

City of Tampa, Florida

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2002

I. Summary of significant accounting policies

The accounting policies of the City of Tampa conform to accounting principles generally accepted in the United States. (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of these accounting policies are summarized below.

A. Accounting changes

Change of Accounting Principle.

During the fiscal year ended September 30, 2002 the City implemented the new financial reporting model as a result of the following Statements of the GASB: GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and No. 34*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

As part of the GASB Statement No. 34 implementation, the City decreased net assets of business-type activities at October 1, 2001 by \$1,562,000 in the Water Utility fund which was related to valuation of the landfill postclosure liability.

The beginning net asset amount for governmental activities reflects the following changes required by GASB 34 (in thousands).

Total fund balances - governmental funds, September 30, 2001	\$ 201,724
Capital assets	662,006
Long-term liabilities	(495,968)
Revenue accruals	14,661
Revenue deferrals	(21,269)
Internal service funds	<u>3,931</u>
Total net assets, September 30, 2001	<u>\$ 365,085</u>

B. Reporting entity

The City of Tampa is a municipal corporation that was incorporated in 1887 and is governed by an elected mayor and seven-member council. The City was created and is governed under the laws of Florida numbers 745 of the year 1885 and 3779 of the year 1887. The City provides traditional governmental services such as public safety, culture and recreation, and public works, as well as water and sewer services, solid waste disposal, and various parking facilities. The accompanying basic financial statements present the City of Tampa and its component units, entities for which the City of Tampa is considered to be financially accountable in accordance with GASB Statement No. 14, *The Financial Reporting Entity*. Blended component units although legally separate entities, are, in substance, part of the City's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that is legally separate from the City of Tampa.

Blended component unit. The Community Redevelopment Agency (CRA) was created in 1982 under part 3 of chapter 163 of the Florida Statutes and City of Tampa ordinance numbers 2119-H and 2871-H. Its sole purpose is to administer funds distributed via State law for blighted areas within the City. The CRA board is composed of the same seven members of City Council, therefore the City Council has absolute influence over the CRA board. The CRA is reported as a non-major special revenue fund.

Discretely presented component unit. The Florida Aquarium, Inc. (Aquarium) was created as a Florida non-profit corporation as defined in IRS regulation section 501(c) (3). In 1996 the City purchased the Aquarium assets and enacted a management agreement as authorized by City of Tampa ordinance numbers 96-1653, 96-1880, and 96-1922. The Aquarium operations, which mainly consist of operation of the facility and community fund raising are governed by the management agreement which stipulates that the Chief Executive Officer and the Board of Directors are responsible to and serve at the discretion of the City.

Complete financial statements for each of the individual component units may be obtained at the City's accounting office at 315 E. Kennedy Blvd., Tampa, Florida.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes 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 the legally separate *component unit* for which the primary government is financially accountable.

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 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 operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate fund 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.

D. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full 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 revenue 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 City 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 judgements, are recorded when payment is due.

Property taxes, franchise taxes, certain other tax revenues, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *general fund* is the City'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 *utility tax special revenue fund* accounts for taxes levied on public utilities. These taxes are to used first for payment of bonded debt service requirements. A specified portion may be transferred to the general fund to be used for any lawful purpose. After that, revenues are to be used for capital improvements.

The City reports the following major proprietary funds:

The *water utility fund* accounts for the activities of the City's water production and distribution operations. The City operates a water treatment plant and water distribution system. The post-closure cost of the Old Manhattan Landfill, where water production waste has been disposed of, is paid from this fund.

The *sewer utility fund* accounts for the activities of the City's sewage collection and treatment system. The City operates a sewage treatment facility, pumping stations, and collection systems.

The *solid waste system fund* accounts for the activities of the City's solid waste collection operation. The City operates an electricity generating solid waste incinerator and provides collection service to city residents.

The *parking facilities fund* accounts for the operation of City owned parking garages, lots and meters.

The *marina fund* is the only non-major proprietary fund so it is reported with the major proprietary funds. It is used to account for operations, maintenance, and financing of the municipal marinas.

Additionally, the City reports the following fund types:

Internal service funds account for fleet management services, administrative services, and utility accounting services provided to other City departments.

The *pension trust funds* account for the activities of the Firefighters and Police Officers Pension Fund and the General Employees Retirement Fund, which accumulate resources for pension benefit payments to qualified employees.

The *agency funds* account for deposits held in custody for recipients of grants and loans from CDBG and other grants in the CDBG Escrow Fund. The Other Agency Funds account for various deposits for which the City is the agent or custodian, these include the law enforcement trust funds, recreation club funds, and the art in public places trust fund.

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 this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and franchise fees and other charges between the City's water, sewer, solid waste, and parking funds and the general fund as well as cost reimbursement transactions between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues include* 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internal 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 Water and Sewer Utility funds, the Solid Waste System fund, the Parking Facilities fund, and the Marina fund and all of the City's internal service funds are charges to customers for sales and services. The Water and Sewer Utility funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of the basic financial statements in conformity with accounting principals generally accepted in the United States requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, liabilities, and net assets or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and equity in pooled cash and investments. The equity in pooled cash and investments represents a fund's share of a cash and investment pool maintained by the City for use by all funds except the pension funds and funds with agreements that require separate bank accounts. For the purpose of the statement of cash flows, the City considers cash equivalents as highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Interest earned from investments purchased with pooled cash is allocated to each participating fund based on the funds average equity balance, except, that, as required by City charter interest attributable to the Utility Tax special revenue fund and the Utility Tax capital projects fund is deposited to the general fund. As required by bond indenture provisions, interest earned on investments related to the Local Option Gas Tax debt service fund is allocated to the Local Option Gas Tax special revenue fund. Funds that incur negative equity in pooled cash and investments during the year incur a charge for interest. Funds used to account for federal and state grants have negative equity in pooled cash and investments throughout the year due to the reimbursement basis of the grant programs. The general fund absorbs charges for interest to these funds.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts receivable balances are shown net of the allowance for uncollectibles. The allowance in the enterprise funds is the portion of the receivable that equals the percentage of bad debt expense to total customer revenues. In the governmental funds the allowance varies based on management estimates.

3. Inventories and prepaid items

All inventories are valued at cost using the first-in / first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet and statement of net assets and their use is limited by applicable bond covenants. Restricted cash and investments in the construction and debt service funds represent bond issuance proceeds that are restricted for construction and repayment of bonded debt respectively. Restricted pooled cash in the debt service funds represents assets set aside for revenue bond repayment in accordance with applicable bond covenants. In the enterprise fund statement of net assets, bond issuance proceeds as well other assets set aside for their repayment are itemized in the restricted asset category "bond covenant accounts."

In the water utility and solid waste system funds assets are set aside for postclosure costs associated with solid waste disposal facilities as mandated by the State of Florida. These assets are itemized as "deposit for solid waste facility postclosure."

5. Capital assets

Capital assets, which include land, buildings and improvements, improvements other than buildings, furniture and equipment, and infrastructure (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the time of donation.

The costs of normal maintenance and repairs that do not add to the fair value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was \$103,473,000. Of this amount, \$11,346,000 was included as part of the cost of capital assets under construction in connection with construction projects in proprietary funds.

Buildings and improvements, improvements other than buildings, and furniture and equipment (including assets amortized under lease purchase contracts) are amortized using the straight line method over the following estimated useful lives:

Infrastructure	10-40	Years
Buildings and improvements	10-40	Years
Improvements other than buildings	5-40	Years
Furniture and equipment	4-15	Years

6. Compensated absences

Vacation pay is accrued when earned. The portion of sick leave that is payable at retirement is accrued when vested. City employees generally earn vacation leave and sick leave at the rate of 1.9 hours each, per week. Vacation leave is fully vested when earned. Sick leave is vested after the employee has 10 years of service with the City. Accumulated vacation leave cannot exceed thirty days at the end of any year and any leave in excess of this amount is transferred to sick leave on which there is no limitation as to accumulated amounts. 50% of unused sick leave plus any accumulated vacation leave is paid at retirement or death. Fire and Police employees electing early retirement who are not 46 and have not completed 20 years of service have the option of receiving a lump-sum refund of their pension contribution and foregoing any compensation for unused sick leave or upon reaching the age of 46 receiving 50% of unused sick leave and a retirement benefit. Other employees electing early retirement have the option of receiving 50% of unused sick leave at retirement and pension benefits when reaching the age of 55 or receiving a lump-sum refund of their pension contribution and surrendering any unused sick leave. Upon other termination only accumulated vacation leave is paid.

7. Long-term obligations

In the government-wide financial statements, and 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 premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 sources while discounts 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.

In proprietary funds, bond issue costs are deferred and amortized, using the bonds outstanding method, over the lives of the related issues. Accumulated amortization at September 30, 2002 is \$341,000; \$754,000; \$831,000; \$261,000 in the Water Utility, Sewer Utility, Solid Waste System, and Parking Facilities enterprise funds respectively. Bond issuance costs are recognized in the period incurred in governmental fund types.

In proprietary funds, bond discounts and gains or losses on bond refundings are deferred and amortized, using the bonds outstanding method, over the lives of the related issues. Bond discounts and losses on bond refundings are presented as a reduction of the face amount of bonds payable. Both are recognized in the period incurred in governmental fund types.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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 balance - 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 \$540,635 difference are as follows (in thousands):

Bonds payable	\$551,755
Less: Issuance discount (to be amortized as interest expense)	(74,957)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(2,106)
Less: Deferred charge on refunding (to be amortized as interest expense)	(5,555)
HUD section 108 loan	10,445
Compensated absences	32,233
Claims and judgements	26,368
Capital leases	<u>2,452</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at net assets - <i>governmental activities</i>	<u>\$540,635</u>

B. Explanation of certain differences between the governmental fund 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 changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 \$47,965 difference are as follows (in thousands):

Capital outlay	\$77,229
Depreciation expense	<u>(29,264)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$47,965</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., donations, and sales) is to decrease net assets.” The details of this \$(2,391) difference are as follows (in thousands):

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the assets sold.	\$(6,320)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>3,929</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(2,391)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental

funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(38,741) difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of Utilities Tax and Special Revenue Refunding Bonds, Series 2002A	\$ 15,680
Issuance of Occupational License Tax Refunding Bonds, Series 2002A, B and C	101,755
Issuance of Sales Tax Bonds, Series 2001	55,585
Plus premium	3,854
Less issuance costs	(2,195)
Capital lease financing	198
Principal repayments:	
Revenue bonds	(16,335)
Capital leases	(281)
Payment to escrow agent for refunding	<u>(119,520)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (38,741)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(5,926) difference are as follows (in thousands):

Claims and judgements	\$ (2,468)
Compensated absences	(1,587)
Amortization of deferred charge on refunding	(150)
Amortization of issuance costs	(90)
Amortization of bond discount	<u>(1,631)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (5,926)</u>

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds except the Community Development Block Grant, Other Grants, the Community Redevelopment Agency special revenue funds, the capital projects funds which adopt project-length budgets, and the debt service funds. The debt service funds do not adopt annual budgets because effective budgetary control is alternatively achieved through bond indenture provisions. All annual appropriations lapse at year end.

Prior to September 1 of each year, the Mayor submits to the City Council a proposed operating budget, in a separate budget document, for the fiscal year commencing the following October 1. The City Council holds public hearings and a final budget must be prepared and adopted prior to October 1 through the passage of an ordinance.

Budgetary control is maintained at the function or department level. Departments are permitted to transfer appropriations within a function. Transfers between functions must be approved by City Council. Expenditures may not legally exceed budgeted appropriations at the function level. During the year supplementary appropriations of \$5,007,000 were necessary for the general fund and annually budgeted special revenue funds.

Changes in the budget that exceed revenues and reserves estimates provided by the City’s Finance Director must be authorized by the Mayor and approved by a majority of City Council.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because commitments will be reappropriated and honored during the subsequent year.

B. Excess of expenditures over appropriations

During the year ended September 30, 2002 no expenditures exceeded appropriations at the legal level of control.

C. Deficit fund equity

The Utility Accounting internal service fund has a net assets deficit of \$280,000 (amount not rounded) caused by expenses exceeding revenues. The deficit in this fund will be reduced through future rate increases. The HUD - Section 108 Loan Proceeds debt service fund has a deficit fund balance of \$34,000 (amount not rounded) that will be reduced through future loan repayments.

D. Property Taxes

Property tax collections are governed by Chapter 197, Florida Statutes. The Hillsborough County Tax Collector bills and collects all property taxes levied within the County. Discounts of 4, 3, 2 and 1% are allowed for early payment in November, December, January, and February, respectively.

The Tax Collector remits collected taxes at least monthly to the City. The City recognizes property tax revenue as it is received from the Tax Collector since virtually all taxes levied will be collected through the tax collection process.

Calendar of events is as follows:

January 1	Property taxes are based on assessed value at this date as determined by the Hillsborough County Property Appraiser.
July 1	Assessment roll approved by the state.
September 30	Millage resolution approved by the City Council.
October 1	Beginning of fiscal year for which taxes have been levied.
November 1	Property taxes due and payable.
November 30	Last day for 4% maximum discount.
April 1	Unpaid property taxes become delinquent.
May 15	Tax certificates are sold by the Hillsborough County Tax Collector. This is the first lien date on the properties.

E. Financial Agreements

From time to time the City will enter SWAP agreements to hedge against interest rate risk associated with certain fixed and variable rate securities. The agreements into which the City is currently entered are discussed fully in note V.C.

F. Connection Fees and Impact Fees

Water and sewer connection fees represent reimbursement of the costs incurred to perform the connection of the respective utilities. These fees are recorded as operating revenue at the time of service. Impact fees, which are not considered connection fees since they substantially exceed the cost of connection, are recorded as additions to capital contributions revenue in the period received in the appropriate Enterprise Fund.

G. Allocation of Indirect Costs

The City allocates central service indirect costs incurred by the General Fund to the various departments receiving the service. The allocations, which are made to more accurately reflect each department's actual cost of providing services, are computed in accordance with an indirect cost allocation plan that, in the City's opinion, conforms with Federal requirements.

H. Aquarium Operations Pledges Receivable and Contributions

Unrestricted contributions are recognized at fair value when received. Contributions, which are restricted by the donor for capital additions or endowment purposes, are deemed to be earned and reported as capital additions when the Aquarium has incurred expenditures in compliance with the restrictions or the Aquarium has met conditions for endowment. Other restricted contributions are deemed to be earned and reported as contributions when amounts received have been expended according to the donor's restrictions. Such amounts, received but not earned, are reported as deferred revenue.

Legally enforceable pledges are recorded as receivables in the year made. The Aquarium defers the recognition of revenue until the cash is received. Pledges for support of current operations are recorded as operating fund support. Pledges for support of future operations are recorded as deferred amounts in the respective funds to which they apply.

During 2002, in-kind contributions of professional services and advertising were received from several sources, including entities affiliated with members of the Board of Directors. Contributions of professional services and advertising have been valued based on information provided by the donors. These amounts have been recognized in the accompanying financial statements as in-kind contributions and operating expenses as appropriate.

I. Reclassifications

Certain amounts in the prior year comparative data (under the previous reporting model) were reclassified to conform with the current Basic Financial Statement presentation (under the new reporting model).

IV. Detailed notes on all funds

A. Deposits and investments

At year-end, the carrying amount of the City’s deposits was \$33,341,000 and the bank balance was \$40,754,000. The difference is the result of cash management policies that overnight investments are purchased from collected balances made available by checks which have not been presented for payment as of September 30, 2002. Of the bank balance, \$1,839,000 was covered by Federal Deposit Insurance Corporation (FDIC) insurance, and \$38,915,000 was covered by the State of Florida Collateral Pool. Florida statutes authorize, and the State administers, a collateral pool that ensures no loss of public funds. Of the FDIC insured balances the City is directly insured for \$701,000. Of the \$1,138,000 that is insured on a pass-through basis, \$622,000 is insured to pension beneficiaries. The remaining \$516,000 is held under multiple federally funded escrow accounts, the balances of which are insured on a pass-through basis to U.S. Department of Housing and Urban Development grant loan recipients.

Statutes authorize the City to invest funds from the cash and investment pool in obligations of the U.S. government, time deposits, and the State of Florida Board of Administration Local Government Surplus Funds Investment Pool Trust Fund (the SBA pool), a 2a7-like pool. A 2a7-like pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, this pool operates essentially as a money market fund. The Office of the Auditor General of the State of Florida performs the operational audit of the activities and investments of the SBA pool.

The City requires collateralization for investments maintained in pooled cash. The City invests only with banking institutions that are members of the State of Florida collateral pool. The City (except for the pension funds) requires brokers and dealers to deliver the security purchased to the City’s depository prior to receiving payment.

Investments for the City are reported at fair value. The SBA pool is reported at amortized cost, which approximates the fair value. The reported value of the SBA pool is the same as the fair value of the pool shares.

The current year net investment loss for the pension funds was as follows (in thousands):

	Firefighters and Police Officers Pension Fund	General Employees Retirement Fund	Total
Interest and dividend income	\$ 24,790	\$ 13,433	\$ 38,223
Net decrease in the fair value of investments	(102,761)	(45,916)	(148,677)
Less: Investment expenses	(3,333)	(1,605)	(4,938)
Net investment loss	<u>\$(81,304)</u>	<u>\$(34,088)</u>	<u>\$(115,392)</u>

The City’s investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the City or its agent in the City’s name.
- (2) Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the City’s name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not primarily in the City’s name.

At year end, the City's investment balances were as follows (in thousands):

	Category			Reported Amount/
	1	2	3	Fair Value
Repurchase agreements	\$ -	\$ -	\$ 71,860	\$ 71,860
U.S. Government securities	441,452	4,240	-	445,692
State of Florida Board of Administration	116,629	-	-	116,629
Equity securities	833,030	-	-	833,030
Commercial paper	97,786	-	-	97,786
Corporate/Municipal bonds	168,790	-	-	168,790
Total	<u>\$ 1,657,687</u>	<u>\$ 4,240</u>	<u>\$ 71,860</u>	
Investments not subject to categorization:				
Mutual fund/cash management reserve				34,807
Real estate held for investment				30,838
Total investments				<u>\$ 1,799,432</u>

B. Receivables

Receivables as of year-end for the City's individual major funds and internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

	Interest	Taxes	Accounts	Intergovern- mental	Gross Total	Allowance for uncollectibles	Net Total
Governmental activities:							
Major Funds:							
General	\$ -	\$ 2,926	\$ 3,457	\$ 1,462	\$ 7,845	\$ (54)	\$ 7,791
Utility Tax	-	5,020	-	-	5,020	-	5,020
Nonmajor Funds	3,105	2,936	10,470	5,210	21,721	-	21,721
Business-type activities:							
Major Funds:							
Water Utility	555	-	7,117	8,845	16,517	(42)	16,475
Sewer Utility	-	-	9,090	-	9,090	(46)	9,044
Solid Waste System	136	-	6,632	-	6,768	(40)	6,728
Parking Facilities	-	-	386	-	386	-	386
Total	<u>\$ 3,796</u>	<u>\$ 10,882</u>	<u>\$ 37,152</u>	<u>\$ 15,517</u>	<u>\$ 67,347</u>	<u>\$ (182)</u>	<u>\$ 67,165</u>

The following have timing and credit characteristics different from typical accounts receivable:

The City authorized a loan to the Tampa Sports Authority in an amount not to exceed \$4,550,000 to finance the construction of golf course improvements. A receivable is reported in the Utility Tax capital projects fund with a balance of \$4,010,000 at year-end. This loan is to be repaid over a multi-year period.

The City received a U.S. Department of Housing and Urban Development Section 108 Loan in 1997 for \$1,500,000 and a second loan in 1998 for \$9,070,000. The proceeds were loaned to private entities for the construction of a grocery store in an economically disadvantaged area of the City and an entertainment complex in central Ybor City. A receivable is reported in the Community Development Block Grant fund with a balance of \$10,470,000 at year-end. These loans are to be repaid over multi-year periods.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows (in thousands):

	<u>Unavailable</u>	<u>Unearned</u>
Pending confiscated cash (general fund)	-	\$ 49
9th cent gas tax receivable (general fund)	\$ 146	-
Due from Tampa Port Authority re: Aquarium (general fund)	835	-
2002 occupational license tax receipts (special revenue fund)	-	6,036
HUD 108 loan receivable (special revenue fund)	10,470	-
Grant revenues prior to meeting grant requirements (special revenue fund)	-	7,081
State of FL CR 581 improvement AIC (Gas tax capital projects fund)	-	1,200
State of FL misc. unspent AIC receipts (Utilities tax capital projects fund)	-	189
Community investment tax receivable (Comm. investment tax capital projects fund)	908	-
	<u>\$ 12,359</u>	<u>\$ 14,555</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2002 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 140,916	\$ 11,087	\$ (47)	\$ 151,956
Construction in progress	71,489	10,406	-	81,895
Total capital assets not being depreciated	<u>212,405</u>	<u>21,493</u>	<u>(47)</u>	<u>233,851</u>
Capital assets being depreciated:				
Buildings	289,523	7,484	(3,948)	293,059
Improvement other than buildings	81,728	4,280	(1,482)	84,526
Furniture and equipment	105,991	14,502	(5,955)	114,538
Infrastructure	242,140	30,060	(351)	271,849
Total assets being depreciated	<u>719,382</u>	<u>56,326</u>	<u>(11,736)</u>	<u>763,972</u>
Less accumulated depreciation for:				
Buildings	(105,092)	(8,942)	3,388	(110,646)
Improvement other than buildings	(29,293)	(3,077)	351	(32,019)
Furniture and equipment	(61,137)	(12,676)	5,246	(68,567)
Infrastructure	(71,742)	(4,865)	186	(76,421)
Total accumulated depreciation	<u>(267,264)</u>	<u>(29,560)</u>	<u>9,171</u>	<u>(287,653)</u>
Total capital assets, being depreciated, net	<u>452,118</u>	<u>26,766</u>	<u>(2,565)</u>	<u>476,319</u>
Governmental activities capital assets, net	<u>\$ 664,523</u>	<u>\$ 48,259</u>	<u>\$ (2,612)</u>	<u>\$ 710,170</u>

Business-type activities:

Capital assets not being depreciated:

Land	\$ 25,488	\$ 6,149	\$ -	\$ 31,637
Construction in progress	322,018	-	(182,860)	139,158
Total capital assets not being depreciated	<u>347,506</u>	<u>6,149</u>	<u>(182,860)</u>	<u>170,795</u>

Capital assets being depreciated:

Buildings	224,387	175,994	(56)	400,325
Improvement other than buildings	918,179	76,839	(2,514)	992,504
Furniture and equipment	34,212	4,066	(1,603)	36,675
Total capital assets being depreciated	<u>1,176,778</u>	<u>256,899</u>	<u>(4,173)</u>	<u>1,429,504</u>

Less accumulated depreciation for:

Buildings	(89,717)	(7,583)	157	(97,143)
Improvement other than buildings	(347,226)	(23,288)	131	(370,383)
Furniture and equipment	(20,106)	(3,641)	1,560	(22,187)
Total accumulated depreciation	<u>(457,049)</u>	<u>(34,512)</u>	<u>1,848</u>	<u>(489,713)</u>

Total capital assets, being depreciated, net

	<u>719,729</u>	<u>222,387</u>	<u>(2,325)</u>	<u>939,791</u>
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Business-type activities capital assets, net

	<u>\$ 1,067,235</u>	<u>\$ 228,536</u>	<u>\$ (185,185)</u>	<u>\$ 1,110,586</u>
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Depreciation expense was charged to functions / programs of the primary government as follows (in thousands):

Governmental activities:

General government	\$ 4,240
Public safety	9,380
Culture and recreation	8,487
Public works	7,157
Capital assets held in the City's internal service funds are charged to general government	296
Total depreciation expense - governmental activities	<u>\$ 29,560</u>

Business-type activities:

Water Utility	\$ 7,271
Sewer Utility	18,481
Solid Waste System	6,064
Parking Facilities	2,688
Marina	8
Total depreciation expense - business-type activities	<u>\$ 34,512</u>

The City has provided for the construction of the Tampa Bay Performing Arts Center (TBPAC) facility and retains title to the land and building, which are reported on the statement of net assets in the governmental activities column at a value of \$68,433,000. TBPAC leases the facility from the City for a nominal annual amount.

Lowry Park Zoological Gardens is operated by the Lowry Park Zoological Society of Tampa, Inc. under a ninety-nine year lease and operating agreement with the City of Tampa., which provides for nominal annual rent payments. The City retains title to all zoo land, buildings, and improvements reported on the statement of net assets in the column for governmental activities at a value of \$17,194,000.

Under the management agreement between the City and the Florida Aquarium, Inc. the City acquired ownership of land, land improvements, and buildings that are reported on the statement of net assets in the column for governmental activities at a value of \$79,492,000.

Outstanding purchase order commitments

Outstanding purchase order commitments, including construction commitments are disclosed in the governmental funds as a reservation of fund balance for encumbrances. For all funds that do not disclose such commitments as a reservation of fund balance or restriction of net assets, these amounts are as follows (in thousands):

	<u>Remaining Commitment</u>
Special revenue funds:	
Community Development Block Grant	\$ 1,697
Other Grants	3,819
Proprietary funds:	
Water Utility	42,396
Sewer Utility	11,123
Solid Waste System	3,126
Parking Facilities	1,319
Marina	83
Internal service funds:	
Fleet Maintenance	307
Administrative Services	2
Utility Accounting	181
Total	<u>\$ 64,053</u>

D. Interfund receivables, payables, and transfers

Interfund balances are related to self-insurance balances due at year-end to the self-insurance fund, that is reported in the general fund, and for negative pooled cash balances that are reported as a liability to the general fund.

The composition of interfund balances as of September 30, 2002, was as follows (in thousands):

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Cable Communications	\$ 1
	Community Development Block Grant	3
	Utility Tax Bonds Capital Projects	5,728
	Community Investment Tax Bond Capital Projects	62
	Local Option Gas Tax Capital Projects	4,070
	Water Utility	39
	Sewer Utility	63
	Solid Waste System	33
	Parking Facilities	18
	Fleet Maintenance	14
	Utility Accounting	13
	Administrative Services	1
Total		<u>\$ 10,045</u>

Advances to / from other funds:

These amounts are the result of the early defeasance in 1995 of Water and Sewer Systems Revenue Bonds, Series 1988A. The advance will be repaid in the years 2009 - 2016, in accordance with the original debt service schedule of the defeased bonds.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Utility	Water Utility	<u>\$ 8,859</u>

Interfund transfers:

The City transfers funds from special revenue funds for Utility Tax, Guaranteed Entitlement, Local Option Gas Tax, and Occupational License and from the Community Investment Tax Capital Projects fund to the corresponding debt service funds to meet debt service requirements of revenue bonds for which these revenues are pledged. The Community Redevelopment Agency transfers funds to the Utility Tax debt service fund as those revenues are pledged to repayment of the outstanding 1991 and 2001 Utilities Tax and Special Revenue Refunding Bonds. After debt service requirements are met, amounts are transferred to the corresponding capital projects funds for budgeted capital expenditures and to the general fund.

Additional transfers were made as follows: The transfer from Utility Tax special revenue fund to Other Grants was the City's matching contribution required by a public safety grant. The transfers from Other Grants to the general fund was a reimbursement for authorized public safety grant expenditures charged to that fund. The transfers from Parking Facilities to the Utilities Tax debt service fund represents repayment of bond principal and interest where bond proceeds were used for parking related capital projects. The transfer from Parking Facilities to the general fund is reimbursement to the general fund for a portion of forgone utility tax revenue used to pay debt service on utility tax bonds.

Transfers during the year were as follows (in thousands):

Transfer out:	Transfer In:					Total
	General	Other Grants	Utility Tax Special Revenue	Utility Tax Bonds Debt Service	Utility Tax and Special Revenue Bonds Debt Service	
Other Grants	\$ 635	\$ -	\$ -	\$ -	\$ -	\$ 635
Utility Tax special revenue	25,658	229	-	4,608	7	30,502
Guaranteed Entitlement special revenue	199	-	-	-	-	199
Occupational License special revenue	5,418	-	-	-	-	5,418
Community Redevelopment Agency	150	-	-	2,900	6,216	9,266
Utility Tax Bond Projects	-	-	-	13	-	13
Parking Facilities	-	-	111	1,827	-	1,938
Water Utility	40	-	-	-	-	40
Marina	-	-	-	194	-	194
Subtotal transfers out	<u>\$ 32,100</u>	<u>\$ 229</u>	<u>\$ 111</u>	<u>\$ 9,542</u>	<u>\$ 6,223</u>	<u>\$ 48,205</u>

Transfer out:	Transfer In:					Total
	Local Option Gas Tax Revenue Bonds Debt Service	Guaranteed Entitlement Revenue Bonds Debt Service	Occupational License Tax Revenue Bonds Debt Service	Local Option Gas Tax Capital Projects	Water Utility	
Guaranteed Entitlement special revenue	\$ -	\$ 4,829	\$ -	\$ -	\$ -	\$ 4,829
Local Option Gas Tax special revenue	3,457	-	-	6,776	-	10,233
Occupational License special revenue	-	-	3,900	-	-	3,900
Occupational License Bond Projects capital projects	-	-	260	-	-	260
Sewer Utility	-	-	-	-	2,652	2,652
Subtotal transfers out	<u>\$ 3,457</u>	<u>\$ 4,829</u>	<u>\$ 4,160</u>	<u>\$ 6,776</u>	<u>\$ 2,652</u>	<u>\$ 21,874</u>

Transfer out:	Transfer In:			Total
	Utility Tax Capital Projects	Occupational License Tax Bond Projects	Community Investment Tax Bonds Debt Service	
Utility Tax special revenue	\$ 15,455	\$ -	\$ -	\$ 15,455
Cable Communications	500	-	-	500
Community Redevelopment Agency	859	-	-	859
Occupational License Bonds debt service	-	1,542	-	1,542
Community Investment Tax Bond Projects	-	-	178	178
Community Investment Tax Capital Projects	-	-	3,780	3,780
Subtotal transfers out	<u>\$ 16,814</u>	<u>\$ 1,542</u>	<u>\$ 3,958</u>	<u>\$ 22,314</u>
Total transfers out				<u>\$ 92,393</u>
Total transfers in				<u>\$ 92,393</u>

E. Leases

Operating Leases

The City leases building and office facilities under noncancelable operating leases. Total costs for such leases were \$1,705,000 for the year ended September 30, 2002. The future minimum lease payments for these leases are as follows (in thousands):

<u>Year Ending Sept. 30</u>	<u>Amount</u>
2003	\$ 1,722
2004	1,762
2005	1,792
2006	1,842
2007	1,892
Thereafter	<u>23,553</u>
Total	<u>\$32,563</u>

Capital Leases

The City has entered into lease agreements as lessee for financing acquisition of police communications equipment, a mainframe processor, and a building. These lease agreements qualify as capital leases for accounting purposes and, therefore, are recorded at the present value of the future minimum lease payments as of the inception date (in thousands).

	<u>Governmental Activities</u>
Asset:	
Buildings	\$2,452
Less: Accumulated depreciation	(183)
Machinery and equipment	460
Less: Accumulated depreciation	<u>(133)</u>
Total	<u>\$2,596</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2002, were as follows (in thousands):

<u>Year ending Sept. 30</u>	<u>Governmental Activities</u>
2003	\$ 291
2004	279
2005	279
2006	192
2007	192
2008-2012	959
2013-2017	959
2018-2022	<u>959</u>
Total minimum lease payments	4,110
Less: amount representing interest	(1,658)
Present value of minimum lease payments	<u>\$2,452</u>

F. Long-term debt

Revenue bonds

The City issues bonds where the City pledges specific revenue streams to pay debt service. Bonds are issued primarily for the acquisition or construction of capital assets. The City also issues bonds to advance refund previously issued bonds to take advantage of favorable interest rate conditions. None of these issues are general obligations of the City.

The official statements and council resolutions authorizing the issuance of the revenue bonds described below contain certain restrictive covenants. The City has covenanted that, on a monthly basis, it will deposit specified amounts derived from specific revenue sources into accounts and funds established by the resolutions. The deposits into these accounts and funds are used to repay principal and interest coming due on the bonds and to provide sinking funds established for the purpose of retiring term bonds due in future years. The City is in compliance with all bond covenants.

The original amount of outstanding revenue bonds issued in prior years totaled \$865,913,000, during 2002 the City sold seven new bond issues totaling \$307,975,000 as described below:

New money issues

On October 25, 2001 the City issued \$55,585,000 of Sales Tax Revenue Bonds, 2001A. The proceeds from the bonds will be used to pay for various projects (i.e. museum, zoo improvements, roads, and neighborhood projects). The debt service is payable from the gross revenues of the Community Investment Tax Fund which receives sales tax monies.

On February 26, 2002, the City issued \$31,245,000 in Water and Sewer Systems Revenue Bonds, 2002B to advance refund \$33,744,000 of outstanding State of Florida Department of Environmental Protection Revolving Loan debt. The net proceeds of \$34,682,000 (after payments of \$237,000 in underwriting fees, insurance, and other issuance costs and deposits of \$3,674,000 for premium and City funds) were wired to the State to retire the loan. As a result, the loan is considered to be defeased and the liability for the loan has been removed from the Water and Sewer enterprise funds statement of net assets. The City advance refunded the loan to reduce its total debt service payments over the next 9 years by almost \$848,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$621,000.

Refunding issues

On October 5, 2001, the City issued \$66,060,000 in Water and Sewer Systems Refunding Revenue Bonds, 2001A to advance refund \$62,060,000 of outstanding Series 1999 bonds. The net proceeds of \$65,292,000 (after payments of \$768,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1999 bonds. As a result, the Series 1999 bonds are considered to be defeased and the liability for those bonds has been removed from the Water and Sewer enterprise funds statement of net assets. The City advance refunded the Series 1999 bonds to reduce its total debt service payments over the next 28 years by almost \$2,202,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,219,000.

On March 6, 2002 the City issued \$53,155,000 of Occupational License Tax Refunding Bonds, Series 2002A to advance refund \$50,930,000 of outstanding Series 1996B bonds. The net proceeds of \$55,064,000 (after payments of \$839,000 in underwriting fees, insurance, and other issuance costs and deposits of \$2,748,000 for premium and City funds) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1996B bonds. As a result, the Series 1996B bonds are considered to be defeased and the liability for those bonds has been removed from the Governmental Activities column on the statement of net assets. The City advance refunded the Series 1996B bonds to reduce its total debt service payments over the next 26 years by almost \$3,727,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,177,000.

On March 6, 2002 the City issued two \$24,300,000 Occupational License Tax Refunding Bonds, Series 2002B and C to refund the \$48,500,000 of outstanding Series 1996A bonds. The net proceeds of \$48,500,000 (after payments of \$461,000 in underwriting fees, insurance, and other issuance costs and deposits of \$361,000 from City funds) were used to call the outstanding Series 1996A bonds. As a result, the Series 1996A bonds are considered defeased and the liability for those bonds has been removed from the Governmental Activities column on the statement of net assets. There is no economic gain because neither the old nor the new debt have a fixed interest rate and the floating rate remains the same for these series. The purpose of the refunding was to maintain consistent balances of the City's floating and fixed rate debt and therefore the debt service should be comparable.

On July 3, 2002, the City issued \$37,650,000 in Water and Sewer Systems Refunding Revenue Bonds, Series 2002 to advance refund \$38,470,000 of outstanding Series 1992 bonds. The net proceeds of \$40,037,000 (after payments of \$402,000 in underwriting fees, insurance, and other issuance costs and deposits of \$2,789,000 for premium and City funds) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 1992 bonds. As a result, the Series 1992 bonds are considered to be defeased and the liability for those bonds has been removed from the Water and Sewer enterprise funds statement of net assets. The City advance refunded the Series 1992 bonds to reduce its total debt service payments over the next 15 years by almost \$2,921,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,029,000.

On August 29, 2002, the City issued \$15,680,000 of Utilities Tax Refunding Revenue Bonds, Series 2002A to advance refund \$14,385,000 of outstanding Series 2000A bonds. The net proceeds of \$15,955,000 (after payments of \$245,000 in underwriting fees, insurance, and other issuance costs and deposits of \$520,000 for premium) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2000A bonds. As a result, the Series 2000A bonds are considered to be defeased and the liability for those bonds has been removed from the Governmental Activities column on the statement of net assets. The City advance refunded the Series 2000A bonds to reduce its total debt service payments over the next 19 years by almost \$601,000 and to

obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$411,000.

Revenue bonds outstanding and revenues pledged for the debt service are as follows:

The 1991, 2001, and 2001B Utilities Tax and Special Revenue Refunding Bonds are collateralized by and payable from the collection of utility service taxes and tax increment revenues which are initially deposited in the Utility Tax special revenue fund and Community Redevelopment Agency fund respectively, and by the interest earned on required debt service and reserve deposits.

The 1990 and 2002A Utilities Tax Refunding Bonds and the 1996, 1997, 1998, 1999A, and 2000 Utilities Tax Improvement Bonds are collateralized by and payable from the collection of utility service taxes, which are initially deposited in the Utility Tax special revenue fund, and by interest earned on required debt service and reserve deposits.

The 1992A, 1993A, 1993B, 1995, 1998B, 2001A, 2001B, 2002, and 2002B Water and Sewer Systems Revenue Bonds are collateralized by and payable from the individual and combined net revenues of the Water Utility and Sewer Utility funds and by the interest earned on required deposits. The Sewer State Revolving Loan and the Water State Revolving Loan are subordinate to the bond issues.

The 1993 Refunding Parking Revenue and Utilities Tax Bonds are collateralized and payable from the net parking revenues and the collection of utility service taxes, which are initially deposited in the Parking Facilities fund and Utility Tax special revenue fund respectively, and by the interest earned on required debt service and reserve deposits.

The 1995 Tampa Sports Authority Special Purpose Bonds are collateralized by the City's non-ad valorem tax revenues which are deposited in various funds.

The 2002A, 2002B, and 2002C Occupational License Tax Refunding Bonds are collateralized by and payable from the collection of occupational license taxes and non-ad valorem revenues which are deposited in the Occupational License Tax fund and general fund, respectively.

The 1999A Solid Waste System Taxable-Exchangeable Refunding Revenue Bonds and the 1999B Solid Waste System Revenue Bonds are collateralized and payable from the net revenue of the Solid Waste System fund.

The 2001A Sales Tax Revenue Bonds are collateralized by and payable from sales taxes collected by the state and remitted to the City for deposit in Community Investment Tax capital projects fund and any interest earned on required debt service and reserve deposits.

The 1990 Utilities Tax Refunding Bonds are subject to redemption, at the option of the City, on or after April 1, 1999, at specified redemption premiums not to exceed 5% of par value. The 1991 Utilities Tax and Special Revenue Refunding Bonds are subject to redemption, at the option of the City, on or after October 1, 2001 at specified redemption premiums not to exceed 2% of par value. The 1992A Water and Sewer Systems Revenue Bonds are subject to redemption, at the option of the City, on or after October 1, 2002, at premiums not to exceed 1% of par value. The 1993A Water and Sewer Systems Revenue Bonds are subject to redemption, at the option of the City, on or after October 1, 2003, at premiums not to exceed 2% of par value. The 1993 Refunding Parking Revenue and Utilities Tax Bonds are subject to redemption, at the option of the City, on or after October 1, 2003, at premiums not to exceed 2% of par value. The 1995 Tampa Sports Authority Special Purpose Bonds are not subject to optional redemption. The 1995 Water and Sewer Systems Revenue Bonds are subject to redemption, at the option of the City, on or after October 1, 2005, at specified redemption premiums not to exceed 2% of par value. The 1996A Occupational License Tax Bonds are subject to redemption, at the option of the City, on or after October 1, 2006, at specified redemption premiums not to exceed 2% of par value. The 1996 and 1997 Utilities Tax Improvement Bonds are not subject to optional redemption. The 1998 Utilities Tax Improvement Bonds are subject to redemption, at the option of the City, on or after October 1, 2008 at premiums not to exceed 2% of par value. The 1998 Water and Sewer Systems Revenue Bonds are not subject to optional redemption. The 1999A Utilities Tax Bonds are subject to redemption, at the option of the City, on or after October 1, 2009, at specified premiums not to exceed 1% of par value. The 1999 Transportation Revenue Bonds are not subject to optional redemption. The 1999A Solid Waste System Taxable-Exchangeable Refunding Revenue Bonds are subject to exchange, at the option of the City, on or after July 3, 2003 for 1999A tax exempt bonds of equal denomination and maturity. The 1999A Tax Exempt Bonds are subject to optional redemption on or after October 1, 2009, at specified premiums not to exceed 1% of par value. The 2000A Utilities Tax Improvement Bonds are subject to redemption, at the option of the City, on or after October 1, 2009 at specified premiums not to exceed 1% of par value. A specified portion of The 2001 Guaranteed Entitlement Refunding Revenue Bonds consisting of term bonds are subject to redemption, at the option of the City, at any time. The 2001 Utilities Tax and Special Revenue Refunding Bonds are not subject to optional redemption. A specified portion of the 2001B Utilities Tax and Special Revenue Refunding Bonds consisting of term bonds are subject to redemption, at the option of the City, on or after

October 1, 2004 at par value. The 2001A Water and Sewer Systems Refunding Revenue Bonds are subject to redemption, at the option of the City, on or after October 1, 2012, at specified premiums not to exceed 1% of par value. The 2001B Water and Sewer Systems Revenue Bonds are subject to redemption, at the option of the City, on or after October 1, 2017 at par value. The 2001A Sales Tax Revenue Bonds are subject to redemption, at the option of the City, on or after October 1, 2011, at a premium of 1% of par value and on October 1, 2012 and thereafter at par value. The 2002A Occupational License Tax Refunding Bonds are subject to redemption, at the option of the City, on or after October 1, 2012 at par value. The 2002B and C Occupational License Tax Refunding Bonds are subject to redemption, at the option of the City, at any time at par value. The 2002 Water and Sewer Systems Refunding Revenue Bonds are not subject to optional redemption. The 2002B Water and Sewer Systems Revenue Bonds are not subject to optional redemption. The 2002A Utilities Tax Refunding Revenue Bonds are subject to redemption, at the option of the City, on or after October 1, 2012 at a premium of 1% of par value and on October 1, 2013 and thereafter at par value.

Revenue bonds outstanding consisted of the following at year end (in thousands):

Purpose:	Interest Rates	Amount
Governmental activities capital improvements:		
1995 Tampa Sports Authority Special Purpose Bonds	4.75% - 6.10%	\$ 9,380
1995 Tampa Sports Authority Taxable Special Purpose Bonds	7.14% - 8.02%	2,640
1996 Utilities Tax Improvement Bonds	6.15% - 6.22%	95,200
1997 Utilities Tax Improvement Bonds	4.00% - 5.20%	43,160
1998 Utilities Tax Improvement Bonds	3.95% - 5.09%	18,500
1999A Utilities Tax Improvement Bonds	4.00% - 5.00%	38,885
1999 Transportation Revenue Bonds	3.50% - 4.00%	16,335
2000A Utilities Tax Improvement Bonds	4.50% - 5.40%	7,610
2001A Sales Tax Revenue Bonds	2.50% - 5.375%	55,585
Governmental activities - refunding:		
1990 Utilities Tax Refunding Bonds	6.95% - 7.05%	6,975
1991 Utilities Tax and Special Revenue Refunding Bonds	6.50% - 6.90%	35,455
2001 Utilities Tax and Special Revenue Refunding Bonds	6.00%	51,970
2001B Utilities Tax and Special Revenue Refunding Bonds	5.00% - 5.75%	36,865
2001 Guaranteed Entitlement Refunding Revenue Bonds	6.00%	28,315
2002A Utilities Tax and Special Revenue Refunding Bonds	1.20% - 4.25%	15,680
2002A Occupational License Tax Refunding Bonds	3.125% - 5.375%	53,155
2002B Occupational License Tax Refunding Bonds	Variable	24,300
2002C Occupational License Tax Refunding Bonds	Variable	24,300
Business-type activities capital improvements:		
Water Utility Fund:		
2001B Water and Sewer Systems Revenue Bonds	3.35% - 5.00%	13,500
Business-type activities - refunding:		
Water Utility Fund:		
1993A Water and Sewer Systems Revenue Bonds	5.00% - 5.63%	2,676
1993 B Water and Sewer Systems Revenue Bonds	5.00% - 5.63%	3,055
1995 Water and Sewer Systems Revenue Bonds	4.40% - 5.25%	13,965
1998B Water and Sewer Systems Revenue Bonds	4.20% - 5.00%	8,843
2001A Water and Sewer Systems Refunding Revenue Bonds	4.00% - 5.25%	66,060
2002 Water and Sewer Systems Revenue Bonds	4.30% - 6.00%	7,948
Sewer Utility Fund:		
1992A Water and Sewer Systems Revenue Bonds	6.00%	-
1993A Water and Sewer Systems Revenue Bonds	5.00% - 5.63%	22,805
1995 Water and Sewer Systems Revenue Bonds	4.40% - 5.25%	52,189
1998B Water and Sewer Systems Revenue Bonds	4.20% - 5.00%	13,392
2002B Water and Sewer Systems Revenue Bonds	2.40% - 5.00%	29,990
2002 Water and Sewer Systems Revenue Bonds	4.30% - 6.00%	29,702
Solid Waste System Fund:		
1999A Solid Waste System Taxable-Exchangeable Refunding Revenue Bonds	5.79% - 6.48%	57,860
1999B Solid Waste System Revenue Bonds	4.50% - 5.25%	124,205
Parking Facilities Fund:		
1993 Refunding Parking Revenue and Utilities Tax Bonds	5.10% - 5.50%	10,190
Total Revenue Bonds		<u>\$ 1,020,690</u>

Annual debt service requirements to maturity for revenue bonds are as follows (in thousands):

Governmental activities:

Year Ending September 30	Utilities Tax Refunding Bonds, Series 1990		Utilities Tax and Special Revenue Refunding Bonds, Series 1991		Less: Invested Sinking Fund Income
	Principal	Interest	Principal	Interest	
2003	\$ 1,220	\$ -	\$ 5,525	\$ 2,200	\$ (1,567)
2004	1,230	-	-	2,020	(1,566)
2005	1,230	-	-	2,020	(1,567)
2006	1,280	-	-	2,020	(1,566)
2007	1,340	-	-	2,020	(1,567)
2008 - 2012	675	-	19,295	8,821	(427)
2013 - 2017	-	-	10,635	359	-
2018 - 2022	-	-	-	-	-
2023 - 2027	-	-	-	-	-
2028	-	-	-	-	-
Total	<u>\$ 6,975</u>	<u>\$ -</u>	<u>\$ 35,455</u>	<u>\$ 19,460</u>	<u>\$ (8,260)</u>

Year Ending September 30	Tampa Sports Authority Special Purpose Bonds, Series 1995		Tampa Sports Authority Taxable Special Purpose Bonds, Series 1995	
	Principal	Interest	Principal	Interest
2003	\$ 95	\$ 558	\$ 20	\$ 210
2004	195	549	40	207
2005	205	539	40	204
2006	215	528	50	201
2007	225	517	50	197
2008 - 2012	1,345	2,378	320	921
2013 - 2017	1,790	1,925	465	772
2018 - 2022	2,420	1,304	700	546
2023 - 2027	2,890	454	955	202
2028	-	-	-	-
Total	<u>\$ 9,380</u>	<u>\$ 8,752</u>	<u>\$ 2,640</u>	<u>\$ 3,460</u>

Year Ending September 30	Utilities Tax Improvement Bonds Series 1996		Utilities Tax Improvement Bonds, Series 1997	
	Principal	Interest	Principal	Interest
2003	\$ -	\$ -	\$ 380	\$ 918
2004	-	-	395	903
2005	-	-	400	886
2006	-	-	420	869
2007	-	-	745	845
2008 - 2012	-	-	13,985	2,637
2013 - 2017	20,400	-	3,250	81
2018 - 2022	68,000	-	-	-
2023 - 2027	6,800	-	-	-
2028	-	-	-	-
Total	<u>\$ 95,200</u>	<u>\$ -</u>	<u>\$ 19,575</u>	<u>\$ 7,139</u>

Year Ending September 30	Utilities Tax Improvement Bonds, Series 1997		Utilities Tax Improvement Bonds, Series 1998	
	Principal	Interest	Principal	Interest
2003	\$ -	\$ -	\$ 405	\$ 854
2004	-	-	420	838
2005	-	-	445	820
2006	-	-	460	802
2007	-	-	580	780
2008 - 2012	-	-	4,830	3,338
2013 - 2017	13,580	-	6,460	2,062
2018 - 2022	10,005	-	4,900	377
2023 - 2027	-	-	-	-
2028	-	-	-	-
Total	<u>\$ 23,585</u>	<u>\$ -</u>	<u>\$ 18,500</u>	<u>\$ 9,871</u>

Year Ending September 30	Transportation Revenue Bonds, Series 1999		Utilities Tax Improvement Bonds, Series 1999A	
	Principal	Interest	Principal	Interest
2003	\$ 3,025	\$ 622	\$ 880	\$ 1,870
2004	3,140	513	1,520	1,822
2005	3,260	397	1,580	1,760
2006	3,385	273	1,645	1,686
2007	3,525	141	1,730	1,607
2008 - 2012	-	-	9,875	6,750
2013 - 2017	-	-	12,505	4,028
2018 - 2022	-	-	9,150	730
2023 - 2027	-	-	-	-
2028	-	-	-	-
Total	<u>\$ 16,335</u>	<u>\$ 1,946</u>	<u>\$ 38,885</u>	<u>\$ 20,253</u>

Year Ending September 30	Utilities Tax Improvement Bonds, Series 2000A		Guaranteed Entitlement Refunding Revenue Bonds, Series 2001	
	Principal	Interest	Principal	Interest
2003	\$ -	\$ 373	\$ 3,130	\$ 1,605
2004	810	355	3,315	1,412
2005	840	318	3,515	1,207
2006	880	278	3,730	989
2007	820	237	3,945	759
2008 - 2012	3,375	714	9,125	1,099
2013 - 2017	885	23	1,040	317
2018 - 2022	-	-	515	31
2023 - 2027	-	-	-	-
2028	-	-	-	-
Total	<u>\$ 7,610</u>	<u>\$ 2,298</u>	<u>\$ 28,315</u>	<u>\$ 7,419</u>

Year Ending September 30	Utilities Tax and Special Revenue Refunding Bonds, Series 2001		Utilities Tax and Special Revenue Refunding Bonds, Series 2001B	
	Principal	Interest	Principal	Interest
2003	\$ -	\$ 3,118	\$ -	\$ 2,116
2004	6,095	2,935	-	2,116
2005	6,580	2,555	45	2,114
2006	6,975	2,148	55	2,112
2007	7,385	1,718	55	2,109
2008 - 2012	24,935	2,302	325	10,499
2013 - 2017	-	-	36,385	5,300
2018 - 2022	-	-	-	-
2023 - 2027	-	-	-	-
2028	-	-	-	-
Total	<u>\$ 51,970</u>	<u>\$ 14,776</u>	<u>\$ 36,865</u>	<u>\$ 26,366</u>

Year Ending September 30	Sales Tax Revenue Bonds, Series 2001A		Occupational License Tax Refunding Bonds, Series 2002A	
	Principal	Interest	Principal	Interest
2003	\$ 1,280	\$ 2,658	\$ -	\$ 2,872
2004	1,325	2,615	-	2,462
2005	1,365	2,576	1,885	2,429
2006	1,400	2,540	2,260	2,356
2007	1,440	2,499	2,355	2,280
2008 - 2012	8,075	11,540	13,885	9,969
2013 - 2017	10,260	9,279	18,270	6,356
2018 - 2022	13,295	6,148	14,500	1,185
2023 - 2027	17,145	2,226	-	-
2028	-	-	-	-
Total	<u>\$ 55,585</u>	<u>\$ 42,081</u>	<u>\$ 53,155</u>	<u>\$ 29,909</u>

Year Ending September 30	Occupational License Tax Refunding Bonds, Series 2002B and C		Utilities Tax and Special Revenue Refunding Bonds, Series 2002A	
	Principal	Interest*	Principal	Interest
2003	\$ -	\$ 2,085	\$ 345	\$ 436
2004	-	1,945	60	740
2005	-	1,944	60	739
2006	-	1,943	60	738
2007	-	1,944	60	737
2008 - 2012	-	9,721	335	3,654
2013 - 2017	-	9,720	4,285	3,278
2018 - 2022	10,530	9,308	10,475	1,754
2023 - 2027	31,085	4,603	-	-
2028	6,985	140	-	-
Total	<u>\$ 48,600</u>	<u>\$ 43,353</u>	<u>\$ 15,680</u>	<u>\$ 12,076</u>

*These bonds are at a variable rate. The rate in effect at year end was 1.5%. The interest rate is calculated to be the rate at which the bonds would sell at face value in the secondary market.

Business -type Activities:

Water Utility fund

Water and Sewer Systems
Revenue Bonds, Series 1993A

Year Ending September 30	Principal	Interest
2003	\$ 150	\$ 133
2004	158	125
2005	165	117
2006	174	108
2007	183	99
2008 - 2012	1,067	335
2013 - 2017	779	60
2018 - 2022	-	-
2023 - 2027	-	-
2028	-	-
Total	<u>\$ 2,676</u>	<u>\$ 977</u>

Water and Sewer Systems
Revenue Bonds, Series 1993B

Year Ending September 30	Principal	Interest
2003	\$ 170	\$ 151
2004	180	143
2005	190	133
2006	200	123
2007	210	112
2008 - 2012	1,220	383
2013 - 2017	885	69
2018 - 2022	-	-
2023 - 2027	-	-
2028	-	-
Total	<u>\$ 3,055</u>	<u>\$ 1,114</u>

Water and Sewer Systems
Revenue Bonds, Series 1995

Principal	Interest
\$ 78	\$ 705
190	699
623	681
650	651
647	620
3,739	2,574
6,069	1,414
1,969	50
-	-
-	-
-	-
<u>\$ 13,965</u>	<u>\$ 7,394</u>

Water and Sewer Systems
Revenue Bonds, Series 1998B

Year Ending September 30	Principal	Interest
2003	\$ 3,812	\$ 317
2004	982	198
2005	559	163
2006	581	138
2007	928	104
2008 - 2012	1,981	86
2013 - 2017	-	-
2018 - 2022	-	-
2023 - 2027	-	-
2028	-	-
Total	<u>\$ 8,843</u>	<u>\$ 1,006</u>

Water and Sewer Systems
Revenue Bonds, Series 2001B

Principal	Interest
\$ -	\$ 633
160	631
385	621
400	607
145	596
2,485	2,782
4,375	1,936
5,550	719
-	-
-	-
-	-
<u>\$ 13,500</u>	<u>\$ 8,525</u>

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 2001A		Water and Sewer Systems Revenue Bonds, Series 2002	
	Principal	Interest	Principal	Interest
2003	\$ 150	\$ 3,244	\$ -	\$ 335
2004	120	3,239	519	437
2005	125	3,234	370	415
2006	130	3,229	389	396
2007	135	3,224	394	376
2008 - 2012	2,350	15,936	2,326	1,518
2013 - 2017	4,020	15,198	3,122	744
2018 - 2022	16,490	13,030	828	25
2023 - 2027	24,615	7,678	-	-
2028	17,925	1,374	-	-
Total	<u>\$ 66,060</u>	<u>\$ 69,386</u>	<u>\$ 7,948</u>	<u>\$ 4,246</u>

Sewer Utility fund:

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 1993A	
	Principal	Interest
2003	\$ 1,275	\$ 1,130
2004	1,343	1,065
2005	1,410	995
2006	1,481	920
2007	1,557	841
2008 - 2012	9,098	2,858
2013 - 2017	6,641	509
2018 - 2022	-	-
2023 - 2027	-	-
2028	-	-
Total	<u>\$ 22,805</u>	<u>\$ 8,318</u>

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 1995		Water and Sewer Systems Revenue Bonds, Series 1998B	
	Principal	Interest	Principal	Interest
2003	\$ 292	\$ 2,635	\$ 5,773	\$ 480
2004	710	2,613	1,488	300
2005	2,327	2,544	846	246
2006	2,430	2,433	879	208
2007	2,414	2,319	1,406	157
2008 - 2012	13,975	9,620	3,000	128
2013 - 2017	22,681	5,283	-	-
2018 - 2022	7,360	188	-	-
2023 - 2027	-	-	-	-
2028	-	-	-	-
Total	<u>\$ 52,189</u>	<u>\$ 27,635</u>	<u>\$ 13,392</u>	<u>\$ 1,519</u>

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 2002B		Water and Sewer Systems Revenue Bonds, Series 2002	
	Principal	Interest	Principal	Interest
2003	\$ 2,815	\$ 1,315	\$ -	\$ 1,253
2004	2,930	1,202	1,941	1,635
2005	3,015	1,114	1,385	1,552
2006	3,125	1,009	1,456	1,481
2007	3,280	853	1,471	1,404
2008 - 2012	14,825	1,705	8,694	5,675
2013 - 2017	-	-	11,663	2,775
2018 - 2022	-	-	3,092	93
2023 - 2027	-	-	-	-
2028 - 2030	-	-	-	-
Total	\$ 29,990	\$ 7,198	\$ 29,702	\$ 15,868

Solid Waste System fund:

Year Ending September 30	Solid Waste System Taxable- Exchangeable Refunding Revenue Bonds, Series 1999A		Solid Waste System Revenue Bonds, Series 1999B	
	Principal	Interest	Principal	Interest
2003	\$ 4,755	\$ 3,489	\$ -	\$ 6,315
2004	5,275	2,456	-	6,314
2005	6,335	1,920	-	6,315
2006	6,590	1,659	-	6,314
2007	6,860	1,380	-	6,315
2008 - 2012	28,045	2,408	10,930	31,185
2013 - 2017	-	-	49,625	22,548
2018 - 2022	-	-	63,650	8,249
Total	\$ 57,860	\$ 13,312	\$ 124,205	\$ 93,555

Parking Facilities fund:

Year Ending September 30	Refunding Parking Revenue and Utilities Tax Bonds, Series 1993	
	Principal	Interest
2003	\$ 1,910	\$ 494
2004	2,005	393
2005	2,115	285
2006	2,225	168
2007	1,935	53
Total	\$ 10,190	\$ 1,393

State of Florida Revolving Loan Program

The City has entered and will continue to enter into agreements with the State of Florida to participate in the State Revolving Loan Program to take advantage of low interest rates. Prior to fiscal year 2002 the City had entered into loans of \$98,904,000 from this program. No new loans were entered into during 2002. The loan program operates on a reimbursement basis. When proceeds are remitted the loans accrue interest which is based on the rate approved by the State at the date of closing. The liability due to the State is the original loan plus accrued interest to the time the City begins repaying the loan, which is approximately three years. At September 30, 2002 the City had a liability of \$75,310,000 payable to the State including accrued interest. The proceeds from the loan program will be used to finance various water and sewer capital projects. The debt service is payable from the net revenues of the Water and Sewer Utility funds. State revolving loans outstanding at year-end are as follows (in thousands):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities - capital improvements:		
Water Utility Fund:		
State Revolving Loan Program	3.05% - 3.34%	\$ 15,966
Sewer Utility Fund:		
State Revolving Loan Program	2.44% - 3.79%	<u>59,344</u>
Total State revolving loans		<u>\$ 75,310</u>

State revolving loans annual debt service requirements to maturity are as follows (in thousands):

Business-type activities:

Water Utility Fund:

<u>Year Ending</u> <u>September 30</u>	State of Florida Revolving Loan	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 649	\$ 494
2004	669	473
2005	691	452
2006	712	431
2007	735	408
2008 - 2012	4,036	1,679
2013 - 2017	4,712	1,002
2018 - 2022	<u>3,762</u>	<u>239</u>
Total	<u>\$ 15,966</u>	<u>\$ 5,178</u>

Sewer Utility Fund:

<u>Year Ending</u> <u>September 30</u>	State of Florida Revolving Loan	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 3,633	\$ 1,782
2004	3,746	1,671
2005	3,861	1,556
2006	3,979	1,437
2007	4,102	1,314
2008 - 2012	22,484	4,598
2013 - 2017	<u>17,539</u>	<u>1,134</u>
Total	<u>\$ 59,344</u>	<u>\$ 13,492</u>

HUD Section 108 Loan Guarantees

The City received a U.S. Department of Housing and Urban Development (HUD) Section 108 Loan in 1997 in the original amount of \$1,500,000 and a second loan in 1998 for \$9,070,000. The proceeds were loaned to private entities for the construction of a grocery store in an economically disadvantaged area of the City and an entertainment complex in central Ybor City. The debt service on these loans is paid from the loan repayments from the private entities.

HUD Section 108 Loan Guarantees outstanding at year-end are as follows (in thousands):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Grocery store project	5.50% - 6.66%	\$ 1,400
Entertainment complex project	5.50% - 6.72%	<u>9,070</u>
Total HUD Section 108 Loans		<u>\$ 10,470</u>

HUD Section 108 Loan Guarantees annual debt service requirements to maturity are as follows (in thousands):

Governmental activities:

Year Ending September 30	HUD Section 108 Loan	
	Principal	Interest
2003	\$ 25	\$ 680
2004	185	681
2005	200	671
2006	210	659
2007	220	647
2008 - 2012	1,330	3,023
2013 - 2017	2,640	2,548
2018 - 2022	5,660	380
Total	<u>\$ 10,470</u>	<u>\$ 9,289</u>

Advance and current refundings

The City has entered into various advance refunding transactions related to certain of its bonded debt. A portion of the proceeds of the refunding bond issues was placed in trust and used to purchase securities of the United States government and related agencies at various interest rates and maturities sufficient to meet all debt service requirements of the refunded debt, of which \$516,052,000 was outstanding at September 30, 2002, \$400,422,000 related to business-type activities and \$115,630,000 related to governmental activities. These assets are administered by trustees and are restricted to use for retirement of the refunded debt. The liability for the refunded bonds and the related assets to be used for their repayment are not included in the statement of net assets as the City defeased its obligation for payment of the refunded debt upon completion of the refunding transactions.

Bond issues which have been refunded and are payable from escrow accounts are as follows (in thousands):

Governmental activities:	Amount
Excise Tax Revenue Bonds, Series 1978	\$ 30,140
Guaranteed Entitlement Revenue Bonds, Series 1984	20,175
Occupational License Tax Bonds, Series 1996B	50,930
Utilities Tax Improvement Bonds, Series 2000A	14,385
Total governmental activities	<u>\$ 115,630</u>
Business-type activities:	
Water and Sewer Revenue Bonds, Series 1978	\$ 46,095
Water and Sewer Revenue Bonds, Series 1982	32,182
Water and Sewer Revenue Bonds, Series 1987	37,710
Water and Sewer Revenue Bonds, Series 1988A	20,530
Water and Sewer Revenue Bonds, Series 1992A	124,240
Parking Facilities Revenue Bonds, Series 1993	11,175
Solid Waste Facility Revenue Bonds, Series 1993	65,730
Water and Sewer Revenue Bonds, Series 1999	62,760
Total business-type activities	<u>\$ 400,422</u>

Conduit debt

From time to time the City will issue conduit debt obligations to fulfill a public need or purpose. These obligations are not reported as liabilities in the accompanying basic financial statements and the City is not obligated in any manner for repayment of the bonds. As of September 30, 2002 there was an aggregate principal amount outstanding of \$734,115,000. A description of each issue outstanding at year-end follows:

\$7,775,000 City of Tampa, Florida Home Mortgage Revenue Bonds 1983 Series A -

This obligation was issued to acquire mortgage loans on single family residences in the City and owned by eligible borrowers. The revenues received from the mortgage payments repay the bonds.

\$546,435,000 City of Tampa, Catholic Health System East Health System Revenue Bonds, Series 1998A and Series 1998B -

The proceeds from this issue were loaned to Catholic Health East for the construction of medical facilities in the City, for the purchase of medical equipment, and for the payment of other specific costs. The terms of the loan agreement call for payments equal to the debts service requirements of the bonds to be made directly to the bond trustees. The gross revenues of the health care entities secure the loans.

\$10,100,000 City of Tampa, Florida Health Care Facilities Revenue Bonds, Series 1997 -

The proceeds from this issue were loaned to Lifelink Foundation, Inc. for construction of a headquarters and medical facility in the City. The payment terms of the loan agreement match the debt service requirement of the bonds. The loan is repaid directly to the bond trustee and is secured by the gross revenues of Lifelink Foundation, Inc.

\$39,945,000 City of Tampa, Florida Capital Improvement Hospital Revenue Bonds (H. Lee Moffitt Cancer Center Project) Series 1999A -

The proceeds from this issue were loaned to H. Lee Moffitt Cancer Center and Research Institute, Inc. and H. Lee Moffitt Cancer Center and Research Institute Hospital, Inc. (Obligated Group) for various capital improvement projects. The payment terms of the loan agreement match the debt service requirement of the bonds. The loan is repaid directly to the bond trustee and is secured by the gross revenues of the Obligated Group.

\$56,300,000 City of Tampa, Florida Cigarette Tax Allocation Bonds (H. Lee Moffitt Cancer Research Project) Series 1999 -

The proceeds from the issue were loaned to H. Lee Moffitt Cancer Center and Research Institute, Inc. for the purpose of acquisition and construction of capital improvements at the Institute. The payment terms of the loan agreement match the debt service requirements of the bonds. The loan is repaid directly to the bond trustee and is secured by the gross revenues of the Institute.

\$20,000,000 City of Tampa Florida Variable Rate Demand Revenue Bonds (Tampa Preparatory School, Inc. Project) Series 2000 -

The proceeds from the bonds were loaned to Tampa Preparatory School, Inc. to finance the construction of a new facility. The terms of the loan agreement call for the principal and interest to be made directly to the bond trustee. The gross revenues of the entity secure the loan.

\$3,700,000 City of Tampa, Florida Variable Rate Demand Revenue Bonds (Lowry Park Zoological Society of Tampa, Inc. Project), Series A -

The proceeds of the bonds were loaned to Lowry Park Zoological Society of Tampa, Inc. for construction of new exhibits at the facility. The terms of the loan agreement call for principal and interest to be paid directly to the bond trustee. The gross revenues of the facility secure the loan.

\$5,400,000 City of Tampa, Florida Variable Rate Demand Revenue Bonds (ACTS/DACCO Project), Series 2001

The bond proceeds were loaned to ACTS/DACCO to finance capital improvements of the facility. The terms of the loan agreement call for principal and interest to be paid directly to the bond trustee. The gross revenues of the facility secure the loan.

During 2002 the City issued additional conduit debt totaling \$44,600,000 which is as follows:

\$5,620,000 of City of Tampa, Florida Education Facilities Revenue Bonds (Trinity School for Children Project) Series 2002 -

On January 31, 2002 the City issued \$5,620,000 of City of Tampa, Florida Education Facilities Revenue Bonds (Trinity School for Children Project) Series 2002. The proceeds from the bonds will be used to finance improvement to the facility. The terms of the loan agreement call for payments of principal and interest to be made directly to the bond trustee. The gross revenues of the entity secure the loan.

\$11,840,000 of City of Tampa, Florida Education Facilities Revenue Bonds (Academy of Holy Names Projects) Series 2001 -

On March 22, 2002 the City issued \$11,840,000 of City of Tampa, Florida Education Facilities Revenue Bonds (Academy of Holy Names Projects) Series 2001. The proceeds from the bonds will be used to finance improvement to the facility. The terms of the loan agreement call for payments of principal and interest to be made directly to the bond trustee. The gross revenues of the entity secure the loan.

\$27,000,000 of City of Tampa, Florida Education Facilities Revenue Bonds (University of Tampa Project) Series 2002 -

On April 4, 2002 the City issued \$27,000,000 of City of Tampa, Florida Education Facilities Revenue Bonds (University of Tampa Project) Series 2002. The proceeds from the bonds will be used to finance constructing and equipping a new dormitory and parking facility. The terms of the loan agreement call for payments of principal and interest to be made directly to the bond trustee. The gross revenues of the entity secure the loan.

Arbitrage rebate

Certain City long-term debt obligations are subject to Section 148 of the Internal Revenue Code which requires that interest earned on proceeds from tax-exempt debt be rebated to the federal government to the extent that those earnings exceed the interest cost on the related tax-exempt debt. The City has calculated the arbitrage rebate liability to be the following at September 30, 2002 (amounts not rounded):

\$28,913,961 Utilities Tax Improvement Bonds, Series 1997, interest expense at 4.91%	\$129,000
\$19,195,000 Utilities Tax Improvement Bonds, Series 1998, interest expense at 4.89%	104,000

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2002, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds payable	\$ 518,340	\$ 173,020	\$ (127,050)	\$ 564,310	\$ 16,190
Less: deferred amounts:					
For issuance discounts	(80,443)	(74)	5,560	(74,957)	-
On refunding	-	(5,705)	150	(5,555)	-
Total bonds payable	<u>437,897</u>	<u>167,241</u>	<u>(121,340)</u>	<u>483,798</u>	<u>16,190</u>
HUD Section 108 Loans	10,495	-	(25)	10,470	25
Claims and judgements	23,900	9,039	(6,571)	26,368	-
Lease purchase contracts	2,535	198	(281)	2,452	148
Compensated absences	<u>32,666</u>	<u>15,076</u>	<u>(13,362)</u>	<u>34,380</u>	<u>2,147</u>
Governmental activities					
Long-term liabilities	<u>\$ 507,493</u>	<u>\$ 191,554</u>	<u>\$ (141,579)</u>	<u>\$ 557,468</u>	<u>\$ 18,510</u>
Business-type activities:					
Revenue bonds payable	\$ 441,695	\$ 134,955	\$ (120,270)	\$ 456,380	\$ 21,180
Less: deferred amounts:					
For issuance discounts (premiums)	(3,680)	(2,182)	7,912	2,050	-
On refunding	(1,804)	(8,255)	191	(9,868)	-
Total bonds payable	<u>436,211</u>	<u>124,518</u>	<u>(112,167)</u>	<u>448,562</u>	<u>21,180</u>
State of Florida Revolving Loan	113,527	-	(38,217)	75,310	4,283
Landfill postclosure	1,630	-	(37)	1,593	-
Compensated absences	<u>6,208</u>	<u>6,639</u>	<u>(6,208)</u>	<u>6,639</u>	<u>6,639</u>
Business-type activities					
Long-term liabilities	<u>\$ 557,576</u>	<u>\$ 131,157</u>	<u>\$ (156,629)</u>	<u>\$ 532,104</u>	<u>\$ 32,102</u>

Included as part of the above totals for governmental activities are compensated absences for the internal service funds in the amount of \$879,000. For governmental activities, claims and judgements are typically liquidated by the general fund.

The government-wide statement of net assets includes in the long-term liabilities due within one year \$12,580 for governmental activities and \$25,463 for business-type activities in "liabilities payable from restricted assets." The remaining amounts of \$5,930 and \$6,639, respectively, are displayed as "noncurrent liabilities, due within one year" on that same statement. On the same statement \$1,593 of "noncurrent liabilities, due in more than one year" for business-type activities is included in "liabilities payable from restricted assets" (all amounts in thousands).

G. Restricted assets

The balances of the restricted asset accounts in the proprietary funds are as follows (in thousands):

	Water Utility	Sewer Utility	Solid Waste Facility	Parking Facilities	Marina	Total
Bond covenant accounts:						
Debt service:						
Equity in pooled cash and investments	\$ 35,171	\$ 38,844	\$ 22,323	\$ 2,417	\$ -	\$ 98,755
Investments	-	-	15,074	-	-	15,074
Interest receivable	-	-	64	-	-	64
Capital improvements:						
Investments	24,974	-	7,956	-	-	32,930
Interest receivable	210	-	72	-	-	282
Deposit for solid waste facility postclosure:						
Equity in pooled cash and investments	1,593	-	198	-	-	1,791
Total restricted assets	<u>\$ 61,948</u>	<u>\$ 38,844</u>	<u>\$ 45,687</u>	<u>\$ 2,417</u>	<u>\$ -</u>	<u>\$ 148,896</u>

The balances of the liabilities payable from restricted assets accounts in the government-wide statement of net assets are as follows (in thousands):

	Governmental Activities	Business-type Activities
Accounts payable	\$ 332	\$ -
Contracts payable - retainage	1,359	203
Accrued for landfill postclosure	-	1,593
Accrued interest payable	8,606	11,654
Current portion of long-term debt	12,580	25,463
	<u>\$ 22,877</u>	<u>\$ 38,913</u>

V. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City either carries commercial insurance or is self-insured.

The City is self-insured for unemployment compensation and vehicular damage claims.

The City carries commercial insurance for:

Third party liability claims including general and vehicular liability after a self-insured retention of \$750,000 per incident;

Employee benefits for City employees and retirees including medical, life, accidental death and dismemberment, and long term disability;

Workers compensation for City employees after a \$500,000 deductible per incident;

Property damage to City owned facilities and furnishings after a self-insured retention that varies with the cause of the loss.

Premiums are paid into the general fund by each fund and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the general fund. As of September 30, 2002, such interfund premiums did not exceed reimbursable expenditures.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverages for each of the last three fiscal years. Changes in the balances of claims liabilities during the past two years are as follows (in thousands):

	Year ended 9/30/02	Year ended 9/30/01
Unpaid claims, beginning of fiscal year	\$ 23,900	\$ 23,463
Incurred claims (including IBNR's)	9,039	6,653
Claim payments	(6,571)	(6,216)
Unpaid claims, end of fiscal year	<u>\$ 26,368</u>	<u>\$ 23,900</u>

B. Subsequent events

The City issued one conduit bond issue after September 30, 2002.

On October 8, 2002 the City issued \$4,100,000 of City of Tampa, Florida Education Facilities Revenue Bonds (Pepin Academy of Tampa, Inc. Project) Series 2002. The proceeds from the bonds will be used to finance improvement to the facility. The terms of the loan agreement call for payments of principal and interest to be made directly to the bond trustee. The gross revenues of the entity secure the loan.

C. Contingent liabilities

The City has agreed to pay one-third of any operating and maintenance shortfall of the Tampa Sports Authority as defined in certain Inter-Local Agreements subject to approval of the Sports Authority's annual budgets by both the City and Hillsborough County. In prior years a total of \$2,189,000 had been paid under this agreement, in 2002 an additional amount of \$1,625,000 was paid, for a total of \$3,814,000 paid through September 30, 2002.

During 2002 and in prior years, the City received revenues and contributions related to grants from Federal agencies and the State of Florida. These grants are for specific purposes and are subject to review and audit by the grantor agencies. Such audits

could result in requests for reimbursement for expenditures disallowed under the grant terms. Based upon prior experience, the City's management believes any requests for reimbursement will not be significant.

During 1992 the City entered into an agreement with the Florida Aquarium, Inc. to finance the acquisition, construction and equipping of the Florida Aquarium. The City's role was to act as a conduit to enable the Aquarium to obtain tax exempt financing. This tax exempt financing did not constitute a debt or obligation of the City and neither the full faith and credit nor any of the taxing power of the City was pledged to repay the principal or interest of the Aquarium debt. The City agreed to pay certain amounts if certain contingencies occurred in connection with the revenue bonds issued by the City as a conduit issuer. Due to attendance shortfalls at the Aquarium, it became apparent that certain contingencies would occur and that the City would have to start paying monies to assist in funding the debt service requirements. Accordingly, on October 24, 1996, the City issued \$104,230,000 of Occupational License Tax Bonds, series 1996A and B, to purchase the Aquarium and related facilities and to pay off the Revenue Bonds, series 1992 (The Florida Aquarium Project). The 1996 Bonds were refunded with the 2002 Occupational License Tax Refunding Bonds, however the original 1996 Series A issue was a floating rate issue for which the City had entered a SWAP agreement to cap the floating rate at 6.25% through October 1, 2003. This SWAP is still in effect. The City is still contingently liable for any operating losses of the Aquarium. During 2002 the City paid \$1,000,000 to the Aquarium to cover its opening loss. More information on the Occupational License Tax Bond issue is contained in note IV. F.

In 1989 the City entered into a small power production agreement with TECO Energy Company. Under this agreement the City received certain payments in advance from TECO for electricity produced by the City and sold to TECO. Prior to 2002, the City reported \$3,189,000 of these payments as deferred revenues on the statements of net assets government-wide statement in the column for business-type activities and for the Solid Waste System fund. During 2002 \$300,000 of these deferred revenues were amortized into revenue, leaving total deferred revenues related to this agreement of \$2,889,000. Should the City fail to meet levels of power production specified in the agreement the City would be committed to pay a penalty to TECO. The maximum potential amount of this obligation at September 30, 2002 was \$16,411,000. No such payments have been required through 2002.

During 1998 the City entered into an agreement with Tampa Bay Water, a regional water supply authority, to finance the acquisition and construction of a regional water supply system for the area. Other parties to the agreement are the Cities of St. Petersburg and New Port Richey and Hillsborough, Pasco, and Pinellas Counties. The system provides storage and will supply water to reduce adverse effects of excessive withdrawals. In accordance with this agreement, the City sold its Morris Bridge Wellfield to Tampa Bay Water for \$35,431,000 of which \$32,000,000 was in cash, the remaining \$3,431,000 is in the form of Annual Credits to be amortized against future water purchases from Tampa Bay Water by the City. Tampa Bay Water has issued debt obligations for which each party to the agreement would be liable in the event Tampa Bay Water has insufficient assets to pay the debt obligations. The amount of any potential future liability to the City under this agreement cannot be reasonably estimated.

During 1995 the City entered into agreements with the Tampa Sports Authority to issue Tampa Sports Authority bonds to finance construction of the Ice Palace which are more fully described in note IV. F. The City has agreed to pay from non-ad valorem revenues \$750,000 at a minimum and \$1,500,000 at a maximum to the Sports Authority through 2026 for the \$10,300,000 Tampa Sports Authority Special Purpose Bonds and \$250,000 for the \$2,815,000 Tampa Sports Authority Taxable Special Purpose Bonds. The payment to the Sports Authority varies because the amount is contingent on certain parking revenues.

In 1993 State regulations required the City to place a final cover on its Old Manhattan landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City will report a liability of \$69,000 per year for the next twenty-three years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City is required by State regulations to maintain a trust fund to finance closure and post-closure care. The City is in compliance with these requirements, and as of September 30, 2002, \$1,593,000 was set aside in a separate pooled cash account. This amount is reported as restricted assets on the statements of net assets government-wide statement in the column for business-type activities and on the Water Utility fund statement.

In conjunction with the refurbishment of the McKay Bay Refuse to Energy Facility currently under way, The City was required by section 62-701.630 Florida Administrative Code to establish an escrow account for the sole purpose of financing closure of the facility. On 3/01/98 \$182,000 was placed into this account. Subsequent inflation adjustment deposits were made into this account on 9/01/98, 8/18/99, 8/01/00, 8/08/01, and 7/03/02 in the amounts of \$3,000, \$2,000, \$3,000, \$4,000, and \$4,000 respectively. The fund amount of \$198,000 is shown as restricted assets and net assets on the government-wide statement of net assets in the column for business-type activities and on the Solid Waste System fund statement.

The 1997, 1998, 1999 and 2000 Utilities Tax Bonds are collateralized by a pledge of utility tax revenue. A portion of the proceeds from the bond issue was used for parking related capital projects. While the City is not contractually obligated to service the debt from the Parking Facilities fund, it has elected to make operating transfers from the Parking Facilities fund to the appropriate debt service fund for a portion of the debt service on the bond issues.

In connection with its efforts to redevelop and rehabilitate existing housing stock through various housing activities, the City has established a Challenge Fund Guarantee Program. Under the program the City has agreed to establish an account entitled the Community Reinvestment Challenge Fund Loan Guarantee Account. This account is funded by Federal Community Development Block Grant Funds and other public and private sources. The City has agreed to use this account to purchase certain loans made by participating financial institutions in the event of default during a period of five years from the date of origination of the loan. Pursuant to Council Resolution the aggregate amount of loans subject to this agreement may not exceed \$75 million. The City expended approximately \$1,200,000 from the Community Reinvestment Challenge Fund Loan Guarantee Account in 2002. In addition to the \$1,200,000 paid from Federal Funds, the City paid \$1,062,000 from non-Federal Funds and is committed to making more payments in the amount of \$2,772,000 to two financial institutions.

D. Other postemployment benefits.

The City provides certain health care and life insurance benefits for retired employees. Florida Statutes state that the City must offer its retirees the option of continuing to participate in insurance plans that are offered to its employees at a premium cost of no more than that applicable to active employees. To determine the health and hospitalization plan costs the City is required to commingle the claims experience of the retiree group with that of the active employees. Substantially all of the City's employees become eligible for those benefits if they reach normal retirement age while working for the City. As of September 30, 2002, 808 participants were eligible to receive benefits.

Life insurance is provided through self-insurance. Health care is fully insured and provided through an outside provider. Expenses for the health coverage provided by the outside carrier are recognized in the general fund as premiums are paid to the insurance providers. Expenses for life insurance that is self-insured are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported. Premium costs are borne by the retirees.

Expenses for the above are commingled with those relating to active employees and cannot be reasonably estimated.

E. Employee pension plans

Description of the plans

General Employees Retirement Fund:

General. The City contributes to the City of Tampa General Employees Retirement Fund (the Fund), a single employer, defined benefit plan covering virtually all full-time City employees (other than full-time firefighters and police officers) and former employees of the City, whose current governmental employers make contributions for those employees. The Fund is administered by an independent Board of Trustees and accounted for as a separate pension trust fund. The laws of Florida authorize the fund.

Benefits. During fiscal 1981, the Fund was amended to provide Social Security coverage for all future employees of the City. The Fund was divided into partial City Pension with Social Security and full City Pension with no Social Security. All employees hired on or after October 1, 1981 are automatically covered by Social Security and partial City Pension.

Benefit eligibility requirements and benefit provisions are as follows: for employees hired before October 1, 1981 who contribute to the Fund, vesting occurs at 10 or more years of service and benefits are distributed at age 55. Benefit amounts are calculated based on the highest three years of salary within the last ten years of employment. The member will receive a benefit amount equal to 2.0% of that average salary for each of the first 15 years of service and 2.5% for each remaining year. A maximum of 30 years of service is recognized.

For employees hired on or after October 1, 1981 who contribute to Social Security vesting occurs with 10 or more years of service (eight for elected officials) and benefits are distributed at age 62. The monthly pension is equal to 1.1% of the employees average monthly compensation times years of service. Early retirement is permitted for those hired on or after October 1, 1981 who have at least ten years of service and have reached age 55. The accrued normal benefit is reduced 5/12% for each month by which the early retirement precedes normal retirement. Pre- and post-retirement death benefits are also provided. Members with ten or more years of credited service who have reached age 55 are eligible to participate in the Deferred Retirement Option Program (DROP) for up to seven years. During the DROP period the member makes no further contribution to the fund and accrues a benefit amount equal to what would have been the member's retirement benefit had the member retired as of the date of entry into the DROP program. The member's DROP benefits earn at whatever the fund earns and are accrued annually. This accumulated amount is paid in a lump sum when the member leaves active service at the end of the DROP period.

Both DROP benefits and post-retirement benefits receive cost of living adjustments annually; employees hired before October 1, 1981 receive 2% and 1% for employees hired on or after October 1, 1981.

Employees terminating employment prior to vesting are entitled to a refund of their contributions to the Fund without interest.

Firefighters and Police Officers Pension Fund:

General. The City contributes to the City of Tampa Firefighters and Police Officers Pension Fund (the Fund), a single employer, defined benefit plan covering substantially all full-time firefighters and police officers. The Fund is administered by an independent Board of Trustees and accounted for by the City as a separate pension trust fund. The laws of Florida authorize the Fund.

Benefits. Benefit eligibility requirements and benefit provisions are as follows: vesting for participants in the Fund occurs at 10 years of service, and participants may begin drawing monthly pension benefits at the earlier of attaining age 46 with 10 or more years of service or 20 years of service, regardless of age. The annual pension is 2.5% for each year of service times the employees final average compensation (highest three of the last ten years of service), but not less than \$100 per month. The Fund provides both service and nonservice-related disability and preretirement death benefits.

Members with at least 20 years of credited service are eligible to participate in the Deferred Retirement Option Program (DROP) for up to five years. Members entering DROP after 25 years of service are eligible to participate in the DROP for a combined total of 30 years of credited service. During the DROP period the member accrues a benefit amount equal to what would have been the member's longevity retirement benefit had the member retired as of the date of entry into the DROP program adjusted for net investment returns on Fund assets. Net returns are calculated from the date payment would have been made until departure from service. This accumulated amount less the portion attributable to the employee's after tax pension contributions may be either rolled over to a tax-qualified vehicle, paid in a lump sum, or some combination of the two based upon the member's request when the member leaves active service at the end of the DROP period.

All eligible retired members and surviving spouses receive a 13th Check Program benefit payment which has been paid each January 31 beginning in 1999. The 13th check program benefit, if any, is actuarially determined and is an equal dollar amount for all eligible retirees, and one half of that amount to eligible surviving spouses. The 13th check benefit was funded by employee contributions from the 13th check benefit's inception in October 1998 through September 30, 2001. Employee contributions to the 13th check benefit ceased September 30, 2001, and the 13th check benefit was then funded by a portion of the investment return in excess of the actuarially assumed rate of return of the Fund.

Members terminating employment who are not eligible to retire are entitled to a refund of contributions they made to the Fund without interest.

Postretirement benefit increases are based on the net change in the average cost of living index with a maximum determined by the actuary and a minimum not below the original benefit for the Fund; these benefits are paid from a postretirement adjustment account which had assets of \$650,402,000 at October 1, 2001.

Membership data of the Funds are summarized as follows (in thousands):

	<u>General Employees Retirement Fund</u>	<u>Firefighters and Police Officers Pension Fund</u>
Participant data as of October 1, 2001, the date of the most recent actuarial valuation:		
Retirees and beneficiaries receiving benefits	1,681	1,347
Terminated employees entitled to benefits but not receiving them	228	16
Vested current employees	1,653	724
Nonvested current employees	1,123	560

Significant accounting policies

Basis of accounting. City financial statements for the two pension funds are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due.

Valuation of investments. Investments in the two plan funds are reported at fair value according to the independent custodian for each plan and the independent money managers of the assets in each plan using various third party pricing sources. Short-term investments are reported cost, which approximates fair value. Those investments that do not have an established market are reported at estimated fair value. Real estate holdings in the Firefighters and Police Officers Pension Fund are reported at the most recent appraisal value.

Contribution requirements and contributions made

State statutes govern the City and employee contribution requirements for both funds. The City's contribution to the General Employees Retirement Fund is an actuarially determined periodic amount that increases gradually over time so that sufficient assets will be available to pay benefits when due. The employees' contribution rate for this fund is currently 7% of gross pay for employees hired before October 1, 1981 and no contribution for employees hired on or after October 1, 1981. The City's contribution to the Firefighters and Police Officers Pension Fund is an actuarially determined periodic amount that has a minimum of 134% of a portion of the employee contribution. The employees' contribution to the fund uses a progressive scale (full scale contribution rate or FSCR) that ranges from 4% to 25% of earnings, which may be discounted by the actuary. Members who have entered the DROP program for either fund do not make contributions during their DROP participation period. Contributions provided by the State of Florida to the Firefighters and Police Officers Pension Fund are in accordance with state statutes.

In 2002 the annual pension cost and contribution for the Firefighters and Police Officers Pension Fund and the General Employees Retirement Fund were \$2,579,000 and \$1,272,000 respectively.

Annual pension cost and contribution information for the last three fiscal years follows (in thousands):

General Employees Retirement Fund		
Year Ended September 30	Annual Pension Cost	Percentage Contributed
2002	1,272	100%
2001	1,869	100%
2000	1,746	100%
Firefighters and Police Officers Pension Fund		
Year Ended September 30	Annual Pension Cost	Percentage Contributed
2002	2,579	100%
2001	1,702	100%
2000	2,814	100%

The General Employees Retirement Fund has assets in excess of the actuarial accrued liability, this negative unfunded actuarial accrued liability is being amortized as a level percentage of payroll over the remaining future service of plan participants. The Firefighters and Police Officers Pension Fund has an unfunded actuarially accrued liability that is being amortized as a level dollar amount over a closed period.

Actuarial methods and significant assumptions

	General Employees Retirement Fund	Firefighters and Police Officers Pension Fund
Valuation date	October 1, 2001	October 1, 2001
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll	Level dollar closed
Remaining amortization period	Remaining future service, open period	30 years
Asset valuation method	Weighted five-year asset smoothing	market
Actuarial assumptions:		
Investment rate of return	8%	10.0%
Projected salary increases*	6%	7.2%
*includes inflation at	3%	3.5%
Cost of living adjustments	2% for employees hired before October 1 1981 and 1% for employees hired on or after October 1, 1981	3.5%