Fiscal Year 2009

Mid-Year Budget Status Report

Prepared by the Pinellas County Office of Management & Budget
May 19, 2009

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REPORT FORMAT

The purpose of this report is to provide a snapshot of the County's most significant funds at the midpoint of Fiscal Year 2009. The report is divided into five sections:

- Section I provides an Executive Summary of the report.
- Section II provides background on the current state of the economy.
- Section III discusses the status of the General Fund, which is the principal operating fund of the County. Included here are analyses of the major General Fund revenue sources.
- Section IV reviews several other governmental County funds which either represent a significant portion of the operating budget or have been identified as areas of particular interest.
- Section V focuses on the County's enterprise funds, which account for "business-like" activities that fully support operations from their own revenue streams.

I. EXECUTIVE SUMMARY

In February, the General Fund Forecast was presented to the Board. The Forecast recognized that revenues were estimated to come in at $12M less than the FY09 Budget. As a result, the County Administrator requested that all County departments and agencies in the General Fund reduce FY09 expenditures to 97% or less to close the $12M gap.

At mid-year, General Fund revenues appear to be coming in slightly less than was forecasted in February. On the expenditure side, the budget submissions show that we are on track to achieve the target of 97% of budget. Last year's experience of a 97% expenditure target demonstrated that there is a good chance that expenditures will come in closer to 96%, which should offset the additional slight decrease in revenues. If this does not occur, however, the effect would be that the fund balance at the beginning of FY10 will be slightly less than assumed. However, such a variance is not significant enough to warrant any changes to the assumptions made for the FY10 budget process.

The continuing effects of the recession are evident in some of the other governmental funds, particularly the Tourist Development Council Fund, which receives most of its revenue from hotel/motel activity, and the Penny for Pinellas Fund, which is sales tax based. In funds supported by property taxes, such as the Fire District Fund, collections are lagging behind historical patterns but are expected to reach projected amounts later in the fiscal year. Revenues and expenditures in the Transportation Trust Fund, supported by gas taxes, are generally in line with budgeted expectations. In the Emergency Medical Services Fund, adjustments to the emergency response system are aimed at future years' declining property tax revenues and will not have a major impact on this year's fiscal performance.

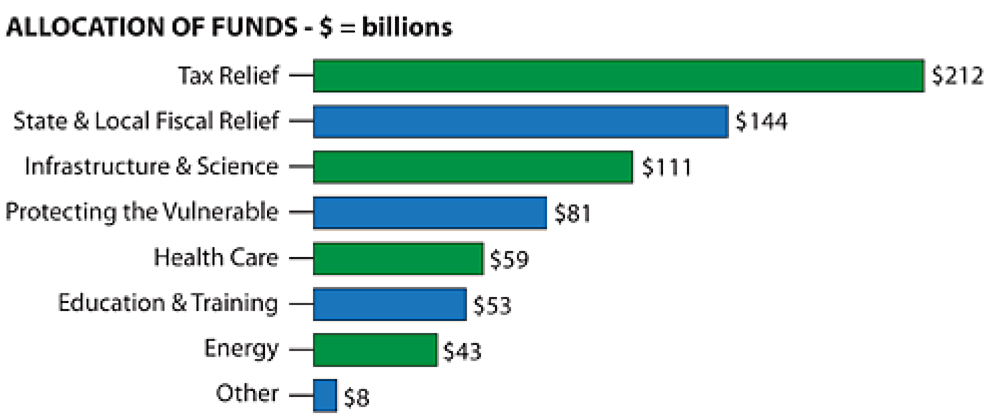
In the enterprise funds, the Airport is operating within acceptable parameters. The Solid Waste disposal electricity revenues are below expectations for the first six months due to an equipment problem, but business interruption insurance and available fund balances are sufficient to offset this shortfall. In the Water and Sewer operating funds, reduced consumption has depressed revenues. As a result, adjustments to Water and Sewer rates are being developed for future Board consideration.

II. ECONOMIC CLIMATE

The nation is in the midst of the worst economic recession since the Great Depression. This slowdown began in December, 2007 and has affected virtually every segment of the economy. Florida has been hit particularly hard, with real estate market values dropping and unemployment higher than any state except Michigan. The Federal Government has taken action to help revive the economy, including passage of the American Reinvestment and Recovery Act (ARRA) in February 2009. This $787 billion stimulus plan, the largest in the nation's history, includes tax cuts, tax credits, and a variety of spending initiatives (see Figure 1). The amount of stimulus funding directly available to Pinellas County government is limited and will not significantly affect the resources available for ongoing operations.

While many economists believe that this plan will help "jump start" a recovery, it will take time for the plan to have its full effect, and the turnaround is not expected to begin until late in calendar year 2009 – after the end of the current fiscal year in September. Florida's recovery is expected to lag even further behind. The tourism sector, and the population growth that drives construction and related industries, are dependent on the recovery of other states for their return to "normal" levels. As a result, the recovery of Florida's economy is currently not expected to begin until late 2010 or early 2011. When the recovery does occur, leading economists expect it will be a lengthy process, with growth taking more of an "L" shape than a sharp "V", until previous levels of activity are achieved three to five years later.

Figure 1: American Recovery and Reinvestment Act – Total Funding Approved



III. GENERAL FUND

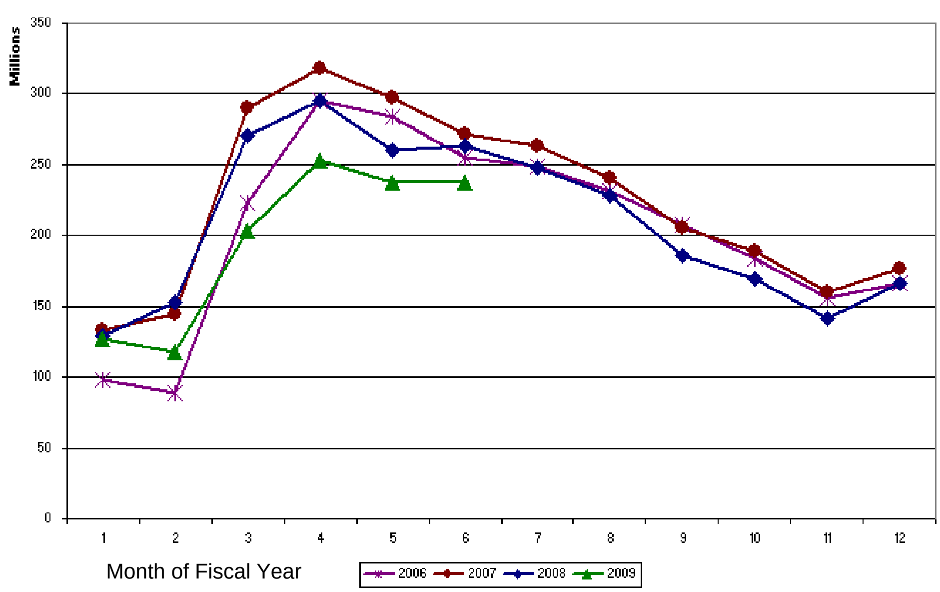
<u>Description:</u> The General Fund includes the primary governmental functions of the County that are not completely supported by dedicated resources. These activities include but are not limited to: Sheriff's law enforcement, detention, and corrections; support of the Court system, including facilities and technology; health and human services; environmental management; emergency management and communications; parks and leisure services; general administration; and the operations of the Property Appraiser, Tax Collector, and Supervisor of Elections. Property taxes comprise more than two-thirds of the revenue supporting this fund.

<u>Summary:</u> In conjunction with the February, 2009 forecast for FY10 Budget process, an estimate of current year revenues and expenditures was prepared. At the mid-year mark, performance is slightly lagging the $12M estimate. If this trend continues, the beginning fund balance for FY 2010 will be slightly lower than previously estimated.

In the General Fund, the fund balance rises during the months of December and January, when the bulk of property taxes are received. In the remaining months of the year, this accumulated balance supports operations as the new revenues do not keep pace with the expenditures. Reviewing the current patterns of revenue and expenditures, the General Fund Beginning Fund Balance for FY10 is anticipated to be approximately $125 million, compared to the $129 million assumed for the forecast. This difference affects resources available for non-recurring expenditures. It will impact the FY10 budget only to the extent that recurring non-property tax revenues are less than previously projected. This impact will be determined within the next two months as part of the budget development process. <u>Figure 2</u> compares the **month-ending balance** for FY09 with fiscal years 2006 through 2008.

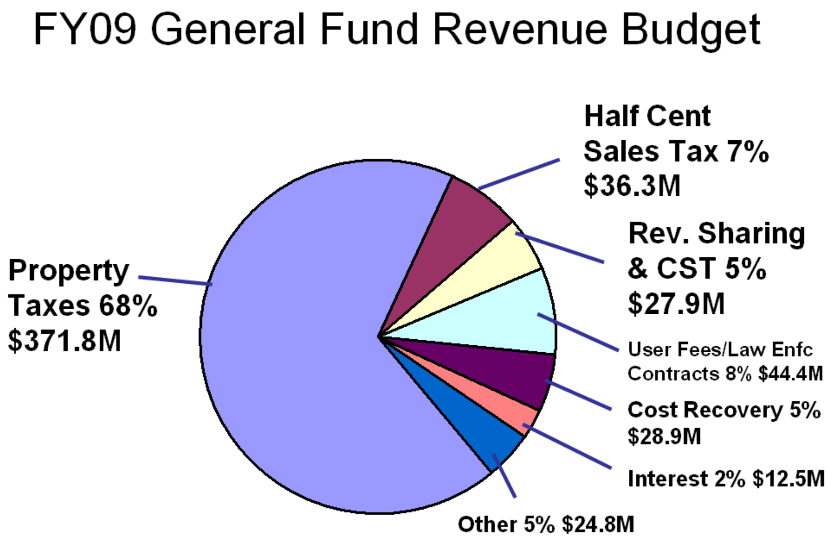
General Fund
Monthly Ending Fund Balance

Figure 2:



Revenues: As Figure 3 illustrates, about 80% of General Fund revenue is derived from just four sources.

Figure 3:



The largest source is **Property Taxes**. Property taxes for FY09 were levied based on taxable values as of January 1, 2008. This means that the continuing decline in values since that time does not impact the current fiscal year's collections. Property Tax collections are running behind the historical pattern (average for FY 2004 through 2008); 85% of estimate vs. the pattern of 89%. However, based on last year's experience, actual revenues will achieve the estimate through delinquent tax collections and tax certificate sales later in the fiscal year. Mortgage foreclosures continue at record levels (Figure 4), but this does not have a significant impact on current year collections because of the recovery mechanisms for delinquent taxes. If taxes are unpaid by June 1st, a Tax Certificate is offered for sale by the Tax Collector. The certificate is sold to an investor, and the County receives the equivalent of the taxes due. The purchaser is guaranteed interest earnings on the certificate when the taxes are paid.

Figure 4:

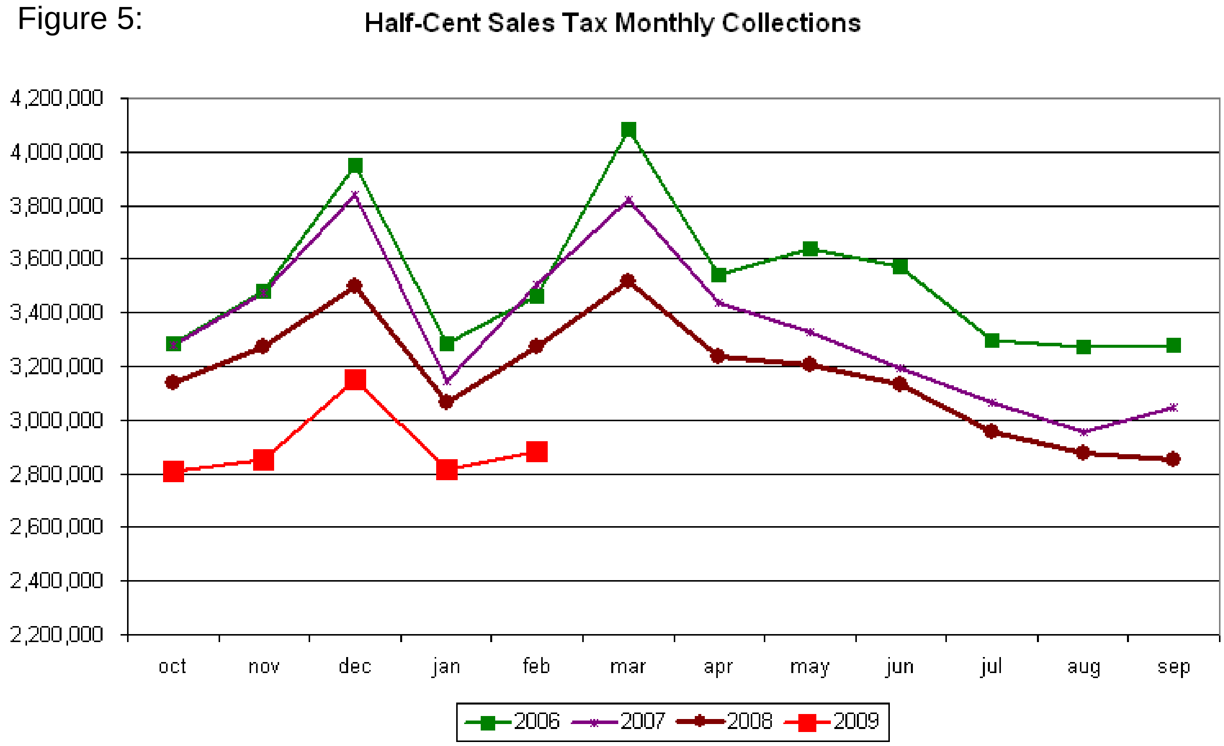
Pinellas County Foreclosure Case Filings Comparison 2006-2008

	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	TOTAL
2006	255	253	315	247	281	259	273	321	324	403	398	369	3,698
2007	506	469	494	513	479	557	650	642	662	899	894	773	7,538
2008	963	1,016	1,035	1,134	1,118	1,112	1,086	999	1,295	1,390	969	1,198	13,315
2009	1,263	1,284	1,420										3,967

Source: Pinellas County Clerk of the Circuit Court

The second largest revenue source is the **State Shared Half-Cent Sales Tax**. Reflecting the recession, collections year-to-date are 10% under FY08. Continued erosion of this revenue source appears likely. Figure 5 is a comparison of FY09 monthly collections to the previous three fiscal years. The projected revenue for FY09 is the lowest in ten years (since fiscal year 1999).

Figure 5:



The third major source, **State Revenue Sharing**, is also mainly based on sales tax revenue. Revenue Sharing to date is also 10% less than through the same period last year. The total amount of the State's distribution of revenue sharing funds will not be definitively known until after the annual adjustments which usually occur in August, after the State has closed its books for their fiscal year which ends June 30. Revenue Sharing had been in decline even before the recession; the projected revenue for FY09 is the lowest since FY03, and less than the County received in FY1994.

The General Fund includes operations for both county-wide functions and the unincorporated area. These segments are tracked separately within the fund. MSTU expenditures are about 10% of the total. The fourth major revenue in the fund is the **Communications Services Tax (CST).** This tax is paid by unincorporated area residents and is dedicated entirely to providing services for them through the Municipal Services Taxing Unit (MSTU). CST revenues are 2% below last year's six-month revenues, due to Department of Revenue adjustments related to prior years' collections. This is consistent with previous estimates. Other MSTU revenues are following the same overall pattern of decline as county-wide revenues.

Lesser revenue sources include **User Fees and Sheriff's law enforcement contracts**, which are performing relatively well; and **Cost Recovery** from other funds, which is on target to achieve budget. However, **Interest Earnings** through March are $2.9 million, compared to $6.7 million through March last year, both because investment rates are low and because the fund balance invested is lower than in FY08. Earnings for the remaining six months are subject to market conditions, and interest rates are currently at historic lows.

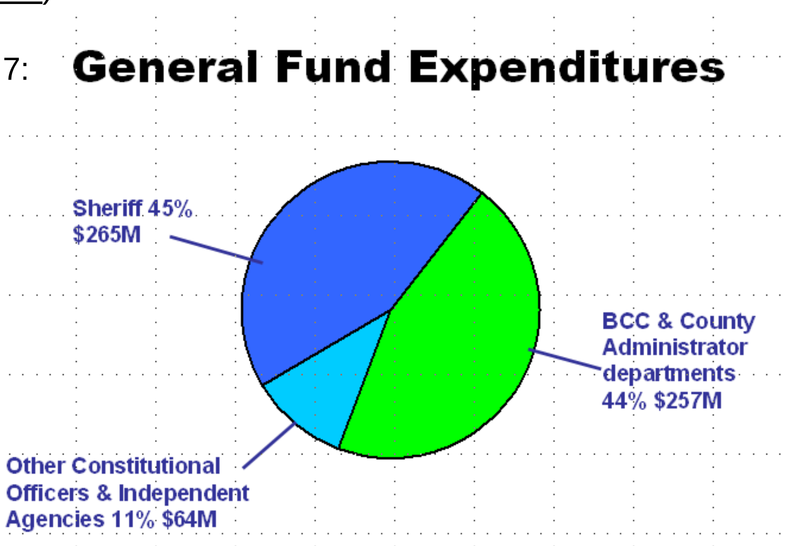
The **Other Revenues** which comprise about 5% of the total (Figure 6) are also down as a result of the recession. In particular, building permits and related sources are only about 33% of budget through March. This is consistent with the reduced estimates in the forecast.

Figure 6: Other General Fund Revenues Budgeted in FY09

	$	%
Licenses & Permits	4.9	0.9%
Federal Grants	1.8	0.3%
State Grants	0.3	0.1%
State Shared Revenue	1.2	0.2%
Local Grants/Shared Revenue	2.8	0.5%
Fines & Forfeits	0.8	0.1%
Reimbursements	0.7	0.1%
Rent/Surplus/Refunds	1.8	0.3%
Miscellaneous	6.8	1.2%
Interfund Transfers	3.7	0.7%
TOTAL	24.8	4.5%

Expenditures: Expenditures in the General Fund are divided between the BCC / County Administrator, the Sheriff, and Other Constitutional Officers and Independent Agencies (Figure 7).

Figure 7:

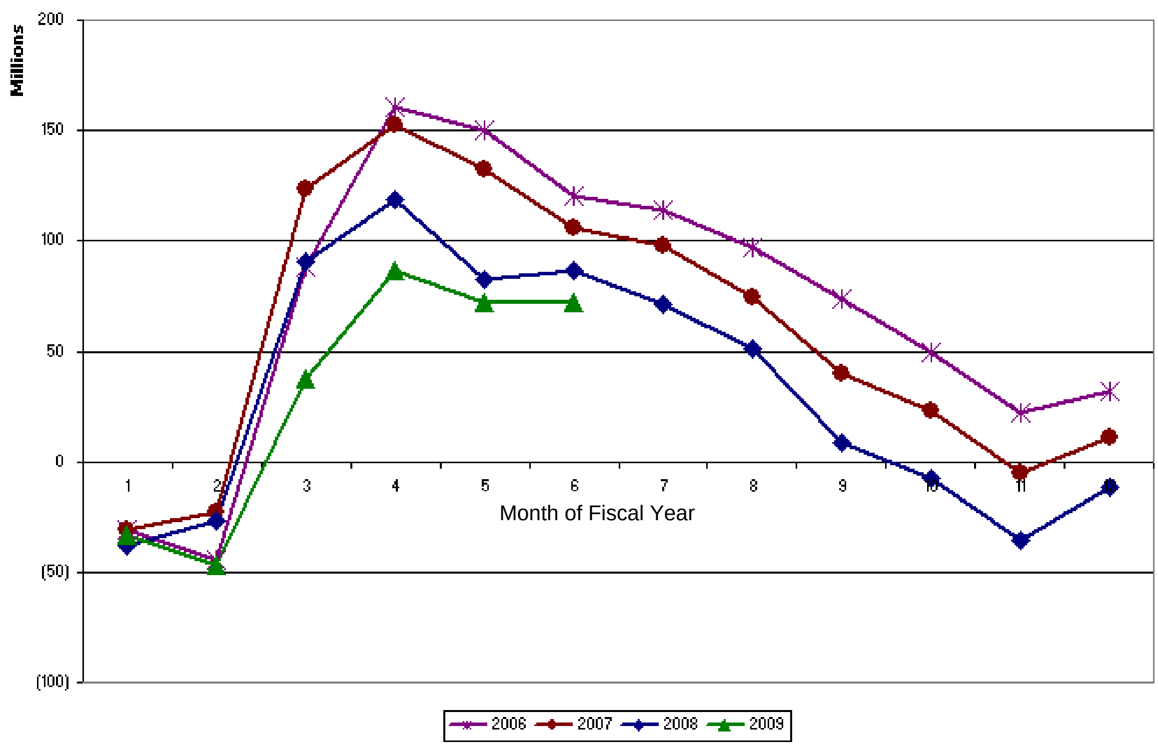


In reviewing the six-month expenditure trends, it appears that the target of spending only 97% of budget will be achieved. The estimates prepared by departments for the FY10 budget process also support this view.

Personal Services (salaries and benefits) for the first six months are at 45% of the estimated total expenditures for the year, compared to the historical pattern of 49%. Operating Expenses (services and commodities) are at 39% of budget vs. the pattern of 47%, and Capital Outlay (primarily equipment) is at 13% compared with the 25% historical pattern. Payments to the Constitutional Officers and Grants and Aids to other governments (such as Tax Increment Financing for Community Redevelopment Areas) are in line with projections. These trends indicate that lapsed appropriations will be generated consistent with the targets.

The pattern of **net revenues minus expenditures** for FY09 and the previous three fiscal years is shown in Figure 8. This chart illustrates that assuming current trends continue, FY09 will, as expected, result in a decrease in fund balance for the second consecutive year, as expenditures will more than likely exceed revenues. This is primarily the result of non-recurring expenditures which are utilizing fund balance for one-time costs such as the $4.2 million transfer to the Housing Trust Fund.

Figure 8: **General Fund Revenue Less Expenditures (cumulative)**



Note: this chart does not include fund balances or reserves.

The following table provides additional detail on revenue and expenditure trends in the General Fund.

FY09 General Fund Revenues and Expenditures ($ millions)

	Current Budget	6 months Actual	Forecast Estimate	Actual as % of Estimate	Historical Pattern
Revenues					
Property Tax	371.8	320.6	375.7	85%	89%
Half-Cent Sales Tax	36.3	11.6	33.6	35%	34%
Revenue Sharing	15.1	5.9	13.8	43%	40%
Communications Services Tax (MSTU)	12.9	5.3	12.3	43%	41%
All Other Revenue	112.9	41.3	116.4	35%	34%
Total - Revenues	**549.0**	**384.7**	**551.7**	**70%**	**72%**
Expenditures					
Personal Services	99.8	43.6	96.8	45%	49%
Operating Expenses	133.3	50.9	129.1	39%	47%
Capital Outlay	1.5	0.2	1.5	13%	25%
Transfers	328.5	195.7	325.7	60%	62%
Other (Grants & Aids, Debt Service)	36.3	22.5	35.9	63%	66%
Total - Expenditures	**599.4**	**312.9**	**589.0**	**53%**	**57%**
Revenues - Expenditures	**(50.4)**	**71.8**	**(37.3)**		

Note: In this and similar tables throughout this report, the budget shows revenues at 95% of the estimated amount as required by Florida Statute. This understating of revenues overstates the negative impact on fund balance. All funds are statutorily balanced, with beginning fund balance plus revenues equal to expenditures plus reserves. These tables do not include the beginning fund balance or ending reserve amounts in order to focus on the comparison of revenues and expenditures.

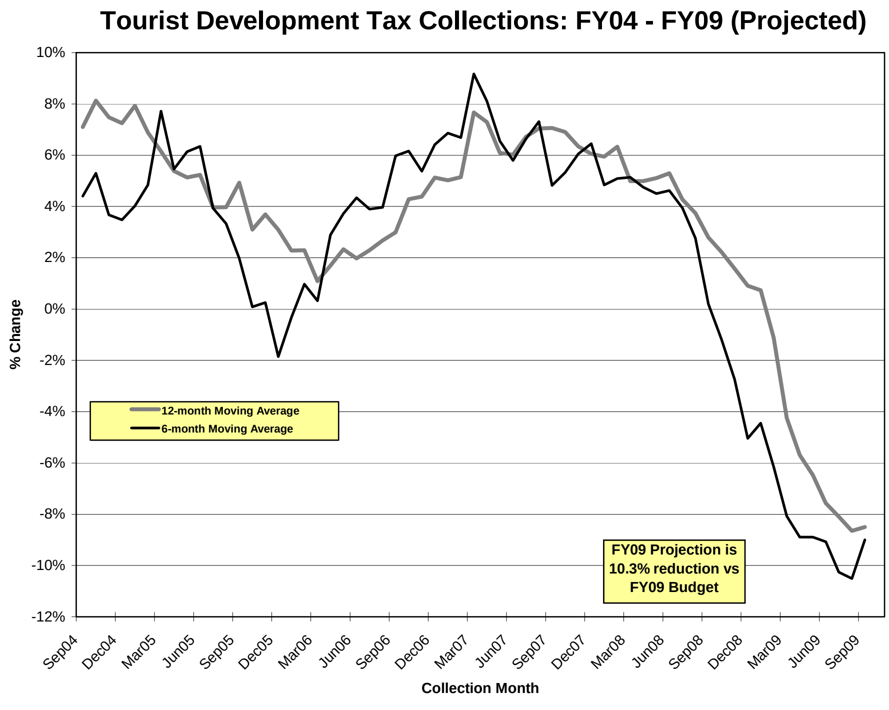
IV. Other Governmental Funds

Description: The **Tourist Development Council (TDC) Fund** supports the St. Petersburg/Clearwater Area Convention and Visitors Bureau through taxes collected on rents for temporary lodgings (also called "bed taxes"). The Bed Tax is used to enhance the County's economy by increasing tourism and direct visitor expenditures through marketing and promoting the destination.

Summary: These revenues are much lower than budgeted as the tourism industry has been seriously impacted by the recession. As a result, the TDC Board met in May to revise the revenue estimates downward for the current year and reduce expenditures accordingly. The effects will also be felt on the FY10 budget as the economic recovery is expected to be a long, gradual process.

Revenues: Compared to the FY09 Budget, the Bed Tax will decrease by 10.3% based on the six-month moving average (Figure 9). The Bed Tax is a relatively volatile revenue source and is sensitive to economic conditions due to the discretionary nature of tourism expenditures.

Figure 9:



Expenditures: Due to significant deterioration in revenue, the TDC Board took action in May to reduce expenditures by $2.4M and may take additional action through the fiscal year as necessary. Reductions were made with the intent of preserving direct sales activities to continue to attract visitors to the destination.

TOURIST DEVELOPMENT COUNCIL FUND

Fund 0240

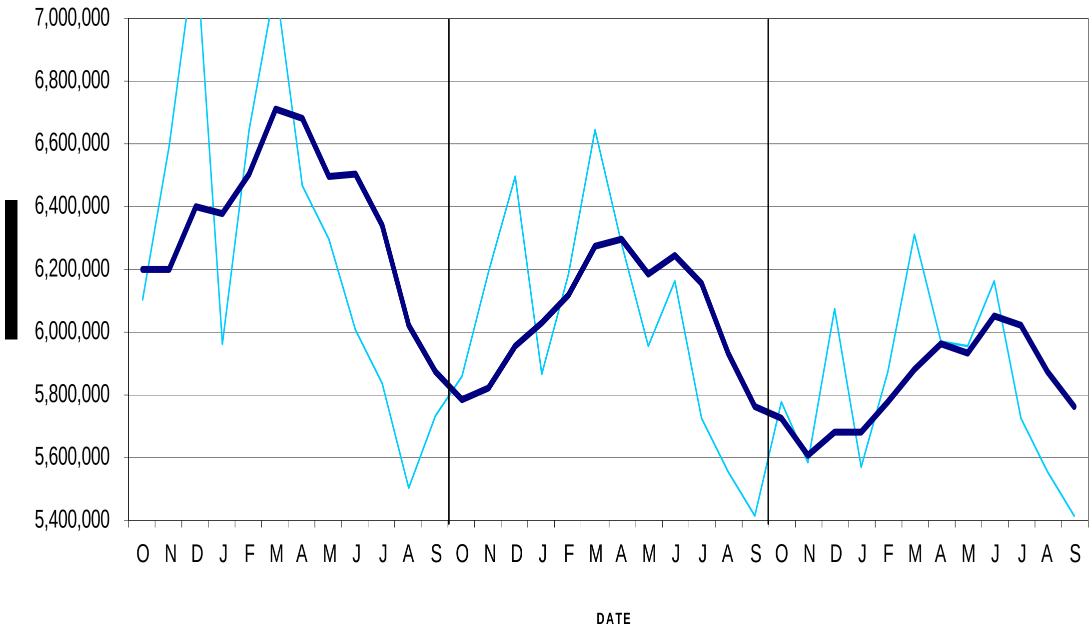
($ millions)	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
Tourist Development Tax	26.9	6.6	25%	
All Other Revenue	0.1	0.1	100%	
Total - Revenues	**27.0**	**6.7**	**25%**	**27%**
Expenditures				
Personal Services	3.0	1.3	43%	
Promotional Activities	14.1	4.7	33%	
Other Operating Expenses	1.9	0.7	37%	
Transfers	3.5	0.6	17%	
Debt Service	6.4	2.3	36%	
Total - Expenditures	**28.9**	**9.6**	**33%**	**32%**
Revenues - Expenditures	**(1.9)**	**(2.9)**		

Description: The **Penny for Pinellas Special Revenue Fund** tracks the receipt of local option infrastructure sales taxes which support capital project development, land acquisition, construction, or debt service. The Penny is the main funding source for the County's non-enterprise departments Capital Improvement Program (CIP).

Summary: As with the sales tax revenue in the General Fund, revenue here is lagging the normal pattern and as a result, funds available to transfer for project expenditures will be less than originally budgeted. Future project expenditures are currently being comprehensively reviewed as part of the development of the FY10 budget. It is anticipated that adjustments to the timing of letting construction projects to bid may be necessary to remain within the available revenues for FY09.

Revenues: Actual revenue through the first half of FY09 was 6.02% less compared to the same FY08 time period. Based on monthly collection trends to date, it is anticipated the County will receive approximately $69.5M in sales tax revenue compared to the budgeted amount of $77.6M. The most recent moving average trends are shown below in Figure 10.

Figure 10: **Penny Moving Average Trends FY07-FY09**



Expenditures: Transfers to the Debt Service Fund have been made as scheduled as well as planned transfers to the Capital Projects Fund. Final monthly transfers to the Capital Projects Fund will be adjusted based on actual revenues received as we near the end of the fiscal year.

As a result of this decrease in the primary revenue source for the governmental CIP, and to meet cash flow needs and future debt service requirements, expenditures in the Capital Projects Fund are currently under review. A comprehensive update on the proposed revisions is scheduled to be presented at the June 18, 2009 Board work session.

PENNY FOR PINELLAS SPECIAL REVENUE FUND

Fund 0408

($ millions)	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
Local Option Sales Tax	77.6	27.6	36%	
All Other Revenue	0.3	-	0%	
Total - Revenues	**77.9**	**27.6**	**35%**	**33%**
Expenditures				
Transfers to Capital Projects Fund	60.0	5.0	8%	
Transfers to Debt Service Fund	23.1	22.5	97%	
Total - Expenditures	**83.1**	**27.5**	**33%**	**44%**
Revenues - Expenditures	**(5.2)**	**0.1**		

Description: The **Transportation Trust Fund** is a statutorily mandated fund that accounts for the operation and maintenance of roads and associated drainage, bridges, traffic signs and signals, and other related transportation infrastructure. These activities are supported by State shared gas and diesel fuel taxes, which are authorized by the State Constitution and Legislature, and by local option taxes including the Six Cent Local Option Gas Tax, and the Ninth Cent Local Option Fuel Tax. These revenues are restricted by law for transportation purposes.

Summary: Revenues and expenditures for this fund are generally in line with budgeted expectations through the mid-point of FY09. Gas tax generated revenues have been lagging slightly, though not as much as other major County revenue sources such as sales tax receipts. Expenditure trends have been proceeding normally, as the County has not experienced any severe weather situations that would unduly pressure this fund's resources.

Revenues: Year to date the County has experienced a small lag in gas tax receipts compared to the same FY08 time period. Both local option taxes and state shared gas taxes are approximately 3% lower to date. Due to seasonality, the majority of gas taxes are collected in the latter part of the fiscal year. Based on current economic conditions and gas prices remaining stable, the County's Transportation Trust Fund revenues should reach $30.3 million, or 93% of the total revenue budget for FY09.

Expenditures: Six months into FY09 total expenditures in the fund equaled 37% of the total fund expenditure budget. Year to date, there have been no unusual or unplanned expenditures required. Based on projections, total expenditures in the fund are estimated to be $32.4 million, approximately 93% of the current budget.

TRANSPORTATION TRUST FUND

Fund 0201

($ millions)	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
State Gas Taxes	11.0	3.4	31%	
Ninth Cent Gas Tax	4.1	1.3	32%	
Other Local Option Gas Taxes	14.0	5.6	40%	
Reimbursements	1.4	0.9	64%	
All Other Revenue	2.0	1.1	55%	
Total - Revenues	**32.5**	**12.3**	**38%**	**38%**
Expenditures				
Personal Services	15.9	6.6	42%	
Operating Expenses	14.8	4.7	32%	
Capital Outlay	0.5	0.1	20%	
Transfer to Capital Projects Fund	3.0	1.5	50%	
Grants & Aids	0.6	-	0%	
Total - Expenditures	**34.8**	**12.9**	**37%**	**45%**
Revenues - Expenditures	**(2.3)**	**(0.6)**		

Description: The **Emergency Medical Services (EMS) Fund** accounts for the operation of the comprehensive county-wide emergency medical service system. This operation is supported by a combination of property taxes (57%) and user fees (43%). Services are provided by the County's SUNSTAR ambulance system and by contracts with various municipalities and special independent districts which respond to calls with paramedics and fire equipment.

Summary: As in the General Fund, property tax collections are lagging the historical pattern, but this is expected to be offset by delinquent tax collections later in the fiscal year. Other revenues, and expenditures, are in line with previous expectations which anticipated using fund balance to partially support operations. The recent discussions regarding changes to the emergency response system are intended to address the expected decline in property tax revenues over the next two years. To the extent that they are implemented in FY09, the ending fund balance will be higher than budgeted.

Revenues: Property taxes primarily support the first responder contractual expenditures and are expected to achieve budgeted levels. The ambulance service user fees support the ambulance contractual expenditures and are currently anticipated to exceed the original budget. In FY09, ambulance user fees were increased by 4.9%, which was equal to the percentage increase in the Medical Consumer Price Index for the previous year. This and other changes to current billing practices should increase current revenues between $500,000 and $1.2 million. Ambulance user fees can be increased when the reserves fall below the required 33.3% per Ordinance 88-12. Although actual revenues for the first six months equal 75% of the total budgeted revenues, this is mainly due to the timing of property tax collections. As planned, fund reserves will be utilized to make up the difference between revenues and expenditures.

Expenditures: Expenditures for the first half of the fiscal year are 48% of the budget. The County has been working with the providers and the contractors to decrease expenditures.

EMERGENCY MEDICAL SERVICES FUND

Fund 0206

($ millions)

	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
Property Tax	38.3	32.9	86%	
Ambulance Service Fees	30.7	19.6	64%	
Other Revenue	2.4	1.2	50%	
Total - Revenues	**71.4**	**53.7**	**75%**	**66%**
Expenditures				
Personal Services	2.9	1.2	41%	
Ambulance Contract	34.2	17.8	52%	
Operating Expenses	6.4	1.0	16%	
Capital Outlay	0.3	0.1	33%	
First Responder Contracts	40.9	20.0	49%	
Other (Transfers)	1.2	1.1	92%	
Total - Expenditures	**85.9**	**41.2**	**48%**	**42%**
Revenues - Expenditures	**(14.5)**	**12.5**		

Description: The **Fire Districts Fund** supports fire and rescue services in a large part of the unincorporated area through contractual agreements with municipalities and other independent fire and rescue providers. These operations are supported by property taxes within each district. The 12 districts are Belleair Bluffs, Clearwater, Dunedin, Gandy, Largo, Pinellas Park, Safety Harbor, Tarpon Springs, Seminole, High Point, Tierra Verde, and South Pasadena. Each of these districts is accounted for separately within this fund. The discussion here summarizes the total of these segments.

Summary: Financial results in this fund are expected to be essentially as budgeted. Reserves will be utilized to support the differences between current revenues and current expenditures. The renegotiation of contracts for FY10 will not impact the current fiscal year.

Revenues: This fund is almost entirely supported by property tax revenues, Collections are following the same pattern as described previously in the General Fund section of this report.

Expenditures: Over 90% of expenditures in this fund are contract payments to service providers, which are meeting expectations. Administrative expenses are on track to remain within budget.

FIRE DISTRICTS FUND
Fund 0250
($ millions)

	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
Property Tax	15.1	13.1	87%	
All Other Revenue	0.3	0.1	33%	
Total - Revenues	**15.4**	**13.2**	**86%**	**85%**
Expenditures				
Personal Services	0.3	0.1	33%	
Operating Expenses	0.7	0.1	14%	
Grants in Aid to Cities	15.9	7.4	47%	
Other	0.5	0.4	80%	
Total - Expenditures	**17.4**	**8.0**	**46%**	**43%**
Revenues - Expenditures	**(2.0)**	**5.2**		

V. Enterprise Funds

Description: The **Airport Revenue and Operating Fund** accounts for the self-supporting operations of St. Petersburg - Clearwater International Airport (airport code PIE) and its surrounding land uses on the airport's 2,000 acres. Approximately, half of this property is dedicated to the airfield and supporting terminal and other facilities. The remaining acreage includes the 110 acre AIRCO Golf Course, a 200 acre Airport Business Center, and leased industrial, commercial, and governmental operations. All of the entire Airport property is a designated Foreign Trade Zone. Also included in the fund are airport facility capital improvements, which receive federal and state grant funding of up to 95% of costs, depending on the type of project.

Summary: The Airport fund is operating at essentially a break-even level. Revenues are diversified, so some stable sources (such as land rental) soften the negative impact of other sources due to the recession. At the six month point, 38% of the actual revenues have been received, and 35% of the expenditure budget has been spent. With the economic downturn, current numbers on passengers using the airport are down 7% compared to the past two years.

Revenues: Most of the airport's revenues come from four major sources: Airport Operations (Air Field & Flight Line), Real Estate (Rentals – Terminal & Land), Golf Course, and Capital Contributions. The total revenues received as of mid-fiscal year were 38% of the budgeted amount, compared to FY08, when revenues received as of mid-fiscal year were 40% of the FY08 total. Capital Contributions are Federal and State grants which support 95% of the cost of airport improvements. Excluding Capital Contributions, the actual amount of revenue received during the first six months of FY09 is less than the first six months of FY08, reflecting the current recession.

Expenses: Personal Services and Operating Expenses at mid-year are less than 50% of the FY09 budgeted amount. In FY09, the capital program for the airport is 54% larger than last fiscal year. As of mid-year 30% of the capital project budget had been expended, but this is due to the timing of design and construction activity rather than the anticipated final costs. Reflecting the difference in capital project expenditures, in FY09 six months' expenses are at 35% of the fiscal year's budget, compared to the 38% of total expenditures at the same point in FY08.

AIRPORT FUND

Fund 0501

($ millions)

	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
Air Field & Flight Line fees	2.6	1.2	46%	
Rentals - Terminal & Land	5.4	2.5	46%	
Capital Contributions (grants)	11.2	3.3	29%	
Non-capital grants	0.1	-	0%	
Golf Course revenues	1.4	0.7	50%	
All Other Revenue	0.3	0.2	67%	
Total - Revenues	**21.0**	**7.9**	**38%**	**40%**
Expenditures				
Personal Services	4.7	2.0	43%	
Operating Expenses	5.5	2.2	40%	
Capital Outlay	13.2	4.0	30%	
Total - Expenditures	**23.4**	**8.2**	**35%**	**38%**
Revenues - Expenditures	**(2.4)**	**(0.3)**		

Utilities Funds
The County's Utilities operations are accounted for by using a fund structure that allows for consolidated administration and other cost saving measures. The following discussion focuses on the funds which reflect the ongoing operational costs and transfers to related funds for capital projects, major maintenance, and debt service. Each of the three utility segments is self-supporting within its own user fees and other revenues.

Description: The **Water Revenue and Operating Fund** accounts for the core activities of the water treatment and distribution system.

Summary: As of mid-year, only 45% of budgeted revenues have been received, but 47% of the expenditure budget has been spent. As a result, revenue estimates for the current year have been revised downward and expenditures going forward reduced accordingly. The effects will also be felt on the FY10 budget as the economic recovery is expected to be a long gradual process. An independent consultant is developing recommendations for water rate adjustments which will be presented to the Board for consideration.

Revenues: Water Revenues are projected to end the fiscal year at only 96% of the budgeted total. Revenues are lagging behind budget due to reduced water usage by customers, as mandated by water restrictions from SWFWMD. Water revenues are also lower than budget due to the economy causing both residential and commercial vacancies, leading to lower water use.

Expenditures: In response to the deterioration in revenue, operating expenditures in the current year will be reduced by 7.8%.

WATER REVENUE AND OPERATING FUND

Fund 0531

($ millions)	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
Water Sales - Retail	63.0	28.9	46%	
Water Sales - Wholesale	20.6	9.1	44%	
Sale of Surplus Land	1.4	-	0%	
Forestry Operations sales	0.7	0.3	43%	
All Other Revenue	3.2	1.9	59%	
Total - Revenues	**88.9**	**40.2**	**45%**	**45%**
Expenditures				
County Operations	35.0	17.6	50%	
Tampa Bay Water	50.2	25.1	50%	
Transfers to Other Water Funds	22.1	7.8	35%	
Total - Expenditures	**107.3**	**50.5**	**47%**	**49%**
Revenues - Expenditures	**(18.4)**	**(10.3)**		

Description: The **Sewer Revenue and Operating Fund** accounts for the core activities of the sanitary sewer collection and treatment system.

Summary: Unlike the water system, at the six-month point revenues are keeping pace with expenditures, but this trend is not expected to continue. Through the first half of the fiscal year, 48% of budgeted revenues have been received, and 47% of the expenditure budget has been spent. Revenue estimates for the current year have been revised downward and expenditures reduced accordingly. An independent consultant is developing recommendations for sewer rate adjustments which will be presented to the Board for consideration.

Revenues: Sewer operating revenues are projected to be 0.6% under the amount budgeted in FY09, due to commercial and residential property vacancies in the slow economy. In addition, other revenues are projected to total only 58% of FY09 budgeted amounts.

Expenditures: Due to the deterioration in revenue, actions have been initiated to reduce operating expenditures going forward to end the current year at 10.6% less than budgeted. Expenditures are being reduced more than revenues to comply with debt service ratios required by bond covenants.

SEWER REVENUE AND OPERATING FUND

Fund 0551

($ millions)	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
Sewer Service Charges	43.9	21.5	49%	
Treatment Charges	6.3	3.3	52%	
Reclaimed Water Charges	2.1	1.2	57%	
Reimbursements	3.1	1.6	52%	
Sale of Surplus Land	5.3	-	0%	
All Other Revenue	3.2	2.8	88%	
Total - Revenues	**63.9**	**30.4**	**48%**	**45%**
Expenditures				
County Operations	42.2	21.1	50%	
Transfers to Other Sewer Funds	22.2	8.9	40%	
Total - Expenditures	**64.4**	**30.0**	**47%**	**45%**
Revenues - Expenditures	**(0.5)**	**0.4**		

<u>Description:</u> The **Solid Waste Revenue and Operating Fund** accounts for the core activities of the solid waste disposal operation, which serves the entire county.

<u>Summary:</u> As of mid-year, only 45% of budgeted revenues have been received, but 50% of the expenditure budget has been spent. However, due to anticipated insurance reimbursements, and the availability of reserves, no corrective action is required.

<u>Revenues:</u> Compared to the FY09 budget, revenues from the generation of electricity by the resource recovery plant are weak due to the generator failure that occurred during FY08 and was repaired during FY09. This revenue will be replaced by proceeds from business interruption insurance. The Solid Waste operation also has significant reserves, and therefore no adjustments to tipping fees are required.

<u>Expenditures:</u> Due to a lower volume of solid waste activity, operating costs for FY09 are projected to be 7.3% lower than the FY09 budget.

SOLID WASTE REVENUE AND OPERATING FUND

Fund 0521

($ millions)	Current Budget	6 months Actual	Actual as % of Budget	FY08 6 mos % of total
Revenues				
Tipping Fees	40.7	17.0	42%	
Electricity Sales	10.7	3.3	31%	
Electrical Capacity	29.1	6.8	23%	
Insurance Proceeds	-	9.0	n/a	
All Other Revenue	3.7	1.9	51%	
Total - Revenues	**84.2**	**38.0**	**45%**	**51%**
Expenditures				
Disposal Ops Contract	51.1	25.6	50%	
County Operations	5.3	2.6	49%	
Transfers to Other Solid Waste Funds	31.2	15.6	50%	
Total - Expenditures	**87.6**	**43.8**	**50%**	**59%**
Revenues - Expenditures	**(3.4)**	**(5.8)**		