

TAXPAYER'S GUIDE TO THE HILLSBOROUGH COUNTY BUDGET



Board of County Commissioners

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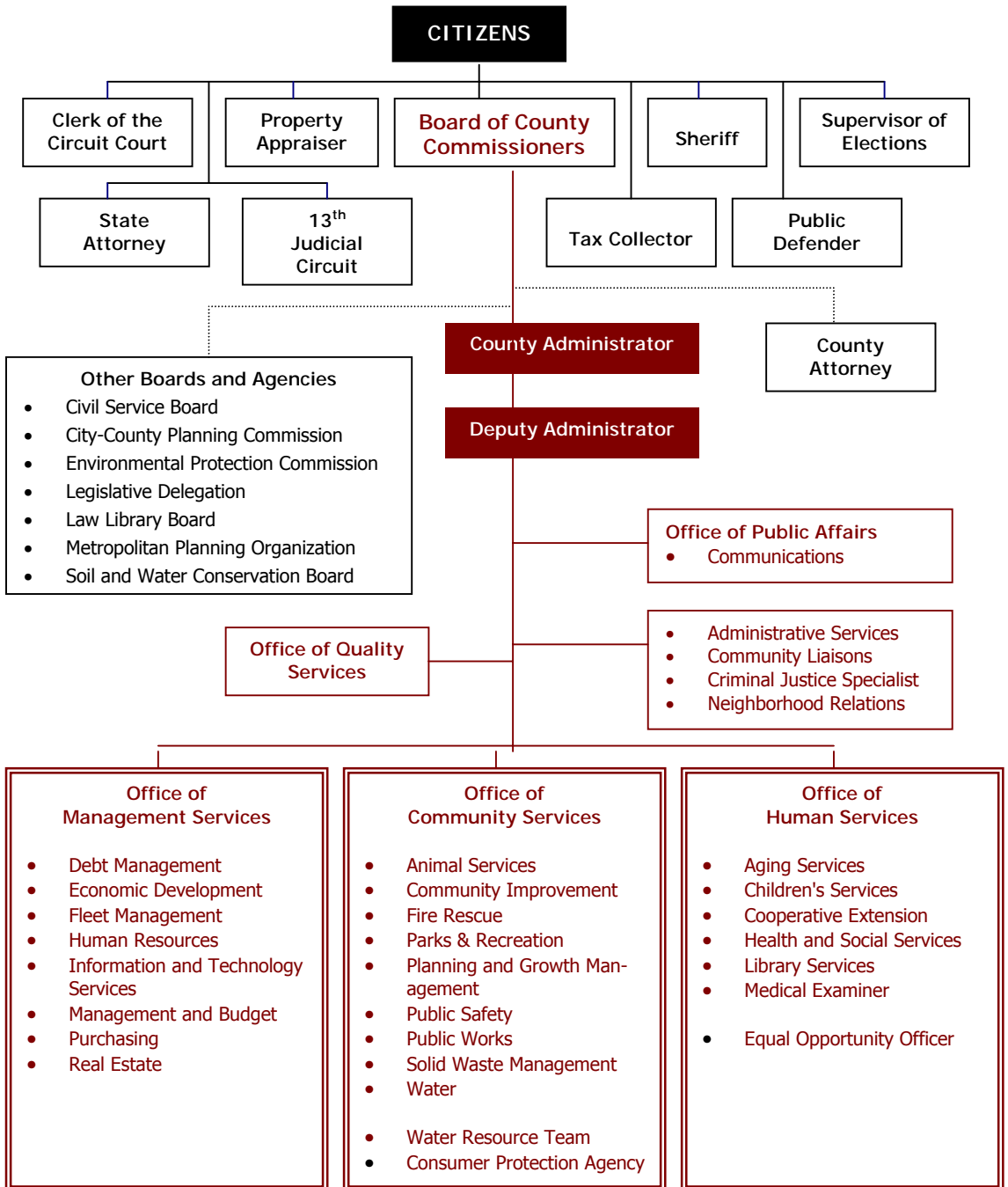
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Produced by the Hillsborough County Management and Budget Department
as an aid to understanding the Hillsborough County budget

For more information, please call the Management and Budget Department
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HILLSBOROUGH COUNTY ORGANIZATION CHART





2001 Board of County Commissioners

From left to right: Thomas Scott (District 3), Ronda Storms (District 4), Jan K. Platt (Countywide, District 6), Jim Norman (District 2), Pat Frank (Countywide, District 7), Chris Hart (Countywide, District 5), and Stacy L. Easterling (District 1)

HILLSBOROUGH COUNTY MISSION STATEMENT

The mission of Hillsborough County government is to provide effective, quality service at a reasonable cost with courtesy, integrity, and accountability in a manner which protects and enhances the quality of life of our diverse population.

Adopted by the Board of County Commissioners on March 18, 1998

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How to Use this Booklet: We designed this booklet to help educate and inform the public about the Hillsborough County budget. We suggest reading Part I first to learn the concepts and terminology of governmental budgeting in general and, in particular, budgeting in Florida and Hillsborough County. This will help in understanding the information in Parts II, III and IV. Like the budget, this booklet is published biennially, once every two years. For information about the adopted FY 03 budget, please see the supplemental booklet containing updated budget information. This will be published in November 2002.

We encourage you to go to our Web page to review the complete **Adopted Biennial Budget for FY 02 and FY 03**. The address is www.hillsboroughcounty.org/mbd/. Our telephone number is 813-272-5890.

PART I - Knowing and understanding budgeting terms and practices will explain why Hillsborough County's budget is complex. This section answers some questions routinely asked of County staff about the budget. It also clarifies those services Hillsborough County provides through this budget and those services other local governments provide through their own separate budgets.

PART II This section examines the Adopted Biennial Fiscal Year 2002 (FY 02) and Fiscal Year 2003 (FY 03) Budget for Hillsborough County and describes how and why the operating budget has changed over the years leading-up to FY 00, the preceding year for which complete data is available. Charts and graphs help visualize what "drives" the budget.

PART III - This section outlines the process of adopting the Biennial Fiscal Year 2002 (FY 02) and Fiscal Year 2003 (FY 03) Budget. It describes what documents are available to interested parties, and discusses how the budget documents are reviewed to ensure adequate information is available to various users of the budget documents.

PART IV - This section contains information about the Adopted Biennial Budget for Fiscal Year 2002 (FY 02) and Fiscal Year 2003 (FY 03). It includes the County Administrator's budget message and tables showing budgeted revenues and expenditures, and millage rates. This section also includes some interesting facts about Hillsborough County.

PART I INTRODUCTION TO COUNTY BUDGETING



The organization under the Board of County Commissioners of Hillsborough County, Florida provides services to over 1 million people. Pursuant to the county charter and State law, general purpose government is responsible for the money used to support programs to serve citizens with such services and facilities as jails, animal control, and social services regardless of where in Hillsborough County they live. But this government also serves over 600,000 citizens living outside municipalities by providing law enforcement, fire protection, and other municipal services. Like many growing communities in Florida, Hillsborough County government must balance its resources and programs between urban, suburban, and rural communities.

Budgeting for a government, even one as large as Hillsborough County, is essentially the process of allocating scarce resources to provide services and projects benefiting the community. The process is complex because unlike private business, Hillsborough County has a broad range of responsibilities. It is expected to address the community's social issues. It must protect citizens' interests. It must enforce laws. Its decisions are made in public forums. And, it is accountable to its citizens while pursuing goals of efficiency and effectiveness.

The budget of a local government serves many purposes. It can be a policy-making tool. The budget can show how resources are allocated to programs and activities in the order of the jurisdiction's priorities. For example, if a jurisdiction thinks crime prevention is a better way to reduce crime, one will tend to see more resources allocated to crime prevention. The budget of a local government can also be a management tool. It can help identify potential problems, give data to determine what programs are working, and measure the quantity and quality of government services. The budget can also be a financial tool showing the anticipated financial condition of the jurisdiction and a history of financial transactions.

Besides reading this booklet about the budgeting process and the Hillsborough County budget, we encourage you to review the County's budget in detail by going to the County's website, www.hillsboroughcounty.org/.



IMPORTANT TERMS and CONCEPTS

Defining a Budget

The term "budget" refers to the plan for a single fiscal year. In the case of local governments in Florida, this period is October 1 through September 30. When referring to a particular fiscal year, the acronym "FY" is used along with the last two digits of a year. For example, FY 01 refers to the period from October 1, 2000 to September 30, 2001.

Simply, a budget is a plan for using the County government's financial resources. The budget discloses proposed expenditures for a given period and the proposed means of paying for these expenditures. Two basic components of a budget are the revenue or sources section and the expenditure or uses section.

The adopted FY 02 budget of Hillsborough County covers 57 different organizations and departments. The portion of the FY 02 budget for day-to-day operating expenditures totals \$1,138.9 million. This reflects the wide diversity of activities and needs of its residents in the cities and unincorporated areas of Hillsborough County.

Several years ago, the Board of County Commissioners adopted a biennial budget process. This means its staff prepares a budget for two fiscal years. The first fiscal year, always an even-number, is the budget that is legally adopted. The second fiscal year, always an odd-number, is approved as a plan. The second year's budget is later updated and officially adopted. This biennial budget process allows departments and agencies as well as the Board of County Commissioners to plan beyond the immediate budget. This promotes better fiscal planning. For more explanation, please go to Part III of this booklet.

A Balanced Budget

Unlike the federal government, Florida law states a county must have a balanced budget, that is, the amount of proposed resources must be the same amount as the proposed uses. This means Hillsborough County has no budget deficit.

Defining a Revenue

A key component of a budget is revenue. Revenue is an increase in the yield of financial resources of a government. Hillsborough County has a large variety of revenue sources. Some examples of local government revenues are property taxes, assessments, permits and fees, licenses, fines, charges for service, grants, and payments from other governments.

Defining an Expenditure

Another key component is an expenditure. An expenditure is a decrease in financial resources. There are three basic types of expenditures: operating, capital and debt. Operating expenditures include, for example, current day-to-

day expenses such as salaries, utilities, supplies, and purchase of vehicles, equipment or property. Examples of capital expenditures include construction of parks and roads and purchase of land. Debt is the expense related to principal and interest on long-term bonds and notes issued by the County.

Defining Fund Balance

Very simply, these are funds carried over from the previous fiscal year. Some of this resource may be used in combination with revenues to fund new expenses. Fund balance can be restricted or unrestricted. Restricted fund balance may be set aside for funding certain programs and activities.

Defining Transfers

Further complicating the structure of the budget and the process of adopting a budget are numerous movements of dollars among the funds. The County moves money from one fund to another fund. This movement from one fund to another is called transfers. These transferred dollars provide funds to programs which can not be fully funded with grants or fees generated by the program.

Funds and Subfunds -- A Way of Organizing the Budget

An important concept in government accounting and budgeting is the division of the budget into categories called funds. Budgeting and accounting for revenues and expenditures from these funds is called fund accounting.

Fund accounting allows a government to budget and account for revenues restricted by law or policy. Some of these restrictions are imposed by national accounting standards, others by the federal government and the State of Florida, and still others by the Board of County Commissioners. As a result, the County develops a budget with categories to reflect the restrictions and limitations imposed by these standards. This is done by using a number of funds and subfunds. These funds and subfunds allow the County to segregate certain revenues and then account for expenditures using these revenues.

The County budget has 33 funds. These are further divided into 181 subfunds. Each fund and subfund accounts for a pool of restricted revenues. The County uses these funds, for example, to make payments on different types of County debt or to track fees collected to pay for certain County services.

This organization of funds and subfunds is analogous to a family having a separate bank account for the wife's paycheck and only the mortgage payment can be made from this account. In the County's case, there are 33 such accounts and these are subdivided into 181 other accounts.

Each fund and subfund must balance - that is, revenues (resources) must equal expenditures (uses) - and each must be separately monitored. When we talk about "balancing the budget" the process actually means assuring revenues equal expenditures in each fund and subfund. The County budget, adopted each year by the Board of County Commissioners, is actually the total of the separate funds and subfunds.

Line Item Detail - A Way of Describing Budget Categories

Line item detail allows the County to budget and account by showing the individual revenues and expenditures attributed to a specific department, organization, or fund. The structure of these categories is a hierarchy going from the most general category, such as operating costs, to the most detailed level, such as a line item for electricity for a specific building managed by the Facilities Management Division of the Real Estate Department. This most detailed level of information is called the line item detail.

At this most detailed level, there are 15,119 individual line items budgeted and monitored in FY 02. In addition to this detail, the Tax Collector, Property Appraiser, Clerk of the Circuit Court, and Sheriff manage their own budgets and accounting systems. County funds are transferred to and from these separate accounting systems.

And Why is the County Budget Organized This Way

There are several reasons why Hillsborough County organizes its budget in a way that may be confusing to a non-accountant. While it does not take an accountant to understand a local government budget, the reader should understand a local government develops its budget in accordance with some uniform accounting concepts and budgeting standards. Some of the more important standards are:

- **National Accounting Standards** - Just as businesses follow what are known as generally accepted accounting principles (abbreviated as "GAAP"), governments follow national standards for financial reporting. Standards for government vary from those for businesses to reflect the unique information requirements of each type of organization.

A government using consistent standards can look at itself over time to measure its financial strengths. Comparisons can also be made with other units of government to measure comparative strength and performance. This is similar to a business measuring itself over time and comparing itself with other businesses.

Hillsborough County uses the standards of the Governmental Accounting Standards Board (GASB).

- **State of Florida Budgeting Requirements** - The State of Florida establishes a variety of budgeting and financial requirements for local Florida governments. An example is its requirement for timing of the annual budget cycle. The "fiscal year" for counties begins October 1st and ends September 30th of the following calendar year. Another example is its requirements on how a county adopts its budget and how a county sets its property tax rates.
- **Federal and State Grant Requirements** - Hillsborough County receives grants from several federal and state agencies. To insure the County uses these funds for specific programs, these agencies require the County to keep these grant funds separate from other County revenues. This segregation requires a more complex financial structure to manage these "restricted" dollars.
- **Local Budgeting Standards** - Finally, the Board of County Commissioners may establish policies and guidelines for using revenues to insure they are spent on specific programs. Examples of revenues with such self-imposed restrictions are: impact fees, water and wastewater system revenues and permit fees.

The County recently adopted a comprehensive set of financial policies to strengthen its management of financial resources.

How the County Tracks Its Budget

With 15,119 line items and 57 organizations, Hillsborough County relies on computers with sophisticated software to help with budgeting and accounting.

The Hillsborough County Management and Budget Department, under the direction of the County Administrator, prepares the budget using a computerized budget preparation system linked with the Clerk of the Circuit Court's accounting system. Like many counties in Florida, the Hillsborough County Clerk of the Circuit Court performs the day-to-day accounting such as writing checks to vendors and processing payrolls. The Clerk also manages the computerized accounting system.

County Revenues

Property Taxes

When most people think of County revenues, they think of property taxes. In fact, property taxes account for only 24% of the annual resources available to Hillsborough County. This is, however, a critical source of funding for many day-to-day services provided by County government.

A property tax, more specifically called an ad valorem tax, is a tax based on the value of the property. The term "ad valorem" is from a Latin phrase meaning "according to value." The Hillsborough County Board of County Commissioners levies a separate county-wide property tax, a municipal services tax unit property tax, a library services tax, and a tax to pay the debt service on voter-approved bonds.

Property Taxes for Long-term Debt

Florida law also allows a county to levy separate property tax rates to pay for long term bonds. Bonds using property taxes to guarantee the payment of cost of principal and interest are known as "general obligation" (G.O.) bonds. The County issues the bonds only after the voters have approved the bonds. Hillsborough County has two general obligation bond issues being financed through property taxes.

In 1991, voters approved a bond issue for financing the Environmental Land Acquisition and Protection Program. The County levies a tax on all properties in Hillsborough County for this bond issue. Then, in 1992, voters approved a park construction bond program for a series of neighborhood and district parks in the unincorporated area. Only owners of properties in the unincorporated area pay this tax.

A Property Tax for Libraries

Property owners in the City of Tampa and the unincorporated area pay a separate property tax to operate a network of regional and branch libraries. This tax also pays for the construction of new libraries and acquisition of library materials. Because unincorporated residents use the library facilities of Temple Terrace and Plant City, the County contributes revenue to the two municipalities.

Other County Revenues

Hillsborough County gets revenues from other sources such as fees, permits, charges for services and grants. It also uses funds not spent in the prior year. These other sources account for 76% of the funds used in Hillsborough County's budget.

It is important to understand the County can combine property taxes and other revenues to support a broad range of activities. This includes supplementing programs receiving funds from the State and federal governments. In the past several years, some of these grant funds have decreased and rather than reduce service, the County has funneled more non-grant revenues to these programs in order to maintain the levels of service.

Utility Fees

Utility fees based on consumption of water and sewer services fund these services in the County's utility service area in parts of the unincorporated portion of the county. New users pay capacity fees to offset the cost of building water and wastewater treatment facilities.

Gasoline Taxes

Gasoline taxes fund new roads, bridges, intersections and sidewalks, and for maintenance of the existing County transportation network. There are federal, State and local gas taxes charged on each gallon of gasoline or diesel purchased. The State of Florida collects gasoline taxes and distributes the taxes based on federal and State statutes.

Tourist Taxes

Taxes on short-term living accommodations (generally hotel and motel rooms) are called **tourist taxes**. This revenue supports agencies and activities that promote tourism. Some agencies receiving tourist taxes are the Tampa Sports Authority, the Tampa/Hillsborough Convention and Visitors Association, the Tampa Convention Center, the Tampa Bay Performing Arts Center, the Plant City Softball Complex, Legends Field for the New York Yankees organization, the Ice Palace for the Tampa Bay Lightning professional hockey team, and several chambers of commerce and other local organizations.

Local Sales Taxes

A special 1/2 cent **sales surtax** funds the County's innovative program for the medically indigent. This program emphasizes investing in preventive and primary care so eligible county residents can avoid costly emergency care.

In 1996, the voters approved levying another 1/2 cent **sales surtax**, referred to as the **Community Investment Tax**. Proceeds from this 30 year tax finance numerous infrastructure improvements for the School Board, Hillsborough County government, the three municipalities and a stadium for use by the Tampa Bay Buccaneers professional football team, Tampa Bay Mutiny professional soccer team, and the University of South Florida football team. Some of the increase in recent County budgets can be attributed to how the revenues and expenditures from this tax are budgeted.

State and Federal Grants

The County also receives **State and federal grants** to operate specific programs. For example, the federal government funds the County's Community Development Block Grant Program to help redevelop neighborhoods with substan-

standard housing. Other grant programs heavily subsidize the cost of programs for children such as Head Start while some grants provide services to the elderly and job training programs for the economically disadvantaged. State funds help the County with programs such as recycling education. In some cases, the County receives grant dollars that are simply passed through to the City of Tampa or to service providers in surrounding counties.

Impact Fees

Impact fees, paid by those who build new structures, provide a portion of the funds to build capital improvements such as roads, bridges and sidewalks, neighborhood and district parks, and fire stations. The County also collects school impact fees on behalf of the School Board of Hillsborough County for the purchase of land for new schools.

Special Assessments

Another source of funds is **special assessments**. A special assessment, also called a non-ad valorem assessment, is a fee levied on certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit those properties. The popularity of special assessments as sources of revenue has risen nationwide because of pressure to alleviate ad valorem tax rates. The value of the property is not considered when calculating a special assessment. Instead, the cost of the facility or the service is allocated to the benefited properties in a defined area.

Hillsborough County levies several special assessments in the unincorporated area. One is the **Stormwater Program Assessment**. This provides money to design and construct stormwater facilities to prevent flooding. Another is the **Residential Solid Waste Disposal Fee**. It finances a portion of the debt service and operating costs of the Solid Waste Resource Recovery Facility. Another, the **Residential Solid Waste Collection Fee**, replaces the fee paid by solid waste customers directly to commercial collection services. Then, there is the **Residential Street Lighting Assessment**. It pays for the cost of electricity and maintenance of residential street lighting in sections of the unincorporated county.

Some properties in the County's utility service area pay special assessments for **Reclaimed Water Improvement Units**. This is a program to promote the use of treated wastewater for residential irrigation. Two other special assessments levied in sections of the County's utility service area are the **Water Capacity Fee Assessment** and the **Wastewater Capacity Fee Assessment**. These assessments allow the property owner to spread the cost of the capacity fees over time.

Hillsborough County is not the only jurisdiction levying special assessments in the unincorporated area. There are 46 separate special assessment districts and 19 community development districts with the ability to levy non-ad valorem assessments. Four Community Development Districts and two special assessment districts are in the boundaries of the City of Tampa. The City of Plant City has one special assessment district.

The Roles of Florida Counties And Impacts a Tax Bill

Countywide Property Tax

In Florida, a county may serve two roles. It can provide some services to all county residents regardless of whether or not the residents live in a city. These services are called "countywide" and may use the **countywide property tax** as a means of financing.

Examples of services and activities available to all Hillsborough County residents and financed with the countywide property tax are: criminal and civil courts, jail operations, shelters for abused or abandoned children, day care and activities for the county's elderly, shelter and care for impounded animals, monitoring and licensing of private day care facilities, general assistance for the indigent, centers for assisting low-income county residents, autopsies in cases of unexplained death, mosquito control and operation of a system of regional parks.

This property tax also provides funding for special programs oriented towards countywide coordination and administration such as environmental protection, and comprehensive planning. It pays for a variety of administrative functions required of a large organization: purchasing, budget, human resources, fleet management, finance, legal services, facilities management, public information, and equal opportunity.

The County also uses the countywide property tax to fund a variety of outside agencies and organizations providing social and cultural services to county residents.

Municipal Services Taxing Unit Tax

A county may also provide municipal-type services to residents in all or part of the unincorporated area. Generally, a county is prohibited from using the countywide property tax to finance municipal services to unincorporated county residents. Instead, a county may levy a separate property tax on properties only in the unincorporated area or portions of the unincorporated area. Some Florida counties levy this separate property tax only for a specific service. In general, this type of property tax is called the **Municipal Services Taxing Unit Tax** or **MSTU** tax.

Examples of services and activities available to residents of Hillsborough County's unincorporated area and financed with the MSTU tax are: land use planning and zoning, traffic engineering, housing and community development, emergency medical services, fire services, operating and staffing a system of neighborhood and district parks and roadside maintenance. This tax also funds the Sheriff's patrol program that provides law enforcement services in the unincorporated area.

Why Is This Distinction Important?

In Hillsborough County, this distinction between the two roles and property taxes is important because, although according to the estimates of the University of Florida's Bureau of Economic and Business Research, the April 2001 population of Hillsborough County is 1,026,906, 65% live in the unincorporated area; i.e., they do not live in the cities of Tampa, Temple Terrace or Plant City. That means 666,536 residents of the unincorporated area rely on Hillsborough County government to deliver municipal services like fire and police protection.

Other Governments Levying Property Taxes

Besides Hillsborough County, other local governments levy ad valorem taxes and special assessments. Thirty-five percent of the county's residents live in municipalities. These municipalities levy separate millages and have separate budgets. The three municipalities are: Tampa, Plant City and Temple Terrace.

Other units of government are the School Board, Hillsborough Area Regional Transit Authority (HARTline), the Tampa Port Authority, the Hillsborough County Aviation Authority, the Tampa Sports Authority, the Hospital Authority, the Children's Board, and a multi-county district -- the Southwest Florida Water Management District (SWFWMD). The boards of these units govern separately from the Board of County Commissioners.

Special Districts

A number of special districts also exist in Hillsborough County. These are governments that deliver customized services in a specific area. These districts may be dependent or independent of the Board of County Commissioners or municipalities. They have separate budgets and revenues. Most rely on special assessments as their revenue sources.

For example, the Board has established 41 special dependent districts at the request of homeowners associations in order to maintain public and common properties. The two largest districts of this type are Northdale and Bloomingdale.

Another type of special district is a Community Development District. These districts levy special assessments independent of the Board of County Commissioners or a municipality and tend to be located in new developments. These districts use the revenues to primarily finance infrastructure construction - such as roads,

sewers and water lines - within the district boundaries. A Board of Supervisors independent of the Board of County Commissioners manages each district.

Bringing It Together The Annual Tax Bill

The TRIM Notice and the Tax Bill

Rather than have each government send separate tax bills to each property owner, Florida law allows local governments to use a consolidated tax bill to notify property owners of their annual ad valorem and special assessment obligations. All local governments and special districts in Hillsborough County send out notices of tax obligations on consolidated tax bills. State statutes define the process and the timing of the notifications. Many people think Hillsborough County government is responsible for levying all the obligations shown on the consolidated annual tax bill. Other local governments collecting their property tax and special assessment revenues through the tax bill are: the School Board, the Children's Board, Southwest Florida Water Management District and its basin boards, Hillsborough Regional Transit Authority, the Port Authority, municipalities and special districts.

Property owners are notified in August of proposed ad valorem tax rates. This is commonly referred to as the TRIM Notice. "TRIM" is an acronym for "Truth in Millage." One important thing to remember is special non-ad valorem assessments are not included on the TRIM notice. Property owners are notified by mail of proposed special non-ad valorem assessments the first time the assessment is levied or when the assessment is increased over its previous legal maximum.

Then, after required public hearings, the taxing authorities set their millage and special assessment rates. These rates are used to prepare the annual consolidated tax bills. The tax bills are mailed to property owners or their escrow agents in early November.

The Hillsborough County Tax Collector's Office is responsible for the notification, collection and enforcement of property tax and special assessment obligations imposed on properties within the county. The Tax Collector is a separately elected official.

The annual consolidated tax bill contains a variety of information about all taxing authorities as well as about the assessed value, the taxable value and exemptions of the individual piece of property. The Hillsborough County Tax Collector's Office includes a pamphlet with each annual tax bill explaining the bill.

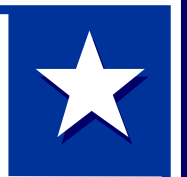
Calculating Property Taxes

In Florida, there are three factors for calculating the amount of property tax. These factors are: the value of the property, the amount of the value not subject to the tax due to exemptions, and the tax rate. Each county's Property Appraiser's Office calculates the value of the property and Florida law dictates exemptions and limitations on the rate of increase in the value of residential property. The property tax rates are set by the various local governments authorized according to Florida law.

The property tax rate or millage rate is expressed in "mills." A mill is a monetary unit equal to one one-thousandth of a dollar. It is also expressed as \$0.001. The rate at which the tax is charged is called the "millage rate." It is much easier to think of the rate as how many dollars of tax will be paid for each thousand dollars of property value. For example, if the property is valued at \$10,000 and the millage rate is 8 mills, you would pay \$8 per \$1,000 value or \$80.



PART II WHAT DRIVES THE BUDGET?



Hillsborough County's adopted FY 02 budget is for the period of October 1, 2001 to September 30, 2002. FY 02 is the first year of the two-year or biennial budget cycle. This two-year budget cycle is the result of a policy adopted by the Board of County Commissioners in 1995.

Below is a summary as adopted by the Board of County Commissioners, as reported to the State of Florida and as presented in local news media. This table shows the FY 01 and FY 02 adopted budgets so a comparison can be made between the two adopted budgets. The Planned FY 03 budget is shown in several tables in Part IV of this booklet.

**TABLE A
ADOPTED FY 02 BUDGET**

(in millions)

SOURCES	FY 01 Adopted	FY 02 Adopted
Beginning Fund Balance	\$539.4	\$525.8
Revenue	1,226.4	1,330.4
Transfers In	584.3	601.4
Other	67.0	117.9
Less 5% by Law	-37.8	-41.6
Total Available	\$2,379.2	\$2,533.8

USES	FY 01 Adopted	FY 02 Adopted
Operating Budget	\$1,057.0	1,138.9
Reserves and Refunds	461.5	491.9
Debt Service	115.9	164.6
Capital Budget	160.4	137.1
Transfers Out	584.3	601.4
Total Budget	\$2,379.2	\$2,533.8

Detail may not add to totals due to rounding.

Parts of the Budget

First, What We Don't Intend to Spend in the Current Fiscal Year

The \$2.5 billion FY 02 budget includes dollars the County does not intend to spend in the current year and dollars allocated to uses other than day-to-day operations. Those funds the Count does not intend to expend FY 02 are in the budget categories called *reserves*, *debt service*, *capital budget* and *transfers out*.

The first category, called *reserves*, may include a portion of borrowed funds that must be set aside to cover any future revenue shortfalls which might prevent the payment of principal and interest on the County's debt. Portions of the *reserves* serve as "rainy day" accounts to help cover excess costs of Sheriff's deputies, fire fighters, road maintenance crews and others who would respond in the event of a disaster. Reserves have been increased in the FY 02 budget consistent with new policies intended to strengthen County finances. Thanks to these new policies, we anticipate we will have sufficient reserves to cover revenue shortfalls from the current recession and the effects of the September 11, 2001 terrorist acts.

Another category, called *debt service*, includes dollars used to pay principal and interest on short-term and long-term debt -- much like a family budget includes car payments and mortgage payments.

The budget includes a category called *capital budget*. This category includes dollars set aside to pay for building roads, fire stations, utility improvements, parks, etc. These are called *capital projects*. The County recently instituted a new accounting practice that allows unspent dollars to be carried-over into the next fiscal year without being re-budgeted. This is called "all-years" budgeting and accounting. Prior to FY 00, funds for capital projects were re-budgeted if the funds were not spent by the end of the year resulting in the same dollars being budgeted over and over again.

Finally, the budget has categories called *transfers-in* and *transfers-out*. These categories include dollars moved within the internal structure of the budget and the accounting system between funds and subfunds. We refer to these dollars as *transfers*. While these amounts inflate the budget's bottom line, they are necessary to meet accounting standards.

*Second,
What's
Available for
Day-to-Day
Operations*

Table B better illustrates the amount available for day-to-day operations for such things as salaries, supplies, training and fuel for vehicles. As shown in this table, the amount available for day-to-day operations in FY 02 is \$1,138.9 million -- much less than the \$2.5 billion budget shown in Table A.

**TABLE B
ADOPTED FY 02 BUDGET
AVAILABLE FOR OPERATIONS**

(in millions)

	FY 01 Adopted	FY 02 Adopted
Beginning Fund Balance	\$539.4	\$525.8
<i>Less: Reserves</i>	-461.5	-491.9
Available Fund Balance	\$77.9	\$33.9
<i>Plus: Revenue and Other</i>	1,255.5	1,406.7
Total Available	\$1,333.4	\$1,440.6
<i>Less: Capital Projects</i>	-160.4	-137.1
<i>Debt Service</i>	-115.9	-164.6
Available for Operations	\$1,057.0	\$1,138.9

Detail may not add to totals due to rounding.

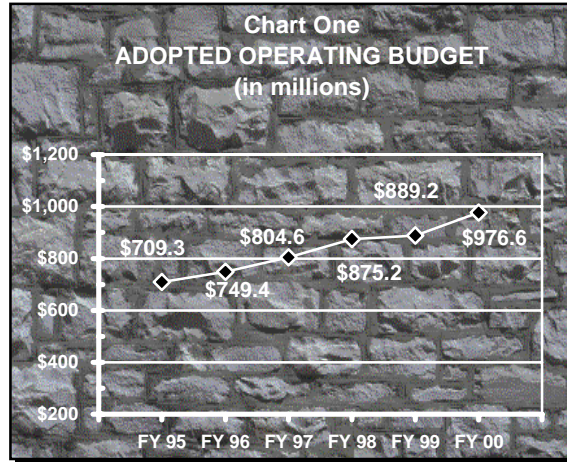
Some of the increase in the operating budget can be attributed to funds passed through the County's accounting structure to other jurisdictions. For example, a little over seven percent (7.1%) of the higher FY 02 operating budget can be attributed to accounting rules requiring the County to place \$81 million from the Community Investment Tax (CIT), a 1/2 percent sales surtax, in the operating budget before distribution to municipalities and the School Board. By interlocal agreements, the County distributes fifty-eight percent (58%) of the CIT revenues to the municipalities and the School Board. Another example of a pass-through factor is the amount of federal funds awarded to the County specifically for distribution to other jurisdictions. For example, Ryan White AIDS grants are entered in the County's financial system before distribution to providers in Pinellas and Pasco Counties.

Another factor for the increase in the FY 02 operating budget is increased revenues from raising the sales surtax for health program for the medically indigent from 1/4 percent to 1/2 percent on October 1, 2001. This affects only one aspect of the County's organization. Finally, there is \$12 million budgeted for the new voting machine system for the Supervisor of Elections. After the controversy of the 2000 election, the State mandated a change in technology, but only funded a very small portion.

**Changes
in the
Budget
Over Time**

To best understand how the operating budget has evolved, we need to focus on the underlying factors that affect the operating budget. We do this by looking at the fiscal years preceding the FY 01 budget for a historical perspective. These six fiscal years, FY 95 through and including FY 00, are those years for which we have the most current information.

During the period from FY 95 to FY 00 the County's operating budget increased from *\$709.3 million* to *\$976.6 million*. This is an increase of about *38%* or an average annual rate of *6.6%*. Chart One illustrates this.



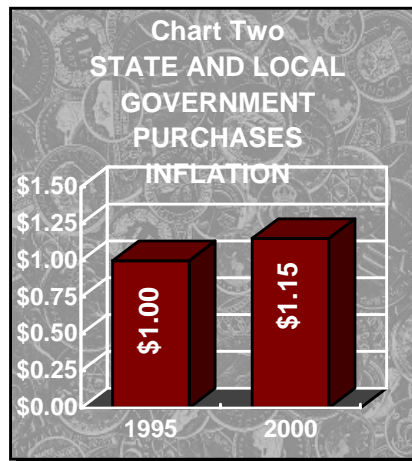
Like the FY 02 budget, the budgets of these previous years reflect some major changes in accounting rules; large increases in some federal programs such as Headstart and the Ryan White program; Community Investment Tax revenues, increases in utility rates or fees for service which show up in the operating budget, and opening of new facilities such as jails, parks and fire stations.

Some Factors for Increases in the Operating Budget

Inflation

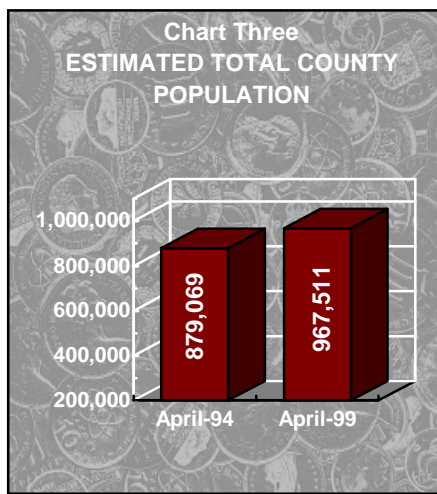
As mentioned earlier, to understand the growth in the operating budget it is important to focus on broader trends rather than year-to-year changes. This section looks at the trends in some factors leading to increases in the County's operating budget. We use five years, FY 95 to FY 00, because this is the most recent period for which we have comparative data.

First, inflation in the cost of personnel and operating expenses - Governments, like individuals and companies, must deal with the effects of inflation. According to data supplied by the United States Department of Commerce, what state and local governments could purchase for \$1.00 in 1995 cost \$1.15 in 2000. This national average illustrates how inflation may have affected Hillsborough County's costs.



State and local governments' costs of doing business – purchasing goods and services – increased 15% over a five-year period or an average annual rate of change of 2.8%.

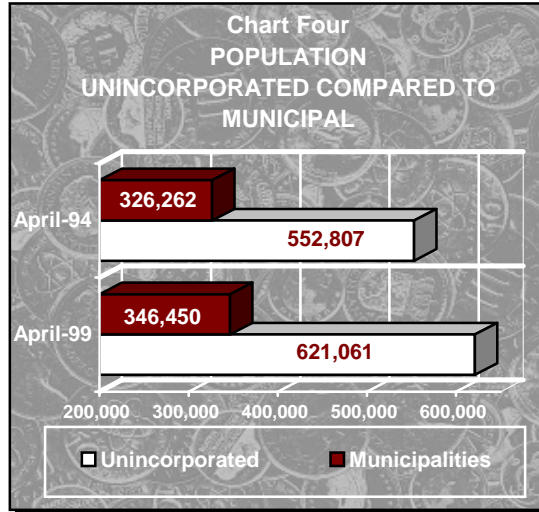
Growth in Demand for Services



Second, growth in demand for services due to an expanding service population - A simple way of measuring growth in demand for County services is population growth. Charts Three and Four reference two points in time because these are the populations whose service needs the County considered when preparing the FY 95 and FY 00 budgets.

*Increased
Population in the
Unincorporated
Area*

According to the University of Florida's Bureau of Business and Economic Research's estimates, the county's total population, including cities, increased by 88,442 persons between April 1, 1994 to April 1, 1999 - an increase of 10% over five years or an average of 1.9% per year. The unincorporated area's population is estimated to have grown by 68,254 persons or 12% over the same five-year period.



Although the three municipalities are important residential and commercial centers, the population in the municipalities grew by only 20,188 or 6% during the same period. Seventy-seven percent (77%) of the county's total five-year population growth can be attributed to growth in the unincorporated county area's population.

It is significant that as of April 1, 1999, 64% of the county's total population resided in the unincorporated area of Hillsborough County. If the unincorporated area of Hillsborough County were a municipality, it would be *Florida's second largest city*. As more areas of the unincorporated county are developed, Hillsborough County government will provide municipal services to an even larger segment of the county's total population.

Regulatory Changes

Third, regulatory changes requiring the County to change how it provides services and to add new services - Some major programs affected by regulatory changes are:

- ◆ Comprehensive Land Use Planning
- ◆ Americans with Disabilities Act
- ◆ State Regulations Pertaining to the Construction Industry
- ◆ Stormwater Management
- ◆ Solid Waste Recycling and Disposal
- ◆ Wetland Mitigation
- ◆ Job Training Partnership Act Grants
- ◆ Change in Voting Technology

Local Initiatives

Fourth, local initiatives to add or increase services - Besides the changes caused by state and federal mandates, there are local initiatives to add new services or to increase the levels of service of current programs.

- ◆ Operate an Expanding Preventive Health Care Program for the Medically Indigent
- ◆ Build and Operate Additional Neighborhood and District Parks
- ◆ Support New Economic Development Initiatives
- ◆ Commit to Neighborhoods
- ◆ Community Based Planning
- ◆ Promote Affordable Housing
- ◆ Emphasize Crime Suppression and Prevention in the Unincorporated Area
- ◆ Expand Infrastructure with the Community Investment Tax
- ◆ Establish Mandatory Residential Solid Waste Collection
- ◆ Staff New Jails
- ◆ Acquire and Protect Environmentally Sensitive Land
- ◆ Expand Fire/Rescue Services

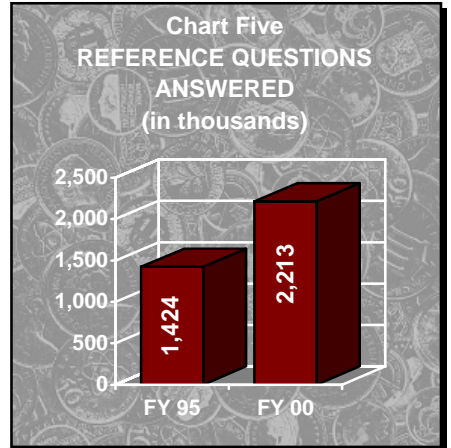
Increased Workloads

Fifth, increased workload - The following examples of increased workload show increases in many County programs well in excess of population growth. Some represent increased demand for services by county residents. Others represent increases due to expanding facilities to maintain service standards to an expanding population.

The following examples of increased workload show increases in many County programs well in excess of population growth. Some represent increased demand for services by county residents. Others represent increases due to expanding facilities to maintain service standards to an expanding population.

Chart Five

The number of questions answered by Library Services Reference Department staff increased 55% over five years or an average annual rate of 9.2%. During this time, the reference staff was also implementing internet connections and other multi-media reference sources.



**Chart Six
CALLS FOR SERVICE**

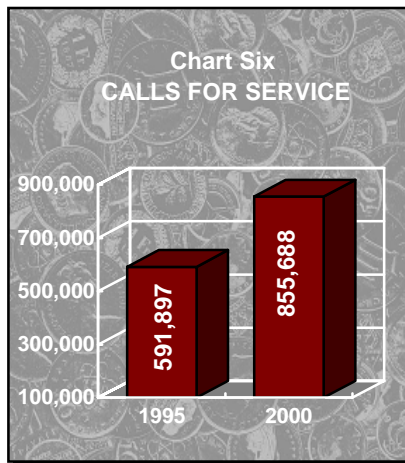


Chart Six

The number of calls for services received by the Sheriff's Department for service to the unincorporated area increased by 45% over five years or an average annual growth rate of 7.6%.

Increased Workloads

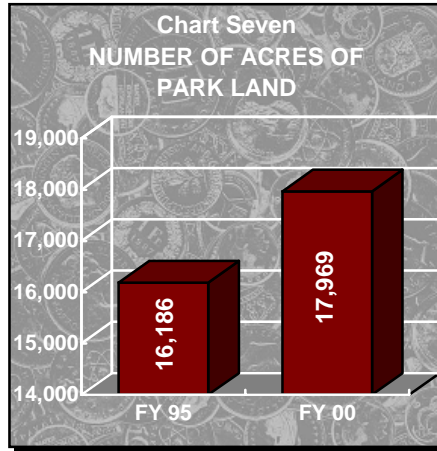
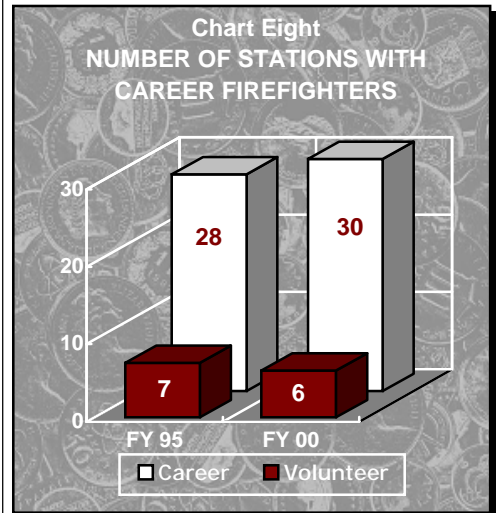


Chart Seven
The number of acres of land for County parks increased by **11%** over five years or an annual rate of **2.1%**. It is reasonable to expect operating costs to increase due to the demand to maintain these additional acres. This number does not include land acquired for preservation through the Environmental Land Acquisition and Protection Program.

Another measure reflects a shift in the way services are delivered:

Chart Eight
The chart shows that County-paid firefighters operated two more fire stations in FY 00 than in FY 95 -- an increase of **7%**.

During this time, the number of volunteer stations decreased demonstrating a shift from volunteer-operated stations with no salary costs to stations with County-paid staff. At the same time, the department merged with the Emergency Medical Services Department to form a new department with the goal of dual certified firefighters and paramedics.



Effects of These Factors on the Budget

These factors validate the growth experienced in the County's day-to-day operating budget from FY 95 to FY 00. Inflation accounted for 39% of the increase in the operating budget. The Community Investment Tax revenue alone accounts for 7% of the operating budget. Two other significant factors are changes in accounting rules and the increasing tendency to use the County as a pass-through agency for intergovernmental revenues and federal and state grants accounts for a large portion of the increase especially in FY 95 and FY 96. Another factor is the growing demand for existing services -- in many cases this demand far exceeded the population growth experienced during the five years.

Finally, State and federal regulatory requirements, State unfunded mandates, and local initiatives redefined the levels and types of services supplied by the County to the residents and businesses of Hillsborough County. In all, these factors more than account for the growth of the operating budget.

Controlling Growth in the Operating Budget

Two factors helped slow the growth of the County's operating budget. *First, the unpredictability of the growth in the County's tax base for property taxes-* As discussed in a previous section, property taxes are an important source of revenue for the County. Property taxes are based on the value of real estate and the tangible assets of businesses. Economic conditions beyond the control of local government can dramatically increase or decrease those values. These conditions can result in changes in the value of real estate and the tangible assets of business which, in turn, result in fluctuations in the amount of tax revenue the County can generate. Over the past ten years, this growth has fluctuated dramatically. In one year, there was even a drop in overall values.

Since the late 1990's, the County has had strong but unpredictable increases. In the case of the FY 02 operating budget, signs of a recession were present even before the September 11th attack. There are also several restrictions on the growth of the tax base. Two recently enacted measures affect the residential property tax base. One is a State restriction, known as the "Save Our Homes" provision of the Florida Constitution, that caps the increase in values of owner-occupied residential properties. The other is the local option Senior Homestead Exemption, which the BOCC adopted in November 1999. In FY 02, \$20,000 of the value of residential property owned by low-income senior citizens is exempt from the imposition of the Countywide Property Tax. This increases to the legal maximum of \$25,000 in FY 03. Both "Save Our Homes" and the Senior Homestead Exemption reduce the tax base.

This unpredictability leads the County to be conservative about adding new programs. To mitigate the impacts of such swings in values, the Board of

County Commissioners adopted aggressive reserve policies in FY 98 and FY 99. Following these policies will give the County the ability to smooth-out the variances in property values and tax revenues while maintaining reasonable levels of funding for services.

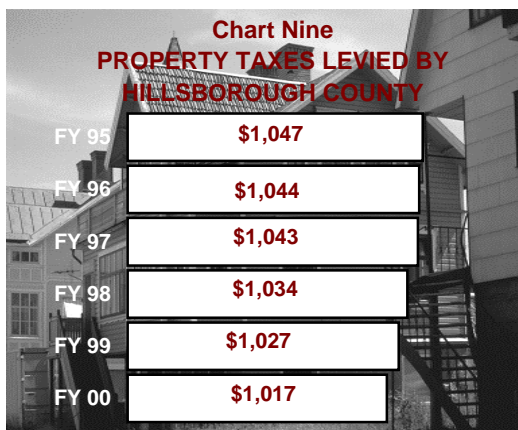
Budget Reductions in Existing Programs

In recent years, the County's budget has reflected cost savings in existing programs. In FY 95, the County continued to cut positions funded with property taxes. Then, as part of the two-year budget process for FY 96 and FY 97, the County cut 78 positions funded with property taxes and reduced funding for some outside agencies. In phases. The two-year process gave the affected agencies an opportunity to plan for these cuts. During this periods, the County invested in performance audits as well as other external reviews to provide suggestions for trimming costs.

Changes in Property Taxes

Chart Nine shows how property taxes levied by Hillsborough County changed from FY 95 to FY 00. These amounts show the portion of the tax bills issued in November 1994 and November 1999 reflecting property taxes charged by the Board of County Commission to fund the budgets for FY 95 and FY 00.

The chart reflects the taxes on a house located in the unincorporated area valued at \$100,000, less a \$25,000 homestead exemption. Included are taxes levied countywide, library district taxes and the MSTU (unincorporated area services) taxes. It does not include city and school taxes, special district property taxes, or special assessments.



Millage rate reductions in the Countywide property tax and in the millages for two voter-approved tax levies account for the \$30 reduction from FY 95 to FY 00. The voter-approved tax levies were for long-term debt. Because the County borrowed a fixed amount and has fixed annual debt payments, then, as the value of property in the county increases, the millage rate decreases.

The millage charged for services in the unincorporated area and the Library District millage did not change during this time.

Changes in County Utility Rates

Water and sewer fees charged by the County's Water Department to customers in its service area also changed. The monthly residential water and wastewater bill (based on water consumption of 10,000 gallons) increased from \$74.20 per month in FY 95 to \$82.30 in FY 00 - an increase of 11% over 5 years, or an average of 2.1% per year.

These increases in water and wastewater rates reflect increased operating costs, such as the cost of purchasing water from Tampa Bay Water, and having to modify operations due to regulatory changes such as a rate structure encouraging water conservation.

Changes in County Levied Special Assessment Rates

As mentioned before, residents of the unincorporated area may also pay special assessments to Hillsborough County. It is important to remember that not all property owners are assessed these special assessments. Some are imposed only in certain areas and only after property owners petition the County for the service or capital improvement.

Over the period of FY 95 to FY 00, some of these assessments changed more than property taxes, largely reflecting regulatory requirements, funding requirements outside of day-to-day operations, and the desire of residents for capital improvements in a specific area.

Some of the special assessments driven by the desire for increased services are:

- ◆ **Stormwater Program Assessment** - First levied on the 1991 tax bill, this assessment funds neighborhood stormwater improvements. Since its inception, there has been no change in the assessment of \$12 per equivalent residential unit. All properties in the unincorporated area pay this assessment.

For information about the Stormwater Assessment, contact the Public Works Department at 272-7021 extension 3606.

- ◆ **Solid Waste Special Assessments** - These special assessments are imposed on all residential units in the unincorporated area and some portions of the City of Tampa. The annual assessment on a single family home for the Residential Solid Waste Disposal Fee increased from \$84 for FY 95 to \$85.43 for FY 00. This fee covers the cost of disposal of solid waste from residences.

In 1997, the Board of County Commissioners approved a Solid Waste Collection Assessment for the mandatory collection of residential solid waste. This replaces the fee previously paid by residential customers to commercial collection services and represents significant savings to unincorporated

county residents. The County now pays the garbage collection companies directly from the special assessment. The FY 00 special assessment for this service was \$76.20.

For information about the assessments for solid waste, contact the Solid Waste Management Department at 272-5680.

- ◆ ***Residential Street Lighting Assessments*** - This assessment pays for poles, maintenance, and electricity costs. It varies depending on the type of fixture. It is imposed after property owners petition the County for service. Due to increases in the cost of electricity, the assessment for a street lighting district with a mix of wooden and concrete poles increased from \$44.52 for FY 95 to \$49.85 for FY 00 - a 12% increase over 5 years.

For information about the Residential Streetlighting Assessment Program, contact the Public Works Department at 272-5551.

Some of the special assessments driven by the desire for increased capital improvements are:

- ◆ ***Reclaimed Water Improvement Unit Assessments*** - First levied on the 1994 tax bill, this program allows residents in the County's utility service area to pay for reclaimed water distribution systems in their subdivisions after petitioning. This will help dispose of treated effluent from the County's wastewater system and conserve potable water by funding the cost of laying pipes in specific residential areas and amortizing the costs over 20 years. Only property owners in specific units pay the assessment.

For information about the Reclaimed Water Improvement Unit Assessments, contact the Water Department at 272-5977 extension 2364.

- ◆ ***Water and Wastewater Capacity Unit Assessments*** - First levied on the 1997 tax bill, this program allows developers, builders, and homeowners in the County's utility service area to finance one-half of water and wastewater capacity fees over time as a special assessment. Only property owners in defined geographic areas pay the assessments after petitioning the County.

For information about the Water and Wastewater Capacity Unit Assessments, contact the Water Department at 272-5977 extension 2130.



PART III THE FY 02 AND FY 03 BUDGET PROCESS AND MILESTONES

The process of compiling the annual budget actually is a year-round activity. The basis for the process is a framework of statutory deadlines established by the State of Florida. The County Administrator and the Management and Budget Department staff establish the remainder of the process. County administration sets interim deadlines to insure necessary information is collected, priorities are determined and recommendations can be made by the County Administrator to the Board of County Commissioners.

The County Administrator is the official budget officer for the Hillsborough County Board of County Commissioners (BOCC). The BOCC, in turn, establishes tax rates and adopts the annual budget. There are specific State statutes governing how the millage rates are set and how the budget is adopted and used. The process described in this section supplements and conforms to these State-mandated requirements.

In 1995, the Board of County Commissioners directed staff to prepare a two-year budget encompassing FY 96 and FY 97. Satisfied with the success of the biennial budget process, the BOCC decided to continue this policy with succeeding budgets. While Florida Statutes require a minimal budget process to adopt an annual budget for the succeeding year, there is nothing to preclude local governments from developing a budget plan for a second year. Based on this direction, staff developed a recommended budget for FY 02 and a planned budget for FY 03. The FY 02 budget will be updated next year with a minimal need for review outside the legal process proscribed by Florida law.

This two-year exercise requires a differentiation between recurring and non-recurring revenues and expenditures. Making this distinction is a critical component of multi-year budgeting since a one-time (non-recurring) revenue can not be used to fund continuing (recurring) expenditures. Following this same logic, a budget should not use one-time (non-recurring) expenditure reductions to balance two years.



Phases of the FY 02 and FY 03 Biennial Budget Process

Planning Phase

The planning phase began October 1, 2000 with in-house review of the FY 00 and FY 01 biennial budget process and consideration of comments from the review of the prior year's budget by the Government Finance Officers Association of the United States and Canada. The FY 00 and FY 01 biennial budget received GFOA's Distinguished Budget Presentation Award. The planning phase continued with preparation of budget instructions and examples, and training materials.

Preparation Phase

The County began this phase early with a formal "kick-off" meeting on January 10, 2001 with departments and agencies. At this meeting, the Management and Budget Department distributed written instructions on how to prepare the FY 02 and FY 03 budgets. Department and agency staff were offered training in using the computerized budget preparation system, the computerized position system, identifying decision units, and formulating performance measures. The decision unit training included instructions on preparing budgets using a combination of "zero-base budgeting" and "continuation-level funding" budgeting techniques.

Departments and agencies were told to prepare budgets at what is called the "continuation level"; that is, pricing FY 02 service and activity levels with modest cost increases. Continuation level funding is the level of 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.

Building the Budget with Decision Units

A "Zero-base budgeting" technique examines the County's basic programs and services to determine if they are still needed and, if so, prioritizing them in accordance with available resources and desired outcomes.

Each department or agency reviews its programs and divides them into distinct units. These are called "decision units." The "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 FY 02 and FY 03, departments were also allowed to submit "desired decision units" reflecting service or activity levels above the "continuation level."

Each decision unit builds on preceding decision units. The first level, called the "minimum service level", reflects the most basic program or programs that the organization delivers. The intermediate level can be composed of multiple decision units. This level reflects the pricing of the organization's services at today's prices but without funding growth in the demand for services. This is called the "continuation level. Departments can submit decision units for program expansions, enhancements, and new programs. This is called the "desired service level."

There are two key components of decision units: inputs and outputs. The development of good decision units requires an understanding of the organization's inputs - resources such as staff and benefits, transportation, supplies, utilities, etc. It also requires the understanding of an organization's outputs - that is, the products and services produced by the organization expressed in the volume of units such as acres mowed, trips, cases processed, etc.

Department or agency management rank each decision unit against all decision units in the organization and by funding source. The ranking of all decision units for an organization gives management a means of determining what services could be maintained by an organization at a variety of funding levels. Decision units should also relate to the department's mission, key objectives, and performance measures.

By building the budget from the ground up through the ranking of decision units, an organization presents what is known as a "zero-base budget." This means that in some cases, the starting point for the review of an organization's budget needs is the minimum service level. In other cases, the starting point is zero dollars. For the two year budget, departments ranked and priced decision units for both fiscal years.

Deadline for Submission

The deadline for BOCC departments and agencies to submit their budget packages to the Management and Budget Department was March 2, 2001. Although Florida Statutes allow most Constitutional Officers to submit their budgets on June 1st, the County Administration asked them to make their submissions earlier to accommodate an accelerated schedule. Most were able to supply the information in the requested timeframe.

Review Phase

This phase consisted of numerous meetings attended by the County Administrator, Assistant County Administrators, individual department directors, and Management and Budget Department staff to review department decision units and budget requests. The County Commissioners were invited to attend as well as the public.

As a result of these meetings, the County Administrator made decisions made about priorities, service levels, and funding for inclusion in his recommended budget.

In addition to these department reviews, there were six budget workshops conducted with the Board of County Commissioners prior to drafting the recommended budget. The requested these workshops so they could be more involved with the budget process and provide input into the prioritization of issues that lead to the development of the Recommended Budget. These were also videotaped by Hillsborough Television and were cablecast on the County's cable channel to subscribers in Hillsborough County.

Adoption Phase

This phase began with the formal presentation of the County Administrator's Recommended Biennial FY 02 and FY 03 Budget on June 6, 2001. This phase lasted through September 20, 2001, the second State-required public hearing where the budget is adopted. Staff from the County's Communications Department videotaped Board workshops and public hearings for airing on the community's cable television stations and for archiving.

This phase included nine workshops with the BOCC and four public hearings of which two were mandatory under State law. Although two of these public hearings were not required by State law, the BOCC wanted to give county residents opportunities for input to the budget prior to the Board setting proposed millage rates.

The second milestone of this phase involved setting the proposed millage rates for FY 02. The proposed millage rates for FY 02 were set at a budget reconciliation workshop on August 2nd. The proposed millage rates approved at the August 2nd workshop were used by the Property Appraiser to prepare Truth-in-Millage (TRIM) notices mailed to property owners in mid-August.

The third milestone in this phase was the first of two State required public budget hearings. The first public budget hearing was held on September 6th. After hearing public testimony at the hearing, the BOCC adopted tentative millage rates and a tentative FY 02 budget.

The fourth and final milestone in this phase was the adoption of the FY 02 budget, setting the final millage rates, and adopting the FY 02 through FY 07 Capital Improvement Program. These actions were taken at the second public hearing held on September 20th. The second public hearing was advertised by a published notice with detail information of the tentative millage rates and the tentative budget. The size of the advertisement, text and placement in a newspaper of general circulation are strictly regulated by State law and monitored by the State Department of Revenue.

At this second public hearing, the Board of County Commissioners heard more public testimony before adopting final millage rates and a final budget for FY 02. These millage rates are used to calculate the Hillsborough County portion of property taxes imposed on property owners in Hillsborough County.

In accordance with Florida statutes, the adopted budget was filed with the Florida Department of Revenue effective October 1, 2001. The Tax Collector's Office mailed the tax bills in early November 2001.

National Recognition

Hillsborough County submits its annual budget documents to the Government Finance Officers Association of the United States and Canada (GFOA) for its review. GFOA has a program for the review of budget documents to insure that budget documents serve four distinct functions by meeting certain criteria established by career government budget officials. The four functions are:

1. *The budget must serve as a policy document* for elected officials and administration to convey how the organization will operate, and what process will be used to adopt and amend the annual budget.
2. *The budget must serve as an operations guide* to the departments and agencies that receive funding through the budget. That includes identifying the resources (dollars and staffing) to be provided and the objectives to be met.
3. *The budget must serve as a financial plan*, divulging all sources of funding. The budget should show data for multiple years for comparison.

4. **The budget must serve as a communications device to convey essential information to the diverse groups who use budget information -- elected officials, the public, the news media, bond rating agencies and investors. This purpose is served through a variety of devices: charts and tables, summary explanations, a glossary, assumptions, trends, etc.**

Hillsborough County received GFOA's **Distinguished Budget Presentation Award** for its FY 00 and FY 01 **Biennial Annual Budget** and for each of the ten preceding years' budget documents. Continued participation in the GFOA review program insures that these documents will continue to convey information in a usable form for the variety of groups who use the budget documents.

The GFOA has also honored Hillsborough County's budget with several special awards. In 1993, Hillsborough County received one of GFOA's highest honors, **Award for Excellence in Budgeting and Financial Planning**, for the **Taxpayer's Guide to the Hillsborough County Budget**, produced for the first time in 1992. The **Taxpayer's Guide** was chosen for its unique application as an educational tool on local government budgeting and as a model for use. Then, in 1998, for the second consecutive time, GFOA gave the Hillsborough County's biennial budget for FY 98 and FY 99 special honor as an **Outstanding Communications Device**.

Since receiving the awards, nearly 450 state and local governments throughout the United States and the United States and Canada have requested copies of the guide. The Government Finance Officers Association and the Lincoln Institute of Land Policy - both prestigious organizations - have published features on the **Taxpayer's Guide** in their professional journals.

Getting Information About the Budget

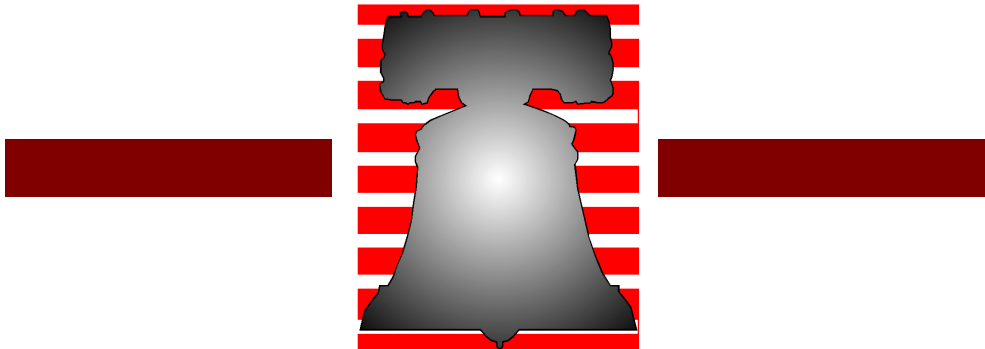
The Volumes I and II of the Adopted Biennial Budget for FY 02 and FY 03 are available in three different formats.

Both volumes may be viewed and downloaded from the internet. On-line versions of the Management and Budget Department's **Community Statistics** and the **Taxpayers Guide** are also available through this web page. The address is www.hillsboroughcounty.org/mbd/pub.html

A compact disk containing both volumes, **Community Statistics** information, and the on-line version of the **Taxpayers Guide** is available at no cost by calling the Management and Budget Department at 813-272-5890.

Paper copies of Volumes I and II are available for reference at the five regional libraries, the County Public Information Office, and the Management and Budget Department. The Public Information Office and Management and Budget Department are at 601 E. Kennedy Blvd., Tampa, Florida 33602.

Additional copies of the **Taxpayers Guide** are also available at no cost from the Management and Budget Department.



PART IV
ADOPTED BIENNIAL BUDGET FOR FY 02 AND FY 03
FOR HILLSBOROUGH COUNTY



County Administrator's Budget Message



Members of the Board of County Commissioners: This document reflects the biennial, or two-year Adopted Budget for Fiscal Year 2002 (FY 02) – which began October 1, 2001 – and a Planned Budget for Fiscal Year 2003 (FY 03) – which will begin October 1, 2002. It follows an intensive examination of the budget that began in January with a series of workshops, during which you provided guidance to staff in regard to priorities. This reflects the fourth time the Board of County Commissioners (BOCC) has adopted a biennial budget covering two separate fiscal years. That process has served us well over the past six years and it is a process being replicated by several other Florida governments that have followed your lead.

Consistent with BOCC policy, you adopted a six year capital improvement program (CIP) in which the first two years reflects the capital component of this biennial budget. The CIP recognizes a longer planning horizon needed for capital projects which may be funded over a period of years and which may take up to several years to complete, depending on the nature of the project.

The third component used to put current budget decisions into a longer term context is an annual Pro Forma document prepared in accordance with BOCC policy. The Pro Forma provides a five-year projection of revenues and expenditures for major operating funds. It is particularly useful in showing how capital projects funded in this biennial budget or planned over the next several years will impact future operating budgets in terms of maintenance and utility costs as well as staffing costs. For example, that means we identify up front, in accordance with BOCC policy, what it will cost to operate a new fire station when it is completed, or to operate a new park or library. The Pro Forma is prepared in January as a tool to evaluate the impacts of the adopted budget prior to developing or, in the case of the second year of a biennial budget, updating the next year's budget. These three documents ensure that members of our community and other "stakeholders" in our budget have an opportunity to see how current decisions tie to longer term infrastructure funding and how those future projects will impact future operating budgets.

**The Results of a Process That Included A Working Document for
Board Review and Public Scrutiny**

In my role as your designated budget officer, I was required to present to you a balanced budget. The County Administrator's Recommended Budget presented on June 6th, however, was a working document intended as a starting point for public scrutiny and further refinement by the BOCC, but reflecting my best understanding of your priorities. Through a series of workshops and four public hearings the Recommended Budget was refined to meet your priorities and to allow the public an opportunity to

address their concerns and priorities before final decisions were made. Two of those public hearings are specifically scheduled to allow public input prior to any tentative decision on maximum tax rates. That part of the public participation process was not required by State Statutes, but you have instituted those added public hearings as a unique component of our process.

This summary of the budget is intended to explain how the budget that emerged from that public process reflects changes from prior years' budgets. It does not recite the various changes that may have occurred during the process. That is an important distinction. The most critical information for stakeholders is what will change from the adopted budget for FY 01 to the budgets adopted for FY 02 and planned for FY 03.

The Budget for FY 02 and FY 03

The budget totals \$2.5 billion in FY 02 and \$2.6 billion in FY 03. The budget increases by \$154.6 million (6.5 percent) from FY 01 to FY 02, and by \$76.7 million (3.0 percent) from FY 02 to FY 03. The operating budget, which generally pays for day-to-day services, is \$1.1 billion in FY 02 and \$1.2 billion in FY 03. That reflects an \$81.9 million (7.7 percent) increase from FY 01 to FY 02, and a \$47.8 million (4.2 percent) increase from FY 02 to FY 03. While the budget goes up in order to fund high priority programs such as law enforcement and fire rescue, the two-year budget reflects a large Countywide property tax millage reduction (0.37 mills) and several million dollars worth of savings through the adoption of efficiencies identified by management in this process in response to a challenge by the BOCC.

The Process

Earlier this year, the BOCC instituted dramatic changes in the budget process. You scheduled monthly workshops beginning as early as January and you subsequently added supplemental workshops to have more time to spend on budget issues. You initiated a much more public review process and we formalized our meetings with departments and agencies on their budgets to allow the BOCC and the public to participate in that process. All of those meetings were publicly noticed so that Commissioners and members of the public could attend, and they were videotaped so that tapes could be available to anyone interested in reviewing those discussions.

"The BOCC should focus on major policy issues." Florida TaxWatch

Board of County Commissioners Direction – A Setting of Priorities

This budget can be best characterized as a setting of priorities. During the preparation process for this biennial budget, the BOCC reviewed key programs and provided policy direction in several areas:

- ◆ **Law Enforcement** – The Board committed to law enforcement through the retention of a standard of 1.7 sworn law enforcement officers for each 1,000 residents. As our unincorporated population continues to grow, this standard will authorize a steady stream of additional Sheriff's deputies. Some new deputies will serve as school resource officers and will be partly funded by the School Board. At the same time, federal funding will phase out for deputies hired under the

federal Universal Hire program. As expected, the County will pick up the cost for those existing deputies.

- ◆ **Fire Protection** – The BOCC committed to fire protection through the addition of four new Fire Rescue stations in addition to two stations previously approved. At the same time, the BOCC avoided the necessity to build an additional planned station by securing a long-term agreement with the City of Tampa to continue providing service to the Pebble Creek and Cross Creek communities. Other previously approved stations include a Providence Road station in Brandon scheduled to be completed in December 2003 – the first quarter of FY 04 – and a Northdale station in the northwest area. The four additional stations are a River Oaks station, a Tampa Shores station, a Country Place station, and a Chapman Road station. The additional stations reflect a BOCC commitment to improving our response time to emergencies. You also indicated an interest in further exploring how to improve emergency response and that could lead to additional future expansion of this service.

Separately, you indicated your support for the acquisition of self-contained breathing apparatus that meets new, higher safety standards. When you provided that direction, we began the process of selecting equipment to test and we indicated funds would not be needed until FY 02. This budget reflects \$2 million in funding in FY 02 for that equipment. The equipment will be purchased using sales tax revenue from the Community Investment Tax (CIT), as approved at a public hearing on the CIT in September. That funding is reflected in the FY 02 capital budget and the six-year Capital Improvement Program for FY 02 – FY 07.

- ◆ **Code Enforcement** – The BOCC committed to adding code enforcement officers in order to regain a staffing ratio of no less than 1 officer for each 28,000 unincorporated residents within two years. This is a programmatic policy decision that will be reflected in future operating budgets.
- ◆ **Recreation Facilities** – The BOCC committed to developing top quality youth sports complexes for specific sports by committing funds to establish higher maintenance standards. The BOCC directed Parks and Recreation staff to work with its advisory board to develop a plan for future improvements as well. The three parks to receive higher maintenance standards are Skyway Park, Ed Radice Park, and Vance Vogel Park. Funding is phased into the Parks and Recreation Department's operating budget over the next two years.
- ◆ **Property Tax Rate Cuts** – . The BOCC recognized the opportunity, given strong growth in our tax base, to reduce our tax rate for what will be the seventh and eighth consecutive years. The BOCC reduced Countywide property tax rates (millage rates) by 0.12 mills in FY 02 and by an added 0.25 mills in FY 03. These millage reductions, which total 0.37 mills, will put roughly \$22.1 million back into the pockets of County taxpayers. For a house with a taxable value of \$100,000, the Countywide millage rate reduction will amount to a tax savings of \$49 over the two years. Put in a different context, business owners will save \$490 in taxes over the next two years for each \$1 million of taxable value. No other taxing authority in our community has made such a commitment to managing the tax burden of our citizens. In addition, the Senior Homestead Exemption that the BOCC previously approved will increase from \$15,000 in FY 01 to \$20,000 in FY 02 and then increase to the maximum \$25,000 in FY 03. Hillsborough County is one of only a few cities or counties to have provided this benefit to low income elderly homeowners.

- ◆ **Monitoring Tampa Bay Water Projects** – The BOCC continued its commitment to closely monitor new water supply projects in our community through the continued funding of a Water Resources Team. This interorganizational group had been originally intended to sunset at the end of FY 01, but funding previously set aside for this important operation is available to continue activities through FY 03. The Water Resources Team will continue to address our ongoing concern over the projects Tampa Bay Water intends to build in our community, including the largest desalination plant in the United States and an above-ground reservoir. These new sources will not only meet increasing demand for water, but they will also allow reduced pumping from existing wellfields that caused concerns during our recent drought.

“Essential County services should be funded and delivered in the most efficient and cost-effective manner possible.” Florida TaxWatch

Seeking Efficiencies in the Provision of Public Services

Earlier this year, the BOCC challenged the departments and agencies it funds to seek efficiencies in order to trim the cost of providing services to our community. You saw that as an alternative to initiating a long and staff-intensive process known as “managed competition,” potentially leading to privatization of some services. In my instructions to departments and agencies, I asked each organization to look for efficiencies amounting to 5 percent of their budgets. Many departments responded to that challenge with options for cutting costs without noticeable service implications. For some departments, the cuts followed cost savings instituted through prior processes that included external review of opportunities for efficiencies.

No program or funding source was excluded from consideration. Citizens expect that no government revenue will be wasted regardless of whether it is a locally collected tax dollar or fee, or a grant or contract funded with State or federal dollars. In essence, citizens expect us to be careful in how we spend any dollar that flows through this budget. During the budget preparation and review processes, we scrutinized these opportunities for savings and we also scrutinized the line item detail that underlies each organization’s budget in order to ensure that budgets are not simply built on what had been requested in prior years, regardless of what was ultimately needed. We examined not just what public service is provided but also how it is provided in order to obtain efficiencies. These clarifications are important because they shape many of the changes reflected in this budget.

Cost-saving changes will:

- ◆ Improve the efficiency of our building inspection program by having inspectors receive their daily assignments by telephone. This allowed three positions to be cut with annual savings of \$177,000.
- ◆ Reduce the cost of employee orientation in Fire Rescue by placing new staff in service quicker – saving \$83,000.
- ◆ Use professional staff in Human Resources with support from in-house legal counsel in the County Attorney’s Office for collective bargaining negotiations in place of the past practice of using a consultant and external legal counsel – saving \$130,000.

- ◆ Consolidate management responsibilities in two senior centers. This allowed two vacant positions to be cut with annual savings of \$66,000.
- ◆ Eliminate security fencing at certain Environmental Land Acquisition and Protection Program (ELAPP) sites – saving \$100,000.
- ◆ Trim operating costs and improve efficiencies in Solid Waste Management programs – saving \$418,000.
- ◆ Install energy-conserving equipment – for example, cutting up to \$6,000 in energy costs by FY 03 at our Cooperative Extension facilities. This continues an extensive review of opportunities for energy conservation.
- ◆ Cut inventory maintenance costs at Public Works – saving \$195,000. Additional savings including cuts in overtime and chemicals will trim \$427,000.
- ◆ Cut fleet replacement and fleet maintenance costs at Parks and Recreation – saving \$54,000.
- ◆ Trim administrative costs at Public Safety, Management and Budget, and Human Resources – saving \$109,000 through the elimination of three positions.
- ◆ Cut the use of temporary employees to supplement permanent staffing – saving \$209,000 in Planning and Growth Management and \$110,000 in Information and Technology Services.
- ◆ Reduce the frequency of cash collections from daily to every other day at Planning and Growth Management offices – saving \$11,000.
- ◆ Reduce the overhead for the Indigent Health Care Program through a 5 percent administrative staffing reduction in FY 02 and a 3 percent network administration staffing reduction in FY 03 – resulting in savings of \$244,000 in FY 02 and \$448,000 in FY 03.
- ◆ Reduce operating expenses in the Communications Department, Public Affairs, and Aging Services – saving \$35,000.
- ◆ Trim hardware repair costs in Information and Technology Services by \$86,000.

These savings add to those enacted previously in response to past reviews of the budget process by your Blue Ribbon Committee on County Finances and by Florida TaxWatch. For example, we have already saved more than \$1.5 million by rightsizing our fleet of vehicles.

As these examples illustrate, the proposed reductions reflect widespread participation by BOCC departments to cut existing costs. Some of the constituencies of the departments and offices that are impacted by the reductions will ask why we are cutting the budget when the tax base on which we heavily rely to pay for services is continuing to grow strongly. To those comments I would reply that it is our obligation to constantly strive to provide services at the lowest reasonable cost and to focus on funding the highest priorities.

“[Hillsborough County should] make greater use of an existing County budget process to redirect resources.” Florida TaxWatch

Priorities in the FY 02 and FY 03 Budget

This biennial budget reflects a focus on providing increased funding to address high priorities for this community while assessing opportunities to make selective cuts in other programs. Many of the changes are listed here and additional changes may be found detailed in the budget by organization section of this document.

- ◆ In terms of positions, the total number of funded positions will increase from 9,553 in FY 01 to 9,712 in FY 02, and to 9,891 in FY 03. That reflects a net increase of 353 positions over the next two years. Major increases are reflected in the Sheriff’s Office (160 new positions), the Children’s Services Department, primarily federally supported Head Start (115 new positions), the Fire Rescue Department (39 new positions), and Parks and Recreation (35 new positions). The positions are phased over the two years as reflected in this budget. Position reductions reflected in this budget are phased to allow us the opportunity to place employees whose jobs are cut in other vacant funded positions. In FY 02, adopted efficiencies resulted in 32 positions being eliminated. Eighteen of those positions were vacant and the employees in the other 14 positions were successfully placed in other jobs for which they were eligible. We were therefore successful in cutting costs without a single layoff. The budget relies more heavily on targeting services to our lower income residents. For example, as part of the Board’s commitment of \$10 million per year to transportation, we increased specialized transportation services by \$250,000. That adds to a similar increase in FY 01. We invested in a welfare-to-work transportation demonstration project with funding of \$100,000 per year. Lack of transportation is frequently cited as a barrier to getting citizens into jobs.
- ◆ Our general assistance program, on the other hand, is scaled back in FY 02 and again in FY 03 by a total of one-quarter of the FY 01 level. That results in savings of \$750,000 in FY 02 and \$1.1 million in FY 03. We invested a portion of the general assistance savings to assist the health care program by picking up the cost of a new Florida Legislature mandated \$640,000 annual Medicaid match.
- ◆ During budget discussions, we identified a potential long-term funding deficit for the health care program by comparing updated revenue assumptions against new actuarial information on expenditures. This budget anticipates a \$2.0 million annual reduction in program expenditures on catastrophic care, but defers that reduction until February 1, 2002. You directed staff to work with the Health Care Advisory Board to identify measures to solve the funding gap and bring back recommendations in January. That process is under way and all options are being explored. Any funding solution will be built on the most updated revenue projections available for the indigent care sales tax. Interim actions that slowed the drawdown of reserves for this program included using Countywide general revenue to: Fund one-half – \$399,000 – of the match for the Kid Care program in FY 02; fund all of the cost – \$501,000 – of the jail offender program in FY 02 and FY 03; and fund all of the cost of Baker Act patients – \$1.7 million – in FY 02 and FY 03.

- ◆ The budget also improves our commitment to career and volunteer firefighters. The budget recommends doubling the annual commitment to each volunteer company from \$12,500 to \$25,000. This change would, for example, allow any volunteer company to purchase thermal imaging equipment that some volunteers have requested. Other improvements include acquiring special protective clothing for fighting wildfires, providing immunizations against infectious disease, and providing hearing protection for use in emergency vehicles. These commitments require FY 02 funding of \$340,000 and FY 03 funding of \$160,000. We are funding a \$2 million upgrade in self contained breathing apparatus through the FY 02 capital budget. The budget commits staffing increases to fire training, arson investigation, and inspection of commercial structures. In accordance with BOCC policy, you adopted revised fire inspection fees to allow recovery of all direct costs and authorized annual revision in fees to maintain that cost recovery.
- ◆ The budget reflects a commitment to take advantage of all available federal Head Start and Early Head Start grants. These grants continue to provide the BOCC the opportunity to expand these critical services targeted to serve some of the youngest and most needy in our community. These changes are reflected in the Children’s Services Department budget. While these programs have modest matching requirements, we have been able to use School Board in-kind contributions to meet a portion of the match and stretch County dollars even further.
- During FY 01, the BOCC approved construction of two new branch libraries (Upper Tampa Bay and South Brandon) and accelerated several other projects using, in part, \$5 million in Countywide tax dollars. Our analysis indicated that the County would likely have to use \$6 million in long term financing through certificates of participation (COPs) in combination with existing revenues to both complete an aggressive construction program and cover the increased operating costs (about \$750,000 per year per branch library). Stronger than anticipated growth in the tax base for FY 02 may allow us to reduce or eliminate the need for COPs.
- ◆ The long awaited Florida Supreme Court ruling in a case involving the Sebring Raceway cleared the way for resolution of an outstanding lawsuit regarding taxes to be paid on Raymond James Stadium and other Tampa Sports Authority (TSA) property. Under terms of an existing interlocal agreement between the BOCC, TSA, and City of Tampa, we anticipate a requirement to provide financial assistance to the TSA once it has used available reserves to pay back taxes on the Stadium. We have assumed that the Stadium remains taxable as an asset of the TSA and that the BOCC and Tampa will financially support the TSA and that such a situation represents a net loss to Hillsborough County government. The budget anticipates a \$3.5 million payment to the TSA in FY 02 and in FY 03. The net cost to the County’s Countywide General Fund after considering the revenue we will receive from taxes on the Stadium, is \$1.6 million.
- ◆ In accordance with law, this budget fully funds the requested FY 02 budgets for the Sheriff and the Supervisor of Elections. The BOCC could not alter those budgets prior to public hearings in September. FY 03 requests are also reflected in full. The amounts shown in the budget for the Tax Collector reflect commissions to be paid on the taxes collected by that Office. Because the FY 02 tax base is much larger than FY 01, we assume that a greater portion of the commissions paid to the Tax Collector will be returned to the BOCC at yearend. The amounts reflected for the Property Appraiser reflect that portion of the Property Appraiser’s budget for which the BOCC is responsible—more than 92 percent of the total budget. The Property Appraiser did not submit a budget for FY 03 but a budget was constructed for the Property Appraiser by increasing the FY 02 budget by 3 percent. The Property Appraiser’s budget is subject to an appeal process by the

BOCC after it is submitted to the Florida Department of Revenue for approval. The Clerk's budget submittal was fully funded in both FY 02 and FY 03 and the BOCC has authority to adjust the budget at any time. The Supervisor of Elections requested the County consider replacing obsolete voting equipment. The Florida Legislature designated \$600,000 in FY 01 and an additional \$600,000 in FY 02 towards the cost of replacing voting equipment. In this budget, we have anticipated receiving both payments and have set aside total funding of \$12 million in FY 02 to acquire new equipment. The touch screen system will result in significant future savings in the Supervisor's operating budget by avoiding the need for paper ballots.

- ◆ You dedicated an additional \$10 million per year in ad valorem taxes to meeting the community's transportation needs. As indicated earlier, \$250,000 of that amount has been directed to expanding our Transportation Disadvantaged Program. Another \$2 million per year will fund transportation projects that will add capacity (Gunn Highway, Bruce B. Downs and Boyette Road). The balance has been directed to maintenance, intersection improvements, and safety programs to ensure that we maintain our existing assets to an acceptable standard and seek the lowest cost measures to improve traffic flow and prevent accidents. This funding is anticipated to be an ongoing commitment to transportation.

Hillsborough Area Regional Transit Authority (HART or HARTline) has historically relied on County funding to maintain certain services. More recently, HARTline entered into a tri-party funding agreement to obtain additional funds from the City of Tampa, the Florida Department of Transportation, and the BOCC. That supplemental commitment has ended. Your share of that additional funding was provided from a completed road project—Hoover Road. The budget allocates the remaining funds from the Hoover Road project to BOCC priority capacity projects.

This budget continues specific operational subsidies for HARTline Sunday service and circulator service. These commitments require \$535,000 in funding from gasoline taxes in both FY 02 and FY 03 and are not anticipated to be continued in future budgets since HARTline has the ability to seek voter support of a higher ad valorem tax rate. HARTline should schedule a referendum to increase HARTline's maximum tax rate in November 2002.

- ◆ Substantial growth in property tax revenue in FY 02, despite a reduction in the Countywide millage rate, provided an opportunity to direct additional funds, in the short term, to priority transportation needs. The FY 02 budget provides an added \$18.3 million in funding for projects and the FY 03 budget provides an added \$6.0 million. Over the next two years, this budget commits \$10 million of new revenue to Gunn Highway which will allow its completion, \$25.2 million to Bruce B. Downs and \$5.6 million to Boyette Road which will allow a significant beginning on both of these projects. Committing recurring revenue and savings to non-recurring transportation projects provides an excellent means of addressing current transportation needs while maintaining future capacity to hire Sheriff's deputies, open new fire stations, improve code enforcement and recreation facilities. It is with those future commitments in mind that this budget commits available funds to these road projects. Additional funding of transportation projects will be considered during FY 02 as we assess an opportunity to finance more transportation needs through the use of Community Investment Tax revenue.
- ◆ In accordance with BOCC policy, we identify operating impacts of capital projects at the time they are funded. Ten improved recreation facilities will impact the operating budget requirements of the Parks and Recreation Department over the next two years. In addition, we are required to

pay one-half of the cost of operating the Friendship Trail Bridge beginning in FY 03. The cost of these expansions is \$557,000 in FY 02 and \$1,596,000 in FY 03.

- ◆ Two County programs provide support to the State Attorney in criminal prosecution. The Consumer Protection Agency, which was separated from Health and Social Services in FY 01 and doubled in size, can meet our mission of providing proactive services to citizens while providing support for the prosecution of criminal fraud with fewer resources than we committed in FY 01. A reduction of two vacant positions will largely offset the cost of resources needed to maintain the workload of the Medical Examiner's Office, which provides evidence critical to other types of criminal prosecution including capital offenses. To hold down the increase in the Medical Examiner's costs, we will expand our partnership with USF in the use of fellowships.
- ◆ A realignment of resources will allow the establishment of a land use ombudsman in Planning and Growth Management through the reduction of two positions in Neighborhood Relations, one professional and one clerical.
- ◆ The Civil Service Board is funded at its statutory level, a 3.9% increase over FY 01, which is based on the payrolls of the government authorities that it serves. Recognizing that Civil Service serves authorities that do not currently receive BOCC funding we are pursuing funding from other local authorities.
- ◆ A commitment to maintaining existing infrastructure as well as inspecting new is a priority as we look towards mandatory implementation of a new governmental accounting standard. The FY 02 and FY 03 budgets meet BOCC policy of committing one percent of ad valorem revenue to physical plant maintenance projects. Following up on a recent BOCC discussion on maintenance needs for Parks and Recreation, the FY 02 budget includes an additional \$1 million in Countywide revenue and \$1 million in Unincorporated area revenue to allow us to better address a backlog of maintenance deficiencies. We believe we are in excellent shape to meet our maintenance requirements and the Clerk of Circuit Court, as the County's Chief Financial Officer, will be implementing the new accounting standard known as GASB 34 a year early.
- ◆ The Real Estate Department has identified \$302,000 in potential savings in FY 02 and \$158,000 in FY 03. Those savings offset a portion of recommended maintenance enhancements. One position will be added in FY 02 to address general maintenance needs for our expanding library system, and four inspectors will be added to improve our ability to detect deficiencies in construction projects during the time that contractors can be held accountable. The cost associated with these inspectors will be charged to projects and the added inspectors will provide a higher quality of inspection than we have obtained through contracted inspections. Six positions are added to handle maintenance of expanded Court facilities in FY 03.
- ◆ We continue to follow BOCC policy on maintaining pay comparability with public and private employers at the 50th percentile. The FY 02 budget provides compensation adjustments consistent with Civil Service recommendations and subject to a maximum market adjustment of 3.5 percent for any job class. Comparable adjustments will be made for unclassified employees. Cost increases have been partly offset through lower retirement contribution rates to the Florida Retirement System. These savings may not be permanent, but they have allowed us to hold down costs at least through FY 02. While Civil Service recommendations are not available for FY 03,

the budget assumes similar budget impacts in FY 03. We anticipate that retirement rates cannot be sustained at current levels however, and have anticipated higher rates in FY 03.

- ◆ We completed an actuarial study of our self-insured employee health plan and fine-tuned benefits, co-payments, and premiums. No employee premium increase is planned until FY 03, when we anticipate we will need to raise employees' contributions. To reduce the impact, the FY 03 budget reflects a \$20 per month increase in the cafeteria benefit we provide employees. The actual premium changes will most likely vary by plan, allowing employees an opportunity to control cost increases but also allow them to choose the plan that best meets their needs. We do anticipate increases in retirees' contributions for participation in our health care program until their contributions are consistent with the average cost of the plans in which they participate, but our intent is to phase those in over a multi-year period to make the increases more affordable.
- ◆ We completed the biennial review of public service agency applications—both applications for Community Development Block Grant funding and applications for general revenue. The BOCC increased funding slightly from FY 01 levels. Due to the competitive process, the amount received by some organizations has changed and some new organizations were funded while others that have provided services previously were not funded. The evaluation of applications was conducted by committee process utilizing two members of the BOCC Citizens Advisory Committee on each committee.

Non-competitive agencies were generally funded at FY 01 levels. Specific detail on funding appears in the main section of Volume I under the Non-Departmental section.

- ◆ Due to increasing demand on emergency 9-1-1 dispatch, this budget provides funding to add four dispatchers in FY 02, and uses an increase in the telephone line charge for the 9-1-1 program from 39 cents per month to 50 cents per month to fund a portion of those costs.
- ◆ The County's water/wastewater enterprise program continues to grow and recent credit upgrades have encouraged us to remain on course to improve our system, add customers, and maintain service. Almost \$3.3 million in system improvements are reflected in the FY 02 budget and an added \$2.1 million is reflected in the FY 03 budget. Improvements include staffing to manage capital improvement projects, software improvements, and expanded customer service/assistance. As you know, this program is self-funded using user fees and charges.
- ◆ The County's solid waste enterprise program is also self-funded and the recommended budget reflects two enhancements: additional expenditures on litter control (\$274,000) and costs associated with a newly closed landfill in Ruskin (\$125,000 in FY 02 and \$25,000 in FY 03). The Department will coordinate with the Parks and Recreation Department on a joint-funded pilot project in FY 02 to clean up litter within a target area within the unincorporated area.

Key Revenue Assumptions

Hillsborough County continues to rely on a variety of revenues and other funding sources. The largest sources include fund balance (funds carried forward from the prior year), ad valorem (property) taxes, other locally approved taxes (e.g., local option sales taxes and gasoline taxes), charges for services (user fees), and intergovernmental revenue (largely state and federal grants).

Ad valorem (property) taxes account for 24 percent of all County funding sources in FY 02. The increase in taxable values that serve as the basis for FY 02 ad valorem tax revenue surpassed the January 2001 estimates used to generate a five-year Pro Forma forecast for each tax fund. The Countywide tax estimate used to adopt the budget was up 13.7 percent from that used to adopt the FY 01 budget. The increase reflected new construction initiated before the economy began to slow and significant increases in the assessment of existing property. Almost 70 percent of the increase was due to the annual reassessment process, which includes consideration of the value of non-residential tangible property. The unincorporated area tax base that is used to generate revenue for typical municipal services that the County provides outside municipal boundaries rose 13.8 percent. New construction accounted for 66.1 percent of the increase.

The assessment increases did not uniformly affect all property owners: Homestead residential property is protected from assessment increases in excess of the lesser of 3 percent or the annual change in the Consumer Price Index. After applying the countywide millage reduction you approved, total property tax revenue increased 12.5 percent.

No specific information is available for FY 03, but we do expect a delayed economic impact on ad valorem tax revenue resulting from a slowdown in new construction and reassessments more in line with historical levels. In FY 03, this budget is based on an assumed 7.25 percent increase in the Countywide tax base, less the impact of an added quarter-mill tax reduction, for a net increase of 3.6 percent. We anticipate a similar slowdown for the MSTU tax base as well – an 8.25 percent increase is anticipated for FY 03.

Some programs are self-sufficient on charges for services (i.e., user fees). These programs may expand or contract based on the availability of revenue resulting from the demand for those services. Three self-funded programs reflect required changes:

- ◆ First, Fleet Management cut twelve positions due to our investment in a newer fleet that requires less maintenance. The cuts also reflect the impacts of a downsized fleet resulting from the adoption of fleet utilization standards. Two additional positions no longer required for maintenance of Fire Rescue equipment were transferred to Fire Rescue during FY 01 to provide expanded inventory services.
- ◆ The Planning and Growth Management Department will update building inspection fees, some of which have been unchanged since the 1980's in order to avoid service cuts in FY03. The BOCC approved using the fee increase as an assumption in balancing the FY 03 budget.

An economic slowdown is evident in some revenues – particularly those based on sales activity. Projected growth rates are substantially slower than that experienced as recently as FY 00, but are consistent with sharp slowing evident in FY 01 receipts. We reassessed these revenues in November 2001 as the State of Florida reconsidered its own revenue projections for the current year. Adequate reserves exist to address any potential revenue shortfall during FY 02 and the FY 03 estimates will be updated during the abbreviated update process used for the second year of this biennial budget. The maximum estimated potential revenue reduction for FY 02 is \$10.6 million and the current estimate for FY 03 is an \$11.0 million reduction. These revenues will be monitored monthly throughout the year and we will keep you advised of any further change in our projections.

Finally, the cable franchise fee that the County has collected from two unincorporated area franchises was replaced on October 1, 2001 by a unified state-local communications tax. The Florida Legislature replaced several state and local taxes and fees with a two-part tax that will be consistently applied on a broader range of communications services. The 5 percent franchise fee will be replaced with a 2.2 percent local component to the unified tax for the 11 months that will accrue to FY 02. The rate will drop to 2.1 percent in FY 03 when local governments will receive 12 monthly payments. Because cable franchise fees are remitted only once per year to the County and the new tax will take effect 9 months into that calendar year, we anticipate receiving essentially a 9-month distribution of cable franchise fees in FY 02 as well as a full year of communications tax revenue.

Conclusion

This budget reflects BOCC direction on priorities, funding strategies and tax relief. The budget also reflects changes in a variety of programs that are intended to trim costs wherever possible without reducing services and to selectively identify areas where services should be expanded or reduced. Efficiencies alone will allow the BOCC to cut several million dollars in costs to County taxpayers while better targeting how we spend remaining dollars. The growth in the tax base facilitated continuing reduction in our Countywide tax rate and the continued phase-in of an exemption for low income senior citizens.

Additionally, the budget expands funding for both maintenance of County roads and an investment in constructing new roads within existing revenues. The non-recurring investment in new roads not only allows us to jumpstart three priority projects, but also allows the BOCC flexibility in having the funds we will need in our next budget cycle to open fire stations, continue our commitment to Sheriff's staffing and code enforcement, and consider additional enhancements to our recreation facilities and programs.

We continue to pursue a fiscally conservative reserve policy, meeting all reserve requirements, but we have not expanded those reserves at the expense of taxpayer relief.

Respectfully Submitted,



Daniel A. Kleman
County Administrator

December 1, 2001

Members of the Board of County Commissioners: The acts of terrorism in New York and Virginia on September 11th have had a profound emotional impact on all Americans. In the aftermath of those attacks, we have seen a sharp terrorism-induced drop in tourism that enhances the impacts of the first recession in a decade. Impacts have been both direct and indirect. In a report issued last month, we outlined financial impacts on this budget for FY 02 and FY 03 resulting from this combination of factors. Those impacts are summarized here:

We reassessed projections for revenues reliant on a sales taxes and updated our estimates consistent with new State of Florida consensus forecasts issued October 15th. Because our community is less reliant on tourism than the State as a whole, our impact is less significant. We also benefit from a substantially different mix of revenues that is less sensitive to sharp economic swings. (The State receives 73 percent of general revenue from sales taxes while Hillsborough County receives 69 percent of its General Fund revenue from property taxes.)

Overall, we anticipate a potential \$10.6 million reduction in budgeted FY 02 revenue and a potential \$11.0 million reduction in planned FY 03 revenue. Those reductions reflect less than 5 percent of budgeted revenue from those sources each year. Adequate reserves can address FY 02 impacts and we will have more precise information with which to update FY 03 projections when the FY 03 budget is updated before final adoption in September 2002. Reserves could cover FY 03 impacts as well, with the exception of the Health Care Program. You had already directed us to seek a funding solution to a divergence of Indigent Care Sales Tax revenue and the cost of the Health Care Program and that discussion will occur in January 2002.

We also expect some impacts of an emergency legislative session held to rebalance the State of Florida's budget for the State fiscal year ending June 30, 2002. In large part, we act as a contractor for the State of Florida and may be required to scale back services based on funding reductions. There is no presumption we would assume financial responsibility for cuts in State programs.

Over 120 County employees are reservists and, to date, over 40 have been called to active duty. County policy is to make up any pay differential to ensure reservists do not suffer financially. At the same time, we anticipate the need to cover many of these vacancies since the largest concentration of reservists are in public safety (law enforcement and fire protection) positions. Any impacts can be addressed through contingency reserves.

The financial challenges facing the County as a result of world and economic events do not require significant change in the FY 02 and FY 03 budgets. We will continue to monitor impacts and seek any corrective action needed to ensure delivery of service while maintaining our financial integrity.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Daniel A. Kleman". The signature is fluid and cursive, with a large initial 'D'.

Daniel A. Kleman
County Administrator

FY 02 BUDGET SUMMARY

	FY 00 Actual	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
PROPERTY TAX RATES (In Mills)				
Countywide ⁽¹⁾	7.7822	7.6822	7.5622	7.3122
Library District ⁽²⁾	0.6423	0.6423	0.6423	0.6423
General Purpose MSTU ⁽³⁾	5.1355	5.1296	5.1205	5.1181
VALUE OF 1 MILL (In Millions of \$) ⁽⁴⁾				
Countywide	\$34.50	\$37.60	\$42.76	\$45.86
Library District	32.61	35.65	40.63	43.57
Unincorporated	19.89	22.01	25.05	27.11
BUDGET SUMMARY (In Millions of \$)				
Operating	\$953.9	\$1,057.0	\$1,138.9	\$1,186.7
Capital (net of reserves) ⁽⁵⁾	131.8	160.4	137.1	136.2
Debt Service	121.4	115.9	164.6	156.8
Reserves & Refunds ⁽⁵⁾	0.8	461.5	491.9	490.0
MAJOR ORGANIZATION OPERATING BUDGET (In Millions of \$)				
Board of County Commissioners	\$1.6	\$1.7	\$1.7	\$1.9
County Administrator	521.9	578.8	626.5	652.6
County Attorney	5.8	6.4	6.9	7.1
Elected Officials	255.7	265.1	283.8	306.6
Judicial	15.3	17.4	18.1	18.7
Boards, Commissions & Agencies	18.6	19.3	20.9	21.6
Non-Departmental	135.0	168.5	181.0	178.2
	\$953.9	\$1,057.0	\$1,138.9	\$1,186.7
CAPITAL BUDGET (In Millions of \$)				
Fire	3.6	2.7	9.1	6.7
Governments Facilities	12.7	56.3	21.2	12.6
Libraries	6.2	5.7	1.9	3.1
Parks	17.4	5.3	3.6	9.3
Solid Waste	11.9	0.3	10.3	4.1
Stormwater	16.8	19.8	15.8	13.8
Transportation	42.4	28.8	52.3	49.0
Water/Wastewater & Reclaimed Water	16.3	40.6	15.5	32.8
Other Non-CIP	4.5	1.0	7.5	4.8
	\$131.8	\$160.4	\$137.1	\$136.2

Detail may not add to totals because of rounding

Note: In FY 00 the County implemented an all years budget process for capital projects and grants (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 for FY 00, FY 01 & FY 02. FY 03 is an estimate.

(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.

IMPACT OF LOCAL TAXES

Impact of local property taxes on a family in the unincorporated area of Hillsborough County with a home assessed at \$100,000, less \$25,000 homestead exemption. This results in a taxable value of \$75,000.

Assumptions:

- ✓ Excludes any exemptions other than the homestead exemption.
- ✓ Excludes any non-ad valorem assessments, i.e. street lighting tax district, stormwater fee, or maintenance district.
- ✓ For the purpose of consistency for the Southwest Florida Water Management District basin mileage, the Hillsborough River basin was selected. Other basins have different tax rates.
- ✓ Taxes actually appear on a tax bill dated the previous year. For example, property taxes supporting the FY 02 budget are levied on the year 2001 tax bill.

	FY 99	FY 00	FY 01	FY 02
TAXES LEVIED COUNTYWIDE				
BOCC - General Fund	\$581.25	\$569.76	\$565.02	\$557.62
BOCC - General Obligation Debt	11.80	13.91	11.15	9.29
Southwest Florida Water Mgmt District *	31.65	31.65	31.65	31.65
School Board (incl. General Oblig. Debt)*	714.83	680.33	653.63	643.95
Children's Board *	31.28	31.28	31.28	31.28
Port Authority*	23.25	23.25	22.13	21.75
TOTAL COUNTYWIDE TAXES	\$1,394.05	\$1,350.17	\$1,314.84	1,295.79
TAXES LEVIED IN A SPECIFIC AREA				
Library District **	\$48.17	\$48.17	\$48.17	\$48.17
Municipal Services Taxing Unit (MSTU) ***	379.66	379.66	379.66	379.66
MSTU Parks General Obligation Debt ***	6.07	6.37	5.51	4.20
Hillsborough Area Regional Transit *	37.50	37.50	37.50	37.50
Hillsborough River Basin*	21.38	21.38	21.38	21.38
TOTAL TAXES WITHIN AN AREA	\$492.77	\$493.07	\$492.21	\$491.09
TOTAL AD VALOREM TAXES	\$1,886.82	\$1,843.24	\$1,807.05	\$1,767.95

\$ change from preceding year:

% change from preceding year:

Notes:

- * Not a tax levy, assessment, or fee of the Board of County Commissioners (BOCC).
- ** The Library District tax is not levied in Temple Terrace or Plant City.
- *** Levied only on properties in the unincorporated area. Homeowners residing within the municipalities of Tampa, Temple Terrace, or Plant City pay city taxes instead of MSTU taxes.
- **** The Hillsborough Area Regional Transit tax is not levied in Plant City.

BUDGET SOURCES AND USES

	FY 00 Actual	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
SOURCES				
Fund Balance Begin Of Year	\$595.9	\$539.4	\$525.8	\$491.3
Revenue:				
Ad Valorem Taxes	377.9	425.5	478.7	503.1
Other Taxes	161.7	181.8	212.1	223.0
Licenses And Permits	10.9	10.6	11.4	12.9
Intergovernmental Revenue	201.9	198.0	203.1	213.6
Charges For Services	282.9	285.5	333.1	344.8
Fines And Forfeits	2.5	2.0	1.8	1.8
Miscellaneous Revenue (including interest and reimbursements)	<u>163.1</u>	<u>122.9</u>	<u>90.2</u>	<u>91.3</u>
Total Revenue	1,200.8	1,226.4	1,330.4	1,390.5
Transfers	588.8	584.3	601.4	640.8
Other Non-Revenues	76.6	67.0	117.9	131.6
Less 5% Required By Law	<u>0.0</u>	<u>(37.8)</u>	<u>(41.6)</u>	<u>(43.6)</u>
TOTAL AVAILABLE	\$2,462.1	\$2,379.2	\$2,533.8	\$2,610.6
USES				
Operating Budget:				
Compensation	\$413.6	\$453.4	\$486.8	\$527.2
Operating Expenses	505.7	569.2	591.3	615.5
Equipment	<u>34.6</u>	<u>34.5</u>	<u>60.8</u>	<u>44.0</u>
Total Operating Budget	953.9	1,057.0	1,138.9	1,186.7
Capital Budget (net of reserves)	131.8	160.4	137.1	136.2
Debt Service	121.4	115.9	164.6	156.8
Transfers	588.8	584.3	601.4	640.8
Reserves and Refunds:				
Operating	0.8	366.4	406.1	389.7
Capital		(38.7)	15.2	15.5
Debt		<u>133.8</u>	<u>70.5</u>	<u>84.9</u>
Total Reserves and Refunds	0.8	461.5	491.9	490.0
TOTAL USES	\$1,796.7	\$2,379.2	\$2,533.8	\$2,610.6

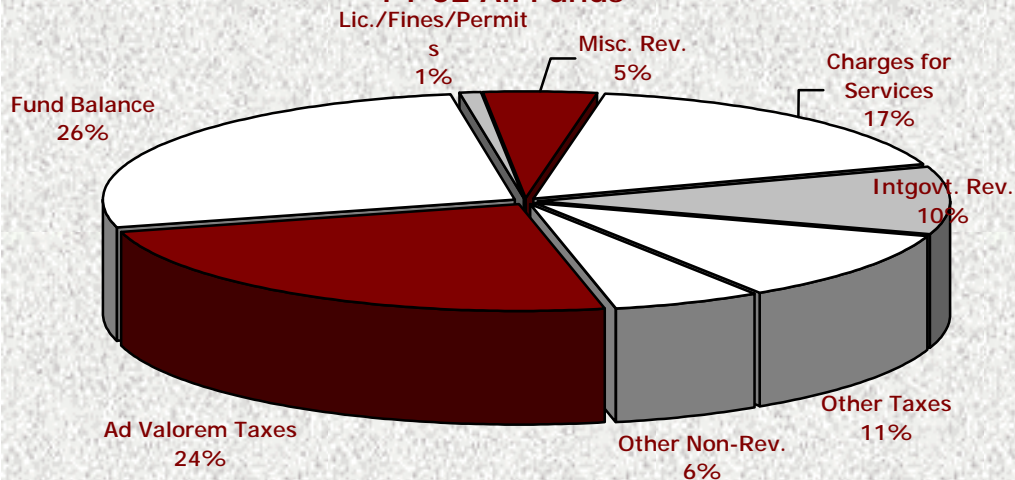
Detail may not add to totals because of rounding.

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

Note: In FY 00 the County implemented an all years budget process for capital projects and grants. 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.

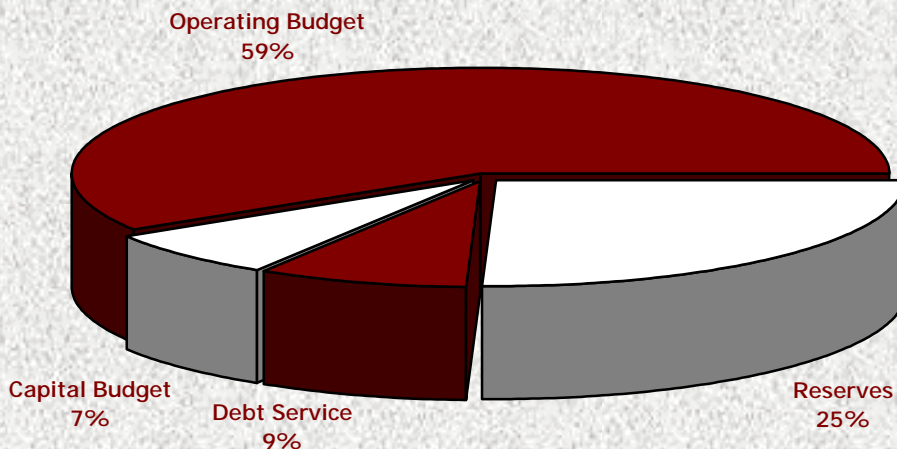
Sources - Where the Money Comes From

FY 02 All Funds



Uses - Where the Money Goes

FY 02 All Funds



Sources and Uses shown above exclude \$601.4 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 statutory 5% reduction. That is, only 95% of anticipated revenue may be budgeted. As the reduction may apply only 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.

CAPITAL PROJECTS BUDGET SOURCES & USES OF FUNDS

(in Millions of \$)

SOURCES ⁽¹⁾	FY 00 Actual	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
Revenues:				
Ad Valorem Taxes	\$16.0	\$9.7	\$32.3	\$24.5
Community Investment Tax	30.8	14.4	36.6	29.4
Gasoline Taxes	15.9	5.1	7.1	5.6
Federal and Local Grants	7.5	0.0	1.5	1.1
Impact Fees	22.1	9.8	17.0	16.7
State Grants & Shared Revenues	4.6	0.4	0.2	2.2
Miscellaneous (Including Interest)	9.1	7.2	7.0	4.9
User Fee	4.1	0.4	0.1	0.0
Total Revenue	110.1	47.0	101.8	84.4
Transfers In	34.2	35.4	32.2	31.6
Proceeds from Sale of Property	9.6	0.0	0.0	0.0
Other Non Revenue-Financing	13.0	39.3	18.3	35.6
TOTAL SOURCES	\$167.0	\$121.8	\$152.3	\$151.7

USES ⁽¹⁾	FY 00 Actual	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
Fire	3.6	2.7	9.1	6.7
Governments Facilities	12.7	56.3	21.2	12.6
Libraries	6.2	5.7	1.9	3.1
Parks	17.4	5.3	3.6	9.3
Solid Waste	11.9	0.3	10.3	4.1
Stormwater	16.8	19.8	15.8	13.8
Transportation	42.4	28.8	52.3	49.0
Water/Wastewater & Reclaimed	16.3	40.6	15.5	32.8
Water				
Other Non-CIP ⁽²⁾	4.5	1.0	7.5	4.8
Total Capital Budget	131.8	160.4	137.1	136.2
Reserves	0.0	(38.7)	15.2	15.5
TOTAL USES (Including Reserves)	\$131.8	\$121.8	\$152.3	\$151.7

(1) In FY 00 the County implemented an all years budget process for capital projects and grants. 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. Estimated beginning fund balance for FY 00 is \$210.8 million.

(2) Other Non-CIP expenditures are Capital Budget Expenditures not related to the Capital Improvement Program.

DEPARTMENT BUDGET SUMMARY COMPARISON

	FY 00 Actual	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
BOARD OF COUNTY COMMISSIONERS	\$1,567,716	\$1,696,062	\$1,745,781	\$1,863,109
COUNTY ATTORNEY	5,847,657	6,378,745	6,920,867	7,091,493
COUNTY ADMINISTRATOR				
Administrative Services Sec.	290,301	338,602	616,581	373,700
County Administrator	1,213,577	1,277,173	1,288,833	1,379,456
Community Liaison Section	1,473,522	2,962,535	2,141,118	1,960,772
Communications Depar.	3,381,738	3,856,433	4,031,460	4,302,659
Neighborhood Relations	390,508	428,589	348,967	367,677
Office of Public Affairs	1,729,271	300,615	317,082	335,915
Office of Quality Services	232,440	328,830	562,972	404,096
OFFICE OF MANAGEMENT SERVICES				
Capital Program Admin	259,348	414,718	0	0
Debt Management	475,540	559,978	610,723	653,506
Economic Development	6,061,115	8,161,625	3,592,131	3,816,813
Fleet Management	18,303,185	15,316,632	23,581,644	20,988,189
Human Resources	1,622,843	2,125,260	3,351,862	3,562,318
Information & Technology	10,892,588	11,106,096	14,647,591	13,809,329
Management & Budget	1,675,291	1,895,045	1,942,677	2,266,116
Purchasing Department	2,400,487	2,864,076	2,021,626	2,163,603
Real Estate	16,043,519	18,886,147	20,593,519	22,780,406
OFFICE OF HUMAN SERVICES				
Aging Services	12,050,538	12,953,189	14,117,415	14,415,756
Children's Services	25,995,892	31,798,011	31,583,957	35,341,512
Cooperative Extension	1,182,030	1,264,625	1,386,430	1,427,636
Equal Opportunity Adm.	209,450	207,871	219,291	235,015
Health & Social Services	109,091,174	115,905,664	122,899,663	127,268,069
Library Services	19,402,040	22,411,540	22,735,525	23,926,541
Medical Examiner	2,134,784	2,339,286	2,720,958	2,839,166

	FY 00 Actual	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
OFFICE OF COMMUNITY SERVICES				
Animal Services	4,695,554	5,169,617	5,814,528	6,126,381
Community Improvement	22,581,062	26,463,250	25,879,727	26,182,350
Consumer Protection Agency	0	0	503,737	533,515
Fire Rescue	47,016,676	50,816,918	56,559,023	60,346,359
Planning & Growth Manag.	16,828,786	18,825,122	19,626,937	19,928,438
Parks & Recreation	28,622,528	30,431,503	33,607,077	36,111,611
Public Safety	6,781,230	8,293,208	9,167,859	10,760,698
Public Works	48,905,273	56,422,366	59,599,342	62,715,658
Solid Waste Management	46,619,481	53,292,675	56,504,661	58,051,473
Water Department	65,408,870	71,526,373	83,760,032	86,950,273
Water Resources Team	78,652	267,750	490,533	508,314
TOTAL COUNTY ADMINISTRATOR	524,049,293	579,211,322	626,825,481	652,833,320
ELECTED OFFICIALS				
BOCC Judicial Services Cost	3,840,795	3,985,318	4,147,647	4,320,611
Clerk of the Circuit Court	22,155,178	23,005,599	24,809,660	26,556,078
Public Defender	1,270,569	1,577,645	1,389,185	1,426,170
Property Appraiser	8,472,251	8,468,416	9,619,269	9,902,448
State Attorney Part I	1,088,678	1,314,855	1,317,505	1,317,971
Supervisor of Elections	3,229,784	2,658,182	3,331,293	3,542,203
Hillsborough County Sheriff	200,049,105	207,203,630	219,868,134	239,077,361
State Attorney Part II	1,691,955	1,816,252	1,947,322	2,076,251
Tax Collector	13,541,988	14,810,460	17,032,703	18,049,160
Value Adjustment Board	322,153	243,367	291,107	327,118
TOTAL ELECTED OFFICIALS	255,662,456	265,083,724	283,753,825	306,595,371
JUDICIAL BRANCH (ADMIN OFC OF COURTS)	15,386,059	17,359,822	18,099,052	18,741,942
BOARDS, COMMISSIONS & AGENCIES				
Charter Review Board	22,711	0	0	0
Civil Service Board	1,700,352	1,969,303	2,045,167	2,166,321
Environmental Pro. Com.	10,434,598	10,283,180	12,118,510	12,487,138
Legislative Delegation	152,790	173,650	170,470	180,886
Law Library Board	331,639	561,975	474,865	495,357
Metropolitan Planning Organization	1,170,164	1,365,885	900,893	851,683
City-County Planning Com.	4,715,171	4,725,871	4,936,735	5,255,183
Soil & Water Conservation	166,899	175,596	215,157	206,620
TOTAL BOARDS, COMMISSIONS	18,694,324	19,255,460	20,861,797	21,643,188

	FY 00 Actual	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
NON-DEPARTMENTAL				
Capital Improvement Prj.*	124,906,405	158,533,856	124,656,993	126,457,462
Debt Service Accounts	121,848,350	117,197,304	164,800,566	157,102,976
Governmental Agencies	66,624,950	66,682,620	67,670,604	70,167,559
Non-Departmental Allo.	54,793,190	80,983,154	98,849,083	93,043,430
Major Maintenance & Repair	322,177	3,372,189	7,177,500	4,573,700
Nonprofit Organizations	17,383,442	17,652,115	19,252,006	19,633,512
TOTAL NON-DEPARTMENTAL	385,878,514	444,421,238	482,406,752	470,978,639
TRANSFERS, RESERVES & REFUNDS				
Reserves and Refunds	812,526	461,506,871	491,865,036	490,049,883
Intrafund Transfers	302,457,319	258,449,127	268,731,324	272,952,428
Interfund Transfers	286,339,802	325,854,736	332,635,815	367,818,289
TOTAL TRANSFERS, RESERVES & REFUNDS	589,609,647	1,045,810,734	1,093,232,175	1,130,820,600
TOTAL BOARD OF COUNTY COMMISSIONERS AND CONSTITUTIONAL OFFICERS	\$1,796,695,666	\$2,379,217,107	\$2,533,845,730	\$2,610,567,662

*Excludes funding for Capital Projects under the specific control of various operating departments.

**BUDGET BY PROGRAM
ALL FUNDS**

Program	FY 00 Adopted	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
Public Safety				
Law Enforcement	111,694,689	119,236,325	126,832,335	136,637,881
Fire Control	36,297,262	0	0	0
Fire Rescue	0	53,695,568	65,827,886	67,293,659
Detention/Corrections	83,916,064	88,491,575	112,832,456	103,154,990
Public Safety Protective Inspections	11,652,940	11,604,329	11,322,634	11,204,672
Emergency & Disaster Relief Services	5,475,970	5,828,134	6,541,575	7,955,092
Ambulance & Rescue	13,869,158	0	98,638	0
Medical Examiner	2,214,281	2,339,286	2,720,958	3,316,166
Consumer Affairs	274,946	526,943	503,737	533,515
Other Public Safety	1,774,638	1,683,331	2,003,192	2,113,382
Subtotal	267,169,948	283,405,491	328,683,411	332,209,357
Physical Environment				
Physical Environment/Solid Waste	54,766,454	53,622,431	66,819,661	62,181,473
Water/Sewer Combination Services	103,598,005	114,085,638	101,795,454	122,084,441
Conservation & Resource Management	14,288,651	14,982,278	14,925,908	15,410,779
Flood Control	30,949,937	31,050,909	26,944,754	25,584,288
Other Physical Environment	123,347	131,193	787,902	253,816
Subtotal	203,726,394	213,872,449	211,273,679	225,514,797
Transportation				
Road & Street Facilities	69,703,369	79,479,622	100,680,575	99,734,806
Transport Transit Systems	4,770,622	2,475,712	742,960	742,960
Subtotal	74,473,991	81,955,334	101,423,535	100,477,766
Economic Environment				
Economic Employment Opportunity	6,909,911	7,072,710	2,307,748	2,454,246
Industry Development	15,195,535	17,246,003	19,229,187	20,066,256
Veterans Services	236,036	262,606	314,296	326,666
Housing & Urban Development	23,071,827	25,306,448	25,838,323	25,720,199
Other Economic Environment	1,053,500	2,153,500	1,548,500	1,548,500
Subtotal	46,466,809	52,041,267	49,238,054	50,115,867
Human Services				
Health	86,107,414	105,930,325	115,723,512	120,261,084
Human Services Public Assistance	8,423,464	8,532,754	7,966,195	7,673,871
Other Human Services	61,160,085	63,832,544	65,203,071	73,703,152
Subtotal	155,690,963	178,295,623	188,892,778	201,638,107
Culture/Recreation				
Libraries	23,317,012	28,188,881	24,842,868	27,232,541
Parks & Recreation	32,825,890	32,764,277	37,641,819	43,687,795
Cultural Services	484,148	620,072	641,391	645,586
Recreation Special Events	0	50,000	0	0
Special Recreation Facilities	5,643,768	5,606,371	9,402,987	9,568,840
Other Culture/Recreation	806,900	1,576,943	706,222	748,500
Subtotal	63,077,718	68,806,544	73,235,287	81,883,262

Program	FY 00 Adopted	FY 01 Adopted	FY 02 Adopted	FY 03 Planned
Courts				
Court-Related Services	2,101,569	88,989,708	31,171,800	34,498,626
Subtotal	2,101,569	88,989,708	31,171,800	34,498,626
Total Citizen Programs	\$812,707,392	\$967,366,416	\$983,918,544	\$1,026,337,782
General Government Services				
Legislative	\$1,657,691	\$1,826,146	\$1,886,581	\$2,007,190
Executive	5,138,599	4,825,063	4,079,847	3,941,894
Financial & Administrative	122,368,026	121,191,564	135,779,914	141,699,477
Legal Counsel	9,331,142	8,830,745	7,542,067	7,712,693
Comprehensive Planning	13,609,430	14,566,122	15,057,771	15,717,323
General Government Debt Service	33,359,704	60,719,558	117,824,360	110,142,620
Other General Government	95,139,313	97,603,013	127,548,265	125,227,727
Subtotal	280,603,905	309,562,211	409,718,805	406,448,924
Nonexpenditure Disbursements				
Transfers	535,609,449	584,303,863	601,367,139	640,770,717
Reserves & Refunds	571,643,238	461,506,871	491,865,036	490,049,883
Subtotal	1,107,252,687	1,045,810,734	1,093,232,175	1,130,820,600
Other Nonoperating Costs				
Other Nonoperating	15,075,951	21,558,478	9,550,000	10,027,000
Other Uses/Debt Service	40,091,743	34,919,268	37,426,206	36,933,356
Subtotal	55,167,694	56,477,746	46,976,206	46,960,356
Grand Total	\$2,255,731,678	\$2,379,217,107	\$2,533,845,730	\$2,610,567,662

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 and grants. 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.

**SUMMARY OF FUNDED FULL-TIME EQUIVALENT POSITIONS
AND FUNDED POSITIONS**

Organization	FY 00 Adopted	FY 01 Adopted	FY 02 Adopted	FY 03 Planned	FY 01 to FY 02
County Administrator - Funded FTE	4,927.47	4,972.19	5,052.72	5,162.72	80.5
Funded Positions	5,021.00	5,068.00	5,148.00	5,259.00	80.0
Sheriff - Funded FTE	2,844.00	2,889.00	2,947.00	3,021.00	58.0
Funded Positions	3,068.00	3,109.00	3,198.00	3,269.00	89.0
Clerk of the Circuit Court - Funded FTE	295.00	303.00	304.00	307.00	1.0
Funded Positions	295.00	303.00	304.00	307.00	1.0
Boards, Commissions, and Agencies - Funded FTE	255.00	260.00	263.00	263.00	3.0
Funded Positions	255.00	260.00	263.00	263.00	3.0
Judicial - Funded FTE	156.00	157.00	159.00	159.00	2.0
Funded Positions	157.00	157.00	159.00	159.00	2.0
County Attorney - Funded FTE	86.00	86.00	86.00	80.00	0.0
Funded Positions	86.00	86.00	86.00	80.00	0.0
Other Elected Officers - Funded FTE	533.00	534.00	533.00	533.00	(1.0)
Funded Positions	533.00	534.00	533.00	533.00	(1.0)
Board of County Commissioners - Funded FTE	20.00	21.00	21.00	21.00	0.0
Funded Positions	20.00	21.00	21.00	21.00	0.0
Total Funded FTE's	9,116.47	9,222.19	9,365.72	9,546.72	143.53
Total Funded Positions	9,435.00	9,538.00	9,712.00	9,891.00	174.00



HILLSBOROUGH COUNTY FACTS

Estimated Population	2001		Residential Construction	2000
Tampa	308,005		Single Family	7,149
Temple Terrace	21,083		Multi-family	4,330
Plant City	31,282		Duplex	180
Unincorporated	666,536			
Total County Population	1,026,906		Unemployment Rate	2000
			Hillsborough County Average	2.6%
			Annual Unemployment Rate	
Population Diversity	2000		Banks, Savings Loan	2000
White	75%		Deposits (in thousands)	2000
Hispanic	18%		Commercial Banks	\$10,308 million
Black/African American	15%		Savings and Loans	\$407 million
Asian	2%			
Median Age 2000		35.1 years	Public School Enrollment	2000
			Kindergarten thru Elementary	75,500
Housing (Estimates)	2000		Middle School (6-8)	35,659
Total Number Households	391,357		Senior High (9-12)	39,841
Persons Per Household	2.51		Exceptional Education	5,359
Total Housing Units	425,692			
Average New Home Sale Price	\$112,271		County Services	2000
Average Existing Home Sale Price	\$85,000		Calls for Emergency Help to 9-1-1	804,000
			Books, Videos/CD, and Other Items Loaned by Library	4 million
			Number Visitor Trips to Hillsborough County Regional Parks	2.5 million
			Tons of Yard and Wood Waste Recycled	90
			Gallons Wastewater Treated (in thousands)	9,283,600
Income in Hillsborough	1999			
Per Capita Personal Income	\$27,304			
Climate				
Average Summer Temperature	82° - 90°F			
Average Winter Temperature	50° - 56°F			
Average Annual Rainfall	52 inches			
Elevation	0 - 170 feet			
Non-residential Construction	2000			
Private Sector (in thousands)	\$242,886			
Public Sector (in thousands)	\$73,846			



HILLSBOROUGH COUNTY, FLORIDA

Located geographically midway along the west coast of Florida, the county's boundaries embrace 1,048 square miles of land and 24 miles of inland water for a total of 1,072 square miles. With the largest bay in Florida opening to the Gulf of Mexico, the coast spans 76 miles. Its geographic area is larger than the state of Rhode Island.

The county's area outside of municipalities encompasses 929.5 square miles or more than 87% of the total county area. Municipalities account for 142.5 square miles. According to the latest estimates from the Bureau of Business and Economic Research of the University of Florida, the county's total population as of April 1, 2001 was 1,026,906 of which 666,536 or 65% live in the unincorporated area.

Under Four Flags

Hillsborough County takes its name from the British Colonial Secretary of 1772. The Spanish first mapped and explored the area in the early 16th century. Between 1559 and 1819, the area now called Florida was under the rule of four nations: Spain, France, Great Britain and, finally, the United States. The United States purchased Florida from Spain in 1821 for \$5 million. In 1845, it was granted statehood.

On January 25, 1834, the U.S. Legislative Council for the Territory of Florida approved an act organizing Hillsborough as Florida's 19th county. Its area then was 5.5 million acres and included the present counties of Hillsborough, Pinellas, Polk, Pasco, Manatee, Sarasota, Charlotte, DeSoto, Hardee and Highlands. The civilian population in 1834 was less than 100.

Hillsborough County's Board of County Commissioners held its first meeting on January 25, 1846. The pay for members was set at \$2 per day when in session. County taxes collected for 1846 totaled \$146.69.

The County's first courthouse was a frontier cabin burned by Indians in 1836. In 1847, Capt. James McKay built a two story courthouse at a cost of \$1,358. A third structure was erected in 1855 and was used until 1891, when a red brick domed structure mimicking the architecture of the Tampa Bay Hotel was built, occupying a square block in downtown Tampa. This is the structure depicted on today's County seal. The current courthouse was built in 1952 and a new 28 story county government administration building, called the Fred B. Karl County Center, opened in 1994.

County Economy

Hillsborough County has a diversified economic base including a large service sector, a large retail trade sector, and a vigorous financial, insurance and real estate sector.. According to the latest information, the five largest employers in the public sector are the Hillsborough County School Board followed by Hillsborough County government, the University of South Florida, Tampa International Airport and MacDill Air Force Base. Major private sector employers are Verizon (telecommunications), St. Joseph's/Baker Hospital Systesms (medical facility), Publix Food Centers (supermarkets), Bank of America (banking services), Tampa Electric Corporation (electric utility), Citibank (credit card and banking back-room operations), Kash 'n Karry Food Centers (supermarkets), Busch Entertainment Corporation (theme park), Tribune Company (newspaper publishing), and Manhattan Mortgage Corporation (mortgage processing).

The Port of Tampa serves as the closest major port in the United States to the Panama Canal. It is also the largest tonnage port in Florida and the tenth largest port in the United States with respect to annual tonnage. Ninety-eight percent of the cargo moving through the port is bulk-phosphate, phosphate chemicals, rock, coal, and petroleum products. The Garrison Seaport Center, a \$300 million cruise terminal and entertainment complex is in the midst of development at the Port of Tampa. The project includes the Florida Aquarium, two new state-of-the-art cruise terminals, a restaurant and retail shops. This is helping to spur re-development in the adjacent area known as the Channel District.

Another significant element of the economy is agriculture. The county's total agricultural production ranks fifth in the state. It is the nation's top producer of winter strawberries and tropical fish. Other commodities include citrus, beef, poultry and diary.

Tourism is another major component of the economy. The number of tourists visiting Florida is expected to continue growing even in light of the events of September 11, 2001. Busch Gardens of Tampa is one of the leading tourist attractions in the state. There are numerous attractions in Hillsborough County such as the Florida Aquarium; the County's Museum of Science and Industry; the Lowry Park Zoo; the 2000 World Champion New York Yankees spring training facility called Legends Field; and the Ice Palace Arena in downtown Tampa for the National Hockey League team, the Tampa Bay Lightning. Tampa also has a National Football League team, the Tampa Bay Buccaneers. In January 2001, Tampa hosted the Superbowl in the new Raymond James Stadium.

County Government

Hillsborough County is a political subdivision of the State of Florida guided by an elected seven-member Board of County Commissioners. Through partisan elections, three are elected to represent the entire county as a district and four are elected to represent single-member districts. Under a Charter Ordinance effective May 1985, the Board is restricted to performing the legislative functions of government by developing policy for the management of Hillsborough County. The County Administrator, a professional appointed by the Board, and his staff are responsible for the implementation of those policies.

The Board of County Commissioners is responsible for functions and services delivered throughout the county including municipalities and for municipal services to residents and businesses in the unincorporated area. The countywide responsibilities include such services as local social services, health care for the medically indigent, animal services, mosquito control, consumer protection, and a regional park system. Its responsibilities to the residents and businesses in the unincorporated area include, for example, fire protection, local parks, emergency medical services, planning, zoning, and code enforcement. Sixty-five percent of the county's total population live in the unincorporated area of Hillsborough County.

County Administrator

Pursuant to the County Charter, the Board of County Commissioners appoints the County Administrator. The Administrator is responsible for carrying out all decisions, policies, ordinances and motions of the Board.

For a complete overview of the County's organization, please refer to the organization chart shown on the inside cover of this booklet.

Commissioners Serve on Other Boards

Based on the degree of budgetary authority, taxing authority, the ability to obligate funds to finance any deficits and the ability to fund any significant operational subsidies, several other governmental entities also have their budgets reviewed and approved by the Board of County Commissioners: the Environmental Protection Commission, the Civil Service Board, the Planning Commission, the Legislative Delegation, and the Law Library Board. The budgets of these offices and the Constitutional Officers are included in the County's budget documents to the extent of funding by the Board of County Commissioners.