



**TAXPAYER'S GUIDE
TO THE BIENNIAL BUDGET
FOR FY12 AND FY13**

The Taxpayer's Guide to the Adopted Biennial Budget for FY 12 and FY 13



Board of County Commissioners
(when budget was adopted on September 22, 2011)

Al Higginbotham, Chairman
Mark Sharpe, Vice-Chairman
Kevin Beckner
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For more information , please call the Business and Support
Services Department
813.272.5890

Available on the internet at
www.hillsboroughcounty.org

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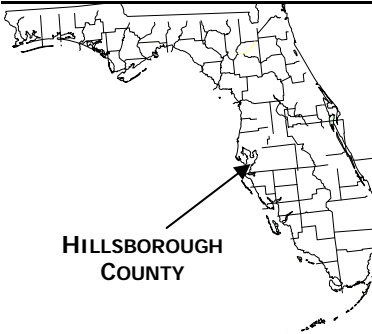
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How to Use This Booklet—We designed this booklet to help educate and inform the public about the Hillsborough County budget and county budgeting. We suggest reading Part I first to learn the concepts and terminology of governmental budgeting in general and, in particular, budgeting in Florida. In Part II, the booklet presents the Adopted Biennial Budget for FY 12 and FY 13.

You can obtain additional copies by calling the Hillsborough County Business and Support Services Department at 813.272.5890. For more information about the Adopted Biennial Budget and any updates, please to www.hillsboroughcounty.org/. You can also obtain a compact disk with the Adopted Biennial Budget and other relevant budget information by calling also calling 813.272.5890.

The cover this booklet is a photo taken of the shoreline of a lake in Hillsborough County. Hillsborough County is dotted with lakes, ponds and other water features as well as a long shoreline on Tampa Bay. As a tribute to the importance of water and its geographical features, you will find illustrations and short explanations of some of the County's water birds in this booklet.

The County's Environmental Land Acquisition and Preservation Program along with the Southwest Water Management District has helped to preserve these assets for future generations.



Located midway along the west coast of Florida, the county's boundaries encompass 1,048 square miles of land and 24 miles of inland water for a total of 1,072 square miles. With the largest bay in Florida opening to the Gulf of Mexico, its coast spans 76 miles.

**WELCOME to
HILLSBOROUGH
COUNTY
FLORIDA**

In Hillsborough County, the area outside the boundaries of the three cities (called the "*unincorporated area*") comprises 87% of the total county land area. The municipalities of Tampa, Temple Terrace and Plant City account for the remainder. According to the University of Florida's Bureau of Business and Economic Research, the county's total estimated population on April 1, 2011 was 1,238,951 of which 842,395 or 68% live in the area outside the municipalities making Hillsborough the fourth most populous county in Florida.

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

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

Hillsborough County has a diversified economic base including a large service sector, a large manufacturing sector and a thriving retail trade sector. According to the latest information, the four largest employers in the public sector are Hillsborough County School Board followed by Hillsborough County government, the University of South Florida and Tampa International Airport. Major private sector employers are Verizon Communications Corporation (telecommunications); St. Joseph's Hospital (medical facility), Publix Food Centers (supermarkets), Tampa Electric Corporation (electric utility), Bank of America (banking services), JPMorgan Chase (financial services), Busch Entertainment Corporation (tourist attraction), Sweet Bay Food Centers (supermarkets), Tribune Company (newspaper publishing) and MacDill Air Force Base (Central Command Headquarters).

The Port of Tampa adjacent to downtown Tampa serves as the closest port in the United States to the Panama Canal. It is also the largest tonnage port in Florida and the tenth largest port in the United States with respect to annual tonnage. Ninety-eight percent of the cargo moving through the port is bulk phosphate, phosphate chemicals, rock, coal and petroleum products. The Garrison Seaport Center is a \$300 million cruise terminal and entertainment complex. Along with the Florida Aquarium and the Tampa Bay History Center, it is part of re-development in the area known as the Channel District.

Another significant element of the economy is agriculture. The county's total agricultural production ranks 4th in the state and 59th in the United States. It ranks number two in Florida for the number of farms. In 2009, sales of crops were estimated at \$777.8 million. The crop with the highest sales in 2009 was strawberries.

Tourism is another major component of the economy. Busch Gardens of Tampa is one of the leading tourist attractions in the nation. There are numerous other attractions in Hillsborough County such as the Florida Aquarium, the Museum of Science and Industry, Tampa Museum of Art, the Glazer Children's Museum, the Lowry Park Zoo, the New York Yankees spring training facility, the Tampa Bay History Center and the Tampa Bay Times Forum in downtown Tampa. The county is also the home of the 2003 Super Bowl Champions, the Tampa Bay Buccaneers as well as the 2004 National Hockey League Stanley Cup Champion, the Tampa Bay Lightning. In 2012, the Tampa Bay Times Forum in downtown Tampa will be the site of the Republican National Convention.

GOVERNING the COUNTY - The BOARD of COUNTY COMMISSIONERS

A political subdivision of the State of Florida, the County is guided by an elected seven-member Board of County Commissioners. Through partisan elections, voters elect three Commissioners to represent the entire county and four Commissioners to represent single-member districts.

Under a Charter effective May 1985, the Board is restricted to performing the legislative functions of government by developing policy for the management of Hillsborough County. The County Administrator, a professional appointed by the Board, and his staff are responsible for the implementation of those policies. Besides the County Administrator, the County Internal Auditor and the County Attorney also report directly to the Board.

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

The Board of County Commissioners also serves as the Environmental Protection Commission. Individual Board members serve on various other boards, authorities, and commissions, such as the Hillsborough Area Regional Transit Authority, Tampa Bay Regional Planning Council, Tampa Bay Water, Aviation Authority, Expressway Authority, Sports Authority, Arts Council, Drug Abuse Coordinating Council, Metropolitan Planning Organization, Council of Governments and the Economic Development Corporation.



Board of County Commissioners

Standing left to right: Lesley "Les" Miller Jr. (District 3); Victor D. Crist (District 2); Kevin Beckner (District 6); Ken Hagan (District 5)
Seated left to right: Mark Sharpe (District 7), Vice-chair; Al Higginbotham (District 4), Chair
Center: Sandra L. Murman (District 1)



The Board of County Commissioners appoints the County Administrator who is responsible for carrying out all decisions, policies, ordinances and motions of the Board. He is also the designated Budget Officer. The current County Administrator, Michael S. Merrill, was appointed to the position in June 2010.

The COUNTY ADMINISTRATOR—ROLES and RESPONSIBILITIES

The departments and agencies under the County Administrator are grouped into four offices: Infrastructure and Development Services, Chief Financial Administrator, Public Safety and Community Services and Chief of Administration.

The departments under the County Administrator are responsible for providing services such as social services, animal services and public assistance to residents countywide. Departments are also responsible for providing municipal-type services to residents of the unincorporated areas of Hillsborough County such as road construction and maintenance, solid waste disposal, parks and recreation, emergency services such as fire suppression and prevention and potable and reclaimed water and wastewater treatment.

Other ELECTED OFFICIALS and AGENCIES

In addition to the members of the Board, citizens also elect seven other officials: Tax Collector, Property Appraiser, Clerk of the Circuit Court, Sheriff, Supervisor of Elections, State Attorney and the Public Defender. The Board of County Commissioners does not govern these officials, but funds all or, in some cases, a portion of their operating budgets. These officials maintain separate accounting systems.

Citizens residing in the three municipalities elect city council members and mayors separately from the Board of County Commissioners

Based on the degree of budgetary authority, taxing authority, the ability to obligate funds to finance any deficits and the ability to fund any significant operational subsidies, the Board of County Commissioners also reviews and approves the budgets of several other governmental entities. These are the Environmental Protection Commission, the Civil Service Board, the Planning Commission, Soil and Water Conservation Board, Metropolitan Planning Organization and the Law Library Board. The budgets of these offices and the other elected officials are included in the County's budget to the extent they are funded by the Board of County Commissioners.





Hillsborough County By the Numbers

The Great Blue Heron can be seen year-round in ponds, lakes and waterways, both fresh and salt water, in Hillsborough County. The largest of the North American herons, with a height of 45 to 54 inches, it hunts fish by wading slowly and using its rapier shaped bill to catch its prey.

Estimated Population (University of Florida, Bureau of Business and Economic Research) April 1, 2011	
Tampa	337,368
Temple Terrace	24,442
Plant City	34,746
Unincorporated Area	842,395
Total County Population	1,238,951

Population Diversity 2010	
White	71.3%
Black/African American	12.4%
Asian	3.4%
Other race/ethnic	3.2%
Persons of Latin/Hispanic origin	24.9%

(US Census Bureau)

Median Age	35.3 years
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Housing (Estimates)	
Number Households (2005-2009)	455,764
Homeownership Rate (2005-2009)	63.5%
Persons Per Household (2005-2009)	2.52
Total Housing Units (2010)	536,092

(US Census Bureau)

Average Sales Price	
Single Family Home, Hillsborough County (Greater Tampa Realtors Association, July 2011)	\$157,145

Income in Hillsborough Estimate 2010	
Median Household Income (2005-2009) <i>(US Census Bureau)</i>	\$46,168

Climate

Average Summer Temperature	82° - 90°F
Average Winter Temperature	50° - 56°F
Average Annual Rainfall	48 inches

Non-residential Construction Countywide Calendar Year 2010

Private Sector (in thousands) (Hillsborough County City County Planning Commission)	\$296,314
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Residential Construction Countywide Calendar Year 2010

Single Family (all types)	3,160
Multi-family	982
Mobile Homes	52

(Hillsborough County City County Planning Commission)

Public School Enrollment American Community Survey -2009

Kindergarten	14,931
Grades 1-8	129,332
Grades 9-12	61,395

County Services FY 10

Number of Fire Rescue Calls for Service	80,573
Books, Videos/CD, and Other Items Loaned by Library System	9.6 million
Number Visits to Hillsborough County Regional Parks	4.4 million
Number Water Service Customer Accounts	191,810
Number of surface road pot-holes patched	26,466



MISSION - The mission of Hillsborough County government is to provide effective, quality service at a reasonable cost with courtesy, integrity, and accountability in a manner which protects and enhances the quality of life of our diverse population. -- *Adopted by the Board of County Commissioners, March 18, 1998*

**MISSION,
VISION
And
VALUES**

VISION - In the year 2020, all of Hillsborough County will take pride in the progress which has made our community remarkable. We will have embraced and be inclusive of our diverse population. Both the government and the local economy will be financially sound providing opportunity and success for our citizens. We will have balanced growth with protecting the environment while providing high quality services. All of this culminating in Hillsborough County being the leader for providing a quality of life second to none in the country.

**HILLSBOROUGH COUNTY, AS AN ORGANIZATION,
VALUES THE FOLLOWING**

HILLSBOROUGH COUNTY, AS A COMMUNITY, VALUES

- | | |
|--|-----------------------------|
| A Spirit of Caring | Educational Opportunity |
| Individual Freedom | Personal Responsibility |
| Human Rights | Economic Self-sufficiency |
| Private Property Rights | Sustainable Environment |
| Citizen Participation in Government | Racial and Cultural Harmony |
| Integration, Planning and Feasibility of Public Services | Health and Public Safety |

Accountability - Accepting individual responsibility to perform quality work that contributes to quality service at a reasonable cost.

Diversity - Organizational effectiveness can best be achieved by recruiting and retaining a workforce that represents the diversified population of Hillsborough County.

Efficiency and Cost Effectiveness - The timeliness of meeting our obligations and performing each task; the stewardship and best use of our resources.

Empowerment - The freedom and power to act, command, or decide on a course of action.

Open and Honest Communication - An expression of a professional work environment which facilitates the exchange of information, ideas, and divergent opinions among all levels of an organization in an atmosphere of respect and genuine concern for the best interest of the County, its employees, and citizens/customers.

Quality - Meeting citizens/customers requirements the first time and every time.

Respect - The quality of accepting and holding in high esteem all persons right to their beliefs, values, autonomy, and differences while treating them with dignity, worth, courtesy, civility, and politeness.

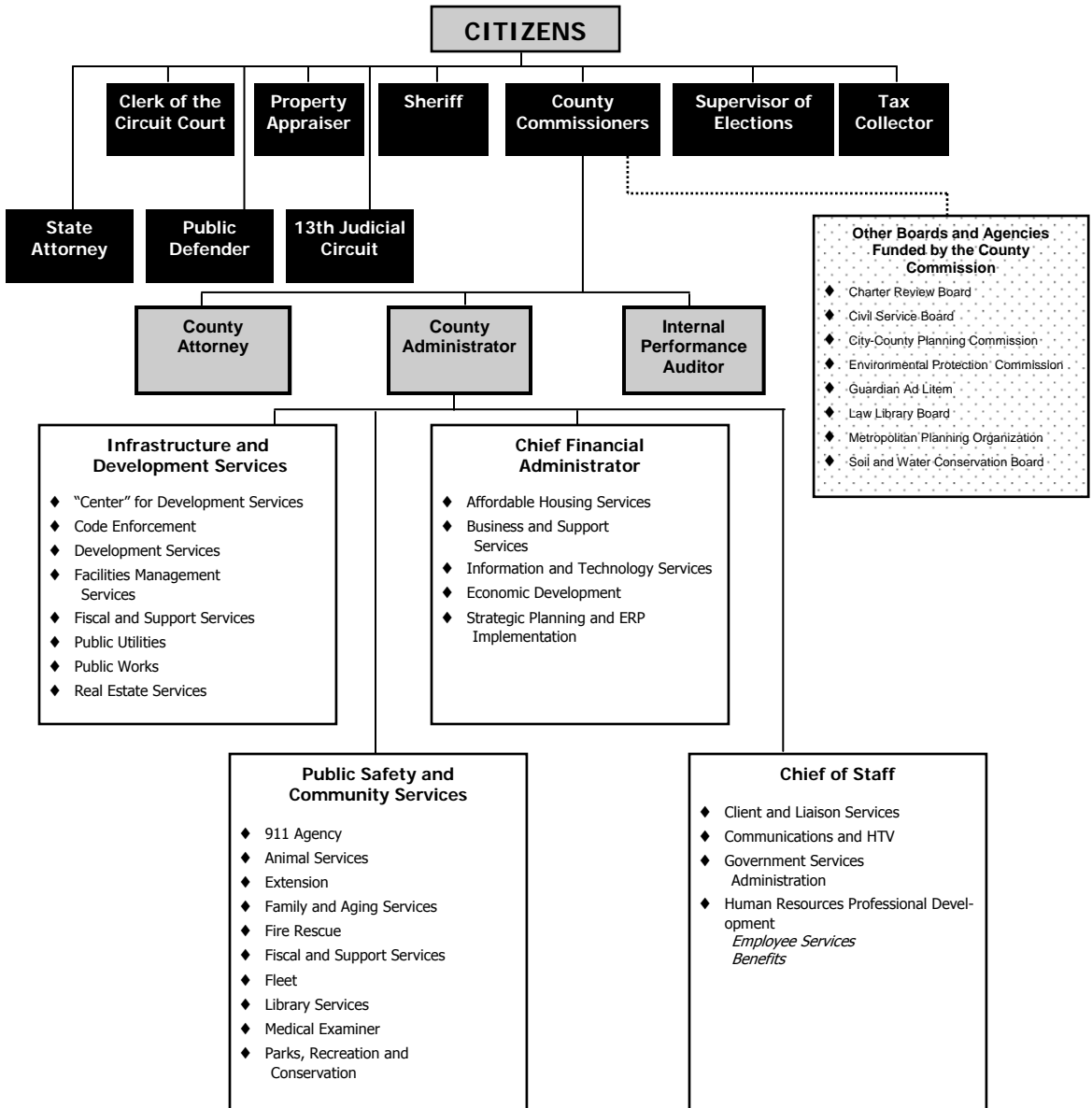
Responsiveness - The willingness and ability to provide information, reply to requests, answer questions, and complete tasks promptly.

Teamwork - The ability of a group of individuals to work together towards a common vision by each doing their part to achieve the efficiency of the whole.

- Adopted by the Board of County Commissioners on April 21, 1999

HILLSBOROUGH COUNTY—ORGANIZATION CHART

This chart shows the organization of County government and the levels of accountability to the electorate. Those directly elected to office by voters are shown in dark boxes. Those reporting directly to the Board of County Commissioners are in the gray boxes. Those under the County Administrator are shown in the white boxes. There are also boards and commissions funded through the Board of County Commissioners, but are not otherwise accountable to the Board. These are in the box connected by the dotted line.



**PART I—
BUDGET 101—
TERMINOLOGY
and
CONCEPTS**

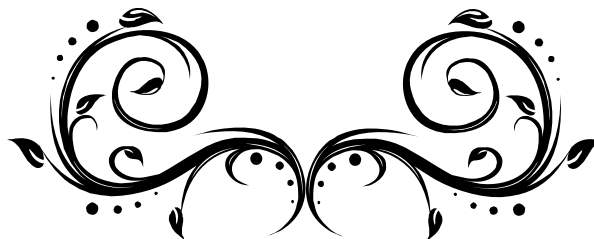
The organization under the Board of County Commissioners of Hillsborough County, Florida provides services to over 1.2 million people. Pursuant to the county charter and State law, this general purpose government is responsible for the money used to support programs to serve citizens with such services and facilities as jails, animal control, and social services regardless of where in Hillsborough County they live. The Board of County Commissioners also serves *842,395* or *68%* citizens living outside municipalities with law enforcement services, fire protection, and other municipal services. Like many growing communities in Florida, Hillsborough County government must balance its resources and programs between urban, suburban, and rural communities.

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

The budget of a local government serves many purposes. It can be a policymaking tool showing how resources are allocated to programs and activities reflecting the jurisdiction's priorities. It can also be a management tool producing data to determine what programs are working; measuring the quantity and quality of government services and helping identify potential problems. The budget can also be a financial tool showing the anticipated financial condition of the jurisdiction and a history of financial transactions.

This booklet gives the reader a basis to more fully understand Hillsborough County's **Adopted Biennial Budget for FY 12 and FY 13** and what factors drive the budget over the years. It discusses budget terms and concepts, the organization of the budget and the process Hillsborough County uses to develop and adopt its budget. It also explores the major sources of the County's revenues, other specialized governments and the roles Hillsborough County government serves.

The **Adopted Biennial Budget for FY 12 and FY 13** incorporates limitations on property tax revenue mandated by the State of Florida since June 2007. It also incorporates changes in how Hillsborough County delivers services in light of the decline in property values and sales or activity generated revenues caused by the severe recession. The net result of these conditions is that Hillsborough County has had to re-align the way it does business in many respects. In face of such challenges, Hillsborough County is committed to meeting its obligations to its citizens, investors and the community.



The TERMINOLOGY of BUDGETING—In some ways, learning about budgeting in government means learning a new vocabulary. Some terms and concepts will be familiar to those who have had business or accounting experience. However, many are unique to government budgeting and accounting. To some it may seem like a foreign language. To understand and appreciate the **Adopted Biennial Budget for FY 12 and FY 13**, it is necessary to become familiar with some budgeting terms and concepts and how the budget is organized and why.

Budget

The term “budget” refers to the financial plan for a fiscal year. In the case of local governments in Florida, this period is October 1 through September 30. When referring to a particular fiscal year, the acronym “FY” is used along with the last two digits of a year. For example, FY 12 refers to the period from October 1, 2011 to September 30, 2012.

Simply, a **budget** is a plan for using the County government’s financial resources. Like other jurisdictions Hillsborough County subdivides the budget. There is the **Operating Budget** for day-to-day expenses. There is the **Capital Budget** for construction of improvements that budget year. And there is the **Debt Service Budget** for paying the principal and interest for funds borrowed by Hillsborough County.

The **budget** discloses proposed expenditures for a given period and the proposed means of paying for these expenditures. Two basic components of a budget are the revenue or sources section and the expenditure or uses section.

Unlike the federal government, the County budget is always balanced. State law requires local governments to have balanced budgets. This means the amount of proposed sources is always the same amount as the proposed uses. Therefore, Hillsborough County budget is balanced and the County has no budget deficit.

In 1995, the Board of County Commissioners adopted a biennial budget process. This means its staff prepares a budget for two separate fiscal years.

This promotes better fiscal planning because it allows departments and agencies as well as the Board of County Commissioners to plan beyond the immediate budget. This year’s biennial budget is titled the **Adopted Biennial Budget for FY 12 and FY 13**. The first fiscal year, always an even-number, is the budget that the Board of County Commissioners legally adopts. The second fiscal year, always an odd-number, is approved as a plan and is later updated and officially adopted. This will called the **Adopted Budget for FY 13** after the conclusion of the update process in September 2012.

FAQ

The definition of “biennial” according to Webster’s is an event occurring every two years.

Revenues and Other Sources: Where the Money Comes From

In the broadest sense, a **revenue** is an *increase* in financial resources. **Revenues** are funds received by the County from its activities or external sources such as property taxes, fees for services such as ambulance fees, water utility fees, impact fees, non-ad valorem assessments, grants, payments from other governments, etc.

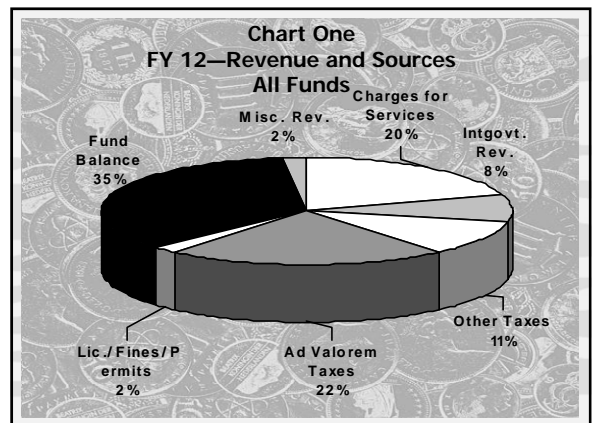
Accounting standards and guidelines differentiate between **revenues** and are other funding sources. Other funding sources include fund balance, inter-fund transfers, reimbursements, etc. These do not result from an activity of the County. Funds carried over from the previous fiscal year and transfers between different internal accounts or funds are not technically **revenues**, but they are also categorized on the **sources** side of the budget equation. There is a more extended discussion of revenues on page 16.

Fund Balance

At the end of a fiscal year, if there are more resources than expenditures, the remainder is called **fund balance**. This is sometimes referred to as "carried forward fund balance" because the resources can be "carried" into the next fiscal year. This is an important resource because some may be used in combination with revenues to fund new expenses.

Fund balance can be restricted or unrestricted. Restricted fund balance may be set aside for funding certain programs and activities. **Fund balance** is considered a resource and is shown on the "sources" side of the budget.

Chart One to the right shows the percentages of the various types of revenues that comprise the "sources" side of the FY 12 budget. A discussion of the types of revenues can be found on page 16 of



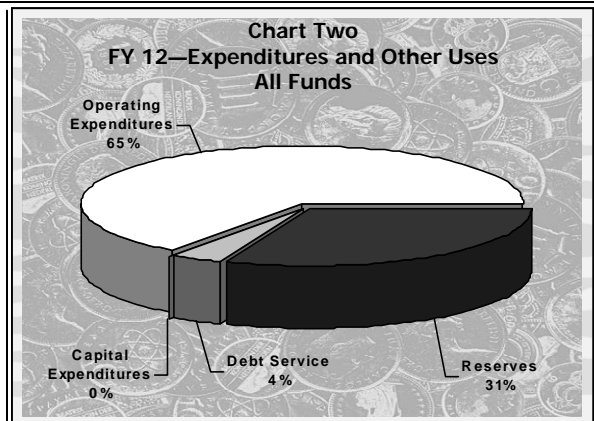
this booklet. A table showing the budgeted amounts of these revenues can be found on page 58.

Expenditures and Other Uses: Where the Money Goes or The Other Side of the Budget Equation:

In the broadest sense, an **expenditure** is a *decrease* in financial resources. There are three basic types of expenditures: **operating, capital and debt**. Chart Two shows the percentages of the budget allocated to each.

Operating expenditures are, in a broad sense, current day-to-day expenses such as salaries, utilities, supplies, and purchase of equipment or property below a certain dollar threshold or useful life. Usually, these are items which are consumed during the fiscal year in which they are purchased or acquired. When most people talk about government spending, they are probably referring to **operating expenditures**.

Operating expenditures are analogous to your family's living expenses. As seen in Chart Two above, operating expenditures consume the largest percentage of the budget. When looking at the two



charts, it is important to recognize that these figures represent the totals of all the funds, subfunds, departments and activities encompassed in the County budget. This is the part of the budget most impacted by inflation.

A capital expenditures are for the purchase, acquisition or construction of something that has a useful life beyond the end of the budget year or is

above a certain value. Under accounting rules, these are considered assets and are depreciated over time. A detailed inventory of the items acquired through capital expenditures is maintained. Examples of **capital expenditures** include construction of parks and roads; purchase of land; purchase of certain types of equipment such as automobiles, graders, computer systems; etc. The County designates the use of capital expenditures for each individual project. Collectively, these are called **capital projects**. In terms of the family budget, the purchase of an automobile is considered a **capital expenditure**.

The County occasionally needs to borrow money for long term or capital projects. State and federal laws very closely regulate borrowing. **Debt service** is all those expenses relating to the payment of principal and interest on long-term bonds and notes issued by the County.

Besides these expenditure categories, the "uses" side of the budget includes money set aside as reserves and transfers among various internal accounts or funds.

The **reserves** are like a family's "rainy day" savings accounts. Reserves are lump sum dollars set aside in a budget for unanticipated needs or for specific future needs. **Reserves** are not distributed or allocated to operating expenditures or capital expenditures because the specific requirements for the re-

serves are not known at the time of budget adoption or because bond documents require their establishment. The County is required to amend its budget in order to allocate reserve funds to an operating or capital project account.

Some **reserves** are required by State law. Some are required by agreements with lenders who finance the County's various bonds. In many cases, a **reserve** can only be used for a specific purpose. The County also has **reserves** that would be used in the case of a disaster where the County would need to pay cleanup and re-building costs before applying for partial reimbursement from the Federal government. The Board of County Commissioners has adopted policies over the years regarding how much to set aside in reserves for certain uses.

Transfers—Further complicating the structure of the budget and the process of adopting a budget are numerous movements of dollars among the funds and they are, therefore, internal to the County structure. The amount transferred out of one fund is recorded and the amount transferred into another fund is also recorded. We record this movement of funds as a "**transfer**" in the budget and in the accounting system in order to more accurately represent financial activity. **Transfers** provide money to programs that may not have adequate revenue from grants or fees generated by the program. Transfers are not shown in Chart One or Chart Two.

ORGANIZING the BUDGET

Because of the complexity of the budget, it is necessary to devise methods to organize the budget. Some of these methods are required by State law, others on requirements by funding agencies for separate accounting entities and others by accounting and budgeting rules. Several of these are discussed further.

Fund Accounting

Over the years, budgeting and accounting professionals in government have devised a means of organizing the way a budget is presented. This was necessary because of the complexity and number of resources, programs, types of expenditures, and restrictions imposed on government. This important concept is the division of the budget into categories called "**funds**." Budgeting and accounting for revenues and expenditures from these funds is called "**fund accounting**."

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

These **funds** and **subfunds** also allow the County to segregate certain revenues and then account for expenditures using these revenues. The largest **funds** are the Countywide General Fund, the Unincorporated Area General Fund, the Library Services Fund and the Transportation Trust Fund.

The County budget has 39 funds. These are further divided into 181 subfunds. Each **fund** and **subfund** accounts for a pool of restricted revenues. The County uses these funds, for example, to make payments on different types of County debt or to track fees collected to pay for certain County services.

This organization of **funds** and **subfunds** is analogous to a family having a separate bank account for one spouse's paycheck and making the mortgage payment only from this account. In the County's case, there are 220 accounts.

Each **fund** and **subfund** must balance - that is, sources must equal uses - and each must be separately monitored. When we talk about "balancing the budget," the process actually means that sources equal uses in each **fund** and **subfund**. The County budget, adopted each year by the Board of County Commissioners, is actually the total of the separate balanced **funds** or **subfunds**. Only then can the overall budget be said to be "balanced."

Line Item Detail

The term "line item detail" describes the most detailed level of reporting revenues and expenditures.

This level groups revenues and expenditures according to the source of revenue and the items that will be purchased. When presenting budget and financial information, categories are structured in a hierarchy from the most general category, such as operating costs, to the most detailed category, such as a line item for electricity for a specific building managed by the Facilities Management Division of the Real Estate Department. Some governments adopt and monitor budgets at the line item detail level. At this most detailed level, there are 14,799 individual line items budgeted and monitored in **Adopted Biennial Budget for FY 12 and FY 13**.

Reasons for This Organization

There are several reasons why Hillsborough County organizes its budget in such a fashion. While it does not take an accountant to understand a local government budget, the reader should understand a local government develops its budget in accordance with some uniform accounting standards and recommended budgeting practices. Some of the more important factors are:

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

A government using consistent standards can look at itself over time to measure its financial strengths. Comparisons can also be made with other units of government to measure comparative strength and performance. This is similar to a business measuring itself over time and comparing itself with similar businesses. Hillsborough County follows the standards set by the Governmental Accounting Standards Board (GASB).

- **State of Florida Budgeting Requirements** - The State of Florida establishes a variety of budgeting and

financial requirements for local governments. An example is its requirement for timing of the annual budget cycle. The “fiscal year” for counties begins October 1st and ends September 30th of the following calendar year. Another example is State requirements on how a county adopts and amends its budget. The State also has rules for using a standard “chart of accounts” so it is relatively simple to compare Florida governments.

- **Federal and State Grant Requirements** - Hillsborough County receives grants from several federal and State agencies. To ensure the County uses these funds for specific programs, these agencies require the County to keep these grant dollars separate from other County revenues. This segregation results in a more complex financial structure to manage these “restricted” dollars.

- **Recommended Budget Practices** – While budgeting has limited statutory requirements, there are two sources of recommended practices: the Government Finance Officers Association and the National Advisory Council on State and Local Budgeting. Both have developed “best practices” to improve and provide some consistency to budgeting practices. The Hillsborough County Board of County Commissioners has adopted formal policies based on

these recommended practices such as reserve, capital funding and debt practices.

- **Local Policies and Practices** - Finally, the Board of County Commissioners may establish policies and guidelines for using revenues to insure they are spent on specific programs. Examples of revenues with such self-imposed restrictions are: impact fees, stormwater assessments and permit fees. The County also has a set of a comprehensive financial policies adopted by the Board of County Commissioners to strengthen its management of financial resources.

Tracking Transactions—The County Administrator is the designated budget officer. The Hillsborough County Business and Support Services Department, under the direction of the County Administrator, prepares the budget using a computerized budget preparation system linked with the Clerk of the Circuit Court’s accounting system.

Like many counties in Florida, the Clerk of the Circuit Court is responsible for day-to-day accounting activities such as writing checks to vendors and processing payments. The Clerk also manages the computerized accounting system and invests County revenue.

SOME MAJOR COUNTY REVENUES – The budget is made up of many different kinds of revenue. Knowing the definitions and differences between them will help with understanding revenues unique to local governments. Hillsborough County government, like other Florida counties, provides municipal services to the area of the county outside cities and also provides services to all regardless of where in the county they live. In essence, the County is budgeting for more than one entity, but it is all included in one budget. In this section, we will be discussing the County’s revenue sources and the annual tax bill.

Property Taxes—When most people think of local government revenues, they think of property taxes. It is a critical source of funding for many day-to-day services provided by County government.

A property tax, more specifically called an ad valorem tax, is a tax based on the value of the property. It is based on the taxable value of the property

multiplied by the rate of taxation. The Hillsborough County Board of County Commissioners levies a Countywide Property Tax to pay for services countywide, a property tax to pay for long-term debt, a Municipal Services Tax Unit (MSTU) Property Tax and a Library Services Tax.

In the past four years, there have been significant events impacting property tax revenues and the valuation of property. In June 2007, the State legislature passed a bill limiting property tax revenues for local governments which significantly impacted the FY 08 budget. Then in January 2008, the voters approved a constitutional amendment increasing exemptions on the value of property, setting a cap on the percentage increase in taxable value for non-homestead properties and making the value of a homestead exemption portable to another homesteaded property. Finally, the steep decreases in property values starting in 2008, have led to lower property values for taxation. All these combined, worked to produce the dramatic decreases in the taxable values of properties and, in turn, on revenues generated by property taxes.

The Countywide Property Tax—The services provided to all citizens in Hillsborough County are called countywide” services and may use the **Countywide Property Tax** as a means of paying for services.

Examples of services and activities available to all Hillsborough County residents regardless of where they might live and financed with the Countywide Property Tax are: jail operations, shelters for abused or abandoned children, day care and activities for the elderly general, assistance for the indigent, centers for assisting low-income county residents, autopsies in cases of unexplained death, consumer protection, animal services mosquito control and operation of a system of regional parks to name a few.

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

FAQ

The term "ad valorem" is from a Latin phrase meaning "according to value."

The County also uses the Countywide Property Tax to fund a variety of outside agencies and organizations providing social and cultural services to county residents.

The Municipal Services Taxing Unit (MSTU)

Property Tax—A county may also provide city-type services to residents living outside city limits called the “unincorporated area.” On the tax bill, this is called the **MSTU**. Generally, a county is prohibited from using the Countywide Property Tax to pay for municipal-type services to unincorporated county residents. Instead, a county may levy a separate property tax, called the **MSTU Tax** on all or some of the properties only in the unincorporated area.

Examples of services and activities available to residents of Hillsborough County’s unincorporated area and paid with the

MSTU Tax are: land use planning and zoning, code enforcement, emergency medical services, fire suppression and arson investigation, operating and staffing a system of neighborhood and district parks, and maintenance of existing stormwater systems. This tax also funds the Sheriff’s patrol program that provides law enforcement services in the unincorporated area.

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

Property Taxes for Long-term Debt—Florida law also allows a county to levy separate property tax rates to pay for long-term bonds. Bonds using property taxes to guarantee the payment principal and interest are known as “**general obligation**” (G.O.)

bonds. The County issues the bonds only after voters have approved the bonds. Hillsborough County has two general obligation bond issues being financed through property taxes.

In 1991, voters approved a bond issue to finance the Environmental Land Acquisition and Protection Program. This program and tax was renewed in 2008 for another 20 years by county voters. The County levies a tax on all properties in Hillsborough County for this bond issue. Then, in 1992, voters approved a park construction bond program for a series of neighborhood and district parks in the unincorporated area. Only owners of properties in the unincorporated area pay this tax.

OTHER MAJOR REVENUES

Hillsborough County also gets revenues from other sources such as fees, permits, charges for services and grants. It also uses funds not spent in the prior year.

It is important to understand the County can combine property taxes and other revenues to support a broad range of activities. This includes supplementing programs

that receive funds from the State and federal governments. In the past several years, some of these grant funds have decreased and rather than reduce service, the County has funneled more local revenue to these programs in order to maintain the levels of service.

Utility Fees are based on the consumption of water and sewer services, pay for the operations, maintenance and debt financing of the water and sewer systems in the County's utility service area of the unincorporated portion of the county. New users also pay *capacity fees* to offset the cost of building water and wastewater treatment facilities.

Gasoline Taxes fund new roads, bridges, intersections and sidewalks, and maintenance of the ex-

isting County transportation network. There are federal, State and local gas taxes charged on each gallon of gasoline or diesel purchased. The State of Florida collects gasoline taxes and distributes the taxes based on State statutes.

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

Local Sales Taxes - A special *1/2 cent Sales Tax* funds the County's innovative program for the medically indigent. This program emphasizes investing in preventive and primary care so eligible county residents can avoid costly emergency care. The revenues from this tax may only be used for this program.

In 1996, the voters approved levying another *1/2 cent Sales Tax*, referred to as the **Community Investment Tax**. Proceeds from this 30 year tax finance numerous infrastructure improvements for the School Board (25% of all revenue), Hillsborough County government, and the three municipalities. Over the life of the tax, about 6% of revenue will pay for Raymond James Stadium used by the Tampa Bay Buccaneers professional football team and the University of South Florida football team.

The slowdown in economic activity during the recession has decreased the amount of sales taxes collected statewide and locally.

State and Federal Grants - The County also receives State and federal grants to operate specific

programs. For example, the federal government funds the County's Community Development Block Grant Program to help redevelop neighborhoods with substandard housing and provide needed social services. Other grants heavily subsidize the cost of programs for children such as the Head Start and Early Headstart programs while other grants provide services to the elderly. In some cases, the County receives grant dollars that are passed, in part, through to municipalities or to service providers in surrounding counties.

These grant programs have also been affected by the slow-down of the national and state economies and will probably be negatively impacted by future deficit reduction strategies.

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

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

Hillsborough County levies several non-ad valorem assessments in the unincorporated area. One is the **Stormwater Program Assessment**. This provides

money to design, maintain and construct stormwater facilities to prevent flooding.

The **Residential Solid Waste Collection and Disposal Fees** replace the fees paid directly to commercial collection services by residential solid waste customers and help finance and pay for the operation of the County's Resource Recovery facility.

Then, there is the **Residential Street Lighting Assessment**. It pays for the cost of electricity and maintenance of residential street lighting in sections of the unincorporated county.

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

Hillsborough County government is not the only government that imposes property taxes and non-ad valorem assessments. The three municipalities – Tampa, Temple Terrace and Plant City – also levy ad valorem taxes and special assessments. Like Hillsborough County, they also rely on property taxes to pay for municipal services delivered to the thirty-three percent (**32%**) of the county's residents living in these municipalities.

Besides the three municipalities, other units of government levying property taxes are the School Board, Hillsborough Area Regional Transit Authority (HARTline), the Tampa Port Authority, the Children's

OTHER GOVERNMENTS LEVYING TAXES and ASSESSMENTS

Board, and a multi-county district -- the Southwest Florida Water Management District (SWFWMD). The boards of these units govern separately from the Board of County Commissioners or municipalities.

A number of special districts also exist in Hillsborough County. These governments deliver customized services in specific geographic areas of the county. They have separate budgets and revenues. All rely on non-ad assessments as their revenue sources. These districts may be dependent or independent of the Board of County Commissioners or municipalities.

For example, the Board has established 46 special dependent districts at the request of homeowners associations in order to maintain public and common properties in these neighborhoods. The largest of these are in the Northdale and Bloomingdale areas of the unincorporated county.

Another type of special district is a Community Development District. There are 67 Community Development Districts in Hillsborough County and the majority of them are in the unincorporated area. These districts levy special assessments independent of the Board of County Commissioners or a municipality. They tend to be located in new developments. These districts use the revenues to finance infrastructure construction - such as roads, sewers and water lines - within the district boundaries. A Board of Supervisors independent of the Board of County Commissioners or a City Council manages each district.

On the annual property tax bill, the millage rates and amount of property taxes and non-ad valorem assessments for the County, each municipality and each special district are listed separately.

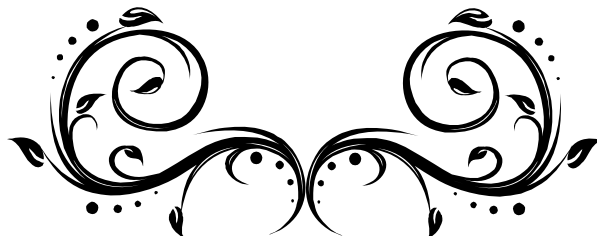
In Florida, a county government can serve two different roles. It can provide some services to all county residents regardless of whether or not the residents live in a city.

This is supported, to a large part, with the countywide property tax paid by all tax payers regardless of what municipality they may reside in. The county may also provide city-type services to the residents living outside city limits. This is supported, to a large part, with the **Municipal Service Unit Property Tax (MSTU)**.

In Hillsborough County, this distinction between the two roles and property taxes is important because according to the estimates of the University of Florida's Bureau of Economic and Business Research, the April 1, 2011 estimated population of Hillsborough County was 1,238,951, **68%** live in the unincorporated area; i.e., they do not live in the cities of Tampa, Temple Terrace or Plant City. This means 842,395 residents of the unincorporated area rely on Hillsborough County government to deliver municipal services like fire and police protection.

This means the Board of County Commissioners must act as the governing and taxing authority for the entire county and, at the same time, act much like a "city council" delivering municipal services to unincorporated residents.

**HOW the
COUNTY'S
DIFFERENT
ROLES IMPACT
the TAX BILL**



The **TAX BILL** - Rather than have each government send separate tax bills, Florida law requires each county's Tax Collector to send one consolidated tax bill. All local governments and special districts in Hillsborough County use this single tax bill. State statutes define the process. Besides Hillsborough County, other local governments collecting their property tax and non-ad valorem assessments through the tax bill are: the School Board, the Children's Board, Southwest Florida Water Management District (SWFWMD), Hillsborough Regional Transit Authority, the Tampa Port Authority, municipalities and special districts.

In Florida, there are three factors for calculating the amount of property tax. These are: the assessed value of the property, the amount of the value not subject to the tax due to exemptions, and the tax rate. Each county's Property Appraiser's Office calculates the value of the property and Florida law dictates exemptions and limitations on the rate of increase in the assessed value of residential property ("Save Our Homes").

The property tax rate or millage rate is expressed in "mills." A mill is a monetary unit equal to one one-thousandth of a dollar. It is also expressed as \$0.001. The rate at which the tax is charged is called the "millage rate." It is much easier to think of the rate as how many dollars

of tax will be paid per each thousand dollars of taxable property value. For example, if the property has a taxable value of \$10,000 and the millage rate is 8 mills, you would pay \$8 per \$1,000 in taxable value or \$80.

The Property Appraiser's Office determines the "just" or "market" value of a property. It also processes requests for various exemptions; determines if they are appropriate and then applies them to the property. This process results in the value upon which property taxes are levied. This final value is called the "**taxable value.**"

In late July, each jurisdiction levying property taxes sets "tentative" or "proposed" millage rates. Then

in August, the Property Appraiser's Office sends a notice of the proposed ad valorem tax rates and updated value of real estate to each property owner and calculates the potential tax bill based on a couple of scenarios. This notice is commonly referred to as the TRIM Notice. "TRIM" is an acronym for "Truth in Millage." Special assessments are not included on the TRIM notice. Property owners are notified by mail of proposed special assessments the first time the assessment is levied or when the it is increased over its previous legal maximum.

FAQ

The Homestead Exemption is the most common exemption. This exemption applies to residential property in which the property owner resides full-time. For questions about exemptions, contact the Property Appraiser's Office at 813.272.6100

Then, after required public budget hearings in September, each taxing authority sets its millage and non-ad valorem assessment rates. These rates are used to prepare the annual tax bills. Using the values and

rates compiled by the Property Appraiser's Office, the Tax Collector prepares the tax bills. Tax Collector's Office mails the tax bills to property owners or their escrow agents in early November. The Hillsborough County Tax Collector's Office is responsible for the notification, collection and enforcement of property tax and special assessment obligations. Both the Property Appraiser and Tax Collector are a separately elected officials.

The annual tax bill contains information about the tax obligation to each taxing authority, the assessed value, the taxable value and exemptions applying to an individual piece of property. Taxes are due April 1st of the following year, but graduated discounts are applied if the bill is paid early.

2011 TAX BILL

This is an example of a tax bill sent in November 2011 to the owner of a residential property located in unincorporated Hillsborough County. The taxes and special assessments on this bill support the FY 12 budgets of the entities shown under the column labeled "Taxing Authority" or "Authority." Note that if the bill is paid before certain dates, graduated discount rates are applied.

Also note how the "just" or "market value" is \$100,524 while the "assessed value" is \$90,255. When the \$50,000 homestead exemption is deducted from the "assessed" value, the result is a "taxable" value of \$40,255. The \$50,000 homestead exemption, first applied on the November 2008 tax bill, does not apply to property taxes levied by the School Board. In that case, there is a \$25,000 homestead exemption.

For more information, contact the Tax Collector's Office at 813-635-5200.

Doug Belden, Hillsborough County Tax Collector					2011 Notice of Ad Valorem Taxes and Non-Ad Valorem Assessments						
Folio No. 1111.0101		PIN U-01-28-18-0R2-000004-00026.0			Skip the Trip - Pay online at www.hillstax.org						
Use this number for BILLPAY payments: Acct No. A0177352468					<ul style="list-style-type: none"> • E-Check - A FREE electronic payment from your checking account • Credit Card - 2.5% fee is charged 						
Pay this amount	1,349.92	1,363.98	1,378.05	1,392.11	1,406.17	Owner Name & Property Location Random and Mary Chance 12447 Bobolink St. Tampa, FL 33621					
If postmarked by	Nov 30 11	Dec 31 11	Jan 31 12	Feb 29 12	Mar 31 12						
Random and Mary Chance 12447 Bobolink St. Tampa, FL 33621					Legal Description WESTPOINTE UNIT III LOT 25 BLOCK 15						
Ad Valorem Taxes								Just Value 100524		Tax District H	
Keep this portion for your records. WALK-IN CUSTOMERS PLEASE BRING YOUR RECEIPT	Taxing Authority	Telephone	Millage	Assessed Value	Exemption	Taxable Value			Tax Amount		
	COUNTY OPERATING	813-272-5890	5.73910	90255	50000	40255			231.03		
	ENVIRONMENTAL LAND	813-272-5890	0.00040	90255	50000	40255			2.43		
	COUNTY M.S.T.U.	813-272-5890	4.37450	90255	50000	40255			176.10		
	LIBRARY-SERVICE	813-273-3660	0.55830	90255	50000	40255			22.47		
	PARK BONDS - UNINCORPORATED	813-272-5890	0.02590	90255	50000	40255			1.04		
	SCHOOL - LOCAL	813-272-4064	2.24800	90255	25000	65255			146.69		
	SCHOOL - STATE	813-272-4064	5.66500	90255	25000	65255			369.67		
	PORT AUTHORITY	813-905-5132	0.19000	90255	50000	40255			7.65		
	HILLS CO TRANSIT AUTHORITY	813-623-5835	0.50000	90255	50000	40255			20.13		
	CHILDRENS BOARD	813-229-2884	0.50000	90255	50000	40255			20.13		
	WATER MANAGEMENT	800-423-1476	0.39280	90255	50000	40255			15.81		
WATER MANAGEMENT H	800-423-1478	0.00000	90255	50000	40255			0.00			
								Total Millage	20.25400		
								Total Ad Valorem Taxes	1,013.19		
Non-Ad Valorem Assessments											
Authority	Purpose	Telephone	Amount								
LIGHTING DISTRICT B2	STREET LIGHTS	813-635-5400	49.85								
NORTH POINTE	PROPERTY MAINTENANCE	813-968-6542	100.00								
STORMWATER MANAGEMENT	STORMWATER CONTROL	813-307-1758	12.00								
COUNTY SOLID WASTE SW	SW DISPOSAL	813-272-5977	94.94								
COUNTY SOLID WASTE SWC	SW COLLECTION	813-272-5977	136.23								
								Total Non-Ad Valorem Assessments	393.02		
								Combined Taxes & Assessments	1,406.17		

In 1995, the Board of County Commissioners directed staff to prepare a two-year budget encompassing FY 96 and FY 97 budgets. Satisfied with the success of this first biennial budget process, the BOCC decided to continue this policy with succeeding budgets. While Florida Statutes require a minimal budget process to adopt an annual budget for the succeeding year, there is no prohibition on local governments from developing a budget plan for a second year. Below are descriptions of the various phases and crucial dates of the process of developing the **Adopted Biennial Budget for FY 12 and FY 13**. The process for adopting the FY 13 will be similar, but abbreviated.

The PROCESS of DEVELOPING and ADOPTING the BIENNIAL BUDGET for FY 12 and FY 13

The process of compiling the budget actually is a year-round activity. The basis for the process is a framework of statutory deadlines established by the State of Florida and policies set by the Board of County Commissioners. The County Administrator and the Business and Support Services Department staff establishes the remainder of the process. The County Administrator is the designated budget officer for the Hillsborough County Board of County Commissioners (BOCC). The BOCC, in turn, establishes tax rates and adopts the annual budget. There are specific Florida laws governing how the millage rates are set and how the budget is adopted and used.

<p>PLANNING PHASE</p>	<p>This phase began October 1, 2010 with an in-house review of the FY 10 and FY 11 two-year budget process and consideration of comments from the review of prior budget documents by the Government Finance Officers Association (GFOA).</p>	<p>Departments received budget instructions in February with submissions due in late March. The format of the budget submissions was altered somewhat from prior years with an emphasis on departments getting "out-of-the-box" and identifying different models of delivering service. This phase of the process also coincided with the County Administrator reorganizing County departments</p>
<p>PREPARATION PHASE</p>	<p>This phase began with the County Administrator meeting with each department in his organization twice during the months of December 2010 and January 2011. The purpose of the meetings was to set expectations for the budget process and to discuss opportunities to implement alternate service delivery approaches. There were two budget workshops with the Board of County Commissioners during this phase. At these workshops, staff discussed the budget calendar, the status of the two major tax funds and essential/non-essential services and reviewed the five-year pro-forma analysis with the Board.</p>	<p>During this phase, the County Administrator conducted a series of scheduled budget work sessions attended by the Administrators and Management and Budget Division staff. They reviewed the proposals submitted by each department and agency. These meetings began in April and continued into May. Due to the County Administrator having met with departments on two separate occasions, department directors were not included in these work sessions unless specific clarification of their budgets was required.</p>

REVIEW PHASE

**ADOPTION
PHASE**

This began on June 8, 2011 when the County Administrator formally presented his **Recommended Biennial Budget for FY 12 and FY 13** to the Board of County Commissioners. The Recommended Budget, Recommended Capital Budget and various supporting documentation were posted on the County's website.

Due to serious issues about reducing the budget and its implications on the delivery of services, the Board conducted ten workshops between June 2011 and the first public hearing in September 2011. The Board also conducted two optional public hearings where the public had the opportunity to comment on the recommended budget. Continuing a practice from the previous biennial budget process, the Board conducted one of the optional public hearings out in the community at the Florida State Fairgrounds.

In the workshops, the Board reviewed the County Administrator's recommendations concerning department by department. Any potential modifications to the Recommended Budget were recorded or

"flagged" for future consideration. At the July 27th workshop, the Board set proposed millage rates used by the Property Appraiser to prepare Truth-in-Millage (TRIM) notices mailed to property owners in mid-August.

At the first state-required public hearing on September 14, 2011, the Board adopted tentative millage rates and a tentative FY 12 budget. At the second state-required public hearing, on September 22, 2011, the Board adopted the final millage rates, final budget for FY 12 and the Capital Improvement Program for FY 12 – FY 17. These millage rates were then used by the Property Appraiser's Office to calculate Hillsborough County's portion of the property taxes imposed on property in Hillsborough County. All public hearings were advertised in accordance with state law.

In accordance with Florida statutes, the adopted budget was filed with the Florida Department of Revenue effective October 1, 2011. The Tax Collector's Office mailed the tax bills in November 2011 to Hillsborough County property owners.



Belted Kingfishers inhabit the shorelines of water bodies in Hillsborough County. The Belted Kingfisher is often seen perched prominently on trees, posts, or other suitable "watchpoints" close to water before taking off and skimming the surface of the water for its prey. A relatively large bird with a length of 13 inches, it is known for its loud rattling call.

BUILDING the BUDGET with DECISION UNITS – Hillsborough County uses a “zero-base budgeting” technique to evaluate its basic programs and services and determine if they are still needed and, if so, prioritizing them in accordance with available resources and desired outcomes. It is also a means of evaluating additional requests for resources.

In light of the property tax reductions mandated by the state in July 2008, the property valuation limitations approved by the voters in January 2008, and the decline in property values, the “zero based budgeting” technique and Decision Units were very useful in the process of preparing the recommended budget. Using the priorities documented in the Decision Units by department directors, County administration was able to rankings and develop the budget reductions necessary in order to comply with state law and declining revenues.

While the “**zero-based budgeting**” process can be criticized as paper-intensive, it provides a full range of service and funding level options for the variety of programs and services comprising the County’s budget. Designed to facilitate consideration of alternatives rather than building on or subtracting from current spending levels, it is an approach that works particularly well in a period where alternative spending levels must be considered and where dissimilar programs compete for the same limited funds.

As part of the budget process, each department or agency reviews its programs and divides them into distinct units. These are called “**Decision Units.**” The **Decision Units** describe distinct services and levels at which these services may be offered. Each **Decision Unit** also includes the titles of positions funded at that level and includes prices for personal services, operating and capital costs. Each **Decision Unit** builds on preceding **Decision Units**. Performance data is also captured. **Decision Units** should relate to the department’s mission, key objectives, any appropriate capital projects and performance measures.

The first level, called the “**minimum service level,**” reflects the most basic program or programs that the organization delivers. Resources less than those provided at this level are insufficient to accomplish its basic mission. This basic level represents the reason the organization exists.

Next is the “**continuation**” level. This level builds on the **minimum**” service level. There can and should be multiple **Decision Units** at this level. Decision Units at this level show funding needed to provide the same level of service as the current fiscal year, but without funding for growth in the demand for services.

The “**new mandate**” level represents any request to meet a new statutory requirement such as state and federal requirements or the operating cost of a new capital project.

The “**desired**” service level includes requests for additions to the **continuation** level for an expanded population, higher demands for services or a new program or activity.

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.

The County Administrator and staff reviews the **Decision Units** and their rankings during the Budget Preparation Process. Those **Decision Units** recommended for funding by the County Administrator are then included in the Recommended Budget for that department or agency. If departments or agencies have done the ranking of their Decision Units cor-

rectly, high priority or "minimum level" or "continuation level" Decision Units will be recommended for funding.

By building the budget from the ground up through the ranking of Decision Units, an organization presents what is known as a "zero-base budget." In some cases, the starting point for the review of an organization's budget requests is the minimum service level. In other cases, the starting point is zero dollars. For the two year (biennial) budget, departments ranked and priced Decision Units for both fiscal years.

Each Decision Unit is documented on an electronic Decision Unit form. Besides showing if this unit is

"minimum," "continuation" or "desired" service level, the form also shows the ranking of the unit within the service level. It has information relating to the funding source, amount requested, number and types of positions, what program it provides and how the service relates to the County's strategic plan. A detailed description and justification section is also included.

The Board of County Commissioners may concur or not with the County Administrator's recommendations. After he presents his recommended budget, the Board is free to revise recommendations and priorities. This is done during the adoption phase of the budget process.



This map of the northwest section of Hillsborough County shows many of the lakes in this area.

The dotted line in the bottom right portion shows the northwest boundary of the City of Tampa.

PART II

WHAT "DRIVES" THE FY 12 and FY 13 BUDGETS

There are many factors or "drivers" as they are known that drive the resources and uses covered by a budget. Because of the wide diversity of activities and programs funded in the County budget, some are driven by certain factors while others are driven by entirely different factors. Besides trying to understand or appreciate these factors, it is also important to understand that not all of the total budget is used for operations.

Below are summary versions of the adopted budgets for FY 10, FY 11 and FY 12 and the planned FY 13 budget. It shows the continuation of reduced budgets that began with the FY 08 budget. Although the planned FY 13 budget shows a very modest increase, this budget will change based on updated conditions during the FY 13 budget update process which will take place in early 2012. The County Administrator's Budget Message in this booklet explains the assumptions and actions taken by County Administration and the Board of County Commissioners to continue dealing with legislative mandates, declining property values and the expectations of taxpayers and citizens of the county. The operating and capital budget, especially those

funded from property taxes and sales taxes, have been particularly affected by the reductions.

TABLE A
COMPARING BUDGETS

(in millions)

Detail may not add to totals due to rounding.

SOURCES	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Beginning Fund Balance	\$863.8	\$803.3	\$868.6	\$838.0
Revenue	1,778.7	1,682.5	1,663.9	1,695.8
Transfers In	737.5	743.0	551.1	708.9
Other	173.9	394.1	(101.4)	40.9
Less 5% by Law	(72.4)	(67.8)	(73.0)	(74.9)
Total Sources	\$3,481.6	\$3,521.0	\$2,909.3	\$3,208.7
USES	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Operating Budget	1,606.7	\$1,561.9	1,523.1	1,536.2
Capital Budget (net of reserves)	39.3	99.9	(1.4)	70.9
Debt Service	408.7	410.1	93.1	91.4
Transfers Out	737.5	743.0	551.1	708.9
Reserves and Refunds	689.4	706.1	743.4	801.3
Total Uses	\$3,481.6	\$3,521.0	\$2,909.3	\$3,208.7

The table on page 65 shows the number of full time equivalent positions and number of positions over the same fiscal years. It illustrates how the County has reduced the number of employees over the years too. By reducing the number of employees, the County and other offices supported with these budgets are able to reduce the amounts spent for compensation and benefits—significant expenditures in a service-driven organization.

PARTS of the BUDGET NOT SPENT in the CURRENT FISCAL YEAR

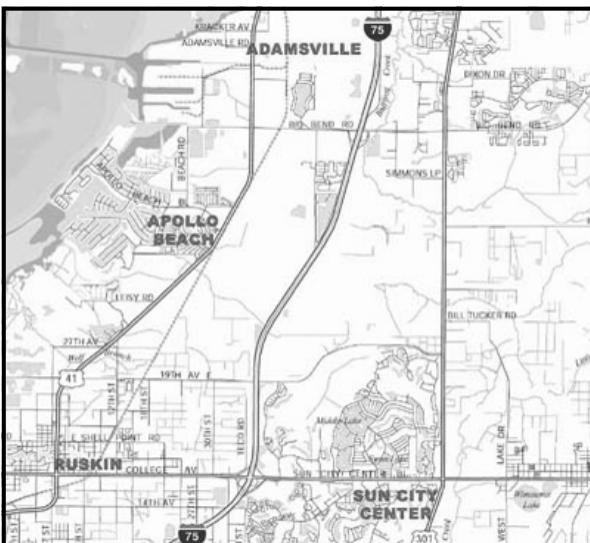
The adopted **\$2,909.3 million** budget for FY 12 and **\$3,208.7 million** planned budget for FY 13 include dollars the County does not intend to spend in the current year and dollars allocated to uses other than day-to-day operations. Those funds not intended for day-to-day operations are in the budget categories called **reserves, debt service, capital budget** and **transfers**.

The first category, called **reserves**, includes a portion of borrowed funds that must be set aside to cover any future revenue shortfalls which might prevent the payment of principal and interest on the County's debt. Portions of the **reserves** serve as "rainy day" accounts to help cover excess costs of Sheriff's deputies, fire fighters, road maintenance crews and others who would respond in the event of a disaster.

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

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

Finally, the budget has categories called **transfers-in** and **transfers-out**. **Transfers** were discussed in Part I as both sources and uses in the budget. These categories include dollars moved within the internal structure of the budget and the accounting system between funds and subfunds. We refer to these dollars as **transfers**. While these amounts inflate the budget's bottom line, they are necessary to meet accounting standards. Movement of dollars between funds does not reflect any additional spending on programs or projects.



This map shows part of the southern section of Hillsborough County along the eastern side of Tampa Bay. This area saw high growth in the past six years. It is part of the unincorporated area of county where the County delivers municipal-type services.

One of the County's finest parks, E. G. Simmons, is located on the shore of Tampa Bay to the south of Apollo Beach. The County also operates a nature park north of Apollo Beach. In the winter, the warm water outflow of the Tampa Electric generating plant provides a safe haven for a large number of manatees.

Table B better illustrates the amount available for the day-to-day delivery of services including such things as salaries, supplies, contracted services and fuel for vehicles. The operating budget is where the County funds the services that impact the residents the most: police, fire, social services, road maintenance, traffic signals, etc. As shown in this table, the amount available for day-to-day operations in the Adopted FY 12 operating budget is **\$1,523.1 million** or **52.3%** of the **\$2,909.3 million** budget shown in Table A. The Adopted FY 12 operating budget represents a decrease of **\$38.8 million** or **2.5% below** the Adopted FY 11 operating budget. Since FY 08, the County's operating budget has decreased by **\$206.1 million** or **22%**.

The OPERATING BUDGET - WHAT'S AVAILABLE for DAY-TO-DAY OPERATIONS

Even within the operating budget, there are portions the County can not use for its day-to-day operations. Part of this can be attributed to money that "passes through" the County's accounting structure to other jurisdictions. For example, **3.3%** of the FY 12 operating budget can be attributed to accounting rules requiring the County to place in its operating budget **\$50.2 million** it budget to receive as a revenue from the Community Investment Tax (CIT), a 1/2 percent sales surtax, before distribution to municipalities, the School Board and the Tampa Sports Authority. Another example of a "pass-through," are federal funds awarded to the County specifically for distribution to other jurisdictions. And yet another example of a "pass-through" is

the distribution of countywide property taxes to the Cities of Tampa, Plant City and Temple Terrace for a community redevelopment incentive program called Tax Increment Financing. In FY 12, **\$8.3 million** in revenue was budgeted as revenue and as expenditure to the municipalities for Tax Increment Financing.

TABLE B
The OPERATING BUDGET—AVAILABLE FOR OPERATIONS

(in millions)

	FY 10 Adopted	FY 11 Adopted	FY 2 Adopted	FY 13 Planned
Beginning Fund Balance	\$863.8	\$803.3	868.6	838.0
Less: Reserves	(689.4)	(706.1)	(734.4)	801.3
Available Fund Balance	\$174.4	\$97.2	\$125.2	\$36.7
Plus: Revenue and Other	1,880.2	1,974.6	1,489.5	1,661.8
Total Available	\$2,054.6	\$2,071.8	\$1,614.7	\$1,698.5
Less: Capital Projects	(39.3)	(99.9)	1.4	(126.5)
Debt Service	(408.7)	(410.1)	(93.1)	(502.1)
Available for Operations	\$1,606.7	\$ 1,561.9	\$1,523.1	\$1,536.2

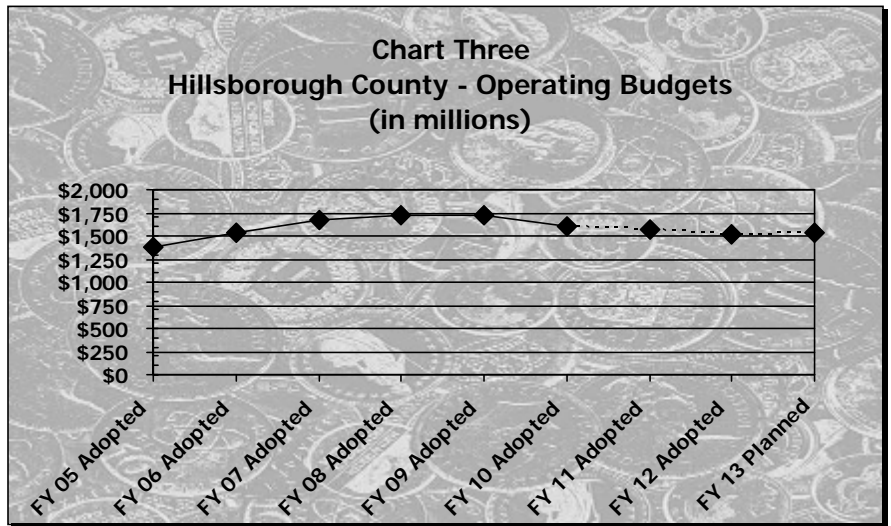
Detail may not add to totals due to rounding.

Then, there are changes affecting only part of the organization. The Public Utilities Department purchases bulk water from the Tampa Bay Water Authority and then "sells" it to its customers. The County can not control the price of the bulk water change and passes the cost on to the customer. In FY 12, the County budgeted **\$49.8 million** of the operating budget for the purchase of bulk potable water from Tampa Bay Water, a separate water authority. Similarly, the County collects non-ad valorem assessments from its residential solid waste customers to pay the private haulers for the collection of solid waste. The County has budgeted **\$32.9 million** of the operating budget to pay the haulers. The terms of the agreements with these haulers has escalation clauses for inflation and cost of fuel incurred by the haulers. Just these two "pass-throughs" represent **5.2%** of the operating budget.

CHANGES in the OPERATING BUDGET OVER TIME

To better understand how the operating budget has evolved, we need to focus on the underlying factors that affect the operating budget over time. We do this by looking at recent fiscal years leading up to the Adopted Biennial Budget for FY 12 and Planned FY 13 for a historical perspective. These fiscal years, FY 05 through FY 10, are those years for which we have the most current information on population and performance measures. It should be noted that the operating budget increased up until FY 08, the point at which State mandated property tax limitations and the decrease in the value of properties began to take effect. The dotted line indicates the changes from Adopted FY 10 Budget to the Planned FY 13 Budget. The full effect of those events can be seen in the FY 12 and FY 13 budgets. For more discussion of the impact on FY 12 and FY 13 budgets and how the County is addressing them, see the *County Administrator's Budget Message* on page 41.

As illustrated in Chart Three, during the period from FY 05 to FY 08 the County's operating budget increased from **\$1,383.5 million** to **\$1,729.2 million** at an average annual rate of **7.7%**. After peaking in FY 08, the County's operating budget decreased by **\$122.5 million** or **-7%** from FY 08 to FY 10. If we look at the decrease from FY 08 to FY 12, the percentage decrease is **-22%** or **\$206.1 million**.



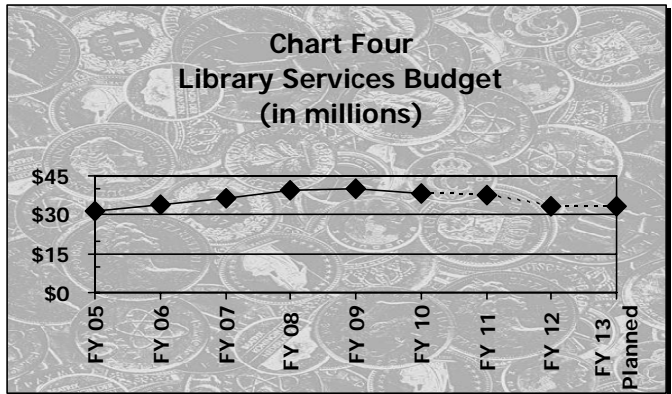
To understand the changes in the operating budgets over time it is important to focus on broad trends rather than year-to-year changes. This section looks at the trends in some factors impacting changes increases in the County's operating budgets. To look at trends, the analysis looks at the years preceding the FY 11 budget, the year immediately preceding the FY 12 budget and for which the most current data is available at the time of this document's publication.

SOME FACTORS for CHANGES in the OPERATING BUDGET

In addition to the usual factors that drive the budget such as inflation and population, budgets starting with the FY 09 budget are permanently limited by the Board's budget limitation policy and State mandated tax reform measures passed by the Florida Legislature and Florida voters in 2007 and 2008. The first limitation began when the Board approved a policy in February 2007 to limit the County's budget increases to the rate of population and inflation growth. A second limitation began with the FY 08 budget when the legislature approved property tax millage roll back provisions in June 2007. Then, the third limitation began with the FY

09 budget after the voters approved a Constitutional amendment in January 2008 that doubled the homestead exemption, allowed the portability of homestead exemptions and limited the increase of the value of non-homesteaded property to 10% per year. These will permanently limit any increases in future budgets including the operating portion of the budget.

As mentioned earlier, an important source of County revenue is revenue from property taxes. Because the amount of property tax is dependent on the values of properties in the county, the decrease in property values, especially those properties not covered by homestead exemption, has a major impact on the amount of revenue that can be collected. This, in turn, meant fewer revenues to support those County programs which rely on this revenue source. For example, the Library Services Department relies almost exclusively on a separate property tax for funding library services. Its adopted budget for FY 12 is approximately the same as for FY 06 even though, in addition to inflation and increased population, it is now operating two new libraries and has experienced a large increase in users.

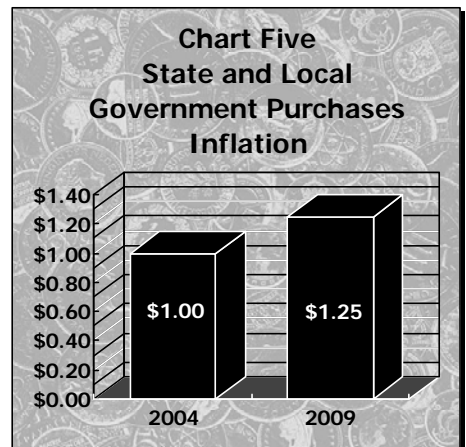


The collapse of the property values began to impact the tax rolls in 2008 had some impact on the FY 09 budget at the same time the higher homestead exemption amounts became effective. The full force of the collapse of all property values was felt on the Adopted FY 10 Budget and succeeding budgets. The factors discussed in this document are still important drivers of the budget, and they are now drivers within the limitations set by tax reform and the Hillsborough County spending cap.

INFLATION

Governments, like individuals and companies, must deal with the effects of inflation. Chart Five shows inflation's effect over five-year period preceding preparation phases of the FY 05 and FY 10 budget cycles.

Data from the Price Index for State and Local Government Consumption Expenditures and Gross Investment compiled by the United States Department of Commerce, Bureau of Economic Analysis, shows that what state and local governments could purchase for **\$1.00** in 2004 (the calendar year when the FY 05 budget was developed) cost **\$1.25** in 2009 (the calendar year when the FY 10 budget was developed). Because local governments have a different mix of purchases, this is the index we use rather than the more familiar Consumer Price Index. State and local governments' costs of doing business – purchasing goods and services – increased **25%** over a five-year period or an average annual rate of change of **4.5%**.



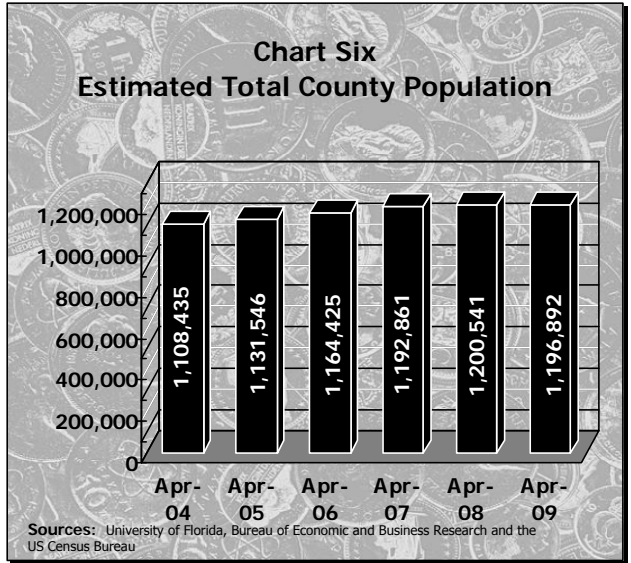
POPULATION GROWTH

Second, growth in demand for services due to population - A simple way of measuring growth in demand for County services is population growth. **Charts Six and Seven** show official population estimates as of April 1, 2004 through April 1, 2009. This shows population in the county as of April 1st of that year. Because development of the next fiscal year's budget is done early in a calendar year and the year's estimates are not available to us until late in the calendar year, we don't use it to develop the next fiscal year's budget. They are very useful for helping us develop the subse-

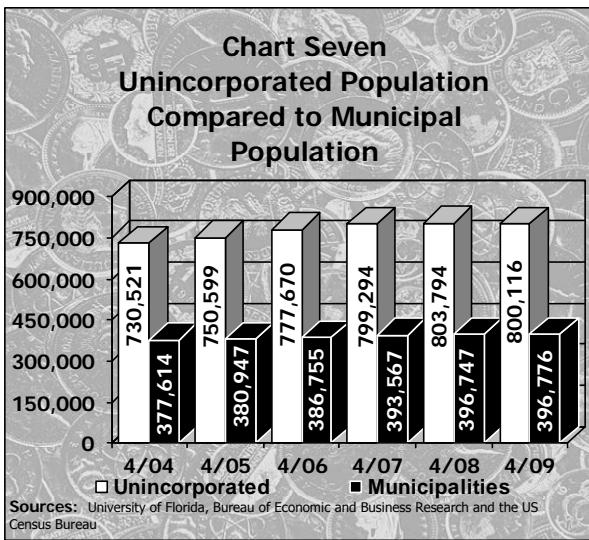
quent year's budget. For example, the April 2004 population estimate is used to develop priorities and workload for the FY 06 budget developed in spring of 2005.

Countywide population growth is an important factor because the County delivers services such as social services, mosquito control, jails and animal services regardless of municipal boundaries. Chart Six shows the county's total populations increased by **88,454** between April 1, 2004 and April 1, 2009 or **8%** based on estimates from the University of Florida's Bureau of Economic and Business Research. This growth is slower than previous periods. The average annual growth rate in that time period was **1.6%**.

As explained in Part I of this booklet, the County also provides municipal-type services to the population of the unincorporated area, i.e. outside city limits.



The demand for such services such as police protection, fire, rescue services, parks and recreation are driven by population. Chart Seven shows it is estimated the County's unincorporated area population increased by **69,595** or **9.5%** between April 1, 2004 to April 1, 2009 even though population growth slowed between 2007 and 2008 and slightly decreased in 2009. The average annual growth rate in that time period was **1.8%**. During the same period, the population in the municipalities increased by **19,162** or **5.1%**.



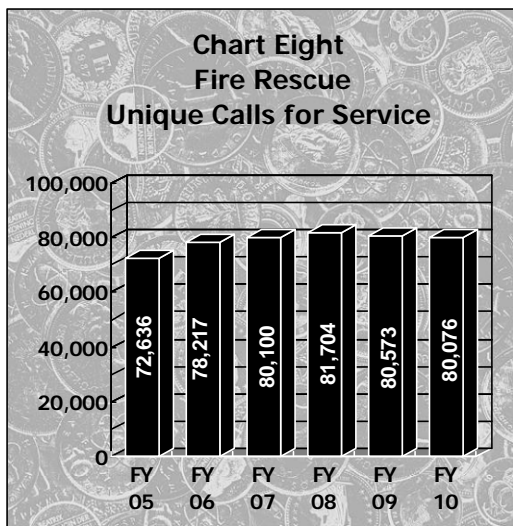
Growth in the unincorporated area's population represented **78.4%** of the county's total population growth from 2004 to 2009. Although the cities of Temple Terrace and Plant City have been actively pursuing annexation of undeveloped areas of the unincorporated county for several years, the unin-

corporated area still remains the center of population growth. As more areas of the unincorporated county are developed, Hillsborough County government will be providing municipal services to an even larger segment of the county's total population.

It is significant that as of April 1, 2009, **67%** of the county's total population resided in the unincorporated area of Hillsborough County. If we look two years past 2009 to 2011, the percentage of population residing in the unincorporated area increases to **68%**. If the unincorporated area of Hillsborough County were a municipality, it would be **Florida's second largest city**.

Since 2007, population growth in the county has slowed most likely due to the recession. Many are of the opinion that this stagnation in population will not be permanent. Economic experts predict that once the national and local economy improves, Hillsborough County will see population increases, but not to the rates of

Fifth, changes in the budget can be attributed to increased workloads and increased customer demands even as revenues have decreased - The following are examples of increased workload and customer demands in many County programs as evidenced in workload measures documented by performance measures of departments and agencies from FY 05 to FY 10. It is important to consider that even with property tax reform and declining property tax and other revenues, the demands for services continue.



**Chart Eight
Increased Workload
Fire Rescue Department
Unique Calls for Service**

The Fire Rescue Department provides fire suppression and emergency medical services to the unincorporated area. This graph shows the number of unique calls for service based on information supplied with the department's performance measures.

From FY 05 to FY 10, the percentage of calls *increased by 10.2%* or an average annual increase of **2.0%**. Although the growth in the number of calls slowed and decreased slightly over the past two fiscal years, the overall increase is still higher than the estimated growth in the unincorporated area's population from April 1, 2004 to April 1, 2009, **9.5%**.

Charts Nine and Ten Demand for Services

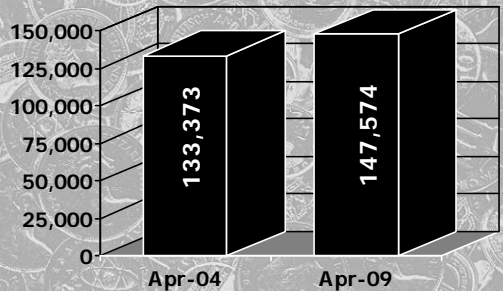
In some cases, demand is driven by a sub-population. An example of this is services to senior citizens.

As the county's population of senior citizens expands due to population growth and aging "baby boomers," the demand for services from the Aging Services Division also increases. The chart shows estimated population of persons 65 or older from April 1, 2004 to April 1, 2009 increased by 14,201 or **10.6%** with an average annual rate of change of **2.0%**.

Although this increase is below countywide population growth for the same period, the fastest growing segment of this population is the 80 years and above group. As can be seen from Chart Ten, it is estimated this population increased by 6,753 or **17.9%** or an average annual increase of **3.3%** between April 1, 2004 and April 1, 2009.

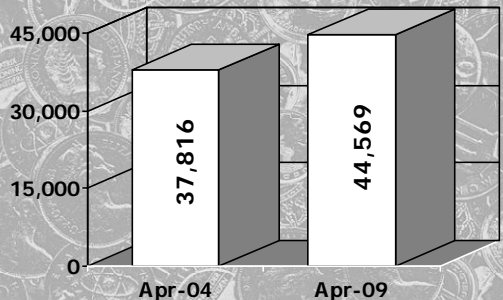
Although it is projected that the number of retirees moving to Hillsborough County may decrease in the future due to the slowdown of the real estate market nationwide, there will still be an increase due to present county residents "aging in place."

Chart Nine Population Over 65 Years Old



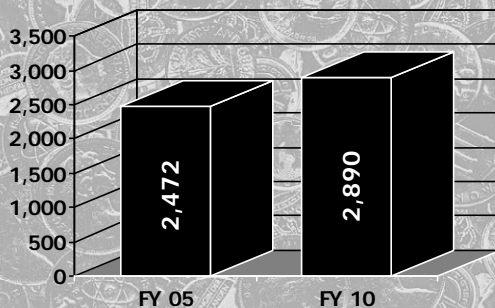
Source: University of Florida, Bureau of Business and Economic Research

Chart Ten Increasing Population Above 80 Years Old



Source: University of Florida, Bureau of Business and Economic Research

Chart Eleven Unduplicated Homeless Clients Screened for Services



Source: Hillsborough County, Family and Aging Services Department

Chart Eleven Demand for Services

This shows the total number of unduplicated homeless clients screened for services. As the unemployment rates rose, Hillsborough County saw a jump in the number of homeless coming to it for social services. The number actually served was limited by federal, state and local homeless funding. Between FY 05 and FY 10, the number of unduplicated homeless clients screened increased by **16.9%**, well over the increase in population for years leading up to these budgets.

REGULATORY CHANGES and STATE MANDATES

A sixth factor is some regulatory changes requiring the County to change how it provides services and the major programs affected by them. Sometimes it will take several years before the full impact is felt.

Accounting for post-employment benefits

State regulations pertaining to the construction industry

Homeland Security regulations from September 2001 onward

Changes in voting technology: punch card ballots to touch screen technology to optical scan technology

Property tax limitations enacted by the State legislature

Transfer of responsibility for funding housing of juveniles from the State to the County

Reductions in federal and state programs

Implementation of Article V revisions to the court system

LOCAL INITIATIVES

Besides the changes caused by state and federal mandates, there are local initiatives that add new services or increase the levels of service of current programs. In light of the serious budget constraints of the late 2000's, some of these initiatives are being re-examined and will be modified.

Increase the number of career fire stations to reduce incident response times

Expand funding for vehicle replacement to reduce out-of-service time and increase productivity

Monitor Tampa Bay Water projects

Promote affordable housing

Expand economic development initiatives

Establish mandatory residential solid waste collection

Increased economic development incentives including property tax waivers

Expand community code enforcement to include mandatory registration of foreclosed properties

Implement law enforcement standard of 1.7 sworn officers to 1,000 unincorporated area residents.

Expand transportation capital program committing \$15 million each year.

Expand emergency response services to hurricanes and other disasters and build cash reserves for natural and man-made disasters

Develop and implement Community Plans for 22 areas of unincorporated Hillsborough County

The Adopted Budget documents for the preceding budget years have more details about local initiatives and regulatory changes implemented through the County's budget. The County Administrator's Budget Message in these documents discusses them and other details about the budget. Electronic copies can be obtained from the Hillsborough County Management and Budget Division of the Business and Support Services Department, 813-272-5890.

EFFECTS of THESE FACTORS on BUDGETS PRECEDING FY 11

These factors are prime drivers of the changes experienced in the County's day-to-day operating budget from FY 05 to FY 10. During that period government prices (inflation) rose **25%**. The County's population rose **8%** during the same period. The combined and compounded effect of these two cost drivers equaled **34.6%**. After increasing from FY 05 to FY 08, the County's operating budget decreased from FY 08 to FY 10 and beyond.

The increasing tendency to use the County as a pass-through agency for local taxes (for example, the Community Investment Tax) and federal and State grants accounts for another portion of the increase. The growing demand for existing services exceeding the population growth experienced during the three years of this period— also increased the operating budget.

Finally, State and federal regulatory requirements, State unfunded mandates and local initiatives redefined the levels and types of services supplied by the County to the residents and businesses of Hillsborough County.

Starting with the FY 08 budget and continuing in future budgets, there are other factors that limit growth and cause decreases.

CONTROLLING GROWTH in OPERATING BUDGETS BEFORE FY 08

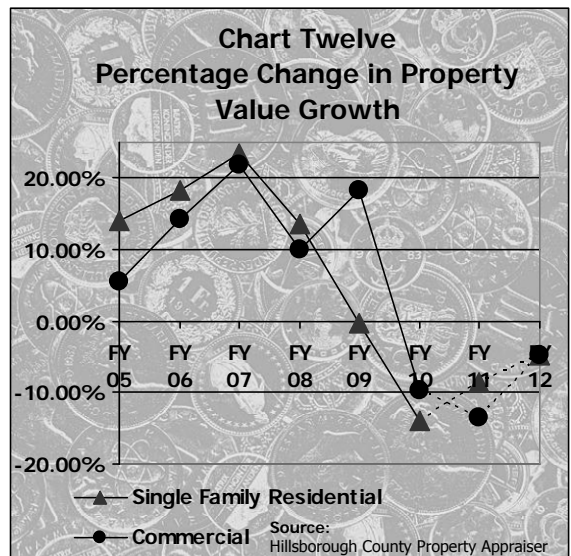
Even before the State-mandated property tax limitations and the decline in property values, the County has been committed to controlling the growth of operating budgets. At that time, two other factors

helped slow growth in the County's operating budget. *First is the unpredictability of the growth*

in the County's tax base for property taxes. As discussed previously, property taxes are important sources of revenues.

Property taxes are based on the values of real estate and the tangible assets of businesses. Economic conditions beyond the control of local government can dramatically increase or decrease those values. These conditions can result in changes in the value of real estate and the tangible assets of businesses which, in turn, result in fluctuations in the amount of property tax revenues the County can generate. In the early 2000's, there was a drop in overall values, followed by unprecedented increases in FY 05, FY 06 and FY 07 as illustrated in Chart Twelve. However, just at the time State-mandated limitations were being applied to taxable values property values were falling as a result of the economy. The mandated limitations and the decline values affected tax revenues for FY 08, FY 09, FY 10 and FY 11 budgets and continues for the Adopted Biennial Budget for FY 12 and FY 13.

The graph below shows the change in property value growth for two of the categories with the



highest values over the years prior to the FY 10 budget. The changes to the values for FY 11 and FY 12 have been included to illustrate the volatility of the changes in property values.

Although there have been dramatic changes in the percentage of change in market values, two measures controlled the increased in the assessed values of the residential property tax base before the State mandates were imposed in 2007. One is a State restriction, known as the "Save Our Homes" provision of the Florida Constitution that caps the annual increase in the assessed value of an owner-occupied residential property to a maximum of 3%. The other is the local option Senior Homestead Exemption, which the County adopted in November 1999. This is an exemption in addition to the \$25,000 Homestead Exemption already available for owner-occupied residences. The Board of County Commissioners approved increasing the Senior Homestead Exemption to \$40,000 effective on the November 2008 tax roll.

To mitigate the impacts of such swings in values and other events such as natural disasters, the Board of County Commissioners adopted aggressive reserve policies in the late 1990's giving the County the ability to smooth-out the variances in property values and tax revenues while maintaining reasonable levels of funding for services. These policies were especially helpful during and after the 2004 hurricane season and during the downturn of the tax base after FY 08 even though reserves were not used to balance those budgets.

The second way the County controlled growth in the operating budget has been through budget efficiencies in existing programs. In the years before FY 08, the County's budget reflected cost savings in existing programs without affecting service levels.

The County implemented a series of recommendations made by a Blue Ribbon Committee on County Finances and the Florida Tax Watch which have had

long term impacts. Some of the implemented recommendations include an aggressive energy management program for County-owned buildings and facilities, downsizing the vehicle fleet and a quality improvement program. In subsequent budget processes, the County Administrator actively encouraged departments and agencies to recommend and quantify efficiencies to reduce the cost of programs.

Then, in early 2007, the Board also adopted a spending cap policy for the Countywide General Fund and the Unincorporated Area General Fund.

After State Mandates and the Decline of the Economy

Property tax is the source for a large percentage of the County's operating budget. There are two major factors for producing property tax revenues: first, the millage rates; and second, the value of the tax base. Millage rates multiplied by the tax base equals property tax revenues. Any limitations or changes to how these two factors are calculated impact the County's ability to generate property tax revenues.

In response to rapidly increasing property tax obligations on non-homesteaded property and increasing property tax revenues, the State legislature met in special session in June 2007 to enact what it saw as the first phase of property tax reform— limitations on the millage rates which cities and counties could levy.

These limitations required local governments to "**roll back**" their FY 08 operating millages to those prevailing in FY 07 less a further 3% to 9% reduction depending on an individual government's past per-capita property tax growth. In Hillsborough County's case, the State required Hillsborough County to reduce or "roll" its FY 08 countywide, unincorporated area and library district millages to 5% below the "roll back rates," a reduction of nearly 1.5 mills. This limitation resulted in a revenue loss of \$109 million if

FY 07 millage rates would have been applied to FY 08 taxable property values.

This “roll back” requirement also applies to future millage rates, but the State allows an upward adjustment equal to the rate of growth in the Florida Per Capita Personal Income as determined by the State. For the FY 09 budget, this adjustment factor was 4.15% and for the FY 10 budget, it was 2.5%. This legislation limits future property tax growth to newly constructed structures and to the growth in Florida Per Capita Personal Income.

FAQ

***Rolled Back Rate** is the millage rate which, when applied to the total amount of taxable value of property, produces the same amount of tax dollars as the previous year. Calculation of the “rolled-back rate” is governed by Florida Statutes.*

The second phase of tax reform affected the tax base and started when voters, on January 29, 2008, approved an amendment to the Florida constitution. The amendment included an additional homestead exemption of up to \$25,000 for a total of up to \$50,000 (this does not apply to school property taxes); a tangible personal property exemption of up to \$25,000 on business property; portability of the Save Our Homes exemption (the ability to take up to \$500,000 in Save Our Homes exemption to another homestead property); and finally, a 10% annual limit on the increase in the assessed value of non-homestead property. All but the limitation on the assessed value increases on non-homesteaded property took effect with the FY 09 budget.

With the limitations on tax rates and the reductions in the property values on which taxes can be levied, the combined result of these changes is likely to permanently impact growth in property tax revenues and will be significant factors driving future budgets. The historical patterns may no longer have the same impact .

It is coincidental that at the same time these State mandated limitations and restrictions became effec-

tive, the severe decline in property values took place. This only further reduced the property tax base and the resulting property tax revenues. One interesting development is that if there is an increasing tax base, the “rolled back” millage rates would lower the millage rates on properties and would produce a decrease in property tax revenues. However, with a decreasing tax base, even with the newly imposed tax limitations, the “rolled back” millage rates would have produced more tax revenue and higher millage rates.

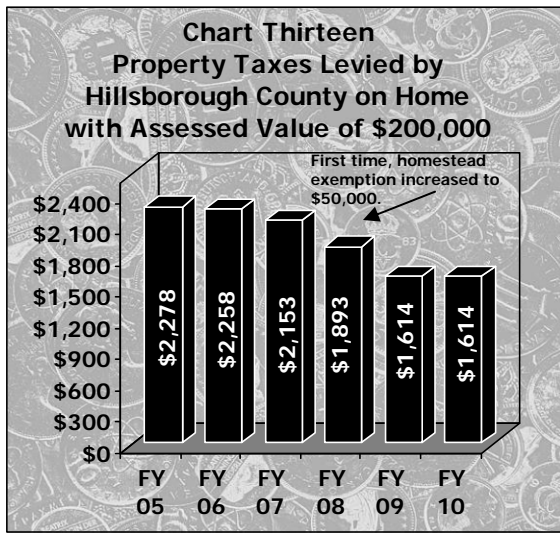
For budgets approved after FY 08 Hillsborough County Commissioners could have levied property tax rates that would have resulted in the same amount of revenues as the previous year using the “rolled backed” rates, they chose not to do this because of the concern that such action would be too much of a burden on taxpayers in the declining economic climate. Instead, they kept millage rates constant at rates *below* the “rolled back” rates and continued to decrease millage rates slightly. Even with these challenges, with the FY 12 budget, the Board of County Commissioners has been able to reduce the number of mills charged property taxes for seventeen consecutive years.

After the State Mandates, the County was not so much interested in controlling increases in the operating budgets, but mitigating the decrease of property tax and sales tax revenues and grant revenues without directly impacting citizen services or increasing millage rates. Restructuring the delivery of services, privatizing where appropriate and reducing compensation costs through restructuring of employee benefits, no salary increases and targeted reductions in force, helped the Board adopted balanced reduced budgets without tapping into reserves. For more details, we refer you to the County Administrator’s Budget Message in this booklet.

CHANGES in COUNTY PROPERTY TAXES

Chart Thirteen below shows how property taxes levied by Hillsborough County changed from FY 05 to FY 10 based on a homesteaded single family home with an assessed value of \$200,000.

Included in this chart are taxes levied countywide, library district taxes and the MSTU (unincorporated area services) taxes. It also includes taxes levied by the County for debt. It does not include municipal and school taxes, special district property taxes or special assessments.



From FY 05 to FY 08, the first \$25,000 of the assessed value was exempted resulting in a taxable value of \$175,000. The State mandated millage limitation had its first impact on the FY 08 budget. Then, beginning with the FY 09 budget, homestead exemption on the taxable values for homesteaded properties was increased to \$50,000.

Independent of the State mandated millage reductions, the County continued its long-time practice of reducing the Countywide Property Tax millage even

in the face of declining property values and mandated millage reductions.

As mentioned before, property owners in the unincorporated area may also pay special or non-ad valorem assessments to Hillsborough County.

It is important to remember that in some cases not all property owners are assessed these special assessments. Some are imposed only in certain areas and only after property owners petition the County for the service or capital improvement.

Over the period of FY 05 to FY 10, the assessments for some services have remained relatively static. This stability may result from the efforts of departments to become more efficient. However, future economic conditions, such as increases in electricity rates, fuel costs or materials may require the County to consider rate adjustments.

Assessments for Services: Some of the special assessments are driven by demand for services.

Solid Waste Special Assessments - These special assessments are imposed on all residential units in the unincorporated area and some portions of the City of Tampa. The mandatory Solid Waste Disposal Assessment covers the cost of disposing of solid waste collected from residences. It increased by **9.2%** between FY 05 and FY 10 from **\$85.43** to **\$93.35**. The recent increase was to address bond requirements for expansion of the resource recovery facility in Brandon.

In 1997, the Board of County Commissioners approved a Solid Waste Collection Assessment for the mandatory collection of residential solid waste. This replaces the service fees residential customers previously paid directly to commercial collection services

CHANGES in COUNTY SPECIAL ASSESSMENT RATES

and represents significant savings to unincorporated county residents. At the same time, it flows millions of additional dollars through the County's operating budget each year. The annual assessment on a single family home increased from FY 05 to FY 10 by **38%** from **\$85.16** to **\$105.61**. From FY 08 to FY 10, it increased by **22%** from **\$105.61** to **\$128.93**. The increases were due to contract provisions with the collectors allowing indexing with the Consumer Price Index.

For information about the assessments for solid waste, contact the Public Utilities Department, Solid Waste Management Division at 813-272-5977.

Residential Street Lighting Assessments - This assessment pays for poles, maintenance and electricity costs provided by the local electric utility, TECO (Tampa Electric). It varies based on the type of lighting fixture. It is imposed after property owners petition the County for service. Despite electricity rate increases, the per-lot assessment rate for a street lighting district with wooden poles has remained **\$49.85** per year since FY 97.

For information about the Residential Streetlighting Assessment Program, contact the Public Works Department at 813-635-5400.

Assessments for Specific Capital Projects:

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

Reclaimed Water Improvement Unit Assessments - This program allows residents in the County's utility service area to pay for reclaimed water distribution systems in their subdivisions after petitioning. This helps dispose of treated effluent from the County's wastewater system and conserves potable water by funding the cost of laying pipes in specific residential areas and amortizing the costs

over 20 years. Only property owners in specific area pay the assessment. The per-unit assessments will vary from area to area depending on the cost of installing the distribution systems, but the amounts do not change from year-to-year.

For information about the Reclaimed Water Improvement Unit Assessments, contact the Public Utilities Department at 813-272-5977.

Water and Wastewater Capacity Unit Assessments - This program allows developers, builders and homeowners in the County's utility service area to finance one-half of water and wastewater capacity fees over time as special assessments. Because these assessments are for capital improvements, the assessment rates remain constant until the principal amount is paid. Only property owners in defined geographic areas pay the assessments after petitioning the County.

For information about the Water and Wastewater Capacity Unit Assessments, contact the Public Utilities Department at 813-272-5977.

Transportation Impact Fee Assessment - This program allows developers, builders and homeowners in the unincorporated area to finance one-half of their transportation impact fees over time as special assessments. Because these assessments are for capital improvements, the assessment rates remain constant until the principal amount is paid. Only property owners in defined geographic areas pay the assessments after petitioning the County.

For more information about this program, contact the Impact Fee Program, 813-276-8305.

PART III ADOPTED BIENNIAL BUDGET for FY 12 and FY 13

COUNTY ADMINISTRATOR'S BUDGET MESSAGE



Members of the Board of County Commissioners:

I am pleased to present the Adopted Biennial Budget for Fiscal Year 2012 and Fiscal Year 2013, which total \$2.909 billion and \$3.209 billion respectively. By contrast, the FY 11 Adopted Budget was \$3.521 billion. This is the ninth biennial budget adopted by the Board of County Commissioners (Board). This budget is the culmination of the process that started in January 2011. It is the result of an evolutionary process of community building to create the Board's budget that was adopted on September 22, 2011.

In a biennial budget process, the Board develops detailed budgets for two separate years. The intent of a biennial budget process is to focus on implementation of major policy decisions in a two year cycle. The first year's budget (FY 12) was adopted September 22, 2011 and covers the period of October 1, 2011 through September 30, 2012. The second year's budget (FY 13) is a "planned" budget covering the period of October 1, 2012 through September 30, 2013. This planned budget will be updated as appropriate for formal adoption in September 2012. The continued impact of declining revenue on the County's budget – which in some cases lags the economic cycle – required new approaches to setting priorities and determining what services we will continue to provide as well as how best to deliver those services.

Guiding Principles – FY 12 and FY 13 Adopted Budget

- Adequate reserves were maintained in support of "AAA" credit rating
- Budget decisions were based on data and on a clearly defined core mission
- Level-of-service commitments were strategic and sustainable, and derived with community input
- Operating budget was balanced without one-time revenues
- Services and programs were designed cost effectively through collaboration and measureable outcomes
- Productivity and customer service were enhanced through strategic investments in technology
- Capital program was prioritized to support these principles within available resources

In a very real sense, this FY 12 and FY 13 biennial budget is an ongoing community conversation that began in the summer of 2010 during the adoption of the FY 11 budget. Facing continuing declines in tax revenues, the FY 11 budget was balanced with one-time, non-recurring revenues. This strategy, while not sustainable in the long-term, did buy the time needed to undertake more deliberate, strategic and transformational changes in our organization in order to improve customer service and reduce the cost of operations. During the budget process the Board of County Commissioners held four public hearings to provide opportunity for community input. In addition, I personally met with sixty-one citizen and employee groups in a concerted effort to reach out to the community and learn more about their concerns and needs, and to hear creative ideas for a more responsive government. Outreach to stakeholders through such venues as the roundtable group sponsored by the Children's Board has been instrumental in this strategic thinking process.

Far in advance of the development of this biennial budget, I began conducting "pre-budget" meetings with department directors to solicit their strategic thinking about service delivery, including:

- Identifying core services; specifically, who is served, and whether that customer is best served by County government or by another provider;

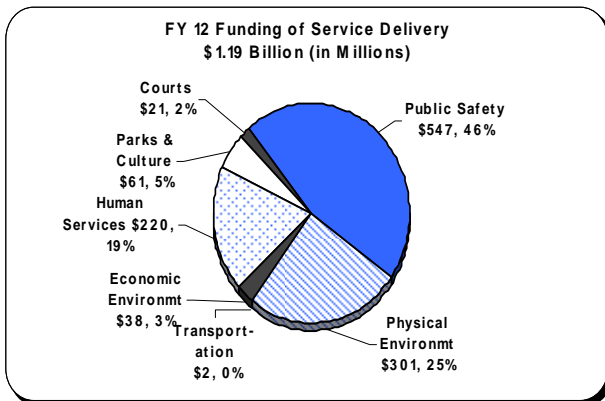
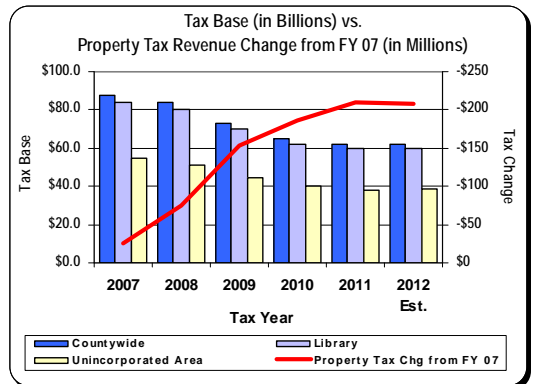
- Establishing key performance measures and how they will be tracked/verified;
- Identifying departments' functional interrelationships within the County and describing plans to more effectively integrate financially and operationally across the organization;
- Describing plans to achieve the County's client services focus;
- Describing how departments will involve staff in the decision making process; and
- Identifying strategies and investments to automate and to achieve process improvement, better customer service, and cost efficiencies.

As a result of all these efforts, I can report to you that the operating budgets for FY 12 and FY 13 achieve long-term fiscal sustainability in day-to-day service provision and are balanced without using one-time monies or reserves for recurring uses.

The adopted capital budget too is balanced within available resources, but those resources have dwindled. Reductions in Community Investment Tax (CIT) revenue and ad valorem tax revenue to fund capital needs such as roads, stormwater and recreation necessitated a reprioritization of capital projects with an emphasis on pressing service needs and public safety. As a consequence, future funding sources must be considered for capital projects that do not meet these criteria. Options for future funding sources identified in the Capital Improvement Program include mobility fees and tax increment financing, as well as a recommended rededication of a portion of the currently levied Communications Services Tax (CST) for critical infrastructure needs.

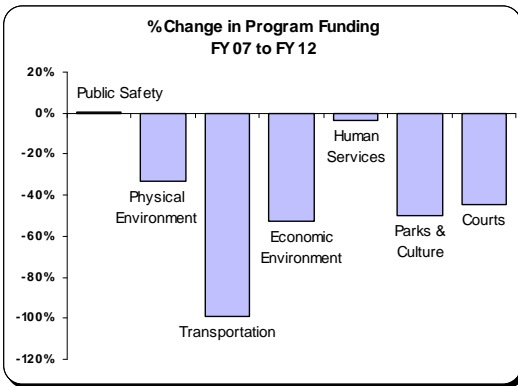
Budget in Brief

The Adopted Budget for FY 12 totals \$2.909 billion. When compared with the adopted FY 11 budget of \$3.521 billion, this is a \$612 million decrease. The decrease from FY 11 to FY 12 can be primarily accounted for by decreases of \$309 million in debt service, \$192 million in transfers and \$66 million in the Capital Improvement Program. From a service delivery point-of-view, there are seven programmatic areas shown in the chart below that more meaningfully describe the budget. The individual components comprising each of these programmatic areas are itemized in Slide 1 appended to this Budget Message.



It is the operating budget that is most impacted by changes in the property tax base and reduced sales tax collections. In FY 12, funding for service delivery of \$1.19 billion represents 41% of the total County budget. The chart to the left and in the Operating Budget section depict how the budget is allocated in FY 12. Additionally, Slide Two in the Appendix provides a breakdown of the County budget.

Since 2007, non-dedicated property tax revenue has declined by \$192.4 million due primarily to three events: legislative action to limit millage;



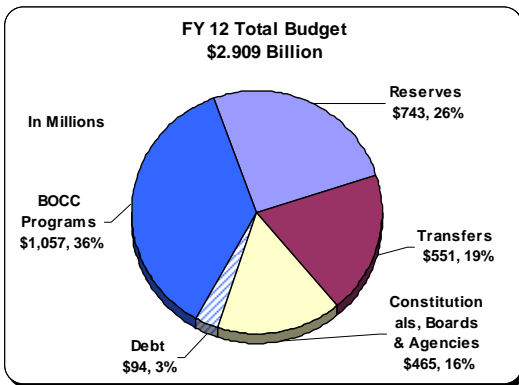
Amendment One approved by the voters; and, the effect of an economic recession brought on by a collapse in the housing market.

Correspondingly, half-cent sales tax collections have declined by 15.5%. Some modest good news is reflected in anticipated slow growth in some other tax revenues; revenue from gasoline taxes and sales taxes, for example, is expected to rise slowly in FY 12. However, the projected increase is inadequate to address the reduction in other revenues.

Overall, since 2007, approximately \$356 million in combined revenue losses have contributed to shortfalls in the County

operating budget. These shortfalls have been predominately absorbed by County Administrator operations. From FY 07 to FY 12 the budget for County Administrator operations has declined by a total of \$81 million, excluding Fire/EMS and Library Services – the latter which is a separate taxing district. For FY 12 and FY 13, shortfalls in revenue have been addressed through a combination of reductions in force, elimination of vacant positions and reductions in associated operating costs.

Operating Budget

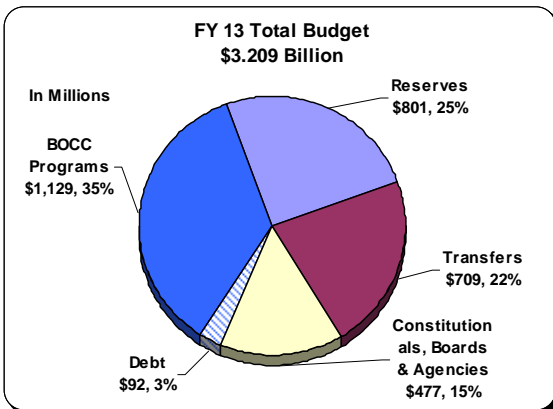


The operating budget declines \$38.8 million from FY 11 to FY 12. Of this amount, \$30.9 million of the decline is in County Administrator department budgets including a reduction of \$19.0 million in the Affordable Housing Department and \$9.2 million in the Parks, Recreation, and Conservation Department. Most of the Affordable Housing Department’s reduction is due to the transfer of the Section 8 program to the Tampa Housing Authority and the lack of any new future federal Neighborhood Stabilization Program funding. The Parks, Recreation, and Conservation Department’s reduction is part of a departmental restructuring to more efficiently deliver programming. Major service cuts have been avoided in this budget by restructuring the Parks Afterschool Program and working with other community providers.

In the area of benefits, a reduction of \$14.2 million was due to changes in required Florida Retirement System contributions.

The Adopted Budget for FY 12 reduced support of non-profit agencies by approximately \$450,000. The Citizen’s Advisory Committee (CAC), whose members are appointed by the Board of County Commissioners, is assisting the County in developing a new system of outcome-based performance measures that align with services determined to be part of the County’s core mission. These measures and other CAC recommended criteria for awarding grants to non-profit service providers are expected to be ready in 2012 for the Board’s deliberations on funding awards.

The Adopted Budget for FY 12 includes significant offsets to loss of property tax revenues with cost-cutting measures that should have minimal impact on the quality of most of the services we provide. The budget



includes more than \$22.5 million in net reductions in our major tax funds – even after restoring some services. Examples of some of these reductions include our continuing efforts to downsize/right size our fleet; reduce overtime; eliminate vacant positions; consolidate departments; reduce “back office” administrative support; reduce operating expenditures including a focus on cell phones and printers; and reduce leased space. As a result of these reductions the County will lose some of the flexibility it has enjoyed in the past to be able to absorb unexpected needs or requests. Unplanned events will unlikely be able to be absorbed without a commitment for additional resources.

Adopted Budget for FY 12 eliminates 361 full-time equivalent positions of which 298 were vacant (504 total positions). Some of the eliminated full-time equivalent positions were vacated as a result of one hundred sixty-five (165) employees taking advantage of the Voluntary Separation Incentive Program (VSIP) implemented in FY 11.

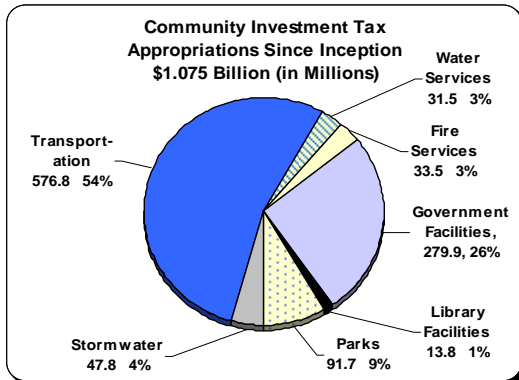
Early retirements in the ranks of department directors provided an opportunity to reduce layers of management. Strategically, this leads to greater responsibility and accountability for the staff who are more directly involved in providing services. This is a tremendous benefit not only to our customers, but to employees as well who have a greater stake in success in fully transforming the organization.

As we restructured the organization to achieve productivity, process improvement, and cost efficiencies, the employees who left the organization were faced with the challenge of a weak labor market. It was in the interest of the County to use every reasonable means at our disposal to assist these employees in finding new employment. Our community is already burdened with high unemployment, and we do not want to exacerbate this problem by adding more unemployed workers to the rolls. Likewise, for any of us who have experienced lay-offs first hand, we know how difficult it is in the face of worry and fear to remain fully productive in the workplace.

The most beneficial outcome for the affected employees, the organization and the community is rapid, productive reemployment. In short, the most important job for the affected employee is to find a job. Therefore, as was the case last year, from the date the reduction-in-force was announced through September 2011, affected employees remained on-call to undertake assigned duties, but they were also provided office space in the Human Resources Department where they received structured employment counseling and assistance in finding a job as quickly as possible. The Board demonstrated special concern for separated employees by providing \$200,000 in funding to the Workforce Alliance in support of creating individualized job search plans and conducting other activities designed to re-employ individuals as quickly as possible.

I am grateful to all of our Constitutional Officers who have demonstrated their leadership in helping to control costs in their FY 12 budgets. Other agencies and offices have also contributed to the overall goal of containing costs. The Planning Commission budget will be reduced by \$165,389, the Environmental Protection Commission by \$752,279, and the County Attorney’s Office by \$1,425,286. All of these reductions include significant impacts resulting from Florida Retirement System changes made by the State legislature.

Capital Budget



The Adopted Capital Budget for FY 12 is -\$1.4 million, a net reduction in the multi-year capital program from a \$99.9 million increase in FY 11. This budget includes reductions in Community Investment Tax (CIT) funding for some projects in the Government Facilities, Parks, Stormwater, and Transportation programs.

Declining revenue collections and unfavorable market conditions have resulted in lower estimated financing capacity for the CIT, the major revenue source used to fund new capital projects. While CIT revenues are now exceeding the prior year's levels they have not yet recovered to pre-recession levels. The reduced financing capacity has necessitated deferral of \$127.6 million of projects in the following programs until at least FY 14: Transportation - \$76.0 million, Stormwater - \$23.2 million, Government Facilities - \$1.1 million, and Parks, Recreation and Conservation - \$27.3 million. Projects will be deferred until at least FY 14 dependent upon the performance of existing funding sources and the identification of alternative funding sources.

One critical capital need included in the FY 12 budget is a new Public Safety Operations Complex to replace an aging Emergency Operations Center. The present Emergency Operations Center is not structurally adequate to serve this critical public safety need. This is the one facility we must be able to rely on before, during and after a natural or man-made disaster to keep our residents safe and to direct recovery and rebuilding operations. Around the state, there are successful models for such operations centers allowing us to learn from and replicate design and construction models so we don't "recreate the wheel" and, more importantly, so the Complex will become operational quickly. The estimated cost of the new Complex is \$29.4 million. Determining an appropriate site for the Complex should take into account the need for a secure location in order to assure continuation of services before, during and after a disaster. One possibility is co-locating the Complex on County-owned land on Columbus Drive between Falkenburg Road and US 301, which would help ensure coordination with other mission-critical operations such as Water/Wastewater, Solid Waste, Jails and Animal Services and obviates the need to acquire land and lengthy site acquisition issues. The Complex would also serve as a much needed, secure home for the County's computer network which is currently vulnerable in the County Center. During most of the year, the Complex can serve as a training facility, service center, Fire/EMS headquarters, as well as serve the needs of constitutional offices. The Columbus Drive location allows for low-cost operations by tying into the electrical power generated by the County's Resource Recovery Plant. The Board also directed County Administration to explore possible public/private partnership opportunities to identify existing buildings that could meet operational and safety needs. A request for information will be developed and issued to explore possible additional options.

With regard to capital projects, Sheriff David Gee has been extremely understanding of the County's on-going financial challenges and the importance of fiscal prudence. Consequently, the Sheriff has re-prioritized capital funding requests for the jail and has eliminated the previously anticipated Phases VIII and IX (estimated at \$119,800,000) from the jail master plan. His decision to cut these projects recognizes the gravity of the County's budget situation and achieves the goal of addressing only projects deemed to be critical. The scopes for Phase VII-A (currently funded) and Phase VII-B (unfunded) have been redefined and residual funds from previously completed Phases V and VI have been deemed sufficient to fund the majority of the work scheduled for Phase VII-A. The revised scope for Phase VII-A includes an energy efficient chilled water plant for the jail. The Sheriff has also committed to address the needs of the other adjacent County facilities in the

design of the proposed chilled water plant, which will potentially result in further energy cost reductions. Phase VII-B remains unfunded and will be given consideration for future funding.

Through an interlocal agreement, the City of Tampa and Hillsborough County are responsible for any capital and operating shortfalls of the Tampa Sports Authority. The City funds one-third and the County two-thirds of all shortfalls. During FY 12 and FY 13, the Tampa Sports Authority budget includes significant capital requirements for maintenance and replacements at Raymond James Stadium. The adopted County budget includes \$6 million in FY 12 and \$7.44 million in FY 13 to meet these needs. Additional funding of up to an additional \$8 million may eventually be required in FY 13; however, the timing of this additional need will not be known until a future date. The source of funding for these needs are short-term commercial paper borrowings to be repaid from 4th Cent Tourist Development Tax revenue.

Since 1980, in addition to other taxes authorized by law, Hillsborough County has levied the Ninth Cent Fuel Tax authorized by Section 336.021, Florida Statutes. In unincorporated Hillsborough County, revenue from the tax has been used exclusively for the maintenance of roads, streets and bridges. There is a continuing need for the funding of such activities. The tax was scheduled to sunset on December 31, 2011. Section 336.021, Florida Statutes, authorizes the Board to extend the levy of the tax by the enactment of an ordinance by extraordinary vote. At a June 15, 2011 public hearing the Board authorized extending the tax through December 31, 2021. The One to Six Cents Local Option Fuel Tax is set to expire August 31, 2013; it has the same allowable uses as the Ninth Cent Fuel Tax. The annual revenue generated from the local option fuel tax is approximately \$24 million per year.

Setting the Stage for Fiscal Sustainability

Core Service Goals & Values

- Health and safety needs of the community and residents responsively provided
- Economic recovery and growth stimulated through diversified and innovative solutions
- Environmentally sustainable growth promoted
- Recreational, cultural and natural resources that nourish the body and spirit
- At-risk children, seniors and families protected and nurtured to promote self-sufficiency

The underpinning for this Adopted Budget is the recognition that a key to providing cost effective services is government's role in fostering the creation of private capital and innovation. In other words, government – together with the community – must define and commit to the essential, core services it should provide. The essential elements of community building are neither mutually exclusive nor are they competing outcomes. They are interrelated and interdependent aspects of an organic system of local government whose primary mission is to protect life and property, foster a well-educated and skilled workforce, promote economic prosperity and create conditions that enable members of the community to fulfill their human potential.

Embedded in this paradigm is the further goal of how best to provide the essential, core services. Outsourcing and partnering with non-profit companies, private companies, or other government agencies may, in some cases, provide the best service at the lowest cost. In these cases, the government's role remains crucial in providing oversight and assuring accountability.

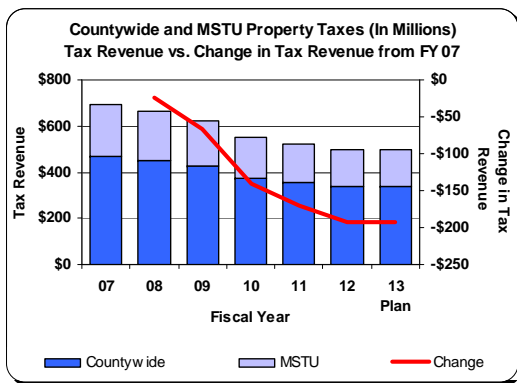
Virtually every core service we provide profoundly influences economic development. This budget embodies the principle of government's role to ensure that adequate physical and administrative infrastructure exists to facilitate the free and efficient flow of goods and services that lead to job creation. In severe economic downturns such as the one we are currently experiencing, government can provide a valuable role in stimulating economic activity. Therefore, the budget incorporates the following approaches: realign capital spending to accelerate projects that immediately create jobs; streamline permitting processes; review and revise, as nec-

essary, regulations that may inhibit job creation; and, utilize non-recurring, one-time money to provide additional economic development investments that create or retain jobs.

This budget includes providing additional direct support for economic development initiatives to retain and attract jobs. Establishing a closing fund of \$2 million dollars provides a source of cash incentives that can make the difference between a business choosing Hillsborough County over another location. A small business investment fund in the amount of \$500,000 and a "green" sustainability fund in a like amount are recommended as a way to inject capital into existing businesses that encourages innovation and creates jobs. The budget also includes new funding of \$100,000 for an agriculture innovation fund and \$500,000 for a bio-tech innovation fund.

During summer budget workshops, the Board continued to stress the importance of economic development by committing additional county resources to activities designed to create jobs and stimulate economic growth. The additional activities included 1) \$250,000 to the Economic Development Corporation for business recruitment; 2) \$2.5 million in capital funding for historic preservation of which \$2 million was committed to four historic clubs in the Ybor City area; 3) \$2 million in a historic preservation challenge grant matching program for capital improvements to encourage cultural tourism; 4) \$500,000 each for the Sports Commission, the Film Commission, and Tampa Bay and Company; and 5) \$1.461 million over a two year period for limited duration staff in the Building Services Division to assist in decreasing the amount of time necessary to issue permits for new development.

A powerful economic development engine in our community is our major cultural and entertainment venues. The Aquarium, Lowry Park Zoo, Museum of Science and Industry (MOSI), Straz Center for the Performing Arts, Glazer Children's Museum and the Tampa Bay History Center are not only educational resources, they attract tourist dollars and serve as a potent marketing tool in our effort to attract target corporate relocations. In the case of MOSI, Children's Museum and History Center, the County has a made a substantial investment in the buildings and assets which must be preserved and enhanced. Dedicating a reliable, recurring revenue source to further the mission of these venues is of paramount public benefit. To that end, monies from the Seminole Gaming Compact are committed as a funding source for these six venues. The first year's share of the Compact's distribution for Hillsborough County amounts to \$2.036 million. Staff has worked with the leadership of these venues to develop a formula for sharing of the monies and quantifiable performance measures and criteria the venues must continue to meet to receive funding.



As economic resources become scarce, the County must look at all possible options to stimulate the local economy. One such potential tool that we have is the ability to establish Community Redevelopment Areas (CRA). While not included in the recommended budget, I am recommending the Board consider this idea in the area of the Florida State Fairgrounds. This area of the county has a significant amount of tourist/entertainment traffic each year due to the Fairgrounds and the Hard Rock Hotel and Casino, and is a prime candidate to become a CRA. In support of this concept, the Adopted Budget includes some transportation improvements in this area to set the stage for successful implementation.

For the County, it has been a time of rebalancing beliefs, behaviors and operations to better align with the desired outcome of improved customer service and economic sustainability. The recession and continuing

troubles in the real estate market provide us with immediate motivation and a sense of urgency to discover the clarity we seek. A mid-year organizational restructuring has netted positive results leading to savings of over \$9 million; while sustaining service levels. Some of the major results are summarized below:

Business Opportunities Enhancing Service and Reducing Cost	
Incorporated into FY 12 Adopted Budget	Included in the FY 13 Planned Budget
Consolidation of "Back Office" operations (accounting, human resources, administration); New fiscal and support units have been created on both the Infrastructure & Development and Public Safety & Community Services Teams	Restructuring of Field Operations (Public Works); Centralize field work scheduling and resource allocation, and coordinate activities across all field operations that include the maintenance units, countywide construction, and pavement management to improve service to customers and obtain optimal use of staffing, contracting of major equipment and protecting the County's assets.
Affordable Housing Department - Transfer of County Section 8 Housing operations to Tampa Housing Authority	Restructuring of Zoning operations. Evaluate and reduce the cost of processing applications by automating and re-assessing staffing needs. Automate zoning mapping and realign with Geomatics, Evaluate alignment of legal descriptions with Real Estate functions.
Transportation Maintenance Division Streamlining; The Public Works Department has been working with a consultant to streamline operations and consolidate locations. The goal of the department has been not only to decrease cost but to also identify improved methods of delivering service that will significantly reduce cycle times. This effort has produced some interim results, but additional changes will occur during FY 12.	Family and Aging Services, Children's Services, and Health & Social Services Departments – Identify opportunities to merge and integrate eligibility processing through automation and streamlining of processes providing a "one-stop shop" approach for social services. Eliminate duplicative functions to realize cost savings and better operating controls. Evaluate private and/or other government providers of selected services to eliminate duplicative or redundant services while providing the same or higher level of service delivery.
Restructuring of Parks, Recreation Program - Centralization of 42 recreation sites into 12 regional centers; Contracting out maintenance of athletic fields; and transition of the afterschool program to other community providers which may include the School District, YMCA, Boys and Girls Clubs, etc.	County Inspection Functions - Evaluate opportunities to consolidate inspection functions currently embedded in departments to achieve cost savings and better service integration, e.g., code enforcement.
Restructuring of the senior nutrition services operations in the Family and Aging Services Department - Daily hot meal delivery was replaced with frozen pre-plated meals allowing for a decrease in the frequency of meal deliveries.	Children's Services – Evaluating the feasibility of continuing to deliver services to children that other private vendors can or do perform in this community at a reduced cost.

Business Opportunities Enhancing Service and Reducing Cost

Incorporated into FY 12 Adopted Budget

Included in the FY 13 Planned Budget

<p>One-stop Permitting Center; Consolidating intake and tracking for building permits, zoning applications and counseling, contractor licensing, site plan submittals and subdivision plats, as well as right-of-way use permits and vacatings of county property into a centralized location to enhance customer service, track application review times, and streamline processes and, ultimately, develop a virtual companion center.</p>	<p>Sunshine Line – Opportunities to partner with HART are actively being explored to eliminate duplicative or redundant services while providing the same or higher level of service delivery.</p>
<p>Multiple County departments critically reviewed their operations and identified opportunities to reduce staff resulting in over 500 position eliminations.</p>	<p>Fire Rescue is evaluating its current fee structures in the areas of ambulance fees, treat and release fees, and fire inspection fees.</p>
<p>Fire Rescue identified savings in the areas of position reclassifications, fleet downsizing, entry level position realignment, wellness exam expenditures, and reductions in promotional assessment funding</p>	<p>Animal Services – Opportunities to partner with the Humane Society are being actively explored to eliminate duplicative or redundant services while providing the same or higher levels of service delivery.</p>
<p>Public Utilities identified savings in the areas of contract mowing at landfill sites, consolidation of Solid Waste and Water Resource Services administrative functions, scrap brass recycling, the central water plant electric connection, leachate plant operations, and high voltage transmissions equipment.</p>	<p>Development review - Evaluate the development review functions for optimal customer service, efficiencies and compatibility with capital program. Explore areas of potential duplication with a focus on transportation and stormwater.</p>
<p>Library Services Department identified multiple opportunities to become more efficient including savings in the areas of operating supplies and uniforms, staffing, building maintenance, software/hardware maintenance, the closing of the science library at MOSI, outsourcing delivery operations and reorganization of circulation and programming functions.</p>	<p>Public Works is initiating an overhaul of asset management to reduce redundancies, to provide meaningful information for the planning of maintenance activities, and to comply with accounting requirements.</p>
<p>Inspections – Evaluate realignment of inspection functions in the areas of code enforcement, capital inspections, contributed assets, right-of-way maintenance, asset management and work order compliance.</p>	

Strategic Planning

The County's existing Strategic Plan, developed during a period of strong revenue growth and unlimited expectations, no longer serves as a viable guide to decision-making in our current environment – or in the environment expected to exist in the next several years. When the Board met in its annual retreat last December, I outlined four vision statements that I saw as describing how we should move forward in this new environment: community building, identifying essential (core) services, enhancing customer service, and creating a new and vibrant organizational culture. I laid out my personal and organizational goals and objectives for each of these areas, and I embraced them as we reshaped our organization and as we built this biennial budget for Board consideration and subsequent approval.

Moving forward, the Board has expressed a desire to revisit strategic planning and engage in a discussion of a new approach to plotting a multi-year course for this government and the community we serve. As we move forward into the future, we will need to decide how to engage our citizens in that process; recognize the importance in such a process of identifying internal organizational strengths and weaknesses and external opportunities and threats; understand the need to establish organization-wide and community objectives for the next several years; and plan to use key performance indicators to chart our progress and interconnect to current and future budget decisions. These deliberations should also be conducted in concert with other community stakeholders including the Planning Commission, Port Authority, Aviation Authority and Economic Development Corporation, to name a few.

Investment Opportunities for One-Time Monies

As we have been transforming County operations to become more customer-oriented and business-friendly, several critical one-time needs have been identified in the areas of economic development and technology. In keeping with budget principles, these needs are being met with identified one-time sources of funding. Some of the projects include the following:

- ProjectDox is new software that provides for electronic plans review and collaboration and allows customers the ability to submit construction plans and documents to the County over the web. The estimated cost is \$220,000.
- Sharepoint, a Microsoft software product, will enable us to be more productive with a more streamlined organization and greater collaboration in order to better serve citizens and business. County staff will be able to set up websites to share documents and information with others. This document management tool will improve transparency and enable the County to better communicate with the public and within our organization. The estimated cost is \$148,000.
- The County is pursuing the implementation of a new website with a state-of-the art innovative design that will allow our clients and visitors to our website to easily find the information and services they need. The website will also provide the platform necessary to begin conducting more of our business through the internet. The estimated cost is \$300,000.
- New case management software is being implemented by the Public Defender. The estimated cost is \$400,000.
- The FY 12 budget provides for an additional \$3.6 million in one-time funding for economic development initiatives including closing funds, small business programs, business innovation funds, etc.

Collaborations and Consolidation of Services

As resources to conduct essential government operations become scarcer, it is imperative we not only look within our own organization to identify needed changes, but that we work with our other local governments to undertake cost effective service-oriented partnerships. Over the past months, I have reached out to our partners in an effort to identify opportunities to collaborate. Many possible opportunities have been identified including a collaborative effort with the Clerk and the Civil Service Board to implement an enterprise resource planning (ERP) system and outsource its operation. Collaborative working groups from the County and municipalities are focusing on a multitude of opportunities including procurement and minority/disadvantaged business enterprise areas; joint planning areas, solid waste collection, water and sewer service and fleet maintenance.

Other Factors Considered in the Adopted FY 12 and Planned FY 13 Budgets

Budget Limitation – The Adopted Budget is in compliance with Board Policy 03.05.07.00 on limiting spending. We also carefully assessed our ability to avoid future draw downs of fund balance in the Countywide General Fund and Unincorporated Area General Fund because such actions can have significant implications on our ability to access financial markets to secure financing for County projects.

Reserves – Our reserve strategy remains sound – the County maintains reserves to meet various objectives, including adhering to best business practices; complying with statutory, bond covenant, actuarial and other requirements; and to provide a safeguard for unexpected circumstances. There are three basic categories of reserves: restricted, designated, and contingency.

Restricted reserves reflect amounts that are intended for and must be used to meet a specific purpose. The restriction can be set by legal agreement, such as a bond covenant required debt reserve; statute or other regulation, such as mandatory reserves associated with our various self-insurance programs; or by the nature of the revenue, such as revenues received by the enterprise fund whose use is restricted to enterprise program related purposes. For FY 12, restricted reserves total \$474.5 million.

Designated reserves represent amounts set aside to provide funds for a specific purpose where the actual cost is currently unknown. Once the actual need for which the funds were reserved has been met, any remaining balance may be reappropriated with Board approval for any lawful purpose. Examples include cash stabilization reserves, intended to protect the County from revenue shortfalls and to ensure that sufficient cash is on hand in the following year to meet the County's obligations until revenues are anticipated to be available; catastrophic reserves established to provide critical funds in the event of a hurricane, major flood or other disaster; reserves for future capital outlay, which are intended to fund capital project cost increases as well as unfunded capital projects in current or future years; and reserves to meet prior year obligations that have not yet been paid. For FY 12, designated reserves total \$159.2 million.

Contingency reserves represent amounts available for appropriation by the Board to meet any lawful purpose. Most funds have a contingency reserve, intended to meet unanticipated needs within the corresponding fund. When discussing contingency reserves, the usual intent relates to reserves in the two general revenue operating funds. By Board policy, use of these funds requires supermajority approval by the Board. The policy also states that the need being funded could not be reasonably anticipated during the budget process. For FY 12, contingency reserves across all non-enterprise funds total \$109.7 million.

Continued Suspension of Pay Adjustments – The FY 12 and FY 13 budgets contain no form of pay increase for employees – i.e., no cost-of-living increase, no merit pay, no market equity adjustment and no step increase. As we rebalanced spending to available revenue, such increases were not supportable. In a period of high unemployment, employees clearly value retaining a job over pay equity. We face the prospect, however, of possible future increases in order to maintain comparability with other employers, to differentiate what we pay experienced employees from inexperienced employees and to avoid pressures to unionize more of our labor force. We continue to research opportunities on how to effectively manage the cost of compensation while ensuring equity and competitiveness with the hiring and retention of a skilled workforce.

Vacation Payout Program – During the 2011 legislative session, legislation was passed that requires all participants in the Florida Retirement System to contribute 3% of their pay towards retirement. This requirement, combined with no County pay increases (other than union contracts) over the period FY 10 through FY 13, will place a significant burden on County employees to continue to meet their financial obligations in an environment of rising prices including a significant rise in fuel prices. The FY 12 and 13 budgets include a new program to allow employees to cash out up to 40 hours of their vacation time in excess of 80 hours of their vacation accruals. Vacation time is an obligation of the County that is paid out to all employees at the time they separate employment from the County. Therefore, as vacation time is paid out, the County will reduce its obligation for future payouts.

Elimination of Furloughs – Furloughs were suspended after FY 10. While employees had supported them in order to save jobs, the consequences of furloughs have become obvious. We inconvenience our customers when we close facilities. We create inequities when some employees are spared from participation while others are not. Salaried employees who may normally work more than forty hours per week become hourly employees for an entire furlough week – resulting in a greater loss of productive hours for those employees than we save in costs. Furloughs were always recognized as a temporary means of cutting costs and we believe other cost-saving alternatives are preferable. We have sought to reduce overtime spending and lowered workers compensation costs through safety programs.

Reduced Millage – The Countywide operating millage has been reduced for the eighteenth consecutive year. As with the reduction in FY 11, the amount is minimal, but we believe that this shows a Board commitment on property taxes. The cumulative reduction amounts to \$2.41 in savings for every \$1,000 in taxable value in addition to the benefits of the doubling of the homestead exemption approved by Florida voters. For those unincorporated taxpayers who benefit from all reductions in County-levied millage rates, the total millage has been reduced for sixteen consecutive years, amounting to a total of \$3.19 in savings for every \$1,000 in taxable value. While taxpayers have benefitted from lower millage rates, a higher homestead exemption, and portability of the Save Our Homes cap on taxes, the amount of revenue generated by each mill of property tax has declined by 26 percent in the past three years.

Conclusion

Consistent with past practice, this budget continues our commitment to ensure that Hillsborough County is financially strong and able to influence its destiny by applying efficient and/or effective policies and practices. We continue to receive positive feedback – most recently when Fitch Ratings and Moody’s upgraded our general credit rating to “AAA” as part of a recalibration of U.S. public finance ratings. Hillsborough County has held a “AAA” credit rating from Standard and Poor’s Ratings Services since 2006. All three rating agencies reaffirmed their credit ratings for the county during the summer of 2011.

The FY 12 budget adopted by the Board represents a balanced, equitable plan to provide our residents with vital services in this difficult economic period. As we move into FY 12 we will continue to seek opportunities to improve the manner in which we deliver service and continue to help grow our economy.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Michael S. Merrill". The signature is fluid and cursive, with a prominent initial "M".

Michael S. Merrill
County Administrator

APPENDIX
SLIDE 1

Each of the major programmatic areas comprising the total recommended County budget are shown in detail below:

Program Areas	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Public Safety	\$483.0	\$534.1	\$547.3	\$549.1
Physical Environment	332.5	323.1	300.6	302.9
Transportation	32.4	71.6	1.6	58.0
Economic Environment	58.7	57.2	37.9	45.7
Human Services	240.6	230.3	220.5	220.1
Culture and Recreation	108.1	104.2	61.0	76.5
Court Related Services	31.6	18.2	21.0	17.9
Non-expenditure Disbursements ¹ .	1,456.4	1,495.2	1,312.4	1,539.9
General Government	738.3	687.1	407.0	398.6
Totals	\$3,481.6	\$3,521.0	\$2,909.3	\$3,208.7

Note:

¹. Reduction in debt service reflects an accounting change whereby rollover of existing commercial paper notes are not required to be budgeted.

**APPENDIX
SLIDE 2**

To fully appreciate the magnitude of the challenge and opportunities we faced, this chart shows the components of the total budget

	FY 11 Adopted	FY 12 Adopted	\$ Change
Taxable Property Value – Countywide (in billions)	\$64.9	\$62.1	(\$2.8)
Ad valorem revenue (in millions)	\$372.4	\$356.4	(\$16.0)
Taxable Property Value – Unincorporated (in billions)	\$39.9	\$38.2	(\$1.7)
Ad valorem revenue (in millions)	\$174.4	\$166.9	(\$7.5)
Fund Balance, beginning of year (in millions)	\$803.3	\$868.6	\$65.3
Operating Budget (in millions):			
Countywide General Fund	\$157.6	\$149.8	(\$7.8)
Unincorporated General Fund	178.0	164.0	(14.0)
Sales Tax Fund	61.0	61.5	0.5
Enterprise Funds (Water and Solid Waste)	232.7	228.3	(4.4)
All Other Operating Funds	498.8	492.7	(6.1)
Transfers to Constitutional Officers	433.8	426.8	(7.0)
Total Operating Budget	<u>\$1,561.9</u>	<u>\$1,523.1</u>	<u>(\$38.8)</u>
County Administrator Capital Budget (in millions)			
Countywide General Fund	\$9.8	\$11.8	\$2.0
Unincorporated General Fund	2.8	(5.1)	(7.9)
Community Investment Tax Fund ¹	31.1	(107.6)	(138.7)
Enterprise Funds (Water and Solid Waste)	51.9	57.1	5.2
County Transportation Fund	3.4	9.7	6.3
All Other Capital Funds ²	.9	32.7	31.8
Total Capital Budget	<u>\$99.9</u>	<u>(\$1.4)</u>	<u>(\$101.3)</u>
Debt Service (principal and interest) ³	\$410.0	\$93.1	(\$316.9)
Other Transfers	743.0	551.1	(191.9)
Reserves	<u>706.1</u>	<u>743.4</u>	<u>37.3</u>
Total	<u>\$3,521.0</u>	<u>\$2,909.3</u>	<u>(\$611.7)</u>

Notes:

¹ The Adopted CIP includes reductions in Community Investment Tax funding for some projects in the Government Facilities, Parks, Stormwater and Transportation capital programs. Unfavorable revenue performance and financing conditions have persisted since the 2008-2009 recession resulting in lower estimated financing capacity through the CIT's expiration date of November 30, 2026.

² Includes \$27.2 million for the new Public Safety Operations Complex.

³ Reduction in debt service reflects an accounting change whereby the rollover of existing commercial paper notes are not required to be budgeted.



Hillsborough County Florida

BUDGET SUMMARY

	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
PROPERTY TAX RATES (In Mills)				
Countywide ⁽¹⁾	5.8027	5.8011	5.7995	5.7995
Library District ⁽²⁾	0.5583	0.5583	0.5583	0.5583
General Purpose MSTU ⁽³⁾	4.4004	4.4004	4.4004	4.4004
VALUE OF 1 MILL (In Millions of \$) ⁽⁴⁾				
Countywide	\$73.2	\$64.9	\$62.1	\$62.1
Library District	70.2	62.3	59.7	59.7
Unincorporated	44.6	39.9	38.2	38.4
BUDGET SUMMARY (In Millions of \$)				
Operating	\$1,606.7	\$1,561.9	\$1,536.2	\$1,536.2
Capital (net of reserves) ⁽⁵⁾	39.3	99.9	(1.4)	70.9
Debt Service ⁽⁶⁾	408.7	410.1	93.1	91.4
Reserves & Refunds ⁽⁵⁾	689.4	706.1	743.4	801.3
MAJOR ORGANIZATION OPERATING BUDGET (In Millions of \$)				
Board of County Commissioners	\$2.6	\$2.7	\$2.5	\$2.5
County Administrator	910.7	881.5	850.5	845.7
County Attorney	8.3	8.4	7.0	7.0
Elected Officials	437.6	437.6	430.9	444.8
Judicial	10.2	9.7	11.2	9.8
Guardian Ad Litem	0.2	0.2	0.2	0.2
Boards, Commissions & Agencies	25.2	23.4	22.2	22.5
Non-Departmental	211.8	198.5	198.6	203.8
TOTAL OPERATING	\$1,606.7	\$1,561.9	\$1,523.1	\$1,536.2
CAPITAL BUDGET (In Millions of \$)				
Fire	(\$4.8)	\$1.3	\$3.5	\$2.1
Governments Facilities	(15.8)	6.0	23.3	15.4
Libraries	(0.8)	9.3	10.4	6.1
Parks	8.2	9.5	(23.0)	0.7
Solid Waste	24.2	1.3	(18.0)	1.1
Stormwater	12.4	8.5	(16.4)	3.4
Transportation	(35.1)	11.2	(54.8)	1.3
Water/Wastewater & Reclaimed Water	36.9	50.6	73.8	38.0
Other Non-CIP	13.9	2.5	(0.3)	2.9
TOTAL CAPITAL	\$39.3	\$99.9	(\$1.4)	\$70.9

Detail may not add to totals because of rounding

Note: In FY 00 the County implemented an all years budget process for capital projects and grants (see glossary for definition of all years budget process).

⁽¹⁾ See the pages in the Adopted Biennial Budget for FY 12 and FY 13 entitled Millage Comparison for an explanation of countywide millage rates. Includes millage levies for debt service.

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

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

⁽⁴⁾ Based on Property Appraiser taxable assessed values as of July 1 for FY 10, FY 11 and FY12 and estimated values as of June 1, 2011

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

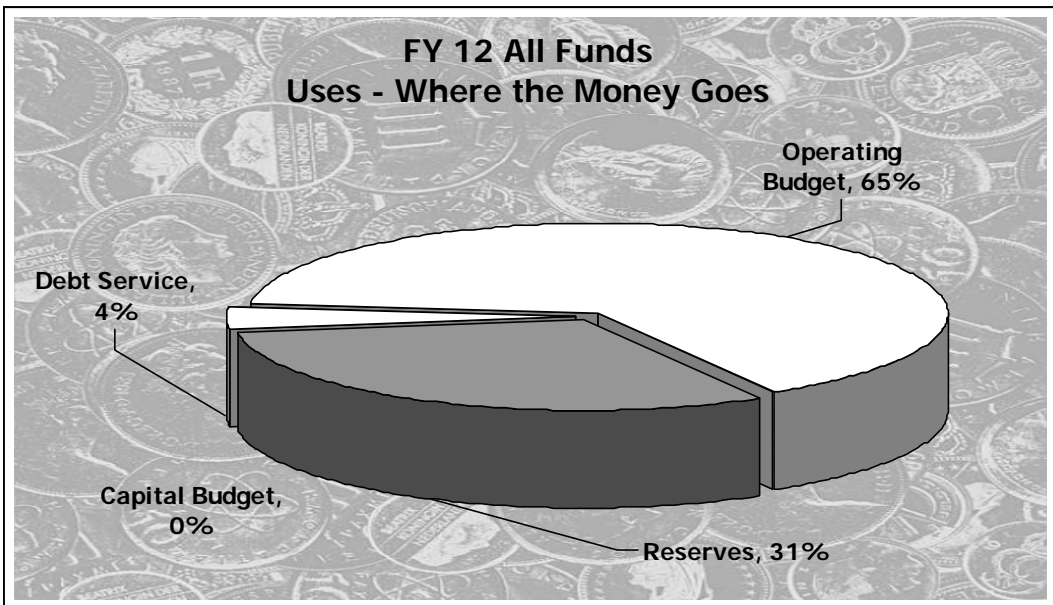
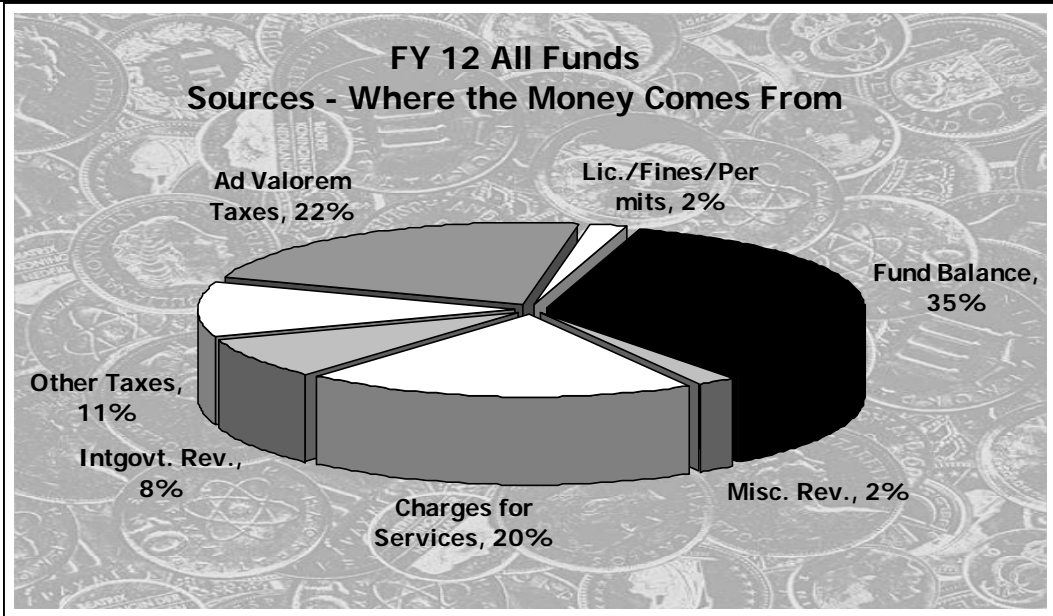
BUDGET SOURCES and USES

SOURCES	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Fund Balance Begin Of Year	\$863.8	803.3	\$868.6	\$838.0
Revenue:				
Ad Valorem Taxes	661.3	588.2	564.1	565.1
Other Taxes	256.9	263.3	273.0	286.7
Licenses And Permits	57.3	69.9	51.6	54.2
Intergovernmental Revenue	206.3	225.5	212.7	218.6
Charges For Services	509.9	502.7	513.2	517.3
Fines And Forfeits	4.5	6.5	5.6	5.6
Misc. Revenue (includes interest)	82.5	26.5	43.7	48.4
Total Revenue	\$1,778.7	\$1,682.5	1,663.9	\$1,695.8
Transfers	737.5	743.0	551.1	708.9
Other Non-Revenues	173.9	359.9	(101.4)	40.9
Less 5% Required By Law	(72.4)	(67.7)	(73.0)	(74.9)
TOTAL AVAILABLE	\$3,481.6	\$3,521.0	\$2,909.3	\$3,208.7
USES	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
<i>Operating Budget:</i>				
Compensation	\$711.2	\$705.0	\$656.7	\$670.1
Operating Expenses	858.7	826.9	826.1	827.0
Equipment	36.9	30.0	40.3	39.1
Total Operating	\$1,606.7	\$1,561.9	\$1,523.1	\$1,536.2
Capital Budget (net of reserves)	39.3	99.9	(1.4)	70.9
Debt Service	408.7	410.1	93.1	91.4
Transfers	737.5	743.0	551.1	708.9
<i>Reserves and Refunds:</i>				
Operating	673.7	635.9	738.6	754.6
Capital	(30.9)	28.1	(27.8)	15.8
Debt	46.6	42.1	32.7	30.9
Total Reserves and Refunds	\$689.4	\$706.1	\$743.4	801.3
TOTAL USES	\$3,481.6	\$3,521.0	\$2,909.3	\$3,208.7

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 only shows changes in funding, such as funds being added to a project budget or unneeded funds being subtracted. Fund budgeted in previous years will remain with the project until the project is completed and will not needed to be reappropriated through the budget process each year.*



Sources and Uses shown above exclude \$551.1million in Transfers In and Transfers Out, respectively. With the exception of Fund Balance, Other Non-Revenues, and Transfers In, many of the other revenues are subject to statutory 5% reduction. That is, only 95% of anticipated revenue may be budgeted. As the reduction may apply only to selected revenues in any category, the numbers in this chart have not been reduced. Totals may not add up to 100% due to rounding.

DEPARTMENT BUDGET SUMMARY COMPARISON

	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
BOCC				
Board Cnty Commissioners	\$2,212,545	\$2,270,571		\$2,242,124
Cnty Internal Perf Auditor	388,271	389,270		393,961
TOTAL	\$2,600,816	\$2,659,841		2,636,085
County Attorney	\$8,349,548	\$8,383,972		\$8,086,386
County Administrator				
Affordable Housing Office	8,344,757	26,648,177	7,684,939	7,704,939
Aging Services	17,096,045	0	0	0
Animal Services	7,606,016	7,381,632	7,087,795	7,054,573
Business & Support Serv	0	7,505,567	5,773,092	5,959,428
Center for Development Serv	0	0	826,798	823,317
Children's Services	44,009,797	0	0	0
Client & Liaison Serv	0	1,158,593	1,718,980	1,693,926
Code Enforcement	4,280,507	4,425,101	4,441,444	4,638,258
Communications & HTV	2,478,613	2,986,895	2,236,869	2,188,869
Community Liaison	2,153,590	0	0	0
Consumer Pro & Prof Resp	561,555	703,357	0	0
County Administrator	2,548,799	2,540,431	1,470,710	1,677,879
Debt Management	686,398	0	0	0
Development Serv (old PGM)	20,041,066	17,165,218	17,165,218	17,151,378
Economic Development	1,773,045	1,644,655	7,265,947	3,399,012
Emergency Dispatch Center	2,242,073	2,263,940	0	0
Emergency Management	1,118,314	1,161,422	0	0
Emergency Telephone (911)	6,334,885	6,347,010	7,176,791	7,545,675
Equal Opp Administrator	5,757	79,481	0	0
Extension (formerly Coop Exten)	1,606,496	1,546,873	1,486,300	1,455,232
Facilities Management Serv	0	0	15,477,077	15,701,802
Family and Aging Serv	0	215,742,453	209,795,900	207,796,205
Fire Rescue	114,733,868	115,851,410	110,994,510	111,415,293
Fiscal Serv - Infrast/Dev Serv	0	2,302,464	4,499,957	4,507,816
Fiscal Serv-Pub Safe/Comm Serv	0	0	8,279,475	8,279,476
Fleet Management	31,196,149	31,242,823	39,073,357	38,168,799
Government Serv Adm	0	0	2,045,652	1,921,194
Health & Social Services	176,341,712	0	0	0
HIPAA Compliance Office	162,246	163,428	0	0
Human Resources	3,717,219	0	2,674,587	2,675,830
Info & Tech Services	13,550,336	13,102,316	13,416,710	13,030,293
Library Services	38,425,734	37,831,538	33,418,509	33,380,868
Management & Budget	1,990,575	0	0	0
Medical Examiner	4,675,363	4,646,297	4,554,062	4,696,405
Neighborhood Relations	(356,400)			
Parks, Rec & Conservation	49,129,106	44,948,297	35,788,909	36,178,083
Procurement Services	2,149,835	0	0	0
Public Utilities	0	232,678,167	231,456,847	232,006,659
Public Works	81,271,798	72,487,845	65,075,850	64,653,314
Real Estate	25,525,791	24,064,381	9,700,245	9,989,864
Security Services Agency	3,738,355	0	0	0
Solid Waste Management	91,143,393	0	0	0
Water Resource Services	149,149,408	0	0	0
TOTAL County Administrator	\$910,694,083	\$881,495,815	\$850,536,530	\$845,694,387

	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Elected Officials				
Clerk of the Circuit Court	17,971,963	18,327,134	18,177,333	18,180,044
Property Appraiser	12,038,718	10,742,545	10,746,100	10,746,100
Public Defender	1,702,369	1,114,602	1,549,602	1,185,302
Sheriff's Office	366,245,135	370,819,372	363,027,841	380,538,826
State Attorney Part I	1,384,514	1,085,666	1,126,759	1,086,187
St Attny Part II (Vic Asst.)	2,415,596	2,124,902	1,914,325	1,914,325
Supervisor of Elections	8,848,293	9,365,861	10,852,097	7,623,400
Tax Collector	26,272,623	23,273,281	22,778,116	22,770,073
Value Adjustment Board	752,751	769,099	767,564	768,345
TOTAL Elected Officials	\$437,631,962	\$437,622,462	\$430,939,737	\$444,812,602
Judicial Branch	10,198,784	9,658,255	11,205,736	9,763,994
Guardian Ad Litem	228,642	235,490	219,054	226,721
Brds, Comm. & Agencies				
Charter Review Board	9,500	0	0	00
Civil Service Board	3,705,616	3,499,821	3,274,199	3,274,199
Environ Prot Commission	13,506,470	13,252,699	12,500,420	12,113,641
Law Library Board	467,550	474,839	425,276	424,263
Legislative Delegation	109,516	0	0	0
Metropolitan Planning Org	2,191,806	1,630,126	1,699,943	2,299,943
Planning Commission	4,980,231	4,256,593	4,091,204	4,112,817
Soil & Water Conserv Board	231,992	238,032	230,576	230,600
TOTAL	\$25,202,681	\$23,352,110	\$22,221,618	\$22,455,463
Non-departmental				
Capital Improve Prog Prj*	25,209,922	97,402,139	(1,180,832)	67,919,922
Debt Service Accounts**	409,621,990	410,889,147	93,600,369	92,196,818
Governmental Agencies	78,786,364	73,641,863	76,621,120	81,507,075
Major Maint & Repair Prg	15,096,419	1,278,315	(2,604,059)	1,911,471
Non-Departl Allotments	112,146,330	106,288,144	105,689,573	105,475,911
Nonprofit Organizations	18,936,220	19,023,257	18,123,285	17,060,260
TOTAL	\$659,797,245	\$708,522,865	\$290,249,456	\$366,071,457
Transfers, Reserves & Re-funds				
Reserves and Refunds	689,351,699	706,109,848	743,392,490	801,349,582
Intrafund Transfers	437,208,481	413,399,737	339,052,531	359,304,065
Interfund Transfers	300,320,897	329,575,948	212,019,517	349,632,683
TOTAL	\$1,426,881,077	\$1,449,085,533	1,294,464,538	1,510,286,330
TOTAL ALL	\$3,481,584,838	\$3,521,016,343	\$2,209,270,095	\$3,208,744,708

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

**This category includes all costs charged to the Debt Service Department, not only costs associated with interest and principal payments, and funds for consulting fees and other operating costs not classified under the Florida Uniform Accounting System as Debt Service.

BUDGET by CITIZEN PROGRAM—ALL FUNDS including CAPITAL PROJECTS

Program	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Public Safety				
Law Enforcement	\$214,935,865	\$219,053,446	\$212,826,918	\$222,653,317
Fire Control	108,956,281	91,273,090	86,318,396	85,267,616
Ambulance & Rescue		24,636,680	23,343,947	23,432,704
Detention/Corrections	126,758,754	165,117,248	160,648,760	181,157,712
Pub Safety Prot Inspect	15,263,710	15,060,133	15,899,922	15,951,252
Em & Disaster Relief Serv	2,424,249	2,588,716	1,697,003	2,885,588
Medical Examiner	4,694,363	4,665,493	4,565,312	4,707,655
Consumer Affairs	561,555	665,286	640,714	627,293
Other Public Safety	9,439,581	11,023,245	41,362,124	12,456,390
Subtotal	483,044,358	534,083,337	547,303,096	549,139,527

Physical Environment				
Phy Environ/Solid Waste	115,370,019	888,218,235	71,958,206	91,275,530
Water/Sewer Services	184,883,689	196,816,534	215,850,241	180,348,398
Conservation & Res Mngt	9,278,869	19,187,494	18,352,701	17,307,214
Flood Control	22,761,948	18,613,102	(5,886,705)	13,641,053
Other Physical Environ	244,326	247,126	362,179	352,994
Subtotal	332,538,851	323,082,491	300,636,622	302,925,189

Transportation				
Road & Street Facilities	32,088,483	71,380,904	1,369,623	57,778,510
Transport Transit Systems	290,458	243,410	249,081	249,081
Other Transportation	0	0	2,000	2,000
Subtotal	32,378,941	71,624,314	1,620,704	58,029,591

Economic Environment				
Industry Development	34,040,272	26,768,674	24,992,554	33,307,107
Veterans Services	1,273,719	1,263,467	814,985	914,985
Housing and Urban Develop.	23,555,682	27,849,408	9,689,932	9,518,895
Other Econ Environment	(127,392)	1,368,138	2,440,592	1,933,820
Subtotal	58,742,281	57,249,687	37,938,063	45,674,807

Human Services				
Health	151,190,097	136,832,726	132,951,299	133,403,286
Mental Health	2,643,700	2,643,700	3,373,208	3,366,728
Human Serv Public Asst	9,061,123	8,714,432	7,828,076	7,828,076
Other Human Services	78,482,395	82,085,413	76,339,928	75,516,859
Subtotal	241,377,315	230,276,271	220,492,511	220,114,949

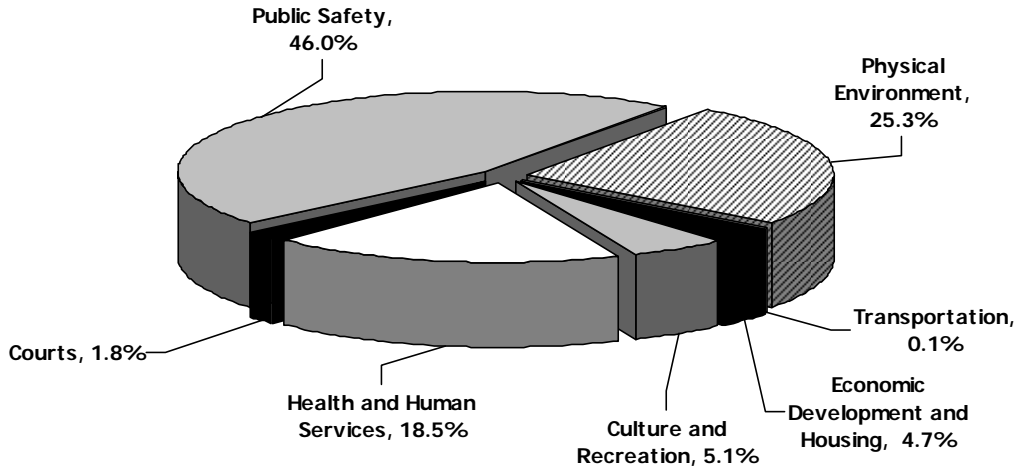
Culture/Recreation				
Libraries	38,073,426	47,439,455	44,139,985	39,777,553
Parks & Recreation	67,821,727	52,248,026	10,140,597	34,143,978

Program	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Cultural Services	1,046,362	1,231,253	258,600	258,600
Spec Rec Facilities	(77,564)	1,039,878	404,249	1,431,512
Other Culture/Recreation	441,078	2,209,160	6,009,632	886,807
Subtotal	107,305,029	104,167,772	60,953,063	76,498,450
Courts				
Court-Related Services	31,646,477	18,196,228	21,018,318	17,942,858
Total Citizen Programs	\$1,287,033,252	\$1,338,680,100	\$1,189,962,377	\$1,270,325,371
General Gov Services				
Legislative	2,797,523	2,415,720	2,315,874	2,265,874
Executive	4,226,969	3,801,268	2,857,145	2,857,285
Financial & Administrative	129,139,365	126,100,906	135,930,924	137,838,285
Legal Counsel	8,829,548	8,863,972	7,438,686	7,438,686
Comprehensive Planning	17,902,409	15,882,703	13,615,078	13,870,638
General Gov Debt Serv	380,090,789	364,619,013	75,777,956	62,677,905
Other General Government	195,284,650	165,438,865	169,101,304	171,681,518
Subtotal	738,271,253	687,122,447	407,036,967	398,630,594
Nonexpenditure Disbursements				
Transfers	737,529,378	742,975,685	551,072,048	708,936,748
Reserves & Refunds	689,351,699	706,109,848	743,392,490	801,349,582
Subtotal	1,426,881,077	1,449,085,533	1,294,464,538	1,510,286,330
Other Nonoperating Costs				
Other Nonoperating	29,399,256	46,128,263	17,806,213	29,502,413
Grand Total	\$3,481,584,838	\$3,521,016,343	\$2,909,270,095	\$3,208,744,708

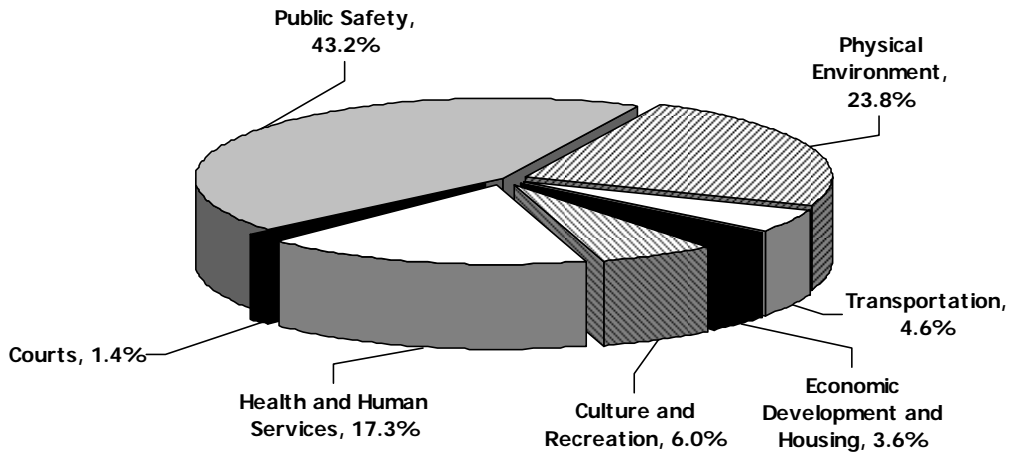
Important Notes: The categories used in this schedule are defined by the State of Florida in the State Uniform Accounting System Manual. The totals include operating as well as capital projects budgets. In FY 00 the County implemented an all years budget process for capital projects and grants. This means that beginning in FY 00, the current year's budget only reflects 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.

Negative amounts reflect reductions in the previous year's capital funding in the "all years" accounts. Similarly, some reductions from the previous year could also reflect partial offsets of operating expenditures by reduction in previous years' capital appropriations.

FY 12 All Funds Allocation of County Funds by Citizen Program



FY 13 All Funds Allocation of County Funds by Citizen Program



For services within each program, please read the table labeled *Budget By Citizen Program*.

SUMMARY of FULL-TIME EQUIVALENT POSITIONS

Definition - A **Funded Full-time Equivalent Position (FTE)** is one position funded for an entire fiscal year. For example, a position funded and paid for 40 hours/week and 52 weeks/year or 2 positions funded and paid for 20 hours/week and 52 weeks/year is equal to one full-time equivalent position or FTE.

A **Position** is a group of current duties assigned or delegated by responsible authority, requiring the full-time or part-time employment of one person.

Organization	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
County Administrator - Funded FTE	5,245.92	5,001.96	4,658.69	4,648.69
Funded Positions	5,710.00	5,447.00	4,964.00	4,955
Sheriff – Funded FTE	3,602.50	3,660.00	3,658.50	3,658.50
Funded Positions	3,793.00	3,821.00	3,819.00	3,819.00
Clerk of the Circuit Court	112.00	112.00	111.00	111.00
Funded Positions	112.00	112.00	111.00	111.00
Boards, Comm, and Agencies	228.80	219.00	215.00	213.00
Funded Positions	232.00	222.00	215.00	213.00
Judicial	56.50	56.50	56.50	56.50
Funded Positions	57.00	57.00	57.00	57.00
Guardian Ad Litem	4.00	4.00	4.00	4.00
Funded Positions	4.00	4.00	4.00	4.00
County Attorney	67.00	66.00	59.00	58.00
Funded Positions	68.00	67.00	60.00	59.00
Other Elected Officers	496.50	507.6	503.60	503.60
Funded Positions	497.00	508.00	504.00	504.00
Board of County Commissioners	21.00	21.00	21.00	21.00
Funded Positions	21.00	21.00	21.00	21.00
Internal Performance Auditor	3.00	3.00	3.00	3.00
Funded Positions	3.00	3.00	3.00	3.00
Total Funded FTEs	9,837.22	9,651.06	9,290.29	9,277.29
Total Funded Positions	10,497.00	10,262.00	9,758.00	9,746.00

From the FY 10 Adopted Budget to the FY 12 Adopted Budget there was a reduction of 739 funded positions across all organizations. The Sheriff's Office increased its funded positions by 26 and the category Other Elected Officials increased by 7 positions over that span of time. The County Administrator's organizations accounted for the greatest reduction.

CAPITAL PROJECTS BUDGET SOURCES & USES of FUNDS

SOURCES ⁽¹⁾	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Revenues:				
Ad Valorem Taxes	\$15.0	\$23.7	\$61.3	\$38.5
Communications Services Tax	0.0	0.0	0.0	0.0
Community Investment Tax	7.6	6.9	0.1	0.1
Contributions	0.0	0.0	0.0	0.0
Enterprise Fees	39.3	45.0	33.1	31.4
Gasoline Taxes	5.6	6.2	6.3	6.5
Grants & Shared Revenues	(3.1)	0.4	0.0	0.0
Impact Fees	5.0	2.4	2.0	2.0
Miscellaneous Revenues ⁽²⁾	1.4	0.4	(1.5)	1.2
User Fees	4.4	0.5	4.2	4.0
Total Revenue	75.2	85.4	105.5	83.7
Other Non Revenue-Financing	(45.8)	42.6	(134.7)	3.0
TOTAL SOURCES	\$29.3	\$128.0	(\$29.2)	\$86.7

USES ⁽¹⁾	FY 10 Adopted	FY 11 Adopted	FY 12 Adopted	FY 13 Planned
Fire	(\$4.8)	\$1.3	\$3.5	\$2.1
Governments Facilities	(15.8)	6.0	23.3	15.4
Libraries	(0.8)	9.3	10.4	6.1
Parks	8.2	9.5	(23.0)	0.7
Solid Waste	24.2	1.3	(18.0)	1.1
Stormwater	12.4	8.5	(16.4)	3.4
Transportation	(35.1)	11.2	(54.8)	1.3
Water/Wastewater & Reclaimed Water	36.9	50.6	73.8	38.0
Other Non-CIP ⁽³⁾	13.9	2.5	(0.3)	2.9
Total Capital Budget	39.3	99.9	(1.4)	70.9
Transfers Out	21.0	0.0	0.0	0.0
Reserves ⁽⁴⁾	(30.9)	28.1	(27.8)	15.8
TOTAL USES (Including Reserves)	\$29.3	\$128.0	(\$29.2)	\$86.7

Notes:

- (1) In FY 00 the County implemented an all years budget process for capital projects and grants. This means that beginning in FY 00 the current year's budget will only reflect changes in funding, such as additional funds being added to a project budget or unneeded funds being subtracted. Prior year funding will remain with the project until completion and will not need to be reappropriated every year.
- (2) Other Non-CIP expenditures are Capital Budget Expenditures not related to the Capital Improvement Program.
- (3) Other Non-CIP expenditures are Capital Budget Expenditures not related to the Capital Improvement Program, such as capital equipment, leasehold improvements and some land acquisitions and the County's Major Repair, Replacement Renovation and Maintenance Program.
- (4) A negative reserve reflects a drawdown of reserves to meet capital projects funding requirements.

GLOSSARY

AD VALOREM TAX is a tax levied on the assessed value of the property minus statutory exemptions on which it is levied. The rate of the tax is expressed in "mills." This tax is also called **PROPERTY TAX**. Also see the definition of **MILL**.

ADOPTED BUDGET is the financial plan for a fiscal year beginning October 1. Florida Statutes require the Board of County Commissioners to approve this budget at the second of two public hearings.

CAPITAL BUDGET is the financial plan of capital project expenditures for the fiscal year beginning October 1. It incorporates anticipated revenues and appropriations included in the first year of the six year Capital Improvements Program (CIP), and any anticipated unspent budget appropriation balances from the previous fiscal year. It is adopted by the Board of County Commissioners as a part of the annual County budget.

CAPITAL EXPENDITURES are payments to acquire or construct capital assets which will benefit the County in both present and future periods.

CAPITAL IMPROVEMENT PROGRAM (CIP) is Hillsborough County's financial plan of approved capital projects with their schedules and costs over a six-year period. The CIP is designed to meet county infrastructure needs in a responsive and efficient manner. It includes projects which are, or will become the property of Hillsborough County, as well as projects that although not owned by the County, will be part of a joint project agreement.

CAPITAL OUTLAY or **CAPITAL EQUIPMENT** is an item such as office furniture, fleet equipment, data processing equipment and other operating equipment with a unit cost of \$1,000 or more.

CAPITAL PROJECT is any improvement or acquisition of major facilities with a useful life of at least five years such as roads, bridges, buildings, or land.

DEBT SERVICE is the dollars required to repay funds borrowed by means of an issuance of bonds or a bank loan. The components of the debt service payment typically include an amount to retire a portion of the principal amount borrowed (i.e., amortization), as well as interest on the remaining outstanding unpaid principal balance.

DEPARTMENT is, for budgeting purposes, any distinct government organizational entity receiving direct funding approved by the Board of County Commissioners.

FUND is an accounting entity used to record cash and other financial resources as well as an offsetting amount of liabilities and other uses. The resources and uses are segregated from other resources and uses for the purpose of carrying on specific activities or attaining specific objectives in accordance with special regulations, restrictions, or limitations.

FUNDED POSITIONS is a term referring to the number of authorized positions for which funding is included in a given fiscal year's budget.

FUNDING SOURCES is a term referring to the type or origination of funds to finance recurring or non-recurring expenditures. Examples include revenues such as ad valorem taxes, user fees, licenses, permits, and grants and non-revenues such as fund balance and interfund transfers.

FY (FISCAL YEAR) 12 ADOPTED BUDGET refers to the budget for the period beginning October 1, 2011 and ending September 30, 2012.

INTERGOVERNMENTAL REVENUE includes all revenue received from federal, state, and other local

government sources in the form of grants, shared revenue and payments in lieu of taxes.

LIBRARY TAXING DISTRICT is a special taxing district encompassing the City of Tampa and the unincorporated areas of the county. It provides library services for county residents. These services are financed primarily by an ad valorem tax levied on all taxable property located in the district and accounted for in the Special Library Tax District Fund.

MILL is a monetary measure equating to one one-thousandth (0.001) of a dollar. When used in reference to the **AD VALOREM TAX RATE**, it means a 1-mill tax is one dollar of tax on \$1,000 of taxable value.

MILLAGE RATE is the rate per one thousand dollars of taxable property value which, when multiplied by the taxable value, yields the tax billing for a given parcel.

MUNICIPAL SERVICES TAXING UNIT (MSTU) is the taxing district encompassing the unincorporated area of the county. It provides services typically provided by a municipality (e.g., Sheriff's patrol, paramedic services, fire protection, parks and recreation, code enforcement and road network maintenance) to the residents and businesses in the unincorporated area. The services are financed primarily by an ad valorem tax levied on all taxable property located in the unincorporated area.

NON-AD VALOREM ASSESSMENT is a fee levied on certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit those properties. The value of the property is not considered when calculating a **NON-AD VALOREM ASSESSMENT**. Instead, the cost of the facility or the service is allocated proportionately to the benefited properties in a defined area. It is sometimes referred to as a **SPECIAL ASSESSMENT**. Generally, this is collected by the Tax Collector's Of-

fice on the annual consolidated tax bill like **AD VALOREM TAXES**.

OPERATING BUDGET is the budget including appropriations for recurring and certain one-time expenditures that will be consumed in a fixed period of time to provide for day-to-day operations (e.g., salaries and related benefits, operating supplies, contractual and maintenance services, professional services, and operating equipment).

PERSONAL SERVICES characterizes expenses for salaries, wages, and related employee benefits provided for all persons employed by the County whether on a full-time, part-time, or temporary basis.

REVENUES are funds received by the County from external sources; income. Revenues are to be differentiated from funding sources which include fund balance, interfund transfers, reimbursements, etc.

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 tax dollars as the previous year. Calculation of the "rolled-back rate" is governed by Florida Statutes.

ZERO-BASE BUDGETING (ZBB) is a method of detailed budget analysis and justification that combines elements of management by objectives and program evaluation. It is a vehicle to link management and planning to the budget process. ZBB starts with an examination of an agency's basic programs and services by the lowest management level, and continues up the organization as funding packages are prioritized at each level in accordance with available resources and desired outcomes. ZBB is a tool for objectively directing the allocation of funds among activities and programs. Its basis is the consideration of the efficiency and effectiveness of activities and programs.

RECOGNITION for the HILLSBOROUGH COUNTY BUDGET

Hillsborough County submits its biennial documents to the Government Finance Officers Association of the United States and Canada (GFOA) for its review. Continued participation in the GFOA review program insures that these documents will continue to convey information in a usable form for the variety of groups who use the budget documents. The review ensures that budget documents serve four distinct functions by meeting certain criteria established by career government budget officials. The four functions are:

- **The budget must serve as a policy document** for elected officials and administration to convey how the organization will operate, and what process will be used to adopt and amend the annual budget.
- **The budget must serve as an operations guide** to the departments and agencies that receive funding through the budget. That includes identifying the resources (dollars and staffing) to be provided and the objectives to be met.
- **The budget must serve as a financial plan**, divulging all sources of funding. The budget should show data for multiple years for comparison.
- **The budget must serve as a communications device** to convey essential information to the diverse groups who use budget information - elected officials, the public, the news media, bond rating agencies and investors. This purpose is served through a variety of devices: charts and

tables, summary explanations, a glossary, assumptions, trends, etc.

Getting More Information - Both the **Adopted Biennial Budget for FY 12 and FY 113** and the **Capital Improvement Program FY 12 – FY 17** are available in three different formats.



The Government Finance Officers Association of the United States and Canada (GFOA) presented a **Distinguished Budget Presentation Award** to Hillsborough County, Florida for its biennial budget for the biennium beginning October 1, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of two years only. We believe the Biennial Budget for FY 12 and FY 13 will continue to conform to program requirements. Upon adoption by the Board of County Commissioners, we will submit to GFOA to determine its eligibility for another award.

Both volumes may be reviewed at the Management and Budget Division or Communications Department's offices at 600 E. Kennedy Blvd. Tampa, FL 33602.

They may also be viewed and downloaded from the internet along with on-line versions of the Management and Budget Division's **Community Statistics** and the **Taxpayer's Guide**. The address is www.hillsboroughcounty.org/

A compact disk containing both books, **Community Statistics** information and the **Taxpayer's Guide**, is available at no cost by calling the Management and Budget Division of the Business and Support Services Department by calling 813-272-5890. CD's can also be found for viewing in the reference section of each public library.

Additional copies of the **Taxpayer's Guide** are also available at no cost from the Management and Budget Division at 813-272-5890.

Notes

The sight of a Roseate Spoon Bill along a Hillsborough County pond or lake or along the shore of Tampa Bay is breathtaking. It is a large bird standing 23 to 31 inches tall. Cloaked in pink feathers with red legs, it wades through shallow waters swinging its partially submerged spoon shaped bill back and forth scooping small crustaceans. When the bird feels prey inside the bill, it closes its bill shut with a sharp "clap" sound. It was almost hunted into extinction for its feathers. It is now endangered by loss of its native habitat.

