FUND REVIEWS & FORECAST PRO-FORMAS

The *Fund Reviews & Forecast Pro-Formas* portion of the FY2014 Budget Message includes ten-year forecasts for ten of the County's major funds:

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

Sections in Each Fund Forecast

The results of the ten-year forecast for each fund are presented in a high level, user-friendly summary, followed by a more detailed pro-forma. Each fund review and forecast includes the following sections:

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

Additional Information

For more information, please see the *Key Assumptions* section.

Pinellas County

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 and Service Level Stabilization Account).

Summary

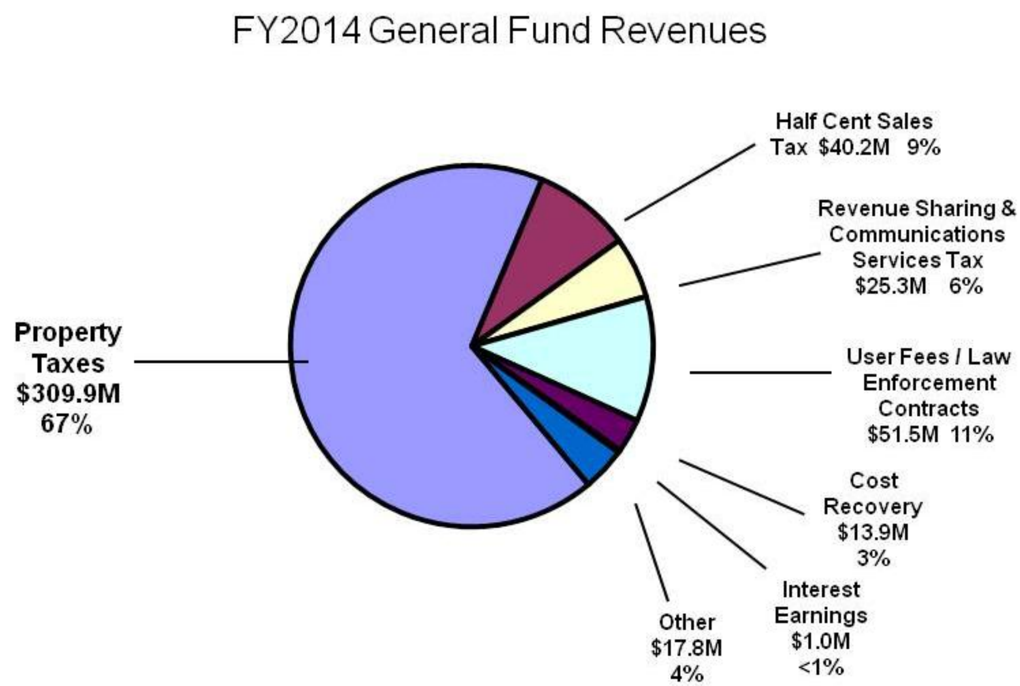
The General Fund encompasses the principal governmental activities of the County, that is, those that are not primarily supported by dedicated revenues or by user fees. The four main revenue sources for the General Fund are Property Taxes, State Shared Half-Cent Sales Taxes, State Revenue Sharing, and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

The forecast projects that without corrective action, recurring expenditures would exceed recurring revenues in the General Fund throughout the forecast period. This is primarily due to the aftereffects of the "Great Recession", with continued slow recovery of the real estate market and other sectors of the economy. 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 Juvenile Detention. Initiatives such as reorganizations and the establishment of the Surface Water Utility Fund have reduced the gaps projected in previous forecasts. There would still be a long-term structural imbalance of approximately $8M increasing to $44M per year over the forecast period absent action to address this problem.

The balancing strategy for the General Fund is to solve the structural imbalance for FY2014 and FY2015 by increasing the county-wide millage rate. This will also reduce the magnitude of the longer term problem. Expenditure reductions or revenue increases may be required in FY2016 or future years to address the remaining structural imbalance which would be $25 million by FY2023. The extent of the changes needed will be dependent on the pace of the economic recovery, particularly the real estate market. Alternatively, the millage rate could be increased by a larger amount to create a Service Level Continuation Reserve that would be available to offset future economic downturns.

Revenues

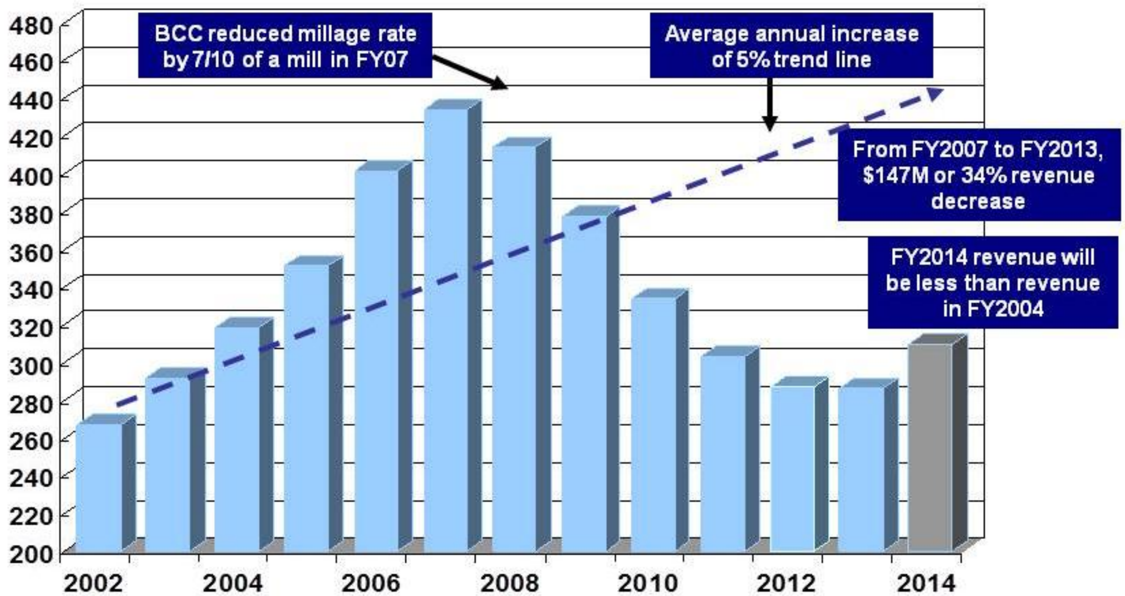
Property Taxes are the single largest source of General Fund revenues, accounting for more than two-thirds of the total. The four primary funding sources for the General Fund (Property Taxes, State Shared Half-Cent Sales Taxes, State Revenue Sharing, and Communications Services Taxes) comprise about 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.



Property Taxes

The decline in property tax revenue from FY2008 to FY2012 exceeded the increases that occurred from FY2004 though FY2007. The FY2014 budgeted revenue is less than the revenue collected in FY2004. 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-FY2014) in millions



The combined General Fund property taxes for countywide and MSTU are expected to generate $309.9M in FY2014. The total property tax revenue will be less than FY2004, and is $124M, or 29%, less than the FY2007 peak revenue.

The negative impact from slow growth in 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 FY2014 are still 5% under the peak year of FY2006. This tax is expected to generate $40.2M in FY2014.

State Revenue Sharing

The third major General Fund source, State Revenue Sharing, which is 3% of total General Fund revenues, is also primarily based on the State's sales tax revenue. It is estimated that the County will recognize $14.7 million from this source in FY2014. This is 17% less than the FY2006 peak year revenue.

Communications Services Taxes

The fourth major revenue in the General Fund is the Communications Services Tax (CST). The CST is expected to generate $10.6M in FY2014, 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.

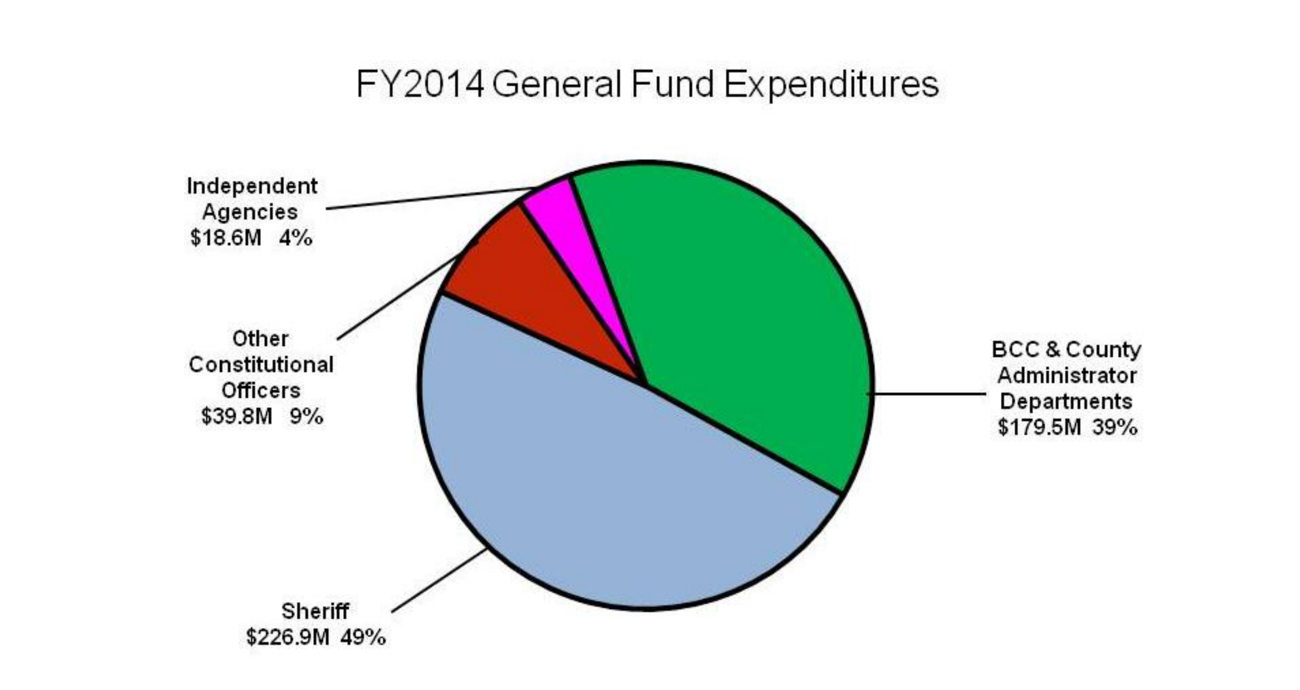
Other Revenues

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 FY2014 total $464.8M (net of reserves and Service Level Stabilization Account) and can be summarized in four groups: the Board of County Commissioners, the Sheriff, Other Constitutional Officers, and Independent Agencies.



Board of County Commissioners

This grouping of departments includes the departments under the County Administrator as well as the County Attorney's Office and the Board of County Commissioners (BCC). They are $179.5M or 39% of total FY2014 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 $226.9M or 49% of total FY2014 General Fund expenditures (net of reserves and Service Level Stabilization Account). Detention and Corrections programs comprise 43% 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 $39.8M or 9% of total FY2014 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 84% 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 22% 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 $18.6M, or 4%, of total FY2014 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.

Court Support

Much of the County's court support is driven by statutory mandates and Article V of the State Constitution that require the County to fund certain technology expenses, programs, and facilities. Only about 12% of the Judiciary's total budget, 6% of the Public Defender's budget, and 1% of the State Attorney's budget are funded by Pinellas County. This funding includes some local programs over and above the mandated requirements, such as Teen Court, Drug Court, and the Public Defender's Jail Diversion efforts. The Sixth Judicial Circuit encompasses both Pinellas and Pasco counties. Pasco County provides funding for similar functions at a lower level due to its relative size. The balance of these agency budgets are funded by the State.

Other Agencies

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

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

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 FY2014, the County will contribute an estimated total of $7.0M 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.

Transfers

Transfers between funds include 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). FY2014 includes the second of eight $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, FY2014 Operating Expenses includes $0.1M in cost allocation charges from BTS for the Security Vulnerability Assessment 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.

Medicaid

In the state of Florida, counties are responsible to help offset the cost of Medicaid incurred by the state. Traditionally, the amount counties must pay to the state has been based on usage. This process created many billing and cost allocation problems because it was difficult to determine if a Medicaid patient was a resident of a certain county or just happened to be in a particular area when medical services were needed. Additionally, some counties, including Pinellas, are disproportionately hit with a higher cost because of the areas' demographics. Pinellas has a large number of hospitals and nursing homes which was resulting in an unsustainable bill from the state for Medicaid costs.

In an effort to reduce administrative costs and streamline the process of collecting county funds to help offset the state cost of Medicaid, Senate Bill 1520 was passed. The bill set an annual base amount for all Florida county contributions. The base amount is codified in the legislation for FY2014 at $269.6 million and for FY2015 at $277 million. The base amount will then change by 50% of the change in the estimated state Medicaid expenditures for the next five years (FY15-16 through FY19-20). After FY19-20 the base will change annually based on 100% of the change in the estimated state Medicaid expenditures from year-to-year. Further, counties now split the costs not by usage, but rather by an incremental shift toward enrollment over the next 7 years.

Annual Pinellas County Medicaid Cost Projections Based on New Billing Changes

Year	Projected Annual Cost	Annual % Change	% Change vs. FY 2013
FY2013-14	$17,915,301	7.24%	-
FY2014-15	$18,407,041	2.74%	9.98%
FY2015-16	$17,433,302	(5.29%)	4.69%
FY2016-17	$16,346,374	(6.23%)	(1.54%)
FY2017-18	$15,194,727	(7.05%)	(8.59%)
FY2018-19	$14,015,030	(7.76%)	(16.35%)
FY2019-20	$12,755,799	(8.98%)	(24.11%)

This shift from usage to enrollment will save Pinellas County a significant amount of money yearly for our Medicaid contributions over time. As enrollment becomes more of a factor each year, the county will pay significantly less to the state for Medicaid contributions. The impact of this change is significant in terms of the forecast as demonstrated in the chart below, because the original forecast assumed that costs would be increasing.

Medicaid Costs including backlog payments ($'s in million)

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Orig. Forecast	$23.31	$21.55	$22.30	$23.12	$24.08	$22.56	$23.62	$ 24.73	$ 25.89	$ 27.10	$ 28.38
New Est.	$21.77	$20.45	$20.94	$19.96	$18.88	$15.19	$14.02	$ 12.76	*$ 13.36*	*$ 13.98*	*$ 14.64*
Difference	$ (1.54)	$ (1.10)	$ (1.36)	$ (3.16)	$ (5.20)	$ (7.37)	$ (9.60)	$(11.97)	*$(12.53)*	*$(13.12)*	*$(13.74)*

The cost savings for switching to enrollment from usage is a result unique to Pinellas County. While the county still has a high Medicaid enrollment number as compared to many other Florida counties, usage is a much less favorable billing practice for Pinellas County because of our county's excellent, but large number of hospitals and nursing facilities. These facilities attract a great number of Medicaid patients from areas other than Pinellas County which use to drive up our Medicaid contribution costs to the state. The new enrollment billing procedure takes away this variable and our annual Medicaid contribution cost is now much easier to predict and will slowly come down over the next seven years significantly.

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 proposed rates for FY2014. The FY2014 proposed countywide millage rate is 5.2755 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 continue positive annual growth of 3% in FY2015 and later years, 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.

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 moderate growth which reflects the anticipated gradual economic recovery.

Key Assumptions - Expenditures

The forecast assumes a continuation of current (FY2014) 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 in FY2015 and future years.

However, certain expenses such as electricity and 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 FY2020.

No new programs funded by non-routine grants are included in the forecast. The assumption is that any such expenditure 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.

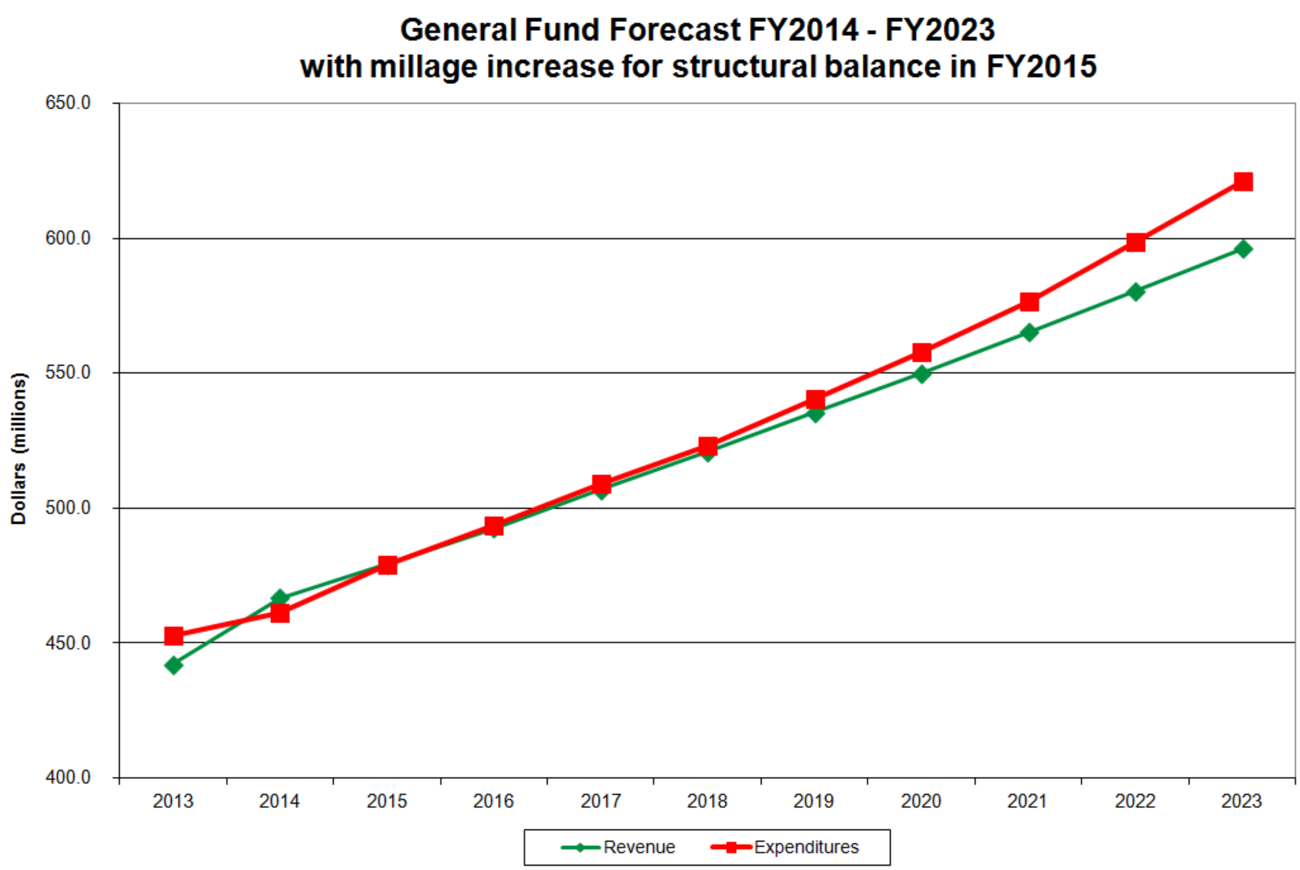
GENERAL FUND

Key Results

The forecast projects that without corrective action, in FY2014 recurring expenditures would exceed recurring revenues in the General Fund by an estimated $8.3M. This structural gap would increase to approximately $44M by the end of 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**
($8.3M)	($13.9M)	($15.9M)	($18.3M)	($19.1M)	($22.8M)	($26.6M)	($30.1M)	($36.8M)	($43.8M)

The balancing strategy for the General Fund is to solve the structural imbalance for FY2014 and FY2015 by increasing the county-wide millage rate. This will also reduce the magnitude of the longer term problem. Expenditure reductions or revenue increases may be required in FY2016 or future years to address the remaining structural imbalance which would be more than $20 million by FY2023. The extent of the changes needed will be dependent on the pace of the economic recovery, particularly the real estate market. Alternatively, the millage rate could be increased by a larger amount to create a Service Level Continuation Account that would be available to offset future economic downturns.



Forecast Budget Gap With Corrective Action									
2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
+5.4M	($0)	($1.1M)	($2.4M)	($2.3M)	($5.0M)	($8.1M)	($11.4M)	($18.0M)	($25.2M)

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 certified on July 1, 2013 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 FY2014 countywide taxable value would result in a $2.8M change in revenue at the FY2014 millage rate of 5.2755. Similarly, a change of 0.1 mills in the rate using the FY2014 taxable value would result in a $5.3M 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. The proposals that were defeated included increasing exemption amounts for low-income seniors, increasing the amount of the tangible personal property exemption, reducing the cap on the annual change in taxable values for non-homesteaded property, eliminating the "recapture rule" for assessed values that are less than market value, and granting 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 3.5% to 4.0% annual growth in the Sales Tax forecast for FY2014 generates about $1.5M to $1.9M 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, 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 first time in five years, the State did not face a significant budget gap for its FY2014 budget. 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.

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 $4.0M.

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). Legislation approved in 2012 had a negative statewide impact on local CST revenues of more than $25M. A State commission studying the CST recommended structural changes that if adopted could lead to even greater reductions in revenue.

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 FY2014 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 2013 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. Having reached 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.

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. There is continuing uncertainty concerning the effect of Federal health insurance reform on costs and services, including any related mandates to programs such as Medicaid.

Medicaid

The legislation approved in 2013 reduced the County's projected Medicaid expenditures for the next several years. Future Legislatures could take actions that would increase the County's costs above the forecast amounts.

Pinellas County Health Program

For many years, the Health and Community Services Department has administered the Pinellas County Health Program for the delivery of healthcare services for low-income residents of Pinellas County. To help supplement funding available from the Pinellas County General Fund, the department has received grants and has entered into leveraging agreements with local healthcare providers. These agreements have resulted in an accumulation of donated, non-recurring funds that are held in restricted trust for purpose of partially funding the services provided through the Pinellas County Health Program. Although Health and Community Services continues to seek out alternative revenue sources, without a replenishment of these funds, it is anticipated that they will be completely depleted by the end of fiscal year 2014. This loss of funding will result in an annual operating deficit for the Pinellas County Health Program of approximately ten million dollars.

The Health and Community Services Department has been directed to design programs and services around community needs and target efforts and resources to the populations who need the greatest number of services. The Department is designing programs and targeting

resources to combat the negative contributing factors to prolonged poverty: insufficient access to health care, low educational outcomes, high unemployment rates, insufficient stock of quality affordable housing, high crime rates, insufficient access to fresh foods, and poor transportation. In order to break the cycle of poverty, you need to address all of the barriers to achieving self-sufficiency. In order to meet the goal of implementing these coordinated multi-pronged initiatives that address the individual and the communities in which they reside, the department estimates that this could require ten million dollars in additional resources for services plus ten to fifteen million dollars for infrastructure and capital improvement projects. These are preliminary estimates and are dependent on the BCC approving the delivery service model.

Unfunded Mandates

No new State or Federal mandates have been included in the forecast. As the State deals with future 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.

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.

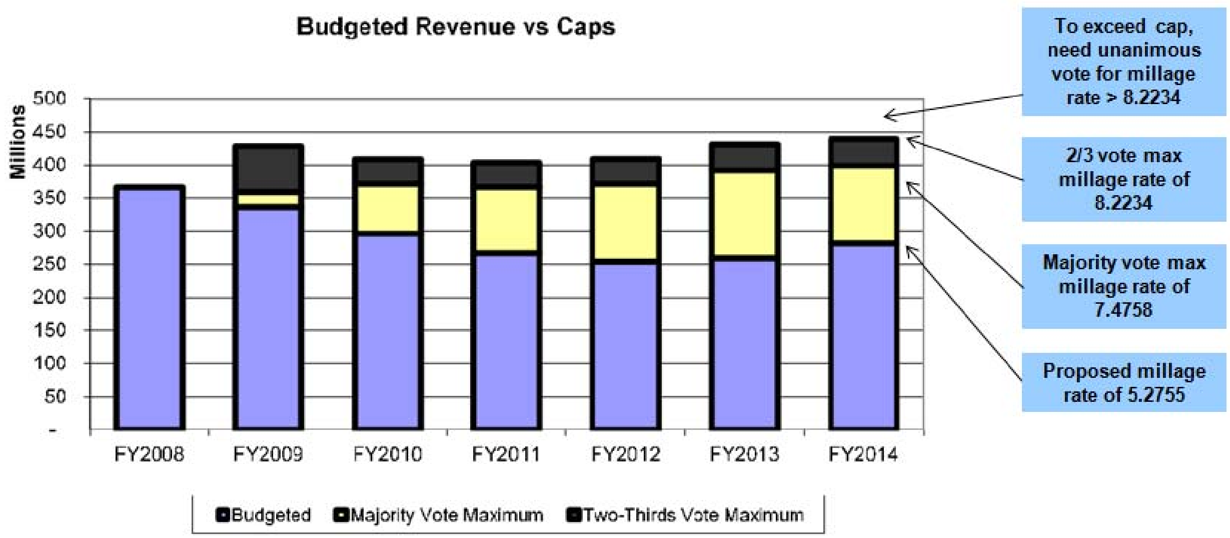
Balancing Strategies

One of the key financial strategies employed over the past several years was the creation of a Service Level Stabilization Account (SLSA) in the General Fund. The SLSA represented non-recurring funds generated by taking reductions in FY2010, 2011, and 2012 over and above what was necessary to balance the budget. The SLSA was used to cover shortfalls in the General Fund, providing flexibility in the budget to avoid making reductions to the point where revenues bottomed out. This allowed us to bridge to the time when the budget situation has stabilized and is beginning to improve.

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 FY2014 General Fund budget of $568,656,070 is comparable to the FY2005 budget of $556,054,060.

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 increased as property tax revenues decreased. There is currently a wide spread between the FY2014 millage rate of 5.2755 and the cap limit of 8.2234.



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

GENERAL FUND FORECAST
Fund 0001

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Property Taxes - Countywide *	3.4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Property Taxes - MSTU *	2.9%	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	-4.6%	2.3%	1.1%	1.1%	-1.4%	1.2%	1.2%	2.9%	2.9%	3.0%
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%*
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 percentages 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**	**128.2**	**109.0**	**102.1**	**100.6**	**98.0**	**94.1**	**90.3**	**83.8**	**74.2**	**62.8**	**44.8**
REVENUES													
Property Taxes -Countywide	258.4	259.0	261.4	281.6	290.0	298.7	307.7	316.9	326.4	336.2	346.3	356.7	367.4
Property Taxes - MSTU	29.0	27.6	27.8	28.3	28.9	29.6	30.3	31.1	31.9	32.7	33.5	34.3	35.2
Half Cent Sales Tax	37.0	38.2	38.6	40.2	41.6	43.1	44.6	46.2	47.8	49.5	51.2	53.0	54.9
Revenue Sharing	14.3	9.2	14.3	14.7	15.1	15.5	15.9	16.3	16.7	17.1	17.5	17.9	18.3
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	10.5	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8
Interest	0.8	1.0	0.6	1.0	1.0	2.0	2.9	2.8	2.7	2.5	2.2	1.9	1.3
Charges for Services	68.5	63.5	65.0	65.4	67.3	68.2	69.4	71.0	72.7	74.4	76.2	77.8	79.7
Other revenues	13.4	12.1	13.1	12.9	12.3	12.5	12.8	13.1	13.4	13.7	14.0	14.3	14.6
Adjust Property Taxes to 96%	-	-	-	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2
Adjust Major Revenue to 98%	-	-	-	2.1	2.2	2.2	2.2	2.3	2.4	2.4	2.5	2.6	2.6
Adjust Other Revenue to 97%	-	-	-	1.8	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.1	2.1
TOTAL REVENUES	**445.7**	**427.2**	**442.0**	**466.8**	**479.1**	**492.6**	**506.8**	**520.8**	**535.3**	**549.9**	**565.1**	**580.4**	**596.1**
% vs prior year	*20%*		*-1%*	*6%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
TOTAL RESOURCES	**572.5**	**542.5**	**570.2**	**575.8**	**581.2**	**593.2**	**604.8**	**614.9**	**625.6**	**633.7**	**639.3**	**643.2**	**640.9**
EXPENDITURES													
Personal Services	63.7	65.4	64.6	66.9	69.6	72.4	75.3	78.3	81.4	84.7	88.1	91.6	95.3
Operating Expenses	98.2	102.3	107.1	102.2	104.6	105.8	107.0	105.5	106.8	108.1	111.2	114.4	117.8
Capital Outlay	1.5	0.9	0.9	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Grants & Aids	15.9	19.1	18.6	20.0	20.6	21.0	21.5	22.0	22.5	23.0	23.6	24.2	24.8
Transfers	258.4	257.6	261.6	273.0	284.7	294.9	305.9	317.7	330.0	342.7	355.9	370.6	385.9
Debt Service	-	0.3	-	-	-	-	-	-	-	-	-	-	-
Service Level Stabilization Acct	**-**	**9.4**	**-**	**10.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Non-recurring expenditures	**1.6**	**-**	**2.6**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Expenditure Lapse 1% *		-	-	(1.8)	(1.9)	(1.9)	(2.0)	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)
Potential Issues:													
Non-recurring Transfers to CIP	0.6	1.5	1.5	**1.5**	1.5	1.5	1.5	1.5	1.5	1.5	-	-	-
BTS non-recurring project costs	3.7	4.3	4.3	**0.1**	-	-	-	-	-	-	-	-	-
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	**444.3**	**460.8**	**461.2**	**473.7**	**480.6**	**495.2**	**510.7**	**524.6**	**541.8**	**559.5**	**576.5**	**598.4**	**621.3**
% vs prior year	*320%*		*4%*	*3%*	*1%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*4%*	*4%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**128.2**	**81.7**	**109.0**	**102.1**	**100.6**	**98.0**	**94.1**	**90.3**	**83.8**	**74.2**	**62.8**	**44.8**	**19.6**
Ending balance as % of Resources	*22%*	***16%***	***19%***	***18%***	***17%***	***17%***	***16%***	***15%***	***13%***	***12%***	***10%***	***7%***	***3%***
TOTAL REQUIREMENTS	**572.5**	**542.5**	**570.2**	**575.8**	**581.2**	**593.2**	**604.8**	**614.9**	**625.6**	**633.7**	**639.3**	**643.2**	**640.9**
REVENUE minus EXPENDITURES *(NOT cumulative)*	1.4	(33.6)	(19.2)	(6.9)	(1.5)	(2.6)	(3.9)	(3.8)	(6.5)	(9.6)	(11.4)	(18.0)	(25.2)
note: non-recurring expenditures	**6.6**	**15.2**	**8.4**	**12.3**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**1.5**	**-**	**-**	**-**
net recurring rev- exp	**8.0**	**(18.4)**	**(10.8)**	**5.4**	**-**	**(1.1)**	**(2.4)**	**(2.3)**	**(5.0)**	**(8.1)**	**(11.4)**	**(18.0)**	**(25.2)**

** 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

GENERAL FUND RESERVES

The *General Fund Reserves* portion of the FY2014 Budget Message describes the purpose of reserves, the relevant industry standards, the County's budget policies on reserves, and the specific components of the FY2014 General Fund Reserves. It includes the following sections:

- Purpose of Reserves
- General Fund Reserve Policy
- FY2014 Budgeted Reserves
- FY2014 Estimated Ending Fund Balance

Purpose of 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..

General Fund Reserve Policy

In 2002, the Board of County Commissioners adopted a comprehensive series of budget policies which included reserve requirements. In June 2010, the BCC reviewed revisions to the Budget Policies on General Fund Reserves. These changes incorporated the new fund balance categories defined by the Government Accounting Standards Board (GASB) and best practices adopted by the Government Finance Officers Association (GFOA).

GENERAL FUND RESERVES

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The budget policies for General Fund Reserves (Fund Balance) 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

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.***

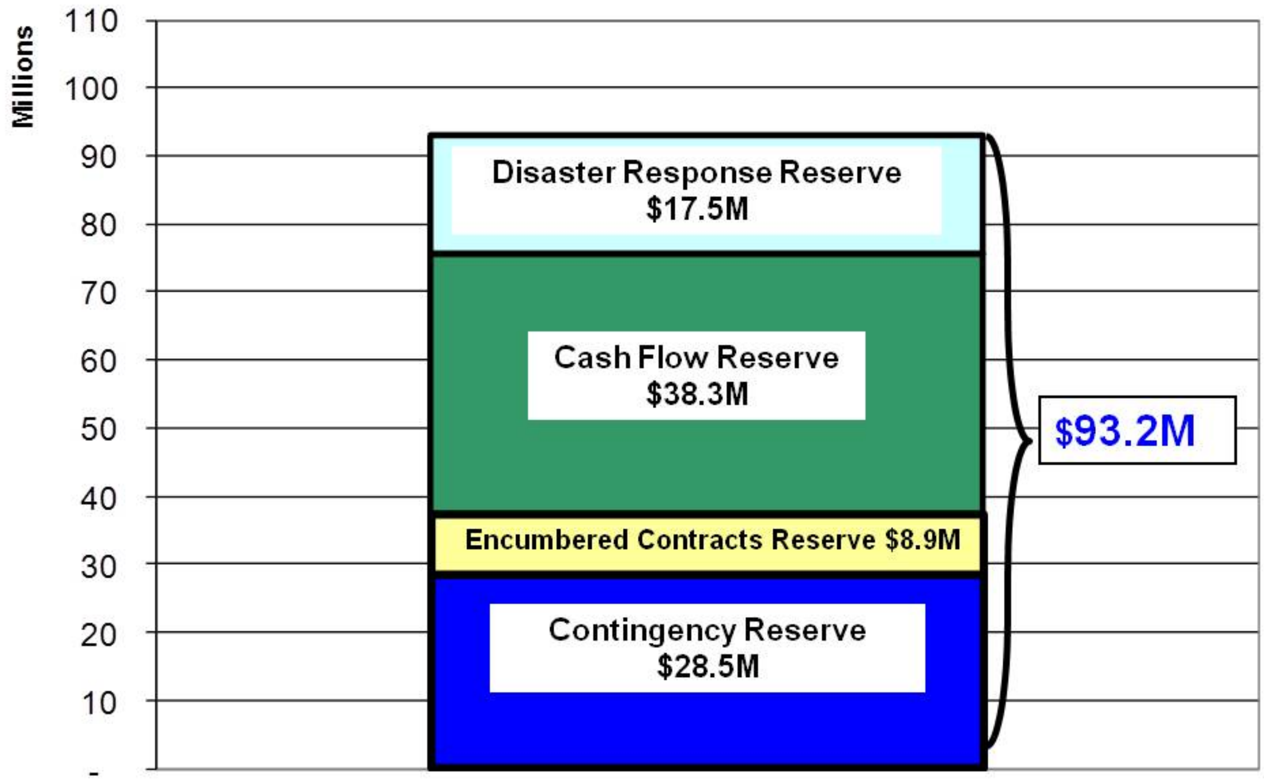
The policy essentially sets a floor of 15% for the reserve level and does not set a cap to limit the reserve. The complete list of Budget Policies is presented in the Appendix of this document.

FY2014 Budgeted Reserves

The FY2014 General Fund budget includes a projected reserve of $93.2M which exceeds the Board’s 15% policy target minimum.

The components of the estimated FY2014 year-end reserves are Contingency, Encumbered Contracts, Cash Flow, and Disaster Response.

GENERAL FUND RESERVES



Contingency Reserve

The Contingency Reserve, which is budgeted at $28.5M in FY2014, 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 $8.9M in the Encumbered Contracts Reserve for FY2014 represents the average amount that was encumbered at month's end for the 12-month period ending May 2013.

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 67% of the total General Fund revenue. The FY2014 amount for the Cash Flow reserve, $38.3M, 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 FY2014, $17.5M 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.

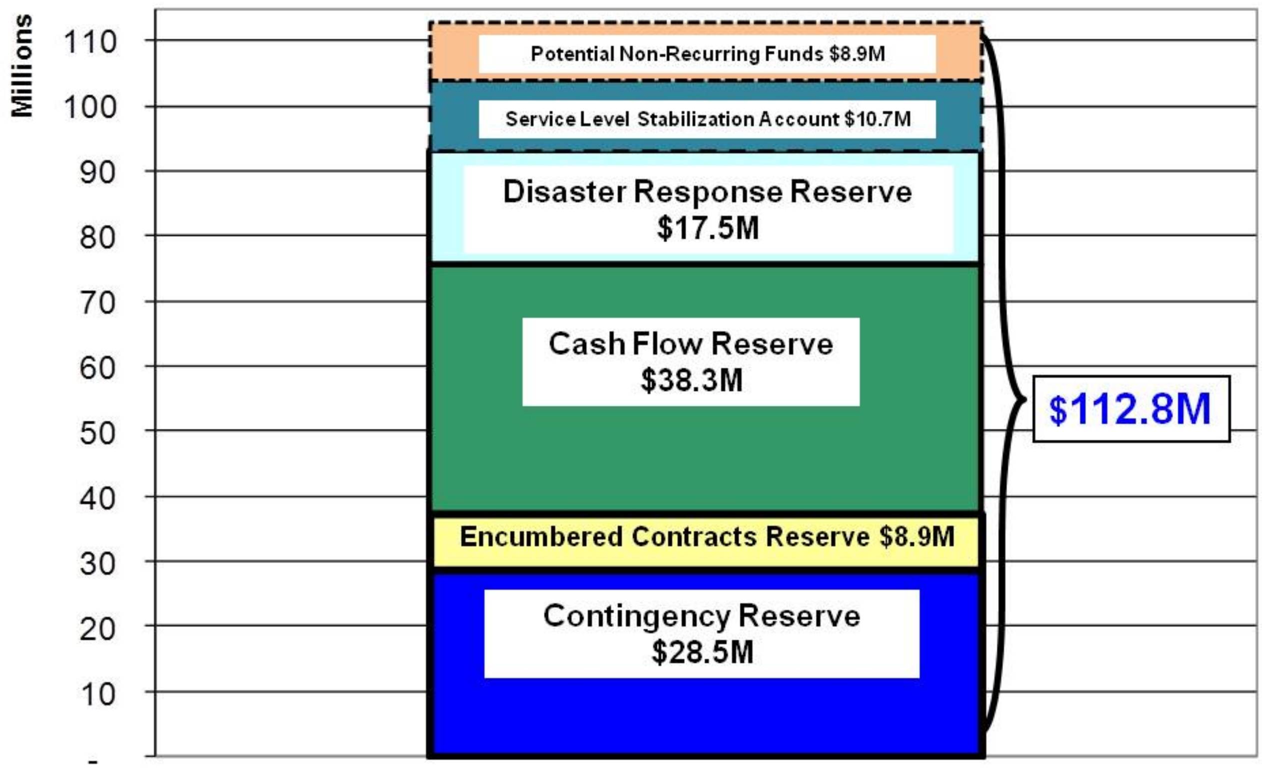
The County is the primary coordinating agency for disaster response, and extraordinary unbudgeted expenses are required to respond to such a situation. Resources are needed to pay for extended work hours for Sheriff's deputies and other emergency first response personnel and to operate emergency shelters 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.

FY2014 Estimated Ending Fund Balance

It is anticipated that at the end of FY2014, the Ending Balance in the General Fund will be higher than the Reserves amount reflected in the budget. This is due to the impact of the Service Level Stabilization Account, the method of budgeting revenues that is required by Florida Statute, and the potential for spending less than the total amount budgeted in the fund.

When these adjustments are factored in, it is estimated that the actual FY2014 General Fund Balance reflected in the Comprehensive Annual Financial Report will be approximately $112.8M.

GENERAL FUND RESERVES



Potential Non-Recurring Funds

Non-recurring funds are realized as additional fund balance resulting from revenue in excess of expenditures in a given fund. In the General Fund, non-recurring funds are in addition to the reserve target and the amount for the Service Level Stabilization Account.

Non-Recurring Funds =
(Revenues – Expenditures) – Reserve Target – Service Level Stabilization Account

The primary sources for the non-recurring funds estimated to be available at the end of FY2014 are additional revenues received over and above the 95% statutory requirement and actual expenditures which may be less than originally projected.

Florida Statutes require that most revenues be budgeted at 95% of the projected amount. Under normal circumstances, this will result in additional revenues being received during the fiscal year over and above the amount reflected in the budget.

While every effort is made to avoid budgeting funds that will not be spent, the historical average is that taken as a whole, departments will spend about 99% of the budget. Any spending below this average helps generate additional non-recurring funds.

GENERAL FUND RESERVES

The 10-year forecast for the General Fund reflects adjustments for the additional revenue and the expenditure savings to avoid overstating potential future shortfalls.

Non-recurring funds can vary significantly from year to year. Because they are non-recurring they should be used for one-time purposes only as stated in the County's budget policies (see Appendix). As budgets get tighter, the ability to build additional fund balance becomes more limited.

The $8.9M in potential Non-Recurring Funds is shown here for purposes of illustration only. The actual amount, if any, may vary significantly and will be dependent on actual revenues and expenditures during FY2014.

UNINCORPORATED AREA (MSTU) BUDGET

The *Unincorporated Area (MSTU) Budget* portion of the FY2014 Budget Message provides an overview to the unincorporated area budget. It includes the following sections:

- Municipal Services Taxing Unit (MSTU)
- MSTU Revenues
- MSTU Expenditures
- MSTU Reductions
- Summary of MSTU Budget

Municipal Services Taxing Unit (MSTU)

The Municipal Services Taxing Unit (MSTU) is the part of the County budget that is devoted to providing services that are delivered exclusively to the unincorporated area. These services, such as law enforcement and building permitting, are similar to those which most cities provide. Florida Statutes require that MSTU services are to be provided "from funds derived from service charges, special assessments, or taxes within such unit only" {F.S. 125.01(1)(q)}. The Pinellas MSTU was established in 1975 and is codified as Chapter 114, Article X of the County Code.

The general operating revenue and expenditures for the MSTU are included within the County's General Fund and the Building and Development Review Services Fund. Other MSTU-related operating expenditures, such as traffic sign and signal maintenance, are budgeted in other funds, as are capital improvement expenditures such as Penny for Pinellas projects.

MSTU Revenues

MSTU Revenues consists of the following:

- Property Taxes (also known as ad valorem taxes): A millage rate is adopted by the Board of County Commissioners and collected in the unincorporated area to support MSTU services. The millage rate for FY2014 is 2.0857 mills. This rate has remained the same since FY2008. The tax base for the MSTU increased by 2.94% compared to FY2013.

- Revenues Totally Generated by the MSTU: There are a number of County revenues that are totally generated by activity in the unincorporated area. These revenue sources have traditionally been credited to the Pinellas MSTU. In FY2014, these revenues include: communications services taxes; fees for building permits, tree removal, lot clearing, and zoning; and mobile home licenses.

- Revenues Specifically Allowed by State Law: Chapter 218.64 of the Florida Statutes authorizes the County to allocate a portion of the One-Half Cent Sales Tax state shared revenue) to the MSTU. Sales tax support for the MSTU is $3.4M, which is based on the MSTU's percentage of total General Fund operating expenses.

- Other Revenues: Pinellas County has traditionally assigned a portion of other revenue sources to the MSTU, generally based on the ratio between the MSTU budget and the overall County General Fund budget. In FY2014, those revenues include interest income and excess fees for the Tax Collector and Property Appraiser. These revenues are related to specific MSTU expenditures or to the other MSTU revenues previously identified.

Unlike many cities, the Pinellas MSTU has no utility taxes or franchise fees, which add to the cost of utility services. For example, some city residents pay up to a 10% utility tax and a 6% franchise fee on their electricity bills.

MSTU Expenditures

<u>MSTU Expenditures</u> include both direct and indirect costs and consist of the following activities:

- Sheriff's Office Law Enforcement: The Sheriff provides law enforcement services (road patrol) to the unincorporated area. The budget is determined by the Sheriff's Office based on an analysis of the resources (patrol officers, vehicles, etc.) that are anticipated. The current methodology for this allocation was reviewed and revised by an independent consultant in 2003. In FY2014, 34% of the Sheriff's law enforcement activity is dedicated to the MSTU.

- Departments or Programs entirely dedicated to the MSTU: Several agencies are engaged in providing services exclusively to the unincorporated area. In the FY2014 Budget, these activities are building inspection, development review services, code enforcement, and lot clearing.

- Departments or Programs partially dedicated to the MSTU: Departments whose services, and therefore costs, are allocated between countywide and MSTU activities include zoning services and Economic Incentive Grants for job creation.

- Activities associated with revenue collection: The budgets for the elected Property Appraiser and Tax Collector are determined by statutory formulas that spread their costs in proportion to the property tax and other revenue they are responsible for supporting. Their budgets are approved by the State Department of Revenue. At the end of the fiscal year, any charges in excess of what these agencies actually required to operate are returned in the same manner.

In FY2014, stormwater system maintenance is budgeted in a new Surface Water Utility Fund. Also, the East Lake Community Library is being funded through a separate dependent district. This has eliminated the expenditures for these activities which were budgeted in the General Fund MSTU in prior years.

UNINCORPORATED AREA (MSTU) BUDGET

The following table is a summary of the MSTU budget for FY2014.

MUNICIPAL SERVICES TAXING UNIT (MSTU)
FY2014 BUDGET

	FY2013 Budget	FY2014 Budget
RESOURCES		
Ad Valorem Taxes	27,558,160	28,152,700
Delinquent Taxes & Tax Redemptions	112,330	112,330
Communications Services Tax	10,735,680	10,600,000
Building Permit Fees	4,273,970	5,218,620
Tree Removal Permits	218,390	298,820
Mobile Home Licenses	74,870	72,330
Local Gov't 1/2¢ Sales Tax	3,437,580	3,375,000
Tax Collector Excess Fees	170,000	179,710
Sheriff Excess Fees	202,500	180,500
Zoning Fees	388,910	562,570
Sheriff Civil Income	86,630	59,470
Lot Clearing	95,210	74,710
Interest and Miscellaneous	117,240	167,230
Subtotal - Revenues	47,471,470	49,053,990
Beginning Fund Balance	25,035,680	21,448,610
TOTAL RESOURCES	**72,507,150**	**70,502,600**
EXPENDITURES AND RESERVES		
Building Inspections	3,642,850	4,335,060
Development Review Services	2,253,770	2,295,670
Zoning	205,680	184,250
Economic Incentive Grants	43,770	44,960
Environmental Codes Enforcement	1,409,840	1,517,380
Stormwater	6,358,020	-
Property Appraiser Fees	307,740	269,820
Tax Collector Fees	571,540	594,400
Sheriff	34,043,070	33,953,480
East Lake Library Operating Grant	242,990	-
Subtotal - Expenditures	49,079,270	43,195,020
Reserve for Contingencies	3,625,360	3,525,130
Reserve - Fund Balance	19,802,520	23,782,450
TOTAL EXPENDITURES & RESERVES	**72,507,150**	**70,502,600**

Note: This summary includes both General Fund and BDRS Fund MSTU revenues and expenditures. but does not include unincorporated area expenditures in other funds such as TransportationTrust.

UNINCORPORATED AREA (MSTU) BUDGET

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. The revenue from the proposed surface water assessment fee in the unincorporated area starting in FY2014 will support operation and maintenance activities related to drainage infrastructure for this area, thereby relieving the County Transportation Trust Fund of these expenditures.

Two local option taxes have been imposed by the Board of County Commissioners. The most recent was the one-cent levy (referred to by statute as the "Ninth Cent") that began January, 2007. It is dedicated to the installation, operation, and maintenance of advanced technological traffic signal and messaging systems (Intelligent Transportation Systems). The other local levy is the 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. Future revenue is projected to continue its slow decline and not keep pace with inflationary increases for expenditures in this fund. This reflects 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,

The forecast for the Transportation Trust Fund indicates that the fund is not in balance beginning in FY2016, resulting in a depletion of fund balance by FY2020 instead of FY2018 because of the removal of operation and maintenance activities related to drainage infrastructure for the unincorporated area. 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 sold. By FY2020, 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.

TRANSPORTATION TRUST FUND

Revenues

The Transportation Trust Fund consists of three primary funding sources: State shared gas taxes ($9.4 million), a six cent per gallon local option gas tax ($12.7 million), and a one cent per gallon gas tax (the "Ninth Cent") earmarked for the Advanced Traffic Management System / Intelligent Transportation System ($3.8 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 share 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.

Expenditures

The Transportation Trust Fund supports expenditures totaling approximately $26.7 million in FY2014.

Transportation Management

This program provides design, construction, operation and maintenance of all traffic control devices for which Pinellas County has legal authority and responsibility per Florida Statute 316, State Uniform Traffic Control. The FY2014 budget for this program is $10.3M.

As a part of improving traffic signal and traffic control activities, the County is actively pursuing technological enhancements 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 FY2014 operating expenses for this

program are $1.7 million. The balance of the available Ninth Cent funds is transferred to the Capital Projects Fund.

Streets and Bridges

This program provides for maintenance and operation of the County's bridges ($3.8M) and streets ($4.8M). Key program expenditure areas include inspection, maintenance engineering, management, repair, and maintenance operation.

Vegetation Management and Urban Forestry

Program services include: urban forestry ($1.2M); vegetation management ($0.2M) including maintenance of desirable vegetation in ponds and permitted sites, removal and targeted treatment of non-desirable vegetation in the right of way, ditches, ponds, county property, and parks; and mowing and maintenance of arterial corridors and unincorporated portions of the county ($2.2M).

Environmental Services

Program services include management, operation and maintenance of the county-wide stormwater conveyance system. Unincorporated area stormwater conveyance system activity is proposed to be funded via surface water assessment fees starting in FY14. Additional program activities include: permitting of docks; dredge and fill activities; removal of derelict vessels; placement and maintenance of aids to navigation in local waters; and coastal management activities. The FY2014 budget for this program is $1.9M.

Capital Improvement Project Impacts

Some capital improvement projects have the potential to require increased operating expenditures when completed. The forecast includes estimated operating expenditures to support completed capital improvement projects. This impact averages $1.0M annually.

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 $2.2 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

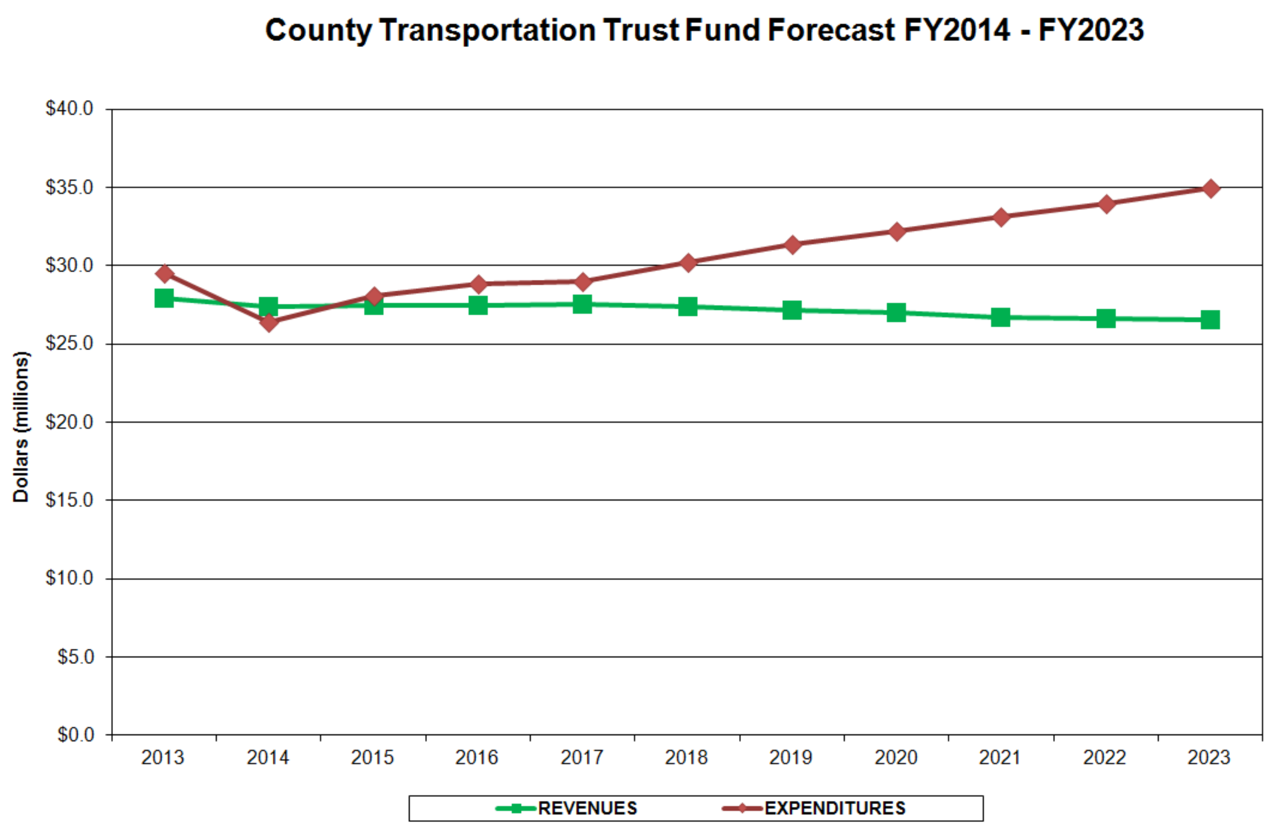
The budgeted FY2014 reserve level of $15.2 million in the Transportation Trust Fund is approximately 36%, which is higher than the 5-15% reserve level budget policy adopted by the Board. This is the result of savings gained through recent budgetary reductions and efficiency initiatives. The reserve also 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 will gradually be 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 forecast of gallons of motor fuel pumped annually in Florida. The State's annual average growth rate is 1.6%. 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.

The surface water assessment proposed for the unincorporated area beginning in FY2014 relieves the Transportation Trust Fund of $5.4M in recurring expenditures related to operating and maintenance of drainage infrastructure in the unincorporated area. By implementing this strategy, the erosion of fund balance is delayed by two years. However, 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.



TRANSPORTATION TRUST FUND

Key Results

Beginning in FY2015, 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 during FY2020. By FY2020, 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 annually) 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.

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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	*1.5%*	*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**	**16,043.6**	**14,446.8**	**15,439.4**	**14,784.2**	**13,467.6**	**12,003.0**	**9,176.7**	**5,006.7**	**(252.3)**	**(6,632.9)**	**(14,008.4)**
REVENUES													
Ninth Cent Gas Tax	3,749.3	3,757.7	3,797.0	3,778.0	3,759.1	3,740.3	3,721.6	3,703.0	3,684.5	3,666.1	3,647.8	3,629.5	3,611.4
State Shared Gas Taxes	9,319.0	9,242.0	9,488.2	9,440.8	9,393.6	9,346.6	9,299.9	9,253.4	9,207.1	9,161.1	9,115.3	9,069.7	9,024.4
Local Option Gas Tax	12,497.0	12,596.5	12,713.6	12,650.0	12,586.8	12,523.8	12,461.2	12,398.9	12,336.9	12,275.2	12,213.9	12,152.8	12,092.0
Interest	42.2	50.0	32.0	32.0	154.4	295.7	404.0	360.1	275.3	150.2	-	-	-
Other revenues	2,399.0	1,505.4	1,640.6	1,465.0	1,494.3	1,524.1	1,554.6	1,585.7	1,617.4	1,649.8	1,682.8	1,716.4	1,750.8
Transfer from other Funds	-	1,500.0	244.2	-	-	-	-	-	-	-	-	-	-
Adjust Other Revenue to 98%				47.3	52.1	57.5	61.9	61.4	59.8	56.8	53.1	54.2	55.3
TOTAL REVENUES	**28,006.5**	**28,651.6**	**27,915.6**	**27,413.1**	**27,440.2**	**27,488.1**	**27,503.2**	**27,362.6**	**27,181.1**	**26,959.2**	**26,712.8**	**26,622.7**	**26,533.8**
% vs prior year		*2%*	*-1%*	*-2%*	*0%*	*0%*	*0%*	*-1%*	*-1%*	*-1%*	*-1%*	*0%*	*0%*
TOTAL RESOURCES	**42,778.7**	**42,614.6**	**43,959.2**	**41,859.9**	**42,879.7**	**42,272.3**	**40,970.8**	**39,365.6**	**36,357.7**	**31,965.9**	**26,460.5**	**19,989.7**	**12,525.4**
EXPENDITURES													
Personal Services	11,079.6	13,737.9	13,106.6	11,237.0	11,686.5	12,153.9	12,640.1	13,145.7	13,671.5	14,218.4	14,787.1	15,378.6	15,993.8
Operating Expenses *	9,024.6	12,383.3	12,126.9	11,611.4	11,820.4	12,021.4	12,261.8	12,494.8	12,757.1	13,012.3	13,272.5	13,538.0	13,808.7
Capital Outlay	68.9	157.0	181.3	190.3	193.7	197.0	201.0	204.8	209.1	213.3	217.5	221.9	226.3
Grants & Aids	14.5	26.7	18.4	18.4	18.7	19.0	19.4	19.8	20.2	20.6	21.0	21.5	21.9
Full Cost Allocation	1,883.4	1,923.2	1,923.2	1,437.9	1,452.3	1,481.3	1,525.8	1,571.5	1,618.7	1,667.2	1,717.3	1,768.8	1,821.8
Transfers to other Funds	3,000.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0
Expenditure Lapse 1% **				(230.6)	(237.2)	(243.9)	(251.2)	(258.7)	(266.6)	(274.6)	(283.0)	(291.6)	(300.5)
Potential Issues:													
CIP Operating Impacts					**1,005.0**	**1,020.0**	**415.0**	**855.0**	**1,185.0**	**1,205.0**	**1,205.0**	**1,205.0**	**1,205.0**
TOTAL EXPENDITURES	**25,071.0**	**30,384.1**	**29,512.4**	**26,420.4**	**28,095.4**	**28,804.8**	**28,967.8**	**30,188.9**	**31,351.1**	**32,218.2**	**33,093.5**	**33,998.1**	**34,933.0**
% vs prior year		*18%*	*15%*	*-10%*	*6%*	*3%*	*1%*	*4%*	*4%*	*3%*	*3%*	*3%*	*3%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**17,707.7**	**12,230.5**	**14,446.8**	**15,439.4**	**14,784.2**	**13,467.6**	**12,003.0**	**9,176.7**	**5,006.7**	**(252.3)**	**(6,632.9)**	**(14,008.4)**	**(22,407.6)**
Ending balance as % of Resources		*29%*	*33%*	*37%*	*34%*	*32%*	*29%*	*23%*	*14%*	*-1%*	*-25%*	*-70%*	*-179%*
TOTAL REQUIREMENTS	**42,778.7**	**42,614.6**	**43,959.2**	**41,859.9**	**42,879.7**	**42,272.3**	**40,970.8**	**39,365.6**	**36,357.7**	**31,965.9**	**26,460.5**	**19,989.7**	**12,525.4**
REVENUE minus EXPENDITURES *(NOT cumulative)*	2,935.5	(1,732.5)	(1,596.8)	992.6	(655.2)	(1,316.7)	(1,464.6)	(2,826.3)	(4,170.0)	(5,258.9)	(6,380.7)	(7,375.4)	(8,399.2)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**2,935.5**	**(1,732.5)**	**(1,596.8)**	**992.6**	**(655.2)**	**(1,316.7)**	**(1,464.6)**	**(2,826.3)**	**(4,170.0)**	**(5,258.9)**	**(6,380.7)**	**(7,375.4)**	**(8,399.2)**

** Operating Expenses net of Full Cost Allocation*

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

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 residents and visitors 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 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 declined dramatically in recent years due to the impact of statewide legislation on millage rates and a downturn in property values. With the economic recovery, property values are projected to increase 3.4% in FY2014.

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. The FY2014 Budget proposes an increase of 0.0732 (8%), to 0.9890. 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 25.9% in the FY2013 ending fund balance. With the proposed millage increase, the estimated reserve percentage increases to 26.7% at the end of FY2014. Keeping the millage rate at 0.9890 in FY2015 allows the EMS Fund to meet the 25% target by the end of FY2015. If the tax rate is not increased again in

FY2016, or expenditures are not significantly reduced, expenditures in the EMS Fund are projected to exceed revenues by an increasing amount each year from FY2016 through FY2023. In FY2016, the projected reserve drops to about 21%, and it declines to about 7% by the end of FY2018. This leaves approximately $8M in the beginning fund balance for the projected $12M deficit in FY2019.

The County contracted with the consulting firm Fitch & Associates to analyze and compare costs for three variations of EMS service under consideration for Pinellas County: 1) the current EMS system; 2) the system as proposed in the Integral Performance Solutions (IPS) Study; and 3) the Sanford-Millican proposal for fire based transport. Fitch further evaluated an alternate version of Sanford-Millican and an alternate configuration of their design referred to as CARES. The study is scheduled to be completed in July 2013, and the Board of County Commissioners scheduled workshops in July and August 2013 to discuss the results.

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 address projected deficits 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 provides 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 $45.9M in FY2014 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 proposed retail rate increase for FY2014 is 3.1%.

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 $262.9K per year through the forecast period.

EMERGENCY MEDICAL SERVICE FUND

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.

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. With the millage increase, tax revenue increased $2.0M from actual FY2012 to estimated FY2013, but the EMS Fund is still projected to use $279K 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 at the start of FY2018. With a millage increase to 0.9890, and no other changes in revenue or expenditures, depletion of fund balance is delayed to FY2019.

Emergency Medical Service Fund

Ad Valorem Revenue & Millage History

Fiscal Year	Millage	Budget $ (000's)
2014 Proposed	**0.9890**	**$ 48.9**
2013	**0.9158**	**$ 43.8**
2012	**0.8506**	**$ 41.6**
2011	**0.5832**	**$ 30.0**
2010	**0.5832**	**$ 33.6**
Note: Budget figures are at 95% of revenue		

Expenditures

The Emergency Medical Service Fund supports budgeted expenditures in FY2014 totaling $94.5M for its operations. The primary expenditures in the fund are $40.1M for payments to the ambulance contractor, $41.0M for contractual payments to the eighteen first responders, $1.5M for transfers to the Property Appraiser and Tax Collector, $11.6M in program support and billing of ambulance claims, and $200K in the Trust Fund Grant.

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 FY2014, budgets submitted by the 18 agencies included an overall increase of 2.2%.

In FY2014, the first responder agreements also include an agreement of $37.4K to Eckerd College for basic life support water rescue.

EMS Contracted First Responder Providers
City of Clearwater Fire Rescue
City of Dunedin Fire Department
East Lake Tarpon Special Fire Control District
City of Gulfport Fire Rescue
City of Largo Fire Rescue
Lealman Special Fire Control District
City of Madeira Beach Fire Department
City of Oldsmar Fire Rescue
Palm Harbor Special Fire Control District
City of Pinellas Park Fire Department
Pinellas Suncoast Special Fire Control District
City of Safety Harbor Fire Department
City of Seminole Fire Rescue
City of South Pasadena Fire Department
City of St. Pete Beach Fire Department
City of St. Petersburg Fire Rescue
City of Tarpon Springs Fire Department
City of Treasure Island Fire Department

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 Medical Director contract, St. Pete College training expenses, communication and EKG equipment and maintenance, capital outlay, and personnel and operating expenses to administer all contracts within the program.

The FY2014 Ambulance program support expenditures of $7.5M pay for those support items listed above and the ambulance billing function that includes a staff of 34. The FY2014 First Responder program support expenditures of $4.1M 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. FY2014 costs for this function are $1.5M. 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 that cash flow needs are met. With FY2012 actual revenue coming in $3M higher 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 25.9% for the end of FY2013. Without additional increases in the millage rate (beyond 0.9158), or substantial decreases in expenditures, the reserves are forecasted to decline to 22.9 % in FY2014, 17.5% in FY2015, and 10.1% in FY2016. Reserves would be almost depleted in FY2017 and provide only $0.7M toward a projected deficit of $13.2M in FY2018.

Ten-Year Forecast

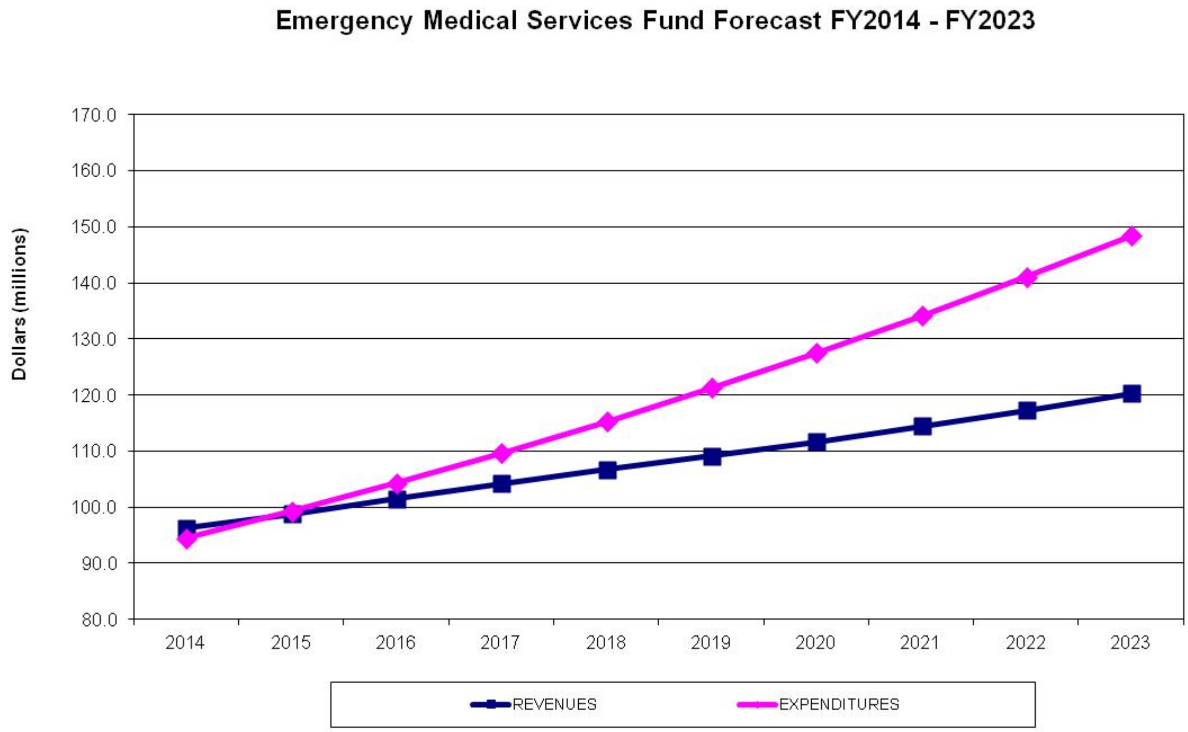
Key Assumptions

The EMS countywide millage is assumed to remain at the proposed FY2014 rate of 0.9890 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 3.0% in FY2015, and continue with 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, increased 2.2% in FY2014, and are estimated to increase at 5% per year through the forecast period of FY2015 to FY2023.

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.

EMERGENCY MEDICAL SERVICE FUND



Key Results

In the chart for the total EMS Fund above, the forecast shows expenditures exceeding revenues over the forecast period. Balance for FY2013 was achieved through the FY2013 millage rate increase and use of reserves. Without another millage rate increase and/or expenditure savings, $1.8M of fund balance will be needed to support FY2014 requirements. Reserves will decrease to 22.9% by the end of FY2014 and continue dropping until exhausted after FY2017. This assumes no changes to the EMS system design. With a millage increase to 0.9890, and no other changes in revenue or expenditures, depletion of fund balance is delayed to FY2019.

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.

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ad Valorem Revenue (@95%)	3.4%	3.0%	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)	2.2%	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	FORECAST (@ 96% Ad Valorem Revenue and @100% Ambulance 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	**21,371.3**	**21,246.3**	**23,686.0**	**23,406.9**	**25,249.5**	**24,794.1**	**22,000.1**	**16,559.9**	**7,933.4**	**(4,224.3)**	**(20,133.9)**	**(39,822.0)**	**(63,570.1)**
REVENUES													
Ad Valorem Revenue @95% (FY14 forward)	42,211.2	43,852.1	44,203.3	48,993.6	50,463.4	51,977.3	53,536.7	55,142.8	56,797.0	58,501.0	60,256.0	62,063.7	63,925.6
Ambulance Svc Contract Fees @ 95%	43,996.8	41,526.6	44,962.2	43,568.4	44,439.8	45,328.6	46,235.1	47,159.8	48,103.0	49,065.1	50,046.4	51,047.3	52,068.3
Ambulance Annual Members Fees	222.5	199.5	210.0	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9
Grant Revenue (EMS Trust Fund)	15.9	200.0	200.0	200.0	204.0	208.1	212.2	216.5	220.8	225.2	229.7	234.3	239.0
Cty Off Fees (TC & PA)	291.8	267.6	267.6	267.6	270.3	273.0	275.7	278.5	281.3	284.1	286.9	289.8	292.7
Interest	134.8	136.0	100.2	155.4	252.5	495.9	660.0	496.8	238.0	-	-	-	-
Other revenues (refund of prior yrs exp)	58.8	25.6	79.1	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Adjust Tax Revenues to 96%	-			515.7	531.2	547.1	563.5	580.5	597.9	615.8	634.3	653.3	672.9
Adjust Ambulance Revenues to 100%	-			2,293.1	2,338.9	2,385.7	2,433.4	2,482.1	2,531.7	2,582.4	2,634.0	2,686.7	2,740.4
TOTAL REVENUES	**86,931.8**	**86,207.4**	**90,022.4**	**96,306.7**	**98,813.0**	**101,528.6**	**104,229.6**	**106,669.8**	**109,082.7**	**111,586.4**	**114,400.2**	**117,288.0**	**120,251.8**
% vs prior year	*16%*	*-1%*	*4%*	*7%*	*3%*	*3%*	*3%*	*2%*	*2%*	*2%*	*3%*	*3%*	*3%*
TOTAL RESOURCES	**108,303.1**	**107,453.7**	**113,708.4**	**119,713.6**	**124,062.5**	**126,322.7**	**126,229.8**	**123,229.7**	**117,016.0**	**107,362.1**	**94,266.3**	**77,466.0**	**56,681.7**
EXPENDITURES													
Personal Services	2,703.6	2,884.9	2,958.3	3,252.3	3,382.4	3,517.7	3,658.4	3,804.7	3,956.9	4,115.2	4,279.8	4,451.0	4,629.0
Operating Expenses	4,372.3	5,867.8	5,707.1	5,501.1	5,600.1	5,695.3	5,809.2	5,919.6	6,043.9	6,164.8	6,288.1	6,413.9	6,542.2
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	890.9	1,598.0	1,626.8	1,654.4	1,687.5	1,719.6	1,755.7	1,790.8	1,826.6	1,863.1	1,900.4
Ambulance Contract	36,657.5	38,200.0	37,875.0	40,140.0	42,548.4	45,101.3	47,807.4	50,675.8	53,716.4	56,939.4	60,355.7	63,977.1	67,815.7
EMS Trust Fund Grant Expenditures	15.9	200.0	200.0	200.0	204.0	208.1	212.2	216.5	220.8	225.2	229.7	234.3	239.0
Grants & Aids (Eckerd agreement)	33.9	35.6	35.6	37.4	39.3	41.2	43.3	45.5	47.7	50.1	52.6	55.3	58.0
Grants & Aids (First Responder Agmts)	38,164.5	40,121.0	40,121.0	41,003.4	43,053.6	45,206.2	47,466.6	49,839.9	52,331.9	54,948.5	57,695.9	60,580.7	63,609.7
Transfers to PA & TC	1,111.0	1,277.6	1,277.6	1,458.8	1,502.6	1,547.6	1,594.1	1,641.9	1,691.1	1,741.9	1,794.1	1,848.0	1,903.4
Expenditure Lapse 1% (n/a)													
TOTAL EXPENDITURES	**84,617.1**	**90,612.9**	**90,301.5**	**94,464.1**	**99,268.4**	**104,322.6**	**109,669.8**	**115,296.3**	**121,240.3**	**127,496.0**	**134,088.4**	**141,036.0**	**148,358.5**
% vs prior year	*1%*	*7%*	*7%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*	*5%*
ENDING FUND BALANCE	**23,686.0**	**16,840.8**	**23,406.9**	**25,249.5**	**24,794.1**	**22,000.1**	**16,559.9**	**7,933.4**	**(4,224.3)**	**(20,133.9)**	**(39,822.0)**	**(63,570.1)**	**(91,676.8)**
Ending balance as % of Expenditures	*28.0%*	*18.6%*	*25.9%*	*26.7%*	*25.0%*	*21.1%*	*15.1%*	*6.9%*	*-3.5%*	*-15.8%*	*-29.7%*	*-45.1%*	*-61.8%*
TOTAL REQUIREMENTS	**108,303.1**	**107,453.7**	**113,708.4**	**119,713.6**	**124,062.5**	**126,322.7**	**126,229.8**	**123,229.7**	**121,240.3**	**127,496.0**	**134,088.4**	**141,036.0**	**148,358.5**
REVENUE minus EXPENDITURES *(NOT cumulative)*	2,314.7	(4,405.5)	(279.1)	1,842.6	(455.4)	(2,794.0)	(5,440.2)	(8,626.5)	(12,157.7)	(15,909.6)	(19,688.2)	(23,748.0)	(28,106.8)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**2,314.7**	**(4,405.5)**	**(279.1)**	**1,842.6**	**(455.4)**	**(2,794.0)**	**(5,440.2)**	**(8,626.5)**	**(12,157.7)**	**(15,909.6)**	**(19,688.2)**	**(23,748.0)**	**(28,106.8)**

1) FY2014 and FY2015 reflect 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 FY2016 and is depleted in FY2019.
2) EMS Millage increased from 0.5832 in FY11 to 0.8506 in FY12, then to 0.9158 in FY13. FY14 proposed millage increases to 0.9890, and is then assumed to remain flat throughout the remainder of the forecast period. Maximum annual EMS levy is 1.5000 mills.
3) The forecast assumes estimated Ad Valorem revenue is at 96%, versus the 95% level budgeted each fiscal year. So, the FY14 estimated revenues above reflects an additional 1% above the FY14 Proposed Budget, which remains at 95% per statute.
4) Assumes estimated ambulance revenue is at 100%, including the FY14 Estimate. The FY14 Proposed Budget remains at 95% revenue per statute.
5) The First Responder Agreements reflect a 5% increase in FY2015 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

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, 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 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. Within the fund, each Fire District' budget is balanced separately. Property taxes declined dramatically in recent years due to the impact of statewide legislation on millage rates and a downturn in property values. As the housing market is recovering, property tax revenues are forecast to increase 2.5% in FY2014. The growth factor continues at 2.5% through the forecast period. Individual districts will experience higher or lower growth than this all-districts fund level forecast.

The forecast for the Fire District Fund indicates that the fund is not balanced through the entire 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. Millage increases are proposed for three districts in FY2014 (Gandy, Pinellas Park and Safety Harbor). Additional increases for 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, and as property values have begun to recover, revenues will increase. Taxable values for FY14 reflect a weighted average increase of 2.8% and generate an estimated total of $15.3M across all 12 districts. The Taxable Value chart on the next page shows the percentage change for each individual fire district, ranging from -0.44% for Safety Harbor to a high of +6.39% for Bellaire Bluffs.

Each fire district has a separate ad valorem millage rate that is the sole revenue source for each of the fire districts. The next chart lists the individual fire district rates. Three districts will require an increase in millage rate for FY2014 to fund fire service provider expenditures: Gandy, Pinellas Park and Safety Harbor.

MSTU Fire Protection Districts

Ad Valorem Millage Rates & Millage Rate Caps

	Millage Rate Caps	FY14 Proposed Millage	FY13 Adopted Millage	Variance FY14/FY13 Millages
Belleair Bluffs/Largo	5.0000	1.7320	1.7320	0.0000
Clearwater	5.0000	3.2092	3.2092	0.0000
Dunedin	5.0000	3.5525	3.5525	0.0000
Gandy	5.0000	2.2977	2.2602	0.0375
Largo	5.0000	3.5609	3.5609	0.0000
Pinellas Park	5.0000	3.0163	2.3675	0.6488
Safety Harbor	5.0000	2.8118	2.7631	0.0487
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	1.9118	0.0000
South Pasadena	5.0000	0.9137	0.9137	0.0000

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 all but one of the 12 Fire Districts, FY2014 taxable values increased from the prior year as the real estate market recovers. The Safety Harbor district lost 0.44% in taxable value for FY2014.

Unincorporated Fire Districts

Percentage Change in Taxable Values FY2013/2014

Taxing Authority	FY13 Taxable Values	FY14 Taxable Values	% Chge
Belleair Bluffs/Largo	267,779,403	284,902,433	+6.39%
Clearwater	829,862,980	841,660,590	+1.42%
Dunedin	279,269,608	286,218,251	+2.49%
Gandy	45,444,402	46,660,761	+2.68%
Largo	506,606,480	511,113,648	+0.89%
Pinellas Park	252,996,801	259,052,750	+2.39%
Safety Harbor	64,106,151	63,823,484	-0.44%
Tarpon Springs	164,472,689	165,897,714	+0.87%
Seminole	2,105,905,658	2,179,420,161	+3.49%
Highpoint	650,957,851	666,544,672	+2.39%
Tierra Verde	736,158,621	760,266,232	+3.27%
South Pasadena	101,382,252	107,006,270	+5.55%

Consistent with the growth in taxable value for FY2014, this forecast projects a 2.5% increase in Ad Valorem revenue for the overall fund from FY2015 through the forecast period.

Expenditures

The Fire District Fund supports budgeted expenditures and reserves totaling $24.2M for all twelve districts in FY2014. The primary expenditures budgeted in the fund are $13.5M for contractual payments to the municipalities and other independent agencies for fire and rescue services. FY2014 budgeted reserves are $9.9M.

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 contract with the City of St. Petersburg for services to the South Pasadena district, which is set at $75K per year for five years. FY2014 is the second year of five for this contract.

Administrative Costs

Administrative costs from the County are allocated to each fire district based proportionately on the amount of budgeted ad valorem revenue collected. The FY2014 budget is $283.7K. 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. FY2014 costs are estimated at $481.2K, with an annual growth of 3% 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. Three of the individual fire districts currently maintain a 5% minimum contingency reserve, including Gandy, Safety Harbor and Tierra Verde. Several districts, including Belleair Bluffs, Tarpon Springs, Seminole and South Pasadena Fire Districts, maintain a 10% contingency reserve level that serves as a buffer to shield the district from economic downturn in their area. In FY2014, Clearwater, Dunedin, Largo and High Point are able to reach a contingency reserve of 10% without a change in millage. Pinellas Park Fire District's 10% contingency reserve decreases to 8.7%.

In addition, most of the 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. The Pinellas Park and Dunedin districts have no Reserve for Future years at this time.

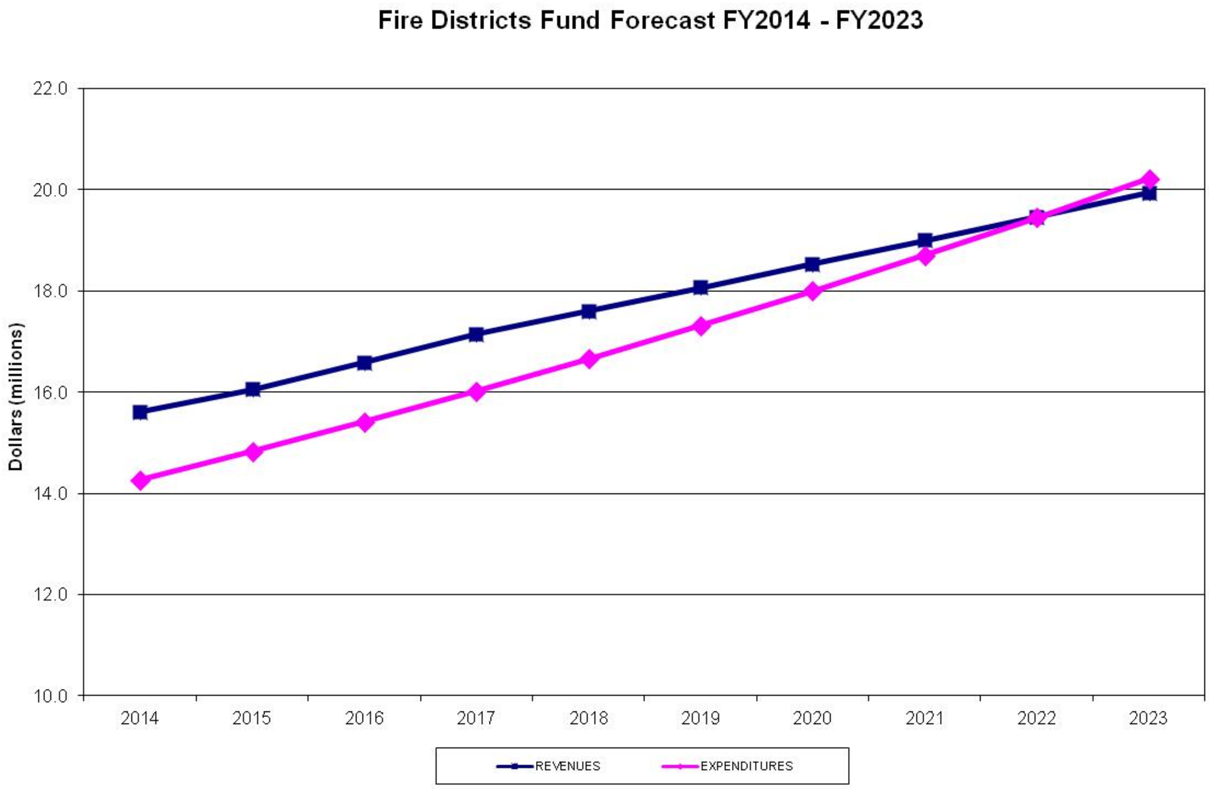
Ten-Year Forecast

Key Assumptions

The fire district millages are assumed to remain at the proposed FY2014 rates through the remainder of the forecast period for each of the districts. Property tax revenue is projected to increase by an annual growth factor of 2.5% through the rest of the forecast period as the housing market recovers.

On the expenditure side, contractual payments to the providers are assumed to increase by 4.0% annually, which outpaces the projected property tax revenues through the forecast period.

FIRE DISTRICTS FUND



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 revenues are projected to exceed total expenditures until FY2023. The forecast has improved since presented in February 2013 in part due to the certified taxable property values for FY14 increasing tax revenue by 2.5%, versus the original assumption of 2.0% growth. The projected growth in property values and ad valorem tax revenue for FY15 was also increased from 2.0% to 2.5%. Finally, the revenue forecast reflects proposed increases in FY14 millage rates for the Gandy, Pinellas Park and Safety Harbor Fire Districts. Provider contract expenses are decreasing for Clearwater and Dunedin in FY14 because both had additional capital expenses in FY13. However, overall requirements are not decreasing significantly because the revenue generated by their current millage rate increases fund reserves. 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 FY2022, revenues are outpaced by expenditures sooner in some of the individual fire districts. Several of the districts will be able to utilize fund balance during the forecast period to pay for long-term capital projects and increasing operating expenditures. Some of the unincorporated fire districts will have to increase millage rates to generate sufficient property tax revenue for increasing 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 some 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 potential impact to fire service costs would be increased costs of Emergency Medical Service. If EMS funding is reduced by the County, it is possible these same providers may shift those costs to their fire district budget.

Balancing Strategies

The forecast shows this combined fund as balanced through FY2022. However, it cannot be taken as a whole, and each district must be looked at individually. Unless the ad valorem revenue projection improves further out into the forecast, some 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.

FIRE DISTRICTS FUND FORECAST
Fund 1050 (ALL DISTRICTS)

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Ad Valorem Tax Revenue	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EXPENDITURES										
Personal Services	4.0%	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)	-4.3%	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 (ALL DISTRICTS)

(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% Other Revenue)										
BEGINNING FUND BALANCE	**8,421.3**	**7,993.4**	**8,505.2**	**8,727.3**	**10,071.5**	**11,297.2**	**12,468.1**	**13,594.8**	**14,543.1**	**15,292.4**	**15,821.1**	**16,106.4**	**16,123.4**
REVENUES													
Ad Valorem Revenue @ 95% 1)	15,018.0	14,822.0	14,922.8	15,300.7	15,683.2	16,075.3	16,477.2	16,889.1	17,311.3	17,744.1	18,187.7	18,642.4	19,108.5
Cty Off Fees (TC & PA)	109.3	94.9	93.8	94.6	96.5	98.4	100.4	102.4	104.4	106.5	108.7	110.8	113.1
Other Rev (Interest, Gain/Loss Inv)	53.4	53.8	32.0	47.9	100.7	225.9	374.0	407.8	436.3	458.8	474.6	483.2	483.7
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%				161.1	165.1	169.2	173.4	177.8	182.2	186.8	191.4	196.2	201.1
Adjust Other Revenue to 100%				7.5	10.4	17.1	25.0	26.9	28.5	29.8	30.7	31.3	31.4
TOTAL REVENUES	**15,180.8**	**14,970.8**	**15,048.7**	**15,611.9**	**16,056.0**	**16,586.1**	**17,150.1**	**17,604.1**	**18,062.9**	**18,526.1**	**18,993.3**	**19,464.1**	**19,937.9**
% vs prior year	*4%*	*-1%*	*-1%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*2%*	*2%*
TOTAL RESOURCES	**23,602.1**	**22,964.2**	**23,553.9**	**24,339.2**	**26,127.5**	**27,883.2**	**29,618.3**	**31,198.9**	**32,606.0**	**33,818.4**	**34,814.4**	**35,570.4**	**36,061.3**
EXPENDITURES													
Personal Services	80.0	130.1	128.5	135.6	141.0	146.7	152.5	158.6	165.0	171.6	178.4	185.6	193.0
Operating Expenditures	172.2	134.4	132.5	148.1	150.8	153.3	156.4	159.4	162.7	166.0	169.3	172.7	176.1
Curr Chgs & Oblig (Cty Fire Admin Chgs)	244.8	264.5	261.0	283.7	288.8	293.7	299.6	305.3	311.7	317.9	324.3	330.8	337.4
Debt Service	-	0.5	-	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Grants & Aids (Provider Payments) 2)	14,403.7	13,923.2	14,107.6	13,502.1	14,042.2	14,603.9	15,188.0	15,795.5	16,427.4	17,084.5	17,767.8	18,478.6	19,217.7
Trfrs to PA & TC	441.0	458.0	458.0	481.2	495.6	510.5	525.8	541.6	557.8	574.6	591.8	609.6	627.9
Pro-Rate Clearing (County Fire Admin Chgs)	(244.8)	(264.5)	(261.0)	(283.7)	(288.8)	(293.7)	(299.6)	(305.3)	(311.7)	(317.9)	(324.3)	(330.8)	(337.4)
Expenditure Lapse 1% **													
TOTAL EXPENDITURES	**15,096.9**	**14,646.2**	**14,826.6**	**14,267.7**	**14,830.3**	**15,415.1**	**16,023.5**	**16,655.8**	**17,313.6**	**17,997.3**	**18,708.1**	**19,447.1**	**20,215.4**
% vs prior year	*1%*	*-3%*	*-2%*	*-4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*	*4%*
ENDING FUND BALANCE	**8,505.2**	**8,318.0**	**8,727.3**	**10,071.5**	**11,297.2**	**12,468.1**	**13,594.8**	**14,543.1**	**15,292.4**	**15,821.1**	**16,106.4**	**16,123.4**	**15,845.9**
Ending balance as % of Resources	*36.0%*	*36.2%*	*37.1%*	*41.4%*	*43.2%*	*44.7%*	*45.9%*	*46.6%*	*46.9%*	*46.8%*	*46.3%*	*45.3%*	*43.9%*
TOTAL REQUIREMENTS	**23,602.1**	**22,964.2**	**23,553.9**	**24,339.2**	**26,127.5**	**27,883.2**	**29,618.3**	**31,198.9**	**32,606.0**	**33,818.4**	**34,814.4**	**35,570.4**	**36,061.3**
REVENUE minus EXPENDITURES *(NOT cumulative)*	83.9	324.6	222.1	1,344.2	1,225.7	1,171.0	1,126.7	948.3	749.3	528.8	285.2	17.0	(277.5)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**83.9**	**324.6**	**222.1**	**1,344.2**	**1,225.7**	**1,171.0**	**1,126.7**	**948.3**	**749.3**	**528.8**	**285.2**	**17.0**	**(277.5)**

*** 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) The forecast assumes estimated Ad Valorem revenue is at 96%, versus the 95% level budgeted each fiscal year. So, the FY14 estimated revenues above reflect an additional 1% above the FY14 Proposed Budget, which remains at 95% per statute.

2) Grants & Aids (contracted payments to fire service providers) decreases in FY14 as FY13 includes additional payments for Capital Improvements to Dunedin, Clearwater and Seminole.

TOURIST DEVELOPMENT COUNCIL FUND

Description

The Tourist Development Council (TDC) Fund is a special revenue fund that accounts for the 5% Tourist Development 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 collection of the Tourist Development Tax, known as 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 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. FY2014 revenues are estimated to grow 0.8% compared to FY2013 estimate, and are anticipated to continue to increase conservatively at 3.0% from FY2015 through FY2023, matching anticipated 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. 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 September 2015 and February 2016, respectively. 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 BCC revised the Tourist Development Plan to allow funding of capital projects for non-profit museums that are open to the public. The BCC also approved a review of the Tourist Development Plan every five years.

Revenues

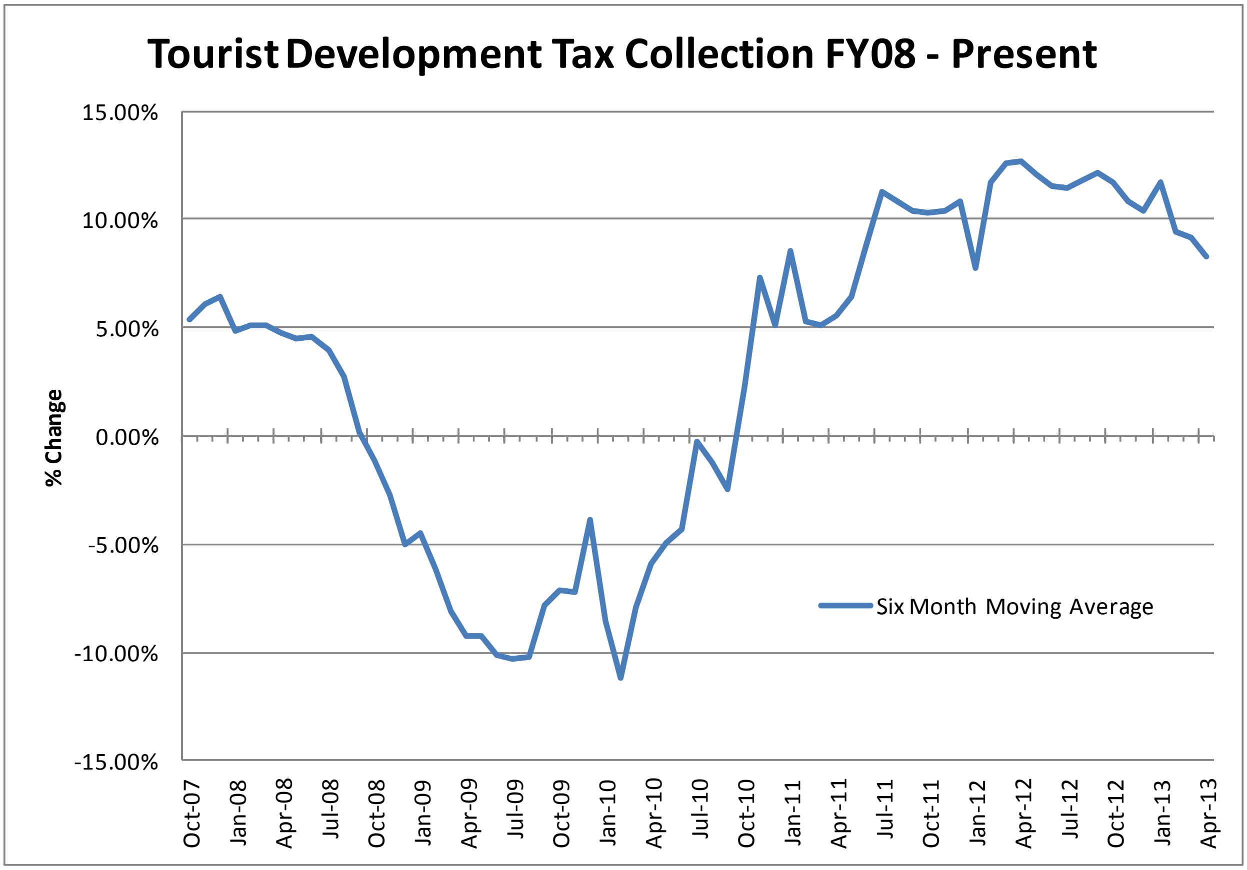
The TDC Fund consists almost exclusively of revenue collected through the Tourist Development Tax.

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 $29.5M in FY2014.

TOURIST DEVELOPMENT COUNCIL FUND

Tourist Development tax collections are very sensitive to both environmental and economic conditions due to the close relationship between disposable income and leisure travel. The chart below shows the 6-month moving average change in revenue collections from October 2007 to April 2013. The data shows that collections bottomed out at the beginning of 2010, but have been rapidly increasing as the economy has begun to rebound. Over the past year, the increase in tax revenue has outpaced the overall economy.



FY2012 actual revenue totaled $28.8M, an increase of 12.4% increase over FY2011. FY2013 revenues are projected to increase by another 6.3% and FY2014 by 0.8%, compared to FY2013 estimate. From FY2015 through FY2023, collections are expected to increase 3% annually as the overall 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 with year-over-year figures for 2011 and 2012. Visitors from the Southeast region of the United States increased by 6.0%, while visits from Canada (4.7%), Europe (6.9%) and Latin America (53.0%) also showed strong growth in 2012.

Year-over-Year 2011 vs. 2012

Visitor Origins	2011	2012	% Change
Florida	672,891	682,208	+1.4%
Southeast	333,836	353,704	+6.0%
Northeast	1,215,923	1,251,520	+2.9%
Midwest	1,559,622	1,587,787	+1.8%
Canada	320,663	335,741	+4.7%
Europe	934,335	998,771	+6.9%
Other U.S. Markets	149,830	151,669	+1.2%
Latin America	48,100	73,600	+53.0%
Total	**5,235,200**	**5,435,000**	**+3.8%**

Source: St. Petersburg/Clearwater Area Convention and Visitors Bureau Annual 2012 Visitor Profile, Research Data Services, Inc

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.

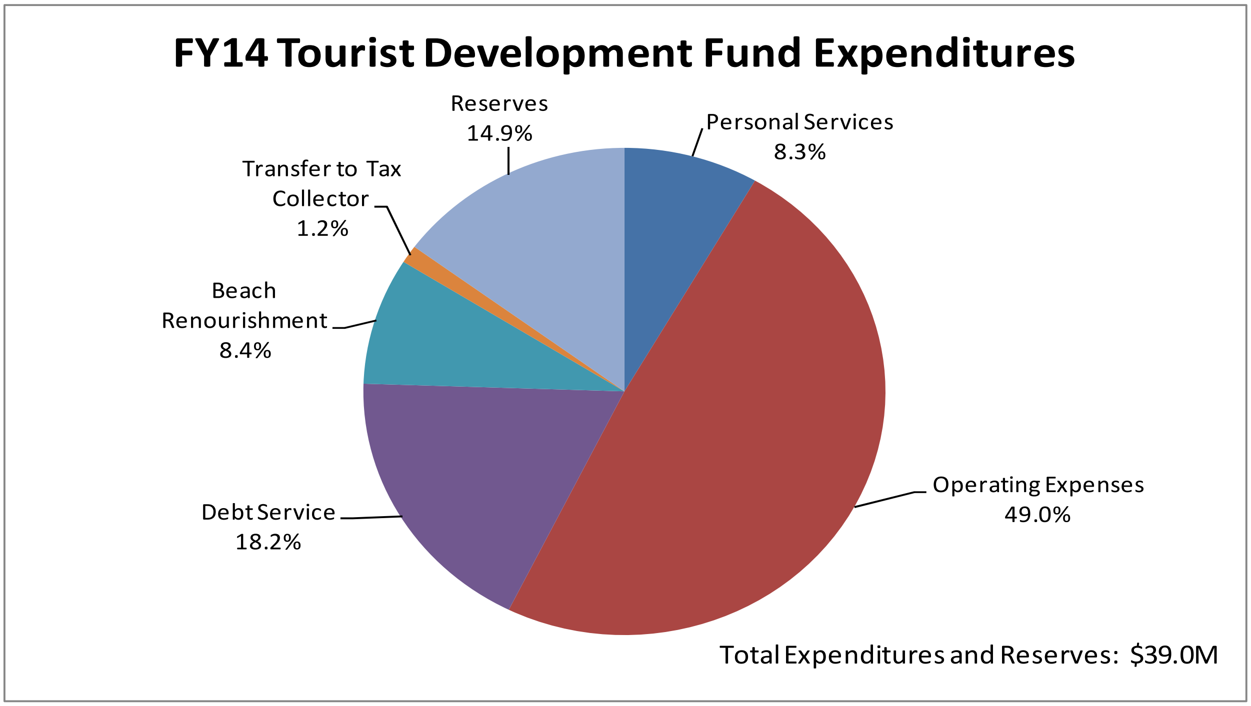
The next chart lists the Annual Average Daily Rate (ADR) that hotels are able to collect and the number of Annual Overnight Visitors since 2000. As a result of hurricanes, red tide, and the economic downturn, ADR stayed flat from 2007 to 2010 and visitor counts declined from a peak of 5.3M in 2007. Since 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 FY2014 totaling $39.0M. The primary expenditures in the fund are $19.1M for operations and promotional activities, $7.1M for debt service for three sports facilities, $3.3M for beach renourishment, and $5.8M in reserves.



Operations and Promotional Activities

The discretionary expenditure budget of $22.4M 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.

Convention & Visitors Bureau Operations & Promotional Expense

Expenses	FY 2014	% of Operations
Operating & Capital Outlay	$ 769,600	4.0%
Personnel	$3,255,820	17.0%
Advertising/Direct Sales	$13,838, 900	72.4%
Research	$ 235,000	1.2%
Shipping/Communications/Inquiry	$ 456,500	2.4%
Travel	$ 549,000	2.9%
Total	**$19,104,820**	**100.0%**

Source: Pinellas County Convention & Visitors Bureau

TOURIST DEVELOPMENT COUNCIL FUND

Undesignated

Due to the end of the debt service payments for both Tropicana Field and the Spring Training facility in Dunedin, funds are projected to be available beginning in FY2016 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 BCC revised the Tourist Development Plan to allow funding of capital projects for non-profit museums that are open to the public, and they approved an agreement that provides payments of $500K annually to the Salvador Dali Museum from FY2015 to FY2019. The BCC 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 $3.3M for FY2014, which is about $500K 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.

To pay the cost associated with the administration and collection of the Tourist Development Tax revenue, a transfer of $464K is projected to be made to the Tax Collector in FY2014.

Reserves

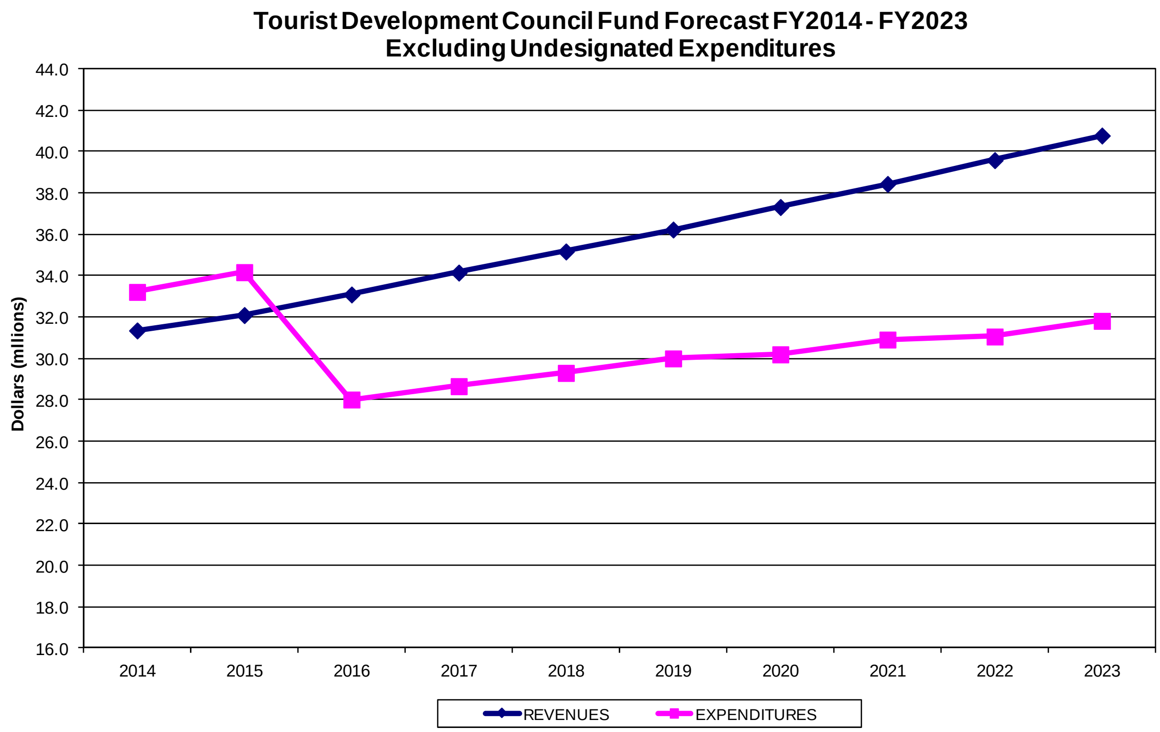
Reserves are budgeted at 18% in FY2014, which is slightly above the reserve level requested by the Tourist Development Council. The fund reserve will serve as a fiscal shock absorber in the event tourist development tax revenues deteriorate in response to changes in economic conditions. For example, 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 while allowing for a vigorous promotion of Pinellas County, reserves need to be maintained between 10% and 15%. 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 0.8% above FY2013 estimate in FY2014 and an annual increase of 3.0% through FY2023. On the expenditure side, personal services are projected to increase 4.0% 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.



Key Results

Revenues and expenditures are in-line in both FY2014 and FY2015 and the fund will maintain a fund balance of at least 10%. Beginning in FY2016, revenues exceed expenditures by a wide margin as the debt service for Tropicana Field is paid off. Even with the BCC 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.

TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 1040

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Tourist Development Taxes	0.8%	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

(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 (@100% Revenue)										
BEGINNING FUND BALANCE	**6,429.0**	**7,281.8**	**8,001.2**	**9,237.1**	**7,373.3**	**5,299.9**	**5,872.8**	**5,860.0**	**6,223.9**	**6,448.8**	**6,564.4**	**6,581.4**	**6,849.3**
REVENUES													
Tourist Development Taxes @ 95%	28,746.1	27,097.2	30,567.9	29,518.1	30,403.6	31,315.8	32,255.2	33,222.9	34,219.6	35,246.2	36,303.5	37,392.6	38,514.4
Interest	29.0	27.7	34.3	33.2	73.7	106.0	176.2	175.8	186.7	193.5	196.9	197.4	205.5
Cty Off Fees (TC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenues (Int - TC)	4.4	6.6	495.0	232.8	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.9
Adjust Tax Revenues to 100%	-	-		1,553.6	1,600.2	1,648.2	1,697.6	1,748.6	1,801.0	1,855.1	1,910.7	1,968.0	2,027.1
Adjust other Revenues to 100%	-	-		14.0	14.3	14.6	14.9	15.2	15.5	15.8	16.1	16.4	16.7
REVENUES	**28,779.5**	**27,131.5**	**31,097.2**	**31,351.7**	**32,096.8**	**33,089.6**	**34,149.1**	**35,167.7**	**36,228.2**	**37,316.0**	**38,432.9**	**39,580.3**	**40,769.6**
% vs prior year	11.6%	-5.7%	8.1%	0.8%	2.4%	3.1%	3.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
TOTAL RESOURCES	**35,208.5**	**34,413.3**	**39,098.4**	**40,588.8**	**39,470.1**	**38,389.5**	**40,021.9**	**41,027.7**	**42,452.1**	**43,764.8**	**44,997.3**	**46,161.7**	**47,618.9**
EXPENDITURES													
Personal Services	2,727.6	3,211.6	3,019.1	3,255.8	3,386.0	3,521.5	3,662.3	3,808.8	3,961.2	4,119.6	4,284.4	4,455.8	4,634.0
Operating Expenses	6,222.9	6,664.6	6,820.3	7,565.3	7,701.5	7,832.4	7,989.0	8,140.8	8,311.8	8,478.0	8,647.6	8,820.5	8,997.0
Advertising Expense	7,562.3	8,651.4	9,255.7	11,539.6	11,747.3	11,947.0	12,186.0	12,417.5	12,678.3	12,931.8	13,190.5	13,454.3	13,723.4
Addtl Advert Exp - one-time * RNC	600.0	-	-	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-				4,500.0	5,500.0	5,500.0	6,000.0	7,000.0	7,500.0	8,250.0	8,750.0
Capital Outlay	-	4.3	68.6	4.3	4.4	4.5	4.5	4.6	4.7	4.8	4.9	5.0	5.1
Capital Outlay - Dali Museum	-	-	-	-	500.0	500.0	500.0	500.0	500.0	-	-	-	-
Transfer - Tax Collector	448.5	494.2	456.0	463.8	477.7	492.0	506.8	522.0	537.7	553.8	570.4	587.5	605.2
Transfer - Beach Renourishment	2,651.3	3,242.4	3,242.4	3,286.7	3,040.4	3,131.6	3,225.5	3,322.3	3,422.0	3,524.6	3,630.4	3,739.3	3,851.4
Debt Service	6,994.7	6,590.3	6,999.2	7,100.0	7,313.0	587.7	587.7	587.7	587.7	587.7	587.7	-	-
EXPENDITURES	**27,207.3**	**28,858.8**	**29,861.3**	**33,215.5**	**34,170.3**	**32,516.7**	**34,161.9**	**34,803.8**	**36,003.3**	**37,200.4**	**38,415.8**	**39,312.4**	**40,566.0**
% vs prior year	17%	6%	10%	11%	3%	-5%	5%	2%	3%	3%	3%	2%	3%
ENDING FUND BALANCE	**8,001.2**	**5,554.5**	**9,237.1**	**7,373.3**	**5,299.9**	**5,872.8**	**5,860.0**	**6,223.9**	**6,448.8**	**6,564.4**	**6,581.4**	**6,849.3**	**7,052.8**
Ending balance as % of Resources	23%	16%	24%	18%	13%	15%	15%	15%	15%	15%	15%	15%	15%
TOTAL REQUIREMENTS	**35,208.5**	**34,413.3**	**39,098.4**	**40,588.8**	**39,470.1**	**38,389.5**	**40,021.9**	**41,027.7**	**42,452.1**	**43,764.8**	**44,997.3**	**46,161.7**	**47,618.9**
REVENUE minus EXPENDITURES *(NOT cumulative)*	1,572.2	(1,727.3)	1,235.9	(1,863.8)	(2,073.4)	572.9	(12.8)	363.9	224.9	115.5	17.0	267.9	203.5
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**1,572.2**	**(1,727.3)**	**1,235.9**	**(1,863.8)**	**(2,073.4)**	**572.9**	**(12.8)**	**363.9**	**224.9**	**115.5**	**17.0**	**267.9**	**203.5**

*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.

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

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 Great 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 through FY2020. The current "Penny for Pinellas" one cent local option sales tax ends December 31, 2019. Projects that would need to continue such as sidewalks, paving, bridges, etc. are shown in the forecast as "unfunded" for the remainder of FY2020 and FY2021-FY2023. This is a preliminary estimate of projects that would require a funding source regardless if the Penny is not renewed. During several years of the forecast, expenditures exceed revenues due to project schedules. Additional cash flow required to fund projects is being addressed through an interfund loan from the Solid Waste Replacement & Renewal Fund. The forecast includes repayment of the loan from FY2014 to FY2020.

Revenues

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

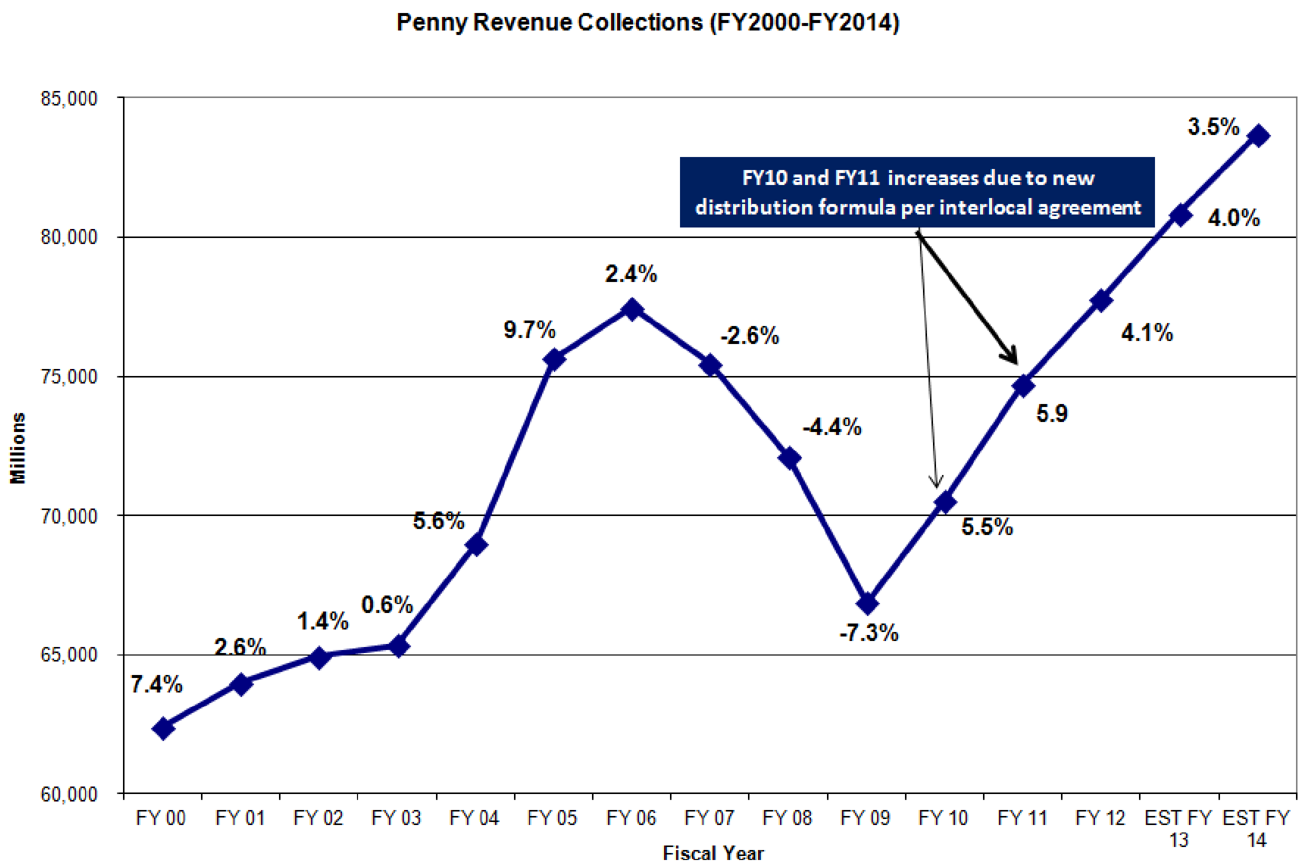
Local Option Sales Tax (Penny for Pinellas)

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 December 31, 2019). 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.

Sales tax as a revenue source is highly elastic and is very sensitive to local and national economic conditions, such as inflation, wage growth, unemployment, and tourism. Normally sales taxes increase with economic activity and inflation, but reflecting the depth of the recent recession, collections declined about 15% from FY2007 to FY2009.

Collections 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 4.0% and 3.5% respectively, 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 source of revenue in the Capital Projects fund is grants. The FY2014 budget includes $34.6M 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 FY2014 Budget includes a transfer of $25.5M 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 FY2014 will be $40.5 million ($15M in FY2010 and $25.5M in FY2014). 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 cash flow needed for capital projects in general and the Centralized Chiller Facility project which is being funded by the General Fund. The loan amount for capital projects consists of $15M in FY2010, $14.5M in FY2014, and $44.5M in FY2015-FY2020. The principal payments for the $74.0M loan for capital projects are budgeted for FY2015 – FY2020.

The principal payments for the Centralized Chiller project are budgeted for FY2014-FY2020. The total cost for the chiller project referred to as the Downtown District Cooling Project is estimated to be $15.5M, of which $1.5M of design costs were 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 balance of the project funding will be a loan amount for $11M in the FY2014 budget. This project will fund the design and construction of new underground chilled water distribution piping connecting a new centralized chiller facility and County-owned buildings in the downtown Clearwater campus. Additionally, the project will fund the increased chilled water capacity and underground piping to non-County entities who agree to reimburse the County for the capital investment and to pay for chilled water service delivery. The County will provide chilled water at a service rate comprised of actual thermal energy consumed (measured by flow and temperature) and the operational and administrative costs to generate the chilled water for a specified period. Fully funding this project is estimated to reduce annual recurring costs by $1M, provide a future CIP cost avoidance of $3.8M, and generate approximately $250K of annual revenue.

The General Fund transfer in FY2014 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 FY2014 transfer of $2.1M 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 FY2014 transfer of $3.3M from the Tourist Development Council Fund (half of the proceeds of the 3rd cent) funds beach nourishment projects in the Coastal Management program.

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 $1.3M from the Transportation Impact Fee Fund in FY2014 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 FY2014 Budget for expenditure highlights of the One-Year CIP and the Ten-Year CIP.

Debt Service

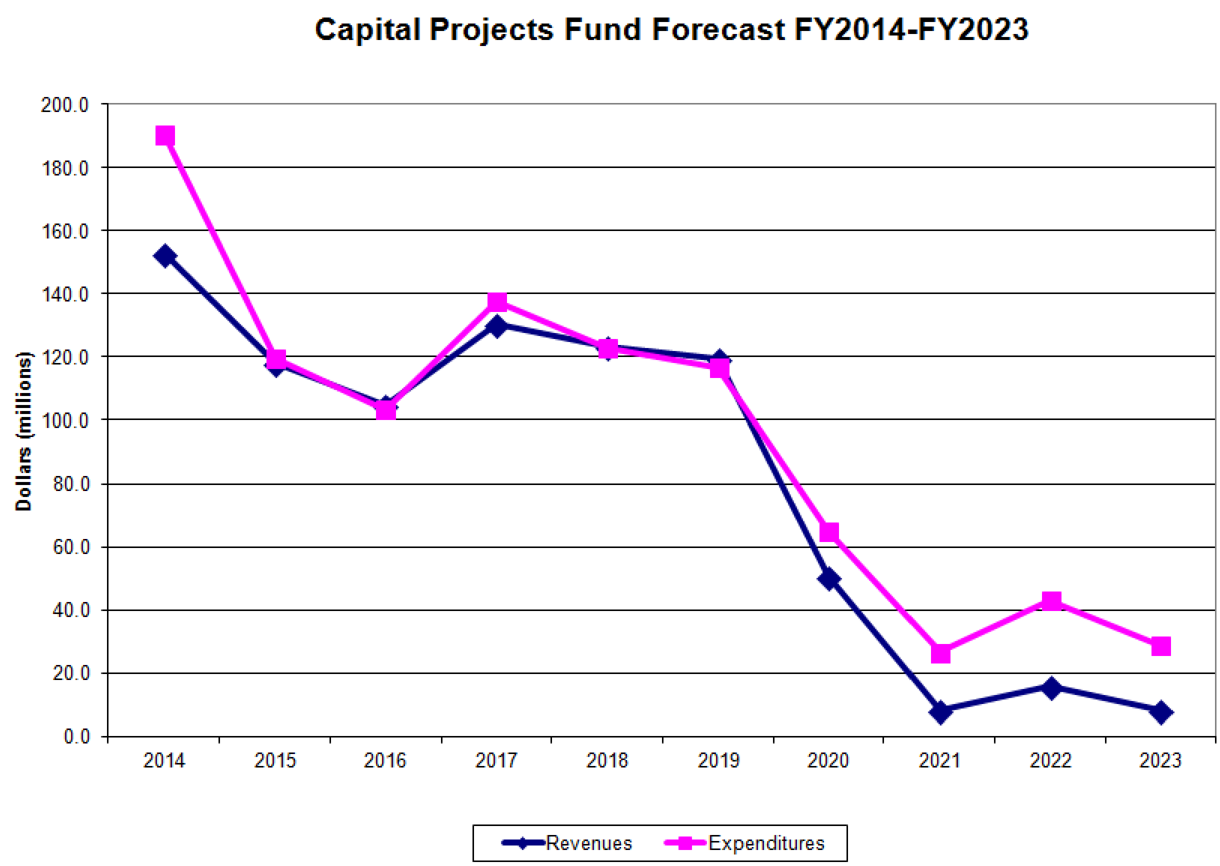
Debt service costs over the forecast period are associated with the interfund loan from the Solid Waste Renewal and Replacement Fund. The loan consists of $74M to provide necessary liquidity in the Capital Projects Fund related to the cash flow required to fund projects and $11M for the balance of the remaining cost for the Centralized Chiller Facility. This project has already been funded $1.5M by a Department of Energy grant and $3.0M 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 3.5% growth from FY2014 to FY2020. However, the growth rate in the Capital Projects Fund for the Penny sales tax is the same at 3.5% growth for FY2014 but less at 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.



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 required to fund projects is being addressed through an interfund loan from the Solid Waste Replacement & Renewal Fund. The graph includes revenues projected to be received each year; however existing fund balance is also a source of funding projects. 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 FY2014 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 inflationary risks for 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 through FY2020. The current “Penny for Pinellas” one cent local option sales tax ends December 31, 2019. Projects that would need to continue such as sidewalks, paving, bridges, etc. are shown in the forecast as “unfunded” for the remainder of FY2020 and FY2021-FY2023. This is a preliminary estimate of projects that would require a funding source regardless if the Penny is not renewed.

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)	-18.0%	10.0%	10.0%	10.0%	11.7%	0.0%	0.0%			
Grants	88.6%	-62.4%	-45.8%	108.4%	-70.1%	195.9%	-75.2%			
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%	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	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	**51,309.0**	118,398.1	**82,455.7**	**53,905.2**	**16,243.6**	**14,669.2**	**16,204.7**	**9,317.9**	**9,532.0**	**12,676.8**	**(1,693.4)**	**(20,029.6)**	**(47,160.4)**
REVENUES													
Infrastructure Sales Tax (Penny for Pinellas)	77,759.2	75,882.4	80,869.6	83,700.0	86,211.0	88,797.3	91,461.3	94,205.1	97,031.2	32,980.9			-
Grants	11,288.6	32,993.0	18,325.5	34,563.7	12,997.8	7,045.0	14,685.3	4,385.0	12,973.5	3,220.0	162.0	8,173.5	1,199.8
Reimbursements	-	-	-										
Ninth Cent Gas Tax (Transfer from Transportation Trust Fund)	3,000.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0	2,156.0
Transportation Impact Fees (from Special Revenue Fund)	1,054.7	1,640.7	1,640.7	1,345.4	1,479.9	1,627.9	1,790.7	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
Transfer from General Fund	847.8	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0	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	3,286.7	3,040.4	3,131.6	3,225.5	3,322.3	3,422.0	3,524.6	3,630.4	3,739.3	3,851.4
Sutherland Bayou Marina Mitig. Pymnt	29.7												
Sale-Surplus County Land	36.6												
Interest	256.3	213.8	1,453.9	376.7	162.4	293.4	486.1	279.5	286.0	380.3	(50.8)	(600.9)	(1,414.8)
Other revenues	117.1		3,932.6	8.4	8.6	8.7	8.9	9.1	9.3	9.5	9.6	9.8	10.0
Interfund Loan-Solid Waste-Chiller	-		-	11,000.0									
Interfund Loan-Solid Waste	-	10,000.0	-	14,500.0	10,000.0	-	15,000.0	15,000.0	-	4,500.0	-	-	-
TOTAL REVENUES	**97,041.3**	**127,928.3**	**113,420.7**	**152,736.9**	**117,856.1**	**104,860.0**	**130,613.8**	**123,157.0**	**119,678.0**	**50,571.3**	**8,207.2**	**15,777.8**	**8,102.4**
% vs prior year													
TOTAL RESOURCES	**148,350.3**	**246,326.4**	**195,876.4**	**206,642.1**	**134,099.7**	**119,529.2**	**146,818.5**	**132,475.0**	**129,209.9**	**63,248.1**	**6,513.9**	**(4,251.9)**	**(39,057.9)**
EXPENDITURES													
Capital Projects	65,862.8	196,559.4	141,941.2	188,823.5	112,835.5	96,739.5	130,905.6	101,348.0	94,973.1	18,834.5	557.5	16,502.5	2,634.5
Unfunded										25,102.0	25,986.0	26,406.0	26,136.0
Debt Service on Interfund Loan	31.8	280.0	30.0	75.0	95.0	85.0	95.0	95.0	60.0	5.0			
Payment on SW Loan-Chiller		1,500.0	-	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	2,000.0			
Payment on SW Loan					5,000.0	5,000.0	5,000.0	20,000.0	20,000.0	19,000.0			
TOTAL EXPENDITURES	**65,894.6**	**198,339.4**	**141,971.2**	**190,398.5**	**119,430.5**	**103,324.5**	**137,500.6**	**122,943.0**	**116,533.1**	**64,941.5**	**26,543.5**	**42,908.5**	**28,770.5**
ENDING FUND BALANCE	**82,455.7**	**47,987.0**	**53,905.2**	**16,243.6**	**14,669.2**	**16,204.7**	**9,317.9**	**9,532.0**	**12,676.8**	**(1,693.4)**	**(20,029.6)**	**(47,160.4)**	**(67,828.4)**
TOTAL REQUIREMENTS	**148,350.3**	**246,326.4**	**195,876.4**	**206,642.1**	**134,099.7**	**119,529.2**	**146,818.5**	**132,475.0**	**129,209.9**	**63,248.1**	**6,513.9**	**(4,251.9)**	**(39,057.9)**
REVENUE minus EXPENDITURES *(NOT cumulative)*	31,146.7	(70,411.1)	(28,550.5)	(37,661.6)	(1,574.4)	1,535.5	(6,886.8)	214.0	3,144.9	(14,370.2)	(18,336.3)	(27,130.7)	(20,668.1)
net recurring rev- exp	**31,146.7**	**(70,411.1)**	**(28,550.5)**	**(37,661.6)**	**(1,574.4)**	**1,535.5**	**(6,886.8)**	**214.0**	**3,144.9**	**(14,370.2)**	**(18,336.3)**	**(27,130.7)**	**(20,668.1)**

Note: Current Penny ends 12-31-19. Projects that would need to continue such as sidewalks, paving, bridges, etc. are shown as "unfunded" for the remainder of FY20, FY21-FY23.

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

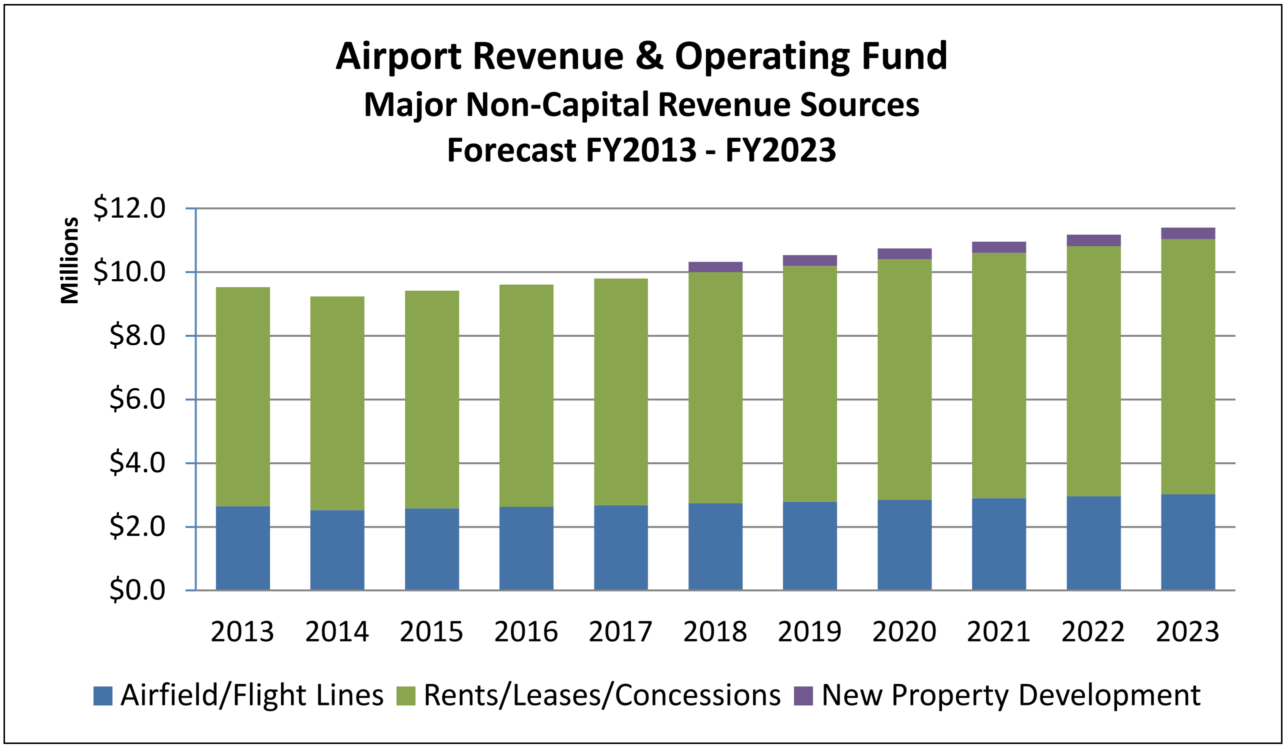
The Airport Operating and Revenue Fund is an enterprise fund that accounts for revenues and expenditures at St. Petersburg – Clearwater International Airport. This includes management of airport properties in addition to airfield operations. The airport is self-supporting, and no property tax dollars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

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.



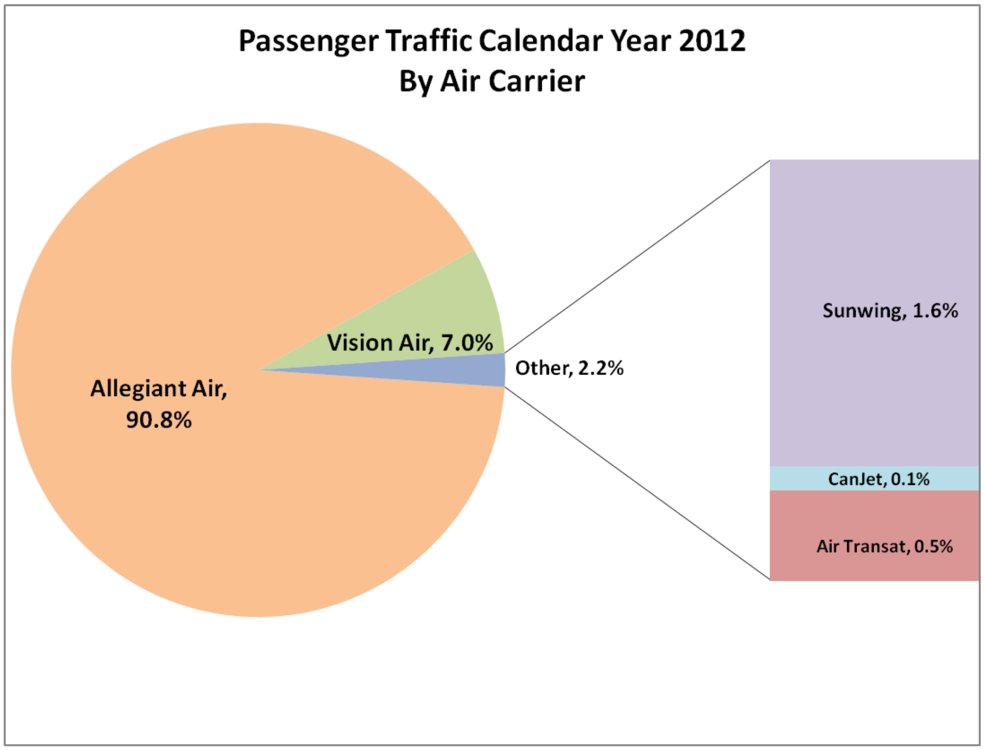
Rentals/Leases/Concessions

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. For the first 5 months of 2013, passenger traffic has increased 11.0% over the same period in 2012.



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 FY2014 totaling $33.6M of which $8.9M is allocated for capital projects and $15.0M is reserves.

Airport Programs

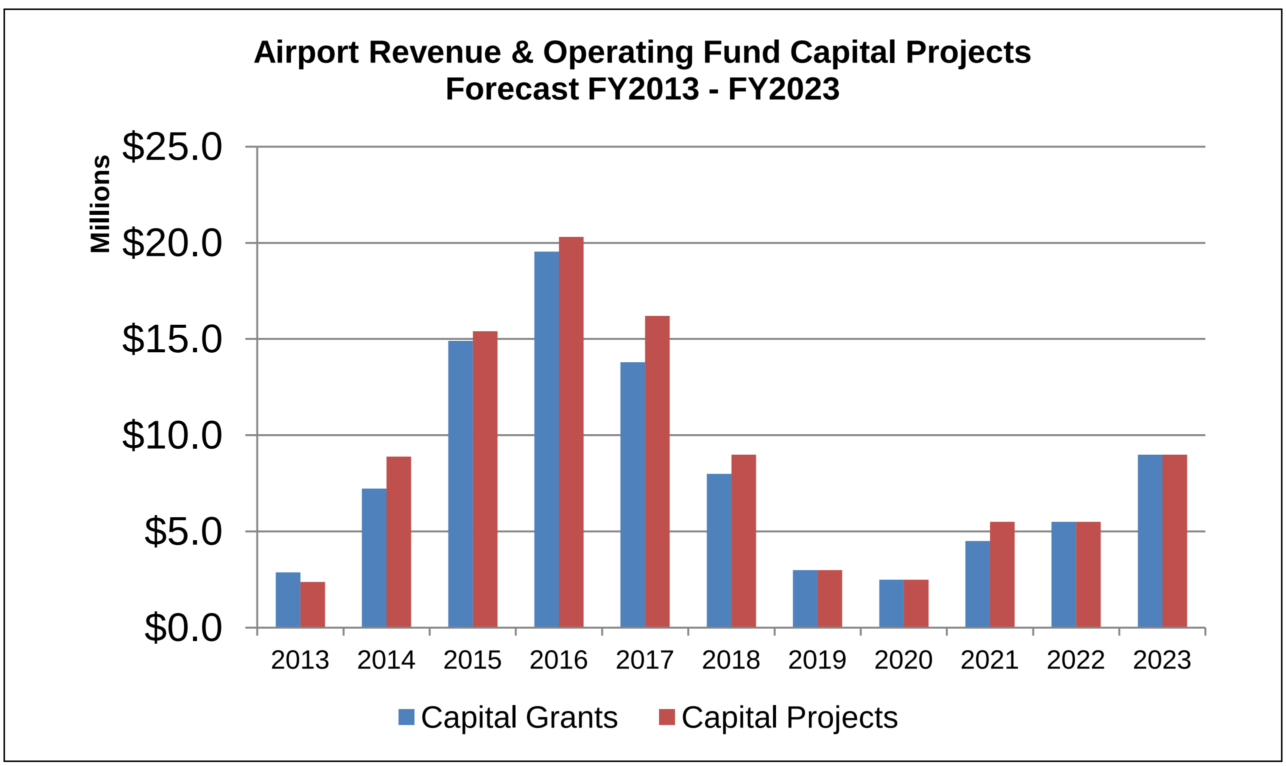
Of the remaining $9.7M in operating expenditures, 86.3% supports the Aviation Services program and 13.7% the Airport Real Estate program. The Aviation Services program consists of all facets of day-to-day aviation activities. The Airport Real Estate program oversees and negotiates leases with tenants 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 55 positions needed to operate both programs at the Airport. Budgeted Personal Services expenditures in FY2014 total $4.4M.

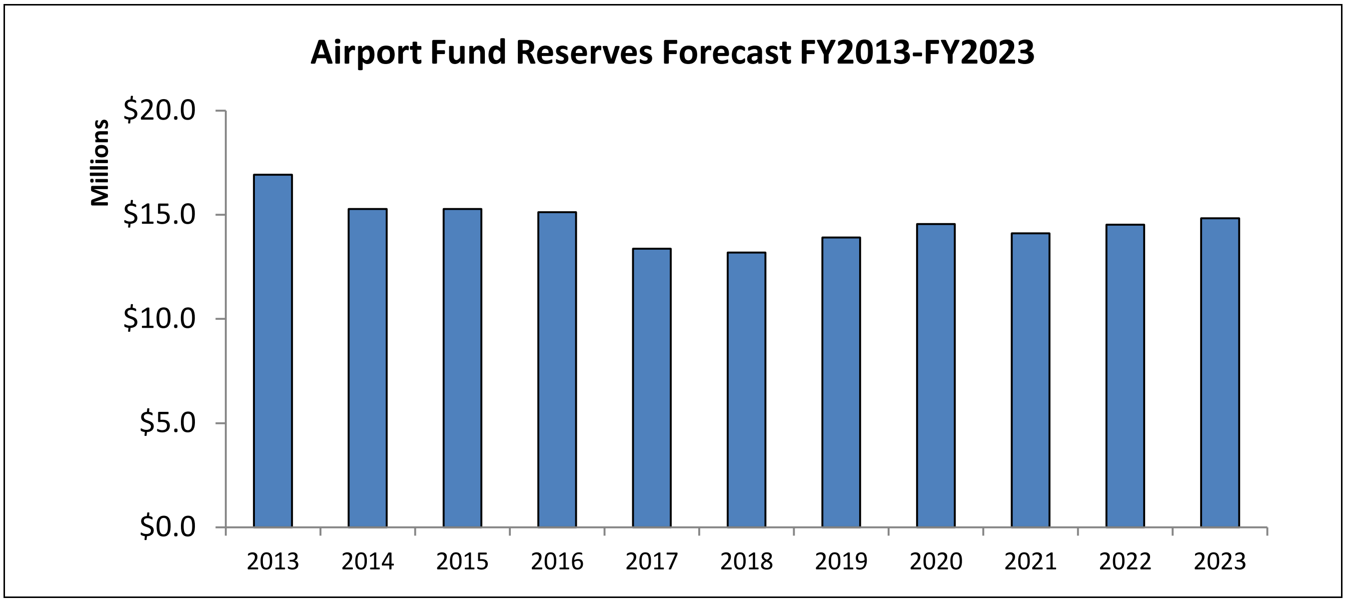
Capital Projects

The FY2014 estimate for Capital Projects is $8.9M. 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. Preliminary planned improvements in future years include new T-hangars in FY2018 and cargo apron construction in FY2023.



Reserves

The total reserve level in the Airport Revenue and Operating fund is budgeted at $15.0M (44.7%) in FY2014. 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

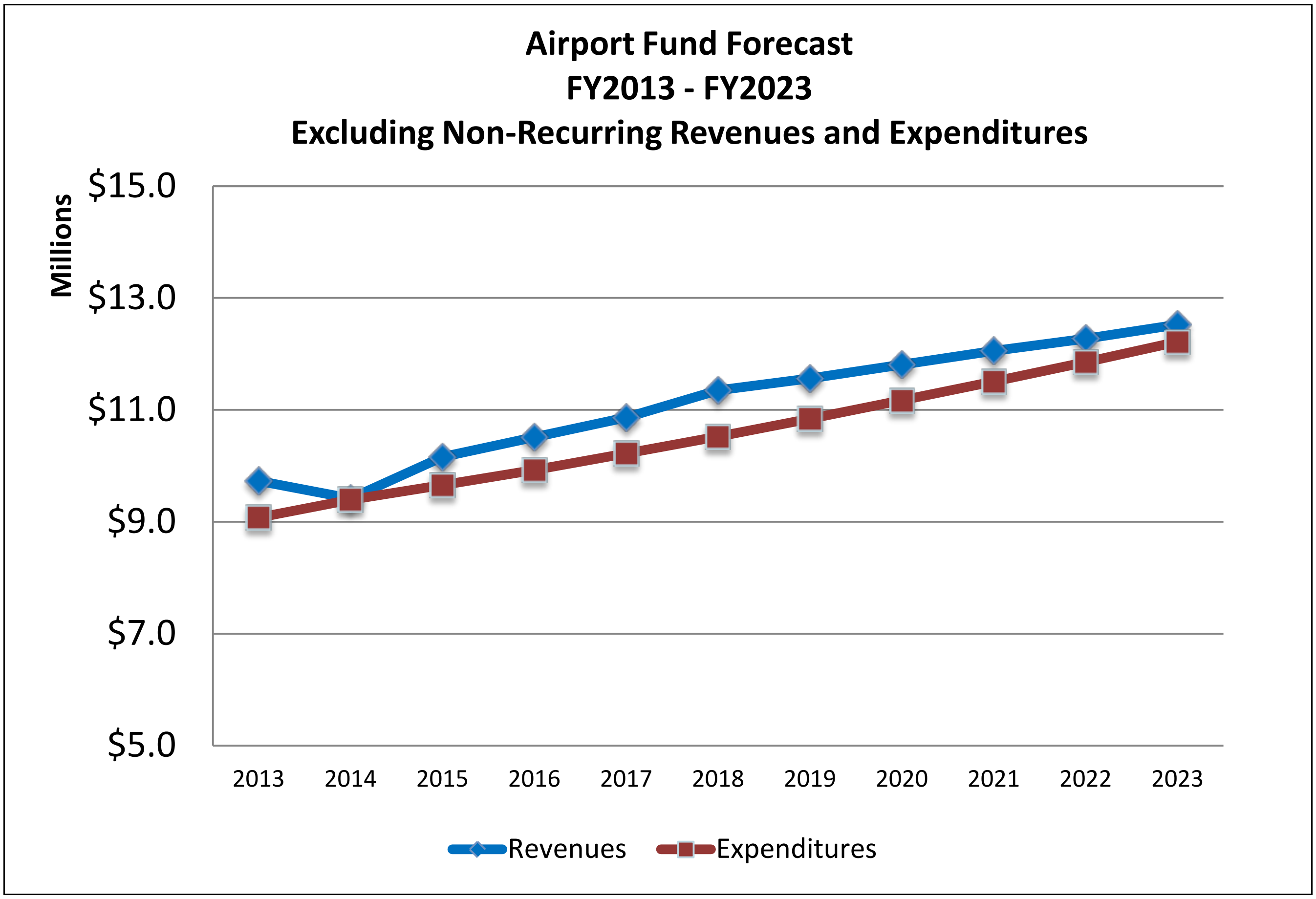
The revenue forecasts of funding total resources are conservative due to the current economic conditions.

Airfield/Flight Line revenue for FY2014 is based on the current level of carriers and passenger numbers. For FY2015 through FY2023, an increase of 2% per fiscal year is forecast. The forecast is conservative, as no new carriers have been included.

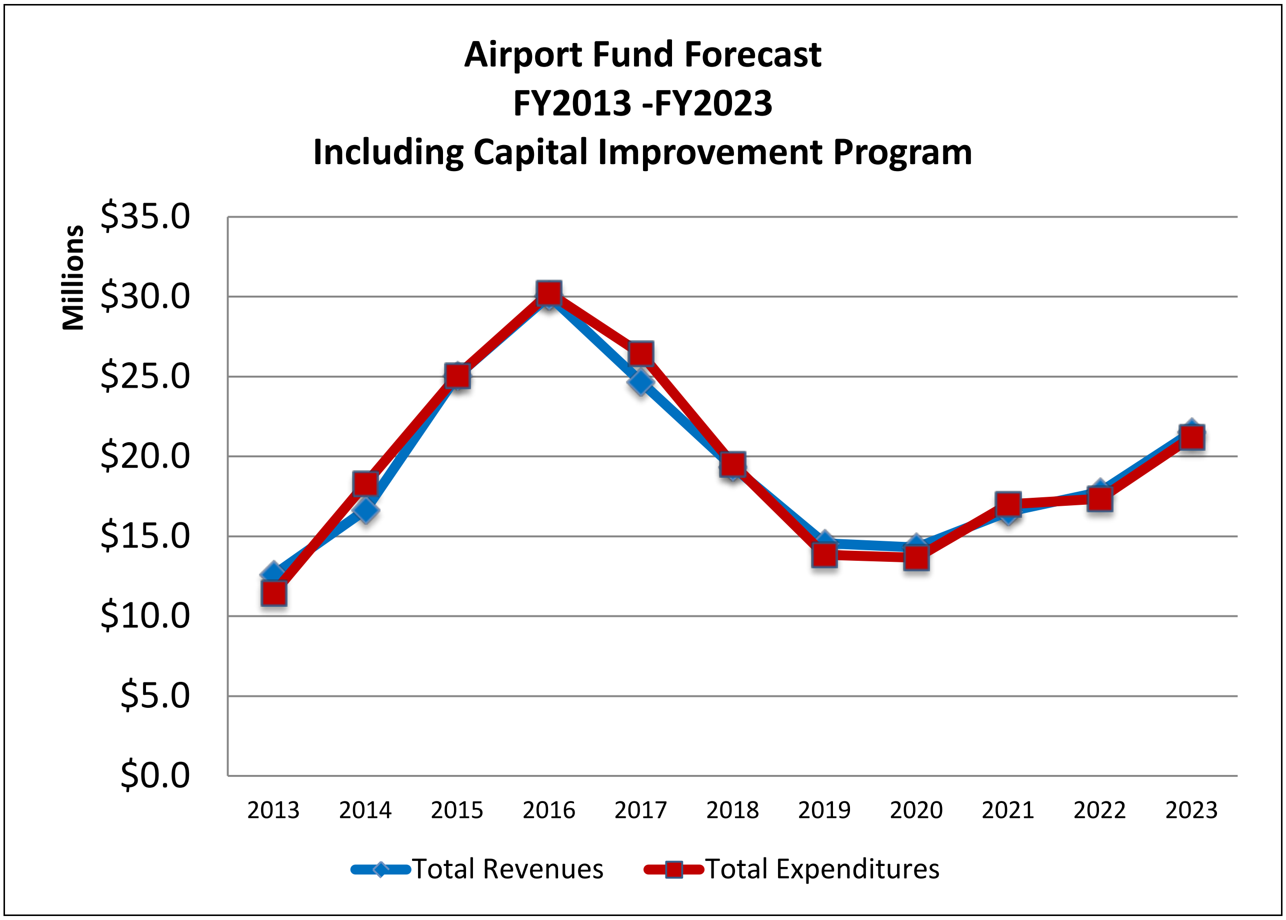
Rent/Leases/Concessions revenue for FY2014 is based on current leases/agreements through the termination of these lease agreements. For FY2015 through FY2023, an increase of 2% is forecasted for each fiscal year.

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



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 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	151.8%	106.1%	31.2%	-29.4%	-42.0%	-62.5%	-16.7%	80.0%	22.2%	63.6%
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)			FORECAST										
	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	**14,635.0**	**13,690.9**	**15,775.6**	**16,922.6**	**15,280.2**	**15,284.5**	**15,123.5**	**13,368.3**	**13,197.5**	**13,919.5**	**14,559.8**	**14,109.5**	**14,529.2**
REVENUES													
Airfield/Flight Lines	2,577.6	2,545.2	2,652.0	2,527.8	2,578.4	2,629.9	2,682.5	2,736.2	2,790.9	2,846.7	2,903.6	2,961.7	3,021.0
Rents/Leases/Concessions	7,142.5	6,153.0	6,881.0	6,707.4	6,841.5	6,978.4	7,117.9	7,260.3	7,405.5	7,553.6	7,704.7	7,858.8	8,016.0
New Property Development	-	-	-	-	-	-	-	330.0	336.6	343.3	350.2	357.2	364.3
Grants	275.4	265.0	97.6	87.6	89.4	91.1	93.0	94.8	96.7	98.7	100.6	102.6	104.7
Capital Contributions	8,889.3	10,164.2	2,870.8	7,229.5	14,900.0	19,550.0	13,800.0	8,000.0	3,000.0	2,500.0	4,500.0	5,500.0	9,000.0
Interest	74.3	88.9	93.6	88.9	152.8	305.7	453.7	401.0	395.9	417.6	436.8	423.3	435.9
Other revenues	28.8	1.8	6.0	*1.9*	*1.9*	*2.0*	*2.0*	*2.1*	*2.1*	*2.1*	*2.2*	*2.2*	*2.3*
Adj. Operating Revenue to 100%					495.8	505.7	515.8	526.1	536.7	547.4	558.3	569.5	580.9
TOTAL REVENUES	**18,987.9**	**19,218.1**	**12,601.0**	**16,643.1**	**25,059.8**	**30,062.8**	**24,665.0**	**19,350.5**	**14,564.4**	**14,309.4**	**16,556.5**	**17,775.4**	**21,525.0**
	44%		*-34%*	*32%*	*51%*	*20%*	*-18%*	*-22%*	*-25%*	*-2%*	*16%*	*7%*	*21%*
TOTAL RESOURCES	**33,622.9**	**32,909.0**	**28,376.5**	**33,565.7**	**40,340.0**	**45,347.3**	**39,788.5**	**32,718.9**	**27,761.9**	**28,228.9**	**31,116.2**	**31,884.8**	**36,054.2**
EXPENDITURES													
Personal Services	4,194.0	4,325.0	4,247.2	4,431.9	4,609.2	4,793.5	4,985.3	5,184.7	5,392.1	5,607.8	5,832.1	6,065.4	6,308.0
Operating Expenses	3,454.1	4,239.4	4,194.6	4,636.5	4,720.0	4,800.2	4,896.2	4,989.2	5,094.0	5,195.9	5,299.8	5,405.8	5,513.9
Capital Outlay	266.5	145.1	123.5	135.0	137.4	139.8	142.6	145.3	148.3	151.3	154.3	157.4	160.5
Full Cost Allocation	455.2	511.1	511.1	468.2	472.9	482.3	496.8	511.7	527.1	542.9	559.2	575.9	593.2
Non-recurring CIP expenditures	9,459.4	12,360.0	2,377.5	8,890.0	15,400.0	20,300.0	16,200.0	9,000.0	3,000.0	2,500.0	5,500.0	5,500.0	9,000.0
Expenditure Lapse 3% **	-			(276.1)	(284.0)	(292.0)	(300.7)	(309.6)	(319.0)	(328.6)	(338.6)	(348.9)	(359.5)
TOTAL EXPENDITURES	**17,829.2**	**21,580.6**	**11,453.9**	**18,285.5**	**25,055.4**	**30,223.8**	**26,420.1**	**19,521.3**	**13,842.4**	**13,669.2**	**17,006.8**	**17,355.6**	**21,216.2**
	48%		*-36%*	*60%*	*37%*	*21%*	*-13%*	*-26%*	*-29%*	*-1%*	*24%*	*2%*	*22%*
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**15,793.7**	**11,328.4**	**16,922.6**	**15,280.2**	**15,284.5**	**15,123.5**	**13,368.3**	**13,197.5**	**13,919.5**	**14,559.8**	**14,109.5**	**14,529.2**	**14,838.0**
Ending balance as % of Resources	*47%*	*34%*	*60%*	*46%*	*38%*	*33%*	*34%*	*40%*	*50%*	*52%*	*45%*	*46%*	*41%*
TOTAL REQUIREMENTS	**33,622.9**	**32,909.0**	**28,376.5**	**33,565.7**	**40,340.0**	**45,347.3**	**39,788.5**	**32,718.9**	**27,761.9**	**28,228.9**	**31,116.2**	**31,884.8**	**36,054.2**
REVENUE minus EXPENDITURES	1,158.7	(2,362.5)	1,147.1	(1,642.4)	4.3	(161.0)	(1,755.2)	(170.8)	722.0	640.3	(450.3)	419.7	308.8
note: non-recurring CIP expenditures	**9,459.4**	**12,360.0**	**2,377.5**	**8,890.0**	**15,400.0**	**20,300.0**	**16,200.0**	**9,000.0**	**3,000.0**	**2,500.0**	**5,500.0**	**5,500.0**	**9,000.0**
non-recurring rev(capital contrib)	**(8,889.3)**	**(10,164.2)**	**(2,870.8)**	**(7,229.5)**	**(14,900.0)**	**(19,550.0)**	**(13,800.0)**	**(8,000.0)**	**(3,000.0)**	**(2,500.0)**	**(4,500.0)**	**(5,500.0)**	**(9,000.0)**
net recurring rev- exp	**1,728.8**	(166.7)	**653.8**	**18.1**	**504.3**	**589.0**	**644.8**	**829.2**	**722.0**	**640.3**	**549.7**	**419.7**	**308.8**

** 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.

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 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

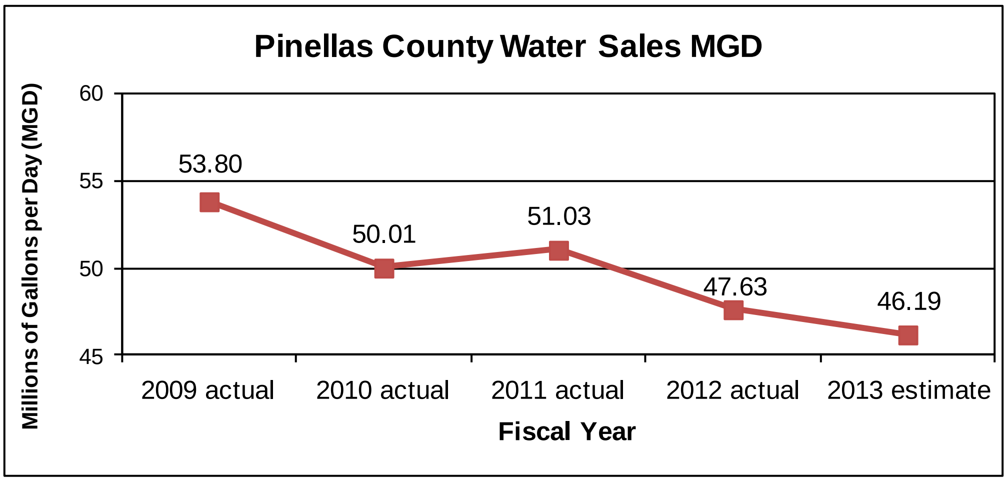
The Water Funds generate revenues budgeted in FY2014 totaling $82.8 million. The Water Funds have two primary funding sources: retail water sales of $61.9 million and wholesale water sales of $15.5 million.

Retail Water Sales

The Water System charges $5.35 per month base rate, an increase of $1.00 from FY2013, and $5.78 per 1,000 gallons for retail water service. In FY2015, an additional base rate increase 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 rate for FY2014 will be $3.7074 per 1,000 gallons for wholesale water service. In FY2015, rates are scheduled to increase by 4% resulting in a revised rate of $3.8557. 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 FY2014 totaling $118.4 million. The primary expenditures in the fund are $46.6 million for the purchase of water, $15.2 million for personal services, $13.1 million for operating expenses (excluding the purchase of water) and $21.7 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 201 full-time employees in FY2014. The Personal Services expenses of $13.8 million are for the salaries and benefits of those positions needed to operate the Water System. Water 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.

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

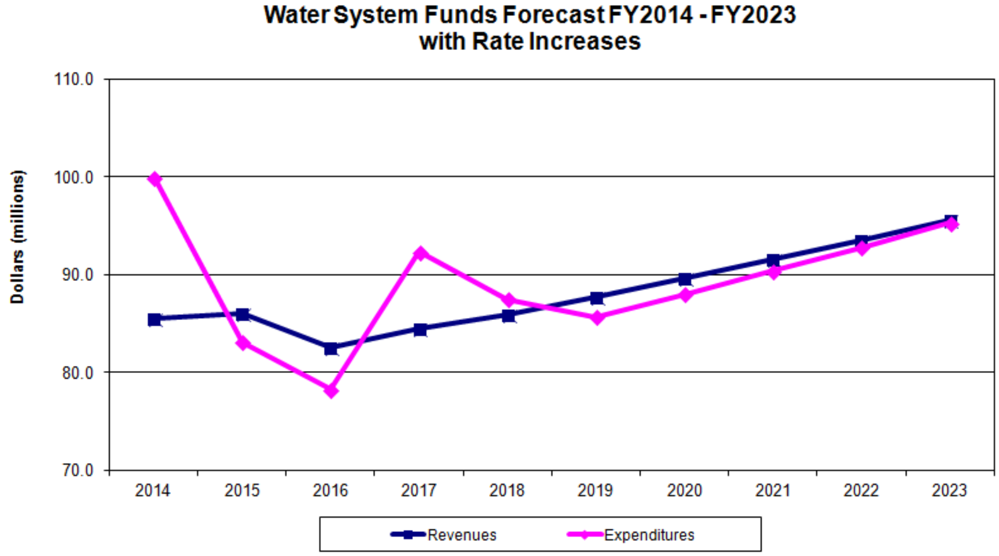
The reserve level in the Water System is 18%, which is above the 5-15% reserve level budget policy adopted by the Board. The Water System maintains these reserves for cash flow and future capital needs.

Ten-Year Forecast

Key Assumptions

Due to expected slow growth in the economy, the forecast assumes a 1% decrease in FY2014 and a 4.0% increase in FY2015. In FY2016 revenues return to negative growth, with a 4% decrease. FY2017 to FY2023 are projected to increase 3.0% (FY2017) and 2.0% (FY2018 to FY2023). The wholesale water demand projections reflect 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 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.

WATER FUNDS FORECAST
Fund 4031, 4033, 4034 & 4036

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Water Sales-Retail *	0.0%	9.8%	2.0%	2.1%	2.2%	2.3%	2.3%	2.3%	2.3%	2.3%
Water Sales-Wholesale *	-5.2%	-12.0%	-37.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other revenues	0.0%	-19.9%	-1.1%	-2.7%	-0.9%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES										
Personal Services	9.0%	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

(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	**88,334.9**	**45,496.3**	**88,557.7**	**77,090.7**	**62,354.8**	**66,484.1**	**72,421.3**	**66,601.6**	**67,168.0**	**71,345.1**	**75,163.4**	**78,623.8**	**81,758.1**
REVENUES													
Water Sales - Retail	61,440.8	62,078.7	61,929.2	61,929.2	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	16,394.5	15,534.7	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	220.0	623.5	1,329.7	2,172.6	1,998.0	2,015.0	2,140.4	2,254.9	2,358.7	2,452.7
Other Revenues	6,051.4	4,092.5	5,110.6	5,110.7	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**	**83,622.8**	**82,794.6**	**86,405.3**	**83,332.7**	**85,690.7**	**87,200.9**	**89,042.8**	**91,033.3**	**93,054.5**	**95,107.1**	**97,215.5**
% vs prior year			*-1%*	*-1%*	*4%*	*-4%*	*3%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*
TOTAL RESOURCES	**173,185.6**	**126,902.2**	**172,180.5**	**159,885.3**	**148,760.1**	**149,816.8**	**158,112.0**	**153,802.5**	**156,210.8**	**162,378.4**	**168,217.8**	**173,730.9**	**178,973.6**
EXPENDITURES													
Personal Services	12,305.4	12,677.2	12,770.7	13,824.0	14,377.0	14,952.1	15,550.2	16,172.2	16,819.0	17,491.8	18,191.5	18,919.1	19,675.9
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	9,196.8	5,865.8	6,000.7	6,108.7	6,212.6	6,318.2	6,431.9	6,541.3	6,665.5	6,805.5	6,948.4
Purchase of Water	47,200.8	45,447.2	47,875.0	46,600.0	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	1,742.3	1,917.3	2,013.2	2,113.8	2,219.5	2,330.5	2,447.0	2,569.4	2,697.8	2,832.7	2,974.4
Chemicals	677.7	774.5	850.0	823.5	881.1	942.8	1,008.8	1,079.4	1,155.0	1,235.9	1,322.4	1,414.9	1,514.0
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	8,612.5	5,711.7	5,557.2	5,256.2	5,377.1	5,473.8	5,566.9	5,661.5	5,763.4	5,861.4	5,972.8	6,098.2	6,226.3
Expenditure Lapse*	-		(802.6)	(766.3)	(733.2)	(704.6)	(719.7)	(733.0)	(755.5)	(778.9)	(803.0)	(828.3)	(853.5)
Debt Service	8.1	10.0	10.0	10.0	-	-	-	-	-	-	-	-	-
Capital Outlay	7,609.4	19,970.4	15,618.5	21,652.8	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	**84,627.9**	**95,381.6**	**95,089.9**	**97,530.5**	**82,275.9**	**77,395.4**	**91,510.4**	**86,634.5**	**84,865.7**	**87,215.1**	**89,594.0**	**91,972.8**	**94,471.4**
% vs prior year	*-4%*		*14%*	*3%*	*-16%*	*-6%*	*18%*	*-5%*	*-2%*	*3%*	*3%*	*3%*	*3%*
TOTAL ENDING FUND BALANCE	**88,557.7**	**31,520.6**	**77,090.7**	**62,354.8**	**66,484.1**	**72,421.3**	**66,601.6**	**67,168.0**	**71,345.1**	**75,163.4**	**78,623.8**	**81,758.1**	**84,502.2**
Ending balance as % of Resources	*51%*	*25%*	*45%*	*39%*	*45%*	*48%*	*42%*	*44%*	*46%*	*46%*	*47%*	*47%*	*47%*
TOTAL REQUIREMENTS	**173,185.6**	**126,902.2**	**172,180.5**	**159,885.3**	**148,760.1**	**149,816.8**	**158,112.0**	**153,802.5**	**156,210.8**	**162,378.4**	**168,217.8**	**173,730.9**	**178,973.6**
REVENUE minus EXPENDITURES *(NOT cumulative)*	222.8	(13,975.7)	(11,467.1)	(14,735.9)	4,129.4	5,937.3	(5,819.7)	566.4	4,177.1	3,818.3	3,460.4	3,134.3	2,744.1

** 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 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 at least 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 FY2014 totaling $66.4 million. The Sewer Funds have four primary funding sources: retail sewer charges of $53.1 million, wholesale sewer charges of $7.7 million, retail reclaimed water charges of $3.7 million, and wholesale reclaimed water charges of $0.3 million.

Retail Sewer Charges

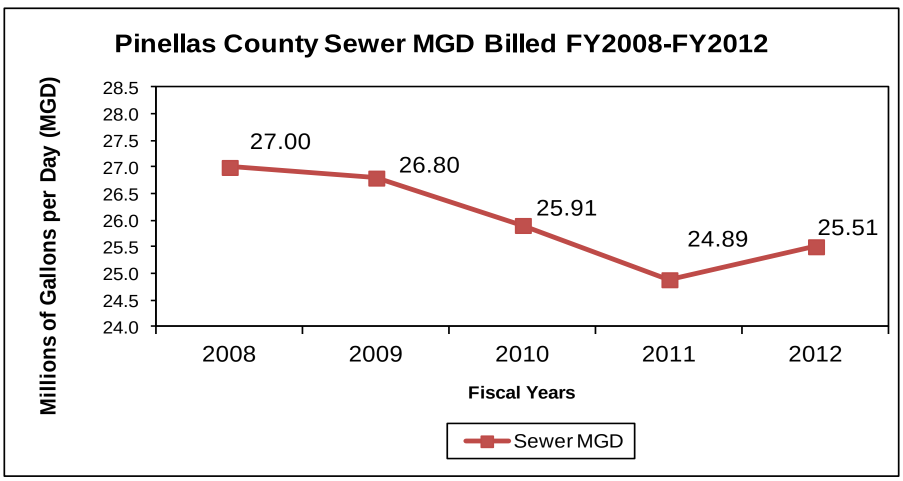
In 2012, a rate increase was adopted that will set the FY2014 rate for retail customers at a base rate of $12.51 per month and $4.57 per 1,000 gallons. The customer base for retail sewer service is both commercial and residential properties in the Pinellas County Sewer service area. Total billed retail 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 $3.5168 per 1,000 gallons for wholesale sewer service. 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 $18.00 per month rate for unfunded un-metered service (systems without existing distribution lines) and a $7.00 per month availability charge and $0.88 per 1,000 gallons for retail reclaimed water service for metered service unfunded systems (systems without existing distribution lines) and $17.60 per month base rate for funded un-metered service (systems with pre-existing distribution lines) and $0.88 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 FY2014 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. 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 FY2014 totaling $96.7 million. The primary expenditures in the funds are $18.0 million for personal services costs, $23.1 million for operating expenses, $14.4 million for debt service, $12.7 million for capital outlay, and $28.6 million in reserves.

Personal Services

The Sewer System employs 234 full-time employees in FY2014. The Personal Services expenses of $16.6 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 has $177.3 million of bond principal outstanding as of June 30, 2013. 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

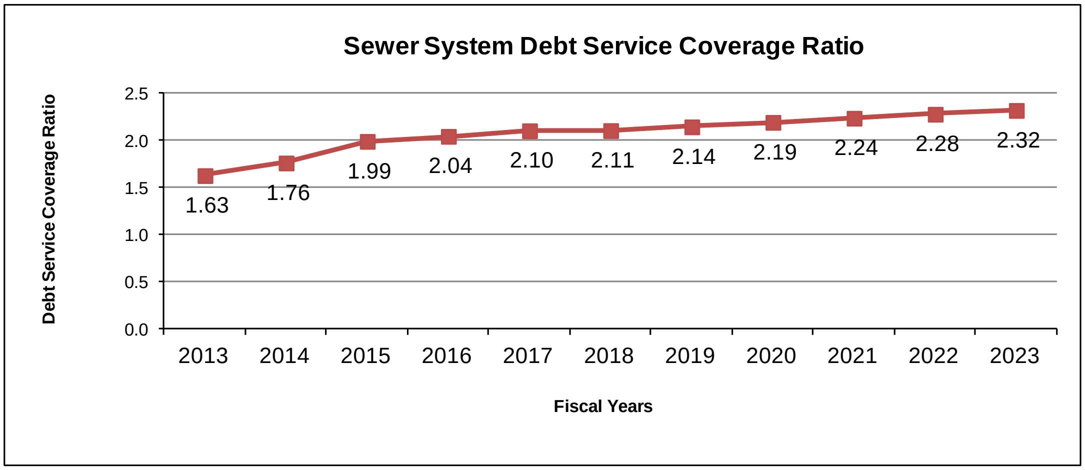
The Sewer System incurs annual recurring costs for repair and maintenance, supplies, fuel, and communications. In addition, utilities to run the facilities and chemicals to treat the waste are major components of the Sewer System's operating expenses.

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

The reserve level in the Sewer System is 25.2%, which is higher than the 5-15% reserve level budget policy adopted by the Board. The Sewer System maintains $12.5 million of reserves for cash flow and $10.4 million to fund future capital needs. In addition, the 2008 bond issue requires a debt service reserve of $1.9 million to maintain the recommended debt service ratio of 1.50x.



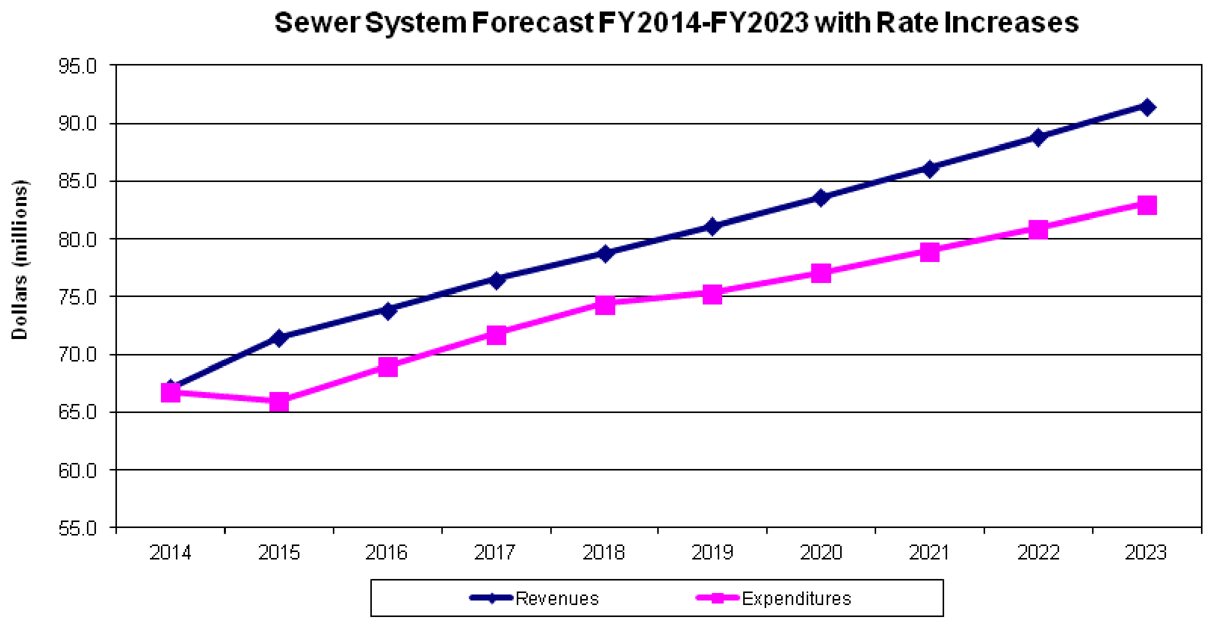
Source: Pinellas County Department of Environment and Infrastructure

Ten-Year Forecast

Key Assumptions

The forecast assumes a 6.2% increase in revenue in FY2014 compared to FY2013 estimate and 7.5% in FY2015. From FY2016 through FY2023, revenues are projected to increase 3.0% each year. 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 FY2014, recurring expenditures will exceed recurring revenues as fund balance is drawn down as major capital projects are completed. From FY2015 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 FORECAST
Fund 4051, 4052, 4053, & 4055

Forecast Assumptions	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Sewer Charges - Retail *	**6.0%**	**7.8%**	**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 *	**0.0%**	**25.2%**	**2.7%**	**2.8%**	**2.7%**	**2.8%**	**2.7%**	**2.8%**	**2.7%**	**2.7%**
Reclaimed - Wholesale *	**0.0%**	**-0.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Other revenues	**16.2%**	**-60.6%**	**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

			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	**47,465.9**	**50,303.1**	**43,701.8**	**24,631.8**	**22,891.7**	**27,355.8**	**31,068.0**	**34,350.2**	**37,242.7**	**41,517.2**	**46,460.5**	**52,039.3**	**58,224.9**
REVENUES													
Sewer Charges - Retail	49,042.3	48,389.7	50,086.7	53,105.1	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	3,690.1	3,690.1	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	334.9	334.9	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7
Interest	233.4	180.0	193.7	257.6	228.9	547.1	932.0	1,030.5	1,117.3	1,245.5	1,393.8	1,561.2	1,746.7
Other Revenues***	1,581.5	1,603.0	1,090.1	1,266.4	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6
TOTAL REVENUES	**61,755.3**	**61,153.9**	**62,489.9**	**66,386.8**	**71,339.5**	**73,590.4**	**76,002.8**	**78,228.3**	**80,547.0**	**82,972.1**	**85,484.2**	**88,084.2**	**90,753.9**
% vs prior year	*9%*		*1%*	*6%*	*7%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
TOTAL RESOURCES	**109,221.2**	**111,457.0**	**106,191.7**	**91,018.6**	**94,231.2**	**100,946.2**	**107,070.8**	**112,578.5**	**117,789.7**	**124,489.3**	**131,944.7**	**140,123.4**	**148,978.9**
EXPENDITURES													
Personal Services	12,923.3	14,925.7	14,488.9	16,583.9	17,247.3	17,937.2	18,654.7	19,400.8	20,176.9	20,983.9	21,823.3	22,696.2	23,604.1
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	8,244.6	10,214.3	11,213.0	11,638.1	11,905.8	12,120.1	12,326.1	12,535.7	12,761.3	12,978.2	13,224.8	13,502.5	13,786.1
Power	4,781.9	5,712.6	5,165.1	5,378.9	5,647.8	5,930.2	6,226.7	6,538.1	6,865.0	7,208.2	7,568.6	7,947.1	8,344.4
Chemicals	2,978.4	3,804.9	3,474.5	3,668.1	3,924.9	4,199.6	4,493.6	4,808.2	5,144.7	5,504.9	5,890.2	6,302.5	6,743.7
Cost Allocation	5,597.0	4,303.1	4,039.6	3,763.3	3,849.8	3,919.1	3,985.7	4,053.5	4,126.4	4,196.6	4,276.3	4,366.1	4,457.8
Expenditure Lapse**	-	-	(397.3)	(424.4)	(440.4)	(456.3)	(472.7)	(489.8)	(507.9)	(526.5)	(546.4)	(567.4)	(589.4)
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	14,798.8	14,377.7	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	14,755.1	24,534.8	28,363.6	12,692.7	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	**65,519.3**	**78,707.7**	**81,559.9**	**68,126.9**	**66,875.4**	**69,878.2**	**72,720.6**	**75,335.8**	**76,272.5**	**78,028.9**	**79,905.5**	**81,898.6**	**83,977.1**
% vs prior year	*13%*		*24%*	*-16%*	*-2%*	*4%*	*4%*	*4%*	*1%*	*2%*	*2%*	*2%*	*3%*
TOTAL ENDING FUND BALANCE	**43,701.8**	**32,749.2**	**24,631.8**	**22,891.7**	**27,355.8**	**31,068.0**	**34,350.2**	**37,242.7**	**41,517.2**	**46,460.5**	**52,039.3**	**58,224.9**	**65,001.7**
Ending balance as % of Resources	*40%*	*29%*	*23%*	*25%*	*29%*	*31%*	*32%*	*33%*	*35%*	*37%*	*39%*	*42%*	*44%*
TOTAL REQUIREMENTS	**109,221.1**	**111,457.0**	**106,191.7**	**91,018.6**	**94,231.2**	**100,946.2**	**107,070.8**	**112,578.5**	**117,789.7**	**124,489.4**	**131,944.7**	**140,123.4**	**148,978.8**
Debt Service Coverage	**1.74**		**1.63**	**1.76**	**1.99**	**2.04**	**2.10**	**2.11**	**2.14**	**2.19**	**2.24**	**2.28**	**2.32**
REVENUE minus EXPENDITURES *(NOT cumulative)*	(3,764.0)	(17,553.9)	(19,070.0)	(1,740.1)	4,464.1	3,712.2	3,282.2	2,892.6	4,274.5	4,943.3	5,578.8	6,185.6	6,776.8

** 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.

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 FY2014 totaling $92.1 million. The Solid Waste Funds consist almost exclusively of two primary funding sources: tipping fees of $33.8 million and electricity sales of $53.3 million.

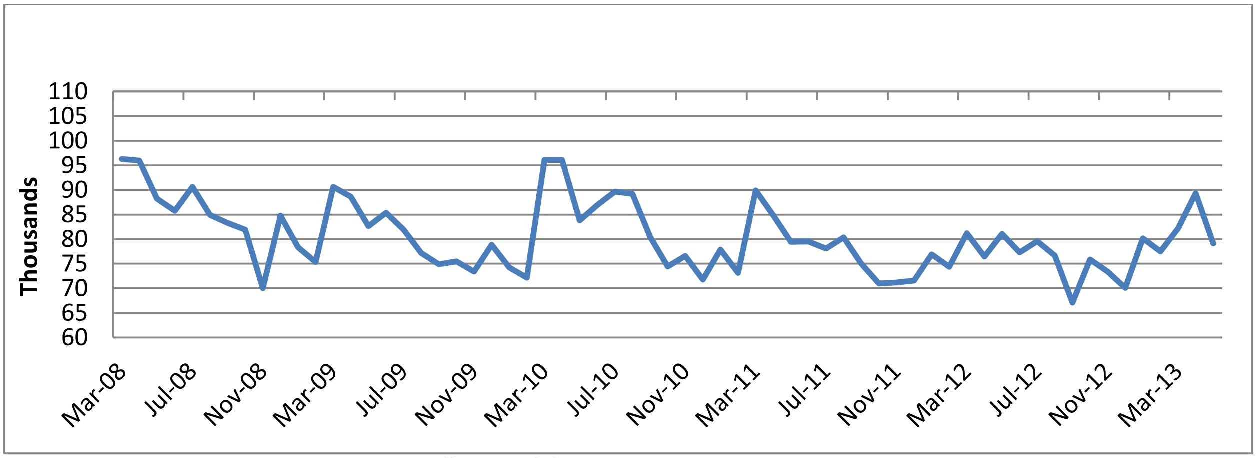
Tipping Fees
Solid Waste charges $37.50 per ton for all waste brought to the Solid Waste Facility. The rate has not changed since 1988, and no rate increase is proposed for FY2014; however a rate study will be conducted by an outside consultant for the period of time through FY2030. The volume of waste 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.

SOLID WASTE FUNDS

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 an 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 FY2014 through FY2020.

The outstanding principal in FY2014 will be $40.5 million ($15M in FY2010 and $25.5M in FY2014). 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.

Based on the forecast, it is anticipated that 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 FY2014 totaling $245.8 million. The primary expenditures in the fund are $29.1 million for the Waste-to-Energy service contract, $10.3 million for the landfill service contract, and $41.4 million for capital investment. Budgeted reserves are $117.0 million.

SOLID WASTE FUNDS

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 the 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 IWTP, in use in FY2013, 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 92 full-time employees in FY2014. 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 a transfer of $25.5 million in FY2014 from the Solid Waste Renewal and Replacement Fund as part of the interfund loans to the Capital Projects Fund.

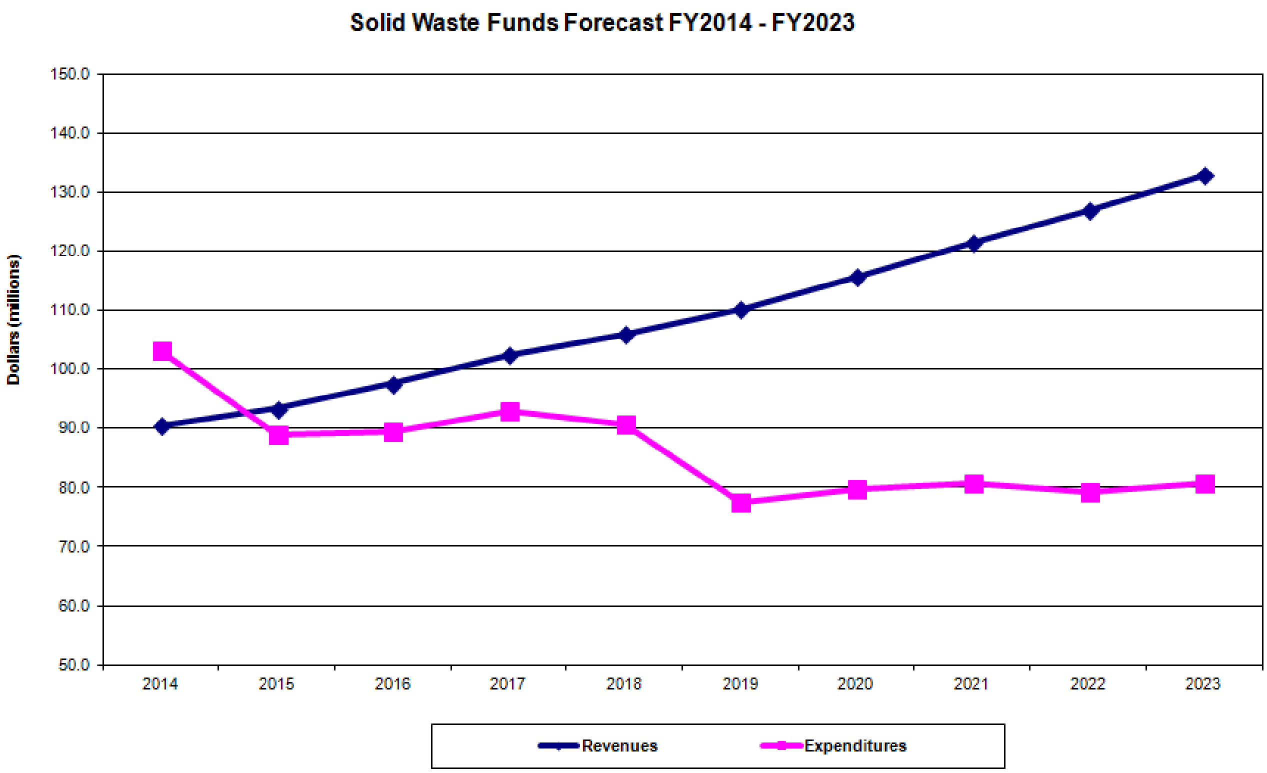
Reserves

The budgeted FY2014 reserve level in the Solid Waste System is 48%, 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, $15.6 million for three months of operating expenses, and the remainder of $82.9 million is for future needs consistent with their 25 year capital plan.

Ten-Year Forecast

Key Assumptions

The revenue forecast assumes only a 0.5% annual 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 FY2014 through FY2018 in anticipation of tighter regulatory requirements and additional required improvements.



Note: Does not include Capital Projects Fund loan activity

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 83% 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

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	**137,847.9**	**114,676.8**	**160,229.8**	**153,668.1**	**117,041.2**	**118,097.0**	**132,911.1**	**134,067.2**	**155,910.8**	**210,210.3**	**262,617.9**	**303,240.8**	**350,934.3**
REVENUES													
Tipping Fees	33,489.9	33,729.2	33,810.0	33,810.0	33,979.1	34,148.9	34,319.7	34,491.3	34,663.7	34,837.1	35,011.2	35,186.3	35,362.2
Electricity Sales	9,781.7	11,294.3	11,572.9	11,572.9	11,630.8	11,688.9	11,747.4	11,806.1	11,865.1	11,924.5	11,984.1	12,044.0	12,104.2
Electrical Capacity	36,897.1	37,281.8	39,244.3	41,737.6	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	1,805.0	1,761.8	1,761.8	1,761.8	1,761.8	1,761.8	1,761.8	1,761.8	1,761.8	1,761.8	1,761.8
Interest	747.8	188.6	198.5	1,227.8	1,170.4	2,361.9	3,987.3	4,022.0	4,677.3	6,306.3	7,878.5	9,097.2	10,528.0
Other revenues	3,133.1	108.1	406.5	409.8	418.0	426.4	434.9	443.6	452.4	461.5	470.7	480.1	489.7
Debt Service on Loan from Capital Fund	31.8	287.1	30.0	75.0	95.0	85.0	95.0	95.0	60.0	5.0	0.0	0.0	0.0
Loan repayment from Capital Fund (Chiller)	0.0	1,500.0	0.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	2,000.0	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	19,000.0	0.0	0.0	0.0
TOTAL REVENUES	**84,546.4**	**84,965.8**	**87,067.2**	**92,094.9**	**99,945.0**	**104,185.0**	**109,065.1**	**127,531.8**	**131,794.5**	**136,729.1**	**121,384.4**	**126,941.5**	**132,974.0**
% vs prior year	*-1%*		*2%*	*6%*	*9%*	*4%*	*5%*	*17%*	*3%*	*4%*	*-11%*	*5%*	*5%*
TOTAL RESOURCES	**222,394.3**	**199,642.7**	**247,297.0**	**245,763.0**	**216,986.2**	**222,281.9**	**241,976.2**	**261,599.0**	**287,705.3**	**346,939.4**	**384,002.3**	**430,182.3**	**483,908.3**
EXPENDITURES													
Personal Services	4,910.7	5,867.8	5,860.1	6,355.0	6,609.1	6,873.5	7,148.5	7,434.4	7,731.8	8,041.0	8,362.7	8,697.2	9,045.1
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	9,088.1	10,172.7	10,355.8	10,531.9	10,742.5	10,946.6	11,176.5	11,400.0	11,628.0	11,860.6	12,097.8
WTE Service Fee	22,349.1	31,293.5	30,643.3	29,068.6	29,620.9	30,183.7	30,787.4	31,403.1	31,999.8	32,607.8	33,259.9	33,925.1	34,603.6
Landfill Service Fee	8,890.3	11,297.1	10,894.5	10,309.0	10,504.9	10,704.5	10,918.6	11,136.9	11,348.5	11,564.1	11,795.4	12,031.3	12,272.0
HEC_3 Costs	1,341.8	1,764.2	1,810.9	2,064.0	2,111.4	2,149.4	2,186.0	2,223.1	2,263.2	2,301.6	2,345.4	2,394.6	2,444.9
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	3,267.7	3,400.8	3,462.0	3,520.9	3,591.3	3,659.5	3,736.4	3,811.1	3,887.3	3,965.1	4,044.4
Capital Outlay	16,707.6	40,089.4	31,680.4	41,445.2	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	0.0	25,500.0	10,000.0	0.0	15,000.0	15,000.0	0.0	4,500.0	0.0	0.0	0.0
Expenditure Lapse**	0.0		(625.7)	(624.0)	(637.2)	(650.4)	(664.7)	(679.2)	(694.0)	(709.0)	(724.8)	(741.0)	(757.6)
TOTAL EXPENDITURES	**62,164.5**	**112,460.4**	**93,628.9**	**128,721.8**	**98,889.3**	**89,370.8**	**107,909.0**	**105,688.1**	**77,495.1**	**84,321.5**	**80,761.5**	**79,248.0**	**80,782.2**
% vs prior year	*-3%*		*46%*	*37%*	*-23%*	*-10%*	*21%*	*-2%*	*-27%*	*9%*	*-4%*	*-2%*	*2%*
ENDING FUND BALANCE	**160,229.8**	**87,182.3**	**153,668.1**	**117,041.2**	**118,097.0**	**132,911.1**	**134,067.2**	**155,910.8**	**210,210.3**	**262,617.9**	**303,240.8**	**350,934.3**	**403,126.1**
Ending balance as % of Resources	*72%*	*44%*	*62%*	*48%*	*54%*	*60%*	*55%*	*60%*	*73%*	*76%*	*79%*	*82%*	*83%*
TOTAL REQUIREMENTS	**222,394.3**	**199,642.7**	**247,297.0**	**245,763.0**	**216,986.2**	**222,281.9**	**241,976.2**	**261,599.0**	**287,705.3**	**346,939.4**	**384,002.3**	**430,182.3**	**483,908.3**
REVENUE minus EXPENDITURES *(NOT cumulative)*	22,381.9	(27,494.6)	(6,561.7)	(36,626.9)	1,055.7	14,814.2	1,156.0	21,843.7	54,299.4	52,407.6	40,622.9	47,693.5	52,191.8
note: non-recurring exp & rev (loan)	**(31.8)**	**8,212.9**	**(30.0)**	**23,925.0**	**3,405.0**	**(6,585.0)**	**8,405.0**	**(6,595.0)**	**(21,560.0)**	**(16,505.0)**	**0.0**	**0.0**	**0.0**
net recurring rev- exp	**22,350.1**	**(19,281.6)**	**(6,591.7)**	**(12,701.9)**	**4,460.7**	**8,229.2**	**9,561.0**	**15,248.7**	**32,739.4**	**35,902.6**	**40,622.9**	**47,693.5**	**52,191.8**

** 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%.