

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

INTRODUCTION

As recommended by the Government Finance Officers Association (GFOA) and the International City/County Management Association (ICMA), the Brevard County Budget Office monitors and uses several economic, demographic and financial indicators in the budget development and financial monitoring process. In most instances, there is an indirect correlation between the economic and demographic information, which follows, and the County's budget.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Some of the indicators monitored on a periodic basis by the Budget Office are viewed as indications of community needs. As such, these indicators have an impact upon the budget development process. Community needs indicators include Population, Unemployment, Personal Income per Capita, Taxable Consumer Sales, Consumer Price Index, and Taxable Property Values. The historical information and discussion concerning the meaning of each indicator can be found in the accompanying charts.

Population

The 2000 census officially placed Florida as the fourth most populous State in the United States. Florida also ranked seventh in the nationwide comparison of population growth rates during the decade from 1990 to 2000, and Florida's population expanded by 32.8% during the 1980's. Florida's estimated population increased again during the 1990's by 23.5% to an estimated 15,982,378 persons in 2000.

Brevard County's rate of growth has exceeded Florida's rate of growth since 1990, and the county grew by over 19.4% from 1990 to 2000. As one of the larger counties in the east central Florida area, and the 9th largest county in the State, Brevard County is currently estimated to have over 530,000 residents. Projected growth for Brevard County indicates that it will continue to exceed the State growth rate for the next decade.

Unemployment

Although the number of retired citizens is increasing in Brevard County, a majority of its citizens participate in the work force. Unemployment rates, therefore, often have an effect upon Counties' financial decision-making processes. Unemployment in the Brevard County area dropped to 3.4% in September 2005, after reaching a high of 7.4% in 1993.

Personal Income

Personal income per capita is measured by the State of Florida on a county-by-county basis. Counties generally monitor this as a means of measuring residents' ability to fund the services provided by Counties. From 1998 to 2005, personal income per capita in Brevard County grew 21.5% from \$24,022 to \$29,190. During that same period, the CPI also advanced 21.5%. Comparison of these growth rates indicates that the residents' ability to pay for services is keeping pace with inflation.

Taxable Sales

Taxable sales of products and services in Brevard County are a key indicator of economic health. Because the County receives one-half of one cent of Florida's sales tax, this indicator has a direct effect upon the County's budget. During the last five years, taxable sales have primarily shown an increase.

Consumer Price Index

The Consumer Price Index (CPI) is used by the County as a standard against which the price increases in the goods and services purchased by the County are measured. Additionally, the CPI is used as a guideline in determining levels of pay raises for County employees. It is frequently used as part of the measure of increase in certain revenue and expenditure levels when financial forecasts of county activity are made.

The National Consumer Price Index-U (All Urban Consumers - U. S. City Average) for September 30, 1998 was 163.6; at September 30, 2005 this index was 198.8, a 21.5% increase.

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Taxable Property Values

Taxable property values and the rate of new construction activity are key indicators monitored by the Budget Office. Property tax revenues remain the single most significant source of revenue for the general government activities of the County. Changes in property values and the resulting changes in tax rates are the primary considerations in the budget development process. The rate of growth in property values continues to increase, increasing over 22% during 2005, due in part to new construction completed during the year.

Other Measurements

Several measurements of local activity and a few national indicators are also monitored by the Budget Office. Local airport activity, Port Canaveral activity, and NASA tour attendance are taken as indicators of local economic health. On a national basis, the year-end Dow Jones Industrial Average (DJIA) is watched. Mortgage financing and refinancing is measured on a statewide and local basis. There has been a correlation between the year-end DJIA and mortgage activity and the level of State Shared Revenue received by the County. However, this correlation has been lost with the recent legislative changes in the elements of the State Shared Revenue format.

FINANCIAL INDICATORS

Revenue and Expenditure Indicators

The Budget Office examines a number of financial indicators related to the financial condition of the County as reported in its Comprehensive Annual Financial Report annually. These indicators include Revenues per Capita, General-Countywide Property Tax Revenues, Intergovernmental Revenues, Expenditures per Capita, Fund Balances, Number of Full-Time Employees, and Long-Term Debt. These “indicators” are presented in the accompanying charts. Most of the indicators also present per capita information and adjustments for inflation so that the reader may see the appropriate trends adjusted for inflation’s effect.

Fund Balance

The County’s Fund Balance is used to provide governmental agencies with funds necessary to meet their cash flow requirements at the beginning of each fiscal year.

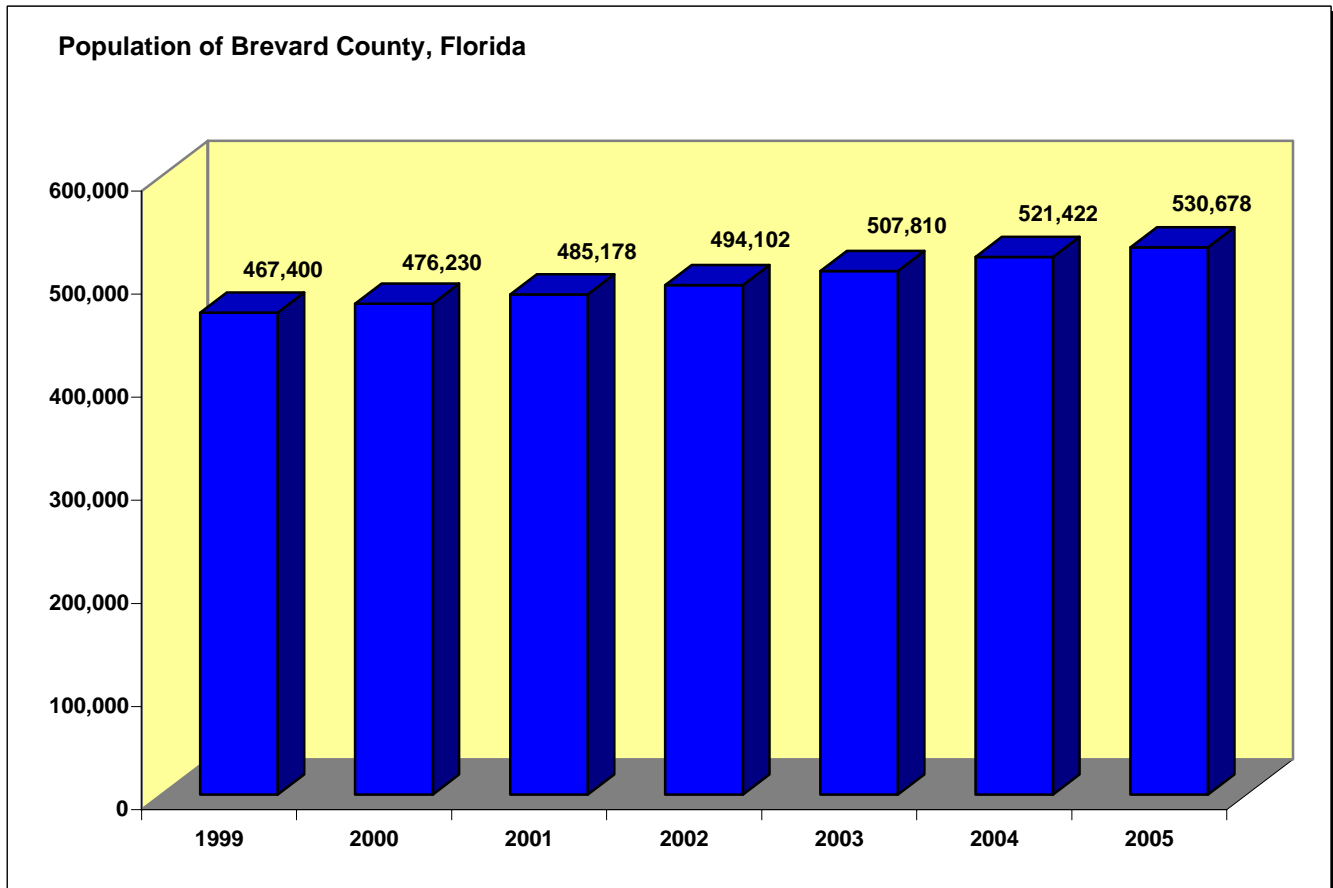
The County’s fund balance also includes funds which have been brought forward from prior year capital projects, as well as funds retained because of the County’s debt reserve requirements.

The General Fund balance on October 1, 2004 was \$10,214,313, or 5.35% of General Fund revenues at the end of FY 2003-2004. The Government Finance Officers’ Association (GFOA) recommends that governments maintain unreserved fund balance in the General Fund of no less than five to 15 percent of General Fund operating revenues. While rating agencies and creditors have provided minimum guidelines for fund balance for Florida governments, a variety of factors must be considered when evaluating the adequacy of fund balance in the General Fund. Some of these considerations are: the timing of revenue collections, transfers to Charter Officers, the limited ability to increase property taxes, and investment earnings of Fund Balance.

CONCLUSION

Brevard County’s overall economic growth is positive. The county’s population is increasing steadily, personal income per capita has increased, property values continue to increase, and taxable sales have shown an increase. The County’s unemployment rate is lower than the state and national averages. These trends are indicators that Brevard County is fostering growth that will continue to build an economically vital community.

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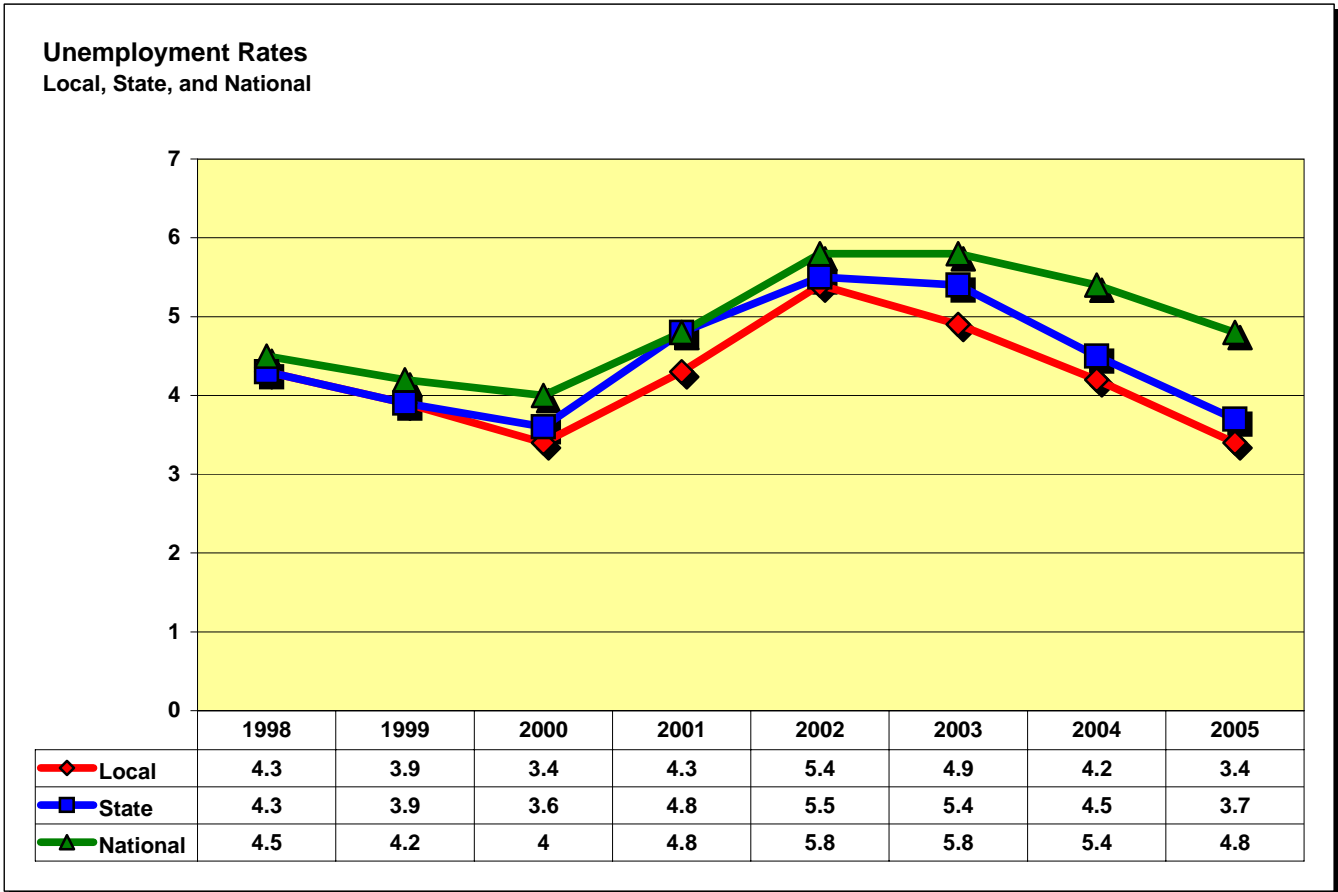
Formula: Population

Source: University Of Florida Bureau Of Economic And Business Research

Analysis:

Population change can directly affect governmental services. A sudden increase in population can create immediate pressures for new capital outlay and higher levels of service. Brevard County's population has been steadily increasing during the periods presented here.

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Formula: Local, State And National Unemployment Rates As Of September 2005

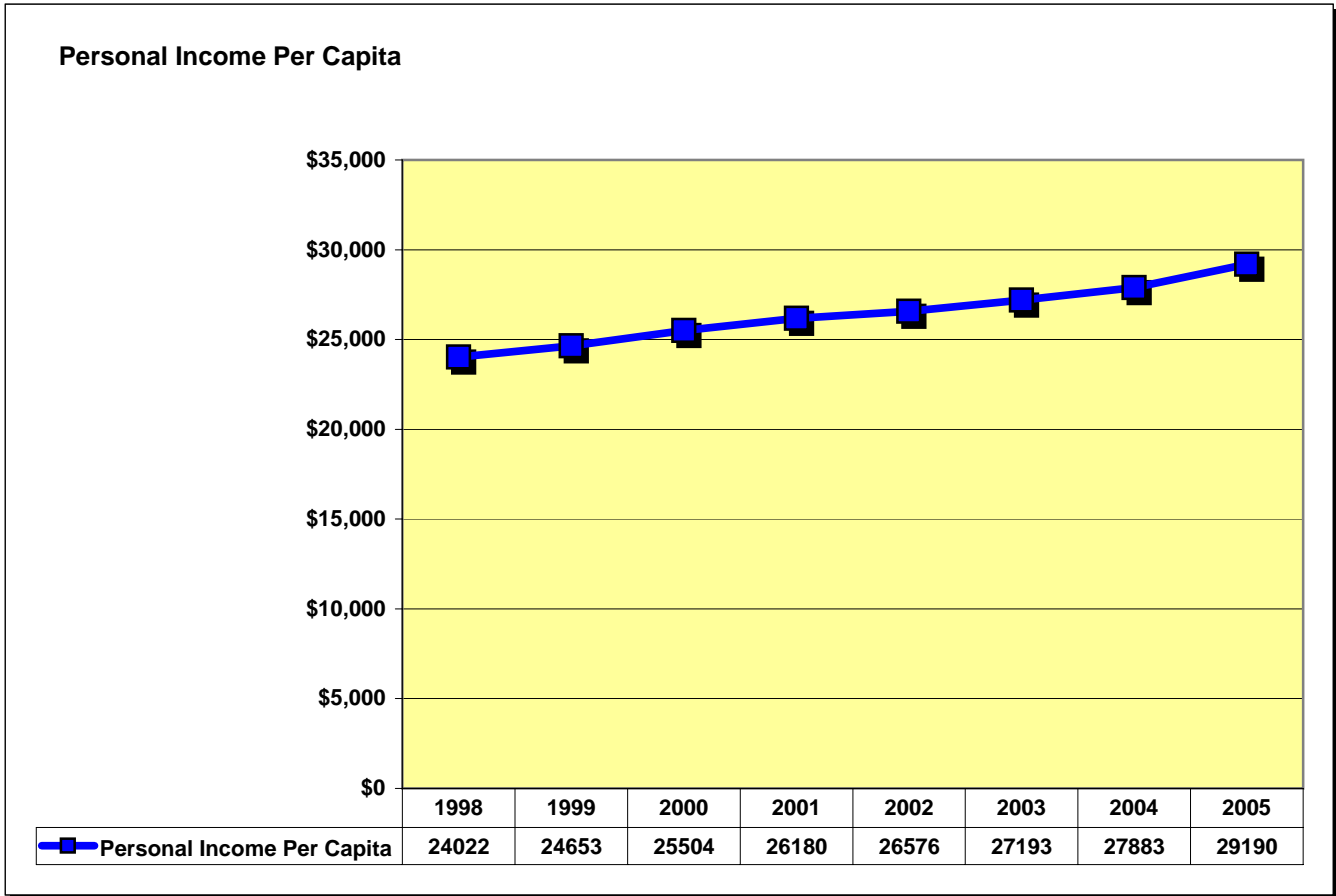
Source: State Of Florida Department Of Labor And Security

Analysis:

Unemployment rates are a traditional indicator of the relative economic health of the County. Consumers who lose their jobs curtail spending in response to the loss of income, while others who remain employed may curtail spending in anticipation of future job losses. As a result, even small increases in unemployment, if accompanied by a loss of consumer confidence, can have a major impact on sales tax-dependent revenue sources. Changes in unemployment affect all of the revenue sources associated with the purchase of goods and services: state revenue sharing, local government local half-cent sales tax, local option gas tax, constitutional gas tax, county gas tax and local option resort tax.

Although 1994 and 1995 were higher than both the state and national levels, primarily due to the downsizing of the aerospace industry within the county, in 1997 through 2000 the unemployment rate decreased compared to the level experienced nationally. Although increased in 2001 and 2002 due to the nation-wide economic decline, Brevard County's unemployment rate has continued to decrease since September 2003, and continues to remain below the state and national levels.

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES



Formula: Personal Income Divided By Population

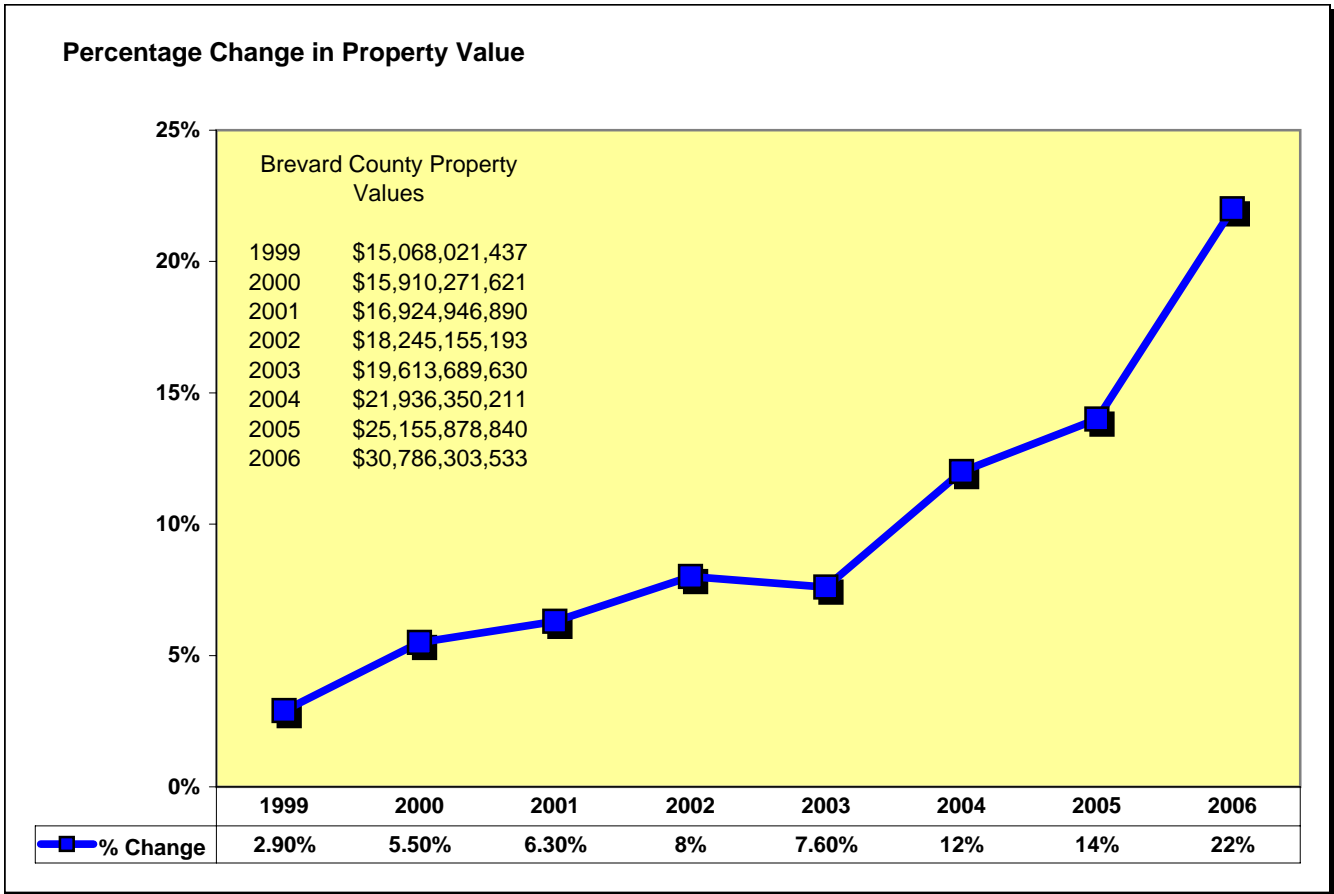
Source: University Of Florida Bureau Of Economic And Business Research
Brevard County Budget Office

Analysis:

Personal income per capita is one measure of a community's ability to pay taxes: the higher the personal income per capita, the more property tax and sales tax a community can generate. Credit rating firms use per capita income as an important measure of a local government's ability to repay debt. They compare personal income per capita with the government expenditures per capita to determine whether the community has the capacity for growth in expenditures. If not, it is an indicator that a community may develop an inability to meet future financial obligations.

Brevard County's personal income per capita trend reflects significant growth from 1998 to 2005

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES



Formula: Property Valuations For The Fiscal Years Ending As Indicated

Source: Brevard County Property Appraiser

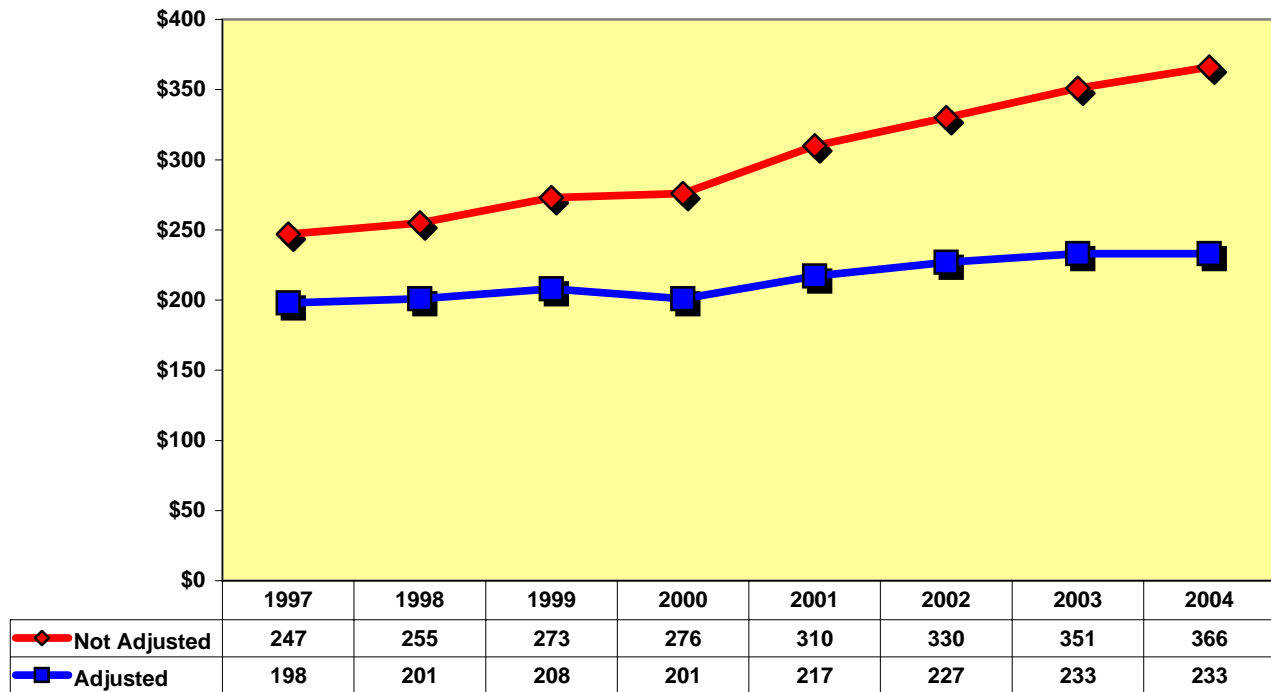
Analysis:

Property values reflect the overall strength of the County's real estate market. This market, in turn, reflects the strength of the County as a whole. When the economy is growing, new residents and businesses are attracted to the County, increasing the prices of existing properties and encouraging the development of undeveloped land. Rising property values may also indicate strength in the construction industry, which in itself, contributes to the local economy.

The rate of growth in property values within Brevard County was reasonably stable from 1996 through 1998. Increases since 1999 continue to be experienced.

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

General Fund Revenues Per Capita
(Not-Adjusted and Adjusted for inflation)



Formula: General Fund Revenues Divided By Population
General Fund Revenues Adjusted For Inflation

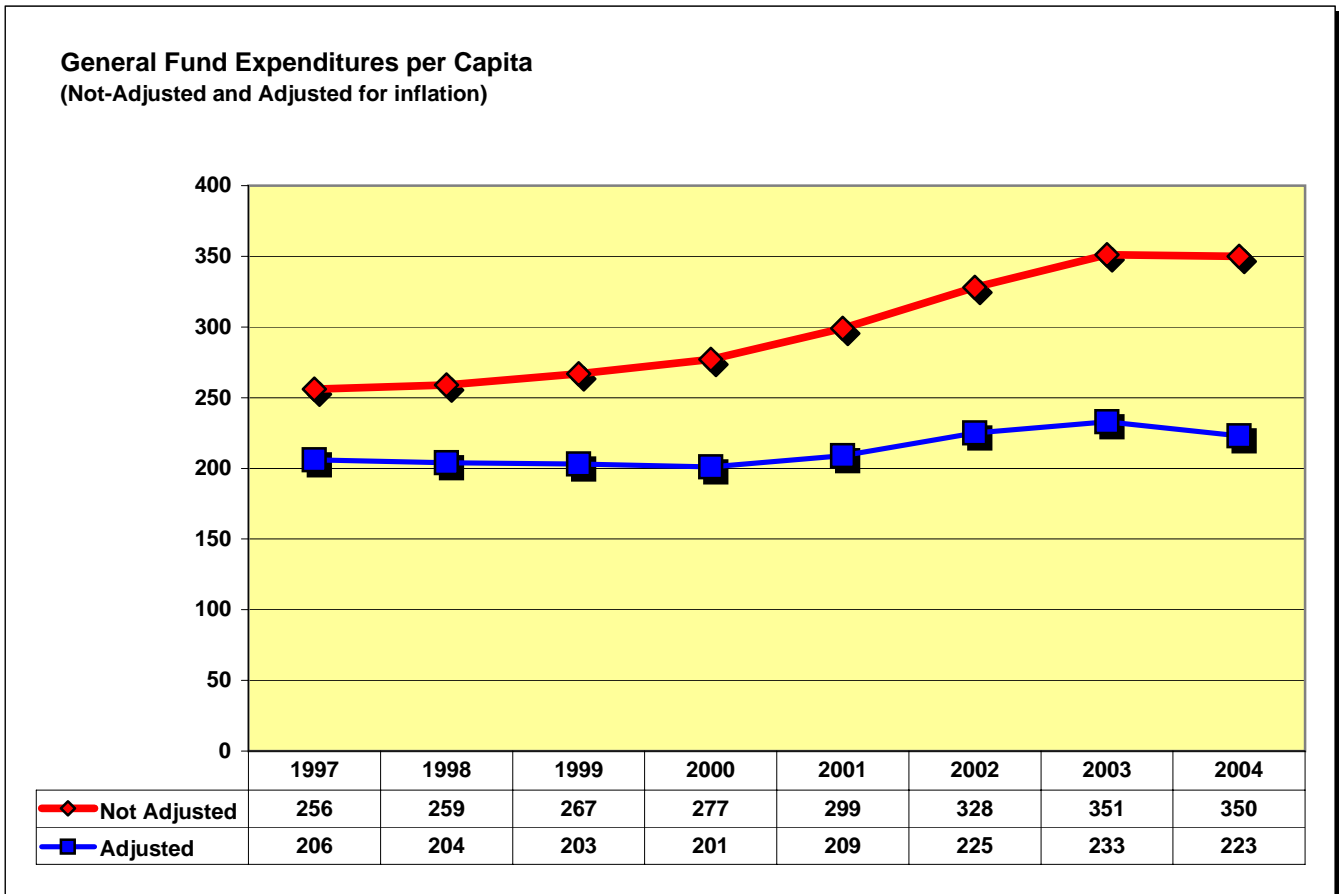
Source: Brevard County Comprehensive Annual Financial Reports, 1997 through 2004
University Of Florida Bureau Of Economic And Business Research
United States Department of Labor; Consumer Price Index for All Urban Consumers (CPI-U)

Analysis:

As the County's population grows, it is anticipated that revenues and the needs for services will increase in a direct relationship. Therefore, the level of revenues per capita should at least remain constant and at a minimum, equal expenditures per capita. If revenues per capita decrease or become lower than expenditures per capita, it may hamper the County's ability to maintain the existing level of services unless new sources of revenues or ways of trimming expenses can be found.

The County's revenue per capita, not adjusted for inflation, has increased 48.1%, and inflation has increased 17.8% for the periods analyzed. The County's expenditures per capita, not adjusted for inflation, have increased by 36.7%. During the same period, the County's population has grown by 15.1%.

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES



Formula: General Fund Expenditures Divided By Population
General Fund Expenditures Adjusted For Inflation

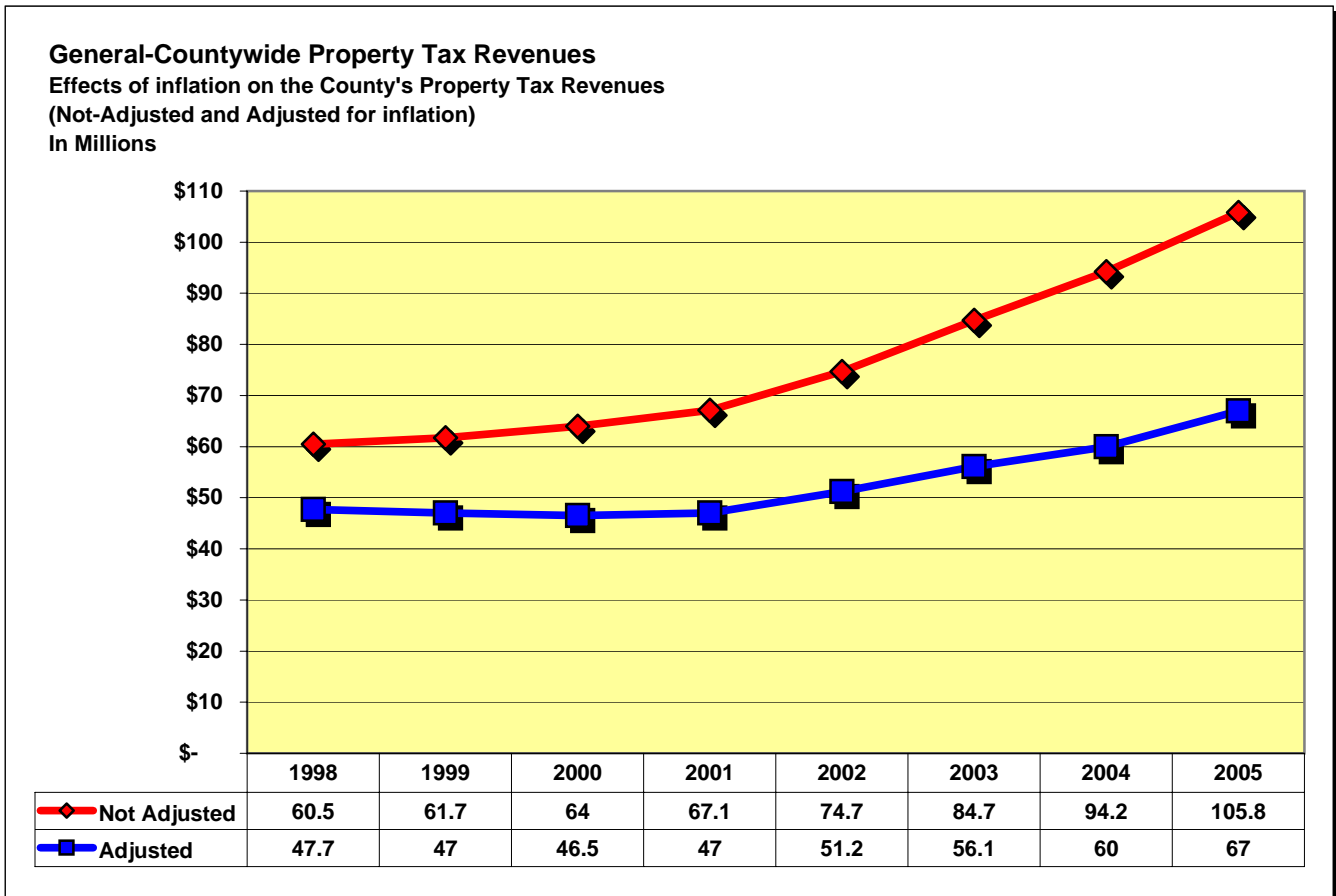
Source: Brevard County Comprehensive Annual Financial Reports, 1997 through 2004
University Of Florida Bureau Of Economic And Business Research
United States Department of Labor; Consumer Price Index for All Urban Consumers (CPI-U)

Analysis:

Changes in expenditures per capita reflect changes in expenditures relative to changes in population. Increasing expenditures can indicate that the cost of providing services is outstripping the community's ability to pay, especially if spending is increasing faster than the residents' collective personal income. If spending is increasing faster than can be accounted for by inflation or the implementation of new programs, it may indicate declining productivity; that is, the government is spending more funds to support the same level of services.

The trend in Brevard County expenditures has been for small increases totaling 36.7% from 1997 to 2004, while inflation increased 17.8% during the same time period. This expenditure pattern is viewed as successful, considering inflation and the unfunded mandates that the County has been required to absorb. However, when adjusted for inflation, expenditures per capita exceeded revenues per capita from Fiscal Year 1993-1994 through Fiscal Year 1997-1998, and again in FY 1999-2000. FY 2000-2001 reflected a return to a stable expenditure pattern compared to revenues per capita, which continued through FY 2003-2004.

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES



Formula: General-Countywide Property Tax Revenues

Source: Brevard County Comprehensive Annual Financial Reports, 1998 through 2005
 Brevard County Budget Office
 United States Department of Labor; Consumer Price Index for All Urban Consumers (CPI-U)

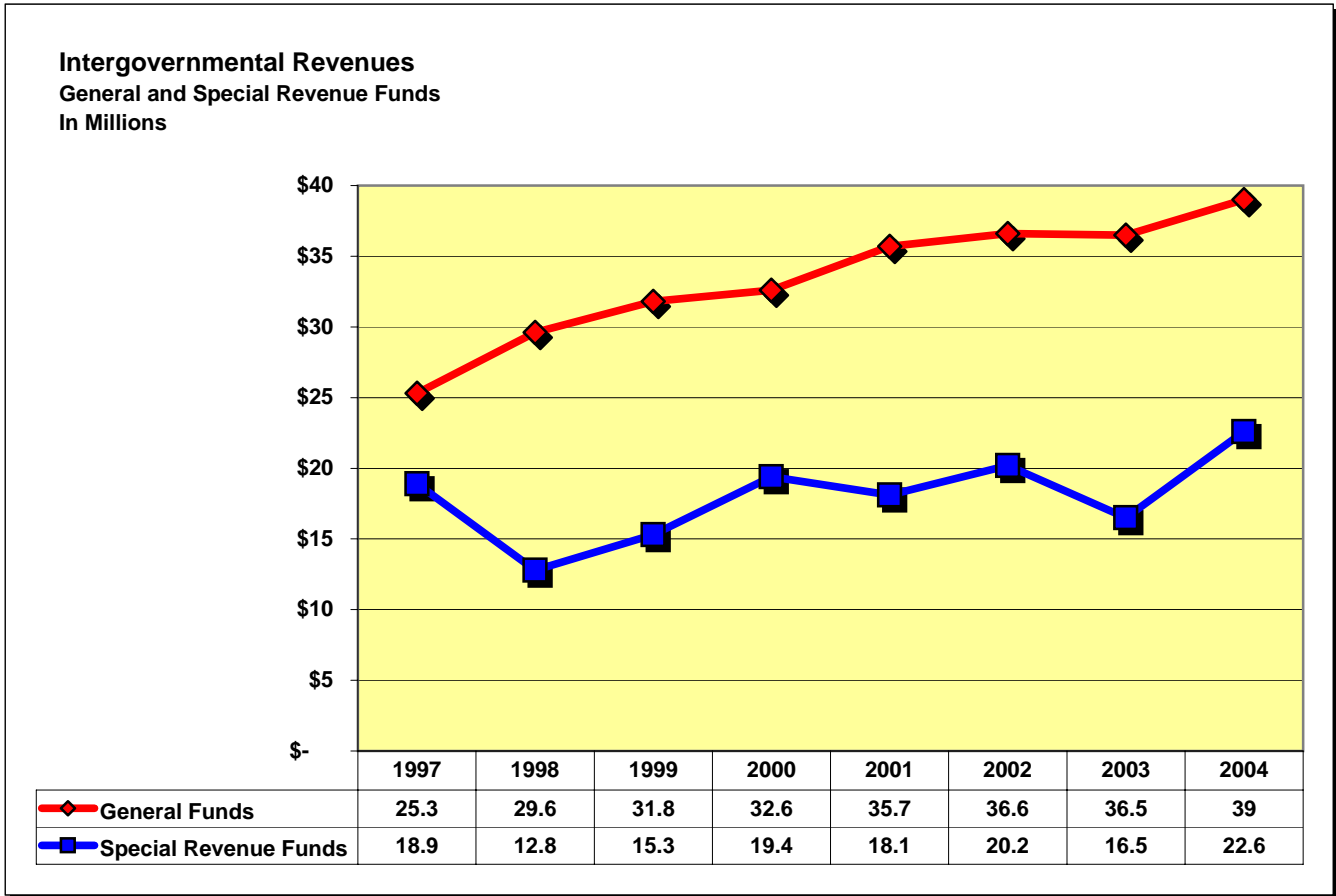
Analysis:

Property tax revenues are considered separately from other revenues because Brevard County relies heavily on this revenue source. Approximately 52% of the General Fund's operating revenues are derived from a General-Countywide property tax. A decline or a diminished growth rate in taxable property can result from a number of causes. First, it may reflect an overall decline in property values. Second, it may result from the transfer of taxable property to organizations that are exempt from property taxes. Third, it may result from decline in new development.

The increase in property tax revenues from Fiscal Years 1997-1998 through 2004-2005 is largely related to the growth in taxable property values from \$14.63 billion to \$25.16 billion, or a 72% increase. As indicated in this presentation, the County's property tax revenues, adjusted for inflation, primarily remained steady or declined through 2001, primarily due to a reduction in the General-Countywide millage from Fiscal Years 1996-1997 through FY 2000-2001.

It is noteworthy that increases in taxable property values from new construction result in additional revenues. Increases in taxable values from existing properties do not generate additional revenue, without advertising a tax increase, due to the millage rolled back procedure required by Florida's "Truth in Millage" Law.

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES



Formula: Intergovernmental Revenues

Source: Brevard County Comprehensive Annual Financial Reports, 1997 through 2004

Analysis:

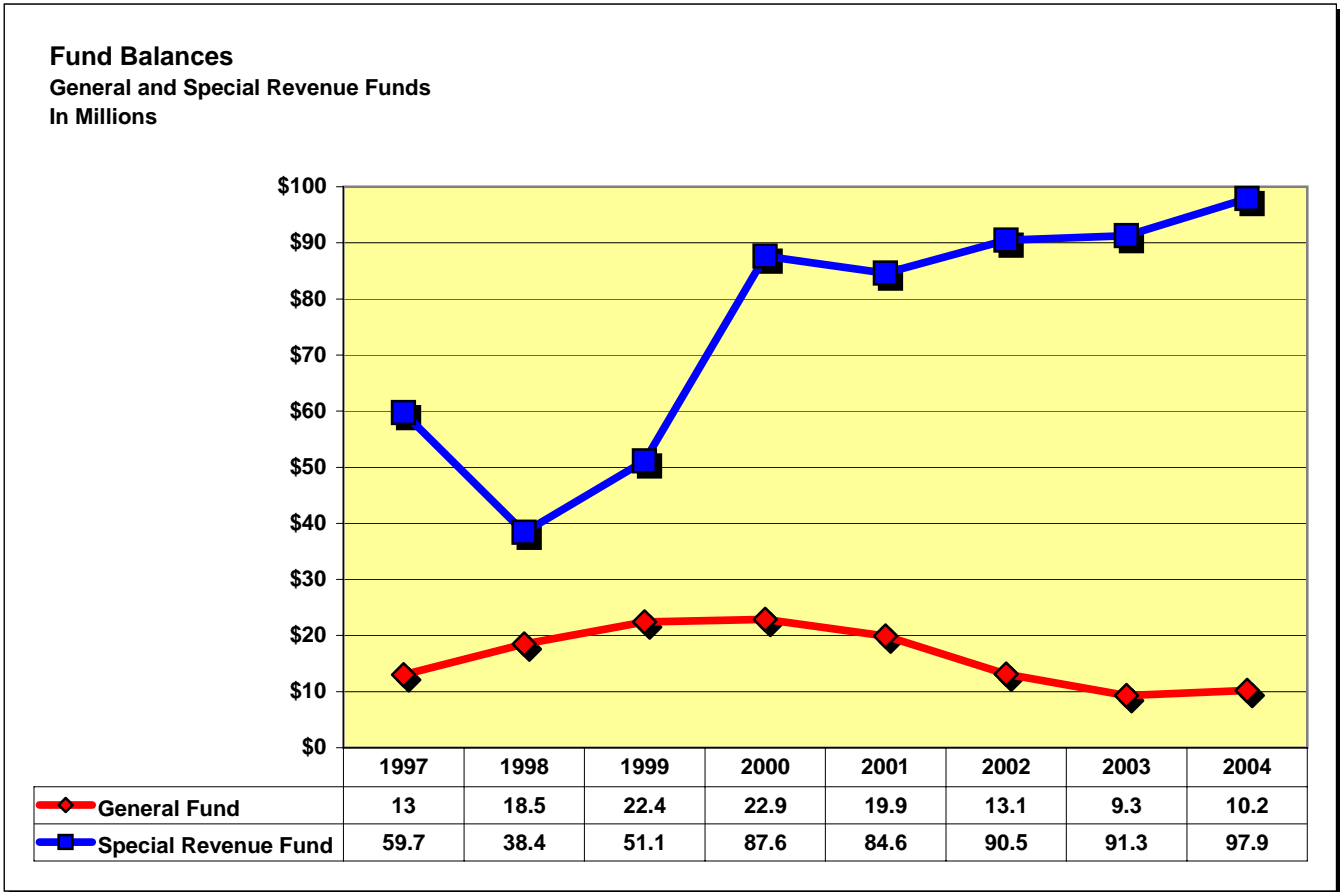
Intergovernmental revenues, revenues received from other governmental entities, present an opportunity for higher levels of government to return funding collected locally to the local level.

Brevard County's intergovernmental revenues for the General and Special Revenue Funds have remained positive during the period analyzed. The majority of the revenue collected under this classification includes: General Fund, State Shared Revenues and the Local Half-Cent Sales Tax; Special Revenues Funds, State Library Aid, Housing and Community Development Grants, and the County Gas Tax and Constitutional Gas Tax are all classified as Intergovernmental Revenues.

The State of Florida, during the 2000 Legislative Session, eliminated the intangibles tax as a source of State Revenue Sharing. Beginning in FY 2000-2001, the majority of revenues from the declining State Revenue Sharing are based on a share of the State's sales tax. The State Shared Revenue continues to be monitored since this change.

Implementation of Article V, Revision 7 of the Florida Constitution occurred July 1, 2004. This Constitutional amendment implements a redistribution of Court costs between the State and County. While the State is assuming additional Courts expenses, it is also taking Court-generated revenues.

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES



Formula: Fund Balance As A Percentage Of Operating Revenue

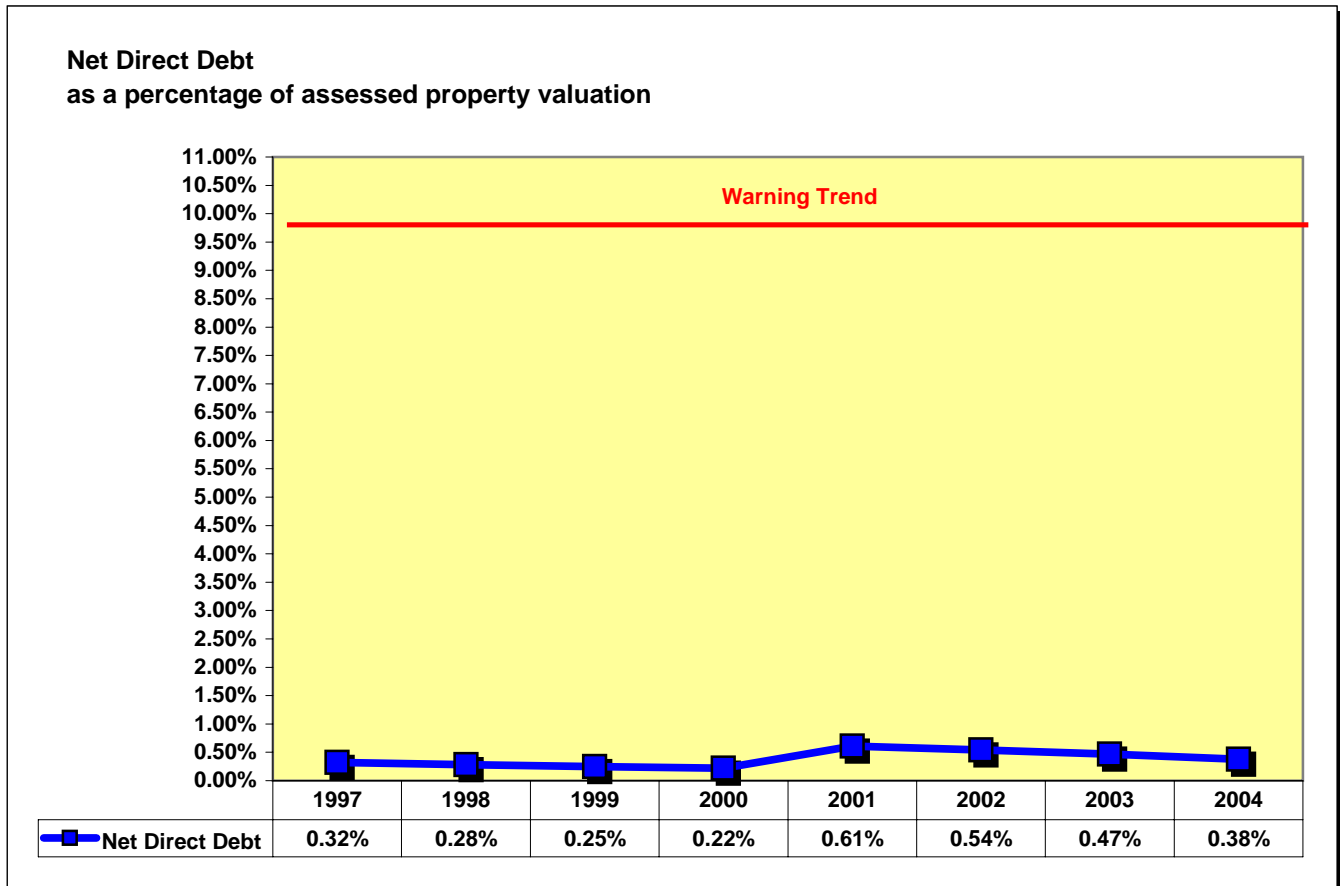
Source: Brevard County Comprehensive Annual Financial Reports, 1997 through 2004

Analysis:

The unreserved fund balance for the General Fund was \$10,214,323 on October 1, 2004, or 5.35% of General Fund operating revenues. The Government Finance Officers' Association (GFOA) recommends that governments maintain unreserved fund balance in the General Fund of no less than five to 15 percent of General Fund operating revenues. The County realizes the importance of maintaining the fund balance within recommended guidelines and has set 10% of General Fund operating revenues as a goal, to be reviewed annually. A major portion of the unreserved fund balance is expended early in the subsequent fiscal year before ad valorem tax revenue collections begin.

The aggregate fund balance of Special Revenue funds will fluctuate within a wider range because a number of the more significant Special Revenue funds involve major construction projects. As the activity level of these projects increases or decreases, so will fund balances.

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES



Formula: Net Direct Debt (General Obligation Bonds) Divided By Assessed Property Valuation

Source: Brevard County Comprehensive Annual Financial Reports, 1997 through 2004

Analysis:

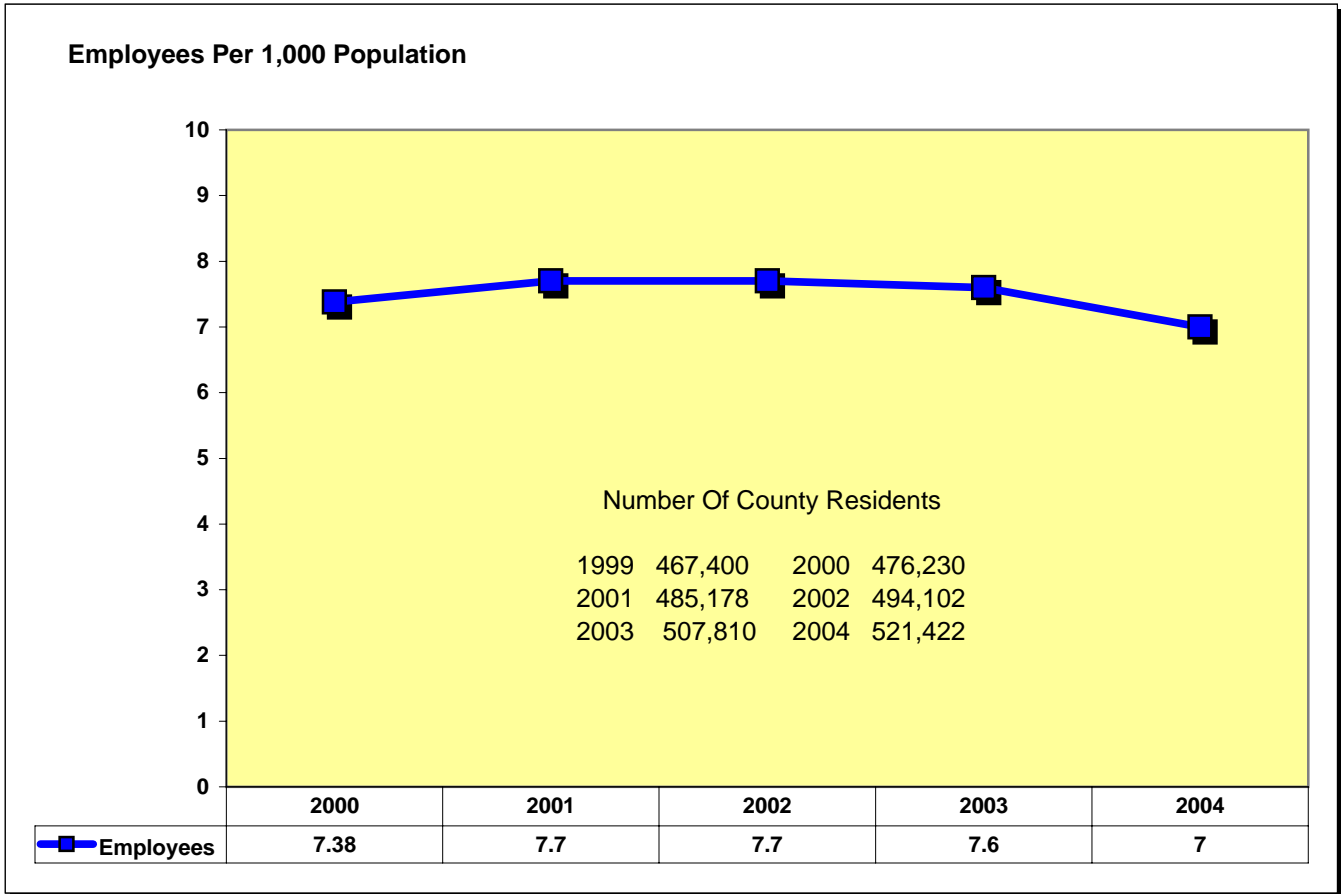
Increasing debt service reduces expenditure flexibility by adding to the government's obligations. Debt service can be a major portion of the government's fixed cost, and excessive increases may indicate too much debt and fiscal strain. According to the International City/County Management Association (ICMA), one of the warning signals for Net Direct Debt is debt exceeding 10% of assessed property valuation. Brevard County's Net Direct Debt (General Obligation Bonds) as a percentage of assessed property valuation continues to remain well below 1%.

Direct long-term debt, also known as General Obligation Bonds (Net Direct Debt), includes debt for which Brevard County has pledged its full faith and credit, including Ad Valorem tax revenue. The following projects, all approved by a referendum of the voters, are financed with General Obligation Bonds debt proceeds:

1. Construction and Renovation of Recreation Facilities
2. Construction of Court and Governmental Facilities
3. Beach and Riverfront Land Acquisition Program
4. Environmental Endangered Lands Program

The increase in Net Direct Debt from 2000 to 2001 is due to the Parks and Recreation referendum for new construction and maintenance in North Brevard, Merritt Island, and South Brevard, approved by the voters of Brevard County in November 2000.

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Formula: Number Of Employees Divided By Population

Source: Number Of Employees As Of October 1, Including:
 Board Agencies
 Clerk of Courts' Office
 Sheriff's Office
 Supervisor of Elections Office
 Courts Administration (excluding Judges)

Analysis:

Because employee costs are a major portion of the total cost of County government, analyzing changes in the number of employees per 1,000 population is a good way to track changes in expenditures. An increase in employees per 1,000 population might indicate that expenditures are rising faster than revenues, the government may be becoming labor intensive, or personnel productivity is declining.

Although the total number of employees increased during a portion of the period analyzed, the majority of these increases are attributable to the following areas: Sheriff's Office, Library Services, Public Safety (as a result of a voter-approved increase in personnel and the acquisition of the Harbor City Volunteer Ambulance Service), and Parks and Recreation Departments. However, during this same period, the County has reduced positions in other areas such as general governmental services, administrative and managerial positions, and internal service agencies. This represents the County's re-allocation of its human resources to meet the community's needs.

This trend also analyzed the actual number of employees working for Brevard County on October 1 as compared to the population of the County.

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

Major Revenue Sources

The operating revenue sources whose histories are summarized below and on the following pages represent the major sources of revenues for Brevard County. These revenues, in the aggregate, represent over 60% of the County's estimated total operating revenues for FY 2005-2006.

This presentation outlines the procedures followed by the Budget Office in forecasting various key revenue sources during the budget development process.

Revenue forecasts are developed by the Budget Office through the review of historical trends of the various revenue sources, input from the operating departments responsible for collecting the revenue, the County Finance Department, and current or estimated economic information provided by Federal, State, local and private sources.

Major sources of information in the projection of County revenues (such as the Half-Cent Sales Tax distribution, State Shared Revenues, and various gas taxes) are received from the Florida Legislative Council on Intergovernmental Relations (LCIR), a part of the Florida Legislature's Division of Economic and Demographic Research, and the Office of Tax Research (OTR), Florida Department of Revenue. These offices provide information concerning those revenues which are collected and distributed by the State .

Revenue Source	FY 1999-2000	FY 2000-2001	FY 2001-2002	FY 2002-2003	FY 2003-2004	FY 2004-2005	FY 2005-2006
	Actual Collections	Actual Collections	Actual Collections	Actual Collections	Actual Collections	Final *	Adopted Budget
Property Taxes	\$113,176,665	\$120,605,029	\$143,040,090	\$158,041,345	\$176,269,157	\$188,137,869	\$199,642,525
State Shared Revenues	\$9,428,946	\$8,149,960	\$8,047,390	\$8,310,689	\$9,128,343	\$8,258,059	\$9,654,027
Local Half-Cent Sales Tax	\$17,200,153	\$18,169,981	\$19,491,155	\$20,595,025	\$21,694,253	\$21,959,632	\$23,714,229
Franchise Fees & Comm Svc Tax	\$6,512,855	\$8,896,829	\$9,505,335	\$8,370,482	\$10,751,075	\$16,960,378	\$20,157,306
Building Permits	\$2,213,094	\$2,232,998	\$2,995,455	\$2,985,332	\$3,459,209	\$3,845,600	\$4,419,400
County Gas Tax	\$2,505,300	\$2,498,048	\$2,559,943	\$2,623,775	\$2,505,663	\$2,610,252	\$2,685,845
Constitutional Gas Tax	\$4,989,640	\$5,093,109	\$5,112,713	\$5,246,233	\$5,006,395	\$5,083,342	\$5,195,249
Local Option Gas Tax	\$6,973,679	\$6,894,103	\$6,971,847	\$7,218,728	\$6,950,043	\$7,246,236	\$7,391,161
Tourist Development Tax	\$5,225,511	\$5,483,848	\$5,312,657	\$5,452,453	\$5,174,302	\$5,269,692	\$6,721,702
Water/Wastewater Fees	\$17,812,483	\$18,917,895	\$22,200,899	\$22,814,330	\$23,926,402	\$23,899,729	\$25,605,470
Solid Waste Disposal Fees	\$17,771,805	\$18,406,601	\$18,924,716	\$19,876,549	\$20,391,457	\$21,030,593	\$21,708,530
Total Revenue	\$203,810,131	\$215,348,401	\$244,162,200	\$261,534,941	\$285,256,299	\$304,301,382	\$326,895,443

* Unaudited

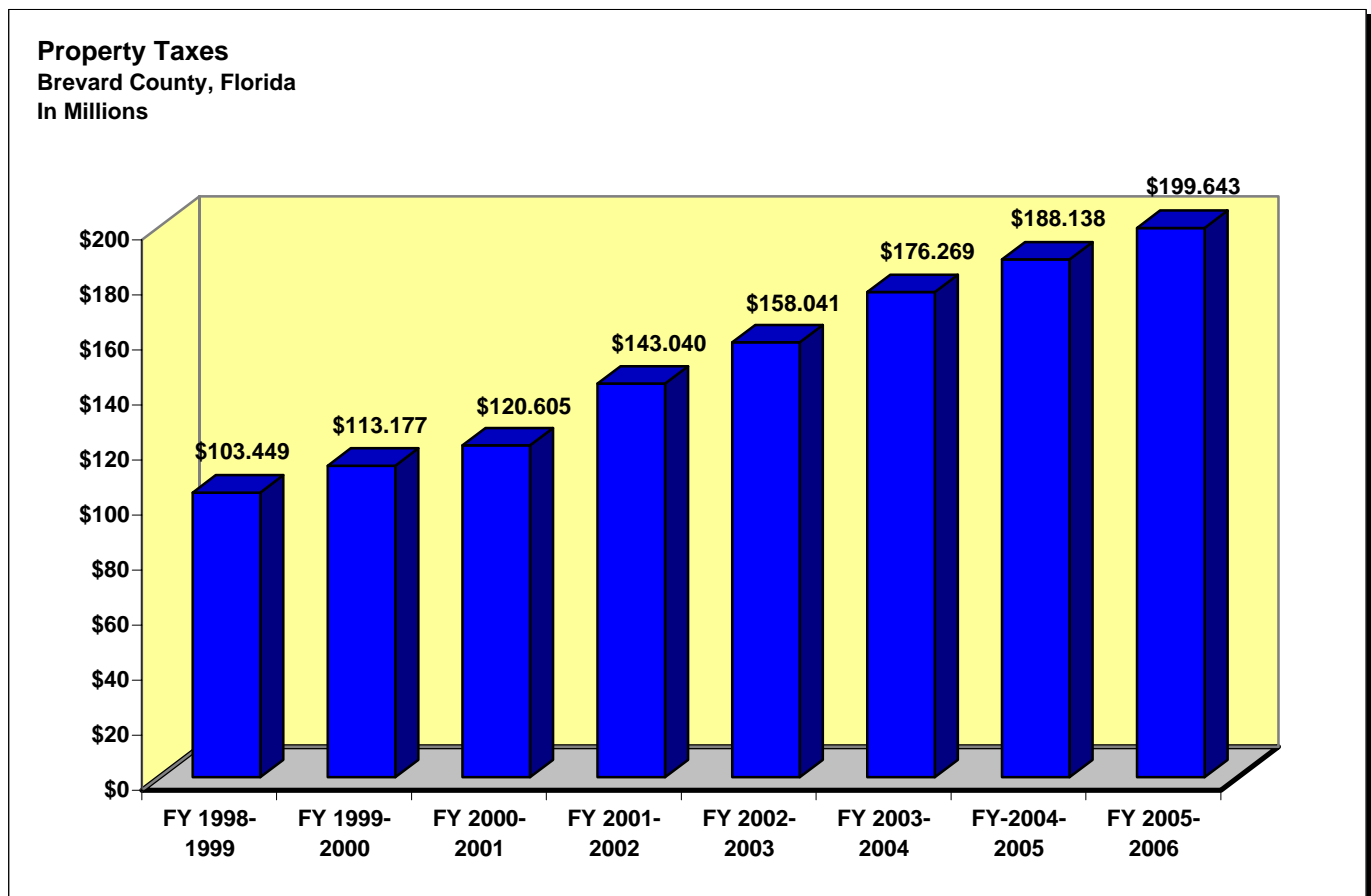
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Property Taxes

Property taxes, which are more specifically called ad valorem taxes, are based on the value of the property. The County levies countywide property taxes to support services provided to all county property owners regardless of whether the property is located in a municipality or not. These services include but are not limited to: the Sheriff's Office, Supervisor of Elections' Office, Property Appraiser's Office, Tax Collector's Office, Clerk of Courts and Court Services, County Commission, County Manager, County Attorney, Parks and Recreation, Agriculture and Extension Services, Medicaid, Family and Children Services, Veterans Services, Country Acres, Animal Protection Services, Library Services, Probation, Pretrial Diversion and Release, Dispute Resolution, Alternative Sentencing Services, Medical Examiner, Ocean Lifeguards, Road and Bridge Maintenance, Detention Facility, Mosquito Control, and Emergency Management.

The County also levies separate ad valorem taxes on property in various geographic areas of the County for specific benefits funded by these taxes to those residents. These Municipal Services Taxing Units (MSTU's) or special districts include services for Law Enforcement, Fire Control, District #1 Recreation, Recreation District #4, the Titusville-Cocoa Airport Authority, and seven Road and Bridge MSTUs. Additionally, eight operating and debt service levies for the Port St John/Canaveral Groves Recreation Facilities MSTU, the North and South Brevard Recreation Special Districts, and the Merritt Island Recreation MSTU were voter-approved in the districts affected. The County also levies four operating and debt service voter-approved property taxes countywide in support of the Environmentally Endangered Lands program.

Property tax collections in FY 2003-2004 totaled \$176.3 million. Property tax collections for FY 2004-2005 are estimated at \$188.1 million; this represents an increase of \$11.9 million, or 6.7% from the County's FY 2003-2004 collections, primarily due to new construction of real property and additional taxes levied in accordance with the Fire Control and Parks and Recreation referendums approved in November 1998 and 2000. The Adopted Budget for FY 2005-2006 is \$199.6 million, or 88,137,869, or 6.1% over the FY 2004-2005 Final Budget, primarily due to new construction, partially offset by decreasing the aggregate operating millage to 6.4% below the FY 2004-2005 rate.

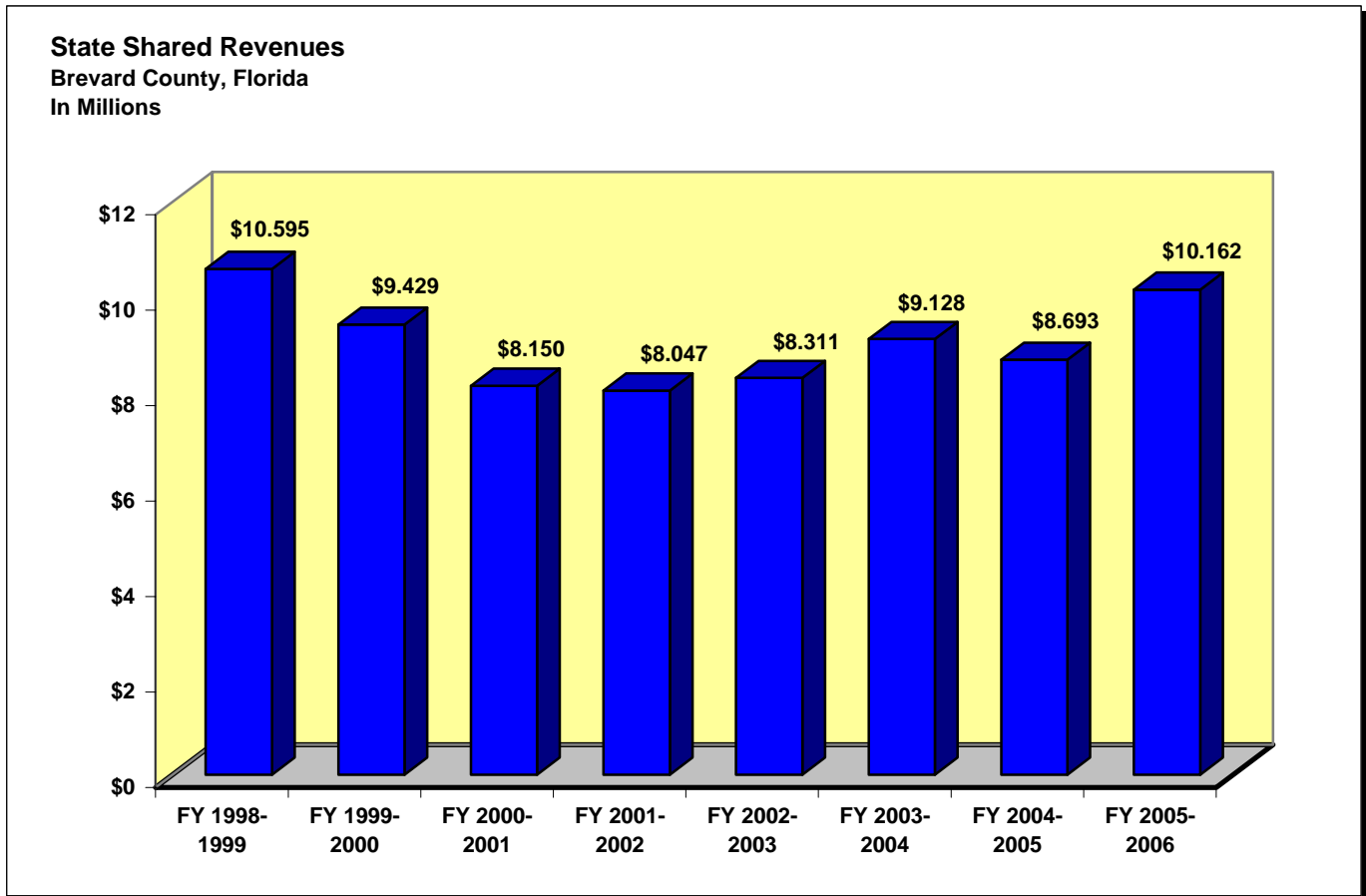


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State Shared Revenues

The Florida Revenue Sharing Act of 1972 was an attempt by the Legislature to ensure a minimum level of parity across units of local government. Currently, the Revenue Sharing Trust Fund for Counties receives 2.9% of the net cigarette tax collections and 2.25% of sales and use tax collections. The sales and use tax collections provide approximately 96% of the total revenue shared with counties, with the cigarette tax collections making up the small remaining portion. These funds are collected and distributed to Counties on a monthly basis by the Florida Department of Revenue.

The County's receipts from State Revenue Sharing for the FY 2003-2004 were \$9,128,343, are estimated to be \$8,692,694 for FY 2004-2005, and the Adopted Budget for FY 2005-2006 is \$10,162,134.

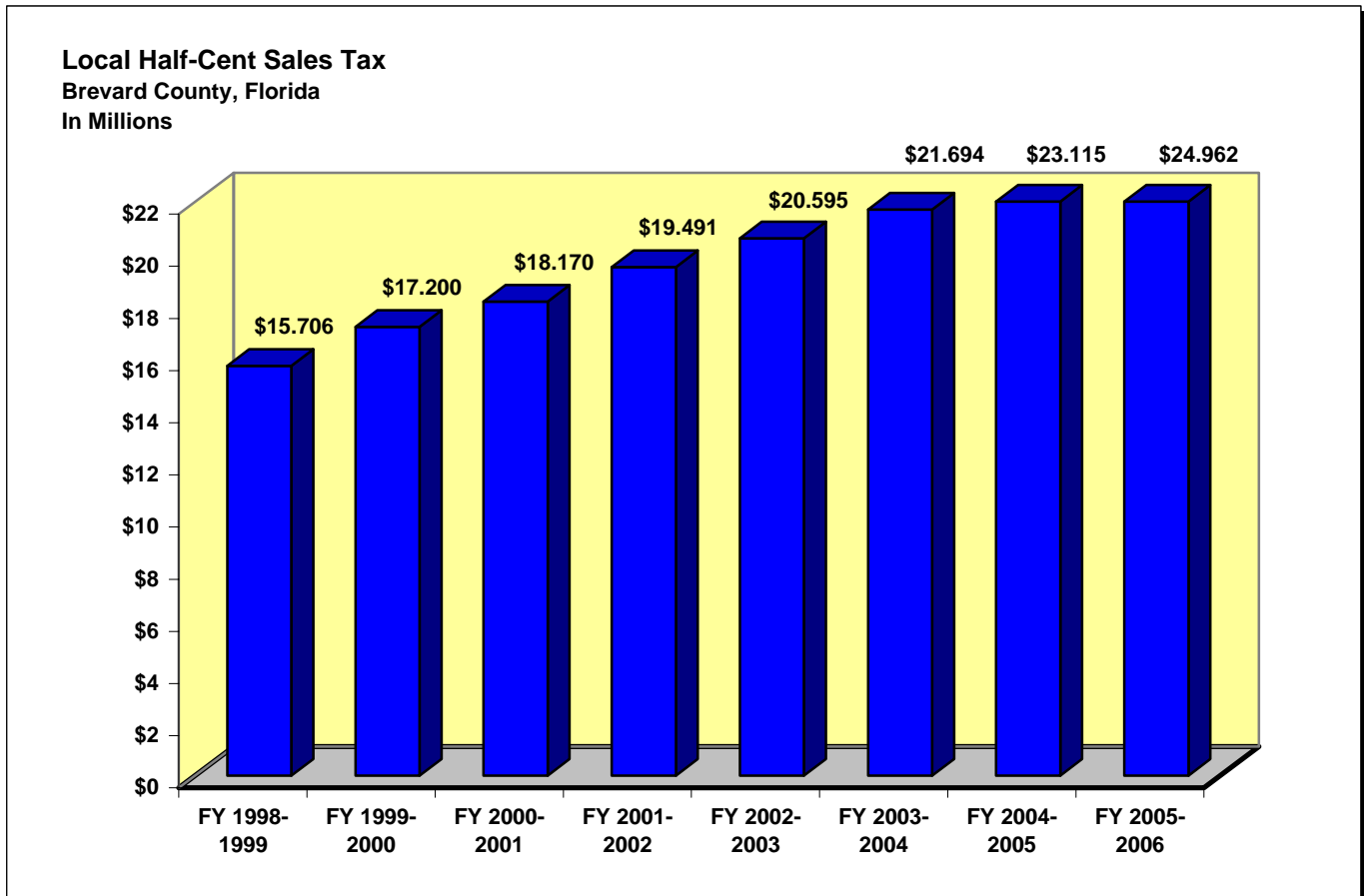


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Local Half-Cent Sales Tax

In October, 1982 Brevard County began receiving a distribution of funds equal to one-half of the fifth cent sales tax remitted to the State by local retail sales establishments. These funds are collected and distributed on a monthly basis by the Florida Department of Revenue. Increases in the local government half-cent sales tax are sensitive to increases in the County's population and the Consumer Price Index (CPI).

During FY 2003-2004, half-cent sales tax receipts were \$21,694,253. Estimates of the County's FY 2004-2005 and FY 2005-2006 share of the half-cent sales tax revenues are \$23,115,402 and \$24,962,346, respectively.



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Franchise Fees and Communications Services Tax

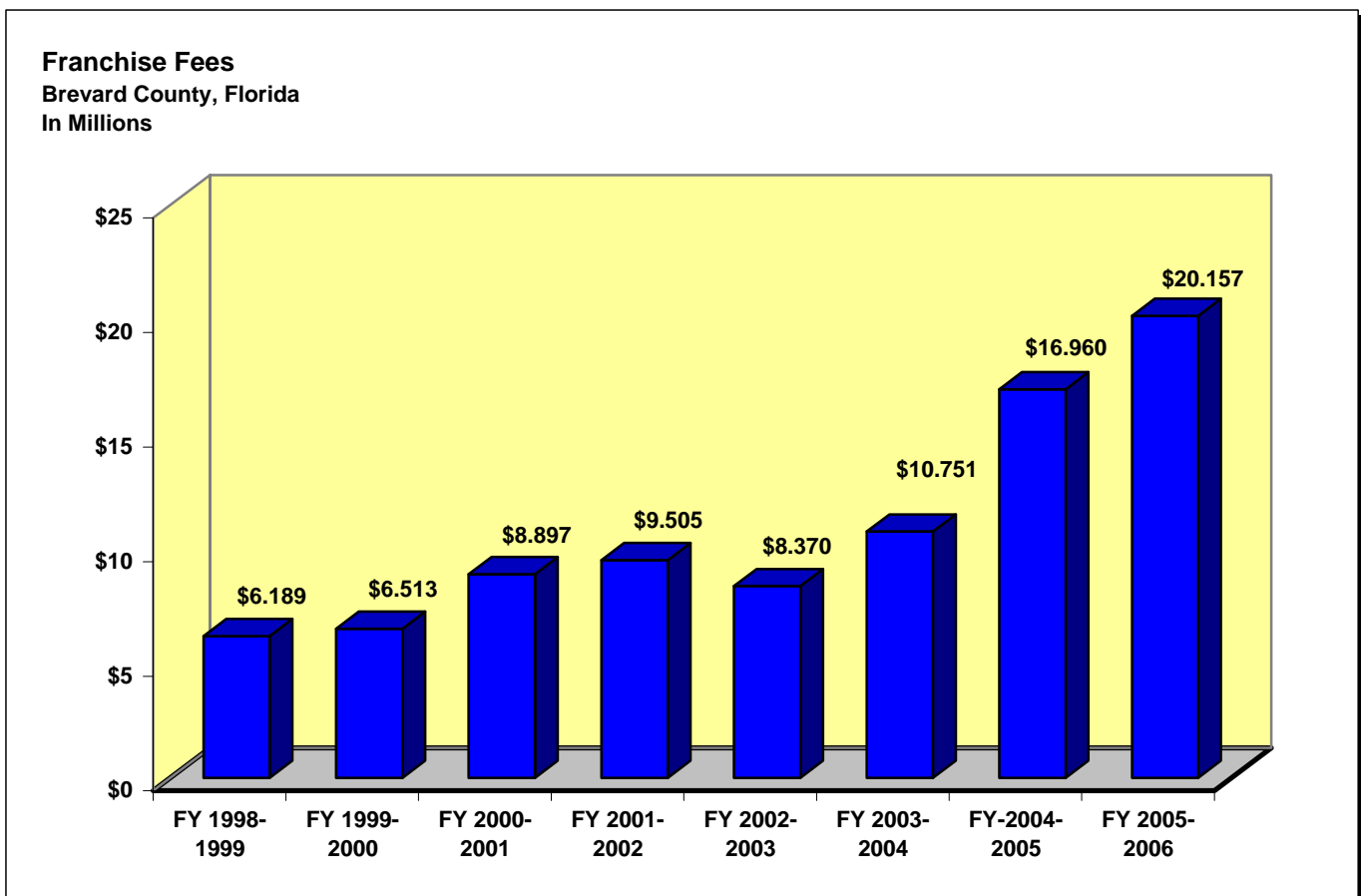
Franchise fees are charged by Counties for the use of publicly owned rights-of-way for power and telecommunications companies to construct, operate, and maintain power, telephone and cable television transmission lines or related components, and for the sale of electric power and cable television services in the unincorporated areas.

The franchise fees charged to Florida Power and Light (FPL) are levied in accordance with a 30-year franchise agreement that was to expire in September 2007, wherein franchise fees were charged at a rate equal to 6% of the gross charges for the sale of electric power. This agreement was renewed early, reducing the percentage to 5.9%.

The franchise fees charged to the cable television companies providing service for the unincorporated areas of Brevard County were levied in accordance with individual 10-year franchise agreements that are renewable at the option of both parties. Cable television franchise fees were charged at a rate of 5% of the gross receipts for cable television service up to 2001.

On October 1 2001, the State Communications Services Tax became effective. Brevard County no longer collects the Cable Television franchise fees; the Department of Revenue collects the tax and returns a percentage back to the County, together with telecommunications companies, and set the rate at 1.66% through August 2004. Beginning January 2005 the rate was set at 5.22%, comparable with surrounding counties and municipalities.

Franchise fee revenues realized for FY 2003-2004 were \$10,751,075 and are estimated to be \$16,960,378 for FY 2004-2005. The Adopted Budget is \$20,157,306 for FY 2005-2006, an increase from the previous year due to the renewals and adjustments referenced above, and projected increases in energy costs.



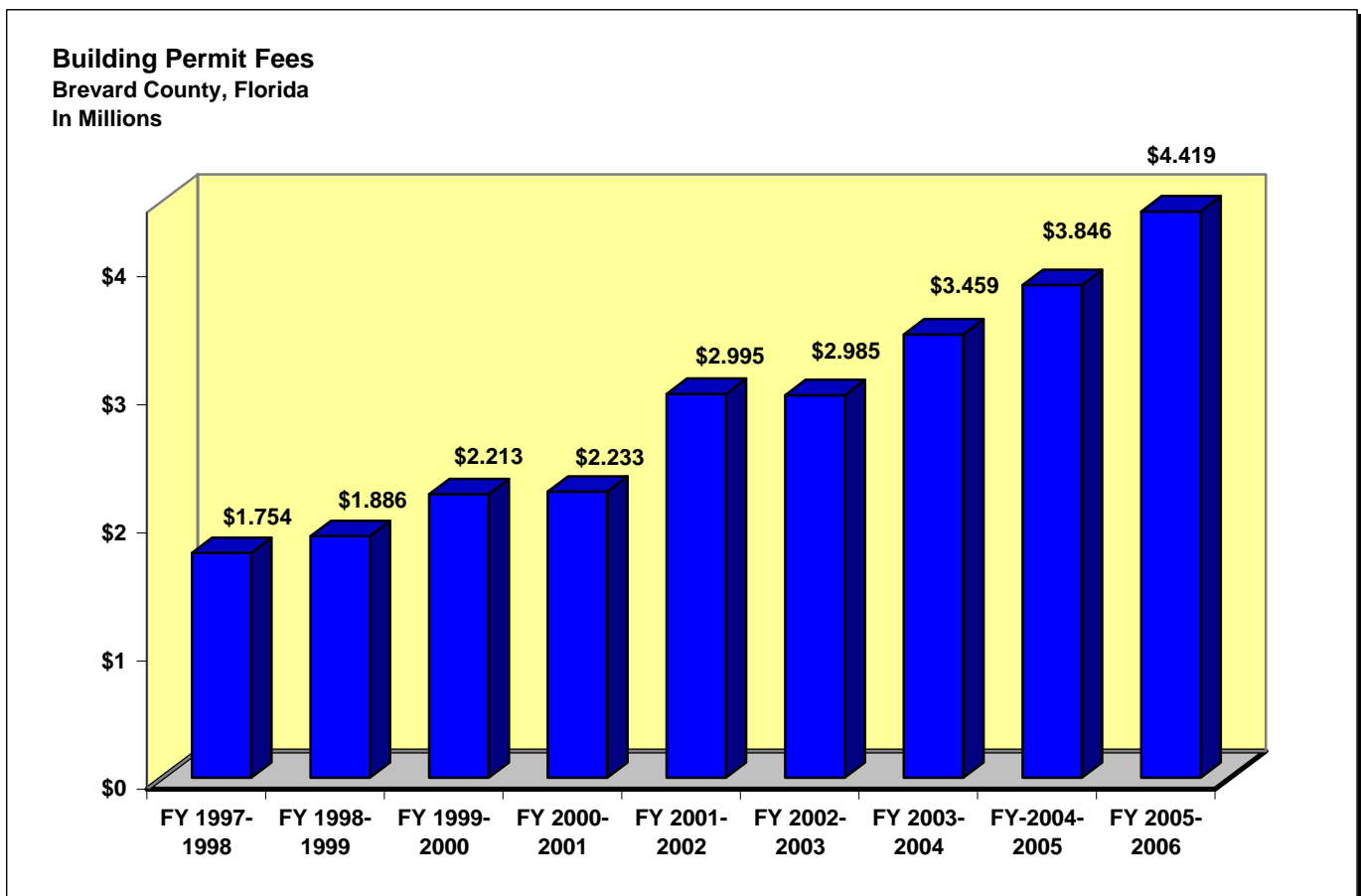
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Building Permit Fees

Building permit revenue is derived from fees paid by developers of residential and commercial property. These fees are intended to offset the cost of permit review and inspections ensure that construction meets local, State, and Federal building code requirements. The County collects permit fees only for development occurring in the unincorporated areas of Brevard County.

Building permit revenue is sensitive to the population increase and other economic factors. This revenue is also sensitive to inflation in that all permit fees are based upon the value of the work being performed except single-family dwellings, which permit fees are based on a square footage computation. Thus, while permit fees are somewhat sensitive to inflation (because of construction costs), the level of sensitivity is difficult to measure. Other economic factors such as interest and employment rates have a greater impact upon this revenue source.

Building permit revenue in FY 2003-2004 was \$3,459,209, and for FY 2004-2005 revenue is estimated at \$3,845,600. The Adopted Budget is \$4,419,400 in FY 2005-2006.



FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

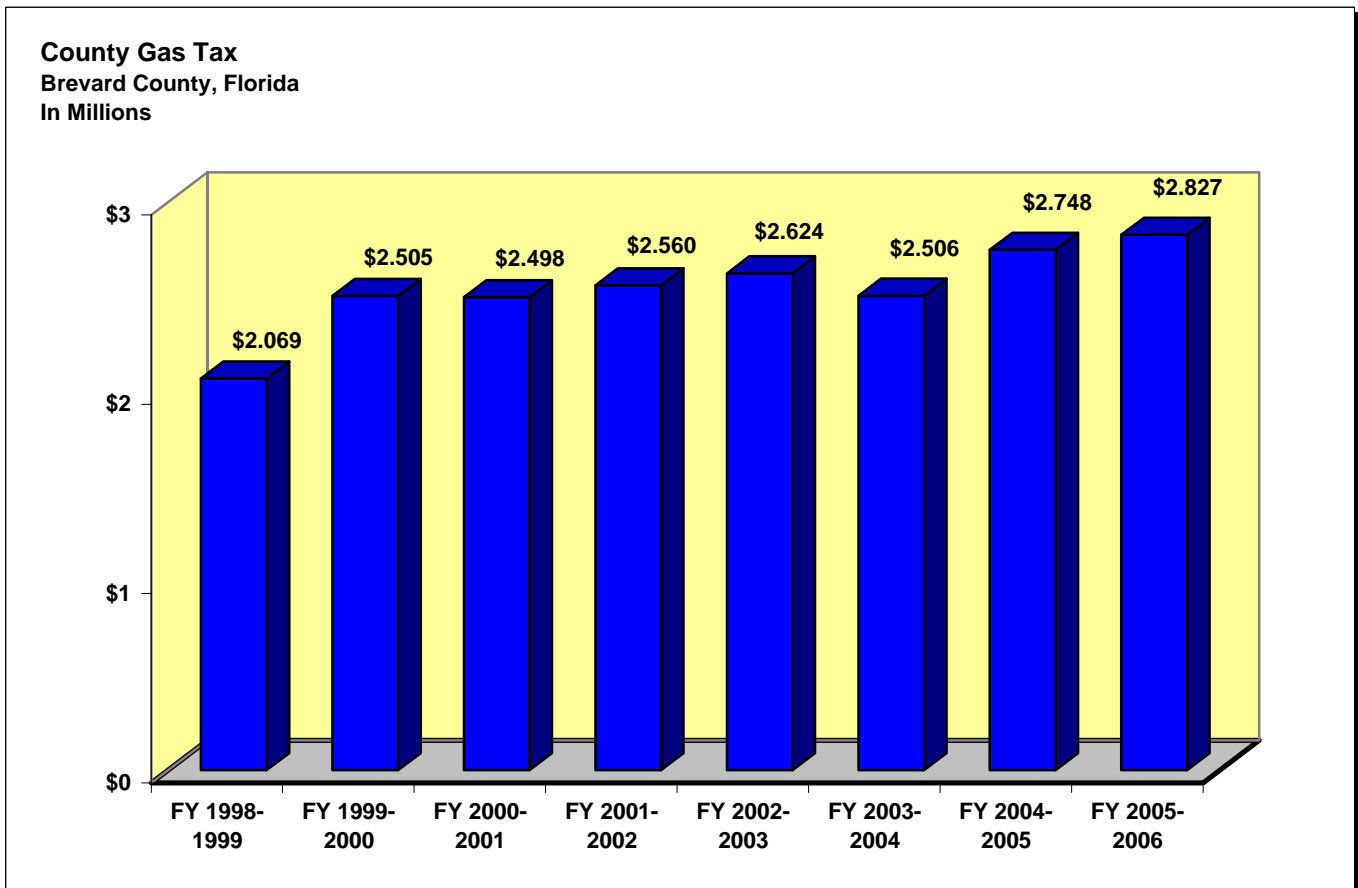
Gas Taxes

All gas taxes, the Constitutional Gas Tax, County Gas Tax, and Local Option Gas Tax, are imposed on a unit (gallon) basis and are therefore not sensitive to inflation factors. The single major predictor of fuel utilization increase in Brevard County is the estimated increase in population. This population factor is generally used by County agencies in estimating gas tax revenues on a preliminary basis. The Legislative Council on Intergovernmental Relations (LCIR) estimates gas tax collections for all Florida counties. This resource is also used in the final determination of this revenue estimate.

County Gas Tax

The County Gas Tax is a one-cent tax imposed on every gallon of motor fuel and special fuel sold at the wholesale level. Use of the proceeds is restricted to transportation expenditures. The tax is administered by the Florida Department of Revenue, who distributes the proceeds on a monthly basis. The gas tax can be used to purchase rights-of-way, construction, reconstruction, operation, maintenance, and repair of transportation facilities including roads and bridges. The gas tax can also be used to reduce bonded indebtedness. The gas tax received by Brevard County is used to fund the operations of the County's Road and Bridge Program.

County Gas Tax revenue in FY 2003-2004 was \$2,505,663. County Gas Tax revenues are estimated to be \$2,747,634 for FY 2004-2005 and the Adopted Budget is \$2,827,205 for FY 2005-2006.



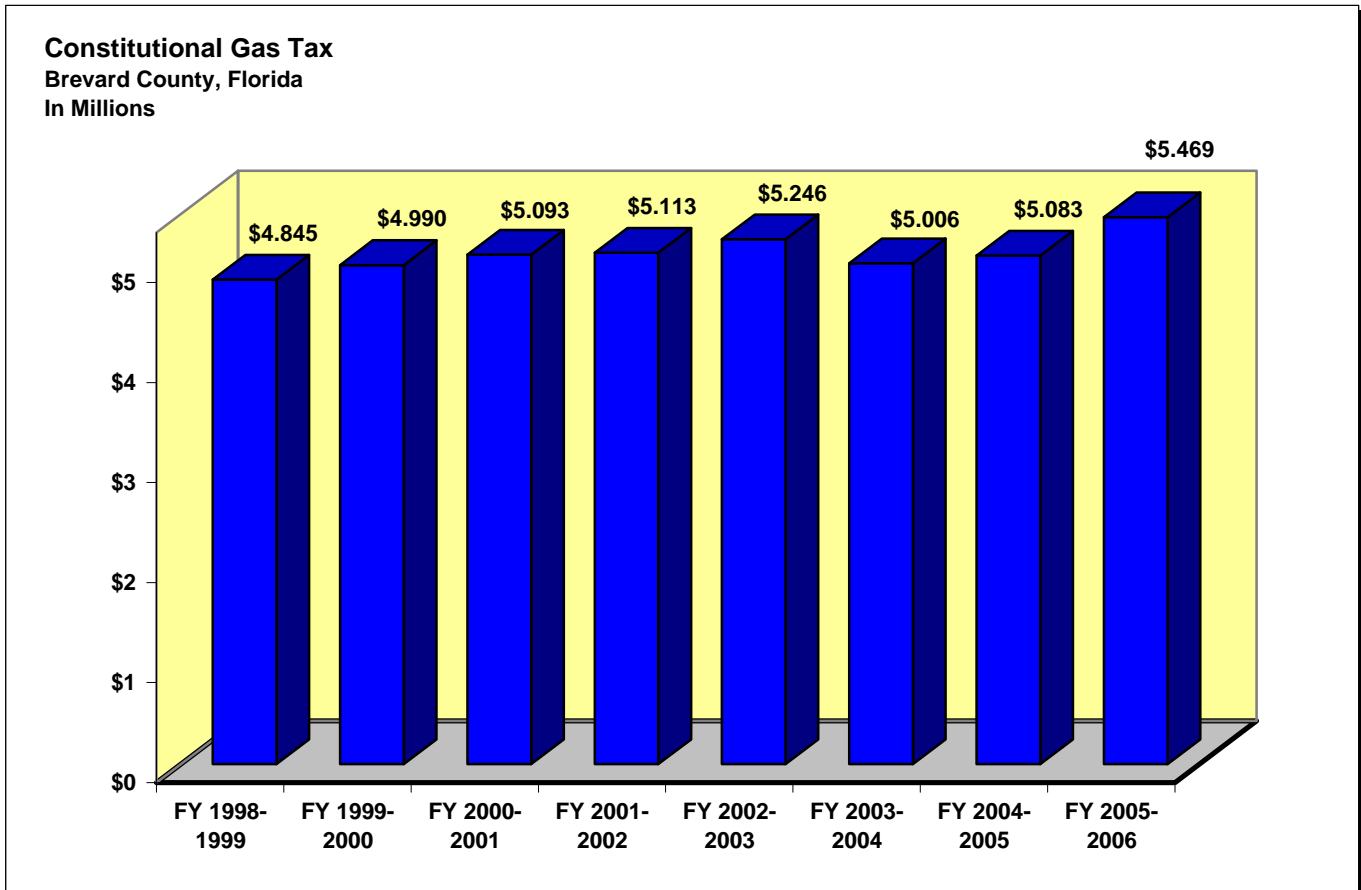
FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

Constitutional Gas Tax

The Constitutional Gas Tax is a two-cent tax imposed on every gallon of motor fuel and special fuel sold at the wholesale level. Use of the proceeds is restricted to the acquisition, construction, and maintenance of roads. The tax is administered by the Florida Department of Revenue and distributed by the State Board of Administration (SBA).

The distribution formula is comprised of: the ratio of county area to state area; ratio of county population to state population; and the ratio of total Constitutional Gas Tax collected in each county to the total collected statewide during the previous fiscal year. This distribution is divided into an 80% portion and a 20% portion. The SBA uses the 80% portion to fund debt service requirements of bond issues pledging Constitutional Gas Tax receipts. If there is a surplus from the 80% portion, it is distributed to the various counties on a monthly basis. If the SBA determines that the 80% portion is not sufficient to cover required debt service, it will withhold the difference from the 20% portion. Otherwise, the 20% portion is distributed directly to the counties. Brevard's 80% and 20% portions have been pledged for debt service payments on the County's Constitutional Fuel Tax Revenue Bonds, Series 2000. This debt service approximates \$3,227,000 annually. These tax funds and the related \$39,112,654 original bond sale proceeds are used for road improvements.

Constitutional Gas Tax revenues in FY 2003-2004 were \$5,006,395. The Constitutional Gas Tax revenues are estimated at \$5,083,342 for FY 2004-2005 and the Adopted Budget is \$5,468,683 for FY 2005-2006.

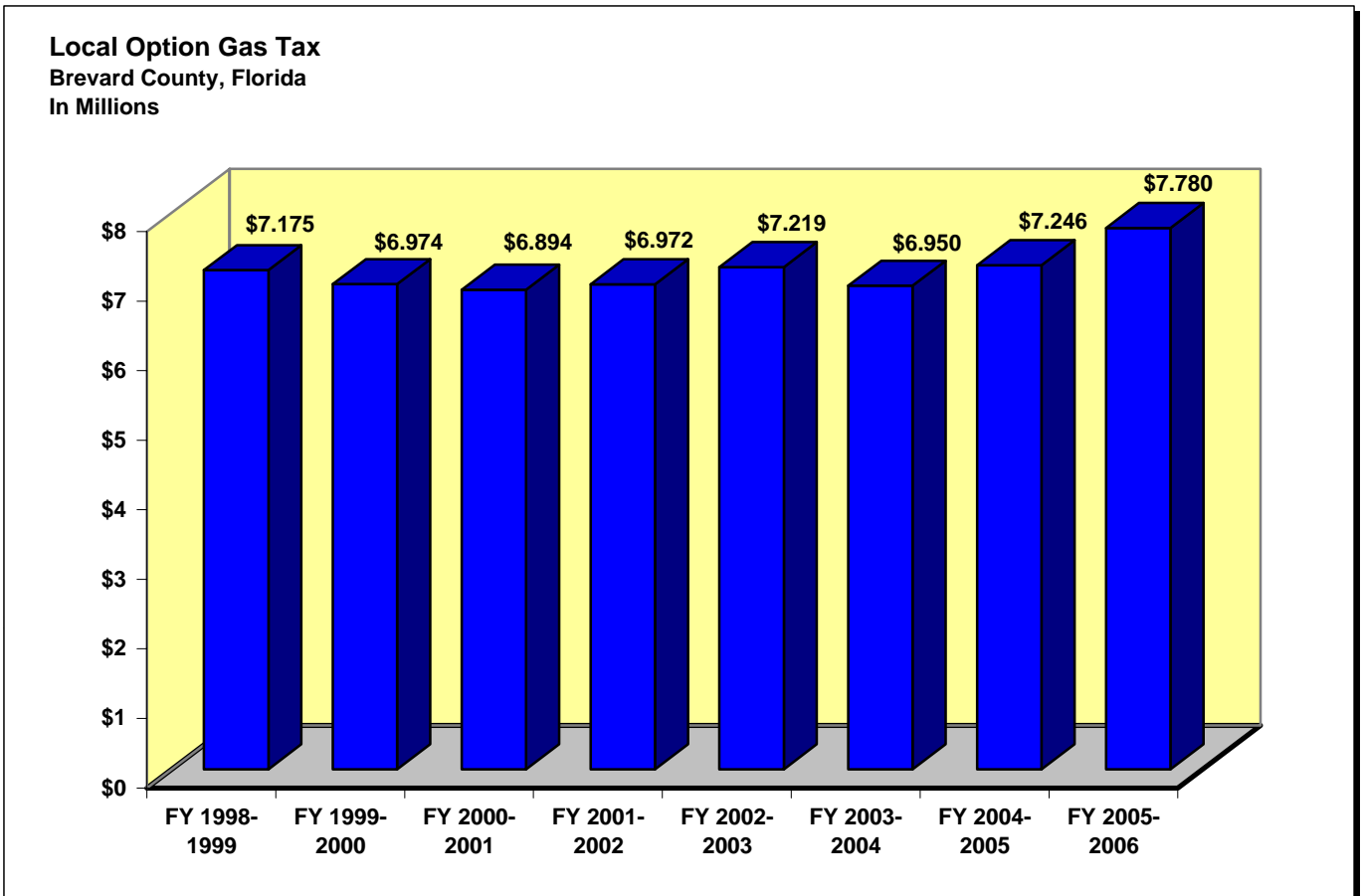


FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

Local Option Gas Tax

The Local Option Gas Tax is a six-cent tax imposed on every gallon of motor fuel and special fuel sold at the retail level. Use of the proceeds is restricted to transportation expenditures. The tax is administered by the Florida Department of Revenue, who distributes the proceeds monthly to the County and the various municipalities within the County based on an interlocal agreement.

Local Option Gas Tax revenues in FY 2003-2004 were \$6,950,043. The Local Option Gas Tax revenues are estimated at \$7,246,236 for FY 2004-2005 and the Adopted Budget is \$7,780,169 for FY 2005-2006.



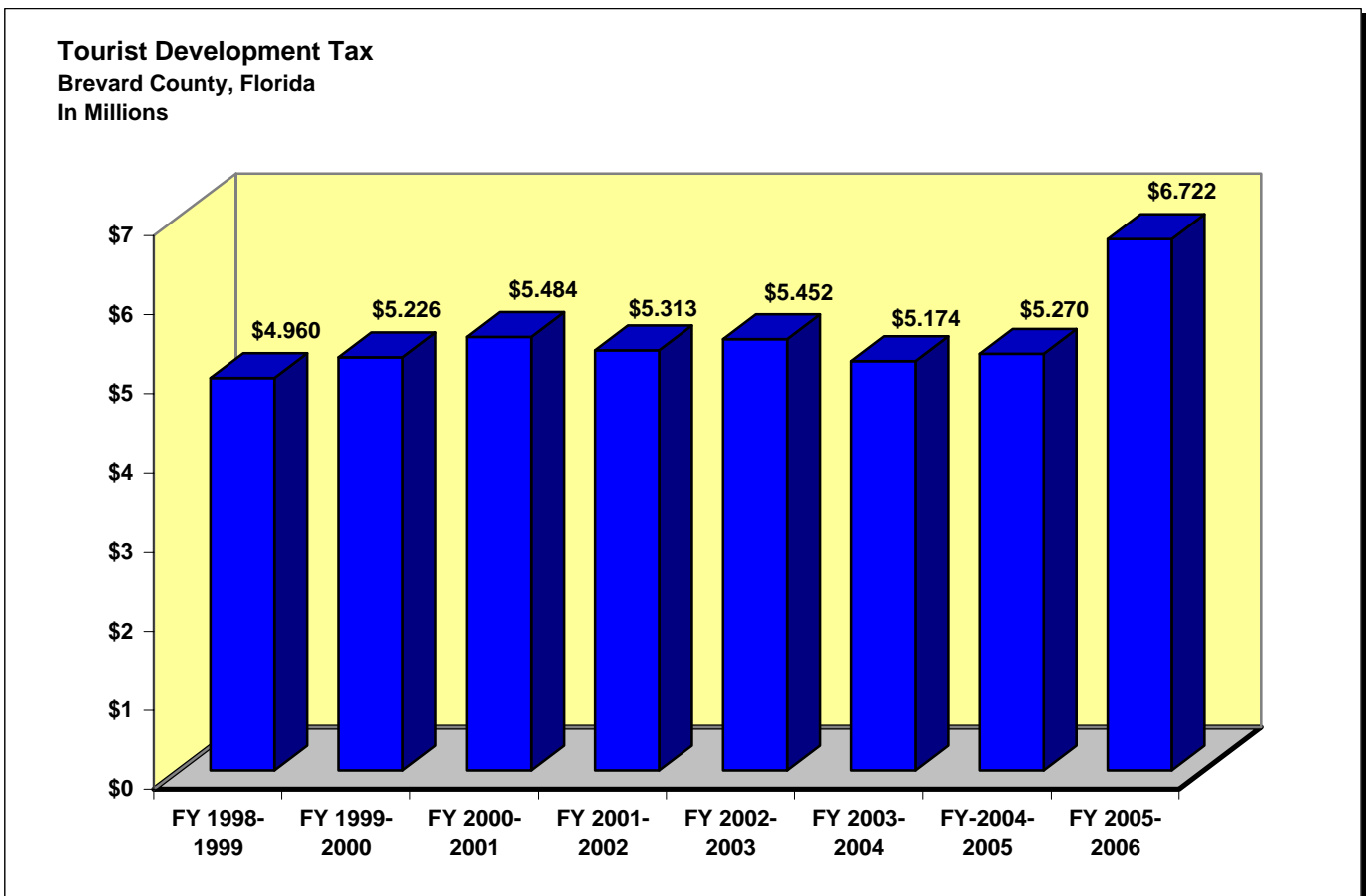
FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

Tourist Development Tax

The Tourist Development Tax is a 5% tax levied on any rental or lease of six months or less for accommodations in hotels, motels, or other temporary living quarters. Expenditures are restricted to the financing and operation of tourist-related facilities (including convention centers, sports stadiums, and auditoriums), beach improvements, promotion and/or advertisement of tourism, and to fund tourist promotion bureaus.

Tourist Development Tax revenues are estimated using historical information and tourist market information. This revenue is sensitive to the CPI, but not to population increases. The fourth cent of this tax is pledged for the debt service payments averaging \$764,000 annually through FY 2012-2013 for the Fourth Cent Tourist Development Revenue Refunding Bonds, Series 2001. The proceeds of this bond issue were used to construct the Space Coast Baseball Stadium.

Tourist Development Tax revenue collected during FY 2003-2004 was \$5,174,302 and is estimated at \$5,269,692 in FY 2004-2005. The Adopted Budget is \$6,721,702 for FY 2005-2006, an increase attributed primarily to the additional one cent tax (the '5th cent') authorized for FY 2005-2006. It is noteworthy that estimated revenues are generally conservative due to the volatile nature of tourism in Florida, and the potential long-term impact of three hurricanes in 2004 and a significant hurricane in south Florida in 2005.



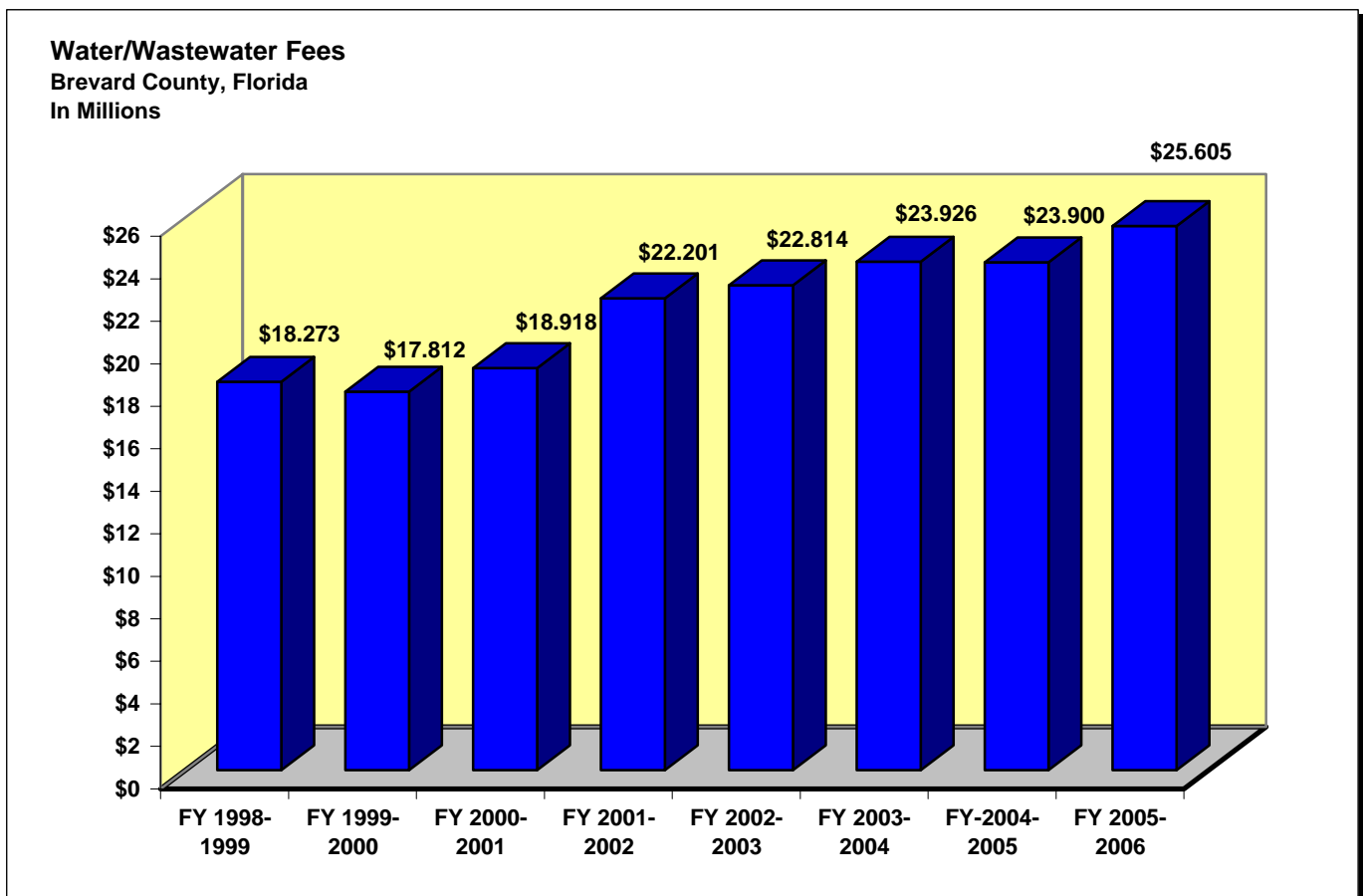
FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

Water/Wastewater Fees

The Water/Wastewater program provides protection of the health, safety and welfare of the public, as well as certain environmental conditions, through the operation and maintenance of the County-owned water supply, treatment and distribution system, and the County-owned wastewater collection, treatment and disposal system. Water/Wastewater fees are charged to users of the County's water/wastewater system. Brevard County currently provides water/wastewater services to unincorporated areas of north Brevard and wastewater services to unincorporated areas of central and south Brevard.

The estimation of Water/Wastewater fees revenues is based on historical collection data, population growth and development plans, as well as other current factors, which would affect the demand for services. No increase in Water/Wastewater rates is anticipated.

Water/Wastewater fee revenue in FY 2003-2004 was \$23,926,402. Water/Wastewater fee revenue is estimated at \$23,899,729 for FY 2004-2005 and the Adopted Budget is \$25,605,470 for FY 2005-2006.



FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

Solid Waste Disposal Fees

The Solid Waste Management Department administers and provides an efficient and environmentally sound solid waste management system for the County's residents. This system includes operational facilities for the transfer and disposal of all solid waste generated in Brevard County, including volume reduction, hazardous waste, and yard trash mulching facilities. Solid Waste disposal fees are charged to the users of the County's landfill, and assessments are charged to all improved property owners for solid waste disposal.

The Solid Waste disposal assessment was reduced \$3.00 per solid waste billing unit in Fiscal Year 1998-1999. The assessment was unchanged from FY 1999-2000 through 2004-2005; in FY 2005-2006, the assessment was increased \$1.00 per solid waste billing unit.

Solid Waste disposal fee revenue in FY 2003-2004 was \$20,501,422. The Solid Waste Disposal fees revenues are estimated at \$20,780,593 for FY 2004-2005 and the Adopted Budget is \$21,708,530 for FY 2005-2006.

