

FUND REVIEWS & FORECAST PRO-FORMAS

The *Fund Reviews & Forecast Pro-Formas* portion of the FY2015–2024 Budget Forecast includes ten-year forecasts for nine of the County's major funds:

- General Fund
- Tourist Development Council Fund
- Transportation Trust Fund
- Capital Projects Fund
- Emergency Medical Services 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

FUND REVIEWS & FORECAST PRO-FORMAS



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 Continuation Account).

Summary

The General Fund encompasses the principal governmental activities of the County 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 in FY2015 recurring expenditures would exceed recurring revenues in the General Fund by an estimated \$3.9M. This is less than 1% of projected expenditures and is not a significant short-term problem. However, without corrective action, this structural gap would increase to approximately \$40M by the end of the forecast period.

This reflects the aftermath 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.

For FY2014, a small increase in the county-wide millage rate essentially balanced the General Fund for FY2014 and FY2015. This also reduced the magnitude of the longer term problem. In addition, a Service Level Continuation Account (SLCA) was established to provide budgeted reserves to help maintain sustainable levels of service in response to anticipated declines in revenues.

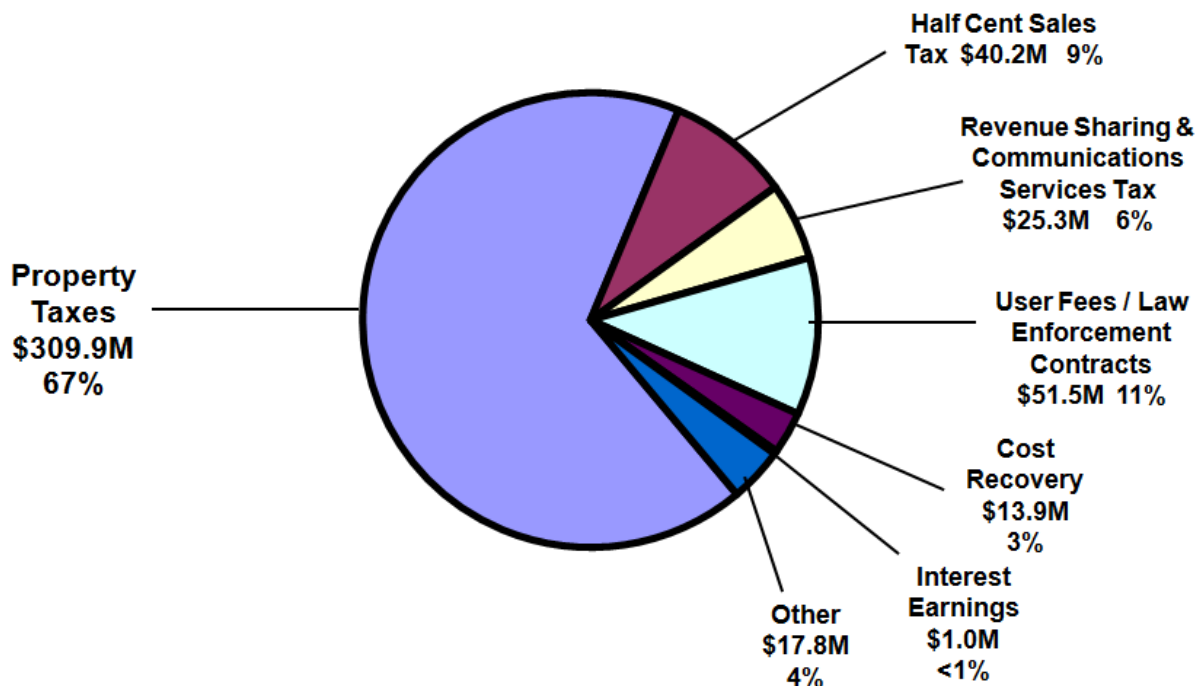
Expenditure reductions or revenue increases may be required in FY2016 or future years to address the remaining structural imbalance. The extent of the changes needed will be dependent on the pace of the economic recovery, particularly the real estate market. The SLCA may be increased in future years if non-recurring resources become available.

GENERAL FUND

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 82% of the revenue. The remaining 18% is derived from a variety of resources, including User Fees, Grants, Interest, and Cost Recovery from other County funds.

FY2014 General Fund Revenues

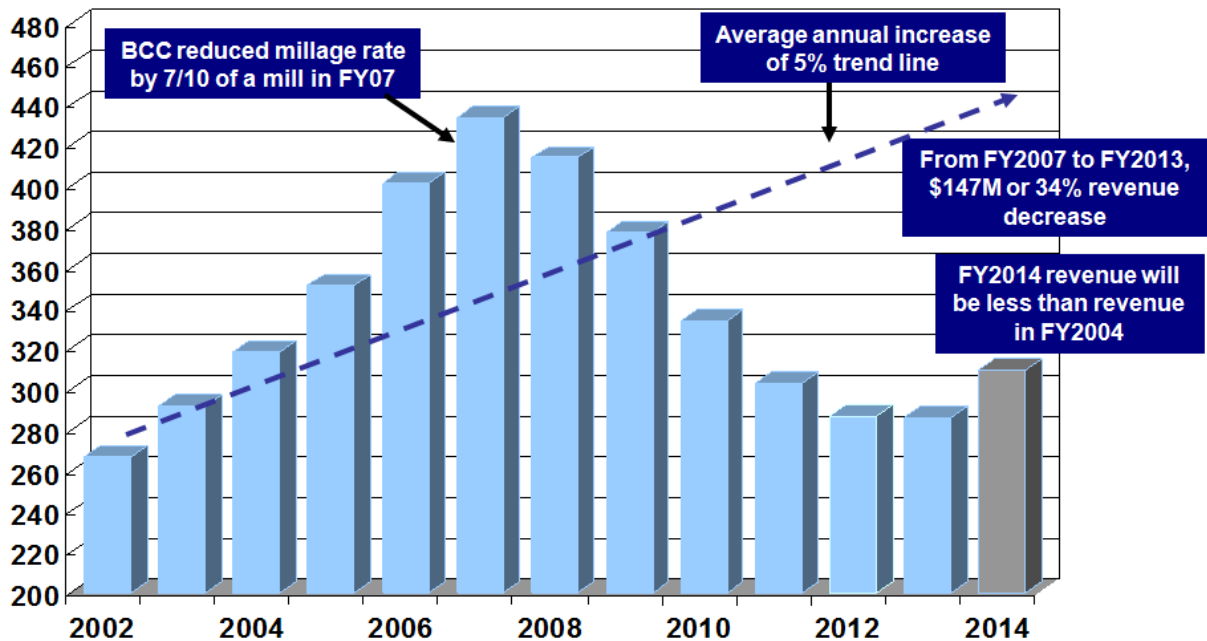


Property Taxes

The decline in property tax revenue from FY2008 to FY2012 exceeded the increases that occurred from FY2004 through 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

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

GENERAL FUND

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

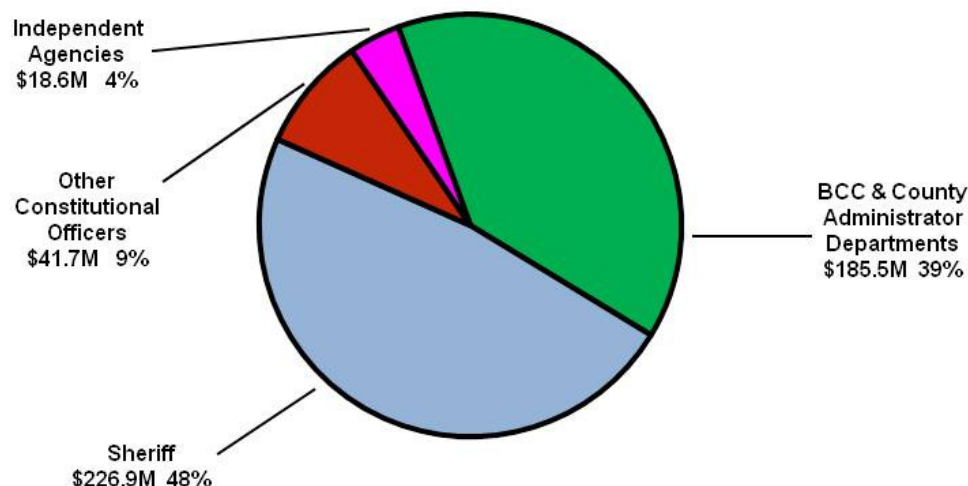
Lesser revenue sources include User Fees, Sheriff's Law Enforcement Contracts, Cost Recovery from other funds, Interest Earnings, and various other sources including Federal and State grants. In general these revenues decreased as a result of the recession, but are mostly expected to resume moderate 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 Continuation Account) and can be summarized in four groups: the Board of County Commissioners, the Sheriff, Other Constitutional Officers, and Independent Agencies.

FY2014 General Fund Expenditures



GENERAL FUND

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 \$185.5M or 39% of total FY2014 General Fund expenditures (net of reserves and Service Level Continuation 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; 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 48% of total FY2014 General Fund expenditures (net of reserves and Service Level Continuation 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 \$41.7M or 9.0% of total FY2014 General Fund expenditures (net of reserves and Service Level Continuation 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 in 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.

GENERAL FUND

Independent Agencies

These agencies are \$18.6M, or 4.0%, of total FY2014 General Fund expenditures (net of reserves and Service Level Continuation 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.

GENERAL FUND

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 and 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 \$3.0M in cost allocation charges from BTS for technology projects.

At the end of each fiscal year, non-recurring funds may be realized as additional fund balance resulting from revenue in excess of expenditures in a given fund.

The amount of non-recurring or one-time funds can vary significantly from year to year. As stated in the County's budget policies, non-recurring funds should be applied to increase reserves or for one-time purposes only. They should not be used to fund ongoing programs.

Reserves

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

Maintaining adequate reserves is key to the County's ability to deal with potential emergencies and unforeseen events such as fuel price increases, unanticipated dips in revenues or a natural disaster. This is even more important in view of our geographic location on the Florida Gulf Coast. We need to have the ability to maintain critical public safety, transportation, and other services during and after hurricanes and other severe storms. We need the resources to provide these services immediately and not rely on Federal funding, which is often made available as reimbursements and received months or years after the event. 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). The County carries \$100M worth of wind damage insurance. This means that we have additional exposure depending on the kind of damage experienced in a storm event or other 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

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

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

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 “unrestricted” categories.

Prior to FY2011, the General Fund reserve policy was “at a minimum, no less than 5.0% to 15% of operating revenues, or no less than one to two months of operating expenditures.”

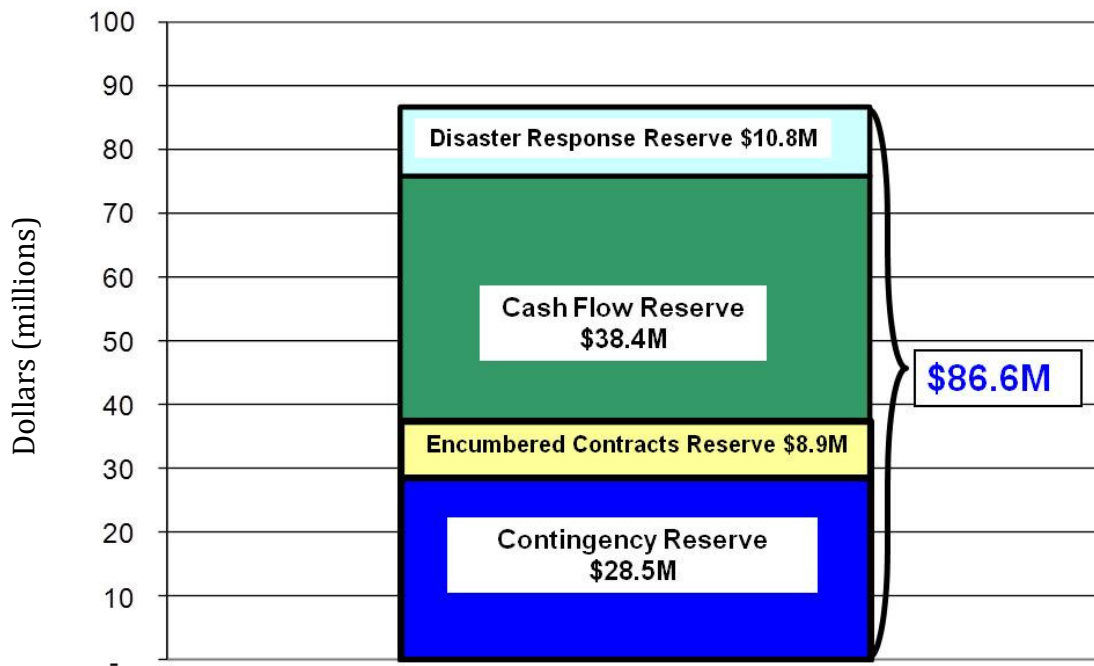
In FY2011, the Board revised its budget policy to incorporate a more conservative approach given that Pinellas County is a high hazard, coastal county. The revised budget policy states:

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 FY2014 General Fund budget includes a projected reserve of \$86.6M, or 16%.

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

GENERAL FUND



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 unanticipated retirements.

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, \$38.4M, 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, \$10.8M 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

GENERAL FUND

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 County's \$9.3M total storm-related expenditures 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 years. Sales and other taxes would also decrease due to the negative effects on tourism from the storm. Rebuilding would generate additional revenues, but it would take time to offset the losses in the aftermath of the disaster. As an indication of the size of this problem, a seven-county area of Florida impacted by 2004's Hurricane Charley sustained over \$6.6 billion in losses to residential, commercial, and industrial properties.

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

Ten-Year Forecast

Key Assumptions – Revenues

For the purposes of the forecast, it is assumed that the General Fund millage rates for both countywide and MSTU purposes will remain the same as the rates for FY2014. The FY2014 countywide millage rate is 5.2755 mills, and the MSTU rate is 2.0857 mills.

As explained in the Key Assumptions section of this document, the forecast is that taxable values will continue positive annual growth of 3.0% in FY2015 and later years, which is less than the 5.0% 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 FY2015 through FY2017 and a 3.5% annual growth for the FY2018-FY2024 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 3.5% for FY2015 through FY2017 and a 3.0% annual growth for the FY2018-FY2024 forecast period.

Communications Services Tax revenue is forecast to continue a slow decline throughout the forecast period, decreasing 1.2% in FY2015 and 0.2% per year in FY 2016 through FY2024.

GENERAL FUND

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, no expenditures based on this resource are anticipated in the forecast with the exception of \$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 such as the centralized chiller plant for the Clearwater campus are anticipated to reduce future ongoing utilities costs. Conversely, completion of new Public Safety facilities 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.

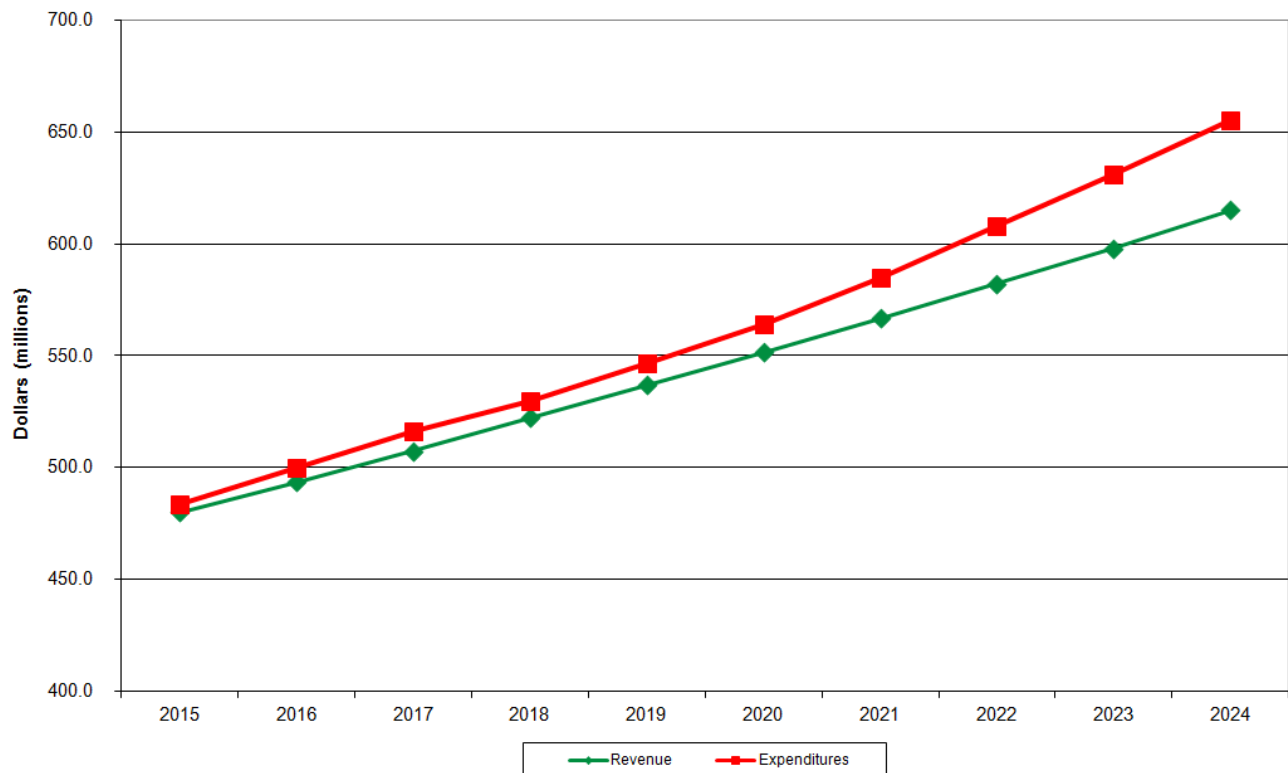
GENERAL FUND

Key Results

The forecast projects that in FY2015 recurring expenditures would exceed recurring revenues in the General Fund by an estimated \$3.9M. This is less than 1.0% of projected expenditures and is not a significant short-term problem. However, without corrective action, this structural gap would increase to approximately \$40M by the end of the forecast period.

Forecast General Fund Budget Gap - \$ millions									
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
(\$3.9)	(\$6.3)	(\$8.7)	(\$7.2)	(\$9.5)	(\$12.6)	(\$18.1)	(\$25.7)	(\$33.2)	(\$40.0)

General Fund Forecast FY2015 - FY2024



For FY2014, a small increase in the county-wide millage rate essentially balanced the General Fund for FY2014 and FY2015. This also reduced 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. The extent of the changes needed will be dependent on the pace of the economic recovery, particularly the real estate market.

GENERAL FUND

Potential Risks

REVENUE FACTORS

Taxable Values

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

The timing of the valuation of property for tax purposes is important. The FY2015 values to be certified on July 1, 2014 will reflect the market conditions through the end of the 2013 calendar year. Therefore, increases or decreases in value after January 1, 2014 will not impact the FY2015 tax base.

A change of 1.0% 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.

Flood Insurance Costs

As noted in the Key Assumptions section of this document, increases in homeowner flood insurance premiums resulting from the Biggert-Waters Flood Insurance Reform Act could have a significant negative impact on property values, and property tax revenues, if remedial action is not taken by Congress or by the Florida Legislature.

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 1.0% 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, for the past several years the amount of value shielded by Save Our Homes was 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

Several 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, first-time homebuyers and tangible personal property, reducing the cap on the annual change in taxable values for non-homesteaded property, and eliminating the "recapture rule" for assessed values that are less than market value. 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.

GENERAL FUND

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 Council analysis, from FY2001 through FY2012 approximately 8,000 acres representing \$1.3 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 2012 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 generates about \$1.6M 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 3.0% to 3.5% 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, and preliminary projections for FY2015 are positive. However, given the reliance on sales taxes as the State's primary revenue stream, and pressures to reinstate previous years' reductions in education and other areas, future State budgets could again face major gaps. In those instances or for other reasons, 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 \$4.1M.

GENERAL FUND

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.

Potential for Recession

As noted in the Key Assumptions section of this document, the current consensus of leading economists anticipates continued slow growth and moderate inflation and does not include an economic downturn. Business cycles are difficult to predict, but at some point in the future a recession will occur. The impact on the General Fund will depend on the nature and severity of the slowdown. Prior to the Great Recession, the County's tax base had only decreased once since World War II. During most of that period the County's population was growing and new areas were being developed with housing and commercial structures. The County has moved to a fairly stable population count and is essentially built out, so periods of little to no growth are more likely to occur. Two years of no growth in the property tax base beginning in FY2018 would yield an impact on the General Fund of \$18 million annually and over \$125 million for the forecast period in lost revenue. The other major revenue sources impacted by a recession - sales taxes, revenue sharing, and communications services taxes - are discussed above. The primary reason for the establishment of the Service Level Continuation Account is to help deal with revenue shortfalls that would result from an economic downturn.

Transportation Initiatives

The Board of County Commissioners has scheduled a referendum in November, 2014, for voters to consider a one-cent sales surtax to support transportation system improvements. Known as Greenlight Pinellas, the plan includes transformational bus improvements and future passenger rail that would significantly enhance public transportation in Pinellas County. The plan would be implemented over a span of 30 years and include elimination of the Pinellas Suncoast Transit Authority's (PSTA) nearly 3/4 mill property tax; a 65% increase in overall bus service and a four-fold increase in bus service in northern Pinellas County; Bus Rapid Transit lines on most major Pinellas corridors; buses running to and from Tampa and the airport in the evenings and on weekends; longer service hours to accommodate second shift workers and evening travelers; and future passenger rail from St. Petersburg to Clearwater via the Gateway/Carillon area.

If approved, the enhanced transportation system could spur additional economic development that would have positive effects on many General Fund revenue sources. The development of alternative modes of transit might also reduce the demand for expenditure of County funds on some existing infrastructure.

GENERAL FUND

Summary of the Greenlight Pinellas Plan

The Greenlight Pinellas Plan includes:

CORE ROUTE NETWORK

- Rapid Bus Services
- 15 minute bus service on weekdays and weekends
- Bus service until midnight most nights

FREQUENT LOCAL ROUTES

- 15 minute bus service on weekdays
- 30 minute bus service on weekends
- Bus service until midnight most nights

SUPPORTING LOCAL

- 30 minute bus service on weekdays
- 60 minute bus service on weekends
- Bus service until 11:00 p.m. most nights

TROLLEY SERVICES

- 15 minute trolley service Monday – Saturday
- 30 minute trolley service – North Coastal Route
- Trolley service until midnight most nights

REGIONAL EXPRESS ROUTES

- More service to Tampa and to Tampa International Airport on weekdays, weekends, and evenings

CONNECTOR ROUTES

- 30 minute Connector service during peak periods
- Weekday service until 10:00 p.m.

COMMUNITY CIRCULATORS

- 15 - 30 minute community circulator service

PASSENGER RAIL

- Passenger rail connecting downtown St. Petersburg, Pinellas Park, the Gateway/Carillon Area, Largo, and downtown Clearwater



Potential Impacts from Other Funds

As noted in other fund reviews, several local option taxes will expire over the next several years unless reauthorized. These sources include six cents of Local Option Gas Taxes (in 2017) and the Penny for Pinellas one cent local option sales tax (in 2020). If these revenues are not reauthorized, the need to fund essential capital projects and transportation maintenance would impact the General Fund, requiring reductions in other services or increases in revenues such as property taxes.

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

GENERAL FUND

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 3.0%. The true inflation rate will have a significant effect on future requirements. For example, an increase of 1.0% in the CPI, if applied to all FY2014 recurring costs, would require an additional \$5M in expenditures. A change of 1.0% in the salary and benefits assumptions would produce a cost variance of \$3M and an increase in the inflation rate of 1.0% would result in a \$2M change in operating expenses in FY2015, 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 (FRS)

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 as calculated at that time. These rates are subject to change in this year's legislative session, and preliminary indications are that an increase of 0.5% in the rate percentages may be proposed. 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

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

GENERAL FUND

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 2015. 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. These programs will be designed 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, all of the barriers to achieving self-sufficiency must be addressed. The department estimates that implementing these coordinated multi-pronged initiatives that address the individual and the communities in which they reside 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. These estimated new expenditures are not included in the forecast projections.

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 stabilized and began to improve.

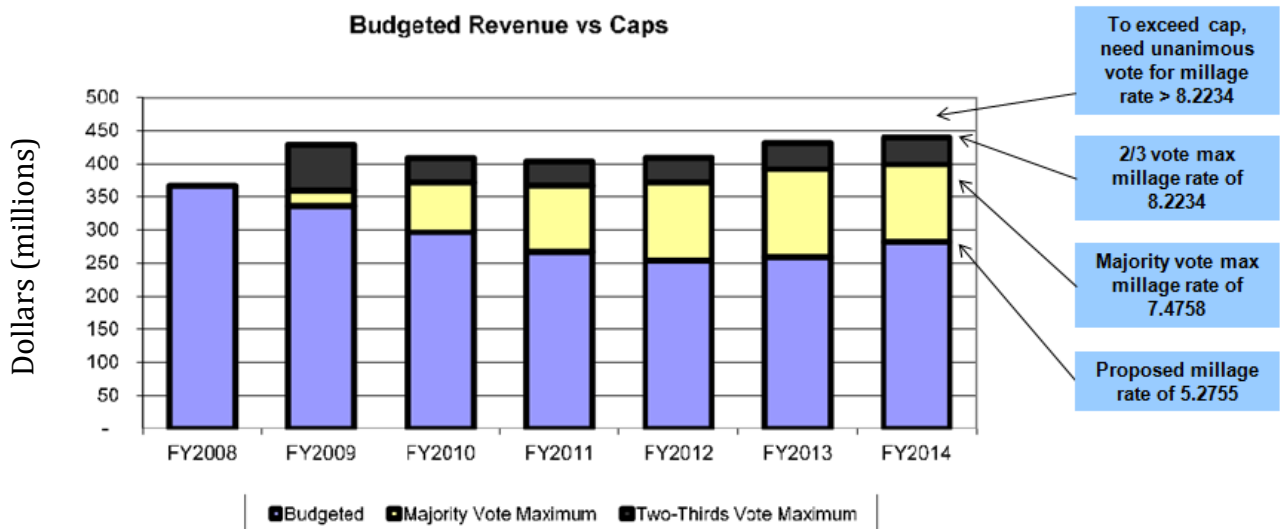
In FY2014, the remaining balance in the SLSA was reallocated to a Service Level Continuation Account (SLCA). This account will provide budgeted reserves to help maintain sustainable levels of service in response to anticipated declines in revenues. The SLCA may be increased in future years if non-recurring resources become available.

GENERAL FUND

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 \$569 million is comparable to the FY2005 budget of \$556 million.

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 FORECAST
Fund 0001

Forecast Assumptions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Property Taxes - Countywide *	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Property Taxes - MSTU *	2.5%	2.5%	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	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Communications Svc Tax	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Charges for Services	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	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	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Operating Expenses	4.6%	1.8%	1.5%	-0.7%	1.6%	1.7%	3.4%	3.3%	3.3%	3.3%
Capital Outlay	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Grants & Aids	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
FL Per Capita Personal Income Growth	2.3%	2.1%	2.7%	2.5%	2.0%	1.9%	1.4%	1.3%	1.5%	1.5%
Estimated New Construction % of tax base	0.5%	1.0%	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

	Actual 2013	Budget 2014	FORECAST										
			Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024
BEGINNING FUND BALANCE													
REVENUES													
Property Taxes -Countywide	128.2	109.0	112.3	109.7	93.6	85.8	75.6	66.9	55.9	43.3	25.2	(0.5)	(33.7)
Property Taxes -MSTU	263.5	281.6	281.6	290.0	298.7	307.7	316.9	326.4	336.2	346.3	356.7	367.4	378.4
Half Cent Sales Tax	38.7	40.2	40.2	41.8	43.3	44.8	46.4	48.0	49.7	51.4	53.2	55.1	57.0
Revenue Sharing	15.2	14.7	14.7	15.1	15.5	15.9	16.3	16.7	17.1	17.5	17.9	18.3	18.8
Communications Svc Tax	10.6	10.6	10.6	10.5	10.4	10.3	10.2	10.1	10.0	9.9	9.8	9.7	9.6
Grants (fed/state/local)	10.2	4.9	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8	5.9
Interest	0.5	1.0	1.0	0.5	0.5	0.9	1.5	1.7	1.4	1.1	0.6	-	-
Charges for Services	62.6	66.6	66.6	68.3	69.9	71.5	73.2	74.9	76.6	78.5	80.5	82.5	84.7
Other revenues	9.6	13.1	13.1	12.5	12.8	13.1	13.4	13.7	14.0	14.3	14.6	14.9	15.2
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	4.4
Adjust Major Revenue to 98%	-	-	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6	2.6	2.7
Adjust Other Revenue to 97%	-	-	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.2	2.2
TOTAL REVENUES	438.9	461.0	468.2	480.0	493.5	507.5	522.4	537.1	551.7	566.8	582.2	598.0	615.1
% vs prior year	-2%		7%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
TOTAL RESOURCES													
567.1	570.0	570.0	580.5	589.7	587.1	593.3	598.0	604.0	607.6	610.1	607.4	597.5	581.4
EXPENDITURES													
Personal Services	62.1	67.6	67.6	70.5	73.5	76.7	80.0	83.4	87.0	90.7	94.6	98.7	102.9
Operating Expenses	103.0	103.8	103.8	108.6	110.6	112.3	111.5	113.3	115.2	119.1	123.0	127.1	131.3
Capital Outlay	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Grants & Aids	14.1	20.0	20.0	20.6	21.3	21.8	22.3	22.8	23.4	24.0	24.6	25.2	25.8
Transfers	266.1	273.9	273.9	283.7	293.9	304.8	315.4	326.6	338.3	350.7	363.6	378.2	393.2
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Service Level Continuation Acct	-	10.7	-	10.7	-	-	-	-	-	-	-	-	-
Non-recurring expenditures	2.6	1.6	1.6	-	-	-	-	-	-	-	-	-	-
Expenditure Lapse 1% *	-	-	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)
Potential Issues:													
Non-recurring Transfers to CIP	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	-	-	-	-	-
BTS non-recurring project costs	4.3	3.2	3.2	-	-	-	-	-	-	-	-	-	-
Homeless Initiatives (G&A)	-	-	-	-	-	-	-	-	-	-	-	-	-
CIP Operating Impacts (cumulative)	-	-	-	1.3	1.4	1.5	1.4	1.5	1.5	1.6	3.3	3.3	3.3
TOTAL EXPENDITURES	454.8	483.4	470.8	496.1	501.3	517.7	531.1	548.1	564.3	584.9	607.9	631.2	655.1
% vs prior year	2%		4%	5%	1%	3%	3%	3%	3%	4%	4%	4%	4%
112.3	86.6	109.7	93.6	85.8	75.6	66.9	55.9	43.3	25.2	(0.5)	(33.7)	(73.7)	(107.4)
ENDING FUND BALANCE													
ASSUMING NO ACTION TAKEN TO													
RESOLVE SHORTFALLS													
Ending balance as % of Resources	20%	16%	19%	16%	15%	13%	11%	9%	7%	4%	0%	-6%	-13%
TOTAL REQUIREMENTS													
567.1	570.0	580.5	589.7	587.1	587.1	593.3	598.0	604.0	607.6	610.1	607.4	597.5	581.4
(15.9)	(22.4)	(2.6)	(16.1)	(7.8)	(7.8)	(10.2)	(8.7)	(11.0)	(12.6)	(18.1)	(25.7)	(33.2)	(40.0)
REVENUE minus EXPENDITURES													
(NOT cumulative)													
8.4	17.1	6.4	12.2	1.5	1.5	1.5	1.5	1.5	-	-	-	-	-
(7.5)	(5.3)	3.8	(3.9)	(6.3)	(6.3)	(8.7)	(7.2)	(9.5)	(12.6)	(18.1)	(25.7)	(33.2)	(40.0)
note: non-recurring expenditures net recurring rev- exp													

* Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only.
FY13 ad valorem and other revenue adjusted for delinquent taxes and tax redemptions

GENERAL FUND



TOURIST DEVELOPMENT COUNCIL FUND

Description

The Tourist Development Council (TDC) Fund is a special revenue fund that accounts for the 5.0% 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 (BCC) enacted an ordinance in 1978 to levy a 2.0% 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 1.0% with one-half of this amount earmarked to fund beach re-nourishment projects. In January 1996, an additional 1.0% 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 1.0% was levied to provide funding for promoting and advertising tourism. The forecast does not extend the 4th and 5th percent of the tax past FY2021.

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 both FY2012 and again in FY2013. FY2014 revenues are estimated to grow 5.3% compared to FY2014 budget, and are anticipated to continue to increase another 5.3% in FY2015. From FY2015 to FY2021, revenues are projected to increase by 3.0% annually, matching anticipated growth as part of the recovery in the broader U.S. economy. The 4th and 5th percent of the 'bed tax' are set to expire at the end of FY2021, and revenues are projected to fall accordingly.

Due to the record setting revenues in FY2012 and FY2013, the TDC was able to meet their desired fund balance level of 15% without negatively affecting their main objective of promoting Pinellas County. FY2014 shows deficit spending, which is the result of using accumulated fund balance for additional promotional activities and other non-recurring items. The deficit spending continues into FY2015 and FY2016 while maintaining the stated goal of a 15% fund balance. Beginning in FY2016, the fund is forecast to have additional capacity once the debt service on Tropicana Field and the Dunedin Spring Training Facility is fulfilled 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 beginning in FY2016, new debt service, beach re-nourishment, or to supplement the promotional activities budget, among other uses. In the forecast, this additional capacity is identified as "Undesignated" to separate it from current operations. 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 and has begun that process now.

The 4th percent of the Tourist Development Tax, which is currently dedicated to paying a portion of the debt on Tropicana Field, is scheduled to expire on September 30, 2021. Without the 4th percent in place, the 5th percent would expire as well. The forecast reduces the base revenue in

TOURIST DEVELOPMENT COUNCIL FUND

FY2022 to 60% of FY2021 Tourist Development Tax revenues before factoring in expected growth. On the expenditure side, the forecast does not reduce spending due to the drop in revenues.

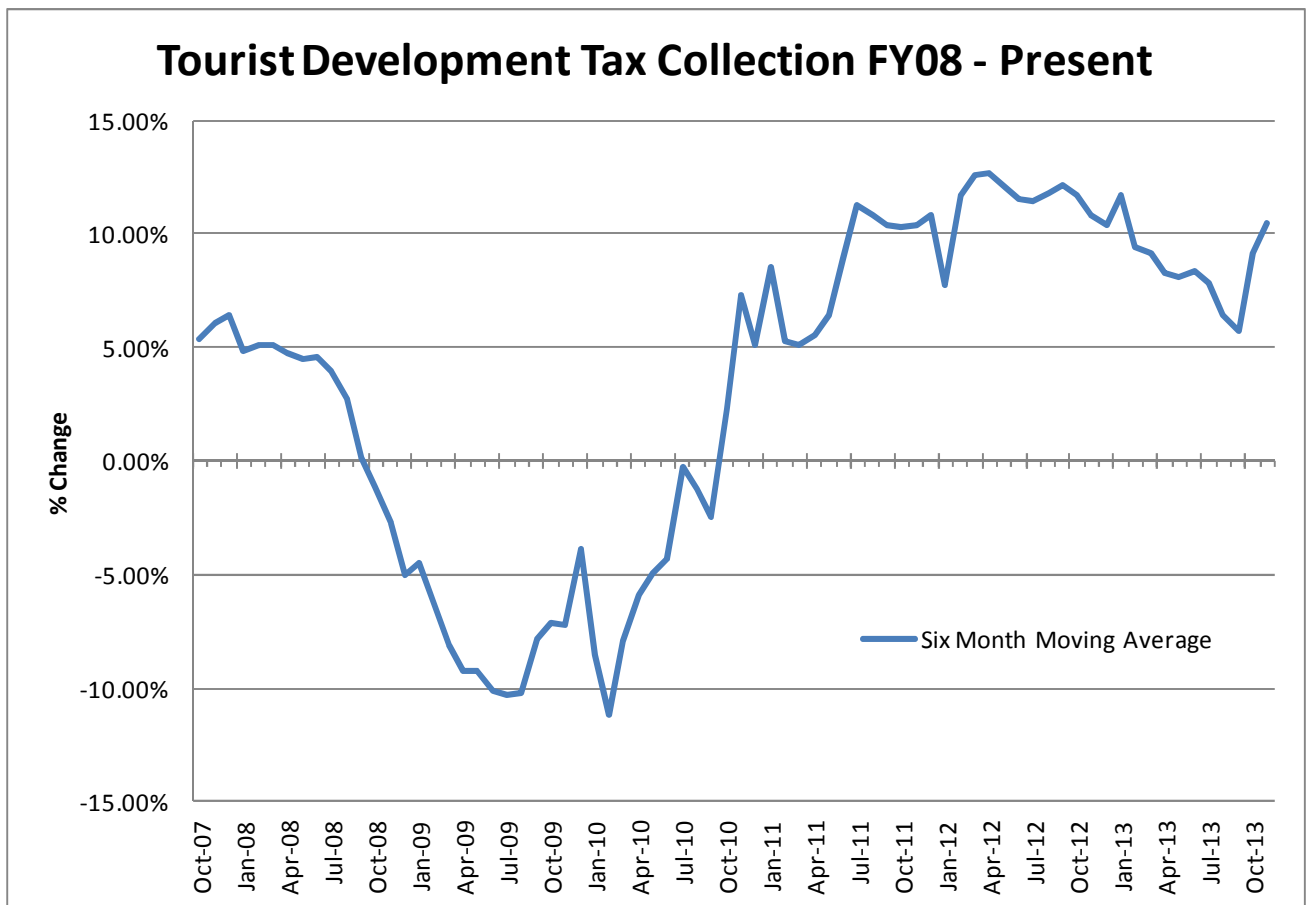
Revenues

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 \$7.8 billion during calendar year 2012 (*source: Research Data Services, Inc.*). The Tourist Development Tax is projected to generate \$29.5M in FY2014.

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 November 2013. The data shows that collections bottomed out at the beginning of 2010, but have been rapidly increasing as the economy rebounds. Over the past year, the increase in tax revenue has outpaced the overall economy.



TOURIST DEVELOPMENT COUNCIL FUND

FY2013 actual revenue totaled \$31.1M, an increase of 8.2% over FY2012. FY2014 revenues are projected to be 5.3% higher than budget. FY2015 revenues are projected to increase another 5.3% from the FY2014 estimates. From FY2016 through FY2021, collections are expected to increase 3.0% 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 calendar year-to-date figures for 2012 and 2013. Visitors from the Southeast region of the United States increased by 3.2%, while visits from Canada (2.1%), Europe (1.6%) and Latin America (30.1%) also showed strong growth in 2013.

Calendar Year-to-Date 2012 vs. 2013 January - November

Overnight Visitor Origins	2012	2013	% Change
Florida	641,863	677,671	+5.6%
Southeast	327,523	338,094	+3.2%
Northeast	1,151,945	1,166,938	+1.3%
Midwest	1,481,345	1,495,115	+0.9%
Canada	304,839	311,226	+2.1%
Europe	893,188	907,549	+1.6%
Other U.S. Markets	131,497	133,707	+1.7%
Latin America	66,100	86,000	+30.1%
Total	4,998,300	5,116,300	+2.4%

Source: Visit St. Petersburg/Clearwater Dashboard/Visitor Profile (Nov. 2013), Research Data Services, Inc. (RDS)

The European visitor segment represents about 18% of total visitors tracked by RDS. Although a slight recovery is anticipated for the Eurozone, the number of European visitors is anticipated to remain strong 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. Edelweiss Air is expected to add a second non-stop flight from Tampa to Zurich, Switzerland in March 2014. The Latin American market is also expected to improve as Copa Airlines began servicing the Tampa Bay region in December 2013 with roundtrip flights between Panama City, Panama and Tampa International.

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. The ADR for 2013, excluding the Fall Season, was \$124.57, a 5.3% increase over the same period in 2012.

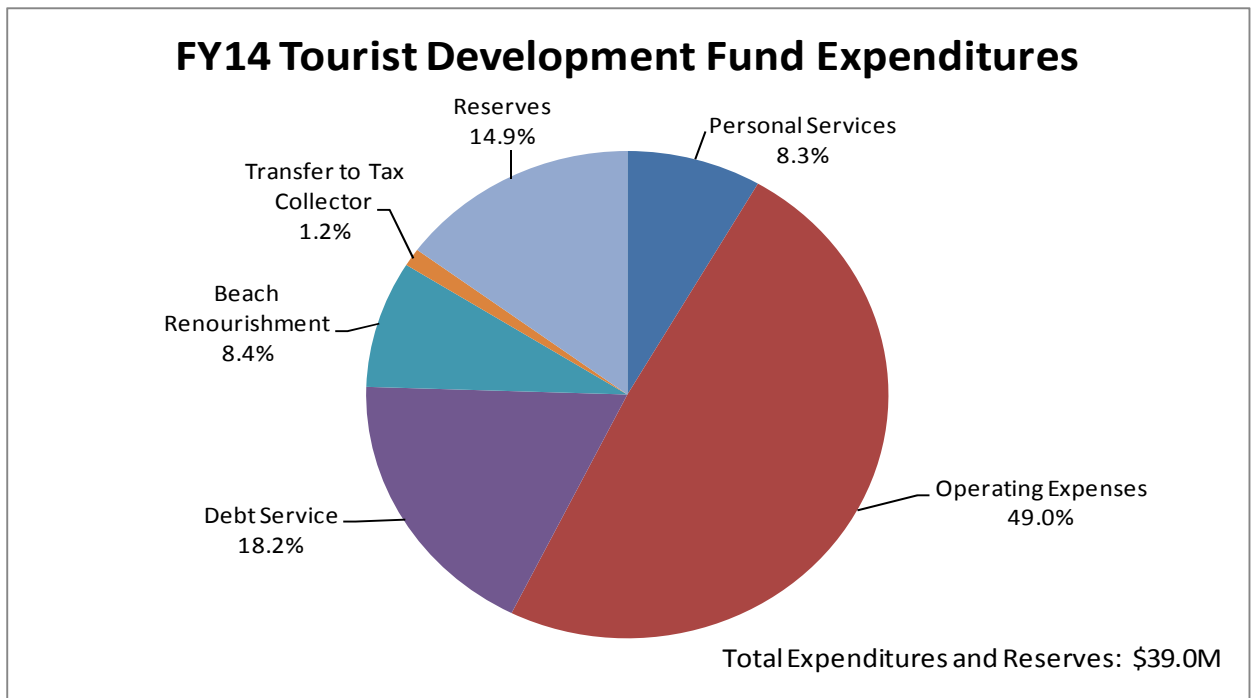
TOURIST DEVELOPMENT COUNCIL FUND

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 \$19.2M for operations and promotional activities, \$3.7M for personal services, \$7.1M for debt service for three sports facilities, \$3.3M for beach renourishment, and \$5.3M in reserves.



TOURIST DEVELOPMENT COUNCIL FUND

Operations and Promotional Activities

The discretionary expenditure budget of \$22.9M 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	\$ 876,170	4.0%
Personnel	\$3,693,020	16.1%
Advertising/Direct Sales	\$17,073,300	74.5%
Research	\$ 235,000	1.0%
Shipping/Communications/Inquiry	\$ 456,500	2.0%
Travel	\$ 584,000	2.5%
Total	\$22,917,990	100.0%

Source: Pinellas County Convention & Visitors Bureau

Undesignated

Due to the end of the debt service payments for both Tropicana Field and the Spring Training facility in Dunedin, unobligated funds above the 15% reserve target are projected to be available beginning in FY2016. The “Undesignated” expenditure line in the forecast identifies the amount projected through FY2021, when the 4th and 5th percents expire.

Capital Outlay

In November 2010, 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 percent 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 percent 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-percent. The additional amount accounts for dedicated revenue received in excess of the previous year’s budget for the transfer.

TOURIST DEVELOPMENT COUNCIL FUND

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 13.6% in FY2014, which is within the desired 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 obligations, such as debt service, that are due 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.

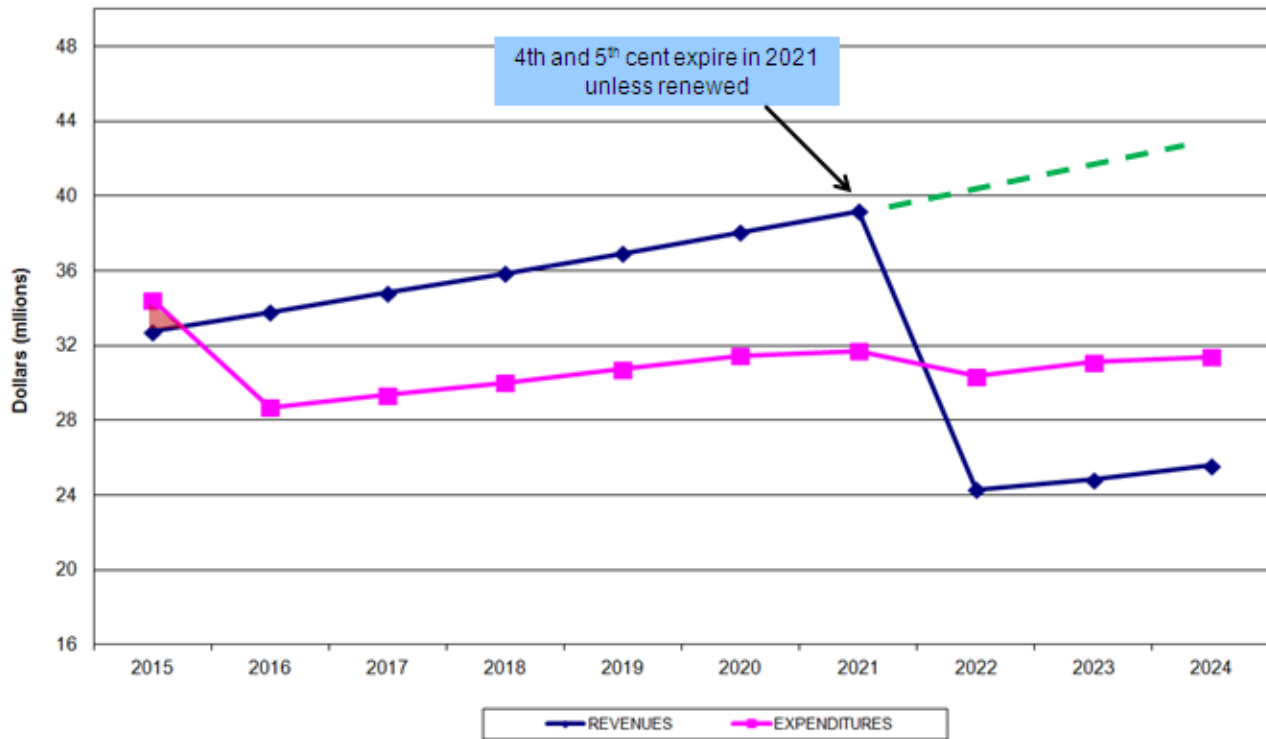
Ten-Year Forecast

Key Assumptions

The revenue forecast for Tourist Development Taxes reflects increasing growth in the economy, with an increase of 5.3% above FY2014 budget in FY2015 and an annual increase of 3.0% from FY2016 through FY2021. Beginning in FY2022, both revenues and expenditures fall drastically as the 4th and 5th percent of the Tourist Development Tax expires. 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 fulfilled. 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 Salvador Dali Museum beginning in FY2016 and ending in FY2020.

TOURIST DEVELOPMENT COUNCIL FUND

Tourist Development Fund Forecast FY2015-2024 Excluding Undesignated Expenditures



Key Results

Revenues and expenditures, including planned use of fund balance, are in-line for both FY2014 and FY2015 and the Fund will maintain a fund balance of at least 16%. Beginning in FY2016, revenues exceed expenditures by a wide margin as the debt service for Tropicana Field is fulfilled. Even with the BCC approved capital outlay to support the Salvador Dali Museum of \$2.5M from FY2016 through FY2020, 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 percent of Tourist Development Tax for debt service on eligible 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.

TOURIST DEVELOPMENT COUNCIL FUND

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 structural gaps in revenues and expenditures until FY2022, when the 4th and 5th percent of the Tourist Development Tax expires. The assumption is that the promotional activities budget will be 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, beach re-nourishment, or to other authorized tourism promotion and development activities.

TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 1040

Forecast Assumptions		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES											
Tourist Development Taxes		5.1%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Interest		0.5%	0.5%	1.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other revenues (Int - TC)		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES											
Personal Services		4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Operating Expenses		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Advertising Expense		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Capital Outlay		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Projected Economic Conditions / Indicators:											
Consumer Price Index, % change		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
FL Per Capita Personal Income Growth		2.3%	2.1%	2.7%	2.5%	2.0%	1.9%	1.4%	1.3%	1.5%	1.5%

TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 1040

			FORECAST (@100% Revenue)										
			Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024
(in \$ thousands)													
BEGINNING FUND BALANCE													
REVENUES													
						</							

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

- 1) The Transfer for Beach Renourishment in FY2014 reflects an additional amount due based on reconciled actual tax collections versus budget in prior years. The FY2015 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 Museum 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 ad hoc assumptions in the forecast.
- 7) FY22 revenue from Tourist Development Tax drops to 60% of FY21 total as the 4th and 5th cent expires on 30-Sep-2021

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 a 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 receive portions of the remaining 40%. The interlocal agreement and levy 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 restrictions imposed by 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 during FY2015. When combined with the expiration of the six-cent local option gas tax in August, 2017, the fund balance will be depleted by FY2019. The removal of operation and maintenance activities related to drainage infrastructure for the unincorporated area improved the financial forecast, but is more than offset by the loss of the six-cent local option gas tax in 2017. If this tax is renewed, action will still be necessary by FY2021 due to an imbalance primarily resulting from inflationary pressures on expenditures coupled with the projected reduction in gas tax collections that are based upon the volume of fuel sold. Potential actions to consider are revenue transfers from the General Fund, imposition of additional local option gas taxes (beyond the current amounts), 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. Florida Statutes provide for the option to impose an additional five cents per gallon tax. 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%. This six-cent tax and the interlocal agreement will expire on August 31, 2017.

Ninth Cent Gas Tax

This resource is a one cent per gallon tax on all motor fuel sold within the County. 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. This tax will expire on December 31, 2026.

Expenditures

The Transportation Trust Fund budget supports expenditures totaling approximately \$26.2 million in FY2014. Note that the expenditure figures below (except reserves) reflect the adopted budget whereas the forecast pro-forma includes anticipated lapse based on historical trends.

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 \$10.2M.

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

TRANSPORTATION TRUST FUND

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 (\$3.6M) and streets (\$3.5M). Key program expenditure areas include inspection, maintenance engineering, management, repair, and maintenance operation.

Vegetation Management and Urban Forestry

Program services include: urban forestry (\$1.6M); 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 FY2014. 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 \$2.7M.

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 estimated FY2014 reserve level of \$21.1 million in the Transportation Trust Fund is approximately 45%, 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

TRANSPORTATION TRUST FUND

accounting standards (GASB Statement 54) for FY2012. This reserve level will gradually be reduced as expenditures exceed revenues.

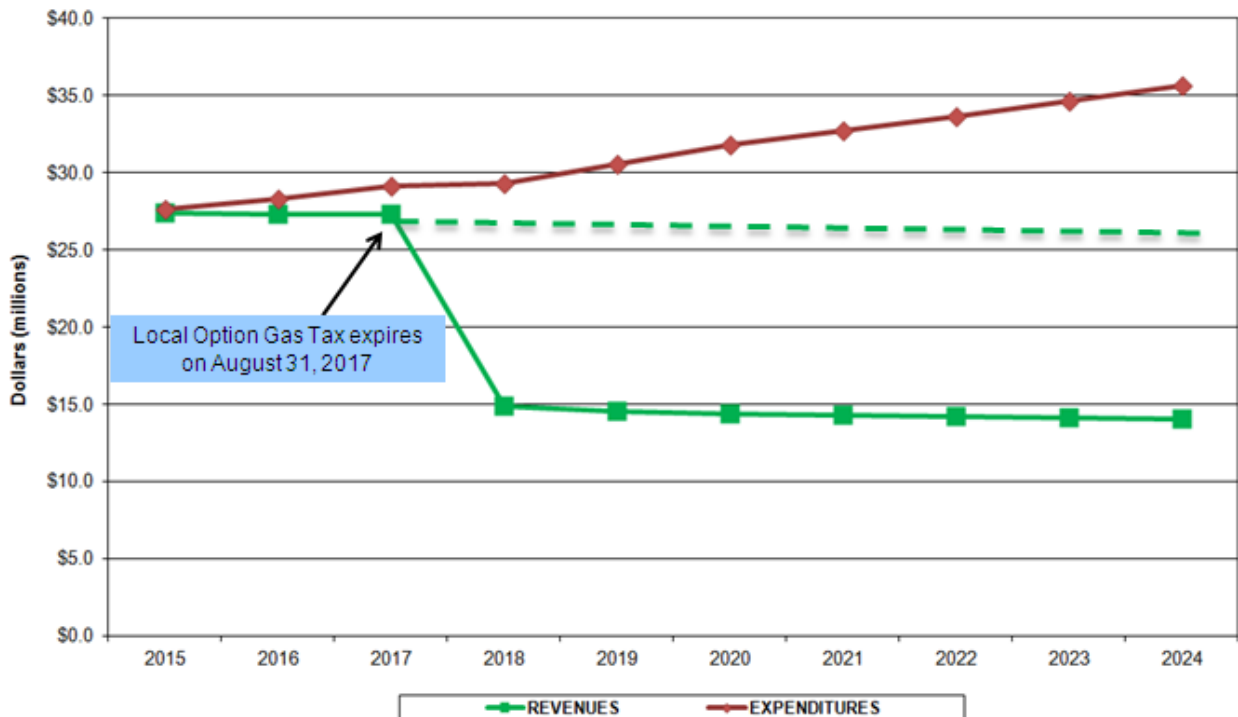
Ten-Year Forecast

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 not be extended beyond its current expiration date of August 31, 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 approved 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 Forecast FY2015-2024



Key Results

TRANSPORTATION TRUST FUND

Beginning in FY2015, Transportation Trust Fund expenditures exceed revenues throughout the forecast period, which causes a gradual erosion of fund balance. When the six-cent local option gas tax expires in 2017, the fund assumes a negative cash position as a result of the elimination of over \$12M in revenue. If this levy is extended at its current level, the fund will still assume a negative cash position during FY2021. Therefore, 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.

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 combination of extending and imposing 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.

TRANSPORTATION TRUST FUND

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: Florida Office of Economic and Demographic Research
July, 2013

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. The same voting threshold applies to extending the current, six-cent levy, beyond its current expiration date in 2017.

TRANSPORTATION TRUST FUND FORECAST
Fund 1001

Forecast Assumptions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Ninth Cent Gas Tax	-0.5%	-0.5%	-0.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
State Shared Gas Taxes	-0.5%	-0.5%	-0.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Local Option Gas Taxes	-0.5%	-0.5%	-0.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
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	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Operating Expenses	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Capital Outlay	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Grants & Aids	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	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	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
FL Per Capita Personal Income Growth	2.3%	2.1%	2.7%	2.5%	2.0%	1.9%	1.4%	1.3%	1.5%	1.5%

TRANSPORTATION TRUST FUND FORECAST

Fund 1001

	Actual 2013	Budget 2014	FORECAST										
			Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024
BEGINNING FUND BALANCE													
REVENUES													
Ninth Cent Gas Tax	3,886.8	3,778.0	3,778.0	3,759.1	3,740.3	3,721.6	3,684.4	3,647.6	3,611.1	3,575.0	3,539.2	3,503.8	3,468.8
State Shared Gas Taxes	9,511.0	9,440.8	9,440.8	9,393.6	9,346.6	9,299.9	9,206.9	9,114.8	9,023.7	8,933.4	8,844.1	8,755.7	8,668.1
Local Option Gas Tax ***	12,950.5	12,650.0	12,650.0	12,586.8	12,523.8	12,461.2	-	-	-	-	-	-	-
Interest	37.9	32.0	32.0	105.7	104.6	198.7	361.3	91.7	-	-	-	-	-
Other revenues	1,801.9	1,465.0	1,465.0	1,494.3	1,524.2	1,554.7	1,585.8	1,617.5	1,649.8	1,682.8	1,716.5	1,750.8	1,785.8
Transfer from other Funds	1,744.2	-	-	-	-	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0
Adjust Other Revenue to 98%	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	29,932.3	27,365.8	27,413.1	27,389.9	27,291.0	27,292.5	14,901.8	14,528.5	14,340.7	14,249.4	14,160.0	14,072.6	13,987.1
% vs prior year	7%	-3%	-8%	0%	0%	0%	-45%	-3%	-1%	-1%	-1%	-1%	-1%
TOTAL RESOURCES													
EXPENDITURES													
Personal Services	12,706.1	10,998.8	10,998.8	11,471.7	11,965.0	12,479.5	13,016.1	13,575.8	14,159.6	14,768.5	15,403.5	16,065.9	16,756.7
Operating Expenses *	9,318.5	11,177.6	11,177.6	11,367.6	11,583.6	11,803.7	12,039.8	12,280.6	12,526.2	12,789.2	13,045.0	13,305.9	13,572.0
Capital Outlay	110.9	190.3	190.3	193.5	197.2	201.0	205.0	209.1	213.3	217.7	222.1	226.5	231.1
Grants & Aids	22.4	32.7	32.7	33.3	33.9	34.5	35.2	35.9	36.6	37.4	38.2	38.9	39.7
Full Cost Allocation	1,923.2	1,688.8	1,688.8	1,697.2	1,705.7	1,722.8	1,757.2	1,801.2	1,846.2	1,892.4	1,939.7	1,988.2	2,037.9
Transfers to other Funds	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	2,156.0
Expenditure Lapse 1% **	-	-	(224.0)	(230.7)	(237.8)	(245.2)	(253.0)	(261.0)	(269.4)	(278.1)	(287.1)	(296.4)	(306.0)
Potential Issues:													
CIP Operating Impacts													
TOTAL EXPENDITURES	26,237.1	26,244.2	26,020.2	27,605.7	28,335.7	29,099.3	29,298.4	30,579.6	31,780.5	32,715.1	33,649.4	34,617.0	35,620.4
% vs prior year	4%	2%	-1%	6%	3%	3%	1%	4%	4%	3%	3%	3%	3%
ENDING FUND BALANCE													
ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS													
Ending balance as % of Resources	43%	37%	45%	43%	41%	38%	11%	-68%	-1524%	310%	199%	164%	148%
TOTAL REQUIREMENTS													
REVENUE minus EXPENDITURES	3,695.2	1,121.6	1,392.9	(215.8)	(1,044.7)	(1,806.9)	(14,396.6)	(16,051.0)	(17,439.8)	(18,465.7)	(19,489.3)	(20,544.4)	(21,633.2)
<i>(NOT cumulative)</i>													
note: non-recurring expenditures													
net recurring rev- exp													

* Operating Expenses net of Full Cost Allocation

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

*** Local Option Gas Tax expires August 31, 2017.

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 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.

With the planned use of fund balance, the forecast for the Capital Projects Fund shows that the fund is balanced over the forecast period through FY2019. 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 and bridges are shown in the forecast as "unfunded" for FY2020-FY2024. 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 Renewal & Replacement 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)

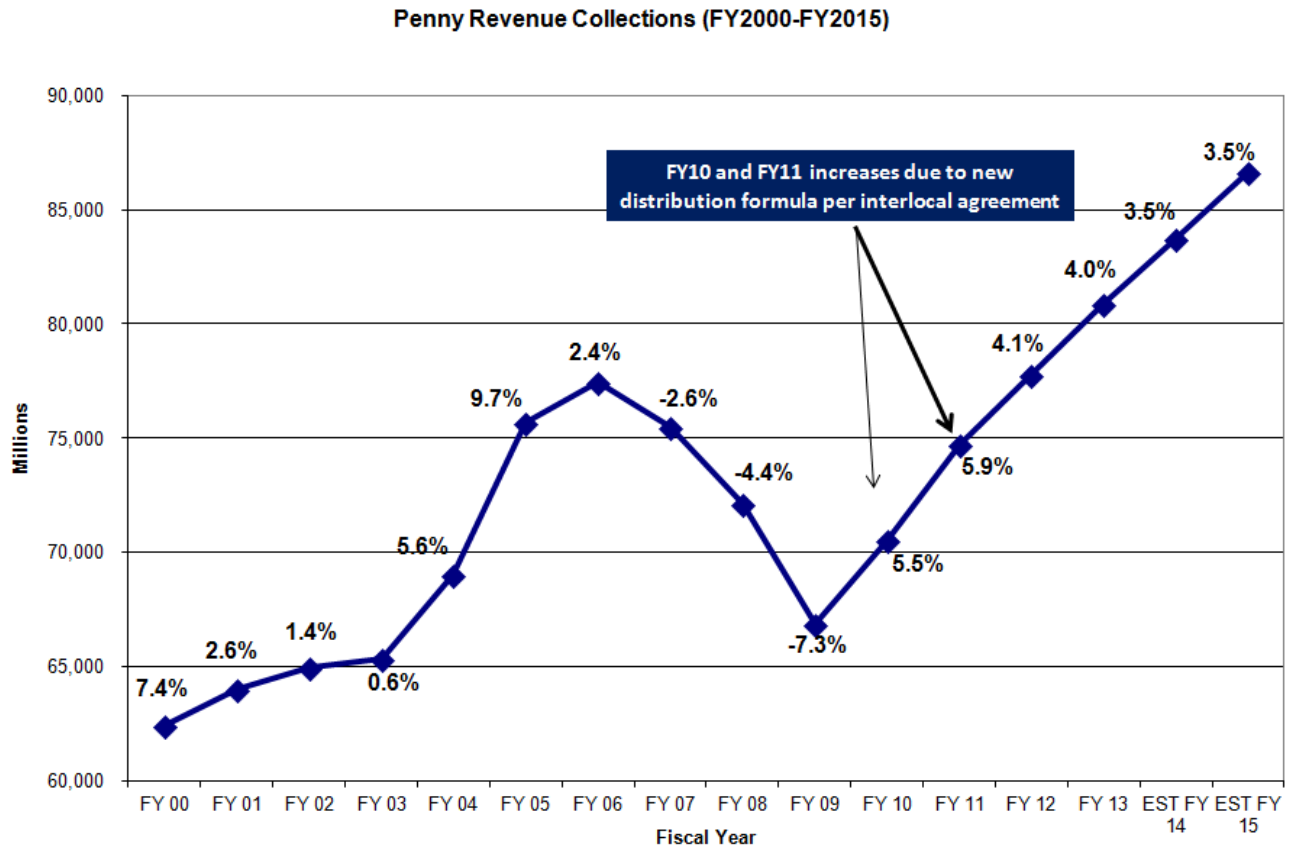
Penny for Pinellas revenues are proceeds of an additional one cent Local Government Infrastructure Surtax on Sales, pursuant to Section 212.055(2), Florida Statutes, imposed in Pinellas County. The authorized use of these funds is generally restricted to infrastructure projects only and cannot be used 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 sensitive to local and national economic conditions, such as inflation, wage growth, unemployment, and tourism. Normally sales taxes increase with economic activity and inflation, but reflecting the depth of the recent recession, collections declined about 15% from FY2007 to FY2009.

CAPITAL PROJECTS FUND

Collections increased in FY2010 and FY2011 due to the transition to the new revenue distribution formula that began in February, 2010 and results in a higher percentage of collections going to the County primarily due to the increase in the Courts & Jail amount from \$80M to \$225M over the ten year period. The revenue increase to the County is misleading as the underlying Penny revenues actually decreased in FY2010 and FY2011. In FY2014 and FY2015 the Penny is anticipated to increase 3.5%, which is consistent with the general improvement in the economy. The chart below shows the fluctuation in annual growth rates experienced since FY2000.



Grants

The second largest 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 have either been awarded or are highly anticipated to be awarded.

Transfers from Other Funds

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

The 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,

CAPITAL PROJECTS FUND

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 of \$2.5 million covers the cost of three 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 third item is \$650K for the Municipal Services Taxing Unit (MSTU) Paving project beginning in FY2014 to address the needs of secondary roads in unincorporated neighborhoods.

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.

CAPITAL PROJECTS FUND

The FY2014 transfer of \$3.3M from the Tourist Development Council Fund (half of the proceeds of the 3rd percent) 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.

Ten-Year Forecast

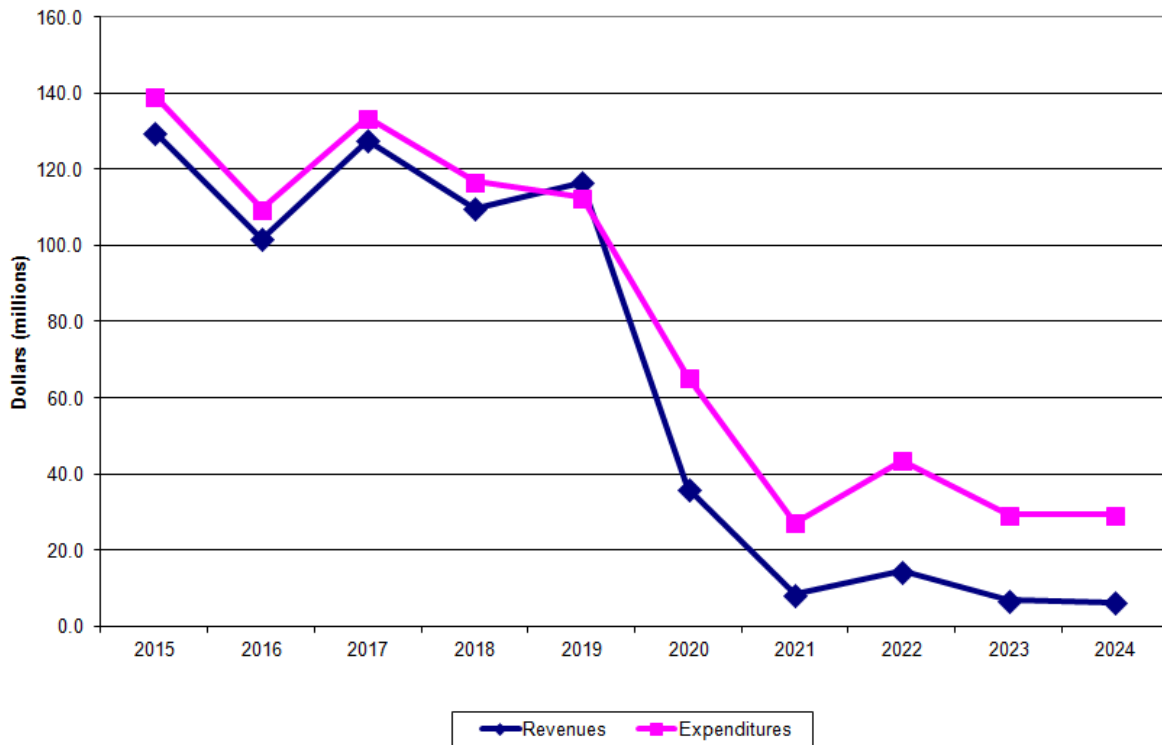
Key Assumptions

The revenue assumptions for the overall Penny sales tax are consistent with the Half-Cent sales tax in the General Fund at 4.0% growth from FY2015 to FY2017 and 3.5% from FY2018 to FY2024. However, the growth rate in the Capital Projects Fund for the Penny sales tax is less at 3.5% growth from FY2015 to FY2017 and 3.0% from FY2018 to FY2020. This is because the Courts & Jail allocation is a fixed amount that does not grow over time resulting in a slightly smaller growth rate for the County’s overall share of the Penny.

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

CAPITAL PROJECTS FUND

Capital Projects Fund Forecast FY2015-FY2024



Key Results

With the planned use of fund balance, 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 Renewal & Replacement 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, as the County experienced in 2005-2007 where prices escalated as much as 60-80% for these key materials.

CAPITAL PROJECTS FUND

Balancing Strategies

The Capital Projects Fund use accumulated fund balance to balance the fund through FY2019. The current “Penny for Pinellas” one-cent local option sales tax ends December 31, 2019. At that time, projects that would need to continue such as sidewalks, paving and bridges are shown in the forecast as “unfunded” in FY2020-FY2024 and funding for these projects would need to be identified.

CAPITAL PROJECTS FUND FORECAST
Fund 3001

Forecast Assumptions		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES											
Infrastructure Sales Tax		3.5%	3.5%	3.5%	3.0%	3.0%	3.0%				
Ninth Cent Gas Tax (from Transp Trust)		-0.5%	-0.5%	-0.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Impact Fees (from Special Revenue Fund)		0.0%	10.0%	10.0%	10.0%	11.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants		-62.4%	-45.8%	108.4%	-70.1%	195.9%	-75.2%	-95.0%	4945.4%	-85.3%	0.1%
Transfer from TDC Fund		5.3%	3.0%	3.0%	3.0%	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%	0.0%	0.0%	0.0%
Interest Rate		0.5%	0.5%	1.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
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		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%

CAPITAL PROJECTS FUND FORECAST
Fund 3001

	Actual 2013	Budget 2014	FORECAST										
			Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024
BEGINNING FUND BALANCE													
REVENUES													
Infrastructure Sales Tax (Penny for Pinellas)	80,876.5	79,515.0	79,515.0	82,304.6	85,185.3	88,166.7	90,811.7	93,536.1	24,085.5				
Grants	10,453.6	34,563.7	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	1,200.8
Reimbursements	174.8												
Ninth Cent Gas Tax (Transfer from Transportation Trust Fund)	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	2,156.0
Transportation Impact Fees (from Special Revenue Fund)	1,640.7	1,345.4	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	2,000.0
Transfer from General Fund	1,800.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	950.0	950.0	950.0	950.0	950.0
Transfer from TDC Fund	3,242.4	3,286.7	3,286.7	3,107.2	3,200.4	3,296.4	3,395.3	3,497.1	3,602.1	3,770.1	2,292.9	2,361.6	2,432.5
Sutherland Bayou Marina Mitig. Pymnt	9.7												
Sale-Surplus County Land													
Interest	1,438.8	357.9	357.9	151.8	104.1	130.8	141.8	2.0	100.4	(636.3)	(1,107.3)	(1,834.5)	(2,398.9)
Other revenues	3,854.5	8.0	8.0	8.2	8.3	8.5	8.7	8.8	9.0	9.2	9.4	9.6	9.8
Interfund Loan-Solid Waste-Chiller		11,000.0	11,000.0										
Interfund Loan-Solid Waste	-	14,500.0	14,500.0	25,000.0	-	15,000.0	4,500.0	-	-	-	-	-	-
TOTAL REVENUES	105,647.0	149,182.7	149,182.7	129,655.4	101,776.9	127,684.4	109,848.5	116,623.6	36,123.0	8,351.0	14,474.4	6,842.6	6,350.1
% vs prior year													
TOTAL RESOURCES													
	188,102.4	205,287.7	223,229.1	160,014.0	122,587.7	140,768.5	116,937.1	116,704.3	40,138.9	(17,100.4)	(29,819.5)	(66,535.5)	(89,605.8)
EXPENDITURES													
Capital Projects	114,029.7	191,295.5	191,295.5	132,588.5	102,889.5	127,055.6	95,248.0	91,123.1	19,484.5	1,207.5	17,152.5	3,284.5	3,283.5
Unfunded													
Debt Service on Interfund Loan	26.3	75.0	75.0	114.7	114.2	124.2	108.4	65.4	25,102.0	25,986.0	26,406.0	26,136.0	26,137.0
Payment on Interfund Loan	-	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	1,500.0	2,000.0	2,000.0	2,000.0	2,000.0	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	114,056.0	192,870.5	192,870.5	139,203.2	109,503.7	133,679.8	116,856.4	112,688.5	65,590.3	27,193.5	43,558.5	29,420.5	29,420.5
ENDING FUND BALANCE													
	74,046.4	12,417.2	30,358.6	20,810.8	13,084.0	7,088.7	80.7	4,015.8	(25,451.4)	(44,293.9)	(73,378.0)	(95,956.0)	
TOTAL REQUIREMENTS													
	188,102.4	205,287.7	223,229.1	160,014.0	122,587.7	140,768.5	116,937.1	116,704.3	40,138.9	(17,100.4)	(29,819.5)	(66,535.5)	(89,605.8)
REVENUE minus EXPENDITURES	(8,409.0)	(43,687.8)	(43,687.8)	(9,547.8)	(7,726.8)	(5,995.4)	(7,007.9)	3,935.1	(29,467.3)	(18,842.5)	(29,084.1)	(22,577.9)	(23,070.4)
(NOT cumulative)													
net recurring rev- exp	(8,409.0)	(43,687.8)	(43,687.8)	(9,547.8)	(7,726.8)	(5,995.4)	(7,007.9)	3,935.1	(29,467.3)	(18,842.5)	(29,084.1)	(22,577.9)	(23,070.4)

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.

EMERGENCY MEDICAL SERVICE FUND

Description

The Emergency Medical Service 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 3.0% in FY2015.

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 rate continued at the current millage of 0.9158 for the FY2014 Budget, which maintained the status quo with respect to level of service and the delivery system. The millage rate 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 26.2% in the FY2013 ending fund balance. The estimated reserve percentage decreases to 23.4% at the end of FY2014. If the tax rate is not increased in FY2015, or expenditures are not significantly reduced, expenditures in the EMS Fund are projected to exceed revenues by an increasing amount each year from FY2015 through FY2024. In FY2015, the projected reserve drops to about 18.9%, and it declines to

EMERGENCY MEDICAL SERVICE FUND

about 5.6% by the end of FY2017. This leaves approximately \$6M in the beginning fund balance for the projected \$9.4M deficit in FY2018.

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 was completed in July 2013. The Board of County Commissioners held workshops in July and August 2013 to discuss the results, and directed staff to work with municipalities and districts on reducing the cost of excess capacity and addressing long term financial stability.

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 \$640 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 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, actual 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 \$2.3M from actual FY2012 to estimated FY2013, but the EMS Fund is still projected to use \$1.8M from the fund balance in FY14. 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.

Emergency Medical Service Fund
Ad Valorem Revenue & Millage History

Fiscal Year	Millage	Budget \$ (000's)
2014	0.9158	\$ 45.4
2013	0.9158	\$ 43.8
2012	0.8506	\$ 41.6
2011	0.5832	\$ 30.0
2010	0.5832	\$ 33.6
<i>Note: Budget figures are at 95% of revenue</i>		

Expenditures

The Emergency Medical Service Fund supports budgeted expenditures in FY2014 totaling \$94.4M 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, \$1.38M 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 4.0% increase is included in the forecast from FY2015 through FY2024 to account for annual CPI increases and increases to transport volume.

EMERGENCY MEDICAL SERVICE FUND

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.

EMERGENCY MEDICAL SERVICE FUND

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 \$1.38M. 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 FY2013 actual revenue coming in \$5.4M higher than budget, the year ended with the reserve at 26.2%. On a forecast basis, with Ad Valorem revenue at 96% and Ambulance revenues at 100%, the estimated reserve level is projected at 23.4% for the end of FY2014. Without additional increases in the millage rate (beyond 0.9158), or substantial decreases in expenditures, the reserves are forecasted to decline to 18.9% in FY2015, 12.9% in FY2016, and 5.6% in FY2017. Reserves would be almost depleted in FY2017 and provide only \$6M toward a projected deficit of \$9.4M in FY2018.

Ten-Year Forecast

Key Assumptions

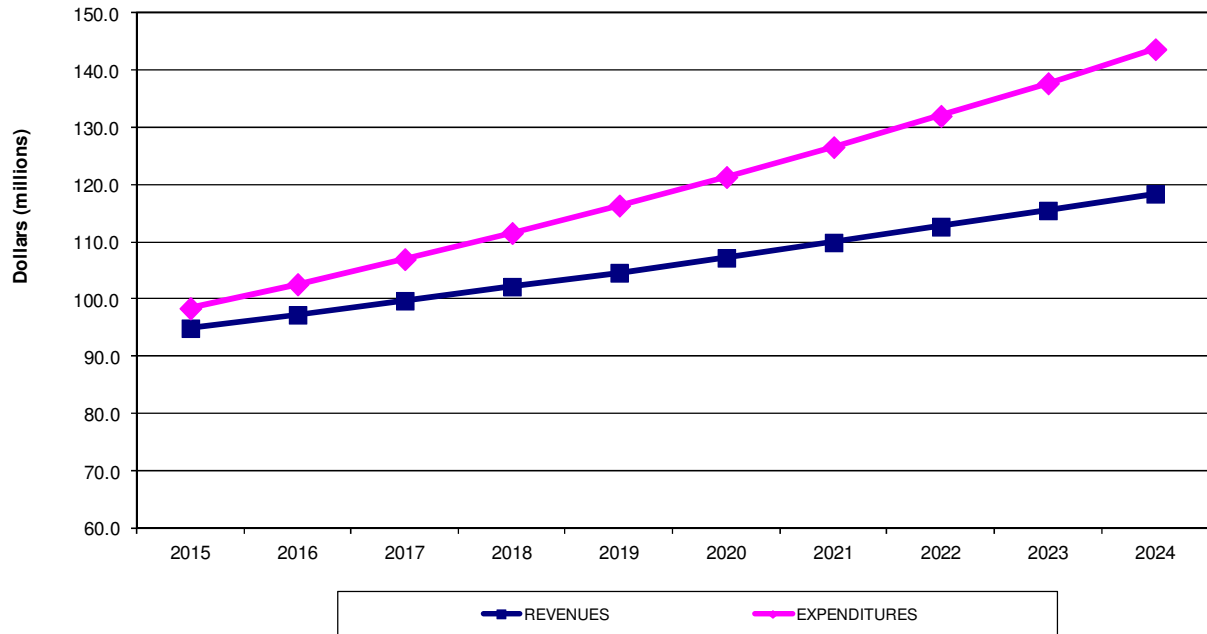
The EMS countywide millage is assumed to remain at the adopted FY2014 rate of 0.9158 mills through the forecast period. Taxable values should begin to recover as the economy improves and the housing market rebounds. Ad Valorem tax revenue is projected to grow 3.0% in FY2015, and continue with a 3.0% 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 5.0% from FY2012 to FY2013, increased 2.2% in FY2014, and are estimated to increase at 5.0% per year through the forecast period of FY2015 to FY2024.

Contractual payments to the ambulance contractor were projected at 6.0% annual increases in previous forecasts, and are now assumed to increase by 4.0% through the forecast period. Contracted expenditures will still 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

Emergency Medical Services Fund Forecast FY2015 - FY2024



Key Results

In the chart for the total EMS Fund above, the forecast shows expenditures exceeding revenues over the forecast period. Balance for FY2014 was achieved due to the FY2013 millage rate increase and use of reserves in FY14. Without a millage rate increase and/or expenditure savings, \$1.8M of fund balance is needed to support FY2014 requirements. Reserves will decrease to 23.4% by the end of FY2014 and continue dropping until exhausted after FY2017. This assumes no changes to the EMS system design, but does reflect the change in projections for annual Ambulance contract expenses, from the previous increase of 6.0% per year to 4.0% per year through the forecast period.

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. It is unknown how Health Care Reform will impact ambulance user fee revenue. In addition, the ambulance contract will be up for re-negotiation in FY2014 with potential impacts to expenditures.

EMERGENCY MEDICAL SERVICE FUND

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.

Balancing Strategies

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

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

Forecast Assumptions	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Ad Valorem Revenue (@95%)	3.0%	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	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Operating Expenses	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	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	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Ambulance Contract	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
EMS Trust Fund Grant Expenditures	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Grants & Aids (First Responder Agmts)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected Economic Conditions / Indicators:										
Consumer Price Index, % change	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
FL Per Capita Personal Income Growth	2.3%	2.1%	2.7%	2.5%	2.0%	1.9%	1.4%	1.3%	1.5%	1.5%
Estimated New Construction % of tax base	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

EMERGENCY MEDICAL SERVICES FUND FORECAST Fund 1006

	Actual 2013	Budget 2014	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024
	FORECAST @ 96% Ad Valorem Revenue and @100% Ambulance Revenue)												
BEGINNING FUND BALANCE	23,686.0	23,406.9	23,930.6	22,121.2	18,627.1	13,281.0	6,015.4	(3,360.7)	(15,094.2)	(29,211.0)	(45,873.4)	(65,236.2)	(87,470.7)
REVENUES													
Ad Valorem Revenue @95%	44,527.6	45,374.8	45,374.8	46,736.1	48,138.1	49,582.3	51,069.7	52,601.8	54,179.9	55,805.3	57,479.5	59,203.8	60,980.0
Ambulance Svc Contract Fees @ 95%	46,188.7	43,568.4	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	53,109.6
Ambulance Annual Members Fees	216.5	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9	262.9
Grant Revenue (EIMS Trust Fund)	200.0	200.0	200.0	204.0	208.1	212.2	216.5	220.8	225.2	229.7	234.3	239.0	243.8
City Off Fees (TC & PA)	289.6	267.6	267.6	270.3	273.0	275.2	278.5	281.3	284.1	286.9	289.8	292.7	295.6
Interest	95.7	155.4	100.0	110.6	93.1	132.8	120.3	-	-	-	-	-	-
Other revenues (refund of prior yrs exp)	80.2	50.0	50.0	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%			477.6	492.0	506.7	521.9	537.6	553.7	570.3	587.4	605.0	623.2	641.9
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	2,795.2
TOTAL REVENUES	91,598.3	89,879.1	92,594.4	94,904.5	97,246.2	99,706.4	102,177.4	104,605.3	107,219.9	109,902.7	112,655.5	115,480.3	118,379.0
% vs prior year	5%	-2%	1%	2%	2%	3%	2%	2%	2%	3%	3%	3%	3%
TOTAL RESOURCES	115,284.3	113,286.0	116,525.0	117,025.7	115,873.3	112,987.4	108,192.9	101,244.6	92,125.7	80,691.7	66,782.1	50,244.1	30,908.3
EXPENDITURES													
Personal Services	2,841.4	3,268.2	3,268.2	3,408.7	3,555.3	3,708.2	3,867.6	4,033.9	4,207.4	4,388.3	4,577.0	4,773.8	4,979.1
Operating Expenses w/ CMS payment in FY13	7,904.5	5,538.2	5,538.2	5,632.3	5,739.4	5,848.4	5,965.4	6,084.7	6,206.4	6,336.7	6,463.4	6,592.7	6,724.6
Operating Expenses - First Responder													
Medical Supplies	1,214.7	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	812.4	1,598.0	1,598.0	1,625.2	1,656.0	1,687.5	1,721.3	1,755.7	1,790.8	1,828.4	1,865.0	1,902.3	1,940.3
Ambulance Contract	36,948.7	40,140.0	40,140.0	41,745.6	43,415.4	45,152.0	46,958.1	48,836.4	50,789.9	52,821.5	54,934.4	57,131.7	59,417.0
EMS Trust Fund Grant Expenditures	200.0	200.0	200.0	204.0	208.1	212.2	216.5	220.8	225.2	229.7	234.3	239.0	243.8
Grants & Aids (First Responder Agmts)*	40,155.9	41,040.8	41,040.8	43,092.8	45,247.5	47,509.9	49,885.3	52,379.6	54,998.6	57,748.5	60,636.0	63,667.8	66,851.1
Trris to PA & TC	1,276.1	1,382.6	1,382.6	1,416.8	1,459.3	1,503.1	1,548.2	1,594.7	1,642.5	1,691.8	1,742.5	1,794.8	1,848.7
Expenditure Lapse 1%													
* Amt Includes Eckerd Contract													
TOTAL EXPENDITURES	91,353.7	94,403.8	94,403.8	98,398.6	102,592.3	106,972.0	111,553.6	116,338.7	121,336.7	126,565.1	132,018.4	137,714.8	143,665.7
% vs prior year	8%	3%	3%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
ENDING FUND BALANCE													
Ending balance as % of Expenditures	26.2%	20.0%	23.4%	18.9%	12.9%	5.6%	-3.0%	-13.0%	-24.1%	-36.2%	-49.4%	-63.5%	-78.5%
TOTAL REQUIREMENTS	115,284.3	113,286.0	116,525.0	117,025.7	115,873.3	112,987.4	108,192.9	101,244.6	92,125.7	80,691.7	66,782.1	50,244.1	30,908.3
REVENUE minus EXPENDITURES	244.6	(4,524.7)	(1,809.4)	(3,494.1)	(5,346.1)	(7,265.6)	(9,376.2)	(11,733.4)	(14,116.8)	(16,662.4)	(19,362.8)	(22,234.5)	(25,286.7)
(NOT cumulative)													
note: non-recurring expenditures	244.6	(4,524.7)	(1,809.4)	(3,494.1)	(5,346.1)	(7,265.6)	(9,376.2)	(11,733.4)	(14,116.8)	(16,662.4)	(19,362.8)	(22,234.5)	(25,286.7)
net recurring rev- exp													

- 1) FY2013 reflects the new ordinance passed by Board action on December 20th, 2011, to maintain as close as possible, a 25% Beginning Fund Balance. Then the Reserve balance declines going into FY2014 and is depleted in early FY2018.
- 2) EMS Millage increased from 0.5832 in FY11 to 0.8506 in FY12, then increased to 0.9158 in FY13, remained flat in FY14, and is assumed at 0.9158 through the remainder of the forecast period. Maximum annual EMS levy is 1.5000 mills.
- 3) Forecast years assume estimated Ad Valorem revenue is at 96%, except the FY14 Adopted Budget, which remains at 95% per statute.
- 4) Forecast years assume estimated ambulance revenue is at 100%, except the FY14 Adopted Budget, which remains at 95% 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.

EMERGENCY MEDICAL SERVICE FUND



AIRPORT FUND

Description

In March 1941 construction started for the St. Pete-Clearwater International Airport (Airport) at its present site. After Pearl Harbor, the Airport, known as Pinellas Army Airfield, was used as a military flight-training base. After World War II, 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 the Airport. Of the Airport's 2,000 acres, approximately half is dedicated to the airfield, terminal building, and car parking. The remaining acreage includes the 129 acre future planned development site (formerly the Airco Golf course), a 200 acre Airport Business Center, and leased industrial, commercial, and governmental operations. All of the Airport property is designated as a Foreign Trade Zone. All activities necessary for airport operations (e.g. administration, operating, and maintenance expenses) are included in this fund. Also included are airport capital improvements, which typically 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.

The St. Pete - Clearwater International Airport realized a 17% increase in airline passengers in CY2013. In February 2013, the Airport unveiled a major re-branding effort which included a new slogan, logo, and entrance signs to better promote the Airport. In CY2013, the Airport served 1,017,049 passengers principally as a result of the seven (7) new cities that Allegiant Airlines—the Airport's largest airline—added this past year. Allegiant now flies non-stop from the Airport to 31 destinations.

Summary

The Airport Operating and Revenue Fund is an enterprise fund that accounts for all revenues and expenditures at the Airport. This includes management of passenger and cargo airline operations, military, and general aviation, along with commercial and industrial airport property. The Airport is entirely self-supporting, meaning that no property tax dollars are used to support the operation of the airport.

Airport airline and concession revenues have grown in recent years due to increased service from Allegiant Airlines. Revenues are forecast to increase by four percent (4%) per year over the forecast period based on the Airport's new five-year agreement with Allegiant and with the continued recovery-of the U.S. economy. The forecast for availability of capital contributions and other grant funding is based on current Federal and State funding participation ratios. FY2013 numbers shown in the charts are based on actual results, except where noted.

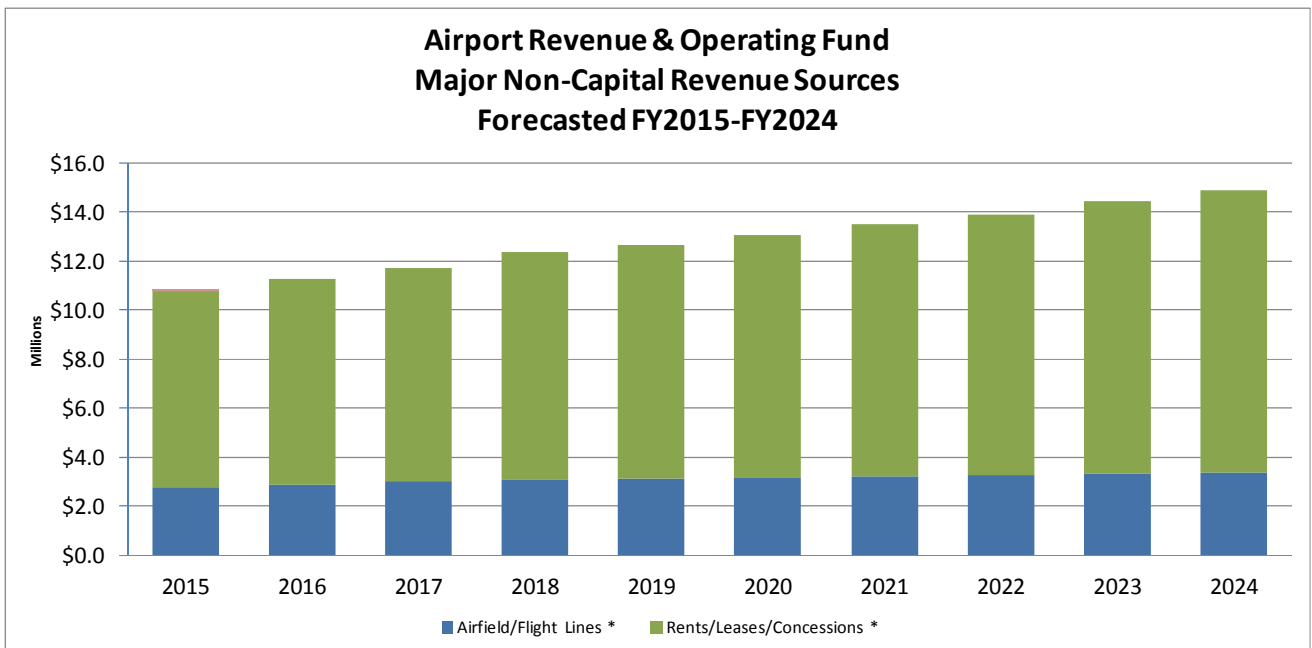
The forecast for the Airport Revenue and Operating Fund shows that the fund is balanced throughout the forecast period. This presumes the timing of capital projects may need to be

AIRPORT FUND

adjusted to reflect the timing and amounts of any grant revenues, and other adjustments to operating expenses may be required to match operating 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, & Concessions income and Airfield & Flight Line Fees. Rentals, Leases, & Concessions include all direct and indirect revenue related to passenger airlines. In addition, it also includes long-term ground lease income. Airfield & Flight Line revenue include US Coast Guard fees, airline landing and fuel flowage fees, and also general aviation rent/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 under long-term ground leases, and provides a stable source of revenues. Pinellas County Criminal and Juvenile Courts, Cracker Barrel Restaurant, Dynamet Inc., and GE Aviation Systems are examples of the long term leases at the Airport. These long-term leases provide approximately thirty percent (30%) of the Airport's annual operating revenue. 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 an average of 4.0% per year over the forecast period. Long-term leases typically have a five year adjustment based on the CPI.

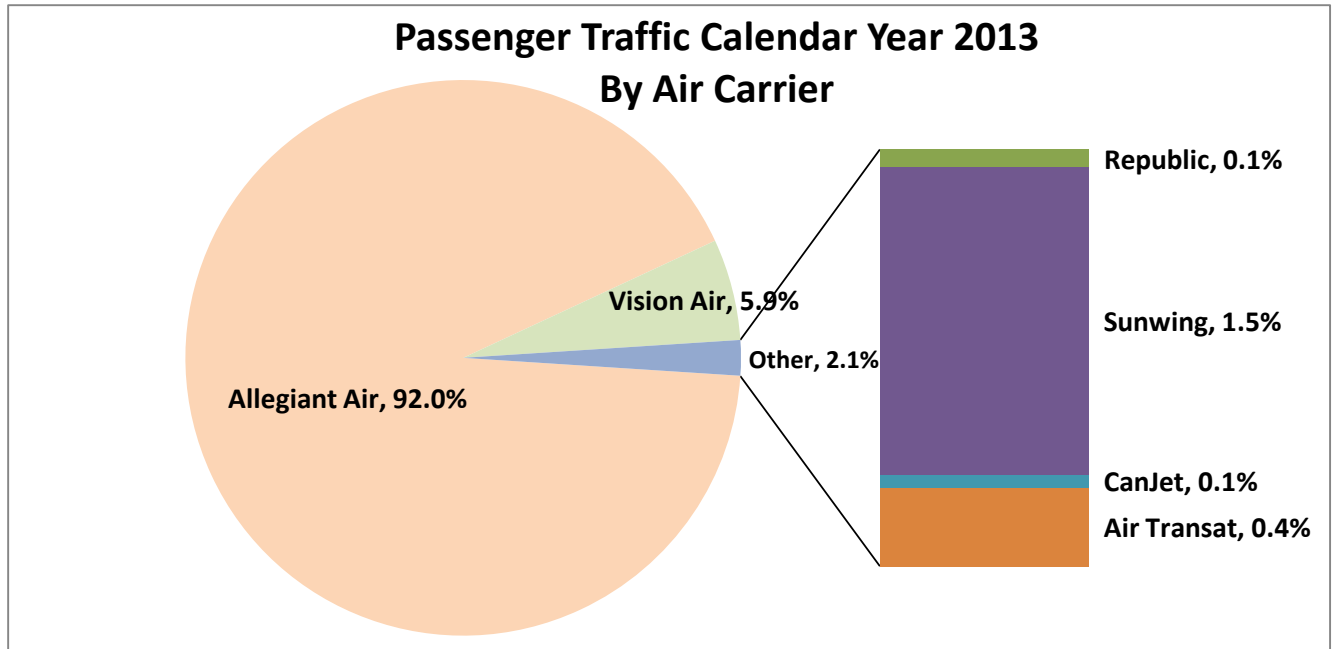
Airfield/Flight Line

As noted above, Airfield revenue includes US Coast Guard fees, airline and cargo landing fees and also fuel flowage fees. Flight Line includes long-term leases that are related to general aviation activities which include land for hangar rent, aircraft parking, and condominium t-

AIRPORT FUND

hangars. These revenue sources are expected to increase by approximately 2.0% per year over the forecast period.

The following chart for passenger traffic for CY2013 shows that Allegiant Airlines represents 92% of the passengers served on passenger airlines operating at St. Pete-Clearwater International Airport. Revenues from Terminal concession leases, along with airline landing fees and fuel flowage fees, are dependent on passenger airline service. As compared to CY2012, airline passenger traffic for FY13 increased 17%.



Capital Contributions and Grants

Grants from the Federal Aviation Administration (FAA) and the Florida Department of Transportation (FDOT), along with Passenger Facility Charges (PFCs) provide the funding base for Airport capital improvement projects. These are the revenue sources typically used for the Airport's capital project funding. On occasion, Airport Reserves are also used to assist with funding of CIP Projects.

Future Revenues

Revenue from development of the former Airco Golf course is conservatively projected to commence in 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 for reserves.

AIRPORT FUND

Airport Programs

Of the remaining \$9.7M budgeted for operating expenditures, 83.1% supports the Aviation Services program and 16.9% 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

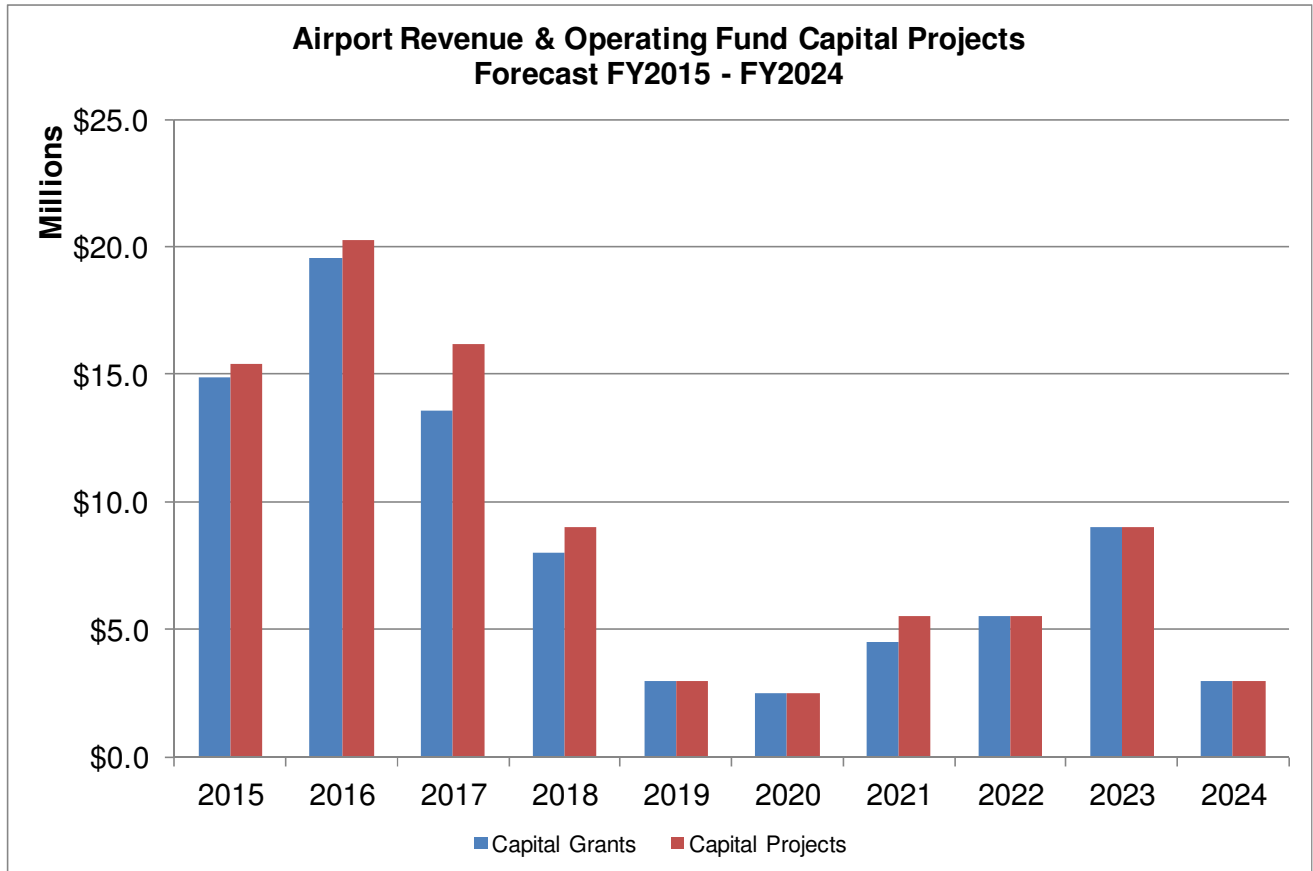
Personal Services expenses are for the salaries and benefits of the 55 full-time equivalent positions needed to operate both programs at the Airport. Budgeted Personal Services expenditures in FY2014 total \$4.4M.

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 grant funding is received from the funding agencies. The following chart shows the relationship between the scheduling of the revenues and the expenditures of capital projects. When additional funds are needed, Reserves may be used.

Over the next five years, some of the more significant projects include airfield taxiway rehabilitation, continued terminal building improvements, Runway 18-36 rehabilitation, and construction of a new airport maintenance facility. The following five years include an update to the Airport Master Plan, construction of new taxiways and ramps to the former Airco parcel, construction of new T-Hangars, airfield lighting rehabilitation, and construction of a new airport fire station.

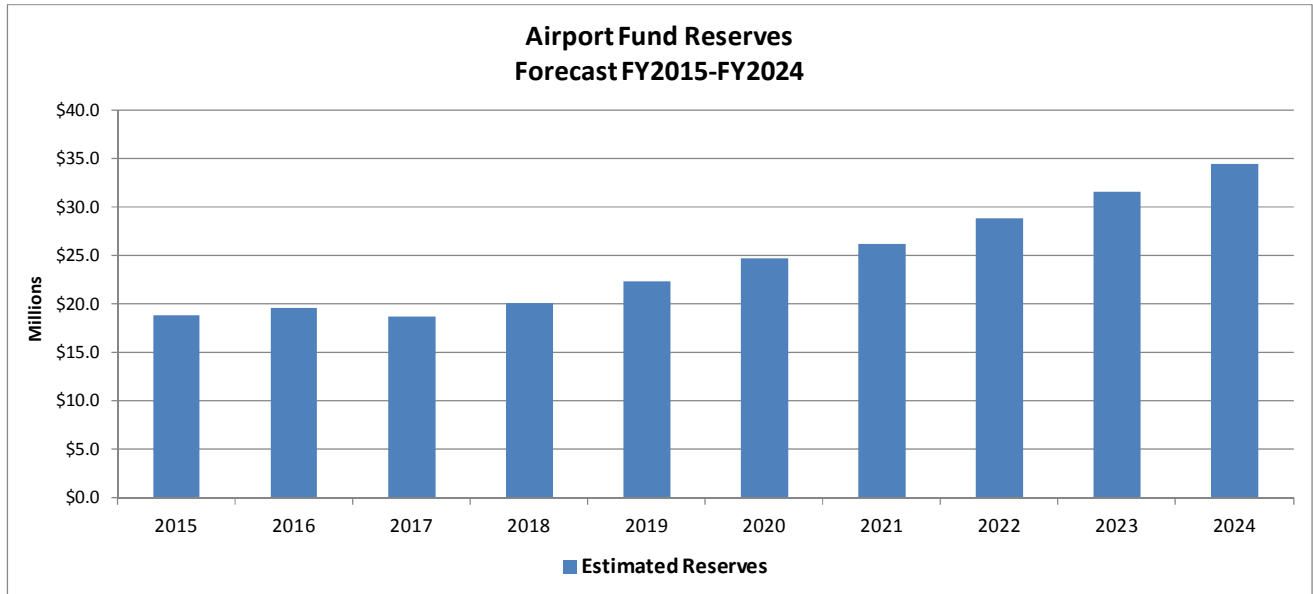
AIRPORT FUND



Reserves

The total reserve level in the Airport Revenue and Operating fund is budgeted at \$15.0M (44.7%) for FY2014. This reserve level is the result of the Airport building reserves over the past several years resulting from annual operating profits being achieved due to increased passenger airline service. This allowed the Airport to save and build-up its reserves. These reserves are available in the event of unanticipated revenue shortfalls as well as, to support future capital funding needs. When total airport expenditures (both operating and capital) in a given year are shown as exceeding total revenues (both operating and capital), the difference is supported by drawing down accumulated reserves. This drawdown of reserves is only used for funding of CIP projects. 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.

AIRPORT FUND



Ten-Year Forecast

Key Assumptions

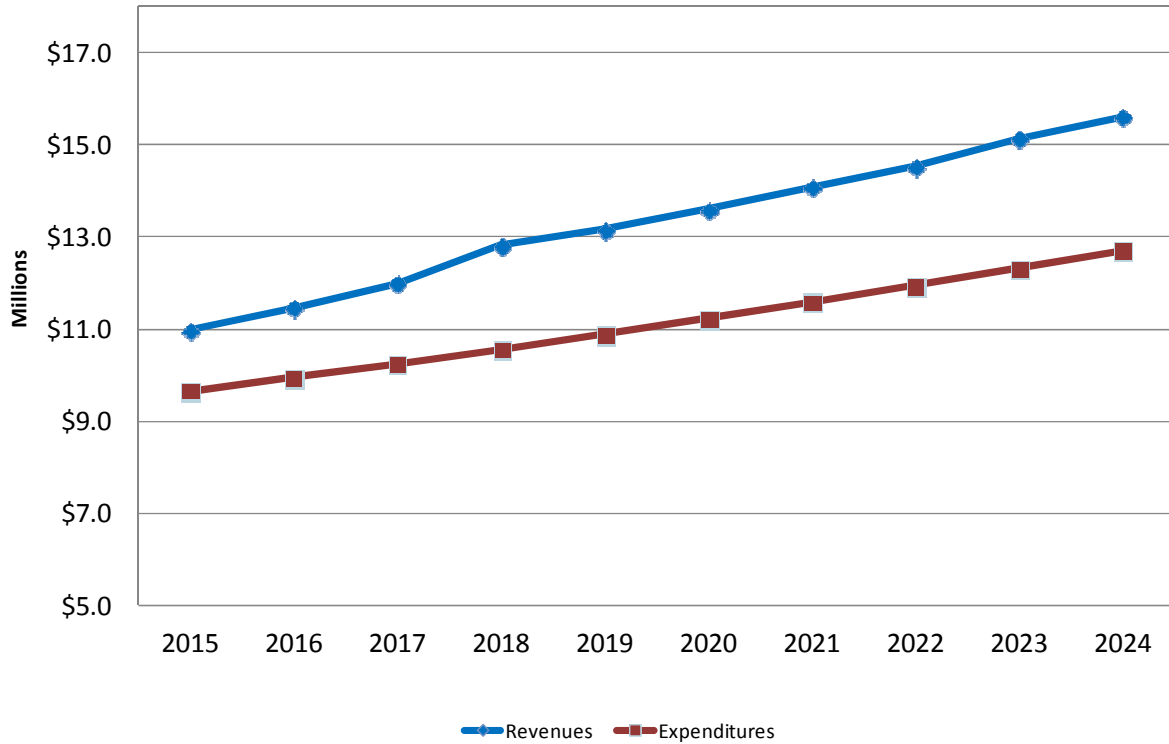
The key assumptions for the ten-year forecast are based on the following:

- Based on forecast service levels of Allegiant Airlines, the Airport is also projecting an average operating profit of approximately \$1 million plus per year for FY2014–FY2024
- Operating revenues and expenditures assume the following:
 - FY2014 – Estimated at 1,115,000 total passengers
 - FY2015–FY2024 – 3.8% average annual passenger growth which equates to two new cities served. Average annual passenger growth is 42,000 total passengers
- Conservative assumptions based on the following:
 - Stable five-year history with consistent growth
 - Average annual passenger growth over the last five years is 4.1%
 - New Allegiant Airlines agreement approved by the Board – October 2013
 - Six new cities added in FY2014 by Allegiant
 - Two new cities each year thereafter
 - If needed in the future, expenditures will be adjusted to reflect changes in airline service and revenues

No significant 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, resulting in forecast annual operating profits of \$1 million plus.

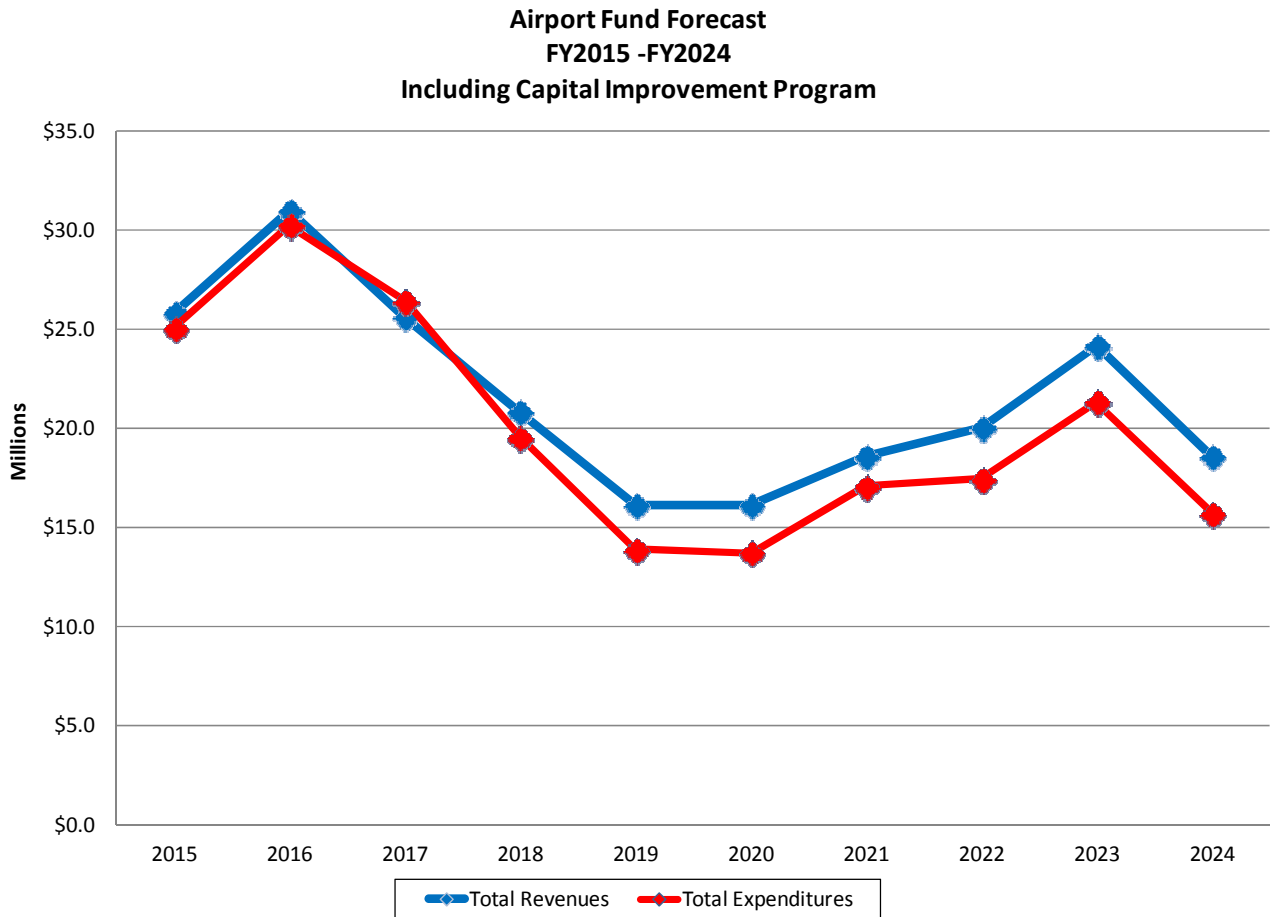
AIRPORT FUND

Airport Fund Forecast FY2015 - FY2024 Excluding Non-Recurring Revenues and Expenditures



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

AIRPORT FUND



Key Results

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

The fluctuations in total revenues and expenditures are 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 grants are not available, then 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 dependence on one very successful airline, Allegiant Airlines. Operating revenues could increase if the airport were to attract additional passenger airline service. New passenger service with an increase of 250,000 airline passengers could provide over \$1M in additional income without a significant increase in operating expenses.

Increases in rental/lease income will result when current leases and agreements are renewed and rate base formula escalations occur.

AIRPORT FUND

Also, 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.

Balancing Strategies

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

AIRPORT FUND FORECAST

Fund 4001

Forecast Assumptions											
REVENUES											
Airfield/Flight Lines	1.3%	2.9%	5.2%	1.4%	1.2%	1.5%	2.1%	2.3%	1.6%	1.3%	
Rents/Leases/Concessions	5.7%	5.1%	3.3%	7.0%	2.9%	3.6%	3.8%	3.3%	4.7%	3.3%	
Capital Contributions	172.2%	67.6%	31.2%	-30.4%	-41.2%	-62.5%	-16.7%	80.0%	22.2%	63.6%	
Interest	0.5%	0.5%	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
EXPENDITURES											
Personal Services	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	
Operating Expenses	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Capital Outlay	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Grants & Aids	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Projected Economic Conditions / Indicators:											
Consumer Price Index, % change	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
FL Per Capita Personal Income Growth	2.3%	2.1%	2.7%	2.5%	2.0%	1.9%	1.4%	1.3%	1.5%	1.5%	

AIRPORT FUND FORECAST

Fund 4001

	Actual 2013	Budget 2014	FORECAST										
			Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024
BEGINNING FUND BALANCE													
REVENUES													
Airfield/Flight Lines *	2,545.2	2,586.1	2,766.5	2,801.1	2,880.9	3,031.0	3,072.5	3,108.2	3,154.8	3,219.5	3,294.5	3,345.5	3,390.4
Rents/Leases/Concessions *	6,153.0	7,439.1	7,557.3	7,989.6	8,398.6	8,676.6	9,280.5	9,548.7	9,893.5	10,270.4	10,613.4	11,113.3	11,482.3
New Property Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants-Operating	265.0	201.9	87.6	89.4	91.1	93.0	94.8	96.7	98.7	100.6	102.6	104.7	104.7
Capital Contributions	10,164.2	3,265.4	8,890.0	14,900.0	19,550.0	13,600.0	8,000.0	3,000.0	2,500.0	4,500.0	5,500.0	9,000.0	3,000.0
Interest	88.9	46.3	93.6	89.9	94.0	195.7	374.5	399.8	445.1	492.4	522.5	574.4	630.7
Other revenues	1.9	80.9	1.9	1.9	2.0	2.0	2.1	2.1	2.1	2.2	2.2	2.3	2.3
-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	19,218.2	13,619.7	19,396.9	25,871.9	31,016.7	25,598.3	20,824.4	16,155.5	16,094.2	18,585.1	20,035.3	24,140.2	18,610.4
52%	-	-28%	42%	33%	20%	-17%	-19%	-22%	0%	15%	8%	20%	-23%
TOTAL RESOURCES	32,908.1	27,309.7	36,272.9	43,859.3	49,814.6	45,166.9	39,548.4	36,144.0	38,349.9	43,207.1	46,162.5	52,858.5	50,147.3
EXPENDITURES													
Personal Services	4,325.3	4,130.8	4,431.9	4,622.5	4,821.2	5,028.6	5,244.8	5,470.3	5,705.5	5,950.9	6,206.8	6,473.6	6,752.0
Operating Expenses **	4,239.5	3,632.5	4,636.5	4,715.3	4,804.9	4,896.2	4,994.1	5,094.0	5,195.9	5,299.8	5,405.8	5,513.9	5,624.2
Capital Outlay	145.1	190.1	135.0	137.3	139.9	142.6	145.4	148.3	151.3	154.3	157.4	160.5	163.8
Full Cost Allocation	511.1	511.1	488.2	470.5	472.9	477.6	487.2	496.9	506.9	517.0	527.3	537.9	548.6
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-recurring CIP expenditures	12,360.0	2,371.2	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	3,000.0
Expenditure Lapse 3% ***	-	-	(276.1)	(284.3)	(293.0)	(302.0)	(311.5)	(321.4)	(331.6)	(342.1)	(353.1)	(364.4)	(376.2)
TOTAL EXPENDITURES	21,581.0	10,835.7	18,285.5	25,061.4	30,246.0	26,442.9	19,560.0	13,888.2	13,728.0	17,079.8	17,444.2	21,321.5	15,712.4
88%	-	-39%	69%	37%	21%	-13%	-26%	-29%	-1%	24%	2%	22%	-26%
ENDING FUND BALANCE	11,327.1	16,474.0	17,987.4	18,797.9	19,568.6	18,724.0	19,988.5	22,255.8	24,621.9	26,127.2	28,718.3	31,537.0	34,434.9
ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS													
Ending balance as % of Resources	34%	60%	50%	43%	39%	41%	51%	62%	64%	60%	62%	60%	69%
TOTAL REQUIREMENTS	32,908.1	27,309.7	36,272.9	43,859.3	49,814.6	45,166.9	39,548.4	36,144.0	38,349.9	43,207.1	46,162.5	52,858.5	50,147.3
REVENUE minus EXPENDITURES	(2,362.8)	2,784.0	1,111.4	810.5	770.7	(844.6)	1,264.5	2,267.3	2,366.2	1,505.3	2,591.1	2,818.6	2,897.9
note: non-recurring CIP expenditures non-recurring rev/(capital contrib)	12,360.0	2,371.2	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	3,000.0
net recurring rev- exp	(10,164.2)	(3,265.4)	(8,890.0)	(14,900.0)	(19,550.0)	(13,600.0)	(8,000.0)	(3,000.0)	(2,500.0)	(4,500.0)	(5,500.0)	(9,000.0)	(3,000.0)
	(167.0)	1,899.8	1,111.4	1,310.5	1,520.7	1,755.4	2,264.5	2,267.3	2,366.2	2,505.3	2,591.1	2,818.6	2,897.9

* Operating Revenues are forecast at 100%

** Operating Expenses net of Full Cost Allocation

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

AIRPORT FUND



WATER FUNDS

Description

The Pinellas County Water System is responsible for providing quality, cost effective potable water service to County retail and wholesale customers. The Water System must adhere to State and Federal laws, rules and regulations while operating and maintaining this delivery system. The Water System is continually being upgraded to provide customers with a safe and sufficient water supply for domestic needs as well as an ample supply for fire protection. The Water System also continues to educate its customers on important water conservation issues.

The Water Funds are enterprise funds, and are committed solely to support Water System functions. The Pinellas County Water System utilizes four funds: Revenue and Operating, Renewal and Replacement (capital), Water Certificate, and Impact Fees. This forecast covers all four funds.

Summary

The forecast for the Water System Funds shows that the multi-year rate increases approved as part of the FY2012 budget process will provide sufficient revenues to maintain reserves and fund capital replacement needs through FY2015. The forecast revenues include an additional 2% annual increase in rates from FY2016 through FY2024, as recommended in the FY2012 Utilities Rates Study performed by Burton & Associates, the County's independent utility rates consultant. These adjustments have not been formally adopted by the BCC. The Department of Environment and Infrastructure will perform a comprehensive rate study in FY2014 to analyze the future rate structure. In FY2015, FY2017, FY2018 and FY2019, recurring expenditures will exceed recurring revenues as fund balance is used to complete major capital projects. From FY2015 through FY2024, excluding FY2015, FY2017, FY2018, and FY2019, the Water Funds are structurally balanced.

Revenues

The Water Funds are projected to generate revenues in FY2014 totaling \$86.5 million. The Water Funds have two primary funding sources: retail water sales of \$64.9 million and wholesale water sales of \$16.3 million.

Retail Water Sales

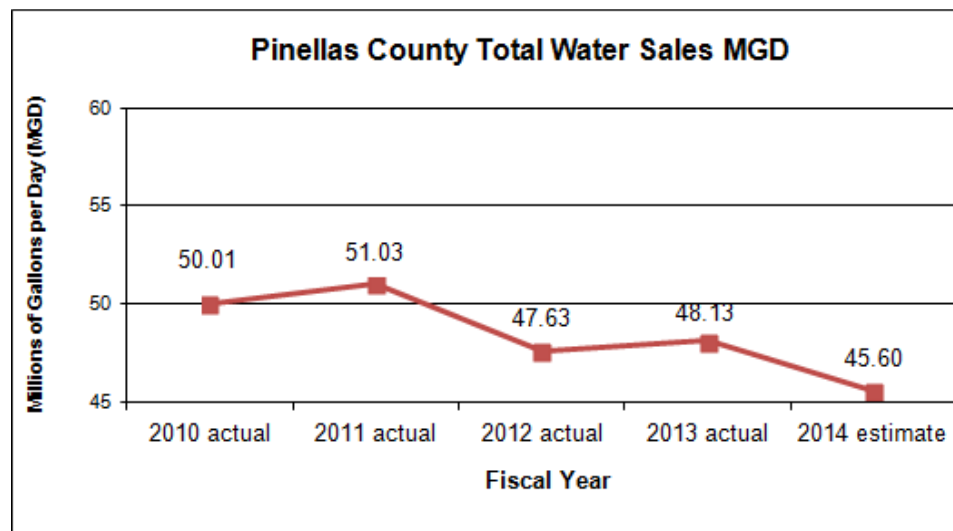
The Water System charges \$5.35 per month base rate, an increase of \$1.00 from FY2013, and \$4.78 per 1,000 gallons for retail water service. In FY2015, an additional base rate increase of \$1.00 will go into effect for a base rate of \$6.35. The customer base for retail water sales are both commercial and residential properties in the Pinellas County Water service area. The volume of water purchased has declined 6.0% from FY2009 to FY2013. The amount of water purchased can be affected by economic conditions, housing and commercial vacancies, and levels of conservation.

WATER FUNDS

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, Oldsmar, Belleair and Pinellas Park. The volume of water purchased has declined 21% from FY2009 to FY2013, which can be attributed to the development of independent water sources by wholesale customers and the same economic and conservation pressures seen in retail water sales. During FY2013, Oldsmar substantially reduced their purchase of water from Pinellas County.

The graph below shows the recent history of the volume of total 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 \$115.9 million. The primary expenditures in the fund are \$46.6 million for the purchase of water, \$14.9 million for personal services, \$15.1 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.

WATER FUNDS

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.

Personal Services

The Water System employs 198 full-time employees in FY2014. The Personal Services expenses of \$14.9 million are for the salaries and benefits of those positions needed to operate the Water System. Water System benefits include the \$1.3 million cost of Other Post Employment Benefits (OPEB), as proprietary funds are required by GASB #45 to record the entire annual required contribution (ARC) accrual.

Operating Expenses

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

Reserves

The reserve level in the Water System is 15% in FY2014, which meets 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

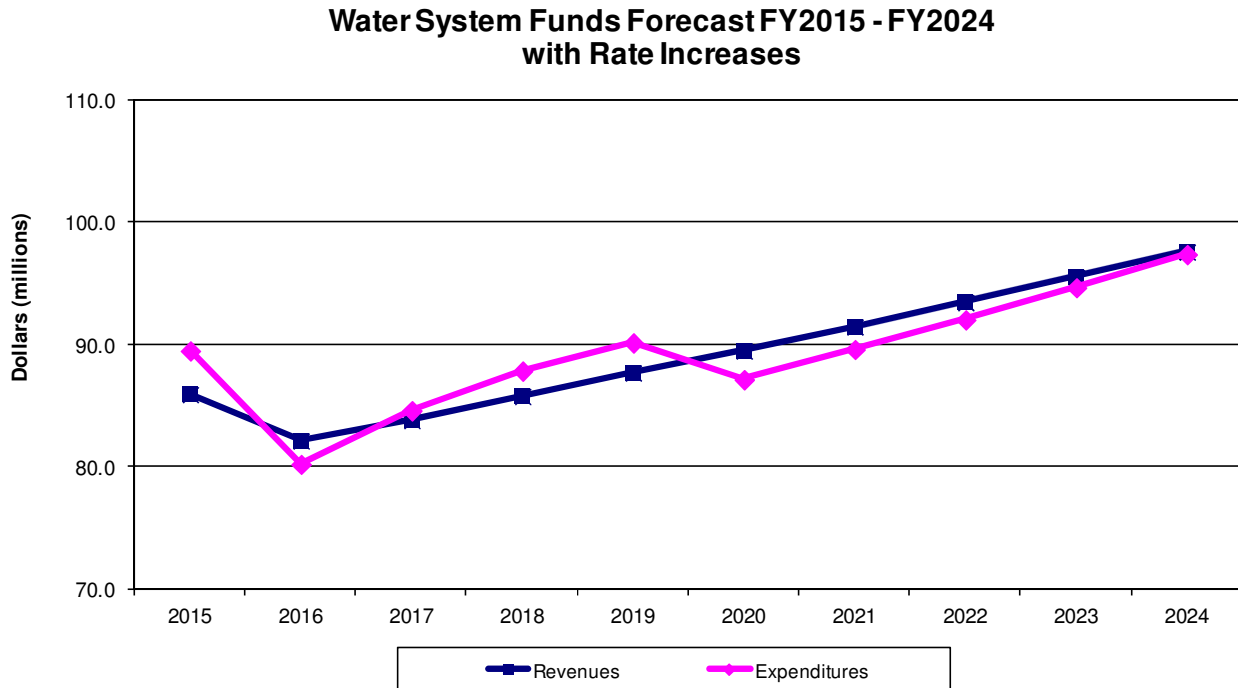
Key Assumptions

Due to the reduction in wholesale demand and expected slow growth in the economy, the forecast assumes a 6.0% decrease in revenue in FY2014 and a 5.0% increase in FY2015. In FY2016 revenues return to negative growth, with a 4.0% decrease. FY2017 to FY2024 are projected to increase 2.0% per year. The wholesale water demand projections reflect a decline in revenues in FY2015 and FY2016 due to the projected loss of sales of two cities (Clearwater and Tarpon Springs), 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 7.0% respectively for FY2014 and FY2015; both are projected to increase 5.0% and 7.0% 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. The increase in expenditures for FY2017 through FY2019 is anticipated to support capital outlay water line projects with Florida Department of Transportation (FDOT).

To balance revenues with projected expenditures, the forecast includes future rate increases that will be necessary for both retail and wholesale rates. Burton & Associates, the Office of Management and Budget, and Economics Independent Consultants computed that rate increases for FY2016 through FY2024 are needed at 2.0% per year, based on a blend of growth

WATER FUNDS

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 FY2015, FY2017, FY2018 and FY2019, recurring expenditures will exceed recurring revenues as fund balance is drawn down to complete major capital projects. From FY2015 through FY2024, excluding the Fiscal Years with the higher anticipated capital expenditures, 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.

WATER FUNDS

Balancing Strategies

With the multi-year rate increases approved during the FY2012 budget process and future rate increases as recommended by Burton & Associates, the Water System is balanced over the forecast period. With the exception of FY2015, FY2017, FY2018, and FY2019 when large capital improvements are needed, revenues will be sufficient to cover projected expenditures and maintain sufficient reserves each year during the forecast period.

WATER FUNDS FORECAST
Fund 4031, 4033, 4034 & 4036

Forecast Assumptions										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Water Sales-Retail *	4.7%	2.0%	2.1%	2.2%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Water Sales-Wholesale *	-16.3%	-37.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Other revenues	-18.6%	-1.1%	-2.7%	-0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EXPENDITURES										
Personal Services	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Operating Expenses	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
Purchase of Water **	-9.2%	-9.2%	1.1%	0.5%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%
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	1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
FL Per Capita Personal Income Growth	2.3%	2.1%	2.7%	2.5%	2.0%	1.9%	1.4%	1.3%	1.5%	1.5%

* 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

	Actual 2013	Budget 2014	FORECAST (@100%)										
			Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024
BEGINNING FUND BALANCE													
REVENUES													
Water Sales - Retail	62,348.8	58,832.7	64,948.9	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	82,868.4
Water Sales - Wholesale	18,072.7	14,758.0	16,324.2	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	10,044.6
Interest	167.3	206.2	217.0	158.2	140.4	299.8	583.4	615.9	674.5	720.7	756.1	777.1	799.8
Other Revenues	6,072.6	4,779.2	5,030.7	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	3,909.8
95% of revenues FY14			(4,925.1)										
TOTAL REVENUES	86,661.4	78,576.0	81,595.7	85,940.0	82,143.3	83,817.8	85,786.3	87,705.0	89,508.8	91,474.1	93,469.1	95,518.8	97,599.9
% vs prior year			-6%	5%	-4%	2%	2%	2%	2%	2%	2%	2%	2%
TOTAL RESOURCES													
	134,938.2	115,916.4	129,622.0	117,588.6	110,216.0	113,796.2	114,957.0	114,795.3	114,143.4	118,454.1	122,296.1	125,761.9	128,683.7
EXPENDITURES													
Personal Services	12,299.0	13,538.4	13,538.4	14,120.5	14,727.7	15,361.0	16,021.5	16,710.5	17,429.0	18,178.5	18,960.1	19,775.4	20,625.8
OPEB	1,186.2	1,333.3	1,333.3	1,390.6	1,450.4	1,512.8	1,577.8	1,645.7	1,716.4	1,790.3	1,867.2	1,947.5	2,031.3
Operating Expenses	8,697.7	5,957.6	5,957.6	6,058.9	6,174.0	6,291.3	6,417.2	6,545.5	6,676.4	6,816.6	6,952.9	7,092.0	7,233.8
Purchase of Water	47,096.5	46,600.0	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	44,661.1	45,867.0
Power	1,548.4	1,897.5	1,897.5	1,897.5	1,992.4	2,092.0	2,196.6	2,306.4	2,421.7	2,542.8	2,670.0	2,803.5	2,943.6
Chemicals	693.5	823.5	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	1,619.9
Grants & Aids	916.1	959.3	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	1,546.9
Cost Allocation	6,415.6	5,469.8	5,469.8	5,562.8	5,668.5	5,776.2	5,891.7	6,009.5	6,129.7	6,258.4	6,383.6	6,511.3	6,641.5
Expenditure Lapse*	-		(765.8)	(731.4)	(703.3)	(718.9)	(733.0)	(756.2)	(780.4)	(805.3)	(831.1)	(857.6)	(885.1)
Debt Service	1.2	10.0	10.0										
Capital Equipment	571.1	250.3	747.3	260.6	260.6	260.6	260.6	260.6	260.6	260.6	260.6	260.6	260.6
Capital Outlay	7,486.6	21,402.5	21,402.5	16,845.8	10,354.9	13,190.6	15,036.1	15,036.1	9,638.9	9,638.9	9,511.0	9,511.0	9,511.0
TOTAL EXPENDITURES	86,911.9	98,242.2	97,973.4	89,516.0	80,237.6	84,625.4	87,866.7	90,160.7	87,163.3	89,627.1	92,053.0	94,678.1	97,396.3
% vs prior year	-1%		17%	-9%	-10%	5%	4%	3%	-3%	3%	3%	3%	3%
TOTAL ENDING FUND BALANCE													
	48,026.3	17,674.2	31,648.6	28,072.6	29,978.3	29,170.7	27,090.3	24,634.5	26,980.1	28,827.0	30,243.1	31,083.8	31,287.3
Ending balance as % of Resources	36%	15%	24%	24%	27%	26%	24%	21%	24%	24%	25%	25%	24%
TOTAL REQUIREMENTS													
	134,938.2	115,916.4	129,622.0	117,588.6	110,216.0	113,796.2	114,957.0	114,795.3	114,143.4	118,454.1	122,296.1	125,761.9	128,683.7
REVENUE minus EXPENDITURES													
(NOT cumulative)	(250.5)	(19,666.2)	(16,377.7)	(3,576.0)	1,905.7	(807.6)	(2,080.4)	(2,455.7)	2,345.5	1,846.9	1,416.1	840.7	203.5

* 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.
Estimated revenues forecasted at 100%.

WATER FUNDS



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% annual increase in rates from FY2016 through FY2024, as recommended in the FY2012 Utilities Rates Study performed by Burton & Associates, the County's independent utility rates consultant. These adjustments have not been formally adopted by the BCC. The Department of Environment and Infrastructure will perform a comprehensive rate study in FY2014 to analyze the future rate structure. In FY2014, recurring expenditures will exceed recurring revenues as fund balance is drawn down as major capital projects are completed. From FY2015 through FY2024, the Sewer Funds are structurally balanced as recurring expenditures are in line with recurring revenues.

Revenues

The Sewer Funds are projected to generate revenues in FY2014 totaling \$69.1 million. The Sewer Funds have four primary funding sources: retail sewer charges of \$53.9 million, wholesale sewer charges of \$9.0 million, retail reclaimed water charges of \$4.2 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. 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

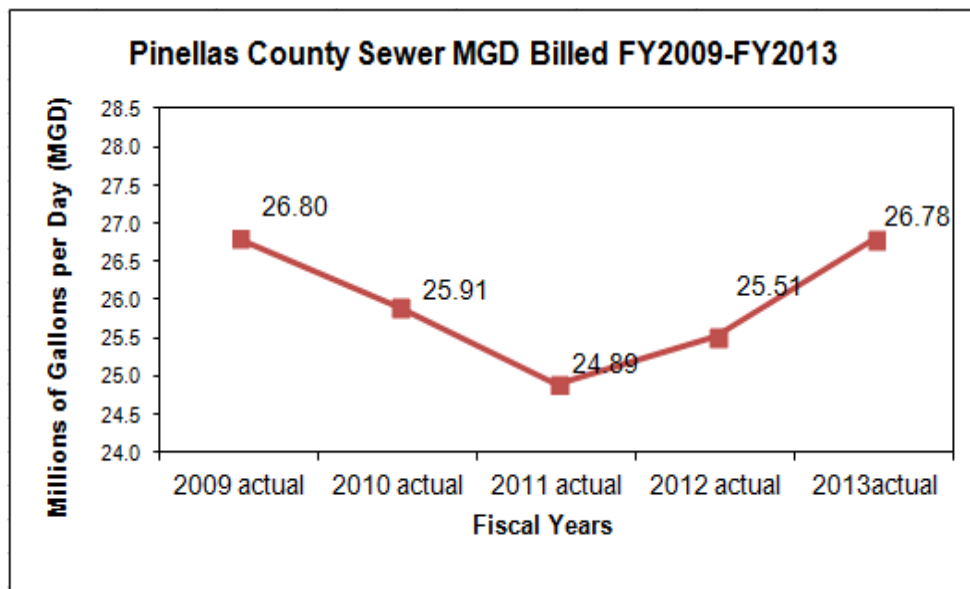
SEWER FUNDS

6% increase in FY2012, 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 \$3.8333 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. 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 \$11.00 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 \$17.00 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.

SEWER FUNDS

Wholesale Reclaimed Water Charges

The Reclaimed Water System charges volumetric rates by contract for wholesale reclaimed water service. Wholesale customers are four cities within Pinellas County that purchase reclaimed water service from the Reclaimed Water System in bulk and distribute it to their retail customers. The cities of St. 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 \$96.4 million. The primary expenditures in the funds are \$17.7 million for personal services costs, \$23.7 million for operating expenses, \$14.5 million for debt service, \$12.7 million for capital outlay, and \$27.8 million in reserves.

Personal Services

The Sewer System employs 231 full-time employees in FY2014. The Personal Services expenses of \$17.7 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 \$174.0 million of bond principal outstanding as of September 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 FY2029, the debt service requirement is between \$10.8 million and \$14.6 million. From FY2030 through FY2033, debt service payments fall to between \$4.9 million and \$5.3 million. The bonds mature between 2017 and 2033.

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.

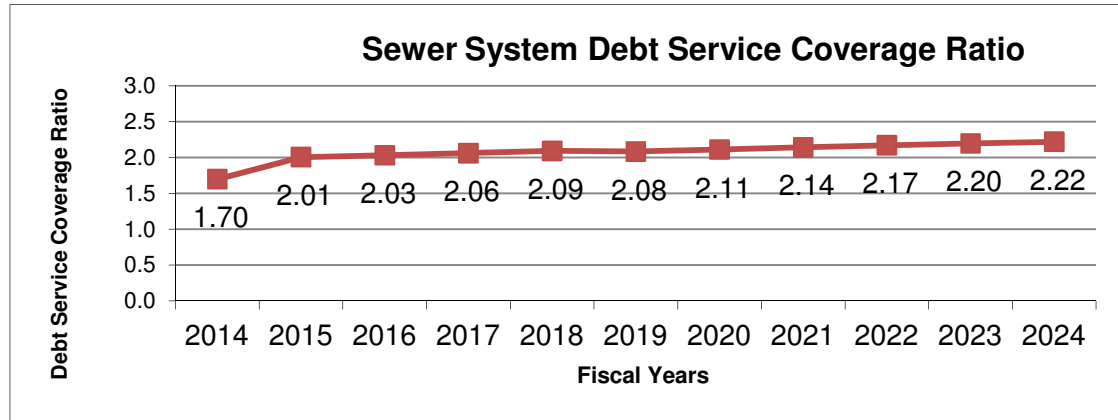
Capital Outlay

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.

SEWER FUNDS

Reserves

The reserve level in the Sewer System is 28.8%, 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

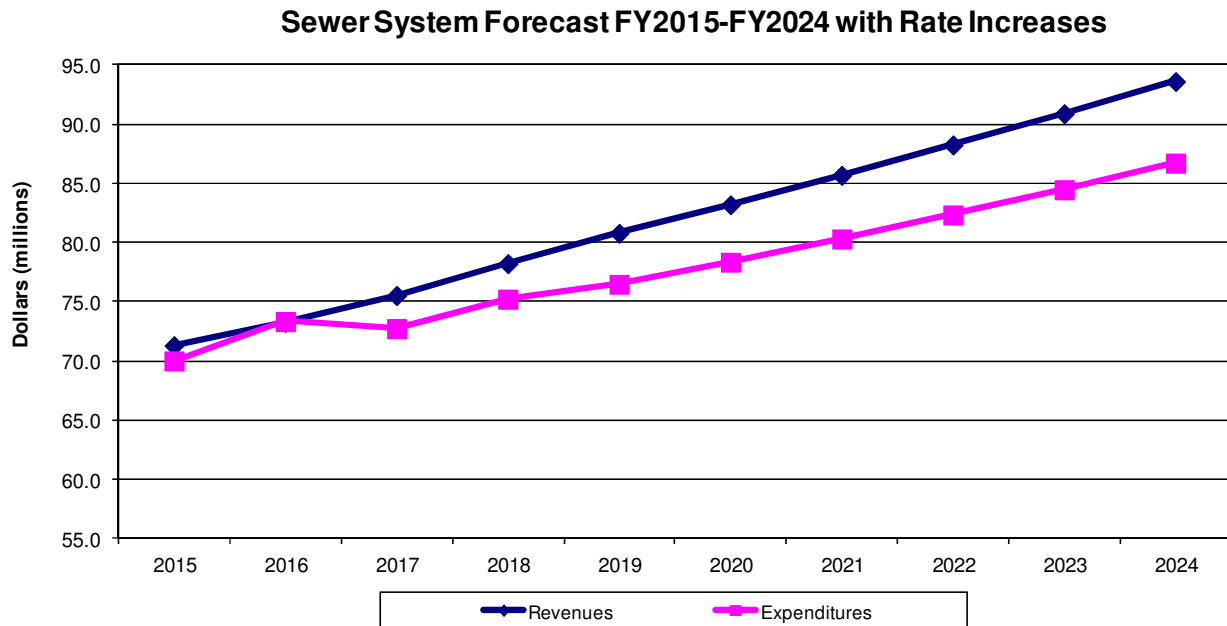
Ten-Year Forecast

Key Assumptions

The forecast assumes a 7.0% increase in revenue in FY2015 compared to FY2014. 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 7.0% respectively for FY2014 & FY2015; both are projected to increase 5.0% and 7.0% 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, the Office of Management and Budget, 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: 6.0% each year FY2012–FY2015 for retail sewer; and 9.0% 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–FY2015. These multi-year rates were approved by the Board of County Commissioners in September, 2011. Included in the forecast are rate increases for FY2016 through FY2023, as recommended in the FY2012 Utilities Rate Study by Burton & Associates, assumed at 2.75% annually, 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.

SEWER FUNDS



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 FY2024, 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 could 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		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES											
Sewer Charges - Retail *		6.0%	2.8%	2.8%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Sewer Charges - Wholesale *		-6.6%	2.8%	2.8%	2.9%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Reclaimed - Retail *		8.2%	2.7%	2.8%	2.7%	2.8%	2.7%	2.8%	2.7%	2.8%	2.7%
Reclaimed - Wholesale *		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other revenues		-60.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EXPENDITURES											
Personal Services		4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Operating Expenses		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
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		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
FL Per Capita Personal Income Growth		2.3%	2.1%	2.7%	2.5%	2.0%	1.9%	1.4%	1.3%	1.5%	1.5%

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

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

	Actual 2013	Budget 2014	FORECAST (@100%)										
			Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024
BEGINNING FUND BALANCE													
REVENUES													
Sewer Charges - Retail	51,724.2	48,775.3	53,992.8	57,232.3	58,806.2	60,458.7	62,193.9	64,016.1	65,891.4	67,821.5	69,808.0	71,832.4	73,915.5
Sewer Charges - Wholesale	8,634.1	9,020.7	9,020.7	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	10,927.0
Reclaimed - Retail	4,027.5	3,505.6	4,269.2	4,618.3	4,745.3	4,875.8	5,009.8	5,147.6	5,289.2	5,434.6	5,584.1	5,740.4	5,895.4
Reclaimed - Wholesale	295.2	318.2	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7	332.7
Interest	155.9	245.7	258.6	246.2	252.7	504.6	1,065.2	1,406.6	1,514.4	1,635.6	1,769.9	1,917.6	2,078.0
Other Revenues***	1,939.2	1,202.1	1,265.4	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6	498.6
95% of revenues FY14			(3,319.3)										
TOTAL REVENUES	66,776.0	63,067.5	65,819.9	71,356.8	73,296.0	75,575.3	78,263.0	80,836.3	83,241.0	85,726.0	88,292.9	90,930.4	93,647.2
% vs prior year	9%		-1%	8%	3%	3%	4%	3%	3%	3%	3%	3%	3%
TOTAL RESOURCES													
	118,699.0	96,395.8	118,086.9	120,600.8	123,844.0	126,034.0	131,523.6	137,101.4	143,816.3	151,150.3	159,088.6	167,635.6	176,767.7
EXPENDITURES													
Personal Services	14,905.8	16,330.1	16,330.1	17,032.2	17,764.6	18,528.5	19,325.2	20,156.2	21,022.9	21,926.9	22,869.8	23,853.2	24,878.9
OPER	1,299.2	1,352.4	1,352.4	1,410.6	1,471.3	1,534.5	1,600.5	1,669.3	1,741.1	1,816.0	1,894.1	1,975.5	2,060.5
Operating Expenses	10,980.3	11,605.1	11,605.1	11,802.4	12,026.7	12,255.2	12,500.3	12,750.3	13,005.3	13,278.4	13,544.0	13,814.9	14,091.2
Power	4,199.3	5,378.9	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	8,721.1
Chemicals	2,892.9	3,668.1	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	7,215.8
Cost Allocation	4,936.4	4,050.1	4,050.1	4,118.9	4,197.2	4,276.9	4,362.5	4,449.7	4,538.7	4,634.0	4,726.7	4,821.2	4,917.7
Expenditure Lapse**	-	(423.8)	(423.8)	(436.7)	(453.1)	(470.2)	(488.2)	(507.1)	(526.8)	(547.5)	(569.1)	(591.6)	(615.1)
Transfer from Water	(916.1)	(959.3)	(959.3)	(919.8)	(970.4)	(1,021.8)	(1,078.2)	(1,139.7)	(1,203.8)	(1,293.7)	(1,376.7)	(1,459.3)	(1,546.9)
Debt Service	14,003.0	14,469.2	14,469.2	14,362.7	14,359.0	14,337.8	14,316.8	14,581.8	14,589.0	14,559.4	14,540.8	14,527.9	14,518.4
Capital Equipment	818.8	561.7	1,254.1	398.7	398.7	398.7	398.7	398.7	398.7	398.7	398.7	398.7	398.7
Capital Outlay	13,312.4	12,131.0	12,117.9	12,980.0	14,744.0	12,510.0	13,286.0	12,484.0	12,484.0	12,484.0	12,484.0	12,484.0	12,484.0
TOTAL EXPENDITURES	66,431.9	68,587.4	68,842.8	70,052.9	73,385.4	72,773.4	75,258.5	76,526.1	78,392.0	80,354.6	82,383.3	84,515.2	86,747.5
% vs prior year	13%		4%	2%	5%	-1%	3%	2%	2%	3%	3%	3%	3%
TOTAL ENDING FUND BALANCE													
	52,266.9	27,808.4	49,244.0	50,548.0	50,458.6	53,260.5	56,265.1	60,575.3	65,424.3	70,795.7	76,705.3	83,120.5	90,020.2
Ending balance as % of Resources	44%	28.8%	42%	42%	41%	42%	43%	44%	45%	47%	48%	50%	51%
TOTAL REQUIREMENTS													
	118,698.9	96,395.8	118,086.9	120,600.8	123,844.0	126,034.0	131,523.6	137,101.4	143,816.3	151,150.4	159,088.6	167,635.6	176,767.6
Debt Service Coverage	2.02		1.70	2.01	2.03	2.06	2.09	2.08	2.11	2.14	2.17	2.20	2.22
REVENUE minus EXPENDITURES													
	344.1	(5,519.9)	(3,022.9)	1,303.9	(89.4)	2,801.9	3,004.6	4,310.3	4,849.0	5,371.4	5,909.6	6,415.2	6,899.7
(NOT cumulative)													

* 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.
 Estimated revenues forecasted at 100%.

SEWER FUNDS



SOLID WASTE FUNDS

Description

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

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

Summary

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

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

Revenues

The Solid Waste Funds are projected to generate revenues in FY2014 totaling \$93.5 million. The Solid Waste Funds consist almost exclusively of two primary funding sources: tipping fees of \$33.8 million and electricity sales of \$52.7 million.

Tipping Fees

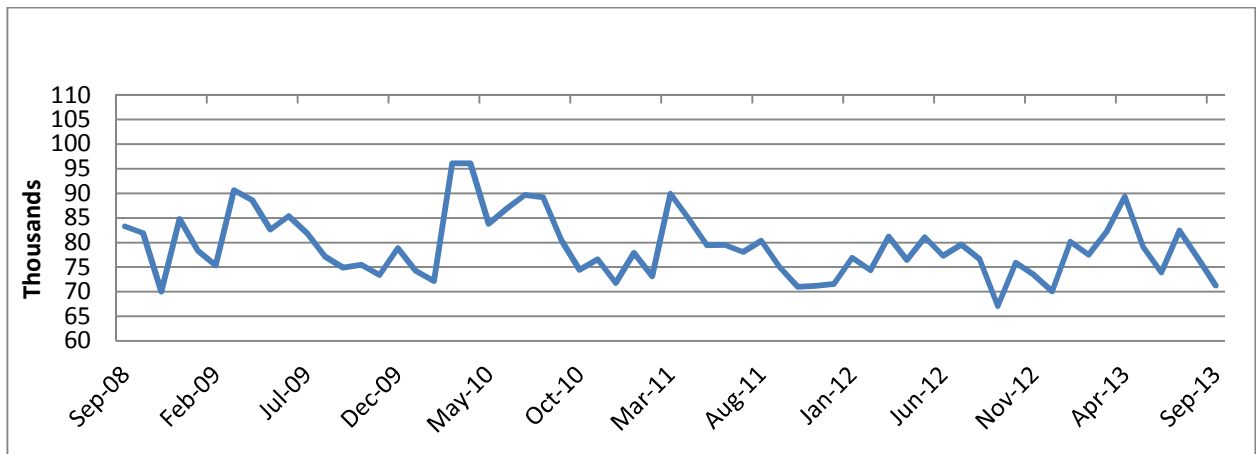
Solid Waste charges \$37.50 per ton for all waste brought to the Solid Waste Facility. The rate has not changed since 1988, and no rate increase is proposed for FY2014; however a rate study will be conducted by an outside consultant for the period of time through FY2030. The volume of waste brought to 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 Duke 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 Duke Energy. This revenue stream is affected by the amount of waste received by the plant and the operating capacity of the plant. Due to slow growth in the economy and no planned increases in plant capacity for the next ten years, this revenue is forecast to increase by 0.5% per year from FY2014 through FY2023.

SOLID WASTE FUNDS

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 \$270.4 million. The primary expenditures in the fund are \$29.8 million for the Waste-to-Energy service contract, \$10.8 million for the landfill service contract, and \$41.4 million for capital investment. Budgeted reserves are \$141.1 million.

Waste-to-Energy Service Contract

Solid Waste is under contract with Green Conversion Systems LLC (GCS) to operate the Waste-to-Energy (WTE) plant. This contract expires in 2024, and has ten one-year extensions. The

SOLID WASTE FUNDS

stock of the parent company for the original contractor; Veolia ES Pinellas, Inc. was purchased by GCS in 2012.

In early FY2014, both Solid Waste Management and GCS reached mutual agreement in support of the County to begin the re-procurement process of the WTE service contract. Once re-procurement of services has been completed, an increase in operating and capital cost is anticipated in FY2015-FY2017.

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 service 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 87.9 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 52%, 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,

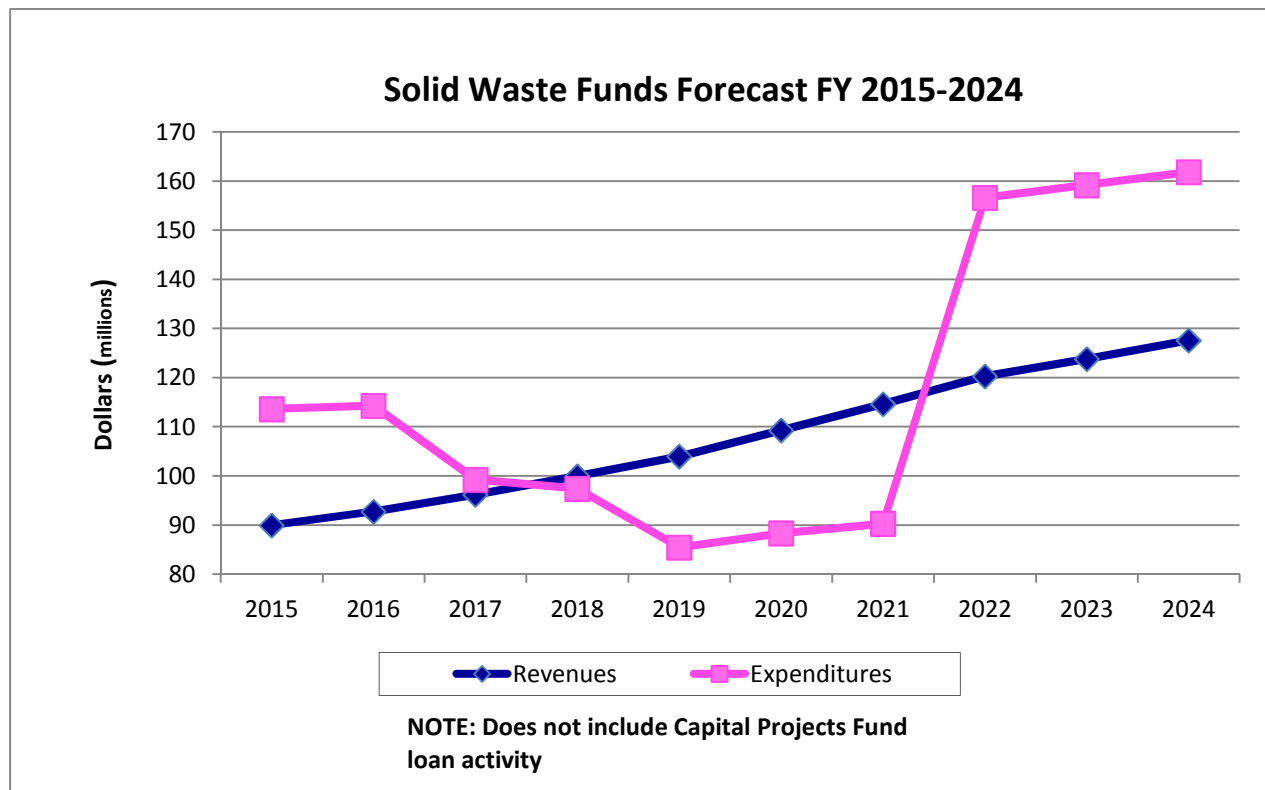
SOLID WASTE FUNDS

\$15.6 million for three months of operating expenses, and the remainder of \$107 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 period due to 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. 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.



Key Results

The forecast for the Solid Waste Funds shows that the forecasted revenues are sufficient to provide for the forecasted expenditures over the forecast period, 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 FY2017 through FY2021. In FY2014 through FY2016 and FY2022 through FY2024, expenditures reflect non-recurring costs associated with additional capital outlay improvements. The recurring revenues are sufficient to support recurring operations without

SOLID WASTE FUNDS

any increases in tipping fees. Reserves increase during the forecast period and reach the level of 74% of revenues in FY2021. The reserves are planned to fund considerable future capital replacement needs consistent with the Solid Waste 25-year plan beginning in FY2022 through the remainder of the forecast period.

Potential Risks

There are some impacts that can alter the ten-year forecast of the Solid Waste Funds. A decline in the economy could reduce the volume of 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 the years with anticipated high 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 FORECAST
Fund 4021 & 4023

Forecast Assumptions		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES											
Tipping Fees		0.0%	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		1.1%	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		4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Operating Expenses		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
WTE Service Fee		3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%	3.7%
Landfill Service Fee		1.9%	1.9%	1.9%	2.0%	2.0%	1.9%	1.9%	2.0%	2.0%	2.0%
HEC3 Costs		2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
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		1.7%	1.9%	1.9%	2.0%	2.0%	2.0%	2.1%	2.0%	2.0%	2.0%
FL Per Capita Personal Income Growth		2.3%	2.1%	2.7%	2.5%	2.0%	1.9%	1.4%	1.3%	1.5%	1.5%

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

SOLID WASTE FUNDS FORECAST
Fund 4021 & 4023

(In \$ thousands)			FORECAST @100%											
Actual 2013	Budget 2014	Estimated 2014	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024		
BEGINNING FUND BALANCE														
REVENUES														
		189,521.7	182,843.8	213,309.8	177,934.8	138,056.4	125,360.2	116,484.6	139,423.9	183,557.2	229,171.1	257,037.9	223,598.7	191,351.6
		33,915.7	32,119.5	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
		10,359.2	10,994.3	10,994.3	11,049.2	11,104.5	11,160.0	11,215.8	11,271.9	11,328.2	11,384.9	11,441.8	11,499.0	11,556.5
		39,244.3	39,650.7	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	77,361.8
		2,802.6	1,673.7	2,337.3	2,337.3	2,337.3	2,337.3	2,337.3	2,337.3	2,337.3	2,337.3	2,337.3	2,337.3	2,337.3
		529.5	1,459.2	1,459.2	889.7	690.3	1,253.6	2,329.7	3,485.6	4,588.9	5,729.3	6,425.9	4,783.8	4,783.8
		88.9	97.1	97.1	99.0	101.0	103.0	105.1	107.2	109.4	111.5	113.8	116.0	118.4
		26.3	71.3	75.0	114.7	114.2	124.2	108.4	65.4	3.8	0.0	0.0	0.0	0.0
		0.0	1,500.0	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	0.0
		0.0	0.0	5,000.0	5,000.0	5,000.0	5,000.0	20,000.0	20,000.0	19,000.0	0.0	0.0	0.0	0.0
		0.0	2,196.7											
		86,966.4	87,565.7	93,543.6	99,190.0	102,038.4	105,846.1	125,328.0	130,072.7	134,464.4	118,678.1	123,702.1	127,456.6	131,520.0
		% vs prior year			6%	3%	4%	18%	4%	3%	-12%	4%	3%	3%
TOTAL RESOURCES														
		276,488.1	270,409.5	306,853.4	277,124.7	240,094.8	231,206.4	241,812.7	269,496.5	318,021.5	347,849.2	380,740.0	351,055.2	322,871.5
EXPENDITURES														
		5,324.3	6,014.7	6,014.7	6,273.3	6,543.1	6,824.4	7,117.9	7,423.9	7,743.2	8,076.1	8,423.4	8,785.6	9,163.4
		489.6	509.6	509.6	531.5	554.4	578.2	603.1	629.0	656.1	684.3	713.7	744.4	776.4
		5,255.0	8,970.2	8,970.2	14,122.7	14,391.1	14,664.5	14,957.8	15,256.9	15,562.1	15,888.9	16,206.7	16,530.8	16,861.4
		25,005.7	29,843.8	29,843.8	30,948.0	32,093.0	33,280.5	34,511.9	35,788.8	37,113.0	38,486.2	39,910.2	41,386.8	42,918.1
		8,322.8	10,815.1	10,815.1	11,020.6	11,230.0	11,443.3	11,672.2	11,905.7	12,131.9	12,362.4	12,609.6	12,861.8	13,119.0
		1,246.1	2,049.1	2,049.1	2,096.2	2,144.4	2,193.7	2,244.2	2,295.8	2,348.6	2,402.6	2,457.9	2,514.4	2,572.2
		493.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0
		3,135.4	3,677.2	3,677.2	3,739.7	3,810.8	3,883.2	3,960.8	4,040.1	4,120.9	4,207.4	4,291.5	4,377.4	4,464.9
		215.0	1,361.2	1,578.8	1,026.0	1,026.0	1,026.0	1,026.0	1,026.0	1,026.0	1,026.0	1,026.0	1,026.0	1,026.0
		13,691.3	40,084.0	40,084.0	45,426.0	44,078.0	26,985.0	22,974.0	8,775.0	9,374.0	8,927.0	72,777.0	72,777.0	72,777.0
		0.0	25,500.0	25,500.0	25,000.0	0.0	15,000.0	4,500.0	0.0	0.0	0.0	0.0	0.0	0.0
		0.0	(623.8)	(623.8)	(692.3)	(712.7)	(733.7)	(755.7)	(778.4)	(801.8)	(826.1)	(851.1)	(877.0)	(903.8)
		63,178.2	129,324.9	128,918.6	139,068.3	114,734.6	114,721.8	102,388.7	85,939.4	88,850.4	90,811.3	157,141.4	159,703.8	162,351.4
		% vs prior year			8%	-17%	0%	-11%	-16%	3%	2%	73%	2%	2%
TOTAL ENDING FUND BALANCE														
		213,309.8	141,084.7	177,934.8	138,056.4	125,360.2	116,484.6	139,423.9	183,557.2	229,171.1	257,037.9	223,598.7	191,351.6	160,520.2
		77%	52%	58%	50%	52%	50%	58%	68%	72%	74%	59%	55%	50%
TOTAL REQUIREMENTS														
		276,488.0	270,409.5	306,853.4	277,124.7	240,094.8	231,206.4	241,812.7	269,496.5	318,021.5	347,849.3	380,740.0	351,055.2	322,871.4
		23,788.2	(41,759.1)	(35,375.0)	(39,878.3)	(12,696.3)	(8,875.6)	22,939.3	44,133.3	45,614.0	27,866.8	(33,439.3)	(32,247.1)	(30,831.4)
(NOT cumulative)														

* 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

