

# **CITY OF TALLAHASSEE, FLORIDA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
September 30, 2010**



**PREPARED BY:**

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

# **CITY OF TALLAHASSEE, FLORIDA**

## **CITY COMMISSION**

**JOHN MARKS, Mayor**

**MARK MUSTIAN, Pro Tem**

**ANDREW GILLUM, Commissioner**

**DEBBIE LIGHTSEY, Commissioner**

**GIL ZIFFER, Commissioner**

## **CITY MANAGER**

**Anita Favors Thompson**

### **CITY AUDITOR**

**Sam M. McCall, CPA**

### **CITY ATTORNEY**

**James R. English**

### **CITY TREASURER-CLERK**

**Gary Herndon, CPA**

### **DIRECTOR OF MANAGEMENT AND ADMINISTRATION**

**Raoul A. Lavin**

**CITY OF TALLAHASSEE, FLORIDA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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# **INTRODUCTORY SECTION**

Letter of Transmittal

Government Finance Officers Association Certificate of Achievement

Organizational Chart

List of Elected and Appointed Officials and Directors

List of Accounting Services Division Staff



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March 14, 2011

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, 2010, is hereby submitted pursuant to Florida Statutes, Chapter 11, Section 45, and Chapters 10.550 and 10.600 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 Carr, Riggs and Ingram, LLC has issued an unqualified opinion on the City's financial statements for the year ended September 30, 2010. The independent auditor's 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 auditor's reports are presented in the single audit section of this report.

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

## **PROFILE OF THE CITY**

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

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

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

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

The budget process is a formalized annual occurrence that involves input, collaboration, and coordination between the respective City departments, the Office of Budget and Policy, the executive team, the City Commission, and the citizens of Tallahassee. A budget review team composed of various members of the leadership team and executive teams is established to set budget direction and priorities for the City. Annually, issues are selected by the City Commission to represent

those programs and community needs, which are to be given priority attention during the year.

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

**FACTORS AFFECTING FINANCIAL CONDITION**

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

The 2005-2009 American Community Survey (the Survey) shows a racially diverse community, with minorities accounting for 37% of the Leon County population and 42% of the City population. The population is young, with a median age of 27.8.

Leon County residents have historically attained a very high level of education. According to the Survey, 41% of area residents aged 25 or older have completed at least four years of college, compared to 25.6% of the state on average.

The 2009 inflation adjusted median family income in Leon County is \$64,987, which is comparable to the national median. Leon County workers in management or professional occupations amount to 42% compared to 35% nationally.

The level of governmental employment has a stabilizing effect on the economy and helps to minimize unemployment. In November 2010, unemployment was 8.7% in the Tallahassee Metropolitan Statistical Area (MSA), as compared to the State’s unemployment rate of 12%. The percentage of employees employed by local, state, and federal government is approximately 34% of the work force. The unemployment rate is one of many economic indicators utilized to evaluate the condition of the economy.

Population growth trends are presented in the following table.

<b>POPULATION GROWTH</b>			
<u>Year</u>	<u>Tallahassee</u>	<u>Unincorporated</u>	<u>Leon County</u>
1950	27,237	24,353	51,590
1960	48,174	26,051	74,225
1970	71,897	31,150	103,047
1980	81,548	67,107	148,655
1990	124,773	37,720	192,493
2000	150,624	88,828	239,452
2009	172,574	93,140	265,714
2010 estimated	178,923	95,930	274,853
2020 projected	194,500	103,100	297,600
2030 projected	211,800	109,400	321,200

**CONSTRUCTION TRENDS**

Residential Construction

Another factor that is a strong indicator of the local economy and influences the City and County’s financial condition is the issuance of building permits for residential construction. Due to the condition of the national, state, and local economy, single-family residential building permits in Leon County decreased 17% in fiscal year 2010 following a 35% decrease in fiscal 2009. Permits for multi-family units were down 88% in fiscal year 2010 following a 25% decrease in fiscal year 2009.

Commercial Development

In fiscal year 2010, \$57 million of new construction was permitted in Leon County, an increase of 34% over fiscal year 2009. The City of Tallahassee is continuing implementation of a number of strategies to provide a positive business climate and help create an “18-hour”, multi-use downtown district. Some of these initiatives include the creation of a Downtown Community Redevelopment Area, continued infrastructure and streetscape improvements, marketing sites for redevelopment, providing incentives for historic preservation, the creation of a Cultural Plan, and the addition of new attractions.

Millage Rates - Comparable Cities in Florida

<u>City</u>	<u>Millage Rates</u>	
	<u>2011</u>	<u>2010</u>
Clearwater	5.16	5.15
Daytona	6.30	5.42
Ft. Lauderdale	4.12	4.12
Gainesville	4.25	4.4
Hollywood	6.71	6.05
Lakeland	4.16	3.65
Largo	4.31	4.31
Orlando	5.65	5.65
Pensacola	4.54	4.54
Pompano	4.91	4.67
<b>Tallahassee</b>	<b>3.70</b>	<b>3.70</b>
West Palm Beach	8.07	8.07

As indicated above, the City enjoys the lowest millage rate of the comparable largest cities in Florida for 2011 and 2010. Tallahassee's low and stable millage rate should act as an incentive to economic growth and stability.

**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 2011 operating budget of \$726.9 million and an approved capital budget of \$207.6 million. The Plan for the ensuing five years (including 2011) results in projected capital expenditures of approximately \$826.4 million.

**AWARDS AND ACKNOWLEDGMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tallahassee, Florida for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2008. 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 Reporting staff, who participated in the compilation of the report. We would also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Raoul A. Lavin  
Director of Management and Administration



Richard G. Feldman, CPA  
Accounting Services Manager

# 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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



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

**ELECTED OFFICIALS**

**Mayor** ..... **John Marks**  
**Mayor Pro Tem** ..... **Mark Mustian**  
**Commissioner** ..... **Andrew Gillum**  
**Commissioner** ..... **Debbie Lightsey**  
**Commissioner** ..... **Gil Ziffer**

**APPOINTED OFFICIALS**

**City Manager** ..... **Anita Favors Thompson**  
**City Treasurer-Clerk** ..... **Gary Herndon**  
**City Auditor** ..... **Sam M. McCall**  
**City Attorney** ..... **James R. English**

**ASSISTANT CITY MANAGERS**

**Assistant City Manager for Development and Transportation Services** ..... **Thomas R. Coe**  
**Assistant City Manager for Utility Services** ..... **Ricardo Fernandez**  
**Assistant City Manager for Safety and Neighborhood Services** ..... **Jay Townsend**

**DEPARTMENT DIRECTORS**

**Airport** ..... **Kenneth Austin**  
**Communications** ..... **Michelle Bono**  
**Economic and Community Development** ..... **Tom Lewis**  
**Electric (Interim General Manager)** ..... **Rob McGarrah**  
**Energy Services** ..... **David Byrne**  
**Environmental Policy and Energy Resources** ..... **Cynthia Barber**  
**Fire** ..... **Cynthia Dick**  
**Growth Management** ..... **Robert Herman**  
**Management and Administration** ..... **Raoul A. Lavin**  
**Parks, Recreation and Neighborhood Affairs** ..... **Dee Crumpler**  
**Planning** ..... **Wayne Tedder**  
**Police** ..... **Dennis Jones**  
**Public Works** ..... **Gabriel Menendez**  
**Solid Waste** ..... **Reginald Ofuani**  
**StarMetro** ..... **Ronald Garrison**  
**Underground Utilities (General Manager)** ..... **Mike Tadros**  
**Utility Business and Customer Services** ..... **Reese Goad**

The Comprehensive Annual Financial Report for the City of Tallahassee, Florida was produced by the combined efforts of the staff of the Accounting Services Division of the Department of Management and Administration. The following staff had primary responsibility for preparing and assuring the accuracy of this report

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

**Accounting Services Division**  
**Richard G. Feldman, CPA, Manager**

**Financial and Systems Analyst**  
**Patrick Twyman**

<b>Patsy Capps, CPA*</b>	<b>Tracy Forrester, CPA</b>	<b>Ben Halvorsen, CPA*</b>
<b>Roy Jeter, CPA</b>	<b>Latrenda Johnson</b>	<b>Kereen Jones</b>
<b>Laurita Jones</b>	<b>Lajja Patel</b>	<b>Angela Roberts</b>
<b>Mayank Shah</b>	<b>Rita Stevens, CPA</b>	<b>Rob Swearingen, CPA</b>

**Financial and Systems Analyst (Fixed Assets)**  
**Rebecca Scarano**

**\* Tallahassee Regional Airport Staff**

**Cover photo: *Gaines Street Mural, Gaines Street (Artist Rendering), FAMU Way (Artist Rendering)***  
**Design by Gabriel Hogan**  
**Graphics/Web Design Specialist – City of Tallahassee**



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# **FINANCIAL SECTION**

THIS SECTION CONTAINS THE FOLLOWING SUBSECTIONS:

Independent Auditors' Report  
Management's Discussion and Analysis  
Basic Financial Statements  
Required Supplementary Information  
Combining Financial Statements  
Supplementary Information



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Tallahassee, Florida (the City), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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.

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 and individual nonmajor fund financial statements, other supplementary information and the statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, *Rules of the Auditor General*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, other supplementary information, and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express opinion or provide any assurance on it.

*Con, Riggs + Ingram, LLC*

March 14, 2011

## MANAGEMENT'S 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, 2010. 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) individual fund concerns or issues. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

---

### Financial Highlights

- The assets of the City exceeded its liabilities as of September 30, 2010 by \$2.06 billion (net assets). Of this amount, \$359 million represents unrestricted net assets that are available to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$38.7 million as a result of fiscal 2010 operations.
- As of September 30, 2010, the City's governmental funds reported combined ending fund balances of \$134.7 million; of this amount approximately \$42.4 million is unreserved.
- For the year ended September 30, 2010, the funds balances for the City's governmental funds decreased \$1.7 million.
- At the end of the fiscal year, the unreserved fund balance for the general fund was \$12.6 million, or 11.8% of total general fund expenditures.
- As of September 30, 2010, the City's enterprise funds reported combined ending net assets of \$1,016.8 million; of this amount approximately \$215.9 million is unrestricted. The ending net assets represent an increase of \$54.3 million over the prior year.
- Capital assets, net of accumulated depreciation, as of September 30, 2010 fiscal year totaled \$2.33 billion (Note- IV-D).
- The City's outstanding long-term liabilities (Note IV-G) increased from \$935.0 million to \$1,031.0 million, less than 1.0%, during the current fiscal year.

### An Overview of the Financial Statements

The City's basic financial statements comprise 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 assets* and the *statement of activities*, are utilized to provide information on a government-wide basis.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. The change in net assets, over time, is one way to measure the City's financial health.

The *statement of activities* presents information showing how the City's net assets changed during the current fiscal year. All changes in net assets 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 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).

## FUND FINANCIAL STATEMENTS

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. Since 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.

This allows readers to 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 nonmajor governmental funds is provided on pages 99 to 103 in this report.

**PROPRIETARY FUNDS** – The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains ten (10) individual enterprise funds. Information is presented separately in the proprietary funds statement of net assets and in the proprietary funds statement of revenues, expenses, and changes in net assets for the Electric, Gas, Sewer, Water, Airport, and Stormwater Management Funds, all of which are considered major funds. Data from the other four (4) funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major proprietary funds is provided on pages 105 to 107 in this report.

*Internal Service Funds* are used to account for activities that provide goods and services to the City's other programs and activities. The City maintains twelve (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 110 to 115 in 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 two fiduciary funds. The basic financial statements for these funds are provided on pages 44 to 45 in this report.

## NOTES TO THE FINANCIAL STATEMENTS

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

## OTHER INFORMATION

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

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

Information regarding the City's debt service requirements, statistical information, and economic data is also presented to give report users an 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

As indicated previously, net assets may serve over time as a useful indicator of a government's financial position. The following table reflects the condensed Statement of Net Assets for the current and prior year.

**Table 1**  
**Statement of Net Assets**  
**As of September 30**  
**(In millions)**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009 (As Restated)	2010	2009 (As Restated)
<b>Assets</b>						
Current and other assets	\$ 206.0	\$ 225.3	\$ 763.9	\$ 689.6	\$ 969.9	\$ 914.9
Capital assets	929.0	947.0	1,396.0	1,314.8	2,325.0	2,261.8
<b>Total Assets</b>	<u>1,135.0</u>	<u>1,172.3</u>	<u>2,159.9</u>	<u>2,004.4</u>	<u>3,294.9</u>	<u>3,176.7</u>
<b>Liabilities</b>						
Current and other liabilities	32.7	59.8	171.6	219.6	204.3	279.4
Long-term debt outstanding	111.6	111.9	914.0	759.2	1,025.6	871.1
<b>Total Liabilities</b>	<u>144.3</u>	<u>171.7</u>	<u>1,085.6</u>	<u>978.8</u>	<u>1,229.9</u>	<u>1,150.5</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	846.0	856.9	681.6	619.4	1,527.6	1,476.3
Restricted	20.9	23.7	157.3	143.8	178.2	167.5
Unrestricted	123.8	120.0	235.3	262.4	359.1	382.4
<b>Total Net Assets</b>	<u>\$ 990.7</u>	<u>\$ 1,000.6</u>	<u>\$ 1,074.2</u>	<u>\$ 1,025.6</u>	<u>\$ 2,064.9</u>	<u>\$ 2,026.2</u>

As of September 30, 2010, assets of the City exceeded its liabilities by \$2.06 billion. The largest portion of the City's net assets, \$1.53 billion or 74.0 percent, reflects its substantial investment in capital assets (e.g., land, buildings, equipment, etc.), less the related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. In addition, a portion of the City's net assets, \$178.2 million or 8.6 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$359.1 million or 17.4 percent is available to meet the ongoing obligations of the City. As of September 30, 2010, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as its separate governmental and business-type activities.

During the year the City's total assets increased by approximately \$119.4 million and the City's liabilities increased by approximately \$79.4 million. For more detailed information see the Statement of Net Assets on pages 28 and 29 of the financial statements.

**Table 2**  
**Changes in Net Assets**  
**(in millions)**

The following table summarizes the changes in net assets for the current and prior year.

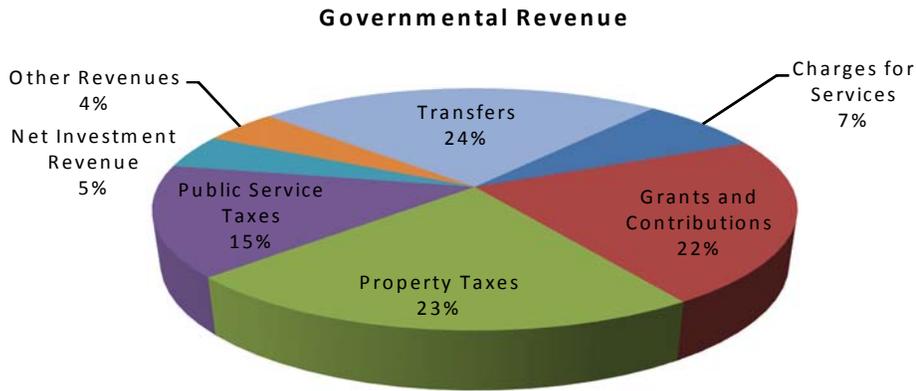
	<b>Governmental Activities</b>		<b>Business Activities</b>		<b>Total</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for Services	\$11.5	\$13.5	\$561.3	\$574.5	\$572.8	\$588.0
Operating Grants and Contributions	9.9	8.0	3.6	4.2	13.5	12.2
Capital Grants and Contributions	0.4	72.4	14.3	12.6	14.7	85.0
<b>General revenues</b>						
Property Taxes	35.1	34.0	--	--	35.1	34.0
Public Service Taxes	23.1	22.8	--	--	23.1	22.8
Grants and Contributions	24.2	23.3	--	--	24.2	23.3
Net Investment Revenue	7.0	9.0	16.3	15.1	23.3	24.1
Other Revenues	7.0	6.1	0.4	--	7.4	6.1
<b>Total Revenues</b>	<b>118.2</b>	<b>189.1</b>	<b>595.9</b>	<b>606.4</b>	<b>714.1</b>	<b>795.5</b>
<b>Expenses</b>						
General Government	22.6	22.2	--	--	22.6	22.2
Public Safety	50.3	53.8	--	--	50.3	53.8
Transportation	19.6	23.2	--	--	19.6	23.2
Cultural and Recreation	20.3	20.7	--	--	20.3	20.7
Depreciation on Infrastructure	26.2	26.6	--	--	26.2	26.6
Other Primary Government	18.8	25.1	--	--	18.8	25.1
Electric	--	--	307.8	348.0	307.8	348.0
Gas	--	--	47.8	42.6	47.8	42.6
Sewer	--	--	42.8	39.5	42.8	39.5
Water	--	--	21.4	24.8	21.4	24.8
Airport	--	--	18.7	17.0	18.7	17.0
StarMetro	--	--	17.4	18.0	17.4	18.0
Solid Waste	--	--	20.1	20.1	20.1	20.1
Golf	--	--	0.9	1.4	0.9	1.4
Stormwater Management	--	--	13.2	12.1	13.2	12.1
Fire Services	--	--	27.6	28.1	27.6	28.1
<b>Total Expenses</b>	<b>157.8</b>	<b>171.6</b>	<b>517.7</b>	<b>551.6</b>	<b>675.5</b>	<b>723.2</b>
<b>Excess (Deficiency) before transfers</b>						
	(39.6)	17.5	78.2	54.8	38.6	72.3
Transfers	29.6	25.9	(29.6)	(25.9)	--	--
<b>Increase (Decrease) in Net Assets</b>	<b>(\$10.0)</b>	<b>\$43.4</b>	<b>\$48.6</b>	<b>\$28.9</b>	<b>\$38.6</b>	<b>\$72.3</b>

**GOVERNMENTAL ACTIVITIES** - Governmental activities decreased the City net assets by \$10 million . See pages 30 and 31 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions.

Governmental activities revenues decreased by \$70.9 million; principal components of the decrease are as follows:

- Revenues from Capital Grants and Contributions decreased by \$72 million compared to last year; primarily due to the recording in the prior year of the transfer of roads from the State of Florida to the City.

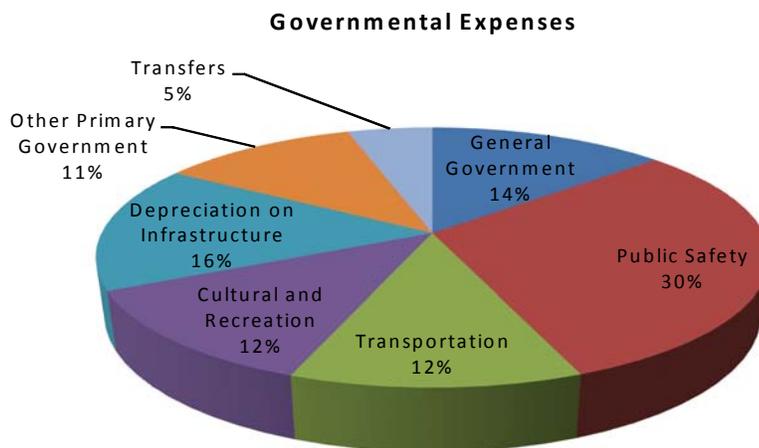
The following chart illustrates the City’s governmental activities revenues by source.



Governmental activities expenses decreased by \$13.8 million; principal components of the decrease are as follows:

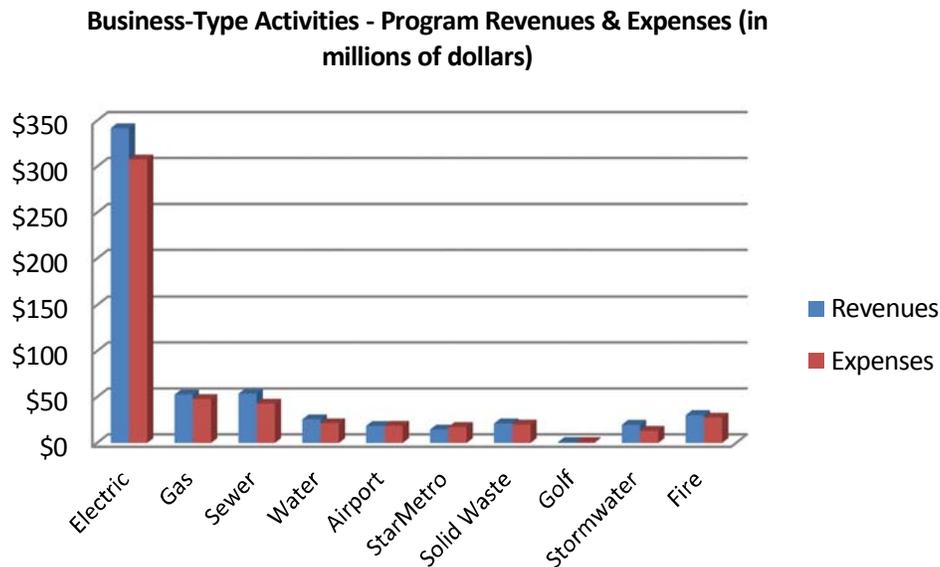
- A larger portion of transportation expenditures were related to projects which were capitalized, resulting in less expenses.
- Personnel expenses decreased as compared to the prior year due to the City implementing a variety of programs including a mandatory furlough day and a voluntary separation incentive package.

The following chart illustrates the City’s governmental expenses by function.



**BUSINESS-TYPE ACTIVITIES** - Business-type activities increased the City’s net assets by \$48.6 million. Key elements for this increase are as follows:

- Total revenues for the business-type activities decreased \$10.5 million as compared to the prior year primarily due to decreased natural gas costs that are passed on to the customer. Demand for the City’s utility services remained relatively flat between 2009 and 2010 as customer growth was less than 1% and customers continued to react to the economic environment.
- Personnel expenses decreased as compared to the prior year due to the City implementing a variety of programs including a mandatory furlough day and a voluntary separation incentive package.



**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 focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As of September 30, 2010, the City’s governmental funds reported combined ending fund balances of \$134.7 million, a decrease of \$1.8 million in comparison with the prior year. Of this amount \$42.4 million, 31.5%, is *unreserved fund balance* which is available for spending at the City’s discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for the following purposes: 1) to complete approved projects of the City (\$61 million), 2) to liquidate contracts and purchase orders (\$14.2 million), and 3) to pay future debt service, (\$9.6 million).

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 9/30/2009	Sources	Uses	Sources Over (Under)	Fund Balances 9/30/2010
<b>General Fund</b>	\$ 8.9	\$ 130.8	\$ 123.1	\$ 7.7	\$ 16.6
<b>Community Redevelopment Agency</b>	8.8	3.1	2.6	0.5	9.3
<b>Other Funds</b>	118.8	41.1	51.1	(10.0)	108.8
<b>Total City Funds</b>	<u>\$ 136.5</u>	<u>\$ 175.0</u>	<u>\$ 176.8</u>	<u>\$ (1.8)</u>	<u>\$ 134.7</u>

The General Fund is the chief operating fund of the City. At the end of the fiscal year, unreserved fund balance was \$12.6 million, out of a total fund balance of \$16.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance is 11.8% of total expenditures, while total fund balance is 15.6% of the same amount.

During the fiscal year ending September 30, 2010, fund balance of the City's General Fund increased by \$7.7. A number of factors contributed to the net increase in fund balance as follows:

- Property tax revenues increased by approximately \$2.2 million due to an increase in the City's ad valorem rate.
- Expenditures decreased by approximately \$2.5 million due to a number of cost reduction measures undertaken by the City.

### 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 92 of the financial statements.

There were no differences between the total original and final revenue and the total original and final expenditure budget; however changes to the budgets between functions occurred between the budget for transfers, which increased by \$3.4 million, and various other expense categories that decreased to fund projects. Project priorities change during the year based on needs, assessments, availability of grant funding or other issues that impact the start or completion of projects or their cost.

Actual revenues for the year were approximately \$3.8 million, or 2.9%, below the final revenue budget. These variances were spread across most revenue sources as the City's revenue stream continued to be impacted by the economic environment. Actual expenditures for the year were approximately \$5.1 million, or 3.8%, below the final expenditure budget. Due to regular budget monitoring and continuation of soft freezes on hiring for vacant positions, most departments ended the fiscal year with expenditures below budgeted amounts.

#### CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities, net of depreciation, as of September 30, 2010, was approximately \$2.3 billion. This represents a net increase of approximately \$63 million, or 2.8% over last year. See Note IV-D for more information about the City's capital assets.

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

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total %</u> <u>Change</u>
	2010	2009	2010	2009	2010	2009	2010-2009
<b>Land</b>	\$ 355	\$ 351	\$ 123	\$ 123	\$ 478	\$ 474	0.01
<b>Buildings</b>	65	66	66	68	131	134	(0.02)
<b>Equipment</b>	7	9	385	393	392	402	(0.02)
<b>Improvements (Other than Building)</b>	8	9	9	10	17	19	(0.11)
<b>Infrastructure</b>	438	458	491	463	929	921	0.01
<b>Intangibles</b>	--	--	55	50	55	50	0.10
<b>Construction in Progress</b>	58	54	267	208	325	262	0.24
<b>Total</b>	<u>\$ 931</u>	<u>\$ 947</u>	<u>\$ 1,396</u>	<u>\$ 1,315</u>	<u>\$ 2,327</u>	<u>\$ 2,262</u>	0.03

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

- Street construction, widening and expansion projects - \$6.6 million
- Acquisition of vehicles for the City's fleet - \$3.9 million
- StarMetro acquisition of buses and vehicles - \$5.6 million
- 800 MHz Digital Upgrade - \$1.8 million
- Smart metering program - \$2.5 million
- Aviation infrastructure - \$3.7 million
- Stormwater infrastructure - \$2.3 million
- Gas transmission and distribution infrastructure - \$2.6 million
- Water transmission and distribution infrastructure - \$5.3 million
- Sewer collection, treatment, and disposal infrastructure - \$67.8 million
- Electric generation, transmission and distribution infrastructure - \$39.9 million

**LONG-TERM DEBT**

As shown in the following table, as of September 30, 2010, the City had \$1,008.5 million in total bonded debt outstanding. This amount represents bonds and loans secured by specified revenue sources and excludes issuance premium and discounts

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	2010	2009	2010	2009	2010	2009
<b>General Revenue Bonds</b>	\$ 106.9	\$ 115.8	\$ --	\$ --	\$ 106.9	\$ 115.8
<b>Sunshine State</b>	2.3	2.3	36.0	38.2	38.3	40.5
<b>Proprietary Revenue Bonds</b>	--	--	823.1	710.1	823.1	710.1
<b>Other Loans</b>	--	--	40.2	37.4	40.2	37.4
<b>Total</b>	<u>\$ 109.2</u>	<u>\$ 118.1</u>	<u>\$ 899.3</u>	<u>\$ 785.7</u>	<u>\$ 1,008.5</u>	<u>\$ 903.8</u>

The City's total bonded debt increased by \$104.7 million, or 11.6%, during the current fiscal year. In addition to the scheduled pay down of existing debt, the prominent components of this change were:

- On April 7, 2010, the City issued Energy System Refunding Revenue Bonds, Series 2010 in the amount of approximately \$77.8 million. The bonds were issued to refund a portion of the City's outstanding Energy System Refunding Revenue Bonds, Series 1998A and all of the City's outstanding Energy System Refunding Revenue Bonds, Series 1998B.
- On July 23, 2010, the City issued Energy System Refunding Revenue Bonds, Series 2010A in the amount of approximately \$43.2 million. The bonds were issued to refund a portion of the City's outstanding Energy System Refunding Revenue Bonds, Series 1998A.
- On September 9, 2010, the City issued Consolidated Utility System Revenue Bonds, Series 2010A (Federally Taxable – Build America Bonds) in the amount of approximately \$117 million and the Consolidated Utility System Revenue Bonds, Series 2010B in the amount of approximately \$25.8 million. The bonds were issued to finance improvements to the City's Water and Wastewater systems.

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

**Table 6  
Bond Ratings**

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

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

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

- The unemployment rate for the Tallahassee MSA increased from 8.1percent to 8.7 percent; as compared with the statewide rate which increased from 11.5 percent to 12.0 percent.
- The percentage of employees employed by local, state, and federal government in the Tallahassee MSA is approximately 34 percent of the work force.
- The ratio of taxable assessed value to total estimated value for ad valorem tax purposes equals 47.44 percent, demonstrating the lack of taxable property in the City due to the large amount of tax-exempt property. In addition, property tax reform initiated at the state level and the general slowdown in the state economy, especially in the housing market, continues to have significant impact on the revenues of the City.
- Inflationary pressures, the lack of growth, increased conservation, and environmental issues continue to impact the City’s electric, gas, water and sewer utilities.

These indicators, as well as others, were taken into account when adopting the City’s budget for fiscal year 2011. The City’s total operating budget for fiscal year 2011 totals \$726.9 million, which is \$8.2 million more than the fiscal year 2010 approved budget. Projected increasing natural gas costs for the City’s Electric and Gas Utilities accounts for most of the decrease. The 2011 budget allocates \$135.6 million to the General fund, \$567.1 million to the Enterprise funds, and \$24.2 million to other funds.

For the fiscal year 2011 budget, the ad valorem tax rate remains at 3.700 mills. The only significant change to the City’s various rates and fees to be effective in fiscal year 2011 is an 11% increase in the City’s water rates.

Personnel expenditures account for approximately 22.9% of the City's Operating Budget. The City's fiscal year 2011 operating budget includes a net decrease of 8 positions, bringing the budgeted full time equivalent staff count to 2,841.

The City's fiscal year 2011 Capital Budget totals \$207.6 million with the City's utilities accounting for \$141.9 million (68.4%); other major uses include transportation, general government, and culture and recreation.

Bond proceeds (new and existing) will fund approximately 58.1% of these capital projects with the balance of funding coming primarily from capital improvement funds reserved for projects, federal funds, state funds, and general government resources. The City has a five year plan for capital improvements for all projects planned through fiscal year 2015 that totals \$826.4 million with appropriations of funding made on an annual basis.

#### **FINANCIAL CONTACT**

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

# **BASIC FINANCIAL STATEMENTS**

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

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2010**  
(in thousands)

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Downtown Improvement Authority
<b>Current Assets</b>				
Cash and Cash Equivalents.....	\$ 77,497	\$ 202,457	\$ 279,954	\$ 249
Securities Lending Collateral .....	3,657	10,656	14,313	12
Receivables:				
Accrued Interest.....	292	793	1,085	1
Customers and Other.....	3,378	34,751	38,129	--
Notes.....	149	10,460	10,609	--
Special Assessments.....	242	--	242	--
Less: Allowance for Doubtful Accounts.....	(780)	(3,220)	(4,000)	--
Due from Other Governments.....	4,481	5,333	9,814	4
Prepaid Expenses.....	145	--	145	--
Inventory .....	240	51,994	52,234	--
Cash and Cash Equivalents - Restricted.....	68,376	359,013	427,389	--
Investments - Restricted.....	7,730	--	7,730	--
Securities Lending Collateral - Restricted.....	3,532	15,083	18,615	--
Receivables - Restricted:				
Accrued Interest.....	263	1,380	1,643	--
Other.....	33	7	40	--
Notes.....	4,324	--	4,324	--
Due from Other Governments.....	2,713	833	3,546	--
<b>Total Current Assets.....</b>	<b>176,272</b>	<b>689,540</b>	<b>865,812</b>	<b>266</b>
<b>Noncurrent Assets</b>				
Internal Balances.....	28,588	(28,588)	--	--
Deferred Outflow of Resources.....	--	60,636	60,636	--
Deposits.....	--	33,585	33,585	--
Unamortized Bond Issue Costs.....	651	8,669	9,320	--
Capital Assets				
Land and Construction in Progress.....	411,043	389,664	800,707	--
Other, Net of Accumulated Depreciation.....	518,425	1,006,374	1,524,799	--
<b>Total Noncurrent Assets.....</b>	<b>958,707</b>	<b>1,470,340</b>	<b>2,429,047</b>	<b>--</b>
<b>Total Assets.....</b>	<b>\$ 1,134,979</b>	<b>\$ 2,159,880</b>	<b>\$ 3,294,859</b>	<b>\$ 266</b>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**September 30, 2010**  
(in thousands)

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>	<b>Downtown Improvement Authority</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Obligations Under Securities Lending .....	\$ 3,657	\$ 10,656	\$ 14,313	\$ 12
Accounts Payable.....	8,711	38,493	47,204	12
Customer Contracts Payable.....	--	765	765	--
Utility Deposits Payable.....	--	20,745	20,745	--
Unearned Revenue.....	2,062	72	2,134	--
Compensated Absences.....	6,333	7,683	14,016	10
Accounts Payable - Restricted.....	3,220	1,517	4,737	--
Obligations Under Securities Lending - Restricted	3,532	15,083	18,615	--
Unearned Revenue - Restricted.....	171	--	171	--
Bonds & Loans Payable - Current.....	5,755	23,730	29,485	--
<b>Total Current Liabilities.....</b>	<b>33,441</b>	<b>118,744</b>	<b>152,185</b>	<b>34</b>
<b>Noncurrent Liabilities</b>				
Compensated Absences.....	2,475	3,651	6,126	12
Customer Contracts Payable.....	--	2,030	2,030	--
Claims Payable.....	--	10,362	10,362	--
Net OPEB Obligation.....	2,500	--	2,500	--
Derivative Instruments.....	--	60,636	60,636	--
Bonds & Loans Payable.....	103,450	875,529	978,979	--
Unamortized Bond Premium .....	2,418	20,523	22,941	--
Deferment of Loss on Early Retirement of Debt	--	(5,827)	(5,827)	--
<b>Total Noncurrent Liabilities.....</b>	<b>110,843</b>	<b>966,904</b>	<b>1,077,747</b>	<b>12</b>
<b>Total Liabilities.....</b>	<b>144,284</b>	<b>1,085,648</b>	<b>1,229,932</b>	<b>46</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of Related Debt	845,995	681,553	1,527,548	--
Restricted for:.....				
Capital Projects.....	4,290	117,626	121,916	--
Debt Service.....	9,555	39,716	49,271	--
Other Purposes.....	7,023	--	7,023	--
Unrestricted.....	123,832	235,337	359,169	220
<b>Total Net Assets.....</b>	<b>990,695</b>	<b>1,074,232</b>	<b>2,064,927</b>	<b>220</b>
<b>Total Liabilities and Net Assets.....</b>	<b>\$ 1,134,979</b>	<b>\$ 2,159,880</b>	<b>\$ 3,294,859</b>	<b>\$ 266</b>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended September 30, 2010  
(in thousands)

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General Government.....	\$ 22,575	\$ 1,638	\$ 885	\$ --
Public Safety.....	50,298	2,071	1,914	2
Transportation.....	19,571	2,821	551	259
Human Services.....	2,715	503	419	--
Economic Development.....	9,265	220	5,798	--
Physical Environment.....	2,350	861	330	89
Culture and Recreation.....	20,264	3,378	26	33
Unallocated Depreciation on Infrastructure.....	26,210	--	--	--
Interest on Long-Term Debt.....	4,528	--	--	--
<b>Total governmental activities.....</b>	<b>157,776</b>	<b>11,492</b>	<b>9,923</b>	<b>383</b>
<b>Business-type Activities:</b>				
Electric.....	307,823	341,778	--	--
Gas.....	47,823	52,697	--	--
Sewer.....	42,792	53,648	--	--
Water.....	21,402	25,673	--	--
Airport.....	18,656	11,729	--	6,880
StarMetro.....	17,364	4,509	3,648	6,497
Solid Waste.....	20,126	21,200	--	--
Golf.....	889	858	--	62
Stormwater Management.....	13,213	18,906	--	822
Fire Services.....	27,597	30,297	--	--
<b>Total business-type activities.....</b>	<b>517,685</b>	<b>561,295</b>	<b>3,648</b>	<b>14,261</b>
<b>Total primary government.....</b>	<b>\$ 675,461</b>	<b>\$ 572,787</b>	<b>\$ 13,571</b>	<b>\$ 14,644</b>
<b>Component Unit:</b>				
Downtown Improvement Authority.....	\$ 325	\$ --	\$ --	\$ --

General Revenues:

Property taxes, levied for general purposes.....	
Public service taxes.....	
Business license tax.....	
Grants and contributions not restricted to specific programs.....	
Net unrestricted investment earnings.....	
Net securities lending income.....	
Net increase in fair value of investments.....	
Miscellaneous.....	
Net transfers.....	
<b>Total general revenues and transfers.....</b>	
Change in net assets.....	
Net assets - October 1.....	
Adjustment to October 1 net assets.....	
Net assets - October 1 as restated.....	
Net assets - 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, 2010  
(in thousands)

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (20,052)	\$ --	\$ (20,052)	\$ --
(46,311)	--	(46,311)	--
(15,940)	--	(15,940)	--
(1,793)	--	(1,793)	--
(3,247)	--	(3,247)	--
(1,070)	--	(1,070)	--
(16,827)	--	(16,827)	--
(26,210)	--	(26,210)	--
(4,528)	--	(4,528)	--
<u>(135,978)</u>	<u>--</u>	<u>(135,978)</u>	<u>--</u>
--	33,955	33,955	--
--	4,874	4,874	--
--	10,856	10,856	--
--	4,271	4,271	--
--	(47)	(47)	--
--	(2,710)	(2,710)	--
--	1,074	1,074	--
--	31	31	--
--	6,515	6,515	--
--	2,700	2,700	--
<u>--</u>	<u>61,519</u>	<u>61,519</u>	<u>--</u>
<u>(135,978)</u>	<u>61,519</u>	<u>(74,459)</u>	<u>--</u>
			<u>(325)</u>
35,113	--	35,113	174
23,140	--	23,140	--
5,214	--	5,214	--
24,181	--	24,181	--
5,985	12,374	18,359	10
12	31	43	--
1,045	3,912	4,957	2
1,738	381	2,119	111
29,588	(29,588)	--	--
<u>126,016</u>	<u>(12,890)</u>	<u>113,126</u>	<u>297</u>
<u>(9,962)</u>	<u>48,629</u>	<u>38,667</u>	<u>(28)</u>
<u>1,000,657</u>	<u>1,024,466</u>	<u>2,025,123</u>	<u>248</u>
<u>--</u>	<u>1,137</u>	<u>1,137</u>	<u>--</u>
<u>1,000,657</u>	<u>1,025,603</u>	<u>2,026,260</u>	<u>248</u>
<u>\$ 990,695</u>	<u>\$ 1,074,232</u>	<u>\$ 2,064,927</u>	<u>\$ 220</u>

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

# FUNDS

## GOVERNMENTAL FUNDS

<b>General</b>	Accounts for all financial resources except those required to be accounted for in another fund. The functions paid for by the general fund include police, protective inspection, code enforcement, culture and recreation, general government, transportation, human services, economic development, and physical environment.
<b>Community Redevelopment Agency</b>	Accounts for the general tax revenue collected on and the expenses incurred in the redevelopment of properties in the community redevelopment area.
<b>Other Governmental Funds</b>	Detailed descriptions of these funds are provided on page 99.

## PROPRIETARY FUNDS

<b>Electric</b>	Accounts for the assets, operation and maintenance of the City-owned electric generation, transmission, and distribution system.
<b>Gas</b>	Accounts for the assets, operation and maintenance of the City-owned gas system.
<b>Sewer</b>	Accounts for the assets, operation and maintenance of the City's wastewater collection and treatment system.
<b>Water</b>	Accounts for the assets, operation and maintenance of the City's water production and distribution system.
<b>Airport</b>	Accounts for the assets, operation and maintenance of the City-owned regional airport.
<b>Stormwater Management</b>	Accounts for the operation, maintenance, and expansion of the City-owned stormwater utility system.
<b>Other Enterprise Funds</b>	Detailed descriptions of these funds are provided on page 104.
<b>Internal Service Funds</b>	Detailed descriptions of these funds are provided on page 109.

# **FUNDS**

(continued)

## **FIDUCIARY FUNDS**

### **Pension Trust**

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

### **Nuclear Decommissioning**

Accounts for resources legally held in trust for Florida Power Corporation (FPC) for the future decommissioning of the Crystal River Unit 3 Utility Plant (CR3 Plant).

### **OPEB Trust**

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

**CITY OF TALLAHASSEE, FLORIDA**  
**BALANCE SHEET**  
**Governmental Funds**  
**September 30, 2010**  
**(in thousands)**

	<b>General</b>	<b>Community Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 19,295	\$ --	\$ 40,768	\$ 60,063
Securities Lending Collateral .....	911	--	1,924	2,835
Receivables:				
Accrued Interest.....	78	--	144	222
Customers and Other.....	3,219	--	98	3,317
Notes.....	--	--	149	149
Special Assessments - Current.....	--	--	242	242
Less: Allowance for Doubtful Accounts.....	( 780)	--	--	( 780)
Due From Other Governments.....	1,696	--	2,785	4,481
Advances to Other Funds.....	2,781	--	--	2,781
Inventory.....	240	--	--	240
Cash and Cash Equivalents - Restricted.....	257	9,259	58,860	68,376
Investments - Restricted.....	12	--	7,730	7,742
Securities Lending Collateral - Restricted.....	--	437	3,083	3,520
Receivables - Restricted:				
Accrued Interest Receivable.....	--	36	227	263
Customers.....	--	25	8	33
Notes Receivable.....	--	--	4,324	4,324
Due from Other Governments.....	--	--	2,713	2,713
<b>Total Assets.....</b>	<b>\$ 27,709</b>	<b>\$ 9,757</b>	<b>\$ 123,055</b>	<b>\$ 160,521</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Obligations Under Securities Lending .....	911	\$ --	\$ 1,924	\$ 2,835
Accounts and Retainage Payable.....	4,331	17	2,808	7,156
Unearned Revenue.....	1,631	--	348	1,979
Accounts and Retainage Payable - Restricted...	257	--	2,963	3,220
Obligations Under Securities Lending - Restricted...	12	437	3,083	3,532
Due to Other Funds.....	66	--	--	66
Advances from Other Funds.....	3,889	--	2,927	6,816
Unearned Revenue - Restricted.....	--	--	171	171
<b>Total Liabilities.....</b>	<b>11,097</b>	<b>454</b>	<b>14,224</b>	<b>25,775</b>
<b>FUND BALANCES</b>				
Reserved for:				
Encumbrances.....	997	738	12,494	14,229
Advances to Other Funds.....	2,781	--	--	2,781
Inventory.....	240	--	--	240
Projects.....	--	5,433	55,608	61,041
Notes Receivable.....	--	--	4,473	4,473
Debt Service.....	--	--	9,555	9,555
Unreserved, designated for:				
General Fund - Deficiencies.....	12,594	--	--	12,594
Unreserved, undesignated, reported in:				
Special Revenue Funds.....	--	3,132	6,489	9,621
Capital Project Funds.....	--	--	14,028	14,028
Permanent Fund.....	--	--	6,184	6,184
<b>Total Fund Balances.....</b>	<b>16,612</b>	<b>9,303</b>	<b>108,831</b>	<b>134,746</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 27,709</b>	<b>\$ 9,757</b>	<b>\$ 123,055</b>	<b>\$ 160,521</b>

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

**CITY OF TALLAHASSEE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**September 30, 2010**  
**(in thousands)**

**Total Fund Balances - Governmental Funds** \$ 134,746

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 916,324

Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds. 17,764

Unamortized Bond Issue Costs are not financial resources and, therefore, are not reported in the funds. 651

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 services funds are included in the Statement of Net Assets. 33,355

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (112,145)

**Net Assets - Governmental Activities** \$ 990,695

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, 2010**  
**(in thousands)**

	<b>General Fund</b>	<b>Community Redevelopment Agency</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Revenues:</b>				
Taxes.....	\$ 57,255	\$ 998	\$ --	\$ 58,253
Licenses and Permits.....	2,531	--	3,405	5,936
Intergovernmental Revenues.....	13,006	1,801	19,569	34,376
Charges for Services.....	7,756	--	264	8,020
Fines and Forfeitures.....	983	--	179	1,162
Net Investment Earnings.....	894	295	4,123	5,312
Securities Lending Income.....	3	3	27	33
Net Increase in the Fair Value of Investments...	140	66	713	919
Miscellaneous Revenues.....	10,534	25	486	11,045
<b>Total Revenues.....</b>	<b>93,102</b>	<b>3,188</b>	<b>28,766</b>	<b>125,056</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government.....	23,538	--	6,151	29,689
Public Safety.....	45,859	--	4,640	50,499
Transportation.....	13,580	--	15,090	28,670
Human Services.....	2,168	--	471	2,639
Economic Environment.....	1,679	2,625	7,792	12,096
Physical Environment.....	1,526	--	1,013	2,539
Cultural and Recreation.....	17,968	--	1,877	19,845
<b>Securities Lending Expense:</b>				
Interest.....	2	2	16	20
Agent Fees.....	--	--	2	2
<b>Debt Service:</b>				
Principal Retired.....	--	--	6,890	6,890
Interest and Fiscal Charges.....	43	--	4,614	4,657
<b>Total Expenditures.....</b>	<b>106,363</b>	<b>2,627</b>	<b>48,556</b>	<b>157,546</b>
<b>Excess of Revenues Over (Under) Expenditures....</b>	<b>(13,261)</b>	<b>561</b>	<b>(19,790)</b>	<b>(32,490)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In.....	37,669	--	12,323	49,992
Transfers Out.....	(16,733)	--	(2,485)	(19,218)
Proceeds from Sale of Capital Assets.....	--	--	--	--
<b>Total Other Financing Sources (Uses).....</b>	<b>20,936</b>	<b>--</b>	<b>9,838</b>	<b>30,774</b>
<b>Net Change in Fund Balances.....</b>	<b>7,675</b>	<b>561</b>	<b>(9,952)</b>	<b>(1,716)</b>
<b>Fund Balances - October 1.....</b>	<b>8,937</b>	<b>8,742</b>	<b>118,783</b>	<b>136,462</b>
<b>Fund Balances - September 30.....</b>	<b>\$ 16,612</b>	<b>\$ 9,303</b>	<b>\$ 108,831</b>	<b>\$ 134,746</b>

**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, 2010  
(in thousands)**

**Net Changes in Fund Balances - Total Governmental Funds** \$ (1,716)

Amounts reported for governmental activities in the Statement of Net Assets 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. (16,785)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain internal services funds is reported with governmental activities. (1,245)

Repayment of bond principal is reported as an expenditure in governmental funds. For the city as a whole, however, the principal payments reduce the liability in the Statement of Net Assets and does not result in an expense in the Statement of Activities. 6,890

The change in the unfunded Net OPEB Obligation which is included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds. 2,901

The amortization of bond issue costs and bond premiums which is included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds. 217

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. (224)

**Change in Net Assets of Governmental Activities** \$ (9,962)

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**Proprietary Funds**  
**September 30, 2010**  
**(in thousands)**

	Enterprise Funds								Internal Service Funds	
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds		
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents.....	\$ 74,119	\$ 2,805	\$ 1,425	\$ 682	\$ 3,554	\$ 62,900	\$ 10,132	\$ 155,617	\$ 64,274	
Investments.....	--	--	--	--	--	--	--	--	--	
Securities Lending Collateral.....	4,521	174	103	32	168	2,969	479	8,446	3,032	
Receivables:										
Accrued Interest.....	285	14	3	3	14	248	42	609	254	
Notes.....	9,545	--	915	--	--	--	--	10,460	--	
Customers and Others.....	21,272	1,442	3,125	1,555	1,118	840	3,663	33,015	1,797	
Due From Other Governments.....	18	--	887	--	--	2,229	2,199	5,333	--	
Less: Allowance for Doubtful Accounts.....	(1,750)	(100)	(259)	(102)	(366)	--	(643)	(3,220)	--	
Prepaid Expenses.....	--	--	--	--	--	--	--	--	145	
Due from Other Funds.....	30,485	--	--	--	--	146	--	30,631	75	
Inventory.....	46,760	102	1,488	74	--	--	768	49,192	2,802	
Cash and Cash Equivalents - Restricted.....	100,051	8,951	187,861	51,082	8,968	--	2,100	359,013	--	
Investments - Restricted.....	--	--	--	--	--	--	--	--	--	
Securities Lending Collateral - Restricted.....	3,656	305	8,621	2,078	423	--	--	15,083	--	
Receivables - Restricted.....	--	--	--	--	--	--	--	--	--	
Other.....	7	--	--	--	--	--	--	7	--	
Accrued Interest.....	395	26	747	176	36	--	--	1,380	--	
Due from Other Governments.....	--	--	--	--	833	--	--	833	--	
<b>Total Current Assets.....</b>	<b>289,364</b>	<b>13,719</b>	<b>204,916</b>	<b>55,580</b>	<b>14,748</b>	<b>69,332</b>	<b>18,740</b>	<b>666,399</b>	<b>72,379</b>	
<b>Noncurrent Assets</b>										
Advances to Other Funds.....	--	--	--	--	--	--	--	--	6,072	
Derivative Instruments.....	--	--	--	--	--	--	243	243	459	
Deferred Outflows of Resources.....	--	--	--	--	--	--	--	--	61,338	
Deposits.....	--	--	--	--	--	--	488	488	33,097	
Unamortized Bond Issue Costs.....	5,419	245	2,480	506	19	--	--	8,669	--	
Capital Assets										
Land and Construction in Progress.....	138,664	6,529	109,753	11,402	28,221	88,071	6,901	389,541	4,722	
Other, Net of Accumulated Depreciation.....	519,780	48,710	168,917	107,521	53,215	32,274	38,021	968,438	46,481	
<b>Total Noncurrent Assets.....</b>	<b>663,863</b>	<b>55,484</b>	<b>281,150</b>	<b>119,429</b>	<b>81,455</b>	<b>120,345</b>	<b>45,653</b>	<b>1,367,379</b>	<b>152,169</b>	
<b>Total Assets.....</b>	<b>\$ 953,227</b>	<b>\$ 69,203</b>	<b>\$ 486,066</b>	<b>\$ 175,009</b>	<b>\$ 96,203</b>	<b>\$ 189,677</b>	<b>\$ 64,393</b>	<b>\$ 2,033,778</b>	<b>\$ 224,548</b>	

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**Proprietary Funds**  
**September 30, 2010**  
**(in thousands)**

	Enterprise Funds										Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds			
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Accounts Payable.....	\$ 5,878	\$ 2,361	\$ 8,134	\$ 387	\$ 2,329	\$ 1,184	\$ 5,366	\$ 25,639	\$	14,409	
Due to Other Funds.....	--	--	--	--	--	--	9	9	9	30,485	
Compensated Absences.....	1,706	135	855	375	295	344	2,518	6,228	2,158	2,158	
Obligations Under Securities Lending.....	4,521	174	103	32	168	2,969	479	8,446	3,032	3,032	
Customer Contracts Payable.....	--	--	480	285	--	--	--	765	--	--	
Unearned Revenue.....	--	--	--	--	--	27	45	72	83	83	
Utility Deposits Payable.....	18,979	379	--	1,387	--	--	--	20,745	--	--	
Obligations Under Securities Lending - Restricted.....	3,656	305	8,621	2,078	423	--	--	15,083	--	--	
Retainage Payable and Accounts Payable - Restricted.....	471	190	445	174	237	--	--	1,517	--	--	
Loans Payable - Current.....	5,111	150	803	--	--	--	381	6,445	--	--	
Bonds Payable - Current.....	9,408	1,247	5,192	583	855	--	--	17,285	--	1,140	
<b>Total Current Liabilities.....</b>	<b>49,730</b>	<b>4,941</b>	<b>23,830</b>	<b>6,104</b>	<b>4,307</b>	<b>4,524</b>	<b>8,798</b>	<b>102,234</b>	<b>51,307</b>		
<b>Noncurrent Liabilities</b>											
Loans Payable.....	49,669	2,553	--	15,796	1,095	--	1,725	70,838	2,300	10,362	
Claims Payable.....	--	--	--	--	--	--	--	--	--	--	
Customer Contracts Payable.....	--	--	1,378	652	--	--	--	2,030	--	--	
Advances from Other Funds.....	9,773	8,255	--	--	1,095	--	--	19,123	824	824	
Compensated Absences.....	1,208	69	324	212	231	138	921	3,103	896	896	
Net OPEB Obligations.....	--	--	--	--	--	--	--	--	--	--	
Derivative Instruments.....	--	--	--	--	--	--	--	--	61,338	459	
Deferred Inflows of Resources.....	--	--	--	--	--	--	243	243	805,786	6,295	
Bonds Payable.....	440,838	20,892	281,338	60,908	1,810	--	--	--	--	--	
Unamortized Bond Premium (Discount).....	12,377	379	6,380	1,389	(2)	--	--	20,523	--	--	
Deferment of Gain (Loss) on Early Retirement of Debt.....	(5,056)	--	(1,409)	697	(59)	--	--	(5,827)	--	--	
<b>Total Noncurrent Liabilities.....</b>	<b>508,809</b>	<b>32,148</b>	<b>288,011</b>	<b>79,654</b>	<b>3,075</b>	<b>138</b>	<b>2,889</b>	<b>914,724</b>	<b>82,474</b>		
<b>Total Liabilities.....</b>	<b>558,539</b>	<b>37,089</b>	<b>311,841</b>	<b>85,758</b>	<b>7,382</b>	<b>4,662</b>	<b>11,687</b>	<b>1,016,958</b>	<b>133,781</b>		
<b>NET ASSETS</b>											
Investment in Capital Assets, Net of Related Debt.....	160,966	22,012	139,243	79,409	78,792	120,345	42,815	643,582	51,115	51,115	
Restricted for Debt Service.....	18,755	1,845	15,782	2,598	736	--	--	39,716	--	--	
Restricted for Renewal, Replacement, and Improvements	71,911	4,293	23,078	7,381	8,863	--	2,100	117,626	--	--	
Unrestricted.....	143,056	3,964	(3,878)	(137)	430	64,670	7,791	215,896	39,652	39,652	
<b>Total Net Assets.....</b>	<b>\$ 394,688</b>	<b>\$ 32,114</b>	<b>\$ 174,225</b>	<b>\$ 89,251</b>	<b>\$ 88,821</b>	<b>\$ 185,015</b>	<b>\$ 52,706</b>	<b>1,016,820</b>	<b>\$ 90,767</b>		

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds..... 57,412

Net Assets of business-type activities..... \$ 1,074,232

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

**Proprietary Funds**  
**For the fiscal year ended September 30, 2010**  
(in thousands)

	Enterprise Funds									
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
<b>Operating Revenues:</b>										
Charges for Services:										
Residential Sales.....	\$ 148,514	\$ 13,539	\$ 26,037	\$ 12,094	\$ --	\$ 7,370	\$ 20,203	\$ 227,757	\$ --	
Commercial and Industrial Sales.....	165,255	21,710	18,054	7,632	--	9,976	22,122	244,749	--	
Public Street and Highway Lighting.....	4,029	--	--	--	--	--	--	4,029	--	
Sales for Resale.....	5,086	--	--	--	--	--	--	5,086	--	
Surcharge.....	2,114	163	946	1,348	--	--	--	4,571	--	
Tapping Fees.....	--	10	115	397	--	--	--	522	--	
Landing and Tie Down Fees.....	--	--	--	--	1,487	--	--	1,487	--	
Late Fees.....	1,055	102	--	100	--	--	--	1,257	--	
Initiating Service.....	944	120	--	508	--	--	--	1,572	--	
Rentals.....	528	--	--	591	8,519	--	--	9,638	--	
Cut-ins and Cut-fees.....	1,434	30	--	120	--	--	--	1,584	--	
County Government.....	--	--	--	--	--	--	8,482	8,482	--	
Recyclable Sales.....	--	--	--	--	--	--	369	369	--	
Recreation Fees.....	--	--	--	--	--	--	856	856	--	
Transportation Fees.....	--	--	--	--	--	--	4,433	4,433	--	
Other.....	5,394	489	4,836	2,271	1,723	1,026	389	16,128	292,309	
<b>Total Operating Revenues.....</b>	<b>334,353</b>	<b>36,163</b>	<b>49,988</b>	<b>25,061</b>	<b>11,729</b>	<b>18,372</b>	<b>56,854</b>	<b>532,520</b>	<b>292,309</b>	
<b>Operating Expenses:</b>										
Personnel Services.....	21,859	1,775	11,176	4,922	3,748	4,993	32,010	80,483	28,602	
Fossil Fuel.....	177,857	21,594	--	--	--	--	--	199,451	--	
Power Purchased.....	13,533	--	--	--	--	--	--	13,533	--	
Contractual Services.....	33,702	2,648	18,638	10,825	3,962	6,121	26,731	102,627	241,211	
Materials and Supplies.....	4,819	154	2,696	811	216	661	2,739	12,096	6,766	
Other Expenses.....	7,350	1,782	1,012	869	472	355	921	12,761	8,923	
Depreciation.....	34,026	1,638	6,544	3,167	3,630	918	2,906	52,829	8,709	
Amortization.....	265	31	127	18	77	--	--	518	--	
<b>Total Operating Expenses.....</b>	<b>293,411</b>	<b>29,622</b>	<b>40,193</b>	<b>20,612</b>	<b>12,105</b>	<b>13,048</b>	<b>65,307</b>	<b>474,298</b>	<b>294,211</b>	
<b>Operating Income (Loss).....</b>	<b>\$ 40,942</b>	<b>\$ 6,541</b>	<b>\$ 9,795</b>	<b>\$ 4,449</b>	<b>\$ (376)</b>	<b>\$ 5,324</b>	<b>\$ (8,453)</b>	<b>\$ 58,222</b>	<b>\$ (1,902)</b>	

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

Proprietary Funds  
For the fiscal year ended September 30, 2010  
(in thousands)

	Enterprise Funds										Internal Service Funds	
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds				
<b>Non-Operating Revenues (Expenses):</b>												
Net Investment Earnings.....	\$ 6,672	\$ 237	\$ 1,166	\$ 265	\$ 337	\$ 1,852	\$ 285	\$ 10,814	\$	2,233		
Net Increase in the Fair Value of Investments.....	1,243	73	1,326	321	90	451	72	3,576		462		
Securities Lending:												
Income.....	50	3	12	3	3	12	3	86		12		
Interest Expense.....	(30)	(2)	(7)	(2)	(2)	(7)	(2)	(52)		(8)		
Agent Fees.....	(4)	--	(1)	--	--	(1)	--	(6)		--		
Grant Revenues.....	--	--	--	--	--	--	3,648	3,648		--		
Other Revenues.....	5,504	266	3,660	612	--	534	10	10,586		247		
Interest Expense.....	(11,974)	(1,586)	(2,467)	(653)	(208)	--	(124)	(17,012)		(169)		
Gain (Loss) on Sale of Assets.....	--	--	--	--	--	--	--	--		592		
Other Expenses.....	(1)	--	(80)	(4)	(6,349)	--	--	(6,434)		(259)		
<b>Total Non-Operating Revenues (Expenses)...</b>	<b>1,460</b>	<b>(1,009)</b>	<b>3,609</b>	<b>542</b>	<b>(6,129)</b>	<b>2,841</b>	<b>3,892</b>	<b>5,206</b>		<b>3,110</b>		
<b>Income (Loss) Before Capital Contributions and Operating Transfers.....</b>	<b>42,402</b>	<b>5,532</b>	<b>13,404</b>	<b>4,991</b>	<b>(6,505)</b>	<b>8,165</b>	<b>(4,561)</b>	<b>63,428</b>		<b>1,208</b>		
<b>Capital Contributions and Transfers:</b>												
Capital Contributions.....	--	--	--	--	6,880	822	6,559	14,261		--		
Transfers In.....	5,384	375	--	35	--	--	8,851	14,645		104		
Transfers Out.....	(23,387)	(3,543)	(3,054)	(5,897)	(926)	(418)	(855)	(38,080)		(7,443)		
<b>Total Capital Contributions and Transfers....</b>	<b>(18,003)</b>	<b>(3,168)</b>	<b>(3,054)</b>	<b>(5,862)</b>	<b>5,954</b>	<b>404</b>	<b>14,555</b>	<b>(9,174)</b>		<b>(7,339)</b>		
<b>Change in Net Assets.....</b>	<b>24,399</b>	<b>2,364</b>	<b>10,350</b>	<b>(871)</b>	<b>(551)</b>	<b>8,569</b>	<b>9,994</b>	<b>54,254</b>		<b>(6,131)</b>		
<b>Net Assets - October 1.....</b>	<b>367,661</b>	<b>29,750</b>	<b>163,875</b>	<b>90,122</b>	<b>89,372</b>	<b>176,446</b>	<b>52,534</b>	<b>88,567</b>		<b>8,331</b>		
<b>Adjustment to October 1 Net Assets.....</b>	<b>2,628</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(9,822)</b>	<b>8,331</b>		<b>96,898</b>		
<b>Net Assets - October 1, as restated.....</b>	<b>370,289</b>	<b>29,750</b>	<b>163,875</b>	<b>90,122</b>	<b>89,372</b>	<b>176,446</b>	<b>42,712</b>	<b>96,898</b>		<b>90,767</b>		
<b>Net Assets - September 30</b>	<b>\$ 394,688</b>	<b>\$ 32,114</b>	<b>\$ 174,225</b>	<b>\$ 89,251</b>	<b>\$ 88,821</b>	<b>\$ 185,015</b>	<b>\$ 52,706</b>	<b>\$ 90,767</b>		<b>\$ 90,767</b>		

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds..... (5,345)  
Change in net assets of business-type activities..... \$ 48,909

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 Year Ended September 30, 2010**  
(in thousands)

	Enterprise Funds									
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Cash Received from Customers.....	\$ 325,039	\$ 36,390	\$ 48,847	\$ 25,021	\$ 11,989	\$ 17,931	\$ 57,137	\$ 522,354	\$ --	\$ 282,718
Cash Received from Other Funds.....	5,504	266	2,092	--	--	534	2	8,398	--	--
Cash Received from Other Revenues.....	(229,592)	(25,016)	(12,482)	(7,565)	(3,355)	(3,659)	(24,139)	(305,806)	(237,202)	(30,086)
Cash Paid to Suppliers for Goods and Services.....	(22,960)	(1,881)	(11,672)	(5,167)	(3,927)	(5,214)	(34,015)	(84,836)	(49,820)	--
Cash Paid to Employees for Services.....	(23,239)	--	(5,682)	(5,089)	(1,105)	(2,644)	(12,061)	(49,820)	--	--
Cash Paid to Other Funds.....	(1)	--	--	--	(6,349)	--	--	(6,350)	--	--
Net Cash Provided by (Used For) Operating Activities.....	54,751	9,759	21,103	7,202	(2,747)	6,948	(13,076)	83,940	15,430	--
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>										
Transfers In from Other Funds.....	5,384	375	--	35	--	--	8,913	14,707	317	--
Operating Grants Received.....	--	--	--	--	--	--	7,292	7,292	--	--
Repayment of Advances.....	--	--	--	--	(239)	--	(1)	(240)	--	--
Transfers Out to Other Funds.....	(23,387)	(3,543)	(3,054)	(5,897)	(926)	(418)	(855)	(38,080)	(7,443)	--
Net Cash Provided by (Used for) Noncapital Financing Activities.....	(18,003)	(3,168)	(3,054)	(5,862)	(1,165)	(418)	15,349	(16,321)	(7,126)	--
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Receipts from Energy Loan Program.....	14,668	--	--	--	--	--	--	14,668	--	--
Capital Contributions.....	--	--	--	--	7,506	822	6,497	14,825	--	--
System Charges.....	--	--	1,568	399	--	--	--	1,967	--	--
Proceeds from Sale of Property.....	--	--	--	--	--	--	--	--	--	--
Bond and Loan Proceeds.....	122,893	314	112,409	31,090	--	--	--	266,706	(312)	--
Acquisition and Construction of Capital Assets.....	(60,549)	(3,998)	(68,635)	(6,617)	(4,043)	(3,447)	(6,215)	(153,504)	(2,125)	--
Principal and Refunding Payments.....	(138,034)	(665)	(8,490)	(1,583)	(1,625)	--	--	(150,397)	--	--
Repayment of Loans from Other Funds.....	(2,504)	(2,331)	(29)	--	--	--	(709)	(5,573)	(2,517)	--
Funding of Energy Loan Program.....	(11,794)	--	--	--	--	--	--	(11,794)	--	--
Interest Paid.....	(11,078)	(1,620)	(5,216)	(1,317)	(211)	--	(124)	(19,566)	(169)	--
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	(86,398)	(8,300)	31,607	21,972	1,627	(2,625)	(551)	(42,668)	(5,123)	--
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Proceeds from Sale and Maturities of Investment Securities.....	113,442	10,896	136,689	25,658	1,615	--	--	288,300	--	--
Interest Received on Investments.....	6,716	222	2,443	390	345	1,856	282	12,254	2,237	--
Purchase of Investment Securities.....	(59,792)	(5,175)	(27,310)	(4,440)	--	--	--	(96,717)	(145)	--
Increase in the Fair Value of Cash and Cash Equivalents.....	1,243	73	1,326	321	90	451	72	3,576	462	--
Net Cash Provided by Investing Activities.....	\$ 61,609	\$ 6,016	\$ 113,148	\$ 21,929	\$ 2,050	\$ 2,307	\$ 354	\$ 207,413	\$ 2,554	\$ --

**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 Year Ended September 30, 2009**  
(in thousands)

	Enterprise Funds									
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 11,959	\$ 4,307	\$ 162,804	\$ 45,241	\$ (235)	\$ 6,212	\$ 2,076	\$ 232,364	\$ 5,735	
Cash and Cash Equivalents - October 1.....	162,211	7,449	26,482	6,523	12,757	56,688	10,156	282,266	58,539	
Cash and Cash Equivalents - September 30.....	<u>\$ 174,170</u>	<u>\$ 11,756</u>	<u>\$ 189,286</u>	<u>\$ 51,764</u>	<u>\$ 12,522</u>	<u>\$ 62,900</u>	<u>\$ 12,232</u>	<u>\$ 514,630</u>	<u>\$ 64,274</u>	
Classified As:										
Unrestricted Assets.....	\$ 74,119	\$ 2,805	\$ 1,425	\$ 682	\$ 3,554	\$ 62,900	\$ 10,132	\$ 155,617	\$ 64,274	
Restricted Assets.....	100,051	8,951	187,861	51,082	8,968	--	2,100	359,013	--	
	<u>\$ 174,170</u>	<u>\$ 11,756</u>	<u>\$ 189,286</u>	<u>\$ 51,764</u>	<u>\$ 12,522</u>	<u>\$ 62,900</u>	<u>\$ 12,232</u>	<u>\$ 514,630</u>	<u>\$ 64,274</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:										
Operating Income (Loss).....	\$ 40,941	\$ 6,541	\$ 9,795	\$ 4,449	\$ (376)	\$ 5,324	\$ (8,453)	\$ 58,221	\$ (1,902)	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:										
Depreciation.....	34,026	1,638	6,544	3,167	3,630	918	2,906	52,829	8,709	
Amortization.....	265	31	127	18	77	--	--	518	--	
Provision for Uncollectible Accounts.....	222	40	(134)	(67)	28	(12)	45	122	--	
Net OPEB Obligation.....	(1,109)	(119)	(549)	(241)	(196)	(234)	(2,116)	(4,564)	(1,442)	
Other.....	5,503	266	2,092	--	(6,349)	534	2	2,048	--	
(Increase) Decrease in Accounts Receivable.....	(519)	210	795	28	305	(295)	493	1,017	(893)	
Decrease in Other Accounts Receivable.....	--	--	--	--	--	--	--	--	5	
(Increase) Decrease in Inventory.....	(10,321)	(38)	113	3	--	--	(67)	(10,310)	10,512	
(Increase) Decrease in Notes Receivable.....	(2,874)	--	(915)	--	--	--	--	(3,789)	--	
(Increase) Decrease in Due From Other Funds.....	(6,911)	--	--	--	--	--	--	(6,911)	--	
(Increase) Decrease in Due From Other Governments.....	--	--	(887)	--	--	--	--	(887)	--	
Increase (Decrease) in Accounts Payable.....	(5,248)	1,200	4,441	129	119	700	(5,750)	(4,409)	2,279	
Decrease in Due To Other Funds.....	--	--	--	--	--	--	--	--	6,893	
Increase in Prepaid Expenses.....	--	--	--	--	--	--	(254)	(254)	(10,908)	
Increase in loans to other funds.....	--	--	--	--	--	--	--	--	2,205	
Increase in Utility Deposits Payable.....	768	(23)	--	(1)	--	--	--	744	--	
Increase (Decrease) in Deferred Revenue.....	--	--	--	--	--	--	30	30	--	
Increase (Decrease) in Customer Contracts Payable.....	--	--	(372)	(279)	--	--	--	(651)	--	
Increase (Decrease) in Compensated Absences.....	8	13	53	(4)	9	13	88	180	(42)	
Increase in Prepaid Fees Credit.....	--	--	--	--	6	--	--	6	--	
Decrease in Insurance Deposits.....	--	--	--	--	--	--	--	--	14	
Total Adjustments.....	13,810	3,218	11,308	2,753	(2,371)	1,624	(4,623)	25,719	17,332	
Net Cash Provided by (Used for) Operating Activities.....	<u>\$ 54,751</u>	<u>\$ 9,759</u>	<u>\$ 21,103</u>	<u>\$ 7,202</u>	<u>\$ (2,747)</u>	<u>\$ 6,948</u>	<u>\$ (13,076)</u>	<u>\$ 83,940</u>	<u>\$ 15,430</u>	

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**Fiduciary Funds**  
**September 30, 2010**  
**(in thousands)**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Nuclear Decommissioning Private-Purpose Trust Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 4,909	\$ 4,163	\$ -
Receivables			
Other Receivables.....	16,956	-	-
Accrued Interest.....	313	16	-
Total Receivables.....	17,269	16	-
Investments, at Fair Value			
Mutual Index Funds.....	284,906	-	-
Fixed Income Securities.....	302,542	-	-
Domestic Stock.....	296,385	-	-
International Stock.....	88,825	-	-
Short-term Investments.....	8,064	-	6,202
Real Estate.....	98,781	-	-
Total Investments.....	1,079,503	-	6,202
Securities Lending Collateral.....	45,812	197	319
Total Assets.....	\$ 1,147,493	\$ 4,376	\$ 6,521
<b>LIABILITIES AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Obligations Under Securities Lending.....	\$ 45,812	\$ 197	\$ 319
Other Payables.....	22,247	-	-
Total Liabilities.....	68,059	197	319
<b>NET ASSETS</b>			
Held in Trust for Benefits and Other Purposes.....	1,079,434	4,179	6,202
Total Liabilities and Net Assets.....	\$ 1,147,493	\$ 4,376	\$ 6,521

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

**CITY OF TALLAHASSEE, FLORIDA**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Fiduciary Funds**  
**For the fiscal year ended September 30, 2010**  
**(in thousands)**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Nuclear Decommissioning Private-Purpose Trust Fund</b>
<b>ADDITIONS</b>			
Contributions			
Employer.....	\$ 16,652	\$ 3,136	\$ --
Plan Members.....	7,583	--	--
Miscellaneous.....	70	--	--
Total Contributions.....	<u>24,305</u>	<u>3,136</u>	<u>-</u>
Investment Income			
<i>From Investment Activities:</i>			
Unrealized Appreciation (Depreciation)			
In Fair Value of Investments.....	80,670	30	(548)
Interest.....	12,515	151	17
Dividends.....	7,278	--	--
Commission Recapture Income.....	--	--	--
Total Investment Income.....	<u>100,463</u>	<u>181</u>	<u>(531)</u>
Less Investment Expenses:			
Investment Management Fees.....	4,371	--	--
Interest Expenses.....	101	--	--
Net Income from Investing Activities.....	<u>95,991</u>	<u>181</u>	<u>(531)</u>
<i>From Securities Lending Activities:</i>			
Securities Lending Income.....	191	--	--
Less Securities Lending Expenses:			
Interest Expenses.....	36	--	--
Investment Management Fees.....	31	--	--
Net Income from Securities Lending Activities.....	<u>124</u>	<u>--</u>	<u>--</u>
Total Net Investment Income.....	<u>96,115</u>	<u>181</u>	<u>(531)</u>
Total Additions.....	<u>120,420</u>	<u>3,317</u>	<u>(531)</u>
<b>DEDUCTIONS</b>			
Benefits.....	51,092	1,870	--
Refunds of Contributions.....	324	--	--
Administrative Expense.....	984	--	--
Total Deductions.....	<u>52,400</u>	<u>1,870</u>	<u>--</u>
Change in Net Assets.....	68,020	1,447	(531)
Net Assets - October 1.....	<u>1,011,414</u>	<u>2,732</u>	<u>6,733</u>
Net Assets - September 30.....	<u>\$ 1,079,434</u>	<u>\$ 4,179</u>	<u>\$ 6,202</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, 2010

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

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

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

The City is a political subdivision of the State of Florida, located in Leon County in the center of the Florida Panhandle. It is approximately 102 square miles in area. It is the capital of Florida, the county seat, and the only incorporated municipality in Leon County. The City was incorporated in 1825 following a decision by the legislature to locate the capital of the new Florida Territory midway between the population centers of St. Augustine and Pensacola.

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

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

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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#### NOTE I (CONTINUED)

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.

#### BLENDING COMPONENT UNIT

Community Redevelopment Agency (CRA) - The Tallahassee Community Redevelopment Agency and the CRA Board were created in 1998. Governed by an interlocal agreement between the City of Tallahassee, Leon County and CRA, the CRA Board consists of the Mayor, the four City Commissioners and four of the County Commissioners. Although legally separate, the CRA is blended in the City's financial statements in accordance with the criteria for blending set forth by GASB 14, as amended by GASB 39. The CRA has responsibility for two specifically separate tax increment districts as described below.

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

#### DISCRETELY PRESENTED COMPONENT UNIT

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

#### JOINT VENTURES EXCLUDED FROM THE REPORTING ENTITY:

- Sunshine State Governmental Financing Commission  
The Sunshine State Governmental Financing Commission (the "Commission") was created in November 1985, initially by the cities of Tallahassee and Orlando, Florida to operate and administer a loan program. As of September 30, 2010, 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, participate in the Commission's programs as non-member participants. Other Florida local governments may in the

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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#### NOTE I (CONTINUED)

future become members or non-member participants including units of government such as special districts or other qualifying public agencies. Each member government appoints a representative to the Commission. These representatives elect a five-member board of directors to administer the loan program.

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

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

- City of Tallahassee-Leon County Blueprint 2000 Intergovernmental Agency  
In October 2000, the City entered into an interlocal agreement with Leon County as authorized by Section 163.01(7) Florida Statutes. This agreement created the Blueprint 2000 Intergovernmental Agency to govern the project management for the project planning and construction of a list of projects known as the Blueprint 2000 projects. The Board of County Commissioners and the City Commission constitute the Blueprint 2000 Intergovernmental Agency. The revenues to fund the projects under this agreement are the collections of the local government infrastructure sales surtax, which began December 1, 2004. This tax was extended pursuant to the provisions in Section 212.055, Florida Statutes, until December 31, 2019.

Periodically, the Agency provides construction management services to the City. For these services the Agency and the City enter into Joint Participation Agreements (JPAs) whereby the City agrees to pay an administrative fee of 3% to the Agency. During the fiscal year ended September 30, 2010, the City paid nothing under these JPAs.

Current audited financial statements may be obtained from Blueprint 2000, 2727 Apalachee Parkway, Suite 200, Tallahassee, Florida 32301.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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### NOTE I (CONTINUED)

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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 for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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#### NOTE I (CONTINUED)

The government reports the following major governmental funds:

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

The government reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

- Internal Service Funds account for various services provided to other departments of the government and to other governments on a cost reimbursement basis. The services provided include an 800 megahertz system, revenue collection, information systems services, accounting operations, fleet management, employee relations operations, employee retirement plan's administrative operation, risk management operation, internal loans program, utility services functions, and wholesale energy operations.
- The private purpose trust fund is used to account for resources legally held in trust for Florida Power Corporation (FPC) for the future decommissioning of the Crystal River Unit 3 Utility Plant (CR3 Plant). On October 1, 1999, the City sold its interest in the CR3 Plant to FPC and was released from any decommissioning costs in excess of the amount held in trust. The plant's decommissioning is anticipated to begin in 2016.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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### NOTE I (CONTINUED)

- The pension trust fund includes a Defined Benefit Plan and a Defined Contribution Plan. It is used to account for the accumulation of resources to be used for retirement annuity payments to City employees. The Defined Benefit Plan accounts for general employees, police officers, and fire fighters separately. The Defined Contribution Plan covers all employees who elect to contribute a portion of their salary to the plan.

The private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private sector guidance.

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

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

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

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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#### NOTE I (CONTINUED)

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

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

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

**5. RESTRICTED ASSETS** – Certain proceeds of the City's enterprise funds revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. Assets are set aside for the following uses:

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

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

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE I (CONTINUED)**

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

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

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

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

**7. COMPENSATED ABSENCES** - All non-union employees earn vacation and sick leave starting with the first day of employment; all non-union employees earn vacation and sick leave based on the number of hours worked.

Vacation leave is earned based on creditable service hours worked as follows:

<u>Executive</u>		<u>Senior Management</u>		<u>General</u>	
<u>Creditable Service Hours</u>	<u>Leave earned per hour</u>	<u>Creditable Service Hours</u>	<u>Leave earned per hour</u>	<u>Creditable Service Hours</u>	<u>Leave earned per hour</u>
0 - 2,079	0.057693	0 - 2,079	0.057693	0 - 10,400	0.057693
2,080 - 10,400	0.080770	2,080 - 10,400	0.069231	10,401 - 20,800	0.069231
10,401 - 20,800	0.092308	10,401 - 20,800	0.080770	20,801 - 41,600	0.080770
over 20,800	0.103847	20,800 - 41,600	0.092308	over 41,600	0.092308
		over 41,600	0.103847		

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE I (CONTINUED)**

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

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

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

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

<u>Fire Bargaining Unit Suppression Personnel</u>		<u>Fire Bargaining Unit Forty-hour Personnel</u>		<u>Police Bargaining Unit</u>	
<u>Years of Continuous Service</u>	<u>Hours Accrued Monthly</u>	<u>Years of Continuous Service</u>	<u>Hours Accrued Monthly</u>	<u>Creditable Service Hours</u>	<u>Leave earned per hour</u>
1-5 years	13.25	1-5 years	10	0 - 10,400	0.046154
5-10 years	15.90	5-10 years	12	10,401 - 20,800	0.057693
10-15 years	18.55	10-15 years	14	20,801 - 41,600	0.069231
15-20 years	21.20	15-20 years	16	over 41,600	0.080770
over 20 years	23.85	over 20 years	18		

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

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

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

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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#### NOTE I (CONTINUED)

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

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

**8. BOND DISCOUNTS, ISSUANCE COSTS, AND REFUNDING GAINS AND LOSSES** - In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premium and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt. 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, and presented as other liabilities. 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 is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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#### NOTE I (CONTINUED)

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

**10. FUELS MANAGEMENT PROGRAM** - In connection with the purchase of natural gas, diesel fuel, and unleaded gasoline, the City has developed and implemented a fuels management program intended to manage the risk of changes in the market prices of natural gas, diesel fuel, and unleaded gasoline. Pursuant to this program the City may execute fixed price and option contracts from time to time to help manage fluctuations in the market price of such fuels. The fair value of such contracts are recorded at fair value on the Statement of Net Assets 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 noncurrent assets and liabilities. Any associated margin deposits are recorded in noncurrent assets. The net amounts received or paid under expired or closed contracts are recorded as an adjustment to fuel expense in the period realized. See Note V, section J.

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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

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

The governmental fund balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$112,145 difference are as follows (in thousands):

Bonds and loan payable including premiums & discount....	\$ 101,888
Compensated absences.....	7,757
Net OPEB obligation.....	<u>2,500</u>
Net adjustments to reduce fund balances-	
Total governmental funds to arrive at net assets.....	<u>\$ 112,145</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, “Governmental funds report capital outlays as expenditures.” However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$ (16,785) difference are as follows (in thousands):

Capital Outlay.....	\$ 13,897
Depreciation Expense.....	<u>(30,682)</u>
Net adjustment to increase net changes in Fund Balances	
Total Governmental Funds to arrive at changes in Net Assets	
Governmental Activities.....	<u>\$ (16,785)</u>

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

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

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

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

Encumbrance accounting, under which requisitions, purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balance, and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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

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

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

The Building Code Enforcement Fund, a Governmental Fund, Pension Administration Fund, and the Environmental Policy and Energy Resources Fund, both Internal Service Funds, had fund deficits of \$2,866,000, \$725,000, and \$76,000, respectively at September 30, 2010. It is anticipated that future revenues will fund these deficits.

##### **D. PRIOR PERIOD ADJUSTMENT**

Net Assets as of September 30, 2010 have been restated as follows:

- Prior year depreciation was misstated related to certain fixed assets. This resulted in the net assets of the Electric Fund (a major enterprise fund) increasing by \$2,628,000, net assets of the StarMetro Fund (a nonmajor enterprise fund) being reduced by \$8,331,000 and net assets of the Garage Fund (an Internal Service Fund) increasing by \$8,331,000.
- Construction in progress was overstated and this resulted the net assets of the StarMetro Fund (a nonmajor enterprise fund) being reduced by \$1,491,000.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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### NOTE IV - DETAILED NOTES - ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

**1. DEPOSITS** - At year-end, the book balance of the City's deposits was \$31,785,000 and the bank balance was \$30,773,000. In addition to the City's deposits, funds are held in two external investment pools, the Florida Municipal Investment Trust Portfolio 1-3 year High Quality Bond fund pool administered by the Florida League of Cities (the Florida League of Cities Pool), and the Special Purpose Investment Account administered by the Florida Department of Financial Services, Division of Treasury, Internal Investments (the SPIA Pool). At September 30, 2010, the City owns \$68,809,000 in shares in the Florida League of Cities Pool, not the individual securities within the portfolio. The Florida League of Cities Pool has a Fitch rating of AAA/V2. The weighted average maturity of the Florida League of Cities Pool as of September 30, 2010 is 1.6 years. At September 30, 2010, the City has \$191,662,000 invested in shares of the SPIA Pool, which has a rating of Af from Standard and Poors. The unaudited fair value factor for September 30, 2010 was 1.0208. The effective duration of the SPIA Pool is 2.32 years as of September 30, 2010. Also included within deposits is \$7,729,000 of the Cash Equivalent or liquid portion of the City's investments.

The difference between the book balance and bank balance is due to outstanding checks and deposits. Three city funds had deficit cash balances at year end totaling \$4,408,000 which are reported in accounts payable at September 30, 2010. The bank balance is insured by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Depository (the Act). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses, in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

**2. INVESTMENTS** - The City's investment guidelines, as defined by the City Charter and its written investment policies, are approved by the City Commission or the Sinking Fund Commission. The City has two approved investment policies: 1) the Non-Pension Investment Policy, which covers the investment of all non-pension monies of the City, including the previously referenced cash and investment pool; and, 2) the Pension Investment Policy governing the investment of all assets of the City Pension Funds. The Non-Pension Investment Policy provides for a Core Portfolio, governing the investment of all monies held or controlled by the City, not otherwise classified as Specialized or Pension monies. The Policy specifies the investments that are authorized for purchase for the Core Portfolio. The Policy further provides for certain portfolios to be designated as Specialized Portfolios, with the governing criteria unique to that portfolio, including authorized investments, to be approved on a case-by-case basis by the Investment Advisory Committee. According to the City Charter, the City Treasurer-Clerk is designated to invest all monies belonging to the City pursuant to the policies approved by the City Commission, except those monies in the Pension Funds. Monies in the Pension Funds are invested under the auspices of the City Charter-created Sinking Fund Commission, which consists of the five City Commissioners and three appointed members.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

### NOTE IV (CONTINUED)

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's banking arrangement requires daily cash balances to be invested in a Public Funds NOW account at the federal fund rate, less ten basis points. The Public Funds book balance at September 30, 2010 was \$16,414,000 and the bank balance was \$15,402,000. The Public Funds balances are included in the above discussed City deposit balances.

In addition to authorizing investment instruments, the City's policies also identify various portfolio parameters addressing issuer diversification, term to maturity and liquidity, and requirement of "purchase versus delivery" perfection for securities held by a third party on behalf of and in the name of the City.

The non-pension portfolio includes investments administered internally by the City of Tallahassee, funds invested in an external investment pool held by the Florida Department of Treasury Special Purpose Investment Account, and the external portfolio administered by Galliard Asset Management (Galliard) and MBIA Asset Management (MBIA). As of September 30, 2010, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$6,203,000 in the Florida SBA Local Government Investment Pool.

**Credit Risk:** The structure of the City's non-pension portfolio is designed to minimize credit risk. To limit the City's risk against possible credit losses, a maximum of 5% of the total portfolio may be held at any one time in all securities of any corporate entity, inclusive of commercial paper, medium term notes, or corporate notes and bonds. No corporate entity represented more than 5% of the portfolio at September 30, 2010.

As of September 30, 2010, the City had the following non-pension investments subject to credit risk in the internal, Galliard and MBIA portion of the portfolio (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>S &amp; P Rating</u>
US Treasury	\$ 147,260	A A A
Yankees	1,074	A A A
Yankees	217	A A
US Agencies	122,845	A A A
Corporate Bonds	47,734	A A A
Corporate Bonds	11,390	A A +
Corporate Bonds	10,937	A A
Corporate Bonds	5,250	A A -
Corporate Bonds	10,553	A +
Corporate Bonds	6,161	A
Corporate Bonds	642	A -
Corporate Bonds	5,516	NA
Corporate Bonds	1,182	NR
Mortgage Pass Through	25,442	A A A
Municipals	2,029	SP-1+
Municipals	7,653	A A A
Municipals	4,227	A A +
Municipals	3,116	A A
Municipals	3,571	A A -
Municipals	7,354	A
Municipals	148	NR
Private Placement	264	NA
Cash and Equivalents	28,491	NA
Asset Backed	252	A A
<b>Total</b>	<u>\$ 453,308</u>	

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

### NOTE IV (CONTINUED)

In addition, the City owns \$195,649,000 shares in the SPIA Pool, and \$68,809,000 shares in the Florida League of Cities Pool.

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 normal duration of the non-pension portfolio is defined as .5 years to 2.5 years. The average maturity of the non-pension portfolio as of September 30, 2010 was 1.35 years and the duration of the non-pension portfolio as of September 30, 2010 was 1.12 years.

As of September 30, 2010, the non-pension portfolio including the internal portion as well as Galliard and MBIA, had the following investments on a time-segmented basis (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>10+ Years</u>
US Treasury	\$ 147,260	\$ 50,929	\$ 96,331	\$ --	\$ --
US Agencies	122,845	26,683	77,130	19,032	--
Asset Backed	252	--	252	--	--
Corporate Bonds	99,365	24,715	73,469	1,181	--
Private Placements	264	--	264	--	--
Municipals	28,098	7,909	20,189	--	--
Mortgage Pass Through	25,442	--	--	8,822	16,620
Yankees	1,291	--	1,291	--	--
Cash and Equivalents	28,491	1,000	--	--	27,491
<b>Total</b>	<u>\$ 453,308</u>	<u>\$ 111,236</u>	<u>\$ 268,926</u>	<u>\$ 29,035</u>	<u>\$ 44,111</u>

**PENSION PLAN** - The City also has investments in its pension plan as described below.

Credit Risk: The City's Investment Policy for the Pension Plan does not explicitly address credit 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.

As of September 30, 2010, the City had the following pension investments subject to credit risk (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>S &amp; P Rating</u>
Agencies	\$ 11,510	AAA
Asset Backed	167	A
Asset Backed	289	AA-
Asset Backed	1,199	AA+
Asset Backed	999	AAA
Asset Backed	1,377	B-
Asset Backed	497	BBB
Asset Backed	116	BBB+
Asset Backed	2,623	CCC
Asset Backed	220	NA
Cash and Equivalents	4,276	NA
CMO	854	A
CMO	199	A-
CMO	2,988	A+
CMO	305	AA-

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

### NOTE IV (CONTINUED)

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&amp;P Rating</u>
CMO	4,915	AAA
CMO	275	B-
CMO	303	CC
CMO	3,251	CCC
CMO	462	D
CMO	171	NA
Comingled Funds	170,284	NA
Convertible Bonds	104	A-
Convertible Bonds	92	A+
Convertible Bonds	156	AAA
Convertible Bonds	476	B
Convertible Bonds	695	B-
Convertible Bonds	73	B+
Convertible Bonds	16	B-
Convertible Bonds	216	BB
Convertible Bonds	302	BB
Convertible Bonds	630	BB+
Convertible Bonds	291	BBB
Convertible Bonds	65	BBB-
Convertible Bonds	382	BBB+
Convertible Bonds	495	NA
Convertible Bonds	162	NR
Corporate Bonds	5,792	A
Corporate Bonds	2,390	A-
Corporate Bonds	1,033	A+
Corporate Bonds	1,259	AA-
Corporate Bonds	2,099	AA+
Corporate Bonds	3,786	AAA
Corporate Bonds	871	BB
Corporate Bonds	822	BB-
Corporate Bonds	2,851	BBB
Corporate Bonds	2,324	BBB-
Corporate Bonds	1,560	BBB+
Corporate Bonds	23	CCC
Corporate Bonds	21	NA
Common Stock	8	B-
Mortgage Pass Through	187	A
Mortgage Pass Through	29,216	AAA
Municipals	467	A-
Municipals	364	A+
Preferred Stock	24	BBB+
Preferred Stock	13	BB+
Preferred Stock	154	NA
Preferred Stock	4	B
US Treasury	30,986	AAA
Venture Capital	2,584	NA
Yankees	1,114	A+
Yankees	690	AA
Yankees	465	AA-
Mutual Index Funds	284,906	NR
Domestic Stock	296,385	NR
International Stock	88,825	NR
Short Term Investments	8,064	NR
Real Estate	98,781	NR
<b>Total</b>	<u>\$ 1,079,503</u>	

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

### NOTE IV (CONTINUED)

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

The Foreign Investments are (in thousands):

<u>Currency</u>	<u>Amount</u>	<u>Investment Type</u>
Australia	\$ 2,666	Common Stock
Australia	15	Foreign Currency
Austria	315	Common Stock
Belgium	1,315	Common Stock
Bermuda	2,111	Common Stock
Brazil	207	Common Stock
Brazil	322	Depository Receipts
Canada	3,216	Common Stock
Canada	397	Common Stock
Canada	10	Foreign Currency
Cayman Islands	2,562	Common Stock
Cayman Islands	1,490	Depository Receipts
China	1,219	Common Stock
Denmark	967	Common Stock
Denmark	4	Foreign Currency
Finland	49	Common Stock
France	9,955	Common Stock
France	772	Real Estate Inv Trusts
Germany	10,071	Common Stock
Hong Kong	3,559	Common Stock
Hong Kong	9	Foreign Currency
International	57	Foreign Currency
Ireland	1,168	Common Stock
Isle of Man	373	Common Stock
Israel	228	Depository Receipts
Israel	38	Foreign Currency
Italy	2,379	Common Stock
Japan	12,445	Common Stock
Japan	37	Foreign Currency
Jersey, C.I.	1,897	Common Stock
Kazakhstan	110	Depository Receipts
Korea, Republic of	565	Common Stock
Korea, Republic of	98	Preferred Stock
Neth. Antilles	229	Warrants
Netherlands	4,458	Common Stock
New Zealand	61	Common Stock
Norway	300	Common Stock
Norway	4	Foreign Currency
Russian Federation	247	Depository Receipts
Singapore	438	Common Stock
Singapore	4	Foreign Currency
South Africa	227	Common Stock
South Africa	13	Foreign Currency
Spain	1,669	Common Stock
Sweden	691	Common Stock
Sweden	10	Foreign Currency
Switzerland	5,243	Common Stock
Switzerland	10	Foreign Currency
Taiwan	187	Depository Receipts
Turkey	467	Common Stock
Turkey	3	Foreign Currency
United Kingdom	13,885	Common Stock
United Kingdom	53	Foreign Currency
<b>Total</b>	<b>\$ 88,825</b>	

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

### NOTE IV (CONTINUED)

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 evaluated on their performance against that benchmark. The individual money managers evaluate risk in their selection of securities to hold in their portfolios.

Interest Rate Risk: The City of Tallahassee held the following investments for its pension funds as of September 30, 2010 (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6 - 10 Years</u>	<u>10+ Years</u>
US Agencies	\$ 11,510	\$ --	\$ 11,510	\$ --	\$ --
Asset backed	7,487	--	35	7,452	--
Cash and Cash Equivalents	4,276	--	--	--	4,276
CMO	13,723	--	--	--	13,723
Mutual Funds	170,284	--	--	--	170,284
Municipals	831	--	831	--	--
Common Stock	8	--	--	--	8
Convertible Bonds	4,155	25	2,512	28	1,590
Corporate Bonds	24,831	1,204	13,099	7,090	3,438
Mortgage Pass Through	29,403	--	904	187	28,312
Preferred Stock	195	--	--	--	195
US Treasury	30,986	4,501	23,442	3,043	--
Venture Capital	2,584	--	--	--	2,584
Yankees	2,269	--	2,269	--	--
<b>Total</b>	<b>\$ 302,542</b>	<b>\$ 5,730</b>	<b>\$ 54,602</b>	<b>17,800</b>	<b>\$ 224,410</b>

### B. SECURITIES LENDING TRANSACTIONS

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

During the fiscal year ended September 30, 2010, the Bank loaned, at the direction of the City's Treasurer-Clerk, securities and received cash, securities issued or guaranteed by the United States government, and irrevocable bank letters of credit as collateral. The Bank did not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver cash collateral for each loan equal to at least 100% of the market value of the loaned securities or U.S. Government Securities equal to 102% of the market value of the securities.

There are no restrictions on the amount of securities that may be loaned. The Agreement requires the Bank to indemnify the City for losses attributable to violations by the Bank of the Standard of Care set out in the Agreement. There were no such violations during the fiscal year ended September 30, 2010. Moreover, there were no losses during the fiscal year ended September 30, 2010 resulting from a default of any borrower.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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### NOTE IV (CONTINUED)

During the fiscal year ended September 30, 2010, the City and each borrower maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan of securities together with the cash collateral of other qualified tax-exempt plan lenders were invested in a collective investment pool with the Bank. The average duration of the investment pool as of September 30, 2010 was 7.5 days with an average weighted maturity of 1,680 days. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. On September 30, 2010, the City had no credit risk exposure to borrowers.

As of September 30, 2010, for the City's pension fund, the collateral held and the market value of securities on loan were \$45,812,000 and \$44,762,000, respectively; for the City's non-pension funds, the collateral held and the market value of securities on loan were \$33,507,648 and \$32,798,000 respectively.

A summary of the fair market value of the securities on loan as of September 30, 2010 follows:

	<u>Pension Fund</u>	<u>Non-Pension Fund</u>
American Depository Receipts (ADR)	\$ 813,000	\$ --
Corporate Bonds	784,000	5,477,000
Common Stock	33,220,000	--
U.S. Government Treasury Notes	9,945,000	27,321,000
	<u>\$ 44,762,000</u>	<u>\$ 32,798,000</u>

### C. RECEIVABLES

**1. PROPERTY TAXES** - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Leon County Property Appraiser and the Leon County Tax Collector. The laws of the State regulating tax assessment are also designed to ensure consistent property taxes at a rate of up to 10 mills. The millage rate assessed by the City for the fiscal year ended September 30, 2010 was 3.7000.

All property is assessed by the county according to its fair market value on January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

The current year taxes for the fiscal year, beginning October 1, are billed in the month of November and are due no later than March 31. On April 1, all unpaid amounts become delinquent and are subject to interest and penalties.

Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The taxes paid in March are without discount.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

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**NOTE IV (CONTINUED)**

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer.

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

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

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

The following is a schedule, by years, of minimum future rentals on noncancelable operating leases of the Airport Fund as of September 30, 2010 (in thousands):

<u>Years ending September 30,</u>	
2011.....	2,706
2012.....	2,651
2013.....	2,705
2014.....	2,667
2015.....	1,498
2016-2020.....	4,367
2021-2025.....	4,127
2026-2030.....	3,983
2031-2035.....	3,727
2036-2040.....	2,900
Thereafter.....	4,403
	<u>\$ 35,734</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, 2010 amounted to \$56,491.

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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#### NOTE IV (CONTINUED)

In October 1989, the City entered into fifteen-year lease and use agreements with its major airline tenants, (the signatory airline agreements). On October 21, 2004, the Signatory Airline representing the majority in interest (“MII”) of the airlines agreed to and signed the ‘First Amendment to Airline-Airport Use and Lease Agreement’ that among other things extended the term of the Signatory Airline Agreements to September 30, 2009. The amendment added provisions for ‘affiliate airline(s)’ of signatory airlines to participate in the signatory airline fees and charges, provided that such affiliate airline(s) will have primary obligation for payment of such charges and fees with the signatory airlines becoming jointly and severally liable for payment of all fees and charges for use of the airport by such affiliate. The amendment also increases the distribution of Remaining Funds for the Prepaid Fees Credit from 50% to 60% and eliminates required deposits to the Signatory Airline Capital Account. On September 11, 2008, the Signatory Airline representing the majority in interest (“MII”) of the airlines agreed to and signed the ‘Second Amendment to Airline-Airport Use and Lease Agreement’ that among other things extended the term of the agreements to September 30, 2014. During 2008, the Affiliate Airline Airport Use Agreements were amended to reflect that the Signatory Airline is responsible for paying all fees and charges incurred by its affiliate airlines.

The agreement as amended, requires that landing fees and terminal rentals be reviewed annually and adjusted so that the total revenues of the Airport System are sufficient to meet the Airport Fund’s requirements as determined by the signatory airline agreements. Sixty percent (60%) of Funds Remaining shall be apportioned to Prepaid Fees Credit and forty percent (40%) to the Airport System Capital Account. Settlement provisions under the amended agreement provides for a recalculation of rates for rentals, fees and charges for the preceding Fiscal Year. Upon determination of any difference between the actual rentals, fees and charges paid by Signatory Airlines during the preceding Fiscal Year and the rentals, fees, and charges that would have been paid by Signatory Airlines using said recalculated rates, the City shall return to the airline the amount of such difference in the event of an overpayment and, in the event of an underpayment, apply such difference to the Prepaid Fees Credit for the next Fiscal Year.

The allocation of the Prepaid Fees Credit for fiscal year 2010 True-Up of Signatory Airline Rates was 80.90% toward terminal rentals and 19.10% toward landing fees. The residual portion of remaining funds, (40%), is allocated to the Airport System Capital Account. Funds on credit in the Airport System Capital Account shall generally be used to pay the costs of improvements in other than airline supported areas; or the cost of improvements in airline supported areas for which the signatory airlines are not financially responsible under the agreement. The Prepaid Fees Credit, (60%), is recorded with the current liabilities in the amount of \$990,657.

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, as amended, is reliant on the ongoing operations of the signatory airlines.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

**NOTE IV (CONTINUED)**

**D. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2010 was as follows (in thousands):

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Governmental Activities</b>				
<b>Non-Depreciable Assets:</b>				
Land.....	\$ 351,718	\$ 6,220	\$ (2,830)	\$ 355,108
Construction in Progress.....	54,591	10,672	(9,328)	55,935
<b>Depreciable Assets:</b>				
Buildings.....	112,466	1,137	--	113,603
Equipment.....	35,744	2,796	(834)	37,706
Improvements other than buildings.....	13,115	--	(991)	12,124
Infrastructure.....	780,366	7,663	--	788,029
Intangibles.....	14	--	--	14
	<u>1,348,014</u>	<u>28,488</u>	<u>(13,983)</u>	<u>1,362,519</u>
<b>Less accumulated depreciation for:</b>				
Buildings.....	(46,783)	(2,193)	--	(48,976)
Equipment.....	(27,227)	(3,426)	226	(30,427)
Improvements other than buildings.....	(4,211)	(192)	--	(4,403)
Infrastructure.....	(322,777)	(26,465)	--	(349,242)
Intangibles.....	(3)	--	--	(3)
	<u>(401,001)</u>	<u>(32,276)</u>	<u>226</u>	<u>(433,051)</u>
<b>Governmental Activities capital assets, net</b>	<u>\$ 947,013</u>	<u>\$ (3,788)</u>	<u>\$ (13,757)</u>	<u>\$ 929,468</u>
<b>Business-type Activities</b>				
<b>Non-Depreciable Assets:</b>				
Land.....	\$ 122,361	\$ 1,137	\$ (569)	\$ 122,929
Construction in Progress.....	208,859	137,914	(80,038)	266,735
<b>Depreciable Assets:</b>				
Buildings.....	116,265	616	(279)	116,602
Equipment.....	706,803	32,308	(13,811)	725,300
Improvements other than buildings.....	14,287	214	--	14,501
Infrastructure.....	782,462	52,057	(1,396)	833,123
Intangibles.....	102,089	8,550	--	110,639
	<u>2,053,126</u>	<u>232,796</u>	<u>(96,093)</u>	<u>2,189,829</u>
<b>Less accumulated depreciation for:</b>				
Buildings.....	(49,233)	(1,744)	223	(50,754)
Equipment.....	(313,808)	(32,180)	5,231	(340,757)
Improvements other than buildings.....	(4,684)	(239)	--	(4,923)
Infrastructure.....	(319,560)	(22,693)	--	(342,253)
Intangibles.....	(51,716)	(3,388)	--	(55,104)
	<u>(739,001)</u>	<u>(60,244)</u>	<u>5,454</u>	<u>(793,791)</u>
<b>Business-type Activities, net</b>	<u>\$ 1,314,125</u>	<u>\$ 172,552</u>	<u>\$ (90,639)</u>	<u>\$ 1,396,038</u>

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE IV (CONTINUED)**

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

**GOVERNMENTAL ACTIVITIES :**

General Government.....	1,220
Public Safety.....	782
Transportation.....	844
Human Services.....	188
Economic Development.....	469
Physical Environment.....	8
Culture and Recreation.....	961
General Infrastructure.....	26,125
Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets.....	1,119
Total depreciation expense-governmental activities	<u>\$ 31,716</u>

**BUSINESS -TYPE ACTIVITIES :**

Electric.....	34,026
Gas.....	1,638
Sewer.....	6,544
Water.....	3,167
Airport.....	3,630
Star Metro.....	1,852
Solid Waste.....	193
Golf.....	173
Stormwater Management.....	918
Fire Services.....	688
Capital Assets held by the government's business-type internal service funds are charged to the various functions based on their usage of assets.....	7,590
Total depreciation expense-business-type activities	<u>\$ 60,419</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, 2010 (in thousands):

	Electric	Water	Sewer	Gas
Total interest cost incurred.....	\$ 22,672	\$ 2,076	\$ 8,484	\$ 1,824
Decrease as a result of capitalizing interest as a cost of construction.....	(10,698)	(1,423)	(6,017)	(238)
Interest charged to operations.....	<u>\$ 11,974</u>	<u>\$ 653</u>	<u>\$ 2,467</u>	<u>\$ 1,586</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, 2010 (in thousands):

Interest expense incurred during construction and capitalized.....	\$ 10,698	\$ 1,423	\$ 6,017	\$ 238
Interest earned on bond proceeds.....	(483)	(293)	(1,906)	(90)
Net interest capitalized.....	<u>\$ 10,215</u>	<u>\$ 1,130</u>	<u>\$ 4,111</u>	<u>\$ 148</u>

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE IV (CONTINUED)**

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

**1. INTERFUND RECEIVABLES/PAYABLES** - At September 30, 2010, Interfund Receivables and Payables are as follows (in thousands):

Fund	Due From	Due To	Advance To	Advance From
Airport.....	\$ --	\$ --	\$ --	\$ 1,095
CRA.....	--	--	--	3,044
DIA.....	1	--	--	--
Electric.....	30,485	--	--	9,773
Gas.....	--	--	--	8,254
General.....	--	66	2,781	3,889
Sewer.....	--	--	--	--
Stormwater.....	--	--	146	--
Water.....	--	--	--	--
Nonmajor governmental.....	--	1	20,808	2,927
Nonmajor business-type.....	--	9	--	--
Internal service funds.....	75	30,485	6,071	824
	<u>\$ 30,561</u>	<u>\$ 30,561</u>	<u>\$ 29,806</u>	<u>\$ 29,806</u>

Interfund receivables and payables are primarily the balances remaining from amounts loaned and borrowed for various operating and capital projects.

**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, 2010 are as follows (in thousands):

General.....	\$ 17,804
Electric.....	15,504
Gas.....	1,894
Sewer.....	4,916
Water.....	4,485
Airport.....	1,226
Stormwater management.....	2,048
Nonmajor business type.....	9,920
Nonmajor governmental type.....	303
Fiduciary type.....	684
Internal service type.....	6,098
	<u>\$ 64,882</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

NOTE IV (CONTINUED)

3. INTERFUND TRANSFERS - At September 30, 2010, Interfund Transfers are as follows (in thousands):

	Transfers In										Total
	General	Electric	Gas	Water	Nonmajor Governmental	Nonmajor Business-type	Internal Service Funds				
General	\$ --	\$ 118	\$ --	\$ --	\$ 8,681	\$ 7,925	\$ 9				\$ 16,733
Electric	22,459	--	375	--	553	--	--				23,387
Gas	2,329	--	--	--	1,214	--	--				3,543
Sewer	3,028	--	--	--	26	--	--				3,054
Water	5,879	--	--	--	18	--	--				5,897
Airport	--	--	--	--	--	926	--				926
Stormwater	385	--	--	--	33	--	--				418
Nonmajor governmental	2,388	--	--	--	2	--	95				2,485
Nonmajor business-type	621	--	--	35	199	--	--				855
Internal service	580	5,266	--	--	1,597	--	--				7,443
Total	\$ 37,669	\$ 5,384	\$ 375	\$ 35	\$ 12,323	\$ 8,851	\$ 104				\$ 64,741

Transfers Out

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

**NOTE IV (CONTINUED)**

**F. LEASE COMMITMENTS**

**OPERATING** - The City has entered into several operating leases for buildings and equipment. The leases are for one to three years, expiring in 2011 through 2013. Total rent expenses incurred by the City for the year ended September 30, 2010 were \$1,528,110.75. The remaining future minimum lease obligations are as follows (in thousands):

<u>Year Ending Sept. 30</u>	
2011.....	\$ 46
2012.....	26
2013.....	16
Total.....	<u>\$ 88</u>

**G. LONG-TERM DEBT**

1. The following is a summary of the changes in Long-Term Debt for the year ended September 30, 2010 (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Revenue Bonds.....	\$ 115,760	\$ --	\$ 8,855	\$ 106,905	\$ 6,705
Compensated Absences.....	8,728	6,333	6,253	8,808	6,333
Sunshine State Loan Payable.....	2,300	--	--	2,300	381
OPEB Obligation.....	5,897	1,961	5,358	2,500	--
Total Governmental-Type Debt	<u>132,685</u>	<u>8,294</u>	<u>20,466</u>	<u>120,513</u>	<u>13,419</u>
<b>Business-Type Activities:</b>					
Energy System – 1998 A.....	127,845	--	104,130	23,715	4,270
Energy System – 1998 B.....	24,200	--	24,200	--	--
Energy System Refunding 2001.....	11,730	--	1,925	9,805	1,030
Energy System 2005.....	126,570	--	4,815	121,755	2,695
Energy System 2007.....	200,975	--	4,955	196,020	2,470
Energy System 2010.....	--	77,845	--	77,845	--
Energy System 2010A.....	--	43,245	--	43,245	190
Airport Refunding 2004.....	4,290	--	1,625	2,665	855
CURSB 2001.....	16,575	--	2,130	14,445	1,140
CURSB 2005.....	33,450	--	5,560	27,890	2,915
CURSB 2007.....	164,460	--	1,610	162,850	1,720
CURSB 2010A.....	--	117,015	--	117,015	--
CURSB 2010B.....	--	25,820	--	25,820	--
Compensated Absences.....	11,053	7,683	7,402	11,334	7,683
AMI Loan.....	37,431	4,670	1,871	40,230	2,243
Sunshine State Loan Payable.....	38,200	--	2,239	35,961	1,458
OPEB Obligation.....	5,510	2,356	7,866	--	--
Total Business-Type Debt	<u>802,289</u>	<u>278,634</u>	<u>170,328</u>	<u>910,595</u>	<u>28,669</u>
Total Long-Term Debt	<u>\$ 934,974</u>	<u>\$ 286,928</u>	<u>\$ 190,794</u>	<u>\$ 1,031,108</u>	<u>\$ 42,088</u>

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

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

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**NOTE IV (CONTINUED)**

2. Summarized below are the City’s individual bond issues which were outstanding at September 30, 2010 (in thousands):

**GENERAL REVENUE BONDS:**

\$15,360,000 Capital Bonds - Series 2001, due in annual installments of \$1,720,000 to \$1,790,000 from October 1, 2010 to October 1, 2011, interest rates at 3.80% to 5.00% depending on maturity date. \$ 1,790

\$74,215,000 Capital Bonds - Series 2008 defeasance of Capital Bond 2004, due in annual installments of \$1,265,000 to \$7,310,000 from October 1, 2010 to October 1, 2024, interest rates at 3.00% to 5.00% depending on maturity date. 71,730

\$9,400,000 Capital Bonds – Series 2008, due in annual installments of \$1,100,000 to \$1,345,000 from October 1, 2010 to October 1, 2016, interest rates at 3.410%. 7,435

\$26,975 Capital Bonds – Series 2009, due in annual installments of \$1,025,000 to \$615,000 from April 1, 2010 to April 1, 2031, interest rates at 3.710%. 25,950

The general revenue bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, and earnings on the investment of all funds and accounts created by and described in the Bond Resolutions.

Total General Revenue Bonds: 106,905

**PROPRIETARY REVENUE BONDS:**

\$143,800,000 Energy System - Series 1998A, due in annual installments of \$4,060,000 to \$9,645,000 from October 1, 2010 to October 1, 2028, interest at 5.00% to 5.25% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Electric System and certain other amounts as provided by Resolution. 23,715

\$17,680,000 Energy System Refunding Revenue Bonds - Series 2001, due in annual installments of \$985,000 to \$1,200,000 from October 1, 2010 to October 1, 2019, interest rates at 4.40% to 5.50% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City’s Energy system. 9,805

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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### NOTE IV (CONTINUED)

<p>\$128,920,000 Energy System Revenue Bonds - Series 2005, due in annual installments of \$2,515,000 to \$8,140,000 from October 1, 2010 to October 1, 2035, interest rates at 3.50% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system.</p>	121,755
<p>\$203,230,000 Energy System Revenue Bonds - Series 2007, due in annual installments of \$2,465,000 to \$19,275,000 from October 1, 2010 to October 1, 2037, interest rates at 4.00% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system.</p>	196,020
<p>\$77,845,000 Energy System Refunding Revenue Bonds – Series 2010, due in annual installments of \$5,380,000 to \$14,225,000 from October 1, 2016 to October 1, 2028, interest rates at 3.0% to 5.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.</p>	77,845
<p>\$43,245,000 Energy System Refunding Revenue Bonds – Series 2010A, due in annual installments of \$190,000 to \$8,825,000 from October 1, 2011 to 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.</p>	43,245
<p>\$23,900,000 Consolidated Utility System Refunding Revenue Bonds - Series 2001, due in annual installments of \$1,090,000 to \$2,110,000 from October 1, 2010 to October 1, 2019, interest rates at 4.50% to 5.50% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.</p>	14,445
<p>\$36,110,000 Consolidated Utility System Refunding Revenue Bonds - Series 2005, due in annual installments of \$2,820,000 to \$3,265,000 from October 1, 2010 to October 1, 2014 and \$1,105,000 to \$1,785,000 from October 1, 2020 to October 1, 2030, interest rates at 3.25% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.</p>	27,890
<p>\$164,460,000 Consolidated Utility System Revenue Bonds – Series 2007, due in annual installments of \$1,610,000 to \$10,910,000 from October 1, 2010 to October 1, 2037, interest rates of 4.00% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's Water and Stormwater Drainage System).</p>	162,850

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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**NOTE IV (CONTINUED)**

\$117,015,000 Consolidated Utility System Refunding Revenue Bonds – Series 2010A, due in annual installments of \$3,415,000 to \$20,010,000 from October 1, 2027 to October 1, 2040, interest rates at 5.068% to 5.218% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution and the net revenues of the City’s Utility System (consisting of the City’s water and sewer systems).

117,015

\$25,820,000 Consolidated Utility System Refunding Revenue Bonds – Series 2010B, due in annual installments of \$1,120,000 to \$3,255,000 from October 1, 2015 to 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).

25,820

\$7,355,000 Airport System Revenue Refunding Bonds - Series 2004, due in annual installments of \$825,000 to \$925,000 from October 1, 2010 to October 1, 2013, interest rates at 3.50% to 4.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, and net revenues of the City’s Airport System.

2,665

Total Proprietary Revenue Bonds	<u>823,070</u>
Total Bonds Payable	<u><u>\$929,975</u></u>

**3. LEGAL DEBT MARGIN** - The City of Tallahassee has no general obligation debt outstanding; the amount of general obligation debt the City can issue is limited by City Charter, as outlined below (in thousands):

TAXABLE ASSESSED VALUE .....	<u>\$9,919,935</u>
Debt Limit - 20 Percent of Assessed Value .....	<u>\$1,983,987</u>

**4. CONDUIT DEBT OBLIGATIONS** – From time to time, the City has acted as a conduit for the issuance of bonds for non-profit organizations for the acquisition, construction, and improvement of housing, educational, and medical facilities deemed to be in the public interest, and has issued Industrial Revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage 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, 2010, there were four series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled \$161.4 million and the outstanding balance is \$126,815,000.
- As of September 30, 2010, there was one Florida Student Housing Revenue Bond outstanding. The original issue amount totaled \$9.2 million and the outstanding balance is \$5,710,000.

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

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#### **NOTE IV (CONTINUED)**

- As of September 30, 2010, there were two Florida Lease Revenue Bonds outstanding. The original issue amounts totaled \$24.1 million and the outstanding balance is \$18,189,550.
- As of September 30, 2010, there is one Industrial Revenue Bond outstanding. The original issue amount totaled \$2.2 million and the outstanding balance is \$2,200,000.

#### **5. SUNSHINE STATE LOAN PAYABLE**

As explained in Note I.A., from time to time, the City has obtained loans from the Sunshine State Government Financing Commission under favorable terms. The notes currently outstanding are discussed below.

- \$18,200,000, dated November 18, 1986, due and payable on July 1, 2016; to provide interfund loan proceeds. The loan is secured by the City's covenant to budget and appropriate. Outstanding balance as of September 30, 2010 is \$2,300,000.
- \$36,500,000, dated April 14, 1999, due and payable in 2016; to provide additional funding for the cost of Purdom Unit 8 Electric Generating Plant. The loan is secured by and being repaid from electric system operating revenues. Outstanding balance as of September 30, 2010 is \$28,610,000.
- \$7,909,000, dated April 25, 2001, due and payable in 2015; to provide additional funding for the cost of Purdom Unit 8 Electric Generating Plant. The loan is secured by and being repaid from electric system operating revenues. Outstanding balance as of September 30, 2010 is \$5,245,000.
- \$5,050,000, dated April 25, 2001, due in annual installments of \$346,000 to \$463,000 from 2009 to 2015; to provide funding for fire services projects. The loan is secured by the City's covenant to budget and appropriate, and is being repaid from fire services operating revenues. Outstanding balance as of September 30, 2010 is \$2,106,414.

The rate of interest on the loans varies based upon market interest rates for short-term tax exempt financing. The debt service schedule was prepared utilizing a 4% interest rate.

#### **6. AMI LOAN PROGRAM**

On December 27, 2007, the City entered into a loan with the Banc of America Public Capital Corp to provide \$35,300,000 of financing to fund the City's the Smart Metering program. The loan is due in semi-annual installments of \$927,000 to \$1,633,000 from December 27, 2009 to June 27, 2024, bearing interest at 3.9459%. Additionally, on September 25, 2010, the City entered into a supplemental loan for additional funding of the Smart Metering program in the amount of \$4,700,000. The loan is due in semi-annual installments of \$227,602.83 from December 27, 2010 to June 27, 2024, bearing interest at 4.5900%. Both loans are payable and secured by the Smart Energy Metering and Management System, consisting of meters and communication devices.

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

**NOTE IV (CONTINUED)**

**7. SCHEDULE OF DEBT SERVICE REQUIREMENTS, FOR ALL OUTSTANDING DEBT INCLUDING PRINCIPAL AND INTEREST**

Year ending September 30	Governmental Activities		Business - Type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2011	6,705	4,828	21,367	43,923	76,823
2012	6,955	4,572	22,291	42,829	76,647
2013	7,190	4,335	23,350	41,811	76,686
2014	7,500	4,028	23,491	40,744	75,763
2015-2019	36,555	15,204	130,299	186,216	368,274
2020-2024	38,390	6,735	157,114	150,936	353,175
2025-2029	4,705	593	170,173	114,284	289,755
2030-2034	1,205	45	179,084	71,802	252,136
2035-2040	--	--	172,090	26,508	198,598
Totals	\$ 109,205	\$ 40,340	\$ 899,259	\$ 719,053	\$ 1,767,857

**H. NET ASSETS**

The government-wide and business-type Fund Financial Statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted or unrestricted.

**1. Investment in Capital Assets (net of related debt)** is intended to reflect the portion of net assets which are 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 that are attributable to the acquisition, construction, or improvement of capital assets of the City.

**2. Restricted Assets** are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through 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** are the portion of net assets that are neither invested in capital assets nor restricted for use by a third party.

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS  
September 30, 2010

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**NOTE V - OTHER INFORMATION**

**A. OUTSTANDING CONTRACTS**

The City has outstanding commitments on various contracts for construction and other projects. These commitments, as of September 30, 2010, in the respective funds are as follows (in thousands):

General Fund.....	\$	1,227
Electric.....		24,687
Gas.....		788
Sewer.....		81,207
Stormwater Management.....		4,060
Water.....		3,456
Airport.....		8,940
Nonmajor Governmental.....		11,544
Nonmajor Enterprise.....		888
Internal Service Funds.....		5,359
CRA.....		740
Total.....	\$	<u>142,896</u>

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

**B. RISK MANAGEMENT PROGRAM**

The Risk Management program provides coverage for Workers' Compensation by self-insuring primary losses up to \$1 million and losses above that amount are insured through an excess policy. General liability, automobile and employment liability are totally self-insured. General and automobile liability losses are statutorily limited by sovereign immunity of \$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 (3.5%).

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

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**NOTE V (CONTINUED)**

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. The Human Resources department administers this program.

Changes in the balances of self-insured claims for the years ended September 30, 2010 and 2009 are as follows (in thousands):

	2010	2009
Unpaid claims – October 1 (including IBNRs).....	\$ 8,923	\$ 9,454
Expenses.....	3,928	1,849
Claim payments.....	(2,489)	(2,380)
Unpaid claims – September 30 (including IBNRs).....	<u>\$ 10,362</u>	<u>\$ 8,923</u>
Estimated amount due in one year.....	<u>\$ 3,075</u>	<u>\$ 2,837</u>

**C. LITIGATION**

The City is involved in pending lawsuits. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from litigation would not materially affect the financial position of the City.

**D. FEDERAL AND STATE GRANTS**

The City participates in a number of federal and state assisted programs that are subject to financial and compliance audits made in accordance with the Office of Management and Budget Circular A-133.

Through the Community Development Block Grant, HOME program, State Housing Initiatives Partnership and other funding, the City provides down payment assistance loans to low-income families. These loans are “contingency loans” that are repaid only upon the buyer selling or refinancing his property and are not reported in the financial statements. As of September 30, 2010, these loans totalled \$3.8 million.

**E. ADVANCE FUNDING OF STATE OF FLORIDA ROADWAY PROJECTS**

In prior years, the City had advanced \$220,319 to the Florida Department of Transportation (FDOT) for roadway improvements. Reimbursement of these advances is subject to State legislative approval and appropriation in the fiscal years of reimbursement indicated in each contract with the FDOT. Accordingly, the advanced monies have been treated as a gain contingency and no receivable has been recorded for the possible reimbursement.

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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### NOTE V (CONTINUED)

#### F. LONG-TERM CONTRACTS

The City acquires natural gas and power through a combination of short, medium and long-term contracts. The City currently has one long-term (20 Year) contract with Tennessee Energy Acquisition Corporation and another 30-year contract with MainStreet for natural gas discounted from an index. These contracts save the City between \$98,000 and \$155,000 each month through 2040. These 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.

In addition, the City has entered into long-term purchase contracts with other suppliers of electric, capacity and associated energy. The City has two such contracts, one with Progress Energy Florida (PEF) for 11.4 MWs, and another contingent contract with EcoSphere, (formally known as Renewable Fuel Tallahassee) for approximately 35 MWs. The contract with PEF began in December 1998 and will continue through December 2016. The EcoSphere contract has been amended with a new schedule to begin production in December 2013. The contingent contract with EcoSphere will remain in effect until the 30<sup>th</sup> anniversary of the commercial operation date. These contracts are managed and monitored by the City's Energy Services Department. Revenues from customers through the ECRC are designed to recover costs incurred by these purchase commitments.

The following is a schedule, by years, of approximate minimum future purchase commitments on long-term purchase contracts as of September 30, 2010 (in thousands):

Years ending September 30,	Gas Contracts	Energy Contracts	*RFT Contingent Purchased Power	Total
2011	\$ 60,772	\$ 4,686	\$ --	\$ 65,458
2012	29,396	4,827	--	34,223
2013	15,010	4,971	14,348	34,329
2014	15,592	5,121	17,713	38,426
2015	16,286	5,274	18,068	39,628
Thereafter	219,677	6,414	651,361	877,452
Total	<u>\$ 356,733</u>	<u>\$ 31,293</u>	<u>\$ 701,490</u>	<u>\$ 1,089,516</u>

\*The Ecosphere agreement is contingent upon leasing/locating a site for the plant, permitting, financing, construction and the ultimate operation of the plant. If these conditions and others are met, the City will purchase the power from Ecosphere for 30 years.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

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**NOTE V (CONTINUED)**

**G. PENSION PLAN OBLIGATIONS**

The City of Tallahassee Pension Plan (Plan) was established by Chapter 14 of the City Code of Ordinances. The Plan is administered by the City of Tallahassee Treasurer-Clerk’s Office, under guidance from the Plan’s Board of Trustees. Under the Plan, the City provides a single-employer defined benefit provision covering general employees (Article II), police officers (Article III) and firefighters (Article IV), and a defined contribution provision (Article V - Matched Annuity - MAP) covering all City employees.

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

**1. DEFINED BENEFIT PROVISION** - Established through Parts A, B, and C in Articles II, III, and IV, Parts A and B are closed to further participation 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.

**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. The City contributes 5% to each general employee’s MAP account. Upon reaching normal retirement age or retiring under the Plan, a participant shall be paid his and the City’s contributions, together with accrued earnings. If a general employee uses the contributions and accrued earnings to purchase an annuity contract, the Plan will increase the amount of funds (only on the City’s 5%, employee flex matched contribution and employees’ contribution up to the 5%) used by the participant by a factor of 50 %. Employee contributions (including the City’s 5% contribution to each general employees MAP account) plus accrued earnings thereon are 100% refundable if the employee elects to terminate his vesting rights or is not vested at the date of employment termination.

**3. PENSION PLAN INFORMATION**

2010 Membership Statistical Information

A. Retirees and beneficiaries of deceased retirees currently receiving benefits.....	1,325
B. Terminated employees entitled to benefits but not yet receiving benefits.....	263
C. Active Employees.....	2,551
D. Total current year's payroll.....	\$ 153,096,000
E. Current year payroll for employees covered by the plan.....	\$ 126,726,000

## CITY OF TALLAHASSEE, FLORIDA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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#### NOTE V (CONTINUED)

**4. ACTUARIALLY DETERMINED CONTRIBUTION REQUIREMENTS AND CONTRIBUTIONS MADE** - The contributions required to support the benefits under Article II, III and IV, other than pre-retirement death benefits, are determined based on a level funding approach and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the entry age actuarial cost method. Under this method, a calculation is made to determine the uniform and constant percentage rate of contribution, which if applied to the compensation of the average new member during the entire period of his anticipated covered service, would be required to meet the cost of all benefits payable on his behalf.

As of the September 30, 2007 actuarial valuation, the unfunded actuarial accrued liability contribution for the defined benefit plan is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization periods are as follows: general employees, 14 years; police officers, 14 years; and firefighters, 30 years. The unfunded initial liability for the MAP program is being amortized over 9 years for general employees as a percentage of payroll.

Employer contributions required to support the benefits under Article V (MAP Program) are determined following a level funding aggregate approach. The present value of prospective employer contributions is determined by subtracting the present value of prospective member contributions and present assets from the total present value of benefits expected to be paid from the program. Contributions during fiscal year 2010 totaling \$13,423,000 (\$7,564,000 employer contributions representing 7.14% covered payroll for general employees and \$5,859,000 voluntary employee contributions representing 4.34% of total covered MAP payroll), were made in accordance with contribution requirements determined through an actuarial valuation performed as of September 30, 2007. Total covered payroll for the MAP program was \$106,000,000 for general employees. Total covered payroll for fiscal year 2010 was \$144,522,000. Contributions are based on rates of covered payroll of 7.15% (5% employer contribution and 2.15 actuarial contribution) for the City and voluntary employee contributions ranging from 0% to the IRS limit for general employees, firefighters and police officers.

Contributions to the Defined Benefit Plan in 2010 amounted to \$21,963,000 of which \$14,379,000 and \$7,583,000 were made by the City and its employees, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of September 30, 2007 and include changes in funding due to plan amendments since the valuation was prepared. Contributions made by the City of Tallahassee and its employees are detailed in the table that follows.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements include (a) an interest rate of 7.75% per annum compounded annually, (b) projected salary increases for inflation and merit of 6.00% per annum compounded annually, (c) inflation rate of 4.00% and, (d) post retirement benefit increases including 3% cost-of-living adjustments and a health care supplement.

**CITY OF TALLAHASSEE, FLORIDA**

**NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

**NOTE V (CONTINUED)**

The employer pension cost and contribution made as a percentage of payroll for each plan is as follows (in thousands):

	General Employees		Police		Firefighters	
	Amount	Percent of	Amount	Percent of	Amount	Percent of
		Payroll		Payroll		Payroll
Contribution Requirements:	\$ 13,206	14.14%	\$ 4,763	23.03%	\$ 3,994	31.59%
Contribution Made:						
City.....	\$ 8,862	9.49%	\$ 3,071	14.85%	\$ 2,447	19.35%
Employee.....	4,344	4.65%	1,692	8.18%	1,547	12.24%
Total.....	\$ 13,206	14.14%	\$ 4,763	23.03%	\$ 3,994	31.59%

A separate Article V MAP employer contribution is also payable for general employees, police officers and firefighters. The Article V MAP employer contribution for general employees was 7.14%, 7.44% and 8.15% for 2010, 2009 and 2008, respectively.

**5. TREND INFORMATION** - The following historical trend information, prepared in accordance with GASB No. 27, provides information on progress made in accumulating sufficient assets to pay benefits when due. The purpose of the schedule is to establish a consistent method for analyzing and making comparisons among different public retirement systems. The following information presents three year trend information required by GASB No. 27.

Fiscal Year	Annual Pension Cost (APC) (in thousands)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 14,695	100%	\$ --
2009	14,987	100	--
2010	14,379	100	--

Contributions were made in accordance with actuarially determined contribution requirements.

**H. OTHER EMPLOYEE BENEFITS**

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

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

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

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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### NOTE V (CONTINUED)

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

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

**2. FUNDING POLICY** - The contribution requirements of plan members and the City are established and may be amended by the City Commission. These contributions are neither mandated nor guaranteed. The City has retained the right to unilaterally modify its payment for retiree health care benefits.

GASB 45 provides that per capita costs for valuation purposes should be determined either via use of segregated claims experience or by approximation with age-adjusted premium rates. However, GASB 45 provides an exception allowing community-rated plans to use unadjusted insured premium rates charged for both active employees and retirees. An employer can use the community-rated exception if an actuary determines that the insurer/health program would offer the same premium to that employer if only the non-Medicare eligible retirees of that employer were covered (and not its active employees).

During the development of the October 1, 2009 valuation, it was determined that premiums would be the same if the population excluded active employees. Based on the information at the time of prior valuations, it was concluded that the cost of coverage would not have been the same if the population excluded active employees. Thus, the previous valuations included both explicit premium costs and implicit additional age related costs, and therefore, reflected higher liabilities. Accordingly, the unfunded implicit liability recorded in previous years has been eliminated in the current year.

**3. ANNUAL OPEB COST AND NET OPEB OBLIGATION** - The contribution required to support the OPEB Plan is calculated based on the Annual Required Contribution (ARC), an amount determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year, calculated using the pay related entry age actuarial cost method, and to amortize the unfunded actuarial liability over a period not to exceed thirty years.

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

Annual required contribution.....	\$	4,120
Interest on net OPEB obligation.....		884
Adjustment to annual required contribution.....		(653)
Annual OPEB cost.....	\$	4,351
Contributions made.....		(3,136)
Adjustment for elimination of implicit liability....		(10,122)
Decrease in net OPEB obligation.....		(8,907)
Net OPEB obligation - October 1.....		(11,407)
Net OPEB obligation - September 30 .....	\$	2,500

# CITY OF TALLAHASSEE, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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### NOTE V (CONTINUED)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30 is as follows (dollar amounts in thousands):

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 8,353	29.43%	\$ 5,895
2009	\$ 8,622	36.07%	\$ 11,407
2010	\$ 4,351	72.08%	\$ 2,500

**4. FUNDED STATUS AND FUNDING PROGRESS** - As of October 1, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$44.6 million, and the actuarial value of assets was \$2.7 million resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$41.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$140.1 million, and the ratio of the UAAL to the covered payroll was 29.9 %.

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

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

In the October 1, 2009 actuarial valuation, the pay related entry age actuarial cost method was used. The actuarial assumptions included a 7.75 % investment rate of return and an annual healthcare cost trend rate of 7.65% initially, adjusted annually to an ultimate rate of 5 % after five years. Both rates included a 4.0 % inflation assumption. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at October 1, 2009 was 28 years.

**CITY OF TALLAHASSEE, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

**NOTE V (CONTINUED)**

**J. DERIVATIVE FUEL 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, 2010, and the changes in fair value of such derivative instruments for the year then ended, are as follows (\$ amounts in thousands; debit (credit)):

	Changes in Fair Value		Fair Value at September 30, 2010		Notional
	Classification	Amount (\$)	Classification	Amount (\$)	
Cash Flow Hedges:					
Commodity Forward - Natural Gas	Deferred Outflow of Resources	61,338	Derivative Instrument	(61,338)	42,965,000 MMBTUs
Commodity Forward - Diesel Fuel	Deferred Inflow of Resources	(489)	Derivative Instrument	489	2,268,000 Gallons
Commodity Forward - Gasoline	Deferred Inflow of Resources	(213)	Derivative Instrument	213	1,134,000 Gallons

The fair values of the forward contracts are estimated based upon the present value of their estimated cash flows.

The following table displays the objectives and terms of the City’s derivative instruments outstanding at September 30, 2010:

Type	Objective	Effective Date	Maturity Date	Terms
Commodity Forward Contract	Hedge of changes in cash flows due to market price fluctuations related to expected purchases of natural gas	Various	October 2010 - October 2012	Pay various prices per MMBTU; settlement based on Henry Hub pricing point at expiration date
Commodity Forward Contract	Hedge of changes in cash flows due to market price fluctuations related to expected purchases of diesel fuel	Various	October 2010 - March 2012	Pay various prices per gallon; settlement based on New York Harbor Heating Oil pricing point at expiration date
Commodity Forward Contract	Hedge of changes in cash flows due to market price fluctuations related to expected purchases of gasoline	Various	October 2010 - March 2012	Pay various prices per gallon; settlement based on New York Harbor Gasoline pricing point at expiration date

**CREDIT RISK** – The City is exposed to credit risk on derivative instruments that are in asset positions. All applicable fuel related counterparties have a minimum credit rating of “BBB-” issued from Standard & Poor’s Investors Service or “Baa3” issued from Moody’s Investors Service.

## **CITY OF TALLAHASSEE, FLORIDA**

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2010

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#### **NOTE V (CONTINUED)**

##### **K. SUBSEQUENT EVENT**

###### **Energy System Revenue Bonds, Series 2010B and Series 2010C**

On October 27, 2010, the City issued \$122,280,000 in Energy System Revenue Bonds, Series 2010B (Federally Taxable - Build America Bonds) with an interest rate of 5.969% due October 1, 2040. Also on this date, the City issued \$35,485,000 in Energy System Revenue Bonds, Series 2010C with interest rates ranging between 4.0% and to 5.0 due October 1, 2029.

The Series 2010 Bonds were issued to: (1) finance the acquisition and construction of certain capital improvements to the City's Energy System (the "Series 2010 Project"), (2) refund the Refunded Sunshine State Loans, and (3) pay certain costs of issuance related to the Series 2010 Bonds.

The Series 2010 Bonds were issued by the City pursuant to Chapter 166, Part II, Florida Statutes, and other applicable provisions of law (collectively, the "ACT"), Resolution No. 98-R-0048, adopted by the City on September 23, 1998, as amended by Resolution No. 98-R-0056, adopted October 15, 1998 as amended and supplemented (collectively the "1998 General Resolution") and Resolution No. 10-R-32, adopted by the City on September 29, 2010, as amended by Resolution No. 10-R-39 adopted by the City on October 27, 2010 (collectively the "Series Resolution" together with the 1998 General Resolution, the "Resolution").

The Series 2010 Bonds are payable solely from and secured by a pledge of and lien on (i) money in certain of the funds and accounts established under the Resolution, (ii) the Net Revenues of the City's Energy System, (iii) certain other amounts (collectively, the "Pledged Revenues") as set forth in the Resolution.

The Series 2010 Bonds are secured by the pledged revenues on a parity with the City's outstanding \$143,800,000 original aggregate principal amount of Energy System Refunding Revenue Bonds, Series 1998A, its outstanding \$17,680,000 original aggregate principal amount of Energy System Refunding Revenue Bonds, Series 2001, its outstanding \$128,920,000 original aggregate principal amount of Energy System Revenue Bonds, Series 2005, its outstanding \$203,230,000 original aggregate principal amount of Energy System Revenue Bonds, Series 2007, its outstanding \$77,845,000 original aggregate principal amount of Energy System Refunding Revenue Bonds, Series 2010 and its outstanding \$43,245,000 original aggregate principal amount of Energy System Refunding Revenue Bonds, Series 2010A (collectively, the "Outstanding Parity Bonds"), of which \$472,385,000 total aggregate principal amount are outstanding.



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# **REQUIRED SUPPLEMENTARY INFORMATION**

THIS SUBSECTION CONTAINS THE FOLLOWING:

Budgetary Comparison Schedule-General Fund  
Note to Required Supplementary Information  
Schedule of Funding Progress  
Schedule of Employer Contributions  
Schedule of Funding Progress - OPEB  
Schedule of Employer Contributions - OPEB

**CITY OF TALLAHASSEE, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2010**  
**(in thousands)**

	Budget Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance - October 1</b>	\$ 561	\$ 561	\$ 561	\$ -
<b>Resources</b>				
Taxes.....	57,143	57,143	58,253	1,110
Licenses and Permits.....	2,780	2,780	2,530	(250)
Intergovernmental Revenues.....	13,625	13,625	12,436	(1,189)
Charges for Services.....	8,870	8,870	7,751	(1,119)
Fines and Forfeitures.....	1,464	1,464	983	(481)
Interest Earned.....	450	450	648	198
Miscellaneous.....	12,165	12,165	10,558	(1,607)
Transfers from Other Funds.....	37,295	37,295	36,791	(504)
Total Resources.....	134,353	134,353	130,511	(3,842)
<b>Charges to Appropriations</b>				
General Government.....	25,091	24,101	21,991	2,110
Public Safety.....	47,414	46,983	45,854	1,129
Transportation.....	14,604	14,067	13,193	874
Human Services.....	2,879	1,565	1,373	192
Economic Development.....	1,677	1,646	1,476	170
Physical Environment.....	1,781	1,781	1,625	156
Culture and Recreation.....	18,617	18,498	17,851	647
Transfers to Other Funds.....	22,290	25,712	25,897	(185)
Total Charges to Appropriations.....	134,353	134,353	129,260	5,093
<b>Budgetary Fund Balance, September 30</b>	\$ -	\$ -	\$ 1,251	\$ 1,251

**CITY OF TALLAHASSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended September 30, 2010**  
**(in thousands)**

**Note A - 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.	\$ 130,511
<b>Differences - budget to GAAP</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(561)
The increase in the fair market value of investments is an increase in revenue for financial reporting purposes but is considered a budgetary inflow.	140
The revenues of the City's Deficiency Reserve and Scholarship Reserve are current year revenues for reporting purposes but are not considered budgetary inflows.	1,215
Current year nonbudgeted transfer is treated as revenue for financial reporting purposes but not as a budgetary inflow.	139
Miscellaneous items treated as budgetary inflows but not as revenues for financial reporting purposes.	(673)
Total Revenues/Transfers In as reported on the statement of revenues, expenditures, and changes in fund balances.	\$ 130,771

**Outflows of Resources**

Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule.	\$ 129,260
<b>Differences - budget to GAAP</b>	
The expenditures of the City's Deficiency Reserve and Scholarship reserve are current year expenditures for reporting purposes but are not considered budgetary outflows.	2,951
Repayment of the principal portion of debt is treated as an outflow for budgetary purposes, but as a reduction of the debt for reporting purposes	(1,878)
Miscellaneous items treated as budgetary outflows but not as expenditures for financial reporting purposes.	(7,237)
Total Expenditures/Transfers Out as reported on the statement of revenues, expenditures, and changes in fund balances.	\$ 123,096

**CITY OF TALLAHASSEE, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION (Continued)**

September 30, 2010

The following historical trend information, prepared in accordance with Governmental Accounting Standards Board Statement No. 25, (Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans) provides information on progress made in accumulating sufficient assets to pay benefits when due. The purpose of the schedule is to establish a consistent method for analyzing and making comparisons among different public retirement systems.

**Schedule of Funding Progress**  
(in millions)

Actual Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Excess of Assets Over AAL (a - b)	Funded Ratio (a / b)	Covered Payroll (c)	Excess as a Percentage of Covered Payroll ((a-b)/c)
9/30/1994	\$307.00	\$300.80	\$6.20	102.00%	\$79.00	7.80%
9/30/1996	396.6	384.6	12	103.1	87.9	13.7
9/30/1997	476.4	427.3	49.1	111.5	86.6	56.7
9/30/1999	613	496.2	116.8	123.5	90.7	128.8
9/30/2001	723.6	597.6	126	121.1	99.9	126.1
9/30/2003	796.6	719.2	77.4	110.8	113.7	68.1
9/30/2005	916.3	842.1	74.2	108.8	118.6	62.6
9/30/07**	1,076.70	994.1	82.6	108.2	129.6	63.7

**Schedule of Employer Contributions**  
(in thousands)

Fiscal Year	*Employer Annual Required Contributions	Percentage Contributed
2006	\$13,150	100%
2007	14,223	100
2008	14,695	100
2009	14,987	100
2010	14,379	100

\*Contributions were made in accordance with actuarially determined contribution requirements.

\*\*Actuarial valuation prepared as of September 30, 2007 to determine annual contributions for the plan year beginning October 1, 2008.

**CITY OF TALLAHASSEE, FLORIDA**

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

September 30, 2010

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

**Schedule of Funding Progress**

(in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (a - b)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((a-b)/c)
10/1/2007	\$ --	\$ 101.8	\$ 101.8	0.00%	\$ 133.4	76.3%
10/1/2009	\$ 2.7	\$ 44.6	\$ 41.9	6.05%	\$ 142.7	29.4%

**Schedule of Employer Contributions**

(in thousands)

Fiscal Year	Employer Annual Required Contributions	Percentage Contributed
2008	\$ 8,353	29.4%
2009	\$ 8,622	36.1%
2010	\$ 4,350	72.1%



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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  
Capital Assets Used in the Operation of Governmental Funds



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## NONMAJOR FUNDS

### GOVERNMENTAL FUNDS

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

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**September 30, 2010**  
(in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency Fund	State Housing Partnership
<b>ASSETS</b>					
Cash and Cash Equivalents.....	\$ 7,846	\$ --	\$ 91	\$ --	\$ --
Securities Lending Collateral .....	370	--	4	--	--
Receivables:					
Accrued Interest.....	12	--	--	--	--
Customers and Other.....	98	--	--	--	--
Notes.....	23	--	--	--	--
Special Assessments.....	--	--	--	--	--
Due From Other Governments.....	1,729	--	--	--	--
Advances to Other Funds.....	--	--	--	--	--
Cash and Cash Equivalents - Restricted.....	--	1,221	--	9,002	887
Investments - Restricted.....	--	--	--	--	--
Securities Lending Collateral - Restricted.....	--	58	--	425	--
Receivables - Restricted:					
Accrued Interest Receivable.....	1	5	--	36	3
Customers.....	4	4	--	--	--
Notes Receivable.....	4,053	--	--	--	271
Due from Other Governments.....	2,713	--	--	--	--
Total Assets.....	<u>\$ 16,849</u>	<u>\$ 1,288</u>	<u>\$ 95</u>	<u>\$ 9,463</u>	<u>\$ 1,161</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Obligations Under Securities Lending .....	\$ 370	\$ --	\$ 4	\$ --	\$ --
Accounts and Retainage Payable.....	882	--	176	--	--
Unearned Revenue.....	56	292	--	--	--
Advance from Other Funds.....	--	--	2,781	--	--
Accounts and Retainage Payable - Restricted.....	2,477	99	--	--	--
Obligations Under Securities Lending - Restricted..	--	58	--	425	--
Unearned Revenue - Restricted.....	--	--	--	--	171
Total Liabilities.....	<u>3,785</u>	<u>449</u>	<u>2,961</u>	<u>425</u>	<u>171</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances.....	5,121	245	--	--	255
Advances to Other Funds.....	--	--	--	--	--
Projects.....	3,867	277	--	--	464
Notes Receivable.....	4,076	--	--	--	271
Debt Service.....	--	--	--	--	--
Unreserved.....	--	317	(2,866)	9,038	--
Total Fund Balances.....	<u>13,064</u>	<u>839</u>	<u>(2,866)</u>	<u>9,038</u>	<u>990</u>
Total Liabilities and Fund Balances.....	<u>\$ 16,849</u>	<u>\$ 1,288</u>	<u>\$ 95</u>	<u>\$ 9,463</u>	<u>\$ 1,161</u>

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**September 30, 2010**  
**(in thousands)**

Debt Service	Capital Projects Funds				Permanent Fund	Total
	Capital Improvement	Capital Bonds	Sales Tax	Gas Tax	Cemetery	
\$ --	\$ 15,703	\$ --	\$ 1,496	\$ 9,456	\$ 6,176	\$ 40,768
--	741	--	71	446	292	1,924
--	64	--	7	37	24	144
--	--	--	--	--	--	98
--	126	--	--	--	--	149
--	242	--	--	--	--	242
--	24	--	687	345	--	2,785
--	--	--	--	--	--	--
1,820	--	45,930	--	--	--	58,860
7,730	--	--	--	--	--	7,730
432	--	2,168	--	--	--	3,083
5	--	177	--	--	--	227
--	--	--	--	--	--	8
--	--	--	--	--	--	4,324
--	--	--	--	--	--	2,713
<u>\$ 9,987</u>	<u>\$ 16,900</u>	<u>\$ 48,275</u>	<u>\$ 2,261</u>	<u>\$ 10,284</u>	<u>\$ 6,492</u>	<u>\$ 123,055</u>
\$ --	\$ 741	\$ --	\$ 71	\$ 446	\$ 292	\$ 1,924
--	667	--	856	211	16	2,808
--	--	--	--	--	--	348
--	146	--	--	--	--	2,927
--	--	387	--	--	--	2,963
432	--	2,168	--	--	--	3,083
--	--	--	--	--	--	171
<u>432</u>	<u>1,554</u>	<u>2,555</u>	<u>927</u>	<u>657</u>	<u>308</u>	<u>14,224</u>
--	664	3,288	2,325	596	--	12,494
--	--	--	--	--	--	--
--	14,556	31,925	2,053	2,466	--	55,608
--	126	--	--	--	--	4,473
9,555	--	--	--	--	--	9,555
--	--	10,507	(3,044)	6,565	6,184	26,701
<u>9,555</u>	<u>15,346</u>	<u>45,720</u>	<u>1,334</u>	<u>9,627</u>	<u>6,184</u>	<u>108,831</u>
<u>\$ 9,987</u>	<u>\$ 16,900</u>	<u>\$ 48,275</u>	<u>\$ 2,261</u>	<u>\$ 10,284</u>	<u>\$ 6,492</u>	<u>\$ 123,055</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, 2010**  
**(in thousands)**

	Special Revenue Funds					
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership	Debt Service
Revenues:						
Taxes.....	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits.....	--	--	2,568	837	--	--
Intergovernmental Revenues.....	8,455	815	--	--	220	--
Charges for Services.....	--	--	--	--	--	--
Fines and Forfeitures.....	--	179	--	--	--	--
Net Investment Earnings.....	113	41	--	261	41	972
Securities Lending Income.....	--	--	--	3	--	--
Net Increase in Fair Value of Investments.....	56	9	1	65	6	10
Miscellaneous Revenues.....	248	--	--	--	--	--
Total Revenues.....	<u>8,872</u>	<u>1,044</u>	<u>2,569</u>	<u>1,166</u>	<u>267</u>	<u>982</u>
Expenditures:						
Current:						
General Government.....	934	--	--	--	--	--
Public Safety.....	1,164	992	2,297	--	--	--
Transportation.....	3,982	--	--	--	--	--
Human Services.....	471	--	--	--	--	--
Economic Environment.....	5,635	--	--	--	1,421	--
Physical Environment.....	418	--	--	--	--	--
Cultural and Recreation.....	201	--	--	--	--	--
Securities Lending Expense:						
Interest.....	--	--	--	2	--	--
Agent Fees.....	--	--	--	--	--	--
Debt Service:						
Principal Retired.....	--	--	--	--	--	6,890
Interest and Fiscal Charges.....	--	--	--	--	--	4,614
Total Expenditures.....	<u>12,805</u>	<u>992</u>	<u>2,297</u>	<u>2</u>	<u>1,421</u>	<u>11,504</u>
Excess of Revenues Over (Under) Expenditures.....	<u>(3,933)</u>	<u>52</u>	<u>272</u>	<u>1,164</u>	<u>(1,154)</u>	<u>(10,522)</u>
Other Financing Sources (Uses):						
Transfers In.....	827	249	21	--	--	8,623
Transfers Out.....	(272)	(205)	(192)	--	--	(761)
Proceeds from Sale of Capital Assets.....	--	--	--	--	--	--
Total Other Financing Sources (Uses).....	<u>555</u>	<u>44</u>	<u>(171)</u>	<u>--</u>	<u>--</u>	<u>7,862</u>
Net Change in Fund Balances.....	(3,378)	96	101	1,164	(1,154)	(2,660)
Fund Balances - October 1.....	16,442	743	(2,967)	7,874	2,144	12,215
Fund Balances - September 30.....	<u>\$ 13,064</u>	<u>\$ 839</u>	<u>\$ (2,866)</u>	<u>\$ 9,038</u>	<u>\$ 990</u>	<u>\$ 9,555</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, 2010**  
**(in thousands)**

Capital Improvement	Capital Projects Funds			Permanent Fund	Total
	Capital Bonds	Sales Tax	Gas Tax	Cemetery	
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	3,405
788	--	5,298	3,993	--	19,569
107	--	--	--	157	264
--	--	--	--	--	179
482	1,433	312	275	193	4,123
3	12	6	3	--	27
113	330	11	68	44	713
217	--	21	--	--	486
<u>1,710</u>	<u>1,775</u>	<u>5,648</u>	<u>4,339</u>	<u>394</u>	<u>28,766</u>
530	2,771	1,916	--	--	6,151
187	--	--	--	--	4,640
2,538	1,866	2,976	3,728	--	15,090
--	--	--	--	--	471
736	--	--	--	--	7,792
114	--	--	--	481	1,013
656	967	53	--	--	1,877
2	7	3	2	--	16
--	1	1	--	--	2
--	--	--	--	--	6,890
--	--	--	--	--	4,614
<u>4,763</u>	<u>5,612</u>	<u>4,949</u>	<u>3,730</u>	<u>481</u>	<u>48,556</u>
<u>(3,053)</u>	<u>(3,837)</u>	<u>699</u>	<u>609</u>	<u>(87)</u>	<u>(19,790)</u>
2,603	--	--	--	--	12,323
--	(824)	--	(204)	(27)	(2,485)
--	--	--	--	--	--
<u>2,603</u>	<u>(824)</u>	<u>--</u>	<u>(204)</u>	<u>(27)</u>	<u>9,838</u>
(450)	(4,661)	699	405	(114)	(9,952)
15,796	50,381	635	9,222	6,298	118,783
<u>\$ 15,346</u>	<u>\$ 45,720</u>	<u>\$ 1,334</u>	<u>\$ 9,627</u>	<u>\$ 6,184</u>	<u>\$ 108,831</u>

# **NONMAJOR FUNDS**

## **ENTERPRISE FUNDS**

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

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Nonmajor Enterprise Funds**  
**September 30, 2010**  
**(in thousands)**

	<u>StarMetro</u>	<u>Solid Waste</u>	<u>Golf</u>	<u>Fire Services</u>	<u>Total</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents.....	\$ 13	\$ 9,808	\$ 311	\$ --	\$ 10,132
Securities Lending Collateral.....	1	463	15	--	479
Receivables:					
Accrued Interest.....	--	39	1	2	42
Customers and Others.....	878	1,220	--	1,565	3,663
Due From Other Governments.....	1,078	--	--	1,121	2,199
Less: Allowance for Doubtful Accounts.....	(4)	(539)	--	(100)	(643)
Inventory.....	737	--	31	--	768
Cash and Cash Equivalents - Restricted.....	2,100	--	--	--	2,100
<b>Total Current Assets.....</b>	<u>4,803</u>	<u>10,991</u>	<u>358</u>	<u>2,588</u>	<u>18,740</u>
<b>Noncurrent Assets</b>					
Derivative Instruments.....	243	--	--	--	243
Deposits.....	488	--	--	--	488
Capital Assets					
Land and Construction in Progress.....	5,317	--	144	1,440	6,901
Other, Net of Accumulated Depreciation.....	20,084	2,288	1,773	13,876	38,021
<b>Total Noncurrent Assets.....</b>	<u>26,132</u>	<u>2,288</u>	<u>1,917</u>	<u>15,316</u>	<u>45,653</u>
<b>Total Assets.....</b>	<u>\$ 30,935</u>	<u>\$ 13,279</u>	<u>\$ 2,275</u>	<u>\$ 17,904</u>	<u>\$ 64,393</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable.....	\$ 1,604	\$ 1,044	\$ 37	\$ 2,681	\$ 5,366
Due to Other Funds.....	8	--	1	--	9
Compensated Absences.....	505	269	18	1,726	2,518
Obligations Under Securities Lending.....	1	463	15	--	479
Loan Payable - Current.....	--	--	--	381	381
Unearned Revenue.....	15	--	30	--	45
<b>Total Current Liabilities.....</b>	<u>2,133</u>	<u>1,776</u>	<u>101</u>	<u>4,788</u>	<u>8,798</u>
<b>Noncurrent Liabilities:</b>					
Loans Payable.....	--	--	--	1,725	1,725
Advances from Other Funds.....	--	--	--	--	--
Net OPEB Obligation.....	--	--	--	--	--
Deferred Inflows of Resources.....	243	--	--	--	243
Compensated Absences.....	111	226	18	566	921
<b>Total Noncurrent Liabilities.....</b>	<u>354</u>	<u>226</u>	<u>18</u>	<u>2,291</u>	<u>2,889</u>
<b>Total Liabilities.....</b>	<u>2,487</u>	<u>2,002</u>	<u>119</u>	<u>7,079</u>	<u>11,687</u>
<b>Net Assets</b>					
Investment in Capital Assets, net of related debt..	25,401	2,288	1,917	13,209	42,815
Restricted for					
Renewal, Replacement, and Improvements.....	2,100	--	--	--	2,100
Unrestricted.....	947	8,989	239	(2,384)	7,791
<b>Total Net Assets.....</b>	<u>28,448</u>	<u>11,277</u>	<u>2,156</u>	<u>10,825</u>	<u>52,706</u>
<b>Total Liabilities and Net Assets.....</b>	<u>\$ 30,935</u>	<u>\$ 13,279</u>	<u>\$ 2,275</u>	<u>\$ 17,904</u>	<u>\$ 64,393</u>

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**Nonmajor Enterprise Funds**  
**For the fiscal year ended September 30, 2010**  
**(in thousands)**

	<u>StarMetro</u>	<u>Solid Waste</u>	<u>Golf Course</u>	<u>Fire Services</u>	<u>Total</u>
Operating Revenues:					
Charges for Services:					
Residential Sales.....	\$ --	\$ 8,972	\$ --	\$ 11,231	\$ 20,203
Commercial and Industrial Sales.....	--	11,850	--	10,272	22,122
County Government.....	--	--	--	8,482	8,482
Recyclable Sales.....	--	369	--	--	369
Recreation Fees.....	--	--	856	--	856
Transportation Fees.....	4,433	--	--	--	4,433
Other.....	68	9	--	312	389
Total Operating Revenues.....	<u>4,501</u>	<u>21,200</u>	<u>856</u>	<u>30,297</u>	<u>56,854</u>
Operating Expenses:					
Personnel Services.....	8,775	4,000	355	18,880	32,010
Contractual Services.....	4,626	14,966	149	6,990	26,731
Materials and Supplies.....	2,089	74	177	399	2,739
Other Expenses.....	72	422	35	392	921
Depreciation.....	1,852	193	173	688	2,906
Total Operating Expenses.....	<u>17,414</u>	<u>19,655</u>	<u>889</u>	<u>27,349</u>	<u>65,307</u>
Operating Income (Loss).....	<u>(12,913)</u>	<u>1,545</u>	<u>(33)</u>	<u>2,948</u>	<u>(8,453)</u>
Non-Operating Revenues (Expenses):					
Net Investment Earnings.....	--	284	1	--	285
Net Increase in the Fair Value of Investments.....	--	70	2	--	72
Securities Lending:					
Income.....	--	3	--	--	3
Interest.....	--	(2)	--	--	(2)
Agent Fees.....	--	--	--	--	--
Other Revenues (Expenses).....	8	--	2	--	10
Grant Revenues.....	3,648	--	--	--	3,648
Gain (Loss) on Sale of Assets.....	--	--	--	--	--
Interest Expense.....	--	--	--	(124)	(124)
Total Non-Operating Revenues (Expenses).....	<u>3,656</u>	<u>355</u>	<u>5</u>	<u>(124)</u>	<u>3,892</u>
Income (Loss) Before Capital Contributions and Operating Transfers.....	<u>(9,257)</u>	<u>1,900</u>	<u>(28)</u>	<u>2,824</u>	<u>(4,561)</u>
Operating Transfers:					
Capital Contributions.....	6,497	--	62	--	6,559
Transfers In.....	7,925	--	--	926	8,851
Transfers Out.....	(200)	(168)	(46)	(441)	(855)
Total Operating Transfers.....	<u>14,222</u>	<u>(168)</u>	<u>16</u>	<u>485</u>	<u>14,555</u>
Change in Net Assets.....	<u>4,965</u>	<u>1,732</u>	<u>(12)</u>	<u>3,309</u>	<u>9,994</u>
Net Assets - October 1.....	33,305	9,545	2,168	7,516	52,534
Adjustment to October 1 Net Assets.....	(9,822)	--	--	--	(9,822)
Net Assets - October 1, as restated.....	<u>23,483</u>	<u>9,545</u>	<u>2,168</u>	<u>7,516</u>	<u>42,712</u>
Net Assets - September 30.....	<u>\$ 28,448</u>	<u>\$ 11,277</u>	<u>\$ 2,156</u>	<u>\$ 10,825</u>	<u>\$ 52,706</u>

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Nonmajor Enterprise Funds**  
**For the Year Ended September 30, 2010**  
(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Customers.....	\$ 4,281	\$ 21,288	\$ 886	\$ 30,682	\$ 57,137
Cash Received from Other Revenues.....	--	--	2	--	2
Cash Paid to Suppliers for Goods and Services.....	(8,754)	(10,412)	(362)	(4,611)	(24,139)
Cash Paid to Employees for Services.....	(9,149)	(4,197)	(363)	(20,306)	(34,015)
Cash Paid to Other Funds.....	(1,819)	(5,089)	--	(5,153)	(12,061)
Net Cash Provided by (Used for) Operating Activities.....	<u>(15,441)</u>	<u>1,590</u>	<u>163</u>	<u>612</u>	<u>(13,076)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers In from Other Funds.....	7,925	--	62	926	8,913
Transfers Out to Other Funds.....	(200)	(168)	(46)	(441)	(855)
Operating Grants Received.....	7,292	--	--	--	7,292
Repayment of Advances to Other Funds.....	--	--	(1)	--	(1)
Net Cash Provided by (Used for) Noncapital Financing Activities.....	<u>15,017</u>	<u>(168)</u>	<u>15</u>	<u>485</u>	<u>15,349</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital Contributions.....	6,497	--	--	--	6,497
Acquisition, Construction, and Sale of Capital Assets.....	(6,068)	181	(64)	(264)	(6,215)
Repayment of Loans from Other Funds.....	--	--	--	(709)	(709)
Interest Paid.....	--	--	--	(124)	(124)
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	<u>429</u>	<u>181</u>	<u>(64)</u>	<u>(1,097)</u>	<u>(551)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received on Investments.....	--	281	1	--	282
Increase in the Fair Value of Cash and Cash Equivalents.....	--	70	2	--	72
Net Cash Provided by (Used for) Investing Activities.....	<u>--</u>	<u>351</u>	<u>3</u>	<u>--</u>	<u>354</u>
Net Increase in Cash and Cash Equivalents/Investments.....	5	1,954	117	--	2,076
Cash and Cash Equivalents - October 1.....	2,108	7,854	194	--	10,156
Cash and Cash Equivalents - September 30.....	<u>\$ 2,113</u>	<u>\$ 9,808</u>	<u>\$ 311</u>	<u>\$ --</u>	<u>\$ 12,232</u>
<b>Classified As:</b>					
Unrestricted Assets.....	\$ 13	\$ 9,808	\$ 311	\$ --	\$ 10,132
Restricted Assets.....	\$ 2,100	\$ --	\$ --	\$ --	\$ 2,100
	<u>\$ 2,113</u>	<u>\$ 9,808</u>	<u>\$ 311</u>	<u>\$ --</u>	<u>\$ 12,232</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>					
Operating Income (Loss).....	\$ ( 12,913)	\$ 1,545	\$ ( 33)	\$ 2,948	\$ ( 8,453)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation.....	1,852	193	173	688	2,906
Provision for Uncollectible Accounts.....	3	11	--	31	45
Net OPEB Obligation.....	(359)	(214)	(22)	(1,521)	(2,116)
Other.....	--	--	2	--	2
Increase in Accounts Receivable.....	31	77	--	385	493
(Increase) Decrease in Inventory.....	(63)	--	(4)	--	(67)
Increase (Decrease) in Due to Other Funds.....	--	--	--	--	--
Increase (Decrease) in Accounts Payable.....	(3,723)	(39)	3	(1,991)	(5,750)
Increase in Prepaid Expenses.....	(254)	--	--	--	(254)
Increase (Decrease) in Deferred Revenue.....	--	--	30	--	30
Increase (Decrease) in Accrued Leave.....	(15)	17	14	72	88
Total Adjustments.....	<u>(2,528)</u>	<u>45</u>	<u>196</u>	<u>(2,336)</u>	<u>(4,623)</u>
<b>Net Cash Provided by (Used for) Operating Activities.....</b>	<u>\$ ( 15,441)</u>	<u>\$ 1,590</u>	<u>\$ 163</u>	<u>\$ 612</u>	<u>\$ ( 13,076)</u>
Contributions of Capital Assets.....	\$ --	\$ --	\$ --	\$ --	\$ --



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## INTERNAL SERVICE FUNDS

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

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Internal Service Funds**  
**September 30, 2010**  
(in thousands)

ASSETS	800 Mhz	Information Systems Services	Accounting	Purchasing	Garage	Human Resources
<b>Current Assets</b>						
Cash and Cash Equivalents.....	\$ 2,276	\$ 6,662	\$ 341	\$ 237	\$ 13,525	\$ 640
Securities Lending Collateral.....	107	314	16	11	638	30
Receivables:						
Other.....	36	2	--	--	82	23
Accrued Interest.....	9	27	1	1	54	2
Inventory .....	--	--	--	--	670	--
Prepaid Expenses.....	--	--	--	--	--	--
Due from Other Funds.....	--	--	--	--	--	--
<b>Total Current Assets.....</b>	<b>2,428</b>	<b>7,005</b>	<b>358</b>	<b>249</b>	<b>14,969</b>	<b>695</b>
<b>Noncurrent Assets</b>						
Advances to Other Funds.....	--	--	--	--	--	--
Derivative Instruments.....	--	--	--	--	459	--
Deferred Outflow of Resources.....	--	--	--	--	--	--
Deposits.....	--	--	--	--	1,344	--
<b>Capital Assets</b>						
Land and Construction in Progress.....	428	4,171	--	44	79	--
Other, Net of Accumulated Depreciation....	6,786	1,739	140	836	33,972	18
	<u>7,214</u>	<u>5,910</u>	<u>140</u>	<u>880</u>	<u>35,854</u>	<u>18</u>
<b>Total Assets.....</b>	<b>\$ 9,642</b>	<b>\$ 12,915</b>	<b>\$ 498</b>	<b>\$ 1,129</b>	<b>\$ 50,823</b>	<b>\$ 713</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Obligations Under Securities Lending.....	\$ 107	\$ 314	\$ 16	\$ 11	\$ 638	\$ 30
Accounts Payable.....	65	1,329	85	96	827	135
Due to Other Funds.....	--	--	--	--	--	--
Unearned Revenue.....	83	--	--	--	--	--
Compensated Absences.....	7	495	174	148	237	168
Bonds Payable - Current.....	--	--	--	--	--	--
<b>Total Current Liabilities.....</b>	<b>262</b>	<b>2,138</b>	<b>275</b>	<b>255</b>	<b>1,702</b>	<b>333</b>
<b>Noncurrent Liabilities</b>						
Advances from Other Funds.....	--	--	--	--	--	--
Bonds Payable.....	--	--	--	--	--	--
Loans Payable.....	--	--	--	--	--	--
Claims Payable.....	--	--	--	--	--	--
Derivative Instruments.....	--	--	--	--	--	--
Deferred Inflow of Resources.....	--	--	--	--	459	--
Net OPEB Obligation.....	--	--	--	--	--	--
Compensated Absences.....	2	308	10	27	148	28
<b>Total Noncurrent Liabilities.....</b>	<b>2</b>	<b>308</b>	<b>10</b>	<b>27</b>	<b>607</b>	<b>28</b>
<b>Total Liabilities.....</b>	<b>264</b>	<b>2,446</b>	<b>285</b>	<b>282</b>	<b>2,309</b>	<b>361</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt...	7,214	5,910	140	880	34,051	18
Unrestricted.....	2,164	4,559	73	(33)	14,463	334
<b>Total Net Assets.....</b>	<b>9,378</b>	<b>10,469</b>	<b>213</b>	<b>847</b>	<b>48,514</b>	<b>352</b>
<b>Total Liabilities and Net Assets.....</b>	<b>\$ 9,642</b>	<b>\$ 12,915</b>	<b>\$ 498</b>	<b>\$ 1,129</b>	<b>\$ 50,823</b>	<b>\$ 713</b>

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF NET ASSETS**  
**Internal Service Funds**  
**September 30, 2010**  
(in thousands)

	<b>Pension Administration</b>	<b>Risk Management</b>	<b>Internal Loan</b>	<b>Revenue Collection</b>	<b>Utility Services</b>	<b>Wholesale Energy Services</b>	<b>Environmental Policy</b>	<b>Total</b>
\$	77	\$ 21,692	\$ 7,779	\$ 189	\$ 2,356	\$ 8,433	\$ 67	\$ 64,274
	4	1,024	367	9	111	398	3	3,032
	--	--	--	8	--	1,646	--	1,797
	1	85	31	1	9	33	--	254
	--	1,287	--	--	--	845	--	2,802
	--	--	145	--	--	--	--	145
	--	--	--	75	--	--	--	75
	<u>82</u>	<u>24,088</u>	<u>8,322</u>	<u>282</u>	<u>2,476</u>	<u>11,355</u>	<u>70</u>	<u>72,379</u>
	--	--	6,072	--	--	--	--	6,072
	--	--	--	--	--	--	--	459
	--	--	--	--	--	61,338	--	61,338
	--	--	--	--	--	31,753	--	33,097
	--	--	--	--	--	--	--	4,722
	2	3	--	2,006	960	19	--	46,481
	<u>2</u>	<u>3</u>	<u>6,072</u>	<u>2,006</u>	<u>960</u>	<u>93,110</u>	<u>--</u>	<u>152,169</u>
\$	<u>84</u>	<u>\$ 24,091</u>	<u>\$ 14,394</u>	<u>\$ 2,288</u>	<u>\$ 3,436</u>	<u>\$ 104,465</u>	<u>\$ 70</u>	<u>\$ 224,548</u>
\$	4	\$ 1,024	\$ 367	\$ 9	\$ 111	\$ 398	\$ 3	\$ 3,032
	26	76	--	69	300	11,352	49	14,409
	--	--	--	--	--	30,485	--	30,485
	--	--	--	--	--	--	--	83
	33	83	--	93	448	195	77	2,158
	--	--	1,140	--	--	--	--	1,140
	<u>63</u>	<u>1,183</u>	<u>1,507</u>	<u>171</u>	<u>859</u>	<u>42,430</u>	<u>129</u>	<u>51,307</u>
	736	--	--	--	88	--	--	824
	--	--	6,295	--	--	--	--	6,295
	--	--	2,300	--	--	--	--	2,300
	--	10,362	--	--	--	--	--	10,362
	--	--	--	--	--	61,338	--	61,338
	--	--	--	--	--	--	--	459
	--	--	--	--	--	--	--	--
	10	2	--	98	176	70	17	896
	<u>746</u>	<u>10,364</u>	<u>8,595</u>	<u>98</u>	<u>264</u>	<u>61,408</u>	<u>17</u>	<u>82,474</u>
	<u>809</u>	<u>11,547</u>	<u>10,102</u>	<u>269</u>	<u>1,123</u>	<u>103,838</u>	<u>146</u>	<u>133,781</u>
	2	3	--	2,006	872	19	--	51,115
	(727)	12,541	4,292	13	1,441	608	(76)	39,652
	<u>(725)</u>	<u>12,544</u>	<u>4,292</u>	<u>2,019</u>	<u>2,313</u>	<u>627</u>	<u>(76)</u>	<u>90,767</u>
\$	<u>84</u>	<u>\$ 24,091</u>	<u>\$ 14,394</u>	<u>\$ 2,288</u>	<u>\$ 3,436</u>	<u>\$ 104,465</u>	<u>\$ 70</u>	<u>\$ 224,548</u>

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**Internal Service Funds**  
**For the fiscal year ended September 30, 2010**  
**(in thousands)**

	<b>800Mhz</b>	<b>Information Systems Services</b>	<b>Accounting</b>	<b>Purchasing</b>	<b>Garage</b>	<b>Human Resources</b>
<b>Operating Revenues:</b>						
Charges for Service.....	\$ 1,447	\$ 15,947	\$ 3,445	\$ 2,306	\$ 14,894	\$ 3,624
Total Operating Revenues.....	<u>1,447</u>	<u>15,947</u>	<u>3,445</u>	<u>2,306</u>	<u>14,894</u>	<u>3,624</u>
<b>Operating Expenses:</b>						
Personnel Services.....	86	6,444	2,233	1,810	3,480	2,190
Contractual Services.....	619	8,060	957	263	1,584	635
Materials and Supplies.....	43	61	9	47	5,675	19
Other Expenses.....	1	1,083	15	53	40	210
Depreciation.....	497	617	184	56	6,539	4
Total Operating Expenses.....	<u>1,246</u>	<u>16,265</u>	<u>3,398</u>	<u>2,229</u>	<u>17,318</u>	<u>3,058</u>
Operating Income (Loss).....	<u>201</u>	<u>(318)</u>	<u>47</u>	<u>77</u>	<u>(2,424)</u>	<u>566</u>
<b>Non-Operating Revenues (Expenses):</b>						
Net Investment Earnings.....	61	189	12	118	413	22
Net Increase in the Fair Value of Investments.....	16	48	2	2	97	5
Securities Lending:						
Income.....	--	--	--	--	3	--
Interest Expense.....	--	--	--	--	(2)	--
Agent Fees.....	--	--	--	--	--	--
Other Revenue.....	--	--	--	--	213	--
Gain (Loss) on the sale of surplus property.....	196	--	--	--	375	15
Interest Expense.....	--	(1)	--	--	--	--
Other Expense.....	--	(208)	--	(49)	--	--
Total Non-Operating Revenues.....	<u>273</u>	<u>28</u>	<u>14</u>	<u>71</u>	<u>1,099</u>	<u>42</u>
Income (Loss) Before Capital Contributions and Transfers.....	<u>474</u>	<u>(290)</u>	<u>61</u>	<u>148</u>	<u>(1,325)</u>	<u>608</u>
<b>Transfers</b>						
Transfers In.....	--	9	7	--	--	38
Transfers Out.....	(25)	--	(70)	(5,426)	(18)	(472)
Total Transfers.....	<u>(25)</u>	<u>9</u>	<u>(63)</u>	<u>(5,426)</u>	<u>(18)</u>	<u>(434)</u>
Change in Net Assets.....	449	(281)	(2)	(5,278)	(1,343)	174
Net Assets - October 1.....	8,929	10,750	215	6,125	41,526	178
Adjustment to October 1 Net Assets.....	--	--	--	--	8,331	--
Net Assets - October 1, as restated.....	8,929	10,750	215	6,125	49,857	178
Net Assets - September 30.....	<u>\$ 9,378</u>	<u>\$ 10,469</u>	<u>\$ 213</u>	<u>\$ 847</u>	<u>\$ 48,514</u>	<u>\$ 352</u>

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**Internal Service Funds**  
**For the fiscal year ended September 30, 2010**  
**(in thousands)**

<b>Pension Administration</b>	<b>Risk Management</b>	<b>Internal Loan</b>	<b>Revenue Collection</b>	<b>Utility Services</b>	<b>Environmental Policy</b>	<b>Wholesale Energy Services</b>	<b>Total</b>
\$ 684	\$ 8,984	\$ --	\$ 2,184	\$ 11,400	\$ 1,369	\$ 226,025	\$ 292,309
684	8,984	--	2,184	11,400	1,369	226,025	292,309
433	1,063	--	1,268	6,491	1,100	2,004	28,602
265	235	--	325	3,285	104	224,879	241,211
25	11	--	202	611	32	31	6,766
4	7,129	--	11	312	29	36	8,923
1	1	--	656	150	--	4	8,709
728	8,439	--	2,462	10,849	1,265	226,954	294,211
(44)	545	--	(278)	551	104	(929)	(1,902)
30	630	371	7	90	6	284	2,233
1	156	56	1	17	--	61	462
--	3	3	--	--	--	3	12
--	(2)	(2)	--	--	--	(2)	(8)
--	--	--	--	--	--	--	--
--	--	--	--	34	--	--	247
--	--	--	9	--	--	(3)	592
--	--	(166)	--	(2)	--	--	(169)
--	--	--	--	--	(2)	--	(259)
31	787	262	17	139	4	343	3,110
(13)	1,332	262	(261)	690	108	(586)	1,208
--	--	--	--	50	--	--	104
(736)	--	--	(286)	(291)	(59)	(60)	(7,443)
(736)	--	--	(286)	(241)	(59)	(60)	(7,339)
(749)	1,332	262	(547)	449	49	(646)	(6,131)
24	11,212	4,030	2,566	1,864	(125)	1,273	88,567
--	--	--	--	--	--	--	8,331
24	11,212	4,030	2,566	1,864	(125)	1,273	96,898
\$ ( 725)	\$ 12,544	\$ 4,292	\$ 2,019	\$ 2,313	\$ ( 76)	\$ 627	\$ 90,767

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Internal Service Funds**  
**For the Year Ended September 30, 2010**  
(in thousands)

	<b>800 MHz</b>	<b>Information System Services</b>	<b>Accounting</b>	<b>Purchasing</b>	<b>Garage</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Other Funds.....	\$ 1,410	\$ 15,950	\$ 3,445	\$ 2,305	\$ 14,250
Cash Paid to Suppliers for Goods and Services.....	(977)	(8,823)	(989)	5,167	(6,655)
Cash Paid to Employees for Services.....	(89)	(6,767)	(2,386)	(1,908)	(3,639)
Cash Paid to Other Funds.....	--	--	--	--	--
Net Cash Provided by (Used for) Operating Activities....	<u>344</u>	<u>360</u>	<u>70</u>	<u>5,564</u>	<u>3,956</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers from Other Funds.....	--	9	7	--	213
Transfers to Other Funds.....	(25)	--	(70)	(5,426)	(18)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities.....	<u>(25)</u>	<u>9</u>	<u>(63)</u>	<u>(5,426)</u>	<u>195</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Capital contributions from other funds.....	--	--	--	--	--
Proceeds from sale of properties.....	--	--	--	--	--
Loan Proceeds.....	--	--	--	--	--
Acquisition and Construction of Capital Assets.....	(24)	(313)	--	(21)	(2,448)
Proceeds from Sale of Capital Assets.....	--	--	--	--	--
Repayment of Loans.....	--	(392)	--	--	--
Interest Paid.....	--	(1)	--	--	--
Net Cash Provided by (Used For) Capital and Related Financing Activities.....	<u>(24)</u>	<u>(706)</u>	<u>--</u>	<u>(21)</u>	<u>(2,448)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received on Investments.....	61	189	12	118	414
Non Interest bearing Deposit.....	--	--	--	--	--
Increase in the Fair Value of Cash & Cash Equivalents....	16	48	2	2	97
Net Cash Provided by (Used for) Investing Activities....	<u>77</u>	<u>237</u>	<u>14</u>	<u>120</u>	<u>511</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	372	(100)	21	237	2,214
Cash and Cash Equivalents - October 1.....	1,904	6,762	320	--	11,311
Cash and Cash Equivalents - September 30.....	<u>\$ 2,276</u>	<u>\$ 6,662</u>	<u>\$ 341</u>	<u>\$ 237</u>	<u>\$ 13,525</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>					
Operating Income (Loss).....	\$ 201	\$ (318)	\$ 47	\$ 77	\$ (2,424)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation.....	497	617	184	56	6,539
Net OPEB Obligation.....	(5)	(314)	(113)	(105)	(159)
(Increase) Decrease in Accounts Receivable.....	(36)	--	--	(1)	106
Increase (Decrease) in Other Accounts Receivable.....	(1)	3	--	--	(3)
Increase (Decrease) in Prepaid Expenses.....	--	--	--	--	(747)
Increase (Decrease) in Due to Other Funds.....	--	--	--	(2,000)	--
Increase in Loans to Other Funds.....	--	--	--	--	--
(Increase) Decrease in Inventory.....	--	--	--	10,489	(15)
Increase (Decrease) in Accounts Payable.....	(314)	381	(8)	(2,959)	659
Increase (Decrease) in Accrued Leave.....	2	(9)	(40)	7	--
Decrease in Insurance Deposits.....	--	--	--	--	--
Total Adjustments.....	<u>143</u>	<u>678</u>	<u>23</u>	<u>5,487</u>	<u>6,380</u>
<b>Net Cash Provided by (Used For) Operating Activities.....</b>	<u>\$ 344</u>	<u>\$ 360</u>	<u>\$ 70</u>	<u>\$ 5,564</u>	<u>\$ 3,956</u>

**CITY OF TALLAHASSEE, FLORIDA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Internal Service Funds**  
**For the Year Ended September 30, 2010**  
**(in thousands)**

<b>Human Resources</b>	<b>Pension Administration</b>	<b>Risk Management</b>	<b>Internal Loan</b>	<b>Revenue Collection</b>	<b>Utility Services</b>	<b>Wholesale Energy Services</b>	<b>Environmental Policy</b>	<b>Total</b>
\$ 3,602	\$ 686	\$ 8,982	\$ 2,207	\$ 2,185	\$ 11,402	\$ 214,925	\$ 1,369	\$ 282,718
(851)	(297)	(5,936)	--	(542)	(4,317)	(212,814)	(168)	(237,202)
(2,320)	(508)	(1,117)	--	(1,309)	(6,854)	(2,075)	(1,114)	(30,086)
--	--	--	--	--	--	--	--	--
431	(119)	1,929	2,207	334	231	36	87	15,430
38	--	--	--	--	50	--	--	317
(472)	(736)	--	--	(286)	(291)	(60)	(59)	(7,443)
(434)	(736)	--	--	(286)	(241)	(60)	(59)	(7,126)
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	--	--	(312)	--	--	(312)
--	736	(1)	--	--	(34)	(20)	--	(2,125)
--	--	--	--	--	--	--	--	--
--	--	--	(2,125)	--	--	--	--	(2,517)
--	--	--	(166)	--	(2)	--	--	(169)
--	736	(1)	(2,291)	--	(348)	(20)	--	(5,123)
22	30	631	372	7	90	285	6	2,237
--	--	--	(145)	--	--	--	--	(145)
5	1	156	56	1	17	61	--	462
27	31	787	283	8	107	346	6	2,554
24	(88)	2,715	199	56	(251)	302	34	5,735
616	165	18,977	7,580	133	2,607	8,131	33	58,539
\$ 640	\$ 77	\$ 21,692	\$ 7,779	\$ 189	\$ 2,356	\$ 8,433	\$ 67	\$ 64,274
\$ 566	\$ (44)	\$ 545	\$ --	\$ (278)	\$ 551	\$ (929)	\$ 104	\$ (1,902)
4	1	1	--	656	150	4	--	8,709
(127)	(24)	(53)	--	(65)	(358)	(93)	(26)	(1,442)
(22)	1	--	--	1	--	(942)	--	(893)
--	1	(2)	2	--	2	3	--	5
--	--	--	--	--	--	(10,161)	--	(10,908)
--	--	--	--	--	--	8,893	--	6,893
--	--	--	2,205	--	--	--	--	2,205
--	--	--	--	--	--	38	--	10,512
13	(3)	1,425	--	(4)	(109)	3,201	(3)	2,279
(3)	(51)	(1)	--	24	(5)	22	12	(42)
--	--	14	--	--	--	--	--	14
(135)	(75)	1,384	2,207	612	(320)	965	(17)	17,332
\$ 431	\$ (119)	\$ 1,929	\$ 2,207	\$ 334	\$ 231	\$ 36	\$ 87	\$ 15,430

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

Schedule By Function and Activity

Schedule of Changes By Function and Activity

**CITY OF TALLAHASSEE, FLORIDA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Schedule By Function and Activity<sup>1</sup>  
September 30, 2010  
(amounts expressed in thousands)

Function and Activity	Land		Buildings		Equipment		Improvements Other Than Buildings		Infrastructure		Total
	\$	-	\$	-	\$	-	\$	-	\$	-	
<b>General Government:</b>											
Legislative					60						60
Executive					136						136
Financial & Administrative				600	872						1,472
Legal					55						55
Comprehensive Planning		218			246						464
Other General Government		87,761		51,276	4,706		350				144,093
<b>Total General Government</b>		<b>87,979</b>		<b>51,876</b>	<b>6,075</b>		<b>350</b>				<b>146,280</b>
<b>Public Safety:</b>											
Law Enforcement		809		11,045	10,824		450				23,128
Protective Inspection					165						165
<b>Total Public Safety</b>		<b>809</b>		<b>11,045</b>	<b>10,989</b>		<b>450</b>				<b>23,293</b>
<b>Other:</b>											
Physical Environment					131						131
Road and Street Facilities		255,580		385	4,816		5		783,127		1,043,913
Economic Development		2,449		9,498	83		4,119		505		16,654
Human Services		333		7,974	169		7				8,483
Cultural and Recreation		7,531		21,271	3,200		7,192		258		39,452
Parking Facilities											
<b>Total Other</b>		<b>265,893</b>		<b>39,128</b>	<b>8,399</b>		<b>11,323</b>		<b>783,890</b>		<b>1,108,633</b>
<b>Total capital assets allocated to functions</b>		<b>\$ 354,681</b>		<b>\$ 102,049</b>	<b>\$ 25,463</b>		<b>\$ 12,123</b>		<b>\$ 783,890</b>		<b>1,278,206</b>
<b>Construction in Progress</b>											<b>55,935</b>
<b>Total capital assets</b>											<b>\$ 1,334,141</b>

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

**CITY OF TALLAHASSEE, FLORIDA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**Schedule of Changes By Function and Activity<sup>1</sup>**  
**For the fiscal year ended September 30, 2010**  
**(amounts expressed in thousands)**

Function and Activity	Governmental Funds Capital Assets October 1, 2009	Additions	Deductions	Governmental Funds Capital Assets September 30, 2010
<b>General Government:</b>				
Legislative	\$ 66	\$ 1	\$ 7	\$ 60
Executive	135	1	-	136
Financial & Administrative	1,469	59	56	1,472
Legal	56	1	2	55
Comprehensive Planning	467	-	3	464
Other General Government	142,742	1,706	355	144,093
Total General Government	<u>144,935</u>	<u>1,768</u>	<u>423</u>	<u>146,280</u>
<b>Public Safety:</b>				
Law Enforcement	22,661	1,368	901	23,128
Protective Inspection	169	2	6	165
Total Public Safety	<u>22,830</u>	<u>1,370</u>	<u>907</u>	<u>23,293</u>
<b>Other:</b>				
Physical Environment	120	13	2	131
Road and Street Facilities	1,039,876	4,366	329	1,043,913
Economic Development	14,554	2,101	1	16,654
Human Services	8,500	-	17	8,483
Cultural and Recreation	39,130	505	183	39,452
Parking Facilities	-	-	-	-
Total Other:	<u>1,102,180</u>	<u>6,985</u>	<u>532</u>	<u>1,108,633</u>
Total capital assets allocated to functions	1,269,945	10,123	1,862	1,278,206
Construction in Progress	<u>49,956</u>	<u>15,307</u>	<u>9,328</u>	<u>55,935</u>
Total capital assets	<u>\$ 1,319,901</u>	<u>\$ 25,430</u>	<u>\$ 11,190</u>	<u>\$ 1,334,141</u>

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

## **SUPPLEMENTARY INFORMATION**

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

Capital Bonds, Series 2001

Capital Bonds, Series 2004

Capital Bonds, Series 2008

Capital Bonds, Series 2009

Electric Energy System Refunding Revenue Bonds, Series 1998A

Energy System Refunding Revenue Bonds, Series 2001

Energy System Refunding Revenue Bonds, Series 2005

Energy System Refunding Revenue Bonds, Series 2007

Electric Energy System Refunding Revenue Bonds, Series 2010

Electric Energy System Refunding Revenue Bonds, Series 2010A

Consolidated Utility System Refunding Revenue Bonds, Series 2001

Consolidated Utility System Refunding Revenue Bonds, Series 2005

Consolidated Utility System Refunding Revenue Bonds, Series 2007

Consolidated Utility System Refunding Revenue Bonds, Series 2010A

Consolidated Utility System Refunding Revenue Bonds, Series 2010B

Airport System Revenue Refunding Bonds, Series 2004

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CAPITAL BONDS**  
**SERIES 2001**  
**September 30, 2010**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	<u>1,790</u>	<u>89</u>	<u>1,879</u>
Totals	<u>\$ 1,790</u>	<u>\$ 89</u>	<u>\$ 1,879</u>

Bonds Dated: October 15, 2001  
Original Issue Amount: \$15,360,000  
Principal Due: October 1, beginning 2002  
Interest Due: April 1 and October 1 of each year, beginning April 1, 2002  
Paying Agent: First Union National Bank of Florida, Jacksonville, Florida

Security: The Series 2001 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of Resolution No. 01-R-48 (the "Original Resolution"), solely by a pledge of and lien on the Pledged Revenues which consist of (a) the City's Guaranteed Entitlement Revenues; (b) the City's receipts from the Local Government Half-Cent Sales Tax; and (c) earnings on the investment of all funds and accounts created by the Resolution, except the Rebate Fund; all as described in the Resolution and subject to the provisions of the Resolution permitting the application thereof for the purposes of and on the terms and conditions set forth therein.

Optional Redemption  
None

Bond Ratings: Moody's Aaa, Standard & Poor's AAA, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CAPITAL BONDS**  
**SERIES 2004**  
**September 30, 2010**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	1,295	3,439	4,734
2012	3,220	3,398	6,618
2013	3,320	3,293	6,613
2014	4,535	3,140	7,675
2015	4,760	2,913	7,673
2016	5,000	2,730	7,730
2017	5,195	2,480	7,675
2018	5,455	2,220	7,675
2019	5,725	1,948	7,673
2020	6,010	1,661	7,671
2021 - 2024	27,215	3,486	30,701
Totals	<u>\$ 71,730</u>	<u>\$ 30,708</u>	<u>\$ 102,438</u>

Bonds Dated: November 17, 2004  
Original Issue Amount: \$74,115,000.00  
Principal Due: October 1, beginning 2009  
Interest Due: April 1 and October 1 of each year, beginning 2009  
Paying Agent: Wachovia Bank, National Association, Jacksonville, Florida

Security: The Series 2004 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of Resolution No. 01-R-48, as supplemented and amended and as particularly supplemented and amended by Resolution No. 04-R-44. They are secured by a pledge of and lien on (i) the City's receipts from the Local Government Half - Cent Sales tax; (ii) the City's Guaranteed Entitlement Revenues; (iii) the proceeds from the City's Local Communications Services Tax; and (iv) earnings on the investment of all funds and accounts created under the resolution.

Optional Redemption  
None

Bond Ratings: Moody's Aaa, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CAPITAL BONDS**  
**SERIES 2008**  
**September 30, 2010**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	1,140	253	1,393
2012	1,175	215	1,390
2013	1,215	175	1,390
2014	1,260	133	1,393
2015	1,300	90	1,390
2016	<u>1,345</u>	<u>46</u>	<u>1,391</u>
Totals	<u>\$ 7,435</u>	<u>\$ 912</u>	<u>\$ 8,347</u>

Bonds Dated: December 11, 2008  
Original Issue Amount: \$9,400,000.00  
Principal Due: October 1, beginning 2009  
Interest Due: April 1 and October 1 of each year, beginning 2009  
Paying Agent: BB&T

Security: The Issuer covenants and agrees to appropriate in its annual budget for each Fiscal Year in which the Bond remains outstanding, sufficient amounts of Non-Ad Valorem Revenues for the payment of principal of and interest on the Bond in each such Fiscal Year.

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CAPITAL BONDS**  
**SERIES 2009**  
**September 30, 2010**  
**(in thousands)**

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	1,530	934	2,464
2012	1,585	877	2,462
2013	1,645	817	2,462
2014	1,705	755	2,460
2015	1,770	690	2,460
2016	1,835	623	2,458
2017	1,905	554	2,459
2018	1,975	482	2,457
2019	925	428	1,353
2020	960	393	1,353
2021-2031	<u>10,115</u>	<u>1,833</u>	<u>11,948</u>
Totals	<u>\$ 25,950</u>	<u>\$ 8,386</u>	<u>\$ 34,336</u>

Bonds Dated: April 4, 2009  
Original Issue Amount: \$26,975,000.00  
Principal Due: April 1, beginning 2010  
Interest Due: October 1 and April 1 of each year, beginning 2009  
Paying Agent: Bank of America

Security: This resolution is adopted pursuant to the provisions of the Constitution of Florida Chapter 166, Part II, Florida Statutes, and other applicable provisions of law, in accordance with their terms and the provisions of Resolution No. 09-R-09. They are secured by a pledge of and lien on (i) the City's receipts from the Local Government Half - Cent Sales tax; (ii) the City's Guaranteed Entitlement Revenues; (iii) the proceeds from the City's Local Communications Services Tax; and (iv) earnings on the investment of all funds and accounts created under the resolution.

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ELECTRIC ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 1998A**  
**September 30, 2010**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	4,270	1,245	5,515
2012	4,495	1,021	5,516
2013	4,730	785	5,515
2014	4,980	537	5,517
2015	5,240	275	5,515
Totals	<u>\$ 23,715</u>	<u>\$ 3,863</u>	<u>\$ 27,578</u>

Bonds Dated: November 1, 1998  
Original Issue Amount: \$143,800,000  
Principal Due: October 1, beginning 2000  
Interest Due: April 1 and October 1 of each year, beginning April 1, 1999  
Paying Agent: First Union National Bank of Florida, Jacksonville, Florida

Security: The Series 1998 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1992 General Resolution and subsequently by the terms and provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolutions, (ii) the Net Revenues of the City's Electric System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof for the purposes of and on the terms and conditions set forth in the Resolutions.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2008 to September 30, 2009	One Hundred and One Percent
October 1, 2009 and thereafter	One Hundred Percent

Bond Ratings: Moody's Aaa, Standard and Poor's AAA, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2001**  
**September 30, 2010**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2011	1,030	517	1,547
2012	1,075	466	1,541
2013	1,140	407	1,547
2014	1,200	344	1,544
2015	1,000	278	1,278
2016	1,005	223	1,228
2017	1,060	168	1,228
2018	1,120	115	1,235
2019	1,175	59	1,234
Totals	<u>\$ 9,805</u>	<u>\$ 2,577</u>	<u>\$ 12,382</u>

Bonds Dated: May 1, 2001  
Original Issue Amount: \$17,680,000  
Principal Due: October 1, 2010  
Interest Due: April 1 and October 1 of each year, beginning 2001

Security: The Series 2001 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1998 General Resolution and subsequently by the terms and provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolutions, (ii) the Net Revenues of the City's Energy System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof of for the purposes of and on the terms and conditions set forth in the Resolutions.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2011 to September 30, 2012	One Hundred and One Percent
October 1, 2012 and thereafter	One Hundred Percent

Bond Rating: Moody's Aaa, Standard and Poor's AAA, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REVENUE BONDS**  
**SERIES 2005**  
**September 30, 2010**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	2,695	5,852	8,547
2012	2,715	5,733	8,448
2013	2,940	5,611	8,551
2014	3,065	5,480	8,545
2015	3,100	5,344	8,444
2016	3,325	5,220	8,545
2017	3,490	5,057	8,547
2018	3,655	4,891	8,546
2019	3,840	4,708	8,548
2020	4,010	4,540	8,550
2021 - 2035	<u>88,920</u>	<u>39,268</u>	<u>128,188</u>
Totals	<u>\$ 121,755</u>	<u>\$ 91,704</u>	<u>\$ 213,459</u>

Bonds Dated: December 8, 2005  
Original Issue Amount: \$128,920,000  
Principal Due: October 1, 2010  
Interest Due: April 1 and October 1 of each year, beginning 2006

Security: The Series 2005 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1998 General Resolution and subsequently by the terms and provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolutions, (ii) the Net Revenues of the City's Energy System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof for the purposes of and on the terms and conditions set forth in the Resolutions.

Optional Redemption  
October 1, 2015 and thereafter

Redemption Price  
One Hundred and accrued interest

Bond Rating: Moody's Aaa, Standard and Poor's AAA, Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**ENERGY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2007**  
**September 30, 2010**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2011	2,470	9,798	12,268
2012	2,690	9,674	12,364
2013	2,725	9,540	12,265
2014	2,865	9,403	12,268
2015	3,100	9,260	12,360
2016	3,165	9,105	12,270
2017	3,315	8,947	12,262
2018	3,485	8,781	12,266
2019	3,645	8,607	12,252
2020	3,825	8,425	12,250
2021 - 2037	<u>164,735</u>	<u>98,372</u>	<u>263,107</u>
Totals	<u>\$ 196,020</u>	<u>\$ 189,912</u>	<u>\$ 385,932</u>

Bonds Dated: August 9, 2007  
Original Issue Amount: \$203,230,000  
Principal Due: October 1, 2010  
Interest Due: April 1 and October 1 of each year, beginning 2008

Security: The Series 2007 Bonds will be payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 98-R-0048 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Energy System, and (iii) the proceeds of the sale of any Series of Bonds, subject to application as provided in the Resolutions. The Series 2007 Bonds will be secured by the Net Revenues on a parity with the Parity Bonds.

Bond Rating: Moody's Aaa, Standard and Poor's AAA, Fitch AAA

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	--	3,777	3,777
2012	--	3,777	3,777
2013	--	3,777	3,777
2014	--	3,777	3,777
2015	--	3,777	3,777
2016	5,380	3,777	9,157
2017	5,610	3,558	9,168
2018	5,850	3,308	9,158
2019	6,135	3,036	9,171
2020	6,435	2,730	9,165
2021-2028	48,435	13,993	62,428
Totals	<u>\$ 77,845</u>	<u>\$ 49,287</u>	<u>\$ 127,132</u>

Bonds Dated: April 7, 2010  
Original Issue Amount: \$77,845,000  
Principal Due: October 1, 2016  
Interest Due: April 1 and October 1 of each year, beginning April 1, 2010  
Paying Agent: US Bank, National Association, Jacksonville, Florida

Security: The Series 2010 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolution, (ii) the Net Revenues of the City's Energy System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof of for the purposes of and on the terms and conditions set forth in the Resolution.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2020 and prior	No optional redemption
October 1, 2021 and thereafter	One Hundred Percent

Bond Rating: Moody's Aa3, Standard and Poor's AA, Fitch AA-

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	190	1,704	1,894
2012	195	1,701	1,896
2013	195	1,697	1,892
2014	205	1,691	1,896
2015	210	1,683	1,893
2016	215	1,676	1,891
2017	220	1,671	1,891
2018	230	1,665	1,895
2019	235	1,658	1,893
2020	240	1,651	1,891
2021-2026	<u>41,110</u>	<u>6,674</u>	<u>47,784</u>
Totals	<u>\$ 43,245</u>	<u>\$ 23,471</u>	<u>\$ 66,716</u>

Bonds Dated: July 23, 2010  
Original Issue Amount: \$43,245,000  
Principal Due: October 1, 2011  
Interest Due: April 1 and October 1 of each year, beginning April 1, 2010  
Paying Agent: US Bank, National Association, Jacksonville, Florida

Security: The Series 2010 Bonds will be payable solely from and secured as to payment of principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the 1998 General Resolution, both as defined herein and in the manner described herein, solely by a pledge and assignment of (i) money in certain of the funds and accounts established under the Resolution, (ii) the Net Revenues of the City's Energy System, and (iii) certain other amounts, subject to the provisions of the Resolutions permitting the application thereof of for the purposes of and on the terms and conditions set forth in the Resolution.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2020 and prior	No optional redemption
October 1, 2021 and thereafter	One Hundred Percent

Bond Rating: Moody's Aa3, Standard and Poor's AA, Fitch AA-

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2001**  
**September 30, 2010**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2011	1,140	783	1,923
2012	1,195	732	1,927
2013	1,260	666	1,926
2014	1,330	597	1,927
2015	1,710	524	2,234
2016	1,800	429	2,229
2017	1,900	330	2,230
2018	2,000	226	2,226
2019	2,110	116	2,226
Totals	<u>\$ 14,445</u>	<u>\$ 4,403</u>	<u>\$ 18,848</u>

Bonds Dated: May 1, 2001  
Original Issue Amount: \$23,900,000  
Principal Due: October 1, beginning 2001  
Interest Due: April 1 and October 1 of each year, beginning 2001

Security: The Series 2001 Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2001 BONDS." The lien of the Series 2001 Bonds on the Pledged Revenues is on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 1995.

Bond Ratings: Moody's Aaa, Standard and Poor's AAA and Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2005**  
**September 30, 2010**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2011	2,915	1,243	4,158
2012	3,025	1,137	4,162
2013	3,140	1,019	4,159
2014	3,265	896	4,161
2015	--	753	753
2016	--	753	753
2017	--	753	753
2018	--	753	753
2019	--	753	753
2020	1,105	753	1,858
2021 - 2030	14,440	4,128	18,568
Totals	<u>\$ 27,890</u>	<u>\$ 12,941</u>	<u>\$ 40,831</u>

Bonds Dated: July 14, 2005  
Original Issue Amount: \$36,110,000  
Principal Due: October 1, beginning 2008  
Interest Due: April 1 and October 1 of each year, beginning 2005

Security: The Series 2005 Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2005 BONDS." The lien of the Series 2005 Bonds on the Pledged Revenues is on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 1995 and 2001.

Bond Ratings: Moody's Aaa, Standard and Poor's AAA and Fitch AAA

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**CONSOLIDATED UTILITY SYSTEM REFUNDING REVENUE BONDS**  
**SERIES 2007**  
**September 30, 2010**  
**(in thousands)**

Fiscal Year	Principal	Interest	Total
2011	1,720	7,885	9,605
2012	1,790	7,817	9,607
2013	1,865	7,745	9,610
2014	1,935	7,670	9,605
2015	3,865	7,593	11,458
2016	4,020	7,438	11,458
2017	4,220	7,237	11,457
2018	4,430	7,026	11,456
2019	4,655	6,805	11,460
2020	4,885	6,572	11,457
2021 - 2030	<u>129,465</u>	<u>65,303</u>	<u>194,768</u>
Totals	<u>\$ 162,850</u>	<u>\$ 139,091</u>	<u>\$ 301,941</u>

Bonds Dated: November 8, 2007  
Original Issue Amount: \$164,460,000  
Principal Due: October 1, beginning 2010  
Interest Due: April 1 and October 1 of each year, beginning 2008

Security: The Series 2007 Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2007 BONDS." The lien of the Series 2007 Bonds on the Pledged Revenues is on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 2001 and 2005.

Bond Ratings: Moody's Aa2, Standard and Poor's AA and Fitch AA

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

Fiscal Year	Principal	Interest	Total
2011	--	6,253	6,253
2012	--	6,084	6,084
2013	--	6,084	6,084
2014	--	6,084	6,084
2015	--	6,084	6,084
2016	--	6,084	6,084
2017	--	6,084	6,084
2018	--	6,084	6,084
2019	--	6,084	6,084
2020	--	6,084	6,084
2021 - 2040	<u>117,015</u>	<u>96,738</u>	<u>213,753</u>
Totals	<u>\$ 117,015</u>	<u>\$ 157,749</u>	<u>\$ 274,764</u>

Bonds Dated: September 9, 2010  
Original Issue Amount: \$117,015,000  
Principal Due: October 1, beginning 2027  
Interest Due: April 1 and October 1 of each year, beginning 2011

Security: The Series 2010A Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2010 BONDS." The lien of the Series 2010 Bonds on the Pledged Revenues is secured on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 2001, 2005 and 2007.

Bond Ratings: Moody's Aa1, Standard and Poor's AA+ and Fitch AA+

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	--	1,202	1,202
2012	--	1,169	1,169
2013	--	1,169	1,169
2014	--	1,169	1,169
2015	1,120	1,169	2,289
2016	1,155	1,136	2,291
2017	1,215	1,078	2,293
2018	1,240	1,054	2,294
2019	1,290	1,004	2,294
2020	2,450	966	3,416
2021 - 2040	<u>17,350</u>	<u>3,159</u>	<u>20,509</u>
Totals	<u>\$ 25,820</u>	<u>\$ 14,276</u>	<u>\$ 40,096</u>

Bonds Dated: September 9, 2010  
Original Issue Amount: \$25,850,000  
Principal Due: October 1, beginning 2015  
Interest Due: April 1 and October 1 of each year, beginning 2011

Security: The Series 2010B Bonds are payable from and secured by a pledge and lien on (i) money in certain funds and accounts established under Resolution No. 90-R-0052 of the City, as amended and supplemented (the "Resolution"), (ii) the Net Revenues of the City's Utility System, (iii) the Gross Revenues of the City's Stormwater Drainage system and (iv) certain other amounts (the "Pledged Revenues," as defined herein) all as more fully defined and described herein under the heading "THE SERIES 2010 BONDS." The lien of the Series 2010 Bonds on the Pledged Revenues is on a parity with the lien thereon of the City's Consolidated Utility Systems Revenue Bonds, Series 2001, 2005 and 2007.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2010 and prior	No optional redemption
October 1, 2020 and thereafter	One Hundred Percent

Bond Ratings: Moody's Aa1, Standard and Poor's AA+ and Fitch AA+

**CITY OF TALLAHASSEE, FLORIDA**  
**SUMMARY OF DEBT SERVICE REQUIREMENTS**  
**AIRPORT SYSTEM REVENUE REFUNDING BONDS**  
**SERIES 2004**  
**September 30, 2010**  
**(in thousands)**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	855	105	960
2012	885	72	957
2013	925	37	962
Totals	<u>\$ 2,665</u>	<u>\$ 214</u>	<u>\$ 2,879</u>

Bonds Dated: August 10, 2004

Original Issue Amount: \$7,355,000

Principal Due: October 1, beginning 2004

Interest Due: April 1 and October 1 of each year, beginning October 1, 2004

Security: The bonds are secured and payable from the net revenues of the Airport System.

Bond Ratings: Moody's Aaa, Fitch AAA



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## STATISTICAL SECTION

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

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### 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

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**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 ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
*(accrual basis of accounting)*  
*(in thousands)*

	2010	2009 (as restated)	2008	2007	2006	2005	2004	2003	2002 <sup>(1)</sup>
<b>Governmental activities</b>									
Invested in capital assets, net of related debt	\$ 845,995	\$ 856,883	\$ 814,842	\$ 818,366	\$ 850,484	\$ 873,202	\$ 962,870	\$ 971,000	\$ 957,589
Restricted	20,868	23,760	19,365	19,618	18,882	17,340	9,589	9,437	9,385
Unrestricted	123,832	120,014	123,446	148,298	166,196	183,146	131,729	137,394	175,675
<b>Total governmental activities net assets</b>	<b>\$ 990,695</b>	<b>\$ 1,000,657</b>	<b>\$ 957,653</b>	<b>\$ 986,282</b>	<b>\$ 1,035,562</b>	<b>\$ 1,073,688</b>	<b>\$ 1,104,188</b>	<b>\$ 1,117,831</b>	<b>\$ 1,142,649</b>
<b>Business activities</b>									
Invested in capital assets, net of related debt	\$ 681,553	\$ 619,254	\$ 628,969	\$ 665,127	\$ 609,204	\$ 679,304	\$ 612,237	\$ 551,075	\$ 523,365
Restricted	157,342	143,846	124,090	107,926	127,256	98,568	108,015	113,173	104,521
Unrestricted	235,337	262,443	242,474	195,053	142,816	79,933	133,455	176,153	187,293
<b>Total Business activities net assets</b>	<b>\$ 1,074,232</b>	<b>\$ 1,025,543</b>	<b>\$ 995,533</b>	<b>\$ 968,106</b>	<b>\$ 879,276</b>	<b>\$ 857,805</b>	<b>\$ 853,707</b>	<b>\$ 840,401</b>	<b>\$ 815,179</b>
<b>Primary government</b>									
Invested in capital assets, net of related debt	\$ 1,527,548	\$ 1,476,137	\$ 1,443,383	\$ 1,483,493	\$ 1,459,688	\$ 1,552,506	\$ 1,575,107	\$ 1,522,075	\$ 1,480,954
Restricted	178,210	167,606	143,455	127,544	146,138	115,908	117,604	122,610	113,906
Unrestricted	359,169	382,457	365,920	343,351	309,012	263,079	265,184	313,547	362,968
<b>Total primary government net assets</b>	<b>\$ 2,064,927</b>	<b>\$ 2,026,200</b>	<b>\$ 1,952,758</b>	<b>\$ 1,954,388</b>	<b>\$ 1,914,838</b>	<b>\$ 1,931,493</b>	<b>\$ 1,957,895</b>	<b>\$ 1,958,232</b>	<b>\$ 1,957,828</b>

<sup>(1)</sup> **Note:** The City implemented GASB 34 in fiscal year 2002. Ten years of data are not available but will be accumulated over time.

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>									
Governmental activities:									
General Government	\$ 22,575	\$ 22,254	\$ 20,737	\$ 23,047	\$ 26,495	\$ 28,203	\$ 22,207	\$ 21,390	\$ 18,731
Public Safety	50,298	53,819	54,416	50,875	48,312	47,794	43,835	42,498	39,447
Transportation	19,571	23,193	23,314	20,896	28,614	17,739	17,983	31,834	16,838
Human Services	2,715	3,984	6,863	6,182	5,710	12,085	10,733	10,233	10,808
Economic Development	9,265	10,575	7,828	9,143	9,241	3,980	1,809	2,019	1,729
Physical Environment	2,350	5,318	4,739	3,499	2,864	2,667	3,203	3,702	2,891
Culture and Recreation	20,264	20,650	19,459	18,168	26,335	17,461	14,991	14,238	13,725
Unallocated Depreciation on Infrastructure	26,210	26,584	23,956	24,002	24,110	23,848	22,478	22,289	20,884
Interest on Long-Term Debt	4,528	5,205	5,798	4,855	6,396	4,191	1,007	1,173	1,474
Total governmental activities expenses	157,776	171,582	167,110	160,667	178,077	157,968	138,246	149,376	126,527
Business-type activities									
Electric	307,823	347,955	346,318	323,181	315,083	262,050	250,349	214,350	176,126
Gas	47,823	42,618	51,609	40,063	52,383	33,746	29,314	23,781	19,556
Sewer	42,792	39,515	37,855	35,747	33,839	32,409	30,514	28,592	26,934
Water	21,402	24,764	21,083	19,057	20,684	19,253	17,332	16,151	14,416
Airport	18,656	20,141	16,298	16,084	13,301	15,236	12,759	12,080	12,479
StarMetro	17,364	18,059	18,358	16,299	15,374	14,152	13,495	13,137	10,942
Solid Waste	20,126	20,075	20,579	20,791	19,333	18,081	16,966	17,550	16,357
Golf	889	1,389	1,264	1,165	1,432	1,168	1,189	1,223	1,177
Stormwater Management	13,213	12,098	10,629	9,878	9,950	8,619	10,346	7,970	6,309
Fire Services	27,597	28,099	27,612	25,197	24,790	24,051	22,375	21,141	17,796
Total business-type activities expenses	517,685	554,713	551,605	507,462	506,169	428,765	404,639	355,975	302,092
Total primary government expenses	675,461	726,295	718,715	668,129	684,246	586,733	542,885	505,351	428,619

CITY OF TALLAHASSEE, FLORIDA

CHANGES IN NET ASSETS

LAST NINE FISCAL YEARS

(accrual basis of accounting)  
(in thousands)

	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Program Revenues</b>									
Governmental Activities:									
Charges for Services:									
General Government	1,638	2,096	1,665	1,835	1,986	1,766	1,761	1,746	1,678
Public Safety	2,071	4,156	2,173	3,726	3,364	4,055	3,810	4,654	3,625
Transportation	2,821	2,330	2,250	2,224	2,459	2,542	2,317	2,292	2,534
Human Services	503	770	692	1,347	1,088	1,120	1,030	551	333
Economic Development	220	-	-	-	61	111	93	542	708
Physical Environment	861	873	4,049	2,082	2,036	2,600	2,153	2,390	1,693
Culture and Recreation	3,378	3,260	3,142	3,859	3,614	3,390	3,408	2,239	2,295
Operating Grants and Contributions	9,923	8,006	9,510	9,635	22,238	9,370	7,907	8,252	7,938
Capital Grants and Contributions	383	72,446	742	5,375	110	204	496	332	13,095
<b>Total Governmental Activities Program Revenues</b>	<b>21,798</b>	<b>93,937</b>	<b>24,223</b>	<b>30,083</b>	<b>36,956</b>	<b>25,158</b>	<b>22,975</b>	<b>22,998</b>	<b>33,899</b>
Business-type Activities:									
Charges for Services:									
Electric	341,778	369,923	369,483	347,388	341,203	281,800	259,164	233,534	205,855
Gas	52,697	46,521	53,691	43,321	55,684	35,871	33,695	27,195	23,142
Sewer	53,648	48,061	45,668	39,721	35,896	35,695	34,800	33,917	33,279
Water	25,673	26,230	25,764	27,988	24,813	22,927	23,558	22,581	22,006
Airport	11,729	12,203	12,713	12,494	11,437	11,179	9,550	9,635	8,718
StarMetro	4,509	6,496	4,258	3,640	3,231	3,402	3,431	4,843	3,390
Solid Waste	21,200	21,658	19,746	18,778	18,326	18,069	17,278	17,145	16,947
Golf	858	1,070	936	1,007	981	909	1,012	1,029	1,052
Stormwater Management	18,906	18,417	16,516	15,350	14,557	13,088	11,874	11,511	13,506
Fire Services	30,297	23,952	23,962	23,663	23,002	20,733	19,343	18,267	19,544
Operating Grants and Contributions	3,648	4,148	3,407	3,875	5,021	4,121	3,857	2,314	1,031
Capital Grants and Contributions	14,261	12,624	7,245	18,969	10,600	14,891	12,916	11,010	11,499
<b>Total Business-type Activities Program Revenues</b>	<b>579,204</b>	<b>591,303</b>	<b>583,389</b>	<b>556,194</b>	<b>544,751</b>	<b>462,685</b>	<b>430,478</b>	<b>392,981</b>	<b>359,969</b>
<b>Total Primary Government Program Revenues</b>	<b>601,002</b>	<b>685,240</b>	<b>607,612</b>	<b>586,277</b>	<b>581,707</b>	<b>487,843</b>	<b>453,453</b>	<b>415,979</b>	<b>393,868</b>
<b>Net (Expenses) Revenues</b>									
Governmental Activities	(135,978)	(77,645)	(142,887)	(130,584)	(141,121)	(132,810)	(115,271)	(126,378)	(92,628)
Business-type Activities	61,519	36,590	31,784	48,732	38,582	33,920	25,839	37,006	57,877
<b>Total Primary Government Net Expenses</b>	<b>(74,459)</b>	<b>(41,055)</b>	<b>(111,103)</b>	<b>(81,852)</b>	<b>(102,539)</b>	<b>(98,890)</b>	<b>(89,432)</b>	<b>(89,372)</b>	<b>(34,751)</b>

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Revenues and Other Changes in Net Assets</b>									
<b>Governmental Activities:</b>									
Property Taxes, Levied for General Purposes	35,113	34,001	33,570	35,630	31,583	27,319	24,517	19,778	18,412
Local Option Sales Tax	-	-	-	-	3,915	8,709	14,247	16,049	15,207
Local Option Gas Tax	-	-	-	-	4,118	4,314	3,522	3,701	3,769
Public Service Tax	23,140	22,834	22,144	21,747	19,930	18,977	19,237	19,856	19,588
Business License Tax	5,214	1,808	1,825	1,799	-	-	-	-	-
Occupational Licenses and Franchise Fees	-	-	-	-	1,654	1,655	1,602	1,503	1,915
Grants and Contributions Not Restricted to Specific Programs	24,181	23,265	24,969	26,216	15,811	14,964	14,009	12,995	12,207
Unrestricted Investment Earnings	5,985	5,054	7,039	8,373	9,861	7,150	4,838	7,670	11,359
Net Securities Lending Income	12	224	268	90	-	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	1,045	3,719	(2,091)	1,282	933	(2,045)	(2,339)	(1,862)	515
Miscellaneous	1,738	4,284	2,008	3,120	131	5,558	4,783	1,684	1,681
Gain (Loss) on the Sale of Capital Assets	-	-	599	853	-	-	-	-	-
Special Item - Reclassification of Internal Service Funds	-	-	-	(54,332)	-	-	-	-	-
Capital Contributions To / From Other Funds	-	-	-	-	-	-	(11,676)	-	-
Transfers	29,588	25,888	21,470	25,830	27,410	18,858	28,888	20,186	16,568
Total Governmental Activities	126,016	121,077	111,801	70,608	115,346	105,459	101,628	101,560	101,221
<b>Business-type Activities:</b>									
Unrestricted Investment Earnings	12,374	6,499	12,937	13,219	9,162	6,635	8,057	11,458	13,973
Net Securities Lending Income	31	286	441	142	-	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	3,912	8,320	(6,602)	3,513	1,137	(2,609)	(3,378)	(3,056)	2,469
Miscellaneous	381	-	-	-	-	-	-	-	-
Capital Contributions To / From Other Funds	-	-	-	-	-	-	11,676	-	-
Gain (Loss) on Sale of Capital Assets	-	-	(1,615)	(4,232)	-	-	-	-	-
Special Item - Reclassification of Internal Service Funds	-	-	-	54,332	-	-	-	-	-
Transfers	(29,588)	(25,888)	(21,470)	(25,830)	(27,410)	(18,858)	(28,888)	(20,186)	(16,583)
Total Business-type Activities	(12,890)	(10,783)	(16,309)	41,144	(17,111)	(14,832)	(12,533)	(11,784)	(141)
Total Primary Government	113,126	110,294	95,492	111,752	98,235	90,627	89,095	89,776	101,080
<b>Change in Net Assets</b>									
Governmental Activities	(9,962)	43,432	(31,086)	(59,976)	(25,775)	(27,351)	(13,643)	(24,818)	8,593
Business Activities	48,629	25,807	15,475	89,876	21,471	19,088	13,306	25,222	57,736
Total Primary Government	\$ 38,667	\$ 69,239	\$ (15,611)	\$ 29,900	\$ (4,304)	\$ (8,263)	\$ (337)	\$ 404	\$ 66,329

<sup>(1)</sup> **Note:** The City implemented GASB 34 in fiscal year 2002. Ten years of data are not available but will be accumulated over time.

**CITY OF TALLAHASSEE, FLORIDA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

*(modified accrual basis of accounting)*  
*(in thousands)*

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Fund</b>										
Reserved	\$ 4,018	\$ 3,649	\$ 2,189	\$ 1,838	\$ 904	\$ 1,130	\$ 1,059	\$ 1,105	\$ 1,012	\$ 2,363
Unreserved	12,594	5,288	5,083	8,075	15,580	11,394	26,779	18,876	22,520	3,505
<b>Total General Fund</b>	<b>\$ 16,612</b>	<b>\$ 8,937</b>	<b>\$ 7,272</b>	<b>\$ 9,913</b>	<b>\$ 16,484</b>	<b>\$ 12,524</b>	<b>\$ 27,838</b>	<b>\$ 19,981</b>	<b>\$ 23,532</b>	<b>\$ 5,868</b>
<b>All Other Governmental Funds</b>										
Reserved	\$ 88,301	\$ 95,483	\$ 117,767	\$ 122,256	\$ 107,474	\$ 124,439	\$ 59,640	\$ 75,087	\$ 113,763	\$ 156,134
Unreserved, reported in:										
Special revenue funds	9,621	5,813	(1,085)	2,218	1,120	(238)	310	347	29	8,294
Capital Projects funds	14,028	19,931	3,737	14,472	17,313	20,217	9,978	5,170	(5,283)	(27,619)
Permanent funds	6,184	6,298	6,457	6,666	6,274	6,258	7,001	7,136	7,141	-
<b>Total all other Governmental Funds</b>	<b>\$ 118,134</b>	<b>\$ 127,525</b>	<b>\$ 126,876</b>	<b>\$ 145,612</b>	<b>\$ 132,181</b>	<b>\$ 150,676</b>	<b>\$ 76,929</b>	<b>\$ 87,740</b>	<b>\$ 115,650</b>	<b>\$ 136,809</b>

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
				(as restated)	(as restated)					
<b>Revenues:</b>										
Taxes.....	\$ 58,253	\$ 56,835	\$ 57,714	\$ 57,377	\$ 59,546	\$ 59,319	\$ 61,523	\$ 59,384	\$ 57,424	\$ 53,939
Licenses and Permits.....	5,936	11,072	6,149	7,061	6,058	6,780	6,276	6,520	4,905	4,695
Intergovernmental Revenues.....	34,376	38,892	34,474	39,534	37,641	25,328	22,269	21,069	32,676	31,195
Charges for Services.....	8,020	7,783	7,048	7,028	7,032	7,011	6,455	6,205	6,122	38,456
Fines and Forfeitures.....	1,162	1,361	1,594	1,549	1,613	1,820	1,876	1,490	1,479	1,505
Special Assessments.....	--	--	--	--	--	--	--	50	180	33
Net Investment Earnings.....	5,312	4,094	5,690	7,010	7,371	5,589	3,322	5,567	8,152	7,424
Securities Lending Income.....	33	320	1,592	2,720	--	--	--	--	--	--
Net Inc (Dec) in the Fair Value of Investments.....	919	3,279	(1,637)	1,100	680	(1,458)	(1,679)	(1,301)	354	1,993
Miscellaneous Revenues.....	11,045	12,509	12,032	11,900	10,491	11,176	9,575	9,083	8,756	4,619
<b>Total Revenues.....</b>	<b>125,056</b>	<b>136,145</b>	<b>124,656</b>	<b>135,279</b>	<b>130,432</b>	<b>115,565</b>	<b>109,617</b>	<b>108,067</b>	<b>120,048</b>	<b>143,859</b>
<b>Expenditures:</b>										
General Government.....	29,689	30,095	30,766	27,690	38,237	33,695	28,347	25,751	24,379	27,101
Public Safety.....	50,499	51,110	51,730	50,247	45,381	45,627	42,726	40,698	38,381	54,758
Transportation.....	28,670	30,653	35,718	32,858	39,794	49,675	36,559	63,899	46,799	10,721
Human Services.....	2,639	3,585	6,594	6,139	5,524	11,879	10,919	9,935	11,054	6,210
Economic Environment.....	12,096	11,189	7,811	9,939	12,852	2,701	1,822	2,016	1,736	4,611
Physical Environment.....	2,539	4,130	5,259	3,617	2,829	2,642	3,554	4,433	5,570	15,158
Cultural and Recreation.....	19,845	19,426	18,981	18,134	26,018	17,402	20,396	14,426	13,940	11,368
Securities Lending Expense:										
Interest.....	20	92	1,317	2,624	--	--	--	--	--	--
Agent Fees.....	2	47	56	20	--	--	--	--	--	--
Capital Outlay.....	--	--	--	--	--	--	--	--	--	27,191
Debt Service:										
Principal Retired.....	6,890	4,750	4,160	4,055	3,955	5,797	1,713	1,665	1,543	6,188
Interest and Fiscal Charges.....	4,657	4,821	4,917	4,795	5,410	3,791	670	719	822	1,291
Advance Refunding Escrow.....	--	--	--	--	--	--	--	--	2,808	--
<b>Total Expenditures.....</b>	<b>157,546</b>	<b>159,898</b>	<b>167,309</b>	<b>160,118</b>	<b>180,000</b>	<b>173,209</b>	<b>146,706</b>	<b>163,542</b>	<b>147,032</b>	<b>164,597</b>
<b>Excess of Revenues Over (Under) Expenditures.....</b>	<b>(32,490)</b>	<b>(23,753)</b>	<b>(42,653)</b>	<b>(24,839)</b>	<b>(49,568)</b>	<b>(57,644)</b>	<b>(37,089)</b>	<b>(55,475)</b>	<b>(26,984)</b>	<b>(20,738)</b>
<b>Other Financing Sources (Uses):</b>										
Transfers In.....	49,992	53,681	45,652	48,134	48,607	58,172	49,089	43,244	34,316	51,874
Transfers Out.....	(19,218)	(27,614)	(24,128)	(21,970)	(22,233)	(36,119)	(16,940)	(19,550)	(15,003)	(21,569)
Sale of Capital Assets.....	--	--	--	--	--	90,516	--	--	--	--
Proceeds from Loans from Other Funds.....	--	--	--	--	--	--	--	--	--	5,039
Bond Issue Costs.....	--	--	--	--	--	(1,159)	--	--	--	--
Refunding Bond Issue.....	--	--	--	--	--	--	--	--	15,360	--
Payment to Refunded Bond Escrow Agent.....	--	--	--	--	--	--	--	--	(15,242)	--
Proceeds from Sale of Capital Assets.....	--	--	1,752	852	--	4,667	1,986	320	2,313	--
Operating Transfer From Component Unit.....	--	--	--	--	--	--	--	--	--	--
<b>Total Other Financing Sources (Uses).....</b>	<b>30,774</b>	<b>26,067</b>	<b>23,276</b>	<b>27,016</b>	<b>26,374</b>	<b>116,077</b>	<b>34,135</b>	<b>24,014</b>	<b>21,744</b>	<b>35,344</b>
<b>Net Change in Fund Balances.....</b>	<b>(\$1,716)</b>	<b>\$2,314</b>	<b>(\$19,377)</b>	<b>\$2,177</b>	<b>(\$23,194)</b>	<b>\$58,433</b>	<b>(\$2,954)</b>	<b>(\$31,461)</b>	<b>(\$5,240)</b>	<b>\$14,606</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>8.03%</b>	<b>10.52%</b>	<b>6.12%</b>	<b>6.14%</b>	<b>6.01%</b>	<b>6.83%</b>	<b>2.03%</b>	<b>1.87%</b>	<b>2.10%</b>	<b>5.44%</b>

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

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

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>(2)</sup>	Taxable Assessed Value as a Percentage of Actual Value <sup>(3)</sup>
2001	9,028,578	1,622,556	2,467	5,094,721	5,558,880	3.20	12,533,650	44.35
2002	9,520,536	1,579,242	2,067	5,209,610	5,892,235	3.20	13,060,994	45.11
2003	10,103,817	1,612,839	2,237	5,383,679	6,335,214	3.20	13,786,932	45.95
2004	10,939,265	1,618,035	3,690	5,826,031	6,734,959	3.20	14,777,635	45.58
2005	11,675,763	1,641,568	3,720	5,950,867	7,370,184	3.70	15,671,824	47.03
2006	13,143,244	1,837,515	2,517	6,382,757	8,600,519	3.70	17,627,383	48.79
2007	15,774,924	1,866,335	2,499	7,560,579	10,083,178	3.70	20,757,362	48.58
2008	17,370,043	1,878,935	2,603	8,088,767	11,162,814	3.17	22,648,918	49.29
2009	17,722,358	1,855,027	3,078	8,789,036	10,791,427	3.21	23,035,839	46.85
2010	15,900,917	1,872,241	1,081	7,854,304	9,919,935	3.70	20,910,869	47.44

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 value is 85% of the actual value.

(3) Calculated Figure

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

Fiscal Year	Direct	Overlapping				Total
	<u>City of Tallahassee</u>	<u>County</u>	<u>School Board</u>	<u>Leon County</u>	<u>N.W. Fla Water Management</u>	
	Operating	Operating	Debt Service	Operating	Operating	
2001	3.20	8.66	0.95	8.58	0.05	21.44
2002	3.20	8.61	0.92	8.57	0.05	21.35
2003	3.20	8.75	0.86	8.56	0.05	21.42
2004	3.70	8.42	0.81	8.55	0.05	21.53
2005	3.70	8.35	0.73	8.54	0.05	21.37
2006	3.70	8.01	0.65	8.54	0.05	20.95
2007	3.70	7.92	0.54	7.99	0.05	20.20
2008	3.17	7.45	0.48	7.21	0.05	18.36
2009	3.21	7.60	0.22	7.85	0.05	18.93
2010	3.70	7.75	0.00	7.85	0.05	19.35

Source: Leon County Tax Collector

**CITY OF TALLAHASSEE, FLORIDA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO  
(thousands)**

Taxpayer	Type of Business	2010			2000		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Century Link (aka Embarq, Sprint)	Communications	\$ 191,282	1	1.93%	\$ 164,637	1	1.55%
Smith Interest General Partnership	Retail	133,309	2	1.34%	--	--	--
Tallahassee Medical Center, Inc.	Medical	69,015	3	0.70%	--	--	--
DRA CRT Tallahassee Center	Real Estate	67,336	4	0.68%	--	--	--
St. Joe Company	Real Estate	57,105	5	0.58%	--	--	--
Wal-Mart Stores	Retail	56,709	6	0.57%	24,016	10	0.23%
Talquin Electric Coop	Utilities	66,018	7	0.67%	71,858	2	0.67%
Florida Gas Transmission	Utilities	59,778	8	0.60%	--	--	--
Comcast Cablevision, Inc.	Communications	45,100	9	0.45%	27,585	7	0.26%
Governor's Square Mall	Retail	--	--	--	52,247	3	0.49%
Koger Properties	Retail	--	--	--	51,789	4	0.49%
Tallahassee Mall	Retail	--	--	--	37,802	5	0.35%
Blairstone Properties	Real Estate	--	--	--	28,003	6	0.26%
Elman Tallahassee Properties	Utilities	--	--	--	25,970	8	0.24%
Capital City Bank	Banking	--	--	--	17,918	9	0.17%
Other Taxpayers		9,174,283		92.48%	10,151,777		95.29%
Total		\$ 9,919,935		100%	\$ 10,653,602		100%

Source: Leon County Property Appraiser

**CITY OF TALLAHASSEE, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
*(in thousands)*

Fiscal Year	Total Assessed Valuation	Taxable Assessed Valuation	Levy	Collection	Percent <sup>(1)</sup>
2001	10,653,601	5,558,877	17,856	17,231	97%
2002	11,101,846	5,892,235	18,927	18,172	96%
2003	11,718,893	6,335,214	20,363	19,503	96%
2004	12,561,990	6,734,959	24,988	24,053	96%
2005	13,321,051	7,370,184	27,306	26,349	96%
2006	14,983,276	8,600,518	31,875	30,191	95%
2007	17,643,758	10,083,178	37,370	35,492	95%
2008	19,251,581	11,162,814	35,416	33,592	95%
2009	19,580,463	10,791,427	34,704	33,100	95%
2010	17,774,239	9,919,935	36,704	35,114	96%

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

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>TOTAL VALUATIONS</b>	\$ 10,653,603	\$ 11,101,845	\$ 11,718,892	\$ 12,560,990	\$ 13,321,051	\$ 14,983,276	\$ 17,643,758	\$ 19,251,581	\$ 19,580,463	\$ 17,774,239
<b>EXEMPTIONS</b>										
Agricultural Adjustment	40,887	35,919	40,308	38,911	40,454	34,920	37,636	66,919	72,812	37,371
Government Exemption	3,935,283	4,089,831	4,139,584	4,455,255	4,235,264	4,230,744	4,843,510	5,033,493	5,107,970	4,742,678
Institutional Exemption	323,559	265,876	307,189	314,938	391,109	503,931	597,011	667,120	698,220	638,457
Individual / Homestead Exemptions	784,720	801,929	878,034	993,843	1,257,938	1,581,633	2,044,997	2,277,245	2,862,860	2,362,458
Other Exemptions & Adjustments	10,275	16,055	18,564	23,084	26,102	31,530	37,425	43,990	47,173	73,340
<b>TOTAL EXEMPTION AND ADJUSTMENTS</b>	5,094,724	5,209,610	5,383,679	5,826,031	5,950,867	6,382,758	7,560,579	8,088,767	8,789,036	7,854,304
<b>TAXABLE VALUATION</b>	\$ 5,558,879	\$ 5,892,235	\$ 6,335,213	\$ 6,734,959	\$ 7,370,184	\$ 8,600,518	\$ 10,083,179	\$ 11,162,814	\$ 10,791,427	\$ 9,919,935
<b>MILLAGE LEVIED</b>	3.200	3.200	3.200	3.200	3.700	3.700	3.700	3.170	3.212	3.700
<b>TOTAL TAXES LEVIED</b>	\$ 17,856	\$ 18,927	\$ 20,363	\$ 24,988	\$ 27,306	\$ 31,875	\$ 37,370	\$ 35,416	\$ 34,704	\$ 36,704
Less: Adjustments & Discount	598	637	681	848	937	1,079	1,253	1,172	1,130	1,213
<b>Net Taxes Levied</b>	\$ 17,258	\$ 18,290	\$ 19,682	\$ 24,140	\$ 26,369	\$ 30,796	\$ 36,117	\$ 34,244	\$ 33,574	\$ 35,491
<b>NET COLLECTED <sup>(1)(2)</sup></b>	\$ 17,231	\$ 18,172	\$ 19,503	\$ 24,053	\$ 26,349	\$ 30,191	\$ 35,442	\$ 33,592	\$ 33,100	\$ 35,114

Source: Leon County Property Appraiser

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

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

**CITY OF TALLAHASSEE, FLORIDA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
*(in thousands)*

**Governmental Activities:**

Fiscal Year Ended Sept. 30,	General Revenue Bonds	Sunshine State Loan Payable	Special Purpose Revenue Bonds
2001	\$ 17,775	\$ 4,815	\$ 3,520
2002	14,060	21,700	3,396
2003	12,680	21,700	3,263
2004	11,270	21,700	3,122
2005	94,805	31,700	--
2006	91,350	31,200	--
2007	87,795	30,700	--
2008	84,135	30,200	--
2009	115,760	2,300	--
2010	106,905	2,300	--

**Business-type Activities:**

Fiscal Year Ended Sept. 30,	Loan Payable	Electric Revenue Bonds	Electric Refunding Revenue Bonds	Energy System	Energy System Refunding	Airport Refunding	CURSB	Utility Systems Revenue Bonds	Consolidated Utility Systems Revenue Bonds	Sunshine State Loan Payable	AMI Loan Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2001	\$ 62,482	\$ 2,325	\$ 37,250	\$ 187,255	\$ 17,380	\$ 8,970	\$ -	\$ -	\$ 61,015	\$ -	\$ -	\$ 415,833	4.88%	\$ 2,621
2002	--	--	--	185,005	43,025	8,465	57,920	--	--	65,528	--	397,586	4.73%	2,547
2003	--	--	--	180,300	36,610	7,940	55,115	--	--	63,072	--	379,129	4.38%	2,345
2004	--	--	--	171,410	34,005	7,295	51,965	--	--	61,064	--	452,244	3.90%	2,139
2005	--	--	--	166,395	27,095	6,570	60,855	--	--	54,320	--	437,785	4.54%	2,527
2006	--	--	--	290,100	19,975	5,830	57,360	--	--	61,506	--	553,266	N/A	3,161
2007	--	--	--	487,910	12,635	5,070	53,680	--	--	61,143	--	734,773	N/A	4,188
2008	--	--	--	479,590	11,730	4,290	214,485	--	--	57,030	35,300	916,760	N/A	5,155
2009	--	--	--	479,590	11,730	4,290	214,485	--	--	38,200	37,431	903,786	N/A	5,081
2010	--	--	--	462,580	9,805	2,665	348,020	--	--	35,961	40,230	1,008,466	N/A	5,636

**Source:** City of Tallahassee, Accounting Services Department

**Notes:** See Demographic and Economic Statistics for personal income and population data. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**CITY OF TALLAHASSEE, FLORIDA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
*(in thousands)*

**General Bonded Debt Outstanding**

<b>Fiscal Year Ended Sept. 30</b>	<b>General Revenue Bonds</b>	<b>Total</b>	<b>Percentage of Actual Taxable Value of Property <sup>(1)</sup></b>	<b>Per Capita <sup>(2)</sup></b>
2001	17,775	17,775	0.14%	115
2002	14,060	14,060	0.11%	90
2003	12,680	12,680	0.09%	78
2004	11,270	11,270	0.08%	67
2005	94,805	94,805	0.60%	542
2006	91,350	91,350	0.52%	519
2007	87,795	87,795	0.42%	499
2008	84,135	84,135	0.37%	473
2009	115,760	115,760	0.51%	651
2010	106,905	106,905	0.53%	598

**Source:** City of Tallahassee, Accounting Services

<sup>(1)</sup> See the Assessed Valuations, Millage and Taxes Levied and Collected schedule for property value data.

<sup>(2)</sup> See Demographic and Economic Statistics schedule for population data.

**CITY OF TALLAHASSEE, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES**  
**September 30, 2010**  
*(in thousands)*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(1)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Leon County School Board <sup>(2)</sup>	21,215	68%	14,426
Debt repaid with non self-supporting revenue debt			
Leon County <sup>(3)</sup>	28,220	68%	19,190
Subtotal, Overlapping Debt			33,616
City Direct Debt			106,905
Total Direct and Overlapping Debt			<u><u>140,521</u></u>

<sup>(1)</sup> City's share calculated based on 2010 County Taxable Value of \$14,628,863,926 and City's Taxable Value of \$9,919,934,681 which results in 68 percent overlapping

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

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

**CITY OF TALLAHASSEE, FLORIDA**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**SEPTEMBER 30, 2010**  
*(in thousands)*

TAXABLE ASSESSED VALUE	\$ 9,919,935
Debt Limit 20 Percent of Assessed Value	\$ 1,983,987

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

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

Fiscal Year Ending	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue <u>Service Requirements</u> <sup>(3)</sup> Available for			Total	Coverage
			Debt Service	Principal	Interest		
2001	261,226	188,665	72,561	10,375	11,918	22,293	3.25
2002	211,218	152,988	58,230	4,235	12,598	16,833	3.46
2003	248,845	193,211	55,634	11,120	10,380	21,500	2.59
2004	282,250	236,732	45,518	11,495	9,998	21,493	2.12
2005	303,028	251,417	51,611	11,925	9,565	21,490	2.40
2006	371,885	308,448	63,437	12,335	14,128	26,463	2.40
2007	378,909	309,195	69,714	12,760	15,932	28,692	2.43
2008	407,472	326,715	80,757	9,225	24,470	33,695	2.40
2009	405,440	323,803	81,637	9,635	24,051	33,686	2.42
2010	373,938	287,738	86,200	10,025	22,691	32,716	2.63

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

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

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

**CITY OF TALLAHASSEE, FLORIDA**  
**REVENUE BOND COVERAGE**  
**AIRPORT REVENUE BONDS**  
**LAST TEN FISCAL YEARS**  
*(in thousands)*

Fiscal Year Ending	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>(3)</sup>			Coverage
				Principal	Interest	Total	
2001	8,322	5,277	3,045	480	499	979	3.11
2002	8,825	6,215	2,610	505	477	982	2.66
2003	9,695	7,755	1,940	525	453	978	1.98
2004	10,032	9,414	618	60	234	294	2.10
2005	12,209	8,313	3,896	725	238	963	4.05
2006	12,553	8,313	4,240	740	220	960	4.42
2007	13,941	9,104	4,837	760	202	962	5.03
2008	12,851	9,323	3,528	780	183	963	3.66
2009	12,284	9,150	3,134	800	159	959	3.27
2010	12,797	8,398	4,399	825	133	958	4.59

<sup>(1)</sup> Total operating revenues (plus operating interest revenue & prepaid fees credit).

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

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

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

Fiscal Year Ending	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>(3)</sup>			Coverage
				Principal	Interest	Total	
2001	60,496	28,888	31,608	1,300	3,868	5,168	6.12
2002	60,175	28,479	31,696	3,095	3,434	6,529	4.85
2003	60,047	33,888	26,159	2,805	3,139	5,944	4.40
2004	62,706	36,740	25,966	3,150	3,003	6,153	4.22
2005	65,093	40,305	24,788	3,325	2,424	5,749	4.31
2006	69,521	42,617	26,904	3,495	2,816	6,311	4.26
2007	76,620	43,374	33,246	3,680	2,638	6,318	5.26
2008	83,873	44,787	39,086	3,655	9,274	12,929	3.02
2009	88,883	48,839	40,044	3,780	10,256	14,036	2.85
2010	94,458	50,949	43,509	5,520	10,122	15,642	2.78

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

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

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

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

Year	Estimated <sup>(1)</sup> Population	Airline Passengers	Electric KW H Sold (000's)	Water Consumed (Gals) (Millions)	Gas Used (Cu. Ft.) (Millions)	Housing Units	Leon County School <sup>(2)</sup> Enrollment
2001	153,658	853,626	2,952,438	9,303	2,160	69,845	38,136
2002	156,703	1,082,585	2,605,475	9,807	2,109	71,178	35,088
2003	162,310	1,113,243	2,734,616	8,905	2,226	73,725	35,515
2004	169,136	1,155,072	2,740,095	9,729	2,318	76,826	35,483
2005	174,781	1,129,947	2,804,485	9,276	2,277	79,390	35,951
2006	176,336	993,860	2,809,418	10,747	2,318	80,096	34,944
2007	176,429	947,165	2,758,101	11,209	2,315	80,138	37,515
2008	177,852	820,943	2,725,363	10,161	2,439	83,288	40,653
2009	177,879	734,151	2,657,425	9,554	2,550	83,609	33,360
2010	178,923	670,978	2,838,640	8,755	2,792	83,906	36,964

Source: City records, except as noted.

<sup>(1)</sup> U.S. Census 2000; all other numbers are estimated by the Bureau of Economic and Business Research, University of Florida  
<sup>(2)</sup> Leon County School Board

Year	City Personal Income <sup>(3)</sup> (Thousands)	Per Capita Personal Income <sup>(3)</sup>	Number of Labor Force <sup>(4)</sup>	Number of Em Employed <sup>(4)</sup>	Number of Unemployed <sup>(4)</sup>	Unemployment Rate (Percent) <sup>(4)</sup>
2001	\$ 8,255,106	\$ 25,605	85,664	82,882	2,782	3.2%
2002	8,428,949	26,005	85,806	82,229	3,577	4.2%
2003	8,694,910	26,507	86,382	82,866	3,516	4.1%
2004	9,271,592	27,990	90,148	86,930	3,218	3.6%
2005	9,721,000	29,852	84,997	82,082	2,915	3.4%
2006	10,840,258	31,180	87,522	85,102	2,420	2.8%
2007	11,463,000	32,536	89,969	87,219	2,750	3.2%
2008	N/A	N/A	90,972	86,980	3,992	4.4%
2009	N/A	N/A	92,543	86,156	6,387	6.9%
2010	N/A	N/A	95,693	87,674	8,019	8.4%

Source:

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

<sup>(4)</sup> Florida Agency for Workforce Innovation, except as noted.

N/A = Not Available

**CITY OF TALLAHASSEE  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO**

Employer	Type of Business	2010 <sup>(1)</sup>			2000 <sup>(2)</sup>		
		Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
State of Florida	Government	20,961	1	39.30%	21,506	1	41.34%
Florida State University	Education	13,501	2	25.31%	11,253	2	21.63%
Leon Co. School Board	Education	4,306	3	8.07%	5,374	3	10.33%
Tallahassee Memorial Healthcare	Healthcare	3,060	4	5.74%	3,641	5	7.00%
City of Tallahassee	Government	2,848	5	5.34%	3,933	4	7.56%
Publix	Retail	2,000	6	3.75%	1,450	8	2.79%
Florida A & M University	Education	1,937	7	3.63%	1,695	6	3.26%
Tallahassee Community College	Education	1,821	8	3.41%	868	9	1.67%
Leon County	Government	1,783	9	3.34%	1,645	7	3.16%
Capital Regional Medical Center <sup>(3)</sup>	Healthcare	1,122	10	2.10%	663	10	1.27%
Total		<u>53,339</u>		<u>100.00%</u>	<u>52,028</u>		<u>100.00%</u>

(1) Data from employers, except for Publix and Walmart data provided by Enterprise Florida.

(2) Data from Tallahassee Area Chamber of Commerce, except for State of Florida and FAMU data that was provided by each employer.

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

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

Function/Program	Full Time Equivalent Employees as of September 30							
	2010	2009	2008	2007	2006	2005	2004	2003
City Commission & Appointed Official	130	139	132	133	132	131	132	126
Administration	184	198	188	191	187	185	184	184
Aviation	53	54	54	54	54	53	53	52
Communications	11	12	13	13	12	10	10	10
Customer Services	1	1	2	2	2	2	2	3
Economic and Community Development	38	57	n/a	n/a	n/a	n/a	n/a	n/a
Economic Development	0	0	7	8	9	9	9	9
Electric	295	291	290	290	282	280	282	282
Emergency Management	1	1	n/a	n/a	n/a	n/a	n/a	n/a
Energy Services	31	23	n/a	n/a	n/a	n/a	n/a	n/a
EPER	12	12	n/a	n/a	n/a	n/a	n/a	n/a
Fire	272	263	267	267	265	265	265	263
Fleet	58	57	58	59	60	60	n/a	n/a
Gas	0	0	40	40	40	40	41	42
Growth Management	58	75	83	83	80	80	79	77
Neighborhood & Community Services	0	0	85	86	83	79	81	80
Parks & Recreation & Neighborhood Affairs	172	176	152	154	154	154	149	150
Planning	27	28	29	29	28	28	36	36
Police	485	489	498	499	492	491	492	487
Public Works	283	301	254	260	265	266	326	328
Solid Waste	91	99	102	108	107	103	103	98
Stormwater	0	0	91	94	85	83	84	83
StarMetro	168	169	167	169	140	138	138	139
Utility Services	114	120	167	166	165	165	165	157
Underground Utilities	364	367	n/a	n/a	n/a	n/a	n/a	n/a
Water Utility	0	0	303	304	301	298	296	297
<b>Total</b>	<b>2,848</b>	<b>2,932</b>	<b>2,982</b>	<b>3,009</b>	<b>2,943</b>	<b>2,920</b>	<b>2,927</b>	<b>2,903</b>

Source: City of Tallahassee Budget

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

"n/a" = not applicable

**CITY OF TALLAHASSEE, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police										
Arrests	7,171	6,619	N/A	7,002	7,033	6,329	7,847	6,562	6,959	6,674
Traffic violations	25,757	21,319	34,300	32,015	36,991	30,756	30,933	29,159	33,279	29,344
Parking violations	18,187	19,333	19,711	25,186	25,548	28,306	35,192	33,453	36,181	37,665
Fire										
Emergency responses	21,541	17,786	25,101	15,896	16,415	14,700	11,125	7,918	8,507	8,199
Fires reported	1,172	1,511	1,443	1,973	1,793	1,593	1,429	970	1,210	1,281
Gas										
Daily average consumption (MCF)	7,650	6,878	6,111	6,347	6,392	7,058	6,351	6,400	6,258	5,833
Number of service connections	26,948	26,448	26,447	26,348	25,888	24,322	24,322	21,940	21,823	21,873
Water										
Daily average consumption (MGD)	26	N/A	33.03	33.03	27.00	28.00	30.43	28.89	30.92	29.49
Number of service connections	81,945	82,016	82,069	81,275	79,887	77,866	76,039	69,480	70,688	69,157
Electric										
Net System Energy Generated (KWH) (Millions)	2,293	2,657	2,725	2,758	2,758	2,698	2,684	2,607	2,513	2,952
Average number residential customers	86,041	85,889	86,151	93,258	91,490	88,788	87,071	86,377	81,386	80,000
Average residential monthly bill	143.25	153.23	148.74	147.68	140.50	111.51	115.31	102.07	82.06	97.18
Sewage										
Daily average treatment (MDG)	16.47	N/A	N/A	16.89	17.24	19.33	16.61	16.47	16.59	17.24
Number of service connections	70,015	69,966	69,913	69,048	66,063	66,603	64,406	58,531	58,984	57,788
Transit										
Total revenue miles	2,035,922	1,966,766	N/A	1,604,339	1,908,268	1,747,116	1,720,087	1,721,087	1,699,228	1,629,453
Passengers trips	4,789,938	4,409,041	N/A	4,136,790	4,304,334	4,612,725	4,459,371	4,372,762	4,140,250	3,934,447
Solid Waste										
Number of customers	62,585	62,621	63,284	63,608	63,176	62,699	61,782	60,438	60,496	58,671
Refuse collected (in tons)	142,643	145,707	N/A	159,002	157,253	162,737	162,328	156,545	149,240	149,145
Reyclables collected (in tons)	9,925	6,172	6,884	9,361	8,055	7,821	7,861	7,843	7,842	7,850
Airport										
Number of passengers	670,978	734,151	821,716	947,165	993,860	1,129,947	1,155,072	1,113,243	1,082,585	853,626

Source: Various city departments  
N/A - Not Available

**CITY OF TALLAHASSEE, FLORIDA**  
**CAPITAL ASSETS STATISTICS BY FUNCTION / PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular units										
Marked vehicles	267	295	318	311	291	290	288	283	275	275
Motorcycles	9	9	9	9	9	9	9	9	9	7
Unmarked vehicles	139	137	170	144	132	132	132	132	132	132
Bicycle patrol units	9	9	N/A	12	12	12	15	19	21	21
Fire stations	15	15	15	15	15	15	15	15	15	15
Gas										
Gas lines (in miles)	845	834	818	806	780	744	731	715	670	645
Plant Capacity (MCF)	24,000	24,000	24,000	24,000	24,000	42,000	24,322	21,900	21,873	21,873
Water										
Water mains (in miles)	1,212	1,212	1,181	1,170	1,147	1,143	1,131	1,172	1,212	1,200
Deep Wells	26	27	27	27	27	28	28	28	28	29
Plant Capacity (MGD)	74	72.3	72.3	72.3	73.6	73.6	73.6	73.6	73.6	73.6
Electric										
Generating plants	3	3	3	3	3	3	3	3	3	3
Generating capacity (KW)	805	805	795	795	795	747	699	699	699	706
Transmission lines (in miles)	188	187	185	185	185	185	188	188	188	185
Number of street lights	17,971	17,670	N/A	17,168	16,812	16,682	16,466	16,143	15,330	15,480
Distribution lines (in miles)	2,839	2,842	N/A	2,693	2,693	2,586	2,115	2,115	2,050	2,000
Sewage										
Number of lift stations	107	N/A	N/A	106	102	96	93	82	83	84
Sanitary sewers (in miles)	1,019	N/A	N/A	999	865	968	949	928	940	935
Number of disposal plants	2	2	2	2	2	2	2	2	2	2
Capacity of treatment plants (MGD)	31	32	32	32	32	32	32	32	32	27.39
Transit										
Bus Plaza	1	1	1	1	1	1	1	1	1	1
Buses	66	56	90	66	66	49	49	48	49	48
Refuse Collection										
Collection trucks	61	45	36	62	62	62	62	62	62	62
Parks and recreation										
Community centers and specialty centers	12	12	10	10	10	10	10	10	10	10
Summer playgrounds and camps	43	43	43	43	26	26	26	26	26	26
Athletic fields	86	86	86	86	87	86	86	86	84	138
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	13	13	13	13	9	9	9	9	9	10
Park acreage	3,529	3,529	3,881	3,881	3,881	3,881	3,881	3,881	3,950	3,087
Fitness trails	17	17	17	17	17	17	17	17	19	10
Tennis/racquetball courts	67	67	72	67	70	69	69	69	69	71
Gymnasiums, center sites	7	7	7	7	7	7	7	7	7	7
Gymnasiums, school sites	4	4	9	9	12	12	12	12	12	12
Airport	1	1	1	1	1	1	1	1	1	1
Other public works										
Streets (miles)	N/A	N/A	N/A	1,394	1,354	1,335	1,253	1,223	1,192	1,166
Traffic signals <sup>(1)</sup>	72	128	122	123	114	109	105	101	N/A	N/A

Source: Various city departments

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

N/A- Not Available

**City of Tallahassee  
Miscellaneous Statistical Data  
September 30, 2010**

Date of Incorporation	1825	Form of Government: Commission-Manager
Date First Charter Adopted	1825	Commission Composed of: Mayor and Four Commissioners
Date Present Charter Adopted	1919	

**Terms of Office:**

Mayor - Four Years (Elected by Tallahassee Citizens)  
Commissioners - Four Years (Elected by Tallahassee Citizens)  
Manager (Appointed by Commission)

**Education:**

Number of Public Schools <sup>(1)</sup>	48
Number of Public School Instructors <sup>(1)</sup>	2,319
Number of Public School Students, (PK-12) <sup>(1)</sup>	32,926
Number of Vocational-Technical Schools <sup>(1)</sup>	1
Number of Community Colleges	1
Number of Universities	2
Number of College-level Instructors <sup>(4)</sup>	2,366
Number of College-level Students <sup>(2)</sup>	75,973

**Transportation:**

Airline, Bus Line, and Railroad Freight and Passenger Services

**Communications:**

Newspapers, Radio Stations, Television Stations;  
Cable Television and Telephone Service

**Culture, Recreation, and Health:**

Conference Center, Civic Center, and Theaters	
Seating Capacity (Leon County Civic Center)	13,000
Museums	13
Libraries (including branches)	19
Skating Rinks	2
Golf Courses	9
Hospital Beds <sup>(3)</sup>	968

Average Annual Temperature	67.9 Degrees
Average Annual Rainfall	63.2 Inches
Area	103.06 Square Miles

**Major Annual Events:**

Springtime Tallahassee Festival  
Fourth of July "Celebrate America"  
North Florida Fair  
Market Days  
Winter Festival

**Source:** City of Tallahassee Records except as noted below:

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

**CITY OF TALLAHASSEE  
SCHEDULE OF INSURANCE  
September 30, 2010**

Carrier	Policy Number	Policy Term	Coverage Detail	Limits (,000s)	Deductible/Retention (,000s)	Premium
N/A	N/A	N/A	General Liability Police Civil Liability Employment Practice	100/200 100/200 100/200	N/A N/A N/A	N/A N/A N/A
Old Republic	PR10814	10/1/09- 10/1/10	Airport Liability	100,000	10	109
Axis	Various	4/1/2009- 4/1/2010	General Government	Combined total 700,000	100 per occurrence	2,514
Zurich/P rinceton Excess/National Union Fire/Liberty Landmark/AEGIS/XL Insurance			Utility Property Boiler & Machinery		500 Wastewater & Power Gen. 750 Hopkins2 and Purdom 8 Steam \$1,000 Purdom Unit 8 Gas Named Windstorm 2% TIV of location	
Capital Health Plan Blue Cross/Blue Shield	00005 45380	N/A N/A	Employee Health Care Employee Health Care	N/A N/A	N/A N/A	Funded Reserves Funded Reserves
Federal Ins Co.	9906-39-31	10/1/2007- 2010	Statutory and Accidental Death ( Police & Fire)	50/50/150	N/A	30 (3 year)
Self Insured Midwest Employers Casualty	N/A APP4777424	N/A 10/1/09- 10/1/11	Primary Workers Compensation Excess Workers Compensation	Statutory Statutory in excess of \$1M retention	1,000 SIR	N/A 150
Fidelity Deposit Company	POB8142917	Continuous	Statutory Position Bond- Treasurer Clerk	100	N/A	N/A
Fidelity Deposit Company	CCP0018136-12	Continuous	Government Crime	1000	25	20



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# SINGLE AUDIT

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

## FOR THE ENTITY

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

## FOR THE FINANCIAL ASSISTANCE PROGRAMS

Independent Auditors' Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*

Schedule of Expenditures of Federal Awards and State Financial Assistance

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

Summary Schedule of Prior Audit Findings

## OTHER

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

Schedule of Expenditures of Passenger Facility Charges

Management Letter



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Tallahassee, Florida (the City) as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 14, 2011. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the Honorable Mayor, City Commissioners, City Manager, Audit Committee, the Auditor General of the State of Florida, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Cam, Riggs + Ingram, LLC*

March 14, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL  
PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE  
AUDITOR GENERAL**

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

**Compliance**

We have audited the compliance of the City of Tallahassee (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the State of Florida, Department of Financial Service's *State Projects Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and state projects for the year ended September 30, 2010. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1.

## Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

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 we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-1. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and accordingly, we express no opinion on the responses.

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

*Cam, Riggs + Ingram, LLC*

March 14, 2011

City of Tallahassee  
 Schedule of Expenditures of Federal Awards and State Financial Assistance  
 For the Year Ended September 30, 2010

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures
<b>FEDERAL AWARDS</b>				
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u></b>				
<b>Direct Programs:</b>				
Community Development Block Grant-Entitlement	14.218	B-9XMC-12-0019	N/A	\$ 1,824,908
HOME	14.239	M9X-MC-120221	N/A	868,479
Emergency Shelter Grant	14.231	S08/09-MC120010	N/A	153,099
Neighborhood Stabilization Program	14.228	N/A	N/A	1,407,515
<b>ARRA</b> - CDBG - Recovery Administration Funds	14.253	B-09-MY-12-0019	N/A	282,362
<b>ARRA</b> - Homelessness Prevention and Rapid Re-Housing	14.257	S09-MY-12-0010	N/A	<u>654,331</u>
<b>Total U.S. Department of Housing &amp; Urban Development</b>				<u>5,190,694</u>
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>				
<b>Direct Programs:</b>				
<b>ARRA</b> - Energy Efficiency and Conservation Block Grant	81.128	DE-SC0002568	N/A	225,992
<b>ARRA</b> - Electricity Delivery and Energy Reliability	81.122	DE-OE0000391	N/A	221,697
<b>ARRA</b> - Renewable Energy Research and Development	81.087	DE-0000277	N/A	<u>15,000</u>
<b>Total U.S. Department of Energy</b>				<u>462,689</u>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>				
<b>Direct Programs:</b>				
Special Appropriation Water Infrastructure Grant	66.606	XP-97436201	N/A	822,066
Think About Personal Pollution (TAPP) Grant	66.460	C9-99451505-05	N/A	173,265
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-95408008-0	N/A	<u>149,581</u>
<b>Total U.S. Environmental Protection Agency</b>				<u>1,144,912</u>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>				
<b>Direct Programs:</b>				
Grants for Public Works and Economic Development Facilities	11.300	04-01-05502	N/A	<u>619,907</u>
<b>Total U.S. Department of Commerce</b>				<u>619,907</u>
<b><u>U.S. DEPARTMENT OF THE INTERIOR</u></b>				
<b>Pass through Florida Department of Environmental Protection:</b>				
Outdoor Recreation Acquisition, Development and Planning	15.916	N/A	LW532	<u>32,935</u>
<b>Total U.S. Department of the Interior</b>				<u>32,935</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<b>FEDERAL TRANSIT ADMINISTRATION</b>				
<b>Direct Programs:</b>				
Federal Transit Formula Grant	20.507	FL-90-X646	N/A	530,341
Federal Transit Formula Grant	20.507	FL-90-X563	N/A	148,170
Federal Transit Formula Grant	20.507	FL-90-X659	N/A	46,802
Federal Transit Formula Grant	20.507	FL-95-X006	N/A	579,699
Federal Transit Formula Grant	20.507	FL-96-X011	N/A	3,390,319
Federal Transit Formula Grant	20.507	FL-03-0261	N/A	330,368
Federal Transit Formula Grant	20.507	FL-90-X708	N/A	1,335,667
Federal Transit Formula Grant	20.507	FL-18-XO	N/A	94,598
Federal Transit Formula Grant	20.507	FL-04-0076	N/A	36,551
Job Access-Reverse Commute Project Grant	20.516	FL-37-X030	N/A	55,703
New Freedom Program	20.521	FL-57-X007	N/A	7,740
<b>FEDERAL HIGHWAY ADMINISTRATION</b>				
<b>Pass through Florida Department of Environmental Protection</b>				
Recreational Trails Program	20.219	RTP09	998688/T2908	14,801
<b>Pass through Florida Department of Transportation:</b>				
<b>ARRA</b> - Highway Planning and Construction	20.205	ARRA-517-520-B	AOH88	888,717

**City of Tallahassee**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2010**

**NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION**

**Pass through Florida Department of Transportation:**

State and Community Highway Safety	20.600	-	5096	26,535
Safety Belt Performance Grants	20.609	-	10018-21	19,877

**FEDERAL TRANSIT ADMINISTRATION**

**Direct Programs:**

Airport Improvement Program	20.106	3-12-0077-33	N/A	1,821,738
Airport Improvement Program	20.106	3-12-0077-34	N/A	2,700
Airport Improvement Program	20.106	3-12-0077-35	N/A	<u>2,448,806</u>

**Total U.S. Department of Transportation**

11,779,132

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Direct Programs:**

Transportation Disadvantaged - Medicaid	93.778	-	N/A	617,988
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**U.S. DEPARTMENT OF JUSTICE**

**Direct Programs:**

Justice Assistance Grant (JAG)	16.738	2009-DJ-BX-1195	N/A	215,054
Justice Assistance Grant (JAG)	16.738	2009-DJ-BX-1077	N/A	104,836

**Pass through Florida Department of Law Enforcement**

Project Safe Neighborhoods	16.609	-	2007-PN/AG-LEON-1-P7-002	16,805
<b>ARRA</b> - Public Safety Partnership and Policing Grants	16.710	2009-RJ-W X-0029	-	263,993
<b>ARRA</b> - Justice Assistance Grant	16.803	2009-SU-B9-0021	2010-ARRC-LEON-1-W7-227	41,603
<b>ARRA</b> - Justice Assistance Grant	16.804	2009-SB-B9-2375	-	599,986
<b>ARRA</b> - National Asset Forfeiture	16.000	N/A	-	<u>19,243</u>

**Total U.S. Department of Justice**

1,261,520

**U.S. DEPARTMENT OF HOMELAND SECURITY**

**Direct Programs:**

Law Enforcement Officers Reimbursement Agreement Program	97.090	HSTS0208HSLR350	N/A	398,011
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**Pass through Florida Department of Financial Services**

Homeland Security Grant Program	97.067	N/A	999776-8	<u>583,635</u>
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**Total U.S. Department of Homeland Security**

981,646

**Total Federal Awards Expended**

\$ 22,091,423

**STATE AWARDS**

**FLORIDA DEPARTMENT OF TRANSPORTATION**

County Incentive Grant Program	55.008	N/A	AP741	264,509
Aviation Development Grants	55.004	N/A	226761-19401	11,298
Aviation Development Grants	55.004	N/A	226769-19401	202
Aviation Development Grants	55.004	N/A	226778-19401	37
Aviation Development Grants	55.004	N/A	226781-18401	229,101
Aviation Development Grants	55.004	N/A	226792-18401	41,192
Aviation Development Grants	55.004	N/A	405863-19401	74
Aviation Development Grants	55.004	N/A	409507-19401	251,950
Aviation Development Grants	55.004	N/A	420708-19401	354,558
Aviation Development Grants	55.004	N/A	417055-15801	11,186
Aviation Development Grants	55.004	N/A	405865-19401	30,000
Aviation Development Grants	55.004	N/A	226819-19401	57,141
Aviation Development Grants	55.004	N/A	418991-19401	61,307
Aviation Development Grants	55.004	N/A	420711-19401	132,209
Aviation Development Grants	55.004	N/A	416011-19401	22,707
Aviation Development Grants	55.004	N/A	409509-19401	8,682
Aviation Development Grants	55.004	N/A	422301-49401	<u>130,601</u>

**Total Florida Department of Transportation**

1,606,754

**City of Tallahassee**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2010**

**FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION**

Water Restoration and Wastewater Projects	37.039	N/A	IG0507	7,139
Waste and Recycling - Building Renovation	37.050	N/A	LP6011	787,638
Waste and Recycling - 2007	37.050	N/A	IG07-02	360
Waste and Recycling - 2008	37.050	N/A	IG8-18	<u>27,166</u>
<b>Total Florida Department of Environmental Protection</b>				<u><u>822,303</u></u>

**FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES**

Domestic Marijuana Eradication	52.008	N/A	09-SS-E8-02-47-13-515	<u>1,568</u>
<b>Total Florida Emergency Management Agency</b>				<u>1,568</u>

**FLORIDA HOUSING FINANCE CORP.**

State Housing Initiatives Partnership Program	52.901	N/A	N/A	<u>1,446,148</u>
<b>Total Florida Housing Finance Corp.</b>				<u>1,446,148</u>

**FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS**

Front Porch Florida	52.033	N/A	07-DR-78-02-47-02-051	<u>12,546</u>
<b>Total Florida Department of Community Affairs</b>				<u>12,546</u>

**Total State Awards Expended** \$ 3,889,319

**Total Financial Assistance Expended** \$ 25,980,742

**NOTES**

The Schedule of Expenditures of Federal Awards and State Financial Assistance was prepared on the accrual basis of accounting. This method is consistent with the method used in the preparation of the City's financial statements. The City does not use sub recipients. No federal or state financial assistance was expended in non-cash assistance.

**City of Tallahassee**  
**Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2010**

**Section 1 – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors’ report issued on compliance for major federal program?	Unqualified
Any audit findings disclosed that are required to be reported in accordance with <i>OMB Circular A-133</i> ?	Yes

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.228	Neighborhood Stabilization Program
14.257	ARRA-Homelessness Prevention and Rapid Re-Housing
81.128	ARRA-Energy Efficiency and Conservation Block Grant
66.606	Special Appropriation Water Infrastructure Grant
20.507	Transit – Capital and Operating Assistance
20.205	ARRA-Highway Planning and Construction
16.804	ARRA-Justice Assistance Grant
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$662,743
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Auditee qualified as low-risk auditee?	No
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**State Awards**

Internal control over major projects:  
Material weaknesses identified? No  
Significant deficiencies identified not considered to be material weaknesses? No  
Type of auditors' report issued on compliance for major state projects? Unqualified  
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*? No

Identification of major state projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
52.901	State Housing Initiatives Partnership Program
55.004	Aviation Development Grants

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

**Section II – Financial Statement Findings**

We noted no financial statement findings that are required to be reported in accordance with OMB Circular A-133.

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

U.S. Department of Housing and Urban Development

2010-1 ARRA – Homelessness Prevention and Rapid Re-Housing Program – CFDA 14.257

*Significant Deficiency: Subrecipient Monitoring*

The City of Tallahassee contracted with three subrecipient agencies to administer this program. A monitoring review was performed for each of the agencies, and all three reviews found significant deficiencies in the areas of eligibility documentation. Reports were issued to the three agencies detailing the deficiencies found. The City performed a follow-up review of one of the agencies to determine that the deficiencies had been corrected, but no follow-up reviews were performed on the other two agencies to ensure that corrective actions had been taken. [required by HPRP Notice – Section V. Post-Award Process Requirements (I) Monitoring, Section VII, and Other Federal Requirements (G) Uniform Administrative Requirements, and 24 CFR 85.40]

*City Response:*

A follow-up monitoring was conducted on all sub-recipient agencies to ensure program compliance, however; proper communication as evidenced by formal notification was not clearly documented by staff for the two agencies in question. The follow-up monitoring performed on the two agencies in question evidenced effective implementation of the initial recommendations, and compliance with program regulations. The procedural lapse, resulting in this deficiency, was the result of turn-over in the staff position responsible for the activity. At this time the position is fully staffed, and contract management procedures will be amended to include an annual quality assurance file review to ensure proper follow-up and documentation of contract management activities.

The City of Tallahassee - Department of Economic and Community Development performs no monitoring procedures to verify the accuracy of participant data entered into the Homeless Management Information System (HMIS) system by the individual agencies. [required by HPRP Notice – Section V. Post-Award Process Requirements (D) Confidentiality (F) Responsibility for Grant Administration, (I) Monitoring, Section VII, and Other Federal Requirements (G) Uniform Administrative Requirements, and 24 CFR 85.40(a)] The HMIS system is maintained by a nonprofit agency which is not a subrecipient of the City for the HPRP program, and no verification of HPRP participant data processed by that agency is performed.

*City Response:*

While no formal monitoring procedure was performed to verify the accuracy of participant data regarding HMIS, the participant-level data reported by sub-recipient agencies was consistent with aggregate level reports from the HMIS, and was reviewed by staff for accuracy in the monitoring process. The monitoring procedure will be amended to include a more formal component of verification for participant-level data in HMIS, or any other third-party management information system, when contracts require sub-recipients to enter participant data into a third-party management information system. The formal component of verification for third-party management information systems will also be subject to the annual quality assurance file review to ensure proper follow-up and documentation of contract management activities.

The City of Tallahassee - Department of Economic and Community Development does not have a tracking system or other method of documenting the need for, and actual submission of, subgrantee audits required under OMB Circular A-133. [required by HPRP Notice – Section V. Post-Award Process Requirements (F) Responsibility for Grant Administration, (I) Monitoring, Section VII, and Other Federal Requirements (G) Uniform Administrative Requirements, 24 CFR 84.5, 84.26, 85.26, 85.40(a)]

*City Response:*

While no formal tracking system or other method of documenting the need for and submission of sub-grantee audits was present, all ECD contracts contain a condition requiring sub-grantees to submit audits within thirty days of completion. Additionally, the condition specifies the need for an audit that is compliant with OMB Circular A-133 or Section 215.97 of the Florida Statutes, when the organization has expended in excess of \$500,000, in either state or federal funds in a given fiscal year. Contract management procedures will be amended to include a formal, mid-term notification of the audit requirement, whereby organizations will be required to provide their most recent audit, or provide documentation of their exemption. The mid-term notification procedure will also be subject to the annual quality assurance file review to ensure proper follow-up and documentation of contract management activities.

**City of Tallahassee**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2010**

Federal Programs – None  
(2009)

State Projects – None  
(2009)

Financial Statement Findings

**Material Weakness 2010- 1 Reporting Fair Market Value of Investments**

In the prior year, we noted the fair market value and related unrealized gain/loss on securities were not properly recorded by the City because the review process did not detect such errors. We recommended that the review process be modified to ensure material errors would be detected during the financial reporting process.

**2010 Status:** The City has implemented review processes sufficient to identify any material errors in the recording of fair market values and related unrealized gain/loss on securities.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

**Compliance**

We have audited the compliance of the Tallahassee Regional Airport, City of Tallahassee, Florida (*the Airport*) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2010. Compliance with the requirements of laws and regulations applicable to its facility charge program is the responsibility of the Airport's management. Our responsibility is to express an opinion on the Airport's compliance based on our audit.

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

In our opinion, the Airport complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2010.

**Internal Control Over Compliance**

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

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

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

### **Schedule of Expenditures of Passenger Facility Charges**

We have audited the basic financial statements of the City of Tallahassee, Florida as of and for the year ended September 30, 2010, and have issued our report thereon dated March 14, 2011, Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Carr, Riggs + Ingram, LLC*

March 14, 2011

**City of Tallahassee**  
**Schedule of Expenditures of Passenger Facility Charges**  
**For the Year Ended September 30, 2010**

<u>Program Title</u>	<u>Expenditures</u>
<b>Passenger Facility Charges Used:</b>	
Passenger Facility Charge Application @02-04-C-00-TLH:	
Project 9: Master Plan Update	\$ 256
Project 11: Terminal Rehabilitation Program	519,842
	<u>520,098</u>
Passenger Facility Charge Application #05-05-U-00-TLH:	
Project 6: Interactive Training System Improvements	38,806
	<u>38,806</u>
Passenger Facility Charge Application #06-06-C-00-TLH:	
Project 5: Terminal Improvements	587,354
Project 6: GA Access Road Improvements	460,048
Project 7: Landside Directional Guidance Improvements	402,445
Project 8: In-Line Baggage Handling System	2,723
Project 9: Terminal Rehabilitation - Phase II	180,333
Project 10: Acquire Replacement ARRF Vehicle	376
Project 11: Acquire Runway Vacuum Truck	105,009
Project 12: Electronic Airport Layout Plan	5,117
Project 13: Runway 9/27 Pre-Design	61,259
Project 16: Taxiway M Bypass Design	132,158
Project 17: South Apron Expansion Design	51,963
Project 18: Airfield Signage Improvements Design	154
Project 19: Airfield Lighting Improvements Design	44
	<u>1,988,981</u>
<b>Total Passenger Facility Charges Used</b>	<u>\$ 2,547,885</u>



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**MANAGEMENT LETTER PURSUANT TO CHAPTER 10.550, RULES OF THE AUDITOR  
GENERAL FOR LOCAL GOVERNMENTAL ENTITY AUDITS**

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

We have audited the basic financial statements of the City of Tallahassee, Florida (the City) as of and for the year ended September 30, 2010, and have issued our report thereon dated March 14, 2011.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 With Requirements Applicable to Each Major Federal Program and State Project and On Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated March 14, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local government entity audits performed in the State of Florida and, unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

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 significant findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires our audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, we determined that the City complied with Section 218.415, *Florida Statutes*.

Section 10.554(1)(i)3., *Rules of the Auditor General*, require that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we have noted findings reported on the Schedule of Findings and Questioned Costs - Federal Awards and State Financial Assistance dated March 14, 2011.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g. the omission of required disclosures from financial statements) (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)6., *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. This information was disclosed in Note 1 to the financial statements.

Section 10.554(1)(i)7.a., *Rules of the Auditor General*, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) 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.

Section 10.554(1)(i)7eb., *Rules of the Auditor General*, requires that we determine whether the Annual Financial report for the City for the fiscal year ended September 30, 2010 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2010. In connection with our audit, we determined that these two reports were in agreement.

Sections 10.554(1)(i)7.c. and 10.556(7), *Rules of the Auditor General*, require that we apply financial condition assessment procedures. In connection with our audit, we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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.

This management letter is intended solely for the information and use of the Honorable Mayor, City Commissioners, City Manager, Audit Committee, and the Auditor General of the State of Florida and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Car, Riggs & Ingram, LLC*

March 14, 2011