



*Providing
Quality
Services*

*Comprehensive
Annual
Financial
Report*

*For the fiscal year ended
September 30, 2008*

*City of
Tampa
Florida*



City of Tampa, Florida
Comprehensive Annual
Financial Report

For the fiscal year ended September 30, 2008

Pam Iorio

Mayor

Bonnie M. Wise

Director of Finance

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CITY OF TAMPA

February 19, 2009

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, 2008.

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, 2008, 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, 2008, 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 342,060. 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 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. Reappropriation of funds between capital and operating accounts and between departments, however, require the approval of the city council according to the city charter. 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 funds subsection of this report, which starts on page 80.

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 typically enjoys a stable economic environment but recent indicators point to some downward influences. 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 revenue decreases from the previous year were accompanied by decreases in utilities and sales tax revenues. Further declines in these three tax revenues are projected in fiscal year 2009, especially as a result of the nation's economic recession, financial gridlock, and housing slump. In 2008 a slight increase in communications services tax revenue was experienced. At fiscal year end the area's unemployment rate was 4.0%, significantly better than the national rate of 4.6% and equal to the statewide rate of 4.0%. However, currently, the rate is 8.1% for Florida and 8.3% for the metropolitan area. The region's population growth and economic diversity provide some advantage in what is expected to be an increasingly challenging economic environment in the near term.

Long-term financial planning. On November 29, 2007, the city issued \$51,240,000 of Water and Sewer Systems Revenue Bonds, Series 2007. The net proceeds of \$52,800,000 (after payments of \$426,028 for underwriting fees and other costs of issuance; and the receipt of \$1,986,028 for issuance premium) will be used to finance various capital improvement projects to the water utility system.

On June 11, 2008, the city entered into a transaction with the U.S. Department of Housing and Urban Development to refinance the outstanding \$8,170,000 HUD section 108 loan. The effect of this transaction is to save the city \$1,417,000 in future interest payments with a present value savings of \$1,134,000.

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, money market funds, and real estate. The maturity of pooled cash investments ranges from 46 days to 4.7 years with a weighted average maturity of 2.9 years. Certificate of deposit maturities range from 2 to 268 days. The average yield on investments was 3.6% for pooled cash, negative 17.1% for the General Employees Retirement Fund, and negative 14.1% 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 changes 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. The City of Tampa fully funds each year's annual required contribution to the pension plans as determined by the actuaries. As a result, the city has succeeded as of September 30, 2008, in funding 98 percent for the General Employees Retirement Fund and 109 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 in the form of an implied rate subsidy for group health insurance for retirees and their dependents. As of the end of the current fiscal year there were 972 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. The Governmental Accounting Standards Board (GASB) has issued statement number 45 that requires governments to report a liability in the financial statements in connection with the obligation to provide these benefits. The liability reported by the City of Tampa in 2008 for these benefits is \$5,042,000.

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, 2007. This was the twentieth 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, 2007. 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,

A handwritten signature in cursive script that reads "Bonnie M. Wise".

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, 2007

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.



A handwritten signature in black ink, appearing to read "M. L. R.", written in a cursive style.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", written in a cursive style.

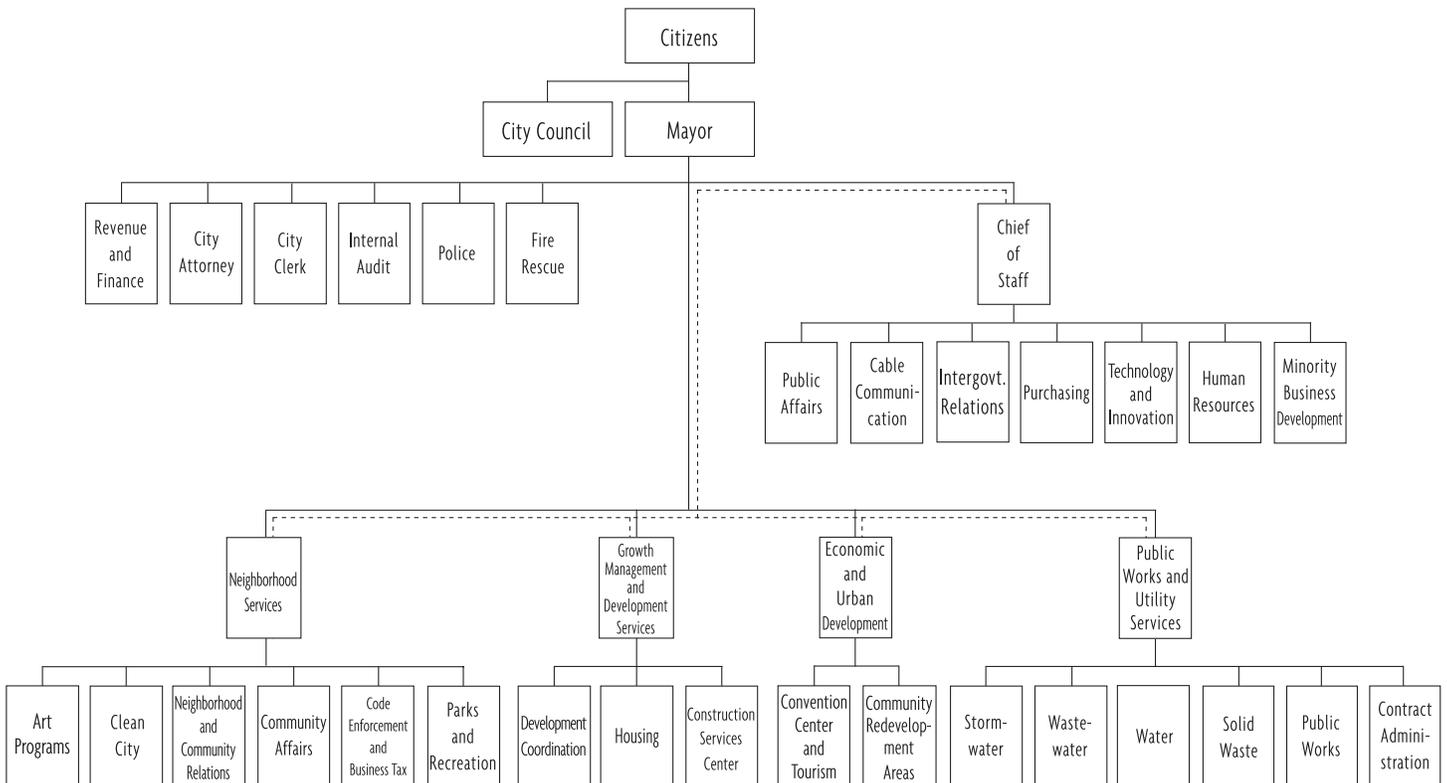
Executive Director

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 Pro-Tem



MARY MULHERN
District 2 at Large



LINDA SAUL-SENA
District 3 at Large



CHARLIE MIRANDA
District 6



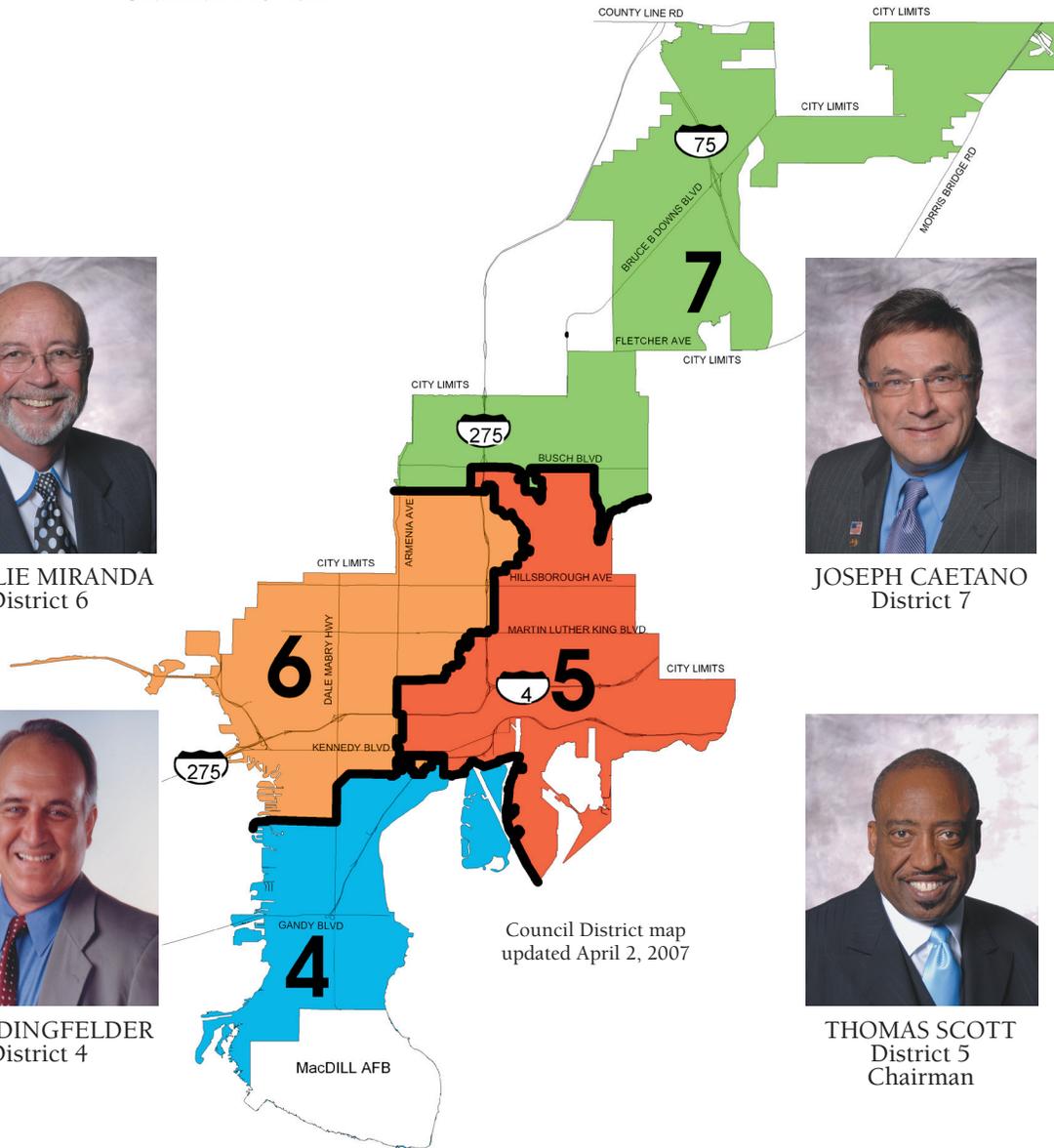
JOHN DINGFELDER
District 4



JOSEPH CAETANO
District 7



THOMAS SCOTT
District 5
Chairman



Report of Independent Certified Public Accountants

The Honorable Mayor and 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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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, as of September 30, 2008, 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 U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2009, on our consideration of the City'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 21 and 76 through 77, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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'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*, Section 215.97, *Florida Statutes*, 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.

Ernst + Young LLP

February 16, 2009

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, 2008. 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.**

During the fiscal year, the economic condition of the country continued to deteriorate. The housing and financial market declines led the nation into recession. Bond insurers lost their favorable ratings, and bond ratings were lowered. With the drop in equity markets, pension plan values declined, likely requiring higher contribution rates in the future. The City had already been faced with declining property tax receipts due to state legislation imposing millage caps, and lower sales tax receipts due to the economic declines in the state. Responding to these crises, the City maintained its hiring freeze, deferred some capital purchases, and implemented other cost saving techniques. This helped stave off the economic downturn to some extent, so that despite these economic constraints the City was able to post positive results for fiscal year 2008.

Financial Highlights

- The assets of the City of Tampa exceeded its liabilities at the close of the most recent fiscal year by \$1,785,208 (net assets), an increase of \$89,271 (5.3%) compared to the prior year balance. Of this amount, \$256,385 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors, a \$12,267 (5%) increase over the prior year balance.
- Most (83%) of the \$89,271 increase in City net assets is reflected in governmental activities and the remainder (17%) in business-type activities. In governmental activities, revenues significantly outpaced expenditures as spending was curbed and operating surpluses in the major enterprise funds resulted in increased net assets in the business-type activities.
- As of the close of the current fiscal year, the City of Tampa's governmental funds reported combined ending fund balances of \$346,500, an increase of \$20,482 (6.2%) in comparison with the prior year. Approximately 77 percent of this amount, \$265,239, is available for spending at the City's discretion (*unreserved fund balance*), and all but \$96,126 has been designated for various items (e.g., emergencies, claims and capital outlays).
- At the end of the current fiscal year, unreserved undesignated fund balance for the general fund was \$72,966 or 23 percent of total general fund expenditures. This reflects a \$15,181 (26%) increase over the prior year balance.
- The City of Tampa's total debt increased by \$10,526 during the current fiscal year, as the scheduled repayment of existing debt was less than the amount of new debt issued. New debt issues totaled \$51,240 in the water enterprise fund.

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 42-75 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 and other postemployment benefits to its employees. Required supplementary information can be found on pages 76-77 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 78-106 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 \$1,785,208 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			
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 416,282	\$ 397,857	\$ 314,080	\$ 275,581	\$ 730,362	\$ 673,438
Capital assets	931,811	886,277	1,175,406	1,167,400	2,107,217	2,053,677
Total assets	1,348,093	1,284,134	1,489,486	1,442,981	2,837,579	2,727,115
Long-term liabilities outstanding	489,581	500,699	447,236	420,320	936,817	921,019
Other liabilities	61,722	60,803	53,832	49,356	115,554	110,159
Total liabilities	551,303	561,502	501,068	469,676	1,052,371	1,031,178
Net assets:						
Invested in capital assets, net of related debt	595,132	544,741	802,140	781,822	1,397,272	1,326,563
Restricted	52,689	48,135	78,862	77,121	131,551	125,256
Unrestricted	148,969	129,756	107,416	114,362	256,385	244,118
Total net assets	\$ 796,790	\$ 722,632	\$ 988,418	\$ 973,305	\$ 1,785,208	\$ 1,695,937

An additional portion (7.3%) of the City of Tampa's net assets, *restricted net assets* at \$131,551, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* at \$256,385 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 an increase in restricted net assets reported in connection with total governmental and business-type activities of \$6,295. A major component included an increase for debt service of \$5,562. For governmental activities, there was an increase in restricted net assets reported of \$4,554. The primary factor was an increase of \$3,827 in net assets restricted for debt service.

The City's net assets increased \$89,271 during the current fiscal year. Of this amount, \$15,113 (17%) was attributable to business-type activities and \$74,158 (83%) resulted from governmental activities.

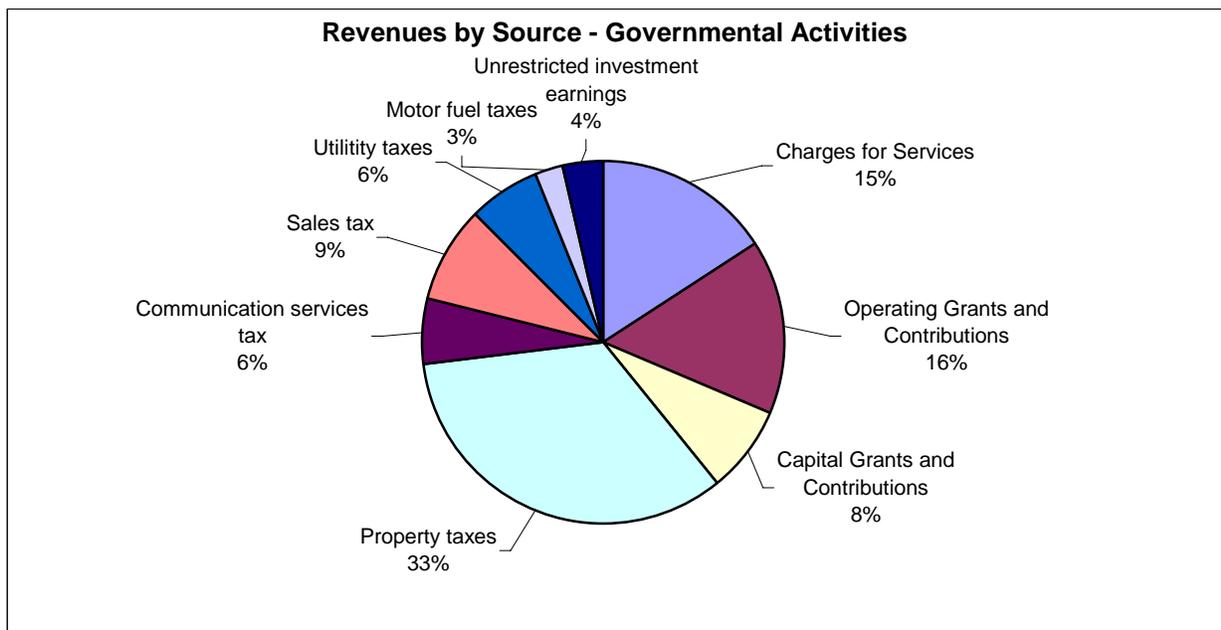
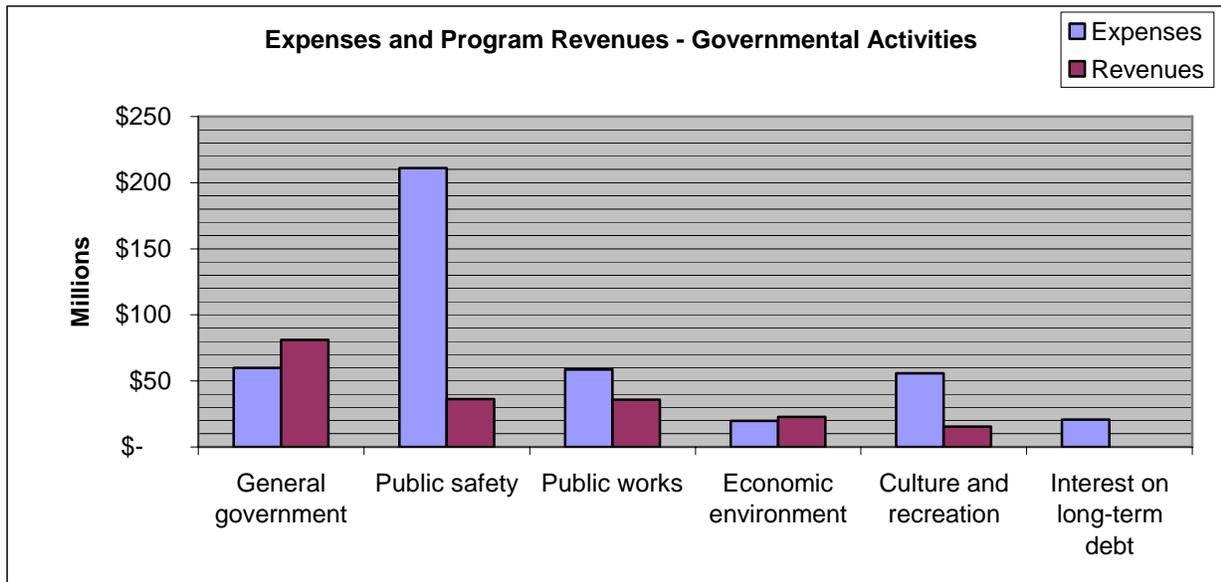
City of Tampa's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 77,142	\$ 80,481	\$ 242,270	\$ 242,720	\$ 319,412	\$ 323,201
Operating grants and contributions	75,880	67,267	100	580	75,980	67,847
Capital grants and contributions	38,237	51,976	18,857	18,014	57,094	69,990
General revenues:						
Property taxes	163,637	166,238	-	-	163,637	166,238
Other taxes	114,768	117,687	-	-	114,768	117,687
Investment earnings	17,821	17,378	14,076	12,553	31,897	29,931
Other	-	1,867	128	53	128	1,920
Total revenues	487,485	502,894	275,431	273,920	762,916	776,814
Expenses:						
General government	61,259	71,178	-	-	61,259	71,178
Public safety	213,648	206,326	-	-	213,648	206,326
Public works	59,278	50,506	-	-	59,278	50,506
Economic environment	19,932	22,511	-	-	19,932	22,511
Culture and recreation	56,336	62,798	-	-	56,336	62,798
Interest on long-term debt	20,800	24,404	-	-	20,800	24,404
Water utility	-	-	70,657	61,128	70,657	61,128
Wastewater utility	-	-	83,866	78,125	83,866	78,125
Solid waste system	-	-	67,081	63,596	67,081	63,596
Parking facilities	-	-	15,302	14,719	15,302	14,719
Marina	-	-	615	697	615	697
Golf courses	-	-	4,871	4,945	4,871	4,945
Total expenses	431,253	437,723	242,392	223,210	673,645	660,933
Increase in net assets before transfers	56,232	65,171	33,039	50,710	89,271	115,881
Transfers	17,926	17,421	(17,926)	(17,421)	-	-
Increase in net assets	74,158	82,592	15,113	33,289	89,271	115,881
Net assets - 10/01/07	722,632	640,040	973,305	940,016	1,695,937	1,580,056
Net assets - 9/30/08	\$ 796,790	\$ 722,632	\$ 988,418	\$ 973,305	\$ 1,785,208	\$ 1,695,937

Governmental activities. Despite lower revenues than in the prior year, governmental activities increased the City of Tampa's net assets by \$56,232 (before transfers). Key elements of this change are as follows:

- Property taxes decreased by \$2,601 (1.5 percent) during the year. This decline is the result of a property tax legislation implemented by the state. The City's millage rate of 5.7326 was lower than the 6.408 rate adopted the previous year, and is well below the 10-mill rate limit established by the state.

- Capital grants and contributions decreased \$13,739 in 2008 due to less use of federal and state transportation and public safety awards.
- General government expenses decreased \$9,919, as expenditures were curbed, staffing was reduced, and a hiring freeze was maintained.



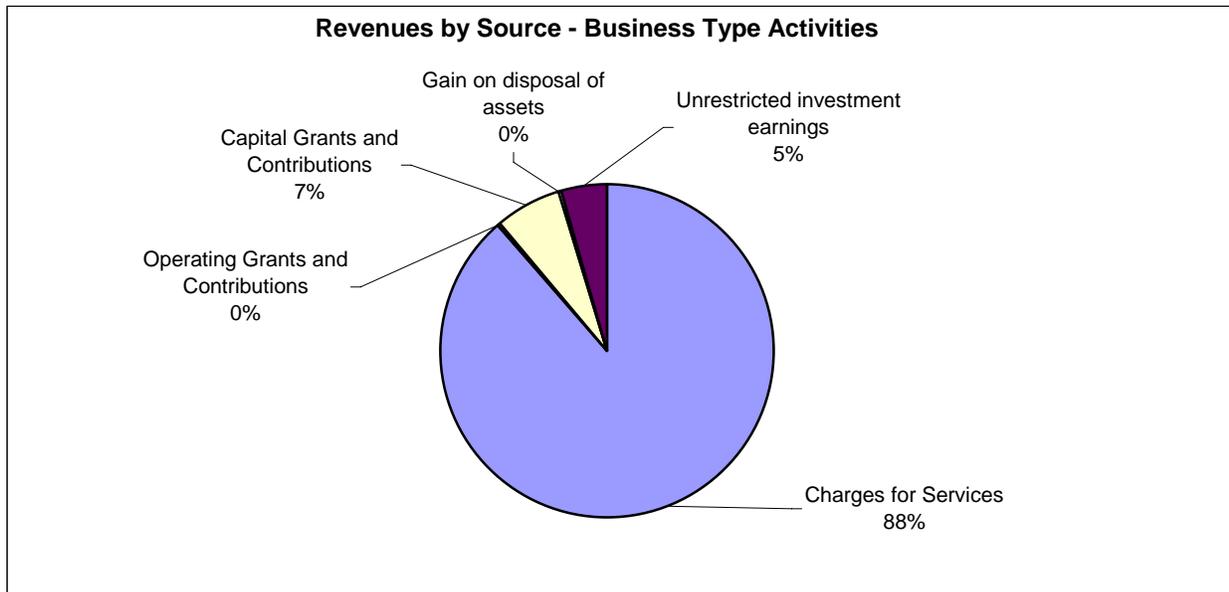
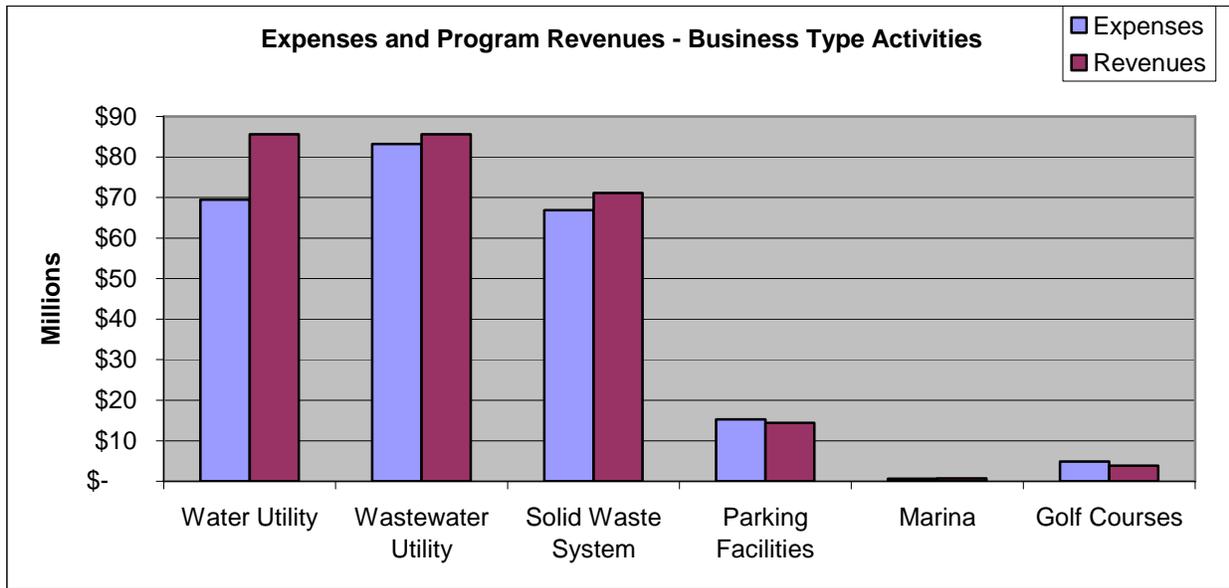
Business-type activities. Business-type activities increased the City of Tampa’s net assets by \$33,039 (before transfers).

•The change in net assets before contributions and transfers in the water utility fund was \$8,059, a decline of \$6,369 compared to the prior year. Operating revenues increased \$2,253 due to a rate increase implemented during the year. Operating expenses increased \$7,377 due to increased water purchases caused by drought conditions, limiting the water supply. Capital contributions increased \$824.

•In the wastewater utility fund the change in net assets before contributions and transfers was \$1,383, a decline of \$7,947 compared to the prior year. Operating revenues decreased \$1,986. Operating expenses increased \$4,472, as capitalized overhead was reduced \$3,500.

•In the solid waste system fund the change in net assets before contributions and transfers increased \$6,103, a \$2,977 decline compared to the prior year. Operating revenues increased \$354 and operating expenses increased \$3,833, primarily due to higher fuel costs.

•In the parking system fund the change in net assets before contributions and transfers decreased \$404, a \$1,027 decline compared to the prior year, as operating revenues declined in the Ybor lots, ticket revenues, and on-street parking, and operating expenses increased, including higher facilities maintenance costs.



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 \$346,500, an increase of \$20,482 in comparison with the prior fiscal year. Approximately 77 percent of this total amount (\$265,239) constitutes *unreserved fund balance*, subtracting \$21,247 designated for claims and judgments and \$7,656 for emergencies, \$236,336 is available for spending at the City’s discretion, of which \$140,210 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 (\$78,820), 2) to pay debt service (\$1,530), or 3) for a variety of other restricted purposes (\$911).

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 \$72,966, while total fund balance increased to \$110,562. 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 23 percent of total general fund expenditures, while total fund balance represents 34.2 percent of that same amount.

The fund balance of the City of Tampa's general fund increased by \$12,760 during the current fiscal year. Key factors in this increase are as follows:

- Actual revenues exceeded budgeted revenues by \$2,652. Revenues declined \$9,518 (3.2%) compared to 2007 due to decreases in property tax revenues (down \$2,601) caused by state legislative changes; a decline in state revenues (down \$3,305) due to a decline in the general economy; a decline in licenses and permits (down \$3,804), and other effects.
- Actual expenditures were \$21,473 less than budgeted expenditures. Expenditures increased \$2,571 (.8%) compared to 2007, with the bulk of this coming from a \$4,322 (2.2%) increase in public safety, a \$3,084 (10%) increase in public works, a \$2,565 (5.5%) increase in general government services, and a \$7,389 (14.6%) drop in culture and recreation expenditures.

The fund balance of the utility tax special revenue major fund increased by \$6,624 in 2008, with an ending fund balance amount of \$46,593. The key factors in this change are as follows:

- Revenues exceeded budgeted amounts by \$635, as revenues increased \$2,261 (4%) compared to 2007.
- Expenditures increased \$2,459 compared to 2007 due to higher capital outlays, but were \$8,711 under budgeted amounts.
- Transfers out increased \$11,710 compared to 2007, as transfers to the general fund were made.

The fund balance in the Community Redevelopment Agency (CRA) major fund increased \$4,474 in 2008, with an ending fund balance of \$14,202. The key factors in this change are as follows:

- Total revenues increased \$3,210 compared to 2007 due to higher tax increment property tax receipts, a result of continued growth in the CRAs.
- Total expenditures increased \$2,639 compared to 2007 due to higher capital outlays.
- Transfers out increased \$1,306 compared to 2007.

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 \$47,774, for the wastewater utility \$31,245, for the solid waste system \$18,100, and those for the nonmajor funds amounted to \$10,297. The total change in net assets for the three major funds was \$17,486; (\$235); and \$2,153, 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 \$20,314 (increase in appropriations) and can be briefly summarized as follows:

- \$13,668 in increases allocated to public safety
- \$2,062 in increases allocated to culture and recreation
- \$2,148 in increases allocated to public works
- \$2,436 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 \$2,652 (actual amount in excess of the budgeted amount) and can be summarized as follows:

- Tax revenues exceeded the budgeted amount by \$2,050, of which \$2,017 was from property taxes.
- Intergovernmental revenues were less than the budgeted amount by \$3,741, as State half-cent sales tax was \$3,759 short of budgeted amounts.
- Licenses and permits revenue receipts fell short of the budgeted amount by \$1,338. Of that amount \$1,354 of the shortage was related to franchise fees. Building fees were \$86 over budgeted amounts.
- Charges for services revenues exceeded the budgeted amount by \$562. Of that amount \$69 was related to the public safety where police extra duty charges are the main component. Convention center revenues were \$1,287 in excess of budgeted amounts.

•Investment earnings were \$5,344 over the budgeted amount due to market value increases on fixed asset investments.

Differences between the final budget and actual expenditures were \$21,473 (actual amount less than budgeted amount) and can be summarized as follows:

- Public safety expenditures were \$5,608 under the budgeted amount with \$4,416 of that amount relating to police expenditures.
- Culture and recreation expenditures were \$3,334 under the budgeted amount with \$3,079 of that amount relating to parks and recreation.
- Public works expenditures were \$3,815 under the budgeted amount.
- General government services expenditures were \$8,716 under the budgeted amount, \$5,528 of that amount pertaining to unclassified expenditures (mainly payments to other governments and agencies). Technology and innovation expenditures were \$1,213 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, 2008, amounts to \$2,107,217 (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 2.5% (a 5% increase for governmental activities and a .7% increase 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 decreased \$63,325. The primary factor for this decline is several road improvement and recreation center construction projects were completed and capitalized (i.e., moved out of the construction in progress category and into the infrastructure category), resulting in higher infrastructure.
- For governmental activities the investment in infrastructure increased \$82,373. 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 decreased \$38,809 as completed projects were capitalized, resulting in higher other improvements.

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

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 190,233	\$ 188,155	\$ 34,651	\$ 34,264	\$ 224,884	\$ 222,419
Buildings	217,298	202,634	238,265	249,623	455,563	452,257
Improvements other than buildings	90,261	84,919	827,462	767,594	917,723	852,513
Furniture and equipment	58,174	53,772	16,373	18,455	74,547	72,227
Infrastructure	303,074	220,701	-	-	303,074	220,701
Construction in progress	72,771	136,096	58,655	97,464	131,426	233,560
Total	\$ 931,811	\$ 886,277	\$ 1,175,406	\$ 1,167,400	\$ 2,107,217	\$ 2,053,677

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 revenue bonded debt outstanding of \$801,128. Debt incurred under the State of Florida revolving loan program outstanding at the end of the fiscal year amounted to \$47,786. HUD section 108 loans outstanding at the end of the current fiscal year amounted to \$8,170, and outstanding commercial paper loans totaled \$7,600. The full faith and credit of the City of Tampa back none of this outstanding debt, rather it is secured solely by specified revenue sources (i.e., revenue bonds).

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

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue bonds	\$ 384,961	\$ 401,818	\$ 416,167	\$ 383,574	\$ 801,128	\$ 785,392
State of Florida revolving loans	-	-	47,786	52,796	47,786	52,796
Commercial paper loans	7,600	7,600	-	-	7,600	7,600
HUD section 108 loans	8,170	8,370	-	-	8,170	8,370
Total	\$ 400,731	\$ 417,788	\$ 463,953	\$ 436,370	\$ 864,684	\$ 854,158

The City of Tampa's total debt increased \$10,526 during the current fiscal year due to the scheduled repayment of existing debt offset by the issuance of new enterprise fund debt in the face amount of \$51,240.

The City of Tampa seeks to maintain a minimum of an "A" rating from Standard & Poor's Rating Services (S&P), Fitch Ratings (Fitch), and Moody's Investor Services (Moody's) for revenue bonds, and typically insures its bonds to achieve "AAA" or "Aaa" by these three agencies. During the fiscal year, Ambac Insurance Company (Ambac) and Financial Guaranty Insurance Company (FGIC) - providers of bond insurance policies for some of the City's bonds - were downgraded by these rating agencies. Fitch downgraded Ambac from "AAA" to "AA." Fitch, Moody's and S&P downgraded FGIC to "AA," "A3" and "AA," respectively. Consequently, those bonds insured by Ambac were downgraded by Fitch to "AA" because of the insurance policy, and those bonds insured by FGIC were downgraded to "AA," "A3" and "AA," respectively by Fitch, Moody's and S&P because of the insurance policy; but the underlying bond ratings were unchanged. Subsequent to fiscal year end, the ratings for other bond insurers were downgraded by the rating agencies, causing other downgrades in the ratings of the City's insured bonds. A Material Events Notice was filed by the City related to these insurer and bond downgrades on December 9, 2008. See the Subsequent Events footnote V.E. found on page 75 of this report. Water and Wastewater bonds had underlying ratings of "AA." Solid Waste bonds had underlying ratings of "A," and general government revenue bonds had an underlying "A" rating. As of the end of the current fiscal year the City had 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

- At the end of the fiscal year, the unemployment rate for the City of Tampa area was 4.0 percent, which is higher than the rate of 3.3 percent of a year ago, the same as the state's average unemployment rate of 4.0 percent and below the national average rate of 4.6 percent. However, currently, the rate has climbed to 8.0 percent for the state and 8.3 percent for the local metropolitan area.
- A 1.5% decrease in taxable property valuation is budgeted for 2009.
- Water rates in the enterprise fund will increase to cover construction and other costs according to a five-year schedule previously adopted by City Council.
- Construction services fees are scheduled to increase to cover the costs of providing the service.
- During the current fiscal year, unreserved and undesignated fund balance in the general fund increased to \$72,966. The City of Tampa has appropriated \$11,361 of this amount for spending in 2009 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes during the 2009 fiscal year.
- The property tax millage rate will remain the same at 5.7326 mills in 2009.

All of these factors were considered in preparing the City of Tampa's budget for the 2009 fiscal year.

Subsequent to fiscal year 2008 year-end, the City's pension values continued to decline. The City is monitoring these values closely and has determined that the decline in values will result in a significant increase in pension costs in the years ahead, likely resulting in a use of fund reserves to cover these cost increases. In addition, the City continues ongoing communication with the County Property Appraiser to assess the impact of the housing and economic crisis on property values. After a decline in property values for fiscal year 2009, it appears that property values will decline further for fiscal year 2010.

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, 2008 (in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Aquarium	Streetcar
ASSETS					
Cash	\$ 1,278	\$ 148	\$ 1,426	\$ 771	\$ 236
Equity in pooled cash and investments	287,994	97,583	385,577	0	0
Investments	0	0	0	0	1,870
Receivables--net of allowance for uncollectibles	21,614	32,668	54,282	182	0
Internal balances	453	(453)	0	0	0
Inventories	718	2,398	3,116	0	0
Prepaid items	292	40	332	173	144
Deferred charges	2,273	2,800	5,073	0	0
Restricted assets:					
Cash	4,625	0	4,625	444	0
Equity in pooled cash and investments	96,994	164,085	261,079	0	0
Investments	0	14,730	14,730	338	0
Receivables	41	81	122	0	0
Capital assets not being depreciated:					
Land and land rights	190,233	34,651	224,884	0	0
Construction in progress	72,771	58,655	131,426	0	0
Capital assets net of accumulated depreciation:					
Buildings and improvements	217,298	238,265	455,563	0	0
Improvements other than buildings	90,261	827,462	917,723	0	0
Furniture and equipment	58,174	16,373	74,547	990	0
Infrastructure	303,074	0	303,074	0	0
Total assets	<u>1,348,093</u>	<u>1,489,486</u>	<u>2,837,579</u>	<u>2,898</u>	<u>2,250</u>
LIABILITIES					
Accounts payable	7,906	7,863	15,769	1,122	144
Contracts payable - retainage	1,456	211	1,667	0	0
Accrued liabilities	11,015	2,880	13,895	0	0
Unearned revenues	12,683	28	12,711	712	110
Deposits and advances	3,414	801	4,215	0	0
Liabilities payable from restricted assets	25,248	42,049	67,297	444	0
Noncurrent liabilities:					
Net pension obligation	25	0	25	0	0
Due within one year	30,983	482	31,465	0	0
Due in more than one year	458,573	446,754	905,327	492	0
Total liabilities	<u>551,303</u>	<u>501,068</u>	<u>1,052,371</u>	<u>2,770</u>	<u>254</u>
NET ASSETS					
Invested in capital assets, net of related debt	595,132	802,140	1,397,272	499	0
Restricted for:					
Debt service	18,958	78,637	97,595	0	0
Capital improvements	33,731	0	33,731	0	0
Landfill postclosure	0	225	225	0	0
Perpetual care, expendable	0	0	0	158	0
Perpetual care, nonexpendable	0	0	0	179	0
Unrestricted	148,969	107,416	256,385	(708)	1,996
Total net assets	<u>\$ 796,790</u>	<u>\$ 988,418</u>	<u>\$ 1,785,208</u>	<u>\$ 128</u>	<u>\$ 1,996</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, 2008 (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			Component units					
					Governmental Activities	Business-type Activities	Total						
Primary government:													
Governmental activities:													
General government	\$ 61,259	\$ 38,985	\$ 42,049	\$ 0	\$ 19,775	\$ 0	\$ 19,775	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public safety	213,648	19,759	10,687	5,942	(177,260)	0	(177,260)	0	0	(177,260)	0	0	0
Public works	59,278	7,007	1,352	27,393	(23,526)	0	(23,526)	0	0	(23,526)	0	0	0
Economic environment	19,932	0	20,071	2,676	2,815	0	2,815	0	0	2,815	0	0	0
Culture and recreation	56,336	11,391	1,721	2,226	(40,998)	0	(40,998)	0	0	(40,998)	0	0	0
Interest on long-term debt	20,800	0	0	0	(20,800)	0	(20,800)	0	0	(20,800)	0	0	0
Total governmental activities	431,253	77,142	75,880	38,237	(239,994)	0	(239,994)	0	0	(239,994)	0	0	0
Business-type activities:													
Water Utility	70,657	71,607	0	13,960	0	14,910	14,910	0	0	14,910	0	0	0
Wastewater Utility	83,866	80,750	100	4,770	0	1,754	1,754	0	0	1,754	0	0	0
Solid Waste System	67,081	71,097	0	10	0	4,026	4,026	0	0	4,026	0	0	0
Parking Facilities	15,302	14,294	0	116	0	(892)	(892)	0	0	(892)	0	0	0
Marina	615	699	0	1	0	85	85	0	0	85	0	0	0
Golf Courses	4,871	3,823	0	0	0	(1,048)	(1,048)	0	0	(1,048)	0	0	0
Total business-type activities	242,392	242,270	100	18,857	0	18,835	18,835	0	0	18,835	0	0	0
Total primary government	\$ 673,645	\$ 319,412	\$ 75,980	\$ 57,094	(239,994)	18,835	(221,159)	0	0	(221,159)	0	0	0
Component units:													
Aquarium	\$ 12,259	\$ 8,445	\$ 2,771	\$ 1,031	0	0	0	0	0	0	(12)	0	0
Streetcar	2,690	731	450	0	0	0	0	0	0	0	0	(1,509)	0
Total component units	\$ 14,949	\$ 9,176	\$ 3,221	\$ 1,031	0	0	0	0	0	0	(12)	(1,509)	0
General revenues:													
Property taxes					163,637	0	163,637	0	0	163,637	0	0	639
Local option resort tax					1,619	0	1,619	0	0	1,619	0	0	0
Communications services tax					27,959	0	27,959	0	0	27,959	0	0	0
Sales taxes					41,810	0	41,810	0	0	41,810	0	0	0
Utility taxes					31,062	0	31,062	0	0	31,062	0	0	0
Motor fuel taxes					12,318	0	12,318	0	0	12,318	0	0	0
Unrestricted investment earnings					17,821	14,076	31,897	14,076	(63)	31,897	(63)	(616)	0
Gain on disposal of capital assets					0	128	128	128	0	128	0	0	0
Transfers					17,926	(17,926)	0	(17,926)	0	0	0	0	0
Total general revenues and transfers					314,152	(3,722)	310,430	310,430	(63)	310,430	(63)	23	23
Change in net assets					74,158	15,113	89,271	89,271	(75)	89,271	(75)	(1,486)	(1,486)
Net assets - beginning					722,632	973,305	1,695,937	1,695,937	203	1,695,937	203	3,482	3,482
Net assets - ending					\$ 796,790	\$ 988,418	\$ 1,785,208	\$ 1,785,208	\$ 128	\$ 1,785,208	\$ 128	\$ 1,996	\$ 1,996

City of Tampa, Florida
Balance Sheet--
Governmental Funds
September 30, 2008 (in thousands)

	Major Funds				Total Governmental Funds
	General	Utility Tax Special Revenue	Community Redevelopment Agency Special Revenue	Nonmajor Governmental Funds	
ASSETS					
Cash	\$ 164	\$ 0	\$ 14	\$ 5,725	\$ 5,903
Equity in pooled cash and investments	110,143	41,716	15,757	208,697	376,313
Receivables--net of allowance for uncollectibles	8,725	5,362	0	6,860	20,947
Due from other funds	3,158	0	0	0	3,158
Inventories	455	0	0	0	455
Prepaid expenditures	292	0	0	0	292
Total assets	<u>\$ 122,937</u>	<u>\$ 47,078</u>	<u>\$ 15,771</u>	<u>\$ 221,282</u>	<u>\$ 407,068</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,878	\$ 485	\$ 1,452	\$ 4,010	\$ 7,825
Contracts payable--retainage	0	0	117	1,802	1,919
Accrued liabilities	10,401	0	0	442	10,843
Accrued Interest payable	0	0	0	7,118	7,118
Current portion of long-term debt	0	0	0	17,510	17,510
Due to other funds	0	0	0	2,670	2,670
Deferred revenues	96	0	0	12,587	12,683
Total liabilities	<u>12,375</u>	<u>485</u>	<u>1,569</u>	<u>46,139</u>	<u>60,568</u>
Fund balances:					
Reserved for:					
Imprest cash	164	0	0	0	164
Inventories and prepaid expenditures	747	0	0	0	747
Encumbrances	7,782	3,407	3,467	64,164	78,820
Debt service	0	0	0	1,530	1,530
Unreserved reported in:					
General fund:					
Designated for claims and judgments	21,247	0	0	0	21,247
Designated for emergencies	7,656	0	0	0	7,656
Undesignated	72,966	0	0	0	72,966
Special revenue funds:					
Designated for capital outlays	0	43,186	0	0	43,186
Undesignated	0	0	10,735	12,561	23,296
Debt service funds:					
Undesignated	0	0	0	(82)	(82)
Capital projects funds:					
Designated for capital outlays	0	0	0	97,024	97,024
Undesignated	0	0	0	(54)	(54)
Total fund balances	<u>110,562</u>	<u>46,593</u>	<u>14,202</u>	<u>175,143</u>	<u>346,500</u>
Total liabilities and fund balances	<u>\$ 122,937</u>	<u>\$ 47,078</u>	<u>\$ 15,771</u>	<u>\$ 221,282</u>	<u>\$ 407,068</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, 2008 (in thousands)

Total fund balances of governmental funds in the balance sheet (page 26)	\$ 346,500
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, net of capital assets included in internal service funds which are accounted for below.	929,493
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.	6,965
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(486,168)
Net assets of governmental activities (page 24)	<u>\$ 796,790</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, 2008 (in thousands)

	Major Funds				Total Governmental Funds
	General	Utility Tax Special Revenue	Community Redevelopment Agency Special Revenue	Nonmajor Governmental Funds	
REVENUES					
Taxes:					
Property	\$ 163,637	\$ 0	\$ 0	\$ 0	\$ 163,637
Sales	98	0	0	14,919	15,017
Local option resort	1,000	0	0	619	1,619
Motor fuel	0	0	0	10,562	10,562
Utility	0	31,062	0	0	31,062
Communications services	0	27,959	0	0	27,959
Special assessments	0	0	0	6,104	6,104
Intergovernmental:					
Federal	375	0	0	23,833	24,208
State	42,477	0	0	22,922	65,399
Local	4,558	0	29,319	1,924	35,801
Transportation impact fees	0	0	0	5,857	5,857
Licenses and permits	33,259	0	0	10,840	44,099
Charges for services	28,256	0	0	382	28,638
Fines and forfeitures	3,790	0	0	0	3,790
Investment earnings	11,417	0	257	6,147	17,821
Contributions and donations	564	381	0	4,636	5,581
Total revenues	<u>289,431</u>	<u>59,402</u>	<u>29,576</u>	<u>108,745</u>	<u>487,154</u>
EXPENDITURES					
Current:					
Public safety	198,067	978	0	2,098	201,143
Culture and recreation	43,314	41	0	207	43,562
Public works	32,184	100	0	15,282	47,566
General government services	49,343	133	0	2,397	51,873
Economic and physical environment	0	0	2,330	17,682	20,012
Debt service:					
Principal	0	0	0	20,524	20,524
Interest	0	3	0	16,923	16,926
Debt issuance costs	0	0	0	29	29
Capital outlay	0	7,336	6,379	73,333	87,048
Total expenditures	<u>322,908</u>	<u>8,591</u>	<u>8,709</u>	<u>148,475</u>	<u>488,683</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,477)</u>	<u>50,811</u>	<u>20,867</u>	<u>(39,730)</u>	<u>(1,529)</u>
OTHER FINANCING SOURCES (USES)					
Debt proceeds	0	0	0	8,170	8,170
Payment to refunded debt escrow agent	0	0	0	(8,170)	(8,170)
Sale of capital assets	430	2,900	0	755	4,085
Transfers in	48,418	110	0	68,579	117,107
Transfers out	(2,611)	(47,197)	(16,393)	(32,980)	(99,181)
Total other financing sources (uses)	<u>46,237</u>	<u>(44,187)</u>	<u>(16,393)</u>	<u>36,354</u>	<u>22,011</u>
Net change in fund balances	<u>12,760</u>	<u>6,624</u>	<u>4,474</u>	<u>(3,376)</u>	<u>20,482</u>
Beginning fund balances	<u>97,802</u>	<u>39,969</u>	<u>9,728</u>	<u>178,519</u>	<u>326,018</u>
Ending fund balances	<u>\$ 110,562</u>	<u>\$ 46,593</u>	<u>\$ 14,202</u>	<u>\$ 175,143</u>	<u>\$ 346,500</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, 2008 (in thousands)

Net change in fund balances - total governmental funds (page 28)	\$ 20,482
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.	50,069
The net effect of various transactions involving capital assets (i.e., donations, disposals, and sales) is to increase net assets.	(4,415)
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.	(3,420)
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.	20,913
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.	(10,407)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>936</u>
Change in net assets of governmental activities (page 25)	<u>\$ 74,158</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, 2008 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-- Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 161,620	\$ 161,620	\$ 163,637	\$ 2,017
Sales	65	65	98	33
Local option resort	1,000	1,000	1,000	0
Total taxes	<u>162,685</u>	<u>162,685</u>	<u>164,735</u>	<u>2,050</u>
Intergovernmental:				
Federal--public safety	50	50	220	170
Federal--other	0	0	155	155
State--half-cent sales tax	30,552	30,552	26,793	(3,759)
State--revenue sharing	7,372	7,372	7,088	(284)
State--police and fire pension contribution	0	6,895	6,895	0
State--beverage licenses	315	315	318	3
State--mobile home licenses	175	175	162	(13)
State--other	1,015	1,186	1,221	35
County--ninth-cent gas tax	1,606	1,621	1,756	135
County--occupational licenses	150	150	135	(15)
County--public safety	1,956	2,121	2,088	(33)
County--transportation	435	435	439	4
County--human services	154	154	0	(154)
County--other	0	0	10	10
Local--other	125	125	130	5
Total intergovernmental	<u>43,905</u>	<u>51,151</u>	<u>47,410</u>	<u>(3,741)</u>
Licenses and permits:				
Franchise fees	27,722	27,722	26,368	(1,354)
Occupational licenses	(9)	(9)	(27)	(18)
Building fees	5,926	6,653	6,739	86
Other	231	231	179	(52)
Total licenses and permits	<u>33,870</u>	<u>34,597</u>	<u>33,259</u>	<u>(1,338)</u>
Charges for services:				
Public safety	14,511	16,620	16,689	69
Charges to other funds	186	186	195	9
Convention center	7,342	8,304	9,591	1,287
Recreation	1,046	1,163	1,489	326
Rental of facilities and concessions	482	517	612	95
Insurance	0	(261)	(1,556)	(1,295)
Other miscellaneous charges	1,147	1,165	1,236	71
Total charges for services	<u>24,714</u>	<u>27,694</u>	<u>28,256</u>	<u>562</u>
Fines and forfeitures	<u>3,595</u>	<u>3,985</u>	<u>3,790</u>	<u>(195)</u>
Investment earnings	<u>6,073</u>	<u>6,073</u>	<u>11,417</u>	<u>5,344</u>
Contributions and donations	<u>14</u>	<u>594</u>	<u>564</u>	<u>(30)</u>
Total revenues	<u>274,856</u>	<u>286,779</u>	<u>289,431</u>	<u>2,652</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	126,735	133,727	129,311	4,416
Fire	54,724	60,420	59,697	723
Public lighting	3,980	4,522	4,480	42
Code enforcement	4,568	5,006	4,579	427
Total public safety	<u>190,007</u>	<u>203,675</u>	<u>198,067</u>	<u>5,608</u>
Culture and recreation:				
Parks and recreation	35,523	36,296	33,217	3,079
Convention	7,959	9,106	8,870	236
Culture	1,104	1,246	1,227	19
Total culture and recreation	<u>44,586</u>	<u>46,648</u>	<u>43,314</u>	<u>3,334</u>
Public works	<u>33,851</u>	<u>35,999</u>	<u>32,184</u>	<u>3,815</u>
General government services:				
Human resources	2,643	2,651	2,371	280
Economic development	2,052	2,498	2,321	177
Neighborhood services	6,662	7,611	6,951	660
Technology and innovation	7,133	8,788	7,575	1,213
Revenue and finance	2,482	2,178	1,690	488
Legal	3,396	3,444	3,324	120
Purchasing	269	480	434	46
Internal audit	512	294	273	21
City clerk	1,462	1,643	1,504	139
Mayor	353	389	367	22
City council	625	466	444	22
Other--unclassified	28,034	27,617	22,089	5,528
Total general government services	<u>55,623</u>	<u>58,059</u>	<u>49,343</u>	<u>8,716</u>
Total expenditures	<u>324,067</u>	<u>344,381</u>	<u>322,908</u>	<u>21,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,211)</u>	<u>(57,602)</u>	<u>(33,477)</u>	<u>24,125</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	536	568	430	(138)
Transfers in:				
Payments in lieu of taxes	15,603	15,603	15,603	0
Utility tax	26,240	26,240	26,221	(19)
Solid Waste System	67	67	67	0
Guaranteed entitlement	70	70	230	160
Occupational license	4,442	4,442	4,442	0
Community Redevelopment Agency	0	1,655	1,638	(17)
Other grants	0	0	217	217
Transfers out:				
Stormwater	(2,935)	(2,935)	(2,611)	324
Total other financing sources (uses)	<u>44,023</u>	<u>45,710</u>	<u>46,237</u>	<u>527</u>
Net change in fund balance	<u>(5,188)</u>	<u>(11,892)</u>	<u>12,760</u>	<u>24,652</u>
Beginning fund balance	97,802	97,802	97,802	0
Ending fund balance	<u>\$ 92,614</u>	<u>\$ 85,910</u>	<u>\$ 110,562</u>	<u>\$ 24,652</u>

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, 2008 (in thousands)

	Utility Tax			Variance with Final Budget - Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
REVENUES				
Taxes:				
Utility	\$ 29,588	\$ 29,588	\$ 31,062	\$ 1,474
Communications services	27,751	27,751	27,959	208
Intergovernmental:				
Local government	0	0	0	0
Charges for services	0	31	0	(31)
Investment earnings	0	0	0	0
Contributions and donations	0	1,397	381	(1,016)
Total revenues	<u>57,339</u>	<u>58,767</u>	<u>59,402</u>	<u>635</u>
EXPENDITURES				
Current:				
Public safety	20	1,063	978	85
Culture and recreation	58	58	41	17
Public works	100	100	100	0
General government services	311	288	133	155
Economic and physical environment	0	0	0	0
Debt service:				
Interest	1	1	3	(2)
Capital outlay	6,813	15,792	7,336	8,456
Total expenditures	<u>7,303</u>	<u>17,302</u>	<u>8,591</u>	<u>8,711</u>
Excess of revenues over expenditures	<u>50,036</u>	<u>41,465</u>	<u>50,811</u>	<u>9,346</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	250	2,700	2,900	200
Transfers in	110	110	110	0
Transfers out	(48,546)	(48,546)	(47,197)	1,349
Total other financing sources (uses)	<u>(48,186)</u>	<u>(45,736)</u>	<u>(44,187)</u>	<u>1,549</u>
Net change in fund balances	1,850	(4,271)	6,624	10,895
Beginning fund balances	<u>39,969</u>	<u>39,969</u>	<u>39,969</u>	<u>0</u>
Ending fund balances	<u>\$ 41,819</u>	<u>\$ 35,698</u>	<u>\$ 46,593</u>	<u>\$ 10,895</u>

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

Community Redevelopment Agency

Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0
28,808	29,360	29,319	(41)
0	0	0	0
57	257	257	0
0	0	0	0
<u>28,865</u>	<u>29,617</u>	<u>29,576</u>	<u>(41)</u>
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
3,627	1,287	2,330	(1,043)
0	0	0	0
9,572	14,256	6,379	7,877
<u>13,199</u>	<u>15,543</u>	<u>8,709</u>	<u>6,834</u>
<u>15,666</u>	<u>14,074</u>	<u>20,867</u>	<u>6,793</u>
0	0	0	0
0	0	0	0
(15,666)	(16,225)	(16,393)	(168)
<u>(15,666)</u>	<u>(16,225)</u>	<u>(16,393)</u>	<u>(168)</u>
0	(2,151)	4,474	6,625
9,728	9,728	9,728	0
<u>\$ 9,728</u>	<u>\$ 7,577</u>	<u>\$ 14,202</u>	<u>\$ 6,625</u>

City of Tampa, Florida
Statement of Net Assets--
Proprietary Funds
September 30, 2008 (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				
\$	2	1	3	\$	142	\$	148
Cash	50,726	18,209	15,103		13,545		97,583
Equity in pooled cash and investments	13,151	10,886	8,403		228		32,668
Receivables--net	0	0	0		40		40
Prepaid items	1,097	1,232	0		69		2,398
Inventories							
Restricted cash, cash equivalents, and investments:							
Bond covenant accounts:							
Equity in pooled cash and investments	80,350	57,819	24,352		0		162,521
Interest receivable	0	0	81		0		81
Total current assets	145,326	88,147	47,942		14,024		295,439
Noncurrent assets:							
Restricted cash, cash equivalents, and investments:							
Bond covenant accounts:							
Investments	0	0	14,730		0		14,730
Restricted for solid waste facility postclosure:							
Equity in pooled cash and investments	1,339	0	225		0		1,564
Advances to other funds	0	8,859	0		0		8,859
Deferred bond issuance costs--net	931	896	973		0		2,800
Capital assets:							
Land and land rights	4,593	2,928	585		26,545		34,651
Buildings and improvements	41,804	55,866	207,546		94,205		399,421
Improvements other than buildings	593,398	752,568	2,333		19,915		1,368,214
Furniture and equipment	9,603	15,063	19,517		3,102		47,285
Construction in progress	25,453	29,919	342		2,941		58,655
Less accumulated depreciation	(177,477)	(401,841)	(110,201)		(43,301)		(732,820)
Total capital assets (net of accumulated depreciation)	497,374	454,503	120,122		103,407		1,175,406
Total noncurrent assets	499,644	464,258	136,050		103,407		1,203,359
Total assets	644,970	552,405	183,992		117,431		1,498,798

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major Funds		Solid Waste System	Nonmajor Enterprise Funds	Total	
	Water Utility	Wastewater Utility				
LIABILITIES						
Current liabilities:						
Accounts payable	3,670	723	1,158	2,312	7,863	238
Contracts payable--retainage	32	135	0	44	211	0
Accrued liabilities	817	1,126	633	324	2,900	355
Unearned revenues	0	0	300	28	328	0
Due to other funds	114	188	98	53	453	35
Customer deposits	515	0	185	101	801	2,574
Customer advances	0	0	0	0	0	840
Current portion of long-term debt	0	0	0	162	162	0
Current liabilities payable from restricted assets:						
Accounts payable	532	1,519	0	0	2,051	0
Contracts payable--retainage	0	233	0	0	233	0
Accrued interest payable	3,848	3,177	3,621	0	10,646	0
Current portion of long-term debt	4,313	16,012	7,455	0	27,780	0
Total current liabilities	13,841	23,113	13,450	3,024	53,428	4,042
Noncurrent liabilities:						
Advances from other funds	8,859	0	0	0	8,859	0
Accrued for landfill postclosure	1,339	0	0	0	1,339	0
Long-term debt payable after one year	155,139	143,134	137,900	0	436,173	0
Long-term compensated absences	2,393	3,667	2,001	729	8,790	957
Other post employment benefits	270	351	245	136	1,002	0
Unearned revenues	0	0	789	0	789	0
Total noncurrent liabilities	168,000	147,152	140,935	865	456,952	957
Total liabilities	181,841	170,265	154,385	3,889	510,380	4,999
NET ASSETS						
Invested in capital assets, net of related debt	386,846	321,579	(9,530)	103,245	802,140	2,318
Restricted:						
For debt service	28,509	29,316	20,812	0	78,637	0
For landfill postclosure	0	0	225	0	225	0
Unrestricted	47,774	31,245	18,100	10,297	107,416	4,647
Total net assets	\$ 463,129	\$ 382,140	\$ 29,607	\$ 113,542	\$ 988,418	\$ 6,965

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, 2008 (in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities- Internal Service Funds
	Major Funds		Solid Waste System	Nonmajor Enterprise Funds	Total	
	Water Utility	Wastewater Utility				
Operating revenues:	\$ 71,589	\$ 80,530	\$ 71,095	\$ 18,814	\$ 242,028	\$ 26,464
Charges for sales and services						
Operating expenses:						
Salaries and employee benefits	18,267	25,731	13,768	10,005	67,771	9,249
Supplies and materials	13,145	10,578	1,330	1,667	26,720	7,523
Contract services	8,403	1,604	18,971	2,438	31,416	945
Other services and charges	12,311	16,042	16,728	2,935	48,016	7,808
Depreciation	13,372	22,678	8,832	3,208	48,090	379
Total operating expenses	65,498	76,633	59,629	20,253	222,013	25,904
Operating income (loss)	6,091	3,897	11,466	(1,439)	20,015	560
Nonoperating revenues (expenses):						
Investment earnings	7,109	4,358	2,000	609	14,076	321
Gain (loss) on disposal of capital assets	(540)	41	87	(466)	(878)	14
State government	0	52	0	0	52	0
Local government	(10)	0	(20)	(69)	(99)	0
Interest expense	(4,609)	(7,185)	(7,432)	0	(19,226)	0
Miscellaneous income	18	220	2	2	242	37
Total nonoperating revenues (expenses)	1,968	(2,514)	(5,363)	76	(5,833)	372
Income (loss) before contributions and transfers	8,059	1,383	6,103	(1,363)	14,182	932
Capital contributions	13,960	4,770	10	117	18,857	4
Transfers in	0	0	0	242	242	0
Transfers out	(4,533)	(6,388)	(3,960)	(3,287)	(18,168)	0
Change in net assets	17,486	(235)	2,153	(4,291)	15,113	936
Total net assets - beginning	445,643	382,375	271,454	117,833	973,305	6,029
Total net assets - ending	\$ 463,129	\$ 382,140	\$ 29,607	\$ 113,542	\$ 988,418	\$ 6,965

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, 2008 (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				
Cash flows from operating activities:							
Receipts from customers and users	\$ 57,676	\$ 79,574	\$ 69,419	\$ 18,429	\$ 225,098	\$ 2,790	
Receipts from interfund services provided	11,463	1,173	764	215	13,615	22,985	
Payments to suppliers	(26,976)	(20,859)	(26,573)	(4,628)	(79,036)	(10,425)	
Payments to employees	(17,629)	(24,598)	(13,079)	(9,904)	(65,210)	(9,308)	
Payments for interfund services used	(7,292)	(7,027)	(9,804)	(1,984)	(26,107)	(5,512)	
Other receipts	18	220	2	2	242	37	
Net cash provided by operating activities	17,260	28,483	20,729	2,130	68,602	567	
Cash flows from noncapital financing activities:							
Cash received from other funds	0	0	0	242	242	0	
Cash paid to other funds	(4,533)	(6,388)	(3,960)	(3,287)	(18,168)	0	
Nonoperating grants received	0	100	0	0	100	0	
Nonoperating grants paid out	(10)	(48)	(20)	(69)	(147)	0	
Net cash used by noncapital financing activities	(4,543)	(6,336)	(3,980)	(3,114)	(17,973)	0	
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(21,879)	(14,690)	(1,428)	(2,002)	(39,999)	(259)	
Interest payments on capital debt	(6,072)	(7,620)	(7,398)	0	(21,090)	0	
Contributions:							
Subdividers and other governments	3,027	4,730	0	0	7,757	0	
Proceeds from sale of capital assets	149	110	120	9	388	17	
Proceeds from capital debt	52,799	0	0	0	52,799	0	
Principal paid on capital debt	(3,480)	(15,352)	(7,145)	(152)	(26,129)	0	
Net cash provided (used) by capital and related financing activities	24,544	(32,822)	(15,851)	(2,145)	(26,274)	(242)	

Cash flows from investing activities:									
Interest on investments	7,109	4,358	1,959	609	14,035	321			
Purchase of investment securities	0	0	(160)	0	(160)	0			
Net cash provided by investing activities	<u>7,109</u>	<u>4,358</u>	<u>1,799</u>	<u>609</u>	<u>13,875</u>	<u>321</u>			
Net increase (decrease) in cash and cash equivalents	44,370	(6,317)	2,697	(2,520)	38,230	646			
Beginning cash and cash equivalents	88,047	82,346	36,986	16,207	223,586	8,029			
Ending cash and cash equivalents	<u>\$ 132,417</u>	<u>\$ 76,029</u>	<u>\$ 39,683</u>	<u>\$ 13,687</u>	<u>\$ 261,816</u>	<u>\$ 8,675</u>			
Reconciliation of operating income (loss) to net cash provided by operating activities:	\$ 6,091	\$ 3,897	\$ 11,466	\$ (1,439)	\$ 20,015	\$ 560			
Operating income (loss)									
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:									
Depreciation	13,372	22,678	8,832	3,208	48,090	379			
Miscellaneous receipts	18	220	2	2	242	37			
Changes in assets and liabilities:									
(Increase) decrease in receivables--net	(1,195)	858	83	74	(180)	13			
(Increase) decrease in inventories and other assets	65	(106)	0	8	(33)	(67)			
Increase (decrease) in accounts payable	(1,224)	(297)	(111)	418	(1,214)	72			
Increase (decrease) in accrued liabilities	638	1,133	689	100	2,560	(59)			
Increase in due to other funds	60	100	53	2	215	10			
Increase (decrease) in customer deposits and advances	(565)	0	15	(264)	(814)	(378)			
Increase (decrease) in unearned revenues	0	0	(300)	21	(279)	0			
Total adjustments	<u>11,169</u>	<u>24,586</u>	<u>9,263</u>	<u>3,569</u>	<u>48,587</u>	<u>7</u>			
Net cash provided by operating activities	<u>\$ 17,260</u>	<u>\$ 28,483</u>	<u>\$ 20,729</u>	<u>\$ 2,130</u>	<u>\$ 68,602</u>	<u>\$ 567</u>			
Noncash investing, capital, and financing activities:									
Contributions of capital assets from developers	\$ 10,933	\$ 40	\$ 10	\$ 117	\$ 11,100	\$ 4			
Acquisition of assets under capital lease contracts	\$ 0	\$ 0	\$ 0	\$ 162	\$ 162	\$ 0			
Increase in fair value of investments	\$ 2,348	\$ 799	\$ 172	\$ 0	\$ 3,319	\$ 0			
Cash and cash equivalents are reported in financial statements as follows:									
Cash	\$ 2	\$ 1	\$ 3	\$ 142	\$ 148	\$ 0			
Equity in pooled cash and investments	50,726	18,209	15,103	13,545	97,583	8,675			
Restricted equity in pooled cash and investments	81,689	57,819	24,577	0	164,085	0			
	<u>\$ 132,417</u>	<u>\$ 76,029</u>	<u>\$ 39,683</u>	<u>\$ 13,687</u>	<u>\$ 261,816</u>	<u>\$ 8,675</u>			

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

City of Tampa, Florida

Statement of Fiduciary Net Assets--

Fiduciary Funds

September 30, 2008 (in thousands)

	Pension Trust Funds	Agency Funds
ASSETS		
Cash	\$ 33	\$ 121
Equity in pooled cash and investments	0	37,814
Investments, at fair value:		
Debt and other interest bearing investments	503,184	0
Equity securities	1,369,202	0
Real estate investments	33,933	0
Total cash and investments	<u>1,906,352</u>	<u>37,935</u>
Accounts receivable	2,964	0
Interest and dividends receivable	4,871	0
Notes receivable-- net of allowance for uncollectibles	0	15,340
Capital assets:		
Land	99	0
Buildings and improvements	880	0
Less accumulated depreciation	<u>(342)</u>	<u>0</u>
Total capital assets (net of accumulated depreciation)	<u>637</u>	<u>0</u>
Total assets	<u>1,914,824</u>	<u>53,275</u>
LIABILITIES		
Accounts payable	8,987	96
Deposits held in custody for others	<u>0</u>	<u>53,179</u>
Total liabilities	<u>8,987</u>	<u>53,275</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 1,905,837</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, 2008 (in thousands)

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 17,451
Employees	3,072
State of Florida	6,895
Total contributions	<u>27,418</u>
Investment earnings:	
Interest and dividends	52,385
Net decrease in the fair value of investments	<u>(387,195)</u>
Total investment loss	(334,810)
Less investment expense	<u>5,261</u>
Net investment loss	<u>(340,071)</u>
Total additions, net	<u>(312,653)</u>
DEDUCTIONS	
Pension benefits	114,117
Withdrawal payments	39
Administrative expenses	<u>1,689</u>
Total deductions	<u>115,845</u>
Change in net assets	<u>(428,498)</u>
Net assets - beginning	<u>2,334,335</u>
Net assets - ending	<u>\$ 1,905,837</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, 2008

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 1855 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 106. 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 (HART) 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, HART, 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 electricCity generating solid waste incinerator and provides collection service to City residents.

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 retirees.

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 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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and 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 \$39,452,000. Of this amount, \$3,301,000 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, or for those employees for whom it is expected to vest, 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 \$486,168,000 difference are as follows (in thousands):

Bonds Payable	\$426,610
Less: Issuance discounts and premiums, net (amortized as interest expense)	(45,463)
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(2,273)
Less: Deferred charge on refunding (to be amortized as interest expense)	(5,876)
HUD section 108 loan	7,950
Compensated absences	47,685
Net OPEB obligation	4,040
Claims and judgments	51,687
Capital leases	1,783
Net pension obligation	<u>25</u>
Net adjustments to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$486,168</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 \$50,069,000 difference are as follows (in thousands):

Capital Outlay	\$ 87,048
Depreciation expense	<u>(36,979)</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>\$ 50,069</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 (\$4,415,000) 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.	\$ (8,166)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>3,751</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>\$ (4,415)</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 \$20,913,000 difference are as follows (in thousands):

Debt issued or incurred:	
HUD Section 108 loan refunding	\$ 8,170
Less issuance costs	(29)
Principal repayments:	
Revenue bonds	(20,425)
Capital leases	(459)
Payment to escrow agent for defeasance	<u>(8,170)</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>\$ 20,913</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 (\$10,407,000) difference are as follows (in thousands):

Claims and judgments	\$ (713)
Compensated absences	(1,780)
Net OPEB obligation	(4,040)
Amortization of deferred charge on refunding	(544)
Amortization of issuance costs	(181)
Amortization of bond discount and premium	<u>(3,149)</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>\$ (10,407)</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 partnership 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 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. 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. During the year supplementary appropriations of \$20,375,000 were necessary for the general fund and annually budgeted special revenue funds.

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

B. Excess of expenditures over appropriations

Expenditures exceeded appropriations in the local option gas tax special revenue fund by \$15,000. This was caused by a one-time payment of an arbitrage interest earnings rebate, as the local option gas tax fund is responsible for funding debt payments on the formerly outstanding 1999 transportation bonds.

C. Deficit fund equity

The utility accounting internal service fund has a net deficit of \$314,000 caused by expenses exceeding revenues. The deficit in this fund will be reduced through future rate increases. The community investment tax bonds debt service fund has a deficit of \$4,000 which will be remedied by increased future transfer from support funds. The occupational license tax bond debt service fund has a deficit of \$78,000 which will be remedied by increased future transfers from support funds. The utility tax bond capital projects fund has a deficit of \$54,000 which will be remedied by increased future transfers from support funds.

D. Property Taxes

Property tax collections are governed by Chapter 197, Florida Statutes. The Hillsborough County Tax Collector bills and collects all property taxes levied within the County. Discounts of 4, 3, 2, and 1% are allowed for early payment in November, December, January, and February, respectively. The Tax Collector remits collected taxes at least monthly to the City. The City recognizes property tax revenue as it is 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. The calendar of events is as follows:

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

E. 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, 2008, 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	\$ 517,085	2.99
U.S. agencies	<u>16,239</u>	0.13
Total fair value	533,324	
Portfolio weighted average maturity		2.90

Investments not subject to investment risk

Cash and cash equivalents	172,048
Total cash and investments	<u>\$ 705,372</u>

Statement of Net Assets

Cash	\$ 6,051
Equity in pooled cash and investments	646,656
Investments	14,730

Statement of Fiduciary Net Assets – Agency Funds

Cash	121
Equity in pooled cash and investments	<u>37,814</u>
Total cash and investments	<u>\$ 705,372</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 2.90 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. No more than 5 percent of the City's investments are in any one issuer at year end.

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, 2008, 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	\$ 53,007	2.33
U.S. Agencies	70,424	16.74
Corporate bonds	186,594	5.25
Commercial paper	64,837	0.04
Money market funds	37,353	0.05
Bond index mutual fund	<u>63,556</u>	3.70
Total fair value	475,771	
Portfolio weighted average maturity		5.30

Investments not subject to investment risk

Cash and cash equivalents	33
Equity securities	1,396,615
Real estate limited partnerships	<u>33,933</u>
Total cash and investments	<u>\$1,906,352</u>

Statement of Fiduciary Net Assets

Pension Trust Funds

Total cash and investments	<u>\$1,906,352</u>
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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 5.30 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, 39% Aa, 31% A, 19% Baa, 1% Ba, 3% B); Commercial paper was rated P1; the money market funds were rated Aa; 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>
Equity securities	AUD	Not applicable	\$ 3,355
	BRL		113
	CAD		1,131
	CHF		4,005
	DKK		157
	EUR		19,942
	GBP		4,904
	HKD		599
	IDR		200
	JPY		10,281
	MXN		157
	MYR		67
	NOK		557
	PLN		135
	SEK		1,055
	SGD		<u>14,165</u>
			<u>\$60,823</u>

The Firefighters and Police Officers Pension Fund's investment policy permits investments of up to 25% of the total portfolio in foreign currency-denominated investments. The fund's current position is 12.06%.

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	\$ -	\$ 2,477	\$ 4,751	\$ 1,551	\$ 8,779	\$ (54)	\$ 8,725
Utility Tax	-	5,362	-	-	5,362	-	5,362
Nonmajor Funds	-	2,303	285	4,272	6,860	-	6,860
Internal Service Funds	-	-	696	12	708	-	708
Total governmental activities	-	10,142	5,732	5,835	21,709	(54)	21,655
Business-type activities:							
Major Funds:							
Water Utility	-	-	8,438	4,780	13,218	(67)	13,151
Wastewater Utility	-	-	10,879	63	10,942	(56)	10,886
Solid Waste System	81	-	8,447	-	8,528	(44)	8,484
Parking Facilities	-	-	163	-	163	-	163
Nonmajor funds	-	-	65	-	65	-	65
Total business-type activities	81	-	27,992	4,843	32,916	(167)	32,749
Total	\$ 81	\$ 10,142	\$ 33,724	\$ 10,678	\$ 54,625	\$ (221)	\$ 54,404

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 \$980,000 due in 2008; 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 hopes of receiving payment in the future.

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>Unearned</u>
Pending confiscated cash (general fund)	\$ 96
2009 occupational license tax receipts (special revenue fund)	8,881
Grant revenues received prior to meeting grant requirements (special revenue fund)	<u>3,706</u>
	<u>\$12,683</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2008 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 188,155	\$ 2,967	\$ (899)	\$ 190,223
Construction in progress	<u>136,096</u>	<u>64,307</u>	<u>(127,632)</u>	<u>72,771</u>
Total capital assets not being depreciated	<u>324,251</u>	<u>67,274</u>	<u>(128,531)</u>	<u>262,994</u>
Capital assets being depreciated:				
Buildings and improvements	361,761	27,127	(2,135)	386,753
Improvements other than buildings	135,005	11,660	(3,813)	142,852
Furniture and equipment	144,230	18,960	(13,824)	149,366
Infrastructure	<u>328,102</u>	<u>90,453</u>	<u>(127)</u>	<u>418,428</u>
Total assets being depreciated	<u>969,098</u>	<u>148,200</u>	<u>(19,899)</u>	<u>1,097,399</u>
Less accumulated depreciation for:				
Buildings and improvements	(159,127)	(11,096)	768	(169,455)
Improvements other than buildings	(50,086)	(4,833)	2,328	(52,591)
Furniture and equipment	(90,458)	(13,472)	12,738	(91,192)
Infrastructure	<u>(107,401)</u>	<u>(7,956)</u>	<u>3</u>	<u>(115,354)</u>
Total accumulated depreciation	<u>(407,072)</u>	<u>(37,357)</u>	<u>15,837</u>	<u>(428,592)</u>
Total capital assets, being depreciated, net	<u>562,026</u>	<u>110,843</u>	<u>(4,062)</u>	<u>668,807</u>
Governmental activities capital assets, net	<u>\$ 886,277</u>	<u>\$ 178,117</u>	<u>\$ (132,593)</u>	<u>\$ 931,801</u>

Business-type activities:

Capital assets not being depreciated:

Land	\$ 34,264	\$ 387	\$ -	\$ 34,651
Construction in progress	97,464	45,283	(84,092)	58,655
Total capital assets not being depreciated	<u>131,728</u>	<u>45,670</u>	<u>(84,092)</u>	<u>93,306</u>

Capital assets being depreciated:

Buildings	400,207	484	(1,271)	399,420
Improvements other than buildings	1,276,761	91,486	(32)	1,368,215
Furniture and equipment	47,487	2,973	(3,175)	47,285
Total capital assets being depreciated	<u>1,724,455</u>	<u>94,943</u>	<u>(4,478)</u>	<u>1,814,920</u>

Less accumulated depreciation for:

Buildings	(150,584)	(11,513)	942	(161,155)
Improvements other than buildings	(509,167)	(31,616)	30	(540,753)
Furniture and equipment	(29,032)	(4,960)	3,080	(30,912)
Total accumulated depreciation	<u>(688,783)</u>	<u>(48,089)</u>	<u>4,052</u>	<u>(732,820)</u>

Total capital assets, being depreciated, net 1,035,672 46,854 (426) 1,082,100Business-type activities capital assets, net \$1,167,400 \$ 92,524 \$ (84,518) \$1,175,406Depreciation expense was charged to functions / programs of the primary government as follows (in thousands):**Governmental activities:**

General government	\$ 4,950
Public safety	9,169
Culture and recreation	11,936
Public works	10,923
Capital assets held in the City's internal service funds are charged to general gov	<u>379</u>
Total depreciation expense - governmental activities	<u>\$ 37,357</u>

Business-type activities:

Water utility	\$ 13,372
Wastewater utility	22,678
Solid waste system	8,832
Parking facilities	2,448
Marina	160
Golf courses	<u>599</u>
Total depreciation expense - business-type activities	<u>\$ 48,089</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 \$29,675,000. 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, improvements, and animals which are reported on the statement of net assets in the column for governmental activities at a value of \$40,040,000.

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 \$53,736,000.

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):

Encumbrances	<u>Remaining Commitment</u>
Special revenue funds:	
Community Development Block Grant	\$ 1,255
Other Grants	16,966
State Housing Initiatives Partnership	904
Proprietary funds:	
Water utility	29,345
Sewer utility	30,019
Solid waste system	4,674
Parking facilities	2,614
Internal Service Funds:	
Fleet maintenance	350
Administrative services	7
Utility accounting	390
Total	<u>\$ 86,524</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, 2008, was as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds:	
	Cable communication	\$ 4
	Stormwater	37
	Community development block grant	9
	Other grants	2,566
	Utility tax bond projects	54
	Enterprise Funds:	
	Water utility	114
	Wastewater utility	188
	Solid waste system	98
	Parking facilities	53
	Internal service funds	<u>35</u>
		<u>\$3,158</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 nonmajor 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 Fund	Utility Tax Special Revenue Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General fund	\$ -	\$ -	\$ 2,611	\$ -	\$ 2,611
Utility Tax special revenue fund	26,221	-	20,734	242	47,197
CRA special revenue fund	1,638	-	14,755	-	16,393
Nonmajor governmental funds	4,889	-	28,091	-	32,980
Parking Facilities enterprise fund	789	110	2,026	-	2,925
Wastewater Utility enterprise fund	6,388	-	-	-	6,388
Water Utility enterprise fund	4,533	-	-	-	4,533
Solid Waste Utility enterprise fund	3,960	-	-	-	3,960
Nonmajor enterprise funds	-	-	362	-	362
	<u>\$ 48,418</u>	<u>\$ 110</u>	<u>\$ 68,579</u>	<u>\$ 242</u>	<u>\$ 117,349</u>

E. Leases

The City leases building and office facilities under no cancelable operating leases. Total costs for such leases were \$2,016,000 for the year ended September 30, 2008. The future minimum lease payments for these leases are as follows (in thousands):

<u>Year Ending September 30</u>	<u>Amount</u>
2009	\$ 2,076
2010	2,106
2011	2,141
2012	2,177
2013	2,262
Thereafter	<u>12,535</u>
Total	<u>\$23,297</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	Governmental	Business-type
Asset:	<u>Activities</u>	<u>Activities</u>
Buildings	\$ 2,452	\$ -
Machinery and equipment	-	348
Less: Accumulated depreciation	<u>(501)</u>	<u>(160)</u>
Total	<u>\$ 1,951</u>	<u>\$ 188</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2008, were as follows (in thousands):

<u>Year Ending Sept. 30</u>	Governmental	Business-type
	<u>Activities</u>	<u>Activities</u>
2009	\$ 251	\$ 251
2010	251	-
2011	251	-
2012	251	-
2013	251	-
2014 - 2018	1,254	-
2019 - 2023	<u>1,004</u>	<u>-</u>
Total minimum lease payments	3,513	251
Less: Amount representing interest	<u>(1,730)</u>	<u>(89)</u>
Present value of minimum lease payments	<u>\$ 1,783</u>	<u>\$ 162</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 \$1,041,265,000. During fiscal year 2008, the City sold one new issue totaling \$51,240,000 and refinanced the outstanding HUD section 108 loan as described below:

New debt issue

On November 29, 2007, the City issued \$51,240,000 of Water and Sewer Systems Revenue Bonds, Series 2007. The net proceeds of \$52,800,000 (after payments of \$426,028 for underwriting fees, and other costs of issuance; and the receipts of \$1,986,028 for issuance premium) will be used to finance various capital improvement projects to the water utility system. On June 11, 2008, the City entered into a transaction with the U.S. Department of Housing and Urban Development (HUD) to refinance the outstanding \$8,170,000 HUD section 108 loan. The effect of this transaction was to save the City \$1,417,000 in future interest payments with a present value savings of \$1,134,000.

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 which are initially deposited into the guaranteed entitlement special revenue fund, and by interest earned on required reserve and debt service deposits.

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

The 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-ad valorem 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-ad valorem 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.

Redemption Provisions:

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 and 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, 2006 Utilities Tax Refunding Revenue Bonds, and 2006 Sales Tax Revenue Bonds are all 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 and 2007 Water and Sewer Systems Revenue Bonds are both 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	5.55%-6.10%	\$ 8,080
1995 Tampa Sports Authority Taxable Special Purpose Bonds	7.67%-8.02%	2,355
1996 Utilities Tax Improvement Bonds	6.15%-6.22%	95,200
1997 Utilities Tax Improvement Bonds	4.40%-5.20%	30,540
1998 Utilities Tax Improvement Bonds	4.20%-4.40%	735
1999A Utilities Tax Improvement Bonds	4.50%-5.00%	4,490
2000A Utilities Tax Improvement Bonds	5.00%	750
2001A Sales Tax Revenue Bonds	3.50% - 5.50%	47,290
2006 Sales Tax Revenue Bonds	4.00%-4.125%	16,735
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%	17,100
2001B Utilities Tax and Special Revenue Refunding Bonds	5.00%-5.75%	36,650
2001 Guaranteed Entitlement Refunding Revenue Bonds	6.00%	6,490
2002A Utilities Tax and Special Revenue Refunding Bonds	3.10% - 5.25%	14,450
2002A Occupational License Tax Refunding Bonds	3.625% - 5.375%	41,480
2006 Utilities Tax Refunding Revenue Bonds	4.00%-5.00%	38,300
2007 Occupational License Tax Refunding Bonds	5.000%	45,725
Total governmental activities		<u>436,300</u>
Business-type activities - capital improvements:		
Water Utility Fund:		
2001B Water and Sewer Systems Revenue Bonds	4.125%-5.00%	12,264
2007 Water and Sewer Systems Revenue Bonds	4.00% - 5.00%	51,240
Business-type activities - refunding:		
Water Utility Fund:		
1998B Water and Sewer Systems Refunding Revenue Bonds	4.25%	1,013
2001A Water and Sewer Systems Refunding Revenue Bonds	4.00%-5.25%	65,259
2002 Water and Sewer Systems Refunding Revenue Bonds	5.50% - 6.00%	5,860
2003A Water and Sewer Systems Refunding Revenue Bonds	3.00% - 5.00%	3,250
2005 Water and Sewer Systems Refunding Revenue Bonds	5.00%	10,724
Wasterwater Utility Fund:		
1998B Water and Sewer Systems Refunding Revenue Bonds	4.25%	1,533
2002B Water and Sewer Systems Revenue Bonds	4.125% - 5.00%	11,380
2002 Water and Sewer Systems Refunding Revenue Bonds	5.50% - 6.00%	21,895
2003A Water and Sewer Systems Refunding Revenue Bonds	3.00% - 5.00%	12,943
2005 Water and Sewer Systems Refunding Revenue Bonds	5.00%	40,084
2006 Water and Sewer Systems Revenue Bonds	4.00%-5.00%	35,677
Solid Waste System Fund:		
1999A Solid Waste System Refunding Revenue Bonds	4.35% - 4.55%	20,900
1999B Solid Waste System Revenue Bonds	4.50%-5.25%	124,205
Total business-type activities		<u>418,227</u>
Total revenue bonds		<u>\$ 854,527</u>

Annual debt service requirements 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	
	Principal	Interest
2009	\$ -	2,020
2010	-	2,020
2011	9,330	1,706
2012	9,965	1,054
2013	10,635	359
Total	\$ 29,930	\$ 7,159

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
2009	\$ 130	\$ 491	\$ 30	\$ 189
2010	265	477	60	185
2011	285	461	70	180
2012	300	444	75	174
2013	315	426	80	168
2014 - 2018	1,900	1,816	505	734
2019 - 2023	2,575	1,154	760	489
2024 - 2028	2,310	287	775	129
Total	\$ 8,080	\$ 5,556	\$ 2,355	\$ 2,248

Year Ending September 30	Utilities Tax Improvement Bonds, Series 1996		Utilities Tax Improvement Bonds, Series 1997	
	Principal	Interest	Principal	Interest
2009	\$ -	\$ -	\$ 235	\$ 348
2010	-	-	230	338
2011	-	-	240	326
2012	-	-	3,000	241
2013	-	-	3,250	82
2014 - 2018	34,000	-	-	-
2019 - 2023	61,200	-	-	-
Total	\$ 95,200	\$ -	\$ 6,955	\$ 1,335

Year Ending September 30	Utilities Tax Improvement Bonds, Series 1997		Utilities Tax Improvement Bonds, Series 1998	
	Principal	Interest	Principal	Interest
2009	\$ -	\$ -	\$ 460	\$ 22
2010	-	-	155	9
2011	-	-	120	2
2012	-	-	-	-
2013	-	-	-	-
2014 - 2018	16,915	-	-	-
2019 - 2023	6,670	-	-	-
Total	\$ 23,585	\$ -	\$ 735	\$ 33

Year Ending September 30	Utilities Tax Improvement Bonds, Series 1999A		Utilities Tax Improvement Bonds, Series 2000A	
	Principal	Interest	Principal	Interest
2009	\$ 1,185	\$ 187	\$ 410	\$ 27
2010	1,245	129	340	8
2011	2,060	49	-	-
Total	\$ 4,490	\$ 365	\$ 750	\$ 35

Year Ending September 30	Utilities Tax and Special Revenue Refunding Bonds, Series 2001		Guaranteed Entitlement Refunding Revenue Bonds, Series 2001	
	Principal	Interest	Principal	Interest
2009	\$ 8,300	\$ 777	\$ 4,430	\$ 257
2010	8,800	264	160	119
2011	-	-	165	109
2012	-	-	180	99
2013	-	-	185	88
2014 - 2018	-	-	1,110	252
2019 - 2023	-	-	260	8
Total	<u>\$ 17,100</u>	<u>\$ 1,041</u>	<u>\$ 6,490</u>	<u>\$ 932</u>

Year Ending September 30	Sales Tax Revenue Bonds, Series 2001A		Utilities Tax and Special Revenue Refunding Bonds, Series 2001B	
	Principal	Interest	Principal	Interest
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	1,865	2,060	75	2,090
2014 - 2018	10,785	8,727	36,310	3,210
2019 - 2023	14,010	5,420	-	-
2024 - 2028	14,040	1,446	-	-
Total	<u>\$ 47,290</u>	<u>\$ 26,745</u>	<u>\$ 36,650</u>	<u>\$ 13,693</u>

Year Ending September 30	Utilities Tax Refunding Revenue Refunding Bonds, Series 2002A		Occupational License Tax Refunding Bonds, Series 2002A	
	Principal	Interest	Principal	Interest
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	75	695	3,370	1,476
2014 - 2018	4,770	2,947	20,755	4,281
2019 - 2023	9,370	1,232	5,390	149
Total	<u>\$ 14,450</u>	<u>\$ 7,676</u>	<u>\$ 41,480</u>	<u>\$ 13,205</u>

Year Ending September 30	Utilities Tax Refunding Revenue Bonds, Series 2006		Occupational License Tax Refunding Bonds, Series 2007	
	Principal	Interest	Principal	Interest
2009	\$ -	\$ 1,761	\$ -	\$ 2,286
2010	-	1,762	-	2,286
2011	780	1,748	-	2,286
2012	4,155	1,661	-	2,286
2013	4,305	1,503	-	2,286
2014 - 2018	19,660	4,822	-	11,430
2019 - 2023	9,400	460	15,325	10,318
2024 - 2028	-	-	30,400	3,919
Total	<u>\$ 38,300</u>	<u>\$ 13,717</u>	<u>\$ 45,725</u>	<u>\$ 37,097</u>

Year Ending September 30	Sales Tax Revenue Bonds, Series 2006		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2009	\$ 605	\$ 660	\$ 20,180	\$ 16,231
2010	630	636	16,545	15,248
2011	655	610	18,535	14,274
2012	680	583	23,525	13,110
2013	710	555	24,865	11,788
2014 - 2018	3,985	2,321	150,695	40,540
2019 - 2023	4,845	1,439	129,805	20,669
2024 - 2028	4,625	388	52,150	6,169
Total	<u>\$ 16,735</u>	<u>\$ 7,192</u>	<u>\$ 436,300</u>	<u>\$ 138,029</u>

Business-type Activities:

Water Utility Fund:

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 1998B		Water and Sewer Systems Revenue Bonds, Series 2001A	
	Principal	Interest	Principal	Interest
2009	\$ 1,013	\$ 22	\$ 145	\$ 3,212
2010	-	-	660	3,196
2011	-	-	690	3,169
2012	-	-	715	3,141
2013	-	-	750	3,110
2014 - 2018	-	-	3,925	15,020
2019 - 2023	-	-	20,290	12,114
2024 - 2028	-	-	25,845	6,416
2029 - 2033	-	-	12,239	620
Total	\$ 1,013	\$ 22	\$ 65,259	\$ 49,998

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 2001B		Water and Sewer Systems Revenue Bonds, Series 2002	
	Principal	Interest	Principal	Interest
2009	\$ 150	\$ 585	\$ 439	\$ 330
2010	700	567	464	305
2011	730	536	490	279
2012	760	503	517	251
2013	800	468	546	221
2014 - 2018	4,580	1,719	3,404	548
2019 - 2023	4,544	467	-	-
Total	\$ 12,264	\$ 4,845	\$ 5,860	\$ 1,934

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 2003A		Water and Sewer Systems Revenue Bonds, Series 2005	
	Principal	Interest	Principal	Interest
2009	\$ 413	\$ 135	\$ 686	\$ 519
2010	427	123	719	484
2011	440	107	754	447
2012	458	87	792	409
2013	480	64	831	368
2014 - 2018	1,032	52	6,942	1,010
2019 - 2023	-	-	-	-
Total	\$ 3,250	\$ 568	\$ 10,724	\$ 3,237

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 2007		Total Water Utility Fund	
	Principal	Interest	Principal	Interest
2009	\$ 684	\$ 2,449	\$ 3,530	\$ 7,252
2010	875	2,417	3,845	7,092
2011	915	2,382	4,019	6,920
2012	950	2,344	4,192	6,735
2013	985	2,306	4,392	6,537
2014 - 2018	5,555	10,892	25,438	29,241
2019 - 2023	6,895	9,491	31,729	22,072
2024 - 2028	8,805	7,537	34,650	13,953
2029 - 2033	11,235	5,044	23,474	5,664
2034 - 2038	14,341	1,863	14,341	1,863
Total	\$ 51,240	\$ 46,725	\$ 149,610	\$ 107,329

Wastewater Utility Fund:

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 1998B		Water and Sewer Systems Revenue Bonds, Series 2002	
	Principal	Interest	Principal	Interest
2009	\$ 1,533	\$ 32	\$ 1,641	\$ 1,233
2010	-	-	1,736	1,140
2011	-	-	1,830	1,042
2012	-	-	1,933	939
2013	-	-	2,039	824
2014 - 2018	-	-	12,716	2,044
Total	<u>\$ 1,533</u>	<u>\$ 32</u>	<u>\$ 21,895</u>	<u>\$ 7,222</u>

Year Ending September 30	Water and Sewer Systems Revenue Bonds, Series 2002B		Water and Sewer Systems Refunding Revenue Bonds, Series 2003A	
	Principal	Interest	Principal	Interest
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	-	-	1,910	253
2014 - 2018	-	-	4,112	209
Total	<u>\$ 11,380</u>	<u>\$ 1,016</u>	<u>\$ 12,943</u>	<u>\$ 2,262</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
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	3,104	1,375	745	1,504
2014 - 2018	25,952	3,780	4,190	7,042
2019 - 2023	-	-	5,140	6,054
2024 - 2028	-	-	6,545	4,616
2029 - 2033	-	-	8,270	2,859
2034 - 2038	-	-	8,102	770
Total	<u>\$ 40,084</u>	<u>\$ 12,102</u>	<u>\$ 35,677</u>	<u>\$ 29,153</u>

Total Wastewater Utility Fund		
	Principal	Interest
2009	\$ 11,629	\$ 5,880
2010	10,579	5,364
2011	11,051	4,866
2012	7,428	4,347
2013	7,798	3,956
2014 - 2018	46,970	13,075
2019 - 2023	5,140	6,054
2024 - 2028	6,545	4,616
2029 - 2033	8,270	2,859
2034 - 2038	8,102	770
Total	<u>\$ 123,512</u>	<u>\$ 51,787</u>

Solid Waste System Fund:

Year Ending September 30	Solid Waste System Refunding Revenue Bonds, Series 1999A		Solid Waste System Revenue Bonds, Series 1999B	
	Principal	Interest	Principal	Interest
2009	\$ 7,455	\$ 766	\$ -	\$ 6,315
2010	7,780	431	-	6,314
2011	5,665	129	2,440	6,260
2012	-	-	8,490	5,982
2013	-	-	8,935	5,524
2014 - 2018	-	-	52,230	19,904
2019 - 2023	-	-	52,110	5,369
Total	<u>\$ 20,900</u>	<u>\$ 1,326</u>	<u>\$ 124,205</u>	<u>\$ 55,668</u>

Year Ending September 30	Total Solid Waste System Fund	
	Principal	Interest
2009	\$ 7,455	\$ 7,081
2010	7,780	6,745
2011	8,105	6,389
2012	8,490	5,982
2013	8,935	5,524
2014 - 2018	52,230	19,904
2019 - 2023	52,110	5,369
Total	<u>\$ 145,105</u>	<u>\$ 56,994</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 2008 the City had entered into loans totaling \$98,904,000 from this program. During 2008 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, 2008, the City had a liability of \$47,786,000 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%	\$11,752
Wastewater Utility Fund:		
State Revolving Loan Program	2.44%-3.79%	<u>36,034</u>
Total State revolving loans		<u>\$47,786</u>

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

Business-type activities:

Water Utility Fund

Year Ending September 30	State of Florida Revolving Loan	
	Principal	Interest
2009	\$ 782	\$ 361
2010	806	337
2011	832	311
2012	858	285
2013	885	258
2014 - 2018	4,861	855
2019 - 2023	2,728	128
Total	<u>\$ 11,752</u>	<u>\$ 2,535</u>

Wastewater Utility Fund

Year Ending September 30	State of Florida Revolving Loan	
	Principal	Interest
2009	\$ 4,384	\$ 1,064
2010	4,519	929
2011	4,657	790
2012	4,802	647
2013	4,950	498
2014 - 2018	<u>12,722</u>	<u>643</u>
Total	<u>\$ 36,034</u>	<u>\$ 4,571</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 first loan was paid off in previous years. 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	2.62%-4.62%	<u>\$8,170</u>
Total HUD Section 108 Loan Guarantees		<u>\$8,170</u>

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

Governmental activities:

Year Ending September 30	HUD Section 108 Loan	
	Principal	Interest
2009	\$ 220	\$ 409
2010	230	354
2011	240	347
2012	260	339
2013	280	329
2014 - 2018	<u>6,940</u>	<u>1,454</u>
Total	<u>\$ 8,170</u>	<u>\$ 3,232</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. There were no additional draws from the program in 2008.

<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		
Year Ending	Commission Pooled Commercial Paper	
September 30	Principal	Interest *
2009	\$ -	\$ 185
2010	7,600	31
Total	<u>\$ 7,600</u>	<u>\$ 216</u>

* The interest rate is variable. The rate at year end was 2.44%.

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 \$212,345,000 was outstanding at September 30, 2008, \$144,210,000 related to business-type activities and \$68,135,000 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.

Amounts outstanding at September 30, 2008, related to refunded bond issues which have been refunded and are payable from escrow accounts are as follows (in thousands):

Refunded debt

Governmental Activities:	Amount
Guaranteed Entitlement Revenue Bonds, Series 1984	\$ 3,755
Utilities Tax Improvement Bonds, Series 1997	7,985
Utilities Tax Improvement Bonds, Series 1998	14,325
Utilities Tax Improvement Bonds, Series 1999A	25,235
Utilities Tax Improvement Bonds, Series 2000A	16,835
Total governmental activities	<u>\$ 68,135</u>
Business-type activities:	
Water and Sewer Revenue Bonds, Series 1982	\$ 34,025
Water and Sewer Revenue Bonds, Series 1987	26,895
Water and Sewer Revenue Bonds, Series 1988A	20,530
Water and Sewer Revenue Bonds, Series 1999	62,760
Total business-type activities	<u>\$ 144,210</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, 2008 there was an aggregate principal amount outstanding of \$671,615,000. A description of each issue outstanding at year end follows:

\$2,720,000 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.

\$461,790,000 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.

\$8,000,000 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.

\$35,035,000 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.

\$9,240,000 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.

\$18,880,000 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.

\$800,000 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.

\$4775,000 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.

\$4,760,000 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.

\$24,790,000 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.

\$3,485,000 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.

\$23,720,000 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.

\$44,295,000 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.

Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2008, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 456,850	\$ -	\$ (20,550)	\$ 436,300	\$ 20,180
Less: deferred amounts:					
For issuance discounts (premiums)	(48,612)	-	3,149	(45,463)	-
On refunding	(6,420)	-	544	(5,876)	-
Total bonds payable	401,818	-	(16,857)	384,961	20,180
HUD Section 108 Loans	8,370	8,170	(8,370)	8,170	220
FLGF Commercial Paper	7,600	-	-	7,600	-
Claims and judgements	50,974	13,382	(12,669)	51,687	11,487
Lease purchase contracts	2,242	-	(459)	1,783	84
Other postemployment benefits	-	4,040	-	4,040	-
Compensated absences	47,505	12,563	(11,243)	48,825	16,522
Governmental activity Long-term liabilities	<u>\$ 518,509</u>	<u>\$ 38,155</u>	<u>\$ (49,598)</u>	<u>\$ 507,066</u>	<u>\$ 48,493</u>
Business-type activities:					
Revenue bonds payable	\$ 387,955	\$ 51,240	\$ (20,968)	\$ 418,227	\$ 22,614
Less: deferred amounts:					
For issuance discounts (premiums)	5,411	1,986	(1,035)	6,362	-
On refunding -- gain (loss)	(9,792)	-	1,370	(8,422)	-
Total bonds payable	383,574	53,226	(20,633)	416,167	22,614
State of Florida Revolving Loan	52,796	-	(5,010)	47,786	5,166
Landfill postclosure	1,383	-	(44)	1,339	-
Deferred revenues	1,389	-	(300)	1,089	300
Lease purchase contracts	152	162	(152)	162	162
Other post-employment benefits	-	1,002	-	1,002	-
Compensated absences	8,385	4,715	(4,290)	8,810	20
Business-type activity Long-term liabilities	<u>\$ 447,679</u>	<u>\$ 59,105</u>	<u>\$ (30,429)</u>	<u>\$ 476,355</u>	<u>\$ 28,262</u>

Included as part of the above totals for governmental activities are compensated absences for the internal service funds in the amount of \$977,000. 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 \$17,510 for governmental activities and \$27,780 for business-type activities in "liabilities payable from restricted assets." The remaining amounts of \$30,983

and \$482, respectively, are displayed as “noncurrent liabilities, due within one year” on that same statement. On the same statement \$1,339 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 2008.

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, 2008, 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>9/30/08</u>	Year ended <u>9/30/07</u>
Unpaid claims, beginning of fiscal year	\$ 50,974	\$ 33,693
Incurred claims (including IBNR'S)	13,382	25,944
Claim payments	<u>(12,669)</u>	<u>(8,663)</u>
Unpaid claims, end of fiscal year	<u>\$ 51,687</u>	<u>\$ 50,974</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 \$9,952,000 had been paid under this agreement. In 2008 an additional amount of \$1,026,000 was paid, for a total of \$10,978,000 paid through September 30, 2008.

During 2008, 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 2008, the City paid \$1,100,000 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, 2008, remaining deferred revenues related to this agreement of \$1,089,000 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, 2008 was \$9,500,000. No such payments have been required through 2008.

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-advalem 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 2008 \$1,149,000 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, 2008 a certificate of deposit (#1006820698 with Compass Bank) was purchased to meet the \$1,339,000 potential cost. 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 2008 a certificate of deposit was purchased to meet the \$219,000 potential cost. On August 5, 2008 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. A certificate of deposit (#1006820698 with Compass Bank) was purchased to meet the potential \$225,000 cost and 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 2008.

C. Other post employment benefits

Post Employment Health Care Benefits

Effective for the 2008 fiscal year, the City implemented GASB No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, for certain postemployment health care benefits provided by the City. The requirements of this Statement are being implemented prospectively, with the actuarially determined liability of \$75,073,359 at the October 1, 2007, date of transition being amortized over 30 years. Accordingly, for financial reporting purposes, this liability is not reported for the postemployment health care benefits liability at the date of transition.

Plan Description. The Post Employment Health Care Benefits Plan is a single-employer defined benefit plan administered by the City. Pursuant to the provisions of section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City’s fully insured health and hospitalization plan for medical and prescription drug coverages. These retirees are completely responsible for payment of their insurance premiums and the City does not contribute toward this payment. However, the City subsidizes the premium rates paid by retirees by allowing them to participate in the plans at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. Medicare eligible retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Funding Policy. For the Postemployment Health Care Benefits Plan, contribution requirements of the City are established and may be amended through recommendations of the Insurance Committee and action from the Board. The City has not advanced-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. As of October 1, 2008, there were 458 retirees and 252 eligible dependents receiving postemployment health care benefits. For the 2008 fiscal year the City provided contributions of \$2,724,372 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses, retention costs, and net of retiree contributions totaling \$3,700,126. Required contributions are based on projected pay-as-you-go financing.

Annual OPEB Cost and Net OPEB Obligation. The following table shows the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

	<u>Fiscal Year Ending September 30, 2008</u>
Normal Cost	\$ 4,786,909
Amortization of Unfunded Accrued Liability	2,681,236
Interest	<u>298,726</u>
Annual Required Contribution	7,766,871
Interest on Net OPEB Obligation (NOO)	-0-
Amortization of NOO	<u>-0-</u>
Total Expense or Annual OPEB Cost (AOC)	7,766,871
Actual Credit/(Contribution) Toward OPEB Cost	<u>(2,724,372)</u>
Increase in NOO	5,042,499
NOO Beginning of Year	<u>-0-</u>
NOO End of Year	<u>\$ 5,042,499</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2008, was as follows:

<u>Fiscal Year</u>	<u>AOC</u>	<u>Contribution</u>	<u>Percent of AOC Contributed</u>	<u>NOO</u>
09/30/2008	\$7,766,871	\$3,700,126	47.6%	\$5,042,499

Funded Status and Funding Progress. As of September 30, 2008, the actuarial accrued liability for benefits was \$79,949,962, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$79,949,962. The covered payroll (annual

payroll for active participating employees) was \$250,320,575 for the 2007-2008 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 31.9%.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's initial OPEB actuarial valuation for the 2007-2008 fiscal year used the entry age normal cost actuarial method to estimate the unfunded actuarial liability and to determine the annual required contribution. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.0 percent rate of return on invested assets, which is the City's long-term expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.5 percent per year, and an annual healthcare cost trend rate of 11.5 percent initially for the 2007-2008 fiscal year, reduced by 1 percent per year, to an ultimate rate of 5.5 percent for the fiscal year ending September 30, 2014. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The unfunded actuarial accrued liability is being amortized over 30 years in calculating the City's 2007-2008 fiscal year annual required contribution.

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 1.2% of the employee's 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%.

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. A benefit payment of \$15,172,867 was made under the 13th check program during the year ended September 30, 2008.

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 \$934,240,000 at October 1, 2006.

Membership data of the funds are summarized as follows:

	General Employees Retirement Fund	Firefighters and Police Officers Pension Fund
Participant data as of the date of the most recent actuarial valuation: January 1, 2008, and October 1, 2007 respectively:		
Retirees and beneficiaries receiving benefits	1,880	1,718
Terminated employees entitled to benefits but not receiving them	342	12
Vested current employees	1,737	712
Nonvested current employees	1,077	620

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	\$ 504,497
Interest and dividends receivable	2,645
Total assets	<u>507,142</u>
LIABILITIES	
Accounts payable	3,692
Total liabilities	<u>3,692</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 503,450</u>

Statement of Changes in Pension Net Assets

ADDITIONS	
Contributions:	
Employer	\$ 14,202
Employees	647
Total contributions	<u>14,849</u>
Investment earnings:	
Interest and dividends	11,183
Net decrease in the fair value of investments	(114,818)
Total investment earnings (losses)	<u>(103,635)</u>
Less investment expense	1,139
Net investment earnings (losses)	<u>(104,774)</u>
Total additions, net	<u>(89,925)</u>
DEDUCTIONS	
Pension benefits	33,544
Withdrawal payments	227
Administrative expenses	13
Total deductions	<u>33,784</u>
Change in net assets	(123,709)
Net assets - beginning	<u>627,159</u>
Net assets - ending	<u>\$ 503,450</u>

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

City policy and 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, 2008 was \$6,895,000. The City recognized these on-behalf payments from the State as revenues and expenditures in the governmental fund financial statements.

In 2008 the annual pension cost and contribution for the Firefighters and Police Officers Pension Fund and the General Employees Retirement Fund were \$3,249,000 and \$14,206,000 respectively.

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

Year Ended September 30	General Employees Retirement Fund		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$14,206	100%	\$0
2007	15,111	100%	0
2006	11,397	100%	0

Year Ended September 30	Firefighters and Police Officers Pension Fund			
	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation
	City	State		
2008	\$3,249	\$6,895	100%	\$0
2007	2,629	6,687	100%	0
2006	1,481	6,125	100%	0

The City's net pension asset for the General Employees Retirement Plan was as follows as of January 1, 2008:

Annual required contribution	\$	15,110
Interest on net pension obligation		(1)
Adjustment to annual required contribution		2
Annual pension cost		15,111
Contributions made		(15,058)
Increase in net pension obligation		53
Interest on net pension obligation change to end of year		2
Net pension (asset) obligation, beginning of year		(30)
Net pension obligation, end of year	\$	<u>25</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, 2008	October 1, 2007
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	9 - 26 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 Office
*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

Pension Asset Values. After declines in value during the fiscal year, net asset values of the General Employee Pension Plan and the Fire and Police Pension Plan declined further in the quarter following year end. The plans had net asset values of \$433,293,710 and \$1,130,342,465 respectively as of December 31, 2008.

Material Event Notice. The City filed Material Event Notices on December 9, 2008, related to the following issue: MBIA Insurance Corporation (MBIA) and Ambac Insurance Company (Ambac) provide municipal bond insurance policies for a variety of the City's bond issues. Moody's Investor Services (Moody's) and Standard & Poor's Rating Services (S&P) downgraded these insurer's strength. Ambac was lowered to "Baa1" and "A" by Moody's and S&P respectively, while MBIA was downgraded to "Baa1" by Moody's. Accordingly, Moody's and S&P reduced their insured ratings on the City's affected bonds to "Baa1" and "A" respectively, while taking no action on the bond's underlying ratings. The City has no other covenant obligations related to these insurer downgrades.

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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)
1/1/2003	\$ 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
1/1/2008	577,599	588,497	10,898	98.1	154,620	7.0

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)
10/1/2002	\$ 349,887	\$ 438,592	\$ 88,705	79.8 %	\$ 70,546	125.7 %
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)
10/1/2007	739,323	678,049	(61,274)	109.0	88,395	(69.3)

Other Post Employment Benefits*

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)
9/30/2008	\$ 0	\$ 79,950	\$ 79,950	0.0 %	\$ 250,321	31.9 %

* Other post employment benefits liability was not reported prior to 2008.

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
2003	\$	1,598	97 %
2004		6,767	100
2005		8,216	100
2006		11,397	100
2007		15,111	100
2008		14,206	100

Firefighters and Police Officers Pension Fund

Year Ended Sept. 30,	Annual Required Contribution				Percentage Contributed	
	City		State		City	State
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
2008		3,249		6,895	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, 2008 (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	6,972	2,381	1,855	10,575
Receivables--net of allowance for uncollectibles	0	42	839	157	0
Total assets	<u>\$ 0</u>	<u>\$ 7,014</u>	<u>\$ 3,220</u>	<u>\$ 2,014</u>	<u>\$ 10,575</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 0	\$ 153	\$ 0	\$ 397	\$ 0
Contracts payable--retainage	0	0	0	226	0
Accrued liabilities	0	41	0	304	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	4	0	37	0
Deferred revenues	0	0	0	0	8,881
Total liabilities	<u>0</u>	<u>198</u>	<u>0</u>	<u>964</u>	<u>8,881</u>
Fund balances:					
Reserved for:					
Encumbrances	0	360	0	4,154	0
Debt service	0	0	0	0	0
Unreserved reported in:					
Special revenue funds:					
Undesignated	0	6,456	3,220	(3,104)	1,694
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>6,816</u>	<u>3,220</u>	<u>1,050</u>	<u>1,694</u>
Total liabilities and fund balances	<u>\$ 0</u>	<u>\$ 7,014</u>	<u>\$ 3,220</u>	<u>\$ 2,014</u>	<u>\$ 10,575</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
\$ 1,089	\$ 0	\$ 0	\$ 0	\$ 4,625	\$ 0
3,808	0	5,199	14,183	223	1,737
0	2,713	0	41	0	0
<u>\$ 4,897</u>	<u>\$ 2,713</u>	<u>5,199</u>	<u>\$ 14,224</u>	<u>\$ 4,848</u>	<u>\$ 1,737</u>
\$ 1,093	\$ 133	\$ 0	\$ 0	\$ 0	\$ 0
0	6	0	0	0	0
89	8	0	0	0	0
0	0	0	3,116	195	1,010
0	0	0	10,715	4,430	0
9	2,566	0	0	0	0
3,706	0	0	0	0	0
<u>4,897</u>	<u>2,713</u>	<u>0</u>	<u>13,831</u>	<u>4,625</u>	<u>1,010</u>
0	0	904	0	0	0
0	0	0	393	223	727
0	0	4,295	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>5,199</u>	<u>393</u>	<u>223</u>	<u>727</u>
<u>\$ 4,897</u>	<u>\$ 2,713</u>	<u>\$ 5,199</u>	<u>\$ 14,224</u>	<u>\$ 4,848</u>	<u>\$ 1,737</u>

(Continued)

City of Tampa, Florida
Combining Balance Sheet--
Nonmajor Governmental Funds (continued)
September 30, 2008 (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	\$ 9
Equity in pooled cash and investments	3,687	1,065	0	516	21,336
Receivables--net of allowance for uncollectibles	0	0	0	0	1,402
Total assets	<u>\$ 3,687</u>	<u>\$ 1,065</u>	<u>\$ 0</u>	<u>\$ 516</u>	<u>\$ 22,747</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 1	\$ 1,210
Contracts payable--retainage	0	0	0	0	911
Accrued liabilities	0	0	0	0	0
Accrued Interest payable	1,546	1,143	0	108	0
Current portion of long-term debt	2,145	0	0	220	0
Due to other funds	0	0	0	0	0
Deferred revenues	0	0	0	0	0
Total liabilities	<u>3,691</u>	<u>1,143</u>	<u>0</u>	<u>329</u>	<u>2,121</u>
Fund balances:					
Reserved for:					
Encumbrances	0	0	0	0	7,444
Debt service	0	0	0	187	0
Unreserved reported in:					
Special revenue funds:					
Undesignated	0	0	0	0	0
Debt service funds:					
Undesignated	(4)	(78)	0	0	0
Capital projects funds:					
Designated for capital outlays	0	0	0	0	13,182
Undesignated	0	0	0	0	0
Total fund balances (deficit)	<u>(4)</u>	<u>(78)</u>	<u>0</u>	<u>187</u>	<u>20,626</u>
Total liabilities and fund balances	<u>\$ 3,687</u>	<u>\$ 1,065</u>	<u>\$ 0</u>	<u>\$ 516</u>	<u>\$ 22,747</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	\$ 5,725
30,236	34,350	0	9	32,527	38,038	208,697
613	0	0	0	1,053	0	6,860
<u>\$ 30,849</u>	<u>\$ 34,350</u>	<u>\$ 0</u>	<u>\$ 9</u>	<u>\$ 33,580</u>	<u>\$ 38,038</u>	<u>\$ 221,282</u>
\$ 221	\$ 38	\$ 0	\$ 0	\$ 646	\$ 118	\$ 4,010
235	81	0	0	15	328	1,802
0	0	0	0	0	0	442
0	0	0	0	0	0	7,118
0	0	0	0	0	0	17,510
0	0	54	0	0	0	2,670
0	0	0	0	0	0	12,587
<u>456</u>	<u>119</u>	<u>54</u>	<u>0</u>	<u>661</u>	<u>446</u>	<u>46,139</u>
21,633	1,004	0	0	3,132	25,533	64,164
0	0	0	0	0	0	1,530
0	0	0	0	0	0	12,561
0	0	0	0	0	0	(82)
8,760	33,227	0	9	29,787	12,059	97,024
0	0	(54)	0	0	0	(54)
<u>30,393</u>	<u>34,231</u>	<u>(54)</u>	<u>9</u>	<u>32,919</u>	<u>37,592</u>	<u>175,143</u>
<u>\$ 30,849</u>	<u>\$ 34,350</u>	<u>\$ 0</u>	<u>\$ 9</u>	<u>\$ 33,580</u>	<u>\$ 38,038</u>	<u>\$ 221,282</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, 2008 (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	10,562	0	0
Special assessments	0	0	0	6,104	0
Intergovernmental:					
Federal	0	0	0	0	0
State	4,898	0	0	229	0
Local	0	0	0	75	0
Transportation impact fees	0	0	0	0	0
Licenses and permits	0	0	0	0	10,840
Charges for services	0	3	0	6	0
Investment earnings	153	267	78	109	0
Contributions and donations	0	300	0	0	0
Total revenues	<u>5,051</u>	<u>570</u>	<u>10,640</u>	<u>6,523</u>	<u>10,840</u>
EXPENDITURES					
Current:					
Public safety	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Public works	0	0	39	9,446	0
General government services	0	2,374	0	0	3
Economic and physical environment	0	0	0	0	0
Debt service:					
Principal	0	0	0	0	0
Interest	1	0	21	0	0
Debt issuance costs	0	0	0	0	0
Capital outlay	0	49	0	8,172	0
Total expenditures	<u>1</u>	<u>2,423</u>	<u>60</u>	<u>17,618</u>	<u>3</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,050</u>	<u>(1,853)</u>	<u>10,580</u>	<u>(11,095)</u>	<u>10,837</u>
OTHER FINANCING SOURCES (USES)					
Debt refunding proceeds	0	0	0	0	0
Payment to refunded debt escrow agent	0	0	0	0	0
Sale of capital assets	0	0	0	0	0
Transfers in	0	2,349	0	9,243	0
Transfers out	(5,050)	(750)	(11,012)	(35)	(10,259)
Total other financing sources (uses)	<u>(5,050)</u>	<u>1,599</u>	<u>(11,012)</u>	<u>9,208</u>	<u>(10,259)</u>
Net change in fund balances	0	(254)	(432)	(1,887)	578
Beginning fund balances (deficit)	0	7,070	3,652	2,937	1,116
Ending fund balances (deficit)	<u>\$ 0</u>	<u>\$ 6,816</u>	<u>\$ 3,220</u>	<u>\$ 1,050</u>	<u>\$ 1,694</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
5,507	18,326	0	0	0	0
0	3,768	2,951	0	0	0
0	26	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	3	0	0	0	0
142	108	182	99	0	50
0	0	0	0	0	0
<u>5,649</u>	<u>22,231</u>	<u>3,133</u>	<u>265</u>	<u>0</u>	<u>50</u>
0	1,576	0	0	0	0
0	31	0	0	0	0
0	51	0	0	0	0
0	19	0	0	0	0
4,390	11,158	2,134	0	0	0
0	0	0	10,715	4,430	0
0	0	0	6,227	389	2,020
0	0	0	0	0	0
840	9,248	0	0	0	0
<u>5,230</u>	<u>22,083</u>	<u>2,134</u>	<u>16,942</u>	<u>4,819</u>	<u>2,020</u>
<u>419</u>	<u>148</u>	<u>999</u>	<u>(16,677)</u>	<u>(4,819)</u>	<u>(1,970)</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	68	0	0	0	0
0	0	0	16,781	4,819	2,020
(419)	(216)	0	0	0	0
<u>(419)</u>	<u>(148)</u>	<u>0</u>	<u>16,781</u>	<u>4,819</u>	<u>2,020</u>
0	0	999	104	0	50
0	0	4,200	289	223	677
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,199</u>	<u>\$ 393</u>	<u>\$ 223</u>	<u>\$ 727</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, 2008 (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	11,035
Local	0	0	0	0	0
Transportation impact fees	0	0	0	0	0
Licenses and permits	0	0	0	0	0
Charges for services	0	0	0	370	0
Investment earnings	(4)	85	0	27	639
Contributions and donations	0	0	0	0	1,191
Total revenues	<u>(4)</u>	<u>85</u>	<u>0</u>	<u>397</u>	<u>12,865</u>
EXPENDITURES					
Current:					
Public safety	0	0	0	0	0
Culture and recreation	0	0	0	0	0
Public works	0	0	0	0	3,354
General government services	0	0	0	1	0
Economic and physical environment	0	0	0	0	0
Debt service:					
Principal	2,145	2,635	0	220	0
Interest	3,093	4,440	164	568	0
Debt issuance costs	0	0	0	29	0
Capital outlay	0	0	0	0	20,036
Total expenditures	<u>5,238</u>	<u>7,075</u>	<u>164</u>	<u>818</u>	<u>23,390</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,242)</u>	<u>(6,990)</u>	<u>(164)</u>	<u>(421)</u>	<u>(10,525)</u>
OTHER FINANCING SOURCES (USES)					
Debt refunding proceeds	0	0	0	8,170	0
Payment to refunded debt escrow agent	0	0	0	(8,170)	0
Sale of capital assets	0	0	0	0	0
Transfers in	5,238	5,817	164	1,084	10,883
Transfers out	0	0	0	0	0
Total other financing sources (uses)	<u>5,238</u>	<u>5,817</u>	<u>164</u>	<u>1,084</u>	<u>10,883</u>
Net change in fund balances	<u>(4)</u>	<u>(1,173)</u>	<u>0</u>	<u>663</u>	<u>358</u>
Beginning fund balances (deficit)	<u>0</u>	<u>1,095</u>	<u>0</u>	<u>(476)</u>	<u>20,268</u>
Ending fund balances (deficit)	<u>\$ (4)</u>	<u>\$ (78)</u>	<u>\$ 0</u>	<u>\$ 187</u>	<u>\$ 20,626</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	\$ 14,919	\$ 0	\$ 14,919
453	0	0	0	0	0	619
0	0	0	0	0	0	10,562
0	0	0	0	0	0	6,104
0	0	0	0	0	0	23,833
41	0	0	0	0	0	22,922
1,823	0	0	0	0	0	1,924
0	5,857	0	0	0	0	5,857
0	0	0	0	0	0	10,840
0	0	0	0	0	0	382
0	116	0	0	2,370	1,726	6,147
3,145	0	0	0	0	0	4,636
<u>5,462</u>	<u>5,973</u>	<u>0</u>	<u>0</u>	<u>17,289</u>	<u>1,726</u>	<u>108,745</u>
0	0	1	0	521	0	2,098
176	0	0	0	0	0	207
61	2,331	0	0	0	0	15,282
0	0	0	0	0	0	2,397
0	0	0	0	0	0	17,682
379	0	0	0	0	0	20,524
0	0	0	0	0	0	16,923
0	0	0	0	0	0	29
13,347	2,786	0	0	9,175	9,680	73,333
<u>13,963</u>	<u>5,117</u>	<u>1</u>	<u>0</u>	<u>9,696</u>	<u>9,680</u>	<u>148,475</u>
<u>(8,501)</u>	<u>856</u>	<u>(1)</u>	<u>0</u>	<u>7,593</u>	<u>(7,954)</u>	<u>(39,730)</u>
0	0	0	0	0	0	8,170
0	0	0	0	0	0	(8,170)
687	0	0	0	0	0	755
10,181	0	0	0	0	0	68,579
0	0	0	0	(5,239)	0	(32,980)
<u>10,868</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,239)</u>	<u>0</u>	<u>36,354</u>
2,367	856	(1)	0	2,354	(7,954)	(3,376)
28,026	33,375	(53)	9	30,565	45,546	178,519
<u>\$ 30,393</u>	<u>\$ 34,231</u>	<u>\$ (54)</u>	<u>\$ 9</u>	<u>\$ 32,919</u>	<u>\$ 37,592</u>	<u>\$ 175,143</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, 2008 (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	0	0	3	3
Investment earnings	0	0	153	153	250	250	267	17
Contributions and donations	0	0	0	0	200	200	300	100
Total revenues	<u>4,898</u>	<u>4,898</u>	<u>5,051</u>	<u>153</u>	<u>450</u>	<u>450</u>	<u>570</u>	<u>120</u>
EXPENDITURES								
Current:								
Public works	0	0	0	0	0	0	0	0
General government services	9	8	0	8	2,459	2,989	2,374	615
Debt service:								
Interest	0	1	1	0	0	0	0	0
Capital outlay	0	0	0	0	66	73	49	24
Total expenditures	<u>9</u>	<u>9</u>	<u>1</u>	<u>8</u>	<u>2,525</u>	<u>3,062</u>	<u>2,423</u>	<u>639</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,889</u>	<u>4,889</u>	<u>5,050</u>	<u>161</u>	<u>(2,075)</u>	<u>(2,612)</u>	<u>(1,853)</u>	<u>759</u>
OTHER FINANCING SOURCES (USES)								
Commercial paper issued	0	0	0	0	0	0	0	0
Transfers in	0	0	0	0	2,380	2,380	2,349	(31)
Transfers out	(4,889)	(4,889)	(5,050)	(161)	(750)	(750)	(750)	0
Total other financing sources (uses)	<u>(4,889)</u>	<u>(4,889)</u>	<u>(5,050)</u>	<u>(161)</u>	<u>1,630</u>	<u>1,630</u>	<u>1,599</u>	<u>(31)</u>
Net change in fund balances	0	0	0	0	(445)	(982)	(254)	728
Beginning fund balances	0	0	0	0	7,070	7,070	7,070	0
Ending fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,625</u>	<u>\$ 6,088</u>	<u>\$ 6,816</u>	<u>\$ 728</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, 2008 (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	\$ 11,108	\$ 11,108	\$ 10,562	\$ (546)	\$ 0	\$ 0	\$ 0	\$ 0
Special assessments	0	0	0	0	6,000	6,000	6,104	104
State government	0	0	0	0	184	184	229	45
Local government	0	0	0	0	0	420	75	(345)
Licenses and permits	0	0	0	0	0	0	0	0
Charges for services	0	0	0	0	4	4	6	2
Investment earnings	75	75	78	3	130	130	109	(21)
Contributions and donations	0	0	0	0	0	0	0	0
Total revenues	<u>11,183</u>	<u>11,183</u>	<u>10,640</u>	<u>(543)</u>	<u>6,318</u>	<u>6,738</u>	<u>6,523</u>	<u>(215)</u>
EXPENDITURES								
Current:								
Public works	45	45	39	6	11,071	13,365	9,446	3,919
General government services	0	0	0	0	0	0	0	0
Debt service:								
Interest	0	0	21	(21)	0	2	0	2
Capital outlay	0	0	0	0	5,294	11,236	8,172	3,064
Total expenditures	<u>45</u>	<u>45</u>	<u>60</u>	<u>(15)</u>	<u>16,365</u>	<u>24,603</u>	<u>17,618</u>	<u>6,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,138</u>	<u>11,138</u>	<u>10,580</u>	<u>(558)</u>	<u>(10,047)</u>	<u>(17,865)</u>	<u>(11,095)</u>	<u>6,770</u>
OTHER FINANCING SOURCES (USES)								
Commercial paper issued	0	0	0	0	0	1,504	0	(1,504)
Transfers in	0	0	0	0	10,867	10,867	9,243	(1,624)
Transfers out	(11,138)	(11,138)	(11,012)	126	(1,255)	(850)	(35)	815
Total other financing sources (uses)	<u>(11,138)</u>	<u>(11,138)</u>	<u>(11,012)</u>	<u>126</u>	<u>9,612</u>	<u>11,521</u>	<u>9,208</u>	<u>(2,313)</u>
Net change in fund balances	0	0	(432)	(432)	(435)	(6,344)	(1,887)	4,457
Beginning fund balances	0	0	3,652	3,652	2,937	2,937	2,937	0
Ending fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,220</u>	<u>\$ 3,220</u>	<u>\$ 2,502</u>	<u>\$ (3,407)</u>	<u>\$ 1,050</u>	<u>\$ 4,457</u>

Occupational License

Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0
0	0	0	0
0	0	0	0
10,000	10,000	10,840	840
0	0	0	0
0	0	0	0
0	0	0	0
<u>10,000</u>	<u>10,000</u>	<u>10,840</u>	<u>840</u>
0	0	0	0
12	11	3	8
0	2	0	2
0	0	0	0
<u>12</u>	<u>13</u>	<u>3</u>	<u>10</u>
<u>9,988</u>	<u>9,987</u>	<u>10,837</u>	<u>850</u>
0	0	0	0
0	0	0	0
<u>(10,259)</u>	<u>(10,259)</u>	<u>(10,259)</u>	<u>0</u>
<u>(10,259)</u>	<u>(10,259)</u>	<u>(10,259)</u>	<u>0</u>
(271)	(272)	578	850
<u>39,969</u>	<u>39,969</u>	<u>1,116</u>	<u>38,853</u>
<u>\$ 39,698</u>	<u>\$ 39,697</u>	<u>\$ 1,694</u>	<u>\$ 39,703</u>

NONMAJOR ENTERPRISE FUNDS

Parking Facilities fund-

to account for the operations of city owned parking garages, lots, and meters.

Golf Courses Fund-

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

Marina Fund-

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

City of Tampa, Florida

Combining Statement of Net Assets--

Nonmajor Enterprise Funds

September 30, 2008 (in thousands)

	Parking Facilities	Marina	Golf Courses	Total
ASSETS				
Current assets:				
Cash	\$ 76	\$ 0	\$ 66	\$ 142
Equity in pooled cash and investments	13,479	66	0	13,545
Receivables - net	163	0	65	228
Prepaid items	0	0	40	40
Inventories	0	0	69	69
Total current assets	<u>13,718</u>	<u>66</u>	<u>240</u>	<u>14,024</u>
Noncurrent assets:				
Capital assets:				
Land and land rights	25,615	0	930	26,545
Buildings and improvements	90,084	9	4,112	94,205
Improvements other than buildings	7,858	6,644	5,413	19,915
Furniture and equipment	1,596	10	1,496	3,102
Construction in progress	2,941	0	0	2,941
Less accumulated depreciation	<u>(36,592)</u>	<u>(967)</u>	<u>(5,742)</u>	<u>(43,301)</u>
Total capital assets (net of accumulated depreciation)	<u>91,502</u>	<u>5,696</u>	<u>6,209</u>	<u>103,407</u>
Total noncurrent assets	<u>91,502</u>	<u>5,696</u>	<u>6,209</u>	<u>103,407</u>
Total assets	<u>105,220</u>	<u>5,762</u>	<u>6,449</u>	<u>117,431</u>
LIABILITIES				
Current liabilities:				
Accounts payable	457	18	1,837	2,312
Contracts payable--retainage	44	0	0	44
Accrued liabilities	322	2	0	324
Unearned revenues	0	0	28	28
Due to other funds	53	0	0	53
Customer deposits	72	29	0	101
Current portion of long-term debt	0	0	162	162
Total current liabilities	<u>948</u>	<u>49</u>	<u>2,027</u>	<u>3,024</u>
Noncurrent liabilities:				
Long-term compensated absences	704	25	0	729
Other post employment benefits	136	0	0	136
Total noncurrent liabilities	<u>840</u>	<u>25</u>	<u>0</u>	<u>865</u>
Total liabilities	<u>1,788</u>	<u>74</u>	<u>2,027</u>	<u>3,889</u>
NET ASSETS				
Invested in capital assets, net of related debt	91,502	5,696	6,047	103,245
Unrestricted	11,930	(8)	(1,625)	10,297
Total net assets	<u>\$ 103,432</u>	<u>\$ 5,688</u>	<u>\$ 4,422</u>	<u>\$ 113,542</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, 2008 (in thousands)

	Parking Facilities	Marina	Golf Courses	Total
Operating revenues:				
Charges for sales and services	\$ 14,292	\$ 699	\$ 3,823	\$ 18,814
Operating expenses:				
Salaries and employee benefits	7,160	69	2,776	10,005
Supplies and materials	478	335	854	1,667
Contract services	1,789	8	641	2,438
Other services and charges	2,892	43	0	2,935
Depreciation	2,448	160	600	3,208
Total operating expenses	<u>14,767</u>	<u>615</u>	<u>4,871</u>	<u>20,253</u>
Operating income (loss)	<u>(475)</u>	<u>84</u>	<u>(1,048)</u>	<u>(1,439)</u>
Nonoperating revenues (expenses):				
Investment earnings	604	5	0	609
Gain (loss) on disposal of capital assets	(466)	0	0	(466)
Local government	(69)	0	0	(69)
Miscellaneous income	2	0	0	2
Total nonoperating revenues (expenses)	<u>71</u>	<u>5</u>	<u>0</u>	<u>76</u>
Income (loss) before transfers	<u>(404)</u>	<u>89</u>	<u>(1,048)</u>	<u>(1,363)</u>
Capital contributions	116	1	0	117
Transfers in	0	0	242	242
Transfers out	<u>(2,925)</u>	<u>(362)</u>	<u>0</u>	<u>(3,287)</u>
Change in net assets	<u>(3,213)</u>	<u>(272)</u>	<u>(806)</u>	<u>(4,291)</u>
Total net assets - beginning	<u>106,645</u>	<u>5,960</u>	<u>5,228</u>	<u>117,833</u>
Total net assets - ending	<u>\$ 103,432</u>	<u>\$ 5,688</u>	<u>\$ 4,422</u>	<u>\$ 113,542</u>

City of Tampa, Florida

Combining Statement of Cash Flows--

Nonmajor Enterprise Funds

For the fiscal year ended September 30, 2008 (in thousands)

	Parking Facilities	Marina	Golf Courses	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 13,949	\$ 699	\$ 3,781	\$ 18,429
Receipts from interfund services provided	215	0	0	215
Payments to suppliers	(3,247)	(385)	(996)	(4,628)
Payments to employees	(7,085)	(43)	(2,776)	(9,904)
Payments for interfund services used	(1,978)	(6)	0	(1,984)
Other receipts	2	0	0	2
Net cash provided by operating activities	<u>1,856</u>	<u>265</u>	<u>9</u>	<u>2,130</u>
Cash flows from noncapital financing activities:				
Cash received from other funds	0	0	242	242
Cash paid to other funds	(2,925)	(362)	0	(3,287)
Nonoperating grants paid out	(69)	0	0	(69)
Net cash provided (used) by noncapital financing activities	<u>(2,994)</u>	<u>(362)</u>	<u>242</u>	<u>(3,114)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,915)	0	(87)	(2,002)
Proceeds from sale of capital assets	9	0	0	9
Principal paid on capital debt	0	0	(152)	(152)
Net cash used by capital and related financing activities	<u>(1,906)</u>	<u>0</u>	<u>(239)</u>	<u>(2,145)</u>
Cash flows from investing activities:				
Interest on investments	604	5	0	609
Net cash provided by investing activities	<u>604</u>	<u>5</u>	<u>0</u>	<u>609</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,440)</u>	<u>(92)</u>	<u>12</u>	<u>(2,520)</u>
Beginning cash and cash equivalents	<u>15,995</u>	<u>158</u>	<u>54</u>	<u>16,207</u>
Ending cash and cash equivalents	<u>\$ 13,555</u>	<u>\$ 66</u>	<u>\$ 66</u>	<u>\$ 13,687</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (475)	\$ 84	\$ (1,048)	\$ (1,439)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	2,448	160	600	3,208
Miscellaneous receipts	2	0	0	2
Changes in assets and liabilities:				
(Increase) decrease in receivables--net	137	0	(63)	74
Decrease in inventory and other assets	0	0	8	8
Increase (decrease) in accounts payable	(69)	(4)	491	418
Increase in accrued liabilities	75	25	0	100
Increase in due to other funds	2	0	0	2
Decrease in customer deposits and advances	(264)	0	0	(264)
Increase in unearned revenues	0	0	21	21
Total adjustments	<u>2,331</u>	<u>181</u>	<u>1,057</u>	<u>3,569</u>
Net cash provided by operating activities	<u>\$ 1,856</u>	<u>\$ 265</u>	<u>\$ 9</u>	<u>\$ 2,130</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from developers	\$ 116	\$ 1	\$ 0	\$ 117
Acquisition of assets under capital lease contracts	\$ 0	\$ 0	\$ 162	\$ 162
Cash and cash equivalents are reported in the financial statements as follows:				
Cash	\$ 76	\$ 0	\$ 66	\$ 142
Equity in pooled cash and investments	<u>13,479</u>	<u>66</u>	<u>0</u>	<u>13,545</u>
	<u>\$ 13,555</u>	<u>\$ 66</u>	<u>\$ 66</u>	<u>\$ 13,687</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, 2008 (in thousands)

	Fleet Maintenance	Administrative Services	Utility Accounting	Total
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 5,798	\$ 224	\$ 2,653	\$ 8,675
Receivables--net	12	0	696	708
Inventories	263	0	0	263
Total current assets	<u>6,073</u>	<u>224</u>	<u>3,349</u>	<u>9,646</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	2,034	77	857	2,968
Construction in progress	44	0	0	44
Less accumulated depreciation	<u>(4,383)</u>	<u>(46)</u>	<u>(593)</u>	<u>(5,022)</u>
Total capital assets (net of accumulated depreciation)	<u>1,965</u>	<u>31</u>	<u>322</u>	<u>2,318</u>
Total noncurrent assets	<u>1,965</u>	<u>31</u>	<u>322</u>	<u>2,318</u>
Total assets	<u>8,038</u>	<u>255</u>	<u>3,671</u>	<u>11,964</u>
LIABILITIES				
Current liabilities:				
Accounts payable	220	0	18	238
Accrued liabilities	206	11	138	355
Due to other funds	20	1	14	35
Customer deposits	0	0	2,574	2,574
Customer advances	<u>0</u>	<u>0</u>	<u>840</u>	<u>840</u>
Total current liabilities	446	12	3,584	4,042
Noncurrent liabilities:				
Long term compensated absences	<u>480</u>	<u>76</u>	<u>401</u>	<u>957</u>
Total noncurrent liabilities	<u>480</u>	<u>76</u>	<u>401</u>	<u>957</u>
Total liabilities	<u>926</u>	<u>88</u>	<u>3,985</u>	<u>4,999</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	1,965	31	322	2,318
Unrestricted (deficit)	<u>5,147</u>	<u>136</u>	<u>(636)</u>	<u>4,647</u>
Total net assets (deficit)	<u>\$ 7,112</u>	<u>\$ 167</u>	<u>\$ (314)</u>	<u>\$ 6,965</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, 2008 (in thousands)

	Fleet Maintenance	Administrative Services	Utility Accounting	Total
Operating revenues:				
Billings to City departments and independent agencies	\$ 16,064	\$ 735	\$ 9,665	\$ 26,464
Operating expenses:				
Salaries and employee benefits	5,110	213	3,926	9,249
Supplies and materials	7,470	0	53	7,523
Contract services	120	2	823	945
Other services and charges	2,463	498	4,847	7,808
Depreciation	283	5	91	379
Total operating expenses	15,446	718	9,740	25,904
Operating income (loss)	618	17	(75)	560
Nonoperating revenues:				
Investment earnings	181	7	133	321
Gain on disposal of capital assets	7	0	7	14
Miscellaneous income	36	0	1	37
Total nonoperating revenues	224	7	141	372
Income before contributions	842	24	66	932
Capital contributions	4	0	0	4
Change in net assets	846	24	66	936
Total net assets (deficit) - beginning	6,266	143	(380)	6,029
Total net assets (deficit) - ending	\$ 7,112	\$ 167	\$ (314)	\$ 6,965

City of Tampa, Florida

Combining Statement of Cash Flows--

Internal Service Funds

For the fiscal year ended September 30, 2008 (in thousands)

	Fleet Maintenance	Administrative Services	Utility Accounting	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 152	\$ 0	\$ 2,638	\$ 2,790
Receipts from interfund services provided	15,784	735	6,466	22,985
Payments to suppliers	(8,409)	(453)	(1,563)	(10,425)
Payments to employees	(5,166)	(215)	(3,927)	(9,308)
Payments for interfund services used	(1,512)	(47)	(3,953)	(5,512)
Other receipts	36	0	1	37
Net cash provided (used) by operating activities	<u>885</u>	<u>20</u>	<u>(338)</u>	<u>567</u>
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(101)	0	(158)	(259)
Proceeds from sale of capital assets	9	0	8	17
Net cash used by capital and related financing activities	<u>(92)</u>	<u>0</u>	<u>(150)</u>	<u>(242)</u>
Cash flows from investing activities:				
Interest on investments	181	7	133	321
Net cash provided by investing activities	<u>181</u>	<u>7</u>	<u>133</u>	<u>321</u>
Net increase (decrease) in cash and cash equivalents	974	27	(355)	646
Beginning cash and cash equivalents	4,824	197	3,008	8,029
Ending cash and cash equivalents	<u>\$ 5,798</u>	<u>\$ 224</u>	<u>\$ 2,653</u>	<u>\$ 8,675</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 618	\$ 17	\$ (75)	\$ 560
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	283	5	91	379
Miscellaneous receipts	36	0	1	37
Changes in assets and liabilities:				
(Increase) decrease in receivables--net	(2)	0	15	13
Increase in inventories	(67)	0	0	(67)
Increase in accounts payable	67	0	5	72
Decrease in accrued liabilities	(56)	(2)	(1)	(59)
Increase in due to other funds	6	0	4	10
Decrease in customer deposits and advances	0	0	(378)	(378)
Total adjustments	<u>267</u>	<u>3</u>	<u>(263)</u>	<u>7</u>
Net cash provided (used) by operating activities	<u>\$ 885</u>	<u>\$ 20</u>	<u>\$ (338)</u>	<u>\$ 567</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from other funds	\$ 4	\$ 0	\$ 0	\$ 4
Cash and cash equivalents are reported in financial statements as follows:				
Equity in pooled cash and investments	\$ 5,798	\$ 224	\$ 2,653	\$ 8,675

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, 2008 (in thousands)

	Firefighters and Police Officers Pension Fund	General Employees Retirement Fund	Total
ASSETS			
Cash	\$ 33	\$ 0	33
Investments, at fair value:			
Debt and other interest bearing investments	330,771	172,413	503,184
Equity securities	1,071,051	298,151	1,369,202
Real estate investments	0	33,933	33,933
Total cash and investments	<u>1,401,855</u>	<u>504,497</u>	<u>1,906,352</u>
Accounts receivable	<u>1,616</u>	<u>1,348</u>	<u>2,964</u>
Interest and dividends receivable	<u>3,574</u>	<u>1,297</u>	<u>4,871</u>
Capital assets:			
Land	99	0	99
Buildings and improvements	880	0	880
Less accumulated depreciation	<u>(342)</u>	<u>0</u>	<u>(342)</u>
Total capital assets (net of accumulated depreciation)	<u>637</u>	<u>0</u>	<u>637</u>
Total assets	<u>1,407,682</u>	<u>507,142</u>	<u>1,914,824</u>
LIABILITIES			
Accounts payable	<u>5,295</u>	<u>3,692</u>	<u>8,987</u>
Total liabilities	<u>5,295</u>	<u>3,692</u>	<u>8,987</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 1,402,387</u>	<u>\$ 503,450</u>	<u>\$ 1,905,837</u>

City of Tampa, Florida

Combining Statement of Changes in Fiduciary Net Assets--

Pension Trust Funds

For the fiscal year ended September 30, 2008 (in thousands)

	Firefighters and Police Officers Pension Fund	General Employees Retirement Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 3,249	\$ 14,202	\$ 17,451
Employees	2,425	647	3,072
State of Florida	6,895	0	6,895
Total contributions	<u>12,569</u>	<u>14,849</u>	<u>27,418</u>
Investment earnings:			
Interest and dividends	41,202	11,183	52,385
Net decrease in the fair value of investments	<u>(272,377)</u>	<u>(114,818)</u>	<u>(387,195)</u>
Total investment loss	(231,175)	(103,635)	(334,810)
Less investment expense	4,122	1,139	5,261
Net investment loss	<u>(235,297)</u>	<u>(104,774)</u>	<u>(340,071)</u>
Total additions, net	<u>(222,728)</u>	<u>(89,925)</u>	<u>(312,653)</u>
DEDUCTIONS			
Pension benefits	80,573	33,544	114,117
Withdrawal payments	0	39	39
Administrative expenses	1,488	201	1,689
Total deductions	<u>82,061</u>	<u>33,784</u>	<u>115,845</u>
Change in net assets	<u>(304,789)</u>	<u>(123,709)</u>	<u>(428,498)</u>
Net assets - beginning	1,707,176	627,159	2,334,335
Net assets - ending	<u>\$ 1,402,387</u>	<u>\$ 503,450</u>	<u>\$ 1,905,837</u>

City of Tampa, Florida

Combining Statement of Fiduciary Net Assets--
Other Agency Funds
September 30, 2008 (in thousands)

	Rehabilitation Loans Fund	Other Agency Funds	Total
ASSETS			
Cash	\$ 0	\$ 121	\$ 121
Equity in pooled cash and investments	0	37,814	37,814
Notes receivable-- net of allowance for uncollectibles	15,340	0	15,340
Total assets	<u>15,340</u>	<u>37,935</u>	<u>53,275</u>
LIABILITIES			
Accounts payable	0	96	96
Deposits held in custody for others	15,340	37,839	53,179
Total liabilities	<u>15,340</u>	<u>37,935</u>	<u>53,275</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, 2008 (in thousands)

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
ASSETS				
Cash	\$ 177	\$ 602	\$ 658	\$ 121
Equity in pooled cash and investments	34,217	21,873	18,276	37,814
Total assets	<u>\$ 34,394</u>	<u>\$ 22,475</u>	<u>\$ 18,934</u>	<u>\$ 37,935</u>
LIABILITIES				
Accounts payable	\$ 178	\$ 419	\$ 501	\$ 96
Deposits held in custody for others	34,216	21,999	18,376	37,839
Total liabilities	<u>\$ 34,394</u>	<u>\$ 22,418</u>	<u>\$ 18,877</u>	<u>\$ 37,935</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, 2008 (in thousands)

	Balance October 1, 2007	Additions	Deductions	Balance September 30, 2008
ASSETS				
Notes receivable - net of allowance for uncollectibles	\$ 12,011	\$ 3,910	\$ 581	\$ 15,340
Total assets	<u>\$ 12,011</u>	<u>\$ 3,910</u>	<u>\$ 581</u>	<u>\$ 15,340</u>
LIABILITIES				
Deposits held in custody for others	\$ 12,011	\$ 3,910	\$ 581	\$ 15,340
Total liabilities	<u>\$ 12,011</u>	<u>\$ 3,910</u>	<u>\$ 581</u>	<u>\$ 15,340</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, 2008 (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	\$ 834	\$ 1,163	\$ 7,131	\$ 3,041	\$ 629	\$ 726	\$ 299	\$ 104	\$ 18	\$ 13,945
City of Tampa	1,187	1,208	6,514	3,090	631	727	290	97	19	13,763
Hillsborough Transit Authority	0	0	511	0	0	0	0	0	0	511
Children's Board of Hillsborough County	0	98	526	0	0	0	0	0	0	624
Tampa Port Authority	41	42	225	107	22	25	10	3	1	476
Investment earnings	111	60	0	85	0	0	0	0	1	257
Total revenues	<u>2,173</u>	<u>2,571</u>	<u>14,907</u>	<u>6,323</u>	<u>1,282</u>	<u>1,478</u>	<u>599</u>	<u>204</u>	<u>39</u>	<u>29,576</u>
EXPENDITURES										
Current:										
City staff	315	108	0	797	147	109	76	49	37	1,638
Contractual services and supplies	625	91	10	382	148	913	151	6	4	2,330
Debt Service:										
Principal and interest	665	0	13,511	0	0	0	0	0	0	14,176
Capital outlay:										
Land	0	0	0	99	8	0	0	0	0	107
Buildings and improvements	0	54	768	104	0	0	20	0	0	946
Road improvements	36	14	0	34	0	264	7	0	0	355
Stormwater improvements	1,052	0	0	823	0	0	0	0	0	1,875
Sidewalk improvements	0	0	0	142	47	0	0	0	0	189
Park and landscaping improvements	181	2,188	0	115	0	0	145	0	0	2,629
Furniture and equipment	44	0	0	234	0	0	0	0	0	278
Total expenditures	<u>2,918</u>	<u>2,455</u>	<u>14,289</u>	<u>2,730</u>	<u>350</u>	<u>1,286</u>	<u>399</u>	<u>55</u>	<u>41</u>	<u>24,523</u>
Excess of revenues over expenditures	(745)	116	618	3,593	932	192	200	149	(2)	5,053
OTHER FINANCING USES										
Transfer to capital projects fund	0	0	(579)	0	0	0	0	0	0	(579)
Net change in fund balances	(745)	116	39	3,593	932	192	200	149	(2)	4,474
Beginning fund balances	1,529	658	20	3,772	1,423	1,714	530	76	6	9,728
Ending fund balances	<u>\$ 784</u>	<u>\$ 774</u>	<u>\$ 59</u>	<u>\$ 7,365</u>	<u>\$ 2,355</u>	<u>\$ 1,906</u>	<u>\$ 730</u>	<u>\$ 225</u>	<u>\$ 4</u>	<u>\$ 14,202</u>
Outstanding encumbrances	<u>\$ 479</u>	<u>\$ 1,033</u>	<u>\$ 0</u>	<u>\$ 1,083</u>	<u>\$ 10</u>	<u>\$ 590</u>	<u>\$ 269</u>	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 3,467</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 \$83,680,000 as of September 30, 2008.

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	109
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	116
These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	
Debt Capacity	121
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	126
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	128
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				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 365,015	\$ 417,379	\$ 450,512	\$ 544,741	\$ 595,132
Restricted	25,392	22,700	56,821	48,135	52,689
Unrestricted	52,549	79,546	132,707	129,756	148,969
Total governmental activities net assets	<u>\$ 442,956</u>	<u>\$ 519,625</u>	<u>\$ 640,040</u>	<u>\$ 722,632</u>	<u>\$ 796,790</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 703,979	\$ 714,968	\$ 746,974	\$ 781,822	\$ 802,140
Restricted	87,845	79,965	75,860	77,121	78,862
Unrestricted	98,925	109,282	117,182	114,362	107,416
Total business-type activities net assets	<u>\$ 890,749</u>	<u>\$ 904,215</u>	<u>\$ 940,016</u>	<u>\$ 973,305</u>	<u>\$ 988,418</u>
Primary government					
Invested in capital assets, net of related debt	\$ 1,068,994	\$ 1,132,347	\$ 1,197,486	\$ 1,326,563	\$ 1,397,272
Restricted	113,237	102,665	132,681	125,256	131,551
Unrestricted	151,474	188,828	249,889	244,118	256,385
Total primary government activities net assets	<u>\$ 1,333,705</u>	<u>\$ 1,423,840</u>	<u>\$ 1,580,056</u>	<u>\$ 1,695,937</u>	<u>\$ 1,785,208</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)

Expenses	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities:					
General government	\$ 88,005	\$ 35,314 ¹	\$ 50,245	\$ 71,178	\$ 61,259
Public safety	186,810	194,353	193,782	206,326	213,648
Public works	49,905	47,662	52,112	50,506	59,278
Economic environment	12,272	14,607	14,731	22,511	19,932
Culture and recreation	53,592	55,153	57,755	62,798	56,336
Interest on long-term debt	23,653	21,999	17,947	24,404	20,800
Total governmental activities expenses	<u>414,237</u>	<u>369,088</u>	<u>386,572</u>	<u>437,723</u>	<u>431,253</u>
Business-type activities:					
Water Utility	41,386	55,070	51,404	61,128	70,657
Wastewater Utility	72,437	73,154	71,569	78,125	83,866
Solid Waste System	59,465	61,062	62,626	63,596	67,081
Parking Facilities	15,461	14,683	14,300	14,719	15,302
Marina	155	228	539	697	615
Golf Courses	3,662	4,302	4,741	4,945	4,871
Total business-type activities expenses	<u>192,566</u>	<u>208,499</u>	<u>205,179</u>	<u>223,210</u>	<u>242,392</u>
Total primary government expenses	<u>\$ 606,803</u>	<u>\$ 577,587</u>	<u>\$ 591,751</u>	<u>\$ 660,933</u>	<u>\$ 673,645</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 35,387	\$ 35,522	\$ 38,595	\$ 42,407	\$ 38,985
Public safety	19,383	17,893	19,397	20,503	19,759
Public works	6,289	8,270	8,736	6,256	7,007
Economic environment	0	0	0	0	0
Culture and recreation	6,689	8,644	7,875	11,315	11,391
Operating grants and contributions	50,166	62,915 ²	60,092	67,267	75,880
Capital grants and contributions	18,101	31,305	83,805 ⁴	51,976	38,237
Total governmental activities program revenues	<u>136,015</u>	<u>164,549</u>	<u>218,500</u>	<u>199,724</u>	<u>191,259</u>
Business-type activities:					
Charges for services:					
Water Utility	57,549	58,709	68,364	69,830	71,607
Wastewater Utility	73,496	73,533	80,019	82,657	80,750
Solid Waste System	64,093	64,966	68,616	70,743	71,097
Parking Facilities	20,157	19,692	15,639	14,682	14,294
Marina	158	256	656	758	699
Golf Courses	3,104	3,564	4,092	4,050	3,823
Operating grants and contributions	536	1,090	248	580	100
Capital grants and contributions	17,295	19,080	12,545	18,014	18,857
Total business-type activities program revenues	<u>236,388</u>	<u>240,890</u>	<u>250,179</u>	<u>261,314</u>	<u>261,227</u>
Total primary government program revenues	<u>\$ 372,403</u>	<u>\$ 405,439</u>	<u>\$ 468,679</u>	<u>\$ 461,038</u>	<u>\$ 452,486</u>

Net (expense) revenue:					
Governmental activities	\$ (278,222)	\$ (204,539)	\$ (168,072)	\$ (237,999)	\$ (239,994)
Business-type activities	43,822	32,391	45,000	38,104	18,835
Total primary government net expense	<u>\$ (234,400)</u>	<u>\$ (172,148)</u>	<u>\$ (123,072)</u>	<u>\$ (199,895)</u>	<u>\$ (221,159)</u>

General Revenues and Other Changes in

Net Assets

Governmental activities:

Taxes

Property taxes	\$ 113,378	\$ 123,492	\$ 141,022	\$ 166,238	\$ 163,637
Local option resort tax	1,713	1,916	2,166	2,166	1,619
Communications services tax	27,761	28,509	28,243	27,590	27,959
Sales taxes	40,744	44,615	49,420	45,611	41,810
Utility taxes	29,700	30,395	29,662	29,312	31,062
Motor fuel taxes	12,658	13,057	11,352	13,008	12,318
Unrestricted investment earnings	4,076	3,205	9,389	17,378	17,821
Gain on disposal of capital assets	0	0	0	1,867	0
Transfers	16,396	36,019	17,233	17,421	17,926
Total governmental activities	<u>246,426</u>	<u>281,208</u>	<u>288,487</u>	<u>320,591</u>	<u>314,152</u>

Business-type activities:

Unrestricted investment earnings	3,950	2,194	7,714	12,553	14,076
Gain on disposal of capital assets	44	14,900 ³	357	53	128
Transfers	(16,396)	(36,019)	(17,270)	(17,421)	(17,926)
Total business-type activities	<u>(12,402)</u>	<u>(18,925)</u>	<u>(9,199)</u>	<u>(4,815)</u>	<u>(3,722)</u>
Total primary government	<u>\$ 234,024</u>	<u>\$ 262,283</u>	<u>\$ 279,288</u>	<u>\$ 315,776</u>	<u>\$ 310,430</u>

Change in Net Assets

Governmental activities	\$ (31,796)	\$ 76,669	\$ 120,415	\$ 82,592	\$ 74,158
Business-type activities	31,420	13,466	35,801	33,289	15,113
Total primary government	<u>\$ (376)</u>	<u>\$ 90,135</u>	<u>\$ 156,216</u>	<u>\$ 115,881</u>	<u>\$ 89,271</u>

¹ The decrease from the prior period was due to hurricane clean up costs from three storms that impacted the area in 2003.

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund										
Reserved	\$ 9,854	\$ 7,772	\$ 7,901	\$ 7,472	\$ 8,510	\$ 9,418	\$ 9,104	\$ 10,046	\$ 8,912	\$ 8,693
Unreserved	37,202	44,530	54,501	62,904	64,120	50,541 ¹	52,560	73,338	88,890	101,869
Total general fund	<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>	<u>\$ 110,562</u>
Utility tax special revenue fund										
Reserved	\$ 1,353	\$ 1,586	\$ 1,620	\$ 3,392	\$ 2,487	\$ 4,069	\$ 3,599	\$ 3,371	\$ 6,141	\$ 3,407
Unreserved	14,064	18,545	20,272	24,068	21,767	18,443	18,910	20,038	33,828	43,186
Total utility tax special revenue fund	<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>	<u>\$ 46,593</u>
Community Redevelopment Agency special revenue fund										
Reserved	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,676	\$ 1,698	\$ 2,156	\$ 3,467
Unreserved	0	48	69	111	148	182	1,250	2,870	7,572	10,735
Total Community Redevelopment Agency	<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>	<u>\$ 14,202</u>
All other governmental funds										
Reserved	\$ 36,374	\$ 27,795	\$ 56,491	\$ 62,497	\$ 40,513	\$ 41,991	\$ 36,208	\$ 69,204 ²	\$ 40,062	\$ 65,694 ³
Unreserved, reported in:										
Special revenue funds	7,470	11,211	11,339	12,152	12,115	12,081	9,337	13,637	12,557	12,561
Debt service funds	0	0	(60)	(34)	(169)	(175)	(175)	(179)	(476)	(82)
Capital projects funds	66,676	86,724	49,591	70,766	79,541	75,473	72,541	83,851	126,376	96,970
Total all other governmental funds	<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>	<u>\$ 175,143</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.

³ The increase from the prior period was due to increased encumbrances in the utility tax capital projects 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)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 139,846	\$ 149,239	\$ 161,981	\$ 182,986	\$ 189,300	\$ 196,757	\$ 210,775	\$ 228,879	\$ 253,775	\$ 249,856
Special assessments	0	0	0	0	0	1,969	2,041	6,095	6,124	6,104
Intergovernmental	63,297	69,360	72,237	78,637	86,504	85,579	113,658	119,249	135,184	125,408
Transportation impact fees	2,537	4,217	3,825	1,550	3,016	5,526	1,705	39,743	8,707	5,857
Licenses and permits	32,810	34,355	36,662	34,320	35,837	37,073	40,372	43,177	43,366	44,099
Charges for services	21,247	21,774	23,791	23,583	25,495	23,764	24,300	26,115	33,657	28,638
Fines and forfeitures	2,518	3,012	3,850	2,977	5,054	6,247	5,145	4,983	4,350	3,790
Investment earnings	8,241	9,428	16,039	11,047	9,982	4,076	3,171	9,389	17,378	17,821
Contributions and donations	2,638	12,179	3,419	4,414	3,520	2,852	2,397	3,697	3,763	5,581
Miscellaneous	2,663	6,543	3,848	0	0	0	0	0	0	0
Total revenues	<u>275,797</u>	<u>310,107</u>	<u>325,652</u>	<u>339,514</u>	<u>358,708</u>	<u>363,843</u>	<u>403,564</u>	<u>481,327</u>	<u>506,304</u>	<u>487,154</u>
Expenditures										
Public safety	124,904	131,997	133,297	142,574	156,459	170,338	184,561	184,307	195,932	201,143
Culture and recreation	28,927	31,248	32,838	35,049	36,570	42,360	44,880	47,061	51,163	43,562
Public works	24,319	25,120	28,251	32,838	39,615	40,480	38,311	42,492	40,169	47,566
General government services	13,919	15,015	15,685	29,807	33,103	42,845	37,648	41,957	49,329	51,873
Economic and physical environment	13,964	13,822	15,555	14,971	9,236	12,381	14,724	14,802	22,587	20,012
Miscellaneous	7,345	10,065	14,814	0	0	0	0	0	0	0
Debt service:										
Principal	11,799	13,765	13,070	16,115	17,760	21,089	20,574	22,505	25,514	20,524
Interest	18,428	22,207	19,244	20,592	20,647	20,715	18,821	17,728	17,402	16,926
Other charges	68	51	8,542	2,197	635	0	0	0	1,358	29
Capital leases	0	2,272	0	0	0	0	0	0	0	0
Capital outlay	48,404	49,025	69,136	77,229	77,020	49,480	61,475	64,014	103,365	87,048
Total expenditures	<u>292,077</u>	<u>314,587</u>	<u>350,432</u>	<u>371,372</u>	<u>391,045</u>	<u>399,688</u>	<u>420,994</u>	<u>434,866</u>	<u>506,819</u>	<u>488,683</u>
Excess (deficiency) of revenues over (under) expenditures	(16,280)	(4,480)	(24,780)	(31,858)	(32,337)	(35,845)	(17,430)	46,461	(515)	(1,529)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Other financing sources (uses)										
Payment to refunded bond escrow agent	0	0	(120,563)	(119,520)	(4,430)	0	(20,151)	0	(89,147)	(8,170)
Bond proceeds	64,515	21,995	117,745	173,020	4,455	0	0	0	108,820	8,170
Premium on bonds issued	0	0	7,573	3,928	0	0	0	0	5,968	0
Discount on bonds issued	0	0	0	(74)	0	0	0	0	0	0
Sale of capital assets	4,656	5,017	6,534	2,218	5,036	1,538	1,933	1,818	5,597	4,085
Capital leases	0	2,272	0	198	0	0	0	1,033	0	0
Transfers in	84,398	83,803	99,312	101,263	117,420	121,358	147,884	114,717	101,057	117,107
Transfers out	(84,961)	(83,389)	(82,308)	(87,571)	(104,603)	(104,962)	(111,865)	(97,484)	(83,636)	(99,181)
Total other financing sources (uses)	<u>68,608</u>	<u>29,698</u>	<u>28,293</u>	<u>73,462</u>	<u>17,878</u>	<u>17,934</u>	<u>17,801</u>	<u>20,084</u>	<u>48,659</u>	<u>22,011</u>
Net change in fund balances	<u>52,328</u>	<u>25,218</u>	<u>3,513</u>	<u>41,604</u>	<u>(14,459)</u>	<u>(17,911)</u>	<u>371</u>	<u>66,545</u>	<u>48,144</u>	<u>20,482</u>
Debt service as a percentage of noncapital expenditures	<u>12.4%</u>	<u>13.6%</u>	<u>14.5%</u>	<u>13.2%</u>	<u>12.4%</u>	<u>11.9%</u>	<u>11.0%</u>	<u>10.8%</u>	<u>11.0%</u>	<u>9.3%</u>

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
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
2008	163,637	14,919	98	1,619	10,562	31,062	27,959	249,856

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	Tax Roll 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*		
1999	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
2000	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
2001	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
2002	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
2003	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
2004	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
2005	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
2006	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
2007	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
2008	2007	26,836,867	14,414,435	41,251,302	2,612,228	1,126,177	3,738,405	29,449,095	15,540,612	44,989,707	5.733	65.5

* 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	
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
2008	2007	5.733	6.853	7.523	0.45	20.559

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	2008*			1999		
	Taxes Levied	Rank	Percentage of Total Taxes Levied	Taxes Levied	Rank	Percentage of Total Taxes Levied
Tampa Electric Company/Peoples Gas	\$ 36,664	1	1.88 %	\$ 30,622	1	3.29 %
Verizon Communications Corporation	19,477	2	1.00	-	-	-
Hillsborough County Aviation Authority	11,285	3	0.58	-	-	-
Mosaic Phosphates Company	7,955	4	0.41	-	-	-
Camden Property Trust	5,834	5	0.30	3,490	4	0.38
Wal-Mart	4,866	6	0.25	-	-	-
Liberty Property	4,777	7	0.25	-	-	-
Post Apartment Homes LP	4,585	8	0.24	-	-	-
Tampa Port Authority	3,763	9	0.19	-	-	-
Teachers Insurance and Annuity Association	3,189	10	0.16	-	-	-
General Telephone Company	-	-	-	23,940	2	2.57
GTE Data Services, Inc.	-	-	-	4,665	3	0.50
Cargill Fertilizer, Inc.	-	-	-	3,126	5	0.34
IMC-Agrico Company	-	-	-	3,100	6	0.33
Busch Entertainment Corp	-	-	-	2,742	7	0.29
Time Warner Entertainment Company	-	-	-	2,582	8	0.28
Metropolitan Insurance Company	-	-	-	2,366	9	0.25
Glimcher University Mall LTD Partnership	-	-	-	2,068	10	0.22
	<u>\$ 102,395</u>		<u>5.26 %</u>	<u>\$ 78,701</u>		<u>8.45 %</u>

*Note: Data presented is for Hillsborough County as of 2007

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 Collections as Percent of Current Levy	Outstanding Delinquent Taxes (1)	Outstanding Delinquent Taxes as Percent of Current Levy
1999	1998	\$ 76,919	\$ 72,500	94.25 %	\$ 431	\$ 72,931	94.82 %	\$ 1,289	1.68 %
2000	1999	84,134	77,940	92.64	750	78,690	93.53	3,284	3.90
2001	2000	91,179	85,077	93.31	2,242	87,319	95.77	2,139	2.35
2002	2001	103,302	97,540	94.42	174	97,714	94.59	2,742	2.65
2003	2002	110,651	104,626	94.55	571	105,197	95.07	3,462	3.13
2004	2003	118,584	112,770	95.10	608	113,378	95.61	3,751	3.16
2005	2004	128,555	122,638	95.40	854	123,492	96.06	955	0.74
2006	2005	146,471	140,530	95.94	492	141,022	96.28	912	0.62
2007	2006	172,490	165,953	96.21	150	166,103	96.30	727	0.42
2008	2007	169,640	162,558	95.83	1,079	163,637	96.46	793	0.47

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	Capital Leases	Revenue-backed Bonds	State Revolving Loan	Capital Leases			
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	7.44	35,079
2007	409,418	8,370	2,242	383,574	52,796	152	856,552	N/A	N/A
2008	392,561	8,170	1,783	416,167	47,786	162	866,629	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, 2008

(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	29,000 (1)	34.25	9,933
Hillsborough County School Board	0 (2)	34.25	0
Total Overlapping Debt			\$ 9,933

* 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 0.0604 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)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit (1)	\$ 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	\$ 4,417,364
Total debt applicable to limit	<u>0</u>									
Legal debt margin	<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>	<u>\$ 4,417,364</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	
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
2008	71,589	50,932	20,657	4,313	7,223	11,536	1.8

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	
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
2008	80,530	53,339	27,191	16,012	7,354	23,366	1.2

(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	
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
2008	71,095	50,632	20,463	7,455	7,243	14,698	1.4

Occupational License 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	
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
2008	10,840	0	10,840	2,635	4,440	7,075	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)**
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	40,757,703	35,079	192,962	3.3	36.3
2007	342,060	N/A	N/A	192,496	4.0	36.5

** 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	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Hillsborough County School Board	24,692	1	4.22 %	26,047	1	5.26 %
GTE Data Services				11,000	2	2.22
Hillsborough County Government	10,502	2	1.80	9,162	3	1.85
Tampa International Airport	7,500	3	1.28	6,588	5	1.33
Verizon Communications Corporation	7,000	4	1.20			
MacDill Air Force Base	6,656	5	1.14	5,163	6	1.04
University of South Florida	6,000	6	1.03	7,965	4	1.61
Tampa General Hospital	5,842	7	1.00			
Publix Food Centers	4,984	8	0.85	4,776	7	0.96
Saint Joseph's Hospital				4,500	8	0.91
Veterans Administration Hospital	4,529	9	0.77			
NationsBank				4,317	9	0.87
City of Tampa	4,481	10	0.77	4,218	10	0.85
	<u>82,186</u>		<u>14.06 %</u>	<u>83,736</u>		<u>16.92 %</u>

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 Three Fiscal Years

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	373	374	355
Public safety			
Police			
Officers	980	984	984
Civilians	359	337	317
Fire			
Firefighters	572	585	585
Civilians	68	49	45
Code enforcement	57	56	62
Public works	556	553	525
Economic environment	17	17	17
Culture and recreation	677	550	575
Water utility	247	239	240
Wastewater utility	328	314	312
Solid waste system	213	211	218
Parking facilities	138	130	121
Marina	3	1	3
Utility accounting	67	69	69
Administrative services	5	5	2
Fleet maintenance	60	64	51
Total	<u>4,720</u>	<u>4,538</u>	<u>4,481</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				
	2004	2005	2006	2007	2008
Public safety					
Police					
Physical arrests	44,838	57,632	58,708	61,215	56,728
Calls answered	525,612	569,674	572,248	564,951	609,471
Fire					
Calls answered	65,427	64,740	66,083	66,577	50,174
Inspections	4,353	8,917	9,006	11,346	16,639
Code enforcement					
Inspections	93,288	92,219	96,433	95,657	95,533
Public works					
Street resurfacing (miles)	72	79	62	56	33
Curb miles swept	22,000	31,000	29,000	25,000	28,000
Potholes repaired	14,849	16,131	12,897	12,252	11,380
Culture and recreation					
Convention center attendance/day	1,202	1,366	825	1,014	1,107
Recreation center admissions	29,600	29,910	30,290	30,330	30,500
Museum admissions/day	238	143	175	122	
Water utility					
New connections	5,165	2,880	2,380	1,050	633
Average daily consumption (millions of gallons)	78	83	85	85	82
Wastewater utility					
Average daily treatment (millions of gallons)	59	58	58	57	58
Solid Waste System					
Refuse collected (tons/day)	1,061	1,057	1,162	1,215	1,156
Recyclables collected (tons/day)	100	99	111	119	110
Parking Facilities					
Hourly customers/day	8,787	8,731	8,690	8,068	3,477
Citations issued	138,570	125,659	101,801	87,338	94,401
Marina					
Slips rented per day	117	117	117	124	93

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				
	2004	2005	2006	2007	2008
Public safety					
Police					
Vehicle patrol units	782	786	780	782	782
Airplanes and helicopters	7	7	7	5	5
Boats	6	6	5	5	5
Fire					
Stations	22	22	21	21	21
Public works					
Streets (miles)	1,671	1,680	1,684	1,708	1,709
Streetlights	31,138	33,449	29,375	37,997	38,635
Traffic signals	574	574	583	571	571
Culture and recreation					
Parks acreage	2,286	2,286	2,286	3,544	3,544
Parks	165	165	165	178	178
Athletic fields and playgrounds	202	202	201	201	197
Swimming pools	13	15	14	14	13
Community centers	26	26	26	26	27
Water utility					
Water mains (miles)	2,270	2,290	2,318	2,135	2,177
Fire hydrants	12,174	12,076	12,715	12,809	13,158
Maximum daily capacity (millions of gallons)	140	140	160	160	160
Wastewater utility					
Wastewater mains (miles)	1,925	1,925	1,836	1,836	1,836
Pumping stations	216	219	223	229	229
Maximum daily capacity (millions of gallons)	96	96	96	96	96
Solid Waste System					
Collection trucks	115	122	136	139	140
Parking Facilities					
Garage spaces	12,479	9,261	9,261	9,261	9,092
Signage control spaces	1,463	1,463	1,463	841	1,043
On-street metered spaces	3,928	2,465	2,465	2,803	1,601
Off-street non-garage spaces	2,056	2,056	2,212	2,056	1,977
Marina					
Boat slips	63	118	118	124	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, 2008, which collectively comprise the City of Tampa, Florida's basic financial statements and have issued our report thereon dated February 16, 2009. 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'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 questioned costs as items 08-03 through 08-05 to be significant deficiencies in internal control over financial reporting.

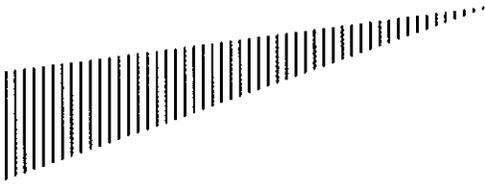
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control 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 08-03 and 08-04 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 February 16, 2009.

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.

Ernst & Young LLP

February 16, 2009

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*

The 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, 2008. 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, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with 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*, and which are described in the accompanying schedule of findings and questioned costs as items 08-01 and 08-02.

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.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-01 and 08-02 to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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.

Ernst + Young LLP

February 16, 2009

City of Tampa, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the fiscal year ended September 30, 2008

FEDERAL GRANTS FUNDING SOURCE AND GRANT PROGRAM	CFDA Number	Grant/Contract Number	Expenditures
DEPARTMENT OF AGRICULTURE			
Cooperative Forestry Assistance: Passed through Florida Department of Agriculture and Consumer Services:	10.664		
2005 Urban and Community Forestry (U&CF) Grant		Contract #010369	\$ 30,689
Total Department of Agriculture			<u>30,689</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grants/Entitlement Grants:	14.218		
Community Development Block Grant(CDBG) #29		B-04-MC-12-0020	121,890
Community Development Block Grant(CDBG) #30		B-05-MC-12-0020	880,016
Community Development Block Grant(CDBG) #31		B-06-MC-12-0020	284,954
Community Development Block Grant(CDBG) #32		B-07-MC-12-0020	4,245,952
Total Program			<u>5,532,812</u>
Emergency Shelter Grants Program:	14.231		
Emergency Shelter Grants Program FY07		S-06-MC-12-0011	17,474
Emergency Shelter Grants Program FY08		S-07-MC-12-0011	155,674
Total Program			<u>173,148</u>
HOME Investment Partnerships Program:	14.239		
Home Investment Partnerships Grant-00		M-99-MC-12-0222	(72,550)
Home Investment Partnerships Grant-01		M-00-MC-12-0222	12,742
Home Investment Partnerships Grant-03		M-02-MC-12-0222	(7,185)
Home Investment Partnerships Grant-04		M-03-MC-12-0222	1,048,821
Home Investment Partnerships Grant-05		M-04-MC-12-0222	2,138,839
Home Investment Partnerships Grant-06		M-05-MC-12-0222	1,413,418
Home Investment Partnerships Grant-07		M-06-MC-12-0222	1,110,098
Home Investment Partnerships Grant-08		M-07-MC-12-0222	1,119,059
Total Program			<u>6,763,242</u>
Housing Opportunities for Persons with AIDS:	14.241		
Housing Opportunities For People With Aids Grant(HOPWA) - 04		F-LH-03-F003	22,329
Housing Opportunities For People With Aids Grant(HOPWA) - 05		F-LH-04-F003	8,837
Housing Opportunities For People With Aids Grant(HOPWA) - 06		F-LH-05-F003	139,645
Housing Opportunities For People With Aids Grant(HOPWA) - 07		F-LH-06-F003	574,940
Housing Opportunities For People With Aids Grant(HOPWA) - 08		F-LH-07-F003	2,755,611
Total Program			<u>3,501,362</u>
Fair Housing Assistance Program State and Local:	14.401		
Fair Housing Assistance Program FY04		FF-204K034019	12,777
Fair Housing Assistance Program FY05		FF-204K044019	110
Fair Housing Assistance Program FY07		FF-204K064019	3,487
Total Program			<u>16,374</u>
Total Department of Housing and Urban Development			<u>15,986,938</u>
DEPARTMENT OF JUSTICE			
HIDTA-High Intensity Drug Trafficking Areas-07		I7PCFP504Z	17,096
HIDTA-High Intensity Drug Trafficking Areas-08		I8PCFP504Z	199,767
Total Program			<u>216,863</u>
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program:	16.580		
Bureau of Justice Assistance Grant-2007		2007-DD-BX-0608	46,872
			<u>46,872</u>

City of Tampa, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the fiscal year ended September 30, 2008 (continued)

FEDERAL GRANTS	CFDA	Grant/Contract	
FUNDING SOURCE AND GRANT PROGRAM	Number	Number	Expenditures
Community Prosecution and Project Safe Neighborhoods: Project Safe Neighborhood (PSN)-Anti-Gang Project	16.609	2007-S6AG-HILL-4-P9-003	16,315 <u>16,315</u>
Edward Byrne Memorial Justice Assistance Grant Program: Bureau of Justice Assistance Grant-2005 Bureau of Justice Assistance Grant-2006	16.738	2005-DJ-BX-1013 2006-DJ-BX-0225	114,764 6,231 <u>120,995</u>
Passed through Florida Department of Law Enforcement and Hillsborough County: Edward Byrne Memorial Justice Assistance Grant Total Program		2008-JAGC-HILL-1-Q9-130	268,873 <u>389,868</u>
Total Department of Justice			<u>669,918</u>
DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction:	20.205		
Passed through Florida Department of Transportation: CR 581-Bruce B. Downs-Traffic Monitoring Project-PW4835 New Tampa East-West Road Project Downtown Riverwalk-Platt Street Bridge 40th Street-Hillsborough to Hanna-Segment A-ROW 40th Street-Hanna Street to Hanlon Street-Segment B-CONSTR 40th Street-Hanlon Street to Yukon-Segment C-ROW 40th Street-Hanlon Street to Yukon-Segment C-CONSTR I-275 from the Howard Franklin Bridge to Himes Ave I-275 from Himes Ave to the Hillsborough River I-275 from the Howard Franklin Bridge to Himes Ave I-275 from Himes Ave to the Hillsborough River SR60 Kennedy Blvd-S Brevard/West of Kennedy Bridge South Tampa Greenway Friendship Trail-Manhattan Ave from Tyson Ave to Interbay Boulevard Friendship Trail Study 22nd Street Enhancement Project-23rd Ave to Lake Ave Design-Build Traffic Signal Installation Safety Project @ the intersection of Jefferson Street and Whiting Street Kennedy Boulevard Enhancement Phase III Project I-4 Selmon Expressway North of 7th Ave I-4 Selmon Expressway North of 7th Ave	410939-1-58-01 410649/410768-1-28-01 257805-3-58-01 257809-1-48-01 257809-2-58-01 257809-3-48-01 257809-3-58-01 258398-1-56-03 258399-1-56-03 258398-1-56-04 258399-1-56-04 406189-2-38-02/58-02 408592-1-38/58-01 408592-2-18-01 416746-1-38/58-01 415260 1 58 01 420771-1-38/58-01 258415-2-56-01 258415-2-56-02	51,545 769,571 1,929,424 6,371,761 1,386,479 61,266 11,281 304,894 66,434 198,594 11,565 86,400 48,564 85,506 57,378 92,253 64,945 92,532	
Total Department of Transportation			<u>11,690,392</u>
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION:			
Employment Discrimination Age Discrimination in Employment: EEOC - Discrimination Grant	30.008	CONTRACT #0/5010/44	1,610 <u>1,610</u>
Total Equal Employment Opportunity Commission			<u>1,610</u>
ENVIRONMENTAL PROTECTION AGENCY			
Brownfields Assessment and Cleanup Cooperative Agreements: Brownfields Assessment and Cleanup Cooperative Agreement	66.818	BP96492007-0	51,188 <u>51,188</u>
Total Environmental Protection Agency			<u>51,188</u>

City of Tampa, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the fiscal year ended September 30, 2008 (continued)

FEDERAL GRANTS FUNDING SOURCE AND GRANT PROGRAM	CFDA Number	Grant/Contract Number	Expenditures
DEPARTMENT OF HOMELAND SECURITY			
State Domestic Preparedness Equipment Support Program:	97.004		
Passed through Florida Department of Financial Services:			
Regional Hazardous Materials Grant		Contract #FM235	7,537
Florida Hazardous Materials/WMD Teams		Contract #FM241	17,563
Passed through Florida Department of Financial Services and Hillsborough County:			
Florida Task Force-3		07-DS-5N-13-00-16-217	27,271
Total Program			<u>52,371</u>
Urban Areas Security Initiative:	97.008		
Passed through Florida Department of Community Affairs:			
2004 Urban Area Security Initiative (UASI) Grant III		05-DS-2M-08-39-02-117	1,037,944
Total Program			<u>1,037,944</u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters):	97.036		
Passed through Florida Department of Community Affairs:			
Hurricane Jeanne-Beach Erosion		05-PA-E=-08-39-00-553	278,467
Total Program			<u>278,467</u>
Homeland Security Grant Program:	97.067		
Passed through Florida Department of Community Affairs:			
2005 Urban Area Security Initiative (UASI) Grant IV		06-DS-4H-08-39-02-340	2,302,139
2006 Urban Area Security Initiative (UASI) Grant V		07-DS-5S-08-39-02-458	2,918,807
2007 Urban Area Security Initiative (UASI) Grant VI		08-DS-62-08-39-02-353	2,153,557
2007 Community Emergency Response Team (CERT)		08-CI-64-08-39-02-093	11,565
Passed through Florida Department of Health:			
Metropolitan Medical Response System FY06		Contract #COBKH	54,017
Metropolitan Medical Response System FY08		08-DS-19-08-39-02-174	48,252
Total Program			<u>7,488,337</u>
Total Department of Homeland Security			<u>8,857,119</u>
Total Expenditures of Federal Awards			<u>\$ 37,287,854</u>

City of Tampa, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the fiscal year ended September 30, 2008

STATE GRANTS	CSFA	Grant/Contract	
FUNDING SOURCE AND GRANT PROGRAM	No.	Number	Expenditures
EXECUTIVE OFFICE OF THE GOVERNOR			
Economic Development Transportation Fund:	31.002		
OTTED-George Rd Improvements		Project #99/0029B	\$ 2,782
Total Program			<u>2,782</u>
Local Economic Development Initiatives:	31.027		
OTTED-Tampa Riverwalk Project		Agreement #OT08-10	60,000
Total Program			<u>60,000</u>
Total Executive Office of the Governor			<u>62,782</u>
FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION			
Florida Recreation Development Assistance Program:	37.017		
Picnic Island Park Enhancement Program		Agreement No. F5300	170,282
New Tampa Community Park		Agreement No. F6166	75,766
Cypress Point Park Development Program		Agreement No. F6167	100,943
Total Program			<u>346,991</u>
Statewide Surface Water Restoration and Wastewater Projects:	37.039		
Tampa Riverwalk Stormwater Retrofit Project		Agreement No. S0318	41,589
Drew Park Drainage Improvements		Agreement No. LP6821	296,348
			<u>337,937</u>
Passed through Southwest Florida Water Management District			
River Garden Habitat Restoration (W381)		03CONS00003-A	105,522
Urban Lake Rescue Project (W268)		06CS0000019	60,802
Total Program			<u>504,261</u>
Innovative Waste Reduction and Recycling Grants:	37.050		
Innovative Waste Reduction and Recycling Grant		IG06-05	61,455
Innovative Waste Reduction and Recycling Grant		IG07-05	53,906
Innovative Waste Reduction and Recycling Grant		IG8-17	52,593
Total Program			<u>167,954</u>
Water Protection and Sustainability Program:	37.066		
Duck Pond Drainage System Improvements (L423)		06CS0000033	57,847
Total Program			<u>57,847</u>
Total State Department of Environmental Protection			<u>1,077,052</u>
FLORIDA DEPARTMENT OF STATE			
Historic Preservation Grants:	45.031		
The Sulphur Springs Gazebo and Water Tower Project		SC541	2,018
National Historic District Survey Grant		S0803	18,958
			<u>18,958</u>
Total Florida Department of State			<u>20,976</u>
FLORIDA DEPARTMENT OF COMMUNITY AFFAIRS			
Emergency Management Programs:	52.008		
Hurricane Jeanne-Beach Erosion		05-PA-E--08-39-00-553	8,646
State Housing Initiatives Partnership Program:	52.901		
State Housing Initiative Program (SHIP) FY06		S.420.9073	1,005,347
State Housing Initiative Program (SHIP) FY07		S.420.9073	524,092
State Housing Initiative Program (SHIP) FY08		S.420.9073	604,524
Total Program			<u>2,133,963</u>
Total Florida Department of Community Affairs			<u>2,142,609</u>

City of Tampa, Florida
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the fiscal year ended September 30, 2008 (continued)

STATE GRANTS			
FUNDING SOURCE AND GRANT PROGRAM	CSFA No.	Grant/Contract Number	Expenditures
FLORIDA DEPARTMENT OF TRANSPORTATION			
Florida Highway Beautification Council (FHBC) Grants:	55.003		
20th Street (SR45) Maritime Blvd to Adamo Dr		255734-1-54-01	89,354
State Road 60 (Courtney Campbell Causeway) Landscaping		419146-1-54-01	142,920
SR600 Dale Mabry Hwy-Landscaping		408919-1-54-01	124,170
Total Program			<u>356,444</u>
Total Florida Department of Transportation			<u>356,444</u>
FLORIDA DEPARTMENT OF HEALTH			
County Grant Awards:	64.005		
Passed through Hillsborough County:			
EMS Grant FY05		C0329	1,911
EMS Grant FY06		C0329	92,769
EMS Grant FY07		C0329	21,662
Total Florida Department of Health			<u>116,342</u>
Total Expenditures of State Financial Assistance			<u>\$3,776,205</u>

City of Tampa, Florida

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

Year Ended September 30, 2008

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 (the City), 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, 2008, 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, 2008, relating to these programs are considered current year federal expenditures. The new loans made in the fiscal year ended September 30, 2008, are reported in the Schedule.

Program Title	Federal CFDA/State CFSA Number	Loan Expenditures for the Fiscal Year Ended September 30, 2008	Loans Outstanding at September 30, 2008	Loans Outstanding at September 30, 2007
Federal programs:				
Department of Housing and Urban Development:				
Community Development				
Block Grants/Entitlement Grants	14.218	\$ 5,492,460	\$ 6,728,066	\$ 8,021,328
Home Investment Partnerships Program	14.239	6,763,242	14,576,983	9,124,466
Hope 3 Grant	14.240	—	3,256,255	3,428,474
State projects:				
Florida Housing Finance Authority:				
State Housing Initiatives Partnership Program	52.901	2,133,963	11,537,831	10,806,194

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, 2008

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>X</u>	Yes	<u> </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, *Florida Statutes* and Chapter 10.550, *Rules of the Auditor General*? X Yes No

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2008

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 Partnerships Program
14.241	Housing Opportunities for Persons with AIDS
97.008	Urban Area Security Initiative
97.067	Homeland Security Grant Program

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

\$1,118,636

Auditee qualified as low-risk auditee?

Yes No

Identification of major state projects:

<u>CSFA Numbers</u>	<u>Name of State Project</u>
37.017	Florida Recreation Development Assistance Program
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)

Year Ended September 30, 2008

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-163 audit.

Finding 08-03 Material Weakness

Financial Statement Close Process

The financial statement close process is defined as the process where the results of various transactions are summarized, reviewed, consolidated, edited, and prepared into a variety of regulatory and management financial reports. The boundaries of this process may begin with the preparation of the preliminary trial balance and end with the preparation of the financial statements and related disclosures and analyses. The process includes closing the general ledger and preparing the trial balances and any consolidation entries, accumulating and posting journal entries, drafting the financial statements and disclosures, and preparing management's discussion and analysis.

Several of the City's processes that are integral parts of the financial statement close process were found to be deficient:

- We identified several material audit differences that management recorded in the audited financial statements.
- The City's information system has limited capabilities to provide information to management to facilitate the preparation of the financial statements and to provide details, financial activity and information for certain significant financial statement accounts.
- Accounts receivable information for the City's major enterprise funds is not provided in adequate detail to facilitate reconciliation to the general ledger.
- Accrued payroll balances are not being calculated correctly by the system. Further, there is no review by management to determine the reasonableness or accuracy of payroll accrual information being computed by the system.
- There is an inadequate cutoff of expenditures and expenses at fiscal year-end.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2008

We recommend management review its current procedures for key processes within the financial statement closing process and determine the appropriateness of those processes for deterring, preventing and detecting misstatements, preparing reliable, accurate monthly and annual reporting and ensuring such processes are consistent with best practices in the industry. The City should consider computer, computer-dependent, and manual controls that affect such processes as well as the adequacy of the City's current information system to provide the necessary information. Once the City has redefined these processes, job descriptions should be developed to support these processes to insure responsibilities and accountability are put into place for these processes.

Management's Response:

We concur. We will review our key processes to ensure that steps taken in the financial statement closing process result in accurate financial statements. We will further consider computer-dependent and other related controls that affect the preparation of financial statements.

Finding 08-04 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 City's capital asset system and general ledger during the current fiscal year which were actually placed in service during the prior fiscal year. The delay in recording these assets caused capital assets in the City's financial statements to be misstated.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2008

Depreciation Expense

- a. We noted that certain property and equipment additions that 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. We noted the City essentially 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.

We recommend that the City review the procedures and flow of information between departments as it relates to construction-in-process, capital asset acquisition, 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. We will strengthen procedures related to properly recording capital asset activities to ensure timeliness and accuracy.

Finding 08-05 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 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.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2008

As one of the City's significant operating lease agreements that we tested has 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.

We recommend that 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 that 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. We will implement processes to formally evaluate the classification of leases as operating or capital.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2008

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*.

Finding 08-01 Significant Deficiency

Federal program information:

CSFA No. 37.017 Florida Recreation Development Assistance Program

Criteria or specific requirement (including statutory, regulatory or other citation):

Per the applicable grant agreement, the City is required to submit signed Project status reports every 120 days, summarizing the work accomplished, problems encountered, percentage of completion, and other information which may be requested by the grantor.

Condition:

The City did not submit the required reports.

Questioned costs:

Not applicable

Context:

None of the required reports were prepared or submitted to the grantor agency.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2008

Finding 08-01 Significant Deficiency (continued)

Effect:

This noncompliance could result in possible return of funding already received or loss of future funding from the grantor agency.

Cause:

The City did not have controls in place to monitor reporting requirements for this program and, thus, the requirement was overlooked.

Recommendation:

The City should review grant agreements and develop a checklist to monitor reporting requirements.

Views of responsible officials and planned corrective actions:

Management concurs with the auditor's recommendations and will establish procedures to monitor grant reporting requirements.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2008

Finding 08-02 Significant Deficiency

Federal program information:

Schedule

Criteria or specific requirement (including statutory, regulatory or other citation):

OMB Circular A-133 section 310.b and Chapter 69I-5 of the Rules of the Florida Department of Financial Services requires auditees to prepare a completed and accurate Schedule.

Condition:

We noted certain items unrelated to expenditures for various programs that were incorrectly included in the Schedule upon audit. Management did correct the Schedule for these items upon being notified by the auditor. Further, there is no review of the Schedule performed by anyone other than the preparer.

Questioned costs:

Not applicable

Context:

We noted several items included in the Schedule that were incorrect.

City of Tampa, Florida

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2008

Finding 08-02 Significant Deficiency (continued)

Effect:

The City did not have adequate controls in place to monitor the preparation of the schedule of expenditures of federal awards and state financial assistance, including review of the Schedule by someone other than the preparer. As a result, certain items, such as transfers and adjustments were improperly included in the original Schedule provided to the auditor.

Cause:

The City did not have adequate controls in place to monitor the preparation of the Schedule.

Recommendation:

The City should establish a thorough preparation and review process for the Schedule. This process should include the review of the expenditure details for unusual items, including transfers and adjustments.

Views of responsible officials and planned corrective actions:

Management concurs with the auditor's recommendations and will establish a thorough process for preparing and reviewing the Schedule.

City of Tampa, Florida

Summary Schedule of Prior Year Audit Findings

Year Ended September 30, 2008

Program: Not applicable
CFDA/CSFA Number: Not applicable
Finding Reference: 07-01 Capital Asset Accounting
Comment: See current year finding 08-04.

Program: Not applicable
CFDA/CSFA Number: Not applicable
Finding Reference: 07-02 Community Redevelopment Agency
Comment: This has been corrected.

Program: Not applicable
CFDA/CSFA Number: Not applicable
Finding Reference: 07-03 Accounting for Leases
Comment: See current year finding 08-05.

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 (the City), as of and for the year ended September 30, 2008, and have issued our report thereon dated February 16, 2009. Our report was modified to include a reference to other auditors.

We conducted our audit in accordance with United States generally accepted auditing standards, and the standards for financial audits contained in *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*, which are dated February 16, 2009. 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.

Self-Insurance General Claims Liability Accrual

The City's self-insurance general claims liability accrual is calculated by management and reserves for liabilities related to such claims are recorded accordingly. Due to the complexity of this calculation and assumptions that are considered in the calculation, we recommend that management determine the costs and benefits of using a third-party specialist to assist in determining the reasonableness of the City's calculated liability. At a minimum, we recommend that management obtain a third-party valuation every other year to determine the reasonableness of the value calculated by management. This will ensure that the calculation considers all appropriate assumptions and is within a reasonable range.

Management's Response:

We concur. We will investigate the costs and benefits of using a third-party specialist to assist in calculating the City's insurance liability.

Reserve for Uncollectible Accounts

We noted that the general fund has an allowance for potentially uncollectible accounts of \$54,000 that has not changed over the last several years. Although the reserve amount has remained consistent, we recommend that management reassess the need for and adequacy of this reserve balance on at least an annual basis based on specific facts and circumstances, prior collection history, and industry trends.

Management's Response:

We concur. We will assess uncollectible amounts annually.

Fire and Police Pension Plan Financial Information

We noted the Fire and Police Pension Fund (the Fund) maintains separate accounting records for its activities and account balances. There are unreconciled differences between the Fund's financial accounting records and the records maintained by the City of the Fund's activities and balances in its general ledger. We also noted that Fund investment activity provided by the Fund's Trustee in monthly and annual statements are different and are not reconciled to the Fund's accounting records. We recommend City management work with Fund management to reconcile these differences to ensure that the Fund's activities and balances are consistent and correctly reported in the Fund's stand-alone financial statements as well as the City's Comprehensive Annual Financial Report (CAFR). We also recommend Fund management work with the Trustee to reconcile differences between the monthly and annual Fund activity included in the information provided to the Fund by the Trustee.

Management's Response:

We concur. We will work closely with the Fire and Police administration office to coordinate recording and reconciling of pension fund statements and other activity as applicable.

Prior Year 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, 2008. 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 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

February 16, 2009

Status of 2007 Recommendation

Recommendation	Status
<p>Statewide Surface Water Restoration and Wastewater Projects (CSFA No. 37.039)</p> <ul style="list-style-type: none"> <li data-bbox="202 495 863 706">• Consider a written policy to establish responsibility and provide procedures for periodic monitoring, verification, and reporting of program progress and accomplishments, including a tracking system which reminds staff when reports are due. 	<p>Grant tracking controls will be reviewed and strengthened in fiscal year 2009.</p>
<p>Schedule of Expenditures of Federal and State Awards</p> <ul style="list-style-type: none"> <li data-bbox="202 835 863 899">• Enhance procedures of the reporting process to properly report expenditures in the Schedule. 	<p>See current year recommendation included as finding on 08-02 in the Schedule of Findings and Questioned Costs.</p>

TAMPA HISTORIC STREETCAR, INC.

Financial Statements

September 30, 2008

(With Independent Auditors' Report Thereon)

TAMPA HISTORIC STREETCAR, INC.

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CPAs, Consultants & Advisors

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, 2008, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2008, 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 February 16, 2009 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.



LarsonAllen LLP is a member of Nexia International, a worldwide network of independent accounting and consulting firms.

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.

LarsonAllen LLP
LarsonAllen LLP

Tampa, Florida
February 16, 2009

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Management's Discussion and Analysis
(Unaudited)
September 30, 2008

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, 2008. 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 (continued)
(Unaudited)
September 30, 2008

Net Assets

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

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

	<u>2008</u>	<u>2007</u>	<u>Dollar Change</u>	<u>Percent change</u>
Current Assets	\$ 2,250	\$ 3,754	\$ (1,504)	(40.1)
Current liabilities	254	272	(18)	(6.6)
Net assets unrestricted	1,996	3,482	(1,486)	(42.7)

Total net assets decreased by \$1,486,000 to a net asset total of \$1,996,000. Operations realized a \$1,959,000 loss and non-operating activities netted revenues of \$473,000.

Net assets "unrestricted" are \$1,996,000. 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 budgeted 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 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 (continued)
(Unaudited)
September 30, 2008

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

	2008	2007
Operating revenues	\$ 731	\$ 764
Operating expenses	2,690	2,813
Operating loss	(1,959)	(2,049)
Nonoperating revenues	473	1,437
Change in net assets	(1,486)	(612)
Beginning net assets	3,482	4,094
Ending net assets	\$ 1,996	\$ 3,482

Operating Revenues

Ridership and related farebox revenues reflect the Streetcar's customer base in fiscal 2008. The average fare paid was \$1.42, which translates to 440,738 riders in 2008. During fiscal 2007, the average fare paid was \$1.41, which translated to 437,594 riders. Operating revenues also include additional \$11,387 collected from the leasing of cars for special events and \$69,500 for amortization of naming rights to revenue during 2008. During fiscal 2007, operating revenues included 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. Naming rights payments received in prior years, which will be recognized as revenue in future periods, total \$107,500.

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 \$2,203,000 in 2008 as compared to \$2,266,000 in fiscal 2007. Other significant expenses during 2008 and 2007 were \$373,979 and \$370,579, respectively, for insurance related to the railroad crossing.

Non-Operating Revenues

Investment earnings decreased significantly in the current fiscal year and are expected to decline further 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, \$150,000 from the Tampa Port Authority, and a \$150,000 Tax Increment Financing contribution from the City of Tampa. During fiscal 2007, the Streetcar received the same Local government revenue.

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Management's Discussion and Analysis (continued)
(Unaudited)
September 30, 2008

Fiscal 2009 Outlook

Ridership is budgeted to decrease slightly in 2009 over that experienced in 2008. The fare in 2009 will increase to \$2.50 from the \$2.00 increase in October 2005 and should continue to provide a slight increase in operating revenue. Operating expenses are budgeted to increase slightly in 2009 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 Blvd., Tampa, FL 33602.

Tampa Historic Streetcar, Inc.
(A Component Unit of the City of Tampa)
Statement of Net Assets
September 30, 2008 (in thousands)

ASSETS

Current assets:

Cash and cash equivalents	\$ 236
Investments, at fair value	1,870
Prepays and other assets	<u>144</u>
Total assets	<u>2,250</u>

LIABILITIES

Current liabilities:

Accounts payable	144
Unearned revenue	<u>110</u>
Total liabilities	<u>254</u>

NET ASSETS

Unrestricted	<u>1,996</u>
Total net assets	<u>\$ 1,996</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, 2008 (in thousands)

Operating revenues:	
Charges for sales and services	<u>\$ 731</u>
Operating expenses:	
Contract services	2,668
Other services and charges	<u>22</u>
Total operating expenses	<u>2,690</u>
Operating loss	<u>(1,959)</u>
Nonoperating revenues:	
Investment loss	(616)
Non ad valorem assessments	639
Local government	<u>450</u>
Total nonoperating revenues	<u>473</u>
Change in net assets	<u>(1,486)</u>
Total net assets - beginning	<u>3,482</u>
Total net assets - ending	<u><u>\$ 1,996</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, 2008 (in thousands)

Cash flows from operating activities:	
Receipts from customers and users	\$ 689
Payments to suppliers	<u>(2,708)</u>
Net cash used by operating activities	<u>(2,019)</u>
Cash flows from noncapital financing activities:	
Non ad valorem assessments received	639
Nonoperating grants received	<u>450</u>
Net cash provided by noncapital financing activities	<u>1,089</u>
Cash flows from investing activities:	
Investment loss and other non-operating income	(616)
Proceeds from sale of investment securities	<u>1,539</u>
Net cash provided by investing activities	<u>923</u>
Net decrease in cash and cash equivalents	(7)
Beginning cash and cash equivalents	<u>243</u>
Ending cash and cash equivalents	<u>\$ 236</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$ (1,959)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Increase in prepaids and other assets	(42)
Increase in accounts payable	24
Decrease in unearned revenues	<u>(42)</u>
Total adjustments	<u>(60)</u>
Net cash used by operating activities	<u>\$ (2,019)</u>
Noncash investing and noncapital financing activities:	
Decrease in fair value of investments	\$ (604)

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, 2008

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 Rapid Transit Authority (HART), and the Streetcar signed an Operation Agreement in April of 2002. Operation of the Streetcar 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 operations. The City approved the Streetcar's annual plan for the year ending September 30, 2008.

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 (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 (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.

Notes to Financial Statements (continued)

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 represent 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 marketable equity securities reported at fair value based on quoted market rates, plus accrued interest and dividends. The total gain/loss on investments is reflected in the accompanying statement of revenues, expenses and changes in net assets.

Capital Assets

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

Notes to Financial Statements (continued)

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, 2008, the Streetcar's investment balances were as follows (in thousands):

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Money market funds	\$ 221	48 days
Investments not subject to risk disclosures:		
Equity securities	<u>1,649</u>	
Total investments	\$ <u>1,870</u>	

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 12% of the total investment balance at year-end. The Streetcar has no formal investment policy for concentration of credit risk.

4. Prepaid Items

Prepaid items balances consist of \$102,023 paid to HART to cover one month of future operations and \$42,005 in insurance premiums.

Tampa Historic Streetcar, Inc.

Notes to Financial Statements (continued)

5. Assets used in the Streetcar Operations

The City has \$21,513,174 recorded for the value of assets related to the installation of the Streetcar line. HART has \$47,099,561 recorded for its investment in Streetcar assets.

6. Accounts Payable and Accrued Expenses

Accounts payable in the amount of \$144,179 consisting of \$123,438 due to HART based on the operation agreement, and the balance of \$20,741 is composed of other miscellaneous payables.

7. Deferred Revenue

Deferred revenue represents \$107,500 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 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 for CSX should an accident occur at the location where the streetcar line and the CSX 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 85% of the Streetcar's expenses, however only 33% of the Streetcar's board is appointed by HART.

**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, 2008, and have issued our report thereon dated February 16, 2009. 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 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 consider the significant deficiency described in the accompanying Appendix A to be a material weakness.

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.

LarsonAllen LLP
LarsonAllen LLP

Tampa, Florida
February 16, 2009

APPENDIX A

SUMMARY OF FINDINGS

OBSERVATION 2008-01:

Criteria

Detection and prevention of material misstatements to the financial statements

Condition

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the accuracy and completeness of all financial records and related information. Their responsibilities include adjusting the financial statements to correct material misstatements.

Management is responsible for controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

During our audit procedures, we noted certain account balances that were misclassified or incorrectly recorded. For example, certain professional fees and related liabilities in the proper period. A prepaid expense was not recorded that should have been recognized relating to an annual insurance policy expiring in mid-November. A sponsorship contribution was incorrectly amortized over a period of ten years rather than the proper period of thirty years. Finally, an operating advance made to the entity's primary service provider was included as a current asset within the Statement of Net Assets, even though no withdrawals from the advance are expected to take place within the next operating cycle.

Effect

The unrecorded amounts were, in our judgment, material to the financial statements in the aggregate. Management subsequently recorded the professional fees and prepaid insurance amount. Since the entity's control policies and procedures did not prevent or detect a material misstatement of the financial statements, there was an inherent weakness in control policies and procedures, which we concluded was material and, therefore, required to be reported under professional standards.

Cause

Control policies and procedures to identify misstatements in the financial statements were not properly designed and implemented.

Recommendation

We recommend that management develop a standard process to review the journal entries made by staff accountants to detect possible material misstatements in financial reporting. In addition, we recommend that management establish a methodology to review major contracts, agreements, as well as vendor invoices received subsequent to year end in order to evaluate cutoff information and assess the proper time period in which expenses are to be incurred and revenues from sponsorship agreements are to be booked as being earned.

Management's Response

We concur with this recommendation and will work to instill improved processes and methodologies to prevent material misstatements to the financial statements and maintain better control over the financial reporting process.



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

Basic Financial Statements

September 30, 2008 and 2007

(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, 2008 and 2007, 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, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 10, 2008, 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

December 10, 2008
Certified Public Accountants

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

Management's Discussion and Analysis
(Unaudited)

September 30, 2008 and 2007

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, 2008 and 2007. Please read it in conjunction with the basic financial statements, which follow this section.

Financial Highlights

	FY 2008		
	Actual	Versus budget	Versus last year
Attendance	655,877	5%	(3)%
Turnstile revenues	\$ 8.4 million	5	(3)
Operating contributions, memberships, and grants	2.8 million	(2)	4
Operating expenses	11.0 million	1	2

	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

After posting a record-setting year in fiscal 2007 with the Aquarium's highest attendance, turnstile revenues, and net operating results since its opening year, fiscal 2008 ended with respectable financial results. Attendance, turnstile revenues, and net operating results all exceeded budgeted expectations, even though they were lower than fiscal 2007's results. Successful operating strategies put in place over the past several years continued through fiscal 2008, but the deteriorating economic conditions did impact the Aquarium's fiscal 2008 financial results. This downward trend was anticipated when the fiscal 2008 budget was put together. Aquarium management also knew there would not be a new signature exhibit to market until fiscal 2009. Generating business through fiscal 2008, the Aquarium kept offering a consistent, year-round marketing and advertising campaign to keep the Aquarium top of mind in the consumer market all year long. Attendance declined, but still exceeded budget, and the attendance mix (proportion of guests paying full price versus discounted and/or free admission) softened due to guests seeking out discounted or free admissions. Strong financial performances from our outsourced business partners – Aramark (food service) and Event Network (gift store) – led to significant net operating incomes from these operations in fiscal 2008, which contributed to the overall positive financial results. Education programs, including school field trips, day camps, birthday parties, and sleepovers, achieved

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

Management's Discussion and Analysis
(Unaudited)

September 30, 2008 and 2007

another year of record results even surpassing the record-setting year in fiscal 2007. Conservation and research programs such as underwater archeology, coral propagation and restoration, and sea turtle rehabilitation were able to keep growing in fiscal 2008 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, despite cuts in governmental spending. This level of performance is all building on the accomplishments achieved over the past several years. Aquarium guests continue to enjoy the existing exhibits like "Explore A Shore," the shark and stingray touch tank, and the Penguin Promenades.

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, 2008 and 2007

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)

	FY 2008	FY 2007	FY 2006
Current assets	\$ 1,570	1,534	1,159
Noncurrent assets:			
Capital assets, net	990	678	730
Restricted investments in endowment funds	337	417	362
Pledges receivable	—	—	40
Total assets	<u>2,897</u>	<u>2,629</u>	<u>2,291</u>
Current liabilities	2,278	2,426	2,465
Noncurrent liabilities	492	—	30
Total liabilities	<u>2,770</u>	<u>2,426</u>	<u>2,495</u>
Net assets (deficit):			
Invested in capital assets, net of related debt	499	678	684
Restricted	337	417	362
Unrestricted deficit	<u>(708)</u>	<u>(892)</u>	<u>(1,250)</u>
Total net assets (deficit)	<u>\$ 128</u>	<u>203</u>	<u>(204)</u>

The most notable achievement about the financial performance for fiscal 2008 and 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 performances have finally resulted in the 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, deposits, and prepaid insurance are also included in current assets, and other deferred revenues are included in current liabilities. In fiscal 2008 and 2007, current assets increased by \$36,000 to \$1,570,000 and \$375,000 to \$1,534,000, respectively, due to improved operating income (before depreciation). Due to the positive cash balances and timing of payments, accounts payable balances were reduced in both fiscal 2008 and fiscal 2007. The \$146,000 decrease and \$39,000 decrease in current liabilities to \$2,278,000 and \$2,426,000 are related to decreases in accrued payroll expenses and other deferred revenue at September 30, 2008 and 2007, respectively, as well as 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

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

Management's Discussion and Analysis
(Unaudited)

September 30, 2008 and 2007

cash is held for master planning purposes, restricted conservation/research grants, and new exhibits. During fiscal 2008, restricted cash was raised and construction began on the Aquarium's newest exhibit, "Ocean Commotion," which opened October 2008. Restricted cash and deferred revenue balances remain as of September 30, 2008 to finish up the construction. Enhancements to the Aquarium's last exhibit, "AquariuMania," as well as to other existing exhibits (otter exhibit, bays and beaches exhibit), occurred in fiscal 2007. The lobby touch tank and penguin holding facilities were also completed in fiscal 2007 with restricted cash. The final pledges receivable on the "Explore A Shore" project were collected as scheduled during fiscal 2008 and 2007, 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. A receivable of \$25,000 and \$37,000 at September 30, 2008 and 2007, respectively, exists from Event Network, our gift shop partner, representing the contracted amount owed to the Aquarium for September activities. A receivable of \$50,000 and \$46,000 at September 30, 2008 and 2007, respectively, exists from the other outsourced operation, food service with Aramark. These amounts also represent the contracted amount owed to the Aquarium for September activities.

Noncurrent assets consist of the net book value of the Aquarium's capital assets (vehicles, Eco-tour boat, furniture, equipment, and construction in progress) and the fair market value of restricted endowment accounts. Noncurrent liabilities consist of the long-term balances due on the Aquarium's notes payable obligations. Changes in the noncurrent assets and liabilities balances between fiscal 2008 and 2007 are explained below.

Total net assets decreased by \$75,000 in fiscal 2008, after an increase of \$407,000 in fiscal 2007. The net asset balance is now \$128,000, a significant improvement over the net deficit position of \$204,000 just two years ago. 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 \$499,000 at September 30, 2008. During fiscal 2008, there were \$547,000 of capital asset additions. The most significant item, representing \$498,000 of the total additions, is the construction in progress of a new 72-foot, 150-passenger eco-tour boat. This new boat is expected to be in service by April 2009. Other capital additions consisted of desktop computers, animal quarantine tank, and an event stage. During fiscal 2007, \$176,000 of capital expenditures were made. Depreciation expense, a noncash item, of \$235,000 and \$228,000 in fiscal 2008 and 2007, respectively, is reflected in this net asset class. Finally, a nonrevolving line of credit of up to \$1,250,000 was issued at the end of fiscal 2008 to fund the construction of the new eco-tour boat. The outstanding balance on the note of \$492,000 at September 30, 2008 is also reflected in this net asset class.

"Restricted" net assets are \$337,000 and \$417,000 at September 30, 2008 and 2007, respectively. This net asset class represents the total fair value of the Aquarium's endowment funds. The majority of the Aquarium's endowment accounts are mutual funds invested in Vanguard's S&P 500 index fund. A \$55,000 increase in the fair value of restricted investments was recorded in fiscal 2007, at the peak of the stock market's performance. During fiscal 2008, the stock market suffered significant losses, and reached nearly all-time lows as of September 30, 2008. As a result, the fiscal 2008 results reflect an \$82,000 decrease in the fair value of restricted investments.

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

Management's Discussion and Analysis
(Unaudited)

September 30, 2008 and 2007

The remaining net asset balance is "unrestricted." The balance actually reflects a deficit of \$708,000 and \$892,000 at September 30, 2008 and 2007, 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, 2008 were \$990,000 compared to \$678,000 last year. The net increase of \$312,000 is comprised of the fiscal year 2008 capital additions of \$547,000, offset by depreciation expense of \$235,000. The fiscal 2008 capital additions include \$498,000 of the construction cost in-progress of building a new 72-foot, 150-passenger eco-tour boat. In fiscal 2007, the capital asset additions of \$176,000 were offset by depreciation expense of \$228,000 to result in the net decrease of capital assets, net of related debt of \$52,000. 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 lines of credit: one for the construction of a new eco-tour boat, and the remaining balance of a revolving line-of-credit promissory note for "Explore A Shore." At September 30, 2008, noncurrent liabilities were \$492,000 compared to \$0 last year. The new nonrevolving line of credit was issued in August 2008 to fund the construction of a new eco-tour boat. A total of \$492,000 was outstanding as of September 30, 2008. The \$228,333 revolving line-of-credit promissory note for "Explore A Shore" was originated in October 2004. This note was secured by pledges receivable for the "Explore A Shore" project. The final \$30,000 pledge receivable payment was collected in fiscal 2008, and was used to pay off the remaining line of credit balance. 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, 2008 and 2007

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

	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Operating revenues:			
Turnstile revenues	\$ 8,445	8,667	7,046
Contributions, memberships, and grants	2,771	2,663	2,671
	<u>11,216</u>	<u>11,330</u>	<u>9,717</u>
Operating expenses:			
Salaries and benefits	6,052	5,791	5,230
Advertising and promotions	783	806	679
Occupancy related	1,889	1,980	1,583
Insurance	451	433	433
Other	1,815	1,792	1,523
	<u>10,990</u>	<u>10,802</u>	<u>9,448</u>
Operating income before depreciation	226	528	269
Depreciation	(235)	(228)	(173)
Operating (loss) income	(9)	300	96
Nonoperating revenues	19	77	57
Nonoperating expenses	(1,116)	(258)	(823)
(Loss) income before capital contributions	(1,106)	119	(670)
Capital contributions	1,031	288	1,239
(Decrease) increase in net assets	(75)	407	569
Beginning net assets (deficit)	203	(204)	(773)
Ending net assets (deficit)	<u>\$ 128</u>	<u>203</u>	<u>(204)</u>

Operating Turnstile Revenues

Fiscal 2007 represented 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 was also supported by a strong attendance mix, which resulted 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

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eco-tours. As the fiscal 2008 year began, economic indicators began to decline. Fuel prices were rising; tourism slowed down; and corporations were beginning layoffs and budget cuts. These conditions got worse throughout 2008. The reduction in the amount of discretionary spending did impact the operating results of the Aquarium. Guests began seeking out discounted admissions and total attendance during fiscal 2008 was lower than last year. This results in lower total turnstile revenues. Fortunately, these conditions were anticipated when preparing the fiscal 2008 operating budget, and actual results did exceed budgeted expectations. The consistent, well-developed marketing and advertising campaign during both fiscal 2007 and 2008 kept the Aquarium top-of-mind in the consumer market. Once here, Aquarium guests continued to enjoy the Aquarium's exhibits, such as "Explore A Shore" and the Penguin Promenades.

The gift shop operation, which was outsourced to Event Network at the end of fiscal 2005, continues to be a financial and operational success. Event Network exceeded its net minimum annual financial guarantee to the Aquarium in both fiscal 2007 and 2008; 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 Sodexho to Aramark also occurred seamlessly in August 2006. The fiscal 2008 and fiscal 2007 financial results from Aramark significantly exceeded expectations. The cafeteria was remodeled and new menus and pricing were introduced. The catered/evening event business with Aramark has significantly improved the customer service and attention to detail for clients. As a result, catered events revenue has also increased.

After two years of increases in parking revenues, a decrease in parking revenues occurred in fiscal 2008. The decline is attributed to both the decrease in attendance and the rising fuel costs. In essence, fewer cars were parking in fiscal 2008, as more guests were carpooling together when they made their trip to the Aquarium. In recent years, due to the growth in Channelside, parking spaces are 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.

Educational programs, including school field trips, outreach, sleepovers, birthday parties, and summer camps, have experienced record growth over the past few years. Fiscal 2008 ended with the highest educational revenues in the Aquarium's history, surpassing the record-setting year of fiscal 2007. Summer camps were at capacity each year. Teacher workshops related to the "AquariuMania" exhibit, Fish in the Classroom, Art-o-Fish-al-Fun Camp, 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 2008 and 2007 net revenues generated for the Aquarium exceeded \$123,000 and \$96,000, respectively, 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 2008</u>	<u>FY 2007</u>	<u>FY 2006</u>
Admissions	\$ 9.44	9.45	9.27
Gift shop	2.32	2.31	2.21
Restaurant	3.97	3.70	3.77
Parking	0.69	0.77	0.72
Miscellaneous	0.94	0.85	0.71
Total	<u>\$ 17.36</u>	<u>17.08</u>	<u>16.68</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 fund-raising 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 2008 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 2008 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 2008 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 occurred in fiscal 2008 and more are expected in fiscal 2009 due to government 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 are marketed to coincide with the opening of new exhibits like: "AquariumMania," the lobby touch tank and Penguin Promenades through fiscal 2007. Beginning in late fiscal 2008, renewal and new acquisition campaigns began, focusing on the new exhibit "Ocean Commotion." 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. There are a total of seven events during the year: "Nauti-Night," "New Year's Aqua-Eve," "SeaGrapes," "Fishin' for the Mission," "Dragon Boat Race," "SudsFest," and "Surf and Turf Golf Classic." These events are intended as fund raisers for the Aquarium's educational and veterinary programs.

Since fiscal 2002, due to the losses experienced in the stock market and overall economic downturn, combined with several years of natural disasters (hurricanes and tsunami), and most recently the oil, insurance, housing, and financial institution crisis, the Aquarium's annual fund-raising efforts with individuals, corporations, and foundations have not experienced significant growth. During this time, several foundations were unable to repeat

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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. In fiscal 2008, \$500,000 was received to help construct "Ocean Commotion." The remaining \$750,000 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):

	FY 2008	FY 2007	FY 2006
Annual fund – individual	\$ 158	141	135
Annual fund – corporate	37	58	96
Grants	469	382	363
Memberships	1,073	1,016	1,051
Special events	434	391	276
City of Tampa	600	675	750
Total	\$ <u>2,771</u>	<u>2,663</u>	<u>2,671</u>

Operating Expenses

The Aquarium's most significant operating expenses are salaries and related taxes, insurance, and benefits. Salaries and benefits grew by 5% in fiscal 2008 and 10% in fiscal 2007. For both years, an average merit increase of 3.5% was distributed for staff, and a slight increase in health insurance premiums occurred. In fiscal 2007, additional staffing was added to support the expanded guest dive experiences program; nighttime parking lot security and cashiers for the expanded operation; additional biologists for the eight penguins; and additional educational personnel for expanded programming and reservations. No additional positions were added in fiscal 2008.

Advertising and promotions expense decreased 3% in fiscal 2008 after a 19% increase in fiscal 2007. Caution was taken in fiscal 2008 to watch spending due to the declining economic conditions. After the record-setting year of attendance and revenues in fiscal 2007, the Aquarium's visitor and revenue expectations for fiscal 2008 declined due to the economic climate and the fact that the Aquarium's new exhibit, "Ocean Commotion," would not open until fiscal 2009. The primary goal for fiscal 2008 was to maintain budgeted attendance and revenue levels with a year-long, consistent marketing and advertising campaign that began in fiscal 2007. This campaign was meant to increase consumer awareness of the Aquarium through a focus on special events, membership programs, exhibit, gallery, and animal facts.

Occupancy-related expenses include items such as life support equipment, repairs and maintenance, and utilities. As the Aquarium facility ages and saltwater intrusion occurs, more preventative repairs and maintenance occur and replacements are required. Due to the record-setting excess revenues generated in fiscal 2007, occupancy-related expenses increased by 25%, as funds were available to address and fix the aged, deferred maintenance issues. As a result, the occupancy-related expenses in fiscal 2008 actually decreased by 5%.

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The Aquarium's property insurance situation remained steady and consistent for fiscal 2008 and 2007. In fiscal 2006, 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, since the City owns the Aquarium facility that would be covered. As such, the total premium for property insurance was decreased to affordable levels, but the level of coverage for windstorm damage has been substantially reduced.

Other operating expenses decreased by 4% in fiscal 2008, after an 18% increase in fiscal 2007. 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; management training and professional development; and supplies and materials associated with operating the Aquarium facility. Growth in this spending during fiscal 2007 primarily occurred in the supplies and materials category related to the enhanced efforts in addressing deferred maintenance and repair projects throughout the facility. The reduction in spending in fiscal 2008 is a reflection of the declining economic conditions where overall spending at the Aquarium was watched and controlled. As mentioned above, many deferred maintenance items were addressed in fiscal 2007, therefore, reducing the amount of supplies and materials expense needed in fiscal 2008.

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.

Besides raising funds to support operations, the Aquarium's development team also raises funds for capital improvements and exhibit enhancements. During fiscal 2008 and 2007, over \$1,031,000 and \$287,000, respectively, of capital contributions were raised. Over \$1,031,000 and \$253,000 was spent on exhibit enhancements in fiscal 2008 and 2007, respectively, which are improvements to the Aquarium facility or new exhibit. 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 "Explore A Shore," the outdoor children's play area. In fiscal 2006, an additional \$322,000 was spent to build "AquariuMania," which will eventually become a traveling exhibit. 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 and beaches exhibit). A \$100,000 contribution from Hillsborough County was used to accomplish most of these improvements. The focus in 2008 was fundraising and constructing the Aquarium's newest exhibit, "Ocean Commotion," which will open in October 2008. This \$1.2 million exhibit replaces the "SeaHunt" gallery, and will contain new animals, animated characters, wi-fi technology, and immersive interactives. Funding for this new exhibit was received primarily from the City of Tampa (\$500,000); Hillsborough County (\$100,000); Carol and Barney Barnett (\$300,000); and other corporations, individuals, and family foundations.

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Fiscal 2009 Outlook

The fiscal 2009 operating budget was prepared knowing that for the first time in over four years, the Aquarium will introduce a new, expansive, marketable exhibit, "Ocean Commotion," and christen a new 150-passenger eco-tour boat. With the new exhibit is the opportunity to drive additional attendance and promote membership sales and renewals. Unfortunately, external factors such as the economic recession, tourism stagnation, job losses, and increased fuel costs which impact discretionary spending, were also factored into the fiscal 2009 budget. Total operations are budgeted at \$14.9 million, with attendance projected at 671,000. The City's operating contribution to the Aquarium for fiscal 2009 remains at \$600,000. Another breakeven year is budgeted. The long-term strategic plan, which includes a five-year exhibit planning process, was completed in fiscal 2007 and updated again in fiscal 2008. As the long-term exhibit plan is implemented, it is the intention of management, with City Council approval, to draw upon the remaining \$750,000 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 2009.

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, 2008 and 2007

Assets	2008	2007
Current assets:		
Cash and cash equivalents	\$ 770,445	856,017
Restricted cash and cash equivalents	444,314	251,938
Accounts receivable, net of allowance for doubtful accounts of \$2,500 in 2008 and \$10,000 in 2007	182,230	211,761
Pledges receivable	—	40,000
Other current assets	173,043	174,484
Total current assets	1,570,032	1,534,200
Noncurrent assets:		
Capital assets, net	990,229	677,741
Restricted investments in endowment funds	337,499	417,455
Total noncurrent assets	1,327,728	1,095,196
Total assets	\$ 2,897,760	2,629,396
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,122,293	1,345,158
Accounts payable from restricted assets	112,243	653
Current maturities of notes payable	—	30,000
Deferred revenue	711,813	799,235
Deferred revenue related to restricted assets	332,071	251,285
Total current liabilities	2,278,420	2,426,331
Noncurrent liabilities:		
Notes payable, net of current maturities	491,555	—
Total liabilities	2,769,975	2,426,331
Net assets:		
Invested in capital assets, net of related debt	498,674	677,741
Restricted net assets:		
Unrealized increase in fair value of restricted investments in endowment funds	158,410	240,855
Endowment funds corpus	179,089	176,600
Unrestricted deficit	(708,388)	(892,131)
Total net assets	127,785	203,065
Total liabilities and net assets	\$ 2,897,760	2,629,396

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, 2008 and 2007

	2008	2007
Operating revenues:		
Turnstile revenues:		
Admissions	\$ 6,188,603	6,384,574
Gift shop sales, net of direct expenses	493,003	502,663
Restaurant sales, net of direct expenses	693,480	688,690
Parking revenue	451,579	518,828
Community programs revenue	438,292	410,214
Miscellaneous revenue	179,977	162,011
Total turnstile revenues	8,444,934	8,666,980
Contributions, memberships, and grants	2,770,920	2,662,868
Total operating revenues	11,215,854	11,329,848
Operating expenses:		
Salaries and benefits	6,052,384	5,791,461
Advertising and promotions	782,912	806,488
Occupancy related	1,888,670	1,979,864
Insurance	450,888	433,487
Professional services	475,468	422,756
Animals, plants, and food	227,029	205,088
Other operating expenses	1,112,522	1,162,448
Total operating expenses	10,989,873	10,801,592
Operating income before depreciation	225,981	528,256
Depreciation	(234,704)	(227,512)
Operating (loss) income	(8,723)	300,744
Nonoperating revenues (expenses):		
Exhibit enhancements	(1,031,488)	(253,916)
Interest income	19,346	20,867
Interest expense	(3,458)	(4,185)
Gain on sale of capital assets	—	800
Net change in fair value of restricted investments	(82,445)	55,440
Net nonoperating expenses	(1,098,045)	(180,994)
(Loss) income before capital contributions	(1,106,768)	119,750
Capital contributions	1,031,488	287,846
(Decrease) increase in net assets	(75,280)	407,596
Net assets (deficit), beginning of year	203,065	(204,531)
Net assets, end of year	\$ 127,785	203,065

See accompanying notes to basic financial statements.

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Statements of Cash Flows

Years ended September 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Cash received from turnstile operations	\$ 8,430,175	8,858,593
Cash received from contributions, memberships, and grants	2,853,803	2,769,949
Cash paid to employees	(5,204,296)	(4,897,250)
Cash paid to vendors	(5,900,640)	(6,058,159)
Net cash provided by operating activities	179,042	673,133
Cash flows from capital and related financing activities:		
Capital contributions	1,031,488	220,351
Capital expenditures	(547,192)	(175,692)
Proceeds from sale of capital assets	—	800
Exhibit enhancements	(1,031,488)	(186,421)
Issuance of notes payable	491,555	—
Repayments of notes payable	(30,000)	(75,503)
Interest paid on notes payable	(3,458)	(4,185)
Net cash used in capital and related financing activities	(89,095)	(220,650)
Cash flows from investing activities:		
Purchase of investments	(2,489)	—
Interest received	19,346	20,867
Net cash provided by investing activities	16,857	20,867
Net increase in cash and cash equivalents	106,804	473,350
Cash and cash equivalents, beginning of year	1,107,955	634,605
Cash and cash equivalents, end of year	\$ 1,214,759	1,107,955
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	\$ (8,723)	300,744
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	234,704	227,512
(Recovery of) provision for uncollectible receivables	(5,273)	14,360
Write-off of uncollectible receivables	(2,227)	(14,360)
Changes in operating assets and liabilities:		
Accounts receivable	37,031	89,353
Pledges receivable	40,000	50,000
Other current assets	1,441	(898)
Accounts payable and accrued expenses	(111,275)	(78,251)
Deferred revenue	(6,636)	84,673
Net cash provided by operating activities	\$ 179,042	673,133
Noncash items:		
Net (decrease) increase in fair value of investments	\$ (82,445)	55,440
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, 2008 and 2007

(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, 2009. 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, 2009 on November 6, 2008. 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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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 or decrease 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) 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.

(e) 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

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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 fund-raising expenses incurred by the Aquarium were approximately \$781,000 and \$736,000 during the years ended September 30, 2008 and 2007, respectively.

(f) *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.

(g) *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.

(h) *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 IRC Section 501(a) as an organization described in Section 501(c)(3).

(i) *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.

(j) *Reclassifications*

Certain amounts for 2007 have been reclassified to conform to the current year presentation.

(3) *Cash, Cash Equivalents, and Restricted Investments*

At September 30, 2008 and 2007, the Aquarium's cash deposits were partially covered by federal depository insurance of \$100,000. The bank balances and book balances were \$1,351,506 and \$1,187,866,

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respectively, at September 30, 2008. The bank balances and book balances were \$1,207,629 and \$1,083,631, respectively, at September 30, 2007. Cash on hand for ticketing, parking, and petty cash needs was \$26,893 and \$24,324 at September 30, 2008 and 2007, respectively.

The bank balances of the Aquarium include overnight repurchase agreements in the amount of \$1,335,000 and \$1,205,000 at September 30, 2008 and 2007, 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 of America, direct real estate or mortgages, and security loans.

At September 30, 2008 and 2007, the Aquarium held the following investments:

	2008	2007
Mutual funds	\$ 275,045	342,551
Beneficial interest in The Community Foundation of Tampa Bay	62,454	74,904
	\$ 337,499	417,455

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.

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.

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(A Component Unit of the City of Tampa)

Notes to Basic Financial Statements

September 30, 2008 and 2007

Foreign Currency Risk

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

(4) Accounts Receivable

Accounts receivable at September 30, 2008 and 2007 include amounts due from others as follows:

	2008	2007
Customers	\$ 109,624	138,769
Aramark	50,451	45,845
Event Network	24,655	37,147
Less allowance for doubtful accounts	(2,500)	(10,000)
	\$ 182,230	211,761

(5) Capital Assets

The following is a summary of changes in capital assets for the fiscal years ended September 30, 2008 and 2007:

	Balance October 1, 2007	Additions	Deletions	Balance September 30, 2008
Capital assets, nondepreciable:				
Construction in progress	\$ 9,000	497,774	(9,000)	497,774
Capital assets, depreciable:				
Vehicles	233,537	—	—	233,537
Eco-tour boat	517,272	—	—	517,272
Furniture and equipment	2,995,765	58,418	—	3,054,183
Total depreciable capital assets	3,746,574	58,418	—	3,804,992
Less accumulated depreciation:				
Vehicles	124,800	32,015	—	156,815
Eco-tour boat	498,271	6,000	—	504,271
Furniture and equipment	2,454,762	196,689	—	2,651,451
Total accumulated depreciation	3,077,833	234,704	—	3,312,537
Total depreciable capital assets, net	668,741	(176,286)	—	492,455
Total capital assets, net	\$ 677,741	321,488	(9,000)	990,229

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September 30, 2008 and 2007

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

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at September 30, 2008 and 2007 consist of amounts owed for operating and payroll expenses as follows:

	2008	2007
Accounts payable	\$ 500,200	675,460
Accrued expenses	43,500	23,000
Accrued payroll expenses (including compensated absences)	578,593	646,698
	\$ 1,122,293	1,345,158

(7) Notes Payable

Notes payable at September 30, 2008 consist of borrowings for the construction of a new 72-foot, 150-passenger Eco-tour boat. This new Eco-tour boat loan is a nonrevolving line of credit, which will convert to a term loan on September 6, 2009. The lesser of \$1,250,000 or 100% of the total new Eco-tour boat construction cost can be borrowed. This loan was issued on August 6, 2008. For the first 12 months, interest-only payments will be due monthly, based on the variable LIBOR plus 175 basis points (5.71% at September 30, 2008). On September 6, 2009, the amount outstanding under the nonrevolving line of credit will convert to an 84-month term loan with equal monthly principal and interest payments to amortize the loan by August 6, 2016. The note is collateralized by both the existing Eco-tour boat and the new Eco-tour

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September 30, 2008 and 2007

boat currently under construction. Upon completion of the new Eco-tour boat, the old Eco-tour boat will be sold and any proceeds received will be applied to the outstanding loan balance.

Notes payable at September 30, 2007 consisted of the final payment due on the "Explore A Shore" \$228,333 revolving line-of-credit promissory note that 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 was secured by pledges receivable for the exhibit. Interest, based on the variable LIBOR plus 225 basis points, was due monthly with principal payments due upon receipt of pledge payments. The note matured on March 1, 2008, when the final \$30,000 pledge was collected and the loan was paid in full.

A schedule of changes in the notes payable for the years ended September 30, 2008 and 2007 follows:

October 1, 2007	Additions	Deletions	September 30, 2008
\$ 30,000	491,555	(30,000)	491,555
October 1, 2006	Additions	Deletions	September 30, 2007
\$ 105,503	—	(75,503)	30,000

(8) Related-Party Transactions

Contributions, memberships and grants, and capital contributions for the years ended September 30, 2008 and 2007 include the following:

	2008	2007
Board of directors and trustees	\$ 436,591	135,638
City of Tampa	1,100,000	675,000
Hillsborough County	100,000	100,000
	\$ 1,636,591	910,638

(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 \$14,700 and \$12,700, 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, 2008 and 2007, respectively.

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(10) Restaurant Management Agreement

The Aquarium outsources its food service operations to Aramark, Inc. (Aramark). The contract with Aramark began on August 10, 2006 and is effective for five years with the ability to extend the agreement for an additional five years at the will of the Aquarium. Under the contract, 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 year ended September 30, 2008, the Aquarium recorded restaurant sales of \$2,604,218 and direct expenses of \$1,910,738 to net \$693,480. 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.

(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. 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, 2008, Event Network recorded gift shop sales of \$1,519,555 and direct expenses of \$1,026,552 to net \$493,003. 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.

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, \$8,783 and \$37,142 of existing Aquarium inventory was being sold by Event Network on consignment as of September 30, 2008 and 2007, respectively. A reserve for obsolescence of \$8,783 and \$37,142 has been recorded as of September 30, 2008 and 2007, respectively.

(12) 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. During fiscal 2008, the City contributed \$500,000 of the remaining balance to the Aquarium to use toward its newest exhibit, "Ocean Commotion," which opens in October 2008. The remaining \$750,000 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.

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September 30, 2008 and 2007

(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. All damage caused by other perils would be covered in full. The Aquarium paid \$184,426 and \$173,648 in fiscal 2008 and 2007, respectively, to the City for premiums to be covered by these insurance policies. This expense is included in insurance expense in the accompanying statements of revenues, expenses, and changes in net assets.



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**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, 2008, and have issued our report thereon dated December 10, 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 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

December 10, 2008
Certified Public Accountants