

Adopted Biennial Budget for FY 08 and FY 09



Executive Summary



INTRODUCTION

As a result of a policy adopted in 1995 by the Board of County Commissioners, the County now has a two-year (biennial) budget process. As part of this process, two separate twelve-month budgets are prepared and approved by the Board of County Commissioners in odd-numbered years. The first year of the biennial budget is adopted as the FY 08 budget as required by State Statute. At the same time, the Board of County Commissioners also approves a budget for the second year, the planned FY 09 budget. Then, in the year 2008, the planned FY 09 budget is reviewed by staff and the Board during the budget update process. This review allows the County to make the necessary adjustments to revenues and expenditures in order to accommodate needs that have arisen since the planned budget was prepared in 2007. The Board then adopts a budget for FY 09 according to procedures outlined by State statute.

This book contains the **Adopted Biennial Budget for FY 08 and FY 09**. It has five sections: *Executive Summary*; *Operations and Funding Guide*; *Capital Budget*; *Debt Service Budget* and *Supplemental Information*. Financial schedules throughout this book include multi-year information for comparison.

The first section, the *Executive Summary*, contains information about the process of adopting the budget; a summary table reflecting funded positions and funded full-time equivalent positions; summary tables of the debt, capital, and department budgets; and information on property taxes, millages, and major county revenues. It also includes the County Administrator's budget message, a discussion of major County revenues, and data and an analysis of economic indicators for Hillsborough County. Information is also presented on the budget by citizen program.

The second section, called the *Operations and Funding Guide*, contains more detailed information such as schedules showing the budget by fund as well as detailed information about the various budgetary funds and their funding levels. It also includes information on appropriations for the operations of County departments, commissions, and boards funded through the Board of County Commissioners. Each department or organization budget includes a page with the organization's mission statement, objectives and per-

formance measures. The second page of an individual organization's budget shows its summary budget, a comparison of funded positions for the previous four years and text explaining changes from year to year. Finally, this section also includes detailed information on reserve balances, non-departmental allotments, contracts with non-profit organizations and a list of interfund transfers.

The third section, the *Capital Budget*, contains information about the County's adopted capital program for FY 08. It contains a narrative describing the capital budget highlights as well as summaries showing projects to be started in FY 08.

The fourth section, the *Debt Service Budget*, contains information about the County's outstanding debt.

The fifth section, *Supplemental Information*, contains additional performance measures for organizations and departments, a glossary and an index of departments.

A second book, called the **Adopted Recommended Capital Improvement Program FY 08 - FY 13**, presents the capital improvement program through FY 13. This book includes detailed information about each project in the capital budget and the capital improvement program for the next six years.

Persons interested in reviewing any materials comprising the **Adopted Biennial Budget for FY 08 and FY 09** and the **Adopted Capital Improvement Program FY 08 - FY 13** at any level of detail are encouraged to contact the Hillsborough County Management and Budget Department at (813) 272-5890. The Management and Budget Department's mailing address is: Management and Budget Department, 26th Floor, P.O. Box 1110; Tampa, Florida 33601. The Department is located at: 601 East Kennedy Blvd., County Center, 26th Floor, Tampa, Florida 33602.

A compact disk containing both volumes can be obtained by writing to the Management and Budget Department at the above address or calling the department's phone number. Information from both books is also available through links on the County's website, www.hillsboroughcounty.org.

Members of the Board of County Commissioners:

I present to you the Adopted Biennial Budget for Fiscal Year 2008 (FY 08) and Fiscal Year 2009 (FY 09). This represents the seventh biennial budget for the Board of County Commissioners (Board). Under a biennial process, the Board simultaneously develops detailed budgets for two separate years. On September 20, 2007, the Board adopted the FY 08 budget and approved a planned budget for FY 09. The intent of a biennial budget process is to focus implementation of major policy decisions in the first year or "on-year" of the two year cycle and demonstrate their sustainability in a balanced second year's budget. The capital budget component of this biennial budget reflects the first two years of a six-year capital improvement plan or "CIP." The relationship between the budget and the CIP has additional significance in this budget as I will outline later – future maintenance and operating costs of many capital projects became a prime consideration this year as we anticipated the impacts of property tax reform in Florida.



The Challenge of Property Tax Reform

Setting the Stage for FY 08 and FY 09 - As we completed the budget update process for FY 07 – the second year of the biennial budget for FY 06 and FY 07 – we heard from taxpayers at budget public hearings concerns about rapid increases in the values of their non-homestead properties, not about the need for additional services as in past hearings. Although there were fewer than twenty-five speakers at each of our September 2006 hearings, the frustration of those who spoke was clear. While Florida's 1995 Save Our Homes constitutional amendment shields homesteaded property owners from rapid increases in taxable values until a home is sold, the owners of investment and commercial properties have no such limitations. As market values increased, the impact of Save Our Homes has accelerated in recent years to shield \$20.4 billion in Hillsborough County assessed residential property value from taxation. That provides three times as much overall benefit to homesteads within Hillsborough County as Florida's \$25,000 homestead exemption shields \$6.6 billion in value from taxation.

The Board understood the concern of non-homestead property owners impacted by rising values, but any millage relief for those taxpayers would have imposed a heavy cost to County services because it would have also lowered taxes for homesteaded property constrained to a maximum 3 percent annual increase in taxable value under Save Our Homes. The Save Our Homes constitutional amendment has both created inequities in taxation and effectively prevented local taxing authorities from addressing those inequities.

The Board lowered the Countywide tax rate for FY 07 by almost 6/10ths of a mill – the largest millage reduction in more than two decades and the largest reduction in terms of dollar value (a \$39.6 million reduction) in County history. Still, that reduction was inadequate to address many non-homestead property owners' concerns. In early 2007, the Board took additional action by adopting a spending cap policy for future budgets. The spending cap limits spending within two areas of the budget most reliant on property tax revenue: the Countywide General Fund and the Unincorporated Area General Fund.

Property tax reform is not a new concept: States began phasing out their reliance on property taxes in state budgets in the early 1900's and the substitution of sales taxes for property taxes began during the Great Depression as a result of property tax revolts. However, local governments – particularly here in Florida - continue to depend on property taxes to pay for most day-to-day services with the exception of those services that can rely entirely on user fees or assessments. The authority to levy property taxes provides local control of taxation and the level of services provided – otherwise referred to as home rule. In 1968, Florida began imposing tax rate limits that impact Hillsborough County – a 10-mill cap for countywide services and another 10-mill cap for municipal services. Disclosure requirements for millage rates (truth-in-millage or "TRIM") were imposed in Florida starting in 1974.

Both Governor Crist and the Florida Legislature brought proposals in 2007 to substantially change how local governments in Florida could pay for services. Local governments were not at the table in the discussion. To the contrary, local governments were accused of excessive spending in recent years. Increases in local government property tax

COUNTY ADMINISTRATOR'S BUDGET MESSAGE

revenues - despite voluntary millage rate reductions - were characterized as "tax increases" even though the State of Florida did not characterize its annual increases in sales tax revenue as tax increases. No consideration was given to how local governments used other revenues, to the impact of State mandates on local governments imposed and/or increased by the legislature in recent years, or to pent-up demand for local services that outpaced population growth in recent years.¹

There was also no indication that State lawmakers had researched property tax reform in other states and its impact on local government services and the changing relationship between state and local government in the aftermath of tax reform. One example clearly shows the disconnect between rhetoric and fact: Colorado imposed property tax reform in the early 1990's and subsequent analysis of impacts on Colorado local governments in 2000 indicated that the greatest impacts on local government were on law enforcement, fire protection, health, road maintenance, and courts.² Leaders of Florida's tax reform ridiculed the suggestion that public safety would be impacted, but they had not done their homework to understand public safety would likely be an area of significant impact.



County Commissioners listen to Management and Budget Department staff explain the impacts of proposed State Legislative tax reforms.

Unlike many other Florida local governments, Hillsborough County did not overreact to the proposals of the legislature although it was clear that the impacts could be severe. Instead, we worked to develop a budget that could be adjusted to alternative levels of property tax revenue. We deferred a hiring freeze until it was clear the legislature would meet in special session to ensure a reduction in local governments' property tax revenues in FY 08. As we considered the potential impacts, it was clear that the suggestion to exclude public safety from cuts would unreasonably damage other key programs – particularly at higher levels of cutback. The reason is simple: public safety accounts for a substantial share of County expenditures from general revenue, and property tax accounts for an overwhelming share of general revenue. In FY 07, the

County budget in two major operating funds was funded with \$1 billion of recurring revenue (i.e., excluding one-time sources). Of that, over 80 percent or \$815 million came from property taxes. In comparison, public safety used \$480 million of the \$1 billion in revenue, leaving just \$554 million for all other programs. The original House proposal would have cut \$197 million in those two funds, plus \$20 million more in the third tax fund reliant on property taxes, library services, for a total of \$217 million. To expect to cut up to \$197 million out of \$554 million in non-public safety programs would devastate a variety of essential services. Fortunately, the Legislature adopted a tax reform with a smaller impact. We were able to develop a biennial budget in which public safety spending in our operating funds (Countywide General Fund and Unincorporated General Fund) increased in FY 08 and again increased in FY 09 despite some cuts within public safety functions such as code enforcement, consumer protection investigations, fire inspections, and fire rescue services.

¹ For example, Hillsborough County had consistently lowered Countywide millage rates for fourteen consecutive years. In addition, the County had adopted a lower Communications Services Tax rate than most Florida local governments; had not imposed a public services (utility) tax on electricity, natural gas and water; had not imposed franchise fees on utilities; and had not levied a 5-cent local option motor fuel tax.

² Brown, T. (2000). Constitutional Tax and Expenditure Limitations in Colorado: The impact on Municipal Governments Public Budgeting and Finance, 20, 29-50.

Strategies for Developing the Biennial Budget

The Importance of Efficiencies – In our budget process we initiated another search for efficiencies – opportune considering pending legislative action. Efficiencies have been primarily defined in our budget process as opportunities to lower existing expenditures without noticeable impact on services.³ For budget purposes, we contrast that with opportunities to expand (or reduce) service quality or quantity with an associated increase (or decrease) in funding. In the past biennial budget process, we captured \$17 million in efficiencies.

We look to efficiencies because this is the right way to control costs. It took on added importance in this past year's budget process. As we approached efficiencies for FY 08 and FY 09, we found two departments (Parks, Recreation and Conservation, and Library Services) where we could cut costs through the reduction of part-time positions. These areas ultimately accounted for the majority of position reductions in the budget – not due to service reductions but as efficient means of lowering costs. Additionally, we replaced some full-time recreation positions with part-time positions – lowering our cost of youth recreation programs without reducing the number of youth served.

We continue to assess other opportunities for efficiencies and we initiated a review of certain support service areas and public services during 2007 for streamlining or consolidation opportunities. We formed TEAM HILLSBOROUGH, a voluntary collaboration among 18 County departments to assist each other in their field activities, further enhancing our efficiency and effectiveness. We have also approached the three municipalities in Hillsborough County to consider efficiencies through consolidation of services.

Slowing the Growth of Government – We recognized the need to focus on slowing the growth in our budget that result from new facilities – e.g., parks and recreation facilities, fire stations, jails and libraries. Regardless of whether we already have funds available to construct new facilities, the operating and maintenance costs that follow construction should compete against existing programs and facilities for funding. That decision was difficult. We have faced constant pressure to open facilities to meet the requirements of both a growing population and particularly heavy usage of existing athletic complexes and libraries. In the case of fire stations, the Board had previously earmarked a portion of our Communications Services Tax to build and equip fire stations in an effort to improve response time in addition to serving our growing unincorporated population. The operational requirements for a fire station are significant – it costs about as much each year to operate a fire station as it takes to build and equip it. The Sheriff took a hard look at an expansion of jail facilities and deferred staffing even though the facilities will be completed. That deferral was substantial. We had anticipated in our five year financial projections a phased cost beginning in FY 08 that would rise to \$16.8 million annually by FY 09. As new inmate housing is completed, the Sheriff will take older facilities out of operation and shift staff to the new facilities. During the window of time in which the older facilities are not used, major maintenance can be performed to ensure the maximum useful life of those assets.

Regarding libraries, we moved forward with replacement facilities that have low net new operating costs and placed other new facilities on hold even though cash has been accumulated to construct additional libraries. Until we know how we can absorb any future phases of tax reform, it is critical we do not overstep our financial capacity to adequately operate new facilities. Operating new facilities should not force closure of other existing facilities. Once any future phases of tax reform have been enacted and we can transition to a new basis for funding County services, we hope that we will be able to establish timelines for each type of facility and absorb those costs over a more extended timeline than previously planned.



Commissioners Ferlita, Blair and Sharpe (left to right) prepare their remarks during the biennial budget process.

Some parks capital projects have been delayed until we could establish new ground rules to limit the impact of operating and maintenance costs. Similarly, the construction of some new fire stations has also been deferred.

³ In limited cases, we view the shift of ongoing programs from local revenues to State or federal sources as an efficiency within the County's budget since they free up local dollars.

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We also reduced salary increases for employees outside of bargaining units from an annual average of 5 percent to an annual average of 3.5 percent, a 30 percent reduction. Two years earlier we had similarly reduced what had been a 7 percent annual average for merit and market increases to 5 percent.

Zero-Base Budgeting – The County has long used a zero-base budget process – a process brought to the nation's attention in 1970 by Texas Instruments and later introduced in the federal budget process in 1977. While this type of process can be criticized as paper-intensive, it provides a range of service and funding level options for the variety of programs and services comprising the County's budget. Designed to facilitate consideration of alternatives rather than building on or subtracting from current spending levels, it is an approach that works particularly well in a period where alternative spending levels must be considered and where dissimilar programs compete for the same limited funds.

As a side note, it is interesting to find that many other Florida jurisdictions have quickly moved in the face of property tax reform to characterize their processes as "modified zero-base budgeting." As the name implies, our process requires each department and agency to prioritize and build their budgets from the ground up – from a zero funding level. This process worked well in the early 1990's when the County last faced a financial situation of similar scope to this year's challenges.



Commissioners White, Higginbotham, Hagan and Norman join their colleagues in discussing budget priorities.

with a taxable value (after exemptions) of \$150,000. For a property owner with \$1 million in business property, the annual savings from those accumulated millage reductions would be \$1,580. Finally, for a "big box" retailer with an \$8.4 million property value, the annual savings would be \$13,272.

The Board has taken other actions in recent years to assist local residents with their property tax burden: The County implemented the constitutionally allowed \$25,000 senior homestead exemption for low-income senior households throughout the county. In 2007, the Board increased the exemption to \$40,000 for the 2008 tax roll. The Board also approved a program granting a maximum of \$1,500 for those unincorporated homeowners serving in a war zone and for the dependents of those who die serving in a war zone.

Additionally, in early 2007, the Board took the bold step of adopting a spending cap policy limiting the annual growth in the budget I recommend as the County's budget officer. That policy applies to the two major operating funds that rely on property tax revenue. One, called the Countywide General Fund, is for countywide services and the second, called the Unincorporated Area General Fund, is for municipal-type services provided to 67 percent of our county population who live in the unincorporated area. Had the Florida Legislature not interfered in the County's budget process, we calculate that the Board's spending cap policy would have resulted in a minimum of \$13.3 million in cuts to County spending in FY 08 -- \$11.5 million in the Countywide General Fund and an added \$1.8 million in the Unincorporated Area General Fund.

The Role of Constitutional Officers in Slowing the Growth of the Budget – By law, Constitutional Officers enjoy some independence in how they prepare and present their budgets. The Sheriff, the Clerk of the Circuit Court, the Supervisor of Elections, the Property Appraiser and the Tax Collector operate under specific guidelines within Florida Statutes. Each Constitutional Officer took the changing financial environment into consideration in developing a budget for the upcoming years. There are resulting differences in how they prioritized position cuts versus employee pay. The Sheriff significantly slowed growth in the Sheriff's budget for FY 08 even while continuing a commitment to add more than sixty law enforcement deputies per year and meet the needs of staffing new courtrooms. The Sheriff

A History of Hillsborough County Budget Limitations

– The Board of County Commissioners has been responsive in addressing the unusually strong growth in property tax revenue resulting from increasing values. The Board reduced countywide millage in each of the past fourteen years with the largest reduction this past year. The reduction, almost 6 tenths of a mill, brought the fourteen-year total reduction to 1.58 mills for a current savings of \$158 for each \$1,000 of taxable value. That equates to annual savings of \$237 for a residential property

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returned nearly \$30 million in unspent FY 07 funding at year-end – an unusually large amount that may account for the ability to slow the growth in the Sheriff's budget in FY 08 while adding positions and offering compensation increases to collective bargaining units that exceed that of other positions funded by the Board.

The Clerk of the Circuit Court chose to forgo employee pay increases for both County-funded and State-funded positions in FY 08 rather than cutting positions. I respect her decision and recognize that it, in part, helps balance the portion of the Clerk's budget funded with State court fees. I could not recommend that approach for County Administration employees because it creates disparities with other employers and it penalizes those we need motivated to provide quality services even in the face of tax reform. The Supervisor of Elections, Property Appraiser and Tax Collector also sought to slow growth in their budgets.

An Accounting Challenge – We implemented a new accounting standard this year, the Governmental Accounting Standards Board's "GASB Statement 45." This standard addresses accounting and financial reporting for post-employment benefits other than pensions. In our case, it recognizes the value to County employees of being able to remain in the County's health care plan upon retirement. Under Florida law, the County cannot charge a higher premium to retirees even though actuarial data shows a higher cost for that group than for current employees. As a result, there is an implicit subsidy of future health insurance that current employees earn. After obtaining actuarial analysis of that subsidy and an estimate of the County's future liability – over \$100 million – we implemented an annual charge of \$600 per position to cover an "annual required contribution." Fortunately, we have some offsetting impacts on benefits costs in FY 08 that eased implementation of GASB 45: Florida Retirement System contribution rates declined slightly and we were able to significantly reduce our workers compensation costs through an updated review of our claims experience.

Linkage to the Strategic Plan – Consistent with the biennial budget adopted two years ago, this budget continues implementation of the County's Strategic Plan through explicitly linking departmental expenditures and performance measures to measurable objectives tied to Strategic Plan goals. The Board enacts policy through the budget and the linkage of the budget to the Board's short-term and long-term priorities is a critical step in implementing Strategic Plan priorities. As the use of the 2005 Strategic Plan continues to evolve, the reporting and validation of performance measures used to evaluate success will expand and that data will improve the linkage of funding through the budget process to explicit – and measurable – achievements. Fine-tuning objectives through an annual review at the Board's retreat keeps the Plan current and maintains the linkage to implementation through the budget. While Hillsborough County uses a zero-base budget process, the linkage of the Strategic Plan, performance measures and funding allocations integrates key elements also found in other budget process strategies such as managing for results.

Even with property tax reform and slowing the growth of government, we are continuing our focus on our commitment to giving our customers a good value for their tax dollars. This important component of our Strategic Plan includes regularly soliciting for feedback at points of service and annually with a countywide telephone customer service survey.

Outside Agencies – We considered the variety of external nonprofit organizations funded with County general revenue and varied the recommendations for funding based on several considerations. Most organizations faced reductions. In the discretionary funding allocated through the competitive request for applications (RFA) process, priority was given to programs that directly provide basic human services. The second highest priority was given to programs that enable self sufficiency. The lowest priority was given to programs that enhance the quality of life – not that they aren't important, but we considered them the most reasonable to cut back during a period of tight funding. In some cases, we recommended against continued funding of programs. Reductions are in order for nonprofits which have the ability to raise funds through other means – an alternative not available to most County departments faced with cutbacks to existing programs. Complete organization-by-organization detail may be found in the nonprofit organizations section of the budget document.

Overview of the Budget – a AAA Rated Financial Status

The County continues to have a strong overall financial condition. In December, we received our first AAA bond rating for general obligation debt from Standard and Poor's.

"We believe the county's strong management is well equipped to identify potential risk factors. In the past, management has been proactive in addressing revenue and expenditure fluctuations."

S&P credit analyst John Sugden

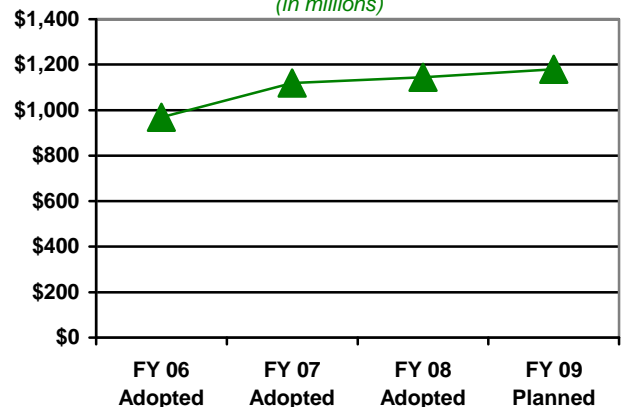
Tax reform in Florida presents a new challenge. Unlike past fluctuations in property taxes and other revenues, the impact of 2007 legislative changes and the impact of the proposed amendment to the Florida Constitution to be voted on January 29th, 2008 result in permanent changes in how we can pay for many of our existing County services and for a portion of our infrastructure needs. Legislative change approved in 2007 required that we lower our three operating millage rates in FY 08 by a combined amount of just under 1.5 mills – close to the total 1.58 mills we had lowered Countywide millage rates over the past fourteen consecutive years. The proposed constitutional amendment is not factored into this budget. Some elements of the proposal are easier to estimate than others. It is estimated that an added homestead exemption of up to \$25,000 for a total of up to \$50,000 could result in a \$53.3 million loss in annual property tax revenue beginning in FY 09. It is also estimated that a tangible personal property exemption of up to \$25,000 on business property would cut property tax revenue by an additional \$4.5 million. Although revenue loss due to the proposed portability of the Save Our Homes exemption (the ability to take up to \$500,000 in Save Our Homes exemption to another homestead property) is difficult to estimate, it is estimated the annual loss may range from \$10 million to \$17 million. Finally, a 10percent annual limit on the increase in the value of non-homestead property does not take effect until FY 10 and should have a minimal impact. Overall, the impact could be \$67.8 million to \$74.8 million in FY 09 revenue losses.

In those parts of the County's organization affected by property tax reform, we changed the course of future budgets to meet the 2007 legislative rollback requirements. We treated the impact of the 2007 legislative changes as a reduction in recurring revenue and overwhelmingly made reductions that can be sustained in future years.

We do not presume policy direction before it is approved, but we took preliminary steps in the planned FY 09 budget to address the consequences of possible constitutional change by slowing the growth of expenditures in FY 09 below that of revenues in the two major property tax-funded areas of the budget. Doing that allowed us to set aside a total of \$30 million in recurring FY 09 revenue in a reserve for budget reduction. In the Countywide General Fund, we set aside a \$10.0 million reserve. In the Unincorporated Area General Fund, we were able to set aside a \$20.0 million reserve. These reserves provide the Board with the flexibility to absorb a significant portion of the impact of a successful January referendum or to absorb impact of 2008 legislation in the absence of the referendum passing. If no further tax reform occurs, the \$30 million would allow some restoration in FY 09 of program reductions required in the FY 08 budget, a millage reduction, or a combination of the two.

Chart One
Combined General Fund

(in millions)



While the impact of tax reform and, specifically, property tax reform is a significant issue in the County's budget, it is important to balance that issue with the fact that while the property tax is the single largest revenue, it accounts for only 39 percent of the \$2.1 billion in total revenue.⁴

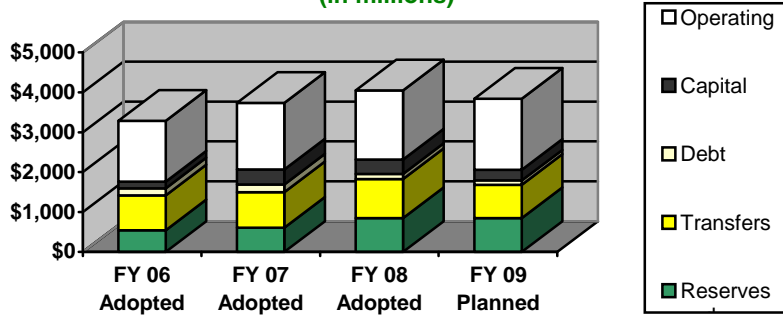
⁴ Individual revenues account for \$2.06 billion of the total \$4.05 billion in sources reflected in the County budget. The difference is accounted for by funds carried forward from the previous year (beginning fund balance or retained earnings), other non-revenues such as bond proceeds, and an accounting for nearly \$1 billion transferred between funds that simply reflects good accounting but not a cost of government.

COUNTY ADMINISTRATOR'S BUDGET MESSAGE

Expenditures and Other Uses Reflected in the Biennial Budget - Overall, the Adopted FY 08 budget totals \$4.05 billion – up \$0.23 billion or 5.9 percent from \$3.82 billion in FY 07. The FY 09 Planned Budget is \$3.84 billion, down \$0.21 billion or 5.0 percent from FY 08. The changes are largely unrelated to operations.

Operating Budget – The largest share of those totals reflects funding for day-to-day operations of County government. The operating budget amounts to \$1.73 billion in FY 08, an increase of 3.6 percent from \$1.67 billion in FY 07. The operating budget for FY 09 will be \$1.79 billion, an increase of 3.5 percent from FY 08.

Chart Two
Budgeted Expenditures and Other Uses
(in millions)



It is important to recognize that even in a period of property tax reform, there are other areas of County services largely unaffected by tax reform and subject to other factors. The single largest organizational increase in FY 08 is in the budget for County Administrator departments, which increase \$38.6 million or 4.2 percent. The increase, however, is primarily based on growth in programs not reliant on property taxes. About two-thirds of the increase is attributable to two departments within enterprise funds that are self-sufficient through the revenues they raise. These are the Solid Waste Management Department and the

Water Resource Services Department. In total, the budgets of both these departments increased by \$25.6 million in FY 08 - an increase of 11.8 percent. Both departments have significant pass-through costs embedded within their budgets – the cost of privately contracted residential waste collection and disposal costs in the Solid Waste Management Department and the cost of bulk water purchased from Tampa Bay Water in the Water Resource Services Department. The Water Resource Services Department has a major capital expansion plan under way with associated operational requirements that result in significant growth in staffing. Demand for these facilities is driven by anticipated new utility customers. In FY 09, these departments' costs increase only \$4.3 million or 1.8 percent.

Another factor for the increase within the County Administrator's budget is an increase in expenditures in the indigent care health program – a program funded with a dedicated half-percent local sales tax. This more than accounts for the \$15.8 million or 10.4 percent increase in the Health and Social Services Department budget from FY 07 to FY 08. Offsetting a portion of that increase is a reduction in the Planning and Growth Management Department budget of \$5.2 million. About \$2.9 million of that reduction reflects cuts in operations funded with restricted revenues – primarily building permit fees. Building activity dropped off and reserves were substantially depleted in FY 07 prior to approval of fee increases to sustain these services. Reductions to building services staffing levels, starting in 2007 and continuing in FY 08, were made consistent with the decrease in construction activity.

While the Sheriff's budget increased by a modest 3.3 percent from FY 07 to FY 08, it is such a large component of the budget that it still amounted to an \$11.6 million increase. The increase builds to 6.4 percent in FY 09, a \$23.2 million increase. A lower-than-anticipated inmate population allowed the Sheriff to defer staffing requirements for a new 256-bed lockdown facility and for new dormitory-style facilities to house an added 512 inmates by transferring inmates and staff from older facilities and leaving those facilities unstaffed in the near term. As previously mentioned, the anticipated annual cost of operating the expanded facilities is \$16.8 million.

Large one-time expenditures in the Clerk of the Circuit Court's budget in FY 07 for technology systems and the Supervisor of Elections budget in FY 08 for new voting equipment and associated costs make year-to-year comparisons more difficult. Each of these Constitutional officers' budgets is heavily reliant on property taxes and other general revenues.

Capital Budget and Debt – Annual funding of capital expenditures will be \$362.6 million in FY 08, down \$15.8 million or 4.2 percent from \$378.4 million in FY 07. Capital projects funding drops an additional \$95.4 million or 26.3 percent in FY 09. The reduction in FY 08 is more than accounted for by a reduction in the water and wastewater program from an unusually high level in FY 07. Spending is up in the fire program as the County commits to strengthen-

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ing existing fire stations against potential hurricane damage. Spending also increased in the solid waste, stormwater, and transportation programs. In each case, the expansion reflects programs funded with revenues other than property taxes. Other programs within the capital budget that are reduced from FY 07 funding levels are government facilities and parks. These areas are more heavily reliant on property tax funding and subject to deferral as a result of tax reform. Capital expenditures decline from FY 08 to FY 09 in all areas except the water/wastewater and solid waste programs – the County's two self-sufficient enterprise activities (i.e., programs operated using business-type accounting and reliant on fees and assessments for services). Financing facilitates more than 80 percent of the increase in capital expenditures from FY 07 to FY 08 and a reduction in financing accounts for more than 60 percent of the decrease in capital expenditures from FY 08 to FY 09.

Debt payments amount to \$127.2 million in FY 08, down \$60.8 million or 32.3 percent from \$188.0 million in FY 07. Debt payments decrease another \$16.1 million or 12.7 percent from FY 08 to FY 09.

Other, Non-expenditure Uses – Two components of the budget do not reflect expenditures: reserves and transfers. Reserves address a wide range of needs, including backstopping County debt, insulating against unexpected catastrophe, and accumulating funds to meet the timing requirements for future capital projects. Reserves amount to \$849.1 million in FY 08, up \$156.9 million or 22.7 percent from \$692.2 million in FY 07. They decline slightly in FY 09: down \$3.3 million or 0.4 percent. More than two-thirds of the FY 08 increase was accounted for by a \$100.2 million increase in reserves – largely in the County's water/wastewater enterprise. In FY 07, there had been negative adjustments to reserves associated with capacity fees paid for future system infrastructure, offsetting more than \$100 million of other system reserves. Without these adjustments impacting the FY 08 or FY 09 budget, reserves in the enterprise increased back to previous levels.

In the County's General Fund (both the countywide and unincorporated portions), reserves increase \$17.5 million in FY 08 from \$125.6 million in FY 07 to \$143.1 million in FY 08 – a 14.0percent increase. This reflects an increase in stabilization reserves and an increase in contingency reserves based on adjustments during FY 07.⁵ In FY 09, reserves increase \$30.3 million in the General Fund -- \$30 million of which reflects the slowing of expenditures in FY 09 to below expected revenue growth. As indicated, \$30 million reserve for budget reduction facilitates meeting a good portion of potential revenue loss in FY 09 if the January 2008 constitutional amendment is approved by Florida voters. The balance of any reduction necessary to rebalance the FY 09 budget to available revenue can be selected from the list of potential budget reductions provided at the Board's request on June 1, 2007 in anticipation of 2007 legislative tax reform.

We recognize the sensitivity of taxpayers to the perception that government holds reserves that could otherwise be returned. After receiving the AAA bond rating from Standard and Poor's, we asked for guidance on what is expected in terms of General Fund reserves for a county with the highest bond rating. We were advised that 20 percent is the benchmark. When we consider all of the FY 08 General Fund reserves and add our \$62.8 million catastrophic reserve that is held in a separate fund, we have \$206.0 million in reserves, or 18.0 percent of the total General Fund budget. Comparing those reserves against the General Fund budget net of reserves, the percentage rises to 20.6percent.

Governmental accounting standards require tracking dollars as they are moved within the fund structure that comprises the budget. These "transfers" amount to \$978.5 million in FY 08, up \$84.3 million or 9.4 percent from \$894.2 million in FY 07. Transfers then decline to \$833.0 million, down 14.9 percent in FY 09. The year-to-year variation largely reflects the issuance of more than \$200 million in revenue bonds in early FY 08 backed by the Community Investment Tax (the County's ½-percent local option infrastructure sales tax). Bond proceeds are budgeted to be trans-

⁵ Stabilization reserves provide a critical safeguard against revenue losses or unexpected cost increases within existing programs that may occur during a fiscal year. The value of this "best practice" is evident in considering that the State of Florida had to advise State agencies to enact a 4 percent budget cut and prepare for as much as a 10 percent cut literally at the start of the State fiscal year in July. The cuts came as a result of lowered estimates of sales tax revenue for the fiscal year after adoption of the budget. A State stabilization reserve would have insulated against the need for such drastic action during a fiscal year – buying time for a better assessment of priorities and options. In preparing this biennial budget we used nonrecurring excess revenue from FY 07 to increase General Fund stabilization reserves above the minimum 5percent of prior year expenditures as specified in BOCC Policy 03.02.02.22.

COUNTY ADMINISTRATOR'S BUDGET MESSAGE

ferred to capital projects funds where they will be subsequently appropriated to specific projects after approval of a list of projects through a public hearing process in October 2007. Transfers return to more historic levels in FY 09.

Other than tracking subsidies within and between funds, there is no significance to the overall amount of transfers – other than that they inflate the bottom line of the budget, resulting in a budget total that tends to be referenced by the media for its sheer size. Some governments exclude transfers in reporting their budgets.

Revenues and Other Sources Reflected in the Biennial Budget - On the revenue side, taxes account for \$1.1 billion in FY 08, of which \$803.2 million is from property taxes—the County's largest single source of revenue, accounting for 39.0 percent of all revenue. Due to property tax reform, the FY 08 budget reflects a decrease of property ("ad valorem") taxes of \$11.9 million, or 1.5 percent.⁶ That does not show the full impact of tax reform. In the absence of constraints on property taxes this year, the County would have received \$109.0 million in additional tax revenue in FY 08, less about \$13.3 million in cuts to comply with the County's self-imposed spending cap. Under the 2007 rollback calculation, we estimate that property tax revenue will grow by \$48.9 million from FY 08 to FY 09, or 6.1 percent.

Other locally levied taxes account for another \$301.8 million of revenue in FY 08 and \$319.3 million in FY 09 – primarily two ½ percent sales taxes (one for indigent medical care and the other for infrastructure – the Community Investment Tax). Each of these local sales taxes is estimated to generate \$108.2 million in FY 08 and \$115.5 million in FY 09. Growth in sales tax collections slowed in FY 07 and that slowdown is projected to continue into FY 08.

The category "other taxes" also reflects the local component of the 4 percent - Communications Services Tax, a 5 percent Tourist Development Tax and 7 cents of locally set gasoline taxes. Detail on the performance of individual revenues that collectively account for more than three-quarters of all County revenue can be found in a revenue section in the budget document.

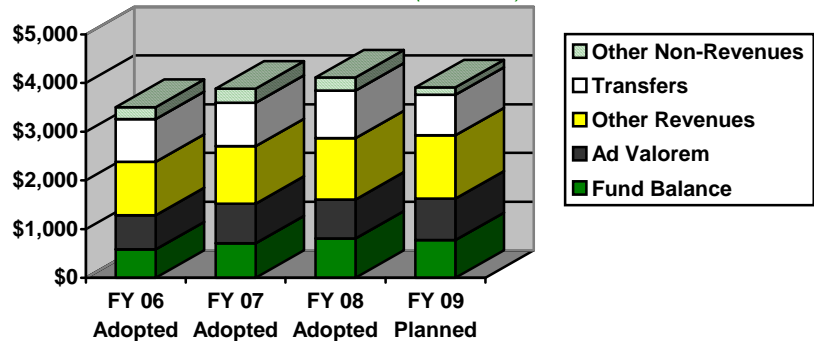
Federal and State-shared grants and other revenues will account for \$243.0 million in FY 08 – down slightly from \$243.9 million in FY 07. These revenues, which account for 11.8 percent of total revenue in FY 08, are anticipated to increase by approximately 2.9 percent in FY 09 to \$250.2 million. The growth is in State-shared revenues reliant on a portion of the State's sales tax collections.⁷

User fees (also known as "charges for services") account for \$531.6 million in FY 08 – up \$37.8 million or 7.7 percent. There is a further increase in FY 09 of \$33.8 million or 6.4 percent. The largest sources of fees are water and wastewater service fees, solid waste residential collection assessments, and internal billings including insurance premiums, administrative cost recovery, and fleet charges. Each of these areas represents services that are operated much like private businesses and the accounting for these "proprietary funds" follows more closely that of the private sector than other governmental operations. Added customers and/or changing consumption patterns impact the growth in reve-

⁶ Part of the confusion over legislative changes and the property tax "rollback" is the perception that local governments' property tax revenue would be cut by between 3 percent and 9 percent based on 2007 legislation. The rollback calculation allows growth in revenue from new construction that occurred in the past year and from a new adjustment for community redevelopment areas. The calculation then reduces revenue by a percentage which, in Hillsborough County's case, is 5 percent. As a result, the decline in revenue from FY 07 to FY 08 is less than the 5 percent adjustment.

⁷ These revenues are particularly subject to volatility in the State's economy and we have separate stabilization reserves for these individual revenues to insulate against a downturn and a resulting revenue shortfall.

Chart Three
Budgeted Revenues and Other Sources
All Funds (in millions)



COUNTY ADMINISTRATOR'S BUDGET MESSAGE

nue from year to year as costs are passed through in rates and assessments. The budget also reflects residential assessment increases for unincorporated residential solid waste customers and pass-through costs such as bulk water rates for County utility system customers.

Programmatic Improvements in the Budget

The biennial budget reflects a large number of services, many of which are unrelated to the issue of tax reform that has captured most of the attention surrounding this budget process. Some of the key changes reflected in this budget are unrelated to tax reform. Other changes shift the funding source from general revenue to restricted revenues, aiding in the process of balancing the budget to available property tax revenue:

- Operating funds are budgeted for two Aging Services facilities under construction that will open without new staffing. The Riverview Terrace Senior Center will replace rental space currently used for programs. The Westgate Senior Center was planned as an expansion but will be used to relocate existing programs from other Aging Services locations;
- Funding for Children's Services grants are transferred from the Countywide General Operating Fund to the Intergovernmental Grant Fund as recommended by the County's external financial audit;
- Four additional Head Start Center staff are added to accommodate for a cancelled non-profit contract site;
- Two additional digital communications dispatchers in Emergency Dispatch are funded from the 911 Emergency Telephone System Fund to improve call answer time;
- Funding from the Tourist Development Tax Trust Fund is added for the update of the Long Range Strategic Plan for Tourism Development, for workshops and job fairs, and for a Tourism Project Coordinator in the Economic Development Department;
- Non-recurring funding is added for the Campo YMCA pool project which will fund the construction of a large swimming pool operated and maintained by the YMCA. This will provide a recurring benefit with a one-time expenditure. It will also support a Board-initiated Strategic Plan strategy to improve swimming safety training.
- Health and Social Services Department funding for the Baker Act Mental Health Program and Florida Healthy Kids Program is shifted from the Countywide General Fund to the Indigent Health Care Services Fund;
- Funding from the Law Library Board Fund is added for the Law Library's new phone system and for information system and WiFi upgrades associated with the move into the renovated Main Courthouse building;
- Funding is added to the Library Services Department for the Imagination Library Early Literacy Program and for seven staff for the expanded Westgate replacement library;
- Funding is added to cover an increase in anticipated utility costs associated with the Medical Examiner Department's new facility;
- Funding from the Environmental Restoration Fund is added to provide landscaping for County projects, intergovernmental projects and public-private partnerships for public benefit;
- Funding from the Environmental Land Acquisition and Protection Program Site Management and Restoration Fund is added for upland restoration of the Triple Creek Greenway, management costs for the north prong of the Alafia River, site management plan for the upper Little Manatee River Preserve, and management of newly acquired ELAPP sites;
- Funding in the Planning and Growth Management Department is added for operating costs associated with the proportionate fair share ordinance – which generated substantial private funding for transportation projects;
- Funding in the Public Works Department from the Stormwater Management Fund is added for the lake management program;
- Funding is added for the biennial countywide aerial mapping project in the Real Estate Department;
- An efficiency is implemented adding fifteen permanent positions in place of ninety-two temporary positions in Library Services;
- Funding in the Solid Waste Enterprise Fund is added for operating expenses for the new South County Transfer Station and Northwest Transfer Station and for contract costs associated with an increase in customers; and
- Funding in the Water and Wastewater Utility Enterprise Fund is added for costs associated with new and expanded facilities, emergency operations and an increase in customers.

Reduction in Force Process

One of the most difficult challenges for an employer is facing a large-scale reduction of positions where many are filled. We approached this process with sensitivity to the impact that layoffs create – not only to the affected employees and their families, but also for those who remain and pick up additional responsibilities with the uncertainty of whether there will be more layoffs in the future. We updated the policy and procedures that County Administration would use in a layoff process to address a cross-organizational layoff process. The revision incorporated seniority and performance factors to determine which employees would be laid off.

Many of the positions eliminated in this budget are part-time positions and they are largely associated with departmental efficiency suggestions, not a reduction of services. Some of the positions “eliminated” were planned positions for new facilities (primarily parks and a senior center) that were included in our budget forecast (the 5-year Proforma presented in February 2007), but were deferred along with the completion of facilities or will simply not be created to expand programs at new facilities. Late in the process we were able to avoid service implications in our youth recreation program by substituting full-time positions with part-time positions. That one substitution saved nearly \$2 million per year without a measurable impact on services.

Overall, we cut 306 positions from FY 07 to the FY 08 budget – a 2.7 percent decline despite significant increases in staffing in the Sheriff's Office and in our water/wastewater enterprise operation. The greater overall focus on cuts in part-time positions is evident when we convert to a “full time equivalent” or “FTE” basis. The FTE count is down 108.15 or 1.0 percent in FY 08.

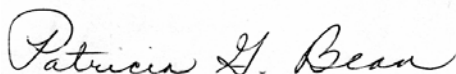
Conclusion

Consistent with Goal One of your Strategic Plan, this budget continues our commitment to “ensure that Hillsborough County is financially strong enough to influence its destiny by applying efficient and/or effective policies and practices.” This budget reflects a material reduction – the largest on record in the Countywide operating millage – continuing more than a decade of past reductions – while also continuing to be responsive to the needs of our growing community.

This has been a particularly challenging budget to develop, given the push in Tallahassee for property tax reform and the impacts on our schedule and our programs. If tax reform continues with passage of the Constitutional amendment in January 2008, I believe we have the tools to implement the changes to the Planned Budget for FY 09 using a combination of the \$30 million in recurring revenue that we set aside in FY 09 and the programmatic priorities we identified through our zero-base budget process.

This budget had implications for County employees who faced a reduction in force. Our strong financial position has allowed us to temper the need for cuts and we made a concerted effort to place as many employees as possible. I believe it is the responsible action to curb spending through selective cuts in lower priority activities and programs rather than take interim actions that simply defer the need to act. We have weathered the first phase of property tax reform with limited impacts on ongoing programs. The next stage of tax reform is likely to have a more noticeable and damaging impact on our delivery of quality public services.

Respectfully Submitted,



Patricia G. Bean
County Administrator

HILLSBOROUGH COUNTY STRATEGIC PLAN

GOAL ONE

To ensure that Hillsborough County is financially strong enough to influence its destiny by applying efficient and/or effective policies and practices

Objectives:

- A. Reduce over-reliance on property taxes as a general revenue by relying more on the non-tax portion of total General Fund revenue from 16% (adopted FY 04 budget) to 18% (adopted FY 09 budget).
- B. Reduce over-reliance on property taxes as general revenue by establishing a Countywide target of under 7 mills by FY 09.
- C. Improve protection of stabilization reserves in the General Fund by establishing specific criteria by FY 08 that will determine when such reserves may be used and how quickly they would be subsequently replaced.
- D. To maintain general obligation and sales tax credit ratings of at least "Aa/AA/AA".
- E. Achieve and maintain by FY 07 a financial management rating of at least "A-" as determined by the Governing Magazine review of 40 counties.

Board Initiated Strategy

- Resist unfunded mandates

GOAL TWO

To improve the economic well-being of our citizens

Objectives:

- A. Support economic development initiatives that promote the creation and retention of quality jobs that result in a local average wage exceeding the State average by at least 5 % and equal to at least 95% of the national average, by FY 09.
- B. Reduce the percentage of County residents living in poverty to the lowest quartile of counties in the State of Florida based on the 2010 Census.
- C. Support economic development initiatives that maintain an annual unemployment rate at least 1 percentage point below the State and National averages.
- D. Support economic development initiatives that maintain annual employment growth rates equal to or greater than the State and National averages, by FY 09.
- E. Reduce by 5% the number of homeowners who spend more than 50% of household income on housing costs and have an income of less than 80% of average median income (AMI), by FY 12.
- F. Maintain a rating at, or above, the median housing affordability index for the 7- County Tampa Bay Regional Partnership area as reported by the Florida Data Clearinghouse, Shimberg Center for Affordable Housing, University of Florida.
- G. Diversify economic base by targeting appropriate new industries in order to improve the average wages and reduce unemployment as measured by the objectives above.

Board Initiated Strategy

- Promote the County's breaks on taxes, water and garbage for seniors

GOAL THREE

To work with citizens and neighborhoods in order to ensure quality services are delivered in a courteous and responsive manner

Objectives:

- A. To become the best county in the U.S. by FY 09, as measured by customer satisfaction surveys, benchmark comparisons with other top counties throughout the U.S., and through assessments by independent experts such as the Governing Magazine survey.
- B. Attain, by FY 09, a customer satisfaction rating on the value of County services of 10% over the ratings received from a baseline customer survey.
- C. Attain a customer satisfaction rating of 90% on the County's delivery of services in a courteous and responsive manner, as measured through point-of-service feedback, by FY 06.

HILLSBOROUGH COUNTY STRATEGIC PLAN

GOAL FOUR

To build a high performance diverse professional organization

Objectives:

- A. By FY 08, maintain diversity in the workforce in all EEO-4 categories of Hillsborough County government, under the County Administrator, representative within a 10% variation when compared to the workforce census of Hillsborough County measured by data from the Human Resource Information System (HRIS).
- B. By FY 08, improve employee relations through effective reduction of the number of employee disputes, grievances and lawsuits per 100 employees unresolved at the department level by 20% as compared to the number of outstanding issues as of FY 06 determined by Human Resources and County Attorney records.
- C. Improve efficiencies and effectiveness in County services as measured by internal and external benchmarking by FY 08.
- D. Achieve and maintain, by FY 07, a human resources rating of at least an "A-", as determined by the Governing Magazine review of 40 counties.

GOAL FIVE

To provide a quality of life to citizens and visitors that emphasizes public safety, arts and entertainment, and sports and recreation, in a visually pleasing and healthy community

Objectives:

Public Safety:

- A. Measure citizen satisfaction with County services that ensure public safety by means of an annual survey beginning in FY 05; based on the survey results, adopt milestones for continuous improvement.
- B. After the occurrence of a declared emergency, measure citizen satisfaction with Hillsborough County's preparedness and response by means of a survey; based on the survey results, adopt milestones for continuous improvement.
- C. In partnership with local utilities and through facility upgrades, reduce the downtime caused by electrical outages at County water and sewer treatment and pumping facilities by 15% by FY 10.
- D. In partnership with local law enforcement agencies, the per capita rate of violent crime in Hillsborough County will be the lowest of any large urban county in the State of Florida by FY 15.
- E. In partnership with law enforcement agencies, the per capita rate of property crime in Hillsborough County will be the lowest of any large urban county in the State of Florida by FY 15.
- F. In partnership with law enforcement agencies, the per capita crime ranking for Hillsborough County will be the lowest of any large urban county in the State of Florida by FY 15.
- G. By FY 15, improve the response time of Advanced Life Support personnel to arrive within 8 minutes, 90% of the time throughout unincorporated Hillsborough County -- incrementally improving the existing performance by an average of 2% per year.
- H. By FY 15, improve the response time of Advanced Life Support transport vehicles to arrive within 8 minutes, 71% of the time throughout unincorporated Hillsborough County -- incrementally improving the existing performance by an average of 2% per year.
- I. By FY 15, improve fire response time in the urban area to be within 5 minutes, 64% of the time throughout unincorporated Hillsborough County -- incrementally improving the existing performance by an average of 3.5% per year.
- J. By FY 15, improve fire response time in the rural area to be within 10 minutes, 76% of the time throughout unincorporated Hillsborough County.

Arts and Entertainment:

- K. Measure customer satisfaction with children's programming at County libraries by means of an annual survey beginning in FY 05; based on the survey results, adopt milestones for continuous improvement.
- L. In partnership with local communities, improve the Arts and Culture ranking for the Tampa- St. Petersburg-Clearwater MSA in the Bert Sperling national ranking and rating of cities from 59th to within the top 50 by FY 07.

HILLSBOROUGH COUNTY STRATEGIC PLAN

Visually Pleasing:

- M.** Improve the physical appearance of the community as measured by an annual Quality of Life Survey beginning in FY 05 (Also in Goal 8).
- N.** Prepare and implement community based plans for 22 communities as set forth in the work program developed with the Planning Commission as set forth in the "Team Approach to Community-Based Planning Agreement" by FY 08 (Also in Goal 8).
- O.** Increase the percentage of code violations resolved within a 12-month period to attain a 90% resolution rate by FY 10.
- P.** Ensure projects that are zoned Planned Development (PD), which are submitted for permitting after December 2005, fully comply with the Planned Development (PD) zoning that was approved by the Board of County Commissioners. (Also in Goal 8)

Healthy Community:

- Q.** By December 2005, establish baselines and benchmarks for measuring the quality of life for senior citizens, and then improve the quality of life by 15% by FY 07.
- R.** Reduce swimming pool accidents/drownings.
- S.** A measurable objective on the health of the community, related to the County's Indigent Health Care Plan goals, will be developed after clarifying BOCC expectations in a meeting on February 2, 2005.

Sports and Recreation:

- T.** For athletic and recreation programs offered by Parks, Recreation and Conservation Department of Hillsborough County, as measured by the department's customer survey, maintain 85% customer satisfaction rating with recreational programs and improve athletic programs to attain 90% customer satisfaction rating by FY 07.
- U.** Increase the percentage of underprivileged and hardship participants of Hillsborough County's Parks, Recreation and Conservation Department programs within Community Development Block Grant areas by 10% by FY 07.

Board-Initiated Strategies for Sports and Recreation:

- Outreach to disadvantaged children
- Swimming safety training
- Discounts for minority and underprivileged to afford programs offered
- Dance/music programs for disadvantaged children
- Improve transportation for underprivileged children to get to the facilities

Other Board Initiated Strategies:

- Come up with a better way of providing transportation for the elderly
- Expand senior services by running programs more efficiently

GOAL SIX

To improve transportation in Hillsborough County

Objectives:

- A.** Decrease the rate of preventable intersection crashes per million entering vehicles (MEV) by 5% by FY 10.
- B.** Reduce the lane miles of County Roads on the BOCC approved constrained roadway list by 15% by FY 07.
- C.** Increase the number of intersections being upgraded to accommodate growth by 50% by FY 08.
- D.** Increase the number of bike lanes by 5% by FY 10.
- E.** Reduce the preventable pedestrian accident rate per 100,000 population (An in-depth analysis will be conducted to determine the causes of pedestrian accidents and feasible solutions. Upon completion, objectives will be clarified based upon what the analysis reveals.)
- F.** Implement a Countywide "Senior Zone" Program. Conduct project development studies, prepare construction plans and install traffic control devices for at least two "Senior Zones" per year along County roadways that have adjacent assisted living facilities to reduce travel speeds and enhance traffic safety at each location, and expand the program based upon BOCC approved program funding. *(Added by BOCC 2/7/07)*

Board Initiated Strategies:

- Add intersection red light cameras at deadliest intersections (will have to have legislative authority and cooperation from the Florida Department of Transportation)

HILLSBOROUGH COUNTY STRATEGIC PLAN

- Set priority for transportation funding from the CIT and ad valorem taxes (policy discussion & development)
- Collector road traffic calming efforts

GOAL SEVEN

To effectively protect and manage our natural resources, including the conservation of the water supply to create a healthy environment in Hillsborough County

Objectives:

- A. Maintain the average per capita potable water use at 107 gallons per day in a wet weather year, 120 gallons per capita in an average rainfall year, and 130 gallons per capita per day in a dry weather year.
- B. Protect river resources by developing regulatory overlay districts for the Alafia, Little Manatee, Palm and Hillsborough rivers in Hillsborough County by FY 08.
- C. In partnership with SWFWMD and Tampa Bay Water, protect the natural water resources in the County from adverse impacts due to excessive ground and surface water withdrawals by meeting all adopted SWFWMD minimum flow levels by FY 10.
- D. Ensure water supply capacity is at least 6% greater than the service area demand by FY 08.
- E. Provide expanded protection from contamination through the permitting requirements for all the 740 potable water supply wellheads in the County by FY 07.
- F. Hillsborough County will pursue the acquisition of environmentally sensitive and significant resources by leveraging ELAPP funding with 40% non-county funding on an average gross annual basis.
- G. In partnership with the Environmental Protection Commission, increase ambient air quality in the County to meet the Federal Clean Air Standards by FY 08.
- H. Sustain the reuse of 45% of the reclaimed water supply to offset increased demands for potable water through FY 10.
- I. Prevent stormwater flooding attributable to the inadequate design of new development for which permits are submitted after December 05.

GOAL EIGHT

To make Hillsborough County a desired place to live through managing growth

Objectives:

- A. Improve quality of life for County citizens by establishing and monitoring a set of BOCC improvement measures using data from an annual Quality of Life survey, beginning in FY 05.
- B. Prepare and implement community based plans for 22 communities as set forth in the work program developed with the Planning Commission as set forth in the "Team Approach to Community-Based Planning Agreement" by FY 08 (Also in Goal 5).
- C. Improve the physical appearance of the community as measured by an annual Quality of Life survey, beginning in FY 05. (Also in Goal 5).
- D. Ensure projects that are zoned Planned Development (PD), which are submitted for permitting after December 2005, fully comply with the Planned Development (PD) zoning that was approved by the Board of County Commissioners. (Also in Goal 5)

Board Initiated Strategies

- Citizens should have access to PGM documents online
- Have timing of development addressed in comprehensive plan (addressed at front end of approvals)
- Need to promote redevelopment strategies, including cities
- Develop policies in the comprehensive plan by 2006 that will promote a balanced and diversified land use pattern and protect agricultural land

THE PROCESS OF ADOPTING THE BUDGET

Note: During the second 2007 special session ending June 15, 2007, the legislature approved House Bill 1B (HB-1B) with substantial amendments to the various statutes pertaining to the specific legal requirements for levying ad valorem taxes and the budget process. The amendments significantly limit the way maximum millage rates are calculated. On July 13, 2007, the State Department of Revenue notified the County that it must reduce its FY 08 millage rate 5% below the rolled-back rate. The rolled-back rate is the millage rate that generates the same revenue from existing property this year as was levied last year. This reduction only applies to FY 08. However, language in the bill revises the method of calculating the maximum millage rate beginning in fiscal year 2009-2010.

The legislature also approved ballot language and authorized a state-wide referendum to amend the State Constitution giving homestead property owners the option of remaining under the present Save Our Homes provisions with its 3% cap in growth of assessed value or receiving larger exemptions with no cap in assessed value growth. Pursuant to a legal challenge, the amendment was removed from the January 29, 2008 ballot after a Florida Chief Circuit Judge ruled that the ballot language was "misleading and confusing, and does not provide fair notice to the voter, educated or otherwise, of the purpose and effect of the proposed amendments." However, the judge upheld the provisions of House Bill 1B. This bill mandates that the maximum property tax levy allowed is the rolled-back rate plus the growth in the Florida per capita personal income for FY 09 and subsequent years. For text of House Bill 1B, please read HB-1 on www.myfloridahouse.gov. Subsequent to the removal of the proposed constitutional amendment from the January 29 ballot, the legislature met again in October and developed a new proposed amendment to be considered on the January 29, 2008 ballot. The new proposed amendment provides an additional \$25,000 exemption to homesteaded properties, it allows for portability of the Save Our Homes exemption, and it places a cap on the value of non-homesteaded properties.

While preparing the FY 08 and FY 09 biennial budget and the process of adopting the budget, County staff did not presume the passage of a constitutional referendum. If an amendment or other law changes are approved, changes will be made to the FY 09 budget and to the County's budget process during the second year update process. Additional steps and deadlines imposed by the legislature are shown in italics in the SPECIFIC REQUIREMENTS section.

SPECIFIC LEGAL REQUIREMENTS

An annual budget, including all such funds as required by law, shall be prepared, approved and adopted for each fiscal year. The budget shall control the levy of taxes and expenditure of money for all County purposes during the ensuing fiscal year. The budget process shall be conducted in accordance with Chapters 125, 129, 200, and 218 of the Florida Statutes, as amended.

By July 1, the Property Appraiser must certify the (initial) taxable value of property within each taxing district.

By July 13, 2007, the Department of Revenue will notify the County of the percentage decrease in the rolled-back rate.

The County Administrator must present a balanced budget to the Board of County Commissioners (BOCC) by July 15. *The Department of Revenue granted the County an extension of this step to July 23, 2007.*

Within 35 days of either July 1, or the date the Property Appraiser certifies the taxable value of property, whichever is later, the BOCC must set proposed millage rates. At that time, a date, time and place is set for a first public hearing on the proposed budget and millage rates.

Within 65 to 80 days of July 1, or the date the Property Appraiser certifies the taxable value, the BOCC must hold a public hearing, after 5:00 p.m., to hear public testimony and to adopt a tentative budget and tentative millage rates. The first substantive issues discussed must be the percentage increase in the proposed aggregate millage rate over the rolled-back rate and the specific purposes for which the ad valorem tax revenues are being increased. (Information on rolled-back millages may be found in this document and a definition may be found in the glossary.) Prior to the conclusion of the hearing, the BOCC shall amend the tentative budget as it deems necessary, adopt the amended tentative budget, recompute its proposed millage rates and publicly announce the percent, if any, by which the recomputed proposed aggregate millage exceeds the rolled-back rate. That percentage shall be characterized as the percentage increase in property taxes tentatively adopted by the BOCC (regardless of whether millage rates have changed). A date, time and place for a second public hearing is set at this hearing. As with the first public hearing, the second public hearing must be held after 5:00 p.m.

THE PROCESS OF ADOPTING THE BUDGET

Within fifteen days after the first public hearing, the County must publish two adjacent budget ads in a newspaper of general circulation in the County. One advertisement notifies county residents of the BOCC's intent to finally adopt millage rates and a budget, identifying any increase in property taxes. The second advertisement summarizes the tentative budget, showing for each budget and for the total of all budgets, the proposed millage rates, balances, reserves, and major revenues and expenditures classifications. Specific size, placement, and wording requirements apply, as set forth in Chapter 200.065(3) of the Florida Statutes.

Within two to five days after the advertisements are published, a second public hearing is held to hear public testimony and to adopt a final budget and final millage rates. If, for any reason, the adoption of the final budget is delayed beyond the start of the next fiscal year, the BOCC can expend moneys as outlined in Chapter 200.065(2)(g) of the Florida Statutes, as amended.

Copies of completed resolutions adopting the final millages are forwarded to the Property Appraiser and the Tax Collector by the Clerk of the BOCC within approximately 100 days of certification of preliminary taxable value by the Property Appraiser.

Not later than 30 days following adoption of an ordinance or resolution establishing a property tax levy, the BOCC shall certify, to the Florida Department of Revenue, compliance with the provisions of Chapter 200 of the Florida Statutes, as amended. In addition to a statement of compliance, the certification package includes a copy of the adopted millage resolution or ordinance, a copy of the budget advertisements including proof of publication, and a copy of the Certification of Taxable Value form.

Copies of the budget shall be filed with the Clerk of the BOCC as public records.

Upon final adoption of the budget, the budget shall regulate the expenditures of the County and the budget shall not be amended, except as provided for in Chapter 129.06, Florida Statutes. Pursuant to Chapter 129.07, Florida Statutes, it is unlawful for the BOCC to expend or contract for expenditures in any fiscal year in excess of the amount budgeted in each fund. Every appropriation shall lapse at the close of the fiscal year. Unexpended funds for uncompleted projects and encumbrances for capital outlay (equipment) at the close of the fiscal year may be reappropriated in the succeeding fiscal year.

THE PROCESS OF ADOPTING THE BIENNIAL BUDGET FOR FY 08 AND FY 09 FOR HILLSBOROUGH COUNTY

Besides complying with the specific legal requirements for adopting a budget and levying ad valorem taxes, the County has a budget process that consists of four distinct phases.

The Planning Phase began October 1, 2006 with in-house review of the FY 06 and FY 07 two-year budget process and consideration of comments from the review of prior budget documents by the Government Finance Officers Association (GFOA). The FY 06 and FY 07 biennial (two-year) budget received GFOA's *Distinguished Budget Presentation Award*, including the following special recognition: *Outstanding as a Financial Plan, Special Capital Recognition and Special Performance Measures Recognition*. The planning phase continued with preparation of budget instructions, examples, and training materials.

The Preparation Phase for FY 08 and FY 09 preparation phase for all BOCC funded organizations began with a budget "kick-off" on February 1, 2007. Concurrent with the budget "kick off" meeting, instructions and forms were electronically distributed to all organizations. For the FY 08 and FY 09 budget process departments were directed to prepare decision units and related summaries for all programs by funding source. Decision Units are prepared at various levels of service delivery including "minimum service level", "continuation service level", "new mandates" and "desired level of service". The following represents the definitions of each service level:

Minimum Service Level – The most important level of service provided by any organization. Any funding less than this level would result in no appropriation. Resources less than those provided at this level are insufficient to accomplish the basic mission. This very basic level of service represents the reason the organization exists and the intended purpose of the organization.

Continuation Service Level – This is funding needed to provide the same level of services in the next fiscal year as was provided in the current fiscal year. It does not necessarily provide funding for growth in demand for services. While the continuation level provides for the same number of funded positions, the budgeted cost of those positions is increased to reflect inflation and any increase in benefits.

THE PROCESS OF ADOPTING THE BUDGET

New Mandates – A new mandate represents any request to meet a new Federal law, State Statute, or Board of County Commissioners (BOCC) Ordinance; a request to comply with a BOCC directive supported by a resolution or approved motion; or a request to meet the operating impact of a completed capital project.

Desired Service Level – Includes requests for additions to the continuation level of service to an expanded population or geographical base or additions either to initiate a new program or activity.

These "decision units" describe distinct services and levels at which these services may be offered. Department or agency management then ranks each decision unit by funding source against all decision units in the funding source and in the department. The ranking of "decision units" gives management a means of evaluating what services could be offered at a variety of funding levels by a department. For both FY 08 and FY 09, departments were also allowed to submit "desired decision units" reflecting service or activity levels above the continuation level.

In a continuing effort to deliver the most cost effective and efficient services to the citizens of Hillsborough County, each organization was also asked to submit a proposal for efficiencies or reductions to their continuation level budget. The purpose of this initiative was to examine how services are provided and identify opportunities for cost savings within existing programs. The expectation is that service delivery would not be measurably reduced as a result of these efficiencies. At a minimum, the efficiency proposal was to reflect a cost savings from both the FY 08 and FY 09 budgets at the continuation levels for a department, including all funding sources.

To continue documenting efforts tying the Board of County Commissioner's strategic goals to the budget planning process, departments also prepared and submitted Strategic Decision Unit forms. Instituted in the previous two-year budget cycle, a Strategic Decision Unit identifies and develops strategies for the County's Strategic Plan, whether those strategies require more resources or not. It is expected that many of these Strategic Decisions Units will identify creative ways to deliver strategic plan objectives through existing funding levels. Departments were also encouraged to provide "alternative" strategies for delivering the same strategic objective.

The deadline for BOCC departments and agencies to submit their budget packages to the Management and

Budget Department was March 4th. Although Florida Statutes allow most Constitutional Officers to submit their budgets on June 1st, the County Administrator asked them to make their submissions earlier to accommodate an accelerated schedule. All were able to supply preliminary budget information in the requested time.

The Review Phase consisted of scheduled budget work sessions conducted by the County Administrator and attended by the Deputy Acounty Administrator, appropriate Assistant County Administrators, Department Directors and budget staff to review and discuss the each department and agency budget package. These sessions began in April and continued through May.

In addition to the departmental budget meetings, there were five formal budget workshops with the BOCC. These workshops were scheduled so that the Board could be more involved in the budget process and provide input into the prioritization of issues that led to the development of the recommended budget.

External Events Impacting the Biennial Budget Process – Immediately after the distribution of the 2006 tax bills in November 2006, it became apparent that State legislators and the Governor were concerned with property tax revenues being collected by local general purpose governments, special districts and school boards and perceived unfairness in the valuation of properties due to the Save Our Home Exemption. During the March through May 2007 legislative session, several bills were introduced to amend statutes regarding the valuation process for non-homestead properties, millage limits and revenue limitations. Also introduced were several resolutions calling for constitutional referenda regarding homestead exemptions, Save Our Homes and exemptions for non-homestead properties. In late April, as the end of the regular session came closer, the County Administrator and her staff anticipated the State would be enacting legislation that would negatively impact Hillsborough County's property tax revenue stream, but the actual extent of the impact was unknown.

After the session closed on May 3rd without passage of a property tax relief bill, the Governor called a special session starting June 12th. In anticipation of the special session, the County Administrator worked with staff during the months of April and May to develop several budget reduction scenarios based on various bills introduced in the regular session. The legislature

THE PROCESS OF ADOPTING THE BUDGET

did not release an overview of the proposals until the day before the special session convened.

As a result of this exercise, the County Administrator released a list of possible budget reduction scenarios on June 1st based on various bills introduced in the regular session. This exercise was useful when the legislature finally acted during the special session June 12th through June 15th. Bills passed at the special session mandated a reduction in property tax rates and revenues. These reductions are explained in the County's Administrator's Budget Message.

These events led to the County Administrator delaying delivery of her recommended budget to the Board of County Commissioners until July 23rd.

The Public Adoption Phase began with the formal presentation of the County Administrator's Recommended Budget at a workshop on July 25, 2007. The BOCC's review of the budget and the public process of review, change, and formal adoption lasted through late September. This phase included three workshops with the BOCC and the two public hearings mandatory under State law.

The second milestone of this phase involves setting the proposed millage rates for FY 08. This was ac-

complished at a workshop on July 31st. The proposed millage rates approved at the July 31st workshop were used by the Property Appraiser to prepare Truth-in-Millage (TRIM) notices distributed in mid-August.

TRIM notices advise County taxpayers of how tax rates proposed by all local taxing authorities combined with current information on assessed value of real property will affect the taxes on each taxed parcel of land. The TRIM notice also serves as the official notification of the time and place of the first public hearing for adoption of both tentative millage rates and a tentative budget by each taxing authority.

The third milestone in this phase was the first of two State required public budget hearings. The first public budget hearing was held September 5th. After hearing public testimony at the hearing, the BOCC adopted tentative millage rates and a tentative FY 08 budget.

The fourth and final milestone in this phase was the adoption of the FY 08 budget and millage rates at the second public hearing held on September 20th. The second public hearing was advertised by a published notice with detailed information of the tentative millage rates and the tentative budget.

Budget Process Milestones

Planning

- October - December 2006 - Staff review of previous biennial budget process, comments from GFOA reviewers, and Board policies

Preparation 2007

- February 1st – Budget “kick-off” meeting with Directors; Electronic Distribution of Budget Instructions, Forms, Personnel Worksheets and various budget reports to all organizations
- February 12 – Personnel Worksheets due from all organizations
- February 16 – Revenue Worksheets due from all organizations
- March 2nd – Budget Submissions Due from all organizations except Constitutional Officers

- April 6th through 13th - Review recommended CIP with Program Directors
- June 1 - Budget Submissions Due From Sheriff, Clerk, Property Appraiser, and Supervisor of Elections

Review 2007

- January 25th – Budget Workshop; Discussion of the budget process and employee compensation issues including the increase in health insurance costs.
- February 28th – Budget Workshop; Presentation of Countywide General Fund and Unincorporated Area General Fund Five-Year Pro Formas, and a discussion of Other Post-Employment Benefits.
- March 14th – Budget Workshop; Discussion of legislative proposals regarding millage reduction,

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property taxes, revenue and expenditure limitations, and funding of private non-profits.

- April 25th – Budget Workshop; Update of legislative proposals regarding millage reduction, property taxes, and revenue and expenditure limitations.
- April – May - County Administrator review of proposed budgets and decision units with Management and Budget Department staff, and Assistant County Administrators.
- June 1 - Preliminary tax roll information from the Property Appraiser's Office available.

Public Adoption 2007

- June 21st – Budget Workshop; Discussion of proposed Solid Waste assessments and fees for 2008 and 2009; update on property tax reform; and Board vote to cancel non-mandated Public Hearing on July 26th to allow time for further budget review.
- July 23rd - County Administrator delivers the Recommended Biennial Budget and Capital Improvement Program to the Board of County Commissioners and files it with the Clerk in accordance with Florida Statutes. Deadline was extended by the Department of Revenue.
- July 25th – Budget Workshop; County Administrator explained modifications to State laws regarding ad valorem tax rates; items flagged for future consideration included various non-profits, restoration of schedule to construct and staff the Central Brandon Fire Station, restoration of the schedule to construct various libraries, further reductions to the budget of the County Commissioners, and restoration of specific staff positions.
- July 26th – Budget Workshop; Discussion of potential changes to Board financial policies; items flagged for further consideration included restoration of funding for Seniors In Service, funding for HIPAA consulting, and new funding for a dog park in Temple Terrace; information requests were made for the Aquaculture Lab, the Planning Commission, and the Tampa Chamber of Commerce; and the Board agreed to commit approximately \$6 million of the Communication Services Tax designated for Fire Rescue capital purposes to operating activities for the next two years.
- July 31st - BOCC Budget Workshop to Reconcile Changes to the Budget and Set Proposed TRIM Millage Rates
- September 5th - First State-Required Public Hearing to Adopt Tentative Millage Rates and Tentative Budget
- September 20th - Second State-Required Public Hearing to Adopt Final Millage Rates and the FY 08 Budget and public hearing to adopt the FY 08 – FY 013 Capital Improvement Program

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THE BUDGET PROCESS: BIENNIAL (2-YEAR) BUDGETING

The budget process used to develop this document reflects an approach first adopted by the Board of County Commissioners (BOCC) in 1995. At that time, the BOCC approved a biennial budget process for FY 96 and FY 97. While Florida Statutes require a minimal annual process to adopt the budget, there is nothing prohibiting local governments from developing a budget plan for a second year. In this way, when it is time to legally adopt the second year of the budget plan, the process of preparing the adopted budget represents an "update" of the original plan. One of the greatest advantages of a biennial process is the literally thousands of hours of staff time that are saved in the "off" year of the process, while maintaining opportunities for public input in the update process.

The biennial budget process increasingly used by local governments varies from the process historically used by some state governments. Unlike states that use a biennial budget because the legislature meets infrequently, local government legislative bodies – councils or commissions – meet regularly and can update the second year's budget during an abbreviated update process for the second year as well as make changes during each year as unplanned circumstances arise.

The BOCC has continued this biennial process for succeeding budgets. As a result, in 1996, 1998, 2000, 2002, 2004, and 2006 the BOCC adopted biennial fiscal plans, and this year the BOCC adopted a seventh biennial fiscal plan reflecting the budgets for FY 08 and FY 09.

The budget process used next year to update the FY 09 Planned Budget will include a review of revenue projections, recalculation of fund balances based on more current data, and consideration of issues not known when the FY 09 Planned Budget was developed. Additionally, organizations will be provided the opportunity to resubmit their continuation level budgets to reflect new service levels after FY 08 budget reductions. While this is not usually part of the second year update process, further budget reductions are likely, and county administration believes that decision making processes will be more efficient with updated continuation level budget data.

USES OF FUNDS

The Operating Budget

A key component of the budget is the portion funding day-to-day services -- the operating budget. As explained in the *Taxpayer's Guide to the Hillsborough County Budget*, there are factors that drive up the operating budget even in times of tight resources. One is continuing population growth as shown in the section titled "Economic Indicators." A second is inflation. In some program areas, demand for specific services far outstrips the overall population growth. Increasingly, the County continues to improve the collection of performance measures to identify these high levels of demand for County services and to track performance in meeting the demands.

The operating budget is composed of three types of expenditures: compensation, operating expenses and equipment (also referred to as capital outlay).

Personal Services (Compensation) - This reflects salaries of elected officials, salaried and hourly employees and temporary employees. It includes overtime pay, mandatory contributions to the Florida Retirement System (FRS), social security and Medicare taxes, employee health insurance and life insurance premiums, disability insurance, workers compensation assessments and wage loss payments. This category, frequently referred to as "personal services," crosses a variety of funding sources. It covers not only the positions funded with property taxes that receive the most public attention, but also positions funded with revenue from federal and state grants and programs that are funded with user fees.

Board Policy 03.02.02.13 provides that pay ranges for all employees be targeted to maintain the 50th percentile in comparison to pay for public and private employers. On June 7, 2004, Hillsborough County contracted with MGT of America, Inc. to conduct a compensation and classification study. The study covered over 11,000 positions from 21 independent agencies throughout the county. The primary purpose of the study was to better align classes of positions within the County based upon job worth and to ensure that classes were properly aligned with market conditions. On September 7, 2005, the Board of County Commissioners adopted and accepted MGT of America, Inc.'s study. The MGT of America, Inc. study resulted in a 28% reduction in pay raises from 7% to 5% in FY 06 and FY 07. The FY 08 adopted and FY 09 planned

SUMMARY INFORMATION ON THE BUDGET

budgets further reduce pay raises to 3.5% based on recent Legislative actions that are limiting the County's ad valorem tax collections.

The other primary component of personal services is employee benefits. The following represent the major changes to assumptions that affected this area of the budget for FY 08:

1. Retirement Contribution Rate (Regular Class) – decreased from 10.07% to 9.85%. This is in addition to a deferred compensation benefit of 2.5% which will not change in FY 08.
2. Employer Medical Insurance Contribution - Increased from \$457 to \$502 per month for single coverage and \$657 to \$702 for family coverage. This is in addition to a flexible cafeteria benefit provided to employees that remains at \$160 per month for FY 08.

In the area of staffing, the Board has adopted service standards for two programmatic areas. On June 28, 2005, the BOCC established a service standard for Code Enforcement Officers that maintains a ratio of one Officer for every 18,000 persons in the unincorporated area of the county. Then, in law enforcement for the unincorporated area, the Board set a target ratio of 1.7 sworn deputies per 1,000 citizens. This service standard was established in FY 00.

Finally, the Board of County Commissioners has contracts with four collective bargaining units. All of these contracts are currently being renegotiated. The following represent general information on each:

American Federation of State, County and Municipal Employees (AFSCME) Local 167

Contract start: October 1, 2005

Contract end: September 30, 2007

Positions represented: 1352

Departments covered: Aging, Animal Services, Children Services, Cooperative Extension, Fleet, Fire Rescue, Head Start, Library Services, Parks, Recreation & Conservation, Public Works, Real Estate (includes Facilities), Solid Waste and Water Resource Services.

Emergency Medical Personnel and Critical Care Technicians (EMPACCT) Local 3525

Contract start: October 1, 2005

Contract end: September 30, 2007

Positions represented: 57

Departments covered: Fire Rescue, Emergency Dispatch.

International Association of Firefighters (IAFF) Local 2294 SUPPRESSION UNIT

Contract start: October 1, 2005

Contract end: September 30, 2007

Positions represented: 801

Departments covered: Fire Rescue.

International Association of Firefighters (IAFF) Local 2294 SUPERVISORS UNIT

Contract start: October 1, 2005

Contract end: September 30, 2007

Positions represented: 19

Departments covered: Fire Rescue.

Operating Expenses - This category reflects costs of supplies, utilities, fuel, rent, professional services contracts, etc. This category also includes funds provided by the County to support outside organizations – primarily non-profits.

Increasing federal grant awards typically increases the budget for operating expenses. Grants are subject to the "all years" budgeting technique which is discussed in detail in footnote 1. Beginning in FY 00, grants have only been reflected in the year the revenue is received. Any remaining funds at year end are tracked by grant until the grant expires or all funds are expended. This is purely a change in budget technique, not an operational issue. Organizations continue to have access to all grant funds that have been appropriated in prior years.

A factor in the increasing budget for operating expenses over the past few years has been the rental payment program for fleet in most departments funded with general revenues (excluding enterprise operations and grant programs). When a fleet vehicle is replaced in these departments, the Fleet Maintenance Department retains ownership of the new vehicle and the department begins paying the internal service fund an annual charge needed to replace the vehicle based on its calculated service life and projected salvage value, coupled with the projected replacement cost. The internal service fund will be able to automatically replace vehicles using accumulated rental payments. The County has modernized its fleet, taken unnecessary stand-by vehicles out of service, established minimum annual mileage standards and cut its maintenance costs.

This category includes a component referred to as "Grants and Aids" in detailed breakouts of the budget

SUMMARY INFORMATION ON THE BUDGET

such as the table entitled “Fund Summary by Type of Expenditure.” This component of operating expenses reflects funds that the County receives but passes through to other governments. A notable example is more than \$50 million per year in Community Investment Tax proceeds that the County pays to the School Board, municipalities, and for debt on Raymond James Stadium. Another example is tax increment district revenue that the County receives but must pass on to the City of Tampa, the City of Temple Terrace, and the City of Plant City to finance their redevelopment projects. A third example is the distribution of the 9th cent gas tax revenue that the County receives from the State and then disburses, in part, to municipalities.

This component also includes payments for services to various non-profit service providers. Funding sources include general County revenues, federal Community Development Block Grants and tourist development taxes. In addition, the payments reflect the County’s role as a regional recipient of federal grants (such as Ryan White grants that fund AIDS programs), which are passed on to providers of services in Pinellas and Pasco Counties.

Equipment - This reflects costs of fleet, data processing and other equipment such as playground and recreation equipment. A major factor in the FY 08 and FY 09 budgets is a continuing investment in replacing worn fleet equipment and upgrading the County’s use of technology to serve our community.

Summary - The operating budget (compensation, operating expenses, and equipment) has been the focus of budget discussions in past years because it generally represented the cost of day-to-day services to County residents. To some extent, that is becoming less the case as pass-throughs account for an increasing share of the operating budget and a significant share of the annual increase in the operating budget.

With that caveat, it still represents the best focus for comparison of how the budget is changing over time, ignoring the spending down of borrowed funds for projects and the occasional fluctuations in debt service requirements resulting from debt refinancing and other activity.

The Capital Budget

A separate summary appears in the back of this document presenting details on FY 08 projects. The entire

six-year capital improvement program (CIP) can be reviewed in the volume containing the **Adopted Capital Improvement Program for FY 08 – FY 13**.

The capital budget continues to reflect each year’s changes to the “all years” budget in the capital program. “All years” budgeting is possible by using a feature of the County’s financial systems software.¹

“All years” budgeting within the capital budget means that once the Board commits funds to a capital project, those funds will remain in that project until the project is completed, regardless of how many fiscal years the project may last. The unspent funds will no longer show up in the fund balance reported in the budget at the beginning of each year or in the capital budget in future years. Once a project is completed, unspent funds will become available again for appropriation.

Previously, unspent funds were estimated in fund balance and re-budgeted in subsequent years. Re-budgeting the same funds year after year overstates the impact of the budget on the community since the funds will only be spent once.

With this practice reflected in the budget, county residents and others who examine the budget should better understand how funds are allocated to capital projects in the budget since the capital budget will reflect only new funding allocated to projects. The capital improvement program, which is described in the second budget book, will continue to reflect prior year funding for projects in addition to any funding anticipated in this budget or future budgets.

Other key points about the capital budget are:

✓ The capital budget continues to be largely funded with a pay-as-you-go approach including enterprise operations (water/wastewater and solid waste). The decision on whether to finance a project versus use a pay-as-you-go approach is typically made on a project-by-project basis. Explicit debt and capital policies were adopted by the BOCC in July 1998 to guide the decision-making process. In part, the policy and procedures requires the review of the capital program by the

¹ All years budgeting is a technique frequently used to account for funds that may carry over from one fiscal year to the next for a defined purpose such as a capital project or a grant program. It has not been applied to other areas of the budget where unspent funds will revert to fund balance at year end and will be available to appropriate in the next fiscal year to meet operational needs or reserve requirements. The use of this technique results in a smaller budget than would otherwise be the case.

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City-County Planning Commission to ensure consistency of the six-year CIP and capital budget with the elements of the County's comprehensive land-use plan.

✓ Increasingly, the County is using short term financing as a tool as well as using a line of credit to cover encumbrance requirements (contractual obligations that precede the actual need for cash). These techniques optimize the County's ability to time projects to meet operational requirements while minimizing financing costs. In some cases, short term financing allows the County to use state or federal grants that would otherwise not be available if a project were delayed.

✓ The budget has historically funded environmental land acquisition and protection program (ELAPP) purchases by levying an operating millage to bring the total ELAPP millage up to 0.25 mills. This pay-as-you-go approach to ELAPP has maximized the revenue available to that program as the millage levied to pay debt service on existing ELAPP bonds gradually declined. This approach was changed in the FY 08 and FY 09 budgets, and the ELAPP operating millage was reduced proportional to other millage reductions mandated by the Legislature.

✓ The capital program continues to reflect one percent of both the General Fund and the Unincorporated General Fund being set aside to maintain existing County facilities. Funding is budgeted in FY 08 and FY 09 at levels consistent with BOCC policy.

Debt Service

Wherever possible, existing debt has been refinanced to lower interest expense. Detail on the County's debt capacity and debt obligations are provided in a separate section of the Adopted Budget.

Transfers

Transfers are non-economic transactions necessary within a complex accounting system, but not conveying much information when totaled. By definition, a transfer reflected as a "source" must have a counter-balancing transfer reflected as a "use." For example, a transfer from the General Fund to a specific grant is a "use" while the grant fund will show a like dollar amount as a "source."

Reserves

Reserves reflect a variety of Board actions and specific purposes. Some reserves are established as a requirement when the County borrows funds. Others are set aside to meet actuarial requirements – such as in the County's self-insured employee health insurance program. Some are created to allow the BOCC to fund contingencies that arise during the year – with the full expectation that most or all of these contingency funds could be appropriated during the year.

During FY 99, the BOCC adopted a policy that uses any excess fund balance in the County's two major operating funds to, in part, build reserves for catastrophic emergencies and set aside reserves for previously unfunded liabilities. (A third use for excess fund balance was meeting industry fleet replacement standards.)

The BOCC adopted a second policy intended to build a stabilization reserve in each of the two major operating funds over an 8-year period to 5% of expenditures (exclusive of other reserves). The 8-year target was achieved ahead of schedule as a result of strong growth in revenues. Meeting this funding target six years early recognized the importance of funding reserves when the economy is strong. The Board recognized that adding to reserves could be difficult in a future year if the economy slowed.

THE PURPOSE OF BUDGET DOCUMENTS AND THE BUDGET PROCESS

Users of budget documents reflect a fairly wide spectrum of types and interests. Users include financial analysts who may invest in the long-term securities issued by the County from time-to-time or who may review County finances in order to rate such bond issues, and residents and business owners within the community who desire a better understanding of the services county government provides and what various taxes and fees are collected to pay for those services. Other users include researchers interested in comparing the structure of Hillsborough County's organization and finances against those of other jurisdictions; senior and mid-level County managers interested in confirming the resources allocated to their organizations (both dollars and staffing) and the expectations for their organizations in terms of mission, objectives and measures. Other interested parties include; employees and their bargaining units interested in understanding the County's allocation of priorities and finances and per-

SUMMARY INFORMATION ON THE BUDGET

haps numerous other groups and individuals with similar and additional interests.

As explained in the following section titled "Basis of Budgeting," the formatting of a budget document does not always present the same disclosure that is required in an annual financial report. This difference recognizes the broader -- and frequently less technical -- audience served by budget documents. Disclosures are presented to assist those who use both budgets and financial reports to reconcile the differences.

The Government Finance Officers Association of the United States and Canada (GFOA) has long recognized the diversity of interests in budget documents and structured a program to strengthen the ability of state and local governments to meet these needs. Hillsborough County is pleased to have regularly received GFOA's recognition for meeting the various criteria intended to meet these needs through the budget documents it prepares, including the **Taxpayers' Guide**, which won a GFOA Award for Excellence in 1993 and which served as a model for a variety of governments throughout North America. More importantly, however, is the ability of Hillsborough County to satisfy questions that might not otherwise be answered because not every user will take the time to call, write, or e-mail County staff. Poor communication through budget materials can lead to suspicions that could undermine a critical referendum, influence an election, reduce cooperation, or delay an action.

Several years ago, a group was formed to develop recommended budget practices for state and local governments. Comprised of representatives of a variety of organizations including elected officials, managers/administrators, unions, and appointed staff, the National Advisory Council on State and Local Budgeting (NACSLB) developed a series of 59 recommended practices. The NACSLB intentionally stopped short of declaring the recommendations to be "standards" by recognizing that some jurisdictions may never be able to adopt each recommendation. Overall, the practices reflect a framework that encompasses planning, development, implementation, and evaluation of a budget. The 59 practices are organized into the following 4 principles and 12 elements:

Principle 1: Establish Broad Goals to Guide Government Decision Making

- ✓ Element 1: Assess Community Needs, Priorities, Challenges, and Opportunities
- ✓ Element 2: Identify Opportunities and Challenges for Government Services, Capital Assets, and Management
- ✓ Element 3: Develop and Disseminate Broad Goals

Principle 2: Develop Approaches to Achieve Goals

- ✓ Element 4: Adopt Financial Policies
- ✓ Element 5: Develop Programmatic, Operating and Capital Policies and Plans
- ✓ Element 6: Develop Programs and Services that are Consistent with Policies and Plans
- ✓ Element 7: Develop Management Strategies

Principle 3: Develop a Budget Consistent with Approaches to Achieve Goals

- ✓ Element 8: Develop a Process for Preparing and Adopting a Budget
- ✓ Element 9: Develop and Evaluate Financial Options
- ✓ Element 10: Make Choices Necessary to Adopt a Budget

Principle 4: Evaluate Performance and Make Adjustments

- ✓ Element 11: Monitor, Measure, and Evaluate Performance
- ✓ Element 12: Make Adjustments as Needed

Many of the NACSLB recommendations address processes that should be used, rather than information that can be disclosed in a budget document. Hillsborough County monitored development of the draft recommendations prior to their being finalized in 1998, and many of the practices are currently in place, based on a self-assessment. For example, a set of comprehensive financial policies developed and then approved by the Board of County Commissioners in July 1998 reflected examination of draft NACSLB recommendations. Where possible, common language has been incorporated.

The County has been reporting performance measures for many years. However, in December 2003 a verification process was initiated in an effort to raise the level of data integrity. Departments are randomly selected for review and selected measures are evaluated for the accuracy and accessibility of the data as well as the effectiveness of the method of data collection.

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The County's long range plans for quality programs and improved performance measurement will address recommended budget practices that are not currently in place. Additional information on the NACSLB recommended budget practices is available through GFOA's web site at www.gfoa.org or by calling (312) 977-9700.²

The Basis of Budgeting

For the most part, governmental accounting and financial reporting are conducted consistent with "Generally Accepted Accounting Principles" -- commonly referred to as "GAAP." Financial readers are typically familiar with a concept known as the "basis of accounting," which describes the measurement method used in accounting for financial transactions. Examples include cash accounting, modified accrual accounting, and accrual accounting.

Hillsborough County uses the GAAP basis of accounting. Governmental funds reflect a modified accrual basis of accounting. Revenues are recorded when they become both measurable and available to pay liabilities of the current period. Expenditures are recorded when a liability is incurred with certain limitations. Proprietary funds use an accrual basis of accounting that is more similar to that used by private businesses. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. At the end of each year, all budget appropriations lapse along with outstanding encumbrances.³ Funds may be reappropriated in the subsequent fiscal year after review by the Management and Budget Department and approval by the Board of County Commissioners (BOCC).⁴

There is no requirement that Hillsborough County's budget be prepared consistent with GAAP. However, the comparison of (final) budget to actual revenues and expenditures in a subsequent *Comprehensive Annual Financial Report* (CAFR) requires a reconciliation of the

² Other participating organizations in the NACSLB included the International City/County Management Association, the National League of Cities, the National Association of Counties, the National Conference of State Legislatures, the U.S. Conference of Mayors, the Council of State Governments, the Association of School Business Officials International, the American Federation of State, County & Municipal Employees, and the Service Employees International Union, as well as several academic and industry representatives.

³ An encumbrance represents a commitment for future expenditures based on a purchase order or contract that has been issued, and where goods or services have been ordered but not received.

⁴ Additional disclosure of GAAP accounting may be found in the "Notes to the Financial Statements" provided in the County's *Comprehensive Annual Financial Report*.

budgetary basis to GAAP basis. Therefore, ***the County budget is prepared, for the most part, to be consistent with GAAP to minimize the degree of reconciliation needed to compare the budget to actuals.*** How the budget is prepared is labeled either the "basis of budgeting" or the "budgetary basis of accounting." These terms may be used interchangeably.

Several key differences should be disclosed to assist in reconciling between the basis of budgeting used to develop Hillsborough County's budget documents and the basis of accounting that is reflected in the County's CAFR prepared by the Clerk of Circuit Court as the County's Chief Financial Officer. The primary differences include the budgets for the Sheriff's Law Enforcement Fund, the Property Appraiser's Property Assessment Fund, and the Clerk of Circuit Court's Court System and Accounting Fund, which are prepared on a basis of budgeting that differs from GAAP. These budgets reflect transfers of funds from the General Fund and other BOCC funds. The CAFR excludes these transfers, but does present the account structure for the funds maintained by these Constitutional Officers in their independent accounting systems. The budget, therefore, shows the collection of the tax revenues used to fund Constitutional Officers and the General Fund reflects the transfer of funds for those budgets. Any unspent funds at year end are shown as "other non-revenue sources" in the General Fund. The following table depicts FY 06 revenues and other financing sources and expenditures and other financing uses associated with those funds that are not included in the County's budget document.

Funds included in CAFR but not in Budget		
(in thousands)		
	Revenues	Expenditures
Sheriff's Law Enforcement Fund	\$335,758	\$335,758
Sheriff's Special Use Rev. Fund	3,359	3,359
Sheriff's Jail Inmate Canteen Fund	5,159	5,402
Sheriff's Child Prot. Invest. Fund	4,770	4,727
Property Appraiser's Property Assessment Fund	13,497	13,497
Supervisor of Elections' Elections Fund	7,608	7,608
Clerk of the Circuit Court's Court System & Accounting Fund	73,298	73,298
Clerk of the Circuit Court's Public records Modernization Fund	6,388	3,750

With the Sheriff's Law Enforcement Fund and the Clerk of Circuit Court's Fund, there may be a difference between the basis of budgeting and GAAP in the treat-

SUMMARY INFORMATION ON THE BUDGET

ment of certain capital leases related to equipment purchases. On a budgetary basis only the current year's payments are appropriated and these amounts are classified as capital outlays, general governmental expenditures, or public safety expenditures. On a GAAP basis, the full obligation is recognized and the debt service payments are recorded as appropriate.

With the Sheriff's Law Enforcement Fund, there is a difference between the basis of budgeting and GAAP in the treatment of certain grants. On a budgetary basis, cost reimbursement type grant revenues and expenditures are netted. On a GAAP basis, revenues and expenditures from these grants area presented at gross amounts in the financial statements.

With the Property Appraiser's and Tax Collector's Funds, there is a difference between the basis of budgeting and GAAP in the treatment of excess fee distributions to entities outside of the County's reporting entity. On a budgetary basis, the distribution of excess fees to these entities is reported as an "other financing use." On a GAAP basis, these distributions are reported as expenditures because there is a reduction in the net financial resources of the County.

This BOCC budget does not disclose the fund structure maintained by the Sheriff, Clerk, Property Appraiser, or Tax Collector, including an unbudgeted Inmate Canteen Fund used by the Sheriff and a fee-based budget maintained by the Clerk which uses funds that do not pass through the BOCC budget. The Property Appraiser and Tax Collector receive revenues directly from other taxing authorities and disperse unspent funds at year end according to their source. Other elected officials (State Attorney, Public Defender, and 13th Judicial Circuit) receive significant funding from the state of Florida. Those state funds are not reflected in the County budget or in the CAFR.

A second significant difference is the treatment of proprietary funds, an accounting classification which includes both internal service funds (used to maintain the County's fleet, provide employee health insurance, collect and disperse workers' compensation payments, and provide risk management) and enterprise funds (used to manage the water and wastewater system and to manage the solid waste system). These funds are presented in the same format used for the majority of County funds (known as governmental funds) which present revenues and other sources, equaling expenditures and reserves. This budgetary presentation allows various revenues and expenditures to be presented in

a consistent format without regard to the fund type and how accounting standards will require them to be presented.

The CAFR presents the proprietary funds in a format that breaks out operating revenues and operating expenses to determine operating income prior to considering non-operating revenues and expenses.

The adopted budget reflects a management plan for financial activity. It is subsequently revised during the year to reflect revisions in that plan such as increases or decreases in specific grants awarded to Hillsborough County, the appropriation of contingency reserves by the BOCC to address issues not known at the time the budget was adopted, and shifts in funding based on capital projects needs as project costs are refined. As such, the revisions recognize the need to revise a financial plan to be consistent with newer and better information, and to allow the management plan to change accordingly.

Under GASB Statement 34, the CAFR reflects both the adopted budget and the final revised budget which includes amendments that occur after the completion of the fiscal year as final transactions are posted to the fiscal year on a modified accrual or accrual accounting basis. These final amendments reflect proper recording of financial activity rather than a change in management plan. Budget documents, therefore, typically disclose historical actuals – both actual revenues and other sources, and actual expenditures and other uses – rather than revised budgets that may not truly reflect the management plan.

The budget presents organizational summaries without differentiating the level of control the BOCC may exercise over individual organizations. Departments and other offices under the County Administrator face the highest level of control through the direct reporting relationship of the County Administrator to the BOCC. Constitutional Officers – particularly the Sheriff and Supervisor of Elections – receive the least control over their budgets with control being primarily limited to level of funding. The Sheriff, Clerk, Tax Collector and Property Appraiser each maintain independent accounting systems.

Organizations that report to appointed or elected commissions (Planning Commission, Environmental Protection Commission, Civil Service Board, etc.) are subject to less direct control over services, but the BOCC may influence services as well as determine funding.

SUMMARY INFORMATION ON THE BUDGET

Statutory provisions determine the level of independence of each organization.

From time to time, new financial reporting requirements may be imposed on governments by the Governmental Accounting Standards Board (GASB) that redefines what is referred to as GAAP. The accounting/reporting changes may not be reflected in the budget, resulting in a greater difference between the budget and what is ultimately reported in the CAFR. A good example is GASB Statement No. 31 which requires accounting and financial reporting for changes in the fair market

value of certain investments. Hillsborough County's budget does not attempt to estimate how the value of investments may change from one year to the next, although it does reflect assumptions about interest earnings. Similarly, the budget does not anticipate changes in the accrual of compensated absences – i.e., sick leave, vacation, or other forms of administrative leave. Hillsborough County has frequently covered this unbudgeted liability by absorbing the cost of pay-outs when employees leave by keeping a position vacant long enough to offset the cost.

FY 08 & FY 09 BUDGET SUMMARY

Fiscal Year	FY 06 Actual	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
PROPERTY TAX RATES (In Mills)				
Countywide ⁽¹⁾	7.0097	6.5867	5.8050	5.7996
Library District ⁽²⁾	0.6923	0.6923	0.6083	0.6083
General Purpose MSTU ⁽³⁾	5.1980	5.0240	4.4014	4.3997
VALUE OF 1 MILL (In Millions of \$) ⁽⁴⁾				
Countywide	\$64.6	\$78.6	\$87.8	\$93.1
Library District	61.8	75.4	84.2	89.2
Unincorporated	39.4	48.4	54.5	58.2
BUDGET SUMMARY (In Millions of \$)				
Operating	\$1,481.2	\$1,668.9	\$1,729.2	\$1,786.5
Capital (net of reserves) ⁽⁵⁾	212.8	378.4	362.6	267.2
Debt Service	167.2	188.0	127.2	111.1
Reserves & Refunds ⁽⁵⁾	2.2	692.2	849.1	845.8
MAJOR ORGANIZATION OPERATING BUDGET (In Millions of \$)				
Board of County Commissioners	\$2.4	\$2.7	\$2.7	\$2.8
County Administrator	812.2	915.2	955.2	984.7
County Attorney	8.9	9.7	9.7	10.2
Elected Officials	393.8	431.7	445.6	462.2
Judicial	10.8	9.6	10.6	10.8
Guardian Ad Litem	0.5	0.6	0.6	0.7
Boards, Commissions & Agencies	27.1	28.1	27.8	29.2
Non-Departmental	<u>225.6</u>	<u>271.4</u>	<u>276.9</u>	<u>286.0</u>
	\$1,481.2	\$1,668.9	\$1,729.2	\$1,786.5
CAPITAL BUDGET (In Millions of \$)				
Fire	7.9	4.3	13.2	6.1
Governments Facilities	32.9	69.1	53.7	8.9
Libraries	9.9	3.6	14.9	3.1
Parks	36.2	32.2	17.2	12.7
Solid Waste	5.8	2.7	10.6	24.7
Stormwater	5.8	5.3	19.6	16.9
Transportation	55.8	93.3	160.0	45.5
Water/Wastewater & Reclaimed Water	48.3	156.7	57.7	138.2
Other Non-CIP	<u>10.2</u>	<u>11.1</u>	<u>15.7</u>	<u>11.3</u>
	\$212.8	\$378.4	\$362.6	\$267.2

Detail may not add to totals because of rounding

Note: The County uses an all years budget process for capital projects (see glossary for definition of all years budget process).

⁽¹⁾ See the pages entitled Millage Comparison for an explanation of countywide millage rates.

Includes millage levies for debt service.

⁽²⁾ Includes properties within the City of Tampa and the unincorporated areas of the County.

⁽³⁾ Unincorporated area - includes Parks General Obligation millage.

⁽⁴⁾ Based on Property Appraiser taxable assessed values as of July 1.

⁽⁵⁾ Reserves are budgeted but not expended. Actual expenditures for the operating budget, capital budget, or debt service may include drawdown of reserves. Actual expenditures shown in previous years reflect refunds.



BUDGET SOURCES AND USES OF FUNDS

SOURCES	FY 06 Actual	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
Fund Balance Begin Of Year	\$617.2	\$707.6	\$804.6	\$772.8
Revenue:				
Ad Valorem Taxes	674.1	815.1	803.2	851.9
Other Taxes	291.2	303.3	301.8	319.3
Licenses And Permits	19.8	21.1	18.6	18.6
Intergovernmental Revenue	258.3	243.9	243.0	250.2
Charges For Services	493.5	493.8	531.6	565.4
Fines And Forfeits	7.4	4.8	5.9	6.0
Miscellaneous Revenue (including interest)	<u>170.5</u>	<u>112.6</u>	<u>157.6</u>	<u>141.4</u>
Total Revenue	1,914.8	1,994.7	2,061.7	2,152.9
Transfers	806.4	894.2	978.5	833.0
Other Non-Revenues	304.2	290.4	268.4	155.1
Less 5% Required By Law	<u>0.0</u>	<u>(65.2)</u>	<u>(66.5)</u>	<u>(70.2)</u>
TOTAL AVAILABLE	\$3,642.6	\$3,821.8	\$4,046.7	\$3,843.6
USES				
Operating Budget:				
Compensation	\$620.9	\$726.6	\$736.9	\$780.5
Operating Expenses	833.7	879.7	925.4	950.0
Equipment	<u>26.6</u>	<u>62.7</u>	<u>66.9</u>	<u>56.0</u>
Total Operating Budget	1,481.2	1,668.9	1,729.2	1,786.5
Capital Budget (net of reserves)	212.8	378.4	362.6	267.2
Debt Service	242.9	188.0	127.2	111.1
Transfers	806.4	894.2	978.5	833.0
Reserves and Refunds:				
Operating	2.2	740.8	755.8	713.8
Capital	0.0	<u>(95.2)</u>	31.0	33.9
Debt	<u>0.0</u>	<u>46.6</u>	<u>62.3</u>	<u>98.2</u>
Total Reserves and Refunds	2.2	692.2	849.1	845.8
TOTAL USES	\$2,745.5	\$3,821.8	\$4,046.7	\$3,843.6

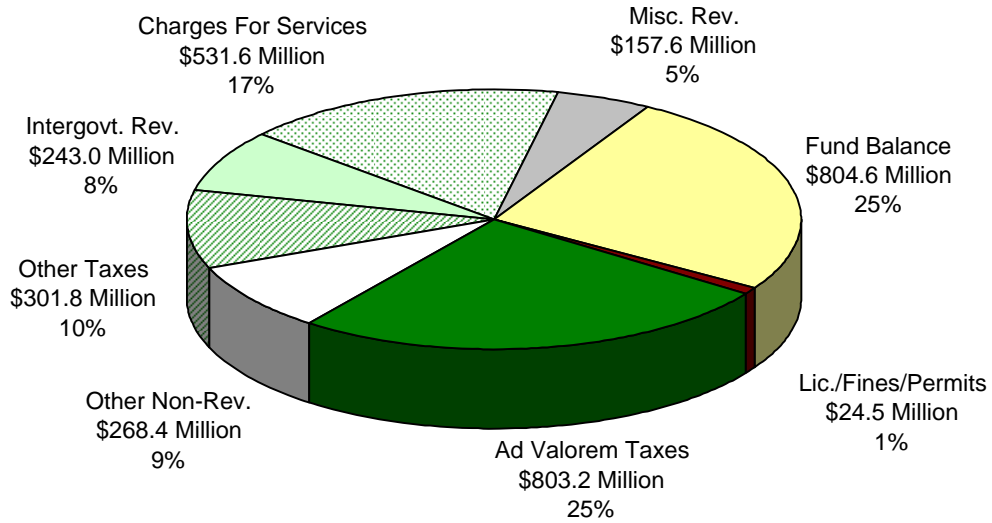
Detail may not add to totals because of rounding.

Amounts expressed in millions of dollars, rounded to the nearest one hundred thousand.

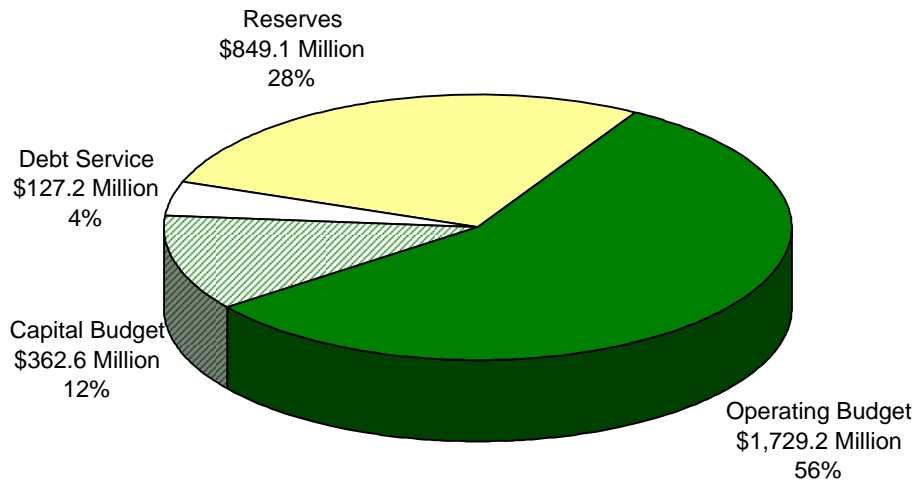
Note: The County uses an all years budget process for capital projects. This means that the current year's budget will only reflect changes in funding, such as additional funds being added to a project budget or unneeded funds being subtracted. Prior year funding will remain with the project until completion and will not need to be reappropriated every year.

BUDGET SOURCES AND USES OF FUNDS

WHERE THE MONEY COMES FROM (SOURCES) FY 08 - ALL FUNDS



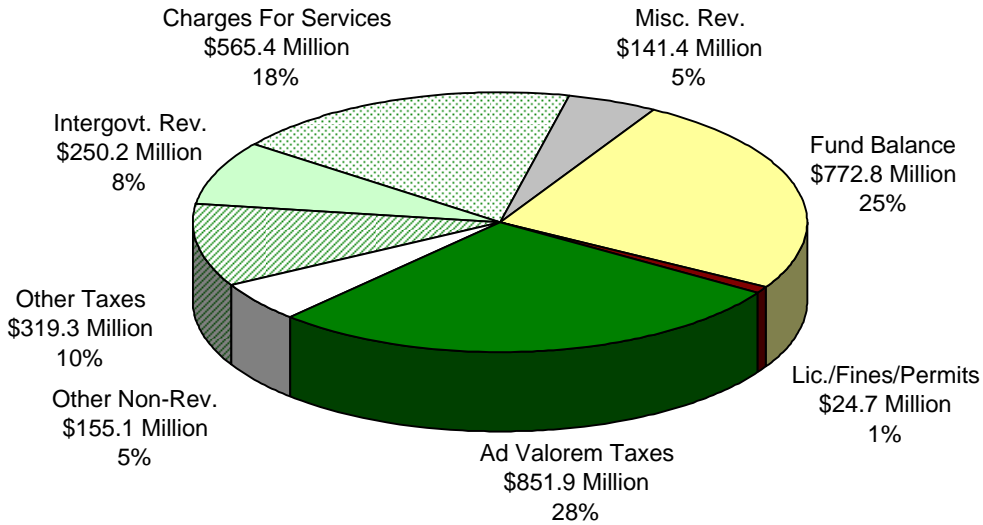
WHERE THE MONEY GOES (USES) FY 08 - ALL FUNDS



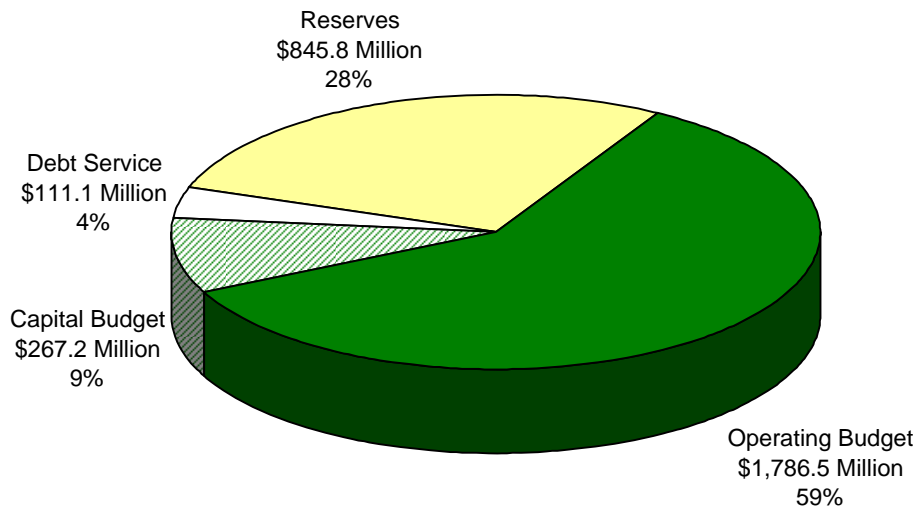
Note: Sources and Uses shown above exclude \$978.5 million in Transfers In and Transfers Out, respectively. With the exception of Fund Balance, Other-Non-Revenues, and Transfers In, many of the other revenues are subject to a statutory 5% reduction. That is, only 95% of anticipated revenue may be budgeted. As the reduction may only apply to selected revenues in any category, the numbers in this chart have not been reduced. Totals may not add up to 100% due to rounding.

BUDGET SOURCES AND USES OF FUNDS

WHERE THE MONEY COMES FROM (SOURCES) FY 09 - ALL FUNDS



WHERE THE MONEY GOES (USES) FY 09 - ALL FUNDS



Note: Sources and Uses shown above exclude \$833.0 million in Transfers In and Transfers Out, respectively. With the exception of Fund Balance, Other-Non-Revenues, and Transfers In, many of the other revenues are subject to a statutory 5% reduction. That is, only 95% of anticipated revenue may be budgeted. As the reduction may only apply to selected revenues in any category, the numbers in this chart have not been reduced. Totals may not add up to 100% due to rounding.

DEPARTMENT BUDGET SUMMARY COMPARISON

	FY 06 Actuals	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
BOARD OF COUNTY COMMISSIONERS				
Board of County Commissioners	\$2,000,267	\$2,220,322	\$2,260,511	\$2,344,913
County Internal Performance Auditor	372,529	440,135	475,081	497,285
TOTAL BOARD OF COUNTY COMMISSIONERS	2,372,796	2,660,457	2,735,592	2,842,198
COUNTY ATTORNEY	8,929,341	9,723,275	9,702,400	10,189,774
COUNTY ADMINISTRATOR				
Affordable Housing Office	0	181,005	15,452,187	15,358,969
Aging Services	18,398,155	19,993,206	19,560,774	19,945,747
Animal Services	7,591,539	8,353,604	8,640,733	9,038,467
Children's Services	38,676,532	43,864,683	43,258,948	43,922,782
Code Enforcement	0	0	6,823,659	7,150,169
Communications Department	3,722,689	4,424,882	4,195,590	4,404,346
Community Liaison Section	2,979,574	2,143,479	2,884,838	2,300,739
Consumer Protection & Professional Responsibility	1,438,141	1,574,164	1,515,854	1,595,154
Cooperative Extension	1,591,745	1,819,393	1,813,536	1,876,738
County Administrator	3,290,797	3,796,693	3,758,954	3,908,750
Debt Management	826,059	873,090	899,499	939,287
Economic Development	2,003,329	2,324,477	2,353,358	2,394,863
Emergency Dispatch Center	0	2,502,256	2,697,014	2,838,110
Emergency Management	0	1,406,814	1,500,662	1,516,520
Equal Opportunity Administrator	291,936	286,443	300,982	317,392
Fire Rescue	100,445,454	111,870,222	112,237,259	116,287,797
Fleet Management	23,142,990	28,411,496	26,387,864	26,984,522
Health & Social Services	135,938,918	151,363,254	167,175,278	174,237,300
Housing & Community Code Enforcement	22,368,618	22,556,875	0	0
HIPAA Compliance Office	430,442	541,005	326,244	283,237
Human Resources	4,311,245	5,445,679	5,513,051	5,685,383
Information & Technology Services	19,808,921	25,686,664	29,054,241	29,949,913
Library Services	32,804,392	36,458,237	39,215,388	41,383,263
Management & Budget	2,522,415	2,994,002	2,811,644	2,960,157
Medical Examiner	4,049,543	4,751,963	4,867,969	5,160,673
Neighborhood Relations	606,577	735,148	694,617	662,255
Parks, Recreation & Conservation	45,920,294	51,848,574	51,803,570	54,359,594
Planning & Growth Management	33,302,939	37,047,128	31,862,434	32,867,344
Public Safety	13,202,630	0	0	0
Public Works	76,859,523	89,229,448	84,854,095	87,405,724
Procurement Services	2,585,794	2,841,350	2,699,554	2,840,703
Real Estate	28,667,190	30,795,218	33,868,476	35,451,804
Security Services Agency	0	4,461,188	4,578,303	4,813,851
Solid Waste Management	66,125,211	72,834,497	82,019,983	89,914,406
Water Resource Services	122,304,820	143,172,869	159,548,308	155,930,024
Water Resources Team	85,737	0	0	0
TOTAL COUNTY ADMINISTRATOR	816,294,149	916,589,006	955,174,866	984,685,983

DEPARTMENT BUDGET SUMMARY COMPARISON

	FY 06 Actuals	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
ELECTED OFFICIALS				
BOCC Judicial Services Cost	167,812	0	0	0
Clerk of the Circuit Court	21,710,616	25,466,359	20,745,007	19,621,647
Property Appraiser	11,788,352	11,776,019	11,887,105	12,480,719
Public Defender	756,958	808,161	960,629	1,020,258
Sheriff's Office	324,757,910	349,682,113	361,261,651	384,424,953
State Attorney Part I	677,421	747,811	1,942,386	1,305,928
State Attorney Part II (Victim Assistance)	2,354,514	2,519,268	2,546,579	2,679,493
Supervisor of Elections	7,940,853	7,832,681	15,305,442	7,115,086
Tax Collector	23,228,758	32,424,220	30,556,356	33,134,421
Value Adjustment Board	371,894	402,733	402,483	415,361
TOTAL ELECTED OFFICIALS	393,755,088	431,659,365	445,607,638	462,197,866
JUDICIAL BRANCH (ADMIN OFC OF COURTS)	10,776,749	9,588,341	10,628,501	10,753,967
GUARDIAN AD LITEM	469,237	609,461	637,619	665,315
BOARDS, COMMISSIONS & AGENCIES				
Charter Review Board	3,096	0	0	0
Civil Service Board	2,514,548	3,022,255	3,193,686	3,353,371
Environmental Protection Commission	16,206,904	16,338,310	16,019,888	16,704,733
Law Library Board	435,049	488,599	486,025	489,466
Legislative Delegation	218,159	237,846	244,837	259,701
Metropolitan Planning Organization	1,306,551	1,108,292	1,596,810	1,811,180
Planning Commission	6,128,752	6,611,050	6,059,762	6,356,990
Soil & Water Conservation Board	244,409	262,830	238,022	250,246
TOTAL BOARDS, COMMISSIONS	27,057,468	28,069,182	27,839,030	29,225,687
NON-DEPARTMENTAL				
Capital Improvement Program Projects ¹	201,997,266	367,170,558	346,656,953	255,662,532
Debt Service Accounts ²	246,050,589	188,455,844	131,238,271	111,539,493
Governmental Agencies	92,142,942	93,096,673	87,954,958	91,912,369
Major Maintenance & Repair Program	7,488,790	9,735,714	13,420,295	9,968,279
Non-Departmental Allotments	107,243,040	153,828,154	163,725,162	170,918,417
Nonprofit Organizations	23,617,669	24,165,108	23,795,927	24,245,927
TOTAL NON-DEPARTMENTAL	678,540,296	836,452,051	766,791,566	664,247,017
TRANSFERS, RESERVES & REFUNDS				
Reserves and Refunds	895,877	692,198,694	849,101,065	845,781,083
Intrafund Transfers	403,615,838	396,136,612	396,614,844	401,373,328
Interfund Transfers	402,794,476	498,089,465	581,898,257	431,628,374
TOTAL TRANSFERS, RESERVES & REFUNDS	807,306,191	1,586,424,771	1,827,614,166	1,678,782,785
TOTAL BOARD OF COUNTY COMMISSIONERS AND CONSTITUTIONAL OFFICERS	\$2,745,501,315	\$3,821,775,909	\$4,046,731,378	\$3,843,590,592

(1) Excludes funding for Capital Projects under the specific control of various operating departments.

(2) This category includes all costs charged to the Debt Service Department, not only costs associated with interest and principal payments, and includes \$3,997,120 in FY 08 and \$483,620 in FY 09 for consulting fees and other operating costs not classified under the Florida Uniform Accounting System as Debt Service.

BUDGET BY PROGRAM

The following charts provide a graphic presentation of the County's budget by program. Program categories reflected in this document are defined by the State of Florida, and those definitions have been redefined somewhat over time. To the extent they are similarly applied by local governments, they provide information that can be compared from jurisdiction to jurisdiction. A breakout of the budget by program allows an assessment of the priorities that are reflected in this budget. Such a presentation allows the reader to see how much of the budget has been allocated to a particular purpose regardless of which organization provides the service.

The first chart provides an overview across all funding sources. While it portrays the most global picture of priorities, the Board of County Commissioners may have little or no discretion in how some funding sources are allocated to programs. For example, gasoline tax revenue may be only allocated to the transportation program. A grant for services to the elderly may be only allocated to human services. Self-funded operations such as the County's water/wastewater enterprise and solid waste enterprise pay their way through user fees and charges. The revenue generated by these "physical environment" services is not available for any other use.

The remaining charts provide an overview for a smaller portion of the budget: the two major operating funds – each of which relies primarily on property taxes. These funds are the Countywide General Fund and the Unincorporated Area General Fund.

- ✓ *The **All Funds** chart provides a picture of total existing program funding.*
- ✓ *The **Countywide General Fund** chart and the **Unincorporated Area General Fund** chart each provide information on where tradeoffs may be most easily made between programs. A reallocation of these discretionary funds would subsequently change the **All Funds** chart to reflect the new priorities.*

In preparing the charts, certain components of the budget have been excluded. All charts exclude reserves. Reserves are non-recurring components of the budget that cannot be used to meet recurring program needs. Reserves are required for several reasons: for bond financing requirements, to accumulate funds for repair and replacement of existing assets, or to provide

stop-gap funding in the event of a revenue shortfall or unanticipated cost.

All charts also exclude administrative or "general government" costs. Some of these costs are legally required while others are discretionary. Legal requirements include the commission paid to the Tax Collector for collecting County taxes, County Commissioners' salaries, the Property Appraiser's budget approved by the Florida Department of Revenue, and funding to other governments required by the referendum that approved the Community Investment Tax (a local option sales tax). Major components of general government are presented in the tables that follow the charts. Both discretionary and legal requirements are needed to support the direct services to citizens reflected in the various programs shown in each chart.

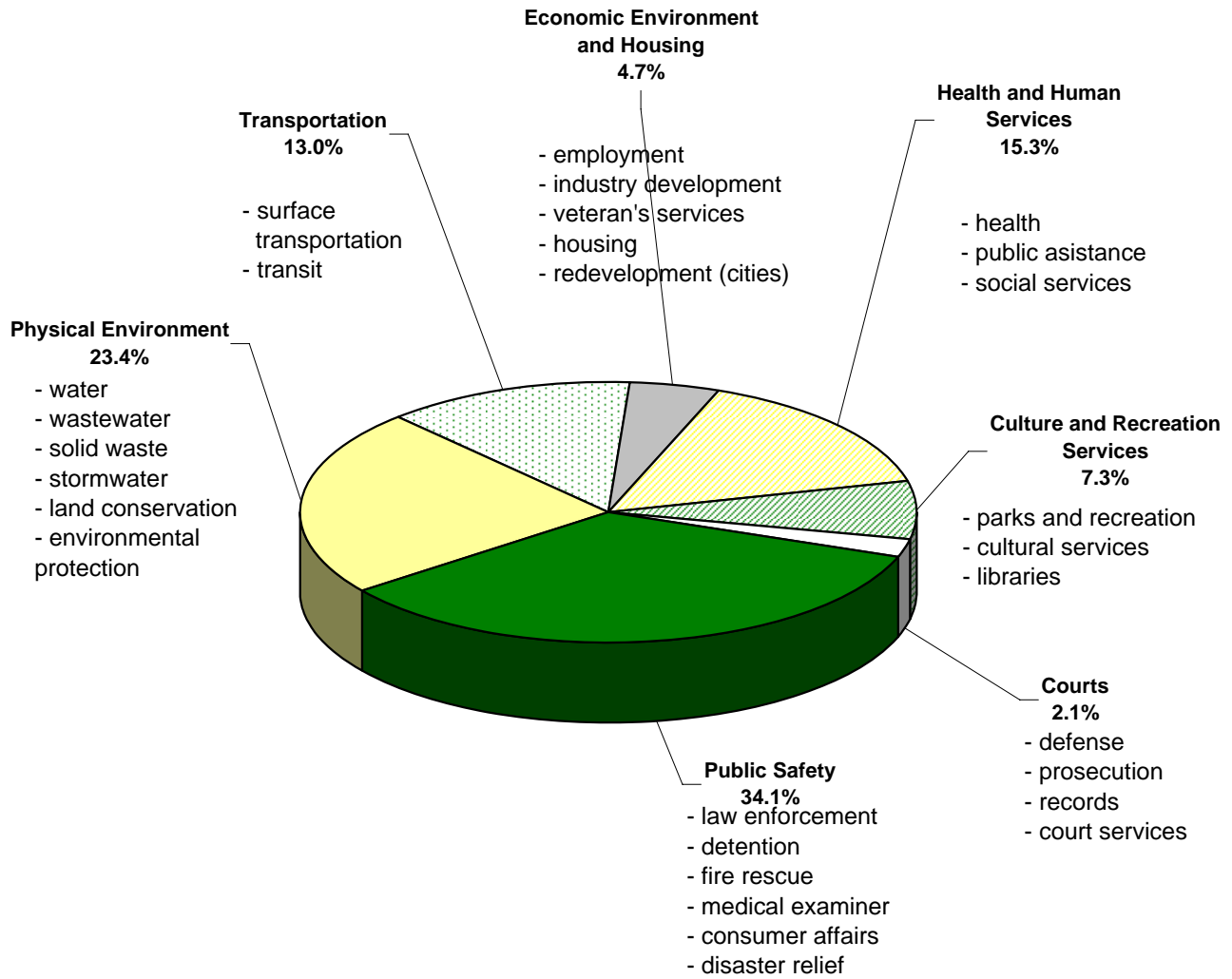
The presentation in these charts is not intended to suggest that changes cannot be made in administrative (general government) areas of the budget, but such changes may impact the delivery of numerous direct services in other program areas. For example, a reduction in the allocation of funding to financial services in order to shift funding from the general government program to the transportation program could result in slower payment processing to not only the expanded transportation program, but also to all other existing programs. A shift in property tax funding from, for example, an economic environment program to transportation is more feasible, since it would be unlikely to impact any other programs.

*Because of the difference in dollar value of the three charts, a reallocation of priorities in either of the tax funds charts would have a smaller impact in shifting priorities in the **All Funds** chart.*

For example, to increase the 13.0% allocation to transportation in the **All Funds – FY 08** chart by one percentage point to 14.0% would require an added \$16.5 million increase in transportation funding. A \$16.5 million shift to transportation in the **Unincorporated Area General Fund** would require a 5.9 percentage point shift in priorities from one or more other program areas to transportation because each percentage point shift in that fund equals about \$2.8 million.

**BUDGET BY PROGRAM
ALL FUNDS**

**Allocation of County Funds by Citizen Program:
All Funds - FY 08**

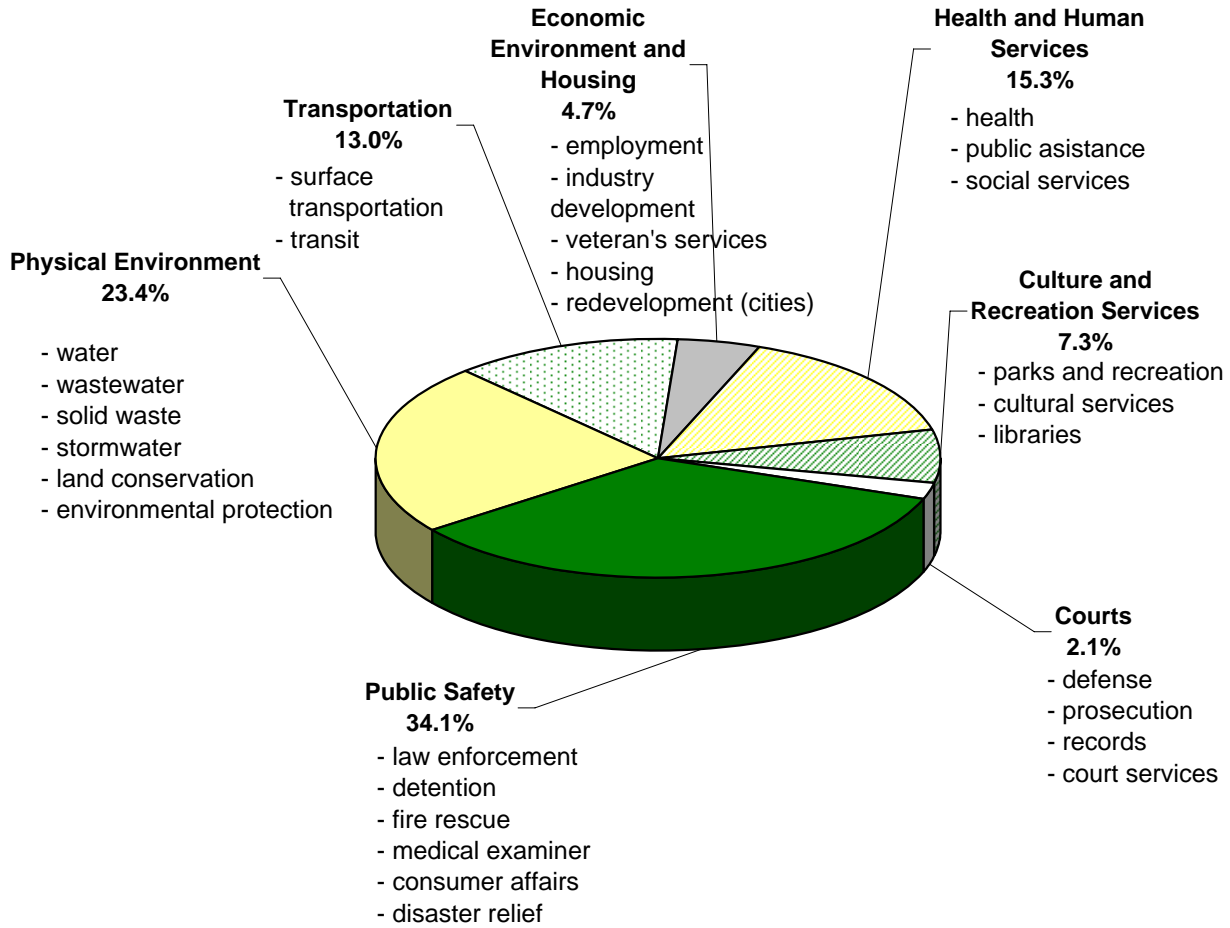


**Each 1% equals \$16.5 million
Total funding equals \$1,653.5 billion**

Note: This schedule includes all County funds, including both unrestricted (property tax) funds and restricted funds.

**BUDGET BY PROGRAM
ALL FUNDS**

**Allocation of County Funds by Citizen Program:
All Funds - FY 09**

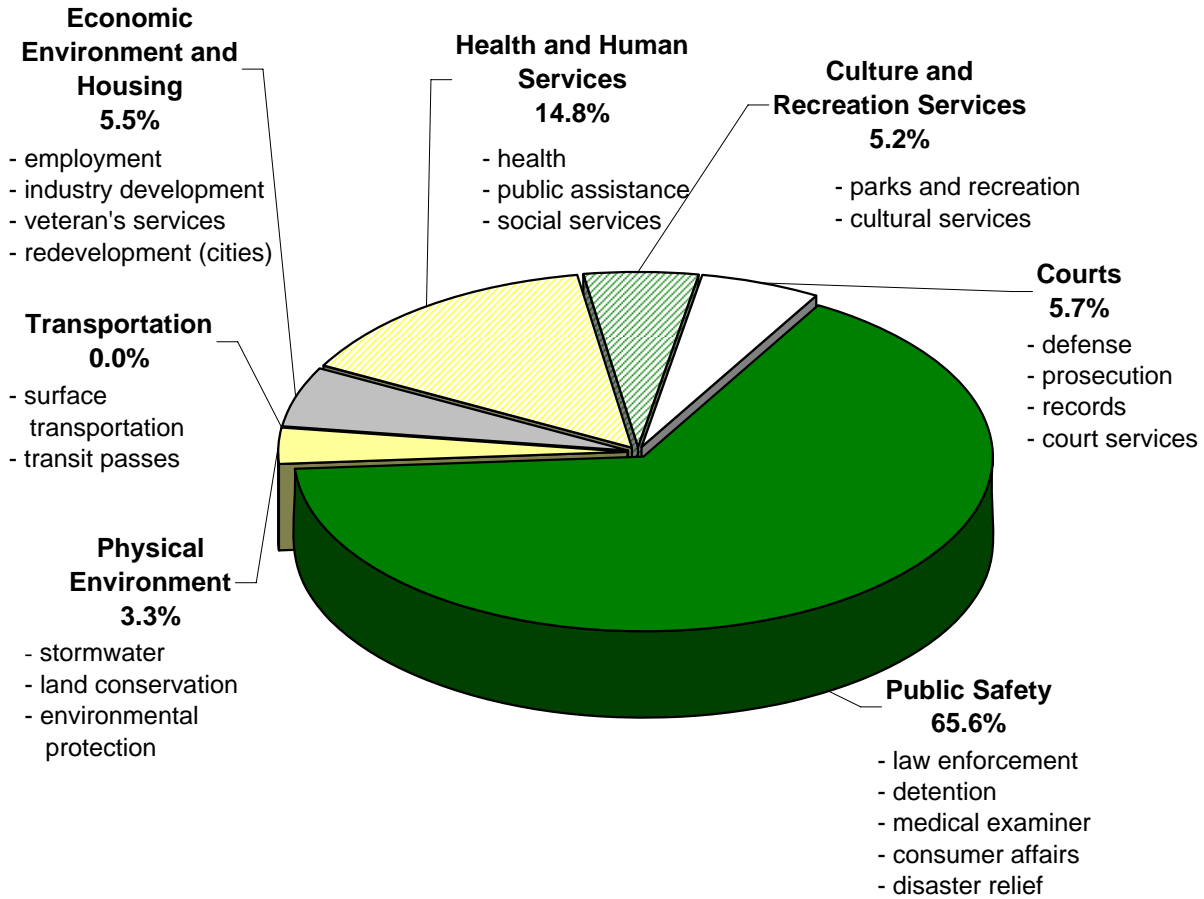


**Each 1% equals \$16.0 million
Total funding equals \$1,604.1 billion**

Note: This schedule includes all County funds, including both unrestricted (property tax) funds and restricted funds.

**BUDGET BY PROGRAM
COUNTYWIDE GENERAL FUND**

**Allocation of County Funds by Citizen Program:
Countywide General Fund - FY 08**

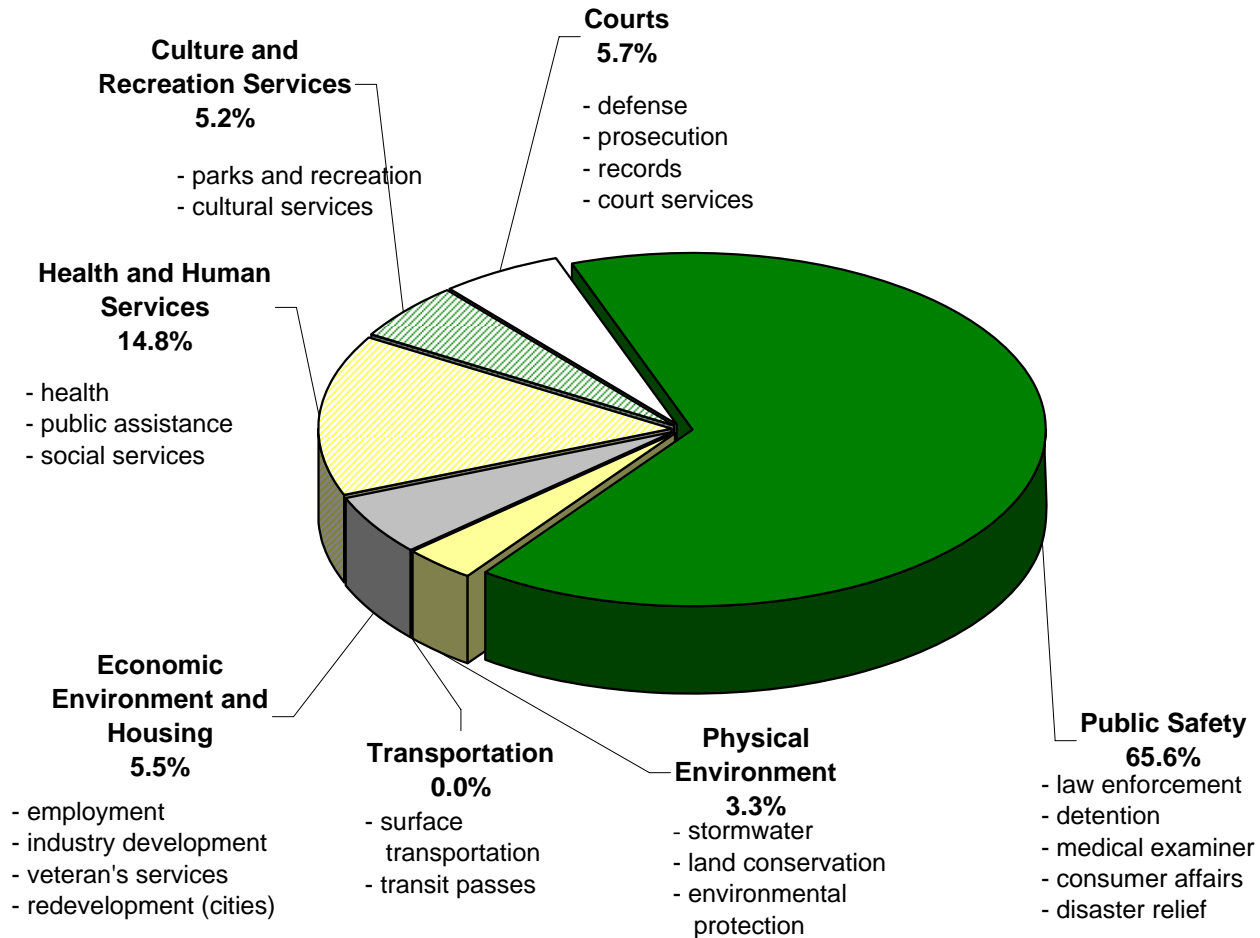


**Each 1% equals \$4.0 million
Total funding equals \$397.4 million**

Note: Transfers from this fund to other funds have been included in this presentation. They have been incorporated into the appropriate programs.

**BUDGET BY PROGRAM
COUNTYWIDE GENERAL FUND**

**Allocation of County Funds by Citizen Program:
Countywide General Fund - FY 09**

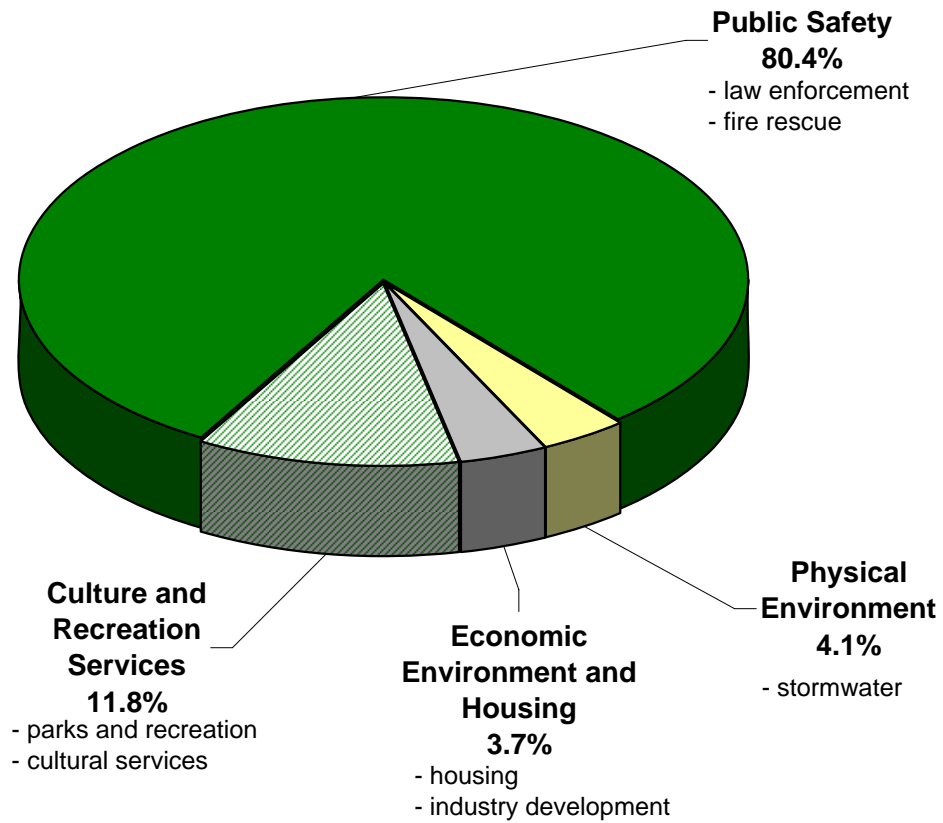


**Each 1% equals \$4.2 million
Total funding equals \$417.2 million**

Note: Transfers from this fund to other funds have been included in this presentation. They have been incorporated into the appropriate programs.

**BUDGET BY PROGRAM
UNINCORPORATED AREA GENERAL FUND**

**Allocation of County Funds by Citizen Program:
Unincorporated Area General Fund - FY 08**

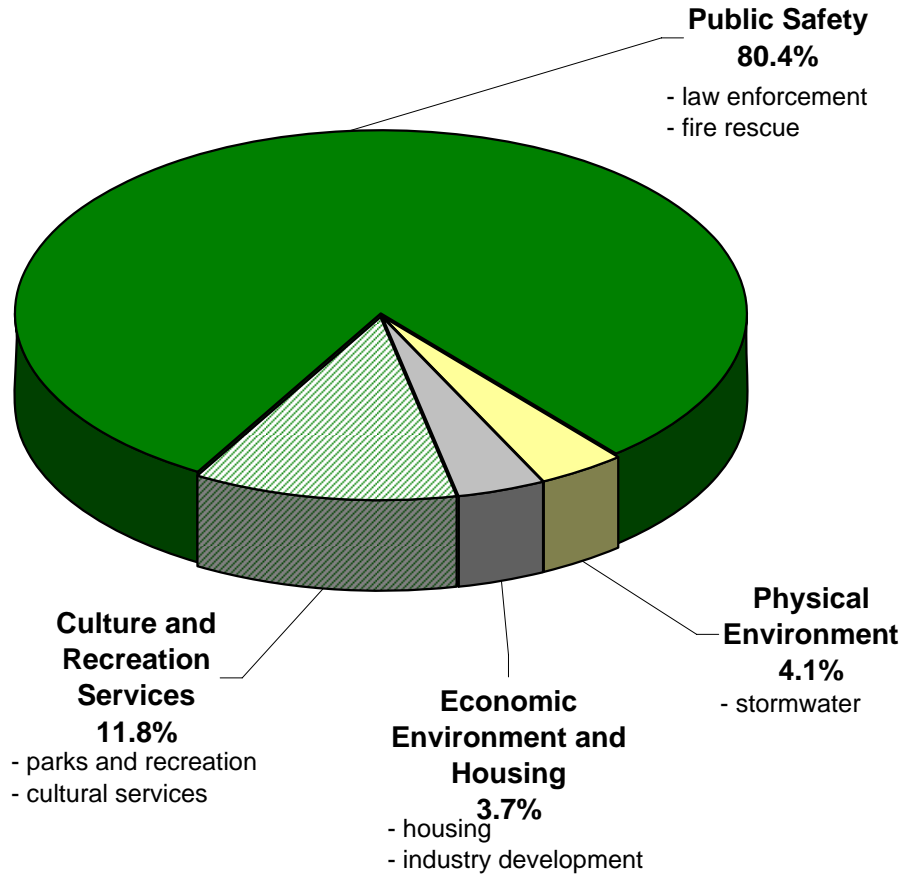


**Each 1% equals \$2.8 million
Total funding equals \$282.5 million**

Note: Transfers from this fund to other funds have been included in this presentation. They have been incorporated into the appropriate programs.

**BUDGET BY PROGRAM
UNINCORPORATED AREA GENERAL FUND**

**Allocation of County Funds by Citizen Program:
Unincorporated Area General Fund - FY 09**



**Each 1% equals \$2.9 million
Total funding equals \$292.9 million**

Note: Transfers from this fund to other funds have been included in this presentation. They have been incorporated into the appropriate programs.

**BUDGET BY PROGRAM
ALL FUNDS**

Program	FY 06 Adopted	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
Public Safety				
Law Enforcement	184,650,566	204,835,961	210,010,603	223,471,399
Fire Rescue	98,873,563	117,563,772	125,816,046	123,708,032
Detention/Corrections	176,401,741	179,961,286	183,527,726	163,731,872
Public Safety Protective Inspections	22,671,104	22,939,562	24,814,251	25,544,301
Emergency & Disaster Relief Services	10,414,188	1,770,440	4,027,592	4,527,513
Medical Examiner	3,560,171	4,171,252	4,611,937	4,551,976
Consumer Affairs	1,102,586	1,165,285	1,107,969	1,167,031
Other Public Safety	4,125,535	13,476,693	9,391,990	9,048,401
Subtotal	501,799,454	545,884,251	563,308,114	555,750,525
Physical Environment				
Physical Environment/Solid Waste	122,206,280	75,489,497	92,647,763	114,616,066
Water/Sewer Combination Services	224,861,169	318,665,381	226,237,759	294,419,772
Conservation & Resource Management	30,573,578	34,371,661	34,962,516	36,436,655
Flood Control	21,082,607	23,264,780	32,110,227	29,804,605
Other Physical Environment	315,498	330,660	367,701	376,183
Subtotal	399,039,132	452,121,979	386,325,966	475,653,281
Transportation				
Road & Street Facilities	128,006,226	161,253,522	212,799,562	108,264,611
Transport Transit Systems	475,877	1,025,811	483,271	483,271
Other Transportation	252,836	1,312,836	2,321,149	446,149
Subtotal	128,734,939	163,592,169	215,603,982	109,194,031
Economic Environment				
Industry Development	25,447,267	36,192,398	38,862,149	40,142,278
Veterans Services	1,414,800	1,431,991	1,404,144	1,411,450
Housing & Urban Development	31,022,128	33,264,731	32,103,629	32,094,395
Other Economic Environment	3,513,500	9,382,496	6,085,125	3,985,125
Subtotal	61,397,695	80,271,616	78,455,047	77,633,248
Human Services				
Health	122,106,395	124,752,288	141,416,917	145,757,532
Mental Health	2,191,129	2,459,842	2,444,426	2,953,990
Human Services Public Assistance	9,837,676	10,386,701	10,240,039	10,458,993
Other Human Services	84,031,592	90,504,694	99,307,653	84,581,341
Subtotal	218,166,792	228,103,525	253,409,035	243,751,856
Culture/Recreation				
Libraries	37,625,068	40,568,069	54,650,013	45,017,070
Parks & Recreation	59,787,438	71,500,329	57,538,511	53,044,876
Cultural Services	1,656,804	1,687,980	2,517,862	1,822,830
Special Recreation Facilities	6,670,921	6,832,680	4,086,185	4,188,183
Other Culture/Recreation	16,823,110	1,378,947	2,667,949	597,755
Subtotal	122,563,341	121,968,005	121,460,520	104,670,714
Courts				
Court-Related Services	42,333,060	37,936,990	34,934,577	37,446,255
Subtotal	42,333,060	37,936,990	34,934,577	37,446,255
Total Citizen Programs	\$1,474,034,413	\$1,629,878,535	\$1,653,497,241	\$1,604,099,910

**BUDGET BY PROGRAM
ALL FUNDS**

Program	FY 06 Adopted	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
General Government Services				
Legislative	\$2,862,067	\$2,920,962	\$2,897,126	\$3,010,089
Executive	5,988,706	6,277,646	6,079,977	6,238,041
Financial & Administrative	113,652,382	109,434,914	122,718,726	123,783,089
Legal Counsel	9,633,945	10,354,475	10,192,400	10,679,774
Comprehensive Planning	21,559,635	23,337,386	21,027,680	22,096,191
General Government Debt Service	121,648,577	127,509,483	90,837,389	70,437,161
Other General Government	235,839,133	264,745,400	271,521,718	283,417,147
Subtotal	511,184,445	544,580,266	525,275,016	519,661,492
Nonexpenditure Disbursements				
Transfers Within BOCC ⁽¹⁾	879,098,709	894,226,077	978,513,101	833,001,702
Reserves & Refunds	539,823,054	692,198,694	849,101,065	845,781,083
Subtotal	1,418,921,763	1,586,424,771	1,827,614,166	1,678,782,785
Other Nonoperating Costs				
Other Nonoperating	45,627,103	60,892,337	40,344,955	41,046,405
Subtotal	45,627,103	60,892,337	40,344,955	41,046,405
Grand Total	\$3,449,767,724	\$3,821,775,909	\$4,046,731,378	\$3,843,590,592

(1) - A detailed schedule of transfers is contained in the Operations and Funding Guide section of this document..

The categories used in this schedule are defined by the State of Florida in the State Uniform Accounting System Manual

Note: In FY 00 the County implemented an all years budget process for capital projects. This means that beginning in FY 00 the current year's budget will only reflect changes in funding, such as additional funds being added to a project budget or unneeded funds being subtracted. Prior year funding will remain with the project until completion and will not need to be reappropriated every year.

**BUDGET BY PROGRAM
COUNTYWIDE GENERAL FUND**

Program	FY 06 Adopted	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
Public Safety				
Law Enforcement	\$87,517,827	\$97,198,873	\$100,066,105	\$105,833,006
Fire Rescue	8,500	8,500	8,500	8,500
Detention/Corrections	122,441,731	145,356,987	152,327,378	161,994,571
Public Safety Protective Inspections	1,266,264	1,373,026	1,395,044	1,459,230
Emergency & Disaster Relief Services	1,435,427	1,336,767	1,382,602	1,388,725
Medical Examiner	3,555,171	4,171,252	4,274,777	4,551,976
Consumer Affairs	1,102,586	1,165,285	1,107,969	1,167,031
Subtotal	217,327,506	250,610,690	260,562,375	276,403,039
Physical Environment				
Water/Sewer Combination Services	1,441,452	884,606	300,000	300,000
Conservation & Resource Management	12,658,821	13,237,941	12,713,151	13,239,946
Subtotal	14,100,273	14,122,547	13,013,151	13,539,946
Transportation				
Transport Transit Systems	125,000	179,000	179,000	179,000
Subtotal	125,000	179,000	179,000	179,000
Economic Environment				
Industry Development	12,920,931	20,654,367	21,198,364	21,701,648
Veterans Services	414,800	431,991	404,144	411,450
Other Economic Environment	213,500	213,500	285,125	185,125
Subtotal	13,549,231	21,299,858	21,887,633	22,298,223
Human Services				
Health	22,347,037	10,745,376	11,131,459	11,691,021
Mental Health	2,065,990	2,332,657	1,274,136	1,274,136
Human Services Public Assistance	9,007,806	9,267,456	9,068,188	9,287,142
Other Human Services	33,257,687	35,626,796	37,166,359	38,455,672
Subtotal	66,678,520	57,972,285	58,640,142	60,707,971
Culture/Recreation				
Parks & Recreation	14,445,920	15,616,003	16,368,094	17,108,155
Cultural Services	1,406,804	1,676,287	1,692,362	1,822,540
Special Recreation Facilities	1,920,921	2,072,680	2,091,848	2,192,805
Other Culture/Recreation	314,167	304,504	494,607	497,755
Subtotal	18,087,812	19,669,474	20,646,911	21,621,255
Courts				
Court-Related Services	20,757,157	21,247,908	22,514,721	22,413,902
Subtotal	20,757,157	21,247,908	22,514,721	22,413,902
Total Citizen Programs	\$350,625,499	\$385,101,762	\$397,443,933	\$417,163,336
General Government Services				
Legislative	\$2,862,067	\$2,920,962	\$2,897,126	\$3,010,089
Executive	5,577,989	5,839,858	5,711,673	5,852,647
Financial & Administrative	39,631,794	36,904,301	38,893,311	40,272,124
Legal Counsel	9,633,945	10,354,475	10,192,400	10,679,774
Comprehensive Planning	360,433	364,095	374,616	385,480
Other General Government	87,992,756	98,422,621	98,633,487	94,976,625
Subtotal	146,058,984	154,806,312	156,702,613	155,176,739

**BUDGET BY PROGRAM
COUNTYWIDE GENERAL FUND**

Program	FY 06 Adopted	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
Nonexpenditure Disbursements				
Transfers Within BOCC ⁽¹⁾	57,944,153	77,091,685	60,766,953	54,840,116
Reserves & Refunds	46,715,254	69,888,848	76,611,502	86,918,956
Subtotal	104,659,407	146,980,533	137,378,455	141,759,072
Grand Total	\$601,343,890	\$686,888,607	\$691,525,001	\$714,099,147

(1) - A detailed schedule of transfers is contained in the Operations and Funding Guide section of this document..

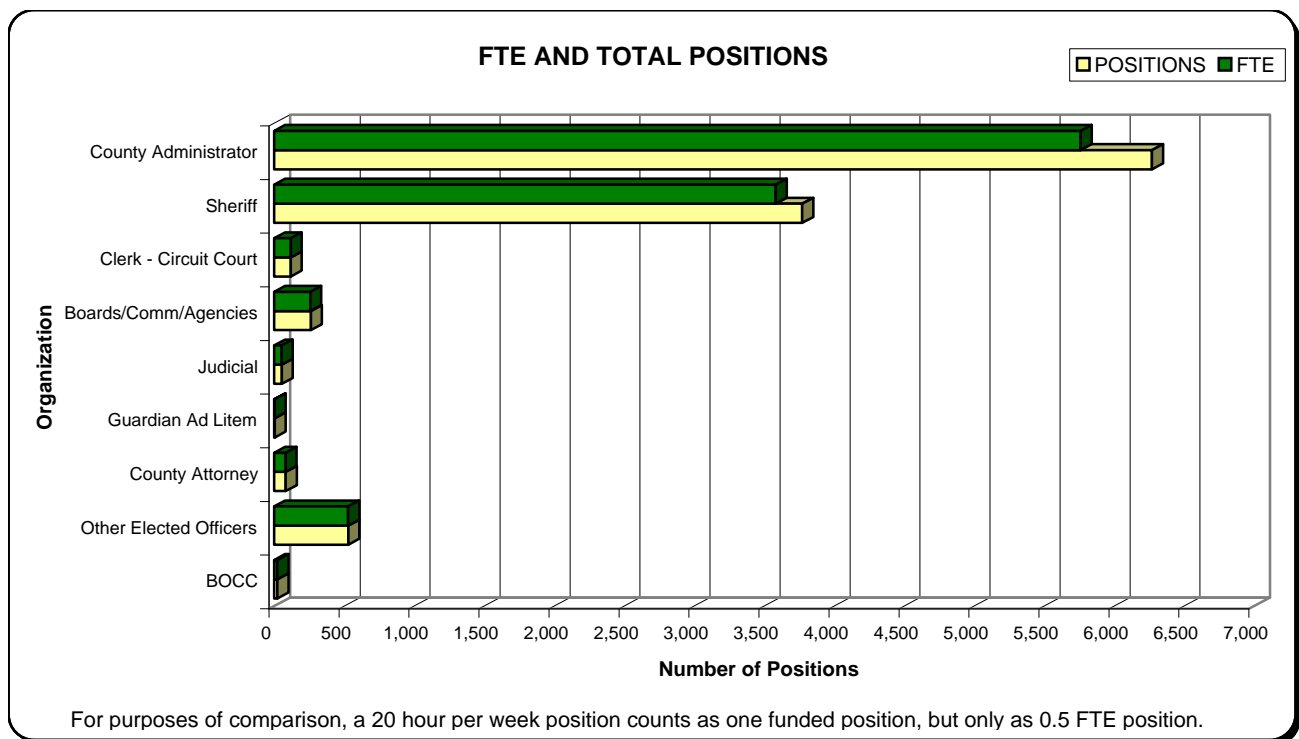
BUDGET BY PROGRAM
UNINCORPORATED AREA GENERAL FUND

Program	FY 06 Adopted	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
Public Safety				
Law Enforcement	94,991,242	105,886,034	107,648,916	115,331,406
Fire Rescue	92,272,382	111,361,596	109,920,149	115,586,624
Public Safety Protective Inspections	782,618	694,496	5,419,707	5,682,297
Emergency & Disaster Relief Services	1,887,251	233,626	1,956,930	340,993
Other Public Safety	4,125,535	7,057,653	2,270,500	2,387,703
Subtotal	194,059,028	225,233,405	227,216,202	239,329,023
Physical Environment				
Water/Sewer Combination Services	92,000	96,100	98,000	98,000
Conservation & Resource Management	125,744	137,053	76,924	80,164
Flood Control	15,921,414	16,712,865	11,328,243	11,715,497
Other Physical Environment	33,287	33,786	12,753	13,135
Subtotal	16,172,445	16,979,804	11,515,920	11,906,796
Economic Environment				
Industry Development	1,150,000	3,650,000	3,490,000	3,490,000
Veterans Services	1,000,000	1,000,000	1,000,000	1,000,000
Housing & Urban Development	609,275	1,139,771	189,098	197,766
Other Economic Environment	3,300,000	9,168,996	5,800,000	3,800,000
Subtotal	6,059,275	14,958,767	10,479,098	8,487,766
Culture/Recreation				
Parks & Recreation	30,733,411	32,974,372	32,972,549	33,089,927
Other Culture/Recreation	974,443	974,443	350,000	100,000
Subtotal	31,707,854	33,948,815	33,322,549	33,189,927
Courts				
Court-Related Services	10,000	10,000	3,000	3,000
Subtotal	10,000	10,000	3,000	3,000
Total Citizen Programs	\$248,008,602	\$291,130,791	\$282,536,769	\$292,916,512
General Government Services				
Executive	65,064	72,691	0	0
Financial & Administrative	12,248,067	3,857,875	6,959,604	5,227,680
Comprehensive Planning	12,959,205	14,079,210	12,144,216	12,649,363
Other General Government	13,772,111	14,638,328	16,059,298	16,351,148
Subtotal	39,044,447	32,648,104	35,163,118	34,228,191
Nonexpenditure Disbursements				
Transfers Within BOCC ⁽¹⁾	48,267,764	52,632,560	68,916,520	50,109,285
Reserves & Refunds	31,129,354	55,695,171	66,529,990	86,612,929
Subtotal	79,397,118	108,327,731	135,446,510	136,722,214
Grand Total	\$366,450,167	\$432,106,626	\$453,146,397	\$463,866,917

(1) - A detailed schedule of transfers is contained in the Operations and Funding Guide section of this document..

SUMMARY OF FUNDED FULL-TIME EQUIVALENT POSITIONS AND FUNDED POSITIONS

Organization	FY 06 Adopted	FY 07 Adopted	FY 08 Adopted	FY 09 Planned	Changes FY 07 to FY 08
County Administrator - Funded FTE	5,809.04	5,926.59	5,762.11	5,794.05	-164.48
Funded Positions	6,432.00	6,603.00	6,271.00	6,304.00	-332.00
Sheriff - Funded FTE	3,341.75	3,488.40	3,583.50	3,649.50	95.10
Funded Positions	3,555.00	3,708.00	3,774.00	3,840.00	66.00
Clerk of the Circuit Court - Funded FTE	122.00	121.00	119.00	119.00	-2.00
Funded Positions	122.00	121.00	119.00	119.00	-2.00
Boards, Commissions, and Agencies - Funded FTE	275.00	279.00	259.00	258.00	-20.00
Funded Positions	275.00	279.00	263.00	262.00	-16.00
Judicial - Funded FTE	55.50	55.50	54.50	54.50	-1.00
Funded Positions	56.00	56.00	55.00	55.00	-1.00
Guardian Ad Litem - Funded FTE	5.00	5.00	5.00	5.00	0.00
Funded Positions	5.00	5.00	5.00	5.00	0.00
County Attorney - Funded FTE	87.15	87.15	82.88	82.88	-4.27
Funded Positions	94.00	94.00	84.00	84.00	-10.00
Other Elected Officers - Funded FTE	535.50	541.50	530.00	530.00	-11.50
Funded Positions	536.00	542.00	531.00	531.00	-11.00
Board of County Commissioners - Funded FTE	25.00	25.00	25.00	25.00	0.00
Funded Positions	25.00	25.00	25.00	25.00	0.00
Total Funded FTE's	10,255.94	10,529.14	10,420.99	10,517.93	-108.15
Total Funded Positions	11,100.00	11,433.00	11,127.00	11,225.00	-306.00



CAPITAL PROJECTS BUDGET SOURCES & USES OF FUNDS

(in Millions of \$)

SOURCES ⁽¹⁾	FY 06 Actual	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
Revenues:				
Ad Valorem Taxes	\$68.7	\$71.5	\$84.5	\$55.8
Communications Services Tax	8.8	8.9	3.6	3.7
Community Investment Tax	28.4	31.9	35.5	36.4
Contributions	3.5	0.0	0.0	0.0
Enterprise Fees	72.9	62.0	58.0	56.2
Gasoline Taxes	17.0	5.1	6.3	6.5
Grants & Shared Revenues	7.9	2.5	0.4	0.3
Impact Fees	16.2	7.2	11.7	11.7
Miscellaneous Revenues ⁽²⁾	9.7	4.2	13.4	8.6
User Fees	5.2	4.3	4.6	4.7
Total Revenue	238.3	197.5	218.0	183.9
Other Non Revenue-Financing	9.4	85.7	175.6	117.2
TOTAL SOURCES	\$247.7	\$283.2	\$393.7	\$301.1

USES ⁽¹⁾	FY 06 Actual	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
Fire	\$7.9	\$4.3	\$13.2	\$6.1
Government Facilities	32.9	69.1	53.7	8.9
Libraries	9.9	3.6	14.9	3.1
Parks	36.2	32.2	17.2	12.7
Solid Waste	5.8	2.7	10.6	24.7
Stormwater	5.8	5.3	19.6	16.9
Transportation	55.8	93.3	160.0	45.5
Water & Wastewater	48.3	156.7	57.7	138.2
Other Non-CIP ⁽³⁾	10.2	11.1	15.7	11.3
Total Capital Budget	212.8	378.4	362.6	267.2
Reserves ⁽⁴⁾	0.0	(95.2)	31.0	33.9
TOTAL USES (Including Reserves)	\$212.8	\$283.2	\$393.7	\$301.1

(1) In FY 00 the County implemented an all years budget process for capital projects. This means that beginning in FY 00 the current year's budget will only reflect changes in funding, such as additional funds being added to a project budget or unneeded funds being subtracted. Prior year funding will remain with the project until completion and will not need to be reappropriated every year.

(2) Includes interest earnings and other miscellaneous revenues.

(3) Other Non-CIP expenditures are Capital Budget Expenditures not related to the Capital Improvement Program, such as capital equipment, leasehold improvements, some land acquisitions, and the County's Major Repair, Replacement, Renovation and Maintenance Program.

(4) Reflect net changes to reserve accounts.

DEBT SERVICE BUDGET SUMMARY

DEBT REQUIREMENTS FOR COUNTY DEBT ONLY
(\$ IN MILLIONS)

	FY 06 Adopted	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
DEBT SERVICE BUDGET				
Principal Payments ^{1,5}	\$53.3	\$60.6	\$55.0	\$58.6
Interest Payments ^{1,5}	<u>33.6</u>	<u>37.3</u>	<u>49.3</u>	<u>49.3</u>
TOTAL COUNTY DEBT SERVICE <i>(Principal and Interest Only)</i>	\$86.9	\$97.8	\$104.4	\$107.9
Debt Administration Expenses ²	0.8	0.3	1.2	1.2
Capitalized Interest ³	0.0	0.0	0.0	0.0
Principal Payment Defeased Debt ⁴	79.4	89.9	21.7	2.0
Redemption of Debt	0.0	0.0	0.0	0.0
Redemption of Short Term Loans	0.0	0.0	0.0	0.0
Interfund Short Term Loans	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL DEBT SERVICE FUND <i>(As shown in Budget Summary)</i>	\$167.2	\$188.0	\$127.2	\$111.1
COUNTY DEBT OUTSTANDING BY TYPE: <i>(As of Fiscal Year End)</i>				
General Obligation Debt	\$38.9	\$34.1	\$29.0	\$23.8
Self-Supporting Debt ⁵	209.6	271.9	604.1	610.9
Non Self-Supporting Debt	<u>422.9</u>	<u>411.8</u>	<u>464.8</u>	<u>442.8</u>
TOTAL COUNTY DEBT OUTSTANDING <i>(As of Fiscal Year End)</i>	\$671.4	\$717.7	\$1,097.9	\$1,077.5

¹ Amounts shown do not include County contributions to the Tampa Sports Authority for debt service on the outstanding bonds of the Authority.

² Includes fees paid for trustees, paying agent and registrar services, remarketing and Letter of Credit fees.

³ Interest paid with funds set aside from bond proceeds.

⁴ The principal amount of outstanding bonds refinanced with the proceeds of refunding bonds. Also includes principal payments made from Commercial Paper rollover notes.

⁵ The adopted 2008 budget includes CIT 2007 bonds, but does not include future Solid Waste system financings.

COUNTY REVENUES BY SOURCE

		FY 06 Actuals	FY 07 Adopted	FY 08 Adopted	FY 09 Planned	% Total FY 08
Taxes						
Ad Valorem Taxes	D	\$674,093,953	\$815,069,495	\$803,191,202	\$851,924,247	39.0%
Community Investment Tax	D	107,126,448	113,284,171	108,203,434	115,528,807	5.3%
Indigent Healthcare Surtax	D	107,057,180	113,284,171	108,203,434	115,528,807	5.3%
Six-Cents Gas Tax	D	25,630,347	26,379,724	26,373,245	27,051,038	1.3%
Communications Services Tax	D	23,579,615	23,649,963	28,520,675	29,333,514	1.4%
Tourist Development Tax	D	20,690,941	19,401,669	23,205,600	24,409,970	1.1%
Ninth-Cent Gas Tax	D	7,023,536	7,278,144	7,194,698	7,379,602	0.4%
Other Taxes		67,033	61,000	65,800	66,358	0.0%
Total Taxes		965,269,053	1,118,408,337	1,104,958,088	1,171,222,343	53.6%
Licenses & Permits						
Building Permits	D	14,570,672	15,845,722	14,275,728	14,287,728	0.7%
Other Licenses & Permits		5,209,070	5,296,276	4,289,001	4,360,773	0.2%
Total Licenses & Permits		19,779,742	21,141,998	18,564,729	18,648,501	0.9%
Intergovernmental Revenue						
<u>State Shared Revenues</u>						
Local Government Half-Cent Sales Tax	D	94,754,257	100,337,686	94,086,752	101,218,527	4.6%
State Revenue Sharing	D	29,047,590	29,189,296	28,704,795	30,662,462	1.4%
Constitutional Fuel Tax	D	11,292,248	11,723,544	11,910,430	12,216,528	0.6%
Documentary Stamp Tax	D	7,467,585	7,426,314	7,522,000	7,522,000	0.4%
Shared State Restricted Revenue		5,435,940	5,833,827	5,653,214	6,086,456	0.3%
County Fuel Tax	D	5,039,038	5,176,865	5,125,184	5,256,901	0.3%
Shared State General Revenues		4,317,414	3,821,103	4,117,884	4,139,151	0.2%
Other Intergovernmental Revenues		2,305	0	2,500	2,500	0.0%
Subtotal		157,356,377	163,508,635	157,122,759	167,104,525	7.6%
<u>Intergovernmental Grants</u>						
Head Start/Early Head Start Grant	D	21,242,756	21,726,906	22,063,891	22,063,891	1.1%
Section 8 Housing Grant	D	11,744,720	12,250,332	12,121,088	12,121,088	0.6%
Ryan White Emergency Relief Grant	D	5,169,854	10,672,327	10,710,531	10,710,531	0.5%
Federal Human Services Grants		12,508,924	7,311,867	8,415,397	7,951,935	0.4%
Community Development Block Grant		4,104,548	6,085,956	6,115,565	6,115,565	0.3%
State Health & Human Svcs Grants		5,465,464	5,667,604	5,776,114	5,486,349	0.3%
Federal Health Grants		4,438,787	3,717,407	3,909,209	3,928,121	0.2%
Fed Economic Environment Grants		13,959,840	3,701,153	3,502,506	3,483,711	0.2%
State Physical Environment Grants		2,972,927	3,337,032	3,326,809	3,444,420	0.2%
Other State Grants		5,523,255	3,010,811	5,793,163	3,484,986	0.3%
Other Federal Grants		11,494,113	2,556,016	3,568,712	3,779,797	0.2%
Local Grants		2,335,117	371,630	595,416	499,221	0.0%
Subtotal		100,960,305	80,409,041	85,898,401	83,069,615	4.2%
Total Intergovernmental Revenue		258,316,682	243,917,676	243,021,160	250,174,140	11.8%
Charges for Services						
<u>Water/Wastewater Utility Fees</u>						
Water/Wastewater Usage Fees	D	114,165,462	110,964,596	118,879,152	123,919,779	5.8%
Water/Wastewater Base Fees	D	48,218,048	49,223,696	51,445,633	52,786,174	2.5%
Accrued Guaranteed Revenue Fees		16,055,898	10,926,285	9,027,140	9,639,360	0.4%
Customer Monthly Billing Charge	D	6,873,335	7,111,548	7,207,582	7,422,130	0.4%
Other Water/Wastewater Utility Fees		2,504,272	2,800,168	2,791,444	2,838,248	0.1%
Subtotal		187,817,015	181,026,293	189,350,951	196,605,691	9.2%

COUNTY REVENUES BY SOURCE

	FY 06 Actuals	FY 07 Adopted	FY 08 Adopted	FY 09 Planned	% Total FY 08
<u><i>Solid Waste Fees</i></u>					
Solid Waste Residential Assessments D	38,518,072	40,953,855	48,151,962	53,362,201	2.3%
Solid Waste Tipping Fees	26,653,255	29,184,651	32,745,314	33,311,735	1.6%
Solid Waste Recycling Revenue	16,525,877	15,097,600	15,692,600	18,843,411	0.8%
Subtotal	81,697,204	85,236,106	96,589,876	105,517,347	4.7%
<u><i>Other User Fees</i></u>					
Ambulance Fees D	9,550,531	11,336,347	11,357,092	11,459,298	0.6%
Court Costs & Surcharges D	12,191,838	10,600,350	11,347,786	11,581,963	0.6%
Planning & Growth Management Fees	7,880,876	7,077,956	7,001,367	7,101,947	0.3%
Sheriff's Office Fees D	6,427,746	6,556,000	6,232,550	6,232,050	0.3%
Public Safety Fees	6,359,312	6,333,096	5,742,156	5,727,076	0.3%
Environment & Physical Resource Fees	4,194,848	4,081,486	4,043,024	3,980,466	0.2%
Transportation Fees	4,892,049	3,945,954	4,477,806	4,484,486	0.2%
Human Services & Recreation Fees	3,723,709	3,833,870	3,486,864	3,573,955	0.2%
Economic Environment Fees	6,056,762	2,940,119	1,137,177	1,137,177	0.1%
Other User Fees	2,350,260	2,234,530	2,668,873	2,363,737	0.1%
Subtotal	63,627,931	58,939,708	57,494,695	57,642,155	2.8%
<u><i>Internal Charges</i></u>					
Internal Service Charges - Insurance	75,374,443	81,527,633	90,876,900	101,140,141	4.4%
Indirect Administrative Costs	34,651,388	34,813,156	37,749,100	38,075,821	1.8%
Internal Service Charges - Fleet	25,117,211	26,746,775	30,486,642	31,648,965	1.5%
Employee Health Insurance Premiums	21,043,977	20,800,752	22,557,128	25,399,327	1.1%
Insurance & Technology Reimbursements	4,176,019	4,691,260	6,501,200	9,411,055	0.3%
Subtotal	160,363,038	168,579,576	188,170,970	205,675,309	9.1%
Charges for Services Total	493,505,188	493,781,683	531,606,492	565,440,502	25.8%
Fines & Forfeits	7,380,396	4,795,755	5,937,639	6,020,434	0.3%
Miscellaneous Revenue					
<u><i>Special Assessments & Impact Fees</i></u>					
Water/Wastewater Special Assessments	13,719,152	17,029,457	19,088,707	20,028,187	0.9%
Stormwater Special Assessments D	5,218,351	5,264,000	5,389,000	5,475,000	0.3%
Streetlighting Special Assessments	7,251,723	7,768,596	7,954,024	7,954,024	0.4%
Transportation Impact Fees D	13,685,045	4,160,000	9,226,305	9,226,305	0.5%
Water/Wastewater Impact Fees	10,833,225	6,411,939	9,695,915	6,407,435	0.5%
Other Impact Fees D	6,119,660	11,822,900	5,105,999	5,105,999	0.3%
Subtotal	56,827,156	52,456,892	56,459,950	54,196,950	2.7%
Interest D	67,062,978	44,163,563	77,870,966	65,675,080	3.8%
Other Miscellaneous Revenues	46,639,311	16,017,397	23,236,176	21,557,157	1.1%
Miscellaneous Revenue Total	170,529,445	112,637,852	157,567,092	141,429,187	7.6%
Total Revenue - All Types	\$1,914,780,506	\$1,994,683,301	\$2,061,655,200	\$2,152,935,107	100.0%

Note:

Those revenues with a "D" following the title are discussed in more detail in the narrative following this table.

MAJOR COUNTY REVENUES

Hillsborough County relies on a variety of revenue sources to finance operations and construction activities. These sources include taxes, special assessments, fees, intergovernmental funding and service charges. Some examples of revenue sources include user fees financing the County's water and wastewater utility, gasoline taxes financing roadway construction and maintenance, and permit fees supporting building permit and inspection programs.

Several major factors impact revenues: changes in overall county-wide population, changes in specific service populations and their demands, increases or decreases in real disposable income (which measures residents' after-tax buying power adjusted for inflation), and inflation. State legislative action may also significantly impact revenues as evidenced by the legislatively mandated roll-back of property taxes for FY 08 and beyond. One or more of these factors or "drivers" impact most revenues directly or indirectly.

Estimates of revenues for budgetary purposes are gathered from a variety of sources. Based on past trends and their experienced judgment of current and future conditions, operating departments, agencies, and Constitutional Officers provide estimates of revenue from program-related fees (charges for services), state and federal grants, licenses and permits, fines, and assessments. The Florida Department of Revenue provides estimates of revenues from the Local Government Half-Cent Sales Tax, Indigent Care Surtax, Community Investment Surtax, various State-collected gasoline taxes, and the State Revenue Sharing program (based on a cigarette tax and sales tax). Ad valorem tax revenue, the remaining major revenue source, is estimated from taxable property values provided by the Property Appraiser by July 1st of each year in conjunction with applicable millage rates.

Projections of year-end FY 07 and FY 08 estimated revenues reflect the slowing performance of the US and Florida economies in the face of weak housing markets and the consequent impact on consumer spending. US Gross Domestic Product (GDP) growth slowed from 4.8% in the first quarter 2006 to a weak 0.6% in the first quarter 2007. In mid-2007 strong consumer spending, exports, federal spending, business construction and investment, and a reversal of the inventory decline more than offset weak housing construction. Growth rebounded the second quarter to 3.8% and to 3.9% for the third quarter. Florida has suffered a greater decline in housing markets than the US as a whole. Florida consumer spending has also been weaker. While housing will likely remain weak through mid to late 2008, forecasters remain cautiously optimistic about the economic picture. The latest National Association for Business Economics (NABE) consensus forecast expects 2.0% economic growth for 2007. Growth in 2008 is forecast at 2.8%. Further and prolonged weakening of housing markets and a resulting decline in consumer spending are the main risks to this forecast, especially for Florida.

Property tax, sales tax, revenue sharing and fuel tax revenue estimates for FY 08 and FY 09 were formulated in spring and summer

2007 and were based upon time series forecasting techniques, trend analysis, state forecasts, and expert judgment. Management and Budget used a time-series regression technique known as an Autoregressive Integrated Moving Average Model (ARIMA). ARIMA uses historical data and estimates an equation to approximate those data and, subsequently, forecast the future path of the estimated variable. Overall, the ARIMA models forecasted slower revenue growth for the balance of FY 07 and for FY 08. Combining ARIMA forecasts with state forecasts and other forecasts based on trend analysis and expert judgment rooted in past and present experience, a consensus was reached that non-sales tax revenues would generally meet budgeted expectations for FY 07. Sales tax revenue growth has substantially slowed statewide resulting in lower expectations for sales tax revenues and state revenue sharing distributions compared to budgeted expectations for FY 07. State forecasts issued in spring and summer 2007 also indicated weaker revenue performance. These factors are included in our revenue estimates for FY 08 and FY 09.

Housing and consumer markets are expected to further decline in late 2007 before improving in late-2008. These events will likely restrain revenue growth in FY 08. FY 09 is likely to see renewed growth. Hillsborough County will carefully monitor the affect on revenues and expenditures.

The following sections discuss major revenues and how they have changed over time.

Ad Valorem Taxes

In modern times, property taxes, also called *ad valorem* taxes, have traditionally been the major source of revenue for local governments, large and small. For Hillsborough County, these taxes comprise the largest percentage of all revenue – about 39% in FY 08.

Hillsborough County levies a property tax on all property within the County, including that within municipalities, for services provided throughout Hillsborough County. This tax, referred to as the *Countywide Property Tax*, is deposited in the County's General Fund. Hillsborough County also levies the *Municipal Services Taxing Unit (MSTU) Property Tax* to fund municipal-type services provided only in the unincorporated areas of the County. This tax is only assessed on property in unincorporated areas of the County and is deposited in the Unincorporated Area General Fund. One example of an MSTU tax-funded service is fire protection supplied by the Hillsborough County Fire Rescue Department.

To fund operations of the city-county library system, the County levies a third property tax called the *Special Library District Tax*. This tax applies only to property in the City of Tampa and in unincorporated areas of the County. The Cities of Temple Terrace and Plant City operate their own libraries, although they receive funding

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from the County system to establish a coordinated system for all County residents. In addition to the Board of County Commissioners of Hillsborough County, other jurisdictions in the county have authority to levy their own property taxes. Entities such as the cities of Tampa, Temple Terrace, and Plant City, the Hillsborough County School Board, the Hillsborough Area Regional Transit Authority, the Southwest Florida Water Management District, the Tampa Port Authority and the Children's Board all levy their own ad valorem taxes. Each of these tax levies is listed on a consolidated tax bill sent to individual taxpayers each November.

In addition to the tax levies already mentioned, the County is required to levy a separate property tax to meet annual debt service requirements for the payment of voter approved general obligation bonds. In the past, voters have approved bonds for jail facilities, park facilities, and the acquisition of environmentally sensitive land. In November 1992, residents approved a referendum to finance additional park facilities in the unincorporated areas. Since it benefits only the unincorporated areas, this limited general obligation debt is funded through an MSTU millage.

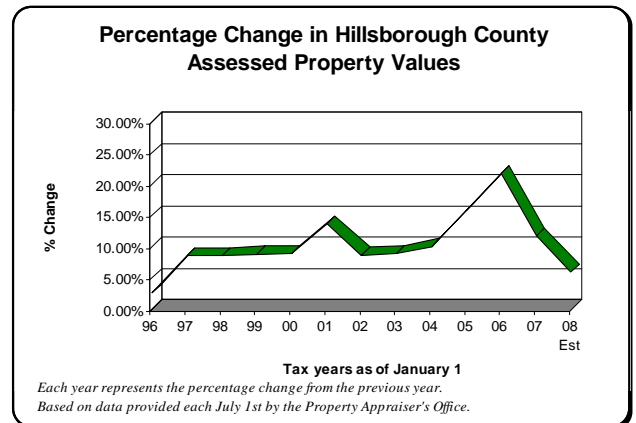
Property tax revenues depend upon the *assessed* value of real and personal property, less any exemptions. The Hillsborough County Property Appraiser, a separately elected constitutional officer, is responsible for assessing property values throughout the County. Growth in this tax base increases County ad valorem tax revenues without requiring any increase in the tax rate (also called the millage rate). Taxable values tend to fluctuate over time. In the past, due mainly to slower appreciation of existing property and to slow-down in new construction, the increase in taxable value slowed from an annual average increase of 13 percent during the early to mid-1980's to an actual decline in FY 93. The rate of taxable value growth in Hillsborough County then accelerated through FY 07. Countywide taxable values increased 8.1% for FY 98, 8.7% for FY 99, 8.7% for FY 00, 9.5% for FY 01, 13.0% for FY 02, 8.0% for FY 03, 8.7% for FY 04, 10.6% for FY 05, 15.7% for FY 06 and 22.8% for FY 07, slowing to 11.7% for FY 08. These rates reflect strong economic growth in the late 1990s and historically low interest rates during 2000-2005. Other contributing factors to this growth include changes in appraisal methods and reconsideration of certain exemptions.

Hillsborough County single family housing starts rose strongly during 2000-2005 in response to forty year low mortgage rates. Single family detached housing permits increased strongly each year during 2001 through 2005. As interest rates rose in 2005, single-family detached permits fell 35% in the last quarter of 2005 compared to 2004. Detached permits continued to trail year ago figures by 46.1% in the first half of 2007. Single-family attached permits declined 66.9% in the first half of 2007.

The recent decline in single-family detached and attached permits reflects nationally slowing housing markets. National home sales

have fallen substantially while median prices have weakened more modestly. The Greater Tampa Association of Realtors reported a 34.8% drop in year-to-date existing Hillsborough home sales (MLS listed) and a 7.6% drop in average home prices in September 2007 compared to September 2006. The Hillsborough County Property Appraiser reports a 3.0% gain in average single family sales price and a 2.0% drop in median sales price through September. The National Association of Realtors further reported the Tampa Bay area experienced a 3.8% decline in the median sales price of existing single-family homes for the second quarter of 2007. Housing markets have suffered more in Florida compared to the national average as more speculative activity and greater price appreciation occurred during 2004-2006.

Construction markets tend to lag interest rate changes and general changes in economic conditions. Annual property tax rolls are based on land and structure values as of January 1st. Ad valorem revenue growth would, therefore, respond in the following years to higher interest rates or deteriorating economic conditions that slow construction permitting in a current year.



Estimates of ad valorem tax revenues are prepared during the budget process by the Hillsborough County Management and Budget Department based on historical and current information on economic activity. ARIMA modeling is a key forecasting tool for taxable property values and is used in conjunction with, state taxable value forecasts, trend analysis, and expert knowledge. After reviewing ARIMA and state forecasts, Management and Budget made the determination to use the state forecast in the Pro Forma budget for FY 08 through FY 10. Each annual forecast is replaced with actual data from the Property Appraiser's Office as they became available. Slowing housing markets have resulted in slower taxable value growth. Latest 2007 Property Appraiser data for the FY 08 budget year reflect an 11.7% gain in Countywide taxable values and a 12.8% gain in Unincorporated Area taxable values.

In June 2007, a further restraint on property tax revenue was enacted by the Florida Legislature. Most cities and counties were required to reduce their FY 08 operating millages to below the rolled-back rate. The rolled-back rate is the millage rate that gen-

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erates the same revenue (less tax increment financing district payments) from existing property this year as was levied last year. Existing property is total taxable value less the value of new construction, the dedicated portion of tax increment financing districts and any increase above 115% of tangible personal property. If the value of existing property increased over the last year then the rolled-back millage rate for this year will decline. Affected taxing authorities (including the Hillsborough County Board of County Commissioners) will apply this new millage to existing property and to any new property thus gaining the benefit of additional revenue only from the new property. The Legislature's June roll back legislation also requires, for FY 08 only, a further reduction of 3% to 9% from the rolled-back rate.

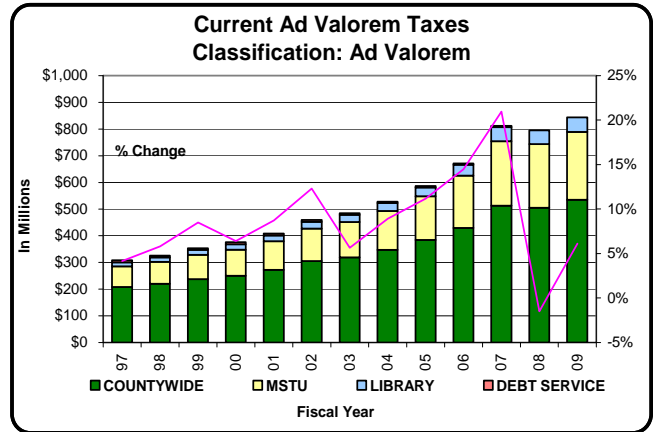
Under the statutory formula, Hillsborough County is required to take a 5% reduction from the rolled-back rate. Practically, this means a 5% revenue reduction, or \$40.1 million, from actual property taxes levied for FY 07 from existing property. Some of this reduction is offset by the \$30.6 million of new revenue generated from new construction that took place during 2006. The net result for the FY 08 Countywide General Fund is an \$8 million or 1.6% reduction compared to the adopted FY 07 levy. The Unincorporated General Fund reduction is \$2.9 million or 1.2%. The Library Tax District reduction is \$1 million or 1.8%. The three fund total reduction is \$11.9 million compared to adopted FY 07 operating levies. The legislative reduction totals \$109 million when compared to what would have been FY 08 status quo levies using FY 07's adopted operating millage rates and taxable values for FY 08.

Weak housing markets through mid-2008 are expected to continue to restrain growth for FY 09. Current state forecasts for FY 09 project 5.9% growth in countywide taxable value. The roll back statute requires rolling back millage rates and then adjusting them upward by the rate of growth in Florida Per Capita Personal Income for FY 09 and beyond. Based on the state forecast and the bill's provisions, and in the absence of any additional legislative or voter mandated reductions, FY 09 property tax levies for the three tax funds are projected to rise 6.2% from FY 08.

An additional factor potentially affecting FY 09 property tax revenue is a potential constitutional amendment to be placed on the January 2008 ballot by the Florida Legislature. The initial proposal, which would have created a super homestead exemption and revised the Save Our Homes limitations, was declared unconstitutional by a Leon County Court. The Florida Legislature in an October special session passed a substitute constitutional amendment that doubles the current \$25,000 homestead exemption for homes assessed over \$50,000, enacts a \$25,000 tangible personal property tax exemption, provides for portability of Save Our Homes benefits currently accrued to homestead owners, and enacts a 10% assessment cap on non-homestead property. It is anticipated that the amendment's impact will significantly reduce property tax revenues beyond the reductions already experienced due to the statu-

tory roll back previously enacted.

The Property Appraiser's values are subject to adjustment by the Value Adjustment Board after the budget is adopted. Since these adjustments impact the tax base, actual ad valorem tax revenues may differ from initial budget estimates.



The chart *Current Ad Valorem Taxes* shows the changes in the County's ad valorem tax revenues for the Countywide, MSTU, Library District and Environmentally Sensitive Lands ad valorem taxes since 1997. Strong growth in taxable value during FY 96 to FY 07 allowed the County to reduce total BOCC millage each year during that period while maintaining ad valorem revenues needed to fund County needs.

Other Taxes

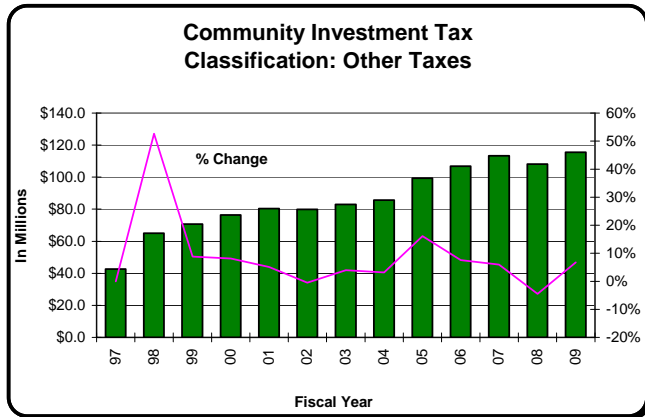
The *Other Taxes* category includes receipts from non-ad valorem sources such as certain types of locally-imposed gasoline and sales taxes, and tourist development taxes. This category accounts for about 16% of all revenue.

Local Government Infrastructure Surtax - In a referendum held on September 3, 1996, voters of Hillsborough County approved the levy of a 0.5% sales surtax for a thirty year period, effective December 1, 1996. The proceeds from this "*Community Investment Tax*" are used to acquire, construct and improve general government, public education and public safety infrastructure to promote the health, safety and welfare of Hillsborough County residents.

In Fiscal Years 1997 through 2026, this tax is projected to generate in excess of \$4.7 billion in revenue based on an average annual long-term growth rate of 6%. The Hillsborough County School Board will receive 25% of this revenue via monthly disbursements. Another estimated \$318 million will finance, over the thirty year period, Raymond James Stadium. This stadium is used by the University of South Florida football team, the Tampa Bay Buccaneers of the National Football League, and multiple special events.

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The remaining Community Investment Tax revenue is distributed among the County and its three municipalities using the same distribution formula that applies to the regular Local Government Half-Cent Sales Tax.

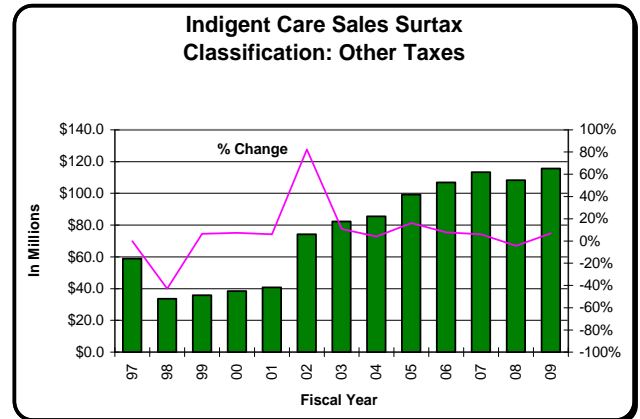


Management and Budget staff provides short and long term projections of sales surtax revenues based on ARIMA modeling, trend analysis, state forecasts, and current economic conditions. Reflecting strong economic growth and consumer spending, CIT revenues rose 8.8% in FY 99 and 8.1% in FY 00. FY 01 CIT revenues grew about 5.0%. The FY 02 revenues fell 0.25% reflecting falling retail sales due to recession in 2001 and slow tourism activity following 9/11. Revenue growth improved in FY 04 to 4.7% and, with boosts from post-hurricane spending and low interest rates jumped to 14.6% in FY 05. Weak housing markets and slower economic growth in late 2006 contributed to slower revenue growth of 8.2% for 2006. This downward trend has continued into 2007. Combining ARIMA forecasts, expert judgment of the Management and Budget Department staff and Florida Department of Revenue forecasts lead Management and Budget staff to a FY 07 forecast of a 1.1% reduction from FY 06 actual revenues, followed by 2.2% growth for FY 08 and 6.8% for FY 09.

Indigent Care and Trauma Center Sales Surtax - The *Indigent Care and Trauma Center Sales Surtax* funds Hillsborough County's acclaimed Indigent Health Care Program. This surtax was first imposed for a two-year period in FY 85 at a rate of 0.25 percent. In FY 92, the Board of County Commissioners authorized a seven year 0.5 percent sales surtax within Hillsborough County. On May 23, 1997, the state legislature approved a bill to extend the sales surtax until October 1, 2005. The legislation requires that any county that levied the tax prior to October 1, 1998 must adopt an ordinance, by extraordinary vote, to extend the surtax to October 1, 2005 and to authorize the amount of tax to be levied. On July 9, 1997, the Board of County Commissioners approved the required ordinance to extend the surtax.

As approved, the ordinance extended the surtax through September 30, 2005 and authorized a reduction in the surtax rate from 1/2

cent per dollar of sales price to 1/4 cent per dollar of sales price. This reduction remained in place through September 30, 2001, when it increased to 1/2 cent per dollar of sales price.



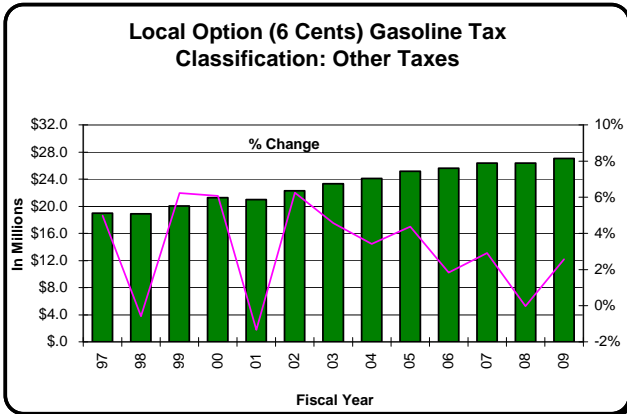
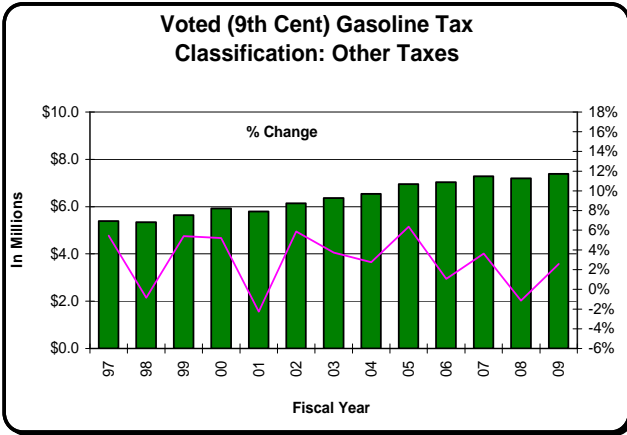
The 2003 Legislature extended the authority for this surtax on a continuing basis (removed the sunset provision) with a requirement that a biennial audit be delivered to the local governing body and to the chair of the legislative delegation. The chart for this tax reflects revenues since FY 97. FY 98 through FY 01 revenues reflect the reduction in the surtax rate from 0.5 percent to 0.25 percent effective October 1, 1997, with corresponding decreases in revenues. The large revenue increase, over 80% for FY 02, reflects the return to a 0.5% rate on October 1, 2001. In the absence of rate, other structural tax changes and audit adjustments the Indigent Care Sales Surtax and the Local Government Infrastructure Sales Surtax (CIT) should exhibit nearly identical trends. Using the same methods and tax base, Management and Budget staff forecast the Indigent Care Surtax will match CIT forecasts.

Gasoline Taxes - The Taxes revenue classification includes two gasoline taxes, the Voted (9th Cent) Gasoline Tax and the Local Option (6 Cents) Gasoline Tax. Gasoline taxes collected within Hillsborough County are distributed among the County and its three municipalities.

Gas taxes are an important source of funds for road network improvement, maintenance, and road resurfacing. Like most gasoline taxes, and as shown in the respective charts, gasoline tax revenues have grown slowly over the last several fiscal years due primarily to increased fuel efficiency of automobiles and other gasoline powered vehicles. FY 99 and FY 00 gasoline tax revenues increases reflected strong fuel demand resulting from rapid economic growth. FY 01 local option gas taxes fell due to higher fuel costs and a slowing economy, but returned to long-term trends in FY 02 & FY 03. A strong economy kept gas tax revenue growth high in FY 04 and FY 05 as well. Fuel prices are likely to remain relatively high compared to the late 1990s. This could have a negative effect on long term gasoline demand and, therefore, fuel tax revenues. Although the 6- year trend growth for fuel tax revenues from FY 02 – FY 07 is about 2.9% annually, Management and

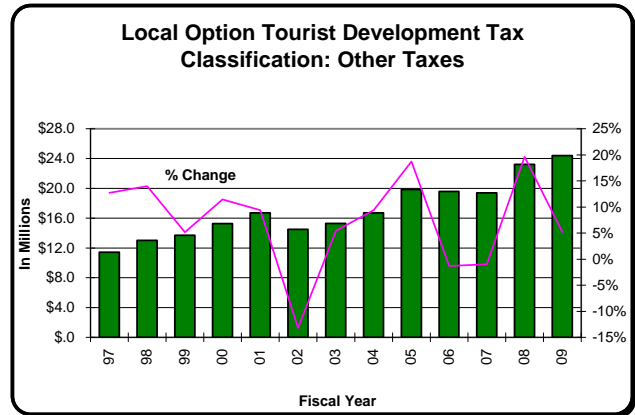
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Budget staff forecasts for FY 08 and FY 09 to be below this average, at 2.13% in FY 08 and 2.6% in FY 09.



Local Option Tourist Development Tax - This tax, imposed primarily on tourist-related resorts and facilities, provides funding for tourist and economic development. The tax was increased in 1990 from 3% to 4% to provide funds as a pledge against sports facility debt. In October 1995, an additional one percent was added to finance the Ice Palace, an indoor sports and entertainment arena constructed in downtown Tampa. This brings the current tax rate to 5%.

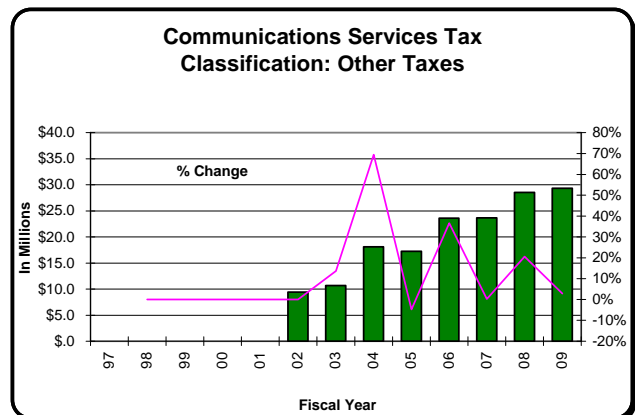
Tourist tax revenues rose steadily from FY 97 – FY 01. FY 02 revenues fell substantially in the aftermath of September 11. Revenues began to rebound in FY 03 and into early FY 04. As the economy recovered and tourists returned to travel, FY 04 revenues modestly exceeded pre-September 11 levels. Strong tourism markets boosted revenues for FY 05, and FY 06 revenues increased 4.2%. Growth of 6.3% is forecast for FY 07. Growth of 5% to 5.5% is forecast for both FY 08 and FY 09.



Tourist tax revenue forecasts are based on ARIMA forecasts by the Management and Budget Department, as well as Economic Development Department staff expertise.

Communications Services Tax – In 2001, the State of Florida established the communications services tax. The goal was to restructure taxes on telecommunications, cable television, direct-to-home satellite, and related services. The law replaced and consolidated several different state and local taxes with a single tax comprised of two parts: the Florida communications services tax and the local communications services tax. Communications services encompasses voice, data, audio, video, or any other information or signals, including cable services that are transmitted by any medium. The local tax does not apply to direct-to-home satellite.

The 2001 legislation also set a default rate for each locality so that the new law was revenue neutral. However, it allowed each local taxing jurisdiction to levy its own tax rate on communications services rather than use the default rate.



For FY 02, Hillsborough County used the default rate of 2.2%. Effective January 1, 2003, the BOCC lowered the rate to 2%. Effective January 1, 2004, the Board raised the rate to 4.0%, with the provision that one-quarter of the tax go to fund construction of fire stations. During the FY 06 & FY 07 budget process, the BOCC changed the share of this tax for fire station construction to 37.5%.

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The Communications Services Tax is likely to reflect the rapid comprehensive change occurring in the communications industry. New technologies, particularly internet and wireless, are changing the way we use telephones, computers and television. These changes will continue to complicate the forecasting of this revenue. Strong FY 06 and FY 07 actual revenues have resulted in a strong FY 08 growth estimate of 13.1% over the FY 07 adopted budget. The FY 09 forecast parallels the state's growth forecast of 2.9%.

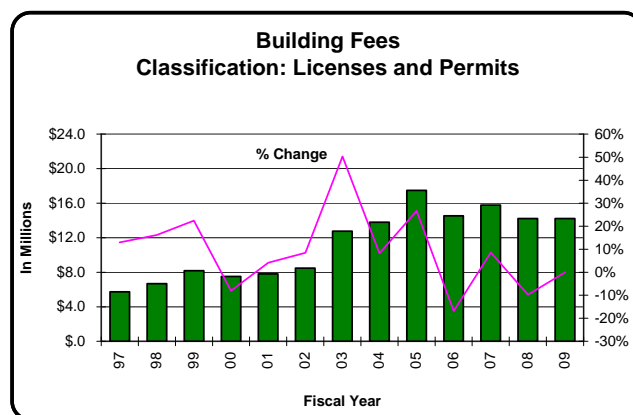
This tax is levied in the unincorporated area only. The three municipalities levy their own communications services tax.

Licenses and Permits

Although fees from licenses and permits provide less than 1% of total County revenues, they merit mention due to their relationship to the regulatory functions of County government and their usefulness in gauging activity of growth in related segments of the County's economy.

The chart on Building Permit Fee revenue since 1997 illustrates the general health of the local building industry. As in the rest of the nation, both residential and commercial construction was very strong in Hillsborough during the late 1990s. Building fee revenue surged 16.2% in FY 98 and 22.4% in FY 99. Rapid commercial construction, however, outpaced absorption in 2000 resulting in increasing vacancy rates and softening rents. This development, combined with higher interest rates in 2000, contributed to a 41.2% fall in the value of commercial permits issued in 2000. New residential permits fell 19.5%. Building fee revenue fell 8% in FY 00. Single family permitting activity improved in 2001 and 2002 supporting better building fee revenue growth 4.2% in FY 01 and 8.5% in FY 02. FY 03 revenues included fee increases for residential housing permits and building trades subpermits. This was the first time these fees were increased since 1989. After a one-time increase of nearly 50% in this revenue, FY 04 revenue grew 8.3%. Strong markets produced a 26.7% gain for FY 05. In response to higher interest rates, residential building permits fell 19.5% in 2006. This drop led to a 16.9% fall in this revenue for FY 06. Total year-to-date single-family residential permits are down 66.9% for the first half of 2007. Detached permits are down 46.1%.

Permit activity is likely to remain sluggish in FY 08 due to the continued backlog of unsold existing and new homes. Analysts do not expect housing sales to turn around until late-2008. These forecasts reflect national consensus expectations of housing markets and the expert judgment of Planning and Growth Management staff.

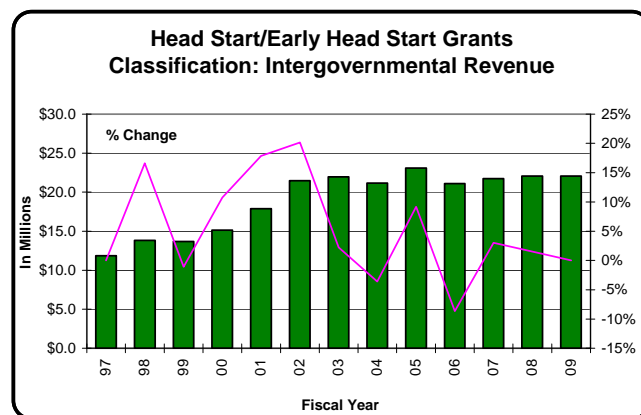


In 2007, in recognition of increased permit application processing costs, the Board of County Commissioners approved an increase in permitting fees. Despite this increase, a decrease in estimated permitting activity for 2008 is reflected in the lower revenue estimates for FY 08 and FY 09 above.

Intergovernmental Revenues

The County receives about 12% of its revenue from intergovernmental sources including federal and state grants.

Grants - Major grants received by the county include funding for head start, children and elderly food programs, anti-drug abuse programs, environmental issues, jail construction, and Housing and Urban Development grants for community development and housing rental.



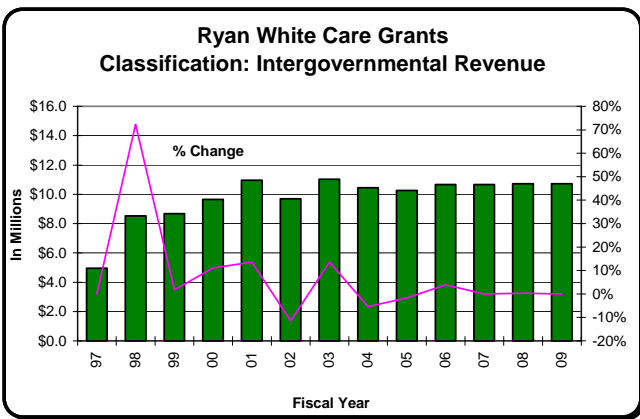
The County's largest grants are for the Head Start and Early Head Start Program. The program provides services designed to enhance children's physical, social, emotional and intellectual development. Early Head Start serves low-income pregnant women and families with infants and toddlers. Head Start provides preschool services for three and four year old children from low income families in Hillsborough County. Young children with disabilities or

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developmental delays are also served in an environment of inclusion. The centers are located throughout the County and transportation is provided for the Head Start children. All families receive health, dental, and preventative mental health services and parent involvement opportunities.

As the chart above indicates, revenue grew substantially from FY 97 through FY 02. This is due to Cost-of-Living Adjustments (COLA) and Expansion funding. However, starting in FY 03 the rate of increase began to slow and have generally been confined to the COLAs. Estimates are prepared by the Children's Services Department in consultation with the granting agency, the U.S. Department of Health and Human Services, Region IV Administration for Children and Families.

On December 1, 1992, the Hillsborough County Board of County Commissioners was designated as the grantee agency for the Ryan White CARE Act of 1990 for Title I funds to be allocated among service providers for HIV+ individuals in the Tampa-St. Petersburg area, comprised of Hillsborough, Pinellas, Pasco, and Hernando Counties. On June 18, 1997, the County was designated to administer Ryan White Title II in Hillsborough, Pinellas, Pasco, Hernando, Polk, Highlands, Hardee and Manatee Counties. Both Ryan White grants are administered by the Health and Social Services Department in accordance with the dollar allocations of the Ryan White Care Council.

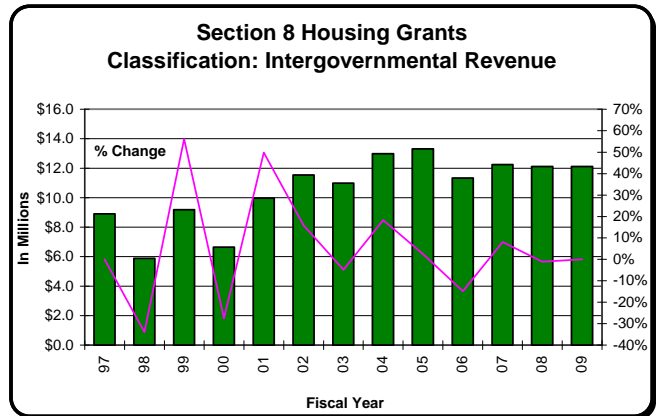


As the chart above indicates, Ryan White grant revenue has been relatively stable. The main exception would be the increase in FY 98 when Title II funding was added. Estimates are prepared by the Health and Social Services Department in consultation with the granting agency, the U.S. Department of Health and Human Services, Region IV, Health Resources and Services Administration.

While the U.S. Department of Health and Human Services is the County's largest granting agency, significant funding comes from the U.S. Department of Housing and Urban Development (HUD). The largest HUD program is the Section 8 Housing Choice Voucher Program. This program provides financial assistance to

low-income families so they can obtain decent, safe and sanitary rental housing in Hillsborough County.

As the chart below indicates, Section 8 grant revenue had slow but steady increases from FY 97 through FY 04. Though timing issues related to receiving the funds caused the graphed fluctuations, the amounts actually granted increased gradually. However, the revenue fell from FY 05 to FY 06, and is expected to remain flat from FY 06 through FY 09. Estimates are prepared by the Health and Social Services Department in consultation with the U.S. Department Housing and Urban Development (HUD).

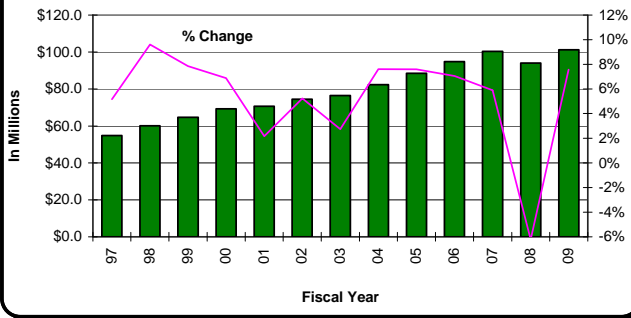


State-Shared Revenues - Two State-shared revenues are important sources of funding for the County. The *Local Government Half-Cent Sales Tax* has been a growing source of revenue for the County since FY 83. In FY 98, actual collections exceeded the budget by \$4 million. The FY 99 budget was also understated by as much as \$5 million. The excess revenue collected in FY 98 and FY 99 were brought forward to FY 00 as non-recurring revenues available for non-recurring projects. During FY 96 to FY 00 half-cent revenues grew an average 7.6% annually. This high growth reflected the high levels of consumer spending in the late 1990s. As recession affected consumer spending, a slowdown in taxable sales growth occurred in FY 01, FY 02 and FY 03. Half-cent revenue grew only 2.2% in FY 01, 5.2% in FY 02, and 2.7% in FY 03. Strong economic conditions in 2004 and 2005 boosted growth above 7% for FY 04, FY 05 and FY 06. However, state legislation related to Article V implementation lowered the share of sales tax shared with local governments by 9.5% effective July 1, 2004.

Management and Budget ARIMA forecasts and state forecasts of much slower statewide sales growth led to a consensus forecast of 0.12% growth for FY 07 followed by 6.2% decline over FY 07 budgeted revenues for FY 08 returning to a 7.5% increase for FY 09. Weak housing markets have reduced consumer spending.

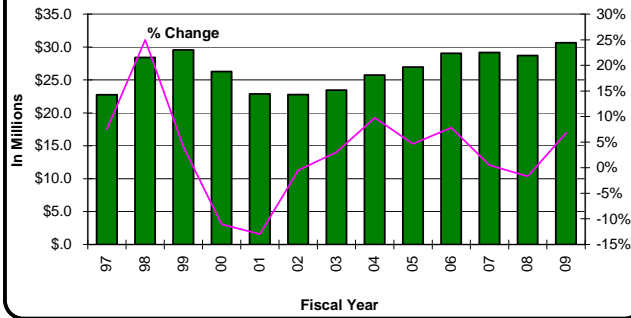
MAJOR COUNTY REVENUES

Local Government 1/2-Cent Sales Tax
Classification: Intergovernmental Revenues



The second important State source is State Revenue Sharing. Until July 1, 2000 the county received a portion of the State intangibles tax along with a small contribution from the one-cent cigarette tax. As with other State estimates, FY 98 and FY 99 State Revenue Sharing was underestimated. FY 00 included a 25% reduction in the intangibles tax based on a change approved by the Florida Legislature in 1999. In May 2000 the Legislature passed an additional change to State Revenue Sharing. As of July 1, 2000 counties still receive the one-cent cigarette tax but no longer receive any portion of the intangibles tax. In place of the

State Revenue Sharing
Classification: Intergovernmental Revenues

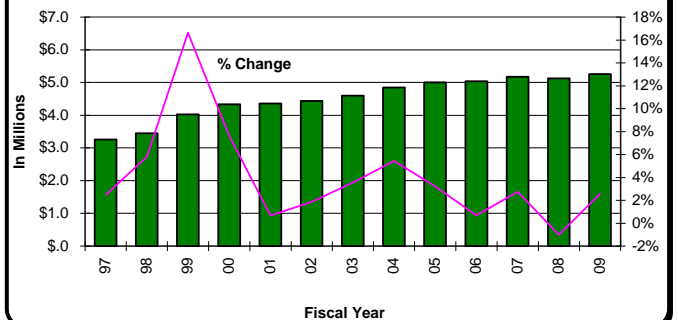


intangibles revenue the Legislature authorized 2.25% of state sales tax revenue be included in State Revenue Sharing. This change further reduced state revenue proceeds, but likely produced a more stable revenue source over the long term. This change causes State Revenue Sharing to grow in a similar manner to the Half-Cent Sales Tax. State Revenue Sharing forecasts, therefore, will closely track Half-Cent forecasts. Later, state legislation related to Article V implementation lowered the share of sales tax shared with counties through revenue sharing by 9.1% effective July 1, 2004. Similar to the Half Cent Sales Tax, FY 08 revenues are anticipated to be 1.7% lower than FY 07, rebounding in FY 09 to a 6.8% increase.

The *Constitutional Gas Tax* is a 2-cent levy shared with counties only. Eighty percent of the revenue can be used for debt service, if any, to be managed by the State Board of Administration. Any remainder of the 80 percent portion is then distributed to the County. The other 20 percent is given to the County for the acquisition, construction and maintenance of roads. This revenue is expected to remain a stable source of income.

The *County (7th Cent) Gasoline Tax* is considered a State-Shared Revenue since its distribution is based on a State-set formula, not based solely on total collections within the county of collection.

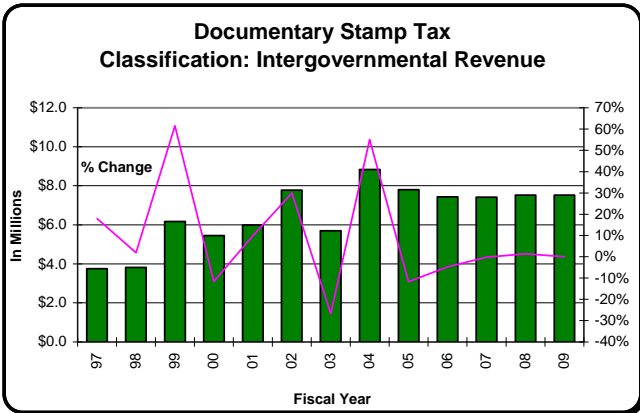
County (7th Cent) Gasoline Tax
Classification: Intergovernmental Revenues



This revenue, along with other gasoline taxes and road network impact fees, is used to finance road network improvements and maintenance. As the associated chart shows, revenues from this tax have grown steadily since FY 97. Growth accelerated in the late 1990s, as did growth in most revenues. Although the 6-year trend growth for fuel tax revenues from FY 02 – FY 07 is about 2.9% annually, Management and Budget staff forecasts for FY 08 and FY 09 to be below this average, at 2.13% in FY 08 and 2.6% in FY 09.

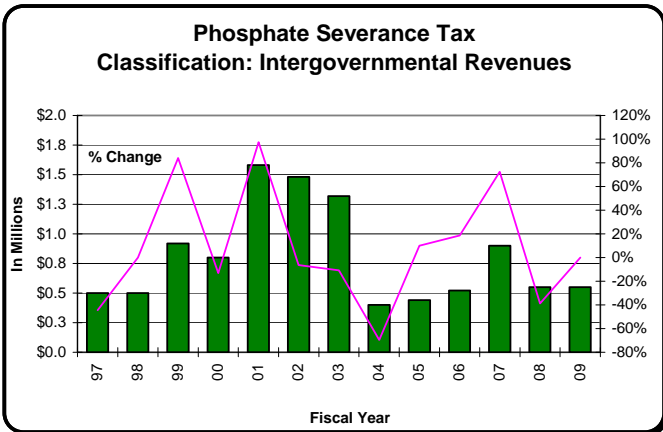
Documentary Stamp Tax - The State of Florida levies a Documentary Stamp Tax on all real estate transactions. Of the total collected in each County, 11.3425% is returned to Local Governments to fund local affordable housing plans. The growth in this revenue generally follows the same pattern as Building Permits since they are interrelated. The high level of building activity in FY 98 & FY 99 caused the FY 99 revenue spike as seen in the chart below. However, mortgage refinancing is also subject to the documentary stamp tax. The high level of mortgage refinancings in FY 02 is behind that year's surge. The housing market supported high growth in this revenue for FY 04 and FY 05, but as interest rates rose in late 2005 and 2006 we have experienced a decline in sales. Housing markets are not projected to turn around before late-2008. We anticipate that FY 08 and FY 09 revenues will remain relatively flat.

MAJOR COUNTY REVENUES



These forecasts reflect expert staff judgment of the Management and Budget and Housing and Community Code Enforcement Departments using a five year trend analysis and monitoring of the Florida Legislature.

Phosphate Severance Tax - The State of Florida levies a tax on phosphate rock mined in the state. The 1982 session of the State Legislature authorized a distribution of 10% of this tax to counties. To receive funds from this source, a county must demonstrate a nexus, direct or indirect, to the phosphate industry. The volatility of the phosphate industry in the late 1980's adversely affected the amount of tax levied; in FY 94 the state permanently reallocated a portion of these taxes to other jurisdictions.



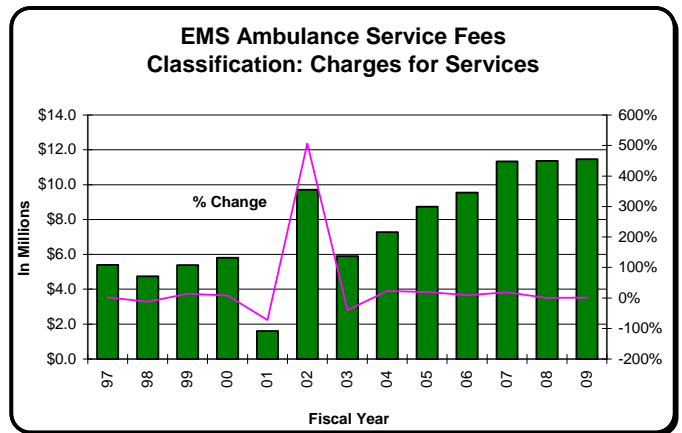
The accompanying chart shows this revenue's volatility over the years. Revenue in FY 99 reflected better international market conditions for phosphates and phosphatic fertilizer. In May 2000 the Legislature increased the county share of the tax from 10% to 18%. In FY 04, a major phosphate mining company scaled back operations in Hillsborough County and shifted them to Manatee and Hardee counties. This is a short-term shift and revenues were expected to return to near normal in FY 07. Unfortunately, this rebound was not evident at the time of this writing, and the FY 08 and FY 09 estimates reflect lower anticipated revenues. Forecasts are

based on Management and Budget staff judgment and analysis of the number of phosphate mining reviews for the preceding three years.

CHARGES FOR SERVICES

Charges for Services comprise approximately 26% of budgeted income and include revenues from such services as ambulance transports, water, special recreation programs, sewer service charges, internal service charges, fees for housing federal prisoners, and municipal, commercial and franchise solid waste disposal fees. In preparing the County's annual budget, the departments whose operations are supported by these fees provide the estimates of anticipated revenue. Departments rely upon past trends and their accumulated expert knowledge to construct these estimates. Over the past several years, the County has had to rely more heavily on this type of revenue. One example of this type of revenue is illustrated by the chart labeled *EMS Ambulance Service Fees*, which shows a steady source of revenue, except in FY 98 & FY 01. In FY 99, collections were contracted out and revenue began to rise. However, a problem with the collection vendor in FY 01, caused revenue to decrease substantially. The vendor has been replaced and collections have returned to historic levels.

The Fire Rescue Department together with the Management and Budget Department develop the estimates for these fees using expert judgment and a five year trend analysis.

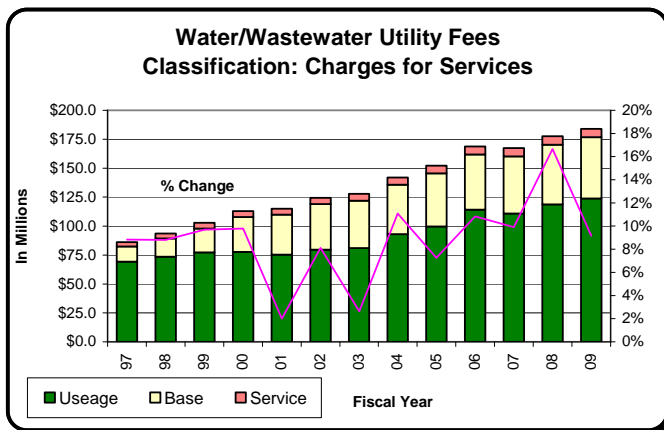


Water and Wastewater Utility User Charges - The primary source of revenue for the Hillsborough County Water and Wastewater utility system is the monthly charges to its customers. These charges are composed of three parts – Base Facility Charges, Volumetric Charges and the Customer Service Charge. Since FY 01, the standard residential Base Facility Charge for Potable Water has been \$7.90 per month, for Wastewater it has been \$12.75 per month and the Customer Service Charge has been \$3.80. Volumetric Charges are tiered and billed per 1000 gallons. These charges are designed to promote water conservation.

MAJOR COUNTY REVENUES

A rate study is conducted by the Water Resource Services Department every two years to set the rates for the biennial budget. The study, which is validated by an independent consultant, is prepared to determine if the revenues are sufficient to meet the financial needs of the County's Water and Wastewater System. This study is the basis for the monthly user charges for the following two years, with the exception of the "Purchased-Water Pass-Through" consumption charge to recover the cost of all retail and bulk potable water purchases. The Water Department calculates the "Purchased-Water Pass-Through" charge annually and implements any changes for the 12-month period on or about October 1 of each year. Accelerating growth and the need to reduce reliance on ground water pumping have required Tampa Bay Water to construct additional projects which increased the cost of bulk water purchased.

The chart below shows that overall revenues from user, base and service charges have grown steadily, which reflects the impact of growth in the unincorporated area over the last ten years. Hillsborough County's effective implementation of tiered conservation rates and other conservation programs have mitigated the need to increase usage charges other than the Purchased-Water Pass-Through charge.



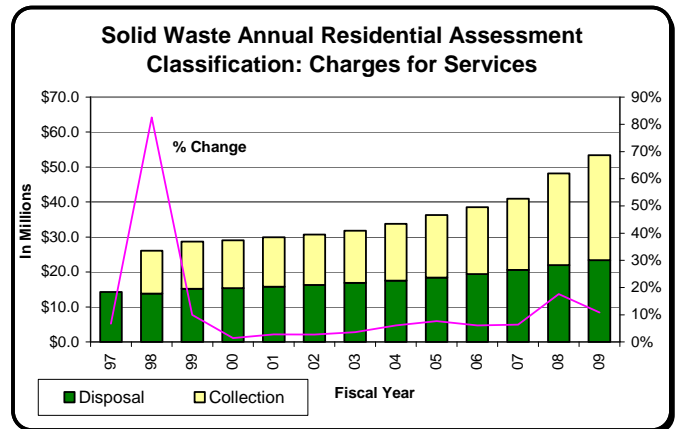
Solid Waste Residential Assessments - These non-ad valorem assessments appear on the ad valorem tax bill, and fund residential solid waste collection and disposal and provide a stable revenue source for Solid Waste Management System bonds. Since FY 98 there are two separate assessments, a solid waste collection assessment and a solid waste disposal assessment. Both assessments are collected in the Unincorporated Area only.

The solid waste collection assessment was approved by the BOCC on November 13, 1996, and went into effect on October 1, 1997. This assessment replaced the annual \$82.08 fee residents previously paid directly to collectors for curbside service. Franchise collectors are now paid directly by the County. From FY 98

through FY 03 the rate was \$76.20. For FY 04 the rate was \$80.68 and increased to \$85.16 for FY 05 through FY 07. The approved rates for FY 08 and FY 09 reflect a further increase to \$105.61.

Residents are also assessed a solid waste disposal assessment on the ad valorem tax bill. These assessment fees replace the tipping fee previously charged by disposal facilities for residential refuse disposal, whether transported by the residential user or a commercial service. From FY 87 to FY 91, this assessment was \$96.50 and was reduced to \$84.00 in FY 92. In FY 96 and FY 97, the disposal fee was \$89.71; in FY 1998 this assessment decreased to \$85.43. The approved rates for FY 08 and FY 09 reflect an increase to \$87.99. Refuse originating from non-residential sources is subject to a tipping fee at the time of disposal.

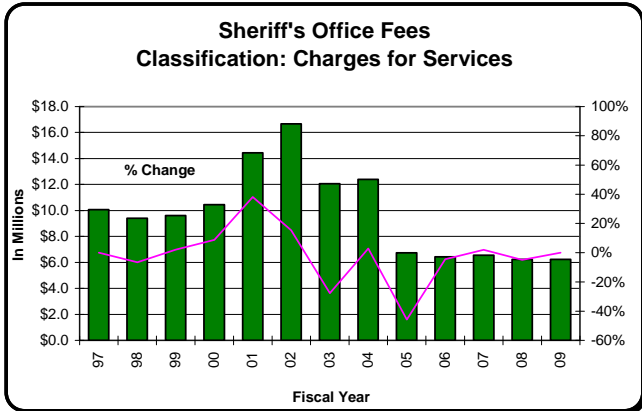
Reflecting Solid Waste Management Department expert staff judgment and existing property tax rolls, solid waste funding sources for are expected to rise by 13.3% for FY 08 and 9.2% for FY 09, mainly due and rate increases discussed above and increased volume of tonnage processed related to growth in the system.



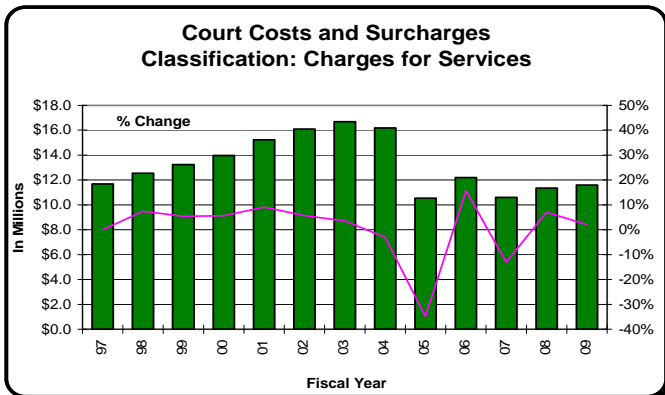
Sheriff's Office Fees - The majority of these fees are reimbursements to services provided by the Sheriff's Office. For example, the cities reimburse for School Crossing Guards provided by the Sheriff and the School District reimburses half of the costs for the School Resource Deputy program. The largest reimbursement is from the U.S. Department of Justice for detention of federal inmates awaiting trial. The revenue estimates are provided by the Sheriff's Office based on the estimated cost to provide these services to the outside agencies. The revenue has been consistent over the last ten years, with the exception of FY 01 and FY 02. During those two years, the Hillsborough County Indigent Health Care Program was reimbursing for the cost of Indigent Inmate Healthcare. That reimbursement was ceased in FY 03. Revenue classified as Sheriff's Office Fees dropped significantly beginning in FY 05 due to a reclassification of certain revenues from Sheriff's Office fees to Board of County Commissioner revenues. The reve-

MAJOR COUNTY REVENUES

Revenue estimates are provided by the Sheriff's Office based on the estimated cost to provide these services to the outside agencies.



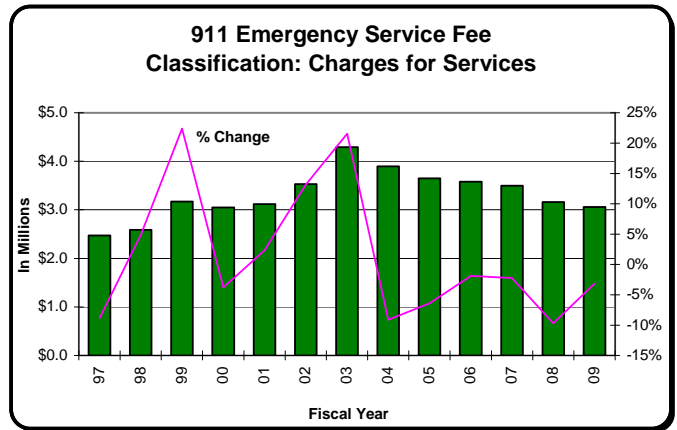
Court Costs and Surcharges – Prior to FY 05, these revenues were composed of civil court filing fees, criminal court cost charges, and special surcharges designed to aid in the funding of the court system. However, effective July 1, 2004, most court-related fees and fines now accrue to the Clerk of the Circuit Court to pay for the Clerk's court related duties. Three new fees were allowed by the Legislature and adopted by Hillsborough County. The first is a traffic court surcharge used to fund court facilities. The second is a document recording fee to fund court technology. The third is a criminal court surcharge used to fund the court innovations, a law library, legal aid, and teen court/juvenile diversion programs. The Clerk of the Circuit Court together with the Management and Budget Department develop the estimates for these new fees using expert judgment and a five year trend analysis of similar fees. Revenue estimates for FY 08 are anticipated to up 8.9% over FY 07, with FY 09 up 2.0% over FY 08 levels,



911 Emergency Service Fee – This fee is paid by landline telephone subscribers within Hillsborough County to fund the 911 emergency service program. The monthly rate is 50 cents per access line up to a maximum of 25 lines per account. There is a similar fee imposed by the State of Florida on cellular telephones

subscribers to fund the electronic 911 system. Part of this levy is shared with the Counties.

The income from the 911 service fee grew steadily from FY 95 through FY 03. However, in FY 04 the revenue began to decline as the number of landline telephones declined. Information and Technology Services Department staff anticipates further decreases for FY 08 and FY 09 based on expert staff judgment and input from the Florida State Technology Board. It should be noted that the State's E911 fee has had a corresponding increase as the number of cellular telephones has increased.



Fines and Forfeitures

Fines and Forfeitures comprise only 0.3% of County revenues. Prior to July 1, 2004, these revenues consisted mainly of court, local ordinance and library fines. However, State legislation related to Article V implementation redirected court fines to the Clerk of the Circuit Court to carry out court-related functions. This resulted in a revenue loss of approximately \$1.0 million.

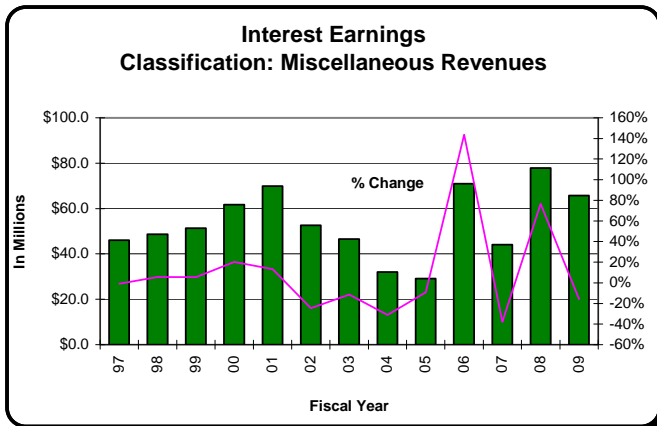
Miscellaneous Revenues

Miscellaneous Revenues account for 7.4% of total revenues. Interest, special assessments and impact fees account for the majority of revenues in this category. In addition to the revenues detailed below, this category also includes rental income, sale of surplus equipment, property and land, and contributions and donations. It also reflects the net change in the fair value of investments. This last category reflects recent changes in governmental accounting standards. The County does not currently budget for unrealized changes in the value of its investments, but they are reflected in its financial statements and they impact future years' budgets through changes in the fund balance brought forward.

Interest Earnings – Interest earnings are one of the largest components of Miscellaneous Revenues and affect every county fund. As the chart below shows, there can be a great deal of fluctuation

MAJOR COUNTY REVENUES

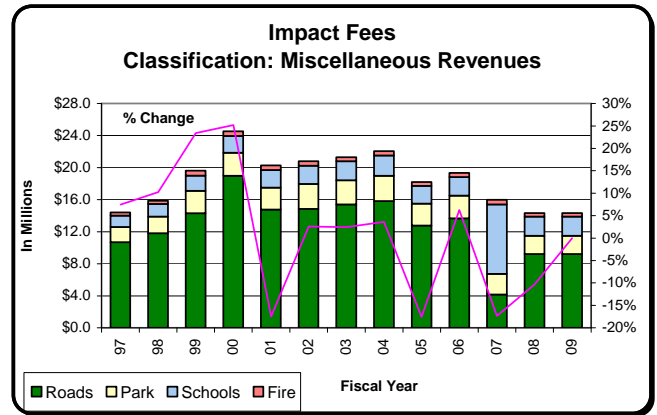
in interest earnings. The main reason for this fluctuation is a change in interest rates and since most of the County's funds are in short term investments, as short-term interest rates rise so will the County's interest earnings and vice versa. The spikes in FY 96 and FY 01 are due to short-term interest rate increases while the declines from FY 02 through FY 05 are due to short-term interest rate decreases. On June 30, 2004 the Federal Reserve, in response to improving economic growth, began a string of short-term interest rates increases. From June 2004 through June 2006 the Fed increased the Fed Funds rate a total of 425 basis points. The Fed made no additional changes until lowering the rate a total of 75 basis points in September and October in response to worsening mortgage markets and other weakness in the economy. The Fed still stresses its vigilance against inflation. Analysts project the Fed may stand pat for the balance of 2007 and possibly in 2008 unless housing markets weaken to the point of spilling over into other areas of the economy.



The other component of interest earnings is the average daily cash balance. Overall this tends to fluctuate very little from year to year, but did steadily increase from FY 97 through FY 03. However, a one-time drawdown in reserves for capital projects and the use of excess revenues from the late 1990's for major maintenance projects has resulted in lower estimated interest earnings in FY 05 & FY 06. Actual interest revenues are expected to greatly exceed budget for FY 07, and the FY 08 and FY 09 estimates reflect interest on overall higher reserves. The Management and Budget Department combines national interest rate forecasts with a three year average cash balance model to derive forecasts for interest earnings in each fund.

Impact Fees - Impact fees on new construction were implemented in June 1985 to finance capital facilities needed to maintain service levels in areas of growth. The first of these fees was for roads and parks, while the right-of-way portion of the roads impact fees was implemented in February 1986. School impact fees followed in August 1986, with fire impact fees implemented in June 1988. Originally, all impact fees were collected only in the unincorporated

areas of the county. However, on January 1, 1993, school impact fees began to be collected in both incorporated and unincorporated areas of the county.



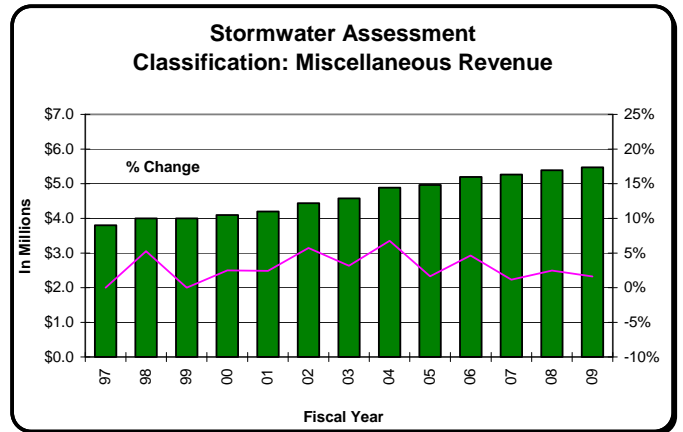
In April 1990, all impact fees, with the exception of fire impact fees, were increased. The degree of increase depended on several factors including land use, location, and engineering factors. Total impact fee revenues have shown steady growth since FY 95, reflecting overall county growth. Not shown, however, are the in-kind contributions provided by some developments in lieu of paying fees. Cost recovery rates for impact fees have dropped substantially since fees were changed in 1990. In July 2006, the Board voted to increase school impact fees beginning in November 2006. Revenue estimates for FY 07 were adjusted downwards to reflect significant transportation impact fee offset credits granted to developers during FY 06; these were expected to rebound in FY 08 and FY 09, as illustrated in the chart above. Fees are conservatively estimated by Management and Budget staff using a five year trend analysis and expert staff judgment.

Stormwater Assessment - On June 22, 1989, the Board of County Commissioners of Hillsborough County imposed a stormwater assessment on developed properties within unincorporated Hillsborough County. This assessment pays for costs associated with the Hillsborough County stormwater system, including capital augmentation. The assessment applies to roofed and paved parcels of land within areas that cannot absorb water. The stormwater assessment is placed on the tax bill as a non-ad valorem assessment.

On August 15, 1991, the Board set the rates for single family residential and agricultural parcels at \$12 per year. Other residential parcels, such as apartment complexes and condominiums, are assessed \$6 per dwelling unit on the parcel. For non-residential parcels the assessment is \$.01 for each 1.5 square feet of area which cannot absorb water, with a minimum assessment of \$12. The stormwater rates have remained unchanged. Annual population growth in the unincorporated area accounts for the small but consistent annual increase in revenues.

MAJOR COUNTY REVENUES

Forecasts are derived by Public Works staff judgment and actual property tax roll data. Overall revenues are estimated to increase slightly due to ongoing unincorporated area development.





MILLAGE COMPARISON

	<u>FY 06</u>		<u>FY 07</u>	
	<u>MILLAGE</u>	<u>LEVY</u>	<u>MILLAGE</u>	<u>LEVY</u>
COUNTYWIDE				
OPERATING				
General Revenue Fund	6.7597	\$436,560,087	6.3367	\$498,175,414
Environ. Sensitive Lands	0.1660	10,720,738	0.1833	14,410,585
TOTAL OPERATING	6.9257	447,280,825	6.5200	512,585,999
DEBT SERVICE				
Environ. Sensitive Lands	0.0840	5,439,066	0.0667	5,255,553
TOTAL DEBT	0.0840	5,439,066	0.0667	5,255,553
TOTAL OPERATING & DEBT	7.0097	452,719,891	6.5867	517,841,552
NON COUNTYWIDE				
OPERATING				
General Purpose MSTU	5.1621	203,267,372	4.9954	241,613,923
Library Services	0.6923	42,759,818	0.6923	52,185,716
TOTAL OPERATING	5.8544	246,027,190	5.6877	293,799,639
DEBT SERVICE				
Parks & Recreation Bonds	0.0359	1,413,630	0.0286	1,383,304
TOTAL OPERATING & DEBT	5.8903	247,440,820	5.7163	295,182,943
TOTAL BOCC	12.9000	\$700,160,711	12.3030	\$813,024,495

TAXABLE PROPERTY VALUES		
	FY 06	FY 07
COUNTYWIDE		
Value of Existing Property	\$62,386,460,570	\$75,712,633,977
Value of New Construction	2,196,300,039	2,904,850,506
Total Taxable Value	\$64,582,760,609	\$78,617,484,483
ELAPP Debt Service		
Value of Existing Property	\$62,554,487,801	\$75,889,052,985
Value of New Construction	2,196,300,039	2,904,850,506
Total Taxable Value	\$64,750,787,840	\$78,793,903,491
UNINCORPORATED(MSTU)		
Value of Existing Property	\$37,883,044,479	\$46,154,129,282
Value of New Construction	1,493,831,583	2,213,153,118
Total Taxable Value	\$39,376,876,062	\$48,367,282,400
SPECIAL LIBRARY DISTRICT		
Value of Existing Property	\$59,607,662,475	\$72,535,766,653
Value of New Construction	2,157,206,064	2,844,437,846
Total Taxable Value	\$61,764,868,539	\$75,380,204,499

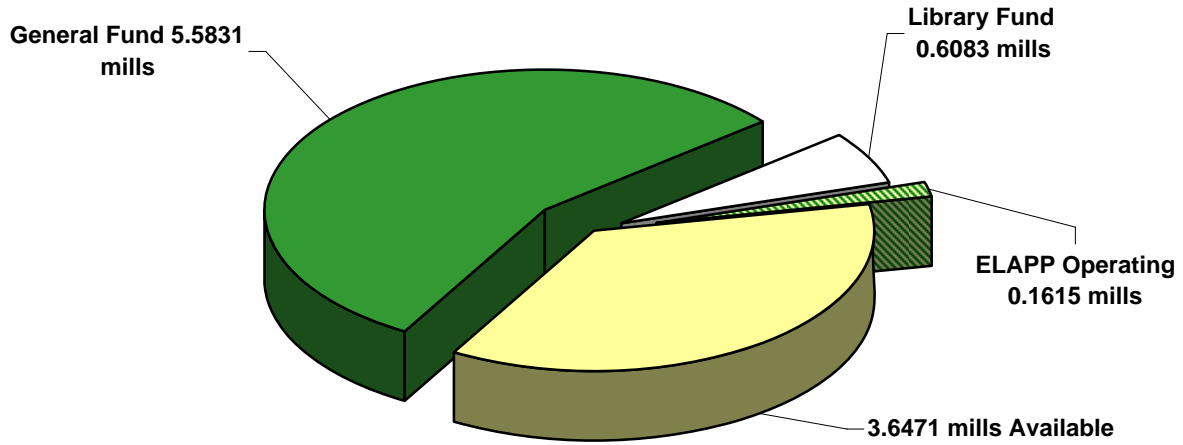
MILLAGE COMPARISON

	FY 08 <u>ADOPTED</u>		FY 09 <u>PLANNED</u>	
	MILLAGE	LEVY	MILLAGE	LEVY
COUNTYWIDE				
OPERATING				
General Revenue Fund	5.5831	\$490,458,518	5.5831	\$519,596,659
Environ. Sensitive Lands	0.1615	14,187,289	0.1615	15,030,155
TOTAL OPERATING	5.7446	504,645,807	5.7446	534,626,814
DEBT SERVICE				
Environ. Sensitive Lands	0.0604	5,317,199	0.0550	5,129,473
TOTAL DEBT	0.0604	5,317,199	0.0550	5,129,473
TOTAL OPERATING & DEBT	5.8050	509,963,006	5.7996	539,756,287
NON COUNTYWIDE				
OPERATING				
General Purpose MSTU	4.3755	238,682,439	4.3755	254,581,076
Library Services	0.6083	51,245,865	0.6083	54,290,382
TOTAL OPERATING	4.9838	289,928,304	4.9838	308,871,458
DEBT SERVICE				
Parks & Recreation Bonds	0.0259	1,412,839	0.0242	1,408,036
TOTAL OPERATING & DEBT	5.0097	291,341,143	5.0080	310,279,494
TOTAL BOCC	10.8147	\$801,304,149	10.8076	\$850,035,781

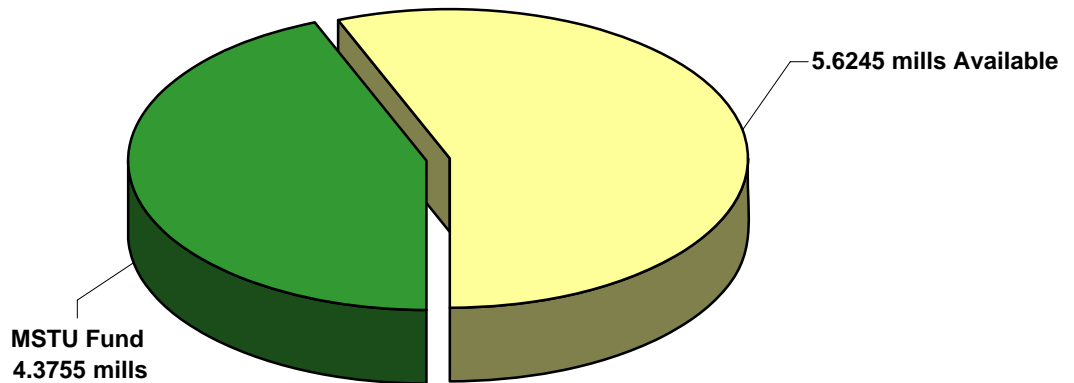
TAXABLE PROPERTY VALUES		
	FY 08	FY 09
COUNTYWIDE		
Value of Existing Property	\$84,627,369,489	\$91,318,625,728
Value of New Construction	3,219,618,428	1,747,351,741
Total Taxable Value	\$87,846,987,917	\$93,065,977,469
ELAPP DEBT SERVICE		
Value of Existing Property	\$84,813,474,894	\$91,515,787,655
Value of New Construction	3,219,618,428	1,747,351,741
Total Taxable Value	\$88,033,093,322	\$93,263,139,396
UNINCORPORATED(MSTU)		
Value of Existing Property	\$52,215,530,216	\$56,916,481,713
Value of New Construction	2,334,221,571	1,266,829,041
Total Taxable Value	\$54,549,751,787	\$58,183,310,754
SPECIAL LIBRARY DISTRICT		
Value of Existing Property	\$81,107,041,435	\$87,546,648,909
Value of New Construction	3,137,352,295	1,702,704,254
Total Taxable Value	\$84,244,393,730	\$89,249,353,163

MILLAGE COMPARISON

Hillsborough County's Use of the Countywide 10-mill Cap FY 08

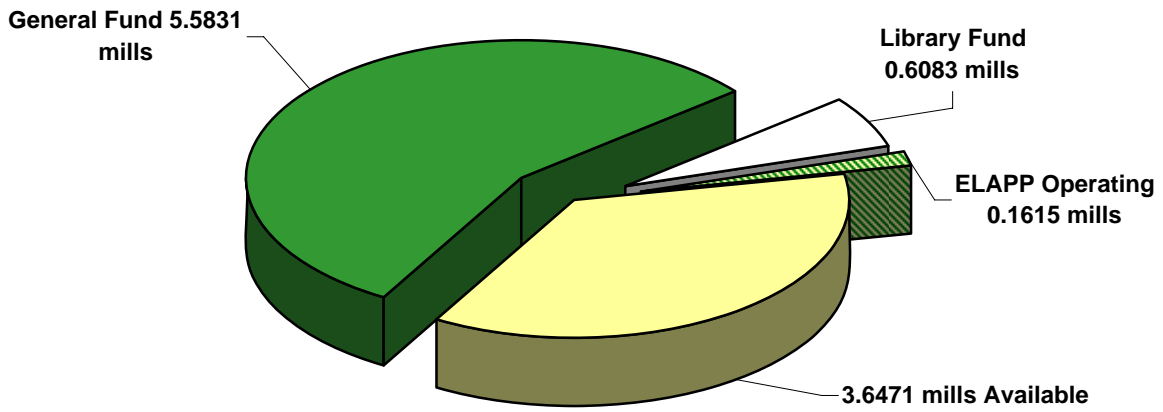


Hillsborough County's Use of the Unincorporated Area 10-mill Cap FY 08

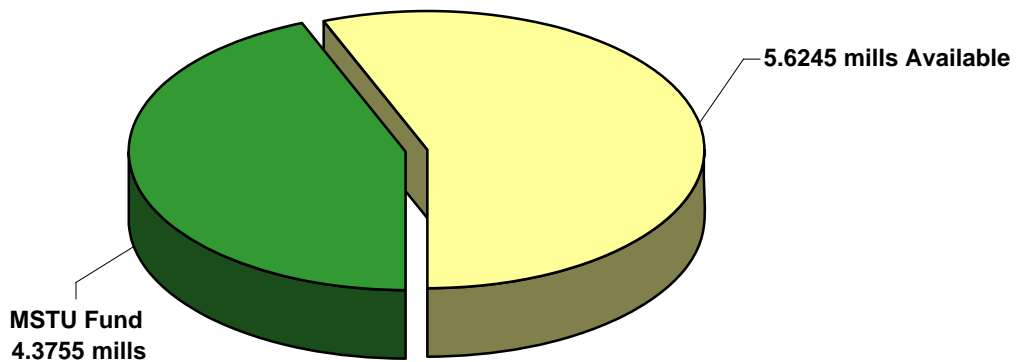


MILLAGE COMPARISON

Hillsborough County's Use of the Countywide 10-mill Cap FY 09



Hillsborough County's Use of the Unincorporated Area 10-mill Cap FY 09



BASIC INFORMATION ON PROPERTY TAXES

The calculation of assessed value of real and tangible personal property and how much of this value is subject to ad valorem taxation varies from state to state. In Florida, each county has an elected Property Appraiser whose office supervises the valuation process following the appropriate state laws, regulations and professional guidelines.

EXEMPTIONS

Florida law provides specific exemptions to reduce the value of property subject to taxation. Some of the more frequently used exemptions are:

Homestead - For all permanent residents of Florida, the first \$25,000 of the value of an owner-occupied residence is exempt. Certain elderly low-income homeowners may also qualify for an additional exemption called the *Senior Homestead Exemption*. The Board of County Commissioners set this additional exemption at \$25,000.

Government - All property owned by a government is exempt.

Widows - An additional \$500 in value is exempt if the resident-owner is a widowed permanent resident.

Disability - In addition to any other exemptions, an additional \$500 in value is exempt for totally and permanently disabled or blind residents.

Institutional - All properties of non-profit organizations used for literary, scientific, educational and charitable purposes are exempt.

COMPUTING PROPERTY TAXES

To compute the property tax on a parcel, you need to know three factors: the assessed value as determined by the Property Appraiser; the amount of the value which is not subject to the tax due to the application of exemptions; and the millage rate authorized by a taxing authority. For example:

Start with the

ASSESSED PROPERTY VALUE = \$200,000

Minus the amount of any *EXEMPTIONS*:

For example, Homestead Exemption = \$25,000

This results in a

TAXABLE PROPERTY VALUE = \$175,000

Then divide the TAXABLE VALUE BY 1,000 = \$175

Multiply this answer by the levied millage. For instance, using the FY 08 adopted countywide millage rate of 5.7446 per thousand dollars of taxable value, the countywide property tax for this property would be:

$\$175 \times 5.7446 \text{ Mills} = \$1,005$

THE AGGREGATE ROLLED-BACK RATE

In recent years, much of the legislation in Florida governing the setting of millage rates has been centered on the concept of the "rolled-back rate". The "rolled-back rate" is that millage rate which when applied to the total amount of taxable value of property (excluding new construction) produces the same amount of revenue as the previous year.

The "rolled-back rate" is used as a standardized point of comparison to show how millage rates are changing from one year to the next. The purpose of the "rolled-back rate" calculation is to allow local governments in Florida to identify when they are drawing more tax revenue from existing property. For example, an increase in the assessment of existing property draws more tax revenue for governments even when those governments keep the same millage rates as the previous year. The aggregate "rolled-back rate" varies significantly from the total millage rate because the combined ad valorem revenue from the General Revenue Fund, MSTU, and Library Fund is divided by the countywide taxable value in calculating the "aggregate rolled-back rate" even though ad valorem revenue from the Special Library District millage and the MSTU millage is generated from smaller tax bases.

At the public hearings in September, the County is required to show how proposed millage rates compare to the "aggregate rolled-back rate" and to identify why the proposed rate differs from the "aggregate rolled-back rate".

During the 2007 Legislative session House Bill 1B was passed resulting in FY 08 millage rates that, in combination, generate revenue 5% lower than that generated from the FY 07 aggregate rolled-back rate.

The following example demonstrates how to compute the "aggregate rolled-back rate", the millage rate that will generate the same ad valorem tax revenues exclusive of new construction, additions to structures, etc.

CALCULATION OF THE ESTIMATED AGGREGATE ROLLED-BACK RATE¹

Property Taxes Collected in the Previous Year for the General Revenue Fund, MSTU, and Library District = \$788,923,620

Divided by

The Taxable Value of Countywide Property Less New Construction in the Current Year = \$82,106,675,478

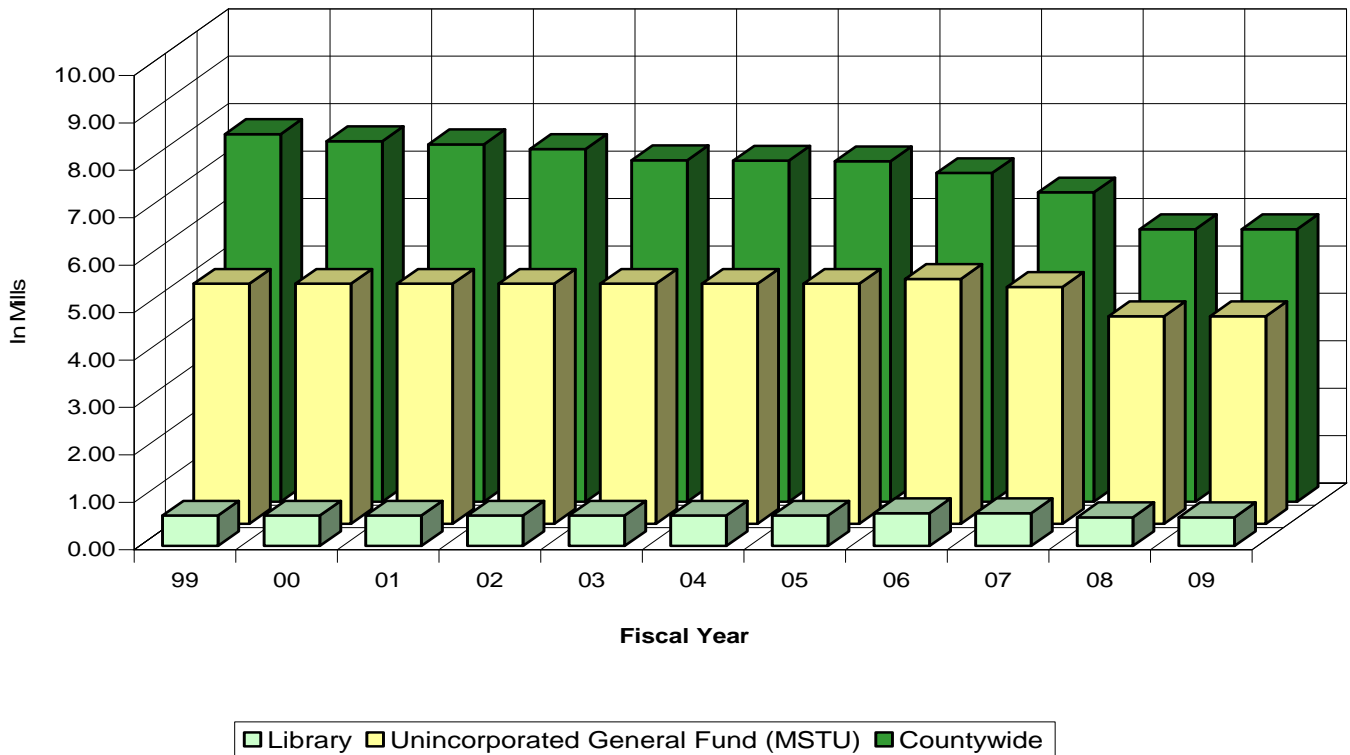
Equals the Aggregate Rolled-Back Rate of 9.6085 Mills or \$9.61 per \$1,000 of Taxable Value

A Similar Computation is Performed Using the Millages for the Next Fiscal Year.

The Calculated Aggregate Millage Rate for Fiscal Year 08 is 9.0450 Mills, or 5.86% Under the Aggregate Rolled-Back Rate.

**HILLSBOROUGH COUNTY
AD VALOREM OPERATING MILLAGES**

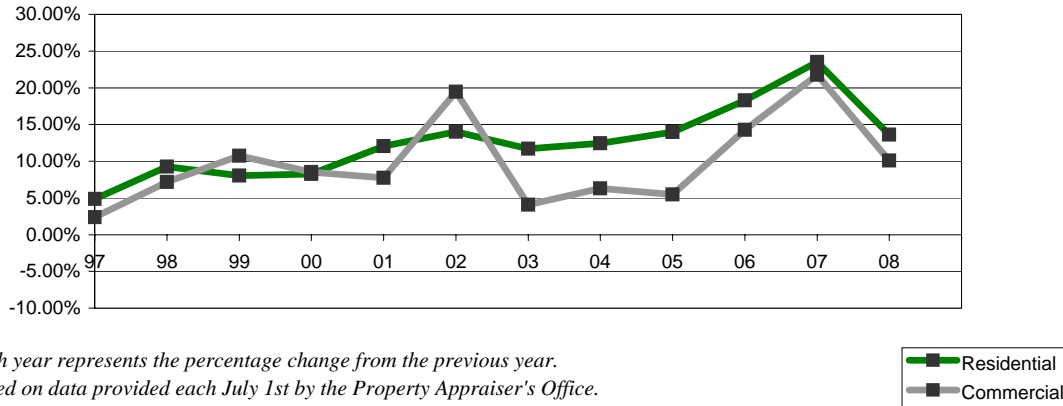
FY 08 reflects a 0.78 mill decrease in the Countywide millage, a 0.62 mill decrease in the Unincorporated millage, and a 0.08 mill decrease in the Library millage



¹ Florida Statutes require the budget estimate be based on the Property Appraiser's July 1 preliminary certification. Due to taxable value adjustments made after July 1st by the Property Appraiser and Value Adjustment Board, actual property taxes collected will differ from estimated collections used for budget purposes

CHANGES IN TAXABLE VALUES BY PROPERTY CLASSIFICATION

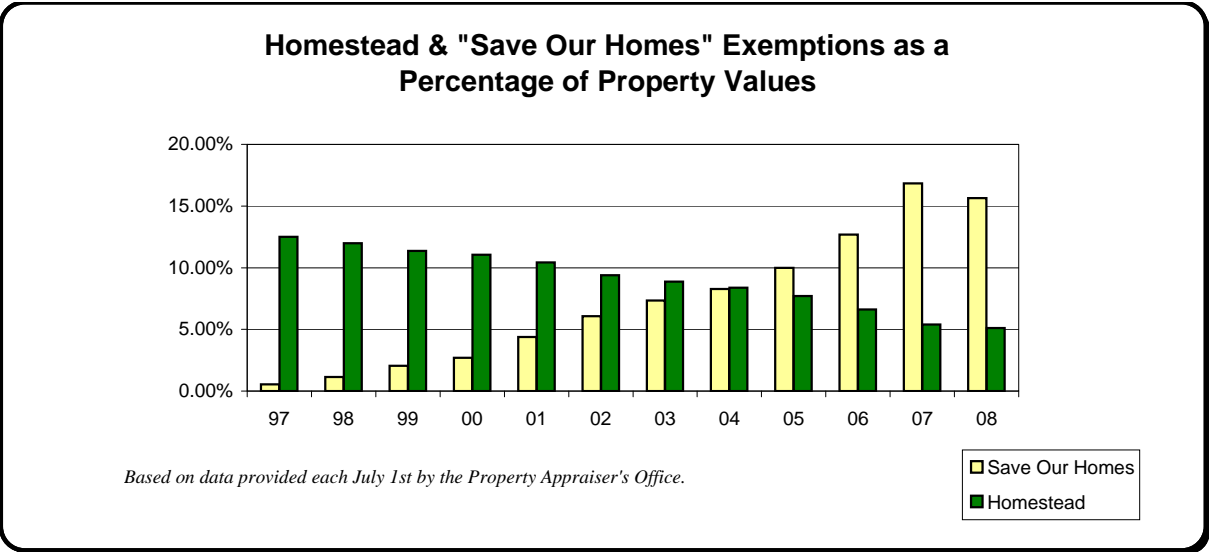
**Percentage Change in Property Value Growth
Single Family Residential and Commercial**



Property Value Changes by Fiscal Year

	Single Family Residential	Percent Change	Other Residential	Percent Change	Commercial Property	Percent Change
FY 97	11,184,071,234	4.87%	3,342,312,627	2.01%	5,224,959,214	2.39%
FY 98	12,218,590,422	9.25%	3,546,915,153	6.12%	5,599,669,645	7.17%
FY 99	13,198,217,817	8.02%	4,019,231,028	13.32%	6,200,916,982	10.74%
FY 00	14,289,708,196	8.27%	4,317,155,359	7.41%	6,730,265,982	8.54%
FY 01	16,014,033,679	12.07%	4,949,637,164	14.65%	7,251,847,484	7.75%
FY 02	18,259,923,201	14.02%	5,549,428,379	12.12%	8,661,193,865	19.43%
FY 03	20,394,688,550	11.69%	6,374,044,430	14.86%	9,013,883,894	4.07%
FY 04	22,934,737,007	12.45%	6,793,625,845	6.58%	9,581,626,323	6.30%
FY 05	26,138,770,886	13.97%	7,873,449,051	15.89%	10,104,938,385	5.46%
FY 06	30,915,682,246	18.28%	9,450,610,601	20.03%	11,548,275,836	14.28%
FY 07	38,181,151,543	23.50%	12,001,265,292	26.99%	14,063,864,736	21.78%
FY 08	43,386,629,568	13.63%	13,681,720,036	14.00%	15,479,774,389	10.07%
	Industrial Property	Percent Change	All Others	Percent Change	Total	Percent Change
FY 97	1,557,322,162	-3.52%	969,009,307	-0.01%	22,277,674,544	16.98%
FY 98	1,596,963,656	2.55%	1,147,225,545	18.39%	24,109,364,421	8.22%
FY 99	1,686,638,788	5.62%	1,305,415,774	13.79%	26,410,420,389	9.54%
FY 00	1,752,549,629	3.91%	1,733,031,263	32.76%	28,822,710,429	9.13%
FY 01	1,873,696,959	6.91%	1,678,329,130	-3.16%	31,767,544,416	10.22%
FY 02	2,339,075,767	24.84%	1,855,856,417	10.58%	36,665,477,629	15.42%
FY 03	2,429,922,656	3.88%	2,083,127,082	12.25%	40,295,666,612	9.90%
FY 04	2,710,479,291	11.55%	2,160,187,908	3.70%	44,180,656,374	9.64%
FY 05	2,993,070,247	10.43%	2,123,812,544	-1.68%	49,234,041,113	11.44%
FY 06	3,341,283,872	11.63%	2,408,233,519	13.39%	57,664,086,074	17.12%
FY 07	4,220,918,748	26.33%	2,916,843,920	21.12%	71,384,044,239	23.79%
FY 08	4,646,865,076	10.09%	3,260,681,228	11.79%	80,455,670,297	12.71%

MAJOR TAX EXEMPTIONS AS A PERCENTAGE OF PROPERTY VALUES



Exemption Percentages by Fiscal Year

	Homestead Exemption	Percent Value	Save Our Homes Capped Value	Percent Value	Total Just Value
FY 97	4,951,858,850	12.50%	214,066,407	0.54%	39,602,774,241
FY 98	5,069,900,656	11.99%	483,786,898	1.14%	42,295,377,836
FY 99	5,190,630,272	11.36%	935,144,739	2.05%	45,674,754,732
FY 00	5,362,840,969	11.04%	1,306,247,070	2.69%	48,556,382,426
FY 01	5,525,629,109	10.43%	2,326,873,676	4.39%	52,973,587,748
FY 02	5,686,185,009	9.39%	3,676,013,568	6.07%	60,544,259,230
FY 03	5,914,386,997	8.88%	4,892,551,853	7.34%	66,634,913,844
FY 04	6,081,711,618	8.38%	6,007,667,195	8.28%	72,567,375,597
FY 05	6,202,423,318	7.69%	8,052,535,399	9.99%	80,616,025,668
FY 06	6,332,401,834	6.61%	12,150,844,977	12.68%	95,836,796,083
FY 07	6,467,068,594	5.40%	20,163,626,163	16.83%	119,776,510,189
FY 08	6,646,022,782	5.11%	20,353,986,976	15.64%	130,134,318,243

	Governmental Exemption	Percent Value	Institutional Exemptions	Percent Value	Total Just Value
FY 97	3,877,183,337	9.79%	1,545,980,010	3.90%	39,602,774,241
FY 98	4,044,620,521	9.56%	1,559,809,970	3.69%	42,295,377,836
FY 99	4,258,504,816	9.32%	1,612,142,919	3.53%	45,674,754,732
FY 00	4,278,787,032	8.81%	1,730,310,571	3.56%	48,556,382,426
FY 01	4,177,347,947	7.89%	1,870,241,043	3.53%	52,973,587,748
FY 02	5,030,944,798	8.31%	1,944,261,140	3.21%	60,544,259,230
FY 03	5,748,348,033	8.63%	2,137,548,638	3.21%	66,634,913,844
FY 04	6,070,710,125	8.37%	2,310,504,198	3.18%	72,567,375,597
FY 05	6,393,756,217	7.93%	2,458,348,568	3.05%	80,616,025,668
FY 06	7,533,544,648	7.86%	3,091,491,665	3.23%	95,836,796,083
FY 07	8,471,291,561	7.07%	3,409,197,015	2.85%	119,776,510,189
FY 08	8,565,739,625	6.58%	3,484,187,822	2.68%	130,134,318,243

**IMPACT OF LOCAL TAXES ON A FAMILY IN THE UNINCORPORATED
AREA OF HILLSBOROUGH COUNTY WITH A HOUSE ASSESSED
AT \$200,000, LESS A \$25,000 HOMESTEAD EXEMPTION
(\$175,000 TAXABLE VALUE)**

	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09
TAXES LEVIED COUNTYWIDE							
BOCC - General Fund	\$1,259.69	\$1,257.85	\$1,255.75	\$1,212.00	\$1,141.00	\$1,005.31	\$1,005.31
BOCC - General Obligation Debt	19.95	18.29	16.89	14.70	11.67	10.57	9.63
Southwest Florida Water Mgmt District **	73.85	73.85	73.85	73.85	73.85	67.66	67.66
School Board (incl. General Oblig. Debt)*	1,504.13	1,484.00	1,463.16	1,388.98	1,369.03	1,316.53	1,316.53
Children's Board *	87.50	87.50	87.50	87.50	87.50	81.10	81.10
Port Authority*	50.75	50.75	45.50	45.50	38.50	34.69	34.69
TOTAL COUNTYWIDE TAXES	\$2,995.86	\$2,972.24	\$2,942.64	\$2,822.52	\$2,721.55	\$2,515.84	\$2,514.89
TAXES LEVIED WITHIN SPECIFIC AREAS							
Library District	\$112.40	\$112.40	\$112.40	\$121.15	\$121.15	\$106.45	\$106.45
Municipal Services Taxing Unit (MSTU) **	885.87	885.87	885.87	903.37	874.20	765.71	765.71
MSTU Parks General Obligation Debt **	8.75	7.96	6.97	6.28	5.01	4.53	4.24
Hillsborough Area Regional Transit*	87.50	87.50	87.50	87.50	87.50	78.66	78.66
Hillsborough River Basin*	49.88	49.88	49.88	49.88	49.88	44.57	44.57
TOTAL TAXES WITHIN SPECIFIC AREAS	\$1,144.40	\$1,143.61	\$1,142.61	\$1,168.18	\$1,137.73	\$999.93	\$999.64
TOTAL AD VALOREM TAXES	\$4,140.26	\$4,115.84	\$4,085.25	\$3,990.70	\$3,859.28	\$3,515.77	\$3,514.53
\$ change from preceding year:	(\$29.12)	(\$24.41)	(\$30.59)	(\$94.55)	(\$131.43)	(\$343.51)	(\$1.24)
% change from preceding year:	(0.7%)	(0.6%)	(0.7%)	(2.3%)	(3.3%)	(8.9%)	(0.0%)
Notes:							
* Not a tax levy, assessment, or fee of the Board of County Commissioners (BOCC)							
** Homeowners residing within the municipalities of Tampa, Temple Terrace, or Plant City pay city taxes instead of the MSTU taxes. The Hillsborough Area Regional Transit Tax is not levied in Plant City. The Library District tax is not levied in Temple Terrace or Plant City.							
Assumptions:							
Excludes any exemption other than the homestead exemption.							
Excludes any other special district assessment (i.e., street lighting tax district or maintenance district).							
For the purposes of consistency, the Hillsborough River Basin was selected. Other basins have different tax rates.							

ECONOMIC INDICATORS

The Hillsborough County budget is affected by various economic variables that are significant drivers of demand for County services and of major revenues. The following is a brief discussion of past and projected trends for key economic indicators including jobs, employment levels, population, income, construction, and sales.

Weak housing markets and a decline in business inventories in late 2006 and early 2007 resulted in a marked slowdown in US economic growth in the first quarter. While overall growth in US Gross Domestic Product (GDP) was 2.9% for 2006 much of that growth occurred in the first half of the year. Growth slowed from 4.8% in the first quarter 2006 to a weak 0.6% in the first quarter 2007. In mid-2007 strong consumer spending, exports, federal spending, business construction and investment, and a reversal of the inventory decline more than offset weak housing construction. Growth rebounded the second quarter to 3.8% and to 3.9% for the third quarter. On an annual basis weak residential investment reduced third quarter GDP growth by 1.05 points yet was an improvement over the 1.33 points drag on third quarter 2006 growth. Despite housing weakness other areas of the strength remain. Net exports are benefiting from a weak dollar. Business profits remain near record level, supporting business investment and job growth.

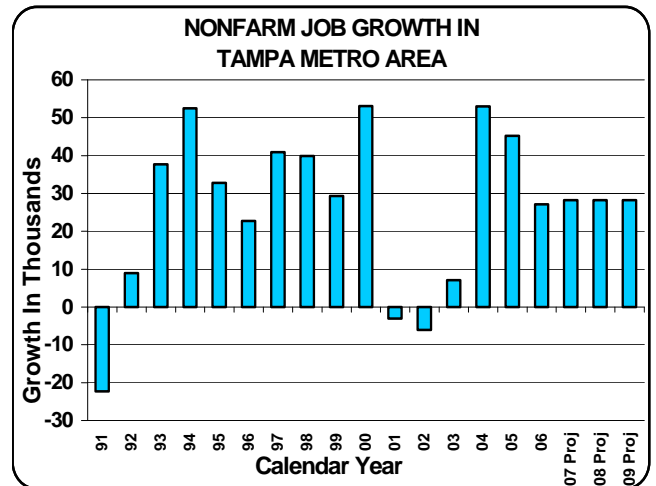
Home sales remain weak in 2007 and worsened in late summer as highly stressed mortgage markets restricted credit availability. Compared to a year ago, the National Association of Realtors (NAR) reports that national existing home sales are down 19.1% in September 2007. New home sales are down 23.3% according to the Census Bureau. New homes supply on market is 8.3 months. Existing supply has risen to 10.5 months, the highest level since NAR began tracking in 1999. These supply backlogs continue to suppress home prices and construction. Existing median home prices are down 4.2% from a year ago. New home median prices rose 5.0%, but the average price declined 2.8%. Housing starts are down 30.8% over the year, although nonresidential construction spending remains strong. Home building permits are down 25.9%. Declines in starts, permits and prices will speed the clearing of the supply backlogs. NAR already reports rising housing affordability amid the price decline, good income growth, and a modest decline in mortgage rates. Even with modestly improved affordability housing markets are still in poor shape. Analysts expect further sales and price declines before an upturn materializes in late 2008.

US job growth has slowed from a monthly average of 147,000 during the first five months of 2007 to 94,000 during June to September. While 2007 has seen large job losses in housing related industries and manufacturing other sectors have more than offset those losses. The nation gained 1.6 million jobs over the year. Strong profits and business investment are supporting sufficient job growth to prevent a substantial loosening in national job markets. The national unemployment rate, while inching upwards, remains low at 4.7% for September. September 2006's rate was 4.6%. Relatively tight labor markets have supported healthy wage growth. Wages rose 3.3% in the year through September 2007, exceeding the 12-month 2.8% increase of the Consumer Price Index for September 2007.

Gains in jobs and wages have been an important support to consumer spending and have, to this point, more than offset the negative effects of the housing market, roiled financial markets and growing debt burdens. Rapid home appreciation and low interest rates encouraged homeowners to withdraw equity from their homes and use the funds to increase current consumption. Unsold homes and falling prices are feared to turn the positive wealth effect to a negative effect. While these events will moderate spending, they have, thus far, not been as big a drag on national consumer spending as feared. Census data report a 5.0% gain in retail spending in September 2007 over September 2006.

In addition to weak housing markets other factors will combine to slow the growth of consumer spending going forward. High and volatile energy prices are taking an increasing share of consumer income. Inflation peaked at 4.7% in September 2005 and has been on volatile course since. Fluctuating oil and gasoline prices brought inflation down to 1.3% in October 2006 but rose again in 2007 pushing inflation to 2.8% in September 2007.

The difficulties of the sub-prime mortgage market have exacerbated the housing market's troubles, resulting in heightened recession fears. Forecasters are predicting a fall and winter slowdown with economic growth below 2.0% for the fourth quarter and at 2.0% for the year as a whole. Further housing declines, slower job growth and weaker consumer spending are likely to continue through mid-2008. Most forecasters look for housing to turn upward in later 2008 and expect the economy to avoid recession. Growth forecasts for 2008 are in the mid 2% range. The main forecast risk is an even more protracted housing market correction or another large oil price increase that results in a significant retrenchment in consumer spending.

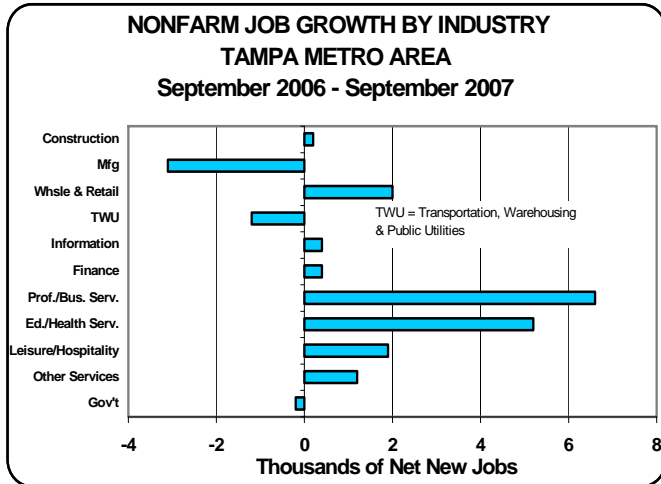


Source: Florida Agency for Workforce Innovation and Woods & Poole Economics, Inc

The Tampa metro area (Hillsborough, Pinellas, Pasco, and Hernando counties) gained 13,400 jobs in the 12 months to September 2007. Metro Tampa's 1.0% job growth trailed the

ECONOMIC INDICATORS

national and Florida rates of 1.2% and 1.3% respectively. Education, health and professional and business services accounted for most of net new jobs in Metro Tampa. Construction employment is up 200 over the year, while manufacturing has shed 3,100 jobs.



Unemployment rates remain low despite modestly rising in 2007. The September Metro Tampa unemployment rate is 4.3%. Hillsborough's rate is 4.1%. The seasonally unadjusted US unemployment rate is 4.5% and Florida's rate is 4.3%.

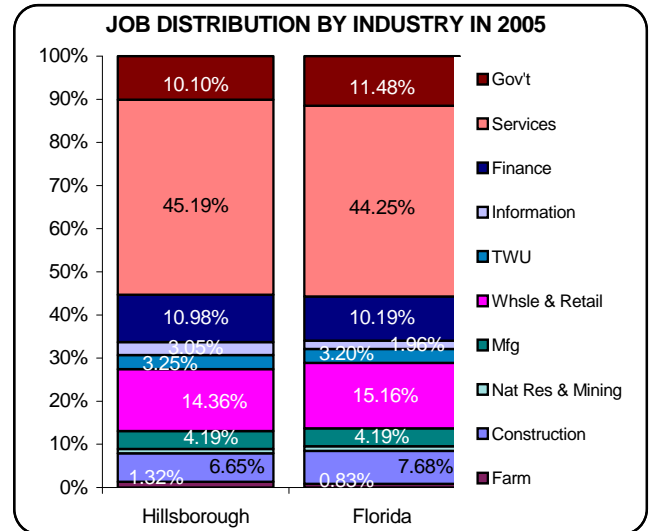
Job growth in Metro Tampa, and, indeed, Florida and the nation, has been heavily concentrated in services industries. In 2005 services industry jobs accounted for over a third of all existing jobs and self employment in both Hillsborough County and Florida. Wholesale and retail trade accounted for another 14%-15% of all jobs in the County and the State. Many of Hillsborough County's largest non government employers are retail, services and health companies.

LARGEST HILLSBOROUGH EMPLOYERS, 2006

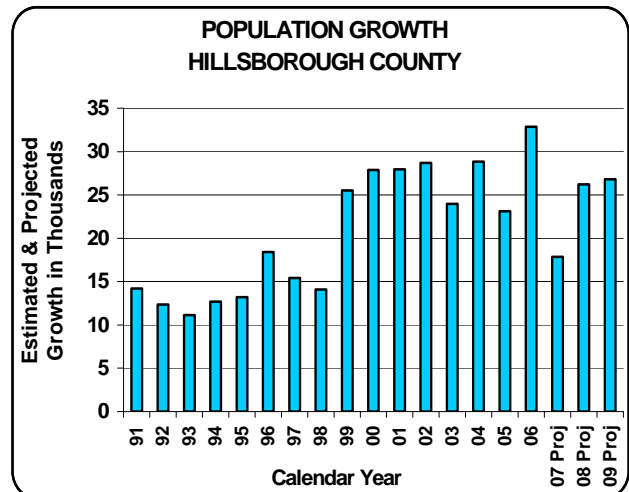
Hillsborough County School Board	24,969
Hillsborough County Government	11,290
University of South Florida	8,743
Verizon	7,652
Tampa International Airport	6,500
MacDill Air Force Base	5,812
Tampa General Hospital	4,920
Publix Food Centers	4,702
City of Tampa	4,700
St Joseph's Hospital	4,407

Source: Hillsborough County, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2006

While job growth is perhaps the single most important and visible economic indicator for a local area, other indicators play important roles as well. The University of Florida's Bureau of Economic and Business Research forecasts Hillsborough County population growth through 2010 will average more than 26,000 persons annually. Hillsborough population growth averaged about 23,400 persons annually during 1995-2005.

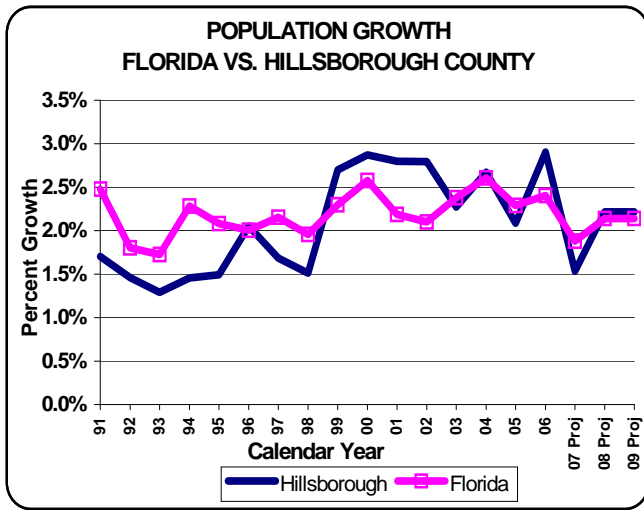


The rate of Hillsborough's population growth accelerated in the period since 1999 compared to 1991—1998. Hillsborough's growth rate has often exceeded the state's since 1999. The Bureau of Economic and Business Research, University of Florida, forecasts population growth of 2.2% for Hillsborough and 2.1% for the state for 2007 and 2008.



Population growth is, in turn, a primary factor driving housing markets and retail sales as well as job growth. Building permit activity is a leading indicator of housing starts. Hillsborough single family housing starts rose strongly in recent years in response to forty year low mortgage rates. Single family detached housing permits increased strongly each year during 2001 through 2005. As interest rates rose in 2005, single-family detached permits fell 35% in the last quarter of 2005 compared to 2004. Detached permits continued to trail year ago figures by 46.1% in the first half of 2007. Single-family attached permits declined 66.9% in the first half of 2007.

ECONOMIC INDICATORS



Source: Bureau of Economic and Business Research (BEBR)

The recent decline in single-family detached and attached permits reflects nationally slowing housing markets. National home sales have fallen substantially while median prices have weakened more modestly. The Greater Tampa Association of Realtors reported a 34.8% drop in year-to-date existing Hillsborough home sales (MLS listed) and a 7.6% drop in average home prices in September 2007 compared to September 2006. The Hillsborough County Property Appraiser reports a 3.0% gain in average single family sales price and a 2.0% drop in median sales price through September. The National Association of Realtors further reported the Tampa Bay area experienced a 3.8% decline in the median sales price of existing single-family homes for the second quarter of 2007. Housing markets have suffered more in Florida compared to the national average as more speculative activity and greater price appreciation occurred during 2004-2006.

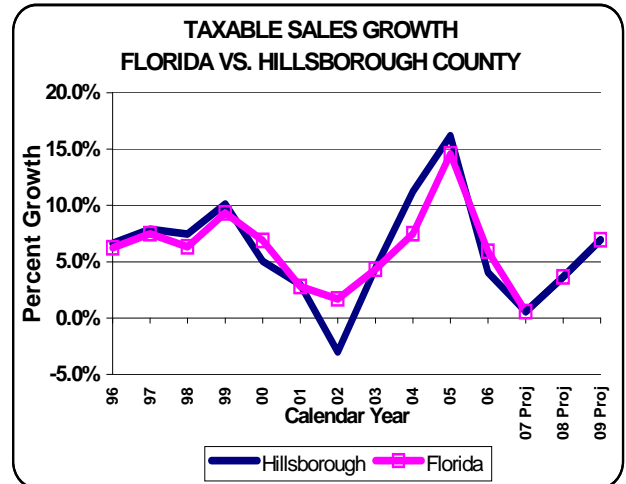
LARGEST HILLSBOROUGH PROPERTY TAXPAYERS, 2006

	\$ Millions
Tampa Electric Company	40.9
Verizon	22.0
Hillsborough County Aviation Authority	11.2
Mosaic Phosphates Company	6.9
Camden Property Trust	5.1
Wal-Mart	4.7
Post Apartment Homes LP	4.6
Glimcher Limited Partnership	4.3
Busch Entertainment Corporation	2.9
Teachers Insurance and Annuity Association	2.8

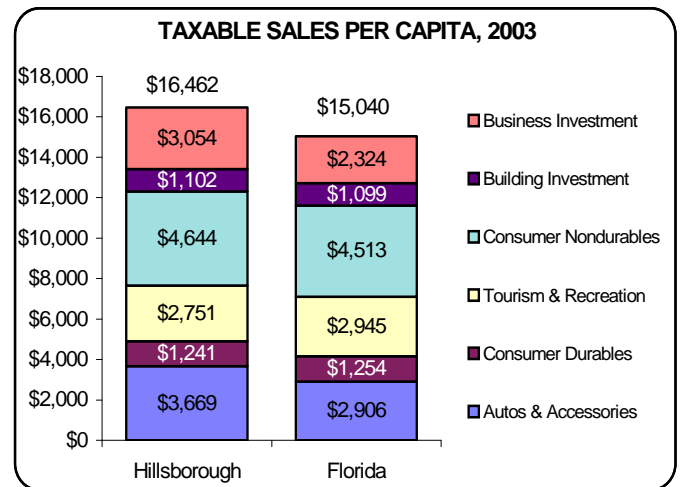
Source: Hillsborough County, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2006

Property taxes on residential and commercial real estate provide Hillsborough County Government with its largest source of revenue. Recent growth in taxable real estate values has reflected strong housing markets as well as reassessment activity by the Property Appraiser's Office. Countywide taxable value growth averaged 12.4% annually during 1997-2007. Countywide taxable value grew about 12.8% for FY 08 after 22.8% growth for FY 07. Slowing housing markets resulted in slower taxable value growth and will likely result in further slowing for FY 09.

Taxable sales rise and fall as the economy, particularly employment, rises and falls. Sales are also related to population, tourism, and income growth. Hillsborough County taxable sales rose 16.2% in 2005. Florida sales rose 14.6%. Poor housing markets and high fuel prices slowed 2006 growth to 4.1% and 5.9% respectively. Most national forecasters expect slow spending growth to continue through 2008. Hillsborough County Management and Budget Department models forecast 0.6% growth in FY 07 and 3.7% in FY 08 and recovery to 7.0% in FY 09.



Sources: Florida Department of Revenue and General Revenue Consensus Estimating Conference Projections

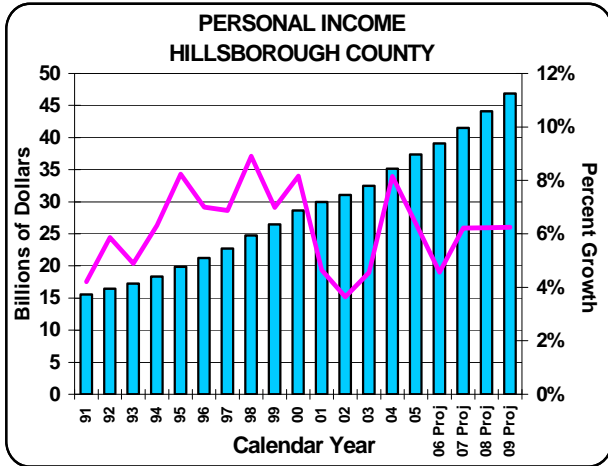


Source: Bureau of Economic and Business Research (BEBR)

Hillsborough County's taxable sales are highly dependent on consumer nondurable purchases. These are things of everyday life: clothing, some grocery items, personal services, etc. When comparing the sources of Hillsborough County's taxable sales to Florida's some notable differences arise. Hillsborough in 2003 was more dependent on automobile related sales and business investment (items and services related to construction activity). Hillsborough County sales are less exposed to changes in tourism

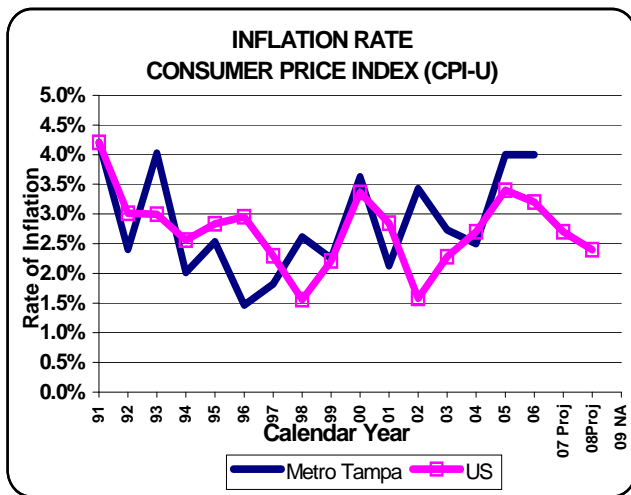
ECONOMIC INDICATORS

and recreation with 16.7% of sales arising from that industry compared to nearly 20% for the state.



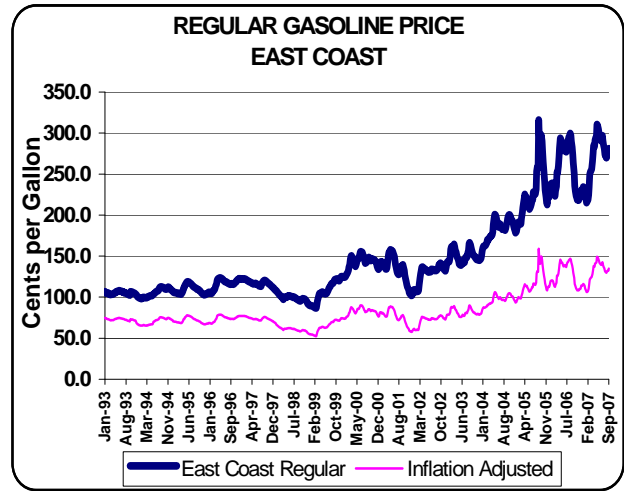
Sources: BEA, Regional Economic Information System (REIS), and Woods & Poole Economics, Inc

With the absence of direct and comprehensive measures of a local area's economic output, total personal income is a good surrogate measure. Hillsborough County's 2005 total personal income stood at \$37.8 billion, a 6.4% increase over 2004. Income growth exceeded the Tampa Bay region's 2005 inflation rate of 4.0% and the national rate of 3.4%. Woods & Poole Economics estimates growth of 4.6% for 2006. Growth of 6.2% is projected for 2007 and for 2008.



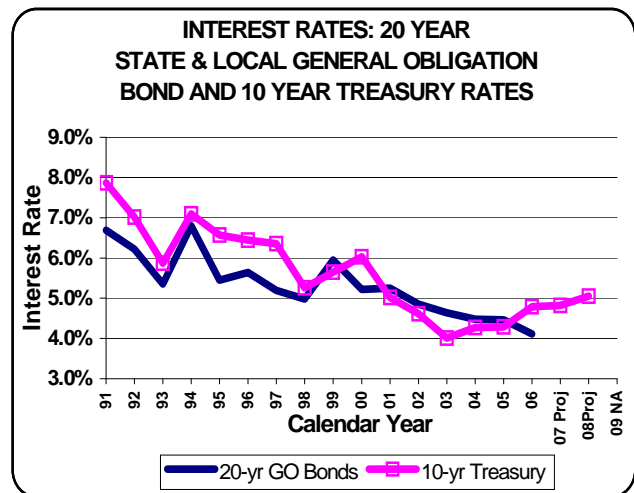
Sources: U.S. Department of Labor, Bureau of Labor Statistics and National Association for Business Economics (NABE)

Inflation is forecasted to moderate at 2.7% for 2007 and 2.4% 2008. Slower economic growth is creating less pricing pressure. Oil and gasoline prices are expected to retreat in 2008.



Sources: US Energy Information Administration and U.S. Department of Labor, Bureau of Labor Statistics

The Fed reduced its key interest rate by 50 basis points in September and a further 25bp in October. The Fed is clearly concerned about the turmoil in housing and financial markets. Many analysts predict this action will lend important support to businesses, investors and consumers, reducing the likelihood of a recession.



Sources: Federal Reserve Board and National Association for Business Economics (NABE)

Risks always abound in economic forecasting. A deeper and extended housing correction is the greatest risk. Volatile energy prices are also a concern. These could overwhelm Fed efforts and tip the economy into recession. At this time the consensus continues to call for modest growth in 2008.

PROCEDURES FOR AMENDING THE BUDGET

For a full discussion of the County's budget process, see **The Process of Adopting the Budget** section in this budget document.

After the formal adoption of the budget by the Board of County Commissioners (BOCC) in September for the fiscal year beginning October 1st, changes may be made to the adopted budget with a budget amendment. An amendment is a BOCC agenda item processed to increase or to decrease an existing budget. At no time can the budget be amended so that it is no longer balanced.

Items requiring action by the BOCC are usually initiated by the individual department affected by the item. These items are accompanied by an Agenda Item Cover Sheet Form. This form is also used to amend the budget. However, the following additional information is required for budget amendments:

- The subject section of the Agenda Item Cover Sheet Form must state "Request for Budget Amendment Resolution" and identify the subject of the amendment and the fiscal year.
- The recommendation section of the cover sheet must state where funds are coming from and where funds are going; justification on why the action is needed; and the amount of the increase or decrease.
- The financial impact section of the cover sheet must state the impact on the current year's budget as well as the recurring impact on future years' budgets. Any increase or decrease in a reserve account should reflect the balance of the reserve subsequent to the action requested in the budget amendment.
- A separate form entitled Line Item Detail showing the specific accounts affected must accompany the Agenda Item Cover Sheet Form.
- Each department director is responsible for initiating agenda items, via an electronic agenda workflow system, that affect their department's activities or budget. The completed Agenda Item Cover Sheet Form with the Line Item Detail Form, includ-

ing the estimated impact on the next fiscal year and any other appropriate information, is electronically signed by the department director and then forwarded for review through the organization. Electronic review and signature is performed in the following sequence:

- Department Director
- Management and Budget Department
- County Attorney's Office (concurrent with review and approval by Management & Budget)
- Assistant County Administrator (required for departments under the County Administrator).

All budget amendments, approved by the above referenced organizations/staff, are processed by the Administrative Services Section of the County Administrator's Office for final coordination and preparation of the BOCC's agenda. Copies of all budget amendments are electronically forwarded to the Clerk of the Circuit Court's Finance Department to facilitate pre-audit of the proposed budget revisions.

The Management and Budget Department reviews the request for accuracy, availability of funds, completeness, compliance with BOCC Policies and other matters considered appropriate for good financial management. If changes or corrections to a budget amendment are required, the item is electronically rejected back to the originating department by the Management and Budget Department.

Upon approval by the BOCC, the budget amendment is posted to the financial system, a budget resolution is prepared by the Clerk to the BOCC, signed by the Chairman of the BOCC and forwarded to the Clerk's Office for inclusion in the Board's official records. In accordance with BOCC Policy 03.02.05.00, any budget amendment that requires a drawdown on the reserve for contingency in either the Countywide General Fund or the Unincorporated Area General Fund must be approved by a super majority vote of the BOCC.

FINANCIAL POLICIES AND PROCEDURES

The County Administrator has explicit responsibility for all financial planning for the Board of County Commissioners (BOCC) including operating, capital and debt service budgets; and for the allocation of resources to facilitate accomplishing BOCC goals. The County Administrator is also responsible for developing long-range financial planning strategies, including reserve policies and forecasting. These functions are performed by the Deputy County Administrator, the Management and Budget Department and the Debt Management Department.

To execute these responsibilities and to maintain sound financial management practices, it is important to have financial policies and related procedures that complement the statutory requirements and professional standards which establish local governments' financial management framework. To this end, the Management and Budget Department and the Debt Management Department are involved in the on-going effort to research, document and publish financial policies and guidelines.

In FY 98, the Board of County Commissioners adopted a series of financial policies, presented in this section, as a major effort towards documenting a more comprehensive approach to financial management. In some cases, written policies replaced informal rules that had been in place for years, but had not been previously documented and formally approved. Given the structure of county government in Florida, with most accounting functions residing with the elected Clerk of Circuit Court, and the budget function residing with the County Administrator who reports to the elected Board, the documentation and approval of policies may have particular importance.

The new policies were developed over a period of close to three years, during which draft policies were distributed to bond rating agencies and during which County staff reviewed draft recommended budget practices under development by the **National Advisory Council on State and Local Budgeting (NACSLB)**. Several of the new policies are intended to directly address NACSLB recommended budget practices.

It should be noted that the policies listed here reflect those adopted by the Board of County Commissioners. Other financial policies adopted by the Clerk of Circuit Court in his or her capacity as Chief Financial Officer for the Board, which do not require Board approval, do not appear here.

There are two key Florida Statutes regulating local government budget development and implementation, Chapters 129 and 200. Chapter 129, entitled "County Annual Budget," establishes a system for controlling finances of county boards of commissioners throughout the state. Chapter 200, "Determination of Millage," defines the duty of the county commissioners in setting the rate of taxation. These statutory provisions set the framework for the budgetary process. In addition, Generally Accepted Accounting

Principles (GAAP) for state and local governments as set forth by the Governmental Accounting Standards Board (GASB), provide professional standards that guide public financial management and reporting.

POLICIES AND GUIDELINES

The following policy statements guide the annual budget development and monitoring functions of the County. They correspond closely to explicit provisions found in the statutes and complement professional standards established by GASB.

1. **Chapter 129.01(2)(b), Florida Statutes:** The budget will be balanced by subfund, that is, the estimated revenues including balances brought forward will equal the total of the appropriations and reserves.
2. **Chapter 129.01(2)(b), Florida Statutes:** Budgeted reimbursements are considered anticipated receipts and as such will be budgeted at 95% of the estimated fiscal year total.
3. **Chapter 129.01(2)(c)1, Florida Statutes:** Reserves for contingencies may be established for each fund during the annual budget development process, and when established, will be in compliance with Florida Statutes requiring that reserves for contingencies not exceed ten percent of the total budget.
4. **Chapter 129.01(2)(d), Florida Statutes:** A reserve for reappropriation will be provided in each fund as necessary to provide for the payment of vouchers which have been incurred in the year(s) prior to the fiscal year for which the budget is being prepared.
5. **Chapter 129.06(2)(a), Florida Statutes:** Budget changes may be made through the budget amendment process.
6. **Chapter 129.06(2)(d & e), Florida Statutes:** Fund revenue and expenditure totals may be increased or decreased by formal action of the BOCC: a) following appropriate public notice and public hearing, b) in the event new revenue is received from an unanticipated source, or c) in the County's enterprise funds.
7. **Chapter 129.06(3)(b), Florida Statutes:** Interfund transfers are fixed when the budget is adopted.
8. **Hillsborough County Ordinance 02-12: Safety of Investment Principal.** The highest priority in the handling of investments for the County is safety of principal. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities, defaults, or erosion of market value. Investments shall be diversified to the extent practicable to control risk of loss resulting from over concentration of

FINANCIAL POLICIES AND PROCEDURES

assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. From time to time, securities may be traded for other similar securities to improve yield, maturity, or credit risk. For these type transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security:

- Yield has been increased
- Maturity has been reduced
- Quality of investment has been improved
- A positive blend for arbitrage purposes has been accomplished

9. **Hillsborough County Ordinances 92-8 and 95-18:** Reverse repurchase agreements are specifically prohibited.

10. **Grant Application Tracking - BOCC Policy 03.01.03.00:** It is the policy of the BOCC that all organizations directly funded by the Board participate in the tracking system by sharing information on all applications for new, or expansions of existing state and federal grants for which the Board would be responsible for appropriations, regardless of whether or not the Board would be responsible for providing matching funds. Information should be provided to the Management and Budget Department within five business days of application in a form established by the County Administrator.

Purpose: The purpose of this policy is to establish and maintain a method of tracking applications for all federal and state grant funds that the BOCC would be responsible for appropriating.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy and to provide monthly reports to the BOCC on the status of outstanding grant applications.

11. **Acceptance of Credit Cards, Charge Cards, and Debit Cards for Payment of County Fees and Charges for Service - BOCC Policy 03.01.04.00:** Departments under the authority of the Board of County Commissioners have the option of allowing the public to pay fees and charges for services with credit cards, charge cards, and debit cards. A department opting to allow the public to use credit cards will meet all the following conditions:

- Use the County's approved credit card service vendors to process the charges.
- Adhere to agreements with the approved credit card service vendors.
- Not charge a person using a credit card, charge card, and debit card a surcharge or fee for using the card.

- Explicitly budget in its operating budget the cost of paying credit card service vendors' fees. This budgeting will begin in the fiscal year the department starts to accept credit cards.
- Budget the cost of equipment, software, and professional services needed to implement the acceptance of credit cards, charge cards, and debit cards. This budgeting will also begin in the fiscal year the department starts to accept credit cards, charge cards, and debit cards.
- Because these cards can be considered a substitute for cash, the department will develop policies and procedures in concert with the Clerk of the Circuit Court to insure prudent management and accountability of card charges, chargebacks, and card account number security.
- Pursuant to Chapter 215.322(5) of the Florida Statutes, individual credit card, charge card, or debit card account numbers are confidential and are exempt from the provisions of Chapter 119.07(1) of the Florida Statutes.

Purpose: To allow departments under the Board of County Commissioners to have the option of accepting credit cards, charge cards, and debit cards from the public for payment of fees and charges for services. The acceptance of credit cards is authorized by Chapter 215.322 of the Florida Statutes.

Responsibility: It is the responsibility of each department opting to allow the public to use credit cards, charge cards, and debit cards to implement the above policy.

12. **Bids for Capital Improvement Projects 10% or More in Excess of Estimated Construction Costs - BOCC Policy 03.02.01.00:** It is the policy of the Board of County Commissioners that in instances where the low bid on a Capital Improvement Project amounting to \$50,000 or more exceeds the estimated construction costs by ten percent (10%) or more, the County Administrator shall appoint a committee to review the low bid.

Purpose: The purpose of this policy is to establish a uniform system for review of capital improvement project bids exceeding the estimated construction costs by 10% or more.

Responsibility: It is the responsibility of the County Administrator to instruct the Chairman of the Review Committee to set a time for review of the project bid. The review shall consist of, but not be limited to, the plan quality, unit quantities, current unit cost, escalation clauses, if any, and other items pertinent to the project. The Committee shall present recommendations to the County Administrator on whether to accept or reject the low bid.

FINANCIAL POLICIES AND PROCEDURES

13. Capital Budget and Capital Improvement Program - BOCC Policy 03.02.02.00: During the first year of the County's biennial budget Hillsborough County will develop and implement a comprehensive Capital Budget and a six-year Capital Improvement Program. The first two years of the Capital Program will represent the Capital Budget with the remaining four years representing the Capital Plan. During the second year of the County's biennial budget there will be a one-year Capital Budget and a four-year Capital Plan.

The Planning Commission, Constitutional Officers, Environmental Protection Commission, County Administrator and their departments, other agencies which provide services to Hillsborough County residents, and organized citizen groups, will have the opportunity to provide input to the Capital Improvement Program process. Capital project financing will be derived from various funding sources including, but not limited to, bonds, short term loans and notes, fuel taxes, federal and State grants, community investment tax (Local Government Infrastructure Surcharge), enterprise revenue, impact fees and the levy of ad valorem taxes and non-ad valorem assessments as determined by the Board of County Commissioners.

The Capital Improvement Program will comply with the Laws of Florida, (specifically Florida Statute 125.85(2) Florida Statutes), the Florida Administrative Code, Generally Accepted Accounting Principles (GAAP), necessary to assure proper accounting and fiscal management techniques and any County Ordinance, Policy and Procedure which relates to Capital Improvements and does not prohibit or restrict compliance with Section 218.33, Florida Statutes.

A list of priority categories for the Capital Improvement Program will be established by the Board of County Commissioners. This list will determine initial consideration of proposed projects for the Capital Improvement Program and provide a basis for evaluation and subsequent funding. Conformance with Board priority categories will aid in assuring the worthiness of a capital improvement project in relation to factors such as public health, safety, welfare, impact on the operational cost for government services and the implications for concept of growth management.

Additions or deletions of projects in the adopted Capital Improvements Program shall be by a Resolution of the Board of County Commissioners amending the Capital Improvements Program Resolution. Such additions or deletions shall be submitted to the Planning Commission for review of the change's impact upon the adopted level of service at least ten calendar days prior to the Board of County Commissioners' meeting at which the amendment is to be considered.

Changes in the cost of a current year project, advancing projects into the current year or delaying them from the current year to a future year in the adopted Capital Improvements Program shall be handled pursuant to the budget amendment procedure contained in Section 129.06, Florida Statutes.

Changes in the cost of a current year project that are less than 10% or less than \$100,000, whichever is least, of the project's all years budget (including all funding sources), can be adjusted with the approval of the County Administrator under the Administrative Budget Amendment process. The Board of County Commissioners will be provided with a quarterly report of all such administrative adjustments.

Emergency additions to the Capital Improvements Program shall be made pursuant to the County Administrator's emergency purchasing authorization in the Hillsborough County Purchasing Manual with appropriate amendments to the Capital Improvements Program to be made as soon as reasonably possible thereafter.

In addition to the Capital Budget and the Capital Improvement Program, an annual update will be prepared, as identified in the Comprehensive Plan for Unincorporated Hillsborough County. Specifically, an annual update will be provided for:

- a. public facilities requirements related to standards set for potable water, sanitary sewer, solid waste, stormwater management, parks and recreation facilities, and arterial and collector roads; and
- b. revenue forecasts and analysis of financial capacity, as related to the above-listed public facilities.

Definitions: For the purpose of the Hillsborough County Capital Improvement Program:

- 1) A **Capital Project** is a set of activities, with related expenditures and schedule which includes one or more of the following:
 - a. delivery of a distinct asset or improvements to an existing asset, which will become an asset owned by Hillsborough County and be recorded on the financial records of the County as a capital asset under generally accepted accounting principles,
 - b. any contribution by Hillsborough County to other governmental or not-for-profit entities for the purpose of delivering a capital improvement. In situations where the improvement is not nor will it become an asset of the County, it will be included in the Capital Improvement Program as a contribution,
 - c. any project, including equipment, which is funded from the Community Investment Tax (CIT),
 - d. any engineering study or master plan necessary for the delivery of a capital project, and

FINANCIAL POLICIES AND PROCEDURES

- e. major repair, renovation or replacement of existing facilities.

The cost and timing of these Capital Improvements are to be identified in the Capital Improvement Program. The project scope, schedule, and costs approved by the Board of County Commissioners. A Project Manager is identified for managing each capital project.

2) **A Major Repair, Renovation or Replacement Capital Project** is a project which is primarily intended to preserve or enhance the operational condition of the existing facility and may increase the capacity of the facility. Facilities undergoing major repair and replacement may include existing buildings, roads for resurfacing purposes, wastewater treatment facilities, etc. A project will be considered for the Major Repair, Renovation or Replacement Capital Project category if it has an estimated cost of \$100,000 or greater, or extends its useful life by at least five years, or adds capacity or square footage to an existing facility, or will require more than a twelve-month period to deliver. A project which does not extend the useful life of the asset by at least five years, or does not add capacity or square footage to an existing facility and will be delivered within a twelve-month period will be included in the County's routine repair and replacement program.

3) **The Capital Improvement Program** is the Board's approved financial plan of Capital Projects. The Capital Improvement Program will include "new" Capital Projects and Major Repair, Renovation or Replacement Capital Projects. "New" Capital Projects include the acquisition of new capital facilities through either purchase or construction, or assets acquired through public/private partnerships. The Capital Improvement Program should include any new facility or any existing facility which is being changed to either extend the useful life by at least five years, increase capacity, increase square footage, increase the level of service to the community, or change the function of the facility.

4) **Project Costs** represent the purchase price or construction costs of a project, including other capitalizable costs incurred such as feasibility studies, cost-benefit analysis, site acquisition, legal and title costs, appraisal and surveying fees, architect and accounting fees, design and engineering services, initial fixtures and equipment, and transportation charges necessary to place the completed asset in its intended location and condition for use.

BOARD OF COUNTY COMMISSIONERS PRIORITY CATEGORIES FOR THE CAPITAL IMPROVEMENT PROGRAM -

The following criteria, which is not presented in any sequence, will be used to establish priority for making decisions related to capital projects to be funded in the Capital Improvement Program:

- Projects which are necessary to conform to state or federal laws or court rulings.
- Projects eligible for restricted revenues such as state and federal grants.
- Projects necessary in carrying out Hillsborough County's Comprehensive Plan for unincorporated Hillsborough County.
- Major repair and replacement capital projects.
- Projects which reduce future operating costs or improve effectiveness of operation of county services.
- Projects which are essential to the health, safety and welfare of the community.
- Projects which stimulate private investment or otherwise affect measurable neighborhood and economic improvement.
- Projects which involve inter-agency cooperation.
- Projects which will improve the cultural and recreational activities of the community.
- Projects which provide measurable environmental benefit.
- Projects which improve accessibility to County facilities to all citizens.

Purpose: The purpose of this policy is to establish Board of County Commissioners guidelines and requirements for the submission of an annual Capital Budget and the biennial development of a Six-Year Capital Improvement Program (CIP) that will be county-wide in scope and administer the implementation framework for an adequate capital projects foundation to serve the needs of the residents of Hillsborough County. The CIP is designed to balance the need for public facilities and infrastructure as expressed by the County's Comprehensive Plan with the fiscal capability of the County to meet those needs. The CIP serves as a general planning guide for the construction of general purpose and utility facilities in the County. The CIP process provides a framework for careful development of reliable capital expenditure and revenue estimates and the timely scheduling of short- and long-term debt issues.

Responsibility: It is the responsibility of the Management and Budget Department under the direction of the County Administrator to prepare and submit to the Board of County Commissioners for its approval and adoption:

The Management and Budget Department is also responsible for preparing and submitting the annual update for the unincorporated area.

- a. a Capital Improvement Budget; and
- b. a Capital Improvement Program for Hillsborough County.

14. **Budget Submissions - BOCC Policy 03.02.02.01:** It is the policy of the Board of County Commissioners (BOCC) to submit budget request for the upcoming year (or in the case of a two year budget process, for two years) in accordance with the budget instructions distributed annually by the County Administrator, as designated Budget Officer.

FINANCIAL POLICIES AND PROCEDURES

(Exception: This policy does not apply to organizations receiving funds through a contract or interlocal agreement.)

Purpose: The purpose of this policy is to provide consistent disclosure of the budgets requested by organizations funded by the Board of County Commissioners (BOCC).

Responsibility: It is the responsibility of each organization requesting funds to comply with this policy. The County Administrator, as designated Budget Officer, will advise the BOCC if any organization fails to provide the necessary detail.

15. **Use of Excess Fund Balance- BOCC Policy 03.02.02.02:** It is the policy of the BOCC that upon completion of the annual financial audit, any excess fund balance in the General Fund and General Purpose MSTU Fund will be appropriated by budget amendment pursuant to Section 129.06, Florida Statutes, as follows:

- 25 percent will be transferred to a fleet replacement account in the Fleet Services Fund for the replacement of vehicles including annual rental costs until the County's fleet replacement account for each fund has attained industry replacement standards, as identified by the Fleet Maintenance Department; and
- 25 percent will be transferred to a designated reserve in the Self Insurance Fund for unbudgeted litigation or judgment expenses until the reserve in that account equals one percent of the combined General Fund and General Purpose MSTU Fund; and
- 50 percent will be appropriated to the catastrophic emergency reserve in the Self Insurance Fund until reserves in that account match eight percent of expenditures in the General Fund and General Purpose MSTU Fund; and
- any additional funds remaining as a result of meeting the required thresholds identified in (1), (2) or (3) will be split in the same ratio to meet the remaining threshold(s).

Once the standards are met for fleet replacement, unbudgeted litigation and judgments, and catastrophic reserves, excess fund balance in either fund may be appropriated in the next adopted budget for any legal purpose.

Excess fund balance is defined as both, (1) underexpenditures which may be realigned in the budget in which it was appropriated pursuant to Section 129.06(2)(a), Florida Statutes and, (2) unanticipated revenue which may be appropriated pursuant to Section 129.06(2)(f), Florida Statutes, that combined exceed the budgeted beginning fund balance for the next fiscal year.

Purpose: The purpose of this policy is to provide for prudent use of any excess fund balance to improve the County's financial security.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator as Budget Officer, to implement this policy.

16. **Earmarking of Funds - BOCC Policy 03.02.02.03:** It is the policy of the BOCC that the budget avoid "earmarking" of available revenues that would unnecessarily restrict the full range of potential uses of such revenues. The use of various funds, however, will be consistent with generally accepted accounting principles and Florida Statutes, Section 129.02.

Purpose: The purpose of this policy is to provide the BOCC maximum discretion in the use of its funds.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

17. **Self Insurance Fund - BOCC Policy 03.02.02.04:** It is the policy of the BOCC that the County's self-insured programs are fully funded, including reserves for incurred-but-not-reported (IBNR) claims, through annual assessments to covered departments and agencies. Unrecovered costs in one year may be recovered in a subsequent year through adjustments to charges.

Purpose: The purpose of this policy is to ensure that all programs managed through the Self Insurance Fund are fully funded through the fees recovered through covered departments and agencies, including administrative costs and reserves. Covered programs include: health insurance, worker's compensation, auto liability, and general liability.

Responsibility: It is the responsibility of the Management and Budget Department, the Procurement Services Department, and the Human Resources Department, under the direction of the County Administrator, to implement this policy.

18. **Pay-As-You-Go Funding of Capital Improvement Projects - BOCC Policy 03.02.02.05:** It is the long-term policy of the BOCC to use at least one percent of the County's unrestricted General Fund revenues and one percent of the County's unrestricted General Purpose MSTU Fund revenues to provide pay-as-you-go funding for the general government capital improvement program (CIP) for renewal, replacement and/or improvement of County facilities. For the purpose of this calculation, fund balance, transfers and other non-revenue sources will not be considered.

Purpose: The purpose of this policy is to establish a long-term target for financing a portion of the County's general government capital improvement program through pay-as-you-go

FINANCIAL POLICIES AND PROCEDURES

funding, in order to provide adequate funding for minor projects, rehabilitation and renovation of existing assets, and front-end funding of other projects for which total project cost has not been calculated.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

19. Prioritization of Capital Projects - BOCC Policy

03.02.02.06: It is the policy of the BOCC that capital projects be prioritized based on standards established for each program. Within the prioritization process, capital maintenance of existing infrastructure will be given a higher priority than new construction. New construction projects will be prioritized based on standards established for each program, including comprehensive plan standards and impact fee standards.

Purpose: The purpose of this policy is to ensure that prioritization of capital projects reflect established community standards, and that the County maintains its existing infrastructure investments.

Responsibility: It is the responsibility of the Management and Budget Department, using input from the Planning and Growth Management Department, under the direction of the County Administrator, to implement this policy.

20. Minimizing the Expense of Financing Capital Projects -

BOCC Policy 03.02.02.07: It is the policy of the BOCC that short-term or long-term financing for capital projects be based on anticipated cash requirement so as to borrow only when funds are needed, and to fully comply with federal tax code in regard to arbitrage rebates. That is, funds shall not be borrowed for future phases of a project, if those funds will not be needed within the next twelve months and the County will incur additional interest expense or operating impacts as a result of such action.

As necessary, the County will employ the use of bond anticipation notes (BAN's), pay-as-you-go financing until an accurate project cost can be determined, and/or breaking a bond issue into phases.

Purpose: The purpose of this policy is to minimize the financing (interest) expense and operational impacts that may result from borrowing funds for future capital project requirements.

Responsibility: It is the responsibility of the Management and Budget Department, and the Debt Management Department, under the direction of the County Administrator, to implement this policy.

21. Operating Impact of Capital Projects - BOCC Policy

03.02.02.08: It is the policy of the BOCC that all capital projects considered for funding by the County include information on the potential impacts on maintenance, as well as any cost of operating the project. Such information will include any savings resulting from the project, as well as any new costs. The operating impact information shall be provided for the period covered in the County's current six year Capital Improvement Program. No capital project shall be funded unless operating impacts have been assessed and the necessary funds can be reasonably assumed to be available, when needed.

Purpose: The purpose of this policy is to assess the impact of capital projects on the need for operational funding. Such assessment should prevent the County from building or acquiring a project that the County cannot afford to operate and/or maintain.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

22. User Fees and Cost Recovery - BOCC Policy 03.02.02.09:

It is the policy of the BOCC that the County may from time to time establish or update fees for services provided by the County (user fees). The County will identify the full cost of providing a service for which fees are charged. Wherever practical, the County shall identify cost recovery goals for each fee and authorize automatic adjustment so that the fee can be updated to recover the same portion of the County's cost over time. The calculation of cost will include all reasonable and justifiable direct and indirect cost components.

Purpose: The purpose of this policy is to identify the full cost of services for which user fees are charged and to establish, over time, specific cost recovery goals for these services that can be maintained as costs change.

The calculation of the full cost of providing a service does not suggest that user fees should fully recover the cost, only that the public should know what portion of the cost is being recovered through user fees, and such recovery rate should be maintained unless the Board acts to increase or reduce a cost recovery goal.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

FINANCIAL POLICIES AND PROCEDURES

23. Recovery of Indirect Costs - BOCC Policy 03.02.02.10: It is the policy of the BOCC that for the calculation of the value of indirect services provided to a department (exclusive of any grant-funded programs), the County use the most current, "full-cost" cost allocation plan.

- Enterprise operations - Each County enterprise operating shall reimburse the General Fund for the Calculated Value of indirect services provided to the enterprise. These costs should be incorporated into service charges levied by the enterprise. The amount actually charged should be based on the amount derived during the budget process.
- Internal service operations - Each County internal service operation shall reimburse the General Fund for the calculated value of indirect services provided to the internal service department. These costs should be incorporated into service charges levied by the internal service fund.
- Building Division - The Building Division of the Planning and Growth Management Department shall reimburse the General Fund for the calculated value of indirect services provided to the Building Division. These costs should be incorporated into permit and licensing fees levied by the Division.
- Special Library District - The Library Services Department, which is funded through the Special Library District, shall reimburse the General Fund for the calculated value of indirect services provided to the Library Services Department. These costs should be incorporated into the annual budget, and should be covered by the millage levied for the Special Library District Fund.
- Other Funds - As appropriate, other operating funds such as the General Purpose MSTU Fund and the Transportation Trust Fund will reimburse the General Fund for the calculated value of indirect services provided to departments funded from those funds. The Management and Budget Department should determine where such charges are appropriate. These costs should be incorporated into the annual budget, and should be covered by the revenues available to those funds.

Purpose: The purpose of this policy is to establish how indirect cost charges are assessed to recover a portion of the General Fund costs for central service departments from other funding sources.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

24. Anticipated Revenue Shortfalls - BOCC Policy 03.02.02.11: It is the policy of the BOCC that in the event a significant revenue shortfall is within an operating fund, the County will develop a plan to reduce expenditures, use reserves, or take other appropriate actions to maintain the financial integrity of the County.

Purpose: The purpose of this policy is to ensure that a measurable reduction in revenues results in actions to reduce expenditures. Budget control is based on budgeted revenues. In the event actual revenues are anticipated to fall short of budget, expenditures should be reduced to ensure that a shortage of funds or a drawdown of fund balance does not occur.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

25. Fleet Maintenance -BOCC Policy 03.02.02.12: It is the policy of the BOCC that the Fleet Maintenance Department operate within an internal service fund. The internal service fund shall recover, over time, the full cost of providing fleet maintenance services to customers, as well as the projected replacement cost (net of salvage value) for vehicles owned by Fleet Maintenance and rented to departments and agencies. The Department will develop a fleet replacement schedule and update that schedule annually.

Within this internal service fund, there will be maintained a fleet replacement reserve, the purpose of which is to accumulate the funds necessary to replace County vehicles when they meet County standards for replacement. Fleet replacement standards shall be reviewed annually to ensure rental rates are set to recover sufficient funds to replace vehicles.

Purpose: The purpose of this policy is to operate the Fleet Maintenance Department in a self-sufficient manner, reflecting both maintenance of County vehicles and replacement of vehicles.

Responsibility: It is the responsibility of the Fleet Maintenance Department, under the direction of the County Administrator and with the assistance of the Management and Budget Department and the Debt Management Department, to implement this policy.

26. Pay Comparability with Public And Private Employers-BOCC Policy 03.02.02.13: It is the policy of the BOCC that pay ranges for all employees be targeted to the 50th percentile in a comparison of pay with public and private employers. As a targeted goal for comparison purposes, the midpoint of each County pay range should represent the imputed market value of a job and should be set so that one-half of comparable employers pay lower (the basis for a 50th percentile) and the other one-half pay higher. However, as the BOCC considers the targeted percentile along with the total employee compensation package, it will be the BOCC discretion in determining where the actual pay ranges shall be established.

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Purpose: The purpose of this policy is for the County to be a competitive employer.

Responsibility: It is the responsibility of the Management and Budget Department and the Human Resources Department, under the direction of the County Administrator, to implement this policy.

27. **Performance Pay - BOCC Policy 03.02.02.14:** It is the policy of the BOCC that the budget include an annual pay adjustment for employees, with each employee's actual pay adjustment based on an assessment of job performance.

Purpose: The purpose of this policy is for the County to maintain a pay system for employees under the County Administrator that ties pay increases to performance as an incentive for employee performance.

Responsibility: It is the responsibility of the Management and Budget Department and the Human Resources Department, under the direction of the County Administrator, to implement this policy.

28. **Performance Measurement - BOCC Policy 03.02.02.15:** It is the policy of the BOCC that performance measures be developed for all organizations to provide information on workload, efficiency and effectiveness. Comparative information should be provided in budget documents for a minimum of three or four years--the previous year, the current year, and the upcoming budget year or years. Selection of measures shall reflect quantifiable key objectives for each organization, industry standards, and the availability of data.

Purpose: The purpose of this policy is to provide the public with quantifiable objectives for each organization and statistics on performance that can be compared over time, and against similar organizations in other jurisdictions. Objectives and measures provide the public with information on outcomes resulting from the investment of public funds in an organization's operations.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

29. **Multi-Year Projection of Operating Funds - BOCC Policy 03.02.02.16:** It is the policy of the BOCC that the County annually prepare a Pro Forma projection of revenues and expenditures for the General Fund and Unincorporated General Fund that builds on the adopted current year budget and extends that budget five years - consistent with the period covered by the County's capital improvement program. The projections should include the anticipated operating impacts of the

adopted capital improvement program. Major assumptions should be outlined and sensitivity analysis should be provided for alternate assumptions. In addition to the financial projections, the County will prepare a financial plan outlining how the County can address any shortfalls identified in the projections.

Purpose: The purpose of this policy is to establish multi-year financial planning as a strategic planning tool for major operating funds that receive ad valorem tax revenue. A model can be used with trend analysis to project future revenues and expenditures using alternative economic, planning and policy assumptions. The model can be used, in turn, to develop a financial plan of action to address any identified needs.

The financial planning process helps shape decisions and permits necessary and corrective action to be taken before problems become more severe. A financial forecast and the associated financial plan is not a forecast of what is certain to happen, but rather a device to highlight significant issues or problems that must be addressed if goals are to be achieved, and a plan to address those issues or problems.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy by preparing an annual report by February 1.

30. **Budgetary Position Control- BOCC Policy 03.02.02.17:** It is the policy of the BOCC that the total number of permanent full-time, and part-time positions approved in the adopted budget for each department, agency or office funded by the BOCC may not be exceeded without prior approval of a change in the authorized staffing level. The County Administrator as designated Budget Officer, may authorize position realignments between departments, agencies and offices with the consent of any affected appointing authorities, so long as the realignment is not inconsistent with the work program in the approved budget. For departments and agencies that report to the BOCC, this also applies to temporary positions.

Additions to the approved number of total positions (i.e., permanent full-time, part-time, and temporary) in all organizations funded by the BOCC will require BOCC approval.

The following applies to departments and agencies that report to the BOCC:

Approved positions that have remained vacant for greater than one year will be eliminated along with related budget appropriation unless continuation of the position(s) is approved by the BOCC. For purposes of this policy, a position is not considered to be vacant if it is associated with an employee that is on an approved leave of absence. A position becomes vacant on the date that staff in the position termi-

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nated employment based on the effective date in an approved personnel action. Newly established positions are considered to become vacant from the effective date of the position as determined through Civil Service Board approval up until such time as the position becomes filled with a new employee.

Positions that are not established through either the Human Resources Department (unclassified positions) or the Civil Service Office (classified positions) within six months after BOCC approval will be eliminated along with related budget appropriation and reported to the BOCC through an agenda item.

Costs associated with the use of temporary employees will be controlled through standards documented by the Human Resources Department. At a minimum, these standards will address the use of temporary agencies, compensation, promotional opportunities, and recruitment. The term of employment for temporary staff shall not exceed 180 days.

Purpose: The purpose of this policy is to control expenditures on personnel through control of the number of positions each organization is authorized to fill.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

31. **Budget Override Authority - BOCC Policy 03.02.02.18:** It is the policy of the BOCC that a procedure exist to permit the County Administrator, as designated Budget Officer, to provide authorization to the Clerk of Circuit Court, as Chief Financial Officer, to bypass or override established budgetary controls when there are no appropriations or insufficient appropriations with a designated department or agency funding source. To address the immediate operational requirement, such override will be requested only in situations when it is absolutely necessary and when a budget amendment has been prepared for approval by the BOCC at any of their next scheduled meetings, and when the County Administrator is not aware of any reason why the BOCC would reject approval of the budget amendment. At no time shall the fund be overexpended. The authority to prepare the budget amendment and coordinate the override with the Clerk of the Circuit Court may be delegated to the Budget Director.

In addition, this policy also authorizes the Clerk of Circuit Court to automatically process overrides on statutory payments (i.e., payroll, payroll benefits, and workers compensation payments), accounting system interfaces, and accounting corrective action when such processing is in the best interest of the County.

Budget amendments to correct such overrides become the responsibility of the department or agency through their routine budget monitoring process.

Purpose: The purpose of this policy is to provide for temporary bypass of normal budgetary controls when, in the conduct of normal business, a department or agency has expended its approved budget or has incurred unanticipated expenditures and it becomes necessary to issue warrants or process purchase orders or requisitions prior to having the Board of County Commissioners (BOCC) approve additional appropriations through a budget amendment.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

32. **Balanced Budget - BOCC Policy 03.02.02.19:** It is the policy of the BOCC that the County adopt a balanced budget for all funds and any component subfunds of those funds. The County will avoid budget and accounting practices that balance the budget at the expense of future budgets. The budget will not use one-time (non-recurring) sources to fund continuing (recurring) uses, postpone expenditures, intentionally underestimate expenditures or overstate revenues, or use external borrowing for operational requirements.

Purpose: The purpose of this policy is to establish professional standards for the balancing of the annual budget that are consistent with a goal of long term financial health for the County.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

33. **Budgetary Control - BOCC Policy 03.02.02.20:** It is the policy of the BOCC that the budget be controlled at the level of character of expense within a subfund, by department or agency.

Purpose: The purpose of this policy is to formalize the County's level of budgetary control.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

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34. Fiscal Year - BOCC Policy 03.02.02.21: It is the policy of the BOCC that County programs be operated on a fiscal year period beginning each October 1, and ending the following September 30, except where such timing is inconsistent with federal or state programs. Operating contracts will include language that funding in future fiscal years will be subject to the availability of funds.

Purpose: The purpose of this policy is to conform the timing and reporting of County-operated programs to the fiscal year established for counties under Florida Statutes, Section 129.04, except where such timing would be inconsistent with federal or state programs. Consistent timing of program years with the fiscal year will allow reconciliation between program reporting and existing requirements for financial reporting. In general, this impacts non-grant programs where program reporting will be inconsistent with financial reporting unless both follow the same reporting period.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

35. Reserve for Cash Balance (Stabilization Funds) - BOCC Policy 03.02.02.22: It is the policy of the BOCC that the County budget an ending fund balance for an upcoming fiscal year equal to a minimum of 5 percent of expenditures. The calculation will be based on expenditures in the most recent year for which audited actuals are available. For example, in preparing the budget for FY 08, an ending fund balance will be budgeted equal to 5 percent of FY 06 audited expenditures, since the budget for FY 08 will be prepared during FY 07. If a budget for FY 09 is also budgeted as a part of a biennial budget process, it will also be based on FY 06 expenditures, since that will still be the most recent year for which audited expenditures are available.

For the purpose of this calculation, expenditures will include transfers to Constitutional Officers but exclude interfund transfers.

This policy applies to the following operating funds: General Fund, Unincorporated General Fund (MSTU Fund), and Special Library District Fund.

Recognizing that the minimum 5 percent target may not be accomplished immediately, the County will move toward that level through the following interim objectives:

- FY 00 a minimum of 0.625 percent
- FY 01 a minimum of 1.250 percent
- FY 02 a minimum of 1.875 percent
- FY 03 a minimum of 2.500 percent

- FY 04 a minimum of 3.125 percent
- FY 05 a minimum of 3.750 percent
- FY 06 a minimum of 4.375 percent
- FY 07 a minimum of 5.000 percent

Purpose: In order to be fiscally prudent, current revenues should pay for current expenditures. One-time sources such as beginning fund balance should be allocated only to one-time uses or carried forward. A reserve for cash balance to be carried forward as authorized by Section 129.01(2)(C)2. Florida Statutes should be budgeted each year at an adequate level to insulate the County against unanticipated revenue shortfalls and/or unanticipated expenses in the upcoming year and to ensure that sufficient cash is available in the following year to meet the County's obligations until revenues are anticipated to be available.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

36. Fact Based Decision Making - BOCC Policy 03.02.02.23: It is the policy of the Board of County Commissioners that departments and organizations engage in the collection and use of data in making decisions. Such a process will ensure the financial stability of the County is maintained, and county residents and businesses are well-served through effective decision-making.

Purpose: The purpose of this policy is to establish that Hillsborough County government should incorporate the review of facts underlying an issue prior to making decisions. This pertains to decisions made both by staff and by the Board of County Commissioners. The facts used may include financial data, legal precedents, engineering statistics and other forms of data.

Responsibility: It is the responsibility of each department and organization to comply with this policy.

37. Service and Program Delivery - BOCC Policy 03.02.02.24: It is the policy of the Board of County Commissioners (BOCC) that each department and organization funded by the BOCC continually measure the efficiency and effectiveness of services and programs and benchmarks.

Purpose: The purpose of this policy is to establish that services and programs provided by the County are evaluated to ensure that the best approach for delivery is selected which is both efficient and effective. Programs and services are the methods by which a government addresses priorities created through its policies and plans.

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Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

38. Budget Adjustment For Turnover Savings - BOCC Policy

03.02.02.25: It is the policy of the Board of County Commissioners that in preparing the budget, the County Budget Officer may budget less than the calculated annual cost of personnel based on an analysis of historical expenditure trends which reflect the savings that result from turnover resulting from resignations, terminations, retirements, promotions, and transfers. In the event this policy is utilized, a minimum of 25% of the amount that is subtracted from the budget to reflect such turnover savings will be placed in a reserve within the respective fund and be available only for appropriation to meet personnel costs for budgeted positions. This reserve shall not be used to hire new employees or to meet other operational requirements. The funds placed in reserve may be used to meet unanticipated personnel requirements of any organization in which a reduced level of personnel funding was budgeted as a result of the application of this policy. Any reserve balance remaining at year-end will be available for appropriation in the subsequent year.

Amounts subtracted from the personnel budget and not reserved will be available for appropriation in the current fiscal year.

In implementing this policy, provisions should be made to exempt organizations with less than 25 positions, and this policy does not apply to the budgets of Constitutional Officers.

Purpose: The purpose of this policy is to allow the budget to reflect anticipated year-end personnel expenditures while ensuring that adequate funds are available to fund all positions throughout a fiscal year. Budgeting the cost of positions based on historic knowledge of savings that result from turnover resulting from resignations, terminations, retirements, promotions, and transfers (also known as budgeting for attrition) better reflects what will actually be spent on personnel costs. At the same time, provision must be made if turnover savings is less than anticipated, and to recognize the potential problems for organizations with few employees.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator as County Budget Officer, to implement this policy.

39. Use of Capital Project Appropriations - BOCC Policy

03.02.02.26: Appropriations for a capital project deemed not needed to complete that project should be appropriated in the following order.

1) In accordance with bond covenants, grant contracts, statutory provisions, or other legal requirements, maintain a contingency balance within each subfund sufficient to allow completion of currently approved capital projects. This contingency balance (the sum of Allocated Funds for Future Capital Projects, Allocated Funds for Future Land Acquisition and Reserve for Future Capital outlay) shall be computed as follows:

On an all years basis, the contingency balance for capital projects within any subfund shall equal at least 10% of the subfund's total all years appropriation less the sum of actual all years expenditures, all reserves, and all years appropriations for allocated funds for future land acquisition and future capital projects.

2) Once contingency balance requirements have been met, remaining capital project appropriations may be used to reduce outstanding debt within the applicable program if permitted by bond covenants and if doing so does not create an economic or financial loss.

3) If the requirements in 1) and 2) above have been met, remaining funds may be used to initiate new projects.

4) Depending on the original funding source, if no unfunded needs currently exist, if no other requirements are specified under bond covenants, grant contracts, statutory provisions or other legal requirements, excess funds shall be added to Reserve for Future Capital Outlay. If the funds were originally transferred from a tax fund then remaining appropriations may be returned to that tax fund.

Note that any time a budget amendment (either administrative or Board agenda item) is submitted to reduce the total funding for a given project, the amount of the proposed reduction will be deemed to be "remaining" appropriations subject to this policy.

Appropriations associated with projects from general allocations for a type of project (i.e., the annual appropriation for road resurfacing, sidewalks, intersection improvements, median barriers, school flashers, etc.) will be returned to the allocated funds account established for that purpose and will not be subject to these requirements.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator as County Budget Officer, to implement this policy.

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40. **Budgetary Reappropriations – BOCC Policy 03.02.02.27:** It is the policy of the BOCC that the portion of any year's budget that is attributed to the carryover or reappropriation of a prior year's financial commitments be limited to items meeting at least one or more of the following criteria:

1) Operating expenses within **restricted subfunds** may be adjusted (added to or subtracted from) for any actual fund balance in excess of or below that budgeted. Use of excess balances will be determined during the review of reappropriation requests.

2) Operating expenses relating to an encumbrance that is limited to one-time costs budgeted in a prior fiscal year with an obligation to pay carried into the subsequent year. The expenses must be necessary and material in amount in relation to the department's budget (e.g., the balance of a professional services contract that cannot be absorbed within the current fiscal year budget). Eligible items should come primarily from encumbrances within objects 031 Professional Services and 034 Other Contractual Services. Encumbrances for "supplies" typically do not meet the eligibility criteria for reappropriation. All reappropriation requests must be specifically documented and supported by a valid purchase order or encumbered contract.

3) Grants and aids and capital items where a purchase order was issued and funds encumbered in a prior fiscal year, but payment was not made prior to the close of that fiscal year.

4) Grants and aids and capital items for which the Procurement Services Department received a valid purchase requisition and a pre-encumbrance was posted in FAMIS but the actual purchase order was not issued prior to the end of a prior fiscal year. This eligibility criterion, as it relates to capital items, is intended to accommodate the purchase of capital equipment that has a long purchasing cycle, including the development of specifications and bidding. Individual pre-encumbrances will be reviewed for eligibility based upon the date the requisition was initiated, type of equipment, and whether the specific capital outlay was part of an approved BF-105 in the department's prior year budget submittal or a mid-year budget amendment.

The County Administrator may add additional eligibility criteria to further restrict items eligible for reappropriation based on an assessed need for tighter budgetary control or funding limitations.

The County Administrator's recommendations for reappropriation must be approved by the BOCC through the budget amendment process.

Purpose: The purpose of this policy is to control which financial commitments (from a prior fiscal year) are eligible to be rebudgeted and reappropriated in a new fiscal year.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

41. **Method of Funding Citizen Initiated Localized Capital Projects or Services – Board Policy 03.02.02.28:** It is the policy of the Board of County Commissioners that it will use non-ad valorem assessments to fund the full cost of citizen initiated capital projects or services that will benefit limited areas within the unincorporated area, that exceed the current general levels of services provided to residents of unincorporated area by Hillsborough County and have not been previously provided by the County. These non ad valorem assessments will be imposed through Municipal Service Benefit Units (MSBU) the BOCC may establish under Chapter 125.01(1)(q) of the Florida Statutes.

1) The area to be included in an MSBU is compact and amenable to the efficient and effective delivery of service.

2.) A fair and reasonable methodology can be developed to apportion the full cost of the capital project or service to those properties benefiting.

3) The citizen initiated project or service is not the remediation of a tangible action of the Hillsborough County Charter Government.

This policy does not apply to the County's existing MSBU programs such as residential streetlighting, reclaimed water, transportation impact fee assessment units, water and sewer capacity fee assessment units, or infrastructure assessment units, etc. It also does not apply to existing localized programs that are available through established processes to all unincorporated area communities such as residential and neighborhood traffic control or the neighborhood minigrant program.

Additionally, if the BOCC uses grants or other funds from intergovernmental and/or private agreements to pay all or part of a localized capital project or service that conforms to #1 above, this action does not obligate the BOCC to fund all or part of the future costs of projects or services of this type or service level with ad valorem taxes or other local non-grant resources.

Purpose: The purpose of this policy is to establish guidelines regarding the method of funding citizen initiated projects or services that benefit limited geographic areas within the unincorporated area, that exceed the current general level of service provided to residents of unincorporated area by Hillsborough County and have not been previously provided by the County.

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Responsibility: It shall be the responsibility of the County Administrator to manage compliance with this policy

42. **Environmental Land Acquisition Program (ELAP) Fund - BOCC Policy 03.02.03.00:** It is the policy of the Board of County Commissioners that general obligation bonds for ELAP not be issued this fiscal year in order to save issuance and interest costs. Further, it is the policy of the Board that .25 mills be levied in September 1991 to continue the ELAP program and to further adopt an ordinance or to amend the existing ordinance to declare the levy in September 1991, the first year of the 20-year period.

Purpose: The purpose of this policy is to clarify the financing of the Environmental Land Acquisition Program (ELAP) for 1991-1992 as it pertains to a referendum approved by voters on March 3, 1987, and a referendum approved by voters on October 2, 1990. The 1987 referendum authorized a tax levy of up to .25 mills for a period not to exceed four years. The 1990 referendum authorized general obligation bonds payable from ad valorem taxes at a rate not exceeding .25 mills in any one year for a period not to exceed 20 years from the first levy.

Responsibility: It is the responsibility of the Municipal Services Team under the County Administrator to be the coordinating agency for this policy.

43. **Reserve for Catastrophic Emergencies - BOCC Policy 03.02.04.00:** It is the policy of the (BOCC) to maintain a Catastrophic Emergency ("Rainy Day") reserve within the County's Self Insurance Fund for events of such magnitude that they could not otherwise be covered by available, budgeted funds. This reserve shall be used only for one or more of the following events:

- Local disaster recovery requiring County expenditures;
- Unanticipated County liability;
- Major County revenue shortfall.

Expenditures or revenue of the County's enterprise operations are excluded. Use of this reserve requires approval by a super majority vote of the BOCC, and the prior drawdown of all available, and appropriate, contingency reserves.

Purpose: The purpose of this policy is to maintain emergency reserves that will provide for unanticipated financial impacts on the Board of County Commissioners.

Responsibility: It is the responsibility of the County Administrator and the Budget Department to advise the BOCC when it may be necessary to draw down this reserve, identifying the criterion which has been met. A final determination that use of the reserve is appropriate shall be made by the BOCC.

44. **Reserve for Contingency - BOCC Policy 03.02.05.00:** It is the policy of the Board of County Commissioners (BOCC) to reduce the draw downs on the Reserve for Contingencies to only those requests that meet one or more of the following criteria:

- 1) could not be reasonably anticipated during the budget process for the current year and without funding would result in material financial penalty or detriment to the County;
- 2) are the result of new unfunded/federal mandates that require immediate funding;
- 3) would not be part of any County competitive funding program in the following year, and/or;
- 4) are offset by unbudgeted revenues that cannot be appropriated in the current year.

All requests will require detailed justification including a statement as to why these requests could not wait until the next budget cycle, and will require a supermajority vote of the BOCC for passage.

Purpose: The purpose of this policy is to provide a clear guideline restricting the use of the Reserve for Contingency within the unrestricted General Fund and within the unrestricted General Purpose MSTU Fund.

Responsibility: It is the responsibility of the County Administrator and the Budget Department to advise the BOCC when it may be appropriate to draw down this reserve, identifying the criterion which has been met. Proposed budget amendments that appropriate contingency reserves in the General Fund or General Purpose MSTU Fund will be placed on the regular section of the BOCC agenda of a regularly scheduled meeting for BOCC discussion.

Any deviation to this policy shall require a super-majority vote of the BOCC prior to consideration of the budget amendment.

45. **Debt Management - BOCC Policy 03.02.06.00:** It is the policy of the Board of County Commissioners: (a) to periodically approve the issuance of Debt Obligations on behalf of the County to finance the construction, acquisition and/or equipping infrastructure and other capital assets to meet its governmental obligations to its residents; (b) to approve the issuance of Debt Obligations to refund outstanding debt when indicated by market conditions or management considerations; (c) that such Debt Obligations are issued and administered in such a manner as to ensure and sustain the long-term financial integrity of the County, to achieve the highest possible credit ratings and to preserve and enhance the quality of life, safety and welfare of its residents; (d) that such Debt Obligations shall not be issued or debt proceeds used to finance current operating expenditures of County government except as

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provided for herein; and, (e) to issue or guarantee, if necessary, Debt Obligations on behalf of independent authorities and agencies of the County to finance the construction, acquisition and/or equipping of infrastructure and capital assets which serve a public purpose and further the goals of County government.

[The term "Debt Obligations" shall mean bonds, notes, letters and lines of credit, or other securities issued by the County to fund a capital project providing a public benefit and secured by a pledge on a specific revenue source or a covenant to budget and appropriate specific revenues.]

Purpose: To establish parameters and guidance for the issuance, management, monitoring, assessment and evaluation of all Debt Obligations (defined below) issued by Hillsborough County.

Responsibility: It is the responsibility of the Debt Management Department, under the direction of the County Administrator and with the advice of the Finance Committee, to implement this policy.

46. **Policy Concerning Conduit Private Activity Bond Issuance – Board Policy 03.02.06.01:** - All requests for County approval of PAB's proposed to be issued by a Conduit Issuer or issued directly by the County on behalf of a Borrower must comply with the policies, guidelines and procedures described in the attached Borrower Application Forms. Furthermore, Conduit Issuers and Borrowers shall use the County's bond counsel, and the County Attorney's Office shall serve as General Counsel to all Conduit Issuers whose members are appointed by the County Commission. Finally, fees payable to the Hillsborough County Board of County Commissioners by the Borrower are established as follows: (1) a non-refundable \$2,000 application fee, (2) a fee in the amount of ½ of 1% of the total par amount of bonds issued, payable from bond proceeds (minimum fee of \$25,000), and (3) a surcharge of \$2,500 for expedited review of completed applications received less than 31 days prior to the desired date of presentation to the Board.

Purpose: The purpose of this policy is to ensure that the County's review of applications for Board approval of Conduit Private Activity Bond issuance is conducted efficiently and effectively while accomplishing the following objectives: (1) ensuring that the County's interests are protected, (2) ensuring compliance with the County Commission's policies and goals, (3) instituting standardized procedures and guidelines for the evaluation and issuance of Conduit Private Activity Bonds, and (4) imposing application and review fees to be paid by the Borrower.

For the purpose of this policy, the following terms have the indicated meanings:

1. Conduit Issuer means any city, county, or independent governmental authority established by statute excluding, however, the Hillsborough County Housing Finance Authority and the Hillsborough County Industrial Development Authority.
2. Conduit Private Activity Bonds (PAB's) mean a type of revenue bond, issued by a Conduit Issuer on behalf of a Borrower, specifically authorized by statute and by the U.S. Tax Code of 1986, as amended, and the proceeds of which are used to fund eligible capital projects. PAB's are payable solely from revenues derived from loan, lease or installment sale payments made by the Borrower.
3. Borrower means a not-for-profit entity, or other entity permitted by the U.S. Tax Code of 1986, as amended, to utilize Private Activity Bond financing.

Responsibility: Debt Management Department

47. **Water and Wastewater Financial Policy - BOCC Policy 03.03.01.00:** Hillsborough County intends to operate its water and wastewater system in a businesslike manner using financial procedures which are consistent with those used in standard utilities operations. The Water Department shall be an enterprise fund department existing solely on its own revenues (i.e. monthly service revenues and fees, grants, interest income, bond sale proceeds, etc.) and such revenues are expended only for use of the Water Department. Further, monthly water and wastewater service revenues shall be used, to the greatest extent possible, to provide for the operation and maintenance of the utilities system, renewal and replacement, debt service (except for the portion eligible to be paid by capacity fees), and any capital rehabilitation related to service of existing customers.

In addition, the funds to expand the utilities system to service new customers shall be obtained through capacity fees, past earnings of the system, grants (including Community Investment Tax), proceeds from bonded Capacity Assessments Units (CAU's), and un-bonded CAU's. Provided, however, that any Water Department funds may be used to meet cash flow requirements to expand the utilities system with a return of those funds used in lieu of capacity fees. Capacity fees and CAUs shall be accounted for as set forth in appropriate county ordinances and bond covenants. Also, these fees and all other Water Department fees, rates and charges shall be reviewed on an annual basis to determine their sufficiency for providing service in compliance with the bond resolution.

Purpose: The purpose of this policy is to insure that the Hillsborough County Water Department utilizes a financial program using acceptable and sound procedures consistent with standard criteria for operating utilities and that the Water Depart-

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ment shall be an enterprise fund existing solely on its own revenues and that such funds are utilized only for the use of the Water Department.

Oversight Responsibility: The Water Department under the direction of the County Administrator will establish and execute procedures necessary and comply with existing ordinances and bond covenants to accomplish the appropriate financial planning, accounting and review for the operation, maintenance and expansion of the utilities system.

48. Community Investment Tax Financial Policies - BOCC Policy 03.03.05.00:

The Board of County Commissioners is committed to the efficient delivery of projects to be funded by the Community Investment Tax. The Board recognizes that during the delivery period, the costs of the projects may change and opportunities to expedite projects may arise. The policy is summarized below and is described in more detail in the attachment.

A reserve is established to cover unanticipated costs of projects funded by the Community Investment Tax. The County Administrator may use the reserve to cover contingencies and cost increases which are within 10% or \$100,000 (whichever is less). If cost increases are over 10% or \$100,000, then the County Administrator may recommend a funding alternative which may include the reserve. If a project cost is lower, its scope is reduced, or it is not feasible to implement, then funds originally allocated to the project will be allocated to the reserve. If the reserve is sufficient to cover contingencies in a given year, the County Administrator may recommend expediting a project programmed for funding in future years. In the event a project programmed for future years becomes needed sooner than anticipated, the County Administrator may recommend using the reserve, detaining a current project, or consider financing. Financing may be recommended if the following conditions are met: the reserve is insufficient; there is a cost-savings or other economic reason, and there are sufficient staff resources to implement the project.

Purpose: To establish financial parameters and guidance for the implementation of projects funded by the Community Investment Tax.

Responsibility: It is the responsibility of the Management and Budget Department and the Office of the Capital Program Administrator, under the direction of the County Administrator, to implement this policy.

49. The Writing Off of Uncollectible Accounts Receivables for the Fire Rescue Department - BOCC Policy 03.04.20.01:

- 1) Fire Rescue will make every effort to insure that each account is processed in accordance with its operating procedures before designating the account as uncollectible.
- 2) Accounts that are outstanding for three years or more from date of service will be deemed uncollectible. Write offs will be done four times a Year (as of Dec. 31, Mar. 31, Jun. 30, and Sept. 30).
- 3) Accounts with a balance of \$5.00 or less, and are outstanding for three months or more will be deemed uncollectible and written off.
- 4) A detailed listing of these uncollectible accounts will be approved by the Director of Fire rescue.
- 5) The listing will be submitted to BOCC Accounting Department after each write off.
- 6) The BOCC Accounting Department will, upon receipt of the listing, reduce accounts receivable in the general ledger and charge the amount to the allowance for Bad Debt Account. Fire Rescue will reduce the balance on the Daily Collection Report with the write off, and account details of the write off will be removed from the subsystem.
- 7) The listing of the write offs will be maintained as a permanent record. Collection against write offs will be recorded as a separate revenue (Revenue on prior years write off).

Purpose: County Fire Rescue shall use all reasonable means to pursue and collect any and all monies due the County for services provided.

Responsibility: It is the responsibility of Fire Rescue, under the direction of the County Administrator, to implement this policy.

50. Guidelines for Use of Phosphate Severance Taxes - BOCC Policy 03.04.24.00:

- It is the intent that phosphate severance tax revenue be separately accounted for in the County's accounting structure so that a clear record of receipts, balances, interest earnings, and uses may be maintained. Under the County's accounting structure, this requires maintaining revenues and recording expenditures within a separate subfund.
- While several uses have previously been identified as eligible uses of this tax, it is the policy of this Board that the funds be used for phosphate-related purposes. Pursuant to this policy, phosphate-related purposes shall consist of or be similar to such uses as restoration of phosphate lands for appropriate and lawful public reuse, mitigation or remediation of environmental damage or harm caused or likely to be caused by phosphate mining or its related and intended activity, or repair or improvement of public infrastructure directly damaged or likely to be damaged from such phosphate activities. Any expenditure of phosphate severance tax revenue not covered by the above definition will require a super-majority vote of the Board of County Commissioners.

FINANCIAL POLICIES AND PROCEDURES

- To prevent any abuse of these funds and interest thereof, any new use of phosphate revenue, will be reviewed by the County Attorney's Office and then presented to the Board of County Commissioners as a County Administrator recommendation in a staff report on the regular agenda for Board concurrence. No new use will be included in any recommended budget or budget amendment presented to the Board without prior approval.

Purpose: Hillsborough County receives from the State of Florida a portion of the taxes paid by phosphate mining companies for mining activities within Hillsborough County. Florida Statutes provide certain constraints on the use of phosphate taxes by Hillsborough County, limiting their use to phosphate-related expenditures. The purpose of this policy is to establish parameters for the use of those taxes.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

51. Budget Preparation and Limitations – BOCC Policy

03.05.07.00: It is the policy of the BOCC that, commencing with the preparation of the proposed annual budget for the 2008 Fiscal Year and each fiscal year thereafter, in preparing the annual budget for submission to the BOCC, the County's Budget Officer shall insure that, except as otherwise directed by this policy, the proposed amounts budgeted for the Countywide General Fund and the Unincorporated Area General Fund do not exceed the amount budgeted for each of the respective funds in the adopted annual budget for the prior fiscal year plus amounts for inflation and population growth based upon price and population indices adopted by the County's Budget Officer. With respect to the preparation of the proposed annual Budget for the 2008 Fiscal Year, the adopted annual budget for the prior fiscal year shall mean the adopted annual Budget for Fiscal Year 2007 as amended as of the approval of this policy by the BOCC.

The limitation provided in this policy, shall not apply to the proposed amounts to be budgeted for each of the respective funds for: mandates imposed by the State of Florida or the Federal Government; funding directly provided to the Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector; or funding necessary to satisfy all contractual obligations and commitments approved by the BOCC prior to the approval of this policy by the BOCC.

Any deviation or amendment to this policy shall require a supermajority vote of the BOCC after a duly noticed public hearing prior to consideration of such deviation or amendment.

Purpose: To establish a fiscal policy of the Board of County Commissioners ("BOCC") that will restrict future growth in the areas of the proposed annual Budget that are primarily funded with ad valorem taxes.

52. Capital Funding for Outside Agencies - BOCC Policy

04.05.00.00: It is the policy of the Board of County Commissioners that any request for capital funding from private, not-for-profit agencies or other outside agencies must be accompanied by the following in order to provide the Board of County Commissioners specific information on the project for which funds are being requested.

1) A Capital Funding Request Information Form will be available for download from the BOCC website. The form requires the following information:

- a. A complete project description.
- b. A discussion of the benefits that the completed project will provide.
- c. An indication of whether this project will help the BOCC meet its Strategic Plan objectives, and if so, which objective.
- d. The proposed project location.
- e. A project cost estimate, with costs allocated by fiscal year in which they will be incurred.
- f. A discussion on how the project cost was determined.
- g. The estimated project start and completion dates.
- h. An estimate of annual operating and/or maintenance costs once the project is completed.
- i. A discussion on the basis on how the annual operating and/or maintenance costs were determined.
- j. The signature of the agency head or chief financial officer attesting to the accuracy of the information.

2) A Business Plan will include a discussion of how the agency proposes to meet annual operating or maintenance cost requirements, and will provide a sensitivity analysis for their anticipated ability to meet ongoing cost commitments at various revenue levels.

3) Identification of other actual and/or proposed funding sources including the estimated amount from each source.

4) A discussion of the intended ownership of the capital asset –whether the agency will retain ownership or will turn it over to the County once completed.

Further, it is the policy of the Board of County Commissioners that any agreement with a private, non-profit agency or other outside agency to fund all or a portion of that agency's capital project also includes the stipulation that the County is to be repaid its funding portion if the property or facility is later sold, unless the sale proceeds are to be used for a specifically approved purpose by the Board of County Commissioners.

FINANCIAL POLICIES AND PROCEDURES

Purpose: The purpose of this policy is to establish consistent guidelines for submission of capital funding requests from either private not-for-profit agencies or other outside agencies.

Responsibility: It is the responsibility of the Department of Management and Budget to monitor funding requests to ensure compliance with this policy. It is the responsibility of the Debt Management Department to develop the business plan format and review submitted business plans.

53. **Funding Reclaimed Water Improvement Unit (RWIU) Projects - BOCC Policy 09.07.07.00:** For Hillsborough County to provide Reclaimed Water Improvement Unit (RWIU) Projects to residential subdivisions, two-fold funding will be required:

a. Reclaimed Water Facilities – Transmission. These will be funded from existing Utility Enterprise Fund Bond proceeds through specific Capital Improvement Program (CIP) projects. If bond proceeds are not sufficient, other Utilities Enterprise funds may be used upon BOCC approval.

b. Reclaimed water Facilities – Distribution. The initial funds to design and construct these may come from either:

- Utility System Rate Stabilization Fund;
- Short-term bond anticipation notes (BAN) and/or,
- Other Utility Enterprise funds approved by the BOCC.

A budget amendment will be presented to the BOCC to appropriate the initial amounts from the above-referenced funds (#2) and thereafter if necessary.

The Utility System funds and BAN may be refinanced with long-term, fixed rate assessment district bonds. Funding, regardless of its source, will be repaid from assessments on property within the RWIU. The choice of financing alternatives will be determined on a case-by-case basis depending upon the economic feasibility to the homeowners and the economic and credit impact on the Utility Enterprise System.

Purpose: The purpose of this policy is to establish guidelines for the funding of the Reclaimed Water Improvement Unit (RWIU) Projects.

Definitions:

a. Reclaimed Water Improvement Unit (RWIU). A legal mechanism for establishing a special assessment district to finance the design and construction of a reclaimed water distribution system within a subdivision.

b. Reclaimed Water Facilities – Transmission. Those pipes, valves, fittings, and appurtenances used to convey reclaimed water from a wastewater treatment plant or pump station to reclaimed water distribution facilities.

c. Reclaimed Water Facilities – Distribution. Those pipes, valves, fittings, service connections, and appurtenances used to convey reclaimed water transmission facilities to customers within a subdivision.

Responsibility: It is the responsibility of the Public Utilities Department, under the direction of the County Administrator, to be the coordinating agency for this policy to ensure compliance.

54. The Clerk is hereby authorized to invest public funds on hand at prevailing market rates in:

- those investments outlined in Chapters 125.31 and 218.415, Florida Statutes;
- Standard and Poor's "Qualified Investments for 'AAA' Financing," subject to collateralization requirements of Chapter 280, Florida Statutes;
- shares of the Florida Counties Investment Trust (FCIT) Government Fund or any other FCIT investment fund, the assets of which are restricted to investment instruments authorized by Section 125.31, Florida Statutes or by ordinance of the County, subject to execution of necessary documents; and
- other investment vehicles authorized by BOCC resolution.

COMPARISON OF STATUTORY AND TRADITIONAL OPERATING BUDGETS

The following schedule illustrates the difference in the operating budget for each year when calculated under the statutory definition per section 200.065(3)(l), Florida Statutes compared to the operating budget when calculated under the traditional method used in the other schedules of this document.

Under the statutory definition of the operating budget, primarily used to determine operating budget changes from one year to the next for determining the required Truth-in-Millage (TRIM) advertising format to be used in legal advertising, operating budget expenditures means:

“...all moneys of local government, including dependent special districts, that:

- Were or could be expended during the applicable fiscal year, or
- Were or could be retained as a balance for future spending in the fiscal year.

Provided, however, those moneys held in trust, agency, or internal service funds, and expenditures of bond proceeds for capital outlay or for advanced refunded debt principal, shall be excluded (s. 200.065(3)(l), FS.)”

Under the statutory calculation, non-capital reserves from all funds other than internal service funds and trust and agency funds, as well as all debt service net of advanced refunded debt principal (see glossary) are considered part of the operating budget.

Under the traditional calculation methodology for the operating budget used for this document in other schedules, only expenditures for personal services, operating and maintenance, and non-capital equipment are included. Note that this calculation includes these costs from internal service funds and trust and agency funds. Debt service costs and reserves are broken out from the operating budget and shown separately.

Note that under both calculations, intra- and interfund transfers, capital project costs and capital reserves are excluded from the operating budget calculation.

Due to these differences, the operating budget calculated under the statutory method will always be higher than the operating budget calculated under the traditional method due to its inclusion of non-internal service fund and trust and agency fund operating reserves as well as debt service not associated with advanced refunded debt principal.

COMPARISON OF STATUTORY OPERATING BUDGET TO TRADITIONAL OPERATING BUDGET

	FY 06 Actual	FY 07 Adopted	FY 08 Adopted	FY 09 Planned
Total Budget	\$2,745.5	\$3,821.8	\$4,046.7	\$3,843.6
Reductions:				
Internal Service Funds (Net of Transfers)	117.4	281.5	342.9	366.9
Trust and Agency Funds (Net of Transfers)	3.5	28.3	13.6	13.6
Advanced Refunded Debt Principal	160.3	89.9	21.7	2.0
Transfers	799.9	894.2	978.5	833.0
Capital Budget (Net of Reserves)	212.8	378.4	362.6	267.2
Capital Reserves	0.0	(95.2)	31.0	33.9
Total Reductions	1,293.9	1,577.0	1,750.4	1,516.5
Statutory Operating Budget ¹	\$1,451.6	\$2,244.8	\$2,296.4	\$2,327.1
Total Budget	\$2,745.5	\$3,821.8	\$4,046.7	\$3,843.6
Reductions:				
Capital Budget (Net of Reserves)	212.8	378.4	362.6	267.2
Debt Service	242.9	188.0	127.2	111.1
Transfers	806.4	894.2	978.5	833.0
Reserves and Refunds	2.2	692.2	849.1	845.8
Total Reductions	1,264.3	2,152.8	2,317.5	2,057.1
Traditional Operating Budget ²	\$1,481.2	\$1,668.9	\$1,729.2	\$1,786.5

Detail may not add to totals because of rounding.

Amounts expressed in millions of dollars, rounded to the nearest one hundred thousand.

Notes:

(1) Calculated per section 200.065(3)(l), Florida Statutes.

(2) Calculated per traditional (non-statutory) methodology which included personal services, operating and maintenance, and non-capital equipment only.

(3) Major reconciling adjustments between statutory and traditional operating budget calculations:

- a. Operating reserves (excluding internal service fund and trust and agency fund reserves) are included in the statutory operating budget; all reserves are excluded from the traditional operating budget.
- b. Debt service, net of advanced refunded debt principal, is included in the statutory operating budget, but is shown separately from the traditional operating budget. Debt service costs include principal and interest payments, arbitrage rebate costs, bond counsel fees, consultant fees, and other costs associated with issuing and servicing long or short term debt.
- c. Internal service funds net of transfers are excluded from the statutory operating budget, non-capital internal service fund amounts are included in the traditional operating budget.
- d. Trust and agency funds net of transfers are excluded from the statutory operating budget, non-capital trust and agency fund amounts are included in the traditional operating budget.

ESTIMATION OF THE COUNTY'S ENDING FUND BALANCE

In reviewing the County Administrator's Adopted Budget for FY 08 and FY 09, the reader will notice that the County's practice is to appropriate all beginning fund balances and all revenues and other sources. As a result, it appears that it is the County's intent to end the fiscal year with no remaining funds. That is not the case.

The County's estimation of its fiscal position on September 30, 2008 and September 30, 2009 can be looked at in two ways; on a budgetary basis and on a projected year end basis.

First, a budgetary basis, State law requires a balanced budget, so a significant portion of the adopted budget is placed in reserves. Since these reserves cannot be expended but must first be appropriated by amendment of the adopted budget, the reserves can be viewed as an assumption of ending fund balance. In fact, sufficient reserves are included to ensure adequate funds are available at the beginning of the next fiscal year to meet payments. A listing of reserves is found in this document and totals \$849.1 in FY 08 and 845.8 in FY 09.

A second basis for looking at ending fund balance is to project how much of the funds appropriated in the adopted budget will actually be spent, based on past experience and current trends. The remaining (unspent) funds will create an ending fund balance. Similarly, by projecting excess revenues, an additional component of ending fund balance can be established. Excess revenues for local governments in Florida may result from a statutory requirement that governments appropriate 95% of certain revenues. While a 95% factor may be reasonable for ad valorem collections, where adjustments to the tax roll and discounts for early payment result in collections of about 95%, it tends to understate collections from other revenues.

The final factor in this method of estimating ending fund balance is to review the budgeted expenditures and reserves and project what portion of the expenditures will be spent and what level of the reserves will not be appropriated through budget amendments during the fiscal year. A multi-year projection of fund balances for three major operating funds is included in an annual five year Pro Forma budget document.

The following tables present a simplistic and conservative fund-by-fund examination of ending fund balance.

The first column reflects the budgeted beginning fund balance.

The second column reflects 100% of budgeted revenues and other sources (no 95% factor is applied), with the exception of Ad Valorem Taxes. Due to discounts for early payment 96% of budgeted ad valorem tax revenue is normal.

The third column reflects estimated expenditures and other uses, excluding reserves. While in most funds this means all budgeted expenditures, in the general funds a three year average percentage of budget spent is used. This method is preferred because almost every expenditure category (except transfers) is underspent in the General Funds. All authorized positions are budgeted at 100% for the year. However, due to a variety of factors, chiefly turnover, not every department will use their entire Personal Services budget. Grants and Aid from the County to other governments and non-profit agencies are budgeted at the full allocation. However, most of these grants are reimbursements for services provided with a maximum that equals the allocation. Not all agencies provide services up to the maximum allocation by year end, so there is always a balance remaining. Contracts for Services and Capital Equipment are budgeted at the full estimated amount so the contract or purchase order can be awarded. However, there are always some contracts where not all of the work is completed by year end and some equipment that will not be received by year end. Some of these factors can apply to the other funds from time to time, but in the General Funds they occur regularly and can be projected with a degree of accuracy.

The final column, which reflects a somewhat conservative projection of fund balance as of September 30, 2008 and September 30, 2009, is column one plus column two, less column three. The total for all funds is \$838.2 million in FY 08 and \$916.0 in FY 09.

Best practices require disclosure when there is a significant drawdown of fund balance. Such a drawdown is evident in the County's General Fund for FY 08, but is then rebuilt in FY 09 where expenditures have been intentionally held below current revenues. The FY 08 drawdowns are unlikely to be as substantial as shown here because the County has significant use of recurring revenue in the budget for major programs that did not exist prior to FY 07 and that are apt to have lower expenditure rates unless specific opportunities arise: the affordable housing program and economic development programs tend to have infrequent opportunities to commit large expenditures. Also, expenditures will be curtailed somewhat in FY 08 in anticipation of added tax reform and potential added cutbacks.

FY 08 ESTIMATED ENDING FUND BALANCE

DESCRIPTION	BEGINNING FUND BAL	REVENUES/ SOURCES	EXPEND/ USES	ENDING FUND BAL	PERC. CHG.
General Fund					
Countywide General Fund	\$107,550,546	612,923,575	624,225,703	\$96,248,418	-10.5%
Unincorporated Area General Fund	81,361,299	371,785,098	390,028,839	63,117,558	-22.4%
Subtotal	188,911,845	984,708,673	1,014,254,542	159,365,976	-15.6%
Special Revenue Funds					
Countywide Special Purpose Fund	44,844,238	173,643,345	171,149,749	47,337,834	5.6%
Unincorporated Area Special Purpose Fund	4,591,509	34,577,632	34,437,658	4,731,483	3.0%
County Blended Component Units Fund	0	9,873,848	9,873,848	0	N/A
Local Housing Assistance Program Fund	0	8,500,000	8,500,000	0	N/A
State of Florida Health Care Surtax Trust Fund	92,685,177	110,203,434	119,338,546	83,550,065	-9.9%
Sales Tax Revenue Fund	37,994,303	228,673,990	228,338,224	38,330,069	0.9%
Intergovernmental Grants	0	92,477,750	92,477,750	0	N/A
County Transportation Trust Fund	8,338,452	155,997,868	156,705,581	7,630,739	-8.5%
Library Tax District Fund	33,225,488	68,912,772	81,750,702	20,387,558	-38.6%
Infrastructure Surtax Fixed Project Fund	0	222,457,125	206,890,006	15,567,119	N/A
Subtotal	221,679,167	1,105,317,764	1,109,462,064	217,534,867	-1.9%
Debt Service Funds					
Cap Imp Non-Adval Rev Bds Ser 98 Fund	311,348	1,503,375	1,498,375	316,348	1.6%
Fuel Tax Ref Revenue Bonds Debt Svc Fund	1,170,206	2,412,480	2,388,450	1,194,236	2.1%
4th Cent Tourist Development Tax Fund	0	1,178,090	1,178,090	0	N/A
5th Cent Tourist Development Tax Fund	572,316	3,571,567	3,571,567	572,316	0.0%
P&R G.O. Bnds 93/96/02 Dbt. Svc. Fund	196,558	1,445,014	1,423,966	217,606	10.7%
ELAPP Limited Ad Valorem Tax Bonds	1,240,346	5,541,384	5,364,475	1,417,255	14.3%
Crim Just CIP Ref Rev 93 & 03 Debt Svc Fund	11,760,499	9,908,793	9,908,793	11,760,499	0.0%
Court Facil Rev Bonds 99 & 05 Debt Svc Fund	1,602,769	2,515,522	2,515,522	1,602,769	0.0%
CIP Rev Bonds 94/96/06 Debt Svc Fund	3,923,075	3,162,470	3,162,470	3,923,075	0.0%
Cap Imp Non-Adv Ref Rev 96 & 06 Bd Fund	6,687,902	5,191,731	5,191,731	6,687,902	0.0%
Capital Improvement Commercial Paper Prog Fd	0	1,654,779	1,654,779	0	N/A
CIT Rev Bds 2001 A & B Debt Svc Fund	2,125,562	4,526,226	4,526,226	2,125,562	0.0%
CIT Rev Bds 2004 Debt Svc Fund	2,698,223	6,309,073	6,309,073	2,698,223	0.0%
CIT Rev Bds 2007 Debt Svc Fund	0	5,947,205	5,947,205	0	N/A
TSA Non-Adv Ref Rev Bds 05 Debt Svc Fund	1,041,191	1,235,800	1,235,800	1,041,191	0.0%
Subtotal	33,329,995	56,103,509	55,876,522	33,556,982	0.7%
Capital Projects Funds					
Countywide Capital Projects Fund	0	9,530,250	2,022,772	7,507,478	N/A
Unincorporated Area Capital Projects Fund	0	22,960,084	16,453,510	6,506,574	N/A
Enviro Sensitive Lands Tax/Bond Fund	2,556,975	14,424,991	15,128,098	1,853,868	N/A
Court Facil Non-Bond Construction Fund	0	100,000	300,000	(200,000)	N/A
Capital Improvement Commercial Paper Prog Fd	0	19,120,004	188,198,398	(169,078,394)	N/A
Falkenburg Jail Construction Fund	0	125,000	0	125,000	N/A
2007 Community Investment Tax Rev Bds	0	208,466,961	3,510,000	204,956,961	N/A
Subtotal	2,556,975	274,727,290	225,612,778	51,671,487	N/A
Enterprise Funds					
Solid Waste System Enterprise Fund	66,011,410	207,135,243	203,090,466	70,056,187	6.1%
Water & Wastewater Utility Enterprise Fund	118,288,711	477,727,892	477,429,706	118,586,897	0.3%
Capital Improvement Commercial Paper Prog Fd	0	2,909,000	2,909,000	0	N/A
Subtotal	184,300,121	687,772,135	683,429,172	188,643,084	2.4%
Internal Service Fund					
Fleet Services Fund	25,402,625	34,074,484	28,229,492	31,247,617	23.0%
County Self Insured Fund	163,846,648	120,397,362	128,054,963	156,189,047	-4.7%
Subtotal	189,249,273	154,471,846	156,284,455	187,436,664	-1.0%

FY 08 ESTIMATED ENDING FUND BALANCE

DESCRIPTION	BEGINNING FUND BAL	REVENUES/ SOURCES	EXPEND/ USES	ENDING FUND BAL	PERC. CHG.
Trust & Agency Funds					
CAU Special Assessment Bonds 2006	0	10,086,863	10,086,863	0	N/A
Transportation Assessment Units Fund	0	8,237	8,237	0	N/A
Recl Water Spcl Assessment Rev Bds 2000	0	503,137	503,137	0	N/A
Capacity Assess Special Assess Bds 2000	0	2,966,111	2,966,111	0	N/A
Subtotal	0	13,564,348	13,564,348	0	N/A
Total	\$820,027,376	\$3,276,665,565	\$3,258,483,881	\$838,209,060	2.2%

Funds that are all years are represented by an N/A in the Percent Change column and have no budgeted beginning fund balance. The ending fund balance is actually a change in reserve levels for these funds. Please note that some funds have all years subfunds as well as regular subfunds. These include the Enterprise Funds, ELAPP Capital Project Fund, Transportation Fund, Library District Fund and the Unincorporated Area Special Purpose Fund.

FY 09 ESTIMATED ENDING FUND BALANCE

DESCRIPTION	BEGINNING FUND BAL	REVENUES/ SOURCES	EXPEND/ USES	ENDING FUND BAL	PERC. CHG.
General Fund					
Countywide General Fund	\$96,248,418	\$648,333,844	\$627,180,191	\$117,402,071	22.0%
Unincorporated Area General Fund	63,117,558	417,511,110	377,253,988	103,374,680	63.8%
Subtotal	159,365,976	1,065,844,954	1,004,434,179	220,776,751	38.5%
Special Revenue Funds					
Countywide Special Purpose Fund	47,337,834	178,765,528	171,103,022	55,000,340	16.2%
Unincorporated Area Special Purpose Fund	4,731,483	32,780,785	30,022,705	7,489,563	58.3%
County Blended Component Units Fund	0	10,343,311	10,343,311	0	N/A
Local Housing Assistance Program Fund	0	8,500,000	8,500,000	0	N/A
State of Florida Health Care Surtax Trust Fund	83,550,065	117,528,807	120,104,478	80,974,394	-3.1%
Sales Tax Revenue Fund	38,330,069	244,335,508	235,643,132	47,022,445	22.7%
Intergovernmental Grants	0	90,022,260	90,022,260	0	N/A
County Transportation Trust Fund	7,630,739	158,869,277	145,848,212	20,651,804	170.6%
Library Tax District Fund	20,387,558	62,824,220	50,178,090	33,033,688	62.0%
Infrastructure Surtax Fixed Project Fund	15,567,119	56,054,301	56,465,218	15,156,202	N/A
Subtotal	217,534,867	960,023,997	918,230,428	259,328,436	19.2%
Debt Service Funds					
Cap Imp Non-Adval Rev Bds Ser 98 Fund	316,348	1,498,625	1,503,625	311,348	-1.6%
Fuel Tax Ref Revenue Bonds Debt Svc Fund	1,194,236	1,395,000	1,402,000	1,187,236	-0.6%
4th Cent Tourist Development Tax Fund	0	1,161,890	1,161,890	0	N/A
5th Cent Tourist Development Tax Fund	572,316	3,570,623	3,229,623	913,316	59.6%
P&R G.O. Bnds 93/96/02 Dbt. Svc. Fund	217,606	1,451,873	1,387,123	282,356	29.8%
ELAPP Limited Ad Valorem Tax Bonds	1,417,255	5,355,693	5,346,842	1,426,106	0.6%
Crim Just CIP Ref Rev 93 & 03 Debt Svc Fund	11,760,499	9,906,543	9,999,500	11,667,542	-0.8%
Court Facil Rev Bonds 99 & 05 Debt Svc Fund	1,602,769	2,864,396	2,545,953	1,921,212	19.9%
CIP Rev Bonds 94/96/06 Debt Svc Fund	3,923,075	3,163,470	3,256,922	3,829,623	-2.4%
Cap Imp Non-Adv Ref Rev 96 & 06 Bd Fund	6,687,902	5,193,106	5,193,606	6,687,402	0.0%
Capital Improvement Commercial Paper Prog Fd	0	1,654,778	1,654,778	0	N/A
CIT Rev Bds 2001 A & B Debt Svc Fund	2,125,562	4,529,026	4,550,062	2,104,526	-1.0%
CIT Rev Bds 2004 Debt Svc Fund	2,698,223	6,321,385	6,369,756	2,649,852	-1.8%
CIT Rev Bds 2007 Debt Svc Fund	0	8,915,807	8,915,807	0	N/A
TSA Non-Adv Ref Rev Bds 05 Debt Svc Fund	1,041,191	1,237,350	1,316,550	961,991	-7.6%
Subtotal	33,556,982	58,219,565	57,834,037	33,942,510	1.1%
Capital Projects Funds					
Countywide Capital Projects Fund	7,507,478	(813,478)	6,144,000	550,000	N/A
Unincorporated Area Capital Projects Fund	6,506,574	4,060,115	5,973,000	4,593,689	N/A
Enviro Sensitive Lands Tax/Bond Fund	1,853,868	15,998,850	16,761,287	1,091,431	-41.1%
Court Facil Non-Bond Construction Fund	(200,000)	300,000	0	100,000	N/A
Capital Improvement Commercial Paper Prog Fd	(169,078,394)	183,907,272	14,828,878	0	N/A
Falkenburg Jail Construction Fund	125,000	0	0	125,000	N/A
2007 Community Investment Tax Rev Bds	204,956,961	(204,956,961)	0	0	N/A
Subtotal	51,671,487	(1,504,202)	43,707,165	6,460,120	-41.1%
Enterprise Funds					
Solid Waste System Enterprise Fund	70,056,187	244,853,589	234,048,653	80,861,123	15.4%
Water & Wastewater Utility Enterprise Fund	118,586,897	552,058,463	564,861,816	105,783,544	-10.8%
Capital Improvement Commercial Paper Prog Fd	0	1,520,300	1,520,300	0	N/A
Subtotal	188,643,084	798,432,352	800,430,769	186,644,667	-1.1%
Internal Service Fund					
Fleet Services Fund	31,247,617	34,119,937	26,984,522	38,383,032	22.8%
County Self Insurance Fund	156,189,047	146,228,740	134,182,636	168,235,151	7.7%
Subtotal	187,436,664	180,348,677	161,167,158	206,618,183	10.2%

FY 09 ESTIMATED ENDING FUND BALANCE

DESCRIPTION	BEGINNING FUND BAL	REVENUES/ SOURCES	EXPEND/ USES	ENDING FUND BAL	PERC. CHG.
Trust & Agency Funds					
CAU Special Assessment Bonds 2006	0	10,586,493	9,095,477	1,491,016	N/A
Transportation Assessment Units Fund	0	8,671	1,078	7,593	N/A
Recl Water Spcl Assessment Rev Bds 2000	0	526,171	436,207	89,964	N/A
Capacity Assess Special Assess Bds 2000	0	3,121,830	2,463,011	658,819	N/A
Subtotal	0	14,243,165	11,995,773	2,247,392	N/A
Total	\$838,209,060	\$3,075,608,508	\$2,997,799,509	\$916,018,059	9.3%

Funds that are all years are represented by an N/A in the Percent Change column and have no budgeted beginning fund balance. The ending fund balance is actually a change in reserve levels for these funds. Please note that some funds have all years subfunds as well as regular subfunds. These include the Enterprise Funds, ELAPP Capital Project Fund, Transportation Fund, Library District Fund and the Unincorporated Area Special Purpose Fund.

