	2,540	2,484	2,911	2,509	2,547	2,821
Human Services	1,421	1,072	953	1,022	965	888	787	969	612	503
Economic Development	8	11	10	14	-	-	-	-	-	220
Physical Environment	1,323	1,133	1,174	1,004	1,187	1,057	980	1,139	997	861
Culture and Recreation	3,846	3,755	3,745	3,903	3,956	3,895	3,956	3,759	3,697	3,378
Operating Grants and Contributions	7,173	4,384	10,270	8,250	1,549	566	5,705	11,031	8,791	9,923
Capital Grants and Contributions	1,160	-	-	-	13	1	5,073	8,121	6,800	383
Total Governmental Activities Program Revenues	\$ 21,463	\$ 17,033	\$ 23,719	\$ 21,462	\$ 14,889	\$ 13,646	\$ 24,863	\$ 32,257	\$ 28,390	\$ 21,798
Business-type Activities:										
Charges for Services:										
Electric	\$ 284,736	\$ 281,375	\$ 269,704	\$ 268,262	\$ 286,271	\$ 280,317	\$ 257,511	\$ 285,660	\$ 317,647	\$ 341,778
Gas	26,984	29,122	25,889	26,963	34,564	33,225	32,731	34,082	48,311	52,697
Sewer	69,325	68,180	63,351	61,759	62,184	60,126	59,624	60,172	59,046	53,648
Water	38,226	35,293	34,342	33,290	30,787	29,631	28,137	30,321	30,515	25,673
Airport	14,466	13,176	13,241	14,090	12,840	13,328	11,564	11,660	11,498	11,729
StarMetro	4,757	5,786	5,007	5,548	4,705	4,954	4,759	5,008	4,542	4,509
Solid Waste	25,686	24,674	24,215	22,508	23,553	24,751	23,252	23,046	21,859	21,200
Golf	955	765	794	786	771	885	894	1,024	876	858
Stormwater Management	22,722	19,250	18,198	17,946	18,380	17,552	17,669	20,812	17,732	18,906
Fire Services	45,239	43,021	42,777	41,469	32,772	32,260	32,660	31,399	31,194	30,297
Operating Grants and Contributions	4,620	4,853	4,825	8,977	5,465	9,295	5,861	6,873	5,541	3,648
Capital Grants and Contributions	10,332	14,251	13,347	12,865	16,395	14,767	11,584	20,026	7,659	14,261
Total Business-type Activities Program Revenues	\$ 548,048	\$ 539,746	\$ 515,690	\$ 514,463	\$ 528,687	\$ 521,091	\$ 486,246	\$ 530,083	\$ 556,420	\$ 579,204
Total Primary Government Program Revenues	\$ 569,511	\$ 556,779	\$ 539,409	\$ 535,925	\$ 543,576	\$ 534,737	\$ 511,109	\$ 562,340	\$ 584,810	\$ 601,002
<u>Net (Expenses) Revenues</u>										
Governmental Activities	\$ (197,401)	\$ (179,067)	\$ (179,339)	\$ (163,450)	\$ (165,749)	\$ (177,474)	\$ (139,245)	\$ (130,972)	\$ (140,606)	\$ (135,978)
Business-Type Activities	48,074	42,789	63,999	47,229	66,553	43,476	41,628	61,342	35,141	61,519
Total Primary Government Net Expenses	\$ (149,327)	\$ (136,278)	\$ (115,340)	\$ (116,221)	\$ (99,196)	\$ (133,998)	\$ (97,617)	\$ (69,630)	\$ (105,465)	\$ (74,459)

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 44,152	\$ 41,485	\$ 39,430	\$ 38,908	\$ 32,947	\$ 31,528	\$ 31,520	\$ 33,483	\$ 34,438	\$ 35,113
Public Service Tax	24,263	23,692	22,812	22,950	23,728	23,429	22,835	22,524	22,595	23,140
Business License Tax	4,229	4,441	5,817	6,182	5,101	5,123	4,972	5,157	6,229	5,214
Grants and Contributions Not Restricted to Specific Programs	33,306	32,478	85,024	30,154	28,304	27,942	24,046	24,260	24,051	24,181
Unrestricted Investment Earnings	3,352	2,763	2,438	3,204	3,044	1,740	4,084	3,499	3,431	5,985
Net Securities Lending Income	2	2	2	5	-	5	14	11	15	12
Net Increase (Decrease) in Fair Value of Investments	1,248	(806)	(526)	178	14	131	(1,658)	76	(689)	1,045
Miscellaneous	7,781	8,828	14,251	14,475	7,634	13,052	1,806	5,058	1,455	1,738
Transfers	56,756	36,971	34,766	35,459	33,075	31,021	29,104	29,246	26,978	29,588
Total Governmental Activities	\$ 175,089	\$ 149,854	\$ 204,014	\$ 151,515	\$ 133,847	\$ 133,971	\$ 116,723	\$ 123,314	\$ 118,503	\$ 126,016
Business-Type Activities:										
Grants and Contributions, not restricted to specific programs	\$ 1,997	\$ 1,989	\$ 1,983	\$ 1,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Investment Earnings	12,415	7,234	5,539	7,525	6,684	5,332	6,857	7,177	7,939	12,374
Net Securities Lending Income	10	7	5	11	-	38	30	25	40	31
Net Increase (Decrease) in Fair Value of Investments	16,446	(8,700)	(3,418)	739	52	202	(7,495)	426	2,235	3,912
Miscellaneous	1,856	23,655	(337)	1,094	19	2,058	-	(1)	18	381
Transfers	(56,756)	(36,971)	(34,766)	(35,459)	(33,075)	(31,021)	(29,104)	(29,246)	(26,978)	(29,588)
Total Business-type Activities	\$ (24,032)	\$ (12,786)	\$ (30,994)	\$ (24,105)	\$ (26,320)	\$ (23,391)	\$ (29,712)	\$ (21,619)	\$ (16,746)	\$ (12,890)
Total Primary Government	\$ 151,057	\$ 137,068	\$ 173,020	\$ 127,410	\$ 107,527	\$ 110,580	\$ 87,011	\$ 101,695	\$ 101,757	\$ 113,126
<u>Change in Net Position</u>										
Governmental Activities	\$ (22,312)	\$ (29,213)	\$ 24,675	\$ (11,935)	\$ (31,902)	\$ (43,503)	\$ (22,522)	\$ 123,314	\$ (22,103)	\$ (9,962)
Business Activities	24,042	30,003	33,005	23,124	40,233	20,085	11,916	39,723	18,395	48,629
Total Primary Government	\$ 1,730	\$ 790	\$ 57,680	\$ 11,189	\$ 8,331	\$ (23,418)	\$ (10,606)	\$ 163,037	\$ (3,708)	\$ 38,667

See Independent Auditors' Report

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	4,018
Unreserved	-	-	-	-	-	-	-	-	-	12,594
Nonspendable	1,500	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	1,541	804	2,952	6,544	1,041	2,472	1,575	160	68	-
Total General Fund	<u>\$ 3,041</u>	<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>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	88,301
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	9,621
Capital Projects funds	-	-	-	-	-	-	-	-	-	14,028
Permanent funds	-	-	-	-	-	-	-	-	-	6,184
Non-Spendable	594	-	620	584	580	626	1,226	1,696	424	-
Spendable:										
Restricted	59,785	58,904	39,487	39,331	44,722	56,705	29,526	64,690	83,786	-
Committed	21,256	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>\$ 81,635</u>	<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>

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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes	\$ 68,419	\$ 65,174	\$ 62,243	\$ 61,858	\$ 56,675	\$ 54,962	\$ 54,357	\$ 56,006	\$ 57,033	\$ 58,253
Licenses and Permits	5,574	5,576	6,978	7,168	6,176	6,047	5,745	5,967	7,132	5,936
Intergovernmental Revenues	40,116	42,405	49,151	42,605	33,231	39,032	34,350	43,105	39,637	34,376
Charges for Services	10,044	9,151	8,830	9,385	9,043	8,789	9,184	8,866	8,210	8,020
Fines and Forfeitures	726	826	970	1,119	1,550	1,713	2,478	2,647	2,436	1,162
Net Investment Earnings	3,174	2,602	2,169	2,841	2,847	1,550	3,748	3,065	2,964	5,312
Securities Lending Income	8	4	6	11	-	10	49	51	38	33
Net Inc (Dec) in the Fair Value of Investments	1,163	(822)	(429)	145	12	126	(1,491)	30	(617)	919
Miscellaneous Revenues	13,770	13,209	14,889	16,070	15,631	12,765	13,013	15,371	11,719	11,045
Total Revenues	\$ 142,994	\$ 138,125	\$ 144,807	\$ 141,202	\$ 125,165	\$ 124,994	\$ 121,433	\$ 135,108	\$ 128,552	\$ 125,056
Expenditures:										
General Government	\$ 44,974	\$ 28,938	\$ 28,611	\$ 28,589	\$ 30,497	\$ 28,660	\$ 26,007	\$ 26,915	\$ 29,833	\$ 29,689
Public Safety	70,743	69,665	66,808	64,603	58,615	57,281	55,861	54,138	52,502	50,499
Transportation	35,952	38,194	31,212	32,026	33,231	34,270	51,224	39,910	32,498	28,670
Human Services	4,718	4,954	4,487	3,415	2,955	2,375	3,284	2,977	2,781	2,639
Economic Environment	7,296	8,837	7,178	8,093	7,636	8,621	9,194	11,994	11,577	12,096
Physical Environment	21,843	5,670	9,681	9,515	3,390	2,406	2,890	3,200	2,452	2,539
Cultural and Recreation	25,527	23,948	23,306	23,770	21,986	22,486	21,242	20,452	19,894	19,845
Securities Lending Expense:										
Interest	6	1	2	2	-	5	33	40	21	20
Agent Fees	-	-	-	1	-	1	3	2	3	2
Debt Service:										
Principal Retired	8,189	7,325	8,119	7,530	6,620	6,050	5,320	10,675	4,615	6,890
Interest and Fiscal Charges	5,315	3,948	4,226	4,502	5,324	3,105	2,956	5,010	4,571	4,657
Bond Issuance Costs	-	210	5	-	-	263	236	-	-	-
Advance Refunding Escrow	-	-	-	-	-	-	10,340	-	-	-
Total Expenditures	\$ 224,563	\$ 191,690	\$ 183,635	\$ 182,046	\$ 170,254	\$ 165,523	\$ 188,590	\$ 175,313	\$ 160,747	\$ 157,546
Excess of Revenues Over (Under) Expenditures	(81,569)	(53,565)	(38,828)	(40,844)	(45,089)	(40,529)	(67,157)	(40,205)	(32,195)	(32,490)
Other Financing Sources (Uses):										
Transfers In	73,682	\$ 62,845	\$ 60,433	\$ 59,942	\$ 55,167	\$ 52,970	\$ 53,159	\$ 54,769	\$ 56,428	\$ 49,992
Transfers Out	(27,674)	(26,383)	(24,283)	(24,823)	(21,426)	(20,283)	(23,143)	(23,807)	(27,310)	(19,218)
Sale of Capital Assets	4,630	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)	\$ 50,638	\$ 68,269	\$ 38,996	\$ 42,225	\$ 34,058	\$ 67,168	\$ 33,071	\$ 30,962	\$ 29,118	\$ 30,774
Net Change in Fund Balances	\$ (30,931)	\$ 14,704	\$ 168	\$ 1,381	\$ (11,031)	\$ 26,639	\$ (34,086)	\$ (9,243)	\$ (3,077)	\$ (1,716)
Debt Services as a Percentage of Noncapital Expenditures	5.62 %	6.60 %	10.05 %	7.22 %	7.12 %	6.59 %	5.17 %	10.47 %	6.18 %	8.03 %

⁽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⁾
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
2015	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
2019	18,947,903	1,732,595	6,539	8,741,897	11,945,140	4.10	24,337,690	49.08

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	Debt Service	Leon County	N.W . Fla Water Management	
	Operating	Operating		Operating	Operating	
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
2019	4.10	6.17	-	8.31	0.04	18.62

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	2019		2010		Percentage of Total City Taxable Assessed Value
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank
Smith Interest General Partnership	Retail	\$ 158,796	1	1.34 %	\$ 133,309	2
Capital Regional Medical Center	Medical	75,411	2	0.70 %	-	- %
Embarq Florida Inc./Century Link	Communications	67,160	3	0.68 %	191,282	1
District Joint Venture, LLC	Real Estate	57,734	4	0.55 %	-	- %
DRA CRT Tallahassee Center, LLC	Real Estate	48,941	5	0.50 %	67,336	4
Woodlands of Tallahassee, LLC	Real Estate	48,407	6	0.42 %	-	- %
Campus Investors FSU 444	Real Estate	44,463	7	0.41 %	-	- %
AC Tallahassee	Real Estate	44,462	8	0.38 %	-	- %
Wal-Mart Stores	Retail	42,409	9	0.37 %	56,709	6
Comcast	Communication	41,815	10	0.37 %	45,100	9
Tallahassee Medical Center, LLC	Medical	-	-	- %	69,015	3
Talquin Electric Corporation, Inc.	Utilities	-	-	- %	66,018	7
St. Joe Company	Real Estate	-	-	- %	57,105	5
Florida Gas Transmission Total	Utilities	-	-	- %	59,778	8
		<u>\$ 629,598</u>		<u>5.72 %</u>	<u>\$ 745,652</u>	<u>7.73 %</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
2010	\$ 36,704	\$ 35,031	95.4 %	\$ 89	\$ 33,174	95.6 %
2011	35,918	34,076	94.9	244	34,320	95.7
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
2019	45,858	44,123	96.2	29	44,152	96.3

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
TOTAL VALUATIONS	\$ 20,687,037	\$ 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
EXEMPTIONS										
Agricultural Adjustment	\$ 44,422	\$ 46,859	\$ 46,859	\$ 49,272	\$ 42,463	\$ 37,998	\$ 38,173	\$ 38,367	\$ 38,591	\$ 37,371
Government Exemption	5,291,477	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
Institutional Exemption	740,842	629,419	631,059	616,233	667,825	658,118	643,767	667,240	663,234	638,457
Individual/Homestead Exemptions	1,394,483	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
Other Exemptions & Adjustments	1,270,673	1,011,159	1,008,110	905,934	848,920	675,118	707,727	964,826	870,059	73,340
TOTAL EXEMPTION AND ADJUSTMENTS	\$ 8,741,897	\$ 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
TAXABLE VALUATION	\$ 11,945,140	\$ 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
MILLAGE LEVIED	4.100	4.100	4.100	4.200	3.700	3.700	3.700	3.700	3.212	3.170
TOTAL TAXES LEVIED	\$ 48,975	\$ 42,914	\$ 40,857	\$ 40,352	\$ 34,392	\$ 32,673	\$ 32,648	\$ 34,707	\$ 35,918	\$ 36,704
Less: Adjustments & Discount	1,644	1,545	1,457	1,433	1,214	1,145	1,129	1,167	1,180	1,213
Net Taxes Levied	\$ 47,331	\$ 41,369	\$ 39,400	\$ 38,919	\$ 33,178	\$ 31,528	\$ 31,519	\$ 33,540	\$ 34,738	\$ 35,491
NET COLLECTED⁽¹⁾⁽²⁾	\$ 44,123	\$ 41,410	\$ 39,431	\$ 38,908	\$ 32,891	\$ 31,511	\$ 31,507	\$ 33,055	\$ 33,124	\$ 35,119

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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
General Revenue Bonds	\$ 96,215	\$ 104,155	\$ 83,915	\$ 91,825	\$ 99,355	\$ 105,975	\$ 71,800	\$ 90,475	\$ 101,150	\$ 106,905
Sunshine State Loan Payable	-	-	-	-	-	-	-	-	-	2,300
Unamortized Premiums/Discounts	12,928	14,143	11,317	12,343	13,107	13,753	8,745	-	-	-
Bank of America Loan Payable	1,033	1,282	1,527	1,736	-	-	-	-	-	-
Total Governmental Activities	\$ 110,176	\$ 119,580	\$ 96,759	\$ 105,904	\$ 112,462	\$ 119,728	\$ 80,545	\$ 90,475	\$ 101,150	\$ 109,205
Business-Type Activities:										
Energy System	\$ 564,335	\$ 582,427	\$ 494,988	\$ 539,447	\$ 557,345	\$ 581,028	\$ 594,510	\$ 607,356	\$ 619,580	\$ 472,385
Airport Refunding	-	-	-	-	-	-	-	925	1,810	2,665
Consolidated Utility System	330,350	339,185	330,495	338,180	345,455	323,440	329,970	336,235	342,245	348,020
Transportation Improvement Bond	7,995	-	-	-	-	-	-	-	-	-
Unamortized Premiums/Discounts	86,236	89,164	52,974	29,857	31,187	14,877	15,492	16,106	16,698	14,695
Sunshine State Loan Payable	-	-	-	-	-	-	-	-	-	35,961
AMI Loan Payable	14,977	17,639	20,634	23,514	26,282	28,941	33,332	35,706	37,987	40,230
Bank of America Loan Payable	500	621	739	840	-	-	-	-	-	-
Republic Parking Loan	331	367	401	-	-	-	-	-	-	-
Total Business-Type Activities	\$ 1,004,724	\$ 1,029,403	\$ 900,231	\$ 931,838	\$ 960,269	\$ 948,286	\$ 973,304	\$ 996,328	\$1,018,320	\$ 913,956
Total Primary Government	\$ 1,114,900	\$ 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
Per Capita	\$ 5,697	\$ 5,258	\$ 5,249	\$ 5,471	\$ 5,595	\$ 5,604	\$ 5,830	\$ 6,043	\$ 5,636	\$ 5,081

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CITY OF TALLAHASSEE, FLORIDA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
for the fiscal year ended September 30, 2019
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⁾
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
2019	109,143	0.45	558

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, 2019
(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⁾	\$ 167,884	68 %	\$ 114,161
Debt repaid with non self-supporting revenue debt:			
Leon County ⁽³⁾	23,920	68 %	<u>16,266</u>
Subtotal, Overlapping Debt			130,427
City Direct Debt			<u>110,176</u>
Total Direct and Overlapping Debt			<u><u>\$ 240,603</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, 2019
(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	
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
2019	318,751	202,032	116,719	18,092	29,795	47,887	2.44

⁽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				Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			
	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾			Principal	Interest	Total	
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
2019	120,573	59,337		61,236	8,835	17,103	25,938	2.36

⁽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.

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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
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
2019	195,713	851,689	2,857,242	8,643	3,031	92,349	34,085

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)
2010	12,467,000	\$ 33,869	95,693	87,674	8,019	3.2 %
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	-	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
2019	N/A	N/A	102,904	99,510	3,394	3.3

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

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

Employer	Type of Business	2019 ⁽¹⁾			2010 ⁽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>1,102</u>		<u>1.7</u>	<u>-</u>		<u>-</u>
Total		<u>60,880</u>		<u>100.0 %</u>	<u>41,366</u>		<u>100.0 %</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".

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

<u>Function/Program</u>	<u>2019</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>
City Commission & Appointed Officials	110	111	124	134	134	133	130	130	130	130
Administration & Professional Services	70	67	62	184	183	181	179	182	181	184
Aviation	54	55	55	55	53	53	53	53	53	53
Communications	9	9	8	14	14	13	13	12	12	11
Customer Services	130	17	17	1	1	1	1	1	1	1
Human Resources & Workforce										
Development	35	35	35	-	-	-	-	-	-	-
Technology and Innovations	99	99	100	-	-	-	-	-	-	-
Real Estate Management	8	7	11	-	-	-	-	-	-	-
Community Housing and Human Services	16	18	20	36	36	37	37	37	38	38
Economic Vitality/Minority & Women										
Business Enterprise	8	-	-	-	-	-	-	-	-	-
Electric	325	328	336	303	302	298	298	298	295	295
Emergency Preparedness & Facilities										
Security	4	4	5	1	1	1	1	1	1	1
Energy Services	-	-	-	-	-	30	29	29	29	31
Environmental Services & Facilities										
Management	22	22	12	14	14	14	13	13	12	12
Ethics	2	2	-	1	-	N/A	N/A	N/A	N/A	N/A
Fire	299	299	297	296	280	280	280	280	280	272
Fleet	82	82	82	80	61	59	58	57	57	58
Growth Management	77	77	80	63	63	63	62	61	61	58
Community Relations	10	-	-	-	-	-	-	-	-	-
Parks & Recreation & Neighborhood Affairs	178	177	173	173	171	171	170	172	171	172
Planning/PLACE	25	25	27	26	26	26	26	27	27	27
Police	483	483	466	466	433	427	427	483	485	485
Public Works	-	-	-	286	285	286	283	278	279	283
Community Beautification & Waste										
Management	151	151	148	83	84	87	88	88	89	91
StarMetro	139	140	141	148	170	170	170	170	168	168
Utility Services	-	129	135	148	145	120	120	112	112	114
Underground Utilities & Public										
Infrastructure	516	514	531	362	361	361	362	362	360	364
Total	<u>2,852</u>	<u>2,851</u>	<u>2,865</u>	<u>2,874</u>	<u>2,817</u>	<u>2,811</u>	<u>2,800</u>	<u>2,846</u>	<u>2,841</u>	<u>2,848</u>

Source: City of Tallahassee Budget

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

"N / A" = not applicable

See Independent Auditors' Report

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

<u>Function/Program</u>	2019	2018	2017	2015	2015	2014	2013	2012	2011	2010
Police										
Arrests	5,828	6,267	7,044	5,998	5,933	6,053	5,360	5,362	5,777	7171
Traffic violations	10,990	9,710	15,459	14,716	13,652	13,039	30,166	31,508	32,838	25,757
Parking violations	10,470	13,804	14,891	18,886	15,948	17,872	17,146	16,104	15,385	18,187
Fire										
Emergency responses	19,789	28,015	27,379	27,849	24,704	22,075	22,820	22,920	21,856	21,541
Fires reported	1,041	1,033	989	1,225	1,047	1,153	1,206	1,379	1,537	1,172
Gas										
Daily average consumption (MCF)	8,090	7,988	7,411	7,450	8,030	8,030	6,800	6,959	7,387	7,650
Number of service connections	32,528	31,471	30,638	30,355	29,659	29,275	28,576	28,018	27,654	26,948
Water										
Daily average consumption (MGD)	27	25	26	26	26	26	26	26	26	26
Number of service connections	86,299	86,528	84,783	75,334	83,554	83,384	83,095	82,606	82,133	81,945
Electric										
Net System Energy Generated (K W H) (Millions)	2,857	2,798	2,693	2,630	2,773	2,763	2,638	2,248	2,374	2,293
Average number residential customers	91,125	89,798	89,070	99,793	88,112	87,674	87,862	86,921	86,945	86,041
Average residential monthly bill	117	119	108	113	123	121	113	118	138	143
Sewage										
Daily average treatment (MDG)	19	16	17	17	16	16	18	16	15	16
Number of service connections	74,146	74,322	72,614	72,070	71,556	71,440	71,172	70,660	70,279	70,015
Transit										
Total revenue miles	2,267,715	2,141,697	2,133,772	2,254,316	2,246,364	2,591,582	2,140,779	2,089,369	2,060,351	2035922
Passengers trips	3,448,266	3,289,053	3,302,667	3,759,543	4,260,333	4,241,111	4,585,634	4,759,287	4,716,971	4789938
Solid Waste										
Number of customers	64,117	61,547	52,528	63,455	63,455	63,284	63,190	62,859	62,935	62,585
Refuse collected (in tons)	153,907	149,560	149,560	139,778	144,488	119,659	117,392	137,346	129,091	142643
Recyclables collected (in tons)	12,491	13,297	13,297	24,474	24,474	33,752	96,405	10,614	19,793	9,925
Airport										
Number of passengers	851,689	796,214	717,559	699,035	690,533	708,433	697,633	684,990	633,706	670,978

Source: Various city departments

N / A - Not Available

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CITY OF TALLAHASSEE, FLORIDA
CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM
Last Ten Fiscal Years

Function / Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular units										
Marked vehicles	326	309	300	306	289	284	284	266	256	257
Motorcycles	9	9	9	9	9	9	9	9	9	9
Unmarked vehicles	144	150	152	153	137	143	137	133	127	139
Bicycle patrol units	25	25	16	16	16	15	15	7	9	9
Fire stations	16	16	16	16	16	15	15	15	15	15
Gas										
Gas lines (in miles)	930	923	910	905	885	881	878	868	860	845
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	1,211	1,202	1,201	1,212	1,206	1,203	1,193	1,197	1,212
Deep Wells	27	27	27	27	27	27	27	27	27	26
Plant Capacity (MGD)	76	76	76	76	74	76	74	74	72	74
Electric										
Generating plants	3	3	3	3	3	3	3	3	3	3
Generating capacity (MW)	702	711	711	746	746	746	794	805	805	805
Transmission lines (in miles)	219	214	214	214	204	204	204	194	188	188
Number of street lights	19,302	18,825	18,825	18,710	18,589	18,188	18,125	18,040	17,998	17,971
Distribution lines (in miles)	2,023	1,995	1,995	1,942	2,937	2,937	2,927	2,870	2,839	2,839
Sewage										
Number of lift stations	N/A	110	107	107	109	111	109	111	107	107
Sanitary sewers (in miles)	N/A	1,050	1,039	1,039	1,049	1,046	1,042	1,034	1,107	1,019
Number of disposal plants	N/A	1	1	1	1	1	2	2	2	2
Capacity of treatment plans (MGD)	N/A	27	27	27	27	27	31	31	31	31
Transit										
Bus Plaza	1	1	1	1	1	1	1	1	1	1
Buses	55	58	65	65	58	58	58	56	56	66
Refuse Collection										
Collection trucks	73	73	73	69	69	67	65	63	65	61
Parks and recreation										
Community centers and specialty center	12	11	11	11	11	11	11	11	12	12
Summer playgrounds and camps	46	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	11	13	13
Park acreage	3,881	3,881	3,881	3,529	3,529	3,529	3,529	3,881	3,529	3,529
Fitness trails	30	30	30	30	30	30	30	30	17	17
Tennis/racquetball courts	67	67	67	67	67	67	67	67	67	67
Gymnasiums, center sites	9	7	7	7	7	7	7	7	7	7
Gymnasiums, school sites	5	5	5	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Other public works										
Traffic signals ⁽¹⁾	85	73	73	73	73	73	71	71	71	72

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, 2019

Governance		Education:	
Date of Incorporation	1825	Number of Public Schools ⁽¹⁾	48
Date Present Charter Adopted	1996	Number of Public School Instructors ⁽¹⁾	2,013
Form of Government: Commission-Manager		Number of Public School Students, (PK-12) ⁽¹⁾	34,000
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⁾	3,500
Manager (Appointed by Commission)		Number of College-level Students ⁽²⁾	79,023
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
			1,097

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, 2019

Line of Coverage	Carrier	Limits/Coverage	Deductible/Retention	Effective	Expiration	Premium		Policy #
Renaissance Center Property	Westchester Surplus Lines Insurance Co.	Real Property - \$13,200,000 Earth Movement - \$2,500,000 Flood - \$2,500,000 Extra Expense - \$1,000,000	AOP - \$5,000 per Occurrence Earth Movement - \$25,000 per Occurrence Flood - \$100,000 per Occurrence Named Storm - 1% Per Building/Structure; subject to the minimum deductible of \$25,000 per occurrence All Other Wind/Hail - \$25,000 per Occurrence	3/31/2019	3/31/2020	Premium TRIA EMPA Fee Administrative Fee Total Premium Paid	\$ 34,000.00 \$ 2,380.00 \$ 4.00 \$ 35.00 \$ 36,419.00	D39186445003
Terrorism	Lloyds of London	Primary Property Damage: Annual Aggregate - \$250,000,000 Liability: Each Claim - \$1,000,000 Annual Aggregate - \$2,000,000 Biological, Chemical or Nuclear Annual Aggregate - \$1,000,000 Excess Property Damage: Annual Aggregate - \$100,000,000 excess of \$250,000,000	Property Damage - \$100,000 Liability - \$100,000 \$100,000; 72 hour waiting period Per Primary	5/1/2019	5/1/2020	 Total Premium Paid	\$ 75,915.00 \$ 26,900.00 \$ 102,815.00	UTS2538316.19 W1B5B4190401
Property	Factory Mutual Insurance Company	Policy Limit - \$1,000,000,000 Total Insurable Value - \$1,592,590,381 (as of binding) Automatic Coverage - 90 days, but not to exceed \$100,000,000 Computer Systems Non Physical Damage and Data, Programs or Software combined - \$1,000,000, Aggregate Earth Movement - \$250,000,000, Aggregate Errors and Omissions - \$100,000,000 Expediting Costs - \$50,000,000 Extra Expense - \$50,000,000 Flood - \$250,000,000 Service Interruption - Property Damage & Time Element - \$25,000,000 Sublimits are noted in the proposal & policies	\$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 3% per Location subject to a minimum of \$100,000 for Named Storm Refer to policy for full explanation of deductibles	5/1/2019	5/1/2020	Premium Fire College Trust Fund Total Premium Paid	\$ 3,380,272.00 \$ 1,591.00 \$ 3,381,863.00	1052196
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	8/19/2019	8/19/2020	Premium	\$ 1,713.60	QT-660-2G88697A
Surety	Auto-Owners Insurance Co.	James Cooke Bond		9/8/2019	9/8/2020	Premium	\$ 259.00	66117834

See Independent Auditors' Report

CITY OF TALLAHASSEE, FLORIDA

Schedule of Insurance

September 30, 2019

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	10/1/2018	10/1/2021	Premium Annual Installments	\$ 35,300.10	15001414
Cyber Liability	ACE American Insurance Co.	\$10,000,000 - Maximum Aggregate Limit \$10,000,000 - Cyber Incident Response Fund \$100,000 - Non-Panel Response Provider \$10,000,000 - Business Interruption Loss & Extra Expense \$5,000,000 - Contingent BI and EE Unscheduled Providers \$10,000,000 - Digital Data Recovery \$10,000,000 - Network Extortion \$10,000,000 - Cyber, Privacy and Network Security Liability \$5,000,000 - Payment Card Loss \$10,000,000 - Regulatory Proceedings \$10,000,000 - Electronic, Social and Printed Media Liability	\$50,000 Each Incident	10/1/2019	10/1/2020	Premium	\$ 75,966.75	D940904110
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	10/1/2019	10/1/2020	Premium	\$ 59,642.90	IJG927317C
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	10/1/2019	10/1/2020	Premium	\$ 212,083.00	PXL 19114102
Crime	Travelers Casualty and Surety Company of America	\$1,000,000 - Employee Theft Per Loss Coverage \$1,000,000 - Employee theft Per Employee Coverage \$1,000,000 - Forgery or Alteration \$1,000,000 - On Premises \$1,000,000 - In Transit \$1,000,000 - Money Orders & Counterfeit Money \$1,000,000 - Computer Crime \$1,000,000 - Funds Transfer Fraud \$100,000 - Social Engineering Fraud \$100,000 Telecommunication Fraud \$25,000 - Personal Accounts Protection \$25,000 - Identity Fraud Expense Reimbursement \$5,000 - Claim Expense	\$50,000 \$50,000 \$50,000 \$50,000 \$50,000 \$50,000 \$50,000 \$50,000 \$50,000 \$50,000 \$0 \$0 \$0	10/1/2019	10/1/2020	Premium	\$ 9,866.70	106175065
Firefighter Cancer Benefit	ACE American Insurance Co.	\$25,000 - First Diagnosis Cancer Benefit \$75,000 - Cancer Death Benefit	\$0	7/1/2019	10/1/2020	Premium	\$ 68,972.00	PTP N17937674
Fiduciary Firefighters	Travelers Casualty and Surety Company of America	\$1,000,000 for all Claims Settlement Program Limit of Liability \$250,000 HIPAA Limit of Liability \$1,000,000 502 (c) Penalties Limit of Liability \$250,000	\$0 Retention	10/1/2018	10/1/2021	Premium Annual Installments	\$ 3,703.10	106176744
Fiduciary General Employees	Travelers Casualty and Surety Company of America	\$1,000,000 for all Claims Settlement Program Limit of Liability \$250,000 HIPAA Limit of Liability \$1,000,000 502 (c) Penalties Limit of Liability \$250,000	\$0 Retention	10/1/2019	10/1/2020	Premium	\$ 17,969.25	106176742

CITY OF TALLAHASSEE, FLORIDA

Schedule of Insurance

September 30, 2019

Line of Coverage	Carrier	Limits/Coverage	Deductible/Retention	Effective	Expiration	Premium		Policy #
Fiduciary Police Officers	Travelers Casualty and Surety Company of America	\$1,000,000 for all Claims Settlement Program Limit of Liability \$250,000 HIPAA Limit of Liability \$1,000,000 502 (c) Penalties Limit of Liability \$250,000	\$1,000 Retention	10/1/2018	10/1/2021	Premium	\$ 4,833.60	106176738
						Annual Installments		
AD&D	ACE American Insurance Co.	Statutory AD&D Coverage		10/1/2019	10/1/2021	Premium	\$ 40,768.00	ADD N17938459
Broker/Agency Fee - Property	Public Risk Insurance Agency			11/30/2019	11/30/2020	Annual Installments	\$ 75,000	
Broker/Agency Fee - Casualty	Public Risk Insurance Agency			10/1/2017	10/1/2020	Annual Installments	\$ 18,500	
This document is intended as a summary of insurance coverages only. Refer to the actual policy for coverage details.				TOTAL PREMIUMS		\$ 4,145,675		

See Independent Auditors' Report

SINGLE AUDIT AND OTHER REPORTS

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, Major State Project, and the Passenger Facility Charge Program and on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance and Schedule of Passenger Facility Charges Required by the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and Passenger Facility Charge Audit Guide for Public Agencies

Schedule of Findings and Questioned Costs

Summary Schedule of Prior Audit Findings

Schedule of Expenditures of Federal Awards and State Financial Assistance

Schedule of Expenditures of Passenger Facility Charges

Independent Accountants' Report

Independent Auditors' Management Letter



**INDEPENDENT AUDITOR'S 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***

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

We have audited, 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, the 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 8, 2020.

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 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 over financial reporting 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 were not 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 items 2019-001 and 2019-002 that we consider to be significant deficiencies.

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, grant agreements and contracts, 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*.

We noted certain matters that we reported to management of the City in a separate letter dated April 8, 2020.

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.

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida
April 8, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, MAJOR STATE PROJECT, AND THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE AND SCHEDULE OF PASSENGER FACILITY CHARGES REQUIRED BY THE UNIFORM GUIDANCE, CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, AND PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

Report on Compliance for Each Major Federal Program, Major State Project, and the Passenger Facility Charge Program

We have audited the compliance of the City of Tallahassee, Florida (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement*, the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, and the requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on each of the City's major federal programs, major state projects, and the passenger facility charge program for the year ended September 30, 2019. The City's major federal programs and major state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs, major state projects, and the passenger facility charge program 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 the Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.550, *Rules of the Auditor General*; and the Guide.

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

Auditor's Responsibility (Continued)

Those standards, the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and the Guide 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, major state project, or the passenger facility charge program 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, major state project, and the passenger facility charge program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program, Major State Project,
and the Passenger Facility Charge Program***

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, major state projects, and the passenger facility charge program for the year ended September 30, 2019.

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, major state project, and the passenger facility charge program 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, major state project, and the passenger facility charge program and to test and report on internal control over compliance in accordance with the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and 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 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, state project, or 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 a federal program, state project, or 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, state project, or the passenger facility charge 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.

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

Report on Internal Control over Compliance (Continued)

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

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

**Report on Schedule of Expenditures of Federal Awards and
State Financial Assistance and Schedule of Passenger Facility Charges**

We have audited the basic financial statements of the City as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated April 8, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, and schedule of passenger facility charges are presented for purposes of additional analysis, as required by the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and the Guide, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida
April 8, 2020

CITY OF TALLAHASSEE, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported
- Noncompliance material to financial statements noted? Yes X No

Federal Awards and State Financial Assistance

Internal control over major programs/projects:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of report issued on compliance for major federal programs and major state projects:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform

 Yes X No

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(l)4, *Rules of the Auditor General*

 Yes X No

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.554(1)(i), *Rules of the Auditor General*

X Yes No

Identification of Major Federal Programs and Major State Projects

CFDA Number

Name of Federal Programs

20.507 & 20.526

Federal Transit Cluster

97.036

Disaster Grants – Public Assistance

CSFA Numbers

Name of State Projects

40.901

State Housing Initiatives Partnership Program (SHIP)

55.010

Public Transit Block Grant Program

55.026

Transportation Regional Incentive Program (TRIP)

Dollar threshold used to distinguish between

Type A and Type B programs/projects: Federal
State

\$ 750,000
\$ 750,000

Auditee qualified as low-risk auditee pursuant to the Uniform Guidance?

 Yes X No

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

For the Year Ended September 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 – Unbilled Utility Revenue

Type of Finding – Significant Deficiency

Criteria:

U.S. GAAP requires that charges for services revenue be reported in the fiscal period in which the service were provided. Services provided during the fiscal year but billed subsequent to fiscal year end should be accrued at year end.

Condition:

During our testing of accounts receivable, it was noted that unbilled utility revenue had not been evaluated and recorded in the current and prior periods. Due to this error, accounts receivable and net position were understated by approximately \$22.3 million across the City's general fund and proprietary funds except the City's Airport, StarMetro and Golf as of October 1, 2018.

Cause:

The City had deemed the unbilled utility revenue as immaterial in prior years. However, there was no process in place to evaluate the potential financial impact of unbilled utility revenues on a regular (annual) basis. There was also a lack of communication between the Utility Services Department and the Financial Reporting Division regarding this issue. The Financial Reporting Division was not aware that the Utility Services Department was not recording or evaluating unbilled utility revenues.

Effect:

A prior period adjustment due to a correction of an error was made to restate the applicable beginning fund balance/net positions and the related accounts receivable for the general fund and all proprietary funds except the Airport, StarMetro and Golf.

Recommendation:

We recommend that the City continue to record unbilled utility revenue in future years and strengthen communication between the Utility Services Department and the Financial Reporting Division.

Views of responsible officials and plan corrective action:

The City will continue to estimate and record unbilled utility revenue and will ensure that there is improved communication between the Utility Services Department and the Financial Reporting Division specifically as part of the close out process. Additionally, a requirement has been added to the RFP for new CIS software which requires the ability to generate estimated unbilled consumption and the resulting estimated charges using defined estimation rules.

CITY OF TALLAHASSEE, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

For the Year Ended September 30, 2019

2019-002 – Capital Asset Reconciliation

Type of Finding – Significant Deficiency

Criteria:

The City has a significant investment in capital assets. The City's asset management system is used as the inventory record of these assets. This system maintains various required information related to capital assets including: cost, depreciable life, depreciation expense, accumulated depreciation, asset location, asset custodian, etc. Capital assets recorded in an asset's subledger should be reconciled on a regular basis to the City's general ledger accounting system to ensure proper financial reporting.

Condition:

During our audit, we noted that the City's asset management system required a significant manual reconciliation process. This process includes information contained in excel spreadsheets required to reconcile to the general ledger. Information maintained in spreadsheets include significant assets in numbers and dollars which are not reported in the asset management system.

Cause:

Due to prior asset system conversions and a lack of coordination between various departments responsible for capital projects, the City has relied upon a manual process to reconcile its asset management system to the general ledger.

Effect:

Although the City's capital assets are materially correct, this manual reconciliation process could lead to misstatements in the City's financial statements. Over the years, this has resulted in various financial reporting issues related to asset acquisition, disposal and reporting of asset depreciation.

Recommendation:

We recommend that the City review the capabilities of the asset management system to determine if the City can reduce the reliance on excel spreadsheets and manual reconciliations. We also recommend that the City begin a process to ensure that all assets be properly maintained in the asset management system.

Views of responsible officials and plan corrective action:

Financial Services will go through the 9/30/2019 reconciliation and make sure that assets are either correctly entered into the asset management module or adjusted in the City's general ledger as appropriate. Additionally, Fixed Assets will work with the Enterprise Resource Planning group to develop a query or report to assist in simplifying the reconciliation process. Financial Services is planning to re-implement the asset management module. That process will involve a comprehensive review of the capabilities of the module as we continue to try to leverage technology to move towards paperless processes.

SECTION III - FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS SECTION

None Reported.

CITY OF TALLAHASSEE, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2018-002 – Capital Asset Accounting

Significant Deficiency: There were various issues related to capital asset accounting including reconciling the fixed asset management system to the general ledger, physical inventory and capital assets acquired by federal and state funds.

Status: Corrective actions have been implemented; however, a portion of the comment is still applicable. See current year finding 2019-002 in the schedule of findings and questioned costs.

**SECTION III - FEDERAL AWARD AND STATE FINANCIAL ASSISTANCE FINDINGS
AND QUESTIONED COSTS SECTION**

None Reported.

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2019

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>US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>					
Direct Programs:					
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-12-0019	N/A	23,585	
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-12-0019	N/A	7,274	
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-12-0019	N/A	108,763	
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-12-0019	N/A	1,420,815	
TOTAL CDBG - ENTITLEMENT GRANTS CLUSTER				<u>1,560,438</u>	<u>655,545</u>
Home Investment Partnerships Program	14.239	M-15-MC-12-0221	N/A	14,664	
Home Investment Partnerships Program	14.239	M-16-MC-12-0221	N/A	(30,367)	
Home Investment Partnerships Program	14.239	M-17-MC-12-0221	N/A	284,798	
Home Investment Partnerships Program	14.239	M-18-MC-12-0221	N/A	267,800	494,059
Emergency Solutions Grant Program	14.231	E-17-MC-12-0019	N/A	32,515	
Emergency Solutions Grant Program	14.231	E-18-MC-12-0019	N/A	136,527	154,850
TOTAL US DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				<u>2,266,377</u>	<u>1,304,453</u>
US DEPARTMENT OF JUSTICE					
Direct Programs:					
Public Safety Partnership and Community Policing Grants	16.710	2015ULWX0013	N/A	547,972	
Public Safety Partnership and Community Policing Grants	16.710	2016ULWX0030	N/A	71,751	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0740	N/A	1	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0661	N/A	15,514	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0856	N/A	111,743	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0459	N/A	49,035	
Pass through Florida Department of Law Enforcement:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2019-JAGC-LEON-1-N2-014	13,769	
	16.unknown	N/A	N/A	29,647	
Juvenile Justice and Delinquency Prevention	16.540	N/A	10531	60,721	
TOTAL US DEPARTMENT OF JUSTICE				<u>900,154</u>	
<u>US DEPARTMENT OF TRANSPORTATION</u>					
FEDERAL TRANSIT ADMINISTRATION					
Direct Programs:					
Federal Transit Formula Grant	20.507	FL-90-X803	N/A	98,369	
Federal Transit Formula Grant	20.507	FL-2016-020	N/A	17,472	
Federal Transit Formula Grant	20.507	FL-2017-080	N/A	202,379	
Federal Transit Formula Grant	20.507	FL-2017-080	N/A	1,809,281	
Bus and Bus Facilities Formula Program	20.526	FL-2017-063	N/A	312,615	
Bus and Bus Facilities Formula Program	20.526	FL-2019-102	N/A	568,190	
TOTAL FEDERAL TRANSIT CLUSTER				<u>3,008,306</u>	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	FL-2017-078-01	N/A	17,261	
Job Access and Reverse Commute Program	20.516	FL-37-X067-00	N/A	65,985	
Job Access and Reverse Commute Program	20.516	FL-37-X070-00	N/A	24,833	
TOTAL TRANSIT SERVICES PROGRAMS CLUSTER				<u>108,078</u>	
Pass through Florida Department of Transportation:					
Formula Grants for Rural Areas	20.509	N/A	G0Z57	104,336	
FEDERAL HIGHWAY ADMINISTRATION					
Pass through Florida Department of Transportation:					
Highway Planning and Construction	20.205	N/A	G0O47	94,626	
TOTAL HIGHWAY PLANNING AND CONSTRUCTION CLUSTER				<u>94,626</u>	
FEDERAL AVIATION ADMINISTRATION					
Direct Programs:					
Airport Improvement Program	20.106	3-12-0077-039-2015	N/A	83,341	
Airport Improvement Program	20.106	3-12-0077-041-2017	N/A	2,270,334	
Airport Improvement Program	20.106	3-12-0077-042-2018	N/A	1,018,947	
Airport Improvement Program	20.106	3-12-0077-043-2019	N/A	115,598	
TOTAL US DEPARTMENT OF TRANSPORTATION				<u>3,488,219</u>	
				<u>6,803,564</u>	

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures	Amount Provided to Subrecipients
US ENVIRONMENTAL PROTECTION AGENCY					
Pass through Florida Department of Environmental Protection:					
Nonpoint Source Implementation Grants	66.460	N/A	NF022	21,088	
Nonpoint Source Implementation Grants	66.460	N/A	NF038	41,250	
Nonpoint Source Implementation Grants	66.460	N/A	NF040	678	
TOTAL US ENVIRONMENTAL PROTECTION AGENCY				<u>63,015</u>	
US DEPARTMENT OF HOMELAND SECURITY					
Direct Program:					
Assistance to Firefighters Grant	97.044	EMW-2016-FO-02508	N/A	430,370	
Pass through Florida Executive Office of the Governor					
Homeland Security Grant Program	97.067	N/A	17-DS-V4-02-47-02-313	5,647	
Homeland Security Grant Program	97.067	N/A	18-DS-X1-02-47-02-356	16,582	
Homeland Security Grant Program	97.067	N/A	18-DS-X1-02-47-02-386	12,144	
Homeland Security Grant Program	97.067	N/A	18-DS-X1-02-47-02-386	25,178	
Homeland Security Grant Program	97.067	N/A	18-DS-X1-02-47-02-387	37,000	
Homeland Security Grant Program	97.067	N/A	18-DS-X1-02-47-02-387	27,746	
Homeland Security Grant Program	97.067	N/A	18-DS-X1-02-47-02-385	71,033	
Homeland Security Grant Program	97.067	N/A	19-DS-01-02-47-02-320	21,048	
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	17-PA-W1-02-47-01-077	(13,490)	
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	18-PA-00-02-47-01-424	3,298,122	
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	N/A	19-PA-AJ-02-47-01-157	4,234,984	
Hazard Mitigation Grant (HMGP)	97.039	N/A	DEM-18-HM-02-47-02-H0001	71,213	
Hazard Mitigation Grant (HMGP)	97.039	N/A	DEM-18-HM-02-47-02-H0002	11,735	
TOTAL US DEPARTMENT OF HOMELAND SECURITY				<u>8,249,311</u>	
TOTAL FEDERAL AWARDS EXPENDED				<u>18,282,421</u>	<u>1,304,453</u>
<u>STATE AWARDS</u>					
NORTH FLORIDA WATER MANAGEMENT DISTRICT					
Florida Springs Grant Program	37.052	N/A	17-056	180,818	
TOTAL NORTH FLORIDA WATER MANAGEMENT DISTRICT				<u>180,818</u>	
FLORIDA HOUSING FINANCE CORPORATION					
State Housing Initiatives Partnership Program (SHIP)	40.901	N/A	N/A	1,006,318	514,556
TOTAL FLORIDA HOUSING FINANCE CORPORATION				<u>1,006,318</u>	<u>514,556</u>
FLORIDA DEPARTMENT OF TRANSPORTATION					
Florida Commission For The Transportation Disadvantaged Trip & Equipment Grant	55.001	N/A	G1A42	137,043	
Florida Commission For The Transportation Disadvantaged Trip & Equipment Grant	55.001	N/A	G0X40	385,704	
Florida Commission For The Transportation Disadvantaged Trip & Equipment Grant	55.001	N/A	G0Y19	18,356	
Aviation Grant Programs	55.004	N/A	G0418	16,158	
Aviation Grant Programs	55.004	N/A	G0420	92,554	
Aviation Grant Programs	55.004	N/A	G0G65	8,856	
Aviation Grant Programs	55.004	N/A	G0R11	101,563	
Aviation Grant Programs	55.004	N/A	G0S01	70,250	
Aviation Grant Programs	55.004	N/A	G0X71	204,264	
Aviation Grant Programs	55.004	N/A	G1363	21,459	
Aviation Grant Programs	55.004	N/A	G1540	11,296	
Public Transit Block Grant Program	55.010	N/A	G0Z78	1,188,980	
Public Transit Service Development Program	55.012	N/A	ARR77	6,870	
Public Transit Service Development Program	55.012	N/A	ARV75	22,499	
Transportation Regional Incentive Program	55.026	N/A	G0T41	1,000,000	
TOTAL FLORIDA DEPARTMENT OF TRANSPORTATION				<u>3,285,851</u>	
FLORIDA DEPARTMENT OF HEALTH					
Emergency Medical Services Matching Awards	64.003	N/A	M7040	34,480	
TOTAL FLORIDA DEPARTMENT OF HEALTH				<u>34,480</u>	
TOTAL STATE AWARDS EXPENDED				<u>4,507,467</u>	<u>514,556</u>
TOTAL FINANCIAL ASSISTANCE EXPENDED				<u>22,789,888</u>	<u>1,819,009</u>

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures	Amount Provided to Subrecipients
NOTES					
1) The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (Schedule) present the activity of all federal programs and state projects of the City of Tallahassee for the year ended September 30, 2019. 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, US 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 Florida Auditor General.					
2) The Schedule was prepared on the modified accrual basis of accounting.					
3) No federal or state financial assistance was expended in non-cash assistance.					
4) The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.					
5) Housing loans outstanding at year end:					
Community Development Block Grant – Entitlement	14.218	\$		786,277	
Home Investment Partnerships Program	14.239	\$		4,157,085	
State Housing Initiatives Partnership Program	40.901	\$		1,761,491	
		\$		<u>6,704,854</u>	
6) Expenditures in the amount of \$3,186,845 shown for the US Department of Homeland Security, pass through the 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 through September 30, 2018.					
7) 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.					

City of Tallahassee
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended September 30, 2019

<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	\$ 115,398
	<u>115,398</u>
Passenger Facility Charge Application #16-07-C-00-TLH:	
Project 1: Terminal Rehabilitation	70,250
Project 4: Multiple-User Passenger Information Display Systems	19,536
	<u>89,786</u>
 Total Passenger Facility Charges Used	 <u><u>\$ 205,184</u></u>

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



INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

We have examined the compliance of the City of Tallahassee, Florida (the "City") with the requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2019. 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 plan and perform the examination to obtain reasonable assurance about whether the City complied with those requirements. An examination involves performing procedures to obtain evidence about the City's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of 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, 2019.

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida
April 8, 2020



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

Report on the Financial Statements

We have audited the basic financial statements of the City of Tallahassee, Florida (the City) as of and for the year ended September 30, 2019, and have issued our report thereon dated April 8, 2020.

Auditor's 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 the Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, *Rules of the Auditor General*; and the *Passenger Facility Charge Audit Guide for Public Agencies*.

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, Major State Project, and the Passenger Facility Charge Program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance and Schedule of Passenger Facility Charges Required by the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies*; Schedule of Findings and Questioned Costs 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 April 8, 2020, should be considered in conjunction with this management letter.

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. In connection with the preceding audit, the current year status of prior audit findings is as follows:

2018-001 Capital Assets Accounting

Current Year Status: Repeated in the current year as Finding 2019-002, Capital Asset Reconciliation in the Schedule of Findings and Questioned Costs.

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

2018-002 Communication and Financial Services Department

Current Year Status: We consider this finding partially resolved, see current year finding 2019-004 for aspects of this finding that are still applicable.

2018-003 Financial Reporting Division

Current Year Status: Fully resolved.

2018-004 Bank Reconciliations

Current Year Status: Fully resolved.

2018-005 P-card Program

Current Year Status: No instances of non-compliance noted in our testing, we consider this comment fully resolved.

2018-006 Subrecipient Monitoring

Current Year Status: Fully resolved.

2018-007 Procurement of Contracts with Davis-Bacon Provisions

Current Year Status: Fully resolved.

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 legal authority is disclosed in the notes to the financial statements.

Financial Condition and Management

Sections 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 identification of the specific conditions met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.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 address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

2019-003 – Utility Accounts Receivable Aging Reports

Criteria:

Utility accounts receivable aging reports are an important tool to determine if the City's customer accounts receivable is properly valued. It can also be used to assist the City with determining if there are any issues with collections.

Condition:

During our testing of utility accounts receivable, it was noted that the City was not able to produce a detailed utility accounts receivable aging by customer.

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

Cause:

The City's Customer Information System ("CIS") does not have the capability to generate the report.

Effect:

The City may not be able to properly analyze its utility customer A/R including: the general aging of receivables, are there significant aged credit balances and which customers are significantly past due.

Recommendation:

The City is currently considering upgrading to a new CIS software. We recommend that the City require that the detailed accounts receivable customer aging reports be part of the reporting package for the new CIS software. We also recommend that the City include the Financial Services Department ("FSD") as part of the evaluation and conversion team for any new CIS software.

Views of responsible officials and plan corrective action:

The City has included the requirement in the RFP for the new CIS software that a detailed accounts receivable aging report can be produced to tie to the General Ledger. Communication has been established between the CIS Team and the Financial Services Department and the latter will be included as part of the evaluation and conversion team. Pending implementation of the new software, a report will be created to simulate such a report as closely as possible.

2019-004 – Communication with Financial Services Department

Criteria:

All agreements that have a financial impact to the City should be communicated to the FSD so that they can properly evaluate and record the agreements in accordance with applicable accounting and reporting standards. Ideally, FSD would be part of the process prior to finalization of such agreements but, at a minimum, this information should be provided to them timely in order to ensure the proper accounting and reporting of these agreements.

Condition:

During our audit, the FSD notified us that two capital lease agreements were not properly reported in the financial statements.

Cause:

Due to the reliance of the FSD on other City departments to provide them financial agreements, agreements are not timely provided or not provided at all to FSD. Therefore, FSD is unable to ensure the proper reporting of all financial agreements.

Effect:

FSD was required to make adjusting journal entries to properly record the capital leases in the general ledger after they had understood that all agreements were properly recorded. Also, the risk that the City may not have all agreements properly recorded in the financial statements is increased due to the reliance of FSD on other departments.

Recommendation:

We recommend that the City develop a process which ensures that FSD is part of the information flow related to any agreements that will have a financial statement impact to the City.

The Honorable Mayor and
Members of the City Commission
City of Tallahassee, Florida

Views of responsible officials and plan corrective action:

Financial Services will work with other City departments to develop a process which will ensure that Financial Services is part of the finalization process of all agreements that will have a financial statement impact.

Special District Component Units

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate 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 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 Mayor, City Council, and applicable management and is not intended to be, and should not be, used by anyone other than these specified parties.

MSL, P.A.

Certified Public Accountants

Tallahassee, Florida
April 8, 2020



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