



CITY OF TAMPA

November 27, 2001

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, 2001, 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. 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, 2001.

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, technology, 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 2001 was 3.4 percent, significantly better than the national rate of 4.9 percent, and Florida's statewide rate of 4.4 percent. 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 2001 renovation of the McKay Bay refuse to energy facility continued 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, which will be completed in October 2001.

A downtown park named Fort Brooke Park is being developed immediately east of the Marriott Waterside Hotel that opened in 2000. The hotel, park, and the Tampa Convention Center will be connected to the Aquarium and Ybor City by an electric trolley system to be constructed during FY2002 using \$4,500,000 of the proceeds from the 1999 Transportation Revenue Bonds. These developments will provide a positive economic influence to the downtown channel district as well as the Aquarium and Ybor City.

In July 2001 the City issued \$51,970,000 of Utilities Tax and Special Revenue Refunding Bonds series 2001, and \$36,865,000 of Utilities Tax and Special Revenue Refunding Bonds, series 2001B. The proceeds from these two issues was used to refund a portion of the outstanding series 1991 Utilities tax and Special Revenue Refunding Bonds to take advantage favorable market interest rates. Cash savings of approximately \$826,000 will be realized over the life of the two issues.

Also in July 2001, the City issued \$28,910,000 of Guaranteed Entitlement Refunding Revenue Bonds. The proceeds from this issue were used to refund the remaining outstanding Guaranteed Entitlement Refunding Revenue Bonds, Series 1991 again to take advantage of favorable market interest rates. Cash savings of approximately \$264,000 will be realized over the life of the issue.

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, 2001 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 organization 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 meeting 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 fund revenues for the fiscal year ended September 30, 2001 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 2000	Percent of Increase (decrease)
Taxes	\$ 142,455	54.8 %	\$ 11,909	9.1 %
Intergovernmental	33,632	12.9	(125)	(0.4)
Licenses and permits	33,798	13.0	1,951	6.1
Charges for services	23,791	9.2	2,017	9.3
Fines and forfeitures	3,850	1.5	838	27.8
Investment earnings	9,344	3.6	4,004	75.0
Other	13,085	5.0	(3,897)	(22.9)
Total	<u>\$ 259,955</u>	<u>100.0 %</u>	<u>\$ 16,697</u>	

An increase of \$10,379,000 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 twelfth 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 fund expenditures for the fiscal year ended September 30, 2001 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 1999	Percent of Increase
Current:				
Public safety	\$ 126,880	60.1 %	\$ 5,082	4.2 %
Culture and recreation	29,230	13.8	1,354	4.8
Public works	25,100	11.9	852	3.5
General government services	14,983	7.1	1,297	9.5
Other	6,333	3.0	279	4.6
Capital outlay	8,645	4.1	662	8.3
Total	<u>\$ 211,261</u>	<u>100.0 %</u>	<u>\$ 9,526</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 19.3 percent in 2001. The \$10,100,000 increase leaves the City a fund balance of \$62,402,000, 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, the Fort Brooke parking facility expansion by three levels to help meet downtown commuter parking needs is near completion. Also in the downtown area \$3,000,000 is being allocated for the acquisition of a site for a new parking facility. In Ybor City a new garage is under construction on Palm Avenue and is scheduled to open in 2002.

In the Solid Waste System fund two projects funded by bonds sold in 1999 are under way, the retro-fit of the McKay Bay Refuse-to-Energy facility will be completed in early fiscal year 2002. The retro-fit will result in a like new facility with reduced air emissions and moderate increases in burn capacity and energy production and timely compliance with emissions standards imposed by the Federal Clean Air Act. The second Project is the new Solid Waste Administration Building that will house all administrative personnel, Environmental Coordination, Recycling Divisions, and the Meter Reading Services Division of the Utility Accounting Department will be completed by the end of fiscal 2002.

In the Water Utility fund \$13,500,000 of Water and Sewer Systems Revenue Bonds were issued in 2001. The proceeds will be used for the South Tampa Area Reclaimed water project which will bring reclaimed water to residents for irrigation. The upgrade and expansion of the Hillsborough River Water Treatment Plant continued through 2001 and is scheduled for completion in 2002. This facility will have increased capacity of 20 million gallons per day making total capacity 100 million gallons per day.

Pension Trust Funds Operations--

The operations of the Firefighters and Police Officers Pension and General Employees Retirement Funds showed asset value decreases during the year resulting from a retreat in the equity markets where both funds hold significant investments. Net investment loss for the funds was \$239,173,000 and \$64,226,000 respectively for fiscal year 2001. The annual actuarial valuation continues to reflect both funds being fully funded.

Debt Administration--

At September 30, 2001 the City had a number of debt issues outstanding, including \$960,034,000 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, 2001 the government had no general obligation bonded debt.

During 2001 four new bond issues were sold. The \$13,500,000 Water and Sewer Systems Revenue Bonds, Series 2001B were issued to finance the start of the South Tampa Area Reclaimed Water project (STAR) which will bring reclaimed water to residents for landscape irrigation. The Utilities Tax and Special Revenue Refunding Bonds, Series 2001 and 2001B were issued to partially refund the Utilities Tax and Special Revenue Refunding Bonds, Series 1991. Favorable market interest rates mean savings to the City of nearly \$826,000 over the life of the two issues. Similarly, \$28,910,000 Guaranteed Entitlement Refunding Revenue Bonds, Series 2001 was issued to refund the remaining outstanding Guaranteed Entitlement Refunding Revenue Bonds, Series 1991. This issuance will save the City nearly \$264,000 over the life of the issue.

The City continued to borrow funds from the State of Florida as part of a low interest revolving loan program to upgrade the Water Department's Hillsborough River Water Treatment Plant. Total outstanding loans decreased by a net of \$5,191,000 during the year bringing total state loan liability at September 30 to \$113,530,000.

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 5.9 percent. The City's pooled investment performance ranks favorably when compared to the average yield rate of 4.4 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 94 percent of securities recorded by the City at September 30, 2001 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 increased slightly this year. Accrued claims payable at September 30, reflected in the General Long-Term Debt Account Group, were \$23,900,000, an increase of \$437,000 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 to perform the audit. 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 and the Florida Single Audit Act. 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, 2000. This was the thirteenth 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.

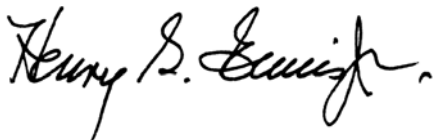
In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 2000. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several 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 black ink, appearing to read "Henry G. Ennis, Jr.", written in a cursive style.

Henry G. Ennis, Jr.
Director of Finance