Pinellas County Board of County Commissioners (BCC)
BCC Assembly Room
315 Court Street, 5th Floor
Clearwater, Florida 33756

February 5, 2013

WORK SESSION AGENDA

Citizens' Comments Will Follow Each Presentation

9:30 a.m.

1. Budget Forecast Fiscal Year 2014 – 2023

Order of Items is Subject to Change. All Times are Approximate. Break May be Taken.

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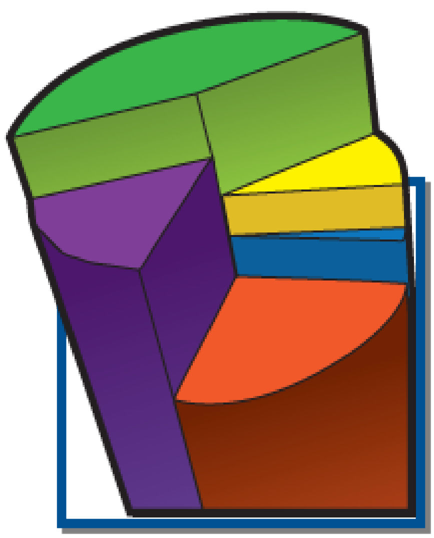
"Citizens' Comments"

Any Person Wishing to Speak During the "Citizens' Comments" Portion of the Work Session Agenda Must Have a Yellow Card Completed and Given to the Board Secretary at the Staff Table. The Chair Will Call the Speakers, One by One, to the Podium to be Heard. Each Speaker May Speak up to Three (3) Minutes.

Budget Forecast
FY2014-2023



Pinellas County, Florida
Office of Management & Budget

Pinellas County

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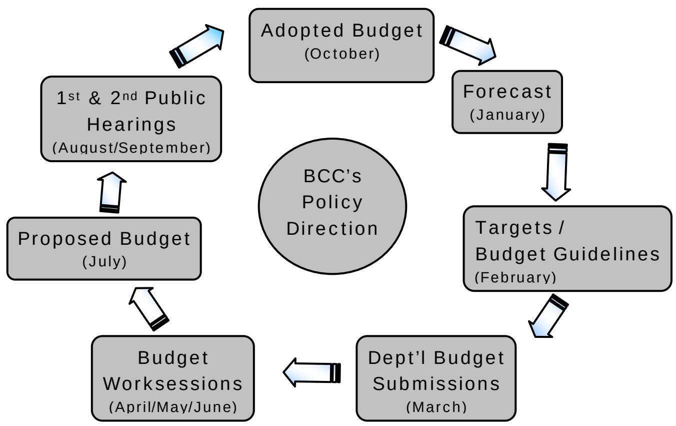
INTRODUCTION

The *Introduction* portion of the Budget Forecast: FY2014-2023 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 FY2014 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.

INTRODUCTION

Developing the Forecast

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

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 FY2012 with actual revenue and expenditure information following the closeout of the fiscal year as of September 30, 2012. At the same time, the current FY2013 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 departments provide their expenditure projections. The coming FY2014 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 FY2023 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 sustain-ability of the County's Funds and (2) under-standing the impact of today's decisions on the future.

INTRODUCTION

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.

INTRODUCTION

EXECUTIVE SUMMARY

Introduction

This is the fourth year that the ten-year Budget Forecast has been formalized into a stand-alone document. There are no changes to the format of the document from last year. 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 FY2014 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 appears to be on track for a sustainable recovery and is anticipated to grow by 2% to 3% annually during the forecast period. The State's economy is showing signs of improvement in population growth, tourism, and the housing market. As the national economy continues to improve, Pinellas County is poised to recover as well. The biggest industry in the County is tourism, which has shown signs of a strong recovery. For FY2014, the property tax base is expected to show positive growth following five years of decline. Risks to the economic forecast include uncertainty on federal deficit reduction actions such as sequestration, the ongoing European financial crisis, and continued high levels of unemployment.

General Fund Forecast

The forecast projects that beginning in FY2013, recurring expenditures exceed recurring revenues in the General Fund. This is primarily due to the aftereffects of the Great Recession, with continued slow recovery of the real estate market. In addition, caps on taxable value increases and total property tax revenue will inhibit future revenue growth. Major expenditure drivers that exceed normal inflation include personnel costs such as health insurance and state-required pension contributions, and mandated expenses such as Medicaid. There is a long-term structural imbalance of approximately $15M increasing to $60M per year over the forecast period absent action to address this problem. The balancing strategy for the General Fund is to cover the shortfall in FY2014 by utilizing the Service Level Stabilization Account (SLSA) in accordance with the plan approved by the Board of County Commissioners. Expenditure reductions or revenue increases may be required in FY2014 or future years to address the structural imbalance. The extent of the changes that are needed will be dependent on the pace of the economic recovery, particularly the real estate market.

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 undesignated 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 Tropicana Field and the Dunedin Spring Training Facility is paid off in 2015. The additional capacity in the undesignated budget could be dedicated to new capital outlay, as with the Board approved Salvador Dali funding, to new debt service, or to supplement the promotional activities budget.

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 depletion of fund balance by FY2018. This imbalance primarily results from inflationary pressures on expenditures coupled with the projected reduction in gas tax collections

that are based upon the volume 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. Another balancing option is the implementation of a storm water strategy that includes a new dedicated funding source. If a dedicated funding source was available, storm water costs currently funded in the Transportation Trust Fund could be freed up to create additional capacity.

Capital Projects Fund Forecast
The forecast for the Capital Projects Fund shows that the fund is balanced over the forecast period. Additional cash flow necessary in the first half of the ten-year period is being addressed through an interfund loan from the Solid Waste Renewal & Replacement Fund. A primary driver of cash flow is $81M of expenditures associated with the Public Safety Complex project that began in FY2012. The forecast includes repayment of the loan from FY2013 to FY2020. The forecast does not include projections of revenues or expenditures beyond the current Penny for Pinellas infrastructure sales surtax authorization which ends in FY2020.

Emergency Medical Services Fund Forecast
The forecast indicates that the fund is not balanced throughout the forecast period. The structural imbalance is driven by slower growth in property tax revenue collections than cost increases in ambulance contractual expenditures and first responder funding requests. Balance for FY2013 was achieved through a millage rate increase and use of reserves. Without another millage rate increase and/or expenditure savings, reserves will be exhausted after FY2016. Future balancing strategies will be developed from information gathered in the EMS system operational study.

Fire Districts Fund Forecast
The forecast for the Fire Districts Fund indicates that the fund is not balanced through the forecast period. Five of the twelve fire districts increased millage rates in FY2013. 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 Water System Funds are balanced through the forecast period based on projected rate increases. The multi-year rate increases approved as part of the FY2012 budget process will provide sufficient revenues to maintain reserves and fund capital replacement needs through FY2015. The forecast revenues include an additional 2% per year annual increase in rates from FY2016-FY2023 as recommended in the FY2012 Utilities Rate Study performed by the County's independent rate consultant. A new comprehensive rate study will be performed in FY2014 to analyze the future rate structure. In FY2013, FY2014, FY2017 and FY2018, recurring expenditures will exceed recurring revenues as fund balance is drawn down as major capital projects are completed. From FY2015

through FY2023 excluding FY2017 and FY2018, the Water Funds are structurally balanced.

Utilities Sewer Funds Forecast

The Sewer System Funds are balanced through the forecast period based on projected rate increases. The multi-year rate increases approved as part of the FY2012 budget process will provide sufficient revenues to maintain reserves, sustain the recommended debt service coverage ratio of 1.50x, and fund capital replacement needs through FY2015. The forecast revenues include an additional 2.75% per year annual increase in rates from FY2016-FY2023 as recommended in the FY2012 Utilities Rate Study performed by the County's independent rate consultant. A new comprehensive rate study will be performed in FY2014 to analyze the future rate. In FY2013, recurring expenditures will exceed recurring revenues as fund balance is drawn down as major capital projects are completed. From FY2014 through FY2023, the Sewer Funds are structurally balanced as recurring expenditures are in line with recurring revenues.

Utilities Solid Waste Funds Forecast

The Solid Waste Funds are balanced through the forecast period. Forecasted revenues are sufficient to provide for the forecasted expenditures over the next ten years, while still maintaining sufficient reserves. 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 84% of revenues in FY2023. The reserves are planned to fund considerable future capital replacement needs in the Solid Waste 25-year plan.

EXECUTIVE SUMMARY

ECONOMIC OVERVIEW

The *Economic Overview & Budget Background* portion of the Budget Forecast: FY2014-2023 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

"The Fiscal Cliff"

After briefly stepping off the "fiscal cliff" as the nation welcomed 2013, the U.S. Senate passed legislation, the "American Taxpayer Relief Act of 2012", in the early morning hours of January 1 that prevented income tax rates from increasing for individuals making up to $400,000, extended benefits for the long-term unemployed, and delayed the automatic spending cuts, known as sequester, for two months. Many economists believed these spending cuts, to be split evenly between defense ($55 billion) and non-defense ($55 billion) programs, along with the ending of the Bush-era tax cuts, would have stalled the current economic recovery, and possibly send the economy back into recession.

While federal income tax rates were kept at 2012 levels for most people, the temporary decrease for social security taxes, also known as the payroll tax, paid by wage earners ended on Dec. 31, 2012. For two years, workers paid 4.2% instead of the previous 6.2% rate. The reason for the rate cut was to stimulate the economy by allowing workers to bring home more money with each paycheck. The financial impact for those earning $30,000 per year will be about $50 less in take-home pay per month.

While the passage of the Act will temporarily avert and delay various elements of the fiscal cliff, there will be another showdown in the coming months over automatic, across-the-board spending cuts known as "sequestration," the debt ceiling, tax and entitlement reform, and a long-term solution to the nation's debt and deficits.

Debt Ceiling Crisis

Under the United States Constitution, Congress has the authority to appropriate funds for numerous activities, including national defense, education and payment of the nation's debt obligations. When annual revenues fall short of the level required to pay for these activities, the Government must then borrow money through the issuance of debt instruments, such as short-term bills and notes and long-term bonds. In an effort to provide flexibility while still maintaining some control, Congress imposed the first debt ceiling in 1917, limiting the amount of debt the federal government can legally borrow to $11.5 billion. Previously, Congress had to sign off each time the Department of the Treasury issued

debt. To meet the growing obligations of the federal government, Congress must approve a new debt ceiling level before the accrued debt meets the imposed cap. This has been done more than 70 times since 1962, with the current debt limit exceeding $16 trillion. Increasing the debt ceiling does not authorize new spending, but allows the government to raise the necessary funds to pay for previously incurred obligations.

During the Spring and Summer of 2011, President Obama and leaders of both the House and Senate faced the need for another increase in the debt ceiling. What is usually a routine vote turned into a policy showdown between congressional Republicans and Democrats over how to reduce federal spending and long-term debt. After several months of negotiations, the House and Senate passed the

Budget Control Act of 2011, which was signed into law by President Obama on August 2, 2011, the day the Treasury Department said the United States would begin to default on their obligations without further action.

The actions taken during the summer of 2011 did not raise the debt ceiling long-term. According to Treasury Secretary Timothy Geithner, the United States reached the statutory debt limit on Dec. 31, 2012, but due to the undertaking of "extraordinary measures" at the end of 2012, the Treasury extended the deadline by about two months. Without a deal to raise the debt ceiling, the United States would begin to default on its obligations, including payments to holders of U.S. debt and social security recipients, among others. The United States government has never defaulted on its financial obligations, and doing so would have a significant impact on the global economy.

Budget Control Act of 2011

The Act established a procedure for increasing the debt limit by $400 billion initially and an additional $500 billion after September 2011. The Act also mandated at least $2.1 trillion in spending cuts, with immediate caps on domestic and defense spending resulting in over $900 billion deficit reduction over ten years. To determine the remaining $1.2 trillion in cuts, the Congressional Joint Select Committee on Deficit Reduction (the "Super Committee") was established. The Super Committee consisted of 12 members of Congress, with six coming from the House and six from the Senate, split evenly between Democrats and Republicans. The committee was charged with issuing recommendations by November 23, 2011 for at least $1.5 trillion in deficit reductions over ten years, which could include both revenue increases and spending cuts.

Downgrade of Federal Government Credit Rating

Despite averting default, Standard & Poor's (S&P) downgraded the government's credit rating one notch from AAA (highest) to AA+. Citing "political brinksmanship", S&P determined the U.S. government's ability to manage its financial house is "less stable, less effective, and less predictable", and the *Budget Control Act of 2011* "fell short" of what was needed to bring the nation's debt under control over time. S&P also did not feel the political leaders would be able to achieve the mandated savings in the future.

On January 15, 2013, Fitch Ratings warned of a possible downgrade of U.S. debt without an "agreed and credible medium-term deficit reduction plan that would be consistent with sustaining the economic recovery and restoring confidence in the long-run sustainability of U.S. public finance."

ECONOMIC OVERVIEW

Without a long-term solution to the budget deficit, investors will begin to lose confidence in U.S. debt, driving interest rates up leading to increased borrowing cost and additional budget pressures. As the months pass and pressure mounts, all eyes will be on Washington, D.C. and the work of our elected officials.

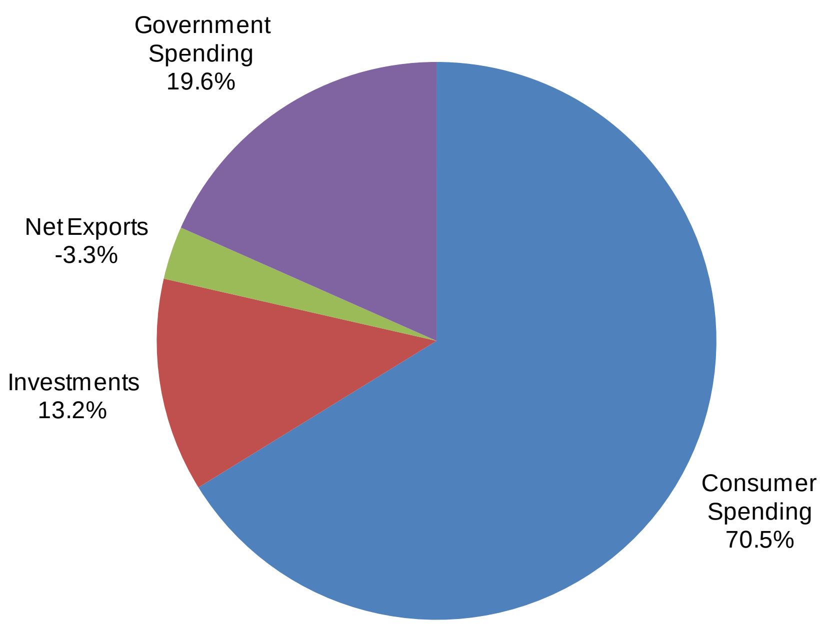
Failure of the Super Committee

The most visible result of the previous debt ceiling crisis was the creation of the Congressional Super Committee. After several months of hard work and intense deliberations, the Super Committee was unable to reach agreement. The failure of the Super Committee to forge a deficit reduction deal triggers $1.2 trillion in automatic across-the-board spending cuts starting in 2013, evenly divided between military and non-military spending. While most government programs are subject to the automatic cuts, programs that assist low-income Americans will be exempt, including Social Security, Medicaid, veterans' benefits and food stamps. As 2012 ended and sequestration was looming, the U.S. House of Representatives and United States Senate passed legislation delaying the automatic cuts for two months.

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 (Third Quarter 2012) are shown in the pie chart below.

Components of U.S. GDP – 3rd Qtr. 2012



Source: U.S. Bureau of Economic Analysis

Consumer Spending

At 70.5%, consumer spending easily represents the largest portion of GDP. This expectation is based on continued high levels of unemployment, modest growth in real disposable (after-tax) personal income, financial market volatility, government debt ceiling and debt downgrade, an increase in

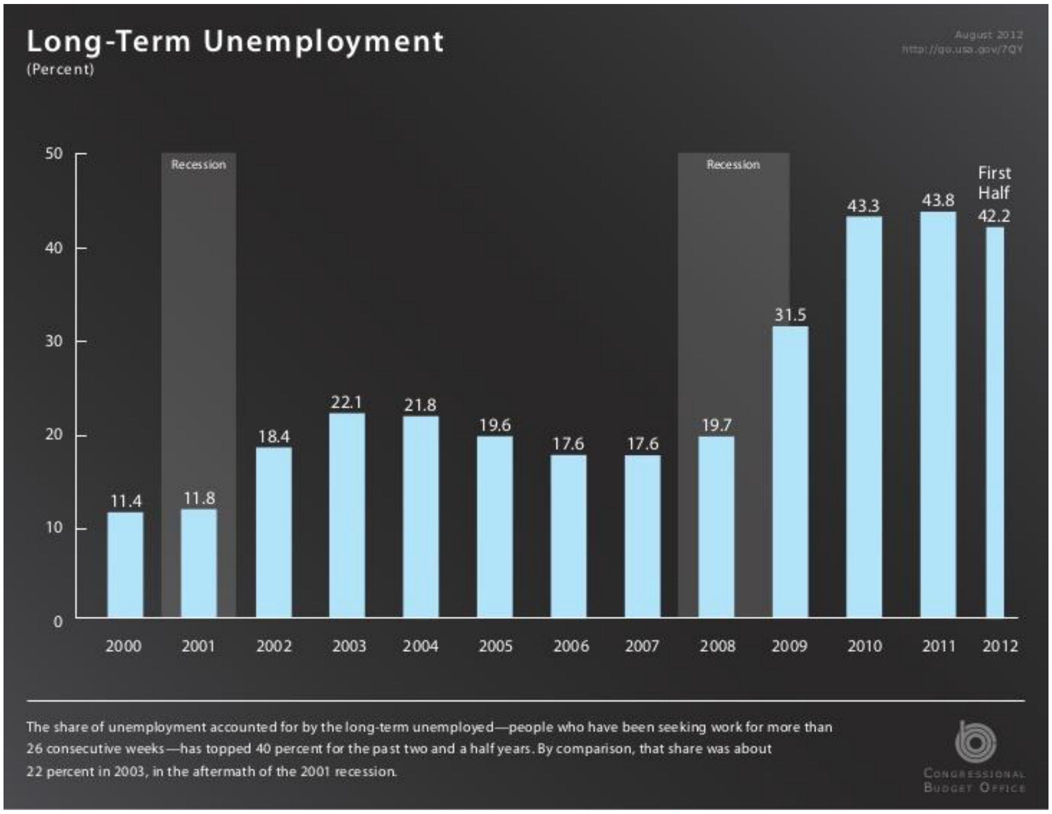
household savings, a restrictive supply of credit, increases in food and energy prices, and continued gridlock in Washington, D.C.

The December 2012 unemployment rate was 7.8%, the lowest level since January 2009. Job growth, which showed signs of strength in the first quarter of 2012, suffered a slowdown in the second quarter before regaining energy, averaging 160,000 jobs per month over the last half of the year. Through December 2012, the economy has added an average of 153,000 jobs per month.

Seasonally Adjusted Unemployment Rate 2007-2012

Source: U.S. Bureau of Labor Statistics/FRED

While unemployment has shown improvement since the recession ended in 2009, the number of long-term unemployed, people who have been looking for employment for more than 26 consecutive weeks, has been much higher than the period following the 2001 recession. As the chart below shows, the pre-2007 recession level of long-term unemployed never returned to the pre-2001 levels and currently is above 40% of the total unemployed. One of the effects of long-term unemployment has been a depletion of savings, and the draw-down of retirement accounts, to pay monthly bills like the mortgage, insurance and food. The tight financial situation many families find themselves in, including working families, means there are fewer non-essential purchases being made.



Source: Congressional Budget Office, An Update to the Budget and Economic Outlook: Fiscal Years 2012 to 2022
August, 2012

Year	Unemployment %
2012	8.2% (7.8% YTD)
2013	8.8%
2014	8.7%
2015	7.7%
2016	6.7%
2017	5.9%
2018	5.5%
2019	5.5%
2020	5.4%
2021	5.4%
2022	5.3%

Source: Congressional Budget Office, An Update to the Budget and Economic Outlook: Fiscal Years 2012 to 2022
August, 2012

According to the U.S. Department of Commerce, retail sales for 2012 increased by 4.9% from 2011. This rise was in part due to increases in automobiles (8.6%), furniture (7.7%) and building materials (5.4%). Although these increases were driven by discounts and promotions, these figures do seem to indicate a positive trend in consumer spending. November/December retail sales were up 3.7% from the same period in 2011.

Category	December 2012	December 2011	% Growth
Retail & Food Services	$468.7B	$457.5B	2.4%
Retail	$423.0B	$414.5B	2.1%
Automobiles	$74.9B	$71.7B	4.5%
Gas Stations	$42.2B	$42.1B	0.2%
Clothing	$31.7B	$30.9B	2.6%

Source: U.S. Department of Commerce, January 15, 2013

Inflation also plays a role impacting the outlook for consumer spending. The Consumer Price Index, the generally accepted measure of overall inflation, rose by 1.7% in 2012, lower than the 3.5% rise for all of 2011, with the second half of 2012 rising by 2.3%. Short-term projections for CPI range from 1.8% to 2.2% through 2017. In addition, the Federal Reserve has continued to maintain record low levels on short-term interest rates, and is expected to keep them close to zero at least through 2015, which is about two and a half years longer than originally indicated.

Government Spending

The second largest component of GDP is Government Spending at 19.6%. With looming spending cuts and economic pressures, the government sector will likely remain a drag on economic growth. The state and local government sector represents approximately 60% of total government spending.

State government budgets have been challenged over the last several years. For FY13, sixteen states and the District of Columbia projected a combined gap of $16.2 billion, down from the high of $174.1 billion in FY10. Although some states are forecasting budget gaps over the next two years, the number of states and the size of the gaps have continued to decline.

Local government budgets are very dependent on the housing market, from tax revenue from home sales to property taxes based on taxable values. As the housing market boomed, revenues from these sources rose at exceptional rates. When the bubble burst, so did the revenues. While the housing market in general has seemingly hit bottom, property values are still below pre-boom levels in many areas as excess inventory and foreclosures continue to suppress housing prices. The National Association of Realtors estimates the inventory of existing homes at approximately 2.86 million units and estimates the shadow inventory made up of homes in the foreclosure process at an additional 2.0 million units. Areas where the real estate market is showing improvement includes the Northeast, the Washington D.C. region, Texas, and California. A sustainable recovery will not truly occur until the backlog of distressed properties is cleared. Until real estate markets 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. Federal spending is anticipated to decrease over the next few years as the mandated spending reductions take place from the Budget Control Act passed in 2011. The Act specified automatic procedures for reducing spending by as much as $1.2 trillion if legislation was not approved for reducing spending by that amount. These cuts would be spread out over the ten years and contribute to more restrained federal spending than in years past and detract from economic growth. However, the American Taxpayer Relief Act of 2012, which was signed into law by President Obama on January 2, 2013, delayed the implementation of the sequestration from January 1, 2013 to March 1, 2013. This delay will allow the new Congress additional time to find targeted savings without across the board cuts. Despite the delay, Federal government spending is anticipated to decrease by 2-3% over the next four years as concerns over the four straight years of $1 billion Federal budget deficit grips Washington, D.C.

Investment

The third largest component of GDP is Investment at 13.2%. This component is made up of Non-Residential Fixed Investment and Residential Fixed Investment.

ECONOMIC OVERVIEW

According to the Congressional Budget Office, business and residential investment are growing strongly. Business investment in nonresidential structures, equipment, and software grew at an annual rate of 6.4% in the first half of 2012, with the second quarter growing by 10.2% from the same period in 2011.

Inventory investments grew in the first half of 2012 from the second half of 2011. However, with inventory levels stabilizing, this component is unlikely to grow as businesses reduce their stock levels on-hand as the economic recovery continues.

Net Exports

The definition of net exports is exports minus imports. Current net exports make up -3.3% of GDP. A key factor driving net exports is the value of the dollar. The value of the dollar has gradually weakened and depreciated through much of 2011 due to the Federal Reserve's policy of quantitative easing which helped decrease the dollar exchange rate against other currencies. A depreciated dollar helps increase exports by making the costs of U.S. goods more competitive in the global marketplace and reduces the negative net exports calculation. The weakening of the dollar was interrupted by the European debt crisis, but is anticipated to continue for several years.

The pace of export growth is expected to decrease slightly as a result of the anticipated modest recession in Europe. However, exports to emerging markets should continue to help domestic global producers. Import growth will likely be constrained by the slow pace of consumer spending.

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 recovery will be in the 2% to 3% range due to lingering high levels of unemployment, the bottoming out of the housing market, the continued decline of the commercial real estate market, decreases in both federal and state & local government spending, and uneasiness about Europe.

Gross Domestic Product (GDP)	GDP Growth
2006	2.7%
2007	1.9%
2008	-0.3%
2009	-3.5%
2010	3.0%
2011	1.7%
2012 (Est.)	2.2%
2013 (Est.)	2.0%
2014 (Est.)	2.7%
2015 (Est.)	2.9%

Source: Federal Reserve Bank of Philadelphia
Survey of Professional Forecasters, November 9, 2012

While the national economy appears to have stabilized, the lack of job-growth and continued high unemployment, in addition to the on-going financial crisis across much of Europe, still poses a significant threat to the recovery, both nationally and globally.

The State Economy

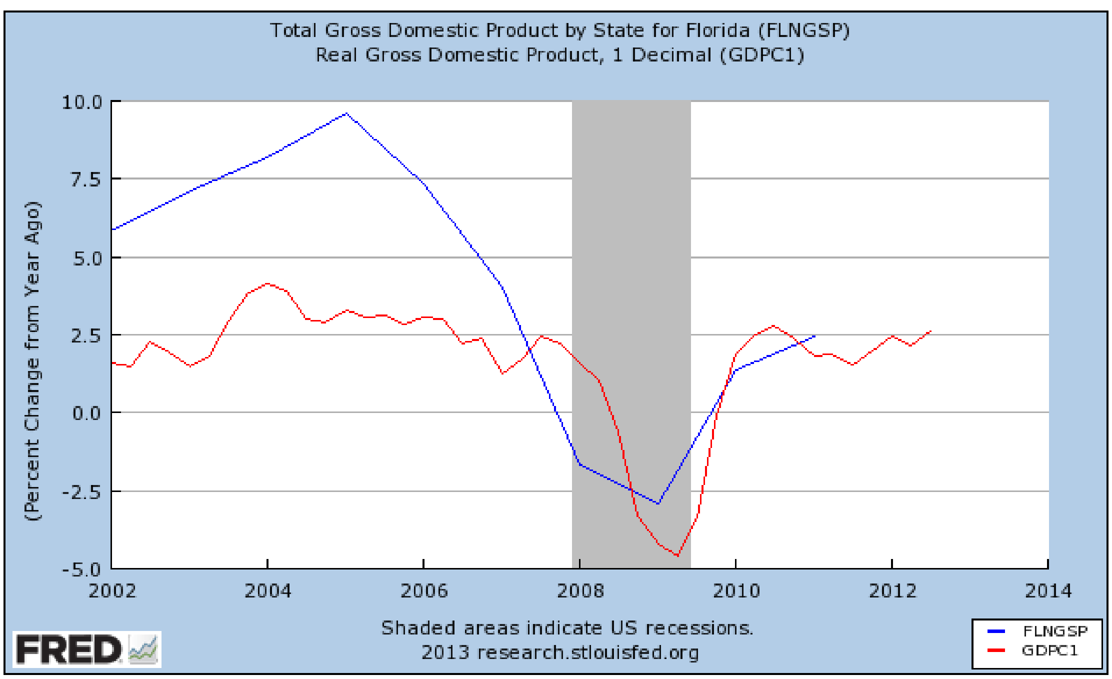
BACKGROUND

The background information below for the State's economy is derived primarily from the January 10, 2013 report Florida: An Economic Overview *by The Florida Legislature Office of Economic and Demographic Research.*

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.

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. 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 total GDP in 2007 was $760 billion, but dropped to about $726 billion in 2009, before climbing back up to $754 billion in 2011 (the last full year data is available).



Source: Federal Reserve Bank of St. Louis

After adjusting for inflation, Florida's real growth in GDP ranked it tied for 39th in the nation in 2011 with a gain of 2.5%. 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

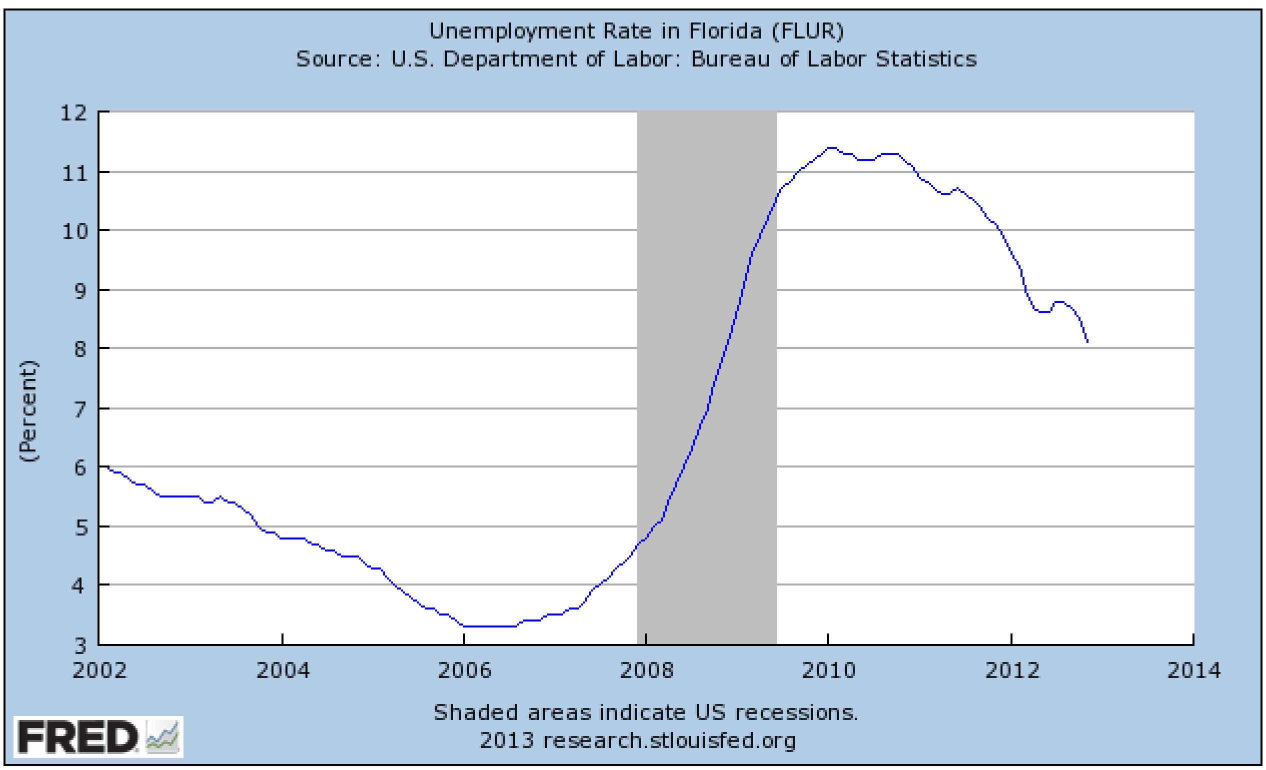
Other factors are frequently used to gauge the health of an individual state. The first of these measures is personal income growth, primarily related to changes in salaries and wages.

According to The Florida Legislature Office of Economic and Demographic Research, Florida's per capita personal income grew 0.4% during the 3rd quarter of 2012, compared to 0.5% nationally, ranking the state 35th in growth.

Job Growth and Unemployment

In the years leading up to the recent recession, unemployment in Florida started increasing from the very low rates of 3.3% in early 2006 to 4.5% in November 2007. As the economic slow-down turned into a recession in December 2007, Florida's unemployment rate rose from 4.7% to a high of 11.4% in February 2010, eight months after the official end of the recession. Since that time, the rate has fallen to 8.0% in December 2012. This rate places Florida at 41st in the country. At 8.0%, approximately 749,000 residents are unemployed.

Since the State's peak in employment, more than 672,000 jobs have been lost. To recover from this loss, and to accommodate for the additions made to the work force, more than 1,000,000 jobs will need to be created to return Florida to its peak level.



Source: U.S. Bureau of Labor Statistics, Federal Reserve Bank of St. Louis

Housing Market

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.

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 began 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. 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. During FY2010, there were 36,000 private housing starts for the year statewide, but this was just 13.3% of the FY2006 level. Single family starts managed to post a positive gain, but multi-family starts worsened the percentage drop they made in FY2009 over FY2008. In yet another manifestation of the significant housing market adjustment still facing Florida, existing single family home sales ended FY2010 nearly 30% below the peak volume of the 2005 banner year.

During 2011, the volume of sales edged up slightly, to a level about 25% lower than the peak volume year.

ECONOMIC OVERVIEW

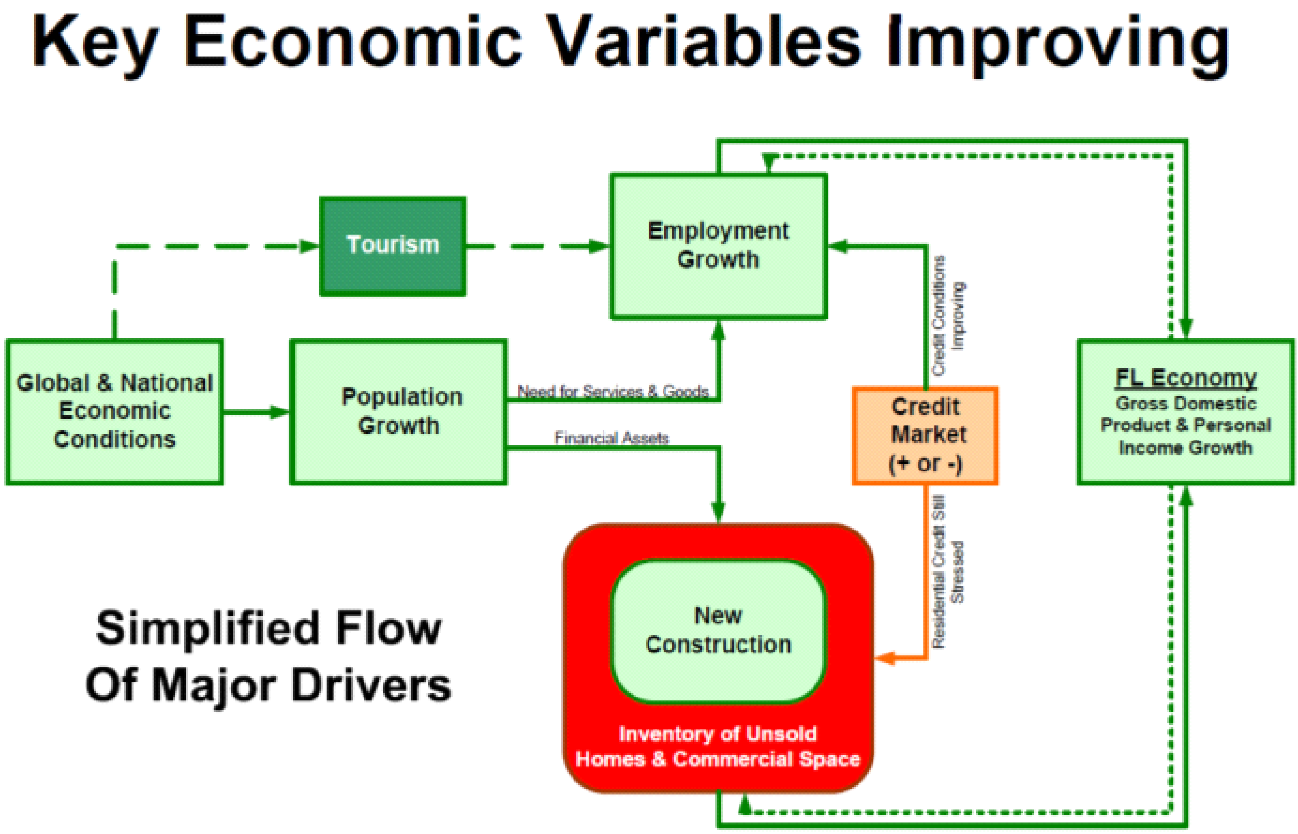
During 2012, the increase in volume continued, but still remains at 82% of the sales level during the high-water year of 2005. Median sales prices, however, have not seen the same increase as volume. As the chart below shows, prices began to fall very quickly beginning in the last quarter of 2007 before reaching a bottom range between $130,000 and $150,000 in early 2009. From peak to trough, prices fell 41.8%.

Source: Florida Legislature Office of Economic and Demographic Research, Jan. 10, 2013

FLORIDA OUTLOOK

The background information below for the State's economy is derived primarily from the January 10, 2013 report Florida: An Economic Overview *by The Florida Legislature Office of Economic and Demographic Research.*

With the national recession almost four years behind us, Florida's economy is starting to show sustained improvements. Growth rates are beginning to return to levels seen during 'normal' periods, but it will still take several years to make-up for the years of negative growth



Source: Florida Legislature Office of Economic and Demographic Research

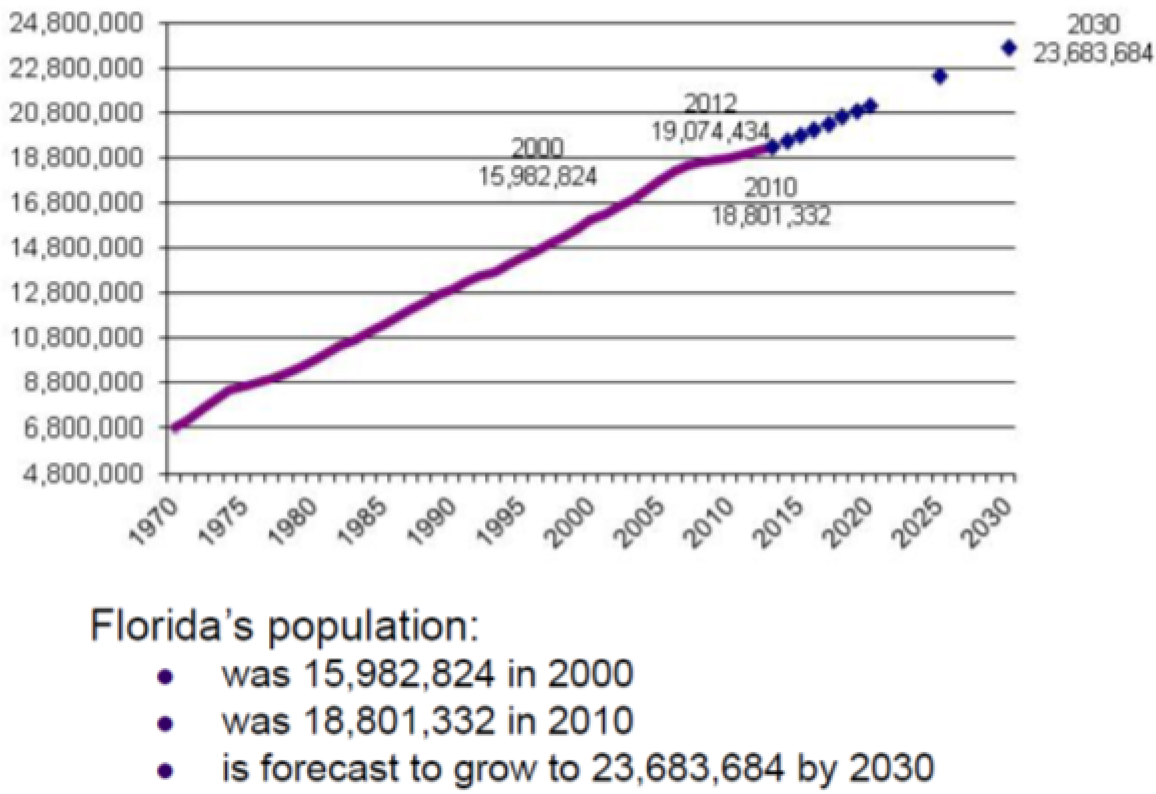
Major Economic Drivers
In addition to global and national economic conditions, there are several major drivers that are key to the performance of Florida's economy. Those drivers include population growth, tourism, employment growth, and new construction.

Population Growth
Population growth continues to be the state's primary engine of economic growth, fueling both employment and income growth, and impacting the amount of new construction activity. 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.

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 had been a bulwark, was also affected by the global economic slowing.

Florida's long-term population growth rate between 1970 and 1995 was over 3%. The annual growth rate hovered between 2.0% and 2.6% from the mid 1990's to 2006, and then began slowing to less than 0.5% in 2009 and 0.6% in 2010.

In the near term, population growth is forecast to remain relatively flat, averaging 1.2% between 2012 and 2015. However, over the forecast horizon, population growth will improve – averaging 1.4% between 2015 and 2020, with 85% of the growth coming from net migration. While this is still significant growth, before the recession Florida was adding a city roughly the size of Miami every year; in the future, it will be a city more like St. Petersburg. Despite this lower growth rate, Florida is still on track to break the 20 million mark in 2016, becoming the third most populous state sometime before then, surpassing New York.



Source: Florida Legislature Office of Economic and Demographic Research, Jan. 10, 2013

By 2030, Florida's population is expected to grow by almost 5 million people. The majority of this gain (55.9%) will come from those 60 and older, with those under 18 accounting for 14.9% of this gain.

Tourism

The tourism industry is another key driver of Florida employment growth and economic strength. Like other sectors of the economy, tourism was hit hard by the recession as job losses and uncertainty coupled with other stresses caused potential visitors to be more conservative in their spending and cut back on their travel plans. The industry also had to deal with the negative publicity that resulted from the 2010 Deepwater Horizon oil spill in the Gulf of Mexico (although actual beach damage in Florida was limited to the Panhandle area). During 2011, the impact of these factors declined. Tourism growth now appears to be on a steady upward trajectory.

ECONOMIC OVERVIEW

Employment Growth and the Labor Market

Florida's current unemployment numbers represent a loss of more than 672,000 jobs from the peak with the state's negative over-the-year growth rate actually beginning in March 2007. With a projection of about 2,500 new working-age people being added to the Florida market each month, it will take the creation of about 1,000,000 jobs to return to the peak level of employment.

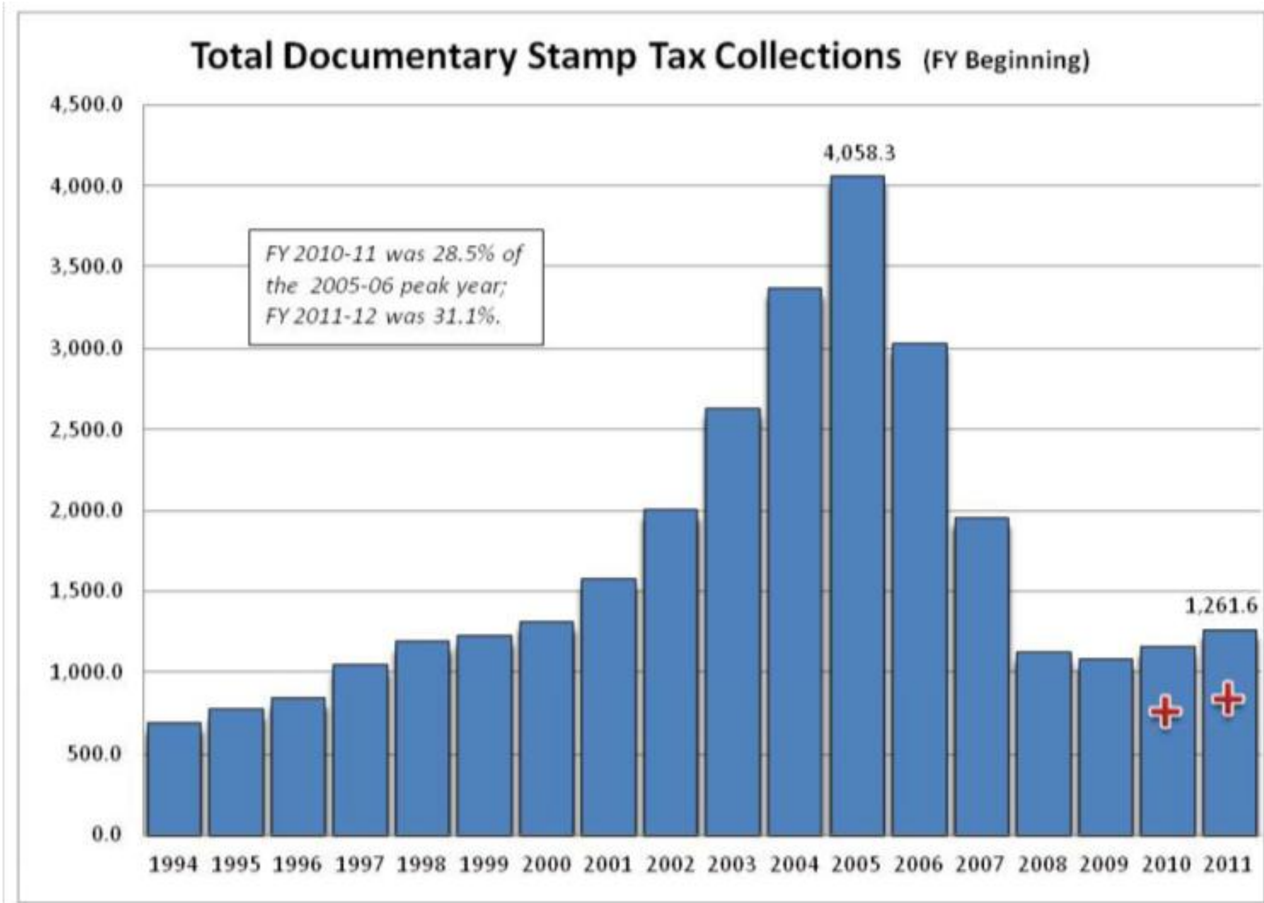
The job market showed strength throughout the year, with 89,700 jobs being added in November. This growth was lead by the leisure and hospitality (+31,200), business and professional services (+27,500), trade (+22,000) and education and healthcare (+17,000) industries, which performed strongly. Negative job growth in government (-7,800) and construction (-4,400) continue to slow the growth in Florida.

Source: Fishkind & Associates,, Econocast Weekly, Jan. 07, 2013

For wages and salaries, Florida's long-term growth prospects essentially match the national forecast. However, Florida's average annual wages largely fall below the nation as a whole. Projections for unemployment show a gradual reduction over the next eight or nine years for Florida, dropping to 5.5% by 2020 from the current level of 8.0%

New Construction and Housing

Florida's housing markets are generally improving. Sales volume of existing homes and building permits are both back in positive territory, showing year-over-year growth. The number of documentary stamp tax collections reflects this trend.

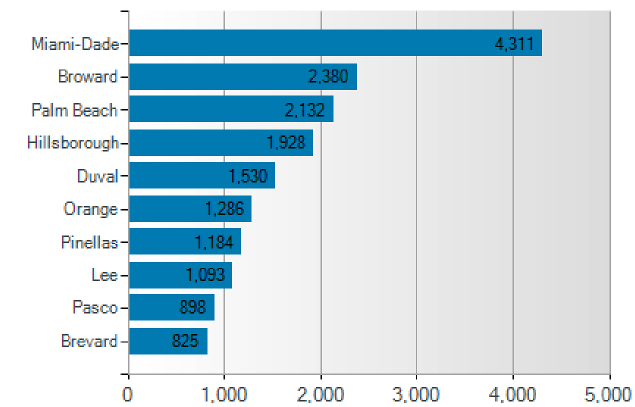


Source: Florida Legislature Office of Economic and Demographic Research, Dec. 5, 2012

Recent building permit activity has come in better than expected. Building permit activity is growing, with a 26.2% increase year-over-year for the first nine month of 2012.

Foreclosures have further swelled Florida's unsold inventory of homes. Originally related to mortgage interest rate resets and changes in financing terms that placed owners in default, activity was also affected by the continuing high level of unemployment. In CY2012, Florida had the highest foreclosure rate in the country, displacing Nevada at the top of this dubious list. At 858 days, Florida has the third longest foreclosure process in the United States. These two factors, along with the struggling economy, suggest that the foreclosure problem will remain with Florida for several more years as the existing inventory, and inventory soon to be added, slowly makes its way through the process.

Foreclosure Activity December 2012
Top 10 Florida Counties



Source: RealtyTrac.com

A related problem is the "shadow inventory" of homes that are not on the market but are at risk of foreclosure. About 40% of all residential loans in Florida are for homes that are "underwater", that is, have mortgage debt higher than the value of the house. However, rising home prices in 2012 helped more than 700,000 previously underwater homeowners return to a position of equity in their homes. There is also a significant percentage of homeowners who are not current with their mortgage payments.

	Delinquent	Foreclosed	Non-Current
National	7.0%	3.6%	10.6%
Florida	7.8%	12.1%	19.8%

Source: Florida Legislature Office of Economic and Demographic Research, Jan. 10, 2013

The credit market impacts both employment growth and new construction. Although interest rates continue to remain at record low levels, credit conditions for those seeking to buy a home or homeowners seeking to refinance remain tight.

Question to Senior Loan Officers:
Over the past three months, how have your bank's credit standards for approving applications from individuals for **prime residential mortgage loans** to purchase homes changed?

	All Respondents								
	Oct '12 %	July '12 %	Apr '12 %	Jan '12 %	Oct '11 %	July '11 %	Apr '11 %	Jan '11 %	Oct '10 %
Tightened considerably	0.0%	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tightened somewhat	3.1%	1.6	5.6	0.0	4.2	5.7	3.8	3.7	13.0
Remained basically unchanged	92.2	93.4	90.7	94.3	91.7	86.8	92.5	94.4	83.3
Eased somewhat	4.7%	3.3	3.7	5.7	4.2	7.5	2.0	1.9	3.7
Eased considerably	0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

July 2012 Senior Loan Officer Opinion Survey on Bank Lending Practices (Federal Reserve Board)

The end result of these factors is that in the residential property market, sales volume is expected to increase while prices appear to have begun the recovery from their historic lows.

State Budget

The State of Florida's budget is highly dependent on sales tax revenue, accounting for more than 70% of revenues. In times of economic distress, consumers tend to cut back on discretionary spending, which in a state dependent on sales tax, will have an immediate effect on revenue. Unlike many other states, Florida does not have a state personal income tax, which is a more stable source of revenue because wages tend to fall at a slower rate than consumption. As a result, the recession caused major State budget shortfalls and the effects are still being felt in this year's budget. In recent years, the State made heavy use of one-time fixes such as diverting revenue from trust funds ($4.1 billion over 10 years) and using Federal stimulus funds to avoid larger cuts in education and other programs. On the expenditure side, the single largest driver in State obligations is Medicaid, which is projected to increase at an annual rate of 7.9% over the next 10 years. This does not include the potential impact of Federal Health Care Reform.

As the 2013 Legislature prepares to return to Tallahassee, the projected State FY2014 budget is projecting a $480 million surplus, the first surplus in six years.

Summary of Florida Outlook

Florida's economy appears to have turned around. The major drivers of economic growth are showing signs of improvement. The state's primary source of economic growth, population growth, has improved from the very low rates of 2009 (<0.5%) and 2010 (0.6%). From 2012 to 2015, population growth is expected to average 1.2%, then increase to 1.4% through 2020.

Tourism, which was hit hard by both the global recession and the 2010 BP Deep Horizon oil spill, has improved greatly. The jobs associated with tourism, especially in the leisure and hospitality industry, grew more than any other industry in 2012 as visitors returned to the beaches and theme parks around the state. As the recovery continues, the long-range unemployment rate is projected to fall steadily from the current level of 8.0% to 5.5% by 2020.

Florida's housing market continues to show signs of improvement. Sales volume of existing homes has increased most of 2012. However, foreclosures continue to depress sales prices around the state. In 2012, Florida had the highest foreclosure rate in the country, with 19.8% of all residential mortgages non-current on their mortgage payments.

The subsequent turnaround in Florida housing will be led by:

- Low home prices that begin to attract buyers and clear the inventory.
- Long-run sustainable demand caused by continued population growth and household formation.
- Florida's unique demographics and the aging of the baby-boom generation (2011 marked the first wave of boomers hitting retirement age).

Looking ahead, the pace of the economic recovery depends heavily on how quickly the job market recovers from the Great Recession, the capacity for personal income growth to move ahead of inflation, and a substantial reduction in the supply of unsold residential properties.

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 was the systematic inequity 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 was achieved, there were 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 had been placed on properties that were 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 had 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. Effective FY2009, property tax revenue increases are limited to new construction plus the statewide percentage increase in per capita personal income. This percentage has averaged about 3.8% from 1991-2008. From 2009-2012, growth in personal income was below average or only 1-3%. Even this minor increase is neutralized by the historic decreases in property valuation.

The cap requires 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, the County has 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%. Since 2009, the County-wide taxable value has decreased 8.4%, 11.4%, 9.7%, and 4.5% with another 1.8% decrease in FY2013. 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

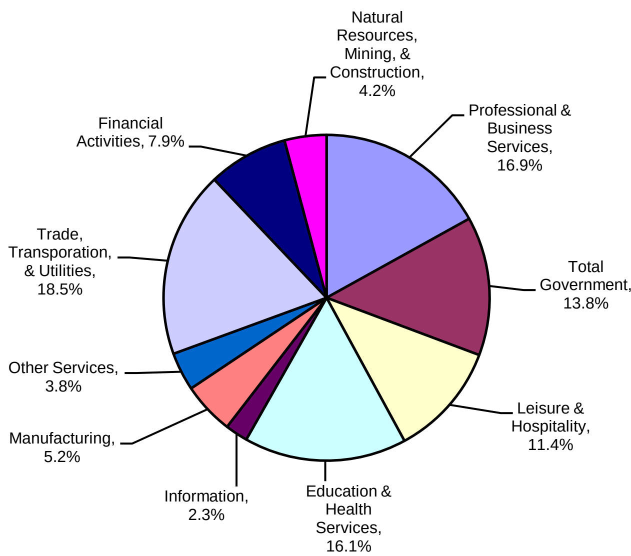
Since the recession began, the County has been faced with resizing the organization to fit the new fiscal reality stemming from legislative action, the bursting of the housing bubble, and the recession. Since FY2007, total positions have decreased 1,618 or 25%. Within that number, the BCC departments 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 FY1989.

In the General Fund, the County's largest fund that funds most of its operations, property taxes (two-thirds of total revenues), have decreased 35% or $151 million from FY2007 to FY2013.

ECONOMIC OVERVIEW

LOCAL OUTLOOK

Pinellas County is the 6th largest county in population (916,542) 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. Pinellas 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 for Pinellas County.



Source: Florida Labor Market Statistics

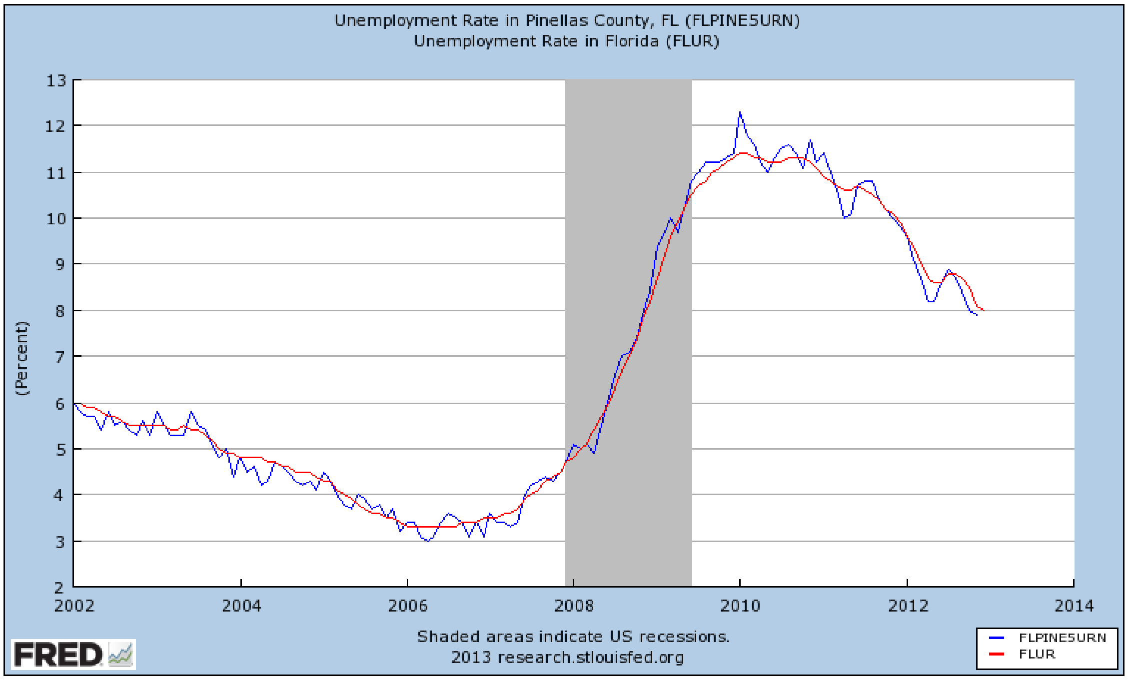
Over the last five years, several of these areas have seen substantial decreases: Natural resources, mining, and construction decreased 46%; Manufacturing decreased 26%; Information decreased 22%; Financial Activities decreased 14%; Trade, Transportation, & Utilities decreased 11%; Professional & Business Services decreased 9%; Other Services decreased 7%; and Leisure and Hospitality decreased 4%. The only areas that have shown growth since 2006 is Education & Health Services which increased 11% and Total Government which increased 4%.

From Wells Fargo's May 2012 Florida Economic Outlook: Tampa's labor market continues to post strong gains. The professional and business services sector remains the top performing sector, accounting for more than 50 percent of the jobs added since the Bay area's labor market bottomed, despite representing only 17 percent of Tampa's overall employment base. Part of that improvement reflects strong growth at employment staffing companies. The recovery has broadened across many other sectors more recently, including leisure and hospitality, financial services and trade, transportation and utilities. Construction remains an obvious impediment, however, as payrolls continue to contract and are now down nearly 53 percent from their peak in April 2006.

Unemployment

As with the State of Florida, Pinellas County's unemployment rate reached historically low levels in early 2006. In April 2006, Pinellas County recorded an unemployment rate of 3.0%. As the chart below shows, the County's unemployment rate rose to 4.7% by the time the national recession began

in December 2007, reaching a high of 12.3% in January 2010, seven month after the official end of the recession. Since then, the County's unemployment rate has fallen to 7.9% (November 2012).



Source: Federal Reserve Bank of St. Louis

Tourism

Tourism is a key economic driver of the economy in Pinellas County and contributes direct and indirect visitor expenditures of $6.3 billion annually. In FY2012, the County reported more than 5 million overnight visitors and collected $28.7 million in tourist development tax revenue, also known as the 'bed tax'. A positive sign of a recovering economy, FY2013 collections are 10.3% higher through the first two months of the fiscal year than the same period in FY2012, which was a record year for Pinellas County.

Real Estate

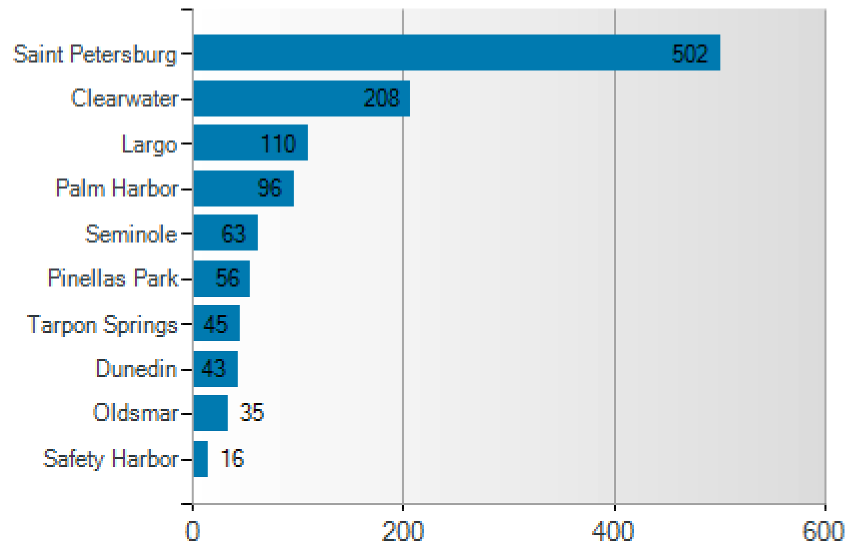
The real estate market in Pinellas County is struggling to recover from the bursting of the housing bubble. Pinellas, like the rest of Florida, experienced a dramatic rise in housing values for several years during the housing boom. Starting in FY2008, property assessments fell for five straight years (-8.4%, -11.4%, -9.7%, -4.5%, and -1.8%).

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. Foreclosures continue to hold down the residential real estate market. In 2007, there was an average of 628 foreclosure activities per month. As unemployment increased and the economy slipped into recession, foreclosure activity almost doubled in FY2008 to 1,110 per month. Activity remained extremely high through FY2009 and FY2010 before dramatically dropping off to 522 per month in FY2011. This drop-off coincided with the federal investigations of 'robo-signing' of foreclosure documents. As part of a settlement with federal regulators, banks and others involved in the foreclosure process agreed to improve their procedures. Since the settlement was signed in April 2011, foreclosure activity has begun to increase, averaging 822 per month in FY2012 through September. The most recent data from Realty Trac,

shown in the chart below, shows that most of the foreclosure activities are in the large population centers within Pinellas County.

Foreclosure Activity – Pinellas County
December 2012



Source: RealtyTrac.com

Summary of Local Outlook

While the national recession has been over for more than three years, the effects are still being felt in Pinellas County. Unemployment is well above pre-recession levels and foreclosures have remained stubbornly high in the past several months. However, the biggest industry in Pinellas County, tourism, has shown signs of a strong recovery. FY2012 tourist development tax revenues were 12.4% higher than FY2011, and each month in FY2013 has been higher than the same month in FY2012. And real property values appear to have begun to climb after five years of decreases.

As the national economy continues to improve, Pinellas County is poised to recover as well. However, because of the high level of unemployment and the potential inventory of residential properties available on the market, the recovery is expected to be slow and long.

KEY ASSUMPTIONS

The *Key Assumptions* portion of the Budget Forecast: FY2014-2023 includes a discussion of the sources of information used to develop assumptions for revenues and expenditures that drive the ten-year forecasts for ten of the County's key funds:

- Assumptions and Forecasting
- Revenue Assumptions
    - Overview
    - Key Assumptions
    - Supporting Information
- Expenditure Assumptions
    - Overview
    - Key Assumptions
    - Supporting Information

Assumptions and Forecasting

Forecasting is not a precise science. This is particularly true for forecasts that involve the economy. Statistician Nate Silver, in his recent book *The Signal and the Noise: Why So Many Predictions Fail – but Some Don't*, notes the performance of the highly-respected Survey of Professional Forecasters in predicting the one-year growth or decline in Gross Domestic Product (GDP). Silver cites a study which revealed that the actual change in GDP has fallen outside the range of the group's predictions almost half the time. The most recent example was in 2007, where all of the economists predicted growth in GDP even though the Great Recession was already under way. As Silver says, "Forecasting something as large and complex as the American economy is a very challenging task."

Despite this uncertainty, forecasting is a useful tool for identifying potential problems and the need for future action. The forecasts in this document are a baseline using past trends, current policies, and assumptions about future conditions based on reasonable expectations. We have not attempted to project significant future events such as recessions, oil embargos, or natural disasters. However, in each of the fund reviews we have identified the risks to the forecast that could significantly impact the projections.

In establishing revenue and expenditure assumptions, we reviewed data and forecasts from a variety of economists, government agencies, industry associations, and other sources. In particular, we referenced the State of Florida's Revenue Estimating Conferences frequently. 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 state planning and budgeting actions. The current Conference projections end at FY2022. The projections are available online at http://edr.state.fl.us/Content/conferences/index.cfm

We also referenced federal agencies such as the Bureau of Labor Statistics, the Census Bureau, and several Federal Reserve banks; as well as private research firms and educational institutions, such as The Conference Board, Wells Fargo, Conway Pedersen Economics, Inc., the University of Central Florida, and the University of Florida. The County is not required to use this data, but it provides useful background information for projecting changes in revenues and expenditures.

Revenue Assumptions

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

Overview

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.

The Florida Constitution imposes a cap of 10 mills on the total of all County-wide 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).

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.

Key Assumptions

The assumption in the forecast is that after five years of decline, taxable values will begin to recover in FY2014, with a slow but sustained rate of growth thereafter:

Change in Taxable Values – County-wide									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
2.5%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

KEY ASSUMPTIONS

The County-wide taxable value is the basis for determining the County-wide revenue in the General Fund. For the purposes of this forecast, the FY2014 through FY2022 percentage change in taxable value for the Emergency Medical Service Fund and the Fire Districts Fund is assumed to be the same as the County-wide taxable value change. The rates of growth in the General Fund MSTU and the Fire Districts Fund are projected to be 0.5% less than the County-wide growth rates based on past trends and the composition of the tax base in the unincorporated area.

Supporting Information

For FY2014, the overall increase of 2.5% 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).

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 built-out will enjoy. For example, Orange and Hillsborough counties have large undeveloped areas that are available for major residential, commercial and industrial expansions.

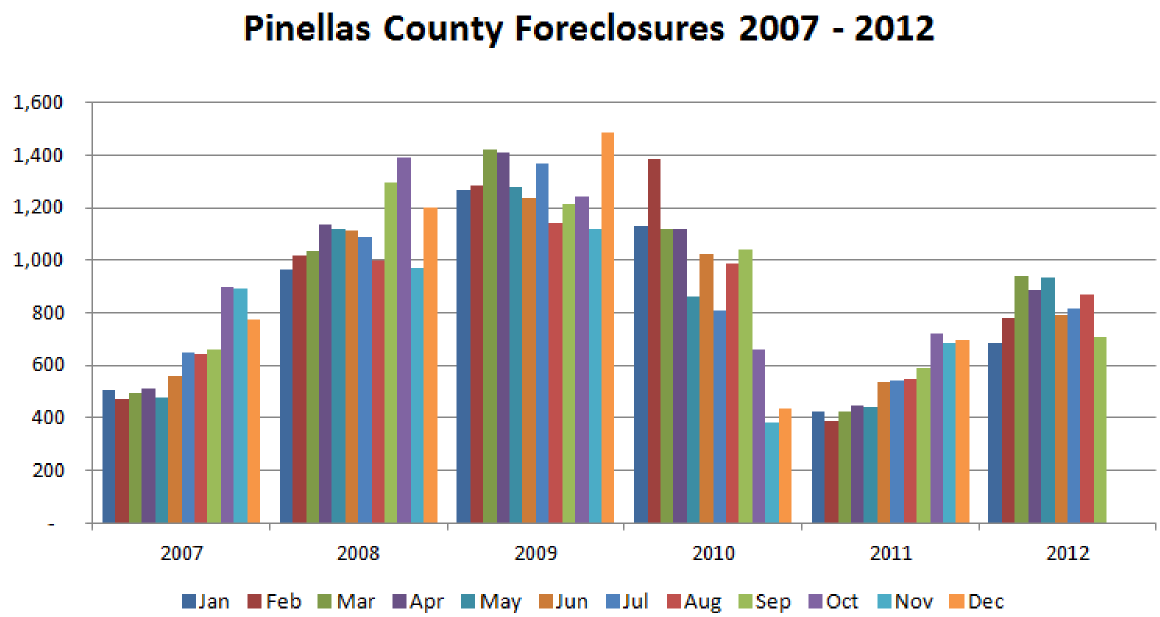
Impact of Foreclosures

In determining the values as of January 1, 2013, which serve as the basis for FY2014 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. As a result of the recession, recent years have seen a dramatic increase in tax certificate sales.

However, although foreclosures do not affect the percentage of property taxes collected during the fiscal year, they 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 through 2009. After a decrease in 2010 due to chain-of-title issues and the delay of proceedings in the courts, foreclosures once again increased in 2012 to a level about 50% higher than the pre-recession norm.

For the time being, demand is such that new foreclosure inventory is being absorbed fairly efficiently. A “glut” of non-mediated rulings could lead to a surge in inventory, putting downward pressure on median sales prices, which in turn would negatively impact the tax base. The forecast assumes that the foreclosure inventory will not experience this type of surge.

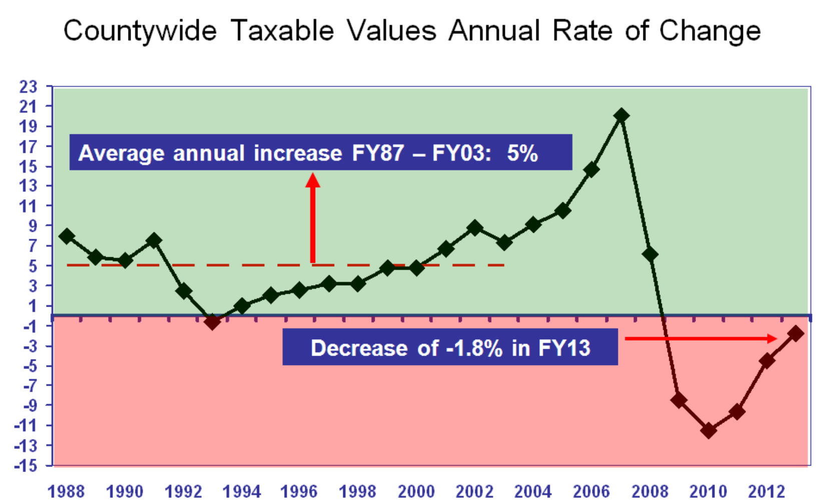
KEY ASSUMPTIONS



Source: Clerk of the Court data

Taxable values

The taxable values for FY2013 were certified by the Property Appraiser on July 1, 2012. The county-wide value decreased by 1.8% compared to the FY2012 values. It was the fifth 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.



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.

KEY ASSUMPTIONS

Save Our Homes Cap for Fiscal Year Based on Change in Consumer Price Index*									
2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
1.9%	3.0%	3.0%	2.5%	3.0%	0 .1%	2.7%	1.5%	3.0%	1.7%
*There is a two-year lag in the CPI adjustment. For example, the fiscal year 2014 factor is the CPI change percentage for calendar year 2012.									

Sources: Florida Department of Revenue and U.S. Bureau of Labor Statistics

The factor used is the annual change in the CPI as of December each year. For example, the limit for FY2013 is the December, 2011 index, +3.0%, which was issued by the U.S. Bureau of Labor Statistics on January 19, 2012 The limit for FY2014 will be the December, 2012 index, 1.7%, which was issued by the U.S. Bureau of Labor Statistics on January 16, 2013.

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 has some flexibility for increases in the short term because we did not levy the maximum millage in FY2009, FY2010, FY2011, FY2012, or 2013.

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 shielded from taxes due to Save Our Homes. Prices are now at the point where in some instances homesteaded residential market values have decreased below the prior year's taxable value. This means that rather than an increase due to the Save Our Homes recapture rule, some parcels with declining market values previously covered by Save Our Homes will see decreases in their taxable value for FY2014.

Fund Variances
Because of differences in the composition of their tax base, individual fire districts are expected to vary significantly from the overall change. The unincorporated area (MSTU) General Fund and Fire Districts Fund taxable value percentage change is assumed to be slightly less than the County-wide 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 County-wide change depending on the composition of the tax roll in each area.

Sales Taxes – General Fund and Capital Projects Fund

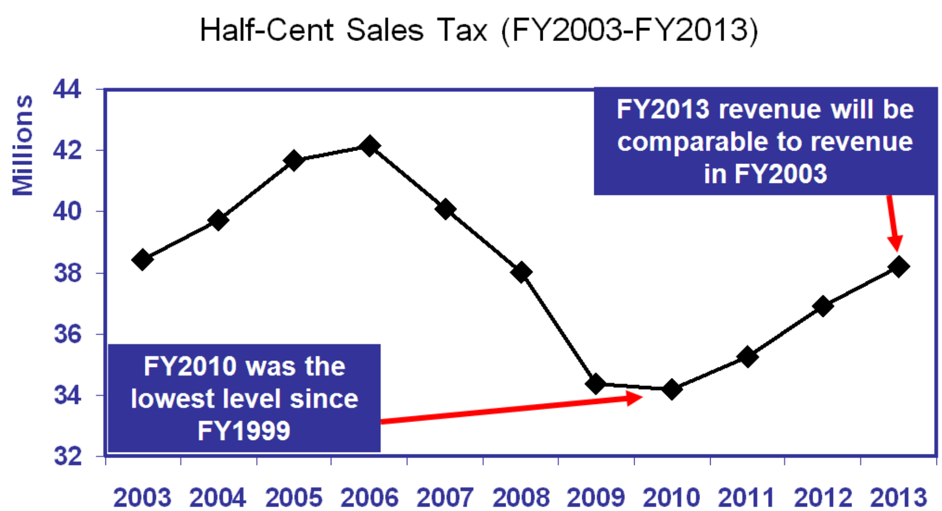
<u>Overview</u>

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: the Half-Cent Sales Tax and the Infrastructure Sales Tax (Penny for Pinellas).

Half-Cent Sales Tax

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.

Sales tax revenue grew by 4.9% in FY2012. This was the second year of growth following four years of decline beginning in FY2006. We believe this is indicative of a return to sustained sales tax revenue growth.



Infrastructure Sales Tax (Penny for Pinellas)

The Penny for Pinellas is a 1 percent sales tax which is dedicated to capital improvement projects in Pinellas County, such as facilities, storm water improvements, preservation land purchases, roads, bridges, public safety, parks and community centers. The Penny makes capital projects and improvements possible without having to raise property taxes. Without this funding, it is estimated that property owners would have to pay another 1.5 mills on their property taxes. With a sales tax, approximately one-third of the total Penny funds are paid for by tourists and seasonal residents.

<u>Key Assumptions</u>

For the State Shared Half-Cent Sales Tax, in FY2014 and later years, we anticipate growth approaching historical patterns. A 4.0% growth rate is assumed for FY2014 reflecting the

continuing economic recovery. This is followed by a 3.5% growth rate throughout the FY2015-FY2023 forecast period. In the near-term, our projection is more conservative than the State General Revenue Estimating Conference, which anticipates more robust FY2014 growth of 5.4%, followed by 6.1% and 5.6% in FY2015 and FY2016, respectively.

Change in Half-Cent Sales Tax Revenue									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

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 3.0% growth from FY2014 to FY2023. 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.

<u>Supporting Information</u>

The statewide number from the State General Revenue Estimating Conference reflects population growth that will not be as significant a factor in Pinellas County as in other, less built-out counties. However, we are confident that a strengthening local economy and stronger tourism will result in slightly better growth in the short term. Data on potential future job creation growth (provided by Economic Development) and projected tourism growth (provided by the Convention and Visitor's Bureau) support this view.

Our forecast essentially reflects about 1.5% to 2.5% per year growth over the rate of price inflation. As a result, we are not anticipating a return to the FY2006 peak level of our Half-Cent Sales Tax revenues until FY2016.

Communications Services Tax – General Fund

<u>Overview</u>

The Communications Services Tax (CST), 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 revenue has declined due to the recession and to technological changes in the industry that have reduced the base of taxable services; FY2012 CST revenue (excluding audit adjustments) was 2.8% lower than in FY2011.

Key Assumptions

The forecast projection reflects a continuation of the decline in this revenue source.

Change in Communications Services Tax Revenue									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%

Supporting Information

The CST is levied on communication services that originate *and* terminate within the state. Technological advances have allowed for increased competition from communication service providers (particularly wireless providers) which do not meet this definition and whose services are therefore not subject to the CST.

The 2012 Legislature approved changes to the CST statutes, and a State commission, the Communications Services Tax Working Group, was appointed to study the CST and recommend further structural changes that may lead to even greater reductions in revenue. The Working Group is proposing the complete elimination of the CST, placing all communications services under the sales tax, and increasing the State Sales Tax from 6.0% to 6.34%. The intent of the proposal is to be "revenue neutral" to the State and to local governments, but detailed calculations have not yet been made. The cumulative impact of the 2012 changes and the restructuring, if it occurs, is undetermined at this time.

State Revenue Sharing - General Fund

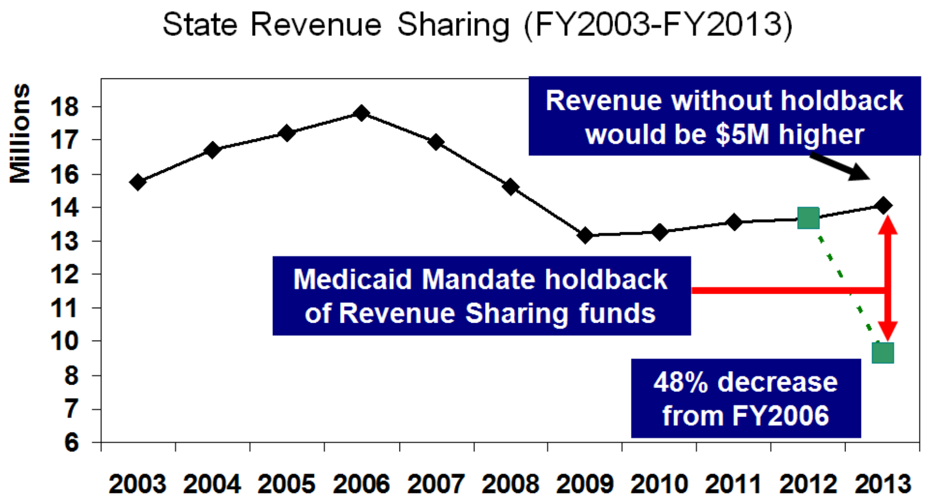
Overview

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.

Similar to the Half-Cent Sales Tax, Revenue Sharing revenue demonstrated a second year of growth, increasing 3.4% in FY2012. Prior to FY2011, this source had declined or remained essentially flat since FY2006.

As discussed in the section on Expenditure Assumptions, the 2012 Legislature, as part of the unfunded Medicaid mandate, directed that Revenue Sharing distributions to the counties be reduced in order to cover the alleged "backlog" of Medicaid charges. This will result in Pinellas County receiving only about two-thirds of the normal Revenue Sharing allocation in FY2013.

KEY ASSUMPTIONS



Key Assumptions

For the underlying sources that support State Revenue Sharing, the forecast assumes a return to the pattern of moderate growth in this revenue source that predated the economy's boom and bust cycle, resulting in an annual increase of 2.5% through the forecast period. However, the actual amount the County receives will be reduced in FY2013 through FY2017. The original FY2013 budget showed this as a reduction in revenue. After further review, the Clerk's Finance Division is posting revenue at the entire "earned" amount and posting the backlog holdback amount as an expenditure. This has no net effect on the projections.

Change in State Revenue Sharing Revenue (before Medicaid mandate reductions)									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Supporting Information

State Revenue Sharing has historically grown at a somewhat lower rate than Half-Cent Sales Taxes. In addition to differences in the distribution formulas for these two revenues, a portion of Revenue Sharing is derived from Cigarette Taxes, which have been a declining revenue source for years. These factors combine to reduce the potential for growth in Revenue Sharing.

Interest Earnings and Other Revenue – All Funds

Overview

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,

subordinate to safety and liquidity, is to maximize the return on the investment portfolio while avoiding unreasonable investment risk.

Key Assumptions

Market conditions, including record low interest rates, were such that interest earnings in FY2012 were once again minimal. The forecast reflects the short term outlook for continued low earnings, gradually increasing to earnings of approximately 3% on fund balances in the mid- to long-term.

Interest Earnings on Fund Balances									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
0.7%	1.0%	1.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

In each fund forecast, the major revenue sources that comprise most of the available resources are specifically analyzed. Depending on the fund, the remaining revenues may include licenses and permits, charges for services, fines and forfeitures, rents, surplus, refunds, reimbursements, and other miscellaneous revenues. For these other revenues, the forecast assumes the same flat to moderate growth which reflects the anticipated gradual economic recovery.

Change in Other Revenue (non-specific)									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Key Assumptions for Other Fund-Specific Revenues

Tourist Development Tax- TDC Fund

Tourism is a key driver of the economy in Pinellas County. The County imposes a 5% tourist development tax (i.e. bed tax) on rents collected for temporary lodgings. The revenue, highly sensitive to general economic and other conditions, is driven by several factors, including the number of visitors, the length of stay, and the Average Daily Rate (ADR) that hotels are able to collect for rentals.

Tourist Development tax revenues have been steadily improving since Spring 2010 and reached record levels in FY2012. FY2013 revenues are estimated to grow 4% beyond actual receipts for FY201, and are anticipated to continue to increase at 3.5% in FY2014. Beyond FY2014, projections continue to increase by 3.0% annually through the forecast period, matching anticipated gradual growth as part of the recovery in the broader U.S. economy.

Change in Tourist Development Tax Revenue									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

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. The State Transportation Revenue Estimating Conference forecasts annual average revenue growth of 1.9%, but this is based on the forecast of total gallons of motor fuel pumped annually in Florida. The County's gas taxes are based on gallons consumed and not fuel prices, and revenue has declined 0.3% in FY2011 and 0.2% in FY2012. Pinellas County's built out condition, and future mandated vehicle fuel efficiency standards, leads us to assume a continuing slow decline 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.

Change in Gas Tax Revenues									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%

Ambulance User Fee Revenue – EMS Fund

Ambulance user fee revenues are subject to a number of variables:

- Unanticipated changes in transport volume (positive or negative)
- Unanticipated Medicare audit settlements (positive or negative)
- Potential reductions to Medicare fee schedules (negative)
- Decreasing mix of private insurance payments and increasing mix of lower-reimbursement Medicare and Medicaid payments (negative)
- Increased Medical Necessity verification requirements (negative)

Ambulance user fee revenues are primarily driven by patient demand (transport volume). The average increase in transport volume from FY2010 to FY2012 was 2.0%. The average increase or 10 years was 3.13%, ranging from 0.5% to 7.4%. Revenues are estimated to increase by 2.0% during the forecast period.

Change in Ambulance User Fee Revenue									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Flight Operations Revenues – Airport Fund

Airfield/Flight Line revenue for FY2013 is based on the current level of carriers and passenger numbers. For FY2014 through FY2023, an increase of 2.0% per fiscal year is forecast. The forecast assumes no new carriers over the ten year period.

Change in Airport Flight Operations Revenues									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

KEY ASSUMPTIONS

Airport Rent/Leases/Concessions Revenues – Airport Fund

Rent/Leases/Concessions revenue for FY2013 is based on current leases/agreements through the termination of these lease agreements. Land leases have a five-year adjustment based on the CPI. For FY2014 through FY2023, an increase of 2.0% is forecasted for each fiscal year. The County General Fund leases land for the Jail, the Criminal Justice Center, and other uses from the Airport. They comprise 45% of the long-term industrial (non-aviation) land leases.

Change in Airport Rental Revenues									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Water and Sewer Rates

In FY2012, the Board of County Commissioners approved a four-year rate plan for both the Water and Sewer systems to meet projected revenue needs through FY2015.

Water Funds Revenue

In addition to its retail water customers, the County has provided water at wholesale rates to six cities that purchase water in bulk and distribute it to their own retail customers. The volume of water purchased declined 30% from FY2008 to FY2012, partially due to several of the cities beginning to develop alternative sources of water.. The amount of water purchased is also affected by economic conditions, housing and commercial vacancies, and levels of conservation.

The Water revenue forecast assumes only a 0% to 0.27% 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 continuing decline through FY2016, due to the projected loss of sales to three cities (Clearwater, Tarpon Springs, and Oldsmar), as they develop their own water resources.

Sewer Funds Revenue

The volume of waste billed has declined 3% from FY2008 to FY2012. The amount of sewage processed is affected by economic conditions, housing and commercial vacancies, and levels of water conservation.

The Sewer revenue forecast assumes no increase from FY2013 to FY2014 and a 0.07% to 0.21% annual increase from FY2017 to FY2023 in retail and wholesale sewer demand.

Solid Waste Funds Revenue

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 of 6% in revenue. The contract expires in 2024.

Change in Solid Waste Tipping Fee Revenues									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

KEY ASSUMPTIONS

Expenditure Assumptions

Personal Services – Salaries – All Funds

Overview

The cost of Personal Services (salaries and benefits) is generally the single largest category of expense (for example, 50% of the General Fund). 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 five years (six years for exempt employees). Beginning on July 1, 2012, employees are required to contribute 3% of salary to the Florida Retirement System, effectively reducing take home pay. A limited non-recurring compensation adjustment was approved for FY2013.

Key Assumptions

Compensation adjustments are included in the forecast for FY2014 through FY2023. County employees have not received merit pay increases for four years and in some cases, five years. This cost-saving measure was employed as the organization dealt with significant reductions and dramatic decreases in property tax revenue. For FY2013, a one-time cost of living wage disbursement was approved. In future years, moderate pay for performance merit increases are expected to resume, 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)									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
0%-3%	0%-3%	0%-3%	0%-3%	0%-3%	0%-3%	0%-3%	0%-3%	0%-3%	0%-3%

Supporting Information

The annual market survey of salaries and benefits for comparable area organizations is being reviewed at this time. We have already seen indications that salaries for current employees are becoming non-competitive. Additional funds may be required for potential re-classifications due to the reorganizations and reductions in force which have occurred over the past several years. Non-recurring compensation adjustments, such as one-time, flat-amount payments, could also be implemented without negatively impacting the forecast.

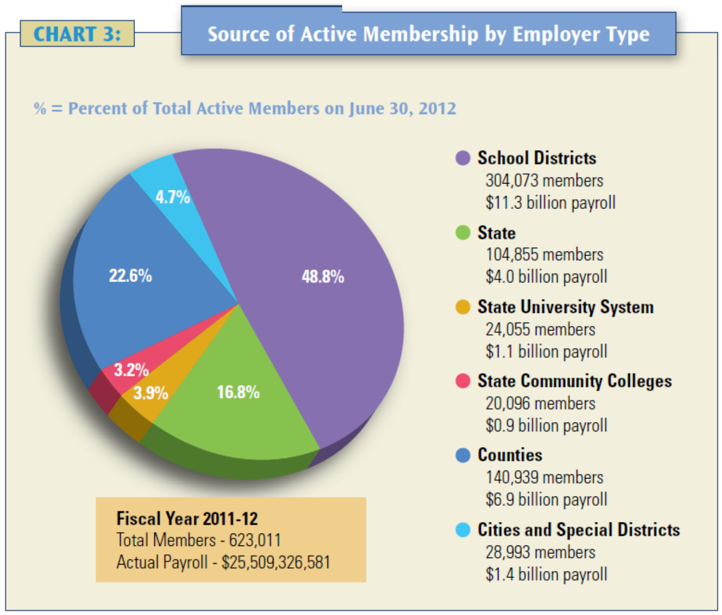
Personal Services – Employee Benefits – All Funds

Overview

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.

Florida Retirement System (FRS)

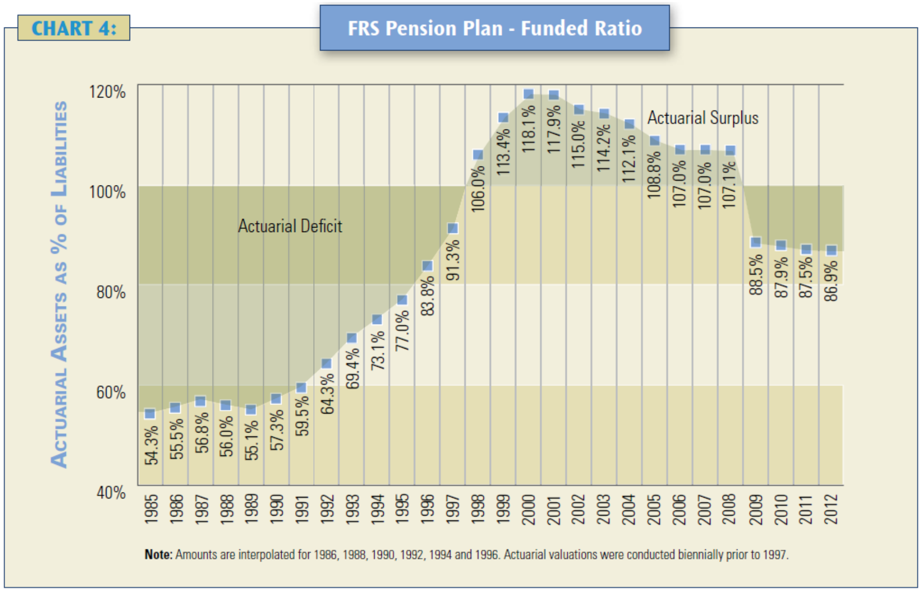
The County is required to participate in the Florida Retirement System (FRS), a State public pension plan. Cities have the option of joining the State system or creating their own pension plans. Employees of school districts and state agencies also must enroll in FRS, and comprise about two-thirds of the total active membership.



Source: State Board of Administration
Investment Report for State Fiscal Year 2012

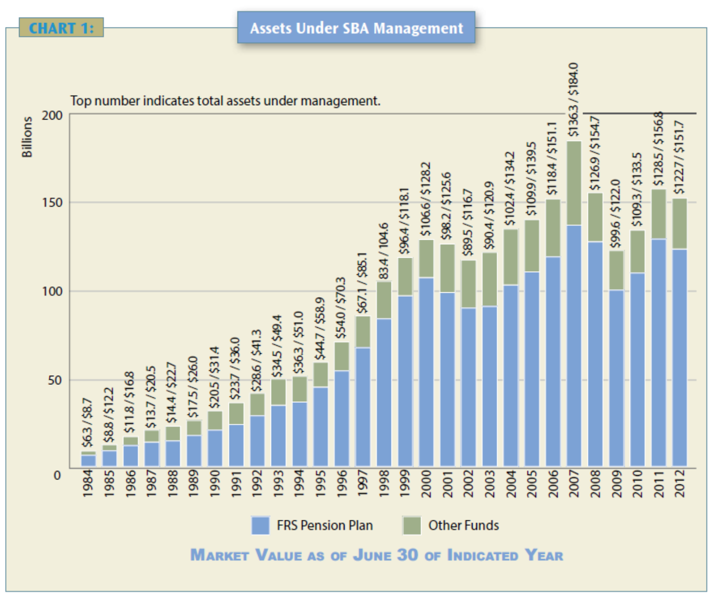
From 1998 to 2008, the FRS had been one of the few state systems that had an actuarial surplus. This lowered the required contributions set by the Legislature that are based on an employee's salary and benefit category (public safety employees and elected officials have higher benefits).

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. As a result, beginning in 2009 the FRS system has had an unfunded liability.



Source: State Board of Administration
Investment Report for State Fiscal Year 2012

The FRS investment portfolio, which is managed by the State Board of Administration, has now substantially recovered from this setback. As of March 31, 2011, the net asset value for the FRS pension plan was close to the peak value it had reached in 2007.



Source: State Board of Administration
Investment Report for State Fiscal Year 2012

However, the 2011 session of the Legislature determined that significant changes were needed in the FRS system. These changes are summarized in the following table.

KEY ASSUMPTIONS

2011 Legislative Changes to FRS

	Before	After
Employee contribution	0%	3%
Avg. final compensation	Highest 5 years	Highest 8 years
Vesting period	6 years	8 years
Normal retirement date for regular class, senior members, elected officers	62 with 6 yrs. of svc. or 30 years of service	65 with 8 yrs. of svc. or 33 years of service
Normal retirement date for special risk	55 with 6 yrs. of svc. or 25 years of service	60 with 8 yrs. of svc. or 30 years of service
DROP interest rate	6.5%	1.3%

Applies to new hires after 7/1/11

These changes affected the future retirement benefits for County employees on the payroll prior to July 1, 2011, as well as those hired after that date when these provisions took effect. The major impact on the County's expenditures results from changing FRS from a non-contributory to a contributory structure. This allowed the Legislature to significantly reduce the employer contribution rates for FRS, and not coincidentally balance the State budget. The rate reductions also resulted in substantial FY2012 cost savings for the County, amounting to $13M in the General Fund alone as compared to earlier projections.

The 2012 Legislature approved rates for the State's 2013 fiscal year (June 2012 to July 2013) that were essentially the same as the previous year. Looking ahead, employer rates are scheduled to increase in July, 2013 under current legislation, and the future direction of legislative action cannot be predicted.

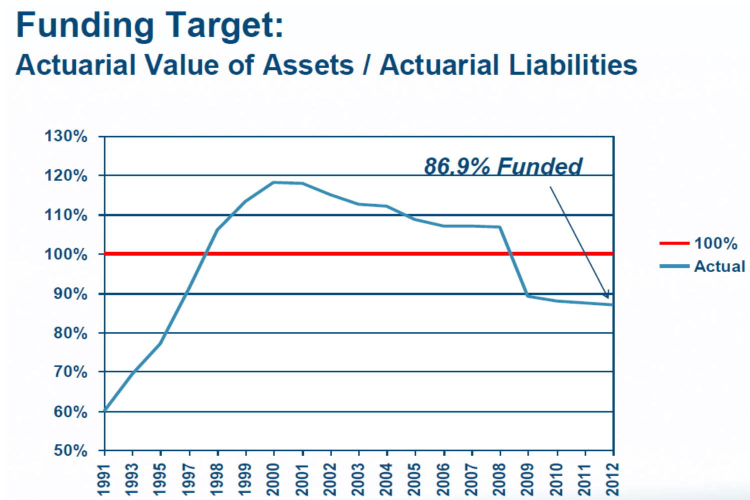
In addition to this general uncertainty, the requirement for employee contributions to FRS had been challenged by a lawsuit filed on behalf of public employees by several labor organizations. On January 17, 2013, the Florida Supreme Court issued its ruling in this case which upheld the employee contribution requirement. This avoided potential increases to employer contributions which could have negatively impacted personnel costs.

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, increased wellness programs and incentives for employees, and the introduction of a fully insured Medicare Advantage Group plan for Medicare-eligible retirees.

<u>Key Assumptions</u>

As of June 30, 2012, the FRS system was still only 86.9% funded:



Source: Milliman presentation to FRS Actuarial
Assumptions Estimating Conference, October 1, 2012

Due to the reduced value of the State's pension fund investments, we are assuming increases in the FRS contribution requirements. The forecast assumes that the State will increase rates to address the unfunded liability over the next four years, rather than all at once as contemplated in the 2012 legislation, because increases in these rates also have negative impacts on the budgets of State agencies and the school districts. After reaching a fully funded level, the rates should stabilize, but there is a large degree of uncertainty in that the Legislature and Governor have demonstrated that they are willing to make major structural changes to the pension system.

Projected FRS Employer Blended Contribution Rates (Regular Class)									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
5.66%	6.00%	6.40%	6.81%	6.81%	6.81%	6.81%	6.81%	6.81%	6.81%

The growth in the County's FRS dollar contributions will be a combination of these rate changes and the growth in the salary base to which the rates are applied.

Change in FRS Dollar Contributions*									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
3.0%	8.5%	9.2%	8.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
* From 2018-2023, rates are assumed to stay constant, but dollar contributions rise at the same rate as salary growth.									

The forecast assumes that the County's aggressive health insurance cost containment measures will continue, but that the near-to-mid-term need to supplement required self-insurance reserves, as well as longer-term cost increases and employee / retiree mix changes, will still result in expenditure growth well in excess of CPI throughout the forecast period.

KEY ASSUMPTIONS

The Affordable Health Care Act (ACA) passed in 2010 on the national level to restructure and contain health insurance costs could have a significant impact. The forecast does not assume any changes in the current situation; some of the potential implications of the ACA are discussed in the Supporting Information below.

Change in Health Insurance Contributions									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
10.0%	10.0%	10.0%	10.0%	10.0%	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.

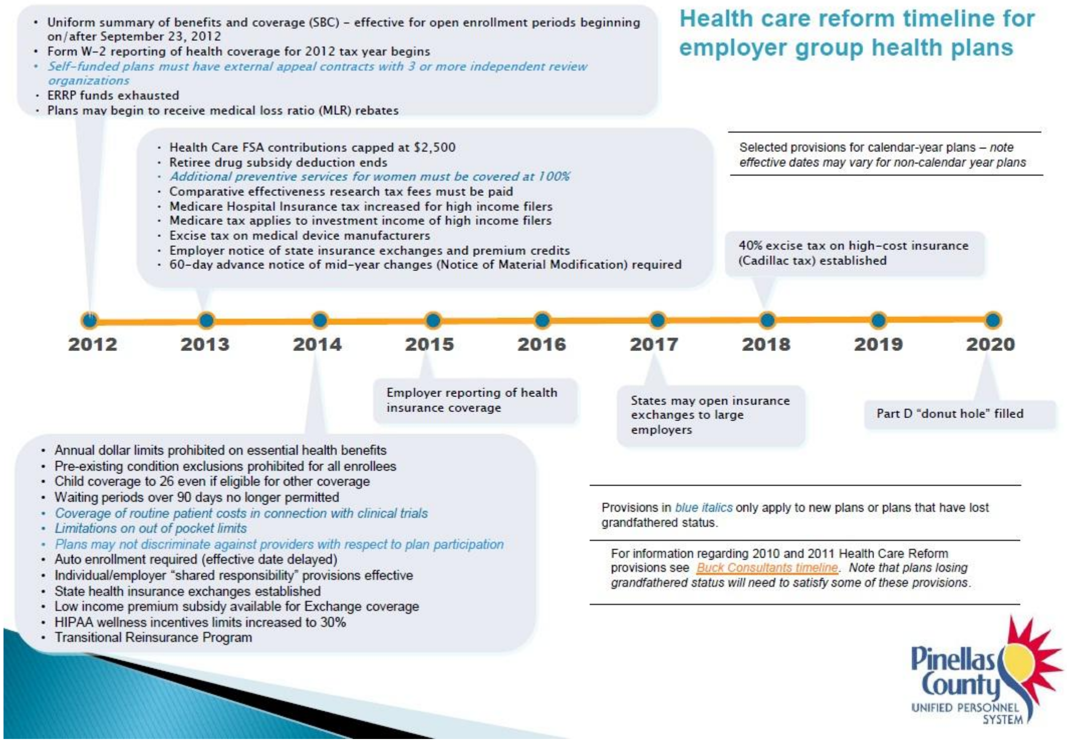
Change in Personal Services Expenditures (Net Total Salary and Benefit Changes)									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

<u>Supporting Information</u>

Health insurance costs are 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.

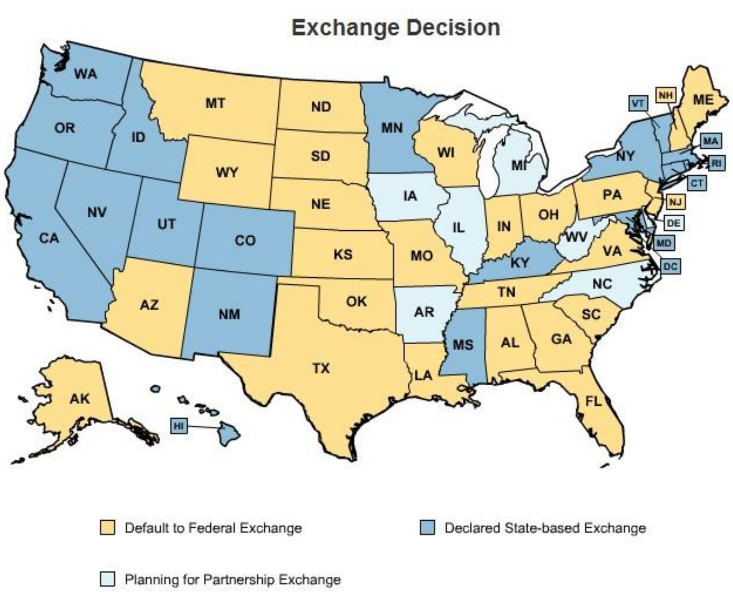
Because the County is self-insured, we are required to maintain the equivalent of 2 months of medical claims as a reserve. Higher-than-average claims in recent years have led us to draw on our reserves such that they are below the required level. This is exacerbated by the employee / retiree mix changes discussed above. In the near-term, OPEB reserves are available to cover the deficit.

The details of how the Affordable Care Act (ACA) will be implemented in Florida are still being determined. The following graphic illustrates the overall timeline of events that will impact employer group health plans such as the County's.



Timeline Source: Buck Consultants
presentation – July, 2012

Florida will be one of a number of states that will not set up a State-run Health Exchange, at least initially. Instead, implementation will default to a Federal-run Exchange.



Source: Kaiser Family Foundation - Health Reform website
(data as of January 4, 2013)

In the future, as the ACA is fully implemented, the County may be able to consider new structural options. For example, the County could eliminate the self-insurance system and provide employees an amount to purchase coverage on the Health Exchange. Detailed analysis would be needed before implementing any significant structural changes.

Note that the actual change in Personal Service costs in a department, agency, or fund may differ from these overall percentages due to reorganizations, changes in the number of positions, vacancies, and other factors specific to the entity.

Operating Expenses and Capital Outlay- All Funds

Overview

The cost of services, commodities, and equipment (Operating Expenses and Capital Outlay) are driven by inflation. Many costs will track closely with the Consumer Price Index (CPI), but items such as 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 inflationary pressure on local governments is reflected in the report issued by American City and County for December, 2012. Compared to the same period last year, the Municipal Cost Index increased 2.0%, versus the 1.7% increase in the CPI. In Pinellas County, expenses such as fuel, electricity, and state-mandated Medicaid charges reflect the MCI/CPI disparity, demonstrating historical and projected growth exceeding CPI growth.

Fuel
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 1.03M in FY2012 for non-Sheriff units, Beginning in late FY2011, the Sheriff began purchasing fuel through the Fleet Management Fund which added 1.02M gallons in FY2012. This change increased total gallons purchased, but the expenditures in the Fleet Management fund were offset by an equivalent amount of revenue from the Sheriff’s budget.

Electricity
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%.

Medicaid
The County is billed by the State for a portion of Medicaid costs. The County pays the State for County resident in-patient hospital care for days 11 through 45. The days do not have to be consecutive. Because patient stays of 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.

Key Assumptions

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. These projections were reviewed against those from various other sources, including the Survey of Professional Forecasters, the University of Central Florida, and the Federal Reserve. While there are variations in the specific percentages, all of these sources projected continuing low to moderate cost inflation over the forecast period.

Change in Other Non-Personnel Expenditures (CPI)									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%

Fuel - All Funds with Fleet Equipment
The FY2013 Budget baseline was based on a price of $3.50/gallon. The price for the County in January, 2013 was about $3.27/gallon, an average of diesel and unleaded fuel. The forecast assumes price increases slightly higher than the rate of inflation.

Change in Fuel Costs									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Electricity - General Fund and Utilities Funds
The Real Estate Management and Utilities departments have both taken steps to decrease annual cost increases by implementing measures to reduce energy consumption. The forecast assumes flat electricity costs in FY2014 due to recent Progress Energy rate reductions. Percentage increases in later years are based on the historical averages.

Change in Electricity Costs - Commercial									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Medicaid - General Fund
The 2012 Legislature changed the State's method of billing the County for Medicaid, shifting the burden of proof to demonstrate that a claimant is not a county resident in order to dispute an

amount on a bill. The State is also reducing the County's Revenue Sharing funds to cover a multi-year backlog in billings.

Unemployment Compensation – General Fund
Unemployment Compensation for all County operations other than the Sheriff is billed by the State to the General Fund. Historically, these expenses were less than $0.1M annually. However, costs peaked at $1.2M in FY2010 due to Reductions in Force (RIFs), and declined over the next two years to $0.2M in FY2012. Future years' costs are expected to be closer to the historical average in the absence of another major RIF.

Supporting Information

Fuel efficiency gains are anticipated as new Federal Corporate Average Fuel Economy (CAFÉ) standards for heavy trucks and equipment take effect due to the composition of the fleet. Only 47 of 1,726 BCC units are cars (less than 3%); the bulk of the fleet (excluding the Sheriff's vehicles) 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. The new standard will increase mpg to 12 in 2014. Previously, there had been no federally mandated fuel economy standards for heavy trucks and equipment.

Some departments will have increased fleet replacement costs as units are replaced that are not currently paying into the Fleet fund due to deferral of purchases and life cycle extensions. However, where feasible some future purchases of replacement equipment may be deferred to take advantage of the new fuel economy standards.

Other Post Employment Benefits (OPEB) – All Funds

Overview

Consistent with Government Accounting Standards Board directives, the County's actuarial consultants computed the unfunded Other Post Employment Benefits (OPEB) liability as of October 1, 2011 at $392M for Unified Personnel System (UPS) employees and $315M for Sheriff employees. The County's net Annual Required Contribution (ARC) for OPEB to fully fund this liability would be $27.7M for UPS employees and $24.1M for Sheriff's Office employees.

The FY2013 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 $27M for OPEB. Other local governments in Florida with an OPEB liability are also partially funding those obligations as budgets allow.

Key Assumptions

The forecast assumes that OPEB funding in the General Fund will continue at the current level of $2M per year throughout the forecast period. This will be reviewed following analysis of the

next OPEB actuarial report, which will provide valuations as of October, 2013. OPEB contributions for Enterprise operations are contained within their respective funds.

Projected OPEB Contributions - $ millions									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
$2.0	$2.0	$2.0	$2.0	$2.0	$2.0	$2.0	$2.0	$2.0	$2.0

Supporting Information

Effective January 1, 2011, new hires will not further increase the OPEB liability 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.

Other Fund-Specific Expenditures

Ambulance Contract Expenditures – EMS Fund

The County contracts with Paramedics Plus for the County's SUNSTAR ambulance system. Contracts with the County's ambulance provider were renegotiated in FY2012 with an annual reduction to base service payments of $2 Million. A 6% increase was included in the forecast from FY2014 through FY2022 to account for annual CPI increases and increases to transport volume. However, once the contract is up for negotiation, expenditures may change as the economy rebounds and fuel and labor costs and other factors change.

Change in EMS Ambulance Contract Expenditures									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

First Responder Expenditures – EMS Fund

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. First responder contractual expenditures increased 5.1% from FY2012 to FY2013 and are estimated to increase at 5% through the forecast period.

Change in EMS First Responder Expenditures									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Purchase of Water - Utilities Water Funds

A major expense to the Water System is the purchase of water from Tampa Bay Water. The annual change in the cost of water reflects the combined impact of changes in Tampa Bay Water rates and/or changes in consumption including decreases in wholesale customer base. The actual cost in dollars will be dependent on the amount of water purchased.

KEY ASSUMPTIONS

Change in Cost of Water Purchased from Tampa Bay Water									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
1.0%	2.1%	0.8%	1.7 %	1.7%	1.8%	1.7%	1.9%	2.1%	2.1%

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									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
7.0%	7.0%	7.0%	7.0%	7.0%	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 Department of Environment and Infrastructure Engineering Division in the CIP ten year work plan.

Solid Waste Expenditures – Utilities Solid Waste Funds
Solid Waste operating expenditures are projected to generally follow overall inflationary trends. The Solid Waste capital outlay forecast reflects the construction and purchase needs as estimated by the consulting engineering services report by CDMSmith, Inc. There is a large capital need forecasted from FY2013 through FY2018 to install additional air pollution measures, in anticipation of tighter regulatory requirements and additional required improvements.

<u>Other Forecast Considerations</u>

While climate change is generally viewed as a long-term problem, recent events show that we may already have begun to see an increase in the frequency and intensity of storms such as hurricanes and unseasonable weather. Should this trend continue, it may be prudent to consider increasing fund reserves to provide adequate resources to deal with the cost of responding to these events.

As a coastal community, rising sea levels due to climate change may require expenditures to reconstruct or relocate facilities that are in low-lying areas. At this time, it appears that these costs would not be incurred during the timeframe of the forecast.

FUND FORECASTS

The *Fund Forecasts* portion of the Budget Forecast: FY2014-2023 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:

- **Description:** Provides information concerning the fund such as: fund type, legal authority, authorized uses of proceeds, etc.
- **Summary:** Provides an at-a-glance summary of the ten-year forecast. These results are also summarized in the Executive Summary
- **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

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 9% of the total (net of reserves).

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.

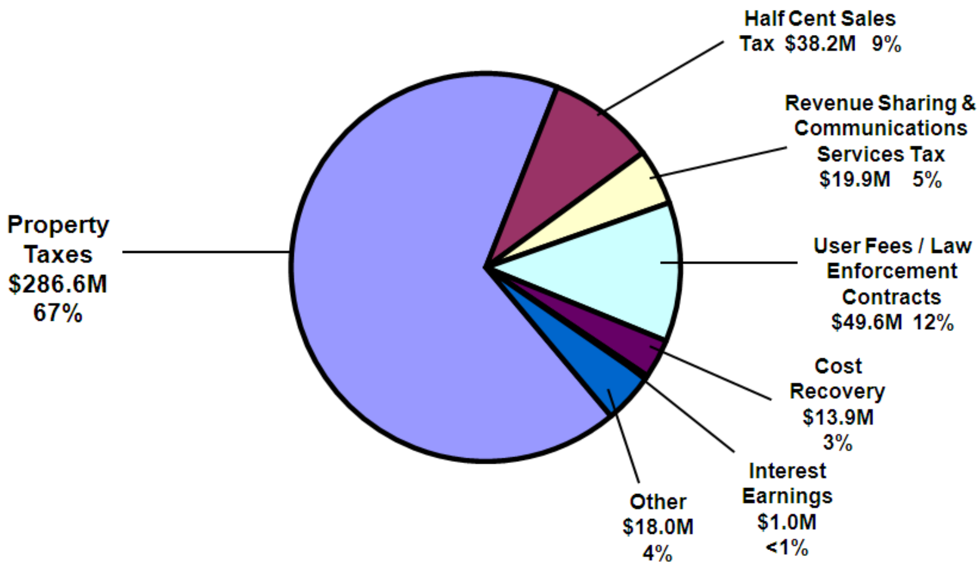
The forecast projects that beginning in FY2013, recurring expenditures exceed recurring revenues in the General Fund. This is primarily due to the aftereffects of the Great Recession, with continued slow recovery of the real estate market. In addition, caps on taxable value increases and total property tax revenue will inhibit future revenue growth. Major expenditure drivers that exceed normal inflation include personnel costs such as health insurance and state-required pension contributions, and mandated expenses such as Medicaid. There is a long-term structural imbalance of approximately $15M increasing to $60M per year over the forecast period absent action to address this problem.

The balancing strategy for the General Fund is to cover the shortfall in FY2014 by utilizing the Service Level Stabilization Account (SLSA). Expenditure reductions or revenue increases may be required in FY2014 or future years to address the structural imbalance. The extent of the changes needed will be dependent on the pace of the economic recovery, particularly the real estate market.

Revenues

Property Taxes are the single largest source of General Fund revenues, accounting for more than 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 81% of the revenue. The remaining 19% is derived from a variety of resources, including User Fees, Grants, Interest, and Cost Recovery from other County funds.

FY2013 General Fund Revenues

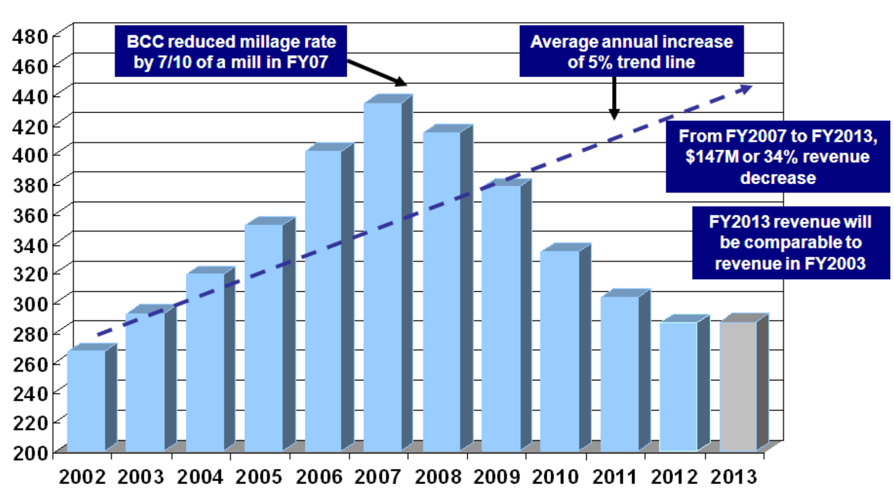


Source: FY2013 Adopted Budget

Property Taxes

The decline in property tax revenue from FY2008 to FY2012 exceeded the increases that occurred from FY2004 though FY2007. The FY2013 budgeted revenue is comparable to the revenue collected in FY2003. The chart below features a dotted line showing what the historical average of 5% growth in property tax revenue would look like. It shows that the above-average amounts collected in FY2004 through FY2008 have been overcome by the large gap between current property tax revenues and where they would have been if the historical 5% growth had taken place.

General Fund Property Tax Revenue (FY2002-FY2013) in millions



GENERAL FUND

As discussed in the “Assumptions” section of the forecast document, the State’s mandated increase in the County’s Medicaid costs adversely affected the General Fund. In order to stay the course on the established, multi-year strategy for achieving financial sustainability, the FY2013 budget included an increase of 0.1997 mills in the county-wide millage rate. There was no increase in the MSTU millage rate.

The combined General Fund property taxes for countywide and MSTU are expected to generate $286.6M in FY2013. The total property tax revenue will be comparable to FY2003, and is $147M, or 34%, less than the FY2007 peak revenue.

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 9% of total General Fund revenues. Sales Tax collections have begun to recover from the effects of the recession, but estimated revenues for FY2013 are still 9% under the peak year of FY2006. This tax is expected to generate $38.2M in FY2013.

State Revenue Sharing

The third major General Fund source, State Revenue Sharing, which is 2% of total General Fund revenues, is also primarily based on the State’s sales tax revenue. It is estimated that from this source the County will recognize $14.2 million in FY2013. This is 20% less than the FY2006 peak year revenue. However, the State’s implementation of the Medicaid mandate, which holds back funds for the “backlog” of Medicaid billings, means that the County can only expect to receive $9.4 million in FY2013. The State also plans to reduce the County’s Revenue Sharing amounts for FY2014 through FY2017. The original FY2013 budget showed this as a reduction in revenue. After further review, the Clerk’s Finance Division is posting revenue at the entire “earned” amount and posting the backlog holdback amount as an expenditure.

Communications Services Taxes

The fourth major revenue in the General Fund is the Communications Services Tax (CST). The CST is expected to generate $10.7M in FY2013, down from a peak of $13.2M in FY2007. The County’s CST rate is 5.22%, which is the maximum allowed under current State law. 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 following the recession.

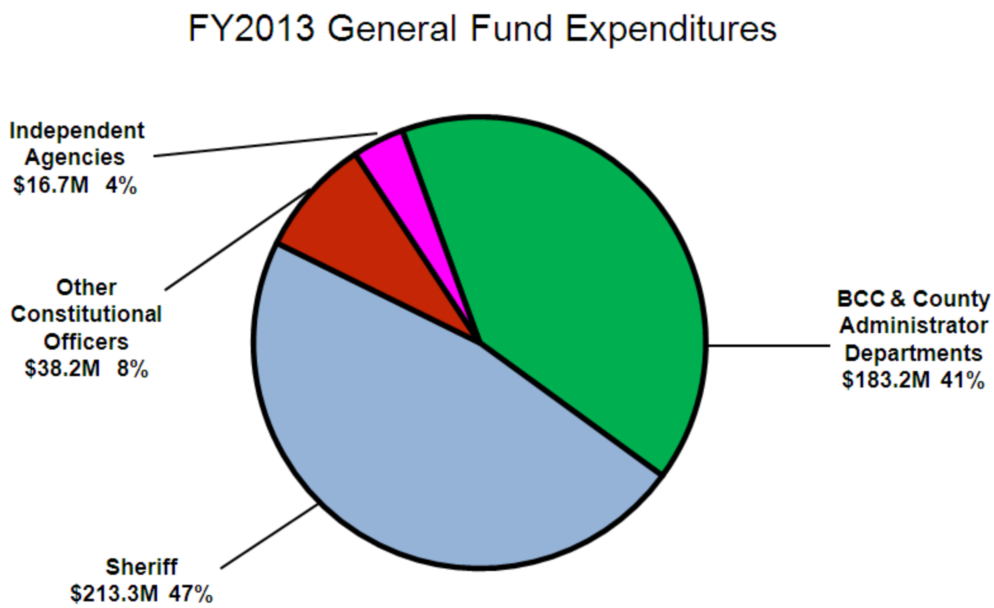
Other Revenues

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 decreased as a result of the recession, but are mostly expected to resume moderate growth in FY2014 and 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 for FY2013 total $451.4M (net of reserves and the Service Level Stabilization Account) and can be summarized in four groups: the Board of County Commissioners, the Sheriff, Other Constitutional Officers, and Independent Agencies.



Source: FY2013 Adopted Budget

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 $183.2M or 41% of total FY2013 General Fund expenditures (net of reserves and Service Level Stabilization Account).

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.

Sheriff
The Sheriff is an independently elected Constitutional Officer. The Sheriff's budget is $213.3M or 47% of total FY2013 General Fund expenditures (net of reserves and Service Level Stabilization Account). Detention and Corrections programs comprise 53% 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 13 municipalities. This includes St. Pete Beach, for which a contract was approved during FY2013. 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 $38.2M or 8% of total FY2013 General Fund expenditures (net of reserves and Service Level Stabilization Account). 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. The General Fund provides about 80% of the Tax Collector and 85% of the Property Appraiser total budgets. 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 25% 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 Board funds 100% of the Supervisor's budget, excluding occasional State or Federal grants.

Independent Agencies
These agencies are $16.7M, or 4%, of total FY2013 General Fund expenditures (net of reserves and Service Level Stabilization Account). 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.

<u>Court Support</u>
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 12% of the Judiciary's total budget, 8% 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.

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.

Grants and Aids
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 FY2013, the County will contribute an estimated total of $6.3M in TIF payments to the cities.

Debt Service
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 potential short term cash flow or financing needs.

Transfers
Transfers between funds includes ongoing or non-recurring items. For example, an ongoing transfer to the Employee Health Benefits Fund is budgeted to address unfunded liabilities for Other Post Employment Benefits (OPEB). FY2013 includes the first of five $1.5M transfers to the Capital Projects Fund to support the Centralized Chiller project which had been advance-funded from other sources.

Non-recurring funds may also be included in the other expenditure categories. For example, FY2013 Operating Expenses includes $3.9M in cost allocation charges from BTS to complete funding for the Justice Consolidated Case Management System (CCMS) project.

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 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 for one-time purposes only. They should not be used to fund ongoing programs.

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). We carry $100M worth of wind damage insurance. This means that we have additional 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.

The budget policies for General Fund Reserves (Fund Balance) were established by the Board of County Commissioners 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

GENERAL FUND

The amount and use of Non-Spendable and Restricted Reserves are defined by the value of inventories and limitations imposed by external entities such as grants that are being carried forward from the previous year. The budget policies address the other "unrestricted" categories.

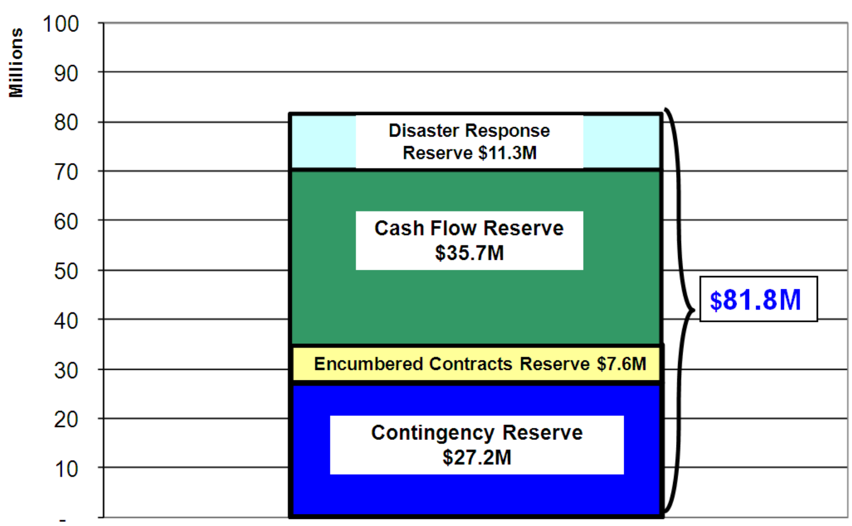
Prior to FY2011, the General Fund reserve policy was "at a minimum, no less than 5% to 15% of operating revenues, or no less than one to two months of operating expenditures." Over the last several years, the Board of County Commissioners set a conservative General Fund reserve target of 15% of total resources.

For FY2011, the Board revised its budget policy to incorporate this more conservative approach given that Pinellas County is a high hazard, coastal county. The revised budget policy states:

> ***The General Fund Reserve (Ending Balance) should be budgeted at a level of no less than 15% of total resources.***

The policy essentially sets a floor of 15% for the reserve level and does not set a cap to limit the reserve. The FY2013 General Fund budget includes a projected reserve of $81.8M which meets the Board's 15% policy target.

The components of the estimated FY2013 year-end reserves are Contingency, Encumbered Contracts, Cash Flow, and Disaster Response.



Contingency Reserve
The Contingency Reserve, which is budgeted at $27.2M in FY2013, 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 $7.6M in the Encumbered Contracts Reserve for FY2013 represents the average amount that was encumbered at month's end for the 12-month period ending May 2012.

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 68% of the total General Fund revenue. The FY2013 amount for the Cash Flow reserve, $35.7M, 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 FY2013, $11.3M 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.

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 the forecast, it is assumed that the General Fund millage rates for both countywide and MSTU purposes will remain the same as the rates for FY2013. The FY2013 countywide millage rate is 5.0105 mills, and the MSTU rate is 2.0857 mills.

As explained in the Key Forecast Assumptions section of this document, the forecast is that taxable values will return to positive growth of 2.5% in FY2014 and FY2015. In FY2016 and later years, the forecast assumes an annual growth rate of 3%, which is less than the 5% historical average growth which occurred in the years before the real estate boom.

For the State Shared Half-Cent Sales Tax, we anticipate 4.0% growth for FY2014 and a 3.5% annual growth for the FY2015-FY2023 forecast period.

The underlying sources of State Revenue Sharing are expected to return to a pattern of moderate growth slightly less than the sales tax, with an annual increase of 2.5% through the forecast period. However, as noted above, the implementation of the Medicaid mandate will result in the State reducing the amount of revenue sharing funds the County receives for FY2013 through FY2017.

Communications Services Tax revenue is forecast to continue a slow decline throughout the forecast period, decreasing 0.5% per year.

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 (FY2013) 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 Consumer Price Index (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.

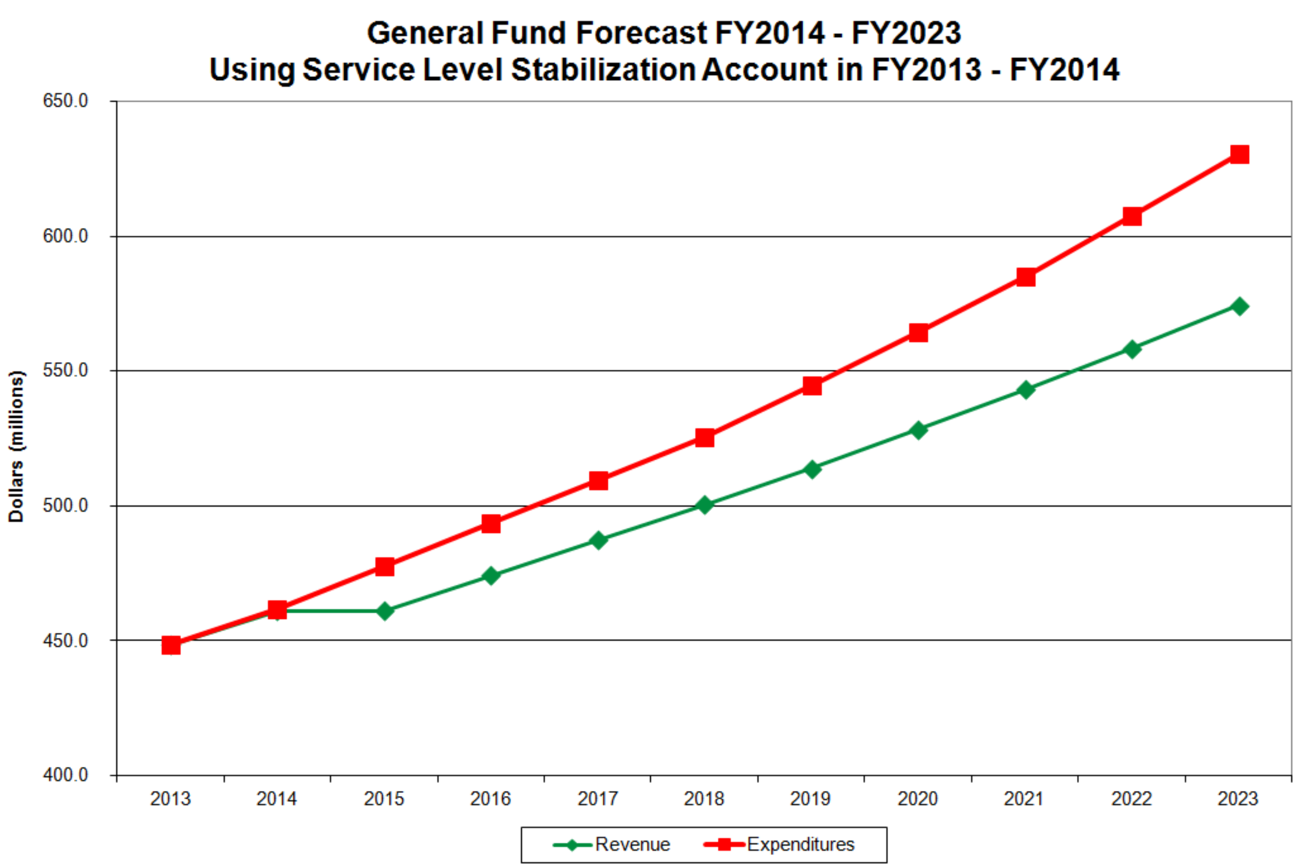
Because of the uncertain nature of non-recurring funds, none are anticipated in the forecast with the exception of those estimated to be available in FY2014 and $1.5M per year for FY2015 through FY2017.

No new programs funded by 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.

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.

Key Results

The forecast projects that in FY2014, recurring expenditures will exceed recurring revenues in the General Fund by an estimated $12.1M. The gap for FY2014 can be closed on a one-time basis by using the resources available in the Service Level Stabilization Account in accordance with the plan approved by the Board. However, a structural gap of approximately $15M increasing to $60M would remain throughout the forecast period without action to address this ongoing problem.



Forecast Budget Gap Without Corrective Action									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
($1.4M)	($17.7M)	($20.8M)	($25.1M)	($28.2M)	($33.8M)	($39.0M)	($43.2M)	($50.3M)	($57.5M)

Potential Risks

<u>REVENUE FACTORS</u>

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 FY2014 values to be certified on July 1, 2013 will reflect the market conditions through the end of the 2012 calendar year. Therefore, increases or decreases in value after January 1, 2013 will not impact the FY2014 tax base.

A change of 1% in the FY2013 countywide taxable value would result in a $2.6M change in revenue at the FY2013 millage rate of 5.0105. Similarly, a change of 0.1 mills in the rate using the FY2013 taxable value would result in a $5.2M 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. As 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 major proposed amendments to the State Constitution related to property taxes on the November, 2012 general election ballot were defeated, but it is conceivable that one or more of them will be revisited in the future.

Amendment 11 would have authorized the Legislature to allow local governments to increase exemption amounts for low-income seniors who have maintained permanent residency for at least 25 years. The Legislative staff estimated that this would have had a negative impact on local government revenues of more than $9M statewide beginning in FY2015.

Amendment 10 would have increased the amount of the tangible personal property exemption from $25,000 to $50,000. The Legislative staff estimated that this would have had a negative impact on local government revenues of more than $20M statewide beginning in FY2014.

Amendment 4 included three proposed expansions of property tax exemptions. The first would have reduced the cap on the annual change in taxable values for non-homesteaded property from 10% to 5%. The second would have allowed the Legislature to eliminate the "recapture rule" and prevent the assessed value of a property from increasing when its market value declines, even if the assessed value is less than the market value. The third would have granted an additional initial homestead exemption of 50% of market value to homeowners who had not had a homestead exemption in Florida in the previous 3 years. The Legislative staff estimated the cumulative impact of the proposals would have been a revenue loss to local governments of nearly $1 billion statewide by FY2016. The Florida Association of Counties estimated the potential revenue loss for Pinellas County at $3.7M in FY2014, growing to $12.7M annually by FY2017.

Other new exemptions as well as revenue and expenditure caps have been discussed and their passage in future legislative sessions or referendums 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. There are two basic methods of annexation in Florida: annexation by referendum and voluntary annexation. According to a Pinellas Planning analysis, from FY2001 through FY2011 approximately 8,000 acres representing $1.2 billion in taxable value was removed from the MSTU through these processes. Annexation activity, both referendum and voluntary, was significantly lower during fiscal years 2008 through 2011 than in the previous seven years. As property values begin to rise again there may also be an increase in proposed annexations. 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 Communications Services Tax - 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 a new recession.

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 University of Florida's Consumer Confidence Index was down slightly in November and December 2012 from its post-recession peak of September and October, possibly due to media attention on the looming federal "fiscal cliff." The 3.5% to 4.0% annual growth in the Sales Tax

forecast for FY2014 generates about $1.3M to $1.8M in additional revenue each year, which would be impacted by variations from the anticipated economic recovery assumptions.

The forecast assumes that the sources tied to Revenue Sharing will grow at 2.5% per year, a rate slightly less than the growth in Sales Tax. However, as mentioned previously, the State's implementation of the Medicaid mandate, which holds back funds for the "backlog" of Medicaid billings, means that the County will receive less than the full amount for the next several fiscal years. This illustrates the point that 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 is subject to revision by the Legislature.

State Budget Impacts

For the fourth year in a row, the State faced a significant budget gap for its FY2013 budget. Current projections for the State's FY2014 budget are more positive, but upcoming budget cycles will continue to be challenging given the reliance on sales taxes as the State's primary revenue stream. In dealing with upcoming State budget gaps, the Legislature may continue to reduce the amount of revenue it shares with local governments or cost shift more state responsibilities to the counties and cities.

The Medicaid mandate is only the most recent example of this tactic. Previously, for example, 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.

These formula changes can have serious impacts on the General Fund. A 10% cut in the Sales Tax formula would reduce revenues by over $3.8M.

Similarly, there has been repeated pressure from the telecommunications industry to reduce the scope of services that are subject to the Communications Services Tax (CST). The 2012 Legislature approved a bill, subsequently signed by the Governor, which will have a negative statewide impact on local CST revenues of more than $25M. A State commission is currently studying the CST to recommend further structural changes that may lead to even greater reductions in revenue. The cumulative negative impact of these changes is undetermined at this time.

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. For example, in the 2000 Census Pinellas represented 5.8% of the State's 16 million residents. By the 2010 Census, Pinellas' population remained virtually the same, while the State population grew to 18.8 million. As a result, Pinellas represented 4.9% of the State's population

in 2010. Although 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 from 1989 to 2008 the change in the CPI 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 FY2013 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 FY2014, 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 bill approved in 2012 tentatively establishes increased rates for the State 2014 fiscal year (July 1, 2013 to June 30, 2014) to address the system's unfunded liability. These rates are subject to change in next year's legislative session. The forecast assumes that the State will increase rates significantly to address the unfunded liability over the next four years, rather than all at once as contemplated in the 2012 legislation, because increases in these rates also have negative impacts on the budgets of State agencies and the school districts. After reaching a fully funded level, the rates should stabilize, but there is a large degree of uncertainty in that the Legislature and Governor have demonstrated that they are willing to make major structural changes to the pension system.

In addition to this general uncertainty, the requirement for employee contributions to FRS had been challenged by a lawsuit filed on behalf of public employees by several labor organizations. On January 17, 2013, the Florida Supreme Court issued its ruling in this case which upheld the employee contribution requirement. This avoided potential increases to employer contributions which could have negatively impacted personnel costs.

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 its budget problems, there is likely to be growing pressure to push expenses down to local governments even while imposing more restrictions or rollbacks on local revenues. The 2012 Legislature's Medicaid mandate illustrates this point.

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, in 2009 alone the Legislature enacted 25 laws containing 74 provisions that imposed mandates on counties and municipalities.

Balancing Strategies

One of the key financial strategies employed over the past three years has been the creation of a Service Level Stabilization Account (SLSA) in the General Fund. The SLSA represents non-recurring funds generated by taking reductions in FY2010, 2011, and 2012 over and above what was necessary to balance the budget. A total of $28.6M was accumulated in the SLSA for this purpose.

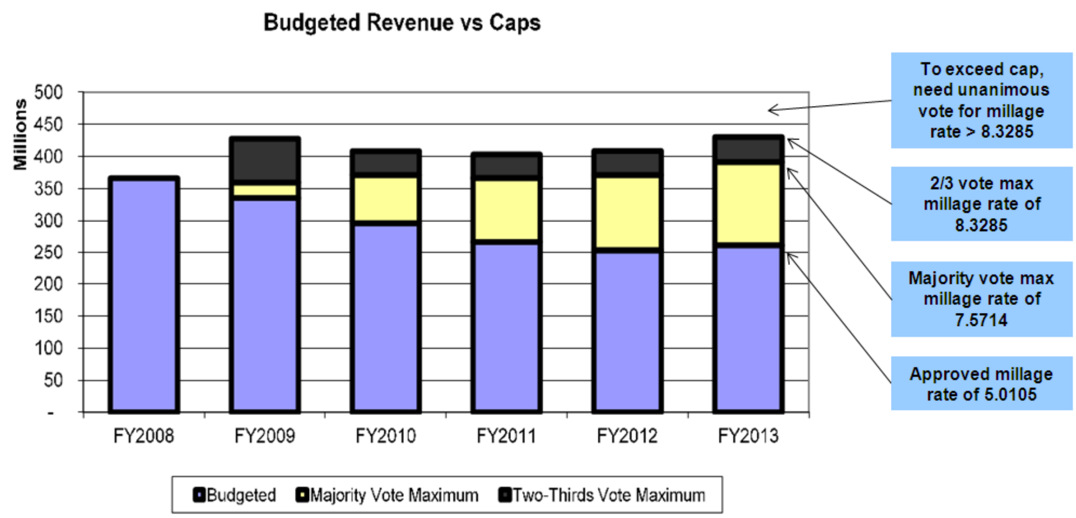
The SLSA is being used to cover estimated shortfalls in the General Fund in FY2013 and FY2014. The SLSA helps provide flexibility in the budget to avoid making reductions to the point where revenues bottom out and allows us to bridge to a time when the budget has stabilized and begins to improve. Because it is a non-recurring funding source, it is very important that we carefully monitor the structural balance of the General Fund as the SLSA is spent down.

Assuming that the balance in the SLSA is drawn down in FY2014, there are several balancing strategies that could be considered to address the ongoing structural gap in revenues and expenditures.

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 five 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. Between FY2007 and FY2011, reductions

of over $182 million were made in General Fund agencies, and budgeted positions decreased by 1,618 or 25%. An additional $18.3 million in budget reductions were taken in FY2012. As a result of these and other changes, the total FY2013 General Fund budget of $556,054,060 is comparable to the FY2005 budget of $556,059,420.

Revenue increases are another option. The County is currently collecting less than the maximum allowed majority-vote property tax revenue. In 2007, the Legislature enacted new limitations on property tax revenue increases for local governments. Super-majority votes of the Board are required if proposed property tax revenue exceeds caps based on the average growth in Florida personal income and new construction. The caps went into effect beginning in FY2009, using the FY2008 level of property tax revenue as the base. As shown in the chart below, capacity under the cap has increased as property tax revenues have decreased. There is currently a wide spread between the FY2013 millage rate of 5.0105 and the cap limit of 8.3285.



Another revenue balancing option is the implementation of a storm water strategy that includes a new dedicated funding source. If a dedicated funding source was available, approximately $3.1 million of storm water costs currently funded in the Municipal Services Taxing Unit (MSTU) could be freed up to create additional capacity.

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 past budget processes, 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) and payments in lieu of taxes or a return on equity from enterprise funds.

GENERAL FUND

TOURIST DEVELOPMENT COUNCIL FUND

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 a 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. In November 2010, the Board approved an extension of the 5% tourist development tax to 2021. The forecast continues the 5% tax through FY2023.

The fund supports the Tourist Development Council, serving as Visit St. Pete/Clearwater through the bed tax. The bed tax is used to enhance the County's economy by increasing tourism and direct visitor expenditures through marketing and promoting the destination.

Summary

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 been steadily improving since Spring 2010 and reached record levels in FY2012. FY2013 revenues are estimated to grow 4% beyond actual receipts for FY2012, and are anticipated to continue to increase conservatively at 3.5% in FY2014. Beyond FY2014, projections continue to increase by 3.0% annually through 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. Through FY2015, more funds are available for additional advertising based on the assumption that the promotional activities budget will be adjusted to reflect any revenue increases or decreases while maintaining a 15% reserve balance. Beginning in FY2016, the fund is forecast to have additional capacity once the debt service on Tropicana Field and the Dunedin Spring Training Facility is paid off in 2015. The additional capacity could be dedicated to new capital outlay, as with the Board approved Salvador Dali Museum funding, new debt service, 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. The Board also approved a review of the Tourist Development Plan every five years.

Revenues

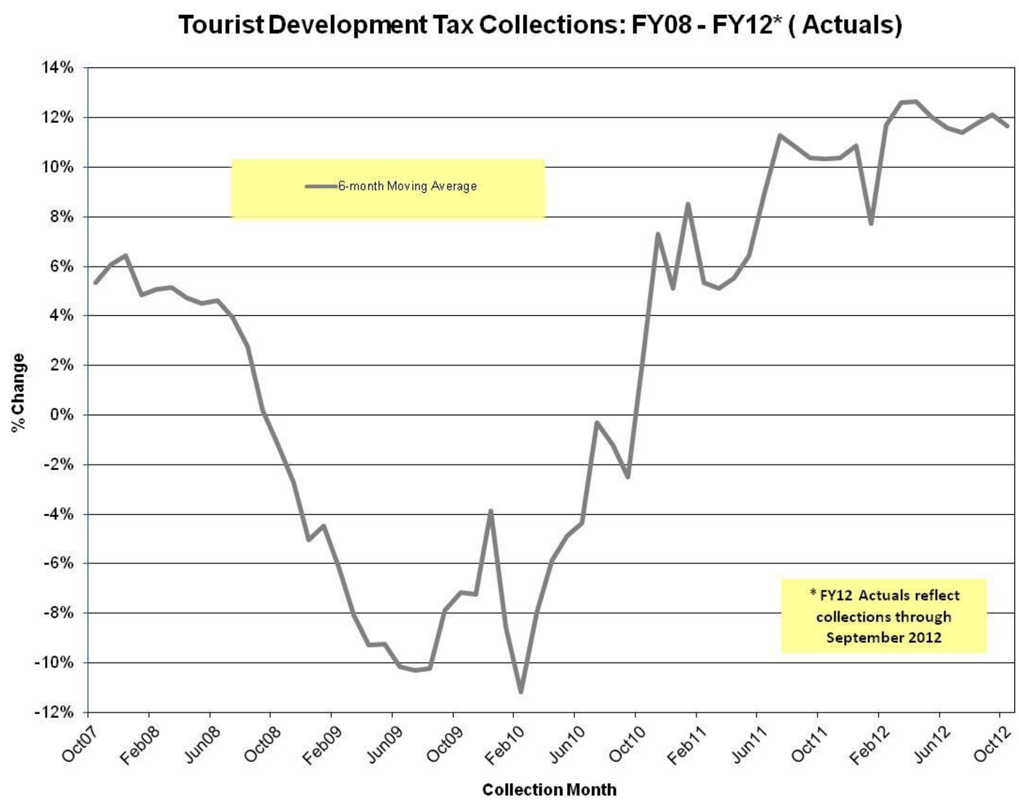
The TDC Fund consists almost exclusively of one primary funding source: tourist development taxes.

TOURIST DEVELOPMENT COUNCIL FUND

Tourist Development Taxes

Tourism is a key economic driver of the economy in Pinellas County and contributed direct and indirect visitor expenditures of approximately $7.3 billion during calendar year 2012 (*source: Research Data Services, Inc.*). The Tourist Development Tax is projected to generate $29.9M in FY2013.

Tourist Development tax collections are very sensitive to economic conditions due to the close relationship between disposable income and leisure travel. The following chart showing a 6-month moving average of collections from October 2007 to October 2012 indicates that collections bottomed out at the beginning of 2010, but have been rapidly increasing again as the economy has begun to rebound. Over the past year, the rebound in tax revenue has outpaced the overall economy. This chart demonstrates how sensitive tourist tax collections are to economic and other conditions and why having reserves to withstand changing conditions is necessary.



In addition, transient rental occupancy increased at least 2% in each month from January to September of 2012 as compared to the same one-month period in 2011. FY2012 actual revenue totaled $28.7M, which was a 12.4% increase over FY2011. FY2013 revenues are projected to increase by another 4.0% and FY2014 by 3.5%. From FY2015 through FY2023, collections are expected to increase 3% annually as the general economic recovery continues. While recent trends may suggest a stronger rate of recovery, the long-range forecast is conservative due to the sensitivity of this revenue source.

The chart below compares visitor origins tracked by Research Data Services, Inc. (RDS), with year-to-date figures for November 2011 and November 2012, and it shows a net overall increase of 3.9%. Within this figure, the Southeast visitor segment increased 6.6% and European visitors increased 7.4%. Latin America has been added to the table as a visitor segment to track, and it shows strong growth with an increase of 54.4% between August 2011 and August 2012.

Calendar Year-to-Date through Nov'11 and Nov'12

Visitor Origins	2011	2012	% Change
Florida	634,689	641,863	+1.1%
Southeast	307,389	327,523	+6.6%
Northeast	1,115,171	1,151,945	+3.3%
Midwest	1,456,771	1,481,345	+1.7%
Canada	290,857	304,839	+4.8%
Europe	831,904	893,188	+7.4%
Other U.S. Markets	130,519	131,497	+0.7%
Latin America	42,800 *	66,100 *	+54.4%
Total	**4,810,100**	**4,998,300**	**+3.9%**

Source: November 2012 Visitor Profile, Research Data Services, Inc

- Latin American numbers are through August 2011 and 2012.

The European visitor segment represents about 18% of total visitors tracked by RDS. Although a slight recession is anticipated for the Eurozone, the number of European visitors is not anticipated to decrease due to the characteristics of the market segment and increased access to the destination. European visitors to Pinellas are a younger, wealthier market segment generally insulated from economic cycles. In addition, the European market will gain increased access from additional air service providing easy access to the destination from cities throughout Europe and Germany. For example, in May 2012, Edelweiss Air started twice weekly, non-stop flights from Tampa to Zurich, Switzerland.

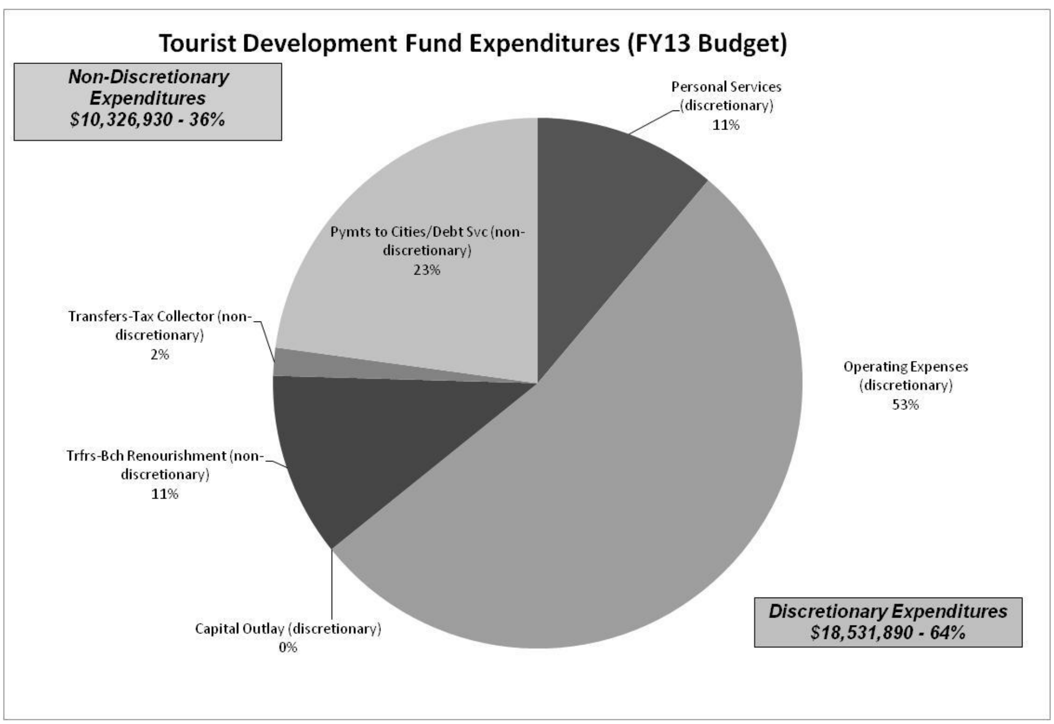
The next chart lists the Annual Average Daily Rate (ADR) that hotels are able to collect and the number of Annual Overnight Visitors since 2000. As a result of hurricanes, red tide, and the economic downturn, ADR stayed flat from 2007 to 2010 and visitor counts declined from a peak of 5.3M in 2007. Since 2010, ADR and visitor counts have rebounded.

Year	Annual ADR	Annual Overnight Visitors
2000	$71.62	4,700,140
2001	$74.16	4,726,161
2002	$73.16	4,714,432
2003	$74.91	4,837,998
2004	$78.11	5,077,280
2005	$84.32	5,212,435
2006	$93.18	5,254,255
2007	$100.00	5,300,220
2008	$104.38	5,193,980
2009	$101.71	4,991,410
2010	$100.15	5,041,200
2011	$104.83	5,235,200
2012	$113.17	5,435,000

Source: Research Data Services, Inc

Expenditures

The TDC Fund supports budgeted expenditures and reserves in FY2013 totaling $34.4M. The primary expenditures in the fund are $18.5M for operations and promotional activities, $6.6M for debt service for three sports facilities, $3.7M for two transfers, and $5.6M in reserves.



Operations and Promotional Activities

The discretionary expenditure budget of $18.5M includes the staff, operations and promotional activities that promote the St. Petersburg / Clearwater destination. Promotional activities are primarily comprised of the advertising contract, with the balance of the funding supporting such programs as sponsorships, publicity, and promotion via technology.

The promotional activities budget was increased in FY2012 due to the higher actual collections as compared to budget. Sufficient revenue to support $1M in additional advertising was anticipated and appropriated in the FY13 budget. The next chart from the Convention and Visitors Bureau provides allocations in the discretionary operations and promotional budget (without debt payments, transfers and reserves).

Convention & Visitors Bureau Operations & Promotional Expense

Expenses	FY 2013	% of Operations
Operating & Capital Outlay	$ 821,370	4.4%
Personnel	$3,211,630	17.3%
Advertising/Direct Sales	$13,437,690	72.5%
Research	$ 235,000	1.3%
Shipping/Communications/Inquiry	$ 370,000	2.0%
Travel	$ 456,200	2.5%
Total	**$18,531,890**	**100.0%**

Source: Pinellas County Convention & Visitors Bureau.

Undesignated

Over the forecast period, there are anticipated available funds above the 15% reserve target that are not currently obligated. The "Undesignated" expenditure line in the forecast identifies the amount projected through FY2023.

Capital Outlay

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 approved an agreement that provides payments of $500K annually to the Salvador Dali Museum from FY2015 to FY2019. The Board also approved a review of the Tourist Development Plan every five years.

Debt Service

This fund dedicates the proceeds of the 4th cent of tourist development revenue, less Tax Collection expense, 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 the property back 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 fixed debt service in the amount of $588K for the City of Clearwater's spring training facility (expires 2021) and $298K for the City of Dunedin's spring training facility (expires 2015).

Transfers
The TDC fund transfers half of the proceeds of the 3rd cent to the Capital Projects Fund for beach nourishment projects to support tourism and maintain property values. The transfer is budgeted at $3.2M for FY2013, which is $0.5M more than the anticipated collections for this half-cent. The additional amount accounts for dedicated revenue received in excess of the previous year's budget for the transfer.

This fund transfers $494K to the Tax Collector in FY2013 for administration and collection of the tourist development taxes. This cost is approximately 1.7% of collections and is projected to increase by 3% per year through the forecast period.

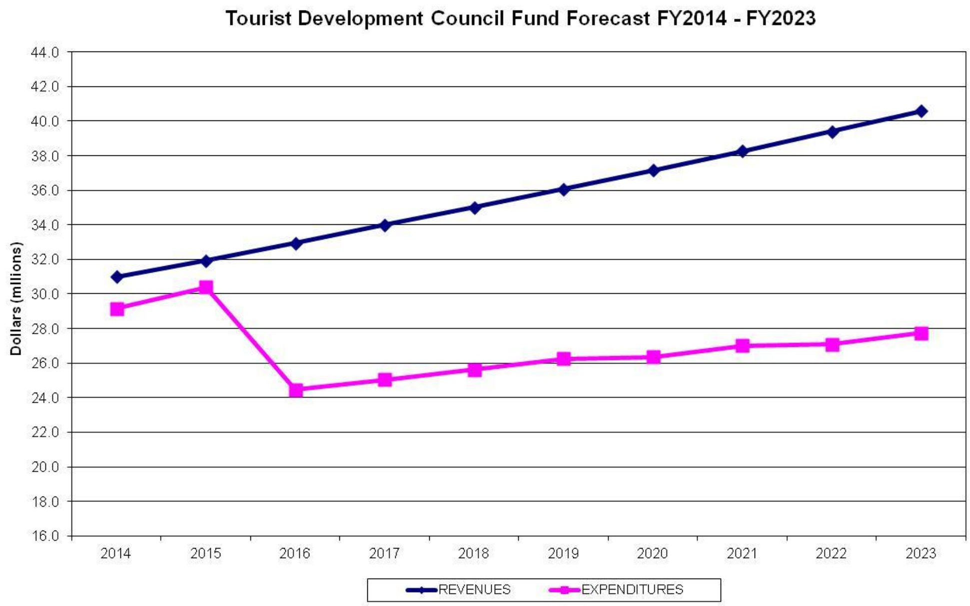
Reserves
On a budget basis, the reserve level in this fund is currently at 16%, which is slightly above the reserve level requested by the Tourist Development Council. The fund reserve will serve as a fiscal shock absorber in the event tourist development tax revenues deteriorate in response to changes in 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, in FY2009 as a result of the financial crisis, and most recently in FY2010 as a result of the British Petroleum (BP) oil spill.

In order to maintain liquidity in this fund, adequate reserves need to be maintained at a minimum level of 10%. This fund has several large expenditures, such as debt service, that come early in the fiscal year, while some occur later in the fiscal year. Monthly revenues usually peak during the Spring Break and Easter timeframe. Since such seasonality occurs for both revenues and expenditures, and the fluctuations do not occur together, working capital needs are met by using reserves until the revenues are collected.

Ten-Year Forecast

Key Assumptions
The revenue forecast for tourist development taxes reflects increasing growth in the economy, with an increase of 3.5% in FY2014 and an annual increase of 3.0% through FY2023. On the expenditure side, personal services are projected to increase 4% per year. Promotional activities (advertising) estimates have been increased to match the increase in revenue 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-authorized to service new debt or allocated to supplement the promotional activities budget. It does include the additional capital outlay of $500K approved for the Dali Museum beginning in FY2015 and ending in FY2019.

TOURIST DEVELOPMENT COUNCIL FUND



Note: This chart reflects forecasted expenditures without the "Undesignated" amount.

Key Results
The forecast for this fund from FY2013 to FY2015 shows that revenues and expenditures are in-line while the fund maintains at least a 15% reserve. Beginning in FY2016, revenues exceed expenditures by a wide margin as the debt service for Tropicana Field and the Dunedin Spring Training Facility is paid off. Even with the Board approved capital outlay 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 from 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.

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 international visitors to Pinellas County.

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

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 beginning in FY2016 may be applied to newly approved debt service or to other authorized tourism promotion and development activities.

TRANSPORTATION TRUST FUND

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%. The interlocal agreement will expire in 2017.

Summary

The Transportation Trust Fund is primarily funded by state and local fuel taxes and has been impacted by a downturn in 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 is projected to continue its slow decline and not keep pace with inflationary increases for expenditures in this fund.

The forecast for the Transportation Trust Fund indicates that the fund is not in balance beginning in FY2013, resulting in a depletion of fund balance by FY2018. This imbalance primarily results from inflationary pressures on expenditures coupled with the projected reduction in gas tax collections that are based upon the volume 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.

Revenues

The Transportation Trust Fund consists mainly of three primary funding sources: State shared gas taxes ($9.2 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 the Advanced Traffic Management System / Intelligent Transportation System ($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. The amount of revenue 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. As a result, state shared gas taxes, as well as the other gas taxes, are anticipated to continue to slowly decline over the forecast period.

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. The proceeds are shared with the municipalities through an interlocal agreement stipulating that the County retains 60% of monthly collections and municipalities sharing the remaining 40%.

Ninth Cent Gas Tax
This resource is a one cent per gallon tax on all motor fuel sold within the County including diesel. Unlike the Six Cent Local Option Gas Tax, the proceeds are not shared with the municipalities. This gas tax funds the creation and maintenance of the Advanced Traffic Management System/Intelligent Transportation System in the county.

Transfers
A transfer of $1.5 million per year from the General Fund to the Transportation Trust Fund is budgeted beginning in FY2013 to support ongoing operating costs that were reassigned to this fund based on an analysis of the allocation of Department of Environment and Infrastructure expenditures.

Expenditures

The Transportation Trust Fund supports expenditures totaling approximately $30.4 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 ($6.7 million), traffic signal and traffic control activities ($7.4 million), and bridge and concrete structures maintenance ($5.8 million).

Intelligent Transportation Systems
As a part of improving 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 $1.2 million. The balance of the available funds are transferred to the Capital Projects Fund.

Capital Improvement Project Impacts

Some capital improvement projects have the potential to require increased operating expenditures when completed. Beginning in FY2014, the forecast includes estimated operating expenditures to support completed capital improvement projects.

Transfers

Since the inception of the Ninth Cent gas tax, a transfer takes place annually from the Transportation Trust Fund to the Capital Projects Fund. This transfer pays for 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 average of approximately $2.5 million is transferred annually to the Capital Projects Fund to match state and federal grants available to implement the system on major County and State road corridors.

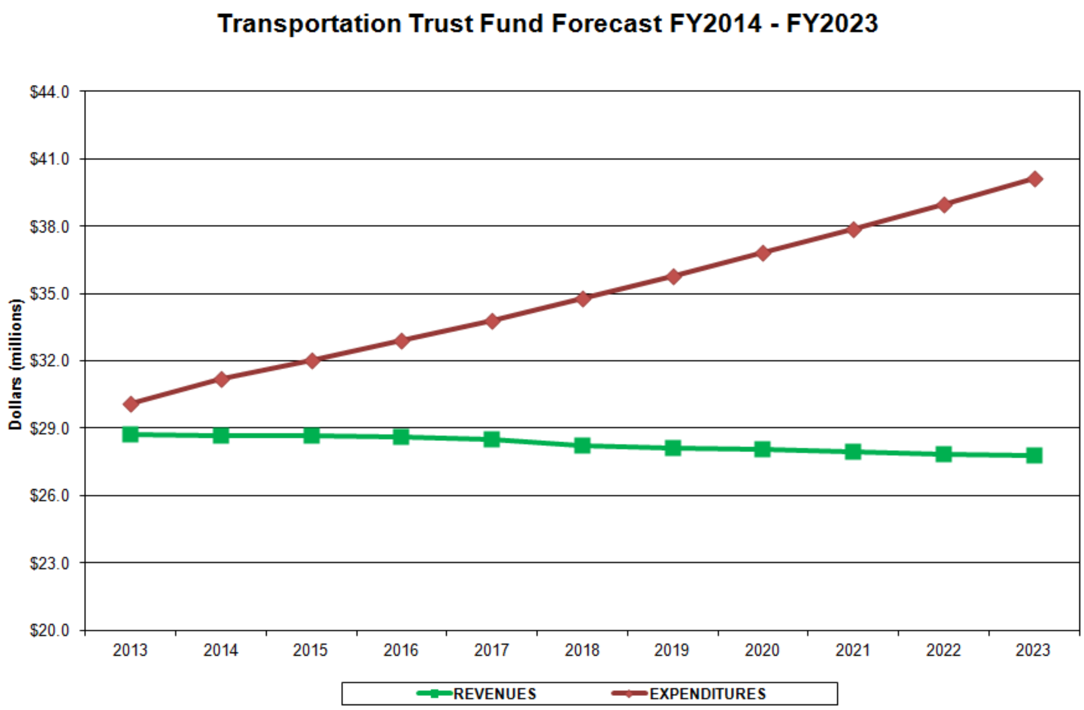
Reserves

The budgeted FY2013 reserve level of $12.2 million in the Transportation Trust Fund is approximately 29%, 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 was merged into the Transportation Trust Fund in accordance with new accounting standards (GASB Statement 54) for FY2012. This reserve level is gradually being reduced as expenditures exceed revenues.

Ten-Year Forecast

Key Assumptions

As discussed, the main revenue sources for this fund are state shared gas taxes and local option gas taxes. 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. Revenue growth assumptions have been based on the State's Revenue Estimating Conference's forecast of gallons of motor fuel pumped annually in Florida. The State's annual average growth rate is 1.9%. These taxes are based on gallons pumped 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 a continuing gradual decline in gas tax revenues. Based on the historical and future reduction patterns, current gas tax revenues are not predicted to keep up with projected inflationary expenditure demand on transportation operation and expenditure needs.



Key Results

Beginning in FY2013, Transportation Trust Fund expenditures 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, an increase in electric vehicles, or mass transit efforts could also affect the outer years of this forecast.

In addition, a decision to not extend the current six cent local option gas tax levy would have a major impact (more than $12 million) 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.

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. Diesel fuel is not subject to this tax. The County's estimated share of one cent of this local option gas tax is now approximately $1.9 million, which is 60% of the $3.2 million in proceeds which would be generated countywide .

1 cent	2 cents	3 cents	4 cents	5 cents
$1.9M	$3.8M	$5.7M	$7.6M	$9.5M

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

Of Florida's 67 counties:

** 24 levy more than 7 cents*

** 27, including Pinellas, Pasco, and Hillsborough, levy 7 cents*

** 16 levy less than 7 cents*

Source: 2012 Local Government Financial Information Handbook - October, 2012

An additional one to five cents is not likely to have a measurable impact on the sale of fuel, as normal price differences and fluctuations routinely exceed this amount. For this reason, there would be little incentive for consumers to redirect their fuel purchases to Hillsborough or Pasco counties if they maintain their current seven cent fuel tax rates. The additional five cents may be used for the construction of new roads, the reconstruction or resurfacing of existing paved roads, the paving of existing graded roads or other expenditures that are needed to meet immediate local transportation problems or are critical for building comprehensive roadway networks. Routine maintenance of roads is not considered an authorized expenditure. The additional one to five cents could be levied by a majority plus one vote of the Board, or by approval in a countywide referendum.

Another balancing option is the implementation of a storm water strategy that includes a new dedicated funding source. If a dedicated funding source was available, storm water costs currently funded in the Transportation Trust Fund could be freed up to create additional capacity.

CAPITAL PROJECTS FUND

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.

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 declined for several years instead of increasing at the original projected rate due to the recession, but 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 balanced over the forecast period. During several years of the forecast, expenditures exceed revenues due to project schedules. Additional cash flow necessary in the first half of the ten-year period is being addressed through an interfund loan from the Solid Waste Replacement & Renewal Fund. The forecast includes repayment of the loan from FY2013 to FY2020.

Revenues

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

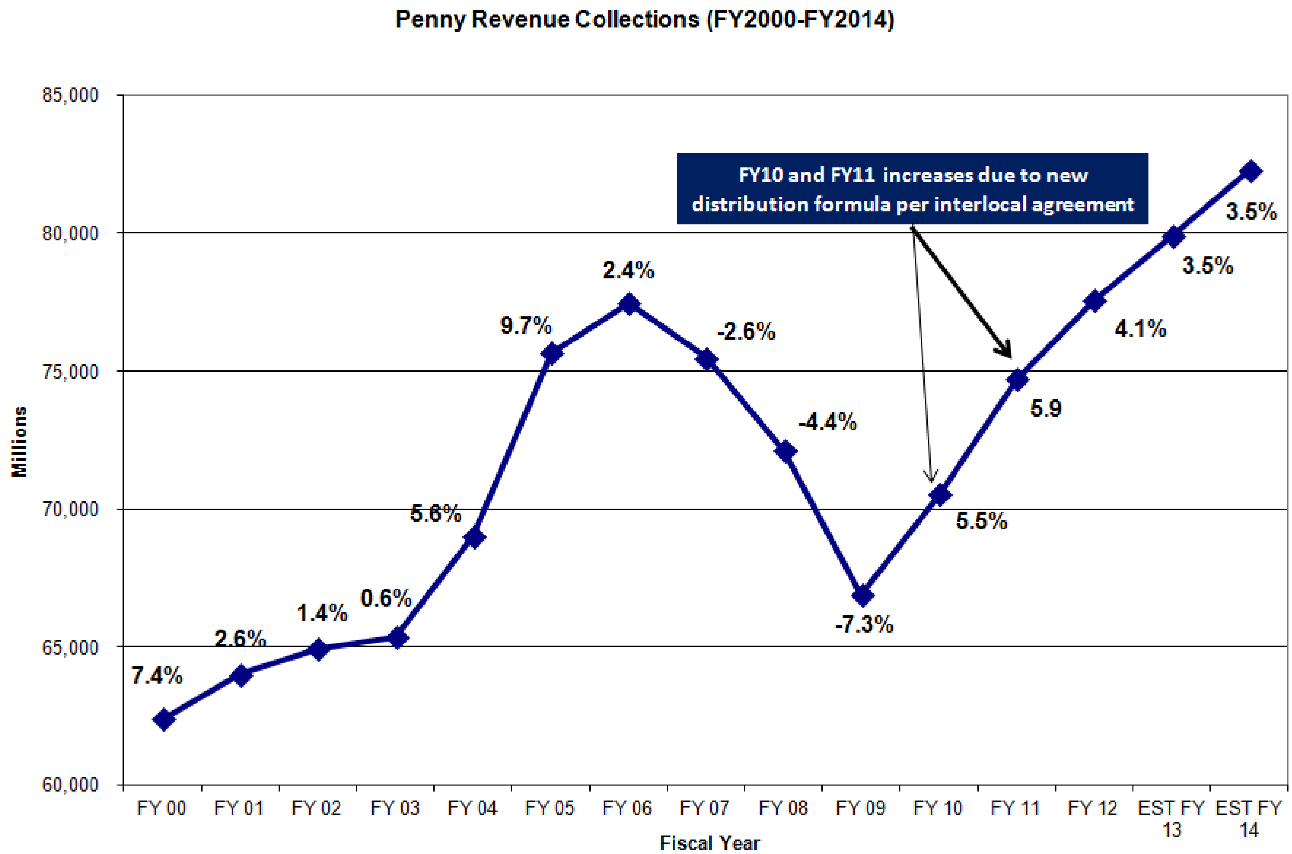
Local Option Sales Tax (Penny for Pinellas)
Penny for Pinellas revenues are proceeds of an additional one cent Local Government Infrastructure Surtax on Sales, pursuant to Section 212.055(2), Florida Statutes, imposed in Pinellas County. The authorized use of these funds is generally restricted to infrastructure 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.

CAPITAL PROJECTS FUND

Collections increased in FY2010 and FY2011 due to the transition to the new revenue distribution formula that 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 revenue increase to the County is misleading as the underlying Penny revenues actually decreased in FY2010 and FY2011. In FY2013 and FY2014 the Penny is anticipated to increase 3.5%, which is consistent with the general improvement in the economy. The chart below shows the fluctuation in annual growth rates experienced since FY2000.



Grants

The second largest sources of revenue in the Capital Projects fund are grants. The FY2013 budget includes $32.7M in local, state, and federal grants from agencies like the Southwest Florida Water Management District and the Florida Department of Transportation. Grant 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.

CAPITAL PROJECTS FUND

The FY2013 and FY2014 Budgets include a transfer of $17.5M and $45.0M respectively from the Solid Waste Renewal and Replacement Fund as part of the interfund loan to the Capital Projects Fund. On September 21, 2010, the Board approved a resolution authorizing an interfund loan amount of up to $85 million in lieu of a $150M bond issue originally planned to finance key projects in the 2010 to 2020 Capital Project Fund.

The outstanding principal in FY2013 will be $32.5 million (including the FY2013 loan amount of $17.5 million). The annual rate of interest is a variable rate which is currently less than 1%. Payments on outstanding loan principal are required to begin no later than FY2016 and the loan shall be paid in full no later than December 31, 2019. 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.

The loan is being tracked separately for the Centralized Chiller Facility project vs. the cash flow needed for capital projects in total. The loan amount for capital projects consists of $15 million in FY2010, $10.0 million in FY2013 and $45 million in FY2014. The principal payments for the $70 million loan for capital projects is budgeted for FY2015 – FY2020.

The loan amount for the Centralized Chiller Facility project is $7.5 million in the FY2013 budget. The principal payments for the Centralized Chiller project is budgeted for FY2013-FY2017. This project funds the construction of a new centralized chiller facility for the downtown Clearwater campus. The County will purchase chilled water at a set rate based on the amount of investment towards the cost of the facility. Fully funding this project is estimated to result in $507K of annual savings, $3.8M of cost avoidance, and potential revenue opportunities of $300-400K a year. The total project cost is estimated at $12.0M, of which $1.5M of design costs are being paid for by a federal grant from the Department of Energy and $3.0M was allocated from non-recurring funding in the General Fund in the FY2011 Budget.

The General Fund transfer in FY2013 for $1.8 million covers the cost of two items. The first item is $300K of recurring capital costs paid for by recurring revenue from the implementation of the new parking fees at Fort De Soto Park and Howard Park Beach & Causeway. These funds will be used annually to maintain and improve the bathhouses at the two parks. The second item is $1.5 million for the principal payment on the Centralized Chiller Facility project.

The FY2013 transfer of $2.2M 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 FY2013 transfer of $3.2M 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 is used to account for Transportation Impact Fees collected throughout the County, thus assuring that new development bears a proportionate share of the cost of capital expenditures necessary to meet transportation needs of the County. The transfer of $1.6M from the Transportation Impact Fee Fund in FY2013 is 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. Please see the "Capital Improvement Program" section of the FY2013 Budget Message for expenditure highlights of the One-Year CIP and the Ten-Year CIP.

Debt Service

Debt service costs over the forecast period are associated with the interfund loan from the Solid Waste Renewal and Replacement Fund. The loan consists of $70M to help necessary liquidity in the Capital Projects Fund related to the acceleration of projects in the first half of the 2010-2020 Penny Program and $7.5M for the balance of the remaining cost for the Centralized Chiller Facility. This project has already been funded $1.5M by a Department of Energy grant and $3.0 by non-recurring funds in the General Fund.

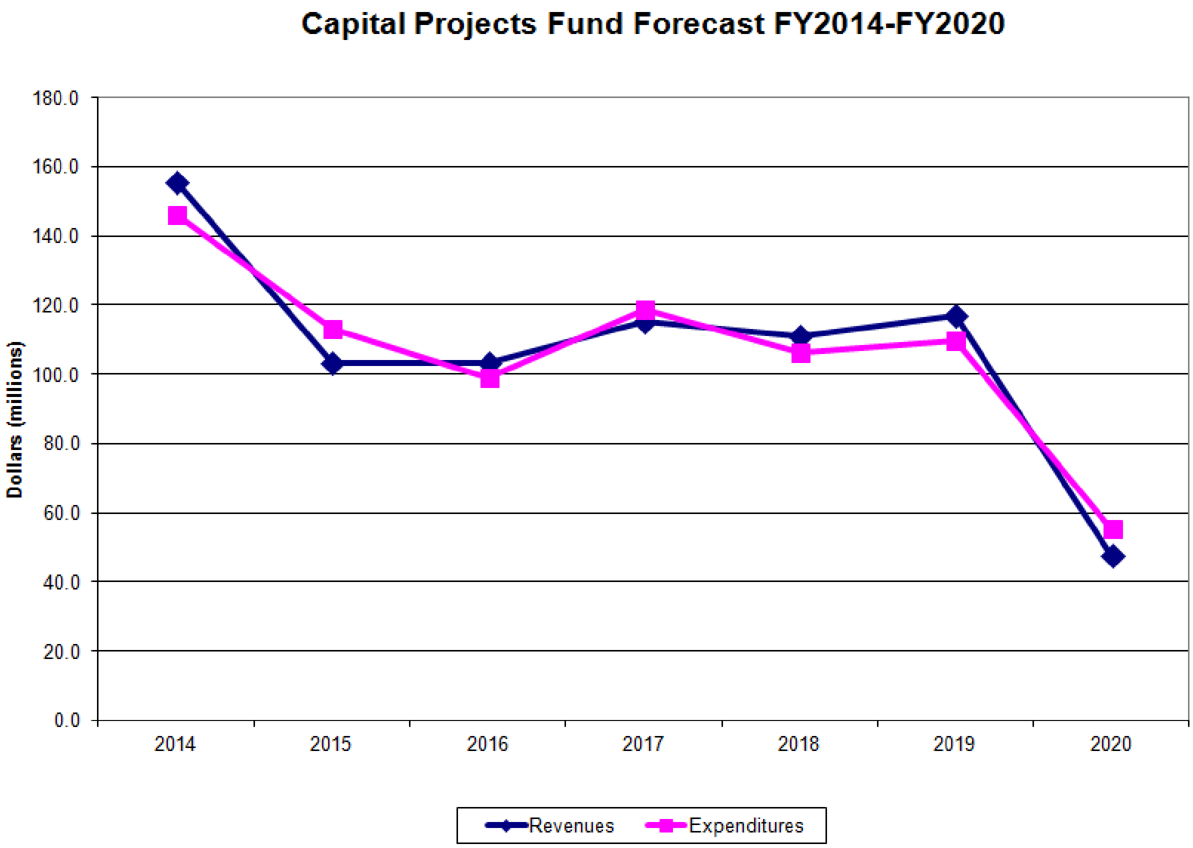
Ten-Year Forecast

Key Assumptions

The revenue assumptions for the overall Penny sales tax are consistent with the Half-Cent sales tax in the General Fund at 4.0% growth from FY2014 to FY2020. However, the growth rate in the Capital Projects Fund for the Penny sales tax is less at 3.5% growth in FY2014 and 3.0% growth from FY2015 to FY2020. 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.

CAPITAL PROJECTS FUND



Key Results

The forecast for the Capital Projects Fund shows that the fund is balanced over the forecast period. During several years of the forecast, expenditures exceed revenues due to project schedules. Additional cash flow necessary in the first half of the ten-year period is being addressed through an interfund loan from the Solid Waste Renewal & Replacement Fund. A primary driver of cash flow is $81M of expenditures associated with the Public Safety Complex project that started in FY2012. The forecast includes repayment of the loan from FY2013 to FY2020.

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

The forecast for the Capital Projects Fund shows that the fund is balanced over the forecast period. The assumption is that expenditures will be decreased or increased to match the Penny for Pinellas and other revenue streams that support the CIP.

EMERGENCY MEDICAL SERVICE FUND

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"). The EMS System 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 System 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.

Summary

The Emergency Medical Service (EMS) Fund is sensitive to property values as it is funded 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.

The forecast for the EMS Fund indicates the fund is not balanced over the forecast period. On the revenue side, the FY2013 Adopted Budget included an increase of 0.0652, or 7.7%, in the countywide EMS millage rate from 0.8506 to 0.9158. With this increase, the EMS budget maintains the status quo with respect to level of service and the delivery system. The millage increase is not enough, over the forecast period, to fund the system and maintain the fund's reserve at 25% pursuant to Board policy adopted by ordinance. The forecast estimates the reserve at 25.2% in the FY2013 ending fund balance. The estimated percentage decreases to 20.3% at the end of FY2014, and 13.0% by the end of FY2015 if the tax rate is not increased again or expenditures are not significantly reduced. Though this level is improved from the last forecast, expenditures in the EMS Fund are still projected to exceed revenues by an increasing amount each year from FY2013 through FY2023. In FY2016, the projected reserve drops below 4%. This leaves approximately $4M in the fund balance for the projected $12M deficit in FY2017.

Future expenditure savings will be addressed with the results of an operational study and accounting study that are underway to analyze variations of EMS service under consideration for Pinellas County. In late 2011, the Pinellas County Legislative delegation created an EMS Fire Transport Special Committee to select a nationally recognized firm that would operationalize, analyze, and compare costs for three variations of EMS service: 1) the current EMS system; 2) the system as proposed in the Integral Performance Solutions Study; and 3) the Sanford-Millican proposal for fire based transport.

The current ambulance service contract is in effect through FY2014, with a one year extension option. First responder contracts are currently funded based on actual first responder costs as defined in Board Resolution 09-38. It is expected that a combination of revenue increases and expenditure savings will be needed to make up for deficits in prior years and increase reserves to a sustainable level throughout the forecast period.

Revenues

The primary funding sources for the EMS Fund are ambulance user fees and property taxes.

Ambulance User Fees
The ambulance service user fees provide funding for the ambulance program, which includes 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 $620 per transport. The County bills Medicare, Medicaid, private insurance, and various other payors for transport service. Billing for the service is done by Pinellas County. The collection rate is currently about 70% (net of Medicare/Medicaid non-allowable charges) of billing for the 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 projected to reach $44.6M in FY2013 and then increase by 2% annually over the forecast period. The Board of County Commissioners has the authority to increase ambulance user fees as necessary. In addition, Board Resolution 89-208 calls for an automatic increase in user fee rates by the percentage increase in the medical consumer price index for the previous year until the prudent reserve level is reached (25%). The retail rate increased 3.3% in FY2012.

The County also offers an ambulance user fee membership program that citizens can join to minimize the cost of EMS transports. Membership revenue is projected to generate $200K per year through the forecast period.

Property Taxes
Property taxes are used to fund the first responder program. Property tax revenues have decreased significantly since FY2008 due to legislative rollbacks, the passage of Amendment One, the decline in the real estate market and the recession.

EMERGENCY MEDICAL SERVICE FUND

The EMS millage rate is a county-wide millage rate that remained flat at 0.5832 from FY2008 through FY2011. During this period, ad valorem revenue decreased each year, from $42.6M in FY2008 to $30.6M in FY2011. The Board of County Commissioners has the authority to increase or decrease the millage rate, and in FY2012 the millage rate was increased to 0.8506. This resulted in Ad Valorem revenues recovering to $42.2M and finishing FY2012 with a net gain in revenues over expenditures. For FY2013, a millage rate of 0.9158 was approved in order to balance the budget and approach a beginning balance/reserve of 25% (level set by County Ordinance, approved by the Board on December 20, 2011). The millage cap for this revenue is 1.5000 mills, and the rollback rate for FY13 was 0.8698. With the millage increase, tax revenue increased $2.1M from actual FY2012 to estimated FY2013, but the EMS Fund is still projected to use $0.9M from the fund balance. Without another millage increase, or significant expenditure reductions in the next two years, the fund balance continues to decrease each year until it is depleted in FY2017.

Emergency Medical Service Fund

Ad Valorem Revenue & Millage History

Fiscal Year	Millage	Budget $ (000's)
2013	0.9158	$ 43.8
2012	0.8506	$ 41.6
2011	0.5832	$ 30.0
2010	0.5832	$ 33.6
2009	0.5832	$ 38.3

Note: Budget figures are at 95% of revenue

Expenditures

The Emergency Medical Service Fund supports budgeted expenditures in FY2013 totaling $90.6M for its operations. The primary expenditures in the fund are $38.2M for payments to the ambulance contractor, $40.2M for contractual payments to the eighteen first responders, $1.3M for transfers to the Property Appraiser and Tax Collector, $10.7M in program support and billing of ambulance claims, and $200K in the Trust Fund Grant. The reserve is estimated at $21.9M for FY2013, which is $5M above the budgeted level due to a combination of FY2012 actual revenues being $3M higher and actual expenditures being $2M lower than budget. The reserve is still projected to decline as expenditures exceed revenues through the forecast period.

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 FY2012 with an annual reduction to base service payments of $2 Million. A 6% increase is included in the forecast from FY2014 through FY2023 to account for annual CPI increases and increases to transport volume. However, once the contract is up for negotiation, expenditures may change as the economy rebounds and fuel and labor costs and other factors change.

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 FY2013, budgets submitted by the 18 agencies included an overall increase of 5%. This 5% annual growth rate continues through the forecast period to FY2023.

In FY2013, the first responder agreements also include an agreement of $35.6K to Eckerd College for basic life support water rescue.

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 FY2013 Ambulance program support expenditures of $6.3M pay for those support items listed above and the ambulance billing function that includes a staff of 34. The FY2013 First Responder program support expenditures of $4.4M 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. FY2013 costs for this function are $1.3M. 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. On December 20, 2011, the Board approved changing the prudent reserve amount to 25%. 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. In addition, this reserve level will provide cash flow needs in the event of interruptions to ambulance collections due to a disaster or a Medicare and/or Medicaid audit. With high monthly contractor payments, it is critical cash flow needs are met. With FY2012 actual revenue coming in $3M higher than budget, and actual expenditures at $2M less than budget, the year ended with the reserve at 28%. On a forecast basis, with Ad Valorem revenue at 96% and Ambulance revenues at 100%, the estimated reserve level is projected at 25.2% for the end of FY2013. Without additional increases in the millage rate, or substantial decreases in expenditures, the reserves are forecasted to decline to 18.5% in FY2014 and 10.5% in FY2015.

The net increase in the FY2012 ending balance pushes the projected depletion of remaining reserves out to FY2017.

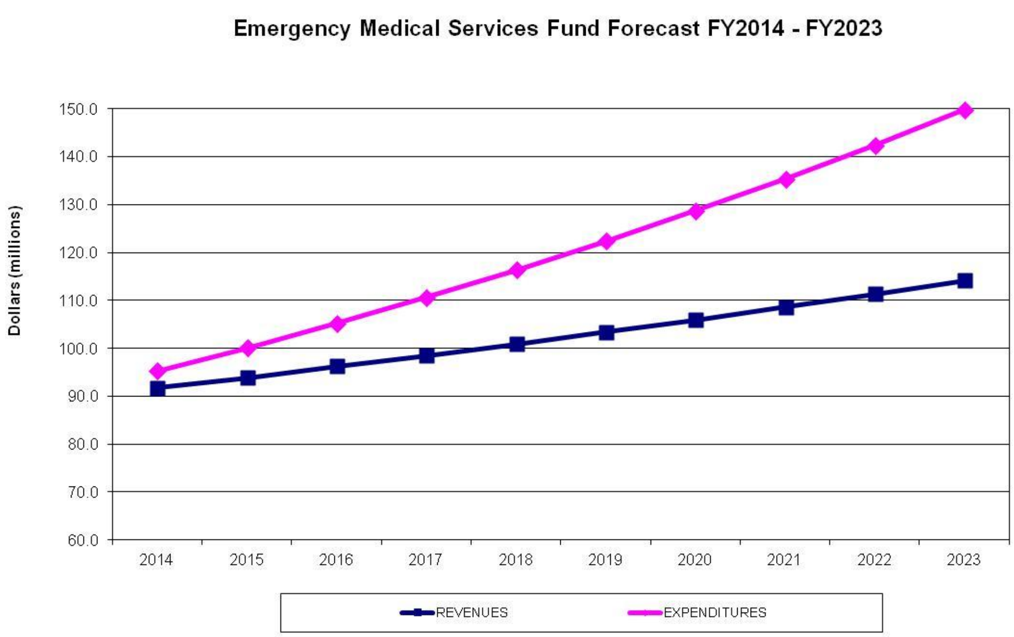
Ten-Year Forecast

Key Assumptions

The EMS countywide millage is assumed to remain at the FY2013 approved rate of 0.9158 mills through the forecast period. Taxable values should begin to recover as the economy improves and the housing market rebounds. Ad Valorem tax revenue is projected to grow 2.5% in FY2014 and FY2015, followed by a 3% annual growth factor from FY2016 to FY2023. During the forecast period, ambulance revenue user fees are estimated to increase by 2.0%, which aligns with projected increases to transport volume.

First responder contractual expenditures increased 5% from FY2012 to FY2013 and are estimated to increase at 5% per year through the forecast period.

Contractual payments to the ambulance contractor are assumed to increase by 6% through the forecast period as contracted expenditures will increase due to increased transport volume and increases in the CPI as stipulated in the contract. The County will work with the provider to negotiate the lowest possible contract while still maintaining quality service.



Key Results
In the chart for the total EMS Fund above, the forecast shows expenditures exceeding revenues over the forecast period. Balance for FY2013 is achieved through the FY2013 millage rate increase and use of reserves. Without another millage rate increase and/or expenditure savings, reserves will be exhausted after FY2016. This assumes no changes to the EMS system design.

Potential Risks

A major variable impacting future revenues for this fund is ad valorem revenue and taxable values. As taxable values begin to rebound, the opportunity for higher revenues may increase. If market values grow more slowly or decline, revenue would be negatively affected.

Another factor in future revenues will be ambulance user fee revenues. The ambulance contract will be up for re-negotiation in FY2014 with potential impacts to expenditures.

Tourism and inflow into the local area of more visitors and residents will impact the number of users of the EMS system.

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

Results from the operational study may impact future revenues and expenditures for the EMS system, particularly if significant changes are made to the system design.

Balancing Strategies

The forecast shows that the fund is not in balance over the forecast period. Future balancing strategies will be developed from information gathered in the EMS system operational study.

FIRE DISTRICTS FUND

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.

Those Fire Districts that were created under Chapter 73-600, Laws of Florida receive compensation 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.

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. As the housing market is recovering, property tax revenues are forecast to increase 2.0% in FY2014 and FY2015. A 2.5% growth factor continues through the forecast period.

The forecast for the Fire District Fund indicates that the fund is not balanced through the forecast period. Millage rates increased for five of the twelve fire districts in FY2013. The millage rate for the South Pasadena Fire District decreased substantially with a change in contracted service provider. 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.

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 several 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 $14.8M in FY2013 across all districts.

Each dependent fire district has a separate ad valorem millage rate that is the sole revenue source for each of the fire districts. The next chart illustrates five of the fire districts that required an increase in millage rates in FY2013 to fund fire service provider expenditures. The five districts were Clearwater, Dunedin, Largo, Safety Harbor and Tierra Verde. The millage rate for the South Pasadena Fire District was reduced from 3.1257 to 0.9137 in FY2013, as significantly less revenue was needed to fund a new service contract with the City of St. Petersburg. In FY2012, Public Safety Services requested provider bids for fire service to the district. The lowest bid was from St. Petersburg at $75,000 for an annual contract over five years, beginning in FY2013. This was $175,000 less than the bid from the City of South Pasadena, which had the annual service contract prior to FY2013.

Dependent MSTU Fire Protection Districts

Ad Valorem Millage Rates & Millage Rate Caps

	Millage Rate Caps	FY13 Adopted Millage	FY12 Adopted Millage	Variance FY13/FY12 Millages
Belleair Bluffs/Largo	5.0000	1.7320	1.7320	0.0000
Clearwater	5.0000	3.2092	2.6591	0.5501
Dunedin	5.0000	3.5525	2.2576	1.2949
Gandy	5.0000	2.2602	2.2602	0.0000
Largo	5.0000	3.5609	3.5133	0.0476
Pinellas Park	5.0000	2.3675	2.3675	0.0000
Safety Harbor	5.0000	2.7631	2.6800	0.0831
Tarpon Springs	5.0000	2.3745	2.3745	0.0000
Seminole	10.0000	1.9581	1.9581	0.0000
High Point	10.0000	4.1916	4.1916	0.0000
Tierra Verde	3.0000	1.9118	1.9087	0.0031
South Pasadena	5.0000	0.9137	3.1257	-2.2120

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. For nine of the 12 Fire Districts, FY2013 taxable values decreased from the prior year due to the continued decline in the real estate market. Three districts gained taxable value in FY2013, recovering some of the lost value through FY2012.

Unincorporated Fire Districts

Percentage Change in Taxable Values FY2012/2013

Taxing Authority	FY12 Taxable Values	FY13 Taxable Values	% Chge
Belleair Bluffs/Largo	281,332,094	267,962,625	-4.75%
Clearwater	888,428,781	831,260,703	-6.43%
Dunedin	280,773,821	279,367,691	-0.50%
Gandy	46,246,094	45,444,402	-1.73%
Largo	534,088,892	512,659,658	-4.01%
Pinellas Park	268,204,137	253,431,862	-5.51%
Safety Harbor	63,339,041	64,246,370	+1.43%
Tarpon Springs	168,715,814	164,963,370	-2.22%
Seminole	2,203,015,774	2,106,822,294	-4.37%
Highpoint	675,532,802	657,217,037	-2.71%
Tierra Verde	714,080,020	736,173,857	+3.09%
South Pasadena	99,826,357	101,553,248	+1.73%

Consistent with the assumptions for the County's Municipal Services Taxing Unit (MSTU), this forecast projects a 2.0% increase in Ad Valorem revenue for FY2014 and FY2015. From FY2016 through the forecast period, this revenue is projected to increase at 2.5% each year for the unincorporated dependent fire districts.

Expenditures

The Fire District Fund supports budgeted expenditures and reserves totaling $23M for all twelve districts in FY2013. The primary expenditures budgeted in the fund are $13.9M for contractual payments to the municipalities and other independent agencies for fire and rescue services. FY2013 budgeted reserves are $8.3M; the FY2013 estimate increases the reserve to $9M to reflect a greater than expected FY2012 ending fund balance.

Contractual Fire Payments
The forecast includes an annual 4.0% increase for the service contracts through the forecast period. Fire departments submit their operating and capital budget requests on an annual basis, and after County review, funding is based on the unincorporated pro-rata share of property values within the district. The exception is the new contract with the City of St. Petersburg for services to the South Pasadena district, which is set at $75K per year for five years.

Administrative Costs
Administrative costs from the County are allocated to each fire district based proportionately on the amount of budgeted ad valorem revenue collected. This cost has decreased in recent budget years as reductions have been made to this allocation. The FY2013 budget is $264.5K. Operating Expenses for this account reflect the County's administrative expenses, such as personal services, intergovernmental charges, and other operating charges, that are allocated out to the twelve fire districts.

Transfers
The Fire District fund has transfers to the Property Appraiser and Tax Collector to cover the costs of appraisals and collection of ad valorem revenues. These amounts are set by Florida Statute and fluctuate with ad valorem revenue estimates. FY2013 costs are estimated at $458K, and the annual cost is estimated at 3% of projected ad valorem tax revenue through the forecast period.

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. This 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, Dunedin, Gandy, Largo and Tierra Verde. Safety Harbor's contingency reserve was decreased from 10% to 5% in FY2013, which helped reduce the required millage increase. Some of the districts, including Belleair Bluffs/Largo, Pinellas Park, Tarpon Springs and Seminole Fire Districts, maintain a 10% reserve level that serves as a buffer to shield the district from economic downturn in their area. In FY2013, High Point was able to increase its contingency reserve from 5% to 8% with no increase in millage from FY2012, and South Pasadena increased from 5% to 10%.

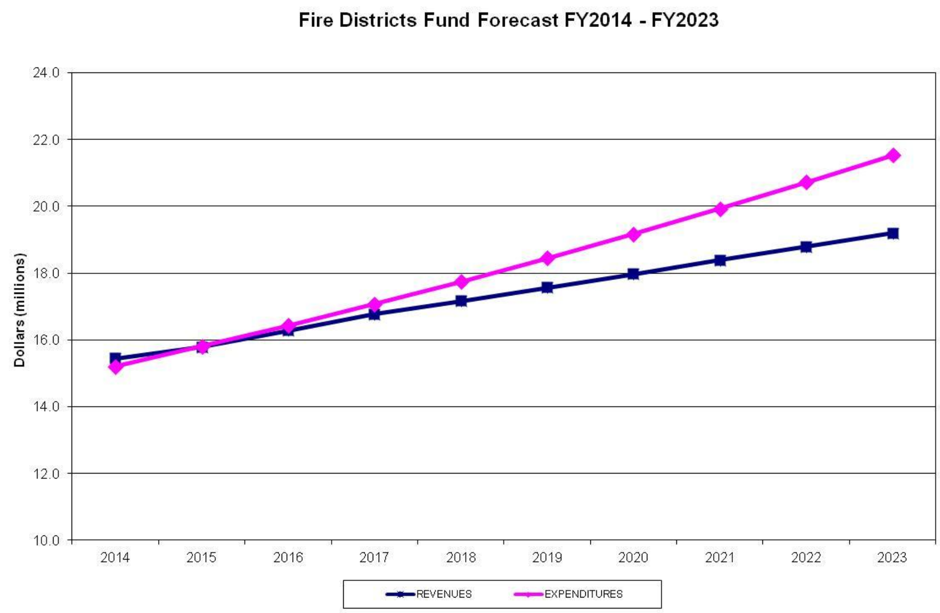
In addition, some fire districts set aside funds in Reserve for Future Years for long-term capital projects, such as a new fire truck purchase or improvements to a fire station. Districts can request these funds, with the County sharing its portion of requests based on the unincorporated value of the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

Ten-Year Forecast

Key Assumptions
The fire district millages are assumed to remain at the approved FY2013 rates through the remainder of the forecast period for each of the districts. Property tax revenue is forecasted to

increase by 2.0% in FY2014 and FY2015. Annual growth of 2.5% is projected through the rest of the forecast period as the housing market begins to rebound.

On the expenditure side, the contractual payments to the cities are assumed to increase by 4.0% through the forecast period, which outpaces the property tax revenues for the complete forecast period.



Key Results

The fire district fund is presented in a consolidated manner for all of the individual unincorporated twelve districts. The chart above shows that total fund expenditures are projected to exceed revenues from FY2018 through FY2023. Specific fire districts will vary in how much operating and capital funds are requested, how reserves are maintained and how fund balance is utilized. So, each individual district must be analyzed separately for its specific situation with revenue, expenditures and reserves.

While overall the fund appears to be balanced until FY2018, revenues are outpaced by expenditures sooner in some of the individual fire districts. Several of the districts will utilize fund balance during the forecast period to pay for long-term capital projects and current operating expenditures. And as the main source of revenue in this fund is property taxes, some of the unincorporated fire districts may have to increase millage rates in each budget year to keep up with expenditures.

Potential Risks

The major variable impacting future revenues for this fund is ad valorem revenue and taxable values. As taxable values begin to rebound, the opportunity for higher revenues will increase. This is the main driver for increased revenues in the forecast.

If the districts continue to increase their operating requests at 4% per year, and tax revenue grows at an estimated 2.5% in future years, the pressure on increasing millage rates for the fire districts will continue each budget year.

Another potential impact is annexation of the unincorporated fire district areas. As cities increasingly annex more of the available unincorporated properties area, there are fewer unincorporated properties to share the burden of service costs. The funding formula in most fire districts allows for the remaining unincorporated payment to decrease proportionately. The exception to this practice is those Highpoint properties annexed by the City of St. Petersburg.

Another impact to fire service costs would be increased costs of Emergency Medical Service. If EMS funding is reduced by the County, there is a high probability these same providers may shift those costs to their fire district budget.

Balancing Strategies

The forecast shows that this combined fund is not balanced through the forecast period. This fund cannot be taken as a whole, but each district must be looked at individually. Unless the ad valorem revenue projection 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 are being 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

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 129 acre planned development site (former 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) are 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, with some projects funded 100% when Passenger Facility Charges are included.

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. In 2011, Allegiant Airlines recognized the Airport's terminal renovation project as their system's airport construction project of the year.

Summary

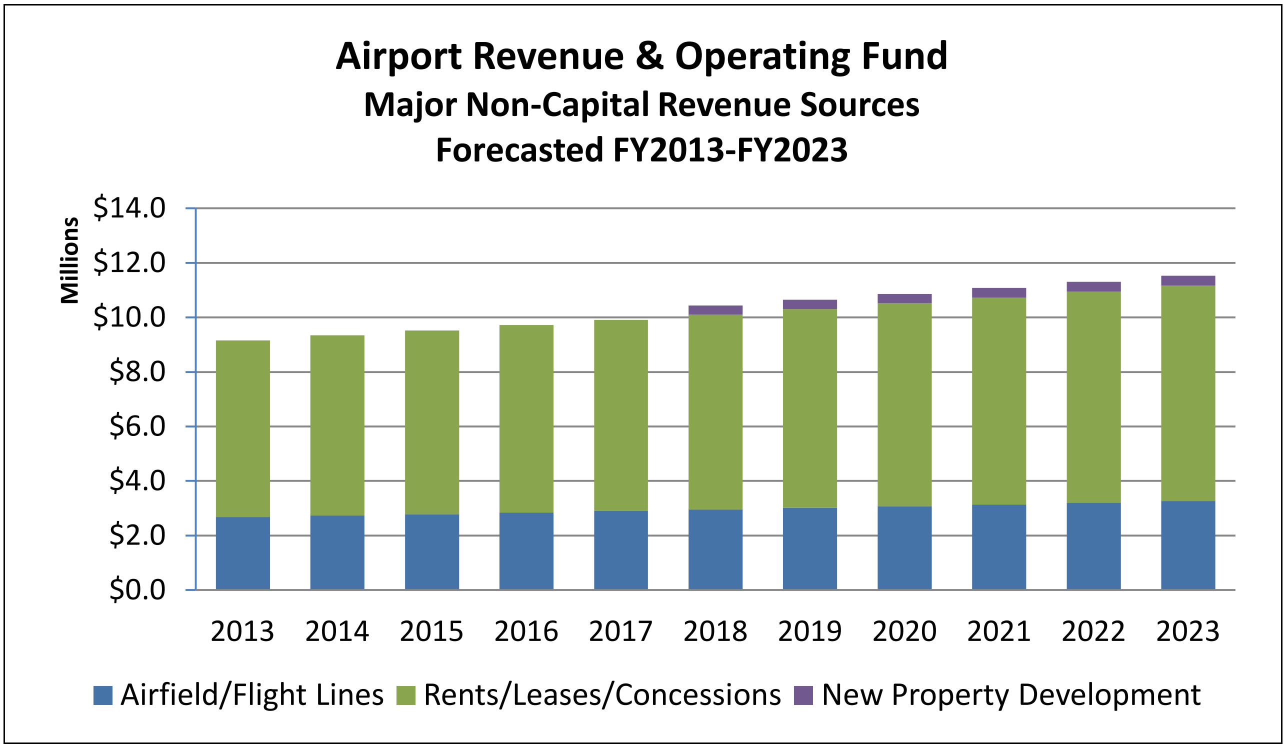
The Airport Operating and Revenue Fund is an enterprise fund that accounts for revenues and expenditures at St. Petersburg – Clearwater International Airport. This includes management of airport properties in addition to airfield operations. The airport is self-supporting, and no property tax dollars 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 ability to forecast the availability of capital contributions and other grant funding after FY2018 is limited. Therefore, intergovernmental revenues in FY2019 through FY2023 are forecast at a conservative lower level.

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.

Revenues

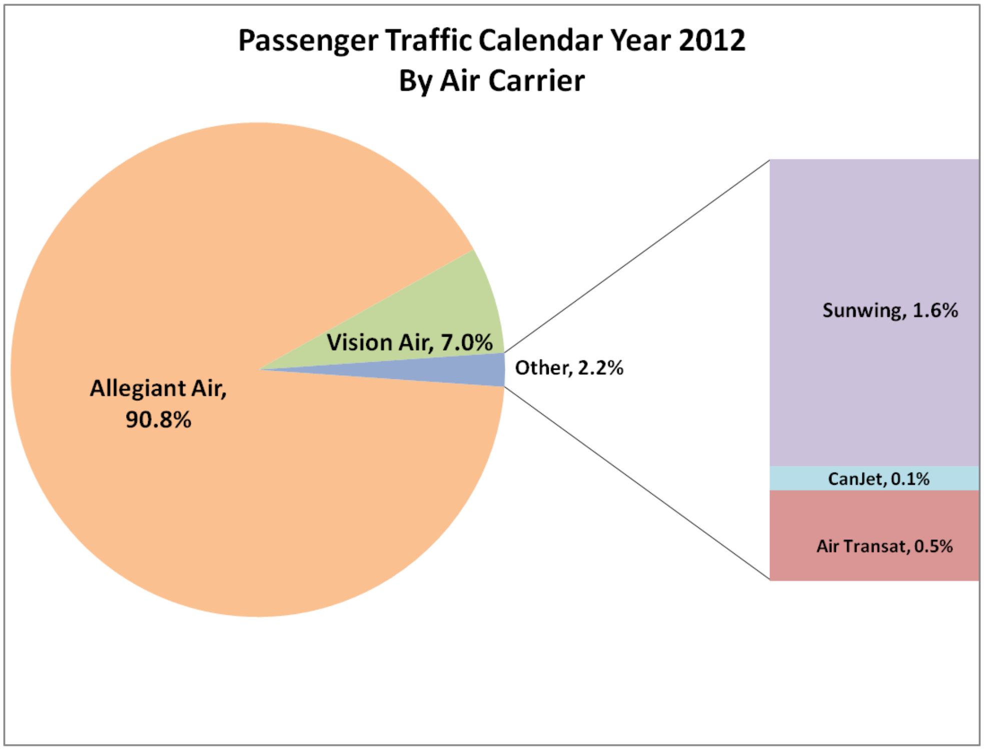
Excluding capital contributions and grants, the two major funding sources supporting the Airport Revenue and Operating Fund during the forecast period are Rentals/Leases/Concession income and Airfield/Flight Line Fees.



Rentals/Leases/Concessions
St. Petersburg-Clearwater International Airport, which is classified as small-hub airport by the FAA, provides commercial and private aviation services for the community. The Airport also has a significant amount of land which is leased under long-term leases providing a stable source of revenues. 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. Forty-five percent (45%) of the long-term industrial (non-aviation) land leases are with Pinellas County. Also included in this revenue source are concessions operating at airport terminal, such as the paid parking, car rentals, gift shop and restaurant. These revenue sources are expected to increase by 2% over the 10 year forecast. Long-term leases have a five year adjustment based on the CPI.

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 increase by 2% over the 10 year forecast.

The following chart for passenger traffic in 2012 shows that Allegiant Airlines represents 90.8% of the passengers served on commercial carriers from St. Petersburg-Clearwater International Airport. Revenues from Terminal concession leases, along with airline landing fees and fuel flowage fees, are dependent on passenger airline service.



Capital Contributions and Grants

Capital Contributions funding is in the form of grants from the Federal Aviation Administration (FAA), the Florida Department of Transportation (FDOT), along with Passenger Facility Charges (PFCs). These are the revenue sources typically used for the Airport's capital project funding. There are also occasions when Airport Reserves are used to assist with funding of CIP Projects.

Other Revenues

AIRCO Golf Course, which had been operating on airport property, closed in FY2011 due to significant annual operating losses at the course. In FY2010 the course lost $216,000 and in FY2011 it lost $139,000. As a result of closing the course, the Airport's profitability has increased. Revenue from new development on this property is not expected to be produced until FY2018.

Expenditures

The Airport Revenue and Operating Fund supports budgeted expenditures and reserves in FY2013 totaling $32.9M of which $12.4M is allocated for capital projects and $11.4M is reserves.

AIRPORT FUND

Airport Programs

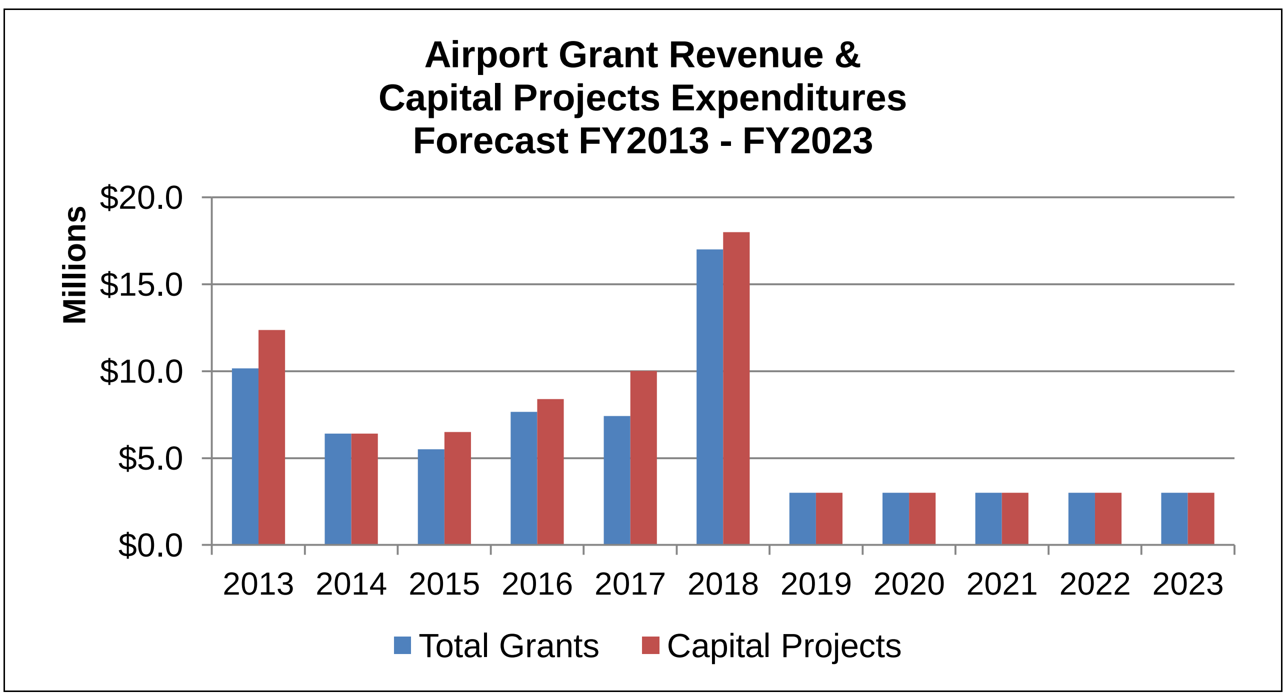
Of the remaining $9.1M in operating expenditures, 80% supports the Aviation Services program and 20% the Airport Real Estate program. Starting in FY2013 two primary programs were identified for reporting purposes: Aviation Services and Airport Real Estate. The Aviation Services program consists of all facets of day-to-day aviation activities. The Airport Real Estate program oversees and negotiates leases with tenants and future development of the Airport to ensure compliance with Federal Aviation Administration lease requirements.

Personal Services

Personal Services expenses are for the salaries and benefits of the 64 positions needed to operate both programs at the Airport. Budgeted Personal Services expenditures in FY2013 total $4.3M.

Capital Projects

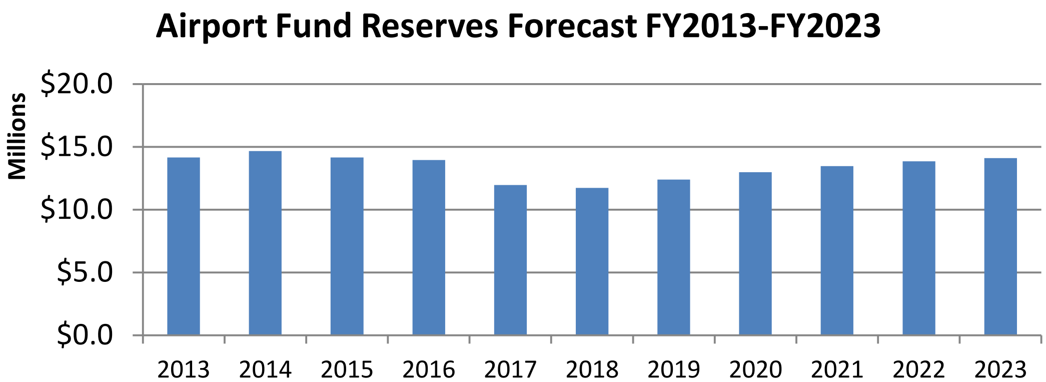
The FY2013 estimate for Capital Projects is $12.4M. These projects receive funding in the form of grants from the Federal Aviation Administration and the Florida Department of Transportation. These projects will only commence when the appropriate grants funding is made available. The following chart shows the relationship between the scheduling of the revenues and the expenditures of capital projects. When additional funds are needed Reserves could be used. FY2018 shows preliminary planned improvements such as new T-hangars and expanded cargo ramp.



Reserves

The total reserve level in the Airport Revenue and Operating fund is budgeted at $11.4M (40%) in FY2013. This reserve level is the result of the Airport building reserves over the past several

years. The reserves are then available in the event of unanticipated revenue shortfalls and, as well as, support future capital funding needs. When expenditures in a given year are shown as exceeding revenues, the difference is supported by drawing down accumulated reserves, including Passenger Facility Charges which must be used for capital projects (See the Reserves chart below). Airport Reserves also include the projected cost of Other Post Employment Benefits (OPEB), as proprietary funds are required by GASB #45 to record the entire annual required contribution (ARC) accrual on the financial statements.



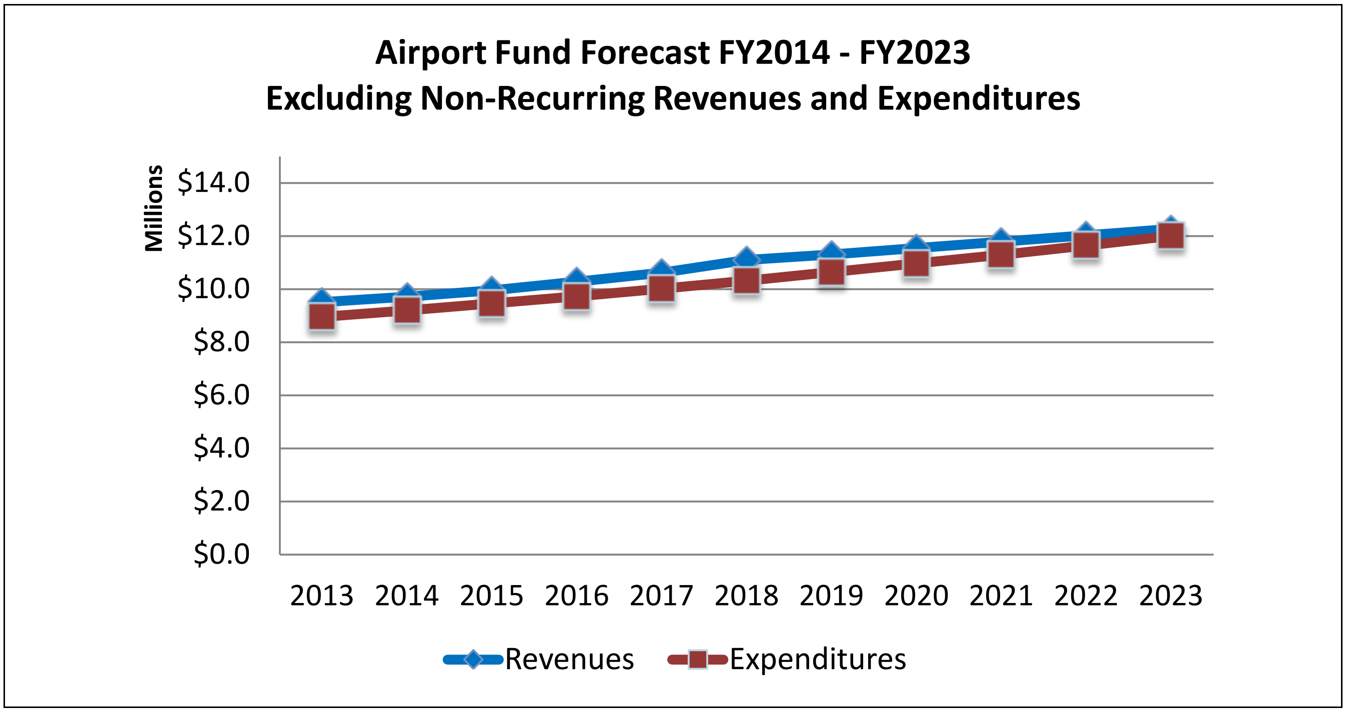
Ten-Year Forecast

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

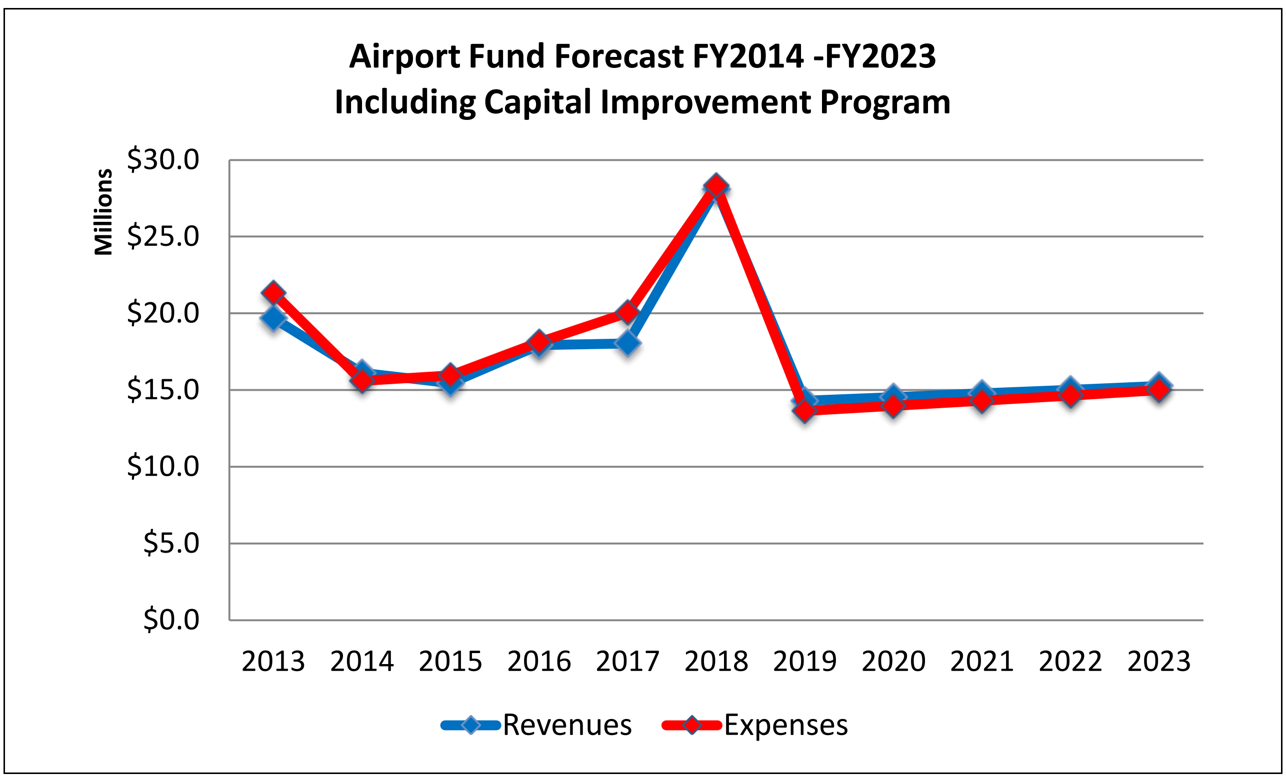
Airfield/Flight Line revenue for FY2013 is based on the current level of carriers and passenger numbers. For FY2014 through FY2023, an increase of 2% per fiscal year is forecast. The forecast is conservative, as no new carriers have been included.

Rent/Leases/Concessions revenue for FY2013 is based on current leases/agreements through the termination of these lease agreements. For FY2014 through FY2023, an increase of 2% is forecasted for each fiscal year.

No new revenue from commercial or industrial development on the former golf course acreage is projected in the forecast until FY2018. However, new property development will depend on factors such as site restrictions and future economic conditions. The chart below shows that the net of recurring revenues and recurring expenditures is positive through the forecast period.



With the addition of the Capital expenditures and revenues, the chart below tracks the estimated revenues and expenditures in the fund through the forecast period.



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 airport can attract new passengers and other carrier services. Increases in rental/leases income would result when current leases and agreements are renewed and rate formula escalations occur.

The former AIRCO Golf Course has been rezoned for future aviation and commercial development. The potential lease income value of this parcel is approximately $1.5M annually when all land is fully leased. In addition, other vacant land parcels could add another $100K to $300K in annual lease income if fully leased.

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.

AIRPORT FUND

WATER FUNDS

Description

The Pinellas County Water System is responsible for providing quality, cost effective potable water service to County retail and wholesale customers. The Water System must adhere to State and Federal laws, rules and regulations while operating and maintaining this delivery system. 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. The Pinellas County Water System utilizes four funds: Revenue and Operating, Renewal and Replacement (capital), Water Certificate, and Impact Fees. This forecast covers all four funds.

Summary

The forecast for the Water System Funds shows that the multi-year rate increases approved as part of the FY2012 budget process will provide sufficient revenues to maintain reserves and fund capital replacement needs through FY2015. The forecast revenues include an additional 2% per year annual increase in rates from FY2016 through FY2023, as recommended in the FY2012 Utilities Rates Study performed by Burton & Associates, the County's independent utility rates consultant. The Department of Environment and Infrastructure will again perform a comprehensive rate study in FY2014 to analyze the future rate structure. In FY2013, FY2014, FY2017 and FY2018, recurring expenditures will exceed recurring revenues as fund balance is drawn down as major capital projects are completed. From FY2015 through FY2023 excluding FY2017 and FY2018, the Water Funds are structurally balanced.

Revenues

The Water Funds generate revenues budgeted in FY2013 totaling $81.4 million. The Water Funds have two primary funding sources: retail water sales of $62.1 million and wholesale water sales of $15.1 million.

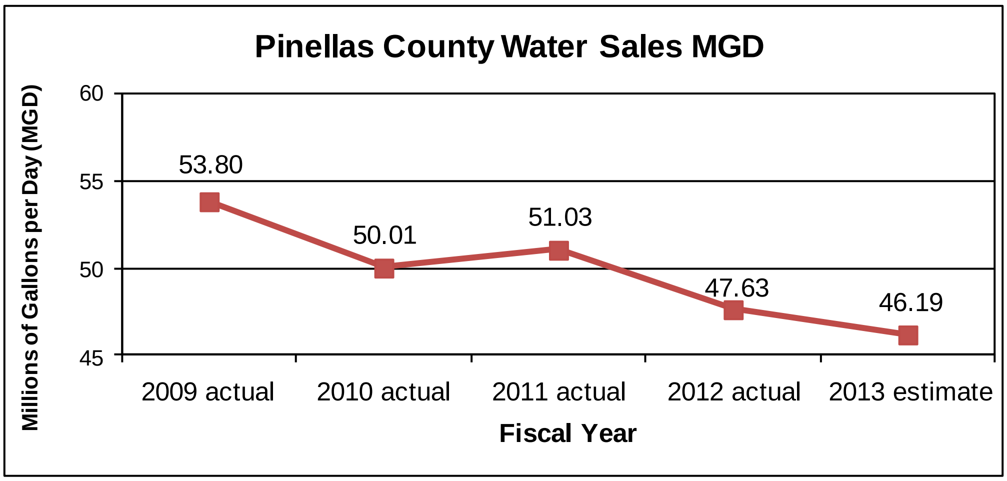
Retail Water Sales

The Water System charges $4.35 per month base rate, an increase of $1.00 from FY2012, and $4.78 per 1,000 gallons for retail water service. In FY2014 and FY2015, additional base rate increases of $1.00 will go into effect. The customer base for retail water sales are both commercial and residential properties in the Pinellas County Water service area. The volume of water purchased has declined 9% from FY2008 to FY2012. The amount of water purchased can be affected by economic conditions, housing and commercial vacancies, and levels of conservation.

Wholesale Water Sales

The Water System charged $3.5648 per 1,000 gallons for wholesale water service. In FY2014 and FY2015, rates are scheduled to increase by 4% resulting in revised rates of $3.7074, and $3.8557 respectively. Wholesale Water Sales provide water to the cities of Clearwater, Tarpon Springs, Safety Harbor, Belleair and Pinellas Park. The volume of water purchased has declined 30% from FY2008 to FY2012, which can be attributed to the same economic and conservation pressures seen in retail water sales.

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



Source: Pinellas County Department of Environment and Infrastructure

Expenditures

The Water Funds support budgeted expenditures and reserves in FY2013 totaling $121.4 million. The primary expenditures in the fund are $45.4 million for the purchase of water, $14.0 million for personal services, $15.0 million for operating expenses (excluding the purchase of water) and $18.5 million for capital outlay.

Purchase of Water

Under Section 373.1963 of the Florida Statutes, the Water System is required to purchase water from Tampa Bay Water, the regional water supply authority. In 1997, an Interlocal Agreement and the Master Water Supply Contract was signed under which Tampa Bay Water provides water to their 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 the adopted budget and collects those rates from all members, according to the Master Water Supply Contract.

Capital Outlay

The Water System must maintain its equipment, facilities, pipelines, and plants in good working order, utilizing revenues generated within its proprietary funds. Capital outlay reflects the construction and purchase needs as estimated by Pinellas County Department of Environment and Infrastructure Engineering Division in the CIP ten-year work plan and beyond.

Personal Services
The Water System employs 202 full-time employees in FY2013. The Personal Services expenses of $12.7 million are for the salaries and benefits of those positions needed to operate the Water System. Water System benefits include the $1.3 million cost of Other Post Employment Benefits (OPEB), as proprietary funds are required by GASB #45 to record the entire annual required contribution (ARC) accrual.

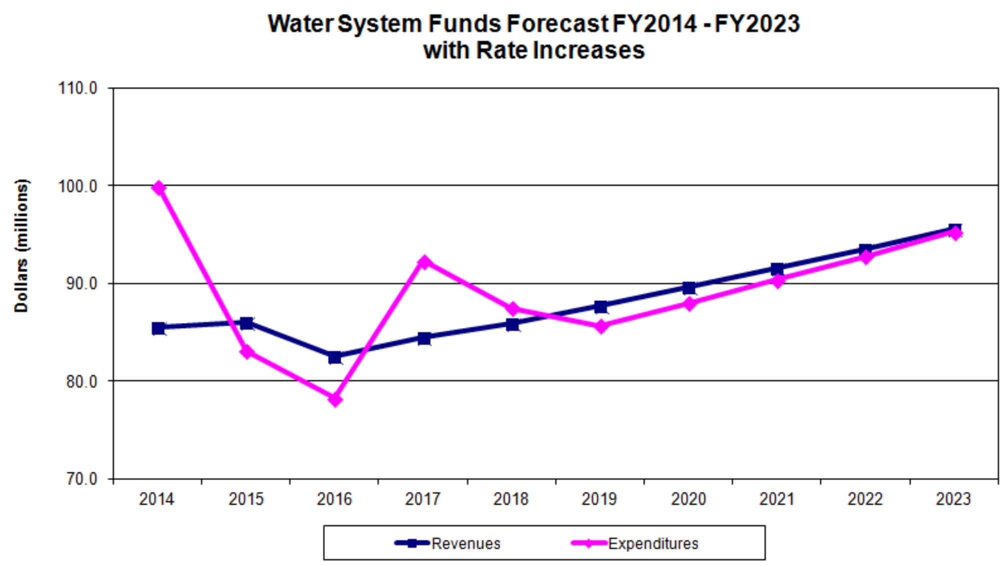
Operating Expenses
The Water System incurs annual recurring costs for repair and maintenance, supplies, fuel, and communications. The Water System also pays for electrical power to run its facilities and for chemicals to treat the water.

Reserves
The reserve level in the Water System is 23%, which is above 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
Due to expected slow growth in the economy, the forecast assumes a 0% annual increase from FY2013 to FY2016, a 0.09% annual increase in FY2017, a 0.18% annual increase in FY2018, and a 0.27% annual increase from FY2019 to FY2023 in retail water demand and no growth in wholesale water demand for the forecast period. The wholesale water demand reflects a decline in revenues from FY2015 through FY2016 due to the projected loss of sales of three cities (Clearwater, Tarpon Springs, and Oldsmar), as they develop their own water sources. 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 projected to increase by 0% and 7% respectively for 2014; both are projected to increase 5% and 7% respectively per year through the remaining forecast period. The capital outlay forecast reflects the construction and purchase needs as estimated by the Pinellas County Department of Environment and Infrastructure Engineering Division. An increase to $20.3 million in FY2017 is anticipated to support capital outlay water line projects with Florida Department of Transportation (FDOT) as well as other major capital outlay improvement projects.

To balance revenues with projected expenditures, future rate increases will be necessary for both retail and wholesale rates. Burton & Associates, DEI Finance, and Economics Independent Consultants computed that rate increases for FY2016 through FY2023 are needed at 2% per year, based on a blend of growth and consumption assumptions, inflationary cost increases, and capital needs at the projected water demand levels.



Source: Pinellas County Department of Environment and Infrastructure

Key Results

The forecast for the Water System Funds shows that the approved rate increases, and rate increases starting in FY2016 as recommended in the FY2012 Utilities Rate Study by Burton & Associates, will provide sufficient revenues to maintain reserves and fund capital replacement needs. In FY2013, FY2014, FY2017 and FY2018, recurring expenditures will exceed recurring revenues as fund balance is drawn down as major capital projects are completed. From FY2015 through FY2023 excluding FY2017 and FY2018, the Water Funds are structurally balanced.

Potential Risks

There are some impacts that can alter the ten-year forecast of the Water System. Any future economic decline would reduce water demand, which would impact revenue more than expenses. Operating costs (including the purchase of water from Tampa Bay Water) could increase more than projected. The Water System could experience a need for more maintenance than anticipated, causing increased operating and capital costs. Regulatory pressures could cause an increase of expenditures to maintain the system.

Balancing Strategies

With the multi-year rate increases approved during the FY2012 budget process and future rate increases as recommended by Burton & Associates, Water System revenues will be sufficient to cover projected expenditures and maintain sufficient reserves over the forecast period.

SEWER FUNDS

Description

The Pinellas County Sewer System is responsible for quality, cost effective, sewer service to the citizens and business owners within the County sewer service areas. The Sewer System must adhere to State and Federal laws, rules and regulations while operating and maintaining this system. The System provides an environmentally safe and sanitary means of collecting and transmitting discharged domestic waste from residential, commercial, and industrial users. The Sewer System provides for the treatment and disposal of objectionable materials and organisms from the waste in order to protect public health, property, and environment.

The Sewer Funds are enterprise funds, and are committed solely to support Sewer System functions. The Pinellas County Sewer System utilizes four funds: Revenue and Operating, Renewal and Replacement (capital), Interest and Sinking (Debt Service), and Sewer Construction. The Sewer System is required to maintain a debt service coverage ratio of 1.25x per the bond covenants, however the fund is maintained at a debt service coverage ratio of 1.50x to sustain the current bond ratings.

Summary

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

The forecast for the Sewer System Funds shows that the multi-year rate increases approved in FY2012 will provide sufficient revenues to maintain reserves, sustain the recommended debt service coverage ratio of 1.50x, and fund capital replacement needs through FY2015. The forecast revenues include an additional 2.75% per year annual increase in rates from FY2016 through FY2023, as recommended in the FY2012 Utilities Rates Study performed by Burton & Associates, the County's independent utility rates consultant. The Department of Environment and Infrastructure will perform a comprehensive rate study in FY2014 to analyze the future rate structure. In FY2013, recurring expenditures will exceed recurring revenues as fund balance is drawn down as major capital projects are completed. From FY2014 through FY2023, the Sewer Funds are structurally balanced as recurring expenditures are in line with recurring revenues.

Revenues

The Sewer Funds generate revenues budgeted in FY2013 totaling $60.0 million. The Sewer Funds have four primary funding sources: retail sewer charges of $48.4 million, wholesale sewer charges of $6.7 million, retail reclaimed water charges of $3.9 million, and wholesale reclaimed water charges of $0.3 million.

Retail Sewer Charges

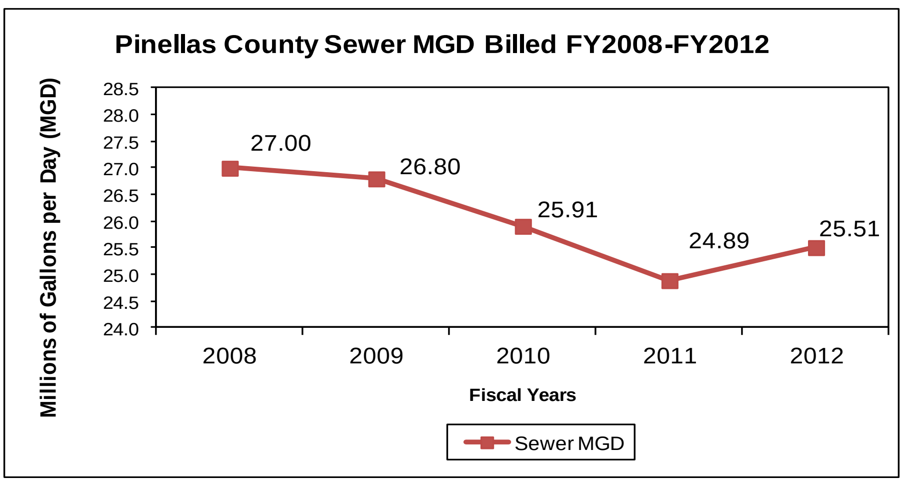
The Sewer System charges $11.80 per month base rate and $4.31 per 1,000 gallons for retail sewer service in FY2013. The FY2014 increase of 6% for retail customers (adopted in 2012) will result in a base rate of $12.51 per month and $4.57 per 1,000 gallons. The customer base

for retail sewer service is both commercial and residential properties in the Pinellas County Sewer service area. Total billed retail demand has declined 3% from FY2008 to FY2012. The amount of sewage processed is affected by economic conditions, housing and commercial vacancies, and levels of water conservation. Prior to this approved rate increase, there was a 6% increase in 2012, a 1.5% increase in FY2011, a 3.5% increase in FY2010 and no rate increases from FY2004 thru FY2009.

Wholesale Sewer Sales

The Sewer System charges $3.2264 per 1,000 gallons for wholesale sewer service. The adopted FY2013 increase of 9% for wholesale customers (adopted in 2012) will equate to $3.5168 per 1,000 gallons. 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 North Redington Beach, Redington Shores, Indian Rocks Beach, and Pinellas Park are the wholesale customers of the Sewer System. Similar to retail sewer sales, the total billed wholesale demand has declined 12% from FY2008 to FY2012. 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 Department of Environment and Infrastructure

Retail Reclaimed Water Charges

The Reclaimed Water System charges $17.00 per month rate for unfunded un-metered service (systems without existing distribution lines) and a $7.00 per month availability charge and $0.80 per 1,000 gallons for retail reclaimed water service for metered service unfunded systems (systems without existing distribution lines) and $16.00 per month base rate for funded un-metered service (systems with pre-existing distribution lines) and $0.80 per 1,000 gallons for metered 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. The FY2013 budget includes approved rate increases of $1.00 per year for un-metered service and a user fee per 1,000 gallon increase of $.08 per year for metered service.

Wholesale Reclaimed Water Charges

The Reclaimed Water System charged volumetric rates by contract for wholesale reclaimed water service. No increase for wholesale rates was proposed for FY2013. 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. Petersburg 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 FY2013 totaling $107.6 million. The primary expenditures in the funds are $16.3 million for personal services costs, $24.0 million for operating expenses, $14.8 million for debt service, $24.5 million for capital outlay, and $28.9 million in reserves.

Personal Services

The Sewer System employs 222 full-time employees in FY2013. The Personal Services expenses of $14.9 million are for the salaries and benefits of those positions needed to operate the Sewer System. Sewer System benefits include the $1.4 million 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 had $184.3 million of bond principal outstanding as of September 30, 2012. The bonds were issued to fund various sewer system capital projects and require annual principal and interest payments to the holders of those bonds. From FY2014 through FY2028, the debt service requirement is between $14.5 million and $14.8 million. From FY2029 through FY2032, debt service payments fall to between $5.0 million and $5.5 million. The bonds mature between 2017 and 2032.

Operating Expenses

The Sewer System incurs annual recurring costs for repair and maintenance, supplies, fuel, and communications. In addition, utilities to run the facilities and chemicals to treat the waste are major components of the Sewer System’s operating expenses.

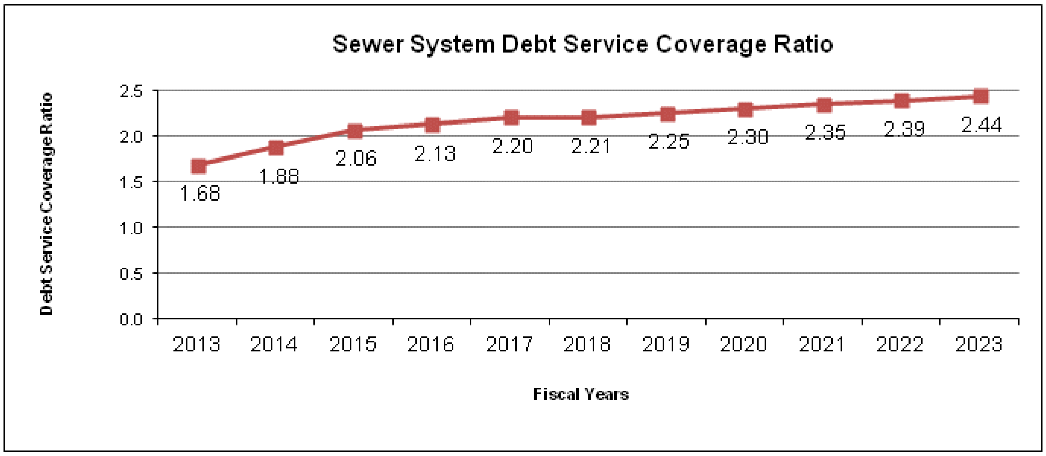
Capital Outlay

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 the Department of Environment and Infrastructure Engineering Division in the CIP ten-year work plan and beyond.

Reserves

SEWER FUNDS

The reserve level in the Sewer System is 27%, which is higher than the 5-15% reserve level budget policy adopted by the Board. The Sewer System maintains $9.2 million of reserves for cash flow and $19.7 million to fund future capital needs. In addition, the 2008 bond issue requires a debt service reserve of $1.97 million to maintain the recommended debt service ratio of 1.50x.



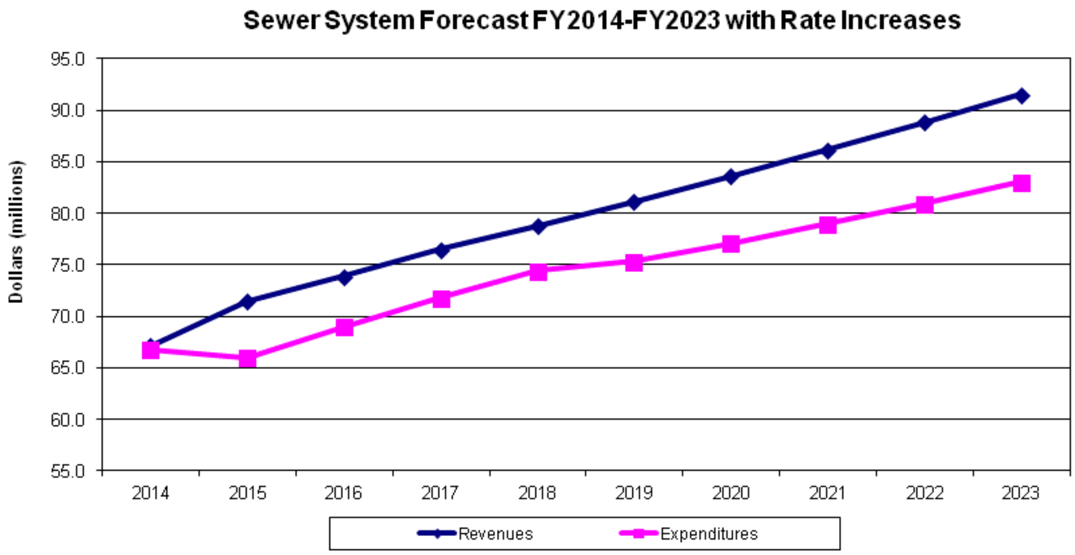
Source: Pinellas County Department of Environment and Infrastructure

Ten-Year Forecast

Key Assumptions

Due to expected slow growth in the economy, the forecast assumes 0% increase from FY2013 to FY2016, a 0.07% annual increase in FY2017, a 0.14% in FY2018, and a 0.21% from FY2019 to FY2023 in retail and wholesale sewer demand. For expenditures, Personal Services and Operating Expenses reflect the forecast trends described in the Key Assumptions section of this document. Electricity and chemical costs are projected to increase by 0% and 7% respectively for 2014; both are projected to increase 5% and 7% respectively per year through the remaining forecast period. The capital outlay forecast reflects the construction and purchase needs as estimated by the Department of Environment and Infrastructure Engineering Division.

To balance revenues with projected expenditures, multi-year rate increases were approved during the FY2012 budget process for both retail and wholesale rates. Burton and Associates, DEI Finance, and Economics Independent Consultants have computed that the following sewer rate increases were necessary to meet the projected expenses and reserve needs at the projected sewer demand levels: 6% each year FY2012–FY2015 for retail sewer; and 9% each year FY2012–FY2015 for wholesale sewer; Reclaimed water/retail customers: $1.00 to the monthly charge each year FY2012–FY2015 for unmetered service and an increase of $0.08 to the user fee per 1,000 gallons each year FY2012 to FY2015. These multi-year rates were approved by the Board of County Commissioners in September, 2011. Rate increases for FY2016 through FY2023, as recommended in the FY2012 Utilities Rate Study by Burton & Associates, are assumed at 2.75%, based on a blend of growth and consumption assumptions, inflationary cost increases, capital needs, and minimum amount of reserves necessary to meet required debt service ratios.



Key Results

The forecast for the Sewer System Funds shows that the multi-year rate increases approved in FY2012 and future rate increases starting in FY2016, as recommended by Burton & Associates, will provide sufficient revenues to maintain reserves, sustain the recommended debt service coverage ratio of 1.50x, and fund capital replacement needs over the forecast period. In FY2013, recurring expenditures will exceed recurring revenues as fund balance is drawn down as major capital projects are completed. From FY2014 through FY2023, the Sewer Funds are structurally balanced as recurring expenditures are in line with recurring revenues.

Potential Risks

There are some impacts that can alter the ten-year forecast of the Sewer System. Any future economic decline would reduce water demand, which reduces sewer revenue that is based on volume. Operating costs could increase more than projected. The Sewer System could experience a need for more maintenance than anticipated, causing increased capital costs.

Balancing Strategies

With the rate increases approved during the FY2012 budget process and anticipated future rate increases, Sewer System revenues will be sufficient to cover projected expenditures, maintain sufficient reserves, and sustain the recommended debt service coverage ratio of 1.50x.

SEWER FUNDS

SOLID WASTE FUNDS

Description

Pinellas County Solid Waste 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, Solid Waste operates the landfill, the waste-to-energy plant, hazardous waste collection, recycling programs, and litter-reduction program.

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).

Summary

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

The forecast for the 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 their 25 year capital plan.

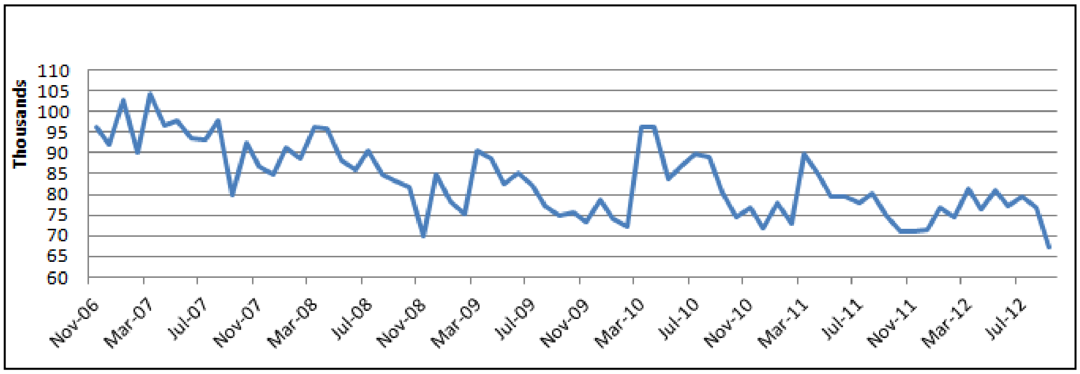
Revenues

The Solid Waste Funds generate revenues budgeted in FY2013 totaling $85.0 million. The Solid Waste Funds consist almost exclusively of two primary funding sources: tipping fees of $33.7 million and electricity sales of $48.6 million.

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 is expected to increase slightly in FY2014. 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 ten years, this revenue is forecast to increase by 0.5% per year from FY2014 through FY2023.

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 an interfund loan from the Solid Waste Renewal and Replacement Fund to the Capital Improvement Fund. On September 21, 2010 the Board authorized the first interfund loan up to $85 million 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 $150 million 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 FY2011 through FY2020, and loan repayment in FY2015 through FY2020. The interfund loan is available for use through FY2015.

An additional loan to the Capital Projects Fund will be necessary to cover the remaining $7.5 million of costs to fully fund the Centralized Chiller Facility project. This project funds the construction of a new centralized chiller facility for the downtown Clearwater campus. The County will purchase chilled water at a set rate based on the amount of investment towards the cost of the facility. Repayment of the loan will take place from FY2013 to FY2017 at $1.5 million annually. The loan will be repaid from the General Fund, but because it is a capital project, the expenditures and repayment are taking place from the Capital Projects Fund.

Based on the forecast, it is anticipated that only $70 million of the authorized $85 million will ultimately need to be transferred to the Capital Projects Fund.

Expenditures

The Solid Waste Funds support budgeted expenditures and reserves in FY2013 totaling $199.6 million. The primary expenditures in the fund are $31.3 million for the Waste-to-Energy service contract, $11.3 million for the landfill service contract, and $40.1 million for capital investment. Budgeted reserves are $87.2 million.

Waste-to-Energy Service Contract

Solid Waste is under contract with Green Conversion Systems LLC (GCS) to operate the Waste-to-Energy (WTE) plant. This contract expires in 2024, and has 10 one-year extensions. The stock of the parent company for the original contractor; Veolia ES Pinellas, Inc., was purchased by GCS IN 2012.

Landfill Service Contract

Solid Waste is under contract with Advanced Disposal Inc. to operate the landfill. This contract expires in 2015 and has a 3-year extension. The contract was assigned by the original contractor Veolia when the stock of the parent company was sold.

Capital Outlay

Solid Waste maintains its equipment, facilities, and plants in good working order utilizing revenues generated within their enterprise fund. Project decisions for equipment/technology improvements and construction projects are based on condition assessments, permit or regulatory requirements, and recommendations from consultants.

The new Industrial Water Treatment Plant (IWTP) at Solid Waste was the result of an analysis of the entire water balance at Bridgeway Acres. A comprehensive water management study was completed in 2006 to assess the interrelated issues associated with our management of water including water use at the Waste-to-Energy facility, particularly in the cooling towers; permit issues associated with maintaining the inward gradient; and water quality in the main water retention area. The new IWTP was one of several projects that has been completed or is under construction. The new facility will enable treatment to the main water retention area to maximize its use at the WTE facility including meeting contractual guarantees with respect to the water quality delivered. It reduces reliance on reclaimed water, increases capacity to the main water retention area, minimizes any discharges required and assures a water supply in the dry spring months.

Personal Services

The Solid Waste System employs 90 full-time employees in FY2013. 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 Projects Fund

The forecast includes transfers of $10.0 million in FY2013 and $45.0 million in FY2014 from the Solid Waste Renewal and Replacement Fund as part of the interfund loans to the Capital Projects Fund. The estimate for FY2013 also includes the transfer of $7.5 million for the Centralized Chiller Facility project, which will be repaid from the General Fund.

Reserves

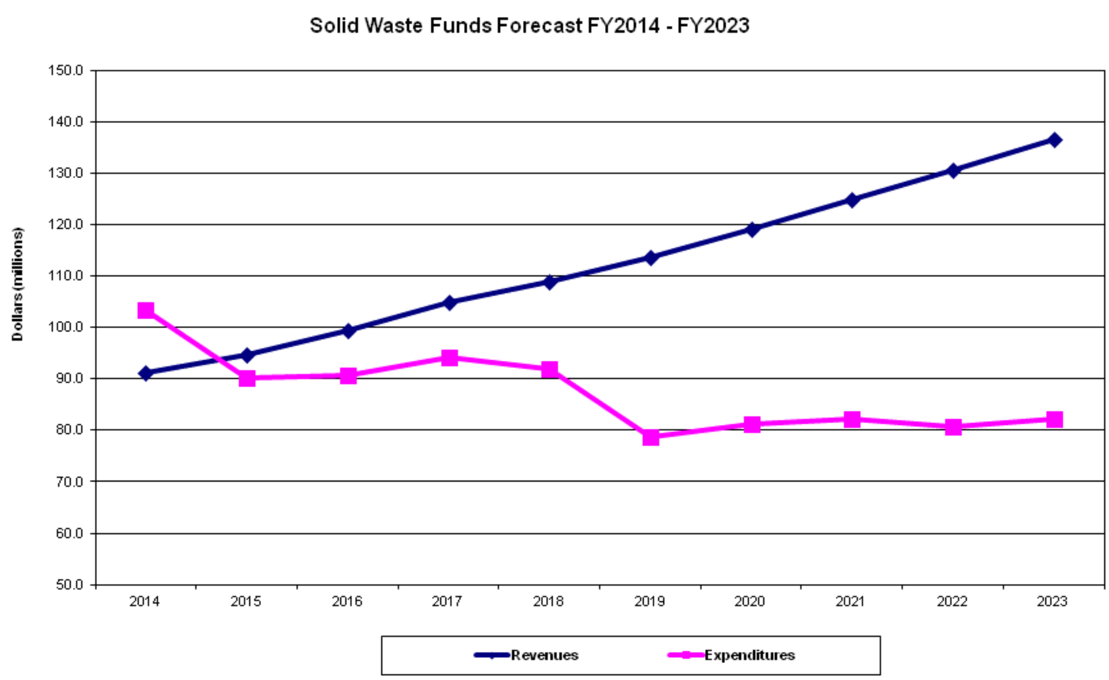
The budgeted FY2013 reserve level in the Solid Waste System is 44%, which is above the 15% reserve level budget policy adopted by the Board. Solid Waste maintains the following reserves:

$7.5 million required reserves per the contract with GCS, $11 million for insurance deductibles, $13.9 million for three months of operating expenses, and the remainder of $54.8 million is for future needs consistent with their 25 year capital plan. The estimated FY2013 reserves are higher than budgeted due to the timing of the loan from Solid Waste to the Capital Projects Fund. $45 million of the loan was delayed from FY2012 to FY2014.

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 anticipated 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 means less waste. For expenditures, Personal Services and Operating Expense reflect the forecast trends described in the Key Assumptions section of this document. The capital outlay forecast reflects the construction and purchase needs based on condition assessments, permit or regulatory requirements, and recommendations from consultants. There are large capital needs forecasted from FY2013 through FY2018 in anticipation of tighter regulatory requirements and additional required improvements.



Note: Does not include Capital Projects Fund loan activity

SOLID WASTE FUNDS

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 ten years, while still maintaining sufficient reserves. (The forecast chart does not include the loans to the Capital Projects Fund or the future repayments from that fund.) Solid waste revenues exceed expenditures from FY2015 through FY2023. In FY2014, expenditures reflect non-recurring costs associated with additional capital outlay improvements. 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 84% of revenues in FY2023. 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. Any continued economic decline would 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

Excluding FY2014 with anticipated capital outlay improvements, the forecast does not show any structural gaps in revenues and expenditures as the fund is balanced through the forecast period.

SOLID WASTE FUNDS

PRO-FORMAS

The *Pro-Formas* portion of the Budget Forecast: FY2014-2023 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:

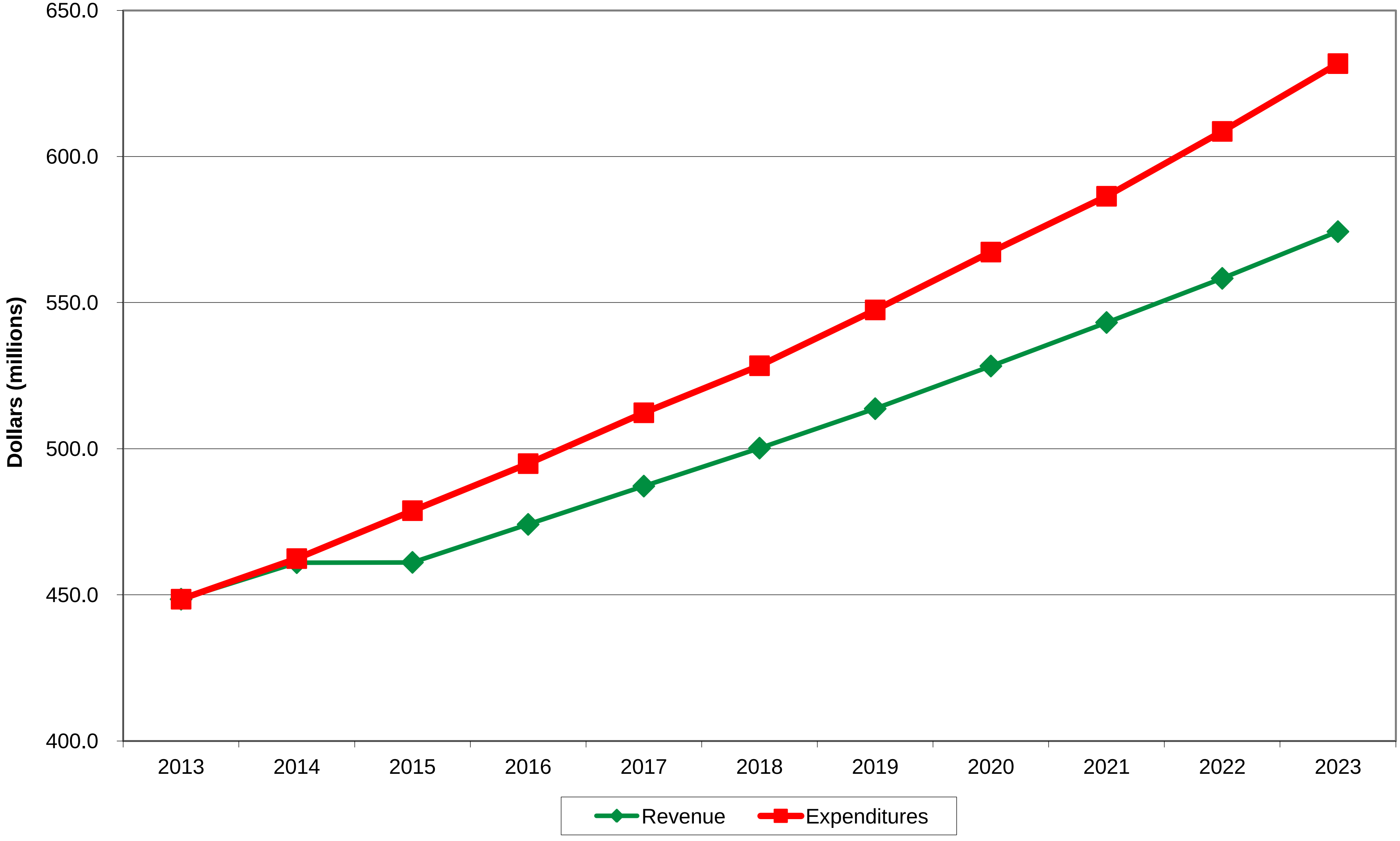
- **Forecast Chart:** Provides a forecast of revenues (net of fund balance) and expenditures (net of reserves) for each fund over a ten-year period
- **Assumptions:** Provides the key assumptions for each year in the forecast horizon that feed the pro-formas for each fund
- **Pro-Formas**: Provides the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

PRO-FORMAS

General Fund Forecast FY2014 - FY2023
Using Service Level Stabilization Account in FY2013 - FY2014



GENERAL FUND FORECAST
Fund 0001

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Property Taxes - Countywide *	**2.5%**	**2.5%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Property Taxes - MSTU *	**2.0%**	**2.0%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**
Half Cent Sales Tax	**4.0%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**
Revenue Sharing	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**
Communications Svc Tax	**-0.5%**	**-0.5%**	**-0.5%**	**-0.5%**	**-0.5%**	**-0.5%**	**-0.5%**	**-0.5%**	**-0.5%**	**-0.5%**
Charges for Services	**1.5%**	**1.8%**	**1.7%**	**2.0%**	**1.9%**	**2.1%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Transfers from Other Funds	**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	**4.1%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Operating Expenses	**-0.5%**	**2.6%**	**2.6%**	**2.9%**	**0.3%**	**2.9%**	**3.0%**	**3.1%**	**3.0%**	**3.1%**
Capital Outlay	**1.5%**	**1.8%**	**1.7%**	**2.0%**	**1.9%**	**2.1%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Grants & Aids	**1.5%**	**1.8%**	**1.7%**	**2.0%**	**1.9%**	**2.1%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	***1.5%***	***1.8%***	***1.7%***	***2.0%***	***1.9%***	***2.1%***	***2.0%***	***2.0%***	***2.0%***	***2.0%***
FL Per Capita Personal Income Growth	***2.0%***	***2.2%***	***2.2%***	***1.8%***	***1.4%***	***1.5%***	***1.7%***	***1.6%***	***1.6%***	***1.6%***
Estimated New Construction % of tax base	***0.5%***	***0.5%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***

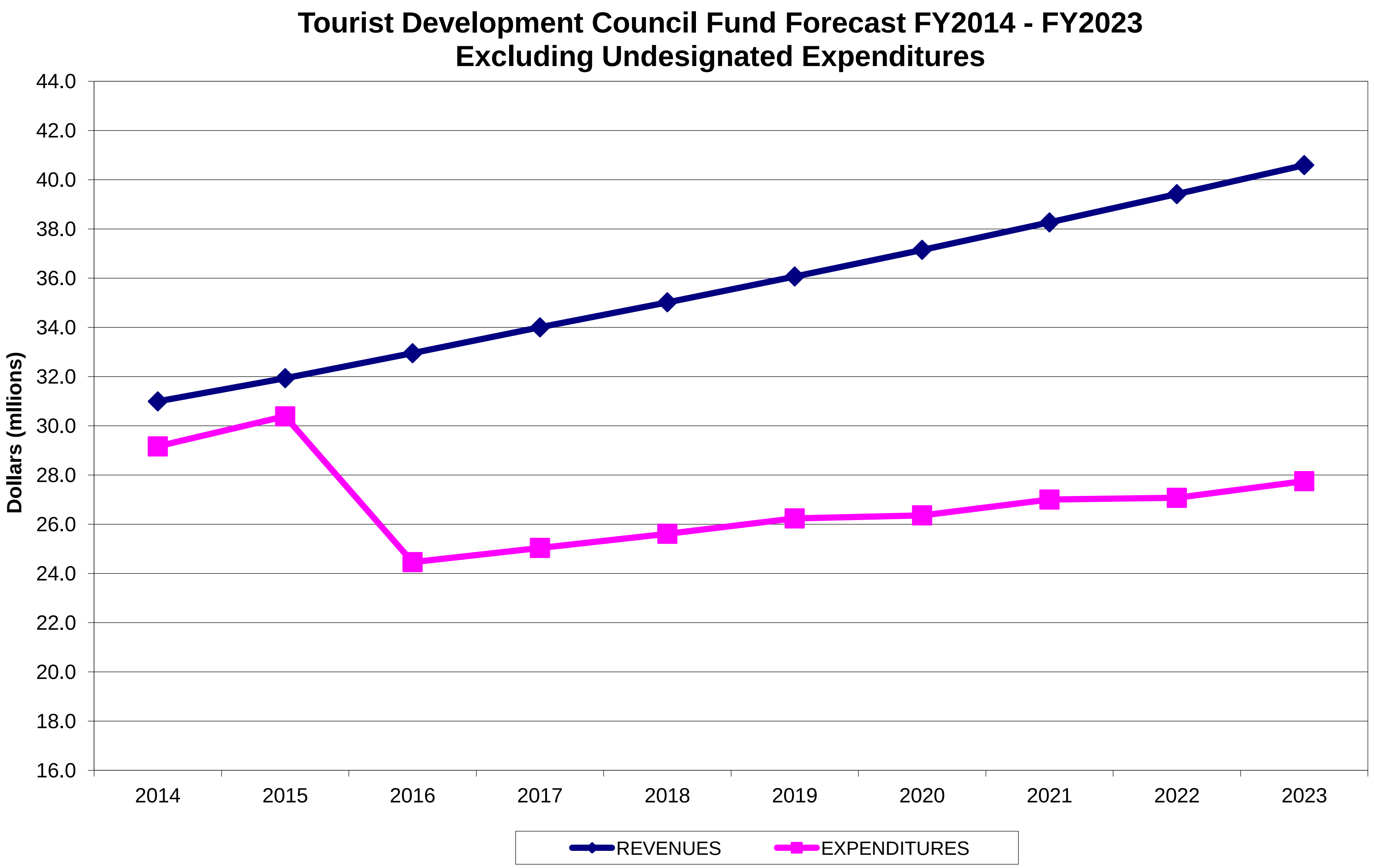
*** Property Tax perentages are changes in Taxable Value**

GENERAL FUND FORECAST
Fund 0001

(in $ millions)	Actual 2012	ORIGINAL BUDGET 2013	FORECAST Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
BEGINNING FUND BALANCE	**126.8**	**115.3**	**130.5**	**108.9**	**95.3**	**76.1**	**53.8**	**27.2**	**(1.0)**	**(34.8)**	**(73.8)**	**(117.0)**	**(167.3)**
REVENUES													
Property Taxes -Countywide	258.4	259.0	259.0	265.5	272.1	280.3	288.7	297.4	306.3	315.5	325.0	334.8	344.8
Property Taxes - MSTU	29.0	27.6	27.6	28.2	28.8	29.5	30.2	31.0	31.8	32.6	33.4	34.2	35.1
Half Cent Sales Tax	37.0	38.2	38.2	39.7	41.1	42.5	44.0	45.5	47.1	48.7	50.4	52.2	54.0
Revenue Sharing	14.3	14.3	14.3	14.7	15.1	15.5	15.9	16.3	16.7	17.1	17.5	17.9	18.3
MANDATE Medicaid (Rev Shrg cut)	-	(5.1)	*now shown as Operating Expenditure instead of revenue reduction*						-	-	-	-	-
Communications Svc Tax	10.8	10.7	10.7	10.6	10.5	10.4	10.3	10.2	10.1	10.0	10.0	10.0	10.0
Building Permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants (fed/state/local)	13.5	5.9	5.9	6.0	6.1	6.2	6.3	6.4	6.5	6.6	6.7	6.8	6.9
Interest	0.8	1.0	1.0	0.8	1.0	1.5	1.6	0.8	-	-	-	-	-
Charges for Services	68.5	63.5	63.5	65.5	66.5	67.4	68.7	70.3	72.0	73.7	75.5	76.9	78.9
Other revenues	13.4	12.1	12.1	12.3	12.5	12.8	13.1	13.4	13.7	14.0	14.3	14.6	14.9
Adjust Property Taxes to 96%	-	-	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0
Adjust Major Revenue to 98%	-	-	-	2.1	2.1	2.2	2.2	2.3	2.3	2.4	2.5	2.5	2.6
Adjust Other Revenue to 97%	-	-	-	1.8	2.1	2.5	2.8	3.1	3.6	4.0	4.1	4.5	4.8
TOTAL REVENUES	**445.7**	**427.2**	**435.3**	**450.3**	**461.1**	**474.1**	**487.2**	**500.2**	**513.7**	**528.3**	**543.2**	**558.3**	**574.3**
% vs prior year	*20%*		*-2%*	*3%*	*2%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
TOTAL RESOURCES	**572.5**	**542.5**	**565.8**	**559.2**	**556.4**	**550.2**	**541.0**	**527.4**	**512.7**	**493.5**	**469.4**	**441.3**	**407.0**
EXPENDITURES													
Personal Services	63.7	65.4	65.4	68.1	70.8	73.6	76.5	79.6	82.8	86.1	89.5	93.1	96.8
Operating Expenses	95.9	102.3	107.4	107.6	110.5	113.4	116.7	117.5	121.0	124.7	128.6	132.4	136.5
Capital Outlay	1.5	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	15.9	19.1	19.1	19.3	19.8	20.2	20.7	21.2	21.7	22.2	22.7	23.2	23.7
Transfers	258.4	257.6	257.6	268.4	278.4	288.4	299.2	310.8	322.8	335.2	348.2	362.7	377.7
Debt Service	-	0.3	-	-	-	-	-	-	-	-	-	-	-
Service Level Stabilization Acct	-	9.4	-	-	-	-	-	-	-	-	-	-	-
Non-recurring expenditures	1.6	-	2.6	-	-	-	-	-	-	-	-	-	-
Expenditure Lapse 1% *		-	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)
Potential Issues:													
Non-recurring Transfers to CIP	0.6	1.5	1.5	1.5	1.5	1.5	1.5	-	-	-	-	-	-
BTS non-recurring project costs	3.7	4.3	4.3	-	-	-	-	-	-	-	-	-	-
Homeless Initiatives (G&A)	0.7	-	-	-	-	-	-	-	-	-	-	-	-
CIP Operating Impacts (cumulative)	-	-	-	-	0.4	0.4	0.4	0.5	0.5	0.5	(1.2)	(1.3)	(1.3)
TOTAL EXPENDITURES	**442.0**	**460.8**	**456.9**	**463.9**	**480.3**	**496.4**	**513.8**	**528.4**	**547.5**	**567.3**	**586.4**	**608.6**	**631.8**
% vs prior year	*317%*		*3%*	*2%*	*4%*	*3%*	*4%*	*3%*	*4%*	*4%*	*3%*	*4%*	*4%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**130.5**	**81.7**	**108.9**	**95.3**	**76.1**	**53.8**	**27.2**	**(1.0)**	**(34.8)**	**(73.8)**	**(117.0)**	**(167.3)**	**(224.8)**
Ending balance as % of Resources	*23%*	***16%***	***19%***	***17%***	***14%***	***10%***	***5%***	***0%***	***-7%***	***-15%***	***-25%***	***-38%***	***-55%***
TOTAL REQUIREMENTS	**572.5**	**542.5**	**565.8**	**559.2**	**556.4**	**550.2**	**541.0**	**527.4**	**512.7**	**493.5**	**469.4**	**441.3**	**407.0**
REVENUE minus EXPENDITURES *(NOT cumulative)*	3.7	(33.6)	(21.6)	(13.6)	(19.2)	(22.3)	(26.6)	(28.2)	(33.8)	(39.0)	(43.2)	(50.3)	(57.5)
note: non-recurring expenditures	**6.6**	**15.2**	**8.4**	**1.5**	**1.5**	**1.5**	**1.5**	-	-	-	-	-	-
net recurring rev- exp	**10.3**	**(18.4)**	**(13.2)**	**(12.1)**	**(17.7)**	**(20.8)**	**(25.1)**	**(28.2)**	**(33.8)**	**(39.0)**	**(43.2)**	**(50.3)**	**(57.5)**

** Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only.*
FY12 ad valorem and other revenue adjusted for delinquent taxes and tax redemptions

Pinellas County


Tourist Development Council Fund Forecast FY2014 - FY2023
Excluding Undesignated Expenditures
Dollars (mllions)
44.0
42.0
40.0
38.0
36.0
34.0
32.0
30.0
28.0
26.0
24.0
22.0
20.0
18.0
16.0
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
REVENUES
EXPENDITURES

TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 1040

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Tourist Development Taxes	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
EXPENDITURES										
Personal Services	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating Expenses	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Advertising Expense	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Capital Outlay	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.5%*	*1.8%*	*1.7%*	*2.0%*	*1.9%*	*2.1%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
FL Per Capita Personal Income Growth	*2.0%*	*2.2%*	*2.2%*	*1.8%*	*1.4%*	*1.5%*	*1.7%*	*1.6%*	*1.6%*	*1.6%*

TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 1040

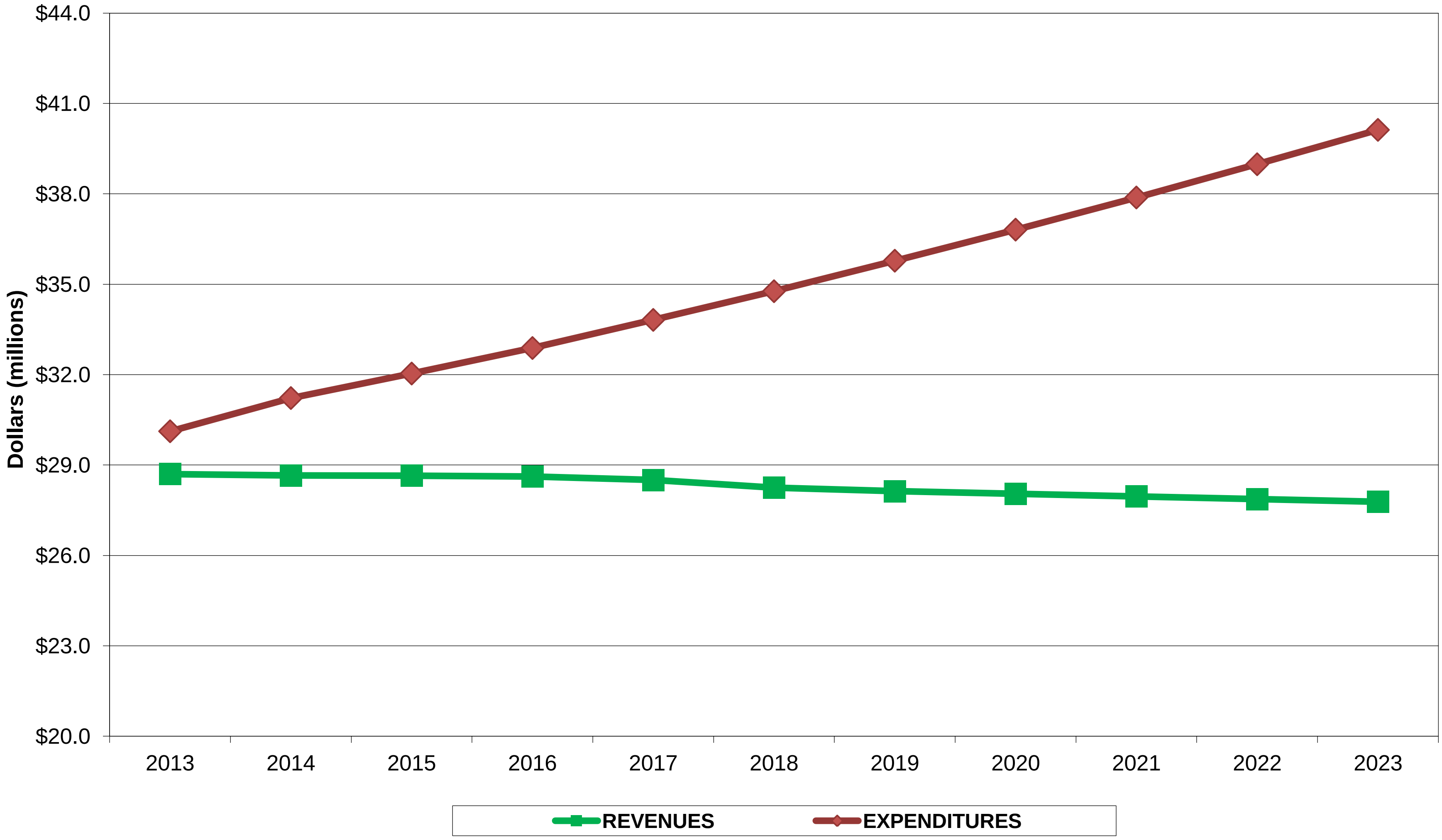
			FORECAST (@100% Revenue)										
(in $ thousands)	Actual 2012	Budget 2013	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
BEGINNING FUND BALANCE	**6,429.0**	**7,281.8**	**8,001.2**	**5,787.4**	**5,616.5**	**5,668.0**	**5,956.1**	**6,118.2**	**6,224.2**	**6,454.0**	**6,642.8**	**6,904.6**	**7,045.0**
REVENUES													
Tourist Development Taxes @ 95%	28,746.1	27,097.2	28,401.1	29,395.2	30,277.0	31,185.4	32,120.9	33,084.5	34,077.1	35,099.4	36,152.4	37,236.9	38,354.1
Interest	29.0	27.7	40.0	40.5	56.2	113.4	178.7	183.5	186.7	193.6	199.3	207.1	211.4
Cty Off Fees (TC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenues (Int - TC)	4.4	6.6	6.6	6.7	6.8	7.0	7.1	7.2	7.4	7.5	7.7	7.8	8.0
Adjust Tax Revenues to 100%	-	-	1,494.8	1,547.1	1,593.5	1,641.3	1,690.6	1,741.3	1,793.5	1,847.3	1,902.8	1,959.8	2,018.6
Adjust other Revenues to 100%	-	-	2.5	2.5	2.5	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0
REVENUES	**28,779.5**	**27,131.5**	**29,945.0**	**30,992.0**	**31,936.1**	**32,949.6**	**33,999.9**	**35,019.3**	**36,067.5**	**37,150.7**	**38,265.0**	**39,414.7**	**40,595.0**
% vs prior year	*11.6%*	*-5.7%*	*4.0%*	*3.5%*	*3.0%*	*3.2%*	*3.2%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
TOTAL RESOURCES	**35,208.5**	**34,413.3**	**37,946.2**	**36,779.4**	**37,552.6**	**38,617.6**	**39,956.0**	**41,137.5**	**42,291.7**	**43,604.7**	**44,907.8**	**46,319.2**	**47,640.0**
EXPENDITURES													
Personal Services	2,727.6	3,211.6	3,211.6	3,343.3	3,477.0	3,616.1	3,760.7	3,911.2	4,067.6	4,230.3	4,399.5	4,575.5	4,758.5
Operating Expenses	6,222.9	6,664.6	6,664.6	6,764.6	6,886.3	7,003.4	7,143.5	7,279.2	7,432.1	7,580.7	7,732.3	7,887.0	8,044.7
Advertising Expense	7,562.3	8,651.4	8,651.4	8,781.2	8,939.2	9,091.2	9,273.0	9,449.2	9,647.6	9,840.6	10,037.4	10,238.2	10,442.9
Addtl Advert Exp - one-time * RNC	600.0	-	-	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	3,300.0	2,000.0	1,500.0	8,200.0	8,800.0	9,300.0	9,600.0	10,600.0	11,000.0	12,200.0	12,600.0
Capital Outlay	-	4.3	4.3	4.4	4.4	4.5	4.6	4.7	4.8	4.9	5.0	5.1	5.2
Capital Outlay - Dali Museum	-	-	-	-	500.0	500.0	500.0	500.0	500.0	-	-	-	-
Transfer - Tax Collector	448.5	494.2	494.2	509.0	524.3	540.0	556.2	572.9	590.1	607.8	626.0	644.8	664.2
Transfer - Beach Renourishment	2,651.3	3,242.4	3,242.4	2,939.5	3,027.7	3,118.5	3,212.1	3,308.5	3,407.7	3,509.9	3,615.2	3,723.7	3,835.4
Debt Service	6,994.7	6,590.3	6,590.3	6,821.0	7,025.6	587.7	587.7	587.7	587.7	587.7	587.7	-	-
EXPENDITURES	**27,207.3**	**28,858.8**	**32,158.8**	**31,162.9**	**31,884.6**	**32,661.5**	**33,837.8**	**34,913.3**	**35,837.6**	**36,961.9**	**38,003.2**	**39,274.2**	**40,350.9**
% vs prior year	*17%*	*6%*	*18%*	*-3%*	*2%*	*2%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
ENDING FUND BALANCE	**8,001.2**	**5,554.5**	**5,787.4**	**5,616.5**	**5,668.0**	**5,956.1**	**6,118.2**	**6,224.2**	**6,454.0**	**6,642.8**	**6,904.6**	**7,045.0**	**7,289.1**
Ending balance as % of Resources	*23%*	*16%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*
TOTAL REQUIREMENTS	**35,208.5**	**34,413.3**	**37,946.2**	**36,779.4**	**37,552.6**	**38,617.6**	**39,956.0**	**41,137.5**	**42,291.7**	**43,604.7**	**44,907.8**	**46,319.2**	**47,640.0**
REVENUE minus EXPENDITURES *(NOT cumulative)*	1,572.2	(1,727.3)	(2,213.8)	(170.9)	51.5	288.1	162.1	106.0	229.9	188.8	261.8	140.5	244.1
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**1,572.2**	**(1,727.3)**	**(2,213.8)**	**(170.9)**	**51.5**	**288.1**	**162.1**	**106.0**	**229.9**	**188.8**	**261.8**	**140.5**	**244.1**

*One-time Operating Expenditures were available due to actual FY12 Beginning Fund Balance being higher than budgeted.

1) The Transfer for Beach Renourishment in FY2013 reflects an additional amount due based on reconciled actual tax collections versus budget in prior years. The FY2014 amount returns to the base annual transfer of 1/2 of one cent from the estimated collections.
2) The significant reduction in Debt Service in FY2016 reflects the end of Tropicana Field and Dunedin Spring Training Facility payments in FY2015.
3) The reduction in Debt Service in FY2022 reflects the end of Clearwater Spring Training Facility payments in FY2021.
4) Annual payments of $500k to the Dali Musuem are scheduled to end in FY2020.
5) The Transfer for Tax Collector services in FY13 reflects a recovery formula based on actual annual cost. It increases 3% per year in the forecast for anticipated increases in future personal services and operating expenses.
6) The "Undesignated" line under Expenditures shows a potential amount of funds that could be allocated above the target 15% reserve, based on all aother assumptions in the forecast.

Pinellas County

Transportation Trust Fund Forecast FY2014 - FY2023



TRANSPORTATION TRUST FUND FORECAST
Fund 1001

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ninth Cent Gas Tax	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
State Shared Gas Taxes	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
Local Option Gas Taxes	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
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	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating Expenses	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Capital Outlay	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Grants & Aids	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Transfers	16.0%	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	*1.5%*	*1.8%*	*1.7%*	*2.0%*	*1.9%*	*2.1%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
FL Per Capita Personal Income Growth	*2.0%*	*2.2%*	*2.2%*	*1.8%*	*1.4%*	*1.5%*	*1.7%*	*1.6%*	*1.6%*	*1.6%*

TRANSPORTATION TRUST FUND FORECAST
Fund 1001

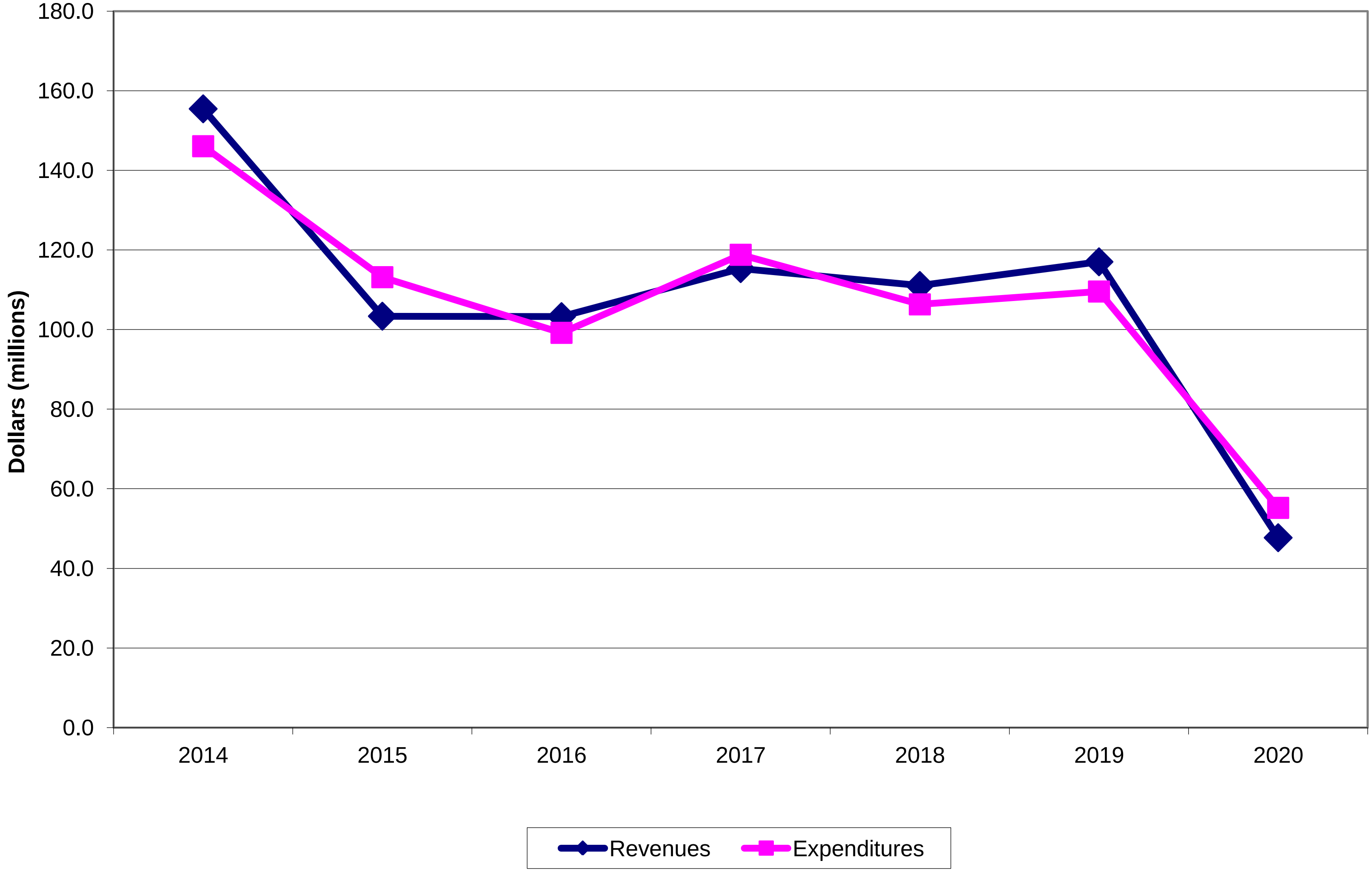
(in $ thousands)	Actual 2012	Budget 2013	FORECAST Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
BEGINNING FUND BALANCE	**14,772.2**	**13,963.0**	**17,707.7**	**16,287.5**	**13,713.7**	**10,321.0**	**6,058.3**	**743.7**	**(5,780.0)**	**(13,429.2)**	**(22,199.8)**	**(32,125.4)**	**(43,241.2)**
REVENUES													
Ninth Cent Gas Tax	3,749.3	3,757.7	3,757.7	3,738.9	3,720.2	3,701.6	3,683.1	3,664.7	3,646.4	3,628.1	3,610.0	3,591.9	3,574.0
State Shared Gas Taxes	9,319.0	9,242.0	9,242.0	9,242.0	9,195.8	9,149.8	9,104.1	9,058.5	9,013.2	8,968.2	8,923.3	8,878.7	8,834.3
Local Option Gas Tax	12,497.0	12,596.5	12,596.5	12,533.5	12,470.8	12,408.5	12,346.5	12,284.7	12,223.3	12,162.2	12,101.4	12,040.9	11,980.7
Interest	42.2	50.0	50.0	50.0	137.1	206.4	181.8	22.3	-	-	-	-	-
Other revenues	2,399.0	1,505.4	1,505.4	1,535.5	1,566.2	1,597.5	1,629.5	1,662.1	1,695.3	1,729.2	1,763.8	1,799.1	1,835.1
Transfer from other Funds	-	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0
Adjust Other Revenue to 98%			49.1	50.1	53.8	57.0	57.2	53.2	53.5	54.6	55.7	56.8	57.9
TOTAL REVENUES	**28,006.5**	**28,651.6**	**28,700.7**	**28,650.0**	**28,644.0**	**28,620.9**	**28,502.1**	**28,245.5**	**28,131.8**	**28,042.3**	**27,954.2**	**27,867.4**	**27,782.0**
% vs prior year		*2%*	*2%*	*0%*	*0%*	*0%*	*0%*	*-1%*	*0%*	*0%*	*0%*	*0%*	*0%*
TOTAL RESOURCES	**42,778.7**	**42,614.6**	**46,408.4**	**44,937.5**	**42,357.7**	**38,941.8**	**34,560.4**	**28,989.2**	**22,351.8**	**14,613.1**	**5,754.5**	**(4,258.0)**	**(15,459.2)**
EXPENDITURES													
Personal Services	11,079.6	13,737.9	13,737.9	14,301.2	14,873.2	15,468.1	16,086.9	16,730.3	17,399.5	18,095.5	18,819.3	19,572.1	20,355.0
Operating Expenses *	9,024.6	12,383.3	12,383.3	12,569.0	12,795.3	13,012.8	13,273.1	13,525.3	13,809.3	14,085.5	14,367.2	14,654.5	14,947.6
Capital Outlay	68.9	157.0	157.0	159.4	162.2	165.0	168.3	171.5	175.1	178.6	182.2	185.8	189.5
Grants & Aids	14.5	26.7	26.7	27.1	27.6	28.1	28.6	29.2	29.8	30.4	31.0	31.6	32.2
Full Cost Allocation	1,883.4	1,923.1	1,923.1	1,936.6	1,955.9	1,995.0	2,054.9	2,116.5	2,180.0	2,245.4	2,312.8	2,382.2	2,453.7
Transfers to other Funds	3,000.0	2,156.0	2,156.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0
Expenditure Lapse 1% **			(263.0)	(270.6)	(278.6)	(286.7)	(295.6)	(304.6)	(314.1)	(323.9)	(334.0)	(344.4)	(355.2)
Potential Issues:													
a) CIP Operating Impacts (cumulative)				**1.1**	**1.1**	**1.2**	**0.6**	**1.0**	**1.4**	**1.4**	**1.4**	**1.4**	**1.4**
TOTAL EXPENDITURES	**25,071.0**	**30,384.0**	**30,121.0**	**31,223.8**	**32,036.7**	**32,883.5**	**33,816.8**	**34,769.2**	**35,781.0**	**36,812.9**	**37,879.9**	**38,983.2**	**40,124.2**
% vs prior year		*18%*	*17%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**17,707.7**	**12,230.6**	**16,287.5**	**13,713.7**	**10,321.0**	**6,058.3**	**743.7**	**(5,780.0)**	**(13,429.2)**	**(22,199.8)**	**(32,125.4)**	**(43,241.2)**	**(55,583.3)**
Ending balance as % of Resources		*29%*	*35%*	*31%*	*24%*	*16%*	*2%*	*-20%*	*-60%*	*-152%*	*-558%*	*1016%*	*360%*
TOTAL REQUIREMENTS	**42,778.7**	**42,614.6**	**46,408.4**	**44,937.5**	**42,357.7**	**38,941.8**	**34,560.4**	**28,989.2**	**22,351.8**	**14,613.1**	**5,754.5**	**(4,258.0)**	**(15,459.2)**
REVENUE minus EXPENDITURES *(NOT cumulative)*	2,935.5	(1,732.4)	(1,420.2)	(2,573.7)	(3,392.7)	(4,262.6)	(5,314.7)	(6,523.7)	(7,649.2)	(8,770.5)	(9,925.6)	(11,115.7)	(12,342.2)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**2,935.5**	**(1,732.4)**	**(1,420.2)**	**(2,573.7)**	**(3,392.7)**	**(4,262.6)**	**(5,314.7)**	**(6,523.7)**	**(7,649.2)**	**(8,770.5)**	**(9,925.6)**	**(11,115.7)**	**(12,342.2)**

** Operating Expenses net of Full Cost Allocation*

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

Pinellas County

Capital Projects Fund Forecast FY2014-FY2020



CAPITAL PROJECTS FUND FORECAST
Fund 3001

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Infrastructure Sales Tax	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%			
Ninth Cent Gas Tax (from Transp Trust)	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%			
Impact Fees (from Special Revenue Fund)	9.7%	11.1%	75.0%	14.3%	0.0%	0.0%	0.0%			
Grants	-45.4%	-56.3%	-56.5%	249.4%	-46.0%	45.1%	-63.7%			
Transfer from TDC Fund	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%			
Reimbursements	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%			
EXPENDITURES										
n/a										
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.5%*	*1.8%*	*1.7%*	*2.0%*	*1.9%*	*2.1%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*

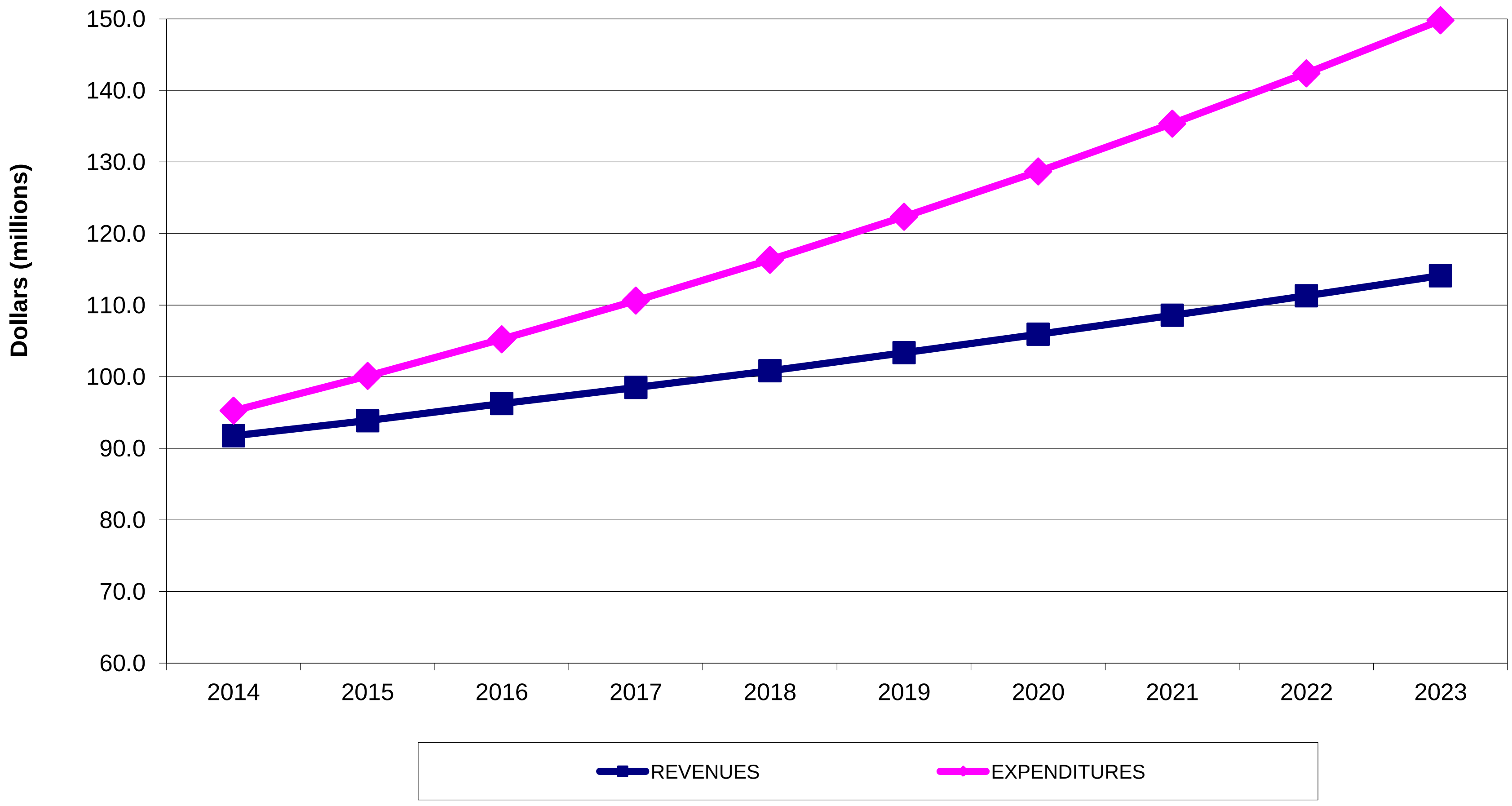
CAPITAL PROJECTS FUND FORECAST

Fund 3001

(in $ thousands)	Actual 2012	Budget 2013	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
			FORECAST										
BEGINNING FUND BALANCE	**51,309.0**	118,398.1	**81,154.3**	**22,961.8**	**32,359.8**	**22,565.9**	**26,647.2**	**23,168.0**	**27,919.7**	**35,380.4**			**-**
REVENUES													
Infrastructure Sales Tax (Penny for Pinellas)	77,759.2	75,882.4	80,481.0	83,297.8	85,796.8	88,370.7	91,021.8	93,752.4	96,565.0	32,822.5			-
Grants	10,500.6	32,693.0	32,693.0	17,845.9	7,790.8	3,392.1	11,851.0	6,397.5	9,282.5	3,371.5			
Reimbursements	-	-	-										
Ninth Cent Gas Tax (Transfer from Transportation Trust Fund)	3,000.0	2,156.0	2,156.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0	2,500.0			
Transportation Impact Fees (from Special Revenue Fund)	1,054.7	1,640.7	1,640.7	1,800.0	2,000.0	3,500.0	4,000.0	4,000.0	4,000.0	4,000.0			
Transfer from General Fund	847.8	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	300.0	300.0	300.0			
Transfer from TDC Fund	2,651.3	3,242.4	3,242.4	2,939.5	3,027.7	3,118.5	3,212.1	3,308.5	3,407.7	3,509.9			
Transfer from Fire Districts													
Sutherland Bayou Marina Mitig. Pymnt	29.7												
Sale-Surplus County Land	36.6												
Interest	256.3	213.8	213.8	160.73	323.60	451.32	799.42	695.04	837.59	1,061.41			
Other revenues	119.9		120.0	122.4	124.8	127.3	129.9	132.5	135.1	137.8			
Reappropriation of Revenue-Restatement	-	-	-	-	-	-	-	-	-	-			
Interfund Loan-Solid Waste-Chiller	-		7,500.0										
Interfund Loan-Solid Waste	-	10,000.0	10,000.0	45,000.0	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	**96,256.1**	**127,628.3**	**139,846.9**	**155,466.4**	**103,363.7**	**103,260.0**	**115,314.2**	**111,085.9**	**117,028.0**	**47,703.1**	**-**	**-**	**-**
% vs prior year													
TOTAL RESOURCES	**147,565.1**	**246,026.4**	**221,001.2**	**178,428.2**	**135,723.5**	**125,825.9**	**141,961.4**	**134,253.9**	**144,947.7**	**83,083.5**	**-**	**-**	**-**
EXPENDITURES													
Capital Projects	66,379.0	196,259.4	196,259.4	144,288.4	106,377.6	92,448.7	112,143.4	86,184.2	89,447.3	40,148.3			
Debt Service on Interfund Loan	31.8	280.0	280.0	280.0	280.0	230.0	150.0	150.0	120.0	50.0			
Payment on SW Loan-Chiller		1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0						
Payment on SW Loan					5,000.0	5,000.0	5,000.0	20,000.0	20,000.0	15,000.0			
TOTAL EXPENDITURES	**66,410.8**	**198,039.4**	**198,039.4**	**146,068.4**	**113,157.6**	**99,178.7**	**118,793.4**	**106,334.2**	**109,567.3**	**55,198.3**	**-**	**-**	**-**
ENDING FUND BALANCE	**81,154.3**	**47,987.0**	**22,961.8**	**32,359.8**	**22,565.9**	**26,647.2**	**23,168.0**	**27,919.7**	**35,380.4**	**27,885.2**	**-**	**-**	**-**
TOTAL REQUIREMENTS	**147,565.1**	**246,026.4**	**221,001.2**	**178,428.2**	**135,723.5**	**125,825.9**	**141,961.4**	**134,253.9**	**144,947.7**	**83,083.5**	**-**	**-**	**-**
REVENUE minus EXPENDITURES *(NOT cumulative)*	29,845.3	(70,411.1)	(58,192.5)	9,398.0	(9,793.9)	4,081.3	(3,479.2)	4,751.7	7,460.7	(7,495.2)	-	-	-
net recurring rev- exp	**29,845.3**	**(70,411.1)**	**(58,192.5)**	**9,398.0**	**(9,793.9)**	**4,081.3**	**(3,479.2)**	**4,751.7**	**7,460.7**	**(7,495.2)**	**-**	**-**	**-**

Note: FY2021 and FY2022 not included as Penny for Pinellas is authorized only through a portion of FY2020.

Emergency Medical Services Fund Forecast FY2014 - FY2023



EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

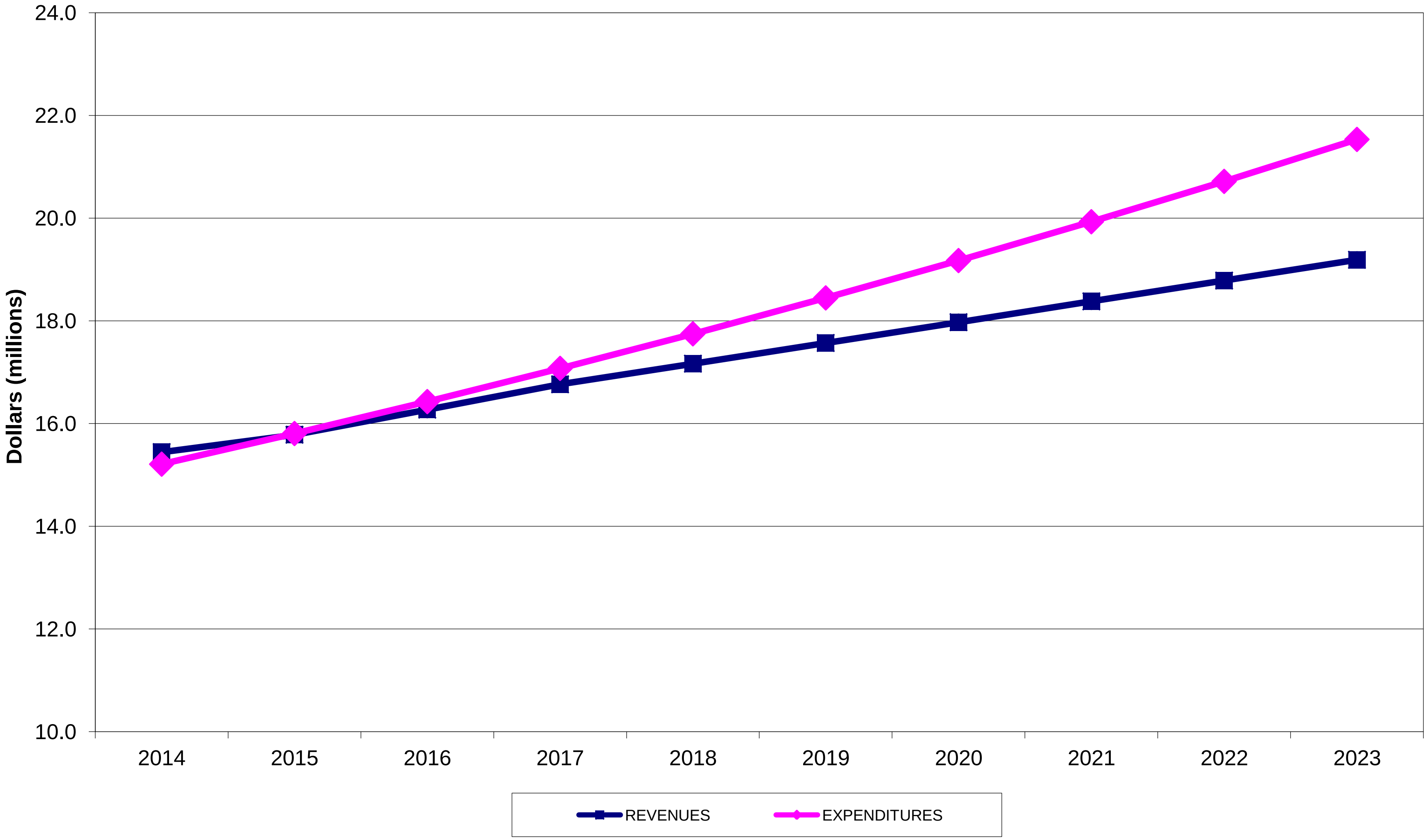
Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ad Valorem Revenue (@95%)	2.5%	2.5%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Ambulance Svc Contract Fees	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Ambulance Annual Members Fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	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%
Other revenues (ref of prior yrs exp)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EXPENDITURES										
Personal Services	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating Expenses	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Operating Expenses-First Resp Med Supplies	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital Outlay	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Ambulance Contract	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
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	*1.5%*	*1.8%*	*1.7%*	*2.0%*	*1.9%*	*2.1%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
FL Per Capita Personal Income Growth	*2.0%*	*2.2%*	*2.2%*	*1.8%*	*1.4%*	*1.5%*	*1.7%*	*1.6%*	*1.6%*	*1.6%*
Estimated New Construction % of tax base	*0.5%*	*0.5%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*	*1.0%*

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

(in $ thousands)	Actual 2012	Budget 2013	Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
			FORECAST (@ 96% Ad Valorem Revenue and @100% Ambulance Revenue)										
BEGINNING FUND BALANCE	**21,371.3**	**21,246.3**	**23,686.1**	**22,812.6**	**19,302.3**	**13,044.4**	**4,069.7**	**(8,063.5)**	**(23,559.8)**	**(42,554.1)**	**(65,297.1)**	**(92,062.7)**	**(123,141.7)**
REVENUES													
Ad Valorem Revenue @95%	42,211.2	43,852.1	43,852.1	44,948.4	46,072.1	47,454.3	48,877.9	50,344.2	51,854.6	53,410.2	55,012.5	56,662.9	58,362.8
Ambulance Svc Contract Fees @ 95%	43,996.8	41,526.6	42,357.1	43,204.3	44,068.4	44,949.7	45,848.7	46,765.7	47,701.0	48,655.0	49,628.1	50,620.7	51,633.1
Ambulance Annual Members Fees	222.5	199.5	199.5	199.5	199.5	199.5	199.5	199.5	199.5	199.5	199.5	199.5	199.5
Grant Revenue (EMS Trust Fund)	15.9	200.0	200.0	204.0	208.1	212.2	216.5	220.8	225.2	229.7	234.3	239.0	243.8
Cty Off Fees (TC & PA)	291.8	267.6	267.6	270.3	273.0	275.7	278.5	281.3	284.1	286.9	289.8	292.7	295.6
Interest	134.8	136.0	136.0	137.0	193.0	260.9	122.1	-	-	-	-	-	-
Other revenues (refund of prior yrs exp)	58.8	25.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6
Adjust Tax Revenues to 96%	-		461.6	473.1	485.0	499.5	514.5	529.9	545.8	562.2	579.1	596.5	614.3
Adjust Ambulance Revenues to 100%	-		2,239.8	2,284.6	2,330.3	2,376.9	2,424.5	2,472.9	2,522.4	2,572.9	2,624.3	2,676.8	2,730.3
TOTAL REVENUES	**86,931.8**	**86,207.4**	**89,739.4**	**91,746.8**	**93,854.9**	**96,254.4**	**98,507.7**	**100,840.0**	**103,358.2**	**105,942.0**	**108,593.2**	**111,313.6**	**114,105.1**
% vs prior year	*16%*	*-1%*	*3%*	*2%*	*2%*	*3%*	*2%*	*2%*	*2%*	*2%*	*3%*	*3%*	*3%*
TOTAL RESOURCES	**108,303.1**	**107,453.7**	**113,425.5**	**114,559.3**	**113,157.3**	**109,298.8**	**102,577.5**	**92,776.5**	**79,798.4**	**63,387.9**	**43,296.1**	**19,251.0**	**(9,036.6)**
EXPENDITURES													
Personal Services	2,703.6	2,884.9	2,884.9	3,003.2	3,123.3	3,248.2	3,378.2	3,513.3	3,653.8	3,800.0	3,952.0	4,110.1	4,274.5
Operating Expenses	4,372.3	5,867.8	5,867.8	5,955.8	6,063.0	6,166.1	6,289.4	6,408.9	6,543.5	6,674.4	6,807.9	6,944.0	7,082.9
Operating Expenses - First Responder Medical Supplies	1,088.5	1,236.0	1,236.0	1,273.1	1,311.3	1,350.6	1,391.1	1,432.9	1,475.8	1,520.1	1,565.7	1,612.7	1,661.1
Capital Outlay	469.9	790.0	790.0	801.9	816.3	830.2	846.8	862.9	881.0	898.6	916.6	934.9	953.6
Ambulance Contract	36,657.5	38,200.0	38,200.0	40,492.0	42,921.5	45,496.8	48,226.6	51,120.2	54,187.4	57,438.7	60,885.0	64,538.1	68,410.4
EMS Trust Fund Grant Expenditures	15.9	200.0	200.0	204.0	208.1	212.2	216.5	220.8	225.2	229.7	234.3	239.0	243.8
Grants & Aids (First Responder Agmts)*	38,198.4	40,156.6	40,156.6	42,164.4	44,272.7	46,486.3	48,810.6	51,251.1	53,813.7	56,504.4	59,329.6	62,296.1	65,410.9
Trfrs to PA & TC	1,110.9	1,277.6	1,277.6	1,362.6	1,396.7	1,438.6	1,481.8	1,526.2	1,572.0	1,619.2	1,667.7	1,717.8	1,769.3
Expenditure Lapse 1%													
* Amt Includes Eckerd Contract													
TOTAL EXPENDITURES	**84,617.0**	**90,612.9**	**90,612.9**	**95,257.0**	**100,112.8**	**105,229.1**	**110,641.0**	**116,336.3**	**122,352.5**	**128,685.0**	**135,358.8**	**142,392.6**	**149,806.4**
% vs prior year	*1%*	*7%*	*7%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*
ENDING FUND BALANCE	**23,686.1**	**16,840.8**	**22,812.6**	**19,302.3**	**13,044.4**	**4,069.7**	**(8,063.5)**	**(23,559.8)**	**(42,554.1)**	**(65,297.1)**	**(92,062.7)**	**(123,141.7)**	**(158,843.0)**
Ending balance as % of Expenditures	*28.0%*	*18.6%*	*25.2%*	*20.3%*	*13.0%*	*3.9%*	*-7.3%*	*-20.3%*	*-34.8%*	*-50.7%*	*-68.0%*	*-86.5%*	*-106.0%*
TOTAL REQUIREMENTS	**108,303.1**	**107,453.7**	**113,425.5**	**114,559.3**	**113,157.3**	**109,298.8**	**102,577.5**	**92,776.5**	**79,798.4**	**63,387.9**	**43,296.1**	**19,251.0**	**(9,036.6)**
REVENUE minus EXPENDITURES *(NOT cumulative)*	2,314.8	(4,405.5)	(873.5)	(3,510.2)	(6,257.9)	(8,974.7)	(12,133.2)	(15,496.3)	(18,994.3)	(22,743.0)	(26,765.6)	(31,079.0)	(35,701.3)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**2,314.8**	**(4,405.5)**	**(873.5)**	**(3,510.2)**	**(6,257.9)**	**(8,974.7)**	**(12,133.2)**	**(15,496.3)**	**(18,994.3)**	**(22,743.0)**	**(26,765.6)**	**(31,079.0)**	**(35,701.3)**

1) FY2013 reflects the new ordinance passed by Board action on December 20th, 2011, to maintain as close as possible, a 25% Beginning Fund Balance. Percentage of reserve balance declines going into FY2014 and is depleted in FY2017.
2) EMS Millage increased from 0.5832 in FY11 to 0.8506 in FY12, is then increased to 0.9158 in FY13, and then assumed to remain flat throughout the remainder of the forecast period. Maximum annual EMS levy is 1.5000 mills.
3) Assumes estimated Ad Valorem revenue is at 96%, except the FY13 Adopted Budget, which remains at 95% per statute.
4) Assumes estimated ambulance revenue is at 100%, except the FY13 Adopted Budget, which remains at 95% per statute.
5) The First Responder Agreements reflect a 5% increase in FY2013 and the remaining forecast years. This does not reflect any changes in service.
6) The Expenditure lapse is not calculated on this fund as the majority of the expenditures within this fund are contractual and are fully expended each year.

Fire Districts Fund Forecast FY2014 - FY2023



FIRE DISTRICTS FUND FORECAST
Fund 1050

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ad Valorem Tax Revenue	**2.0%**	**2.0%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**
EXPENDITURES										
Personal Services	**4.1%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Operating Expenses	**1.5%**	**1.8%**	**1.7%**	**2.0%**	**1.9%**	**2.1%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Capital Outlay	**1.5%**	**1.8%**	**1.7%**	**2.0%**	**1.9%**	**2.1%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Debt Service	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Grants & Aids (Cty Pymts)	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	***1.5%***	***1.8%***	***1.7%***	***2.0%***	***1.9%***	***2.1%***	***2.0%***	***2.0%***	***2.0%***	***2.0%***
FL Per Capita Personal Income Growth	***2.0%***	***2.2%***	***2.2%***	***1.8%***	***1.4%***	***1.5%***	***1.7%***	***1.6%***	***1.6%***	***1.6%***
Estimated New Construction % of tax base	***0.5%***	***0.5%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***	***1.0%***

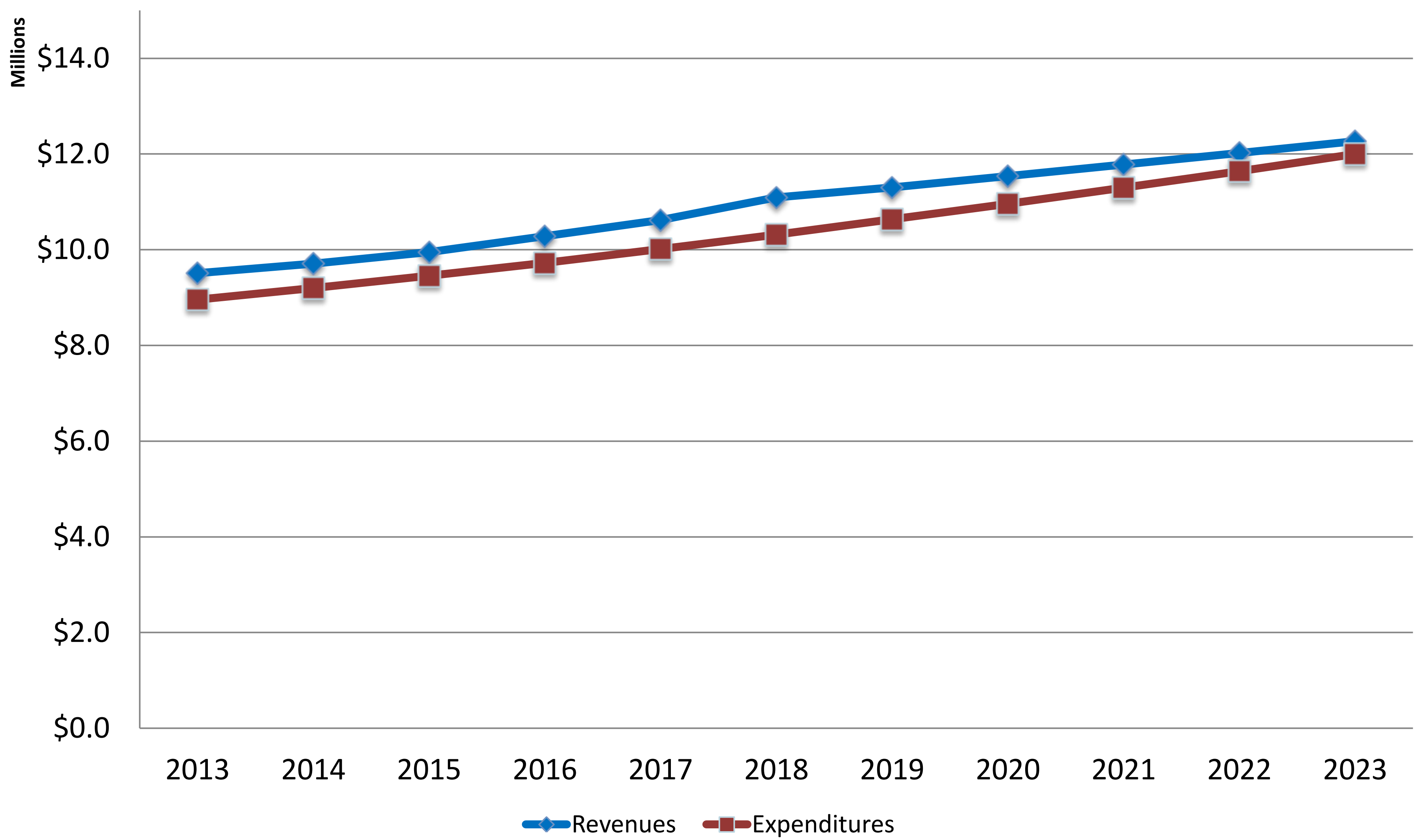
FIRE DISTRICTS FUND FORECAST
Fund 1050

(in $ thousands)	Actual 2012	Budget 2013	FORECAST (@ 96% Ad Valorem Revenue and @100% Other Revenue) Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
BEGINNING FUND BALANCE	**8,421.3**	**7,993.4**	**8,503.9**	**8,992.4**	**9,227.4**	**9,204.6**	**9,048.1**	**8,737.9**	**8,156.7**	**7,279.3**	**6,079.3**	**4,528.4**	**2,596.7**
REVENUES													
Ad Valorem Revenue @ 95%	15,018.0	14,822.0	14,822.0	15,118.4	15,420.8	15,806.3	16,201.5	16,606.5	17,021.7	17,447.2	17,883.4	18,330.5	18,788.8
Cty Off Fees (TC & PA)	107.9	94.9	94.9	96.8	98.7	100.7	102.7	104.8	106.9	109.0	111.2	113.4	115.7
Other Rev (Interest, Gain/Loss Inv)	53.5	53.8	53.8	62.9	92.3	184.1	271.4	262.1	244.7	218.4	182.4	135.9	77.9
Interest - Tax Collector	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Adjust Property Taxes to 96%			156.0	159.1	162.3	166.4	170.5	174.8	179.2	183.7	188.2	193.0	197.8
Adjust Other Revenue to 100%			7.8	8.4	10.1	15.0	19.7	19.3	18.5	17.2	15.5	13.1	10.2
TOTAL REVENUES	**15,179.5**	**14,970.8**	**15,134.7**	**15,445.8**	**15,784.3**	**16,272.6**	**16,766.0**	**17,167.7**	**17,571.1**	**17,975.6**	**18,380.8**	**18,786.0**	**19,190.4**
% vs prior year	*4%*	*-1%*	*0%*	*2%*	*2%*	*3%*	*3%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*
TOTAL RESOURCES	**23,600.8**	**22,964.2**	**23,638.6**	**24,438.2**	**25,011.7**	**25,477.3**	**25,814.2**	**25,905.6**	**25,727.8**	**25,254.9**	**24,460.1**	**23,314.4**	**21,787.2**
EXPENDITURES													
Personal Services	80.0	130.1	130.1	135.4	140.9	146.5	152.3	158.4	164.8	171.4	178.2	185.4	192.8
Operating Expenditures	172.2	134.4	134.4	136.4	138.9	141.2	144.1	146.8	149.9	152.9	155.9	159.1	162.2
Curr Chgs & Oblig (Cty Fire Admin Chgs)	244.8	264.5	264.5	268.5	273.3	277.9	283.5	288.9	295.0	300.9	306.9	313.0	319.3
Debt Service	-	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 (City Payments)	14,403.7	13,923.2	13,923.2	14,480.1	15,059.3	15,661.7	16,288.2	16,939.7	17,617.3	18,322.0	19,054.9	19,817.1	20,609.7
Trfrs to PA & TC	441.0	458.0	458.0	458.3	467.5	479.2	491.2	503.4	516.0	528.9	542.1	555.7	569.6
Pro-Rate Clearing (County Fire Admin Chgs)	(244.8)	(264.5)	(264.5)	(268.5)	(273.3)	(277.9)	(283.5)	(288.9)	(295.0)	(300.9)	(306.9)	(313.0)	(319.3)
Expenditure Lapse 1% **													
TOTAL EXPENDITURES	**15,096.9**	**14,646.2**	**14,646.2**	**15,210.8**	**15,807.1**	**16,429.1**	**17,076.2**	**17,748.9**	**18,448.5**	**19,175.6**	**19,931.7**	**20,717.7**	**21,534.8**
% vs prior year	*1%*	*-3%*	*-3%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
ENDING FUND BALANCE	**8,503.9**	**8,318.0**	**8,992.4**	**9,227.4**	**9,204.6**	**9,048.1**	**8,737.9**	**8,156.7**	**7,279.3**	**6,079.3**	**4,528.4**	**2,596.7**	**252.3**
Ending balance as % of Resources	*36.0%*	*36.2%*	*38.0%*	*37.8%*	*36.8%*	*35.5%*	*33.8%*	*31.5%*	*28.3%*	*24.1%*	*18.5%*	*11.1%*	*1.2%*
TOTAL REQUIREMENTS	**23,600.8**	**22,964.2**	**23,638.6**	**24,438.2**	**25,011.7**	**25,477.3**	**25,814.2**	**25,905.6**	**25,727.8**	**25,254.9**	**24,460.1**	**23,314.4**	**21,787.2**
REVENUE minus EXPENDITURES *(NOT cumulative)*	82.6	324.6	488.5	235.0	(22.7)	(156.5)	(310.2)	(581.2)	(877.4)	(1,200.0)	(1,550.9)	(1,931.7)	(2,344.4)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**82.6**	**324.6**	**488.5**	**235.0**	**(22.7)**	**(156.5)**	**(310.2)**	**(581.2)**	**(877.4)**	**(1,200.0)**	**(1,550.9)**	**(1,931.7)**	**(2,344.4)**

*** Expenditure lapse is not calculated on this fund as the majority of the expenditures within this fund are contractual and are fully expended each year.*

1) Assumes estimated Ad Valorem revenue is at 96%, except the FY13 Adopted Budget, which remains at 95% per statute.

Airport Fund Forecast
FY2013 - FY2023
Excluding Non-Recurring Revenues and Expenditures



AIRPORT FUND FORECAST
Fund 4001

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rents/Leases/Concessions	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Capital Contributions	-37.0%	-14.1%	39.1%	-3.0%	129.1%	-82.4%	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	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating Expenses	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Capital Outlay	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Grants & Aids	1.5%	1.8%	1.7%	2.0%	1.9%	2.1%	2.0%	2.0%	2.0%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.5%*	*1.8%*	*1.7%*	*2.0%*	*1.9%*	*2.1%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
FL Per Capita Personal Income Growth	*2.0%*	*2.2%*	*2.2%*	*1.8%*	*1.4%*	*1.5%*	*1.7%*	*1.6%*	*1.6%*	*1.6%*

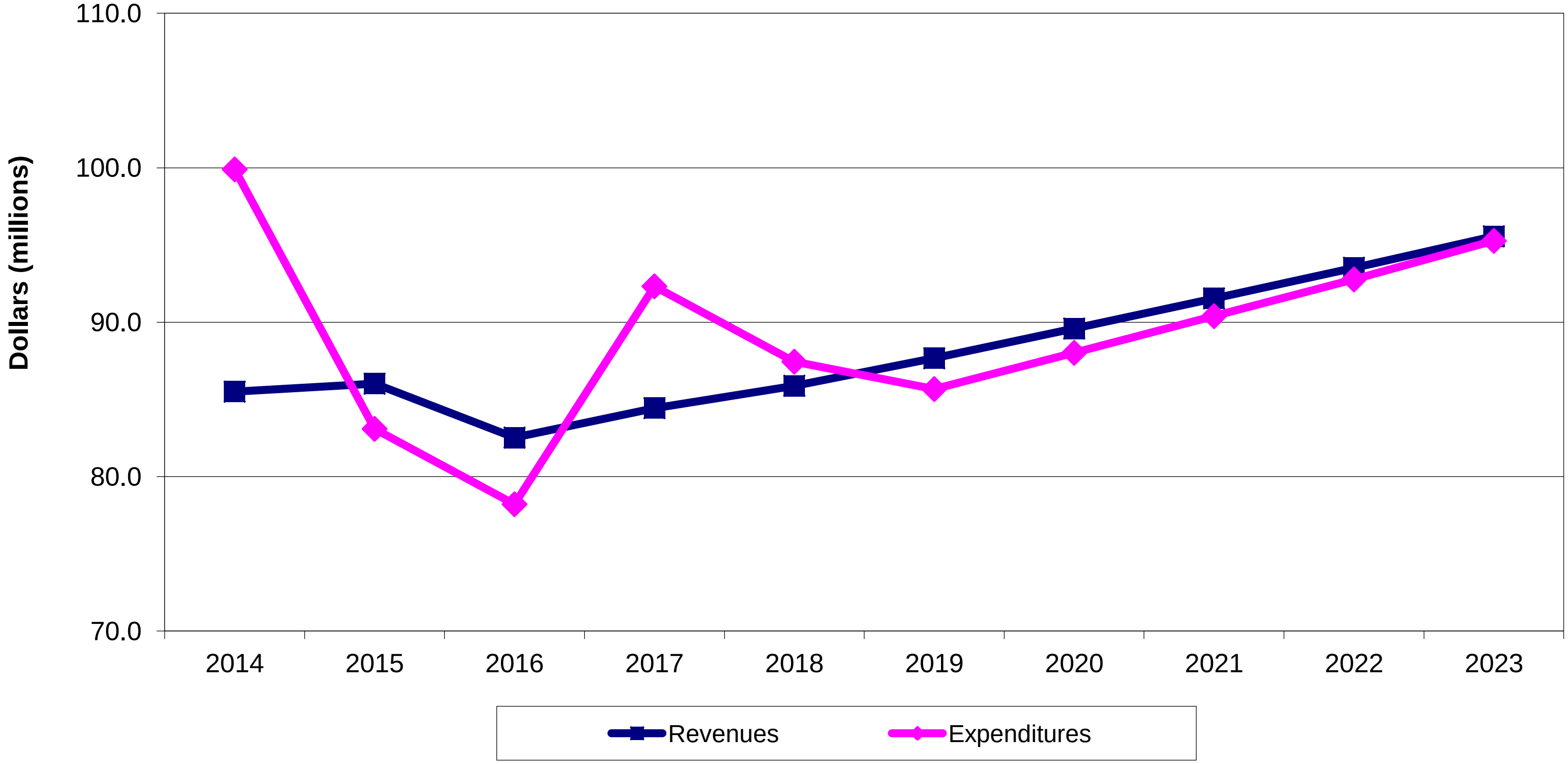
AIRPORT FUND FORECAST
Fund 4001

(in $ thousands)	Actual 2012	Budget 2013	FORECAST Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
BEGINNING FUND BALANCE	**14,635.0**	**13,690.9**	**15,793.7**	**14,150.2**	**14,661.8**	**14,155.7**	**13,965.3**	**11,966.6**	**11,742.4**	**12,407.3**	**12,986.4**	**13,470.5**	**13,849.9**
REVENUES													
Airfield/Flight Lines	2,577.6	2,545.2	2,679.2	2,732.8	2,787.4	2,843.2	2,900.1	2,958.1	3,017.2	3,077.6	3,139.1	3,201.9	3,265.9
Golf Course	-	-	-	-	-	-	-	-	-	-	-	-	-
Rents/Leases/Concessions	7,142.5	6,153.0	6,476.8	6,606.3	6,738.5	6,873.2	7,010.7	7,150.9	7,293.9	7,439.8	7,588.6	7,740.4	7,895.2
New Property Development	-	-	-	-	-	-	-	330.0	336.6	343.3	350.2	357.2	364.3
Grants	275.4	265.0	265.0	270.3	275.7	281.2	286.8	292.6	298.4	304.4	310.5	316.7	323.0
Capital Contributions	8,889.3	10,164.2	10,164.2	6,405.0	5,500.0	7,650.0	7,420.0	17,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Interest	74.3	88.9	88.9	99.1	146.6	283.1	419.0	359.0	352.3	372.2	389.6	404.1	415.5
Other revenues	28.8	1.8	1.8	*1.8*	*1.9*	*1.9*	*1.9*	*2.0*	*2.0*	*2.1*	*2.1*	*2.2*	*2.2*
TOTAL REVENUES	**18,987.9**	**19,218.1**	**19,675.9**	**16,115.3**	**15,450.1**	**17,932.7**	**18,038.5**	**28,092.5**	**14,300.5**	**14,539.4**	**14,780.1**	**15,022.4**	**15,266.2**
	44%		*4%*	*-18%*	*-4%*	*16%*	*1%*	*56%*	*-49%*	*2%*	*2%*	*2%*	*2%*
TOTAL RESOURCES	**33,622.9**	**32,909.0**	**35,469.5**	**30,265.5**	**30,111.9**	**32,088.3**	**32,003.8**	**40,059.1**	**26,042.8**	**26,946.7**	**27,766.5**	**28,492.9**	**29,116.1**
EXPENDITURES													
Personal Services	4,194.0	4,325.0	4,325.0	4,502.3	4,682.4	4,869.7	5,064.5	5,267.1	5,477.8	5,696.9	5,924.8	6,161.7	6,408.2
Operating Expenses	3,454.1	4,239.4	4,239.4	4,303.0	4,380.4	4,454.9	4,544.0	4,630.3	4,727.6	4,822.1	4,918.6	5,017.0	5,117.3
Golf Course Operations / maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	266.5	145.1	145.1	147.3	149.9	152.5	155.5	158.5	161.8	165.0	168.3	171.7	175.1
Full Cost Allocation	455.2	511.1	511.1	514.7	519.8	530.2	546.1	562.5	579.4	596.8	614.7	633.1	652.1
Non-recurring CIP expenditures	9,459.4	12,360.0	12,360.0	6,405.0	6,500.0	8,400.0	10,020.0	18,000.0	3,000.0	3,000.0	3,000.0	3,000.0	3,000.0
Expenditure Lapse 3% **	-		(261.3)	(268.6)	(276.4)	(284.3)	(292.9)	(301.7)	(311.0)	(320.5)	(330.4)	(340.5)	(351.0)
TOTAL EXPENDITURES	**17,829.2**	**21,580.6**	**21,319.3**	**15,603.7**	**15,956.2**	**18,123.0**	**20,037.2**	**28,316.7**	**13,635.5**	**13,960.3**	**14,296.0**	**14,643.0**	**15,001.7**
	48%		*20%*	*-27%*	*2%*	*14%*	*11%*	*41%*	*-52%*	*2%*	*2%*	*2%*	*2%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**15,793.7**	**11,328.4**	**14,150.2**	**14,661.8**	**14,155.7**	**13,965.3**	**11,966.6**	**11,742.4**	**12,407.3**	**12,986.4**	**13,470.5**	**13,849.9**	**14,114.4**
Ending balance as % of Resources	*47%*	*34%*	*40%*	*48%*	*47%*	*44%*	*37%*	*29%*	*48%*	*48%*	*49%*	*49%*	*48%*
TOTAL REQUIREMENTS	**33,622.9**	**32,909.0**	**35,469.5**	**30,265.5**	**30,111.9**	**32,088.3**	**32,003.8**	**40,059.1**	**26,042.8**	**26,946.7**	**27,766.5**	**28,492.9**	**29,116.1**
REVENUE minus EXPENDITURES	1,158.7	(2,362.5)	(1,643.4)	511.6	(506.1)	(190.3)	(1,998.7)	(224.2)	664.9	579.1	484.1	379.4	264.5
note: non-recurring CIP expenditures	**9,459.4**	**12,360.0**	**12,360.0**	**6,405.0**	**6,500.0**	**8,400.0**	**10,020.0**	**18,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**	**3,000.0**
non-recurring rev(capital contrib)	**(8,889.3)**	**(10,164.2)**	**(10,164.2)**	**(6,405.0)**	**(5,500.0)**	**(7,650.0)**	**(7,420.0)**	**(17,000.0)**	**(3,000.0)**	**(3,000.0)**	**(3,000.0)**	**(3,000.0)**	**(3,000.0)**
net recurring rev- exp	**1,728.8**	(166.7)	**552.4**	**511.6**	**493.9**	**559.7**	**601.3**	**775.8**	**664.9**	**579.1**	**484.1**	**379.4**	**264.5**

** Operating Expenses net of Full Cost Allocation*
*** Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only. FY11 lapse is used to adjust for updated information.*

Pinellas County

Water System Funds Forecast FY2014 - FY2023 with Rate Increases



WATER FUNDS FORECAST
Fund 4031, 4033, 4034 & 4036

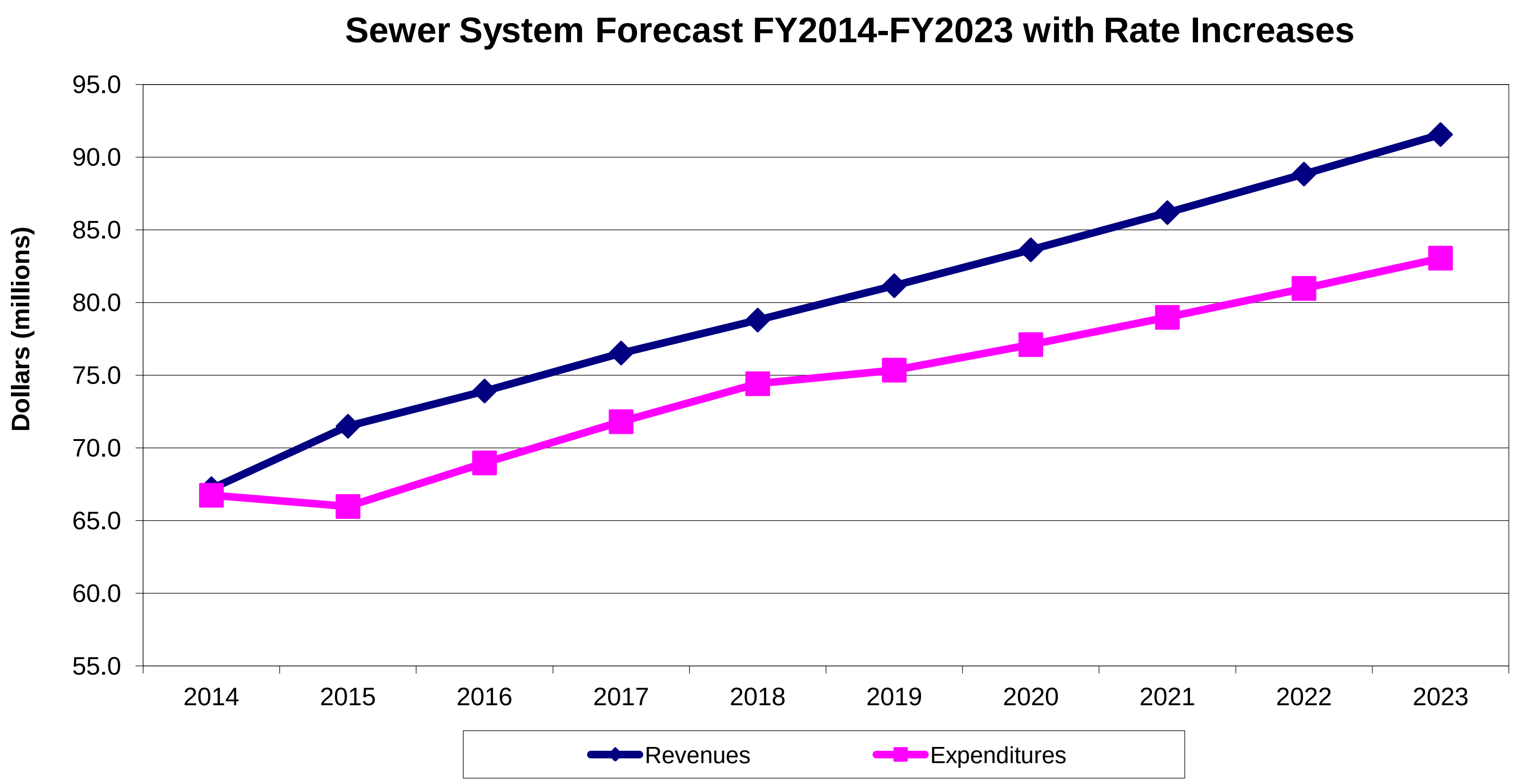
Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Water Sales-Retail *	**2.0%**	**2.0%**	**2.0%**	**2.1%**	**2.2%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**
Water Sales-Wholesale *	**-9.3%**	**-4.9%**	**-37.3%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Other revenues	**-2.9%**	**-2.1%**	**-1.1%**	**-2.7%**	**-0.9%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
EXPENDITURES										
Personal Services	**4.1%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Operating Expenses	**2.0%**	**2.3%**	**1.8%**	**1.7%**	**1.7%**	**1.8%**	**1.7%**	**1.9%**	**2.1%**	**2.1%**
Purchase of Water **	**1.0%**	**2.1%**	**0.8%**	**1.6%**	**1.0%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**	**2.5%**
Power	**0.0%**	**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	***1.5%***	***1.8%***	***1.7%***	***2.0%***	***1.9%***	***2.1%***	***2.0%***	***2.0%***	***2.0%***	***2.0%***
FL Per Capita Personal Income Growth	***2.0%***	***2.2%***	***2.2%***	***1.8%***	***1.4%***	***1.5%***	***1.7%***	***1.6%***	***1.6%***	***1.6%***

* Revenue percentages reflect the combined impact of changes in rates and/or levels of consumption.
** Purchase of water percentages reflect the combined impact of changes in Tampa Bay Water rates and/or changes in consumption including decreases in wholesale customer base.

WATER FUNDS FORECAST
Fund 4031, 4033, 4034 & 4036

			FORECAST (@100%)										
(in $ thousands)	**Actual 2012**	**Budget 2013**	**Estimated 2013**	**Estimated 2014**	**Estimated 2015**	**Estimated 2016**	**Estimated 2017**	**Estimated 2018**	**Estimated 2019**	**Estimated 2020**	**Estimated 2021**	**Estimated 2022**	**Estimated 2023**
BEGINNING FUND BALANCE	**46,884.4**	**39,983.8**	**47,087.2**	**37,725.2**	**23,332.2**	**26,256.2**	**30,574.9**	**22,689.0**	**21,131.2**	**23,123.6**	**24,697.2**	**25,848.8**	**26,605.7**
REVENUES													
Water Sales - Retail	61,440.8	62,078.7	65,346.0	66,683.1	68,020.1	69,380.5	70,831.5	72,377.5	74,023.0	75,705.4	77,425.5	79,184.0	81,005.3
Water Sales - Wholesale	17,156.3	15,055.6	15,848.0	14,366.7	13,666.3	8,573.0	8,744.5	8,919.4	9,097.7	9,279.7	9,465.3	9,654.6	9,847.7
Interest	202.2	179.1	188.6	264.1	233.3	525.1	917.2	680.7	633.9	693.7	740.9	775.5	798.2
Other Revenues	6,051.4	4,092.5	4,307.9	4,184.5	4,095.4	4,049.5	3,942.0	3,906.0	3,906.9	3,907.9	3,908.8	3,909.8	3,909.8
TOTAL REVENUES	**84,850.7**	**81,405.9**	**85,690.4**	**85,498.3**	**86,015.1**	**82,528.1**	**84,435.3**	**85,883.6**	**87,661.6**	**89,586.7**	**91,540.5**	**93,523.9**	**95,560.9**
% vs prior year			*1%*	*0%*	*1%*	*-4%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*
TOTAL RESOURCES	**131,735.1**	**121,389.7**	**132,777.6**	**123,223.5**	**109,347.3**	**108,784.3**	**115,010.2**	**108,572.5**	**108,792.9**	**112,710.3**	**116,237.7**	**119,372.7**	**122,166.6**
EXPENDITURES													
Personal Services	12,305.4	12,677.2	12,677.2	13,197.0	13,724.8	14,273.8	14,844.8	15,438.6	16,056.1	16,698.4	17,366.3	18,060.9	18,783.4
OPEB	1,186.2	1,333.3	1,333.3	1,388.0	1,443.5	1,501.2	1,561.3	1,623.7	1,688.7	1,756.2	1,826.4	1,899.5	1,975.5
Operating Expenses	4,305.6	6,655.7	6,655.7	6,788.8	6,944.9	7,070.0	7,190.1	7,312.4	7,444.0	7,570.5	7,714.4	7,876.4	8,041.8
Purchase of Water	47,200.8	45,447.2	45,447.2	42,090.6	42,309.7	38,399.1	38,829.2	39,040.6	40,107.9	41,204.2	42,330.3	43,487.0	44,574.1
Power	1,743.9	1,862.8	1,862.8	1,862.8	1,956.0	2,053.8	2,156.5	2,264.3	2,377.5	2,496.4	2,621.2	2,752.3	2,889.9
Chemicals	677.7	774.5	774.5	828.7	886.7	948.8	1,015.2	1,086.3	1,162.3	1,243.7	1,330.7	1,423.9	1,523.6
Grants & Aids	978.2	938.8	938.8	959.3	919.8	970.4	1,021.8	1,078.2	1,139.7	1,230.8	1,293.7	1,376.7	1,459.3
Cost Allocation	8,654.8	5,711.7	5,711.7	5,825.9	5,959.9	6,067.2	6,170.3	6,275.2	6,388.2	6,496.8	6,620.2	6,759.3	6,901.2
Expenditure Lapse*	-		(754.0)	(729.4)	(741.5)	(712.8)	(727.9)	(741.2)	(763.6)	(787.0)	(811.0)	(836.4)	(861.5)
Debt Service	8.1	10.0	10.0	-	-	-	-	-	-	-	-	-	-
Capital Outlay	7,587.2	18,509.7	20,395.2	27,679.7	9,687.1	7,638.0	20,259.9	14,063.3	10,068.5	10,103.0	10,096.6	9,967.4	9,976.9
TOTAL EXPENDITURES	**84,647.9**	**93,920.9**	**95,052.4**	**99,891.4**	**83,091.0**	**78,209.4**	**92,321.2**	**87,441.3**	**85,669.3**	**88,013.1**	**90,388.9**	**92,767.0**	**95,264.2**
% vs prior year	*-4%*		*14%*	*5%*	*-17%*	*-6%*	*18%*	*-5%*	*-2%*	*3%*	*3%*	*3%*	*3%*
TOTAL ENDING FUND BALANCE	**47,087.2**	**27,468.8**	**37,725.2**	**23,332.2**	**26,256.2**	**30,574.9**	**22,689.0**	**21,131.2**	**23,123.6**	**24,697.2**	**25,848.8**	**26,605.7**	**26,902.4**
Ending balance as % of Resources	*36%*	*23%*	*28%*	*19%*	*24%*	*28%*	*20%*	*19%*	*21%*	*22%*	*22%*	*22%*	*22%*
TOTAL REQUIREMENTS	**131,735.1**	**121,389.7**	**132,777.6**	**123,223.5**	**109,347.3**	**108,784.3**	**115,010.2**	**108,572.5**	**108,792.9**	**112,710.3**	**116,237.7**	**119,372.7**	**122,166.6**
REVENUE minus EXPENDITURES *(NOT cumulative)*	202.8	(12,515.0)	(9,361.9)	(14,393.1)	2,924.1	4,318.7	(7,885.9)	(1,557.8)	1,992.4	1,573.6	1,151.6	756.9	296.7

** Expenditure lapse of 1% is calculated on all expenses excluding Debt Service and Captial Outay.*
Revenues reflect the combined impact of changes in rates and/or levels of consumption.
Estimated revenues forecasted at 100%.



Sewer System Forecast FY2014-FY2023 with Rate Increases
Dollars (millions)
95.0
90.0
85.0
80.0
75.0
70.0
65.0
60.0
55.0
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Revenues
Expenditures

SEWER FUNDS FORECAST
Fund 4051, 4052, 4053, & 4055

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Sewer Charges - Retail *	**6.0%**	**6.0%**	**2.8%**	**2.8%**	**2.9%**	**2.9%**	**2.9%**	**2.9%**	**2.9%**	**2.9%**
Sewer Charges - Wholesale *	**9.0%**	**9.0%**	**2.8%**	**2.8%**	**2.9%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Reclaimed - Retail *	**5.9%**	**5.6%**	**2.7%**	**2.8%**	**2.7%**	**2.8%**	**2.7%**	**2.8%**	**2.7%**	**2.7%**
Reclaimed - Wholesale *	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
Other revenues	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
EXPENDITURES										
Personal Services	**4.1%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Operating Expenses	**2.0%**	**2.3%**	**1.8%**	**1.7%**	**1.7%**	**1.8%**	**1.7%**	**1.9%**	**2.1%**	**2.1%**
Power	**0.0%**	**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	***1.5%***	***1.8%***	***1.7%***	***2.0%***	***1.9%***	***2.1%***	***2.0%***	***2.0%***	***2.0%***	***2.0%***
FL Per Capita Personal Income Growth	***2.0%***	***2.2%***	***2.2%***	***1.8%***	***1.4%***	***1.5%***	***1.7%***	***1.6%***	***1.6%***	***1.6%***

* Revenue percentages reflect the combined impact of changes in rates and/or levels of consumption.

SEWER FUNDS FORECAST
Fund 4051, 4052, 4053, & 4055

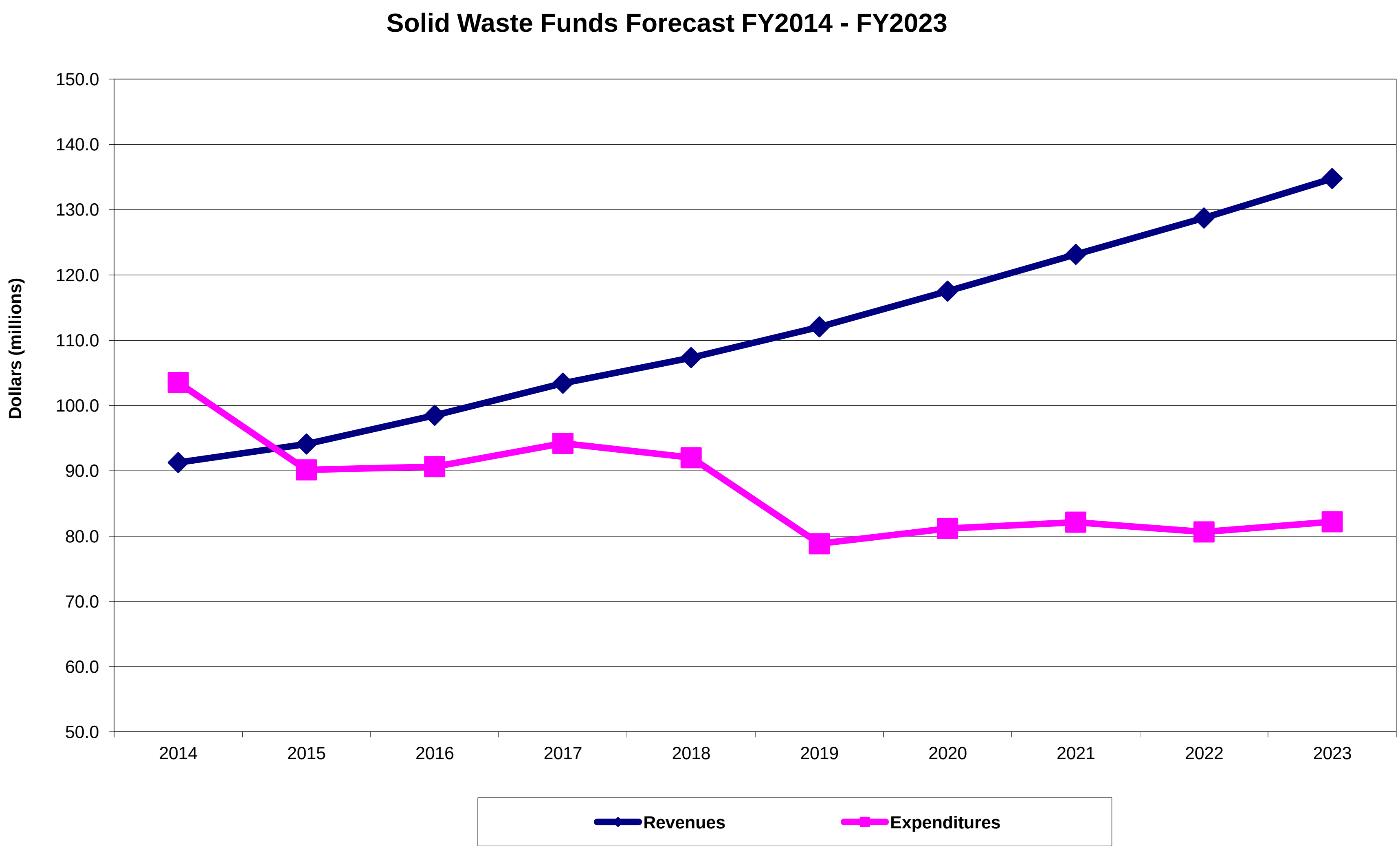
(in $ thousands)	Actual 2012	Budget 2013	FORECAST (@100%) Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
BEGINNING FUND BALANCE	**53,196.5**	**47,584.5**	**49,876.0**	**37,527.6**	**37,981.7**	**43,501.2**	**48,447.6**	**53,167.4**	**57,544.5**	**63,351.3**	**69,874.0**	**77,080.3**	**84,942.8**
REVENUES													
Sewer Charges - Retail	49,042.3	48,389.7	50,936.5	53,992.8	57,232.3	58,806.2	60,458.7	62,193.9	64,016.1	65,891.4	67,821.5	69,808.0	71,832.4
Sewer Charges - Wholesale	6,730.6	6,739.6	7,094.4	7,732.8	8,428.8	8,660.6	8,905.0	9,162.9	9,434.8	9,714.8	10,003.0	10,299.8	10,608.8
Reclaimed - Retail	3,850.5	3,925.5	4,132.1	4,375.2	4,618.3	4,745.3	4,875.8	5,009.8	5,147.6	5,289.2	5,434.6	5,584.1	5,734.8
Reclaimed - Wholesale	317.1	316.0	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7
Interest	233.4	180.0	189.5	262.7	379.8	870.0	1,453.4	1,595.0	1,726.3	1,900.5	2,096.2	2,312.4	2,548.3
Other Revenues***	1,368.4	473.7	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6
TOTAL REVENUES	**61,542.2**	**60,024.5**	**63,183.7**	**67,194.7**	**71,490.4**	**73,913.3**	**76,524.1**	**78,792.8**	**81,156.1**	**83,627.1**	**86,186.6**	**88,835.4**	**91,555.5**
% vs prior year	*7%*		*11%*	*6%*	*6%*	*3%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
TOTAL RESOURCES	**114,738.8**	**107,609.1**	**113,059.7**	**104,722.3**	**109,472.1**	**117,414.5**	**124,971.7**	**131,960.2**	**138,700.6**	**146,978.5**	**156,060.6**	**165,915.7**	**176,498.3**
EXPENDITURES													
Personal Services	12,923.3	14,925.7	14,925.7	15,537.6	16,159.1	16,805.5	17,477.7	18,176.8	18,903.9	19,660.1	20,446.5	21,264.3	22,114.9
OPEB	1,299.2	1,352.4	1,352.4	1,407.9	1,464.2	1,522.8	1,583.7	1,647.0	1,712.9	1,781.4	1,852.7	1,926.8	2,003.9
Operating Expenses	8,031.5	10,214.3	10,214.3	10,418.6	10,658.2	10,850.1	11,034.5	11,222.1	11,424.1	11,618.3	11,839.1	12,087.7	12,341.5
Power	4,781.9	5,712.6	5,712.6	5,712.6	5,998.3	6,298.2	6,613.1	6,943.7	7,290.9	7,655.5	8,038.3	8,440.2	8,862.2
Chemicals	2,978.4	3,804.9	3,804.9	4,071.2	4,356.2	4,661.1	4,987.4	5,336.5	5,710.1	6,109.8	6,537.5	6,995.1	7,484.8
Cost Allocation	5,597.0	4,303.1	4,303.1	4,389.1	4,490.1	4,570.9	4,648.6	4,727.6	4,812.7	4,894.5	4,987.5	5,092.3	5,199.2
Expenditure Lapse**	-	-	(403.1)	(415.4)	(431.3)	(447.1)	(463.5)	(480.5)	(498.5)	(517.2)	(537.0)	(558.1)	(580.1)
Transfer from Water	-	(938.8)	(938.8)	(959.3)	(919.8)	(970.4)	(1,021.8)	(1,078.2)	(1,139.7)	(1,230.8)	(1,293.7)	(1,376.7)	(1,459.3)
Debt Service	14,939.9	14,798.8	14,387.1	14,386.1	14,394.8	14,374.7	14,367.5	14,634.5	14,643.8	14,630.7	14,615.5	14,606.4	14,600.8
			-										
Capital Outlay	14,311.6	24,534.8	22,174.0	12,192.0	9,801.0	11,301.2	12,577.0	13,286.0	12,489.0	12,502.2	12,494.0	12,495.0	12,485.0
TOTAL EXPENDITURES	**64,862.7**	**78,707.7**	**75,532.1**	**66,740.6**	**65,970.9**	**68,967.0**	**71,804.3**	**74,415.7**	**75,349.3**	**77,104.5**	**78,980.3**	**80,973.0**	**83,052.9**
% vs prior year	*0%*		*30%*	*-12%*	*-1%*	*5%*	*4%*	*4%*	*1%*	*2%*	*2%*	*3%*	*3%*
TOTAL ENDING FUND BALANCE	**49,876.0**	**28,901.3**	**37,527.6**	**37,981.7**	**43,501.2**	**48,447.6**	**53,167.4**	**57,544.5**	**63,351.3**	**69,874.0**	**77,080.3**	**84,942.8**	**93,445.4**
Ending balance as % of Resources	*43%*	*27%*	*33%*	*36%*	*40%*	*41%*	*43%*	*44%*	*46%*	*48%*	*49%*	*51%*	*53%*
TOTAL REQUIREMENTS	**114,738.8**	**107,609.1**	**113,059.7**	**104,722.3**	**109,472.1**	**117,414.5**	**124,971.7**	**131,960.2**	**138,700.6**	**146,978.5**	**156,060.6**	**165,915.7**	**176,498.3**
Debt Service Coverage	**1.74**		**1.68**	**1.88**	**2.06**	**2.13**	**2.20**	**2.21**	**2.25**	**2.30**	**2.35**	**2.39**	**2.44**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(3,320.5)	(18,683.2)	(12,348.4)	454.1	5,519.5	4,946.3	4,719.8	4,377.2	5,806.8	6,522.6	7,206.3	7,862.5	8,502.6

** Operating Expenses net of Cost Allocation*

*** Expenditure lapse of 1% is calculated on all expenses excluding Debt Service and Capital Outlay.*

Revenues reflect the combined impact of changes in rates and/or levels of consumption.

Pinellas County



Note: Does not include Capital Projects Fund loan activity

SOLID WASTE FUNDS FORECAST
Fund 4021 & 4023

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
Recycling Revenue	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	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Operating Expenses	2.0%	2.3%	1.8%	1.7%	1.7%	1.8%	1.7%	1.9%	2.1%	2.1%
WTE Service Fee	1.9%	1.9%	1.9%	2.0%	2.0%	1.9%	1.9%	2.0%	2.0%	2.0%
Landfill Service Fee	1.9%	1.9%	1.9%	2.0%	2.0%	1.9%	1.9%	2.0%	2.0%	2.0%
HEC_3 Costs	2.0%	2.3%	1.8%	1.7%	1.7%	1.8%	1.7%	1.9%	2.1%	2.1%
Grants & Aids	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cost Allocation	1.9%	1.9%	1.9%	2.0%	2.0%	1.9%	1.9%	2.0%	2.0%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.5%*	*1.8%*	*1.7%*	*2.0%*	*1.9%*	*2.1%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
FL Per Capita Personal Income Growth	*2.0%*	*2.2%*	*2.2%*	*1.8%*	*1.4%*	*1.5%*	*1.7%*	*1.6%*	*1.6%*	*1.6%*

SOLID WASTE FUNDS FORECAST
Fund 4021 & 4023

(in $ thousands)	Actual 2012	Budget 2013	FORECAST (@100%) Estimated 2013	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023
BEGINNING FUND BALANCE	**166,293.7**	**114,676.8**	**188,675.6**	**167,893.9**	**112,425.0**	**123,172.1**	**137,767.3**	**153,642.8**	**189,129.0**	**242,475.8**	**293,875.1**	**334,898.2**	**382,988.1**
REVENUES													
Tipping Fees	33,489.9	33,729.2	35,504.4	35,681.9	35,860.3	36,039.6	36,219.8	36,400.9	36,582.9	36,765.8	36,949.7	37,134.4	37,320.1
Electricity Sales	9,781.7	11,294.3	11,888.7	11,948.2	12,007.9	12,068.0	12,128.3	12,188.9	12,249.9	12,311.1	12,372.7	12,434.6	12,496.7
Electrical Capacity	36,897.1	37,281.8	39,244.0	41,738.0	44,390.0	47,212.0	50,219.0	53,412.0	56,814.0	60,433.0	64,278.0	68,372.0	72,728.0
Recycling Revenue	465.0	576.8	607.1	607.1	607.1	607.1	607.1	607.1	607.1	607.1	607.1	607.1	607.1
Interest	747.8	188.6	198.5	1,175.3	1,124.2	2,463.4	4,133.0	4,609.3	5,673.9	7,274.3	8,816.3	10,046.9	11,489.6
Other revenues	3,133.1	107.2	112.8	115.0	117.3	119.7	122.1	124.5	127.0	129.6	132.2	134.8	137.5
Debt Service on Loan from Capital Fund	31.8	287.1	302.2	280.0	280.0	230.0	150.0	150.0	120.0	50.0	0.0	0.0	0.0
Loan repayment from Capital Fund (Chiller)	0.0	1,500.0	1,578.9	1,500.0	1,500.0	1,500.0	1,500.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan repayment from Capital Fund	0.0	0.0	0.0	0.0	5,000.0	5,000.0	5,000.0	20,000.0	20,000.0	15,000.0	0.0	0.0	0.0
TOTAL REVENUES	**84,546.4**	**84,964.9**	**89,436.7**	**93,045.5**	**100,887.0**	**105,239.9**	**110,079.4**	**127,492.8**	**132,174.8**	**132,571.0**	**123,155.9**	**128,729.9**	**134,779.1**
% vs prior year	*-1%*		*5%*	*4%*	*8%*	*4%*	*5%*	*16%*	*4%*	*0%*	*-7%*	*5%*	*5%*
TOTAL RESOURCES	**250,840.1**	**199,641.7**	**278,112.3**	**260,939.5**	**213,311.9**	**228,411.9**	**247,846.7**	**281,135.6**	**321,303.9**	**375,046.8**	**417,031.0**	**463,628.1**	**517,767.2**
EXPENDITURES													
Personal Services	4,910.7	5,867.8	5,867.8	6,108.4	6,352.7	6,606.8	6,871.1	7,146.0	7,431.8	7,729.1	8,038.2	8,359.8	8,694.1
OPEB	489.6	509.6	509.6	530.5	551.7	573.8	596.8	620.6	645.5	671.3	698.1	726.0	755.1
Operating Expenses *	4,074.6	7,861.1	7,861.1	7,979.0	8,122.6	8,260.7	8,425.9	8,586.0	8,766.3	8,941.7	9,120.5	9,302.9	9,489.0
WTE Service Fee	22,349.1	31,293.5	31,293.5	31,888.1	32,493.9	33,111.3	33,773.6	34,449.0	35,103.6	35,770.5	36,485.9	37,215.6	37,960.0
Landfill Service Fee	8,890.3	11,297.1	11,297.1	11,511.8	11,730.5	11,953.4	12,192.4	12,436.3	12,672.6	12,913.4	13,171.6	13,435.1	13,703.8
HEC_3 Costs	1,341.8	1,764.2	1,764.2	1,799.5	1,840.9	1,874.0	1,905.8	1,938.2	1,973.1	2,006.7	2,044.8	2,087.7	2,131.6
Grants & Aids	498.7	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Cost Allocations	2,902.2	3,277.7	3,277.7	3,326.9	3,386.7	3,444.3	3,513.2	3,580.0	3,655.1	3,728.2	3,802.8	3,878.9	3,956.4
Capital Outlay	16,707.6	40,089.4	30,971.0	40,506.9	25,810.5	24,983.5	27,102.8	23,443.0	8,787.5	9,633.5	9,009.4	5,889.0	5,777.0
Interfund Loan to Capital Fund	0.0	10,000.0	17,500.0	45,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenditure Lapse**	0.0		(623.7)	(636.4)	(649.8)	(663.2)	(677.8)	(692.6)	(707.5)	(722.6)	(738.6)	(755.1)	(771.9)
TOTAL EXPENDITURES	**62,164.5**	**112,460.4**	**110,218.3**	**148,514.5**	**90,139.9**	**90,644.6**	**94,203.9**	**92,006.6**	**78,828.0**	**81,171.7**	**82,132.8**	**80,640.0**	**82,195.1**
% vs prior year	*-3%*		*72%*	*35%*	*-39%*	*1%*	*4%*	*-2%*	*-14%*	*3%*	*1%*	*-2%*	*2%*
ENDING FUND BALANCE	**188,675.6**	**87,181.3**	**167,893.9**	**112,425.0**	**123,172.1**	**137,767.3**	**153,642.8**	**189,129.0**	**242,475.8**	**293,875.1**	**334,898.2**	**382,988.1**	**435,572.2**
Ending balance as % of Resources	*75%*	*44%*	*60%*	*43%*	*58%*	*60%*	*62%*	*67%*	*75%*	*78%*	*80%*	*83%*	*84%*
TOTAL REQUIREMENTS	**250,840.1**	**199,641.7**	**278,112.3**	**260,939.5**	**213,311.9**	**228,411.9**	**247,846.7**	**281,135.6**	**321,303.9**	**375,046.8**	**417,031.0**	**463,628.1**	**517,767.2**
REVENUE minus EXPENDITURES *(NOT cumulative)*	22,381.9	(27,495.5)	(20,781.6)	(55,469.0)	10,747.1	14,595.2	15,875.5	35,486.2	53,346.8	51,399.3	41,023.1	48,089.9	52,584.0
note: non-recurring exp & rev (loan)	**(31.8)**	**8,212.9**	**15,618.9**	**43,220.0**	**(6,780.0)**	**(6,730.0)**	**(6,650.0)**	**(20,150.0)**	**(20,120.0)**	**(15,050.0)**	**0.0**	**0.0**	**0.0**
net recurring rev- exp	**22,350.1**	**(19,282.6)**	**(5,162.8)**	**(12,249.0)**	**3,967.1**	**7,865.2**	**9,225.5**	**15,336.2**	**33,226.8**	**36,349.3**	**41,023.1**	**48,089.9**	**52,584.0**

** Operating Expenses net of Intergovernmental Charges.*
*** Expenditure lapse of 1% is calculated on Personal Services, Operating Expenses, Cost Allocation and Grants & Aids. Excludes interfund loans.*
Estimated revenues forecasted at 100%.

Pinellas County

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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 from there 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.

GLOSSARY

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 Enterprise Funds.

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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.

GLOSSARY

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.

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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.

GLOSSARY

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.