

## INTRODUCTION

As a result of a policy adopted in 1995 by the Board of County Commissioners, the County now has a two-year (biennial) budget process. As part of this process, two separate twelve-month budgets are prepared and approved by the Board of County Commissioners in odd-numbered years. The first year of the biennial budget is adopted as the FY 06 budget as required by State Statute. At the same time, the Board of County Commissioners also approves a budget for the second year, the planned FY 07 budget. Then, in the year 2006, the planned FY 07 budget is reviewed by staff and the Board during the budget update process. This review allows the County to make the necessary adjustments to revenues and expenditures in order to accommodate needs that have arisen since the planned budget was prepared in 2005. The Board then adopts a budget for FY 07 according to procedures outlined by State statute.

This book contains the Board of County Commissioners **Adopted Budget for FY 07**. It has five sections: *Executive Summary*; *Operations and Funding Guide*; *Capital Budget*; *Debt Budget* and *Supplemental Information*. Financial schedules throughout this book include multi-year information for comparison.

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

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

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

The third section, the *Capital Budget*, contains information about the County's adopted capital program for FY 07. It contains a narrative describing the capital budget highlights as well as summaries showing projects to be started in FY 07.

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

The fifth section, *Supplemental Information*, contains pay scales and position detail by organization, additional performance measures for organizations and departments, a glossary and an index of departments.

A second book, called the **Adopted Capital Improvement Program FY 07 - FY 11**, presents the capital improvement program through FY 11. This book includes detailed information about each project in the capital budget and the capital improvement program for the next four years.

Persons interested in reviewing any materials comprising the **Adopted Budget for FY 07** and the **Adopted Capital Improvement Program FY 07 - FY 11** at any level of detail are encouraged to contact the Hillsborough County Management and Budget Department at (813) 272-5890. The Management and Budget Department's mailing address is: Management and Budget Department, 26th Floor, P.O. Box 1110; Tampa, Florida 33601. The Department is located at: 601 East Kennedy Blvd., County Center, 26th Floor, Tampa, Florida 33602.

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

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# HILLSBOROUGH COUNTY STRATEGIC PLAN

## GOAL ONE

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

#### **Objectives:**

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

#### **Board Initiated Strategy**

- Resist unfunded mandates

## GOAL TWO

### To improve the economic well-being of our citizens

#### **Objectives:**

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

#### **Board Initiated Strategy**

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

## GOAL THREE

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

#### **Objectives:**

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

## GOAL FOUR

### To build a high performance diverse professional organization

#### **Objectives:**

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

## GOAL FIVE

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

#### **Objectives:**

##### **Public Safety:**

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

##### **Arts and Entertainment:**

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

# HILLSBOROUGH COUNTY STRATEGIC PLAN

## ***Visually Pleasing:***

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

## ***Healthy Community:***

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

## ***Sports and Recreation:***

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

## ***Board-Initiated Strategies for Sports and Recreation:***

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

## ***Other Board Initiated Strategies:***

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

## **GOAL SIX**

### **To improve transportation in Hillsborough County**

#### ***Objectives:***

- A.** Decrease the rate of preventable intersection crashes per million entering vehicles (MEV) by 5% by FY 10.
- B.** Reduce the lane miles of County Roads on the BOCC approved constrained roadway list by 15% by FY 07.
- C.** Increase the number of intersections being upgraded to accommodate growth by 50% by FY 08.
- D.** Increase the number of bike lanes by 5% by FY 10.
- E.** Reduce the preventable pedestrian accident rate per 100,000 population (An in-depth analysis will be conducted to determine the causes of pedestrian accidents and feasible solutions. Upon completion, objectives will be clarified based upon what the analysis reveals.)

#### ***Board Initiated Strategies:***

- Add intersection red light cameras at deadliest intersections (will have to have legislative authority and cooperation from the Florida Department of Transportation)
- Set priority for transportation funding from the CIT and ad valorem taxes (policy discussion & development)
- Collector road traffic calming efforts

## GOAL SEVEN

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

#### **Objectives:**

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

## GOAL EIGHT

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

#### **Objectives:**

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

#### **Board Initiated Strategies**

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

## SUMMARY INFORMATION ON THE BUDGET

### THE BUDGET PROCESS: BIENNIAL (2-YEAR) BUDGETING

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

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

The BOCC has continued this biennial process for succeeding budgets. As a result, in 1996, 1998, 2000, 2002, 2004, and 2006 the BOCC adopted biennial fiscal plans, and this year the BOCC adopted a sixth update to the second year of a fiscal plan reflecting the budget for FY 07.

The budget process used this year to update the FY 07 Planned Budget included a review of revenue projections, recalculation of fund balances based on more current data and consideration of issues not known when the FY 07 Planned Budget was developed. The update process did not include resubmittal of funding requests not approved in the biennial budget for FY 06 and FY 07, but since the County's financial condition was somewhat better than originally anticipated, consideration was given to funding requests previously submitted as part of the biennial process.

### USES OF FUNDS

#### The Operating Budget

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

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

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

Board Policy 03.02.02.13 provides for the adjustment of pay ranges for all employees so that the County can maintain the 50<sup>th</sup> percentile in comparison to pay for public and private employers. On June 7, 2004, Hillsborough County contracted with MGT of America, Inc. to conduct a compensation and classification study. The study covered over 11,000 positions from 21 independent agencies throughout the county. The primary purpose of the study was to better align classes of positions within the County based upon job worth and to ensure that classes were properly aligned with market conditions. On September 7, 2005, the Board of County Commissioners adopted and accepted MGT of America, Inc.'s study which recommended:

## SUMMARY INFORMATION ON THE BUDGET

1. Changes to the current pay plans, classification structure, and pay grades.
2. Allocation of 2.5% to pay plan maintenance (market equity), and 2.5% to performance increases for FY 06 and FY 07.
3. Civil Service continues to monitor the labor market and report to the Board of County Commissioners on an annual basis.

The MGT of America, Inc. study resulted in a 28% reduction in pay raises from 7% to 5% in FY 06 and FY 07.

The other primary component of personal services is employee benefits. The following represent the major changes to assumptions that affected this area of the budget for FY 07:

1. Retirement Contribution Rate (Regular Class) – increased from 8.22% to 10.07%. This is in addition to a deferred compensation benefit of 2.5% which will not change in FY 07.
2. Employer Medical Insurance Contribution - Increased from \$412 to \$457 per month for single coverage and \$612 to \$657 for family coverage. This is in addition to a flexible cafeteria benefit provided to employees that remains at \$160 per month for FY 07.

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

Finally, the Board of County Commissioners has contracts with four collective bargaining units. The following represent general information on each:

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

Contract start: October 1, 2005

Contract end: September 30, 2007

# Positions represented: 1352

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

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

Contract start: October 1, 2005

Contract end: September 30, 2007

# Positions represented: 57

Departments covered: Fire Rescue, Emergency Dispatch.

### ***International Association of Firefighters (IAFF) Local 2294 SUPPRESSION UNIT***

Contract start: October 1, 2005

Contract end: September 30, 2007

# Positions represented: 801

Departments covered: Fire Rescue.

### ***International Association of Firefighters (IAFF) Local 2294 SUPERVISORS UNIT***

Contract start: October 1, 2005

Contract end: September 30, 2007

# Positions represented: 19

Departments covered: Fire Rescue.

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

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

A factor in the increasing budget for operating expenses over the past few years has been the rental

## SUMMARY INFORMATION ON THE BUDGET

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

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

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

**Equipment** - This reflects costs of fleet, data processing and other equipment such as playground and recreation equipment. A major factor in the FY 07 budget is a continuing investment in replacing worn fleet equipment and upgrading the County's use of technology to serve our community.

**Summary** - The operating budget (compensation, operating expenses, and equipment) has been the focus of budget discussions in past years because it gener-

ally represented the cost of day-to-day services to County residents. To some extent, that is becoming less the case as pass-throughs account for an increasing share of the operating budget and a significant share of the annual increase in the operating budget.

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

### The Capital Budget

A separate summary appears in the back of this document presenting details on FY 07 projects. The entire five-year capital improvement program (CIP) can be reviewed in the volume containing the **Adopted Capital Improvement Program for FY 07 – FY 11**.

The capital budget continues to reflect each year's changes to the "all years" budget in the capital program. "All years" budgeting is possible by using a feature of the County's financial systems software.<sup>1</sup>

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

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

With this practice reflected in the budget, county residents and others who examine the budget should better understand how funds are allocated to capital pro-

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

## SUMMARY INFORMATION ON THE BUDGET

jects in the budget since the capital budget will reflect only new funding allocated to projects. The capital improvement program, which is described in the second budget book, will continue to reflect prior year funding for projects in addition to any funding anticipated in this budget or future budgets.

Other key points about the capital budget are:

- ✓ The capital budget continues to be largely funded with a pay-as-you-go approach including enterprise operations (water/wastewater and solid waste). The decision on whether to finance a project versus use a pay-as-you-go approach is typically made on a project-by-project basis. Explicit debt and capital policies were adopted by the BOCC in July 1998 to guide the decision-making process. In part, the policy and procedures requires the review of the capital program by the City-County Planning Commission to ensure consistency of the five-year CIP and capital budget with the elements of the County's comprehensive land-use plan.
- ✓ Increasingly, the County is using short term financing as a tool as well as using a line of credit to cover encumbrance requirements (contractual obligations that precede the actual need for cash). These techniques optimize the County's ability to time projects to meet operational requirements while minimizing financing costs. In some cases, short term financing allows the County to use state or federal grants that would otherwise not be available if a project were delayed.
- ✓ The budget funds environmental land acquisition and protection program (ELAPP) purchases by levying an operating millage to bring the total ELAPP millage up to 0.25 mills. This pay-as-you-go approach to ELAPP will maximize the revenue available to that program as the millage levied to pay debt service on existing ELAPP bonds gradually declines.
- ✓ The capital program continues to reflect one percent of both the General Fund and the Unincorporated General Fund being set aside to maintain existing County facilities. Funding is budgeted in FY 07 at a level consistent with BOCC policy.

### Debt Service

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

### Transfers

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

### Reserves

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

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

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

## SUMMARY INFORMATION ON THE BUDGET

### THE PURPOSE OF BUDGET DOCUMENTS AND THE BUDGET PROCESS

Users of budget documents reflect a fairly wide spectrum of types and interests. Users include financial analysts who may invest in the long-term securities issued by the County from time-to-time or who may review County finances in order to rate such bond issues, and residents and business owners within the community who desire a better understanding of the services county government provides and what various taxes and fees are collected to pay for those services. Other users include researchers interested in comparing the structure of Hillsborough County's organization and finances against those of other jurisdictions; senior and mid-level County managers interested in confirming the resources allocated to their organizations (both dollars and staffing) and the expectations for their organizations in terms of mission, objectives and measures; employees and their bargaining units interested in understanding the County's allocation of priorities and finances; and perhaps numerous other groups and individuals with similar and additional interests. As explained in the following section titled "Basis of Budgeting," the formatting of a budget document does not always present the same disclosure that is required in an annual financial report. This difference recognizes the broader -- and frequently less technical -- audience served by budget documents. Disclosures are presented to assist those who use both budgets and financial reports to reconcile the differences.

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

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

#### **Principle 1: Establish Broad Goals to Guide Government Decision Making**

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

#### **Principle 2: Develop Approaches to Achieve Goals**

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

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

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

#### **Principle 4: Evaluate Performance and Make Adjustments**

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

Many of the NACSLB recommendations address processes that should be used, rather than information that can be disclosed in a budget document. Hillsborough County monitored development of the draft recommendations prior to their being finalized in 1998, and many

## SUMMARY INFORMATION ON THE BUDGET

of the practices are currently in place, based on a self-assessment. For example, a set of comprehensive financial policies developed and then approved by the Board of County Commissioners in July 1998 reflected examination of draft NACSLB recommendations. Where possible, common language has been incorporated.

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

The County's long range plans for quality programs and improved performance measurement will address recommended budget practices that are not currently in place. Additional information on the NACSLB recommended budget practices is available through GFOA's web site at [www.gfoa.org](http://www.gfoa.org) or by calling (312) 977-9700.<sup>2</sup>

### The Basis of Budgeting

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

Hillsborough County uses the GAAP basis of accounting. Governmental funds reflect a modified accrual basis of accounting. Revenues are recorded when they become both measurable and available to pay liabilities of the current period. Expenditures are recorded when a liability is incurred with certain limitations. Proprietary funds use an accrual basis of accounting that is more similar to that used by private businesses. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. At the end of each year, all budget appropriations lapse along with out-

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

standing encumbrances.<sup>3</sup> Funds may be reappropriated in the subsequent fiscal year after review by the Management and Budget Department and approval by the Board of County Commissioners (BOCC).<sup>4</sup>

There is no requirement that Hillsborough County's budget be prepared consistent with GAAP. However, the comparison of (final) budget to actual revenues and expenditures in a subsequent *Comprehensive Annual Financial Report* (CAFR) requires a reconciliation of the budgetary basis to GAAP basis. Therefore, ***the County budget is prepared, for the most part, to be consistent with GAAP to minimize the degree of reconciliation needed to compare the budget to actuals.*** How the budget is prepared is labeled either the "basis of budgeting" or the "budgetary basis of accounting." These terms may be used interchangeably.

Several key differences should be disclosed to assist in reconciling between the basis of budgeting used to develop Hillsborough County's budget documents and the basis of accounting that is reflected in the County's CAFR prepared by the Clerk of Circuit Court as the County's Chief Financial Officer. The primary differences include the budgets for the Sheriff's Law Enforcement Fund, the Property Appraiser's Property Assessment Fund, the Clerk of Circuit Court's Court System and Accounting Fund, and the Tax Collector's Tax Collection Fund, which are prepared on a basis of budgeting that differs from GAAP. These budgets reflect transfers of funds from the General Fund and other BOCC funds. The CAFR excludes these transfers, but does present the account structure for the funds maintained by these Constitutional Officers in their independent accounting systems. The budget, therefore, shows the collection of the tax revenues used to fund Constitutional Officers and the General Fund reflects the transfer of funds for those budgets. Any unspent funds at year end are shown as "other non-revenue sources" in the General Fund. The following table depicts FY 05 revenues and other financing sources and expenditures and other financing uses associated with those funds that are not included in the County's budget document.

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

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

## SUMMARY INFORMATION ON THE BUDGET

<b>Funds included in CAFR but not in Budget</b>		
<b>(in thousands)</b>		
	<b>Revenues</b>	<b>Expenditures</b>
Sheriff's Law Enforcement Fund	\$300,708	\$300,708
Sheriff's Special Use Rev. Fund	7,565	7,565
Sheriff's Jail Inmate Canteen Fund	4,897	4,892
Tax Collector's Tax Collection Fund	34,389	34,389
Property Appraiser's Property Assessment Fund	12,729	12,729
Supervisor of Elections' Elections Fund	4,123	4,123
Clerk of the Circuit Court's Court System & Accounting Fund	62,255	62,255
Clerk of the Circuit Court's Public records Modernization Fund	1,495	993

With the Sheriff's Law Enforcement Fund and the Clerk of Circuit Court's Fund, there may be a difference between the basis of budgeting and GAAP in the treatment of certain capital leases related to equipment purchases. On a budgetary basis only the current year's payments are appropriated and these amounts are classified as capital outlays, general governmental expenditures, or public safety expenditures. On a GAAP basis, the full obligation is recognized and the debt service payments are recorded as appropriate.

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

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

This BOCC budget does not disclose the fund structure maintained by the Sheriff, Clerk, Property Appraiser, or Tax Collector, including an unbudgeted Inmate Canteen Fund used by the Sheriff and a fee-based budget maintained by the Clerk which uses funds that do not pass through the BOCC budget. The Property Appraiser and Tax Collector receive revenues directly

from other taxing authorities and disperse unspent funds at year end according to their source. Other elected officials (State Attorney, Public Defender, and 13th Judicial Circuit) receive significant funding from the state of Florida. Those state funds are not reflected in the County budget or in the CAFR.

A second significant difference is the treatment of proprietary funds, an accounting classification which includes both internal service funds (used to maintain the County's fleet, provide employee health insurance, collect and disperse workers' compensation payments, and provide risk management) and enterprise funds (used to manage the water and wastewater system and to manage the solid waste system). These funds are presented in the same format used for the majority of County funds (known as governmental funds) which present revenues and other sources, equaling expenditures and reserves. This budgetary presentation allows various revenues and expenditures to be presented in a consistent format without regard to the fund type and how accounting standards will require them to be presented.

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

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

Under GASB Statement 34, the CAFR reflects both the adopted budget and the final revised budget which includes amendments that occur after the completion of the fiscal year as final transactions are posted to the fiscal year on a modified accrual or accrual accounting basis. These final amendments reflect proper recording of financial activity rather than a change in management plan. Budget documents, therefore, typically disclose historical actuals – both actual revenues and other sources, and actual expenditures and other

## SUMMARY INFORMATION ON THE BUDGET

uses – rather than revised budgets that may not truly reflect the management plan.

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

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

From time to time, new financial reporting requirements may be imposed on governments by the Governmental Accounting Standards Board (GASB) that redefines what is referred to as GAAP. The accounting/reporting changes may not be reflected in the budget, resulting in a greater difference between the budget and what is ultimately reported in the CAFR. A good example is GASB Statement No. 31 which requires accounting and financial reporting for changes in the fair market value of certain investments. Hillsborough County's budget does not attempt to estimate how the value of investments may change from one year to the next, although it does reflect assumptions about interest earnings. Similarly, the budget does not anticipate changes in the accrual of compensated absences – i.e., sick leave, vacation, or other forms of administrative leave. Hillsborough County has frequently covered this unbudgeted liability by absorbing the cost of pay-outs when employees leave by keeping a position vacant long enough to offset the cost.



## BUDGET SOURCES AND USES OF FUNDS

SOURCES	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
Fund Balance Begin Of Year	\$598.3	\$588.5	\$585.9	\$707.6
Revenue:				
Ad Valorem Taxes	531.9	591.1	702.2	815.1
Other Taxes	236.7	273.7	275.8	303.3
Licenses And Permits	18.6	22.6	22.0	21.1
Intergovernmental Revenue	226.9	248.9	228.6	243.9
Charges For Services	436.0	456.2	472.0	493.8
Fines And Forfeits	5.0	4.4	3.8	4.8
Miscellaneous Revenue (including interest)	<u>94.3</u>	<u>121.8</u>	<u>93.4</u>	<u>112.6</u>
Total Revenue	1,549.4	1,718.7	1,797.8	1,994.7
Transfers	751.3	860.8	879.1	894.2
Other Non-Revenues	298.2	174.3	244.7	290.4
Less 5% Required By Law	<u>0.0</u>	<u>0.0</u>	<span style="color: red;">(57.8)</span>	<span style="color: red;">(65.2)</span>
<b>TOTAL AVAILABLE</b>	<b>\$3,197.2</b>	<b>\$3,342.3</b>	<b>\$3,449.8</b>	<b>\$3,821.8</b>
<b>USES</b>				
Operating Budget:				
Compensation	\$569.8	\$595.5	\$666.3	\$726.6
Operating Expenses	683.3	757.7	787.1	879.7
Equipment	<u>50.7</u>	<u>52.7</u>	<u>75.7</u>	<u>62.7</u>
Total Operating Budget	1,303.7	1,405.9	1,529.2	1,668.9
Capital Budget (net of reserves)	150.8	179.3	334.5	378.4
Debt Service	313.0	192.7	167.2	188.0
Transfers	751.3	860.8	879.1	894.2
Reserves and Refunds:				
Operating	2.3	2.0	519.5	740.8
Capital	0.0	0.0	<span style="color: red;">(19.4)</span>	<span style="color: red;">(95.2)</span>
Debt	<u>0.0</u>	<u>0.0</u>	<u>39.7</u>	<u>46.6</u>
Total Reserves and Refunds	2.3	2.0	539.8	692.2
<b>TOTAL USES</b>	<b>\$2,521.1</b>	<b>\$2,640.6</b>	<b>\$3,449.8</b>	<b>\$3,821.8</b>

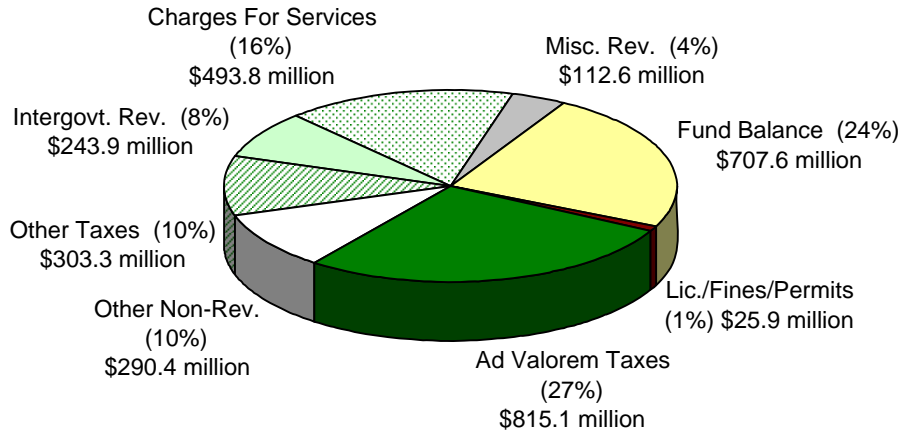
*Detail may not add to totals because of rounding.*

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

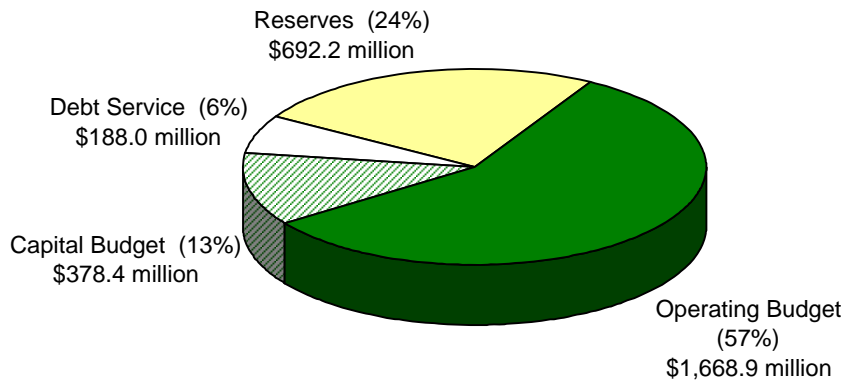
*Note: The County uses an all years budget process for capital projects. This means that the current year's budget will only reflect changes in funding, such as additional funds being added to a project budget or unneeded funds being subtracted. Prior year funding will remain with the project until completion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

## BUDGET SOURCES AND USES OF FUNDS

### WHERE THE MONEY COMES FROM (SOURCES) FY 07 - ALL FUNDS



### WHERE THE MONEY GOES (USES) FY 07 - ALL FUNDS



*Note: Sources and Uses shown above exclude \$894.2 million in Transfers In and Transfers Out, respectively. With the exception of Fund Balance Other-Non-Revenues, and Transfers In, many of the other revenues are subject to a statutory 5% reduction. That is, only 95% of anticipated revenue may be budgeted. As the reduction may only apply to selected revenues in any category, the numbers in this chart have not been reduced. Total may not add up to 100% due to rounding.*

## FY 07 BUDGET SUMMARY

Fiscal Year	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
<b>PROPERTY TAX RATES (In Mills)</b>				
Countywide <sup>(1)</sup>	7.2922	7.2722	7.0097	6.5867
Library District <sup>(2)</sup>	0.6423	0.6423	0.6923	0.6923
General Purpose MSTU <sup>(3)</sup>	5.1076	5.1019	5.1980	5.0240
<b>VALUE OF 1 MILL (In Millions of \$) <sup>(4)</sup></b>				
Countywide	\$50.6	\$55.7	\$64.6	\$78.6
Library District	48.3	53.2	61.8	75.4
Unincorporated	30.0	33.6	39.4	48.4
<b>BUDGET SUMMARY (In Millions of \$)</b>				
Operating	\$1,303.7	\$1,405.9	\$1,529.2	\$1,668.9
Capital (net of reserves) <sup>(5)</sup>	150.8	179.3	334.5	378.4
Debt Service	313.0	192.7	167.2	188.0
Reserves & Refunds <sup>(5)</sup>	2.3	2.0	539.8	692.2
<b>MAJOR ORGANIZATION OPERATING BUDGET (In Millions of \$)</b>				
Board of County Commissioners	\$2.1	\$2.2	\$2.6	\$2.7
County Administrator	720.2	793.3	850.3	915.2
County Attorney	7.9	8.4	9.0	9.7
Elected Officials	345.8	352.5	386.7	431.7
Judicial	19.2	11.7	10.9	9.6
Guardian Ad Litem	0.4	0.4	0.5	0.6
Boards, Commissions & Agencies	24.6	25.2	26.5	28.1
Non-Departmental	<u>183.5</u>	<u>212.1</u>	<u>242.7</u>	<u>271.4</u>
	<b>\$1,303.7</b>	<b>\$1,405.9</b>	<b>\$1,529.2</b>	<b>\$1,668.9</b>
<b>CAPITAL BUDGET (In Millions of \$)</b>				
Fire	4.1	5.3	5.0	4.3
Governments Facilities	20.7	27.5	80.6	69.1
Libraries	5.2	6.1	3.4	3.6
Parks	15.2	28.7	22.9	32.2
Solid Waste	0.9	5.4	53.6	2.7
Stormwater	11.7	5.7	3.8	5.3
Transportation	54.3	53.4	61.1	93.3
Water/Wastewater & Reclaimed Water	28.3	39.0	91.8	156.7
Other Non-CIP	<u>10.3</u>	<u>8.1</u>	<u>12.3</u>	<u>11.1</u>
	<b>\$150.8</b>	<b>\$179.3</b>	<b>\$334.5</b>	<b>\$378.4</b>

*Detail may not add to totals because of rounding*

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

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

*Includes millage levies for debt service.*

<sup>(2)</sup> Includes properties within the City of Tampa and the unincorporated areas of the County.

<sup>(3)</sup> Unincorporated area - includes Parks General Obligation millage.

<sup>(4)</sup> Based on Property Appraiser taxable assessed values as of July 1.

<sup>(5)</sup> 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.

## DEPARTMENT BUDGET SUMMARY COMPARISON

	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
<b>BOARD OF COUNTY COMMISSIONERS</b>				
Board of County Commissioners	\$1,909,877	\$1,957,262	\$2,130,048	\$2,220,322
County Internal Performance Auditor	212,525	229,501	477,229	440,135
<b>TOTAL BOARD OF COUNTY COMMISSIONERS</b>	<b>2,122,402</b>	<b>2,186,763</b>	<b>2,607,277</b>	<b>2,660,457</b>
<b>COUNTY ATTORNEY</b>	<b>7,872,611</b>	<b>8,437,888</b>	<b>9,002,745</b>	<b>9,723,275</b>
<b>COUNTY ADMINISTRATOR</b>				
Administrative Services Section	630,514	345,290	0	0
Affordable Housing Office	0	0	0	181,005
Aging Services	17,136,976	17,780,741	19,127,114	19,993,206
Animal Services	6,690,650	7,202,617	7,834,195	8,353,604
Children's Services	36,705,200	39,406,279	41,490,118	43,864,683
Communications Department	4,308,148	4,457,289	4,363,198	4,424,882
Community Liaison Section	2,858,722	2,514,207	2,422,863	2,143,479
Consumer Protection & Professional Responsibility	716,510	1,240,930	1,473,637	1,574,164
Cooperative Extension	1,454,748	1,668,577	1,752,497	1,819,393
County Administrator	1,298,260	1,343,025	3,714,872	3,796,693
Debt Management	712,981	707,612	787,352	873,090
Economic Development	1,992,567	1,710,745	2,054,226	2,324,477
Emergency Dispatch Center	0	0	0	2,502,256
Emergency Management	0	0	0	1,406,814
Equal Opportunity Administrator	251,855	275,123	373,010	286,443
Fire Rescue	72,878,086	80,246,152	92,749,582	111,870,222
Fleet Management	22,383,101	23,059,344	27,953,419	28,411,496
Health & Social Services	127,177,454	144,576,457	146,308,010	151,363,254
Housing & Community Code Enforcement	15,608,749	17,527,883	20,482,253	22,556,875
HIPAA Compliance Office	0	0	532,787	541,005
Human Resources	4,023,561	4,205,634	5,331,277	5,445,679
Information & Technology Services	18,297,055	17,395,967	20,168,189	25,686,664
Library Services	27,595,447	29,444,848	33,772,556	36,458,237
Management & Budget	2,442,624	2,576,318	2,797,879	2,994,002
Medical Examiner	3,894,969	3,754,757	4,122,357	4,751,963
Neighborhood Relations	607,392	572,047	720,726	735,148
Office of Public Affairs	323,725	326,570	0	0
Office of Quality Services	331,994	291,451	0	0
Parks, Recreation & Conservation	39,841,198	42,980,039	48,184,007	51,848,574
Planning & Growth Management	26,597,889	29,895,972	35,437,081	37,047,128
Public Safety	11,049,924	13,087,874	14,587,879	0
Public Works	66,632,185	94,956,793	84,050,005	89,229,448
Procurement Services	2,299,469	2,471,769	2,740,974	2,841,350
Real Estate	27,186,264	28,859,371	29,413,865	30,795,218
Section 8 US Housing Act; Weed & Seed	13,030,999	78,539	0	0
Security Services Agency	0	0	0	4,461,188
Solid Waste Management	60,410,447	63,711,631	68,646,280	72,834,497
Water Resource Services	103,300,281	116,287,799	128,866,542	143,172,869
Water Resources Team	616,416	655,367	0	0
<b>TOTAL COUNTY ADMINISTRATOR</b>	<b>721,286,360</b>	<b>795,615,017</b>	<b>852,258,750</b>	<b>916,589,006</b>

## DEPARTMENT BUDGET SUMMARY COMPARISON

	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
<b>ELECTED OFFICIALS</b>				
BOCC Judicial Services Cost	3,504,960	166,529	170,000	0
Clerk of the Circuit Court	26,553,196	16,135,475	21,491,518	25,466,359
Property Appraiser	10,408,050	11,158,418	11,755,362	11,776,019
Public Defender	1,530,068	837,023	598,003	808,161
Sheriff's Office	274,750,289	295,930,702	314,846,241	349,682,113
State Attorney Part I	1,082,628	611,012	717,530	747,811
State Attorney Part II (Victim Assistance)	2,121,993	2,228,796	2,383,975	2,519,268
Supervisor of Elections	6,670,466	4,192,198	8,408,471	7,832,681
Tax Collector	18,993,165	20,666,628	25,941,728	32,424,220
Value Adjustment Board	539,189	562,121	373,468	402,733
<b>TOTAL ELECTED OFFICIALS</b>	<b>346,154,004</b>	<b>352,488,902</b>	<b>386,686,296</b>	<b>431,659,365</b>
<b>JUDICIAL BRANCH (ADMIN OFC OF COURTS)</b>	<b>19,898,748</b>	<b>11,757,270</b>	<b>10,917,940</b>	<b>9,588,341</b>
<b>GUARDIAN AD LITEM</b>	<b>383,531</b>	<b>363,507</b>	<b>479,533</b>	<b>609,461</b>
<b>BOARDS, COMMISSIONS &amp; AGENCIES</b>				
Charter Review Board	0	796	0	0
Civil Service Board	2,295,147	2,298,511	2,776,756	3,022,255
Environmental Protection Commission	14,194,542	14,620,176	15,492,083	16,338,310
Law Library Board	521,321	413,654	499,388	488,599
Legislative Delegation	197,569	229,182	229,923	237,846
Metropolitan Planning Organization	1,599,419	1,701,008	1,108,292	1,108,292
Planning Commission	5,579,207	5,753,349	6,178,263	6,611,050
Soil & Water Conservation Board	220,651	232,699	255,042	262,830
<b>TOTAL BOARDS, COMMISSIONS</b>	<b>24,607,856</b>	<b>25,249,375</b>	<b>26,539,747</b>	<b>28,069,182</b>
<b>NON-DEPARTMENTAL</b>				
Capital Improvement Program Projects*	135,590,344	168,202,252	323,140,089	367,170,558
Debt Service Accounts	315,259,805	211,683,800	167,275,680	188,455,844
Governmental Agencies	76,697,157	76,927,649	85,859,362	93,096,673
Major Maintenance & Repair Program	8,153,219	5,621,921	6,738,861	9,735,714
Non-Departmental Allotments	89,664,222	94,404,028	135,946,256	153,828,154
Nonprofit Organizations	20,128,303	24,951,814	23,393,425	24,165,108
<b>TOTAL NON-DEPARTMENTAL</b>	<b>645,493,050</b>	<b>581,791,464</b>	<b>742,353,673</b>	<b>836,452,051</b>
<b>TRANSFERS, RESERVES &amp; REFUNDS</b>				
Reserves and Refunds	2,006,540	1,980,935	539,823,054	692,198,694
Intrafund Transfers	383,728,908	379,446,944	353,706,020	396,136,612
Interfund Transfers	367,538,256	481,312,410	525,392,689	498,089,465
<b>TOTAL TRANSFERS, RESERVES &amp; REFUNDS</b>	<b>753,273,704</b>	<b>862,740,289</b>	<b>1,418,921,763</b>	<b>1,586,424,771</b>
<b>TOTAL BOARD OF COUNTY COMMISSIONERS AND CONSTITUTIONAL OFFICERS</b>	<b>\$2,521,092,266</b>	<b>\$2,640,630,475</b>	<b>\$3,449,767,724</b>	<b>\$3,821,775,909</b>

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

## BUDGET BY PROGRAM

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

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

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

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

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

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

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

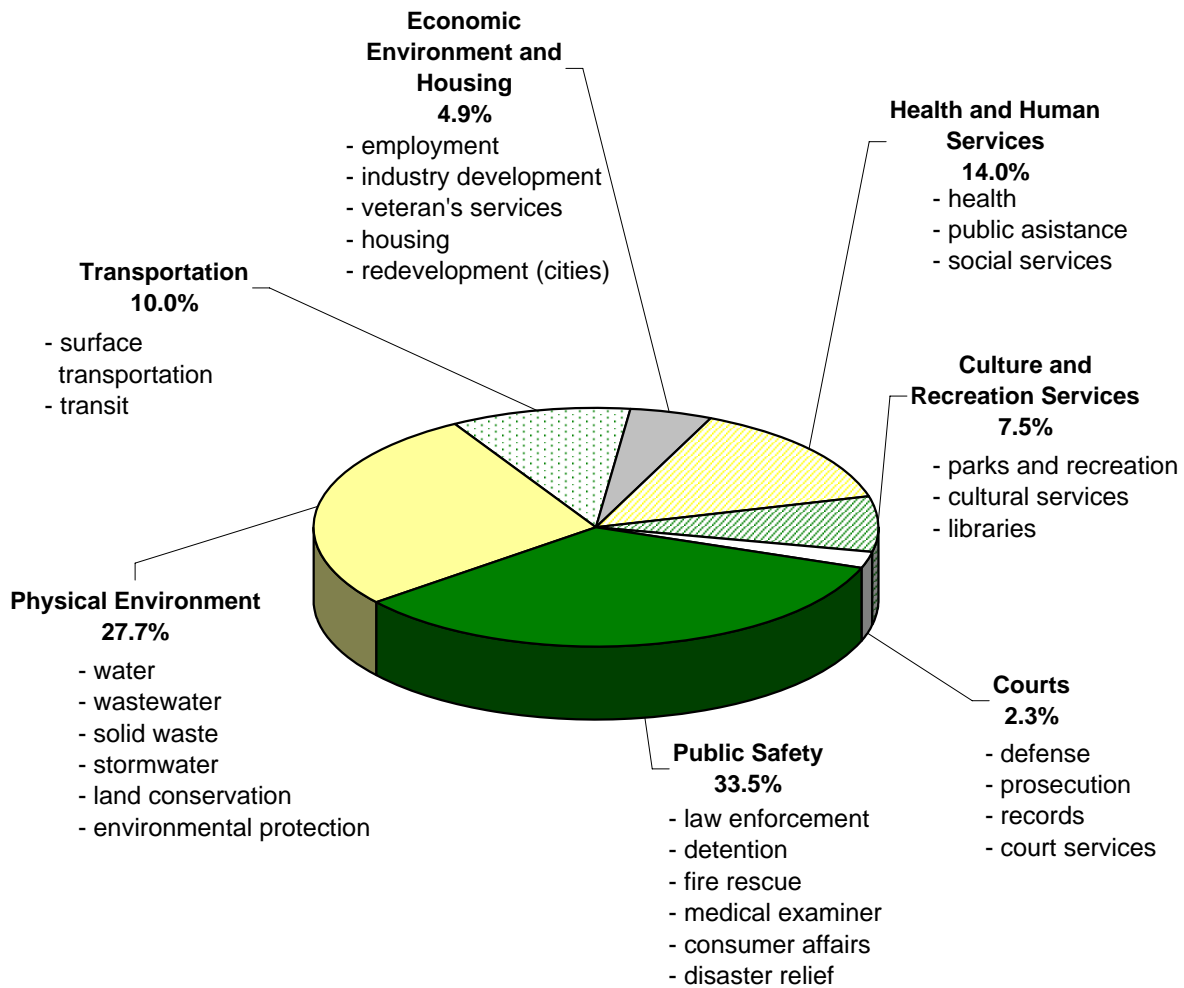
The presentation in these charts is not intended to suggest that changes cannot be made in administrative (general government) areas of the budget, but such changes may impact the delivery of numerous direct services in other program areas. For example, a reduction in the allocation of funding to financial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

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

For example, to increase the 10.0% allocation to transportation in the **All Funds – FY 07** chart by one percentage point to 11.0% would require an added \$16.3 million increase in transportation funding. A \$16.3 million shift to transportation in the **Unincorporated Area General Fund** would require a 5.1 percentage point shift in priorities from one or more other program areas to transportation because each percentage point shift in that fund equals about \$3.2 million.

**BUDGET BY PROGRAM  
ALL FUNDS**

**Allocation of County Funds by Citizen Program:  
All Funds - FY 07**

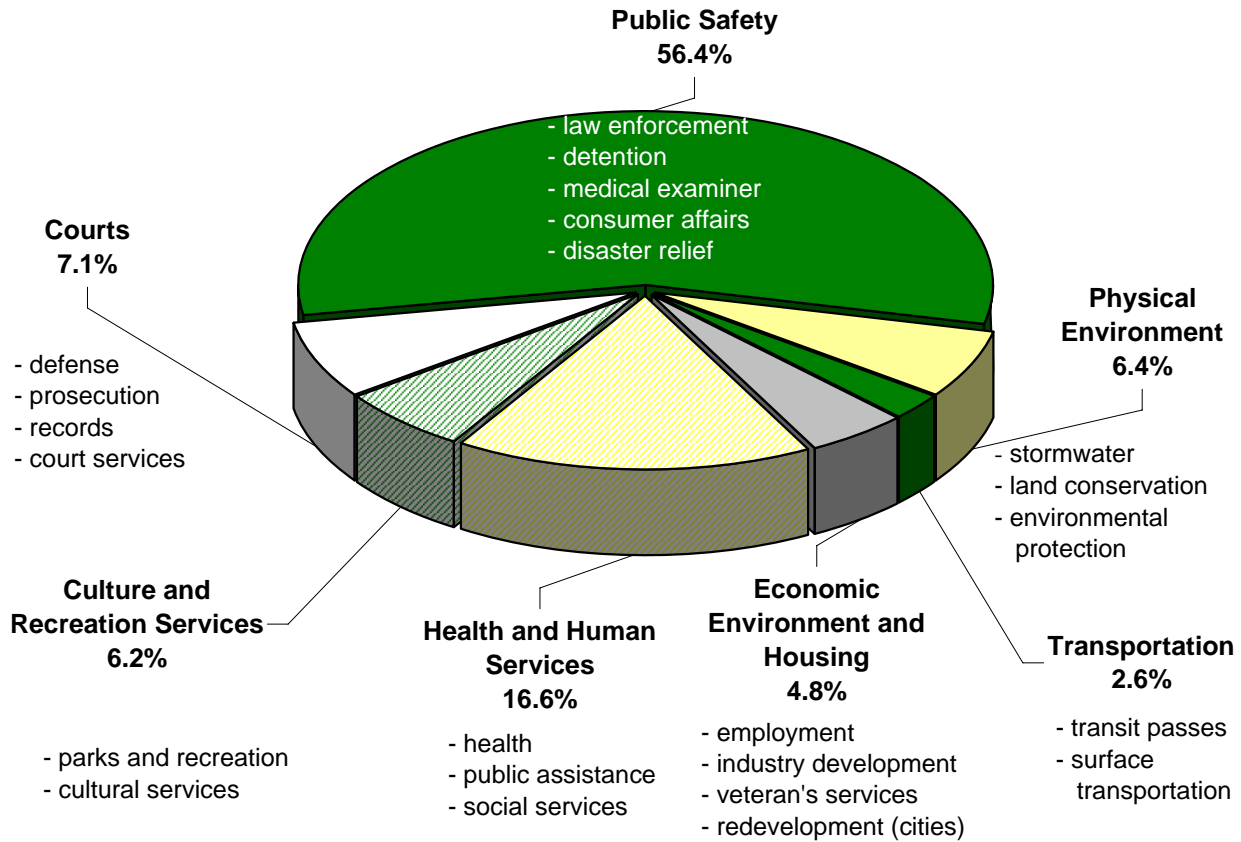


**Each 1% equals \$16.3 million.  
Total funding equals \$1,629.7 million.**

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

**BUDGET BY PROGRAM  
COUNTYWIDE GENERAL FUND**

**Allocation of County Funds by Citizen Program:  
Countywide General Fund - FY 07**

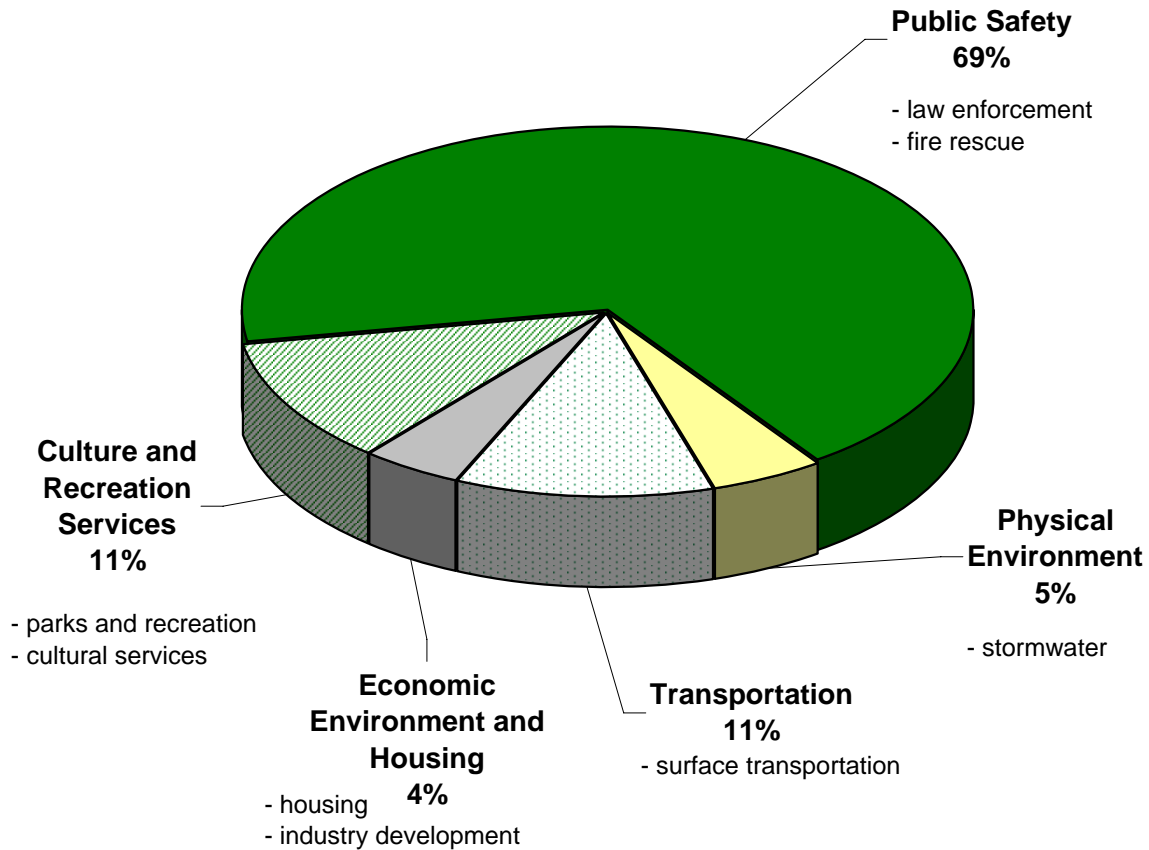


**Each 1% equals \$4.4 million.  
Total funding equals \$444.4 million.**

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

**BUDGET BY PROGRAM  
UNINCORPORATED AREA GENERAL FUND**

**Allocation of County Funds by Citizen Program:  
Unincorporated Area General Fund - FY 07**



**Each 1% equals \$3.4 million.  
Total funding equals \$336.5  
million.**

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

**BUDGET BY PROGRAM  
ALL FUNDS**

<b>Program</b>	<b>FY 04 Adopted</b>	<b>FY 05 Adopted</b>	<b>FY 06 Adopted</b>	<b>FY 07 Adopted</b>
<b>Public Safety</b>				
Law Enforcement	153,958,178	167,996,306	184,650,566	204,835,961
Fire Rescue	72,434,048	82,805,724	98,873,563	117,563,772
Detention/Corrections	116,877,828	117,409,128	176,401,741	179,961,286
Public Safety Protective Inspections	15,076,983	17,847,818	22,671,104	22,939,562
Emergency & Disaster Relief Services	8,374,876	8,994,610	10,414,188	1,770,440
Medical Examiner	4,076,032	12,797,999	3,560,171	4,171,252
Consumer Affairs	779,801	1,009,134	1,102,586	1,165,285
Other Public Safety	2,622,885	3,529,434	4,125,535	13,476,693
Subtotal	374,200,631	412,390,153	501,799,454	545,884,251
<b>Physical Environment</b>				
Physical Environment/Solid Waste	66,839,674	68,725,892	122,206,280	75,489,497
Water/Sewer Combination Services	167,640,141	217,386,776	224,861,169	318,665,381
Conservation & Resource Management	30,706,048	27,110,880	30,538,578	34,371,661
Flood Control	16,882,879	19,620,988	21,082,607	23,264,780
Other Physical Environment	327,777	335,066	315,498	330,660
Subtotal	282,396,519	333,179,602	399,004,132	452,121,979
<b>Transportation</b>				
Road & Street Facilities	134,641,133	118,701,993	128,006,226	161,253,522
Transport Transit Systems	1,673,524	1,476,524	475,877	1,025,811
Other Transportation	3,510,000	10,000	252,836	1,312,836
Subtotal	139,824,657	120,188,517	128,734,939	163,592,169
<b>Economic Environment</b>				
Economic Employment Opportunity	622,001	0	0	0
Industry Development	19,168,965	21,828,982	25,447,267	36,192,398
Veterans Services	349,926	352,352	1,414,800	1,431,991
Housing & Urban Development	30,878,141	30,315,647	31,022,128	33,264,731
Other Economic Environment	2,803,500	3,078,500	3,513,500	9,382,496
Subtotal	53,822,533	55,575,481	61,397,695	80,271,616
<b>Human Services</b>				
Health	115,391,768	123,279,389	122,106,395	124,752,288
Mental Health	0	0	2,211,129	2,479,842
Human Services Public Assistance	9,896,824	10,571,710	9,837,676	10,386,701
Other Human Services	79,967,850	85,486,284	84,011,592	90,151,360
Subtotal	205,256,442	219,337,383	218,166,792	227,770,191
<b>Culture/Recreation</b>				
Libraries	40,221,154	40,179,459	37,625,068	40,568,069
Parks & Recreation	58,945,402	69,314,422	59,787,438	71,500,329
Cultural Services	9,084,946	3,883,941	1,656,804	1,687,980
Special Recreation Facilities	9,906,017	7,548,515	6,670,921	6,832,680
Other Culture/Recreation	2,986,203	4,248,165	16,823,110	1,378,947
Subtotal	121,143,722	125,174,502	122,563,341	121,968,005
<b>Courts</b>				
Court-Related Services	45,824,261	31,735,825	42,333,060	38,103,657
Subtotal	45,824,261	31,735,825	42,333,060	38,103,657
<b>Total Citizen Programs</b>	<b>\$1,222,468,765</b>	<b>\$1,297,581,463</b>	<b>\$1,473,999,413</b>	<b>\$1,629,711,868</b>

**BUDGET BY PROGRAM  
ALL FUNDS**

Program	FY 04 Adopted	FY 05 Adopted	FY 06 Adopted	FY 07 Adopted
<b>General Government Services</b>				
Legislative	\$2,448,323	\$2,811,231	\$2,862,067	\$2,920,962
Executive	4,636,409	4,377,088	5,988,706	6,444,313
Financial & Administrative	138,808,630	148,496,471	172,874,458	179,504,245
Legal Counsel	9,027,396	9,547,615	9,633,945	10,354,475
Comprehensive Planning	18,316,114	19,284,800	21,559,635	23,337,386
General Government Debt Service	125,498,719	52,651,728	121,648,577	127,509,483
Other General Government	153,973,887	163,498,927	176,652,057	194,676,069
Subtotal	452,709,478	400,667,860	511,219,445	544,746,933
<b>Nonexpenditure Disbursements</b>				
Transfers	695,096,584	757,734,204	879,098,709	894,226,077
Reserves & Refunds	541,535,369	447,925,202	539,823,054	692,198,694
Subtotal	1,236,631,953	1,205,659,406	1,418,921,763	1,586,424,771
<b>Other Nonoperating Costs</b>				
Other Nonoperating	15,681,982	14,165,566	16,694,030	60,772,337
Other Uses/Debt Service	32,730,167	32,134,509	28,933,073	120,000
Subtotal	48,412,149	46,300,075	45,627,103	60,892,337
<b>Grand Total</b>	<b>\$2,960,222,345</b>	<b>\$2,950,208,804</b>	<b>\$3,449,767,724</b>	<b>\$3,821,775,909</b>

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

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

**BUDGET BY PROGRAM  
COUNTYWIDE GENERAL FUND**

<b>Program</b>	<b>FY 04 Adopted</b>	<b>FY 05 Adopted</b>	<b>FY 06 Adopted</b>	<b>FY 07 Adopted</b>
<b>Public Safety</b>				
Law Enforcement	\$67,822,699	\$79,827,730	\$87,519,451	\$97,206,594
Fire Rescue	8,500	8,500	8,500	8,500
Detention/Corrections	117,209,828	117,315,502	122,731,127	145,356,987
Public Safety Protective Inspections	0	0	1,266,264	1,373,026
Emergency & Disaster Relief Services	1,355,748	1,435,082	1,531,209	1,399,957
Medical Examiner	3,128,616	3,674,999	3,555,171	4,171,252
Consumer Affairs	779,801	1,009,134	1,102,586	1,165,285
Other Public Safety	0	0	0	0
Subtotal	190,305,192	203,270,947	217,714,308	250,681,601
<b>Physical Environment</b>				
Water/Sewer Combination Services	544,000	1,134,972	1,441,452	884,606
Conservation & Resource Management	17,187,935	19,476,122	23,609,788	27,400,050
Subtotal	17,731,935	20,611,094	25,051,240	28,284,656
<b>Transportation</b>				
Road & Street Facilities	4,626,000	2,000,000	2,000,000	11,244,004
Transport Transit Systems	125,000	125,000	125,000	179,000
Subtotal	4,751,000	2,125,000	2,125,000	11,423,004
<b>Economic Environment</b>				
Economic Employment Opportunity	622,001	0	0	
Industry Development	9,243,924	10,722,192	12,920,931	20,654,367
Veterans Services	349,926	352,352	414,800	431,991
Other Economic Environment	353,500	328,500	213,500	213,500
Subtotal	10,569,351	11,403,044	13,549,231	21,299,858
<b>Human Services</b>				
Health	18,679,542	20,525,744	24,316,106	10,995,376
Mental Health	0	0	2,085,990	2,352,657
Human Services Public Assistance	8,108,761	9,458,647	9,080,806	9,267,456
Other Human Services	37,372,087	41,167,752	42,593,137	51,048,766
Subtotal	64,160,390	71,152,143	78,076,039	73,664,255
<b>Culture/Recreation</b>				
Parks & Recreation	15,698,827	20,141,687	21,527,920	23,126,003
Cultural Services	1,884,946	2,333,941	1,816,294	1,896,017
Special Recreation Facilities	3,669,591	1,292,308	1,920,921	2,072,680
Other Culture/Recreation	111,760	1,862,143	514,167	404,504
Subtotal	21,365,124	25,630,079	25,779,302	27,499,204
<b>Courts</b>				
Court-Related Services	23,792,581	24,135,569	30,410,586	31,579,971
Subtotal	23,792,581	24,135,569	30,410,586	31,579,971
<b>Total Citizen Programs</b>	<b>\$332,675,573</b>	<b>\$358,327,876</b>	<b>\$392,705,706</b>	<b>\$444,432,549</b>

**BUDGET BY PROGRAM  
COUNTYWIDE GENERAL FUND**

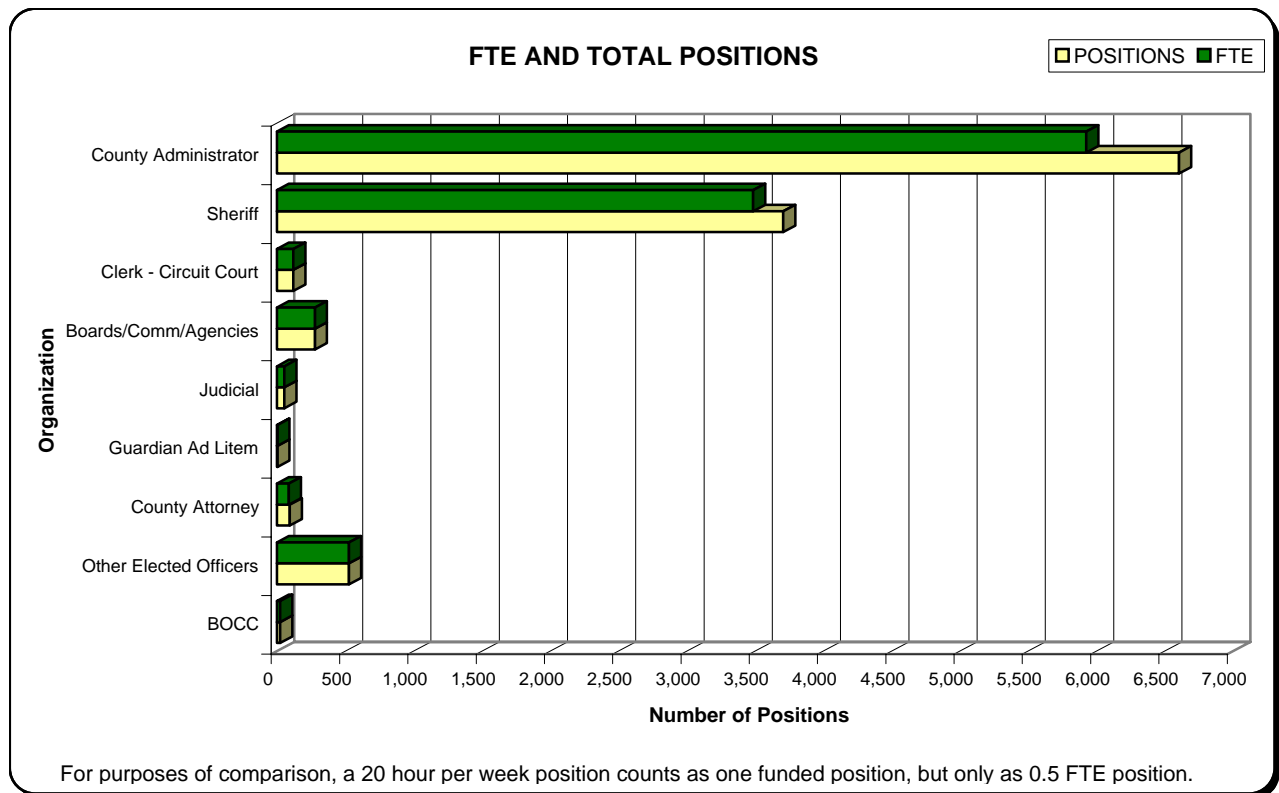
Program	FY 04 Adopted	FY 05 Adopted	FY 06 Adopted	FY 07 Adopted
<b>General Government Services</b>				
Legislative	\$2,448,323	\$2,811,231	\$2,862,067	\$2,920,962
Executive	4,270,658	4,004,470	5,577,989	6,006,525
Financial & Administrative	71,770,088	81,484,149	94,404,744	97,490,064
Legal Counsel	8,524,955	9,055,294	9,633,945	10,354,475
Comprehensive Planning	5,464,208	5,565,375	5,720,926	6,008,380
Other General Government	38,153,245	40,954,212	45,259,588	49,827,774
Subtotal	130,631,477	143,874,731	163,459,259	172,608,180
<b>Nonexpenditure Disbursements</b>				
Intrafund Transfers	10,643,172	0	0	0
Reserves & Refunds	44,560,249	33,468,874	45,178,925	69,847,878
Subtotal	55,203,421	33,468,874	45,178,925	69,847,878
<b>Grand Total</b>	<b>\$518,510,471</b>	<b>\$535,671,481</b>	<b>\$601,343,890</b>	<b>\$686,888,607</b>

**BUDGET BY PROGRAM**  
**UNINCORPORATED AREA GENERAL FUND**

Program	FY 04 Adopted	FY 05 Adopted	FY 06 Adopted	FY 07 Adopted
<b>Public Safety</b>				
Law Enforcement	\$83,135,697	\$86,130,177	94,991,242	105,886,034
Fire Rescue	70,012,548	78,638,224	96,372,715	115,300,272
Public Safety Protective Inspections	627,515	872,026	782,618	694,496
Emergency & Disaster Relief Services	1,701,743	1,803,428	1,887,251	233,626
Other Public Safety	2,377,885	2,804,434	4,125,535	7,057,653
Subtotal	157,855,388	170,248,289	198,159,361	229,172,081
<b>Physical Environment</b>				
Water/Sewer Combination Services	34,247	56,093	92,000	96,100
Conservation & Resource Management	59,546	62,330	125,744	137,053
Flood Control	11,903,957	14,352,060	15,921,414	16,712,865
Other Physical Environment	103,868	99,320	33,287	59,456
Subtotal	12,101,618	14,569,803	16,172,445	17,005,474
<b>Transportation</b>				
Road & Street Facilities	22,835,266	24,581,141	32,726,109	37,740,155
Subtotal	22,835,266	24,581,141	32,726,109	37,740,155
<b>Economic Environment</b>				
Industry Development	1,000,000	1,000,000	1,150,000	3,650,000
Veterans Services	0	0	1,000,000	1,000,000
Housing & Urban Development	920,758	801,836	609,275	1,139,771
Other Economic Environment	2,450,000	2,750,000	3,300,000	9,168,996
Subtotal	4,370,758	4,551,836	6,059,275	14,958,767
<b>Culture/Recreation</b>				
Parks & Recreation	31,133,677	35,814,365	35,940,411	36,612,779
Other Culture/Recreation	874,443	874,443	974,443	974,443
Subtotal	32,008,120	36,688,808	36,914,854	37,587,222
<b>Courts</b>				
Court-Related Services	0	0	10,000	10,000
Subtotal	0	0	10,000	10,000
<b>Total Citizen Programs</b>	<b>\$229,171,150</b>	<b>\$250,639,877</b>	<b>\$290,042,044</b>	<b>\$336,473,699</b>
<b>General Government Services</b>				
Executive	0	0	65,064	72,691
Financial & Administrative	11,699,710	12,770,615	17,929,792	11,133,145
Comprehensive Planning	10,439,721	11,188,903	12,959,205	14,079,210
Other General Government	9,402,604	9,321,153	8,424,715	8,103,974
Subtotal	31,542,035	33,280,671	39,378,776	33,389,020
<b>Nonexpenditure Disbursements</b>				
Transfers	5,975,520	0	0	0
Reserves & Refunds	25,808,462	19,272,514	37,029,347	62,243,907
Subtotal	31,783,982	19,272,514	37,029,347	62,243,907
<b>Grand Total</b>	<b>\$292,497,167</b>	<b>\$303,193,062</b>	<b>\$366,450,167</b>	<b>\$432,106,626</b>

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

Organization	FY 04 Adopted	FY 05 Adopted	FY 06 Adopted	FY 07 Adopted	Changes FY 06 to FY 07
<b>County Administrator - Funded FTE</b>	<b>5,296.70</b>	<b>5,374.82</b>	<b>5,810.49</b>	<b>5,928.79</b>	<b>118.30</b>
Funded Positions	5,394.00	5,541.00	6,437.00	6,608.00	171.00
<b>Sheriff - Funded FTE</b>	<b>3,176.75</b>	<b>3,259.75</b>	<b>3,341.75</b>	<b>3,488.40</b>	<b>146.65</b>
Funded Positions	3,371.00	3,452.00	3,555.00	3,708.00	153.00
<b>Clerk of the Circuit Court - Funded FTE</b>	<b>260.00</b>	<b>121.00</b>	<b>122.00</b>	<b>121.00</b>	<b>(1.00)</b>
Funded Positions	307.00	121.00	122.00	121.00	(1.00)
<b>Boards, Commissions, and Agencies - Funded</b>	<b>269.00</b>	<b>271.00</b>	<b>275.00</b>	<b>279.00</b>	<b>4.00</b>
Funded Positions	269.00	271.00	275.00	279.00	4.00
<b>Judicial - Funded FTE</b>	<b>167.00</b>	<b>55.00</b>	<b>55.50</b>	<b>55.50</b>	<b>0.00</b>
Funded Positions	168.00	55.00	56.00	56.00	0.00
<b>Guardian Ad Litem - Funded FTE</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>0.00</b>
Funded Positions	5.00	5.00	5.00	5.00	0.00
<b>County Attorney - Funded FTE</b>	<b>86.00</b>	<b>86.00</b>	<b>87.15</b>	<b>87.15</b>	<b>0.00</b>
Funded Positions	86.00	86.00	94.00	94.00	0.00
<b>Other Elected Officers - Funded FTE</b>	<b>533.50</b>	<b>523.50</b>	<b>527.50</b>	<b>527.50</b>	<b>0.00</b>
Funded Positions	534.00	524.00	528.00	528.00	0.00
<b>Board of County Commissioners - Funded FTE</b>	<b>23.00</b>	<b>23.00</b>	<b>25.00</b>	<b>25.00</b>	<b>0.00</b>
Funded Positions	23.00	23.00	25.00	25.00	0.00
<b>Total Funded FTE's</b>	<b>9,816.95</b>	<b>9,719.07</b>	<b>10,249.39</b>	<b>10,517.34</b>	<b>267.95</b>
Total Funded Positions	10,157.00	10,078.00	11,097.00	11,424.00	327.00



## CAPITAL PROJECTS BUDGET SOURCES & USES OF FUNDS

(in Millions of \$)

<b>SOURCES <sup>(1)</sup></b>	<b>FY 04 Actual</b>	<b>FY 05 Actual</b>	<b>FY 06 Adopted</b>	<b>FY 07 Adopted</b>
Revenues:				
Ad Valorem Taxes	\$43.9	\$68.0	\$55.1	\$71.5
Communications Services Tax	0.0	5.8	8.8	8.9
Community Investment Tax	34.8	33.2	42.0	31.9
Contributions	0.0	14.1	0.0	0.0
Enterprise Fees	18.7	76.5	28.1	62.0
Gasoline Taxes	7.1	7.2	6.4	5.1
Grants & Shared Revenues	18.5	11.5	0.8	2.5
Impact Fees	19.5	19.8	14.8	7.2
Miscellaneous Revenues <sup>(2)</sup>	5.6	10.6	6.3	4.2
User Fees	6.3	4.3	4.0	4.3
<b>Total Revenue</b>	<b>154.3</b>	<b>250.9</b>	<b>166.4</b>	<b>197.5</b>
Other Non Revenue-Financing	32.2	28.5	148.7	85.7
<b>TOTAL SOURCES</b>	<b>\$186.5</b>	<b>\$279.4</b>	<b>\$315.1</b>	<b>\$283.2</b>

<b>USES <sup>(1)</sup></b>	<b>FY 04 Actual</b>	<b>FY 05 Actual</b>	<b>FY 06 Adopted</b>	<b>FY 07 Adopted</b>
Fire	\$4.1	\$5.3	\$5.0	\$4.3
Governments Facilities	20.7	27.5	80.6	69.1
Libraries	5.2	6.1	3.4	3.6
Parks	15.2	28.7	22.9	32.2
Solid Waste	0.9	5.4	53.6	2.7
Stormwater	11.7	5.7	3.8	5.3
Transportation	54.3	53.4	61.1	93.3
Water & Wastewater	28.3	39.0	91.8	156.7
Other Non-CIP <sup>(3)</sup>	10.3	8.1	12.3	11.1
<b>Total Capital Budget</b>	<b>150.8</b>	<b>179.3</b>	<b>334.5</b>	<b>378.4</b>
Reserves <sup>(4)</sup>	0.0	0.0	(19.4)	(95.2)
<b>TOTAL USES (Including Reserves)</b>	<b>\$150.8</b>	<b>\$179.3</b>	<b>\$315.1</b>	<b>\$283.2</b>

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

(2) Includes interest earnings and other miscellaneous revenues.

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

(4) Reflect net changes to reserve accounts.

## DEBT SERVICE BUDGET SUMMARY

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

	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted
<b>DEBT SERVICE BUDGET</b>				
Principal Payments <sup>1</sup>	\$45.0	\$53.3	53.3	\$60.6
Interest Payments <sup>1</sup>	<u>34.2</u>	<u>33.8</u>	33.6	<u>37.3</u>
<b>TOTAL COUNTY DEBT SERVICE</b>	<b>\$79.2</b>	<b>\$87.1</b>	<b>\$86.9</b>	<b>\$97.8</b>
<i>(Principal and Interest Only)</i>				
Debt Administration Expenses <sup>2</sup>	4.4	0.4	0.8	0.3
Capitalized Interest <sup>3</sup>	0.0	0.0	0.0	0.0
Principal Payment Defeased Debt <sup>4</sup>	229.4	105.3	79.4	89.9
Redemption of Debt	0.0	0.0	0.0	0.0
Redemption of Short Term Loans	0.0	0.0	0.0	0.0
Interfund Short Term Loans	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL DEBT SERVICE FUND</b>	<b>\$313.0</b>	<b>\$192.7</b>	<b>\$167.2</b>	<b>\$188.0</b>
<i>(As shown in Budget Summary)</i>				
<b>TOTAL COUNTY DEBT OUTSTANDING</b>	<b>\$769.3</b>	<b>\$740.1</b>	<b>\$671.4</b>	<b>\$717.7</b>
<i>(As of Fiscal Year End)</i>				
<b>COUNTY DEBT OUTSTANDING BY TYPE:</b>				
<i>(As of Fiscal Year End)</i>				
General Obligation Debt	\$48.1	\$43.6	\$38.9	\$34.1
Self-Supporting Debt	271.3	240.9	209.6	271.9
Non Self-Supporting Debt	449.9	455.6	422.9	411.8

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

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

<sup>3</sup> Interest paid with funds set aside from bond proceeds.

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

## ECONOMIC INDICATORS

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

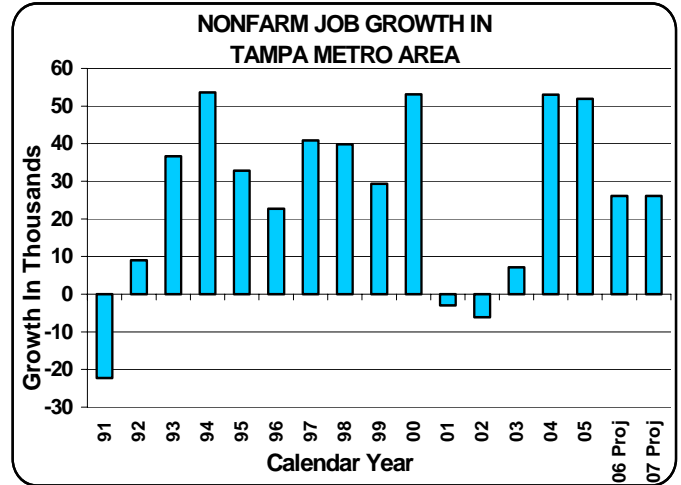
US economic growth slowed in mid-2006. Higher interest rates took their toll on housing markets while high energy prices fueled inflation and sapped consumer pocket books. Economic growth slowed from a robust rate of 5.6% for the first quarter of 2006 to 2.6% in the second quarter. Housing markets slowed substantially in mid-2006. Nationally, new and existing home sales in August were down from a year ago. New home sales are down 17.4% according to the Census Bureau. The National Association of Realtors reports sales of existing single family homes are down 12% from a year ago. National inventories of unsold homes have risen to decade long highs. Amid this rapid slowdown, national median home prices registered modest year over year declines for August. This is the first decline in median price for existing single family homes since 1993.

The other main restraints on growth in 2006 have been gasoline and energy prices. The resulting increase in headline inflation has been a main driver in the Federal Reserve's successive hikes in short term interest rates. Consumers have reacted cautiously. Retail sales are still strong but the pace of growth has moderated. Oil and gasoline prices retreated in late September and early October relieving pressure for further interest rate hikes and boosting consumer budgets. The outlook for retail sales is mixed with downward risk coming from slowing housing markets. Many consumers managed recent spending by refinancing mortgages and cashing out equity gains. With stalled or even falling home prices this source is closed. On the upside, declining energy prices and continuing job gains will support retail sales and offset some of the weakness from housing and construction.

Job markets have softened as housing related industries show some employment weakness. September US payrolls gained only 51,000 jobs, the first monthly gain of less than 100,000 in a year. Other employment sectors are still strong and during the September 2005 to September 2006 period the US gained about 1.8 million jobs.

The National Association for Business Economics (NABE) September consensus forecast expects economic growth in the last half of 2006 to average just 2.6%, down from 2005 growth of 3.2%. Growth in 2007 is forecast at 2.7%. Soft housing markets are the main culprit. NABE expects oil prices to fall through 2007. The slowdown in growth and easing of inflationary pressures is expected to induce the Fed to hold short term interest rates steady for the balance of 2006 before modestly easing in 2007. Volatile energy prices and housing markets remain the primary forecast risks but economic analysts expect lower gasoline prices and strong business balance sheets will keep the economy expanding in 2007.

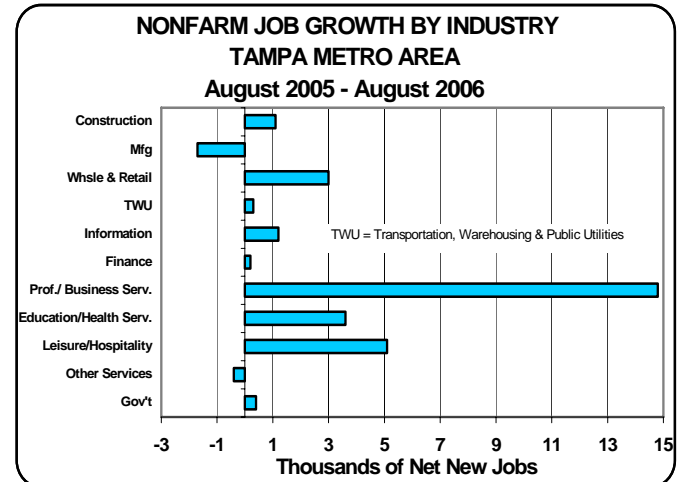
The Tampa metro area (Hillsborough, Pinellas, Pasco, and Hernando counties) gained 27,600 jobs in the 12 months to August 2006. Metro Tampa's 2.1% job growth exceeded the nation's 1.3% rate but trailed



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

Florida's 3.1% growth. Professional and Business Services lead employment growth in Metro Tampa, accounting for half of all net new jobs.

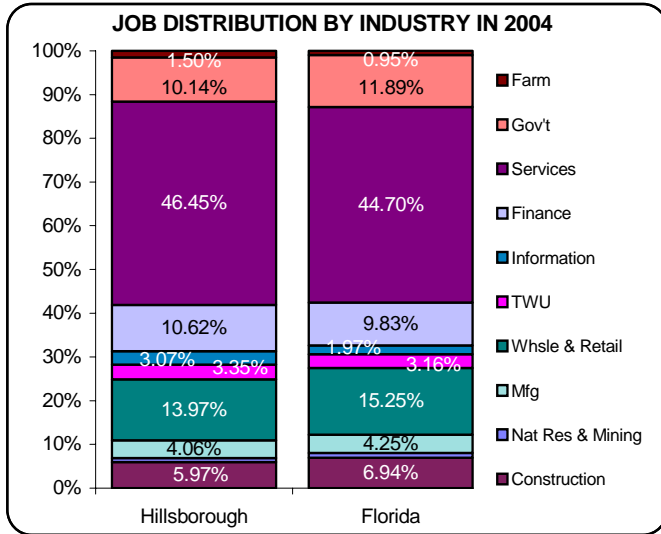
The Metro Tampa unemployment rate fell to 3.4% in August from 3.7% a year ago while Hillsborough's rate fell to 3.3% from 3.6%. The seasonally unadjusted US unemployment rate fell to 4.6% in August 2006 from 4.9% a year ago. Florida's rate fell to 3.6% from 3.8%.



Source: Florida Agency for Workforce Innovation

## ECONOMIC INDICATORS

Job growth in Metro Tampa, and, indeed, Florida and the nation, has been heavily concentrated in services industries. During 1995-2005 service industries in Metro Tampa gained 186,200 jobs, accounting for about two-thirds of the total 288,800 new jobs for all industries.



Note: TWU = Transportation, Warehousing & Utilities

Source: BEA, Regional Economic Information System (REIS)

In 2004 services industry jobs accounted for over a third of all existing jobs and self employment in both Hillsborough County and Florida. Business services, which include advertising, computer services and personnel services, experienced particularly strong growth. Wholesale and retail trade accounted for another 14%-15% of all jobs in the County and the State. Many of Hillsborough County's largest non government employers are retail, services and health companies.

### LARGEST HILLSBOROUGH EMPLOYERS, 2005

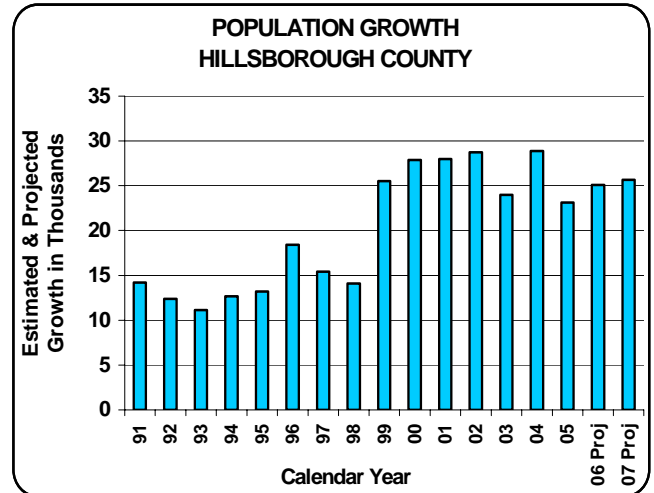
Hillsborough County School Board	24,000
Hillsborough County Government	10,214
University of South Florida	7,667
Verizon	7,200
Tampa International Airport	6,500
MacDill Air Force Base	5,532
Publix Food Centers	4,843
City of Tampa	4,700
Tampa General Hospital	4,500
St Joseph's Hospital	4,485

Source: Hillsborough County, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2005

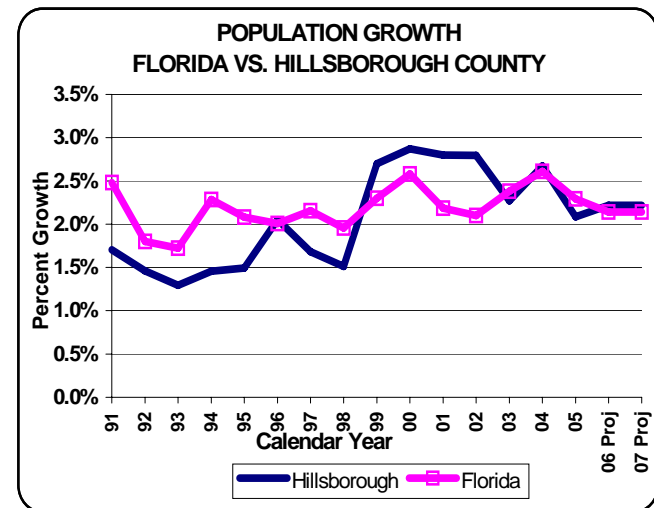
While job growth is perhaps the single most important and visible economic indicator for a local area, other indicators play important roles as well. The University of Florida's Bureau of Economic and Business Research forecasts Hillsborough County population growth through 2010 will average more than 26,000 persons annually. Hillsborough population growth averaged about 22,500 persons annually during 1995-2005.

The rate of Hillsborough's population accelerated in the period since 1999 compared to 1991-1998. Hillsborough's growth rate has

exceeded or matched the state since 1999. The Bureau of Economic and Business Research, University of Florida, forecasts population growth of 2.2% for Hillsborough and 2.1% for the state for 2006 and 2007.



Source: Bureau of Economic and Business Research (BEBR)



Source: Bureau of Economic and Business Research (BEBR)

Population growth is, in turn, a primary factor driving housing markets and retail sales as well as job growth. Building permit activity is a leading indicator of housing starts. Hillsborough single family housing starts rose strongly in recent years in response to forty year low mortgage rates. Single family detached housing permits increased strongly each year during 2001 through 2005. As interest rates rose in 2005, single-family detached permits fell 35% in the last quarter of 2005 compared to 2004. Detached permits continued to trail year ago figures by about a third in the first half of 2006 as well. Single-family attached permits more than offset the detached decline in late 2005 but declined about 25% in the second quarter of 2006.

## ECONOMIC INDICATORS

The recent decline in single-family detached and attached permits reflects nationally slowing housing markets. The 30-year mortgage rate stands at 6.52% (August 2006). Currently, rates are 129 basis points above June 2003's 40-year low rate of 5.23%. These increased rates have led to a faster softening of housing markets than anticipated. National home sales have fallen substantially while median prices have weakened more modestly. The Greater Tampa Association of Realtors reported a 31% drop in existing Hillsborough home sales (MLS listed) in August 2006 compared to August 2005. Nonetheless, the average sales price rose nearly 15%. In early October 2006 Economy.com forecasted median home prices would decline in 133 of 379 US metropolitan areas during 2007-2009. The Associated Press reported that Metro Tampa prices are not among those forecasted to decline.

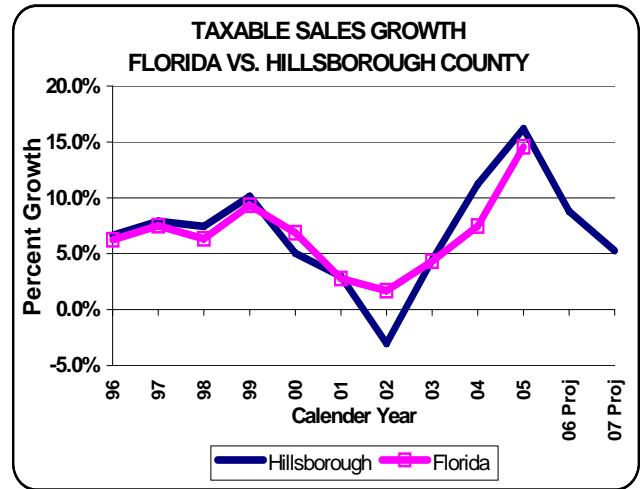
Property taxes on residential and commercial real estate provide Hillsborough County Government with its largest source of revenue. Recent growth in taxable real estate values has reflected strong housing markets as well as reassessment activity by the Property Appraiser's Office. Countywide taxable value growth averaged 11.3% annually during 1996-2006. Countywide taxable value grew about 21.7% in 2006. Slowing housing markets will likely result in slower taxable value growth after 2006.

### LARGEST HILLSBOROUGH PROPERTY TAXPAYERS, 2004

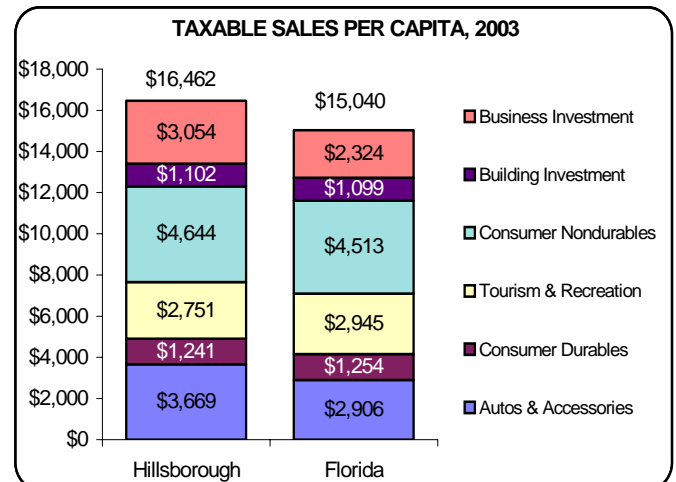
	\$ Millions
Tampa Electric Company	34.3
Verizon	22.8
Hillsborough County Aviation Authority	9.7
Mosaic Phosphates Company	7.4
Highwoods/Florida Holdings L.T.	6.9
Camden Property Trust	5.1
Post Apartment Homes	4.8
Glimcher Limited Partnership	4.6
Wal-Mart	4.1
Busch Entertainment Corporation	3.0

Source: Hillsborough County, Florida Comprehensive Annual Financial Report, Fiscal Year Ended September 30, 2005

Taxable sales rise and fall as the economy, particularly employment, rises and falls. Sales are also related to population, tourism, and income growth. Hillsborough taxable sales growth fell 3.0% in 2002 in the wake of the 2001 recession and as tourism suffered after September 11. Boosted by a recovering economy and low interest rates, taxable sales have increased each year since 2003. Hillsborough County taxable sales rose 16.2% in 2005. Florida sales rose 14.6%. These high rates reflect generally healthy US consumer spending fueled partly by strong housing markets. Most national forecasters expect slower spending growth in late 2006 and 2007 as higher interest rates and fuel costs cut into sales. Hillsborough County Management and Budget Department models forecast 8.8% growth in FY 06 and 5.3% in FY 07. Hillsborough 12 month taxable sales through June 2006 have slowed to a growth rate of 7.8%.



Sources: Florida Department of Revenue and Hillsborough County Management and Budget Projections



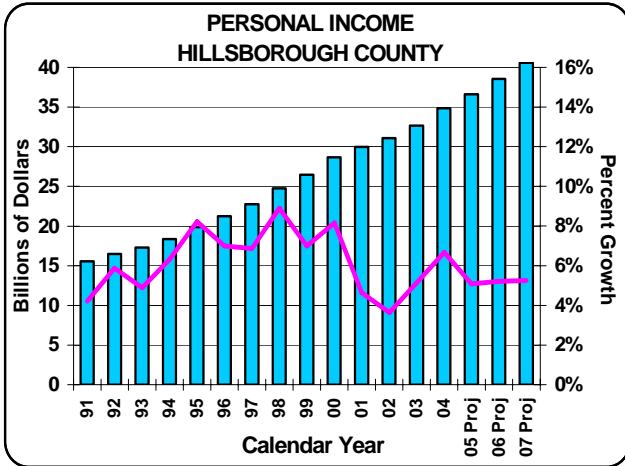
Source: Bureau of Economic and Business Research (BEBR)

Hillsborough County's taxable sales are highly dependent on consumer nondurable purchases. These are things of everyday life: clothing, some grocery items, personal services, etc. When comparing the sources of Hillsborough County's taxable sales to Florida's some notable differences arise. Hillsborough in 2003 was more dependent on automobile related sales and business investment (items and services related to construction activity). Hillsborough County sales are less exposed to changes in tourism and recreation with 16.7% of sales arising from that industry compared to nearly 20% for the state.

With the absence of direct and comprehensive measures of a local area's economic output, total personal income is a good surrogate measure. Hillsborough County's 2004 total personal income stood at \$34.8 billion, a 6.7% increase over 2003. Income growth exceeded the Tampa Bay region's 2004 inflation rate of 2.5% and the national rate of 2.7%. Woods & Poole

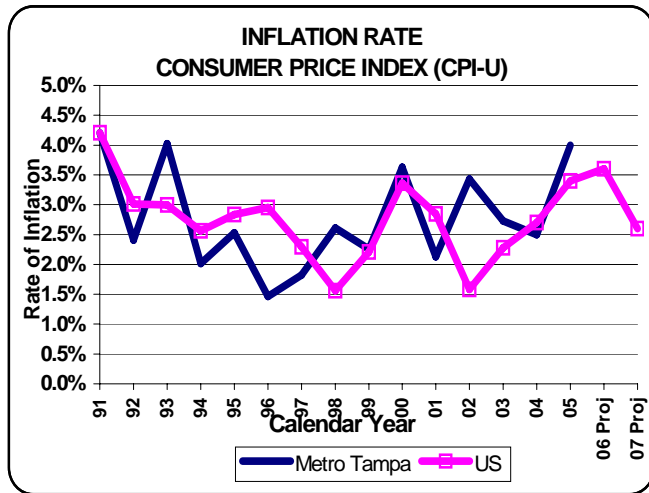
# ECONOMIC INDICATORS

Economics estimates growth of 5.1% for 2005. Growth of 5.2% is projected for 2006 and 5.3% for 2007.



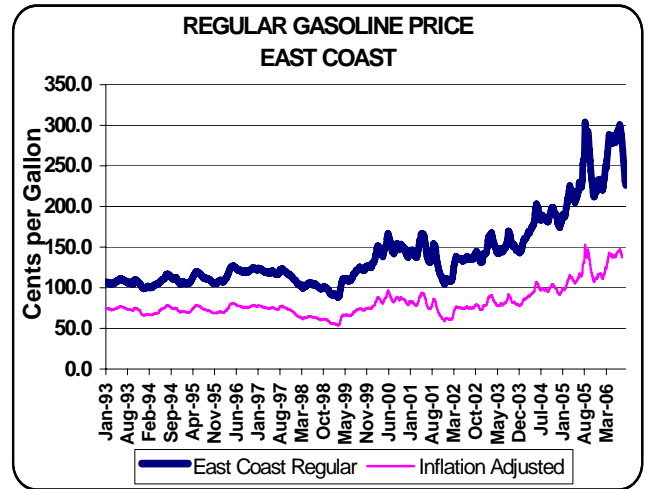
Sources: BEA, Regional Economic Information System (REIS), and Woods & Poole Economics, Inc

Median household income in Hillsborough County stood at \$43,097 in 2003, favorably comparing to Florida's \$38,985. Hillsborough County median household income nearly matches the nation's \$43,318.



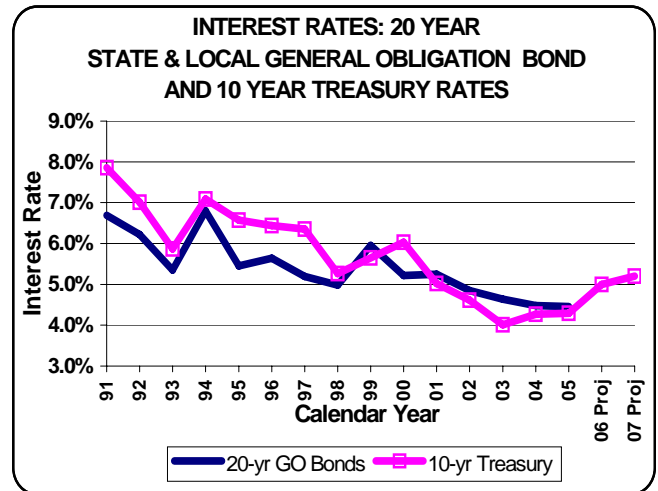
Sources: U.S. Department of Labor, Bureau of Labor Statistics and National Association for Business Economics (NABE)

Inflation forecasts for 2006 have been raised to 3.6% reflecting currently high energy prices and a partial pass-through to other goods and services prices. This forecast is slightly higher than 2005's actual inflation of 3.4%. Oil and gasoline prices are expected to retreat in late 2006 and in 2007. Forecast inflation for 2007 is a more modest 2.6%.



Source: US Energy Information Administration

Short-term interest rates have risen as the Federal Reserve switched its emphasis from fighting recession to fighting a return of inflation. Further Fed hikes are unlikely as inflationary pressures may be declining as housing markets cool and oil prices fall.



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

Risks always abound in economic forecasting. Another terror attack at home is a downside risk for which an economic forecast has tremendous difficulty accounting. As far as economic fundamentals, however, they are broadly positive, with downside risks from slowing housing markets and volatile oil and gasoline prices.



## MILLAGE COMPARISON

	<b>FY 04</b>		<b>FY 05</b>	
	<b><u>ADOPTED</u></b>		<b><u>ADOPTED</u></b>	
	<b>MILLAGE</b>	<b>LEVY</b>	<b>MILLAGE</b>	<b>LEVY</b>
<b>COUNTYWIDE</b>				
OPERATING				
General Revenue Fund	7.0422	\$356,498,962	7.0222	\$391,315,680
Environ. Sensitive Lands	0.1455	7,365,681	0.1535	8,553,866
<b>TOTAL OPERATING</b>	<b>7.1877</b>	<b>363,864,643</b>	<b>7.1757</b>	<b>399,869,546</b>
DEBT SERVICE				
Environ. Sensitive Lands	0.1045	5,306,490	0.0965	5,394,660
<b>TOTAL DEBT</b>	<b>0.1045</b>	<b>5,306,490</b>	<b>0.0965</b>	<b>5,394,660</b>
<b>TOTAL OPERATING &amp; DEBT</b>	<b>7.2922</b>	<b>369,171,133</b>	<b>7.2722</b>	<b>405,264,206</b>
<b>NON COUNTYWIDE</b>				
OPERATING				
General Purpose MSTU	5.0621	151,833,162	5.0621	169,966,549
Library Services	0.6423	31,029,842	0.6423	34,193,974
<b>TOTAL OPERATING</b>	<b>5.7044</b>	<b>182,863,004</b>	<b>5.7044</b>	<b>204,160,523</b>
DEBT SERVICE				
Parks & Recreation Bonds	0.0455	1,364,732	0.0398	1,336,336
<b>TOTAL OPERATING &amp; DEBT</b>	<b>5.7499</b>	<b>184,227,736</b>	<b>5.7442</b>	<b>205,496,859</b>
<b>TOTAL BOCC</b>	<b>13.0421</b>	<b>\$553,398,869</b>	<b>13.0164</b>	<b>\$610,761,065</b>

### TAXABLE PROPERTY VALUES

	<b>FY 04</b>	<b>FY 05</b>
<b>COUNTYWIDE</b>		
Value of Existing Property	\$49,108,644,020	\$53,953,500,480
Value of New Construction	1,514,593,187	1,772,010,028
<b>Total Taxable Value</b>	<b>\$50,623,237,207</b>	<b>\$55,725,510,508</b>
<b>ELAPP Debt Service</b>		
Value of Existing Property	\$49,265,212,913	\$54,131,204,924
Value of New Construction	1,514,593,187	1,772,010,028
<b>Total Taxable Value</b>	<b>\$50,779,806,100</b>	<b>\$55,903,214,952</b>
<b>UNINCORPORATED(MSTU)</b>		
Value of Existing Property	\$28,908,133,719	\$32,290,623,146
Value of New Construction	1,085,971,808	1,285,669,076
<b>Total Taxable Value</b>	<b>\$29,994,105,527</b>	<b>\$33,576,292,222</b>
<b>SPECIAL LIBRARY DISTRICT</b>		
Value of Existing Property	\$46,824,246,677	\$51,508,024,975
Value of New Construction	1,486,264,929	1,728,740,176
<b>Total Taxable Value</b>	<b>\$48,310,511,606</b>	<b>\$53,236,765,151</b>

## MILLAGE COMPARISON

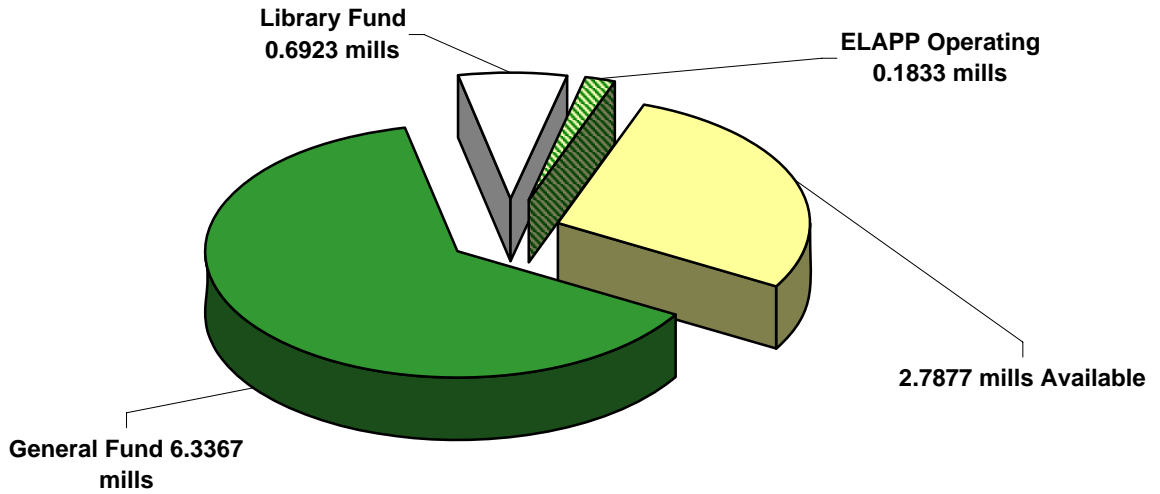
	<u>FY 06</u>		<u>FY 07</u>	
	<u>MILLAGE</u>	<u>LEVY</u>	<u>MILLAGE</u>	<u>LEVY</u>
<b>COUNTYWIDE</b>				
OPERATING				
General Revenue Fund	6.7597	\$436,560,087	6.3367	\$498,175,414
Environ. Sensitive Lands	0.1660	10,720,738	0.1833	14,410,585
<b>TOTAL OPERATING</b>	<b>6.9257</b>	<b>447,280,825</b>	<b>6.5200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

### TAXABLE PROPERTY VALUES

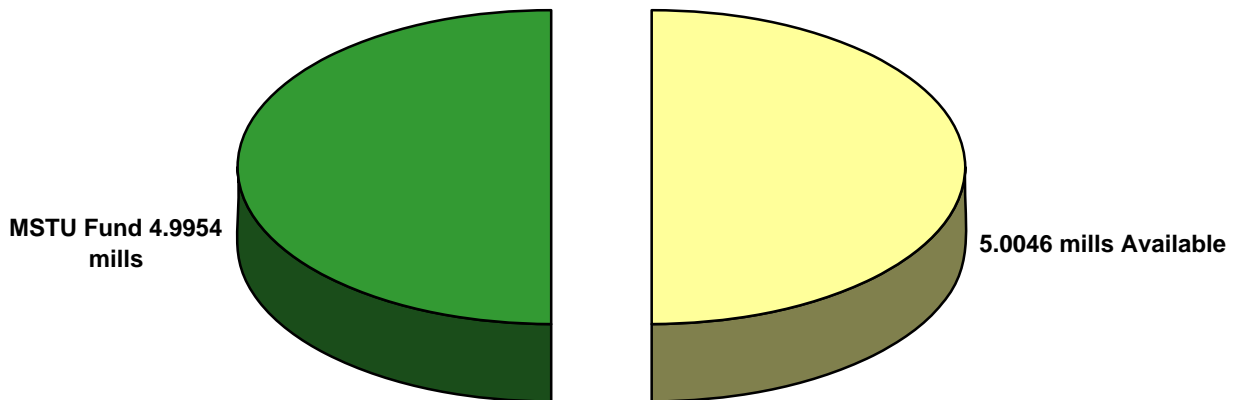
	<b>FY 06</b>	<b>FY 07</b>
<b>COUNTYWIDE</b>		
Value of Existing Property	\$62,386,460,570	\$75,712,633,977
Value of New Construction	2,196,300,039	2,904,850,506
<b>Total Taxable Value</b>	<b>\$64,582,760,609</b>	<b>\$78,617,484,483</b>
<b>ELAPP DEBT SERVICE</b>		
Value of Existing Property	\$62,554,487,801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

# MILLAGE COMPARISON

## Hillsborough County's Use of the Countywide 10-mill Cap - FY 07



## Hillsborough County's Use of the Unincorporated Area 10-mill Cap- FY 07



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

	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
<b>TAXES LEVIED COUNTYWIDE</b>							
BOCC - General Fund	\$1,318.28	\$1,301.11	\$1,259.69	\$1,257.85	\$1,255.75	\$1,212.00	\$1,141.00
BOCC - General Obligation Debt	25.90	22.28	19.95	18.29	16.89	14.70	11.67
Southwest Florida Water Mgmt District *	73.85	73.85	73.85	73.85	73.85	73.85	73.85
School Board (incl. General Oblig. Debt)*	1,525.13	1,502.55	1,504.13	1,484.00	1,463.16	1,388.98	1,369.03
Children's Board *	72.98	72.98	87.50	87.50	87.50	87.50	87.50
Port Authority*	51.63	50.75	50.75	50.75	45.50	45.50	38.50
<b>TOTAL COUNTYWIDE TAXES</b>	<b>\$3,067.77</b>	<b>\$3,023.51</b>	<b>\$2,995.86</b>	<b>\$2,972.24</b>	<b>\$2,942.64</b>	<b>\$2,822.52</b>	<b>\$2,721.55</b>
<b>TAXES LEVIED WITHIN SPECIFIC AREAS</b>							
Library District	\$112.40	\$112.40	\$112.40	\$112.40	\$112.40	\$121.15	\$121.15
Municipal Services Taxing Unit (MSTU) **	885.87	885.87	885.87	885.87	885.87	903.37	874.20
MSTU Parks General Obligation Debt **	12.85	10.22	8.75	7.96	6.97	6.28	5.01
Hillsborough Area Regional Transit*	87.50	87.50	87.50	87.50	87.50	87.50	87.50
Hillsborough River Basin*	49.88	49.88	49.88	49.88	49.88	49.88	49.88
<b>TOTAL TAXES WITHIN SPECIFIC AREAS</b>	<b>\$1,148.49</b>	<b>\$1,145.87</b>	<b>\$1,144.40</b>	<b>\$1,143.61</b>	<b>\$1,142.61</b>	<b>\$1,168.18</b>	<b>\$1,137.73</b>
<b>TOTAL AD VALOREM TAXES</b>	<b>\$4,216.26</b>	<b>\$4,169.38</b>	<b>\$4,140.26</b>	<b>\$4,115.84</b>	<b>\$4,085.25</b>	<b>\$3,990.70</b>	<b>\$3,859.28</b>
\$ change from preceding year:	(\$289.48)	(\$46.89)	(\$29.12)	(\$24.41)	(\$30.59)	(\$94.55)	(\$131.43)
% change from preceding year:	(6.4%)	(1.1%)	(0.7%)	(0.6%)	(0.7%)	(2.3%)	(3.3%)
<p>Notes:</p> <p>* Not a tax levy, assessment, or fee of the Board of County Commissioners (BOCC)</p> <p>** Homeowners residing within the municipalities of Tampa, Temple Terrace, or Plant City pay city taxes instead of the MSTU taxes. The Hillsborough Area Regional Transit Tax is not levied in Plant City. The Library District tax is not levied in Temple Terrace or Plant City.</p> <p>Assumptions:</p> <p>Excludes any exemption other than the homestead exemption.</p> <p>Excludes any other special district assessment (i.e., street lighting tax district or maintenance district).</p> <p>For the purposes of consistency, the Hillsborough River Basin was selected. Other basins have different tax rates.</p>							

## BASIC INFORMATION ON PROPERTY TAXES

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

### EXEMPTIONS

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

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

**Government** - All property owned by a government is exempt.

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

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

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

### COMPUTING PROPERTY TAXES

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

Start with the

*ASSESSED PROPERTY VALUE = \$200,000*

Minus the amount of any *EXEMPTIONS*:

For example, Homestead Exemption = \$25,000

This results in a

*TAXABLE PROPERTY VALUE = \$175,000*

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

Multiply this answer by the levied millage. For instance, using the FY 07 adopted countywide millage rate of 6.5200 per thousand dollars of taxable value, the countywide property tax for this property would be:

*\$175 X 6.5200 Mills = \$1,141*

### THE AGGREGATE ROLLED-BACK RATE

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

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

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

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

## BASIC INFORMATION ON PROPERTY TAXES

### CALCULATION OF THE ESTIMATED AGGREGATE ROLLED-BACK RATE <sup>1</sup>

Property Taxes Collected in the Previous Year for the General Revenue Fund, MSTU, and Library District =  
\$691,122,056

Divided by

The Taxable Value of Countywide Property Less New Construction in the Current Year = \$75,712,633,977

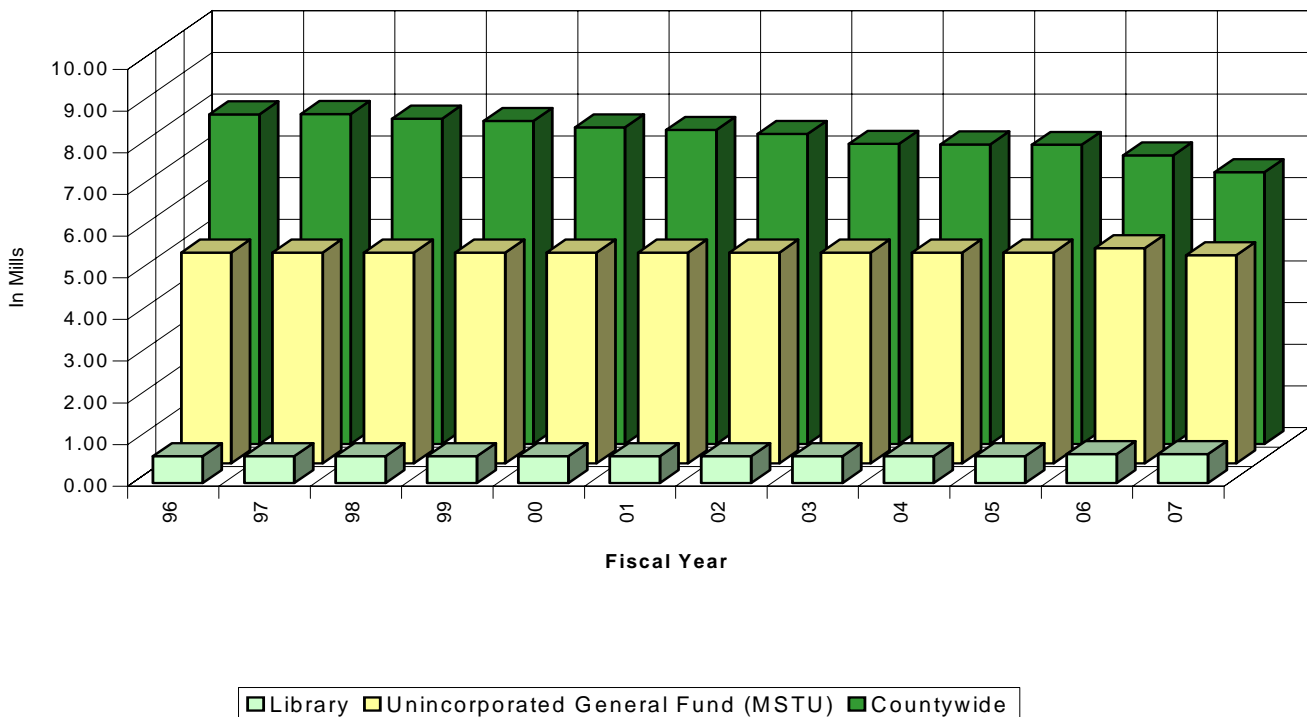
Equals the Aggregate Rolled-Back Rate of  
9.1282 Mills or \$9.13 per \$1,000 of Taxable Value

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

The Calculated Aggregate Millage Rate for Fiscal Year 07 is 10.2571 Mills, or 12.367% Over the Aggregate Rolled-Back Rate.

### HILLSBOROUGH COUNTY AD VALOREM OPERATING MILLAGES

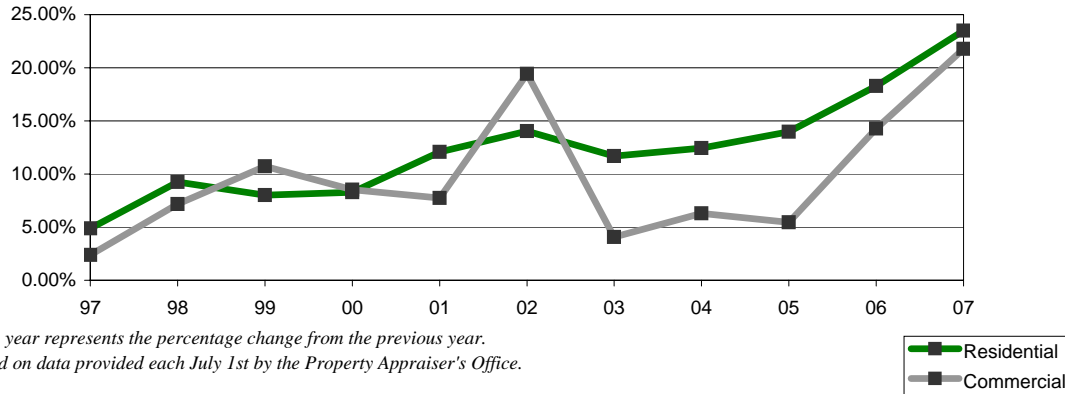
FY 07 reflects a .41 mill decrease in the Countywide millage and a .17 mill decrease in the Unincorporated millage.



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

## CHANGES IN TAXABLE VALUES BY PROPERTY CLASSIFICATION

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

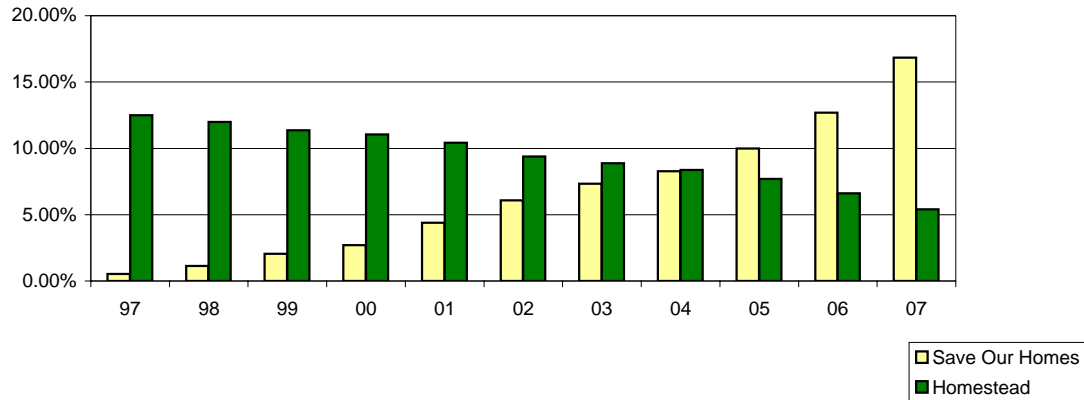


### Property Value Changes by Fiscal Year

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

## MAJOR TAX EXEMPTIONS AS A PERCENTAGE OF PROPERTY VALUES

### Homestead & "Save Our Homes" Exemptions as a Percentage of Property Values



### Exemption Percentages by Fiscal Year

	<u>Homestead Exemption</u>	<u>Percent Value</u>	<u>Save Our Homes Capped Value</u>	<u>Percent Value</u>	<u>Total Just Value</u>
<b>FY 97</b>	4,951,858,850	12.50%	214,066,407	0.54%	39,602,774,241
<b>FY 98</b>	5,069,900,656	11.99%	483,786,898	1.14%	42,295,377,836
<b>FY 99</b>	5,190,630,272	11.36%	935,144,739	2.05%	45,674,754,732
<b>FY 00</b>	5,362,840,969	11.04%	1,306,247,070	2.69%	48,556,382,426
<b>FY 01</b>	5,525,629,109	10.43%	2,326,873,676	4.39%	52,973,587,748
<b>FY 02</b>	5,686,185,009	9.39%	3,676,013,568	6.07%	60,544,259,230
<b>FY 03</b>	5,914,386,997	8.88%	4,892,551,853	7.34%	66,634,913,844
<b>FY 04</b>	6,081,711,618	8.38%	6,007,667,195	8.28%	72,567,375,597
<b>FY 05</b>	6,202,423,318	7.69%	8,052,535,399	9.99%	80,616,025,668
<b>FY 06</b>	6,332,401,834	6.61%	12,150,844,977	12.68%	95,836,796,083
<b>FY 07</b>	6,467,068,594	5.40%	20,163,626,163	16.83%	119,776,510,189
	<u>Governmental Exemption</u>	<u>Percent Change</u>	<u>Institutional Exemption</u>	<u>Percent Change</u>	<u>Total Just Value</u>
<b>FY 97</b>	3,877,183,337	9.79%	1,545,980,010	3.90%	39,602,774,241
<b>FY 98</b>	4,044,620,521	9.56%	1,559,809,970	3.69%	42,295,377,836
<b>FY 99</b>	4,258,504,816	9.32%	1,612,142,919	3.53%	45,674,754,732
<b>FY 00</b>	4,278,787,032	8.81%	1,730,310,571	3.56%	48,556,382,426
<b>FY 01</b>	4,177,347,947	7.89%	1,870,241,043	3.53%	52,973,587,748
<b>FY 02</b>	5,030,944,798	8.31%	1,944,261,140	3.21%	60,544,259,230
<b>FY 03</b>	5,748,348,033	8.63%	2,137,548,638	3.21%	66,634,913,844
<b>FY 04</b>	6,070,710,125	8.37%	2,310,504,198	3.18%	72,567,375,597
<b>FY 05</b>	6,393,756,217	7.93%	2,458,348,568	3.05%	80,616,025,668
<b>FY 06</b>	7,533,544,648	7.86%	3,091,491,665	3.23%	95,836,796,083
<b>FY 07</b>	8,471,291,561	7.07%	3,409,197,015	2.85%	119,776,510,189

## COUNTY REVENUES BY SOURCE

		FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted	% Total FY 07
<b>Taxes</b>						
Ad Valorem Taxes	D	\$531,947,097	\$591,068,050	\$702,205,711	\$815,069,495	40.9%
Community Investment Tax	D	85,617,242	99,381,752	100,571,207	113,284,171	5.7%
Indigent Healthcare Surtax	D	85,540,856	99,267,340	100,571,207	113,284,171	5.7%
Six-Cents Gas Tax	D	24,112,403	25,166,471	25,396,897	26,379,724	1.3%
Communications Services Tax	D	18,110,128	23,004,497	23,544,870	23,649,963	1.2%
Tourist Development Tax	D	16,728,199	19,858,530	18,814,651	19,401,669	1.0%
Ninth-Cent Gas Tax	D	6,533,021	6,949,188	6,800,809	7,278,144	0.4%
Other Taxes		76,510	65,205	57,000	61,000	0.0%
<b>Total Taxes</b>		<b>768,665,456</b>	<b>864,761,033</b>	<b>977,962,352</b>	<b>1,118,408,337</b>	<b>56.1%</b>
<b>Licenses &amp; Permits</b>						
Building Permits	D	13,794,237	17,478,344	16,884,600	15,845,722	0.8%
Other Licenses & Permits		4,792,207	5,131,181	5,152,950	5,296,276	0.3%
<b>Total Licenses &amp; Permits</b>		<b>18,586,444</b>	<b>22,609,525</b>	<b>22,037,550</b>	<b>21,141,998</b>	<b>1.1%</b>
<b>Intergovernmental Revenue</b>						
<u>State Shared Revenues</u>						
Local Government Half-Cent Sales Tax	D	82,258,738	88,529,189	90,492,030	100,337,686	5.0%
State Revenue Sharing	D	25,750,065	26,946,328	26,221,466	29,189,296	1.5%
Constitutional Fuel Tax	D	11,052,102	11,652,080	11,380,019	11,723,544	0.6%
Documentary Stamp Tax	D	8,812,549	7,898,436	5,670,569	7,426,314	0.4%
Shared State Restricted Revenue		3,596,749	4,879,826	5,006,538	5,833,827	0.3%
County Fuel Tax	D	4,848,178	5,004,285	5,120,197	5,176,865	0.3%
Shared State General Revenues		3,619,464	3,648,704	3,801,263	3,821,103	0.2%
Subtotal		139,937,845	148,558,848	147,692,082	163,508,635	8.2%
<u>Intergovernmental Grants</u>						
Head Start/Early Head Start Grant	D	21,146,592	23,090,708	22,161,218	21,726,906	1.1%
Section 8 Housing Grant	D	12,989,468	13,308,269	12,979,856	12,250,332	0.6%
Ryan White Emergency Relief Grant	D	10,443,037	10,286,747	11,045,134	10,672,327	0.5%
Federal Human Services Grants		7,683,144	7,688,555	6,877,197	7,311,867	0.4%
Community Development Block Grant		6,086,580	6,888,957	6,726,087	6,085,956	0.3%
State Health & Human Svcs Grants		5,273,840	4,567,096	4,878,640	5,667,604	0.3%
Federal Health Grants		3,591,220	3,829,857	3,309,395	3,717,407	0.2%
Fed Economic Environment Grants		2,099,509	12,153,703	3,278,714	3,701,153	0.2%
State Physical Environment Grants		3,837,854	4,567,096	3,233,227	3,337,032	0.2%
Other State Grants		4,731,666	3,889,361	3,102,678	3,010,811	0.2%
Other Federal Grants		6,508,984	8,490,239	3,000,095	2,556,016	0.1%
Local Grants		2,574,995	1,609,586	351,550	371,630	0.0%
Subtotal		86,966,889	100,370,174	80,943,791	80,409,041	4.5%
<b>Total Intergovernmental Revenue</b>		<b>226,904,734</b>	<b>248,929,022</b>	<b>228,635,873</b>	<b>243,917,676</b>	<b>12.2%</b>
<b>Charges for Services</b>						
<u>Water/Wastewater Utility Fees</u>						
Water/Wastewater Usage Fees	D	93,285,979	99,680,408	104,972,510	110,964,596	5.6%
Water/Wastewater Base Fees	D	43,548,648	45,925,447	47,175,622	49,223,696	2.5%
Accrued Guaranteed Revenue Fees		17,579,017	17,841,120	12,142,440	10,926,285	0.5%
Customer Monthly Billing Charge	D	6,255,927	6,592,988	6,769,138	7,111,548	0.4%
Other Water/Wastewater Utility Fees		2,764,881	2,769,175	2,469,544	2,800,168	0.1%
Subtotal		163,434,452	172,809,138	173,529,254	181,026,293	9.7%

## COUNTY REVENUES BY SOURCE

	FY 04 Actual	FY 05 Actual	FY 06 Adopted	FY 07 Adopted	% Total FY 07
<u><i>Solid Waste Fees</i></u>					
Solid Waste Residential Assessments <b>D</b>	33,733,154	36,309,738	39,385,464	40,953,855	2.1%
Solid Waste Tipping Fees	25,664,779	25,950,772	27,898,544	29,184,651	1.5%
Solid Waste Recycling Revenue	14,183,359	14,920,700	14,534,600	15,097,600	0.8%
Subtotal	73,581,292	77,181,210	81,818,608	85,236,106	4.6%
<u><i>Other User Fees</i></u>					
Ambulance Fees <b>D</b>	7,266,766	8,742,647	8,020,733	11,336,347	0.6%
Court Costs & Surcharges <b>D</b>	16,179,873	10,002,737	9,877,784	10,600,350	0.5%
Planning & Growth Management Fees	3,783,229	5,634,991	6,413,303	7,077,956	0.4%
Sheriff's Office Fees <b>D</b>	12,393,451	6,730,887	11,076,000	6,556,000	0.3%
Public Safety Fees	4,903,566	5,318,694	5,822,606	6,333,096	0.3%
Environment & Physical Resource Fees	2,738,037	3,286,187	3,742,412	4,081,486	0.2%
Transportation Fees	3,650,508	4,960,664	3,724,691	3,945,954	0.2%
Human Services & Recreation Fees	3,224,654	3,401,893	3,794,839	3,833,870	0.2%
Economic Environment Fees	2,907,870	4,359,259	1,793,258	2,940,119	0.1%
Other User Fees	2,693,641	4,348,312	1,563,784	2,234,530	0.1%
Subtotal	59,741,595	56,786,271	55,829,410	58,939,708	3.1%
<u><i>Internal Charges</i></u>					
Internal Service Charges - Insurance	60,302,805	66,554,878	70,486,697	81,527,633	4.1%
Indirect Administrative Costs	28,103,891	28,878,653	34,433,243	34,813,156	1.7%
Internal Service Charges - Fleet	19,378,041	19,364,577	27,068,497	26,746,775	1.3%
Employee Health Insurance Premiums	20,071,993	20,346,236	24,550,968	20,800,752	1.0%
Insurance & Technology Reimbursements	11,342,258	13,342,090	4,264,838	4,691,260	0.2%
Subtotal	139,198,988	148,486,434	160,804,243	168,579,576	8.9%
<b>Charges for Services Total</b>	<b>435,956,327</b>	<b>455,263,053</b>	<b>471,981,515</b>	<b>493,781,683</b>	<b>24.8%</b>
<b>Fines &amp; Forfeits</b>	<b>4,996,367</b>	<b>4,384,806</b>	<b>3,754,873</b>	<b>4,795,755</b>	<b>0.2%</b>
<b>Miscellaneous Revenue</b>					
<u><i>Special Assessments &amp; Impact Fees</i></u>					
Water/Wastewater Special Assessments	9,799,173	11,675,862	13,493,342	17,029,457	0.9%
Stormwater Special Assessments <b>D</b>	4,887,816	4,973,528	5,199,000	5,264,000	0.3%
Streetlighting Special Assessments	6,682,353	7,055,563	7,848,225	7,768,596	0.4%
Transportation Impact Fees <b>D</b>	15,820,918	15,370,539	11,890,000	4,160,000	0.2%
Water/Wastewater Impact Fees	13,023,430	6,992,133	6,490,242	6,411,939	0.3%
Other Impact Fees <b>D</b>	6,255,403	7,503,527	5,895,000	11,822,900	0.6%
Subtotal	56,469,093	53,571,152	50,815,809	52,456,892	2.8%
Interest <b>D</b>	32,063,741	29,119,653	28,457,123	44,163,563	2.2%
Other Miscellaneous Revenues	5,738,066	39,112,660	14,156,587	16,017,397	0.8%
<b>Miscellaneous Revenue Total</b>	<b>94,270,900</b>	<b>121,803,465</b>	<b>93,429,519</b>	<b>112,637,852</b>	<b>5.6%</b>
<b>Total Revenue - All Types</b>	<b>\$1,549,380,228</b>	<b>\$1,717,750,904</b>	<b>\$1,797,801,682</b>	<b>\$1,994,683,301</b>	<b>100.0%</b>

**Note:**

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

## MAJOR COUNTY REVENUES

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

Several major factors impact revenues: changes in overall county-wide population, changes in specific service populations and their demands, increases or decreases in real disposable income (which measures residents' after-tax buying power adjusted for inflation), and inflation. One or more of these factors or "drivers" impact most revenues directly or indirectly.

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

Projections of year-end FY 06 revenues reflect the strong performance of the US and Florida economies even in the face of powerful hurricanes and very high energy prices. FY 07 revenue projections reflect a more slowly growing economy. US economic growth has, indeed, slowed in mid-2006. Higher interest rates took their toll on housing markets while high energy prices fueled inflation and sapped consumer pocket books. Economic growth slowed from a robust rate of 5.6% for the first quarter of 2006 to 2.6% in the second quarter. Housing markets slowed substantially in mid-2006. While housing will remain weak in 2007, forecasters are nonetheless still optimistic about the economic picture. The latest National Association for Business Economics (NABE) consensus forecast expects economic growth in the last half of 2006 to average just 2.6%, down from 2005 growth of 3.2%. Growth in 2007 is forecast at 2.7%. The slowdown in growth, lower energy prices and easing of inflationary pressures is expected to induce the Fed to hold short term interest rates steady for the balance of 2006 before modestly easing in 2007.

Property tax, sales tax, revenue sharing and fuel tax revenue estimates were formulated in spring and summer 2006 and were based upon time series forecasting techniques, trend analysis,

state forecasts, and expert judgment. Management and Budget used a time-series regression technique known as an Autoregressive Integrated Moving Average Model (ARIMA). ARIMA uses historical data and estimates an equation to approximate those data and, subsequently, forecast the future path of the estimated variable. Overall, the ARIMA models forecasted strong revenue growth for the balance of FY 06. Combining ARIMA forecasts with other forecasts based on trend analysis and expert judgment rooted in past and present experience, a consensus was reached that revenue would generally meet or exceed expectations for FY 06. State forecasts issued in spring 2006 also indicated strong revenue performance.

Forecasters expect the slowdown in growth, lower energy prices and easing of inflationary pressures will induce the Federal Reserve to hold short term interest rates steady for the balance of 2006 before modestly easing in 2007. Housing markets have already slowed in response to higher interest rates and the desire is for an orderly unwinding of this overheated market. Housing and consumer markets are expected to further slow in late 2006 and 2007. These events will likely slow revenue growth in FY 07. Hillsborough County will carefully monitor the affect on revenues and expenditures.

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

### Ad Valorem Taxes

In modern times, property taxes, also called *ad valorem* taxes, have traditionally been the major sources of revenue for local governments, large and small. For Hillsborough County, these taxes comprise the largest percentage of all revenue – about 41%.

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

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

## MAJOR COUNTY REVENUES

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

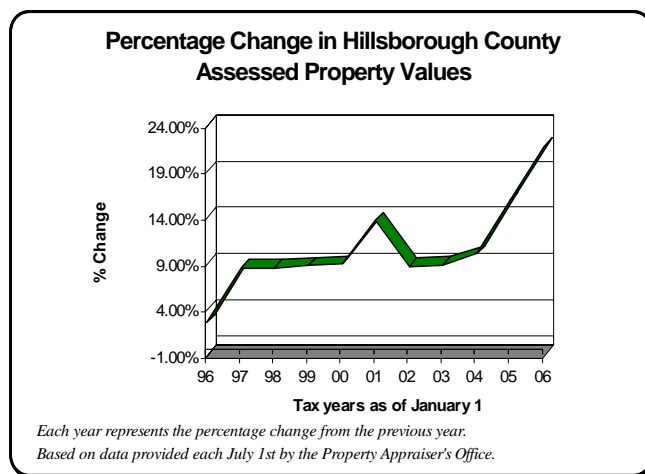
In addition to the tax levies already mentioned, the County is required to levy a separate property tax to meet annual debt service requirements for the payment of voter approved general obligation bonds. In the past, voters have approved bonds for jail facilities, park facilities, and the acquisition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

Property tax revenues depend upon the *assessed* value of real and personal property, less any exemptions. Growth in this tax base increases County ad valorem tax revenues without requiring any increase in the tax rate. Taxable values tend to fluctuate over time. In the past, due mainly to slower appreciation of existing property and to a slowdown in new construction, the increase in taxable value slowed from an annual average increase of 13 percent during the early to mid-1980's to an actual decline in FY 93. The rate of taxable value growth in Hillsborough County accelerated during the last 13 years. Countywide taxable values increased 8.1% for FY 98, 8.7% for FY 99, 8.7% for FY 00, 9.5% for FY 01, 13.0% for FY 02, 8.0% for FY 03, 8.7% for FY 04, 10.6% for FY 05, 15.7% for FY 06 and 21.7% for FY 07. These rates reflect strong economic growth in the late 1990s and historically low interest rates during 2000-2005. Other contributing factors include the one-time addition of the stadium to the taxable roll, changes in appraisal methods and the reconsideration of some exemptions.

Recent property tax revenue growth reflects the mixed markets of 2002 through 2005 when commercial real estate fared poorly but record low interest rates propelled the single family housing market to record levels. Hillsborough single family housing starts rose strongly in recent years in response to forty year low mortgage rates. Single family detached housing permits increased strongly each year during 2001 through 2005. As interest rates rose in 2005, single-family detached permits fell 35% in the last quarter of 2005 compared to 2004. Detached permits continued to trail year ago figures by about a third in the first half of 2006 as well. Single-family attached permits more than offset the detached decline in late 2005 but declined about 25% in the second quarter of 2006. The recent decline in single-family permits reflects nationally slowing housing markets. The 30-year mortgage rate stands at 6.52%

(August 2006). Currently, rates are 129 basis points above June 2003's 40-year low rate of 5.23%. These increased rates will lead to a greater softening of housing markets in late 2006 and 2007.

Construction markets respond to interest rate changes and general changes in economic conditions with a lag. Property tax rolls are based on land and structure values that existed on January 1<sup>st</sup>. Ad valorem revenue growth would, therefore, respond in the following years to higher interest rates or deteriorating economic conditions slowing construction permitting in a current year.

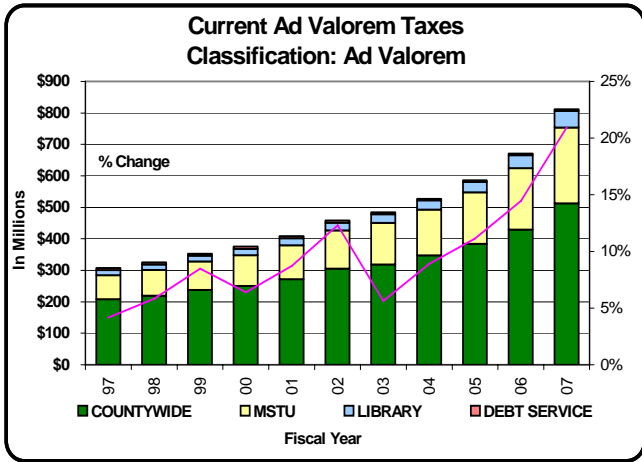


Estimates of ad valorem tax revenues are prepared during the budget process by the Hillsborough County Management and Budget Department based on historical and current information on economic activity. ARIMA modeling is a key forecasting tool for taxable property values and is used in conjunction with trend analysis and expert knowledge. ARIMA forecasts were used in the Pro Forma budgets for FY 07. These forecasts are replaced with actual data from the Property Appraiser's Office, as they became available. Latest 2006 valuations for the FY 07 budget year indicate a 21.7% gain in Countywide taxable values and a 22.8% Unincorporated gain. While exceeding projections for FY 07, rising long-term interest rates are still expected to restrain growth for FY 08.

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

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

## MAJOR COUNTY REVENUES

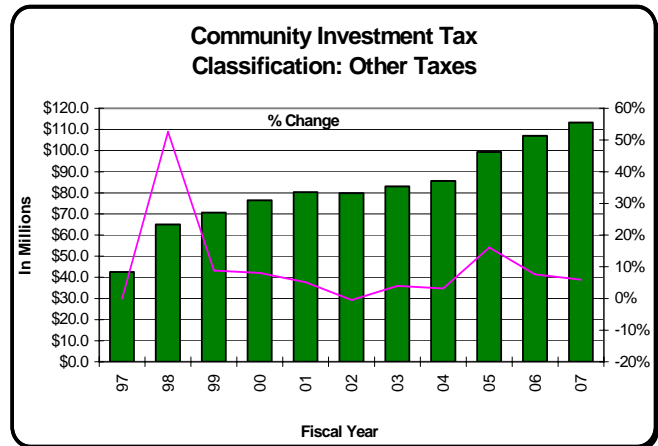


### Other Taxes

The *Other Taxes* category includes receipts from non-ad valorem sources such as certain types of locally-imposed gasoline and sales taxes, and tourist development taxes. This category accounts for about 15% of all revenue.

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

In Fiscal Years 1997 through 2026, this tax is projected to generate in excess of \$4.7 billion in revenue based on an average annual long-term growth rate of 6%. The Hillsborough County School Board will receive 25% of this revenue via monthly disbursements. Another estimated \$318 million will finance, over the thirty year period, Raymond James Stadium. This stadium is used by the University of South Florida football team, the Tampa Bay Buccaneers of the National Football League, and multiple special events. The remaining Community Investment Tax revenue is distributed among the County and its three municipalities using the same distribution formula that applies to the regular Local Government Half-Cent Sales Tax.



Management and Budget staff provides short and long term projections of sales surtax revenues based on ARIMA modeling, trend analysis, state forecasts, and current economic conditions. Reflecting strong economic growth and consumer spending, CIT revenues rose 8.8% in FY 99 and 8.1% in FY 00. FY 01 CIT revenues grew about 5.0%. The FY 02 revenues fell 0.25% reflecting falling retail sales due to recession in 2001 and slow tourism activity following September 11. Revenue growth improved in FY 04 to about 5.0% and with boosts from post-hurricane spending and low interest rates jumped to 16.1% in FY 05. Combining ARIMA forecasts, expert judgment of the Management and Budget Department staff and Florida Department of Revenue forecasts lead Management and Budget staff to a consensus forecast of 8.3% for FY 06 and 5.3% for FY 07.

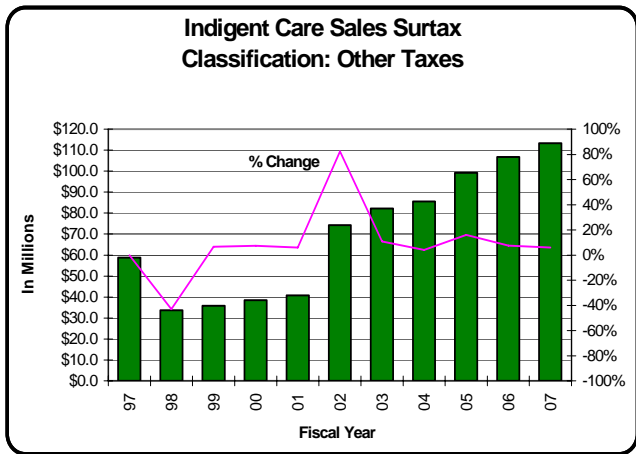
**Indigent Care and Trauma Center Sales Surtax** - The *Indigent Care and Trauma Center Sales Surtax* funds Hillsborough County's acclaimed Indigent Health Care Program. This surtax was first imposed for a two-year period in FY 85 at a rate of 0.25 percent. In FY 92, the Board of County Commissioners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

As approved, the ordinance extended the surtax through September 30, 2005 and authorized a reduction in the surtax rate from 1/2 cent per dollar of sales price to 1/4 cent per dollar of sales price. This reduction remained in place through September 30, 2001, when it increased to 1/2 cent per dollar of sales price.

The 2003 Legislature extended the authority for this surtax on a continuing basis (removed the sunset provision) with a requirement that a biennial audit be delivered to the local governing body

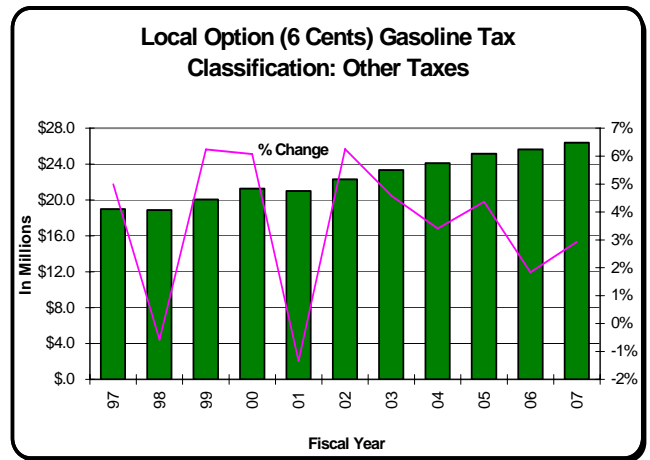
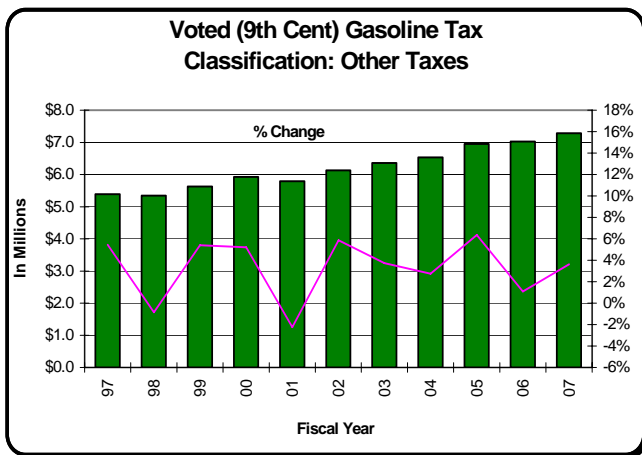
# MAJOR COUNTY REVENUES

and to the chair of the legislative delegation.



The chart for this tax reflects revenues since FY 97. FY 98 through FY 01 revenues reflect the reduction in the surtax rate from 0.5 percent to 0.25 percent effective October 1, 1997, with corresponding decreases in revenues. The large revenue increase, over 80% for FY 02, reflects the return to a 0.5% rate on October 1, 2001. In the absence of rate, other structural tax changes and audit adjustments the Indigent Care Sales Surtax and the Local Government Infrastructure Sales Surtax (CIT) should exhibit nearly identical trends. Using the same methods and tax base, Management and Budget staff forecast the Indigent Care Surtax will match CIT forecasts.

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

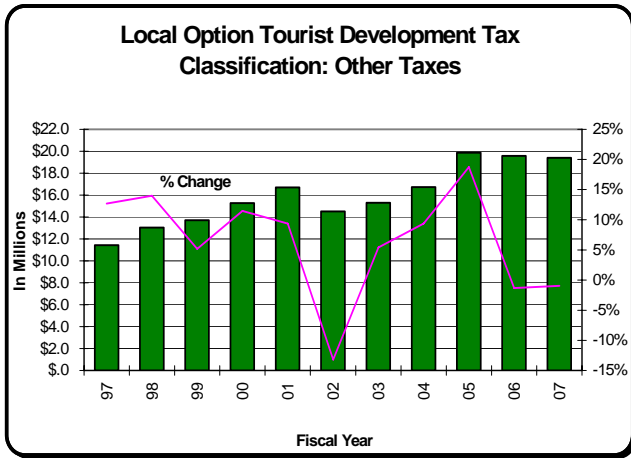


Gas taxes are an important source of funds for road network improvement, maintenance, and road re-surfacing. Like most gasoline taxes, and as shown in the respective charts, gasoline tax revenues have grown slowly over the last several fiscal years due primarily to increased fuel efficiency of automobiles and other gasoline powered vehicles. FY 99 and FY 00 gasoline tax revenues increased strongly reflecting strong fuel demand resulting from rapid economic growth. FY 01 local option gas taxes fell due to higher fuel costs and a slowing economy, but returned to long-term trends in FY 02 & FY 03. A strong economy kept gas tax revenue growth high in FY 04 and FY 05 as well. Fuel prices are likely to remain relatively high compared to the late 1990s. This could have a negative effect on long term gasoline demand and, therefore, fuel tax revenues. Currently, the 6- year trend growth for the Voted (9<sup>th</sup> Cent) Gasoline Tax and the Local Option (6 Cents) Gasoline Tax is about 3.6% annually. Management and Budget staff forecasts for FY 07 to follow this 6- year trend.

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

Tourist tax revenues rose steadily from FY 93 – FY 01. FY 02 revenues fell substantially in the aftermath of September 11. Revenues began to rebound in FY 03 and into early FY 04. As the economy recovered and tourists returned to travel, FY 04 revenues modestly exceeded pre-September 11 levels. Strong tourism markets boosted revenues for FY 05, and FY 06 revenues increased 4.2%. Growth of 3.0% is forecast for FY 07.

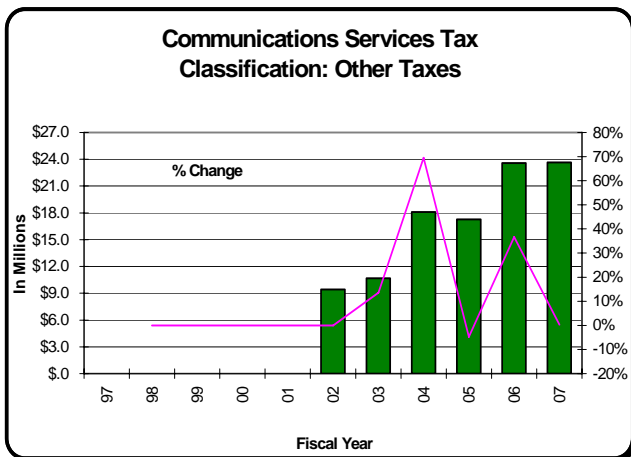
## MAJOR COUNTY REVENUES



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

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

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



For FY 02, Hillsborough County used the default rate of 2.2%.

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

The Communications Services Tax is likely to reflect the rapid and comprehensive change occurring in the communications industry. New technologies, particularly internet and wireless, are changing the way we use telephones, computers and television. These changes will continue to complicate the forecasting of this revenue. Management and Budget staff has used Florida Department of Revenue forecasts for this revenue. The FY 07 estimate reflects only a small increase from FY 06 due to the estimated effect of the federal Internet Nondiscrimination Tax Act (ITNA). This law allows companies to exclude internet access charges from state and local taxes, even if they are bundled with other services.

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

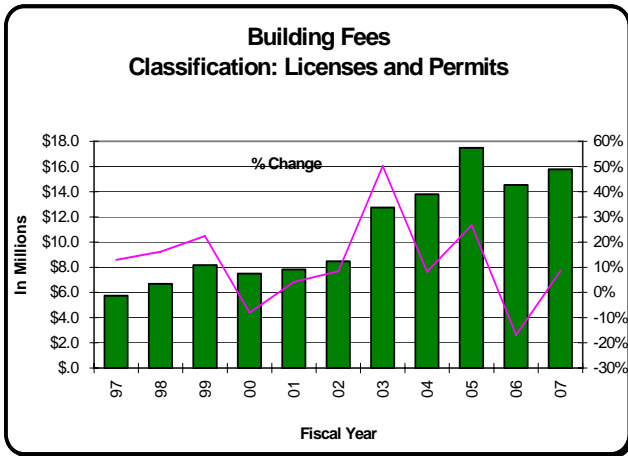
### Licenses and Permits

Although fees from licenses and permits provide only 1% of total County revenues, they are worth mentioning because of their relationship to the regulatory functions of County government and their usefulness in gauging activity of growth in related segments of the County's economy.

The chart on Building Permit Fee revenue since 1995 illustrates the improving general health of the local building industry after the retrenchment of the late 1980s. As shown in the "Economic Indicators" section of the Executive Summary, increases in local construction activity through FY 99 produced strong revenue growth in this area. As in the rest of the nation both residential and commercial construction were very strong in Hillsborough during the late 1990s. Building fee revenue surged 16.2% in FY 98 and 22.4% in FY 99. Rapid commercial construction, however, out-paced absorption in 2000 resulting in increasing vacancy rates and softening rents. This development, combined with higher interest rates in 2000, contributed to a 41.2% fall in the value of commercial permits issued in 2000. New residential permits fell 19.5%. Building fee revenue fell 8% in FY 00. Single family permitting activity improved in 2001 and 2002 supporting better building fee revenue growth 4.2% in FY 01 and 8.5% in FY 02. FY 03 revenues included fee increases for residential housing permits and building trades subpermits. This was the first time these fees were increased since 1989. After a one-time increase of nearly 50% in this revenue, FY 04 revenue grew 8.3%. Strong markets produced a 26.7% gain for FY 05. In response to higher interest rates, building permits issued fell in the first half of FY 06. A drop for all of FY 06 led to a 16.9% fall in this revenue for FY 06. Growth for FY 07 is forecasted at 8.5%. These forecasts reflect national consensus

# MAJOR COUNTY REVENUES

expectations of housing markets and the expert judgment of Planning and Growth Management staff.



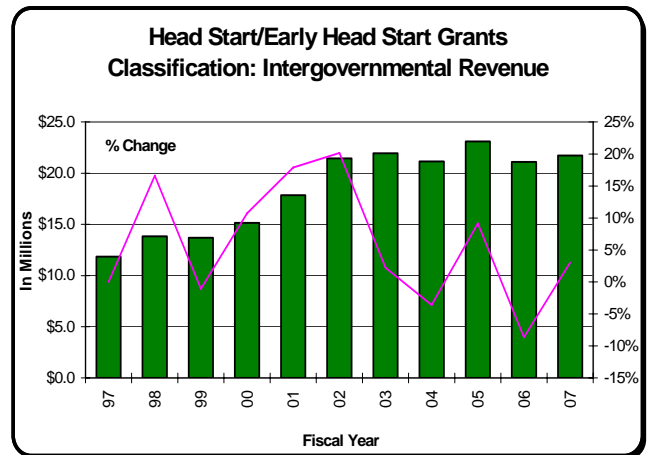
## Intergovernmental Revenues

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

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

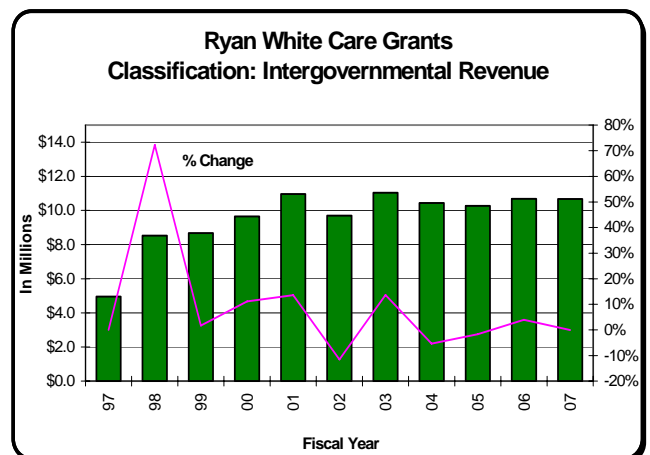
The County's largest grants are for the Head Start and Early Head Start Program. The program provides services designed to enhance children's physical, social, emotional and intellectual development. Early Head Start serves low-income pregnant women and families with infants and toddlers. Head Start provides preschool services for three and four year old children from low income families in Hillsborough County. Young children with disabilities or developmental delays are also served in an environment of inclusion. The centers are located throughout the County and transportation is provided for the Head Start children. All families receive health, dental, and preventative mental health services and parent involvement opportunities.

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



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

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

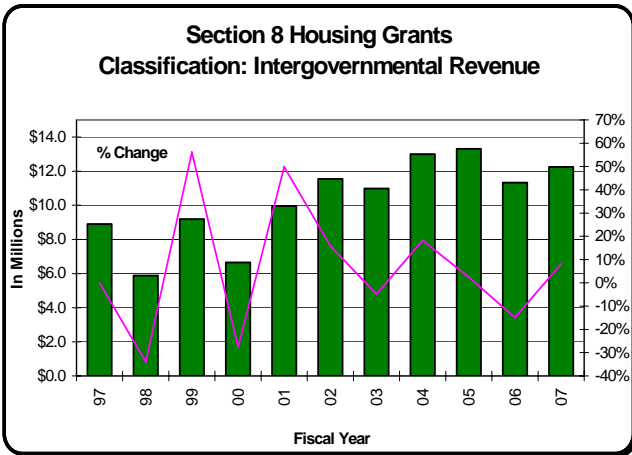


While the U.S. Department of Health and Human Services is the County's largest granting agency, significant funding comes from

## MAJOR COUNTY REVENUES

the U.S. Department of Housing and Urban Development (HUD). The largest HUD program is the Section 8 Housing Choice Voucher Program. This program provides financial assistance to low-income families so they can obtain decent, safe and sanitary rental housing in Hillsborough County.

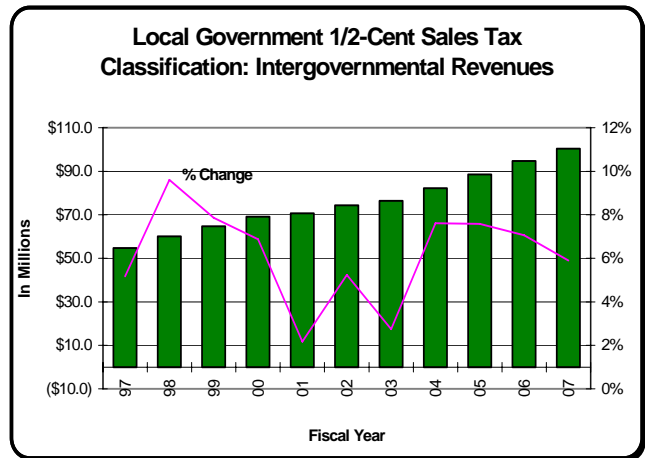
As the chart below indicates, Section 8 grant revenue had slow but steady increases from FY 97 through FY 04. Though timing issues related to receiving the funds caused the graphed fluctuations, the amounts actually granted increased gradually. However, the revenue is expected to fall from FY 05 levels in FY 06 or FY 07. Estimates are prepared by the Health and Social Services Department in consultation with the U.S. Department Housing and Urban Development (HUD).



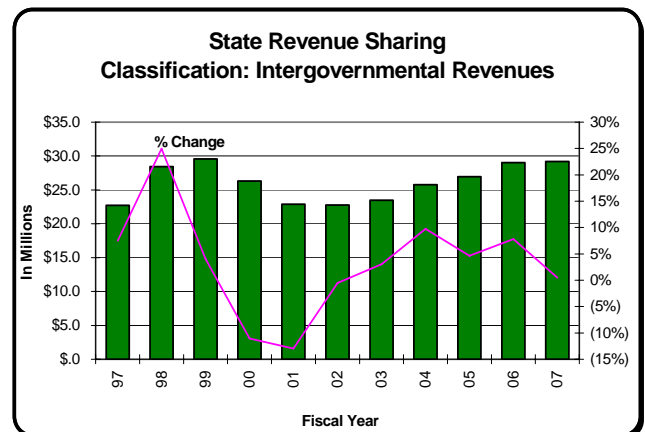
**State-Shared Revenues** - Two State-shared revenues are important sources of funding for the County. The *Local Government Half-Cent Sales Tax* has been a growing source of revenue for the County since FY 83. In FY 98, actual collections exceeded the budget by \$4 million. The FY 99 budget was also understated by as much as \$5 million. The excess revenue collected in FY 98 and FY 99 were brought forward to FY 00 as non-recurring revenues available for non-recurring projects. During FY 95 to FY 00 half-cent revenues grew an average 7.5% annually. This high growth reflected the high levels of consumer spending in the late 1990s. As recession affected consumer spending, a slowdown in taxable sales growth occurred in FY 01, FY 02 and FY 03. Half-cent revenue grew only 2.2% in FY 01, 5.2% in FY 02, and 5.1% in FY 03. Strong economic conditions in 2004 and 2005 resulted in additional boosts for FY 04 and FY 05. However, state legislation related to Article V implementation lowered the share of sales tax shared with local governments by 9.1% effective July 1, 2004. This resulted in a revenue reduction of approximately \$1 million from FY 04.

FY 06 revenues increased 7.1%, and Management and Budget ARIMA forecasts and state forecasts lead to a consensus forecast

of 4.3% growth for FY 07.

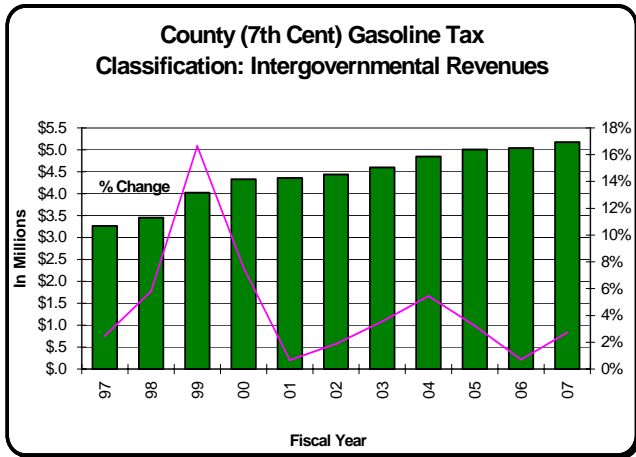


The second important State source is State Revenue Sharing. Until July 1, 2000 the county received a portion of the State intangibles tax along with a small contribution from the one-cent cigarette tax. As with other State estimates, FY 98 and FY 99 State Revenue Sharing was underestimated. FY 00 included a 25% reduction in the intangibles tax based on a change approved by the Florida Legislature in 1999. In May 2000 the Legislature passed an additional change to State Revenue Sharing. As of July 1, 2000 counties still receive the one-cent cigarette tax but no longer receive any portion of the intangibles tax. In place of the intangibles revenue the Legislature authorized 2.25% of state sales tax revenue be included in State Revenue Sharing. This change further reduced state revenue proceeds, but likely produced a more stable revenue source over the long term. This change causes State Revenue Sharing to grow in a similar manner to the Half-Cent Sales Tax. State Revenue Sharing forecasts, therefore, will closely track Half-Cent forecasts. Later, state legislation related to Article V implementation lowered the share of sales tax shared with counties through revenue sharing by 9.1% effective July 1, 2004. This resulted in a revenue reduction of approximately \$900,000 from FY 04.



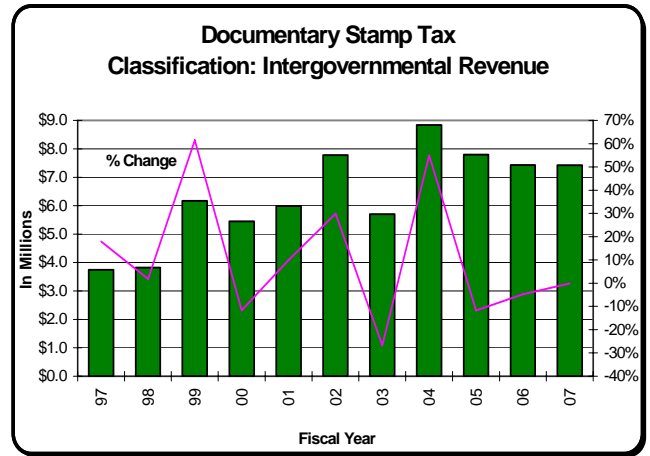
## MAJOR COUNTY REVENUES

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

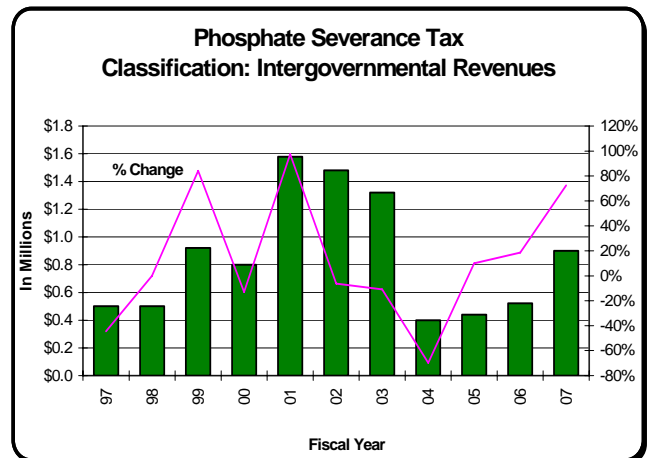


The *County (7th Cent) Gasoline Tax* is considered a State-Shared Revenue since its distribution is based on a State-set formula — not based solely on total collections within the county of collection. This revenue, along with other gasoline taxes and road network impact fees, is used to finance road network improvements and maintenance. As the associated chart shows, revenues from this tax have grown steadily since FY 97. Growth accelerated in the late 1990s, as did growth in most revenues. FY 06 revenue increased .7% while FY 07 Management and Budget staff projections for the Constitutional Gas Tax and County Gas Tax match the 6-year run trend rates of 3.9% and 3.7% respectively.

**Documentary Stamp Tax** - The State of Florida levies a Documentary Stamp Tax on all real estate transactions. Of the total collected in each County, 11.3425% is returned to Local Governments to fund local affordable housing plans. The growth in this revenue will generally follow the same pattern as Building Permits since they are interrelated. The high level of building activity in FY 98 & FY 99 caused the FY 99 revenue spike as seen in the chart below. However, mortgage refinancing is also subject to the documentary stamp tax. The high level of mortgage refinancings in FY 02 is behind that year's surge. The housing market is still strong in Hillsborough County and supported high growth in this revenue for FY 04 and FY 05, but as interest rates continued to rise in late 2005 and 2006 we have experienced some softening. These forecasts reflect expert staff judgment of the Management and Budget and Housing and Community Code Enforcement Departments using a five year trend analysis and monitoring of the Florida Legislature.



**Phosphate Severance Tax** - The State of Florida levies a tax on phosphate rock mined in the state. The 1982 session of the State Legislature authorized a distribution of 10% of this tax to counties. To receive funds from this source, a county must demonstrate a nexus, direct or indirect, to the phosphate industry. The volatility of the phosphate industry in the late 1980's adversely affected the amount of tax levied; in FY 94 the state permanently reallocated a portion of these taxes to other jurisdictions. The accompanying chart shows this revenue's volatility over the years. Revenue in FY 99 reflected better international market conditions for phosphates and phosphatic fertilizer. In May 2000 the Legislature increased the county share of the tax from 10% to 18%. In FY 04, a major phosphate mining company scaled back operations in Hillsborough County and shifted them to Manatee and Hardee counties. This is a short-term shift and revenues should return to near normal in FY 07. Forecasts are based on Management and Budget staff judgment and analysis of the number of phosphate mining reviews for the preceding three years.

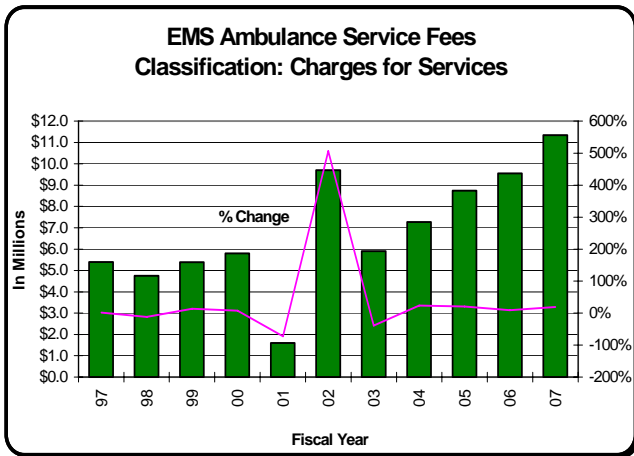


# MAJOR COUNTY REVENUES

## CHARGES FOR SERVICES

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

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

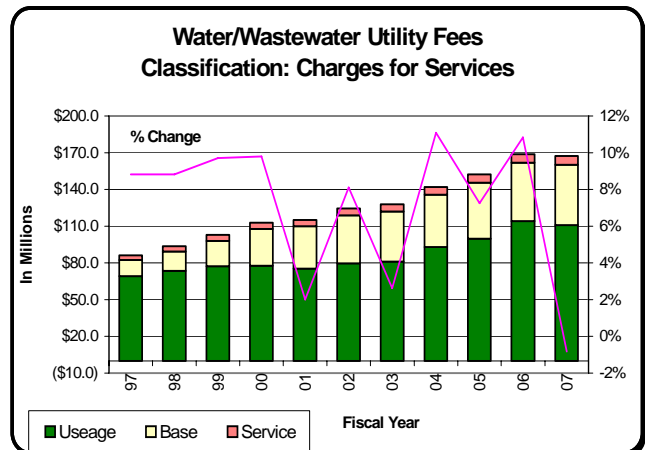


**Water and Wastewater Utility User Charges** - The primary source of revenue for the Hillsborough County Water and Wastewater utility system is the monthly charges to its customers. These charges are composed of three parts – Base Facility Charges, Volumetric Charges and the Customer Service Charge.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

A rate study is conducted by the Water Resource Services Department every two years to set the rates for the biennial budget. The study, which is validated by an independent consultant, is

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

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



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

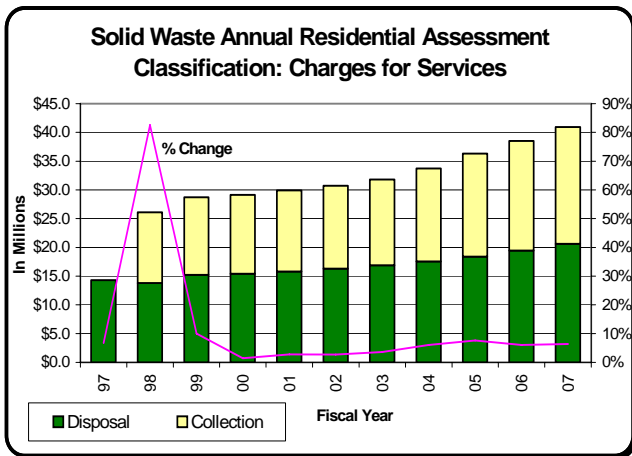
The solid waste collection assessment was approved by the BOCC on November 13, 1996, and went into effect on October 1, 1997. This assessment replaced the annual \$82.08 fee residents previously paid directly to collectors for curbside service. Franchise collectors are now paid directly by the County. From FY 98 through FY 03 the rate was \$76.20. For FY 04 the rate was \$80.68 and increased to \$85.16 for FY 05. It is projected to re-

## MAJOR COUNTY REVENUES

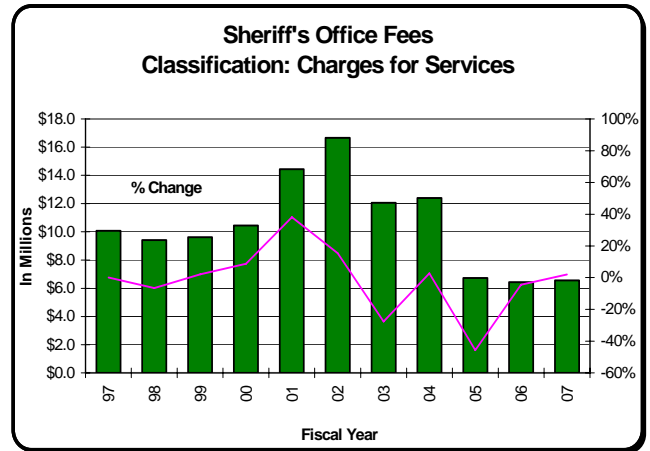
main at \$85.16 for FY 07.

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

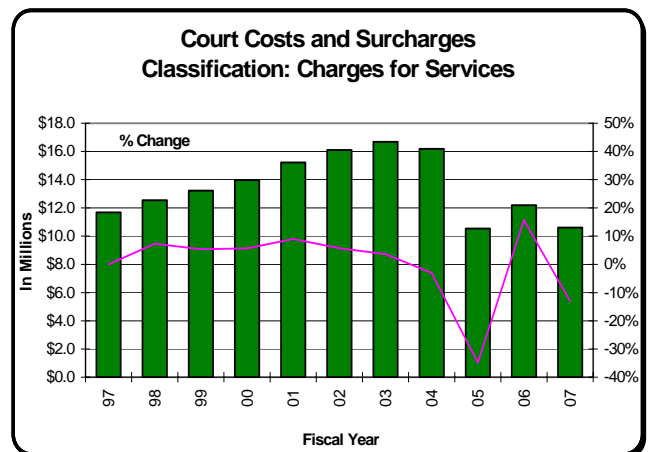
Reflecting Solid Waste Management Department expert staff judgment and existing property tax rolls, solid waste funding sources for are expected to rise by 4.0% for FY 07, mainly due to increased volume of tonnage processed related to growth in the system and the increased collection assessment rate.



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



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

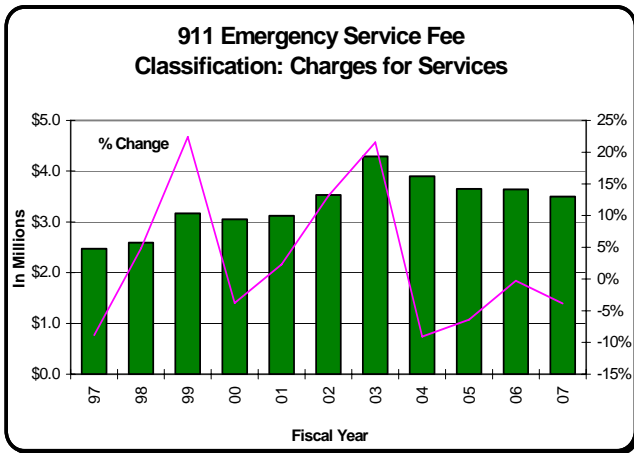


**911 Emergency Service Fee** – This fee is paid by landline telephone subscribers within Hillsborough County to fund the 911 emergency service program. The monthly rate is 50 cents per access line up to a maximum of 25 lines per account. There is a similar fee imposed by the State of Florida on cellular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

## MAJOR COUNTY REVENUES

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

The income from the 911 service fee grew steadily from FY 95 through FY 03. However, in FY 04 the revenue began to decline as the number of landline telephones declined. Information and Technology Services Department staff anticipates further decreases for FY 07 based on expert staff judgment and input from the Florida State Technology Board. It should be noted that the State's E911 fee has had a corresponding increase as the number of cellular telephones has increased.



### Fines and Forfeitures

*Fines and Forfeitures* comprise only 0.2% of County revenues. Prior to July 1, 2004, these revenues consisted mainly of court, local ordinance and library fines. However, State legislation related to Article V implementation redirected court fines to the Clerk of the Circuit Court to carry out court-related functions. This resulted in a revenue loss of approximately \$1.0 million.

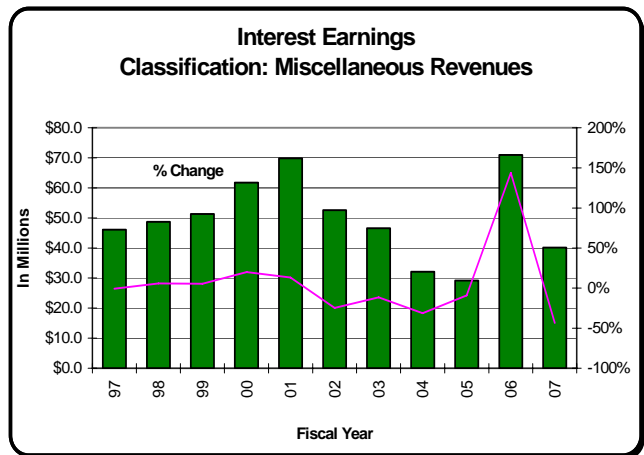
### Miscellaneous Revenues

*Miscellaneous Revenues* account for approximately 5% of total revenues. Interest, special assessments and impact fees account for the majority of revenues in this category. In addition to the revenues detailed below, this category also includes rental income, sale of surplus equipment, property and land, and contributions and donations. It also reflects the net change in the fair value of investments. This last category reflects recent changes in governmental accounting standards. The County does not currently budget for unrealized changes in the value of its investments, but they are reflected in its financial statements and they impact future years' budgets through changes in the fund balance brought forward.

**Interest Earnings** – Interest earnings are one of the largest com-

ponents of Miscellaneous Revenues and affect every county fund. As the chart below shows, there can be a great deal of fluctuation in interest earnings. The main reason for this fluctuation is a change in interest rates and since most of the County's funds are in short term investments, as short-term interest rates rise so will the County's interest earnings and vice versa. The spikes in FY 96 and FY 01 are due to short-term interest rate increases while the declines in FY 02 & FY 03 are due to short-term interest rate decreases. On June 30, 2004 the Federal Reserve, in response to improving economic growth, began a string of short-term interest rates increases that have continued in 2005 and 2006. From June 2004 through June 2006 the Fed has increased the Fed Funds rate a total of 425 basis points. Analysts project the Fed may stand pat for the balance of 2006 before reversing course in 2007 in response to a more slowly growing economy.

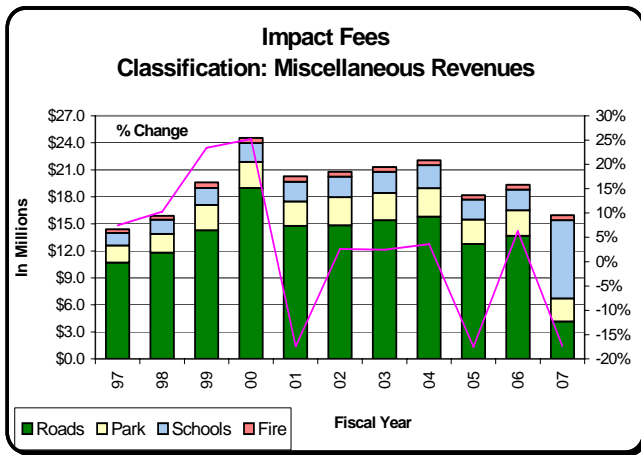
The other component of interest earnings is the average daily cash balance. Overall this tends to fluctuate very little from year to year, but did steadily increase from FY 97 through FY 03. However, a one-time drawdown in reserves for capital projects and the use of excess revenues from the late 1990's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



**Impact Fees** - Impact fees on new construction were implemented in June 1985 to finance capital facilities needed to maintain service levels in areas of growth. The first of these fees was for roads and parks, while the right-of-way portion of the roads impact fees was implemented in February 1986. School impact fees followed in August 1986, with fire impact fees implemented in June 1988. Originally, all impact fees were collected only in the unincorporated areas of the county. However, on January 1, 1993, school impact fees began to be collected in both incorporated and unincorporated areas of the county.

## MAJOR COUNTY REVENUES

In April 1990, all impact fees, with the exception of fire impact fees, were increased. The degree of increase depended on several factors including land use, location, and engineering factors. Total impact fee revenues have shown steady growth since FY 95, reflecting overall county growth. Not shown, however, are the in-kind contributions provided by some developments in lieu of paying fees. Cost recovery rates for impact fees have dropped substantially since fees were changed in 1990. In July 2006, the Board voted to increase school impact fees beginning in November 2006. This increase is illustrated in the chart below. Fees are conservatively estimated by Management and Budget staff using a five year trend analysis and expert staff judgment.

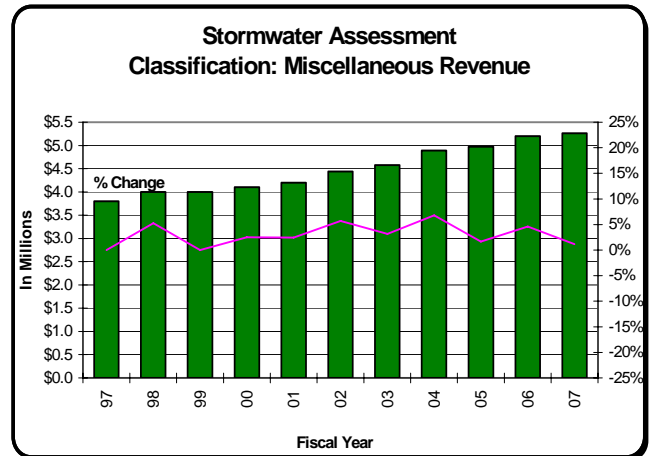


**Stormwater Assessment** - On June 22, 1989, the Board of County Commissioners of Hillsborough County imposed a stormwater assessment on developed properties within unincorporated Hillsborough County. This assessment pays for costs associated with the Hillsborough County stormwater system, including capital

augmentation. The assessment applies to roofed and paved parcels of land within areas that cannot absorb water. The stormwater assessment is placed on the tax bill as a non-ad valorem assessment.

On August 15, 1991, the Board set the rates for single family residential and agricultural parcels at \$12 per year. Other residential parcels, such as apartment complexes and condominiums, are assessed \$6 per dwelling unit on the parcel. For non-residential parcels the assessment is \$.01 for each 1.5 square feet of area which cannot absorb water, with a minimum assessment of \$12.

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



## THE PROCESS OF ADOPTING THE BUDGET

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

### SPECIFIC REQUIREMENTS

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

The County Administrator must present a balanced budget to the Board of County Commissioners (BOCC) by July 15.

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

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

Within fifteen days after the first public hearing, the County must publish two adjacent budget ads in a

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

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

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

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

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

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

## THE PROCESS OF ADOPTING THE BUDGET

***The process for adopting the FY 07 budget for Hillsborough County consisted of four distinct phases.***

***The Planning Phase*** began October 1, 2005 with in-house review of the FY 06 and FY 07 two-year budget process and consideration of comments from the review of prior budget documents by the Government Finance Officers Association (GFOA). The FY 06 and FY 07 biennial (two-year) budget received GFOA's *Distinguished Budget Presentation Award*, including the following special recognition: *Outstanding as a Financial Plan, Special Capital Recognition and Special Performance Measures Recognition*. The planning phase continued with preparation of budget instructions, examples, and training materials.

***The Preparation Phase*** for FY 07 was designed to require only minor changes over the FY 07 Planned Budget previously approved by the BOCC. The FY 07 preparation phase for all BOCC funded organizations began with an overview of the budget process at the February 8, 2006 Director's meeting and the delivery of instructions and reports beginning March 6, 2006. For the FY 07 recommended budget process departments were to prepare decision units and related summaries for only those budget items changing from the previously approved planned budget. When the FY 07 planned budget was prepared, departments and agencies were told to prepare budgets at what is called the "continuation level", that is, pricing FY 07 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. Departments requiring such funding must submit a new or revised decision unit.

These "decision units" describe distinct services and levels at which these services may be offered. Department or agency management then ranks each decision unit by funding source against all decision units in the funding source and in the department. The ranking of "decision units" gives management a means of evaluating what services could be offered at a variety of funding levels by a department. For FY 07, departments were also allowed to submit "desired decision units" reflecting service or activity levels that may have changed as a result of new mandates or Board actions.

The deadline for BOCC departments and agencies to submit their budget packages to the Management and Budget Department was April 10th. Although Florida Statutes allow most Constitutional Officers to submit their budgets on June 1<sup>st</sup>, the County Administrator asked them to make their submissions earlier to accommodate an accelerated schedule. All were able to supply preliminary budget information in the requested time.

***The Review Phase*** consisted of scheduled budget work sessions between the County Administrator, appropriate Assistant County Administrator, and budget staff to review and discuss the departmental budget submittals. These sessions began in April and continued into May. In addition to the departmental budget meetings, there was one formal budget workshop conducted with the BOCC. This workshop was scheduled at the request of the Board so that they could be more involved in the budget process and provide input into the prioritization of issues that led to the development of the recommended budget.

***The Public Adoption Phase*** began with the formal presentation of the County Administrator's Recommended Budget on June 7, 2006. The BOCC review of the budget and the public process of review, change, and formal adoption lasted through late September. This phase included three workshops with the BOCC and three public hearings of which two were mandatory under State law. Although one of these public hearings was not required by State law, the BOCC wanted to give county residents an opportunity 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 07. The proposed millage rates for FY 07 were set at a budget reconciliation workshop on July 27th. The proposed millage rates approved at the July 27th workshop were used by the Property Appraiser to prepare Truth-in-Millage (TRIM) notices distributed in mid-August.

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

## THE PROCESS OF ADOPTING THE BUDGET

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 12th. After hearing public testimony at the hearing, the BOCC adopted tentative millage rates and a tentative FY 07 budget.

The fourth and final milestone in this phase was the adoption of the FY 07 budget, setting the final millage

rates and adopting the FY 07 through FY 11 Capital Improvement Program (CIP). These actions were taken at the second public hearing held on September 21st. The second public hearing was advertised by a published notice with detailed information of the tentative millage rates and the tentative budget.

### Budget Process Milestones

#### *Planning*

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

#### *Preparation*

- February 8 – Budget “kick-off” meeting with Directors; Electronic Distribution of Budget Instructions and Forms
- March 6 – Distribute Personnel Worksheets and various budget reports to all organizations
- March 31 – Personnel Worksheets due from all organizations
- April 7 – Revenue Worksheets due from all organizations
- April 10 - 14 – Review recommended CIP with Program Directors
- April 10 - Budget Submissions Due
- June 1 - Budget Submissions Due From Sheriff, Clerk, Property Appraiser, and Supervisor of Elections

#### *Review*

- February 8 – BOCC Workshop; Discussion of the budget process, presentation of Countywide General Fund and Unincorporated Area General Fund Five-Year Pro Formas, discussion of funding for citizen initiated projects, discussion of non-profit agencies, and follow up on Community Based Plans
- April – May - County Administrator review of proposed budgets and decision units with Management and Budget Department staff, and Assistant County Administrators
- June 1 - Preliminary tax roll information from the Property Appraiser’s Office available.

#### *Public Adoption*

- June 7 - County Administrator presents the Budget at a regular BOCC meeting.
- June 8 - BOCC Workshop; Budget Overview and a discussion of gang-related Issues; the Board requested information on various issues resulting in assignment I-01 and “flagged” items F-1 through F-14 as potential revisions to the County Administrator’s Recommended Budget.
- July 1 - Official preliminary taxable values provided by the Property Appraiser’s Office. Statutory deadline for submitting proposed CIP to the Hillsborough County City/County Planning Commission
- July 15 - County Administrator’s Recommended Budget for FY 07 filed with the Clerk in accordance with Florida Statutes
- July 20 – BOCC Budget Workshop; Update in the status of the Budget; the Board “flagged” items F-19 through F-33 as potential revisions to the County Administrator’s Recommended Budget; significant “flagged” items included consideration of a further millage reduction, additional funding for the Planning and Growth Management department and funding for a sound barrier on the Veterans Expressway
- July 20 – Public Hearing to Accept Public Input on the Operating and Capital Improvement Budgets
- July 27 - BOCC Budget Workshop to Reconcile Changes to the Budget and Set Proposed TRIM Millage Rates
- September 12 - First State-Required Public Hearing to Adopt Tentative Millage Rates and Tentative Budget
- September 21 - Second State-Required Public Hearing to Adopt Final Millage Rates and the FY 07 Operating and Capital Budgets

## PROCEDURES FOR AMENDING THE BUDGET

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

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

Items requiring action by the BOCC are usually initiated by the individual department affected by the item. These items are accompanied by an AGENDA ITEM COVER SHEET form. This form is also used to amend the budget. However, the following additional information is required for budget amendments:

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

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

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

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

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

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

## FINANCIAL POLICIES AND PROCEDURES

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

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

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

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

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

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

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

### POLICIES AND GUIDELINES

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

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

## FINANCIAL POLICIES AND PROCEDURES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## FINANCIAL POLICIES AND PROCEDURES

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

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

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

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

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

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

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

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

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

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

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

**Definition:** For the purpose of the Hillsborough County Capital Improvement Program:

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

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

- 2) A **Major Repair, Renovation or Replacement Capital Project** is a project which is primarily intended to preserve or enhance the operational condition of the existing facility and may increase the capacity of the facility. Facilities undergoing major repair and replacement may include existing buildings, roads for resurfacing purposes, wastewater treatment facilities, etc. A project will be considered for the Major Repair, Renovation or Replacement Capital Project category if it has an estimated cost of \$100,000 or greater, or extends its useful life by at least five years, or adds capacity or square footage to an existing facility, or will require more than a twelve-month period to deliver. A project which does not extend the useful life of the asset by at least five years, or does not add capacity or square footage to an existing facility and will be delivered within a twelve-month period will be included in the County's routine repair and replacement program.
- 3) The **Capital Improvement Program** is the Board's approved financial plan of Capital Projects. The Capital Improvement Program will include "new" Capital Projects and Major Repair, Renovation or Replacement Capital Projects. "New" Capital Projects include the acquisition of new capital facilities through either purchase or construction, or assets acquired through public/private partnerships. The Capital Improvement Program should include

any new facility or any existing facility which is being changed to either extend the useful life by at least five years, increase capacity, increase square footage, increase the level of service to the community, or change the function of the facility.

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

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

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

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

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

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

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

## FINANCIAL POLICIES AND PROCEDURES

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

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

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

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

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

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

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

Excess fund balance is defined as both, (1) underexpenditures which may be realigned in the budget in which it was appropriated pursuant to Section 129.06(2)(a), Florida Statutes and,

(2) unanticipated revenue which may be appropriated pursuant to Section 129.06(2)(f), Florida Statutes, that combined exceed the budgeted beginning fund balance for the next fiscal year.

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

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

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

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

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

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

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

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

**18. Pay-As-You-Go Funding of Capital Improvement Projects - BOCC Policy 03.02.02.05:** It is the long-term policy of the BOCC to use at least one percent of the County's unrestricted General Fund revenues and one percent of the County's unrestricted General Purpose MSTU Fund revenues to provide pay-as-you-go funding for the general government capital improvement program (CIP) for renewal, replacement and/or im-

## FINANCIAL POLICIES AND PROCEDURES

provement of County facilities. For the purpose of this calculation, fund balance, transfers and other non-revenue sources will not be considered.

**Purpose:** The purpose of this policy is to establish a long-term target for financing a portion of the County's general government capital improvement program through pay-as-you-go funding, in order to provide adequate funding for minor projects, rehabilitation and renovation of existing assets, and front-end funding of other projects for which total project cost has not been calculated.

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

### 19. Prioritization of Capital Projects - BOCC Policy

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

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

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

### 20. Minimizing the Expense of Financing Capital Projects -

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

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

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

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

### 21. Operating Impact of Capital Projects - BOCC Policy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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26. **Pay Comparability with Public And Private Employers-BOCC Policy 03.02.02.13:** It is the policy of the BOCC that pay ranges for all employees be adjusted so that the County can maintain the 50th percentile in a comparison of pay with public and private employers. For the purposes of that comparison, the midpoint of each County pay range is the imputed market value of a job and should be set so that one-half of comparable employers pay lower (the basis for a 50th percentile) and the other one-half pay higher.

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

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

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

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

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

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

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

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

29. **Multi-Year Projection of Operating Funds - BOCC Policy 03.02.02.16:** It is the policy of the BOCC that the County annually prepare a Pro Forma projection of revenues and expenditures for the General Fund and Unincorporated General Fund that builds on the adopted current year budget and extends that budget five years - consistent with the period covered by the County's capital improvement program. The projections should include the anticipated operating impacts of the adopted capital improvement program. Major assumptions should be outlined and sensitivity analysis should be provided for alternate assumptions. In addition to the financial projections, the County will prepare a financial plan outlining how the County can address any shortfalls identified in the projections.

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

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

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

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

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

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

## FINANCIAL POLICIES AND PROCEDURES

Approved positions that have remained vacant for greater than one year will be eliminated along with related budget appropriation unless continuation of the position(s) is approved by the BOCC. For purposes of this policy, a position is not considered to be vacant if it is associated with an employee that is on an approved leave of absence. A position becomes vacant on the date that staff in the position terminated employment based on the effective date in an approved personnel action. Newly established positions are considered to become vacant from the effective date of the position as determined through Civil Service Board approval up until such time as the position becomes filled with a new employee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- FY 00 a minimum of 0.625 percent
- FY 01 a minimum of 1.250 percent
- FY 02 a minimum of 1.875 percent
- FY 03 a minimum of 2.500 percent
- FY 04 a minimum of 3.125 percent
- FY 05 a minimum of 3.750 percent
- FY 06 a minimum of 4.375 percent
- FY 07 a minimum of 5.000 percent

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

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

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

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

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

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

**Purpose:** The purpose of this policy is to establish that services and programs provided by the County are evaluated to ensure that the best approach for delivery is selected which is

## FINANCIAL POLICIES AND PROCEDURES

both efficient and effective. Programs and services are the methods by which a government addresses priorities created through its policies and plans.

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

### 38. Budget Adjustment For Turnover Savings - BOCC Policy

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

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

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

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

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

### 39. Use of Capital Project Appropriations - BOCC Policy

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

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

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

- 2) Once contingency balance requirements have been met, remaining capital project appropriations may be used to reduce outstanding debt within the applicable program if permitted by bond covenants and if doing so does not create an economic or financial loss.
- 3) If the requirements in 1) and 2) above have been met, remaining funds may be used to initiate new projects.
- 4) Depending on the original funding source, if no unfunded needs currently exist, if no other requirements are specified under bond covenants, grant contracts, statutory provisions or other legal requirements, excess funds shall be added to Reserve for Future Capital Outlay. If the funds were originally transferred from a tax fund then remaining appropriations may be returned to that tax fund.

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

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

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

## FINANCIAL POLICIES AND PROCEDURES

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

- 1) Operating expenses within **restricted subfunds** may be adjusted (added to or subtracted from) for any actual fund balance in excess of or below that budgeted. Use of excess balances will be determined during the review of reappropriation requests.
- 2) Operating expenses relating to an encumbrance that is limited to one-time costs budgeted in a prior fiscal year with an obligation to pay carried into the subsequent year. The expenses must be necessary and material in amount in relation to the department's budget (e.g., the balance of a professional services contract that cannot be absorbed within the current fiscal year budget). Eligible items should come primarily from encumbrances within objects 031 Professional Services and 034 Other Contractual Services. Encumbrances for "supplies" typically do not meet the eligibility criteria for reappropriation. All reappropriation requests must be specifically documented and supported by a valid purchase order or encumbered contract.
- 3) Grants and aids and capital items where a purchase order was issued and funds encumbered in a prior fiscal year, but payment was not made prior to the close of that fiscal year.
- 4) Grants and aids and capital items for which the Procurement Services Department received a valid purchase requisition and a pre-encumbrance was posted in FAMIS but the actual purchase order was not issued prior to the end of a prior fiscal year. This eligibility criterion, as it relates to capital items, is intended to accommodate the purchase of capital equipment that has a long purchasing cycle, including the development of specifications and bidding. Individual pre-encumbrances will be reviewed for eligibility based upon the date the requisition was initiated, type of equipment, and whether the specific capital outlay was part of an approved BF-105 in the department's prior year budget submittal or a mid-year budget amendment.

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

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

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

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

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

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

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

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

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

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

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

## FINANCIAL POLICIES AND PROCEDURES

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

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

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

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

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

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

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

**44. Debt Management - BOCC Policy 03.02.06.00:** It is the policy of the Board of County Commissioners: (a) to periodically approve the issuance of Debt Obligations on behalf of the County to finance the construction, acquisition and/or equipping infrastructure and other capital assets to meet its governmental obligations to its residents; (b) to approve the issuance of Debt Obligations to refund outstanding debt when indicated by market conditions or management considerations; (c)

that such Debt Obligations are issued and administered in such a manner as to ensure and sustain the long-term financial integrity of the County, to achieve the highest possible credit ratings and to preserve and enhance the quality of life, safety and welfare of its residents; (d) that such Debt Obligations shall not be issued or debt proceeds used to finance current operating expenditures of County government except as provided for herein; and, (e) to issue or guarantee, if necessary, Debt Obligations on behalf of independent authorities and agencies of the County to finance the construction, acquisition and/or equipping of infrastructure and capital assets which serve a public purpose and further the goals of County government.

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

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

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

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

In addition, the funds to expand the utilities system to service new customers shall be obtained through capacity fees, past earnings of the system, grants (including Community Investment Tax), proceeds from bonded Capacity Assessments Units (CAU's), and un-bonded CAU's. Provided, however, that any Water Department funds may be used to meet cash flow requirements to expand the utilities system with a return of those funds used in lieu of capacity fees. Capacity fees and

## FINANCIAL POLICIES AND PROCEDURES

CAUs shall be accounted for as set forth in appropriate county ordinances and bond covenants. Also, these fees and all other Water Department fees, rates and charges shall be reviewed on an annual basis to determine their sufficiency for providing service in compliance with the bond resolution.

**Purpose:** The purpose of this policy is to insure that the Hillsborough County Water Department utilizes a financial program using acceptable and sound procedures consistent with standard criteria for operating utilities and that the Water Department shall be an enterprise fund existing solely on its own revenues and that such funds are utilized only for the use of the Water Department.

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

46. **Community Investment Tax Financial Policies - BOCC Policy 03.03.05.00:** The Board of County Commissioners is committed to the efficient delivery of projects to be funded by the Community Investment Tax. The Board recognizes that during the delivery period, the costs of the projects may change and opportunities to expedite projects may arise. The policy is summarized below and is described in more detail in the attachment.

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

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

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

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

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

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

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

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

- It is the intent that phosphate severance tax revenue be separately accounted for in the County's accounting structure so that a clear record of receipts, balances, interest earnings, and uses may be maintained. Under the County's accounting structure, this requires maintaining revenues and recording expenditures within a separate subfund.

## FINANCIAL POLICIES AND PROCEDURES

- While several uses have previously been identified as eligible uses of this tax, it is the policy of this Board that the funds be used for phosphate-related purposes. Pursuant to this policy, phosphate-related purposes shall consist of or be similar to such uses as restoration of phosphate lands for appropriate and lawful public reuse, mitigation or remediation of environmental damage or harm caused or likely to be caused by phosphate mining or its related and intended activity, or repair or improvement of public infrastructure directly damaged or likely to be damaged from such phosphate activities. Any expenditure of phosphate severance tax revenue not covered by the above definition will require a supermajority vote of the Board of County Commissioners.
- To prevent any abuse of these funds and interest thereof, any new use of phosphate revenue, will be reviewed by the County Attorney's Office and then presented to the Board of County Commissioners as a County Administrator recommendation in a staff report on the regular agenda for Board concurrence. No new use will be included in any recommended budget or budget amendment presented to the Board without prior approval.

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

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

### 49. Capital Funding for Outside Agencies - BOCC Policy

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

- 1) A Capital Funding Request Information Form will be available for download from the BOCC website. The form requires the following information:
  - a. A complete project description.
  - b. A discussion of the benefits that the completed project will provide.
  - c. An indication of whether this project will help the BOCC meet its Strategic Plan objectives, and if so, which objective.

- d. The proposed project location.
- e. A project cost estimate, with costs allocated by fiscal year in which they will be incurred.
- f. A discussion on how the project cost was determined.
- g. The estimated project start and completion dates.
- h. An estimate of annual operating and/or maintenance costs once the project is completed.
- i. A discussion on the basis on how the annual operating and/or maintenance costs were determined.
- j. The signature of the agency head or chief financial officer attesting to the accuracy of the information.

- 2) A Business Plan will include a discussion of how the agency proposes to meet annual operating or maintenance cost requirements, and will provide a sensitivity analysis for their anticipated ability to meet ongoing cost commitments at various revenue levels.
- 3) Identification of other actual and/or proposed funding sources including the estimated amount from each source.
- 4) A discussion of the intended ownership of the capital asset –whether the agency will retain ownership or will turn it over to the County once completed.

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

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

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

### 50. Funding Reclaimed Water Improvement Unit (RWIU) Projects - BOCC Policy 09.07.07.00:

For Hillsborough County to provide Reclaimed Water Improvement Unit (RWIU) Projects to residential subdivisions, two-fold funding will be required:

- 1) Reclaimed Water Facilities – Transmission. These will be funded from existing Utility Enterprise Fund Bond proceeds through specific Capital Improvement Program (CIP) projects. If bond proceeds are not sufficient, other

## FINANCIAL POLICIES AND PROCEDURES

Utilities Enterprise funds may be used upon BOCC approval.

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

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

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

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

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

**Definitions:**

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

- b. Reclaimed Water Facilities – Transmission. Those pipes, valves, fittings, and appurtenances used to convey reclaimed water from a wastewater treatment plant or pump station to reclaimed water distribution facilities.
- c. Reclaimed Water Facilities – Distribution. Those pipes, valves, fittings, service connections, and appurtenances used to convey reclaimed water transmission facilities to customers within a subdivision.

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

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

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

## ESTIMATION OF THE COUNTY'S ENDING FUND BALANCE

In reviewing the County Administrator's Recommended Budget for FY 07, the reader will notice that the County's practice is to appropriate all beginning fund balances and all revenues and other sources. As a result, it appears that it is the County's intent to end the fiscal year with no remaining funds. That is not the case.

The County's estimation of its fiscal position on September 30, 2007 can be looked at in two ways; on a budgetary basis and on a projected yearend basis.

First, a budgetary basis, State law requires a balanced budget, so a significant portion of the adopted budget is placed in reserves. Since these reserves cannot be expended but must first be appropriated by amendment of the adopted budget, the reserves can be viewed as an assumption of ending fund balance. In fact, sufficient reserves are included to ensure adequate funds are available at the beginning of the next fiscal year to meet payments. A listing of reserves is found in this document and totals \$692.2 in FY 07.

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

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

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

The first column reflects the budgeted beginning fund balance.

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

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

The final column, which reflects a somewhat conservative projection of fund balance as of September 30, 2007, is column one plus column two, less column three. The total for all funds is \$713.2 million in FY 07.

## FY 07 ESTIMATED ENDING FUND BALANCE

DESCRIPTION	BEGINNING FUND BAL	REVENUES/ SOURCES	EXPEND/ USES	ENDING FUND BAL	PERC. CHG.
<b>General Fund</b>					
Countywide General Fund	\$104,183,493	\$611,818,104	\$612,009,403	\$103,992,194	-0.2%
Unincorporated Area General Fund	58,649,915	389,024,425	389,411,455	58,262,885	-0.7%
Subtotal	162,833,408	1,000,842,529	1,001,420,858	162,255,079	-0.4%
<b>Special Revenue Funds</b>					
Countywide Special Purpose Fund	28,731,069	155,251,812	135,779,664	48,203,217	67.8%
Unincorporated Area Special Purpose Fund	8,946,641	32,955,953	36,074,516	5,828,078	-34.9%
County Blended Component Units Fund	22,005	10,112,254	10,121,904	12,355	-43.9%
Local Housing Assistance Program Fund	0	8,386,814	8,386,814	0	N/A
State of Florida Health Care Surtax Trust Fund	61,997,000	114,284,171	94,991,164	81,290,007	31.1%
Sales Tax Revenue Fund	40,328,945	235,801,926	227,752,738	48,378,133	20.0%
Intergovernmental Grants	0	93,136,816	93,136,816	0	N/A
County Transportation Trust Fund	10,154,197	153,028,509	148,970,575	14,212,131	40.0%
Library Tax District Fund	15,188,241	59,940,392	46,178,454	28,950,179	90.6%
Infrastructure Surtax Fixed Project Fund	0	141,761,776	134,201,817	7,559,959	N/A
Subtotal	165,368,098	1,004,660,423	935,594,462	234,434,059	41.8%
<b>Debt Service Funds</b>					
Cap Imp Non-Adval Rev Bds Ser 98 Fund	374,594	1,500,000	1,500,000	374,594	0.0%
Fuel Tax Ref Revenue Bonds Debt Svc Fund	1,159,746	2,391,775	2,385,600	1,165,921	0.5%
P&R G.O. Bnds 93/96/02 Dbt. Svc. Fund	150,687	1,413,304	1,397,193	166,798	10.7%
ELAPP Limited Ad Valorem Tax Bonds	1,080,766	5,404,553	5,358,352	1,126,967	4.3%
Crim Just CIP Ref Rev 93 & 03 Debt Svc Fund	11,760,499	9,905,543	9,998,500	11,667,542	-0.8%
Court Facil Rev Bonds 99 & 05 Debt Svc Fund	2,685,737	2,557,943	2,544,097	2,699,583	0.5%
CIP Rev Bonds 94/96/06 Debt Svc Fund	3,857,632	3,226,310	3,254,022	3,829,920	-0.7%
Cap Imp Non-Adv Ref Rev 96 & 06 Bd Fund	6,588,784	5,136,643	5,189,711	6,535,716	-0.8%
CIT Rev Bds 2001 A & B Debt Svc Fund	2,103,693	4,547,095	4,536,262	2,114,526	0.5%
CIT Rev Bds 2004 Debt Svc Fund	2,643,519	6,349,340	6,341,007	2,651,852	0.3%
TSA Non-Adv Ref Rev Bds 05 Debt Svc Fund	1,150,313	1,122,075	1,310,850	961,538	-16.4%
Subtotal	33,555,970	43,554,581	43,815,594	33,294,957	-0.8%
<b>Capital Projects Funds</b>					
Countywide Capital Projects Fund	0	23,521,760	23,562,730	(40,970)	N/A
Unincorporated Area Capital Projects Fund	0	10,968,736	4,441,700	6,527,036	N/A
General Oblig Bonds P&R Program Fund	0	0	(3,124)	3,124	N/A
Enviro Sensitive Lands Tax/Bond Fund	1,715,021	14,062,488	14,441,252	1,336,257	-22.1%
Court Facil Non-Bond Construction Fund	0	100,000	0	100,000	N/A
Capital Improvement Commercial Paper Prog Fd	0	247,413,028	157,657,557	89,755,471	N/A
Falkenburg Jail Construction Fund	0	(786,949)	0	(786,949)	N/A
Subtotal	1,715,021	295,279,063	200,100,115	96,893,969	-22.1%
<b>Enterprise Funds</b>					
Solid Waste System Enterprise Fund	74,016,126	195,349,915	209,334,015	60,032,026	-18.9%
Water & Wastewater Utility Enterprise Fund	119,982,808	472,695,147	584,800,456	7,877,499	-93.4%
Capital Improvement Commercial Paper Prog Fd	0	5,570,000	5,570,000	0	N/A
Recl Water Spcl Assessment Rev Bds 2000	0	412,825	1,113,096	(700,271)	N/A
Capacity Assess Special Assess Bds 2000	0	7,567	4,955,132	(4,947,565)	N/A
Subtotal	193,998,934	674,035,454	805,772,699	62,261,689	-67.9%
<b>Internal Service Fund</b>					
Fleet Services Fund	12,871,664	28,226,292	28,411,496	12,686,460	-1.4%
County Self Insurance Fund	128,345,037	112,722,443	110,501,648	130,565,832	1.7%
Subtotal	141,216,701	140,948,735	138,913,144	143,252,292	1.4%

## FY 07 ESTIMATED ENDING FUND BALANCE

DESCRIPTION	BEGINNING FUND BAL	REVENUES/ SOURCES	EXPEND/ USES	ENDING FUND BAL	PERC. CHG.
<b>Trust &amp; Agency Funds</b>					
CAU Special Assessment Bonds 2006	8,895,375	10,412,292	9,095,195	10,212,472	N/A
Transportation Assessment Units Fund	0	9,014	300	8,714	N/A
Recl Water Spcl Assessment Rev Bds 2000	0	1,621,425	441,395	1,180,030	N/A
Capacity Assess Special Assess Bds 2000	0	7,984,587	2,473,097	5,511,490	N/A
Subtotal	8,895,375	20,027,318	12,009,987	16,912,706	N/A
<b>Total</b>	<b>\$707,583,507</b>	<b>\$3,179,348,103</b>	<b>\$3,137,626,859</b>	<b>\$749,304,751</b>	<b>5.9%</b>

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