



# CITY OF TAMPA

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December 20, 1999

To the citizens of the City of Tampa:

The comprehensive annual financial report of the City of Tampa for the fiscal year ended September 30, 1999, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The comprehensive annual financial report is presented in five sections: introductory, financial, statistical, single audit and the Florida Aquarium, Inc. operations financial statements. The introductory section includes this transmittal letter, the government's organizational chart and an identification of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditors' report on the general purpose financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The single audit section includes detailed information on state and federal grant activity. The Florida Aquarium, Inc. financial statements section includes the audited financial statements of the Florida Aquarium, Inc.

The financial reporting entity includes all funds and account groups of the City, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Community Redevelopment Agency is reported as a special revenue fund of the primary government and the Florida Aquarium, Inc. is reported as a discretely presented component unit. The Tampa Sports Authority, the Tampa Port Authority, the Tampa Housing Authority, the Tampa Bay Performing Arts Center, and the Lowry Park Zoological Gardens were not considered component units at September 30, 1999.

The City provides a full range of services. These services include police and fire protection; water; parking; sanitary sewer; solid waste disposal; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events.

## **ECONOMIC CONDITION AND OUTLOOK**

The City of Tampa is the largest city in Hillsborough County, is the county seat and is the third most populous city in Florida. It is located on the west coast of Florida, approximately 200 miles northwest of Miami, 180 southwest of Jacksonville, and 20 miles northeast of St. Petersburg. The population of the City represents approximately one-third of the total population of Hillsborough County. Tampa's economy is founded on a diverse base that includes tourism, agriculture, construction, finance, health care, government, and the port of Tampa.

The economic condition of the area during the past year was positive and the outlook is the same. Property tax valuations and property tax revenues both grew, increasing significantly over the previous year. The area's unemployment rate in September 1999 was down to 2.7 percent, significantly better than the national rate of 4.1 percent, and Florida's state-wide rate of 4.1. The region's growth and economic diversity are expected to be the basis for continued health of the local economy in coming years.

## **MAJOR INITIATIVES**

During 1999 renovation of the McKay Bay refuse to energy facility got under way with financing provided by the issuance of \$190,835,000 Solid Waste System Revenue Bonds. The emissions guidelines and the performance standards outlined in the Clean Air Acts Amendments of 1990 necessitated the retrofit construction of the facility. In order to meet the debt service requirements of the 1999 bonds a small rate increase became necessary. However, the benefits to the community of cleaner air should outweigh the negative effects of the small rate increase.

In June of 1999 the City purchased a tract of land, immediately to the north of the Marriott hotel currently under construction in the downtown channel district. A second downtown park that will be named Fort Brooke Park will be developed at this site. The new hotel and park will be connected to the Aquarium and Ybor City by an electric trolley system to be constructed using proceeds from the 1999 Transportation Revenue Bonds sold in January 1999. These developments will provide a positive economic influence to the downtown channel district as well as the Aquarium and Ybor City.

In June 1999 the City issued \$39,700,000 of Utilities Tax Improvement bonds. The majority of the proceeds will be used to improve and upgrade many of the City's recreation centers, some of which have fallen into significant disrepair. Improving these facilities will enhance the quality of life for many of the City's citizens.

## **FINANCIAL INFORMATION**

Management of the City is responsible for establishing and maintaining internal control designed to ensure that City assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

### **Single Audit--**

As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As a part of the government's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended September 30, 1999 provided no instances of material weaknesses in the internal control structure.

### **Budgeting Controls--**

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund, most special revenue funds, enterprise funds, and internal service funds are included in the annual appropriated budget. Capital projects funds are controlled by project-length financial plans. The level of budgetary control (that is, the level at which expenditures cannot

legally exceed the appropriated amount) is established by function or department level within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end. However, encumbrances generally are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Government Functions--

The following schedule presents a summary of general fund and Utility Tax, Cable Communications, and Occupational License special revenue funds revenues for the fiscal year ended September 30, 1999 and the amounts and percentages of increases and decreases in relation to prior year revenues. Dollar amounts are in thousands of dollars.

Revenues	Amount	Percent of Total	Increase (Decrease) from 1998	Percent of Increase (Decrease)
Taxes	\$ 122,113	54.3 %	\$ 9,153	8.1 %
Intergovernmental	32,545	14.5	289	0.9
Licenses and permits	30,617	13.6	1,514	5.2
Charges for services	21,247	9.5	2,758	14.9
Fines and forfeitures	2,518	1.1	(17)	(0.7)
Investment earnings	3,515	1.6	(1,519)	(30.2)
Other	12,105	5.4	857	7.6
Total	<u>\$ 224,660</u>	<u>100.0 %</u>	<u>\$ 13,035</u>	

The increase of \$5,415,000 in property tax revenue reflected a rise in assessed values, the addition of new property through construction, and the addition of previously tax exempt property to the tax roles. The City's 6.54 millage rate remains the same for the ninth consecutive year, and well within the 10 mill rate limit established by the state.

The following schedule presents a summary of general fund and Utility Tax, Cable Communications, and Occupational License special revenue funds expenditures for the fiscal year ended September 30, 1999 and the amounts and percentages of increases in relation to prior year amounts. Dollar amounts are in thousands of dollars.

Expenditures	Amount	Percent of Total	Increase from 1998	Percent of Increase
Current:				
Public safety	\$ 121,798	60.3 %	\$ 4,775	4.1 %
Culture and recreation	27,966	13.9	1,564	5.9
Public works	24,248	12.0	546	2.3
General government services	13,686	6.8	1,323	10.7
Other	6,054	3.0	905	17.6
Capital outlay	7,983	4.0	3,741	88.2
Total	<u>\$ 201,735</u>	<u>100.0 %</u>	<u>\$ 12,854</u>	

As in recent years, the most significant dollar change in expenditures was in the "Public safety" category, reflecting the City's continuing commitment to the protection of its citizens.

## General Fund Balance--

The fund balance of the general fund increased by 15.4 percent in 1999. The \$6,264,000 increase leaves the City a fund balance of \$47,056,000, which should significantly reduce the likelihood of the City entering the short-term debt market to pay for current operating expenditures. The City maintains a fund balance to provide sufficient financial resources for emergencies and approximately two months of reserves.

## Enterprise Operations--

The government's enterprise operations are comprised of five separate and distinct activities and are recorded in the Water Utility, Sewer Utility, Solid Waste System, Parking Facilities and Marina funds.

In the Parking Facilities fund, three garage projects are under construction. In the downtown area the Fort Brooke parking facility is being expanded by two levels to help meet downtown commuter parking needs. Also in the downtown area, a new facility will be constructed to serve the newly acquired and renovated Police Headquarters building adjacent to City Hall. In the Ybor City area, a new facility is being constructed to serve the new Ybor City Entertainment Complex currently under construction.

In the Solid Waste System fund, federal pollution standards require cleaner emissions from the refuse-to-energy facility. Major reconstruction and renovation of the incinerator has begun. To finance the cost, the City issued \$190,835,000 Solid Waste System Revenue Bonds that forced the department to raise solid waste collection rates. Although rate increases are not popular, cleaner air is hopefully something from which everyone in the community can benefit.

Major construction activity in the Sewer Utility fund continued this year as part of an on-going upgrade and expansion effort to meet higher anticipated flow demands and tighter discharge standards. Property, plant, and equipment increased in that department by a net of \$6,772,000 before depreciation.

In the Water Utility fund two significant new projects are under way. Water Quality 2000 entails the refitting and upgrading of the Water Treatment Plant so that this facility will continue to meet the water needs of the community well into the next century. The Aquifer Storage and Recovery project involves the pumping of partially treated water into a confined aquifer during periods of low demand. This supply will then be available for recovery during periods of high demand to help ensure that the City's future water supply needs will be met.

## Pension Trust Funds Operations--

The operations of the Firefighters and Police Officers Pension and General Employees Retirement Funds showed significant asset value increases during the year. Net investment income for the funds was \$185,264,000 and \$50,463,000 respectively for fiscal year 1999. The annual actuarial valuation continues to reflect a positive trend in the government and employees' funding of the plan.

## Debt Administration--

At September 30, 1999 the government had a number of debt issues outstanding, including \$827,703,000 of revenue bonds. The government has maintained at least an A rating from Standard and Poor's Corporation, Moody's Investors Service, and Fitch IBCA on revenue bonded issues. Most issues are rated by those agencies as AAA and Aaa, respectively, because they are fully insured. As of September 30, 1999 the government had no general obligation bonded debt.

During 1999 three new bond issues were sold. The \$24,815,000 1999 Transportation Revenue Bonds were issued to finance an electric trolley system and various other transportation related capital projects. The \$190,835,000 1999 Solid Waste System Revenue Bonds were issued to refund the remaining 1993 Solid Waste System Refunding Revenue Bonds in addition to providing capital for the refurbishment of the McKay Bay Refuse to Energy Facility. The 1999A Utilities Tax Improvement Bonds were issued to finance various parking related capital projects and improvements to various recreation centers and fire stations.

The City continued to borrow funds from the State of Florida as part of a low interest revolving loan program to upgrade the Sanitary Sewer Department's Advanced Wastewater Treatment Facility and improvements to the Water Department's Hillsborough River Water Treatment Plant. Total outstanding loans increased by a net of \$3,050,000 during the year bringing total state loan liability at September 30 to \$116,528,000.

#### Cash Management--

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury, and repurchase agreements. The pension trust funds' investment portfolio also includes corporate and municipal bonds, equity securities, and real estate. The average yield on pooled cash investments was 5.5 percent. The City's pooled investment performance ranks favorably when compared to the average yield rate of 4.9 percent for 90-day U.S. Treasury bills over the past year.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. Credit risk is minimized by the City through the purchase of time deposits only from institutions that are members of the State of Florida collateral pool and by the safekeeping of investments and investment collateral either by the City, its agent or a financial institution's trust department in the City's name. Over 95 percent of securities recorded by the City at September 30, 1999 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

#### Risk Management--

The City's exposure to claims decreased this year. Accrued claims payable at September 30, reflected in the General Long-Term Debt Account Group, were \$22,685,000, a decrease of \$2,333,000 over the balance accrued at the end of the prior fiscal year.

### **OTHER INFORMATION**

#### Independent Audit--

State statutes require an annual audit by independent certified public accountants. The City selected the accounting firm of Ernst & Young LLP. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1996 and related OMB Circular A-133. The auditor's report on the general purpose financial statements is included in the Financial Section of this report.

#### Awards--

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tampa for its comprehensive annual financial report for the fiscal year ended September 30, 1998. This was the eleventh consecutive year that the City of Tampa has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 1998. In order to qualify for the Distinguished Budget

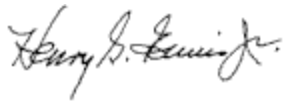
Presentation Award, the government's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization.

Acknowledgements--

Preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contribution made in the preparation of this report.

Finally, the support, leadership, and cooperation of Tampa's City Council, without which preparation of this report would not have been possible, is gratefully acknowledged.

Sincerely,

A handwritten signature in cursive script, reading "Henry G. Ennis, Jr.", written in black ink.

Henry G. Ennis, Jr.  
Director of Finance