

A Commitment to the Basics



Comprehensive Annual Financial Report



City of Tampa, Florida / FY 2007
For the fiscal year ended September 30, 2007

Police

Fire Rescue

Parks and Recreation

Stormwater

Playgrounds

Street Signage

Water

Street Resurfacing

Road Improvements

Traffic Calming

Community Centers

Traffic Signals

Downtown Streets

Wastewater

Crosswalks

Landscaping



City of Tampa, Florida
Comprehensive Annual
Financial Report

For the fiscal year ended September 30, 2007

Pam Iorio

Mayor

Bonnie M. Wise

Director of Finance

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CITY OF TAMPA

March 20, 2008

To the Honorable Mayor, Members of City Council, and Citizens of the City of Tampa:

State law requires that all general-purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Tampa for the fiscal year ended September 30, 2007.

This report consists of management's representations concerning the finances of the City of Tampa. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Tampa has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Tampa's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Tampa's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Tampa's basic financial statements have been audited by Ernst & Young LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Tampa for the fiscal year ended September 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Tampa's financial statements for the fiscal year ended September 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Tampa was part of a broader, mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are included in the Single Audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Tampa's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Tampa, initially incorporated in 1855 with a second incorporation in 1887, is the largest city in Hillsborough County, is the county seat, and is the third most populous city in Florida. It is located on the west coast of Florida, approximately 200 miles northwest of Miami, 180 miles southwest of Jacksonville, and 20 miles northeast of St. Petersburg. The City of Tampa currently occupies 116 square miles and serves a population of 334,550. The City of Tampa is empowered to levy a property tax on real property located within its boundaries. It is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the city council.

The City of Tampa has operated under a mayor-council form of government since 1945. Legislative authority is vested in an elected city council consisting of seven members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and approving the hiring of department head nominees submitted by the mayor. The mayor is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the City, for drafting the budget and submitting it to city council for approval, and for nominating department heads for hiring approval by the city council. The mayor and all seven city council members are elected every four years with a term limit of two terms. The mayor and three city council members are elected at large and four city council members are elected from individual districts within the city.

The City of Tampa provides a full range of services, including police and fire protection; the construction of highways, streets, and other infrastructure; recreation and park facilities; convention facilities; and water, wastewater, solid waste, and parking operations. The City of Tampa is also financially responsible for the legally separate The Florida Aquarium, Inc. and Tampa Historic Streetcar, Inc., which are reported separately in the City of Tampa's basic financial statements. The city is also financially responsible for the Community Redevelopment Agency whose operations are considered part of the city's, so their data is combined with data of the city. More information on these entities can be found in Note I.A. in the notes to the financial statements.

The annual budget serves as the foundation for the City of Tampa's financial planning and control. All departments of the City of Tampa are required to submit requests for appropriation to the mayor. The mayor uses these requests as the starting point for developing the proposed budget. The mayor then presents this proposed budget to the city council for review prior to August 15. The city council is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Tampa's fiscal year. The appropriated budget is prepared by fund and department (e.g., police). Department heads may make operating transfers within a department. Transfers of appropriations between capital and operating accounts and between departments, however, require the approval of the city council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, utility tax special revenue fund, and the Community Redevelopment Agency special revenue fund, this comparison is presented on pages 30-33 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, utility tax special revenue fund, and the Community Redevelopment Agency special revenue fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 82.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Tampa operates.

Local economy. The City of Tampa currently enjoys a relatively favorable economic environment and local indicators point to continued relative stability in the current challenging economic environment. The region has a diverse economic base that includes tourism, agriculture, construction, finance, health care, technology, and the Port of Tampa. Major industries with headquarters or divisions located within the city's boundaries or in close proximity include telephone and electric service companies, computer hardware and electrical controls manufacturers, tourist attractions, fertilizer manufacturers, MacDill Air Force Base, and the

Port of Tampa. Institutions of higher learning located in the city include the University of South Florida, the University of Tampa, Hillsborough Community College, and the Stetson University College of Law.

Property tax valuation and revenue increases over the previous year were accompanied by slight decreases in utilities, communications services, and sales tax revenues. Further declines in these three tax revenues are projected in fiscal year 2008. The area's unemployment rate is currently 3.3%, significantly better than the national rate of 4.4% and the statewide rate of 4.3%. The region's growth and economic diversity are expected to be the basis for relative stability of the local economy in coming years although near term economic challenges are present.

Long-term financial planning. On November 17, 2006, the city issued \$38,300,000 of Utilities Tax Refunding Revenue Bonds, Series 2006. The net proceeds along with \$384,000 of other available monies were used to advance refund certain outstanding 1998, 1999A, and 2000A utilities tax bonds. This transaction resulted in debt service payments over the next thirteen years being reduced by \$2,193,000 and a net present value savings of \$1,497,000.

On December 20, 2006 the city issued \$17,195,000 of Sales Tax Revenue Bonds, Series 2006. The net proceeds of \$17,002,000 (after payment of \$295,000 for cost of issuance, insurance, and underwriters discount and receipt of \$102,000 for bond premium) were placed into a separate interest bearing account. The net proceeds will be used for specified capital improvements.

On March 21, 2007 the city issued \$45,725,000 of Occupational License Tax Refunding Bonds, Series 2007. The net proceeds \$48,600,000 (after payment of \$608,000 for cost of issuance, insurance, and underwriter's discount and receipt of \$3,483,000 for bond premium) were used to redeem the Series 2002B and 2002C bonds outstanding in the amount of \$48,600,000. This transaction resulted in debt service payments over the next twenty-one years being reduced by an estimated \$5,359,000 and a net present value savings of an estimated \$3,431,000.

During 2007 the city entered into an agreement to issue commercial paper through the Florida Association of Counties – Florida Local Government Finance Commission Pooled Commercial Paper Loan Program. The program is a pool arrangement available to Florida government entities in order to take advantage of economies of scale to reduce the costs associated with normal commercial paper issuances. The interest rate is variable based on the overall rate of the pool and payable monthly. During 2007, \$7,600,000 of issuances occurred under this program. Of the proceeds, \$6,000,000 will be used for transportation projects and \$1,600,000 will be used for stormwater projects.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit and obligations of the U.S. Treasury. Investments of the two pension funds consisted of corporate equity and debt securities, municipal bonds, money market funds, and real estate. The maturity of pooled cash investments ranges from 46 days to 3 years with an average maturity of 1.2 years. Certificate of deposit maturities range from 2 to 269 days. The average yield on investments was 4.0% for pooled cash, 15.5% for the General Employees Retirement Fund, and 21.2% for the Firefighters and Police Officers Pension Fund. The pension fund results are largely due to the performance of the equity markets during the past year. Investment income includes appreciation in the fair value of investments. Increases and decreases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk management. Commercial insurance is carried for damage to buildings with a deductible that varies with the cause of loss. The city is self-insured for workers compensation, vehicular damage and property damage claims. Additional information regarding the City of Tampa's risk management activity can be found in Note V.A. of the notes to the financial statements.

Pension and other postemployment benefits. The city sponsors two single-employer defined benefit pension plans for its employees, the Police Officers and Firefighters Pension Fund for police officers and firefighters, and the General Employees Retirement Fund for all other full-time employees. Each year an actuary engaged by each pension plan calculates the amount of the annual contribution that the City of

Tampa must make to the pension plans to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. As a matter of policy, the City of Tampa fully funds each year's annual required contribution to the pension plans as determined by the actuaries. As a result of the City of Tampa's conservative funding policy, the City of Tampa has succeeded as of September 30, 2007, in funding 98 percent for the General Employees Retirement Fund and 111 percent for the Police Officers and Firefighters Pension Fund of the present value of the projected benefits earned by employees in each plan.

The City of Tampa also provides postretirement healthcare benefits for retirees and their dependents. As of the end of the current fiscal year there were 950 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP currently does not require governments to report a liability in the financial statements in connection with the employer's obligation to provide these benefits. The Governmental Accounting Standards Board (GASB) has issued statement number 45 that requires the City of Tampa to report a liability for these benefits beginning in fiscal year 2008.

Additional information on the City of Tampa's pension arrangements and postemployment benefits can be found in Notes V.D-E in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tampa for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This was the nineteenth consecutive year that the City of Tampa has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning October 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the city's budget document was judged to be proficient in several categories including as a policy document, a financial plan, an operations guide, and a communications device.

Preparation of this report would not have been possible without the dedicated and efficient service of the entire staff of the Revenue and Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tampa's finances.

Respectfully submitted,



Bonnie M. Wise
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tampa
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emmer

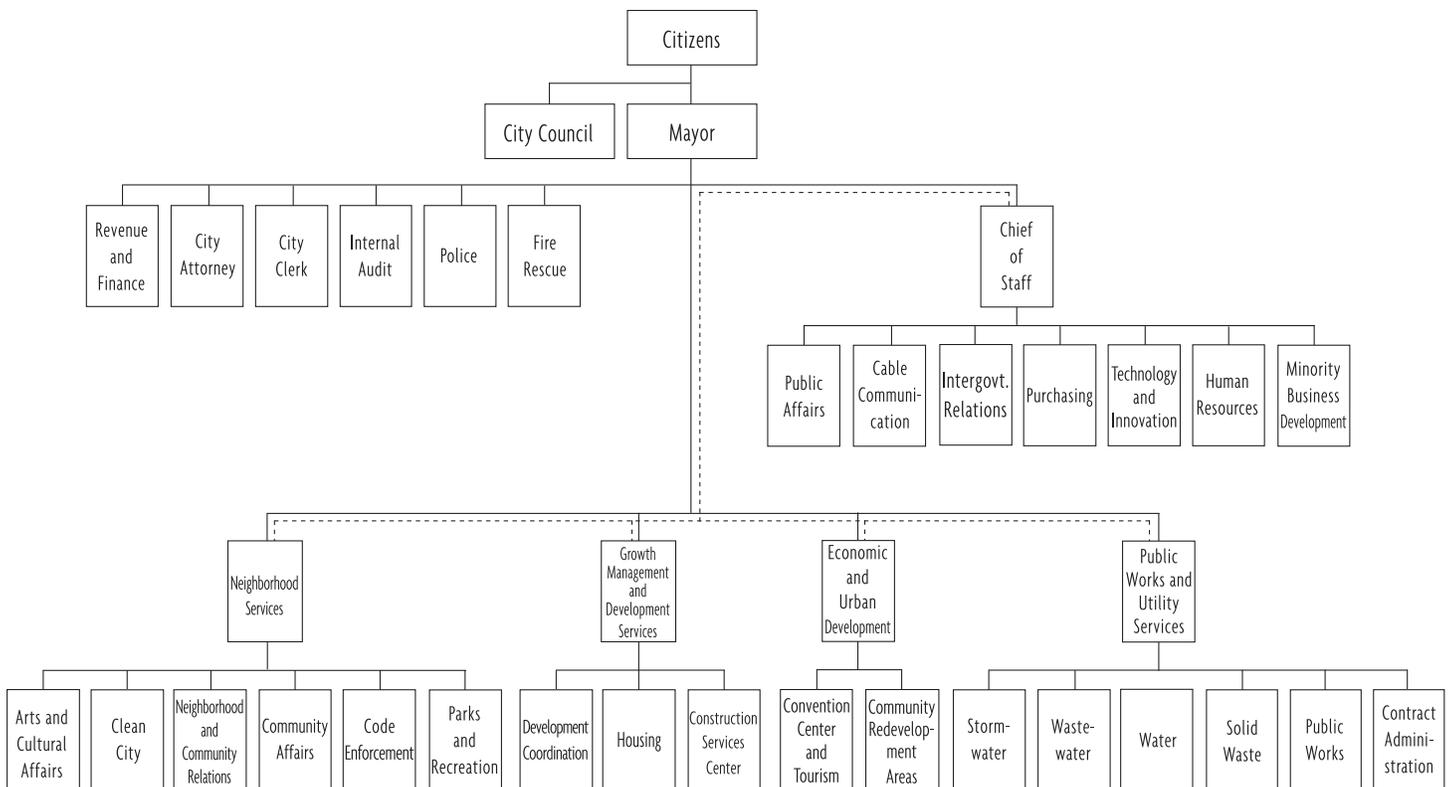
Executive Director

City of Tampa, Florida



MAYOR PAM IORIO

Organization Chart



Tampa City Council

Districts One, Two and Three are at large districts, as they represent all of the City of Tampa. Districts Four, Five, Six and Seven are represented individually.



GWEN MILLER
District 1 at Large
Chairman



MARY MULHERN
District 2 at Large



LINDA SAUL-SENA
District 3 at Large



CHARLIE MIRANDA
District 6



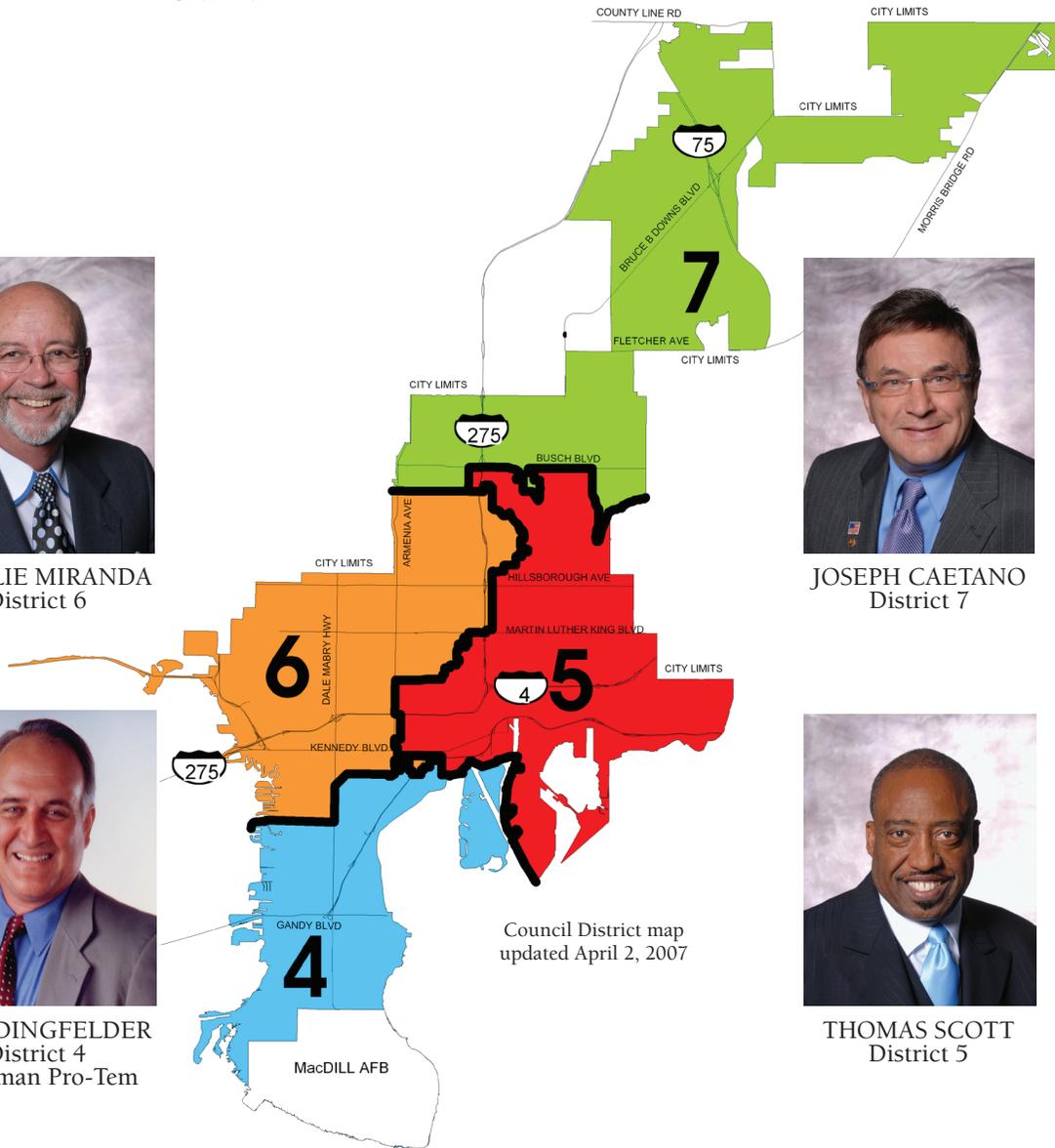
JOSEPH CAETANO
District 7



JOHN DINGFELDER
District 4
Chairman Pro-Tem



THOMAS SCOTT
District 5



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Report of Independent Certified Public Accountants

The Members of City Council
City of Tampa, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tampa, Florida (the City) as of and for the year ended September 30, 2007, which collectively comprise the City of Tampa, Florida's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Tampa, Florida's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Florida Aquarium and The Historic Streetcar, Inc., which represent the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for The Florida Aquarium and The Historic Streetcar, Inc., are based on the reports of the other auditors.

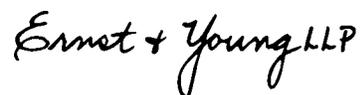
We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the City's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tampa, Florida as of September 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison information for the General, Utility Tax, and Community Redevelopment Agency funds for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2008 on our consideration of the City of Tampa, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of funding progress and employer contributions on pages 13 through 23 and 78 through 81, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tampa, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General* and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the schedule of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



March 12, 2008

Management's Discussion and Analysis

As management of the City of Tampa, we offer readers of the City of Tampa's basic financial statements this narrative overview and analysis of the financial activities of the City of Tampa for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report. **All amounts, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

- The assets of the City of Tampa exceeded its liabilities at the close of the most recent fiscal year by \$1,695,937 (net assets). Of this amount, \$244,118 (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors.
- The city's total net assets increased by \$115,881. Operating surpluses in the major enterprise funds resulted in increased net assets in the business-type activities. In governmental activities, significant revenue increases outpaced expenditure increases resulting in increased net assets.
- As of the close of the current fiscal year, the City of Tampa's governmental funds reported combined ending fund balances of \$326,018, an increase of \$48,144 in comparison with the prior year. Approximately 82 percent of this amount, \$268,747, *is available for spending* at the city's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$57,785 or 18 percent of total general fund expenditures.
- The City of Tampa's total debt decreased by \$15,865 during the current fiscal year. The scheduled repayment of existing debt exceeded the amount of new debt issues in the amount of \$108,820 in various governmental capital project bond funds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Tampa's basic financial statements. The City of Tampa's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Tampa's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Tampa's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Tampa is improving or deteriorating.

The *statement of activities* presents information showing how the city's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Tampa that are principally supported by taxes and intergovernmental revenues (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tampa include general government, public safety, public works, economic environment, and culture and recreation. The business-type activities of the City of Tampa include the water utility, wastewater utility, solid waste system, parking facilities, marina, and golf courses.

The government-wide financial statements include not only the City of Tampa itself (known as the *primary government*), but also the legally separate entities, The Florida Aquarium, Inc. and The Tampa Historic Streetcar, Inc. for which the City of Tampa is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Community Redevelopment Agency, although legally separate, functions for all practical purposes as a department of the City of Tampa, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 24-25 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Tampa, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Tampa can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Tampa maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the utility tax and community redevelopment agency special revenue funds, which are considered to be major funds. Data for the other twenty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of *combining statements* elsewhere in this report.

The City of Tampa adopts an annual appropriated budget for its general fund and utility tax and community redevelopment agency special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 26-33 of this report.

Proprietary funds. The City of Tampa maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Tampa uses enterprise funds to account for its water utility, wastewater utility, solid waste system, parking facilities, marina, and golf courses. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Tampa's various functions. The City of Tampa uses internal service funds to account for its fleet maintenance, administrative services, and utility accounting functions. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund financial statements provide information for the four major enterprise funds. The two nonmajor funds are combined into a single aggregated presentation in the proprietary fund financial statements, as are the three internal service funds. Individual fund data for the nonmajor enterprise funds and the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary fund financial statements can be found on pages 34-39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Tampa's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund aggregate financial statements can be found on pages 40-41 of this report. Individual fund data is provided in the form of *combining statements* elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-77 of this report.

Other information. In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information*, concerning the City of Tampa's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 78-79 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, nonmajor enterprise, internal service and fiduciary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 82-108 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Tampa, assets exceeded liabilities by \$1,695,937 at the close of the most recent fiscal year.

By far the largest portion of the City of Tampa's net assets (78 percent) reflects its investment in capital assets (e.g., land, buildings, furniture, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Tampa uses those capital assets to provide services to citizens, consequently these assets are *not* available for future spending. Although the City of Tampa's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Tampa's Net Assets

	Governmental		Business-type		Total	
	activities		activities			
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 397,857	\$ 351,265	\$ 275,581	\$ 281,023	\$ 673,438	\$ 632,288
Capital assets	886,277	820,099	1,167,400	1,152,258	2,053,677	1,972,357
Total assets	1,284,134	1,171,364	1,442,981	1,433,281	2,727,115	2,604,645
Long-term liabilities outstanding	500,699	474,785	420,320	445,959	921,019	920,744
Other liabilities	60,803	56,539	49,356	47,306	110,159	103,845
Total liabilities	561,502	531,324	469,676	493,265	1,031,178	1,024,589
Net assets:						
Invested in capital assets, net of related debt	544,741	450,512	781,822	746,974	1,326,563	1,197,486
Restricted	48,135	56,821	77,121	75,860	125,256	132,681
Unrestricted	129,756	132,707	114,362	117,182	244,118	249,889
Total net assets	\$ 722,632	\$ 640,040	\$ 973,305	\$ 940,016	\$ 1,695,937	\$ 1,580,056

An additional portion of the City of Tampa's net assets (7.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$244,118) may be used to meet the city's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Tampa is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease in restricted net assets reported in connection with total governmental and business-type activities of \$7,425. Major components included pooled cash set aside for repayment of debt decreased by \$4,245 and liabilities payable increased by \$4,210.

For governmental activities, there was a decrease in restricted net assets reported of \$8,686. The primary factor was a decrease of \$3,186 in net assets restricted for capital improvements.

The city's net assets increased \$115,881 during the current fiscal year. Of this amount, \$33,289 was attributable to business-type activities and \$82,592 resulted from governmental activities.

The increase in net assets for business-type activities decreased \$2,512 compared to last year's increase due to higher operating expenses in the water and wastewater utility funds. Increased water purchases due to drought conditions was the primary factor.

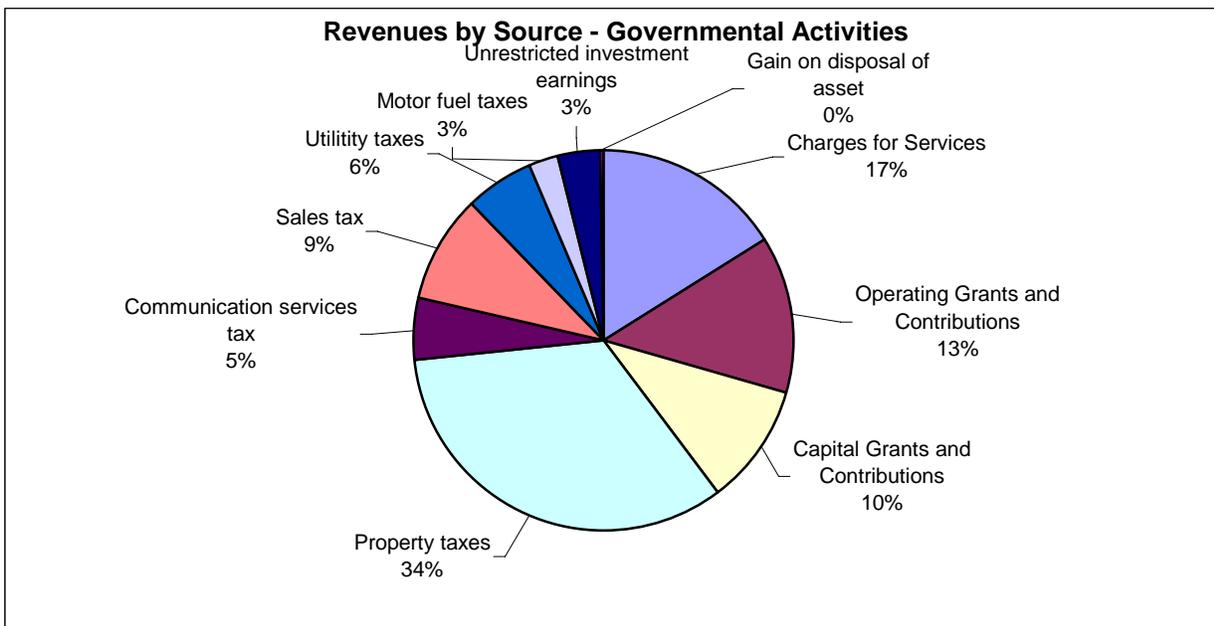
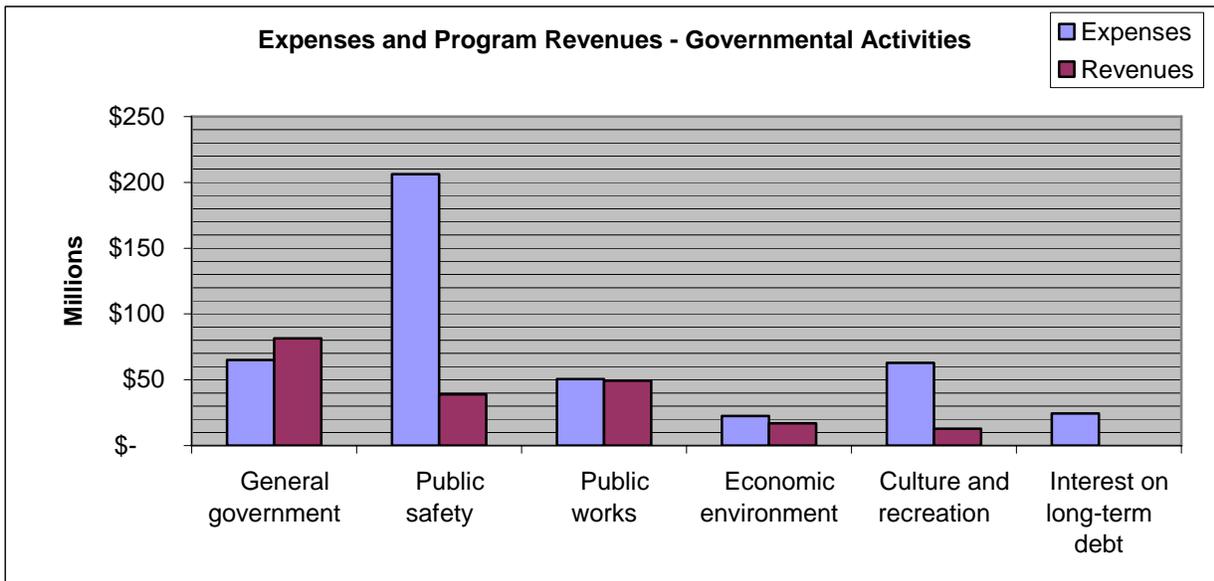
Governmental activities net assets increased in 2007 by \$37,823 less than the increase in 2006. A decrease in capital grants and contributions (\$31,829) and an increase in property tax revenues (\$25,216) were the primary factors causing a \$13,140 increase in total revenues. Offsetting the revenue increase was an increase in general government expenditures primarily related to claims and judgments and a reduction of transfers in.

City of Tampa's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 80,481	\$ 74,603	\$ 242,720	\$ 237,386	\$ 323,201	\$ 311,989
Operating grants and contributions	67,267	60,092	580	248	67,847	60,340
Capital grants and contributions	51,976	83,805	18,014	12,545	69,990	96,350
General revenues:						
Property taxes	166,238	141,022	-	-	166,238	141,022
Other taxes	117,687	120,843	-	-	117,687	120,843
Investment earnings	17,378	9,389	12,553	7,714	29,931	17,103
Other	1,867	-	53	357	1,920	357
Total revenues	502,894	489,754	273,920	258,250	776,814	748,004
Expenses:						
General government	71,178	50,245	-	-	71,178	50,245
Public safety	206,326	193,782	-	-	206,326	193,782
Public works	50,506	52,112	-	-	50,506	52,112
Economic environment	22,511	14,731	-	-	22,511	14,731
Culture and recreation	62,798	57,755	-	-	62,798	57,755
Interest on long-term debt	24,404	17,947	-	-	24,404	17,947
Water utility	-	-	61,128	51,404	61,128	51,404
Wastewater utility	-	-	78,125	71,569	78,125	71,569
Solid waste system	-	-	63,596	62,626	63,596	62,626
Parking facilities	-	-	14,719	14,300	14,719	14,300
Marina	-	-	697	539	697	539
Golf Courses	-	-	4,945	4,741	4,945	4,741
Total expenses	437,723	386,572	223,210	205,179	660,933	591,751
Increase in net assets before transfers	65,171	103,182	50,710	53,071	115,881	156,253
Transfers	17,421	17,233	(17,421)	(17,270)	-	(37)
Increase in net assets	82,592	120,415	33,289	35,801	115,881	156,216
Net assets - 10/01/06	640,040	519,625	940,016	904,215	1,580,056	1,423,840
Net assets - 9/30/07	\$ 722,632	\$ 640,040	\$ 973,305	\$ 940,016	\$ 1,695,937	\$ 1,580,056

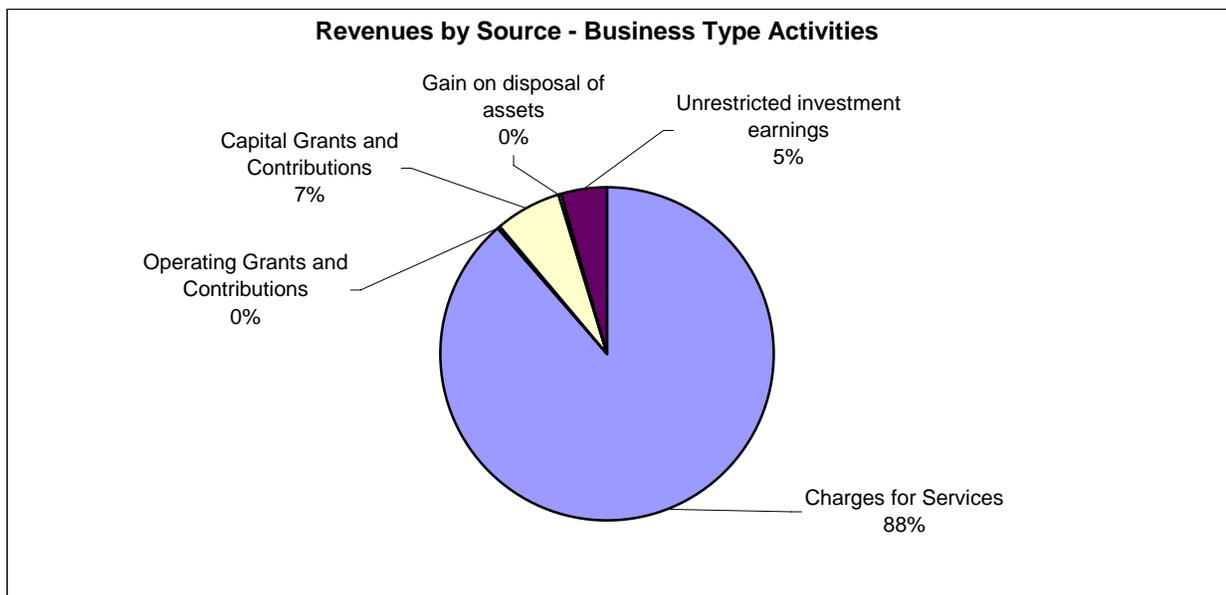
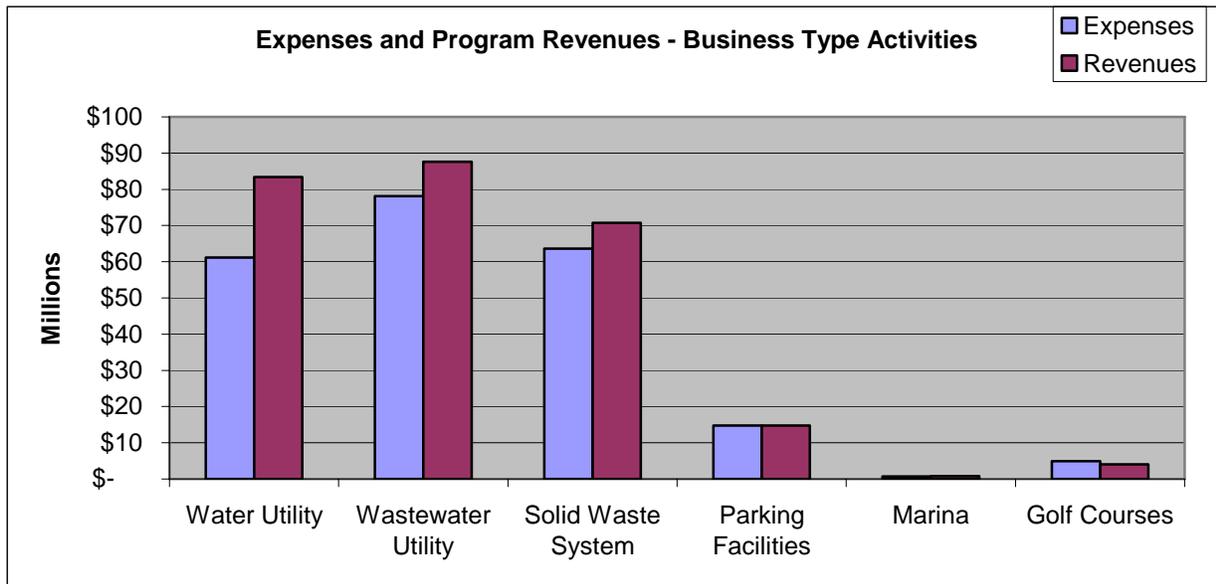
Governmental activities. Governmental activities increased the City of Tampa's net assets by \$65,171 (before transfers). Key elements of this increase are as follows:

- Property taxes increased by \$25,216 (18 percent) during the year. As in recent past years, this increase is the result of a rise in assessed values and the addition of new property through construction. The city's 6.408 millage rate was lower than the 6.54 rate of the seventeen previous years, and is well below the 10-mill rate limit established by the state.
- Capital grants and contributions decreased \$31,829 (38 percent) in 2007. Impact fee reporting adjustments in 2006 added \$33,776 to revenues in 2006, artificially exaggerating the decline in 2007.
- Investment earnings increased \$12,828 (75 percent) due to lower rates, which caused increases in market value of fixed income investments.
- General government expenses increased \$20,933 (41 percent) primarily due to an increase in expenses related to claims and judgments and payments to other governments and organizations.



Business-type activities. Business-type activities increased the City of Tampa’s net assets by \$50,710 (before transfers).

- The change in net assets before contributions and transfers in the water utility fund was \$14,428, a 44 percent decrease from 2006. Operating revenues increased \$978 due to flat consumption. Operating expenses increased \$10,584 due to increased water purchases caused by drought conditions, limiting the water supply. Capital contributions increased \$7,732 due to reimbursements by FDOT on road projects .
- In the wastewater utility fund the change in net assets before contributions and transfers was \$9,330, which is a \$1,947 (17 percent) decrease from 2006. Operating revenues increased \$2,722 (3.4 percent) due to moderate water consumption. Operating expenses increased \$7,107 due to higher chemical costs and investment earnings increased \$2,195.
- In the solid waste system fund the change in net assets before contributions and transfers increased \$9,080 compared to \$7,575 in 2006. Operating revenues increased \$2,140 due to a rate increase in 2006.
- In the parking system fund the change in net assets before contributions and transfers increased \$623 in 2007 compared to an increase of \$1,971 in 2006.



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

Governmental funds. The focus of the City of Tampa’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Tampa’s financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Tampa’s governmental funds reported combined ending fund balances of \$326,018, an increase of \$48,144 in comparison with the prior fiscal year. Approximately 82 percent of this total amount (\$268,747) constitutes *unreserved fund balance*, subtracting \$23,449 designated for claims and judgments and \$7,656 for emergencies, \$237,642 is available for spending at the City’s discretion, of which \$160,257 is designated for capital outlays. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it is already committed 1) to liquidate contracts and purchase orders of the prior period (\$54,090), 2) to pay debt service (\$2,284), or 3) for a variety of other restricted purposes (\$897).

The general fund is the chief operating fund of the City of Tampa. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$57,785, while total fund balance increased to \$97,802. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 18 percent of total general fund expenditures, while total fund balance represents 30.5 percent of that same amount.

The fund balance of the City of Tampa’s general fund increased by \$14,418 during the current fiscal year. Key factors in this increase are

as follows:

- Revenues increased \$35,119 (13 percent) due to an increase of \$25,216 in property tax revenues and an increase of \$6,046 in investment earnings.
- Expenditures increased \$24,169, with a decrease in public works and increases in culture and recreation, public safety, and general government expenditures.
- Public safety expenditures increased \$12,101.
- General government expenditures increased \$8,223. Of this amount, unclassified expenditures represented the largest single component with an increase of \$5,022, of which \$4,232 was due to higher tax increment financing payments to the Community Redevelopment Agency.

The fund balance of the utility tax special revenue major fund increased by \$16,560 in 2007, with an ending fund balance amount of \$39,969. The key factors in this change are as follows:

- Revenues decreased \$1,323 due to a decrease in electric utility tax revenues that was partially offset by an increase in water utility tax revenues.
- Expenses decreased \$1,345, primarily in the capital outlay category.
- Transfers out decreased \$15,210, primarily due to a reduction in the transfer to general fund by \$20,885.

The fund balance in the Community Redevelopment Agency major fund increased \$5,160 in 2007, with an ending fund balance of \$9,728. The key factors in this change are as follows:

- Total revenues increased \$8,414 (49 percent) in 2007 due to increased assessed values in all nine districts. The largest increase (\$2,832, 28 percent) was in the Downtown non-core district.
- Total expenditures increased \$5,131 with the largest increases in the Downtown non-core district.

Proprietary funds. The City of Tampa's proprietary funds provide the same type of information found in the business-type activities column in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water utility amounted to \$50,079, for the wastewater utility \$34,849, for the solid waste system \$16,345, for the parking facilities \$14,164, and those for the nonmajor funds amounted to (\$1,075). The total change in net assets for the four major funds was \$23,264; \$8,027; \$5,283; and (\$2,334), respectively. Other factors concerning the finances of those funds have already been addressed in the discussion of the City of Tampa's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$20,349 (increase in appropriations) and can be briefly summarized as follows:

- \$13,977 in increases allocated to public safety
- \$2,981 in increases allocated to culture and recreation
- \$1,273 in increases allocated to public works
- \$2,118 in increases allocated to general government services

Practically all of this increase was to be budgeted from available fund balance. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

Differences between the final budget and actual revenues were \$14,863 (actual amount in excess of the budgeted amount) and can be summarized as follows:

- Tax revenues exceeded the budgeted amount by \$1,965, of which \$1,930 was from property taxes.
- Intergovernmental revenues were less than the budgeted amount by \$927, as State half-cent sales tax was \$2,284 short of budgeted amounts.
- Licenses and permits revenue receipts exceeded the budgeted amount by \$1,197. Of that amount \$1,719 related to franchise fees with electric being the largest component. Building fees were \$651 under budgeted amounts.
- Charges for services revenues exceeded the budgeted amount by \$6,394. Of that amount \$1,191 related to the public safety where police extra duty charges are the main component. Convention center revenues were \$2,608 in excess of budgeted amounts, and miscellaneous charges were \$441 over budget.
- Investment earnings were \$6,281 over the budgeted amount due to higher interest rates in 2007.

Differences between the final budget and actual expenditures were \$30,228 (actual amount less than budgeted amount) and can be summarized as follows:

- Public safety expenditures were \$4,759 under the budgeted amount with \$3,288 of that amount relating to police expenditures.

- Culture and recreation expenditures were \$4,350 under the budgeted amount with \$3,835 of that amount relating to parks and recreation, primarily due to personnel costs.
- Public works expenditures (primarily salaries) were \$6,169 under the budgeted amount.
- General government services expenditures were \$14,947 under the budgeted amount, \$11,957 of that amount pertaining to unclassified expenditures (mainly payments to other governments and agencies). Technology and innovation expenditures were \$1,441 under the budgeted amount.

Capital Asset and Debt Administration

Capital assets. The City of Tampa's investment in capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$2,053,677 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net increase in the City of Tampa's investment in capital assets for the current fiscal year was two percent (a four percent increase for governmental activities and a one percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- For governmental activities the investment in construction in progress increased \$25,535. The primary factor for this increase is several road improvement and recreation center construction projects that are currently under way.
- For governmental activities the investment in infrastructure increased \$32,828. Infrastructure additions involved land purchases, primarily for the 40th Street right-of-way, and multiple completed construction projects for sidewalks and stormwater improvements.
- For business-type activities the investment in construction in progress increased \$8,183.

City of Tampa's Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 188,155	\$ 185,119	\$ 34,264	\$ 33,729	\$ 222,419	\$ 218,848
Buildings and improvements	202,634	202,982	249,623	259,594	452,257	462,576
Improvements other than buildings	84,919	78,922	767,594	751,095	852,513	830,017
Furniture and equipment	53,772	54,642	18,455	18,559	72,227	73,201
Infrastructure	220,701	187,873	-	-	220,701	187,873
Construction in progress	136,096	110,561	97,464	89,281	233,560	199,842
Total	\$ 886,277	\$ 820,099	\$ 1,167,400	\$ 1,152,258	\$ 2,053,677	\$ 1,972,357

Additional information on the City of Tampa's capital assets can be found in note IV.C. on pages 51-53 of this report.

Long-term debt. At the end of the current fiscal year, the City of Tampa had total bonded debt outstanding of \$785,392. Debt incurred under the State of Florida revolving loan program outstanding at the end of the fiscal year amounted to \$52,796. HUD section 108 loans outstanding at the end of the current fiscal year amounted to \$8,370. The full faith and credit of the City of Tampa back none of this outstanding debt, except for \$8,370 of the HUD 108 loans; rather it is secured solely by specified revenue sources (i.e., revenue bonds).

City of Tampa's Outstanding Debt Revenue Bonds, State Loans, Commercial Paper Loans, HUD Section 108 Loans

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue bonds	\$ 401,818	\$ 399,899	\$ 383,574	\$ 402,617	\$ 785,392	\$ 802,516
State of Florida revolving loans	-	-	52,796	57,657	52,796	57,657
Commercial Paper loans	7,600	-	-	-	7,600	-
HUD section 108 loans	8,370	9,850	-	-	8,370	9,850
Total	\$ 417,788	\$ 409,749	\$ 436,370	\$ 460,274	\$ 854,158	\$ 870,023

The City of Tampa's total debt decreased \$15,865 during the current fiscal year due to the scheduled repayment of existing debt offset by the refunding of some governmental fund debt.

The City of Tampa maintains a minimum of an "A" rating from Standard & Poor's, Fitch, and Moody's for revenue bonds. Most revenue

bond issues are rated "AAA" or "Aaa" by these three agencies because all of the issues are fully insured. Water and Wastewater bonds are rated AA, Solid Waste bonds A, and general government revenue bonds A from all three rating agencies. As of the end of the current fiscal year the City has no general obligation debt.

Additional information on the City of Tampa's long-term debt can be found in note IV.F. on pages 55-70 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Tampa area is currently 3.3 percent, which is higher than the rate of 3.1 percent of a year ago, but is lower than the state's average unemployment rate of 4.3 percent and the national average rate of 4.4 percent.
- A 9.9% increase in taxable property valuation is budgeted for 2008.

All of these factors were considered in preparing the City of Tampa's budget for the 2008 fiscal year.

During the current fiscal year, unreserved and undesignated fund balance in the general fund increased to \$57,785. The City of Tampa has appropriated \$16,519 of this amount for spending in 2008 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2008 fiscal year. The property tax millage rate will decrease from 6.408 mills to 5.7326 in 2008.

Requests for Information

This financial report is designed to provide a general overview of the City of Tampa's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the office of the Finance Director, City of Tampa, 306 East Jackson Street, Tampa, Florida, 33602.

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Basic Financial Statements

City of Tampa, Florida
Statement of Net Assets
September 30, 2007 (in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Aquarium	Streetcar
ASSETS					
Cash	\$ 2,222	\$ 135	\$ 2,357	\$ 856	\$ 243
Equity in pooled cash and investments	248,749	101,443	350,192	0	0
Investments	0	0	0	0	3,409
Receivables--net of allowance for uncollectibles	33,513	32,488	66,001	252	0
Internal balances	238	(238)	0	0	0
Inventories	637	2,367	3,004	3	0
Prepaid items	292	38	330	171	102
Deferred charges	2,425	2,730	5,155	0	0
Restricted assets:					
Cash	4,510	0	4,510	252	0
Equity in pooled cash and investments	105,068	122,008	227,076	0	0
Investments	161	14,570	14,731	417	0
Receivables	42	40	82	0	0
Capital assets not being depreciated:					
Land and land rights	188,155	34,264	222,419	0	0
Construction in progress	136,096	97,464	233,560	0	0
Capital assets net of accumulated depreciation:					
Buildings and improvements	202,634	249,623	452,257	0	0
Improvements other than buildings	84,919	767,594	852,513	0	0
Furniture and equipment	53,772	18,455	72,227	678	0
Infrastructure	220,701	0	220,701	0	0
Total assets	<u>1,284,134</u>	<u>1,442,981</u>	<u>2,727,115</u>	<u>2,629</u>	<u>3,754</u>
LIABILITIES					
Accounts payable	8,400	7,836	16,236	1,345	120
Contracts payable - retainage	1,955	327	2,282	0	0
Accrued liabilities	8,538	1,769	10,307	0	0
Unearned revenues	12,267	7	12,274	799	152
Deposits and advances	3,792	1,571	5,363	0	0
Liabilities payable from restricted assets	25,851	37,846	63,697	252	0
Noncurrent liabilities:					
Due within one year	28,216	463	28,679	30	0
Due in more than one year	472,483	419,857	892,340	0	0
Total liabilities	<u>561,502</u>	<u>469,676</u>	<u>1,031,178</u>	<u>2,426</u>	<u>272</u>
NET ASSETS					
Invested in capital assets, net of related debt	544,741	781,822	1,326,563	678	0
Restricted for:					
Debt service	15,131	76,902	92,033	0	0
Capital improvements	33,004	0	33,004	0	0
Landfill postclosure	0	219	219	0	0
Perpetual care, expendable	0	0	0	241	0
Perpetual care, nonexpendable	0	0	0	177	0
Unrestricted	129,756	114,362	244,118	(893)	3,482
Total net assets	<u>\$ 722,632</u>	<u>\$ 973,305</u>	<u>\$ 1,695,937</u>	<u>\$ 203</u>	<u>\$ 3,482</u>

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

City of Tampa, Florida

Statement of Activities

For the fiscal year ended September 30, 2007 (in thousands)

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government					
					Governmental Activities	Business-type Activities	Total	Aquarium	Streetcar	
Primary government activities:										
Governmental activities:										
General government	\$ 71,178	\$ 42,407	\$ 39,186	\$ 0	\$ 10,415	\$ 0	\$ 10,415	\$ 0	\$ 0	\$ 0
Public safety	206,326	20,503	12,037	6,479	(167,307)	0	(167,307)	0	0	0
Public works	50,506	6,256	1,575	41,587	(1,088)	0	(1,088)	0	0	0
Economic environment	22,511	0	14,180	2,702	(5,629)	0	(5,629)	0	0	0
Culture and recreation	62,798	11,315	289	1,208	(49,986)	0	(49,986)	0	0	0
Interest on long-term debt	24,404	0	0	0	(24,404)	0	(24,404)	0	0	0
Total governmental activities	<u>437,723</u>	<u>80,481</u>	<u>67,267</u>	<u>51,976</u>	<u>(237,999)</u>	<u>0</u>	<u>(237,999)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Business-type activities:										
Water Utility	61,128	69,830	382	13,136	0	22,220	22,220	0	0	0
Wastewater Utility	78,125	82,657	198	4,746	0	9,476	9,476	0	0	0
Solid Waste System	63,596	70,743	0	28	0	7,175	7,175	0	0	0
Parking Facilities	14,719	14,682	0	104	0	67	67	0	0	0
Marina	697	758	0	0	0	61	61	0	0	0
Golf Courses	4,945	4,050	0	0	0	(895)	(895)	0	0	0
Total business-type activities	<u>223,210</u>	<u>242,720</u>	<u>580</u>	<u>18,014</u>	<u>0</u>	<u>38,104</u>	<u>38,104</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total primary government	<u>\$ 660,933</u>	<u>\$ 323,201</u>	<u>\$ 67,847</u>	<u>\$ 69,990</u>	<u>(237,999)</u>	<u>38,104</u>	<u>(199,895)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Component units:										
Aquarium	\$ 11,287	\$ 8,667	\$ 2,663	\$ 288	0	0	0	331	0	0
Streetcar	2,813	764	450	0	0	0	0	0	(1,599)	(1,599)
Total component units	<u>\$ 14,100</u>	<u>\$ 9,431</u>	<u>\$ 3,113</u>	<u>\$ 288</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>331</u>	<u>(1,599)</u>	<u>(1,599)</u>
General revenues:										
Property taxes					166,238	0	166,238	0	435	435
Local option resort tax					2,166	0	2,166	0	0	0
Communications services tax					27,590	0	27,590	0	0	0
Sales taxes					45,611	0	45,611	0	0	0
Utility taxes					29,312	0	29,312	0	0	0
Motor fuel taxes					13,008	0	13,008	0	0	0
Unrestricted investment earnings					17,378	12,553	29,931	76	552	552
Gain on disposal of capital assets					1,867	53	1,920	1	0	0
Transfers					17,421	(17,421)	0	0	0	0
Total general revenues and transfers					<u>320,591</u>	<u>(4,815)</u>	<u>315,776</u>	<u>77</u>	<u>987</u>	<u>987</u>
Change in net assets					<u>82,592</u>	<u>33,289</u>	<u>115,881</u>	<u>408</u>	<u>(612)</u>	<u>(612)</u>
Net assets - beginning					<u>640,040</u>	<u>940,016</u>	<u>1,580,056</u>	<u>(205)</u>	<u>4,094</u>	<u>4,094</u>
Net assets - ending					<u>\$ 722,632</u>	<u>\$ 973,305</u>	<u>\$ 1,695,937</u>	<u>\$ 203</u>	<u>\$ 3,482</u>	<u>\$ 3,482</u>

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

City of Tampa, Florida
Balance Sheet--
Governmental Funds
September 30, 2007 (in thousands)

	Major Funds				Total Governmental Funds
	General	Utility Tax Special Revenue	Community Redevelopment Agency	Nonmajor Governmental Funds	
ASSETS					
Cash	\$ 164	\$ 0	\$ 0	\$ 6,568	\$ 6,732
Equity in pooled cash and investments	100,409	35,009	9,940	200,430	345,788
Investments	0	0	0	161	161
Receivables--net of allowance for uncollectibles	8,007	5,045	0	19,782	32,834
Due from other funds	908	0	0	0	908
Inventories	441	0	0	0	441
Prepaid expenditures	292	0	0	0	292
Total assets	<u>\$ 110,221</u>	<u>\$ 40,054</u>	<u>\$ 9,940</u>	<u>\$ 226,941</u>	<u>\$ 387,156</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,960	\$ 85	\$ 153	\$ 4,334	\$ 8,532
Contracts payable--retainage	0	0	59	2,090	2,149
Accrued liabilities	8,364	0	0	403	8,767
Accrued Interest payable	0	0	0	7,548	7,548
Current portion of long-term debt	0	0	0	17,810	17,810
Due to other funds	0	0	0	645	645
Deferred revenues	95	0	0	15,592	15,687
Total liabilities	<u>12,419</u>	<u>85</u>	<u>212</u>	<u>48,422</u>	<u>61,138</u>
Fund balances:					
Reserved for:					
Imprest cash	164	0	0	0	164
Inventories and prepaid expenditures	733	0	0	0	733
Encumbrances	8,015	6,141	2,156	37,778	54,090
Debt service	0	0	0	2,284	2,284
Unreserved reported in:					
General fund:					
Designated for claims and judgments	23,449	0	0	0	23,449
Designated for emergencies	7,656	0	0	0	7,656
Undesignated	57,785	0	0	0	57,785
Special revenue funds:					
Designated for capital outlays	0	33,828	0	0	33,828
Undesignated	0	0	7,572	12,557	20,129
Debt service funds:					
Undesignated	0	0	0	(476)	(476)
Capital projects funds:					
Designated for capital outlays	0	0	0	126,429	126,429
Undesignated	0	0	0	(53)	(53)
Total fund balances	<u>97,802</u>	<u>39,969</u>	<u>9,728</u>	<u>178,519</u>	<u>326,018</u>
Total liabilities and fund balances	<u>\$ 110,221</u>	<u>\$ 40,054</u>	<u>\$ 9,940</u>	<u>\$ 226,941</u>	<u>\$ 387,156</u>

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

City of Tampa, Florida

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets September 30, 2007 (in thousands)

Total fund balances of governmental funds in the balance sheet (page 26)	\$ 326,018
Amounts reported for governmental activities in the statement of net assets (page 24) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	883,839
Non-current receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	3,420
Internal service funds are used by management to charge the costs of fleet maintenance, administrative services, and utility accounting to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	6,029
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(496,674)
	<hr/>
Net assets of governmental activities (page 24)	<u>\$ 722,632</u>

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

City of Tampa, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances-- Governmental Funds

For the fiscal year ended September 30, 2007 (in thousands)

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General	Utility Tax Special Revenue	Community Redevelopment Agency		
REVENUES					
Taxes:					
Property	\$ 166,238	\$ 0	\$ 0	\$ 0	\$ 166,238
Sales	84	0	0	17,232	17,316
Local option resort	1,271	0	0	895	2,166
Motor fuel	0	0	0	11,153	11,153
Utility	0	29,312	0	0	29,312
Communications services	0	27,590	0	0	27,590
Special assessments	0	0	0	6,124	6,124
Intergovernmental:					
Federal	410	0	0	20,842	21,252
State	45,782	0	0	30,750	76,532
Local	5,044	0	25,746	6,610	37,400
Transportation impact fees	0	0	0	8,707	8,707
Licenses and permits	32,909	0	0	10,457	43,366
Charges for services	32,060	0	0	1,597	33,657
Fines and forfeitures	4,166	184	0	0	4,350
Investment earnings	10,906	0	0	6,472	17,378
Contributions and donations	79	55	0	3,629	3,763
Total revenues	<u>298,949</u>	<u>57,141</u>	<u>25,746</u>	<u>124,468</u>	<u>506,304</u>
EXPENDITURES					
Current:					
Public safety	193,745	385	0	1,802	195,932
Culture and recreation	50,703	0	0	460	51,163
Public works	29,100	100	0	10,969	40,169
General government services	46,778	59	0	2,492	49,329
Economic and physical environment	0	0	2,289	20,298	22,587
Debt service:					
Principal	0	0	0	25,514	25,514
Interest	0	2	0	17,400	17,402
Bond issuance costs	0	0	0	1,358	1,358
Capital outlay	11	5,586	3,210	94,558	103,365
Total expenditures	<u>320,337</u>	<u>6,132</u>	<u>5,499</u>	<u>174,851</u>	<u>506,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,388)</u>	<u>51,009</u>	<u>20,247</u>	<u>(50,383)</u>	<u>(515)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	0	0	0	108,820	108,820
Bond issue premium	0	0	0	5,968	5,968
Payment to refunded bond escrow agent	0	0	0	(89,147)	(89,147)
Sale of capital assets	1,296	832	0	3,469	5,597
Transfers in	35,077	206	0	65,774	101,057
Transfers out	(567)	(35,487)	(15,087)	(32,495)	(83,636)
Total other financing sources (uses)	<u>35,806</u>	<u>(34,449)</u>	<u>(15,087)</u>	<u>62,389</u>	<u>48,659</u>
Net change in fund balances	<u>14,418</u>	<u>16,560</u>	<u>5,160</u>	<u>12,006</u>	<u>48,144</u>
Beginning fund balances	<u>83,384</u>	<u>23,409</u>	<u>4,568</u>	<u>166,513</u>	<u>277,874</u>
Ending fund balances	<u>\$ 97,802</u>	<u>\$ 39,969</u>	<u>\$ 9,728</u>	<u>\$ 178,519</u>	<u>\$ 326,018</u>

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

City of Tampa, Florida

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the fiscal year ended September 30, 2007 (in thousands)

Net change in fund balances - total governmental funds (page 28) \$ 48,144

Amounts reported for governmental activities in the statement of activities (page 25) are different because:

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. This is the amount by which capital outlays exceeded depreciation in the current period.	67,910
The net effect of various transactions involving capital assets (i.e., donations, disposals, and sales) is to increase net assets.	(1,881)
Revenues that provide current financial resources are reported in the funds. Revenues relating to prior periods that became available in the current period are not current-period revenues in the statement of activities.	(9,832)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,706
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of 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. This amount is the net effect of these difference's in the treatment of long-term debt and related items.	1,592
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.	(26,689)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>642</u>
Change in net assets of governmental activities (page 25)	<u>\$ 82,592</u>

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

City of Tampa, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual-- General Fund

For the fiscal year ended September 30, 2007 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 164,308	\$ 164,308	\$ 166,238	\$ 1,930
Sales	49	49	84	35
Local option resort	1,271	1,271	1,271	0
Total taxes	<u>165,628</u>	<u>165,628</u>	<u>167,593</u>	<u>1,965</u>
Intergovernmental:				
Federal--public safety	50	50	144	94
Federal--other	0	2	266	264
State--half-cent sales tax	31,696	31,696	29,412	(2,284)
State--revenue sharing	7,747	7,747	8,109	362
State--police and fire pension contribution	0	6,405	6,687	282
State--beverage licenses	305	305	311	6
State--mobile home licenses	172	172	155	(17)
State--other	1,012	1,012	1,108	96
County--ninth-cent gas tax	1,874	1,874	2,019	145
County--occupational licenses	137	137	142	5
County--public safety	1,749	2,008	2,046	38
County--transportation	435	435	437	2
County--human services	154	154	193	39
County--other	18	18	32	14
Local--other	148	148	175	27
Total intergovernmental	<u>45,497</u>	<u>52,163</u>	<u>51,236</u>	<u>(927)</u>
Licenses and permits:				
Franchise fees	25,008	25,008	26,727	1,719
Occupational licenses	(9)	(9)	(31)	(22)
Building fees	6,369	6,640	5,989	(651)
Other	73	73	224	151
Total licenses and permits	<u>31,441</u>	<u>31,712</u>	<u>32,909</u>	<u>1,197</u>
Charges for services:				
Public safety	14,418	16,016	17,207	1,191
Charges to other funds	350	350	189	(161)
Convention center	6,107	7,255	9,863	2,608
Recreation	844	923	1,167	244
Rental of facilities and concessions	424	424	618	194
Insurance	(682)	(632)	1,245	1,877
Other miscellaneous charges	1,313	1,330	1,771	441
Total charges for services	<u>22,774</u>	<u>25,666</u>	<u>32,060</u>	<u>6,394</u>
Fines and forfeitures	3,374	4,169	4,166	(3)
Investment earnings	4,625	4,625	10,906	6,281
Contributions and donations	74	123	79	(44)
Total revenues	<u>273,413</u>	<u>284,086</u>	<u>298,949</u>	<u>14,863</u>

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES				
Public safety:				
Police	121,257	130,000	126,712	3,288
Fire	54,346	58,407	57,782	625
Public lighting	4,027	4,419	4,393	26
Code enforcement	4,897	5,678	4,858	820
Total public safety	184,527	198,504	193,745	4,759
Culture and recreation:				
Parks and recreation	42,794	44,512	40,677	3,835
Convention	8,086	9,283	8,826	457
Culture	1,192	1,258	1,200	58
Total culture and recreation	52,072	55,053	50,703	4,350
Public works	33,996	35,269	29,100	6,169
General government services:				
Human resources	2,639	2,731	2,494	237
Economic development	2,971	3,509	3,179	330
Neighborhood services	2,514	2,816	2,603	213
Technology and innovation	7,505	9,176	7,735	1,441
Revenue and finance	2,482	2,606	2,360	246
Legal	3,421	3,449	3,331	118
Purchasing	524	630	575	55
Internal audit	747	812	742	70
City clerk	1,551	1,771	1,588	183
Mayor	414	423	354	69
City council	603	644	616	28
Other--unclassified	34,236	33,158	21,201	11,957
Total general government services	59,607	61,725	46,778	14,947
Capital outlay	14	14	11	3
Total expenditures	330,216	350,565	320,337	30,228
Excess (deficiency) of revenues over (under) expenditures	(56,803)	(66,479)	(21,388)	45,091
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	494	511	1,296	785
Transfers in:				
Payments in lieu of taxes	14,971	14,971	14,971	0
Utility tax	26,174	26,174	14,174	(12,000)
Solid Waste System	66	66	66	0
Guaranteed entitlement	59	59	218	159
Occupational license	4,085	4,085	4,085	0
Community Redevelopment Agency	0	1,473	1,472	(1)
Other grants	0	49	91	42
Transfers out:				
Stormwater	(2,977)	(2,895)	(442)	2,453
Golf courses	(125)	(125)	(125)	0
Total other financing sources (uses)	42,747	44,368	35,806	(8,562)
Net change in fund balance	(14,056)	(22,111)	14,418	36,529
Beginning fund balance	83,384	83,384	83,384	0
Ending fund balance	\$ 69,328	\$ 61,273	\$ 97,802	\$ 36,529

City of Tampa, Florida

Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual-- Major Special Revenue Funds

For the fiscal year ended September 30, 2007 (in thousands)

	Utility Tax			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes:				
Utility	\$ 30,583	\$ 30,583	\$ 29,312	\$ (1,271)
Communications services	26,982	26,982	27,590	608
Intergovernmental:				
Local government	0	0	0	0
Fines and forfeitures	0	260	184	(76)
Contributions and donations	0	48	55	7
Total revenues	<u>57,565</u>	<u>57,873</u>	<u>57,141</u>	<u>(732)</u>
EXPENDITURES				
Current:				
Public safety	245	931	385	546
Public works	400	400	100	300
General government services	307	171	59	112
Economic and physical environment	0	0	0	0
Debt service:				
Interest	1	1	2	(1)
Capital outlay	6,821	12,082	5,586	6,496
Total expenditures	<u>7,774</u>	<u>13,585</u>	<u>6,132</u>	<u>7,453</u>
Excess of revenues over expenditures	<u>49,791</u>	<u>44,288</u>	<u>51,009</u>	<u>6,721</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	250	250	832	582
Transfers in	110	206	206	0
Transfers out	<u>(48,571)</u>	<u>(48,927)</u>	<u>(35,487)</u>	<u>13,440</u>
Total other financing sources (uses)	<u>(48,211)</u>	<u>(48,471)</u>	<u>(34,449)</u>	<u>14,022</u>
Net change in fund balances	1,580	(4,183)	16,560	20,743
Beginning fund balances	<u>23,409</u>	<u>23,409</u>	<u>23,409</u>	<u>0</u>
Ending fund balances	<u>\$ 24,989</u>	<u>\$ 19,226</u>	<u>\$ 39,969</u>	<u>\$ 20,743</u>

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

Community Redevelopment Agency				Total			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final			Original	Final		
\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,583	\$ 30,583	\$ 29,312	\$ (1,271)
0	0	0	0	26,982	26,982	27,590	608
25,778	25,778	25,746	(32)	25,778	25,778	25,746	(32)
0	0	0	0	0	260	184	(76)
0	0	0	0	0	48	55	7
<u>25,778</u>	<u>25,778</u>	<u>25,746</u>	<u>(32)</u>	<u>83,343</u>	<u>83,651</u>	<u>82,887</u>	<u>(764)</u>
0	0	0	0	245	931	385	546
0	0	0	0	400	400	100	300
0	0	0	0	307	171	59	112
5,835	4,192	2,289	1,903	5,835	4,192	2,289	1,903
0	0	0	0	1	1	2	(1)
6,798	7,863	3,210	4,653	13,619	19,945	8,796	11,149
<u>12,633</u>	<u>12,055</u>	<u>5,499</u>	<u>6,556</u>	<u>20,407</u>	<u>25,640</u>	<u>11,631</u>	<u>14,009</u>
<u>13,145</u>	<u>13,723</u>	<u>20,247</u>	<u>6,524</u>	<u>62,936</u>	<u>58,011</u>	<u>71,256</u>	<u>13,245</u>
0	0	0	0	250	250	832	582
0	0	0	0	110	206	206	0
(14,843)	(15,421)	(15,087)	334	(63,414)	(64,348)	(50,574)	13,774
<u>(14,843)</u>	<u>(15,421)</u>	<u>(15,087)</u>	<u>334</u>	<u>(63,054)</u>	<u>(63,892)</u>	<u>(49,536)</u>	<u>14,356</u>
(1,698)	(1,698)	5,160	6,858	(118)	(5,881)	21,720	27,601
4,568	4,568	4,568	0	27,977	27,977	27,977	0
<u>\$ 2,870</u>	<u>\$ 2,870</u>	<u>\$ 9,728</u>	<u>\$ 6,858</u>	<u>\$ 27,859</u>	<u>\$ 22,096</u>	<u>\$ 49,697</u>	<u>\$ 27,601</u>

City of Tampa, Florida

Statement of Net Assets-- Proprietary Funds

September 30, 2007 (in thousands)

	Business-type Activities - Enterprise Funds										Governmental Activities - Internal Service Funds	
	Major Funds					Nonmajor Enterprise Funds						
	Water Utility	Wastewater Utility	Solid Waste System	Parking Facilities	Total	Water Utility	Wastewater Utility	Solid Waste System	Parking Facilities	Total		
ASSETS												
Current assets:												
Cash	2	1	2	76	54	135						
Equity in pooled cash and investments	54,157	18,515	12,694	15,919	158	101,443						8,029
Receivables--net	11,956	11,744	8,486	300	2	32,488						721
Prepaid items	0	0	0	0	38	38						0
Inventories	1,162	1,126	0	0	79	2,367						196
Restricted cash, cash equivalents, and investments:												
Bond covenant accounts:												
Equity in pooled cash and investments	32,505	63,830	24,071	0	0	120,406						0
Interest receivable	0	0	40	0	0	40						0
Total current assets	99,782	95,216	45,293	16,295	331	256,917						8,946
Noncurrent assets												
Restricted cash, cash equivalents, and investments:												
Bond covenant accounts:												
Investments	0	0	14,570	0	0	14,570						0
Restricted for solid waste facility postclosure:												
Equity in pooled cash and investments	1,383	0	219	0	0	1,602						0
Advances to other funds	0	8,859	0	0	0	8,859						0
Deferred bond issuance costs--net	575	1,028	1,127	0	0	2,730						0
Capital assets:												
Land and land rights	4,207	2,928	585	25,614	930	34,264						1
Buildings and improvements	41,810	55,577	207,546	91,153	4,121	400,207						2,819
Improvements other than buildings	532,042	722,699	2,333	7,792	11,896	1,276,762						1,508
Furniture and equipment	9,498	14,895	20,069	1,591	1,435	47,488						2,823
Construction in progress	51,533	44,402	0	1,529	0	97,464						0
Less accumulated depreciation	(164,416)	(379,992)	(103,212)	(35,198)	(5,967)	(688,785)						(4,713)
Total capital assets (net of accumulated depreciation)	474,674	460,509	127,321	92,481	12,415	1,167,400						2,438
Total noncurrent assets	476,632	470,396	143,237	92,481	12,415	1,195,161						2,438
Total assets	576,414	565,612	188,530	108,776	12,746	1,452,078						11,384

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Major Funds			Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds		
	Water Utility	Wastewater Utility	Solid Waste System			Parking Facilities	Nonmajor Enterprise Funds	
LIABILITIES								
Current liabilities:								
Accounts payable	4,383	538	1,043	526	1,346	7,836	166	
Contracts payable—retainage	24	172	0	131	0	327	1	
Accrued liabilities	461	655	354	308	2	1,780	267	
Unearned revenues	0	0	300	0	7	307	0	
Due to other funds	54	88	45	51	0	238	25	
Customer deposits	474	0	170	336	29	1,009	2,915	
Customer advances	562	0	0	0	0	562	877	
Current portion of long-term debt	0	0	0	0	152	152	0	
Current liabilities payable from restricted assets:								
Accounts payable	0	482	0	0	0	482	0	
Contracts payable—retainage	0	105	0	0	0	105	0	
Accrued interest payable	2,691	3,434	3,775	0	0	9,900	0	
Current portion of long-term debt	3,480	15,351	7,145	0	0	25,976	0	
Total current liabilities	12,129	20,825	12,832	1,352	1,536	48,674	4,251	
Noncurrent liabilities:								
Advances from other funds	8,859	0	0	0	0	8,859	0	
Accrued for landfill postclosure	1,363	0	0	0	0	1,363	0	
Long-term debt payable after one year	106,019	159,056	145,319	0	0	410,394	0	
Long-term compensated absences	2,381	3,356	1,836	779	22	8,374	1,104	
Unearned revenues	0	0	1,089	0	0	1,089	0	
Total noncurrent liabilities	118,642	162,412	148,244	779	22	430,099	1,104	
Total liabilities	130,771	183,237	161,076	2,131	1,558	478,773	5,355	
NET ASSETS								
Invested in capital assets, net of related debt	367,879	318,645	(9,446)	92,481	12,263	781,822	2,438	
Restricted:								
For debt service	27,685	28,881	20,336	0	0	76,902	0	
For landfill postclosure	0	0	219	0	0	219	0	
Unrestricted	50,079	34,849	16,345	14,164	(1,075)	114,362	3,591	
Total net assets	\$ 445,643	\$ 382,375	\$ 27,454	\$ 106,645	\$ 11,188	\$ 973,305	\$ 6,029	

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

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City of Tampa, Florida
Statement of Revenues, Expenses, and
Changes in Fund Net Assets--
Proprietary Funds

For the fiscal year ended September 30, 2007 (in thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities- Internal Service Funds
	Major Funds			Nonmajor Enterprise Funds	Total	Governmental Activities- Internal Service Funds		
	Water Utility	Wastewater Utility	Solid Waste System			Parking Facilities	Total	
Operating revenues:	\$ 69,336	\$ 82,516	\$ 70,741	\$ 14,681	\$ 4,807	\$ 242,081	\$ 23,492	
Charges for sales and services								
Operating expenses:								
Salaries and employee benefits	17,922	25,348	13,321	7,185	2,887	66,663	8,941	
Supplies and materials	10,161	11,109	863	348	1,288	23,769	5,676	
Contract services	10,856	1,495	18,077	1,707	667	32,802	826	
Other services and charges	6,888	12,127	14,648	2,963	65	36,691	7,343	
Depreciation	12,294	22,082	8,887	2,488	735	46,486	362	
Total operating expenses	58,121	72,161	55,796	14,691	5,642	206,411	23,148	
Operating income (loss)	11,215	10,355	14,945	(10)	(835)	35,670	344	
Nonoperating revenues (expenses):								
Investment earnings	5,344	4,663	1,880	660	6	12,553	273	
Gain (loss) on disposal of capital assets	(456)	(102)	53	(27)	0	(532)	16	
Federal government	0	0	0	0	0	0	2	
State government	0	135	0	0	0	135	0	
Local government	372	(43)	(20)	0	0	309	0	
Interest expense	(2,541)	(5,819)	(7,780)	(1)	0	(16,141)	0	
Miscellaneous income	494	141	2	1	1	639	7	
Total nonoperating revenues (expenses)	3,213	(1,025)	(5,865)	633	7	(3,037)	298	
Income (loss) before contributions and transfers	14,428	9,330	9,080	623	(828)	32,633	642	
Capital contributions	13,136	4,809	28	104	0	18,077	0	
Transfers in	0	0	0	0	125	125	0	
Transfers out	(4,300)	(6,112)	(3,825)	(3,061)	(248)	(17,546)	0	
Change in net assets	23,264	8,027	5,283	(2,334)	(951)	33,289	642	
Total net assets - beginning	422,379	374,348	22,171	108,979	12,139	940,016	5,387	
Total net assets - ending	\$ 445,643	\$ 382,375	\$ 27,454	\$ 106,645	\$ 11,188	\$ 973,305	\$ 6,029	

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

City of Tampa, Florida

Statement of Cash Flows-- Proprietary Funds

For the fiscal year ended September 30, 2007 (in thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Funds
	Major Funds				Nonmajor Enterprise Funds	Total		
	Water Utility	Wastewater Utility	Solid Waste System	Parking Facilities				
Cash flows from operating activities:								
Receipts from customers and users	\$ 67,029	\$ 79,693	\$ 68,775	\$ 14,422	\$ 4,806	\$ 234,725	\$ 2,951	
Receipts from interfund services provided	865	1,283	836	239	0	3,223	20,050	
Payments to suppliers	(20,314)	(16,428)	(25,740)	(2,909)	(1,524)	(66,915)	(8,520)	
Payments to employees	(17,929)	(25,262)	(13,114)	(7,217)	(2,888)	(66,410)	(8,855)	
Payments for interfund services used	(6,776)	(6,790)	(7,939)	(2,006)	(22)	(23,533)	(4,998)	
Other receipts	494	141	2	1	1	639	7	
Net cash provided by operating activities	23,369	32,637	22,820	2,530	373	81,729	635	
Cash flows from noncapital financing activities:								
Cash received from other funds	0	0	0	0	125	125	0	
Cash paid to other funds	(4,300)	(6,112)	(3,825)	(3,061)	(248)	(17,546)	0	
Nonoperating grants received	382	135	0	0	0	517	2	
Nonoperating grants paid out	(10)	(43)	(20)	0	0	(73)	0	
Net cash provided (used) by noncapital financing activities	(3,928)	(6,020)	(3,845)	(3,061)	(123)	(16,977)	2	
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	(26,513)	(20,761)	(2,412)	(2,182)	(213)	(52,081)	(513)	
Interest payments on capital debt	(5,462)	(7,842)	(7,695)	(1)	0	(21,000)	0	
Contributions:								
Subdividers and other governments	8,744	4,509	0	72	0	13,325	0	
Proceeds from sale of capital assets	89	118	83	13	0	303	19	
Principal paid on capital debt	(3,342)	(14,134)	(6,860)	0	(44)	(24,380)	0	
Net cash used by capital and related financing activities	(26,484)	(38,110)	(16,884)	(2,098)	(257)	(83,833)	(494)	

City of Tampa, Florida

Statement of Fiduciary Net Assets--

Fiduciary Funds

September 30, 2007 (in thousands)

	Pension Trust Funds	Agency Funds
ASSETS		
Cash	\$ 5,042	\$ 177
Equity in pooled cash and investments	0	34,217
Investments, at fair value:		
Debt and other interest bearing investments	498,304	0
Equity securities	1,792,347	0
Real estate investments	33,140	0
Total cash and investments	<u>2,328,833</u>	<u>34,394</u>
Accounts receivable	3,350	0
Interest and dividends receivable	5,369	0
Notes receivable-- net of allowance for uncollectibles	0	12,011
Capital assets:		
Land	99	0
Buildings and improvements	880	0
Less accumulated depreciation	<u>(336)</u>	<u>0</u>
Total capital assets (net of accumulated depreciation)	<u>643</u>	<u>0</u>
Total assets	<u>2,338,195</u>	<u>46,405</u>
LIABILITIES		
Accounts payable	3,748	178
Deposits held in custody for others	0	46,227
Accrued liabilities	112	0
Long-term compensated absences	0	0
Total liabilities	<u>3,860</u>	<u>46,405</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 2,334,335</u>	<u>\$ 0</u>

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

City of Tampa, Florida

Statement of Changes in Fiduciary Net Assets-- Pension Trust Funds

For the fiscal year ended September 30, 2007 (in thousands)

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 17,687
Employees	2,764
State of Florida direct contributions	6,687
Total contributions	<u>27,138</u>
Investment earnings:	
Interest and dividends	52,701
Net increase in the fair value of investments	368,180
Total investment earnings	<u>420,881</u>
Less investment expense	5,980
Net investment earnings	<u>414,901</u>
Total additions	<u>442,039</u>
DEDUCTIONS	
Pension benefits	92,508
Withdrawal payments	194
Administrative expenses	1,172
Total deductions	<u>93,874</u>
Change in net assets	348,165
Net assets - beginning	<u>1,986,170</u>
Net assets - ending	<u>\$ 2,334,335</u>

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

City of Tampa, Florida

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2007

I. Summary of significant accounting policies

The accounting policies of the City of Tampa (the City) 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. 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 wastewater 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* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Blended component units although legally separate entities are, in substance, part of the city's operations. The discretely presented component units are reported in separate columns in the government-wide financial statements (see notes below for descriptions) to emphasize that they are 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. In accordance with Florida statute 163.387 the amount and source of revenues into and the amount and purpose of expenditures from the CRA fund, including the amount of debt principal and interest paid during the current year, as well as the remaining amount of indebtedness to which revenues of the fund are pledged, are detailed in the supplemental schedule presented on page 108. The CRA is reported as a major special revenue fund.

Discretely presented component unit. The Florida Aquarium, Inc. (Aquarium) was created as a non-profit corporation and is exempt from income taxes under the provisions of Internal Revenue Code Section 501(a) as an organization described in 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.

Discretely presented component unit. The Tampa Historic Streetcar, Inc. (Streetcar) was created as a non-profit organization and is exempt from income taxes under the provisions of Internal Revenue Service Section 501(a) as an organization described in section 501(c)(3). In 1998 an interlocal agreement was enacted between the Hillsborough Transit Authority (HARTline) and the city, authorized by City of Tampa ordinance numbers 97-1595 and 98-573, specifying terms for the funding, construction, and management of a historic streetcar system. In 2001 an operator's agreement authorized by City of Tampa ordinance number 2001-045 was made between the city, HARTline, and the Streetcar. According to the terms of these agreements, the city appoints a voting majority of the board members of the Streetcar, must approve the annual budget, and is responsible for any operating deficit of the Streetcar.

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.

B. 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 units* 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 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.

C. 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 have been met. The fiduciary fund statements for the agency funds do not report revenues and expenses and therefore do not have a measurement focus. The agency funds use the full accrual basis of accounting to recognize receivables and payables.

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 generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are an exception, as they are considered available when eligible expenditures have occurred even though they may be collected for up to one year after the current fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when the liability has matured, with the exception of interest and principal which are recognized as expenditures when funds are transferred to the debt service fund to make payments due shortly after the fiscal year end.

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 be 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 *community redevelopment agency (CRA) fund* accounts for the proceeds of property taxes associated with increases of property values (tax increment revenues) in designated "blighted" areas. Monies are controlled by the CRA; a special unit of government established through state law specifically to manage the use of said monies.

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 also paid from this fund.

The *wastewater utility fund* accounts for the activities of the city's wastewater collection and treatment system. The city operates a wastewater 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.

Additionally, the city reports the following fund types:

Internal service funds account for fleet maintenance 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 various deposits for which the city is the agent or custodian, some of which 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, wastewater, solid waste, parking, and general funds, 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non operating 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 wastewater utility funds, the solid waste system fund, the parking facilities fund, the golf courses fund, the marina fund, and all of the city's internal service funds are charges to customers for sales and services. The water and wastewater 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 (including administrative overhead), and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

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

D.Assets, liabilities, and net assets or equity

1. Deposits and investments

The city's cash and cash equivalents include 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. All investments are reported at fair value. For the purpose of the statement of cash flows, the city considers cash equivalents to be highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased.

Interest earned from investments purchased with pooled cash is allocated to each participating fund based on the fund's 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 amount in the enterprise funds is based on historical experience. 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 than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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 as 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 proprietary funds statement of net assets, bond issuance proceeds as well as other assets set aside for their repayment are classified 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 classified 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 and in the proprietary and fiduciary fund financial statements. Capital assets are defined by the city as assets with an initial individual cost of more than \$1,000 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 \$39,173,000. Of this amount, \$5,630,000 was included as part of the cost of capital assets under construction in connection with construction projects in proprietary funds.

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

Infrastructure	40	Years	Office Equipment	5-10	Years
Buildings and improvements	40	Years	Computer Equipment	5	Years
Improvements other than buildings	40	Years	Other Equipment	5-10	Years
Vehicles	5-8	Years			

6. *Compensated absences*

Vacation pay is accrued when earned in the government-wide financial statements and proprietary fund financial statements and when they have matured in the governmental fund financial statements. The portion of sick leave that is payable at retirement is accrued when vested in the government-wide and proprietary fund financial statements and when matured in the governmental fund financial

statements. City employees generally earn vacation leave and sick leave at the rate of 1.9 hours 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. Fifty percent 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 years old 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are 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 straight line method, over the lives of the related issues.

In proprietary funds, bond discounts and gains or losses on bond refundings are deferred and amortized, using the straight line method, over the shorter of the life of the new debt or the old debt of the related issues, which approximates the interest method. 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 \$496,674 difference are as follows (in thousands):

Bonds Payable	\$446,840
Less: Issuance discount (to be amortized as interest expense)	(48,612)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(2,425)
Less: Deferred charge on refunding (to be amortized as interest expense)	(6,420)
HUD section 108 loan	8,170
Compensated absences	45,905
Claims and judgments	50,974
Capital leases	<u>2,242</u>
Net adjustments to reduce <i>fund balance – total governmental funds</i> <i>to arrive at net assets-governmental activities</i>	<u>\$496,674</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 \$67,910 difference are as follows (in thousands):

Capital Outlay	\$ 103,365
Depreciation expense	<u>(35,455)</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>\$ 67,910</u>

Another element of that reconciliation states that “The net effect of various transactions involving capital assets (i.e., donations, disposals, and sales) is to increase net assets.” The details of this (\$1,881) 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.	\$ (3,730)
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>1,849</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 funds</i> .	<u>\$ (1,881)</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 \$1,592 difference are as follows (in thousands):

Debt issued or incurred:	
Issuance of Utilities Tax Refunding Bonds, Series 2006	\$ 38,300
Issuance of Occupational License Tax Refunding Bonds, Series 2007	45,725
Issuance of Sales Tax Bonds, Series 2007	17,195
Issuance of commercial paper	7,600
Plus premium	5,969
Less issuance costs	(1,359)
Principal repayments:	
Revenue bonds	(25,420)
Capital leases	(455)
Payment to escrow agent for defeasance	<u>(89,147)</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>\$ 1,592</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 \$(26,689) difference are as follows (in thousands):

Claims and judgments	\$ (17,281)
Compensated absences	(2,406)
Amortization of deferred charge on refunding	(476)
Amortization of issuance costs	(172)
Amortization of bond discount and premium	<u>(6,354)</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>\$ (26,689)</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, and State Housing Initiatives Program 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 August 15 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 \$16,519,000 were necessary for the general fund and annually budgeted special revenue funds.

Changes in the budget that exceed revenue and reserve 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. Deficit fund equity

The utility accounting internal service fund has a net deficit of \$380,000 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 \$476,000 that will be reduced through future loan repayments. The utility tax bond capital projects fund has a deficit of \$53,000 which will be remedied by increased future transfers from support funds.

C. 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 levied at the government-wide level and if it is received from the Tax Collector within 60 days of year end at the governmental fund level.

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.

D. Connection Fees and Impact Fees

Water and wastewater 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 capital contribution revenue in the period received in the appropriate enterprise fund.

IV. Detailed notes on all funds

A. Deposits and investments

As of September 30, 2007, the city (excluding the pension funds) had the following investments (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$ 401,240	1.18
U.S. agencies	<u>130,227</u>	1.15
Total fair value	531,467	
Portfolio weighted average maturity		1.17

Investments not subject to investment risk

Cash and cash equivalents	<u>101,793</u>
Total cash and investments	<u>\$ 633,260</u>

Statement of Net Assets

Cash	6,867
Equity in pooled cash and investments	577,268
Investments	14,731

Statement of Fiduciary Net Assets – Agency Funds

Cash	177
Equity in pooled cash and investments	<u>34,217</u>
Total cash and investments	<u>\$ 633,260</u>

Interest Rate Risk. The city's investment policy limits investment maturities to a maximum of five years with no limits on amounts with respect to maturity. The weighted average maturity of the city's investment portfolio at year end was 1.17 years. As a result the city is exposed to risk of fair value losses arising from increasing interest rates.

Credit Risk. The city's investment policy limits investments to United States agencies or United States Treasury securities. The investments in bonds of U.S. agencies were rated Aaa by Moody's Investor's Service.

Concentration of Credit Risk. The city's investment policy limits the amount that is permitted in a single institution to 20 percent of the total portfolio. More than 5 percent of the city's investments are in Federal Home Loan Bank bonds, securities of the Federal Home Loan Mortgage Corporation, and the Federal National Mortgage Association. These investments are 13.2 percent, 5.1 percent, and 6.2 percent, respectively.

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the city's deposits will not be returned to it. The city's investment policy requires that time deposit investments be made only with banking institutions that are members of the State of Florida collateral pool. Florida statutes authorize, and the state administers, a collateral pool that ensures no loss of public funds.

As of September 30, 2007, the Firefighters and Police Officers Pension Fund and the General Employees Retirement Fund had the following investments (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasuries	\$ 35,267	3.27
U.S. Agencies	80,982	13.86
Corporate bonds	169,740	6.12
Commercial paper	95,438	0.06
Money market funds	23,118	0.05
Bond index mutual fund	61,161	4.70
Foreign notes	<u>3,055</u>	0.07
Total fair value	468,761	
Portfolio weighted average maturity		5.49

<u>Investments not subject to investment risk</u>	
Cash and cash equivalents	5,043
Equity securities	1,792,347
Less: foreign notes	(3,055)
Convertible preferred equities	32,597
Real estate limited partnerships	<u>33,140</u>
Total cash and investments	<u>\$2,328,833</u>

<u>Statement of Fiduciary Net Assets</u>	
<u>Pension Trust Funds</u>	
Total cash and investments	<u>\$2,328,833</u>

Interest Rate Risk. The investment policies for the pension funds do not place limits on investment maturities. The weighted average maturity of the pension funds' investments was 5.49 years at year end. As a result the pension funds are exposed to the risk of fair value losses arising from increasing interest rates.

Credit Risk. The investment policies of the pension funds limit investments to the top four ratings of a nationally recognized rating agency. Moody's Investor's Service rated the pension funds' investments as follows: U.S. agencies were rated Aaa; corporate bonds were rated between Aaa and B (7% Aaa, 44% Aa, 26% A, 19% Baa, 3% Ba, 1% B); Commercial paper was rated P1; the money market funds were rated A; the bond index mutual fund was rated Aa.

Concentration of credit risk. The investment policy of the General Employees Retirement Fund limits investment in any one issuer to 5 percent of the total portfolio. No limit is specified for the Firefighters and Police Officers Pension Fund. Neither fund had investments in a single issuer that exceeded 5 percent of the total portfolio.

Foreign Currency Risk. The Firefighters and Police Officers Pension Fund's exposure to foreign currency risk was as follows (in thousands):

<u>Investment</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
Canadian Nat Res Ltd Com CN\$	Canadian dollar	Not applicable	\$19,950
British Columbia government bond	Canadian dollar	6/09/08	3,055
			<u>\$23,005</u>

The Firefighters and Police Officers Pension Fund's investment policy permits investments of up to 10 percent of the total portfolio in foreign currency-denominated investments. The fund's current position is 1.4 percent. The foreign currency-denominated bonds were rated Aaa by Moody's Investor's Service.

B. Receivables

Receivables as of year-end for the city's individual major funds, nonmajor funds, and internal service 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	\$ -	\$ 2,621	\$ 4,749	\$ 691	\$ 8,061	\$ (54)	\$ 8,007
Utility Tax	-	5,045	-	-	5,045	-	5,045
Nonmajor Funds	-	2,078	-	17,704	19,782	-	19,782
Internal Service Funds	-	-	711	10	721	-	721
Total governmental activities	-	9,744	5,460	18,405	33,609	(54)	33,555
Business-type activities:							
Major Funds:							
Water Utility	-	-	8,907	3,105	12,012	(56)	11,956
Wastewater Utility	-	-	11,800	-	11,800	(56)	11,744
Solid Waste System	40	-	8,533	-	8,573	(47)	8,526
Parking Facilities	-	-	300	-	300	-	300
Nonmajor funds	-	-	2	-	2	-	2
Total business-type activities	40	-	29,542	3,105	32,687	(159)	32,528
Total	\$ 40	\$ 9,744	\$ 35,002	\$ 21,510	\$ 66,296	\$ (213)	\$ 66,083

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

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. During 2004 the borrower on the Ybor City project defaulted on its loan of \$9,070,000. The borrower was unable to pay \$960,000 due in 2007; however the city did pay HUD the required payment. Although the city has written off the loan; city staff does maintain contact with the borrower in order to receive payment.

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)	\$ -	\$ 95
2007 occupational license tax receipts (special revenue fund)	-	8,256
Grant revenues received prior to meeting grant requirements (special revenue fund)	-	3,916
Noncurrent intergovernmental receivables (Gas tax capital projects fund)	3,420	-
	<u>\$ 3,420</u>	<u>\$ 12,267</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2007 was as follows (in thousands):

	<u>Beginning</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u>
	Balance						Balance
Governmental activities:							
Capital assets not being depreciated:							
Land	\$ 185,119	\$	3,770	\$	(734)	\$	188,155
Construction in progress	<u>110,561</u>		<u>89,571</u>		<u>(64,036)</u>		<u>136,096</u>
Total capital assets not being depreciated	<u>295,680</u>		<u>93,341</u>		<u>(64,770)</u>		<u>324,251</u>
Capital assets being depreciated:							
Buildings and improvements	351,349		10,812		(400)		361,761
Improvements other than buildings	124,414		10,615		(24)		135,005
Furniture and equipment	141,304		13,198		(10,272)		144,230
Infrastructure	<u>288,280</u>		<u>39,979</u>		<u>(157)</u>		<u>328,102</u>
Total assets being depreciated	<u>905,347</u>		<u>74,604</u>		<u>(10,853)</u>		<u>969,098</u>
Less accumulated depreciation for:							
Buildings and improvements	(148,367)		(10,808)		48		(159,127)
Improvements other than buildings	(45,492)		(4,597)		3		(50,086)
Furniture and equipment	(86,662)		(13,413)		9,617		(90,458)
Infrastructure	<u>(100,407)</u>		<u>(6,999)</u>		<u>5</u>		<u>(107,401)</u>
Total accumulated depreciation	<u>(380,928)</u>		<u>(35,817)</u>		<u>9,673</u>		<u>(407,072)</u>
Total capital assets, being depreciated, net	<u>524,419</u>		<u>38,787</u>		<u>(1,180)</u>		<u>562,026</u>
Governmental activities capital assets, net	<u>\$ 820,099</u>	\$	<u>132,128</u>	\$	<u>(65,950)</u>	\$	<u>886,277</u>

Business-type activities:

Capital assets not being depreciated:

Land	\$ 33,729	\$ 696	\$ (161)	\$ 34,264
Construction in progress	89,281	53,197	(45,014)	97,464
Total capital assets not being depreciated	<u>123,010</u>	<u>53,893</u>	<u>(45,175)</u>	<u>131,728</u>

Capital assets being depreciated:

Buildings	398,428	1,779	-	400,207
Improvements other than buildings	1,230,370	46,391	-	1,276,761
Furniture and equipment	46,119	4,922	(3,554)	47,487
Total capital assets being depreciated	<u>1,674,917</u>	<u>53,092</u>	<u>(3,554)</u>	<u>1,724,455</u>

Less accumulated depreciation for:

Buildings	(138,834)	(11,750)	-	(150,584)
Improvements other than buildings	(479,275)	(29,892)	-	(509,167)
Furniture and equipment	(27,560)	(4,844)	3,372	(29,032)
Total accumulated depreciation	<u>(645,669)</u>	<u>(46,486)</u>	<u>3,372</u>	<u>(688,783)</u>

Total capital assets, being depreciated, net	<u>1,029,248</u>	<u>6,606</u>	<u>(182)</u>	<u>1,035,672</u>
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Business-type activities capital assets, net	<u>\$ 1,152,258</u>	<u>\$ 60,499</u>	<u>\$ (45,357)</u>	<u>\$ 1,167,400</u>
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Depreciation expense was charged to functions / programs of the primary government as follows (in thousands):

Governmental activities:

General government	\$ 5,085
Public safety	8,894
Culture and recreation	11,356
Public works	10,120
Capital assets held in the city's internal service funds are charged to general government	362
Total depreciation expense - governmental activities	<u>\$ 35,817</u>

Business-type activities:

Water Utility	\$ 12,294
Wastewater Utility	22,082
Solid Waste System	8,887
Parking Facilities	2,488
Marina	160
Golf Courses	575
Total depreciation expense - business-type activities	<u>\$ 46,486</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 \$31,958,000. 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 which are reported on the statement of net assets in the column for governmental activities at a value of \$36,562,000.

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 \$55,992,000.

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>Encumbrances</u>	<u>Remaining Commitment</u>
Special revenue funds:	
Community Development Block Grant	\$ 1,878
Other Grants	5,463
Proprietary funds:	
Water Utility	12,482
Sewer Utility	9,965
Solid Waste System	5,205
Parking Facilities	1,468
Marina	19
Internal Service Funds:	
Fleet Maintenance	424
Administrative Services	5
Utility Accounting	401
Total	<u>\$ 37,310</u>

D. Interfund receivables, payables, and transfers

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

The composition of interfund balances as of September 30, 2007, was as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds:	
	Cable Communications	\$3
	Stormwater	18
	Community Development Block Grant	8
	Other Grants	432
	HUD section 108 debt service	184
	Enterprise Funds:	
	Water Utility	54
	Wastewater Utility	88
	Solid Waste System	45
	Parking Facilities	51
	Internal service funds	<u>25</u>
		<u>\$908</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>
Wastewater 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, occupational licenses 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 for 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 transfers from the other grants non major governmental fund to the general fund were 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 the general fund to the stormwater and golf course funds was to reimburse expenditures of those funds.

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

Transfer out:	Transfer In:				Total
	General	Utility Tax	Nonmajor	Nonmajor	
	Fund	Special Revenue Fund	Governmental Funds	Enterprise Funds	
General fund	\$ -	\$ -	\$ 442	\$ 125	\$ 567
Utility Tax special revenue fund	14,174	-	21,313	-	35,487
CRA special revenue fund	1,472	96	13,519	-	15,087
Nonmajor governmental funds	4,393	-	28,102	-	32,495
Parking Facilities enterprise fund	801	110	2,150	-	3,061
Wastewater Utility enterprise fund	6,112	-	-	-	6,112
Water Utility enterprise fund	4,300	-	-	-	4,300
Solid Waste Utility enterprise fund	3,825	-	-	-	3,825
Nonmajor enterprise funds	-	-	248	-	248
	<u>\$ 35,077</u>	<u>\$ 206</u>	<u>\$ 65,774</u>	<u>\$ 125</u>	<u>\$ 101,182</u>

E. Leases

The city leases building and office facilities under non cancelable operating leases. Total costs for such leases were \$2,132,000 for the year ended September 30, 2007. The future minimum lease payments for these leases are as follows (in thousands):

<u>Year Ending September 30</u>	<u>Amount</u>
2008	\$2,016
2009	2,008
2010	2,053
2011	2,113
2012	2,172
Thereafter	<u>14,750</u>
Total	<u>\$25,112</u>

The city has entered into lease agreements as lessee for financing the 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).

Capital leases	City	TSA
	Governmental Activities	Business-type Activities
Asset:		
Buildings	\$ 2,452	\$ -
Machinery and equipment	1,033	291
Less: Accumulated depreciation	(680)	(97)
Total	<u>\$ 2,805</u>	<u>\$ 194</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2007, were as follows (in thousands):

<u>Year Ending Sept. 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2008	\$ 594	\$ 241
2009	215	-
2010	215	-
2011	215	-
2012	215	-
2013 - 2017	1,077	-
2018 - 2022	1,078	-
2023	-	-
Total minimum lease payments	<u>3,609</u>	<u>241</u>
Less: Amount representing interest	<u>(1,367)</u>	<u>(89)</u>
Present value of minimum lease payments	<u>\$ 2,242</u>	<u>\$ 152</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 believes it is in compliance with all bond covenants.

The original amount of outstanding revenue bonds issued in prior years totaled \$1,045,720,000. During 2007, the city sold three new issues totaling \$101,220,000 as described below:

New debt issue

On November 17, 2006, the city issued \$38,300,000 of Utilities Tax Refunding Revenue Bonds, Series 2006. The net proceeds along with \$384,000 of other available monies were used to advance refund certain outstanding 1998, 1999A, and 2000A utilities tax bonds. This transaction resulted in debt service payments over the next thirteen years being reduced by \$2,193,000 and a net present value savings of \$1,497,000.

On December 20, 2006 the city issued \$17,195,000 of Sales Tax Revenue Bonds, Series 2006. The net proceeds of \$17,002,000 (after payment of \$295,000 for cost of issuance, insurance, and underwriters discount and receipt of \$102,000 for bond premium) were placed into a separate interest bearing account. The net proceeds will be used for specified capital improvements.

On March 21, 2007 the city issued \$45,725,000 of Occupational License Tax Refunding Bonds, Series 2007. The net proceeds \$48,600,000 (after payment of \$608,000 for cost of issuance, insurance, and underwriter's discount and receipt of \$3,483,000 for bond premium) were used to redeem the series 2002B and 2002C bonds outstanding in the amount of \$48,600,000. This transaction resulted in debt service payments over the next twenty-one years being reduced by \$5,359,000 and a net present value savings of \$3,431,000.

During 2007 the city entered into an agreement to issue commercial paper through the Florida Association of Counties - Florida Local Government Finance Commission Pooled Commercial Paper Loan Program. The program is a pool arrangement available to Florida government entities in order to take advantage of economies of scale to reduce the costs associated with normal commercial paper issuances. The interest rate is variable based on the overall rate of the pool and payable monthly. During 2007 \$7,600,000 of issuances occurred under this program. Of the proceeds, \$6,000,000 will be used for transportation projects and \$1,600,000 will be used for stormwater projects.

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

The 2001 Guaranteed Entitlement Refunding Revenue Bonds are collateralized and payable from guaranteed entitlement revenues received from the State of Florida and initially deposited into the guaranteed entitlement special revenue fund and by interest earned on required reserve and debt service deposits.

The 1991, 2001, and 2000B 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 2002A and 2006 Utilities Tax Refunding Revenue Bonds, the 1996, 1997, 1998, 1999A, and 2000A Utilities Tax Improvement Bonds, and the 2003A Taxable Utilities Tax Refunding Revenue 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 1998B, 2001A, 2001B, 2002, 2002B, 2003A, 2005, and 2006 Water and Sewer Systems Revenue Bonds and Refunding Revenue Bonds are collateralized by and payable from the individual and combined net revenues of the water utility and wastewater 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 1995 Tampa Sports Authority Special Purpose and Taxable Special Purpose Bonds are collateralized by the city's non-advalorem tax revenues which are deposited in various funds.

The 2002A and 2007 Occupational License Tax Refunding Bonds are collateralized by and payable from the collection of occupational license taxes and non-advalorem revenues which are deposited in the occupational license tax fund and general fund respectively.

The 1999A Solid Waste System 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 and 2006 Sales Tax Revenue Bonds are collateralized by and payable from sales taxes collected by the state and remitted to the city for deposit in the community investment tax capital projects fund and any interest earned on required debt service and reserve deposits.

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 1995 Tampa Sports Authority Special Purpose Bonds and 1995 Tampa Sports Authority Taxable Special Purpose Bonds are not subject to optional redemption.

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 1998B Water and Sewer Systems Revenue Bonds are not subject to optional redemption.

The 1999A 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.

The 1999A Solid Waste System Refunding Revenue Bonds are not subject to optional redemption. The 1999B Solid Waste System Revenue Bonds are subject to optional redemption, at the option of the city, 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 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 2002 Water and Sewer Systems 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.

The 2003A Taxable Utilities Tax Refunding Revenue Bonds are not subject to optional redemption.

The 2003A Water and Sewer Systems Refunding Revenue Bonds are not subject to optional or mandatory redemption prior to their stated maturities.

The 2005 Water and Sewer Systems Refunding Revenue Bonds are subject to redemption, at the option of the city, on or after October 1, 2015 at par value.

The 2006 Water and Sewer Systems Revenue Bonds are subject to redemption, at the option of the city, on or after October 1, 2016 at par value.

The 2006 Utilities Tax Refunding Revenue Bonds are subject to redemption at the option of the city on or after October 1, 2016 at par value.

The 2006 Sales Tax Revenue Bonds are subject to redemption at the option of the city on or after October 1, 2016 at par value.

The 2007 Occupational License Tax Refunding Bonds are subject to redemption at the option of the city on or after October 1, 2017 at par value.

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

Purpose:	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities capital improvements:		
1995 Tampa Sports Authority Special Purpose Bonds	5.4%-6.1%	\$ 8,325
1995 Tampa Sports Authority Taxable Special Purpose Bonds	7.67%-8.02%	2,415
1996 Utilities Tax Improvement Bonds	6.15%-6.22%	95,200
1997 Utilities Tax Improvement Bonds	4.2%-5.20%	30,730
1998 Utilities Tax Improvement Bonds	4.10%-5.09%	1,530
1999A Utilities Tax Improvement Bonds	4.375%-5.00%	5,630
2000A Utilities Tax Improvement Bonds	4.875%-5.40%	915
2001A Sales Tax Revenue Bonds	3.50% - 5.50%	48,775
2006 Sales Tax Revenue Bonds	4.0%-4.125%	17,195
Governmental activities - refunding:		
1991 Utilities Tax and Special Revenue Refunding Bonds	6.75%	29,930
2001 Utilities Tax and Special Revenue Refunding Bonds	6.00%	24,935
2001B Utilities Tax and Special Revenue Refunding Bonds	5.00%-5.75%	36,710
2001 Guaranteed Entitlement Refunding Revenue Bonds	6.00%	10,680
2002A Utilities Tax and Special Revenue Refunding Bonds	2.8% - 5.25%	14,515
2002A Occupational License Tax Refunding Bonds	3.5% - 5.375%	44,115
2003A Taxable Utilities Tax Refunding Revenue Bonds	2.733%	1,225
2006 Utilities Tax Refunding Revenue Bonds	3.75%-5.0%	38,300
2007 Occupational License Tax Refunding Bonds	5.000%	<u>45,725</u>
Total governmental activities		<u>456,850</u>
Business-type activities - capital improvements:		
Water Utility Fund:		
2001B Water and Sewer Systems Revenue Bonds	4.0%-5.0%	12,410
Business-type activities - refunding:		
Water Utility Fund:		
1998B Water and Sewer Systems Refunding Revenue Bonds	4.25%	1,981
2001A Water and Sewer Systems Refunding Revenue Bonds	4.00%-5.25%	65,400
2002 Water and Sewer Systems Refunding Revenue Bonds	5.50% - 6.00%	6,275
2003A Water and Sewer Systems Refunding Revenue Bonds	3.00% - 5.00%	3,649
2005 Water and Sewer Systems Refunding Revenue Bonds	5.00%	11,380
Wasterwater utility Fund:		
1998B Water and Sewer Systems Refunding Revenue Bonds	4.25%	3,000
2002B Water and Sewer Systems Revenue Bonds	4.125% - 5.00%	14,825
2002 Water and Sewer Systems Refunding Revenue Bonds	5.50% - 6.00%	23,450
2003A Water and Sewer Systems Refunding Revenue Bonds	3.00% - 5.00%	14,530
2005 Water and Sewer Systems Refunding Revenue Bonds	5.00%	42,530
2006 Water and Sewer Systems Revenue Bonds	4.00%-5.00%	36,275
Solid Waste System Fund:		
1999A Solid Waste System Refunding Revenue Bonds	4.3% - 4.55%	28,045
1999B Solid Waste System Refunding Revenue Bonds	4.50%-5.25%	<u>124,205</u>
Total business-type activities		<u>387,955</u>
Total revenue bonds		<u>\$ 844,805</u>

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

Governmental Activities:

Year Ending September 30	Utilities Tax and Special Revenue Refunding Bonds, Series 1991		Less: Invested Sinking Fund
	Principal	Interest	Income
2008	\$ -	\$ 2,020	\$ (427)
2009	-	2,020	-
2010	-	2,020	-
2011	9,330	1,706	-
2012	9,965	1,054	-
2013 - 2017	10,635	359	-
Total	\$ 29,930	\$ 9,179	\$ (427)

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
2008	\$ 120	\$ 505	\$ 30	\$ 193
2009	255	491	60	189
2010	265	477	60	185
2011	285	461	70	180
2012	300	444	75	174
2013 - 2017	1,790	1,925	465	772
2018 - 2022	2,420	1,304	700	546
2023 - 2027	2,890	454	955	202
Total	\$ 8,325	\$ 6,061	\$ 2,415	\$ 2,441

Year Ending September 30	Utilities Tax Improvement Bonds, Series 1996		Utilities Tax Improvement Bonds, Series 1997	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ -	\$ 190	\$ 357
2009	-	-	235	348
2010	-	-	230	338
2011	-	-	240	326
2012	-	-	3,000	241
2013 - 2017	20,400	-	3,250	82
2018 - 2022	68,000	-	-	-
2023 - 2027	6,800	-	-	-
Total	\$ 95,200	\$ -	\$ 7,145	\$ 1,692

Year Ending September 30	Utilities Tax Improvement Bonds, Series 1997		Utilities Tax Improvement Bonds, Series 1998	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ -	\$ 795	\$ 48
2009	-	-	460	22
2010	-	-	155	9
2011	-	-	120	2
2012	-	-	-	-
2013 - 2017	13,580	-	-	-
2018 - 2022	10,005	-	-	-
Total	\$ 23,585	\$ -	\$ 1,530	\$ 81

Year Ending September 30	Utilities Tax Improvement Bonds, Series 1999A		Utilities Tax Improvement Bonds, Series 2000A	
	Principal	Interest	Principal	Interest
2008	\$ 1,140	\$ 238	\$ 165	\$ 42
2009	1,185	187	410	27
2010	1,245	129	340	8
2011	2,060	49	-	-
Total	<u>\$ 5,630</u>	<u>\$ 603</u>	<u>\$ 915</u>	<u>\$ 77</u>

Year Ending September 30	Utilities Tax and Special Revenue Refunding Bonds, Series 2001		Guaranteed Entitlement Refunding Revenue Bonds, Series 2001	
	Principal	Interest	Principal	Interest
2008	\$ 7,835	\$ 1,261	\$ 4,190	\$ 515
2009	8,300	777	4,430	257
2010	8,800	264	160	119
2011	-	-	165	109
2012	-	-	180	99
2013 - 2017	-	-	1,040	317
2018 - 2022	-	-	515	31
Total	<u>\$ 24,935</u>	<u>\$ 2,302</u>	<u>\$ 10,680</u>	<u>\$ 1,447</u>

Year Ending September 30	Sales Tax Revenue Bonds, Series 2001A		Utilities Tax and Special Revenue Refunding Bonds, Series 2001B	
	Principal	Interest	Principal	Interest
2008	\$ 1,485	\$ 2,448	\$ 60	\$ 2,106
2009	1,540	2,394	60	2,103
2010	1,595	2,323	65	2,100
2011	1,680	2,233	70	2,097
2012	1,775	2,142	70	2,093
2013 - 2017	10,260	9,279	36,385	5,300
2018 - 2022	13,295	6,148	-	-
2023 - 2027	17,145	2,226	-	-
Total	<u>\$ 48,775</u>	<u>\$ 29,193</u>	<u>\$ 36,710</u>	<u>\$ 15,799</u>

Year Ending September 30	Utilities Tax and Special Revenue Refunding Bonds, Series 2002A		Occupational License Tax Refunding Bonds, Series 2002A	
	Principal	Interest	Principal	Interest
2008	\$ 65	\$ 705	\$ 2,635	\$ 2,106
2009	65	703	2,730	2,006
2010	65	701	2,935	1,891
2011	35	700	3,045	1,767
2012	70	698	3,255	1,635
2013 - 2017	4,285	3,135	19,430	5,361
2018 - 2022	9,930	1,739	10,085	545
Total	<u>\$ 14,515</u>	<u>\$ 8,381</u>	<u>\$ 44,115</u>	<u>\$ 15,311</u>

Year Ending September 30	Taxable Utilities Tax Refunding Revenue Bonds, Series 2003A		Sales Tax Revenue Bonds, Series 2006	
	Principal	Interest	Principal	Interest
2008	\$ 1,225	\$ 16	\$ 460	\$ 682
2009	-	-	605	660
2010	-	-	630	636
2011	-	-	655	610
2012	-	-	680	583
2013 - 2017	-	-	3,835	2,477
2018 - 2022	-	-	4,660	1,629
2023 - 2027	-	-	5,670	597
Total	\$ 1,225	\$ 16	\$ 17,195	\$ 7,874

Year Ending September 30	Utilities Tax Refunding Revenue Bonds, Series 2006		Occupational License Tax Refunding Bonds, Series 2007	
	Principal	Interest	Principal	Interest
2008	-	1,762	\$ -	\$ 2,267
2009	-	1,761	-	2,286
2010	-	1,762	-	2,286
2011	780	1,748	-	2,286
2012	4,155	1,661	-	2,286
2013 - 2017	19,600	5,758	-	11,430
2018 - 2022	13,765	1,027	9,915	10,948
2023 - 2027	-	-	29,250	5,411
2028	-	-	6,560	164
Total	\$ 38,300	\$ 15,479	\$ 45,725	\$ 39,364

Year Ending September 30	Total Governmental Activities	
	Principal	Interest
2008	\$ 20,395	\$ 17,271
2009	20,335	16,231
2010	16,545	15,248
2011	18,535	14,274
2012	23,525	13,110
2013 - 2017	144,955	46,195
2018 - 2022	143,290	23,917
2023 - 2027	62,710	8,890
2028	6,560	164
Total	\$ 456,850	\$ 155,300

Business-type Activities:

Water Utility Fund:

Year Ending <u>September 30</u>	Water and Sewer Systems Revenue Bonds, Series 1998B		Water and Sewer Systems Revenue Bonds, Series 2001A	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 968	\$ 64	\$ 140	\$ 3,218
2009	1,013	22	145	3,212
2010	-	-	660	3,196
2011	-	-	690	3,169
2012	-	-	715	3,141
2013 - 2017	-	-	4,020	15,198
2018 - 2022	-	-	16,490	13,030
2023 - 2027	-	-	24,615	7,678
2028	-	-	17,925	1,374
Total	<u>\$ 1,981</u>	<u>\$ 86</u>	<u>\$ 65,400</u>	<u>\$ 53,216</u>

Year Ending <u>September 30</u>	Water and Sewer Systems Revenue Bonds, Series 2001B		Water and Sewer Systems Revenue Bonds, Series 2002	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 145	\$ 591	\$ 416	\$ 353
2009	150	585	439	330
2010	700	567	464	305
2011	730	536	490	279
2012	760	503	517	251
2013 - 2017	4,375	1,935	3,122	744
2018 - 2022	5,550	719	827	25
Total	<u>\$ 12,410</u>	<u>\$ 5,436</u>	<u>\$ 6,275</u>	<u>\$ 2,287</u>

Year Ending <u>September 30</u>	Water and Sewer Systems Revenue Bonds, Series 2003A		Water and Sewer Systems Revenue Bonds, Series 2005	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 398	\$ 149	\$ 654	\$ 553
2009	413	135	687	519
2010	427	123	719	484
2011	440	107	754	447
2012	458	87	792	409
2013 - 2017	1,513	116	5,860	1,331
2018 - 2022	-	-	1,914	47
Total	<u>\$ 3,649</u>	<u>\$ 717</u>	<u>\$ 11,380</u>	<u>\$ 3,790</u>

Year Ending <u>September 30</u>	Total Water Utility Fund	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 2,721	\$ 4,928
2009	2,847	4,803
2010	2,970	4,675
2011	3,104	4,538
2012	3,242	4,391
2013 - 2017	18,890	19,324
2018 - 2022	24,781	13,821
2023 - 2027	24,615	7,678
2028	17,925	1,374
Total	<u>\$ 101,095</u>	<u>\$ 65,532</u>

Wastewater Utility Fund:

Year Ending <u>September 30</u>	Water and Sewer Systems Revenue Bonds, Series 1998B		Water and Sewer Systems Revenue Bonds, Series 2002	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,467	\$ 96	\$ 1,554	1,321
2009	1,533	32	1,641	1,233
2010	-	-	1,736	1,140
2011	-	-	1,830	1,042
2012	-	-	1,933	939
2013 - 2017	-	-	11,663	2,775
2018 - 2022	-	-	3,093	93
Total	<u>\$ 3,000</u>	<u>\$ 128</u>	<u>\$ 23,450</u>	<u>\$ 8,543</u>

Year Ending <u>September 30</u>	Water and Sewer Systems Revenue Bonds, Series 2002B		Water and Sewer Systems Refunding Revenue Bonds, Series 2003A	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 3,445	\$ 689	\$ 1,587	\$ 594
2009	3,615	516	1,647	538
2010	3,795	336	1,702	488
2011	3,970	164	1,750	427
2012	-	-	1,822	347
2013 - 2017	-	-	6,022	462
Total	<u>\$ 14,825</u>	<u>\$ 1,705</u>	<u>\$ 14,530</u>	<u>\$ 2,856</u>

Year Ending September 30	Water and Sewer Systems Refunding Revenue Bonds, Series 2005		Water and Sewer Systems Refunding Revenue Bonds, Series 2006	
	Principal	Interest	Principal	Interest
2008	\$ 2,446	\$ 2,065	\$ 600	\$ 1,651
2009	2,568	1,940	625	1,621
2010	2,686	1,809	660	1,591
2011	2,816	1,671	685	1,562
2012	2,958	1,527	715	1,534
2013 - 2017	21,900	4,977	4,030	7,206
2018 - 2022	7,156	178	4,920	6,285
2023 - 2027	-	-	6,230	4,936
2028 - 2032	-	-	7,905	3,232
2033-2037	-	-	9,905	1,186
Total	<u>\$ 42,530</u>	<u>\$ 14,167</u>	<u>\$ 36,275</u>	<u>\$ 30,804</u>

Year Ending September 30	Total Wastewater Utility Fund	
	Principal	Interest
2008	\$ 11,099	\$ 6,416
2009	11,629	5,880
2010	10,579	5,364
2011	11,051	4,866
2012	7,428	4,347
2013 - 2017	43,615	15,420
2018 - 2022	15,169	6,556
2023 - 2027	6,230	4,936
2028 - 3032	7,905	3,232
2033-2037	9,905	1,186
Total	<u>\$ 134,610</u>	<u>\$ 58,203</u>

Solid Waste System Fund:

Year Ending September 30	Solid Waste System Revenue Bonds, Series 1999B		Solid Waste System Refunding Revenue Bonds, Series 1999A	
	Principal	Interest	Principal	Interest
2008	\$ -	\$ 6,314	\$ 7,145	\$ 1,082
2009	-	6,315	7,455	766
2010	-	6,314	7,780	431
2011	2,440	6,260	5,665	129
2012	8,490	5,982	-	-
2013 - 2017	49,625	22,548	-	-
2018 - 2022	63,650	8,249	-	-
Total	<u>\$ 124,205</u>	<u>\$ 61,982</u>	<u>\$ 28,045</u>	<u>\$ 2,408</u>

Year Ending	Total Solid Waste	
	System Fund	
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 7,145	\$ 7,396
2009	7,455	7,081
2010	7,780	6,745
2011	8,105	6,389
2012	8,490	5,982
2013 - 2017	49,625	22,548
2018 - 2022	<u>63,650</u>	<u>8,249</u>
Total	<u>\$ 152,250</u>	<u>\$ 64,390</u>

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 2007 the city had entered into loans totaling \$98,904,000 from this program. During 2007 no new loans were entered into. 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, 2007 the city had a liability of \$52,796,000 payable to the State including accrued interest. The proceeds from the loan program will be used to finance various water and wastewater capital projects. The debt service is payable from the net revenues of the water and wastewater 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%	\$12,509
Wastewater Utility Fund:		
State Revolving Loan Program	2.44%-3.79%	<u>40,287</u>
Total State revolving loans		<u>\$52,796</u>

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

Business-type activities:

Year Ending	State of Florida Revolving Loan	
	Water Utility Fund	
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 758	\$ 385
2009	782	361
2010	806	337
2011	832	311
2012	858	285
2013 - 2017	4,712	1,003
2018 - 2022	<u>3,761</u>	<u>238</u>
Total	<u>\$ 12,509</u>	<u>\$ 2,920</u>

Year Ending	State of Florida Revolving Loan	
	Wastewater Utility Fund	
<u>September 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 4,253	\$ 1,195
2009	4,384	1,064
2010	4,519	929
2011	4,657	790
2012	4,802	647
2013 - 2017	<u>17,672</u>	<u>1,141</u>
Total	<u>\$ 40,287</u>	<u>\$ 5,766</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 the first loan is paid from the loan repayments from the private entity. The second loan is currently being repaid by the city because the private entity was unable to make scheduled debt service payments and defaulted on the loan. HUD Section 108 loans outstanding at year-end are as follows (in thousands):

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities-economic environment		
HUD Section 108 Loan Guarantee	5.78%-6.72%	<u>\$8,370</u>
Total HUD Section 108 Loan Guarantees		<u>\$8,370</u>

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

Governmental activities:

Year Ending	HUD Section 108 Loan	
	<u>Principal</u>	<u>Interest</u>
<u>September 30</u>		
2008	\$ 200	\$ 552
2009	220	540
2010	230	527
2011	240	513
2012	260	498
2013 - 2017	1,560	2,221
2018 - 2022	<u>5,660</u>	<u>380</u>
Total	<u>\$ 8,370</u>	<u>\$ 5,231</u>

Florida Association of Counties – Florida Local Government Finance Commission Pooled Commercial Paper Loan Program

During 2007 the city entered into an agreement to issue commercial paper through the Florida Association of Counties - Florida Local Government Finance Commission Pooled Commercial Paper Loan Program. The program is a pool arrangement available to Florida government entities in order to take advantage of economies of scale to reduce the costs associated with normal commercial paper issuances. The interest rate is variable based on the overall rate of the pool and payable monthly. During 2007 \$7,600,000 of issuances occurred under this program. Of the proceeds, \$6,000,000 will be used for transportation projects and \$1,600,000 will be used for stormwater projects.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities-public works:		
Florida Local Government Finance Commission Pooled Commercial Paper Program	variable	<u>\$7,600</u>
Total Florida Local government Finance Commission Pooled Commercial Paper Program		<u>\$7,600</u>

Florida Local Government Finance Commission Pooled Commercial Paper Loan Program debt service requirements to maturity are as follows (in thousands):

Florida Local Government Finance Commission
Pooled Commercial Paper

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest *</u>
2008	\$ -	\$ 282
2009	-	282
2010	<u>7,600</u>	<u>47</u>
Total	<u>\$ 7,600</u>	<u>\$ 611</u>

* The interest rate is variable. The rate at year-end was 3.71%.

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 were 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 \$359,985,000 was outstanding at September 30, 2007, \$198,630,000 related to business-type activities and \$161,355,000 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):

Refunded debt

<u>Governmental Activities:</u>	<u>Amount</u>
Excise Tax Revenue Bonds, Series 1978	\$ 29,530
Guaranteed Entitlement Revenue Bonds, Series 1984	10,265
Utilities Tax Improvement Bonds, Series 1997	10,715
Utilities Tax Improvement Bonds, Series 1998	14,660
Utilities Tax Improvement Bonds, Series 1999A	26,540
Utilities Tax Improvement Bonds, Series 2000A	18,135
Utilities Tax Refunding Revenue Bonds, Series 2002A	580
Occupational License Tax Bonds, Series 1996B	<u>50,930</u>
Total governmental activities	<u>\$ 161,355</u>
<u>Business-type activities:</u>	
Water and Sewer Revenue Bonds, Series 1978	\$ 42,410
Water and Sewer Revenue Bonds, Series 1982	41,950
Water and Sewer Revenue Bonds, Series 1987	30,980
Water and Sewer Revenue Bonds, Series 1988A	20,530
Water and Sewer Revenue Bonds, Series 1999	<u>62,760</u>
Total business-type activities	<u>\$ 198,630</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, 2007 there was an aggregate principal amount outstanding of \$704,785,000. A description of each issue outstanding at year-end follows:

\$2,735,000 City of Tampa, Florida Home Mortgage Revenue Bonds 1983 Series A -

This obligation was issued to provide mortgage loans on single family residences for eligible borrowers in the city. The revenues received from the mortgage payments are security for the bonds.

The Trustee for the City of Tampa, Florida Home Mortgage Revenue Bonds, Series 1983A has sent notice to the city and to the bond holders that events of default exist under the bond indenture. The issuer failed to make payments due to the Trustee and, as a result, the Trustee held insufficient funds to make the October 1, 2006 interest payment on the bonds. The Trustee withdrew funds from the Debt Service Reserve Fund to make the payment, which substantially exhausted the fund. The city is not obligated to make payments to the Trustee from other revenues.

\$477,760,000 City of Tampa, Catholic Health System East Health System Revenue Bonds, Series 1998A -1, A-2 and A-3 -

The proceeds from the bonds 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 require debt service payments to be made directly to the bond trustees. The gross revenues of the health care entities secure the loan and bonds.

\$8,400,000 City of Tampa, Florida Health Care Facilities Revenue Bonds, Series 1997-

The proceeds from the bonds were loaned to Lifelink Foundation, Inc. for construction of a headquarters and medical facility in the city. The payment terms of the loan agreement require debt service payments to be paid directly to the bond trustee. The gross revenues of Lifelink Foundation secure the loan and bonds.

\$35,940,000 City of Tampa, Florida Capital Improvement Hospital Revenue Bonds (H. Lee Moffitt Cancer Center Project) Series 1999A-

The proceeds from the bonds 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 terms of the loan agreement require the debt service payments to be paid directly to the bond trustee. The gross revenues of the Obligated Group secure the loan and bonds.

\$18,040,000 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 require the debt service payments to be paid directly to the bond trustee. The gross revenues of the Institute secure the loan and bonds.

\$19,455,000 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 and bonds.

\$1,100,000 City of Tampa, Florida Variable Rate Demand Revenue Bonds (Lowry Park Zoological Society of Tampa, Inc. Project) Series A -

The proceeds from 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 and bonds.

\$4,980,000 of City of Tampa, Florida Education Facilities Revenue Bonds (Trinity School for Children Project) Series 2002-

The proceeds from the bonds were loaned to Trinity School to finance improvements 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 and bonds.

\$5,850,000 of City of Tampa, Florida Education Facilities Revenue Bonds (Academy of Holy Names Projects) Series 2001 -

The proceeds from the bonds were loaned to Academy of Holy Names School to finance improvements 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 and bonds.

\$25,280,000 of City of Tampa, Florida Education Facilities Revenue Bonds (University of Tampa Project) Series 2002 -

The proceeds from the bonds were loaned to the University of Tampa 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 and bonds.

\$3,625,000 of City of Tampa, Florida Education Facilities Revenue Bonds (Pepin Academy of Tampa, Inc. Project) Series 2002 –

The proceeds from the bonds were loaned to the Florida Education Facility and used to finance the purchase and improvement of a facility for the school. The gross revenues of the facility secure the loan and bonds.

\$3,900,000 of City of Tampa, Florida Variable Rate Revenue Bonds (Volunteers of America Project) Series 2005 -

The proceeds from the bonds were loaned to Volunteers of America and used to purchase a facility for the agency. The gross revenues of the agency secure the loan and bonds.

\$23,395,000 of City of Tampa, Florida Revenue Bonds (CHF - Tampa, L.L.C. Project for the University of Tampa), Series 2005A, and \$325,000 of City Tampa, Florida Revenue Bonds (CHF - Tampa, L.L.C. Project for the University of Tampa), Series 2005B (Taxable) –

The proceeds from the bonds were loaned to the University of Tampa and will be used to finance construction of a new dormitory. 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 University of Tampa secure the loan.

\$45,000,000 of City of Tampa, Florida Revenue Bonds (University of Tampa Project), Series 2006 -

The proceeds from the bonds were loaned to the University of Tampa and will be used to construct a 448 bed student dormitory and the second phase of a parking structure. The terms of the loan agreement call for payments of principal and interest to be made directly to the bond trustee by the University of Tampa. The gross revenues of the University of Tampa secure the loan.

\$16,325,000 of City of Tampa, Florida Variable Rate Revenue Bonds (DACCO – Drug Abuse Comprehensive Coordinating Office, Inc.), Series 2007 -

The proceeds from the bonds were loaned to Drug Abuse Comprehensive Coordinating Office, Inc. (DACCO) to finance the acquiring, constructing, and equipping of a facility located on Columbus Drive within the limits of the City of Tampa. The terms of the loan agreement call for payments of principal and interest to be made directly to the bond trustee by DACCO. The gross revenues of DACCO secure the loan.

\$13,000,000 of City of Tampa, Florida Variable Rate Revenue and Revenue Refunding Bonds (Volunteers of America of Florida, Inc.), Series 2007 -

The proceeds from the bonds were loaned to Volunteers of America of Florida, Inc. to finance and refinance the constructing, relocating, acquiring and equipping certain social service facilities. The terms of the loan agreement call for payments of principal and interest to be made directly to the bond trustee by Volunteers of America of Florida, Inc. Their gross revenues 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, 2007 (amounts not rounded):

\$19,195,000 Utilities Tax Improvement Bonds, Series 1998, interest expense at 5.10% - \$ 5,000

Such amounts are included in the utilities tax bonds debt service funds.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2007, 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	\$ 465,585	\$ 101,220	\$ (109,955)	\$ 456,850	\$ 20,395
Less: deferred amounts:					
For issuance discounts (premium)	(60,935)	5,810	6,513	(48,612)	-
On refunding	<u>(4,751)</u>	<u>(3,707)</u>	<u>2,038</u>	<u>(6,420)</u>	<u>-</u>
Total bonds payable	399,899	103,323	(101,404)	401,818	20,395
HUD Section 108 Loans	9,850	-	(1,480)	8,370	200
FMLC Commercial Paper	-	7,600	-	7,600	-
Claims and judgments	33,693	25,944	(8,663)	50,974	8,856
Lease purchase contracts	2,697	-	(455)	2,242	71
Compensated absences	<u>45,136</u>	<u>17,605</u>	<u>(15,236)</u>	<u>47,505</u>	<u>16,504</u>
Governmental activity Long-term liabilities	<u>\$ 491,275</u>	<u>\$ 154,472</u>	<u>\$ (127,238)</u>	<u>\$ 518,509</u>	<u>\$ 46,026</u>
Business-type activities:					
Revenue bonds payable	\$ 407,430	\$ -	\$ (19,475)	\$ 387,955	\$ 20,965
Less: deferred amounts:					
For issuance discounts (premium)	6,489	-	(1,078)	5,411	-
On refunding -- gain (loss)	<u>(11,302)</u>	<u>-</u>	<u>1,510</u>	<u>(9,792)</u>	<u>-</u>
Total bonds payable	402,617	-	(19,043)	383,574	20,965
State of Florida Revolving Loan	57,657	-	(4,861)	52,796	5,011
Landfill postclosure	1,418	-	(35)	1,383	-
Deferred revenues	1,689	-	(300)	1,389	300
Lease purchase contracts	44	152	(44)	152	152
Compensated absences	<u>8,288</u>	<u>3,845</u>	<u>(3,748)</u>	<u>8,385</u>	<u>11</u>
Business-type activity Long-term liabilities	<u>\$ 471,713</u>	<u>\$ 3,997</u>	<u>\$ (28,031)</u>	<u>\$ 447,679</u>	<u>\$ 26,439</u>

Included as part of the above totals for governmental activities are compensated absences for the internal service funds in the amount of \$1,105,000. For governmental activities, claims, and judgments are typically liquidated by the general fund.

The government-wide statement of net assets includes in the long-term liabilities due within one year \$17,810 for governmental activities and \$25,976 for business-type activities in "liabilities payable from restricted assets." The remaining amounts of \$28,216 and \$463, respectively, are displayed as "noncurrent liabilities, due within one year" on that same statement. On the same statement \$1,383 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).

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, worker's compensation, general liability, and vehicular damage claims. The city carries commercial insurance for:

- Employee benefits for city employees and retirees including medical, life, accidental death and dismemberment, and long term disability;
- Property insurance covering the city's buildings with a \$100,000 deductible; separate deductibles apply for wind and flood damage (mostly percentage of loss);
- Federal flood insurance;
- Marine craft, aircraft, and works of art.

No significant reductions in insurance coverage occurred in 2007.

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 expenditures reported in the general fund. As of September 30, 2007, 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 <u>9/30/07</u>	Year ended <u>9/30/06</u>
Unpaid claims, beginning of fiscal year	\$ 33,693	\$ 32,935
Incurred claims (including IBNR'S)	25,944	8,204
Claim payments	<u>(8,663)</u>	<u>(7,446)</u>
Unpaid claims, end of fiscal year	<u>\$ 50,974</u>	<u>\$ 33,693</u>

B. 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 \$8,707,000 had been paid under this agreement. In 2007 an additional amount of \$1,245,000 was paid, for a total of \$9,952,000 paid through September 30, 2007.

During 2007, 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 being 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 1996B Bonds were refunded with the 2002 Occupational License Tax Refunding Bonds, a portion of which were refunded with the 2007 Occupational License Tax Refunding Bonds. The city is still contingently liable for any operating losses of the Aquarium. During 2007, the city paid \$675,000 to the Aquarium to cover its operating 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. At September 30, 2007, remaining deferred revenues related to this agreement of \$1,389,000 are reflected in the business-type activities column of the statement of net assets and in the solid waste system major fund in the proprietary funds statement of net assets. 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, 2007 was \$11,800,000. No such payments have been required through 2007.

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 and 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 St. Pete Times Forum 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 above varies because the amount is contingent on certain parking revenues and ticket surcharge revenues. During 2007 \$658,000 was paid under this agreement.

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 an approximate expense of \$77,000 per year for the next eighteen years. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The city is required by the State of Florida Administrative Code section 62-701.630 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, 2007 \$1,383,000 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 in the water utility fund in the proprietary fund statement of net assets.

In conjunction with the refurbishment of the McKay Bay Refuse to Energy Facility, 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. Prior to 2007 \$213,000 had been placed into this account. On July 11, 2007 an additional \$6,000 deposit was made according to the above referenced State of Florida requirements. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The fund amount of \$219,000 is shown as restricted assets on the government-wide statement of net assets in the column for business-type activities and in the solid waste system on the proprietary fund statement of net assets.

The 1997, 1998, 1999A, and 2000A Utilities Tax Bonds are collateralized by a pledge of utility tax revenue. A portion of the proceeds from the bond issues were 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 had no expenditures from the Community Reinvestment Challenge Fund Loan Guarantee Account in 2007.

C. Other post employment 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, 2007, 950 participants were eligible to receive benefits. These benefits are currently funded on a pay as you go basis. The expenditure in the current year for all current and former employees was \$36,927,000. GASB has issued statement number 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* which will require an actuarially computed liability for these benefits to be reported beginning in fiscal year 2008. At September 30, 2007, management has estimated the impact of Statement No. 45. The annual OPEB cost is estimated at \$13,319,000 for fiscal year 2008, and the estimated end of year net OPEB obligation for fiscal year 2008 is \$8,557,000. The total accrued liability is estimated at \$133,067,000.

Life insurance and health care are fully insured and provided through an outside provider. Expenses for the coverage provided by the outside carrier are recognized in the general fund as premiums are paid to the insurance providers. Premium costs are borne by the retirees. Expenses for the above are commingled with those relating to active employees and cannot be reasonably estimated.

D. 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 is 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 6 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 2.2% and employees hired on or after October 1, 1981 receive 1.2%.

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 is 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 benefit is 3.15% 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. Effective October 1, 2004, the annual pension benefit was increased from 2.5% to 3.15% 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 increased benefit is applicable only to plan members actively employed as firefighters or police officers on or after October 1, 2003.

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. One half of that amount is the benefit 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. No benefit payments were made under the 13th check program during the year ended September 30, 2007.

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 \$722,058,000 at October 1, 2006.

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

	General Employees Retirement Fund	Firefighters and Police Officers Pension Fund
Participant data as of the date of the most recent actuarial valuation: January 1, 2007, and October 1, 2006 respectively:		
Retirees and beneficiaries receiving benefits	1,811	1,658
Terminated employees entitled to benefits but not receiving them	295	10
Vested current employees	1,839	754
Nonvested current employees	3,243	612

Significant accounting policies

Basis of accounting. Financial information for the two pension funds is prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due. Separate audited financial statements are issued for the Firefighters and Police Officers Pension Fund pension plan. Copies of that report may be obtained from the City's accounting department offices at 315 E. Kennedy Blvd., Tampa, Florida. No separate audited financial statement is issued for the General Employees Retirement Fund.

Statements of Net Assets and Changes in Net Assets for the General Employees Retirement Fund are presented below (in thousands).

Statement of Pension Net Assets	
ASSETS	
Investments	\$ 626,578
Interest and dividends receivable	1,189
Total assets	627,767
LIABILITIES	
Accounts payable	608
Total liabilities	608
NET ASSETS	
Held in trust for pension benefits	\$ 627,159

Statement of Changes in Pension Net Assets

ADDITIONS	
Contributions:	
Employer	\$ 15,058
Employees	803
Total contributions	15,861
Investment earnings:	
Interest and dividends	9,819
Net increase in the fair value of investments	79,009
Total investment earnings	88,828
Less investment expense	2,077
Net investment earnings	86,751
Total additions	102,612
DEDUCTIONS	
Pension benefits	29,408
Withdrawal payments	194
Administrative expenses	3
Total deductions	29,605
Change in net assets	73,007
Net assets - beginning	554,152
Net assets - ending	\$ 627,159

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 at 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 changes 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 is 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. The State of Florida makes contributions from taxes on casualty insurance premiums. The State of Florida's contribution to the Firefighters' Pension Plan for the year ended September 30, 2007 was \$6,687,000. The city recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

In 2007 the annual pension cost and contribution for the Firefighters and Police Officers Pension Fund and the General Employees Retirement Fund were \$2,629,000 and \$15,111,000 respectively.

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

General Employees Retirement Fund				
Year Ended	Annual Pension Cost (APC)		Percentage of APC	Net Pension
September 30			Contributed	Obligation
2007	\$15,111		100%	\$0
2006	11,397		100%	0
2005	8,216		100%	57

Firefighters and Police Officers Pension Fund				
Year Ended	Annual Pension Cost (APC)		Percentage of APC	Net Pension
September 30	City	State	Contributed	Obligation
2007	\$ 2,629	\$6,687	100%	\$0
2006	\$ 1,481	\$5,684	100%	0
2005	\$13,836	\$5,603	100%	0

The city's net pension asset for the General Employees Retirement Plan was as follows as of January 1, 2007:

Annual required contribution	\$ 11,397
Interest on net pension obligation	(1)
Adjustment to annual required contribution	1
Annual pension cost	11,397
Contributions made	(11,414)
Increase in net pension asset	(17)
Net pension asset, beginning of year	(13)
Net pension asset, end of year	<u>\$ (30)</u>

The General Employees Retirement Fund has an actuarially accrued liability in excess of assets, this amount 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	January 1, 2007	October 1, 2006
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent of payroll	Level dollar, closed period
Remaining amortization period	Remaining future service, open period	10 - 27 years
Asset valuation method	Weighted five-year asset smoothing	Smoothed market value
Actuarial assumptions:		
Investment rate of return	8%	10%
Projected salary increases*	6%	9.68% to 6.04% for Firefighters 8.58% to 4.70% for Police Officers
*Includes inflation at	3%	3.5%
Cost of living adjustments	2.2% for employees hired before October 1, 1981, and 1.2% for employees hired on or after October 1, 1981	None

E. Subsequent events

On December 11, 2007, the city issued \$51,240,000 of Series 2007 Water & Sewer Systems Revenue Bonds. The proceeds will be used to pay for various water system improvements. The debt service is payable from the gross revenues of the water & sewer systems.

City of Tampa, Florida

Required Supplementary Information (unaudited)

Schedules of Funding Progress

(in thousands of dollars)

General Employees Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - - Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2002	\$ 491,298	\$ 491,296	\$ (2)	100.0 %	\$ 122,990	(0.0) %
1/1/2003	460,207	460,205	(2)	100.0	128,239	(0.0)
1/1/2004	473,376	474,034	658	99.9	135,256	0.5
1/1/2005	481,704	487,292	5,588	98.9	144,404	3.9
1/1/2006	497,239	508,298	11,059	97.8	151,126	7.3
1/1/2007	525,100	536,233	11,133	97.9	154,575	7.2

Firefighters and Police Officers Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - - Entry Age (b)	Unfunded or (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded or (Assets in Excess of) AAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2003	\$ 461,246	\$ 540,181	\$ 78,935	85.4 %	\$ 76,397	103.3 %
10/1/2004	625,631	572,658	(52,973)	109.3	78,165	(67.8)
10/1/2005	674,834	593,961	(80,873)	113.6	88,045	(91.9)
10/1/2006	705,453	636,973	(68,480)	110.8	87,549	(78.2)

City of Tampa, Florida

Required Supplementary Information (unaudited)
Schedules of Employer Contributions
(in thousands)

General Employees Retirement Fund

Year Ended Sept. 30,	Annual Required Contribution	Percentage Contributed
2002	\$ 1,273	100 %
2003	1,598	97
2004	6,767	100
2005	8,216	100
2006	11,397	100
2007	15,110	100

Firefighters and Police Officers Pension Fund

Year Ended Sept. 30,	Annual Required Contribution		Percentage Contributed	
	City	State	City	State
2002	\$ 2,609	\$ 4,413	100 %	100 %
2003	5,063	4,730	100	100
2004	13,615	5,297	100	100
2005	13,836	5,603	100	100
2006	1,481	6,125	100	100
2007	2,629	6,687	100	100

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Guaranteed Entitlement Fund -- This fund is 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.

Cable Communications Fund -- This fund is used to account for administering the City's cable television franchise and access (public education and governmental) television programming activities. The Cable Communications 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 Fund -- This fund is used to account 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 Fund -- This fund is used to account for the receipt of ad valorem stormwater assessments. These funds along with transfers from the general fund and utility tax special revenue fund support capital improvement and administration costs of the City's stormwater system.

Occupational License Fund -- This fund is used to account for the receipt and use of occupational license tax proceeds. This money is pledged to the repayment of the 2002 Occupational License Tax Bonds.

Community Development Block Grant Fund -- This fund is used to finance numerous interrelated physical projects within a designated geographic area. The projects are funded by the U.S. Department of Housing and Urban Development.

Other Grants Fund -- This fund is used to account for various miscellaneous grants including: HUD Hope 3 Implementation Grant, Home Investment Partnerships Grant, State Social Services Block Grant, Housing Opportunities for People with AIDS, Police Intergovernmental Grants and other miscellaneous grants.

State Housing Initiatives Partnership Fund -- This fund is used to account for administering the State Housing Initiatives Partnership program. Funds are distributed by the State of Florida for use in low income housing assistance.

Debt Service Funds

Debt service funds are used to accumulate monies and account for the repayment of bonds and HUD Section 108 Loans.

Utilities Tax Bonds Fund -- This fund is used to accumulate monies for payment of Utility Tax Bonds and Utility Tax Refunding Bonds that are payable solely from the utility tax proceeds.

Guaranteed Entitlement Revenue Bonds Fund -- This fund is used to accumulate monies for the payment of Guaranteed Entitlement Refunding Revenue Bonds that are payable solely from the State guaranteed entitlement.

Utilities Tax and Special Revenue Bonds Fund -- This fund is used to accumulate monies for payment of Utilities Tax and Special Revenue Refunding Bonds that are payable solely from utility tax proceeds and tax increment revenues.

Community Investment Tax Bonds Fund -- This fund is used to accumulate monies for payment of Community Investment Tax Bonds that are payable solely from the community investment tax proceeds.

Occupational License Tax Bonds Fund -- This fund is used to accumulate monies for payment of Occupational License Tax Bonds that are payable solely from the occupational license tax proceeds.

Local Option Gas Tax Revenue Bonds Fund -- This fund is used to accumulate monies for payment of Transportation Revenue Bonds that are payable solely from the taxes on motor fuel collected in the county.

HUD-Section 108 Loan Proceeds Fund -- This fund is used to accumulate monies for repayment of HUD Section 108 Loans.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Local Option Gas Tax Capital Projects Fund -- This fund is used to account for the cost of various transportation capital improvement projects, some of which are as follows: public transportation operations and maintenance, roadway and right-of-way maintenance, equipment, drainage, and street lighting.

Utility Tax Capital Projects Fund -- This fund is used to account for the portion of utility tax revenues appropriated for capital improvements, including drainage, playgrounds, parks and recreation centers. Project expenditures have been financed with transfers from the Utility Tax Special Revenue Fund and Utilities Tax Refunding Bonds.

Transportation Impact Fees Capital Projects Fund -- This fund is used to account for the cost of capital improvements, including but not limited to: construction of new through lanes, turn lanes, bridges, drainage facilities, traffic signalization, curbs, medians, shoulders and transit facilities. Financing will be provided by an impact fee assessed at the time of issuance of certificates of occupancy.

Utility Tax Bond Projects Fund -- This fund is used to account for the cost of a police headquarters, other district office facilities, and various vehicles, equipment, recreation facilities and other capital projects.

Occupational License Tax Bond Projects Fund -- This fund is used to account for the cost of acquiring the Aquarium and refinancing the Aquarium debt.

Community Investment Tax Capital Projects Fund -- This fund is used to account for the receipt of community investment tax revenues and the cost of appropriated capital expenditures, some of which include: police and fire vehicle acquisitions, road and drainage improvements, and park improvements.

Community Investment Tax Bond Projects Fund -- This fund is used to account for the receipt of community investment tax bond revenues and the cost of appropriated capital expenditures, some of which include: Museum/Cultural Arts District, Lowry Park Zoo Expansion, Fort Brooke Park development, roadway and improvements to recreation centers.

City of Tampa, Florida
Combining Balance Sheet--
Nonmajor Governmental Funds
September 30, 2007 (in thousands)

	Special Revenue				
	Guaranteed Entitlement	Cable Communication	Local Option Gas Tax	Stormwater	Occupational License
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 2	\$ 0
Equity in pooled cash and investments	0	7,118	2,738	3,540	9,372
Investments	0	0	0	0	0
Receivables--net of allowance for uncollectibles	0	0	914	0	0
Total assets	<u>\$ 0</u>	<u>\$ 7,118</u>	<u>\$ 3,652</u>	<u>\$ 3,542</u>	<u>\$ 9,372</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 0	\$ 5	\$ 0	\$ 43	\$ 0
Contracts payable--retainage	0	0	0	264	0
Accrued liabilities	0	40	0	280	0
Accrued Interest payable	0	0	0	0	0
Current portion of long-term debt	0	0	0	0	0
Due to other funds	0	3	0	18	0
Deferred revenues	0	0	0	0	8,256
Total liabilities	<u>0</u>	<u>48</u>	<u>0</u>	<u>605</u>	<u>8,256</u>
Fund balances:					
Reserved for:					
Encumbrances	0	538	0	5,880	0
Debt service	0	0	0	0	0
Unreserved reported in:					
Special revenue funds:					
Undesignated	0	6,532	3,652	(2,943)	1,116
Debt service funds:					
Undesignated	0	0	0	0	0
Capital projects funds:					
Designated for capital outlays	0	0	0	0	0
Undesignated	0	0	0	0	0
Total fund balances (deficit)	<u>0</u>	<u>7,070</u>	<u>3,652</u>	<u>2,937</u>	<u>1,116</u>
Total liabilities and fund balances	<u>\$ 0</u>	<u>\$ 7,118</u>	<u>\$ 3,652</u>	<u>\$ 3,542</u>	<u>\$ 9,372</u>

Special Revenue			Debt Service		
Community Development Block Grant	Other Grants	State Housing Initiatives Program	Utilities Tax Bonds	Guaranteed Entitlement Revenue Bonds	Utilities Tax and Special Revenue Bonds
\$ 2,048	\$ 0	\$ 0	\$ 0	\$ 4,510	\$ 0
3,809	0	4,200	14,986	223	1,687
0	0	0	161	0	0
0	487	0	42	0	0
<u>\$ 5,857</u>	<u>\$ 487</u>	<u>4,200</u>	<u>\$ 15,189</u>	<u>\$ 4,733</u>	<u>\$ 1,687</u>
\$ 1,773	\$ 49	\$ 0	\$ 5	\$ 0	\$ 0
83	0	0	0	0	0
77	6	0	0	0	0
0	0	0	3,420	320	1,010
0	0	0	11,475	4,190	0
8	432	0	0	0	0
3,916	0	0	0	0	0
<u>5,857</u>	<u>487</u>	<u>0</u>	<u>14,900</u>	<u>4,510</u>	<u>1,010</u>
0	0	0	0	0	0
0	0	0	289	223	677
0	0	4,200	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>4,200</u>	<u>289</u>	<u>223</u>	<u>677</u>
<u>\$ 5,857</u>	<u>\$ 487</u>	<u>\$ 4,200</u>	<u>\$ 15,189</u>	<u>\$ 4,733</u>	<u>\$ 1,687</u>

(Continued)

City of Tampa, Florida
Combining Balance Sheet--
Nonmajor Governmental Funds (continued)
September 30, 2007 (in thousands)

	Debt Service (continued)				
	Community Investment Tax Bonds	Occupational License Tax Bonds	Local Option Gas Tax Revenue Bonds	HUD - Section 108 Loan Proceeds	Local Option Gas Tax Capital Projects
ASSETS					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8
Equity in pooled cash and investments	3,527	2,219	0	0	9,247
Investments	0	0	0	0	0
Receivables--net of allowance for uncollectibles	0	0	0	0	17,217
Total assets	<u>\$ 3,527</u>	<u>\$ 2,219</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,472</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,833
Contracts payable--retainage	0	0	0	0	951
Accrued liabilities	0	0	0	0	0
Accrued Interest payable	1,582	1,124	0	92	0
Current portion of long-term debt	1,945	0	0	200	0
Due to other funds	0	0	0	184	0
Deferred revenues	0	0	0	0	3,420
Total liabilities	<u>3,527</u>	<u>1,124</u>	<u>0</u>	<u>476</u>	<u>6,204</u>
Fund balances:					
Reserved for:					
Encumbrances	0	0	0	0	16,631
Debt service	0	1,095	0	0	0
Unreserved reported in:					
Special revenue funds:					
Undesignated	0	0	0	0	0
Debt service funds:					
Undesignated	0	0	0	(476)	0
Capital projects funds:					
Designated for capital outlays	0	0	0	0	3,637
Undesignated	0	0	0	0	0
Total fund balances (deficit)	<u>0</u>	<u>1,095</u>	<u>0</u>	<u>(476)</u>	<u>20,268</u>
Total liabilities and fund balances	<u>\$ 3,527</u>	<u>\$ 2,219</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,472</u>

Capital Projects

Utility Tax Capital Projects	Transportation Impact Fees Capital Projects	Utility Tax Bond Projects	Occupational License Tax Bond Projects	Community Investment Tax Capital Projects	Community Investment Tax Bond Projects	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,568
28,190	33,492	36	9	30,209	45,828	200,430
0	0	0	0	0	0	161
169	0	0	0	953	0	19,782
<u>\$ 28,359</u>	<u>\$ 33,492</u>	<u>\$ 36</u>	<u>\$ 9</u>	<u>\$ 31,162</u>	<u>\$ 45,828</u>	<u>\$ 226,941</u>
\$ 110	\$ 36	\$ 89	\$ 0	\$ 222	\$ 169	\$ 4,334
223	81	0	0	375	113	2,090
0	0	0	0	0	0	403
0	0	0	0	0	0	7,548
0	0	0	0	0	0	17,810
0	0	0	0	0	0	645
0	0	0	0	0	0	15,592
<u>333</u>	<u>117</u>	<u>89</u>	<u>0</u>	<u>597</u>	<u>282</u>	<u>48,422</u>
5,024	1,883	0	0	4,254	3,568	37,778
0	0	0	0	0	0	2,284
0	0	0	0	0	0	12,557
0	0	0	0	0	0	(476)
23,002	31,492	0	9	26,311	41,978	126,429
0	0	(53)	0	0	0	(53)
<u>28,026</u>	<u>33,375</u>	<u>(53)</u>	<u>9</u>	<u>30,565</u>	<u>45,546</u>	<u>178,519</u>
<u>\$ 28,359</u>	<u>\$ 33,492</u>	<u>\$ 36</u>	<u>\$ 9</u>	<u>\$ 31,162</u>	<u>\$ 45,828</u>	<u>\$ 226,941</u>

City of Tampa, Florida

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances--

Nonmajor Governmental Funds

For the fiscal year ended September 30, 2007 (in thousands)

	Special Revenue				
	Guaranteed Entitlement	Cable Communication	Local Option Gas Tax	Stormwater	Occupational License
REVENUES					
Taxes:					
Sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Local option resort	0	0	0	0	0
Motor fuel	0	0	11,153	0	0
Special assessments	0	0	0	6,124	0
Intergovernmental:					
Federal	0	0	0	0	0
State	4,898	0	0	768	0
Local	0	0	0	0	0
Transportation impact fees	0	0	0	0	0
Licenses and permits	0	0	0	0	10,457
Charges for services	0	3	0	0	0
Investment earnings	152	278	77	165	0
Contributions and donations	0	83	0	0	0
Total revenues	<u>5,050</u>	<u>364</u>	<u>11,230</u>	<u>7,057</u>	<u>10,457</u>
EXPENDITURES					
Current:					
Public safety	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Public works	0	0	0	7,378	0
General government services	1	2,411	0	0	0
Economic and physical environment	0	0	0	0	0
Debt service:					
Principal	0	0	0	0	0
Interest	0	0	0	2	0
Bond issuance costs	0	0	0	2	0
Capital outlay	0	357	0	9,071	0
Total expenditures	<u>1</u>	<u>2,768</u>	<u>0</u>	<u>16,453</u>	<u>0</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,049</u>	<u>(2,404)</u>	<u>11,230</u>	<u>(9,396)</u>	<u>10,457</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	0	0	0	1,600	0
Bond issue premium	0	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0	0
Sale of capital assets	0	0	0	0	0
Transfers in	0	2,267	0	7,600	0
Transfers out	(5,049)	(750)	(11,165)	0	(9,612)
Total other financing sources (uses)	<u>(5,049)</u>	<u>1,517</u>	<u>(11,165)</u>	<u>9,200</u>	<u>(9,612)</u>
Net change in fund balances	0	(887)	65	(196)	845
Beginning fund balances (deficit)	0	7,957	3,587	3,133	271
Ending fund balances (deficit)	<u>\$ 0</u>	<u>\$ 7,070</u>	<u>\$ 3,652</u>	<u>\$ 2,937</u>	<u>\$ 1,116</u>

Special Revenue			Debt Service		
Community Development Block Grant	Other Grants	State Housing Initiatives Partnership	Utilities Tax Bonds	Guaranteed Entitlement Revenue Bonds	Utilities Tax and Special Revenue Bonds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	166	0	0
0	0	0	0	0	0
0	0	0	0	0	0
6,691	14,096	55	0	0	0
0	3,050	1,870	0	0	0
0	86	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
206	0	0	0	0	0
144	96	215	113	0	13
0	0	0	0	0	0
<u>7,041</u>	<u>17,328</u>	<u>2,140</u>	<u>279</u>	<u>0</u>	<u>13</u>
0	1,680	0	0	0	0
0	0	0	0	0	0
0	143	0	0	0	0
0	0	0	0	0	0
4,055	11,130	5,113	0	0	0
0	0	0	11,475	4,190	0
0	0	0	6,493	641	2,020
0	0	0	0	0	0
2,566	4,284	0	0	0	0
<u>6,621</u>	<u>17,237</u>	<u>5,113</u>	<u>17,968</u>	<u>4,831</u>	<u>2,020</u>
<u>420</u>	<u>91</u>	<u>(2,973)</u>	<u>(17,689)</u>	<u>(4,831)</u>	<u>(2,007)</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	16,638	4,831	2,020
(420)	(91)	0	(324)	0	0
<u>(420)</u>	<u>(91)</u>	<u>0</u>	<u>16,314</u>	<u>4,831</u>	<u>2,020</u>
0	0	(2,973)	(1,375)	0	13
0	0	7,173	1,664	223	664
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,200</u>	<u>\$ 289</u>	<u>\$ 223</u>	<u>\$ 677</u>

(Continued)

City of Tampa, Florida

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances--

Nonmajor Governmental Funds (continued)

For the fiscal year ended September 30, 2007 (in thousands)

	Debt Service (continued)				Capital Projects
	Community Investment Tax Bonds	Occupational License Tax Bonds	Local Option Gas Tax Revenue Bonds	HUD - Section 108 Loan Proceeds	Local Option Gas Tax Capital Projects
REVENUES					
Taxes:					
Sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Local option resort	0	0	0	0	0
Motor fuel	0	0	0	0	0
Special assessments	0	0	0	0	0
Intergovernmental:					
Federal	0	0	0	0	0
State	0	0	0	0	20,164
Local	0	167	0	0	257
Transportation impact fees	0	0	0	0	0
Licenses and permits	0	0	0	0	0
Charges for services	0	0	0	1,384	0
Investment earnings	0	144	25	5	610
Contributions and donations	0	0	0	0	147
Total revenues	<u>0</u>	<u>311</u>	<u>25</u>	<u>1,389</u>	<u>21,178</u>
EXPENDITURES					
Current:					
Public safety	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Public works	0	0	0	0	2,834
General government services	0	43	0	7	0
Economic and physical environment	0	0	0	0	0
Debt service:					
Principal	1,945	2,540	3,525	1,460	0
Interest	3,015	4,407	172	639	10
Bond issuance costs	0	0	0	0	12
Capital outlay	0	0	0	0	31,686
Total expenditures	<u>4,960</u>	<u>6,990</u>	<u>3,697</u>	<u>2,106</u>	<u>34,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,960)</u>	<u>(6,679)</u>	<u>(3,672)</u>	<u>(717)</u>	<u>(13,364)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds	0	0	0	0	6,000
Bond issue premium	0	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0	0
Sale of capital assets	0	0	0	0	220
Transfers in	4,960	5,527	2,969	420	8,320
Transfers out	0	0	0	0	(124)
Total other financing sources (uses)	<u>4,960</u>	<u>5,527</u>	<u>2,969</u>	<u>420</u>	<u>14,416</u>
Net change in fund balances	<u>0</u>	<u>(1,152)</u>	<u>(703)</u>	<u>(297)</u>	<u>1,052</u>
Beginning fund balances (deficit)	<u>0</u>	<u>2,247</u>	<u>703</u>	<u>(179)</u>	<u>19,216</u>
Ending fund balances (deficit)	<u>\$ 0</u>	<u>\$ 1,095</u>	<u>\$ 0</u>	<u>\$ (476)</u>	<u>\$ 20,268</u>

Capital Projects

Utility Tax Capital Projects	Transportation Impact Fees Capital Projects	Utility Tax Bond Projects	Occupational License Tax Bond Projects	Community Investment Tax Capital Projects	Community Investment Tax Bond Projects	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,232	\$ 0	\$ 17,232
729	0	0	0	0	0	895
0	0	0	0	0	0	11,153
0	0	0	0	0	0	6,124
0	0	0	0	0	0	20,842
0	0	0	0	0	0	30,750
6,100	0	0	0	0	0	6,610
0	8,707	0	0	0	0	8,707
0	0	0	0	0	0	10,457
0	4	0	0	0	0	1,597
0	107	0	0	2,768	1,560	6,472
3,399	0	0	0	0	0	3,629
<u>10,228</u>	<u>8,818</u>	<u>0</u>	<u>0</u>	<u>20,000</u>	<u>1,560</u>	<u>124,468</u>
0	0	0	0	122	0	1,802
414	0	0	0	46	0	460
0	614	0	0	0	0	10,969
30	0	0	0	0	0	2,492
0	0	0	0	0	0	20,298
379	0	0	0	0	0	25,514
0	0	0	0	0	1	17,400
0	0	450	599	0	295	1,358
21,970	11,166	97	0	11,295	2,066	94,558
<u>22,793</u>	<u>11,780</u>	<u>547</u>	<u>599</u>	<u>11,463</u>	<u>2,362</u>	<u>174,851</u>
<u>(12,565)</u>	<u>(2,962)</u>	<u>(547)</u>	<u>(599)</u>	<u>8,537</u>	<u>(802)</u>	<u>(50,383)</u>
0	0	38,300	45,725	0	17,195	108,820
0	0	2,383	3,483	0	102	5,968
0	0	(40,547)	(48,600)	0	0	(89,147)
3,249	0	0	0	0	0	3,469
9,898	0	324	0	0	0	65,774
0	0	0	0	(4,960)	0	(32,495)
<u>13,147</u>	<u>0</u>	<u>460</u>	<u>608</u>	<u>(4,960)</u>	<u>17,297</u>	<u>62,389</u>
582	(2,962)	(87)	9	3,577	16,495	12,006
27,444	36,337	34	0	26,988	29,051	166,513
<u>\$ 28,026</u>	<u>\$ 33,375</u>	<u>\$ (53)</u>	<u>\$ 9</u>	<u>\$ 30,565</u>	<u>\$ 45,546</u>	<u>\$ 178,519</u>

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City of Tampa, Florida

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual--
 Annually-Budgeted Nonmajor Special Revenue Funds
 For the fiscal year ended September 30, 2007 (in thousands)

	Guaranteed Entitlement				Cable Communication			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Local option gas tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special assessments	0	0	0	0	0	0	0	0
State government	4,898	4,898	4,898	0	0	0	0	0
Local government	0	0	0	0	0	0	0	0
Licenses and permits	0	0	0	0	0	0	0	0
Charges for services	0	0	0	0	2	2	3	1
Investment earnings	0	0	152	152	300	300	278	(22)
Contributions and donations	0	0	0	0	0	200	83	(117)
Total revenues	<u>4,898</u>	<u>4,898</u>	<u>5,050</u>	<u>152</u>	<u>302</u>	<u>502</u>	<u>364</u>	<u>(138)</u>
EXPENDITURES								
Current:								
Public works	0	0	0	0	0	0	0	0
General government services	9	9	1	8	2,523	3,199	2,411	788
Debt service:								
Interest	0	0	0	0	0	0	0	0
Bond issuance costs	0	0	0	0	0	0	0	0
Capital outlay	0	0	0	0	343	367	357	10
Total expenditures	<u>9</u>	<u>9</u>	<u>1</u>	<u>8</u>	<u>2,866</u>	<u>3,566</u>	<u>2,768</u>	<u>798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,889</u>	<u>4,889</u>	<u>5,049</u>	<u>160</u>	<u>(2,564)</u>	<u>(3,064)</u>	<u>(2,404)</u>	<u>660</u>
OTHER FINANCING SOURCES (USES)								
Commercial paper issued	0	0	0	0	0	0	0	0
Transfers in	0	0	0	0	2,266	2,266	2,267	1
Transfers out	(4,889)	(4,889)	(5,049)	(160)	(750)	(750)	(750)	0
Total other financing sources (uses)	<u>(4,889)</u>	<u>(4,889)</u>	<u>(5,049)</u>	<u>(160)</u>	<u>1,516</u>	<u>1,516</u>	<u>1,517</u>	<u>1</u>
Net change in fund balances	0	0	0	0	(1,048)	(1,548)	(887)	661
Beginning fund balances	0	0	0	0	7,957	7,957	7,957	0
Ending fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,909</u>	<u>\$ 6,409</u>	<u>\$ 7,070</u>	<u>\$ 661</u>

(Continued)

City of Tampa, Florida

Schedule of Revenues, Expenditures, and
 Changes in Fund Balances--Budget and Actual--
 Annually-Budgeted Nonmajor Special Revenue Funds (continued)
 For the fiscal year ended September 30, 2007 (in thousands)

	Local Option Gas Tax				Stormwater			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Local option gas tax	\$ 10,977	\$ 10,977	\$ 11,153	\$ 176	\$ 0	\$ 0	\$ 0	\$ 0
Special assessments	0	0	0	0	6,240	6,240	6,124	(116)
State government	0	0	0	0	110	109	768	659
Local government	0	0	0	0	0	420	0	(420)
Licenses and permits	0	0	0	0	3	3	0	(3)
Charges for services	0	0	0	0	0	0	0	0
Investment earnings	75	75	77	2	101	101	165	64
Contributions and donations	0	0	0	0	0	0	0	0
Total revenues	<u>11,052</u>	<u>11,052</u>	<u>11,230</u>	<u>178</u>	<u>6,454</u>	<u>6,873</u>	<u>7,057</u>	<u>184</u>
EXPENDITURES								
Current:								
Public works	4	4	0	4	11,182	12,045	7,378	4,667
General government services	0	0	0	0	0	0	0	0
Debt service:								
Interest	0	0	0	0	0	0	2	(2)
Bond issuance costs	0	0	0	0	0	0	2	(2)
Capital outlay	0	0	0	0	5,354	12,875	9,071	3,804
Total expenditures	<u>4</u>	<u>4</u>	<u>0</u>	<u>4</u>	<u>16,536</u>	<u>24,920</u>	<u>16,453</u>	<u>8,467</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,048</u>	<u>11,048</u>	<u>11,230</u>	<u>182</u>	<u>(10,082)</u>	<u>(18,047)</u>	<u>(9,396)</u>	<u>8,651</u>
OTHER FINANCING SOURCES (USES)								
Commercial paper issued	0	0	0	0	0	0	1,600	1,600
Transfers in	0	0	0	0	10,826	11,183	7,600	(3,583)
Transfers out	(11,048)	(11,048)	(11,165)	(117)	(1,300)	(1,300)	0	1,300
Total other financing sources (uses)	<u>(11,048)</u>	<u>(11,048)</u>	<u>(11,165)</u>	<u>(117)</u>	<u>9,526</u>	<u>9,883</u>	<u>9,200</u>	<u>(683)</u>
Net change in fund balances	0	0	65	65	(556)	(8,164)	(196)	7,968
Beginning fund balances	0	0	3,587	3,587	3,133	3,133	3,133	0
Ending fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,652</u>	<u>\$ 3,652</u>	<u>\$ 2,577</u>	<u>\$ (5,031)</u>	<u>\$ 2,937</u>	<u>\$ 7,968</u>

Occupational License				Total			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final			Original	Final		
\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,977	\$ 10,977	\$ 11,153	\$ 176
0	0	0	0	6,240	6,240	6,124	(116)
0	0	0	0	5,008	5,007	5,666	659
0	0	0	0	0	420	0	(420)
10,000	10,000	10,457	457	10,003	10,003	10,457	454
0	0	0	0	2	2	3	1
0	0	0	0	476	476	672	196
0	0	0	0	0	200	83	(117)
<u>10,000</u>	<u>10,000</u>	<u>10,457</u>	<u>457</u>	<u>32,706</u>	<u>33,325</u>	<u>34,158</u>	<u>833</u>
0	0	0	0	11,186	12,049	7,378	4,671
15	15	0	15	2,547	3,223	2,412	811
0	0	0	0	0	0	2	(2)
0	0	0	0	0	0	2	(2)
0	0	0	0	5,697	13,242	9,428	3,814
<u>15</u>	<u>15</u>	<u>0</u>	<u>15</u>	<u>19,430</u>	<u>28,514</u>	<u>19,222</u>	<u>9,292</u>
<u>9,985</u>	<u>9,985</u>	<u>10,457</u>	<u>472</u>	<u>13,276</u>	<u>4,811</u>	<u>14,936</u>	<u>10,125</u>
0	0	0	0	0	0	1,600	1,600
0	0	0	0	13,092	13,449	9,867	(3,582)
<u>(9,985)</u>	<u>(9,985)</u>	<u>(9,612)</u>	<u>(373)</u>	<u>(27,972)</u>	<u>(27,972)</u>	<u>(26,576)</u>	<u>650</u>
<u>(9,985)</u>	<u>(9,985)</u>	<u>(9,612)</u>	<u>(373)</u>	<u>(14,880)</u>	<u>(14,523)</u>	<u>(15,109)</u>	<u>(1,332)</u>
0	0	845	99	(1,604)	(9,712)	(173)	8,793
<u>23,409</u>	<u>23,409</u>	<u>271</u>	<u>23,138</u>	<u>34,499</u>	<u>34,499</u>	<u>14,948</u>	<u>26,725</u>
<u>\$ 23,409</u>	<u>\$ 23,409</u>	<u>\$ 1,116</u>	<u>\$ 23,237</u>	<u>\$ 32,895</u>	<u>\$ 24,787</u>	<u>\$ 14,775</u>	<u>\$ 35,518</u>

NONMAJOR ENTERPRISE FUNDS

Marina Fund--

to account for the operations, maintenance, and financing of the municipal marinas.

Golf Courses Fund--

to account for the operations of the Babe Zaharias, Rogers Park, and Rocky Point golf courses.

City of Tampa, Florida
Combining Statement of Net Assets--
Nonmajor Enterprise Funds
September 30, 2007 (in thousands)

	Marina	Golf Courses	Total
ASSETS			
Current assets:			
Cash	\$ 0	\$ 54	\$ 54
Equity in pooled cash and investments	158	0	158
Receivables - net	0	2	2
Prepaid items	0	38	38
Inventories	0	79	79
Total current assets	<u>158</u>	<u>173</u>	<u>331</u>
Noncurrent assets:			
Capital assets:			
Land and land rights	0	930	930
Buildings and improvements	9	4,112	4,121
Improvements other than buildings	6,644	5,252	11,896
Furniture and equipment	5	1,430	1,435
Less accumulated depreciation	<u>(803)</u>	<u>(5,164)</u>	<u>(5,967)</u>
Total capital assets (net of accumulated depreciation)	<u>5,855</u>	<u>6,560</u>	<u>12,415</u>
Total noncurrent assets	<u>5,855</u>	<u>6,560</u>	<u>12,415</u>
Total assets	<u>6,013</u>	<u>6,733</u>	<u>12,746</u>
LIABILITIES			
Current liabilities:			
Accounts payable	0	1,346	1,346
Accrued liabilities	2	0	2
Unearned revenues	0	7	7
Customer deposits	29	0	29
Current portion of long-term debt	<u>0</u>	<u>152</u>	<u>152</u>
Total current liabilities	<u>31</u>	<u>1,505</u>	<u>1,536</u>
Noncurrent liabilities:			
Long-term compensated absences	<u>22</u>	<u>0</u>	<u>22</u>
Total noncurrent liabilities	<u>22</u>	<u>0</u>	<u>22</u>
Total liabilities	<u>53</u>	<u>1,505</u>	<u>1,558</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,855	6,408	12,263
Unrestricted	<u>105</u>	<u>(1,180)</u>	<u>(1,075)</u>
Total net assets	<u>\$ 5,960</u>	<u>\$ 5,228</u>	<u>\$ 11,188</u>

City of Tampa, Florida

Combining Statement of Revenues, Expenses, and

Changes in Fund Net Assets--

Nonmajor Enterprise Funds

For the fiscal year ended September 30, 2007 (in thousands)

	<u>Marina</u>	<u>Golf Courses</u>	<u>Total</u>
Operating revenues:			
Charges for sales and services	\$ 757	\$ 4,050	\$ 4,807
Operating expenses:			
Salaries and employee benefits	48	2,839	2,887
Supplies and materials	413	875	1,288
Contract services	11	656	667
Other services and charges	65	0	65
Depreciation	160	575	735
Total operating expenses	697	4,945	5,642
Operating income (loss)	60	(895)	(835)
Nonoperating revenues (expenses):			
Investment earnings	6	0	6
Miscellaneous income	1	0	1
Total nonoperating revenues (expenses)	7	0	7
Income (loss) before transfers	67	(895)	(828)
Transfers in	0	125	125
Transfers out	(248)	0	(248)
Change in net assets	(181)	(770)	(951)
Total net assets - beginning	6,141	5,998	12,139
Total net assets - ending	<u>\$ 5,960</u>	<u>\$ 5,228</u>	<u>\$ 11,188</u>

City of Tampa, Florida

Combining Statement of Cash Flows-- Nonmajor Enterprise Funds

For the fiscal year ended September 30, 2007 (in thousands)

	Marina	Golf Courses	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 759	\$ 4,047	\$ 4,806
Payments to suppliers	(445)	(1,079)	(1,524)
Payments to employees	(49)	(2,839)	(2,888)
Payments for interfund services used	(22)	0	(22)
Other receipts	1	0	1
Net cash provided by operating activities	<u>244</u>	<u>129</u>	<u>373</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	0	125	125
Cash paid to other funds	(248)	0	(248)
Net cash provided (used) by noncapital financing activities	<u>(248)</u>	<u>125</u>	<u>(123)</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	0	(213)	(213)
Principal paid on capital debt	0	(44)	(44)
Net cash used by capital and related financing activities	<u>0</u>	<u>(257)</u>	<u>(257)</u>
Cash flows from investing activities:			
Interest on investments	6	0	6
Net cash provided by investing activities	<u>6</u>	<u>0</u>	<u>6</u>
Net change in cash and cash equivalents	2	(3)	(1)
Beginning cash and cash equivalents	<u>156</u>	<u>57</u>	<u>213</u>
Ending cash and cash equivalents	<u>\$ 158</u>	<u>\$ 54</u>	<u>\$ 212</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 60</u>	<u>\$ (895)</u>	<u>\$ (835)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	160	575	735
Miscellaneous receipts	1	0	1
Changes in assets and liabilities:			
Decrease in inventory and other assets	0	13	13
Increase in accounts payable	22	439	461
Decrease in accrued liabilities	(1)	0	(1)
Increase in customer deposits and advances	2	0	2
Decrease in unearned revenues	0	(3)	(3)
Total adjustments	<u>184</u>	<u>1,024</u>	<u>1,208</u>
Net cash provided by operating activities	<u>\$ 244</u>	<u>\$ 129</u>	<u>\$ 373</u>
Noncash investing, capital, and financing activities:			
Acquisition of assets under capital lease contracts	\$ 0	\$ 152	\$ 152
Cash and cash equivalents are reported in the financial statements as follows:			
Cash	\$ 0	\$ 54	\$ 54
Equity in pooled cash and investments	<u>158</u>	<u>0</u>	<u>158</u>
	<u>\$ 158</u>	<u>\$ 54</u>	<u>\$ 212</u>

INTERNAL SERVICE FUNDS

Fleet Maintenance Fund--

to account for the costs of operating a maintenance facility for automotive equipment used by City departments. Billings to user departments are based on costs incurred.

Administrative Services Fund--

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.

Utility Accounting Fund--

to account for the costs related to utility billings, collections, and administration. Billings to the user departments are based on costs incurred.

City of Tampa, Florida

Combining Statement of Net Assets-- Internal Service Funds September 30, 2007 (in thousands)

	<u>Fleet Maintenance</u>	<u>Administrative Services</u>	<u>Utility Accounting</u>	<u>Total</u>
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 4,824	\$ 197	\$ 3,008	\$ 8,029
Receivables--net	10	0	711	721
Inventories	196	0	0	196
Total current assets	<u>5,030</u>	<u>197</u>	<u>3,719</u>	<u>8,946</u>
Noncurrent assets:				
Capital assets:				
Land and land rights	1	0	0	1
Buildings and improvements	2,761	0	58	2,819
Improvements other than buildings	1,508	0	0	1,508
Furniture and equipment	1,972	77	774	2,823
Less accumulated depreciation	<u>(4,096)</u>	<u>(41)</u>	<u>(576)</u>	<u>(4,713)</u>
Total capital assets (net of accumulated depreciation)	<u>2,146</u>	<u>36</u>	<u>256</u>	<u>2,438</u>
Total noncurrent assets	<u>2,146</u>	<u>36</u>	<u>256</u>	<u>2,438</u>
Total assets	<u>7,176</u>	<u>233</u>	<u>3,975</u>	<u>11,384</u>
LIABILITIES				
Current liabilities:				
Accounts payable	153	0	13	166
Retainage payable	1	0	0	1
Accrued liabilities	135	11	121	267
Due to other funds	14	1	10	25
Customer deposits	0	0	2,915	2,915
Customer advances	0	0	877	877
Total current liabilities	<u>303</u>	<u>12</u>	<u>3,936</u>	<u>4,251</u>
Noncurrent liabilities:				
Long term compensated absences	<u>607</u>	<u>78</u>	<u>419</u>	<u>1,104</u>
Total noncurrent liabilities	<u>607</u>	<u>78</u>	<u>419</u>	<u>1,104</u>
Total liabilities	<u>910</u>	<u>90</u>	<u>4,355</u>	<u>5,355</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	2,146	36	256	2,438
Unrestricted (deficit)	4,120	107	(636)	3,591
Total net assets (deficit)	<u>\$ 6,266</u>	<u>\$ 143</u>	<u>\$ (380)</u>	<u>\$ 6,029</u>

City of Tampa, Florida

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets-- Internal Service Funds

For the fiscal year ended September 30, 2007 (in thousands)

	<u>Fleet Maintenance</u>	<u>Administrative Services</u>	<u>Utility Accounting</u>	<u>Total</u>
Operating revenues:				
Billings to City departments and independent agencies	\$ 13,753	\$ 744	\$ 8,995	\$ 23,492
Operating expenses:				
Salaries and employee benefits	4,888	270	3,783	8,941
Supplies and materials	5,611	1	64	5,676
Contract services	128	2	696	826
Other services and charges	2,353	479	4,511	7,343
Depreciation	265	4	93	362
Total operating expenses	<u>13,245</u>	<u>756</u>	<u>9,147</u>	<u>23,148</u>
Operating income (loss)	<u>508</u>	<u>(12)</u>	<u>(152)</u>	<u>344</u>
Nonoperating revenues:				
Investment earnings	135	6	132	273
Gain on disposal of capital assets	11	0	5	16
Federal government	2	0	0	2
Miscellaneous income	2	0	5	7
Total nonoperating revenues	<u>150</u>	<u>6</u>	<u>142</u>	<u>298</u>
Change in net assets	658	(6)	(10)	642
Total net assets (deficit) - beginning	<u>5,608</u>	<u>149</u>	<u>(370)</u>	<u>5,387</u>
Total net assets (deficit) - ending	<u>\$ 6,266</u>	<u>\$ 143</u>	<u>\$ (380)</u>	<u>\$ 6,029</u>

City of Tampa, Florida

Combining Statement of Cash Flows-- Internal Service Funds

For the fiscal year ended September 30, 2007 (in thousands)

	<u>Fleet Maintenance</u>	<u>Administrative Services</u>	<u>Utility Accounting</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 125	\$ 0	\$ 2,826	\$ 2,951
Receipts from interfund services provided	13,478	744	5,828	20,050
Payments to suppliers	(6,519)	(433)	(1,568)	(8,520)
Payments to employees	(4,813)	(261)	(3,781)	(8,855)
Payments for interfund services used	(1,365)	(49)	(3,584)	(4,998)
Other receipts	2	0	5	7
Net cash provided (used) by operating activities	<u>908</u>	<u>1</u>	<u>(274)</u>	<u>635</u>
Cash flows from noncapital financing activities:				
Nonoperating grants received	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
Net cash provided by noncapital financing activities	<u>2</u>	<u>0</u>	<u>0</u>	<u>2</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(425)	(17)	(71)	(513)
Proceeds from sale of capital assets	<u>12</u>	<u>0</u>	<u>7</u>	<u>19</u>
Net cash used by capital and related financing activities	<u>(413)</u>	<u>(17)</u>	<u>(64)</u>	<u>(494)</u>
Cash flows from investing activities:				
Interest on investments	<u>135</u>	<u>6</u>	<u>132</u>	<u>273</u>
Net cash provided by investing activities	<u>135</u>	<u>6</u>	<u>132</u>	<u>273</u>
Net increase (decrease) in cash and cash equivalents	632	(10)	(206)	416
Beginning cash and cash equivalents	<u>4,192</u>	<u>207</u>	<u>3,214</u>	<u>7,613</u>
Ending cash and cash equivalents	<u>\$ 4,824</u>	<u>\$ 197</u>	<u>\$ 3,008</u>	<u>\$ 8,029</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 508	\$ (12)	\$ (152)	\$ 344
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	265	4	93	362
Miscellaneous receipts	2	0	5	7
Changes in assets and liabilities:				
(Increase) decrease in receivables--net	14	0	(1)	13
Increase in inventories	(17)	0	0	(17)
Increase (decrease) in accounts payable	59	0	(49)	10
Increase in accrued liabilities	75	9	2	86
Increase in due to other funds	2	0	1	3
Decrease in customer deposits and advances	<u>0</u>	<u>0</u>	<u>(173)</u>	<u>(173)</u>
Total adjustments	<u>400</u>	<u>13</u>	<u>(122)</u>	<u>291</u>
Net cash provided (used) by operating activities	<u>\$ 908</u>	<u>\$ 1</u>	<u>\$ (274)</u>	<u>\$ 635</u>
Cash and cash equivalents are reported in financial statements as follows:				
Equity in pooled cash and investments	\$ 4,824	\$ 197	\$ 3,008	\$ 8,029

FIDUCIARY FUNDS

Firefighters and Police Officers Pension Fund and General Employees Retirement Fund--

to 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.

Agency Funds--

to account for various funds for which the City acts as agent. These include law enforcement trust fund and art in public places trust fund.

City of Tampa, Florida

Combining Statement of Fiduciary Net Assets--
Pension Trust Funds
September 30, 2007 (in thousands)

	Firefighters and Police Officers Pension Fund	General Employees Retirement Fund	Total
ASSETS			
Cash	\$ 83	\$ 4,959	5,042
Investments, at fair value:			
Debt and other interest bearing investments	332,813	165,491	498,304
Equity securities	1,369,359	422,988	1,792,347
Real estate investments	0	33,140	33,140
Total cash and investments	<u>1,702,255</u>	<u>626,578</u>	<u>2,328,833</u>
Accounts receivable	<u>3,350</u>	<u>0</u>	<u>3,350</u>
Interest and dividends receivable	<u>4,180</u>	<u>1,189</u>	<u>5,369</u>
Capital assets:			
Land	99	0	99
Buildings and improvements	880	0	880
Less accumulated depreciation	<u>(336)</u>	<u>0</u>	<u>(336)</u>
Total capital assets (net of accumulated depreciation)	<u>643</u>	<u>0</u>	<u>643</u>
Total assets	<u>1,710,428</u>	<u>627,767</u>	<u>2,338,195</u>
LIABILITIES			
Accounts payable	3,140	608	3,748
Accrued liabilities	112	0	112
Long-term compensated absences	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>3,252</u>	<u>608</u>	<u>3,860</u>
NET ASSETS			
Heid in trust for pension benefits	<u>\$ 1,707,176</u>	<u>\$ 627,159</u>	<u>\$ 2,334,335</u>

City of Tampa, Florida

Combining Statement of Changes in Fiduciary Net Assets--

Pension Trust Funds

For the fiscal year ended September 30, 2007 (in thousands)

	Firefighters and Police Officers Pension Fund	General Employees Retirement Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 2,629	\$ 15,058	\$ 17,687
Employees	1,961	803	2,764
State of Florida	6,687	0	6,687
Total contributions	<u>11,277</u>	<u>15,861</u>	<u>27,138</u>
Investment earnings:			
Interest and dividends	42,882	9,819	52,701
Net increase in the fair value of investments	289,171	79,009	368,180
Total investment earnings	<u>332,053</u>	<u>88,828</u>	<u>420,881</u>
Less investment expense	3,903	2,077	5,980
Net investment earnings	<u>328,150</u>	<u>86,751</u>	<u>414,901</u>
Total additions	<u>339,427</u>	<u>102,612</u>	<u>442,039</u>
DEDUCTIONS			
Pension benefits	63,100	29,408	92,508
Withdrawal payments	0	194	194
Administrative expenses	1,169	3	1,172
Total deductions	<u>64,269</u>	<u>29,605</u>	<u>93,874</u>
Change in net assets	275,158	73,007	348,165
Net assets - beginning	1,432,018	554,152	1,986,170
Net assets - ending	<u>\$ 1,707,176</u>	<u>\$ 627,159</u>	<u>\$ 2,334,335</u>

City of Tampa, Florida

Combining Statement of Fiduciary Net Assets--
Other Agency Funds
September 30, 2007 (in thousands)

	Rehabilitation Loans Fund	Other Agency Funds	Total
ASSETS			
Cash	\$ 0	\$ 177	\$ 177
Equity in pooled cash and investments	0	34,217	34,217
Notes receivable-- net of allowance for uncollectibles	12,011	0	12,011
Total assets	<u>12,011</u>	<u>34,394</u>	<u>46,405</u>
LIABILITIES			
Accounts payable	0	178	178
Deposits held in custody for others	12,011	34,216	46,227
Total liabilities	<u>12,011</u>	<u>34,394</u>	<u>46,405</u>
NET ASSETS	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

City of Tampa, Florida

Statement of Changes in Assets and Liabilities--

Other Agency Funds

For the fiscal year ended September 30, 2007 (in thousands)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
ASSETS				
Cash	\$ 55	\$ 640	\$ 518	\$ 177
Equity in pooled cash and investments	29,390	33,410	28,583	34,217
Total assets	<u>\$ 29,445</u>	<u>\$ 34,050</u>	<u>\$ 29,101</u>	<u>\$ 34,394</u>
LIABILITIES				
Accounts payable	\$ 30	\$ 729	\$ 581	\$ 178
Deposits held in custody for others	29,415	32,843	28,042	34,216
Total liabilities	<u>\$ 29,445</u>	<u>\$ 33,572</u>	<u>\$ 28,623</u>	<u>\$ 34,394</u>

City of Tampa, Florida

Statement of Changes in Assets and Liabilities--

Private Purpose Trust Fund (Rehabilitation Loans Fund)

For the fiscal year ended September 30, 2007 (in thousands)

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 2007</u>
ASSETS				
Accounts receivable	\$ 4	\$ 0	\$ 4	\$ 0
Notes receivable - net of allowance for uncollectibles	23	13,134	1,146	12,011
Total assets	<u>\$ 27</u>	<u>\$ 13,134</u>	<u>\$ 1,150</u>	<u>\$ 12,011</u>
LIABILITIES				
Deposits held in custody for others	<u>\$ 27</u>	<u>\$ 13,066</u>	<u>\$ 1,082</u>	<u>\$ 12,011</u>
Total liabilities	<u>\$ 27</u>	<u>\$ 13,066</u>	<u>\$ 1,082</u>	<u>\$ 12,011</u>

City of Tampa, Florida
Schedule of Revenues, Expenditures, and
Changes in Fund Balance--
Community Redevelopment Agency - Tax Increment Financing
For the fiscal year ended September 30, 2007 (in thousands)

	Ybor	Downtown		East Tampa	Drew Park	Channel District	Ybor II	Tampa Heights Riverfront	Central Park	Total
		Core	Non Core							
REVENUES										
Tax increment revenues:										
Hillsborough County	\$ 882	\$ 1,084	\$ 5,902	\$ 2,560	\$ 555	\$ 716	\$ 276	\$ 75	\$ 23	\$ 12,073
City of Tampa	1,223	1,068	5,805	2,559	558	681	271	76	22	12,263
Hillsborough Transit Authority	0	0	453	0	0	0	0	0	0	453
Children's Board of Hillsborough County	0	83	453	0	0	0	0	0	0	536
Tampa Port Authority	42	37	199	88	20	23	9	2	1	421
Total revenues	<u>2,147</u>	<u>2,272</u>	<u>12,812</u>	<u>5,207</u>	<u>1,133</u>	<u>1,420</u>	<u>556</u>	<u>153</u>	<u>46</u>	<u>25,746</u>
EXPENDITURES										
Current:										
City staff	285	96	0	684	124	106	68	81	28	1,472
Contractual services and supplies	555	122	0	1,233	91	91	165	20	12	2,289
Debt Service:										
Principal and interest	0	727	12,792	0	0	0	0	0	0	13,519
Capital outlay:										
Land	0	0	0	215	0	0	0	0	0	215
Buildings and improvements	0	0	0	640	0	0	0	0	0	640
Road improvements	140	668	0	443	0	137	0	0	0	1,388
Stormwater improvements	492	0	0	37	0	0	0	0	0	529
Sidewalk improvements	0	0	0	43	129	0	0	0	0	172
Park and landscaping improvements	11	0	0	10	0	31	0	0	0	52
Furniture and equipment	1	0	0	305	1	3	0	0	0	310
Total expenditures	<u>1,484</u>	<u>1,613</u>	<u>12,792</u>	<u>3,610</u>	<u>345</u>	<u>368</u>	<u>233</u>	<u>101</u>	<u>40</u>	<u>20,586</u>
Net change in fund balances	663	659	20	1,597	788	1,052	323	52	6	5,160
Beginning fund balances	866	(1)	0	2,175	635	662	207	24	0	4,568
Ending fund balances	<u>\$ 1,529</u>	<u>\$ 658</u>	<u>\$ 20</u>	<u>\$ 3,772</u>	<u>\$ 1,423</u>	<u>\$ 1,714</u>	<u>\$ 530</u>	<u>\$ 76</u>	<u>\$ 6</u>	<u>\$ 9,728</u>
Outstanding encumbrances	<u>\$ 380</u>	<u>\$ 25</u>	<u>\$ 0</u>	<u>\$ 1,624</u>	<u>\$ 3</u>	<u>\$ 81</u>	<u>\$ 37</u>	<u>\$ 0</u>	<u>\$ 6</u>	<u>\$ 2,156</u>

Note: The remaining principal outstanding on the City of Tampa 1991 Utility Tax and Special Revenue Refunding Bonds, the 2001 Utilities Tax and Special Revenue Refunding Bonds, and the 2001B Utilities Tax and Special Refunding Bonds, to which tax increment revenues of this fund are pledged is \$91,575,000 as of September 30, 2007.

Statistical Section

This part of the City of Tampa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	111
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	118
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
Debt Capacity	123
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	128
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place	
Operating Information	130
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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City of Tampa, Florida

Net Assets by Component

Last Five Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 352,041	\$ 365,015	\$ 417,379	\$ 450,512	\$ 544,741
Restricted	26,506	25,392	22,700	56,821	48,135
Unrestricted	96,205	52,549	79,546	132,707	129,756
Total governmental activities net assets	<u>\$ 474,752</u>	<u>\$ 442,956</u>	<u>\$ 519,625</u>	<u>\$ 640,040</u>	<u>\$ 722,632</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 675,339	\$ 703,979	\$ 714,968	\$ 746,974	\$ 781,822
Restricted	83,464	87,845	79,965	75,860	77,121
Unrestricted	100,526	98,925	109,282	117,182	114,362
Total business-type activities net assets	<u>\$ 859,329</u>	<u>\$ 890,749</u>	<u>\$ 904,215</u>	<u>\$ 940,016</u>	<u>\$ 973,305</u>
Primary government					
Invested in capital assets, net of related debt	\$ 1,027,380	\$ 1,068,994	\$ 1,132,347	\$ 1,197,486	\$ 1,326,563
Restricted	109,970	113,237	102,665	132,681	125,256
Unrestricted	196,731	151,474	188,828	249,889	244,118
Total primary government activities net assets	<u>\$ 1,334,081</u>	<u>\$ 1,333,705</u>	<u>\$ 1,423,840</u>	<u>\$ 1,580,056</u>	<u>\$ 1,695,937</u>

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida

Changes in Net Assets
Last Five Fiscal Years
(accrual basis of accounting)
(in thousands)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 49,934	\$ 88,005 ¹	\$ 35,314	\$ 50,245	\$ 71,178
Public safety	164,621	186,810	194,353	193,782	206,326
Public works	46,865	49,905	47,662	52,112	50,506
Economic environment	9,177	12,272	14,607	14,731	22,511
Culture and recreation	45,089	53,592	55,153	57,755	62,798
Interest on long-term debt	29,759	23,653	21,999	17,947	24,404
Total governmental activities expenses	345,445	414,237	369,088	386,572	437,723
Business-type activities:					
Water Utility	37,199	41,386	55,070	51,404	61,128
Wastewater Utility	64,999	72,437	73,154	71,569	78,125
Solid Waste System	57,207	59,465	61,062	62,626	63,596
Parking Facilities	14,029	15,461	14,683	14,300	14,719
Marina	137	155	228	539	697
Golf Courses	4,312	3,662	4,302	4,741	4,945
Total business-type activities expenses	177,883	192,566	208,499	205,179	223,210
Total primary government expenses	\$ 523,328	\$ 606,803	\$ 577,587	\$ 591,751	\$ 660,933
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 35,316	\$ 35,387	\$ 35,522	\$ 38,595	\$ 42,407
Public safety	18,770	19,383	17,893	19,397	20,503
Public works	6,130	6,289	8,270	8,736	6,256
Economic environment	0	0	0	0	0
Culture and recreation	6,750	6,689	8,644	7,875	11,315
Operating grants and contributions	51,388	50,166	62,915 ²	60,092	67,267
Capital grants and contributions	36,522	18,101	31,305	83,805 ⁴	51,976
Total governmental activities program revenues	154,876	136,015	164,549	218,500	199,724
Business-type activities:					
Charges for services:					
Water Utility	52,420	57,549	58,709	68,364	69,830
Wastewater Utility	61,261	73,496	73,533	80,019	82,657
Solid Waste System	57,387	64,093	64,966	68,616	70,743
Parking Facilities	17,463	20,157	19,692	15,639	14,682
Marina	155	158	256	656	758
Golf Courses	3,479	3,104	3,564	4,092	4,050
Operating grants and contributions	435	536	1,090	248	580
Capital grants and contributions	15,593	17,295	19,080	12,545	18,014
Total business-type activities program revenues	208,193	236,388	240,890	250,179	261,314
Total primary government program revenues	\$ 363,069	\$ 372,403	\$ 405,439	\$ 468,679	\$ 461,038

Net (expense) revenue:										
Governmental activities	\$	(190,569)	\$	(278,222)	\$	(204,539)	\$	(168,072)	\$	(237,999)
Business-type activities		30,310		43,822		32,391		45,000		38,104
Total primary government net expense	\$	<u>(160,259)</u>	\$	<u>(234,400)</u>	\$	<u>(172,148)</u>	\$	<u>(123,072)</u>	\$	<u>(199,895)</u>

General Revenues and Other Changes in

Net Assets

Governmental activities:

Taxes

Property taxes	\$	105,197	\$	113,378	\$	123,492	\$	141,022	\$	166,238
Local option resort tax		1,841		1,713		1,916		2,166		2,166
Communications services tax		29,401		27,761		28,509		28,243		27,590
Sales taxes		38,873		40,744		44,615		49,420		45,611
Utility taxes		29,308		29,700		30,395		29,662		29,312
Motor fuel taxes		12,518		12,658		13,057		11,352		13,008
Unrestricted investment earnings		9,982		4,076		3,205		9,389		17,378
Gain on disposal of capital assets		0		0		0		0		1,867
Transfers		12,817		16,396		36,019		17,233		17,421
Total governmental activities		<u>239,937</u>		<u>246,426</u>		<u>281,208</u>		<u>288,487</u>		<u>320,591</u>

Business-type activities:

Unrestricted investment earnings

Gain on disposal of capital assets

Transfers

Total business-type activities

Total primary government

Unrestricted investment earnings		7,208		3,950		2,194		7,714		12,553
Gain on disposal of capital assets		85		44		14,900 ³		357		53
Transfers		(12,817)		(16,396)		(36,019)		(17,270)		(17,421)
Total business-type activities		<u>(5,524)</u>		<u>(12,402)</u>		<u>(18,925)</u>		<u>(9,199)</u>		<u>(4,815)</u>
Total primary government	\$	<u>234,413</u>	\$	<u>234,024</u>	\$	<u>262,283</u>	\$	<u>279,288</u>	\$	<u>315,776</u>

Change in Net Assets

Governmental activities

Business-type activities

Total primary government

Governmental activities	\$	49,368	\$	(31,796)	\$	76,669	\$	120,415	\$	82,592
Business-type activities		24,786		31,420		13,466		35,801		33,289
Total primary government	\$	<u>74,154</u>	\$	<u>(376)</u>	\$	<u>90,135</u>	\$	<u>156,216</u>	\$	<u>115,881</u>

¹ The increase from the prior period was due to hurricane clean up costs from three storms that impacted the area.

² The increase from the prior period was due to reduction of deferred revenues in the State Housing Initiatives Program fund.

³ The increase from the prior period was due to the sale of a parking facility.

⁴ The increase from the prior period was due to increased transportation impact fee revenues

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 7,006	\$ 9,854	\$ 7,772	\$ 7,901	\$ 7,472	\$ 8,510	\$ 9,418	\$ 9,104	\$ 10,046	\$ 8,912
Unreserved	33,786	37,202	44,530	54,501	62,904	64,120	50,541 ¹	52,560	73,338	88,890
Total general fund	<u>\$ 40,792</u>	<u>\$ 47,056</u>	<u>\$ 52,302</u>	<u>\$ 62,402</u>	<u>\$ 70,376</u>	<u>\$ 72,630</u>	<u>\$ 59,959</u>	<u>\$ 61,664</u>	<u>\$ 83,384</u>	<u>\$ 97,802</u>
Utility tax special revenue fund										
Reserved	\$ 1,700	\$ 1,353	\$ 1,586	\$ 1,620	\$ 3,392	\$ 2,487	\$ 4,069	\$ 3,599	\$ 3,371	\$ 6,141
Unreserved	10,312	14,064	18,545	20,272	24,068	21,767	18,443	18,910	20,038	33,828
Total utility tax special revenue fund	<u>\$ 12,012</u>	<u>\$ 15,417</u>	<u>\$ 20,131</u>	<u>\$ 21,892</u>	<u>\$ 27,460</u>	<u>\$ 24,254</u>	<u>\$ 22,512</u>	<u>\$ 22,509</u>	<u>\$ 23,409</u>	<u>\$ 39,969</u>
Community Redevelopment Agency special revenue fund										
Reserved	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,676	\$ 1,698	\$ 2,156
Unreserved	0	0	48	69	111	148	182	1,250	2,870	7,572
Total Community Redevelopment Agency	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48</u>	<u>\$ 69</u>	<u>\$ 111</u>	<u>\$ 148</u>	<u>\$ 182</u>	<u>\$ 2,926</u>	<u>\$ 4,568</u>	<u>\$ 9,728</u>
All other governmental funds										
Reserved	\$ 31,459	\$ 36,374	\$ 27,795	\$ 56,491	\$ 62,497	\$ 40,513	\$ 41,991	\$ 36,208	\$ 69,204 ²	\$ 40,062
Unreserved, reported in:										
Special revenue funds	5,235	7,470	11,211	11,339	12,152	12,115	12,081	9,337	13,637	12,557
Debt service funds	0	0	0	(60)	(34)	(169)	(175)	(175)	(179)	(476)
Capital projects funds	31,150	66,676	86,724	49,591	70,766	79,541	75,473	72,541	83,851	126,376
Total all other governmental funds	<u>\$ 67,844</u>	<u>\$ 110,520</u>	<u>\$ 125,730</u>	<u>\$ 117,361</u>	<u>\$ 145,381</u>	<u>\$ 132,000</u>	<u>\$ 129,370</u>	<u>\$ 117,911</u>	<u>\$ 166,513</u>	<u>\$ 178,519</u>

¹ The decrease from the prior period was due to increased expenditures for hurricane clean up costs and aid to private organizations.

² The increase from the prior period was due to increased encumbrances in the local option gas tax construction fund.

Unaudited - see accompanying independent auditors' report

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City of Tampa, Florida

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(in thousands)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 130,149	\$ 139,846	\$ 149,239	\$ 161,981	\$ 182,986	\$ 189,300	\$ 196,757	\$ 210,775	\$ 228,879	\$ 253,775
Special assessments	0	0	0	0	0	0	1,969	2,041	6,095	6,124
Intergovernmental	63,995	63,297	69,360	72,237	78,637	86,504	85,579	113,658	119,249	135,184
Transportation impact fees	1,124	2,537	4,217	3,825	1,550	3,016	5,526	1,705	39,743	8,707
Licenses and permits	30,968	32,810	34,355	36,662	34,320	35,837	37,073	40,372	43,177	43,366
Charges for services	18,489	21,247	21,774	23,791	23,583	25,495	23,764	24,300	26,115	33,657
Fines and forfeitures	2,535	2,518	3,012	3,850	2,977	5,054	6,247	5,145	4,983	4,350
Investment earnings	11,055	8,241	9,428	16,039	11,047	9,982	4,076	3,171	9,389	17,378
Contributions and donations	901	2,638	12,179	3,419	4,414	3,520	2,852	2,397	3,697	3,763
Miscellaneous	5,622	2,663	6,543	3,848	0	0	0	0	0	0
Total revenues	264,838	275,797	310,107	325,652	339,514	358,708	363,843	403,564	481,327	506,304
Expenditures										
Public safety	117,518	124,904	131,997	133,297	142,574	156,459	170,338	184,561	184,307	195,932
Culture and recreation	26,409	28,927	31,248	32,838	35,049	36,570	42,360	44,880	47,061	51,163
Public works	23,802	24,319	25,120	28,251	32,838	39,615	40,480	38,311	42,492	40,169
General government services	12,388	13,919	15,015	15,685	29,807	33,103	42,845	37,648	41,957	49,329
Economic and physical environment	19,494	13,964	13,822	15,555	14,971	9,236	12,381	14,724	14,802	22,587
Miscellaneous	7,216	7,345	10,065	14,814	0	0	0	0	0	0
Debt service:										
Principal	10,415	11,799	13,765	13,070	16,115	17,760	21,089	20,574	22,505	25,514
Interest	17,476	18,428	22,207	19,244	20,592	20,647	20,715	18,821	17,728	17,402
Other charges	73	68	51	8,542	2,197	635	0	0	0	1,358
Capital leases	0	0	2,272	0	0	0	0	0	0	0
Capital outlay	49,201	48,404	49,025	69,136	77,229	77,020	49,480	61,475	64,014	103,365
Total expenditures	283,992	292,077	314,587	350,432	371,372	391,045	399,688	420,994	434,866	506,819
Excess (deficiency) of revenues over (under) expenditures	(19,154)	(16,280)	(4,480)	(24,780)	(31,858)	(32,337)	(35,845)	(17,430)	46,461	(515)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other financing sources (uses)										
Payment to refunded bond escrow agent	0	0	0	(120,563)	(119,520)	(4,430)	0	(20,151)	0	(89,147)
Bond proceeds	48,109	64,515	21,995	117,745	173,020	4,455	0	0	0	108,820
Premium on bonds issued	0	0	0	7,573	3,928	0	0	0	0	5,968
Discount on bonds issued	0	0	0	0	(74)	0	0	0	0	0
Sale of capital assets	0	4,656	5,017	6,534	2,218	5,036	1,538	1,933	1,818	5,597
Capital leases	0	0	2,272	0	198	0	0	0	1,033	0
Transfers in	74,093	84,398	83,803	99,312	101,263	117,420	121,358	147,884	114,717	101,057
Transfers out	(91,817)	(84,951)	(83,389)	(82,308)	(87,571)	(104,603)	(104,962)	(111,865)	(97,484)	(83,636)
Total other financing sources (uses)	30,385	68,608	29,698	28,293	73,462	17,878	17,934	17,801	20,084	48,659
Net change in fund balances	11,231	52,328	25,218	3,513	41,604	(14,459)	(17,911)	371	66,545	48,144
Debt service as a percentage of noncapital expenditures	11.9%	12.4%	13.6%	14.5%	13.2%	12.4%	11.9%	11.0%	10.8%	11.0%

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

Fiscal Year	Property Tax	Community Investment Tax	Miscellaneous Sales Taxes	Local Option Resort Tax	Motor Fuel Tax	Utility Tax	Communications Services Tax	Total
1998	\$ 67,516	\$ 9,608	\$ 53	\$ 1,440	\$ 9,446	\$ 24,976	\$ 17,110	\$ 130,149
1999	72,931	9,962	62	1,440	9,964	25,888	19,599	139,846
2000	78,691	10,823	113	1,692	10,378	26,614	20,928	149,239
2001	89,070	12,351	107	1,360	10,039	27,741	21,313	161,981
2002	97,714	12,393	110	1,611	10,495	28,827	31,836	182,986
2003	105,197	12,716	64	1,841	10,773	29,308	29,401	189,300
2004	113,378	13,245	65	1,713	10,895	29,700	27,761	196,757
2005	123,492	15,094	51	1,916	11,318	30,395	28,509	210,775
2006	141,022	16,368	66	2,166	11,352	29,662	28,243	228,879
2007	166,238	17,232	84	2,166	11,153	29,312	27,590	253,775

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(in thousands)

Fiscal Year	Real Property (1)			Personal and Other Property (1)			Total			Direct Tax Rate	Assessed Value as a Percentage of Estimated Actual Value
	Assessed Value	Exemptions	Estimated Actual Value*	Assessed Value	Exemptions	Estimated Actual Value*	Assessed Value	Exemptions	Estimated Actual Value*		
1997	\$ 8,587,716	\$ 4,473,246	\$ 13,060,962	\$ 2,112,690	\$ 1,155,013	\$ 3,267,703	\$ 10,700,406	\$ 5,628,259	\$ 16,328,665	6.54	65.5
1998	9,525,548	4,794,294	14,319,842	2,209,438	1,154,049	3,363,487	11,734,986	5,948,343	17,683,329	6.54	66.4
1999	10,519,636	5,141,242	15,660,878	2,322,621	1,154,938	3,477,559	12,842,257	6,296,180	19,138,437	6.54	67.1
2000	11,418,431	5,886,140	17,304,571	2,422,898	927,805	3,350,703	13,841,329	6,813,945	20,655,274	6.54	67.0
2001	13,205,192	7,149,328	20,354,520	2,539,243	929,062	3,468,305	15,744,435	8,078,390	23,822,825	6.54	66.1
2002	14,314,298	8,140,466	22,454,764	2,433,836	938,473	3,372,309	16,748,134	9,078,939	25,827,073	6.54	64.8
2003	15,575,133	8,863,604	24,438,737	2,424,907	842,662	3,267,569	18,000,040	9,706,266	27,706,306	6.54	65.0
2004	17,010,546	10,096,810	27,107,356	2,463,420	983,924	3,447,344	19,473,966	11,080,734	30,554,700	6.54	63.7
2005	19,794,047	12,039,615	31,833,662	2,508,328	1,239,510	3,747,838	22,302,375	13,279,125	35,581,500	6.54	62.7
2006	24,219,249	14,854,408	39,073,657	2,571,751	1,136,674	3,708,425	26,791,000	15,991,082	42,782,082	6.408	62.6

* Per State of Florida Statutes, property is assessed at "just value" which should approximate actual value.

Data Source:

(1) Property Appraiser, Hillsborough County.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(in mills)

Fiscal Year	Tax Roll Year	City of Tampa	Overlapping Rates				Total Direct & Overlapping Rates
			Hillsborough County	Hillsborough County School District	Hillsborough Transit Authority		
1997	1996	6.54	9.304	9.954	0.50	26.298	
1998	1997	6.54	9.144	9.588	0.50	25.772	
1999	1998	6.54	9.056	9.531	0.50	25.627	
2000	1999	6.54	8.931	9.071	0.50	25.042	
2001	2000	6.54	8.816	8.715	0.50	24.571	
2002	2001	6.54	8.691	8.586	0.50	24.317	
2003	2002	6.54	8.734	8.595	0.50	24.369	
2004	2003	6.54	8.504	8.480	0.50	24.024	
2005	2004	6.54	8.454	8.361	0.50	23.855	
2006	2005	6.54	8.192	7.937	0.50	23.169	
2007	2006	6.408	7.729	7.823	0.50	22.460	

Data Source:
Property Appraiser, Hillsborough County.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida

Principal Property Taxpayers

Current Year and Nine Years Ago (in thousands)

Taxpayer	2007*			1998*		
	Taxes Levied	Rank	Percentage of Total Taxes Levied	Taxes Levied	Rank	Percentage of Total Taxes Levied
Tampa Electric Company/Peoples Gas	\$ 40,472	1	2.13 %	\$ 30,547	1	3.77 %
Verizon Communications Corporation	23,031	2	1.21	-	-	-
Hillsborough County Aviation Authority	12,035	3	0.63	-	-	-
Mosaic Phosphates Company	7,677	4	0.40	-	-	-
Camden Property Trust	6,128	5	0.32	-	-	-
Wal-Mart	4,802	6	0.25	-	-	-
Post Apartment Homes LP	4,692	7	0.25	-	-	-
Glimcher LTP Partnership	4,652	8	0.25	-	-	-
Tampa Port Authority	4,439	9	0.23	-	-	-
Teachers Insurance and Annuity Association	3,302	10	0.17	-	-	-
Busch Entertainment Corp.	-	-	-	2,700	6	0.33
General Telephone Company	-	-	-	21,678	2	2.67
GTE Data Services	-	-	-	4,825	3	0.60
IMC-Agrico Company	-	-	-	3,294	4	0.41
Metropolitan Insurance Company	-	-	-	1,807	10	0.22
Cargill	-	-	-	2,933	5	0.36
Brandon Shopping Center	-	-	-	1,831	9	0.23
Tampa City Center	-	-	-	2,114	7	0.26
University Square Partners	-	-	-	2,026	8	0.25
	\$ 111,230		5.84 %	\$ 73,755		9.10 %

*Note: Data presented is for Hillsborough County as of 2006

**Note: Data presented is for Hillsborough County as of 1997

Source: Office of the Tax Collector, Hillsborough County.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
Property Tax Levies and Collections
 Last Ten Fiscal Years
 (in thousands)

Fiscal Year	Tax Roll Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes (1)	Outstanding Delinquent Taxes as Percent of Current Levy
1998	1997	\$ 70,628	\$ 67,209	95.16 %	\$ 307	\$ 67,516	\$ 67,516	95.59 %	\$ 852	1.21 %
1999	1998	76,919	72,500	94.25	431	72,931	72,931	94.82	1,289	1.68
2000	1999	84,134	77,940	92.64	750	78,690	78,690	93.53	3,284	3.90
2001	2000	91,179	85,077	93.31	2,242	87,319	87,319	95.77	2,139	2.35
2002	2001	103,302	97,540	94.42	174	97,714	97,714	94.59	2,742	2.65
2003	2002	110,651	104,626	94.55	571	105,197	105,197	95.07	3,462	3.13
2004	2003	118,584	112,770	95.10	608	113,378	113,378	95.61	3,751	3.16
2005	2004	128,555	122,638	95.40	854	123,492	123,492	96.06	955	0.74
2006	2005	146,471	140,530	95.94	492	141,022	141,022	96.28	912	0.62
2007	2006	172,490	165,953	96.21	150	166,103	166,103	96.30	727	0.42

Data Source:

(1) Office of Tax Collector, Hillsborough County.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(in thousands, except per capita income)

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita Income (1)	
	Revenue-backed Bonds		HUD Section 108 Loan		Revenue-backed Bonds		State Revolving Loan					Capital Leases
	\$		\$		\$		\$					
1998	384,261	8,070	81		292,827	113,478	0		799,317	10.32 %	\$ 26,355	
1999	440,099	10,555	3,606		387,605	116,528	0		958,393	11.83	27,304	
2000	449,300	10,515	2,637		438,329	118,721	0		1,019,502	12.24	27,458	
2001	437,897	10,495	2,535		436,208	113,530	0		1,000,665	11.25	28,784	
2002	483,798	10,470	2,452		448,562	75,310	0		1,020,592	10.99	29,602	
2003	475,768	10,445	2,304		425,284	71,386	0		985,187	10.30	29,748	
2004	459,358	10,260	2,161		408,939	66,947	89		947,754	9.15	31,671	
2005	420,634	10,060	2,010		381,137	62,372	86		876,299	8.03	33,034	
2006	399,899	9,850	2,697		402,617	57,657	44		872,764	N/A	N/A	
2007	409,418	8,370	2,242		383,574	52,796	152		856,552	N/A	N/A	

Data Source:

(1) Bureau of Economic Analysis: Regional Economic Information System.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida

Direct and Overlapping Governmental Activities Debt

September 30, 2007

(in thousands)

	Net Debt Outstanding	Percentage of Debt Applicable to City of Tampa	Share of Debt
City of Tampa	\$ 0 *	0.00 %	\$ 0
Hillsborough County	34,065 (1)	34.25	11,667
Hillsborough County School Board	0 (2)	34.25	0
Total Overlapping Debt			\$ 11,667

* The City of Tampa has no bonded debt supported by property taxes; all bonds are tied to specific revenue sources.

Data Sources:

(1) Clerk of Circuit Court, Hillsborough County. Supported by 0.0667 mill levy.

(2) School Board of Hillsborough County. Supported by 0.0000 mill levy.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (in thousands)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit (1)	\$ 1,605,061	\$ 1,760,248	\$ 1,926,338	\$ 2,076,199	\$ 2,361,665	\$ 2,512,220	\$ 2,700,006	\$ 2,921,095	\$ 3,345,356	\$ 4,018,650
Total debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 1,605,061</u>	<u>\$ 1,760,248</u>	<u>\$ 1,926,338</u>	<u>\$ 2,076,199</u>	<u>\$ 2,361,665</u>	<u>\$ 2,512,220</u>	<u>\$ 2,700,006</u>	<u>\$ 2,921,095</u>	<u>\$ 3,345,356</u>	<u>\$ 4,018,650</u>

(1) According to City ordinance, the City's total outstanding general obligation debt should not exceed 15 percent of total assessed property value as determined by the Hillsborough County Property Appraiser

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida

Water Utility System Pledged-Revenue Coverage

Last Ten Fiscal Years

(in thousands except for coverage)

Fiscal Year	Operating Revenue	Operating (1) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$ 45,769	\$ 23,819	\$ 21,950	\$ 2,507	\$ 2,976	\$ 5,483	4.0
1999	47,985	28,094	19,891	3,035	2,463	5,498	3.6
2000	46,494	27,240	19,254	3,203	5,887	9,090	2.1
2001	45,848	26,152	19,696	4,057	5,818	9,875	2.0
2002	55,031	27,004	28,027	4,360	6,069	10,429	2.7
2003	52,265	26,255	26,010	1,972	5,438	7,410	3.5
2004	57,536	30,712	26,824	2,426	5,819	8,245	3.3
2005	58,701	40,607	18,094	1,876	5,519	7,395	2.4
2006	68,358	35,251	33,107	2,608	5,529	8,137	4.1
2007	69,336	45,827	23,509	3,480	5,387	8,867	2.7

Wastewater Utility System Pledged-Revenue Coverage

Last Ten Fiscal Years

(in thousands except for coverage)

Fiscal Year	Operating Revenue	Operating (1) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$ 62,410	\$ 34,801	\$ 27,609	\$ 5,424	\$ 7,809	\$ 13,233	2.1
1999	68,916	38,189	30,727	5,530	7,275	12,805	2.4
2000	65,119	35,724	29,395	5,827	6,979	12,806	2.3
2001	65,320	36,548	28,772	7,173	6,661	13,834	2.1
2002	63,161	32,786	30,375	10,155	6,681	16,836	1.8
2003	60,979	35,683	25,296	7,069	6,669	13,738	1.8
2004	73,363	40,549	32,814	9,024	8,055	17,079	1.9
2005	73,471	45,530	27,941	6,959	6,922	13,881	2.0
2006	79,794	43,435	36,359	10,007	7,378	17,385	2.1
2007	82,516	50,079	32,437	15,351	8,012	23,363	1.4

(1) Operating expenses are net of depreciation.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida

Solid Waste System Pledged-Revenue Coverage

Last Ten Fiscal Years

(in thousands except for coverage)

Fiscal Year	Operating Revenue	Operating (1) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$ 47,926	\$ 32,346	\$ 15,580	\$ 2,930	\$ 7,986	\$ 10,916	1.4
1999	49,213	37,475	11,738	0	6,890	6,890	1.7
2000	45,405	37,757	7,648	4,270	10,425	14,695	0.5
2001	46,387	41,257	5,130	4,500	10,194	14,694	0.3
2002	55,633	38,963	16,670	4,755	9,941	14,696	1.1
2003	57,370	38,333	19,037	5,275	9,501	14,776	1.3
2004	64,079	41,886	22,193	6,335	8,363	14,698	1.5
2005	64,941	43,751	21,190	6,590	8,109	14,699	1.4
2006	68,601	45,843	22,758	6,860	7,839	14,699	1.5
2007	70,741	46,909	23,832	7,145	7,550	14,695	1.6

Occupational License Pledged-Revenue Coverage

Last Ten Fiscal Years

(in thousands except for coverage)

Fiscal Year	Operating (2) Revenue	Operating (1) Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1998	\$ 6,806	\$ 0	\$ 6,806	\$ 500	\$ 5,035	\$ 5,535	1.2
1999	8,733	0	8,733	1,000	4,757	5,757	1.5
2000	8,692	0	8,692	1,600	5,132	6,732	1.3
2001	9,344	0	9,344	1,700	4,717	6,417	1.5
2002	9,453	0	9,453	0	2,432	2,432	3.9
2003	9,289	0	9,289	0	3,238	3,238	2.9
2004	9,292	0	9,292	1,885	3,087	4,972	1.9
2005	9,978	0	9,978	2,260	3,502	5,762	1.7
2006	10,260	0	10,260	2,355	3,844	6,199	1.7
2007	10,457	0	10,457	2,540	4,407	6,947	1.5

(1) Operating expenses are net of depreciation.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

Calendar Year	Population (1)	Personal Income (in thousands) (2)**	Per Capita Income (2)**	School Enrollment (3)**	Unemployment Percentage (2)**	Median Age (4)**
1997	290,920	\$ 22,991,508	\$ 25,277	149,352	3.3 %	35.2
1998	293,920	24,389,283	26,355	152,508	2.8	35.6
1999	296,720	25,679,135	27,304	154,852	2.6	35.9
2000	303,447	27,541,096	27,458	158,799	2.6	34.7
2001	309,104	29,572,107	28,784	163,034	3.6	35.1
2002	313,611	31,150,902	29,602	168,107	4.4	35.7
2003	321,490	31,932,807	29,748	180,416	4.1	35.4
2004	327,220	34,848,801	31,671	187,694	4.4	35.9
2005	330,220	37,379,401	33,034	192,720	3.5	35.9
2006	334,550	N/A	N/A	192,962	3.3	36.3

** Data presented is for Hillsborough County.

Data Sources:

- (1) 2000-U.S. Census; all other years-Hillsborough County City-County Planning Commission.
- (2) My Florida - Labor Market Statistics: Local Area Unemployment Statistics (LAUS); Per Capita Income and Personal Income derived from Bureau of Economic Analysis: Regional Economic Information System.
- (3) Superintendent of Public Schools, Hillsborough County.
- (4) Sales Marketing Survey of Buying Power and U.S. Census Bureau American Factfinder 2001 - 2005 Supplementary Survey Table.

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
Principal Employers
Current Year and Nine Years Ago

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment %	Employees	Rank	Percentage of Total City Employment %
Hillsborough County School Board	24,969	1	4.27	23,884	1	4.83
Hillsborough County Government	11,290	2	1.93	9,866	2	1.99
GTE Data Services				9,500	3	1.92
University of South Florida	8,743	3	1.50	8,955	4	1.81
Verizon Communications Corporation	7,652	4	1.31			
Tampa International Airport	6,500	5	1.11	6,541	5	1.32
MacDill Air Force Base	5,812	6	0.99			
Tampa General Hospital	4,920	7	0.84			
Publix Food Centers	4,702	8	0.80	4,326	7	0.87
US Postal Service				4,127	8	0.83
City of Tampa	4,538	9	0.78	4,000	9	0.81
Saint Joseph's Hospital	4,407	10	0.75	4,362	6	0.88
Tampa General Hospital				3,000	10	0.61
	83,533		14.29	78,561		15.87

Source: Hillsborough County City-County Planning Commission except data for City of Tampa which is from city department of administrative services

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida

Full-time Equivalent City Employees by Function Last Two Fiscal Years

Function	<u>2006</u>	<u>2007</u>
General government	373	374
Public safety		
Police		
Officers	980	984
Civilians	359	337
Fire		
Firefighters	572	585
Civilians	68	49
Code enforcement	57	56
Public works	556	553
Economic environment	17	17
Culture and recreation	677	550
Water utility	247	239
Wastewater utility	328	314
Solid waste system	213	211
Parking facilities	138	130
Marina	3	1
Utility accounting	67	69
Administrative services	5	5
Fleet maintenance	60	64
Total	<u>4,720</u>	<u>4,538</u>

Information for fiscal years prior to 2006 is not available

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
Operating Indicators by Function
Last Five Fiscal Years

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Public safety					
Police					
Physical arrests	33,591	44,838	57,632	58,708	61,215
Calls answered	438,451	525,612	569,674	572,248	564,951
Fire					
Calls answered	62,153	65,427	64,740	66,083	66,577
Inspections	3,399	3,994	4,391	2,470	36,668
Code enforcement					
Inspections	71,291	93,288	92,219	96,433	95,657
Public works					
Street resurfacing (miles)	61	72	79	62	56
Curb miles swept	22,000	22,000	31,000	29,000	25,000
Potholes repaired	18,256	14,849	16,131	12,897	12,252
Culture and recreation					
Convention center attendance/day	1,046	1,202	1,366	825	1,014
Recreation center admissions	27,977	29,600	29,910	30,290	
Museum admissions/day	237	238	143	175	122
Water utility					
New connections	2,399	5,165	2,880	2,380	1,050
Average daily consumption (millions of gallons)	69	78	83	85	85
Wastewater utility					
Average daily treatment (millions of gallons)	57	59	60	60	60
Solid Waste System					
Refuse collected (tons/day)	1,043	1,061	1,057	1,162	1,215
Recyclables collected (tons/day)	92	100	99	111	119
Parking Facilities					
Hourly customers/day	7,002	8,787	8,731	8,690	8,068
Citations issued	136,289	138,570	125,659	101,801	87,338
Marina					
Slips rented per day	27	117	117	117	124

Sources: Various city departments

Note: Indicators are not available for the general government and economic environment functions

Unaudited - see accompanying independent auditors' report

City of Tampa, Florida
Capital Asset Statistics by Function
 Last Five Fiscal Years

Function	Fiscal Year				
	2003	2004	2005	2006	2007
Public safety					
Police					
Vehicle patrol units	732	782	786	780	782
Airplanes and helicopters	7	7	7	7	5
Boats	7	6	6	5	5
Fire					
Stations	22	22	22	21	21
Public works					
Streets (miles)	1,671	1,671	1,680	1,684	1,708
Streetlights	31,095	31,138	33,449	29,375	37,997
Traffic signals	572	574	574	583	571
Culture and recreation					
Parks acreage	2,286	2,286	2,286	2,286	3,544
Parks	165	165	165	165	178
Athletic fields and playgrounds	202	202	202	201	201
Swimming pools	13	13	15	14	14
Community centers	26	26	26	26	26
Water utility					
Water mains (miles)	2,245	2,270	2,290	2,318	2,135
Fire hydrants	11,812	12,174	12,076	12,715	12,809
Maximum daily capacity (millions of gallons)	120	140	140	160	160
Wastewater utility					
Wastewater mains (miles)	1,925	1,925	1,925	1,836	1,836
Pumping stations	198	216	219	223	229
Maximum daily capacity (millions of gallons)	96	96	96	96	96
Solid Waste System					
Collection trucks	110	115	122	136	139
Parking Facilities					
Garage spaces	12,479	12,479	9,261	9,261	9,261
Signage control spaces	1,463	1,463	1,463	1,463	841
On-street metered spaces	2,465	3,928	2,465	2,465	2,803
Off-street non-garage spaces	2,056	2,056	2,056	2,212	2,056
Marina					
Boat slips	118	63	118	118	124
Golf Courses					
Number of courses	3	3	3	3	3

Sources: Various city departments

Note: Indicators are not available for the general government function

Unaudited - see accompanying independent auditors' report

**Report of Independent Certified Public Accountants on Internal Control Over
Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and Members of City Council
City of Tampa, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tampa, Florida (the City) as of and for the year ended September 30, 2007, which collectively comprise the City of Tampa, Florida's basic financial statements and have issued our report thereon dated March 12, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of The Florida Aquarium and The Historic Streetcar, Inc. as described in our report on the City of Tampa, Florida's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting

principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and question costs as items 07-01 through 07-03 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 07-01 and 07-02 to be material weaknesses.

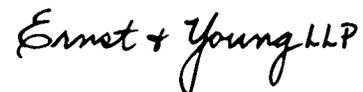
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to management of the City in a separate letter dated March 12, 2008.

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

This report is intended solely for the information and use of the Mayor, City Council, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



March 12, 2008

Report of Independent Certified Public Accountants on Compliance with Requirements Applicable to Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*

Honorable Mayor and Members of City Council
City of Tampa, Florida

Compliance

We have audited the compliance of City of Tampa, Florida (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects compliance supplement, that are applicable to each of its major federal programs and state financial assistance projects for the year ended September 30, 2007. The City's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; Section 215.97, *Florida Statutes*; and Chapter 10.550, *Rules of the Auditor General*. Those standards, OMB Circular A-133, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended September 30, 2007.

Internal Control Over Compliance

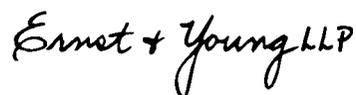
The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or a state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state financial assistance project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state financial assistance project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state financial assistance project that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of City management and officials, applicable federal and state agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



March 12, 2008

City of Tampa, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2007

FEDERAL GRANTS FUNDING SOURCE AND GRANT PROGRAM	FEDERAL CFDA No.	GRANT NUMBER	EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant(CDBG) #26	14.218	B-01-MC-12-0020	\$ 6,950
Community Development Block Grant(CDBG) #27	14.218	B-02-MC-12-0020	87,078
Community Development Block Grant(CDBG) #28	14.218	B-03-MC-12-0020	203,909
Community Development Block Grant(CDBG) #29	14.218	B-04-MC-12-0020	1,032,783
Community Development Block Grant(CDBG) #30	14.218	B-05-MC-12-0020	955,219
Community Development Block Grant(CDBG) #31	14.218	B-06-MC-12-0020	5,096,725
Home Investment Partnerships Grant-00	14.239	M-99-MC-12-0222	272,547
Home Investment Partnerships Grant-01	14.239	M-00-MC-12-0222	79,468
Home Investment Partnerships Grant-02	14.239	M-01-MC-12-0222	237,989
Home Investment Partnerships Grant-03	14.239	M-02-MC-12-0222	877,846
Home Investment Partnerships Grant-04	14.239	M-03-MC-12-0222	1,460,711
Home Investment Partnerships Grant-05	14.239	M-04-MC-12-0222	1,876,656
Home Investment Partnerships Grant-06	14.239	M-05-MC-12-0222	1,754,179
Home Investment Partnerships Grant-07	14.239	M-06-MC-12-0222	1,002,495
Housing Opportunities For People With Aids Grant(HOPWA) - 04	14.241	FL29H03-F003	71,988
Housing Opportunities For People With Aids Grant(HOPWA) - 05	14.241	FL29H04-F003	295,179
Housing Opportunities For People With Aids Grant(HOPWA) - 06	14.241	FL29H05-F003	900,108
Housing Opportunities For People With Aids Grant(HOPWA) - 07	14.241	FL29H06-F003	1,528,354
Fair Housing Assistance Program FY00	14.401	FF-204K994019	84
Fair Housing Assistance Program FY03	14.401	FF-204K024019	1,010
Fair Housing Assistance Program FY04	14.401	FF-204K034019	63,844
Fair Housing Assistance Program FY05	14.401	FF-204K044019	4,711
Fair Housing Assistance Program FY06	14.401	FF-204K054019	2,377
Fair Housing Assistance Program FY07	14.401	FF-204K064019	49,000
Emergency Shelter Grants Program FY06	14.231	S-05-MC-12-0011	6,472
Emergency Shelter Grants Program FY07	14.231	S-06-MC-12-0011	146,616
Total U. S. Department of Housing and Urban Development			18,014,298
U. S. DEPARTMENT OF HOMELAND SECURITY			
Office of Domestic Preparedness			
Public Safety-Education Fire Prevention	97.044	EMW-2004-FP-02864	382
Passed through Florida Department of Financial Services- Division of State Fire Marshall			
Regional Hazardous Materials Grant	97.067	Contract #FM235	5,362
Passed through Florida Department of Community Affairs- Division of Emergency Management			
2004 Urban Area Security Initiative (UASI) Grant III	97.008	05-DS-2M-08-39-02-117	1,937,702
2005 Urban Area Security Initiative (UASI) Grant IV	97.067	06-DS-4H-08-39-02-340	996,486
2006 Urban Area Security Initiative (UASI) Grant V	97.067	07-DS-5S-08-39-02	736,297
Citizen Corps Component-CERT Training	97.067	06-CI-4K-08-39-01-231	4,747
2006 Community Emergency Response Team (CERT)	97.067	07-CI-5R-08-39-02-201	14,543
Passed through Florida Department of Law Enforcement Office of Criminal Justice Grants			
Law Enforcement Terrorism Prevention Program (LETP) Grant 06	97.004	2006-LETP-HILL-2-N1-028	120,813
Tampa Police Department SHSGP/LETPP 2005 Part 2	97.004	2006-SHSP-HILL-4-NP-043	10,599
2005 Buffer Zone Protection Plan	97.078	2006-BZPP-HILL-2-N5-021	442,722
Passed through the State of Florida, Department of Health			
Metropolitan Medical Response System FY06	97.067	Contract #COBKH	74,383
Total U.S. Department of Homeland Security			4,344,036

City of Tampa, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2007

FEDERAL GRANTS FUNDING SOURCE AND GRANT PROGRAM	FEDERAL CFDA No.	GRANT NUMBER	EXPENDITURES
U. S. DEPARTMENT OF JUSTICE			
Police Universal Hiring Grant/Supplemental Hiring Grant	16.710	2002-UL-WX-0072	55,531
Law Enforcement Trust Fund-Federal		N/A	170,366
HIDTA-High Intensity Drug Trafficking Areas-06	07.999	16PCFP504Z	63,292
HIDTA-High Intensity Drug Trafficking Areas-07	07.	17PCFP504Z	201,767
Bureau of Justice Assistance Grant-2005	16.738	2005-DJ-BX-1013	69,550
Passed through the Florida Department of Law Enforcement and Hillsborough County			
Edward Byrne Memorial Justice Assistance Grant	16.579	2007-CJ-K3-08-39-01-274	156,682
Project Safe Neighborhood (PSN)-Anti-Gang Project	16.609	2007-S6AG-HILL-4-P9-003	17,659
Passed through the Florida Department of Law Enforcement Office of Criminal Justice Grants (OCJG)			
Project Safe Neighborhood (PSN)	16.609	05-CJ-K6-08-39-02-005	61,033
Total U.S. Department of Justice			795,880
DEPARTMENT OF TRANSPORTATION			
FEDERAL HIGHWAY ADMINISTRATION-FHWA			
Passed through Florida Department of Transportation			
I-275/I-4 Downtown Interchange	20.205	258643-1-46-03	380,987
New Tampa East-West Road Project	20.205	410649/410768-1-28-01	107,701
Downtown Riverwalk-Platt Street Bridge	20.205	257805-3-58-01	600,000
40th Street-Hillsborough to Hanna-Segment A-ROW	20.205	257809-1-48-01	900
40th Street-Hanna Street to Hanlon Street-Segment B-CONSTR	20.205	257809-2-58-01	6,642,810
40th Street-Hanlon Street to Yukon-Segment C-ROW	20.205	257809-3-48-01	7,855,449
I-275 from the Howard Franklin Bridge to Himes Ave	20.205	258398-1-56-03	1,116,510
I-275 from Himes Ave to the Hillsborough River	20.205	258399-1-56-03	3,562,647
I-275 from the Howard Franklin Bridge to Himes Ave	20.205	258398-1-56-04	25,801
I-275 from Himes Ave to the Hillsborough River	20.205	258399-1-56-04	45,503
SR60 Kennedy Blvd-S Brevard/West of Kennedy Bridge	20.205	406189-2-38-02/58-02	29,735
Links stage 1 advance corridor construction @ SR 60 (Memorial Hwy) from Courtney Campbell Causeway to Cypress Street	20.205	255844 1 58 03 01-ANJ90	33,946
Design-Build Traffic Signal Installation Safety Project @ the intersection of Jefferson Street and Whiting Street	20.205	415260 1 58 01	100,215
Bayshore Sidewalk Repair-Hurricane Frances	20.205	418901-1-78-01	36,559
Total Department of Transportation			20,538,764
U.S. DEPARTMENT OF INTERIOR			
Passed through The Florida Department of Environmental Protection Land and Water Conservation Fund Program			
Ballast Point Park Restoration Project	15.916	FPN #12-00424	1,374
Total U.S. Department of Interior			1,374
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Metropolitan Medical Response System	83.526	Contract #282-00-0036	66,000
Total Department of Health and Human Services			66,000

City of Tampa, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
Year ended September 30, 2007

FEDERAL GRANTS FUNDING SOURCE AND GRANT PROGRAM	FEDERAL CFDA No.	GRANT NUMBER	EXPENDITURES
U. S. DEPARTMENT OF TREASURY			
EEOC - Discrimination Grant	30.008	CONTRACT #0/5010/44	917
Total U.S. Department of Treasury			917
U. S. DEPARTMENT OF AGRICULTURE			
Passed through the State of Florida Department of Agriculture and Consumer Services			
Urban and Community Forestry (U&CF) Grant	10.664	FDACS Contract #010369	26,143
Total U.S. Department of Agriculture			26,143
NATIONAL ENDOWMENT FOR THE ARTS			
National Foundation on the Arts and the Humanities			
Public Art-Lights on Tampa	45.024	05-6200-7038	20,000
Total National Endowment for the Arts			20,000
U. S. ENVIRONMENTAL PROTECTION AGENCY (EPA)			
Brownfield Grants-Phase I & II East Tampa	66.818	BF96412604-0	148,418
Total U. S. Environmental Protection Agency			148,418
TOTAL ALL FEDERAL GRANTS			\$43,955,829

City of Tampa, Florida
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 Year ended September 30, 2007

STATE GRANTS FUNDING SOURCE AND GRANT PROGRAM	STATE CSFA NO.	GRANT NUMBER	EXPENDITURES
STATE OF FLORIDA - DEPARTMENT OF TRANSPORTATION			
CIGP-40th Street Project-Diana Street to Hanlon Street	55.008	257809-2-54-01 AH296	\$ 811,000
Dale Mabry Hwy-Kennedy Blvd to Hillsborough Ave	55.003	414066-1-74-01	420
State Road 60 (Courtney Campbell Causeway) Landscaping	55.003	FP#419146-1-54-01	5,772
20th Street (SR45) Maritime Blvd to Adamo Dr	55.003	255734-1-54-01	157,121
Nebraska Ave-Hillsborough Ave to Sligh Ave	55.003	403713-1-54-01	65,760
Total State Department of Transportation			1,040,073
STATE OF FLORIDA - DEPARTMENT OF COMMUNITY AFFAIRS			
State Housing Initiative Program (SHIP) FY05	52.901	S.420.9073	542,168
State Housing Initiative Program (SHIP) FY06	52.901	S.420.9073	2,202,522
State Housing Initiative Program (SHIP) FY07	52.901	S.420.9073	2,368,612
Total State Department of Community Affairs			5,113,302
STATE OF FLORIDA - DEPARTMENT OF HEALTH			
Passed through Hillsborough County			
EMS Grant FY05	64.005	C0329	106,948
EMS Grant FY06	64.005	C0329	34,383
Total State Department of Health			141,331
STATE OF FLORIDA - DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Innovative Waste Reduction and Recycling Grant	37.050	Grant Agreement No. IG06-05	88,392
Innovative Waste Reduction and Recycling Grant	37.050	Grant Agreement No. IG07-05	5,395
FDEP-FRDAP-Picnic Island Park Enhancement Program	37.017	DEP Agreement No. F5300	6,382
FDEP-FRDAP-Cypress Point Park Development Program	37.017	DEP Agreement No. F6167	97,933
West Tampa Elementary School Stormwater Improvements	37.039	DEP Agreement No. LP6113	556,183
Passed through The Southwest Florida Water Management District			
North Tampa Reclaimed Water Pipeline Project-Phase 2	37.039	Agreement #05CON000095-A/B	118,801
Urban Lake Rescue Project (W268)	37.039	Agreement #06CS0000019	40,971
Total State Department of Environmental Protection			914,057
STATE OF FLORIDA - EXECUTIVE OFFICE OF THE GOVERNOR			
Economic Development Transportation Fund			
OTTED-George Rd Improvements	31.002	Project #96/9729B	13,354
OTTED-George Rd Improvements	31.002	Project #99/0029B	140,087
Passed through Enterprise Florida, Inc.			
DIG-Land Acquisition-Encroachment Protection/Environmental Buffer	31.003	Contract #DIG-06-10	426,250
Total State of Florida-Executive Office of the Governor			579,691
STATE OF FLORIDA - DEPARTMENT OF STATE			
Division of Historic Resources			
The Sulphur Springs Gazebo and Water Tower Project	45.032	Grant #SC541	47,140
Total State of Florida-Department of State			47,140
Total Expenditures of State Awards			\$ 7,835,594

City of Tampa, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Year Ended September 30, 2007

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (Schedule) includes the federal and state grant activity of the City of Tampa, Florida, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Loans Outstanding

During the fiscal year ended September 30, 2007, the City processed the following amount of new loans under the various grant programs. Since these loan programs impose continuing compliance requirements, new loans issued to eligible recipients or current year borrowings made on loans during the fiscal year ended September 30, 2007, relating to these programs are considered current year federal expenditures. The new loans made in the fiscal year ended September 30, 2007, are reported in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Program Title	Federal CFDA/State CFSA Number	Loan Expenditures for the Fiscal Year Ended September 30, 2007	Loans Outstanding at September 30, 2007	Loans Outstanding at September 30, 2006
Federal programs:				
Department of Housing and Urban Development:				
Community Development Block Grants/Entitlement Grants				
	14.218	\$ 7,382,664	\$ 8,021,328	\$ 9,143,235
Home Investment Partnerships Program				
	14.239	7,561,891	9,124,466	5,030,254
Hope 3 Grant				
	14.240	-	3,428,474	3,692,554
State projects:				
Florida Housing Finance Authority:				
State Housing Initiatives Partnership Program				
	52.901	5,113,302	10,806,194	7,721,371

City of Tampa, Florida

Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance (continued)

3. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

City of Tampa, Florida

Schedule of Findings and Questioned Costs

Year Ended September 30, 2007

Part I – Summary of Auditors’ Results

Financial Statements Section

Type of auditor’s report issued:	Unqualified			
Internal control over financial reporting:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u>	No
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards and State Projects Section

Internal control over major programs:				
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	None reported

Type of auditor’s report issued on compliance for major programs (unqualified, qualified, adverse, or disclaimer):	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133 and/or Section 215.97, <i>Florida Statutes</i> and Chapter 10.550, <i>Rules of the Auditor General</i> ?	<u> </u>	Yes	<u> X </u>	No

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Part I – Summary of Auditors’ Results (continued)

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	Home Investment Partnership Program
14.241	Housing Opportunities for Persons with AIDS
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,318,674

Auditee qualified as low-risk auditee?

 Yes X No

Identification of major state projects:

<u>CSFA Numbers</u>	<u>Name of State Project</u>
37.039	Statewide Surface Water Restoration and Wastewater Projects
52.901	State Housing Initiatives Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Part II – Financial Statement Findings Section

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* require reporting in a Circular A-133 audit.

Finding 07-01 Material Weakness

Capital Assets Accounting

Under the reporting model required by Governmental Accounting Standards Board, Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34), accurate recording of capital assets, depreciation expense, and contributions have become more important in the financial reporting system for governments. We noted the following items related to the accounting for capital assets that, when considered in the aggregate, constitute a material weakness.

Property and Equipment Assets Placed in Service

Costs were capitalized in the current fiscal year which related to the prior fiscal year. The delay in recording these assets caused capital assets in the City's funds to be misstated.

Depreciation Expense

- a. We noted certain property and equipment additions which were not assigned "in-service" dates in accordance with the actual dates these assets were placed in service. Depreciation expense is calculated based upon an asset's in-service date; this resulted in an understatement of depreciation expense.
- b. During our review of depreciation expense, we discovered a prior year system conversion error that resulted in the failure to record depreciation expense on certain long-lived assets. Recording of depreciation expense was accelerated over the remaining useful life of the asset so that the asset will be fully depreciated by the end of the original useful life. However, the acceleration of this depreciation expense resulted in overstated depreciation during the current year and an understatement of depreciation in the prior years.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

- c. We noted the City suspends the recording of assets purchased between September 30 and December 31, which represents their financial statement close period, until January of the following year. As such, assets are generally recorded as placed into service on a two- to three-month lag if acquired during this period. This affects both recorded depreciation in the beginning and ending quarters of the fiscal year.
- d. In reviewing current year additions we noted the City capitalizes certain building improvements as positive cost adjustments to the original building accounts to which they are associated. As such, depreciation expense on the related improvements is recognized over the remaining life of the original asset to which they are attached. This results in the rapid recognition of depreciation if the improvement is recorded in the latter years of the original asset's useful life.

We recommend that the City review the procedures and flow of information between departments as it relates to construction in process, capital asset acquisitions, contributions and disposals. These procedures should be strengthened to promote more timely communication and appropriate recording of transactions. Further, we recommend that the City review the current policies and procedures for capitalizing and depreciating assets and enhance policies as appropriate to ensure conformity with generally accepted accounting principles.

Management's response:

We concur and will implement the auditor's recommendations.

Finding 07-02 Material Weakness

Community Redevelopment Agency

The City has established nine community redevelopment agencies, which in the aggregate are reported as a major fund in the City's basic financial statements. These funds are controlled by the Community Redevelopment Agency (CRA); a special unit of the government established pursuant to *Florida Statutes* Section 163, Part III. The City utilizes tax increment financing to provide funding for the redevelopment agencies pursuant to approved redevelopment plans. The CRA has established uniform administrative guidelines that apply to these areas.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

We found that certain parcels within the boundaries of a community redevelopment area were not being billed, while others outside of the boundaries were being billed. Based on the sample tested, we estimated that approximately \$1.4 million in increment revenues were not billed, understating revenues and available funding by this amount.

We recommend that the City expand its uniform guidelines to include coordinating efforts with the Hillsborough County Property Appraiser's office to identify all parcels within the designated boundaries, identify exemptions where appropriate, and bill the remaining to ensure that all available increment revenues are provided for designated community redevelopment. It is our understanding that this finding has been remediated subsequent to year-end.

Management's response:

We concur and will implement the auditor's recommendations.

Finding 07-03 Significant Deficiency

Accounting for Leases

During our testing of operating and capital leases, we requested to review the City's analysis of certain leases to determine if they were properly recorded as operating or capital. We noted the City did not document and retain its evaluation of new lease agreements as operating or capital in accordance with Statement of Financial Accounting Standards No. 13, *Accounting for Leases* (SFAS 13).

During our analysis of operating leases and related rent expense, we determined certain leases contained escalating rental payments. Under generally accepted accounting principles, rent expense for an operating lease is charged to expense over the lease term as it becomes payable. As two of the City's operating lease agreements that we tested have unequal monthly rental payments, rental expense should be recognized on a straight-line basis unless another systematic and rational basis is more representative of the time pattern in which use benefit is derived from the leased property. To properly match revenue and expense, total lease payments should be divided by the lease term. Currently the City is recording the expenditures based on the amount of payments made, which is not in conformity with generally accepted accounting principles.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

We recommend the City implement a process requiring all new leases to be formally evaluated to determine operating or capital lease classification. For example, a checklist could be developed which lists the criteria as defined in SFAS 13. Additionally, this documentation should be retained and should include evidence of review. Further the current accounting policies and procedures should be reviewed, updated and formalized as appropriate. This process will assist management in determining leases are properly classified and recorded.

Management's response:

We concur and will implement the auditor's recommendations.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

**Part III – Federal Award and State Financial Assistance Findings and
Questioned Costs Section**

This section identifies significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, as well as any abuse findings involving awards that are material to a major program related to the audit of major federal programs and state financial assistance projects as required to be reported by OMB Circular A-133 Section .510a, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General*.

No significant deficiencies, material weaknesses, or instances of noncompliance, including questioned costs, as well as any abuse findings related to the audit of major federal programs and state financial assistance projects were identified.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings

Year Ended September 30, 2007

Program: Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Housing Opportunities for People with Aids (HOPWA)

CFDA Numbers: 14.218, 14.239, 14.241

Finding Number: 2006-1/2005-3

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Community Development Block Grant (CDBG)

CFDA Numbers: 14.218

Finding Number: 2006-2

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Community Development Block Grant (CDBG)

CFDA Numbers: 14.218

Finding Number: 2006-3/2005-4

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Housing Opportunities for People with Aids (HOPWA)

CFDA Numbers: 14.241

Finding Number: 2006-4/2005-8

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Home Investment Partnerships Program (HOME)

CFDA Numbers: 14.239

Finding Number: 2006-5/2005-11

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Home Investment Partnerships Program (HOME)

CFDA Numbers: 14.239

Finding Number: 2006-6

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Home Investment Partnerships Program (HOME)

CFDA Numbers: 14.239

Finding Number: 2006-7

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Community Development Block Grant (CDBG)

CFDA Numbers: 14.218

Finding Number: 2006-8/2005-5

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Housing Opportunities for People with Aids (HOPWA)

CFDA Numbers: 14.218, 14.239, 14.241

Finding Number: 2006-9/2005-2

Comment: This was reconciled by the end of the fiscal year 2007.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Housing Opportunities for People with Aids (HOPWA)

CFDA Numbers: 14.241

Finding Number: 2006-10

Comment: This has been corrected.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: Community Development Block Grant (CDBG), Home Investment Partnerships Program (HOME), Housing Opportunities for People with Aids (HOPWA)

CFDA Numbers: 14.218, 14.239, 14.241

Finding Number: 2006-11

Comment: This was corrected during the fiscal year 2007.

City of Tampa, Florida

Summary Schedule of Prior Audit Findings (continued)

Program: State Housing Initiatives Partnership (SHIP) Program

CSFA Numbers: 52.901

Finding Number: 2006-12/2005-14

Comment: A new process for monitoring units was implemented during fiscal year 2007.

Management Letter on Internal Control and State Reporting Requirements

The Honorable Mayor and Members of City Council
City of Tampa, Florida

We have audited the basic financial statements of the City of Tampa, Florida as of and for the year ended September 30, 2007, and have issued our report thereon dated March 12, 2008.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Section 215.97, *Florida Statutes*. We have issued our Report of Independent Certified Public Accountants on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards* and Report of Independent Certified Public Accountants on Compliance With Requirements Applicable to Each Major Federal Program and State Financial Assistance Project and On Internal Control Over Compliance in Accordance with OMB Circular A-133, Section 215.97, *Florida Statutes*, and Chapter 10.550, *Rules of the Auditor General* and Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Financial Assistance, which are dated March 12, 2008. Disclosures in those reports should be considered, and have not been duplicated in this management letter.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Current Year Recommendations

During our audit, we noted the following matters involving internal control over financial reporting and its operation other than significant deficiencies or material weaknesses, as defined above.

Single Audit

Statewide Surface Water Restoration and Wastewater Projects (CSFA No. 37.039)

Certain grant agreements require quarterly progress reports. During our testing we noted that quarterly progress reports for the Statewide Surface Water Restoration and Wastewater Projects grant were not always submitted timely. Specifically the quarters ended March 31 and June 30, 2007 were submitted subsequent to the due date. The due date is 20 days after the quarter end. We recommend that the City design and implement controls to ensure compliance with the reporting requirements. Management should consider a written policy to establish responsibility and provide the procedures for periodic monitoring, verification, and reporting of program progress and accomplishments, including a tracking system which reminds staff when reports are due.

Management's Response:

We concur with the finding and will implement the auditor's recommendations.

Preparation of the Schedule of Expenditures

Recording accurate information to federal and state agencies is an important compliance requirement. The preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance (the schedule) is an annual process for the City. We noted at least two instances where adjustments to the schedule were identified during the audit process in order to accurately report expenditures. While the adjustments did not cause additional major programs to be audited pursuant to single audit requirements, the current process could allow an error to go undetected and not reported. In order to properly report the expenditures in the schedule, we recommend that the City enhance the procedures of the reporting process.

Management's Response:

We concur with the finding and will implement the auditor's recommendations.

2006 Recommendations

The status of the prior year's recommendations is included in Exhibit A.

Required Disclosures

As required by the *Rules of the Auditor General* (Section 10.554(1)(i)2., the scope of our audit included a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with our audit, nothing came to our attention that would cause us to believe that the City was not in compliance with Section 218.415, *Florida Statutes*.

As required by the *Rules of the Auditor General* (Sections 10.554(1)(i)7.c. and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our procedures did not identify deteriorating conditions that would be required to be reported under the *Rules of the Auditor General*.

During the course of our audit of the City's basic financial statements, nothing came to our attention that would cause us to believe that the City was in a state of financial emergency, as defined by Section 218.503(1), *Florida Statutes*.

We have reviewed the City's annual financial report filed with the Florida Department of Financial Services as required by Section 218.32(1)(a), *Florida Statutes*, for the fiscal year ended September 30, 2007. We noted no material differences in comparing this information to that of the City's basic financial statements.

As required by *Rules of the Auditor General*, this management letter includes the name or official title and legal authority for the primary government and each component unit of the reporting entity. The City of Tampa, Florida was established by the Constitution of the State of Florida, Article VIII, Section 2. Additional legal authority was provided by Florida law numbers 745 and 3779 of the years 1855 and 1887, respectively. The Community Redevelopment Agency (CRA) component unit was created in 1982 under *Florida Statutes*, Chapter 163, Part III and the City of Tampa ordinances 2119-H and 2871-H. The Florida Aquarium, Inc., a discretely presented component unit, was created in 1986 as a Florida nonprofit corporation as defined in the Internal Revenue Code 501(c)3. The Aquarium assets were purchased and a management agreement was enacted by the City in 1996 as authorized by the City of Tampa ordinance numbers 96-1653, 96-1880, 96-1902 and 96-1922. The Tampa Historic Streetcar, Inc., a discretely presented component unit, was incorporated November 20, 1998 as a Florida nonprofit corporation as defined in the Internal Revenue Code 501(c)3.

This report is intended solely for the information and use of the Mayor, City Council, state and federal agencies, the Florida Auditor General, management, and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

March 12, 2008

Status of 2006's Recommendation

Recommendation	Status
General Employees Retirement Fund	
<ul style="list-style-type: none"> Consider using a more current mortality table when performing the actuarial analysis of benefit obligations. 	The GE Retirement Fund will begin phasing in the more current mortality table with the upcoming budget cycle, i.e., fiscal year 2009.
Schedule of Expenditures of Federal and State Awards	
<ul style="list-style-type: none"> Procedures be developed to help ensure that the schedule is prepared accurately and completely. 	See current year recommendation.
Construction in Progress	
<ul style="list-style-type: none"> Procedures be developed to ensure timely reconciliation between FAACS and General Ledger. 	See current year schedule of findings and questioned costs.
System Access- Powerful System IDs for Network/Peoplesoft	
<ul style="list-style-type: none"> Limit use of the powerful access to production and data applications. 	Implemented.
Retention of Unit Testing Documentation for Peoplesoft	
<ul style="list-style-type: none"> Retain all documentation of approval and authorization of system changes. 	Implemented.
Hard-Copy Documentation Authorizing Development/System Changes	
<ul style="list-style-type: none"> All verbal authorizations to be followed up with evidence documenting the authorization process. 	Implemented.
Application Configuration Change Management Controls	
<ul style="list-style-type: none"> Retain all documentation of approval and authorization of system changes. 	Implemented.
Data Migration Controls	
<ul style="list-style-type: none"> Document and implement data migration controls. 	Implemented.
Test Restorations	

Appendix A (continued)

Recommendation	Status
<ul style="list-style-type: none">• Perform restoration tests of each financially significant applications throughout the year.	Implemented.
Access Controls Over Backup Media	
<ul style="list-style-type: none">• Implement appropriate controls to provide for the security of backup media.	Implemented.

TAMPA HISTORIC STREETCAR, INC.

Financial Statements

September 30, 2007

(With Independent Auditors' Report Thereon)

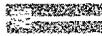
Tampa Historic Streetcar, Inc.

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ValienteHernandez

P. A.



CERTIFIED PUBLIC
ACCOUNTANTS

AUDITORS AND
CONSULTANTS

1715 N. Westshore Boulevard
Suite 950
Tampa, Florida 33607-3920

cpas@vhcpa.com

813/ 933.3943
800/ 733.3943 Toll Free

813/ 933.9825 Fax

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Tampa Historic Streetcar, Inc.

We have audited the accompanying statement of net assets of the Tampa Historic Streetcar, Inc. ("the Streetcar"), a component unit of the City of Tampa, Florida, as of September 30, 2007, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Streetcar's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Streetcar's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Streetcar as of September 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2008 on our consideration of the Streetcar's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Offices located in: Tampa / Tallahassee

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Valent Hernandez P. A.
CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
March 5, 2008

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Management's Discussion and Analysis
(Unaudited)
September 30, 2007

This discussion and analysis of the Tampa Historic Streetcar, Inc.'s (the Streetcar) financial performance provides an overview of the financial activities for the fiscal year ended September 30, 2007. Please review in conjunction with the audited financial statements, which begin on page 7.

Required Financial Statements

The financial statements of the Streetcar report information about the Streetcar using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of net assets includes all of the Streetcar's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Streetcar's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for assessing the liquidity and financial flexibility of the Streetcar. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net assets. This statement measures the success of the Streetcar's operations over the past year and can be used to determine whether the Streetcar has successfully recovered all its costs through its activities, as well as its profitability and credit worthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Streetcar's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operating, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the Streetcar

Our analysis of the Streetcar begins with the statement of net assets. One of the most important questions asked about the Streetcar's finances is: "Is the Streetcar as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses and changes in net assets report information about the Streetcar's activities in a way that will help answer this question. These two statements report the net assets of the Streetcar and changes in net assets. You can think of the Streetcar's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Streetcar's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, the tourism industry, surrounding area population growth, regulation and new or changed government legislation.

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Management's Discussion and Analysis
(Unaudited)
September 30, 2007

Net Assets

To begin our analysis, a summary of the Streetcar's statement of net assets is presented in Table A-1.

TABLE A-1
Summary Statements of Net Assets
(In thousands)

	<u>2007</u>	<u>2006</u>	<u>Dollar Change</u>	<u>Percent change</u>
Current Assets	\$ 3,754	4,447	(693)	(15.6)%
Current liabilities	272	353	(81)	(22.9)%
Net assets unrestricted	3,482	4,094	(612)	(14.9)%

Total net assets decreased by \$612,000 to a net asset total of \$3,482,000. Operations realized a \$2,049,000 loss and non-operating activities netted revenues of \$1,437,000.

Net assets "unrestricted" are \$3,482,000. These net assets are available for future spending to support the ongoing operation of the Streetcar. Consistent with prior year, operating expenses exceeded operating revenues, and this trend is expected to continue. It is anticipated that the continued operation of the Streetcar will, at some point, require regular support from the City of Tampa.

Capital Assets

The Streetcar does not own any capital assets. All of the capital assets used in the Streetcar operation are owned either by the Hillsborough Area Regional Transit Authority (HART), or the City of Tampa.

Debt Administration

The Streetcar has no non-current liabilities.

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Management's Discussion and Analysis
(Unaudited)
September 30, 2007

TABLE A-2
Condensed Statement of Revenues, Expenses, and Changes in Net Assets
(In thousands)

	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 764	663
Operating expenses	2,813	2,421
Operating loss	(2,049)	(1,758)
Nonoperating revenues	1,437	1,234
Change in net assets	(612)	(524)
Beginning net assets	4,094	4,618
Ending net assets	<u>\$ 3,482</u>	<u>4,094</u>

Operating Revenues

Ridership and related farebox revenues reflect the Streetcar's customer base in fiscal 2007. The average fare paid was \$1.41, which translates to 437,594 riders in 2007. During fiscal 2006, the average fare paid was \$1.39, which translated to 389,770 riders. Operating revenues also include an additional \$12,886 collected from the leasing of cars for special events and \$42,799 for amortization of naming rights to revenue during 2007. During fiscal 2006, operating revenues included an additional \$12,000 collected from the leasing of cars for special events and \$48,333 for amortization of naming rights to revenue during 2006. Naming rights payments received in prior years, which will be recognized as revenue in future periods, total \$150,000.

Operating Expenses

The Streetcar's most significant operating expense is reimbursement to HART for the cost of operating the Streetcar system. HART currently has 26 full time employees dedicated to operating the system. Expenses incurred to HART totaled \$2,266,000 in 2007 as compared to \$1,934,000 in fiscal 2006. Other significant expenses during 2007 and 2006 were \$370,579 and \$369,000, respectively, for insurance related to the railroad crossing.

Non-Operating Revenues

Investment earnings increased by \$130,000 over the prior year. However, investment earnings are expected to decline in future years as invested funds are used in the operation of the Streetcar.

Local government revenue consists of a \$100,000 State Block Operating Assistance grant passed through HART, \$200,000 in Federal Transit Authority grant funds passed through HART, and \$150,000 from the Tampa Port Authority. During fiscal 2006, the Streetcar received a \$100,000 State Block Operating Assistance grant passed through HART, \$200,000 in Federal Transit Authority grant funds passed through HART, and \$150,000 from the Tampa Port Authority.

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Management's Discussion and Analysis
(Unaudited)
September 30, 2007

Fiscal 2008 Outlook

Ridership is budgeted to increase slightly in 2008 over that experienced in 2007. The fare in 2008 will continue at \$2.00 which was increased to \$2.00 in October 2005 and should continue to provide a slight increase in operating revenue. Operating expenses are budgeted to increase slightly in 2008 as well. In addition, the Streetcar is anticipating the receipt of \$600,000 in grants and contributions from HART, the Tampa Port Authority, and the City of Tampa.

Requests for Information

This financial report is designed to provide a general overview of the Tampa Historic Streetcar, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Chief Accountant, City of Tampa, 315 E. Kennedy Boulevard, Tampa, Florida 33602.

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Statement of Net Assets
September 30, 2007 (in thousands)

ASSETS

Current assets:

Cash and cash equivalents	\$ 243
Investments, at fair value	3,409
Prepays and other assets	<u>102</u>
Total assets	<u>3,754</u>

LIABILITIES

Current liabilities:

Accounts payable	120
Unearned revenue	<u>152</u>
Total liabilities	<u>272</u>

NET ASSETS

Unrestricted	<u>3,482</u>
Total net assets	<u>\$ 3,482</u>

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

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Statement of Revenues, Expenses, and
Changes in Net Assets
For the fiscal year ended September 30, 2007 (in thousands)

Operating revenues:	
Charges for sales and services	<u>\$ 764</u>
Operating expenses:	
Contract services	2,725
Other services and charges	<u>88</u>
Total operating expenses	<u>2,813</u>
Operating loss	<u>(2,049)</u>
Nonoperating revenues:	
Investment earnings	552
Non ad valorem assessments	435
Local government	<u>450</u>
Total nonoperating revenues	<u>1,437</u>
Change in net assets	<u>(612)</u>
Total net assets - beginning	<u>4,094</u>
Total net assets - ending	<u><u>\$ 3,482</u></u>

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

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Statement of Cash Flows
For the fiscal year ended September 30, 2007 (in thousands)

Cash flows from operating activities:	
Receipts from customers and users	\$ 699
Payments to suppliers	<u>(2,807)</u>
Net cash used by operating activities	<u>(2,108)</u>
Cash flows from noncapital financing activities:	
Non ad valorem assessments received	435
Nonoperating grants received	<u>450</u>
Net cash provided by noncapital financing activities	<u>885</u>
Cash flows from investing activities:	
Investment income and other non-operating income	357
Proceeds from sale of investment securities	<u>928</u>
Net cash used by investing activities	<u>1,285</u>
Net decrease in cash and cash equivalents	62
Beginning cash and cash equivalents	<u>181</u>
Ending cash and cash equivalents	<u>\$ 243</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (2,049)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Decrease in prepaids and other assets	22
Decrease in accounts payable	(16)
Decrease in unearned revenues	<u>(65)</u>
Total adjustments	<u>(59)</u>
Net cash used by operating activities	<u>\$ (2,108)</u>
Noncash investing and noncapital financing activities:	
Increase in fair value of investments	\$ 233

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

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Notes to Financial Statements
September 30, 2007

1. Organization

Tampa Historic Streetcar, Inc. (the Streetcar) was incorporated November 20, 1998, in the state of Florida, as a not-for-profit organization. The City of Tampa (the City) completed construction of an electric streetcar rail line and the City, the Hillsborough Area Regional Transit Authority (HART), and the Streetcar signed an Operation Agreement in April of 2002. Operation of the electric streetcar rail line began in October 2002. The Operation Agreement defines the rights and obligations of the City, HART, and the Streetcar. Under the Operation Agreement, after the City has approved the Streetcar's annual budget, the City is responsible for reimbursing the Streetcar for any deficiency of revenues and support received over expenses incurred, if the expenses were included in the annual budget which must be approved by the City. During the year ended September 30, 2007 the City made no contributions to fund the Streetcar's operations. The City approved the Streetcar's annual plan for the year ending September 30, 2007.

The Streetcar is reported as a discretely presented component unit in the City's basic financial statements. As such, the Streetcar's financial statements are presented in accordance with the provisions of the Governmental Accounting Standards Board of the Financial Accounting Foundation (GASB) as an enterprise fund, as they are considered a special purpose government engaged solely in business-type activities.

The Streetcar's mission is to provide a 2.3 mile light rail transportation system from the Tampa Convention Center through the Channelside district to Ybor City, thereby reducing traffic congestion and encouraging economic development in the area.

2. Significant Accounting Policies

Basis of Accounting

The financial statements of the Streetcar are accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The accounting and reporting policies of the Streetcar conform to the accounting rules prescribed by GASB. The Streetcar has elected under GASB Statement No. 20, Paragraph 7, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable Financial Accounting Standards Board of the Financial Accounting Foundation (FASB) Statements and Interpretations issued after November 30, 1989.

The Streetcar follows the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments* (Statement 34), GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments: Omnibus* (Statement 37), and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* (Statement 38). Statement 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of changes in net assets and a statement of cash flows. In the statement of revenues, expenses, and changes in net assets, revenues and expenses are distinguished between operating and nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Streetcar's ongoing operations. Operating expenses include the costs

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Notes to Financial Statements
September 30, 2007

of providing services, including operation and maintenance. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Streetcar's policy to use restricted resources first, then unrestricted resources as they are needed. Statement 34 also requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. The Streetcar has no restricted net assets. The relevant classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. The Streetcar has no capital assets or related debt and therefore, no net assets invested in capital assets, net of related debt.

Restricted - This component of net assets consists of constraints placed on net asset use through external factors imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments. The Streetcar has no restricted net assets.

Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Cash and Cash Equivalents

Cash and cash equivalents represents cash held in bank accounts available for immediate usage. For purposes of the statement of cash flows, the Streetcar considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Investments

Investments include interest-bearing money market funds and marketable equity securities reported at fair value based on quoted market rates, plus accrued interest and dividends. The total increase or decrease in the fair market value of investments is reflected in the accompanying statement of revenues, expenses and changes in net assets as a component of investment earnings.

Capital Assets

The Streetcar owns no capital assets; all capital assets used in the Streetcar operation are owned either by the City or HART.

Contributions and Grants

Unrestricted contributions are recognized within unrestricted net assets at fair value when received. Grant revenues are recognized when all eligibility requirements have been met.

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Notes to Financial Statements
September 30, 2007

Tax Status

The Streetcar has received a favorable determination letter from the Internal Revenue Service, and is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Investments

As of September 30, 2007, the Streetcar's investment balances were as follows (in thousands):

<u>Investment type</u>	<u>Amount</u>	<u>Weighted Average Maturity (years)</u>
Money market funds	\$ 579	.077
Investments not subject to risk disclosures:		
Equity securities	<u>2,830</u>	
Total investments	\$ <u>3,409</u>	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Tampa Historic Streetcar has no formal investment policy for interest rate risk. The weighted average maturity of the Streetcar's investment portfolio at year-end was .077 years.

Credit Risk

The Streetcar has no formal investment policy for credit risk. The investments in money market funds were rated AAAm by Standard & Poor's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of the investment in a single issuer. The Streetcar's investments in the money market funds represent 17% of the total investment balance at year-end. The Streetcar has no formal investment policy for concentration of credit risk.

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Notes to Financial Statements
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4. Prepaids and Other Assets

Prepaids and other assets consist of \$102,023 paid to HART to cover future costs incurred by HART relating to the Streetcar operations.

5. Assets used in the Streetcar Operations

As of September 30, 2007, the City has \$19,960,000 recorded for the value of assets related to the installation of the Streetcar line. HART has \$45,393,425 recorded for its investment in Streetcar assets.

6. Accounts Payable and Accrued Expenses

As of September 30, 2007, accounts payable in the amount of \$120,011 consists of \$118,757 due to HART based on the operation agreement, and the balance of \$1,254 is composed of other miscellaneous payables.

7. Deferred Revenue

Deferred revenue represents \$150,000 received in advance on various naming right agreements which are recognized over a period of five to thirty years depending on the terms of the various agreements, and deferred maintenance revenue of \$2,023 from HART for the operation and usage of a vintage streetcar known as the "Breezer car." Revenue is recognized in the statement of revenues, expenses and changes in net assets over the life of the agreement as a component of charges for sales and services.

8. Risk Management

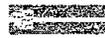
Liabilities of the Streetcar are reported when it is probable that a loss has occurred and the amount of the loss can be estimated. The Streetcar has purchased four commercial insurance policies which provide \$100,000,000 of general liability coverage as required by the CSX Corporation should an accident occur at the location where the streetcar line and the CSX railroad line intersect.

9. Related Party Disclosures

The Streetcar has an operating agreement with HART that is renewable each year. The amount of the contract represents approximately 81% of the Streetcar's expenses, however only 30% of the Streetcar's board is appointed by HART.

ValienteHernandez

P. A.


CERTIFIED PUBLIC
ACCOUNTANTS
AUDITORS AND
CONSULTANTS

1715 N. Westshore Boulevard
Suite 950
Tampa, Florida 33607-3920
cpas@vhcpa.com

813/ 933.3943
800/ 733.3943 Toll Free
813/ 933.9825 Fax

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Tampa Historic Streetcar, Inc.

We have audited the financial statements of the Tampa Historic Streetcar, Inc. ("the Streetcar"), a component unit of the City of Tampa, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Streetcar's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Streetcar's financial statements that is more than inconsequential will not be prevented or detected by the Streetcar's internal control. We consider the control deficiency


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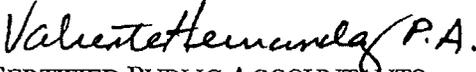
Streetcar's internal control. We consider the control deficiency described in the accompanying Appendix A to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Streetcar's internal control. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Streetcar's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

Tampa, Florida
March 5, 2008

APPENDIX A

COMMUNICATION OF SIGNIFICANT DEFICIENCIES

OBSERVATION 2007-01:

Criteria

Improper revenue recognition based on sponsorship agreement terms.

Condition

The entity has incorrectly recognized a \$100,000 sponsorship contribution into revenue over a period of ten years rather than thirty years, as stipulated by the terms of the sponsorship agreement.

Effect

As a result of recognizing \$100,000 from an advertising customer over a period of ten years rather than thirty years, contribution revenue for the current year is overstated by \$6,667, and deferred revenue is understated by \$40,000, resulting in a net decrease in fund balance by \$33,333.

Cause

According to management, deferred revenue for this particular sponsorship was amortized into income over a period of ten years rather than thirty years because a ten year amortization period is typically the standard duration for most sponsorship agreements between the entity and its advertising customers. However, the terms of this particular sponsorship agreement clearly state that the term of the agreement shall be for thirty years.

Recommendation

We recommend that management adhere to the terms of each sponsorship agreement on a contract by contract basis when calculating the amount of deferred revenue to be recognized into income each year. Devising a standard amortization period that may or may not reflect the actual contract period as specified within signed and executed sponsorship agreements can cause both annual operating revenues and the unearned revenue liability balance to be materially misstated.

Management's Response

Because of the immateriality of the adjustment suggested by the auditors to the overall position of the Streetcar and for the sake of consistency, we have not recorded the entries as suggested.



THE FLORIDA AQUARIUM, INC.
(A Component Unit of the City of Tampa)

Basic Financial Statements

September 30, 2007 and 2006

(With Independent Auditors' Report Thereon)

THE FLORIDA AQUARIUM, INC.
(A Component Unit of the City of Tampa)

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KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

Independent Auditors' Report

The Board of Directors
The Florida Aquarium, Inc.:

We have audited the accompanying balance sheets of The Florida Aquarium, Inc., a component unit of the City of Tampa, Florida, as of September 30, 2007 and 2006, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of The Florida Aquarium, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Florida Aquarium, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Florida Aquarium, Inc., a component unit of the City of Tampa, Florida, as of September 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 30, 2007, on our consideration of The Florida Aquarium, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



The management's discussion and analysis on pages 3 through 13 is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

November 30, 2007
Certified Public Accountants

THE FLORIDA AQUARIUM, INC.
(A Component Unit of the City of Tampa)

Management's Discussion and Analysis
(Unaudited)

September 30, 2007 and 2006

This annual financial report consists of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements also include notes that explain in more detail some of the information in the basic financial statements.

This section of The Florida Aquarium, Inc.'s (the Aquarium) annual financial report presents management's analysis of the Aquarium's financial performance during the fiscal years ended September 30, 2007 and 2006. Please read it in conjunction with the basic financial statements, which follow this section.

Financial Highlights

	FY 2007		
	Actual	Versus budget	Versus last year
Attendance	675,634	13%	11%
Turnstile revenues	\$ 8.7 million	15	23
Operating contributions, memberships, and grants	2.7 million	(8)	—
Operating expenses	10.8 million	4	14

	FY 2006		
	Actual	Versus budget	Versus last year
Attendance	608,729	(2)%	(2)%
Turnstile revenues	\$ 7.0 million	—	1
Operating contributions, memberships, and grants	2.7 million	(2)	1
Operating expenses	9.4 million	(2)	1

The Aquarium ended fiscal 2007 with its highest attendance, turnstile revenues and net operating results since its opening year. This success was achieved by building on the positive growth trends established over the last few years. There were no new signature exhibits premiering in fiscal 2007. Instead, the Aquarium capitalized on the introduction of penguins during late fiscal 2006, and even added four more penguins to the ranks. A consistent, year round marketing and advertising campaign kept the Aquarium top-of-mind in the consumer market all year long. As a result, attendance and a strong attendance mix (proportion of guests paying full price, versus discounted and/or free admission) grew over last year. Strong financial performances from our outsourced business partners – Aramark (food service) and Event Network (gift store) led to significant improvements in the net operating incomes from these operations in fiscal 2007. Education programs, including school field trips, day camps, birthday parties, and sleepovers achieved record results in fiscal 2007, contributing to the Aquarium's overall success. Conservation and research programs such as underwater archeology, coral propagation and restoration, and sea turtle rehabilitation were able to grow in fiscal 2007 due to increased funding and expertise. Efforts continue in Tallahassee and Washington, D.C. to get state and federal funding for the biological and educational programs conducted by the Aquarium. This level of performance is all building on the accomplishments achieved over the past several years. The Aquarium and its guests continue to enjoy the popular "Explore A Shore" outdoor children's wet play area. In fiscal 2006, the Aquarium opened its latest

THE FLORIDA AQUARIUM, INC.
(A Component Unit of the City of Tampa)

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(Unaudited)

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exhibit, "AquariuMania", which highlights the home aquarium hobby and the tropical fish/aquaculture and pet product industries. The Aquarium began a long-term relationship with the Tampa Bay Rays baseball team in 2006, by constructing and maintaining a stingray touch tank inside Tropicana Field. In fiscal 2007, a new stingray and shark touch tank opened at the Aquarium. Based on the financial success achieved, the Aquarium is now able to look several years into the future. During fiscal 2007, a long-term strategic planning process was conducted by the Board of Directors. This strategic plan will set the course to guide the Aquarium's operations over the next five years.

Required Financial Statements

The basic financial statements of the Aquarium report information about the Aquarium using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The balance sheets include all of the Aquarium's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and obligations to the Aquarium's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of the Aquarium, and assessing the liquidity and financial flexibility of the Aquarium. All of the current year's revenues and expenses are accounted for in the statements of revenues, expenses, and changes in net assets. This statement measures the success of the Aquarium's operations over the past year and can be used to determine whether the Aquarium has successfully recovered all its costs through its activities, as well as its profitability and credit worthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Aquarium's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and related financing activities and provides answers to such questions as to where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the Aquarium

Our analysis of the Aquarium begins with the balance sheets. One of the most important questions asked about the Aquarium's finances is, "Is the Aquarium as a whole better off or worse off as a result of the year's activities?" The balance sheets and the statements of revenues, expenses, and changes in net assets report information about the Aquarium's activities in a way that will help answer this question. These two statements report the net assets of the Aquarium and changes in net assets. You can think of the Aquarium's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Aquarium's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, the tourism industry, population growth, regulation, and new or changed government legislation.

THE FLORIDA AQUARIUM, INC.
(A Component Unit of the City of Tampa)

Management's Discussion and Analysis
(Unaudited)

September 30, 2007 and 2006

Net Assets (Balance Sheets)

To begin our analysis, a summary of the Aquarium's net assets (balance sheets) is presented in Table A-1.

Table A – 1
Balance Sheets
(Dollars in thousands)

	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Current assets	\$ 1,534	1,159	1,093
Noncurrent assets:			
Capital assets, net	678	730	231
Restricted investments in endowment funds	417	362	331
Pledges receivable	—	40	60
Total assets	<u>2,629</u>	<u>2,291</u>	<u>1,715</u>
Current liabilities	2,426	2,465	2,383
Noncurrent liabilities	—	30	105
Total liabilities	<u>2,426</u>	<u>2,495</u>	<u>2,488</u>
Net assets (deficit):			
Invested in capital assets, net of related debt	678	684	92
Restricted	417	362	331
Unrestricted deficit	(892)	(1,250)	(1,196)
Total net assets (deficit)	<u>\$ 203</u>	<u>(204)</u>	<u>(773)</u>

The most notable achievement about the financial performance for fiscal 2007 is the positive ending total net asset balance. The Aquarium has operated in a net deficit position since the opening year. The improved annual financial performance and elimination of long-term debt have finally resulted in a positive total net asset balance.

The Aquarium's current assets and current liabilities are closely related and typically trend together. The primary components of each category are operating cash and operating accounts payable and accrued expenses; and restricted cash and the related restricted accounts payable and deferred revenue. Accounts and pledges receivable; inventories; and prepaid insurance are also included in current assets, and other deferred revenues are included in current liabilities. In fiscal 2007 and 2006, current assets increased by \$375,000 to \$1,534,000 and \$66,000 to \$1,159,000, respectively, due to improved operating income (before depreciation). This resulted in higher cash and prepaid balances, especially with the conversion of inventory into cash payments made by Event Network during fiscal 2006, and the conversion of the food service contract from Sodexho to Aramark in fiscal 2007. Due to the positive cash balances and timing of payments, accounts payable balances were reduced in both fiscal 2007 and fiscal 2006. The \$39,000 decrease and \$82,000 increase in current liabilities to \$2,426,000 and \$2,465,000 are related to increases in accrued payroll expenses and other deferred revenue at September 30, 2007

THE FLORIDA AQUARIUM, INC.
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Management's Discussion and Analysis
(Unaudited)

September 30, 2007 and 2006

and 2006, respectively, offset by the decreases in accounts payable balances in both years. Current assets and current liabilities also contain restricted cash and the related restricted accounts payable and deferred revenue. Restricted cash is held for master planning purposes, restricted conservation/research grants, and new exhibits. The "Explore A Shore" exhibit was completed and opened in the spring of 2004, but enhancements and additions to the "Explore A Shore" area also occurred in fiscal 2006 and fiscal 2005, including an animal holding facility for animal shows, changing cabanas, gardens, and additional children's play components. The Aquarium's latest exhibit, "AquariumMania" opened Memorial Day weekend in fiscal 2006. Restricted cash and deferred revenue held at the end of fiscal 2005 were used to construct this exhibit. Enhancements to that exhibit, as well as to other existing exhibits (otter exhibit, bays & beaches exhibit), occurred in fiscal 2007. Finally, the lobby touch tank and penguin holding facilities were completed in fiscal 2007 with restricted cash. Pledges receivable on the "Explore A Shore" project were collected as scheduled during fiscal 2007 and 2006, further reducing the current asset balance. Balances related to the gift shop and restaurant outsourced operations are also included in current assets and current liabilities. Due to the outsourcing of the gift shop operation at the end of September 2005, gift shop inventory balances were reduced and exchanged for a \$200,000 account receivable from the new outsourcing partner, Event Network. This receivable was collected in full during fiscal 2006. A receivable of \$37,000 and \$36,000 at September 30, 2007 and 2006, respectively, does exist from Event Network, representing the contracted amount owed to the Aquarium for September activities. The other outsourced operation, food service with Sodexho and now Aramark, reflects significant improvement in fiscal 2007. A \$46,000 receivable from Aramark is included in current assets this year, representing the amount owed to the Aquarium for September activity. An \$81,000 receivable was recorded at the end of fiscal 2006. For fiscal 2005, a \$103,000 receivable from Sodexho was included in current assets, but that amount represented the entire year's worth of activities owed to the Aquarium.

Noncurrent assets consist of the net book value of the Aquarium's capital assets (vehicles, Eco-tour boat, furniture, and equipment) and the fair market value of restricted endowment accounts. Noncurrent liabilities at September 30, 2006 consist of the long-term balances due on the Aquarium's two notes payable obligations. Changes in the noncurrent assets and liabilities balances between fiscal 2007 and 2006 are explained below.

Total deficit in net assets decreased by \$407,000 and \$569,000 in fiscal 2007 and 2006, respectively, after an increase of \$22,000 in fiscal 2005. The net deficit is now a net asset of \$203,000, following last year's net deficit of \$204,000. The ending balances are comprised of three components of net assets (deficit): "invested in capital assets, net of related debt," "restricted," and "unrestricted."

Net assets "invested in capital assets, net of related debt" are \$678,000 at September 30, 2007. During fiscal 2007, there were \$176,000 of capital asset additions, consisting primarily of new vehicles and boat equipment; desktop computers; diving equipment; and security equipment. During fiscal 2006, \$680,000 of capital expenditures were made, including a \$400,000 contribution to purchase new office and public space furniture. Depreciation expense, a noncash item, of \$228,000 and \$173,000 in fiscal 2007 and 2006, respectively, is reflected in this net asset class. The outstanding balance on the bank note related to the Eco-tour boat is also reflected in this net asset class at September 30, 2006. The bank note was paid off in fiscal 2007, after a \$94,000 reduction in fiscal 2006.

"Restricted" net assets are \$417,000 and \$362,000 at September 30, 2007 and 2006, respectively. This net asset class represents the total fair value of the Aquarium's endowment funds. During fiscal years 2007 and 2006, an

THE FLORIDA AQUARIUM, INC.
(A Component Unit of the City of Tampa)

Management's Discussion and Analysis
(Unaudited)

September 30, 2007 and 2006

increase of \$55,000 and \$31,000, respectively, in the fair value of restricted investments was recorded. No additional contributions occurred in fiscal 2007 and 2006.

The remaining net asset balance is "unrestricted." The balance actually reflects a deficit of \$892,000 and \$1,250,000 at September 30, 2007 and 2006, respectively. The Aquarium's early financial history was unstable. Through 1997, operating expenses exceeded revenues, and prior to the City of Tampa's (the City) acquisition of the assets and assumption of debt, the Aquarium was obligated to make significant debt and interest payments. Business and organizational restructuring occurred in 1997 and 1998 to help stabilize the yearly budget, and from 1999 through the present, the Aquarium has managed to achieve breakeven or slightly better results against the operating budget, which includes annual contributions from the City. Significant progress has been made over the past few years towards achieving operating surpluses that also cover depreciation and reduce the accounts payable and accrued expenses balances that were created during its early history. However, several more years of similar financial results will be required until the Aquarium's long-term stability is secured.

Capital Assets

The Aquarium's capital assets, net of accumulated depreciation at September 30, 2007 were \$678,000 compared to \$730,000 last year. The net decrease of \$52,000 is comprised of the fiscal year 2007 capital additions of \$176,000, offset by depreciation expense of \$228,000. In fiscal 2006, the depreciation expense of \$173,000 and asset disposals of \$8,000 offset the capital asset additions of \$680,000, resulting in the net \$499,000 increase of capital assets, net of accumulated depreciation. Please refer to note 5 to the accompanying basic financial statements for additional information on the Aquarium's capital asset activities.

Debt Administration

The Aquarium's current and noncurrent liabilities include balances due on two notes payable: one for the Eco-tour boat, and a revolving line of credit promissory note for "Explore A Shore". At September 30, 2007, noncurrent liabilities were \$0 compared to \$30,000 last year. The Eco-tour boat loan matured on April 1, 2007; therefore, the remaining \$45,000 balance of the loan was included in current liabilities at September 30, 2006. The \$228,333 revolving line of credit promissory note for "Explore A Shore" was originated in October 2004. This note is secured by pledges receivable for the "Explore A Shore" project. In both fiscal 2007 and 2006, \$30,000 of pledges were collected, after collecting \$138,333 in pledges during fiscal 2005, and the note was reduced. The final \$30,000 payment is due on March 1, 2008. Please refer to note 7 to the accompanying financial statements for additional information on the Aquarium's debt administration activities.

THE FLORIDA AQUARIUM, INC.
(A Component Unit of the City of Tampa)

Management's Discussion and Analysis
(Unaudited)

September 30, 2007 and 2006

Table A – 2
Summary of Revenues, Expenses, and Changes in Net Assets
(Dollars in thousands)

	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Operating revenues:			
Turnstile revenues	\$ 8,667	7,046	6,885
Contributions, memberships, and grants	2,663	2,671	2,611
	<u>11,330</u>	<u>9,717</u>	<u>9,496</u>
Operating expenses:			
Salaries and benefits	5,791	5,230	5,047
Advertising and promotions	806	679	761
Occupancy-related	1,980	1,583	1,496
Insurance	433	433	477
Other	1,792	1,523	1,554
	<u>10,802</u>	<u>9,448</u>	<u>9,335</u>
Operating income before depreciation	528	269	161
Depreciation	<u>(228)</u>	<u>(173)</u>	<u>(215)</u>
Operating income (loss)	300	96	(54)
Nonoperating revenues	77	57	42
Nonoperating expenses	<u>(258)</u>	<u>(823)</u>	<u>(396)</u>
Income (loss) before capital contributions	119	(670)	(408)
Capital contributions	<u>288</u>	<u>1,239</u>	<u>386</u>
Increase (decrease) in net assets	407	569	(22)
Beginning deficit	<u>(204)</u>	<u>(773)</u>	<u>(751)</u>
Ending net assets (deficit)	<u>\$ 203</u>	<u>(204)</u>	<u>(773)</u>

Operating Turnstile Revenues

Fiscal 2007 represents the highest earned turnstile revenues in the Aquarium's history. These revenues were generated by the highest attendance levels since the Aquarium's opening year. The high attendance is also supported by a strong attendance mix, which results in higher guest per capita spending. Typically, guests who pay full price to enter the Aquarium will spend more on ancillary services such as the gift shop, food service, and eco-tours. The addition of "Explore A Shore" in the spring of 2004 triggered the beginning of this revenue

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growth. When that addition opened, the Aquarium implemented main gate price increases and reduced the number of discount programs and promotions to produce higher admissions per caps. "Explore A Shore" continued to drive attendance and revenue growth through fiscal 2005, with the additional marketing and promotions campaign celebrating the Aquarium's 10th Anniversary. In fiscal 2006, the Aquarium opened its latest exhibit, "AquariuMania" to help drive summer attendance. This exhibit highlights the home aquarium hobby and related tropical fish/aquaculture industries. To end fiscal 2006 and carry through fiscal 2007, a marketing campaign was conducted to introduce the Aquarium's newest residents – six African black-footed penguins. Instead of a penguin exhibit, the penguins conduct daily promenades in the lobby, where children and guests of all ages interact directly with them. The penguins have been a significant public relations asset, making guest appearances on television and at community events. Corporate events at the Aquarium can also include appearances by the penguins. A new stingray and shark touch tank in the lobby, built in conjunction with our marketing partner, the Tampa Bay Rays, also opened in fiscal 2007, which helped drive attendance. Overall, a consistent, well-developed marketing and advertising campaign during fiscal 2007 kept the Aquarium top-of-mind in the consumer market.

The gift shop operation, which was outsourced to Event Network at the end of fiscal 2005, has been a financial and operational success. Event Network exceeded its net minimum annual financial guarantee to the Aquarium in both fiscal 2006 and 2007; per caps have gone up each year; the store has been remodeled; and the Aquarium's inventory balances have been converted to cash. The conversion of the food service operation from outsourced partner Sodexo to Aramark also occurred seamlessly in August 2006. The fiscal 2007 financial results from Aramark have significantly exceeded expectations. The total restaurant revenues were consistent with the fiscal 2006 results because of a drop in per cap from fiscal 2006 levels; however, the net return to the Aquarium, per the contractual terms negotiated, increased by over \$570,000 in fiscal 2007.

After three years of a steady decrease in parking revenues, growth occurred in fiscal 2006 and fiscal 2007. Back in fiscal 2002, the Aquarium's parking lot was impaired by construction in the surrounding area by the Tampa Port Authority (the Port) and the City. The new construction permanently reduced the Aquarium's parking lot by 45%. The Aquarium also experienced lost parking revenue to the Port's covered parking garage that is directly across the street from the Aquarium's entrance. Due to the recent growth in Channelside, parking is now becoming a valued commodity. To capitalize on the parking space shortfall, the Aquarium installed a parking lot access control system in August 2006 to reduce the amount of free parking and control parking at night. As a result, parking revenues exceeded \$518,000 in fiscal 2007, up from \$439,000 in fiscal 2006.

Educational programs, including school field trips, outreach, sleepovers, birthday parties, and summer camps, have experienced record growth over the past few years. Fiscal 2007 ended with the highest educational attendance and revenues in the Aquarium's history. Summer camps were at capacity each year. Teacher workshops related to the new "AquariuMania" exhibit, Bayside Field Studies on Fantasy Island, ROCS, and SEAS continue to grow and create stewardship opportunities for the Aquarium.

Miscellaneous income includes revenues generated from a new contract with an outsourced partner, Sharpshooter, which began at the end of fiscal 2006. Sharpshooter takes professional pictures of guests as they arrive at the Aquarium, as well as pictures of guests participating in the "Dive with the Sharks" and "Swim with the Fishes" dive programs. Fiscal 2007 net revenues generated for the Aquarium exceeded \$96,000, compared to \$11,000 earned by the Aquarium in fiscal 2006.

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Following is a table of guest's average per capita spending (per caps) for each turnstile revenue category:

	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Admissions	\$ 9.45	9.27	8.81
Gift shop	2.31	2.21	2.16
Restaurant	3.70	3.77	4.04
Parking	0.77	0.72	0.65
Miscellaneous	0.85	0.71	0.80
Total	<u>\$ 17.08</u>	<u>16.68</u>	<u>16.46</u>

Operating Contributions, Memberships, and Grants

Operating contributions, memberships, and grants include donations to the Aquarium's annual fund by individuals and corporations; grants from state and local governments, agencies, and foundations; annual memberships; and special fundraising events. This category also includes the annual contribution from the City to balance the Aquarium's cash flow operating budget per contractual agreement.

Operating grants reflect increases in both fiscal 2006 and fiscal 2007. This is a reflection of the expansion of educational, diving, and biological projects that have become a part of the Aquarium's operations and are funded with grants. New operating grants in fiscal 2006 and 2007 relate to biological conservation/research projects related to sea turtle drug studies, coral propagation, and underwater archeology. The primary and ongoing operating grant sources in fiscal 2006 and 2007 included the State of Florida – Division of Cultural Affairs, the Arts Council of Hillsborough County, and the Tourist Development Council of Hillsborough County. Each of these grants has grown in the amounts awarded over the past three years; however, some decreases are expected for fiscal 2008 due to governmental spending reductions.

The Aquarium's household membership base and revenues have consistently remained at about the \$1 million level since the opening of "Explore A Shore" in 2004. To maintain the membership base, renewal incentive packages were marketed to coincide with the opening of "AquariuMania", the lobby touch tank and penguin promenades through fiscal 2007. The "swaptember" reciprocal membership program with Lowry Park Zoo and MOSI continues to be popular, as well as cooperative programs with other regional zoos, aquariums, and attractions.

Special events at the Aquarium rely on sponsorship funding and ticket sales to generate net revenues. Two nonrecurring special fundraising events occurred in fiscal 2005, which helps explain the decrease in revenues from 2005 to 2006: the "10th Anniversary Seahorse Celebration" and the "Coastal Living Idea House." One new annual event was added in 2005 – "New Year's Eve Party at the Fish Bowl" and one event was eliminated in fiscal 2006 – "Sushi Showdown." To replace "Sushi Showdown," the Aquarium added a new fishing tournament to the mix, "Fishin' for the Mission." These special events joined in with the other annual events: "Nauti-Night," "SeaGrapes," "Surf and Turf Golf Classic," and "Dragon Boat Race." These events are intended as fundraisers for the Aquarium's educational and veterinary programs.

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Since fiscal 2002, due to the losses experienced in the stock market and overall economic downturn; combined with two years of natural disasters (hurricanes and tsunami); the war in Iraq and Afghanistan; and the oil and insurance crisis during the summer of 2006 that have continued through fiscal 2007, the Aquarium's annual fundraising efforts with individuals, corporations, and foundations have not experienced significant growth. During this time, several foundations were unable to repeat annual gifts due to stock market losses. One foundation, that also happened to be the Aquarium's most supportive donor since inception, liquidated in fiscal 2002. Fortunately, a \$2 million gift to be received by the City from this foundation in fiscal 2006 was paid to the City in fiscal 2002 upon liquidation. Of this \$2 million, the Aquarium received \$300,000 in both fiscal 2002 and 2003. An additional \$150,000 was received in fiscal 2004 to help construct "Explore A Shore". This amount was matched by Hillsborough County. The remaining \$1.25 million is being held by the City to be distributed to the Aquarium, subject to City Council approval, upon the satisfaction of certain contingencies, including the completion of various expansion projects.

Following is a detail of operating contributions, memberships, and grants (dollars in thousands):

	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>
Annual fund – individual	\$ 141	135	135
Annual fund – corporate	58	96	54
Grants	382	363	335
Memberships	1,016	1,051	1,003
Special events	391	276	334
City of Tampa	675	750	750
Total	<u>\$ 2,663</u>	<u>2,671</u>	<u>2,611</u>

Operating Expenses

The Aquarium's most significant operating expenses are salaries and related taxes, insurance, and benefits. Salaries and benefits grew by 10% in fiscal 2007 and 4% in fiscal 2006. For both years, an average merit increase of 3.5% was distributed for staff, and a slight increase in health insurance premiums occurred. New positions were added in education, biological operations, and life support/engineering to support the new exhibits (AquariuMania, the stingrays at Tropicana Field, and the penguins), and to help maintain the aging facilities. Additional staffing was added during fiscal 2007 to support the expanded guest dive experiences program; nighttime parking lot security and cashiers for the expanded operation; additional biologists for the four new penguins added in fiscal 2007; and additional educational personnel for expanded programming and reservations.

Advertising and promotions expense increased 19% in fiscal 2007, after an 11% decrease in fiscal 2006. The 11% increase in attendance is a direct result of the additional spending (just as the drop in attendance in fiscal 2006 was a result of the reduced spending). In fiscal 2006, marketing efforts were curtailed since there was no big, marketable new exhibit or message to promote. Instead, the marketing team used the year to re-evaluate long-standing publication and print contracts, advertising agencies, radio partnerships, print brokers, etc. to ensure that the advertising and promotion dollars spent were maximized to their full potential. For fiscal 2007, a year-long, consistent marketing and advertising campaign was conducted around the penguins, special events,

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membership programs, exhibit, gallery and animal facts. Florida resident promotional campaigns were also offered during slower months. These efforts resulted in increased consumer awareness for the Aquarium.

Occupancy-related expenses include items such as life support equipment, repairs and maintenance, and utilities. As the Aquarium ages and saltwater intrusion occurs, more preventative repairs and maintenance occur, which explains the 25% and 6% increases in these expenses in fiscal 2007 and fiscal 2006, respectively. In January 2006, due to the oil crisis stemming from Hurricane Katrina and the war in Iraq, the Aquarium received a 6% increase in its electric rates. Aquarium facility maintenance also increased during the summer of 2006 in anticipation of hosting the Association of Zoos and Aquariums (AZA) annual conference in September. The AZA represents the professional accreditation group that oversees operations of zoos and aquariums. Over 1,800 delegates visited the Aquarium during the week of the conference. Due to the favorable financial performance of the Aquarium during fiscal 2007, additional deferred maintenance items were able to be addressed in order to be more proactive in identifying and fixing maintenance items due to the aging facility. The Aquarium's AZA reaccreditation process occurs during the first quarter of fiscal 2008, so efforts to continue addressing these deferred maintenance issues will continue.

Fortunately, the Aquarium's property insurance situation remained steady and consistent for fiscal 2007. In fiscal 2006, the Aquarium faced its second potential property insurance crisis since 2002. At that time, a 400% premium increase occurred (\$300,000), but it was not related to the Aquarium's claims history. In fact, the Aquarium has never had a property claim during its existence. The increase was attributed to losses suffered by the reinsurance companies related to September 11th events; the Aquarium's proximity to the Port (a terrorist risk); a tourist attraction (also a terrorist risk); and its location on the water (a hurricane – wind and flood risk). Stabilization in the insurance market occurred in fiscal 2004 and continued in fiscal 2005, explaining the steady decrease in insurance expense over the past three years. Due to the losses suffered by the insurance industry related to Hurricane Katrina, the Aquarium's property insurance renewals in May 2006 reflected astronomical premiums and deductibles related to named windstorm damage. To secure adequate coverage and have some level of coverage for named windstorm damage, the Aquarium elected to be added to the City's insurance policies for both fiscal 2006 and fiscal 2007, since the City owns the Aquarium facility that would be covered. As such, the total premium for property insurance was decreased by \$50,000, but the level of coverage for windstorm damage has been substantially reduced.

Other operating expenses increased by 18% in fiscal 2007, after a 2% decrease in fiscal 2006. This category includes postage and printing associated with communications to the membership, donor and educational programs base; travel associated with expanded statewide Aquarium awareness efforts and maintenance trips to Tropicana Field; management training and professional development; and supplies and materials associated with operating the Aquarium facility. Growth in this spending primarily occurred in the supplies and materials category related to the enhanced efforts in addressing deferred maintenance and repair projects throughout the facility.

Nonoperating Revenues and Expenses and Capital Contributions

The Aquarium management's primary focus is on operations; however, the following information is useful in understanding the Aquarium's overall financial position.

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Besides raising funds to support operations, the Aquarium's development team also raises funds for capital improvements and exhibit enhancements. During fiscal 2007 and 2006, approximately \$288,000 and \$1,239,000, respectively, of capital contributions were raised. Almost \$254,000 and \$812,000 was spent on exhibit enhancements in fiscal 2007 and 2006, respectively, which are improvements to the Aquarium facility or new exhibitry. Since the City owns the actual land and building, any improvements to their assets that are funded by the Aquarium are reflected in the statements of revenues, expenses, and changes in net assets as nonoperating expenses. From fiscal 2003 through fiscal 2006, over \$2.3 million was spent on the new "Explore A Shore" children's outdoor play area. This exhibit was funded through public and private contributions. In fiscal 2006, an additional \$322,000 was spent to build "AquariumMania," which will eventually become a traveling exhibit. This exhibit was funded through private donations; contributions by the tropical fish farmer/aquaculture industry; the pet products industry; and Hillsborough County. The state of Florida also provided a \$250,000 Cultural Facilities grant to replace the ten-year old carpeting throughout the exhibit path and the canvas awnings above the coral reef and shark tanks in fiscal 2006. In fiscal 2007, public and private contributions were used to build the new lobby stingray and shark touch tank; additional penguin holding facilities and improvements to existing exhibits in the main galleries (otter exhibit and bays & beaches exhibit). A \$100,000 contribution from Hillsborough County was used to accomplish most of these improvements.

Fiscal 2008 Outlook

The fiscal 2008 operating budget was prepared knowing that there will not be an opening of a major new marketable exhibit for another year. The Aquarium's new penguins, touch tank, and public relations efforts were able to drive attendance in fiscal 2007 without a new exhibit, but it is uncertain as to how long these marketing efforts can be sustained; therefore, attendance expectations have been reduced for fiscal 2008. External factors such as local property taxes, property insurance, the economy, and tourism were considered when preparing the fiscal 2008 budget. Total operations are budgeted at \$13.6 million, with attendance projected at 623,000. The City's budgeted contribution for fiscal 2008 is reduced to \$600,000, which is an 11% reduction from the amount received in fiscal 2007. Another breakeven year is budgeted. The long-term strategic plan, which includes a five-year exhibit planning process, was completed in fiscal 2007. As the long-term exhibit plan is implemented, it is the intention of management, with City Council approval, to draw upon the \$1.25 million the City is holding on behalf of the Aquarium to help fund the capital campaign. One of the strategic initiatives also involves negotiating a long-term operating contract with the City. This is expected to be accomplished in fiscal 2008.

Requests for Information

This financial report is designed to provide a general overview of The Florida Aquarium, Inc.'s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, The Florida Aquarium, Inc., 701 Channelside Drive, Tampa, Florida, 33602.

THE FLORIDA AQUARIUM, INC.
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Balance Sheets

September 30, 2007 and 2006

Assets	2007	2006
Current assets:		
Cash and cash equivalents	\$ 856,017	328,605
Restricted cash and cash equivalents	251,938	306,000
Accounts receivable, net of allowance for doubtful accounts of \$10,000 in 2007 and 2006	211,761	301,114
Pledges receivable	40,000	50,000
Inventories	2,812	44,172
Other current assets	171,672	129,414
Total current assets	1,534,200	1,159,305
Noncurrent assets:		
Capital assets, net	677,741	729,561
Restricted investments in endowment funds	417,455	362,015
Pledges receivable	—	40,000
Total noncurrent assets	1,095,196	1,131,576
Total assets	\$ 2,629,396	2,290,881
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,345,158	1,417,065
Accounts payable from restricted assets	653	6,997
Current maturities of notes payable	30,000	75,503
Deferred revenue	799,235	666,844
Deferred revenue related to restricted assets	251,285	299,003
Total current liabilities	2,426,331	2,465,412
Noncurrent liabilities:		
Notes payable, net of current maturities	—	30,000
Total liabilities	2,426,331	2,495,412
Net assets (deficit):		
Invested in capital assets, net of related debt	677,741	684,058
Restricted net assets:		
Unrealized increase in fair value of restricted investments in endowment funds	240,855	185,415
Endowment funds corpus	176,600	176,600
Unrestricted deficit	(892,131)	(1,250,604)
Total net assets (deficit)	203,065	(204,531)
Total liabilities and net assets (deficit)	\$ 2,629,396	2,290,881

See accompanying notes to basic financial statements.

THE FLORIDA AQUARIUM, INC.
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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended September 30, 2007 and 2006

	2007	2006
Operating revenues:		
Turnstile revenues:		
Admissions	\$ 6,384,574	5,640,015
Gift shop sales, net of direct expenses	502,663	372,835
Restaurant sales, net of direct expenses	688,690	163,290
Parking revenue	518,828	438,707
Community programs revenue	410,214	372,255
Miscellaneous revenue	162,011	59,337
Total turnstile revenues	8,666,980	7,046,439
Contributions, memberships, and grants	2,662,868	2,670,980
Total operating revenues	11,329,848	9,717,419
Operating expenses:		
Salaries and benefits	5,791,461	5,230,005
Advertising and promotions	806,488	679,377
Occupancy related	1,979,864	1,583,004
Insurance	433,487	432,588
Professional services	422,756	376,888
Animals, plants, and food	205,088	223,991
Other operating expenses	1,162,448	922,672
Total operating expenses	10,801,592	9,448,525
Operating income before depreciation	528,256	268,894
Depreciation	(227,512)	(172,656)
Operating income	300,744	96,238
Nonoperating revenues (expenses):		
Exhibit enhancements	(253,916)	(811,902)
Interest income	20,867	13,391
Interest expense	(4,185)	(11,882)
Gain on sale of capital assets	800	12,721
Net increase in fair value of restricted investments	55,440	31,215
Net nonoperating expenses	(180,994)	(766,457)
Income (loss) before capital contributions	119,750	(670,219)
Capital contributions	287,846	1,239,402
Increase in net assets	407,596	569,183
Net assets (deficit), beginning of year	(204,531)	(773,714)
Net assets (deficit), end of year	\$ 203,065	(204,531)

See accompanying notes to basic financial statements.

THE FLORIDA AQUARIUM, INC.
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Statements of Cash Flows
Years ended September 30, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Cash received from turnstile operations	\$ 8,858,593	7,369,534
Cash received from contributions, memberships, and grants	2,769,949	2,777,220
Cash paid to employees	(4,897,250)	(4,485,232)
Cash paid to vendors	(6,058,159)	(5,072,974)
Net cash provided by operating activities	673,133	588,548
Cash flows from capital and related financing activities:		
Capital contributions	220,351	1,239,402
Capital expenditures	(175,692)	(679,553)
Proceeds from sale of capital assets	800	21,317
Exhibit enhancements	(186,421)	(811,902)
Repayments of notes payable	(75,503)	(123,983)
Interest paid on notes payable	(4,185)	(11,882)
Net cash used in capital and related financing activities	(220,650)	(366,601)
Cash flows from investing activity:		
Interest received	20,867	13,391
Net cash provided by investing activity	20,867	13,391
Net increase in cash and cash equivalents	473,350	235,338
Cash and cash equivalents, beginning of year	634,605	399,267
Cash and cash equivalents, end of year	\$ 1,107,955	634,605
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 300,744	96,238
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	227,512	172,656
Provision for uncollectible receivables	14,360	6,829
Write-off of uncollectible receivables	(14,360)	(18,329)
Changes in operating assets and liabilities:		
Accounts receivable	89,353	156,323
Pledges receivable	50,000	—
Inventories	41,360	117,863
Other current assets	(42,258)	(73,678)
Accounts payable and accrued expenses	(78,251)	2,031
Deferred revenue	84,673	128,615
Net cash provided by operating activities	\$ 673,133	588,548
Noncash items:		
Net increase in fair value of investments	\$ 55,440	31,215
In-kind contribution-exhibit enhancements	67,495	—

See accompanying notes to basic financial statements.

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Notes to Basic Financial Statements

September 30, 2007 and 2006

(1) Reporting Entity

The Florida Aquarium, Inc. (the Aquarium) was incorporated December 12, 1986, in the state of Florida, as a not-for-profit organization. Construction of an aquarium (the Facility) was completed and opened to the public in March 1995. In October 1996, the Aquarium sold the Facility and related assets to the City of Tampa, Florida, (the City) and entered into an agreement with the City for management of the Facility (the Management Agreement). The Management Agreement defines the rights and obligations of both the City and Aquarium management. The Management Agreement expires on September 30, 2008. The Aquarium's ability to continue is dependent on renewal of the Management Agreement and related funding from the City. Under the Management Agreement, after the City has approved the Aquarium's annual budget, the City is responsible for reimbursing the Aquarium for any deficiency of revenues and support received over expenses incurred, if the expenses were included in the annual budget approved by the City. The City approved the Aquarium's annual budget for the year ending September 30, 2008 on October 18, 2007. The Aquarium's mission is to entertain, educate, and inspire stewardship about our natural environment.

The Florida Aquarium Foundation, Inc. (the Foundation) was incorporated October 10, 1996 in the state of Florida, as a not-for-profit organization. The Foundation was created exclusively to solicit and receive contributions to be disbursed and used for charitable, education, and specific purposes, including the making of distributions for such purposes to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Unless otherwise determined by the Foundation's board of directors, the recipient of such distributions shall be the Aquarium. Management has applied the requirement of Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and has determined that the Foundation is considered a component unit of the Aquarium. The financial activities of the Foundation are blended with the activities of the Aquarium in these financial statements.

The Aquarium is reported as a discretely presented component unit in the City's basic financial statements. The Aquarium's financial statements are presented in accordance with the provisions of GASB as an enterprise fund, as they are considered a special-purpose government engaged solely in business-type activities.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of the Aquarium are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The accounting and reporting policies of the Aquarium conform to the accounting rules prescribed by GASB. The Aquarium has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

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Notes to Basic Financial Statements

September 30, 2007 and 2006

In the statements of revenues, expenses, and changes in net assets, revenues and expenses are distinguished between operating and nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Aquarium's ongoing operations, including contributions from the City for operating needs. Operating revenues are shown at their gross amounts, with the exception of the operations of the gift shop and restaurant, which are shown net of direct expenses because they are outsourced. Operating expenses include the costs of providing goods and services, including operation and maintenance of the facilities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash and cash held in money market accounts with original maturities of 90 days or less.

(c) Investments

Investments include mutual funds reported at fair value based on quoted market rates, plus accrued interest and dividends; a beneficial interest in the assets of The Community Foundation of Tampa Bay that is carried at fair value; and cash that is held for long-term endowment purposes. The net increase in the fair value of investments is reflected in the accompanying statements of revenues, expenses, and changes in net assets as a nonoperating activity.

(d) Inventories

Inventories consist primarily of gift shop merchandise on consignment to Event Network, Inc. (Event Network), which operates the gift shop under contract on the Aquarium's behalf. Inventories are valued at the lower of cost (first-in, first-out method) or market. The cost of purchasing or collecting live specimens is expensed as incurred.

(e) Capital Assets

The Aquarium capitalizes assets with an original cost of \$5,000. Capital assets are carried at cost, if purchased, or at estimated fair value at date of receipt if acquired by gift. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Vehicles	5 years
Eco-tour boat	5 years
Furniture and equipment	2-5 years

Exhibit enhancements include improvements to the Facility or new exhibitry. As the City owns the Facility, exhibit enhancements are not included in the capital assets of the Aquarium; rather they are recorded as nonoperating expenses of the Aquarium.

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(f) Contributions

Unrestricted contributions are recognized within unrestricted net assets at fair value when received. Restricted contributions are deemed to be earned and reported as contributions when eligibility requirements have been met, typically expending funds according to the donor's restrictions. Such amounts, received but not earned, are reported as restricted cash and deferred revenue. Contributions to the endowment funds are also reflected in restricted net assets when received. Contributions and pledges are recorded in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, when all eligibility requirements are met.

Contributions received that are restricted for capital items are recognized in the same manner as other contributions, however, they are considered nonoperating and are shown separately in the statements of revenues, expenses, and changes in net assets.

Total fundraising expenses incurred by the Aquarium were approximately \$736,000 and \$576,000 during the years ended September 30, 2007 and 2006, respectively.

(g) Deferred Revenue

Deferred revenue in the accompanying balance sheets consists of amounts collected from customers as deposits on future events at the Aquarium; contributions from members for annual memberships; and unspent restricted contributions received from donors. Deposits for future events are recognized as revenue when the events take place; amounts collected for annual memberships are recognized as contributions ratably over the membership period; and restricted contributions are recognized as revenues when amounts received have been expended according to the donor's restrictions.

(h) Compensated Absences

It is the Aquarium's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick-pay benefits, which will be paid to employees upon separation from the Aquarium's service. Compensated absences are accrued when earned and are included in accounts payable and accrued expenses in the accompanying balance sheets.

(i) Tax Status

The Aquarium and the Foundation have received favorable determination letters from the Internal Revenue Service, and are generally exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in Section 501(c)(3).

(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management of the Aquarium to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

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September 30, 2007 and 2006

(3) Cash, Cash Equivalents, and Restricted Investments

At September 30, 2007 and 2006, the Aquarium's cash deposits were partially covered by federal depository insurance. The bank balances and book balances were \$1,207,629 and \$1,083,631, respectively, at September 30, 2007. At September 30, 2006, the bank balances and book balances were \$723,429 and \$610,442, respectively. Cash on hand for ticketing, parking, and petty cash needs was \$24,324 and \$24,163 at September 30, 2007 and 2006, respectively.

The bank balances of the Aquarium include overnight repurchase agreements in the amount of \$1,205,000 and \$715,000 at September 30, 2007 and 2006, respectively. The repurchase agreements are uninsured and unregistered, and are collateralized by securities held by a third-party financial institution in the name of the qualified public depository and the Aquarium. The repurchase agreements are carried at cost, which approximates fair value.

The Aquarium's investment policy authorizes investments in U.S. government obligations and direct obligations of U.S. government agencies, equities, and short-term money markets composed of certificates of deposit, money market funds, and repurchase agreements. The policy specifically prohibits investments in certain items such as derivatives, commodities, foreign securities listed solely outside the United States, direct real estate or mortgages, and security loans.

At September 30, 2007 and 2006, the Aquarium held the following investments:

	2007	2006
Mutual funds	\$ 342,551	296,847
Beneficial interest in The Community Foundation of Tampa Bay	74,904	65,168
	\$ 417,455	362,015

Interest Rate Risk

The Aquarium does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Aquarium's investment policy limits investments to an asset allocation of 50% fixed income. Fixed income securities must be rated "BBB" or better. Equity investments classified as preferred stocks must be rated "A" or better and be listed on a national exchange or, if traded over the counter, have a demonstrated record of liquidity.

Custodial Credit Risk

The Aquarium does not have a formal investment policy that addresses custodial credit risk.

THE FLORIDA AQUARIUM, INC.
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Notes to Basic Financial Statements

September 30, 2007 and 2006

Concentration of Credit Risk

The Aquarium has a formal investment policy that limits fixed income securities and equity investments in any single issue, industry, or company to 10%, 15%, and 5% respectively, of the portfolio value.

Foreign Currency Risk

The Aquarium's investment policy prohibits investments in non-U.S. denominated securities.

(4) Accounts Receivable

Accounts receivable at September 30, 2007 and 2006 include amounts due from others as follows:

	<u>2007</u>	<u>2006</u>
Customers	\$ 116,269	156,087
Tampa Port Authority	22,500	37,500
Aramark	45,845	81,489
Event Network	37,147	36,038
Less allowance for doubtful accounts	<u>(10,000)</u>	<u>(10,000)</u>
	<u>\$ 211,761</u>	<u>301,114</u>

(5) Capital Assets

The following is a summary of changes in capital assets for the fiscal years ended September 30, 2007 and 2006:

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2007</u>
Capital assets, nondepreciable:				
Construction in progress	\$ 67,115	9,000	(67,115)	9,000
Capital assets, depreciable:				
Vehicles	152,249	81,288	—	233,537
Eco-tour boat	517,272	—	—	517,272
Furniture and equipment	<u>2,894,539</u>	<u>152,519</u>	<u>(51,293)</u>	<u>2,995,765</u>
Total depreciable capital assets	<u>3,564,060</u>	<u>233,807</u>	<u>(51,293)</u>	<u>3,746,574</u>
Less accumulated depreciation:				
Vehicles	101,302	23,498	—	124,800
Eco-tour boat	492,271	6,000	—	498,271
Furniture and equipment	<u>2,308,041</u>	<u>198,014</u>	<u>(51,293)</u>	<u>2,454,762</u>
Total accumulated depreciation	<u>2,901,614</u>	<u>227,512</u>	<u>(51,293)</u>	<u>3,077,833</u>
Total depreciable capital assets, net	<u>662,446</u>	<u>6,295</u>	<u>—</u>	<u>668,741</u>
Total capital assets, net	<u>\$ 729,561</u>	<u>15,295</u>	<u>(67,115)</u>	<u>677,741</u>

THE FLORIDA AQUARIUM, INC.
(A Component Unit of the City of Tampa)

Notes to Basic Financial Statements

September 30, 2007 and 2006

	<u>Balance October 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2006</u>
Capital assets, nondepreciable:				
Construction in progress	\$ —	67,115	—	67,115
Capital assets, depreciable:				
Vehicles	144,585	27,500	(19,836)	152,249
Eco-tour boat	487,272	30,000	—	517,272
Furniture and equipment	2,956,131	554,938	(616,530)	2,894,539
Total depreciable capital assets	<u>3,587,988</u>	<u>612,438</u>	<u>(636,366)</u>	<u>3,564,060</u>
Less accumulated depreciation:				
Vehicles	94,529	18,013	(11,240)	101,302
Eco-tour boat	425,629	66,642	—	492,271
Furniture and equipment	2,836,570	88,001	(616,530)	2,308,041
Total accumulated depreciation	<u>3,356,728</u>	<u>172,656</u>	<u>(627,770)</u>	<u>2,901,614</u>
Total depreciable capital assets, net	<u>231,260</u>	<u>439,782</u>	<u>(8,596)</u>	<u>662,446</u>
Total capital assets, net	<u>\$ 231,260</u>	<u>506,897</u>	<u>(8,596)</u>	<u>729,561</u>

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at September 30, 2007 and 2006 consist of amounts owed for operating and payroll expenses as follows:

	<u>2007</u>	<u>2006</u>
Accounts payable	\$ 675,460	810,535
Accrued expenses	23,000	45,268
Accrued payroll expenses (including compensated absences)	646,698	561,262
	<u>\$ 1,345,158</u>	<u>1,417,065</u>

(7) Notes Payable

Notes payable consist of the Eco-tour boat loan and the “Explore A Shore” loan. The Eco-tour boat loan was \$400,000 when originally issued, bearing interest at 9.5%. It was refinanced on October 14, 2004 to include the following terms: \$218,507 loan, bearing interest at 7%, principal and interest in monthly installments of \$8,400, maturing on April 1, 2007. The note is collateralized by the Eco-tour boat. Additionally, one half of the outstanding principal is guaranteed by the Tampa Port Authority (the Port). The outstanding balance was \$0 and \$45,503 at September 30, 2007 and 2006, respectively.

The “Explore A Shore” \$228,333 revolving line-of-credit promissory note was issued on October 14, 2004. This loan was necessary to finance the completion of the construction of the Aquarium’s outdoor exhibit, “Explore A Shore”. The note is secured by pledges receivable for the exhibit. Interest is due monthly with principal payments due upon receipt of pledge payments. Regardless of pledge payments, the note must be

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Notes to Basic Financial Statements

September 30, 2007 and 2006

reduced to \$60,000 on or before March 1, 2006 and to \$30,000 on or before March 1, 2007, with final maturity on March 1, 2008. The interest rate is variable, based on the LIBOR rate plus 225 basis points, and was 7.97% and 7.58% at September 30, 2007 and 2006, respectively. During fiscal 2007, \$30,000 of pledges was collected and the loan was reduced to a balance of \$30,000 at September 30, 2007.

Future maturities of the notes payable as of September 30, 2007 for principal and interest were \$30,000 and \$928, respectively, due during fiscal 2008.

Future interest payments on the revolving line-of-credit promissory note were calculated using the variable interest rate of 7.38% at October 1, 2007.

A schedule of changes in the notes payable for the years ended September 30, 2007 and 2006 follows:

October 1, 2006	Additions	Deletions	September 30, 2007
\$ 105,503	—	(75,503)	30,000
October 1, 2005	Additions	Deletions	September 30, 2006
\$ 229,486	—	(123,983)	105,503

(8) Related-Party Transactions

Contributions, memberships and grants, and capital contributions for the years ended September 30, 2007 and 2006 include the following:

	2007	2006
Board of directors and trustees	\$ 135,638	331,193
City of Tampa	675,000	750,000
Hillsborough County	100,000	200,000
	\$ 910,638	1,281,193

(9) Retirement Savings Plan

Effective January 1, 1994, a retirement savings plan was established pursuant to IRC Section 403(b). Substantially all employees are eligible to participate in the plan. Contributions are made at the discretion of the Board of Directors. Contributions totaling approximately \$12,700 and \$11,400, included in salaries and benefits in the accompanying statements of revenues, expenses, and changes in net assets, were made for the years ended September 30, 2007 and 2006, respectively.

THE FLORIDA AQUARIUM, INC.
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Notes to Basic Financial Statements
September 30, 2007 and 2006

(10) Restaurant Management Agreements

The Aquarium outsources its food service operations. For the period since the Aquarium opened through August 9, 2006, an agreement with Sodexho, Inc. existed (the Sodexho Agreement). Under the Sodexho Agreement, Sodexho was paid a management fee equal to the lesser of 4% of sales, or \$120,000. Profits and losses were allocated 75% and 25% to the Aquarium and Sodexho, respectively. For the period October 1, 2005 through August 9, 2006, the Aquarium recorded restaurant sales of \$1,997,292 and direct expenses of \$1,879,143 to net \$118,149, under the Sodexho Agreement. Ending food service inventory balances of \$36,348 were written-off as direct expenses when Sodexho left.

Effective August 10, 2006, a new agreement with Aramark, Inc. (the Aramark Agreement) began. Under the Aramark Agreement, Aramark pays the Aquarium a percentage of monthly cafeteria and catering sales, with a minimum annual payment of \$500,000. Payments are made by the 15th day of the following month. For the period August 10, 2006 through September 30, 2006, the Aquarium recorded restaurant sales of \$295,419 and direct expenses of \$213,930 to net \$81,489. For the year ended September 30, 2007, the Aquarium recorded restaurant sales of \$2,496,959 and direct expenses of \$1,808,269 to net \$688,690. The agreement is effective for five years, with the ability by the Aquarium to extend the agreement for an additional five years.

(11) Gift Shop Management Agreement

On September 15, 2005, the Aquarium entered into a five-year agreement with Event Network to manage the gift shop operations beginning on September 30, 2005. The agreement states that Event Network will pay the Aquarium a percentage of monthly gift shop sales, with a minimum annual payment of \$400,000. Payments will be made by the 15th day of the following month. For the year ended September 30, 2007, Event Network recorded gift shop sales of \$1,563,805 and direct expenses of \$1,061,142, to net \$502,663. For the year ended September 30, 2006, Event Network recorded gift shop sales of \$1,345,396 and direct expenses of \$934,086, to net \$411,310. Net gift shop sales was further reduced in fiscal 2006 by an increase in the reserve for obsolete inventory of \$38,475.

As part of the transition, Event Network agreed to purchase \$200,000 of the Aquarium's existing gift store inventory on a payment plan that concluded on September 1, 2006. Additionally, \$37,142 and \$100,979 of existing Aquarium inventory was being sold by Event Network on consignment as of September 30, 2007 and September 30, 2006, respectively. A reserve for obsolescence of \$37,142 and \$61,754 has been recorded as of September 30, 2007 and 2006, respectively.

(12) Tampa Port Authority License Agreement

In April 2000, the Aquarium signed an agreement with the Port concerning the use and care of the Eco-tour boat. The agreement stated that the Port would compensate the Aquarium in the form of rent payments, covering principal and interest on the note, for use of 50% of the Eco-tour boat's available time. Additionally, the Port would reimburse the Aquarium for half of all operating costs, up to a maximum of \$90,000 per year. The license agreement expired on April 30, 2006. In fiscal year 2006, the Aquarium recorded \$68,709 as an offset to expense for costs reimbursable from the Port for rent and operating costs under the license agreement.

THE FLORIDA AQUARIUM, INC.
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Notes to Basic Financial Statements

September 30, 2007 and 2006

Effective May 1, 2006, the Port agreed to continue to use the Eco-tour boat for its port tours. In exchange, the Port would pay the Aquarium \$90,000 per year for these tours. The amount earned by the Aquarium from May 1, 2006 through September 30, 2006 was \$37,500. The full \$90,000 was earned in fiscal 2007. These fees are reflected in admissions revenue in the accompanying statements of revenues, expenses, and changes in net assets. At September 30, 2007 and 2006, the Aquarium has \$22,500 and \$37,500, respectively, recorded in accounts receivable due from the Port.

(13) Contingencies

(a) *Assets Held by City of Tampa*

During fiscal 2002, one of the Aquarium's donors liquidated. Upon liquidation, a \$2 million gift was received by the City. Of this amount, the City contributed \$300,000 to the Aquarium in 2003 and 2002. An additional \$150,000 was received in 2004. The remaining \$1,250,000 is being held by the City to be distributed to the Aquarium, subject to City Council approval, in the future upon the satisfaction of certain contingencies, including completion of various expansion projects.

(b) *Grants and Contracts*

The Aquarium participates in various federal and state assisted grant programs that are subject to review and audit by grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal and state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal or state audit may become a liability of the Aquarium. It is believed that the ultimate disallowance pertaining to these regulations, if any, would be immaterial to the overall financial condition of the Aquarium.

(c) *Risk of Loss*

The Aquarium is exposed to various risks of loss from general, auto, property, and other liabilities and has purchased commercial insurance policies to cover these risks. There have been no significant reductions in insurance coverage during the current or previous two fiscal years, except for coverage related to named windstorm damage under the property insurance policy in fiscal 2006. In fiscal 2006, the Aquarium elected to be added onto the City's property insurance policy and share in its windstorm coverage. In the case of damage occurring due to a named windstorm, the Aquarium would be subject to the City's \$37 million limit (\$30 million in fiscal 2006). All damage caused by other perils would be covered in full. The Aquarium paid \$173,648 and \$158,589 in fiscal 2007 and 2006, respectively, to the City for premiums to be covered by these insurance policies. This expense is included in insurance on the accompanying statements of revenues, expenses, and changes in net assets.



KPMG LLP
Suite 1700
100 North Tampa Street
Tampa, FL 33602

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board of Directors
The Florida Aquarium, Inc.:

We have audited the basic financial statements of The Florida Aquarium, Inc. as of and for the year ended September 30, 2007, and have issued our report thereon dated November 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Florida Aquarium, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an



opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, audit committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 30, 2007
Certified Public Accountants