

**Pro Forma Budget  
Countywide General Fund  
Unincorporated Area General Fund  
FY 11 through FY 16**

**Hillsborough County  
Business and Support Services Department  
January 2011**



# Summary

The Pro Forma operating budget for Hillsborough County's two major operating funds is prepared as a tool for understanding the future course of the County budget, given certain assumptions about growth in the revenues and expenditures that comprise each fund and general economic conditions. Separate models have been prepared for the County's Countywide General Fund and Unincorporated Area General Fund.

The Countywide General Fund is the operating fund that pays for most countywide services. It covers a variety of social service programs, criminal justice programs, administrative services costs, and various other programs that serve all County residents such as environmental protection, regional parks, County roads, and comprehensive planning. The single largest component of this fund's budget is for operation of County jails by the Hillsborough County Sheriff's Office.

The Unincorporated Area General Fund is the operating fund that pays for municipal services provided by Hillsborough County to those residents and businesses not located within one of the three municipalities. About 2 of every 3 residents live in the unincorporated area. The Unincorporated Area General Fund covers typical municipal services such as neighborhood and district parks, Sheriff's patrol services, fire suppression and ambulance services, code enforcement, planning and zoning, and stormwater management.

FY 11 reflects the Adopted FY 11 Budget. Projected budgets for FY 12 through FY 16 are model-driven. The model is constructed so that assumptions may vary each year to reflect impact of the business cycle and other anticipated or possible events.

The Appendix contains a section outlining the major assumptions used in this model. Sensitivity analysis has been conducted to

show the implications of alternate property tax assumptions (page 13). The number of assumptions is intentionally limited so that the risk of inconsistent assumptions being used to drive the forecast is reduced. The benefits of sophisticated modeling techniques are carefully weighed against ease of use and the opaqueness that can sometimes accompany greater complexity.

Projections indicate 5-year accumulated deficits for the Countywide General Fund and the Unincorporated Area General Fund. Projections include the requirements of previous tax reform legislation passed by the Florida Legislature and from the constitutional amendment approved by voters on January 29, 2008. Large declines in home values since mid-2006 and the effects of slow economic recovery from the 2008-2009 recession are critical constraints on the early years of this year's Pro Forma. A fourth straight year of decline in Countywide taxable values is expected for FY 12, albeit a more moderate decline.

National and local home sales improved in late 2009 and early 2010 due to federal tax credits but sales and prices fell again after the tax credit's expiration in April. While sales improved by December home prices are still behind year ago levels. Declines in property values during 2010 will result in declines in property tax revenue for FY 12. High forecast risk exists in this Pro Forma due to the uncertainty surrounding the timing of sustained recovery in housing markets as well as the long term impacts of tax reform. Risks appear greater that property values will have declined more than state forecasts for FY 12 rather than less.

Many forecasters expect weak recovery in 2010 will be followed by stronger growth in 2011 and 2012. Reflecting this consensus opinion, revenue growth, other than property taxes, is projected to turn positive for FY 11. Revenue growth is likely to accelerate in FY 12 and FY 13. Gathering economic recovery in late 2010 and in 2011 will positively affect other revenues especially sales

tax based revenues. Year to year taxable sales growth returned in mid-2010 with total 2010 annual sales exceeding 2009. This is the first year of annual growth since 2006. However, FY 12 growth in these revenues will only offset a portion of lost property tax revenues.

Consequently, we should be realistic in our expectations of what can feasibly be afforded during the forecast period. The model incorporates consensus forecast assumptions (described in the Appendix, page 23) regarding economic growth.

The combined result of the modeled revenue and expenditure assumptions and estimated policy impacts are an \$18.6 million deficit in the Countywide General Fund and an \$8.1 million surplus in the Unincorporated Fund for FY 12. (In contrast to previous Pro Formas the Unincorporated Area General Fund Pro Forma includes a full transfer back of Communications Services Tax revenue earmarked for Fire Rescue.) A projected cumulative FY 16 deficit (including fund balance and reserves) of \$63.1 million arises in the Countywide Fund. In the Unincorporated Fund the projected FY 16 cumulative deficit is \$91.9 million and is largely attributable to the replacement of expired local option fuel tax revenues, supporting the Transportation Trust Fund, with Unincorporated Area General Fund revenue.

Consistent with the model's construction, deficits and surpluses build over the forecast period. Deficits and surpluses are

cumulative in the sense that any current year surplus or deficit will flow into the next year's fund balance, thus carrying a current year's balance forward.

In using the information contained in this report, it is important to understand that an indicated deficit or surplus reflects the models' economic assumptions and shows what could happen in the absence of policy direction to cut costs or increase funding. Deficits or surpluses that develop are allowed to accumulate over the forecast period. In reality, the Board of County Commissioners must balance each year's budget, so interim steps would have to be taken to prevent deficits. Similarly, an indicated surplus shows what could happen in the absence of policy direction to expand programs or reduce funding (e.g. cut the millage rate). A cumulative deficit or surplus representing a small share of total 5-year budget expenditure is likely to be within the range of estimation error and not materially different from characterizing the projected fund to be in balance over that period. **The purpose of this forecast exercise is to determine the extent of actions necessary to close the gap between revenues and other sources, and expenditures and other uses.** Graphics have been used to communicate the significance of potential deficits or surpluses.

# Analysis

The Pro Forma projects an \$18.6 million deficit in the Countywide General Fund and an \$8.1 million surplus in the Unincorporated Fund for FY 12. The projected 5-year accumulated FY 16 Countywide General Fund deficit is \$63.1 million. The Unincorporated Area General Fund's FY 16 deficit is \$91.9 million (see graphs, pages 10 and 12). The projected FY 16 Countywide surplus is 1.96% of FY 12 through FY 16 expenditures (\$63.1 million of \$3222.4 million), while the projected FY 16 Unincorporated deficit is 4.10% of FY 12 through FY 16 expenditures (\$91.9 million of \$2,241.6 million). These 5-year projections reflect on-going tax reform implications and continuing weakness in housing markets during 2010, while also incorporating improving economic performance in other areas such as consumer spending.

## Tax Reform

The Pro Forma incorporates requirements of tax reform enacted by the 2007 Florida Legislature and by a 2008 voter-approved constitutional amendment. The initial legislative rollback reduced Hillsborough County's FY 08 property tax revenue by \$109 million from what would have occurred without any action. The reduction to Countywide General Fund property tax revenue was \$68.1 million. The Unincorporated Area General Fund reduction was \$33.8 million. The remaining \$7.1 reduction came from the Library Tax District Fund. Each year this legislation requires a rollback of property tax millage rates, with a permitted adjustment to reflect growth in Florida Per Capita Income.

The constitutional amendment provisions reduced taxable property values. An added homestead exemption of \$25,000 for a total of up to \$50,000 and the initial impact of portability of the Save Our Homes exemption resulted in a \$53.3 million reduction in FY 09 property tax revenue for the Countywide Fund and \$19.7 million for the Unincorporated Fund.

## Economic Conditions

After weathering national fears of a double dip recession the economy emerged from a disappointing summer and fall to end 2010 with stronger consumer spending, rising home sales and a return of modest job growth. Many forecasters expected growth to slow in mid-2010 as business inventory restocking slowed, the federal fiscal stimulus faded from the high levels of 2009 and the federal homebuyers tax credit ended in April. National and local home sales and prices, which displayed signs of stabilizing during the tax credit period, weakened in the fall. Expected or not, this slowdown in recovery hampered job growth and negatively impacted consumer and business confidence in autumn 2010.

More positively, November and December economic data indicate a stronger finish to 2010. The Bureau of Economic Analysis reports that US Gross Domestic Product (GDP) accelerated to 3.2% growth for the fourth quarter of 2010.

December housing data suggest the aftereffects of the tax credit have run their course. Greater Tampa Association of Realtors (GTAR) reports December 2010 existing home sales rose 3.9% over the previous December. National existing home sales improved to a 2.9% decline but the December monthly increase of 12.3% was the strongest since 1999. While these are improvements, sales are still at low levels historically and home prices, negatively affected by foreclosures, finished 2010 below 2009 levels.

Both Florida and the Tampa Metropolitan Area posted modest annual job gains in late 2010. During December 2009 to December 2010 Florida gained 43,700 jobs and Metro Tampa gained 1,800. November 2010 was the first month since June 2007 that Metro Tampa jobs exceeded year-ago levels. Slow job growth has not been fast enough, however, to significantly lower

unemployment rates. Hillsborough County's December 2010 unemployment rate is 11.6%, compared to 12.1% a year ago.

Florida and Hillsborough consumer spending is reflecting national trends. Hillsborough County taxable sales in December 2010 were up 4.6% compared to December 2009. Annual 2010 taxable sales were up 0.5% in Hillsborough and 1.7% in Florida. These are the first annual gains since 2006. Improving economic conditions in 2011 will support further gains in taxable sales.

Looking forward, the model incorporates consensus economic forecast assumptions (described in more detail in the Appendix, pages 23 and 24). Forecasters are expecting economic growth to be stronger in 2011 with rising job growth compared to disappointing growth for most of 2010. The University of Central Florida forecasts modest job gains for Tampa Bay during 2011. More robust job growth is expected in late 2011 and 2012.

Stronger economic and job growth will support continuing improvements in national and local home sales during 2011. High foreclosure activity was a primary force driving home prices down in 2010. With the expected expiration of the "robosigning" foreclosure moratoria, foreclosures are likely to resume at elevated levels during early to mid 2011. These will exert additional downward pressure on homes even as sales rise. Analysts do not foresee sustainable price increases, nationally or locally, before late 2011.

The FY 11 to FY 16 Pro Forma reflects continued, but more moderate declines in home prices during 2010 (see Appendix, page 24). The sum of all taxable values is, consequently, expected to fall for FY 12 due to these home price declines. Depending on the severity of 2011 foreclosure activity, low growth in total taxable property values may return for FY 13.

Non-property tax revenues are projected to rise in FY 11 and FY 12. Stronger hiring will continue to support rising sales tax revenues and growth in fees, charges and investment earnings

for FY 11 and FY 12. Firming job markets in 2011 will also relieve pressure on commercial real estate.

High forecast risk exists in this Pro Forma due to the uncertainty surrounding the timing of price recovery in housing markets and the strength of job growth, as well as the long term impacts of tax reform. Risks appear greater that the taxable value decline for FY 12 will prove deeper than modeled herein rather than lower. Prolonged weakness in 2011 could negatively impact FY 13 property tax revenue. These types of alternatives are considered in the Sensitivity Analysis section (page 13).

Recent expenditure growth has been constrained by the loss of revenue due to Tax Reform and the decline in home values. Expenditure growth is assumed remain constrained for FY 12 and FY 13.

Expenditure growth rates are likely to rise in later years more closely reflecting, but not necessarily reaching, historical patterns. State and County population fell in 2009. The University of Florida reported positive growth of 7,680 for 2010 and projects average annual growth of 16,400 for 2011-2015 and 20,900 for 2015-2020. Some expenditures are, by policy, designed to keep pace with population demands. The model incorporates the estimated impacts on revenue and/or expenditures arising from adopted Board policy including the operating impacts of the Capital Improvement Program.

### Projections

Reflecting economic weakness and home price declines in Hillsborough County and Metro Tampa during 2010, the standard Pro Forma scenario assumes taxable property values declined during 2010 (January 1, 2011 values for FY 12). This is the fourth year of declines. During 1997-2007 Countywide taxable values increased by an average annual rate of 11.7%. Unincorporated Area taxable values increased 12.4% annually. The December 3, 2010 State of Florida Revenue Estimating Conference's (REC) Ad Valorem forecast is incorporated in this

Pro Forma. The REC forecasts Countywide taxable value will fall 1.3% for FY 12 (2011 values), followed by low growth of 1.9% for FY 13 and accelerating to 7.0% by FY 16. The REC's forecast remains below the 1997-2007 average annual rate for all years; however, revenue growth rises in later years as taxable value growth rises. (See page 24 of the Appendix for further detail on property valuations and the rolled-back millage calculations.)

Since the REC released its forecast, the Bureau of Labor Statistics reported the Consumer Price Index rose 1.5% for the December 2009 to December 2010 period. This is the index and time period the Department of Revenue uses to determine the maximum Save Our Homes (SOH) increase in assessed values for homestead properties. DOR rules require assessed values be increased as long as assessed value is below just value, even in a year when just value falls.

Business and Support Services (BSS) examined the 2010 tax roll database of more than 461,000 records to consider the combined impact of the 1.5% SOH limit and the latest data on home prices available from various sources. The REC forecast a 3.0% decline in Hillsborough home values for 2010. The closely watched national 20-city S&P/Case-Shiller home price index fell 1.6% during November 2009 – November 2010. The Metro Tampa index fell 4.0%. Other measures of local prices indicate late 2010 price declines of 3.6% to 5.6%. (See page 24 of the Appendix for further detail.) These alternatives are included in the Sensitivity Analysis (see page 13).

BSS applied a 4.0% decline in home values, the 1.5% SOH limit and the REC's estimated 5.7% decline in nonresidential values to estimate a 1.9% decline in Countywide taxable value for FY 12. The Pro Forma uses this 1.9% decline, instead of the REC's 1.3% decline, as the baseline for FY 12. The REC forecasts a 1.0% decline in home values for FY 13 along with positive growth in nonresidential values and new construction. The positive impacts for FY 13 are expected to outweigh forecasted home price declines and produce a small increase in taxable value.

These valuation projections have been combined with the millage requirements of tax reform in order to forecast ad valorem revenues. At current millage rates FY 12 Countywide property tax revenue is forecast to drop 1.9% or \$7.1 million from FY 11. Unincorporated revenue is forecast to drop 1.3% or \$2.3 million. FY 13 Countywide property tax revenue is forecasted to rise 0.96% or \$3.5 million. Unincorporated revenue is forecast to rise 1.55% or \$2.6 million for FY 13. The Pro Forma adopts REC forecasts for FY 14 – FY 16.

Growth in consumer spending since mid-2010 has benefited state-shared revenues based on sales taxes. Monthly Half-cent Sales Tax and State Revenue Sharing revenue has exceeded year ago levels since July. These revenues are recovering before property tax revenue which has a long lag time. These revenues have a larger impact on the Unincorporated Area General Fund. The current BSS FY 11 forecast based on statewide December REC projections estimates a 3.9% increase in Half-cent Sales Tax revenue compared to FY 10. FY 12 should benefit from a slowly recovering job market and firmer consumer spending. Half-cent Sales tax revenue is forecast to rise 6.9% for FY 12, followed by more robust recovery with 7.6% growth for FY 13. The Pro Forma incorporates about average growth of 5.75% in Half-cent Sales Tax revenues for FY 15 and FY 16. State sales tax revenue is the primary source of State Revenue Sharing Growth Money. This results in similar, if not identical, growth as occurs for Half-cent Sales Tax revenue. (See Appendix, page 24 for revenues transferred to the General Funds.)

Charges for services are modeled to rise at a 2.6% rate, slightly above long term average inflation of 2.5%. Updated internal service charges are included in both funds for FY 12.

Other individual revenues are relatively small as a share of total revenue. The impact of other major revenues is discussed in the Sensitivity Analysis section (page 13).

Selected Expenditure Details

Recent expenditure growth has been constrained by the loss of revenue due to Property Tax Reform and recession. Expenditure growth is assumed to be constrained for FY 12 and FY 13. Expenditure growth rates are likely to rise in later years more closely reflecting historical patterns.

No pay raises are included for FY 12 or FY 13. Pay increases equal to 10-year average annual rate of consumer inflation of 2.5% are modeled annually for FY 14 through FY 16. These are modeled to reflect partial savings from employee turnover. FY 12 projected personnel costs include an 11.4% increase in state retirement contribution rates. FRS costs are modeled to rise in conjunction with overall pay increases during FY 14 – FY 16. Future legislative changes to FRS contributions would alter this assumption. Health costs are modeled to rise 4.9% annually for FY 12 and FY 13. (See Appendix, page 26 for further discussion.)

Some revenues are transferred from both General Funds to other funds. These include transfers for transportation, courts, and maintenance and repair. The Major Repair and Maintenance program is funded by transfers from both General Funds to their respective Major Maintenance and Repair Fund. Transfers are planned for FY 12 to FY 16. The FY 11 cost is \$4.3 million and \$2.3 million for the Countywide Fund and Unincorporated Fund respectively. The program’s cumulative five-year costs are \$24.0 million for the Countywide Fund and \$13.0 million for the Unincorporated Fund. These figures do not include \$4.5 million and \$3.0 million, respectively, pre-paid in FY 10 to each Special Purpose Fund. This pre-payment reduces the amounts annually transferred from the Countywide Fund by \$1.5 million and from the Unincorporated Fund by \$1 million for FY 12 to FY 14.

Transfers of ad valorem revenue from the Countywide General Fund to the Countywide Construction Fund are not programmed after FY 10. Planned transfers for Fire Rescue projects from the

Unincorporated Area General Fund to the Unincorporated Construction Fund of \$1.9 million for both FY 12 and FY 13, \$3.3 million for FY 14, and \$1.4 million for FY 15 are included.

The Communications Services Tax (CST) is levied at 4.0% with one and one-half points of the tax set aside for future Fire Rescue purposes. The earmarked CST revenue is transferred back into the Unincorporated Area General Fund for Fire Rescue operating purposes for FY 11. This Pro Forma continues that practice during the forecast period, FY 12 – FY 16. The cumulative amount of the full one and one-half points for FY 12 through FY 16 is \$47.1 million. The FY 12 amount is \$9.0 million. The Sensitivity section (page 13) considers the impact of not returning the earmarked revenue to the Unincorporated Fund.

**Estimated Cost Impact of Known Policies**

Item	FY 12 (millions)	FY 16 - Cumulative (millions)
<b>Countywide GF:</b>		
Major Repair/Maintenance	\$ 4.5	\$ 24.0
Delay of Jail Expansions (VI & VII (A))	-\$23.0	-\$119.5
New Parks Facilities	\$ 0.0	\$ 7.9
<b>Unincorporated Area GF:</b>		
Major Repair/Maintenance	\$ 2.4	\$ 13.0
FY 11 – FY 15, 1 ½ points of Communications Services Tax (CST) to Fire Rescue	\$ 9.0	\$ 47.1
1.7 Deputies/1,000 Population	\$ 1.4	\$ 22.3
1 Code Enforcement Officer /18,000 Uninc. Population	\$ 0.0	\$ 0.5
Transfers to Transportation	\$10.2	\$ 57.3
Replace Expired Fuel Taxes	\$ 3.2	\$110.0
New Parks Facilities	\$ 0.3	\$ 2.1

Property tax revenue is transferred to the Transportation Trust Fund. For FY 11 \$10.2 million is transferred from the Unincorporated Fund while no funds are transferred from the

Countywide Fund. The Unincorporated transfers continue for FY 12 to FY 15 with a five-year cost of \$57.3 million.

Local Option Fuel taxes are not directly related to the two General Funds and have not been substantive factors in previous Pro Formas. The 9th-cent Fuel Tax and the 6-cents Local Option Fuel Taxes are, however, relevant to this year's Unincorporated Area General Fund Pro Forma. The 9th-cent tax is scheduled to expire on December 31, 2011 and the 6-cents tax is due to expire on August 31, 2013. The Pro Forma does not assume that the Transportation Trust Fund expenditures supported by these expiring fuel taxes cease. As the fuel taxes expire the Pro Forma models the Unincorporated Fund replacing those lost revenues with a transfer of general revenue to the Transportation Trust Fund. The expiration of the 9<sup>th</sup>-cent tax affects the Unincorporated Fund during FY 12 with a cost of \$3.2 million. The 5 year cumulative cost of both expiring taxes is \$110.0 million. As an alternate scenario replacing none of the revenue is considered in the Sensitivity Analysis section (see page 13).

During recent years' budget processes decisions were made to indefinitely delay the construction of some new projects. This removed the operating impact from near term budgets. Some projects, however, remain and do have impacts on both funds (see page 38). Particularly important is the moving of the operating impact of the jail expansions (Phases VI and VII(A)) beyond the FY 16 horizon of this Pro Forma. The FY 09 – FY 14 Pro Forma included \$23 million of annual projected operating costs for FY 12 through FY 14. If these costs were include in the current Countywide General Fund Pro Forma for FY 12 through FY 16 the 5-year \$63.1 deficit would increase to \$182.6 million.

Public safety demand from a growing population is a major driver of Unincorporated Fund expenditures and with the exception of jail costs does not directly affect the Countywide Fund. The cost of meeting the Board's policy of maintaining 1.7 deputies per 1,000 population is part of the Unincorporated Fund Pro Forma. The Sheriff has indicated that his office will not seek to increase deputies on the basis of that ratio for FY 10 and FY 11. The Pro

Forma does include additional deputies for FY 12 to FY 16. The 5-year cumulative cost impact is \$22.3 million. The Pro Forma includes the addition of equipment costs along with the increase in deputies. The Board has enacted a second staffing ratio for Code Enforcement Officers to maintain 1 position per 18,000 unincorporated population. The 5-year impact is \$0.5 million.

The result of modeled assumptions and policy impacts are an \$18.6 million deficit in the Countywide General Fund and an \$8.1 million surplus in the Unincorporated Fund for FY 12. The projected Countywide FY 16 cumulative deficit is \$63.1 million. The projected Unincorporated Area FY 16 deficit is \$91.9 million.

Prior to the 2007 enactment of tax reform by the Legislature, the Board of County Commissioners adopted a spending limitation for the general funds. Spending growth, excluding amounts budgeted to Constitutional Officers and amounts to fund state and federal mandates and prior Board commitments, is limited to the combined rate of increase of population and government inflation as measured by the US Bureau of Economic Analysis (BEA). The projected FY 12 Countywide General Fund and Unincorporated General Fund budgets fall below the calculated tentative cap. BEA will revise the price index in late March. The caps will be recalculated and further impact analysis conducted.

#### Summary Tables

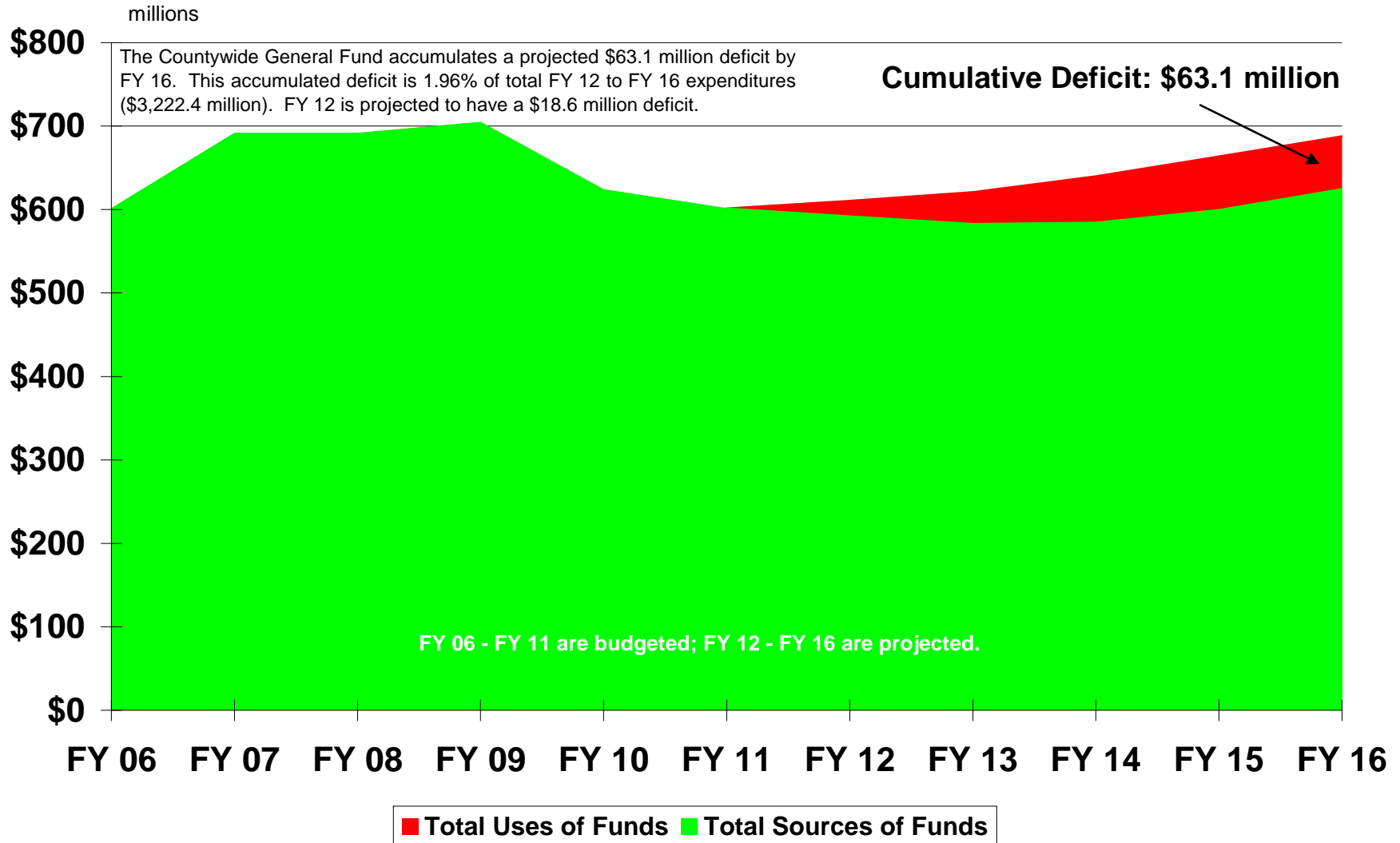
The following Summary tables show the impact of declining home values, early stages of economic recovery, continuing limitations of tax reform, and the indefinite delay of some capital projects. The Countywide General Fund is in deficit all years, FY 12 - FY 16. The Unincorporated Area General Fund is in deficit FY 14 - FY 16. These deficits cause falling fund balances in later years.

How would other ad valorem growth assumptions affect surpluses or deficits? Other economic or policy changes, such as new spending commitments, could also alter the Pro Forma's results. Alternate possibilities are examined in Sensitivity Analysis section (page 13).

## COUNTYWIDE GENERAL FUND PROFORMA FY 11 - FY 16

	Adopted Budget FY 11	Projected Budget FY 12	Projected Budget FY 13	Projected Budget FY 14	Projected Budget FY 15	Projected Budget FY 16
<b>Beginning Fund Balance</b>	\$112.6	\$114.1	\$97.1	\$76.3	\$64.1	\$55.0
<b>Revenues:</b>						
Ad Valorem Taxes	373.8	366.7	370.2	388.0	413.2	442.2
Other Revenues	99.2	102.6	104.9	108.0	109.9	114.7
Less: 5% of Revenues	(22.6)	(22.3)	(22.6)	(23.6)	(25.0)	(26.6)
Transfers In	<u>38.4</u>	<u>30.8</u>	<u>33.1</u>	<u>35.3</u>	<u>37.3</u>	<u>39.4</u>
<b>Total Sources of Funds</b>	<b>\$601.4</b>	<b>\$591.9</b>	<b>\$582.7</b>	<b>\$584.1</b>	<b>\$599.6</b>	<b>\$624.7</b>
<b>Expenditures:</b>						
Personal Services	90.7	92.0	92.4	94.9	97.5	100.2
Operating Expenses	39.9	40.9	42.0	43.5	45.5	47.6
Capital Equipment	0.6	0.6	0.6	0.7	0.7	0.7
Operating Impact of CIP	0.0	0.9	2.0	2.6	2.6	2.7
Capital Projects	0.3	0.3	0.3	0.3	0.3	0.3
Grants & Aids	26.1	27.3	28.0	29.1	30.1	31.2
Transfers to Constitutionals	319.2	325.2	333.1	344.7	359.3	374.9
Transfers	32.2	31.1	31.4	32.6	35.6	37.2
Reserves and Refunds	<u>92.3</u>	<u>92.1</u>	<u>90.9</u>	<u>91.4</u>	<u>92.0</u>	<u>92.9</u>
<b>Total Uses of Funds</b>	<b>\$601.4</b>	<b>\$610.4</b>	<b>\$620.7</b>	<b>\$639.8</b>	<b>\$663.7</b>	<b>\$687.7</b>
<b>Surplus/(Deficit) - Cumulative</b>	<b>\$0.0</b>	<b>-\$18.6</b>	<b>-\$38.0</b>	<b>-\$55.7</b>	<b>-\$64.1</b>	<b>-\$63.1</b>

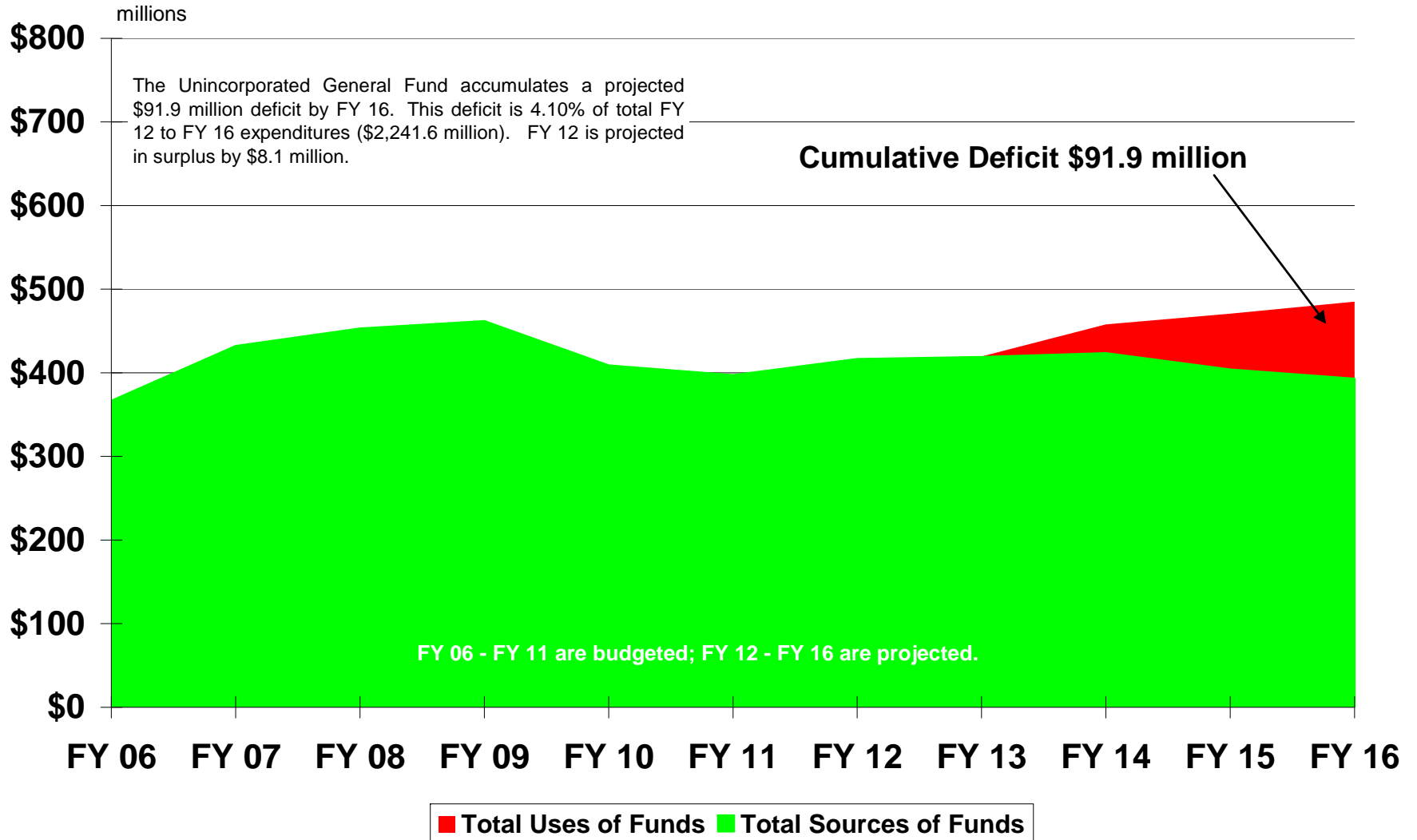
# Countywide General Fund



## UNINCORPORATED GENERAL FUND PROFORMA FY 11 - FY 16

	Adopted Budget FY 11	Projected Budget FY 12	Projected Budget FY 13	Projected Budget FY 14	Projected Budget FY 15	Projected Budget FY 16
<b>Beginning Fund Balance</b>	\$94.5	\$112.9	\$114.2	\$103.3	\$65.7	\$34.7
<b>Revenues:</b>						
Ad Valorem Taxes	174.6	172.3	174.9	184.4	197.5	212.6
Communications Services Tax	24.4	24.1	24.5	25.0	25.6	26.2
Other Revenues	46.9	48.8	50.9	52.9	54.3	55.8
Less: 5% of Revenues	(12.1)	(12.0)	(12.2)	(12.8)	(13.6)	(14.4)
<b>Transfers In</b>	<u>69.1</u>	<u>70.3</u>	<u>66.7</u>	<u>70.6</u>	<u>74.3</u>	<u>78.1</u>
<b>Total Sources of Funds</b>	<b>\$397.3</b>	<b>\$416.4</b>	<b>\$418.9</b>	<b>\$423.4</b>	<b>\$403.9</b>	<b>\$393.0</b>
<b>Expenditures:</b>						
Personal Services	129.9	132.5	133.2	136.9	140.8	144.7
Operating Expenses	46.6	47.9	49.1	50.9	53.9	57.1
Capital Equipment	0.0	0.0	0.0	0.0	0.1	0.1
Operating Impact of CIP	0.0	0.4	0.5	0.6	0.6	0.6
Capital Projects	0.1	0.1	0.1	0.1	0.1	0.1
Grants in Aid	1.4	1.4	1.4	1.4	1.4	1.5
Transfers to Constitutionals	111.2	115.4	119.9	125.1	130.9	138.0
<b>Transfers</b>	22.3	24.4	29.7	57.1	56.8	56.0
<b>Reserves and Refunds</b>	<u>85.8</u>	<u>86.4</u>	<u>85.4</u>	<u>85.9</u>	<u>86.3</u>	<u>86.9</u>
<b>Total Uses of Funds</b>	<b>\$397.3</b>	<b>\$408.4</b>	<b>\$419.4</b>	<b>\$458.0</b>	<b>\$470.8</b>	<b>\$484.9</b>
<b>Surplus/(Deficit) - Cumulative</b>	<b>\$0.0</b>	<b>\$8.1</b>	<b>-\$0.5</b>	<b>-\$34.6</b>	<b>-\$67.0</b>	<b>-\$91.9</b>

# Unincorporated General Fund



## Sensitivity Analysis

The Pro Forma models for both funds are designed to allow changes to the primary underlying assumptions. Selectively changing assumptions to determine the impact on the model's results is commonly referred to as "sensitivity analysis". Essentially, it measures the significance of any assumption in projecting the results. A one-percentage point higher or lower growth rate in any one variable will have an impact in dollar terms of similar magnitude, whether positive or negative. Due to the multiplicative, rather than additive, nature of compounding, however, the impacts will not be exactly identical absolute value. For instance the five year cumulative effect of a one-percentage point higher growth rate in a revenue may reduce the overall deficit by \$10.7 million; whereas, a one-percentage point decline in that revenue's growth rate may increase the overall deficit by \$10.2 million. Similar, but not identical, magnitudes occur. (See table, page 16)

Since about 80% of Countywide General Fund and 70% of Unincorporated Area General Fund direct revenues arise from Ad Valorem property taxes changing the taxable value growth assumption would have the most significant impact. Reflecting REC forecasts, declining home values and tax reform limitations, the Pro Forma assumes a 1.9% decline in Countywide property values and revenues for FY 12. The magnitude of decline for FY 12 is expected to be less than in recent years. Slow growth is expected resume for FY 13.

Property valuation forecasts are uncertain in the current atmosphere. How will foreclosures affect overall home prices and how will that affect property appraisals? How have nonresidential markets performed? The answers will be known when the Property Appraiser's Office issues its preliminary values in June. Early indications are often available in April. Until then alternative assumptions may be considered.

Business and Support Services (BSS) examined the 2010 tax roll database of more than 461,000 records to consider alternative taxable value scenarios. The December REC just value forecasts for residential (-3.0%) and nonresidential property (-5.7%) were combined with the 1.5% SOH limitation and applied to the database. Where the resulting January 1, 2011 estimated assessed value for a particular parcel still exceeded the January 1, 2010 just value, January 1, 2011 taxable value was estimated on the assessed value. If the estimated just value fell below the estimated assessed value, assessed value was adjusted to the lower just value. Taxable value was then estimated. This exercise estimated a 1.3% decline in Countywide taxable value for FY 12, matching the REC's taxable forecast.

Late 2010 home price data from S&P Case Shiller indicated Metro Tampa home prices declined 4.0% during November 2009 to November 2010. BSS performed the above analysis with this 4.0% decline and estimated a 1.9% drop in total taxable value. This 1.9% estimate has been used as the baseline estimate for this Pro Forma. Alternatively, using the more optimistic REC estimate of a 1.3% decline would result in a \$2.1 million decline in the FY 12 Countywide deficit and a \$1.0 million increase in the Unincorporated surplus.

Late 2010 estimated declines in regional home values range from 3.6% to 5.6%. Commercial market values are also uncertain. Risks appear greater that taxable values for FY 12 may have fallen more than the REC estimate of 3.0% than less.

Using an alternative forecast based on a 5.6% drop in residential just value (December 2010 Greater Tampa Association of Realtors average price data for Hillsborough) for FY 12, BSS devised a sensitivity scenario with a 2.9% fall in Countywide taxable value.

A 2.9% decline in Countywide taxable value for FY 12 would increase the Countywide deficit \$3.0 million to \$21.6 million and would raise the FY 16 5 year deficit to \$93.3 million. A similar assumption for the Unincorporated Area Fund would result in a \$1.6 million decline in the FY 12 surplus. The Unincorporated FY 16 cumulative deficit would rise to \$107.4 million. If, in addition to a 5.6% drop in 2010 home values, 2011 home values dropped 5.0% instead of the REC estimate of 1% the Countywide FY 16 cumulative deficit would rise further to \$126.5 million and the Unincorporated deficit would rise to \$124.3 million.

Combining a 5.6% drop in residential just value and a 13% drop in nonresidential just value resulted in an estimated 5.0% drop in Countywide taxable value for FY 12. This scenario translates to a larger \$28.3 million FY 12 deficit for the Countywide Fund, a \$9.7 million increase, and a smaller \$3.2 million surplus for the Unincorporated Fund, a \$4.9 million fall. The 5-year Countywide deficit would rise \$53.1 million to \$116.2 million. The Unincorporated deficit would increase \$27.1 million to \$119.0 million.

The 4% Communications Services Tax (CST) is an Unincorporated Area General Fund revenue. The Pro Forma models growth at 0.2% for FY 12 rising to 2.5% for FY 16. The communications industry is undergoing rapid technological change causing some taxable activity to shift to currently non-taxable activity. Future experience will test this assumption. If Communications Services Tax revenues grow 1% faster for all years the FY 12 Unincorporated surplus would rise by \$0.2 million while the accumulated FY 16 deficit would fall by \$3.6 million.

A more significant baseline assumption regarding the CST is the transfer back to the Unincorporated Fund of the one and one-half points of the tax set aside for future Fire Rescue purposes. If, by contrast, none of those one and one-half points were transferred back to the fund the Unincorporated FY 12 surplus of \$8.1 million would become a \$1 million deficit and the accumulated FY 16

deficit would increase from \$91.9 million to \$140.5 million. A summary table on page 17 shows the Unincorporated Fund in deficit all years, FY 12 – FY 16, in comparison to significant deficits for FY 14 – FY 16 in the baseline summary on page 11. (Note: the summary on page 17 retains the baseline assumption that the Unincorporated Fund replaces expired fuel tax revenues in the Transportation Trust Fund.)

Another very significant assumption in the baseline Unincorporated Area General Fund Pro Forma is the replacement of expired fuel tax revenues by Unincorporated general revenue (see page 8). If, alternatively, the fuel taxes were renewed and/or the Unincorporated Fund does not replace the fuel tax revenues in the Transportation Trust Fund, the Unincorporated Fund FY 12 surplus would increase to \$11.3 million and the FY 16 cumulative deficit of \$91.9 million would switch to an \$18.1 million surplus. Indeed, the Unincorporated Fund would be in surplus for all years, FY 12 – FY 16 as shown on the summary on page 19. (Note: the summary on page 19 retains the baseline assumption that all CST revenues earmarked for Fire Rescue purposes are transferred back to the Unincorporated Fund.)

One percent higher growth in License/Permit, Charges, Fines, and Other Revenues would cause the FY 12 Countywide deficit to drop \$0.7 million and the Unincorporated surplus to increase \$0.2 million. The accumulated Countywide FY 16 deficit would fall \$11.5 million while the Unincorporated deficit would fall \$4.6 million.

If Half-cent revenues and related State Revenue Sharing grew one-percentage point faster than the baseline model in all years the FY 16 Countywide General Fund deficit would fall \$5.5 million. The Unincorporated Area General Fund deficit would fall \$11.6 million for FY 16. The FY 12 impact would be less than \$1 million for each Fund.

On the expenditure side, changes in Personal Service expense and Transfers to Constitutional Officers growth rates would cause the most significant impacts. The Pro Forma includes no pay raises for FY 12 and FY 13. Increases of 2.5%, about the average annual long-term rate of inflation, are modeled thereafter. If Personal Service costs were to rise 1% less in each year the FY 16 Countywide deficit would fall \$17.3 million while the Unincorporated deficit would decline \$21.0 million. The Countywide FY 12 deficit would fall \$1.1 million and the Unincorporated FY 12 surplus would rise \$1.3 million.

One-percentage point slower growth in Transfers to Constitutional Officers would cause a \$47.9 million decrease in the accumulated FY 16 Countywide General Fund deficit and a \$16.8 million reduction in the Unincorporated Area General Fund deficit. The FY 12 Countywide deficit would fall \$3.0 million and the Unincorporated surplus would rise \$1.0 million.

Other expenditure categories are relatively small in comparison to personal services costs and Transfers to Constitutionals. The following sensitivity analysis table shows the relatively minor impact of changing these expenditures' growth assumptions.

**SENSITIVITY ANALYSIS**  
**MEASURING THE FISCAL IMPACT OF ALTERNATIVE ASSUMPTIONS**

Millions of dollars

	Countywide General Fund		Unincorporated General Fund	
	FY 12	5 Years	FY 12	5 Years
Projected Pro Forma Surpluses/(Deficits)	(18.6)	(63.1)	8.1	(91.9)

**Yearly Growth Rate Alternatives**

Positive numbers increase surpluses (decrease deficits) whereas, negative numbers decrease surpluses (increase deficits)  
 Comparisons are in relation to Pro Forma Surpluses/(Deficits).

Changes in opposite direction will have opposite effect of similar magnitude.

	Countywide General Fund		Unincorporated General Fund	
	FY 12	5 Years	FY 12	5 Years
<b>Revenues</b>				
1% less - Ad Valorem, each year	(3.1)	(50.6)	(1.6)	(25.9)
1% higher - Ad Valorem, each year	3.2	52.0	1.6	26.5
1% lower - Ad Valorem for FY 12 only	(3.1)	(17.2)	(1.6)	(8.8)
1% lower - Ad Valorem for FY 12 and FY 13 only	(3.1)	(30.7)	(1.6)	(15.7)
3.0% decline in Residential Just Values for FY 12 instead of 4.0% decline - Smaller FY 12 Ad Valorem decline	2.1	23.8	1.0	12.1
5.6% decline in Residential Just Values for FY 12 instead of 4.0% decline - Greater FY 12 Ad Valorem decline	(3.0)	(30.2)	(1.6)	(15.5)
5.6% decline in Residential Just Values for FY 12 instead of 4.0% decline and 5.0% decline for FY 13 instead of 1.0% decline - Greater FY 12 and FY 13 Ad Valorem decline	(3.0)	(63.4)	(1.6)	(32.4)
5.0% Decline in FY 12 Countywide Taxable Value	(9.7)	(53.1)	(4.9)	(27.1)
1% higher - Communications Services Tax (CST), each year	0.0	0.0	0.2	3.6
None of the One and One-half Points of CST for Fire Rescue is Transferred Back to the Unincorporated Fund	0.0	0.0	(9.1)	(48.6)
1% higher - Other Revenues (License/Permit, Charges, Fines, Other), each year	0.7	11.5	0.2	4.6
1% higher - Half-cent revenue (Transfers In) and State Revenue Sharing , each year	0.3	5.5	0.6	11.6

<b>Expenditures</b>				
1% less - Personal Services, each year	1.1	17.3	1.3	21.0
No FY 12 increase in FRS costs	1.1	5.6	1.9	10.3
1% higher - Personal Services, each year	(1.0)	(17.7)	(1.4)	(21.6)
1% less - Operating expense, each year	0.5	6.7	0.4	7.7
1% less - Grants & Aids expense, each year	0.3	4.3	0.0	0.1
1% less - Capital expenses, each year	0.1	0.1	0.0	0.0
1% less - Transfers to Constitutionals, each year	3.0	47.9	1.0	16.8
1% less - Transfers out (not Constitutionals), each year	0.2	3.6	0.0	0.7
9th Cent Fuel Tax is renewed without interruption and/or expired revenues are not replaced	0.0	0.0	3.2	25.3
6 Cents Fuel Tax is renewed without interruption and/or expired revenues are not replaced	0.0	0.0	0.0	84.6
Both Fuel Taxes are renewed without interruption and/or expired revenues are not replaced	0.0	0.0	3.2	110.0

## SENSITIVITY 1: UNINCORPORATED GENERAL FUND PROFORMA FY 11 - FY 16

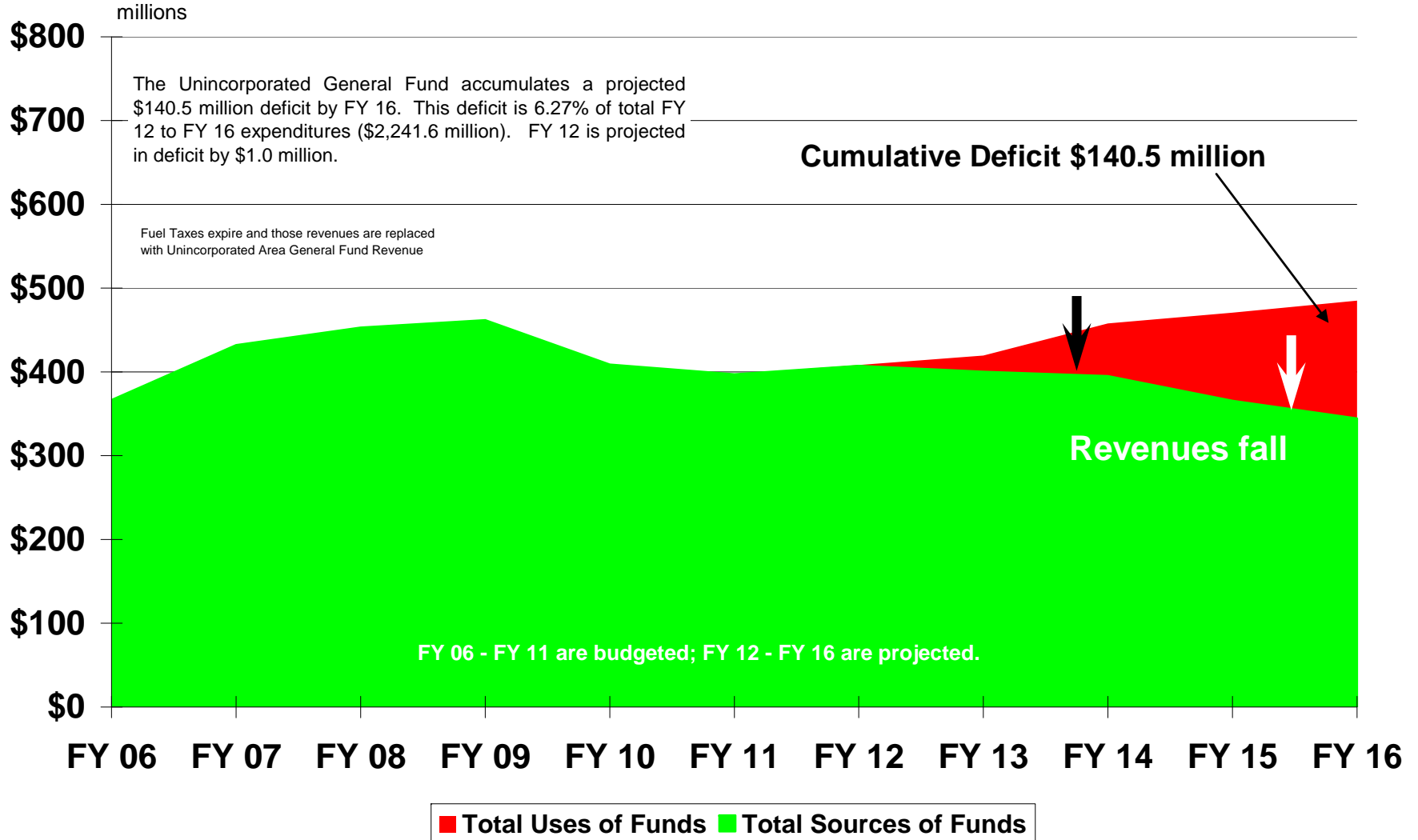
*CST revenue earmarked for Fire Rescue is not transferred back to Unincorporated Area General Fund*

Fuel Taxes expire and those revenues are replaced with Unincorporated Area General Fund Revenue

	Adopted Budget FY 11	Projected Budget FY 12	Projected Budget FY 13	Projected Budget FY 14	Projected Budget FY 15	Projected Budget FY 16
<b>Beginning Fund Balance</b>	\$94.5	\$112.9	\$104.8	\$84.3	\$37.0	-\$4.0
<b>Revenues:</b>						
Ad Valorem Taxes	174.6	172.3	174.9	184.4	197.5	212.6
Communications Services Tax	24.4	24.1	24.5	25.0	25.6	26.2
Other Revenues	46.9	48.8	50.9	52.9	54.3	55.8
Less: 5% of Revenues	(12.1)	(12.0)	(12.2)	(12.8)	(13.6)	(14.4)
Transfers In	<u>69.1</u>	<u>61.3</u>	<u>57.5</u>	<u>61.2</u>	<u>64.7</u>	<u>68.2</u>
<b>Total Sources of Funds</b>	<b>\$397.3</b>	<b>\$407.4</b>	<b>\$400.3</b>	<b>\$395.1</b>	<b>\$365.5</b>	<b>\$344.4</b>
<b>Expenditures:</b>						
Personal Services	129.9	132.5	133.2	136.9	140.8	144.7
Operating Expenses	46.6	47.9	49.1	50.9	53.9	57.1
Capital Equipment	0.0	0.0	0.0	0.0	0.1	0.1
Operating Impact of CIP	0.0	0.4	0.5	0.6	0.6	0.6
Capital Projects	0.1	0.1	0.1	0.1	0.1	0.1
Grants in Aid	1.4	1.4	1.4	1.4	1.4	1.5
Transfers to Constitutionals	111.2	115.4	119.9	125.1	130.9	138.0
Transfers	22.3	24.4	29.7	57.1	56.8	56.0
Reserves and Refunds	<u>85.8</u>	<u>86.4</u>	<u>85.4</u>	<u>85.9</u>	<u>86.3</u>	<u>86.9</u>
<b>Total Uses of Funds</b>	<b>\$397.3</b>	<b>\$408.4</b>	<b>\$419.4</b>	<b>\$458.0</b>	<b>\$470.8</b>	<b>\$484.9</b>
<b>Surplus/(Deficit) - Cumulative</b>	<b>\$0.0</b>	<b>-\$1.0</b>	<b>-\$19.1</b>	<b>-\$62.9</b>	<b>-\$105.3</b>	<b>-\$140.5</b>

# Sensitivity 1: Unincorporated General Fund

CST revenue earmarked for Fire Rescue is not transferred back to Unincorporated Area General Fund



## SENSITIVITY 2: UNINCORPORATED GENERAL FUND PROFORMA FY 11 - FY 16

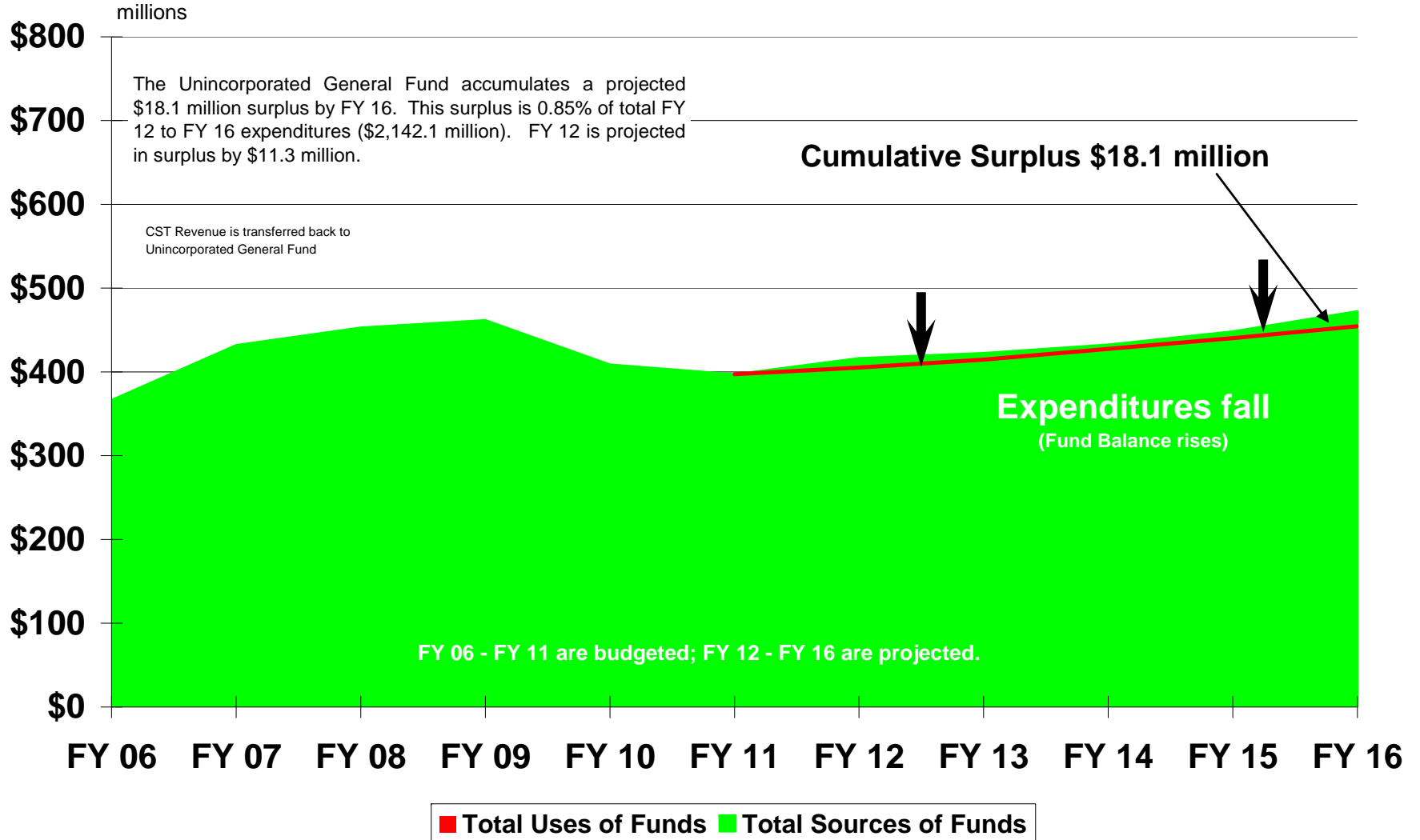
*Expiring Fuel Taxes are renewed and/or General Revenues do not replace Fuel Tax Revenues*

CST Revenue is transferred back to  
Unincorporated General Fund

	Adopted Budget FY 11	Projected Budget FY 12	Projected Budget FY 13	Projected Budget FY 14	Projected Budget FY 15	Projected Budget FY 16
<b>Beginning Fund Balance</b>	\$94.5	\$112.9	\$117.9	\$112.6	\$110.2	\$114.4
<b>Revenues:</b>						
Ad Valorem Taxes	174.6	172.3	174.9	184.4	197.5	212.6
Communications Services Tax	24.4	24.1	24.5	25.0	25.6	26.2
Other Revenues	46.9	48.8	50.9	52.9	54.3	55.8
Less: 5% of Revenues	(12.1)	(12.0)	(12.2)	(12.8)	(13.6)	(14.4)
<b>Transfers In</b>	<u>69.1</u>	<u>70.3</u>	<u>66.7</u>	<u>70.6</u>	<u>74.3</u>	<u>78.1</u>
<b>Total Sources of Funds</b>	<b>\$397.3</b>	<b>\$416.4</b>	<b>\$422.6</b>	<b>\$432.8</b>	<b>\$448.3</b>	<b>\$472.6</b>
<b>Expenditures:</b>						
Personal Services	129.9	132.5	133.2	136.9	140.8	144.7
Operating Expenses	46.6	47.9	49.1	50.9	53.9	57.1
Capital Equipment	0.0	0.0	0.0	0.0	0.1	0.1
Operating Impact of CIP	0.0	0.4	0.5	0.6	0.6	0.6
Capital Projects	0.1	0.1	0.1	0.1	0.1	0.1
Grants in Aid	1.4	1.4	1.4	1.4	1.4	1.5
Transfers to Constitutionals	111.2	115.4	119.9	125.1	130.9	138.0
<b>Transfers</b>	22.3	21.2	24.9	26.7	26.4	25.6
<b>Reserves and Refunds</b>	<u>85.8</u>	<u>86.4</u>	<u>85.4</u>	<u>85.9</u>	<u>86.3</u>	<u>86.9</u>
<b>Total Uses of Funds</b>	<b>\$397.3</b>	<b>\$405.1</b>	<b>\$414.6</b>	<b>\$427.6</b>	<b>\$440.4</b>	<b>\$454.5</b>
<b>Surplus/(Deficit) - Cumulative</b>	<b>\$0.0</b>	<b>\$11.3</b>	<b>\$8.1</b>	<b>\$5.2</b>	<b>\$8.0</b>	<b>\$18.1</b>

# Sensitivity 2: Unincorporated General Fund

Expiring Fuel Taxes are renewed and/or General Revenues do not replace Fuel Tax Revenues



## Conclusion

The Pro Forma is constructed in accordance with data confirming moderating declines in home prices during 2010 and slowly accelerating economic growth in late 2010 and 2011. The 2010 home price declines will likely cause a decline in FY 12 property values that are not likely to be offset by renewed growth in other revenues. Tax reform is a continuing limiting factor.

FY 12 Countywide property tax revenue is forecast to drop 1.9% or \$7.1 million from FY 12. Unincorporated revenue is forecast to drop 1.3% or \$2.3 million. The estimated Countywide General Fund FY 12 deficit is \$18.6 million. The estimated Unincorporated Area General Fund FY 12 surplus is \$8.1 million. The Countywide General Fund FY 16 cumulative deficit of \$63.1 million is 1.96% of FY 12 to FY 16 expenditures.

The Unincorporated Area General Fund FY 16 deficit of \$91.9 million is 4.10% of FY 12 to FY 16 expenditures and is largely attributable to the replacement of expired local option fuel tax revenues, supporting the Transportation Trust Fund, with Unincorporated Area General Fund revenue. If general revenue does not replace these fuel taxes the Unincorporated Area General Fund would be in surplus for all years through FY 16. The FY 16 cumulative surplus would be \$18.1 million.

A decision to not transfer back to the Unincorporated Fund of the one and one-half points of the tax set aside for future Fire Rescue purposes would increase the FY 16 deficit \$48.6 million.

Preliminary spending cap data suggest the projected Countywide General Fund and Unincorporated General Fund would fall below the reduced spending cap through FY 13. The projected FY 14

Unincorporated General Fund may be above the reduced cap due to the replacement of expired fuel tax revenues with general revenues. Data revisions in late March will result in recalculated caps.

Both General Funds are very sensitive to the growth of taxable values. Uncertainty exists in the near term path of housing markets. Sensitivity analysis considered alternative possibilities that housing markets and the economy may perform worse or better than expected.

A greater than expected fall in FY 12 property values would adversely affect both General Funds. Continued high levels of foreclosures could also extend price declines into later 2011, possibly causing lower or negative growth for FY 13.

Any change in economic performance, state policy, board policy, or other unforeseen events could also result in dramatic changes in the funds' forecasted balances.

Uncertainty also prevails in the Florida Legislature which may enact additional tax reform measures or shift costs to local governments.

The factors discussed above and in the Sensitivity Analysis indicate the ongoing and significant impact from the decline in home values and the limitations of property tax reform. In that light, future expenditure commitments should be made with caution.

**Appendix:**  
**Model Assumptions**  
**Ad Valorem Graphs**  
**Pro Forma Detail**  
**Operating Impact of CIP**

# Assumptions

## The Economy

The primary forecast and accompanying sensitivity analysis reflect weak 2010 economic growth and expectations for stronger recovery in 2011 and 2012.

After weathering national fears of a double dip recession the economy emerged from a disappointing summer and fall to end 2010 with stronger consumer spending, rising home sales and a return of modest job growth. Many forecasters expected growth to slow in mid-2010 as business inventory restocking slowed, the federal fiscal stimulus faded from the high levels of 2009 and the federal homebuyers tax credit ended in April. National home sales and prices, which displayed signs of stabilizing during the last half of 2009, weakened in the fall. The slowdown in recovery hampered job growth and consumer and business confidence in autumn 2010. More positively, November and December economic data indicate a stronger finish to 2010.

National job growth returned in the fourth quarter after summer losses. Nationally, 1,124,000 jobs have been gained year-to-date in December. That is, however, only a fraction of the 8.4 million US jobs lost from December 2007 to December 2009. While businesses have been strongly investing in equipment and software, they have been reluctant to hire. Unemployment remains high and home prices weak, consequently, consumer confidence remains in historically low territory. Late 2010 improvements in job growth have, however, lifted both national and Florida consumer confidence from their summer dips.

Retail sales, consequently, continue to improve from the low levels of 2009. Year-ago retail sales growth stood above 8% in the spring. August sales were only 4.2% above a year ago as doubt regarding the recovery's resilience weighed on consumers. Summer sales growth slowed as overall economic growth slowed but by late 2010, consumers seem to feel the worst is over and are more willing to spend on delayed items. September posted a 7.7% gain, followed by 7.9%, 7.5% and 7.9% gains in October, November and December respectively, indicating a strong reacceleration in sales growth. Late 2010 data also indicate a reacceleration in manufacturing activity and, after languishing for much of 2010, services. The Bureau of Economic Analysis reports that US Gross Domestic Product (GDP) accelerated to 3.2% growth for the fourth quarter of 2010. The underlying details of the report indicated a strong increase in demand among both consumers and business.

As in the nation, both Florida and the Tampa Metropolitan Area posted modest annual job gains in late 2010 despite weakness in the summer. During December 2009 to December 2010 (not seasonally adjusted) Florida gained 43,700 jobs and Metro Tampa gained 1,800. November 2010 was the first

month since June 2007 that Metro Tampa jobs exceeded year-ago levels. During 2010 retail trade, leisure/hospitality services and professional services returned to positive job growth, gaining 1,200, 2,300 and 5,300 jobs respectively. Those industries joined education and health services (2,600 jobs) in gaining jobs. Job losses are still evident, however, in construction, -4,500, and manufacturing, -2,500. These losses are, however, at much lower rates than during the recession. The University of Central Florida forecasts modest job gains for Tampa Bay during 2011. More robust job growth is expected in late 2011 and 2012. As job losses have abated initial unemployment compensation claims in both Florida and Hillsborough County fell 11.5% during 2010.

Slow job growth has not been fast enough to significantly lower unemployment rates. Hillsborough County's December 2010 unemployment rate (not seasonally adjusted) is 11.6%, compared to 12.1% a year ago and 7.9% two years ago. US unemployment also remains high at 9.1% (not seasonally adjusted) for December 2010, under the previous December's rate of 9.7% and the peak rate of 10.6% for January 2010. Florida's December rate is also 11.6% (not seasonally adjusted).

Florida and Hillsborough consumer spending is reflecting national trends. April through December monthly data show Hillsborough County's taxable sales have risen on a year ago basis for the first time since February 2007. Hillsborough County taxable sales in December 2010 were up 4.6% compared to December 2009. Florida taxable sales rose 5.3%. Annual 2010 taxable sales were up 0.5% in Hillsborough and 1.7% in Florida. These are the first annual gains since 2006. Improving economic conditions in 2011 will support further gains in taxable sales.

While job markets, business investment, and consumer spending are beginning to improve, housing still lags. Greater Tampa Association of Realtors (GTAR) data show the expected affect of the April expiration of the federal homebuyers tax credit. After twenty-four consecutive months of annual gains in home sales, July through November existing home sales in Hillsborough declined compared to a year ago. June 2010 sales rose 16.6% over June 2009. October and November sales both fell about 20.3% compared to a year ago when the original first-time buyers tax credit was in effect. Sales did, however, exceed November 2008 levels. The tax credits also moved national sales forward as well. National November existing home sales were down 27.9%.

December housing data, however, suggest the aftereffects of the tax credit have run their course. GTAR reports December 2010 existing home sales rose 3.9% over the previous December. Hillsborough unsold inventory declined to

8.1 months from November's 10.9 months. National existing home sales improved to a 2.9% decline but the December monthly increase of 12.3% was the strongest since 1999. While these are improvements, sales are still at low levels historically and home prices finished 2010 below 2009 levels. High unemployment and tight credit are impediments to stronger housing demand.

Supported by the tax credit, home prices improved modestly, on a year-ago basis, in the first half of 2010, and for the first time since late 2007. The tax credit expiration caused not only sales to resume falling but contributed to resumed price declines as well. The other, and likely more important force driving prices down are foreclosures. Home Encounter reports that half of Hillsborough County home sales in October were either foreclosures or short sales. Furthermore, foreclosure sales sold at about half the prices of conventional sales.

The closely watched national 20-city S&P/Case-Shiller home price index fell 1.6% during November 2009 – November 2010. The Metro Tampa index fell 4.0%. Before the tax credit expiration the 20-city indexed had shown modest increases. Other home price sources reveal resumed price declines in later 2010. The Federal Housing Finance Agency third quarter 2010 data show a 12-month drop of 3.1% for the nation and a 3.6% drop for Metro Tampa. GTAR reports December 2010 Hillsborough average prices were 5.6% below December 2009. (Each measure of home price uses differing methodologies.)

National and Hillsborough County foreclosure activity declined in late 2010 due to lender moratoria related to "robosigning" problems. Once this problem is concluded foreclosures are likely to resume and continue downward pressure on prices in 2011. Job growth will be a boost to housing but may not offset the impact of foreclosures.

Commercial real estate has been a cause for concern but has weathered the recession better than many expected. Market reports indicate growing market stabilization in late 2010. The University of Florida's Survey of Emerging Market Conditions reports a positive investment outlook in Florida and Metro Tampa for 2011. Commercial real estate may serve as a support to taxable values for FY 13.

As various indicators point to renewed growth, Economy.com now expects about 4.0% GDP growth for the 2011 and 2012. Congress's December extension of tax cuts and jobless benefits will add about one percentage point to 2011 growth according to Economy.com. The Fed has also indicated its willingness to support growth by keeping interest rates low well into 2011. Economy.com expects rising job growth to push unemployment rates down in 2011 and 2012 which will also support housing and consumer markets. Hillsborough County economic growth will find a sounder footing in 2011 as

well. High joblessness and weak housing markets are downside risks to these forecasts.

### **Taxable Property Values**

Property tax revenue fell further for FY 11 due to rapid decline in housing values during 2009. Countywide taxable value fell 11.33% for FY 11. Countywide property tax revenue fell \$47.7 million and Unincorporated revenue fell \$20.6 million as a result of declining values.

Reflecting weak economic recovery in 2010 and the resumption of home price declines in Hillsborough County and Metro Tampa during the last half of 2010, the baseline Pro Forma scenario assumes taxable property values declined during 2010 (January 1, 2011 values for FY 12). Taxable values have declined since 2008. This is in contrast to rapid growth that reflected booming housing markets. During 1997-2007 Countywide taxable values increased by an average annual rate of 11.7%. Unincorporated Area taxable values increased 12.4% annually.

Property valuation projections have been combined with the requirements of tax reform in order to forecast ad valorem revenues through FY 16. Prior to FY 08 future Pro Forma millage rates were not changed in the model without current policy direction to do so. The legislative rollback provisions now require the County to limit millage to the Maximum Millage Rate (which can be adopted by simple majority). This rate is the rolled-back rate adjusted by the previous year's rate of increase in Florida Per Capita Income (FPCPI). A rollback reduces millage rates to a level that only collects the previous year's property taxes on currently existing property (i.e. no additional revenue is collected due to assessment increases). The rollback rate reflects the prior year's Maximum Millage Rate adjusted upward by FPCPI and is then applied to previously existing property and to new construction. Property tax revenue growth is limited to income growth and new construction (as a proxy for population growth).

The December State Revenue Estimating Conference (REC) forecasted Countywide taxable value will decline 1.3% for FY 12 (2011 values), followed by low growth of 1.9% for FY 13 and accelerating to 7.0% by FY 16. The Business and Support Services Department examined the current property tax roll and various measures of home prices to test the REC forecast and recognizes that the decline for FY 12 will likely prove worse than the REC forecasted given the declines in market values. Further discussion of taxable values occurs on pages 5 and 6 of the Analysis section and alternate scenarios are considered in the Sensitivity Analysis section (see page 13).

### **Transfers to the General Funds**

Transfers of revenues from other funds primarily reflect Half-cent Sales Tax revenue and State Revenue Sharing. These revenues are transferred to the

General Funds after meeting debt service requirements for bond issues against which they are pledged and any other budgeted transfers. The easing of financial troubles and job losses and the beginning of economic recovery have encouraged consumer spending, especially in late 2010. The current Business and Support Services FY 11 forecast, based on statewide REC projections, estimates a 3.9% increase in Half-cent Sales Tax revenue compared to FY 10. FY 11 should benefit from stronger consumer spending as economic growth and job growth accelerate in 2011. Half-cent Sales tax revenue is forecast to rise 6.9% for FY 12, followed by a more robust recovery with 7.6% growth for FY 13. The Pro Forma incorporates about average growth of 5.75% in Half-cent Sales Tax revenues for FY 15 and FY 16.

A number of one-time transfers into the General Funds occurred in FY 10 or FY 11. Many facilitated debt defeasance. These do not continue after FY 11.

### **Communications Services Tax**

The Local Communications Services Tax increased, effective January 1, 2004, to 4.0% raising about \$24 million in revenue annually. This is an Unincorporated Area General Fund revenue. One and one-half points of the 4% tax or 37.5% of the tax's revenue has been earmarked for future Fire Rescue purposes. This earmarked revenue is transferred from the Unincorporated Area General Fund to the Unincorporated Area Construction Fund. (For FY 08 and FY 09 only one-half point was set aside in order to offset some of the initial impact of tax reform.) The earmarked CST revenue is transferred back into the Unincorporated Area General Fund for Fire Rescue operating purposes for FY 11. This Pro Forma continues that practice during the forecast period, FY 12 – FY 16. As an alternate scenario transferring none of the earmarked revenue back to the Unincorporated Fund is considered in the Sensitivity Analysis section (see page 13).

Rapid technological change in the communications industries further complicates forecasting of this revenue. The industry is subject to much price competition, consolidation and technological convergence which may materially restrain growth in this revenue. After a flat performance for FY 12, revenues are modeled at about 1.5% to 2.5% growth annually during FY 13 through FY 16. This reflects REC forecasts.

### **Local Option Fuel Taxes**

Local Option Fuel taxes are not directly related to the two General Funds and have not been substantive factors in previous Pro Formas. The 9<sup>th</sup>-cent Fuel Tax and the 6-cents Local Option Fuel Taxes are, however, relevant to this year's Unincorporated Area General Fund Pro Forma. The 9<sup>th</sup>-cent tax is scheduled to expire on December 31, 2011 and the 6-cents tax is due to expire on August 31, 2013. The Pro Forma does not assume that the Transportation

Trust Fund expenditures supported by these expiring fuel taxes cease. As the fuel taxes expire the Pro Forma models the Unincorporated Fund replacing those lost revenues with a transfer of general revenue to the Transportation Trust Fund. As an alternate scenario replacing none of the expired revenue is considered in the Sensitivity Analysis section (see page 13).

### **Other Revenues**

The Federal Reserve has continued aggressive action to support economic growth. The Fed's key Federal Funds Rate target has been reduced to 0.0% to 0.25%. This action restrains interest earnings to low returns. Rates are assumed to remain low through FY 11 before rising slowly in early FY 12. This will likely translate to rising interest earnings after 2011.

The return of unused or residual revenues to the General Funds by Constitutional Officers is modeled to more closely reflect higher rates of recent years for FY 12 and FY 13. Residual rates are modeled to gradually decline thereafter.

The County's share (estimated \$2 million annually) of prospective revenues from the Seminole Gaming Compact is not factored in this Pro Forma.

### **Fund Balance**

Fund balance calculations reflect anticipated actual revenue and expenditure rates. These are based on recent historical patterns and are imbedded within the model. In essence, they adjust for the fact that expenditures typically fall short of the budgetary "ceiling" and some revenues exceed conservative budget estimates.

### **Expenditures**

Many County revenues and expenditures have a relationship to inflation and population growth. Indeed, some revenues and expenditures may be forecast by applying the inflation and/or population growth rates. In general, inflation is assumed to remain relatively low and is modeled at the 10-year average annual rate which has recently been 2.5% to 2.6%.

Recent expenditure growth has been constrained by the loss of revenue due to Property Tax Reform and recession. Expenditure growth is assumed to be constrained for FY 12 and FY 13. (No assumption is made regarding the unknown impacts of FY 11 transition plans.) Expenditure growth rates are likely to rise in later years more closely reflecting historical patterns. Population growth slowed in 2007 and 2008 and turned negative for 2009. The University of Florida reported growth of 7,680 for 2010 and projects average annual growth of 16,400 for 2011-2015 and 20,900 for 2015-2020.

Staffing costs are primarily reflected in this model in three areas: Personal Services, transfers to Constitutional Officers and the staffing associated with the operation and/or maintenance of funded capital improvement projects which is reflected in a separate line, Operating Impact of CIP.

The increase in transfer of funds to Constitutional Officers reflected in this model assumes the constrained increases of FY 08 through FY 11 will continue for FY 12. Constitutional transfers for FY 13 through FY 16 are modeled to rise, progressively, at rates more closely reflecting historical patterns. A direct adjustment to transfers to Constitutional Officers in the Unincorporated Area General Fund has been made to include new deputies and equipment needed to meet the Board's FY 99 commitment to maintain a ratio of 1.7 deputies per 1,000 unincorporated population. The Sheriff has indicated that his office will not seek to increase deputies on the basis of that ratio for FY 10 and FY 11. The Pro Forma does include additional deputies for FY 12 to FY 16.

The operating impact of the CIP has been limited by the prior cancellation or deferral of some capital projects. The Pro Forma does include the FY 12 to FY 16 impact of remaining projects. The opening of Jail Phases VI and VII(A) are now beyond FY 16 and, therefore, not included in this Pro Forma. Previously estimated operating costs for the expansions were \$23.0 million annually. A past study of jail costs indicated that the cost to add a new inmate above designed capacity is about \$16,000 annually. Recent reports indicate the 2009 average daily jail population was 3,461, well below rated capacity of 4,190. Modeling a return to the 1997-2009 average incarceration rate per 1,000 county population (3.46) by FY 16 would result in above capacity usage in FY 15 and FY 16. For those years the Pro Forma models \$1.3 million and \$2.9 million in over capacity costs respectively. These costs are included in Transfers to Constitutional Officers in the Countywide General Fund.

In May 2001 the Board adopted a further staffing ratio for code enforcement officers. This standard calls for 1 code enforcement officer per 18,000 unincorporated population. The Unincorporated Area General Fund Pro Forma adds one code additional enforcement officer in FY 13, FY 15 and FY 16.

Personal Services expenditure is modeled in accordance with Civil Service rules and Board approved policy. Pro Forms previous to FY 06 modeled these increases at 7.0%. The FY 07 Pro Forma modeled 5% increases and the FY 08 Pro Forma modeled 3.5%. Following Adopted FY 10 and FY 11 practice, pay increases for FY 12 and FY 13 are modeled at 0%. Pay increases for FY 14 to FY 16 are modeled at 2.5% (about the long run average annual rate of inflation). Cost savings from turnover and vacancy are captured by applying actual historical spending rates which are consistently below budget.

Other future changes in Florida Retirement System (FRS) contributions or benefit structure, state budgetary priorities, impacts from future collective bargaining agreements, or employee health insurance adjustments could adversely affect future budgets. FY 12 projected personnel costs include an 11.4% increase in state retirement costs (see Sensitivity Analysis, page 16 for an assumption of no increase). FRS costs are modeled to rise in conjunction with overall pay increases during FY 14 – FY 16. Health care costs are modeled to rise 4.9% annually for FY 12 and FY 13. This reflects the 2004 – 2010 average annual increase in the Bureau of Labor Statistics Cost of Compensation data for health care costs paid by state and local governments. For FY 14 to FY 16 health care costs are modeled to rise 6.6% annually, more reflective of rates of increase prevailing before the 2008-2009 recession.

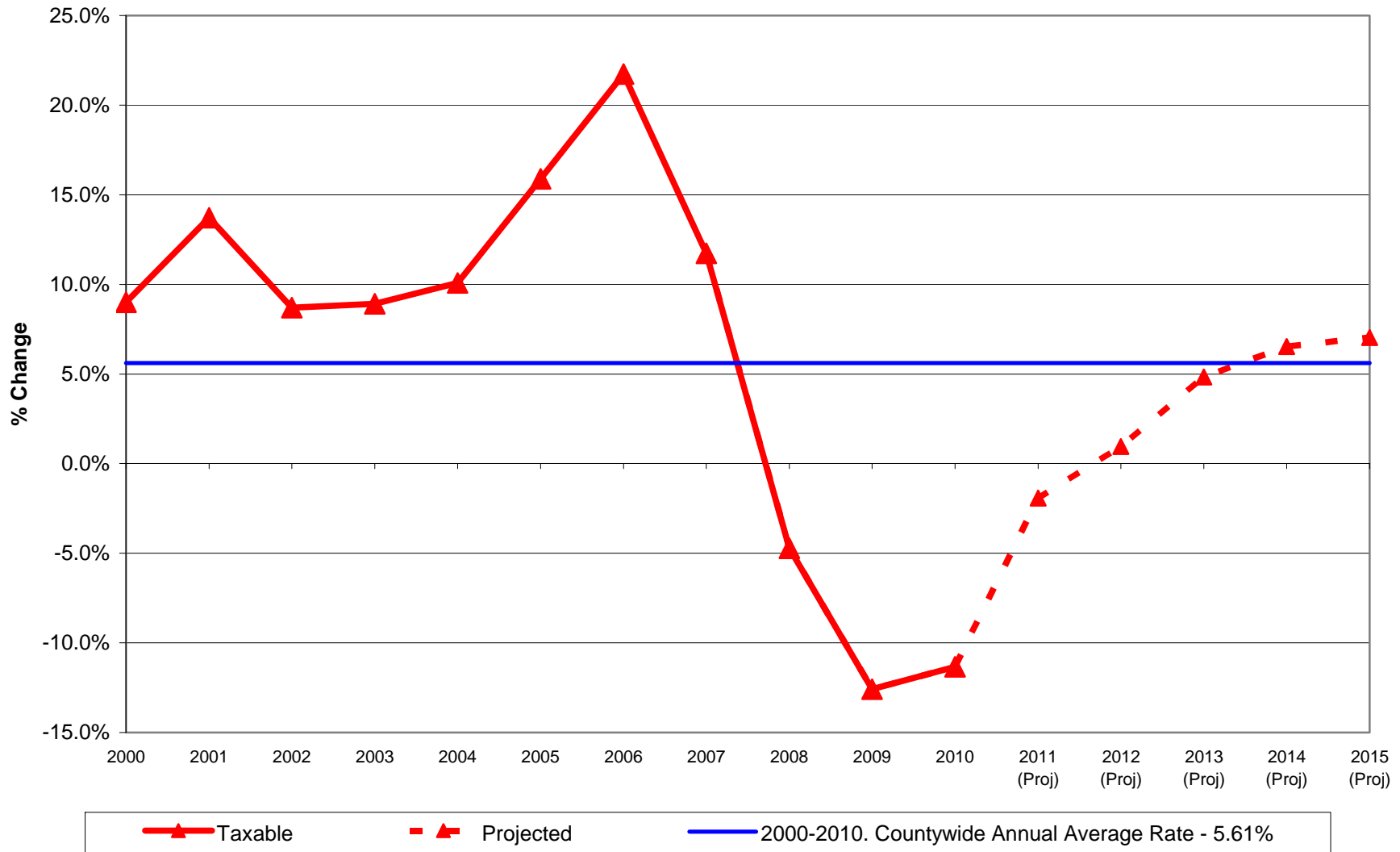
As the Pro Forma reflects staffing increases relating only to the operation and/or maintenance of funded capital improvement projects and those relating to adopted Board policy (such as the commitment to maintain a ratio of 1.7 deputies per 1,000 population), service levels may be expected to gradually decline as population rises.

Transfers from Unincorporated General Fund to other funds include ongoing commitments to transportation projects. The Unincorporated General Fund's operating and maintenance subsidy transfer to the Transportation Trust Fund also continues and, after one time adjustments for non-designated Trust Fund and fuel tax reserves for FY 12 only, grows proportionately with other operating and personal services expenditures. A further operating transfer of \$7.15 million to the Transportation Trust Fund occurs each year, FY 12 – FY 16.

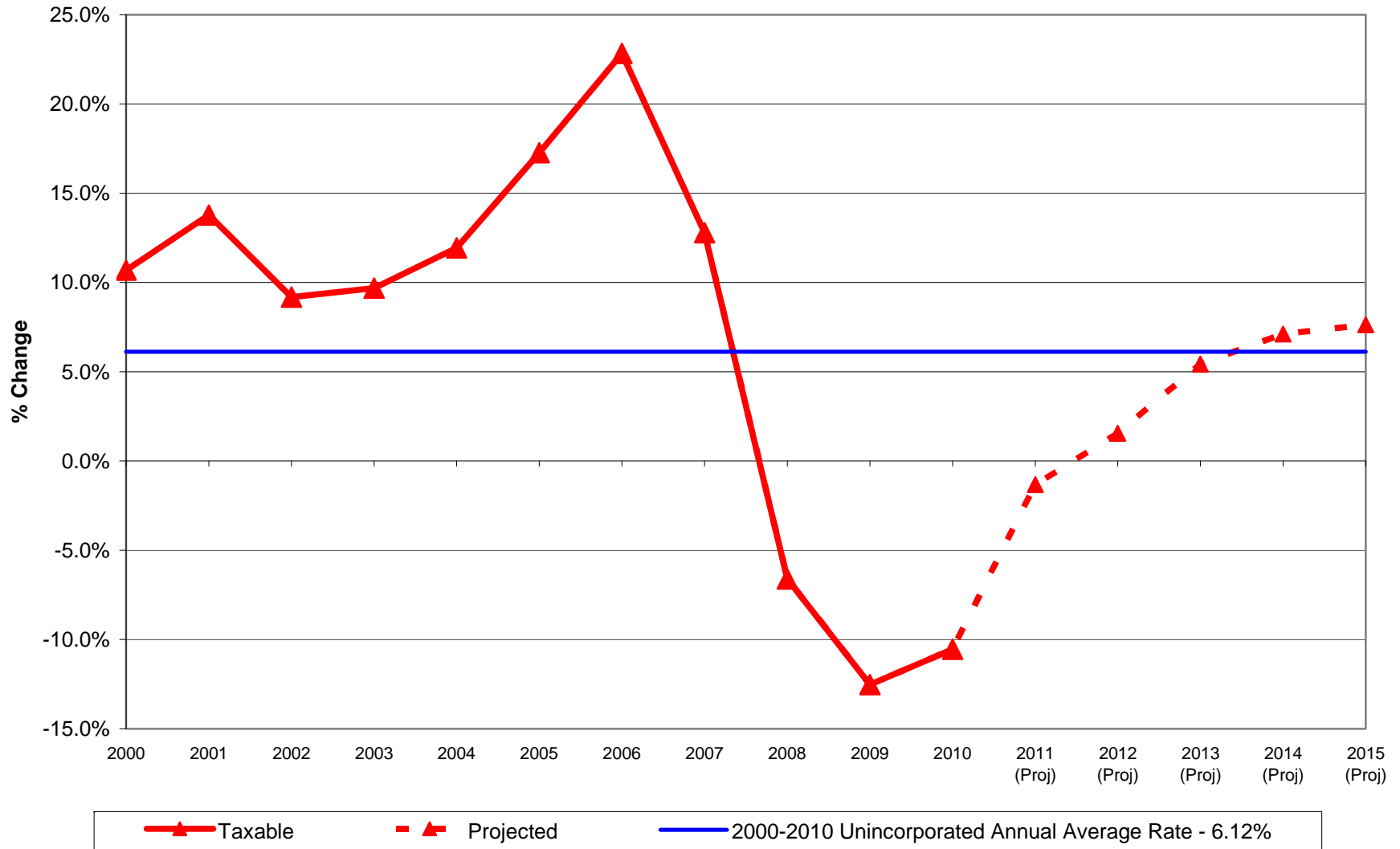
Ad valorem revenue transfers from the Countywide General Fund to the Countywide Construction Fund fell from \$34.0 million in FY 09 to \$21,807 in FY 10 and to zero thereafter. Transfers from the Unincorporated Area General Fund are reduced from \$12 million in FY 09 to zero for FY 10 and 650,420 for FY 11. Transfers of \$1.9 million for both FY 12 and FY 13, \$3.3 million for FY 14, and \$1.4 million for FY 15 are included for planned Fire Rescue projects. The FY 10 reductions primarily reflect the ending of one-time FY 09 transfers for Economic Development Initiatives, the BOCC Financial System Replacement, and the Affordable Housing Task Force Program. One percent of tax revenues from the General Funds are transferred to the Major Maintenance and Repair Funds. (See page 7 regarding partial pre-payment for FY 12 through FY 14.) Other transfers from the General Funds are modeled to grow at rates commensurate with personal services and operating expenses.

Reserves are modeled per Board policies.

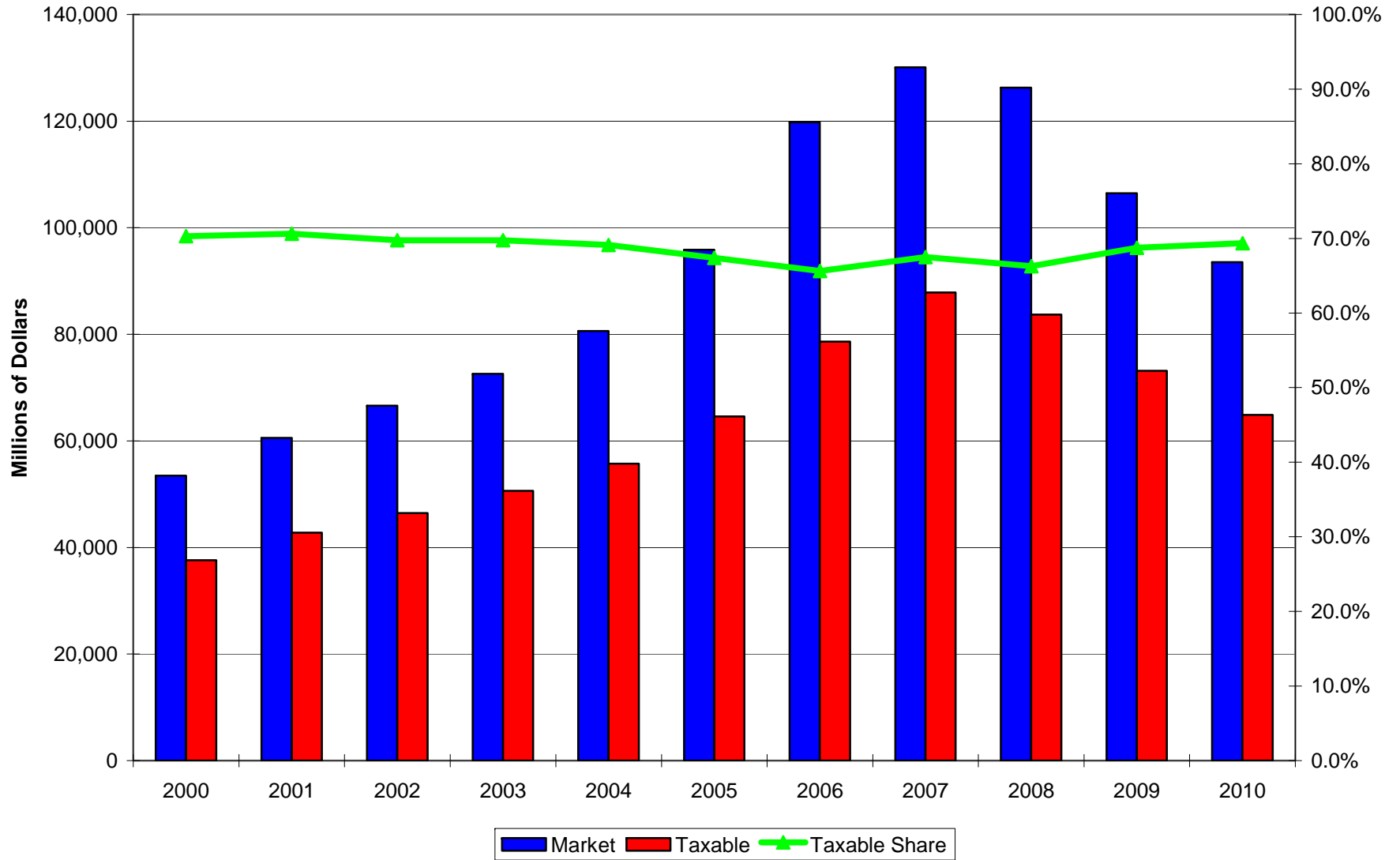
## Countywide Taxable Property Values Growth



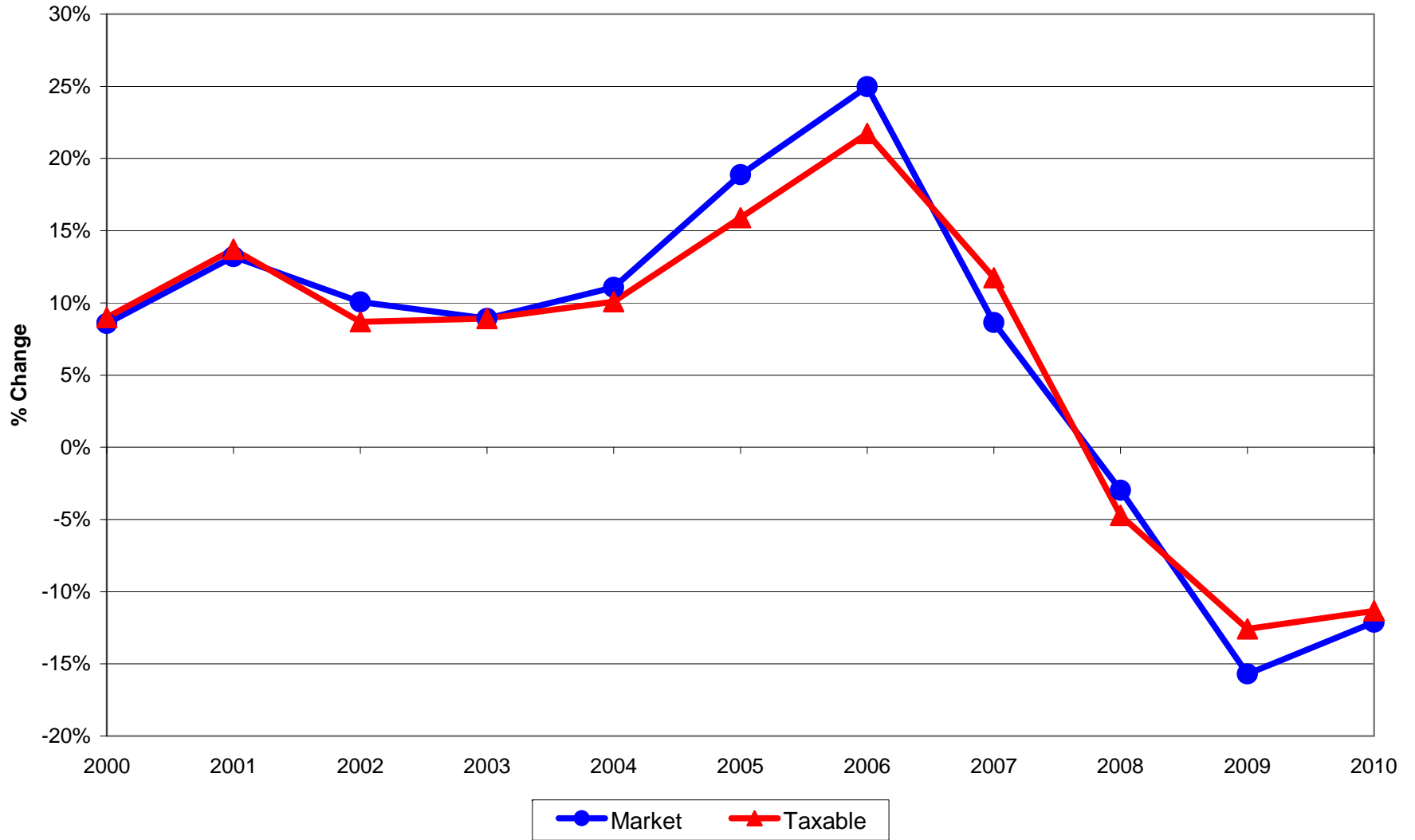
# Unincorporated Taxable Property Values Growth



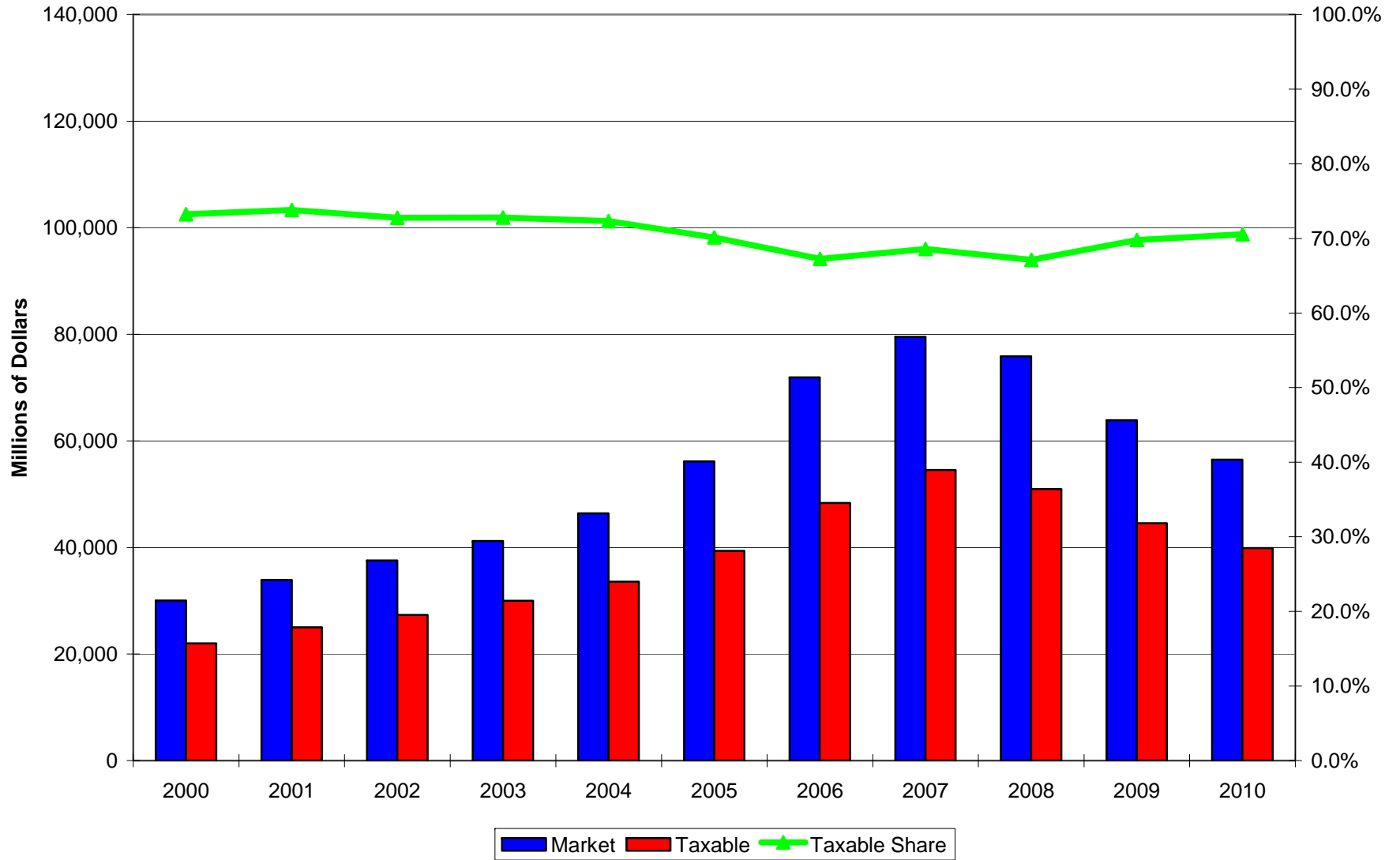
# Countywide Property Values



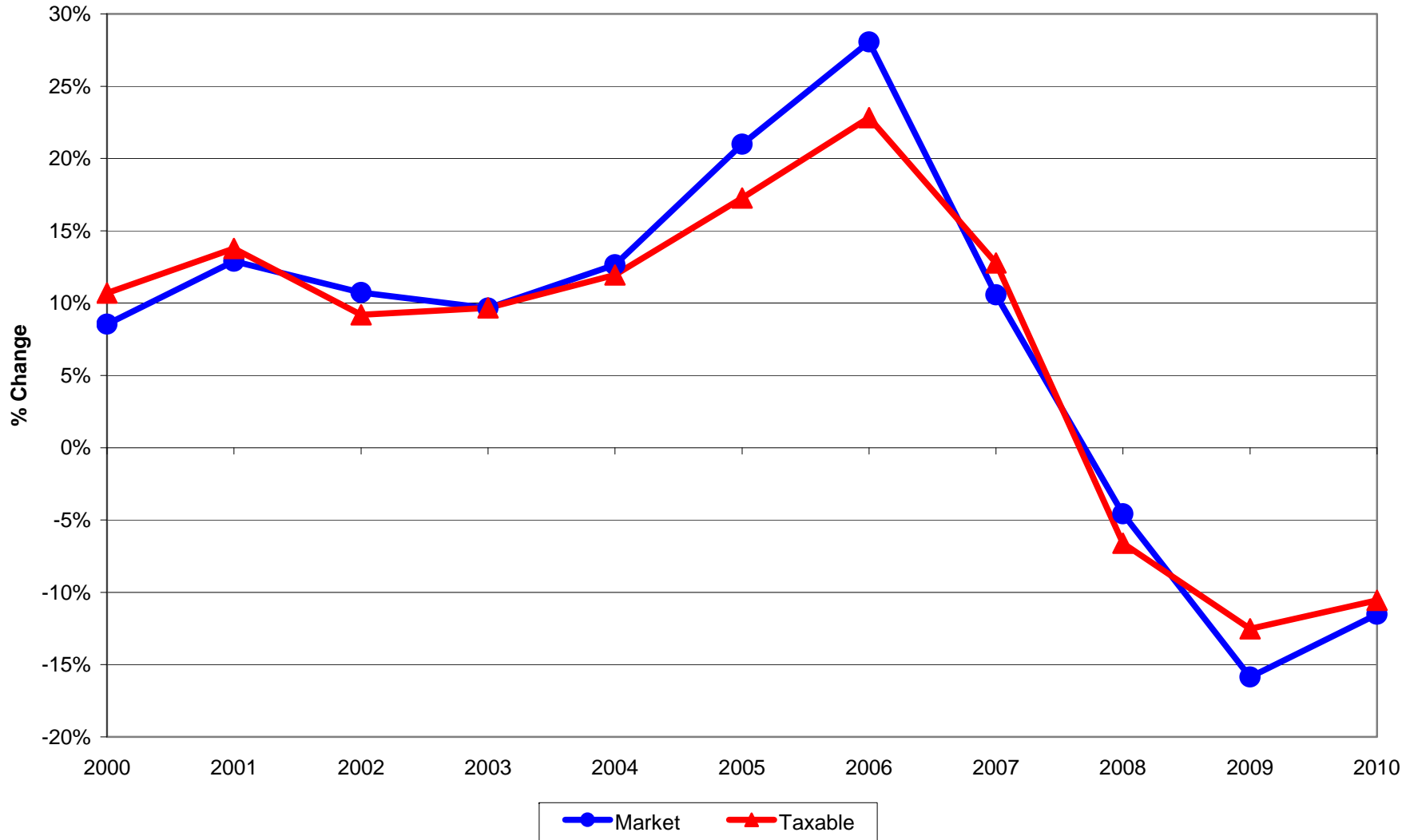
# Countywide Property Values Growth



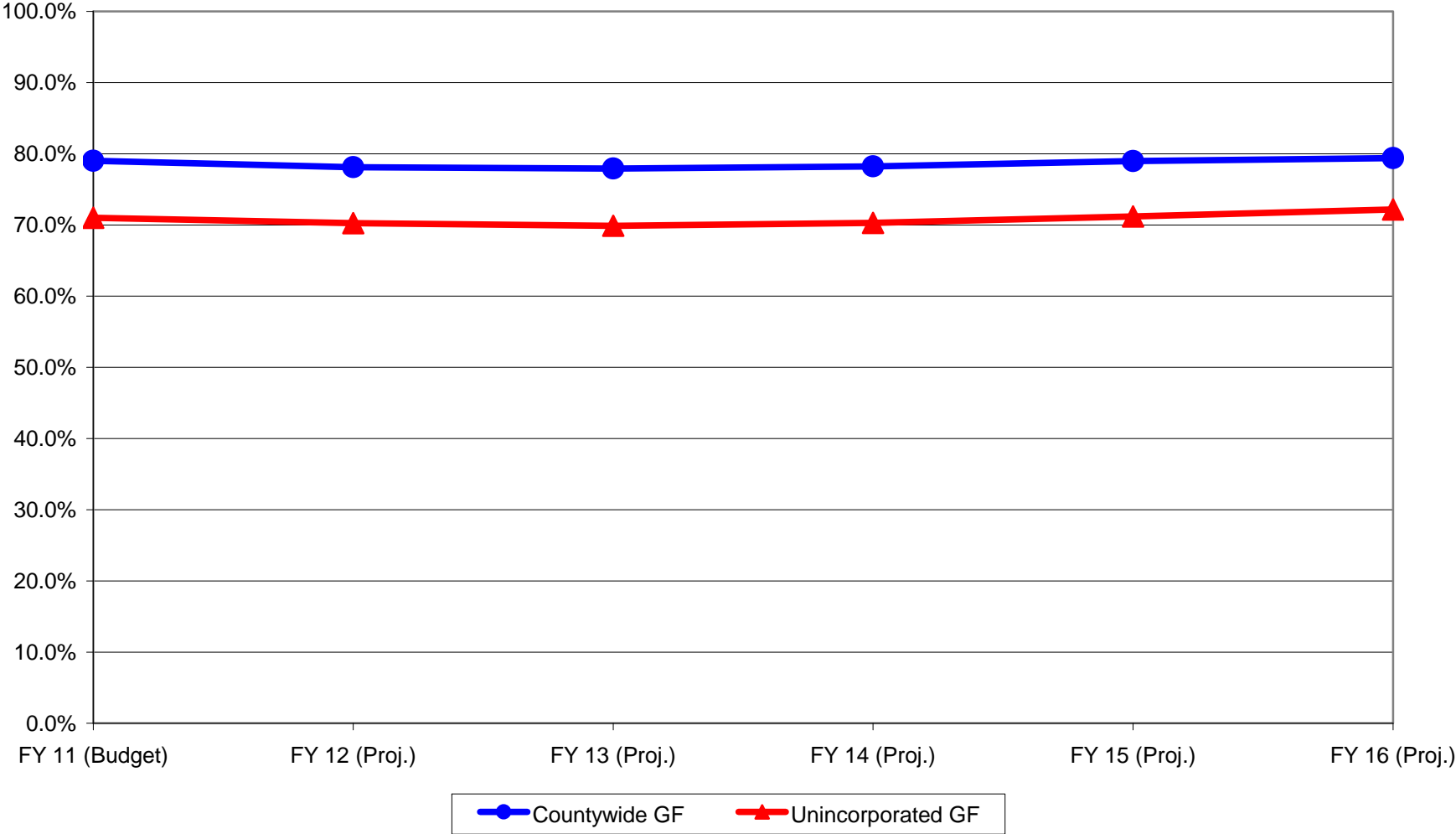
# Unincorporated Property Values



# Unincorporated Property Values Growth



# Ad Valorem Revenue's Share of All Fund Revenues (excluding Transfers In)



**COUNTYWIDE GENERAL FUND PROFORMA FY 11 - FY 16**

	Adopted Budget FY 11	Projected Yearend FY 11	Projected Budget FY 12	Projected Yearend FY 12	Projected Budget FY 13	Projected Yearend FY 13	Projected Budget FY 14	Projected Yearend FY 14	Projected Budget FY 15	Projected Yearend FY 15	Projected Budget FY 16
Ad Valorem Tax	\$372,401,800	\$355,643,719	\$365,269,313	\$350,877,702	\$368,773,279	\$354,243,612	\$386,608,569	\$371,376,192	\$411,848,413	\$395,621,585	\$440,822,432
Delinquent Ad Valorem	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
Federal & State Grants	5,074,187	5,238,083	5,424,620	5,599,836	5,834,189	6,022,634	6,235,564	6,436,973	6,594,109	6,807,098	6,973,270
Parimutuel Tax	446,500	\$446,500	446,500	446,500	446,500	446,500	446,500	446,500	446,500	446,500	446,500
Local Business Tax	1,596,273	1,726,369	1,628,198	1,760,897	1,660,762	1,796,115	1,693,978	1,832,037	1,727,857	1,868,678	1,762,414
License/Permit Revenue	545,073	589,496	555,974	601,286	567,094	613,312	578,436	625,578	590,005	638,090	601,805
Charges for Services	59,049,509	61,629,973	62,708,582	65,448,947	64,339,005	67,150,620	66,011,820	68,896,536	69,048,363	72,065,777	72,224,588
Fines and Forfeits	81,892	136,833	84,021	140,391	86,206	144,041	88,447	147,786	90,747	151,629	93,106
Other Revenues	8,947,349	8,947,349	7,899,412	7,899,412	8,037,652	8,037,652	8,178,311	8,178,311	8,321,431	8,321,431	8,467,056
Less: 5% of Budget	-22,600,296	0	-22,270,831	0	-22,557,234	0	-23,562,081	0	-25,003,371	0	-26,639,559
Transfers	38,405,151	40,306,206	30,778,080	35,994,965	33,127,956	38,743,144	35,324,273	45,310,107	37,286,254	43,606,274	39,361,010
Other Non-Revenue	23,420,000	30,629,999	23,861,069	31,206,854	23,914,562	30,276,236	24,751,363	31,335,639	23,105,675	31,756,828	24,106,658
Beginning Fund Balance	<u>112,585,000</u>	<u>113,774,053</u>	<u>114,105,547</u>	<u>111,105,547</u>	<u>97,118,513</u>	<u>94,118,513</u>	<u>76,296,033</u>	<u>73,296,033</u>	<u>64,125,823</u>	<u>61,125,823</u>	<u>55,045,096</u>
<b>Total Sources of Funds</b>	<b>\$601,352,438</b>	<b>\$620,468,581</b>	<b>\$591,890,487</b>	<b>\$612,482,337</b>	<b>\$582,748,485</b>	<b>\$602,992,378</b>	<b>\$584,051,211</b>	<b>\$609,281,692</b>	<b>\$599,581,805</b>	<b>\$623,809,713</b>	<b>\$624,664,376</b>
<b>Personal Services</b>	90,676,427	88,092,149	91,973,920	89,352,663	92,400,036	89,766,635	94,929,697	92,224,200	97,528,613	94,749,047	100,198,680
<b>Operating Expenses</b>	39,858,678	34,218,675	40,895,004	35,108,361	41,958,274	36,021,178	43,468,772	37,317,940	45,503,110	39,064,420	47,632,656
<b>Capital Equipment</b>	604,830	137,780	620,556	141,363	636,690	145,038	663,367	151,115	691,162	157,447	720,122
<b>Operating Impact of CIP</b>	0	0	918,964	892,774	1,993,180	1,936,375	2,571,201	2,497,922	2,641,594	2,566,308	2,713,913
<b>Capital Projects</b>	300,473	389,653	300,473	389,653	300,473	389,653	300,473	389,653	300,473	389,653	300,473
<b>Grants &amp; Aids</b>	26,116,306	25,549,582	27,328,330	26,735,305	28,038,867	27,430,423	29,059,481	28,428,891	30,117,246	29,463,702	31,213,514
<b>Transfers to Constitutionals</b>	319,228,753	322,421,041	325,240,791	328,493,199	333,071,900	336,402,619	344,726,502	348,173,767	359,341,759	362,935,176	374,909,139
<b>Transfers</b>	32,231,951	37,630,803	31,117,758	36,329,982	31,430,783	36,695,439	32,597,850	38,057,990	35,562,227	41,518,900	37,160,001
<b>Reserves and Refunds</b>	<u>92,335,020</u>	<u>923,350</u>	<u>92,052,404</u>	<u>920,524</u>	<u>90,898,566</u>	<u>908,986</u>	<u>91,438,998</u>	<u>914,390</u>	<u>91,996,208</u>	<u>919,962</u>	<u>92,899,937</u>
<b>Total Uses of Funds</b>	<b>\$601,352,438</b>	<b>\$509,363,033</b>	<b>\$610,448,199</b>	<b>\$518,363,823</b>	<b>\$620,728,768</b>	<b>\$529,696,345</b>	<b>\$639,756,341</b>	<b>\$548,155,868</b>	<b>\$663,682,392</b>	<b>\$571,764,616</b>	<b>\$687,748,436</b>
<b>Surplus/(Shortfall) of Sources Less Uses:</b>											
Excluding Fund Balance	0	111,105,547	-18,557,713	-16,987,034	-19,422,571	90,283,067	-36,282,559	-29,157,244	-27,818,028	81,202,340	-35,266,032
Including Fund Balance	0	111,105,547	-18,557,712	94,118,513	-37,980,283	73,296,033	-55,705,129	61,125,823	-64,100,587	52,045,096	-63,084,060
Sources (excluding Fund Bal.)	488,767,438	506,694,528	477,784,939	501,376,789	485,629,971	508,873,865	507,755,178	535,985,659	535,455,982	562,683,889	569,619,280
Uses (excluding Reserves)	509,017,418	508,439,683	518,395,794	517,443,299	529,830,202	528,787,360	548,317,343	547,241,478	571,686,184	570,844,654	594,848,499
Current Surplus/(Shortfall)	-20,249,980	-1,745,155	-40,610,855	-16,066,510	-44,200,231	-19,913,495	-40,562,164	-11,255,820	-36,230,202	-8,160,765	-25,229,219

# COUNTYWIDE GENERAL FUND ASSUMPTIONS

## Revenue Growth Rate Assumptions, by Year:

RATE, BY YEAR:	Ad Valorem Tax Base (Budget)	State & Federal Grants (Budget)	License Revenue (Budget)	Charges for Services (Budget)	Fines and Forfeitures (Budget)	Transfers (Budget)	Other Revenue (Annual Rate)
FY 12	-1.92%	6.91%	2.00%	2.60%	2.60%	-19.86%	1.75%
FY 13	0.96%	7.55%	2.00%	2.60%	2.60%	7.63%	1.75%
FY 14	4.84%	6.88%	2.00%	2.60%	2.60%	6.63%	1.75%
FY 15	6.53%	5.75%	2.00%	4.60%	2.60%	5.55%	1.75%
FY 16	7.04%	5.75%	2.00%	4.60%	2.60%	5.56%	1.75%
Actuals = %:	96.06%	103.23%	108.15%	104.37%	167.09%	116.95%	100.00%

## Expenditure Growth Rate Assumptions, by Year:

RATE, BY YEAR:	Personal Services (Budget)	Operating Expenses (Budget)	Capital Equipment (Budget)	Capital Projects (Budget)	Grants & Aid (Budget)	Transfers to Constitutionals (Budget)	Transfers (80% P.S.. 20% O.E.) (Budget)	Reserves (Budget)	Operating Impact of CIP (Budget)
FY 12	1.43%	2.60%	2.60%	0.00%	2.60%	1.88%	1.66%	0.00%	See personal services assumptions
FY 13	0.46%	2.60%	2.60%	0.00%	2.60%	2.41%	0.89%	0.00%	
FY 14	2.74%	3.60%	4.19%	0.00%	3.64%	3.50%	2.91%	0.00%	
FY 15	2.74%	4.68%	4.19%	0.00%	3.64%	4.24%	3.13%	0.00%	
FY 16	2.74%	4.68%	4.19%	0.00%	3.64%	4.33%	3.13%	0.00%	
Actuals = %:	97.15%	85.85%	22.78%	129.68%	97.83%	101.00%	116.75%	1.00%	97.15%

**UNINCORPORATED GENERAL FUND PROFORMA FY 11 - FY 16**

	Adopted Budget FY 11	Projected Yearend FY 11	Projected Budget FY 12	Projected Yearend FY 12	Projected Budget FY 13	Projected Yearend FY 13	Projected Budget FY 14	Projected Yearend FY 14	Projected Budget FY 15	Projected Yearend FY 15	Projected Budget FY 16
Ad Valorem Tax	\$174,377,411	\$166,861,745	\$172,066,445	\$165,510,714	\$174,732,242	\$168,074,943	\$184,213,883	\$177,195,334	\$197,327,198	\$189,809,031	\$212,373,628
Delinquent Ad Valorem	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Federal & State Grants	13,314,521	13,447,666	14,234,048	14,376,388	15,308,745	15,461,833	16,361,940	16,525,560	17,302,752	17,475,780	18,297,660
Licenses and Permits	44,692	45,139	45,854	46,313	47,046	47,517	48,269	48,752	49,524	50,020	50,812
Communications Services Tax	\$24,376,156	24,050,820	24,098,441	24,580,409	24,503,294	24,993,360	25,015,658	25,515,971	25,603,526	26,115,597	26,246,175
Charges for Services	20,240,519	20,442,924	20,766,772	20,974,440	21,306,709	21,519,776	21,860,683	22,079,290	22,429,061	22,653,351	23,012,216
Fines and Forfeits	3,738,286	5,233,600	3,835,481	5,369,674	3,935,204	5,509,286	4,037,519	5,652,527	4,142,495	5,799,493	4,250,200
Other Revenues	3,662,389	4,421,236	3,757,611	4,536,188	3,855,309	4,654,129	3,955,547	4,775,136	4,058,391	4,899,290	4,163,909
Less: 5% of Budget	-12,141,479	0	-11,950,233	0	-12,194,427	0	-12,784,675	0	-13,555,647	0	-14,429,730
Transfers	69,113,554	70,862,127	70,328,639	73,162,884	66,651,999	69,338,074	70,592,598	73,437,480	74,254,307	77,246,755	78,090,953
Other Non-Revenue	5,935,000	14,753,977	6,155,836	15,302,960	6,397,407	15,291,815	6,674,128	15,315,133	6,329,299	15,358,040	5,981,724
Beginning Fund Balance	<u>94,474,000</u>	<u>99,296,076</u>	<u>112,904,595</u>	<u>110,904,595</u>	<u>114,164,741</u>	<u>112,164,741</u>	<u>103,258,833</u>	<u>101,258,833</u>	<u>65,716,450</u>	<u>63,716,450</u>	<u>34,744,231</u>
<b>Total Sources of Funds</b>	<b>\$397,335,049</b>	<b>\$419,615,310</b>	<b>\$416,443,491</b>	<b>\$434,964,565</b>	<b>\$418,908,268</b>	<b>\$437,255,473</b>	<b>\$423,434,384</b>	<b>\$442,004,017</b>	<b>\$403,857,356</b>	<b>\$423,323,807</b>	<b>\$392,981,778</b>
<b>Personal Services</b>	129,943,653	126,915,966	132,472,494	129,836,291	133,207,014	130,556,194	136,895,934	134,171,705	140,766,178	137,964,931	144,745,793
<b>Operating Expenses</b>	46,602,355	44,537,871	47,872,792	45,752,028	49,117,485	46,941,580	50,885,714	48,631,477	53,893,060	51,505,597	57,078,140
<b>Capital Equipment</b>	45,456	45,456	46,638	9,328	47,850	9,570	49,095	9,819	50,371	10,074	51,681
<b>Operating Impact of CIP</b>	0	0	352,869	0	516,455	506,177	555,648	544,590	582,938	571,338	599,081
<b>Capital Projects</b>	62,400	78,000	62,400	78,000	62,400	78,000	62,400	78,000	62,400	78,000	62,400
<b>Grants in Aid</b>	1,363,055	780,894	1,376,686	788,703	1,390,452	796,590	1,404,357	804,556	1,440,870	825,475	1,478,333
<b>Transfers to Constitutionals</b>	111,244,982	113,492,131	115,384,311	117,715,074	119,912,290	122,334,518	125,099,107	127,626,109	130,903,916	133,548,175	137,984,427
<b>Transfers</b>	22,309,920	22,405,853	24,397,812	28,162,394	29,733,356	34,321,213	57,148,051	65,965,996	56,847,207	65,618,731	56,045,659
<b>Reserves and Refunds</b>	<u>85,763,228</u>	<u>454,545</u>	<u>86,416,335</u>	<u>458,007</u>	<u>85,433,391</u>	<u>452,797</u>	<u>85,908,253</u>	<u>455,314</u>	<u>86,274,811</u>	<u>457,257</u>	<u>86,879,303</u>
<b>Total Uses of Funds</b>	<b>\$397,335,049</b>	<b>\$308,710,715</b>	<b>\$408,382,336</b>	<b>\$322,799,824</b>	<b>\$419,420,693</b>	<b>\$335,996,640</b>	<b>\$458,008,559</b>	<b>\$378,287,566</b>	<b>\$470,821,751</b>	<b>\$390,579,577</b>	<b>\$484,924,817</b>
Surplus/(Shortfall) of Sources Less Uses:											
Excluding Fund Balance	0	110,904,595	8,061,155	1,260,146	-8,573,580	99,998,687	-26,000,595	-36,282,237	-40,963,801	69,026,467	-50,979,239
Including Fund Balance	0	110,904,595	8,061,155	112,164,741	-512,425	101,258,833	-34,574,175	63,716,450	-66,964,395	32,744,231	-91,943,039
Sources (excluding Fund Bal.)	302,861,049	320,319,234	303,538,896	324,059,970	304,743,527	325,090,732	320,175,551	340,745,184	338,140,905	359,607,357	358,237,547
Uses (excluding Reserves)	311,571,821	308,256,170	321,966,001	322,341,818	333,987,302	335,543,843	372,100,306	377,832,252	384,546,940	390,122,320	398,045,514
Current Surplus/(Shortfall)	-8,710,772	12,063,064	-18,427,105	1,718,152	-29,243,775	-10,453,111	-51,924,755	-37,087,069	-46,406,034	-30,514,963	-39,807,967

## UNINCORPORATED GENERAL FUND ASSUMPTIONS

### Revenue Growth Rate Assumptions, by Year:

RATE, BY YEAR:	Ad Valorem Tax Base (Budget)	State & Federal Grants (Budget)	Communications Services Tax (Budget)	Charges for Services (Budget)	Fines and Forfeitures (Budget)	Transfers (Budget)	Other Revenue (Annual Rate)
FY 12	-1.33%	6.91%	0.20%	2.60%	2.60%	1.76%	2.60%
FY 13	1.55%	7.55%	1.68%	2.60%	2.60%	-5.23%	2.60%
FY 14	5.43%	6.88%	2.09%	2.60%	2.60%	5.91%	2.60%
FY 15	7.12%	5.75%	2.35%	2.60%	2.60%	5.19%	2.60%
FY 16	7.63%	5.75%	2.51%	2.60%	2.60%	5.17%	2.60%
Actuals = %:	96.19%	101.00%	102.00%	101.00%	140.00%	104.03%	120.72%

### Expenditure Growth Rate Assumptions, by Year:

RATE, BY YEAR:	Personal Services (Budget)	Operating Expenses (Budget)	Capital Equipment (Budget)	Capital Projects (Budget)	Grants & Aid (Budget)	Transfers to Constitutionals (Budget)	Transfers (80% P.S.. 20% O.E.) (Budget)	Reserves (Budget)	Operating Impact of CIP (Budget)
FY 12	1.95%	2.60%	2.60%	0.00%	1.00%	2.33%	2.08%	0.00%	See personal services assumptions
FY 13	0.50%	2.60%	2.60%	0.00%	1.00%	2.70%	0.92%	0.00%	
FY 14	2.77%	3.60%	2.60%	0.00%	1.00%	3.11%	2.94%	0.00%	
FY 15	2.77%	5.91%	2.60%	0.00%	2.60%	3.42%	3.40%	0.00%	
FY 16	2.77%	5.91%	2.60%	0.00%	2.60%	3.69%	3.40%	0.00%	
Actuals = %:	98.01%	95.57%	20.00%	125.00%	57.29%	102.02%	115.43%	0.53%	

**HILLSBOROUGH COUNTY  
ESTIMATED CIP OPERATING COST IMPACT DETAIL  
FY 11- FY 16**

OPERATING FUND	PROJECT TITLE	OPER. DATE	NEW POSITIONS	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
MSTU	FIRE STATION # 25 RELOCATION (Formerly Springhead FS)	Dec-12	0	\$0	\$0	\$8,000	\$8,000	\$8,000	\$8,000
MSTU	RUSKIN FIRE STATION RELOCATION	Apr-11	0	4,000	8,000	8,000	8,000	8,000	8,000
MSTU	UNIVERSITY AREA FIRE STATION #14 (Formerly 139th Ave.)	Oct-10	0	105,000	105,000	105,000	105,000	105,000	105,000
MSTU	<b>TOTAL FIRE FACILITIES</b>		<b>0</b>	<b>\$109,000</b>	<b>\$113,000</b>	<b>\$121,000</b>	<b>\$121,000</b>	<b>\$121,000</b>	<b>\$121,000</b>
GEN FUND	CLERK'S TRAFFIC DEPARTMENT BUILD-OUT	Sep-12	0	\$0	\$0	(\$450,000)	(\$450,000)	(\$450,000)	(\$450,000)
GEN FUND	EAST COUNTY COURT REDEVELOPMENT / REGIONAL SVC CTR	Oct-11	0	0	906,000	906,000	906,000	906,000	906,000
GEN FUND	USF GENERATOR	Oct-10	0	3,500	3,500	3,500	3,500	3,500	3,500
GEN FUND	<b>TOTAL GOVT. FACILITIES</b>		<b>0</b>	<b>\$3,500</b>	<b>\$909,500</b>	<b>\$459,500</b>	<b>\$459,500</b>	<b>\$459,500</b>	<b>\$459,500</b>
MSTU	APOLLO BEACH PARK EXPASION	Oct-11	0	\$0	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
MSTU	BELLAMY PLAYGROUND RECREATION CENTER ADDITION	Jun-12	0	0	3,000	8,000	8,000	8,000	8,000
MSTU	BRANCHTON AREA PARK PD&E & CONSTRUCTION	Jun-12	0	0	13,000	40,000	40,000	40,000	40,000
MSTU	BRANDON SKATEBOARD PARK	Oct-11	0	0	15,000	15,000	15,000	15,000	15,000
MSTU	BY PASS CANAL ROWING FACILITY PHASE II	Dec-11	0	0	6,000	6,000	6,000	6,000	6,000
MSTU	CITRUS PARK COMMUNITY CENTER	TBD	0	0	0	30,000	30,000	30,000	30,000
MSTU	CONCESSION/ RESTROOM REPLACEMENT	Various	0	0	8,000	10,000	12,000	15,000	15,000
GEN FUND	COUNTYWIDE SOCCER COMPLEX	Dec-12	2	0	0	1,500,000	2,000,000	2,000,000	2,000,000
MSTU	CROSS CREEK SPORTS COMPLEX COSTRUCTION	Jun-12	0	0	13,000	40,000	40,000	40,000	40,000
MSTU	EAST COUNTY THERAPEUTIC EQUESTRIAN FACILITY	Oct-12	0	0	0	4,000	4,000	4,000	4,000
MSTU	FISH HAWK COMMUNITY PLAYGROUND CONSTRUCTION	Dec-12	0	0	0	18,000	24,000	24,000	24,000
MSTU	FISH HAWK/ ALAFIA CREEK IMPROVEMENTS	Oct-11	0	0	8,000	8,000	8,000	8,000	8,000
MSTU	LUTZ/OSCAR COOLER FOOTBALL PRACTICE FIELD RENOVATIO	Sep-11	0	0	20,000	20,000	20,000	20,000	20,000
MSTU	MISCELLANEOUS NEIGHBORHOOD PARK IMPROVEMENTS	Various	0	0	15,000	20,000	20,000	20,000	20,000
MSTU	MULTI-PURPOSE GYMNASIUM NORTHWEST	Dec-12	0	0	7,000	20,000	20,000	20,000	20,000
MSTU	NORTHWEST RECREATIONAL CORRIDOR MAINTENANCE BLDG.	TBD	0	0	5,000	5,000	5,000	5,000	5,000
MSTU	NORTHWEST SKATEBOARD PARK	Oct-10	0	0	15,000	15,000	15,000	15,000	15,000
MSTU	PROGRESS VILLAGE SPORTS COMPLEX CONSTRUCTION	Oct-10	0	0	48,000	48,000	48,000	48,000	48,000
MSTU	ROTARY ALL PERSONS WATER PLAY AREA AT CLAYTON PARK	TBD	0	0	36,000	36,000	36,000	36,000	36,000
MSTU	SOUTH COAST GREENWAY PHASE I- PD&E/CONSTRUCTION	TBD	1	0	45,000	45,000	45,000	45,000	45,000
MSTU	VETERANS MEMORIAL PARK EXPANSION	Nov-11	0	0	6,000	6,000	6,000	6,000	6,000
MSTU	WHEELCHAIR SOFTBALL FIELDS	Aug-11	0	0	12,000	12,000	12,000	12,000	12,000
MSTU	WILLIAM OWENS PASS PARK IMPROVEMENTS (CIT-II)	Jun-11	0	0	14,000	14,000	14,000	14,000	14,000
MSTU	YOUTH ATHLETICS COMPLEXES IMPROVEMENTS	Various	0	0	20,000	30,000	40,000	48,000	48,000
	<b>TOTAL PARKS FACILITIES</b>		<b>3</b>	<b>\$0</b>	<b>\$339,000</b>	<b>\$1,980,000</b>	<b>\$2,498,000</b>	<b>\$2,509,000</b>	<b>\$2,509,000</b>
MSTU	<b>TOTAL STORMWATER</b>		<b>0</b>	<b>\$23,813</b>	<b>\$26,946</b>	<b>\$35,899</b>	<b>\$41,539</b>	<b>\$41,539</b>	<b>\$41,539</b>

Countywide	3,500	909,500	1,959,500	2,459,500	2,459,500	2,459,500
Less FY 11			906,000	1,956,000	2,456,000	2,456,000
Unincorporated	132,813	478,946	636,899	660,539	671,539	671,539
Less FY 11			346,133	504,086	527,726	538,726