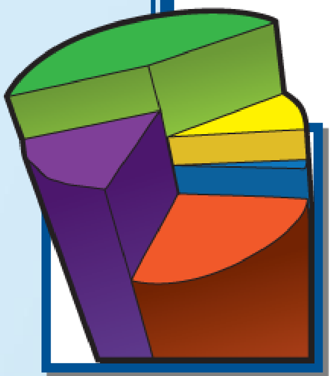


Budget Forecast

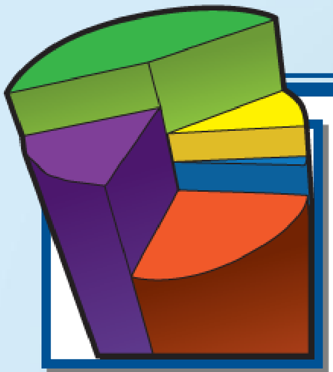
FY2012-2021

January 25, 2011

Outline

- Forecast document
- Economic overview
- Fund forecasts
- General Fund forecast
- FY2012 Budget strategy
- FY2012 Budget process
- Next steps

Citizens' Guide to the Budget



Forecast Document

Forecast Document

- Second year as a formal stand-alone document
- New section: Key Assumptions
- New fund: Capital Projects Fund
  - Replaces Penny for Pinellas Fund
- Includes ten key funds:
  - General Fund
  - Tourist Development Fund
  - Transportation Trust Fund
  - Capital Projects Fund
  - Emerg. Medical Svcs. Fund
  - Fire Districts Fund
  - Airport Fund
  - Utilities Water Funds
  - Utilities Sewer Funds
  - Utilities Solid Waste Funds

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Forecast Document

- Forecasts are based on the best information we have at this time
- Model is designed to facilitate sensitivity analysis to demonstrate impact of changing key assumptions
- All assumptions and detail analysis (pro-formas) are provided
- Potential risks affecting the forecasts are identified and discussed
- Funds are presented as “in balance” or “not in balance” based on current revenues and expenditures
  - Net of beginning fund balance and reserves

Citizens’ Guide to the Budget

Forecast Document

- **<u>Introduction</u>**: discusses how the Forecast dovetails with the annual budget process, how the Forecast is developed, and how the Forecast can be used
- **<u>Executive Summary</u>**: summarizes the key elements of the Forecast as a whole over the ten-year time horizon
- **<u>Economic Overview</u>**: features an overview of the national, state, and local economies
- **<u>Key Assumptions</u>**: provides detail regarding key revenue and expenditure assumptions
- **<u>Funds Forecasts</u>**: includes key fund information as well as succinct interpretations of each forecast
- **<u>Pro-Formas</u>**: provides ten-year pro-formas for all ten key funds

Power of the Forecast

- **Valuable tool that reflects the impact that decisions made in the present can have on future fiscal capabilities**
  - **Ex) adding a new program**
  - **Ex) approving a new revenue source**
- **Helps to identify future challenges, weigh potential options, and craft policy well in advance**
- **Provides transparency to the budget planning process**

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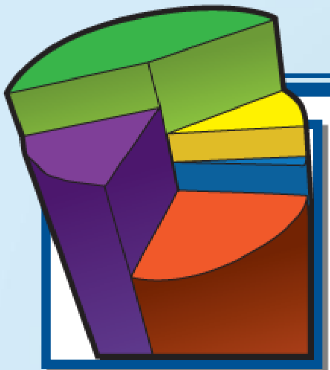

Economic Overview

National Economic Outlook

- The recession officially ended in June 2009 and lasted 18 months
- Worst recession since the Great Depression

Length of Recession (Contraction Peak to Trough)	No. of Months
August 1929 – March 1933	43 months
November 1973 – March 1975	16 months
July 1981 – November 1982	16 months
December 2007 – June 2009	18 months

- The national economy is anticipated to grow by 2-3% annually over the next three years

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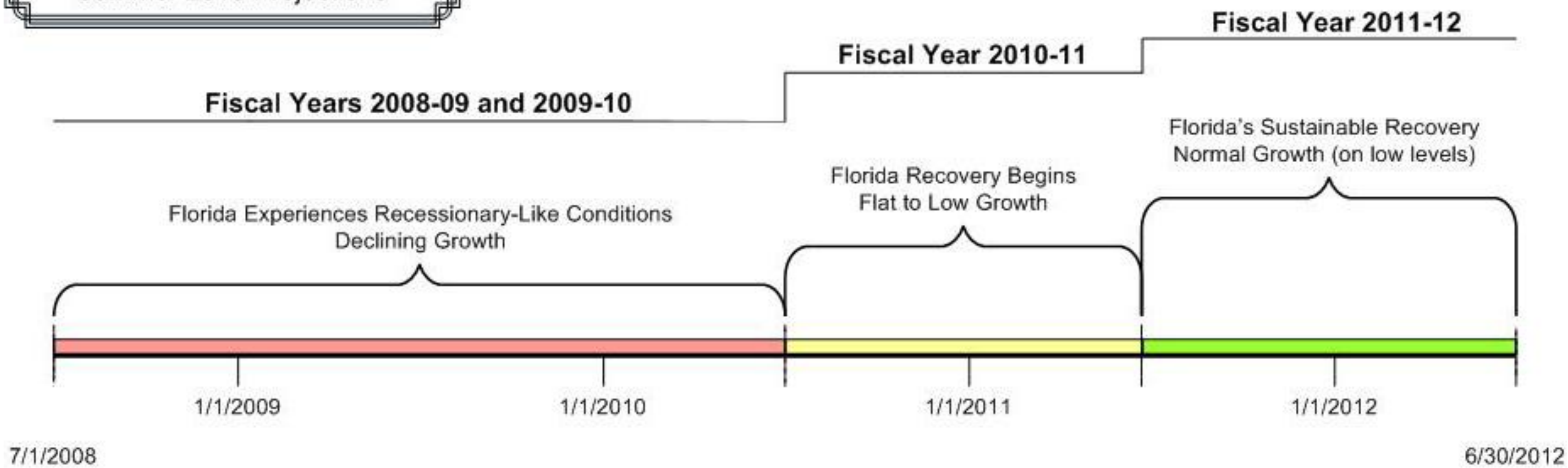
State Economic Outlook

- Florida Economic Estimating Conference met in December 2010
- Expect "flat to low growth" through mid-2011
- A transition to "low level normal growth" from mid-2011 through 2012
  - Marked by weak population growth and a slow improvement in the unemployment rate

Florida Recovery Timeline
Summer 2010 Projections



Fiscal Year 2009-10

National GDP has negative growth in 2008-09 and less than 1% growth in 2009-10.

National consumer spending has negative growth in 2008-09 and turns weakly positive in 2009-10.

National job growth sees decreases in both years.

National Wages & Salaries declines in both years.

Florida has negative population growth in both years.

Florida personal income declines in both years

Florida employment declines in both years

Florida unemployment rate moves into double-digits.

Florida housing starts decline in both years.

Florida Visitors decline in 2008-09 and turns weakly positive in 2009-10.

Fiscal Year 2010-11

National GDP has 3% growth.

Florida population has very low growth.

Florida personal income has weak growth.

Florida employment has weak growth.

Florida unemployment rate is only slightly off the peak.

Florida private housing starts enter positive territory.

Florida Visitors has weak growth.

Fiscal Year 2011-12

Most Florida measures return to normal or accelerated growth rates.

Florida population growth is still weak, but begins to slowly accelerate.

Florida unemployment rate improves slowly.

Source: Florida Legislature Office of Economic and Demographic Research

Local Economic Outlook

- **Generally tracks with timing of recovery of Florida's economy**
- **Moderate growth expected in 2011**

Year	% Change in Gross Metro Product (MSA)
2010	2.3%
2011 (Est.)	2.4%
2012 (Est.)	4.0%
2013 (Est.)	5.0%

- **Local recovery will be hindered by high unemployment, low prices and high inventory of residential property due to foreclosures, and slow improvement in the commercial real estate market**

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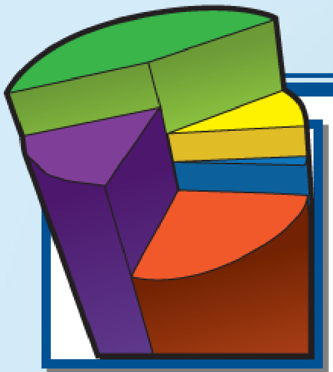

Fund Forecasts

Tourist Development Fund Forecast

- **Fund is balanced through the forecast period**
  - **Tourist development tax collections are expected to grow from 2.5% to 3.5%**
  - **Based on assumption that promotional activities budget is adjusted to match revenues**
  - **Additional capacity beginning in FY2016 as debt service is paid off**
- **Balancing strategy**
  - **Continue to adjust the promotional activities budget to match revenues**

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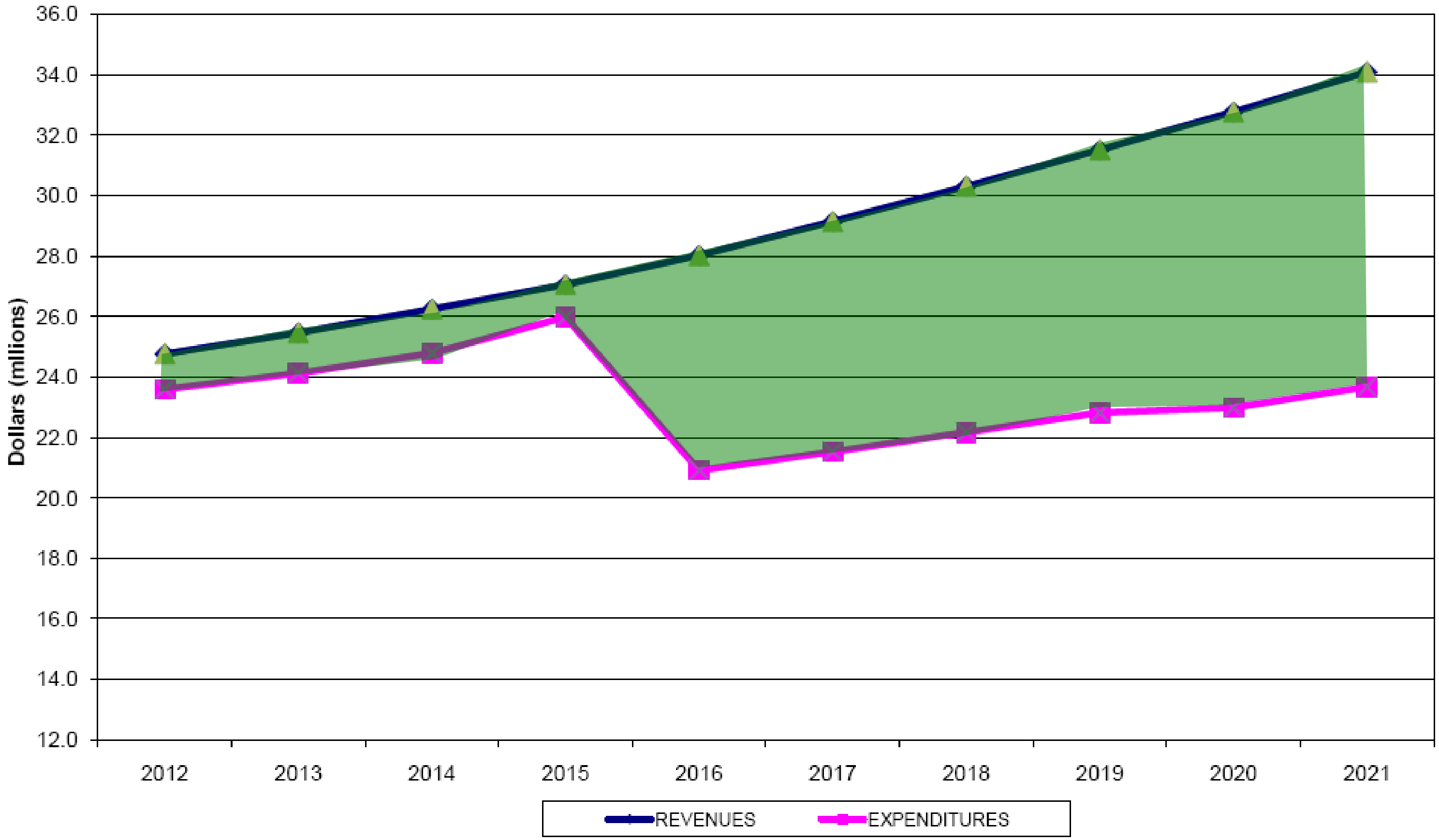
Tourist Development Fund Forecast



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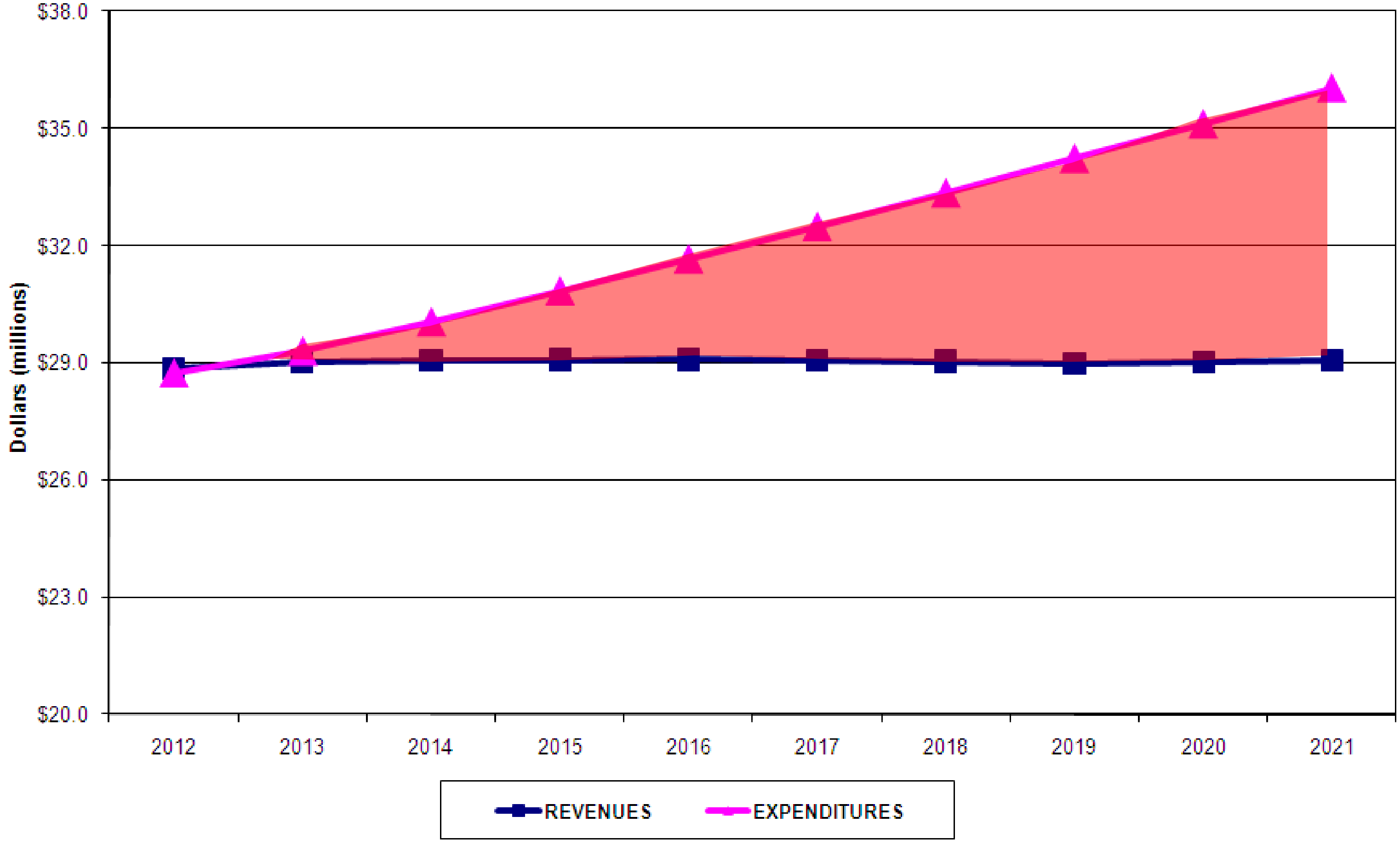
Transportation Trust Fund Forecast

- **Fund is <u>not</u> in balance beginning in FY2013 resulting in a gradual erosion of fund balance by FY2018**
  - **Results from inflationary pressures on expenditures exceeding the relatively flat growth in gas tax collections**

- **Balancing strategies**
  - **Revenue transfer from General Fund**
  - **Imposition of additional local option gas taxes**
  - **Reductions in program service levels**

Transportation Trust Fund Forecast



Citizens' Guide to the Budget

Capital Projects Fund Forecast

- **Fund is <u>not</u> in balance due to changes in the current Penny Program from FY2010**
  - **Ten-year shortfall of $13.5M due to:**
    - **Funding restoration of $8.75M to the Gulf Boulevard Improvements project to original allocation of $35M**
    - **Addition of $4.5M for the Friendship Trail Bridge Demolition project**
  - **Cash flow issue beginning in FY2012 due to the front-loading of key projects in the ten-year program (ex. Public Safety Campus & Consolidated Communications Center project $81M)**
- **Balancing strategies**
  - **Identify $13.5M in project reductions to current Penny Program**
  - **Smooth out project expenditures as much as possible to minimize the amount of interfund loan necessary to maintain adequate cash flow (authorized up to $85M from Solid Waste R&R Fund)**
    - **Penny Program originally anticipated $150M bond issue for cash flow purposes**

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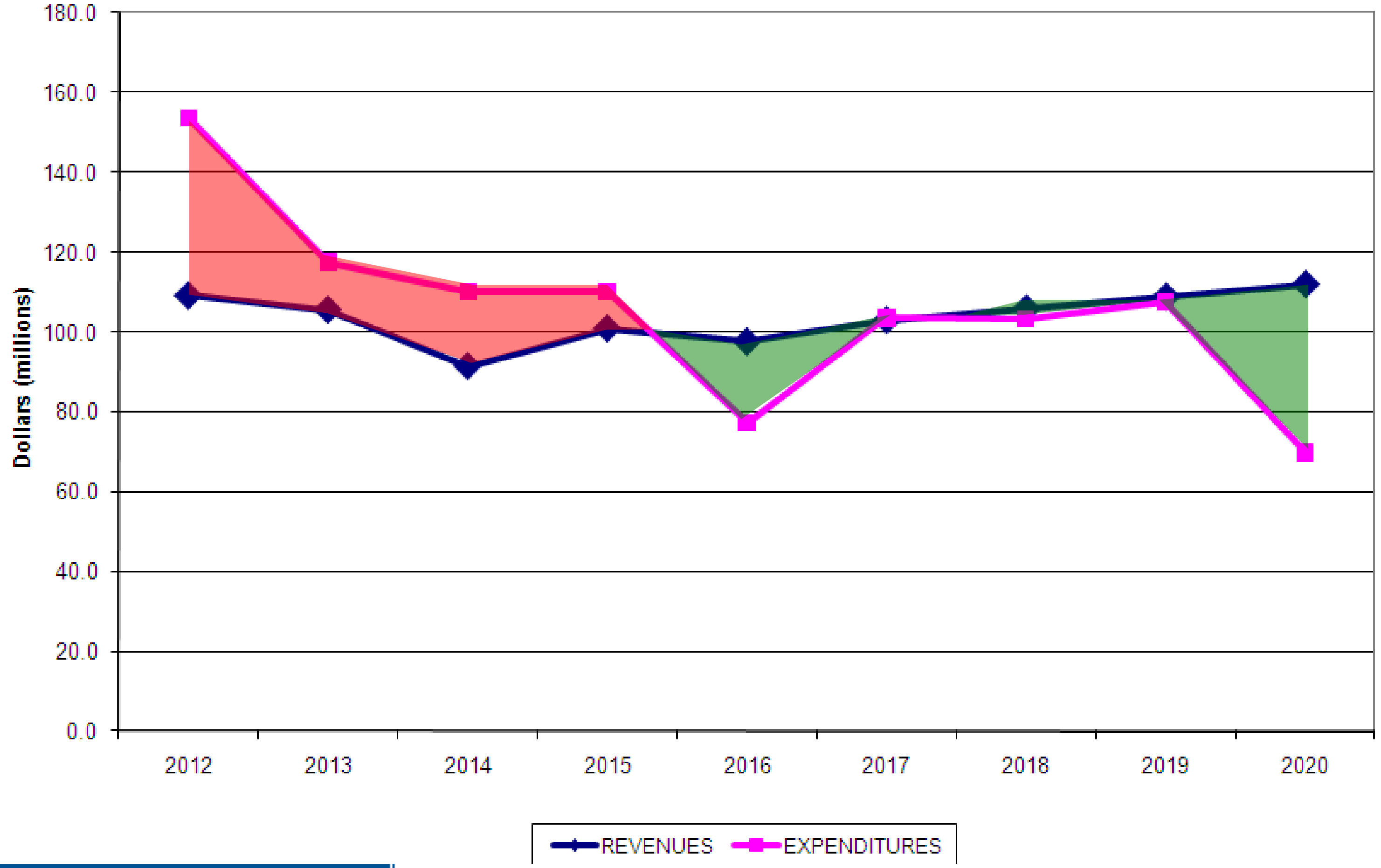
Capital Projects Fund Forecast



Citizens' Guide to the Budget

EMS Fund Forecast

- **Fund is currently <u>not</u> in balance resulting in a depletion of fund balance by FY2013**
  - **Project shortfalls of $16.0M in FY2012 and $3.1M in FY2013 due to reduced property tax revenue collections**
- **Balancing strategies**
  - **Increase in countywide EMS millage rate**
  - **Reduction in funding for first responder contracts**
  - **Increase ambulance user fee revenues**
  - **Reduction in funding for ambulance contract**

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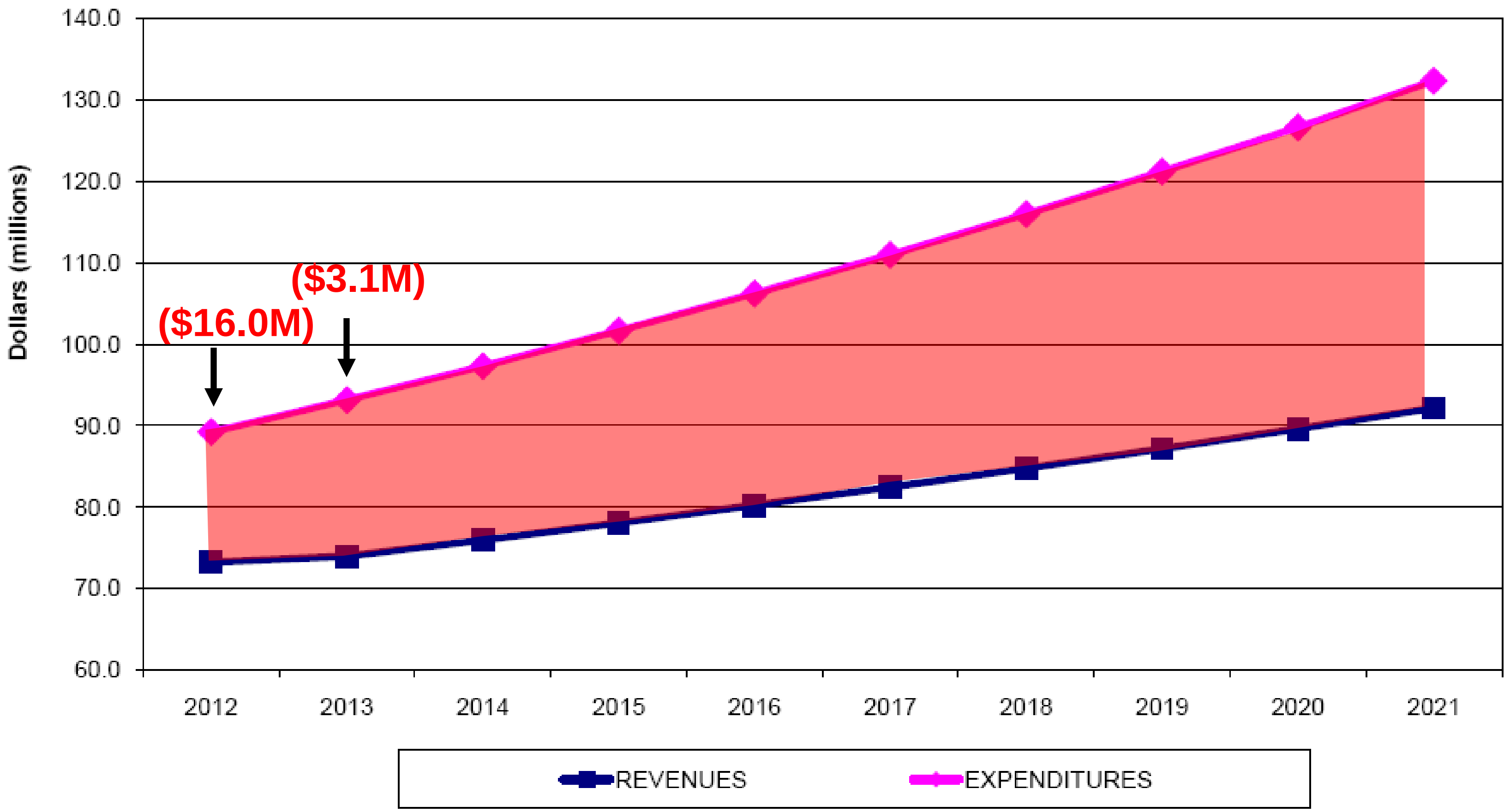
EMS Fund Forecast



Citizens' Guide to the Budget

Fire Districts Fund Forecast

- Fund is <u>not</u> in balance through the forecast period beginning in FY2012 due to reductions in property tax revenue collections
  - Fund information presented in a consolidated manner to provide a high level perspective
    - Budgetarily, each fire district is balanced separately
- Balancing strategies
  - Additional increases to millage rates for the individual fire districts will likely be necessary
  - Potential millage rate increases will need to take into account the individual millage caps in each district

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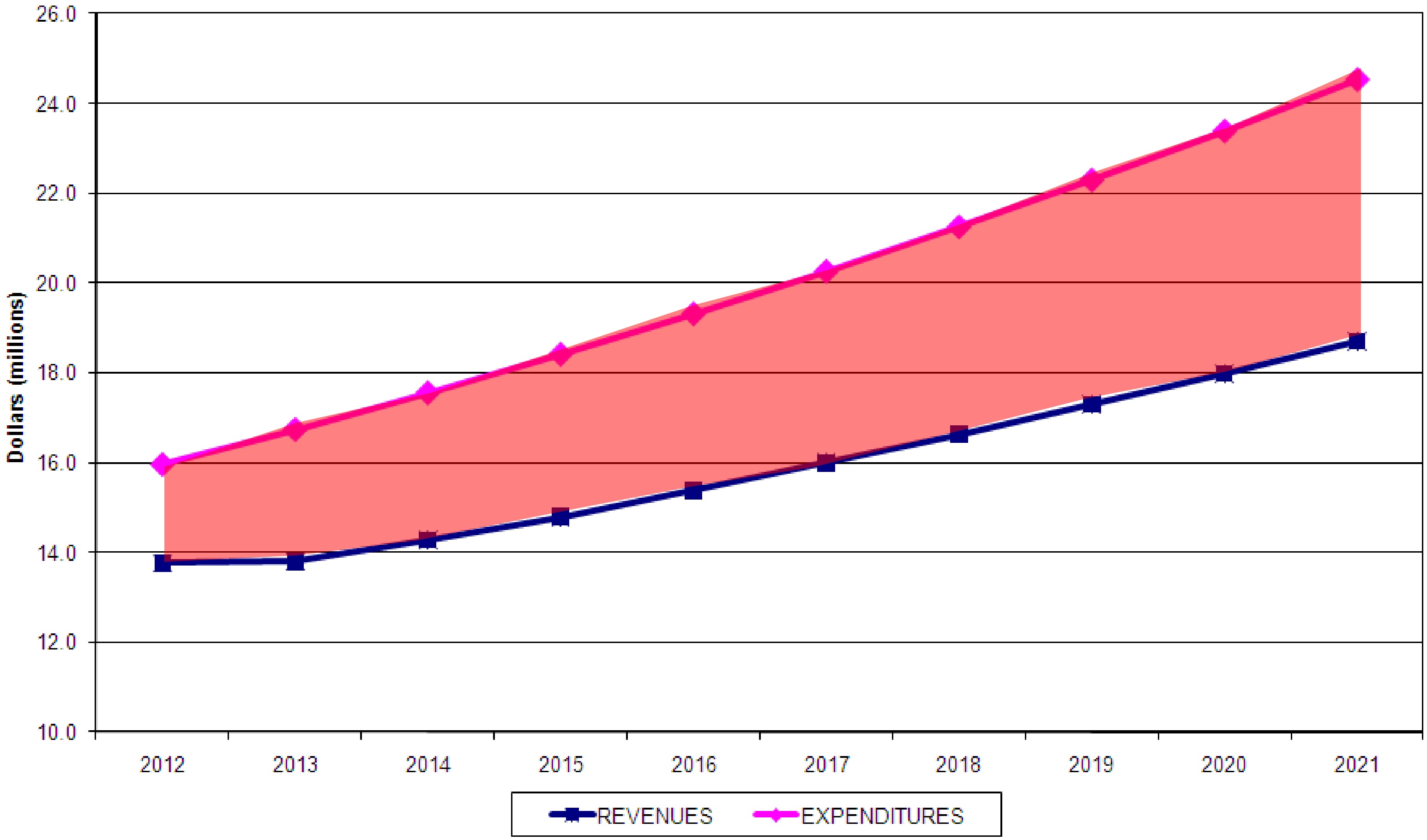
Fire Districts Fund Forecast



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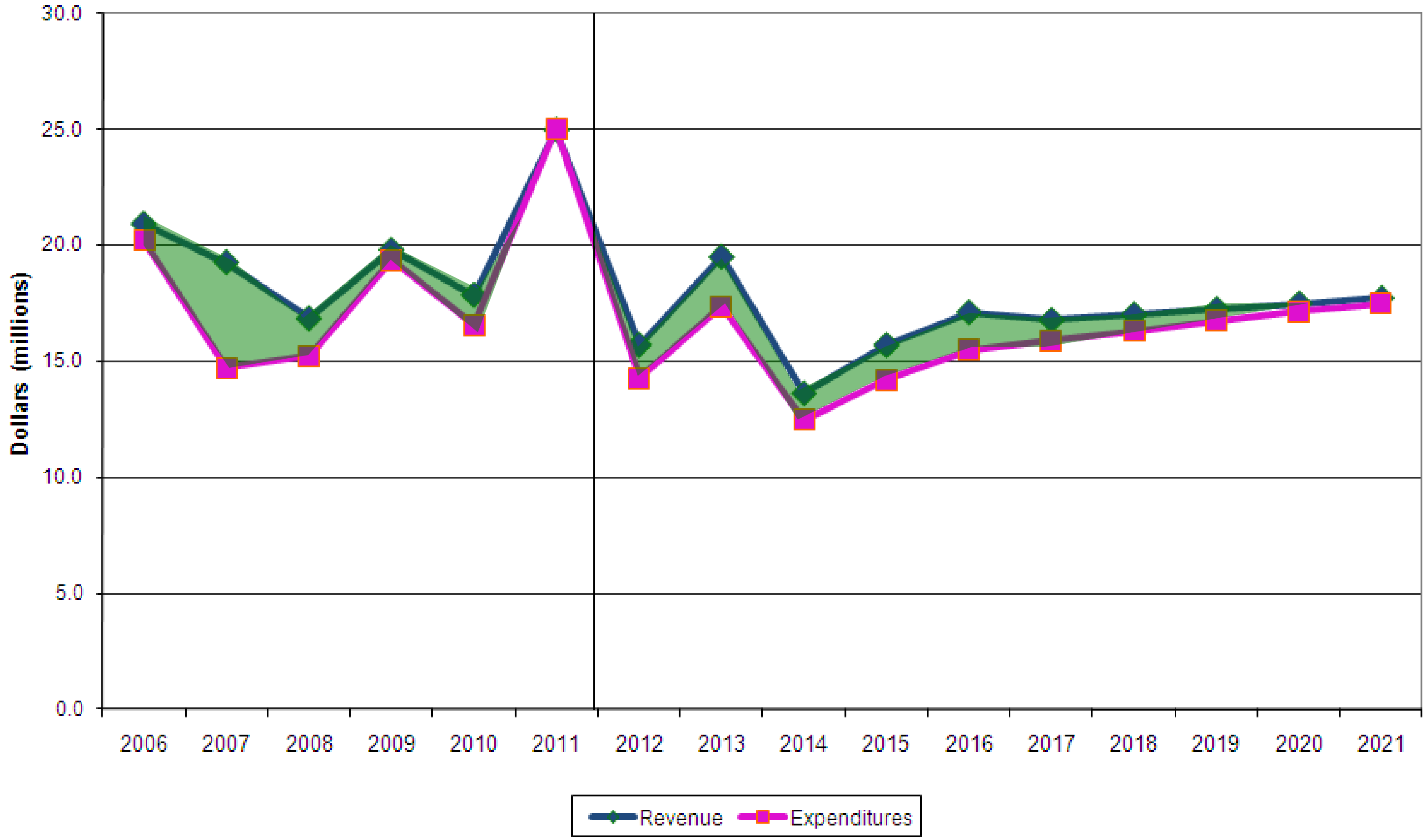
Airport Fund Forecast

- **Fund is balanced through the forecast period**
  - **Revenues are conservative due to economic conditions**
  - **Fluctuations in revenues and expenditures are caused by the timing of capital projects**
  - **Balanced based on the following assumptions:**
    - **Capital projects budget will be adjusted to reflect the timing and amounts of any grants revenue**
    - **Airport’s operating budget would be adjusted to match revenues**
- **Balancing strategies**
  - **Continue to adjust operating and capital expenditures to match revenues**

Airport Fund Forecast



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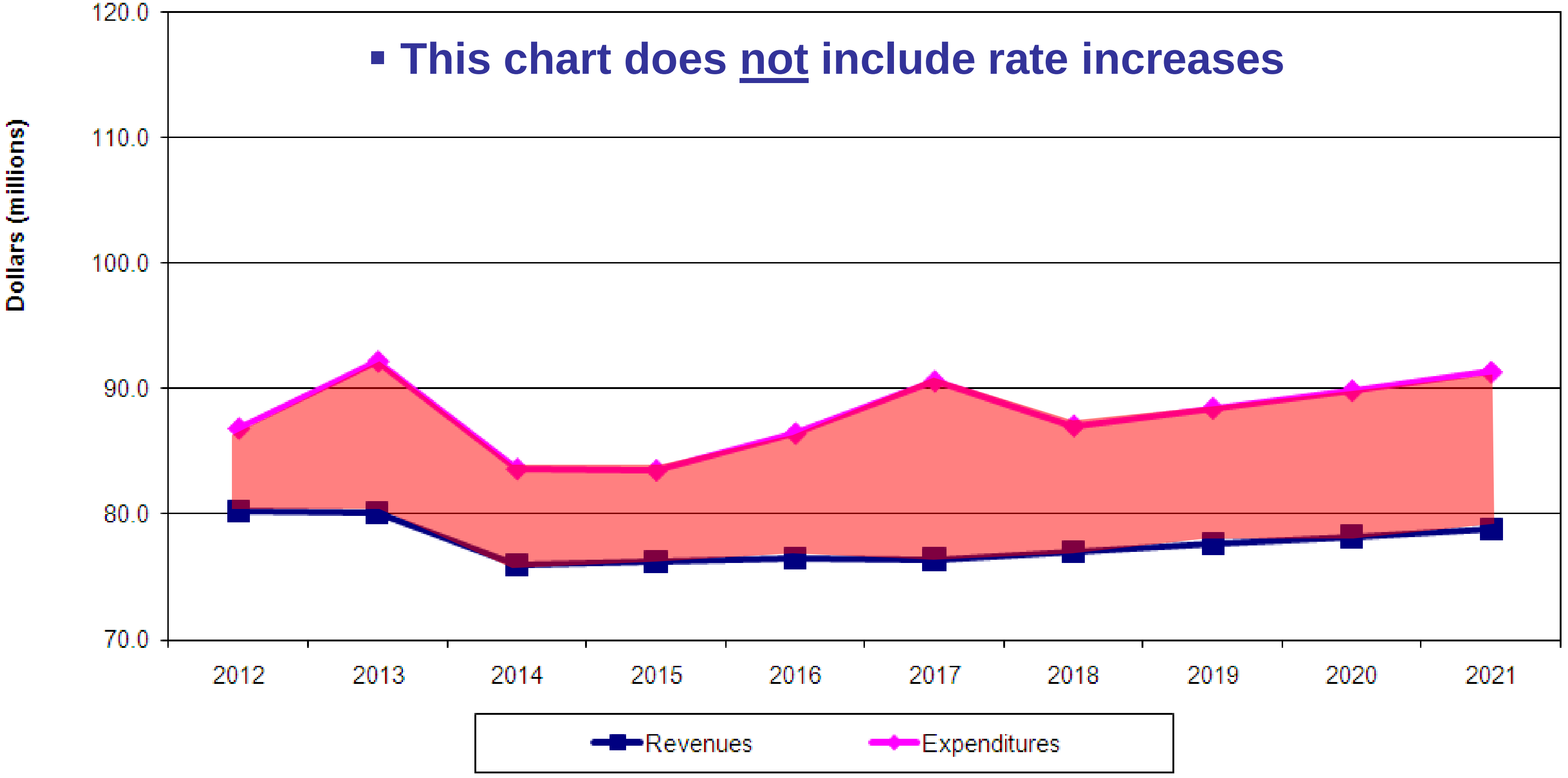
Utilities-Water Funds Forecast

- **Fund is <u>not</u> balanced through forecast period resulting in a depletion of fund balance by FY2016**
  - **Water system and wholesale water sales revenues have declined due to the recession**
  - **Consumption has decreased 19% from FY2006 to FY2010**

- **Balancing strategies**
  - **Rate increases of 6% in FY2012 and FY2013**

Citizens' Guide to the Budget

Utilities-Water Funds Forecast



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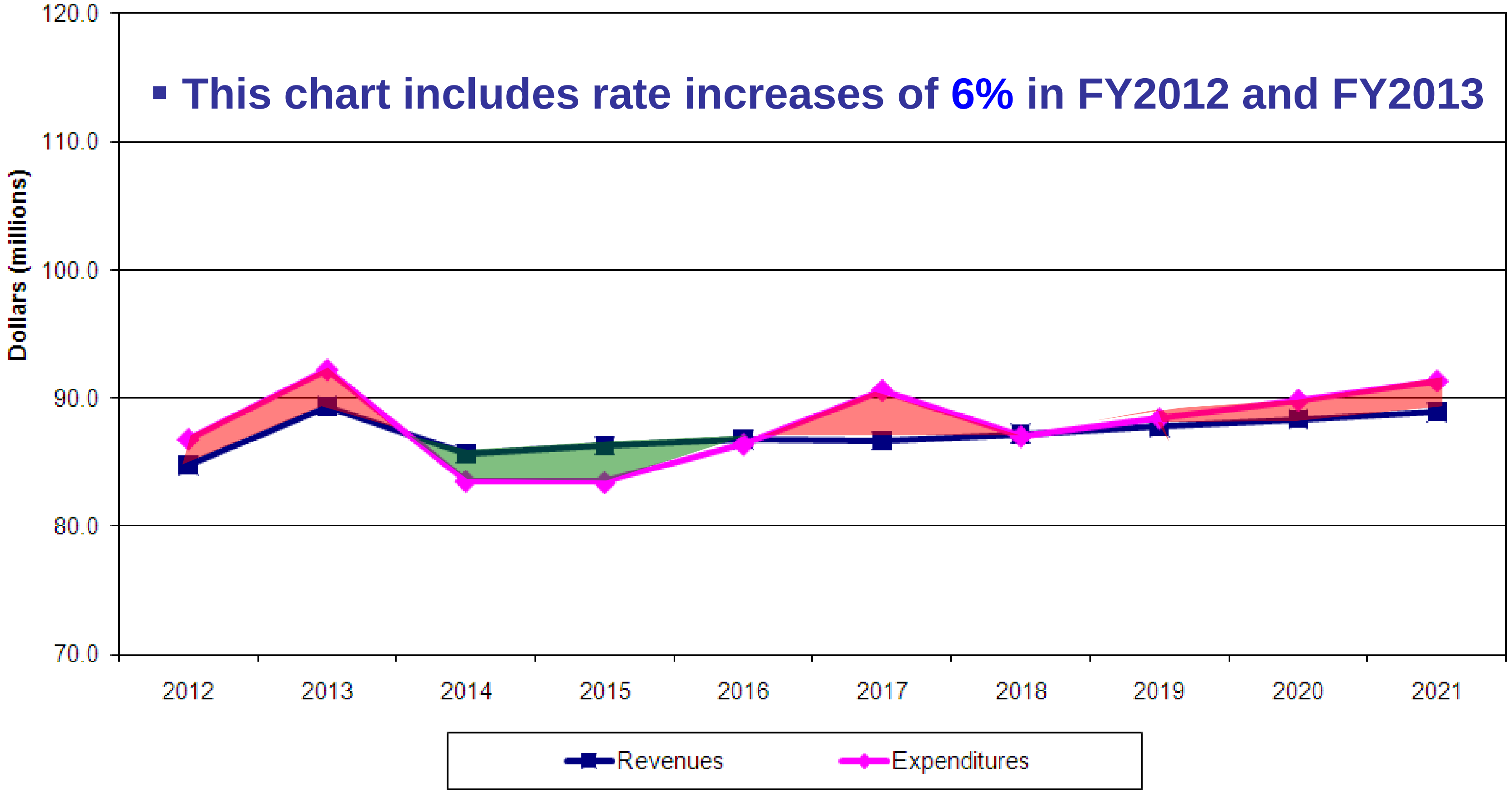
Utilities-Water Funds Forecast



Citizens' Guide to the Budget

Utilities-Sewer Funds Forecast

- **Fund is not balanced through forecast period resulting in a depletion of fund balance by FY2014**
  - **Sewer system and wholesale revenues have declined due to the recession**
    - **Volume of waste processed has declined 7.5% from FY2006 to FY2010**
  - **Insufficient funds to maintain required debt service coverage and reserves**

- **Balancing strategies**
  - **Rate increases of 2% annually through FY2021**

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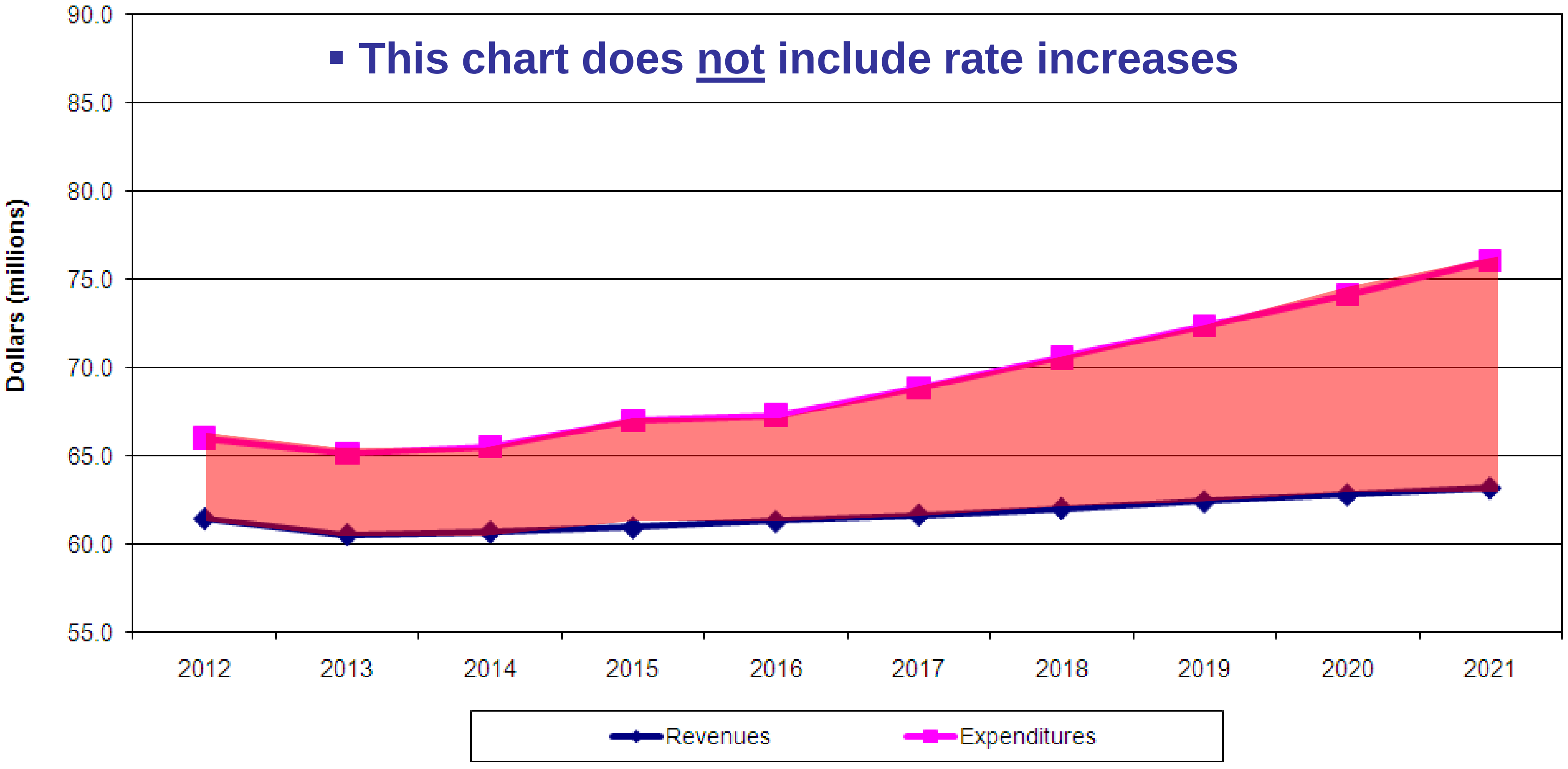
Utilities-Sewer Funds Forecast



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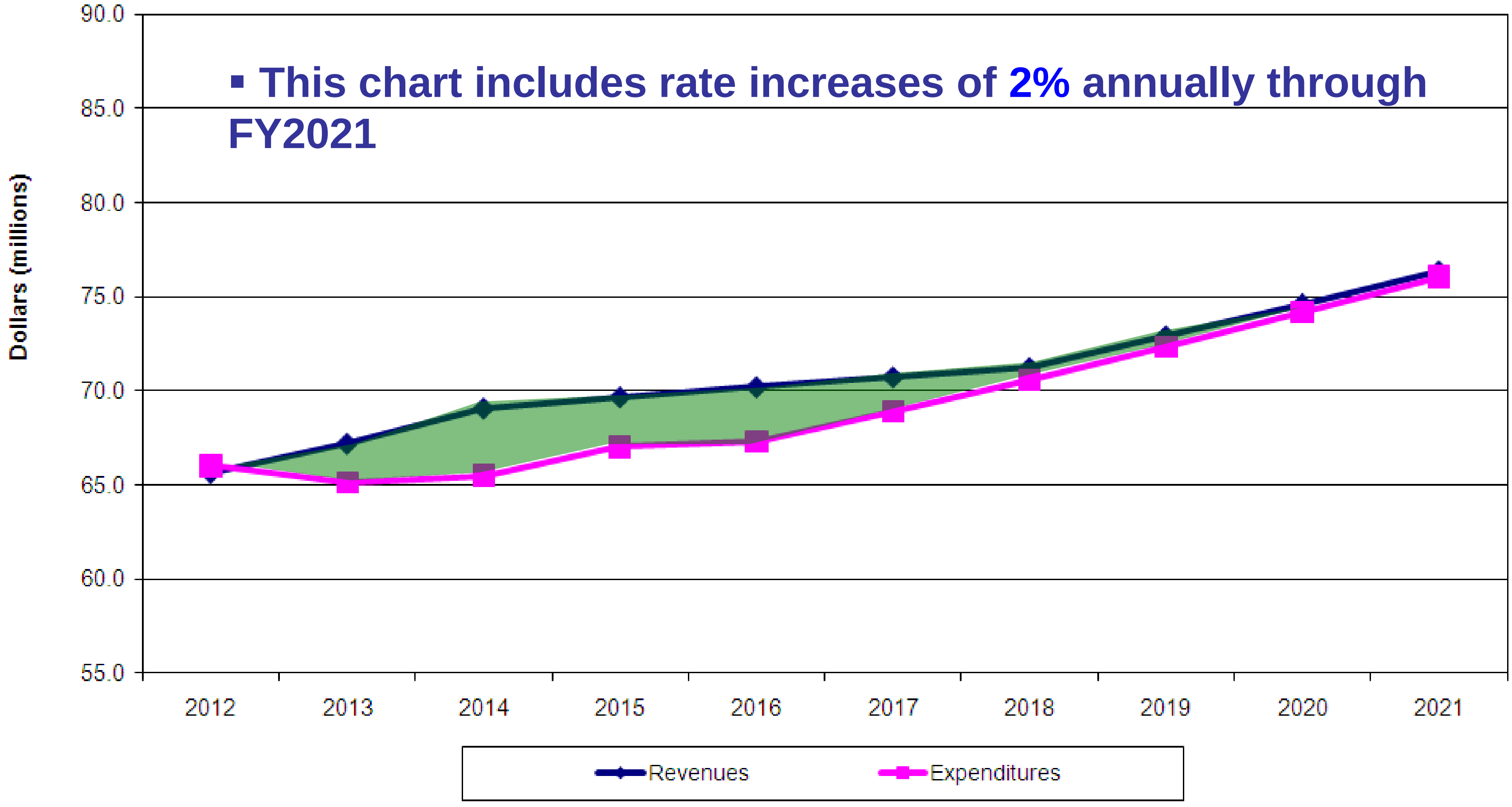
Utilities-Sewer Funds Forecast



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Utilities-Solid Waste Funds Forecast

- **Fund is balanced through forecast period**
  - **Solid Waste tipping fees and electricity sales have declined with the recession, but remain sufficient to fund operations and reserves through FY2021**
  - **Reserves are being accumulated for future capital replacement needs consistent with the 25 year capital plan**

- **Balancing strategies**
  - **Continue to adjust operating and capital expenditures to match revenues**

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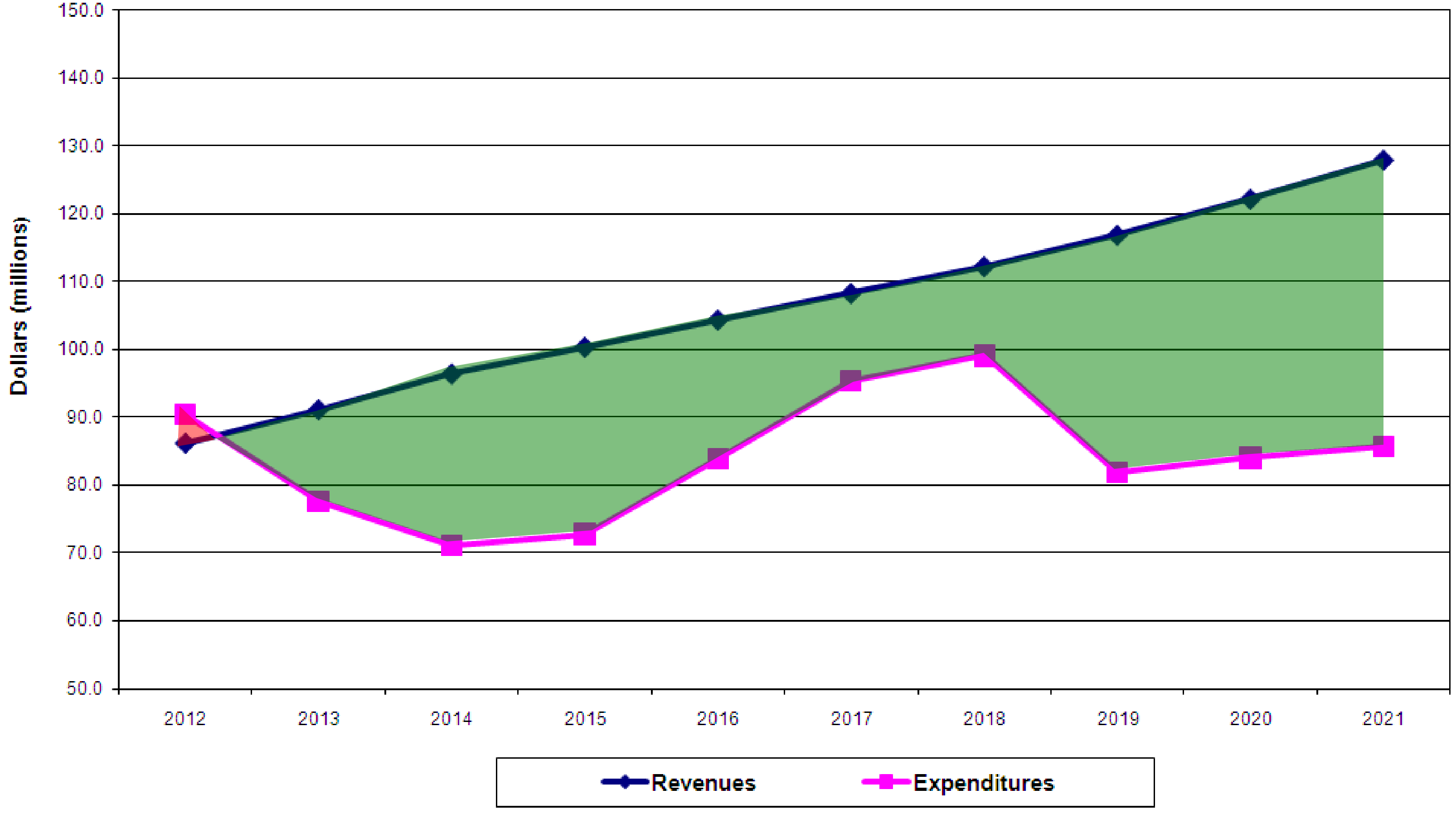
Utilities-Solid Waste Funds Forecast



Note: Does not include Capital Projects Fund loan activity

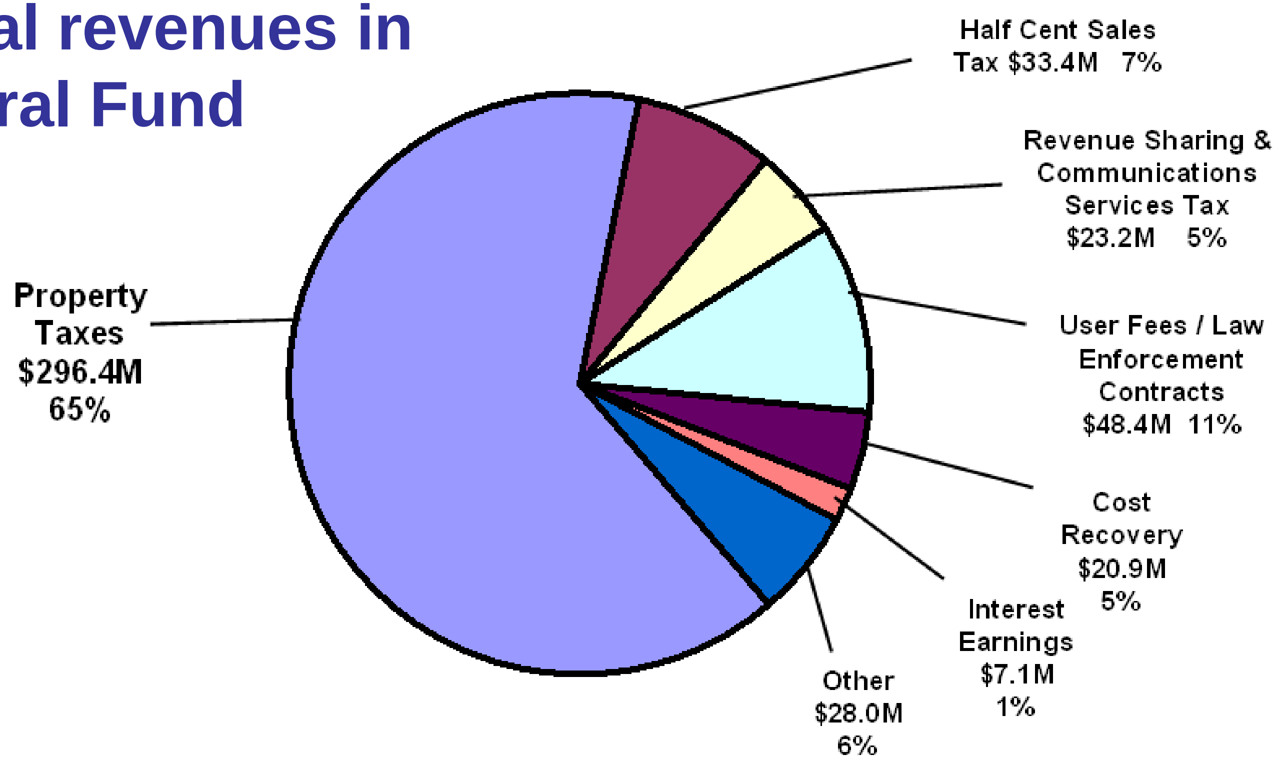
General Fund Forecast

FY2011 Beginning Fund Balance

- On a net basis, $4.4M higher than projected
  - Primarily savings from FY2010 expenditure target of 97% versus 99% assumption (landed at 98%)
    - $4.4M represents about 1% of total General Fund exp.
  - Could be allocated for non-recurring purposes, added to the Service Level Stabilization Account (currently $19.3M), or added to Reserves
  - An estimated $4.9M is necessary to fully fund the Justice Consolidated Case Management System project

General Fund Revenues

- Property taxes comprise 2/3 of total revenues in the General Fund



Source: FY2011 Adopted Budget

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Foreclosure Filings

	2006	2007	2008	2009	2010
Jan	255	506	963	1,263	1,128
Feb	253	469	1,016	1,284	1,383
Mar	315	494	1,035	1,420	1,118
Apr	247	513	1,134	1,407	1,118
May	281	479	1,118	1,275	860
Jun	259	557	1,112	1,236	1,025
Jul	273	650	1,086	1,365	806
Aug	321	642	999	1,142	989
Sept	324	662	1,295	1,215	1,040
Oct	403	899	1,390	1,239	658
Nov	398	894	969	1,120	383
Dec	369	773	1,198	1,487	438
TOTAL	3,698	7,538	13,315	15,453	10,946

Source: Pinellas County Clerk of the Circuit Court

- **Foreclosure filings appear to be decreasing**

Citizens' Guide to the Budget

Taxable Values by Property Type

(Estimated 01/01/2011)

- **Taxable values were estimated to decrease from 5 to 8%**
- **Forecast assumes property tax revenues to decrease by 6%**

	% Change in Value		Est. Tax Base
	Just Value	Taxable Value	$ Billion
Single Family Residential	-7.0%	-6.0%	$ 24.3B
Condominium Residential	-7.0%	-7.0%	$ 9.4B
Other Residential	-7.0%	-7.0%	$ 4.5B
Non-Residential			
Commercial & Industrial	-8.5%	-8.5%	$ 12.2B
Personal Property	0%	0%	$ 4.3B
New Construction			$ 0.2B
Total		**-6.0%**	**$ 54.9B**

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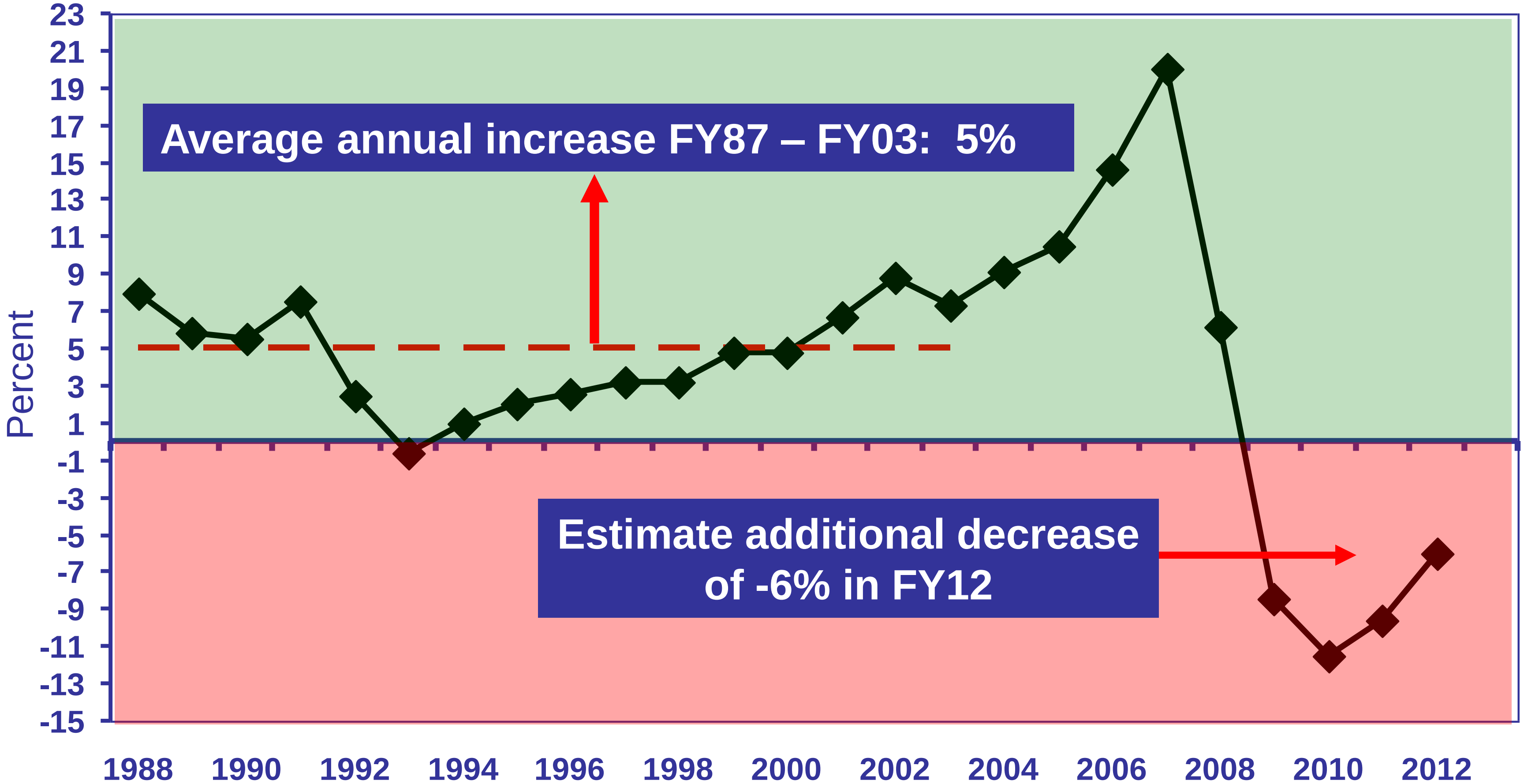
Countywide Taxable Values
Annual Rate of Change



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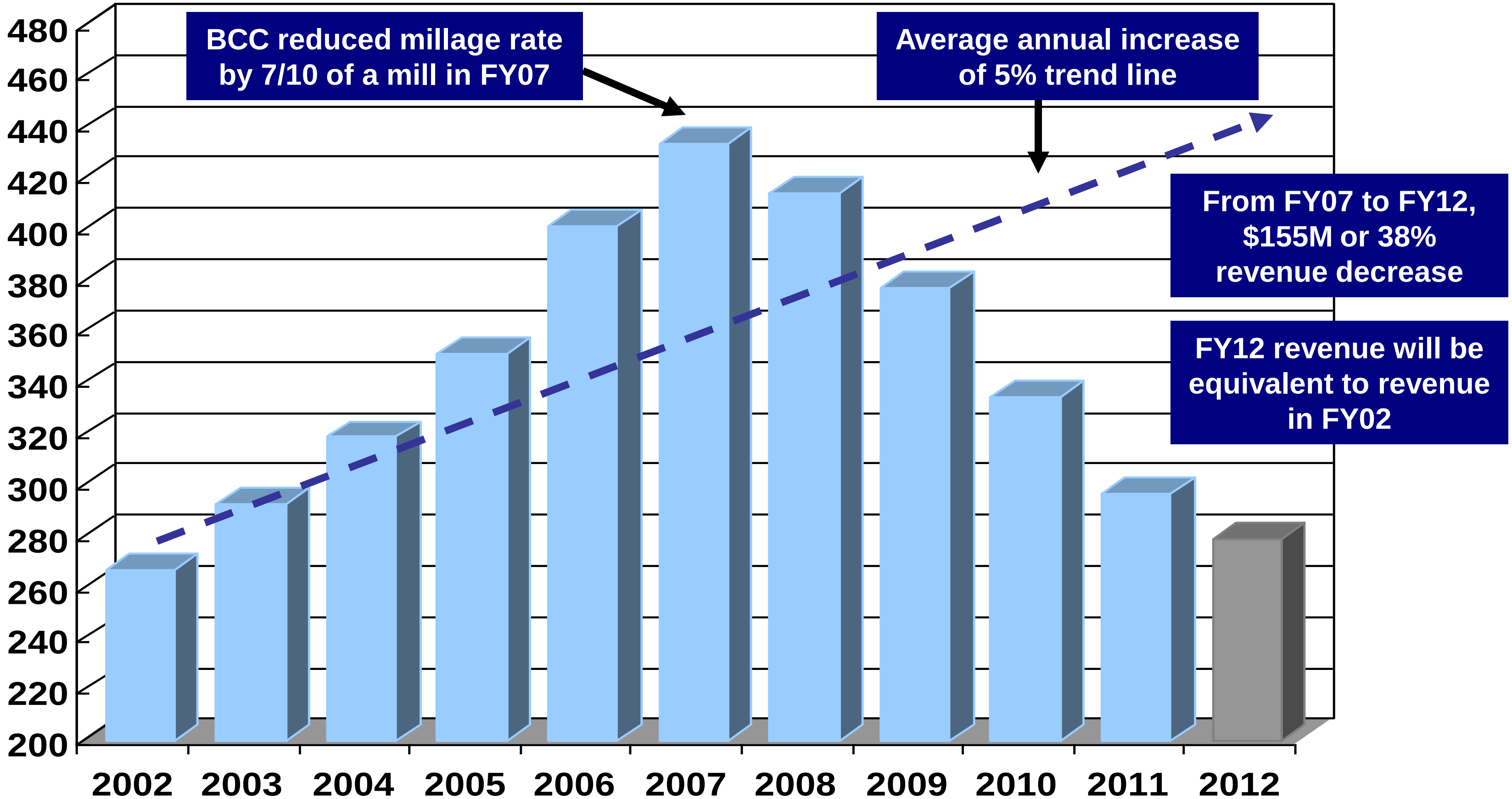
General Fund Property Tax Revenue
(FY02-FY12) in millions



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General Fund Forecast

- **Fund is <u>not</u> balanced beginning in FY2012**
  - **Projected $21.5M shortfall for FY2012**
  - **Additional $9M shortfall projected for FY2013**

- **Balancing strategies**
  - **Target FY2012 budget at 6% less than the FY2011 budget (based on adjusted base budget)**
  - **Rethink the services that the County provides and how we can best organize to deliver them**

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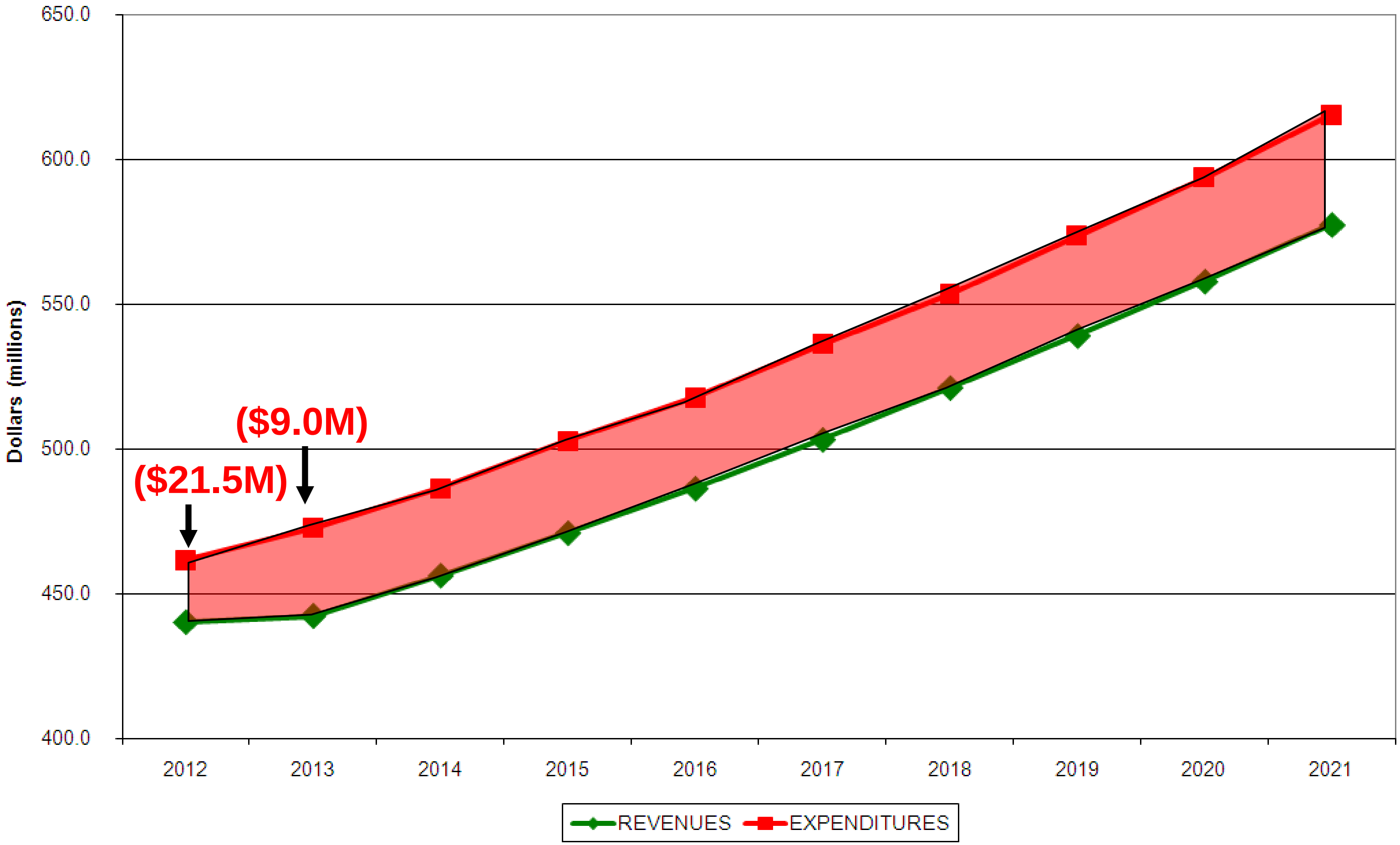
General Fund Forecast



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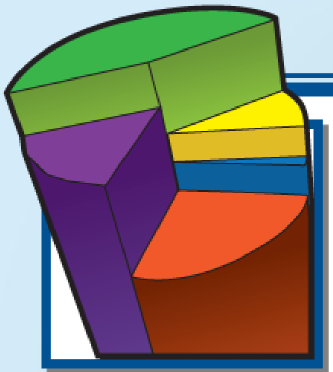

FY2012 Budget Strategy

FY2012 Balancing Strategies

- **General Fund**
  - Target FY2011 budget at 6% less than the FY2011 budget (based on adjusted base budget)
  - Rethink the services that the County provides and how we can best organize to deliver them

- **Tourist Development Fund**
  - Continue to adjust the promotional activities budget to match revenues

Citizens' Guide to the Budget

FY2012 Balancing Strategies

- **Transportation Trust Fund**
  - Revenue transfer from General Fund
  - Imposition of additional local option gas taxes
  - Reductions in program service levels
- **Capital Projects Fund**
  - Identify $13.5M in project reductions to current Penny Program
  - Smooth out project expenditures as much as possible to minimize the amount of interfund loan necessary to maintain adequate cash flow (authorized up to $85M from Solid Waste R&R Fund)
    - Penny Program originally anticipated $150M bond issue for cash flow purposes

FY2012 Balancing Strategies

- **Emergency Medical Services Fund**
  - Increase in countywide EMS millage rate
  - Reduction in funding for first responder contracts
  - Increase ambulance user fee revenues
  - Reduction in funding for ambulance contract
- **Fire Districts Fund**
  - Additional increases to millage rates for the individual fire districts will likely be necessary
  - Potential millage rate increases will need to take into account the individual millage caps in each district

FY2012 Balancing Strategies

- **Airport Fund**
  - Continue to adjust operating and capital expenditures to match revenues
- **Utilities-Water Funds**
  - Rate increases of 6% in FY2012 and FY2013
- **Utilities-Sewer Funds**
  - Rate increases of 2% annually through FY2021
- **Utilities-Solid Waste Funds**
  - Continue to adjust operating and capital expenditures to match revenues

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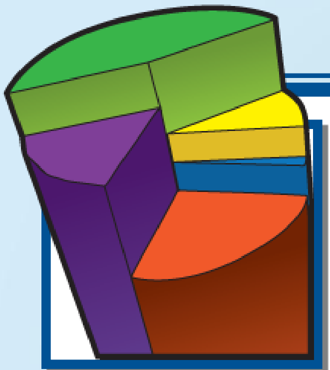


FY2012 Budget Process

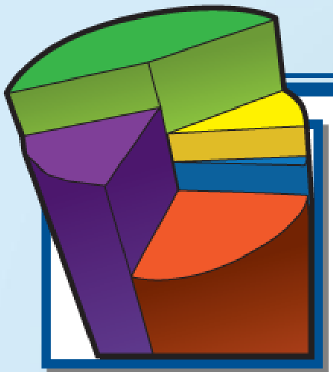
FY2012 Budget Process

- Community outreach prior to budget development
- Mid-year budget presentations from each BCC department
- Focus on program-based budgeting and levels of service
- Evaluate new funding sources and cost savings
- Focus on ability to sustain programs given revenue decreases and ongoing property tax caps
- Constitutionals and Independents have individual budget work sessions with the Board

Citizens' Guide to the Budget

FY2012 Budget Process

- BCC focus on policy decisions regarding:
  - Tax policy
  - Funding for Constitutionals and Independent Agencies
  - New revenue sources
  - Increases to existing fee schedule
  - Reduction packages of BCC department programs and levels of service



Next Steps

Next Steps

- Set appropriate budget guidelines
- Kickoff the FY2012 budget process on February 17th
- Community outreach prior to budget development
- Continue to refine property tax and other revenue estimates

Citizens' Guide to the Budget

Budget Timetable

- **February 17**: **OMB conducts FY12 Budget Kickoff meeting**
- **March**: **Community outreach**
- **March 11**: **Budget submissions for BCC departments and Independent Agencies due to OMB**
- **March 31**: **CIP budget submissions due**
- **April 5 & 7**: **Mid-year budget presentations for BCC departments**
- **May 1**: **Budget submissions for Constitutional Officers due to OMB**

Citizens' Guide to the Budget

Budget Timetable

- **<u>May 17</u>: Budget Information Session – Independent Agencies**
- **<u>June 1</u>: Property Appraiser delivers preliminary Estimates of Taxable Values**
- **<u>June 7</u>: Budget Information Session – Constitutional Officers and Independent Agencies**
- **<u>June 9</u>: Budget Information Session – Capital Improvement Program (CIP)**
- **<u>July 1</u>: Property Appraiser certifies Estimates of Taxable Values**

Citizens' Guide to the Budget

Budget Timetable

- **July 12: County Administrator presents the FY2012 Proposed Budget to the Board**
- **July 28: Budget Information Session – Finalize proposed millage rates for inclusion in the TRIM notice**
- **August 4: Property Appraiser is notified of proposed millage rates for development of TRIM notices**
- **August: Budget Information Sessions – as needed**
- **August 22: TRIM notices mailed to all property owners**

Citizens' Guide to the Budget

Budget Timetable

- **September 6**: **1st Public Hearing – BCC adopts tentative FY2012 millage rates and budgets**
- **September 15**: **2nd Public Hearing – BCC adopts final FY2012 millage rates and budgets**

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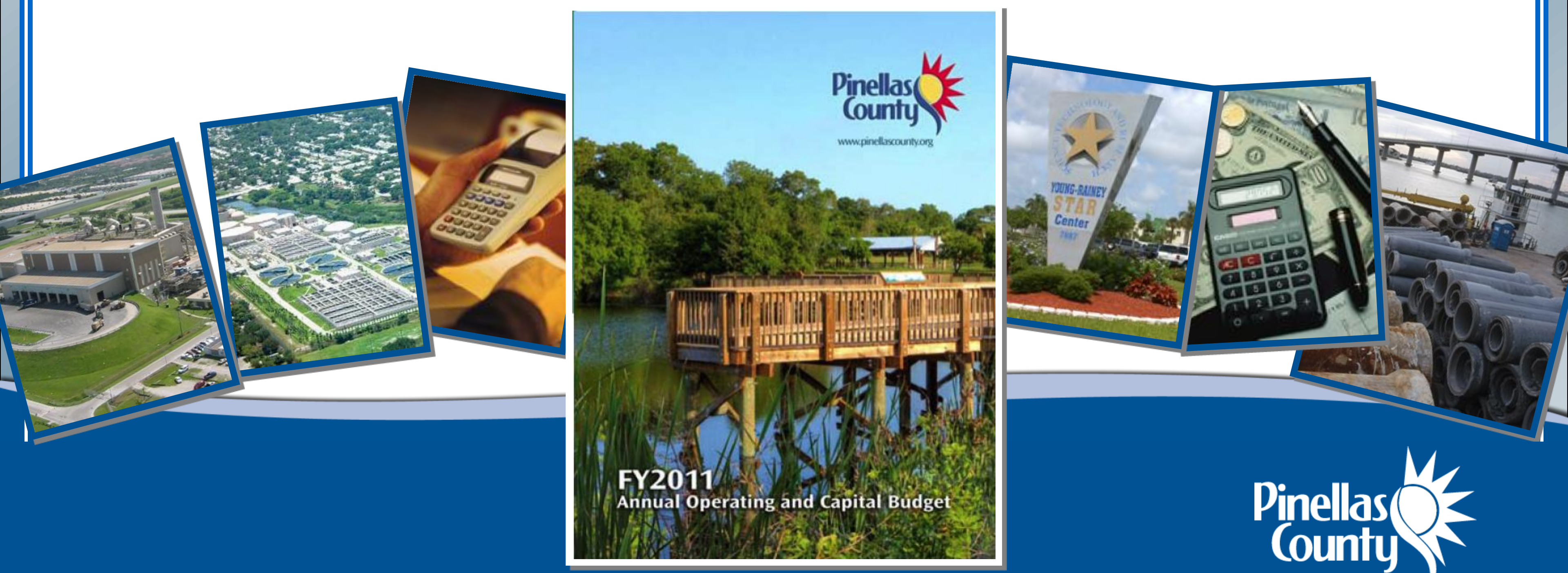
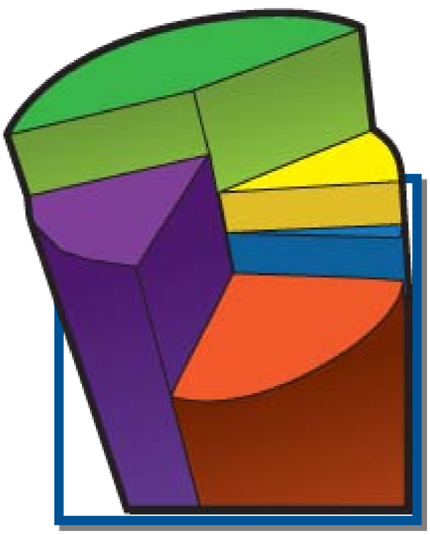
www.pinellascounty.org



Pinellas County

FY2012-2021 Budget Forecast



Pinellas County, Florida
Office of Management & Budget

Pinellas County

TABLE OF CONTENTS

Pinellas County

Introduction

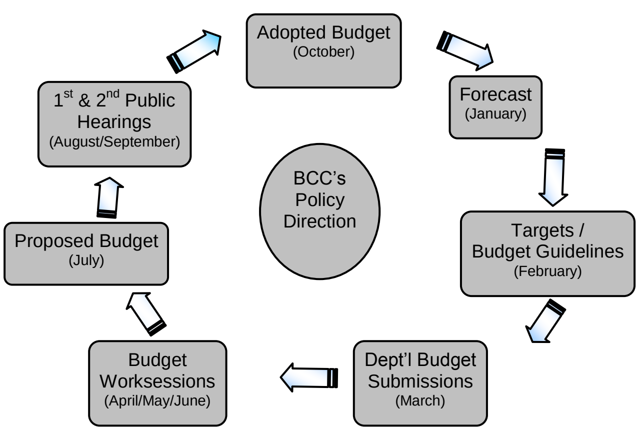
INTRODUCTION

The *Introduction* portion of the Budget Forecast: FY2012-2021 discusses how the Forecast dovetails with the annual budget process, how the Forecast is developed, and how the Forecast can be used as a planning tool to enhance decision making. It includes the following sections:

- Forecasting and the Annual Budget Process
- Developing the Forecast
- The Power of the Forecast
- Using This Document

Forecasting and the Annual Budget Process

The first step in the annual budget process is to update the Forecast in order to develop the budget guidelines for the FY2012 budget process.



Several of the County's key funds are included in the Forecast. Each fund is analyzed individually as part of the forecasting process.

Development of Budget Guidelines

The budget guidelines are developed by County Administration based on the results of the Forecast and policy direction from the Board of County Commissioners. If the results of the Forecast for a given fund indicate a shortfall, the budget guidelines would most likely include some kind of reduction target. If a surplus is expected, the guidelines would most likely include proposals for new or enhanced programs. The budget guidelines are communicated to the County's departments and agencies for use during their budget development. At this time all instructions and resources for preparing budget requests are also distributed.

Updating the Forecast

After the Forecast is prepared and presented to the Board of County Commissioners in the January timeframe, the Forecast is continually updated throughout the rest of the fiscal year in parallel with the budget development process.

Developing the Forecast

The Forecast is developed by the Office of Management & Budget (OMB) during November and December for presentation to the Board of County Commissioners in January.

Developing Projections

The Forecast is built upon an individual assessment of ten of the County's major funds: the General Fund, Tourist Development Fund, Transportation Trust Fund, Capital Projects Fund, Emergency Medical Services Fund, Fire Districts Fund, Airport Fund, and Utilities Water, Sewer, and Solid Waste Funds.

The process for developing the Forecast includes updating the projections for FY2010 with actual revenue and expenditure information following the closeout of the fiscal year as of September 30, 2010. At the same time, the current FY2011 expenditures are projected on a preliminary basis by analyzing the actual expenditures to date and projecting the remaining months left in the fiscal year. These expenditure projections are further refined later in the process as department provide their expenditure projections. The coming FY2012 budget year is

forecasted based on the best information available at this point in time. The Forecast has a ten year horizon to help determine the long-term financial position of the County's funds as well as the impact of today's budget decisions. The out-years through FY2021 are forecasted using various projection methods such as trend analysis, linear regression, and moving averages.

Forecast Assumptions

The projections are modeled so that assumptions may vary each year to reflect future impacts of known variables and other anticipated events. The model is also designed to allow the key assumptions to be adjusted so that sensitivity analysis can be performed to demonstrate the impact of changing key assumptions. Additionally, unknown risks that could potentially affect the ten-year forecast have been identified and discussed.

Forecast Results

Major assumptions driving the revenue and expenditure projections are outlined to ensure a clear understanding for the basis of the results. Shortfalls and surpluses are cumulative in the sense that any individual year's surplus or deficit flows into the next year's fund balance, thus carrying a current year's balance forward. In using the information contained in the projection, it is important to understand that an indicated surplus or deficit reflects the model's assumptions and demonstrates a potential need for revenue increases, expenditure reductions, or a mix of both.

The Power of the Forecast

Developing a multi-year forecast provides decision-makers with at least two key benefits: (1) assessing the long-term financial sustainability of the County's Funds and (2) understanding the impact of today's decisions on the future.

Long-Term Fiscal Sustainability

One of the key purposes of developing a multi-year fund forecast is to identify potential actions necessary to balance revenues and expenditures over the long-term to ensure fiscal sustainability. Forecasting over a ten-year horizon can serve as a window into the future to warn of potential future challenges. For example, if a major capital project (i.e. jail expansion) will have a significant impact on the operating budget, that impact can be anticipated several years in advance and strategies can be developed and implemented to manage the negative impact to the budget. Conversely, if debt service on a bond is due to expire in the near future, additional funds may become available to increase service levels to certain programs or other uses.

Enhanced Decision-Making

Another benefit of long-term forecasting is the ability to assess the impact that decisions made in the present can have on future fiscal capabilities. If the Board is considering funding a new or enhancing an existing program, the Forecast can demonstrate the long-term impact to the budget. Similarly, if the Board is considering a new revenue source, the Forecast can show how much revenue could be anticipated over the years. Implementing cost-saving initiatives can also be forecasted and evaluated over time. In summary, the Forecast can be a powerful tool to understand how policy changes have real consequences that last far beyond a one-year budget solution.

Using This Document

The *Executive Summary* section of this document summarizes the key elements of the forecast as a whole over the ten year time horizon. The *Economic Overview* section features an overview of the national, state, and local economies. This section provides important context for the various forecasts in the document. The *Key Assumptions* section discusses the sources of key

revenue and expenditure assumptions that were used to develop each of the fund forecasts. This section is followed by the *Fund Forecasts* section which includes individual forecasts for ten of the County's major funds. These forecasts are designed to be succinct and help focus the reader on the important elements in the ten-year forecasts for each fund. The assumptions, pro-formas, and a full-size forecast chart for each of the funds can be found in the *Pro-Formas* section. A *Glossary* has also been included to facilitate understanding of key terms.

Executive Summary

EXECUTIVE SUMMARY

Introduction

This is the second year that the ten-year Budget Forecast has been formalized into a stand-alone document. Changes to this document include a new section called "Key Assumptions". This section provides detail on the important assumptions that drive the forecasts for ten of the County's key funds. Another change to the document is the addition of the Capital Projects Fund, which replaces the Penny for Pinellas Fund. During the FY2011 budget process, the Penny for Pinellas Fund was eliminated and the proceeds from the Penny for Pinellas were included in the Capital Projects Fund.

The first step in the annual budget process is to update the Budget Forecast and seek Board policy direction in order to develop the budget guidelines for the FY2012 budget process. Developing a multi-year forecast provides decision-makers with at least two key benefits: (1) assessing the long-term financial sustainability of the County's funds and (2) understanding the impact of today's decisions on the future.

Economic Overview

The national economy has stabilized and is anticipated to grow by 2-3% annually over the next three years. The State's economy can expect flat to low growth through mid-2011 and transition to low-level normal growth from mid-2011 through 2012. This low-level normal growth is anticipated to be marked by weak population growth and a slow improvement in the unemployment rate. The Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA) economy grew by 2.3% in 2010 and is anticipated to grow by 2.4% in 2011 before growing by 4 to 5% in 2012 and 2013. The local recovery is anticipated to be hindered by high unemployment, low prices and high inventory of residential property due to foreclosures, and slow improvement in the commercial real estate market.

General Fund Forecast

The forecast for the General Fund shows that the fund is not balanced beginning in FY2012 primarily due to the anticipated 6% decrease in taxable property values. There is a structural imbalance in FY2012 between the General Fund's recurring revenues and recurring expenditures of $21.5M. The projected shortfall is anticipated to increase by an additional $9M in FY2013 due to the anticipated 0% growth in taxable property values. Balancing strategies for FY2012 include making 6% worth of reductions against the adjusted base budget or increasing revenues to offset some or all of the decrease in property taxes.

Tourist Development Council Fund Forecast

The forecast for the Tourist Development Council Fund shows that the fund is balanced through the forecast period based on the assumption that the promotional activities budget would be adjusted to reflect any revenue increases or decreases that may occur. Beginning in FY2016, the fund is forecast to have additional capacity once the debt service on the Tropicana Field and the Dunedin Spring Training Facility is paid off in 2015. The additional capacity could be dedicated to new debt service, as with the Board approved Salvador Dali funding, or to supplement the promotional activities budget. In FY2010, the Board revised the Tourist Development Plan to allow funding of capital projects for non-profit museums that are open to the public and the Board also approved a review of the Tourist Development Plan every five years.

Transportation Trust Fund Forecast

The forecast for the Transportation Trust Fund indicates that the fund is not in balance beginning in FY2013, resulting in a gradual erosion of fund balance by FY2018. This imbalance primarily results from inflationary pressures on expenditures that exceed the relatively flat growth in gas tax collections that are based upon the volume of gasoline pumped and are not indexed to the price of fuel. By FY2017, action will need to be taken to manage this future gap such as potential revenue transfers from the General Fund, imposition of additional local option gas taxes, or reductions in current service levels.

Capital Projects Fund Forecast

The forecast for the Capital Projects Fund shows that the fund is slightly out of balance over the forecast period by approximately $13.5M due primarily to the Board's decision to restore funding in the Gulf Boulevard Improvements project of $8.75M and the addition of the Friendship Trail Bridge Demolition project of $4.5M to the overall Penny Program. In addition, there is a cash flow issue beginning in FY2012 due to the front-loading of key projects in the ten-year program. During the FY2012 budget process project allocations in the 2010 to 2020 Penny Program will need to be reduced or eliminated to close the $13.5M shortfall. In addition, project expenditures over the forecast period will be smoothed out as much as possible to minimize the amount of interfund loan necessary to maintain adequate cash flow.

Emergency Medical Services Fund Forecast

The forecast for the EMS Fund indicates the fund is not balanced through the forecast period. The forecast projects a $16.0M shortfall in FY2012 and an additional $3.1M in FY2013 due to reduced property tax revenue collections. Various revenue and expenditure balancing strategies are available. On the revenue side, options include an increase in the countywide EMS millage rate and an increase in ambulance user fee revenues. On the expenditure side, a reduction in funding for first responder contracts, a reduction in funding for the ambulance contract, or a reduction in other expenditures within the fund would be necessary. The current ambulance service contract is in effect through FY2012, while First Responder contracts are negotiated on an annual basis.

Fire Districts Fund Forecast

The forecast for the Fire District Fund indicates that the fund is not balanced through the forecast period. Six of the twelve fire districts increased millage rates in FY2011 to support expenditures. Additional increases to millage rates for the individual fire districts will likely be necessary to cover expenditures over the forecast period. Potential millage rate increases will need to take into account the individual millage caps in each fire district.

Airport Fund Forecast

The forecast for the Airport Revenue and Operating Fund shows that the fund is balanced through the forecast period based on the assumptions that the capital projects budget would be adjusted to reflect the timing and amounts of any grants revenue and that the airport's operating budget would be adjusted to match revenues.

Utilities Water Funds Forecast

The forecast for the Utilities Water Funds shows that the fund is not balanced through the forecast period resulting in a depletion of fund balance by FY2016. Water System retail and wholesale water sales revenues have declined with the slower economy, which will require rate increases to fund operations and maintain sufficient reserves during the forecast period. The forecast shows the need for rate increases of 6% in both FY2012 and FY2013.

Utilities Sewer Funds Forecast

The forecast for the Utilities Sewer Funds shows that the fund is not balanced through the forecast period resulting in a depletion of fund balance by FY2014. Sewer System retail and wholesale revenues have declined with the slower economy, and will require rate increases to fund operations, sustain a debt service ratio of 1.5, and maintain sufficient reserves during the forecast period. The forecast shows the need for rate increases of 2% annually from FY2012 through FY2021.

Utilities Solid Waste Funds Forecast

The forecast for the Utilities Solid Waste Funds shows that the fund is balanced through the forecast period. Solid Waste tipping fees and electricity sales revenues have declined with the slower economy, but will remain sufficient to fund operations and maintain sufficient reserves during the forecast period. Reserves are being accumulated for future capital replacement needs consistent with the 25 year capital plan.

Economic Overview

ECONOMIC OVERVIEW

The *Economic Overview* portion of the Budget Forecast: FY2012-2021 provides important context for the various forecasts in this document and includes the following sections:

- The National Economy
    - Background
    - National Outlook
- The State Economy
    - Background
    - Florida Outlook
- The Local Economy
    - Background
    - Local Outlook

The National Economy

BACKGROUND

End of the Great Recession

The recession officially ended in June 2009 and lasted 18 months. This was the longest recession since the Great Depression as shown below.

Length of Recession (Contraction Peak to Trough)	No. of Mths.
August 1929 – March 1933	43 months
May 1937 – June 1938	13 months
February 1945 – October 1945	8 months
November 1948 – October 1949	11 months
July 1953 – May 1954	10 months
August 1957 – April 1958	8 months
April 1960 – February 1961	10 months
December 1969 – November 1970	11 months
November 1973 – March 1975	16 months
January 1980 – July 1980	6 months
July 1981 – November 1982	16 months
July 1990 – March 1991	8 months
March 2001 – November 2001	8 months
December 2007 – June 2009	18 months

This recession was especially deep due to the overlap of a meltdown in the financial sector and a steep downturn in the real estate market. These two key sectors of the economy reinforced each other in a downward spiral.

Avoiding a Double-Dip Recession

Since the end of the recession in June 2009, there have been fears that the fragile economic recovery was in danger of falling back into a recession. A double-dip is defined as a period during which a recovery is interrupted by economic contraction, usually in the form of negative GDP growth. There has only been one double-dip recession in the post-World War II era, the recession of 1980-1982. Some of the issues driving the fears of a double-dip recession revolve around: high unemployment, tax hikes if the Bush-era tax cuts were not extended, low consumer spending, the threat of deflation, impacts from the European debt crisis, and expiration of the stimulus. Some of these fears have been allayed by actions taken by the Federal Reserve and Congress over the last two months.

Quantitative Easing

In November 2010, the Fed announced it would increase quantitative easing, buying $600 billion of Treasury securities by the end of the second quarter of 2011. Quantitative easing (QE) is an unconventional monetary policy used by some central banks to stimulate their economy. The central bank creates money which it uses to buy government bonds and other financial assets, in order to increase the money supply and the excess reserves of the banking system. Expansionary monetary policy normally involves a lowering of the interest rates by the central bank. However, when the interest rates are either at, or close to zero, normal monetary policy can no longer function effectively, and quantitative easing may be used by the monetary authorities in order to further stimulate the economy. The Fed launched this program in order to counter the threat of deflation—a dangerous drop in prices, wages, and the values of homes and stocks while the nation struggles with persistently high unemployment. This action influences financial markets by pushing long-term rates down, equity prices up, and decreasing the dollar exchange rate. Since the

ECONOMIC OVERVIEW

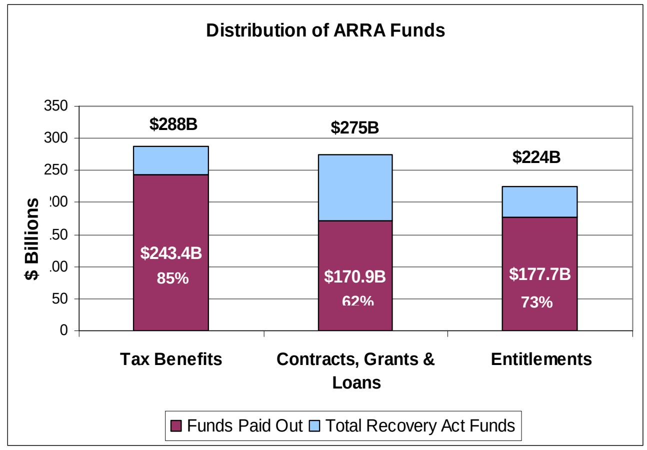
Fed announced its intent to increase quantitative easing, the Russell 2000 of small cap stocks is up 30%, even more than the 15% to 20% rise in blue chip indexes (as of January 2011).

Extension of the Bush-era Tax Cuts

Expectations for the economic recovery increased when President Obama signed an extension of the Bush-era tax cut rates on December 2010. This legislation extended the current income, dividend, and capital gains tax rates for another two years. The legislation also included a 13 month extension of unemployment benefits and a 2% point cut in Social Security payroll taxes from 6.2% to 4.2%. The bill also provides a two-year patch to the Alternative Minimum Tax and offers extensions of the Child Tax Credit, the Earned Income Tax Credit, the American Opportunity Tax Credit for college tuition, the Research and Experimentation Credit, and a host of other items. Extension of the tax cuts is expected to stimulate consumer spending and continue a tax-friendly investing environment.

End of the Stimulus

In February 2009, Congress passed the American Recovery and Reinvestment Act (ARRA) of 2009, sometimes referred to as the Stimulus Act. The goals of the Recovery Act were to create new jobs as well as save existing ones; and spur economic activity and invest in long-term economic growth. The chart below shows the distribution of ARRA funds as of December 31, 2010.



Of the $787 billion, $592 billion or 75%, has been paid out. As funds wind down, the effect of the stimulus on the economy will decrease into 2011.

Stimulus Projects in Pinellas County

In Florida, a large portion of the stimulus funds are devoted to Florida Department of Transportation (FDOT) projects. In Pinellas County, stimulus funds will assist with the reconstruction of US 19 from north of Whitney Road to north of State Road 60 (Gulf to Bay), which includes the construction of a limited access mainline roadway, frontage roads, and three interchanges. The recipient of these Stimulus Package funds is Florida Department of Transportation, District 7. The District will be lead for the construction. The total amount of Stimulus Package funding for the project is $45M of which $21M is local stimulus funds. Total project cost is $132M.

The amount of funds that the Pinellas County government is eligible for is limited to county governments, highly urbanized areas, and to programs offered by Pinellas County. The County is not eligible for Stimulus funds that are targeted to functions provided by other local governments or agencies, such as, transit (PSTA), transportation (FDOT), weatherization (Urban League), education (school district and/or St. Petersburg College), and labor and development (Worknet).

Pinellas County has applied for twelve grants funded from this act, seeking a total of $65,807,626. As of January, 2011 nine awards have been received totaling $14,468,623:

<u>Health and Human Services</u> – Replace Mobile Medical Unit with more capable vehicle:

- $327,150 awarded June 25, 2009 (the county matched $30,000)

<u>Health and Human Services</u> – Increased services offered by Mobile Medical Unit:

- $155,125 awarded March 27, 2009, and an additional $1,000 awarded on September 21, 2009

<u>Community Development</u> - Block Grant Recovery Act Funding for the creation of the Homeless Emergency Project's Community Service Center:

- $809,226 awarded July 22, 2009

<u>Community Development</u> – Short-term rental assistance for at-risk residents (See HPRP Fingertip Fact Card for details):

- $1,237,464 awarded June 19, 2009

<u>Office of Management and Budget</u> – Energy Efficiency and Conservation:

- $3,791,300 awarded August 31, 2009

<u>Airport</u> – Terminal improvements and renovations:

- $5,357,400 awarded April 8, 2009

<u>Justice & Consumer Services</u>/Florida Department of Law Enforcement:

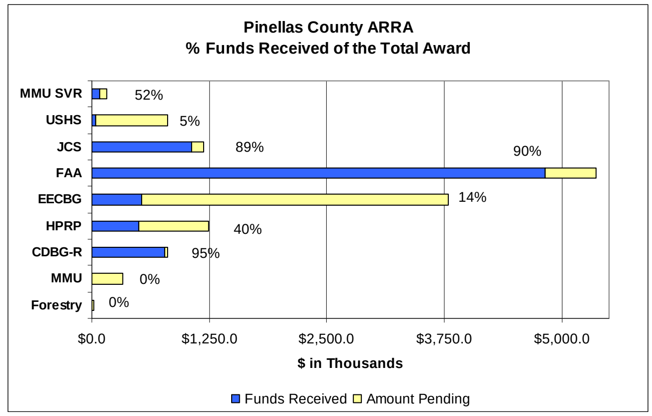
- Edward Byrne Memorial Justice Assistance Grant
- $1,962,437 awarded August 4, 2009 (Acceptance of Program)

<u>Airport</u> – Terminal baggage conveyor improvements:

- $808,184 awarded November 3, 2009

<u>Parks & Conservation Resources</u> – Tree Planting and Joe's Creek Greenway Park improvements:

- $19,297 awarded June 14, 2010



MMU	Mobile Medical Unit
MMU SVR	MMU Increase Service
CDBG-R	Community Development Block Grant Recovery Act Grant
HPRP	Homeless Prevention and Rapid Rehousing Program
EECBG	Energy Efficiency and Conservation Block Grant
FAA	Terminal Improvements Recovery Act Grant
JCS	Edward Byrne Recovery Act Grants ($770,448 directly to LE Agencies)
USHS	Homeland Security Recovery Grant for Airport
Forestry	Florida Division of Forestry

For more information, go to the following website: <u>www.pinellascounty.org/recovery</u>

The Path to Fiscal Sustainability

The National Commission on Fiscal Responsibility and Reform is a Presidential Commission created in 2010 whose mission is to identify policies to achieve fiscal sustainability in the long run. The Commission includes 18 members—six appointed by the President, six members of the U.S. House of Representatives, and six members of the U.S. Senate (10 Democrats and 8 Republicans). The Commission first met on April 27, 2010 and released its report on December 1, 2010. In the report the Commission proposed a six-part plan "to put our nation back on a path to fiscal health, promote economic growth, and protect the most vulnerable among us." Take as a whole, the plan would:

- Achieve nearly $4 trillion in deficit reduction through 2020.
- Reduce the deficit to 2.3% of GDP by 2015.

- Sharply reduce tax rates, abolish the AMT, and cut backdoor spending in the tax code.
- Cap revenue at 21% of GDP and keep spending below 22% and eventually 21%.
- Ensure lasting Social Security solvency, prevent the project 22% cuts to come in 2037, reduce elderly poverty, and distribute the burden fairly.
- Stabilize debt by 2014 and reduce debt to 60% of GDP by 2023 and 40% by 2035.

The plan has six major components:

1) Discretionary Spending Cuts: Enact tough discretionary spending caps to force budget discipline in Congress. Include enforcement mechanisms to give the limits real teeth. Make significant cuts in both security and non-security spending by cutting low-priority programs and streamlining government operations. Offer over $50 billion in immediate cuts to lead by example, and provide $200 billion in illustrative 2015 savings.

2) Comprehensive Tax Reform: Sharply reduce rates, broaden the base, simplify the tax code, and reduce the deficit by reducing the many "tax expenditures"—another name for spending through the tax code. Reform corporate taxes to make America more competitive, and cap revenue to avoid excessive taxation.

3) Health Care Cost Containment: Replace the phantom savings from scheduled Medicare reimbursement cuts that will never materialize and form a new long-term care program that is sustainable with real, common-sense reforms to physician payments, cost-sharing, malpractice law, prescription drug costs, government-subsidized medical education, and other sources. Institute additional long-term measures to bring down health care spending growth.

4) Mandatory Savings: Cut agriculture subsidies and modernize military and civil service retirement systems, while reforming student loan programs and putting the Pension Benefit Guarantee Corporation on a sustainable path.

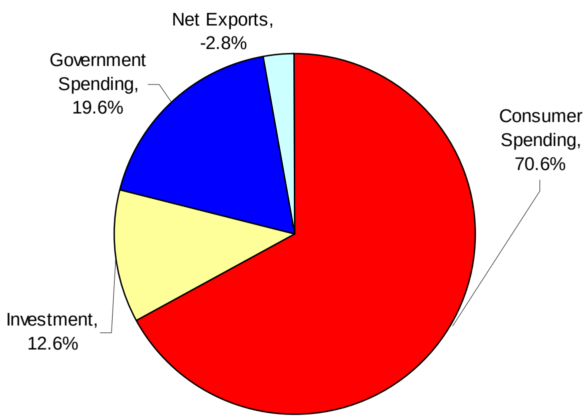
5) Social Security Reforms to Ensure Long-Term Solvency and Reduce Poverty: Ensure sustainable solvency for the next 75 years while reducing poverty among seniors. Reform Social Security for its own sake, and not for deficit reduction.

6) Process Changes: Reform the budget process to ensure the debt remains on a stable path, spending stays under control, inflation is measured accurately, and taxpayer dollars go where they belong.

This report will likely shape a fiscal debate that is expected to begin in earnest when President Obama delivers his State of the Union address on January 25th. The same week of the address, the Congressional Budget Office will release its new 10-year budget and economic report, which will provide updated economic growth estimates as well as budget deficit projections for the next decade.

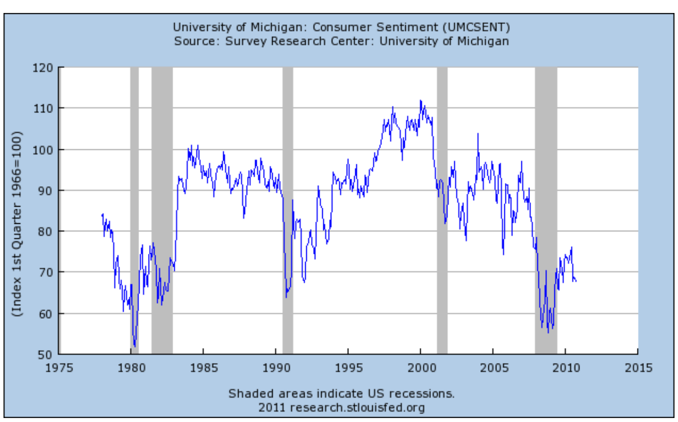
NATIONAL OUTLOOK

Gross Domestic Product (GDP) is the generally accepted measure of the size of the national economy. GDP measures the total market value of all final goods and services produced in a country in a given year. The major components of national GDP (2009) are shown in the pie chart below.



Consumer Spending

At 70.6%, consumer spending easily represents the largest portion of GDP. Unfortunately, most economists expect 1 to 2% growth in consumption over the next couple of years. This expectation is based on relatively high levels of unemployment, an increase in household savings, a restrictive supply of credit, and potential tax increases. The graph below shows consumer sentiment from 1975 to date.



Source: St. Louis Federal Reserve

Consumer sentiment is improving from near the lowest levels ever obtained, 55.3, in November 2008 to 67.7 in October 2010. Although trending upward, this amount is still well below the long run average of 86.5.

The twin effects of the bursting of the housing bubble and the financial crisis resulted in a massive decline in household wealth nationwide, which has been further exacerbated by high unemployment. This decline has induced households to reduce their consumption and increase their savings in order to rebuild wealth. Since the end of the recession in 2009, consumer spending growth has been positive, but that growth has been and will likely continue to be gradual. Average annual consumption growth from 2010 through 2013 is anticipated to be just 1.9%. To put this in perspective, the average annual growth in consumption during the period 2003-2007 was 3.0%.

Year	% Change in Consumption Growth
2004	3.5%
2005	3.4%
2006	2.9%
2007	2.4%
2008	-0.3%
2009	-1.2%
2010 (Est.)	1.5%
2011 (Est.)	2.1%
2012 (Est.)	2.2%
2013 (Est.)	1.8%

Source: UCF Institute for Economic Competitiveness
U.S. Forecast, September, 2010

The December, 2010, Labor Department report showed unemployment is currently at 9.4%. In January, 2011, Federal Reserve Chairman Ben Bernanke said he is optimistic that the economy will strengthen this year. But he warned that it will take up to five years for unemployment to drop to a historically normal level of around 6 percent.

According to the November, 2010, survey by the National Association of Business Economics, monthly payroll gains are forecast to average less than 150,000 until the latter half of 2011, at which time gains will improve at a range of roughly 150,000-170,000. Joblessness will

remain high, with the unemployment rate persisting at over 9% through the first quarter of 2011 before easing. This is anticipated to mark the weakest post-recession job recovery on record.

The outlook for consumer spending received a significant boost with the extension of the Bush-era tax cut rates in December 2010 for at least the next two years. All individuals' marginal tax rates will remain the same, middle-class taxpayers will be free from an Alternative Minimum Tax surcharge, and employees will benefit from a 2% reduction in Social Security taxes.

According to the National Retail Federation's analysis of government figures, sales for 2010 increased 6.7% compared to last year, which is 13.5% higher than the recession low in December 2008. The last six months of 2010 saw six straight months of gains.

Government Spending

The second largest component of GDP is Government Spending at 19.6%. The state and local government sector represents 60% of total government spending. State government budgets will be challenged as federal stimulus support ends and income and sales tax revenues begin a slow recovery. Until property tax revenues recover, local government spending will likely lag. Overall, the state and local government sector is anticipated to decrease slightly or be flat over the next few years. The federal government sector represents 40% of total government spending and is expected to wind down by the end of 2010 and decrease by 2-3% from current levels over the next three years.

Investment

The third largest component of GDP is Investment at 12.6%. Business investment in equipment and structures is expected to increase substantially over the next several years. Businesses are holding large amounts of cash and coupled with low interest rates it is anticipated that business equipment spending will increase by about 10% a year through 2013. The outlook for investment in structures is poor as this sector has seen a significant contraction in 2009 and 2010 as the commercial mortgage crisis continues to play out. It is anticipated that this sector will bottom out during 2011 and grow slightly in 2012 and 2013. Residential fixed investment growth has been negative since 2006 and should finally see positive growth beginning in 2011. Finally, inventories have shown sustained growth as demand has appeared to stabilize.

Net Exports

The definition of net exports is exports minus imports. Current net exports are at a -2.8%, down from -6% last year. A key factor driving net exports is the value of the dollar. The value of the dollar has gradually weakened during 2010 and is anticipated to continue to depreciate due to recent action by the Federal Reserve. The Fed's move to increase quantitative easing helps decrease the dollar exchange rate against other currencies. A depreciated dollar should help increase exports by making the costs of U.S. goods more competitive in the global marketplace and reduce the negative net exports calculation.

Summary of National Outlook

Most economists agree that the national economy hit bottom in 2009 and that we are on track for a sustainable recovery. Normally, economic recoveries are marked by real economic growth of around 5% in the first year of recovery due to pent up demand. It is anticipated that this particular recovery will more than likely be in the 2-3% range due to lingering high levels of unemployment, the bottoming out of the housing market, the continued decline of commercial real estate market, and decreases in both federal and state & local government spending.

Economic Recovery	GDP Growth
1961-1962	7.5%
1970-1971	4.5%
1975-1976	6.2%
1982-1983	7.7%
1991-1992	2.6%
2001-2002	1.9%
Average	5.1%
2007	1.9%
2008	0.0%
2009	-2.6%
2010 (Est.)	2.6%
2011 (Est.)	2.0%
2012 (Est.)	3.0%
2013 (Est.)	3.1%

Source: UCF Institute for Economic Competitiveness
U.S. Forecast, September, 2010

In summary, the national economy has appeared to stabilize and is anticipated to grow slightly through 2010 and experience moderate growth of 2-3% annually from 2011 through 2013.

The State Economy

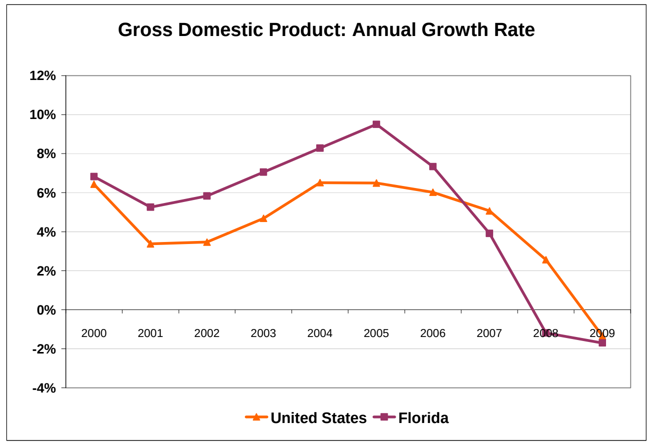
BACKGROUND

The background information below for the State's economy is derived primarily from the Florida Economic Estimating Conference which met in December 2010 to revise the forecast for the State's economy.

Until a few years ago, Florida was one of the nation's fastest growing states. With the end of the housing boom and the beginning of the real estate market correction, the state slipped to virtually no growth on a year-over-year basis. While Florida was not the only state to experience a significant deceleration in economic growth (California, Nevada and Arizona showed similar trends), it was one of the first and hardest hit. Looking across the 50 states, the three most-widely used indicators of government financial health illustrate these changes.

State Gross Domestic Product

Gross Domestic Product (GDP), the market value of all final goods and services produced or exchanged within a state, is one of the key economic measures for the comparison of states. While Florida has outperformed the nation as a whole in seven of the past ten years, two of these years (2004 and 2005) were greatly influenced by the activity sparked by the 2004 and 2005 storms (primarily through insurance payments). In 2006, Florida returned to the national growth level before dropping below it in 2007 (4.8% US versus 2.8% FL), 2008 (3.3% U.S. versus 0.3% FL), and 2009 (-1.3% U.S. versus -1.7% FL). Florida's nominal GDP in 2009 was just over $737 billion.



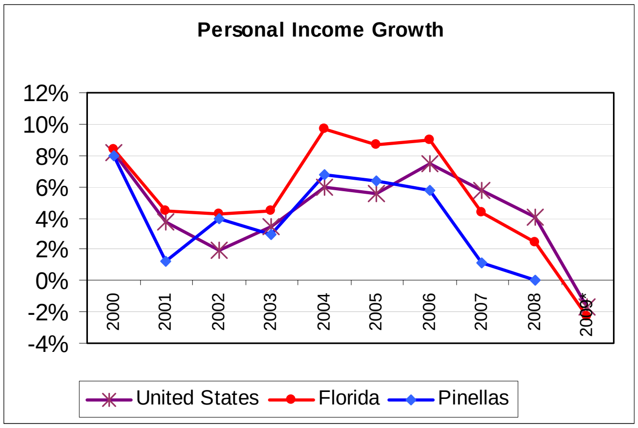
Source: Bureau of Economic Analysis

After adjusting for inflation, Florida's real growth in GDP ranked it 45th in the nation in 2009 with an outright decline of -3.4% By way of comparison, Florida was ranked 50th in 2008 and 4th in the nation in 2005. For Arizona, Nevada and Florida, losses in the construction sector accounted for a significant portion of the decline as it subtracted more than one percentage point from real GDP growth in each of these states.

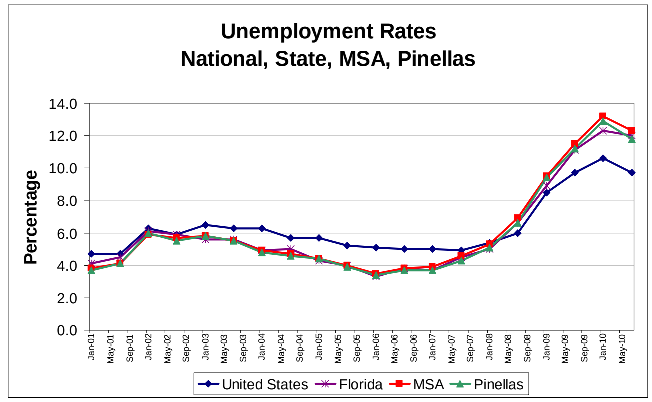
Personal Income Growth

Other factors are frequently used to gauge the health of an individual state. The first of these measures is personal income growth, primarily related to changes in salaries and wages. Quarterly personal income growth is particularly good for measuring short-term movements in the economy.

Since the 2nd quarter of the 2009 calendar year, Florida has experienced slightly positive growth in personal income. The increase of 0.9% in the most recent quarter (Q2 of the 2010 calendar year) ranked Florida 37th in the country. This is slightly worse than last year's ranking at this time—30th. Personal Income growth has averaged about 3.8% from 1991-2008. It is anticipated that from 2009-2011, growth in personal income will be below average or only 1-3%.



Note: 2009 data not available for Pinellas County
Source: U.S. Bureau of Economic Analysis



Source: Florida Research and Economic Database (FRED)

Job Growth and Unemployment

The key measures of employment are job growth and the unemployment rate. While Florida led the nation on the good-side of these measures during the boom, the state was worse than the national averages on both measures until July when Florida experienced its first over-the-year increase in jobs since June 2007. However as of October 2010, Florida is still 854,900 jobs below its most recent peak in March 2007. This means that rehiring, while necessary will not be enough. At the current pace, a full recovery to the previous peak will not occur until about the spring of 2016.

The state's unemployment rate in October was 11.6%, persistently remaining higher than the national rate of 9.0%. As of October, Florida had 1.1 million unemployed people and was ranked 4th in the country for its unemployment rate. Even more troublesome, 48 of Florida's 67 counties have double-digit unemployment rates. The problems have clearly been widespread. For the second year in row, the only sector to gain jobs among Florida's major industries was Education & Health Services. Virtually all of the increase was due to health services, primarily in ambulatory health care services.

Largely, these changes were related to Florida's ongoing housing market woes and the gloomy national and global outlooks that plagued most of the year. The growing inventory of unsold houses coupled with the sluggish credit crisis dampened residential construction activity throughout the entire year. Last July, the Florida Economic Estimating Conference (FEEC) had expected a meager 31,200 private housing starts for the year. In fact, new activity rose to 36,000 private housing starts. While better than expected, this figure represents just 13.3% of the FY2005-06 level. Single family starts managed to post a positive gain, but multi-family starts worsened the percentage drop they made in FY2008-09 over FY2007-08. In yet another manifestation of the significant housing market adjustment still facing Florida, existing single family home sales ended the FY2009-10 nearly 30% below the peak volume of the 2005 banner year, while the median home price continued its decline.

Financial Shocks

Florida's economy has essentially moved through three waves of responses to financial shocks: the collapse of the state's housing boom, a national recession, and a credit crisis severe enough to bring on a global contraction.

At first, the end of the housing boom brought lower activity and employment in the construction and financial fields, as well as spillover consumption effects in closely related

industries: landscaping and sales of appliances, carpeting, and other durable goods used to equip houses. This began in the summer of 2005 when the volume of existing home sales started to decline in response to extraordinarily high prices and increasing mortgage rates. Closely linked to the housing industry, Florida's nonagricultural employment annual growth rate began to retreat from its peak in the fall of 2005.

By the summer of 2006, existing home prices began to fall, and owners started to experience negative wealth effects from the deceleration and losses in property value. Mortgage delinquencies and foreclosures became commonplace as property prices further tanked in 2007, and the unemployment rate began to climb as part of a slow slide into a national recession that was ultimately declared in December 2007.

By the fall of 2008, Florida's homegrown problems with the housing market were giving way to several worldwide phenomena: a national recession that was spreading globally and a credit crisis that was threatening to bring down the world's largest financial institutions. As the sub-prime mortgage difficulties spread to the larger financial market, it became clear that any past projections of a relatively quick adjustment in the housing market were overly optimistic. Forecasts were dampened through the end of the fiscal year, and then again as the excess inventory of unsold homes was further swollen by foreclosures and slowing population growth arising from the national economic contraction.

While small improvements were seen in late 2009 and early 2010 on the state and national fronts, they seemed to sputter as the recovery struggled to take hold.

Bridge to Recovery

In addressing the State's FY2011 $3.2 billion deficit the Florida Legislature used $2 billion of federal stimulus funds, $400 million of trust funds, and revenue enhancements including a new Seminole Gaming Contract to minimize deep budget cuts and build a bridge to recovery. The stimulus funding and trust fund sweeps are non-recurring in nature. This means that the upcoming budget cycle will again be extremely challenging. In January, 2011, the Director of the Legislatures' Office of Economic and Demographic Research announced that the shortfall for the FY2012 budget could be between $3.6 billion. It is possible that the Legislature will shift costs (mandates and funding formulas) to local governments in an effort to deal with fiscal pressures at the state level.

ECONOMIC OVERVIEW

FLORIDA OUTLOOK

The forecast information below for the State's economy is derived primarily from the Florida Economic Estimating Conference which met in December 2010 to revise the forecast for the State's economy.

For Florida, it appears that the extreme financial and economic stress experienced over the last few years reached its bottom sometime during the spring of 2010. Months of modest growth are expected before full recovery begins in earnest in the spring of 2011. The remaining questions focus on the actual pace of recovery, the degree of remaining turbulence, and the risk of a double-dip.

Labor Market

Florida's current unemployment numbers represent a loss of 854,900 jobs from the peak, with the state's negative over-the-year growth rate actually beginning in March 2007. While the state's job losses began with the construction downturn, almost all of the major industries were ultimately affected. Overall employment is projected to gain 1.1% in FY2010-11 and then increase by 2.1% in FY2011-12, 2.9% in FY2012-13, and 2.4% in FY2013-14. Job restoration in the construction, information and financial activities sectors will lag behind the other areas and is not anticipated to experience positive annual growth until FY2011-12.

The unemployment rate peaked at 12.4% in August 2010, and as of October has decreased to 11.6%. The unemployment rate for FY2011-12 is projected to be 10.8%, followed by 9.2% in FY2012-13 and 8.2% in FY2013-14. Over time, the Florida forecast begins to converge to the national forecast, except Florida's job growth is stronger throughout the forecast horizon.

The outlook for wages and salaries has weakened slightly. Florida's long-term growth prospects essentially mimic the national forecast; however, Florida's average annual wages largely fall below the nation as a whole. In 2009, the state's average annual wage for all industries was only 89.9% of the national average.

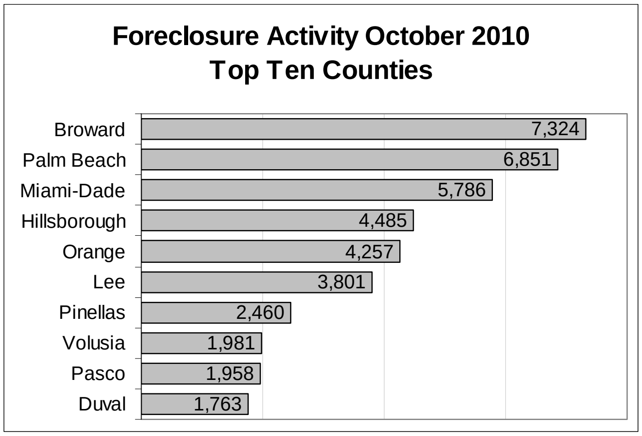
Housing and Construction

Vigorous home price appreciation that outstripped gains in income and the use of speculative financing arrangements made Florida particularly vulnerable to the decelerating housing market and interest rate risks. In 2006, almost 47% of all mortgages in the state were considered "innovative" (interest only and pay option ARM). With the ease of gaining access to credit, long-term homeownership rates were inflated to historic levels – moving Florida from a long-term average of 66.3% to a high of over 72%. Essentially, easy, cheap and innovative credit arrangements enabled people to buy homes that previously would have been denied.

The surging demand for housing led many builders to undertake massive construction projects that were left empty when the market turned. The national inventory of homes is now close to 9 months. In Florida, the picture is worse. Based on the most recent data, the excess supply of homes is approaching 450,000. At any given point of time, an inventory of roughly 50,000 is good – the 450,000 figure is on top of that level. Subtracting the "normal" inventory and using the most sales experience, the state will need significant time to work off the current excess – at least until the end of the 2011 calendar year (halfway through FY2011-12), likely longer. Because the state is so diverse, some areas will reach recovery much faster than other areas.

Foreclosures have further swelled Florida's unsold inventory of homes. Originally related to mortgage resets and changes in financing terms that placed owners in default, recent activity has been boosted by the continually growing number of unemployed. Although foreclosure filings

dropped from last year, the state still finished 2010 with the second most filings in the country.

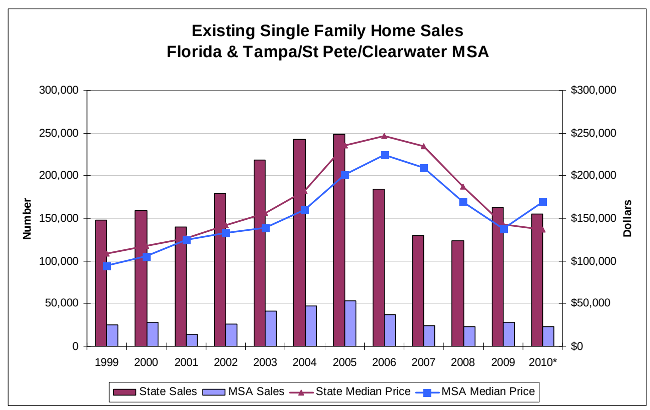


Source: RealtyTrac.com

The Florida economy is unlikely to turn around until new construction comes back to life, and is not expected to happen until the inventory is reduced. With the meltdown in the mortgage market and the subsequent credit crunch, housing starts went into a significant decline that showed little improvement until this year. A strong rebound is not forecasted to until FY2011-12; however, it lasts through the remainder of the planning horizon. Total construction expenditures follow a similar pattern, never returning to the 2005-06 level during the forecast period.

As the availability of financing for commercial real estate tightens and loan losses mount, growth in private nonresidential construction expenditures is projected to fall another 13.6% this year after last seeing positive growth in FY2007-08. The market is expected to stabilize next year, and then return to stronger growth in the out-years. Similarly, after posting a 20.7% gain in FY2007-08, public construction activity posted back-to-back declines over the past two years. In FY2010-11, moderate growth is expected to return.

During the past nineteen months, existing home sales have grown by double-digit rates over the same month in the prior year. In the last six months, the sales volume has reached just over 69% of the level achieved in the 2005 banner year. Much of the sales increase has been driven by the increasing number of distressed sales. This can be seen in the continuing price declines. In 2008, the median price of an existing home declined 20% and in 2009, it declined another 24%. To date, 2010 is averaging a decline of 4%. From an economic perspective, significant price declines are a precursor to recovery, but they are still painful. The inventory of unsold homes suggests that prices will continue to fall or stay relatively flat through most of 2011. From the peak in 2006 to November 2010, the state has already seen a 44.6% decline in median price for existing homes. This level was slightly down from a peak decline of 49.2% in January 2010.



Source: Florida Association of Realtors - * Through November, 2010

Population Growth

Population growth continues to be the state's primary engine of economic growth, fueling both employment and income growth. The national economic contraction significantly slowed Florida's population gains, but this was not unexpected. Over 80% of the state's population growth comes from positive net migration, primarily from people moving into Florida from other states.

Top Ten States Migrating Into Pinellas County by Returns, 2008	# of Returns
New York	1,058
Ohio	630
Pennsylvania	599
Michigan	557
Massachusetts	515
New Jersey	493
Illinois	433
Georgia	405
California	400
Texas	331

Source: Internal Revenue Service

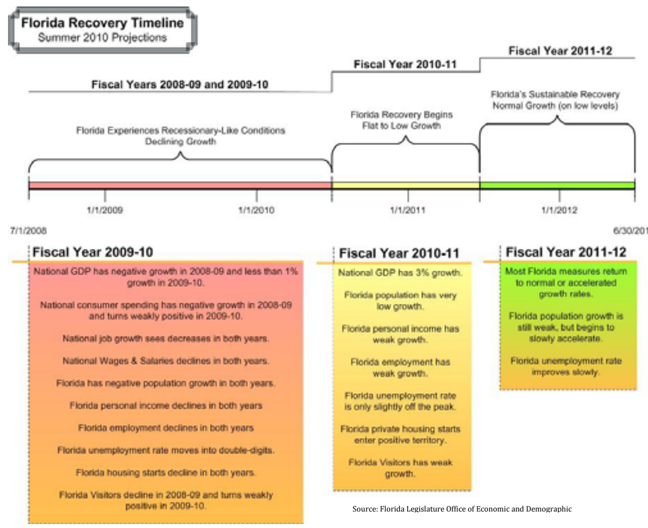
From past studies, it is clear that people are reluctant to move during recessions – first, because of the inability to sell their homes, and second, because of the difficulty in finding new jobs. Florida's strong international migration, which – until recently – had been a bulwark, is also being affected by the global economic slowing.

Population growth hovered between 2.0% and 2.6% from the mid 1990's to 2006, then began slowing before crossing into negative territory in 2009 and flattening out in 2010. In 2011, growth is expected to reflect just the state's natural increase (positive births minus deaths) with 77,492 new residents. The extremely low rate of growth seen over the past few years is unprecedented in Florida's modern history. Over the forecast horizon, population growth will moderately rebound – persisting above 1.2% after 2013. While this is still significant growth – Florida was adding a city roughly the size of Miami every year; in the future, it will be a city more like St. Petersburg – it is markedly lower than the average of the annual growth rates between 1970 and 1995 (3.04%).

Summary of Florida Outlook

As shown in the Florida Recovery Timeline from the Florida Legislature Office of Economic and Demographic Research, Florida can expect flat to low growth halfway through 2010 and make a gradual transition to low level normal growth beginning halfway through 2011 and on through 2012. This low level normal growth is marked by weak population growth and a slow improvement in the unemployment rate.

A larger version of the Timeline can be found at the end of this section.



Source: Florida Legislature Office of Economic and Demographic Research

The Local Economy

BACKGROUND

The context of this section is from the perspective of background impacting the Pinellas County budget.

Property Value Increases

From FY2002 to FY2007 there were unusually large increases in property values in Pinellas County and throughout the state. Across Florida, public budget hearings brought out many citizens who were upset about their proposed property taxes as presented on their "Truth in Millage" (TRIM) notices. Most of those who expressed their frustration were persons who owned property that was not homesteaded and therefore not protected by the "Save Our Homes" taxable value increase cap, such as commercial and rental business owners and owners of second homes. In response to the public's concerns, the Board of County Commissioners reduced the FY2007 county-wide millage rate by 0.701 mills (over 10%), the first millage rate reduction since the 1997 budget year.

Impact of Save Our Homes Amendment

Not all local governments were as responsive to the situation as Pinellas, and this dramatic growth in taxable values resulted in a surge in property tax revenues that became the focus of legislative concern. In reality, the primary problem has been the systematic inequities resulting from the "Save Our Homes" amendment to the Florida Constitution which has capped the growth in taxable values for homesteaded properties (permanent residences) since 1996. The amendment was intended to protect homeowners from escalating property tax bills resulting from growth in market value, a situation that was perceived to be forcing some people, particularly residents on fixed incomes, to sell their homes.

While this objective has no doubt been achieved, there have been dramatic, and in many cases unforeseen, consequences as a result of Save Our Homes. Because of the large amount of market or "just" value not taxed due to the Save Our Homes exemption, a disproportionate share of any increase in tax revenue has been placed on properties that are not established permanent residences, such as businesses, rental properties, and newly purchased homes.

The increases in values for fiscal years 2002 through 2007 notwithstanding, the historical trend over the previous sixteen years in Pinellas has been an average annual increase of about 5% in values (including new construction). Most observers believed that the market would correct itself and return to more normal patterns. To some extent, the value growth part of the problem could be expected to correct itself over time.

Legislative Property Tax Roll-Backs

The Florida Legislature perceived property tax reform as one of the two most critical issues (along with property insurance reform) that needed to be addressed in 2007. In June, a three-day Special Session of the Legislature produced a mandate that was unlike anything ever seen before in its forced reductions in property taxing capability of local government in Florida. The Legislature did not make similar reductions to FY2008 school property taxes, which they control, even though these taxes make up about 40% of most property owners' tax bills.

Unfortunately, this solution failed to address the real inequities that were the focus of public discontent and instead has the potential for even greater disparities in the future.

The Legislature adopted two key items impacting property tax reform. The first approach involved statutory changes requiring all counties, cities, and special districts to roll back property tax collections in FY2008 to a point below the FY2007 collections adjusted for new construction (also known as the "rolled-

back rate"). This target ranged from 3% to 9% below the rolled-back rate depending on the State's calculation of how much the taxing authority's property tax revenue increased from FY2002 to FY2007. Independent Districts, and Dependent Districts many of which have the primary purpose of providing Fire or Emergency Medical Services, were all targeted at 3% below the rolled-back rate.

These calculations, and the resulting reduction categories, did not adequately acknowledge the lower tax profile of Pinellas. Pinellas County was required to cut 7% below rolled-back (the second-most-severe level), even though:

- The County's FY2002–FY2007 percentage increase in per capita property tax was below the state's average increase for counties;
- The County's FY2007 per capita property tax was less than Orange, Hillsborough (and other counties) that were in the 3% or 5% cutback categories;
- A city with the same percentage increase was required to cut only 5%;
- The State's numbers did not reflect seasonal or tourist population impacts; and
- The State's numbers did not take into account the additional cost pressures for an urban coastal county (such as property insurance).

Property Tax Revenue Cap

The other item adopted by the Legislature with important long-term implications was the implementation of a property tax revenue cap. Beginning in FY2009, property tax revenue increases will be limited to new construction plus the statewide percentage increase in per capita personal income. This percentage has averaged about 3.8% from 1991-2008. It is anticipated that from 2009-2012, growth in personal income will be below average or only 1-3%. Even this minor increase is neutralized by the historic decreases in property valuation.

The caps require that the maximum millage rate that can be approved by a simple majority vote of the Board of County Commissioners equals the prior year's maximum rolled-back rate adjusted for the change in per capita Florida personal income. A two-thirds vote of the Board may approve up to 110% of this maximum. Any higher millage rate requires a unanimous vote of the Board, or a referendum. Based on information from the Florida Department of Revenue, it appears that the County may have some flexibility for increases above the property tax revenue cap in the short term because the Board has not levied the maximum millage since the baseline was set in FY2008.

The long-term impact of this cap is that property tax revenue will be constrained even if taxable values increase beyond the average increase in personal income. To date, the County has not seen an impact from this cap because values have actually declined since it was passed. However, due to the bursting of the housing bubble and the negative impact of foreclosures, the baseline of values has been set artificially low, which will keep property tax revenues constrained by a higher than anticipated margin.

Impact of Amendment One

The FY2009 budget situation was unique in several ways. This was largely due to the passage of Amendment One, placed on the ballot by the Legislature and approved by the voters of Florida on January 29, 2008, which reduced property tax revenues. Also, the economic downturn which began in FY2008 intensified, which further reduced property taxes and also reduced revenues from other important sources.

Amendment One made the following changes which reduced taxable property values and revenues available to local government:

- "Doubled" the existing $25,000 homestead exemption (except for school taxes)
- Allows for up to $500,000 of the Save Our Homes exemption to be applied to another property (portability)
- Imposed a 10% cap on assessments for non-homestead property (school taxes exempt)
- Instituted a new tangible personal property exemption of $25,000

Impact of the Recession

At the same time that the impact of Amendment One was being felt, the real estate "bubble" burst, and market values for property declined dramatically. The result was an unprecedented decrease in the property tax base. Since World War II, the average annual increase in taxable value is about 5%. In the last three years, the Countywide taxable value has decreased 8.4%, 11.4%, and 9.7% with another 6% decrease anticipated in FY2012. Normally, some of this revenue decrease would be offset by the rest of the revenue mix such as sales taxes, state revenue sharing, and other miscellaneous revenues. Unfortunately, the general economy deteriorated to the point that virtually the entire mix of non-property tax revenues also declined substantially. The end result of all of these changes was a large negative impact to the County's revenues which have resulted in significant reductions across all of the County's funds.

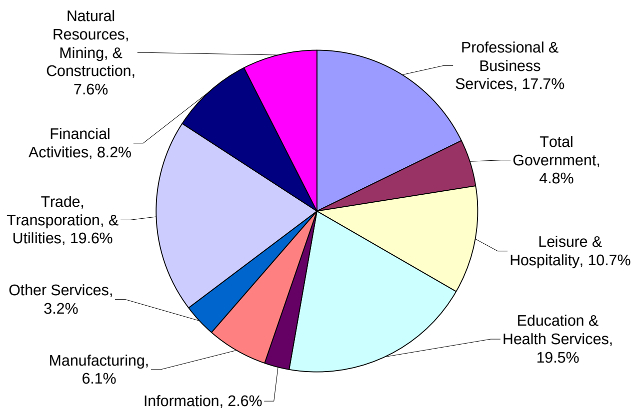
Impacts to the Pinellas County Budget

Over the last four years, the County has been faced with resizing the organization to fit the new fiscal reality stemming from legislative action, the bursting of the housing bubble, and the recession. Since FY2007, total positions have decreased 1,618 or 25%. Within that number, the BCC departments have decreased 985 positions or 35%, which yields the lowest position count since FY1985. The Constitutionals and Independents have decreased 633 positions or 17% which yields the lowest position count since FY1995. The total position count is currently the lowest since 1989. In the General Fund, the County's largest fund that funds most of its operations, property taxes (two-thirds of total revenues), are expected to decrease 35% or $152 million from FY2007 to FY2012.

ECONOMIC OVERVIEW

LOCAL OUTLOOK

Pinellas County is the 6th largest county in population (931,113) and is the most densely populated in the State. Pinellas County is mostly built out and expects limited population growth in the future. The County is the most popular tourist destination on the Gulf of Mexico, drawing 13 million tourists annually. The County is part of the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA) comprised of Hernando, Hillsborough, Pasco, and Pinellas counties. Below is a chart of Employment by Industry (2008 data) for Pinellas County.



Source: Florida Labor Market Statistics

Over the last four years, several of these areas have seen substantial decreases: Natural resources, mining, and construction decreased 42%; Manufacturing decreased 27%; Information decreased 18%; Professional & Business Services decreased 12%; Trade, Transportation, & Utilities decreased 12%; Financial Activities decreased 11%; Leisure and Hospitality decreased 9%, and Other Services decreased 7%. The only areas that have shown growth since 2007 is Education & Health Services which increased 10% and Total Government which increased 6%.

Unemployment

In prior years, the average unemployment rate in the Tampa-St. Petersburg-Clearwater MSA has been 3.5%-4.5%. The current unemployment rate as of November, 2010, is 12.4%. In the table below, local unemployment exceeds the average beginning in 2008 and is expected to crest in 2010 and remain above average at least through 2014.

Year	Unemployment Rate (MSA)
2005	3.9%
2006	3.4%
2007	4.2%
2008	6.6%
2009	11.0%
2010	12.3%
2011 (Est.)	11.8%
2012 (Est.)	10.7%
2013 (Est.)	9.4%
2014 (Est.)	8.3%

Source: UCF Institute for Economic Competitiveness
Florida & Metro Forecast, December, 2010

This means that even if the economy improves in the short-term, that unemployment will continue to be a factor for several years.

Tourism

Tourism is a key economic driver of the economy in Pinellas County and contributes direct and indirect visitor expenditures of $6.7 billion annually. Tourism is very sensitive to economic conditions because it is discretionary in nature. During FY2008 and FY2009 bed tax collections decreased markedly as the recession deepened. With the recovery taking hold at the national level, bed tax collections are expected to increase gradually over the next several years from 2.5% to 3.0% before returning to an average increase of approximately 3.5% a year. (See the Fund Review for the Tourist Development Council Fund section of this document).

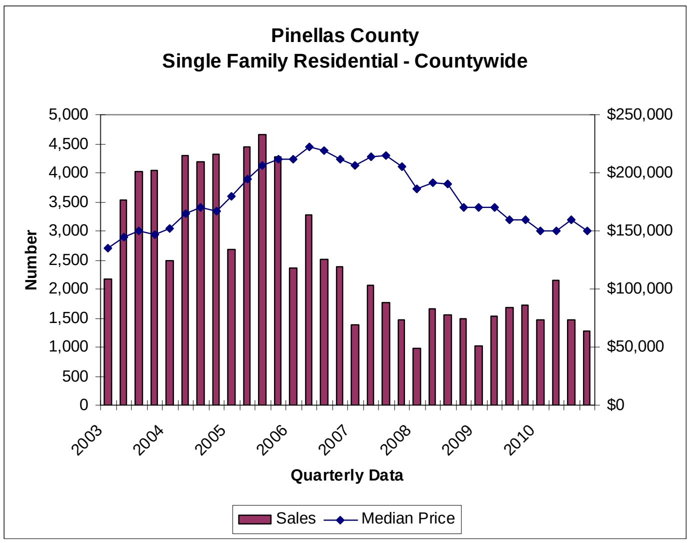
Real Estate

The real estate market in Pinellas County is struggling to recover from the bursting of the housing bubble. Pinellas, like the rest of Florida, experienced a dramatic rise in housing values for several years during the housing boom. Since the bubble burst, values countywide have declined by 8.4%, 11.4%, and 9.7% in the last three years and another 6% decrease is expected next year.

ECONOMIC OVERVIEW

Residential Real Estate

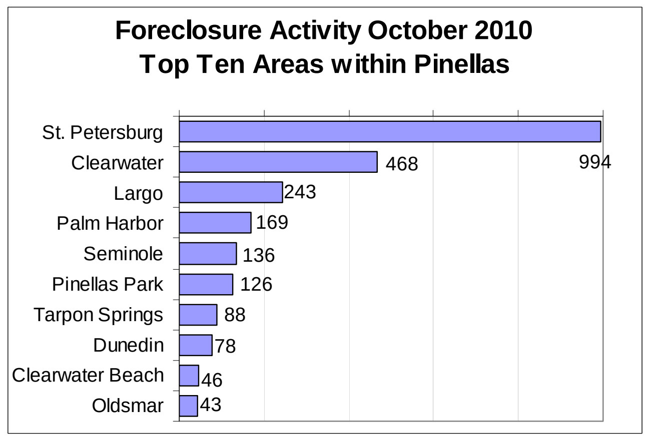
Over the last year, home sales in the Tampa Bay area have risen. However, almost half of all the sales are distressed sales involving foreclosed properties. Because distressed sales compose such a high proportion of the overall market, housing prices have decreased dramatically. The chart below shows that the median price in Pinellas County is currently at $150,000 which is 32% lower than the median price of $222,000 from 2006.



Source: Pinellas County Property Appraiser's Office

According to the Pinellas Realtor Organization, there has been a steady increase in pending contracts for the past six months. In November there were 15% more contracts written than a year ago. Bank-owned properties represent 56% of these contracts, an increase of over 87% from November 2009. In the condo market just over 50% of the contracts are for bank-owned properties, an increase of 92% from last year. Bank owned single family properties represent more than 60% of the contracts written, an 82% increase from a year ago. It is interesting to note that condos are selling for 85% of their list price, single family homes are selling at 80% of the list price, and 56% of all sales in Pinellas County are cash sales.

Foreclosures continue to hamper the recovery of the residential real estate market. In 2006, the monthly average of foreclosures was 308. In 2007, foreclosures doubled to 628 a month. From 2008 through 2009, foreclosures averaged almost 1,200 a month, which is approximately four times the normal average. Through November 2010, there has been some improvement as the average has decreased to 955 and trending downward. However, this trend may be skewed by a recent moratorium in the courts and stricter requirements for lender documentation.



Source: RealtyTrac.com

Recovery in the residential real estate market is dependent on the strength of housing in several feeder markets, notably the Midwest and the Northeast. As those markets recover over the next two years, potential retirees and job hunters can sell houses in their home markets and help the Pinellas housing market decrease its current high level of inventory.

Commercial Real Estate

Although the Tampa Bay office market continues to struggle with abnormally high vacancy and subdued tenant demand, overall vacancy rates have improved slightly in 2010 compared to 2009. Most of this improvement can be attributed to job growth, which posted a positive increase of nearly 7,300 new jobs from February through August 2010. As job growth continues and as corporate confidence strengthens,

demand is expected to continue to rise slowly in 2011 resulting in lower vacancy rates and stability in asking rental rates.

Summary of Local Outlook

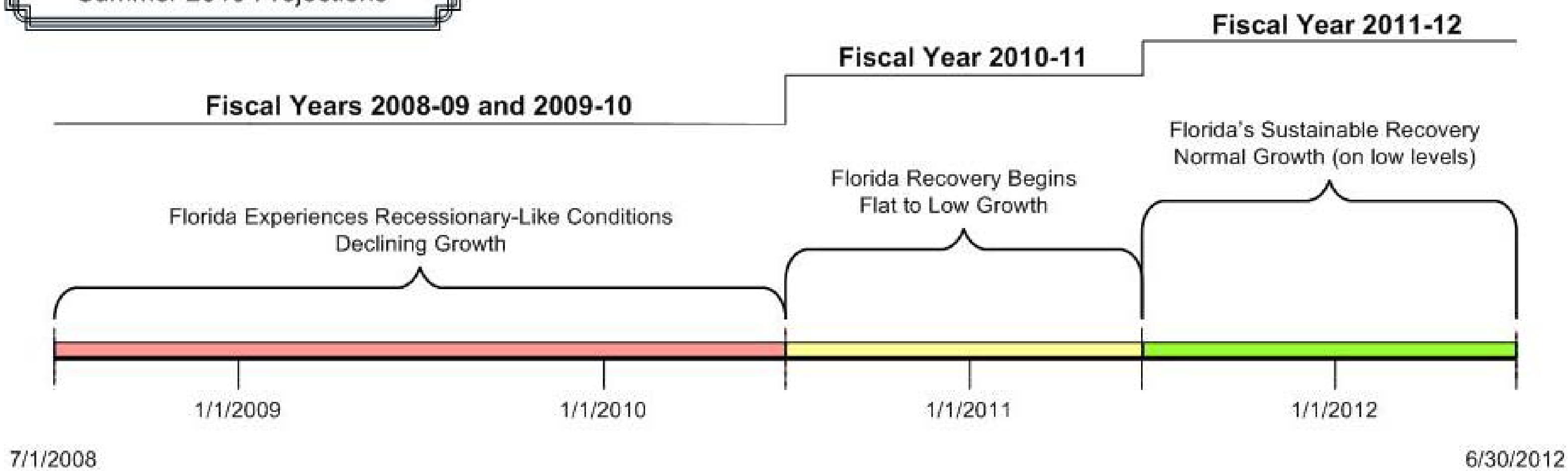
A good indicator of the local economy is the percentage change in Gross Metro Product for the metropolitan statistical area (MSA). The Tampa-St. Petersburg-Clearwater MSA economy hit bottom during 2009 and grew slightly by 2.3% in 2010. Another year of similar moderate growth of 2.4% is expected in 2011. From 2012 to 2014 the local economy is expected to recover to 4-5% growth as shown in the chart below.

Year	% Change in Gross Metro Product (MSA)
2004	5.4%
2005	6.9%
2006	3.7%
2007	-0.2%
2008	-1.5%
2009	-2.8%
2010	2.3%
2011 (Est.)	2.4%
2012 (Est.)	4.0%
2013 (Est.)	5.0%
2014 (Est.)	5.7%

Source: UCF Institute for Economic Competitiveness
Florida & Metro Forecast, December, 2010

In the short term, the local recovery will be hindered by double-digit unemployment, low prices and high inventory of residential property due to foreclosures, and slow improvement in the commercial real estate market.

Florida Recovery Timeline
Summer 2010 Projections



Fiscal Year 2009-10

National GDP has negative growth in 2008-09 and less than 1% growth in 2009-10.

National consumer spending has negative growth in 2008-09 and turns weakly positive in 2009-10.

National job growth sees decreases in both years.

National Wages & Salaries declines in both years.

Florida has negative population growth in both years.

Florida personal income declines in both years

Florida employment declines in both years

Florida unemployment rate moves into double-digits.

Florida housing starts decline in both years.

Florida Visitors decline in 2008-09 and turns weakly positive in 2009-10.

Fiscal Year 2010-11

National GDP has 3% growth.

Florida population has very low growth.

Florida personal income has weak growth.

Florida employment has weak growth.

Florida unemployment rate is only slightly off the peak.

Florida private housing starts enter positive territory.

Florida Visitors has weak growth.

Fiscal Year 2011-12

Most Florida measures return to normal or accelerated growth rates.

Florida population growth is still weak, but begins to slowly accelerate.

Florida unemployment rate improves slowly.

Source: Florida Legislature Office of Economic and Demographic Research

Key Assumptions

KEY ASSUMPTIONS

The *Key Assumptions* portion of the Budget Forecast: FY2012-2021 includes a discussion of the sources of information used to develop assumptions for revenues and expenditures:

- Assumptions and Forecasting
- Revenue Assumptions
- Expenditure Assumptions

Assumptions and Forecasting

In establishing revenue and expenditure assumptions, we have reviewed data and forecasts from a variety of economists and other sources, including the State of Florida's Revenue Estimating Conferences. The State utilizes a professional, nonpartisan consensus process involving the Legislature, the Governor's Office, and the State's Division of Economic and Demographic Research in developing national and state economic forecasts that are used in all planning and budgeting actions of the state. The County is not required to use this data, but it provides useful background information for projecting changes in revenues and expenditures. The current Conference projections end at FY2020. The projections are available on-line at
http://edr.state.fl.us/conferences.htm.

Revenue Assumptions

Property Taxes – General Fund, EMS Fund, and Fire Districts Fund

Ad valorem taxes, commonly called property taxes, are assessed on real property and on tangible personal (business) property. The tax rate is expressed in "mills". One mill is one dollar of taxes for each thousand dollars of taxable value. For example, a tax rate of 5.9 mills on a taxable value of $100,000 yields $590 in taxes.

Constitutional Limits

The Florida Constitution imposes a cap of 10 mills on the total of all Countywide ad valorem rates (which includes the General Fund countywide levy plus the levies for the Health Department and for Emergency Medical Services). A cap of 10 mills is also imposed on the combined total of all MSTU ad valorem rates (which includes the General Fund MSTU levy plus the levies for other dependent districts).

Timing of Valuations and Approval Process

The taxable values as of January 1st are established annually by the Property Appraiser and certified for budget purposes by July 1st. Final taxable values, following appeals and adjustments, are certified following the completion of the Value Adjustment Board (VAB) appeals process, which recently has been extending into February of the next calendar year.

Millage rates are approved annually by the Board of County Commissioners by resolution as part of the budget process. This process must follow the "Truth in Millage" (TRIM) law, including timing, advertisement, and conduct of public hearings.

Federal, state, county and municipal property is exempt from property taxes. Besides the Homestead and Save Our Homes Exemptions discussed in the Economic Overview section, various other exemptions may be available depending on the type of property.

Property taxes for FY2011 were levied based on taxable values as of January 1, 2010. This means that declining values during calendar year 2010 did not impact the FY2011 budget, but will have a major impact on FY2012.

Impact of Foreclosures

In determining the values as of January 1, 2011, which are the basis for FY2012

calculations, the Property Appraiser will factor in the impact of mortgage foreclosures. Foreclosures do not have a significant impact on current year collections of taxes levied because of the recovery mechanisms for delinquent taxes. If taxes are unpaid by June 1st, a Tax Certificate is offered for sale by the Tax Collector. The certificate is sold to an investor, and the County receives the equivalent of the taxes due. This recession has seen a dramatic increase in tax certificate sales.

Although they do not affect the percentage of property taxes collected during the fiscal year, foreclosures tend to depress market values of surrounding properties and this has a negative impact on the tax base. Along with the rest of the state, Pinellas County foreclosure filings increased significantly beginning in 2007 and were averaging about four times higher than the historical norm well into FY2010. Recent months show a decrease in foreclosure filings, partially due to nationwide disruptions in foreclosure proceedings following disclosure of irregularities in processing documentation by some banks. Industry analysts caution that filings are likely to rise again in the first half of calendar year 2011.

Pinellas County Foreclosure Case Filings
Comparison 2006-2010

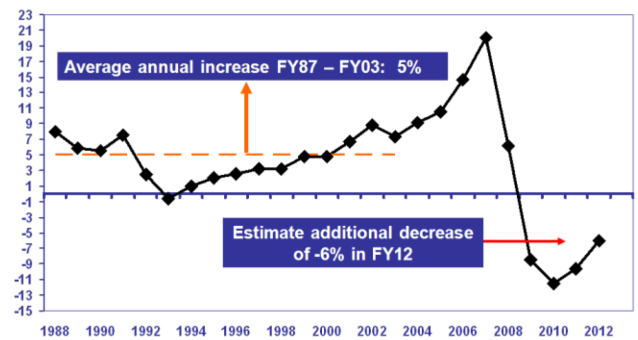
	2006	2007	2008	2009	2010
Jan	255	506	963	1,263	1,128
Feb	253	469	1,016	1,284	1,383
Mar	315	494	1,035	1,420	1,118
Apr	247	513	1,134	1,407	1,118
May	281	479	1,118	1,275	860
Jun	259	557	1,112	1,236	1,025
Jul	273	650	1,086	1,365	806
Aug	321	642	999	1,142	989
Sept	324	662	1,295	1,215	1,040
Oct	403	899	1,390	1,239	658
Nov	398	894	969	1,120	383
Dec	369	773	1,198	1,487	438
TOTAL	**3,698**	**7,538**	**13,315**	**15,453**	**10,946**

Source: Pinellas County Clerk of the Circuit Court

Taxable values

The taxable values for FY2011 were certified by the Property Appraiser on July 1, 2010. The county-wide value decreased by 9.6% compared to the FY2010 values. It was the fourth year in a row that the tax base declined. Prior to this the tax base only decreased once since World War II, a small -0.6% dip in FY1993.

Countywide Taxable Values Annual Rate of Change



The growth in homesteaded taxable value is subject to the caps imposed by the Save Our Homes amendment. This limits the annual growth in a property's taxable value to the growth in the Consumer Price Index (CPI) or 3%, whichever is lower. If the CPI index is negative, the allowable change in taxable values is also negative.

Save Our Homes Cap for Fiscal Year Based on Change in Consumer Price Index				
2002	**2003**	**2004**	**2005**	**2006**
3.0%	1.6%	2.4%	1.9%	3.0%
2007	**2008**	**2009**	**2010**	**2011**
3.0%	2.5%	3.0%	0.1%	2.7%

Source: Florida Department of Revenue

The factor used is the annual change in the CPI as of December each year. For example, the limit for FY2011 was the December, 2009 change percentage, +2.7%. The limit

for FY2012 will be the December, 2010 index, +1.5%, which was issued by the U.S. Bureau of Labor Statistics in January, 2011.

Property Taxes are normally one of the most reliable revenue sources available to local governments. As a result, most cities, counties, school districts, etc. rely on the stability of property taxes to build their budgets. Unfortunately, due to the combined result of mandatory legislative roll-backs, the passing of Amendment One, and a correction in the real estate market, taxable values have decreased dramatically resulting in a negative multi-year impact in property tax revenue.

Property Tax Revenue Caps

The revenue caps approved by the Legislature in 2007 require that beginning with FY2009, the maximum millage rate that can be approved by a simple majority vote of the Board of County Commissioners equals the prior year's maximum rolled-back rate adjusted for the change in per capita Florida personal income. A two-thirds vote of the Board may approve up to 110% of this maximum. Any higher millage rate requires a unanimous vote of the Board, or a referendum. The County may have some flexibility for increases in the short term because we did not levy the maximum millage in FY2009, FY2010, or FY2011.

Another aspect of the declining market values (and the "doubling" of the Homestead Exemption from $25,000 to $50,000) has been the erosion of the amount of value exempt from taxes due to Save Our Homes. Prices are now at the point where in some instances homesteaded residential market values have decreased below last year's taxable value. This means that rather than an increase due to the Save Our Homes recapture rule, some parcels previously covered by Save Our Homes will see decreases in their taxable value for FY2012.

Forecast Taxable Values

Our assumptions for the FY2012 taxable values are more conservative than those of the State Ad Valorem Revenue Estimating Conference, which projected an overall decline of 2.4% in taxable values. The forecast decrease of 6% in taxable values is based on our review of the median sales price data provided by the Property Appraiser and other local market information.

The December Ad Valorem Revenue Estimating Conference was less optimistic than the previous Conference in July. The July projection was an increase of 2.9% for Pinellas County and a statewide decrease of only -0.01% (compared to -1.45% statewide in December).

In FY2012, the forecast overall taxable value decrease of 6% in countywide taxable values reflects differing anticipated changes in the major components of the tax base. Within these categories, changes in individual properties may vary significantly due to many factors, including location (for example, beach vs. inland) or use (for example, hotel vs. retail).

	% Change in Value		Est. Tax Base $ Billion
	Just Value	Taxable Value	
Single Family Residential	-7.0%	-6.0%	$ 24.3B
Condominium Residential	-7.0%	-7.0%	$ 9.4B
Other Residential	-7.0%	-7.0%	$ 4.5B
Non-Residential			
Commercial & Industrial	-8.5%	-8.5%	$ 12.2B
Personal Property	0%	0%	$ 4.3B
New Construction			$ 0.2B
Total		**-6.0%**	**$ 54.9B**

The 8.5% decrease in non-residential taxable values recognizes the significance of vacancy rates in the commercial sector and the overbuilding of retail.

In the future, the growth in property tax revenues will be restrained by the caps put in place by the Legislature in 2007. The amount of new construction in Pinellas County will not provide the boost that other counties that are not essentially built-out will enjoy. For example, Orange and Hillsborough counties have large undeveloped areas that are available for major residential, commercial and industrial expansions. In FY2008, the new construction in Orange County essentially offset the mandated Legislative property tax rollback.

The assumption in the forecast is that taxable values will decline again for FY2012 and remain flat in FY2013 before returning in FY2014 to an annual growth rate of 4%, slightly less than the 5% average growth which occurred in the years before the real estate boom.

Change in Taxable Values - Countywide				
2012	**2013**	**2014**	**2015**	**2016**
-6.0%	0%	4.0%	4.0%	4.0%
2017	**2018**	**2019**	**2020**	**2021**
4.0%	4.0%	4.0%	4.0%	4.0%

The Countywide taxable value is the basis for determining the Countywide revenue in the General Fund. For the purposes of this forecast, the percentage change in taxable value for the Emergency Medical Service Fund and the Fire Districts Fund is assumed to be the same as the Countywide taxable value change. Because of differences in the composition of their tax base, individual fire districts would be expected to vary significantly from the overall change. The unincorporated area (MSTU) General Fund taxable value percentage change is assumed to vary slightly from the Countywide taxable value change. Other funds not included in this forecast that are dependent on property taxes are the Palm Harbor and Feather Sound Community Service District Funds, the Pinellas Public Library Cooperative Fund, and the Health Department Fund. With the exception of the Health Department, the percentage change in taxable value will differ from the Countywide change depending on the composition of the tax roll in each area.

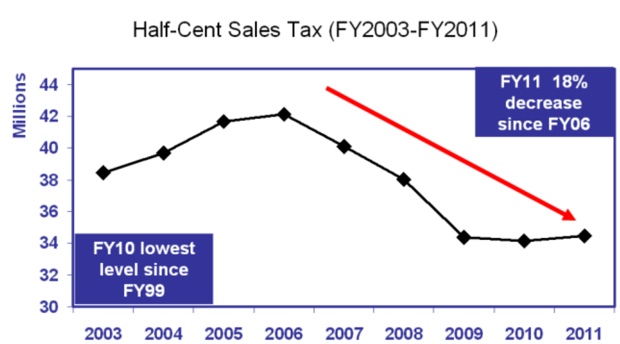
Sales Taxes – General Fund and Capital Projects Fund

Sales tax revenues are highly elastic, increasing and falling with the health of the overall economy. In addition to food and medicine, certain other purchases are exempted from sales tax by legislation. The County receives two types of sales taxes.

<u>Half-Cent Sales Tax</u>

This General Fund revenue is a portion of the State's six cent sales tax that is shared with counties and cities. First authorized in 1982, the program generates the largest amount of revenue for local governments among the state-shared revenue sources currently authorized by the Legislature.

Reflecting the recession, the revenue for FY2010 was the lowest in eleven years (since FY1999), but only slightly less than in FY2009. This indicates that sales tax revenues have stabilized, and FY2011 revenues are expected to begin slowly growing from this point as shown in the chart below.



KEY ASSUMPTIONS

For the State Shared Half-Cent Sales Tax, in FY2012 and later years, we anticipate a return to a growth mode, approaching historical patterns. A 3.0% growth rate is assumed for FY2012, followed by 3.5% annual growth for the FY2013-FY2021 forecast period. This projection is more conservative than the State General Revenue Estimating Conference, which anticipates a large FY2012 – FY2014 recovery "bump" of more than 6% per year. This statewide number reflects population growth that will not be a factor in Pinellas County. We believe that there will be a recovery boost, but the timing and extent is uncertain. Our forecast essentially reflects about 1.0% to 1.5% per year growth over the rate of price inflation. As a result, we are not anticipating a return to the FY2008 level of our Half-Cent Sales Tax revenues until FY2014.

Change in Half-Cent Sales Tax Revenue				
2012	**2013**	**2014**	**2015**	**2016**
3.0%	3.5%	3.5%	3.5%	3.5%
2017	**2018**	**2019**	**2020**	**2021**
3.5%	3.5%	3.5%	3.5%	3.5%

<u>Infrastructure Sales Tax (Penny for Pinellas)</u>
The revenue assumptions for the overall Penny sales tax are consistent with the Half-Cent sales tax. However, the growth rate in the Capital Projects Fund for the Penny sales tax is less at 2.6% growth in FY2012 and 3.0% to 3.1% growth from FY2013 to FY2021. This is because the Courts & Jail allocation is a fixed amount that does not grow over time resulting in a slightly smaller growth rate for the County's overall share of the Penny.

Communications Services Tax – General Fund
The Communications Services Tax, which is 2% of total General Fund revenues, is paid by unincorporated area residents and is dedicated entirely to providing services for them through the MSTU.

The CST legislation was enacted to restructure taxes on telecommunications, cable, direct-to-home satellite, and related services that existed prior to October 1, 2001. Previously, a county could impose franchise fees on telephone and cable television within its boundaries. Currently, for charter counties a local CST may be levied at a rate up to 5.1 percent, plus an add-on of up to 0.12 percent in lieu of imposing permit fees. The County has levied the maximum rate of 5.22% since January, 2003.

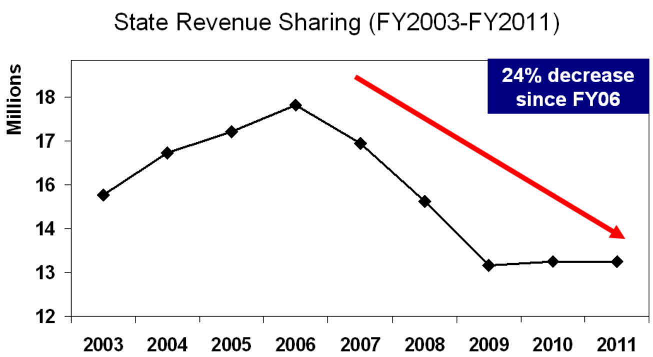
The Communications Services Tax has seen a decline due to the recession and to technological changes in the industry that have reduced the base of taxable services. The forecast projection uses the percentages developed by the State Gross Receipts Tax and CST Revenue Estimating Conference. The expectation is another year of declining revenues followed by a return to normal moderate growth patterns.

Change in Communications Services Tax Revenue				
2012	**2013**	**2014**	**2015**	**2016**
-0.3%	1.6%	2.0%	2.3%	2.5%
2017	**2018**	**2019**	**2020**	**2021**
2.5%	2.2%	2.1%	2.1%	2.1%

State Revenue Sharing - General Fund
State Revenue Sharing is primarily based on the State's sales tax revenue. The formula for Revenue Sharing is subject to adjustment by the Legislature.

This General Fund revenue source reflects a long-term decline due principally to legislative reductions in the formula, and similar to sales taxes, Revenue Sharing was been negatively impacted by the recession.

The revenue for FY2009 was the lowest in seventeen years (since FY1992).



For State Revenue Sharing, the forecast assumes that there will not be any changes to the sharing formula. We expect a return to the pattern of moderate growth in this revenue source that predated the economy's boom and bust cycle, and are assuming an annual increase of 2% through the forecast period.

Change in State Revenue Sharing Revenue				
2012	**2013**	**2014**	**2015**	**2016**
2.0%	2.0%	2.0%	2.0%	2.0%
2017	**2018**	**2019**	**2020**	**2021**
2.0%	2.0%	2.0%	2.0%	2.0%

Interest Earnings – All Funds

The County earns interest on fund balances. These funds are invested by the Clerk of the Circuit Court in accordance with the Board of County Commissioners' approved Investment Policy. All investment activity is conducted in accordance with Section 218.415, Florida Statutes, and Section 2-144 of the Pinellas County Code. The primary objective of the policy is the safety of County funds. The second objective is the provision of sufficient liquidity. The third objective, secondary to safety and liquidity, is to maximize the return on the investment portfolio while avoiding unreasonable investment risk.

Because of market conditions including record low interest rates, although investment performance in FY2010 exceeded established benchmarks, the actual interest earnings were below the relatively conservative projections assumed in the budgeting process. The forecast reflects this situation. The short term outlook is for continued minimal earnings. The long-term outlook (FY2013 and later) assumes annual earnings of approximately 2% on fund balances.

Other Revenues – All Funds

For other revenues, the forecast assumes flat to moderate growth which reflects the anticipated gradual economic recovery.

Change in Other Revenue (non-specific)				
2012	**2013**	**2014**	**2015**	**2016**
2.0%	2.0%	2.0%	2.0%	2.0%
2017	**2018**	**2019**	**2020**	**2021**
2.0%	2.0%	2.0%	2.0%	2.0%

<u>Other Fund-Specific Revenues</u>

Tourist Development Tax- TDC Fund

The revenue forecast for tourist development taxes assumes only a slight increase of 2.5% in FY2012 and FY2013 reflecting slight growth following the bottoming out of the economy. In the short term, collections should have a boost from publicity for the movie *A Dolphin Tale* which was filmed in Clearwater, the opening of the new Dali Museum in St. Petersburg, and the 2012 Republican National Convention in Tampa. Forecast percentages are on the conservative side of the range in modeling performed by the TDC's consultant Dr. Walter Klages. The following two years are expected to increase 3.0% as the recovery takes hold and then climb to 3.5% leveling out at the "new normal" through the rest of the forecast horizon.

KEY ASSUMPTIONS

Gas Taxes - Transportation Trust Fund
The County receives several types of gas tax, including State Shared Gas Taxes and Local Option Gas Taxes. These revenues are dedicated for transportation-related expenditures and are deposited in the Transportation Trust Fund. Revenue growth assumptions have been based on the State's Revenue Estimating Conference's forecast of gallons of motor fuel consumed annually in Florida. The State's annual average growth rate is 2.7%. These taxes are based on gallons consumed and not fuel prices. Pinellas County's built out condition, and the likelihood of future mandated vehicle fuel efficiency standards, leads to the forecast assuming no growth in these revenues. Although the County has the potential to levy an additional 1 to 5 cents in Local Option Gas taxes, there are no tax rate increases built into the forecast.

Ambulance User Fee Revenue – EMS Fund
Ambulance user fee revenues are primarily driven by patient demand (transport volume). The Average increase in transport volume in prior 10 years is 2.6%; ranging from -1.4% to 7.4%. The ambulance Retail Rate has not increased in 4 of the last 5 years. Revenues are estimated to increase by 2.0% during the forecast period to remain consistent with the average historical increase in transport volume.

Flight Operations Revenues – Airport Fund
Airfield/Flight Line revenue for FY2012 is based on the current level of carriers and passenger numbers. For FY2013 through FY2021, an increase of 2% is forecast. The forecast is conservative, as no new carriers or agreement renewals have been included. Flight Line Leases are projected at a conservative 2% growth rate over the forecast period.

Airport Rental Revenues – Airport Fund
Rent/Surplus/Refunds revenue for FY2012 is based on current leases/agreements through the termination of these lease agreements. In FY2013 through FY2021, an increase of 2% is forecasted.

AIRCO Golf Course - Airport Fund
The forecast assumes that the AIRCO golf course will close in FY2012 unless round play increases significantly. Golf course expenditures and revenues will cease except for approximately $60,000 cost for maintaining (mowing) the area. No revenues from commercial or industrial development of the golf course acreage are projected in the forecast until FY2015. New property development will depend on factors such as site restrictions and economic conditions.

Water Revenues – Utilities Water Funds
The volume of water purchased has declined 19% from FY2006 to FY2010. The amount of water purchased is affected by economic conditions, housing and commercial vacancies, and levels of conservation.

The Water revenue forecast assumes only a 0.25% to 0.75% annual increase in retail water demand over the forecast period due to the expected slow growth in the economy. The wholesale water demand reflects a steep 64% decline in demand through FY2014, due to the projected loss of sales to three cities (Clearwater, Tarpon Springs, and Oldsmar), as they develop their own water resources.

Sewer Revenues – Utilities Sewer Funds
The volume of waste processed has declined 7.5% from FY2006 to FY2010. The amount of sewage processed is affected by economic conditions, housing and commercial vacancies, and levels of water conservation.

The Sewer revenue forecast assumes only a 0.25% annual increase in retail and wholesale sewer demand due to the expected slow growth in the economy. The revenue forecast assumes a 0.25% annual

increase in retail reclaimed water sales, but a 2% annual increase in wholesale reclaimed sales, as the demand for more small cities to provide reclaimed water continues.

Solid Waste Revenues – Utilities Solid Waste Funds
Tipping fees for the Solid Waste facility are not anticipated to increase during the forecast period. Revenues are expected to grow about 0.5% annually.

The contract for electricity sales to Progress Energy contains annual escalations in revenue. The contract expires in 2024.

Expenditure Assumptions

In developing the requirements for departments and agencies to carry out their responsibilities, certain assumptions are common to the categories of Personal Services, Operating Expenses, and Capital Outlay.

Personal Services – Salaries – All Funds
The cost of Personal Services (salaries and benefits) is generally the single largest category of expense. Prior to FY2009, the range of salary merit adjustments generally varied from 0 to as high as 7%. No merit pay increases have been granted to County employees in recent years.

No salary adjustments are included in the forecast for FY2012. In future years, moderate pay for performance merit increases are expected to resume in order to maintain a compensation structure that can attract and retain quality employees. No automatic cost of living increases are anticipated in the forecast.

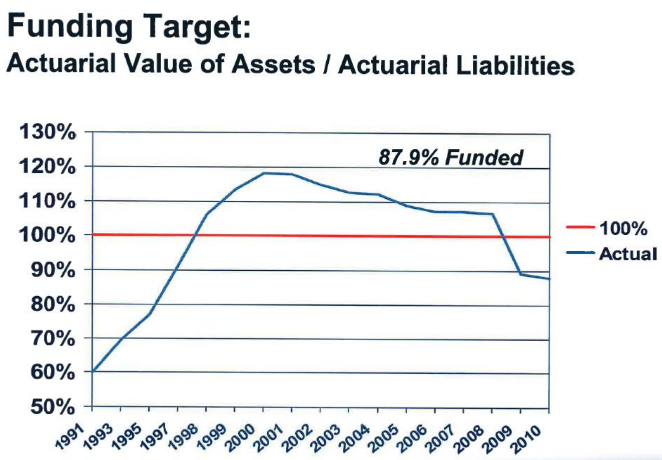
Change in Salaries (Merit Increases – Net)				
2012	**2013**	**2014**	**2015**	**2016**
0.0%	0.0%	2.5%	2.5%	2.5%
2017	**2018**	**2019**	**2020**	**2021**
2.5%	2.5%	2.5%	2.5%	2.5%

Personal Services – Employee Benefits – All Funds
The County is responsible for employer contributions to Social Security (FICA), the Florida Retirement System (FRS) State pension fund, and to support various other benefits such as health and life insurance, short term disability, workers compensation, and unemployment compensation. The two key drivers for employee benefits are the County's share of pensions and health insurance costs.

<u>Florida Retirement System (FRS)</u>
The County is required to participate in the Florida Retirement System (FRS), a State public pension plan. From 1998 to 2008, FRS had been one of the few state systems that had an actuarial surplus. This lowered the required contributions set by the Legislature that are based on an employee's salary and benefit category (public safety employees have higher benefits).

As with most other pension systems, the financial system crisis in the fall of 2008 had a significant effect on the value of FRS investments.

KEY ASSUMPTIONS



Source: Milliman presentation to FRS Actuarial Assumptions Estimating Conference, October 4, 2010

Although the impact is tempered by the method used by actuaries to determine rates over a long period of time, it is very likely that there will be increases in the FRS contribution requirements over the next several fiscal years.

Due to the reduced value of the State's pension fund investments, we are assuming continued increases in the FRS contribution requirements. The forecast assumes that the State will address the unfunded liability over the next two years, after which the rates should stabilize.

Change in FRS Pension Contribution Rates*				
2012	**2013**	**2014**	**2015**	**2016**
13.4%	11.8%	0.0%	0.0%	0.0%
2017	**2018**	**2019**	**2020**	**2021**
0.0%	0.0%	0.0%	0.0%	0.0%
* From 2014-2021, rates are assumed to stay constant, but dollar contributions rise at the same rate as salary growth.				

Health Insurance

Health insurance costs for the County have followed the national trend and outpaced inflation in recent years. These increases have been mitigated by the County's aggressive cost containment measures including the renegotiation of pharmacy and health contracts, the creation of a medication management program, and the introduction of a fully insured Medicare Advantage Group plan for Medicare-eligible retirees.

The forecast assumes that the County's aggressive health insurance cost containment measures will continue. Health insurance costs are also affected by changes in the workforce. As the number of active employees decreases due to budget reductions, and the number of retirees in the health plan increases, costs are spread over a smaller base. In recent years the ratio of active employees to retirees has changed, from 3 actives for every retiree to 2 actives for every retiree, while costs per position have increased. The result is that County employer contributions per active position have increased at a higher rate than cost inflation. This trend is expected to continue.

The Affordable Health Care Act passed in 2010 on the national level to restructure and contain health insurance costs could have a significant impact, but the forecast does not assume any changes in the current situation. A 15% increase in the County's Health Insurance contribution is anticipated for FY2012 due to recent claims trends.

Change in Health Insurance Contributions				
2012	**2013**	**2014**	**2015**	**2016**
15.0%	10.0%	10.0%	10.0%	10.0%
2017	**2018**	**2019**	**2020**	**2021**
10.0%	10.0%	10.0%	10.0%	10.0%

The combined result of the forecast changes in salaries and benefits results in the following overall change to Personal Services costs.

Change in Personal Services Expenditures (Net Total Salary and Benefit Changes)				
2012	**2013**	**2014**	**2015**	**2016**
3.2%	2.4%	3.6%	3.7%	3.7%
2017	**2018**	**2019**	**2020**	**2021**
3.7%	3.7%	3.7%	3.7%	3.7%

The percentages in the General Fund differ slightly from other funds due to projected Unemployment Compensation costs, which peaked at $1.2M in FY2010 due to Reductions in Force (RIFs) and are expected to decline over the next several years. Unemployment Compensation for all County operations is billed by the State to the General Fund.

Operating Expenses and Capital Outlay- All Funds

The cost of services, commodities, and equipment (Operating Expenses and Capital Outlay) are driven by inflation. Many costs will track close to the Consumer Price Index (CPI), but fuel, chemicals, and construction materials often exceed that pace.

The difference between inflation as measured in the CPI and the cost pressure on local governments is illustrated by the Municipal Cost Index (MCI) developed by American City & County. The MCI draws on the CPI, the Producer Price Index (PPI), the Construction Cost Index (CCI), monthly statistical data collected by the U.S. Departments of Commerce and Labor, and independently compiled data to project a composite cost picture that more accurately reflects inflationary impacts on counties and cities. The higher inflation pressure on local governments is reflected in the most recent report issued by American City and County. Compared to the same period last year, the Municipal Cost Index increased 3.8%, as opposed to the 1.2% increase in the CPI.

The forecast assumes that the cost of services, commodities, grants and aids, and equipment will generally track the CPI increases developed by the State in their consensus Revenue Estimating Conference.

Change in Other Non-Personnel Expenditures (CPI)				
2012	**2013**	**2014**	**2015**	**2016**
1.7%	2.0%	2.1%	2.2%	2.2%
2017	**2018**	**2019**	**2020**	**2021**
2.1%	2.1%	2.1%	1.9%	2.0%

However, certain expenses such as fuel, electricity, and state-mandated Medicaid charges have cost growth factors differing somewhat from the basic CPI.

Fuel - All Funds with Fleet Equipment

Fuel costs are dependent on the amount of fuel purchased as well as the price of fuel. The County has reduced the size of the fleet and increased fuel efficiency. As a result, gallons purchased have declined (from 1.36M in FY2008 to 1.14M in FY2010). In FY2011, fuel consumption is anticipated to further decline to 1.08M gallons based on preliminary data. FY2012 fuel consumption may decrease to some extent due to potential budget reductions.

Future fuel efficiency gains are unlikely due to the composition of the fleet. Only 51 of 1,750 units are cars (less than 3%). The bulk of the fleet is heavy equipment. These units usually achieve only 8 to 10 miles per gallon because of idling time (for power take off units) and the gear ratio needed to haul heavy loads. There are no federally mandated fuel economy standards for heavy trucks and equipment.

The FY2011 Budget was based on a price of $2.46/gallon; the price in December, 2010 was about $2.67/gallon. Prices are expected to rise throughout the forecast period. Market conditions and unforeseen

events can have a significant impact on the price of fuel.

Change in Fuel Costs				
2012	**2013**	**2014**	**2015**	**2016**
6.0%	5.0%	4.0%	4.0%	4.0%
2017	**2018**	**2019**	**2020**	**2021**
3.0%	2.0%	2.0%	2.0%	2.0%

Fleet Replacement - All Funds with Fleet Equipment

Some departments may see an increase in fleet replacement costs in the FY2012 budget as units are replaced that are not currently paying into the Fleet fund due to deferral of purchases and life cycle extensions.

Electricity - General Fund and Utilities Funds

The County's office facilities are generally charged a commercial rate for electricity by Progress Energy. Historically these rates have averaged annual increases of 5%. The Utilities facilities are mainly charged an industrial price by Progress Energy and TECO. Historically these rates have risen at an annual average of 7%.

The Real Estate Management and Utilities departments have both taken steps to decrease annual cost increases by implementing energy reduction measures directed at reducing energy consumption.

The forecast assumes flat percentage increases in electricity costs based on the historical averages.

Change in Electricity Costs - Commercial				
2012	**2013**	**2014**	**2015**	**2016**
5.0%	5.0%	5.0%	5.0%	5.0%
2017	**2018**	**2019**	**2020**	**2021**
5.0%	5.0%	5.0%	5.0%	5.0%

Change in Electricity Costs - Industrial				
2012	**2013**	**2014**	**2015**	**2016**
7.0%	7.0%	7.0%	7.0%	7.0%
2017	**2018**	**2019**	**2020**	**2021**
7.0%	7.0%	7.0%	7.0%	7.0%

Other Post Employment Benefits (OPEB) – All Funds

During FY2010, County actuarial consultants computed the County's net Annual Required Contribution (ARC) for Other Post Employment Benefits (OPEB) consistent with Government Accounting Standards Board directives to be $25.6M for Unified Personnel System (UPS) employees and $22.8M for Sheriff's Office employees.

The FY2011 Budget includes a transfer of $2M from the General Fund to the Employee Benefits Fund for a partial contribution to the annual OPEB ARC for both UPS and Sheriff's Office employees. In previous years, the County set aside a cumulative total of $25M for OPEB. Other local governments in Florida with an OPEB liability are also partially funding those obligations as budgets allow.

Effective January 1, 2011, new hires will not receive an explicit OPEB subsidy upon retirement and new retirees covered by Medicare must enroll in the less costly Medicare Advantage plan option. These actions will help better quantify the OPEB liability in the next OPEB valuation actuarial study.

The forecast assumes that OPEB funding in the General Fund will continue at the current level of $2M per year pending the results of the next OPEB valuation which will be available in 2012.

KEY ASSUMPTIONS

Other Fund-Specific Expenditures

Medicaid – General Fund

The County is billed by the State for Medicaid. The County reviews the bills for patients that are not County residents and rejects paying bills for non-county residents. The County pays the State for in-patient hospital care for days 11 through 45. The days do not have to be consecutive. Because patient says less than 11 days or more than 45 days are not paid by the County, there is not a strong correlation between the County's Medicaid bill and an increase in unemployment from the recession.

The average annual cost of Medicaid since FY2003 is $9.0M. The forecast assumes continued growth of these expenditures as health care costs increase and the State seeks to shift costs to the counties.

Projected Medicaid Costs - $ millions				
2012	**2013**	**2014**	**2015**	**2016**
$10.0M	$10.0M	$10.0M	$11.0M	$11.0M
2017	**2018**	**2019**	**2020**	**2021**
$11.0M	$11.0M	$12.0M	$12.0M	$12.0M

First Responder Expenditures – EMS Fund

First Responder ***e***xpenditures are primarily driven by First Responder personnel costs (80%). Historically, First Responder expenditures were based through contract on a municipal cost index, but currently are based on First Responder budgets. First Responder contractual expenditures are estimated to increase at 5% through the forecast period.

Ambulance Contract Expenditures – EMS Fund

Ambulance contract expenditures can fluctuate according to a blended CPI (60% medical CPI and 40% transportation index of CPI). The contract calls for minimum increase of 3% and a maximum of 5.5%.Contractual payments to the ambulance contractor are assumed to increase by 4.5% through the forecast period.

Purchase of Water - Utilities Water Funds

A major expense to the Water System is the purchase of water. Tampa Bay Water provides a six-year schedule of anticipated rate increases. An annual rate increase of 1% per year is assumed for the remainder of the forecast period. The actual cost in dollars will be dependent on the amount of water purchased. The Tampa Bay Water reservoir will be offline for two years beginning in 2012, which may result in increased water supply costs for one or two years.

Change in Rate -Cost of Water Purchased from Tampa Bay Water				
2012	**2013**	**2014**	**2015**	**2016**
3.0%	1.3%	3.8%	1.0%	1.0%
2017	**2018**	**2019**	**2020**	**2021**
1.0%	1.0%	1.0%	1.0%	1.0%

Chemicals - Utilities Water and Sewer Funds

The increase in the cost of chemicals for Water and Sewer operations has been historically around 7% annually. The forecast projects this trend to continue.

Change in Cost of Chemicals for Utilities				
2012	**2013**	**2014**	**2015**	**2016**
7.0%	7.0%	7.0%	7.0%	7.0%
2017	**2018**	**2019**	**2020**	**2021**
7.0%	7.0%	7.0%	7.0%	7.0%

Capital Outlay - Utilities Water and Sewer Funds

The Water and Sewer capital outlay forecasts reflect the construction and purchase needs as estimated by the Pinellas County Utilities engineering department. The Water forecast does not include any future costs of a water blending facility.

KEY ASSUMPTIONS

The Sewer forecast does not include any capital expenditures from bond proceeds.

Solid Waste Expenditures – Utilities Solid Waste Funds

Solid Waste operating expenditures are projected to generally follow overall inflationary trends except for the projected start-up of recycling programs in FY2012. The Solid Waste capital outlay forecast reflects the construction and purchase needs as estimated by the consulting engineering services report by Camp, Dresser & McKee, Inc. There is a large capital need forecasted for FY2017 and FY2018 to install additional air pollution measures, in anticipation of tighter regulatory requirements.

Fund Forecasts

FUND FORECASTS

The *Fund Forecasts* portion of the Budget Forecast: FY2012-2021 includes ten-year forecasts for ten of the County's major funds:

- General Fund
- Tourist Development Fund
- Transportation Trust Fund
- Capital Projects Fund
- Emergency Medical Services Fund
- Fire Districts Fund
- Airport Fund
- Utilities Water Funds
- Utilities Sewer Funds
- Utilities Solid Waste Funds

Sections in Each Fund Forecast

Each fund forecast includes the following sections:

- **Summary:** Provides an at-a-glance summary of the ten-year forecast. These results are also summarized in the Executive Summary.
- **Description:** Provides information concerning the fund such as: fund type, legal authority, authorized uses of proceeds, etc.
- **Revenues**: Provides a high level overview of the major revenues in the fund
- **Expenditures**: Provides a high level overview of the major expenditures in the fund
- **Ten Year Forecast**: Includes key assumptions in the forecast, a chart of the ten-year forecast, and key results interpreted from the forecast chart
- **Potential Risks:** Includes key factors that affect assumptions in the forecast over the forecast horizon
- **Balancing Strategies**: Includes potential revenue and expenditure options for balancing the funds

Additional Information

The fund forecasts in this section are intended to be high level, user-friendly summaries of the results of the ten-year forecast for each fund.

For more detailed information, please see the *Key Assumptions* and *Pro-Formas* portion of this document.

GENERAL FUND

Summary

The General Fund encompasses the principal governmental activities of the County, that is, those that are not primarily supported by dedicated revenues or by user fees. The four main revenue sources for the General Fund are Property Taxes, State Shared Half-Cent Sales Taxes, State Revenue Sharing, and Communications Services Taxes.

The forecast for the General Fund shows that the fund is not balanced beginning in FY2012 primarily due to the anticipated 6% decrease in taxable property values. There is a structural imbalance in FY2012 between the General Fund's recurring revenues and recurring expenditures of $21.5M. The projected shortfall is anticipated to increase by an additional $9M in FY2013 due to the anticipated 0% growth in taxable property values. Balancing strategies for FY2012 include making 6% worth of reductions against the adjusted base budget or increasing revenues to offset some or all of the decrease in property taxes.

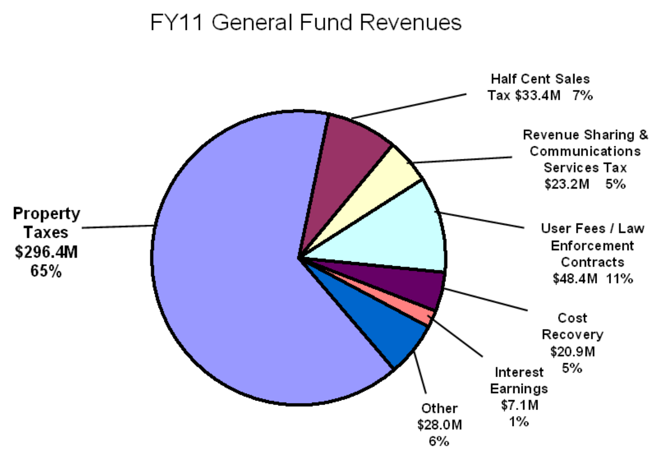
Description

The General Fund includes the primary governmental functions of the County that are not completely supported by dedicated resources. These activities include, but are not limited to: Sheriff's law enforcement, detention, and corrections; health and human services; emergency management and communications; parks and leisure services; and the operations of the Property Appraiser, Tax Collector, and Supervisor of Elections.

The General Fund includes operations for both county-wide functions and the unincorporated area. These segments are tracked separately within the fund. The unincorporated area is commonly referred to as the MSTU (Municipal Services Taxing Unit). MSTU expenditures are about 10% of the total (net of reserves).

Revenues

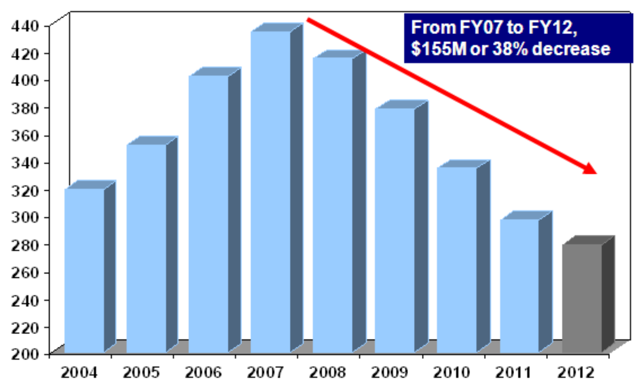
Property Taxes are the single largest source of General Fund revenues, accounting for almost two-thirds of the total. The four primary funding sources for the General Fund (Property Taxes, State Shared Half-Cent Sales Taxes, State Revenue Sharing, and Communications Services Taxes) comprise about 77% of the revenue. The remaining 23% is derived from a variety of resources, including User Fees, Grants, Interest, and Cost Recovery from other County funds.



Property Taxes

The decline in property tax revenue from FY2008 to FY2011 will exceed the increases that occurred from FY2004 though FY2007. The additional revenue resulting from the run-up in values from 2003 through 2006 is no longer available, and the FY2011 budgeted revenue is less than the FY2004 revenue. The combined General Fund property taxes for countywide and MSTU are expected to generate $296.4M in FY2011. From FY2007 to FY2012 property tax revenue is estimated to decrease $155M or 38%.

General Fund Property Tax Revenue (FY04-FY12) in millions



Note: FY12 amount is based on preliminary estimate of -6%

The negative impact from reduced property tax revenue is generally less pronounced for the municipalities in Pinellas County. Their General Fund revenue mix usually reflects other revenues such as franchise fees and utility taxes that can help mitigate the impact of a reduction in property tax revenue.

Sales Taxes

The second largest General Fund revenue source is the State Shared Half-Cent Sales Tax, which is 7% of total General Fund revenues. Estimated Sales Tax revenues for FY2011 are 16% under the peak year of FY2006. This tax is expected to generate $34.5M in FY2011.

State Revenue Sharing

The third major General Fund source, State Revenue Sharing, which is 3% of total General Fund revenues, is also primarily based on the State's sales tax revenue. This source is expected to generate $13.5M in FY2011. The State's estimate for FY2012 will not be known until June or July 2011, after the approval of the State budget for their fiscal year which begins July 1st.

Communications Services Taxes

The fourth major revenue in the General Fund is the Communications Services Tax (CST). The CST is expected to generate $10.9M in FY2011, down from a peak of $13.8M in FY2007. Pinellas County's revenue reflects the statewide trend for this source, which has experienced continued erosion due to heightened competition in the wireless market and reduced consumer spending in response to the recession.

Other Revenues

Lesser revenue sources include User Fees, Sheriff's Law Enforcement Contracts, Cost Recovery from other funds, Interest Earnings, and various other sources including Federal and State grants. In general these revenues have decreased as a result of the recession, but are mostly expected to resume moderate growth in future years.

Expenditures

The General Fund includes the primary governmental functions of the County that are not completely supported by dedicated resources. These activities include, but are not limited to: Sheriff's law enforcement, detention, and corrections; support of the Court system, including facilities and technology; health and human services; environmental management; emergency management and communications; parks and leisure services; general administration; and the operations of the Property Appraiser, Tax Collector, and Supervisor of Elections.

The budgeted expenditures in the General Fund total $485.9M (net of reserves) and can be summarized in four groups: the Board of County Commissioners, the Sheriff, Other Constitutional Officers, and Independent Agencies.

Board of County Commissioners

This grouping of departments includes the departments under the County Administrator as well as the County Attorney's Office and the Board of County Commissioners (BCC). They are $208.1M of total FY2011 General Fund expenditures (excluding reserves).

Some of the major BCC programs include: social services; matching funds for Medicaid; building operations and maintenance (including the courts, jail, and Sheriff's headquarters); parks maintenance; environmental protection; environmental preserves; cultural affairs; emergency management; animal shelter; rabies control; economic development; consumer services; veteran's services; the county extension service; Florida Botanical Gardens; Heritage Village; public information; the County cable television station; planning; budget; purchasing; and State-mandated support of juvenile detention.

Over the past several years, this department group has declined as a percentage of the total General Fund budget due to program reductions, reorganizations, and new operating efficiencies.

General Fund expenditure reductions from FY2007 to FY2011 budget

Agency	$	%
BCC Departments	($93.2M)	36.2%
Sheriff	($58.3M)	21.5%
Other Constitutional Officers	($14.4M)	26.1%
Independent Agencies	($7.9M)	32.5%

Note:
• Comparisons are between FY2007 and FY2011 budget except the Sheriff (FY2008 and FY2011)

Sheriff

The Sheriff is an independently elected Constitutional Officer. The Sheriff's budget is $220.5M of total FY2011 General Fund expenditures (excluding reserves). Detention and Corrections programs comprise 52% of this total. The Sheriff also provides support to the Court System and provides Law Enforcement services to both the unincorporated area (MSTU) and by contract to 12 municipalities. The Sheriff's adopted budget is often supplemented during the year by grants from Federal and State agencies such as the U.S. Department of Justice and the Florida Department of Law Enforcement.

Other Constitutional Officers

These agencies, which are headed by independently elected officials, comprise $40.9M of total FY2011 General Fund expenditures (excluding reserves). In most cases, the General Fund only reflects part of the total agency budgets.

The Tax Collector and Property Appraiser's budgets are determined by statutory formulas and are approved by the State Department of Revenue. Only about 85% of the Tax Collector and Property Appraiser total budgets are included in General Fund expenditures. The remainder is supported by other funds and by revenue sources that are specific to certain functions. An example of the latter is the processing of driver's licenses, which receives some state support but not enough to cover the Tax Collector's cost of providing the service.

The Clerk of the Circuit Court has two separate budgets for activities in support of the Board of County Commissioners and for support of the Court system. The latter is fee supported and is not included in the County's budget; it is funded and approved by the State. The Board-related functions comprise about 27% of the Clerk's total budget.

The budget for the Supervisor of Elections experiences annual fluctuations which result from the varying number and scope of elections in a given year. The Supervisor is responsible for preparing and conducting all Federal, State, County, and Municipal elections within the County. The Supervisor's budget fluctuates from year to year depending on the number of elections to be conducted.

Independent Agencies

These agencies are $16.4M, or 4%, of total FY2011 General Fund expenditures (excluding reserves). They include the

County's support for the Judiciary, the State Attorney, the Public Defender, the Criminal Justice Information System (CJIS), the Medical Examiner, the Office of Human Rights, and Human Resources.

Court Support

Much of the County's court support is driven by statutory mandates and Article V of the State Constitution that require the County to fund certain technology expenses, programs, and facilities. Only about 13% of the Judiciary's total budget, 6% of the Public Defender's budget, and 1% of the State Attorney's budget are funded by Pinellas County. This funding includes some local programs over and above the mandated requirements, such as Teen Court, Drug Court, and the Public Defender's Jail Diversion efforts. The Sixth Judicial Circuit encompasses both Pinellas and Pasco counties. Pasco County provides funding for similar functions at a lower level due to its relative size. The balance of these agency budgets are funded by the State.

Other Agencies

The Medical Examiner also serves the entire Sixth Judicial Circuit, and therefore is supported by both Pinellas and Pasco Counties. The Medical Examiner is not a government employee, but provides forensic investigative and laboratory services to the County by contract.

Two other agencies receive General Fund support. The Office of Human Rights provides County citizens protection from employment and housing discrimination and also acts as the County's internal affirmative action agency. The Human Resources department manages the Unified Personnel System (UPS) which provides centralized personnel services for the BCC and most of the other County elected officials and independent agencies. The major exception is the Sheriff, who operates a separate personnel system.

Proportional Share of the Budget

The budget figures in the previous paragraphs represent total budgeted expenditures, but these figures must be adjusted to give an accurate picture of the true proportional share of the discretionary budget represented by each agency.

For example, in developing targets for the FY2011 budget reductions, an adjusted base budget was calculated. Besides excluding reserves, this took into account non-recurring and mandated expenses as well as those supported by non-property tax revenues generated by the agencies' operations. The adjusted base represented the part of the budget that could be reduced in order to achieve balance.

Calculation of the FY2010 Adjusted Base Budget

FY2010 General Fund Budget	$611.4M
less Reserves	$94.1M
less Non-recurring expenditures	$21.9M
less Non-property tax revenues	$66.3M
less Cost allocation charges	$10.5M
less Article V and other mandates	$22.6M
Adjusted Base Budget	$396.0M

Following this calculation, the agencies' share of this adjusted base was calculated to arrive at the proportionate share of the budget reductions needed.

Distribution of the FY2010 Adjusted Base Budget

	Adj. Base Budget $	% of Base
BCC Departments	$141.7M	36%
Constitutionals & Independents	$254.3M	64%
Total	$396.0M	

As noted above, FY2011 reductions have further reduced the BCC departments' proportional share of the discretionary budget below this level.

Types of Expenditures

In addition to the breakout of organizational responsibilities, another way of looking at General Fund requirements is to consider the types of expenditure required for those organizations to carry out their responsibilities. Personal Services, Operating Expenses, and Capital Outlay in the General Fund are similar to those in other County funds. Several of the other expenditure categories merit additional discussion: Grants & Aids, Debt Service and Transfers.

<u>Grants and Aids</u>

The Grants and Aids expenditure category includes several types of funding provided by the County to other entities, such as financial assistance for low income residents and support of community non-profit social action agencies.

Grants and Aids also include Tax Increment Financing (TIF) payments to cities for community redevelopment areas (CRAs). Nine cities within the county have established a total of twelve CRAs. The County is required by interlocal agreements to contribute funds annually based on formulas that reflect the amount of growth in taxable values compared to a specified base year. In FY11, the County will contribute a total of $6.7M in TIF payments to the cities.

<u>Debt Service</u>

Unlike many other local governments, Pinellas County has no outstanding bond issues which are supported by a pledge of property taxes or other general revenue. The only budgeted expenses for Debt Service (principal and interest payments) are for lease/purchase agreements and short term cash flow needs.

<u>Transfers</u>

Transfers between funds may be ongoing or non-recurring in nature. For example, an ongoing transfer to the Employee Health Benefits Fund is budgeted to address unfunded liabilities for Other Post Employment Benefits (OPEB).

Non-Recurring Expenditures

At the end of each fiscal year, non-recurring funds may be realized as additional fund balance resulting from revenue in excess of expenditures in a given fund. The FY2011 Budget allocates non-recurring funds for a variety of projects. Many of these projects will yield recurring savings in future years. The amount of non-recurring or one-time funds can vary significantly from year to year. As stated in the County's budget policies, non-recurring funds should be applied to increase reserves or used for one-time purposes only. They should not be used to fund ongoing programs.

Projects are selected based on criteria such as return on investment, cost avoidance, recurring savings to the operating budget, and organizational impact. The projects receiving non-recurring project allocations in the FY2011 Budget include:

- Justice Consolidated Case Management System (CCMS) project ($4.0M)
- Oracle Projects Unified Solution (OPUS) project ($2.2M)
- Facilities Energy & Conservation projects ($1.9M)
- Homeless Initiatives ($1.0M)
- Centralized Chiller Facility ($3.0M)
- Working Capital for Cultural Affairs and STARS program ($600K)
- Business Technology Services Customer Support Automation ($400K)

Non-recurring funds may be budgeted in Transfers or may be included in the other expenditure categories.

Reserves

Reserves are not expenditures, but they are included in the budgeted total requirements for the fund. In order to be expended, the BCC must take formal action reappropriating these funds.

Maintaining adequate reserves is key to the County's ability to deal with potential emergencies and unforeseen events such as fuel price increases, unanticipated dips in revenues or a natural disaster. This is even more important in view of our geographic location on the Florida Gulf Coast. We need to have the ability to maintain critical public safety, transportation, and other services during and after hurricanes and other severe storms. We need the resources to provide these services immediately and not rely on Federal funding, which is often made available as reimbursements and received months or years after the event. Also, federal (FEMA) reimbursements typically cover only 75% of the loss. Additionally, due to conditions in the insurance marketplace, our coverages are less than the County's total asset base. The County's property value is estimated at approximately $1.2 billion (net of the Solid Waste and South Cross facilities and Airport property). We carry $100M worth of insurance. This means that we have approximately $500M of exposure depending on the kind of damage we could receive in a storm event or natural disaster.

Having an adequate reserve also demonstrates stability to the financial markets. Although Pinellas has the lowest general revenue debt of any major Florida county, this stability enhances our ability to raise capital through bonding at a lower cost if required in the future. Even with the recent recalibration of credit scores by the bond rating agencies, Pinellas County earned a AAA rating (the highest) for general obligation debt by Fitch Ratings.

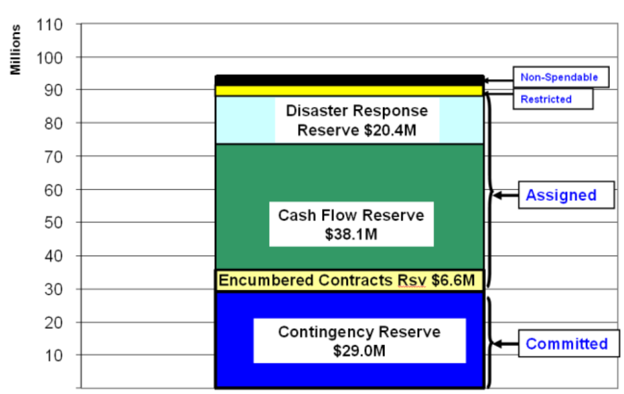
The budget policies for General Fund Reserves (Fund Balance) were established in accordance with principles issued by the Government Accounting Standards Board (GASB) and are summarized in the following table.

	GASB Category	Working Definition	General Fund Definition
	•Non-spendable	By nature, cannot be spent	Inventory
	•Restricted	Spend only per outside agency	Grants
Unrestricted Categories	•Committed	Specific amount or percentage set by BCC	* Contingency Reserve
	•Assigned	Amounts determined by Admin in accordance with BCC policy	* Cash Flow Reserve * Encumbered Contracts Reserve * Disaster Response Reserve
	•Unassigned	Fund Balance in excess of Reserves	Non-recurring funds for one-time expenses

For FY2011, the Board revised its budget policy to transition from a methodology based on a percentage of total revenues, to more of a gross dollar amount necessary for disaster response given that Pinellas County is a high hazard, coastal county.

The FY2011 General Fund budget includes a projected reserve of $94.1M (16%) which meets and exceeds the Board's 15% policy target. This dollar amount is the same as the year before and was not adjusted downward as the overall budget decreased.

The components of the estimated FY2011 year-end reserves are Non-Spendable, Restricted, Contingency, Encumbered Contracts, Cash Flow, and Disaster Response.



Non-Spendable and Restricted Reserves

These two categories of reserves are well defined as they are driven by things such as

the change in the value of inventories and limitations imposed by external entities such as grants that are being carried forward from the previous year. As a percentage of the overall reserve, non-spendable and restricted reserves represent less than 1% of reserves.

Contingency Reserve

The Contingency Reserve, which is budgeted at $29.0M in FY2011, is an amount equal to 5% of resources to be used for unanticipated revenue shortfalls or expenditures. For example, fuel costs and electricity rate increases have been highly volatile and often exceed normal inflation. Another example is the need for accrued leave payouts due to layoffs.

Encumbered Contracts Reserve

During the year, at any given time there are purchase orders and service contracts that have been approved and are subject to payment as work is completed or goods delivered. The $6.6M in the Encumbered Contracts Reserve for FY2011 represents the average amount that was encumbered at month's end for the 12-month period ending May 2010.

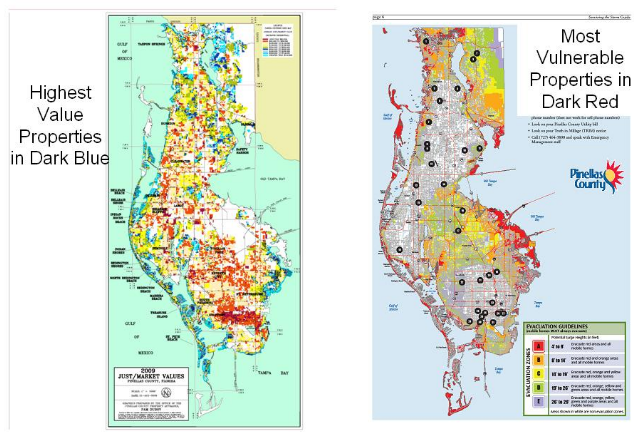
Cash Flow Reserve

The Cash Flow Reserve is required to meet cash flow needs. During the first two months of the fiscal year, expenditures exceed revenues because most of the property tax revenue is not received until December. Property tax revenue represents about two-thirds of the total General Fund revenue. The FY2011 amount for the Cash Flow reserve, $38.1M, is equal to one-twelfth of all General Fund revenue budgeted for the fiscal year.

Disaster Response Reserve

As a high hazard coastal county, Pinellas needs to have Disaster Response Reserve funds on hand in case of an emergency such as a hurricane or other man-made or natural disasters. In FY2011, $20.4M is budgeted in this reserve. Reimbursement from the Federal Emergency Management Agency (FEMA) and the State usually cover only a portion of the costs, is not available at the beginning of a disaster, and often is not received for many months or years. For example, FEMA funds for the three 2004 hurricanes which brushed Pinellas County (Jeanne, Charley, Frances) were not fully received until 2007, after extensive and protracted appeals through FEMA and the State. Approximately $1.6M of the $9.3M total cost was not reimbursed for these storm events.

Pinellas High Taxable Value Properties Vulnerable to Storms



There are other economic impacts which can result from a major disaster. With a substantial portion of the county's highest taxable value properties located on the shoreline or in lower elevation coastal areas, there is the potential for a reduction in the tax base if properties are damaged or destroyed by a storm surge or high winds. This would result in a decline in property tax revenue in the following year. Sales and other taxes would also decrease due to the negative effects on tourism from the storm. Rebuilding would generate additional revenues, but it would take time to offset the losses in the aftermath of the disaster. As an indication of the size of this problem, a seven-county area of Florida impacted by 2004's Hurricane Charley sustained over $6.6 Billion

in losses to residential, commercial, and industrial properties.

The County is the primary coordinating agency for disaster response, and extraordinary unbudgeted expenses are required to respond to such a situation. Resources are needed to pay for extended work hours for Sheriff's deputies and other emergency first response personnel and to operate emergency shelters and the emergency communications center. Public works crews and equipment, and possibly private contractors, are needed to repair storm damage. Debris removal funding may be required if solid waste resources are not available. Since storms may vary greatly in their impact, it is not possible to predict the exact amount which would be required.

Ten-Year Forecast

Key Assumptions – Revenues
For the purposes of this forecast, it is assumed that the General Fund millage rates for both countywide and MSTU purposes will remain the same as in FY2011. The millage rates have not changed since FY2008, at which time they decreased due to action by the State Legislature. The countywide millage rate is currently 4.8108 mills, the lowest since FY1990, and the MSTU rate is 2.0857 mills.

As explained in the Key Assumptions section of this document, the forecast is that taxable values will decline by 6% for FY2012 and remain flat in FY2013 before returning in FY2014 to an annual growth rate of 4%, slightly less than the 5% average growth which occurred in the years before the real estate boom.

For the State Shared Half-Cent Sales Tax, in FY2012 and later years, we anticipate a 3.0% growth rate for FY2012, followed by 3.5% annual growth for the FY2013-FY2021 forecast period.

State Revenue Sharing is expected to return to a pattern of moderate growth slightly less than the sales tax, with an annual increase of 2% through the forecast period.

Communications Services Tax revenue is forecast to decline by -0.3% in FY2012, returning to annual growth ranging from 1.6% to 2.5% in FY2013 through FY2021.

For other revenues in the General Fund, the forecast assumes flat to moderate growth which reflects the anticipated gradual economic recovery.

Key Assumptions - Expenditures
The forecast assumes a continuation of current (FY2011) programs and service levels.

The basic assumptions for Personal Services and Operating Expenses that are used throughout the forecast apply to the General Fund. The forecast does not assume any net additional positions.

However, certain expenses such as electricity, fuel, and state-mandated Medicaid charges result in the General Fund's Operating Expense growth differing somewhat from the basic CPI.

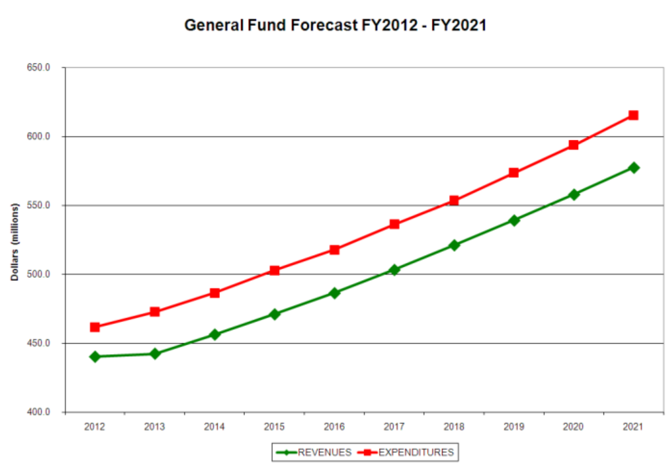
As discussed previously, the County has no outstanding bond debt supported by property taxes or other general revenues. No such bond issues are anticipated during the term of the forecast.

Because of the uncertain nature of non-recurring funds, none are anticipated in the forecast with the exception of those estimated to be available in FY2012.

No new programs funded by the Federal economic stimulus (ARRA) or other non-routine grants are included in the forecast.

The assumption is that any such expenditures will be dedicated for non- recurring purposes or will cease when the grant funds are no longer available. In the recent past, the Sheriff in particular has been very proactive in seeking Federal and State funding for public safety purposes that supplement but not supplant existing budgets. While this is desirable and likely to continue, for the purposes of the forecast these unpredictable expenses and their offsetting revenue are not included.

As identified in the FY2011 Executive Summary Budget, several capital improvement projects are expected to impact operating expenditures when completed. These projections have been incorporated into the forecast. For example, several energy conservation projects currently in progress are anticipated to reduce future ongoing utilities costs. Conversely, completion of the Lake Seminole Alum Injection project will place additional demands on General Fund resources. As specific increased needs are identified, to the extent possible these new demands will be accommodated within existing budgets.



Forecast Budget Gap Without Corrective Action				
2012	**2013**	**2014**	**2015**	**2016**
$21.5M	$30.4M	$30.1M	$31.9M	$31.5M
2017	**2018**	**2019**	**2020**	**2021**
$32.9M	$32.3M	$34.5M	$35.7M	$38.0M

Key Results

The forecast projects that in FY2012, recurring expenditures will exceed recurring revenues in the General Fund by an estimated $21.5M. Without action to address this problem, the gap will grow to $30.4M in FY2013 and then gradually increase throughout the forecast period.

The FY2012 and FY2013 gaps are larger than last year's forecast projection primarily due to lowered expectations for the recovery of taxable values. Last year's forecast assumed a 5% decrease in FY2012 taxable values; this decrease is now projected at 6%. The FY2013 estimate has also changed, from an assumed 3% increase to no change in taxable values.

The problem would have been even larger if not for the reductions of operations in the FY2011 budget. The FY2011 goal was to:

> *Reshape Pinellas County government by restructuring, reorganizing, resizing, and realigning the organization to provide an efficient and effective array of services.*

A significant part of this task was accomplished, but not all of the target reductions were achieved. Because of this, coupled with the anticipated continuing decline in revenues for at least another year, and the slow growth thereafter, there remains a structural imbalance between the General Fund's recurring revenues and recurring expenditures. The forecast shows

that if this situation is not addressed, the imbalance will continue to grow.

Potential Risks

REVENUE FACTORS

Taxable Values
There are many factors that can alter the ten-year forecast of the General Fund. The primary concern, due to this fund's reliance on property taxes for a significant portion of revenue, is the performance of the real estate market.

The timing of the valuation of property for tax purposes is important. The FY2011 values (as of January 1, 2011) will reflect the continuing deterioration of the property tax base during the 2010 calendar year.

A change of 1% in the FY2011 countywide taxable value would result in a $2.7M change in revenue at the current millage rate of 4.8108. Similarly, a change of 0.1 mills in the rate using the FY2011 taxable value would result in a $5.5M change in revenue. In the following years, these impacts would be amplified by the other growth factors.

Save Our Homes Impact
Another variable is the homesteaded taxable value increase cap imposed by the Save Our Homes amendment, which is based on the annual change (December to December) in the Consumer Price Index. Under "normal" circumstances, as homesteaded properties represent about 35% of the total countywide taxable value, a change of 1% in the CPI (positive or negative) at the current millage rate would produce a change in revenue of approximately $1M. Because of the decline in market values, the amount of value that is shielded by Save Our Homes has been greatly reduced. When the real estate market returns to a pattern of growth, Save Our Homes will limit the amount of the increased value that is subject to property taxes.

Potential Property Tax Exemptions
The 2009 Legislature authorized a November, 2010 statewide referendum on two proposed expanded property tax exemptions. The first proposal would reduce the cap on the annual change in taxable values for non-homesteaded property from 10% to 5%. The second would grant a 50% property tax exemption (up to $250,000) to homeowners who previously have not owned a home in Florida in the last 8 years. In August, 2010 the Florida Supreme Court removed these proposals from the ballot due to technical flaws in the ballot summary language.

If approved, either of these proposals would have resulted in further reductions to the tax base. Other new exemptions as well as revenue and expenditure caps have been discussed and their passage would have negative revenue impacts as well.

Annexations
In the unincorporated area, the property tax base and revenue in the MSTU would be affected by annexations or by the creation of new municipalities. If a significant reduction in the tax base occurs, costs could be spread across a much smaller population. A thorough reevaluation of the scope and delivery methodology for MSTU services would be required if these changes reach a tipping point in the economies of scale.

Economic Conditions
The three other major revenue sources – Sales Tax, Revenue Sharing, and CST - are highly sensitive to economic conditions. If the economy improves, collections could be higher than anticipated as disposable income increases. The reverse would be true if the

economic recovery stalls or deteriorates into new recession (a "double-dip").

The Sales Tax is highly sensitive to economic conditions. If consumer confidence does not continue to improve, consumption will not grow at the moderate pace assumed in the forecast.

The 3% annual growth in the Sales Tax forecast for FY2012 generates about $1M in additional revenue each year, which would be impacted by variations from the anticipated economic recovery assumptions.
The forecast assumes that Revenue Sharing will grow at 2% per year, a rate slightly less than the growth in Sales Tax. However, there is no Constitutional prohibition against the State changing the formula to reduce or eliminate this revenue source unless the funds have been committed for debt service (which is restricted to 50% of the prior year's proceeds). Pinellas has no Revenue Sharing pledged to support debt and the entire allocation, currently about $13.5M, is subject to revision by the Legislature.

State Budget Impacts
For the second year in a row, the State used non-recurring revenues, including $2.6 billion of federal stimulus funds and a $500 million sweep of trust fund balances, to address the State FY 2011 budget deficit. Upcoming budget cycles will continue to be challenging given the reliance on sales taxes as the State's primary revenue stream. In dealing with the upcoming State budget gap, estimated at $3.0 billion to $3.6 billion for State fiscal year 2012, the Legislature may consider the possibility of reducing the amount of revenue it shares with local governments or cost shifting state responsibilities.

In light of the State's serious budget problems, legislative changes to the formulas for sales tax and revenue sharing are a real possibility. There is an unfortunate precedent for this type of action. Effective in July, 2005, the counties' share of sales tax and revenue sharing revenues was decreased in response to the implementation of Article V / Section 7 court funding reforms. The impending statewide budget gap could be used as a justification to revise the formulas and reduce the amount of funding provided to local governments. A 10% cut in the Sales Tax formula would reduce revenues by over $3.4M.

Similarly, there has been repeated pressure from the telecommunications industry to reduce the scope of services that are subject to the Communications Services Tax. To date, the Legislature has resisted major changes that would reduce local CST revenues.

Limiting Factors
A cautionary note for long term planning relates to the scarcity of undeveloped land in Pinellas County. We will see relatively fewer new residents in the future compared to other counties with more opportunities for expansion. Because the distribution formulas for both shared sales taxes and revenue sharing are partially based on population, Pinellas will represent a declining percentage of the state total and therefore the percentage of these revenues will decline also. However, this is not expected to have a major impact in the short term, and the slowing of overall population growth in the State will delay the effect. Some erosion will result for those grants and other revenues that are allocated by population-driven formulas.

EXPENDITURE FACTORS

Inflation
On the expenditure side of the equation, the Consumer Price Index is a key element. For consistency, the CPI changes used in the forecast are those produced by the State of Florida's National Economic Estimating

Conference. It should be noted that this is a consensus process which involves the Legislature, the Governor's Office, and the State's Division of Economic and Demographic Research. The intent is to produce a professional, nonpartisan basis for development of the State's budget that melds a variety of perspectives, and therefore does not necessarily reflect any one participant's economic model.

Historically, although inflation was as high as 12.5% in 1981, in the years since 1989 the change in the CPI has averaged about 3%.
The true inflation rate will have a significant effect on future requirements. For example, an increase of 1% in the CPI, if applied to all FY2011 recurring costs, would require an additional $5M in expenditures. A change of 1% in the salary and benefits assumptions would produce a cost variance of $3M and an increase in the inflation rate of 1% would result in a $2M change in operating expenses in FY2012, and would trigger escalating impacts going forward.

Operating expenses have been assumed to generally follow the CPI inflation rate, but costs such as fuel and electricity are subject to unforeseeable variations and could impact this scenario.

Florida Retirement System

Because salaries and benefits are such a significant part of General Fund expenditures, higher than projected FRS contribution rates or health insurance cost increases could have significant negative impacts. The FRS rates for the State 2011 fiscal year (July 1, 2010 to June 30, 2011) defaulted to the Normal Cost Rates when Governor Crist vetoed the FRS bill passed by the Legislature. The rates for the fourth quarter of the County's 2011 fiscal year (July – September 2011) will not be known until the end of this spring's Legislative Session. The FRS rates in the FY 2011 Budget assume that the Legislature will increase contributions to begin to address the system's unfunded liability at that time. The forecast also assumes that there will be gradual increases in the following years to address the unfunded liability. If the rates rise more quickly, the impact could add $5M or more to General Fund requirements. There is an incentive for the Legislature to mitigate the impact on employer contribution rates since about 20% of FRS participants are State employees. Also, the Legislature may make other changes which were discussed last year such as requiring employee contributions to the pension system.

Health Insurance

Health insurance costs are impacted by inflation and also by the package of benefits offered. The extent to which the ratio of active employees to retirees changes will also impact the County's employer contributions to the health plans. An additional unknown is the effect of Federal health insurance reform on costs and services, including any related mandates to programs such as Medicaid.

Unfunded Mandates

No new State or Federal mandates have been included in the forecast. As the State deals with their budget shortfall, there is likely to be growing pressure to push expenses down to local governments even while imposing more restrictions or rollbacks on local revenues. For example, previous Legislatures have considered altering the Medicaid Matching Funds and Mental Health Matching Funds requirements. In FY2011, these obligations total $12M for Pinellas County.

Theoretically, Article VII Section 18 of the Florida Constitution has a prohibition against imposing unfunded mandates on counties and cities. In practice, the Legislature can avoid this prohibition in many ways, through exemptions (such as mandates to enforce criminal laws) or exceptions, including declaring that the mandate "fulfills an important state interest" and is approved by

a 2/3 vote of both the Senate and House. According to a report prepared by the Legislative Committee on Intergovernmental Relations (LCIR), in 2009 alone the Legislature enacted 25 laws containing 74 provisions that imposed mandates on counties and municipalities.

Balancing Strategies

There are several balancing strategies that could be considered to address the ongoing structural gap in revenues and expenditures beginning in FY2012.

Expenditure reductions are an option to be considered. The efforts to find efficiencies and streamline operations will continue to be pursued. Due to reductions over the last four years, General Fund costs have been reduced to the point that any further cuts would directly impact the continuation of programs as well as service levels.

Revenue increases are another option. The property tax rate could be increased to make up some or all of the shortfall in property tax revenue without exceeding the "rolled up" rate. Technically, this would not be defined as a property tax increase under the state definition. The County is currently collecting less than the maximum allowed majority-vote property tax revenue.

The County does not have a wide range of other revenue options. User fees can be increased but need to be considered in the context of the local marketplace and the effect on economic recovery. In the FY2011 budget process, both County employees and the general public identified potential revenue generating ideas. In addition to increasing user fees, some of these ideas include a local business tax (formerly known as occupational tax), park fees, payments in lieu of taxes or a return on equity from enterprise funds, and creating a fee-based storm water utility.

One of the key strategies employed in concert with the budget reductions for fiscal years 2010 and 2011 has been the creation of a Service Level Stabilization Account in the General Fund. The $19.3M that has been allocated is available to mitigate the impact of budget gaps on services. This account could be used to bridge some of the gap in FY2012. The intent is to avoid cutting programs below a level that can reasonably be supported in future years by the new level of recurring revenue as property values recover.

Caution is needed in using these non-recurring funds because if taxable values have not bottomed out but instead continue to decline, additional reductions could be required in FY2013 to arrive at a sustainable structure of services.

TOURIST DEVELOPMENT COUNCIL FUND

Summary

The Tourist Development Council (TDC) Fund is primarily funded by tourist development taxes that are extremely sensitive to general economic conditions. Tourist Development tax revenues have declined due to the recession and are forecast to increase gradually by 2.5% to 3.5% during the forecast period matching anticipated gradual growth as part of the recovery in the broader U.S. economy.

The forecast for the Tourist Development Council Fund shows that the fund is balanced through the forecast period based on the assumption that the promotional activities budget would be adjusted to reflect any revenue increases or decreases that may occur. Beginning in FY2016, the fund is forecast to have additional capacity once the debt service on the Tropicana Field and the Dunedin Spring Training Facility is paid off in 2015. The additional capacity could be dedicated to new debt service, as with the Board approved Salvador Dali funding, or to supplement the promotional activities budget. In FY2010, the Board revised the Tourist Development Plan to allow funding of capital projects for non-profit museums that are open to the public and the Board also approved a review of the Tourist Development Plan every five years.

Description

The TDC Fund is a special revenue fund that accounts for the 5% tourist development tax (i.e. bed tax) on rents collected for temporary lodgings. Section 125.0104, Florida Statutes, was enacted by the State in 1977. The Board of County Commissioners enacted an ordinance in 1978 to levy this 2% tax to promote tourism in Pinellas County, and was approved at a referendum held on October 5, 1978. In 1988, the ordinance was amended to increase the tax by an additional 1% with one-half of this amount earmarked to fund beach re-nourishment projects. In January 1996, an additional 1% was levied to provide additional funds for promotional activities, beach re-nourishment, and to service debt on the County's obligation to the City of St. Petersburg's bonds for Tropicana Field. In December 2005, an additional 1% was levied to provide funding for promoting and advertising tourism. On November 2010, the Board approved an extension of the 5% tourist development tax to 2021. After 2015, it was determined that no more than 80% of the money generated by the 4th cent would be used for a new stadium, while the 5th cent would be dedicated for tourism promotion.

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

Revenues

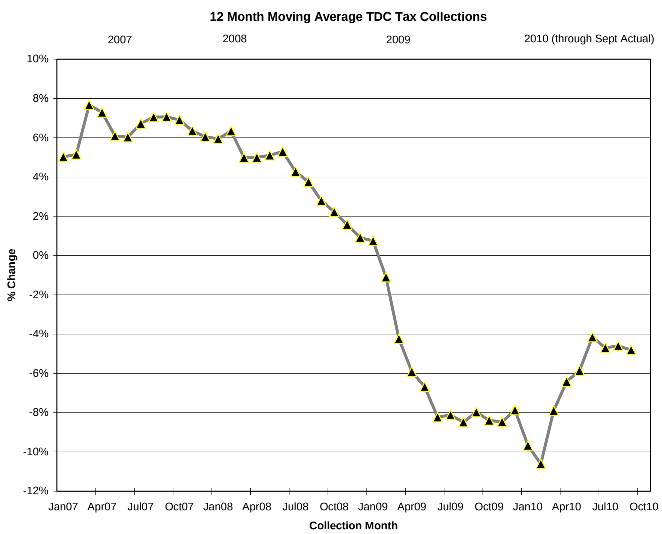
The TDC Fund consists almost exclusively of one primary funding source: tourist development taxes.

Tourist Development Taxes

Tourism is a key economic driver of the economy in Pinellas County and contributes direct and indirect visitor expenditures of $6.4 billion annually. This tax is budgeted to generate $22.1M in FY2011.

Tourist Development tax collections are very sensitive to economic conditions due to the close relationship between disposable income and leisure travel. As the recession has progressed, collections have decreased dramatically since 2007. The following chart showing a 12-month moving average of

collections from 2007 to September 2010 seems to indicate that collections bottomed out at the beginning of 2010 and are beginning to rebound at a lower level.



In addition, transient rental occupancy increased 2.6% from October 2010 compared to October 2009. From this point, collections are expected to grow slightly in 2011 and grow moderately over the next 2-3 years as the general economic recovery continues.

The chart below compares visitor origins between October 2010 and October 2009 and shows that although foreign visitors have decreased or are up slightly as with the European market, the domestic market has picked up for a net total increase of 4.1%.

Visitor Segments	2009	2010	% Change
Florida	28,002	34,920	+24.7%
Southeast	22,471	22,680	+0.9%
Northeast	63,263	74,160	+17.2%
Midwest	106,130	105,840	-0.3%
Canada	15,902	10,440	-34.3%
Europe	97,487	97,560	+0.1%
U.S. Opp. Mkts.	12,445	14,400	+15.7%
Total	**345,700**	**360,000**	**+4.1%**

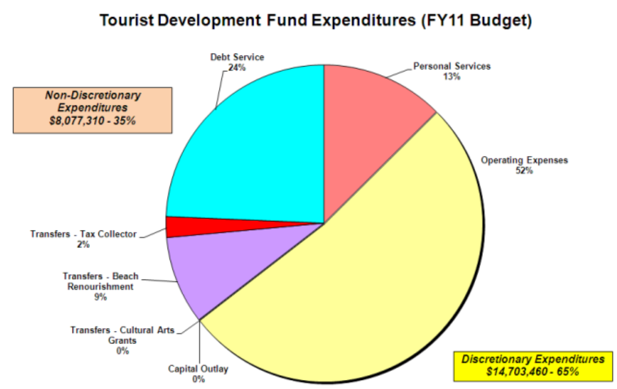
Source: October 2010 Visitor Profile, Research Data Services, Inc.

Expenditures

The TDC Fund supports budgeted expenditures and reserves in FY2011 totaling $24.3M. The primary expenditures in the fund are $10.0M for promotional activities, $5.5M for debt service for three sports facilities, $2.5M for three transfers, and $1.5M in reserves.

Promotional Activities

This budget helps pay for the promotional activities to promote the St. Petersburg/ Clearwater destination. As the pie chart below shows, promotional activities makes up the largest component of operating expenditures at 65%.



During FY2010, Pinellas County received $1.15 million in additional advertising funding associated with the Deepwater Horizon oil spill emergency to assist with the promotion and advertisement of Florida's tourism industry.

Debt Service

The TDC fund dedicates the entire $4.7M in proceeds of the 4th cent of tourist development revenue to the City of St. Petersburg to fund debt service on bonds for Tropicana Field (expires 2015). At the City of St. Petersburg's request, ownership of Tropicana Field was turned over to the County by the City in October 2002, as the County is exempt from paying property taxes on the facility. The County leases back the property to the City under terms that provide the City the same rights and responsibilities for the property that it had prior to the transfer of ownership. This fund also pays

debt service in the amount of $588K for the City of Clearwater's spring training facility (expires 2021) and $288K for the City of Dunedin's spring training facility (expires 2015). At a November, 2010 BCC meeting, the Board approved an agreement that provides payments of $500K annually to the Salvador Dali Museum commencing in 2015 for five years after the debt to the Tropicana Field Stadium is paid off.

Transfers

The TDC fund transfers half of the proceeds of the 3rd cent or $2.1M, to the Capital Projects fund for beach nourishment projects. The TDC fund has also provided funding for arts grants to help cultural organizations market their attractions to tourists. The transfer for Cultural Arts Grants of $350K in FY2010 to the Cultural Affairs Department is zeroed out due to the elimination of that department in the FY2011 budget. The $350K in funding for FY2011 will now be contracted with other agencies for the same purpose. The ordinance was changed in 2010 to amend the Pinellas County Code associated with the costs of administration for collection of tourist development taxes by the Tax Collector. The original transfer for these costs represented 3% of tax revenues to cover the costs of collection, which was approximately $200K higher than what was estimated for FY2011 at $485K, which is approximately 2% of estimated tax revenues.

Reserves

The reserve level in the TDC fund is currently at 10.4%, at the 100% revenue level, which is the reserve level requested by the Tourist Development Council. This is at the mid-range of the 5-15% reserve level budget policy adopted by the Board. From a budget perspective, this fund would ideally carry a reserve on the high end of the range to serve as a fiscal shock absorber in case tourist development tax revenue deteriorates as it tends to do quickly due to its sensitivity to economic conditions. For example, tourist development revenues declined dramatically in FY2002 after the September 11th terrorist attack, in FY2005 as a result of multiple hurricane landfalls in Florida, and most recently in FY2009 as a result of the financial crisis.

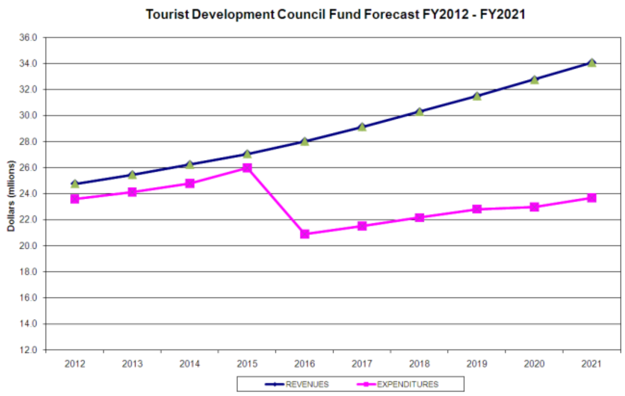
Reserves need to be maintained at a minimum of a 5% level if not higher to maintain liquidity in the fund. The TDC fund has several large expenditures, such as debt service, that early in the fiscal year and then some occur later in the fiscal year, while peak revenues primarily occur throughout the Spring with tourists coming for Spring Break and the Easter timeframe. Since such seasonality occurs for both revenues and expenditures and these fluctuations do not match when they occur, the shortfalls of revenues during these times would be made up by using reserves until the revenues come in.

Ten-Year Forecast

Key Assumptions

The revenue forecast for tourist development taxes assumes only a slight increase of 2.5% in FY2012 and FY2013 reflecting slight growth following the bottoming out of the economy. The following two years are expected to increase 3.0% as the recovery takes hold and then climb to 3.5% leveling out at the "new normal" through the rest of the forecast horizon. On the expenditure side, the promotional activities budget could be increased to match the increase in revenue through the forecast period as the expenditures are slightly less than the revenues through FY2015. Beginning in FY2016, a substantial amount of debt service will be paid off. The forecast does not assume that the additional capacity will be re-approved to service new debt or allocated to supplement the promotional activities budget, except for the additional debt service

approved for the Dali Museum beginning in 2015.



Key Results

The forecast for the TDC Fund from FY2012 to FY2015 shows that revenues and expenditures are in-line as the promotional activities budget is slightly less than the tourist development taxes generated, while maintaining at least a 10% reserve. The promotional activities could be increased slightly to match the forecasted tourist tax revenues. Beginning in FY2016, revenues exceed expenditures by a wide margin as the debt service of Tropicana Field and the Dunedin Spring Training Facility is paid off. Even with the new Board approved debt service to support the Dali Museum for $2.5M from FY2015 through FY2019, revenues will continue to exceed expenditures. The decision point in FY2016 will be whether to continue to use this portion of the proceeds of the 4th cent of tourist development for debt service on sports facilities or use it for other approved tourism development purposes such as promoting and advertising the St. Petersburg-Clearwater destination or to increase the reserves.

Potential Risks

There are many impacts that can alter the ten-year forecast of tourist development tax collections. The primary concern is the strength of the national economy due to the sensitivity of collections to economic conditions. If the economy improves, collections could be higher than anticipated as disposable income increases. The reverse would be true if the economy deteriorates.

Increases in fuel costs are also a factor for visitors driving to Pinellas County. In the past an increase in hurricane activity has had a negative effect on tourism as have red tide outbreaks in Tampa Bay.

The appreciation or depreciation of the U.S. dollar also has an impact on the number of foreigners visiting Pinellas County.

The TDC Fund could experience a potential windfall from a lawsuit filed by Pinellas County (similar lawsuits have been filed by other counties and the State of Florida) against on-line tourism companies for uncollected sales taxes. It is estimated that the County could realize an additional $1.4 million annually.

The possibility of offshore drilling in Florida's gulf coast could discourage tourism due to the potential negative ecological effects of that industry.

Additional competition from potential tourism development in Cuba could also be a factor in the future.

Balancing Strategies

The forecast does not show any structural gaps in revenues and expenditures as the fund is balanced through the forecast period. The assumption is that the promotional activities budget is increased or decreased to match the tourist development tax revenue stream. The additional capacity forecast to begin in FY2016 will most likely be applied to newly approved debt service, to supplement promotional activities, or to increase the reserves.

TRANSPORTATION TRUST FUND

Summary

The Transportation Trust Fund is primarily funded by state and local fuel taxes and has been impacted by a downturn in recent collections due to the recession's effect on the number of miles driven and gallons of fuel sold. Because of the built out nature of Pinellas County, more efficient cars, and fuel conservation efforts, as well as State law that does not allow indexing fuel taxes for inflation, future revenue growth is projected to be relatively flat and lag increases in consumer or industrial prices on the expenditure side.

The forecast for the Transportation Trust Fund indicates that the fund is not in balance beginning in FY2013, resulting in a gradual erosion of fund balance by FY2018. This imbalance primarily results from inflationary pressures on expenditures that exceed the relatively flat growth in gas tax collections that are based upon the volume of gasoline pumped and are not indexed to the price of fuel. By FY2017, action will need to be taken to manage this future gap such as potential revenue transfers from the General Fund, imposition of additional local option gas taxes, or reductions in current service levels.

Description

The County Transportation Trust Fund is a special revenue fund required by Florida Statute 336.022 to account for revenues and expenditures used for the operation and maintenance of transportation facilities and associated drainage infrastructure. Activities include road and right of way maintenance (e.g., patching, mowing), bridge maintenance and operation, traffic engineering, traffic signal operation including Intelligent Transportation Systems, traffic control signage and striping, sidewalk repair and construction, and maintenance of ditches, culverts and other drainage facilities. Resources to support these activities are provided from gas taxes collected and distributed on a shared basis to all Florida Counties by the State of Florida, and local option gas taxes levied by the County. There are two local option taxes that have been imposed by the Board of County Commissioners. The most recent was a one cent levy (referred to by statute as the "Ninth Cent") beginning January, 2007 dedicated to the installation, operation, and maintenance of advanced technological traffic signal and messaging systems (Intelligent Transportation Systems). The other local levy is a six cents per gallon tax that is shared by Interlocal agreement between the County and all municipalities within Pinellas County. The County's share of collections is 60% of total receipts and the municipalities each receive portions of the remaining 40%. This six cent local option tax was recently extended for a ten year period commencing January, 2007.

Revenues

The Transportation Trust Fund consists mainly of three primary funding sources: State shared gas taxes ($10.5 million), a six cent per gallon local option gas tax ($12.6 million), and a one cent per gallon gas tax (the "Ninth Cent") earmarked for intelligent traffic systems ($3.7 million). The remaining revenues of the fund include interest and other miscellaneous revenues such as reimbursements from other governments for the County's work on municipal and state traffic signal systems.

State Shared Gas Taxes

This resource is the equivalent of three cents per gallon on motor fuel collected statewide then redistributed to Florida Counties by a formula related to population, geographic area, and local collections. This resource is driven by the gallons of fuel used, and is

therefore sensitive to economic activity such as commuting and tourism trips, or increases in the price of oil that might reduce demand for gasoline usage. The move toward more fuel efficient cars also has an effect in offsetting any population growth that might result in more vehicle trips; therefore this must be considered a relatively flat growth revenue source.

Six Cent Local Option Gas Tax (LOGT)
This resource is a six cent per gallon tax on all motor fuel sold within the County including diesel. Unlike the Ninth Cent it is shared with municipalities. By Interlocal agreement, the County retains 60% of monthly collections with municipalities sharing the remaining 40%. This resource is directly tied to the Pinellas County economy and its affect on gallons of fuel consumed. Since Pinellas County's growth in population has slowed, this resource can be impacted to a greater extent by more efficient cars and fuel conservation efforts. This is projected to be a relatively flat growth revenue source because economic growth that might spur increased demand in fuel is mitigated by these factors.

Ninth Cent Gas Tax
This resource is a one cent per gallon tax on all motor fuel sold within the County including diesel. It is not shared with municipalities. This resource is also directly tied to the Pinellas County economy and its affect on gallons of fuel consumed. As with the six cent local option tax, since Pinellas County's growth in population has slowed, this resource can be impacted to a greater extent by more efficient cars and fuel conservation efforts. This is projected to be a relatively flat growth revenue source because economic growth that might spur increased demand in fuel is mitigated by the factors discussed above.

Expenditures

The Transportation Trust Fund supports expenditures totaling approximately $28.1 million.

Transportation Programs
These expenditures include staff and operating expenses to maintain and operate the County's traffic controls, bridges, roads, and associated drainage systems. Key program expenditure areas include mowing County right of way and ditch maintenance activities ($6.3 million), traffic signal and traffic control activities ($7.7 million), and bridge and concrete structures maintenance ($4.9 million)

Intelligent Transportation Systems
As a part of traffic signal and traffic control activities the County is actively pursuing technological improvements to improve the flow of traffic in Pinellas County. This activity is tied to the Ninth Cent gas tax resource and is being focused on high priority traffic corridors in order to size the program to available resources. The current operating expenses for this program are approximately $2.1 million.

Capital Improvement Project Impacts
Some capital improvement projects have the potential to require increased operating expenditures when completed. Beginning in FY2012, the forecast includes estimated operating expenditures to support completed capital improvement projects.

Transfers
Following the inception of the Ninth Cent gas tax a transfer from the Transportation Trust Fund to the Capital Projects Fund has been made to support the installation of capital structures needed to implement the Intelligent Transportation System, such as traffic signal controllers, fiber optics,

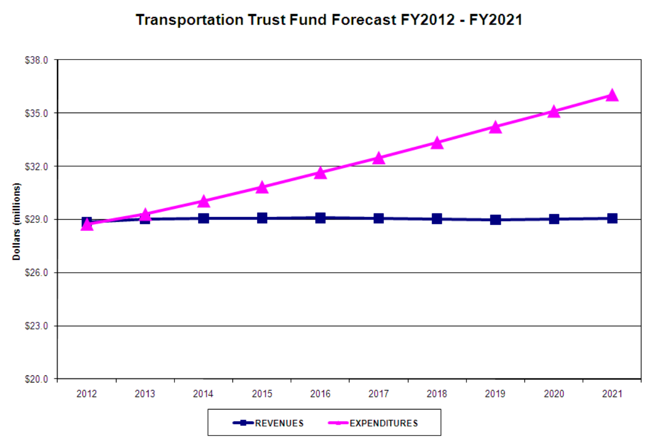
cameras, and message boards. Depending upon available revenues after deductions for operating expenses, an annual average of approximately $3.0 million is transferred to the Capital Projects Fund to match state and federal grants available to implement the system on major County and State road corridors.

Reserves
The reserve level in the Transportation Fund is 32%, which is higher than the 5-15% reserve level budget policy adopted by the Board. This is the result of savings gained through recent budgetary reductions and efficiency initiatives. The reserve also includes the fund balance previously carried in the Local Option Gas Tax fund, which has been merged into the Transportation Trust Fund in accordance with new accounting standards (GASB Statement 54). This reserve level will gradually be reduced after expenditures begin to exceed revenues in FY2013.

Ten-Year Forecast

Key Assumptions
As discussed, the main revenue sources for this fund are state shared gas taxes and local option gas taxes. Revenue growth assumptions have been based on the State's Revenue Estimating Conference's forecast of gallons of motor fuel consumed annually in Florida. The State's annual average growth rate is 2.7%. These taxes are based on gallons consumed and not fuel prices. Pinellas County's built out condition, and the likelihood of future mandated vehicle fuel efficiency standards, leads to this forecast assuming no growth in these revenues. Based on the historical and future growth patterns, current gas tax revenues are not predicted to keep up with current and projected inflationary expenditure demand on transportation operation and expenditure needs. The ten year forecast assumes that the current six cent local option gas tax levy will be extended beyond its current expiration year of 2017. The "Ninth Cent" levy is in effect until year 2026.

Key Results
Beginning in FY2013, Transportation Trust Fund expenses exceed revenues throughout the forecast period which causes a gradual erosion of fund balance until the fund assumes a negative cash position in FY2018. By FY2017, potential revenue and expenditure options will need to be implemented to keep the fund in balance.



Potential Risks

Impacts on this forecast include macro-economic conditions such as increases or decreases in the price of oil that could affect demand for motor fuel. Changes in the price of commodities such as concrete and asphalt could also affect the expenditure side of this forecast as the Transportation Trust Fund activities utilize large amounts of physical commodities. An unanticipated increase in fuel conservation efforts or mass transit efforts could also affect the outer years of this forecast. Also a decision to not extend the current six cent local option gas tax levy would have a major impact on this analysis.

Balancing Strategies

Major strategies to manage the forecasted gap in revenues versus expenditures include a continuation of actions to reduce future costs on the expenditure side, transfer of General Fund revenue to support transportation activities, or the imposition of additional local option gas taxes.

On the expenditure side, the County has experienced recent labor cost efficiencies in the Public Works operational areas as the result of improved preventive maintenance, work scheduling, and equipment utilization practices. Public Works should continue these improvement practices. Policy decisions could also be made to reduce service levels, such as mowing right of way areas 9 times per year rather than 11 for example.

From an enhanced revenue standpoint, the County has authority to impose an additional five cents tax per gallon of fuel sold within the County, however by statute proceeds realized would have to be shared with municipalities. The County's estimated share of one cent of local option gas tax is now approximately $2.0 million, therefore, assuming current sharing percentages, one additional cent would need to be imposed no later than year 2017, rising to a need to impose three cents by year 2020, in order to maintain a 15% ending fund balance position, and to avoid the negative cash position forecast for year 2018. For comparison purposes, other Florida Counties that impose greater local option taxes than Pinellas County's seven cents are shown in the following table.

Counties Imposing Local Option Taxes Greater than Seven Cents	Cents Imposed
Alachua	12
Broward	12
Charlotte	12
Citrus	12
Collier	12
DeSoto	12
Hardee	12
Hendry	9
Hernando	9
Highlands	12
Lee	12
Manatee	12
Marion	12
Martin	12
Miami-Dade	10
Monroe	10
Okeechobee	12
Palm Beach	12
Polk	12
Putnam	12
St. Lucie	12
Sarasota	12
Suwanee	12
Volusia	12

CAPITAL PROJECTS FUND

Summary

The Capital Projects Fund is used to account for all governmental capital projects throughout the County. This fund's primary revenue source is the "Penny for Pinellas" one cent local option sales tax that is very sensitive to general economic conditions. Penny tax revenues have declined dramatically over the last several years due to the recession and are predicted to increase gradually during the forecast period matching general economic growth as part of the recovery in the local, state, and national economy.

The forecast for the Capital Projects Fund shows that the fund is slightly out of balance over the forecast period by approximately $13.5M due primarily to the Board's decision to restore funding in the Gulf Boulevard Improvements project of $8.75M and the addition of the Friendship Trail Bridge Demolition project of $4.5M to the overall Penny Program. In addition, there is a cash flow issue beginning in FY2012 due to the front-loading of key projects in the ten-year program. During the FY2012 budget process the $13.5M shortfall and the multi-year cash flow issue will need to be addressed.

Description

The Capital Projects Fund is used to account for all the governmental capital projects throughout the County. Such projects include roads, bridges, drainage, beach nourishment, park development, and construction of facilities necessary to provide County services.

Revenues

The major revenue components of the Capital Projects Fund are the Penny for Pinellas, Grants and Reimbursements, and Transfers from Other Funds.

Local Option Sales Tax (Penny for Pinellas)

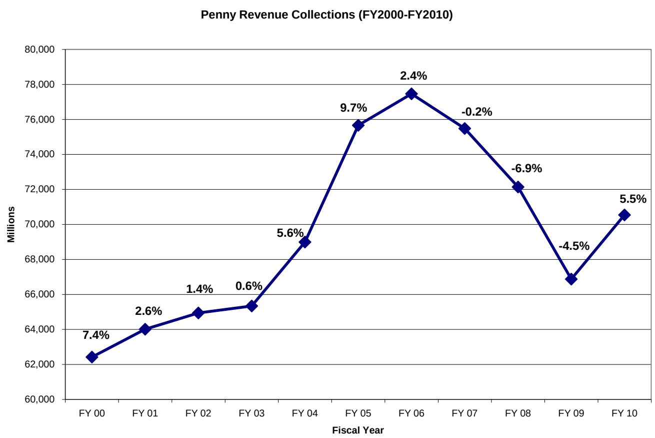
Penny for Pinellas revenues are proceeds of an additional one cent Local Government Infrastructure Surtax on Sales, pursuant to Section 212.055(2), Florida Statutes, imposed in Pinellas County. The authorized use of these funds is generally restricted to infrastructure projects only and cannot be used for ongoing operation and maintenance costs.

The Penny became effective February 1, 1990 for an initial period of ten years and has been extended by referendums in 1997 and 2007 for two additional ten year periods (until 2020).

In accordance with statutory requirements, and interlocal agreements with each municipality in Pinellas County, the County receives approximately 52.3% of the total monthly collections generated by this tax, following the deduction of a dedicated amount for countywide use in improving Court and Jail facilities.

The Penny for Pinellas is the primary source of revenue supporting the County's Capital Improvement Program. Sales tax as a revenue source is highly elastic and is very sensitive to local and national economic conditions, such as inflation, wage growth, unemployment, and tourism. Normally sales taxes increase with economic activity and inflation, but reflecting the depth of the recent recession, collections declined about 15% from FY2007 to FY2009. Collections in FY2010 increased 5.5%, which is almost all attributable to the transition to the new revenue distribution formula in the 2010 to 2020 Penny Program. The new revenue distribution formula began in February, 2010 and results in a higher percentage of collections going to the County primarily due to the increase in the Courts & Jail amount from $80M to $225M over the ten year

period. The chart below shows the fluctuation in annual growth rates experienced since FY2000.



Grants and Reimbursements

The second largest sources of revenue in the Capital Projects fund are grants and reimbursements. The FY2011 budget includes $32.8M in local grants, state grants, federal grants, and reimbursements from agencies like the Southwest Florida Water Management District and the Florida Department of Transportation. Grant and reimbursement revenues are highly variable over the forecast period. The forecast only includes grants that either have been awarded or are highly anticipated to be awarded.

Transfers from Other Funds

The Capital Projects Fund also receives several transfers from other funds to cover or contribute to costs for specific capital projects.

The FY2011 Budget includes a transfer of $5.0M from the Solid Waste Renewal and Replacement Fund as part of an interfund loan to the Capital Projects Fund for cash flow purposes. The interfund loan authorized up to $85M was approved by the Board of County Commissioners in lieu of a $150M bond issue originally planned to finance key projects in the FY2010 to FY2020 Penny Program.

The General Fund transfer in FY2011 for $4.9M is for non-recurring projects that are anticipated to yield recurring savings to the operating budget in the General Fund. These projects include a $3.0M contribution towards the cost of a centralized chiller facility for the downtown Clearwater campus and $1.9M for three energy and water conservation projects.

The FY2011 transfer of $3.0M from the Transportation Trust Fund (proceeds of the 9th cent Local Option Gas Tax) contributes to the cost of several Intelligent Transportation System / Advanced Transportation Management System projects.

The FY2011 transfer of $2.1M from the Tourist Development Council Fund (half of the proceeds of the 3rd cent) funds beach nourishment projects in the Coastal Management area.

The Transportation Impact Fee Fund transfers $1.3M in FY2011 to cover or contribute to the current or past costs of authorized transportation projects in the twelve geographic transportation impact fee districts of the county.

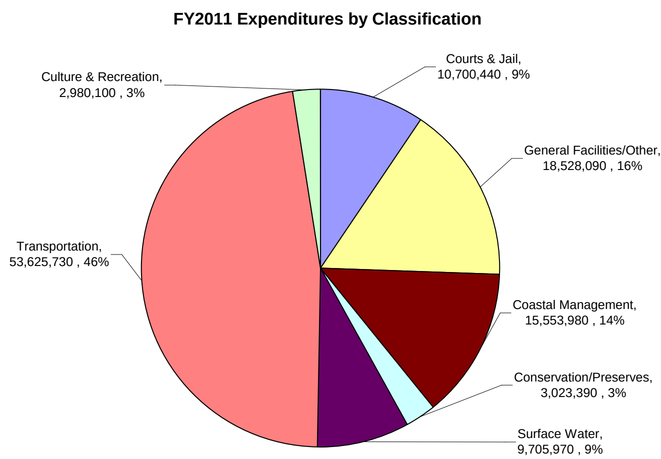
Expenditures

Expenditures in the Capital Projects Fund consist of capital project expenditures and debt service costs.

Capital Projects

The majority of expenditures in the Capital Projects fund are for infrastructure projects in the areas of transportation, storm water drainage and water quality, parks, environmental preservation, courts, jails, public safety, and other public facilities. Planned expenditures in this fund over the

forecast period cover the project allocations from the 2010 to 2020 Penny Program. Below is a chart showing the FY2011 expenditures by classification.



Debt Service

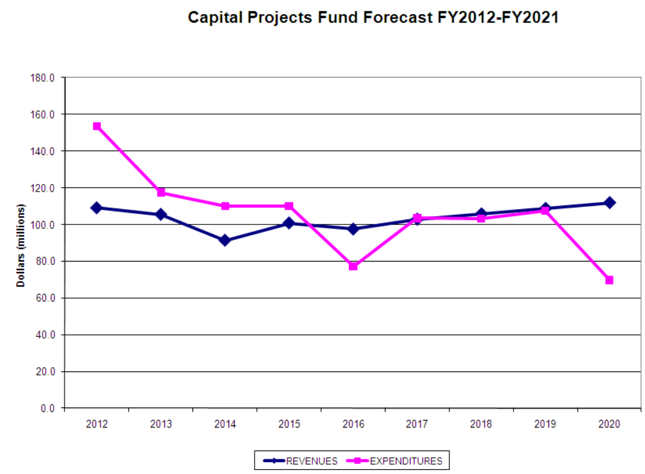
Debt service costs over the forecast period are associated with the current $20M interfund loan from the Solid Waste Renewal and Replacement Fund. On September 21, 2010 the Board authorized an interfund loan up to $85M to assist with cash flow in the Capital Projects Fund through FY2019. The original 2010 to 2020 Penny Program was anticipated to be financed with a $150M bond issue in order to accelerate several key projects. The benefits of an interfund loan versus bonding include lower borrowing costs, no reserve requirements, interest accrues to a county entity, and more flexibility in the implementation and terms of the loan.

Ten-Year Forecast

Key Assumptions

The revenue assumptions for the overall Penny sales tax are consistent with the Half-Cent sales tax in the General Fund at 3% growth in FY2012 and 3.5% growth from FY2013 to FY2021. However, the growth rate in the Capital Projects Fund for the Penny sales tax is less at 2.6% growth in FY2012 and 3.0% to 3.1% growth from FY2013 to FY2021. This is because the Courts & Jail allocation is a fixed amount that does not grow over time resulting in a slightly smaller growth rate for the County's overall share of the Penny.

The expenditure assumptions for the Capital Projects Fund assume consistency with the 2010 to 2020 Penny Program allocations.



Key Results

The forecast for the Capital Projects Fund shows a $13.5M shortfall over the forecast period. The shortfall is due to Board changes to the CIP during FY2010 which included restoration of $8.75M to fund the Gulf Boulevard Improvements project at the original Penny allocation amount of $35M instead of the revised amount of $26.25M, and the addition of $4.5M for the Friendship Trail Bridge Demolition.

The forecast also shows a cash flow issue beginning in FY2012 through FY2015 due to projects being front-loaded in the first half of the ten-year Penny program. A primary driver of the cash flow issue is $81M of expenditures associated with the Public Safety Complex project that is anticipated to begin in FY2011.

Potential Risks

There are many impacts that can alter the ten-year forecast of the Penny tax collections. The primary concern is the strength of the local economy due to the sensitivity of collections to economic conditions. If the economy improves, collections could be higher than anticipated as consumer activity increases. The reverse would be true if the economy deteriorates. There are risks of increases in major commodities used in capital project construction such as steel or concrete, such as those the County experienced in 2005-2007 where prices escalated as much as 60-80% for these key materials.

Balancing Strategies

During the FY2012 budget process project allocations in the 2010 to 2020 Penny Program will need to be reduced or eliminated to close the $13.5M shortfall. In addition, project expenditures over the forecast period will be smoothed out as much as possible to minimize the amount of interfund loan necessary to maintain adequate cash flow.

EMERGENCY MEDICAL SERVICE FUND

Summary

The Emergency Medical Service (EMS) Fund provides countywide emergency response life support throughout all of Pinellas County. This fund is sensitive to property values as it is funded primarily by ad valorem (property) tax revenue collected from property owners countywide and ambulance user fee revenues. Property tax revenues have declined dramatically in recent years due to a downturn in property values and statewide legislation. It is expected these revenues will only increase gradually during the forecast period. Ambulance user fee revenue is also expected to gradually increase, but not at a level high enough to offset the estimated increases in ambulance contract expenditures through the forecast period.

The forecast for the EMS Fund indicates the fund is not balanced through the forecast period. The forecast projects a $16.0M shortfall in FY2012 and an additional $3.1M in FY2013 due to reduced property tax revenue collections. Various revenue and expenditure balancing strategies are available. On the revenue side, options include an increase in the countywide EMS millage rate and an increase in ambulance user fee revenues. On the expenditure side, a reduction in funding for first responder contracts, a reduction in funding for the ambulance contract, or a reduction in other expenditures within the fund would be necessary. The current ambulance service contract is in effect through FY2012, while First Responder contracts are negotiated on an annual basis.

Description

The EMS Fund is a special revenue fund established by referendum in 1980, which allows up to 1.5 mills to be levied annually on a county-wide basis to finance the operation of a comprehensive county-wide emergency medical service system. This system provides advanced life support emergency medical response and transport services to all citizens of Pinellas County. The County maintains EMS contracts with 18 fire service agencies (first responders), and one ambulance provider (Paramedics Plus, operating in Pinellas County under the trade name "Sunstar"). This operation is funded by a combination of property taxes and ambulance user fees. The ambulance user fees support the ambulance contractual expenditures and property taxes are intended to support the first responder expenditures.

The EMS Fund provides for a dual-response public utility model in which the local government retains control of and sets standards for the ambulance system and maintains contracts with 18 fire service agencies and one ambulance provider (Paramedics Plus, operating under the trade name "Sunstar"). Under the dual-response system, this means that both a first responder (firefighters, paramedics or emergency medical technicians (EMT), and an ambulance go to the scene of an emergency when it occurs.

The EMS Fund was established by referendum in 1980 by the Special Act (Chapter 80-585, Laws of Florida) that created the EMS Authority as a Dependent Special District. In 1988, Pinellas County Ordinance 88-12 solidified the current EMS system design. The Fiscal Policy guidelines within Ordinance 88-12 state that the Board of County Commissioners, sitting as the Emergency Medical Services Authority, directs the following fiscal policy guidelines that governs the financial operations of the County's EMS system: (a) To establish sound business controls and long term cost containment incentives throughout the County EMS system; (b) To provide adequate funding to upgrade all EMS components to state-of-the-art-levels, and to maintain that

progress in future years; (c) To provide for long term financial stability sufficient to sustain quality EMS operations far into the future; (d) To reduce the County EMS system's excessive dependence upon local tax support by developing a more balanced approach to EMS funding; and (e) To provide the Board of County Commissioners with a wider range of EMS financing options than have been available in the past.

Revenues

The primary funding sources for the EMS Fund are property taxes and ambulance user fees. Property taxes account for approximately 40% of total revenue while ambulance user fees, grant funds and interest earnings account for the balance of total revenue for this fund.

Ambulance User Fees

The ambulance service user fees provide funding for the ambulance provider (Paramedics Plus) contractual expenditures, ambulance billing costs, and ambulance program support costs. Ambulance user fees are based on transport volume and transport charges. An average retail rate charge is $581 per transport. Billing for the service is done by Pinellas County and collection is currently about 70% of billing for the transport service. The County bills Medicare, Medicaid and private insurance companies for transport service. The County handles transports for non-emergencies and mental health transports as well. The County utilizes the 9-1-1 System to dispatch calls for the proper response to the call. Ambulance user fee revenue is budgeted to generate $40.9M in FY2011. The Board of County Commissioners has the authority to increase ambulance user fees as necessary.

The County also offers an ambulance user fee membership program that citizens can join to minimize the cost of EMS transports. For FY2011, membership revenue is budgeted to generate $204K.

Property Taxes

Property taxes are used to fund first responder expenditures. Property tax revenues have decreased significantly over the last three years due to legislative rollbacks, the passage of Amendment One, the decline in the real estate market, and the recession. Property taxes are budgeted to generate $30.0 in FY2011.

The EMS millage rate is a county-wide millage rate that has remained flat since FY2008 at 0.5832. The Board of County Commissioners has the authority to increase or decrease this millage rate. The millage cap for this revenue is 1.5000 mills. In FY2011, the Board voted to keep the millage rate flat with the FY2010 millage rate at 0.5832 and utilize fund balance to make up the difference in revenues versus expenditures. The chart below shows the history of the EMS millage rate and budgeted ad valorem revenue from FY2007 to FY2011.

Emergency Medical Service Fund
Ad Valorem Revenue & Millage History

Fiscal Year	Millage	Budget $ (000's)
2011	0.5832	$ 30.0
2010	0.5832	$ 33.6
2009	0.5832	$ 38.3
2008	0.5832	$ 41.9
2007	0.6300	$ 42.6

Note: Budget figures are at 95% of revenue

From FY2006 through FY2010, the EMS millage rate declined 0.0768 while property tax revenues decreased $3.6M due to taxable values decreasing during that timeframe. For the FY2011 Budget, due to reductions of 10.3% in taxable values and maintaining the same millage rate, property tax revenues are

budgeted to decrease by $3.6M compared to FY2010. The FY11 property tax revenue is $12.6 million or 30% less than the peak amount in FY2007.

Expenditures

The Emergency Medical Service Fund supports budgeted expenditures and reserves in FY2011 totaling $101.5M for all eighteen first responders and the ambulance contractor. The primary expenditures in the fund are $35.7M for payments to the ambulance contractor, $38.5M for contractual payments to the first responders, and $10.2M in program support and billing of ambulance claims.

Ambulance Contractor Payments

The County contracts with Paramedics Plus for the County's SUNSTAR ambulance system. Contracts with the County's ambulance provider were renegotiated in FY2010 with a minimum 3% increase per year through September 30, 2012. A 4.5% increase was included in the forecast from FY2012 through FY2021 as these contracts can increase an amount for the medical consumer price index (MCPI) up to a maximum of 5.5% annually. However, once the contract is up for negotiation in FY2012, expenditures are estimated to increase as the economy rebounds and fuel and labor costs increase.

First Responder Contractual Payments

The County contracts with the eighteen first responder EMS providers that respond to calls using paramedics and that utilize Advanced Life Support (ALS) or Basic Life Support (BLS) equipment and personnel. During FY2011, the County negotiated with each EMS provider to reduce overall expenditures. However, fund balance was necessary to make up the shortfall where expenditures exceeded property tax revenues.

In FY2011, the first responder agreements also include an agreement of $313K with Bayflite for EMS air transport and $33K for Eckerd College for basic life support water rescue. The costs of these combined agreements for FY2011 were $346K. This will be the final year for the agreement with Bayflite as the Board terminated this agreement in FY2011 as part of several cost-saving measures.

EMS Program Support Costs

The County incurs program support costs (Personal Services and Operating Expenditures) to support the EMS program. These costs are allocated between the ambulance function and the first responder function.

Costs allocated to both functions include the Office of the Medical Director, St. Pete College training expenses, communication and EKG equipment and maintenance, and personnel and operating expenses to administer all contracts within the program.

The FY2011 Ambulance program support expenditures of $5.9M pay for those support items listed above and the ambulance billing function that includes a staff of 34. The FY2011 First Responder program support expenditures of $4.3M include those allocated support items listed above.

Transfers

The Emergency Medical Service fund has transfers to the Property Appraiser and Tax Collector to cover the costs for collection of ad valorem revenues. FY2011 costs for this function are $996K. The commissions for the Property Appraiser and Tax Collector are pursuant to Florida Statutes.

Reserves

Pinellas County Ordinance 88-12, which was amended with Resolution 89-208, authorizes the establishment of a prudent reserve equal to one-third of the annual budget for this fund. This guideline exceeds the 5-15% reserve policy adopted by the Board. Reasons for such a high reserve level include disasters, such as a hurricane, where a large amount of equipment/vehicles may need to be replaced quickly to sustain EMS service and enough working capital for a potential transition, if contract requirements are not met by the service provider. The FY2011 budgeted reserve level is 18.6%, which reflects a use of $13.4M of fund balance to offset the decrease in property tax revenue.

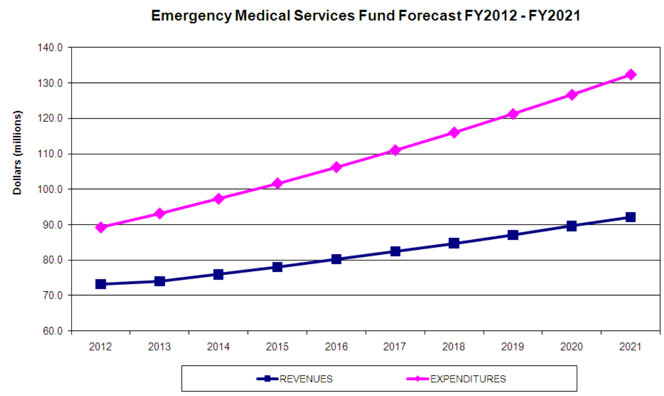
Ten-Year Forecast

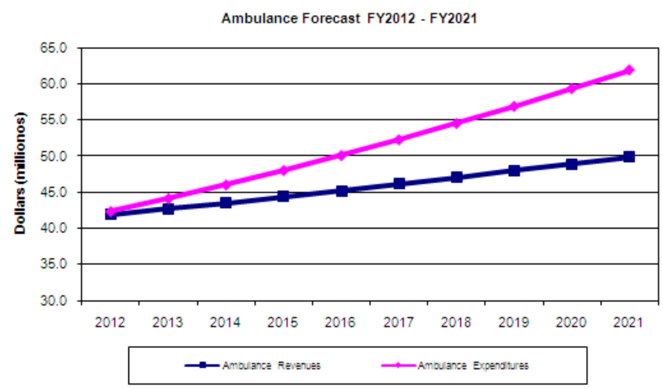
Key Assumptions

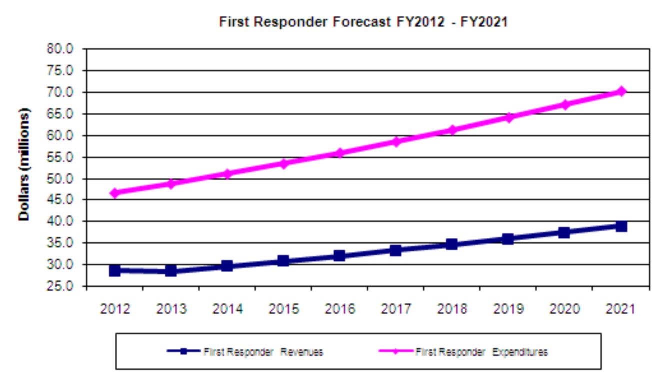
The EMS countywide FY2011 millage is assumed to remain flat at 0.5832 through the forecast period. However, property tax revenue is forecasted to decrease in FY2012 by 6% due to additional decreases in taxable values during this timeframe, and then become 0% in FY2013. From FY2014 to FY2021, a 4% growth factor is assumed as taxable values should begin to slowly recover as the economy begins to recover and the housing market starts to rebound. Ambulance revenue user fees are estimated to increase by 2.0% during the forecast period.

First responder contractual expenditures are estimated to increase at 5% through the forecast period.

Contractual payments to the ambulance contractor are assumed to increase by 4.5% through the forecast period as contracted expenditures have the potential to increase up to a maximum of 5.5% annually and the County will work with the provider to negotiate the lowest possible contract while still maintaining quality service.







Key Results

In the first chart for the total EMS Fund, the forecast shows total expenditures exceeding revenues beginning in FY2011 and throughout the entire forecast period for the total fund. This structural imbalance is driven by dramatic decreases in property tax revenue collections since FY2008 and by the

first responder requests for funding. The forecast shows that the total EMS Fund is not in balance. Reserves will be utilized until completely used up in FY2013 if balancing strategies for the fund are not employed. The decision points will be whether to increase the EMS millage and/or decrease expenditures to make up this shortage.

The ambulance chart details ambulance revenues and expenditures and shows total expenditures exceeding revenues beginning in FY2012 despite 2% increases built into the forecast period. The decision point will be whether to increase ambulance user fees further and/or decrease expenditures to balance.

Potential Impacts

The major impact to future revenues is declining property tax revenues. If taxable values begin to rebound then the opportunity for higher revenues will increase. This will be one of the major drivers for increased revenues in the forecast.

Another major impact for future revenues will be ambulance user fee revenues. Tourism and inflow into the local area of more visitors and residents will impact number of users to the EMS system.

Continued aging of the general population (baby boomers) could result in more transport volume in the ambulance area.

The County has a long-standing relationship with Paramedics Plus, the ambulance contractor. However, if this contractor does not meet contract requirements then the County would be negatively affected.

An EMS study is currently being performed by a consultant, engaged by the County, that should provide an overview of the entire EMS System and how the County could better serve the citizens with EMS services.

Balancing Strategies

The forecast shows structural gaps in the revenues and expenditures as the fund is not balanced throughout the forecast period. The County has the option to increase the millage as necessary to raise the necessary revenue to assist in balancing the fund to pay for the first responders. Ambulance user fee increases beyond the 2% annual increase will most likely need to occur to assist in balancing the fund and help pay for the ambulance contractual expenditures. Fund balance may assist in making up for some of the immediate shortfall. However, this is a short-term measure and not a long-term solution for balancing funds. On the expenditure side, the County could continue to pursue system efficiencies or lower service levels.

FIRE DISTRICTS FUND

Summary

The Fire Districts Fund provides fire protection service to the unincorporated areas of Pinellas County through twelve separate dependent fire protection districts that are funded entirely by ad valorem taxes collected from property owners within these districts. This fund forecast is presented in a high-level consolidated manner. Budgetarily each Fire District is balanced separately. Property taxes have declined dramatically in recent years due to a downturn in property values and statewide legislation. Property tax revenues are forecast to increase gradually during the forecast period.

The forecast for the Fire District Fund indicates that the fund is not balanced through the forecast period. Six of the twelve fire districts increased millage rates in FY2011 to support expenditures. Additional increases to millages for the individual fire districts will likely be necessary to cover expenditures over the forecast period. Potential millage rate increases will need to take into account the individual millage caps in each fire district.

Description

In 1973, a Special Act of the Florida Legislature (Chapter 73-600, Laws of Florida) created the Pinellas County Fire Protection Authority. This special legislation subsequently assumed ordinance status as Article II, Chapter 62 of the Pinellas County Code. The Board of County Commissioners is designated as the Fire Protection Authority, with responsibility to "establish and implement a permanent plan of fire protection for Pinellas County and each of its municipalities" and levy ad valorem taxes to fund fire protection services within these districts.

At present, the Fire Districts Fund consists of twelve separate municipal services taxing units (MSTUs) that provide fire protection services in the unincorporated areas of Belleair Bluffs/ Largo, Clearwater, Dunedin, Gandy, Largo, Pinellas Park, Safety Harbor, Tarpon Springs, Seminole, High Point, Tierra Verde, and South Pasadena. These districts were formed at differing times, after the electors in the affected unincorporated areas approved their creation and the levy of ad valorem taxes to fund fire protection. Nine of these districts have a millage cap of 5 mill, Seminole and High Point have a millage cap of 10 mill and Tierra Verde has a millage cap of 3.0 mill due to a change at a Board meeting on June, 2010.

Per County Code 62-32, compensation to each fire service provider is based on the pro rata share of the fire department's budget in each fire district. The pro rata share is allocated based on the value of real property for the unincorporated area in that district.

Revenues

The Fire Districts Fund consists of primarily one funding source: property taxes (ad valorem revenue).

Property Taxes

Property tax revenues have decreased significantly over the last three years due to legislative rollbacks, the passage of Amendment One, the decline in the real estate market, and the recession. These revenues are affected by taxable values for properties in the local economy. Overall, property taxes are budgeted to generate $14.3M in FY2011 across all districts.

Each dependent fire district has a separate ad valorem millage rate that is the major revenue source for each of the fire districts. The chart next illustrates that half of the fire districts required an increase in millage rates in FY2011 to fund fire service provider expenditures. These districts were Clearwater, Gandy, Largo, Safety Harbor, and High Point and Tierra Verde.

FIRE DISTRICTS FUND

Dependent MSTU Fire Protection Districts

Ad Valorem Millage Rates & Millage Rate Caps

	Millage Rate Caps	FY10 Millage	FY11 Adopted Millage	Variance FY10/FY11 Millages
Belleair Bluffs/Largo	5.0000	1.7320	1.7320	0.0000
Clearwater	5.0000	1.8628	2.1385	0.2757
Dunedin	5.0000	2.0102	2.0102	0.0000
Gandy	5.0000	1.3143	2.1594	0.8451
Largo	5.0000	2.4416	3.4384	0.9968
Pinellas Park	5.0000	2.3675	2.3675	0.0000
Safety Harbor	5.0000	2.4252	2.6800	0.2548
Tarpon Springs	5.0000	2.3745	2.3745	0.0000
Seminole	10.0000	1.9581	1.9581	0.0000
High Point	10.0000	2.7275	3.2644	0.5369
Tierra Verde	3.0000	1.3997	1.7382	0.3385
South Pasadena	5.0000	2.2188	2.2188	0.0000

In addition to millage adjustments in FY2011, each district is subject to a mandated millage cap. The millage cap threshold for Belleair Bluffs, Clearwater, Dunedin, Gandy, Largo, Pinellas Park, Safety Harbor, Tarpon Springs, and South Pasadena are set at 5 mills while Seminole and Highpoint have a 10 mill cap. Tierra Verde has the lowest millage cap at 3.0 mills, which was increased by the Board from 1.5 mills in June, 2010 to meet increasing operating expenditures.

The next chart shows the variation in the taxable values between unincorporated fire districts due to the composition of properties within the districts, e.g. beach properties, condominiums, etc. All of the FY2011 taxable values decreased from the prior year due to the continued decline in the real estate market.

Unincorporated Fire Districts

Percentage Change in Taxable Values FY2010/2011

Taxing Authority	FY10 Taxable Values	FY11 Taxable Values	% Chge
Belleair Bluffs/Largo	301,703,737	291,359,880	-3.4%
Clearwater	1,063,305,209	941,918,460	-11.4%
Dunedin	317,903,981	288,913,510	-9.1%
Gandy	66,603,910	59,181,660	-11.1%
Largo	671,768,560	614,446,992	-8.5%
Pinellas Park	310,084,387	280,429,863	-9.6%
Safety Harbor	77,093,607	67,391,217	-12.6%
Tarpon Springs	207,417,166	176,170,146	-15.1%
Seminole	2,549,426,107	2,289,800,426	-10.2%
Highpoint	851,597,086	746,306,270	-12.4%
Tierra Verde	830,884,982	738,945,178	-11.1%
South Pasadena	117,481,145	103,236,297	-12.1%

Expenditures

The Fire District Fund supports estimated expenditures and reserves in FY2011 totaling $22.7M for all twelve districts. The primary expenditures budgeted in the fund are $14.5M for contractual payments to the municipalities and other independent agencies for fire and rescue services and $7.2M in reserves.

Contractual Fire Payments

Contracts for fire protection services are negotiated with providers on an annual basis. The forecast includes an annual 5.0% increase for the service contracts through the forecast period. Fire departments submit their operating and capital budget requests on an annual basis and the County provides funding based on the unincorporated pro-rata share of property values within the district.

Administrative Costs

Administrative costs from the County are allocated to each fire district based proportionately on the amount of budgeted ad valorem revenue collected. In FY2011, this cost of $307K has decreased in recent

budget years as reductions have been made to this allocation. Operating Expenses for this fund is the distribution of the County's administrative expenses, such as personal services, repair services and intergovernmental charges, and other operating charges, to the twelve fire districts.

Transfers

The Fire District fund has transfers to the Property Appraiser and Tax Collector to cover the costs of collection for ad valorem revenues. FY2011 costs for these were $398K and fluctuate with ad valorem revenue estimates. Transfers also include a $280K repayment to the Capital Projects Fund for funds utilized to purchase a new fire engine vehicle for Lealman.

Reserves

The reserve level in the Fire District fund fluctuates as a whole, but each fire district is evaluated individually. The minimum reserve level that each district maintains is 5% reserve for contingency, which is at the low end of the 5-15% reserve level budget policy adopted by the Board. Several of the individual fire districts currently maintain a 5% minimum reserve including Clearwater, Gandy, Largo, Safety Harbor, Tarpon Springs, High Point, Tierra Verde, and South Pasadena. Some of the districts maintain a 10% reserve level, such as Belleair Bluffs/Largo, Dunedin, Pinellas Park, and Seminole Fire Districts, that serves as a buffer to shield the district from economic downturn in their area.

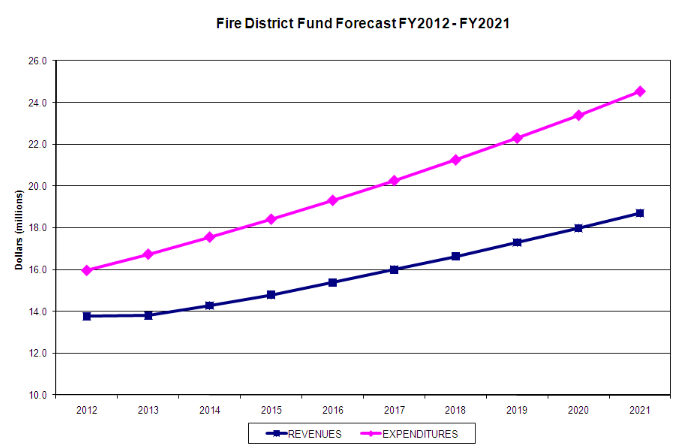
In addition, fire districts set aside funds in Reserve for Future Years for long-term capital projects, such as a new fire truck purchase or improvements to a fire station. Districts can request these funds with the County sharing their portion of this request based on the unincorporated value of the district.

Ten-Year Forecast

Key Assumptions

FY2011 fire district millages are assumed to remain flat through the remainder of the forecast period for each of the districts. However, property tax revenue is forecasted to decrease in FY2012 by 6% due to additional decreases in taxable values during this timeframe, and then become 0% in FY2013 and have moderate 4% increases through the rest of the forecast period as taxable values slowly recover as the housing market begins to rebound and the economy recovers.

On the expenditure side, the contractual payments to the cities are assumed to increase by 5.0% through the forecast period, which outpaces the property tax revenues for the complete forecast period.



Key Results

The chart above shows that expenditures exceed revenues through the forecast period. The fire district fund is presented in a consolidated manner for all of the individual unincorporated twelve districts. Specific fire districts will vary in how much reserves are maintained and fund balance is utilized. However, each individual district must be analyzed individually for their specific situations.

Overall, the revenues are outpaced by expenditures in several of the individual fire districts due to the high costs of the contracts. As the main source of revenue in this fund is property taxes, which is not anticipated to recover immediately, many of the districts will utilize fund balance through the forecast period to pay for long-term capital projects and current operating expenditures. Some of the unincorporated fire districts will also have to increase millage rates in each budget year to keep up with expenditures.

For the four districts (Belleair Bluffs/Largo, Dunedin, Pinellas Park, and Seminole) that have 10% in Reserve for Contingencies and have not had to utilize their fund balances, they are well positioned going into FY2012 through FY2021 without immediately having to increase millage rates for their districts.

For the other eight districts (Clearwater, Gandy, Largo, Safety Harbor, Tarpon Springs, High Point, Tierra Verde, and South Pasadena) that have less than 10% in Reserve for Contingencies and have had to borrow from fund balances, the forecast shows that these districts may have to increase millage rates for their districts to meet their individual district personnel and operating expenditures unless forecasted operating requests decrease.

Potential Risks

The major variable impacting future revenues for this fund is ad valorem revenue and taxable values. If taxable values begin to rebound, then the opportunity for higher revenues will increase. This will be one of the major drivers for increased revenues in the forecast.

However, if taxable values continue to decrease as they have been in the past three years, then the major revenue stream for the fire districts will be impacted. As the districts continue to increase their operating requests and as taxable values decrease, the pressure on increasing millage rates for the fire districts will continue to increase each budget year. Some of the dependent fire districts that have not properly anticipated their future expenditures for operating and capital are anticipating millage increases that are near their millage caps, such as Largo Fire District. This will require Board action for the district to increase their millage cap as Tierra Verde did in FY2010.

Another potential impact is annexation of the unincorporated fire district areas. As cities increasingly annex more of the available unincorporated properties area, there are less unincorporated properties to share the burden of costs of the service among the rest of the unincorporated area in a fire district.

An impact to fire service would be increased costs of Emergency Medical Service funding. Since most of these same fire service providers provide EMS services, if EMS funding is reduced by the County due to increased expenditure pressures and reduced forecasted revenues, these same providers may increase what they are requesting in their operating expenditure requests from the County in their funding formula, which the County funds per the Special Act.

The opportunity for consolidation is also a possibility for the fire districts. Consolidation may result in considerable efficiencies that could reduce operating costs without reducing service levels.

A recent study performed by the Florida Office of Program Policy Analysis and Governmental Accountability (OPPAGA) recommended that the Legislature modify the fire code to eliminate requirements specifying which entity should provide fire services to unincorporated areas and

provisions regarding how services are financed. These changes would allow the County to align funding with the current service delivery practices under the automatic aid system and could result in cost savings for residents of unincorporated areas and help the County equalize tax levels. Moreover, eliminating these provisions would give the County flexibility to determine the most appropriate funding mechanisms for fire and emergency medical services (i.e., a mechanism based on something other than property value).

Balancing Strategies

The forecast shows that this fund is not balanced during the forecast period. This fund cannot be taken as a whole, but each district must be looked at individually. Until the ad valorem revenue forecast situation improves further out into the forecast, the individual districts will feel pressure to increase their millage rates. On the expenditure side, the contractual costs from the fire service providers' requests should be reviewed for continued efficiency opportunities.

Some of the individual districts can continue to use fund balance as long as it is available to them and as long as the minimum reserve of 5% is prudently maintained to continue funding their district personnel and operating expenditures.

AIRPORT FUND

Summary

The Airport Operating and Revenue Fund is an enterprise fund that accounts for revenues and expenditures at St. Petersburg – Clearwater International Airport. This includes management of airport properties in addition to airfield operations. The airport is self-supporting, and no property tax dollars are used to support the operation of the airport.

Airport revenues have remained stable in recent years due to the rental/lease terms and Allegiant Airlines' popularity. Revenues are forecast to increase gradually during the forecast period matching anticipated gradual growth as part of the recovery in the broader U.S. economy.

The forecast for the Airport Revenue and Operating Fund shows that the fund is balanced through the forecast period based on the assumptions that the capital projects budget would be adjusted to reflect the timing and amounts of any grants revenue and that the airport's operating budget would be adjusted to match revenues.

Description

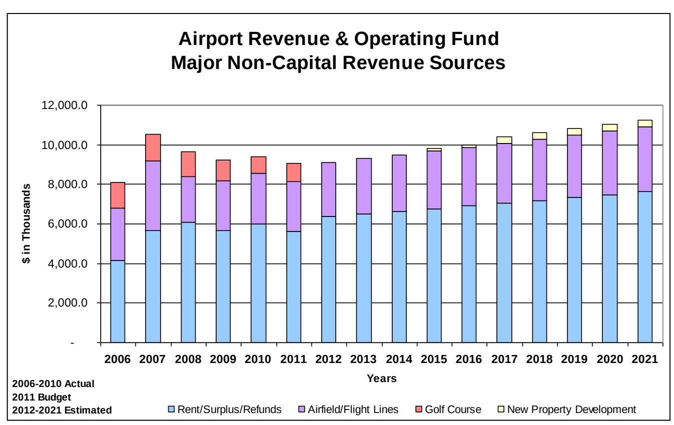
In March 1941 construction started for the airport at its present site. After Pearl Harbor, the airport, known as Pinellas Army Airfield, was used as a military flight-training base. After WWII, many army airfields were declared surplus and turned over to cities, counties, and state sponsors to manage. The Pinellas Army Airfield property was granted to Pinellas County by the U.S. Government to operate as a commercial airport. It was originally called the Pinellas International Airport, and given the airport call letters, PIE.

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

In recognition of the quality of operations and innovative and efficient management, the Florida Department of Transportation recognized St. Petersburg – Clearwater International Airport as the 2010 Commercial Service Airport of the Year.

Revenues

Excluding capital contributions, the major funding sources supporting the Airport Revenue and Operating Fund during the forecast period are Rentals/Leases (61 to 64%), Airfield/Flight Lines (26 to 27%), and New Property Development (0 to 3%).



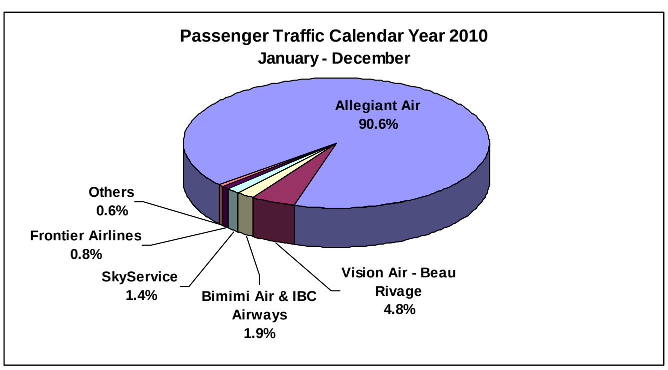
AIRPORT FUND

The forecast assumes that AIRCO Golf Course will be closed in FY2012. New Property Development replaces this revenue starting in FY2015.

Rentals/Leases
Due to the size of the property and the proximity of Tampa International Airport, the perceived highest and best use of the St. Petersburg/Clearwater Airport land are aviation support and land leases. Pinellas County Criminal and Juvenile Courts, Cracker Barrel Restaurant, Dynamet Inc., and GE Aviation Systems are just a few examples of long term leases at the airport. Also included in this revenue source are businesses operating inside the airport terminal, such as the gift shop and restaurant.

Airfield/Flight Line
Airfield fees are charges for the use of the runways and taxiways. Flight Line leases are for aircraft parking areas and maintenance hangars. These revenue sources are expected to remain constant over the near future.

The following chart shows that Allegiant Airlines represents 91% of the passengers served on commercial carriers from St. Petersburg/Clearwater Airport. Terminal Leases and Airfield fees in the near future are dependent on this airline capacity.



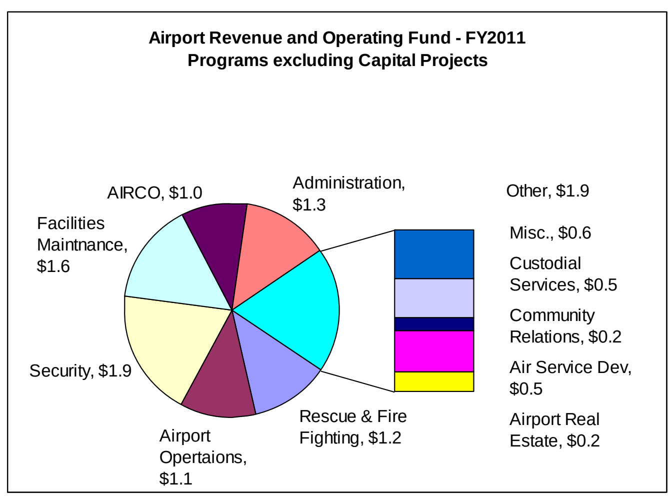
Projected revenue for FY2011 is higher than budgeted due to increased activity levels, including the addition of Frontier Airlines and the expansion of routes by Allegiant Airlines.

Expenditures

The Airport Revenue and Operating Fund supports budgeted expenditures and reserves in FY2011 totaling $35.3M of which $15.1M is allocated for capital projects and $10.1M is reserves.

Airport Programs
Of the remaining $10.0 in operating expenditures, the primary program expenditure is $1.9M for Security and Utilities. Other major program expenditures include $1.6M for Maintenance, $1.2M for Airport Operations, $1.2M for Airport Rescue & Fire Fighting, and $1.0M for Airco Golf Course.

The airport real estate program ensures compliance to Federal Aviation Administration (FAA) lease requirements. This program has FY2011 budgeted expenditures of $227K. However, the program revenues are budgeted for $2.8M.

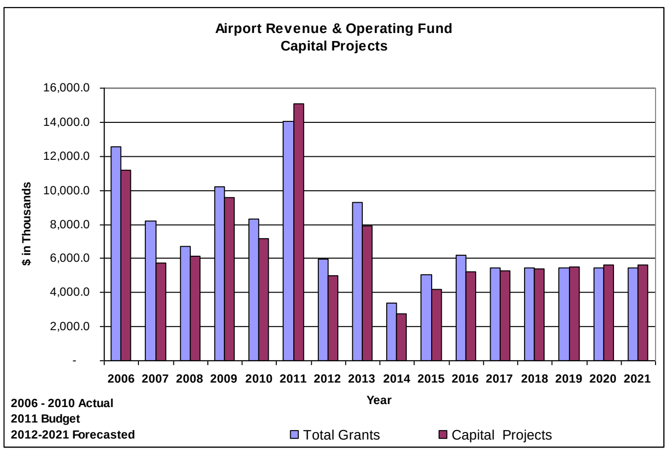


Personal Services

Personal Services expenses are for the salaries and benefits of the 68 positions needed to operate the Airport. Personal Services expenditures in FY2011 total $4.5M.

Capital Projects

The FY2011 Budget for Capital Projects is $15.1M. These projects receive funding in the form of grants from the Federal Aviation Administration (FAA) and the Florida Department of Transportation (FDOT). These projects will only commence when the appropriate grants funding is made available. The following chart shows the relationship between the scheduling of the revenues and the expenditures of capital projects.



Reserves

The total reserve level in the Airport Revenue and Operating fund is currently at 29%. This level is the result of capital projects completion dates lapsing into subsequent fiscal years.

Ten-Year Forecast

Key Assumptions

The revenue forecasts of funding total resources are conservative due to the current economic conditions.

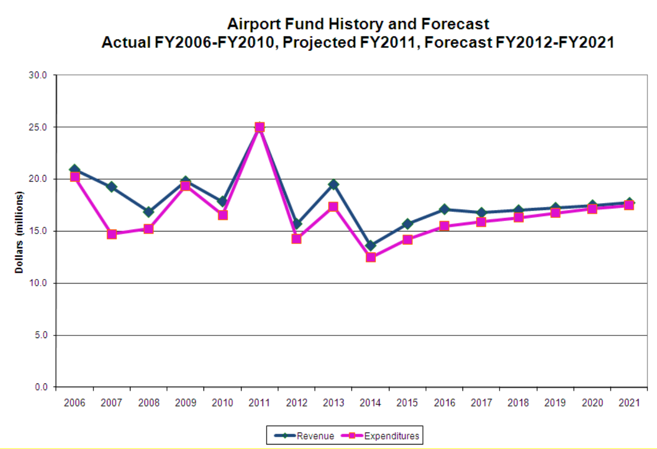
Airfield/Flight Line revenue for FY2012 is based on the current level of carriers and passenger numbers. For FY2013 through FY2021, an increase of 2% is forecast. The forecast is conservative, as no new carriers or agreement renewals have been included. Flight Line Leases are projected at a conservative 2% growth rate over the forecast period.

Rent/Surplus/Refunds revenue for FY2012 is based on current leases/agreements through the termination of these lease agreements. In FY2013 through FY2021, an increase of 2% is forecasted.

AIRCO Golf Course is presumed closed starting in FY2012. Golf course revenues and expenditures will cease except for approximately $60,000 per year plus inflation for maintaining (mowing) the area.

No new revenue from commercial or industrial development on the golf course acreage is projected in the forecast until FY2015. New property development will depend on factors such as site restrictions and future economic conditions.

Capital expenditures track the estimated capital contributions and estimates of current project completions in forecasted years.



AIRPORT FUND

Key Results
The forecast for the Airport Fund is balanced over the forecast period.

The fluctuation in total revenues and expenditures is caused by the timing of capital projects. Capital project impact to both revenues and expenditures is fund neutral, since the projects are dependent on the availability of grants. If the grants are not forthcoming, the projects are not started.

Potential Risks

Several items can alter the ten-year forecast of Airport revenue collections. A primary concern is the strength of the airline industry and the continued success of Allegiant Airlines. Revenues could increase if the airports can attract new passengers and other carrier services. Increases in rental/leases income would result when current leases are renewed and rate formula escalations occur.

One of the major impacts on revenue is the conversion of the AIRCO Golf Course lands to different land uses. A feasibility study has been presented to the Board of County Commissioners to use the golf course land for other revenue endeavors. The timing of this land use change would affect the forecast. Revenues from the golf course are eliminated during the conversion between land uses, but would be presumably more than offset by additional revenue from new rental/leases in future years.

The potential lease income value of the AIRCO parcel is well over $1M annually. In addition, other vacant land parcels could add another $200K -$500K in annual lease income if fully leased. In this instance, the fund balance would not be utilized.

Also, this forecast does not add any new passenger service. An increase of 250,000 new airline passengers could provide over $1M in additional income without a significant increase in operating expenses.

Balancing Strategies

The forecast does not show any structural gaps in revenues and expenditures as the fund is balanced through the forecast period assuming that the operating and capital budget would be adjusted in step with revenues.

UTILITIES WATER FUNDS

Summary

The Pinellas County Utilities Water Funds are proprietary funds dedicated solely to supporting the Pinellas County Utilities Water System (Water System).

The forecast for the Utilities Water Funds shows that the fund is not balanced through the forecast period resulting in a depletion of fund balance by FY2016. Water System retail and wholesale water sales revenues have declined with the slower economy, which will require rate increases to fund operations and maintain sufficient reserves during the forecast period. The forecast shows the need for rate increases of 6% in both FY2012 and FY2013.

Description

The Pinellas County Water System is responsible for the provision of quality, cost effective potable water service to County retail and wholesale customers by planning, developing, constructing, financing, operating and maintaining water treatment and distribution facilities in accordance with State and Federal laws, rules and regulations. The Water System is continually being upgraded to provide customers with a safe and sufficient water supply for domestic needs as well as an ample supply for fire protection. The Water System also continues to educate its customers on important water conservation issues.

The Water Funds are enterprise funds, and are committed solely to support Water System functions. Water utilizes four funds: Revenue and Operating, Debt Service, Renewal and Replacement (capital), and Impact Fees. This forecast covers all funds, except for Debt Service, since it is not utilized at this time.

Revenues

The Water Funds generate revenues budgeted in FY2011 totaling $81.0M. The Water Funds have two primary funding sources: retail water sales of $61.3M and wholesale water sales of $16.5M.

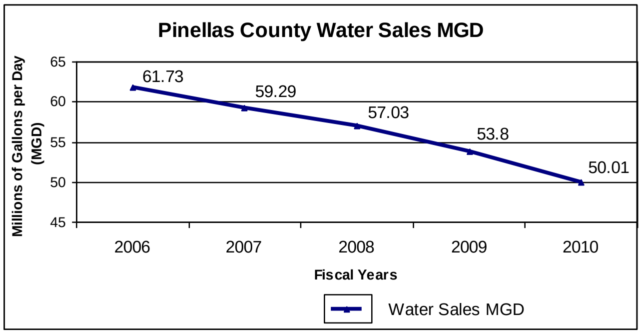
Retail Water Sales

The Water System charges $3.35 per month base rate and $4.78 per 1,000 gallons for retail water service. This rate became effective 10/1/2010, an increase of 3.5% from the previous rate. Retail customers are commercial and residential customers in the Pinellas County Utilities Water Service Area. The volume of water purchased has declined 19% from FY2006 to FY2010. The amount of water purchased is affected by economic conditions, housing and commercial vacancies, and levels of conservation.

Wholesale Water Sales

The Water System charges $3.2959 per 1,000 gallons for wholesale water service. This rate became effective 10/1/2010, an increase of 3.5% from the previous rate. Wholesale customers are five cities within Pinellas County that purchase water from the Water System in bulk and distribute it to their retail water customers. The cities of Clearwater, Tarpon Springs, Safety Harbor, Oldsmar, and Pinellas Park are the wholesale customers of the Water System. Similar to retail water sales, the volume of water purchased has declined 19% from FY2006 to FY2010. The amount of water purchased is affected by economic conditions, housing and commercial vacancies, and levels of conservation.

The graph below shows the recent history of the volume of Water sales by the Water System.



Source: Pinellas County Water System

Expenditures

The Water Funds support budgeted expenditures and reserves in FY2011 totaling $105.6M. The primary expenditures in the fund are $50.2M for the purchase of water, $14.8M for capital outlay, $15.1M for personal services costs, $15.3M for operating expenses, and $10.2M in reserves.

Purchase of Water
Under Section 373.1963 of the Florida Statutes, the Water System is required to purchase its water from Tampa Bay Water, the regional water supply authority. In 1997, 373.1963 F.S. was implemented by the signing of the Interlocal Agreement and the Master Water Supply Contract, under which Tampa Bay Water provides water to its members: Pinellas County, Hillsborough County, Pasco County, City of St. Petersburg, City of Tampa, and City of New Port Richey. Tampa Bay Water sets their rates according to their adopted budget and collects those rates from all members, according to the Master Water Supply Contract. Tampa Bay Water raised their rates by 5.5% for FY2011.

Capital Outlay
The Water System must maintain its equipment, facilities, pipelines, and plants in good working order, utilizing revenues generated within their proprietary funds. Capital outlay reflects the construction and purchase needs as estimated by Pinellas County Utilities engineering in the CIP six year work plan and beyond.

Personal Services
The Water System employs 214 full-time employees in FY2011, down from 242 in FY2010. The Personal Services expenses are for the salaries and benefits of those positions needed to operate the Water System. Water System benefits include the cost of Other Post Employment Benefits (OPEB), as proprietary funds are required by GASB #45 to record the entire annual required contribution (ARC) accrual.

Operating Expenses
The Water System incurs annual recurring costs for repair and maintenance, supplies, fuel, and communications. The Water System also pays for electrical power to run its facilities and for chemicals to treat the water.

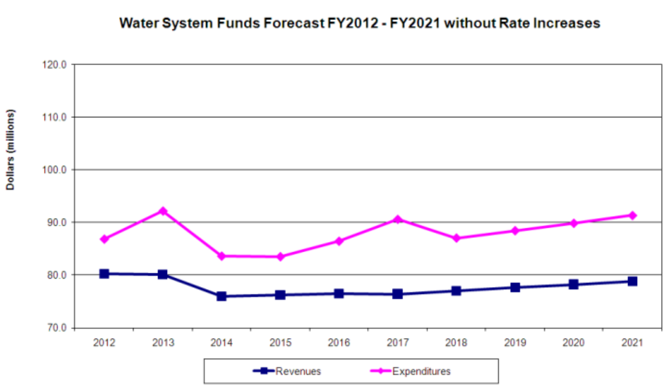
Reserves
The reserve level in the Water System is 10%, which is within the 5-15% reserve level budget policy adopted by the Board. The Water System maintains these reserves for cash flow and future capital needs.

Ten-Year Forecast

Key Assumptions
The revenue forecast assumes only a 0.25% to 0.75% annual increase in retail water demand over the forecast period due to the expected slow growth in the economy. The wholesale water demand reflects a steep 64% decline in demand through FY2014, due to the projected loss of sales to three cities (Clearwater, Tarpon Springs, and Oldsmar), as they develop their own water resources. For expenditures, Personal Services and Operating Expenses reflect the forecast trends described in the Key Assumptions section of this document. A major expense to the Water System is the purchase of water. The cost per thousand gallons of purchasing water from Tampa Bay Water is forecasted to increase by 5.5% in FY2011, 3.0% in FY

2012, 1.13% in FY 2013, 3.8% in FY 2014, -2.0% in FY 2015, and 1.0% in 2016 then 2.5% each year for FY2017 through FY2021 (source: Tampa Bay Water long-range budget). Electricity and chemicals costs are forecasted to increase by 5% and 7% per year respectively through the entire forecast period. The capital outlay forecast reflects the construction and purchase needs as estimated by the Pinellas County Utilities engineering department. This forecast does not include any future costs of a water blending facility.

The graph below shows Water System revenues and expenditures under the above assumptions if there are no future rate increases.



Key Results

The forecast for the Water System Funds shows that the forecasted expenditures are well above forecasted revenues for the next 10 years, with the gap widening each year and all reserves depleted by the end of FY2016. With the forecasted rate of increase in expenditures, current revenues are insufficient to maintain reserves and fund capital replacement needs.

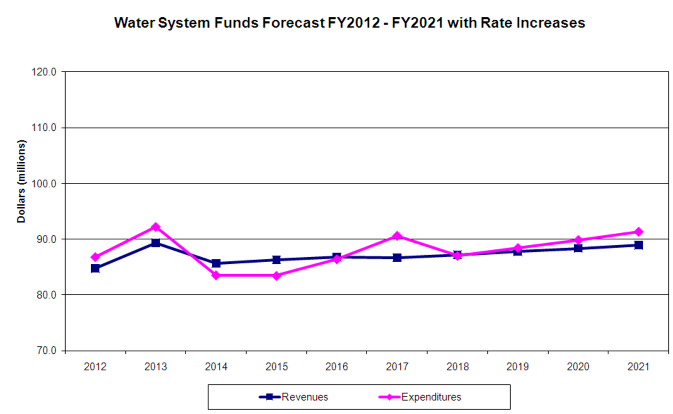
Potential Risks

There are some impacts that can alter the ten-year forecast of the Water System. A continued economic decline would further reduce water demand, which would reduce revenue more than expenses. Operating costs (including Tampa Bay Water) could increase more (or less) than forecasted, causing higher (or lower) operating expenditures than forecasted. The Water System could experience a need for more maintenance than anticipated, causing increased capital costs.

Balancing Strategies

To balance revenues with forecasted expenditures, rate increases will be necessary for both retail and wholesale rates. Burton and Associates, Utility Finance and Economics Independent Consultants have computed that a 6% rate increase in each of FY2012 and FY2013 are necessary to meet the forecasted expenses and reserve needs at the forecasted water demand levels.

The graph below shows Water System revenues and expenditures, assuming the above rate increases are adopted:



With the rate increases recommended by Burton and Associates, Water System revenues will be sufficient to cover forecasted expenditures and maintain sufficient reserves.

Pinellas County

UTILITIES SEWER FUNDS

Summary

The Pinellas County Utilities Sewer Funds are proprietary funds dedicated solely to supporting the Pinellas County Utilities Sewer System (Sewer System).

The forecast for the Utilities Sewer Funds shows that the fund is not balanced through the forecast period resulting in a depletion of fund balance by FY2014. Sewer System retail and wholesale revenues have declined with the slower economy, and will require rate increases to fund operations, sustain a debt service ratio of 1.5, and maintain sufficient reserves during the forecast period. The forecast shows the need for rate increases of 2% annually from FY2012 through FY2021.

Description

The Pinellas County Sewer System is responsible for the provision of quality, cost effective sewer service to the citizens residing in County sewer service areas by planning, developing, constructing, financing, operating, and maintaining sewage collection, transmission, treatment and disposal facilities in accordance with State and Federal laws, rules, and regulations. It provides an environmentally safe and sanitary means of collecting and transmitting discharged domestic wastes from residential, commercial, and industrial users. The Sewer System provides for the treatment and disposal of objectionable materials and organisms from these wastes in order to protect public health, property, and environment.

The Sewer Funds are enterprise funds, and are committed solely to support Sewer System functions. Sewer utilizes four funds: Revenue and Operating, Renewal and Replacement (capital), Interest and Sinking (Debt Service), and Construction Series 2008. This forecast covers all funds, except for Construction Series 2008, since it is only used for the restricted proceeds of the 2008 bond issue. The Sewer System is required to maintain a debt service coverage ratio of 1.25 per the bond covenants, but the bond ratings services recommend a debt service coverage ratio of 1.5 to sustain a bond rating of A1.

Revenues

The Sewer Funds generate revenues budgeted in FY2011 totaling $58.9M. The Sewer Funds have four primary funding sources: retail sewer charges of $43.5M, wholesale sewer charges of $6.7M, retail reclaimed water charges of $3.8M, and wholesale reclaimed water charges of $0.3M.

Retail Sewer Charges

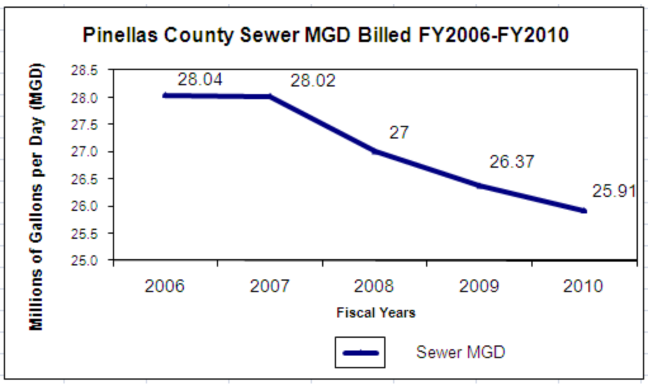
The Sewer System charges $10.50 per month base rate and $3.84 per 1,000 gallons for retail sewer service. This rate became effective 10/1/2010, an increase of 1.5% from the previous rate. Prior to this rate increase, there was a 3.5% increase in FY2010 and no rate increases from FY2004 thru FY2009. Retail customers are commercial and residential customers in the Pinellas County Utilities Sewer Service Area. The volume of waste processed has declined 7.5% from FY2006 to FY2010. The amount of sewage processed is affected by economic conditions, housing and commercial vacancies, and levels of water conservation.

Wholesale Sewer Sales

The Sewer System charges $2.96 per 1,000 gallons for wholesale sewer service. This rate became effective 10/1/2010, an increase of 1.5% from the previous rate. Wholesale customers are four cities within Pinellas County that purchase sewer service from the Sewer System in bulk after collecting it from their retail sewer customers. The cities of Redington Beach, Redington Shores, Indian

Rocks Beach, and Pinellas Park are the wholesale customers of the Sewer System. Similar to retail sewer sales, the volume of waste processed has declined 7.5% from FY2006 to FY2010. The amount of waste processed is affected by economic conditions, housing and commercial vacancies, and levels of water conservation.

The graph below shows the recent history of the volume of waste billed by the Sewer System.



Source: Pinellas County Sewer System

Retail Reclaimed Water Charges

The Reclaimed Water System charges $15.00 per month base rate and $0.64 per 1,000 gallons for retail reclaimed water service for unfunded systems (systems without existing distribution lines) and $14.00 per month base rate and $0.64 per 1,000 gallons for funded systems (systems with pre-existing distribution lines). Rates for unfunded systems are higher as the Sewer System must recover the cost of constructing the reclaimed water distribution lines. Only those accounts that have metered service pay the volumetric rate, with most paying only the flat monthly rate. These rates became effective 10/1/2010.

Wholesale Reclaimed Water Charges

The Reclaimed Water System charges volumetric rates by contract for wholesale reclaimed water service. Wholesale customers are four cities within Pinellas County that purchase reclaimed water service from the Reclaimed Water System in bulk and distribute it to their retail customers. The cities of St. Pete Beach, South Pasadena, Belleair, and Pinellas Park are the wholesale customers of the Reclaimed Water System.

Expenditures

The Sewer Funds support budgeted expenditures and reserves in FY2011 totaling $102.9M. The primary expenditures in the funds are $14.9M for personal services costs, $15.2M for debt service, $21.9M for operating expenses, $17.6M for capital outlay, and $33.3M in reserves.

Personal Services

The Sewer System employs 205 full-time employees in FY2011, down from 234 in FY2010. The Personal Services expenses are for the salaries and benefits of those positions needed to operate the Sewer System. Sewer System benefits include the cost of Other Post Employment Benefits (OPEB), as proprietary funds are required by GASB #45 to record the entire annual required contribution (ARC) accrual. This cost is included in the calculation of the debt service coverage ratio.

Debt Service

The Sewer System has $199.2M principal of outstanding bonds, requiring annual principal and interest repayments averaging $15.2M per year until 2029. The bonds were issued to fund various sewer system capital projects. The bonds maturity dates are from 2017 through 2032.

Operating Expenses

The Sewer System incurs annual recurring costs for repair and maintenance, supplies, fuel, and communications. The Sewer System also pays for electrical power to run its facilities and for chemicals to treat the waste.

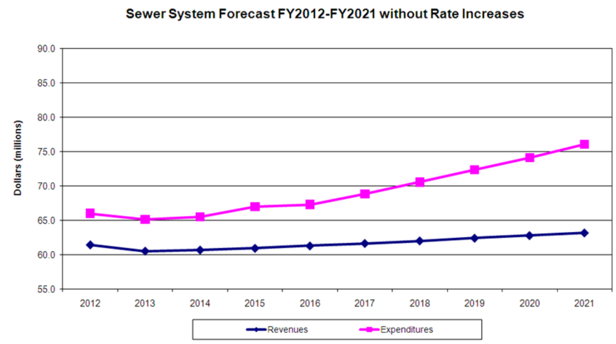
Capital Outlay
The Sewer System must maintain its equipment, facilities, pipelines, and plants in good working order, using revenues generated within their proprietary funds. Capital outlay reflects the construction and purchase needs as estimated by Pinellas County Utilities engineering in the CIP six year work plan and beyond. In this forecast, the capital outlay only relates to those projects funded by the Renewal and Replacement fund, and not those funded by bond proceeds.

Reserves
The reserve level in the Sewer System is 32%, which is higher than the 5-15% reserve level budget policy adopted by the Board. The Sewer System maintains $7.4M of reserves for cash flow and $ 22.6M to fund future capital needs. In addition, the 2008 bond issue requires a debt service reserve of $1.97M.

Ten-Year Forecast

Key Assumptions
The revenue forecast assumes only a 0.25% annual increase in retail and wholesale sewer demand due to the expected slow growth in the economy. The revenue forecast assumes a 0.25% annual increase in retail reclaimed water sales, but a 2% annual increase in wholesale reclaimed sales, as the demand for more small cities to provide reclaimed water continues. For expenditures, Personal Services and Operating Expenses reflect the forecast trends described in the Key Assumptions section of this document. Electricity and chemicals costs are forecasted to increase by 5% and 7% respectively per year through the entire forecast period. The capital outlay forecast reflects the construction and purchase needs as estimated by the Pinellas County Utilities Engineering Department. This forecast does not include any capital expenditures from bond proceeds.

The graph below shows Sewer System revenues and expenditures under the above assumptions if there are no future rate increases.



Note: FY2012 excludes non-recurring project expenditures.

Key Results
The forecast for the Sewer Funds shows forecasted expenditures are well above forecasted revenues, with the gap widening and all reserves depleted by the end of FY2014. With the forecasted rate of increase in expenditures, current revenues are insufficient to maintain reserves, sustain the recommended debt service coverage ratio, and fund capital replacement needs.

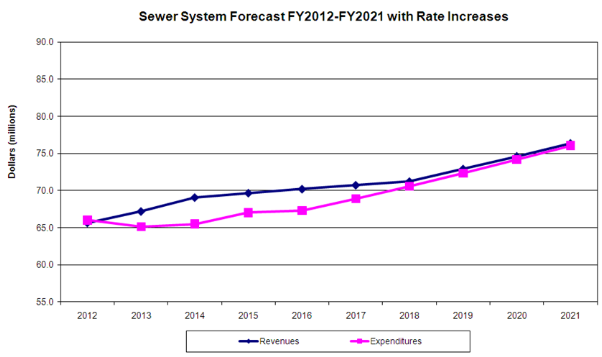
Potential Risks

There are some impacts that can alter the ten-year forecast of the Sewer System. A continued economic decline would further reduce water demand, which reduces sewer revenue that is based on volume. Operating costs could increase more (or less) than forecasted, causing higher (or lower) operating expenditures than forecasted. The Sewer System could experience a need for more maintenance than anticipated, causing increased capital costs.

Balancing Strategies

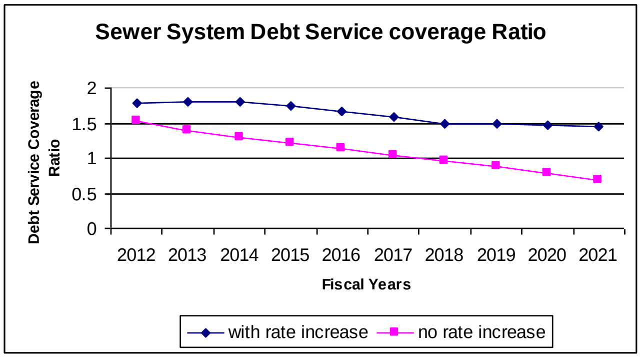
To balance revenues with forecasted expenditures, rate increases will be necessary for both retail and wholesale rates. Burton and Associates, Utility Finance and Economics Independent Consultants have computed that sewer rate increases of 2% per year for years FY2012 through FY2021 are necessary to meet the forecasted expenses and reserve needs at the forecasted sewer demand levels. Burton and Associates has also computed that reclaimed water rates need to increase 2% each year FY2012 through FY2021.

The following graph shows Sewer System revenues and expenditures, assuming the above rate increases are adopted:



Note: FY2012 excludes non-recurring project expenditures.

With the rate increases recommended by Burton and Associates, Sewer System revenues will be sufficient to cover forecasted expenditures, maintain sufficient reserves, and sustain the recommended debt service coverage ratio of 1.5. The chart below shows the forecasted debt service coverage ratio with and without the recommended rate increases.



UTILITIES SOLID WASTE FUNDS

Summary

The Pinellas County Solid Waste Funds are proprietary funds dedicated solely to supporting the Solid Waste functions.

The forecast for the Utilities Solid Waste Funds shows that the fund is balanced through the forecast period. Solid Waste tipping fees and electricity sales revenues have declined with the slower economy, but will remain sufficient to fund operations and maintain sufficient reserves during the forecast period. Reserves are being accumulated for future capital replacement needs consistent with the 25 year capital plan.

Description

The Pinellas County Solid Waste department provides safe and environmentally sound integrated solid waste services to all citizens of Pinellas County. These services emphasize public awareness and communication to enable the citizens to make educated choices concerning proper management of their solid waste and to help maintain the quality of life in Pinellas County. In support of that mission, the Solid Waste department operates the landfill, the waste-to-energy plant, hazardous waste collection, recycling programs, and litter-reduction.

The Solid Waste Funds are enterprise funds, and are committed solely to support Solid Waste functions. Solid Waste utilizes two funds: Revenue and Operating, and Renewal and Replacement (capital).

Revenues

The Solid Waste Funds generate revenues budgeted in FY2011 totaling $79.0M. The Solid Waste Funds consist almost exclusively of two primary funding sources: tipping fees of $33.4M and electricity sales of $42.6M.

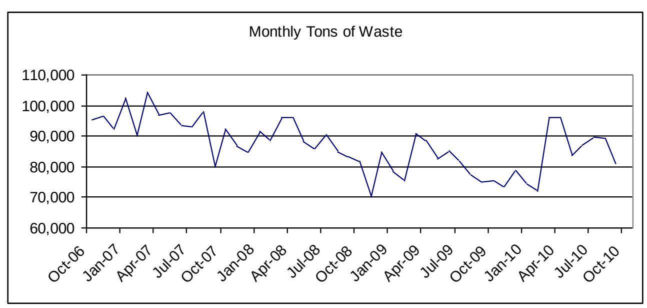
Tipping Fees

Solid Waste charges $37.50 per ton for all waste brought to the Solid Waste Facility. That rate has not changed since 1988. The volume of waste brought to the Solid Waste Facility increased in FY2010, but is expected to decrease in FY2011. The amount of waste brought to the facility is affected by economic conditions and levels of recycling.

Electricity Sales

Solid Waste receives revenue from the electrical capacity contract with Progress Energy for power produced by the waste-to-energy plant. The revenue from this contract is defined by rates specified in the contract, which expires in 2024. Solid Waste also receives revenue for electricity sales in excess of the capacity contract with Progress Energy. This revenue stream is affected by the amount of waste received by the plant and the operating capacity of the plant. Due to slow growth in the economy and no planned increases in plant capacity for the next 10 years, this revenue is forecast to increase by 0.5% per year from FY2012 through FY2021.

The graph below shows the tons of waste delivered to the Solid Waste Facility.



Source: Pinellas Co. Solid Waste Mgmt. Tonnage Activity Reports

Interfund Loan Repayment

Debt service revenues over the forecast period are associated with the current $20M interfund loan from the Solid Waste Renewal and Replacement Fund to the Capital Improvement Fund. On September 21, 2010 the Board authorized an interfund loan up to $85M to assist with cash flow in the Capital Projects Fund through FY2019. The original 2010 to 2020 Penny Program was anticipated to be financed with a $150M bond issue in order to accelerate several key projects. The benefits of an interfund loan versus bonding include lower borrowing costs, no reserve requirements, interest accrues to a county entity, and more flexibility in the implementation and terms of the loan. Interest will be collected in FY2012 through FY2019, and loan repayment in FY2019 and FY2020.

Expenditures

The Solid Waste Funds support budgeted expenditures and reserves in FY2011 totaling $199.6M. The primary expenditures in the fund are $25.1M for the Waste-to-Energy service contract, $7.4M for recycling programs, $11.0M for the Landfill service contract, $28.9M for capital investment, and $102.9M in reserves.

Waste-to-Energy Service Contract

Solid Waste is under contract with Veolia, Inc. to operate the Waste-to-Energy (WTE) plant. This contract expires in 2024, and has 10 one-year extensions.

Landfill Service Contract

Solid Waste is under contract with Veolia, Inc. to operate the landfill. This contract expires in 2015, and has a 3-year extension.

Recycling

Solid Waste begins the curbside recycling program in FY2011 and projects to be fully operational in FY2013. Solid Waste is planning to contract with service providers for the unincorporated areas of the county and to provide grants to cities for operation of their programs. The first full year of operation in FY2013 expenses are forecast to be $11.4M. The FY2014 costs are forecast at $9.6M and ongoing costs are forecast to increase 2% through FY2021. In FY2011, Solid Waste is also starting their recycling program for beach communities. FY2012 costs are forecast at $37K, increasing to $82K in FY2013 and then averaging $40K through FY2021.

Capital Outlay

Solid Waste must maintain its equipment, facilities, and plants in good working order, utilizing revenues generated within their proprietary fund. Capital outlay reflects the construction and purchase needs as estimated in the consulting engineering services report from Camp, Dresser & McKee, Inc.

Personal Services

The Solid Waste System employs 79 full-time employees in FY2011, down from 84 in FY2010. The Personal Services expenses are for the salaries and benefits of those positions needed to operate the Solid Waste System. Solid Waste System benefits include the cost of Other Post Employment Benefits (OPEB), as proprietary funds are required by GASB #45 to record the entire annual required contribution (ARC) accrual.

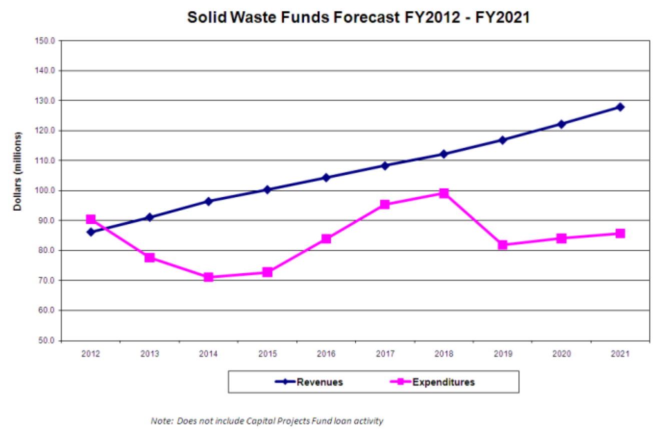
Interfund Loan to Capital Improvement

The FY2011 Budget includes a transfer of $5.0M from the Solid Waste Renewal and Replacement Fund as part of an interfund loan to the Capital Projects Fund for cash flow purposes. The interfund loan authorizing up to $85M was approved by the Board of County Commissioners in lieu of a $150M bond issue originally planned to finance key projects in the FY2010 to FY2020 Penny Program.

UTILITIES SOLID WASTE FUNDS

Reserves

The reserve level in the Solid Waste System is 52%, which is above the 5-15% reserve level budget policy adopted by the Board. Solid Waste maintains the following reserves: $7.5M required reserves per the Veolia contracts, $10M for insurance deductibles, $13M for 2½ months of operating expenses, and the remainder of $72.3M is for future needs consistent with the 25 year capital plan.



Ten-Year Forecast

Key Assumptions

The revenue forecast assumes only a 0.5% increase in tipping fees and electricity sales throughout the forecast horizon due to the expected slow growth in the economy, increased recycling, and no planned capacity increases to the WTE plant. The revenue forecast does not include any increases in tipping fee rates. The economy does affect the tons of waste brought to the solid waste facility, because less consumption and lower tourism means less waste. For expenditures, Personal Services and Operating Expense fluctuate with the consumer price index in the forecasted years after the start-up of the recycling programs. The capital outlay forecast reflects the construction and purchase needs as estimated by the consulting engineering services report. There is a large capital need forecasted for FY2017 and FY2018 to install additional air pollution measures, in anticipation of tighter regulatory requirements.

Key Results

The forecast for the Solid Waste Funds shows that the forecasted revenues are sufficient to provide for the forecasted expenditures over the next 10 years, while still maintaining sufficient reserves. Expenditures exceed revenue in FY2012 due to non-recurring (one-time) costs associated with implementation of new curbside recycling program. Solid waste revenues exceed expenditures from FY2013 through FY2020. In FY2017 and FY2018 expenditures reflect non-recurring costs associated with additional air pollution measures. The recurring revenues are sufficient to support recurring operations without any increases in tipping fees. Reserves increase during the forecast period and reach the level of 82% of revenues in FY2021. The reserves are planned to fund considerable future capital replacement needs in the Solid Waste 25-year plan.

Potential Risks

There are some impacts that can alter the ten-year forecast of the Solid Waste Funds. A continued economic decline would further reduce incoming waste, which would reduce revenue from both the tipping fees and electricity sales. The WTE plant could

experience more maintenance downtime than anticipated, reducing electricity sales and causing increased capital costs.

Balancing Strategies

The forecast does not show any structural gaps in revenues and expenditures as the fund is balanced through the forecast period.

Pro-Formas

PRO-FORMAS

The *Pro-Formas* portion of the Budget Forecast: FY2012-2021 includes the detailed assumptions behind the ten-year fund pro-formas as well as full-size forecast charts for ten of the County's major funds:

- General Fund
- Tourist Development Fund
- Transportation Trust Fund
- Capital Projects Fund
- Emergency Medical Services Fund
- Fire Districts Fund
- Airport Fund
- Utilities Water Funds
- Utilities Sewer Funds
- Utilities Solid Waste Funds

Sections for Each Fund

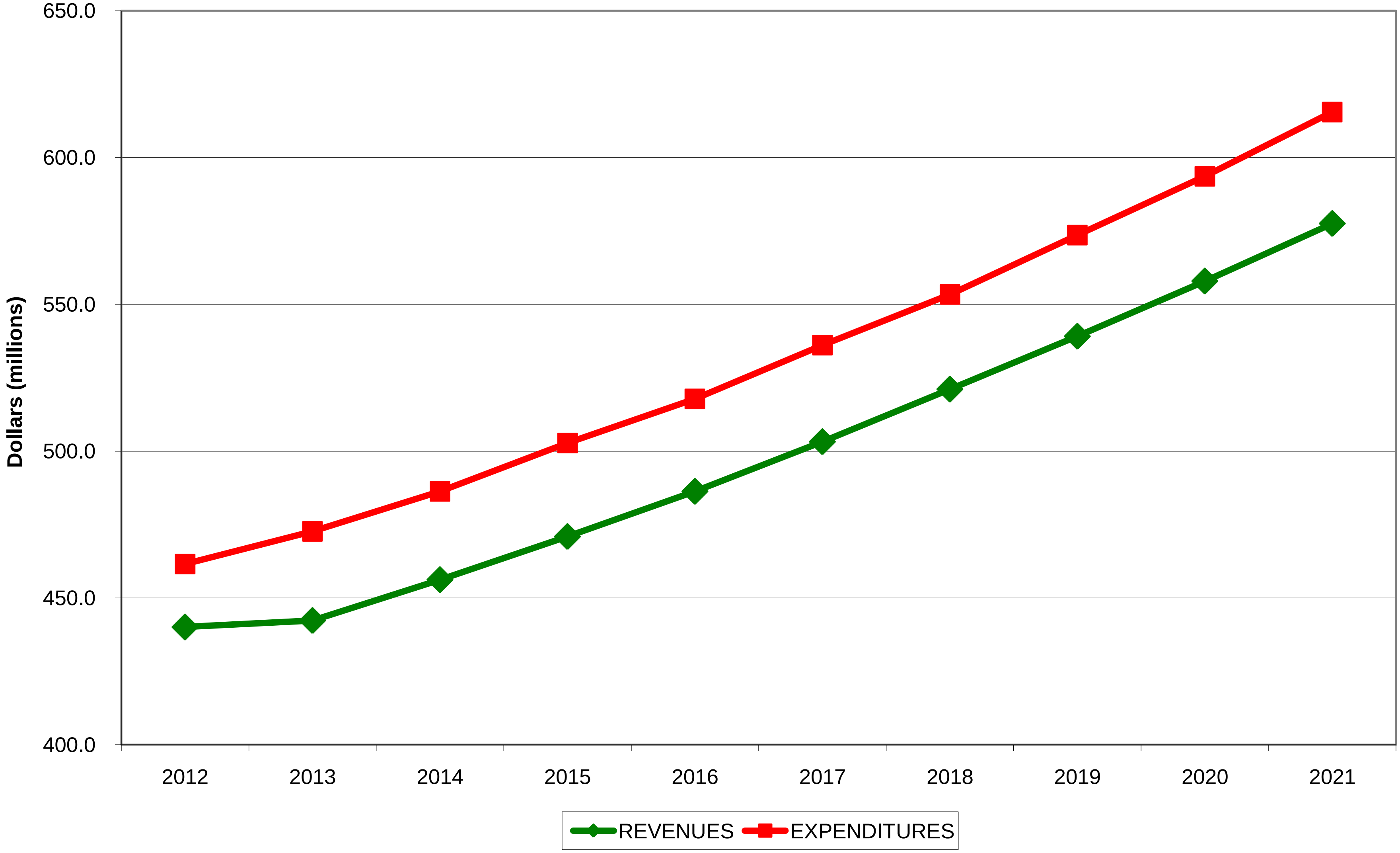
Each fund has the following information:

- **Forecast Chart:** Provides a forecast of revenues (net of fund balance) and expenditures (net of reserves) for each fund over a ten-year period
- **Assumptions:** Provides the key assumptions for each year in the forecast horizon that feed the pro-formas for each fund
- **Pro-Formas**: Provides the detailed revenue and expenditure projections over ten years for each fund based on key assumptions

Additional Information

The information in this section provides the detail behind the forecast summaries prepared in the *Fund Forecasts* portion of this document. The fund forecasts are intended to be high level, user-friendly summaries of the results of the ten-year forecast for each fund. The information in this section is much more granular and was used by the Office of Management & Budget as well as other contributing departments to produce the forecasts.

General Fund Forecast FY2012 - FY2021



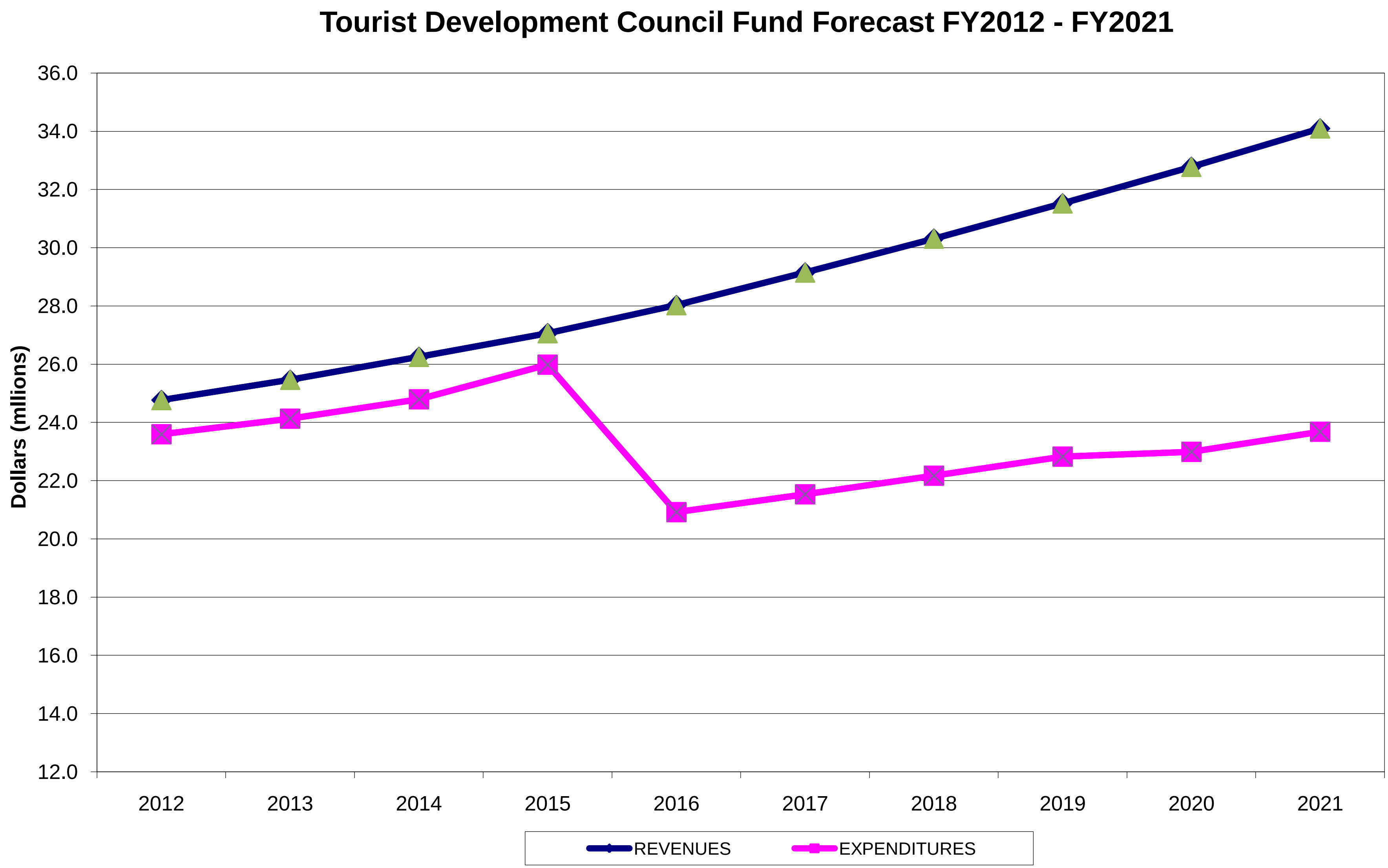
GENERAL FUND FORECAST
Fund 0101

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Property Taxes - Countywide	-6.0%	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Property Taxes - MSTU	-6.5%	-0.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Half Cent Sales Tax	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Revenue Sharing	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Communications Services Tax	-0.3%	1.6%	2.0%	2.3%	2.5%	2.5%	2.2%	2.1%	2.1%	2.1%
Charges for Services	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	2.5%	1.7%	3.2%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	0.6%	2.3%	2.3%	3.6%	2.4%	2.3%	2.4%	3.4%	2.2%	2.2%
Capital Outlay	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Grants & Aids	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

GENERAL FUND FORECAST
Fund 0101

(in $ millions)	Actual 2010	Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**138.0**	**122.6**	**127.6**	**121.2**	**99.7**	**69.3**	**39.2**	**7.3**	**(24.2)**	**(57.1)**	**(89.4)**	**(123.9)**	**(159.6)**
REVENUES													
Property Taxes -Countywide	301.2	266.8	266.8	250.8	250.8	260.8	271.2	282.0	293.3	305.0	317.2	329.9	343.1
Property Taxes - MSTU	33.0	29.6	29.6	27.7	27.6	28.6	29.6	30.6	31.7	32.8	33.9	35.1	36.3
Half Cent Sales Tax	34.2	33.4	34.5	35.5	36.7	38.0	39.3	40.7	42.1	43.6	45.1	46.7	48.3
Revenue Sharing	13.5	12.1	13.5	13.8	14.1	14.4	14.7	15.0	15.3	15.6	15.9	16.2	16.5
Communications Svc Tax	11.0	11.1	10.9	10.9	11.1	11.3	11.6	11.9	12.2	12.5	12.8	13.1	13.4
Grants (fed/state/local)	12.0	10.6	10.6	8.5	8.7	8.9	9.1	9.3	9.5	9.7	9.9	10.1	10.3
Interest	1.8	7.1	2.0	2.0	2.0	1.4	0.8	0.1	-	-	-	-	-
Charges for Services	81.5	69.2	68.4	66.3	66.3	67.4	68.6	70.2	72.0	74.0	75.9	77.7	79.8
Transfers from Other Funds	3.6	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Other revenues	12.6	16.2	16.2	16.5	16.8	17.1	17.4	17.7	18.1	18.5	18.9	19.3	19.7
Adjust Property Taxes to 96%			3.1	2.9	2.9	3.0	3.2	3.3	3.4	3.6	3.7	3.8	4.0
Adjust Major Revenue to 98%			-	1.9	2.0	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5
Adjust Other Revenue to 97%			2.1	2.0	2.0	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3
TOTAL REVENUES	**504.4**	**457.4**	**459.0**	**440.1**	**442.3**	**456.2**	**470.9**	**486.3**	**503.2**	**521.1**	**539.1**	**557.9**	**577.5**
% vs prior year	*-9%*	*-9%*	*-9%*	*-4%*	*0%*	*3%*	*3%*	*3%*	*3%*	*4%*	*3%*	*3%*	*4%*
TOTAL RESOURCES	**642.4**	**580.0**	**586.6**	**561.3**	**542.0**	**525.5**	**510.1**	**493.6**	**479.0**	**464.0**	**449.7**	**434.0**	**417.9**
EXPENDITURES													
Personal Services	80.8	72.7	72.7	74.5	75.8	78.2	81.1	84.1	87.2	90.4	93.7	97.2	100.8
Operating Expenses	91.4	94.1	94.1	95.0	96.8	99.2	102.7	105.3	107.8	110.5	114.2	116.8	119.6
Capital Outlay	1.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Grants & Aids	21.8	20.1	20.1	19.9	20.2	20.9	21.6	22.3	23.1	23.9	24.7	25.5	26.4
Transfers	295.6	268.7	268.7	271.3	279.4	287.3	296.8	307.2	319.2	329.9	342.3	355.5	370.2
Debt Service	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Service Level Stabilization Acct		**19.3**	-	-	-	-	-	-	-	-	-	-	-
Non-recurring expenditures		**0.6**	**0.6**	-	-	-	-	-	-	-	-	-	-
Expenditure Lapse 1% **			(1.8)	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)
Prior Year Funds Reappropriations			**0.6**										
Potential Issues:													
a) Housing Trust Fund (G&A)	-	-	-	-	-	-	-	-	-	-	-	-	-
b) OPEB Liability Funding	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**	**2.0**
c) BTS non-recurring project costs	**20.5**	**6.6**	**6.6**	-	-	-	-	-	-	-	-	-	-
d) Homeless Initiatives (G&A)	**1.0**	**1.0**	**1.0**	-	-	-	-	-	-	-	-	-	-
e) CIP Operating Impacts (cumulative)				**(0.1)**	**(0.4)**	**(0.2)**	**(0.2)**	**(1.9)**	**(1.9)**	**(1.9)**	**(1.9)**	**(1.9)**	**(1.9)**
TOTAL EXPENDITURES	**514.8**	**485.9**	**465.4**	**461.6**	**472.7**	**486.3**	**502.8**	**517.8**	**536.1**	**553.4**	**573.6**	**593.6**	**615.5**
% vs prior year	*-11%*	*-6%*	*-10%*	*-1%*	*2%*	*3%*	*3%*	*3%*	*4%*	*3%*	*4%*	*3%*	*4%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**127.6**	**94.1**	**121.2**	**99.7**	**69.3**	**39.2**	**7.3**	**(24.2)**	**(57.1)**	**(89.4)**	**(123.9)**	**(159.6)**	**(197.6)**
Ending balance as % of Resources	*20%*	*16%*	*21%*	***18%***	***13%***	***7%***	***1%***	***-5%***	***-12%***	***-19%***	***-28%***	***-37%***	***-47%***
TOTAL REQUIREMENTS	**642.4**	**580.0**	**586.6**	**561.3**	**542.0**	**525.5**	**510.1**	**493.6**	**479.0**	**464.0**	**449.7**	**434.0**	**417.9**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(10.4)	(28.5)	(6.4)	(21.5)	(30.4)	(30.1)	(31.9)	(31.5)	(32.9)	(32.3)	(34.5)	(35.7)	(38.0)
note: non-recurring expenditures	**21.9**	**32.4**	**13.7**	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**11.5**	**3.9**	**7.3**	**(21.5)**	**(30.4)**	**(30.1)**	**(31.9)**	**(31.5)**	**(32.9)**	**(32.3)**	**(34.5)**	**(35.7)**	**(38.0)**

*** Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only.*



Tourist Development Council Fund Forecast FY2012 - FY2021
Dollars (mllions)
36.0
34.0
32.0
30.0
28.0
26.0
24.0
22.0
20.0
18.0
16.0
14.0
12.0
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
REVENUES
EXPENDITURES

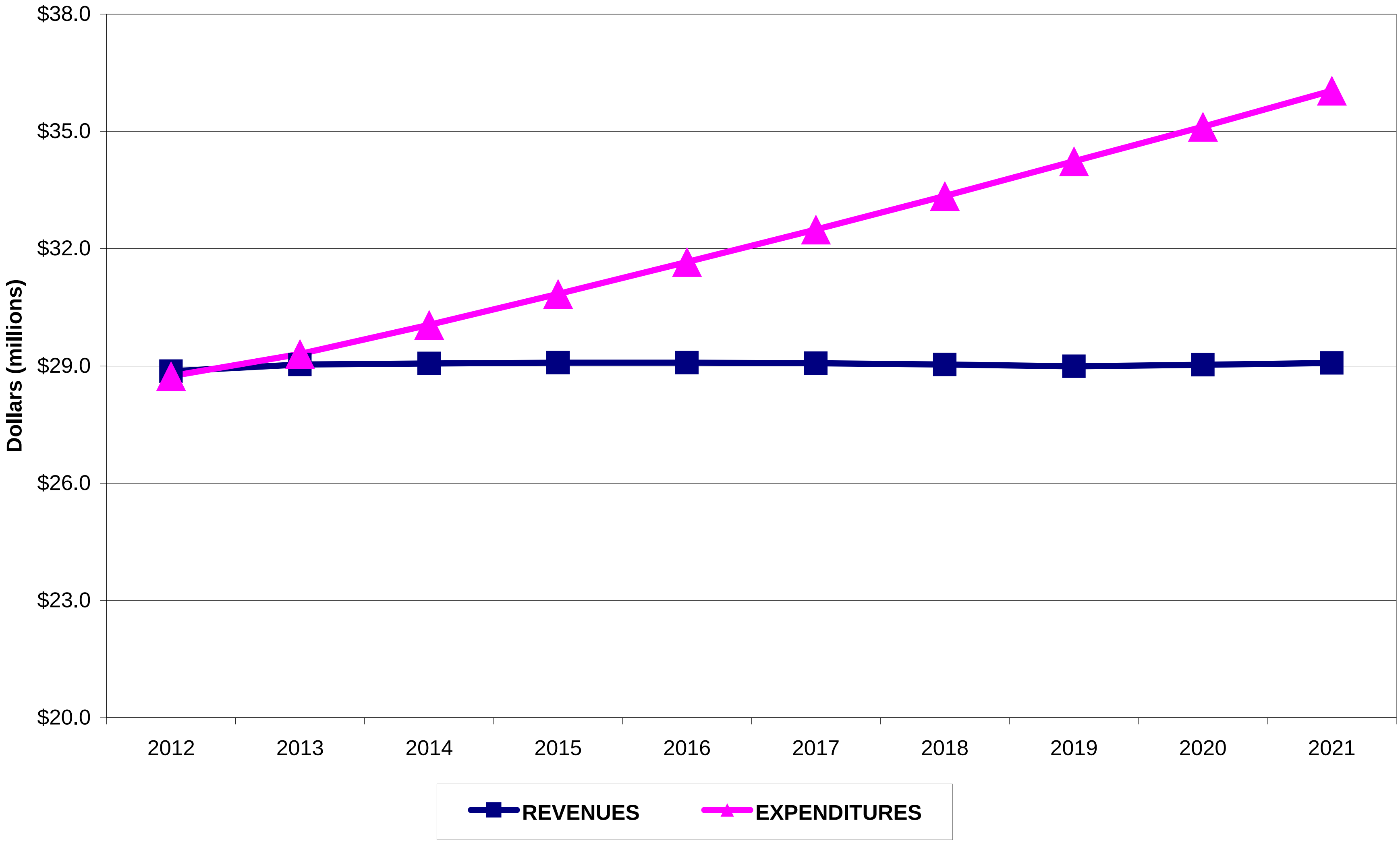
TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 0240

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Tourist Development Taxes	2.5%	2.5%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Other revenues (Int - TC)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Advertising Expense	2.5%	2.5%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Capital Outlay	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 0240

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**3,086.5**	**2,191.5**	**3,851.0**	**5,196.0**	**6,372.9**	**7,708.1**	**9,166.4**	**10,244.9**	**17,356.3**	**24,971.1**	**33,113.6**	**41,809.2**	**51,597.4**
REVENUES													
Tourist Development Taxes	23,751.9	22,065.0	24,108.2	24,710.9	25,328.7	26,088.5	26,871.2	27,811.7	28,785.1	29,792.5	30,835.3	31,914.5	33,031.5
Interest	30.1	10.4	10.4	52.0	127.5	154.2	183.3	204.9	347.1	499.4	662.3	836.2	1,031.9
Cty Off Fees (TC)	264.8	-	-	-	-	-	-	-	-	-	-	-	-
Deepwater Horizon Impact Grant	1,150.0	-	-	-	-	-	-	-	-	-	-	-	-
Other revenues (Int - TC)	1.8	6.8	6.8	6.9	7.1	7.2	7.4	7.5	7.7	7.8	8.0	8.1	8.3
Adjust Other Revenue to 97%			0.4	1.2	2.8	3.4	4.0	4.5	7.5	10.7	14.1	17.8	21.9
REVENUES	**25,198.6**	**22,082.2**	**24,125.7**	**24,771.0**	**25,466.0**	**26,253.3**	**27,065.9**	**28,028.5**	**29,147.3**	**30,310.5**	**31,519.6**	**32,776.6**	**34,093.7**
% vs prior year	*2%*	*-12%*	*-4%*	*3%*	*3%*	*3%*	*3%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
TOTAL REVENUES	**28,285.1**	**24,273.7**	**27,976.7**	**29,967.1**	**31,838.9**	**33,961.4**	**36,232.3**	**38,273.4**	**46,503.6**	**55,281.5**	**64,633.2**	**74,585.9**	**85,691.1**
EXPENDITURES													
Personal Services	2,711.9	2,864.0	2,864.0	2,955.6	3,026.6	3,135.5	3,251.6	3,371.9	3,496.6	3,626.0	3,760.2	3,899.3	4,043.6
Operating Expenses	6,078.2	5,507.7	5,507.7	5,601.3	5,713.4	5,833.3	5,961.7	6,092.8	6,220.8	6,351.4	6,484.8	6,608.0	6,740.2
Advertising Expense	**7,228.2**	**6,327.4**	6,327.4	**6,485.6**	**6,647.7**	**6,847.2**	**7,052.6**	**7,299.4**	**7,554.9**	**7,819.3**	**8,093.0**	**8,376.2**	**8,669.4**
Capital Outlay	4.3	4.3	4.3	4.4	4.5	4.6	4.7	4.8	4.9	5.0	5.1	5.2	5.3
Transfer - Tax Collector	705.5	485.0	485.0	617.8	633.2	652.2	671.8	695.3	719.6	744.8	770.9	797.9	825.8
Transfer - Beach Renourishment	1,897.8	2,050.3	2,050.3	2,101.6	2,154.1	2,218.7	2,285.3	2,365.3	2,448.1	2,533.7	2,622.4	2,714.2	2,809.2
Transfer - Cultural Affairs	350.0	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	5,458.2	5,542.0	5,542.0	5,827.9	5,951.4	6,103.4	6,259.9	587.7	587.7	587.7	587.7	587.7	587.7
Debt Service - Dali Museum				-	-	-	500.0	500.0	500.0	500.0	500.0		
EXPENDITURES	**24,434.1**	**22,780.7**	**22,780.7**	**23,594.1**	**24,130.9**	**24,794.9**	**25,987.4**	**20,917.1**	**21,532.5**	**22,167.9**	**22,824.0**	**22,988.5**	**23,681.1**
% vs prior year	*-6%*	*-7%*	*-7%*	*4%*	*2%*	*3%*	*5%*	*-20%*	*3%*	*3%*	*3%*	*1%*	*3%*
ENDING FUND BALANCE	**3,851.0**	**1,493.0**	**5,196.0**	**6,372.9**	**7,708.1**	**9,166.4**	**10,244.9**	**17,356.3**	**24,971.1**	**33,113.6**	**41,809.2**	**51,597.4**	**62,010.0**
Ending balance as % of Resources	*14%*	*6%*	*19%*	*21%*	*24%*	*27%*	*28%*	*45%*	*54%*	*60%*	*65%*	*69%*	*72%*
TOTAL REQUIREMENTS	**28,285.1**	**24,273.7**	**27,976.7**	**29,967.1**	**31,838.9**	**33,961.4**	**36,232.3**	**38,273.4**	**46,503.6**	**55,281.5**	**64,633.2**	**74,585.9**	**85,691.1**
REVENUE minus EXPENDITURES *(NOT cumulative)*	764.5	(698.5)	1,345.0	1,176.9	1,335.2	1,458.4	1,078.4	7,111.4	7,614.8	8,142.5	8,695.6	9,788.2	10,412.6
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**764.5**	**(698.5)**	**1,345.0**	**1,176.9**	**1,335.2**	**1,458.4**	**1,078.4**	**7,111.4**	**7,614.8**	**8,142.5**	**8,695.6**	**9,788.2**	**10,412.6**

Transportation Trust Fund Forecast FY2012 - FY2021



TRANSPORTATION TRUST FUND FORECAST
Fund 0201

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Ninth Cent Gas Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
State Shared Gas Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Local Option Gas Taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Capital Outlay	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Grants & Aids	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Transfers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

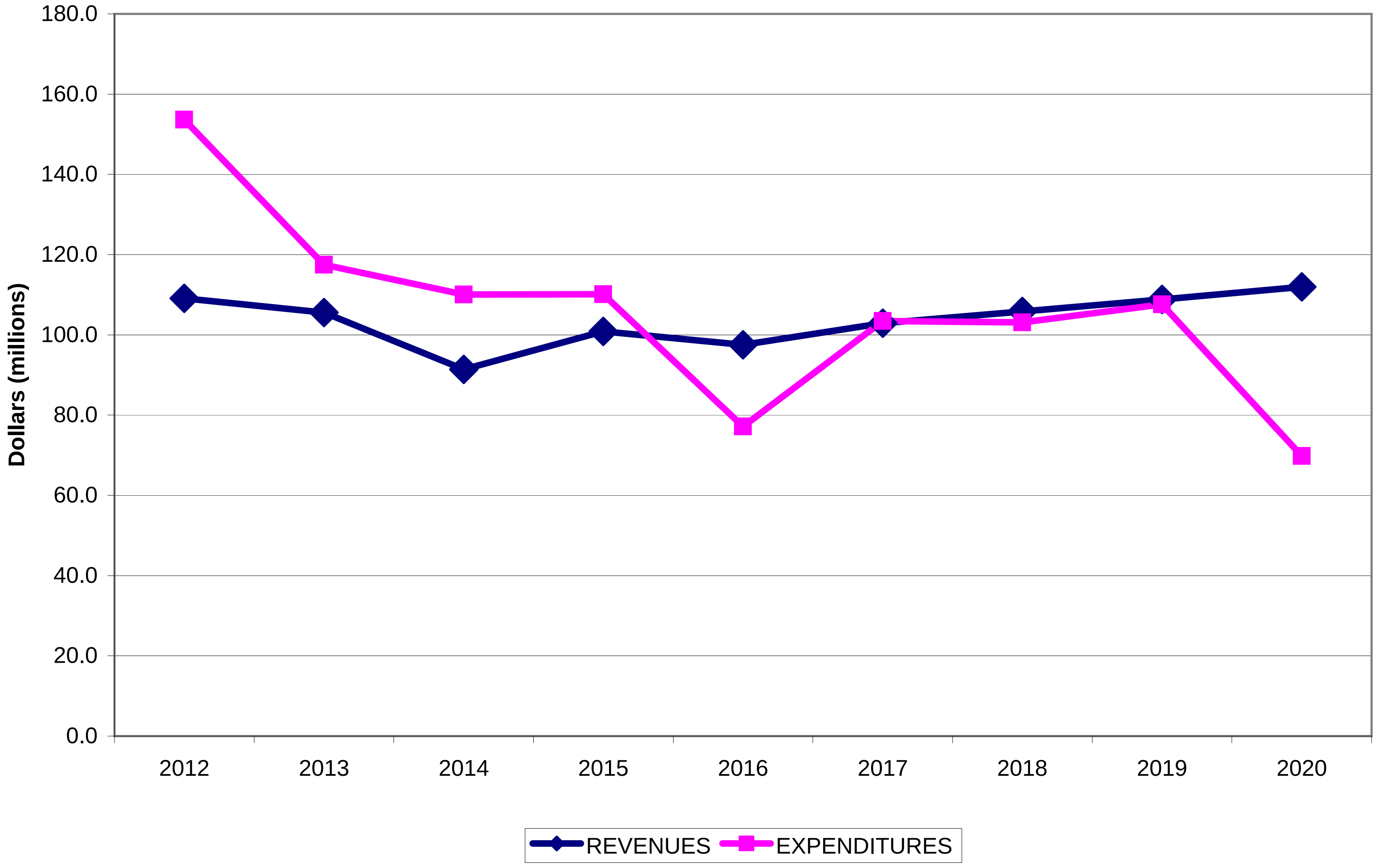
TRANSPORTATION TRUST FUND FORECAST
Fund 0201

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	9,558.3	9,495.5	12,358.1	13,019.4	13,143.5	12,874.2	11,890.0	10,128.7	7,550.3	4,126.0	(187.0)	(5,429.0)	(11,514.2)
REVENUES													
Ninth Cent Gas Tax	3,824.3	3,762.2	3,762.2	3,762.2	3,762.2	3,762.2	3,762.2	3,762.2	3,762.2	3,762.2	3,762.2	3,762.2	3,762.2
State Shared Gas Taxes	10,183.9	10,534.6	10,534.6	10,534.6	10,534.6	10,534.6	10,534.6	10,534.6	10,534.6	10,534.6	10,534.6	10,534.6	10,534.6
Local Option Gas Tax	13,614.6	12,661.3	12,661.3	12,661.3	12,661.3	12,661.3	12,661.3	12,661.3	12,661.3	12,661.3	12,661.3	12,661.3	12,661.3
Interest	11.3	100.0	100.0	130.2	262.9	257.5	237.8	202.6	151.0	82.5	-	-	-
Other revenues	1,876.7	1,682.5	1,682.5	1,716.2	1,750.5	1,785.5	1,821.2	1,857.6	1,894.8	1,932.7	1,971.3	2,010.7	2,051.0
Adjust Other Revenue to 98%			56.3	58.3	63.6	64.5	65.0	65.1	64.6	63.6	62.3	63.5	64.8
TOTAL REVENUES	29,510.8	28,740.6	28,796.9	28,862.7	29,035.0	29,065.6	29,082.1	29,083.3	29,068.5	29,036.9	28,991.7	29,032.3	29,073.8
% vs prior year	*-6%*	*-3%*	*-2%*	*0%*	*1%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
TOTAL RESOURCES	39,069.1	38,236.1	41,155.0	41,882.1	42,178.5	41,939.8	40,972.1	39,212.1	36,618.8	33,162.9	28,804.7	23,603.3	17,559.6
EXPENDITURES													
Personal Services	13,627.0	12,357.7	12,357.7	12,753.1	13,059.2	13,529.4	14,029.9	14,549.0	15,087.4	15,645.6	16,224.5	16,824.8	17,447.3
Operating Expenses *	7,498.4	11,727.0	11,727.0	11,926.4	12,164.9	12,420.3	12,693.6	12,972.9	13,245.3	13,523.4	13,807.4	14,069.8	14,351.2
Capital Outlay	224.1	142.0	142.0	144.4	147.3	150.4	153.7	157.1	160.4	163.8	167.2	170.4	173.8
Grants & Aids	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Cost Allocation	2,361.5	1,151.2	1,151.2	1,162.7	1,186.0	1,209.7	1,233.9	1,258.6	1,283.7	1,309.4	1,335.6	1,362.3	1,389.5
Transfers to other Funds	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Expenditure Lapse 1% **			(242.3)	(248.2)	(253.7)	(261.0)	(268.8)	(276.8)	(284.9)	(293.3)	(302.0)	(310.6)	(319.7)
Potential Issues:													
a) CIP Operating Impacts (cumulative)			-	0.2	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL EXPENDITURES	26,711.0	28,377.9	28,135.6	28,738.6	29,304.4	30,049.8	30,843.3	31,661.8	32,492.8	33,349.9	34,233.7	35,117.6	36,043.1
% vs prior year	*-7%*	*6%*	*5%*	*2%*	*2%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	12,358.1	9,858.2	13,019.4	13,143.5	12,874.2	11,890.0	10,128.7	7,550.3	4,126.0	(187.0)	(5,429.0)	(11,514.2)	(18,483.5)
Ending balance as % of Resources	*32%*	*26%*	*32%*	*31%*	*31%*	*28%*	*25%*	*19%*	*11%*	*-1%*	*-19%*	*-49%*	*-105%*
TOTAL REQUIREMENTS	39,069.1	38,236.1	41,155.0	41,882.1	42,178.5	41,939.8	40,972.1	39,212.1	36,618.8	33,162.9	28,804.7	23,603.3	17,559.6
REVENUE minus EXPENDITURES *(NOT cumulative)*	2,799.8	362.7	661.3	124.2	(269.3)	(984.2)	(1,761.2)	(2,578.4)	(3,424.4)	(4,312.9)	(5,242.0)	(6,085.2)	(6,969.2)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**2,799.8**	**362.7**	**661.3**	**124.2**	**(269.3)**	**(984.2)**	**(1,761.2)**	**(2,578.4)**	**(3,424.4)**	**(4,312.9)**	**(5,242.0)**	**(6,085.2)**	**(6,969.2)**

** Operating Expenses net of Full Cost Allocation*

*** Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only.*

Capital Projects Fund Forecast FY2012-FY2021



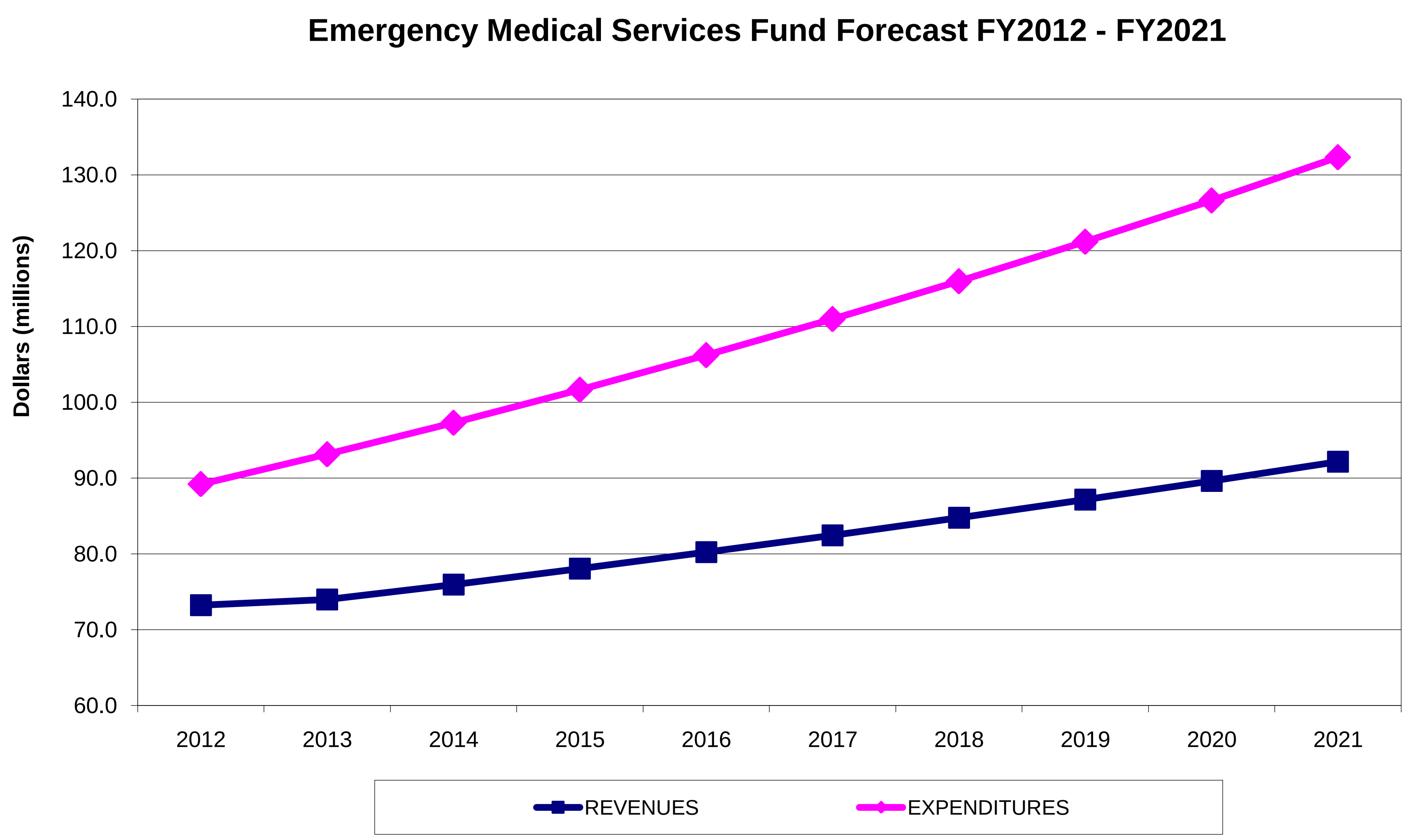
CAPITAL PROJECTS FUND FORECAST
Fund 0401

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Infrastructure Sales Tax	2.6%	3.0%	3.0%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Ninth Cent Gas Tax (from Transp Trust)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impact Fees (from Special Revenue Fund)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Grants	10.5%	-24.7%	-91.0%	416.2%	-71.2%	105.0%	0.0%	0.0%	0.0%	-100.0%
Transfer from TDC Fund	2.5%	2.5%	3.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Reimbursements		32.0%	-29.0%	9.1%	0.0%	0.0%	0.0%	0.0%	0.0%	-100.0%
Interest	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other revenues		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
n/a										

CAPITAL PROJECTS FUND FORECAST
Fund 0401

(in $ thousands)	Actual 2010	Rev. Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**416.1**	**13,009.1**	**13,425.2**	**4,976.4**	**(39,566.7)**	**(51,498.0)**	**(70,161.2)**	**(79,434.2)**	**(59,048.5)**	**(59,625.5)**	**(56,951.3)**	**(55,693.3)**	**(13,550.8)**
REVENUES													
Infrastructure Sales Tax (Penny for Pinellas)	70,539.6	75,801.0	75,801.0	77,753.0	80,099.0	82,527.0	85,040.0	87,641.0	90,334.0	93,120.0	96,004.0	98,980.1	
Less: Transfer to Debt Service	(17,567.6)	-	-	-	-	-	-	-	-	-	-	-	
Other Local Option Gas Tax	1,500.0		-	-	-	-	-	-	-	-	-	-	
Grants	6,947.0	21,966.4	21,966.4	24,277.3	18,291.8	1,642.4	8,478.2	2,439.2	5,000.0	5,000.0	5,000.0	5,000.0	
Reimbursements	574.3	14,657.1	14,657.1	97.9	129.2	91.7	100.0	100.0	100.0	100.0	100.0	100.0	
Ninth Cent Gas Tax (Transfer from Transportation Trust Fund)	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0	
Transportation Impact Fees (from Special Revenue Fund)	2,577.3	1,304.8	1,304.8	1,330.9	1,357.5	1,384.7	1,412.4	1,440.6	1,469.4	1,498.8	1,528.8	1,559.4	
Transfer from General Fund	1,390.0	4,943.0	4,943.0	-	-	-	-	-	-	-	-	-	
Transfer from TDC Fund	1,897.8	2,050.3	2,050.3	2,101.6	2,154.1	2,218.7	2,285.3	2,365.3	2,448.1	2,533.7	2,622.4	2,714.2	
Interest	41.8	251.7	251.7	49.8	-	-	-	-	-	-	-	-	
Other revenues	2,146.5	280.0	280.0	500.0	510.0	520.2	530.6	541.2	552.0	563.1	574.3	585.8	
Interfund Loan from Solid Waste	15,000.0	5,000.0	-			-	-	-	-	-	-	-	-
TOTAL REVENUES	**88,046.7**	**129,254.3**	**124,254.3**	**109,110.4**	**105,541.6**	**91,384.7**	**100,846.4**	**97,527.3**	**102,903.5**	**105,815.6**	**108,829.5**	**111,939.5**	**-**
% vs prior year													
TOTAL RESOURCES	**88,462.8**	**142,263.4**	**137,679.5**	**114,086.8**	**65,974.9**	**39,886.7**	**30,685.3**	**18,093.0**	**43,855.0**	**46,190.2**	**51,878.2**	**56,246.2**	**(13,550.8)**
EXPENDITURES													
Capital Projects	75,037.6	132,703.1	132,703.1	153,616.0	117,435.4	110,010.4	110,082.0	77,104.0	103,443.0	103,104.0	97,534.0	59,797.0	
Debt Service on Interfund Loan	-			37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5		
Non-recurring expenditures (repay loan)											10,000.0	10,000.0	
TOTAL EXPENDITURES	**75,037.6**	**132,703.1**	**132,703.1**	**153,653.5**	**117,472.9**	**110,047.9**	**110,119.5**	**77,141.5**	**103,480.5**	**103,141.5**	**107,571.5**	**69,797.0**	**-**
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**13,425.2**	**9,560.3**	**4,976.4**	**(39,566.7)**	**(51,498.0)**	**(70,161.2)**	**(79,434.2)**	**(59,048.5)**	**(59,625.5)**	**(56,951.3)**	**(55,693.3)**	**(13,550.8)**	**(13,550.8)**
TOTAL REQUIREMENTS	**88,462.8**	**142,263.4**	**137,679.5**	**114,086.8**	**65,974.9**	**39,886.7**	**30,685.3**	**18,093.0**	**43,855.0**	**46,190.2**	**51,878.2**	**56,246.2**	**(13,550.8)**
REVENUE minus EXPENDITURES *(NOT cumulative)*	13,009.1	(3,448.8)	(8,448.8)	(44,543.1)	(11,931.3)	(18,663.2)	(9,273.1)	20,385.8	(577.0)	2,674.1	1,258.0	42,142.5	-
net recurring rev- exp	**13,009.1**	**(3,448.8)**	**(8,448.8)**	**(44,543.1)**	**(11,931.3)**	**(18,663.2)**	**(9,273.1)**	**20,385.8**	**(577.0)**	**2,674.1**	**1,258.0**	**42,142.5**	**-**

Note: Assumes annualized revenues and expenditures for FY2020. FY2012 not included as Penny for Pinellas is authorized only through FY2020.



Emergency Medical Services Fund Forecast FY2012 - FY2021
Dollars (millions)
140.0
130.0
120.0
110.0
100.0
90.0
80.0
70.0
60.0
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
REVENUES
EXPENDITURES

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 0206

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Ad Valorem Revenue (@100%)	-6.0%	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Ambulance Svc Contract Fees	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Ambulance Annual Members Fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Revenue (EMS Trust Fund)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Capital Outlay	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Ambulance Contract	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
EMS Trust Fund Grant Expenditures	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Grants & Aids (First Responder Agmts)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

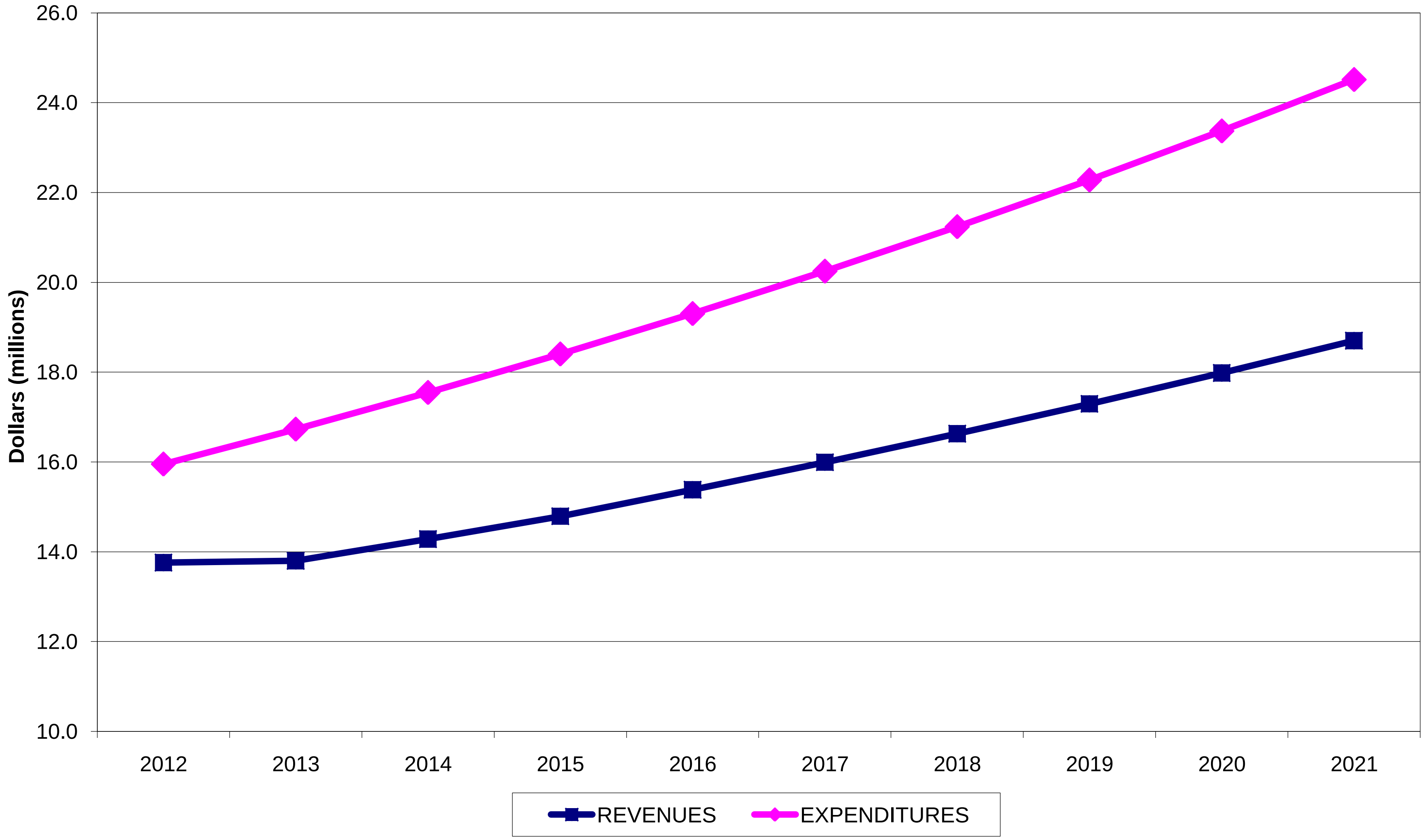
EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 0206

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	FORECAST (@100% Revenue) Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**36,209.9**	**29,289.0**	**30,965.1**	**20,224.9**	**4,248.9**	**(14,898.1)**	**(36,249.0)**	**(59,853.8)**	**(85,848.7)**	**(114,369.3)**	**(145,566.3)**	**(179,598.5)**	**(216,616.2)**
REVENUES													
Ad Valorem Revenue	34,160.5	30,027.7	30,027.7	28,226.0	28,226.0	29,355.1	30,529.3	31,750.5	33,020.5	34,341.3	35,714.9	37,143.5	38,629.3
Ambulance Svc Contract Fees	40,926.0	40,753.2	40,753.2	41,568.3	42,399.6	43,247.6	44,112.6	44,994.8	45,894.7	46,812.6	47,748.9	48,703.8	49,677.9
Ambulance Annual Members Fees	244.2	204.2	204.2	204.2	204.2	204.2	204.2	204.2	204.2	204.2	204.2	204.2	204.2
Grant Revenue (EMS Trust Fund)	886.3	219.9	219.9	224.3	228.8	233.4	238.0	242.8	247.6	252.6	257.6	262.8	268.1
Cty Off Fees (TC & PA)	265.6	235.6	235.6	238.0	240.3	242.7	245.2	247.6	250.1	252.6	255.1	257.7	260.2
Interest	408.9	698.2	698.2	202.2	85.0	-	-	-	-	-	-	-	-
Other revenues (refund of prior yrs exp)	72.9	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
Adjust Property Taxes to 96%			316.1	297.1	297.1	309.0	321.4	334.2	347.6	361.5	375.9	391.0	406.6
Adjust Other Revenue to 100%			2,217.8	2,234.9	2,272.9	2,313.4	2,359.3	2,406.1	2,453.9	2,502.6	2,552.3	2,602.9	2,654.6
TOTAL REVENUES	**76,964.4**	**72,165.8**	**74,699.7**	**73,222.1**	**73,981.0**	**75,932.4**	**78,036.9**	**80,207.2**	**82,445.6**	**84,754.4**	**87,136.0**	**89,593.0**	**92,127.9**
% vs prior year	*-7%*	*-6%*	*-3%*	*-2%*	*1%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
TOTAL RESOURCES	**113,174.3**	**101,454.8**	**105,664.8**	**93,447.0**	**78,229.9**	**61,034.3**	**41,788.0**	**20,353.5**	**(3,403.1)**	**(29,614.9)**	**(58,430.4)**	**(90,005.6)**	**(124,488.3)**
EXPENDITURES													
Personal Services	2,713.4	2,919.2	2,919.2	3,012.6	3,084.9	3,196.0	3,314.2	3,436.9	3,564.0	3,695.9	3,832.6	3,974.4	4,121.5
Operating Expenses	5,282.3	6,637.4	6,637.4	6,750.2	6,885.2	7,029.8	7,184.5	7,342.5	7,496.7	7,654.2	7,814.9	7,963.4	8,122.7
Capital Outlay	-	600.0	600.0	610.2	622.4	635.5	649.5	663.7	677.7	691.9	706.4	719.9	734.3
Ambulance Contract	33,957.0	35,700.0	35,700.0	37,306.5	38,985.3	40,739.6	42,572.9	44,488.7	46,490.7	48,582.8	50,769.0	53,053.6	55,441.0
EMS Trust Fund Grant Expenditures	886.3	231.5	231.5	236.1	240.9	245.7	250.6	255.6	260.7	265.9	271.2	276.7	282.2
Grants & Aids (First Responder Agmts)	38,382.1	38,457.4	38,457.4	40,380.3	42,399.3	44,519.2	46,745.2	49,082.5	51,536.6	54,113.4	56,819.1	59,660.0	62,643.1
Trfrs to PA & TC	988.1	995.9	995.9	1,005.9	1,015.9	1,026.1	1,036.3	1,046.7	1,057.2	1,067.7	1,078.4	1,089.2	1,100.1
Expenditure Lapse 1% **			(101.6)	(103.7)	(105.9)	(108.6)	(111.5)	(114.4)	(117.4)	(120.4)	(123.5)	(126.6)	(129.8)
* Amt Includes Bayflite & Eckerd Contracts													
TOTAL EXPENDITURES	**82,209.2**	**85,541.4**	**85,439.8**	**89,198.1**	**93,128.0**	**97,283.3**	**101,641.7**	**106,202.2**	**110,966.2**	**115,951.4**	**121,168.2**	**126,610.6**	**132,315.0**
% vs prior year	*-3%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*5%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**30,965.1**	**15,913.4**	**20,224.9**	**4,248.9**	**(14,898.1)**	**(36,249.0)**	**(59,853.8)**	**(85,848.7)**	**(114,369.3)**	**(145,566.3)**	**(179,598.5)**	**(216,616.2)**	**(256,803.3)**
Ending balance as % of Expenditures	*37.7%*	*18.6%*	*23.7%*	*4.8%*	*-16.0%*	*-37.3%*	*-58.9%*	*-80.8%*	*-103.1%*	*-125.5%*	*-148.2%*	*-171.1%*	*-194.1%*
TOTAL REQUIREMENTS	**113,174.3**	**101,454.8**	**105,664.8**	**93,447.0**	**78,229.9**	**61,034.3**	**41,788.0**	**20,353.5**	**(3,403.1)**	**(29,614.9)**	**(58,430.4)**	**(90,005.6)**	**(124,488.3)**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(5,244.8)	(13,375.6)	(10,740.2)	(15,976.0)	(19,147.0)	(21,350.9)	(23,604.8)	(25,994.9)	(28,520.6)	(31,197.0)	(34,032.2)	(37,017.7)	(40,187.0)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**(5,244.8)**	**(13,375.6)**	**(10,740.2)**	**(15,976.0)**	**(19,147.0)**	**(21,350.9)**	**(23,604.8)**	**(25,994.9)**	**(28,520.6)**	**(31,197.0)**	**(34,032.2)**	**(37,017.7)**	**(40,187.0)**

*** Expenditure lapse is calculated on Personal Services, Operating Expenses, and Capital Outlay only.*

Pinellas County

Fire District Fund Forecast FY2012 - FY2021

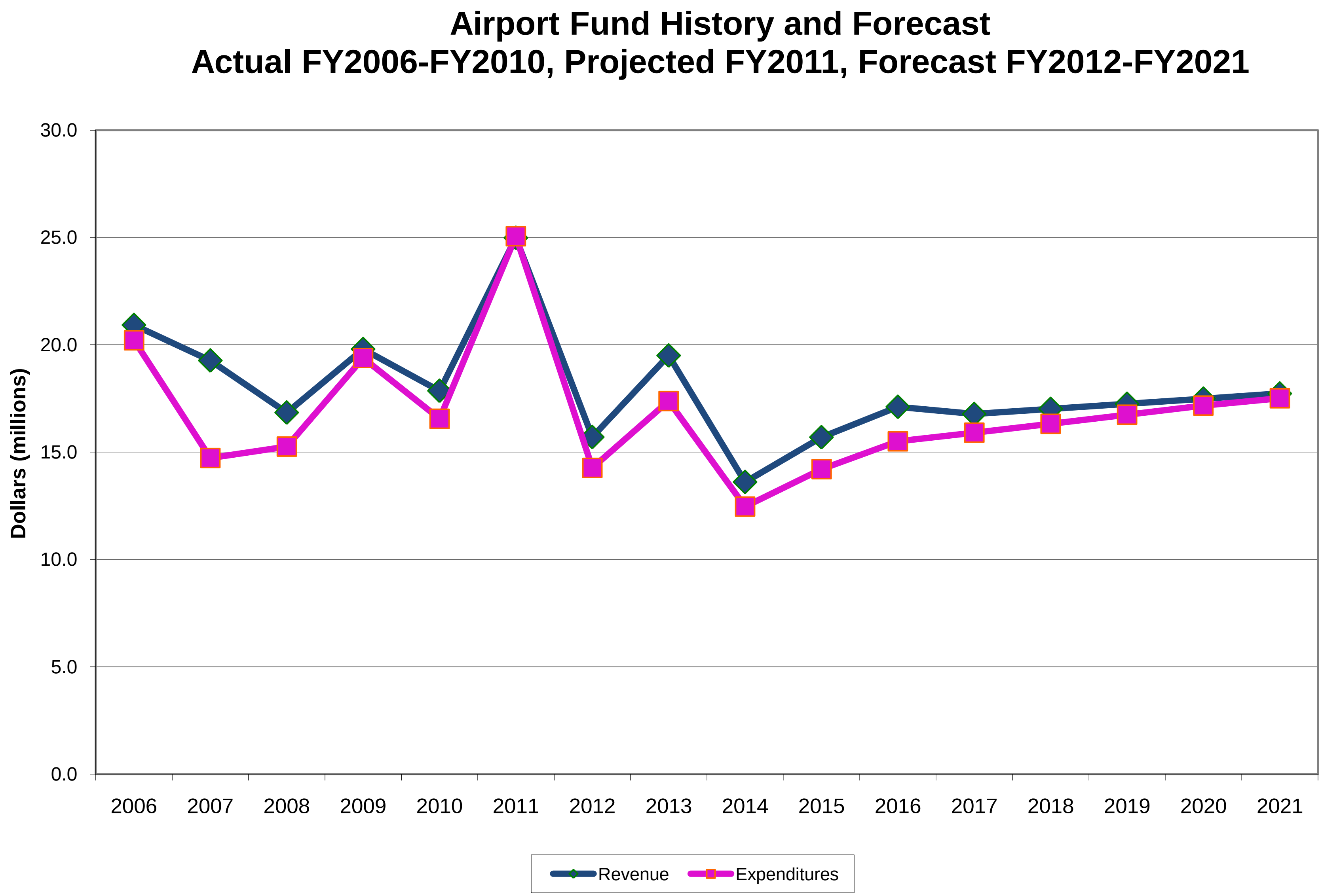


FIRE DISTRICTS FUND FORECAST
Fund 0250

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Ad Valorem Tax Revenue (@100%)	-6.0%	0.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Capital Outlay	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Grants & Aids (Cty Pymts)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

FIRE DISTRICTS FUND FORECAST
Fund 0250

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
				FORECAST (@100% Revenue)									
BEGINNING FUND BALANCE	**9,115.9**	**8,242.3**	**8,672.5**	**7,828.0**	**5,634.7**	**2,703.1**	**(562.1)**	**(4,175.0)**	**(8,098.6)**	**(12,353.7)**	**(16,962.6)**	**(21,948.9)**	**(27,337.4)**
REVENUES													
Ad Valorem Revenue	14,559.8	14,284.7	14,284.7	13,427.6	13,427.6	13,964.7	14,523.3	15,104.2	15,708.4	16,336.8	16,990.2	17,669.8	18,376.6
Cty Off Fees (TC & PA)	117.2	99.9	99.9	101.9	103.9	106.0	108.1	110.3	112.5	114.8	117.0	119.4	121.8
Other Rev (Interest, Gain/Loss Inv)	170.6	101.4	101.4	78.3	112.7	54.1	-	-	-	-	-	-	-
Interest - Tax Collector	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.7
Misc Rev - One-time (Audit Adjustments)/ Tierra Verde Reimbursement	327.5	-	-	-	-	-	-	-	-	-	-		-
Adjust Property Taxes to 96%			150.4	141.3	141.3	147.0	152.9	159.0	165.4	172.0	178.8	186.0	193.4
Adjust Other Revenue to 100%			10.7	9.6	11.5	8.5	5.8	5.9	6.0	6.1	6.2	6.4	6.5
TOTAL REVENUES	**15,176.5**	**14,487.4**	**14,648.4**	**13,760.1**	**13,798.5**	**14,281.8**	**14,791.6**	**15,381.0**	**15,993.9**	**16,631.2**	**17,294.0**	**17,983.3**	**18,700.0**
% vs prior year	*-4%*	*-5%*	*-3%*	*-6%*	*0%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
TOTAL RESOURCES	**24,292.4**	**22,729.7**	**23,320.9**	**21,588.1**	**19,433.2**	**16,984.9**	**14,229.5**	**11,205.9**	**7,895.2**	**4,277.5**	**331.4**	**(3,965.7)**	**(8,637.3)**
EXPENDITURES													
Personal Services	128.9	128.7	128.7	132.8	136.0	140.9	146.1	151.5	157.1	162.9	169.0	175.2	181.7
Operating Expenditures	197.6	178.2	178.2	181.2	184.9	188.7	192.9	197.1	201.3	205.5	209.8	213.8	218.1
Curr Chgs & Oblig (Cty Fire Admin Chgs)	326.5	306.8	306.8	312.0	318.3	324.9	332.1	339.4	346.5	353.8	361.2	368.1	375.5
Capital Outlay - One-time (Tierra Verde Fire Vehicle)	420.0	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Grants & Aids (City Payments)	14,450.3	14,510.0	14,510.0	15,235.5	15,997.3	16,797.1	17,637.0	18,518.8	19,444.8	20,417.0	21,437.9	22,509.8	23,635.3
Trfrs to PA & TC	423.1	398.2	398.2	406.2	414.3	422.6	431.0	439.6	448.4	457.4	466.6	475.9	485.4
Transfer to CIP - One-time (Tierra Verde Fire Vehicle)	-	280.0	280.0	-	-	-	-	-	-	-	-	-	-
Pro-Rate Clearing (County Fire Admin Chgs)	(326.5)	(306.8)	(306.8)	(312.0)	(318.3)	(324.9)	(332.1)	(339.4)	(346.5)	(353.8)	(361.2)	(368.1)	(375.5)
Expenditure Lapse 1% **			(3.1)	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)
TOTAL EXPENDITURES	**15,619.9**	**15,496.0**	**15,492.9**	**15,953.5**	**16,730.1**	**17,547.0**	**18,404.5**	**19,304.6**	**20,248.9**	**21,240.1**	**22,280.3**	**23,371.7**	**24,517.3**
% vs prior year	*-1%*	*-1%*	*-1%*	*3%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**8,672.5**	**7,233.7**	**7,828.0**	**5,634.7**	**2,703.1**	**(562.1)**	**(4,175.0)**	**(8,098.6)**	**(12,353.7)**	**(16,962.6)**	**(21,948.9)**	**(27,337.4)**	**(33,154.7)**
Ending balance as % of Resources	*35.7%*	*31.8%*	*33.6%*	*26.1%*	*13.9%*	*-3.3%*	*-29.3%*	*-72.3%*	*-156.5%*	*-396.6%*	*-6623.0%*	*689.4%*	*383.9%*
TOTAL REQUIREMENTS	**24,292.4**	**22,729.7**	**23,320.9**	**21,588.1**	**19,433.2**	**16,984.9**	**14,229.5**	**11,205.9**	**7,895.2**	**4,277.5**	**331.4**	**(3,965.7)**	**(8,637.3)**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(443.4)	(1,008.6)	(844.5)	(2,193.3)	(2,931.6)	(3,265.2)	(3,612.9)	(3,923.6)	(4,255.1)	(4,608.9)	(4,986.3)	(5,388.4)	(5,817.3)
note: non-recurring expenditures	**420.0**	**280.0**	**280.0**	**(3.1)**	**(3.2)**	**(3.3)**	**(3.4)**	**(3.5)**	**(3.6)**	**(3.7)**	**(3.8)**	**(3.9)**	**(4.0)**
net recurring rev- exp	**(23.4)**	**(728.6)**	**(564.5)**	**(2,196.5)**	**(2,934.8)**	**(3,268.5)**	**(3,616.3)**	**(3,927.1)**	**(4,258.7)**	**(4,612.6)**	**(4,990.1)**	**(5,392.3)**	**(5,821.3)**


Airport Fund History and Forecast
Actual FY2006-FY2010, Projected FY2011, Forecast FY2012-FY2021
Dollars (millions)
30.0
25.0
20.0
15.0
10.0
5.0
0.0
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
Revenue
Expenditures

AIRPORT FUND FORECAST
Fund 0501

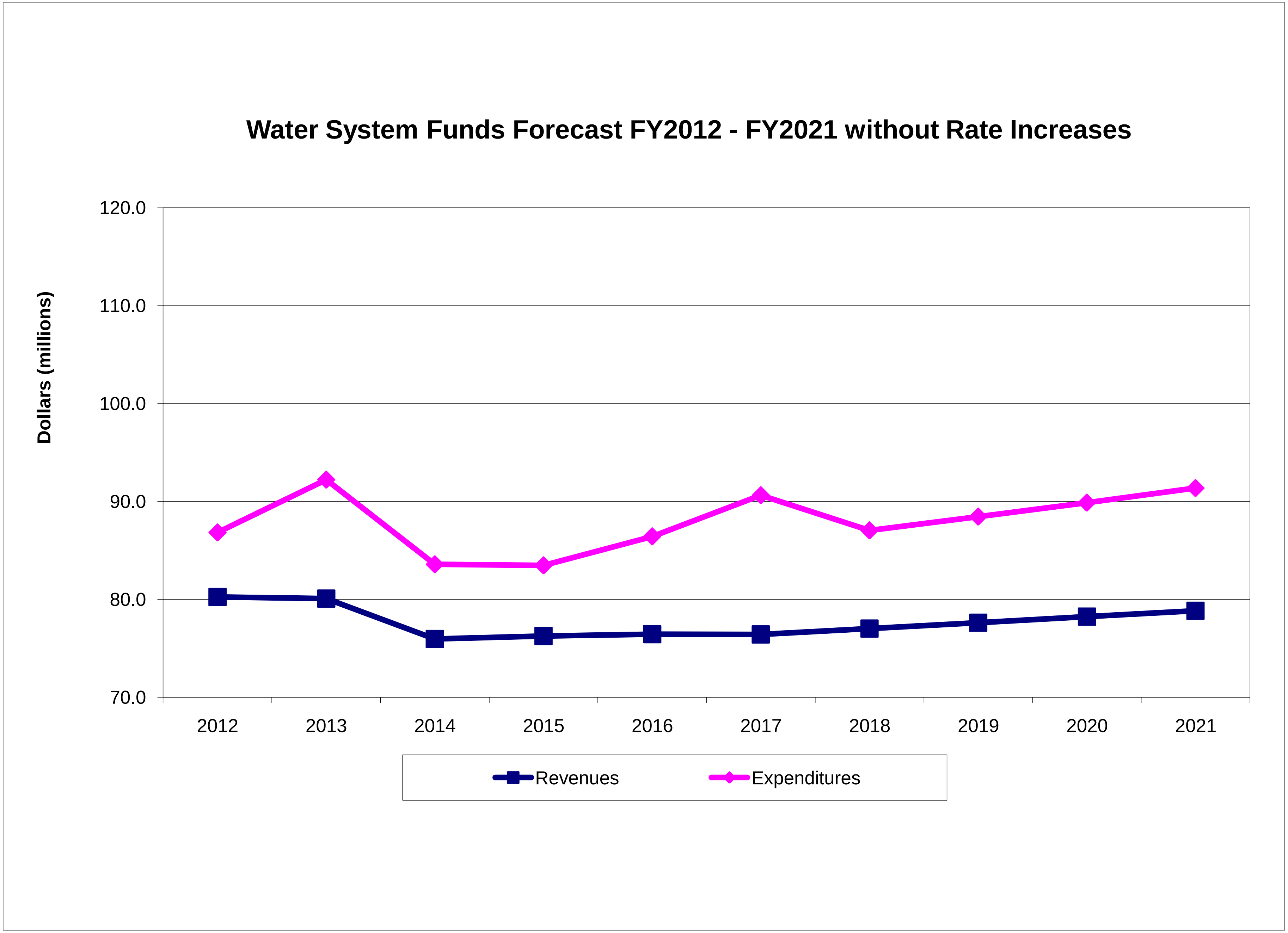
Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Airfield/Flight Lines	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Golf Course	-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rent/Surplus/Refunds	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Capital Contributions	-58.5%	58.1%	-65.5%	53.4%	23.8%	-12.7%	0.0%	0.0%	0.0%	0.0%
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Capital Outlay	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Grants & Aids	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

AIRPORT FUND FORECAST
Fund 0501

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**11,646.3**	**11,862.9**	**12,948.6**	**12,885.3**	**14,318.7**	**16,434.3**	**17,576.5**	**19,057.7**	**20,662.7**	**21,528.2**	**22,221.1**	**22,730.7**	**23,049.2**
REVENUES													
Airfield/Flight Lines	2,569.4	2,500.2	2,684.0	2,737.7	2,792.4	2,848.3	2,905.2	2,963.4	3,022.6	3,083.1	3,144.7	3,207.6	3,271.8
Golf Course	839.0	932.0	932.0	-	-	-	-	-	-	-	-	-	-
Rent/Surplus/Refunds	5,995.0	5,629.1	6,254.0	6,379.1	6,506.7	6,636.8	6,769.5	6,904.9	7,043.0	7,183.9	7,327.6	7,474.1	7,623.6
New Property Development	-	-	-	-	-	-	130.0	132.6	330.0	336.6	343.3	350.2	357.2
Grants	201.4	222.5	222.5	227.0	231.5	236.1	240.8	245.7	250.6	255.6	260.7	265.9	271.2
Capital Contributions	8,125.6	13,839.5	13,839.5	5,745.0	9,085.0	3,136.0	4,812.0	5,955.0	5,198.0	5,198.0	5,198.0	5,198.0	5,198.0
Interest	113.0	289.8	289.8	128.9	286.4	328.7	351.5	381.2	413.3	430.6	444.4	454.6	461.0
Other revenues	13.0	2.8	2.8	*2.9*	*2.9*	*3.0*	*3.0*	*3.1*	*3.2*	*3.2*	*3.3*	*3.3*	*3.4*
Adjust Revenue to 98%			765.0	480.6	597.0	416.5	480.4	523.8	513.5	520.8	528.1	535.4	542.7
TOTAL REVENUES	**17,856.4**	**23,415.9**	**24,989.6**	**15,701.1**	**19,501.9**	**13,605.3**	**15,692.6**	**17,109.5**	**16,774.1**	**17,011.7**	**17,250.1**	**17,489.2**	**17,728.9**
	-10%	*31%*	*40%*	*-37%*	*24%*	*-30%*	*15%*	*9%*	*-2%*	*1%*	*1%*	*1%*	*1%*
TOTAL RESOURCES	**29,502.7**	**35,278.8**	**37,938.2**	**28,586.4**	**33,820.5**	**30,039.6**	**33,269.0**	**36,167.2**	**37,436.8**	**38,539.9**	**39,471.2**	**40,219.9**	**40,778.2**
EXPENDITURES													
Personal Services	4,310.1	4,518.4	4,518.4	4,663.0	4,774.9	4,946.8	5,129.8	5,319.6	5,516.5	5,720.6	5,932.2	6,151.7	6,379.3
Operating Expenses	3,180.1	3,899.9	3,899.9	3,966.2	4,045.5	4,130.5	4,221.3	4,314.2	4,404.8	4,497.3	4,591.8	4,679.0	4,772.6
Golf Course Operations / maintenance	1,056.0	980.0	980.0	60.0	61.2	62.5	63.9	65.3	66.6	68.0	69.5	70.8	72.2
Capital Outlay	5.0	65.1	65.1	66.2	67.5	68.9	70.5	72.0	73.5	75.1	76.6	78.1	79.7
Full Cost Allocation	857.6	579.1	579.1	584.9	596.6	608.5	620.7	633.1	645.8	658.7	671.9	685.3	699.0
Non-recurring expenditures	7,145.3	15,105.0	15,105.0	5,015.0	7,930.0	2,738.0	4,200.0	5,198.0	5,302.0	5,402.7	5,505.3	5,615.5	5,615.5
Expenditure Lapse 1% **			(94.6)	(87.6)	(89.5)	(92.1)	(94.9)	(97.7)	(100.6)	(103.6)	(106.7)	(109.8)	(113.0)
FY10 Supplemental Appropriations													
Potential Issues:													
			-	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	**16,554.1**	**25,147.5**	**25,052.9**	**14,267.7**	**17,386.3**	**12,463.1**	**14,211.3**	**15,504.5**	**15,908.6**	**16,318.8**	**16,740.6**	**17,170.6**	**17,505.2**
	-15%	*52%*	*51%*	*-43%*	*22%*	*-28%*	*14%*	*9%*	*3%*	*3%*	*3%*	*3%*	*2%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**12,948.6**	**10,131.3**	**12,885.3**	**14,318.7**	**16,434.3**	**17,576.5**	**19,057.7**	**20,662.7**	**21,528.2**	**22,221.1**	**22,730.7**	**23,049.2**	**23,272.9**
Ending balance as % of Resources	*44%*	*29%*	*34%*	*50%*	*49%*	*59%*	*57%*	*57%*	*58%*	*58%*	*58%*	*57%*	*57%*
TOTAL REQUIREMENTS	**29,502.7**	**35,278.8**	**37,938.2**	**28,586.4**	**33,820.5**	**30,039.6**	**33,269.0**	**36,167.2**	**37,436.8**	**38,539.9**	**39,471.2**	**40,219.9**	**40,778.2**
REVENUE minus EXPENDITURES	1,302.3	(1,731.6)	(63.3)	1,433.3	2,115.6	1,142.2	1,481.2	1,605.0	865.5	692.9	509.5	318.6	223.7
note: non-recurring expenditures	**7,145.3**	**15,105.0**	**15,105.0**	**5,015.0**	**7,930.0**	**2,738.0**	**4,200.0**	**5,198.0**	**5,302.0**	**5,402.7**	**5,505.3**	**5,615.5**	**5,615.5**
non-recurring rev(capital contrib)	**(8,125.6)**	**(13,839.5)**	**(13,839.5)**	**(5,745.0)**	**(9,085.0)**	**(3,136.0)**	**(4,812.0)**	**(5,955.0)**	**(5,198.0)**	**(5,198.0)**	**(5,198.0)**	**(5,198.0)**	**(5,198.0)**
net recurring rev- exp	**322.0**	**(466.1)**	**1,202.2**	**703.3**	**960.6**	**744.2**	**869.2**	**848.0**	**969.5**	**897.6**	**816.8**	**736.1**	**641.2**

** Operating Expenses net of Full Cost Allocation*

*** Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only.*


Water System Funds Forecast FY2012 - FY2021 without Rate Increases
Dollars (millions)
120.0
110.0
100.0
90.0
80.0
70.0
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
Revenues
Expenditures

WATER FUNDS FORECAST WITHOUT RATE INCREASE
Fund 0531, 0534, & 0536

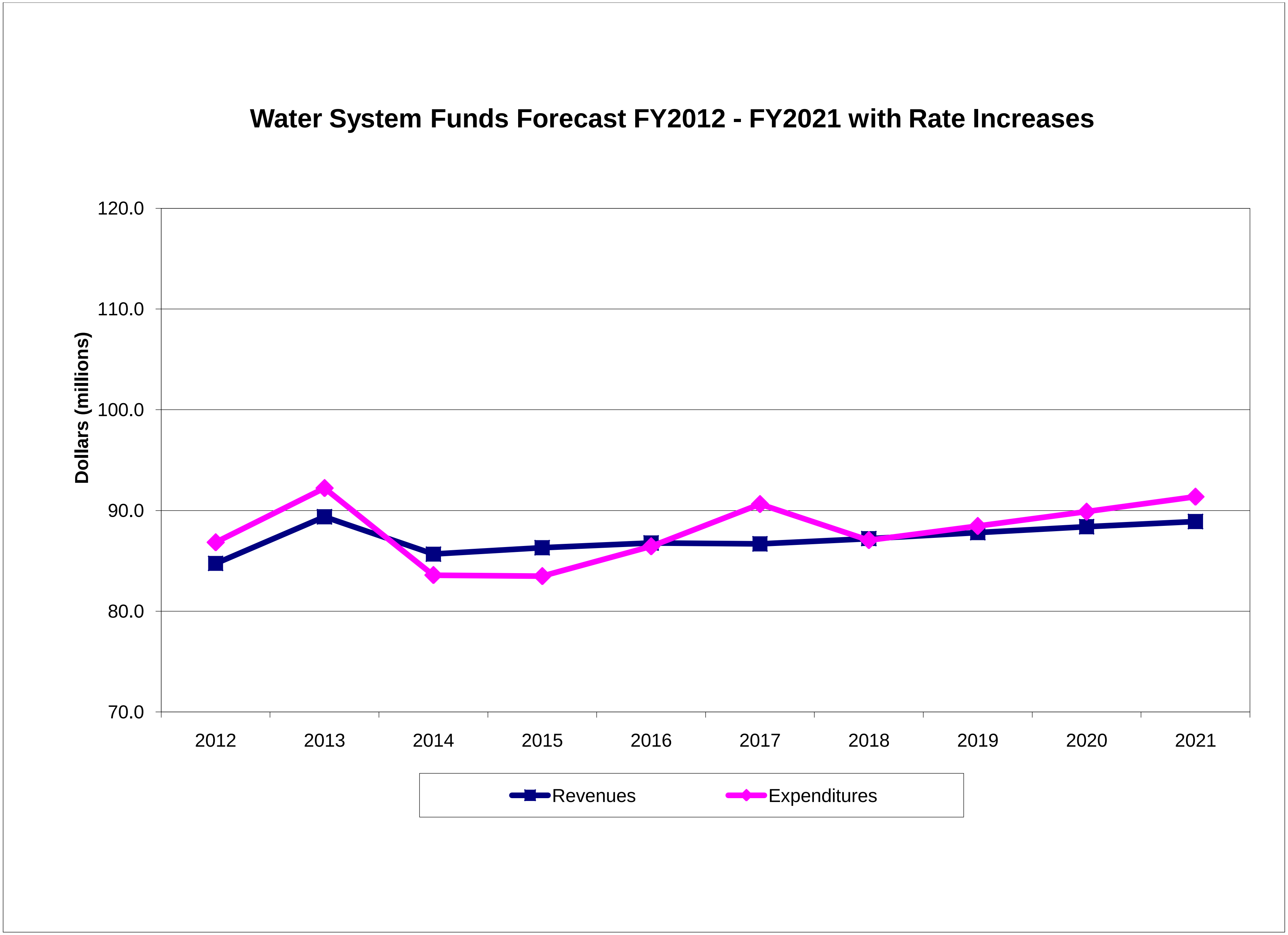
Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Water Sales-Retail	0.50%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Water Sales-Wholesale	-27.17%	-11.45%	-37.85%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Other revenues	-27.3%	24.7%	5.6%	-0.9%	-5.8%	-22.5%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Purchase of Water	-6.8%	1.1%	-4.4%	-2.5%	0.1%	0.2%	2.1%	0.2%	0.2%	0.2%
Power	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

WATER FUNDS FORECAST WITHOUT RATE INCREASE
Fund 0531, 0534, & 0536

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**47,828.0**	**24,620.8**	**45,664.0**	**36,899.8**	**30,305.8**	**18,172.7**	**10,557.4**	**3,353.7**	**(6,624.4)**	**(20,827.1)**	**(30,850.6)**	**(41,676.5)**	**(53,317.1)**
REVENUES													
Water Sales - Retail	60,098.0	61,310.0	64,537.0	64,859.7	65,346.1	65,836.2	66,330.0	66,827.5	67,328.7	67,833.6	68,342.4	68,855.0	69,371.4
Water Sales - Wholesale	18,759.0	16,457.0	17,323.0	12,616.3	11,171.8	6,943.3	6,995.3	7,047.8	7,100.7	7,153.9	7,207.6	7,261.6	7,316.1
Interest	498.0	517.0	544.0	665.4	956.5	421.0	205.6	-	-	-	-	-	-
Other Revenues	4,792.0	2,745.0	2,890.0	2,100.0	2,618.0	2,764.0	2,739.0	2,581.0	2,000.0	2,040.0	2,080.8	2,122.4	2,164.9
TOTAL REVENUES	**84,147.0**	**81,029.0**	**85,294.0**	**80,241.4**	**80,092.4**	**75,964.5**	**76,269.9**	**76,456.3**	**76,429.3**	**77,027.6**	**77,630.8**	**78,239.0**	**78,852.3**
% vs prior year		*-4%*	*5%*	*-6%*	*0%*	*-5%*	*0%*	*0%*	*0%*	*1%*	*1%*	*1%*	*1%*
TOTAL RESOURCES	**131,975.0**	**105,649.8**	**130,958.0**	**117,141.3**	**110,398.2**	**94,137.2**	**86,827.3**	**79,809.9**	**69,805.0**	**56,200.5**	**46,780.1**	**36,562.5**	**25,535.2**
EXPENDITURES													
Personal Services	14,738.0	13,867.0	13,867.0	14,310.7	14,654.2	15,181.8	15,743.5	16,326.0	16,930.0	17,556.5	18,206.0	18,879.7	19,578.2
OPEB	1,300.0	1,300.0	1,300.0	1,341.6	1,373.8	1,423.3	1,475.9	1,530.5	1,587.2	1,645.9	1,706.8	1,769.9	1,835.4
Operating Expenses	7,122.0	7,889.0	7,889.0	8,023.1	8,183.6	8,355.4	8,539.2	8,727.1	8,910.4	9,097.5	9,288.5	9,465.0	9,654.3
Purchase of Water	48,618.0	50,180.0	50,180.0	46,748.0	47,246.0	45,156.0	44,043.0	44,084.0	44,181.0	45,103.0	45,197.0	45,297.0	45,396.0
Power	1,676.0	1,868.0	1,868.0	1,961.4	2,059.5	2,162.4	2,270.6	2,384.1	2,503.3	2,628.5	2,759.9	2,897.9	3,042.8
Chemicals	762.0	949.0	949.0	1,015.4	1,086.5	1,162.6	1,243.9	1,331.0	1,424.2	1,523.9	1,630.6	1,744.7	1,866.8
Grants & Aids	36.0	-	-	-	-	-	-	-	-	-	-	-	-
Cost Allocation	5,891.0	4,563.0	4,563.0	4,640.6	4,733.4	4,832.8	4,939.1	5,047.8	5,153.8	5,262.0	5,372.5	5,474.6	5,584.1
Expenditure Lapse 1%**			(806.2)	(780.4)	(793.4)	(782.7)	(782.6)	(794.3)	(806.9)	(828.2)	(841.6)	(855.3)	(869.6)
Capital Outlay	6,168.0	14,842.0	14,842.0	9,974.0	14,252.0	6,342.0	6,251.0	8,123.0	11,197.0	5,273.0	5,351.0	5,423.0	5,500.0
Expenditure Lapse 4% ***			(593.7)	(399.0)	(570.1)	(253.7)	(250.0)	(324.9)	(447.9)	(210.9)	(214.0)	(216.9)	(220.0)
TOTAL EXPENDITURES	**86,311.0**	**95,458.0**	**94,058.2**	**86,835.5**	**92,225.5**	**83,579.8**	**83,473.7**	**86,434.3**	**90,632.1**	**87,051.1**	**88,456.7**	**89,879.6**	**91,368.1**
% vs prior year		*11%*	*-1%*	*-8%*	*6%*	*-9%*	*0%*	*4%*	*5%*	*-4%*	*2%*	*2%*	*2%*
TOTAL ENDING FUND BALANCE	**45,664.0**	**10,191.8**	**36,899.8**	**30,305.8**	**18,172.7**	**10,557.4**	**3,353.7**	**(6,624.4)**	**(20,827.1)**	**(30,850.6)**	**(41,676.5)**	**(53,317.1)**	**(65,832.8)**
Ending balance as % of Resources	*35%*	*10%*	*28%*	*26%*	*16%*	*11%*	*4%*	*-8%*	*-30%*	*-55%*	*-89%*	*-146%*	*-258%*
TOTAL REQUIREMENTS	**131,975.0**	**105,649.8**	**130,958.0**	**117,141.3**	**110,398.2**	**94,137.2**	**86,827.3**	**79,809.9**	**69,805.0**	**56,200.5**	**46,780.1**	**36,562.5**	**25,535.2**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(2,164.0)	(14,429.0)	(8,764.2)	(6,594.1)	(12,133.1)	(7,615.3)	(7,203.8)	(9,978.0)	(14,202.7)	(10,023.5)	(10,825.9)	(11,640.6)	(12,515.7)

** Operating Expenses net of Cost Allocation*
*** Expenditure lapse is calculated on Personal Services, Operating Expenses, and Grants & Aids only.*
**** Expenditure lapse is calculated on Capital Outlay only*

Pinellas County


Water System Funds Forecast FY2012 - FY2021 with Rate Increases
Dollars (millions)
120.0
110.0
100.0
90.0
80.0
70.0
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
Revenues
Expenditures

WATER FUNDS FORECAST WITH RATE INCREASE
Fund 0531, 0534, & 0536

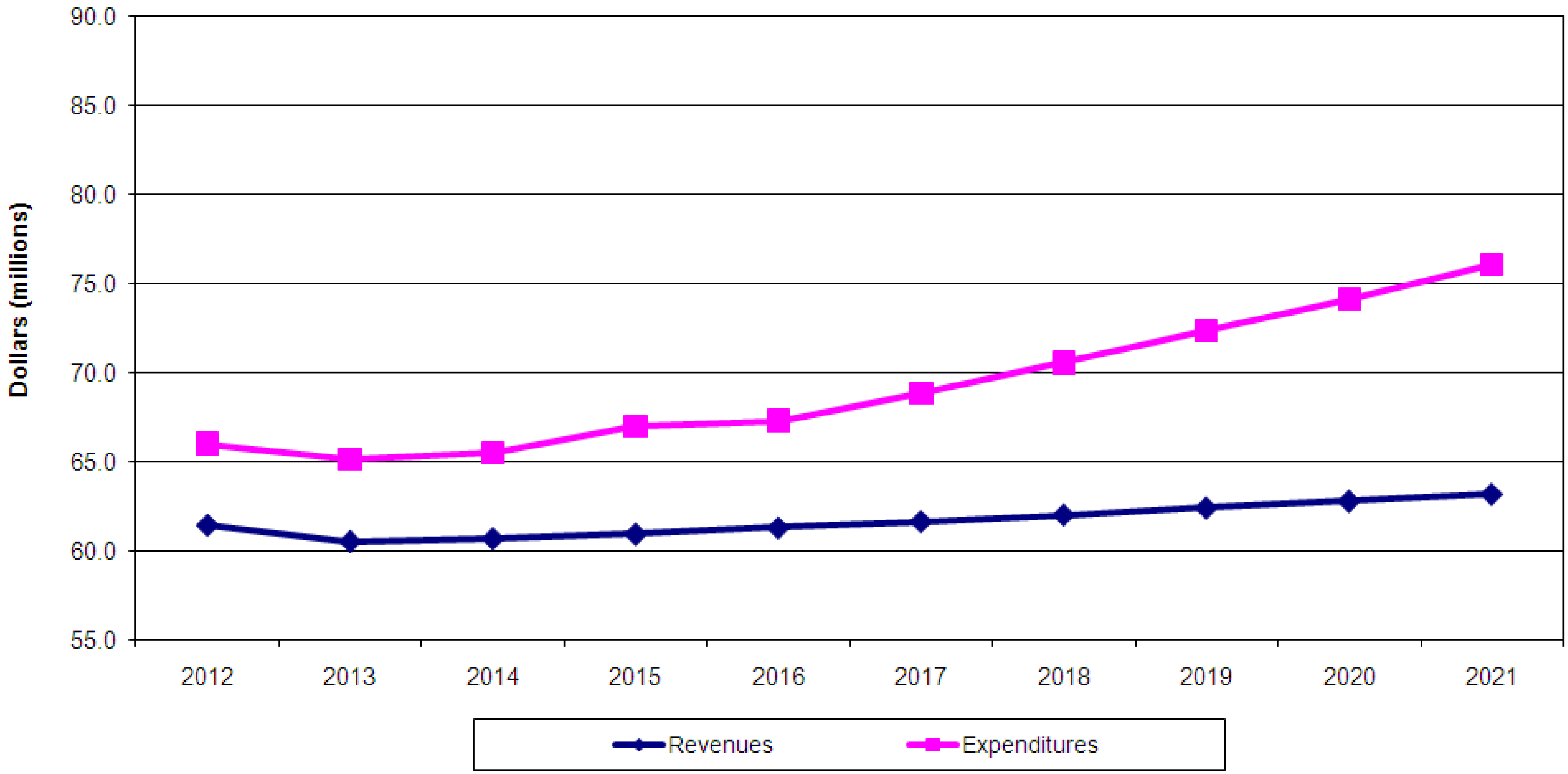
Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Water Sales-Retail	6.6%	6.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Water Sales-Wholesale	-24.0%	-6.1%	-37.9%	0.7%	0.7%	0.7%	0.8%	0.7%	0.8%	0.7%
Other revenues	-27.3%	24.7%	5.6%	-0.9%	-5.8%	-22.5%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Purchase of Water	-6.8%	1.1%	-4.4%	-2.5%	0.1%	0.2%	2.1%	0.2%	0.2%	0.2%
Power	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

WATER FUNDS FORECAST WITH RATE INCREASE
Fund 0531, 0534, & 0536

				FORECAST									
(in $ thousands)	**Actual 2010**	**Budget 2011**	**Projected 2011**	**Estimated 2012**	**Estimated 2013**	**Estimated 2014**	**Estimated 2015**	**Estimated 2016**	**Estimated 2017**	**Estimated 2018**	**Estimated 2019**	**Estimated 2020**	**Estimated 2021**
BEGINNING FUND BALANCE	**47,828.0**	**24,620.8**	**45,664.0**	**36,899.8**	**34,810.5**	**31,958.9**	**34,046.7**	**36,875.6**	**37,210.5**	**33,259.2**	**33,418.0**	**32,765.9**	**31,269.8**
REVENUES													
Water Sales - Retail	60,098.0	61,310.0	64,537.0	68,769.0	73,405.0	73,930.0	74,459.0	74,992.0	75,529.0	76,070.0	76,615.0	77,181.0	77,734.0
Water Sales - Wholesale	18,759.0	16,457.0	17,323.0	13,160.0	12,355.0	7,678.0	7,732.0	7,786.0	7,844.0	7,903.0	7,962.0	8,022.0	8,082.0
Interest	498.0	517.0	544.0	717.1	996.0	1,295.6	1,372.6	1,410.2	1,307.8	1,196.9	1,146.8	1,058.0	927.2
Other Revenues	4,792.0	2,745.0	2,890.0	2,100.0	2,618.0	2,764.0	2,739.0	2,581.0	2,000.0	2,040.0	2,080.8	2,122.4	2,164.9
TOTAL REVENUES	**84,147.0**	**81,029.0**	**85,294.0**	**84,746.1**	**89,374.0**	**85,667.6**	**86,302.6**	**86,769.2**	**86,680.8**	**87,209.9**	**87,804.6**	**88,383.5**	**88,908.1**
% vs prior year		*-4%*	*5%*	*-1%*	*5%*	*-4%*	*1%*	*1%*	*0%*	*1%*	*1%*	*1%*	*1%*
TOTAL RESOURCES	**131,975.0**	**105,649.8**	**130,958.0**	**121,645.9**	**124,184.4**	**117,626.5**	**120,349.3**	**123,644.8**	**123,891.3**	**120,469.1**	**121,222.6**	**121,149.4**	**120,177.9**
EXPENDITURES													
Personal Services	14,738.0	13,867.0	13,867.0	14,310.7	14,654.2	15,181.8	15,743.5	16,326.0	16,930.0	17,556.5	18,206.0	18,879.7	19,578.2
OPEB	1,300.0	1,300.0	1,300.0	1,341.6	1,373.8	1,423.3	1,475.9	1,530.5	1,587.2	1,645.9	1,706.8	1,769.9	1,835.4
Operating Expenses	7,122.0	7,889.0	7,889.0	8,023.1	8,183.6	8,355.4	8,539.2	8,727.1	8,910.4	9,097.5	9,288.5	9,465.0	9,654.3
Purchase of Water	48,618.0	50,180.0	50,180.0	46,748.0	47,246.0	45,156.0	44,043.0	44,084.0	44,181.0	45,103.0	45,197.0	45,297.0	45,396.0
Power	1,676.0	1,868.0	1,868.0	1,961.4	2,059.5	2,162.4	2,270.6	2,384.1	2,503.3	2,628.5	2,759.9	2,897.9	3,042.8
Chemicals	762.0	949.0	949.0	1,015.4	1,086.5	1,162.6	1,243.9	1,331.0	1,424.2	1,523.9	1,630.6	1,744.7	1,866.8
Grants & Aids	36.0	-	-	-	-	-	-	-	-	-	-	-	-
Cost Allocation	5,891.0	4,563.0	4,563.0	4,640.6	4,733.4	4,832.8	4,939.1	5,047.8	5,153.8	5,262.0	5,372.5	5,474.6	5,584.1
Expenditure Lapse 1%**			(806.2)	(780.4)	(793.4)	(782.7)	(782.6)	(794.3)	(806.9)	(828.2)	(841.6)	(855.3)	(869.6)
Capital Outlay	6,168.0	14,842.0	14,842.0	9,974.0	14,252.0	6,342.0	6,251.0	8,123.0	11,197.0	5,273.0	5,351.0	5,423.0	5,500.0
Expenditure Lapse 4% ***			(593.7)	(399.0)	(570.1)	(253.7)	(250.0)	(324.9)	(447.9)	(210.9)	(214.0)	(216.9)	(220.0)
TOTAL EXPENDITURES	**86,311.0**	**95,458.0**	**94,058.2**	**86,835.5**	**92,225.5**	**83,579.8**	**83,473.7**	**86,434.3**	**90,632.1**	**87,051.1**	**88,456.7**	**89,879.6**	**91,368.1**
% vs prior year		*11%*	*-1%*	*-8%*	*6%*	*-9%*	*0%*	*4%*	*5%*	*-4%*	*2%*	*2%*	*2%*
TOTAL ENDING FUND BALANCE	**45,664.0**	**10,191.8**	**36,899.8**	**34,810.5**	**31,958.9**	**34,046.7**	**36,875.6**	**37,210.5**	**33,259.2**	**33,418.0**	**32,765.9**	**31,269.8**	**28,809.8**
Ending balance as % of Resources	*35%*	*10%*	*28%*	*29%*	*26%*	*29%*	*31%*	*30%*	*27%*	*28%*	*27%*	*26%*	*24%*
TOTAL REQUIREMENTS	**131,975.0**	**105,649.8**	**130,958.0**	**121,645.9**	**124,184.4**	**117,626.5**	**120,349.3**	**123,644.8**	**123,891.3**	**120,469.1**	**121,222.6**	**121,149.4**	**120,177.9**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(2,164.0)	(14,429.0)	(8,764.2)	(2,089.4)	(2,851.5)	2,087.8	2,828.9	334.9	(3,951.3)	158.8	(652.1)	(1,496.1)	(2,460.0)

** Operating Expenses net of Cost Allocation*
*** Expenditure lapse is calculated on Personal Services, Operating Expenses, and Grants & Aids only.*
**** Expenditure lapse is calculated on Capital Outlay only*

Sewer System Forecast FY2012-FY2021 without Rate Increases



Note: FY2012 excludes non-recurring project expenditures.

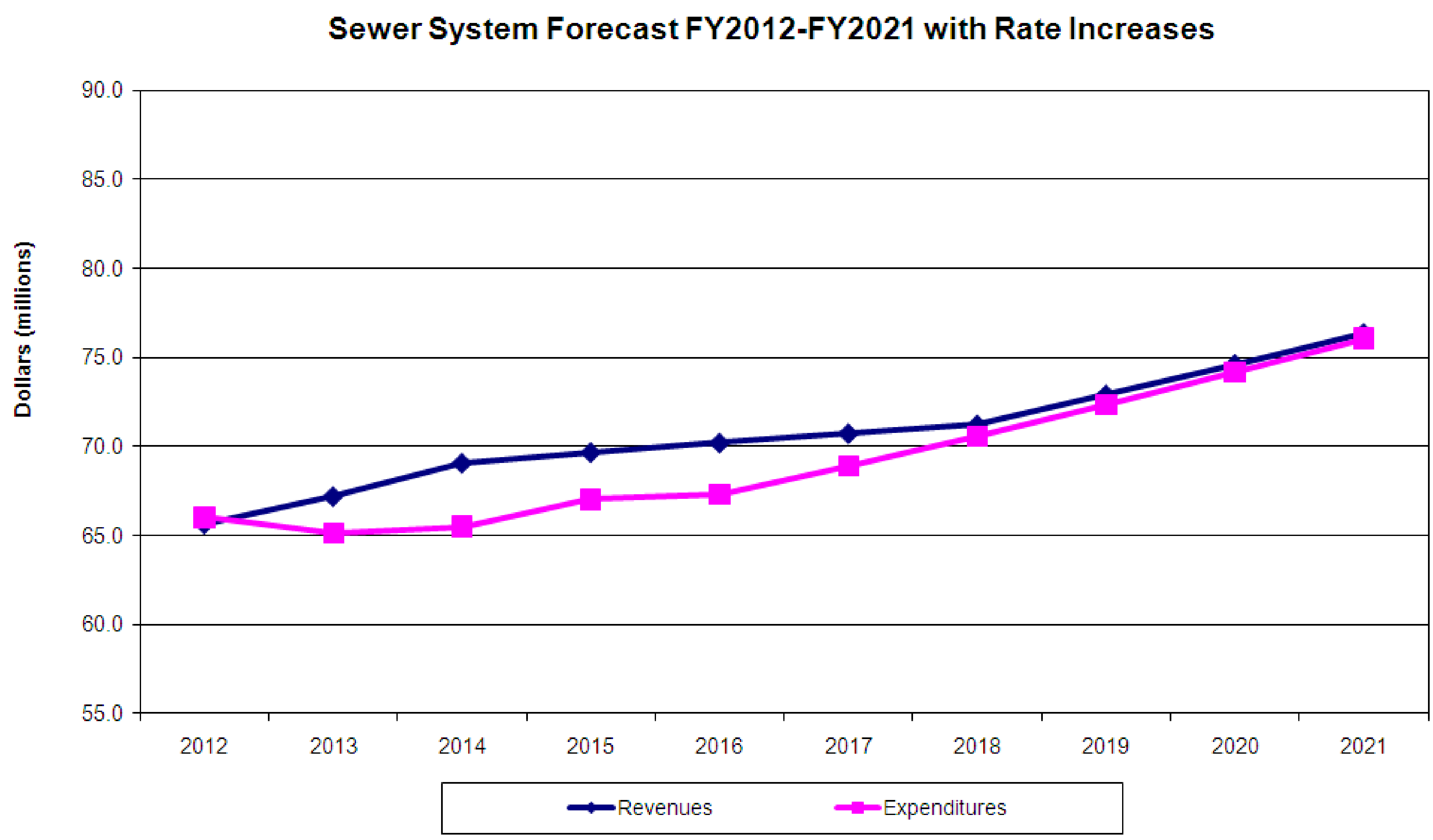
SEWER FUNDS FORECAST WITHOUT RATE INCREASE
Fund 0551, 0552, & 0553

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Sewer Charges - Retail	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Sewer Charges - Wholesale	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Reclaimed - Retail	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Reclaimed - Wholesale	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other revenues	26.9%	-18.8%	2.6%	2.9%	5.6%	5.6%	5.6%	5.6%	5.0%	5.1%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Power & Chemicals	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Capital Outlay	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Grants & Aids	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

SEWER FUNDS FORECAST WITHOUT RATE INCREASE
Fund 0551, 0552, & 0553

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**61,158.0**	**44,028.0**	**53,753.0**	**30,604.9**	**5,049.6**	**457.8**	**(4,334.7)**	**(10,399.3)**	**(16,415.5)**	**(23,632.6)**	**(32,174.0)**	**(42,099.2)**	**(53,466.0)**
REVENUES													
Sewer Charges - Retail	43,458.0	43,537.0	45,829.0	45,943.6	46,058.4	46,173.6	46,289.0	46,404.7	46,520.7	46,637.0	46,753.6	46,870.5	46,987.7
Sewer Charges - Wholesale	7,151.0	6,651.0	7,001.0	7,018.5	7,036.0	7,053.6	7,071.3	7,089.0	7,106.7	7,124.4	7,142.3	7,160.1	7,178.0
Reclaimed - Retail	2,567.0	3,755.0	3,646.0	3,655.1	3,664.3	3,673.4	3,682.6	3,691.8	3,701.0	3,710.3	3,719.6	3,728.9	3,738.2
Reclaimed - Wholesale	283.0	307.0	323.0	329.5	336.0	342.8	349.6	356.6	363.8	371.0	378.4	386.0	393.7
Interest	983.0	868.0	914.0	353.0	81.4	-	-	-	-	-	-	-	-
Other Revenues	3,125.0	3,819.0	3,277.0	4,157.0	3,375.0	3,463.0	3,562.0	3,760.0	3,970.0	4,191.0	4,425.0	4,648.0	4,883.0
TOTAL REVENUES	**57,567.0**	**58,937.0**	**60,990.0**	**61,456.7**	**60,551.2**	**60,706.4**	**60,954.5**	**61,302.1**	**61,662.2**	**62,033.8**	**62,418.9**	**62,793.5**	**63,180.6**
% vs prior year		*2%*	*3%*	*1%*	*-1%*	*0%*	*0%*	*1%*	*1%*	*1%*	*1%*	*1%*	*1%*
TOTAL RESOURCES	**118,725.0**	**102,965.0**	**114,743.0**	**92,061.5**	**65,600.8**	**61,164.2**	**56,619.8**	**50,902.8**	**45,246.7**	**38,401.2**	**30,244.9**	**20,694.3**	**9,714.6**
EXPENDITURES													
Personal Services	14,055.0	13,661.0	13,661.0	14,098.2	14,436.5	14,956.2	15,509.6	16,083.5	16,678.5	17,295.7	17,935.6	18,599.2	19,287.4
OPEB	1,250.0	1,250.0	1,250.0	1,290.0	1,321.0	1,368.5	1,419.1	1,471.7	1,526.1	1,582.6	1,641.1	1,701.9	1,764.8
Operating Expenses	9,485.0	10,740.0	10,740.0	10,922.6	11,141.0	11,375.0	11,625.2	11,881.0	12,130.5	12,385.2	12,645.3	12,885.6	13,143.3
Power	4,498.0	4,772.0	4,772.0	5,010.6	5,261.1	5,863.2	6,156.3	6,464.2	6,787.4	7,126.7	7,483.1	7,857.2	8,250.1
Chemicals	2,947.0	2,953.0	2,953.0	3,159.7	3,380.9	3,617.6	3,870.8	4,141.7	4,431.7	4,741.9	5,073.8	5,429.0	5,809.0
Cost Allocation	4,021.0	3,457.0	3,457.0	3,515.8	3,586.1	3,661.4	3,741.9	3,824.3	3,904.6	3,986.6	4,070.3	4,147.6	4,230.6
Expenditure Lapse 1%**			(368.3)	(380.0)	(391.3)	(408.4)	(423.2)	(438.7)	(454.6)	(471.2)	(488.5)	(506.2)	(524.9)
Debt Service	15,236.0	15,237.0	15,237.0	15,245.0	15,238.0	15,237.0	15,239.0	15,243.0	15,238.0	15,233.0	15,233.0	15,239.0	15,225.0
Capital Outlay	13,480.0	17,603.0	33,788.0	35,573.0	11,635.0	10,238.0	10,292.0	9,008.0	8,997.0	9,057.0	9,115.0	9,174.0	9,237.0
Expenditure Lapse 4% ***			(1,351.5)	(1,422.9)	(465.4)	(409.5)	(411.7)	(360.3)	(359.9)	(362.3)	(364.6)	(367.0)	(369.5)
TOTAL EXPENDITURES	**64,972.0**	**69,673.0**	**84,138.2**	**87,011.9**	**65,142.9**	**65,498.9**	**67,019.2**	**67,318.3**	**68,879.3**	**70,575.2**	**72,344.1**	**74,160.3**	**76,052.8**
% vs prior year		*7%*	*21%*	*3%*	*-25%*	*1%*	*2%*	*0%*	*2%*	*2%*	*3%*	*3%*	*3%*
TOTAL ENDING FUND BALANCE	**53,753.0**	**33,292.0**	**30,604.9**	**5,049.6**	**457.8**	**(4,334.7)**	**(10,399.3)**	**(16,415.5)**	**(23,632.6)**	**(32,174.0)**	**(42,099.2)**	**(53,466.0)**	**(66,338.3)**
Ending balance as % of Resources	*45%*	*32%*	*27%*	*5%*	*1%*	*-7%*	*-18%*	*-32%*	*-52%*	*-84%*	*-139%*	*-258%*	*-683%*
TOTAL REQUIREMENTS	**118,725.0**	**102,965.0**	**114,743.0**	**92,061.5**	**65,600.8**	**61,164.2**	**56,619.8**	**50,902.8**	**45,246.7**	**38,401.2**	**30,244.9**	**20,694.3**	**9,714.6**
Debt Service Coverage			**1.57**	**1.52**	**1.39**	**1.29**	**1.21**	**1.13**	**1.05**	**0.96**	**0.87**	**0.78**	**0.69**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(7,405.0)	(10,736.0)	(23,148.2)	(25,555.3)	(4,591.8)	(4,792.5)	(6,064.6)	(6,016.2)	(7,217.1)	(8,541.4)	(9,925.2)	(11,366.8)	(12,872.2)

** Operating Expenses net of Cost Allocation*
*** Expenditure lapse is calculated on Personal Services, Operating Expenses, and Grants & Aids only.*
**** Expenditure lapse is calculated on Capital Outlay only*



Note: FY2012 excludes non-recurring project expenditures.

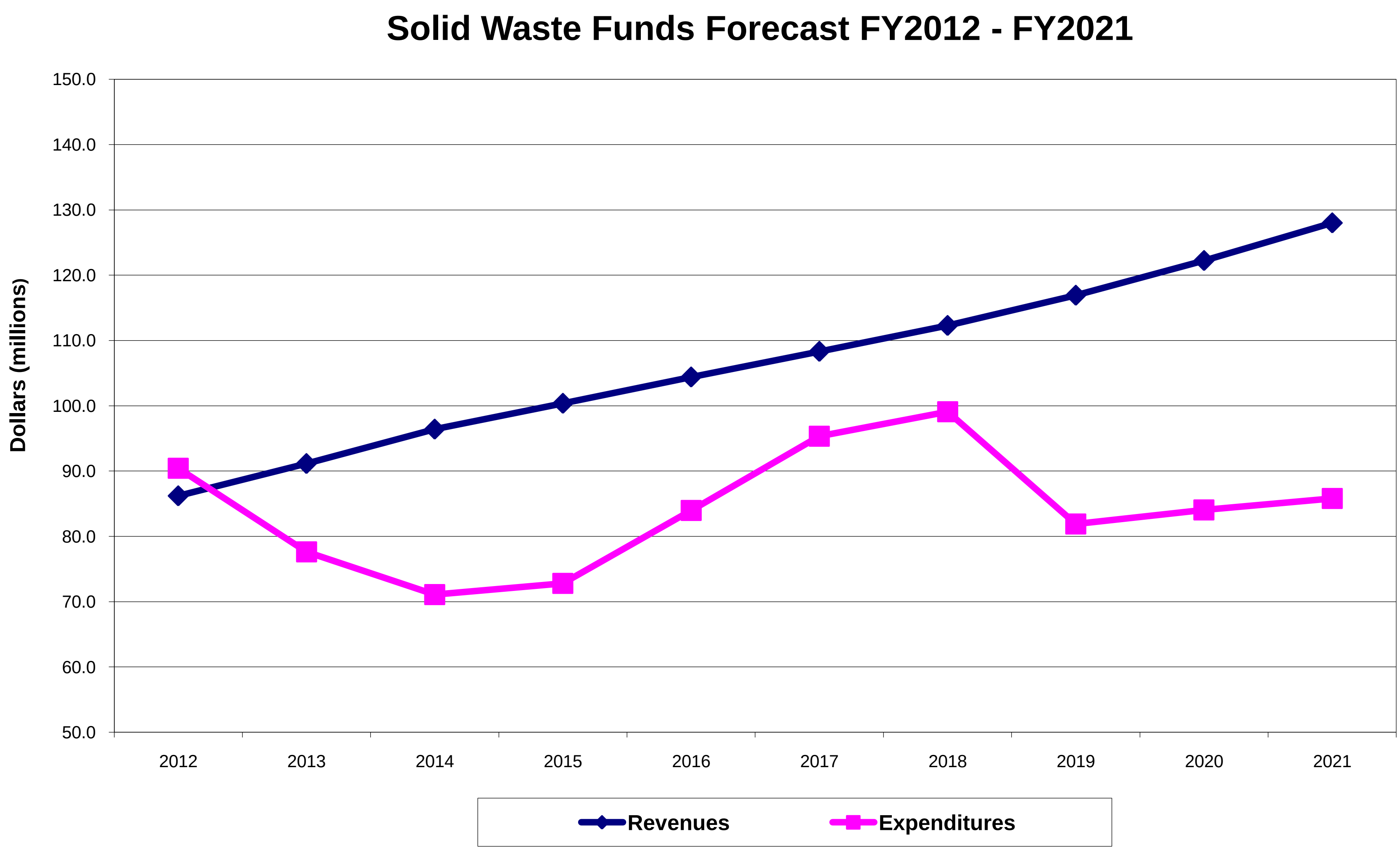
SEWER FUNDS FORECAST WITH RATE INCREASE
Fund 0551, 0552, & 0553

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Sewer Charges - Retail	8.4%	2.3%	2.3%	0.3%	0.2%	0.2%	0.3%	2.3%	2.2%	2.2%
Sewer Charges - Wholesale	14.6%	2.3%	2.3%	0.3%	0.2%	0.2%	0.2%	2.3%	2.3%	2.2%
Reclaimed - Retail	6.7%	6.2%	5.9%	5.6%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Reclaimed - Wholesale	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other revenues	-21.0%	2.4%	2.6%	2.9%	5.6%	5.6%	5.6%	5.6%	5.0%	5.1%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Power	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Capital Outlay	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Grants & Aids	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

SEWER FUNDS FORECAST WITH RATE INCREASE
Fund 0551, 0552, & 0553

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**61,158.0**	**44,028.0**	**53,753.0**	**31,502.9**	**10,137.9**	**12,184.4**	**15,749.0**	**18,396.5**	**21,279.4**	**23,128.5**	**23,773.4**	**24,345.8**	**24,810.2**
REVENUES													
Sewer Charges - Retail	43,458.0	43,537.0	45,829.0	49,687.0	50,808.0	51,954.0	52,084.0	52,214.0	52,344.0	52,475.0	53,656.0	54,863.0	56,097.0
Sewer Charges - Wholesale	7,151.0	6,651.0	7,001.0	8,025.0	8,206.0	8,391.0	8,412.0	8,433.0	8,454.0	8,475.0	8,666.0	8,861.0	9,060.0
Reclaimed - Retail	2,567.0	3,755.0	3,646.0	3,889.0	4,132.0	4,375.0	4,618.0	4,711.0	4,805.0	4,901.0	4,999.0	5,099.0	5,201.0
Reclaimed - Wholesale	283.0	307.0	326.0	332.5	339.2	346.0	352.9	359.9	367.1	374.5	382.0	389.6	397.4
Interest	983.0	868.0	914.0	416.4	329.4	534.6	637.8	723.2	788.2	803.7	788.5	764.2	728.9
Other Revenues	3,125.0	3,819.0	4,172.0	3,297.0	3,375.0	3,463.0	3,562.0	3,760.0	3,970.0	4,191.0	4,425.0	4,648.0	4,883.0
TOTAL REVENUES	**57,567.0**	**58,937.0**	**61,888.0**	**65,646.9**	**67,189.5**	**69,063.5**	**69,666.7**	**70,201.2**	**70,728.4**	**71,220.2**	**72,916.4**	**74,624.8**	**76,367.3**
% vs prior year		*2%*	*5%*	*6%*	*2%*	*3%*	*1%*	*1%*	*1%*	*1%*	*2%*	*2%*	*2%*
TOTAL RESOURCES	**118,725.0**	**102,965.0**	**115,641.0**	**97,149.8**	**77,327.4**	**81,247.9**	**85,415.7**	**88,597.7**	**92,007.8**	**94,348.6**	**96,689.9**	**98,970.6**	**101,177.6**
EXPENDITURES													
Personal Services	14,055.0	13,661.0	13,661.0	14,098.2	14,436.5	14,956.2	15,509.6	16,083.5	16,678.5	17,295.7	17,935.6	18,599.2	19,287.4
OPEB	1,250.0	1,250.0	1,250.0	1,290.0	1,321.0	1,368.5	1,419.1	1,471.7	1,526.1	1,582.6	1,641.1	1,701.9	1,764.8
Operating Expenses	9,485.0	10,740.0	10,740.0	10,922.6	11,141.0	11,375.0	11,625.2	11,881.0	12,130.5	12,385.2	12,645.3	12,885.6	13,143.3
Power	4,498.0	4,772.0	4,772.0	5,010.6	5,261.1	5,863.2	6,156.3	6,464.2	6,787.4	7,126.7	7,483.1	7,857.2	8,250.1
Chemicals	2,947.0	2,953.0	2,953.0	3,159.7	3,380.9	3,617.6	3,870.8	4,141.7	4,431.7	4,741.9	5,073.8	5,429.0	5,809.0
Cost Allocation	4,021.0	3,457.0	3,457.0	3,515.8	3,586.1	3,661.4	3,741.9	3,824.3	3,904.6	3,986.6	4,070.3	4,147.6	4,230.6
Expenditure Lapse 1%**			(368.3)	(380.0)	(391.3)	(408.4)	(423.2)	(438.7)	(454.6)	(471.2)	(488.5)	(506.2)	(524.9)
Debt Service	15,236.0	15,237.0	15,237.0	15,245.0	15,238.0	15,237.0	15,239.0	15,243.0	15,238.0	15,233.0	15,233.0	15,239.0	15,225.0
Capital Outlay	13,480.0	17,603.0	33,788.0	35,573.0	11,635.0	10,238.0	10,292.0	9,008.0	8,997.0	9,057.0	9,115.0	9,174.0	9,237.0
Expenditure Lapse 4% ***			(1,351.5)	(1,422.9)	(465.4)	(409.5)	(411.7)	(360.3)	(359.9)	(362.3)	(364.6)	(367.0)	(369.5)
TOTAL EXPENDITURES	**64,972.0**	**69,673.0**	**84,138.2**	**87,011.9**	**65,142.9**	**65,498.9**	**67,019.2**	**67,318.3**	**68,879.3**	**70,575.2**	**72,344.1**	**74,160.3**	**76,052.8**
% vs prior year		*7%*	*21%*	*3%*	*-25%*	*1%*	*2%*	*0%*	*2%*	*2%*	*3%*	*3%*	*3%*
TOTAL ENDING FUND BALANCE	**53,753.0**	**33,292.0**	**31,502.9**	**10,137.9**	**12,184.4**	**15,749.0**	**18,396.5**	**21,279.4**	**23,128.5**	**23,773.4**	**24,345.8**	**24,810.2**	**25,124.7**
Ending balance as % of Resources	*45%*	*32%*	*27%*	*10%*	*16%*	*19%*	*22%*	*24%*	*25%*	*25%*	*25%*	*25%*	*25%*
TOTAL REQUIREMENTS	**118,725.0**	**102,965.0**	**115,641.0**	**97,149.8**	**77,327.4**	**81,247.9**	**85,415.7**	**88,597.7**	**92,007.8**	**94,348.6**	**96,689.9**	**98,970.6**	**101,177.6**
Debt Service Coverage			**1.56**	**1.79**	**1.80**	**1.80**	**1.74**	**1.66**	**1.59**	**1.50**	**1.49**	**1.48**	**1.46**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(7,405.0)	(10,736.0)	(22,250.2)	(21,365.0)	2,046.6	3,564.6	2,647.5	2,882.9	1,849.1	645.0	572.3	464.5	314.5

** Operating Expenses net of Cost Allocation*
*** Expenditure lapse is calculated on Personal Services, Operating Expenses, and Grants & Aids only.*
**** Expenditure lapse is calculated on Capital Outlay only*



Note: Does not include Capital Projects Fund loan activity

SOLID WASTE FUNDS FORECAST
Fund 0521 & 0523

Forecast Assumptions	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Tipping Fees	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Electricity Sales	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Electrical Capacity	6.3%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
Recycling Revenue	0.0%	0.0%	33.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Insurance Proceeds	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	3.2%	2.4%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
OPEB	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Operating Expenses	1.7%	2.0%	2.1%	2.2%	2.2%	2.1%	2.1%	2.1%	1.9%	2.0%
Landfill Service Fee	2.3%	1.9%	1.9%	1.9%	2.0%	2.0%	1.9%	1.9%	2.0%	2.0%
Grants & Aids	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost Allocation	2.3%	1.9%	1.9%	1.9%	2.0%	2.0%	1.9%	1.9%	2.0%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.7%*	*2.0%*	*2.1%*	*2.2%*	*2.2%*	*2.1%*	*2.1%*	*2.1%*	*1.9%*	*2.0%*
FL Per Capita Personal Income Growth	*1.4%*	*2.2%*	*2.2%*	*2.9%*	*2.9%*	*2.4%*	*2.0%*	*1.9%*	*2.2%*	*2.0%*
Estimated New Construction % of tax base	*0.2%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

SOLID WASTE FUNDS FORECAST
Fund 0521 & 0523

(in $ thousands)	Actual 2010	Budget 2011	Projected 2011	FORECAST Estimated 2012	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**127,169**	**120,655**	**134,385**	**136,962**	**132,785**	**146,327**	**171,703**	**199,309**	**219,762**	**232,796**	**246,029**	**291,078**	**339,279**
REVENUES													
Tipping Fees	35,767	33,395	35,152	35,328	35,505	35,682	35,861	36,040	36,220	36,401	36,583	36,766	36,950
Electricity Sales	11,409	9,658	10,166	10,217	10,268	10,319	10,371	10,423	10,475	10,527	10,580	10,633	10,686
Electrical Capacity	30,476	32,961	34,696	36,897	39,244	41,738	44,390	47,212	50,219	53,412	56,814	60,433	64,278
Recycling Revenue	0	0	0	0	750	1,000	1,020	1,040	1,061	1,082	1,104	1,126	1,149
Interest	1,146	2,201	2,317	2,973	4,575	6,852	7,888	8,828	9,473	9,975	10,925	12,384	13,992
Insurance Proceeds	2,871	0	0	0	0	0	0	0	0	0	0	0	0
Other revenues	1,271	736	775	791	806	822	839	856	873	890	908	926	945
Debt Service on Loan from Capital Fund	-	-	-	37.5	37.5	37.5	37.5	37.5	37.5	37.5	37.5	-	-
Loan repayment from Capital Fund	-	-	-	-	-	-	-	-	-	-	10,000.0	10,000.0	-
TOTAL REVENUES	**82,940**	**78,951**	**83,106**	**86,243**	**91,185**	**96,451**	**100,406**	**104,436**	**108,358**	**112,326**	**126,952**	**132,268**	**127,999**
% vs prior year		*-5%*	*0%*	*4%*	*6%*	*6%*	*4%*	*4%*	*4%*	*4%*	*13%*	*4%*	*-3%*
TOTAL RESOURCES	**210,109**	**199,606**	**217,491**	**223,205**	**223,970**	**242,778**	**272,109**	**303,746**	**328,121**	**345,121**	**372,980**	**423,346**	**467,278**
EXPENDITURES													
Personal Services	5,313	5,499	5,499	5,675	5,811	6,020	6,243	6,474	6,714	6,962	7,220	7,487	7,764
OPEB	410	450	450	464	476	493	511	530	549	570	591	613	635
Operating Expenses *	4,828	7,380	7,380	7,505	7,656	7,816	7,988	8,164	8,335	8,511	8,689	8,854	9,031
WTE Service Fee	19,530	25,075	25,075	28,592	29,164	29,776	30,431	31,101	31,754	32,421	33,102	33,731	34,405
Landfill Service Fee	9,322	10,995	10,995	11,318	11,544	11,787	12,046	12,311	12,570	12,834	13,103	13,352	13,619
Curbside Recycling	0	7,175	50	463	11,372	9,572	9,754	9,940	10,128	10,331	10,538	10,738	10,953
Litter Program	0	244	244	220	725	572	572	572	572	572	572	572	572
Beach Recycling	0	9	9	37	82	40	40	40	40	40	40	40	40
N. Cty, HEC_3 Costs	0	812	0	0	600	405	420	451	510	520	621	610	651
Grants & Aids	499	2,975	500	500	500	500	500	500	500	500	500	500	500
Cost Allocations	2,524	2,245	2,245	2,283	2,329	2,378	2,430	2,484	2,536	2,589	2,643	2,693	2,747
Capital Outlay	18,298	28,895	28,895	34,276	8,169	2,434	2,599	12,265	22,080	24,245	5,111	5,726	5,742
Interfund Loan to Capital Fund	15,000	5,000	-			-	-	-	-	-	-	-	-
Expenditure Lapse 1% **			(813)	(913)	(784)	(718)	(735)	(848)	(963)	(1,001)	(827)	(849)	(867)
TOTAL EXPENDITURES	**75,724**	**96,754**	**80,529**	**90,421**	**77,643**	**71,075**	**72,799**	**83,983**	**95,325**	**99,093**	**81,902**	**84,067**	**85,794**
% vs prior year		*28%*	*6%*	*12%*	*-14%*	*-8%*	*2%*	*15%*	*14%*	*4%*	*-17%*	*3%*	*2%*
ENDING FUND BALANCE	**134,385**	**102,852**	**136,962**	**132,785**	**146,327**	**171,703**	**199,309**	**219,762**	**232,796**	**246,029**	**291,078**	**339,279**	**381,485**
Ending balance as % of Resources	*64%*	*52%*	*63%*	*59%*	*65%*	*71%*	*73%*	*72%*	*71%*	*71%*	*78%*	*80%*	*82%*
TOTAL REQUIREMENTS	**210,109**	**199,606**	**217,491**	**223,205**	**223,970**	**242,778**	**272,109**	**303,746**	**328,121**	**345,121**	**372,980**	**423,346**	**467,278**
REVENUE minus EXPENDITURES *(NOT cumulative)*	7,216	(17,803)	2,577	(4,178)	13,542	25,376	27,606	20,453	13,033	13,233	45,049	48,201	42,206
note: non-recurring exp & rev (loan)	**15,000**	**5,000**	**-**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(38)**	**(10,038)**	**(10,000)**	**-**
net recurring rev- exp	22,216	(12,803)	2,577	(4,215)	13,505	25,339	27,569	20,416	12,996	13,195	35,012	38,201	42,206

** Operating Expenses net of Full Cost Allocation*
*** Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only.*

Actual figures based on Utilities Financial Statements. For proprietary funds, the recording of Other Post Employment Benefits (OPEB) as expenditures at the full-accrual level is required by GASB.

Glossary

GLOSSARY

AD VALOREM TAX - A tax levied in proportion to the value of the property against which it is levied.

ADOPTED BUDGET - The financial plan for the fiscal year beginning October 1. Required by law to be approved by the Board of County Commissioners at the second of two public hearings.

AMENDMENT ONE – Approved by the voters of Florida on January 29, 2008, and made the following changes which reduced taxable property values and revenues available to local government:

- "Doubled" the existing $25,000 homestead exemption (except for school taxes)
- Allows for up to $500,000 of the Save Our Homes exemption to be applied to another property (portability)
- Imposed a 10% cap on assessments for non-homestead property (school taxes exempt)
- Instituted a new tangible personal property exemption of $25,000

AMERICAN RECOVERY & REINVESTMENT ACT OF 2009 - In February 2009, Congress passed the American Recovery and Reinvestment Act (ARRA) of 2009 at the urging of President Obama, who signed it into law on February 17th. A direct response to the economic crisis, the Recovery Act has three immediate goals: (1) Create new jobs as well as save existing ones; (2) Spur economic activity and invest in long-term economic growth; and (3) Foster unprecedented levels of accountability and transparency in government spending.

AMT - Alternative Minimum Tax. The temporary higher exemption limits of the Alternative Minimum Tax (AMT) are scheduled to expire at the end of 2009, which would make many more taxpayers subject to the AMT.

APPROPRIATION - The legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in the amount and as to the time when it may be expended. It is the act of appropriation that funds the budget.

ARM - Adjustable–rate mortgage.

ASSESSED VALUE - A valuation set upon real estate or other property by a government as basis for levying taxes. Taxable valuation is calculated from an assessed valuation. The assessed value is set by the Property Appraiser.

BEGINNING FUND BALANCE - The Ending Fund Balance of the previous period. (See Ending Fund Balance definition.)

BOARD OF COUNTY COMMISSIONERS (BCC) - The Board of County Commissioners is the seven (7) member legislative and governing body for Pinellas County.

BOND - Written evidence of the issuer's obligation to repay a specified principal amount on a certain date (maturity date), together with interest at a stated rate, or according to a formula for determining that rate.

BUDGET - A financial plan containing an estimate of proposed revenues and expenditures for a given period (typically a fiscal year).

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

CAPITAL IMPROVEMENT PROGRAM (CIP) - A proposed plan, covering each year of a fixed period of years, for financing long-term work projects that lead to the physical development of the County.

CAPITAL OUTLAY OR CAPITAL EQUIPMENT - Items such as office furniture, fleet equipment, data processing equipment, and other operating equipment with a unit cost of $1,000 or more.

CAPITAL PROJECT - An improvement or acquisition of major facilities, roads, bridges, buildings, or land with a useful life of at least five years.

CHARGE FOR SERVICES - Charges for a specific governmental service which covers the cost of providing that service to the user (e.g., building permits, animal licenses, park fees).

CONSTITUTIONAL OFFICERS - They are elected to administer a specific function of County government and are directly accountable to the public for its proper operation. Constitutional Officers include the Clerk of the Circuit Court, the Property Appraiser, the Sheriff, the Supervisor of Elections, and the Tax Collector.

COST CENTER - A budgeting entity which encompasses object level accounts (appropriations) that are used to monitor organization or program level expenditures.

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

DEBT SERVICE FUND - An account into which the issuer makes periodic deposits to assure the timely availability of sufficient monies for the payment of debt service requirements (i.e., principal and interest). The revenues to be deposited into the debt service fund and payments there from are determined by terms of the bond covenants.

DEBT SERVICE COVERAGE RATIO – A ratio indicating the amount of cash available to meet annual principal and interest payments on debt. The general calculation is net operating income divided by the total debt service amount.

DEPENDENT SPECIAL DISTRICT - A special district, whose governing body or whose budget is established by the governing body of the County or municipality to which it is dependent.

DESIGNATED FUNDS – Funds that are set apart for a specific purpose to fund on-going or one-time expenditure. Examples are bond proceeds, reserves for fund balance, reserve for contingencies (“Rainy Day Fund”) and “pay as you go” reserves for future facility renewal & replacement found mostly in the EnterpriseFunds.

ELECTED OFFICIALS - Elected Officials include the Board of County Commissioners, the Judiciary, the State Attorney, the Public Defender and five Constitutional Officers: the Clerk of the Circuit Court, the Property Appraiser, the Sheriff, the Supervisor of Elections and the Tax Collector.

ENDING FUND BALANCE - Funds carried over at the end of the fiscal year. Within the fund, the revenue on hand at the beginning of the fiscal year, plus revenues received during the year, less expenses equals ending fund balance. The Ending Fund Balance becomes the Beginning Fund balance in the next fiscal year.

ENTERPRISE FUND - A fund used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of

providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FANNIE MAE –*Federal National Mortgage Association* (FNMA) **–** A government-sponsored enterprise (GSE) that was created in 1938 to expand the flow of mortgage money by creating a secondary mortgage market. Fannie Mae is a publicly traded company which operates under a congressional charter that directs Fannie Mae to channel its efforts into increasing the availability and affordability of homeownership for low-, moderate-, and middle-income Americans. Fannie Mae purchases and guarantees mortgages that meet its funding criteria. Through this process it secures mortgages to form mortgage-backed securities (MBS). The market for Fannie Mae's MBS is extremely large and liquid.

FIRE PROTECTION DISTRICT - A designated area in the County where ad valorem revenues are collected from property owners and distributed to local cities and other agencies to finance fire suppression services to the area.

FISCAL YEAR - A twelve-month period of time to which the annual budget applies. At the end of this time, a governmental unit determines its financial position and the results of its operations. The Pinellas County fiscal year begins on October 1 and ends on September 30 of the subsequent calendar year.

FORECLOSURE - A legal process by which a mortgagee's right to redeem a mortgage is taken away, usually because of failing to make payments.

FREDDIE MAC – *Federal Home Loan Mortgage Corp* **(**FHLMC) **-** A stockholder-owned, government-sponsored enterprise (GSE) chartered by Congress in 1970 to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle income Americans. The FHLMC purchases, guarantees and securitizes mortgages to form mortgage-backed securities. The mortgage-backed securities that it issues tend to be very liquid and carry a credit rating close to that of U.S. Treasuries.

FUND - An accounting entity with a complete set of self balancing accounts established to account for finances of a specific function or activity. The resources and uses are segregated from other resources and uses for the purpose of carrying on specific activities or attaining specific objectives in accordance with special regulations, restrictions, or limitations.

FUND ACCOUNTING – Accounting method generally used by governmental agencies. Usually consists of eleven classifications into which all individual funds can be categorized. Governmental fund types include the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary fund types include enterprise funds and internal service funds. Fiduciary fund types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

FUNDING SOURCES - The type or origination of funds to finance ongoing or one-time expenditures. Examples are ad valorem taxes, user fees, licenses, permits, and grants.

GENERAL FUND - This fund accounts for all financial transactions except those required to be accounted for in other funds. The fund's resources, ad valorem taxes, and other revenues provide services or benefits to all residents of Pinellas County.

GROSS DOMESTIC PRODUCT - Gross Domestic Product (GDP) is the generally accepted measure of the size of the national economy. GDP measures the total market value of all final goods and services produced in a country in a given year.

GROSS METRO PRODUCT - Similar to Gross Domestic Product, Gross Metropolitan Product (GMP) is defined as the market value of all final goods and services produced within a metropolitan area in a given period of time.

INDEPENDENT AGENCIES - A variety of agencies, councils, and other organizational entities responsible for administering public policy functions independently of the Constitutional Officers and County Administrator. These entities are subject to Board of County Commissioner appropriation, but operate under the purview of a legislative/policy making body other than the Board of County Commissioners.

INFRASTRUCTURE - Infrastructure is a permanent installation-such as a building, road, or water transmission system that provides public services.

INTERGOVERNMENTAL REVENUE - Revenue collected by one government and distributed (usually through some predetermined formula) to another level of government.

INTERNAL SERVICE FUND - A fund established to finance and account for services and commodities furnished by one department to other departments on a cost reimbursement basis.

MANDATE - A requirement imposed by a legal act of the federal, state, or local government.

METROPOLITAN STATISTICAL AREA (MSA) – MSA is a formal definition of a metropolitan area established by the United States Office of Management and Budget division. MSA's are used to group counties and cities into specific geographic areas for the purposes of a population census and the compilation of related statistical data.

MILLAGE RATE - A rate applied to a property's taxable value to determine property tax due. As used with ad valorem (property) taxes, the rate expresses the dollars of tax per one thousand dollars of taxable value (i.e., a 5 mill tax on $1,000 equals $5.00).

MISSION STATEMENT - A broad statement of purpose, which is derived from organization and/or community values and goals.

MORTGAGE BACKED SECURITIES (MBS) - A type of security whose cash flows come from debt such as mortgages, home-equity loans and subprime mortgages. This is a type of security that typically focuses on residential instead of commercial debt. MBS are sold and purchased in the open market. Holders of a MBS receive interest and principal payments that come from the holders of the debt.

MUNICIPAL SERVICES TAXING UNIT (MSTU) - A special district authorized by the State Constitution Article VII and Florida Statutes 125.01. The MSTU is the legal and financial mechanism for providing specific services and/or improvements to a defined geographical area. An MSTU may levy ad valorem taxes without a referendum. An MSTU may also use assessments, service charges, or other revenue to provide its sources of income. In Pinellas County, the MSTU is all the unincorporated areas of the County.

NET EXPORTS - Exports minus imports.

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

PERSONAL SERVICES - Expenses for salaries, wages and related employee benefits provided

for all persons, whether full-time, part-time, temporary, or seasonal.

PREDATORY LENDING - The practice of unscrupulous lenders to enter into unsafe or unsound secured loans for inappropriate purposes.

PRO-RATE - A budgetary convention (used in Community Development and Fire Administration) that allows for centralized departmental services to be budgeted for in one cost center, with the actual costs being allocated to the specific users of the service in other cost centers. This is technically accomplished by appropriating a negative amount for the total central departmental service. An allocation of the central services total appropriation is then budgeted in each of the user cost centers, thereby reflecting the total cost to that particular function.

RECESSION - A significant decline in activity across the economy, lasting longer than a few months, that is visible in industrial production, employment, real income and wholesale-retail trade. The technical indicator of a recession is two consecutive quarters of negative economic growth as measured by a country's gross domestic product (GDP).

RESERVES - Included in this category are funds required to meet both anticipated and unanticipated needs; the balance of anticipated earmarked revenues not required for operation in the budget year; those required to be set aside by bond covenants, and accumulated funds set aside to finance capital construction on a pay-as-you-go basis.

REVENUE - The amount estimated to be received from taxes, fees, permits, or other sources during a fiscal year.

REVISED BUDGET - The current year adopted budget adjusted to reflect all budget amendments approved by the Board of County Commissioners through January 31.

ROLLED-BACK RATE - The millage rate which, when applied to the total amount of taxable value of property (excluding new construction), produces the same amount of tax dollars as the previous year. Calculation of the "rolled-back rate" is governed by Florida Statutes.

SAVE OUR HOMES AMENDMENT - The amendment was intended to protect homeowners from escalating property tax bills resulting from growth in market value, a situation that was perceived to be forcing some people, particularly residents on fixed incomes, to sell their homes.

SHADOW BANKING SYSTEM - All financial intermediaries involved in facilitating the creation of credit across the global financial system, but whose members are not subject to regulatory oversight. Shadow Banking System also refers to unregulated activities by regulated institutions. Examples of intermediaries not subject to regulation, include hedge funds, unlisted derivatives and other unlisted instruments.

SPECIAL ASSESSMENT FUND - A fund used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

SPECIAL REVENUE FUND - A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

STATUTE - A written law enacted by a duly organized and constituted legislative body.

SUPPORT FUNDING - Support funding is provided by the Board of County Commissioners for those activities for which costs do not apply

solely to any specific county department's function, but are either applicable to the operation of county government as a whole, or are provided for the public good.

TAXABLE VALUE - The assessed value of property minus any authorized exemptions (i.e., agricultural, homestead exemption). This value is used to determine the amount of property (ad valorem) tax to be levied.

TAXES - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

TOXIC ASSETS –The term "toxic asset" was coined in the financial crisis of 2008/09, in regards to mortgage-backed securities, collateralized debt obligations and credit default swaps, all of which could not be sold after they exposed their holders to massive losses. A toxic asset is one that becomes illiquid when its secondary market disappears. Toxic assets cannot be sold, as they are often guaranteed to lose money. Many hedge funds, banks, and financial institutions invested heavily in mortgage-backed securities and collateralized debt obligations, often using borrowed money, and thus increasing their exposure. This strategy proved profitable during the housing boom, but resulted in enormous losses when house prices began to decline and mortgages began to default. These “toxic assets” were purchased by banks around the world contributing to a general sense of panic as mortgage defaults rose and liquidity fell.

TRANSFERS - Because of legal or other restrictions, monies collected in one fund may need to be expended in other funds. This is accomplished through Transfer-In (a source of funds) for the recipient fund and an equal Transfer-Out (a use of funds) for the donor fund. When this movement occurs between different funds, it is known as the Interfund Transfer.

UNINCORPORATED AREA - That portion of the County which is not within the boundaries of any municipality.