



March 11, 2010

Dr. Carrie Blanchard
Chief of Staff
300 South Adams Street
City of Tallahassee
Tallahassee, Florida 32301

Dear Dr. Blanchard:

The Alliance for Digital Equality (ADE) is delighted to support the City of Tallahassee's efforts to bridge the digital divide through the creation of sustainable adoption programs utilizing Broadband Stimulus funding.

A key component of ADE's service to underserved and unserved communities involves the use of facilities that offer access to computers and the Internet, as well as education and training services to individuals about the benefits of broadband services and the digital empowerment that flow based on its use. Our Learning Without Walls (LWOW) Initiative is focused on the needs of underserved and unserved adults and youth, and consists of 1) On-line training, 2) Live On-Line Tutoring, 3) Instructor Led Training in Computer Literacy, Job Readiness, Job Search, and 4) Coaching.

We are excited about the unique opportunities that the Broadband Stimulus Program offers to address the needs of unserved and underserved communities from a broadband perspective, and we look forward to participating with you on the proposed initiative. As part of our commitment to this project, ADE will make an in-kind contribution of computers to support your application.

On behalf of ADE, I express my support for your grant application to be submitted to the U.S. Department of Commerce, National Technology and Information Administration, and our involvement in the implementation of the grant.

Sincerely

A handwritten signature in blue ink, appearing to read 'Julius H. Hollis', is written over the word 'Sincerely' and extends to the right.

Julius H. Hollis
Chairman and CEO

**U.S. Department of Commerce
Broadband Technology Opportunities Program
Authentication and Certifications**

1. I certify that I am the duly Authorized Organization Representative (AOR) of the applicant organization, and that I have been authorized to submit the attached application on its behalf.
2. I certify that I have examined this application, that all of the information and responses in this application, including certifications, and forms submitted, all of which are part of this grant application, are material representations of fact and true and correct to the best of my knowledge, that the entity(ies) that is requesting grant funding pursuant to this application and any subgrantees and subcontractors will comply with the terms, conditions, purposes, and federal requirements of the grant program; that no kickbacks were paid to anyone; and that a false, fictitious, or fraudulent statements or claims on this application are grounds for denial or termination of a grant award, and/or possible punishment by a fine or imprisonment as provided in 18 U.S.C. §1001 and civil violations of the False Claims Act.
3. I certify that the entity(ies) I represent has and will comply with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, orders and programmatic rules and requirements relating to the project. I acknowledge that failure to do so may result in rejection or deobligation of the grant or loan award. I acknowledge that failure to comply with all federal and program rules could result in civil or criminal prosecution by the appropriate law enforcement authorities.
4. I certify that the entity(ies) I represent has and will comply with all applicable administrative and federal statutory, regulatory, and policy requirements set forth in the Department of Commerce Pre-Award Notification Requirements for Grants and Cooperative Agreements ("DOC Pre-Award Notification"), published in the Federal Register on February 11, 2008 (73 FR 7696), as amended; DOC Financial Assistance Standard Terms and Conditions (Mar. 8, 2009); the Department of Commerce American Recovery and Reinvestment Act Award Terms (Apr. 9, 2009); and any Special Award Terms and Conditions that are included by the Grants Officer in the award.
5. I certify that any funds awarded to the entity(ies) I represent as a result of this application will not result in any unjust enrichment of such entity(ies) or duplicate any funds such entity(ies) receives under federal universal service support programs administered by the Universal Service Administrative Corporation (USAC).
6. I certify that the entity(ies) I represent has secured access to pay the 20% of total project cost or has petitioned the Assistant Secretary of NTIA for a waiver of the matching requirement.

3-11-10

Date



Authorized Organization Representative Signature

Mike Meeks

Print Name

Revenue Officer

Title

BTOP Sustainable Broadband Adoption Community Anchor Institution Detail Template

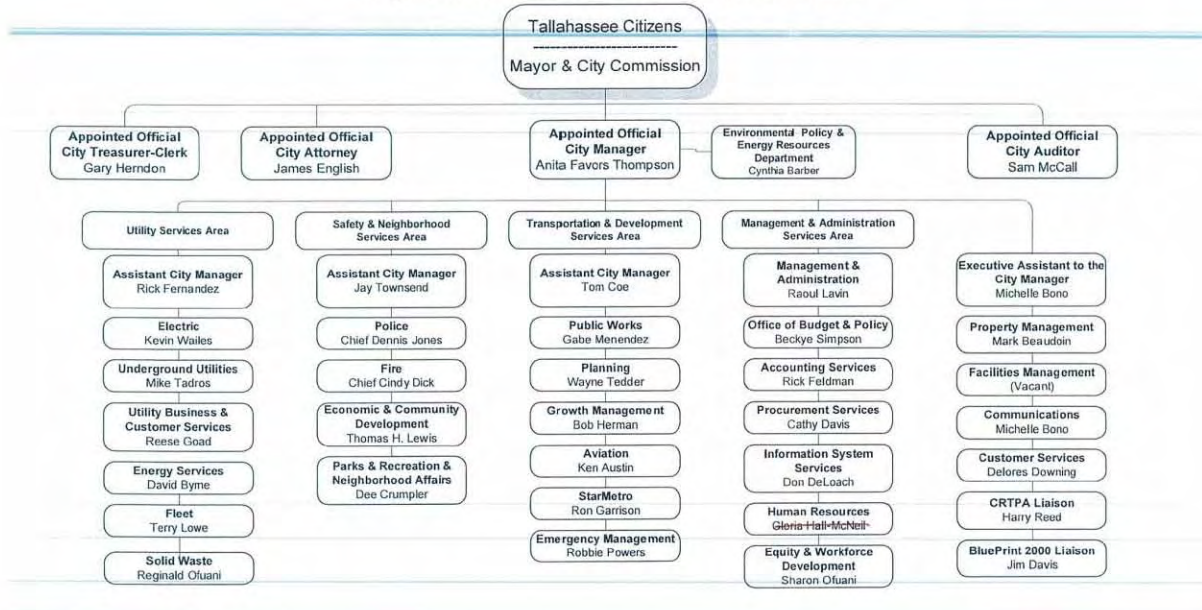
Please complete the Anchor Institution Details worksheet by providing information on Community Anchor Institutions that will be directly involved in or benefit from the project. Add rows as necessary. All community anchor institutions should be given a specified list. A Community Anchor Institution is considered a minority-serving institution post-secondary educational institution with enrollment of minority students exceeding 25% of its total enrollment. The "Role" column only requires a word or two, or a short phrase detailed explanation. A detailed explanation of the role of project partners and community anchor institutions should be provided in the essay portions of the application.

The data provided via this template will be subject to automated processing. Applicants are therefore required to provide this attachment as an Excel file, and not to convert it to PDF. Applicants are also required to submit a copy of their application on an appropriate electronic medium, such as CD-ROM, or flash drive. Additionally, applicants should not modify the format of the

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Organizational Chart Effective December 15, 2008



Revised 01-13-2009 JSH

TEAM RESUMES

Carrie Blanchard

[REDACTED]
850-891-2000 (work)
[REDACTED]

EDUCATION

2004-2010

Ph.D., Askew School of Public Administration and Policy

Florida State University, Tallahassee, Florida

Specialization: *Public Policy/Economic Development Policy*

Dissertation topic: *County Level Decision-Making in the State of Florida and the Wal-Mart Corporation*

2004

Master of Public Administration, School of Business

University of Miami, Miami, Florida

2002

Bachelor of Business Administration, School of Business

Double Major Business Law and Political Science

University of Miami, Miami, Florida

2001

Study Abroad Summer Program in History, Government and Politics

University of Oxford, England

WORK EXPERIENCE

2008-Present

Chief of Staff, Office of Mayor John R. Marks, III

City of Tallahassee

- Supervises Mayor's Office activities and staff, including Community Affairs, Internal Operations and Administrative positions

- Coordinates intergovernmental efforts between the City and the County, State and Federal governments
- Works with City Departments to develop and prioritize policy and appropriations initiatives
- Responsible for keeping Mayor apprised of legislation and political activity that impacts the City of Tallahassee; recommends legislative strategy and coordinates with contractual lobbyists
- Handles the Request for Proposals (RFP) and serves as Committee Chair for State and Federal lobbying contracts
- Serves as Mayor's American Recovery and Reinvestment Act (ARRA) coordinator, including tracking grant opportunities, award notifications and assisting in writing ARRA applications
- Liaison to five Sister Cities governments in St. Maarten, Netherlands Antilles; Krasnodar, Russia; Ramat-Hasharon, Israel; Konongo-Odumasi, Ghana; and Sligo, Ireland
- Develops and presents agenda items for City Commission meetings on behalf of the Mayor's Office
- Coordinates regionalism efforts in the eight-county Big Bend Region of Florida

2005-2007

Aide to Mayor John R. Marks, III

City of Tallahassee

- Responsible for constituent services for the Mayor's Office; liaison with City Departments for issue resolution
- Approved and coordinated Proclamation requests
- Handled citizen appointments to City Advisory Boards
- Coordinated the Mayor's schedule, special events, and programs including City That Reads, Council on Culture and Arts, Tourist Development Council, 10-year Plan to End Chronic Homelessness, Florida League of Cities and U.S. Conference of Mayors
- Advanced communications including, speech writing, press releases, technical letters

2004-2005

Research Assistant

Florida Public Affairs Center/Florida State University

- Collecting Emergency Management data from local governments across the state of Florida after severe hurricane activity in 2004
- Participated in training scenarios to test local emergency response capacity and continuing of operations plans
- Contributed academic writing and research to emergency management conference papers

RELATED EXPERIENCE

2007-2008

Instructor

Florida State University

- Taught four sections of Junior/Senior level undergraduate courses in Public Administration at Florida State University, including Local Government Administration and Introduction to Public Administration

COMMUNITY INVOLVEMENT

Leon County Research and Development Authority

Member, Board of Governors, 2008-Present

Treasurer, 2009

Chamber of Commerce Professional Women's Forum

Member, Board of Directors, 2008- Present

Friends of the LeRoy Collins Leon County Public Library

Member, Board of Directors, 2007-Present

Secretary, 2008

Vice President, 2009

American Society for Public Administration

Member, 2005- Present

Board of Directors, 2008-2009

Donald C. DeLoach



EDUCATION:

Bachelor of Science Degree: Management Information Systems (1981)
Florida State University, Tallahassee, Florida

Master of Public Administration (1994)
Florida State University, Tallahassee, Florida

Certified Chief Information Officer (2007)
Florida Institute of Government

- GENERAL BACKGROUND: 28 years experience in computer industry (18 years of management)
- Worked on numerous projects involving systems consulting/application design and development, system selection and implementation
 - Project and application management
 - Ability to Achieve Consensus on Difficult issues
 - Excellent communication skills
 - Skilled in determining priorities and developing solutions
 - Broad background in analyzing, planning strategies, and establishing objectives
 - Responsible for providing 100% client satisfaction
 - Ability to make critical decisions: problem solver/decision maker
 - Coordinate development staff/project schedules/managing/staffing
 - Work well under deadlines/time management abilities
 - Staff performance evaluations/personnel functions
 - Strong work ethic/committed to excellence
 - Ability to create budgets

WORK EXPERIENCE:
1981-Present

City of Tallahassee, Tallahassee, Florida

Chief Information Systems Officer (1998- Present)

- Highly responsible managerial work in directing all functions of IT
- Supervises, directs, plans, coordinates, and instructs within IT
- Directs preparation of the budget / 18 million for IT
- Participates on a variety of boards and committees
- Develops IT policy and Strategic Plans for technology deployment
- Hires, Fires, and Transfers responsibility
- Customer Service Focused

Utility Information Systems Administrator (1997 - 1998)

- Responsible for Citywide GIS Implementation
- Responsible for Citywide CIS System
- Utility Services Automation Consultant
- Focus on Customer Service
- Participates, Develops, Coordinates Information Systems Strategic Planning
- Prepares Policies and Executive Reports
- Develops Cost Benefit Analysis to support Business Decisions

- Administers GIS and one half of Applications Systems Divisions Budgets
- Charged with keeping good working relationships with Utility Services

Project Manager (1996 - 1997)

- Liaison between ISS and Utility Service Managers
- Responsible for completion of projects on time within budget
- Motivate and direct staff/coach
- Focus on customer service
- Negotiate contracts/Implement Projects

New Technology Manager (1994 - 1995)

- Responsible for customer support, research, and new product development
- Implemented system acquisition standards in City of Tallahassee
- Manage application development projects
- Determine user requirements through Executive interviews
- Train and motivate staff/develop standards and goals/staff performance evaluations

Analyst/Project Leader (1985 - 1994)

- Primarily responsible for designing/implementing customer based applications
- Provided extensive direct telephone support for City based applications
- Involved in installing systems and training clients

Electronic Data Systems, Dallas, Texas

Programmer/Analyst (1983 - 1984)

- Key design analyst for turnkey applications and distribution applications
- Design analyst for customer applications

Auditor General's Office, State of Florida

Programmer/Analyst (1981 - 1983)

- Maintenance of COBOL applications

ACHIEVEMENTS:

Has been asked to perform increasingly high profile, high-risk assignments

- Named by Computer World Magazine as a “Premier 100” CIO for 2007
- Designated a Certified Chief Information Officer by the Florida Institute of Government 2007
- Received Certified Public Manager (CPM) designation from Florida State University
- Public Technology Institute; Board of Director 2006-2009
- Florida Local Government Information Systems Association member and Past President 2002 – 2004
- Member of Board of Directors for the Florida Government Technology Conference
- Negotiated City-wide Customer Inquiry Tracking System contract
- Negotiated City’s Oracle license
- Negotiated Fourteen Million dollar ERP contract for City
- Presented Incident Response Policy to Florida Certified Public Technology Managers Certification

COMPUTER SKILLS: Fluent Application Development and Systems Analysis
Experience In: COBOL, SQL, 4GL’S, INFORMIX, Oracle, Microsoft Access, Relational Databases, Hierarchical Databases, Client Server Methodology, Browser Based Applications, TCP/IP Networks, Project Management, Strategic Planning

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Tallahassee's annual financial report is designed to provide the reader with a better understanding of the City's financial activity for the fiscal year that ended September 30, 2009. 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, 2009 by \$2.02 billion (net assets). Of this amount, \$382 million represents unrestricted net assets that are available to meet the City's ongoing obligations to citizens and creditors.
- For the year ended September 30, 2009, the City's total net assets increased by \$72.3 million.
- As of September 30, 2009, the City's governmental funds reported combined ending fund balances of \$136.5 million; of this amount approximately \$37.3 million is unreserved.
- For the year ended September 30, 2009, the funds balances for the City's governmental funds increased \$2.3 million.
- At the end of the fiscal year, the unreserved fund balance for the general fund was \$5.3 million, or 4.9% of total general fund expenditures.
- As of September 30, 2009, the City's enterprise funds reported combined ending net assets of \$969.8 million; of this amount approximately \$241.8 million is unrestricted. The ending retained earnings represent an increase of \$24.3 million over the prior year.
- Capital assets, net of accumulated depreciation, as of September 30, 2009 fiscal year totaled \$2.26 billion (Note- IV-D).
- The City's outstanding long-term liabilities (Note IV-G) decreased from \$943.2 million to \$935.0 million, less than 1.0%, during the current fiscal year.

An Overview of the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Since the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

This allows readers to better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General and the Community Redevelopment Agency Funds, both of which are considered major funds. Data from the other eleven (11) funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided on pages 94 to 97 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 99 to 101 in this report.

Internal Service Funds are used to account for activities that provide goods and services to the City's other programs and activities. The City maintains twelve (13) individual internal service funds. These internal service funds are allocated between governmental activities and business-type activities in the government-wide financial statements based upon the activity that receives the predominant benefit. Internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for each of these internal service funds is provided on pages 104 to 109 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 42 to 43 in this report.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Current and other assets	\$ 225.3	\$ 222.6	\$ 689.6	\$ 781.0	\$ 914.9	\$ 1,003.6
Capital assets	947.0	909.2	1,313.6	1,248.1	2,260.6	2,157.3
Total Assets	1,172.3	1,131.8	2,003.2	2,029.1	3,175.5	3,160.9
Liabilities						
Current and other liabilities	59.8	61.5	219.6	236.3	279.4	297.8
Long-term debt outstanding	111.9	113.1	759.2	797.3	871.1	910.4
Total Liabilities	171.7	174.6	978.8	1,033.6	1,150.5	1,208.2
Net Assets						
Invested in capital assets, net of related debt	856.9	814.4	618.2	629.0	1,475.1	1,443.4
Restricted	23.7	19.4	143.8	124.0	167.5	143.4
Unrestricted	120.0	123.4	262.4	242.5	382.4	365.9
Total Net Assets	\$ 1,000.6	\$ 957.2	\$ 1,024.4	\$ 995.5	\$ 2,025.0	\$ 1,952.7

As of September 30, 2009, assets of the City exceeded its liabilities by \$2.02 billion. The largest portion of the City's net assets, \$1.47 billion or 72.8 percent, reflects its substantial investment in capital assets (e.g., land, buildings, equipment, etc.), less the related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. In addition, a portion of the City's net assets, \$167.9 million or 8.3 percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$382.4 million or 18.9 percent is available to meet the ongoing obligations of the City. As of September 30, 2009, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as its separate governmental and business-type activities.

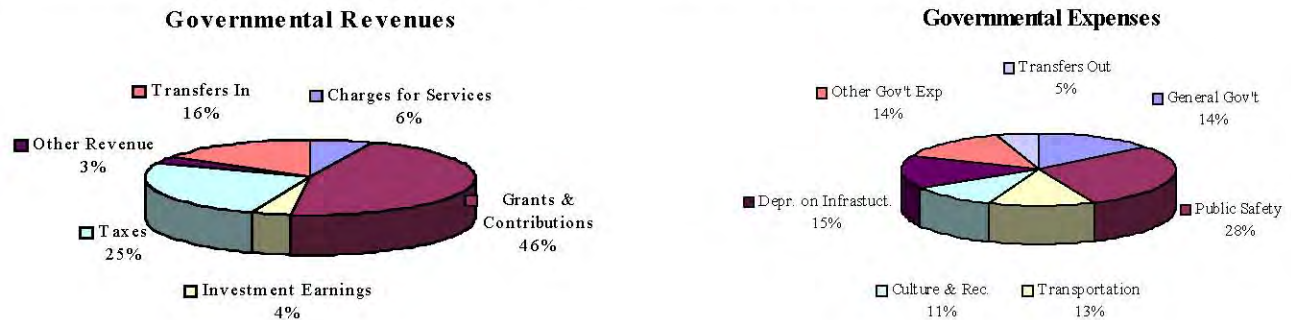
During the year the City's total assets increased by approximately \$14.6 million and the City's liabilities decreased by approximately \$57.7 million. For more detailed information see the Statement of Net Assets on pages 26 and 27 of the financial statements.

Table 2
Changes in Net Assets
(in millions)

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

	Governmental		Business		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for Services	\$13.5	\$14.0	\$574.5	\$572.7	\$588.0	\$586.7
Operating Grants and Contributions	8.0	9.5	4.2	3.4	12.2	12.9
Capital Grants and Contributions	72.4	0.7	12.6	7.2	85.0	7.9
General revenues						
Property Taxes	34.0	33.6	--	--	34.0	33.6
Public Service Taxes	22.8	22.1	--	--	22.8	22.1
Grants and Contributions	23.3	25.0	--	--	23.3	25.0
Net Investment Revenue	9.0	5.2	15.1	6.8	24.1	12.0
Other Revenues	6.1	4.4	--	(1.5)	6.1	2.9
Total Revenues	189.1	114.5	606.4	588.6	795.5	703.1
Expenses						
General Government	22.2	20.7	--	--	22.2	20.7
Public Safety	53.8	54.4	--	--	53.8	54.4
Transportation	23.2	23.3	--	--	23.2	23.3
Cultural and Recreation	20.7	19.5	--	--	20.7	19.5
Depreciation on Infrastructure	26.6	24.0	--	--	26.6	24.0
Other Primary Government	25.1	25.2	--	--	25.1	25.2
Electric	--	--	348.0	346.3	348.0	346.3
Gas	--	--	42.6	51.6	42.6	51.6
Sewer	--	--	39.5	37.8	39.5	37.8
Water	--	--	24.8	21.1	24.8	21.1
Airport	--	--	17.0	16.3	17.0	16.3
StarMetro	--	--	18.0	18.4	18.0	18.4
Solid Waste	--	--	20.1	20.6	20.1	20.6
Golf	--	--	1.4	1.3	1.4	1.3
Stormwater Management	--	--	12.1	10.6	12.1	10.6
Fire Services	--	--	28.1	27.6	28.1	27.6
Total Expenses	171.6	167.1	551.6	551.6	723.2	718.7
Excess (Deficiency) before transfers	17.5	(52.6)	54.8	37.0	72.3	(15.6)
Transfers	25.9	21.5	(25.9)	(21.5)	--	--
Increase (Decrease) in Net Assets	\$43.4	(\$31.1)	\$28.9	\$15.5	\$72.3	(\$15.6)

GOVERNMENTAL ACTIVITIES - Governmental activities increased the City net assets by \$43.4 million or 63 percent of the total growth in net assets. See pages 28 and 29 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts illustrate the City's Governmental Revenues by Source and the City's Governmental Expenses by Function.



Key elements of the increase are as follows:

- Revenues from Capital Grants and Contributions increased by \$71.7 million compared to last year; primarily due to the recording of the transfer of roads from the State of Florida to the City.
- Investment revenues increased \$3.8 million primarily due to changes in market conditions resulting in unrealized fair market value gains as compared to the prior year.
- For the most part increases in expenses of \$4.5 million, or 2.7%, closely paralleled inflation and service requirements.

BUSINESS-TYPE ACTIVITIES - Business-type activities increased the City's net assets by \$28.9 million or 40 percent of the total growth in net assets. Key elements for this increase are as follows:

- Charges for services for business-type activities remained relatively flat between 2008 and 2009 primarily due to customers reacting to the economic environment and holding demand steady.
- Capital grants and contributions for business-type activities increased by \$5.4 million, primarily due to a \$4.5 million State of Florida grant received for the City Stormwater Management Fund.
- Investment revenues increased \$8.3 million primarily due to changes in market conditions resulting in unrealized fair market value gains as compared to the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As of September 30, 2009, the City's governmental funds reported combined ending fund balances of \$136.4 million, an increase of \$2.3 million over the prior year. Of this amount \$37.3 million is unreserved fund balance that is available for spending at the City's discretion. The remainder of fund balance is primarily reserved for the following purposes: 1) to complete approved projects of the City (\$64.9 million), 2) to liquidate contracts and purchase orders (\$14.4 million), and 3) to pay future debt service, (\$12.2 million).

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

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

Fund	Fund Balances 9/30/2008	Sources	Uses	Sources Over (Under)	Fund Balances 9/30/2009
General Fund	\$ 7.2	\$ 130.4	\$ 128.7	\$ 1.7	\$ 8.9
Capital Bonds Fund	8.4	5.0	4.7	0.3	8.7
Other Funds	118.5	54.4	54.1	0.3	118.8
Total City Funds	\$ 134.1	\$ 189.8	\$ 187.5	\$ 2.3	\$ 136.4

The General Fund is the chief operating fund of the City. At the end of the fiscal year, unreserved, undesignated fund balance was \$5.3 million, out of a total fund balance of \$8.9 million.

The fund balance of the City's General Fund increased by \$1.7 million during the fiscal year. A number of factors, especially the national and state economic downturn, contributed to the net increase in fund balance as follows:

- Revenue decreased by \$1.9 million primarily due to revenues from the State of Florida, such as state revenue sharing and the 1/2 cent sales tax, being lower than the prior year due to state sales tax collections being reduced because of the slowdown in the state economy; and
- In addition, licenses and permit revenue driven by growth activities were lower than the prior year.
- Revenue reductions were offset by a significant reduction in General Fund expenditures, approximately \$4.1 million due to a number of cost reduction measures undertaken by the City.

Proprietary Funds

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

GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 88 of the financial statements.

ORIGINAL TO FINAL BUDGET COMPARISON

Revenues and Transfers In

Revenues and transfers in decreased by \$1.4 million between the original and final budgets. This reduction was due to the City Commission amending the budget to reflect the downturn in revenues due to the economic slowdown and its impact on the City.

Expenditures

Expenditures and transfers out also decreased by \$1.4 million between the original and final budgets. As indicated above this was due to the City Commission amending the budget to reflect the downturn in revenues due to the economic slowdown and its impact on the City.

In addition, changes to the budgets between functions occurred between the budget for transfers, which increased by \$3.4 million, and various other expense categories that decreased to fund projects. Project priorities change during the year based on needs, assessments, availability of grant funding or other issues that impact the start or completion of projects or their cost.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities, net of depreciation, as of September 30, 2009, was approximately \$2.3 billion. This represents a net increase of approximately \$100 million, or 4.6% 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
	2009	2008	2009	2008	2009	2008	2009-2008
Land	\$ 351	\$ 351	\$ 123	\$ 123	\$ 474	\$ 474	0.0%
Buildings	66	67	67	68	133	135	(0.7)
Equipment	9	9	393	409	402	418	(3.8)
Improvements (Other than Building)	9	6	10	10	19	16	18.8
Infrastructure	458	422	463	441	921	863	6.7
Intangibles	--	--	50	50	50	50	0.0
Construction in Progress	54	54	208	147	262	201	30.4
Total	\$ 947	\$ 909	\$ 1,314	\$ 1,248	\$ 2,261	\$ 2,157	5.2%

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

- Street construction, widening and expansion projects - \$7.5 million
- 800 MHz Digital Upgrade - \$3.5 million
- Smart metering program - \$19.4 million
- Gas transmission and distribution infrastructure - \$2.6 million
- Water transmission and distribution infrastructure - \$7.3 million
- Sewer collection, treatment, and disposal infrastructure - \$29.3 million
- Electric generation, transmission and distribution infrastructure - \$47.0 million

LONG-TERM DEBT

As shown in the following table, as of September 30, 2009, the City had \$935.0 million in debt outstanding. This represents a net decrease of \$8.2 million over the prior fiscal year.

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; however, in January 2009, one of the nationally known rating agencies reduced the City's rating for the City's general government revenue bonds from AA to AA- reflecting the agency's concerns regarding the city's ability to resolve the limited revenue flexibility due to state initiatives and the current economic downturn.

The amount of general obligation debt the City can issue is limited by City Charter to 20 percent of the assessed value of all taxable property within the City's corporate limits. The current debt limit is \$2.2 billion. The City has no outstanding general obligation debt.

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

Table 5
Outstanding Debt at September 30
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Revenue Bonds	\$ 115.8	\$ 84.1	\$ --	\$ --	\$ 115.8	\$ 84.1
Sunshine State	2.3	30.2	38.2	57.0	40.5	87.2
Proprietary Revenue Bonds	--	--	710.1	710.1	710.1	710.1
Other Loans	--	--	37.4	35.3	37.4	35.3
Compensated Absences	8.7	9.0	11.1	11.6	19.8	20.6
Net OPEB Obligation	5.9	3.2	5.5	2.7	11.4	5.9
Total	\$ 132.7	\$ 126.5	\$ 802.3	\$ 816.7	\$ 935.0	\$ 943.2

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for the Tallahassee MSA increased from 3.2 percent to 8.1 percent; as compared with the statewide rate which increased from 3.4 percent to 11.5 percent.
- 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.

These indicators, as well as others, were taken into account when adopting the City's budget for fiscal year 2010. The City's total operating budget for fiscal year 2010 totals \$718.7 million, which is \$122.8 million less than the fiscal year 2009 approved budget. Projected falling natural gas costs for the City's Electric and Gas Utilities accounts for most of the decrease. The 2010 budget allocates \$133.8 million, an increase of \$0.6 million as compared to the fiscal year 2009 budget, to the General fund, \$561.0 million to the Enterprise funds, and \$23.9 million to other funds.

For the fiscal year 2010 budget, the ad valorem tax rate is increased to 3.700 mills. No significant changes to the City's various rates and fees are included in the fiscal year 2010.

Personnel expenditures account for approximately 22.5% of the City's Operating Budget. The City's fiscal year 2010 operating budget includes a net decrease of 97 positions, bringing the budgeted full time equivalent staff count to 2,834.

The City's fiscal year 2010 Capital Budget totals \$187 million with the City's utilities accounting for \$127.2 million (68%); other major uses include transportation, general government, and culture and recreation.

Bond proceeds (new and existing) will fund approximately 52% 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 2014 that totals \$893.5 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.

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, 2009
(in thousands)

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Improvement Authority
Current Assets				
Cash and Cash Equivalents.....	\$ 72,212	\$ 195,478	\$ 267,690	\$ 287
Securities Lending Collateral	9,954	26,942	36,896	40
Receivables:				
Accrued Interest.....	279	857	1,136	1
Customers and Other.....	3,153	39,271	42,424	--
Notes.....	147	6,671	6,818	--
Special Assessments.....	276	--	276	--
Less: Allowance for Doubtful Accounts.....	(696)	(3,086)	(3,782)	--
Due from Other Governments.....	5,335	6,603	11,938	--
Prepaid Expenses.....	--	23,724	23,724	--
Inventory.....	284	50,909	51,193	--
Cash and Cash Equivalents - Restricted.....	72,210	128,267	200,477	--
Investments - Restricted.....	12,475	191,582	204,057	--
Securities Lending Collateral - Restricted.....	11,672	43,672	55,344	--
Receivables - Restricted:				
Accrued Interest.....	312	528	840	--
Other.....	35	--	35	--
Notes.....	4,340	--	4,340	--
Due from Other Governments.....	2,098	1,459	3,557	--
Total Current Assets.....	194,086	712,877	906,963	328
Noncurrent Assets				
Internal Balances.....	30,485	(30,485)	--	--
Unamortized Bond Issue Costs.....	730	7,238	7,968	--
Capital Assets				
Land and Construction in Progress.....	406,330	330,698	737,028	--
Other, Net of Accumulated Depreciation.....	540,704	982,905	1,523,609	--
Total Noncurrent Assets.....	978,249	1,290,356	2,268,605	--
Total Assets.....	\$ 1,172,335	\$ 2,003,233	\$ 3,175,568	\$ 328

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2009
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Downtown Improvement Authority
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Obligations Under Securities Lending	\$ 9,954	\$ 26,942	\$ 36,896	\$ 40
Accounts Payable.....	7,322	40,285	47,607	8
Customer Contracts Payable.....	--	765	765	--
Utility Deposits Payable.....	--	20,001	20,001	--
Unearned Revenue.....	2,491	27	2,518	--
Compensated Absences.....	6,286	7,521	13,807	24
Accounts Payable - Restricted.....	4,550	23,435	27,985	--
Obligations Under Securities Lending - Restricted	11,672	43,672	55,344	--
Unearned Revenue - Restricted.....	290	--	290	--
Bonds & Loans Payable - Current.....	8,855	36,305	45,160	--
Total Current Liabilities.....	51,420	198,953	250,373	72
Noncurrent Liabilities				
Compensated Absences.....	2,442	3,532	5,974	--
Customer Contracts Payable.....	--	2,681	2,681	--
Claims Payable.....	--	8,923	8,923	--
Net OPEB Obligation.....	5,897	5,510	11,407	8
Bonds & Loans Payable.....	109,205	749,421	858,626	--
Unamortized Bond Premium	2,714	11,715	14,429	--
Deferment of Loss on Early Retirement of Debt	--	(1,968)	(1,968)	--
Total Noncurrent Liabilities.....	120,258	779,814	900,072	8
Total Liabilities.....	171,678	978,767	1,150,445	80
NET ASSETS				
Invested in Capital Assets, net of Related Debt	856,883	618,177	1,475,060	--
Restricted for:.....				
Capital Projects.....	4,504	96,598	101,102	--
Debt Service.....	12,215	47,248	59,463	--
Other Purposes.....	7,041	--	7,041	--
Unrestricted.....	120,014	262,443	382,457	248
Total Net Assets.....	1,000,657	1,024,466	2,025,123	248
Total Liabilities and Net Assets.....	\$ 1,172,335	\$ 2,003,233	\$ 3,175,568	\$ 328

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, 2009
(in thousands)

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government.....	\$ 22,254	\$ 2,096	\$ 2,152	\$ --
Public Safety.....	53,819	4,156	420	93
Transportation.....	23,193	2,330	32	72,062
Human Services.....	3,984	770	694	--
Economic Development.....	10,575	--	3,877	34
Physical Environment.....	5,318	873	479	141
Culture and Recreation.....	20,650	3,260	352	116
Unallocated Depreciation on Infrastructure.....	26,584	--	--	--
Interest on Long-Term Debt.....	5,205	--	--	--
Total governmental activities.....	171,582	13,485	8,006	72,446
Business-type Activities:				
Electric.....	347,955	369,923	--	--
Gas.....	42,618	46,521	--	--
Sewer.....	39,515	48,061	--	--
Water.....	24,764	26,230	--	--
Airport.....	17,015	12,203	--	3,128
StarMetro.....	18,059	6,496	4,148	4,871
Solid Waste.....	20,075	21,658	--	--
Golf.....	1,389	1,070	--	49
Stormwater Management.....	12,098	18,417	--	4,576
Fire Services.....	28,099	23,952	--	--
Total business-type activities.....	551,587	574,531	4,148	12,624
Total primary government.....	\$ 723,169	\$ 588,016	\$ 12,154	\$ 85,070
Component Unit:				
Downtown Improvement Authority.....	\$ 320	\$ --	\$ --	\$ --

General Revenues:

Property taxes, levied for general purposes.....	
Public service taxes.....	
Business license tax.....	
Grants and contributions not restricted to specific programs.....	
Net unrestricted investment earnings.....	
Net securities lending income.....	
Net increase in fair value of investments.....	
Miscellaneous.....	
Net transfers.....	
Total general revenues and transfers.....	
Change in net assets.....	
Net assets - October 1.....	
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, 2009
(in thousands)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (18,006)	\$ --	\$ (18,006)	\$ --
(49,150)	--	(49,150)	--
51,231	--	51,231	--
(2,520)	--	(2,520)	--
(6,664)	--	(6,664)	--
(3,825)	--	(3,825)	--
(16,922)	--	(16,922)	--
(26,584)	--	(26,584)	--
(5,205)	--	(5,205)	--
<u>(77,645)</u>	<u>--</u>	<u>(77,645)</u>	<u>--</u>
--	21,968	21,968	--
--	3,903	3,903	--
--	8,546	8,546	--
--	1,466	1,466	--
--	(1,684)	(1,684)	--
--	(2,544)	(2,544)	--
--	1,583	1,583	--
--	(270)	(270)	--
--	10,895	10,895	--
--	(4,147)	(4,147)	--
<u>--</u>	<u>39,716</u>	<u>39,716</u>	<u>--</u>
<u>(77,645)</u>	<u>39,716</u>	<u>(37,929)</u>	<u>--</u>
			<u>(320)</u>
34,001	--	34,001	196
22,834	--	22,834	--
1,808	--	1,808	--
23,265	--	23,265	--
5,054	6,499	11,553	6
224	286	510	--
3,719	8,320	12,039	7
4,284	--	4,284	106
25,888	(25,888)	--	--
<u>121,077</u>	<u>(10,783)</u>	<u>110,294</u>	<u>315</u>
43,432	28,933	72,365	(5)
957,225	995,533	1,952,758	253
<u>\$ 1,000,657</u>	<u>\$ 1,024,466</u>	<u>\$ 2,025,123</u>	<u>\$ 248</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 93.

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 98.
Internal Service Funds	Detailed descriptions of these funds are provided on page 103.

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 who elect to contribute a portion of their salary to the plan.

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, 2009
(in thousands)

	General	Community Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents.....	\$ 11,579	\$ --	\$ 43,573	\$ 55,152
Securities Lending Collateral	1,596	--	6,006	7,602
Receivables:				
Accrued Interest.....	53	--	152	205
Customers and Other.....	3,133	--	15	3,148
Notes.....	--	--	147	147
Special Assessments - Current.....	--	--	276	276
Less: Allowance for Doubtful Accounts.....	(696)	--	--	(696)
Due From Other Governments.....	3,198	--	2,137	5,335
Advances to Other Funds.....	2,882	--	--	2,882
Inventory.....	284	--	--	284
Cash and Cash Equivalents - Restricted.....	189	8,784	63,237	72,210
Investments - Restricted.....	--	--	12,475	12,475
Securities Lending Collateral - Restricted.....	26	1,211	10,435	11,672
Receivables - Restricted:				
Accrued Interest Receivable.....	--	39	273	312
Customers.....	--	--	35	35
Notes Receivable.....	--	--	4,340	4,340
Due from Other Governments.....	--	--	2,098	2,098
Total Assets.....	\$ 22,244	\$ 10,034	\$ 145,199	\$ 177,477
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Obligations Under Securities Lending	\$ 1,596	\$ --	\$ 6,006	\$ 7,602
Accounts and Retainage Payable.....	4,107	--	1,526	5,633
Unearned Revenue.....	1,557	--	851	2,408
Accounts and Retainage Payable - Restricted.....	189	81	4,280	4,550
Obligations Under Securities Lending - Restricted	26	1,211	10,435	11,672
Due to Other Funds.....	65	--	--	65
Advances from Other Funds.....	5,767	--	3,028	8,795
Unearned Revenue - Restricted.....	--	--	290	290
Total Liabilities.....	13,307	1,292	26,416	41,015
FUND BALANCES				
Reserved for:				
Encumbrances.....	483	326	13,553	14,362
Advances to Other Funds.....	2,882	--	--	2,882
Inventory.....	284	--	--	284
Projects.....	--	8,225	56,677	64,902
Notes Receivable.....	--	--	4,487	4,487
Debt Service.....	--	--	12,215	12,215
Unreserved, designated for:				
General Fund - Deficiencies.....	5,288	--	--	5,288
Unreserved, undesignated, reported in:				
Special Revenue Funds.....	--	191	5,622	5,813
Capital Project Funds.....	--	--	19,931	19,931
Permanent Fund.....	--	--	6,298	6,298
Total Fund Balances.....	8,937	8,742	118,783	136,462
Total Liabilities and Fund Balances.....	\$ 22,244	\$ 10,034	\$ 145,199	\$ 177,477

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, 2009
(in thousands)

Total Fund Balances - Governmental Funds	\$	136,462
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.		933,109
Long-term receivables will not be collected in the current period and, therefore, are not reported in the funds.		18,585
Unamortized Bond Issue Costs are not financial resources and, therefore, are not reported in the funds.		730
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the governmental-type internal services funds are included in the Statement of Net Assets.		33,780
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(122,009)
Net Assets - Governmental Activities		\$ 1,000,657

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, 2009
(in thousands)

	General Fund	Community Redevelopment Agency	Other Governmental Funds	Total
Revenues:				
Taxes.....	\$ 54,706	\$ 2,129	\$ --	\$ 56,835
Licenses and Permits.....	2,673	--	8,399	11,072
Intergovernmental Revenues.....	14,963	2,436	21,493	38,892
Charges for Services.....	7,722	--	61	7,783
Fines and Forfeitures.....	1,140	--	221	1,361
Net Investment Earnings.....	708	230	3,156	4,094
Securities Lending Income.....	55	18	247	320
Net Increase in the Fair Value of Investments.....	304	227	2,748	3,279
Miscellaneous Revenues.....	11,964	13	532	12,509
Total Revenues.....	<u>94,235</u>	<u>5,053</u>	<u>36,857</u>	<u>136,145</u>
Expenditures:				
Current:				
General Government.....	22,339	--	7,756	30,095
Public Safety.....	47,002	--	4,108	51,110
Transportation.....	13,791	--	16,862	30,653
Human Services.....	3,050	--	535	3,585
Economic Environment.....	1,984	4,674	4,531	11,189
Physical Environment.....	3,259	--	871	4,130
Cultural and Recreation.....	17,069	--	2,357	19,426
Securities Lending Expense:				
Interest.....	16	5	71	92
Agent Fees.....	8	3	36	47
Debt Service:				
Principal Retired.....	--	--	4,750	4,750
Interest and Fiscal Charges.....	414	3	4,404	4,821
Total Expenditures.....	<u>108,932</u>	<u>4,685</u>	<u>46,281</u>	<u>159,898</u>
Excess of Revenues Over (Under) Expenditures.....	<u>(14,697)</u>	<u>368</u>	<u>(9,424)</u>	<u>(23,753)</u>
Other Financing Sources (Uses):				
Transfers In.....	36,162	--	17,519	53,681
Transfers Out.....	(19,800)	--	(7,814)	(27,614)
Proceeds from Sale of Capital Assets.....	--	--	--	--
Total Other Financing Sources (Uses).....	<u>16,362</u>	<u>--</u>	<u>9,705</u>	<u>26,067</u>
Net Change in Fund Balances.....	1,665	368	281	2,314
Fund Balances - October 1.....	7,272	8,374	118,502	134,148
Fund Balances - September 30.....	<u>\$ 8,937</u>	<u>\$ 8,742</u>	<u>\$ 118,783</u>	<u>\$ 136,462</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, 2009
(in thousands)

Net Changes in Fund Balances - Total Governmental Funds \$ 2,314

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. 37,978

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. 261

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. 4,750

The change in the unfunded Net OPEB Obligation which is included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds. (2,434)

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. 221

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. 342

Change in Net Assets of Governmental Activities \$ 43,432

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, 2009
(in thousands)

ASSETS	Enterprise Funds								Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	
Current Assets									
Cash and Cash Equivalents.....	\$ 81,042	\$ 2,193	\$ 872	\$ 2,068	\$ 3,080	\$ 56,688	\$ 8,056	\$ 153,999	\$ 58,539
Investments.....	--	--	--	--	--	--	--	--	--
Securities Lending Collateral.....	11,170	302	120	285	425	7,813	1,110	21,225	8,069
Receivables:									
Accrued Interest.....	352	9	3	11	14	249	36	674	257
Notes.....	6,671	--	--	--	--	--	--	6,671	--
Customers and Others.....	23,634	1,652	3,920	1,583	1,423	880	5,279	38,371	905
Due From Other Governments.....	--	--	--	--	--	1,881	4,722	6,603	--
Less: Allowance for Doubtful Accounts.....	(1,528)	(60)	(393)	(169)	(338)	--	(598)	(3,086)	--
Prepaid Expenses.....	--	--	--	--	--	--	234	234	23,490
Due from Other Funds.....	23,592	--	--	--	--	--	--	23,592	76
Inventory.....	36,439	64	1,601	77	--	--	701	38,882	12,027
Cash and Cash Equivalents - Restricted.....	81,169	5,256	25,610	4,455	9,677	--	2,100	128,267	--
Investments - Restricted.....	53,650	5,721	109,379	21,217	1,615	--	--	191,582	--
Securities Lending Collateral - Restricted.....	18,581	1,513	18,605	3,538	1,435	--	--	43,672	--
Receivables - Restricted:									
Other.....	--	--	--	--	--	--	--	--	--
Accrued Interest.....	356	15	114	--	43	--	--	528	--
Due from Other Governments.....	--	--	--	--	1,459	--	--	1,459	--
Total Current Assets.....	335,128	16,665	159,831	33,065	18,833	67,511	21,640	652,673	103,363
Noncurrent Assets									
Advances to Other Funds.....	--	--	--	--	--	146	--	146	8,277
Unamortized Bond Issue Costs.....	5,058	276	1,604	263	37	--	--	7,238	--
Capital Assets									
Land and Construction in Progress.....	141,009	4,288	46,980	19,726	25,089	84,687	8,802	330,581	5,182
Other, Net of Accumulated Depreciation.....	501,009	49,235	170,432	95,477	56,669	33,129	42,609	948,560	43,205
Total Noncurrent Assets.....	647,076	53,799	219,016	115,466	81,795	117,962	51,411	1,286,525	56,664
Total Assets.....	\$ 982,204	\$ 70,464	\$ 378,847	\$ 148,531	\$ 100,628	\$ 185,473	\$ 73,051	\$ 1,939,198	\$ 160,027

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, 2009
(in thousands)

	Enterprise Funds							Total Enterprise Funds	Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds		
LIABILITIES									
Current Liabilities									
Accounts Payable.....	\$ 11,127	\$ 1,161	\$ 1,736	\$ 258	\$ 2,284	\$ 484	\$ 11,116	\$ 28,166	\$ 13,729
Due to Other Funds.....	--	--	--	--	--	--	10	10	23,592
Compensated Absences.....	1,711	136	802	372	296	341	2,497	6,155	2,141
Obligations Under Securities Lending.....	11,170	302	120	285	425	7,813	1,110	21,225	8,069
Customer Contracts Payable.....	--	--	480	285	--	--	--	765	--
Unearned Revenue.....	--	--	--	--	--	27	--	27	83
Utility Deposits Payable.....	18,211	402	--	1,388	--	--	--	20,001	--
Obligations Under Securities Lending - Restricted.....	18,581	1,513	18,605	3,538	1,435	--	--	43,672	--
Retainage Payable and Accounts Payable - Restricted.....	13,196	834	7,266	1,244	895	--	--	23,435	--
Loans Payable - Current.....	4,114	126	--	772	--	--	709	5,721	--
Bonds Payable - Current.....	17,455	2,204	8,490	810	1,625	--	--	30,584	--
Total Current Liabilities.....	95,565	6,678	37,499	8,952	6,960	8,665	15,442	179,761	47,614
Noncurrent Liabilities									
Loans Payable.....	50,741	2,390	--	14,673	--	--	2,106	69,910	2,300
Claims Payable.....	--	--	--	--	--	--	--	--	8,923
Customer Contracts Payable.....	--	--	1,750	931	--	--	--	2,681	--
Advances from Other Funds.....	9,986	8,920	29	--	1,334	--	--	20,269	826
Compensated Absences.....	1,195	55	324	219	221	128	854	2,996	955
Net OPEB Obligations.....	1,109	119	549	241	196	234	2,116	4,564	1,442
Bonds Payable.....	449,522	22,139	173,118	32,067	2,665	--	--	679,511	9,400
Unamortized Bond Premium (Discount).....	7,445	413	3,299	562	(4)	--	--	11,715	--
Deferment of Gain (Loss) on Early Retirement of Debt.....	(1,020)	--	(1,596)	764	(116)	--	--	(1,968)	--
Total Noncurrent Liabilities.....	518,978	34,036	177,473	49,457	4,296	362	5,076	789,678	23,846
Total Liabilities.....	614,543	40,714	214,972	58,409	11,256	9,027	20,518	969,439	71,460
NET ASSETS									
Investment in Capital Assets, Net of Related Debt.....	118,819	26,526	129,262	65,818	77,312	117,816	48,596	584,149	47,561
Restricted for Debt Service.....	22,891	2,422	14,947	5,452	1,536	--	--	47,248	--
Restricted for Renewal, Replacement, and Improvements.....	67,251	1,560	9,446	5,953	10,288	--	2,100	96,598	--
Unrestricted.....	158,700	(758)	10,220	12,899	236	58,630	1,837	241,764	41,006
Total Net Assets.....	\$ 367,661	\$ 29,750	\$ 163,875	\$ 90,122	\$ 89,372	\$ 176,446	\$ 52,533	969,759	\$ 88,567

Adjustment to reflect the consolidation of internal service fund
activities to enterprise funds..... 54,707
Net Assets of business-type activities..... \$ 1,024,466

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, 2009
(in thousands)

	Enterprise Funds								Internal Service Funds
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	
Operating Revenues:									
Charges for Services:									
Residential Sales.....	\$ 153,911	\$ 14,383	\$ 24,077	\$ 12,525	\$ --	\$ 7,041	\$ 18,092	\$ 230,029	\$ --
Commercial and Industrial Sales.....	187,286	23,980	16,430	7,813	--	10,864	19,489	265,862	--
Public Street and Highway Lighting.....	4,483	--	--	--	--	--	--	4,483	--
Sales for Resale.....	6,836	--	--	--	--	--	--	6,836	--
Surcharge.....	1,999	137	853	1,436	--	--	--	4,425	--
Tapping Fees.....	--	9	144	378	--	--	--	531	--
Landing and Tie Down Fees.....	--	--	--	--	1,429	--	--	1,429	--
Late Fees.....	1,217	138	--	90	--	--	--	1,445	--
Initiating Service.....	939	116	--	493	--	--	--	1,548	--
Rentals.....	521	--	--	523	9,013	--	--	10,057	--
Cut-ins and Cut-fees.....	1,429	37	--	125	--	--	--	1,591	--
County Government.....	--	--	--	--	--	--	6,790	6,790	--
Recyclable Sales.....	--	--	--	--	--	--	816	816	--
Recreation Fees.....	--	--	--	--	--	--	921	921	--
Transportation Fees.....	--	--	--	--	--	--	4,175	4,175	--
Other.....	6,044	480	3,420	1,358	1,761	512	1,224	14,799	315,151
Total Operating Revenues.....	364,665	39,280	44,924	24,741	12,203	18,417	51,507	555,737	315,151
Operating Expenses:									
Personnel Services.....	22,963	2,104	11,697	5,322	4,250	5,467	35,301	87,104	32,744
Fossil Fuel.....	212,677	--	--	--	--	--	--	212,677	--
Power Purchased.....	14,093	--	--	--	--	--	--	14,093	--
Gas Purchased.....	--	26,743	--	--	--	--	--	26,743	--
Contractual Services.....	32,212	2,805	15,753	11,257	4,236	5,208	25,523	96,994	255,901
Materials and Supplies.....	4,344	116	2,300	801	205	265	2,986	11,017	7,638
Other Expenses.....	5,014	732	615	1,094	459	203	630	8,747	7,660
Depreciation.....	33,290	1,586	6,196	3,104	3,708	881	2,750	51,515	7,802
Amortization.....	313	33	132	18	101	--	--	597	--
Total Operating Expenses.....	324,906	34,119	36,693	21,596	12,959	12,024	67,190	509,487	311,745
Operating Income (Loss).....	\$ 39,759	\$ 5,161	\$ 8,231	\$ 3,145	\$ (756)	\$ 6,393	\$ (15,683)	\$ 46,250	\$ 3,406

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 Year Ended September 30, 2009
(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Non-Operating Revenues (Expenses):									
Net Investment Earnings.....	\$ 2,947	\$ 90	\$ 1,333	\$ 138	\$ 250	\$ 849	\$ 116	\$ 5,723	\$ 1,736
Net Increase in the Fair Value of Investments.....	4,196	193	685	169	330	1,466	208	7,247	1,513
Securities Lending:									
Income.....	229	7	104	11	19	67	9	446	134
Interest Expense.....	(67)	(2)	(30)	(3)	(6)	(20)	(3)	(131)	(41)
Agent Fees.....	(32)	(1)	(15)	(2)	(2)	(9)	(1)	(62)	(17)
Grant Revenues.....	--	--	--	--	--	--	4,148	4,148	--
Other Revenues.....	1,319	31	3,137	1,489	--	--	940	6,916	1,108
Interest Expense.....	(14,695)	(1,499)	(2,581)	(1,220)	(246)	--	(147)	(20,388)	(729)
Gain (Loss) on Sale of Assets.....	--	--	--	--	(24)	--	729	705	(44)
Other Expenses.....	(7,259)	(379)	(574)	(2,513)	(3,877)	(29)	--	(14,631)	(696)
Total Non-Operating Revenues (Expenses).....	(13,362)	(1,560)	2,059	(1,931)	(3,556)	2,324	5,999	(10,027)	2,964
Income (Loss) Before Capital Contributions and Operating Transfers.....									
	26,397	3,601	10,290	1,214	(4,312)	8,717	(9,684)	36,223	6,370
Capital Contributions and Transfers:									
Capital Contributions.....	--	--	--	--	3,128	4,576	4,920	12,624	--
Transfers In.....	113	--	--	--	--	--	10,782	10,895	54
Transfers Out.....	(22,805)	(2,353)	(2,372)	(6,056)	(949)	(517)	(350)	(35,402)	(1,614)
Total Capital Contributions and Transfers.....	(22,692)	(2,353)	(2,372)	(6,056)	2,179	4,059	15,352	(11,883)	(1,560)
Change in Net Assets.....	3,705	1,248	7,918	(4,842)	(2,133)	12,776	5,668	24,340	4,810
Net Assets - October 1	363,956	28,502	155,957	94,964	91,505	163,670	46,865		83,757
Net Assets - September 30	<u>\$ 367,661</u>	<u>\$ 29,750</u>	<u>\$ 163,875</u>	<u>\$ 90,122</u>	<u>\$ 89,372</u>	<u>\$ 176,446</u>	<u>\$ 52,533</u>		<u>\$ 88,567</u>
Adjustment to reflect the consolidation of internal service fund activities to enterprise funds.....								4,593	
Change in net assets of business-type activities.....								<u>\$ 28,933</u>	

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2009
(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES									
Cash Received from Customers.....	\$ 367,126	\$ 39,609	\$ 44,758	\$ 24,803	\$ 11,799	\$ 19,069	\$ 51,901	\$ 559,065	\$ --
Cash Received from Other Funds.....	--	--	--	--	--	--	--	--	349,658
Cash Received from Other Revenues.....	1,187	31	937	931	--	--	149	3,235	--
Cash Paid to Suppliers for Goods and Services.....	(248,149)	(29,476)	(14,037)	(9,174)	(3,673)	(3,355)	(13,660)	(321,524)	(295,332)
Cash Paid to Employees for Services.....	(20,414)	(2,143)	(11,686)	(5,072)	(4,190)	(5,363)	(34,375)	(83,243)	(32,160)
Cash Paid to Other Funds.....	(18,715)	(2,359)	(5,791)	(5,155)	(1,224)	(2,667)	(11,241)	(47,152)	--
Cash Paid for Other Expenses.....	(712)	(8)	(63)	(5)	(3,877)	--	--	(4,665)	--
Net Cash Provided by (Used For) Operating Activities.....	80,323	5,654	14,118	6,328	(1,165)	7,684	(7,226)	105,716	22,166
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers In from Other Funds.....	113	--	--	--	--	--	10,782	10,895	54
Operating Grants Received.....	--	--	--	--	--	--	297	297	--
Repayment of Advances.....	--	(39)	--	--	(227)	--	--	(266)	--
Transfers Out to Other Funds.....	(22,804)	(2,353)	(2,372)	(6,056)	(949)	(517)	(350)	(35,401)	(1,614)
Net Cash Provided by (Used for) Noncapital Financing Activities.....	(22,691)	(2,392)	(2,372)	(6,056)	(1,176)	(517)	10,729	(24,475)	(1,560)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Receipts from Energy Loan Program.....	8,128	--	--	--	--	--	--	8,128	--
Capital Contributions.....	--	--	--	--	2,783	441	4,871	8,095	--
System Charges.....	--	--	2,200	558	--	--	--	2,758	--
Proceeds from Sale of Property.....	--	--	--	--	--	--	--	--	5
Bond and Loan Proceeds.....	--	--	--	--	--	--	--	--	602
Acquisition and Construction of Capital Assets.....	(55,552)	(2,805)	(29,705)	(16,928)	(2,506)	(2,827)	(4,800)	(115,123)	(9,213)
Principal and Refunding Payments.....	--	--	--	--	--	--	--	--	--
Repayment of Loans from Other Funds.....	--	--	(457)	(437)	--	--	(1)	(895)	(10,433)
Funding of Energy Loan Program.....	(9,622)	--	--	--	--	--	--	(9,622)	--
Interest Paid.....	(10,319)	(1,615)	(4,295)	(697)	(65)	--	(147)	(17,138)	(729)
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	(67,365)	(4,420)	(32,257)	(17,504)	212	(2,386)	(77)	(123,797)	(19,768)
CASH FLOWS FROM INVESTING ACTIVITIES									
Proceeds from Sale and Maturities of Investment Securities.....	16,875	1,551	61,930	5,026	80	--	--	85,462	--
Interest Received on Investments.....	4,271	267	4,543	706	364	887	124	11,162	1,812
Purchase of Investment Securities.....	(36,991)	(3,155)	(42,277)	(6,258)	(959)	--	--	(89,640)	--
Increase in the Fair Value of Cash and Cash Equivalents.....	4,196	193	685	169	330	1,466	208	7,247	1,513
Net Cash Provided by Investing Activities.....	\$ (11,649)	\$ (1,144)	\$ 24,881	\$ (357)	\$ (185)	\$ 2,353	\$ 332	\$ 14,231	\$ 3,325

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2009
(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (21,382)	\$ (2,302)	\$ 4,370	\$ (17,589)	\$ (2,314)	\$ 7,134	\$ 3,758	\$ (28,325)	\$ 4,163
Cash and Cash Equivalents - October 1.....	183,593	9,751	22,112	24,112	15,071	49,554	6,547	310,740	54,376
Cash and Cash Equivalents - September 30.....	<u>\$ 162,211</u>	<u>\$ 7,449</u>	<u>\$ 26,482</u>	<u>\$ 6,523</u>	<u>\$ 12,757</u>	<u>\$ 56,688</u>	<u>\$ 10,305</u>	<u>\$ 282,415</u>	<u>\$ 58,539</u>
Classified As:									
Unrestricted Assets.....	\$ 81,042	\$ 2,193	\$ 872	\$ 2,068	\$ 3,080	\$ 56,688	\$ 8,056	\$ 153,999	\$ 58,539
Restricted Assets.....	81,169	5,256	25,610	4,455	9,677	--	2,100	128,267	--
	<u>\$ 162,211</u>	<u>\$ 7,449</u>	<u>\$ 26,482</u>	<u>\$ 6,523</u>	<u>\$ 12,757</u>	<u>\$ 56,688</u>	<u>\$ 10,156</u>	<u>\$ 282,266</u>	<u>\$ 58,539</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Operating Income (Loss).....	\$ 39,759	\$ 5,161	\$ 8,231	\$ 3,145	\$ (756)	\$ 6,393	\$ (15,683)	\$ 46,250	\$ 3,406
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Depreciation.....	33,290	1,586	6,196	3,104	3,708	881	2,750	51,515	7,802
Amortization.....	313	33	132	18	101	--	--	597	--
Provision for Uncollectible Accounts.....	417	(4)	(93)	(65)	30	(25)	68	328	--
Net OPEB Obligation.....	576	60	282	130	102	122	1,059	2,331	748
Other.....	475	23	874	926	(3,877)	--	--	(1,579)	--
(Increase) Decrease in Accounts Receivable.....	18,493	329	(166)	62	(253)	652	(2,181)	16,936	1,444
Decrease in Other Accounts Receivable.....	--	--	--	--	--	--	--	--	312
(Increase) Decrease in Inventory.....	(2,055)	(28)	55	--	--	--	(103)	(2,131)	(1,099)
(Increase) Decrease in Due From Other Funds.....	(12,552)	--	--	--	--	--	--	(12,552)	--
Increase (Decrease) in Accounts Payable.....	801	(1,415)	(1,122)	(1,091)	(37)	(321)	7,218	4,033	(35,667)
Decrease in Due To Other Funds.....	--	--	--	--	--	--	--	--	12,552
Increase in Prepaid Expenses.....	--	--	--	--	--	--	(234)	(234)	28,424
Increase in loans to other funds.....	--	--	--	--	--	--	--	--	4,327
Increase in Utility Deposits Payable.....	770	8	--	(21)	--	--	--	757	--
Increase (Decrease) in Compensated Absences.....	36	(99)	(271)	120	(18)	(18)	(120)	(370)	(164)
Increase in Prepaid Fees Credit.....	--	--	--	--	(165)	--	--	(165)	--
Decrease in Insurance Deposits.....	--	--	--	--	--	--	--	--	81
Total Adjustments.....	<u>40,564</u>	<u>493</u>	<u>5,887</u>	<u>3,183</u>	<u>(409)</u>	<u>1,291</u>	<u>8,457</u>	<u>59,466</u>	<u>18,760</u>
Net Cash Provided by (Used for) Operating Activities.....	<u>\$ 80,323</u>	<u>\$ 5,654</u>	<u>\$ 14,118</u>	<u>\$ 6,328</u>	<u>\$ (1,165)</u>	<u>\$ 7,684</u>	<u>\$ (7,226)</u>	<u>\$ 105,716</u>	<u>\$ 22,166</u>

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET ASSETS
Fiduciary Funds
September 30, 2009
(in thousands)

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Nuclear Decommissioning Private-Purpose Trust Fund</u>
ASSETS			
Cash and Cash Equivalents.....	\$ --	\$ 2,720	\$ --
Receivables			
Other Receivables.....	26,050	--	--
Accrued Interest.....	1,672	12	--
Total Receivables.....	<u>27,722</u>	<u>12</u>	<u>--</u>
Investments, at Fair Value			
Mutual Index Funds.....	266,815	--	--
Fixed Income Securities.....	329,290	--	--
Domestic Stock.....	267,652	--	--
International Stock.....	85,767	--	--
Short-term Investments.....	7,743	--	6,733
Real Estate.....	59,456	--	--
Total Investments.....	<u>1,016,723</u>	<u>--</u>	<u>6,733</u>
Securities Lending Collateral.....	72,041	--	928
Total Assets.....	<u>\$ 1,116,486</u>	<u>\$ 2,732</u>	<u>\$ 7,661</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Obligations Under Securities Lending.....	\$ 72,041	\$ --	\$ 928
Other Payables.....	33,031	--	--
Total Liabilities.....	<u>105,072</u>	<u>--</u>	<u>928</u>
NET ASSETS			
Held in Trust for Benefits and Other Purposes.....	1,011,414	2,732	6,733
Total Liabilities and Net Assets.....	<u>\$ 1,116,486</u>	<u>\$ 2,732</u>	<u>\$ 7,661</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, 2009
(in thousands)

	Pension Trust Fund	OPEB Trust Fund	Nuclear Decommissioning Private-Purpose Trust Fund
ADDITIONS			
Contributions			
Employer.....	\$ 17,373	\$ 3,123	\$ --
Plan Members.....	7,535	--	--
Miscellaneous.....	76	--	--
Total Contributions.....	<u>24,984</u>	<u>3,123</u>	<u>--</u>
Investment Income			
<i>From Investment Activities:</i>			
Unrealized Depreciation			
In Fair Value of Investments.....	(32,336)	--	--
Interest.....	7,249	37	56
Dividends.....	7,751	--	--
Commission Recapture Income.....	-	--	--
Total Investment Income.....	<u>(17,336)</u>	<u>37</u>	<u>56</u>
Less Investment Expenses:			
Investment Management Fees.....	2,795	--	--
Interest Expenses.....	193	--	--
Net Income from Investing Activities.....	<u>(20,324)</u>	<u>37</u>	<u>56</u>
<i>From Securities Lending Activities:</i>			
Securities Lending Income.....	602	4	4
Less Securities Lending Expenses:			
Interest Expenses.....	56	1	1
Investment Management Fees.....	93	1	1
Net Income from Securities Lending Activities.....	<u>453</u>	<u>2</u>	<u>2</u>
Total Net Investment Income.....	<u>(19,871)</u>	<u>39</u>	<u>58</u>
Total Additions.....	<u>5,113</u>	<u>3,162</u>	<u>58</u>
DEDUCTIONS			
Benefits.....	43,813	1,585	--
Refunds of Contributions.....	432	--	--
Administrative Expense.....	940	--	--
Total Deductions.....	<u>45,185</u>	<u>1,585</u>	<u>--</u>
Change in Net Assets.....	(40,072)	1,577	58
Net Assets - October 1.....	<u>1,051,486</u>	<u>1,155</u>	<u>6,675</u>
Net Assets - September 30.....	<u>\$ 1,011,414</u>	<u>\$ 2,732</u>	<u>\$ 6,733</u>

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



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NOTES TO THE FINANCIAL STATEMENTS

Note I – Summary of Significant Accounting Policies

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

Note III – Stewardship, Compliance, and Accountability

Note IV – Detailed Notes (All Funds)

Note V – Other Information

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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, 2009

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. The 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, 2009, 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, 2009

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, 2009, the City paid nothing under these JPAs.

Current audited financial statements may be obtained from Blueprint 2000, 1311 Executive Center Dr., Suite 109, 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, 2009

NOTE I (CONTINUED)

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

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

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

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

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

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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, central warehouse 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, 2009

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, 2009

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, 2009

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, 2009

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, 2009

NOTE I (CONTINUED)

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

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

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

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

8. BOND DISCOUNTS, ISSUANCE COSTS, AND REFUNDING GAINS AND LOSSES - In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premium and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds at the rate at which principal payments are made which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Bond refunding gains and losses are deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method, and presented as other liabilities. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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.

E. DERIVATIVE FUEL INVESTMENTS

In February 2003, the City of Tallahassee initiated transactions related to its fuels price hedging program. As part of the City's energy price risk mitigation program, the hedge instruments transactions are made to minimize the risk of energy price market volatility and counter-party credit risk, primarily for the physical purchases of natural gas. The hedge instruments are reported at cost on the Statement of Net Assets. Gains and losses related to the hedging transactions are credited or charged to fuel expense in the period realized.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2009

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 \$122,009 difference are as follows (in thousands):

Bonds and loan payable including premiums & discount.....	\$ 109,074
Compensated absences.....	7,534
Net OPEB obligation.....	<u>5,401</u>
Net adjustments to reduce fund balances-	
Total governmental funds to arrive at net assets.....	<u>\$ 122,009</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 \$37,978 difference are as follows (in thousands):

Capital Outlay.....	\$ 68,957
Depreciation Expense	<u>(30,979)</u>
Net adjustment to increase net changes in Fund Balances	
Total Governmental Funds to arrive at changes in Net Assets	
Governmental Activities.....	<u>\$ 37,978</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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, and the Environmental Policy and Energy Resources (EPER) Fund, an Internal Service Fund, had fund deficits of \$2,967,000 and \$125,000 respectively at September 30, 2009. It is anticipated that future revenues will fund these deficits.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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 \$46,096,000 and the bank balance was \$40,306,000. 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, 2009, the City owns \$67,224,000 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, 2009 is 1.6 years. At September 30, 2009, the City has \$245,817,000 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, 2009 was 1.0029. The effective duration of the SPIA Pool is 2.32 years as of September 30, 2009. Also included within deposits is \$8,060,000 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. Six city funds had deficit cash balances at year end totaling \$13,025,000 which are reported in accounts payable at September 30, 2009. 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, 2009

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, 2009 was \$28,074,000 and the bank balance was \$22,281,000. 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). As of September 30, 2009, the Nuclear Fuel Decommissioning Private-Purpose Fund held \$6,733,000 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, 2009.

As of September 30, 2009, the City had the following non-pension investments subject to credit risk in the internal, Galliard and MBIA portion of the portfolio (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>S & P Rating</u>
US Treasury	\$ 134,044	AAA
Yankees	5,312	AAA
US Agencies	68,498	AA
Corporate Bonds	15,114	AAA
Corporate Bonds	5,536	AA+
Corporate Bonds	11,594	AA
Corporate Bonds	5,553	AA-
Corporate Bonds	16,005	A+
Corporate Bonds	5,877	A
Corporate Bonds	6,859	NA
Corporate Bonds	881	NR
Mortgage Pass Through	28,050	AAA
Municipals	2,032	SP-1+
Municipals	6,737	AAA
Municipals	3,587	AA+
Municipals	4,775	AA
Municipals	616	AA-
Municipals	611	A+
Municipals	8,302	A
Municipals	428	NA
Cash and Equivalents	7,482	NA
Cash and Equivalents	7,992	AAA
Total	\$ 345,885	

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE IV (CONTINUED)

In addition, the City owns \$245,817,489 shares in the SPIA Pool, and \$67,223,727 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, 2009 was 3.96 years and the duration of the non-pension portfolio as of September 30, 2009 was 1.48 years.

As of September 30, 2009, the non-pension portfolio including the internal portion as well as Galliard and MBIA, had the following investments on a time-segmented basis (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>10+Years</u>
US Treasury	\$ 134,044	\$ 61,121	\$ 72,923	\$ -	\$ -
US Agencies	68,498	25,481	43,016	-	-
Corporate Bonds	67,418	4,872	62,547	-	-
Yankees	5,312	-	5,312	-	-
Municipals	27,088	5,018	22,070	-	-
Mortgage Pass Through	28,050	757	-	10,081	17,212
Cash and Equivalents	15,475	15,475	-	-	-
Total	\$ 345,885	\$ 112,724	\$ 205,868	\$ 10,081	\$ 17,212

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, 2009, 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	\$ 8,345	AAA
Asset Backed	231	AA-
Asset Backed	347	AA+
Asset Backed	1,050	AAA
Asset Backed	493	B-
Asset Backed	208	BB+
Asset Backed	560	BBB+
Asset Backed	2,951	CCC
Asset Backed	722	NA
Cash and Equivalents	370	AAA
Cash and Equivalents	8,009	NA
CMO	170	A-
CMO	1,764	A+
CMO	10,502	AAA
CMO	1,446	B

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE IV (CONTINUED)

<u>Investment Type</u>	<u>Fair Value</u>	<u>S&P Rating</u>
CMO	753	BB
CMO	171	B-
CMO	267	BBB-
CMO	4,454	CCC
CMO	1,895	NA
Mutual Funds	163,926	NR
Convertible Bonds	73	A-
Convertible Bonds	97	A+
Convertible Bonds	27	AAA
Convertible Bonds	12	B
Convertible Bonds	93	B+
Convertible Bonds	49	BB
Convertible Bonds	49	BB-
Convertible Bonds	106	BB+
Convertible Bonds	25	BBB
Convertible Bonds	77	BBB-
Convertible Bonds	201	BBB+
Convertible Bonds	45	CCC+
Convertible Bonds	172	NA
Convertible Bonds	163	NR
Corporate Bonds	6,111	A
Corporate Bonds	2,517	A-
Corporate Bonds	1,392	A+
Corporate Bonds	1,195	AA-
Corporate Bonds	1,732	AA+
Corporate Bonds	2,766	AAA
Corporate Bonds	1,184	B
Corporate Bonds	480	B-
Corporate Bonds	375	BB-
Corporate Bonds	63	BB+
Corporate Bonds	2,742	BBB
Corporate Bonds	1,194	BBB-
Corporate Bonds	3,284	BBB+
Corporate Bonds	14	CCC
Corporate Bonds	99	NA
Mortgage Pass Through	208	AA
Mortgage Pass Through	44,754	AAA
Municipals	448	A
Preferred Stock	24	B
Preferred Stock	31	BB
Preferred Stock	117	NA
Venture Capital	867	NA
US Treasury	45,454	AAA
Yankees	187	A-
Yankees	1,109	A+
Yankees	675	AA
Yankees	445	AA-
Mutual Index Funds	266,815	NR
Domestic Stock	267,652	NR
International Stock	85,767	NR
Short Term Investments	7,743	NR
Real Estate	59,456	NR
Total	\$ 1,016,723	

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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):

Currency	Amount	Investment Type
Australia	\$ 2,760	Common Stock
Australia	9	Foreign Currency
Belgium	853	Common Stock
Bermuda	559	Common Stock
Brazil	191	Common Stock
Canada	10	Foreign Currency
Canada	3,182	Common Stock
Cayman Islands	1	Common Stock
China	1,942	Common Stock
Denmark	863	Common Stock
Denmark	11	Foreign Currency
Finland	783	Common Stock
France	11,036	Common Stock
France	572	Real Estate Inv Trusts
France	37	Rights
Germany	12,826	Common Stock
Hong Kong	3	Foreign Currency
Hong Kong	717	Common Stock
India	786	Depository Receipts
International	321	Foreign Currency
International	20	Non Security Asset-Stock
Ireland	862	Common Stock
Isle of Man	229	Common Stock
Israel	346	Common Stock
Israel	1	Foreign Currency
Italy	4,823	Common Stock
Japan	23	Foreign Currency
Japan	7,754	Common Stock
C.I. Jersey	178	Common Stock
Republic of Korea	806	Common Stock
Republic of Korea	84	Preferred Stock
Luxembourg	280	Common Stock
Netherlands	4,904	Common Stock
New Zealand	304	Common Stock
Norway	9	Foreign Currency
Norway	473	Common Stock
Russian Federation	1,395	Depository Receipts
Singapore	4	Foreign Currency
Singapore	464	Common Stock
South Africa	469	Common Stock
Spain	2,833	Common Stock
Sweden	9	Foreign Currency
Sweden	2,046	Common Stock
Switzerland	9	Foreign Currency
Switzerland	5,667	Common Stock
Thailand	89	Common Stock
Turkey	324	Common Stock
United Kingdom	115	Foreign Currency
United Kingdom	13,779	Common Stock
United Kingdom	6	Non Security Asset-Stock
Total	\$ 85,767	

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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, 2009 (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	\$ 8,345	\$ --	\$ 8,345	\$ --	\$ --
Asset backed	6,562	--	--	--	6,562
Cash and Cash Equivalents	8,378	8,378	--	--	--
CMO	21,423	--	--	--	21,423
Mutual Funds	163,926	--	--	--	163,926
Convertible Bonds	1,188	41	444	48	655
Corporate Bonds	25,149	571	12,294	8,915	3,369
Municipals	448	--	--	448	--
Mortgage Pass Through	44,962	--	--	208	44,754
Preferred Stock	172	--	--	--	172
US Treasury	46,321	7,549	23,276	14,629	867
Yankees	2,416	--	2,229	187	--
Total	\$ 329,290	\$ 16,539	\$ 46,588	24,435	\$ 241,728

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, 2009, the Bank lent, 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, 2009. Moreover, there were no losses during the fiscal year ended September 30, 2009 resulting from a default of any borrower.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE IV (CONTINUED)

During the fiscal year ended September 30, 2009, the Bank lent, 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, 2009. Moreover, there were no losses during the fiscal year ended September 30, 2009 resulting from a default of any borrower.

During the fiscal year ended September 30, 2009, 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, 2009 was 8 days with an average weighted maturity of 66 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, 2009, the City had no credit risk exposure to borrowers.

As of September 30, 2009, for the City's pension fund, the collateral held and the market value of securities on loan were \$72,041,000 and \$70,354,000, respectively; for the City's non-pension funds, the collateral held and the market value of securities on loan were \$109,705,000 and \$91,766,000 respectively.

A summary of the fair market value of the securities lent as of September 30, 2009 follows:

	<u>Pension Fund</u>	<u>Non-Pension Fund</u>
American Depository Receipts (ADR)	\$ 1,220,000	\$ --
Agencies	7,412,000	17,970,000
Corporate Bonds	405,000	--
Common Stock	31,004,000	--
U.S. Government Treasury Notes	30,313,000	73,796,000
	<u>\$ 70,354,000</u>	<u>\$ 91,766,000</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, 2009 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.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE IV (CONTINUED)

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

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

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

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

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

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, 2009 (in thousands):

<u>Years ending September 30,</u>		
2010.....	\$	1,542
2011.....		815
2012.....		791
2013.....		926
2014-2018.....		3,522
2019-2023.....		2,354
2024-2028.....		2,318
2029-2033.....		1,780
2034-2038.....		1,402
Thereafter.....		4,380
	<u>\$</u>	<u>19,830</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE IV (CONTINUED)

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, 2009 amounted to \$38,275.

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 2009 True-Up of Signatory Airline Rates was 77.80% toward terminal rentals and 22.20% 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 \$984,688.

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, 2009

NOTE IV (CONTINUED)

D. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2009 was as follows (in thousands):

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Non-Depreciable Assets:				
Land.....	\$ 350,871	\$ 2,845	\$ (1,998)	\$ 351,718
Construction in Progress.....	54,478	15,772	(15,638)	54,612
Depreciable Assets:				
Buildings.....	107,574	5,213	(320)	112,466
Equipment.....	34,923	2,085	(1,264)	35,744
Improvements other than buildings.....	12,052	1,093	(30)	13,115
Infrastructure.....	718,286	62,080	--	780,366
Intangibles.....	14	--	--	14
	<u>1,278,198</u>	<u>89,088</u>	<u>(19,250)</u>	<u>1,348,035</u>
Less accumulated depreciation for:				
Buildings.....	(40,827)	(5,989)	32	(46,783)
Equipment.....	(25,051)	(2,561)	384	(27,227)
Improvements other than buildings.....	(6,474)	2,263	--	(4,211)
Infrastructure.....	(296,590)	(26,187)	--	(322,777)
Intangibles.....	(2)	(1)	--	(3)
	<u>(368,944)</u>	<u>(32,474)</u>	<u>416</u>	<u>(401,001)</u>
Governmental Activities capital assets, net	<u>\$ 909,254</u>	<u>\$ 56,615</u>	<u>\$ (18,834)</u>	<u>\$ 947,034</u>
Business-type Activities				
Non-Depreciable Assets:				
Land.....	\$ 123,230	\$ 1,023	\$ (1,892)	\$ 122,361
Construction in Progress.....	146,668	130,802	(69,133)	208,337
Depreciable Assets:				
Buildings.....	112,533	3,733	(1)	116,265
Equipment.....	699,420	14,222	(6,839)	706,803
Improvements other than buildings.....	13,860	427	--	14,287
Infrastructure.....	744,189	38,273	--	782,462
Intangibles.....	98,033	4,056	--	102,089
	<u>1,937,933</u>	<u>192,536</u>	<u>(77,865)</u>	<u>2,052,604</u>
Less accumulated depreciation for:				
Buildings.....	(44,848)	(4,386)	1	(49,233)
Equipment.....	(289,988)	(27,283)	3,463	(313,808)
Improvements other than buildings.....	(3,253)	(1,431)	--	(4,684)
Infrastructure.....	(303,262)	(16,298)	--	(319,560)
Intangibles.....	(48,439)	(3,277)	--	(51,716)
	<u>(689,790)</u>	<u>(52,675)</u>	<u>3,464</u>	<u>(739,001)</u>
Business-type Activities, net	<u>\$ 1,248,143</u>	<u>\$ 139,861</u>	<u>\$ (74,401)</u>	<u>\$ 1,313,603</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE IV (CONTINUED)

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

GOVERNMENTAL ACTIVITIES:	
General Government.....	\$ 1,124
Public Safety.....	774
Transportation.....	1,182
Human Services.....	221
Economic Development.....	192
Culture and Recreation.....	902
General Infrastructure.....	26,584
Capital Assets held by the governmental type internal services funds are charged to the various functions based on their usage of assets.....	1,349
Total depreciation expense—governmental activities	<u>\$ 32,328</u>
BUSINESS-TYPE ACTIVITIES:	
Electric.....	\$ 33,290
Gas.....	1,586
Sewer.....	6,196
Water.....	3,104
Airport.....	3,708
StarMetro.....	1,790
Solid Waste.....	49
Golf.....	200
Stormwater Management.....	881
Fire Services.....	711
Capital Assets held by the government’s business-type internal services funds are charged to the various functions based on their usage of assets.....	6,453
Total depreciation expense—business-type activities	<u>\$ 57,968</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, 2009 (in thousands):

	Electric	Water	Sewer	Gas
Total interest cost incurred	\$ 25,485	\$ 2,370	\$ 8,630	\$ 1,758
Decrease as a result of capitalizing interest as a cost of construction	(10,790)	(1,150)	(6,049)	(259)
Interest charged to operations	<u>\$ 14,695</u>	<u>\$ 1,220</u>	<u>\$ 2,581</u>	<u>\$ 1,499</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, 2009 (in thousands):

Interest expense incurred during construction and capitalized	\$ 10,790	\$ 1,150	\$ 6,049	\$ 259
Interest earned on bond proceeds	(1,194)	(562)	(3,151)	(173)
Net interest capitalized	<u>\$ 9,596</u>	<u>\$ 588</u>	<u>\$ 2,898</u>	<u>\$ 86</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE IV (CONTINUED)

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

1. INTERFUND RECEIVABLES/PAYABLES - At September 30, 2009, Interfund Receivables and Payables are as follows (in thousands):

Fund	Due From	Due To	Advance To	Advance From
General.....	\$ --	\$ 66	\$ 2,882	\$ 5,767
Electric.....	23,592	--	--	9,986
Gas.....	--	--	--	8,920
Water.....	--	--	--	--
Sewer.....	--	--	--	29
Airport.....	--	--	--	1,334
Stormwater.....	--	--	146	--
Nonmajor governmental.....	--	--	18,585	3,028
Nonmajor business-type.....	--	10	--	--
Internal service funds.....	76	23,592	8,277	826
	<u>\$ 23,668</u>	<u>\$ 23,668</u>	<u>\$ 29,890</u>	<u>\$ 29,890</u>

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

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

Such costs allocated to the funds for the year ended September 30, 2009 are as follows (in thousands):

General.....	\$ 18,494
Electric.....	16,688
Gas.....	2,071
Sewer.....	5,047
Water.....	4,568
Airport.....	1,368
Stormwater management.....	1,947
Nonmajor business type.....	9,830
Nonmajor governmental type.....	447
Fiduciary type.....	894
Internal service type.....	5,797
	<u>\$ 67,151</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE IV (CONTINUED)

3. INTERFUND TRANSFERS - At September 30, 2009 Interfund Transfers are as follows (in thousands):

		<u>Transfers In</u>					
		<u>General</u>	<u>Electric</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Business-type</u>	<u>Internal Service Funds</u>	<u>Total</u>
Transfers Out	General	\$ --	\$ 113	\$ 9,854	\$ 9,833	\$ --	\$ 19,800
	Electric	22,637	--	167	--	1	22,805
	Gas	2,323	--	29	--	1	2,353
	Sewer	2,300	--	72	--	--	2,372
	Water	6,012	--	43	--	1	6,056
	Airport	--	--	--	949	--	949
	Stormwater	459	--	58	--	--	517
	Nonmajor governmental	2,280	--	5,484	--	50	7,814
	Nonmajor business-type	151	--	198	--	1	350
	Internal service	--	--	1,614	--	--	1,614
	Total	<u>\$ 36,162</u>	<u>\$ 113</u>	<u>\$ 17,519</u>	<u>\$ 10,782</u>	<u>\$ 54</u>	<u>\$ 64,630</u>

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE IV (CONTINUED)

F. LEASE COMMITMENTS

OPERATING - The City has entered into several operating leases for buildings and equipment. The leases are for one to three years, expiring in 2010 through 2012. Total rent expenses incurred by the City for the year ended September 30, 2009 were \$2,607,000. The remaining future minimum lease obligations are as follows (in thousands):

	<u>Year Ending Sept. 30</u>	
2010.....	\$	116
2011.....		79
2012.....		43
Total.....	<u>\$</u>	<u>238</u>

G. LONG-TERM DEBT

1. The following is a summary of the changes in Long-Term Debt for the year ended September 30, 2009 (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.....	\$ 84,135	\$ 36,375	\$ 4,750	\$ 115,760	\$ 8,855
Compensated Absences.....	8,996	6,286	6,554	8,728	6,286
Sunshine State Loan Payable.....	30,200	--	27,900	2,300	--
OPEB Obligation.....	3,185	2,712	--	5,897	--
Total Governmental-Type Debt.....	<u>126,516</u>	<u>45,373</u>	<u>39,204</u>	<u>132,685</u>	<u>15,141</u>
Business-Type Activities:					
Energy System - 1998 A.....	127,845	--	--	127,845	7,965
Energy System - 1998 B.....	24,200	--	--	24,200	--
Energy System Refunding 2001.....	11,730	--	--	11,730	1,925
Energy System 2005.....	126,570	--	--	126,570	4,815
Energy System 2007.....	200,975	--	--	200,975	4,954
Airport Refunding 2004.....	4,290	--	--	4,290	1,625
CURSB 2001.....	16,575	--	--	16,575	2,130
CURSB 2005.....	33,450	--	--	33,450	5,560
CURSB 2007.....	164,460	--	--	164,460	1,610
Compensated Absences.....	11,552	7,521	8,020	11,053	7,521
AMI Loan.....	35,300	2,131	--	37,431	1,872
Sunshine State Loan Payable.....	57,030	--	18,830	38,200	3,849
OPEB Obligation.....	2,710	2,800	--	5,510	--
Total Business-Type Debt.....	<u>816,687</u>	<u>12,452</u>	<u>26,850</u>	<u>802,289</u>	<u>43,826</u>
Total Long-Term Debt.....	<u>\$ 943,203</u>	<u>\$ 57,825</u>	<u>\$ 66,054</u>	<u>\$ 934,974</u>	<u>\$ 58,967</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, 2009

NOTE IV (CONTINUED)

2. Summarized below are the City's individual bond issues which were outstanding at September 30, 2009 (in thousands):

GENERAL REVENUE BONDS:

\$15,360,000 Capital Bonds - Series 2001, due in annual installments of \$1,720,000 to \$1,790,000 from October 1, 2010 to October 1, 2011, interest rates at 3.80% to 5.00% depending on maturity date. \$ 5,170

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

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

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

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

Total General Revenue Bonds 115,760

PROPRIETARY REVENUE BONDS:

\$143,800,000 Energy System - Series 1998A, due in annual installments of \$4,060,000 to \$9,645,000 from October 1, 2010 to October 1, 2028, interest at 5.00% to 5.25% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Electric System and certain other amounts as provided by Resolution. 127,845

\$49,220,000 Energy System - Series 1998B, due in annual installments of \$2,200,000 to 4,840,000 from October 1, 2023 to October 1, 2028, interest rates at 5.00%. 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 and certain other amounts as provided by Resolution 1991B. 24,200

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE IV (CONTINUED)

\$17,680,000 Energy System Refunding Revenue Bonds - Series 2001, due in annual installments of \$985,000 to \$1,200,000 from October 1, 2010 to October 1, 2019, interest rates at 4.40% to 5.50% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system.	11,730
\$128,920,000 Energy System Revenue Bonds - Series 2005, due in annual installments of \$2,515,000 to \$8,140,000 from October 1, 2010 to October 1, 2035, interest rates at 3.50% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system.	126,570
\$203,230,000 Energy System Revenue Bonds - Series 2007, due in annual installments of \$2,465,000 to \$19,275,000 from October 1, 2010 to October 1, 2037, interest rates at 4.00% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by the 1998 General Resolution which includes net revenues of the City's Energy system.	200,975
\$23,900,000 Consolidated Utility System Refunding Revenue Bonds - Series 2001, due in annual installments of \$1,090,000 to \$2,110,000 from October 1, 2010 to October 1, 2019, interest rates at 4.50% to 5.50% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.	16,575
\$36,110,000 Consolidated Utility System Refunding Revenue Bonds - Series 2005, due in annual installments of \$2,820,000 to \$3,265,000 from October 1, 2010 to October 1, 2014 and \$1,105,000 to \$1,785,000 from October 1, 2020 to October 1, 2030, interest rates at 3.25% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's water and sewer systems) and the gross revenues of the City's Stormwater Drainage System.	33,450
\$164,460,000 Consolidated Utility System Revenue Bonds - Series 2007, due in annual installments of \$1,610,000 to \$10,910,000 from October 1, 2010 to October 1, 2037, interest rates of 4.00% to 5.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, net revenues of the City's Utility System (consisting of the City's Water and Stormwater Drainage System).	164,460
\$7,355,000 Airport System Revenue Refunding Bonds - Series 2004, due in annual installments of \$825,000 to \$925,000 from October 1, 2010 to October 1, 2013, interest rates at 3.50% to 4.00% depending on maturity date. Bonds are payable and secured by a lien on and pledge of certain funds provided by Resolution, and net revenues of the City's Airport System.	4,290
	<u>710,095</u>
Total Proprietary Revenue Bonds	
Total Bonds Payable	<u>\$ 794,230</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE IV (CONTINUED)

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

TAXABLE ASSESSED VALUE	<u>\$10,791,427</u>
Debt Limit - 20 Percent of Assessed Value	<u>\$2,158,285</u>

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

- As of September 30, 2009, there were four series of Health Facilities Revenue Refunding Bonds outstanding. The original issue amounts totaled \$161.4 million and the outstanding balance is \$131,100,000.
- As of September 30, 2009, there was one Florida Student Housing Revenue Bond outstanding. The original issue amount totaled \$9.2 million and the outstanding balance is \$6,080,000.
- As of September 30, 2009, there were two Florida Lease Revenue Bonds outstanding. The original issue amounts totaled \$24.1 million and the outstanding balance is \$19,005,000.
- As of September 30, 2009, there is one Industrial Revenue Bond outstanding. The original issue amount totaled \$2.2 million and the outstanding balance is \$2,200,000.

5. SUNSHINE STATE LOAN PAYABLE

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

- \$18,200,000, dated November 18, 1986, due and payable on July 1, 2016; to provide interfund loan proceeds. The loan is secured by the City’s covenant to budget and appropriate. Outstanding balance as of September 30, 2009 is \$2,300,000.
- \$36,500,000, dated April 14, 1999, due and payable in 2016; to provide additional funding for the cost of Purdom Unit 8 Electric Generating Plant. The loan is secured by and being repaid from electric system operating revenues. Outstanding balance as of September 30, 2009 is \$28,865,000.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE IV (CONTINUED)

- \$7,909,000, dated April 25, 2001, due and payable in 2015; to provide additional funding for the cost of Purdom Unit 8 Electric Generating Plant. The loan is secured by and being repaid from electric system operating revenues. Outstanding balance as of September 30, 2009 is \$6,520,000.
- \$5,050,000, dated April 25, 2001, due in annual installments of \$346,000 to \$463,000 from 2009 to 2015; to provide funding for fire services projects. The loan is secured by the City's covenant to budget and appropriate, and is being repaid from fire services operating revenues. Outstanding balance as of September 30, 2009 is \$2,815,000.

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

6. AMI LOAN PROGRAM

On December 27, 2007, the City entered into a loan with the Banc of America Public Capital Corp to provide \$35,300,000 of financing to fund the City's the Smart Metering program. The loan is due in semi-annual installments of \$927,000 to \$1,633,000 from December 27, 2009 to June 27, 2024, bearing interest at 3.9459%. The loan is payable and secured by the Smart Energy Metering and Management System, consisting of meters and communication devices.

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

Year ending September 30	Governmental Activities		Business - Type Activities		Total Debt Service
	Principal	Interest	Principal	Interest	
2010	8,855	4,996	34,776	35,818	84,445
2011	5,755	4,808	21,112	35,047	66,722
2012	5,980	4,581	22,064	34,167	66,792
2013	6,180	4,377	23,109	33,216	66,882
2014	7,500	4,120	23,219	32,220	67,059
2015-2019	39,490	15,388	138,398	142,369	335,645
2020-2024	38,390	6,735	127,323	114,923	287,371
2025-2029	4,705	593	151,555	83,599	240,452
2030-2034	1,205	45	150,545	46,634	198,429
2035-2037	--	--	93,625	9,137	102,762
Totals	\$ 118,060	\$ 45,643	\$ 785,726	\$ 567,130	\$ 1,516,559

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE IV (CONTINUED)

H. NET ASSETS

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

- 1. Invested 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, 2009

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, 2009, in the respective funds are as follows (in thousands):

General Fund.....	\$	399
Electric.....		26,741
Gas.....		809
Sewer.....		15,262
Stormwater Management.....		3,631
Water.....		4,309
Airport.....		6,076
Nonmajor Governmental.....		13,210
Nonmajor business-type.....		7,101
Internal Service Funds.....		3,399
CRA.....		326
Total.....	\$	<u>81,263</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 (IBNR'S). 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, 2009

NOTE V (CONTINUED)

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

Changes in the balances of self-insured claims for the years ended September 30, 2009 and 2008 are as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Unpaid claims – October 1 (including IBNRs).....	\$ 9,454	\$ 9,067
Expenses.....	1,849	4,427
Claim payments.....	<u>(2,380)</u>	<u>(4,040)</u>
Unpaid claims – September 30 (including IBNRs).....	\$ 8,923	\$ 9,454
Estimated amount due in one year.....	<u>\$ 2,837</u>	<u>\$ 2,748</u>

C. LITIGATION

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

D. FEDERAL AND STATE GRANTS

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

Through the Community Development Block Grant, HOMES program, the City provides Down Payment Assistance loans to low-income families. These loans are “contingency loans” in that they are repaid only upon the buyer selling or refinancing his property and are not reported in the financial statements. As of September 30, 2009, these loans total \$5.2 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 totally 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, 2009

NOTE V (CONTINUED)

F. LONG-TERM CONTRACTS

The City acquires natural gas and power through a combination of short, medium and longer-term contracts. The City currently has one long-term (20 Year) contract with Tennessee Energy Acquisition Corporation for natural gas discounted from an index. This contract saves the City approximately \$70,000 each month through 2026. Another long-term discount contract was scheduled for thirty years through Lemman Brothers but ended after only three and a half months due to Lehman Brothers' bankruptcy. This contract saved the City \$774,000 over that period. These contracts are managed and monitored by the City's Energy Services Department. Revenues from customers through the Energy Cost Recovery Clause (ECRC) and the Purchased Gas Recovery Clause (PGRC) are designed to recover the costs incurred by these purchase commitments.

In addition, the City has entered into long-term purchase contracts with other suppliers of electric, capacity and associated energy. The City has two such contracts, one with Progress Energy Florida (PEF) for 11.4 MWs, and another contingent contract with Renewable Fuel Tallahassee (RFT) for approximately 35 MWs. The contract with PEF began in December 1998 and will continue through December 2017. In 2009, the City had a contingent agreement with Biomass Gas & Electric for approximately 38 MWs over 30 years with an estimated in service date of October 2012. BG&E has since rescinded the contract, terminating all obligations of the City. The RFT contract has been amended with a new schedule to begin production in October 2011. The contingent contract with RFT will remain in effect until the 30th anniversary of the commercial operation date. These contracts are managed and monitored by the City's Energy Services Department. Revenues from customers through the ECRC are designed to recover costs incurred by these purchase commitments.

The following is a schedule, by years, of approximate minimum future purchase commitments on long-term purchase contracts as of September 30, 2009 (in thousands):

Years ending September 30,	Gas Contracts	Energy Contracts	*RFT Contingent Purchased Power	Total
2010	\$ 150,259	\$ 4,550	\$ --	\$ 154,809
2011	136,332	4,686	--	141,018
2012	53,072	4,827	17,366	75,265
2013	9,004	4,971	17,713	31,688
2014	9,234	5,121	18,068	32,423
Thereafter	137,255	11,688	651,361	800,304
Total	<u>\$ 495,156</u>	<u>\$ 35,843</u>	<u>\$ 704,508</u>	<u>\$ 1,235,507</u>

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE V (CONTINUED)

G PENSION PLAN OBLIGATIONS

The City of Tallahassee Pension Plan (the "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. The provisions of the Plan are "qualified" under the Internal Revenue Service Code, which makes employee contributions tax deferred.

1. DEFINED BENEFIT PROVISION - Established through Parts A, B, and C in Articles II, III, and IV, Parts A and B are closed to further participation while part C provides coverage to all new employees. All members of the Plan are covered by one of these parts depending upon employment date. These parts provide a detailed description of the various defined benefit provisions. These provisions include the types of employees covered, benefit provisions, employee eligibility requirements for normal, early and/or vested retirements, and the related benefits of these retirements, pre-retirement death benefits, and provisions for disability retirements. There are also post retirement cost-of-living adjustments (COLA) and health care supplements.

2. DEFINED CONTRIBUTION PROVISION - All employees (general, firefighters, and police officers) may elect to contribute a portion of their salary to the Plan. General employees, firefighters and police officers can contribute up to but not to exceed the maximum amount allowed by the Internal Revenue Service. The City contributes 5% to each general employee's MAP account. Upon reaching normal retirement age or retiring under the Plan, a participant shall be paid his and the City's contributions, together with accrued earnings. If a general employee uses the contributions and accrued earnings to purchase an annuity contract, the Plan will increase the amount of funds (only on the City's 5%, employee flex matched contribution and employees' contribution up to the 5%) used by the participant by a factor of 50 %. Employee contributions (including the City's 5% contribution to each general employees MAP account) plus accrued earnings thereon are 100% refundable if the employee elects to terminate his vesting rights or is not vested at the date of employment termination.

3. PENSION PLAN INFORMATION

2009 Membership Statistical Information

A. Retirees and beneficiaries of deceased retirees currently receiving benefits	1,518
B. Terminated employees entitled to benefits but not yet receiving benefits	267
C. Active employees	2,591
D. Total current year's payroll	\$ 158,635,000
E. Current year payroll for employees covered by the Plan	\$ 133,609,000

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE V (CONTINUED)

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

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

Employer contributions required to support the benefits under Article V (MAP Program) are determined following a level funding aggregate approach. The present value of prospective employer contributions is determined by subtracting the present value of prospective member contributions and present assets from the total present value of benefits expected to be paid from the program. Contributions during fiscal year 2009 totaling \$14,338,000 (\$7,957,000 employer contributions representing 7.44% covered payroll for general employees and \$6,381,000 voluntary employee contributions representing 4.74% of total covered MAP payroll), were made in accordance with contribution requirements determined through an actuarial valuation performed as of September 30, 2007. Total covered payroll for the MAP program was \$107,000,000 for general employees. Total covered payroll for fiscal year 2009 was \$143,767,000. 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 2009 amounted to \$22,523,000 of which \$14,988,000 and \$7,535,000 were made by the City and its employees, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of September 30, 2007 and include changes in funding due to plan amendments since the valuation was prepared. Contributions made by the City of Tallahassee and its employees are detailed in the table that follows.

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS
September 30, 2009

NOTE V (CONTINUED)

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

	General Employees		Police		Firefighters	
	Amount	Percent of Payroll	Amount	Percent of Payroll	Amount	Percent of Payroll
Contribution Requirements:	\$ 14,018	14.12%	\$ 4,606	21.38%	\$ 3,899	30.55%
Contribution Made:						
City.....	\$ 9,547	9.62%	\$ 3,064	14.22%	\$ 2,376	18.62%
Employee.....	4,471	4.50%	1,542	7.16%	1,523	11.93%
Total.....	\$ 14,018	14.12%	\$ 4,606	21.38%	\$ 3,899	30.55%

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 7.44%, 8.15% and 7.53% for 2009, 2008 and 2007, respectively.

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

Fiscal Year	Annual Pension Cost (APC) (in thousands)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 14,223	100%	\$ 0
2008	14,695	100	0
2009	14,987	100	0

Contributions were made in accordance with actuarially determined contribution requirements.

H. OTHER EMPLOYEE BENEFITS

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

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

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE V (CONTINUED)

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 dependants 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 dependants at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. In addition, the City’s program has elected to provide a partial subsidy to its retirees to offset the cost of such health insurance. The City does not issue a stand alone financial report on the OPEB Plan.

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

As previously indicated, the State of Florida prohibits the City from separately rating retirees and active employees. The City therefore charges both groups an equal, blended premium. Although both groups are charged the same blended rate, GAAP requires the actuarial figures presented to be calculated using age-adjusted premiums approximating claim costs for retirees’ separate from active employees. The use of age-adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. The City has elected to contribute to the OPEB Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the OPEB Plan. For the year ended September 30, 2009, the City contributed \$3.1million to the plan.

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.....	\$	8,353
Interest on net OPEB obligation.....		269
Contributions made.....		(3,110)
Increase in net OPEB obligation.....		5,512
Net OPEB obligation - October 1.....		5,895
Net OPEB obligation - September 30 ..	\$	<u>11,407</u>

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE V (CONTINUED)

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

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

4. **FUNDED STATUS AND FUNDING PROGRESS** - As of October 1, 2007, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$101.8 million, and the actuarial value of assets was \$0 resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$101.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$136.4 million, and the ratio of the UAAL to the covered payroll was 74.6 %.

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, 2007 actuarial valuation, the pay related entry age actuarial cost method was used. The actuarial assumptions included a 7.75 % investment rate of return for the funded portion of the plan and a 4.00 % rate on the unfunded implicit rate portion of the plan, and an annual healthcare cost trend rate of 6.5% initially, adjusted annually to an ultimate rate of 5 % after six years. Both rates included a 4.0 % inflation assumption. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at October 1, 2007 was 30 years.

CITY OF TALLAHASSEE, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

NOTE V (CONTINUED)

J. DERIVATIVE FUEL INSTRUMENTS

As indicated in Note I.E., the City participates in the purchase and sale of certain financial instruments defined as hedge instruments.

As of September 30, 2009, the City has a variety of financial fixed price, put and call options for different quantities and strike prices during the period September 2009 through September 2012. The fair value of the hedges at September 30, 2009 is \$15,315,000 while the cost basis is \$20,844,000, resulting in an unrealized loss of \$5,529,000. Financial transactions are done on the New York Mercantile Exchange (NYMEX) through a financial broker. Financial transactions through the NYMEX minimize the City's credit risk (NYMEX has not defaulted on a single transaction since its inception in 1892).

City of Tallahassee
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 For the Year Ended September 30, 2009

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 HOME	14.218	B-9XMC-12-0019	N/A	\$ 811,139
Emergency Shelter Grant	14.239	M9X-MC-120221	N/A	991,048
Neighborhood Stabilization Program	14.231	S05-MC-120010	N/A	83,549
	14.228	N/A	N/A	<u>13,103</u>
				1,898,839
American Recovery and Reinvestment Act:				
CDBG - Recovery Administration Funds	14.253	B-09-MY-12-0019	N/A	2,950
Homelessness Prevention and Rapid Re-Housing	14.257	S09-MY-12-0010	N/A	<u>7,367</u>
				10,317
Total U.S. Department of Housing & Urban Development				<u>1,909,156</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Direct Programs:				
Think About Personal Pollution (TAPP) Grant	66.460	C9-99451505-05	N/A	309,642
Brownfield Grant for Hazardous Substances	66.818	BF-95408008-0	N/A	<u>39,201</u>
Total U.S. Environmental Protection Agency				<u>348,843</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Direct Programs:				
Grants for Public Works and Economic Development Facilities	11.300	04-01-05502	N/A	<u>22,014</u>
Total U.S. Department of Commerce				<u>22,014</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>				
Pass through Florida Department of Environmental Protection:				
Outdoor Recreation Acquisition, Development and Planning	15.916	N/A	LW532	<u>90,360</u>
Total U.S. Department of the Interior				<u>90,360</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
FEDERAL TRANSIT ADMINISTRATION				
Direct Programs:				
Federal Transit Formula Grant	20.507	FL-90-X646	N/A	762,770
Federal Transit Formula Grant	20.507	FL-90-X563	N/A	125,185
Federal Transit Formula Grant	20.507	FL-90-X618	N/A	762,159
Federal Transit Formula Grant	20.507	FL-03-0229	N/A	41,020
Federal Transit Formula Grant	20.507	FL-90-X659	N/A	2,015,437
Federal Transit Formula Grant	20.507	FL-03-0261	N/A	226,838
Federal Transit Formula Grant	20.507	FL-90-X708	N/A	1,235,431
Job Access-Reverse Commute Project Grant	20.516	FL-37-X030	N/A	1,353
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION				
Pass through Florida Department of Transportation:				
Campbell Connector Trail	20.600	N/A	A0505	16,469
FEDERAL TRANSIT ADMINISTRATION				
Direct Programs:				
Airport Improvement Program	20.106	3-12-0077-33	N/A	8,214
Airport Improvement Program	20.106	3-12-0077-34	N/A	<u>17,081</u>
Total U.S. Department of Transportation				<u>5,211,957</u>

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Programs:				
Justice Assistance Grant (JAG)	16.738	05-DJ-BX-0994	N/A	37,400
Justice Assistance Grant (JAG)	16.738	2006-DJ-BX-0819	N/A	19,851
Justice Assistance Grant (JAG)	16.738	2007-DJ-BX-1272	N/A	62,076
Justice Assistance Grant (JAG)	16.738	2008-DJ-BX-0302	N/A	64,339
National Asset Forfeiture Strategic Plan	16.738	N/A	N/A	23,850
Total U.S. Department of Justice				<u>207,516</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Programs:				
Law Enforcement Officers Reimbursement Agreement Program	97.090	HSTS0208HSLR350	N/A	403,099
Pass through Florida Department of Community Affairs:				
Disaster Grants - Public Assistance	97.036	N/A	09-SS-E8-02-47-13-515	319,581
2007-2010 USAR Training and Sustainment	97.081	N/A	13-00-16-373/998778	101,022
2009-2010 HazMat Training and Sustainment	97.081	N/A	13-00-16-373/998776	79,091
Pass through Florida Department of Law Enforcement:				
Bulletproof Vests	16.607	N/A	N/A	3,886
Anti-Gang	16.609	N/A	007-PN/AG-LEON-1-P7-002	63,525
Anti-Firearm	16.609	N/A	2009-PS00-LEON-1-V9-004	11,266
Pass through Florida Department of Emergency Management				
Incident Tracking	97.067	N/A	09-DS-12-02-47-02-415	82,000
Total U.S. Department of Homeland Security				<u>1,063,470</u>
Total Federal Awards Expended				<u>\$ 8,853,316</u>

STATE AWARDS

FLORIDA DEPARTMENT OF TRANSPORTATION

Transportation Disadvantaged: Non-Sponsored Trips	55.001	N/A	22710618401	\$ 422,224
Transportation Disadvantaged - (5311)	55.002	N/A	42136418426	60,091
Transportation Disadvantaged - (5311)	55.002	N/A	42136418427	112,419
Transportation Disadvantaged - Medicaid (Net)	55.002	N/A	41604318201	614,125
Service Development - FY 07/08 Star Metro	55.010	N/A	4225231/AP147	100,000
Operating Assistance - FY 07/08 Star Metro	55.010	N/A	4140971/AOR08	969,684
Teen Traffic Safety	55.008	N/A	APJ27	19,999
Apalachee Parkway Sidewalk (LAP)	55.008	N/A	AOH88	6,864
FDOT - RTMC JPA	55.008	N/A	AP741	15,485
Freeway Management and intelligent Transportation System	55.008	N/A	AOP51	82,422
Airport Improvement Program	55.004	N/A	226761-19401	647
Airport Improvement Program	55.004	N/A	226769-19401	379,590
Airport Improvement Program	55.004	N/A	226778-19401	1,348
Airport Improvement Program	55.004	N/A	226792-18401	41,380
Airport Improvement Program	55.004	N/A	226820-19401	50,905
Airport Improvement Program	55.004	N/A	226821-19401	1,393
Airport Improvement Program	55.004	N/A	405863-19401	458
Airport Improvement Program	55.004	N/A	409507-19401	124,123
Airport Improvement Program	55.004	N/A	409513-19401	75
Airport Improvement Program	55.004	N/A	417055-15801	581,236
Airport Improvement Program	55.004	N/A	418991-19401	93,641
Airport Improvement Program	55.004	N/A	420711-19401	129,172
Airport Improvement Program	55.004	N/A	416011-19401	202,785
Airport Improvement Program	55.004	N/A	414088-19401	2,139
Airport Improvement Program	55.004	N/A	422301-49401	42,075
Total Florida Department of Transportation				<u>4,054,280</u>

City of Tallahassee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009

Federal Grantor/Pass Through Grantor/Program Title	CFDA/CSFA Number	Federal Grant Number	Pass-Through/State Grant Number	Expenditures
<u>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
Waste and Recycling - 2007	37.050	N/A	IG07-02	124,026
Waste and Recycling - 2008	37.050	N/A	IG8-18	188,468
Total Florida Department of Environmental Protection				<u>312,494</u>
<u>FLORIDA EMERGENCY MANAGEMENT AGENCY</u>				
North Florida Flooding 2009	52.008	N/A	09-SS-E8-02-47-13-515	53,264
Total Florida Emergency Management Agency				<u>53,264</u>
<u>FLORIDA HOUSING FINANCE CORP.</u>				
State Housing Initiatives Partnership Program	52.901	N/A	N/A	1,949,069
Total Florida Housing Finance Corp.				<u>1,949,069</u>
<u>FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS</u>				
Front Porch Florida	52.030	N/A	U00-7	87,220
Total Florida Department of Community Affairs				<u>87,220</u>
Total State Awards Expended				<u>\$ 6,456,327</u>
Total Financial Assistance Expended				<u>\$ 15,309,643</u>

NOTES

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

City of Tallahassee
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2009

Federal Programs – None
(2008)

State Projects – None
(2008)

Financial Statement Findings

Significant Deficiency 2007- 1 Accounting for Capital Assets

In the prior year, we noted that depreciation expense on capital assets was not properly recorded for some assets. The accounting services division relies on the other divisions of the City to provide information regarding purchases of capital assets and also the date that constructed assets are placed in service. Sometimes there is a lag between the date the asset was placed in service and the date that the asset is entered into the fixed asset system which results in a delay in depreciation charges. As a result, depreciation on capital assets may not be properly recorded due to timing of entering of assets into the fixed asset system. To properly account for capital assets in accordance with generally accepted accounting principles, we recommended that significant capital assets be reviewed for proper entry date prior to year end. Additionally, significant construction in progress should be reviewed at least annually to determine whether any assets had been completed and placed in service before final closing of the project is reported to accounting.

2008 Status: The City's Fixed Asset policy was amended to clarify the responsibility of other departments of the City to provide accounting services with timely information to record purchased assets as soon as they are placed in service. The revised policy was forwarded to all departments for their information and compliance.



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, 2009, 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, 2009, 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, 2010, 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.

The management's discussion and analysis and the required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 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. 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 express no opinion on them.

Carr, Riggs & Ingram, LLC

Tallahassee, Florida
March 12, 2010



**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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 12 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be significant deficiency and another that we consider to be a material weakness.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency numbered 2009-1 described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control. Of the significant

deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider the deficiency numbered 2009-1 to be a material weakness.

The City's responses to the findings identified in our audit are described in the Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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*.

We have noted other matters pursuant to the *Rules of the Auditor General*, Chapter 10.550 that we have reported to the management of the City in a separate management comment letter dated March 12, 2010.

The City's responses to the findings identified in our audit are described in the accompanying management response letter. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

Cam, Riggs & Ingram, LLC

Tallahassee, Florida
March 12, 2010



**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***

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 Services, *State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2009. The City's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. 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 on 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, 2009.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

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.

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 those specified parties.

Carr, Riggs & Ingram, LLC

Tallahassee, Florida
March 12, 2010

City of Tallahassee
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance
For the Year Ended September 30, 2009

Section 1 – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.239	Housing and Urban Development HOME Program
66.460	Think About Personal Pollution (TAPP) Grant
20.507	Capital and Operating Transit Assistance – Sec. 5307

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

Auditee qualified as low-risk auditee?	Yes
--	-----

State Awards

Internal control over major projects:
Material weakness(es) identified? No
Significant deficiency(ies) identified not considered to be material weaknesses? No

Type of auditors' report issued on compliance for major state projects? 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>
55.010	Transportation Service Development/Operating Assistance
37.050	Waste and Recycling
52.901	State Housing Initiatives Partnership Program

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

Section II – Financial Statement Findings

Material Weakness 2008-1 Accounting for Retired Capital Assets

Condition: After a capital asset was retired, the fixed asset system removed the cost basis of the asset but did not remove the depreciation schedule.

Reason Improvement Needed: To ensure that there is not a material misstatement of the financial statements and to properly account for capital assets in accordance with generally accepted accounting principles.

Cause of Condition: Fixed asset system programming error.

Effect of Condition: Depreciation on retired capital assets was recorded as an expense in the years after they were retired, thus materially overstating expenses and understating capital assets in the years since the asset's retirement.

Recommendation: A prior period adjustment was required and the City made the adjustment. We recommend that City review a sample of retirements during the fiscal year to ensure that the cost and accumulated depreciation related to the capital asset has been properly accounted for in the fixed asset system. In addition, we recommend that the programming error be researched and fixed.

Costs and Benefits of Recommended Action: Depreciation on capital assets will be properly recorded.

City Response: We concur with the recommendation. The City has communicated this issue with the software provider and we are currently working with them in order to determine the appropriate software correction that needs to be made.

Significant Deficiency 2008- 2 Recording of Purchased Capital Assets

Condition: Land and vehicles were not properly recorded as capital assets in the year of purchase.

Reason Improvement Needed: To ensure that there is not a material misstatement of the financial statements.

Cause of Condition: The City's accounting services division relies on the City's real estate and fleet division to inform them of any capital assets purchases.

Effect of Condition: The land was not recorded as a capital asset in the year of purchase. When the land was sold in the current year, the entire proceeds received from the sale were recognized as gain on sale of land. This caused prior and current year assets to be understated and current year income to be overstated. In addition, the vehicles purchased in the current year were expensed rather than capitalized, causing an understatement of income and an understatement of capital assets in the current year.

Recommendation: A prior period and current period adjustment was required for the land purchase and the City made the adjustment. An adjustment was made in the current year to capitalize the vehicles. A procedure should be developed by the City's accounting services division to ensure that all capital asset transactions are properly recorded.

Costs and Benefits of Recommended Action: Better information provided for decision-making.

City Response: We concur with the recommendation. The Accounting Services Division will develop procedures to review all fixed asset related accounts to ensure that all capital asset transactions are properly recorded.

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

We noted no matters involving noncompliance that are required to be reported in accordance with OMB Circular A-133 or Chapter 10.550, *Rules of the Auditor General*.

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended September 30, 2007
(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.....	\$ 352,304	\$ 32,505	\$ 33,621	\$ 25,758	\$ 12,494	\$ 16,210	\$ 47,288	\$ 520,180	\$ --
Cash Received from Other Funds.....	--	--	--	--	--	--	--	--	318,177
Cash Received from Other Revenues.....	941	117	433	597	--	26	13	2,127	--
Cash Paid to Suppliers for Goods and Services.....	(234,142)	(22,096)	(11,119)	(6,894)	(6,466)	(3,220)	(18,534)	(302,471)	(254,671)
Cash Paid to Employees for Services.....	(15,673)	(2,303)	(10,762)	(4,538)	(4,145)	(4,523)	(32,377)	(74,321)	(28,859)
Cash Paid to Other Funds.....	(17,357)	(2,926)	(5,063)	(4,814)	(1,121)	(2,484)	(10,100)	(43,865)	--
Cash Paid for Other Expenses.....	(850)	(70)	(73)	(80)	(3,880)	--	--	(4,953)	--
Net Cash Provided by (Used For) Operating Activities.....	85,223	5,227	7,037	10,029	(3,118)	6,009	(13,710)	96,697	34,647
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers In from Other Funds.....	82	12	98	19	--	--	9,220	9,431	250
Operating Grants Received.....	33	--	--	--	--	--	3,905	3,938	--
Repayment of Advances.....	--	--	--	--	(203)	--	--	(203)	--
Transfers Out to Other Funds.....	(22,712)	(2,326)	(2,035)	(5,639)	(889)	(171)	(372)	(34,144)	(1,702)
Net Cash Provided by (Used for) Noncapital Financing Activities.....	(22,597)	(2,314)	(1,937)	(5,620)	(1,092)	(171)	12,753	(20,978)	(1,452)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Receipts from Energy Loan Program.....	5,819	--	--	--	--	--	--	5,819	--
Capital Contributions.....	--	--	--	--	7,284	7,520	4,165	18,969	--
System Charges.....	--	--	5,208	1,490	--	--	--	6,698	--
Proceeds from Sale of Property.....	--	--	--	--	--	--	14	14	3
Bond and Loan Proceeds.....	197,316	5,813	--	--	--	--	--	203,129	258
Acquisition and Construction of Capital Assets.....	(83,298)	(2,239)	(11,391)	(11,244)	(3,394)	(7,432)	(6,033)	(125,031)	(5,547)
Principal and Refunding Payments.....	(12,100)	(870)	(2,440)	(1,048)	(760)	--	--	(17,218)	--
Repayment of Loans from Other Funds.....	--	(46)	(539)	(559)	--	--	(82)	(1,226)	(14,378)
Funding of Energy Loan Program.....	(6,388)	--	--	--	--	--	--	(6,388)	--
Interest Paid.....	(17,370)	(1,312)	(2,964)	(346)	(379)	--	(159)	(22,530)	(925)
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	83,979	1,346	(12,126)	(11,707)	2,751	88	(2,095)	62,236	(20,589)
CASH FLOWS FROM INVESTING ACTIVITIES									
Proceeds from Sale and Maturities of Investment Securities.....	153,015	4,844	7,379	896	10	--	--	166,144	--
Interest Received on Investments.....	8,383	504	1,180	944	553	1,793	378	13,735	2,914
Purchase of Investment Securities.....	(234,002)	(9,868)	(7,346)	(881)	--	--	--	(252,097)	--
Decrease in the Fair Value of Cash and Cash Equivalents.....	1,965	87	166	86	140	470	73	2,987	708
Net Cash Provided by Investing Activities.....	\$ (70,639)	\$ (4,433)	\$ 1,379	\$ 1,045	\$ 703	\$ 2,263	\$ 451	\$ (69,231)	\$ 3,622

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, 2007
(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ 75,966	\$ (174)	\$ (5,647)	\$ (6,253)	\$ (756)	\$ 8,189	\$ (2,601)	\$ 68,724	\$ 16,228
Cash and Cash Equivalents - October 1.....	109,627	8,202	20,956	14,197	13,683	35,300	9,410	211,375	49,172
Cash and Cash Equivalents - September 30.....	<u>\$ 185,593</u>	<u>\$ 8,028</u>	<u>\$ 15,309</u>	<u>\$ 7,944</u>	<u>\$ 12,927</u>	<u>\$ 43,489</u>	<u>\$ 6,809</u>	<u>\$ 280,099</u>	<u>\$ 65,400</u>
Classified As:									
Unrestricted Assets.....	\$ 85,969	\$ 4,382	\$ 1,349	\$ 2,287	\$ 2,715	\$ 43,489	\$ 6,809	\$ 147,000	\$ 65,400
Restricted Assets.....	99,624	3,646	13,960	5,657	10,212	--	--	133,099	--
	<u>\$ 185,593</u>	<u>\$ 8,028</u>	<u>\$ 15,309</u>	<u>\$ 7,944</u>	<u>\$ 12,927</u>	<u>\$ 43,489</u>	<u>\$ 6,809</u>	<u>\$ 280,099</u>	<u>\$ 65,400</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Operating Income (Loss).....	\$ 38,584	\$ 3,289	\$ 924	\$ 6,978	\$ 535	\$ 5,785	\$ (15,277)	\$ 40,818	\$ 715
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Depreciation.....	25,740	1,537	5,888	2,673	2,708	438	2,005	40,989	9,489
Amortization.....	119	6	137	7	147	--	--	416	--
Provision for Uncollectible Accounts.....	313	64	64	(31)	224	(2)	(6)	626	--
Other.....	91	47	360	517	(3,879)	26	(2)	(2,840)	--
(Increase) Decrease in Accounts Receivable.....	668	171	(459)	(143)	(469)	860	212	840	(173)
Decrease in Other Accounts Receivable.....	--	--	--	--	--	--	--	--	(312)
(Increase) Decrease in Inventory.....	4,303	(8)	63	69	--	--	(11)	4,416	(2,910)
Decrease in Due From Other Funds.....	10,885	--	--	--	--	--	--	10,885	--
Increase (Decrease) in Accounts Payable.....	3,785	108	35	(85)	(2,146)	(1,147)	(496)	54	(482)
Decrease in Due To Other Funds.....	--	--	--	--	--	--	--	--	23,867
Increase in loans to other funds.....	--	--	--	--	--	--	--	--	4,395
Increase in Utility Deposits Payable.....	683	23	--	20	--	--	--	726	--
Increase (Decrease) in Accrued Leave.....	52	(10)	25	24	37	49	(135)	42	67
Increase in Prepaid Fees Credit.....	--	--	--	--	(275)	--	--	(275)	--
Decrease in Insurance Deposits.....	--	--	--	--	--	--	--	--	(9)
Total Adjustments.....	<u>46,639</u>	<u>1,938</u>	<u>6,113</u>	<u>3,051</u>	<u>(3,653)</u>	<u>224</u>	<u>1,567</u>	<u>55,879</u>	<u>33,932</u>
Net Cash Provided by (Used for) Operating Activities.....	<u>\$ 85,223</u>	<u>\$ 5,227</u>	<u>\$ 7,037</u>	<u>\$ 10,029</u>	<u>\$ (3,118)</u>	<u>\$ 6,009</u>	<u>\$ (13,710)</u>	<u>\$ 96,697</u>	<u>\$ 34,647</u>
Noncash Capital and Investing Activities:									
Decrease in FMV of Investments.....	\$ (42)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ (42)	\$ --

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, 2007
(in thousands)

<u>Function/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government.....	\$ 23,047	\$ 1,835	\$ 2,500	\$ --
Public Safety.....	50,875	3,726	468	74
Transportation.....	20,896	2,224	66	4,195
Human Services.....	6,182	1,347	1,087	368
Economic Development.....	9,143	--	5,405	--
Physical Environment.....	3,499	2,082	--	736
Culture and Recreation.....	18,168	3,859	109	2
Unallocated Depreciation on Infrastructure.....	24,002	--	--	--
Interest on Long-Term Debt.....	4,855	--	--	--
Total governmental activities.....	160,667	15,073	9,635	5,375
Business-type Activities:				
Electric.....	323,181	347,388	33	--
Gas.....	40,063	43,321	--	--
Sewer.....	35,747	39,721	--	--
Water.....	19,057	27,988	--	--
Airport.....	16,084	12,494	--	7,284
StarMetro.....	16,299	3,640	3,842	4,165
Solid Waste.....	20,791	18,778	--	--
Golf.....	1,165	1,007	--	--
Stormwater Management.....	9,878	15,350	--	7,520
Fire Services.....	25,197	23,663	--	--
Total business-type activities.....	507,462	533,350	3,875	18,969
Total primary government.....	\$ 668,129	\$ 548,423	\$ 13,510	\$ 24,344
Component Unit:				
Downtown Improvement Authority.....	\$ 236	\$ --	\$ --	\$ --

General Revenues:	
Property taxes, levied for general purposes.....	
Public service taxes.....	
Business license tax.....	
Grants and contributions not restricted to specific programs.....	
Net unrestricted investment earnings.....	
Net securities lending income.....	
Net increase in fair value of investments.....	
Miscellaneous.....	
Gain (loss) on the sale of capital assets.....	
Special Item - reclassification of internal service funds.....	
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, 2007
(in thousands)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (18,712)	\$ --	\$ (18,712)	\$ --
(46,607)	--	(46,607)	--
(14,411)	--	(14,411)	--
(3,380)	--	(3,380)	--
(3,738)	--	(3,738)	--
(681)	--	(681)	--
(14,198)	--	(14,198)	--
(24,002)	--	(24,002)	--
(4,855)	--	(4,855)	--
<u>(130,584)</u>	<u>--</u>	<u>(130,584)</u>	<u>--</u>
--	24,240	24,240	--
--	3,258	3,258	--
--	3,974	3,974	--
--	8,931	8,931	--
--	3,694	3,694	--
--	(4,652)	(4,652)	--
--	(2,013)	(2,013)	--
--	(158)	(158)	--
--	12,992	12,992	--
--	(1,534)	(1,534)	--
--	48,732	48,732	--
<u>(130,584)</u>	<u>48,732</u>	<u>(81,852)</u>	<u>--</u>
			<u>(236)</u>
35,630	--	35,630	148
21,747	--	21,747	--
1,799	--	1,799	--
26,216	--	26,216	--
8,373	13,219	21,592	10
90	#REF!	#REF!	--
1,282	3,513	4,795	2
3,120	--	3,120	101
853	(4,232)	(3,379)	--
(54,332)	54,332	--	--
25,830	(25,830)	--	--
70,608	#REF!	#REF!	261
(59,976)	#REF!	#REF!	25
1,035,562	879,276	1,914,838	152
10,696	(1,046)	9,650	--
1,046,258	878,230	1,924,488	152
<u>\$ 986,282</u>	<u>#REF!</u>	<u>#REF!</u>	<u>\$ 177</u>

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2007
(in thousands)

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Improvement Authority
Current Assets				
Cash and Cash Equivalents.....	\$ 107,124	\$ 195,503	\$ 302,627	\$ 192
Securities Lending Collateral	22,822	43,304	66,126	43
Receivables:				
Accrued Interest.....	857	1,619	2,476	2
Customers and Other.....	3,513	40,327	43,840	4
Notes.....	103	4,668	4,771	--
Special Assessments.....	408	--	408	--
Less: Allowance for Doubtful Accounts.....	(539)	(2,785)	(3,324)	--
Due from Other Governments.....	2,576	3,699	6,275	--
Prepaid Expenses.....	--	10,746	10,746	--
Inventory.....	351	45,098	45,449	--
Cash and Cash Equivalents - Restricted.....	12,027	133,099	145,126	--
Investments - Restricted.....	64,375	115,983	180,358	--
Securities Lending Collateral - Restricted.....	17,676	55,181	72,857	--
Receivables - Restricted:				
Accrued Interest.....	96	1,247	1,343	--
Other.....	2	152	154	--
Notes.....	3,139	--	3,139	--
Due from Other Governments.....	845	1,530	2,375	--
Total Current Assets.....	235,375	649,371	884,746	241
Noncurrent Assets				
Internal Balances.....	17,077	(17,077)	--	--
Unamortized Bond Issue Costs.....	896	6,430	7,326	--
Capital Assets				
Land and Construction in Progress.....	387,799	319,887	707,686	--
Other, Net of Accumulated Depreciation.....	529,795	825,253	1,355,048	--
Total Noncurrent Assets.....	935,567	1,134,493	2,070,060	--
Total Assets.....	\$ 1,170,942	\$ 1,783,864	\$ 2,954,806	\$ 241

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2007
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Improvement Authority
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Obligations Under Securities Lending	\$ 22,822	\$ 43,304	\$ 66,126	\$ 43
Accounts Payable.....	8,753	39,227	47,980	15
Customer Contracts Payable.....	--	1,275	1,275	--
Utility Deposits Payable.....	--	18,445	18,445	--
Unearned Revenue.....	3,373	6,342	9,715	--
Compensated Absences.....	6,180	7,403	13,583	6
Accounts Payable - Restricted.....	512	1,901	2,413	--
Obligations Under Securities Lending - Restricted.....	17,676	55,181	72,857	--
Unearned Revenue - Restricted.....	1,169	--	1,169	--
Bonds & Loans Payable - Current.....	4,160	14,926	19,086	--
Total Current Liabilities.....	64,645	188,004	252,649	64
Noncurrent Liabilities				
Compensated Absences.....	2,351	3,335	5,686	--
Customer Contracts Payable.....	--	2,550	2,550	--
Claims Payable.....	--	9,067	9,067	--
Bonds & Loans Payable.....	114,335	605,512	719,847	--
Unamortized Bond Premium	3,329	9,832	13,161	--
Deferment of Loss on Early Retirement of Debt.....	--	(2,542)	(2,542)	--
Total Noncurrent Liabilities.....	120,015	627,754	747,769	--
Total Liabilities.....	184,660	815,758	1,000,418	64
NET ASSETS				
Invested in Capital Assets, net of Related Debt.....	818,366	665,127	1,483,493	--
Restricted for:.....				
Capital Projects.....	3,670	83,284	86,954	--
Debt Service.....	8,750	24,642	33,392	--
Other Purposes.....	7,198	--	7,198	--
Unrestricted.....	148,298	195,053	343,351	177
Total Net Assets.....	986,282	968,106	1,954,388	177
Total Liabilities and Net Assets.....	\$ 1,170,942	\$ 1,783,864	\$ 2,954,806	\$ 241

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, 2008
(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.....	\$ 349,291	\$ 34,489	\$ 40,292	\$ 24,713	\$ 13,053	\$ 16,847	\$ 48,812	\$ 527,497	\$ --
Cash Received from Other Funds.....	--	--	--	--	--	--	--	--	309,827
Cash Received from Other Revenues.....	590	157	3	--	--	--	--	750	--
Cash Paid to Suppliers for Goods and Services.....	(257,213)	(25,102)	(8,016)	(6,468)	(3,753)	(1,786)	(19,617)	(321,955)	(282,006)
Cash Paid to Employees for Services.....	(19,349)	(2,196)	(11,303)	(4,280)	(4,312)	(4,865)	(33,612)	(79,917)	(30,036)
Cash Paid to Other Funds.....	(17,226)	(2,565)	(5,596)	(5,904)	(996)	(2,753)	(10,968)	(46,008)	--
Cash Paid for Other Expenses.....	(905)	(7)	(882)	(140)	(3,434)	--	--	(5,368)	--
Net Cash Provided by (Used For) Operating Activities.....	55,188	4,776	14,498	7,921	558	7,443	(15,385)	74,999	(2,215)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers In from Other Funds.....	110	--	--	--	--	2,717	11,425	14,252	67
Operating Grants Received.....	--	--	--	--	--	--	4,172	4,172	--
Repayment of Advances.....	--	--	--	--	(214)	--	--	(214)	--
Transfers Out to Other Funds.....	(23,060)	(2,332)	(2,141)	(5,865)	(893)	(232)	(367)	(34,890)	(929)
Net Cash Provided by (Used for) Noncapital Financing Activities.....	(22,950)	(2,332)	(2,141)	(5,865)	(1,107)	2,485	15,230	(16,680)	(862)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Receipts from Energy Loan Program.....	6,383	--	--	--	--	--	--	6,383	--
Capital Contributions.....	--	--	--	--	4,442	13	3,206	7,661	--
System Charges.....	--	--	3,817	1,114	--	--	--	4,931	--
Proceeds from Sale of Property.....	--	--	--	--	--	--	--	--	--
Bond and Loan Proceeds.....	18,362	2,372	135,104	43,921	(950)	--	--	198,809	407
Acquisition and Construction of Capital Assets.....	(95,625)	(2,418)	(10,112)	(10,589)	--	(4,573)	(3,234)	(126,551)	(6,969)
Principal and Refunding Payments.....	(11,191)	(1,750)	(3,407)	(248)	(804)	--	--	(17,400)	--
Repayment of Loans from Other Funds.....	--	(40)	(453)	(192)	--	--	(20)	(705)	(1,659)
Funding of Energy Loan Program.....	(6,748)	--	--	--	--	--	--	(6,748)	--
Interest Paid.....	(25,666)	(1,721)	(7,913)	(1,434)	(156)	--	(175)	(37,065)	(1,254)
Net Cash Provided by (Used for) Capital and Related Financing Activities.....	(114,485)	(3,557)	117,036	32,572	2,532	(4,560)	(223)	29,315	(9,475)
CASH FLOWS FROM INVESTING ACTIVITIES									
Proceeds from Sale and Maturities of Investment Securities.....	376,134	16,803	249,214	55,587	--	--	--	697,738	--
Interest Received on Investments.....	11,372	508	4,080	1,268	476	1,732	254	19,690	2,672
Purchase of Investment Securities.....	(303,670)	(14,320)	(375,422)	(75,097)	--	--	--	(768,509)	--
Decrease in the Fair Value of Cash and Cash Equivalents.....	(3,589)	(155)	(462)	(218)	(315)	(1,035)	(138)	(5,912)	(1,144)
Net Cash Provided by Investing Activities.....	\$ 80,247	\$ 2,836	\$ (122,590)	\$ (18,460)	\$ 161	\$ 697	\$ 116	\$ (56,993)	\$ 1,528

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, 2008
(in thousands)

	Enterprise Funds								
	Electric	Gas	Sewer	Water	Airport	Stormwater Management	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Net Increase (Decrease) in Cash and Cash Equivalents.....	\$ (2,000)	\$ 1,723	\$ 6,803	\$ 16,168	\$ 2,144	\$ 6,065	\$ (262)	\$ 30,641	\$ (11,024)
Cash and Cash Equivalents - October 1.....	185,593	8,028	15,309	7,944	12,927	43,489	6,809	280,099	65,400
Cash and Cash Equivalents - September 30.....	<u>\$ 183,593</u>	<u>\$ 9,751</u>	<u>\$ 22,112</u>	<u>\$ 24,112</u>	<u>\$ 15,071</u>	<u>\$ 49,554</u>	<u>\$ 6,547</u>	<u>\$ 310,740</u>	<u>\$ 54,376</u>
Classified As:									
Unrestricted Assets.....	\$ 70,409	\$ 3,711	\$ 852	\$ 3,216	\$ 2,854	\$ --	\$ 6,547	\$ 87,589	\$ 54,376
Restricted Assets.....	113,184	6,040	21,260	20,896	12,217	49,554	--	223,151	--
	<u>\$ 183,593</u>	<u>\$ 9,751</u>	<u>\$ 22,112</u>	<u>\$ 24,112</u>	<u>\$ 15,071</u>	<u>\$ 49,554</u>	<u>\$ 6,547</u>	<u>\$ 310,740</u>	<u>\$ 54,376</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)									
Operating Activities:									
Operating Income (Loss).....	\$ 41,330	\$ 4,079	\$ 7,453	\$ 4,502	\$ 129	\$ 5,995	\$ (18,073)	\$ 45,415	\$ (1,419)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:									
Depreciation.....	29,595	1,550	6,301	2,848	3,136	644	2,155	46,229	8,298
Amortization.....	83	27	63	5	125	--	--	303	--
Provision for Uncollectible Accounts.....	69	(34)	(38)	(64)	30	(12)	(15)	(64)	--
Net OPEB Obligation.....	533	59	267	111	94	112	1,057	2,233	694
Other.....	(315)	150	(879)	(140)	(3,434)	--	--	(4,618)	--
(Increase) Decrease in Accounts Receivable.....	(16,297)	(326)	(1,017)	62	194	331	(92)	(17,145)	525
Decrease in Other Accounts Receivable.....	--	--	--	--	--	--	--	--	(38)
(Increase) Decrease in Inventory.....	(2,214)	11	376	--	--	--	(51)	(1,878)	(703)
Decrease in Due From Other Funds.....	166	--	--	--	--	--	--	166	--
Increase (Decrease) in Accounts Payable.....	1,342	(696)	1,594	589	184	348	(588)	2,773	27,205
Decrease in Due To Other Funds.....	--	--	--	--	--	--	--	--	(41,407)
Increase in loans to other funds.....	--	--	--	--	--	--	--	--	4,324
Increase in Utility Deposits Payable.....	801	(8)	--	6	--	--	--	799	--
Increase (Decrease) in Compensated Absences.....	95	(36)	378	2	(32)	25	222	654	148
Increase in Prepaid Fees Credit.....	--	--	--	--	132	--	--	132	--
Decrease in Insurance Deposits.....	--	--	--	--	--	--	--	--	158
Total Adjustments.....	<u>13,858</u>	<u>697</u>	<u>7,045</u>	<u>3,419</u>	<u>429</u>	<u>1,448</u>	<u>2,688</u>	<u>29,584</u>	<u>(796)</u>
Net Cash Provided by (Used for) Operating Activities.....	<u>\$ 55,188</u>	<u>\$ 4,776</u>	<u>\$ 14,498</u>	<u>\$ 7,921</u>	<u>\$ 558</u>	<u>\$ 7,443</u>	<u>\$ (15,385)</u>	<u>\$ 74,999</u>	<u>\$ (2,215)</u>

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF ACTIVITIES
For the fiscal year ended September 30, 2008
(in thousands)

Function/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government.....	\$ 20,737	\$ 1,665	\$ 2,988	\$ --
Public Safety.....	54,416	2,173	729	31
Transportation.....	23,314	2,250	17	172
Human Services.....	6,863	692	644	--
Economic Development.....	7,828	--	3,968	13
Physical Environment.....	4,739	4,049	257	525
Culture and Recreation.....	19,459	3,142	907	1
Unallocated Depreciation on Infrastructure.....	23,956	--	--	--
Interest on Long-Term Debt.....	5,798	--	--	--
Total governmental activities.....	167,110	13,971	9,510	742
Business-type Activities:				
Electric.....	346,318	369,483	--	--
Gas.....	51,609	53,691	--	--
Sewer.....	37,855	45,668	--	--
Water.....	21,083	25,764	--	--
Airport.....	16,298	12,713	--	4,026
StarMetro.....	18,358	4,258	3,407	3,206
Solid Waste.....	20,579	19,746	--	--
Golf.....	1,264	936	--	--
Stormwater Management.....	10,629	16,516	--	13
Fire Services.....	27,612	23,962	--	--
Total business-type activities.....	551,605	572,737	3,407	7,245
Total primary government.....	\$ 718,715	\$ 586,708	\$ 12,917	\$ 7,987
Component Unit:				
Downtown Improvement Authority.....	\$ 228	\$ --	\$ --	\$ --

General Revenues:	
Property taxes, levied for general purposes.....	
Public service taxes.....	
Business license tax.....	
Grants and contributions not restricted to specific programs.....	
Net unrestricted investment earnings.....	
Net securities lending income.....	
Net decrease in fair value of investments.....	
Miscellaneous.....	
Gain (loss) on the sale of capital assets.....	
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, 2008
(in thousands)

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (16,084)	\$ --	\$ (16,084)	\$ --
(51,483)	--	(51,483)	--
(20,875)	--	(20,875)	--
(5,527)	--	(5,527)	--
(3,847)	--	(3,847)	--
92	--	92	--
(15,409)	--	(15,409)	--
(23,956)	--	(23,956)	--
(5,798)	--	(5,798)	--
<u>(142,887)</u>	<u>--</u>	<u>(142,887)</u>	<u>--</u>
--	23,165	23,165	--
--	2,082	2,082	--
--	7,813	7,813	--
--	4,681	4,681	--
--	441	441	--
--	(7,487)	(7,487)	--
--	(833)	(833)	--
--	(328)	(328)	--
--	5,900	5,900	--
--	(3,650)	(3,650)	--
--	31,784	31,784	--
<u>(142,887)</u>	<u>31,784</u>	<u>(111,103)</u>	<u>--</u>
			<u>(228)</u>
33,570	--	33,570	198
22,144	--	22,144	--
1,825	--	1,825	--
24,969	--	24,969	--
7,039	12,937	19,976	11
268	#REF!	#REF!	--
(2,091)	(6,602)	(8,693)	(6)
2,008	--	2,008	101
599	(1,615)	(1,016)	--
21,470	(21,470)	--	--
<u>111,801</u>	<u>#REF!</u>	<u>#REF!</u>	<u>304</u>
<u>(31,086)</u>	<u>#REF!</u>	<u>#REF!</u>	<u>76</u>
986,282	968,106	1,954,388	177
2,029	11,952	13,981	--
<u>988,311</u>	<u>980,058</u>	<u>1,968,369</u>	<u>177</u>
<u>\$ 957,225</u>	<u>#REF!</u>	<u>#REF!</u>	<u>\$ 253</u>

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2008
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Improvement Authority
ASSETS				
Current Assets				
Cash and Cash Equivalents.....	\$ 85,454	\$ 169,914	\$ 255,368	\$ 283
Securities Lending Collateral	15,487	30,648	46,135	51
Receivables:				
Accrued Interest.....	881	1,834	2,715	3
Customers and Other.....	3,060	56,929	59,989	--
Notes.....	148	5,177	5,325	--
Special Assessments.....	325	--	325	--
Less: Allowance for Doubtful Accounts.....	(616)	(2,733)	(3,349)	--
Due from Other Governments.....	4,257	2,830	7,087	--
Prepaid Expenses.....	--	51,995	51,995	--
Inventory.....	300	47,679	47,979	--
Cash and Cash Equivalents - Restricted.....	13,891	173,597	187,488	--
Investments - Restricted.....	66,167	186,372	252,539	--
Securities Lending Collateral - Restricted.....	14,427	59,940	74,367	--
Receivables - Restricted:				
Accrued Interest.....	147	1,614	1,761	--
Other.....	138	7	145	--
Notes.....	3,021	--	3,021	--
Due from Other Governments.....	753	1,114	1,867	--
Total Current Assets.....	207,840	786,917	994,757	337
Noncurrent Assets				
Internal Balances.....	13,929	(13,929)	--	--
Unamortized Bond Issue Costs.....	812	7,998	8,810	--
Capital Assets				
Land and Construction in Progress.....	405,349	269,898	675,247	--
Other, Net of Accumulated Depreciation.....	503,905	978,245	1,482,150	--
Total Noncurrent Assets.....	923,995	1,242,212	2,166,207	--
Total Assets.....	\$ 1,131,835	\$ 2,029,129	\$ 3,160,964	\$ 337

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

CITY OF TALLAHASSEE, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2008
(in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Improvement Authority
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Obligations Under Securities Lending	\$ 15,487	\$ 30,648	\$ 46,135	\$ 51
Accounts Payable.....	10,374	70,221	80,595	17
Customer Contracts Payable.....	--	1,275	1,275	--
Utility Deposits Payable.....	--	19,244	19,244	--
Unearned Revenue.....	2,700	5,298	7,998	--
Compensated Absences.....	6,535	7,713	14,248	2
Accounts Payable - Restricted.....	1,419	7,557	8,976	--
Obligations Under Securities Lending - Restricted	14,427	59,940	74,367	--
Unearned Revenue - Restricted.....	670	--	670	--
Bonds & Loans Payable - Current.....	4,275	15,174	19,449	--
Total Current Liabilities.....	55,887	217,070	272,957	70
Noncurrent Liabilities				
Compensated Absences.....	2,461	3,839	6,300	10
Customer Contracts Payable.....	--	3,269	3,269	--
Claims Payable.....	--	9,454	9,454	--
Net OPEB Obligation.....	3,185	2,710	5,895	4
Bonds & Loans Payable.....	110,060	787,251	897,311	--
Unamortized Bond Premium	3,017	12,453	15,470	--
Deferment of Loss on Early Retirement of Debt....	--	(2,450)	(2,450)	--
Total Noncurrent Liabilities.....	118,723	816,526	935,249	14
Total Liabilities.....	174,610	1,033,596	1,208,206	84
NET ASSETS				
Invested in Capital Assets, net of Related Debt.....	814,414	628,969	1,443,383	--
Restricted for:.....				
Capital Projects.....	3,495	93,370	96,865	--
Debt Service.....	8,762	30,720	39,482	--
Other Purposes.....	7,108	--	7,108	--
Unrestricted.....	123,446	242,474	365,920	253
Total Net Assets.....	957,225	995,533	1,952,758	253
Total Liabilities and Net Assets.....	\$ 1,131,835	\$ 2,029,129	\$ 3,160,964	\$ 337

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

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

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted GMIS		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 12-43-B10543						
3. Recipient Organization (Name and complete address including Zip code) TALLAHASSEE, CITY OF (INC) 300 S ADAMS ST, TALLAHASSEE, FL 323011721								
4a. DUNS Number 073245193	4b. EIN XXXXXXXXX	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)			6. Report Type <input checked="" type="radio"/> Quarterly <input type="radio"/> Semi Annual <input type="radio"/> Annual <input type="radio"/> Final	7. Basis of Accounting <input checked="" type="radio"/> Cash <input type="radio"/> Accrual		
8. Project / Grant Period From: (Month, Day, Year) 08-01-2010				To: (Month, Day, Year) 07-31-2013		9. Reporting Period End Date (Month, Day, Year) 09-30-2010		
10. Transactions (Use lines a - c for single or multiple grant reporting)						Cumulative		
Federal Cash (To report multiple grants, also use FFR Attachment):								
a. Cash Receipts						\$0.00		
b. Cash Disbursements						\$0.00		
c. Cash on Hand (line a minus b)						\$0.00		
(Use lines d - o for single grant reporting)								
Federal Expenditures and Unobligated Balance:								
d. Total Federal funds authorized						\$1,212,020.00		
e. Federal share of expenditures						\$0.00		
f. Federal share of unliquidated obligations						\$0.00		
g. Total Federal share (sum of lines e and f)						\$0.00		
h. Unobligated balance of Federal funds (line d minus g)						\$1,212,020.00		
Recipient Share:								
i. Total recipient share required						\$406,993.00		
j. Recipient share of expenditures						\$0.00		
k. Remaining recipient share to be provided (line i minus j)						\$406,993.00		
Program Income:								
l. Total Federal program income earned						\$0.00		
m. Program income expended in accordance with the deduction alternative						\$0.00		
n. Program income expended in accordance with the addition alternative						\$0.00		
o. Unexpended program income (line l minus line m or line n)						\$0.00		
		a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
11. Indirect Expense							\$0.00	
							\$0.00	
g. Totals:							\$0.00	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:								
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)								
a. Typed or Printed Name and Title of Authorized Certifying Official Robert Bechtol					c. Telephone (Area code, number and extension)			
b. Signature of Authorized Certifying Official Submitted Electronically					d. Email Address Robert.bechtolt@ta.gov.com			
Submitted Electronically					e. Date Report Submitted (Month, Day, Year): 11-05-2010			
14. Agency use only:								

APPROVED

11/12/10

Standard Form 425
 OMB Approval Number: 0348-0061
 Expiration Date: 10/31/2011

Dankyi, Alfred

From: sue.li@nist.gov
Sent: Monday, November 08, 2010 6:01 PM
To: Dankyi, Alfred
Cc: Li, Sue; Kao, David
Subject: PAM: Report received = 12-43-B10543/SF425

===== SF425 =====
Award Number: 12-43-B10543
Accepted Date: 11/05/2010
Recipient Name: TALLAHASSEE, CITY OF (INC) 300 S ADAMS ST, TALLAHASSEE, FL 323011721 Period
End Date: 09/30/2010

=====

Attachment Name: Q3-2010__SF-425__Federal_Financial_Report[City of Tallahassee].pdf

LEXICON MARKETING

Direct to Hispanic Families

March 9, 2010

Mr. George Miller
Business Development Director
Alliance for Digital Equality
1447 Peachtree Street, Suite 550
Atlanta, GA 30309

Dear Mr. Miller:

Thank you for the opportunity to address an increasingly important issue in communities across the country and more specifically in historically minority and underserved communities—access to educational technologies that improve student achievement.

Lexicon Marketing, LLC has been working with public libraries, schools and community organizations across the United States since 2001 to bring K-12 students, college students and adults returning to school access to learning tools including our award-winning programs which include *Inglés sin Barreras*, *Computación sin Barreras*, *Profesiones sin Barreras Medical Office Assistant*, *Profesiones sin Barreras Sales & Customer Service*, *Profesiones sin Barreras Careers in Construction*, *Profesiones sin Barreras PsB Start Your Own Business*, *Carreras sin Barreras Everyday English*, *Carreras sin Barreras Successful Leadership & Management*, *Words for Work Workplace Readiness*, *Words for Work Healthcare*, *Words for Work Construction* and *Profesores por Telefono* which connects individuals to a tutor for a one-to-one tutoring session in any of the core academic subjects including math, science, social studies or English.

In a recent American Libraries Association (ALA) study*, 72.5% of libraries reported that they are the only provider of free public computer and Internet access in their communities. Libraries' role as a public computing center is vital to the communities they serve. Over 1,800 public library sites are able to pay for Lexicon Marketing programs and make it free to students and families. But, many more libraries serve thousands of students after school and would like to provide the service to better utilize their public access computers. These libraries simply don't have the funds.

This year, while demand for this important program is still high, funding is at an all time low. Due to the struggling economy, libraries are seeing their budgets cut by local and federal authorities anywhere from 10-50% or higher. Libraries are being forced to close down branches, reduce their hours and eliminate staff. At the same time libraries are serving more patrons than ever before. In September 2008, ALA reported that 68% of Americans had a library card and 76% of Americans have visited their local library over the past year. These numbers continue to rise as the economy struggles.

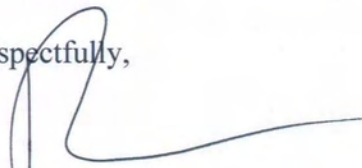
Families hit hard by the national economic downturn are turning to the library for entertainment and education. Parents cannot afford additional educational services for their children and even schools are cutting back on after-school programs, summer school and other supplemental support programs for struggling students.

In ten years, Lexicon Marketing, LLC has served 4.5 million individuals. These students report that they are building their confidence in their academic abilities, better able to complete homework assignments and most importantly are improving their grades. Over 95% recognize Inglés sin Barreras™ and 91% of our customers would recommend *sin Barreras*™ programs to others.

To support the ADE Learning Without Walls project for tutorial services and adult workforce development training services, Lexicon Marketing, LLC will devote 20% matching funds through in-kind products and services through the form of instructors by phone.

Working with the Alliance for Digital Equality, we hope to bring educational technologies to these hard hit communities and support real progress in the preparation of a workforce for our better future.

Respectfully,

A handwritten signature in black ink, appearing to read 'Karissa Price', with a long horizontal flourish extending to the right.

Karissa Price
Vice-President Growth Initiatives

* *Libraries Connect Communities: Public Library Funding & Technology Access Study 2006-2007*, published by ALA.



March 10, 2010

The Honorable John R. Marks
City of Tallahassee
300 S. Adams Street
Tallahassee, FL 32301

Dear Mayor Marks,

On behalf of Go Beyond Foundation, Inc., I would like to indicate our support for the City of Tallahassee's Sustainable Broadband Adoption application to the National Telecommunications and Information Administration through the American Recovery and Reinvestment Act. This will enable us to be successful in continuing our mission to improve access to technology and technical education for individuals and groups that are identified as being in the digital divide or technology challenged and that can benefit from enhanced technology learning opportunities.

If funding is allocated for this project Go Beyond Foundation, Inc. stands in ready partnership to implement programs that will provide training, education and support for youth and targeted adults as well as bridge the digital divide by increasing access to technology and broadband services.

Sincerely,

A handwritten signature in blue ink, appearing to be the name of the President of Go Beyond Foundation, Inc.

Name
President, Go Beyond Foundation, Inc.

gobeyondfoundation.org
800 357-7951
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THE FLORIDA STATE UNIVERSITY
COLLEGE OF COMMUNICATION & INFORMATION
School of Library & Information Studies

March 10, 2010

The Honorable John R. Marks
City of Tallahassee
300 S. Adams Street
Tallahassee, FL 32301

Dear Mayor Marks,

On behalf of Florida State University College of Communication & Information, I would like to indicate our support for the City of Tallahassee's Sustainable Broadband Adoption application to the National Telecommunications and Information Administration through the American Recovery and Reinvestment Act.

This funding will enable the City and the College to align their efforts with the efforts of the local community by working in close collaboration with many local organizations, to provide: access to broadband technology, training and support for technology use and participation in Information Technology careers by underrepresented groups. This will also create unique learning experiences for some of FSU's outstanding students and direct their energy, skill and enthusiasm towards overcoming the challenges of the digital divide.

Students currently are engaged in improving access and delivering training and ongoing IT support for many local entities. One such effort, the Digital Harmony project, provides computers to middle schools students at the R. Frank Nims Middle School. The grant will enable these students to expand their training and support efforts in technical support, digital literacy and internet safety instruction.

If funding is allocated for this project, the College of Communication & Information stands in ready partnership to implement programs that will provide training, education and support for youth and targeted adults as well as bridge the digital divide by increasing access to technology and broadband services.

Sincerely,

Lawrence Dennis/_{LS}
Dean and Professor
College of Communication & Information

Apalachee Ridge Technology Learning Center
937 Kendall Drive
Tallahassee, FL 32304

March 10, 2010

The Honorable John R. Marks
City of Tallahassee
300 S. Adams Street
Tallahassee, FL 32301

Dear Mayor Marks,

It is with great zeal that I write this letter of support for the City of Tallahassee's Sustainable Broadband Adoption application to the National Telecommunications and Information Administration through the American Recovery and Reinvestment Act. The Apalachee Ridge Technology Learning Center has seen closely the City's commitment to technological advancement for all residents in Tallahassee. I believe that closing the digital divide is possible and that education plus access will help us achieve our goals. So does the City of Tallahassee and I am in total support of your efforts. Funding under this act would help greatly improve our ability to provide the necessary broadband infrastructure, access and education to our community. Our center could continue the work we have begun on Tallahassee's southside and beyond with a much greater impact.

If funding is allocated for this project the Apalachee Ridge Technology Learning Center is ready and willing to work the City of Tallahassee. We are prepared to implement programs, provide internet access, create jobs and empower our community in a variety of ways. We see a great benefit to the community at large if the City obtains these funds and look forward to being a part of the process.

Sincerely,

Terrance D. McNeil
Director, ARTLC

**BTOP Public Computer Center and Sustainable Broadband Adoption
Detailed Budget Template**

Easy Grants ID: 6509
Applicant: City of Tallahassee
Technology Learning Center Broadband

SF-424A Object Class Category	General			Detail				
	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Quarters Employed	Total
a. Personnel - List position, number of staff, annual salaries, % time spent on project								
Grants Manager (GM)	\$30,004	\$0	\$30,004	1	\$15,002	25%	8.00	\$30,004
Community Outreach	\$39,999	\$0	\$39,999	1	\$20,000	100%	8.00	\$40,000
Digital Coordinator (DC) (City Match)	\$0	\$49,000	\$49,000	1	\$24,500	100%	8.00	\$49,000
Network Administration (NA)	\$39,999	\$0	\$39,999	1	\$20,000	100%	8.00	\$40,000
			\$0				8.00	\$0
			\$0				8.00	\$0
			\$0				8.00	\$0
Subtotal	\$110,002	\$49,000	\$159,002					

b. Fringe Benefits - Include salaries and fringe rate.	Federal Support	Matching Support	Total	# of Positions	Salary	% Time Spent on Project	Quarters Employed	Fringe Rate	Total
	Grants Manager (GM)	\$8,401	\$0	\$8,401	1	\$15,002	25%	8.00	28.00%
Community Outreach	\$11,200	\$0	\$11,200	1	\$20,000	100%	8.00	28.00%	\$11,200
Digital Coordinator (DC) (City Match)	\$0	\$5,000	\$5,000	1	\$24,500	100%	8.00	10.20%	\$5,000
Network Administration (NA)	\$11,200	\$0	\$11,200	1	\$20,000	100%	8.00	28.00%	\$11,200
Total Personnel	\$0	\$0	\$0	0	\$0	0%	8.00	0.00%	\$0
Subtotal	\$30,801	\$5,000	\$35,801						

c. Travel - For significant costs, include details such as number and purpose of trips, destinations.	Federal Support	Matching Support	Total	# of Trips	Cost per Trip	Total
	Airfare	\$6,400	\$0	\$6,400	16	\$400.00
Hotel	\$8,280	\$0	\$8,280	48	\$172.50	\$8,280
Ground Transportation	\$2,400	\$0	\$2,400	48	\$50.00	\$2,400
Meals & Incidentals	\$2,832	\$0	\$2,832	48	\$59.00	\$2,832
Mileage for DA	\$0	\$0	\$0			\$0
Subtotal	\$19,912	\$0	\$19,912			

d. Equipment Costs - List equipment with # of units and unit costs. Distinguish between equipment intended for applicant use versus equipment for the end user.	Federal Support	Matching Support	Total	#Units	Unit Cost	Total
	Applicant Equipment					
			\$0			\$0
			\$0			\$0

			\$0			\$0
			\$0			\$0
User Equipment						
Printer	\$200	\$0	\$200	1	\$200	\$200
Smart Board	\$1,595	\$0	\$1,595	1	\$1,595	\$1,595
Projector	\$1,058	\$0	\$1,058	2	\$529	\$1,058
Computers - Desktops (ADE Match)	\$0	\$40,000	\$40,000	100	\$400	\$40,000
Computers - Laptops	\$30,000	\$0	\$30,000	50	\$600	\$30,000
Computer Software	\$16,295	\$0	\$16,295	401	\$41	\$16,295
Server	\$2,999	\$0	\$2,999	1	\$2,999	\$2,999
Monitors	\$54,000	\$0	\$54,000	400	\$135	\$54,000
Keyboard-mouse sets	\$6,000	\$0	\$6,000	400	\$15	\$6,000
Headsets	\$3,200	\$0	\$3,200	400	\$8	\$3,200
Minor parts	\$4,000	\$0	\$4,000	400	\$10	\$4,000
Networking Set-up	\$1,857	\$0	\$1,857	1	\$1,857	\$1,857
Connectivity - Internet	\$17,520	\$0	\$17,520	24	\$730	\$17,520
Internet Service for refurbished	\$96,000	\$0	\$96,000	9,600	\$10	\$96,000
Video equipment for computers	\$4,237	\$0	\$4,237	1	\$4,237	\$4,237
Connectivity - Internet (Go Beyond Match)		\$54,000	\$54,000	1,800	\$30	\$54,000
Subtotal	\$238,960	\$94,000	\$332,960			

e. Supplies - List costs associated with materials/printing, curriculum, translations, and other supplies	Federal Support	Matching Support	Total	#Units (If Applicable)	Unit Cost (If Applicable)	Total
Community Outreach Marketing (Go Beyond Match)	\$0	\$18,640	\$18,640			
Subtotal	\$0	\$18,640	\$18,640			

f. Contractual - List contractors with purpose of contract, hourly rate or total fixed rate.	Federal Support	Matching Support	Total	# Hours (If Applicable)	Hourly Rate (If Applicable)	Total Contract
			\$0			
Americorp Staff		\$6,000	\$6,000			\$6,000
Subtotal	\$0	\$6,000	\$6,000			

g. Construction - If applicable, list construction costs	Federal Support	Matching Support	Total
Construction Cost			
	\$0		\$0
			\$0
			\$0
			\$0
Subtotal	\$0	\$0	\$0

h. Other - List costs associated with grant subrecipients as well as other costs not listed above such as rent, technology (website hosting, internet connection), advertising (TV, radio, online), etc.	Federal Support	Matching Support	Total	#Units (If Applicable)	Unit Cost (If Applicable)	Total
Rent & Utilities (City Match)	\$0	\$28,000	\$28,000	24	\$1,167	\$28,000
ADE						
Tutor Sessions	\$71,500	\$0	\$71,500	5,500	\$13.00	\$71,500
Project Director	\$39,000	\$0	\$39,000	488	\$80.00	\$39,000
Program Manager	\$78,000	\$0	\$78,000	1,040	\$75.00	\$78,000
Training Instructors (Go Beyond Match)	\$128,960	\$87,360	\$216,320	8,320	\$26.00	\$216,320
Lexicon (Lexicon Match)	\$146,770	\$36,109	\$182,879	360	\$508	\$182,880
Evaluator (Go Beyond Match)	\$10,000	\$30,000	\$40,000	1,000	\$40.00	\$40,000
Go Beyond						
Student labor for refurbishments	\$37,000	\$0	\$37,000	3,700	\$10.00	\$37,000
Grad student labor (supervisor)	\$13,187	\$0	\$13,187	814	\$16.20	\$13,187
Student stipends	\$60,000	\$0	\$60,000	6,000	\$10.00	\$60,000
Professor (Go Beyond Match)	\$50,000	\$20,000	\$70,000	1,000	\$70.00	\$70,000
Special Technology Projects	\$80,000	\$0	\$80,000	N/A	N/A	\$80,000
Subtotal	\$714,417	\$201,469	\$915,886			

i. Total Direct Charges (sum of a-h)	\$1,114,092	\$374,109	\$1,488,201
j. Indirect Charges	\$97,928	\$32,884	\$130,812
Total Eligible Project Costs	\$1,212,020	\$406,993	\$1,619,013
Match Percentage	25.1%		

Explanation of Indirect Charges

Additional Budget Notes