CITY OF LARGO
LONG-TERM FINANCIAL PLAN
FY 2006 - FY 2010

INTRODUCTION

The City of Largo's Long-term Financial Plan (LFP) and accompanying Capital Improvements Program (CIP) are planning tools that compliment the bi-annual budget. The LFP and CIP do not commit the City of Largo to make expenditures, change tax rates or change fees.

The LFP and CIP were developed based on the Administration's best estimates of service demands, community needs and available resources. The LFP and CIP do not include all departmental requests for positions, equipment or facilities, because sufficient resources were not available to fund all requests, or because requests were not deemed high priorities.

The LFP projects expenditures and revenues for all operating funds over a five or six year period (depending on the bi-annual budget cycle) to estimate whether sufficient resources will be available to pay anticipated expenditures. Projections are not included for internal service funds or pension trust funds; however, the impacts of related costs for these activities are included in all LFP projections for each affected fund.

The LFP is a planning tool that highlights potential financial challenges such as revenue short-falls or expenditure increases. If financial challenges are identified in advance, the challenges can be addressed by reducing expenditures, increasing revenues, seeking greater efficiencies, or by a combination of these actions.

The CIP projects the City's long-term capital expenditure plans, including all operating expenditures associated with planned capital projects. The CIP is incorporated into the City's LFP and has been modified according to the projected resource constraints identified in the LFP.

Financial Projections in the Budget Preparation Process

The National Advisory Council on State and Local Budgeting (NACSLB) has endorsed the forecasting of revenues and expenditures in their Recommended Budget Practices. The Government Finance Officers Association (GFOA) recognizes the importance of combining the forecasting of revenues and the forecasting of expenditures into a single financial forecast and recommends that governments have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions.

According to the GFOA, revenue and expenditure forecasting goals include:

- Provide an understanding of available funding
- Evaluate financial risk
- Assess the likelihood that service levels can be sustained
- Assess the level at which capital investments can be made
- Identify key variables that cause changes in revenues

The GFOA recommends that governments at all levels forecast major revenues and expenditures for at least three to five years beyond the budget period. Underlying assumptions and methodologies should be clearly stated and made available to participants in the budget process. Forecasts should also be referenced in the final budget document, regularly monitored and periodically updated. To improve future forecasting, variances between previous forecasts and actual amounts should be analyzed and factors

influencing revenue collections, expenditure levels, and forecast assumptions should be identified.

State of the City

The City of Largo is projected to remain in sound financial condition; however, revenue growth is projected to be lower than expenditure growth in several funds, including the General Fund, which will require actions to be taken, as described above. The City has no general obligation debt and all outstanding debt is within conservative guidelines. No additional borrowing is projected over the next five years; however, the Wastewater Fund may require additional borrowing, depending on the results and recommendations of the ongoing Inflow and Infiltration Study and regulatory authorities.

State of the Economy

The US economy is projected to report lower growth in 2005 and 2006 than in 2004, due in part to higher interest rates and higher energy prices. The Federal Reserve Board has raised short-term interest rates significantly in an effort to moderate inflation and further interest rate increases are expected; however, many sources believe the actions taken are too little and too late. Inflation projections are continuously monitored and will be adjusted, as needed.

The Florida Estimating Conference (FEEC) projects the Florida economy to continue to grow at a modest pace, which is stronger than the past few years, but not as strong as in the 1990's. Anticipated growth will be primarily fueled by Florida's population growth. A leading Florida Economics Consulting firm has predicted a slight decline in both single and multifamily housing starts in both 2005 and 2006. Economic projections of property market trends for 2005-2006 for the Tampa-St Pete area, include: rising interest rates, slower appreciation in non-residential property values, stabilization of residential property values (but no bubble burst), and overbuilding in mid/low price condominiums.

Within the City of Largo, construction activity continues at a strong pace, which has generated higher building permitting revenues. Property values have risen higher than average over the past few years, due to positive economic conditions.

REVENUE AND EXPENDITURE PROJECTIONS - Overview

Revenue and expenditure projections are developed using a variety of assumptions, depending on the revenue source or expenditure type. Major revenues include property taxes, franchise fees, utility taxes, customer charges and revenue received from the State and Pinellas County. Major expenditures include personnel salaries and benefits, operating costs and capital projects.

Revenue and expenditure projections made in the LFP are not predictions. Rather, LFP projections reflect expected occurrences, which are subject to change as underlying assumptions change. For example, revenue projections for the state sales tax can be affected by changes in tourism and the overall economy. Utility taxes and utility franchise fees are directly affected by weather, usage efficiency, customer demand and sometimes regulation and legislation, as was the case for the Communications Services Tax. Customer charges for services are affected by the change in demand for services. Wastewater and Solid Waste charges are significantly impacted by the cost of capital projects and major equipment purchases.

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By nature, the accuracy of projections diminishes each succeeding year in the LFP, due to the uncertainty surrounding future events. For example, five years ago, very few sources projected the significant economic downturn experienced at the start of the millennium, or the record low interest rates of the past few years. Due to the inherent uncertainty regarding long-term projections, especially in the later years of the LFP, projection updates are made twice annually to incorporate the latest information available. Anticipated service enhancements that add to the quality of life for the citizens of Largo have also been projected.

Major revenue and expenditure projection considerations, include:

- Historical experience
- General inflation rate
- Healthcare inflation rate
- Statewide economic growth
- Local economic growth
- Annexations
- Labor contracts
- Service demand changes
- Regulatory changes
- Legislative changes
- Consumer consumption habits
- Utility rate increases

CONCLUSIONS - Citywide

- Current projections do not indicate any financial challenges over the next two years.

- Long-term, most major revenues are not projected to grow as fast as expenditures, which will require actions to be taken such as, increasing productivity, reducing expenditures, reducing service levels, adopting new revenues or increasing current revenues through tax or user charge increases.

- Based on current revenues and expenditure projections, most requests for positions or service level enhancements cannot be funded without user fee increases or tax increases.

- Waiting to address financial challenges will require more drastic actions to be taken than if actions are taken sooner. For example, reducing expenditures by two percent today will produce similar savings as reducing expenditures four percent in two years, all other factors considered equal.

GENERAL FUND

The General Fund is the City's main governmental fund and accounts for approximately half of all City revenues and expenditures. Included in this fund are governmental activities such as Library, Police, Fire Rescue, Recreation Parks and Arts, Public Works, Community Development and the administrative programs such as the City Commission, City Manager, City Clerk, Office of Management and Budget, Human Resources, Information Technology and Finance.

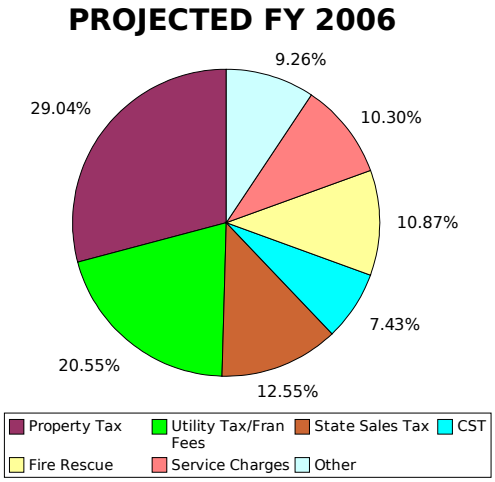
REVENUES

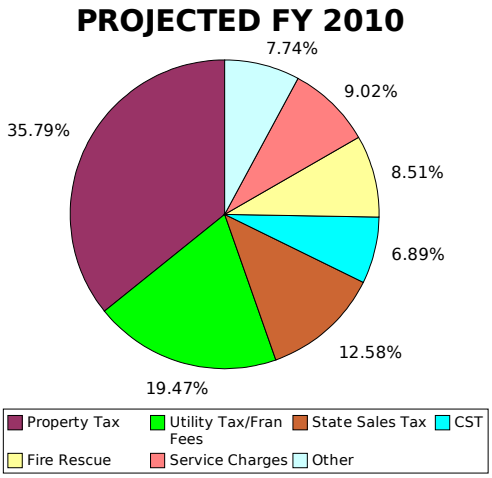
The General Fund receives revenues from numerous sources. Major General Fund revenues are summarized in the following table. FY 2005 revenue includes one-time receipts of $800,000 for the sale of the former police station property (other revenue) and a $1.7 million grant for the police technology project (intergovernmental). These one-time revenues create large variances between FY 2004 and FY 2005 and between FY 2005 and FY 2006.

Revenue Sources ($000)	Budget FY2005	**Projected** FY2005	Planned FY2006	**Projected** FY2006	FY2007	FY2008	FY2009	FY2010
Property Tax	14,511	14,197	15,868	15,810	16,613	19,513	21,621	22,758
Utility Tax / Franchise Fees	10,248	10,640	10,726	11,192	11,533	11,827	12,104	12,380
Sales Tax (State Rev Share & ½ Cent)	6,328	6,572	6,581	6,835	7,109	7,394	7,690	7,998
Communications Services Tax (CST)	3,502	3,724	4,107	4,048	4,129	4,212	4,296	4,382
Fire Rescue (fees)	6,097	6,159	5,854	5,917	5,410	5,442	5,423	5,409
Intergovernmental (Grants & State Aid)	3,111	3,379	1,081	1,555	990	932	950	967
Charges for Services / Licenses/ Permits	5,214	5,483	5,413	5,605	5,411	5,518	5,628	5,734
Transfers from Other Funds	2,457	2,410	2,523	2,478	2,608	2,674	2,951	3,077
Other Revenue	945	1,730	933	1,011	982	921	893	880
Total General Fund Revenues	52,413	54,294	53,086	54,451	54,785	58,433	61,556	63,585
Revenue Growth from Prior Year*				4%	2%	3%	3%	3%

*Note:Revenue growth is calculated after removing millage rate increases and one-time revenues of $800,000 and and $1.7 million in FY2005, and $500,000 for the second police computer grant in FY2006

The following graphs depict the General Fund's major revenues as a percentage of total revenues for FY 2006 and FY 2010 to highlight long-term trends. Property tax revenue is projected to increase as a percentage of total revenue, because other projected revenue growth is lower than expenditure growth.





GENERAL FUND

Major Revenue Assumptions

Revenue Source	Projected Growth					
	2005	2006	2007	2008	2009	2010
Property Tax –						
Taxable Values	9.6%	6.0%	6.0%	6.0%	6.0%	5.5%
Millage Increase	26.7	0.0	0.0	10.5	4.8	0.0
Annexation	1.2	3.6	1.0	0.5	0.0	0.0
Franchise Fees –						
Electric	3.5	4.5	3.0	3.0	3.0	3.0
Natural Gas	5.0	0.0	0.0	0.0	0.0	0.0
Annexation	3.0	1.5	0.0	0.0	0.0	0.0
Utility Tax -						
Electric	2.0	3.0	2.0	2.0	2.0	2.0
Natural Gas	0.0	0.0	0.0	0.0	0.0	0.0
Water	11.2	11.9	11.9	0.0	0.0	0.0
Annexation	3.5	1.0	0.0	0.0	0.0	0.0
CST -						
Communications	0.0	2.0	2.0	2.0	2.0	2.0
Annexation	7.0	6.5	0.0	0.0	0.0	0.0
Sales Tax -						
State Revenue Sharing	6.0	4.0	4.0	4.0	4.0	4.0

Fire Rescue Fees – These sources are discussed further in the Revenue Projection section

Revenue Projections

Most major revenue sources in the General Fund can not be increased by the City, because rates are set at the maximum amounts allowed by law, including, Utility Taxes, Franchise Fees, Sales Tax, Communications Services Tax (CST), and other Intergovernmental revenues. Revenue increases from these sources are dependent entirely on changes in the underlying tax bases, either through increased usage (higher consumption) or by utility rate increases (electricity, water, gas, etc.). For example, if electric or gas usage declines, the General Fund's revenue will decline, and if utility rates are increased by utility providers, the General Fund's revenues will increase, all other factors remaining constant.

Property Tax

Property Tax revenue is projected to grow approximately 40% in FY 2005, primarily due to a 1.0 mill rate increase. Property value growth is expected to slow thereafter through FY 2010. The City has pursued an aggressive annexation policy, which has increased the number of properties within the City and related property taxes; however, annexations are projected to dramatically decrease in FY 2007 through 2010. If revenue trends continue as projected, and expenditures are not reduced through cuts or enhanced productivity, a millage increase will be required in FY 2008 and in FY 2009. Other than millage increases, property tax growth is primarily dependent on increases in property values, new construction and redevelopment, which is not anticipated to continue at the same rate as over the past few years.

Utility Taxes and Franchise Fees

Electric Utility Taxes and Franchise Fees are difficult to project, because many variables affect revenue collections, including weather, new appliance efficiency improvements, utility rates, consumption habits,

fuel costs and population growth. Projections consider historic trends, population growth, and the economy; however, an unseasonably cold winter or warm summer could increase revenues more than all other factors combined. On the other hand, an unseasonably warm winter or cool summer could reduce revenues significantly.

Electric franchise fee projections differ from electric utility tax projections, because franchise fees are based on the total amount billed, while utility tax exclude part of the fuel adjustment charges. Annexations will increase this tax base; however, estimating additional revenue contributed by annexations is difficult, due to the proprietary nature of historical usage data. Electric franchise fee and utility tax revenue projections in FY 2006 include an expected rate increase.

Revenue growth has been slow over the past five years except for FY 2001, as presented in the following table.

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Electric Franchise Fees/Utility Taxes ($000)	7,895	8,695	8,641	8,714	8,940
Growth From Prior Year	1%	10%	-1%	1%	3%

Water utility tax is projected based on historic usage and planned County water rate increases through FY2007. Natural gas has not exhibited significant growth and none is projected.

Communications Services Tax (CST)

The Communications Services Tax (CST) became effective October, 2001. The CST replaced Franchise Fees and Utility Taxes on all forms of communications. CST revenue was relatively flat in FY 2004, and is projected to be flat in FY 2005, except for a slight increase due to annexations.

Uncertainty exists over future CST collections, as consumers continue to change telecommunications consumption habits. The trend toward Internet-based communications services will continue to reduce land-line and cellular phone usage, which will in turn reduce the CST base and the tax revenue. Revenue from cable companies could also be affected by this change, if more cable services begin to be provided over the Internet, which may not be taxable, depending on legislative action. Increased competition between cable, telephone and Internet providers is also anticipated to reduce all customer rates, which will reduce related revenues.

Historical revenue growth has been erratic, due to replacement of cable and telecommunications franchise fees and utility taxes with the CST in FY 2002, as presented in the following table. The unusual fluctuations in FY 2002 and FY 2003 are due to the implementation of the new CST and subsequent adjustments.

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Communications Services Tax ($000)	2,791	2,959	3,624	3,387	3,474
Growth From Prior Year	10.3%	6.0%	22.5%	-6.5%	2.6%

The unusual fluctuations in FY 2002 and FY 2003 are due to the implementation of the new CST legislation and subsequent adjustments.

GENERAL FUND

State Revenue Sharing

This revenue includes the State Revenue Sharing distribution and 1/2 Cent Sales Tax distribution. The one-cent Local Option Sales Tax is accounted for in a separate fund. This revenue is directly related to the strength of the State's economy and the underlying distribution formula, which is heavily weighted on population.

Effective July, 2004, a portion of distributions were transferred from the 1/2 Cent Sales Tax distribution to the Revenue Sharing distribution, ostensibly to provide a more stable revenue base for local governments. Considering this revenue's volatility, due to changes in economic conditions, and the potential revenue loss due to the distribution formula, most annual growth through FY 2010 is projected at only 4%. Increased sales related to both the 2004 hurricane season and additional foreign tourists attracted by the decreased value of the dollar are reflected in the FY 2005 projection.

Historical revenue growth has been erratic over the past five years. The FY 2004 increase is reflective of the overall economic recovery as presented in the following table.

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
State Revenue Sharing ($000)	4,773	5,384	5,504	5,561	6,197
Growth From Prior Year	4.5%	12.8%	2.2%	1.0%	11.4%

Library Cooperative

The City of Largo participates in the county-wide Library Cooperative, which generates revenues based on the Cooperative Funding Formula. Revenues have been projected based on related library expenditures, in accordance with the Funding Formula guidelines, which include a maximum allocation of 17% to any one member library. After the new Largo Library is completed, it is anticipated that this revenue source will be capped at 17% of Cooperative revenues for the foreseeable future.

Grants and State Aid

Grants and state aid are dependent on availability and are not projected unless awards are certain.

Fire Rescue Fees

Fire Rescue service fees are received from Pinellas County for providing Fire Rescue services and EMS within the Largo Fire District and High Point Fire District. The current Fire Rescue Services agreement, which governs how fees are calculated, expires September 30, 2009. Additional Fire Rescue service fees are received pursuant to the Interlocal Service Agreement with Belleair Bluffs Fire Department for management services, fire inspection and education services.

Largo Fire District - Largo Fire District revenue is based on a percentage of the actual net unincorporated Largo Fire District budget. An increase is projected through FY 2010; however, FY 2007 revenue will decline, due to the completion of several non-recurring capital projects and rolling stock replacements. Fluctuations will occur in the years where major capital projects or equipment purchases are planned.

High Point Fire District - The FY 2005 revenue increase is due to the purchase of a fire engine. Declining revenue in FY 2006 through FY 2010 is projected, due to increasing

annexations within the district. A revenue reduction is anticipated before renegotiation of the County agreement, based on recent discussion with the County.

EMS - Revenue increases are directly related to Municipal Cost Index increases. FY 2005 increased by the contractual maximum of 5.5%, but only 3% is projected for FY 2006 through FY 2010. A new contract is scheduled to be negotiated in FY 2007.

Fire Districts
Revenue Assumptions

	Projected Growth ($000)					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Largo Fire District- Operating	1,576	1,590	1,600	1,664	1,714	1,765
Capital	181	185	0	144	183	123
Subtotal	1,757	1,775	1,600	1,808	1,897	1,888
% Change- Operating only	2.5%	0.9%	0.6%	4.0%	3.0%	3.0%
High Point Fire District – Operating	1,448	1,417	1,034	776	582	436
Capital	330	30	0	0	0	50
Subtotal	1,778	1,447	1,034	776	582	486
% Change- Operating only	12.3%	-2.1%	-27.0%	-25.0%	-25.0%	-25.1%
Total Fire Districts	3,535	3,222	2,634	2,584	2,479	2,374
	21.0%	-8.9%	-18.2%	-1.9%	-4.1%	-4.2%

Charges for Services / Licenses / Permits

The majority of revenues received for Charges for Services relates to programs conducted by the Recreation, Parks and Arts department, which are based on expected participation. Charges for Day Camps and After-Care programs are primarily driven by staffing cost. These revenues are reviewed annually in relation to program costs and surrounding markets

Occupational Licenses, Building Permits, and Wastewater Permits are also included in this category. Occupational licenses are renewed annually; therefore, this source is relatively stable. Building permit revenue and Wastewater permit revenue are dependent on new construction; therefore, these sources are less predictable.

Transfers from Other Funds

Transfers are received from Enterprise funds and certain Special Revenue funds for administrative services provided by the General Fund, including information technology, human resources, accounting, payroll and other administrative support. Transfers are 7.5 % of revenues in each enterprise fund (except the Golf Course, where the transfer has been suspended) and are based on fixed amounts for all other governmental funds.

Other Revenue

Fines, rents, interest earnings and other miscellaneous revenue are included in this category. Projections are based on historical data, contracts, inflation and interest rate trends.

GENERAL FUND

EXPENDITURES

Major factors affecting General Fund expenditures, include wage and benefit increases, heightened environmental regulations, and growing service demands in newly annexed areas. Wages and benefits (including pensions and health care) will continue to create budget pressure, because costs are growing at relatively higher rates than revenues. The new library and the police technology project will also add significant operating costs to the General Fund. Potential costs of operating the old library have not been projected, because alternative uses are still being evaluated. The following two tables summarize projected expenditures by major categories and by department. FY 2005 CIP capital expenditures include $2.3 million for the Police technology project.

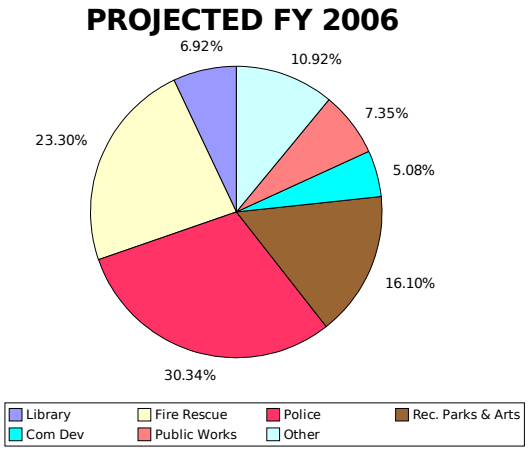
Expenditures by Category ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	39,399	39,399	41,960	42,060	44,716	47,366	50,165	53,077
Operating & Other	10,346	10,346	11,047	11,297	11,948	12,349	12,733	13,132
Non-CIP Capital	*N/A	*N/A	*N/A	*N/A	853	875	924	973
CIP Capital	4,304	4,304	2,153	2,153	2,902	1,839	1,176	683
Total Expenditures	54,049	54,049	55,160	55,510	60,419	62,429	64,998	67,865
Expenditure Growth from Prior Year (FY 2005 to Budget 04)**		3%		5%	10%	3%	4%	4%

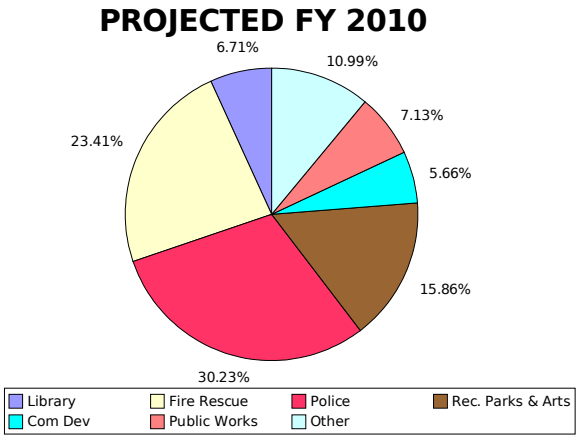
* Non-CIP Capital included in Operating & Other

**Note: Percentages calculated after removing the Police technology grants in FY 2005 & FY 2006

Expenditures by Dept. ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Administration	1,684	1,684	1,719	1,719	1,814	1,916	2,009	2,106
Legislative	306	306	272	272	285	306	321	337
General Operating	459	459	609	859	598	723	744	766
Management Services	2,344	2,344	2,440	2,540	3,137	3,258	3,175	3,413
Human Resources	647	647	670	670	702	762	800	839
Library	3,241	3,241	3,840	3,840	3,783	4,087	4,316	4,551
Fire Rescue	12,872	12,872	12,935	12,935	13,514	14,305	15,119	15,890
Police	17,605	17,605	16,842	16,842	18,677	19,010	20,005	20,516
Recreation, Parks and Arts	8,539	8,539	8,937	8,937	10,337	10,064	10,279	10,765
Community Development	2,505	2,505	2,818	2,818	3,214	3,392	3,608	3,844
Public Works	3,847	3,847	4,078	4,078	4,358	4,606	4,622	4,838
Total Expenditures	54,049	54,049	55,160	55,510	60,419	62,429	64,998	67,865

The following two charts compare General Fund expenditures by department for FY 2006 and FY 2010 in order to highlight any changes in relative expenditure levels. No major changes are projected.





GENERAL FUND

The following two tables present all General fund positions by department, expressed in full-time equivalent units (1 FTE = 2,080 hours). The second table highlights projected position changes.

FTE's by Department	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Administration	19.13	19.13	19.13	19.13	19.13	19.13	19.13	19.13
Legislative	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
General Operating	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management Services	25.00	25.00	27.00	27.00	30.00	31.00	32.00	32.00
Human Resources	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Library	56.56	56.56	57.56	57.56	58.56	59.56	60.56	61.56
Fire Rescue	145.50	145.50	144.50	144.50	144.50	144.50	144.50	144.50
Police	208.25	208.25	207.25	207.25	207.25	207.25	207.25	207.25
Recreation, Parks. and Arts	128.50	128.50	130.80	130.80	131.80	133.80	134.80	135.80
Community Development	35.00	35.00	39.00	39.00	41.00	42.00	43.00	44.00
Public Works	51.80	51.80	52.80	52.80	52.80	52.80	52.80	52.80
Total All Departments	678.74	678.74	687.04	687.04	694.04	699.04	703.04	706.04

FTE Changes by Department	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Administration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Legislative	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
General Operating	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Management Services	2.00	2.00	2.00	2.00	3.00	1.00	1.00	0.00
Human Resources	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Library	5.50	5.50	1.00	1.00	1.00	1.00	1.00	1.00
Fire Rescue	3.00	3.00	-1.00	-1.00	0.00	0.00	0.00	0.00
Police	9.65	9.65	-1.00	-1.00	0.00	0.00	0.00	0.00
Recreation, Parks. and Arts	0.13	0.13	2.30	2.30	1.00	2.00	1.00	1.00
Community Development	0.00	0.00	4.00	4.00	2.00	1.00	1.00	1.00
Public Works	2.00	2.00	1.00	1.00	0.00	0.00	0.00	0.00
Total All Departments	22.28	22.28	8.30	8.30	7.00	5.00	4.00	3.00

Management Services Department

- In FY 2006, two Support Specialist positions are requested to implement and support the new police mobile data technology /computer aided dispatch/records management system. Estimated costs are $40,000 each in FY 2006 for wages and benefits, plus $5,000 each for startup costs for workstations.

- In FY 2007, a second Support Specialist position is requested to provide additional technical support for the new Library. This position will provide additional support for additional computer devices, network components, and to provide service after normal business hours. This position is estimated to cost $40,000 for wages and benefits and $3,000 for start-up costs.

- In FY 2007, a Webmaster position is requested to review and implement changes requested by departments and to pursue web development. The estimated cost for this position is $50,000 for wages and benefits. Additional startup costs will include licensing and work area improvements.

- In FY 2007, the Management Services Department is also requesting an Accountant I position. This position will assist with implementing new accounting and reporting requirements and assist with other

accounting related duties, especially in the utility billing and collection section. Additional accounting support will be provided to departments regarding account analysis, budget monitoring, and utility rate analysis. Continued accounting principle promulgation is anticipated, such as GASB-34, which requires greater levels of accounting support. The estimated cost for wages and benefits for the Accountant I position is $55,000, and $5,000 for start-up costs.

- In FY 2008, a Technical Business Analyst is requested to review software and hardware requests, propose solutions to problems, manage projects and provide the business/technical skill to advance technology integration for all departments. Technology growth in all departments has increased requests for software analysis and business process analysis in order to insure maximum departmental efficiency. The estimated cost for wages and benefits is $50,000, as well as $5,000 each for startup costs for a workstation.

- In FY 2009, the department is requesting a GIS Position to begin utilizing the Pinellas County GIS to support needs of Public Works, Community Development, Environmental Services and, to a lesser extent, Fire Rescue and Police. In-house GIS personnel are required to provide Pinellas County with new information, generate reports, provide user training, and provide other support. The estimated cost for wages and benefits is $70,000. Additional startup costs will include licensing and work area improvements.

Library

- In FY 2006, two half-time Library Assistant II's and two half-time Library Clerks are added to the Information Services program. However, the 0.50 FTE Office Specialist position in the Administration program, which assists with the capital campaign, will be eliminated. Also, the Development Specialist position in the Administration program, is reduced to part0time, and will be funded by the Greater Largo Library Foundation.

- In FY 2007, the Library is requesting a Library Clerk for Youth Services to assist with desk coverage in the teem room and shelving in all youth areas. This position would allow the teen librarian to devote time to expanded service areas, community outreach and programs. The estimated cost for this position is $25,500.

- A Library Assistant II is requested in FY 2008. The Information Services division provides staffing for three service area on the two floors of the adult wing, including genealogy, reference, and non-fiction. Staff assigned to these areas will be trained to answer questions and to assist patrons in locating materials, using equipment, and orientation to the building. The estimated cost for this position is $33,800.

- A second Library Assistant II is requested in FY 2009 for the Collection Management division to assist with marketing, volunteer coordination, and to be the liaison for the coordinated adult programming with City departments and community partners. The estimated cost for this position is $35,900.

- In FY 2010, a Library Assistant I is requested to assist the Youth Services divisions outreach, programming, and coordinate youth programming with the City's departments and community partners. The estimated cost for this position is $29,600.

GENERAL FUND

Fire Rescue

- With the promotion of one Deputy Chief to the Fire Chief and the reorganization of the Fire Rescue Department, one Deputy Chief position will be eliminated in FY 2006.

Police Department

- In FY 2006, three Police Officer positions are upgraded to Police Sergeant. An additional Sergeant is needed for each of the patrol shifts to ensure two sergeants are working each day. the Code Enforcement Division, consisting of four positions, will relocate from the Police Department to the Building Division of the Community Development Department. With theses personnel changes in FY 2006, the Police Department reflects a net loss of one position.

Recreation, Parks, & Arts Department

- In FY 2006, there is an increase of 0.30 FTE temporary seasonal worker positions to accommodate expanded hours at the Highland Family Aquatic Center. Also in FY 2006, is and additional 0.50 FTE Recreation Leader I position to facilitate the rental of the program room at the new Library. Additional revenue is reflected in the budget to cover the costs of this position.

  A Horticulture technician position and a Grounds Maintenance Worker position were budgeted for half the year in FY 2005 and a full year in FY 2006 in the Largo Central Park Program for the maintenance of the new Library site. This reflects an increase for each position of 0.50 FTE's from FY 2005 to 1.00 FTE's in FY 2006.

  A Grounds Maintenance Worker was budgeted for half the year in FY 2005 and a full year in FY 2006 in Parks & Greenways program for the maintenance of the streetscaping along Clearwater-Largo Road. This reflects an increase of 0.50 FTE from FY 2005 to 1.00 FTE in FY 2006. The Grounds Maintenance Worker position is budgeted.

- In FY 2007, additional part-time FTE's Recreation Leader I position (estimated 1.00 FTE's total) is requested at Highland and Southwest Complexes. Both facilities operate seven days a week. The facilities have also reduced their part-time Recreation Leader I positions by 0.50 FTE each. As the facilities experience an increase in operating hours/workload, with a reduction in staffing,it is anticipated that an addition of .50 FTE would be needed for each facility per year. The estimated cost for salary for the additional 1.00 FTE is $25,500.

- In FY 2008, an additional tree crew consisting of a tree trimmer and an assistant is requested as a result of continued service expansion and increased workload, including the addition of the new Library and the Clearwater/largo Road Streetscaping. Over 800 trees have been added to the City's inventory in the past ten years, without any increases in personnel or maintenance. The estimated cost for wages and benefits for the tree trimmer and assistant are $79,100. However, first year costs also include the purchase of a bucket truck and a chipper for $200,000.

- A Spray Technician is requested in FY 2009 for pesticide and herbicide applications, pest and weed control, and maintenance in landscaped areas. As the number of city facilities, city parks, and landscaped medians increases, through annexations and increased beautification efforts, additional staff must be added to continue providing the same level of service. The estimated cost for wages and benefits for this position are $37,700. The first year expenses will also include $30,000 for a vehicle and hand tools.

GENERAL FUND

- In FY 2010, an Irrigation Technician is requested. Currently, there are over 60 irrigation systems, translating into thousands of sprinkler heads and pipes, throughout the City. As the number of irrigation systems increase, with the addition of irrigated medians, streetscaping, the new Library, and other facilities, an increased workload requires the addition of this position. The estimated cost wages and benefits for this position is $40,000 plus $30,000 in the first year for a vehicle and hand tools.

Community Development Department

- In FY 2006, the Code Enforcement Division , consisting of four positions, will relocate from the Police Department to the Building Division of the Community Development Department.

- In FY 2007, one Planning Technician is requested, and will serve as the Planner On Call, providing continuity to customers, and relieving current Planners and Planning Technicians to handle increased work loads associated with site plan reviews. The estimated cost for wages and benefits for this position is $44,300.

- One Code Compliance Officer (Building Inspector) is requested in FY 2007. This position is necessary if the volume of inspections continues to increase by approximately 33% per year, as has been the case over the past three years. There are several major redevelopment projects expected over the next 5 years, including Crossroads Mall and several parcels within the Community Redevelopment Districts which will have a significant impact on the volume of inspections required to complete the projects. The estimated cost for wages and benefits for this position is $45,000.

- A Neighborhoods Program Planner is requested in FY 2008 to supervise the neighborhood services program. This position would provide coordination of all neighborhood activities that involve or interact with City government, and supervise the Neighborhood Planner and Neighborhood Planning Technician. The estimated cost for wages and benefits is $58,000.

- In FY 2009, a Planning Technician is requested to support the neighborhoods element of the Strategic Plan acting as an assistant to the Neighborhood Planner and a liaison between City government and home owner associations. The position would be responsible for supporting the solicitation of neighborhood information, coordination of activities, and promotion of community involvement in all aspects of governments and its services. The estimated cost for wages and benefits is $50,000.

- A Neighborhood Planner is requested in FY 2010 to support the neighborhoods element of the Strategic Plan acting as an assistant to the Neighborhood Planner and a liaison to home owner associations. This position would be responsible for soliciting neighborhood information, coordination of activities, and promotion of community involvement in all aspects of governments and its services. The estimated cost for wages and benefits for this position is $53,800.

Public Works

- A Solid Waste Driver is added to the Roll-Off Collection program in FY 2006 to operate the roll-off truck purchased in FY 2005. Because of the long lead time in purchasing the roll-off truck, the personnel costs are not included until FY 2006.

GENERAL FUND

Unfunded Position Requests

The following list includes positions, that departments believe would enhance service levels, but have not been included in the projected expenditures, because funds are not available.

Management Services Department

- FY 2008 - An Office Specialist starting at $30,000 for wages and benefits to support IT staff. The IT Division has no dedicated clerical support personnel.

- FY 2009 - A second GIS position with an estimated cost of $70,000 for wages and benefits to assist with maintaining the GIS and supporting departments.

- In FY 2010 - An Accounting Clerk, divided equally between the fixed asset accounting, utility billing, and accounts payable sections. The estimated cost is $30,000 for wage and benefits, and $5,000 for start-up costs.

Community Development Department

- FY 2007 - A Permit Specialist with an estimated cost of $70,000 for wages and benefits.

Expenditure Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits – Average projection	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
FTE Increases	2.8%	1.3%	0.8%	0.0%	0.0%	0.0%
Total change	8.3%	6.8%	6.3%	5.5%	5.5%	5.5%
Operating & Non-CIP Capital	0.6%	8.3%	15.3%	3.0%	3.0%	3.0%

Wages & Benefits

Wages are governed by four separate union contracts, plus increases granted to non-represented personnel. Wages and benefits are projected to increase 5.5% annually in all funds; however, competitive pressures are expected to affect public safety salary increases more than general employees.

The current CWA contract includes a 3% increase FY2005 and 4% increases in FY 2006 and FY 2007. Non-represented personnel increases have been projected at CWA levels. Public safety salary increases are expected to be higher than other position increases. Fire Rescue personnel turn-over has been significantly lower than for police officers, which is indicative of a higher supply of candidates; however, Fire Rescue salary increases generally maintain parity with police salary increases regardless of actual supply and demand characteristics. Existing Police and Fire Rescue contracts grant relatively larger increases over the next one or two years than projected thereafter.

Health insurance premiums are expected to increase, due to overall health insurance industry trends. The City continues to explore healthcare delivery alternatives and encourages employees to maintain healthy life styles through the citywide Wellness Program.

The general employee pension contribution rate is fixed as a percentage of regular wages, and no rate increases are projected through FY 2010. The police officer and firefighter pension contribution rate fluctuates annually based on each year's actuarial calculation; however, no significant rate increases or decreases have been projected by the actuary through FY 2010. Police officer and firefighter pension

contributions would be affected by significant stock market declines, wage increases above the assumed amount of 6%, or benefit increases; none of which are projected. All pension contributions increase in total dollar amounts as wages increases, even if related contribution rates remains constant; therefore, absent rate changes, pension contributions will increase at the same overall percentage as wages.

Operating & Other Expenditures

Operating costs for current levels of service are projected to increase 3% in all years presented. The larger than average increase in FY 2006 is due to the opening of the new library. The FY 2007 increase is due to the Police mobile data technology.

Capital Projects

Capital project expenditure projections are detailed in the CIP documents on a project by project basis, including related operating costs.

The following table summarizes all revenue and expenditure projections along with each year's available fund balance.

REVENUE AND EXPENDITURE SUMMARY

General Fund Summary	Budget FY2005	**Projected** FY2005	Planned FY2006	**Projected ($000)** FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	52,413	54,294	53,086	54,451	54,785	58,433	61,556	63,585
Expenditures	54,049	54,049	55,160	55,510	60,419	62,429	64,998	67,865
Estimated Unexpended *	N/A	2,162	N/A	2,221	2,417	2,496	2,600	2,715
Net Estimated Expenditures	54,049	51,887	55,160	53,289	58,002	59,933	62,398	65,150
Net Revenue (Expenditures)	(1,636)	2,407	(2,074)	1,162	(3,217)	(1,500)	(842)	(1,565)
Beginning Balance	7,643	7,336	8,169	9,743	10,905	7,688	6,188	5,346
Ending Balance	6,007	9,743	6,095	10,905	7,688	6,188	5,346	3,781
Ending Balance as a Percentage of Expenditures	11%	18%	11%	20%	13%	10%	8%	6%

* Estimated Unexpended - The Administration anticipates that 4% of expenditures will not be spent, due to position vacancies and conservative spending practices, which provides additional funding.

CONCLUSIONS

- The General Fund maintains a well-diversified revenue structure, which helps promote budget stability and distributes the revenue burden over a wider base.

- Most major revenue sources cannot be increased by the City, because tax rates are set at the maximum amounts allowable by law.

- Most major revenue sources are projected to grow slower than wages and benefit costs. Since 75% or more of General Fund expenditures are related to wages and benefits, projected wage and benefit increases have a significant affect on the overall increase of General Fund expenditures.

GENERAL FUND

- A number of new General Fund positions have been requested by most departments through FY 2010; however, sufficient resources are not available to fund all requests. Fire Rescue, Police, and Public Works have not requested any positions from FY 2007 through FY 2010.

- The projected decrease in High Point Fire District revenue is a significant revenue loss, which cannot be offset by Fire Rescue expenditure reductions.

- A property tax increase is projected in FY 2008 and FY 2009, unless revenues exceed amounts projected or expenditures are reduced by achieving higher efficiency, eliminating new positions requested, or reducing service levels.

RECOMMENDATIONS

- Requests for salary increases must be carefully reviewed in regard to projected revenue growth.

- Major new initiatives should not be considered unless additional resources can be identified.

- Healthcare premium increases must be mitigated through a combination of Plan redesign, cost shifting to employees, and encouraging lower utilization.

- The City Administration will review all General Fund positions to determine whether resources can be re-aligned to provide funding for other needed positions.

PROJECTION ALTERNATIVES

The following alternatives are presented to demonstrate the effects of different actions that can be taken to reduce or eliminate projected tax increases.

Projection Alternatives	General Fund Ending Balance ($000)				
	FY2006	FY2007	FY2008	FY2009	FY2010
As Projected (with tax increases)	10,905	7,688	6,188	5,346	3,781
Eliminate property tax increases	10,905	7,688	4,330	502	(4,263)
Eliminate property tax increases and all new positions after FY 2006 (except CIP related)	10,905	7,989	5,141	2,045	(1,787)
Eliminate property tax increases, all all new positions after FY 2006 (except CIP related) and delete 3 existing positions per year Beginning in FY 2006	11,021	8,344	5,868	3,286	122
Include a 0.65 mill property tax increase in FY 2009 and eliminate all new positions after FY 2006 (except CIP related)	10,905	7,989	5,141	4,600	3,509
Increase revenue projections .75% or decrease personnel cost projections 1%, or any combination thereof	10,905	8,091	5,594	3,135	309

COUNTY GAS TAX FUND

The County Gas Tax Fund is a special revenue fund that accounts for the receipt and expenditure of the Local Option Motor Fuel Tax. The interlocal agreement governing the distribution of Local Option Gas Taxes will expire August 31, 2007; however, revenue projections assume the tax will be extended, due to existing transportation needs.

REVENUES

Distributions received from the sixth cent Local Option Gas Tax are the primary source of revenue for this fund. Revenues are used to construct and improve roadways.

Revenue Sources ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
County Gas Tax	653	666	673	686	707	728	750	773
Miscellaneous (Interest)	29	47	23	43	26	24	27	29
Total Revenues	682	713	696	729	733	752	777	802

Revenue Assumptions	**Projected ($000)**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
County Gas Tax	4.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Revenue Projections

A 4% increase in the County Gas Tax is anticipated in FY 2005, due to improving economic conditions; however, the increase is expected to slow thereafter. Although the Interlocal Agreement expires August 31, 2007, it is expected that a new agreement will be signed; however, the distribution percentage may differ from the current agreement and thereby change actual receipts.

EXPENDITURES

Expenditures in the County Gas Tax Fund are restricted by State statute for construction and improvement of roadways. No personnel costs are allowed in this fund.

Expenditures by Category	Budget	**Projected**	Planned	**Projected ($000)**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	0	0	0	0	0	0	0	0
Operating & Other	450	450	450	450	450	450	450	450
CIP Capital	525	525	1,210	1,210	380	220	220	310
Total Expenditures	975	975	1,660	1,660	830	670	670	760

Expenditure Projections

Operating expenditures are for roadway resurfacing. Capital Projects are itemized each year in the CIP.

COUNTY GAS TAX FUND

Gas Tax Fund Summary	Budget	Projected	Planned	Projected ($000)				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	682	713	696	729	733	752	777	802
Expenditures	975	975	1,660	1,660	830	670	670	760
Estimated Unexpended*	N/A	39	N/A	67	33	27	26	30
Net Estimated Expenditures	975	936	1,660	1,593	797	643	644	730
Net Revenue (Expenditures)	(293)	(223)	(964)	(864)	(64)	109	133	72
Beginning Balance	1,447	2,366	1,193	2,143	1,279	1,215	1,324	1,457
Ending Balance	1,154	2,143	229	1,279	1,215	1,324	1,457	1,529

* Estimated Unexpended - The Administration anticipates that 4% of the expenditures will not be spent, due to position vacancies and conservative spending practices, which provides additional funding.

CONCLUSIONS

- It is anticipated that the local option gas tax will be extended in FY 200, and the City's distribution will remain approximately the same as the current distribution.
- If the gas tax is not extended in FY 2007, the projected fund balance should be sufficient to pay almost all projected expenditures through FY 2009.

RECOMMENDATIONS

- If the Local Option Gas tax is not extended, expenditures must be reduced or transferred to other funds, primarily the Local Option Sales Tax Fund, the Transportation Impact Fee Fund, or the General Fund, beginning in FY 2010 (possibly FY 2009).

TRANSPORTATION IMPACT FEE FUND

The Transportation Impact Fee (TIF) Fund is a special revenue fund that accounts for the receipt and expenditure of the County-wide Transportation Impact Fee levied on new construction. Transportation Impact Fees must be used to construct new or enhanced transportation facilities.

Revenue Projections ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Transportation Impact Fees	150	200	150	150	150	150	150	150
Other	40	42	44	46	46	20	24	26
Total Revenues	190	242	194	196	196	170	174	176

Revenue Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Transportation Impact Fees	-23.0%	-25.0%	0.0%	0.0%	0.0%	0.0%

Transportation Impact Fees are directly related to the level of construction activity. Receipts can vary widely, based on the level of construction activity; therefore, Impact Fees are projected at a constant dollar amount.

Expenditures ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	0	0	0	0	0	0	0	0
Operating & Other	0	0	0	0	0	0	0	0
Capital Projects	0	0	200	200	1,500	0	50	1,100
Total Expenditures	0	0	200	200	1,500	0	50	1,100

Capital project expenditure projections are detailed in the CIP documents on a project by project basis.

TIF Fund Summary ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	190	242	194	196	196	170	174	176
Expenditures	0	0	200	200	1,500	0	50	1,100
Estimated Unexpended *	0	0	0	0	0	0	0	0
Net Estimated Expenditures	0	0	200	200	1,500	0	50	1,100
Net Revenue (Expenditures)	190	242	(6)	(4)	(1,304)	170	124	(924)
Beginning Balance	1,996	2,078	2,186	2,320	2,316	1,012	1,182	1,306
Ending Balance	2,186	2,320	2,180	2,316	1,012	1,182	1,306	382

** Estimated Unexpended - The Administration does not estimate unexpended amounts on Capital projects.

CONCLUSIONS

- Revenues are projected to be sufficient to construct projected transportation improvements.

RECOMMENDATIONS

- None

DRAINAGE FUND

The Drainage Fund (Stormwater) is a special revenue fund that accounts for the receipt and expenditure of drainage fees. Residential units are charged one standard Equivalent Residential Unit (ERU) per month, which is based on average residential impervious surface. The monthly charge for commercial structures is based on the actual impervious surface. The Drainage fee was increased 15% in FY 2005, from $3.10 to $3.57 per ERU.

REVENUES

Drainage Fund (Stormwater) revenue is generated primarily through a monthly charge levied on all properties within the City.

Revenue Sources ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Drainage Fee	2,897	2,781	2,984	2,837	2,865	3,639	3,675	3,712
Grants	50	150	0	0	50	0	0	0
Other	10	10	4	10	14	6	7	10
Total Revenues	2,957	2,941	2,988	2,847	2,929	3,645	3,682	3,722

Revenue Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Drainage Fee – Growth	1.0%	2.0%	1.0%	1.0%	1.0%	1.0%
Rate Increase	15.0%	0.0%	0.0%	26.0%	0.0%	0.0%

Revenue Projections

Stormwater fee revenue is estimated to grow 1% in most years and 2% FY 2006. A 26% increase in fee revenue is projected for FY 2008 ($3.57 per ERU to $4.50 per ERU). Grants are not projected unless the award is reasonably certain.

EXPENDITURES

Expenditures are restricted to drainage system costs including personnel. Major drainage capital projects are usually funded in the Local Option Sales Tax Fund.

Expenditures ($000)	Budget	**Projected**	Planned	**Projected ($000)**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	1,419	1,419	1,572	1,572	1,659	1,792	1,891	1,995
Operating & Other	1,083	1,083	1,178	1,178	1,244	1,280	1,318	1,357
CIP Capital	747	747	361	361	570	687	472	430
Total Expenditures	3,249	3,249	3,111	3,111	3,473	3,759	3,681	3,782

DRAINAGE FUND

Expenditures by Dept.	Budget	Projected	Planned	Projected ($000)				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Community Development	1,048	1,048	764	764	819	788	1,069	981
Public Works	2,201	2,201	2,347	2,347	2,654	2,971	2,612	2,801
	3,249	3,249	3,111	3,111	3,473	3,759	3,681	3,782

FTE's by Department	Actual	Budget	Projected	Planned	Projected				
	FY2004	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Community Development	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Public Works	22.7	22.7	22.7	22.7	22.7	22.7	23.7	23.7	23.7
	29.7	29.7	29.7	29.7	29.7	29.7	30.7	30.7	30.7

A Heavy Equipment Operator is requested in FY 2008 to operate the additional four wheel articulating mower, which will be used for mowing, excavating, and restoring open ditches. Estimated costs for wages and benefits is $42,000.

Expenditure Assumptions	Projected					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	7.4%	10.8%	5.5%	5.5%	5.5%	5.5%
FTE Increases	0.0%	0.0%	0.0%	2.7%	0.0%	0.0%
Net Change from Prior Yr	7.4%	10.8%	5.5%	8.2%	5.5%	5.5%
Operating & Other	-4.7%	9.3%	6.5%	4.5%	4.9%	5.1%

Wages and Benefits

Wages and benefits are projected to increase approximately 5.5% annually except FY 2005 and FY 2006, in which position upgrades occurred.

Operating

Operating costs for current levels of service are projected to increase 3%; however, expenditures could increase additionally as a result of NPDES permitting requirements imposed by the Federal government.

Capital

Capital project expenditure projections are detailed in the CIP on a project by project basis.

DRAINAGE FUND

Drainage Fund Summary	Budget FY2005	Projected FY2005	Planned FY2006	Projected ($000) FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	2,957	2,941	2,988	2,847	2,929	3,645	3,682	3,722
Expenditures	3,249	3,249	3,111	3,111	3,473	3,759	3,681	3,782
Estimated Unexpended*	N/A	131	N/A	124	139	150	147	151
Net Estimated Expenditures	3,249	3,118	3,111	2,987	3,334	3,609	3,534	3,631
Net Revenue (Expenditures)	(292)	(177)	(123)	(140)	(405)	36	148	91
Beginning Balance	509	1,022	347	845	705	300	336	484
Ending Balance	217	845	224	705	300	336	484	575

* Estimated Unexpended - The Administration anticipates that 4% of the expenditures will not be spent, due to position vacancies and conservative spending practices, which provides additional funding.

CONCLUSIONS

- Drainage Fund revenue growth is projected to be lower than expenditure growth, because the customer base is not growing significantly.
- Most drainage expenditures are for routine maintenance and repairs; therefore, expenditure reductions could impact service levels.

RECOMMENDATIONS

- A drainage fee increase is recommended in FY 2008.

LOCAL OPTION SALES TAX FUND

The Local Option Sales Tax Fund is a special revenue fund that accounts for the receipt and expenditure of the Local Option Infrastructure Surtax (One Cent Sales Tax). The tax began February, 1990 and was extended to January 31, 2010 by voter referendum. Revenues may only be used for infrastructure projects and to purchase public safety vehicles with useful lives of at least five years. The One Cent Local Option Tax is distributed according an Interlocal Agreement between all cities and the County.

Revenue Sources ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Local Option Sales Tax	6,203	6,355	6,452	6,609	6,873	7,148	7,434	3,866
Grants	250	77	150	0	0	0	0	0
Other	241	505	305	330	255	294	323	262
Total Revenues	6,694	6,937	6,907	6,939	7,128	7,442	7,757	4,128

Revenue Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Local Option Sales Tax	4.5%	4.0%	4.0%	4.0%	4.0%	-48.0%

Revenue Projections

Local Option Sales Tax revenue is dependent on the local economy, including tourist activity in Pinellas County. Moderate growth is projected in FY 2005 with slightly lower projections thereafter, due to the difficulty of projecting long-term economic activity. A grant was budgeted in FY 2006 for improvements to the Northeast park, but the project has been postponed and grant funds will not be requested.

Expenditures ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	0	0	0	0	0	0	0	0
Debt Service	3,023	3,023	3,383	3,383	3,384	3,383	3,368	836
Non-CIP Recurring Capital*	N/A	N/A	N/A	N/A	100	100	100	100
CIP Capital Projects	10,935	11,535	5,139	7,124	1,691	2,538	7,341	4,364
Total Expenditures	13,958	14,558	8,522	10,507	5,175	6,021	10,809	5,300

*Non-CIP Recurring Capital is included in Capital.

Expenditures by Department	Budget	**Projected**	Planned	**Projected ($000)**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
General Operating	3,973	3,023	3,383	3,383	3,484	3,483	3,468	936
Fire Rescue	1,165	1,165	896	896	258	878	995	1,532
Police	871	871	600	600	293	320	271	282
Recreation, Parks and Arts	184	1,234	2,283	2,658	400	90	4,960	650
Community Development	7,765	7,315	1,360	2,720	740	1,250	1,115	1,900
Public Works	0	0	0	250	0	0	0	0
Administration	0	950	0	0	0	0	0	0
Total All Departments	13,958	14,558	8,522	10,507	5,175	6,021	10,809	5,300

LOCAL OPTION SALES TAX FUND

Expenditure Projections

Other than debt service payments, revenue is expended on infrastructure projects outlined in the CIP.

LOST Fund Summary ($000)	Budget FY2005	Projected FY2005	Planned FY2006	Projected FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	6,694	6,937	6,907	6,939	7,128	7,442	7,757	4,128
Expenditures	13,958	14,558	8,522	10,507	5,175	6,021	10,809	5,300
Estimated Unexpended*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Estimated Expenditures	13,958	14,558	8,522	10,507	5,175	6,021	10,809	5,300
Net Revenue (Expenditures)	(7,264)	(7,621)	(1,615)	(3,568)	1,953	1,421	(3,052)	(1,172)
Beginning Balance	11,835	12,443	4,571	4,822	1,254	3,207	4,628	1,576
Ending Balance	4,571	4,822	2,956	1,254	3,207	4,628	1,576	404

** Estimated Unexpended - The Administration does not estimate unexpended amounts for capital projects.

CONCLUSIONS

- Most projected revenue has been designated for projects through the current end of the sales tax.
- Revenue projections are directly related to economic conditions, which are difficult to project; therefore, all projections are subject to a high degree of uncertainty.
- If the Local Option Sales Tax is not extended beyond 2010, the City will be significantly impacted, not only by the loss of capital project funds, but also in regard to the loss of funds for replacement of police and fire rescue vehicles.
- Even if the sales tax is extended beyond FY 2010, uncertainty exists about the distribution formula, which could result in a lower allocation to municipalities, depending on results of negotiations with the County.

RECOMMENDATIONS

- If the sales tax is not extended beyond 2010, project reprioritization will be necessary in the latter years of the tax to reserve amounts for public safety vehicle purchases, which are not discretionary.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

This fund is a special revenue fund that accounts for federal Community Development Block Grant (CDBG) revenues and expenditures.

REVENUES

Revenues are dependent on funding from the Federal government and on loan repayments, including principal and interest (program income). As loans are repaid, repayments are recorded as program revenue and utilized to make new loans. CDBG grant funds must be expended within three years of the date of the award; however, any Program Income must be used prior to the expenditure of the grant funds. If more Program Income is received than was budgeted for a given year, excess funds are placed in a revolving loan fund for new down payment and housing rehabilitation loans.

Revenue Sources($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Intergovernmental	1,133	568	844	550	550	550	550	550
Other	50	447	50	463	397	307	289	286
Total Revenues	1,183	1,015	894	1,013	947	857	839	836

Revenue Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Intergovernmental	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Revenue Projections

Grant revenue is not projected to increase, due to the uncertainty of future Federal budgets. FY 2005 and FY 2006 budgeted intergovernmental revenue reflects prior years' grant funds awarded, but not yet received.

Other - Program Income is dependent on how quickly loans are repaid. CDBG revenue is mainly used for public improvements; therefore, only a minimal amount of program income is generated from new loans. Due to the low growth rate of the loan portfolio, program income is expected to decline each year.

EXPENDITURES

CDBG funds are used for rehabilitation of owner-occupied and renter-occupied dwelling units in an established target area.

Expenditures ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	209	209	214	214	226	238	251	265
Operating & Other	220	220	237	237	244	242	244	246
CIP Capital & Non-CIP	1,167	1,167	390	390	182	420	662	524
Total Expenditures	1,596	1,596	841	841	652	900	1,157	1,035

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Expenditure Assumptions	Projected					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	5.0%	2.4%	5.5%	5.5%	5.5%	5.5%
Operating & Non-CIP Capital	3.8%	0.0%	3.0%	2.0%	2.0%	2.0%

CDBG Fund Summary ($000)	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	1,183	1,015	894	1,013	947	857	839	836
Expenditures	1,596	1,596	841	841	652	900	1,157	1,035
Estimated Unexpended *	N/A	64	N/A	34	25	36	43	45
Net Estimated Expenditures	1,596	1,532	841	807	627	864	1,114	990
Net Revenue (Expenditures)	(413)	(517)	53	206	320	(7)	(275)	(154)
Carryforward **	539	679	126	162	368	688	681	406
Ending Balance to Carryforward	126	162	179	368	688	681	406	252

* Estimated Unexpended - The Administration anticipates that 4% of the expenditures will not be spent due to position vacancies and conservative spending practices, which provides additional funding.

**Carry forward must be spent prior to expending new Grant revenue.

FTE's by Department	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Community Development	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0

CONCLUSIONS

- Projections are based on continuation of the CDBG program; however, the Federal government could discontinue the program or reduce appropriations at any time.
- Projected revenues are sufficient to pay projected expenditures through FY 2010.

RECOMMENDATIONS

- If CDBG grant revenue is reduced or eliminated, the revolving loan fund will provide a perpetual funding source for future programs (unless required to be returned to the Federal government); however, without grant funds, CDBG expenditures would have to be reduced or transferred to other funds such as SHIP, HOME, or the General Fund.

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) FUND

The SHIP fund is a special revenue fund that accounts for the receipt and expenditure of proceeds from the State Housing Initiative Partnership Act. The SHIP fund receives a portion of documentary stamp taxes on deeds. Program Income is received as loans are repaid, which is expected to increase as the loan portfolio increases.

REVENUES

Revenue Sources ($000)	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Intergovernmental	1,338	534	1,609	550	550	550	550	550
Other	31	275	32	321	308	384	489	543
Total Revenues	1,369	809	1,641	871	858	934	1,039	1,093

Revenue Assumptions	Projected					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Intergovernmental	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Revenue Projections

No change in the stamp tax is projected; however, legislative changes could affect the tax rate or distribution formula, which could reduce revenues. Stamp tax revenues are dependent on real estate sales, which could fluctuate widely; therefore, tax revenue projections do not include any growth.

EXPENDITURES

SHIP provides down payment assistance for first-time home buyers, owner-occupied housing rehabilitation and replacement, and affordable housing development. General operating expenditures are split 50% for the affordable housing program, 25% for down-payment assistance, and 25% owner-occupied housing rehabilitation.

Expenditures ($000)	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	53	53	55	55	58	61	64	68
Operating & Other	1,138	848	847	847	664	656	729	767
Capital Projects & Non-CIP	411	701	344	344	225	220	245	260
Total Expenditures	1,602	1,602	1,246	1,246	947	937	1,038	1,095

FTE's by Department	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Community Development	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) FUND

Expenditure Assumptions	Projected					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	3.7%	4.3%	5.5%	5.5%	5.5%	5.5%

* Estimated Unexpended - The Administration anticipates that 4% of the expenditures will not be spent due to position vacancies and conservative spending practices, which provides additional funding.

SHIP Fund Summary	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	1,369	809	1,641	871	858	934	1,039	1,093
Expenditures	1,602	1,602	1,246	1,246	947	937	1,038	1,095
Estimated Unexpended *	N/A	63	N/A	50	39	37	42	44
Net Estimated Expenditures	1,602	1,539	1,246	1,196	908	900	996	1,051
Net Revenue (Expenditures)	(233)	(730)	395	(325)	(50)	34	43	42
Beginning Balance	1,856	1,149	1,623	419	94	44	78	121
Ending Balance	1,623	419	2,018	94	44	78	121	163

CONCLUSIONS

- Projected revenues are sufficient to pay projected expenditures; however, additional expenditures could be proposed if revenues increase.
- Projected program revenues generated from repaid loans will almost equal tax revenues by FY 2010; therefore, even if the stamp tax is changed, SHIP fund loans will generate approximately half of projected revenue.

RECOMMENDATIONS

- None

HOME FUND

This HOME fund is a special revenue fund that receives and disburses funds authorized by Title II of the Cranston-Gonzalez National Affordable Housing Act. Revenues are used to provide down payment assistance for first-time home buyers and owner-occupied housing rehabilitation. Program Income (Other Revenue) is received when loans are repaid, which provides additional funds.

Revenue Sources ($000)	Budget FY2005	**Projected** FY2005	Planned FY2006	**Projected** FY2006	FY2007	FY2008	FY2009	FY2010
Intergovernmental	535	217	559	217	217	217	217	217
Other	0	330	0	330	335	350	350	360
Total Revenues	535	547	559	547	552	567	567	577

Revenue Projections

HOME revenues are dependent on Federal funding and are not projected to increase, due to the uncertainty surrounding future Federal budgets.

Expenditures ($000)	Budget FY2005	**Projected** FY2005	Planned FY2006	**Projected** FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	0	0						
Operating & Other	144	144	160	160	160	165	170	175
Capital Projects	391	391	399	399	430	400	400	400
Total Expenditures	535	535	559	559	590	565	570	575

HOME Fund Summary ($000)	Budget FY2005	**Projected** FY2005	Planned FY2006	**Projected** FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	535	547	559	547	552	567	567	577
Expenditures	535	535	559	559	590	565	570	575
Estimated Unexpended *	N/A	22	N/A	23	24	23	23	23
Net Estimated Expenditures	535	513	559	536	566	542	547	552
Net Revenue (Expenditures)	0	34	0	11	(14)	25	20	25
Carryforward **	0	38	0	72	83	69	94	114
Ending Balance to Carryforward	0	72	0	83	69	94	114	139

* Estimated Unexpended - The Administration anticipates that 4% of the expenditures will not be spent due to position vacancies and conservative spending practices, which provides additional funding.

**Carry forward must be spent prior to expending new Grant revenue.

HOME FUND

CONCLUSIONS

- Projected revenues are sufficient to pay projected expenditures; however, additional expenditures could be proposed if revenues increase.

- Projected program revenues generate from repaid loans will exceed tax revenues in FY 2005; therefore, even if HOME revenues are reduced, loans will generate new revenues.

RECOMMENDATIONS

- None

DOWNTOWN TAX INCREMENT FINANCING (DTIF) FUND

The DTIF is a special revenue fund that receives increments of property tax within the West Bay Drive Redevelopment District for use on improvements within the district.

REVENUES

Revenue is generated from incremental increases of City and County property taxes within the district. All funds collected must be expended within the Downtown redevelopment district.

Revenue Sources($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Property Tax	210	226	261	278	334	435	531	613
Intergovernmental	271	293	337	359	431	509	593	684
Other	8	10	13	17	13	17	34	55
Total Revenues	489	529	611	654	778	961	1,158	1,352

Revenue Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Taxable Property Values	14.9%	8.0%	8.0%	8.0%	8.0%	8.0%
Millage Increase (City)	26.7%	0.0%	0.0%	10.5%	4.8%	0.0%
Millage Increase (County)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Revenue Projections

Property Tax revenue for this fund is derived from 95% of the property taxes that are received by the City for parcels within the Downtown redevelopment area. Taxable values in the district increased 14.94% in calendar year 2004, due to redevelopment, but this rate is projected to moderate.

Intergovernmental revenue is received from Pinellas County for 95% of the County portion of the taxes collected for parcels in the Downtown redevelopment area.

EXPENDITURES

Expenditures are governed by State Statue and City and County ordinances.

Expenditures ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	0	0	0	0	0	0	0	0
Operating & Other	0	0	0	0	0	0	0	0
Capital Projects	210	210	820	820	620	100	100	100
Total Expenditures	210	210	820	820	620	100	100	100

DOWNTOWN TAX INCREMENT FINANCING (DTIF) FUND

DTIF Fund Summary	Budget FY2005	Projected FY2005	Planned FY2006	Projected ($000) FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	489	529	611	654	778	961	1,158	1,352
Expenditures	210	210	820	820	620	100	100	100
Estimated Unexpended *	0	0	0	0	0	0	0	0
Net Estimated Expenditures	(210)	(210)	(820)	(820)	(620)	(100)	(100)	(100)
Net Revenue (Expenditures)	279	319	(209)	(166)	158	861	1,058	1,252
Beginning Balance	378	521	665	840	674	832	1,693	2,751
Ending Balance	657	840	456	674	832	1,693	2,751	4,003

** Estimated Unexpended - The Administration does not estimate unexpended for Capital projects.

CONCLUSIONS

- Revenues are expected to grow faster than expenditures.
- Within three years of receipt, County funds must either be spent, returned to the County or bonded, unless a formal expenditure plan is adopted by the City and approved by the County.

RECOMMENDATIONS

- Downtown redevelopment opportunities will be identified within a reasonable period as the City re-evaluates the downtown redevelopment plan.

WASTEWATER FUND

The Wastewater Fund is an enterprise fund that accounts for all financial activity associated with the operation of the City's wastewater collection, treatment, and disposal utility. The Wastewater Fund is responsible for wastewater collection, advanced treatment, and disposal of wastewater within the sewer district, which includes portions of the County unincorporated area.

REVENUES

Revenue Sources($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Customer Charges	18,791	18,795	19,167	19,171	19,554	19,945	23,136	23,367
Reclaimed Charges	1,126	1,090	1,400	1,286	1,292	1,462	1,634	1,641
Connection Fees / Capital	500	600	500	400	400	400	400	400
Grants	500	150	400	0	0	0	0	0
Other	408	458	317	352	365	378	387	433
Total Revenues	21,325	21,093	21,784	21,209	21,611	22,185	25,557	25,841

Major Revenue Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Customer Charges - Growth	1.0%	2.0%	2.0%	2.0%	1.0%	1.0%
Rate Increase	20.0%	0.0%	0.0%	0.0%	15.0%	0.0%
Reclaimed : Residential -Growth	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Rate Increase	0.0%	0.0%	5.0%	0.0%	0.0%	5.0%
Commercial -Growth	3.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Rate Increase	25.0%	20.0%	20.0%	20.0%	20.0%	20.0%

Revenue Projections

Wastewater customers are added annually as a result of new development; however, customer growth is relatively small compared to the established customer base and does not generate significant new revenues.

Wastewater revenue is reduced by annexations, due to the loss of the 25% out-of-city surcharge (20% revenue reduction per account), which affects the fund's overall projected revenue growth.

EXPENDITURES

Expenditures ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	4,537	4,465	4,764	4,689	4,947	5,219	5,506	5,809
Operating & Other	16,588	16,567	16,948	16,926	17,268	17,651	18,251	18,625
CIP Operating	N/A*	N/A*	N/A*	N/A*	197	409	1,116	1,230
Total Expenditures	21,125	21,032	21,712	21,615	22,412	23,279	24,873	25,664

* CIP Operating is included in Operating & Other

WASTEWATER FUND

FTE's	Budget FY2005	Projected FY2005	Planned FY2006	Projected FY2006	FY2007	FY2008	FY2009	FY2010
Environmental Services	91.00	89.00	91.00	89.00	89.00	93.00	93.00	93.00
Net Change	3.00	1.00	0.00	-2.00	0.00	4.00	0.00	0.00

Note:Estimated FY2006 is 2 less than Planned FY2006, but the same as Projected FY2005

FY 2005 FTE's reflects a net decrease of two positions. In FY 2005 the department budgeted, but did not purchase a jet/ac truck, which included two technical equipment operators.

As part of the collection system expansion project, the department is requesting three Equipment Operator I positions and one Utility Mechanic with estimated costs for wages and benefits is $141,000.

Wastewater Fund Summary	Budget FY2005	Projected FY2005	Planned FY2006	Projected ($000) FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	21,325	21,093	21,784	21,209	21,611	22,185	25,557	25,841
Expenditures	21,125	21,032	21,712	21,615	22,412	23,279	24,873	25,664
Estimated Unexpended*	N/A	841	N/A	865	896	931	994	1,027
Net Estimated Expenditures	21,125	20,191	21,712	20,750	21,516	22,348	23,879	24,637
Net Revenue (Expenditures)	200	902	72	459	95	(163)	1,678	1,204
Depreciation **	N/A	4,995	N/A	5,095	5,197	5,301	5,407	5,515
Capital **	N/A	11,443	N/A	5,193	4,866	4,957	5,053	10,456
Beginning Balance	4,974	9,663	1,725	4,117	4,478	4,904	5,085	7,117
Ending Balance	5,174	4,117	1,797	4,478	4,904	5,085	7,117	3,380

* Estimated Unexpended - The Administration anticipates that 2% of the expenditures will not be spent due to position vacancies and conservative spending practices, which provides additional funding.

**Enterprise funds utilize the accrual basis of accounting, whereas Capital is not budgeted as an expenditure while depreciation is budgeted as an operating expense. In order to determine the actual cash position , it is necessary to adjust the ending balance by adding back depreciation and subtracting capital.

CONCLUSIONS

- Projected Wastewater system customer growth is below expenditure growth for all years presented.
- Costs related to the Inflow and Infiltration study improvements have not been projected, because the study has not been finalized. The study is anticipated to include major recommendations, which will increase costs and will require an additional rate increase.

RECOMMENDATIONS

- A Customer Charge rate increase is recommended in FY 2009 for an estimated three year period.
- A Residential Reclaimed rate increase is recommended in FY 2007 and FY 2010 to recover a greater portion of related costs.
- A Commercial Reclaimed rate increase is recommended each year through FY 2010 to bring charges closer to potable water rates.

SOLID WASTE FUND

The Solid Waste Fund is an enterprise fund that accounts for all financial activity associated with the operation of the City's Solid Waste Collection service. The fund is totally self-supporting through the levying of user fees on customers.

REVENUES

Revenue Sources ($000)	Budget	Projected	Planned	Projected				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Roll Off Container	1,893	1,922	1,969	1,999	2,299	2,345	2,392	2,679
Commercial Dumpster	4,332	4,150	4,462	4,275	4,874	5,020	5,171	5,843
Residential	2,926	2,933	2,955	2,962	3,317	3,350	3,384	3,756
Other	154	1,013	145	211	205	220	228	220
Total Revenues	9,305	10,018	9,531	9,447	10,695	10,935	11,175	12,498

Note: Projected FY2005 "Other" includes $800,000 received from FEMA for hurricane related clean up

Major Revenue Assumptions		Projected					
		FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Roll Off Container -	Growth	5.0%	4.0%	4.0%	2.0%	2.0%	2.0%
	Rate Increase	10.0%	0.0%	11.0%	0.0%	0.0%	10.0%
Commercial Dumpster –	Growth	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Rate Increase	10.0%	0.0%	11.0%	0.0%	0.0%	10.0%
Residential Collection –	Growth	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	Rate Increase	15.0%	0.0%	11.0%	0.0%	0.0%	10.0%

Roll Off Container Revenue

Roll Off revenue is directly related to the level of construction activity in the City. Construction is expected to increase at a decreasing rate through FY 2010, which will reduce roll off revenue growth. A rate increase is projected in FY 2007 and FY 2010.

Commercial Dumpster Revenue

Commercial Dumpster revenue is expected to increase with the increasing number of businesses in the City, primarily due to annexation; however, a rate increase is projected in FY 2007 and FY 2010.

Residential Revenue

The number of residential customers has increased due to annexation, but the growth rate is relatively small as a percentage of the total number of existing customers. If the revenue trend continues as projected, a rate increase will be necessary in FY 2007 and FY 2010.

SOLID WASTE FUND

Expenditures ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	2,656	2,656	2,858	2,858	3,015	3,222	3,445	3,683
Operating & Other	6,600	7,450	7,044	7,044	7,321	7,572	7,754	8,079
Capital Projects Operating	0	0	0	0	19	39	70	95
Total Expenditures	9,256	10,106	9,902	9,902	10,355	10,833	11,269	11,857

Note: Projected FY2005 is greater than budgeted due to hurricane recovery; however, FEMA is reimbursing $800,000

FTE's – Solid Waste Division	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Public Works	56.0	56.0	57.0	57.0	57.0	58.0	59.0	60.0

Expenditure Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	9.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Additional FTE's	0.0%	2.1%	0.0%	1.4%	1.4%	1.4%
Total Change in Personnel	9.5%*	7.6%	5.5%	6.9%	6.9%	6.9%
Operating & Other	15.8%**	8.3% **	3.0%	3.0%	3.0%	3.0%

*FY2005 Additional Personnel increase is partially due to position upgrades

** FY2005 Operating increase is partially due to hurricane recovery.

***FY2006 Operating increase is partially due to additional tipping fees for new accounts

Expenditure Projections

No disposal fee increases are projected through FY 2010; however, any increases will significantly impact operations, because disposal costs represent approximately 40% of total Solid Waste Fund expenditures.

In FY 2006 a Solid Waste Driver is requested to operate an additional roll-off truck. Estimated wages and benefit costs for this position are $37,000.

In FY 2008 a Solid Waste Driver is requested to operate an additional commercial dumpster front loader. Estimated wages and benefit costs for this position are $41,000.

In FY 2009, a Solid Waste Driver is requested to operate the newly purchased automated residential truck. Estimated wages and benefit costs for this position are $43,000.

In FY 2010, a Solid Waste Driver is requested to operate an additional roll-off truck. Estimated wages and benefit costs for this position are $45,000.

SOLID WASTE FUND

Solid Waste Fund Summary	Budget FY2005	Projected FY2005	Planned FY2006	Projected ($000) FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	9,305	10,018	9,531	9,447	10,695	10,935	11,175	12,498
Expenditures	9,256	10,106	9,902	9,902	10,355	10,833	11,269	11,857
Estimated Unexpended*	N/A	202	N/A	198	207	216	225	237
Net Estimated Expenditures	9,256	9,904	9,902	9,704	10,148	10,617	11,044	11,620
Net Revenue (Expenditures)	49	114	(371)	(257)	547	318	131	878
Depreciation **	N/A	1,028	N/A	1,049	1,070	1,091	1,113	1,135
Capital **	N/A	1,242	N/A	1,107	1,199	1,152	1,492	1,178
Beginning Balance	796	665	867	565	250	668	925	677
Ending Balance	845	565	496	250	668	925	677	1,512

*Estimated Unexpended - The Administration anticipates that 2% of the expenditures will not be spent due to position vacancies and conservative spending practices, which provides additional funding.

**Enterprise funds utilize the accrual basis of accounting, whereas Capital is not budgeted as an expenditure while depreciation is budgeted as an operating expense. In order to determine the actual cash position, it is necessary to adjust the ending balance by adding back depreciation and subtracting capital.

CONCLUSIONS

- Expenditures are growing at a greater rate than revenues, because the customer base is not growing significantly; therefore, two rate increases are projected, each of which is projected to be sufficient for a three year period.
- Actual service demands will be evaluated further before any new positions are added.
- Disposal costs are being incurred at higher levels than anticipated; therefore, the last rate increase is projected to be sufficient for only two years.
- The FY 2006 ending fund balance is lower than normal; however, the fund balance returns to normal levels in future years.
- An efficiency study is being conducted to optimize productivity of personnel and equipment.

RECOMMENDATIONS

- Implement a rate increase in FY 2007 for all services for a three year period. The projected FY 2010 rate increase may be lowered, based on actual experience and future projections for FY 2011 and FY 2012.

GOLF COURSE FUND

The Golf Course Fund is an enterprise fund that accounts for all financial activity associated with operation of the City's Golf Course. Charges paid by individuals who utilize the course support operations.

Revenue Sources ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Green Fees	521	448	531	349	563	584	610	635
Cart Rental	245	229	250	178	287	297	311	324
Pro Shop	50	48	51	32	49	52	54	57
Other User Charges	24	30	24	22	92	99	104	107
Other	75	3	11	253	3	3	3	3
Total Revenues	915	758	867	834	994	1,035	1,082	1,126

Notes: FY 2005: $65,000 transfer from the Sales Tax Fund will not occur (Other)
FY 2006: Major reconstruction is projected to begin in May and completed December, 2006 (FY 2007) which reduces revenue in FY 2006.
FY 2006 $250,000 will be transferred from the General Fund as a one-time subsidy
FY 2007: $70,000 projected from sale of Annual Fees, which are expected to increase through FY 2010 (Other User Charges).

Major Revenue Assumptions	**Projected**					
	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
Green Fees	2.0%	-22.1%	61.3%	3.7%	4.5%	4.0%
Cart Rental	2.0%	-22.1%	61.3%	3.7%	4.5%	4.0%
Pro Shop	1.0%	-33.3%	53.1%	6.1%	5.0%	5.0%

Greens Fees/ Cart Rentals Revenue

Revenue from course play is expected to report a slight increase in FY 2005. The FY 2006 increase is on industry trends and growth in the economy. Major reconstruction will begin in May, 2006 and continue through December. It is anticipated that the combination of increased fees and increased round play will increase revenue by 36% in FY 2007, but a decline in the year following reconstruction is typical in the industry. FY 2009 and FY 2010 should reflect modest growth.

Expenditures ($000)	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Wages & Benefits	440	440	465	322	440	465	490	517
Operating & Other	522	522	568	400	493	525	539	554
Total Expenditures	962	962	1,033	722	933	990	1,029	1,071

Note: Projected FY2006 Expenditures based on beginning construction in May.
Projected FY2007 Expenditures based on reopening the course in mid-December.

FTE's	Budget	**Projected**	Planned	**Projected**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Recreation, Parks & Arts	10.50	10.50	10.50	5.67	10.17	10.50	10.50	10.50

GOLF COURSE FUND

Wages & Benefits

During the reconstruction period personnel reassignments will be as follows:

- Golf Course Manager and Greens Superintendent will be on-site full time;
- Small Engine Mechanic will work part-time from May through August assisting with maintenance needs during construction;
- 1 Pro shop Staff member will remain at the course conducting the sales program for the annual membership, group sales, and other marketing duties;
- Grounds Maintenance Staff (2) and 1 Horticultural Technician will be transferred to the Parks division from May through August. Parks will not hire all necessary seasonal workers during that time;
- Remaining Pro-Shop Staff will be re-allocated to Recreation, and seasonal worker positions for the Summer Camp program will not be hired.

Operating & Other

Minimal operating expenditures will remain from May through August, 2006, ire. utility charges, fuel, Fleet services activity, and parking lot maintenance.

Capital Projects

Reconstruction will be funded through the Local Option Sales Tax Fund.

Golf Fund Summary	Budget	**Projected**	Planned	**Projected ($000)**				
	FY2005	FY2005	FY2006	FY2006	FY2007	FY2008	FY2009	FY2010
Revenues	915	758	867	834	994	1,035	1,082	1,126
Expenditures	962	962	1,033	722	933	990	1,029	1,071
Estimated Unexpended*	0	38	64	29	37	40	41	43
Net Estimated Expenditures	962	924	969	693	896	950	988	1,028
Net Revenue (Expenditures)	(47)	(166)	(102)	141	98	85	94	98
Depreciation **	N/A	109	N/A	111	113	115	117	119
Capital **	N/A	32	N/A	0	55	0	0	0
Beginning Balance	(171)	(199)	(218)	(288)	(36)	120	320	531
Ending Balance	(218)	(288)	(320)	(36)	120	320	531	748

* Estimated Unexpended - The Administration anticipates that 4% of the expenditures not be spent due to position vacancies and conservative spending practices, which provides additional funding.

**Enterprise funds utilize the accrual basis of accounting, whereas Capital is not budgeted as an expenditure while depreciation is budgeted as an operating expense. In order to determine the actual cash position, it is necessary to adjust the ending balance by adding back depreciation and subtracting capital.

GOLF COURSE FUND

CONCLUSIONS

- Golf Course revenues are not projected to exceed expenditures in FY 2005 or FY 2006, which will necessitate a $250,000 transfer from the General Fund in FY 2006.

- Golf Course staff believes reconstruction of the course will return the course to profitability beginning in FY 2007.

RECOMMENDATIONS

- Transfer $250,000 to the Golf Course from the General Fund in FY 2006. This amount could be returned after the course regains profitability.

- Proceed with Golf Course renovations as soon as possible by amending the FY 2005 budget to begin design work.