

CITY OF TALLAHASSEE, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
September 30, 2011**



PREPARED BY:

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

CITY OF TALLAHASSEE, FLORIDA

CITY COMMISSION

JOHN MARKS, Mayor

GIL ZIFFER, Pro Tem

ANDREW GILLUM, Commissioner

NANCY MILLER, Commissioner

MARK MUSTIAN, Commissioner

CITY MANAGER

Anita Favors Thompson

CITY AUDITOR

Sam M. McCall, CPA

CITY ATTORNEY

James R. English

CITY TREASURER-CLERK (INTERIM)

Jim Cooke, CPA

DIRECTOR OF MANAGEMENT AND ADMINISTRATION

Raoul A. Lavin

CITY OF TALLAHASSEE, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS

	PAGE
 I. INTRODUCTORY SECTION	
Letter of Transmittal	3
Government Finance Officer’s Association Certificate of Achievement	6
Organizational Chart	7
List of Elected and Appointed Officials and Directors	8
List of Accounting Services Division Staff	9
 II. FINANCIAL SECTION	
Independent Auditors’ Report.....	13
A. MANAGEMENT’S DISCUSSION AND ANALYSIS	15
B. BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	30
Statement of Activities.....	32
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	36
Reconciliation of the Government Funds Balance Sheet to the Statement of Net Assets	37
Statement of Revenues, Expenditures and Changes in Fund Balance	38
Reconciliation of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	39
Proprietary Funds Financial Statements:	
Statement of Net Assets	40
Statement of Revenues, Expenses, and Changes in Fund Net Assets	42
Statement of Cash Flows	44

CITY OF TALLAHASSEE, FLORIDA
TABLE OF CONTENTS
(Continued)

Fiduciary Funds Financial Statements:	PAGE
Statement of Net Assets	46
Statement of Changes in Net Assets	47
 Notes to Financial Statements:	
Note I – Summary of Significant Accounting Policies	49
Note II – Reconciliation of Government-wide and Fund Financial Statements.	60
Note III – Stewardship, Compliance, and Accountability	61
Note IV – Detailed Notes (All Funds)	62
Note V – Other Information	83
 C. REQUIRED SUPPLEMENTARY INFORMATION (OTHER THAN MD&A):	
Budgetary Comparison Schedule - General Fund	96
Note to Required Supplementary Information.....	97
Schedule of Funding Progress - OPEB	98
Schedule of Employer Contributions - OPEB	98
 D. COMBINING FINANCIAL STATEMENTS:	
Nonmajor Governmental Funds:	
Balance Sheet.....	102
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	104
 Nonmajor Enterprise Funds:	
Statement of Net Assets	107
Statement of Revenues, Expenses, and Changes in Fund Net Assets	108
Statement of Cash Flows	109
 Internal Service Funds:	
Statement of Net Assets	112
Statement of Revenues, Expenses, and Changes in Fund Net Assets	114
Statement of Cash Flows	116

CITY OF TALLAHASSEE, FLORIDA
TABLE OF CONTENTS
(Continued)

	PAGE
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Function and Activity	119
Schedule of Changes by Function and Activity	120
E. SUPPLEMENTARY INFORMATION:	
Capital Bonds, Series 2004	122
Capital Bonds, Series 2008	123
Capital Bonds, Series 2009	124
Energy System Refunding Revenue Bonds, Series 1998A	125
Energy System Refunding Revenue Bonds, Series 2001	126
Energy System Revenue Bonds, Series 2005	127
Energy System Refunding Revenue Bonds, Series 2007	128
Energy System Refunding Revenue Bonds, Series 2010	129
Energy System Refunding Revenue Bonds, Series 2010A	130
Energy System Revenue Bonds, Series 2010B	131
Energy System Revenue Bonds, Series 2010C	132
Energy System Refunding Revenue Bonds, Series 2011	133
Consolidated Utility System Revenue Bonds, Series 2001	134
Consolidated Utility System Refunding Revenue Bonds, Series 2005	135
Consolidated Utility System Revenue Bonds, Series 2007	136
Consolidated Utility System Revenue Bonds, Series 2010A	137
Consolidated Utility System Revenue Bonds, Series 2010B	138
Airport System Revenue Refunding Bonds, Series 2004	139
 III. STATISTICAL SECTION	
Net Assets by Component	143
Changes in Net Assets	144
Fund Balances, Governmental Funds	147
Changes in Fund Balances, Governmental Funds	148

CITY OF TALLAHASSEE, FLORIDA
TABLE OF CONTENTS
(Continued)

	PAGE
Assessed Valuations, Millage, and Taxes.....	153
Ratios of Outstanding Debt by Type	154
Ratios of General Bonded Debt Outstanding.....	155
Direct and Overlapping Governmental Activities Debt.....	156
Legal Debt Margin.....	157
Pledged-Revenue Coverage - Energy Revenue Bonds.....	158
Pledged-Revenue Coverage - Airport Revenue Bonds.....	159
Pledged-Revenue Coverage - Consolidated Utility Revenue Bonds.....	160
Demographics and Economic Statistics.....	161
Principal Employers.....	162
Full-time Equivalent City Government Employees by Function/Program	163
Operating Indicators by Function/Program	164
Capital Asset Statistics by Function/Program	165
Miscellaneous Statistical Data	166
Schedule of Insurance in Force.....	167
 IV. SINGLE AUDIT	
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 <i>Government Auditing Standards</i>	171
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 <i>Rules of the Auditor General</i>	173
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	175
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance.....	178
Summary Schedule of Prior Audit Findings.....	180
Independent Auditors’ Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance	183
Schedule of Expenditures of Passenger Facility Charges.....	185
Management Letter.....	187

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



THIS PAGE INTENTIONALLY LEFT BLANK.

March 12, 2012

Honorable Mayor, Commissioners,
and City Manager
City of Tallahassee, Florida

PROFILE OF THE CITY

The Comprehensive Annual Financial Report of the City of Tallahassee, Florida, for the fiscal year ended September 30, 2011, 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, 2011. 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.

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.

Leon County is a racially diverse community, with minorities accounting for 37% of the population, with African-Americans comprising 35% of the population. The population is relatively young, with a median age of 26.1.

Leon County residents have historically attained a very high level of education. Forty-seven percent of area residents aged 25 or older have completed at least four years of college, compared to 25.9% of the state on average.

The 2010 inflation adjusted median family income in Leon County is \$66,157, which is comparable to the national median. Of the workers in Leon County, 44.5% are in management or professional occupations compared to 35.3% nationally.

The level of governmental employment has a stabilizing effect on the economy and helps to minimize unemployment. In December 2011, unemployment was 7.9% in the Tallahassee Metropolitan Statistical Area (MSA), as compared to the State’s unemployment rate of 9.9%. The percentage of employees employed by local, state, and federal government is approximately 37% 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.

POPULATION GROWTH

<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	67,720	192,493
2000	150,624	88,828	239,452
2009	172,574	93,140	265,714
2010	181,376	94,111	275,487
2011 estimated	182,482	93,796	276,278
2020 projected	202,300	97,700	300,000
2030 projected	223,500	101,400	324,900

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 for the sixth-straight year, down 13% in fiscal 2011 following the prior year’s 17% decrease. Permits for multi-family units were up in fiscal year 2011 in comparison to fiscal year 2010, attributable to the fact that no new multi-family apartment communities were permitted in fiscal year 2010 and one (Campus Circle) was permitted in fiscal year 2011.

Commercial Development

In fiscal year 2011, \$19 million of new commercial construction was permitted in Leon County, a decrease of 66% as compared to fiscal year 2010. The two largest commercial permits were the Fairfield Inn & Suites (97 rooms, \$4.6 million) and the Immigration Customs & Enforcement Facility (24,691 square feet, \$3.1 million).

Millage Rates - Comparable Cities in Florida

City	Millage Rates	
	2012	2011
Clearwater	5.16	5.16
Daytona	6.80	6.30
Ft. Lauderdale	4.12	4.12
Gainesville	4.25	4.25
Hollywood	7.45	6.71
Lakeland	4.16	4.16
Largo	4.56	4.31
Orlando	5.65	5.65
Pensacola	4.29	4.54
Pompano	5.2	4.91
Tallahassee	3.70	3.70
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 2012 and 2011. 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 2012 operating budget of \$710.7 million and an approved capital budget of \$150.7 million. The Plan for the ensuing five years (including 2012) results in projected capital expenditures of approximately \$773.0 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, 2010. 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, 2010

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.

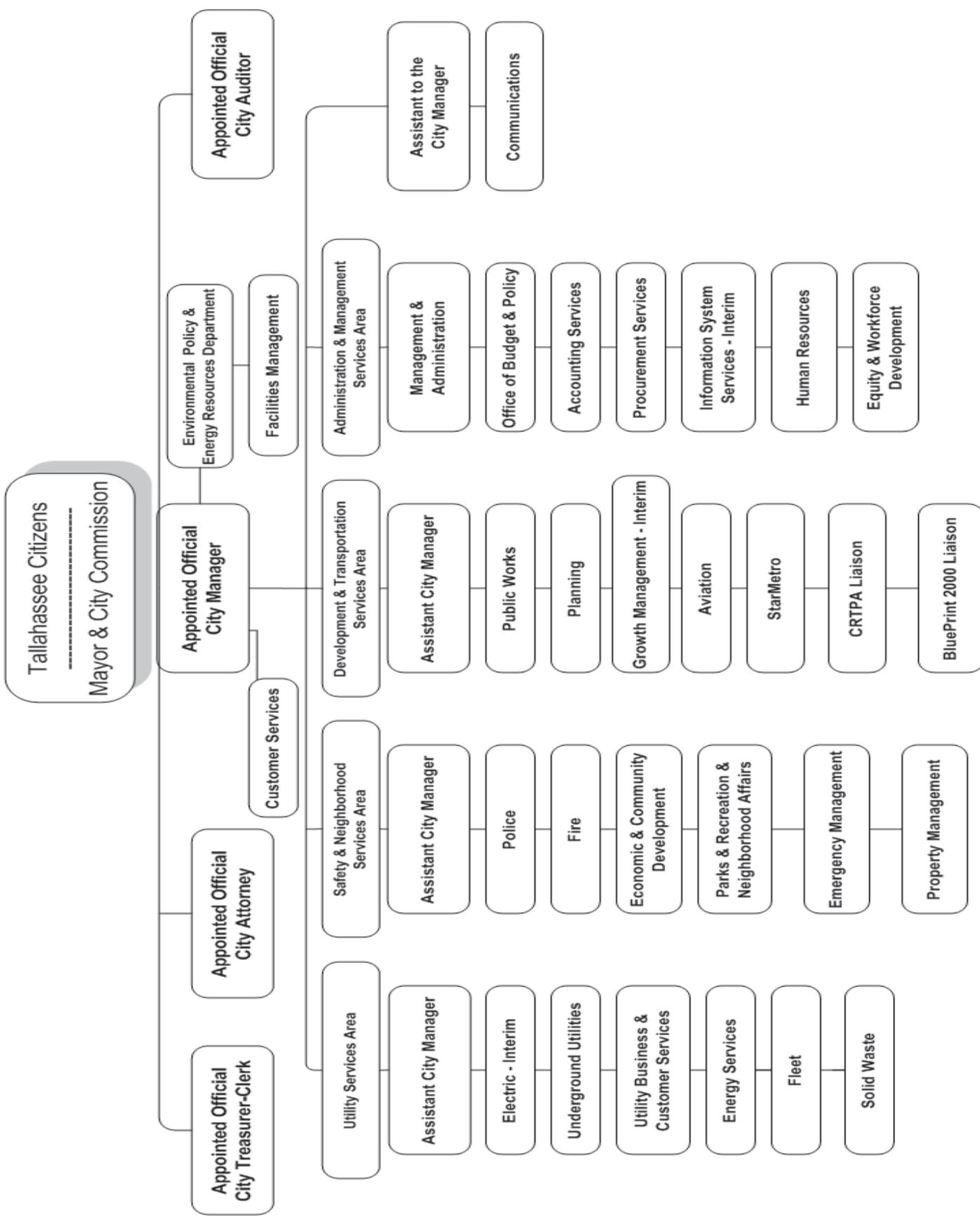


Linda C. Davison

President

Jeffrey R. Egan

Executive Director



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

ELECTED OFFICIALS

Mayor **John Marks**
Mayor Pro Tem **Gil Ziffer**
Commissioner **Andrew Gillum**
Commissioner **Nancy Miller**
Commissioner **Mark Mustian**

APPOINTED OFFICIALS

City Manager **Anita Favors Thompson**
City Treasurer-Clerk (Interim) **Jim Cooke**
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 **Sunil Harman**
Communications **Michelle Bono**
Economic and Community Development **Tom Lewis**
Electric (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, Land Management and Community Enhancement **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**

Patsy Capps, CPA*	Tracy Forrester, CPA	Ben Halvorsen, CPA*
Roy Jeter, CPA	Latrenda Johnson	Kereen Jones
Vernessa McMillon	Lajja Patel	Angela Roberts
Reginald Rodney	Mayank Shah	Rita Stevens, CPA

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

*** Tallahassee Regional Airport Staff**

**Cover photo: Public Safety Complex
Cover photo and design by Gabriel Hogan
Graphics/Web Design Specialist – City of Tallahassee**



THIS PAGE INTENTIONALLY LEFT BLANK.

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



THIS PAGE INTENTIONALLY LEFT BLANK.

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, 2011, 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, 2011, 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 12, 2012, 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.

Carr, Riggs & Ingram, LLC

March 12, 2012

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, 2011. Management's Discussion and Analysis is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activities, (c) identify changes in the City's financial position, and (d) identify individual fund concerns or issues. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

- The assets of the City exceeded its liabilities as of September 30, 2011 by \$2.05 billion (net assets). Of this amount, \$306 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 decreased by \$3.7 million as a result of fiscal 2011 operations.
- As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$126.3 million; of this amount approximately \$41.9 million is unrestricted.
- For the year ended September 30, 2011, the funds balances for the City's governmental funds decreased \$3 million.
- At the end of the fiscal year, fund balance for the general fund was \$18.7 million, or 14.5% of general fund expenditures and other financing uses. Of this amount, \$0.3 million is non-spendable, \$17 million is committed, \$1.4 million is assigned, and \$68 thousand is unassigned.
- As of September 30, 2011, the City's enterprise funds reported combined ending net assets of \$1,026.6 million; of this amount approximately \$251.1 million is unrestricted. The ending net assets represent an increase of \$12 million over the prior year.
- Capital assets, net of accumulated depreciation, as of September 30, 2011 fiscal year totaled \$2.39 billion (Note- IV-D).
- The City's outstanding long-term debt (Note IV-G) increased from \$1,031.1 million to \$1,126.3 million, or 9.2%.

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 101 to 105 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 106 to 109 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 thirteen (13) individual internal service funds. These internal service funds are allocated between governmental activities and business-type activities in the government-wide financial statements based upon the activity that receives the predominant benefit. Internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided on pages 111 to 117 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 46 to 47 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

The following table is a summary of the fiscal year 2011 Statement of Net Assets found on pages 30 to 31 with comparative information for fiscal year 2010.

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

	Governmental Activities		Business-type Activities		Total	
	2010 (As Restated)		2010 (As Restated)		2010 (As Restated)	
	2011	(As Restated)	2011	(As Restated)	2011	(As Restated)
Assets						
Current and other assets	\$ 197.4	\$ 201.9	\$ 820.7	\$ 762.0	\$ 1,018.1	\$ 963.9
Capital assets	908.8	929.0	1,476.4	1,396.0	2,385.2	2,325.0
Total Assets	<u>1,106.2</u>	<u>1,130.9</u>	<u>2,297.1</u>	<u>2,158.0</u>	<u>3,403.3</u>	<u>3,288.9</u>
Liabilities						
Current and other liabilities	45.7	34.0	209.8	171.9	255.5	205.9
Long-term debt outstanding	97.3	111.6	996.9	914.0	1,094.2	1,025.6
Total Liabilities	<u>143.0</u>	<u>145.6</u>	<u>1,206.7</u>	<u>1,085.9</u>	<u>1,349.7</u>	<u>1,231.5</u>
Net Assets						
Invested in capital assets, net of related debt	829.0	846.0	661.6	681.6	1,490.6	1,527.6
Restricted	100.2	16.8	157.1	157.3	257.3	174.1
Unrestricted	34.0	122.5	271.7	233.1	305.7	355.6
Total Net Assets	<u>\$ 963.2</u>	<u>\$ 985.3</u>	<u>\$ 1,090.4</u>	<u>\$ 1,072.0</u>	<u>\$ 2,053.6</u>	<u>\$ 2,057.3</u>

Changes in net assets over time can be one of the best and most useful indicators of financial position. Total net assets of the City decreased from \$2.057 billion in 2010 to \$2.054 billion in 2011, a decrease of \$3.7 million or 0.18%.

The largest portion of the City's net assets, \$1.49 billion or 72.5%, 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, \$257.3 million or 12.5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$305.7 million or 15.0% is available to meet the ongoing obligations of the City. At the end of the fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as its separate governmental and business-type activities.

Table 2
Changes in Net Assets
(in millions)

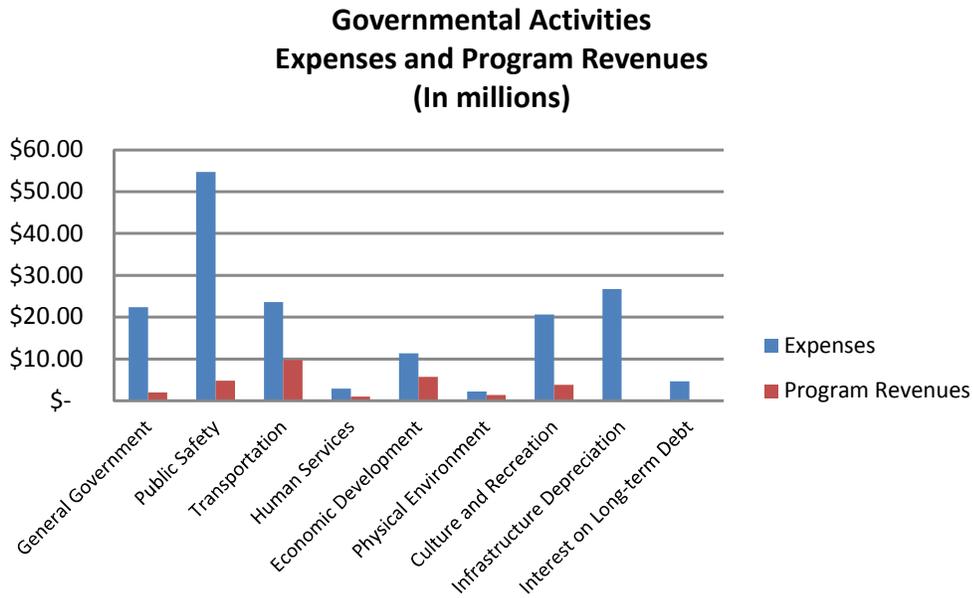
The following table is a summary of the fiscal year 2011 Statement of Activities found on pages 32 to 33 with comparative information for fiscal year 2010.

	<u>Governmental Activities</u>		<u>Business Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenues						
Charges for Services	\$12.8	\$11.5	\$543.2	\$561.3	\$556.0	\$572.8
Operating Grants and Contributions	8.8	9.9	5.6	3.6	14.4	13.5
Capital Grants and Contributions	6.8	0.4	7.7	14.3	14.5	14.7
General revenues						
Property Taxes	34.4	35.1	--	--	34.4	35.1
Public Service Taxes	22.6	23.1	--	--	22.6	23.1
Grants and Contributions	24.0	24.2	--	--	24.0	24.2
Net Investment Revenue	3.4	7.0	7.9	16.3	11.3	23.3
Other Revenues	7.1	7.0	2.3	0.4	9.4	7.4
Total Revenues	<u>119.9</u>	<u>118.2</u>	<u>566.7</u>	<u>595.9</u>	<u>686.6</u>	<u>714.1</u>
Expenses						
General Government	22.5	22.6	--	--	22.5	22.6
Public Safety	54.7	50.3	--	--	54.7	50.3
Transportation	23.6	19.6	--	--	23.6	19.6
Cultural and Recreation	20.6	20.3	--	--	20.6	20.3
Depreciation on Infrastructure	26.7	26.2	--	--	26.7	26.2
Other Primary Government	20.9	18.8	--	--	20.9	18.8
Electric	--	--	303.7	307.8	303.7	307.8
Gas	--	--	44.8	47.8	44.8	47.8
Sewer	--	--	42.4	42.8	42.4	42.8
Water	--	--	28.9	21.4	28.9	21.4
Airport	--	--	14.6	18.7	14.6	18.7
StarMetro	--	--	18.6	17.4	18.6	17.4
Solid Waste	--	--	19.1	20.1	19.1	20.1
Golf	--	--	0.9	0.9	0.9	0.9
Stormwater Management	--	--	17.5	13.2	17.5	13.2
Fire Services	--	--	30.8	27.6	30.8	27.6
Total Expenses	<u>169.0</u>	<u>157.8</u>	<u>521.3</u>	<u>517.7</u>	<u>690.3</u>	<u>675.5</u>
Excess (Deficiency) before transfers	(49.1)	(39.6)	45.4	78.2	(3.7)	38.6
Transfers	27.0	29.6	(27.0)	(29.6)	--	--
Increase (Decrease) in Net Assets	<u>(\$22.1)</u>	<u>(\$10.0)</u>	<u>\$18.4</u>	<u>\$48.6</u>	<u>(\$3.7)</u>	<u>\$38.6</u>

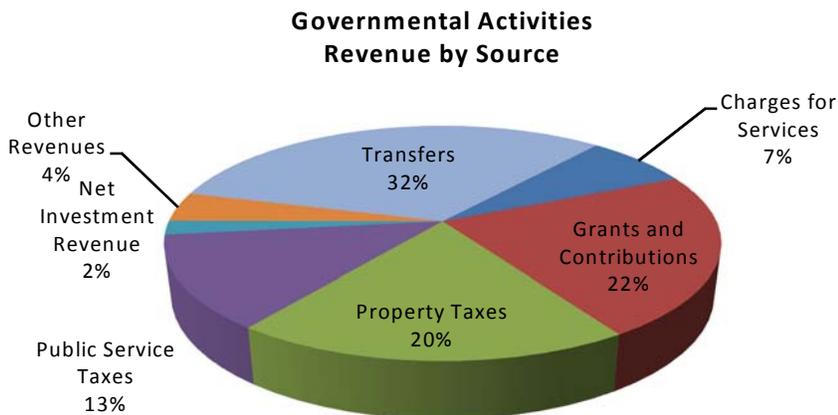
GOVERNMENTAL ACTIVITIES - Governmental activities net assets decreased by \$22.1 million, from \$985.4 million in fiscal year 2010 to \$963.3 million in fiscal year 2011. Principal components of the decrease are as follows:

- Property tax revenues and investment revenues continue to be impacted by the general economic condition resulting in decreases of \$0.7 million and \$3.6 million, respectively, as compared to the prior year.
- Expenses during fiscal year 2011 increased by \$11.2 million from 2010 due primarily to increased salary and benefit costs and general inflationary pressure.

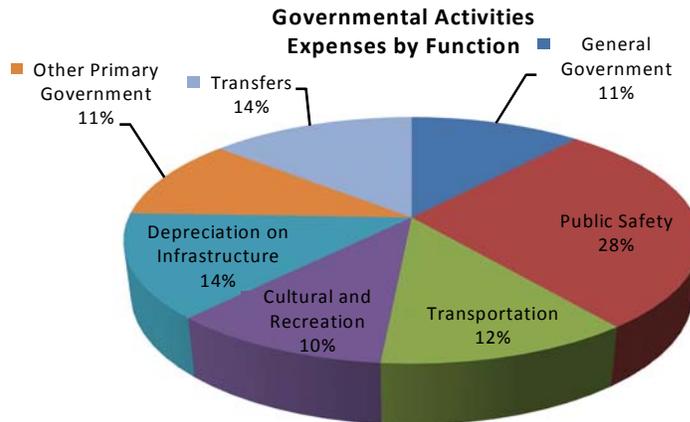
The following chart compares expenses and program revenues for the governmental activities.



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



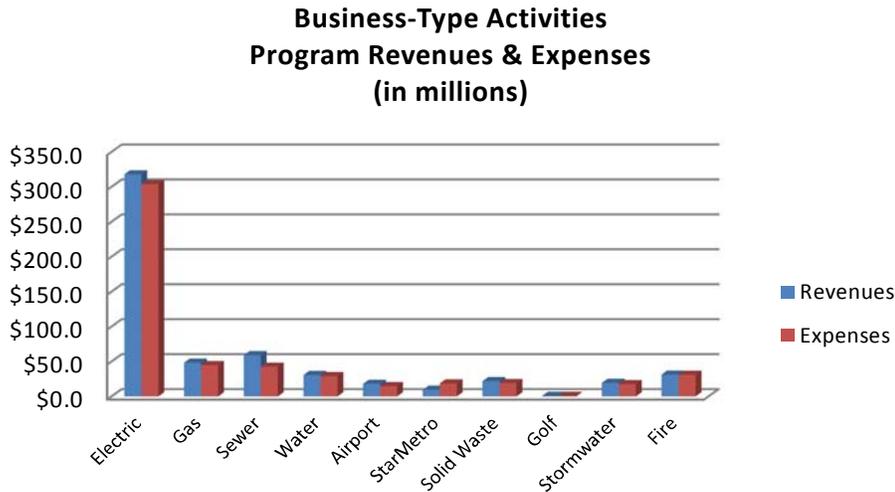
The following chart illustrates the City's Expenses by Function for the City's governmental activities.



BUSINESS-TYPE ACTIVITIES - Business-type activities net assets increased by \$18.4 million, from \$1,072.0 million in fiscal year 2010 to \$1,090.4 million in fiscal year 2011. Key elements for this increase are as follows:

- Total fiscal year 2011 revenues for business-type activities decreased \$29.2 million as compared to the prior year.
 - The City's Electric and Gas activities saw a decrease in charges for services of \$24.1 million and \$4.4 million, respectively, compared to the prior year primarily due to decreased natural gas and purchased power costs that are passed on to the customer. In contrast, the City's Water and Sewer activities saw an increase in charges for services of \$4.8 million and \$5.4 million, respectively, as a result of planned rate adjustments.
 - Capital Grants and Contributions were \$6.6 million lower than the prior year as a result of reduced grant funded activity for the City's StarMetro transit system.
 - Investment revenue was \$8.4 million lower than the prior year as a result of lower interest rates and reduced cash balances on hand during the year.
- Total fiscal year 2011 expenses for business-type activities increased \$3.6 million as compared to the prior year.
 - For the City's Electric and Gas activities, natural gas and purchase power costs for the year were \$23.7 million less than the prior year as a result of reduced commodity prices.
 - Bonds issued in 2010 resulted in increased interest expense for the City's Electric, Water and Sewer activities.
 - Other various expenses increase during fiscal year 2011 due to increased salary and benefit costs and general inflationary pressure.

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



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

Governmental Funds

The fund financial statements for the governmental funds are provided on pages 36 to 39. The focus of the City’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. As of September 30, 2011, the City’s governmental funds reported combined ending fund balances of \$126.3 million, a decrease of \$3.1 million in comparison with the prior year. Of this amount \$.7 million is considered non-spendable; \$83.8 million is restricted for purposes which are externally imposed by providers; \$40.4 million is committed for specific purposes that are internally imposed by the government through the City Commission; \$4.0 million is assigned for specific purposes that are that are internally established by management; and (\$2.5) million is unassigned.

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

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

Fund	Fund Balances 9/30/2010 (As Restated)	Sources	Uses	Sources Over (Under) Uses	Fund Balances 9/30/2011
General Fund	\$ 15.3	\$ 132.4	\$ 129.0	\$ 3.4	\$ 18.7
Community Redevelopment Agency	9.3	3.3	3.5	(0.2)	9.1
Other Funds	104.8	49.3	55.6	(6.3)	98.5
Total City Funds	<u>\$ 129.4</u>	<u>\$ 185.0</u>	<u>\$ 188.1</u>	<u>\$ (3.1)</u>	<u>\$ 126.3</u>

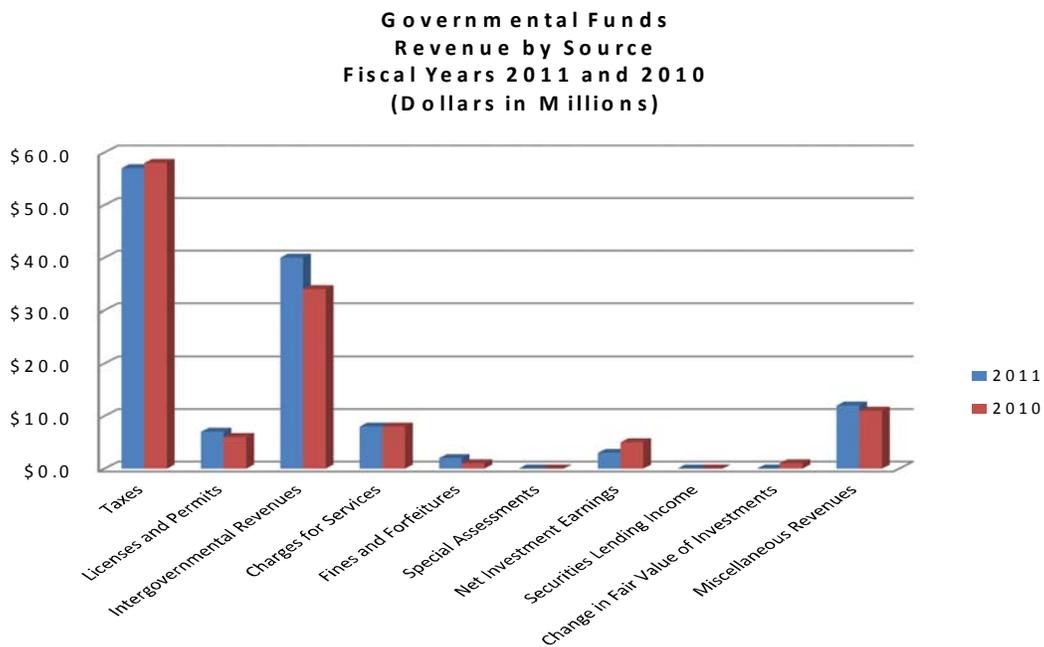
The General Fund is the chief operating fund of the City. At the end of the fiscal year, fund balance for the general fund was \$18.7 million, or 14.5% of general fund expenditures and other financing uses. Of this amount, \$0.3 million is non-spendable, \$17 million is committed, \$1.4 million is assigned, and \$68 thousand is unassigned.

The fund balance for the City’s General Fund increased \$3.4 million from 2010. During fiscal year 2011, revenues remained relatively flat as compared to the prior year while expenditures increased \$5.6 million, due to increased salary and benefit costs and general inflationary pressure.

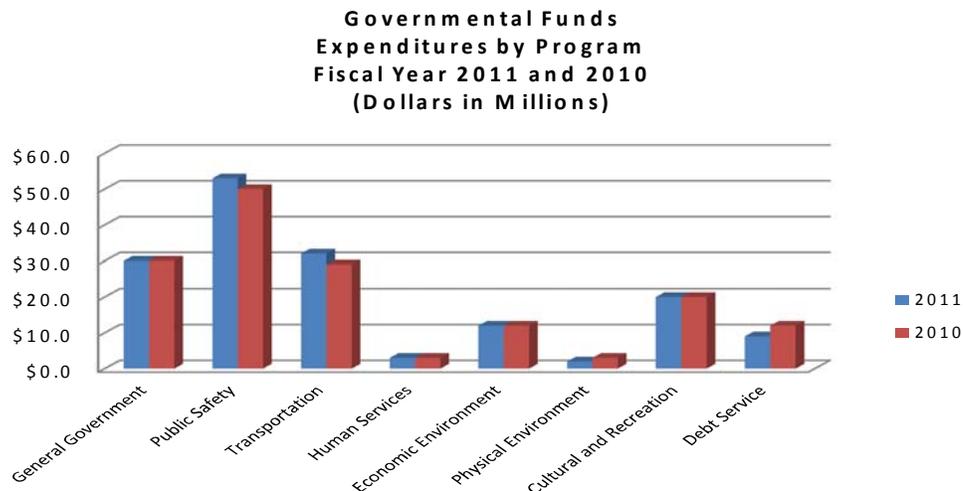
The fund balance for the City’s Community Redevelopment Agency Fund decreased \$177 thousand from 2010.

The fund balance in the City’s other non-major governmental funds decreased \$6.3 million from 2010 as a result of the expenditure of bond proceeds received in prior years.

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



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



Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 96 of the financial statements.

There was no material change between the original and final amended general fund operating budget for 2011; however changes to the budgets between functions occurred between the budget for transfers, which increased by \$2.8 million, and various other expense categories that decreased to fund projects. Project priorities change during the year based on needs, assessments, availability of grant funding or other issues that impact the start or completion of projects or their cost.

The City's general fund generated a positive variance of approximately \$1.7 million between the final amended budget and actual results of operation. Actual revenues were less than final budgeted revenues by \$2.8 million, or 2.1%; these variances were spread across most revenue sources as the City's revenue stream continues to be impacted by the economic environment. Actual expenditures for the year were less than final budgeted expenditures by \$4.5 million, or 3.3%, below the final expenditure budget; these variances were spread across most expenditure line items due to regular budget monitoring and continuation of soft freezes on hiring for vacant positions.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities, net of depreciation, as of September 30, 2011, was approximately \$2.3 billion. This represents a net increase of approximately \$58 million, or 2.5%, 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)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2011	2010	2011	2010	2011	2010	
Land	\$ 357	\$ 355	\$ 123	\$ 123	\$ 480	\$ 478	0.4%
Buildings	62	65	64	66	126	131	-3.8%
Equipment	7	7	374	385	381	392	-2.8%
Improvements (Other than Building)	8	8	10	9	18	17	5.9%
Infrastructure	422	438	489	491	911	929	-1.9%
Intangibles	--	--	57	55	57	55	3.6%
Construction in Progress	53	58	359	267	412	325	26.8%
Total	\$ 909	\$ 931	\$ 1,476	\$ 1,396	\$ 2,385	\$ 2,327	2.5%

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

- Acquisition of vehicles for the City’s fleet - \$8.2 million
- Aviation infrastructure - \$8.2 million
- Electric generation, transmission and distribution infrastructure - \$35.2 million
- Gas transmission and distribution infrastructure - \$1.2 million
- Public Safety complex - \$1 million
- Sewer collection, treatment, and disposal infrastructure - \$78.2 million
- StarMetro acquisition of buses and system improvements - \$3.5 million
- Stormwater infrastructure - \$3.3 Million
- Street construction, widening and expansion projects - \$8.8 million
- Water transmission and distribution infrastructure - \$3.1 million

LONG-TERM DEBT

As shown in the following table, as of September 30, 2011, the City had \$1,102.8 million in total debt outstanding. This amount represents bonds and loans secured by specified revenue sources and exclude issuance premium and discounts.

Table 5
Outstanding Debt at September 30
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Revenue Bonds	\$ 101.2	\$ 106.9	\$ --	\$ --	\$ 101.2	\$ 106.9
Sunshine State	--	2.3	--	36.0	--	38.3
Proprietary Revenue Bonds	--	--	963.6	823.1	963.6	823.1
Other Loans	--	--	38.0	40.2	38.0	40.2
Total	<u>\$ 101.2</u>	<u>\$ 109.2</u>	<u>\$ 1,001.6</u>	<u>\$ 899.3</u>	<u>\$ 1,102.8</u>	<u>\$ 1,008.5</u>

The City’s total bonded debt increased by \$94.3 million, or 9.4%, during the current fiscal year. In addition to the scheduled pay down of existing debt, the prominent components of this change were:

- On October 27, 2010, the City issued Energy System Revenue Bonds, Series 2010B (Federally Taxable – Build America Bonds) in the amount of approximately \$122.3 million. The bonds were issued to finance improvements to the City’s Energy System.
- On October 27, 2010, the City issued Energy System Revenue Bonds, Series 2010C in the amount of approximately \$35.5 million. The bonds were issued to finance improvements to the City’s Energy System and to pay off the City’s Sunshine State Governmental Financing Commission Loans dated April 14, 1999 and April 25, 2001.
- On August 9, 2011, the City issued Energy System Refunding Revenue Bonds, Series 2011 in the amount of approximately \$3.44 million. The bonds were issued to refund a portion of the City’s outstanding Energy System Refunding Revenue Bonds, Series 2001.

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

**Table 6
Bond Ratings**

	Moody's Investors Service, Inc	Standard & Poor's Rating Services	Fitch Ratings, Inc
Capital Bonds	Aa3	NR	AA
Consolidated Utility System Bonds	Aa1	AA+	AA+
Energy System Bonds	Aa3	AA	AA-
Airport System Bonds	NR	NR	NR

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate continues to remain high for the Tallahassee Metropolitan Statistical Area (MSA). In December 2011, the Tallahassee MSA unemployment rate was 7.9% as compared to the state's unemployment rate of 9.9%. For December 2010, the Tallahassee MSA unemployment rate was 8.1% as compared with the statewide rate of 11.5%.
- The percentage of employees employed by local, state, and federal government in the Tallahassee MSA is approximately 37 percent of the work force.
- The ratio of taxable assessed value to total estimated value for ad valorem tax purposes equals 46.85 percent, demonstrating the lack of taxable property in the City due to the large amount of tax-exempt property. In addition, property tax reform initiated at the state level and the general slowdown in the state economy, especially in the housing market, continues to have significant impact on the revenues of the City.
- Inflationary pressures, the lack of growth, increased conservation, and environmental issues continue to impact the City's electric, gas, water and sewer utilities.
- The Florida legislature continues to consider various proposals relating to caps on the growth of state and local government revenues and expenditures. Potential legislation could have a significant impact on the City's ability to meet the service level expectations of its residents. The City is carefully monitoring these initiatives and their potential future impact.

These indicators, as well as others, were taken into account when adopting the City's budget for fiscal year 2012. The City's total operating budget for fiscal year 2012 totals \$710.7 million, which is \$16.2 million less than the fiscal year 2011 approved budget. Projected decreasing natural gas costs for the City's Electric and Gas Utilities accounts for most of the decrease. The 2012 budget allocates \$135.1 million to the General fund, \$551.0 million to the Enterprise funds, and \$24.6 million to other funds.

For the fiscal year 2012 budget, the ad valorem tax rate remains at 3.700 mills. In addition, no fee or utility rate adjustments are included in the 2012 budget.

Personnel expenditures account for approximately 23.7% of the City's Operating Budget. The City's fiscal year 2012 operating budget includes a net increase of 5 positions, bringing the budgeted full time equivalent staff count to 2,846.

The City's fiscal year 2012 Capital Budget totals \$150.7 million with the City's utilities accounting for \$116.0 million (77.0%); other major uses include transportation, general government, and culture and recreation. Bond proceeds (new and existing) will fund approximately 39.4% of these capital projects with the balance of funding coming primarily from capital improvement funds reserved for projects, federal funds, state funds, and general government resources. The City has a five year plan for capital improvements for all projects planned through fiscal year 2016 that totals \$773.0 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.



THIS PAGE INTENTIONALLY LEFT BLANK.

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, 2011
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Downtown Improvement Authority
ASSETS				
Current Assets				
Cash and Cash Equivalents.....	\$ 121,877	\$ 223,032	\$ 344,909	\$ 238
Securities Lending Collateral	14,701	42,602	57,303	28
Receivables:				
Accrued Interest.....	588	1,090	1,678	1
Customers and Other.....	2,667	32,918	35,585	--
Notes.....	424	10,431	10,855	--
Special Assessments.....	210	--	210	--
Property Taxes-Delinquent.....	--	--	--	--
Less: Allowance for Doubtful Accounts.....	(849)	(1,608)	(2,457)	--
Due from Other Governments.....	3,931	2,415	6,346	--
Prepaid Expenses.....	--	1,287	1,287	5
Inventory	275	49,927	50,202	--
Cash and Cash Equivalents - Restricted.....	11,248	398,524	409,772	--
Investments - Restricted.....	7,730	750	8,480	--
Securities Lending Collateral - Restricted.....	2,284	29,701	31,985	--
Receivables - Restricted:				
Accrued Interest.....	54	1,858	1,912	--
Other.....	50	--	50	--
Due from Other Governments.....	1,958	96	2,054	--
Total Current Assets.....	167,148	793,023	960,171	272
Noncurrent Assets				
Internal Balances.....	29,682	(29,682)	--	--
Deferred Outflow of Resources.....	--	22,607	22,607	--
Deposits.....	--	26,093	26,093	--
Unamortized Bond Issue Costs.....	573	8,686	9,259	--
Capital Assets				
Land and Construction in Progress.....	410,032	482,481	892,513	--
Other, Net of Accumulated Depreciation.....	498,802	993,930	1,492,732	--
Total Noncurrent Assets.....	939,089	1,504,115	2,443,204	--
Total Assets.....	\$ 1,106,237	\$ 2,297,138	\$ 3,403,375	\$ 272

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2011
(in thousands)

	<u>Primary Government</u>			<u>Component Unit</u> <u>Downtown</u> <u>Improvement</u> <u>Authority</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>type</u> <u>Activities</u>	<u>Total</u>	
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Obligations Under Securities Lending	\$ 14,701	\$ 42,602	\$ 57,303	\$ 28
Accounts Payable.....	6,291	35,407	41,698	4
Customer Contracts Payable.....	--	765	765	--
Utility Deposits Payable.....	--	21,834	21,834	--
Unearned Revenue.....	2,340	60	2,400	--
Compensated Absences.....	6,459	7,851	14,310	10
Accounts Payable - Restricted.....	1,987	7,076	9,063	--
Obligations Under Securities Lending - Restricted	2,284	29,701	31,985	--
Bonds & Loans Payable - Current.....	5,980	21,400	27,380	--
Total Current Liabilities.....	40,042	166,696	206,738	42
Noncurrent Liabilities				
Compensated Absences.....	3,133	3,572	6,705	17
Customer Contracts Payable.....	--	2,165	2,165	--
Claims Payable.....	--	14,772	14,772	--
Net OPEB Obligation.....	2,500	--	2,500	--
Derivative Instruments.....	--	22,607	22,607	--
Bonds & Loans Payable.....	95,170	980,222	1,075,392	--
Unamortized Bond Premium	2,131	22,270	24,401	--
Deferment of Loss on Early Retirement of Debt	--	(5,575)	(5,575)	--
Total Noncurrent Liabilities.....	102,934	1,040,033	1,142,967	17
Total Liabilities.....	142,976	1,206,729	1,349,705	59
NET ASSETS				
Invested in Capital Assets, net of Related Debt	828,993	661,648	1,490,641	--
Restricted for:.....				
Capital Projects.....	83,786	119,314	203,100	--
Debt Service.....	9,629	37,793	47,422	--
Cemetery	6,827	--	6,827	--
Unrestricted.....	34,026	271,654	305,680	213
Total Net Assets.....	963,261	1,090,409	2,053,670	213
Total Liabilities and Net Assets.....	\$ 1,106,237	\$ 2,297,138	\$ 3,403,375	\$ 272

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, 2011
(in thousands)

<u>Function/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government.....	\$ 22,409	\$ 1,813	\$ 144	\$ --
Public Safety.....	54,676	3,133	1,537	151
Transportation.....	23,648	2,547	776	6,432
Human Services.....	2,897	612	400	--
Economic Development.....	11,277	--	5,490	205
Physical Environment.....	2,158	997	327	--
Culture and Recreation.....	20,642	3,697	117	12
Unallocated Depreciation on Infrastructure.....	26,733	--	--	--
Interest on Long-Term Debt.....	4,556	--	--	--
Total governmental activities.....	168,996	12,799	8,791	6,800
Business-type Activities:				
Electric.....	303,715	317,647	2,289	(2,118)
Gas.....	44,773	48,311	--	--
Sewer.....	42,411	59,046	--	--
Water.....	28,942	30,515	--	--
Airport.....	14,635	11,498	--	6,489
StarMetro.....	18,581	4,542	3,252	1,696
Solid Waste.....	19,066	21,859	--	--
Golf.....	870	876	--	--
Stormwater Management.....	17,522	17,732	--	1,592
Fire Services.....	30,764	31,194	--	--
Total business-type activities.....	521,279	543,220	5,541	7,659
Total primary government.....	\$ 690,275	\$ 556,019	\$ 14,332	\$ 14,459
Component Unit:				
Downtown Improvement Authority.....	\$ 339	\$ --	\$ --	\$ --

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.....	
Change in fair value of investments.....	
Miscellaneous.....	
Net transfers.....	
Total general revenues and transfers.....	
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, 2011
(in thousands)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (20,452)	\$ --	\$ (20,452)	\$ --
(49,855)	--	(49,855)	--
(13,893)	--	(13,893)	--
(1,885)	--	(1,885)	--
(5,582)	--	(5,582)	--
(834)	--	(834)	--
(16,816)	--	(16,816)	--
(26,733)	--	(26,733)	--
(4,556)	--	(4,556)	--
<u>(140,606)</u>	<u>--</u>	<u>(140,606)</u>	<u>--</u>
--	14,103	14,103	--
--	3,538	3,538	--
--	16,635	16,635	--
--	1,573	1,573	--
--	3,352	3,352	--
--	(9,091)	(9,091)	--
--	2,793	2,793	--
--	6	6	--
--	1,802	1,802	--
--	430	430	--
<u>--</u>	<u>35,141</u>	<u>35,141</u>	<u>--</u>
<u>(140,606)</u>	<u>35,141</u>	<u>(105,465)</u>	<u>--</u>
			<u>(339)</u>
34,438	--	34,438	210
22,595	--	22,595	--
6,229	--	6,229	--
24,051	--	24,051	--
3,431	7,939	11,370	4
15	40	55	--
(689)	2,235	1,546	1
1,455	18	1,473	117
26,978	(26,978)	--	--
<u>118,503</u>	<u>(16,746)</u>	<u>101,757</u>	<u>332</u>
<u>(22,103)</u>	<u>18,395</u>	<u>(3,708)</u>	<u>(7)</u>
<u>990,695</u>	<u>1,074,232</u>	<u>2,064,927</u>	<u>220</u>
<u>(5,331)</u>	<u>(2,218)</u>	<u>(7,549)</u>	<u>--</u>
<u>985,364</u>	<u>1,072,014</u>	<u>2,057,378</u>	<u>220</u>
<u>\$ 963,261</u>	<u>\$ 1,090,409</u>	<u>\$ 2,053,670</u>	<u>\$ 213</u>

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

FUNDS

GOVERNMENTAL FUNDS

General	Accounts for all financial resources except those required to be accounted for in another fund. The functions paid for by the general fund include police, protective inspection, code enforcement, culture and recreation, general government, transportation, human services, economic development, and physical environment.
Community Redevelopment Agency	Accounts for the general tax revenue collected on and the expenses incurred in the redevelopment of properties in the community redevelopment area.
Other Governmental Funds	Detailed descriptions of these funds are provided on page 101.

PROPRIETARY FUNDS

Electric	Accounts for the assets, operation and maintenance of the City-owned electric generation, transmission, and distribution system.
Gas	Accounts for the assets, operation and maintenance of the City-owned gas system.
Sewer	Accounts for the assets, operation and maintenance of the City's wastewater collection and treatment system.
Water	Accounts for the assets, operation and maintenance of the City's water production and distribution system.
Airport	Accounts for the assets, operation and maintenance of the City-owned regional airport.
Stormwater Management	Accounts for the operation, maintenance, and expansion of the City-owned stormwater utility system.
Other Enterprise Funds	Detailed descriptions of these funds are provided on page 106.
Internal Service Funds	Detailed descriptions of these funds are provided on page 111.

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, 2011
(in thousands)

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents.....	\$ 20,151	\$ --	\$ 91,108	\$ 111,259
Securities Lending Collateral	2,379	--	11,040	13,419
Receivables:				
Accrued Interest.....	98	--	439	537
Customers and Other.....	2,562	--	97	2,659
Notes.....	--	--	424	424
Special Assessments - Current.....	--	--	210	210
Less: Allowance for Doubtful Accounts.....	(849)	--	--	(849)
Due From Other Governments.....	1,598	--	2,333	3,931
Advances to Other Funds.....	2,568	--	--	2,568
Inventory	275	--	--	275
Cash and Cash Equivalents - Restricted.....	184	9,173	1,891	11,248
Investments - Restricted.....	22	--	7,730	7,752
Securities Lending Collateral - Restricted.....	--	1,107	1,155	2,262
Receivables - Restricted:				
Accrued Interest Receivable.....	--	44	10	54
Customers.....	--	46	4	50
Notes Receivable.....	--	--	1,958	1,958
Due from Other Governments.....	--	--	--	--
Total Assets.....	\$ 28,988	\$ 10,370	\$ 118,399	\$ 157,757
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Obligations Under Securities Lending	\$ 2,379	\$ --	\$ 11,040	\$ 13,419
Accounts and Retainage Payable.....	3,019	--	2,729	5,748
Unearned Revenue.....	1,639	--	618	2,257
Accounts and Retainage Payable - Restricted...	184	137	1,670	1,991
Obligations Under Securities Lending - Restricted	22	1,107	1,155	2,284
Due to Other Funds.....	66	--	--	66
Advances from Other Funds.....	2,940	--	2,714	5,654
Unearned Revenue - Restricted.....	--	--	--	--
Total Liabilities.....	10,249	1,244	19,926	31,419
FUND BALANCES				
Non-spendable.....	275	--	424	699
Spendable:				
Restricted.....	--	9,126	74,660	83,786
Committed.....	16,979	--	23,409	40,388
Assigned.....	1,417	--	2,561	3,978
Unassigned.....	68	--	(2,581)	(2,513)
Total Fund Balances.....	18,739	9,126	98,473	126,338
Total Liabilities and Fund Balances.....	\$ 28,988	\$ 10,370	\$ 118,399	\$ 157,757

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, 2011
(in thousands)

Total Fund Balances - Governmental Funds \$ 126,338

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. 896,239

Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds. 16,572

Unamortized Bond Issue Costs are not financial resources and, therefore, are not reported in the funds. 573

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. 31,597

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (108,058)

Net Assets - Governmental Activities \$ 963,261

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, 2011
(in thousands)

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total
Revenues:				
Taxes.....	\$ 55,731	\$ 1,302	\$ --	\$ 57,033
Licenses and Permits.....	2,682	--	4,450	7,132
Intergovernmental Revenues.....	13,456	1,870	24,311	39,637
Charges for Services.....	8,075	--	135	8,210
Fines and Forfeitures.....	2,179	--	257	2,436
Net Investment Earnings.....	548	151	2,265	2,964
Securities Lending Income.....	8	3	27	38
Change in the Fair Value of Investments.....	327	(56)	(888)	(617)
Miscellaneous Revenues.....	10,116	25	1,578	11,719
Total Revenues.....	<u>93,122</u>	<u>3,295</u>	<u>32,135</u>	<u>128,552</u>
Expenditures:				
Current:				
General Government.....	23,851	--	5,982	29,833
Public Safety.....	48,206	--	4,296	52,502
Transportation.....	15,346	--	17,152	32,498
Human Services.....	2,451	--	330	2,781
Economic Environment.....	1,178	3,470	6,929	11,577
Physical Environment.....	1,604	--	848	2,452
Cultural and Recreation.....	19,229	--	665	19,894
Securities Lending Expense:				
Interest.....	4	2	15	21
Agent Fees.....	1	--	2	3
Debt Service:				
Principal Retired.....	--	--	4,615	4,615
Interest and Fiscal Charges.....	109	--	4,462	4,571
Total Expenditures.....	<u>111,979</u>	<u>3,472</u>	<u>45,296</u>	<u>160,747</u>
Excess of Revenues Over (Under) Expenditures....	<u>(18,857)</u>	<u>(177)</u>	<u>(13,161)</u>	<u>(32,195)</u>
Other Financing Sources (Uses):				
Transfers In.....	39,320	--	17,108	56,428
Transfers Out.....	(17,058)	--	(10,252)	(27,310)
Proceeds from Sale of Capital Assets.....	--	--	--	--
Total Other Financing Sources (Uses).....	<u>22,262</u>	<u>--</u>	<u>6,856</u>	<u>29,118</u>
Net Change in Fund Balances.....	3,405	(177)	(6,305)	(3,077)
Fund Balances - October 1.....	16,612	9,303	108,831	134,746
Adjustment to October 1 Fund Balance.....	(1,278)	--	(4,053)	(5,331)
Fund Balances - October 1, as restated.....	15,334	9,303	104,778	129,415
Fund Balances - September 30.....	<u>\$ 18,739</u>	<u>\$ 9,126</u>	<u>\$ 98,473</u>	<u>\$ 126,338</u>

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

**CITY OF TALLAHASSEE, FLORIDA
RECONCILIATION OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2011
(in thousands)**

Net Changes in Fund Balances - Total Governmental Funds \$ (3,077)

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. (20,025)

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. (1,530)

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. 4,615

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. (1,477)

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. 209

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. (818)

Change in Net Assets of Governmental Activities \$ (22,103)

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, 2011
(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS									
Current Assets									
Cash and Cash Equivalents.....	\$ 80,750	\$ 5,493	\$ 5,326	\$ 3,191	\$ 3,231	\$ 60,994	\$ 12,409	\$ 171,394	\$ 62,256
Investments.....	--	--	--	--	--	--	--	--	--
Securities Lending Collateral.....	25,648	672	659	307	380	7,323	1,478	36,447	7,437
Receivables:									
Accrued Interest.....	434	21	5	10	15	295	60	840	301
Notes.....	9,617	--	814	--	--	--	--	10,431	--
Customers and Others.....	20,454	1,187	3,077	1,830	1,265	827	3,331	31,971	955
Due From Other Governments.....	(1,750)	--	887	--	--	1,287	1,991	2,415	--
Less: Allowance for Doubtful Accounts.....	--	(107)	(295)	(150)	(396)	--	(660)	(1,608)	--
Prepaid Expenses.....	--	--	--	--	--	--	--	--	1,287
Due from Other Funds.....	22,464	--	--	--	--	146	--	22,610	76
Inventory.....	45,587	74	1,489	77	--	--	825	48,052	1,875
Cash and Cash Equivalents - Restricted.....	218,910	7,721	119,549	43,161	7,083	--	2,100	398,524	--
Investments - Restricted.....	--	--	--	--	750	--	--	750	--
Securities Lending Collateral - Restricted.....	9,406	695	14,317	4,345	938	--	--	29,701	--
Receivables - Restricted.....	--	--	--	--	--	--	--	--	--
Other.....	--	--	--	--	--	--	--	--	--
Accrued Interest.....	1,010	34	599	180	35	--	--	1,858	--
Due from Other Governments.....	--	--	--	--	96	--	--	96	--
Total Current Assets.....	432,530	15,790	146,407	52,951	13,397	70,872	21,534	753,481	74,187
Noncurrent Assets									
Advances to Other Funds.....	--	--	--	--	--	--	--	--	6,757
Derivative Instruments.....	--	--	--	--	--	--	205	205	387
Deferred Outflows of Resources.....	--	--	--	--	--	--	--	--	23,199
Deposits.....	--	--	--	--	--	--	1,039	1,039	25,054
Unamortized Bond Issue Costs.....	5,837	158	2,219	466	6	--	--	8,686	--
Capital Assets									
Land and Construction in Progress.....	151,984	3,916	182,384	9,814	35,399	90,742	8,118	482,357	4,736
Other, Net of Accumulated Depreciation.....	503,060	51,242	168,360	108,260	50,705	31,983	37,169	950,779	51,134
Total Noncurrent Assets.....	660,881	55,316	352,963	118,540	86,110	122,725	46,531	1,443,066	111,267
Total Assets.....	\$ 1,093,411	\$ 71,106	\$ 499,370	\$ 171,491	\$ 99,507	\$ 193,597	\$ 68,065	\$ 2,196,547	\$ 185,454

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, 2011
(in thousands)

	Enterprise Funds									
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
Operating Revenues:										
Charges for Services:										
Residential Sales.....	\$ 140,753	\$ 13,323	\$ 28,161	\$ 14,690	\$ --	\$ 7,407	\$ 25,937	\$ 230,271	\$ --	
Commercial and Industrial Sales.....	152,763	19,372	19,096	9,165	--	10,178	23,413	233,987	--	
Public Street and Highway Lighting.....	3,839	--	--	--	--	--	--	3,839	--	
Sales for Resale.....	5,080	--	--	--	--	--	--	5,080	--	
Surcharge.....	2,139	170	1,017	1,659	--	--	--	4,985	--	
Tapping Fees.....	--	14	75	402	--	--	--	491	--	
Landing and Tie Down Fees.....	--	--	--	--	1,477	--	--	1,477	--	
Late Fees.....	804	108	--	95	--	--	--	1,007	--	
Initiating Service.....	848	123	--	493	--	--	--	1,464	--	
Rentals.....	891	--	--	371	8,287	--	--	9,549	--	
Cut-ins and Cut-fees.....	1,436	30	--	118	--	--	--	1,584	--	
County Government.....	--	--	--	--	--	--	2,761	2,761	--	
Recyclable Sales.....	--	--	--	--	--	--	578	578	--	
Recreation Fees.....	--	--	--	--	--	--	892	892	--	
Transportation Fees.....	--	--	--	--	--	--	4,656	4,656	--	
Other.....	6,303	424	4,950	2,364	1,734	147	392	16,314	274,843	
Total Operating Revenues.....	314,856	33,564	53,299	29,357	11,498	17,732	58,629	518,935	274,843	
Operating Expenses:										
Personnel Services.....	24,772	1,980	12,596	6,104	4,095	5,291	35,877	90,715	30,726	
Fossil Fuel.....	160,268	19,292	--	--	--	--	--	179,560	--	
Power Purchased.....	9,707	--	--	--	--	--	--	9,707	--	
Contractual Services.....	36,609	3,289	13,547	10,088	3,958	10,426	26,622	104,539	220,789	
Materials and Supplies.....	7,456	225	2,972	1,377	212	730	3,678	16,650	6,811	
Other Expenses.....	6,281	1,520	2,698	4,246	526	558	911	16,740	12,290	
Depreciation.....	34,031	1,658	6,423	3,609	3,684	895	3,251	53,551	7,947	
Amortization.....	458	55	234	34	53	--	--	834	--	
Total Operating Expenses.....	279,582	28,019	38,470	25,458	12,528	17,900	70,339	472,296	278,563	
Operating Income (Loss).....	\$ 35,274	\$ 5,545	\$ 14,829	\$ 3,899	\$ (1,030)	\$ (168)	\$ (11,710)	\$ 46,639	\$ (3,720)	

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, 2011
(in thousands)

	Enterprise Funds										Internal Service Funds	
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds				
Non-Operating Revenues (Expenses):												
Net Investment Earnings.....	\$ 4,540	\$ 187	\$ 860	\$ 377	\$ 153	\$ 970	\$ 182	\$ 7,269	\$ 1,137			
Change in the Fair Value of Investments.....	1,143	(95)	241	525	80	(34)	42	1,902	261			
Securities Lending:												
Income.....	60	3	10	5	3	13	3	97	12			
Interest Expense.....	(31)	(2)	(5)	(2)	(2)	(7)	(2)	(51)	(7)			
Agent Fees.....	(6)	--	(1)	(1)	--	(1)	--	(9)	(1)			
Grant Revenues.....	2,289	--	--	--	--	--	3,252	5,541	--			
Other Revenues.....	--	261	5,747	1,158	--	--	(158)	7,008	844			
Interest Expense.....	(18,830)	(1,383)	(3,879)	(2,532)	(179)	--	(70)	(26,873)	(274)			
Gain (Loss) on Sale of Assets.....	--	--	--	--	--	--	--	--	21			
Other Expenses.....	(1,342)	(68)	(236)	(1,072)	(1,895)	(8)	--	(4,621)	(193)			
Total Non-Operating Revenues (Expenses)...	(12,177)	(1,097)	2,737	(1,542)	(1,840)	933	3,249	(9,737)	1,800			
Income (Loss) Before Capital Contributions and Operating Transfers.....	23,097	4,448	17,566	2,357	(2,870)	765	(8,461)	36,902	(1,920)			
Capital Contributions and Transfers:												
Capital Contributions.....	(2,118)	--	--	--	6,489	1,592	1,696	7,659	3,114			
Transfers In.....	124	--	--	--	--	--	11,324	11,448	7,238			
Transfers Out.....	(29,497)	(2,355)	(3,362)	(6,528)	(1,036)	(427)	(762)	(43,967)	(3,837)			
Total Capital Contributions and Transfers...	(31,491)	(2,355)	(3,362)	(6,528)	5,453	1,165	12,258	(24,860)	6,515			
Change in Net Assets.....	(8,394)	2,093	14,204	(4,171)	2,583	1,930	3,797	12,042	4,595			
Net Assets - October 1.....	394,688	32,114	174,225	89,251	88,821	185,015	52,706	90,767	90,767			
Adjustment to October 1 Net Assets.....	--	--	--	--	--	(1,878)	(340)	--	--			
Net Assets - October 1, as restated.....	394,688	32,114	174,225	89,251	88,821	183,137	52,366	90,767	90,767			
Net Assets - September 30	\$ 386,294	\$ 34,207	\$ 188,429	\$ 85,080	\$ 91,404	\$ 185,067	\$ 56,163	\$ 95,362	\$ 95,362			
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds.....									6,353			
Change in net assets of business-type activities.....											\$ 18,395	

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, 2011
(in thousands)

	Enterprise Funds									
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash Received from Customers.....	\$ 324,649	\$ 33,849	\$ 53,484	\$ 29,195	\$ 11,123	\$ 18,687	\$ 59,643	\$ 530,630	\$ --	\$ --
Cash Received from Other Funds.....	--	--	--	--	--	--	--	--	--	282,995
Cash Received from Other Revenues.....	--	261	3,440	559	--	--	7	4,267	--	--
Cash Paid to Suppliers for Goods and Services.....	(196,639)	(20,731)	(20,532)	(10,840)	(1,933)	(8,451)	(20,640)	(279,766)	(246,636)	--
Cash Paid to Employees for Services.....	(24,853)	(1,974)	(12,561)	(6,079)	(4,232)	(5,269)	(36,163)	(91,131)	(30,732)	--
Cash Paid to Other Funds.....	(17,589)	(2,239)	(5,966)	(5,089)	(1,102)	(3,771)	(11,559)	(47,315)	--	--
Cash Paid for Other Expenses.....	--	(68)	--	--	(1,894)	(1,886)	(340)	(4,188)	--	--
Net Cash Provided by (Used For) Operating Activities.....	85,568	9,098	17,865	7,746	1,962	(690)	(9,052)	112,497	5,627	--
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers In from Other Funds.....	124	--	--	--	--	--	11,324	11,448	7,237	--
Operating Grants Received.....	2,289	--	--	--	--	--	2,785	5,074	--	--
Other.....	--	--	--	--	--	--	--	--	806	--
Repayment of Advances.....	--	--	--	--	(252)	--	--	(252)	--	--
Transfers Out to Other Funds.....	(29,497)	(2,355)	(3,362)	(6,528)	(1,036)	(427)	(762)	(43,967)	(3,835)	--
Net Cash Provided by (Used for) Noncapital Financing Activities.....	(27,084)	(2,355)	(3,362)	(6,528)	(1,288)	(427)	13,347	(27,697)	4,208	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Receipts from Energy Loan Program.....	4,335	--	--	--	--	--	--	4,335	--	--
Capital Contributions.....	(2,118)	--	--	--	7,226	1,592	1,696	8,396	3,114	--
System Charges.....	--	--	2,307	599	--	--	--	2,906	--	--
Proceeds from Sale of Property.....	--	--	--	--	--	--	--	--	(41)	--
Bond and Loan Proceeds.....	160,561	3,440	--	--	--	--	--	164,001	(3,482)	--
Acquisition, Construction and Sale of Capital Assets.....	(20,769)	(1,530)	(64,922)	(2,290)	(8,611)	(3,275)	(3,790)	(105,187)	(12,571)	--
Principal and Refunding Payments.....	(9,407)	(5,578)	(5,192)	(583)	(855)	--	--	(21,615)	--	--
Repayment of Loans Payable.....	(35,021)	--	--	--	--	--	--	(35,021)	--	--
Repayment of Loans from Other Funds.....	(420)	--	--	(925)	--	--	(115)	(1,460)	--	--
Loan Issue Costs.....	--	--	--	--	--	--	--	--	(146)	--
Funding of Energy Loan Program.....	(4,335)	--	--	--	--	--	--	(4,335)	--	--
Interest Paid.....	(30,923)	(1,713)	(13,894)	(4,617)	(126)	--	(70)	(51,343)	(274)	--
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	61,903	(5,381)	(81,701)	(7,816)	(2,366)	(1,683)	(2,279)	(39,323)	(13,400)	--
CASH FLOWS FROM INVESTING ACTIVITIES										
Proceeds from Sale and Maturities of Investment Securities.....	--	--	2,546	--	(750)	--	--	1,796	--	--
Interest Received on Investments.....	3,960	191	--	661	154	928	163	6,057	1,141	--
Purchase of Investment Securities.....	--	--	--	--	--	--	--	--	145	--
Increase in the Fair Value of Cash and Cash Equivalents.....	1,143	(95)	241	525	80	(34)	98	1,958	261	--
Net Cash Provided by Investing Activities.....	5,103	96	2,787	1,186	(516)	894	261	9,811	1,547	--

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, 2011
(in thousands)

	Enterprise Funds								Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 125,490	\$ 1,458	\$ (64,411)	\$ (5,412)	\$ (2,208)	\$ (1,906)	\$ 2,277	\$ 55,288	\$ (2,018)
Cash and Cash Equivalents - October 1.....	174,170	111,756	189,286	51,764	12,522	62,900	12,232	514,630	64,274
Cash and Cash Equivalents - September 30.....	\$ 299,660	\$ 13,214	\$ 124,875	\$ 46,352	\$ 10,314	\$ 60,994	\$ 14,509	\$ 569,918	\$ 62,256
Classified As:									
Unrestricted Assets.....	\$ 80,750	\$ 5,493	\$ 5,326	\$ 3,191	\$ 3,231	\$ 60,994	\$ 12,409	\$ 171,394	\$ 62,256
Restricted Assets.....	218,910	7,721	119,549	43,161	7,083	--	2,100	398,524	--
	\$ 299,660	\$ 13,214	\$ 124,875	\$ 46,352	\$ 10,314	\$ 60,994	\$ 14,509	\$ 569,918	\$ 62,256
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Operating Income (Loss).....	\$ 35,274	\$ 5,545	\$ 14,829	\$ 3,899	\$ (1,030)	\$ (168)	\$ (11,710)	\$ 46,639	\$ (3,721)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Depreciation.....	34,031	1,658	6,423	3,609	3,684	895	3,251	53,551	7,947
Amortization.....	458	87	234	34	53	--	--	866	--
Provision for Uncollectible Accounts.....	--	7	--	48	30	--	17	102	--
Net OPEB Obligation.....	--	--	--	--	--	--	--	36	--
Other.....	--	193	3,440	559	(1,894)	(1,886)	(333)	79	--
(Increase) Decrease in Accounts Receivable.....	825	255	48	(275)	(147)	955	1,009	2,670	842
Decrease in Other Accounts Receivable.....	--	--	--	--	--	--	--	--	(48)
(Increase) Decrease in Inventory.....	1,173	28	(1)	(3)	--	--	(57)	1,140	(360)
(Increase) Decrease in Deposits.....	--	--	--	--	--	--	--	--	8,043
(Increase) Decrease in Notes Receivable.....	(72)	--	101	--	--	--	--	29	--
(Increase) Decrease in Due From Other Funds.....	8,039	--	--	--	--	--	--	8,039	--
(Increase) Decrease in Due From Other Governments.....	--	--	--	--	--	--	--	--	--
Increase (Decrease) in Accounts Payable.....	4,920	1,296	(7,365)	(265)	1,548	(508)	(776)	(1,150)	1,635
Decrease in Due To Other Funds.....	--	--	--	--	--	--	--	--	(8,021)
Increase in Prepaid Expenses.....	--	--	--	--	--	--	(551)	(551)	--
Increase in loans to other funds.....	--	--	--	--	--	--	--	--	(685)
Increase in Utility Deposits Payable.....	1,001	23	--	65	--	--	--	1,089	--
Increase (Decrease) in Deferred Revenue.....	--	--	--	--	--	--	(12)	(12)	--
Increase (Decrease) in Customer Contracts Payable.....	--	--	85	50	--	--	--	135	--
Increase (Decrease) in Compensated Absences.....	(81)	6	35	25	(54)	22	110	63	(5)
Increase in Prepaid Fees Credit.....	--	--	--	--	(228)	--	--	(228)	--
Decrease in Insurance Deposits.....	--	--	--	--	--	--	--	--	--
Total Adjustments.....	50,294	3,553	3,036	3,847	2,992	(522)	2,658	65,858	9,348
Net Cash Provided by (Used for) Operating Activities.....	\$ 85,568	\$ 9,098	\$ 17,865	\$ 7,746	\$ 1,962	\$ (690)	\$ (9,052)	\$ 112,497	\$ 5,627

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, 2011
(in thousands)

	Pension Trust Fund	OPEB Trust Fund	Nuclear Decommissioning Private-Purpose Trust Fund
ASSETS			
Cash and Cash Equivalents.....	\$ 3,033	\$ 4,311	\$ --
Receivables			
Other Receivables.....	65,553	--	--
Accrued Interest.....	1,601	20	--
Total Receivables.....	<u>67,154</u>	<u>20</u>	<u>--</u>
Investments, at Fair Value			
Mutual Index Funds.....	261,338	--	--
Fixed Income Securities.....	267,994	--	--
Domestic Stock.....	276,759	--	--
International Stock.....	132,339	--	--
Short-term Investments.....	9,453	--	6,258
Real Estate.....	112,713	--	--
Total Investments.....	<u>1,060,596</u>	<u>--</u>	<u>6,258</u>
Securities Lending Collateral.....	46,822	514	749
Total Assets.....	<u>\$ 1,177,605</u>	<u>\$ 4,845</u>	<u>\$ 7,007</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Obligations Under Securities Lending.....	\$ 46,822	\$ 514	\$ 749
Other Payables.....	70,105	4	--
Total Liabilities.....	<u>116,927</u>	<u>518</u>	<u>749</u>
NET ASSETS			
Held in Trust for Benefits and Other Purposes.....	<u>1,060,678</u>	<u>4,327</u>	<u>6,258</u>
Total Liabilities and Net Assets.....	<u>\$ 1,177,605</u>	<u>\$ 4,845</u>	<u>\$ 7,007</u>

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, 2011
(in thousands)

	Pension Trust Fund	OPEB Trust Fund	Nuclear Decommissioning Private-Purpose Trust Fund
ADDITIONS			
Contributions			
Employer.....	\$ 19,942	\$ 1,974	\$ --
Plan Members.....	9,420	--	--
Miscellaneous.....	119	--	--
Total Contributions.....	<u>29,481</u>	<u>1,974</u>	<u>--</u>
Investment Income			
<i>From Investment Activities:</i>			
Unrealized Appreciation (Depreciation)			
In Fair Value of Investments.....	2,188	28	39
Interest.....	4,370	72	17
Dividends.....	7,571	--	--
Total Investment Income.....	<u>14,129</u>	<u>100</u>	<u>56</u>
Less Investment Expenses:			
Investment Management Fees.....	5,082	--	--
Interest Expenses.....	158	--	--
Net Income from Investing Activities.....	<u>8,889</u>	<u>100</u>	<u>56</u>
<i>From Securities Lending Activities:</i>			
Securities Lending Income.....	123	--	--
Less Securities Lending Expenses:			
Interest Expenses.....	1	--	--
Investment Management Fees.....	24	--	--
Net Income from Securities Lending Activities.....	<u>98</u>	<u>--</u>	<u>--</u>
Total Net Investment Income.....	<u>8,987</u>	<u>100</u>	<u>56</u>
Total Additions.....	<u>38,468</u>	<u>2,074</u>	<u>56</u>
DEDUCTIONS			
Benefits.....	56,039	1,926	--
Refunds of Contributions.....	355	--	--
Administrative Expense.....	830	--	--
Total Deductions.....	<u>57,224</u>	<u>1,926</u>	<u>--</u>
Change in Net Assets.....	(18,756)	148	56
Net Assets - October 1.....	<u>1,079,434</u>	<u>4,179</u>	<u>6,202</u>
Net Assets - September 30.....	<u>\$ 1,060,678</u>	<u>\$ 4,327</u>	<u>\$ 6,258</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Note I – Summary of Significant Accounting Policies

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

Note III – Stewardship, Compliance, and Accountability

Note IV – Detailed Notes (All Funds)

Note V – Other Information

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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, 2011

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, 2011, 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, 2011

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, 2011, 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, 2011

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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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, 2011

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, 2011

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, 2011

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, 2011

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, 2011

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% (1/4) 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 and vacation 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, 2011

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, 2011

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 \$108,058 difference are as follows (in thousands):

Bonds and loan payable including premiums & discount....	\$ 96,986
Compensated absences.....	8,572
Net OPEB obligation.....	<u>2,500</u>
Net adjustments to reduce fund balances-	
Total governmental funds to arrive at net assets.....	<u><u>\$ 108,058</u></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 \$ (20,025) difference are as follows (in thousands):

Capital Outlay.....	\$ 12,157
Depreciation Expense.....	<u>(32,182)</u>
Net adjustment to increase net changes in Fund Balances	
Total Governmental Funds to arrive at changes in Net Assets	
Governmental Activities.....	<u><u>\$ (20,025)</u></u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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, had a fund deficit of \$2,581,000 at fiscal year end. The Pension Administration Fund and the Environmental Policy Fund, both Internal Service Funds, had fund deficits of \$689,000 and \$57,000, respectively at fiscal year end. 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:

- The payroll accrual was overstated and this resulted in the net assets of the General Fund (a major governmental fund) and the Fire Fund (a non-major enterprise fund) being understated by \$1,278,000 and \$340,000 respectively.
- The Special Projects Fund (a non-major governmental fund) overstated notes receivable in prior years by including amounts that were unlikely to be repaid or that were only payable under certain conditions. Removing these notes receivable resulted in a reduction to beginning net assets of \$4,053,000.
- An accrued receivable was overstated resulting in the overstatement of net assets of the Stormwater Fund (a major enterprise fund) by \$1,878,000.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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 \$25,543,000 and the bank balance was \$23,759,000. 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, 2011, the City owns \$69,460,000 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, 2011 is 1.6 years. At September 30, 2011, the City has \$253,943,000 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, 2011 was 1.0169. The effective duration of the SPIA Pool is 2.32 years as of September 30, 2011. Also included within deposits is \$19,276,000 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. One city fund had a deficit cash balance at year end totaling \$750,000 which is reported in accounts payable at September 30, 2011. 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, 2011

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, 2011 was \$3,989,000 and the bank balance was \$2,204,000. 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 Cutwater Asset Management (Cutwater). As of September 30, 2011, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$6,258,000 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, 2011.

As of September 30, 2011, the City had the following non-pension investments subject to credit risk in the internal, Galliard and Cutwater portion of the portfolio (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>S & P Rating</u>
U S Treasury	\$ 7,393	A A +
U S Treasury	153,470	N R
U S Agencies	8,064	N R
U S Agencies	455	A A -
U S Agencies	82,200	A A +
Corporate Bonds	7,290	A
Corporate Bonds	29,172	A +
Corporate Bonds	5,301	A -
Corporate Bonds	11,961	A A
Corporate Bonds	49,452	A A +
Corporate Bonds	6,771	A A -
Corporate Bonds	6,459	A A A
Corporate Bonds	935	N A
Corporate Bonds	2,281	N R
Mortgage Backed Securities	82,758	A A +
Municipals	5,080	A
Municipals	2,121	A -
Municipals	1,588	A A
Municipals	8,181	A A +
Municipals	2,853	A A -
Municipals	7,122	A A A
Municipals	141	N R
Municipals	408	S P -1 +
Total	<u>\$ 481,456</u>	

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

In addition, the City owns \$258,235,000 shares in the SPIA Pool, and \$69,460,000 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, 2011 was 2.06 years and the duration of the non-pension portfolio as of September 30, 2011 was 1.09 years.

As of September 30, 2011, the non-pension portfolio including the internal portion as well as Galliard and Cutwater, 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	\$ 160,863	\$ 57,463	\$ 103,400	\$ --	\$ --
US Agencies	90,720	64,213	25,188	1,319	--
Asset Backed	82,758	--	--	14,706	68,052
Corporate Bonds	119,623	33,570	85,831	222	--
Municipals	27,492	9,234	18,258	--	--
Yankees	--	--	--	--	--
Total	\$ 481,456	\$ 164,480	\$ 232,677	\$ 16,247	\$ 68,052

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, 2011, the City had the following pension investments subject to credit risk (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>
Agencies	\$ 7,103	AA+
Asset Backed	4,379	AAA
Asset Backed	1,616	AA+
Asset Backed	2,272	AA
Asset Backed	569	AA-
Asset Backed	125	A
Asset Backed	850	BBB+
Asset Backed	477	BBB
Asset Backed	491	B-
Asset Backed	2,698	CCC
Asset Backed	1,697	NR
Cash and Equivalents	8,606	NR

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>
CMO	4,273	AAA
CMO	2,073	AA+
CMO	302	AA-
CMO	2,714	A+
CMO	53	BB
CMO	157	B+
CMO	302	CCC
CMO	2,160	CCC
CMO	314	D
CMO	3,746	NR
CMO	3,952	AAA
Commingled Funds	142,873	NR
Commingled Funds	76	BB
Commingled Funds	65	NR
Corporate Bonds	2,837	AA+
Corporate Bonds	1,844	AA-
Corporate Bonds	1,268	A+
Corporate Bonds	6,312	A
Corporate Bonds	2,169	A-
Corporate Bonds	1,739	BBB+
Corporate Bonds	3,152	BBB
Corporate Bonds	1,653	BB-
Corporate Bonds	270	BBB-
Corporate Bonds	1,906	BBB+
Mortgage Pass Through	31,329	AA+
Mortgage Pass Through	139	AA-
Mortgage Pass Through	699	A
Mortgage Pass Through	1,010	NR
Municipals	598	AAA
Municipals	484	AA-
Municipals	901	A+
Municipals	479	A-
US Treasury	12,113	NR
Yankees	1,431	AA
Yankees	1,269	A+
Yankees	449	NR
Domestic Stock	276,759	NR
International Stock	132,339	NR
Mutual/Index Funds	261,338	NR
Short Term Investments	9,453	NR
Real Estate	112,713	NR
Total	\$ 1,060,596	

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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	\$ 3,218	Common Stock
Australia	25	Foreign Currency
Brazil	146	Common Stock
Canada	1,664	Common Stock
Canada	9	Foreign Currency
Denmark	5	Foreign Currency
Euro	25,682	Common Stock
Euro	2,471	Depository Receipts
Euro	14	Foreign Currency
Euro	403	Preferred Stock
Euro	971	Real Estate Investment Trust
Hong Kong	8,635	Common Stock
Hong Kong	11	Foreign Currency
Japan	18,219	Common Stock
Japan	26	Foreign Currency
Norway	250	Common Stock
Norway	19	Foreign Currency
Poland	152	Common Stock
Poland	4	Foreign Currency
Republic of Korea	1,136	Common Stock
Republic of Korea	97	Preferred Stock
Singapore	428	Common Stock
Singapore	9	Foreign Currency
South Africa	111	Common Stock
South Africa	9	Foreign Currency
Sweden	230	Common Stock
Sweden	7	Foreign Currency
Switzerland	6,162	Common Stock
Switzerland	8	Foreign Currency
Turkey	242	Common Stock
United Kingdom	13,059	Common Stock
United Kingdom	23	Foreign Currency
United Kingdom	422	Real Estate Investment Trust
Total	\$ 83,867	

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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, 2011 (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	\$ 7,102	\$ 904	\$ 6,198	\$ --	\$ --
Asset backed	16,260	--	--	2,672	13,588
Cash and Cash Equivalents	8,607	2,439	--	--	6,168
CMO	21,423	--	--	--	16,009
CMBS	3,952	--	--	--	3,952
Mutual Funds	142,805	--	--	--	142,805
Convertible Bonds	142	14	29	--	99
Corporate Bonds	23,773	1,612	9,754	7,494	4,913
Municipals	2,463	--	642	847	774
Mortgage Pass Through	28,709	--	--	3,904	24,806
Preferred Stock	41	--	--	--	41
US Treasury	17,114	3,863	1,355	6,623	373
Yankees	3,149	--	2,931	218	--
Total	\$ 275,540	\$ 911,928	\$ 20,909	21,758	\$ 213,528

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, 2011, 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, 2011. Moreover, there were no losses during the fiscal year ended September 30, 2011 resulting from a default of any borrower.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

During the fiscal year ended September 30, 2011, 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, 2011 was 2.7 days with an average weighted maturity of 437 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, 2011, the City had no credit risk exposure to borrowers.

As of September 30, 2011, for the City's pension fund, the collateral held and the market value of securities on loan were \$46,822,000 and \$45,680,000, respectively; for the City's non-pension funds, the collateral held and the market value of securities on loan were \$90,583,000 and \$88,556,000 respectively.

A summary of the fair market value of the securities on loan as of September 30, 2011 follows:

	Pension Fund	Non-Pension Fund
American Depository Receipts (ADR)	\$ 457,000	\$ --
Agencies	1,001,000	4,391,000
Corporate Bonds	481,000	2,314,000
Common Stock	31,384,000	--
U.S. Government Treasury Notes	12,357,000	81,851,000
	<u>\$ 45,680,000</u>	<u>\$ 88,556,000</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, 2011 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, 2011

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, 2011 (in thousands):

<u>Years ending September 30,</u>	
2012.....	2,539
2013.....	2,536
2014.....	2,543
2015.....	1,464
2016.....	876
2017-2021.....	4,233
2022-2026.....	4,037
2027-2031.....	3,790
2032-2036.....	3,697
2037-2041.....	2,274
Thereafter.....	4,221
	<u>\$ 32,210</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, 2011 amounted to \$127,609.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

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 2011 True-Up of Signatory Airline Rates was 73.05% toward terminal rentals and 26.95% 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 \$763,365.

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, 2011

NOTE IV (CONTINUED)

D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2011 was as follows (in thousands):

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Non-Depreciable Assets:				
Land.....	\$ 355,108	\$ 3,964	\$ (2,058)	\$ 357,014
Construction in Progress.....	55,935	11,320	(14,237)	53,018
Depreciable Assets:				
Buildings.....	113,603	2,613	(2,233)	113,983
Equipment.....	37,706	11,176	(10,436)	38,446
Improvements other than buildings.....	12,124	292	--	12,416
Infrastructure.....	788,029	10,240	(665)	797,604
Intangibles.....	14	--	--	14
	<u>1,362,519</u>	<u>39,605</u>	<u>(29,629)</u>	<u>1,372,495</u>
Less accumulated depreciation for:				
Buildings.....	(48,976)	(4,643)	1,348	(52,271)
Equipment.....	(30,427)	(5,398)	4,940	(30,885)
Improvements other than buildings.....	(4,403)	(271)	--	(4,674)
Infrastructure.....	(349,242)	(26,586)	--	(375,828)
Intangibles.....	(3)	0	--	(3)
	<u>(433,051)</u>	<u>(36,898)</u>	<u>6,288</u>	<u>(463,661)</u>
Governmental Activities capital assets, net	<u>\$ 929,468</u>	<u>\$ 2,707</u>	<u>\$ (23,341)</u>	<u>\$ 908,834</u>
Business-type Activities				
Non-Depreciable Assets:				
Land.....	\$ 122,929	\$ 904	\$ (451)	\$ 123,382
Construction in Progress.....	266,735	138,938	(46,574)	359,099
Depreciable Assets:				
Buildings.....	116,602	1,611	(48)	118,165
Equipment.....	725,300	42,426	(32,667)	735,059
Improvements other than buildings.....	14,501	--	--	14,501
Infrastructure.....	833,123	67,003	(47,043)	853,083
Intangibles.....	110,639	5,321	--	115,960
	<u>2,189,829</u>	<u>256,203</u>	<u>(126,783)</u>	<u>2,319,249</u>
Less accumulated depreciation for:				
Buildings.....	(50,754)	(3,037)	7	(53,784)
Equipment.....	(340,757)	(34,933)	14,087	(361,603)
Improvements other than buildings.....	(4,923)	0	--	(4,923)
Infrastructure.....	(342,253)	(27,671)	6,084	(363,840)
Intangibles.....	(55,104)	(3,584)	--	(58,688)
	<u>(793,791)</u>	<u>(69,225)</u>	<u>20,178</u>	<u>(842,838)</u>
Business-type Activities, net	<u>\$ 1,396,038</u>	<u>\$ 186,978</u>	<u>\$ (106,605)</u>	<u>\$ 1,476,411</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

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

GOVERNMENTAL ACTIVITIES :

General Government.....	\$	2,295
Public Safety		783
Transportation.....		864
Human Services.....		132
Economic Development.....		374
Physical Environment.....		12
Culture and Recreation.....		1,001
General Infrastructure.....		26,566
Capital Assets held by the governmental type internal service funds are charged to the various functions based on their usage of assets.....		1,022
Total depreciation expense-governmental activities	\$	<u>33,049</u>

BUSINESS -TYPE ACTIVITIES :

Electric.....	\$	34,031
Gas.....		1,658
Sewer.....		6,423
Water.....		3,609
Airport.....		3,684
Star Metro.....		2,200
Solid Waste.....		68
Golf.....		169
Stormwater Management.....		895
Fire Services.....		814
Capital Assets held by the government's business-type internal service funds are charged to the various functions based on their usage of assets.....		6,925
Total depreciation expense-business-type activities	\$	<u>60,476</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, 2011 (in thousands):

	Electric	Water	Sewer	Gas
Total interest cost incurred.....	\$ 30,193	\$ 4,330	\$ 13,354	\$ 1,555
Decrease as a result of capitalizing interest as a cost of construction...	(11,363)	(1,798)	(9,475)	(172)
Interest charged to operations.....	<u>\$ 18,830</u>	<u>\$ 2,532</u>	<u>\$ 3,879</u>	<u>\$ 1,383</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, 2011 (in thousands):

Interest expense incurred during construction and capitalized.....	\$ 11,363	\$ 1,798	\$ 9,475	\$ 172
Interest earned on bond proceeds	(160)	(293)	(1,536)	(18)
Net interest capitalized.....	<u>\$ 11,203</u>	<u>\$ 1,505</u>	<u>\$ 7,939</u>	<u>\$ 154</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE IV (CONTINUED)

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

1. INTERFUND RECEIVABLES/PAYABLES - At September 30, 2011, Interfund Receivables and Payables are as follows (in thousands):

Fund	Due From	Due To	Advance To	Advance From
Airport.....	\$ --	\$ --	\$ --	\$ 843
Electric.....	22,464	--	--	9,353
Gas.....	--	--	--	7,430
General.....	--	66	(2,568)	2,940
Fire.....	--	--	--	1,991
Stormwater.....	--	--	(146)	--
Nonmajor governmental.....	--	--	(16,572)	2,714
Nonmajor business-type.....	--	9	--	--
Internal service funds.....	76	22,465	(6,757)	772
	<u>\$ 22,540</u>	<u>\$ 22,540</u>	<u>\$ (26,043)</u>	<u>\$ 26,043</u>

\$25,254,000 of the interfund receivables and payables balances represent amounts remaining from loans to fund operations. \$23,329,000 of these balances represents amounts loaned for capital funding.

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

Such costs allocated to the funds for the year ended September 30, 2011 are as follows (in thousands):

General.....	\$ 18,039
Electric.....	15,623
Gas.....	1,999
Sewer.....	4,946
Water.....	4,850
Airport.....	1,245
Stormwater management.....	2,654
Nonmajor business type.....	10,950
Nonmajor governmental type.....	284
Fiduciary type.....	830
Internal service type.....	5,998
	<u>\$ 67,418</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

NOTE IV (CONTINUED)

3. INTERFUND TRANSFERS - At September 30, 2011, Interfund Transfers are as follows (in thousands):

	Transfers In						Total
	General	Electric	Nonmajor Governmental	Nonmajor Business-type	Internal Service Funds	Total	
General	\$ --	\$ 116	\$ 8,440	\$ 8,373	\$ 129	\$ 17,058	
Electric	22,405	--	135	--	6,957	29,497	
Gas	2,329	--	26	--	--	2,355	
Sewer	3,331	--	26	--	5	3,362	
Water	6,509	--	18	--	1	6,528	
Airport	--	--	--	1,034	2	1,036	
Stormwater	393	--	32	--	2	427	
Nonmajor governmental	1,382	--	6,840	1,917	113	10,252	
Nonmajor business-type	593	--	168	--	1	762	
Internal service	2,378	8	1,423	--	28	3,837	
Total	\$ 39,320	\$ 124	\$ 17,108	\$ 11,324	\$ 7,238	\$ 75,114	

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

F. LEASE COMMITMENTS

OPERATING - Operating - The City has entered into several operating leases for buildings and equipment. The leases are for one to three years, expiring in 2012 through 2014. Total rent expenses incurred by the City for the year ended September 30, 2011, was \$1,139,491.44. The remaining future minimum lease obligations are as follows (in thousands):

	<u>Year Ending Sept. 30</u>
2012.....	\$ 252
2013.....	165
2014.....	135
Total.....	<u>\$ 552</u>

G. LONG-TERM DEBT

1. The following is a summary of the changes in Long-Term Debt for the year ended September 30, 2011 (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Revenue Bonds.....	\$ 106,905	\$ --	\$ 5,755	\$ 101,150	\$ 5,980
Compensated Absences.....	8,808	6,459	5,675	9,592	6,459
Sunshine State Loan Payable.....	2,300	--	2,300	--	--
OPEB Obligation.....	2,500	1,961	1,961	2,500	--
Total Governmental-Type Debt	<u>120,513</u>	<u>8,420</u>	<u>15,691</u>	<u>113,242</u>	<u>12,439</u>
Business-Type Activities:					
Energy System – 1998 A.....	23,715	--	4,270	19,445	4,495
Energy System Refunding 2001.....	9,805	--	4,385	5,420	1,075
Energy System 2005.....	121,755	--	2,695	119,060	2,715
Energy System 2007.....	196,020	--	2,470	193,550	2,690
Energy System 2010.....	77,845	--	--	77,845	--
Energy System 2010A.....	43,245	--	190	43,055	195
Energy System 2010B.....	--	122,280	--	122,280	--
Energy System 2010C.....	--	35,485	--	35,485	1,045
Energy System 2011.....	--	3,440	--	3,440	9
Airport Refunding 2004.....	2,665	--	855	1,810	885
CURSB 2001.....	14,445	--	1,140	13,305	1,195
CURSB 2005.....	27,890	--	2,915	24,975	3,025
CURSB 2007.....	162,850	--	1,720	161,130	1,790
CURSB 2010A.....	117,015	--	--	117,015	--
CURSB 2010B.....	25,820	--	--	25,820	--
Compensated Absences.....	11,334	7,851	7,762	11,423	7,851
AMI Loan.....	40,230	--	2,243	37,987	2,281
Sunshine State Loan Payable.....	35,961	--	35,961	--	--
OPEB Obligation.....	--	--	--	--	--
Total Business-Type Debt	<u>910,595</u>	<u>169,056</u>	<u>66,606</u>	<u>1,013,045</u>	<u>29,251</u>
Total Long-Term Debt	<u>\$ 1,031,108</u>	<u>\$ 177,476</u>	<u>\$ 82,297</u>	<u>\$ 1,126,287</u>	<u>\$ 41,690</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, 2011

NOTE IV (CONTINUED)

2. Summarized below are the City's individual bond issues which were outstanding at September 30, 2011 (in thousands):

GENERAL REVENUE BONDS:

\$86,210,000 Capital Bonds - Series 2004, due in annual installments ranging from \$3,220,000 to \$7,310,000 ending on October 1, 2024, interest rates at 3.00% to 5.00% depending on maturity date. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Service Tax, and earnings on the investment of all funds and accounts created by and described in the Bond Resolutions. \$ 70,435

\$9,400,000 Capital Improvement Refunding Revenue Bonds – Series 2008, due in annual installments ranging from \$1,175,000 to \$1,345,000 ending on October 1, 2016, interest rate at 3.410%. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Service Tax, and earnings on the investment of all funds and accounts created by and described in the Bond Resolutions. 6,295

\$26,975,000 Capital Improvement Refunding Revenue Bonds – Series 2009, due in annual installments ranging from \$550,000 to \$1,975,000 ending on April 1, 2031, interest rate at 3.710%. Bonds are payable from and secured by a first lien and pledge of the Local Government Half-cent Sales Tax, Guaranteed Entitlement Revenues, Communications Service Tax, and earnings on the investment of all funds and accounts created by and described in the Bond Resolutions. 24,420

Total General Revenue Bonds 101,150

PROPRIETARY REVENUE BONDS:

\$143,800,000 Energy System Refunding Revenue Bonds - Series 1998A, due in annual installments ranging from \$4,495,000 to \$5,240,000 ending on October 1, 2028, interest rates 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. 19,445

\$17,680,000 Energy System Refunding Revenue Bonds - Series 2001, due in annual installments ranging from \$1,000,000 to \$1,200,000 ending on October 1, 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. 5,420

\$128,920,000 Energy System Revenue Bonds - Series 2005, due in annual installments ranging from \$2,715,000 to \$8,140,000 ending on 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. 119,060

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

\$203,230,000 Energy System Revenue Bonds - Series 2007, due in annual installments ranging from \$670,000 to \$19,275,000 ending on October 1, 2037, interest rates at 4.00% 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.	193,550
\$77,845,000 Energy System Refunding Revenue Bonds – Series 2010, due in annual installments ranging from \$2,005,000 to \$14,225,000 ending on October 1, 2028, interest rates at 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.	77,845
\$43,245,000 Energy System Refunding Revenue Bonds – Series 2010A, due in annual installments ranging from \$195,000 to \$8,825,000 ending on October 1, 2026, interest rates at 2.0% to 4.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	43,055
\$122,280,000 Energy System Revenue Bonds – Series 2010B, due in annual installments ranging from \$930,000 to \$32,445,000 ending on October 1, 2040, interest rate at 5.969% . Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	122,280
\$35,485,000 Energy System Revenue Bonds – Series 2010C, due in annual installments ranging from \$900,000 to \$4,040,000 ending on October 1, 2029, interest rates at 4.0% to 5.0% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	35,485
\$3,440,000 Energy System Refunding Revenue Bonds – Series 2011, due in annual installments ranging from \$9,000 to \$1,142,000 ending on October 1, 2019, interest rate at 2.37% . Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy System.	3,440
\$23,900,000 Consolidated Utility System Refunding Revenue Bonds - Series 2001, due in annual installments ranging from \$1,195,000 to \$2,110,000 ending on October 1, 2019, interest rates at 4.50% to 5.50% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.	13,305

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

\$36,110,000 Consolidated Utility Systems Refunding Revenue Bonds - Series 2005, due in annual installments ranging from \$3,025,000 to \$3,265,000 ending on October 1, 2014 and ranging from \$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.	24,975
\$164,460,000 Consolidated Utility Systems Revenue Bonds – Series 2007, due in annual installments ranging from \$1,790,000 to \$10,910,000 ending on October 1, 2037, interest rates of 4.00% 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).	161,130
\$117,015,000 Consolidated Utility Systems Revenue Bonds – Series 2010A, due in annual installments ranging from \$3,415,000 to \$20,010,000 ending on October 1, 2040, interest rates at 5.068% to 5.218% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution and the net revenues of the City's Utility System (consisting of the City's water and sewer systems).	117,015
\$25,820,000 Consolidated Utility Systems Revenue Bonds – Series 2010B, due in annual installments ranging from \$1,120,000 to \$3,255,000 ending on October 1, 2026, interest rates at 2.0% to 5.0% depending upon maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution and the net revenues of the City's Utility System (consisting of the City's water and sewer systems).	25,820
\$7,355,000 Airport System Revenue Refunding Bonds - Series 2004, due in annual installments ranging from \$885,000 to \$925,000 ending on 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.	<u>1,810</u>
Total Proprietary Revenue Bonds	<u>963,635</u>
Total Bonds Payable	<u>\$ 1,064,785</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

3. REFUNDED DEBT - On August 9, 2011, the City issued Energy Refunding Revenue Bonds, Series 2011 of \$3,440,000 with an interest rate of 2.37% to advance refund a portion of the outstanding Energy Refunding Revenue Bond, Series 2001 which has an interest rate of between 4.4% and 5.5%, and a par value of \$3,355,000. The Energy Revenue Refunding Bonds, Series 2011 were issued at par, and after paying issuance costs of \$26,288, net proceeds were \$3,413,713.

As a result of the advance refunding, the City reduced its total debt service requirements by \$543,963, which resulted in an economic gain of \$493,743.

4. 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>\$9,671,795</u>
Debt Limit - 20 Percent of Assessed Value	<u>\$1,934,359</u>

5. 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, 2011, 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, 2011, 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.
- As of September 30, 2011, 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, 2011, there were two Industrial Revenue Bonds outstanding. The original issue amount totaled \$7.6 million and the outstanding balance is \$7,375,000.

6. 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. In the year ended September, 30, 2011, the City paid off the balances totaling \$38,261,414 on the four remaining loans that were outstanding at the end of the prior year.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

7. AMI LOAN PROGRAM

On December 27, 2007, the City entered into a loan with the Bank of America Capital Corp to provide \$35,500,000 of financing to fund the City’s Smart Metering program. The loan is due in semi-annual installments ranging from \$1,002,000 to \$1,633,000 ending on June 27, 2024, bearing interest at 3.9459%. Additionally, on September 25, 2010, the City entered into a supplemental loan for additional funding of the Smart Metering program in the amount of \$4,700,000. The loan is due in semi-annual installments ranging from \$127,000 to \$219,000 ending on June 27, 2024, bearing interest at 4.59%. Both loans are payable and secured by the Smart Energy Metering and Management System, consisting of meters and communication devices.

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

Year ending September 30	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		Total Debt Service
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	5,980	4,490	21,400	49,822	81,692
2013	6,180	4,285	22,409	48,819	81,693
2014	7,500	4,028	22,482	47,778	81,788
2015	7,830	3,693	23,423	46,712	81,658
2016	8,180	3,399	24,497	45,635	81,711
2017-2021	35,460	11,884	140,653	210,136	398,133
2022-2026	26,455	3,316	168,470	174,838	373,079
2027-2031	3,565	285	175,720	133,665	313,235
2032-2036	--	--	204,065	87,666	291,731
2037-2040	--	--	198,503	28,528	227,031
Totals	<u>\$ 101,150</u>	<u>\$ 35,380</u>	<u>\$ 1,001,622</u>	<u>\$ 873,599</u>	<u>\$ 2,011,751</u>

H. NET ASSETS

The 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, 2011

NOTE IV (CONTINUED)

The net assets shown in Government-wide fund financial statements were changed for FY2011 to comply with GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The details of net asset presentation are explained in Note IV.1. "Fund Balance" below.

I. FUND BALANCE

The City classifies governmental fund balances as follows:

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

Spendable Fund Balance

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through the City Commission through an ordinance, resolution or policy.
- Assigned – includes spendable fund balance amounts established by management of the City that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE IV (CONTINUED)

A schedule of City fund balances is provided in the following pages.

	<u>General</u>	Community Redevelopment <u>Agency</u>	Total Other <u>Governmental</u>	Total <u>Governmental</u>
FUND BALANCES				
Non-spendable.....				
Inventory.....	\$ 275	\$ --	\$ --	\$ 275
Notes Receivable.....	--	--	424	424
Total Non-Spendable.....	<u>275</u>	<u>--</u>	<u>424</u>	<u>699</u>
Restricted for:				
Debt Service.....	--	--	9,629	9,629
General Government.....	--	--	13,248	13,248
Public Safety.....	--	--	932	932
Transportation.....	--	--	40,102	40,102
Human Services.....	--	--	9,365	9,365
Economic Environment.....	--	9,126	765	9,891
Physical Environment.....	--	--	75	75
Culture and Recreation.....	--	--	544	544
Total Restricted.....	<u>--</u>	<u>9,126</u>	<u>74,660</u>	<u>83,786</u>
Committed to:				
General Government.....	332	--	1,416	1,748
Public Safety.....	--	--	2	2
Transportation.....	--	--	12,969	12,969
Economic Environment.....	--	--	2,822	2,822
Physical Environment.....	16,647	--	5,931	22,578
Culture and Recreation.....	--	--	269	269
Total Committed.....	<u>16,979</u>	<u>--</u>	<u>23,409</u>	<u>40,388</u>
Assigned to:				
General Government.....	611	--	2,355	2,966
Public Safety.....	12	--	51	63
Transportation.....	329	--	44	373
Human Services.....	4	--	35	39
Economic Environment.....	342	--	-	342
Physical Environment.....	67	--	26	93
Culture and Recreation.....	52	--	50	102
Total Assigned.....	<u>1,417</u>	<u>--</u>	<u>2,561</u>	<u>3,978</u>
Unassigned :	<u>68</u>	<u>--</u>	<u>(2,581)</u>	<u>(2,513)</u>
Total Fund Balances.....	<u>\$ 18,739</u>	<u>\$ 9,126</u>	<u>\$ 98,473</u>	<u>\$ 126,338</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2011

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, 2011, in the respective funds are as follows (in thousands):

General Fund.....	\$	1,451
Electric.....		17,874
Gas.....		668
Sewer.....		29,971
Stormwater Management.....		3,839
Water.....		5,759
Airport.....		1,945
Nonmajor Governmental.....		13,667
Nonmajor Enterprise.....		4,877
Internal Service Funds.....		9,830
CRA.....		287
Total.....	\$	<u>90,168</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, 2011

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.

Changes in the balances of self-insured claims for the year ended September 30, 2011 are as follows (in thousands):

	2011
Unpaid claims – October 1 (including IBNRs).....	\$ 10,362
Expenses.....	8,398
Claim payments.....	(3,988)
Unpaid claims – September 30 (including IBNRs).....	\$ 14,772
Estimated amount due in one year.....	\$ 9,238

C. LITIGATION

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

D. FEDERAL AND STATE GRANTS

The City has received numerous federal and state grants that are subject to financial and compliance audits made in accordance with the Office of Management and Budget Circular A-133.

Certain grants, such as the Community Development Block Grant, Home grant, State Housing Initiatives Partnership, and others, provide for the issuance of loans to qualifying individuals or non-profit entities. Loans to individuals include down payment assistance loans that are not repaid unless certain events occur, such as the sale or refinancing of a purchased home within a certain time period. Loans to non-profit entities are sometimes only payable if the entity has sufficient annual cash flow, or may be forgiven by the City Commission to prevent economic hardship for the entity. Since repayment of these loans is contingent upon various factors, the loans are not reported in the Financial Statements. Down payment assistance loans for Special Projects totaled \$4.5 million and other loans approximately \$2.5 million. Down payment assistance loans for SHIP totaled \$2.1 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, 2011

NOTE V (CONTINUED)

E. LONG-TERM CONTRACTS

The City acquires natural gas and power through a combination of short, medium and long-term contracts. The City currently has 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 one such contract with Progress Energy Florida (PEF) for 11.4 MWs. The contract with PEF began in December 1998 and will continue through December 2016. 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, 2011 (in thousands):

Years ending September 30,	Gas Contracts	Energy Contract PEF	Total
2012	\$ 129,866	\$ 4,827	\$ 134,693
2013	17,133	4,971	22,104
2014	15,592	5,121	20,713
2015	16,286	5,274	21,560
2016	16,962	5,432	22,394
Thereafter	202,715	981	203,696
Total	\$ 398,554	\$ 26,606	\$ 425,160

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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE V (CONTINUED)

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

2011 Membership Statistical Information

A. Retirees and beneficiaries of deceased retirees currently receiving benefits.....	1,415
B. Terminated employees entitled to benefits but not yet receiving benefits.....	252
C. Active Employees.....	2,706
D. Total current year's payroll.....	\$ 159,919,000
E. Current year payroll for employees covered by the plan.....	\$ 132,778,000

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, 2009 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, 17 years; police officers, 30 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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE V (CONTINUED)

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 2011 totaling \$14,265,000 (\$7,909,000 employer contributions representing 7.39% covered payroll for general employees and \$6,356,000 voluntary employee contributions representing 4.31% of total covered MAP payroll), were made in accordance with contribution requirements determined through an actuarial valuation performed as of September 30, 2009. Total covered payroll for the MAP program was \$107,000,000 for general employees. Total covered payroll for fiscal year 2011 was \$147,595,000. 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 2011 amounted to \$27,077,000 of which \$17,657,000 and \$9,420,000 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 for Police Officers and Firefighters, and 5% per annum for general employees 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.

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

	General Employees		Police		Firefighters	
	Percent of		Percent of		Percent of	
	Amount	Payroll	Amount	Payroll	Amount	Payroll
Contribution Requirements:	\$ 15,495	15.92%	\$ 6,578	29.82%	\$ 5,004	37.34%
Contribution Made:						
City.....	\$ 10,408	10.69%	\$ 4,228	19.16%	\$ 3,022	22.55%
Employee.....	5,087	5.23%	2,350	10.66%	1,982	14.79%
Total.....	\$ 15,495	15.92%	\$ 6,578	29.82%	\$ 5,004	37.34%

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 7.39%, 7.14% and 7.44% for 2011, 2010 and 2009, 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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE V (CONTINUED)

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
2009	\$ 14,987	100%	\$ --
2010	14,379	100	--
2011	17,657	100	--

Contributions were made in accordance with actuarially determined contribution requirements.

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	7.8%
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
9/30/2007	1,076.7	994.1	82.6	108.2	129.6	63.7
9/30/2009	1,127.8	1088.1	39.7	103.7	129.4	30.7

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE V (CONTINUED)

Schedule of Employer Contributions

(in thousands)

<u>Fiscal Year</u>	<u>*Employer Annual Required Contributions</u>	<u>Percentage Contributed</u>
2007	\$14,223	100%
2008	14,695	100
2009	14,987	100
2010	14,379	100
2011	17,657	100

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

**Actuarial valuation prepared as of September 30, 2009 to determine annual contributions for the plan year beginning October 1, 2010.

H. OTHER EMPLOYEE BENEFITS

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

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

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

I. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE V (CONTINUED)

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

3. ANNUAL OPEB COST AND NET OPEB OBLIGATION - The contribution required to support the OPEB Plan is calculated based on the Annual Required Contribution (ARC), 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.....	\$	1,975
Interest on net OPEB obligation.....		194
Adjustment to annual required contribution.....		(142)
Annual OPEB cost.....	\$	2,027
Contributions made.....		(2,027)
Change in net OPEB obligation.....		--
Net OPEB obligation - October 1.....		2,500
Net OPEB obligation - September 30	\$	(2,500)

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
2011	\$ 2,027	100.00%	\$ 2,500

4. FUNDED STATUS AND FUNDING PROGRESS - As of October 1, 2010, the most recent actuarial valuation date, the plan was .21% funded. The actuarial accrued liability for benefits was \$24.5 million, and the actuarial value of assets was \$4.2 million resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$20.3 million. The covered payroll (annual payroll of active employees covered by the plan) was \$141.3 million, and the ratio of the UAAL to the covered payroll was 14.4 %. The schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE V (CONTINUED)

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, 2010 actuarial valuation, the pay related entry age actuarial cost method was used. The actuarial assumptions included a 7.75 % investment rate of return and a 4.0 % inflation assumption. The UAAL is being amortized as a level percentage of payroll on an open basis over a period of thirty years.

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, 2011, 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, 2011		Notional
	Classification	Amount (\$)	Classification	Amount (\$)	
Cash Flow Hedges:					
Commodity Forward - Natural Gas	Deferred Outflow of Resources	23,199	Derivative Instrument	(23,199)	17,385,000 MMBTUs
Commodity Forward - Diesel Fuel	Deferred Inflow of Resources	(414)	Derivative Instrument	414	756,000 Gallons
Commodity Forward - Gasoline	Deferred Inflow of Resources	(178)	Derivative Instrument	178	378,000 Gallons

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE V (CONTINUED)

The following table displays the objectives and terms of the City’s derivative instruments outstanding at September 30, 2011:

<u>Type</u>	<u>Objective</u>	<u>Effective Date</u>	<u>Maturity Date</u>	<u>Terms</u>
Commodity Forward Contract	Hedge of changes in cash flows due to market price fluctuations related to expected purchases of natural gas	Various	October 2011 - 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 2011 - 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 2011 - 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 “A-” issued from Standard & Poor’s Investors Service or “A1” issued from Moody’s Investors Service.

K. SUBSEQUENT EVENTS

MF Global Bankruptcy

On October 31, 2011, the City’s broker (MF Global) for natural gas, diesel fuel and gasoline futures and options filed for bankruptcy. All of the City’s hedged positions dating from November 2011 through October 2012 were transferred via the bankruptcy Trustees (appointed by the United States District Court for the Southern District of New York in conjunction with Epiq Bankruptcy Solutions) to another futures broker, R.J. O’Brien. The bankruptcy Trustees froze all assets \$5,824,831 on October 31, 2011 and has subsequently distributed customer funds on three separate occasions through December 15, 2011. The City has received 87% of all funds originally held by MF Global. The City filed a claim on January 31, 2012 with the Trustee for \$741,858 which remains frozen at MF Global. It is not known at this time how long the claims process is expected to take.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2011

NOTE V (CONTINUED)

2004 Series Capital Bonds

On December 1, 2011, the City defeased \$6,000,000 of the 2004 Series Capital Bonds. By defeasing these bonds, the City effectively reduced debt service by \$900,000 per year for the next seven years.

Hoffman Lawsuit Settlement

On January 6, 2012, the City Commission approved a settlement agreement entered into by all parties in the case of Irving Hoffman and Marjorie Weiss, as co-personal representatives of the Estate of Rachel Hoffman, plaintiffs v. the City of Tallahassee, Florida, defendant. Under the terms of the settlement agreement, the City agrees to pay plaintiffs the sum of \$2,600,000 subject to the following conditions:

1. \$200,000 (which represents the sovereign immunity limitation of liability) will be paid to the plaintiffs subject to the approval of the agreement by the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida.
2. The remaining \$2,400,000 payment is subject to the passage of an agreed to claims bill by the State of Florida Legislature and signed by the Governor requiring the City to pay that amount.

No payments have been made to date under this agreement. The City has sufficient resources in its Risk Management Fund to pay the agreed upon amount.

Sawicki Lawsuit Settlement

On February 8, 2012, the City Commission approved a settlement agreement entered into by all parties in the case of Mark T. Sawicki and Sharon L. Sawicki, plaintiffs v. the City of Tallahassee, Florida, defendant. Under the terms of the settlement agreement, the City agrees to pay plaintiffs the sum of \$900,000 subject to the following conditions:

1. \$200,000 (which represents the sovereign immunity limitation of liability) will be paid to the plaintiffs subject to the approval of the agreement by the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida.
2. The remaining \$700,000 payment is subject to the passage of an agreed to claims bill by the State of Florida Legislature and signed by the Governor requiring the City to pay that amount.

\$200,000 was paid to the plaintiffs on February 13, 2012. The City has sufficient resources in its Risk Management Fund to pay the remaining agreed upon amount.



THIS PAGE INTENTIONALLY LEFT BLANK.

REQUIRED SUPPLEMENTARY INFORMATION

THIS SUBSECTION CONTAINS THE FOLLOWING:

Budgetary Comparison Schedule-General Fund
Note to Required Supplementary Information
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, 2011
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - October 1	\$ 833	\$ 833	\$ 833	\$ --
Resources				
Taxes	56,926	56,926	56,819	(107)
Licenses and Permits	2,789	2,789	2,682	(107)
Intergovernmental Revenues	14,630	14,630	14,164	(466)
Charges for Services	8,674	8,719	8,076	(643)
Fines and Forfeitures	2,757	2,757	2,179	(578)
Interest Earned	500	500	366	(134)
Miscellaneous	11,136	11,136	10,335	(801)
Transfers from Other Funds	38,235	38,235	38,235	--
Amounts Available for Appropriations	<u>136,480</u>	<u>136,525</u>	<u>133,689</u>	<u>(2,836)</u>
Charges to Appropriations				
General Government	25,366	24,455	22,334	2,121
Public Safety	48,787	48,832	48,655	177
Transportation	15,347	14,757	14,913	(156)
Human Services	2,838	1,584	1,357	227
Economic Development	1,746	1,769	1,158	611
Physical Environment	1,784	1,784	1,554	230
Culture and Recreation	19,153	19,087	19,143	(56)
Debt Service	--	--	--	--
Transfers to Other Funds	21,459	24,257	22,885	1,372
Total Charges to Appropriations	<u>136,480</u>	<u>136,525</u>	<u>131,999</u>	<u>4,526</u>
Budgetary fund balance, September 30	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,690</u>	<u>\$ 1,690</u>

CITY OF TALLAHASSEE
REQUIRED SUPPLEMENTARY INFORMATION
Budgetary Comparison Schedule
General Fund
For the Year Ended September 30, 2011
(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.	\$ 133,689
Differences - budget to GAAP	
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes.	(833)
The increase in the fair market value of investments is an increase in revenue for financial reporting purposes but is considered a budgetary inflow.	327
The revenues of the City's Deficiency Reserve and Scholarship Reserve are current year revenues for reporting purposes but are not considered budgetary inflows.	1,091
Current year nonbudgeted transfer is treated as revenue for financial reporting purposes but not as a budgetary inflow.	5
Miscellaneous items treated as budgetary inflows but not as revenues for financial reporting purposes.	(1,837)
Total Revenues/Transfers In as reported on the statement of revenues, expenditures, and changes in fund balances.	\$ 132,442

Outflows of Resources

Actual amounts (budgetary basis) total charges to appropriations from the budgetary comparison schedule.	\$ 131,999
Differences - budget to GAAP	
The expenditures of the City's Deficiency Reserve and Scholarship reserve are current year expenditures for reporting purposes but are not considered budgetary outflows.	3,656
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	(949)
Miscellaneous items treated as budgetary outflows but not as expenditures for financial reporting purposes.	(5,669)
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances.	\$ 129,037

CITY OF TALLAHASSEE, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION (Continued)

September 30, 2011

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	\$ 4,351	72.1%
2011	\$ 2,027	100.0%

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



THIS PAGE INTENTIONALLY LEFT BLANK.

NONMAJOR FUNDS

GOVERNMENTAL FUNDS

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

CITY OF TALLAHASSEE, FLORIDA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2011
(in thousands)

	Special Revenue Funds				
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency Fund	State Housing Partnership
ASSETS					
Cash and Cash Equivalents.....	\$ 5,213	\$ 1,068	\$ 679	\$ 9,325	\$ 358
Securities Lending Collateral	617	130	80	1,133	49
Receivables:					
Accrued Interest.....	15	5	3	44	2
Customers and Other.....	70	12	--	--	--
Notes.....	23	--	--	--	276
Special Assessments.....	--	--	--	--	--
Due From Other Governments.....	1,390	--	--	--	--
Advances to Other Funds.....	--	--	--	--	--
Cash and Cash Equivalents - Restricted.....	--	--	--	--	--
Investments - Restricted.....	--	--	--	--	--
Securities Lending Collateral - Restricted.....	--	--	--	--	--
Receivables - Restricted:					
Accrued Interest Receivable.....	2	--	--	--	--
Customers.....	4	--	--	--	--
Notes Receivable.....	1,958	--	--	--	--
Due from Other Governments.....	--	--	--	--	--
Total Assets.....	<u>\$ 9,292</u>	<u>\$ 1,215</u>	<u>\$ 762</u>	<u>\$ 10,502</u>	<u>\$ 685</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Obligations Under Securities Lending	\$ 617	\$ 130	\$ 80	\$ 1,133	\$ 49
Accounts and Retainage Payable.....	438	2	695	--	--
Unearned Revenue.....	78	180	--	--	360
Advance from Other Funds.....	--	--	2,568	--	--
Accounts and Retainage Payable - Restricted.....	1,666	--	--	4	--
Obligations Under Securities Lending - Restricted..	--	--	--	--	--
Unearned Revenue - Restricted.....	--	--	--	--	--
Total Liabilities.....	<u>2,799</u>	<u>312</u>	<u>3,343</u>	<u>1,137</u>	<u>409</u>
FUND BALANCES					
Non-spendable.....	23	--	--	--	276
Spendable:					
Restricted.....	2,478	903	--	9,365	--
Committed.....	1,431	--	--	--	--
Assigned.....	2,561	--	--	--	--
Unassigned.....	--	--	(2,581)	--	--
Total Fund Balances.....	<u>6,493</u>	<u>903</u>	<u>(2,581)</u>	<u>9,365</u>	<u>276</u>
Total Liabilities and Fund Balances.....	<u>\$ 9,292</u>	<u>\$ 1,215</u>	<u>\$ 762</u>	<u>\$ 10,502</u>	<u>\$ 685</u>

CITY OF TALLAHASSEE, FLORIDA
COMBINING BALANCE SHEET
Nonmajor Governmental Funds
September 30, 2011
(in thousands)

Debt Service	Capital Projects Funds					Permanent Fund	Total
	Capital Improvement	Capital Bonds	Sales Tax	Gas Tax	Cemetery		
\$ --	\$ 16,106	\$ 34,275	\$ 11,093	\$ 7,091	\$ 5,900	\$ 91,108	
--	1,928	4,260	1,278	857	708	11,040	
--	87	166	54	34	29	439	
--	8	--	7	--	--	97	
--	125	--	--	--	--	424	
--	210	--	--	--	--	210	
--	--	--	599	344	--	2,333	
--	--	--	--	--	--	--	
1,891	--	--	--	--	--	1,891	
7,730	--	--	--	--	--	7,730	
1,155	--	--	--	--	--	1,155	
8	--	--	--	--	--	10	
--	--	--	--	--	--	4	
--	--	--	--	--	--	1,958	
--	--	--	--	--	--	--	
<u>\$ 10,784</u>	<u>\$ 18,464</u>	<u>\$ 38,701</u>	<u>\$ 13,031</u>	<u>\$ 8,326</u>	<u>\$ 6,637</u>	<u>\$ 118,399</u>	
\$ --	\$ 1,928	\$ 4,260	\$ 1,278	\$ 857	\$ 708	\$ 11,040	
--	211	1,018	124	236	5	2,729	
--	--	--	--	--	--	618	
--	146	--	--	--	--	2,714	
--	--	--	--	--	--	1,670	
1,155	--	--	--	--	--	1,155	
--	--	--	--	--	--	--	
<u>1,155</u>	<u>2,285</u>	<u>5,278</u>	<u>1,402</u>	<u>1,093</u>	<u>713</u>	<u>19,926</u>	
--	125	--	--	--	--	424	
9,629	--	33,423	11,629	7,233	--	74,660	
--	16,054	--	--	--	5,924	23,409	
--	--	--	--	--	--	2,561	
--	--	--	--	--	--	(2,581)	
<u>9,629</u>	<u>16,179</u>	<u>33,423</u>	<u>11,629</u>	<u>7,233</u>	<u>5,924</u>	<u>98,473</u>	
<u>\$ 10,784</u>	<u>\$ 18,464</u>	<u>\$ 38,701</u>	<u>\$ 13,031</u>	<u>\$ 8,326</u>	<u>\$ 6,637</u>	<u>\$ 118,399</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, 2011
(in thousands)

	Special Revenue Funds					
	Special Projects	Law Enforcement	Building Code Enforcement	Concurrency	State Housing Partnership	Debt Service
Revenues:						
Taxes.....	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits.....	--	--	2,977	1,473	--	--
Intergovernmental Revenues.....	8,600	322	--	--	82	--
Charges for Services.....	--	--	--	--	--	--
Fines and Forfeitures.....	--	257	--	--	--	--
Net Investment Earnings.....	80	19	--	138	13	820
Securities Lending Income.....	--	--	--	3	--	10
Change in Fair Value of Investments.....	73	(12)	8	(117)	(49)	(23)
Miscellaneous Revenues.....	303	--	--	--	--	1,192
Total Revenues.....	<u>9,056</u>	<u>586</u>	<u>2,985</u>	<u>1,497</u>	<u>46</u>	<u>1,999</u>
Expenditures:						
Current:						
General Government.....	690	--	--	--	--	--
Public Safety.....	1,228	522	2,423	48	--	--
Transportation.....	4,316	--	--	--	--	--
Human Services.....	330	--	--	--	--	--
Economic Environment.....	5,893	--	--	--	760	--
Physical Environment.....	383	--	--	--	--	--
Cultural and Recreation.....	158	--	--	--	--	--
Securities Lending Expense:						
Interest.....	--	--	--	2	--	5
Agent Fees.....	--	--	--	--	--	1
Debt Service:						
Principal Retired.....	--	--	--	--	--	4,615
Interest and Fiscal Charges.....	--	--	--	--	--	4,462
Total Expenditures.....	<u>12,998</u>	<u>522</u>	<u>2,423</u>	<u>50</u>	<u>760</u>	<u>9,083</u>
 Excess of Revenues Over (Under) Expenditures.....	 <u>(3,942)</u>	 <u>64</u>	 <u>562</u>	 <u>1,447</u>	 <u>(714)</u>	 <u>(7,084)</u>
Other Financing Sources (Uses):						
Transfers In.....	1,623	205	52	--	--	7,158
Transfers Out.....	(199)	(205)	(329)	(1,120)	--	--
Proceeds from Sale of Capital Assets.....	--	--	--	--	--	--
Total Other Financing Sources (Uses).....	<u>1,424</u>	<u>--</u>	<u>(277)</u>	<u>(1,120)</u>	<u>--</u>	<u>7,158</u>
 Net Change in Fund Balances.....	 <u>(2,518)</u>	 <u>64</u>	 <u>285</u>	 <u>327</u>	 <u>(714)</u>	 <u>74</u>
Fund Balances - October 1.....	13,064	839	(2,866)	9,038	990	9,555
Adjustment to October 1 Fund Balance.....	(4,053)	--	--	--	--	--
Fund Balances - October 1, as restated.....	9,011	839	(2,866)	9,038	990	9,555
Fund Balances - September 30.....	<u>\$ 6,493</u>	<u>\$ 903</u>	<u>\$ (2,581)</u>	<u>\$ 9,365</u>	<u>\$ 276</u>	<u>\$ 9,629</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, 2011
(in thousands)

Capital Projects Funds				Permanent Fund	
Capital Improvement	Capital Bonds	Sales Tax	Gas Tax	Cemetery	Total
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	4,450
6,361	145	4,675	4,126	--	24,311
17	--	5	--	113	135
--	--	--	--	--	257
283	613	83	123	93	2,265
3	8	--	3	--	27
36	(1,227)	446	(50)	27	(888)
--	56	27	--	--	1,578
<u>6,700</u>	<u>(405)</u>	<u>5,236</u>	<u>4,202</u>	<u>233</u>	<u>32,135</u>
397	3,813	414	668	--	5,982
75	--	--	--	--	4,296
2,634	4,676	1,354	4,172	--	17,152
--	--	--	--	--	330
276	--	--	--	--	6,929
--	--	--	--	465	848
455	8	43	1	--	665
2	4	--	2	--	15
--	1	--	--	--	2
--	--	--	--	--	4,615
--	--	--	--	--	4,462
<u>3,839</u>	<u>8,502</u>	<u>1,811</u>	<u>4,843</u>	<u>465</u>	<u>45,296</u>
<u>2,861</u>	<u>(8,907)</u>	<u>3,425</u>	<u>(641)</u>	<u>(232)</u>	<u>(13,161)</u>
1,200	--	6,870	--	--	17,108
(3,228)	(3,390)	--	(1,753)	(28)	(10,252)
--	--	--	--	--	--
<u>(2,028)</u>	<u>(3,390)</u>	<u>6,870</u>	<u>(1,753)</u>	<u>(28)</u>	<u>6,856</u>
833	(12,297)	10,295	(2,394)	(260)	(6,305)
15,346	45,720	1,334	9,627	6,184	108,831
--	--	--	--	--	(4,053)
<u>15,346</u>	<u>45,720</u>	<u>1,334</u>	<u>9,627</u>	<u>6,184</u>	<u>104,778</u>
<u>\$ 16,179</u>	<u>\$ 33,423</u>	<u>\$ 11,629</u>	<u>\$ 7,233</u>	<u>\$ 5,924</u>	<u>\$ 98,473</u>

NONMAJOR FUNDS

ENTERPRISE FUNDS

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

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
Nonmajor Enterprise Funds
September 30, 2011
(in thousands)

	<u>StarMetro</u>	<u>Solid Waste</u>	<u>Golf</u>	<u>Fire Services</u>	<u>Total</u>
ASSETS					
Current Assets					
Cash and Cash Equivalents.....	\$ 1	\$ 11,919	\$ 489	\$ --	\$ 12,409
Securities Lending Collateral.....	--	1,420	58	--	1,478
Receivables:					
Accrued Interest.....	--	58	2	--	60
Customers and Others.....	697	1,163	--	1,471	3,331
Due From Other Governments.....	1,545	--	--	446	1,991
Less: Allowance for Doubtful Accounts.....	(3)	(557)	--	(100)	(660)
Inventory.....	791	--	34	--	825
Cash and Cash Equivalents - Restricted.....	2,100	--	--	--	2,100
Total Current Assets.....	<u>5,131</u>	<u>14,003</u>	<u>583</u>	<u>1,817</u>	<u>21,534</u>
Noncurrent Assets					
Derivative Instruments.....	205	--	--	--	205
Deposits.....	1,039	--	--	--	1,039
Capital Assets					
Land and Construction in Progress.....	6,534	--	144	1,440	8,118
Other, Net of Accumulated Depreciation.....	20,041	2,214	1,588	13,326	37,169
Total Noncurrent Assets.....	<u>27,819</u>	<u>2,214</u>	<u>1,732</u>	<u>14,766</u>	<u>46,531</u>
Total Assets.....	<u>\$ 32,950</u>	<u>\$ 16,217</u>	<u>\$ 2,315</u>	<u>\$ 16,583</u>	<u>\$ 68,065</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current Liabilities					
Accounts Payable.....	\$ 2,418	\$ 971	\$ 21	\$ 1,227	\$ 4,637
Due to Other Funds.....	8	--	1	--	9
Compensated Absences.....	518	256	11	1,845	2,630
Obligations Under Securities Lending.....	--	1,420	58	--	1,478
Loan Payable - Current.....	--	--	--	381	381
Unearned Revenue.....	--	--	33	--	33
Total Current Liabilities.....	<u>2,944</u>	<u>2,647</u>	<u>124</u>	<u>3,453</u>	<u>9,168</u>
Noncurrent Liabilities:					
Loans Payable.....	--	--	--	--	--
Advances from Other Funds.....	--	--	--	1,610	1,610
Net OPEB Obligation.....	--	--	--	--	--
Deferred Inflows of Resources.....	205	--	--	--	205
Compensated Absences.....	168	212	19	520	919
Total Noncurrent Liabilities.....	<u>373</u>	<u>212</u>	<u>19</u>	<u>2,130</u>	<u>2,734</u>
Total Liabilities.....	<u>3,317</u>	<u>2,859</u>	<u>143</u>	<u>5,583</u>	<u>11,902</u>
Net Assets					
Investment in Capital Assets, net of related debt..	26,575	2,214	1,732	12,775	43,296
Restricted for					
Renewal, Replacement, and Improvements.....	2,100	--	--	--	2,100
Unrestricted.....	958	11,144	440	(1,775)	10,767
Total Net Assets.....	<u>29,633</u>	<u>13,358</u>	<u>2,172</u>	<u>11,000</u>	<u>56,163</u>
Total Liabilities and Net Assets.....	<u>\$ 32,950</u>	<u>\$ 16,217</u>	<u>\$ 2,315</u>	<u>\$ 16,583</u>	<u>\$ 68,065</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, 2011
(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.....	\$ --	\$ 9,094	\$ --	\$ 16,843	\$ 25,937
Commercial and Industrial Sales.....	--	12,174	--	11,239	23,413
County Government.....	--	--	--	2,761	2,761
Recyclable Sales.....	--	578	--	--	578
Recreation Fees.....	--	--	892	--	892
Transportation Fees.....	4,656	--	--	--	4,656
Other.....	35	13	--	344	392
Total Operating Revenues.....	<u>4,691</u>	<u>21,859</u>	<u>892</u>	<u>31,187</u>	<u>58,629</u>
Operating Expenses:					
Personnel Services.....	9,519	4,243	495	21,620	35,877
Contractual Services.....	3,968	15,231	30	7,393	26,622
Materials and Supplies.....	2,677	77	136	788	3,678
Other Expenses.....	75	265	40	531	911
Depreciation.....	2,200	68	169	814	3,251
Total Operating Expenses.....	<u>18,439</u>	<u>19,884</u>	<u>870</u>	<u>31,146</u>	<u>70,339</u>
Operating Income (Loss).....	<u>(13,748)</u>	<u>1,975</u>	<u>22</u>	<u>41</u>	<u>(11,710)</u>
Non-Operating Revenues (Expenses):					
Net Investment Earnings.....	--	180	2	--	182
Change in the Fair Value of Investments.....	(9)	89	9	(47)	42
Securities Lending:					
Income.....	--	3	--	--	3
Interest.....	--	(2)	--	--	(2)
Agent Fees.....	--	--	--	--	--
Other Revenues (Expenses).....	(149)	--	(16)	7	(158)
Grant Revenues.....	3,252	--	--	--	3,252
Gain (Loss) on Sale of Assets.....	--	--	--	--	--
Interest Expense.....	--	--	--	(70)	(70)
Total Non-Operating Revenues (Expenses).....	<u>3,094</u>	<u>270</u>	<u>(5)</u>	<u>(110)</u>	<u>3,249</u>
Income (Loss) Before Capital Contributions and Operating Transfers.....	<u>(10,654)</u>	<u>2,245</u>	<u>17</u>	<u>(69)</u>	<u>(8,461)</u>
Operating Transfers:					
Capital Contributions.....	1,696	--	--	--	1,696
Transfers In.....	10,290	--	--	1,034	11,324
Transfers Out.....	(147)	(164)	(1)	(450)	(762)
Total Operating Transfers.....	<u>11,839</u>	<u>(164)</u>	<u>(1)</u>	<u>584</u>	<u>12,258</u>
Change in Net Assets.....	<u>1,185</u>	<u>2,081</u>	<u>16</u>	<u>515</u>	<u>3,797</u>
Net Assets - October 1.....	<u>28,448</u>	<u>11,277</u>	<u>2,156</u>	<u>10,825</u>	<u>52,706</u>
Adjustment to October 1 Net Assets.....	--	--	--	(340)	(340)
Net Assets - October 1, as restated.....	<u>28,448</u>	<u>11,277</u>	<u>2,156</u>	<u>10,485</u>	<u>52,366</u>
Net Assets - September 30.....	<u>\$ 29,633</u>	<u>\$ 13,358</u>	<u>\$ 2,172</u>	<u>\$ 11,000</u>	<u>\$ 56,163</u>

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Nonmajor Enterprise Funds
For the Year Ended September 30, 2011
(in thousands)

	StarMetro	Solid Waste	Golf	Fire Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers.....	\$ 4,856	\$ 21,934	\$ 895	\$ 31,958	\$ 59,643
Cash Received from Other Revenues.....	--	--	--	7	7
Cash Paid to Suppliers for Goods and Services.....	(4,892)	(10,951)	(133)	(4,664)	(20,640)
Cash Paid to Employees for Services.....	(9,449)	(4,270)	(501)	(21,943)	(36,163)
Cash Paid for Other Expenses.....	--	--	--	(340)	(340)
Cash Paid to Other Funds.....	(1,619)	(4,695)	(92)	(5,153)	(11,559)
Net Cash Provided by (Used for) Operating Activities.....	<u>(11,104)</u>	<u>2,018</u>	<u>169</u>	<u>(135)</u>	<u>(9,052)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In from Other Funds.....	10,290	--	--	1,034	11,324
Transfers Out to Other Funds.....	(147)	(164)	(1)	(450)	(762)
Operating Grants Received.....	2,785	--	--	--	2,785
Repayment of Advances to Other Funds.....	--	--	--	--	--
Net Cash Provided by (Used for) Noncapital Financing Activities.....	<u>12,928</u>	<u>(164)</u>	<u>(1)</u>	<u>584</u>	<u>13,347</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Contributions.....	1,696	--	--	--	1,696
Acquisition, Construction, and Sale of Capital Assets.....	(3,532)	6	--	(264)	(3,790)
Repayment of Loans from Other Funds.....	--	--	--	(115)	(115)
Interest Paid.....	--	--	--	(70)	(70)
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	<u>(1,836)</u>	<u>6</u>	<u>--</u>	<u>(449)</u>	<u>(2,279)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received on Investments.....	--	162	1	--	163
Increase in the Fair Value of Cash and Cash Equivalents.....	--	89	9	--	98
Net Cash Provided by (Used for) Investing Activities.....	<u>--</u>	<u>251</u>	<u>10</u>	<u>--</u>	<u>261</u>
Net Increase in Cash and Cash Equivalents/Investments.....	(12)	2,111	178	--	2,277
Cash and Cash Equivalents - October 1.....	2,113	9,808	311	--	12,232
Cash and Cash Equivalents - September 30.....	<u>\$ 2,101</u>	<u>\$ 11,919</u>	<u>\$ 489</u>	<u>\$ --</u>	<u>\$ 14,509</u>
Classified As:					
Unrestricted Assets.....	\$ 1	\$ 11,919	\$ 489	\$ --	\$ 12,409
Restricted Assets.....	\$ 2,100	\$ --	\$ --	\$ --	\$ 2,100
	<u>\$ 2,101</u>	<u>\$ 11,919</u>	<u>\$ 489</u>	<u>\$ --</u>	<u>\$ 14,509</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss).....	\$ (13,748)	\$ 1,975	\$ 22	\$ 41	\$ (11,710)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation.....	2,200	68	169	814	3,251
Provision for Uncollectible Accounts.....	(1)	18	--	--	17
Net OPEB Obligation.....	--	--	--	--	--
Other.....	--	--	--	(333)	(333)
Increase in Accounts Receivable.....	181	57	--	771	1,009
(Increase) Decrease in Inventory.....	(54)	--	(3)	--	(57)
Increase (Decrease) in Due to Other Funds.....	--	--	--	--	--
Increase (Decrease) in Accounts Payable.....	814	(73)	(16)	(1,501)	(776)
Increase in Prepaid Expenses.....	(551)	--	--	--	(551)
Increase (Decrease) in Deferred Revenue.....	(15)	--	3	--	(12)
Increase (Decrease) in Accrued Leave.....	70	(27)	(6)	73	110
Total Adjustments.....	<u>2,644</u>	<u>43</u>	<u>147</u>	<u>(176)</u>	<u>2,658</u>
Net Cash Provided by (Used for) Operating Activities.....	<u>\$ (11,104)</u>	<u>\$ 2,018</u>	<u>\$ 169</u>	<u>\$ (135)</u>	<u>\$ (9,052)</u>
Contributions of Capital Assets.....	\$ --	\$ --	\$ --	\$ --	\$ --



THIS PAGE INTENTIONALLY LEFT BLANK.

INTERNAL SERVICE FUNDS

800 MHz Communications	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.
Information Systems Services	Accounts for the costs of the City's data processing operations.
Accounting	Accounts for the costs of the City's accounting operations.
Purchasing	Accounts for the costs of the City's procurement operations.
Garage	Accounts for the costs of maintaining and operating the City's fleet management operation.
Human Resources	Accounts for the costs of the City's employee relations operations.
Pension Administration	Accounts for the costs of the City's employee retirement plan's administrative operation.
Risk Management	Accounts for the costs of the City's risk management.
Internal Loan	Accounts for the loans received from the Sunshine State Governmental Financing Commission, which in turn are loaned to other funds to provide financing for capital projects.
Revenue Collection	Accounts for the costs of the City's revenue collection services.
Utility Services	Accounts for the costs of centralizing safety and training, environmental, GIS, sales, rate design, and marketing functions of the City's utilities.
Wholesale Energy Services	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.
Environmental Policy and Energy Resources	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, 2011
(in thousands)

ASSETS	800 Mhz	Information Systems Services	Accounting	Purchasing	Garage	Human Resources
Current Assets						
Cash and Cash Equivalents.....	\$ 1,661	\$ 6,066	\$ 311	\$ 165	\$ 9,844	\$ 479
Securities Lending Collateral.....	200	719	37	21	1,157	69
Receivables:						
Other.....	1	1	--	--	71	5
Accrued Interest.....	8	29	2	1	48	2
Inventory	--	--	--	--	1,548	--
Prepaid Expenses.....	--	--	--	--	--	--
Due from Other Funds.....	--	--	--	--	--	--
Total Current Assets.....	1,870	6,815	350	187	12,668	555
Noncurrent Assets						
Advances to Other Funds.....	--	--	--	--	--	--
Derivative Instruments.....	--	--	--	--	387	--
Deferred Outflow of Resources.....	--	--	--	--	--	--
Deposits.....	--	--	--	--	2,477	--
Capital Assets						
Land and Construction in Progress.....	440	4,172	--	44	80	--
Other, Net of Accumulated Depreciation....	6,645	1,317	9	792	40,096	18
	7,085	5,489	9	836	43,040	18
Total Assets.....	\$ 8,955	\$ 12,304	\$ 359	\$ 1,023	\$ 55,708	\$ 573
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current Liabilities						
Obligations Under Securities Lending.....	\$ 200	\$ 719	\$ 37	\$ 21	\$ 1,157	\$ 69
Accounts Payable.....	174	286	53	33	273	62
Due to Other Funds.....	--	--	--	--	--	--
Unearned Revenue.....	83	--	--	--	--	--
Compensated Absences.....	19	467	175	136	242	174
Bonds Payable - Current.....	--	--	--	--	--	--
Total Current Liabilities.....	476	1,472	265	190	1,672	305
Noncurrent Liabilities						
Advances from Other Funds.....	--	--	--	--	--	--
Bonds Payable.....	--	--	--	--	--	--
Claims Payable.....	--	--	--	--	--	--
Derivative Instruments.....	--	--	--	--	--	--
Deferred Inflow of Resources.....	--	--	--	--	387	--
Compensated Absences.....	--	301	14	24	181	4
Total Noncurrent Liabilities.....	--	301	14	24	568	4
Total Liabilities.....	476	1,773	279	214	2,240	309
NET ASSETS						
Invested in capital assets, net of related debt...	7,085	5,489	9	836	40,176	18
Unrestricted.....	1,394	5,042	71	(27)	13,292	246
Total Net Assets.....	8,479	10,531	80	809	53,468	264
Total Liabilities and Net Assets.....	\$ 8,955	\$ 12,304	\$ 359	\$ 1,023	\$ 55,708	\$ 573

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF NET ASSETS
Internal Service Funds
September 30, 2011
(in thousands)

	Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Wholesale Energy Services	Environmental Policy	Total
\$	114	\$ 23,829	\$ 2,298	\$ 170	\$ 2,020	\$ 15,200	\$ 99	\$ 62,256
	14	2,855	280	18	249	1,806	12	7,437
	1	1	--	7	--	868	--	955
	1	115	11	1	10	73	--	301
	--	--	--	--	--	327	--	1,875
	--	1,287	--	--	--	--	--	1,287
	--	--	--	76	--	--	--	76
	<u>130</u>	<u>28,087</u>	<u>2,589</u>	<u>272</u>	<u>2,279</u>	<u>18,274</u>	<u>111</u>	<u>74,187</u>
	--	--	6,757	--	--	--	--	6,757
	--	--	--	--	--	--	--	387
	--	--	--	--	--	23,199	--	23,199
	--	--	--	--	--	22,577	--	25,054
	--	--	--	--	--	--	--	4,736
	3	2	--	1,409	822	21	--	51,134
	<u>3</u>	<u>2</u>	<u>6,757</u>	<u>1,409</u>	<u>822</u>	<u>45,797</u>	<u>--</u>	<u>111,267</u>
\$	<u>133</u>	\$ <u>28,089</u>	\$ <u>9,346</u>	\$ <u>1,681</u>	\$ <u>3,101</u>	\$ <u>64,071</u>	\$ <u>111</u>	\$ <u>185,454</u>
\$	14	\$ 2,855	\$ 280	\$ 18	\$ 249	\$ 1,806	\$ 12	7,437
	17	55	--	58	147	10,438	37	11,633
	--	--	--	--	--	22,465	--	22,465
	--	--	--	--	--	--	--	83
	41	80	--	90	470	193	95	2,182
	--	--	1,175	--	--	--	--	1,175
	<u>72</u>	<u>2,990</u>	<u>1,455</u>	<u>166</u>	<u>866</u>	<u>34,902</u>	<u>144</u>	<u>44,975</u>
	736	--	--	--	36	--	--	772
	--	--	5,120	--	--	--	--	5,120
	--	14,772	--	--	--	--	--	14,772
	--	--	--	--	--	23,199	--	23,199
	--	--	--	--	--	--	--	387
	14	15	--	67	154	69	24	867
	<u>750</u>	<u>14,787</u>	<u>5,120</u>	<u>67</u>	<u>190</u>	<u>23,268</u>	<u>24</u>	<u>45,117</u>
	822	17,777	6,575	233	1,056	58,170	168	90,092
	3	2	--	1,409	786	21	--	55,834
	(692)	10,310	2,771	39	1,259	5,880	(57)	39,528
	<u>(689)</u>	<u>10,312</u>	<u>2,771</u>	<u>1,448</u>	<u>2,045</u>	<u>5,901</u>	<u>(57)</u>	<u>95,362</u>
\$	<u>133</u>	\$ <u>28,089</u>	\$ <u>9,346</u>	\$ <u>1,681</u>	\$ <u>3,101</u>	\$ <u>64,071</u>	\$ <u>111</u>	\$ <u>185,454</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, 2011
(in thousands)

	800Mhz	Information Systems Services	Accounting	Purchasing	Garage	Human Resources
Operating Revenues:						
Charges for Service.....	\$ 1,111	\$ 16,000	\$ 3,483	\$ 2,448	\$ 17,732	\$ 3,613
Total Operating Revenues.....	<u>1,111</u>	<u>16,000</u>	<u>3,483</u>	<u>2,448</u>	<u>17,732</u>	<u>3,613</u>
Operating Expenses:						
Personnel Services.....	512	6,239	2,286	1,868	3,791	2,327
Contractual Services.....	939	8,318	939	207	1,463	749
Materials and Supplies.....	8	40	16	45	5,791	20
Other Expenses.....	10	554	14	37	32	234
Depreciation.....	562	455	139	44	5,951	3
Total Operating Expenses.....	<u>2,031</u>	<u>15,606</u>	<u>3,394</u>	<u>2,201</u>	<u>17,028</u>	<u>3,333</u>
Operating Income (Loss).....	<u>(920)</u>	<u>394</u>	<u>89</u>	<u>247</u>	<u>704</u>	<u>280</u>
Non-Operating Revenues (Expenses):						
Net Investment Earnings.....	28	93	8	7	150	12
Change in the Fair Value of Investments.....	(7)	72	2	(10)	198	(93)
Securities Lending:						
Income.....	--	--	--	--	3	--
Interest Expense.....	--	--	--	--	(2)	--
Agent Fees.....	--	--	--	--	--	--
Other Revenue.....	--	2	8	--	806	--
Gain (Loss) on the sale of surplus property.....	--	--	--	--	--	3
Interest Expense.....	--	--	--	--	--	--
Other Expense.....	--	(47)	--	--	--	--
Total Non-Operating Revenues.....	<u>21</u>	<u>120</u>	<u>18</u>	<u>(3)</u>	<u>1,155</u>	<u>(78)</u>
Income (Loss) Before Capital Contributions and Transfers.....	<u>(899)</u>	<u>514</u>	<u>107</u>	<u>244</u>	<u>1,859</u>	<u>202</u>
Capital Contributions and Transfers						
Capital Contributions.....	--	--	--	--	3,114	--
Transfers In.....	--	58	100	13	--	1
Transfers Out.....	--	(510)	(340)	(295)	(19)	(291)
Total Capital Contributions and Transfers.....	<u>--</u>	<u>(452)</u>	<u>(240)</u>	<u>(282)</u>	<u>3,095</u>	<u>(290)</u>
Change in Net Assets.....	<u>(899)</u>	<u>62</u>	<u>(133)</u>	<u>(38)</u>	<u>4,954</u>	<u>(88)</u>
Net Assets - October 1.....	9,378	10,469	213	847	48,514	352
Adjustment to October 1 Net Assets.....	--	--	--	--	--	--
Net Assets - October 1, as restated.....	<u>9,378</u>	<u>10,469</u>	<u>213</u>	<u>847</u>	<u>48,514</u>	<u>352</u>
Net Assets - September 30.....	<u>\$ 8,479</u>	<u>\$ 10,531</u>	<u>\$ 80</u>	<u>\$ 809</u>	<u>\$ 53,468</u>	<u>\$ 264</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, 2011
(in thousands)

Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Environmental Policy	Wholesale Energy Services	Total
\$ 832	\$ 9,860	\$ --	\$ 2,212	\$ 12,183	\$ 1,544	\$ 203,825	\$ 274,843
832	9,860	--	2,212	12,183	1,544	203,825	274,843
577	1,183	--	1,220	7,276	1,206	2,241	30,726
187	247	--	340	3,862	231	203,307	220,789
17	11	--	164	562	39	98	6,811
9	11,053	--	13	288	32	14	12,290
2	1	--	641	142	--	7	7,947
792	12,495	--	2,378	12,130	1,508	205,667	278,563
40	(2,635)	--	(166)	53	36	(1,842)	(3,720)
5	366	329	4	44	2	89	1,137
(5)	35	(39)	17	(55)	--	146	261
--	6	3	--	--	--	--	12
--	(3)	(2)	--	--	--	--	(7)
--	(1)	--	--	--	--	--	(1)
--	--	--	26	2	--	--	844
--	--	--	18	--	--	--	21
--	--	(272)	--	(2)	--	--	(274)
--	--	(146)	--	--	--	--	(193)
--	403	(127)	65	(11)	2	235	1,800
40	(2,232)	(127)	(101)	42	38	(1,607)	(1,920)
--	--	--	--	--	--	--	3,114
--	--	--	125	--	--	6,941	7,238
(4)	--	(1,394)	(595)	(310)	(19)	(60)	(3,837)
(4)	--	(1,394)	(470)	(310)	(19)	6,881	6,515
36	(2,232)	(1,521)	(571)	(268)	19	5,274	4,595
(725)	12,544	4,292	2,019	2,313	(76)	627	90,767
--	--	--	--	--	--	--	--
(725)	12,544	4,292	2,019	2,313	(76)	627	90,767
\$ (689)	\$ 10,312	\$ 2,771	\$ 1,448	\$ 2,045	\$ (57)	\$ 5,901	\$ 95,362

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
For the Year Ended September 30, 2011
(in thousands)

	800 MHz	Information System Services	Accounting	Purchasing	Garage
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Other Funds.....	\$ 1,147	\$ 15,999	\$ 3,482	\$ 2,448	\$ 16,616
Cash Paid to Suppliers for Goods and Services.....	(848)	(9,955)	(1,001)	(352)	(8,718)
Cash Paid to Employees for Services.....	(502)	(6,274)	(2,281)	(1,883)	(3,753)
Cash Paid to Other Funds.....	--	--	--	--	--
Net Cash Provided by (Used for) Operating Activities...	<u>(203)</u>	<u>(230)</u>	<u>200</u>	<u>213</u>	<u>4,145</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds.....	--	58	100	13	--
Other.....	--	--	--	--	806
Transfers to Other Funds.....	--	(510)	(340)	(295)	(19)
Net Cash Flows Provided by (Used for) Noncapital Financing Activities.....	<u>--</u>	<u>(452)</u>	<u>(240)</u>	<u>(282)</u>	<u>787</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions from other funds.....	--	--	--	--	3,114
Proceeds from sale of properties.....	--	--	(8)	--	--
Loan Proceeds.....	--	--	8	--	--
Acquisition and Construction of Capital Assets.....	(433)	(79)	--	--	(12,076)
Loan Issue Costs.....	--	--	--	--	--
Proceeds from Sale of Capital Assets.....	--	--	--	--	--
Repayment of Loans.....	--	--	--	--	--
Interest Paid.....	--	--	--	--	--
Net Cash Provided by (Used For) Capital and Related Financing Activities.....	<u>(433)</u>	<u>(79)</u>	<u>--</u>	<u>--</u>	<u>(8,962)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received on Investments.....	28	93	8	7	151
Non Interest bearing Deposit.....	--	--	--	--	--
Increase in the Fair Value of Cash & Cash Equivalents....	(7)	72	2	(10)	198
Net Cash Provided by (Used for) Investing Activities....	<u>21</u>	<u>165</u>	<u>10</u>	<u>(3)</u>	<u>349</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	(615)	(596)	(30)	(72)	(3,681)
Cash and Cash Equivalents - October 1.....	2,276	6,662	341	237	13,525
Cash and Cash Equivalents - September 30.....	<u>\$ 1,661</u>	<u>\$ 6,066</u>	<u>\$ 311</u>	<u>\$ 165</u>	<u>\$ 9,844</u>
Classified As:					
Unrestricted Assets.....	\$ 1,661	\$ 6,066	\$ 311	\$ 165	\$ 9,844
Restricted Assets.....	\$ --	\$ --	\$ --	\$ --	\$ --
	<u>\$ 1,661</u>	<u>\$ 6,066</u>	<u>\$ 311</u>	<u>\$ 165</u>	<u>\$ 9,844</u>
OPERATING ACTIVITIES:					
Operating Income (Loss).....	<u>\$ (920)</u>	<u>\$ 394</u>	<u>\$ 89</u>	<u>\$ 247</u>	<u>\$ 704</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation.....	562	455	139	44	5,951
Net OPEB Obligation.....	--	--	--	--	--
(Increase) Decrease in Accounts Receivable.....	35	1	--	--	11
Increase (Decrease) in Other Accounts Receivable.....	1	(2)	(1)	--	6
Increase (Decrease) in Prepaid Expenses.....	--	--	--	--	--
Increase (Decrease) in Due to Other Funds.....	--	--	--	--	--
Increase (Decrease) in Deposits.....	--	--	--	--	(1,133)
Increase in Loans to Other Funds.....	--	--	--	--	--
(Increase) Decrease in Inventory.....	--	--	--	--	(878)
Increase (Decrease) in Accounts Payable.....	109	(1,043)	(32)	(63)	(554)
Increase (Decrease) in Accrued Leave.....	10	(35)	5	(15)	38
Decrease in Insurance Deposits.....	--	--	--	--	--
Total Adjustments.....	<u>717</u>	<u>(624)</u>	<u>111</u>	<u>(34)</u>	<u>3,441</u>
Net Cash Provided by (Used For) Operating Activities.....	<u>\$ (203)</u>	<u>\$ (230)</u>	<u>\$ 200</u>	<u>\$ 213</u>	<u>\$ 4,145</u>

CITY OF TALLAHASSEE, FLORIDA
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
For the Year Ended September 30, 2011
(in thousands)

Human Resources	Pension Administration	Risk Management	Internal Loan	Revenue Collection	Utility Services	Wholesale Energy Services	Environmental Policy	Total
\$ 3,631	\$ 831	\$ 9,829	\$ (665)	\$ 2,212	\$ 12,182	\$ 213,739	\$ 1,544	\$ 282,995
(1,076)	(222)	(6,922)	--	(528)	(4,865)	(211,835)	(314)	(246,636)
(2,345)	(565)	(1,173)	--	(1,254)	(7,276)	(2,244)	(1,182)	(30,732)
--	--	--	--	--	--	--	--	--
<u>210</u>	<u>44</u>	<u>1,734</u>	<u>(665)</u>	<u>430</u>	<u>41</u>	<u>(340)</u>	<u>48</u>	<u>5,627</u>
--	--	--	--	125	--	6,941	--	7,237
--	--	--	--	--	--	--	--	806
(290)	(4)	--	(1,394)	(595)	(310)	(60)	(18)	(3,835)
<u>(290)</u>	<u>(4)</u>	<u>--</u>	<u>(1,394)</u>	<u>(470)</u>	<u>(310)</u>	<u>6,881</u>	<u>(18)</u>	<u>4,208</u>
--	--	--	--	--	--	--	--	3,114
--	(3)	--	--	(26)	(4)	--	--	(41)
--	--	--	(3,440)	--	(50)	--	--	(3,482)
--	--	--	--	26	--	(9)	--	(12,571)
--	--	--	(146)	--	--	--	--	(146)
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	--	--
--	--	--	(272)	--	(2)	--	--	(274)
<u>--</u>	<u>(3)</u>	<u>--</u>	<u>(3,858)</u>	<u>--</u>	<u>(56)</u>	<u>(9)</u>	<u>--</u>	<u>(13,400)</u>
12	5	368	330	4	44	89	2	1,141
--	--	--	145	--	--	--	--	145
(93)	(5)	35	(39)	17	(55)	146	--	261
<u>(81)</u>	<u>--</u>	<u>403</u>	<u>436</u>	<u>21</u>	<u>(11)</u>	<u>235</u>	<u>2</u>	<u>1,547</u>
(161)	37	2,137	(5,481)	(19)	(336)	6,767	32	(2,018)
640	77	21,692	7,779	189	2,356	8,433	67	64,274
<u>\$ 479</u>	<u>\$ 114</u>	<u>\$ 23,829</u>	<u>\$ 2,298</u>	<u>\$ 170</u>	<u>\$ 2,020</u>	<u>\$ 15,200</u>	<u>\$ 99</u>	<u>\$ 62,256</u>
479	114	23,829	2,298	170	2,020	15,200	99	62,256
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
<u>\$ 479</u>	<u>\$ 114</u>	<u>\$ 23,829</u>	<u>\$ 2,298</u>	<u>\$ 170</u>	<u>\$ 2,020</u>	<u>\$ 15,200</u>	<u>\$ 99</u>	<u>\$ 62,256</u>
<u>\$ 280</u>	<u>\$ 40</u>	<u>\$ (2,635)</u>	<u>\$ --</u>	<u>\$ (166)</u>	<u>\$ 53</u>	<u>\$ (1,842)</u>	<u>\$ 35</u>	<u>\$ (3,721)</u>
3	2	1	--	641	142	7	--	7,947
--	--	--	--	--	--	--	--	--
18	--	(1)	--	--	--	778	--	842
--	(1)	(30)	20	--	(1)	(40)	--	(48)
--	--	--	--	--	--	--	--	--
--	--	--	--	--	--	(8,021)	--	(8,021)
--	--	--	--	--	--	9,176	--	8,043
--	--	--	(685)	--	--	--	--	(685)
--	--	--	--	--	--	518	--	(360)
(73)	(9)	4,389	--	(11)	(153)	(913)	(12)	1,635
(18)	12	10	--	(34)	--	(3)	25	(5)
--	--	--	--	--	--	--	--	--
<u>(70)</u>	<u>4</u>	<u>4,369</u>	<u>(665)</u>	<u>596</u>	<u>(12)</u>	<u>1,502</u>	<u>13</u>	<u>9,348</u>
<u>\$ 210</u>	<u>\$ 44</u>	<u>\$ 1,734</u>	<u>\$ (665)</u>	<u>\$ 430</u>	<u>\$ 41</u>	<u>\$ (340)</u>	<u>\$ 48</u>	<u>\$ 5,627</u>

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

Schedule By Function and Activity

Schedule of Changes By Function and Activity

CITY OF TALLAHASSEE, FLORIDA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
Schedule By Function and Activity¹
September 30, 2011
(amounts expressed in thousands)

Function and Activity	Land	Buildings	Equipment	Improvements Other Than Buildings	Infrastructure	Total
General Government:						
Legislative	\$ -	\$ -	\$ 60	\$ -	\$ -	\$ 60
Executive	-	-	134	-	-	134
Financial & Administrative	-	600	877	-	-	1,477
Legal	-	-	56	-	-	56
Comprehensive Planning	218	-	254	-	-	472
Other General Government	89,655	51,343	5,049	635	-	146,682
Total General Government	89,873	51,943	6,430	635	-	148,881
Public Safety:						
Law Enforcement	809	11,045	11,092	451	-	23,397
Protective Inspection	-	4	246	-	-	250
Total Public Safety	809	11,049	11,338	451	-	23,647
Other:						
Physical Environment	-	-	135	-	-	135
Road and Street Facilities	255,579	418	4,566	5	796,126	1,056,694
Economic Development	2,100	9,483	60	3,859	715	16,217
Human Services	516	5,763	103	267	455	7,104
Cultural and Recreation	7,697	23,843	3,461	7,199	258	42,458
Parking Facilities	-	-	-	-	-	-
Total Other	265,892	39,507	8,325	11,330	797,554	1,122,608
Total capital assets allocated to functions	\$ 356,574	\$ 102,499	\$ 26,093	\$ 12,416	\$ 797,554	1,295,136
Construction in Progress						48,846
Total capital assets						\$ 1,343,982

¹This 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 Activity¹
For the fiscal year ended September 30, 2011
(amounts expressed in thousands)

Function and Activity	Governmental Funds Capital Assets October 1, 2010	Additions	Deductions	Governmental Funds Capital Assets September 30, 2011
General Government:				
Legislative	\$ 60	\$ 6	\$ 6	\$ 60
Executive	136		2	134
Financial & Administrative	1,471	458	452	1,477
Legal	55	1		56
Comprehensive Planning	463	13	4	472
Other General Government	143,997	4,723	2,038	146,682
Total General Government	<u>146,182</u>	<u>5,201</u>	<u>2,502</u>	<u>148,881</u>
Public Safety :				
Law Enforcement	23,127	4,269	3,999	23,397
Protective Inspection	261	78	89	250
Total Public Safety	<u>23,388</u>	<u>4,347</u>	<u>4,088</u>	<u>23,647</u>
Other:				
Physical Environment	131	8	4	135
Road and Street Facilities	1,044,977	13,128	1,411	1,056,694
Economic Development	15,553	665	1	16,217
Human Services	9,585	1	2,482	7,104
Cultural and Recreation	39,452	3,366	360	42,458
Parking Facilities	-	-	-	-
Total Other:	<u>1,109,698</u>	<u>17,168</u>	<u>4,258</u>	<u>1,122,608</u>
Total capital assets allocated to functions	1,279,268	26,716	10,848	1,295,136
Construction in Progress	<u>51,780</u>	<u>11,224</u>	<u>14,158</u>	<u>48,846</u>
Total capital assets	<u>\$ 1,331,048</u>	<u>\$ 37,940</u>	<u>\$ 25,006</u>	<u>\$ 1,343,982</u>

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

SUPPLEMENTARY INFORMATION

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

Capital Bonds, Series 2004

Capital Bonds, Series 2008

Capital Bonds, Series 2009

Energy System Refunding Revenue Bonds, Series 1998A

Energy System Refunding Revenue Bonds, Series 2001

Energy System Revenue Bonds, Series 2005

Energy System Refunding Revenue Bonds, Series 2007

Energy System Refunding Revenue Bonds, Series 2010

Energy System Refunding Revenue Bonds, Series 2010A

Energy System Revenue Bonds, Series 2010B

Energy System Revenue Bonds, Series 2010C

Energy System Refunding Revenue Bonds, Series 2011

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 2004
September 30, 2011
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 70,435</u>	<u>\$ 27,269</u>	<u>\$ 97,704</u>

Bonds Dated: November 17, 2004
Original Issue Amount: \$86,210,000.00
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, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,345	46	1,391
Totals	<u>\$ 6,295</u>	<u>\$ 659</u>	<u>\$ 6,954</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, 2011
(in thousands)

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 24,420</u>	<u>\$ 7,452</u>	<u>\$ 31,872</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, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 19,445</u>	<u>\$ 2,618</u>	<u>\$ 22,063</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, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	1,075	298	1,373
2013	1,140	239	1,379
2014	1,200	176	1,376
2015	1,000	110	1,110
2016	1,005	55	1,060
Totals	<u>\$ 5,420</u>	<u>\$ 878</u>	<u>\$ 6,298</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 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, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 119,060</u>	<u>\$ 85,852</u>	<u>\$ 204,912</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.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2015 and thereafter	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, 2011
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 193,550</u>	<u>\$ 180,114</u>	<u>\$ 373,664</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 in 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
ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 2010
September 30, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>48,435</u>	<u>13,993</u>	<u>62,428</u>
Totals	<u>\$ 77,845</u>	<u>\$ 45,510</u>	<u>\$ 123,355</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
ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 2010A
September 30, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 43,055</u>	<u>\$ 21,767</u>	<u>\$ 64,822</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
ENERGY SYSTEM REVENUE BONDS
SERIES 2010B
(FEDERALLY TAXABLE - BUILD AMERICA BONDS)
September 30, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	--	7,299	7,299
2013	--	7,299	7,299
2014	--	7,299	7,299
2015	--	7,299	7,299
2016	--	7,299	7,299
2017	--	7,299	7,299
2018	--	7,299	7,299
2019	--	7,299	7,299
2020	--	7,299	7,299
2021	--	7,299	7,299
2022-2040	<u>122,280</u>	<u>124,581</u>	<u>246,861</u>
Totals	<u>\$ 122,280</u>	<u>\$ 197,571</u>	<u>\$ 319,851</u>

Bonds Dated: October 27, 2010
Original Issue Amount: \$122,280,000
Principal Due: October 1, 2029
Interest Due: April 1 and October 1 of each year, beginning April 1, 2011
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 interest thereon in accordance with their terms and the provisions of the 1998 General Resolution, 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 amounts, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

<u>Optional Redemption</u>	<u>Redemption Price</u>
Any Date	100% of principal amount or Discounted Value thereof

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

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REVENUE BONDS
SERIES 2010C
September 30, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	1,045	1,710	2,755
2013	1,095	1,658	2,753
2014	1,145	1,603	2,748
2015	1,485	1,546	3,031
2016	1,735	1,472	3,207
2017	1,815	1,385	3,200
2018	1,885	1,312	3,197
2019	1,980	1,218	3,198
2020	3,325	1,119	4,444
2021	3,485	953	4,438
2022-2029	<u>16,490</u>	<u>2,404</u>	<u>18,894</u>
Totals	<u>\$ 35,485</u>	<u>\$ 16,380</u>	<u>\$ 51,865</u>

Bonds Dated: October 27, 2010
Original Issue Amount: \$35,485,000
Principal Due: October 1, 2012
Interest Due: April 1 and October 1 of each year, beginning April 1, 2011
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 interest thereon in accordance with their terms and the provisions of the 1998 General Resolution, 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 amounts, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

<u>Optional Redemption</u>	<u>Redemption Price</u>
October 1, 2021 and thereafter	100% plus interest to the redemptive date

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

CITY OF TALLAHASSEE, FLORIDA
SUMMARY OF DEBT SERVICE REQUIREMENTS
ENERGY SYSTEM REFUNDING REVENUE BONDS
SERIES 2011
September 30, 2011
(in thousands)

Fiscal Year	Principal	Interest	Total
2012	9	93	102
2013	21	81	102
2014	22	81	103
2015	23	80	103
2016	23	80	103
2017	1,084	79	1,163
2018	1,116	54	1,170
2019	1,142	27	1,169
Totals	<u>\$ 3,440</u>	<u>\$ 575</u>	<u>\$ 4,015</u>

Bonds Dated: August 8, 2011
Original Issue Amount: \$3,440,000
Principal Due: October 1, 2012
Interest Due: April 1 and October 1 of each year, beginning April 1, 2012
Paying Agent: US Bank, National Association, Jacksonville, Florida

Security: The Series 2011 Bonds will be payable solely from and secured by a lien upon and pledge of the Pledged Receivables, as defined in the Resolution, in the manner and to the extent provided in the Resolution.

<u>Optional Redemption</u>	<u>Redemption Price</u>
Date of closing thru fifth anniversary	101%
After fifth anniversary	100%

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, 2011
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 13,305</u>	<u>\$ 3,620</u>	<u>\$ 16,925</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, 2011
(in thousands)

Fiscal Year	Principal	Interest	Total
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>\$ 24,975</u>	<u>\$ 11,698</u>	<u>\$ 36,673</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, 2011
(in thousands)

Fiscal Year	Principal	Interest	Total
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 - 2037	<u>129,465</u>	<u>65,303</u>	<u>194,768</u>
Totals	<u>\$ 161,130</u>	<u>\$ 131,206</u>	<u>\$ 292,336</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, 2011
(in thousands)

Fiscal Year	Principal	Interest	Total
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	117,015	96,733	213,748
Totals	<u>\$ 117,015</u>	<u>\$ 151,489</u>	<u>\$ 268,504</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, 2011
(in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 13,073</u>	<u>\$ 38,893</u>

Bonds Dated: September 9, 2010
Original Issue Amount: \$25,820,000
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, 2011
(in thousands)

Fiscal Year	Principal	Interest	Total
2012	885	72	957
2013	925	37	962
Totals	<u>\$ 1,810</u>	<u>\$ 109</u>	<u>\$ 1,919</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



THIS PAGE INTENTIONALLY LEFT BLANK.

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.

CONTENTS	PAGE
----------	------

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.

Net Assets by Component	143
Changes in Net Assets	144
Fund Balances	147
Changes in Fund Balances, Governmental Funds	148

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax.

Assessed Value and Estimated Actual Value of Taxable Property	149
Direct and Overlapping Property Tax Rates	150
Principal Property Taxpayers	151
Property Tax Levies and Collections	152
Assessed Valuations, Millage and Taxes Levied and Collected	153

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.

Ratios of Outstanding Debt by Type	154
Ratios of General Bonded Debt Outstanding	155
Direct and Overlapping Governmental Activities Debt	156
Computation of Legal Debt Margin	157
Revenue Bond Coverage:	
Energy Revenue Bonds	158
Airport Revenue Bonds	159
Consolidated Utility Revenue Bonds	160

STATSTICAL 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.

Demographic Statistics	161
Principal Employers	162

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.

Full-time Equivalent City Government Employees by Function/Program	163
Operating Indicators by Function/Program	164
Capital Assets Statistics by Function/Program	165
Miscellaneous Statistical Data	166
Schedule of Insurance	167

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 TEN FISCAL YEARS
(accrual basis of accounting)
(in thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities										
Invested in capital assets, net of related debt	\$ 828,993	\$ 845,995	\$ 856,883	\$ 814,842	\$ 818,366	\$ 850,484	\$ 873,202	\$ 962,870	\$ 971,000	\$ 957,589
Restricted	100,242	20,868	23,760	19,365	19,618	18,882	17,340	9,589	9,437	9,385
Unrestricted	34,026	123,832	120,014	123,446	148,298	166,196	183,146	131,729	137,394	175,675
Total governmental activities net assets	\$ 963,261	\$ 990,695	\$ 1,000,657	\$ 957,653	\$ 986,282	\$ 1,035,562	\$ 1,073,688	\$ 1,104,188	\$ 1,117,831	\$ 1,142,649
Business activities										
Invested in capital assets, net of related debt	\$ 661,648	\$ 681,553	\$ 614,673	\$ 628,969	\$ 665,127	\$ 609,204	\$ 679,304	\$ 612,237	\$ 551,075	\$ 523,365
Restricted	157,107	157,342	144,224	124,090	107,926	127,256	98,568	108,015	113,173	104,521
Unrestricted	271,654	235,337	262,443	242,474	195,053	142,816	79,933	133,455	176,153	187,293
Total Business activities net assets	\$ 1,090,409	\$ 1,074,232	\$ 1,021,340	\$ 995,533	\$ 968,106	\$ 879,276	\$ 857,805	\$ 853,707	\$ 840,401	\$ 815,179
Primary government										
Invested in capital assets, net of related debt	\$ 1,490,641	\$ 1,527,548	\$ 1,471,556	\$ 1,443,383	\$ 1,483,493	\$ 1,459,688	\$ 1,552,506	\$ 1,575,107	\$ 1,522,075	\$ 1,480,954
Restricted	\$ 257,349	178,210	167,984	143,455	127,544	146,138	115,908	117,604	122,610	113,906
Unrestricted	\$ 305,680	359,169	382,457	365,920	343,351	309,012	263,079	265,184	313,547	362,968
Total primary government net assets	\$ 2,053,670	\$ 2,064,927	\$ 2,021,997	\$ 1,952,758	\$ 1,954,388	\$ 1,914,838	\$ 1,931,493	\$ 1,957,895	\$ 1,958,232	\$ 1,957,828

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses										
Governmental activities:										
General Government	\$ 22,409	\$ 22,575	\$ 22,254	\$ 20,737	\$ 23,047	\$ 26,495	\$ 28,203	\$ 22,207	\$ 21,390	\$ 18,731
Public Safety	54,676	50,298	53,819	54,416	50,875	48,312	47,794	43,835	42,498	39,447
Transportation	23,648	19,571	23,193	23,314	20,896	28,614	17,739	17,983	31,834	16,838
Human Services	2,897	2,715	3,984	6,863	6,182	5,710	12,085	10,733	10,233	10,808
Economic Development	11,277	9,265	10,575	7,828	9,143	9,241	3,980	1,809	2,019	1,729
Physical Environment	2,158	2,350	5,318	4,739	3,499	2,864	2,667	3,203	3,702	2,891
Culture and Recreation	20,642	20,264	20,650	19,459	18,168	26,335	17,461	14,991	14,238	13,725
Unallocated Depreciation on Infrastructure	26,733	26,210	26,584	23,956	24,002	24,110	23,848	22,478	22,289	20,884
Interest on Long-Term Debt	4,556	4,528	5,205	5,798	4,855	6,396	4,191	1,007	1,173	1,474
Total governmental activities expenses	168,996	157,776	171,582	167,110	160,667	178,077	157,968	138,246	149,376	126,527
Business-type activities										
Electric	303,715	307,823	347,955	346,318	323,181	315,083	262,050	250,349	214,350	176,126
Gas	44,773	47,823	42,618	51,609	40,063	52,383	33,746	29,314	23,781	19,556
Sewer	42,411	42,792	39,515	37,855	35,747	33,839	32,409	30,514	28,592	26,934
Water	28,942	21,402	24,764	21,083	19,057	20,684	19,253	17,332	16,151	14,416
Airport	14,635	18,656	20,141	16,298	16,084	13,301	15,236	12,759	12,080	12,479
StarMetro	18,581	17,364	18,059	18,358	16,299	15,374	14,152	13,495	13,137	10,942
Solid Waste	19,066	20,126	20,075	20,579	20,791	19,333	18,081	16,966	17,550	16,357
Golf	870	889	1,389	1,264	1,165	1,432	1,168	1,189	1,223	1,177
Stormwater Management	17,522	13,213	12,098	10,629	9,878	9,950	8,619	10,346	7,970	6,309
Fire Services	30,764	27,597	28,099	27,612	25,197	24,790	24,051	22,375	21,141	17,796
Total business-type activities expenses	521,279	517,685	554,713	551,605	507,462	506,169	428,765	404,639	355,975	302,092
Total primary government expenses	690,275	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 TEN FISCAL YEARS
(accrual basis of accounting)

(in thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	1,813	1,638	2,096	1,665	1,835	1,986	1,766	1,761	1,746	1,678
Public Safety	3,133	2,071	4,156	2,173	3,726	3,364	4,055	3,810	4,654	3,625
Transportation	2,547	2,821	2,330	2,250	2,224	2,459	2,542	2,317	2,292	2,534
Human Services	612	503	770	692	1,347	1,088	1,120	1,030	551	333
Economic Development	-	220	-	-	-	61	111	93	542	708
Physical Environment	997	861	873	4,049	2,082	2,036	2,600	2,153	2,390	1,693
Culture and Recreation	3,697	3,378	3,260	3,142	3,859	3,614	3,390	3,408	2,239	2,295
Operating Grants and Contributions	8,791	9,923	8,006	9,510	9,635	22,238	9,370	7,907	8,252	7,938
Capital Grants and Contributions	6,800	383	72,446	742	5,375	110	204	496	332	13,095
Total Governmental Activities Program Revenues	28,390	21,798	93,937	24,223	30,083	36,956	25,158	22,975	22,998	33,899
Business-type Activities:										
Charges for Services:										
Electric	317,647	341,778	369,923	369,483	347,388	341,203	281,800	259,164	233,534	205,855
Gas	48,311	52,697	46,521	53,691	43,321	55,684	35,871	33,695	27,195	23,142
Sewer	59,046	53,648	48,061	45,668	39,721	35,896	35,695	34,800	33,917	33,279
Water	30,515	25,673	26,230	25,764	27,988	24,813	22,927	23,558	22,581	22,006
Airport	11,498	11,729	12,203	12,713	12,494	11,437	11,179	9,550	9,635	8,718
StarMetro	4,542	4,509	6,496	4,258	3,640	3,231	3,402	3,431	4,843	3,390
Solid Waste	21,859	21,200	21,658	19,746	18,778	18,326	18,069	17,278	17,145	16,947
Golf	876	858	1,070	936	1,007	981	909	1,012	1,029	1,052
Stormwater Management	17,732	18,906	18,417	16,516	15,350	14,557	13,088	11,874	11,511	13,506
Fire Services	31,194	30,297	23,952	23,962	23,663	23,002	20,733	19,343	18,267	19,544
Operating Grants and Contributions	5,541	3,648	4,148	3,407	3,875	5,021	4,121	3,857	2,314	1,031
Capital Grants and Contributions	7,659	14,261	12,624	7,245	18,969	10,600	14,891	12,916	11,010	11,499
Total Business-type Activities Program Revenues	556,420	579,204	591,303	583,389	556,194	544,751	462,685	430,478	392,981	359,969
Total Primary Government Program Revenues	584,810	601,002	685,240	607,612	586,277	581,707	487,843	453,453	415,979	393,868
Net (Expenses) Revenues										
Governmental Activities	(140,606)	(135,978)	(77,645)	(142,887)	(130,584)	(141,121)	(132,810)	(115,271)	(126,378)	(92,628)
Business-type Activities	35,141	61,519	36,590	31,784	48,732	38,582	33,920	25,839	37,006	57,877
Total Primary Government Net Expenses	(105,465)	(74,459)	(41,055)	(111,103)	(81,852)	(102,539)	(98,890)	(89,432)	(89,372)	(34,751)

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes, Levied for General Purposes	34,438	35,113	34,001	33,570	35,650	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	22,595	23,140	22,834	22,144	21,747	19,930	18,977	19,237	19,856	19,588
Business License Tax	6,229	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	24,051	24,181	23,265	24,969	26,216	15,811	14,964	14,009	12,995	12,207
Unrestricted Investment Earnings	3,431	5,985	5,054	7,039	8,373	9,861	7,150	4,838	7,670	11,359
Net Securities Lending Income	15	12	224	268	90	-	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	(689)	1,045	3,719	(2,091)	1,282	933	(2,045)	(2,339)	(1,862)	515
Miscellaneous	1,455	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	26,978	29,588	25,888	21,470	25,830	27,410	18,858	28,888	20,186	16,568
Total Governmental Activities	118,503	126,016	121,077	111,801	70,608	115,346	105,459	101,628	101,560	101,221
Business-type Activities:										
Unrestricted Investment Earnings	7,939	12,374	6,499	12,937	13,219	9,162	6,635	8,057	11,458	13,973
Net Securities Lending Income	40	31	286	441	142	-	-	-	-	-
Net Increase (Decrease) in Fair Value of Investments	2,235	3,912	8,320	(6,602)	3,513	1,137	(2,609)	(3,378)	(3,056)	2,469
Miscellaneous	18	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	(26,978)	(29,588)	(25,888)	(21,470)	(25,830)	(27,410)	(18,858)	(28,888)	(20,186)	(16,568)
Total Business-type Activities	(16,746)	(12,890)	(10,783)	(16,309)	41,144	(17,111)	(14,832)	(12,533)	(11,784)	(141)
Total Primary Government	101,757	113,126	110,294	95,492	111,752	98,235	90,627	89,095	89,776	101,080
Change in Net Assets										
Governmental Activities	(22,103)	(9,962)	43,432	(31,086)	(59,976)	(25,775)	(27,351)	(13,643)	(24,818)	8,593
Business Activities	18,395	48,629	25,807	15,475	89,876	21,471	19,088	13,306	25,222	57,736
Total Primary Government	\$ (3,708)	\$ 38,667	\$ 69,239	\$ (15,611)	\$ 29,900	\$ (4,304)	\$ (8,263)	\$ (337)	\$ 404	\$ 66,329

CITY OF TALLAHASSEE, FLORIDA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Reserved	\$ -	\$ 4,018	\$ 3,649	\$ 2,189	\$ 1,838	\$ 904	\$ 1,130	\$ 1,059	\$ 1,105	\$ 1,012
Unreserved	-	12,594	5,288	5,083	8,075	15,580	11,394	26,779	18,876	22,520
Non-Spendable	275	-	-	-	-	-	-	-	-	-
Spendable:										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	16,979	-	-	-	-	-	-	-	-	-
Assigned	1,417	-	-	-	-	-	-	-	-	-
Unassigned	68	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 18,739	\$ 16,612	\$ 8,937	\$ 7,272	\$ 9,913	\$ 16,484	\$ 12,524	\$ 27,838	\$ 19,981	\$ 23,532
All Other Governmental Funds										
Reserved	\$ -	\$ 88,301	\$ 95,483	\$ 117,767	\$ 122,256	\$ 107,474	\$ 124,439	\$ 59,640	\$ 75,087	\$ 113,763
Unreserved, reported in:										
Special revenue funds	-	9,621	5,813	(1,085)	2,218	1,120	(238)	310	347	29
Capital Projects funds	-	14,028	19,931	3,737	14,472	17,313	20,217	9,978	5,170	(5,283)
Permanent funds	-	6,184	6,298	6,457	6,666	6,274	6,258	7,001	7,136	7,141
Non-Spendable	424	-	-	-	-	-	-	-	-	-
Spendable:										
Restricted	83,786	-	-	-	-	-	-	-	-	-
Committed	23,409	-	-	-	-	-	-	-	-	-
Assigned	2,561	-	-	-	-	-	-	-	-	-
Unassigned	(2,581)	-	-	-	-	-	-	-	-	-
Total all other Governmental Funds	\$ 107,599	\$ 118,134	\$ 127,525	\$ 126,876	\$ 145,612	\$ 132,181	\$ 150,676	\$ 76,929	\$ 87,740	\$ 115,650

Effective 2011, fund balances have been presented in accordance with GASB 54, 'Fund Balance Reporting and Governmental Fund Type Definition'

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
					(as restated)	(as restated)					
Revenues:											
Taxes.....	\$ 57,033	\$ 58,253	\$ 56,835	\$ 57,714	\$ 57,377	\$ 59,546	\$ 59,319	\$ 61,523	\$ 59,384	\$ 57,424	\$ 53,939
Licenses and Permits.....	7,132	5,936	11,072	6,149	7,061	6,058	6,780	6,276	6,520	4,905	4,695
Intergovernmental Revenues.....	39,637	34,376	38,892	34,474	39,534	37,641	25,328	22,269	21,069	32,676	31,195
Charges for Services.....	8,210	8,020	7,783	7,048	7,028	7,032	7,011	6,455	6,205	6,122	38,456
Fines and Forfeitures.....	2,436	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.....	2,964	5,312	4,094	5,690	7,010	7,371	5,589	3,322	5,567	8,152	7,424
Securities Lending Income.....	38	33	320	1,592	2,720	--	--	--	--	--	--
Net Inc (Dec) in the Fair Value of Investments.....	(617)	919	3,279	(1,637)	1,100	680	(1,458)	(1,679)	(1,301)	354	1,993
Miscellaneous Revenues.....	11,719	11,045	12,509	12,032	11,900	10,491	11,176	9,575	9,083	8,756	4,619
Total Revenues.....	128,552	125,056	136,145	124,656	135,279	130,432	115,565	109,617	108,067	120,048	143,859
Expenditures:											
General Government.....	29,833	29,689	30,095	30,766	27,690	38,237	33,695	28,347	25,751	24,379	27,101
Public Safety.....	52,502	50,499	51,110	51,730	50,247	45,381	45,627	42,726	40,698	38,381	54,758
Transportation.....	32,498	28,670	30,653	35,718	32,858	39,794	49,675	36,559	63,899	46,799	10,721
Human Services.....	2,781	2,639	3,585	6,594	6,139	5,524	11,879	10,919	9,935	11,054	6,210
Economic Environment.....	11,577	12,096	11,189	7,811	9,939	12,852	2,701	1,822	2,016	1,736	4,611
Physical Environment.....	2,452	2,539	4,130	5,259	3,617	2,829	2,642	3,554	4,433	5,570	15,158
Cultural and Recreation.....	19,894	19,845	19,426	18,981	18,134	26,018	17,402	20,396	14,426	13,940	11,368
Securities Lending Expense:											
Interest.....	21	20	92	1,317	2,624	--	--	--	--	--	--
Agent Fees.....	3	2	47	56	20	--	--	--	--	--	--
Capital Outlay.....	--	--	--	--	--	--	--	--	--	--	27,191
Debt Service:											
Principal Retired.....	4,615	6,890	4,750	4,160	4,055	3,955	5,797	1,713	1,665	1,543	6,188
Interest and Fiscal Charges.....	4,571	4,657	4,821	4,917	4,795	5,410	3,791	670	719	822	1,291
Advance Refunding Escrow.....	--	--	--	--	--	--	--	--	--	2,808	--
Total Expenditures.....	160,747	157,546	159,898	167,309	160,118	180,000	173,209	146,706	163,542	147,032	164,597
Excess of Revenues Over (Under) Expenditures.....	(32,195)	(32,490)	(23,753)	(42,653)	(24,839)	(49,568)	(57,644)	(37,089)	(55,475)	(26,984)	(20,738)
Other Financing Sources (Uses):											
Transfers In.....	56,428	49,992	53,681	45,652	48,134	48,607	58,172	49,089	43,244	34,316	51,874
Transfers Out.....	(27,310)	(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.....	--	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses).....	29,118	30,774	26,067	23,276	27,016	26,374	116,077	34,135	24,014	21,744	35,344
Net Change in Fund Balances.....	(\$3,077)	(\$1,716)	\$2,314	(\$19,377)	\$2,177	(\$23,194)	\$58,433	(\$2,954)	(\$31,461)	(\$5,240)	\$14,606
Debt Service as a Percentage of Noncapital Expenditures	6.18%	8.03%	10.52%	6.12%	6.14%	6.01%	6.83%	2.03%	1.87%	2.10%	5.44%
(1) Capital Outlay is reported in Note I1.B.											
Not Shown on Schedule:											
Capital Outlay obtained from GW rollover of SOA-govt funds a/c #2	12,157	13,822	68,957	19,055	16,038	24,062	32,923	29,107	35,883	34,395	27,191
			25,862	15,981							

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

Fiscal Year	Real Property	Personal Property	Centrally Assessed Property	Less: Tax Exempt Property	Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽²⁾	Taxable Assessed Value as a Percentage of Actual Value ⁽³⁾
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
2011	15,489,525	1,844,995	2,816	7,665,541	9,671,795	3.70	20,396,867	47.42

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
	City of Tallahassee	County	School Board	Leon County	N.W. Fla Water Management	
	Operating	Operating	Debt Service	Operating	Operating	
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
2011	3.70	8.03	0.00	7.85	0.05	19.63

Source: Leon County Tax Collector

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

Taxpayer	Type of Business	2011			2001		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Smith Interest General Partnership	Retail	\$ 126,492	1	1.31%	--	--	--
Century Link (aka Embarq, Sprint)	Communications	111,861	2	1.16%	\$ 145,867	1	2.48%
Tallahassee Medical Center, Inc.	Medical	68,777	3	0.71%	--	--	--
Wal-Mart Stores	Retail	55,513	4	0.57%	24,496	9	0.42%
DRA CRT Tallahassee Center	Real Estate	60,742	5	0.63%			--
Talquin Electric Coop	Utilities	60,750	6	0.63%	79,540	2	1.35%
St. Joe Company	Real Estate	49,995	7	0.52%			--
Comcast Cablevision, Inc.	Communications	49,615	8	0.51%	27,651	7	0.47%
Capital City Bank	Banking	38,859	9	--	24,623	8	0.42%
Northwood Associates LLC	Real Estate	30,698	10				
Governor's Square Mall	Retail	--		--	53,291	3	0.90%
Koger Properties	Retail	--		--	50,326	4	0.85%
Tallahassee Mall	Retail	--		--	39,135	5	0.66%
Blairstone Properties	Real Estate	--		--	27,259	6	0.46%
Elman Tallahassee Properties	Utilities	--		--	21,000	10	0.36%
Other Taxpayers		9,018,493		93.25%	5,399,047		91.63%
Total		<u>\$ 9,671,795</u>		<u>100%</u>	<u>\$ 5,892,235</u>		<u>100%</u>

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 ⁽¹⁾
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%
2011	17,337,336	9,671,795	35,918	34,224	95%

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

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TOTAL VALUATIONS	\$ 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	\$ 17,337,336
EXEMPTIONS										
Agricultural Adjustment	35,919	40,308	38,911	40,454	34,920	37,636	66,919	72,812	37,371	38,591
Government Exemption	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	4,691,503
Institutional Exemption	265,876	307,189	314,938	391,109	503,931	597,011	667,120	698,220	638,457	663,234
Individual / Homestead Exemptions	801,929	878,034	993,843	1,257,938	1,581,633	2,044,997	2,277,245	2,862,860	2,362,458	1,402,154
Other Exemptions & Adjustments	16,055	18,564	23,084	26,102	31,530	37,425	43,990	47,173	73,340	870,059
TOTAL EXEMPTION AND ADJUSTMENTS	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	7,665,541
TAXABLE VALUATION	\$ 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	\$ 9,671,795
MILLAGE LEVIED	3.200	3.200	3.200	3.700	3.700	3.700	3.170	3.212	3.700	3.700
TOTAL TAXES LEVIED	\$ 18,927	\$ 20,363	\$ 24,988	\$ 27,306	\$ 31,875	\$ 37,370	\$ 35,416	\$ 34,704	\$ 36,704	\$ 35,918
Less: Adjustments & Discount	637	681	848	937	1,079	1,253	1,172	1,130	1,213	1,180
Net Taxes Levied	\$ 18,290	\$ 19,682	\$ 24,140	\$ 26,369	\$ 30,796	\$ 36,117	\$ 34,244	\$ 33,574	\$ 35,491	\$ 34,739
NET COLLECTED ⁽¹⁾⁽²⁾	\$ 18,172	\$ 19,503	\$ 24,053	\$ 26,349	\$ 30,191	\$ 35,442	\$ 33,592	\$ 33,100	\$ 35,114	\$ 34,224

Source: Leon County Property Appraiser

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

⁽²⁾ Net collected includes penalties or late payments.

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
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	--
2011	101,150	-	--

Business-type Activities:

Fiscal Year Ended Sept. 30,	Loan Payable	Electric Revenue Bonds	Electric Refunding Revenue Bonds	Energy System Refunding	Energy System Refunding	Airport Refunding	CURSB	Consolidated Utility Systems Revenue Bonds	Sunshine State Loan Payable	AMI Loan Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2002	--	--	--	43,025	8,465	57,920	--	--	65,528	--	397,586	4.73%	2,547
2003	--	--	--	36,610	7,940	55,115	--	--	63,072	--	379,129	4.38%	2,345
2004	--	--	--	34,005	7,295	51,965	--	--	61,064	--	452,244	3.90%	2,139
2005	--	--	--	27,095	6,570	60,855	--	--	54,320	--	437,785	4.54%	2,527
2006	--	--	--	19,975	5,830	57,360	--	--	61,506	--	553,266	5.10%	3,161
2007	--	--	--	12,635	5,070	53,680	--	--	61,143	--	734,773	6.41%	4,188
2008	--	--	--	11,730	4,290	214,485	--	--	57,030	35,300	916,760	7.50%	5,155
2009	--	--	--	11,730	4,290	214,485	--	--	38,200	37,431	903,786	7.42%	5,081
2010	--	--	--	9,805	2,665	348,020	--	--	35,961	40,230	1,008,466	8.09%	5,636
2011	--	--	--	5,420	1,810	342,245	--	--	-	37,987	1,102,772	N/A	6,043

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

Fiscal Year Ended Sept. 30	General Revenue Bonds	Total	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾
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
2011	101,150	101,150	0.50%	554

Source: City of Tallahassee, Accounting Services

⁽¹⁾ See Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.

⁽²⁾ See Demographic and Economic Statistics Schedule for Population data.

CITY OF TALLAHASSEE, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES
September 30, 2011
(in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Leon County School Board ⁽²⁾	15,868	67%	10,632
Debt repaid with non self-supporting revenue debt			
Leon County ⁽³⁾	25,773	67%	17,268
Subtotal, Overlapping Debt			27,900
City Direct Debt			101,150
Total Direct and Overlapping Debt			<u><u>129,050</u></u>

⁽¹⁾ City's share calculated based on 2011 County Taxable Value of \$14,409,226,025 and City's Taxable Value of \$9,671,794,943 which results in 67 percent overlapping

⁽²⁾ Leon County School Board

⁽³⁾ Leon County

CITY OF TALLAHASSEE, FLORIDA
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2011
(in thousands)

TAXABLE ASSESSED VALUE	<u>\$ 9,671,795</u>
Debt Limit 20 Percent of Assessed Value	<u>\$ 1,934,359</u>

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

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

Fiscal Year Ending	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Service Requirements ⁽³⁾		Total	Coverage
				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
2011	359,940	271,399	88,541	14,010	28,613	42,623	2.08

⁽¹⁾ Total operating revenues plus operating interest earned.

⁽²⁾ Total operating expenses exclusive of depreciation and amortization.

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

Fiscal Year Ending	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽³⁾			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
2011	11,552	8,791	2,761	855	105	960	2.88

⁽¹⁾ Total operating revenues (plus operating interest revenue & prepaid fees credit).

⁽²⁾ Total operating expenses exclusive of depreciation and amortization.

⁽³⁾ 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 ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	<u>Debt Service Requirements ⁽³⁾</u>			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
2011	100,908	53,628	47,280	5,775	15,178	20,953	2.26

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

⁽²⁾ Total operating expenses exclusive of depreciation and amortization.

CITY OF TALLAHASSEE, FLORIDA
DEMOGRAPHIC STATISTICS
 Last Ten Calendar Years

Year	Estimated ⁽¹⁾ Population	Airline Passengers	Electric KWH Sold (000's)	Water Consumed (Gals) (Millions)	Gas Used (Cu. Ft.) (Millions)	Housing Units	Leon County School ⁽²⁾ Enrollment
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
2011	182,482	633,706	2,848,889	9,881	2,696	84,413	33,754

Source: City records, except as noted.

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

Year	City Personal Income ⁽³⁾ (Thousands)	Per Capita Personal Income ⁽³⁾	Number of Labor Force ⁽⁴⁾	Number of Employed ⁽⁴⁾	Number of Unemployed ⁽⁴⁾	Unemployment Rate (Percent) ⁽⁴⁾
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	12,217,000	33,819	90,972	86,980	3,992	4.4%
2009	12,180,000	33,399	92,543	86,156	6,387	6.9%
2010	12,467,000	33,869	95,693	87,674	8,019	8.4%
2011	N/A	N/A	94,927	87,142	7,785	8.2%

Source:

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

⁽⁴⁾ Florida Department of Economic Opportunity

N/A = Not Available

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

	2011 ⁽¹⁾			2002 ⁽²⁾			
	Type of Business	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
State of Florida	Government	20,355	1	38.09%	27,087	1	46.66%
Florida State University	Education	13,856	2	25.93%	11,658	2	20.08%
Leon Co. School Board	Education	4,370	3	8.18%	4,500	3	7.75%
Tallahassee Memorial Healthcare	Healthcare	3,130	4	5.86%	3,700	4	6.37%
City of Tallahassee	Government	2,841	5	5.32%	2,238	6	3.86%
Publix	Retail	2,084	6	3.90%	2,065	7	3.56%
Tallahassee Community College	Education	1,953	7	3.65%	-	-	0.00%
Florida A & M University	Education	1,888	8	3.53%	3,312	5	5.71%
Leon County	Government	1,778	9	3.33%	-	-	0.00%
Capital Regional Medical Center ⁽³⁾	Healthcare	1,188	10	2.22%	-	-	0.00%
Governor Square Mall	Retail	-	-	0.00%	1,500	8	2.58%
Tallahassee/Leon County Civic	Entertainment	-	-	0.00%	1,036	9	1.78%
McKenzie Tank Lines	Transportation	-	-	0.00%	950	10	1.64%
Total		53,443		100.00%	58,046		100.00%

(1) Data from employers, except for Publix data provided by Economec Development Council of Tallahassee/Leon County.

(2) Data from Leon County CAFR 2002.

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

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

Function/Program	Full Time Equivalent Employees as of September 30								
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
City Commission & Appointed Official	130	130	139	132	133	132	131	132	126
Administration	181	184	198	188	191	187	185	184	184
Aviation	53	53	54	54	54	54	53	53	52
Communications	12	11	12	13	13	12	10	10	10
Customer Services	1	1	1	2	2	2	2	2	3
Economic and Community Development	38	38	57	n/a	n/a	n/a	n/a	n/a	n/a
Economic Development	0	0	0	7	8	9	9	9	9
Electric	295	295	291	290	290	282	280	282	282
Emergency Management	1	1	1	n/a	n/a	n/a	n/a	n/a	n/a
Energy Services	29	31	23	n/a	n/a	n/a	n/a	n/a	n/a
EPER	12	12	12	n/a	n/a	n/a	n/a	n/a	n/a
Fire	280	272	263	267	267	265	265	265	263
Fleet	57	58	57	58	59	60	60	n/a	n/a
Gas	0	0	0	40	40	40	40	41	42
Growth Management	61	58	75	83	83	80	80	79	77
Neighborhood & Community Services	0	0	0	85	86	83	79	81	80
Parks & Recreation & Neighborhood Affairs	171	172	176	152	154	154	154	149	150
Planning	27	27	28	29	29	28	28	36	36
Police	485	485	489	498	499	492	491	492	487
Public Works	279	283	301	254	260	265	266	326	328
Solid Waste	89	91	99	102	108	107	103	103	98
Stormwater	0	0	0	91	94	85	83	84	83
StarMetro	168	168	169	167	169	140	138	138	139
Utility Services	112	114	120	167	166	165	165	165	157
Underground Utilities	360	364	367	n/a	n/a	n/a	n/a	n/a	n/a
Water Utility	0	0	0	303	304	301	298	296	297
Total	2,841	2,848	2,932	2,982	3,009	2,943	2,920	2,927	2,903

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police										
Arrests	5,777	7,171	6,619	N/A	7,002	7,033	6,329	7,847	6,562	6,959
Traffic violations	32,838	25,757	21,319	34,300	32,015	36,991	30,756	30,933	29,159	33,279
Parking violations	15,385	18,187	19,333	19,711	25,186	25,548	28,306	35,192	33,453	36,181
Fire										
Emergency responses	21,856	21,541	17,786	25,101	15,896	16,415	14,700	11,125	7,918	8,507
Fires reported	1,537	1,172	1,511	1,443	1,973	1,793	1,593	1,429	970	1,210
Gas										
Daily average consumption (MCF)	7,387	7,650	6,878	6,111	6,347	6,392	7,058	6,351	6,400	6,258
Number of service connections	27,654	26,948	26,448	26,447	26,348	25,888	24,322	24,322	21,940	21,823
Water										
Daily average consumption (MGD)	27	26	N/A	33.03	33.03	27.00	28.00	30.43	28.89	30.92
Number of service connections	82,133	81,945	82,016	82,069	81,275	79,887	77,866	76,039	69,480	70,688
Electric										
Net System Energy Generated (KWH) (Millions)	2,374	2,293	2,657	2,725	2,758	2,758	2,698	2,684	2,607	2,513
Average number residential customers	86,945	86,041	85,889	86,151	93,258	91,490	88,788	87,071	86,377	81,386
Average residential monthly bill	138	143.25	153.23	148.74	147.68	140.50	111.51	115.31	102.07	82.06
Sewage										
Daily average treatment (MDG)	15	16.47	N/A	N/A	16.89	17.24	19.53	16.61	16.47	16.59
Number of service connections	70,279	70,015	69,966	69,913	69,048	66,063	66,603	64,406	58,531	58,984
Transit										
Total revenue miles	2,060,351	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
Passengers trips	4,716,971	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
Solid Waste										
Number of customers	62,935	62,585	62,621	63,284	63,608	63,176	62,699	61,782	60,438	60,496
Refuse collected (in tons)	129,091	142,643	145,707	N/A	159,002	157,253	162,737	162,328	156,545	149,240
Recyclables collected (in tons)	19,793	9,925	6,172	6,884	9,361	8,055	7,821	7,861	7,843	7,842
Airport										
Number of passengers	633,706	670,978	734,151	821,716	947,165	993,860	1,129,947	1,155,072	1,113,243	1,082,585

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicular units										
Marked vehicles	256	267	295	318	311	291	290	288	283	275
Motorcycles	9	9	9	9	9	9	9	9	9	9
Unmarked vehicles	127	139	137	170	144	132	132	132	132	132
Bicycle patrol units	9	9	9	N/A	12	12	12	15	19	21
Fire stations	15	15	15	15	15	15	15	15	15	15
Gas										
Gas lines (in miles)	860	845	834	818	806	780	744	731	715	670
Plant Capacity (MCF)	24,000	24,000	24,000	24,000	24,000	24,000	42,000	24,322	21,900	21,873
Water										
Water mains (in miles)	1,197	1,212	1,212	1,181	1,170	1,147	1,143	1,131	1,172	1,212
Deep Wells	27	26	27	27	27	27	28	28	28	28
Plant Capacity (MGD)	72	74	72.3	72.3	72.3	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	805	795	795	795	747	699	699	699
Transmission lines (in miles)	188	188	187	185	185	185	185	188	188	188
Number of street lights	17,998	17,971	17,670	N/A	17,168	16,812	16,682	16,466	16,143	15,330
Distribution lines (in miles)	2,839	2,839	2,842	N/A	2,693	2,693	2,586	2,115	2,115	2,050
Sewage										
Number of lift stations	107	107	N/A	N/A	106	102	96	93	82	83
Sanitary sewers (in miles)	1,107	1,019	N/A	N/A	999	865	968	949	928	940
Number of disposal plants	2	2	2	2	2	2	2	2	2	2
Capacity of treatment plants (MGD)	31	31	32	32	32	32	32	32	32	32
Transit										
Bus Plaza	1	1	1	1	1	1	1	1	1	1
Buses	56	66	56	90	66	66	49	49	48	49
Refuse Collection										
Collection trucks	65	61	45	36	62	62	62	62	62	62
Parks and recreation										
Community centers and specialty centers	12	12	12	10	10	10	10	10	10	10
Summer playgrounds and camps	43	43	43	43	43	26	26	26	26	26
Athletic fields	86	86	86	86	86	87	86	86	86	84
Golf courses	2	2	2	2	2	2	2	2	2	2
Swimming pools	13	13	13	13	13	9	9	9	9	9
Park acreage	3,529	3,529	3,529	3,881	3,881	3,881	3,881	3,881	3,881	3,950
Fitness trails	17	17	17	17	17	17	17	17	17	19
Tennis/racquetball courts	67	67	67	72	67	70	69	69	69	69
Gymnasiums, center sites	7	7	7	7	7	7	7	7	7	7
Gymnasiums, school sites	4	4	4	9	9	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	N/A	1,394	1,354	1,335	1,253	1,223	1,192
Traffic signals ⁽¹⁾	71	72	128	122	123	114	109	105	101	N/A

Source: Various city departments

⁽¹⁾ 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, 2011**

Date of Incorporation	1825	Form of Government: Commission-Manager	48
Date First Charter Adopted	1825	Commission Composed of: Mayor and Four Commissioners	2,354
Date Present Charter Adopted	1919		33,489
		Terms of Office:	
		Mayor - Four Years (Elected by Tallahassee Citizens)	1
		Commissioners - Four Years (Elected by Tallahassee Citizens)	1
		Manager (Appointed by Commission)	2
			2,541
			85,726
		Education:	
		Number of Public Schools ⁽¹⁾	
		Number of Public School Instructors ⁽¹⁾	
		Number of Public School Students, (PK-12) ⁽¹⁾	
		Number of Vocational-Technical Schools ⁽¹⁾	
		Number of Community Colleges	
		Number of Universities	
		Number of College-level Instructors ⁽⁴⁾	
		Number of College-level Students ⁽²⁾	
		Major Annual Events:	
		Springtime Tallahassee Festival	
		Fourth of July "Celebrate America"	
		North Florida Fair	
		Market Days	
		Winter Festival	

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)

Museums	13,000
Libraries (including branches)	13
Skating Rinks	19
Golf Courses	2
Hospital Beds ⁽³⁾	9
	968

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

Source: City of Tallahassee Records except as noted below:

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

**CITY OF TALLAHASSEE
SCHEDULE OF INSURANCE
September 30, 2011**

Type of Coverage	Carrier	Policy Number	Policy Term	Coverage Detail	Limits (,000s)	Deductible/Retention (,000s)	Premium
Liability							
Self-Insurance	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	PR174512	10/1/11- 10/1/12	Airport Liability	100,000	10	94
ALL RISK PROPERTY	Axis Zurich/Princeton Excess/National Union Fire/Liberty Landmark/AEGIS/XL Insurance	Various	4/1/2011- 4/1/2012	General Government	Combined total 700,000	100 per occurrence	2,365
				Utility Property		500 Wastewater & Power Gen.	
				Boiler & Machinery		750 Hopkins2 and Purdom 8 Steam \$1,000 Purdom Unit 8 Gas Named Windstorm 2% TIV of location	
Health Care	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
Statutory Death Benefits	Federal Ins Co.	9906-39-31	10/1/2010- 2013	Statutory and Accidental Death (Police & Fire)	50/50/150	N/A	30 (3 year)
Workers Compensation	Self Insured Midwest Employers Casualty	N/A EW C008358	N/A 10/1/11- 10/1/12	Primary Workers Compensation Excess Workers Compensation	Statutory Statutory in excess of \$1M retention	1,000 SIR	N/A 173
Public Officials Bond	Fidelity Deposit Company	66117834	Continuous	Statutory Position Bond- Treasurer Clerk	100	N/A	N/A
Employee Fidelity Bond	Fidelity Deposit Company	CCP0018136-15	Continuous	Government Crime	1000	25	20



THIS PAGE INTENTIONALLY LEFT BLANK.

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



THIS PAGE INTENTIONALLY LEFT BLANK.

**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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12 2012. 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

Management of the City is responsible for establishing and maintaining effective 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.

Carr, Riggs & Ingram, LLC

March 12, 2012

**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, 2011. 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, 2011. 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 2011-1.

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 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 2011-1. *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.

Carr, Riggs & Ingram, LLC

March 12, 2012

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures
<u>FEDERAL AWARDS</u>				
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT</u>				
Direct Programs:				
Community Development Block Grant-Entitlement	14.218	B-9XMC-12-0019	N/A	\$ 2,127,484
HOME	14.239	M9X-MC-120221	N/A	753,937
Emergency Shelter Grant	14.231	S08/09-MC120010	N/A	100,221
ARRA - CDBG - Recovery Administration Funds	14.253	B-09-MY-12-0019	N/A	207,348
ARRA - Homelessness Prevention and Rapid Re-Housing	14.257	S09-MY-12-0010	N/A	122,569
Pass through Florida Department of Community Affairs				
Neighborhood Stabilization Program	14.228	B08-DN-12-001	10DB-4X-02-47-02-F24	1,763,901
CDBG Disaster Housing Authority	14.228	B08-DI-12-001	10DB-K4-02-47-01-K21	993,285
Total U.S. Department of Housing & Urban Development				<u>6,068,745</u>
<u>U.S. DEPARTMENT OF ENERGY</u>				
Direct Programs:				
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-SC0002568	N/A	465,816
ARRA - Electricity Delivery and Energy Reliability	81.122	DE-OE0000391	N/A	992,198
ARRA - Renewable Energy Research and Development	81.087	DE-0000277	N/A	484,430
Total U.S. Department of Energy				<u>1,942,444</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Direct Programs:				
Special Appropriation Water Infrastructure Grant	66.606	XP-97436201	N/A	1,592,010
Think About Personal Pollution (TAPP) Grant	66.460	C9-99451505-05	N/A	11,609
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-95408008-0	N/A	231,966
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-95441509-0	N/A	6,858
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-95444109-0	N/A	63,125
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-95494009-0	N/A	13,203
Total U.S. Environmental Protection Agency				<u>1,918,771</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
FEDERAL TRANSIT ADMINISTRATION				
Direct Programs:				
Federal Transit Formula Grant	20.500	FL-04-0076	N/A	453,449
Federal Transit Formula Grant	20.507	FL-90-X646	N/A	7,893
Federal Transit Formula Grant	20.507	FL-90-X563	N/A	67,483
Federal Transit Formula Grant	20.507	FL-90-X659	N/A	50,723
Federal Transit Formula Grant	20.507	FL-03-0261	N/A	544,353
Federal Transit Formula Grant	20.507	FL-90-X708	N/A	15,562
Federal Transit Formula Grant	20.507	FL-95-X006	N/A	20,301
Federal Transit Formula Grant	20.507	FL-96-X001	N/A	63,002
Federal Transit Formula Grant	20.509	FL-18-XO / AO120	N/A	77,858
Job Access-Reverse Commute Project Grant	20.516	FL-37-X040	N/A	41,809
Job Access-Reverse Commute Project Grant	20.516	FL-37-X030	N/A	40,465
New Freedom Program	20.521	FL-57-X007	N/A	2,934
FEDERAL HIGHWAY ADMINISTRATION				
Pass through Florida Department of Environmental Protection				
Recreational Trails Program	20.219	RTP09	998688/T2908	7,502
Pass through Florida Department of Transportation:				
ARRA - Highway Planning and Construction	20.205	ARRA-517-B	426697-1-58-01 / APN11	67,641

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION				
Pass through Florida Department of Transportation:				
State and Community Highway Safety	20.205	8887-367-A	416363-1-58-01 / AO505	435,346
FEDERAL AVIATION ADMINISTRATION				
Direct Programs:				
Airport Improvement Program	20.106	3-12-0077-33	N/A	478,944
Airport Improvement Program	20.106	3-12-0077-34	N/A	120,890
Airport Improvement Program	20.106	3-12-0077-35	N/A	2,793,621
Total U.S. Department of Transportation				<u>5,411,976</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Programs:				
Transportation Disadvantaged - Medicaid	93.778	596-000-435-004	N/A	<u>513,425</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Programs:				
Justice Assistance Grant (JAG)	16.738	2009-DJ-BX-1195	N/A	4,064
Justice Assistance Grant (JAG)	16.738	2010-DJ-BX-1167	N/A	105,790
Bullet Proof Vest	16.607	2010-BOBX-10053499	N/A	6,244
ARRA - Justice Assistance Grant	16.803	2009-SB-B9-2375	N/A	214,798
Pass through Florida Department of Law Enforcement				
Project Safe Neighborhoods	16.609	-	2009-PS00-LEON-1-V9-004	1,219
Justice Assistance Grant (JAG)	16.738	-	-	36,646
ARRA - Public Safety Partnership and Policing Grants	16.710	2009-RJ-W X-0029	-	280,189
ARRA - Justice Assistance Grant	16.803	2009-SU-B9-0021	2010-ARRC-LEON-1-W7-227	364,127
ARRA - National Asset Forfeiture	16.000	-	-	48,779
Pass through Florida Department of Juvenile Justice				
Safe Schools and Students Program	16.540	2008-JF-FX-002	227IC	<u>3,509</u>
Total U.S. Department of Justice				<u>1,065,365</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Programs:				
Law Enforcement Officers Reimbursement Agreement Program	97.090	HSTS0208HSLR350	N/A	398,011
Pass through Florida Department of Financial Services				
Homeland Security Grant Program	97.067	-	08DS-60-13-00-16-373/998778	1,601
Homeland Security Grant Program	97.067	-	08DS-60-13-00-16-373/998776	5,667
Homeland Security Grant Program	97.067	-	09DS-51-13-00-16-409	8,522
Homeland Security Grant Program	97.067	-	09DS-51-13-00-16-409	99,739
Homeland Security Grant Program	97.067	-	09DS-51-13-00-16-409	18,028
Homeland Security Grant Program	97.067	-	09DS-51-13-00-16-409	17,621
Homeland Security Grant Program	97.067	-	11DS-29-02-47-01-106	53,490
2009-10 USAR Training	97.067	-	09DS-51-13-00-16-409	66,184
2009-10 USAR Sustainment	97.067	-	09DS-51-13-00-16-409	1,863
2009-10 Hazmat Training	97.067	-	09DS-51-13-00-16-409	37,872
DUI Enforcement FY11	97.067	-	-	118,088
Pass through Florida Department of Community Affairs				
Tropical Storm Fay - FEMA 1785-DR-FL	97.036	073-70600-00	08-FA-B9-02-47-00-572	17,717
FEMA Project 1831 North Florida Flooding 2009	97.036	073-70600-00	09-SS-E8-02-47-13-515	<u>37,483</u>
Total U.S. Department of Homeland Security				<u>881,886</u>
Total Federal Awards Expended				<u>\$ 17,802,612</u>

STATE AWARDS

FLORIDA DEPARTMENT OF TRANSPORTATION

Transportation Disadvantaged	55.001	N/A	22710618401/APL49	293,498
Public Transportation Block Grant	55.010	N/A	4140971/AOR08	954,494
Public Transit Service Development Program	55.012	N/A	4253551/APR40	17,934
Aviation Development Grants	55.004	N/A	226769-19401	2,585
Aviation Development Grants	55.004	N/A	226792-18401	39,760
Aviation Development Grants	55.004	N/A	409507-19401	475,881
Aviation Development Grants	55.004	N/A	420708-19401	166,265
Aviation Development Grants	55.004	N/A	416011-19401	2,160
Aviation Development Grants	55.004	N/A	422301-19401	50,537
Aviation Development Grants	55.004	N/A	409509-19401	481,318
Aviation Development Grants	55.004	N/A	409513-19401	554,716
Aviation Development Grants	55.004	N/A	412210-19401	88,575
Total Aviation Development Grants				<u>1,861,797</u>
FDOT - RTMC JPA	55.008	N/A	AP741	277,583
Roadside Beautification Assistance Program	55.023	N/A	2405	174,600
Total Florida Department of Transportation				<u>3,579,906</u>

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

Water Restoration and Wastewater Projects	37.039	N/A	LP6011	20,916
Water Restoration and Wastewater Projects	37.039	N/A	LP6863	1,000,000
Water Restoration and Wastewater Projects	37.039	N/A	LP6863	500,000
Total Florida Department of Environmental Protection				<u>1,520,916</u>

FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Domestic Marijuana Eradication	52.008	N/A	09-SS-E8-02-47-13-515	1,180
Total Florida Emergency Management Agency				<u>1,180</u>

FLORIDA HOUSING FINANCE CORP.

State Housing Initiatives Partnership Program	52.901	N/A	N/A	760,295
Total Florida Housing Finance Corp.				<u>760,295</u>

FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS

Tropical Storm Fay - FEMA 1785-DR-FL	State Match	N/A	N/A	2,953
FEMA Project 1831 North Florida Flooding 2009	State Match	N/A	N/A	6,247
Total Florida Department of Community Affairs				<u>9,200</u>

FLORIDA DEPARTMENT OF HEALTH

PMTC Ounce of Prevention	64.035	N/A	10-11-145	27,925
--------------------------	--------	-----	-----------	--------

Total State Awards Expended \$ 5,899,422

Total Financial Assistance Expended \$ 23,702,034

City of Tallahassee
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance
For the Year Ended September 30, 2011

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>
14.218	Community Development Block Grants-Entitlement
14.253	ARRA-CDBG Recovery Administration Funds
14.239	Home Investments Partnerships Program
14.257	ARRA-Homelessness Prevention and Rapid Re-Housing
81.122	ARRA-Electricity Delivery and Energy Reliability
81.128	ARRA-Energy Efficiency and Conservation Block Grant
66.818	Brownfields Assessment and Cleanup Cooperative
16.738	Justice Assistance Grant
16.803	ARRA-Justice Assistance Grant
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$534,078
Auditee qualified as low-risk auditee?	No

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>
37.039	Statewide Surface Water Restoration and Wastewater Projects
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

2011-1 ARRA – Homelessness Prevention and Rapid Re-Housing Program – CFDA 14.257

Significant Deficiency: Subrecipient Monitoring

The City of Tallahassee contracts with subrecipient agencies to administer this program. Monitoring of these subrecipient agencies was limited to obtaining external audit reports for the fiscal year ended September 30, 2011. The prior year audit for the year ended September 30, 2010 reported findings for this same compliance requirement. The corrective actions planned by the City in response to those findings were only partially completed. See schedule of prior audit findings.

City Response:

The City concurs with the finding. The identified corrective actions will be completed by May 1, 2012.

City of Tallahassee
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2011

Federal Programs

Status: The following issues reported in the prior year as Finding 2010-1 remained partially unresolved for the year ended September 30, 2011. External audit reports were obtained by the City of Tallahassee for the sub recipients of this program; however the other corrective actions planned by the City in response to finding 2010-1 were not completed.

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, sub-grantee 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:

Resolved.

State Projects – None
(2010)

Financial Statement Findings - None
(2010)



THIS PAGE INTENTIONALLY LEFT BLANK.

**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, 2011. 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, 2011.

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, 2011, and have issued our report thereon dated March 12, 2012. 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 12, 2012

City of Tallahassee
Schedule of Expenditures of Passenger Facility Charges
For the Year Ended September 30, 2011

Program Title	Expenditures
Passenger Facility Charges Used:	
Passenger Facility Charge Application #05-05-U-00-TLH:	
Project 6: Interactive Training System Improvements	24,750
	24,750
Passenger Facility Charge Application #06-06-C-00-TLH:	
Project 5: Terminal Improvements	91,403
Project 8: In-Line Baggage Handling System	3,378
Project 9: Terminal Rehabilitation - Phase II	1,214,711
Project 10: Acquire Replacement ARRF Vehicle	956,153
Project 12: Electronic Airport Layout Plan	130
Project 13: Runway 9/27 Pre-Design	73,300
Project 21: Airport Access Control and Monitoring System Design	3,019
	2,342,093
 Total Passenger Facility Charges Used	 \$ 2,366,843



THIS PAGE INTENTIONALLY LEFT BLANK.

**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, 2011, and have issued our report thereon dated March 12, 2012.

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 12, 2012, 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. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

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. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report related to sub recipient monitoring.

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 12, 2012.

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*, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we noted the following deficiencies in internal control that were not considered to be significant deficiencies:

- During our audit we noted that accrued interest receivable was not being reconciled to the investment account statements at year end. While the difference was not material the current process could result in an over or under accrual. We recommend that the year-end process to record accrued interest be modified to include reconciliation to the investment statement.
- During our testing of fixed assets and related depreciation it was noted that due to a problem with the depreciation system certain assets were being over or under depreciated. While staff is aware of the problem and queries have been designed to identify those assets in order to correct the depreciation at year end, the queries were not run or not run in a timely enough manner to correct the depreciation before year end close out. We recommend that the procedures established to identify, monitor and correct the affected assets be performed in a manner that will allow the corrections be made before year end close out.

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)7.b., *Rules of the Auditor General*, requires that we determine whether the Annual Financial report for the City for the fiscal year ended September 30, 2011 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, 2011. 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.

Carr, Riggs & Ingram, LLC

March 12, 2012