

City of Tampa's Financial Structure and Policies

The city provides the full range of municipal services as provided by state statute and city charter. These include public safety, water, wastewater, solid waste, parking, public improvements, cultural, parks and recreational and general administrative services.

A summary of city funds, attendant revenue sources and their purposes is provided below.

Tax Operating Funds

- General

The primary operating fund of the City of Tampa used to account for all financial resources except those required to be accounted for in another fund. This fund's major revenues consist of taxes and franchise fees, licenses and permits, charges for services, and transfers and other financing sources. These funds are used to provide services such as public safety, parks and recreation, transportation and general administration of the city.

- Utility Tax

A tax levied by the city on the consumers of various utilities such as communications services, electric, gas, and water. Revenue received is used to purchase capital items such as machinery and equipment, vehicles for non-enterprise fund activities and to fund the debt service for outstanding Utility Tax Bonds.

- Guaranteed Entitlement State Revenue Sharing

Used to account for the receipt and use of state guaranteed entitlement proceeds. This money is pledged to the repayment of the 2001 Guaranteed Entitlement Refunding Revenue Bonds.

- Occupational License Revenue

Used to account for the receipt and use of occupational license tax proceeds. This money is first pledged to the repayment of the 2002 Occupational License Tax Refunding Bonds and the remainder is transferred to the general fund.

- Cable Communication

Used to account for administering the city's cable television franchise and access television (public education and governmental) programming activities. The cable communication department's responsibility is to enforce applicable federal, state and local codes and ordinances as well as the contractual terms defined by the franchise agreement.

- Local Option Gas Tax

A 30-year tax which began in 1983 and accounts for the city's share of taxes levied on motor fuel and special fuel

sold in the county. This money is pledged to the repayment of the 1999 Transportation Revenue Bonds, beyond that these taxes shall be used for various transportation related capital projects.

- Stormwater

Used to account for the receipt of non-ad valorem stormwater assessments. These funds along with transfers from the general and utility tax funds support capital improvements and administration costs of the city's stormwater system.

- Capital Improvement Projects

Transfers from other financing sources comprise this fund's revenues. Expenditures may fund such projects as acquisition, expansion or rehabilitation of a government structure or a major piece of equipment. Major construction or reconstruction projects include improvements to streets, parks, utilities and other city infrastructure.

- Community Investment Tax

In 1996, a levy of a one-half cent local government infrastructure surtax for community investment was adopted for a period of 30 years to provide general government, public safety, and educational infrastructure in Hillsborough County. Sales tax was raised from 6.5 percent to 7 percent. Proceeds of the half-cent sales tax are shared by Hillsborough County, its three municipalities, the Tampa Sports Authority and the School Board to finance jails, build new schools, construct a community stadium, purchase law enforcement and fire equipment and improve our libraries, parks and other public facilities.

- Transportation Impact Fee

A charge based on projected trips that will be generated by development or redevelopment of a property. Revenues are used to provide roadway improvements and related infrastructure necessitated by new development.

Internal Service Funds

Used by state and local governments to account for the financing of goods and services provided by one department or agency to other departments or agencies and to other governments on a cost reimbursement basis.

- Self Insurance

Use to account for risk management insurance activity related to health, workers' compensation, various employee benefits, general liability, property insurance and safety monitoring.

- **Utility Accounting**
Used to account for the costs related to utility billings, collections and administration. Billings to the other user departments are based on costs incurred.
- **Central Services**
Used to account for the costs of operating the city's central publication and central mail services. Billings to user departments are based on costs incurred.
- **Fleet Maintenance (including Electronics)**
Used to account for the costs of operating a maintenance facility for automotive equipment and radio repairs used by city departments. Billings to user departments are based on costs incurred.

Pension Funds

Account for the accumulation of resources to be used for retirement annuity payments to eligible pensioners and their beneficiaries. Resources are contributed by employees at rates fixed by law and by the city at amounts determined by an annual actuarial study. The city's pension funds include:

- Firefighters and Police Officers
- General Employees

Funding for these activities include user charges assessed on operating departments, contributions from the city, employees' contributions and investment income.

Enterprise Funds

The city's five enterprise funds obtain their revenue primarily from user charges, and are structured to be entirely self-supporting.

- **Parking**
The parking department owns and operates on-street metered parking spaces, several downtown and Ybor City parking garages and lots. The department is funded by garage and lot fees and parking meter collections and fines.
- **Wastewater**
Services include the collection, treatment, and disposal of wastewater and are supported by user fees and capacity charges.
- **Water**
The city's full-service water utility includes pumping, treatment and distribution facilities. The system is supported by user fees and connection charges.
- **Solid Waste**
The city owns and operates a refuse collection and disposal system for city residents, with certain areas contracted out to a private provider. The city also owns a

refuse-to-energy incinerator facility. The system is supported by user fees and resale of energy generated by the disposal facility.

- **Marina**
The city owns and operates three marinas. Services include leasing and maintenance of boat slips and a refueling station. The marinas are supported by boat slip rentals and fuel charges.

Federal and State Grant Funds

Other funds include projects which are funded in whole or in part by state and/or federal grants.

- **Community Development Block Grant (CDBG)**
A federal entitlement program administered and funded by the Department of Housing and Urban Development's (HUD) Community Planning and Development Office. Grant amounts are determined by a formula based on the community's population, population growth lag, the number of persons in poverty, the extent of overcrowded housing, and the amount of housing built prior to 1940. This program funds activities related to the development and redevelopment of eligible areas in the city. The purpose of CDBG funds is to improve communities by providing decent housing and a suitable living environment, and expanding economic opportunities, and capital improvements, for persons with low and moderate incomes.
- **Other Federal and State Grants**
Other funds to be received from the U.S. Department of Housing and Urban Development include the Home Investment Partnerships Program (HOME), the Emergency Shelter Grants Program (ESGP) and the Housing Opportunities for Persons With AIDS (HOPWA) Grants.
These grants provide affordable housing and/or rehabilitation programs to benefit low and moderate-income households including facilities and services for the homeless and specialized housing services for persons with AIDS.
The State Housing Initiatives Partnership (SHIP) program is authorized by the state legislature under the William E. Sadowski Affordable Housing Bill which allocates funds that are received from an additional 10 cent documentary stamp tax on real estate transactions and an additional 10 cent contribution from the state general revenue documentary stamp tax. This program is administered by the state and the balance, after the state's needs are met, is allocated to local governments. Funding for a variety of housing programs are available through this funding source.

Budget and Budgetary Control

The City of Tampa follows these procedures in preparing budget documents:

- Prior to September 1, the mayor submits to city council a recommended budget for the fiscal year commencing October 1. The budget includes proposed expenditures and the means to finance them.
- City council holds two public hearings in September to obtain taxpayer comments.
- Prior to October 1, the budget is enacted by ordinance.
- During the fiscal year, budgetary control is maintained at the department level. Revisions are approved by city council.
- The annual budget for the general fund, enterprise funds, internal service funds and all annually appropriated special revenue funds are prepared in accordance with generally accepted accounting principles. This includes an original appropriation ordinance, a budget amendment for encumbrances outstanding at the end of the previous year and other budget amendments adopted by city council. Appropriations for these funds lapse at the end of each fiscal year.
- Project budgets are adopted for the community development block grant, other special revenue funds, most capital projects and bond funds. Appropriations in these funds remain open and carry over to succeeding years until planned expenditures are made, or until they are amended or cancelled. Because these funds involve multi-year projects, comparison on an annual basis does not necessarily provide meaningful information and with the exception of CDBG, is not presented.
- The budget process allows for amendments as conditions change during the year. An amendment may be initiated by the mayor and, after city council approval, the appropriations of funds are realigned.

Accounting System Control and Budgetary Basis

The City of Tampa's accounting records for general government operations are maintained using the current financial resources measurement focus and the modified accrual basis, with revenues recorded when measurable and available, and expenditures recorded when the services or goods are received and the liabilities incurred. Accounting records for the city's pension plans, enterprise funds and internal service operations are maintained using the economic resources measurement focus and the accrual basis of accounting, with revenues recorded when earned, and expenses recorded when the liabilities are incurred. The budgetary basis is the same as the accounting basis.

In developing and modifying the city's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are

designed to provide reasonable assurance that assets are safeguarded and financial records are reliable.

Capital Spending Decisions and Their Impact on Future Operational Costs

In general terms, governments must control day-to-day operating costs if funds are to be made available for new and efficient capital equipment and needed construction of roads, parks, recreational, water, parking, stormwater and wastewater facilities. The City of Tampa continues the policy of containing operating costs so that adequate funds are available for capital projects.

The city reviews each capital improvement project in terms of costs versus benefits. An analysis is made of each project and resulting operating costs are included in budget estimates, the department thresholds and in the Recommended Annual Budget as appropriate.

Debt Service

The city transfers funds from special revenue funds for utility tax, guaranteed entitlement, local option gas tax, occupational licenses, and from the community investment tax capital projects funds 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 for repayment of the outstanding 1991 and 2001 Utilities Tax and Special Revenue Refunding Bonds. Enterprise funds debt service is provided in their general reserve funds.

Summary of Fund Balances

In the tax operating funds, the city's policy is to budget approximately 1% in a reserve for contingencies (\$2.8 million) and revenues (\$3.5 million) in addition to transfers of \$1.0 million each to the fund balance accounts of the general and utility tax funds. These measures, along with dedicating \$5.0 million of existing fund balance in FY07, are to help the city prepare for future emergencies and are in accordance with external auditor recommendations. Barring unforeseen circumstances, the fund balances at the end of FY07 for the tax funds are generally not expected to significantly exceed those amounts.

In the enterprise and intergovernmental funds, reserves of approximately 6-10% are anticipated since bond covenants require various coverage levels. The water and wastewater funds, which are separate enterprises with separate rate structures, have been combined for bond coverage requirements. Therefore, at the end of the year, one fund may have little or no reserves with the coverage coming from the other which has a larger fund balance. All budgeted funds are balanced by ensuring that budgeted revenues and transfers-in equal budgeted expenditures and transfers-out.