FUND REVIEWS & FORECAST PRO-FORMAS

The *Fund Reviews & Forecast Pro-Formas* portion of the Budget Forecast: FY16 – FY21 includes six-year forecasts for 10 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
- Surface Water Special Assessment Fund

Sections in Each Fund Forecast

The results of the six-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.
- Six-Year Forecast: Includes key assumptions in the forecast, a chart of the six-year forecast, and key results interpreted from the forecast chart.
- Potential Risks: Includes key factors that affect assumptions in the forecast over the forecast period.
- 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.

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; 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 9.0% of the total (net of reserves).

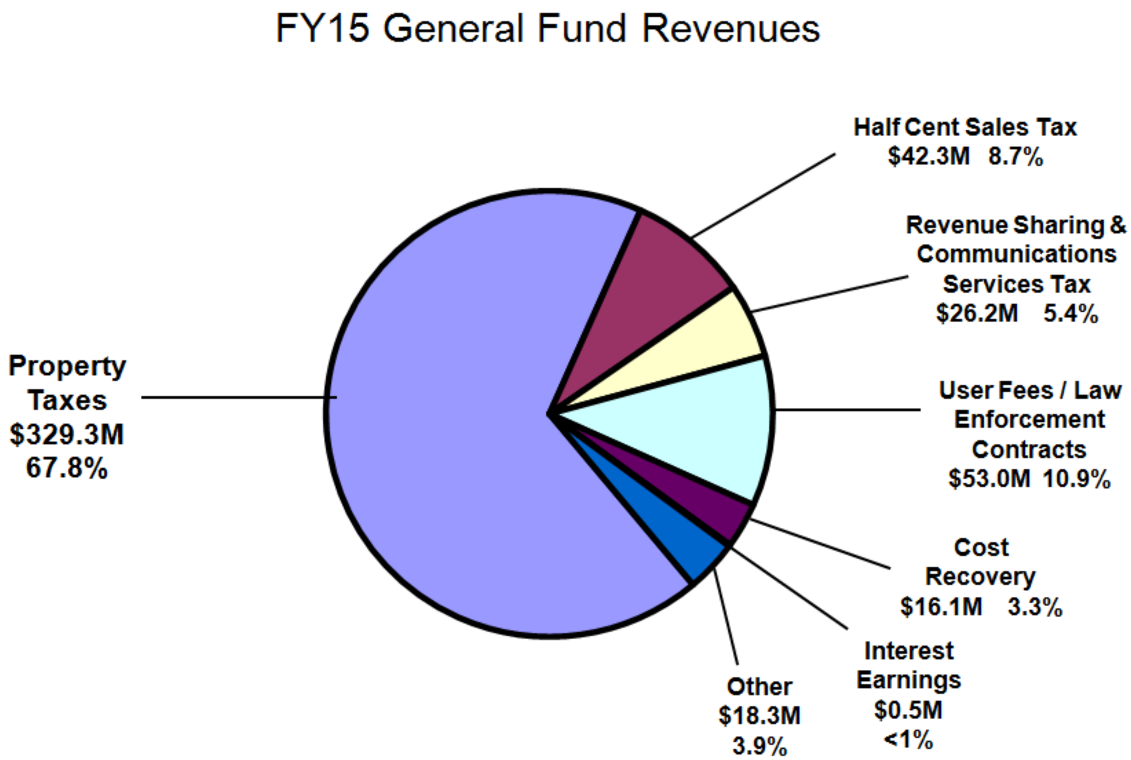
Summary

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 the General Fund is essentially balanced throughout the forecast period. This does not include the Sheriff's proposed second phase of the salary plan to increase deputies' compensation. The Sheriff had estimated this additional cost at $12.6M, which is about 2.4% of total General Fund expenditures. Without corrective action, if this cost is included, the fund would have a structural gap of $24.6M by FY21.

Revenues

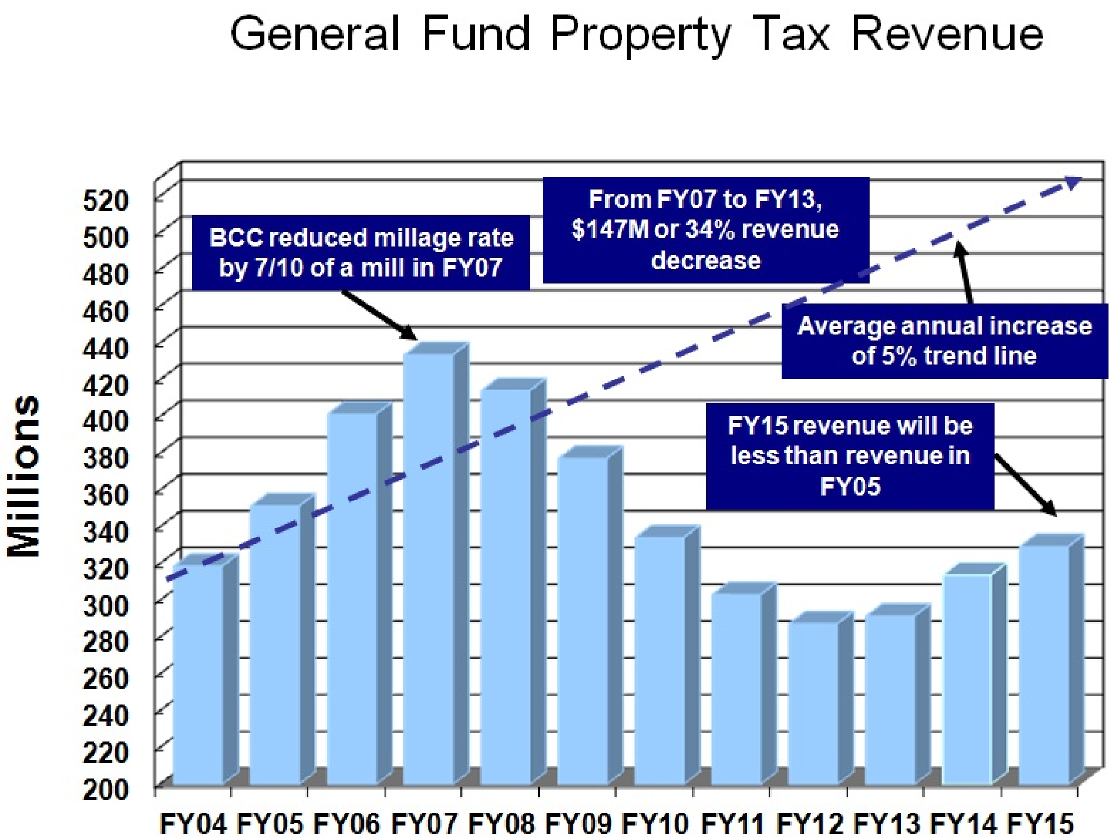
The budgeted revenues in the General Fund for FY15 total $485.7M (net of beginning fund balance). Property Taxes are the single largest source of General Fund revenues, accounting for more than two-thirds of the total. The four primary funding sources for the General Fund (Property Taxes, State Shared Half-Cent Sales Taxes, State Revenue Sharing, and Communications Services Taxes) comprise 81.9% of the revenue. The remaining 18.1% is derived from a variety of resources, including User Fees, Grants, Interest, and Cost Recovery from other County funds.



Property Taxes

The decline in property tax revenue from FY08 to FY12 exceeded the increases that occurred from FY04 through FY07. The FY16 budgeted revenue is less than the revenue collected in FY05. The chart below features a dotted line showing what the historical average of 5.0% growth in property tax revenue would look like. It shows that the above-average amounts collected in FY04 through FY08 have been overcome by the large gap between current property tax revenues and where they would have been if the historical 5.0% growth had taken place.

GENERAL FUND



The combined General Fund property taxes for countywide and MSTU are expected to generate $329.3M in FY15. The total property tax revenue will be less than FY05, and is $104.4M, or 24.1%, less than the FY07 peak revenue.

The County's General Fund is more dependent on property tax revenue than are the general funds of the cities within the county. Their General Fund revenue mix usually reflects other revenues such as franchise fees and utility taxes that can help support expenditure increases.

Sales Taxes

The second largest General Fund revenue source is the State Shared Half-Cent Sales Tax, which is 8.7% of total General Fund revenues. Sales Tax collections have recovered from the effects of the recession. This tax is expected to generate $42.3M in FY15, slightly higher than the previous peak year of FY06.

State Revenue Sharing

The third major General Fund source, State Revenue Sharing, which is 3.2% of total General Fund revenues. This funding source is also primarily based on the State's sales tax revenue. It is estimated that the County will recognize $15.7 million from this source in FY15.

Communications Services Taxes

The fourth major revenue in the General Fund is the Communications Services Tax (CST). The CST is expected to generate $10.5M in FY15, down from a peak of $13.2M in FY2007. The County's CST rate is 5.22%, which is the maximum allowed under current State law. Pinellas County's revenue reflects the statewide trend for this source, which has experienced continued erosion due to shifts in consumer spending away from services that are subject to this tax.

Other Revenues

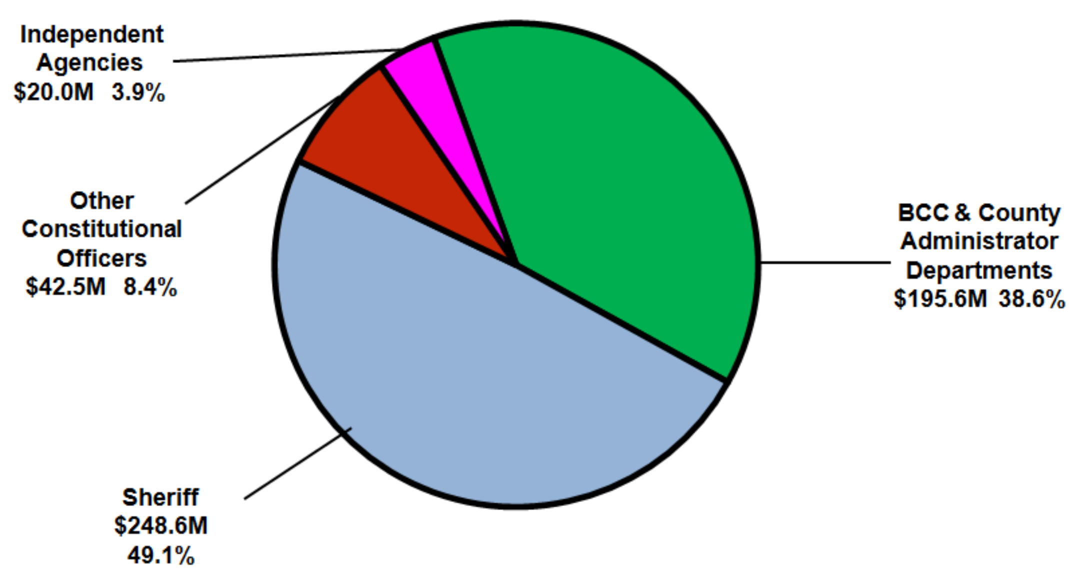
Lesser revenue sources include User Fees, Sheriff's Law Enforcement Contracts, Cost Recovery from other funds, Interest Earnings, and various other sources including Federal and State grants. In general, these revenues are expected to continue moderate growth in FY15 and future years.

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; 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 FY15 total $506.7M (net of reserves) and can be summarized in four groups: the Board of County Commissioners, the Sheriff, Other Constitutional Officers, and Independent Agencies.

FY15 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 $195.6M or 38.6% of total FY15 General Fund expenditures (net of reserves).

Some of the major BCC programs include: social services; matching funds for Medicaid; building operations and maintenance (including the courts, jail, and Sheriff's headquarters); parks maintenance; environmental protection; environmental preserves; 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 $248.6M or 49.1% of total FY15 General Fund expenditures (net of reserves). Detention and Corrections programs comprise 40.3% of the Sheriff's budget. 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. 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. The FY15 budget includes an appropriation of $1.8M for potential grant awards.

Other Constitutional Officers

These agencies, which are headed by independently elected officials, comprise $42.5M or 8.4% of total FY15 General Fund expenditures (net of reserves). In most cases, the General Fund only reflects part of the total agency budgets.

The Tax Collector and Property Appraiser's budgets are determined by statutory formulas and are approved by the State Department of Revenue. The General Fund provides 81.1% of the Tax Collector and 83.7% 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 21.0% 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 100.0% of the Supervisor's budget, excluding occasional State or Federal grants.

Independent Agencies

These agencies are $20.0M, or 3.9%, of total FY15 General Fund expenditures (net of reserves). They include the County's support for the Judiciary, the State Attorney, the Public Defender, the Criminal Justice Information System (CJIS), the Medical Examiner, the Office of Human Rights, and Human Resources.

Court Support

Much of the County's court support is driven by statutory mandates and Article V of the State Constitution that require the County to fund certain technology expenses, programs, and facilities. Only about 12.0% of the Judiciary's total budget, 6.0% of the Public Defender's budget, and 0.8% 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 amount 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. Operating Expenses include charges for Business Technology Services (BTS) support provided to General Fund agencies. These charges ($25.5M in FY15) represent 77.2% of the total BTS budget.

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 FY15, the County will contribute an estimated total of $7.8M in TIF payments to the cities.

Debt Service

Unlike many other local governments, Pinellas County has no outstanding bond issues which are supported by a pledge of property taxes or other general revenue.

Transfers

Transfers between funds include ongoing 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). FY15 includes the third 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, Operating Expenses may include cost allocation charges from BTS for major system development 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 75.0% 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 $1.2B (net of the Solid Waste and South Cross facilities).

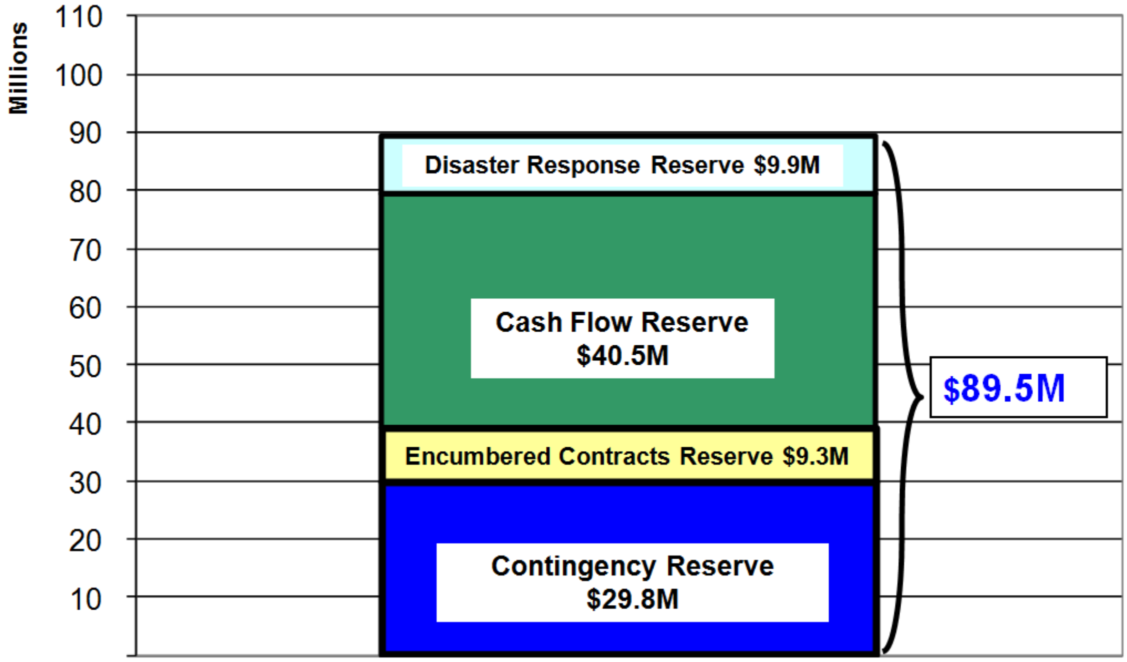
GENERAL FUND

The County carries $100.0M 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.

The FY15 General Fund budget includes a projected reserve of $89.5M, or 15.0%. This is consistent with the budget policy established by the Board of County Commissioners in accordance with principles issued by the Government Accounting Standards Board (GASB).

The components of the estimated FY15 year-end reserves are Contingency, Encumbered Contracts, Cash Flow, and Disaster Response.



Contingency Reserve

The Contingency Reserve, which is budgeted at $29.8M in FY15, is an amount equal to 5.0% 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

At any given time during the year, there are purchase orders and service contracts that have been approved and are subject to payment as work is completed or goods delivered. The $9.3M in the Encumbered Contracts Reserve for FY15 represents the average amount that was encumbered at month's end for the 12-month period ending May 2014.

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 67.0% of the total General Fund revenue. The FY15 amount for the Cash Flow reserve, $40.5M, 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 FY15, $9.9M is budgeted in this reserve. Reimbursement from the Federal Emergency Management Agency (FEMA) and the State usually cover only a portion of the costs, is not available at the beginning of a disaster, and often is not received for many months or years. For example, FEMA funds for the three 2004 hurricanes which brushed Pinellas County (Jeanne, Charley, Frances) were not fully received until 2007, after extensive and protracted appeals through FEMA and the State. Approximately $1.6M of the 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.

Six-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 FY15. The FY15 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 increase by 4.5% in FY16, 4.0% in FY17 and FY18, and 3.5% in FY19 through FY21. This 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 5.0% growth for FY16 and FY17, 4.5% for FY18, and 4.0% annual growth for the FY19 - FY21 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 4.5% for FY16 and FY17 and 3.5% annual growth for the FY19 - FY21 forecast period.

Communications Services Tax revenue is expected to continue to decline. A decrease of 5.0% is projected for FY16, reflecting estimated adjustments from a national lawsuit settlement. Annual decreases of 1.0% are projected through the remainder of the forecast period.

The forecast assumes that projected user fee revenues for the Sheriff's Law Enforcement contracts with municipalities will be increased based on the additional costs of implementing the Sheriff's salary plan.

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

Key Assumptions – Expenditures

The forecast assumes a continuation of current (FY15) programs and service levels. The basic assumptions for Personal Services and Operating Expenses that are used throughout the forecast apply to the General Fund, with one exception. In FY15, the BCC approved $8.2M in supplemental funding for the first phase of a multi-faceted, two-year plan to amend the Sheriff's compensation system for sworn personnel. Based on the Sheriff's projections, the forecast includes an additional $12.4M in FY16 to complete implementation of this program. This has a recurring impact on future expenditures.

The forecast does not assume any net additional positions in FY16 and future years. Certain types of expenses such as electricity, fuel, and state-mandated Medicaid charges result in the General Fund's Operating Expense growth differing somewhat from the Consumer Price Index (CPI).

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

In FY16, as in FY15, it is assumed that $11.5M of expenditures (about 2.1% of the total) will be non-recurring. Because of the uncertain availability of non-recurring funds, no specific

expenditures based on this resource are anticipated for the remainder of the forecast period with the exception of $1.5M per year for transfers to the Capital Projects Fund from FY17 through FY20.

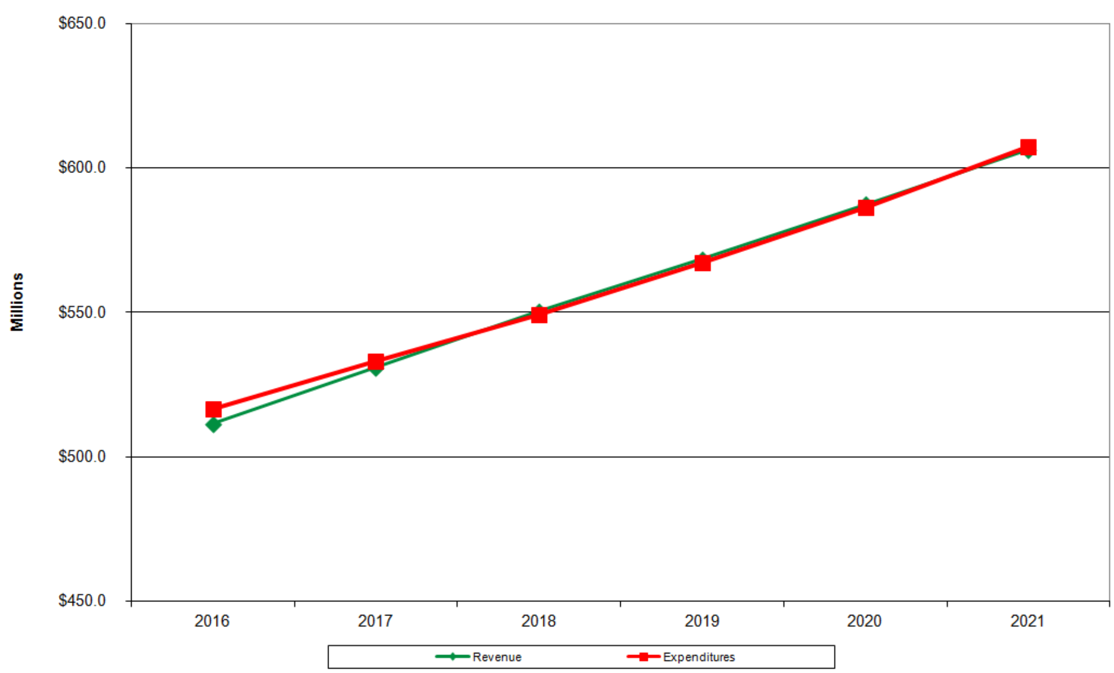
No new programs funded by non-routine grants are included in the forecast. The assumption is that any such expenditure will be dedicated for non-recurring purposes or will cease when the grant funds are no longer available. In the recent past, the Sheriff in particular has been very proactive in seeking Federal and State funding for public safety purposes that supplements but does 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 such as the centralized chiller plant for the Clearwater campus reduced future ongoing utilities costs. Conversely, completion of new Public Safety facilities placed additional demands on General Fund resources. As specific increased needs are identified, to the extent possible these new demands will be accommodated within existing budgets.

Key Results

The forecast projects that the General Fund is essentially balanced throughout the forecast period. This does not include the Sheriff's proposed second phase of the salary plan to increase deputies' compensation. The Sheriff had estimated this additional cost at $12.6M, which is about 2.4% of total General Fund expenditures. Without corrective action, if this cost is included, the fund would have a structural gap of $24.6M by FY21.

General Fund Forecast FY16 - FY21



Potential Risks

REVENUE FACTORS

Taxable Values

There are many factors that can alter the six-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 FY16 values to be certified on July 1, 2015 will reflect the market conditions through the end of the 2014 calendar year. Therefore, increases or decreases in value after January 1, 2015 will not impact the FY16 tax base.

A change of 1.0% in the FY15 countywide taxable value would result in a $3.0M change in revenue at the FY15 millage rate of 5.2755. Similarly, a change of 0.1 mills in the rate using the FY15 taxable value would result in a $5.7M change in revenue. In the following years, these impacts would be amplified by the other growth factors.

Save Our Homes Impact

Another variable is the homesteaded taxable value increase cap imposed by the Save Our Homes amendment, which is based on the annual change (December to December) in the Consumer Price Index. Under "normal" circumstances, as homesteaded properties represent about 35% of the total countywide taxable value, a change of 1.0% in the CPI (positive or negative) at the current millage rate would produce a change in revenue of approximately $1.1M. Because of the decline in market values, from FY08 through FY14 the amount of value shielded by Save Our Homes was greatly reduced. As the real estate market continues its recovery, Save Our Homes will limit the amount of the increased value that is subject to property taxes.

Potential Property Tax Exemptions

Several proposals for increasing property tax exemptions, including reducing the caps on the annual change in taxable values and eliminating the "recapture rule" for assessed values that are less than market value, have been discussed in recent years. Their passage in future legislative sessions or referendums would have negative impacts on property tax revenues.

Annexations

In the unincorporated area, the property tax base and revenue in the MSTU is 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 have begun to rise, there has also been 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

Two of the three other major revenue sources – Sales Tax and Revenue Sharing - 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 4.0% to 5.0% annual growth in the Sales Tax forecast generates about $1.9M to $2.2M 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 3.5% to 4.0% 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 50.0% 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

As the economy recovers, the State had a budget surplus for its FY15 budget, and preliminary projections for FY16 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 10.0% cut in the Sales Tax formula would reduce revenues by over $4.2M.

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 $25.0M.

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 may be more likely to occur.

<u>EXPENDITURE FACTORS</u>

Inflation

On the expenditure side of the equation, the Consumer Price Index (CPI) is a key element. For consistency, the CPI changes used in the forecast generally follow those produced by the State of Florida's National Economic Estimating Conference. It should be noted that this is a consensus process which involves the Legislature, the Governor's Office, and the State's Division of Economic and Demographic Research. The intent is to produce a professional, nonpartisan basis for development of the State's budget that melds a variety of perspectives, and therefore does not necessarily reflect any one participant's economic model.

Historically, although inflation was as high as 12.5% in 1981, in the years from 1989 to 2008 the change in the CPI averaged about 3.0%. 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 FY15 recurring costs, would require an additional $4.8M for expenditures. A change of 1.0% in the salary and benefits assumptions would produce a cost variance of $3.1M and an increase in the inflation rate of 1.0% would result in a $1.7M change in operating expenses in FY16, 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 a significant part (62.0% including transfers to Constitutional Officers) of General Fund expenditures, higher than projected FRS contribution rates or health insurance cost increases could have significant negative impacts. The FRS rates approved in for the State's 2015 fiscal year (July 1, 2014 to June 30, 2015) were designed to address the system's unfunded liability as calculated at that time. These rates are subject to change in this year's legislative session. Having reached a fully funded level, the rates should stabilize, but there is still a 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.

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.

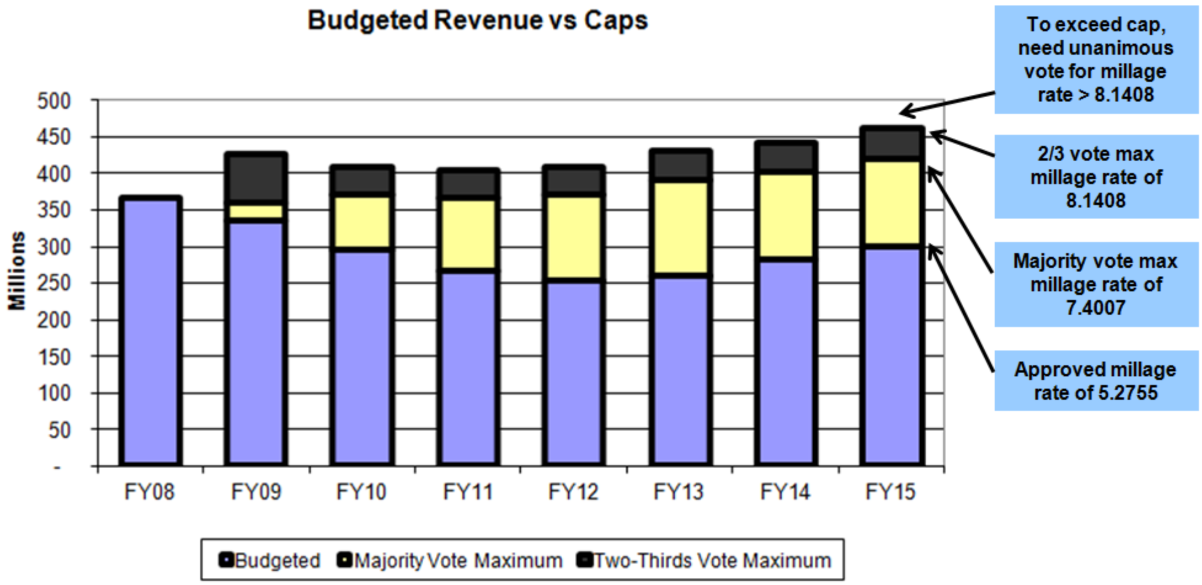
Theoretically, Article VII Section 18 of the Florida Constitution has a prohibition against imposing unfunded mandates on counties and cities. In practice, the Legislature can avoid this prohibition in many ways, through exemptions (such as mandates to enforce criminal laws) or exceptions, including 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

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 FY07 and FY11, reductions of over $182.0 million were made in General Fund agencies, and budgeted positions decreased by 1,618 or 25.0%. An additional $18.3 million in budget reductions were taken in FY12. As a result of these and other changes, the total FY14 General Fund budget of $569.0 million was comparable to the FY05 budget of $556.0 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 FY09, using the FY08 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 FY15 millage rate of 5.2755 and the super-majority vote cap limit of 8.1408.



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	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
REVENUES						
Property Taxes - Countywide *	**4.5%**	**4.0%**	**4.0%**	**3.5%**	**3.5%**	**3.5%**
Property Taxes - MSTU *	**4.0%**	**3.5%**	**3.5%**	**3.0%**	**3.0%**	**3.0%**
Half Cent Sales Tax	**5.0%**	**5.0%**	**4.5%**	**4.0%**	**4.0%**	**4.0%**
Revenue Sharing	**4.5%**	**4.5%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**
Communications Svc Tax	**-5.0%**	**4.0%**	**-1.0%**	**-1.0%**	**-1.0%**	**-1.0%**
Charges for Services	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
Transfers from Other Funds	**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%**
EXPENDITURES						
Personal Services	**4.5%**	**4.5%**	**4.5%**	**4.3%**	**4.3%**	**4.3%**
Operating Expenses	**1.4%**	**1.4%**	**-0.2%**	**1.7%**	**2.3%**	**3.4%**
Capital Outlay	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
Grants & Aids	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
FL Per Capita Personal Income Growth	**2.0%**	**2.8%**	**2.6%**	**1.6%**	**1.7%**	**1.6%**
Estimated New Construction % of tax base	**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

			FORECAST						
(in $ millions)	**Actual 2014**	**Budget 2015**	**Estimated 2015**	**Estimated 2016**	**Estimated 2017**	**Estimated 2018**	**Estimated 2019**	**Estimated 2020**	**Estimated 2021**
BEGINNING FUND BALANCE	**111.2**	**110.4**	**117.6**	**105.4**	**98.9**	**95.1**	**94.9**	**94.7**	**95.4**
REVENUES									
Property Taxes -Countywide	285.3	299.5	299.5	313.0	325.5	338.5	350.3	362.6	375.3
Property Taxes - MSTU	28.7	29.8	29.8	31.0	32.1	33.2	34.2	35.2	36.3
Half Cent Sales Tax	40.7	42.3	42.3	44.4	46.6	48.7	50.6	52.6	54.7
Revenue Sharing	16.1	15.7	15.7	16.4	17.1	17.7	18.3	18.9	19.6
Communications Svc Tax	10.6	10.5	10.5	10.0	10.4	10.3	10.2	10.1	10.0
Grants (fed/state/local)	11.1	8.0	8.0	8.2	8.4	8.6	8.8	9.0	9.2
Interest	0.4	0.5	0.5	0.4	0.7	1.0	1.3	1.8	1.8
Charges for Services	69.2	69.1	69.1	70.8	72.4	74.2	76.1	78.0	79.9
Other revenues	11.0	10.3	10.3	9.5	9.7	9.9	10.1	10.3	10.5
Adjust Property Taxes to 96.0%	-	-	3.5	3.6	3.8	3.9	4.0	4.2	4.3
Adjust Major Revenue to 98.0%	-	-	2.2	2.2	2.3	2.4	2.5	2.6	2.7
Adjust Other Revenue to 97.0%	-	-	1.9	1.9	1.9	2.0	2.0	2.1	2.1
TOTAL REVENUES	**473.1**	**485.7**	**493.3**	**511.4**	**530.9**	**550.4**	**568.4**	**587.4**	**606.4**
% vs prior year			4.3%	3.7%	3.8%	3.7%	3.3%	3.3%	3.2%
TOTAL RESOURCES	**584.3**	**596.1**	**610.9**	**616.8**	**629.8**	**645.5**	**663.3**	**682.1**	**701.8**
EXPENDITURES									
Personal Services	65.2	72.7	72.7	76.0	79.4	83.0	86.6	90.3	94.2
Operating Expenses	104.1	114.2	113.8	115.4	117.0	116.8	118.8	121.5	125.6
Capital Outlay	1.1	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Grants & Aids	12.2	19.9	20.5	21.2	21.7	22.3	22.9	23.5	24.1
Transfers	278.1	296.7	297.2	307.8	319.2	331.2	343.1	355.3	368.1
Non-recurring expenditures	1.3	-	-	-	-	-	-	-	-
Expenditure Lapse 3.0% **	-	-	(1.8)	(5.4)	(5.5)	(5.6)	(5.7)	(5.9)	(6.1)
Potential Issues:									
Non-recurring Transfers to CIP	1.5	1.5	1.5	1.5	1.5	1.5	1.5	0.5	-
BTS non-recurring project costs	3.2	-	-	-	-	-	-	-	-
CIP Operating Impacts (cumulative)	-	-	-	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)
TOTAL EXPENDITURES	**466.7**	**506.6**	**505.5**	**517.9**	**534.7**	**550.6**	**568.6**	**586.7**	**607.4**
% vs prior year			8.3%	2.5%	3.2%	3.0%	3.3%	3.2%	3.5%
ENDING FUND BALANCE	**117.6**	**89.5**	**105.4**	**98.9**	**95.1**	**94.9**	**94.7**	**95.4**	**94.4**
Ending balance as % of Resources		**16.0%**	**17.3%**	**16.0%**	**15.1%**	**14.7%**	**14.3%**	**14.0%**	**13.5%**
TOTAL REQUIREMENTS	**584.3**	**596.1**	**610.9**	**616.8**	**629.8**	**645.5**	**663.3**	**682.1**	**701.8**
REVENUE minus EXPENDITURES (NOT cumulative)	6.4	(20.9)	(12.2)	(6.5)	(3.8)	(0.2)	(0.2)	0.7	(1.0)
note: non-recurring expenditures	6.1	11.5	11.5	1.5	1.5	1.5	1.5	0.5	-
net recurring rev- exp	**12.5**	**(9.4)**	**(0.7)**	**(5.0)**	**(2.3)**	**1.3**	**1.3**	**1.2**	**(1.0)**

* Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only. FY15 lapse factor is 1.0%.

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 (TDT) 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.

In addition to the current 5.0% TDT, under section 125.0104, once a county generates $600.0M in taxable rents on temporary lodgings, the Florida Department of Revenue will designate the county as a “High Tourism Impact County.” This designation, which Pinellas County received in 2014, allows the County to impose by ordinance an additional 1.0% tax. In Pinellas County, this ordinance would require an extraordinary vote (a majority plus one) by the BCC.

The Fund supports the Tourist Development Council, serving as Visit St. Pete/Clearwater through the collection of the TDT, 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, promoting, and supporting 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 have seen record setting revenues for the past three years. FY15 revenues are estimated to grow 7.0% compared to FY14 actuals, and are anticipated to increase another 6.0% in FY16 and FY17. From FY18 – FY21, revenues are projected to increase by 4.0% annually.

Expenditures are projected to increase in step with revenues over the forecast period. At the end of FY15, the County’s obligation to debt service on Tropicana Field expires. This freed up revenue will allow for spending on as-of-yet undesignated projects, as directed by the BCC.

Revenues exceed expenditures during the forecast period, and adjustment can be made if revenues fail to meet expectations. The fund maintains reserves between 15.0% and 16.0% throughout the forecast period.

Revenues

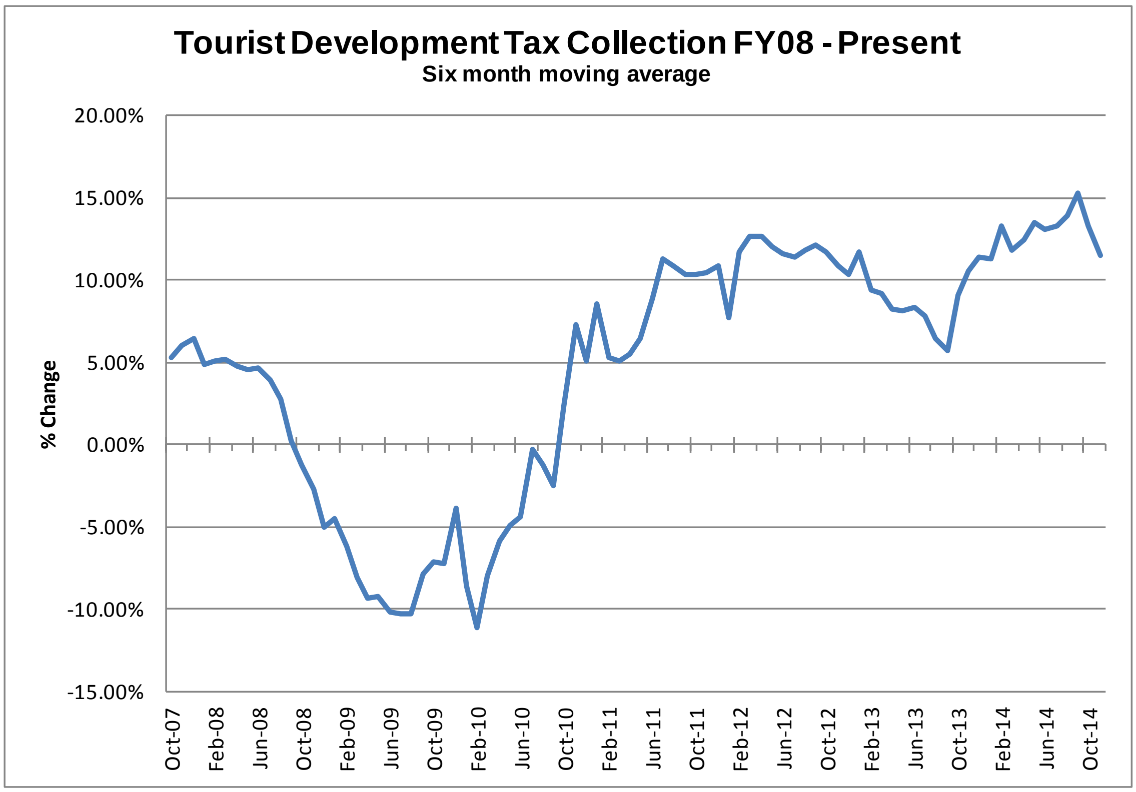
The TDC Fund consists almost exclusively of revenue collected through the Tourist Development Tax, which is currently 5.0% on temporary lodgings.

TOURIST DEVELOPMENT COUNCIL FUND

<u>Tourist Development Taxes</u>

Tourism is a key economic driver of the economy in Pinellas County and contributed direct and indirect visitor expenditures of approximately $7.8B during calendar year 2013 (*source: Research Data Services, Inc. [RDS]*). The Tourist Development Tax is projected to generate $37.5M in FY15.

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 2014. The data shows that collections bottomed out at the beginning of 2010, but have been rapidly increasing as the economy rebounds. For the past few years, the increase in tax revenue has outpaced the overall economy.



Source: Pinellas County Tax Collector

FY14 actual revenue totaled $35.1M, an increase of 12.7% over FY13. FY15 revenues are projected to be 7.0% higher than FY14, and 10.8% higher than FY15 budget. In FY16 and FY17, revenues are projected to increase 6.0% from the FY15 estimates. From FY18 through FY21, collections are expected to increase 4.0% 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.

In calendar year 2013 and 2014, Pinellas County collected in excess of $30.0M in TDT revenue. At this level, the County is designated as a High Tourism Impact county, which allows the BCC to levy a 6^{th} percent of TDT in the calendar year following the designation. The Forecast does not assume the 6^{th} percent will be levied.

The chart below compares visitor origins with calendar year-to-date figures for 2013 and 2014. Visitors from the Southeast region of the United States increased by 9.0%, while visits from the Northeast U.S. (6.3%), Midwest U.S. (5.2%), Europe (6.0%) and Latin America (48.6%) have also shown strong growth in 2014.

Calendar Year-to-Date 2013 vs. 2014
January - October

Overnight Visitor Origins	2013	2014	% Change
Florida	638,784	600,107	-6.1%
Southeast	321,993	351,132	9.0%
Northeast	1,089,469	1,158,617	6.3%
Midwest	1,427,064	1,501,802	5.2%
Canada	292,998	300,377	2.5%
Europe	834,637	884,720	6.0%
Other U.S. Markets	121,555	133,245	9.6%
Latin America	86,000	127,800	48.6%
Total	4,998,300	5,116,300	2.4%

Source: Visit St. Petersburg/Clearwater Dashboard/Visitor Profile (Dec. 2014), Research Data Services, Inc. (RDS)

The European visitor segment represents about 17.3% of total visitors tracked by RDS. Although the economic recovery in the Eurozone has been a series of starts and stops, 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 has added additional non-stop flights from Tampa to Zurich, Switzerland. Lufthansa is anticipated to add five non-stop flights per week between Tampa and Frankfurt, Germany in September 2015. 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. Allegiant Airlines has added additional roundtrip flights to Clearwater/St. Petersburg International Airport from numerous domestic destinations.

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 the BP oil spill, 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 strongly rebounded. The ADR for 2014, excluding the Fall Season, was $134.51, an 8.0% increase over the same period in 2013.

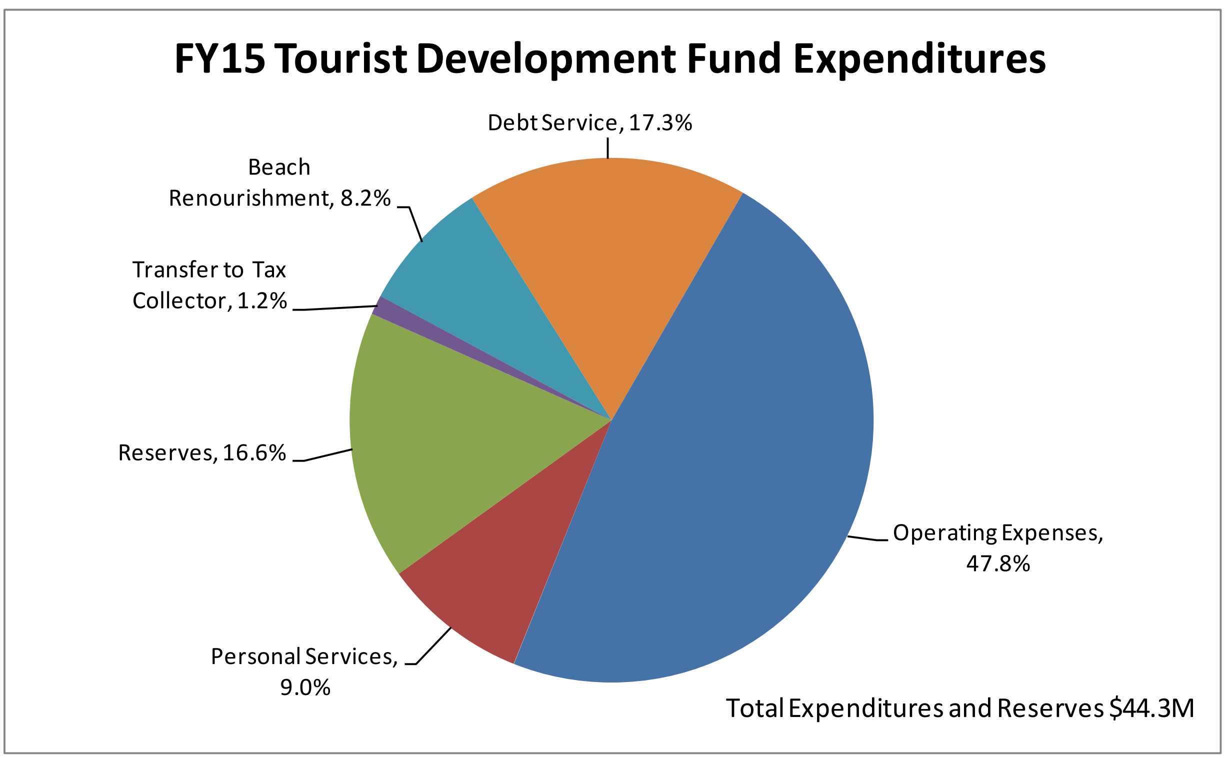
TOURIST DEVELOPMENT COUNCIL FUND

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
2013	$119.32	5,579,900

Source: Research Data Services, Inc

Expenditures

The TDC Fund supports budgeted expenditures and reserves in FY15 totaling $44.3M. The primary expenditures in the fund are $21.2M for operations and promotional activities, $4.0M for personal services, $7.7M for debt service for three sports facilities, $3.6M for beach renourishment, and $7.4M in reserves.



TOURIST DEVELOPMENT COUNCIL FUND

Operations and Promotional Activities

The discretionary expenditure budget of $25.1M 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 2015	% of Operations
Operating & Capital Outlay	$876,170	4.3%
Personnel	$3,693,020	15.8%
Advertising/Direct Sales	$17,073,300	75.7%
Research	$235,000	0.8%
Shipping/Communications/Inquiry	$456,500	0.6%
Travel	$584,000	2.8%
Total	$25,145,600	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 15.0% reserve target are projected to be available beginning in FY16. The "Undesignated" expenditure line in the forecast identifies the amount projected through the forecast period.

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 $500,000 annually to the Salvador Dali Museum from FY16 to FY20. 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 tax revenue, less tax collection expense, to the City of St. Petersburg to fund debt service on bonds for Tropicana Field (expires September 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 $587,650 for the City of Clearwater's spring training facility (expires February 2021) and $297,980 for the City of Dunedin's spring training facility (expires February 2016).

Transfers

The TDC fund transfers half of the proceeds of the 3rd percent to the Capital Projects Fund for beach renourishment projects to support tourism. The transfer is budgeted at $3.6M for FY15, which is about $300,000 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.

To pay the cost associated with the administration and collection of the Tourist Development Tax revenue, a transfer of $534,050 is projected to be made to the Tax Collector in FY15.

Reserves

Reserves are budgeted at 16.6% in FY15, which is slightly above 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 FY02 after the September 11th terrorist attack, in FY05 as a result of multiple hurricane landfalls in Florida, in FY09 as a result of the financial crisis, and most recently in FY10 as a result of the British Petroleum (BP) oil spill.

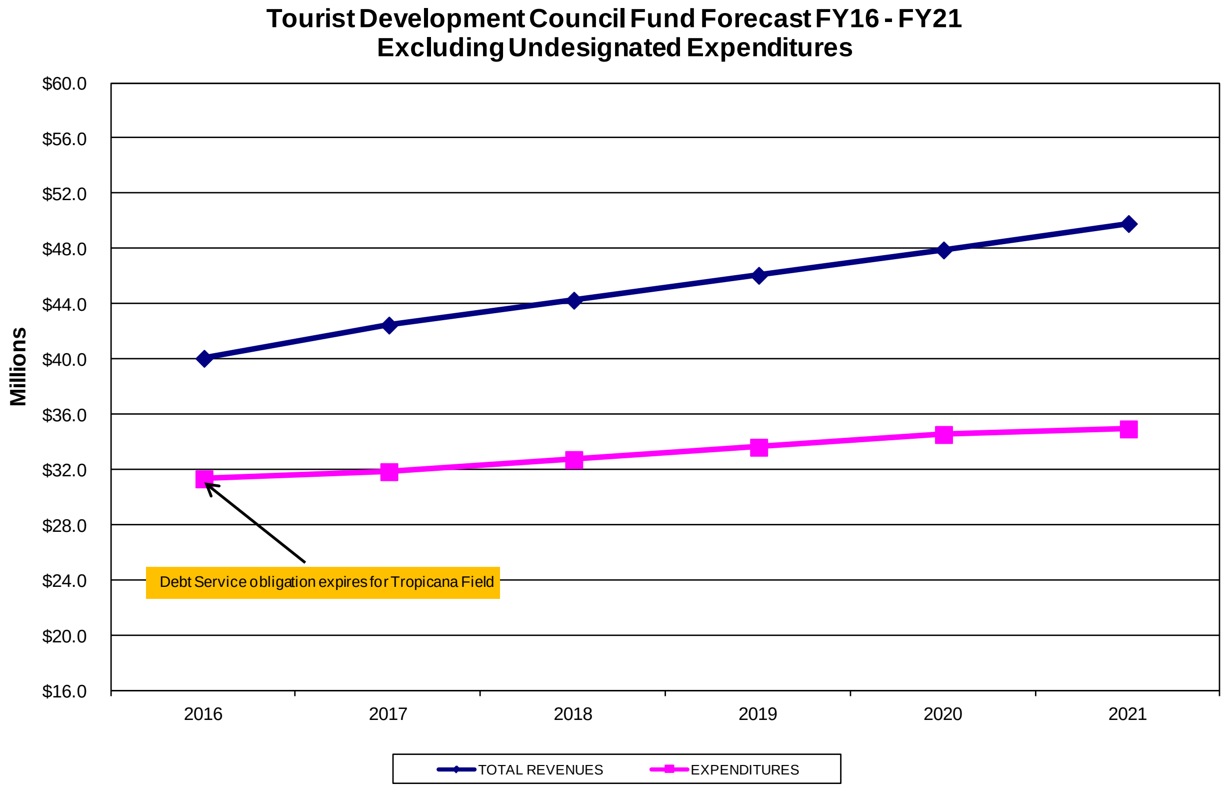
In order to maintain liquidity while allowing for a vigorous promotion of Pinellas County, reserves need to be maintained between 10.0% and 15.0%. This fund has several large obligations, such as debt service, that are due early in the fiscal year, while some occur later in the fiscal year. Monthly revenues usually peak during the Spring Break and Easter timeframes. 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.

Six-Year Forecast

Key Assumptions

The revenue forecast for Tourist Development Council Fund reflects increasing growth in the economy, with an increase in Tourist Development Tax revenue of 7.0% above FY14 actual in FY15 and an annual increase of 6.0% in FY16 and FY17. From FY18 through FY21, TDT revenues are projected to increase 4.0% annually. On the expenditure side, personal services are projected to increase 4.5% per year. Promotional activities (advertising) may be increased during the year as revenue is collected and needs are assessed. Beginning in FY16, a substantial amount of debt service will be paid off as the County's obligation to Tropicana Field in St Petersburg ends. The forecast classifies the revenue previously used for debt service as an 'Undesignated' expenditure from FY16 – FY21. It does include the additional capital outlay of $500,000 approved for the Dali Museum beginning in FY16 and ending in FY20.

TOURIST DEVELOPMENT COUNCIL FUND



Key Results

Revenues are projected to exceed expenditures throughout the forecast period, and the Fund will maintain a fund balance of at least 15.0%. Beginning in FY16, revenues exceed expenditures by a wide margin as the debt service for Tropicana Field is paid off. Even with the BCC approved capital outlay to support the Dali Museum of $2.5M from FY16 through FY20, revenues will continue to exceed expenditures. The decision point in FY16 will be how to use this portion of the proceeds from the 4th percent of Tourist Development Tax.

Potential Risks

There are many impacts that can alter the six-year forecast of Tourist Development Tax revenue 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 and the Gulf of Mexico.

The appreciation or depreciation of the U.S. dollar also has an impact on the number of international visitors to Pinellas County. Uncertainty in our key markets may slow our international visitors.

TOURIST DEVELOPMENT COUNCIL FUND

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. 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 FY16 may be applied to newly approved debt service or to other authorized tourism promotion and development activities, as dictated by the Tourist Development Plan.

TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 1040

Forecast Assumptions	2016	2017	2018	2019	2020	2021
REVENUES						
Tourist Development Taxes	**6.0%**	**6.0%**	**4.0%**	**4.0%**	**4.0%**	**4.0%**
Interest	**0.5%**	**1.0%**	**2.0%**	**2.5%**	**2.5%**	**2.5%**
Other revenues (Int - TC)	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**	**2.0%**
EXPENDITURES						
Personal Services	**4.5%**	**4.5%**	**4.5%**	**4.3%**	**4.3%**	**4.3%**
Operating Expenses	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
Advertising Expense	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
Capital Outlay	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
FL Per Capita Personal Income Growth	**2.0%**	**2.8%**	**2.6%**	**1.6%**	**1.7%**	**1.6%**

TOURIST DEVELOPMENT COUNCIL FUND FORECAST
Fund 1040

(in $ thousands)	Actual 2014	Budget 2015	FORECAST (@100% Revenue) Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**10,803.0**	**10,220.4**	**12,712.5**	**14,627.1**	**8,749.7**	**7,708.1**	**7,840.5**	**8,080.9**	**8,436.3**
REVENUES									
Tourist Development Taxes @ 95.0%	35,053.3	33,864.4	37,507.0	37,769.6	40,035.8	41,637.2	43,302.7	45,034.8	46,836.2
Interest	29.3	24.7	24.7	73.1	87.5	154.2	196.0	202.0	210.9
Other revenues (Int - TC)	810.8	226.3	226.3	230.8	235.4	240.2	245.0	249.9	254.9
Adjust Tax Revenues to 100.0%			1,974.1	1,987.9	2,107.1	2,233.6	2,322.9	2,415.8	2,512.5
Adjust other Revenues to 100.0%				16.0	16.3	16.6	17.0	17.3	17.7
TOTAL REVENUES	**35,893.4**	**34,115.4**	**39,732.1**	**40,077.4**	**42,482.2**	**44,281.7**	**46,083.5**	**47,919.8**	**49,832.1**
% vs prior year	24.7%	7.2%	16.5%	0.9%	6.0%	4.2%	4.1%	4.0%	4.0%
TOTAL RESOURCES	**46,696.4**	**44,335.8**	**52,444.6**	**54,704.5**	**51,231.8**	**51,989.8**	**53,924.0**	**56,000.7**	**58,268.4**
EXPENDITURES									
Personal Services	2,831.0	3,974.8	3,974.8	4,153.7	4,340.6	4,535.9	4,731.0	4,934.4	5,146.6
Operating Expenses	7,976.3	9,188.6	9,188.6	9,326.4	9,494.3	9,712.7	9,936.1	10,164.6	10,378.1
Advertising Expense	11,649.0	11,974.6	11,974.6	12,154.2	12,373.0	12,657.6	12,948.7	13,246.5	13,524.7
Undesignated				14,600.0	11,650.0	11,400.0	12,200.0	13,000.0	14,500.0
Capital Outlay	410.4	7.7	7.7	7.8	8.0	8.1	8.3	8.5	8.7
Capital Outlay - Dali Museum	-		-	500.0	500.0	500.0	500.0	500.0	-
Transfer - Tax Collector	483.6	534.1	534.1	550.1	566.6	583.6	601.1	619.2	637.7
Transfer - Beach Renourishment	3,286.7	3,645.7	3,750.7	3,777.0	4,003.6	4,163.7	4,330.3	4,503.5	4,683.6
Debt Service	7,346.1	7,658.5	8,387.0	885.6	587.7	587.7	587.7	587.7	587.7
EXPENDITURES	**33,983.1**	**36,984.0**	**37,817.5**	**45,954.8**	**43,523.7**	**44,149.3**	**45,843.1**	**47,564.4**	**49,467.1**
% vs prior year	24.9%	8.8%	2.3%	21.5%	-5.3%	1.4%	3.8%	3.8%	4.0%
ENDING FUND BALANCE	**12,712.5**	**7,351.8**	**14,627.1**	**8,749.7**	**7,708.1**	**7,840.5**	**8,080.9**	**8,436.3**	**8,801.3**
Ending balance as % of Resources	27.2%	16.6%	27.9%	16.0%	15.0%	15.1%	15.0%	15.1%	15.1%
TOTAL REQUIREMENTS	**46,695.6**	**44,335.8**	**52,444.6**	**54,704.5**	**51,231.8**	**51,989.8**	**53,924.0**	**56,000.7**	**58,268.4**
REVENUE minus EXPENDITURES (NOT cumulative)	1,910.3	(2,868.6)	1,914.6	(5,877.4)	(1,041.6)	132.4	240.4	355.4	365.0

1) The Transfer for Beach Renourishment in FY15 reflects an additional amount due based on reconciled actual tax collections versus budget in prior years. The FY16 amount returns to the base annual transfer of 1/2 of one percent from the estimated collections.
2) The significant reduction in Debt Service in FY16 reflects the end of Tropicana Field (FY15) and Dunedin Spring Training Facility (FY16) payments.
3) The Transfer for Tax Collector services in FY14 reflects a recovery formula based on actual annual cost. It increases 3.0% per year in the forecast for anticipated increases in future personal services and operating expenses.
4) The "Undesignated" line under Expenditures shows a potential amount of funds that could be allocated above the target 15.0% reserve, based on all other assumptions in the forecast.

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.

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 Cent Local Option Gas Tax (LOGT) 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 60.0% of total receipts and the municipalities receive portions of the remaining 40.0%. The levy expires on August 31, 2017 and the interlocal agreement expires December 31, 2017.

Summary

The Transportation Trust Fund is primarily funded by state and local fuel taxes and has been impacted in the recent past 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 now show a gradual incline but 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 expenditures exceed revenues beginning in FY15. In the short-term, fund balance is used to offset this variance in the fund; however, with the expiration of the Six Cent Local Option Gas Tax in August 2017, the fund balance will be depleted by the end of FY19. Even if this tax is renewed, action will still be necessary by the end of the forecast period due to growing imbalances resulting from inflationary pressures on expenditures coupled with the projected slow growth in gas tax collections. 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 ($9.4M), a six cent per gallon local option gas tax ($12.4M), and a one cent per gallon gas tax (the "Ninth Cent") earmarked for the Advanced Traffic Management System / Intelligent Transportation System ($3.7M). 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.

<u>State Shared Gas Taxes</u>

This resource is comprised of the Constitutional Fuel Tax and the County Fuel Tax which total three cents per gallon on motor fuel. The taxes are collected statewide and 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 purchased and is, therefore, sensitive to economic activity such as commuting and tourism trips or fluctuations in the price of oil that might change 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 increase only slightly over the forecast period.

<u>Six Cent Local Option Gas Tax (LOGT)</u>

This resource is a six cent per gallon tax on all motor fuel sold within the county. The proceeds are shared with the municipalities through an interlocal agreement stipulating that the County retains 60.0% of monthly collections and municipalities share the remaining 40.0%. This six cent tax expires on August 31, 2017 and the interlocal agreement expires on December 31, 2017. Florida Statutes also provide for the option to impose up to five cents per gallon additional tax.

<u>Ninth Cent Gas Tax</u>

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 $27.9M in FY15.

<u>Transportation Management</u>

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 FY15 budget for this program is $12.1M.

As a part of improving traffic signal and traffic control activities, the County is actively pursuing technological enhancements to improve the flow of traffic in Pinellas County. This activity is tied

to the Ninth Cent gas tax resource and is being focused on high priority traffic corridors in order to size the program to available resources. The FY15 operating expenses for the Intelligent Transportation Systems (ITS) Program are $2.1M. 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 county streets and bridges with an FY15 expenditure budget of $8.3M. Key program expenditure areas include inspection, maintenance engineering, management, repair, and maintenance operation.

Vegetation Management and Urban Forestry

Program services include urban forestry and vegetation management. This includes 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. The FY15 budget for this program $4.1M.

Environmental Services

Program services include management, operation and maintenance of the countywide stormwater conveyance system. Unincorporated area stormwater conveyance system activity is funded via surface water assessment fees and is not accounted for within this fund. The FY15 budget for this program in the Transportation Trust Fund is $1.6M.

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 $661,400 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 (ITS) such as traffic signal controllers, fiber optics, cameras, and message boards. Depending upon available revenues after deductions for operating expenses, an average of approximately $1.5M 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 FY15 reserve level of $27.3M in the Transportation Trust Fund is approximately 49.7%, which is higher than the 5.0% - 15.0% reserve level budget policy adopted by the Board. This is the result of savings gained through recent budgetary reductions and efficiency initiatives. The reserve also includes the fund balance previously carried in the Local Option Gas Tax fund, which was merged into the Transportation Trust Fund in accordance with new accounting standards (GASB Statement 54) in FY12. This reserve level will be reduced during the forecast period as expenditures exceed revenues.

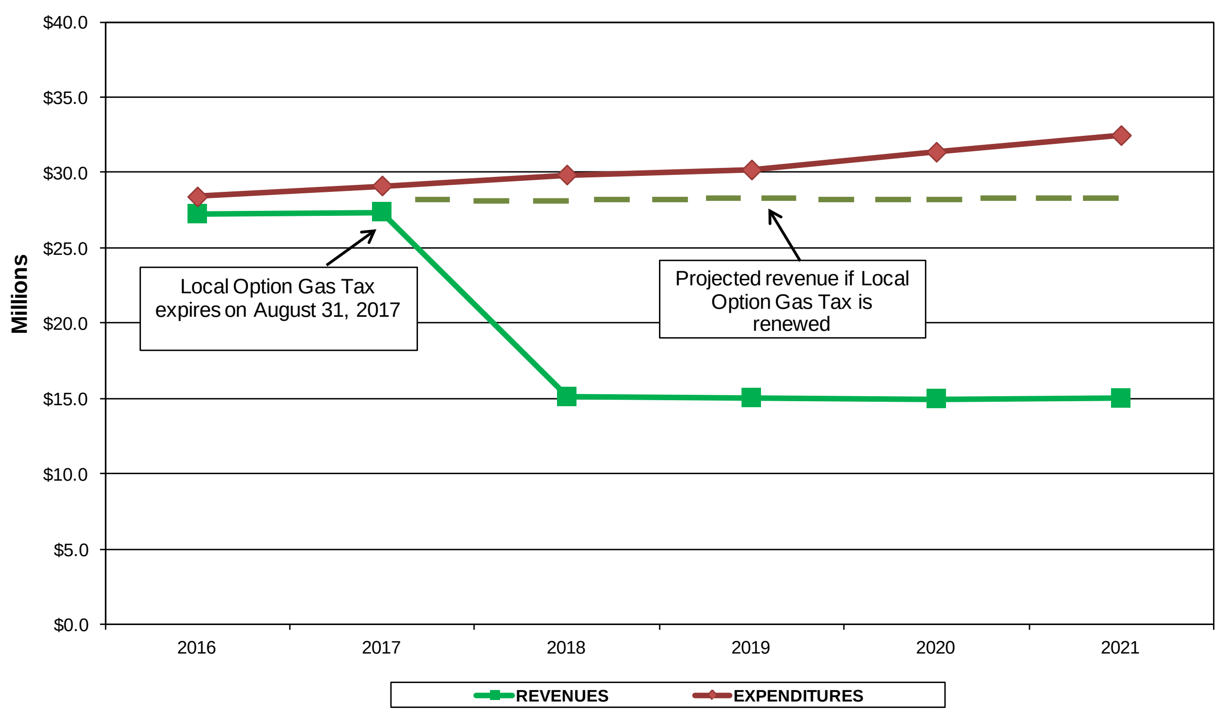
Six-Year Forecast

Key Assumptions

As discussed, the main revenue sources for this fund are state shared gas taxes and local option gas taxes. The six 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. 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 only a slight increase in gas tax revenues due to an improving economy and lower gas prices.

The surface water assessment approved for unincorporated areas began in FY14 providing some relief in the Transportation Trust Fund by appropriating expenditures related to operating and maintenance of drainage infrastructure in the unincorporated areas to a new fund. However, based on the historical reduction and future slow growth 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 FY16 - FY21



Key Results

Beginning in FY15, 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 FY17, the fund assumes a negative cash position as a result of the

elimination of over $12.0M in revenue. 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 fluctuations 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 hybrid and 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 would have to be shared with municipalities. Diesel fuel is not subject to this tax. If we assume an interlocal agreement similar to the Six Cents Local Option Tax, the County's estimated share of one cent of this local option gas tax would be $2.0M, which is 60.0% of the $3.4M in proceeds which would be generated countywide.

1 cent	2 cents	3 cents	4 cents	5 cents
$2.0M	$4.0M	$6.0M	$8.0M	$10.0M

If no interlocal is established, the distribution is based on the transportation expenditures of each local government for the immediately preceding five fiscal years as a proportion of the total of such expenditure for the County and all municipalities within the county.

The additional Local Option Gas Tax of 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 County 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 FY17.

For comparison purposes, other Florida Counties that impose greater local option taxes than Pinellas County's seven cents are shown in the following table.

Counties with LOGT greater than Seven Cents	Cents Imposed
Alachua	12¢
Broward	12¢
Charlotte	12¢
Citrus	12¢
Collier	12¢
Miami-Dade	10¢
De Soto	12¢
Escambia	11¢
Hardee	12¢
Hendry	9¢
Hernando	9¢
Highlands	12¢
Lee	12¢
Leon	12¢
Madison	12¢
Manatee	12¢
Marion	12¢
Martin	12¢
Monroe	10¢
Okaloosa	10¢
Okeechobee	12¢
Palm Beach	12¢
Pasco	12¢
Polk	12¢
Putnam	12¢
St. Lucie	12¢
Sarasota	12¢
Suwannee	12¢
Volusia	12¢

Source: Florida Department of Revenue – 2015 Fuel Tax Rates

Of Florida's 67 counties:

**29 levy more than 7 cents*
**23, including Pinellas and Hillsborough, levy 7 cents*
** 15 levy less than 7 cents*

TRANSPORTATION TRUST FUND FORECAST
Fund 1001

Forecast Assumptions	2016	2017	2018	2019	2020	2021
REVENUES						
Ninth Cent Gas Tax	0.1%	0.1%	0.1%	0.2%	0.2%	0.0%
State Shared Gas Taxes	0.1%	0.1%	0.1%	0.2%	0.2%	0.0%
Local Option Gas Taxes	0.1%	0.1%	Local Option Gas Tax authorization expires August 31, 2017			
Interest	0.4%	0.7%	1.1%	1.4%	1.9%	1.9%
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES						
Personal Services	4.5%	4.5%	4.5%	4.3%	4.3%	4.3%
Operating Expenses	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Capital Outlay	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Grants & Aids	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Transfers	-17.2%	-6.6%	-1.1%	-7.5%	-2.4%	-9.9%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
FL Per Capita Personal Income Growth	2.0%	2.8%	2.6%	1.6%	1.7%	1.6%

TRANSPORTATION TRUST FUND FORECAST
Fund 1001

(in $ thousands)	Actual 2014	Budget 2015	FORECAST (@100%) Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**22,575.0**	**24,019.5**	**27,764.7**	**27,254.7**	**26,104.0**	**24,356.1**	**9,624.1**	**(5,520.3)**	**(21,923.9)**
REVENUES									
Ninth Cent Gas Tax	3,882.4	3,742.9	3,742.9	3,746.6	3,750.3	3,754.1	3,761.6	3,769.1	3,769.1
State Shared Gas Taxes	9,753.3	9,443.2	9,443.2	9,452.7	9,462.1	9,471.6	9,490.5	9,509.5	9,509.5
Local Option Gas Tax ***	12,940.2	12,367.0	12,367.0	12,379.4	12,391.7	-	-	-	-
Interest	61.0	46.6	46.6	109.0	182.7	267.9	134.7	-	-
Other revenues	1,895.6	1,472.5	1,472.5	1,502.0	1,532.0	1,562.7	1,593.9	1,625.8	1,658.3
Adjust Other Revenue to 98.0%			48.0	50.9	54.1	57.8	54.6	51.3	52.4
TOTAL REVENUES	**28,532.6**	**27,072.2**	**27,120.1**	**27,240.5**	**27,373.1**	**15,114.1**	**15,035.4**	**14,955.8**	**14,989.3**
% vs prior year		-5.1%	-5.0%	0.4%	0.5%	-44.8%	-0.5%	-0.5%	0.2%
TOTAL RESOURCES	**51,107.6**	**51,091.7**	**54,884.8**	**54,495.2**	**53,477.1**	**39,470.2**	**24,659.5**	**9,435.5**	**(6,934.6)**
EXPENDITURES									
Personal Services	10,739.7	10,851.9	10,851.9	11,340.3	11,850.6	12,383.8	12,916.3	13,471.8	14,051.0
Operating Expenses *	8,660.8	12,724.3	12,174.3	12,356.9	12,579.3	12,868.6	13,164.6	13,467.4	13,750.2
Capital Outlay	67.8	467.3	467.3	474.3	482.9	494.0	505.3	517.0	527.8
Grants & Aids	29.9	33.3	33.3	33.8	34.4	35.2	36.0	36.8	37.6
Full Cost Allocation	1,688.8	2,004.4	2,004.4	2,012.4	2,026.5	2,048.8	2,077.5	2,117.0	2,157.2
Transfers to Capital Funds	2,156.0	1,784.2	1,784.2	1,665.6	1,646.8	1,523.4	1,486.2	1,339.4	1,339.4
Expenditure Lapse 1.0% **			(235.3)	(242.1)	(249.5)	(257.8)	(266.2)	(274.9)	(283.7)
Potential Issues:									
CIP Operating Impacts			550.0	750.0	750.0	750.0	260.0	685.0	885.0
TOTAL EXPENDITURES	**23,342.9**	**27,865.4**	**27,630.1**	**28,391.2**	**29,121.0**	**29,846.0**	**30,179.8**	**31,359.4**	**32,464.6**
% vs prior year		19.4%	18.4%	2.8%	2.6%	2.5%	1.1%	3.9%	3.5%
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**27,764.7**	**23,226.3**	**27,254.7**	**26,104.0**	**24,356.1**	**9,624.1**	**(5,520.3)**	**(21,923.9)**	**(39,399.2)**
Ending balance as % of Resources		45.5%	49.7%	47.9%	45.5%	24.4%	-22.4%	-232.4%	-568.2%
TOTAL REQUIREMENTS	**51,107.6**	**51,091.7**	**54,884.8**	**54,495.2**	**53,477.1**	**39,470.2**	**24,659.5**	**9,435.5**	**(6,934.6)**
REVENUE minus EXPENDITURES (NOT cumulative)	5,189.6	(793.3)	(510.0)	(1,150.7)	(1,747.9)	(14,732.0)	(15,144.4)	(16,403.6)	(17,475.3)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**5,189.6**	**(793.3)**	**(510.0)**	**(1,150.7)**	**(1,747.9)**	**(14,732.0)**	**(15,144.4)**	**(16,403.6)**	**(17,475.3)**

* 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. The forecast assumes no renewal after 2017.

CAPITAL PROJECTS FUND

Description

The Capital Projects Fund is used to account for all 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 FY20. 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 FY20 – FY21. 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 FY18 – FY20.

Revenues

The major revenue components of the Capital Projects Fund are the Penny for Pinellas, grants, and transfers from other Funds.

<u>Local Option Sales Tax (Penny for Pinellas)</u>

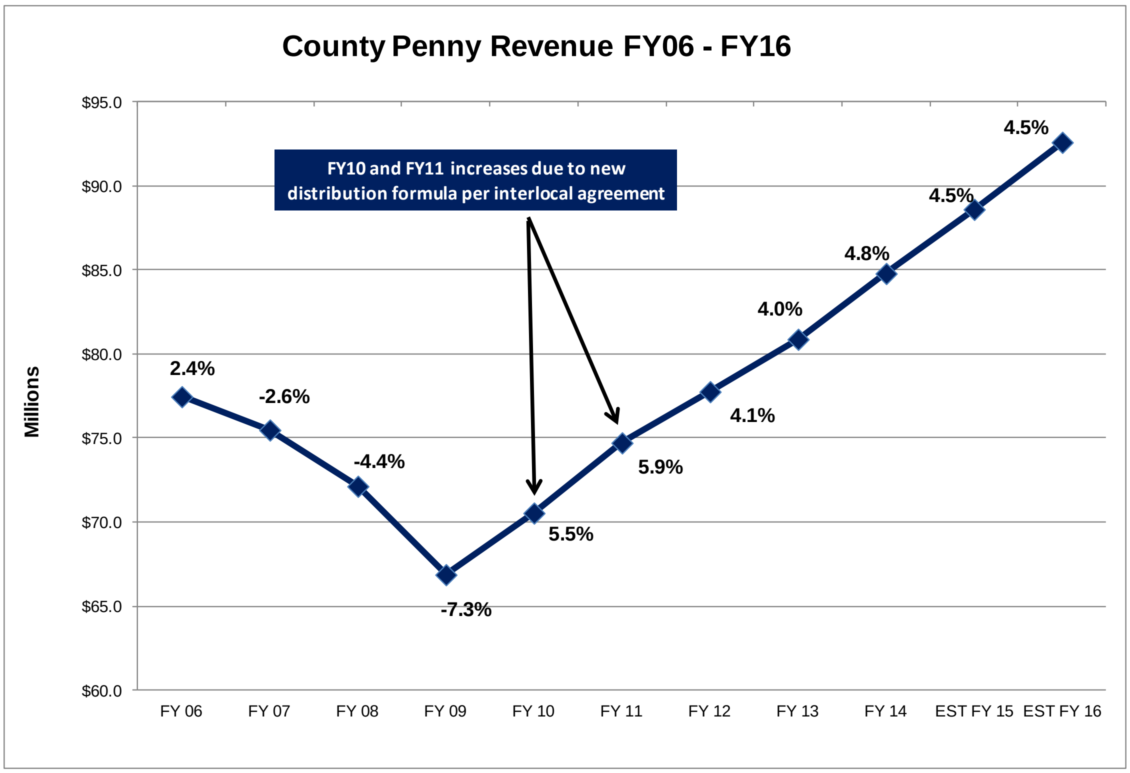
Penny for Pinellas (Penny) revenues are proceeds of an additional one cent Local Government Infrastructure Surtax on Sales, pursuant to Section 212.055(2), Florida Statutes, imposed in Pinellas County. The Penny surtax is only collected on the first $5,000 of all purchases excluding groceries and medications. The authorized use of these funds is generally restricted to infrastructure projects only and cannot be used for ongoing operation or 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 over 14.0% from FY07 – FY09.

CAPITAL PROJECTS FUND

County Penny revenue increased in FY10 and FY11 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 $80.0M to $225.0M over the ten year period. The revenue increase to the County is misleading as the underlying Penny revenues actually decreased in FY10 and FY11. From FY15 to FY16 the Penny is anticipated to increase 4.5%, which is consistent with the general improvement in the economy. The chart below shows the fluctuation in annual growth rates experienced since FY06.



<u>Grants</u>

The second largest source of revenue in the Capital Projects fund is grants. The FY15 budget includes $25.8M 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.

<u>Transfers from Other Funds</u>

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

On September 21, 2010, the Board approved a resolution authorizing an interfund loan amount of up to $85.0M in lieu of a $150.0M bond issue originally planned to finance key projects in the 2010 to 2020 Capital Improvement Plan. 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 first $15.0M was transferred

from the Solid Waste Renewal and Replacement Fund in FY10, and was repaid in full in FY15. The FY16 and FY17 Estimated Budgets include a transfer of $25.0M each year from the Solid Waste Renewal and Replacement Fund as part of the interfund loan to the Capital Projects Fund. The annual rate of interest is a variable rate which is currently less than 1.0%. The principal payments for the estimated $50.0M loan for capital projects are budgeted for FY18 – FY20.

Originally, it was anticipated that approximately $11.0M of the loan would be needed for the Centralized Chiller Facility project. However, due to the timing of other CIP projects, the loan was not needed to fund the Centralized Chiller Project. Moving forward it is anticipated that the $50.0M loan beginning in FY16 will serve to provide cash flow, primarily for transportation projects, due to timing of these projects.

The General Fund transfer in FY15 of $2.5M covers the cost of three items. The first item is $300,000 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 $650,000 for the Municipal Services Taxing Unit (MSTU) Paving project, which began in FY14, to address the needs of secondary roads in unincorporated neighborhoods. The third item is $1.5M for the Centralized Chiller Facility project. 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. The total cost for the chiller project, referred to as the Downtown District Cooling Project, is estimated to be $14.0M of which $1.5M of design costs were paid for by a federal grant from the Department of Energy. An allocation of $4.5M was made from non-recurring funding in the General Fund between FY11 - FY14. The remaining $8.0M is scheduled to be transferred from the General Fund from FY15 - FY20. This project is estimated to reduce annual recurring costs by $1.0M, provide a future CIP cost avoidance of $3.8M, and generate approximately $250,000 of annual revenue in the General Fund.

The FY15 transfer of $1.8M from the Transportation Trust Fund (proceeds of the 9th cent Local Option Gas Tax) contributes to the cost of several Intelligent Transportation System/Advanced Transportation Management System projects.

The FY15 transfer of $3.8M from the Tourist Development Council Fund (half of the proceeds of the 3rd percent of the Tourist Development Tax) provides funding for beach nourishment projects in the Coastal Management program.

The transfer of $1.6M from the Transportation Impact Fee Fund in FY15 is to cover or contribute to the costs of authorized transportation projects in the 12 geographic transportation impact fee districts of the county. 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.

CAPITAL PROJECTS FUND

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 (CIP)* section of the FY15 Adopted Budget document 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. As noted previously, an initial loan of $15.0M was authorized in FY10 and repaid in full in FY15. Additional loan amounts to provide necessary liquidity in the Capital Projects Fund related to the cash flow required to fund projects over the forecast period are estimated to be $50.0M.

Six-Year Forecast

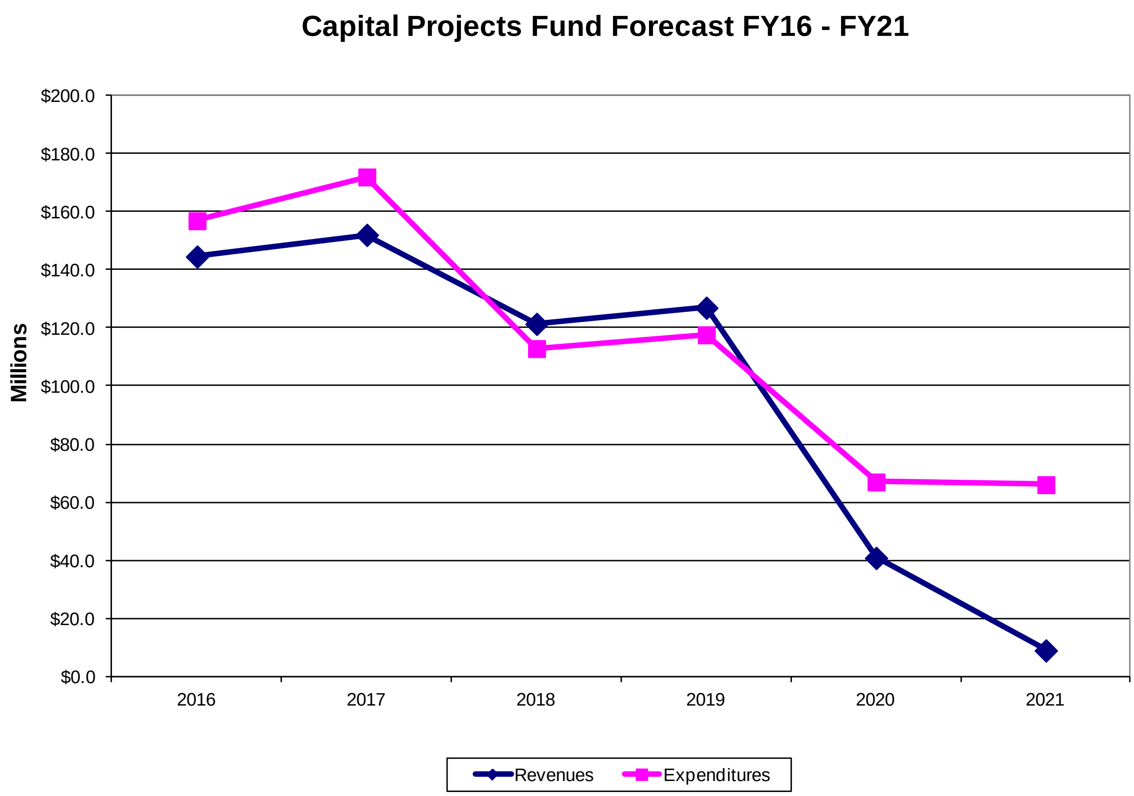
Key Assumptions

The revenue assumptions for the overall Penny sales tax are consistent with the Half-Cent Sales Tax in the General Fund at 5.0% growth from FY16 to FY17, 4.5% in FY18, and 4.0% from FY19 to FY21. However, the growth rate in the Capital Projects Fund for the Penny sales tax is less at 4.5% growth from FY16 to FY17, 4.0% in FY18, and 3.5% from FY19 to FY21. This is because the Courts & Jail allocation is a fixed amount that does not grow over time resulting in a slightly smaller growth rate for the County's overall share of the Penny.

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

Key Results

With the planned use of fund balance, the forecast for the Capital Projects Fund shows that the Fund is balanced through FY20. 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. The forecast also includes repayment of the interfund loan by FY20.



Potential Risks

There are many impacts that can alter the six-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 continues improving, 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 60.0% - 80.0% for these key materials.

Balancing Strategies

The Capital Projects Fund uses accumulated fund balance to balance the fund through FY20. 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 FY20 – FY21 and funding for these projects would need to be identified.

Pinellas County

CAPITAL PROJECTS FUND FORECAST
Fund 3001

Forecast Assumptions	2016	2017	2018	2019	2020	2021
REVENUES						
Infrastructure Sales Tax	4.5%	4.5%	4.0%	3.5%	3.5%	
Ninth Cent Gas Tax (from Transp Trust)	-6.6%	-1.1%	-7.5%	-2.4%	-9.9%	0.0%
Impact Fees (from Special Revenue Fund)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	-33.9%	18.2%	-47.4%	15.6%	-63.9%	-96.4%
Transfer from TDC Fund	6.0%	6.0%	4.0%	4.0%	4.0%	4.0%
Interest Rate	0.4%	0.7%	1.1%	1.4%	1.9%	1.9%
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%

CAPITAL PROJECTS FUND FORECAST
Fund 3001

(in $ thousands)	Actual 2014	Budget 2015	FORECAST Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**74,576.6**	**71,918.0**	**74,975.9**	**44,965.6**	**32,640.9**	**12,692.4**	**21,188.5**	**30,516.8**	**4,359.0**
REVENUES									
Infrastructure Sales Tax (Penny for Pinellas)	84,788.7	83,173.5	88,604.2	92,591.4	96,758.0	100,628.3	104,150.3	26,948.9	-
Grants	19,468.0	25,762.0	25,762.0	17,019.6	20,109.2	10,572.5	12,221.3	4,417.8	157.5
Ninth Cent Gas Tax (Transfer from Transportation Trust Fund)	2,156.0	1,784.2	1,784.2	1,665.6	1,646.8	1,523.4	1,486.2	1,339.4	1,339.4
Transportation Impact Fees (from Special Revenue Fund)	1,345.4	1,594.2	1,594.2	1,594.2	1,594.2	1,594.2	1,594.2	1,594.2	1,594.2
Transfer from General Fund	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	2,450.0	1,450.0	950.0
Transfer from TDC Fund	3,286.7	3,645.7	3,750.7	3,975.7	4,214.3	4,382.9	4,558.2	4,740.5	4,930.1
Sutherland Bayou Marina Mitig. Pymnt	1.2	-	-	-	-	-	-	-	-
Compensation for Loss	711.9	770.0	60.0	-	-	-	-	-	-
Interest @ 95%	157.0	367.8	227.9	258.0	236.9	225.3	466.6	314.8	0.0
Interest Adjusted to 97%		7.7	4.8	5.4	5.0	4.7	9.8	6.6	-
Other revenues	119.8	8.0	8.4	8.6	8.7	8.9	9.1	9.3	9.5
Interfund Loan-Solid Waste	-	-	-	25,000.0	25,000.0	-	-	-	-
TOTAL REVENUES	**114,484.7**	**119,563.1**	**124,246.4**	**144,568.6**	**152,023.1**	**121,390.3**	**126,945.7**	**40,821.5**	**8,980.7**
% vs prior year			3.9%	16.4%	5.2%	-20.2%	4.6%	-67.8%	-78.0%
TOTAL RESOURCES	**189,061.3**	**191,481.0**	**199,222.2**	**189,534.2**	**184,664.0**	**134,082.6**	**148,134.2**	**71,338.3**	**13,339.8**
EXPENDITURES									
Capital Projects	114,059.4	137,256.6	139,256.6	156,885.0	171,782.0	97,433.5	102,241.1	13,549.8	6,544.5
Unfunded	-	-	-	-	-	-	-	33,397.8	59,500.0
Debt Service on Interfund Loan	26.0	-	-	8.3	189.6	460.6	376.3	31.7	-
Payment on SW Loan	-	15,000.0	15,000.0	-	-	15,000.0	15,000.0	20,000.0	-
TOTAL EXPENDITURES	**114,085.4**	**152,256.6**	**154,256.6**	**156,893.3**	**171,971.6**	**112,894.1**	**117,617.4**	**66,979.3**	**66,044.5**
% vs prior year									
ENDING FUND BALANCE	**74,975.9**	**39,224.4**	**44,965.6**	**32,640.9**	**12,692.4**	**21,188.5**	**30,516.8**	**4,359.0**	**(52,704.7)**
Ending balance as % of Resources		20.5%	22.6%	17.2%	6.9%	15.8%	20.6%	6.1%	-395.1%
TOTAL REQUIREMENTS	**189,061.3**	**191,481.0**	**199,222.2**	**189,534.2**	**184,664.0**	**134,082.6**	**148,134.2**	**71,338.3**	**13,339.8**
REVENUE minus EXPENDITURES (NOT cumulative)	399.3	(32,693.5)	(30,010.2)	(12,324.7)	(19,948.5)	8,496.2	9,328.3	(26,157.8)	(57,063.8)
net recurring rev- exp	**399.3**	**(32,693.5)**	**(30,010.2)**	**(12,324.7)**	**(19,948.5)**	**8,496.2**	**9,328.3**	**(26,157.8)**	**(57,063.8)**

Note: Current Penny ends December 31, 2019. Projects that would need to continue such as sidewalks, paving, bridges, etc. are shown as "unfunded" for the remainder of FY20 and all of FY21.

EMERGENCY MEDICAL SERVICE FUND

Description

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

The EMS System was established by referendum in 1980 by the Special Act (Chapter 80-585, Laws of Florida) that created the EMS Authority as a Dependent Special District. In 1988, Pinellas County Ordinance 88-12 solidified the current EMS system design. The Fiscal Policy guidelines within Ordinance 88-12 state that the Board of County Commissioners, sitting as the Emergency Medical Services Authority, directs the following fiscal policy guidelines that govern 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 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 property taxes and a downturn in property values. While the millage rate remained flat at 0.5832 from FY08 through FY11, annual property tax revenue fell from $42.6M to $30.6M. Increasing deficits were covered with fund balance until accumulated reserves dropped to 25.0% in FY11. Board adopted policy reduced the target level for reserves from 33.0% to 25.0% in December 2011. With property values still falling, the millage rate was increased to 0.8506 in FY12 and to 0.9158 in FY13. Revenue increased enough to meet expenses and maintain the EMS Fund’s reserve at 25.0%. Since FY13, the millage rate has remained at 0.9158. Property values rose in FY14 and FY15, and with continued economic recovery, property tax revenue is projected to increase 4.5% in FY16.

While projections for the EMS Fund still indicate the Fund is not balanced over the forecast period, several significant factors have changed since January 2014. The outlook has improved due to savings in the ambulance contract with Paramedics Plus, savings in first responder agreements with the 18 service providers, and increased revenue from growth in property values. With these known changes, the current millage of 0.9158, adopted in FY13, is now projected to support the current service delivery system and allow the fund to remain above the Board adopted reserve target of 25.0% through FY21. The potential for maintaining the 25.0% reserve without a future millage rate increase will be affected by: the new ambulance service contract; changes in property values; potential changes to Medicare/Medicaid reimbursements;

and adjustments in future service agreements with the first responders. First responder expenses for FY15 through FY17 reflect the recently negotiated agreements. For FY18 and FY19 this forecast projects first responder expense growth at 3.3%, reflecting the assumption for annual growth in the CPI (2.3%) with a potential additional 1.0% for qualified expenses. The forecast projects FY20 and FY21 adjustments for first responder agreements at 4.0%.

The current ambulance service contract is in effect through FY15 and is being re-bid during the year for a new service contract effective with FY16. First responder contracts are currently funded based on actual first responder costs as defined in Board Resolution 09-38. The consulting firm Fitch & Associates studied the current EMS system in 2013 and recommended system alterations designed to reduce costs associated with identified excess capacity. Though specific recommendations were not adopted, the information was used in contract negotiations to reduce cost and address long term financial stability.

Progress in containing costs, combined with better than anticipated growth in revenue, improves the outlook for the EMS Fund over the next six years. Long term sustainability will require continued growth in revenue and diligent management of system costs.

Revenues

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

<u>Ambulance User Fees</u>

The ambulance service user fees provide funding for the ambulance program, which includes the ambulance provider contractual expenditures, ambulance billing costs, and ambulance program support costs. Ambulance user fee revenues are based on transport volume and transport charges. The average retail rate charge is $657.00 per transport in FY15. 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 70.0% (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 $48.4M in FY15 and then increase by 2.0% 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 provides 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 (25.0%). Retail rates increased 3.1% in FY14 and 2.1% in FY15, but a retail rate increase has no impact on Medicare and Medicaid, which are approximately 63.0% of the payor mix.
The County also offers an ambulance user fee membership program that citizens can join to minimize the cost of EMS transports. Consistent with average receipts for the past five years, membership revenue is projected to generate $237,500 per year through the forecast period.

<u>Property Taxes</u>

Property taxes are used to fund the first responder program. Property tax revenues decreased significantly from FY08 to FY11 due to legislative rollbacks, the passage of Amendment One, the decline in the real estate market, and the recession. As the countywide EMS millage rate remained flat at 0.5832 during this period, actual ad valorem revenue decreased each year,

from $42.6M in FY08 to $30.6M in FY11. The Board of County Commissioners has the authority to increase or decrease the millage rate, and in FY12 the millage rate was increased to 0.8506. This resulted in ad valorem revenues recovering to $42.2M. For FY13, a millage rate of 0.9158 was approved in order to balance the budget and maintain a beginning balance/reserve of 25.0% (level set by County Ordinance, approved by the Board on December 20, 2011). The millage cap for this revenue is 1.5000 mills.

Emergency Medical Service Fund
Ad Valorem Revenue & Millage History

Fiscal Year	Millage	Budget
2010	0.5832	$33,613,940
2011	0.5832	$30,027,730
2012	0.8506	$41,564,950
2013	0.9158	$43,852,140
2014	0.9158	$45,374,820
2015	0.9158	$48,287,310
Note: Budget figures are at 95.0% of revenue		

Expenditures

The Emergency Medical Service Fund supports budgeted expenditures totaling $94.9M in FY15. The primary expenditures in the fund are $40.7M for payments to the ambulance contractor, $41.5M for contractual payments to the eighteen first responders, $1.4M for transfers to the Property Appraiser and Tax Collector, $11.2M in program support and billing of ambulance claims, and $225,000 in the Trust Fund Grant.

Ambulance Contractor Payments

The County contracts with Paramedics Plus to operate the Sunstar ambulance system. The County's contract with Paramedics Plus was renegotiated in FY12 with an annual reduction to base service payments of $2.0M. A 4.0% increase is included in the forecast from FY16 through FY21 to account for annual CPI increases and increases to transport volume. The contract is going out to bid in FY15 for a new agreement in FY16. Expenditures may also change as the economy rebounds and fuel, labor costs, and other factors change.

First Responder Contractual Payments

The County contracts with 18 first responder EMS providers that respond to calls with paramedics using Advanced Life Support (ALS) or Basic Life Support (BLS) equipment. For FY15, budgets submitted by the 18 agencies included an overall increase of 2.6% over actual FY14 expense. The County also has an agreement with 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 additional costs in support of the EMS program. A staff of 34 provides ambulance billing services. Other costs include the Medical Director's contract, St. Petersburg College training expenses, the purchase and maintenance of communication and EKG equipment, capital outlay, and contract administration.

Transfers

The Emergency Medical Service fund has transfers to the Property Appraiser and Tax Collector to cover the costs for assessment and collection of ad valorem revenues. FY15 costs for this function are $1.4M. 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, authorized 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 25.0%. One reason for a high reserve level is to have response capacity for disasters. Equipment and vehicles may need to be replaced quickly in an event such as a hurricane. The reserve can also provide 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 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 FY14 actual revenue coming in $3.6M higher than expenses, the year ended with the reserve

increasing to 30.0%. On a forecast basis, with ad valorem revenue at 96.0% and ambulance revenues at 100.0%, the estimated reserve level is projected at 32.3% for the end of FY15. With current assumptions, the revenues are expected to exceed expenses by less each year until expenses begin to exceed revenues in FY20. Drawing on fund balance to meet the gap will leave 27.3% in reserves in FY21.

Six-Year Forecast

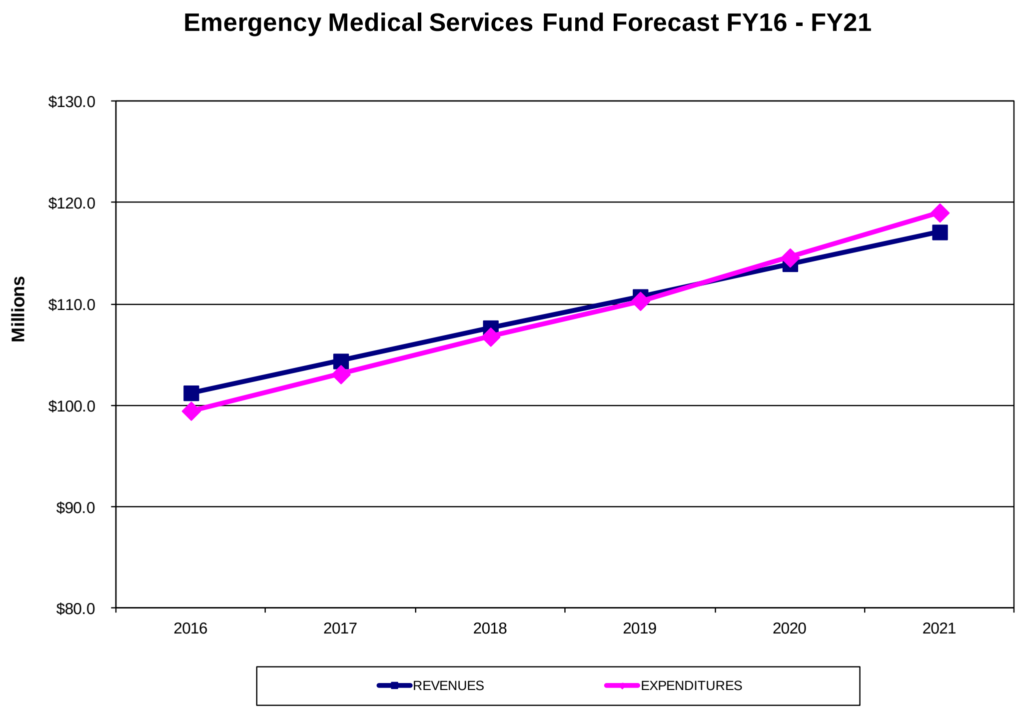
Key Assumptions

The EMS countywide millage is assumed to remain at the adopted FY15 rate of 0.9158 mills through the forecast period. Taxable values should continue to recover as the economy improves and the housing market rebounds. Ad valorem tax revenue is projected to grow 4.5% in FY16, and 4.0% in FY17 and FY18, and continue with a 3.5% annual growth factor from FY19 to FY21. During the forecast period, ambulance user fee revenues are estimated to increase by 2.0%, which aligns with projected increases to transport volume.

Contractual payments for ambulance service are projected to increase by 4.0% through the forecast period due to increased transport volume and increases in the CPI. The County will work with the provider to negotiate the lowest possible contract while still maintaining quality service.

First responder contractual expenditures increased 5.1% from FY12 to FY13 and increased by 0.8% in FY14. With recently negotiated agreements, first responder costs are estimated to increase by 2.6% in FY15, 4.3% in FY16, and 4.1% in FY17. The agreements provide for potential contract extensions in FY18 and FY19, with the annual increase tied to the lesser of percentage increase in the CPI or 125.0% of the percentage increase in taxable property value. The forecast assumes annual growth in CPI at 2.3% in FY18 and FY19. An additional 1.0% may be approved for qualified expenses, for up to a 3.3% increase in FY18 and FY19. Beginning in FY20, the forecast assumes annual increases of 4.0%, in line with ambulance assumptions.

EMERGENCY MEDICAL SERVICE FUND



Key Results

In the chart for the total EMS Fund above, the forecast shows revenues exceeding expenditures, but with a narrowing surplus each year through FY19. Expenditures begin exceeding revenues in FY20, with an increasing use of reserves through the forecast. At 27.3% in FY21, the reserve is still above the target of 25.0%.

Potential Risks

A major variable impacting future revenues for this fund is ad valorem revenue and taxable values. As taxable values recover, 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.

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 also 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 focus on maximizing ambulance revenues and containing or reducing system costs. Insufficient revenue growth or cost savings could lead to increasing the millage rate.

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

Forecast Assumptions	2016	2017	2018	2019	2020	2021
REVENUES						
Ad Valorem Revenue (@95%)	4.5%	4.0%	4.0%	3.5%	3.5%	3.5%
Ambulance Svc Contract Fees	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Grant Revenue (EMS Trust Fund)	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES						
Personal Services	4.5%	4.5%	4.5%	4.3%	4.3%	4.3%
Operating Expenses	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Operating Expenses-First Resp Med Supplies	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital Outlay	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Ambulance Contract	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%
Grants & Aids (First Responder Agmts)	4.3%	4.1%	3.3%	3.3%	4.0%	4.0%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
FL Per Capita Personal Income Growth	2.0%	2.8%	2.6%	1.6%	1.7%	1.6%
Estimated New Construction % of tax base	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

(in $ thousands)	Actual 2014	Budget 2015	Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
			FORECAST (@ 96% Ad Valorem Revenue and @100% Ambulance Revenue)						
BEGINNING FUND BALANCE	**23,930.8**	**24,096.9**	**27,566.1**	**30,687.5**	**32,458.9**	**33,761.8**	**34,645.8**	**35,078.8**	**34,465.9**
REVENUES									
Ad Valorem Revenue @95%	46,017.0	48,287.3	48,287.3	50,460.2	52,478.6	54,577.8	56,488.0	58,465.1	60,511.4
Ambulance Svc Contract Fees @ 95%	45,810.0	45,964.3	45,964.3	46,883.6	47,821.3	48,777.7	49,753.2	50,748.3	51,763.3
Ambulance Annual Members Fees	245.6	237.5	237.5	237.5	237.5	237.5	237.5	237.5	237.5
Grant Revenue (EMS Trust Fund)	302.2	225.0	225.0	229.5	234.1	238.8	243.5	248.4	253.4
Cty Off Fees (TC & PA)	305.8	276.3	276.3	279.1	281.9	284.7	287.5	290.4	293.3
Interest	91.1	90.2	90.2	122.7	227.2	371.4	485.0	666.5	654.9
Refund of prior yrs exp	2,660.7	-	-	-	-	-	-	-	-
Other revenues	42.4	44.7	44.7	44.7	44.7	44.7	44.7	44.7	44.7
Adjust Tax Revenues to 96%			508.3	531.2	552.4	574.5	594.6	615.4	637.0
Adjust Ambulance Revenues to 100%			2,419.2	2,467.6	2,516.9	2,567.2	2,618.6	2,671.0	2,724.4
TOTAL REVENUES	**95,474.8**	**95,125.3**	**98,052.8**	**101,256.1**	**104,394.6**	**107,674.2**	**110,752.8**	**113,987.3**	**117,119.7**
% vs prior year			2.7%	3.3%	3.1%	3.1%	2.9%	2.9%	2.7%
TOTAL RESOURCES	**119,405.6**	**119,222.2**	**125,618.9**	**131,943.5**	**136,853.5**	**141,436.0**	**145,398.5**	**149,066.1**	**151,585.6**
EXPENDITURES									
Personal Services	3,211.3	3,499.5	3,499.5	3,657.0	3,821.5	3,993.5	4,165.2	4,344.3	4,531.1
Operating Expenses	5,457.4	5,636.4	5,636.4	5,720.9	5,823.9	5,957.9	6,094.9	6,235.1	6,366.0
Operating Expenses - First Responder Medical Supplies	1,223.3	1,318.2	1,318.2	1,357.7	1,398.5	1,440.4	1,483.6	1,528.2	1,574.0
Capital Outlay	688.9	585.0	626.3	635.7	647.1	662.0	677.2	692.8	707.4
Ambulance Contract	39,128.5	40,651.7	40,651.7	42,277.8	43,968.9	45,727.6	47,556.7	49,459.0	51,437.4
EMS Trust Fund Grant Expenditures	302.2	225.0	225.0	229.5	234.1	238.8	243.5	248.4	253.4
Grants & Aids (First Responder Agmts)*	40,474.2	41,526.2	41,526.2	43,311.4	45,076.4	46,563.9	48,100.5	50,024.6	52,025.5
Trfrs to PA & TC	1,353.7	1,448.1	1,448.1	2,294.6	2,121.2	2,206.1	1,997.9	2,067.8	2,140.2
TOTAL EXPENDITURES	**91,839.5**	**94,890.1**	**94,931.4**	**99,484.6**	**103,091.7**	**106,790.3**	**110,319.7**	**114,600.2**	**119,035.0**
% vs prior year			3.4%	4.8%	3.6%	3.6%	3.3%	3.9%	3.9%
ENDING FUND BALANCE	**27,566.1**	**24,332.1**	**30,687.5**	**32,458.9**	**33,761.8**	**34,645.8**	**35,078.8**	**34,465.9**	**32,550.6**
Ending balance as % of Expenditures	30.0%	25.6%	32.3%	32.6%	32.7%	32.4%	31.8%	30.1%	27.3%
TOTAL REQUIREMENTS	**119,405.6**	**119,222.2**	**125,618.9**	**131,943.5**	**136,853.5**	**141,436.0**	**145,398.5**	**149,066.1**	**151,585.6**
REVENUE minus EXPENDITURES (NOT cumulative)	3,635.3	235.2	3,121.4	1,771.4	1,302.9	884.0	433.0	(612.9)	(1,915.3)

1) Through FY21, the fund reflects the new ordinance passed by Board action on December 20th, 2011, to maintain as close as possible, a 25% Beginning Fund Balance.
2) EMS Millage increased from 0.8506 in FY12 to 0.9158 in FY13, remained flat through FY15, and is assumed at 0.9158 through the forecast period. Maximum annual EMS levy is 1.5000 mills.
3) The First Responder Agreements reflect the negotiated compensation for FY2015 through FY17, with no changes in service.
The First Respnder Agreements for FY18 and FY19 reflect potential 1-year extensions, with an annual adjustment based on the Consumer Price Index and potential additional 1%.
The First Responder Agreements for FY20 and FY21 reflect potential annual adjustments in line with ambulance service assumptions.
4) 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.

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 95.0% of costs, depending on the type of project, with some projects funded 100.0% when Passenger Facility Charges are included.

The St. Pete - Clearwater International Airport in 2013 unveiled a major re-branding effort to better promote the Airport. In 2014, the Airport reaped the benefits. At the annual Governor's Conference on Tourism the Airport received the Flagler Award for Best in Show at a Budget Level Less than $100,000 for its rebranding. It was the first time in the Flagler Award's history an airport received this special recognition. The airport was recognized by its peers by receiving first place in the annual Airport Council International-North America (ACI-NA) Excellence in Airport Marketing and Communication Contest for its partnership with Allegiant Air in co-sponsoring the Tampa Bay Rays for the 2013 season. It also received second and third place awards from ACI-NA for use of the new logo and rebrand in its redesign of its newsletter and website, respectively. In early 2014, the Airport's director, Noah Lagos, was named Tourism Person of the Year by the Clearwater Regional Chamber of Commerce.

The Airport realized a 22.7% increase in airline passengers in 2014 by serving 1,247,987 passengers in the calendar year. Allegiant Airlines continues to be the Airport's largest airline. The airline added four new cities in 2014: Cincinnati-OH, Bloomington-IL, Belleville-IL and Concord-NC. Allegiant now flies non-stop from the Airport to 40 destinations. People Express began service in August from Newport News/Williamsburg-VA, SunCounty Airlines announced service from Minneapolis/St. Paul-MN, and Sunwing Airlines added a non-stop flight from Ottawa, Canada. In early 2015, Allegiant Airlines will have five new cities from St. Pete-Clearwater International Airport: Pittsburgh-PA, Indianapolis-IN, Richmond-VA, Hagerstown-MD, and Omaha-NE.

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.

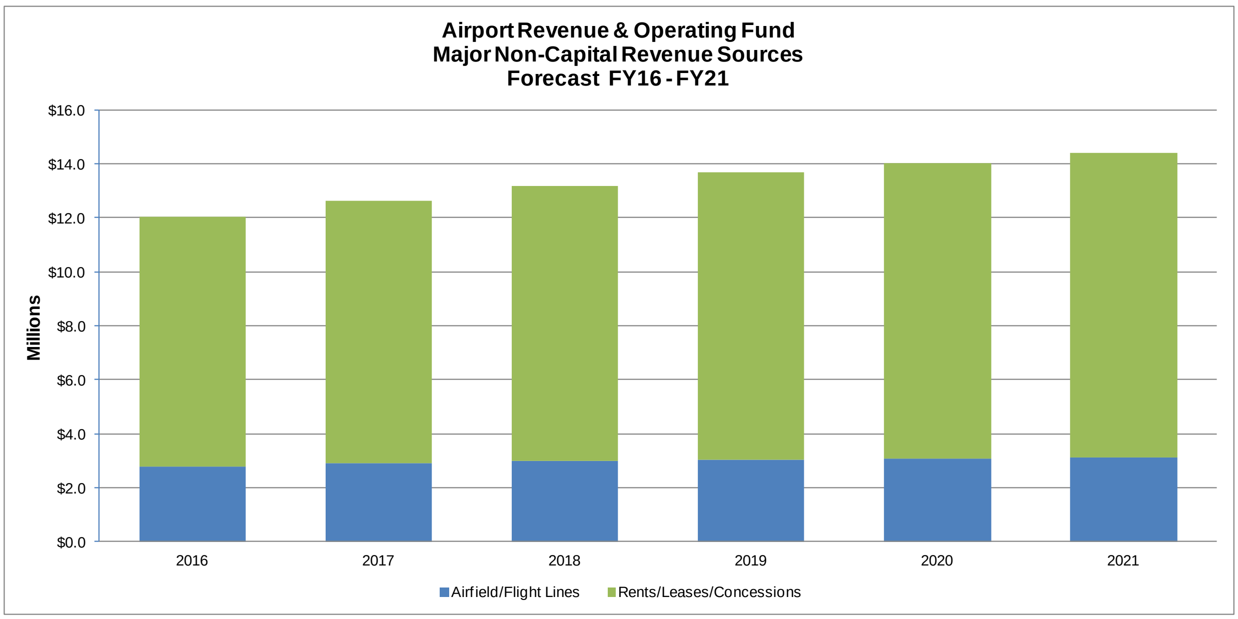
AIRPORT FUND

Airport airline and concession revenues have grown in recent years due to increased service from Allegiant Airlines. These revenues are forecast to increase by 3.6% per year over the forecast period based on the Airport's 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. FY15 numbers shown in the charts are based on estimates.

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 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 includes long-term ground lease income. Airfield & Flight Line revenue include US Coast Guard fees, airline landing and fuel flowage fees, and general aviation rent/fees.



<u>Rentals/Leases/Concessions</u>

St. Petersburg-Clearwater International Airport, which is classified as small-hub airport by the Federal Aviation Administration (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, and Dynamet Inc. are examples of the long-term leases at the Airport. These long-term leases provide approximately 26.0% of the Airport's annual operating revenue over the forecast period. In 2014, the percentage was 30.0%. This

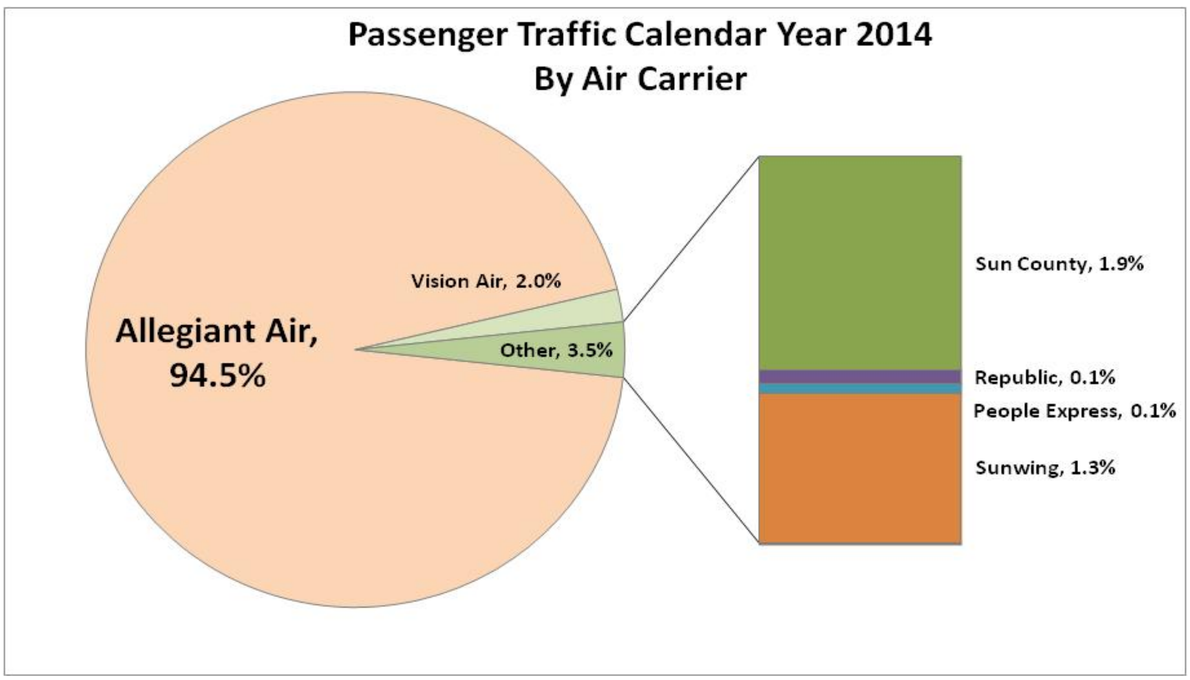
percentage decrease is due to the increase in aviation revenues from previous years. Long-term leases typically have a five-year adjustment based on the CPI.

Also included in this revenue source are concessions operating at the airport terminal, such as the paid parking, car rentals, gift shop, and restaurant. These revenue sources are expected to increase an average of 3.8% per year over the forecast period.

Airfield/Flight Line

As noted above, Airfield revenue includes US Coast Guard fees, airline and cargo landing fees, and 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-hangars. These revenue sources are expected to increase by approximately 2.1% per year over the forecast period.

The following chart for passenger traffic for 2014 shows that Allegiant Airlines represents 94.5% of the passengers served on passenger airlines operating at the Airport. Revenues from Terminal concession leases, along with airline landing fees and fuel flowage fees, are dependent on passenger airline service. As compared to 2013, airline passenger traffic for 2014 increased 22.7%.



Capital Contributions and Grants

Grants from the 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.

The Passenger Facility Charge Program by the FAA allows the collection of fees for every boarded passenger at commercial airports controlled by a public agency. These fees are used

for FAA approved projects that enhance safety, security or capacity, reduce noise, or increase air carrier competition. Currently, the Airport has used these funds for capital improvements only.

Expenditures

The Airport Revenue and Operating Fund supports budgeted expenditures and reserves in FY15 totaling $46.0M of which $20.3M is allocated for capital projects and $15.7M for reserves. Early estimates for FY15 show total expenses $3.1M less than budget due to updated capital project plans.

Airport Programs

Of the remaining $10.0M budgeted for operating expenditures, 95.6% supports the Aviation Services program and 4.4% 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 at the Airport to ensure compliance with Federal Aviation Administration lease requirements. Early estimates for FY15 operating expenses remain at budget.

Personal Services

Personal Services expenses are for the salaries and benefits of the 56.0 full-time equivalent positions needed to operate both programs at the Airport. Budgeted Personal Services expenditures in FY15 total $4.6M.

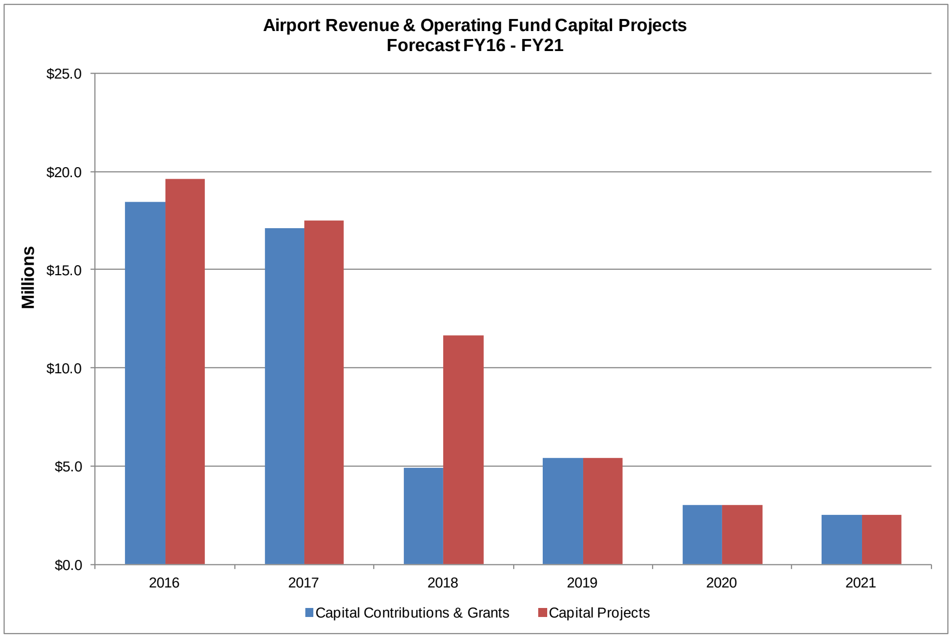
Capital Projects

The FY15 budget for Capital Projects is $20.3M. 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. Other outside revenues may be planned, such as private investment funds, but these sources are not included in the revenue forecast for Capital Projects in this analysis. As stated previously, capital project expenditures are estimated to be lower than budget for FY15.

In FY16 through FY17, capital projects include security system rehabilitation, new airport maintenance facility, airfield taxiway rehabilitation, an update to the Airport Master Plan and Runway 18-36 rehabilitation. The FY17 Airport Master Plan will be an important update with Board of County Commissioners policy decisions on the level and sources of investment for future capital improvements.

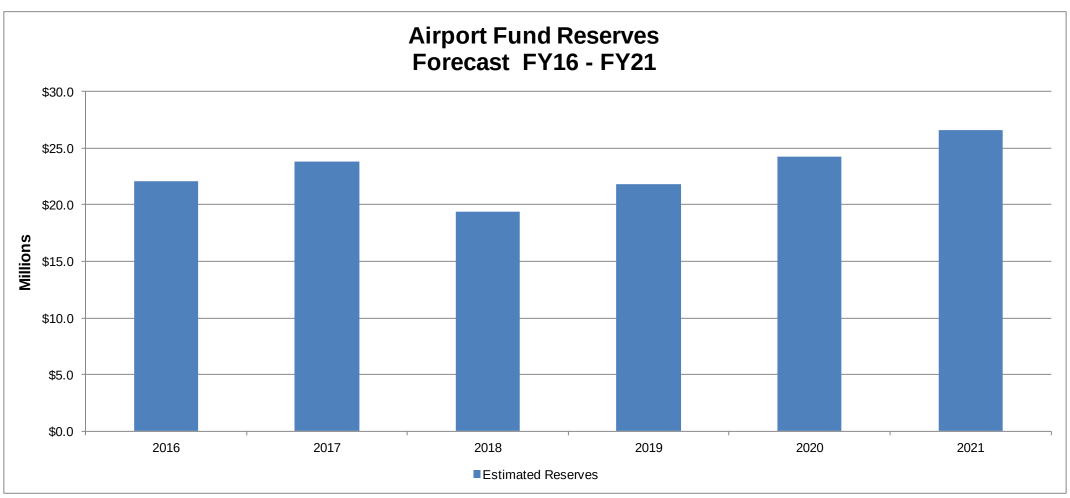
The scheduled capital projects in the outer years of the forecast period include construction of new taxiways and ramps to the former Airco parcel, construction of new T-Hangars, airfield lighting rehabilitation, and construction of a new airport fire station.

AIRPORT FUND



Reserves

The total reserve level in the Airport Revenue and Operating fund is budgeted at $15.7M (34.2%) for FY15. The Airport built reserves over the past several years from the increased passenger airline service revenues and conservative operating expenditures which resulted in increased annual operating profits. The reserves are available in the event of unanticipated revenue shortfalls, as well as, to support future capital funding needs. During the last eight fiscal years except in FY09, this drawdown on fund balance has only occurred to fund CIP projects. The 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. The amount of OPEB for the Airport Fund in the FY13 Comprehensive Annual Financial Report, Proprietary Funds Statement of Net Position is $1.9M.



Six-Year Forecast

Key Assumptions

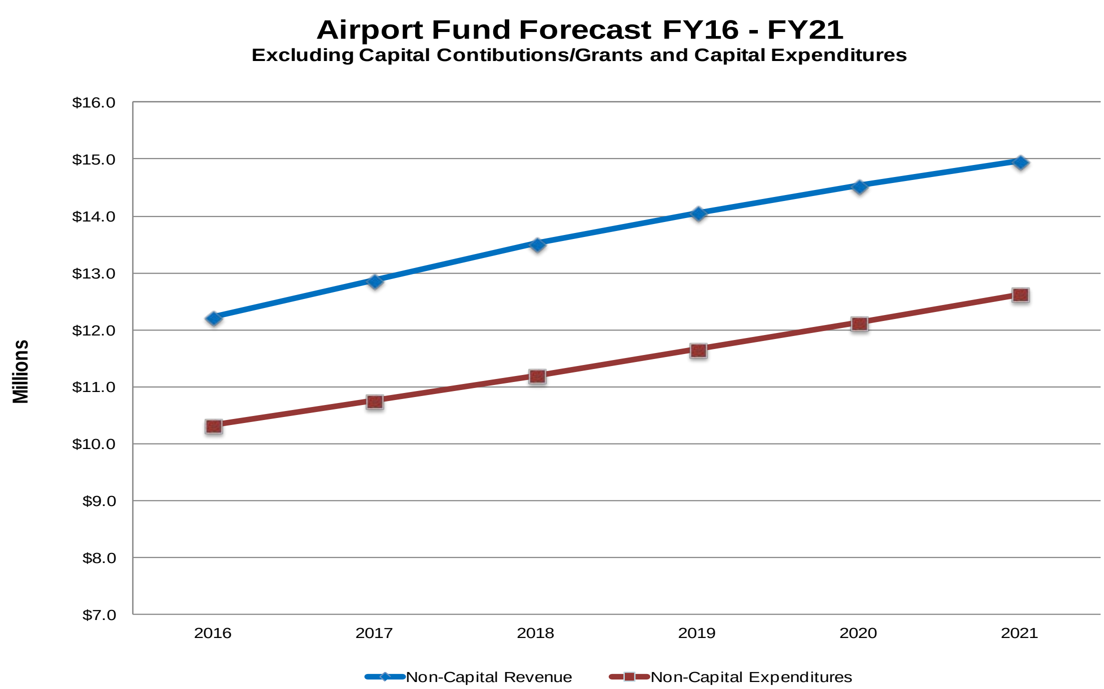
The key assumptions for the six-year forecast are based on the following:

- Based on forecast service levels of Allegiant Airlines, the Airport is projecting an average operating profit of approximately $1.4 million plus per year for FY16 – FY21

- Operating revenues and expenditures assume the following:
  - FY15 – Estimated at 1.5M total passengers
  - FY16 – Estimated at 1.6M total passengers
  - FY16 – FY21 – 3.9% average annual passenger growth which equates to two new cities served. Average annual passenger growth is 64,000 total passengers

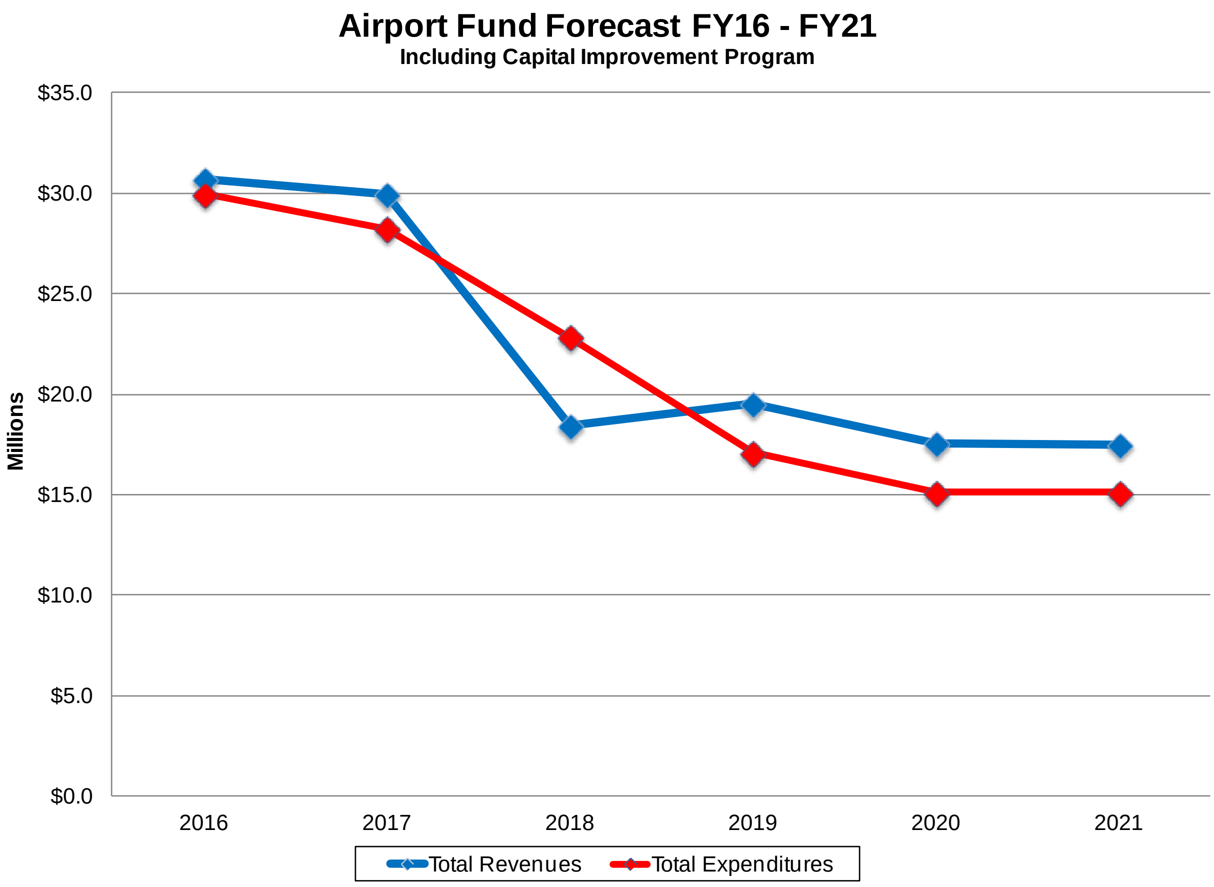
- Conservative assumptions based on the following:
  - Stable five-year history with consistent growth
  - Average annual passenger growth FY10 – FY14 was 14.3%
  - Five new cities planned to be added in FY15 by Allegiant
    - New city growth forecasted at two cities each year thereafter
  - If needed 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 FY19. 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 (excludes capital projects) revenues and expenditures is positive through the forecast period, resulting in forecast annual operating profits of more than $1.0M.



AIRPORT FUND

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. Reserves are modeled in the forecast to cover the shortfall in revenue shown in FY18 due to capital project expenditures.



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 six-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 $1.0M 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.

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 $100,000 to $300,000 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	2016	2017	2018	2019	2020	2021
REVENUES						
Airfield/Flight Lines	1.4%	4.3%	2.9%	1.3%	1.1%	1.5%
Rents/Leases/Concessions	4.0%	4.9%	4.7%	4.8%	2.8%	3.1%
Capital Contributions	17.7%	-7.3%	-71.2%	10.5%	-44.9%	-16.7%
Interest	0.4%	0.7%	1.1%	1.4%	1.9%	1.9%
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES						
Personal Services	4.5%	4.5%	4.5%	4.3%	4.3%	4.3%
Operating Expenses	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Capital Outlay	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Grants & Aids	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
FL Per Capita Personal Income Growth	2.0%	2.8%	2.6%	1.6%	1.7%	1.6%

AIRPORT FUND FORECAST
Fund 4001

(in $ thousands)	Actual 2014	Budget 2015	FORECAST Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE	**18,533.0**	**18,298.5**	**20,996.9**	**21,370.9**	**22,090.1**	**23,827.4**	**19,421.6**	**21,820.8**	**24,222.7**
REVENUES									
Airfield/Flight Lines *	3,098.0	3,070.0	2,752.4	2,790.9	2,910.9	2,995.4	3,034.3	3,067.7	3,113.7
Rents/Leases/Concessions *	7,687.5	7,113.2	8,896.8	9,252.7	9,706.1	10,162.2	10,650.0	10,948.2	11,287.6
Grants-Operating	88.9	88.2	88.2	90.0	91.8	93.6	95.5	97.4	99.3
Capital Contributions	5,939.8	17,367.5	15,683.0	18,462.0	17,111.0	4,921.5	5,440.0	3,000.0	2,500.0
Interest	48.7	88.9	88.9	85.5	154.6	262.1	271.9	414.6	460.2
Other revenues	158.1	2.2	2.2	2.2	2.3	2.3	2.4	2.4	2.5
TOTAL REVENUES	**17,021.0**	**27,730.0**	**27,511.5**	**30,683.3**	**29,976.7**	**18,437.1**	**19,494.2**	**17,530.4**	**17,463.5**
% vs prior year			61.6%	11.5%	-2.3%	-38.5%	5.7%	-10.1%	-0.4%
TOTAL RESOURCES	**35,554.0**	**46,028.5**	**48,508.4**	**52,054.2**	**52,066.8**	**42,264.5**	**38,915.8**	**39,351.3**	**41,686.2**
EXPENDITURES									
Personal Services	4,212.3	4,608.7	4,608.7	4,816.2	5,033.1	5,259.6	5,485.7	5,721.6	5,967.7
Operating Expenses **	3,948.8	4,781.5	4,781.5	4,972.8	5,171.7	5,378.5	5,593.7	5,817.4	6,050.1
Capital Outlay	367.1	141.6	141.6	147.3	153.2	159.3	165.7	172.3	179.2
Full Cost Allocation	468.2	483.0	483.0	490.2	499.1	510.5	522.3	534.3	545.5
Debt Service	-	-	-	-	-	-	-	-	-
Non-recurring CIP expenditures	5,560.2	20,270.3	17,218.0	19,637.0	17,486.0	11,643.0	5,440.0	3,000.0	2,500.0
Expenditure Lapse 1% ***			(95.3)	(99.4)	(103.6)	(108.0)	(112.5)	(117.1)	(122.0)
TOTAL EXPENDITURES	**14,556.6**	**30,285.1**	**27,137.5**	**29,964.1**	**28,239.4**	**22,843.0**	**17,094.9**	**15,128.5**	**15,120.5**
% vs prior year			86.4%	10.4%	-5.8%	-19.1%	-25.2%	-11.5%	-0.1%
ENDING FUND BALANCE	**20,997.4**	**15,743.4**	**21,370.9**	**22,090.1**	**23,827.4**	**19,421.6**	**21,820.8**	**24,222.7**	**26,565.7**
Ending balance as % of Resources		34.2%	44.1%	42.4%	45.8%	46.0%	56.1%	61.6%	63.7%
TOTAL REQUIREMENTS	**35,554.0**	**46,028.5**	**48,508.4**	**52,054.2**	**52,066.8**	**42,264.5**	**38,915.8**	**39,351.3**	**41,686.2**
REVENUE minus EXPENDITURES	2,464.4	(2,555.1)	374.0	719.2	1,737.3	(4,405.8)	2,399.3	2,401.9	2,343.0
note: non-recurring CIP expenditures	**5,560.2**		**17,218.0**	**19,637.0**	**17,486.0**	**11,643.0**	**5,440.0**	**3,000.0**	**2,500.0**
non-recurring rev(capital contrib)	**(5,939.8)**		**(15,683.0)**	**(18,462.0)**	**(17,111.0)**	**(4,921.5)**	**(5,440.0)**	**(3,000.0)**	**(2,500.0)**
net recurring rev- exp	2,084.8		**1,909.0**	**1,894.2**	**2,112.3**	**2,315.7**	**2,399.3**	**2,401.9**	**2,343.0**

* Operating Revenues are forecast at 100.0%
** Operating Expenses net of Full Cost Allocation
*** Expenditure lapse is calculated on Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids only.

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 FY12 budget process will provide sufficient revenues to maintain reserves and fund capital replacement needs through FY15. The forecast revenues include an additional 1.75% per year annual increase in rates from FY16 through FY19, as recommended in the FY15 Utilities Rates Study performed by Burton & Associates, the County's independent utility rates consultant. There is also a 1.75% annual rate increase projected for FY20 and FY21. In FY15 and FY16, expenditures will exceed revenues as fund balance is used to complete major capital projects. The Water Funds are structurally balanced through the forecast period.

Revenues

The Water Funds are projected to generate revenues in FY15 totaling $90.4M. The Water Funds have two primary funding sources: retail water sales of $66.0M and wholesale water sales of $18.7M.

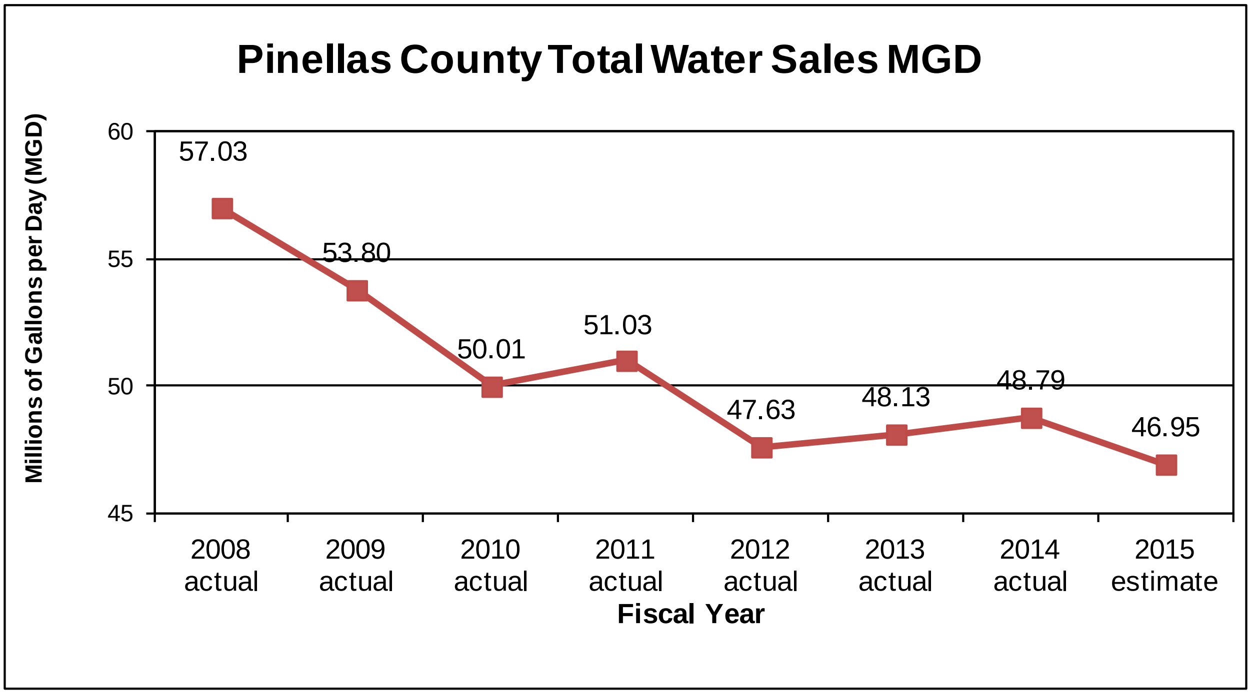
Retail Water Sales

The Water System charges $6.35 per month base rate and $4.78 per 1,000 gallons for retail water service, an increase of $1.00 per month from FY14. In FY16, an additional base rate increase of $0.11, and an increase of $.09 per 1,000 gallons is recommended for a base rate of $6.46 and a volumetric rate of $4.85. 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 10.4% from FY08 to FY14. The amount of water purchased can be affected by economic conditions, housing and commercial vacancies, rainfall, and levels of conservation.

Wholesale Water Sales

The Water System rate for FY15 is $3.8557 per 1,000 gallons for wholesale water service. In FY16, rates are recommended to increase by 1.75%, resulting in a revised rate of $3.9232. 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 22.1% from FY08 to FY14, 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 FY13, Oldsmar substantially reduced their purchase of water from Pinellas County. The City of Clearwater and City of Tarpon Springs continue to implement plans to expand or develop their own water supply facilities, further reducing the volume of water that will be purchased.

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



Source: Pinellas County Utilities Department

Expenditures

The Water Funds support budgeted expenditures and reserves in FY15 totaling $126.0M. The primary expenditures in the fund are $44.5M for the purchase of water, $13.5M for personal services, $17.1M for operating expenses (excluding the purchase of water), and $25.4M 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.

Personal Services

The Water System is budgeted for 169.0 full-time equivalent employees in FY15. The Personal Services expenses of $13.5M are for the salaries and benefits of those positions needed to operate the Water System. Water System benefits include the $909,000 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.

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 Engineering and Technical Support Department in the Capital Improvement Program 10-year work plan.

Reserves

The reserve level in the Water System is estimated at 25.3% in FY15, which exceeds the 5.0% - 15.0% reserve level budget policy adopted by the Board. The Water System maintains these reserves for cash flow, emergencies, and future capital needs.

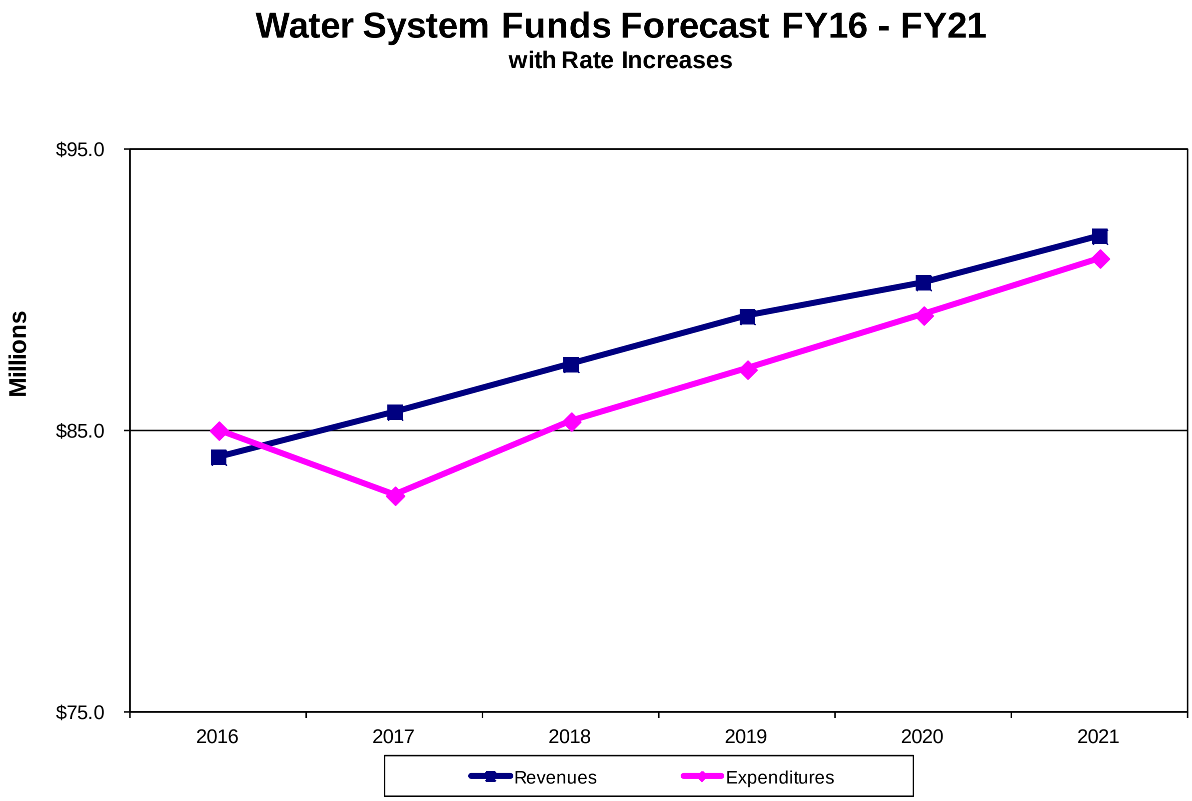
Six-Year Forecast

Key Assumptions

Due to the reduction in wholesale demand and expected slow growth in the economy, the forecast assumes a 0.4% decrease in revenue in FY15 and a 7.0% decrease in FY16. FY17 to FY21 are projected to increase 1.4% to 2.0% per year. The wholesale water demand projections reflect a decline in revenues in FY15 and FY16 due to the projected loss of sales for 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. The change in the Purchase of Water costs is derived from the FY15 Tampa Bay Water five-year budget through FY20, then assumes an increase of 2.6% for FY21. Electricity and chemical costs are projected to increase 5.0% and 7.0% respectively per year through the forecast period. The capital outlay forecast reflects the construction and purchase needs as estimated by the Pinellas County Engineering and Technical Support Department.

WATER FUNDS

To balance revenues with projected expenditures, the forecast includes future rate increases that will be necessary for both retail and wholesale rates. Burton & Associates, independent consultants, computed that rate increases for FY16 through FY21 are needed at 1.75% per year, based on a blend of growth and consumption assumptions, inflationary cost increases, and capital needs at the projected water demand levels.



Key Results

The forecast for the Water System Funds shows that the approved rate increases, and rate increases starting in FY16 as recommended in the FY15 Utilities Rate Study by Burton & Associates, will provide sufficient revenues to maintain reserves and fund capital replacement needs. In FY15 and FY16, expenditures will exceed revenues as fund balance is drawn down to complete major capital projects. From FY17 through FY21 the Water Funds are structurally balanced.

Potential Risks

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

Balancing Strategies

With the multi-year rate increases approved during the FY12 budget process and future rate increases as recommended by Burton & Associates, the Water System is balanced over the forecast period. With the exception of FY15 and FY16, when large capital improvements are needed, recurring 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	2016	2017	2018	2019	2020	2021
REVENUES						
Water Sales-Retail *	**3.9%**	**1.9%**	**1.9%**	**1.9%**	**1.9%**	**1.9%**
Water Sales-Wholesale *	**-44.7%**	**1.7%**	**1.8%**	**1.8%**	**1.7%**	**1.8%**
Interest	**0.4%**	**0.7%**	**1.1%**	**1.4%**	**1.9%**	**1.9%**
Other revenues	**-9.2%**	**0.0%**	**0.0%**	**0.0%**	**-12.1%**	**0.0%**
EXPENDITURES						
Personal Services	**4.5%**	**4.5%**	**4.5%**	**4.3%**	**4.3%**	**4.3%**
Operating Expenses	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
Purchase of Water **	**-10.0%**	**1.9%**	**1.1%**	**1.0%**	**1.4%**	**2.6%**
Power	**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%**
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
FL Per Capita Personal Income Growth	**2.0%**	**2.8%**	**2.6%**	**1.6%**	**1.7%**	**1.6%**

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

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

WATER FUNDS FORECAST
Fund 4031, 4033, 4034 & 4036

(in $ thousands)	Actual 2014	Budget 2015	FORECAST (@100%) Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE*	**37,837.4**	**43,225.6**	**43,225.6**	**33,739.8**	**32,779.7**	**35,734.1**	**37,752.2**	**39,623.3**	**40,780.6**
REVENUES									
Water Sales - Retail	63,486.2	59,669.9	66,030.9	68,580.0	69,904.3	71,253.9	72,629.4	74,031.1	75,459.7
Water Sales - Wholesale	20,833.3	17,759.8	18,694.6	10,336.6	10,517.5	10,701.6	10,888.9	11,079.4	11,273.3
Interest	102.3	150.3	158.2	135.0	229.5	393.1	528.5	752.8	774.8
Other Revenues	6,334.3	5,231.4	5,506.8	4,997.5	4,998.3	4,999.1	4,999.8	4,392.8	4,393.5
TOTAL REVENUES	**90,756.2**	**82,811.5**	**90,390.5**	**84,049.2**	**85,649.6**	**87,347.6**	**89,046.6**	**90,256.2**	**91,901.4**
% vs prior year		-8.8%	-0.4%	-7.0%	1.9%	2.0%	1.9%	1.4%	1.8%
TOTAL RESOURCES	**128,593.5**	**126,037.1**	**133,616.1**	**117,789.0**	**118,429.4**	**123,081.7**	**126,798.8**	**129,879.5**	**132,682.0**
EXPENDITURES									
Personal Services	12,524.3	12,549.8	12,549.5	13,114.2	13,704.4	14,321.1	14,936.9	15,579.2	16,249.1
OPEB	869.5	908.7	908.7	949.6	992.3	1,036.9	1,081.5	1,128.0	1,176.5
Operating Expenses	5,101.4	5,663.6	5,663.6	5,748.5	5,852.0	5,986.6	6,124.3	6,265.1	6,396.7
Purchase of Water	45,911.3	44,500.0	44,500.0	40,065.0	40,835.5	41,292.7	41,688.9	42,266.7	43,386.8
Power	1,410.5	1,648.7	1,648.7	1,731.1	1,817.7	1,908.6	2,004.0	2,104.2	2,209.4
Chemicals	666.3	892.8	892.8	955.3	1,022.2	1,093.7	1,170.3	1,252.2	1,339.9
Grants & Aids	959.3	919.8	919.8	-	-	-	-	-	-
Cost Allocation	6,141.7	8,030.7	8,030.7	8,151.2	8,297.9	8,488.8	8,684.0	8,883.7	9,070.3
Expenditure Lapse**			(751.1)	(707.1)	(725.2)	(741.3)	(756.9)	(774.8)	(798.3)
Debt Service	6.3	3.0	3.0	-	-	-	-	-	-
Capital Equipment	599.1	2,414.3	2,544.7	422.5	422.5	422.5	422.5	422.5	422.5
Capital Outlay	14,903.8	22,966.0	22,966.0	14,579.0	10,476.0	11,520.0	11,820.0	11,972.0	11,672.0
TOTAL EXPENDITURES	**89,093.3**	**100,497.3**	**99,876.2**	**85,009.2**	**82,695.2**	**85,329.5**	**87,175.5**	**89,098.9**	**91,124.8**
% vs prior year		12.8%	12.1%	-14.9%	-2.7%	3.2%	2.2%	2.2%	2.3%
TOTAL ENDING FUND BALANCE	**39,500.2**	**25,539.8**	**33,739.8**	**32,779.7**	**35,734.1**	**37,752.2**	**39,623.3**	**40,780.6**	**41,557.2**
Ending balance as % of Resources		20.3%	25.3%	27.8%	30.2%	30.7%	31.2%	31.4%	31.3%
TOTAL REQUIREMENTS	**128,593.5**	**126,037.1**	**133,616.1**	**117,789.0**	**118,429.4**	**123,081.7**	**126,798.8**	**129,879.5**	**132,682.0**
REVENUE minus EXPENDITURES (NOT cumulative)	1,662.9	(17,685.8)	(9,485.8)	(960.1)	2,954.4	2,018.1	1,871.1	1,157.3	776.6

*Includes OPEB Impact
**Expenditure lapse of 1.0% 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 forecast at 100.0%.

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 FY12 will provide sufficient revenues to maintain reserves, sustain the recommended debt service coverage ratio of 1.50x, and fund capital replacement needs through FY15. The forecast revenues include an additional 1.0% per year annual increase in rates from FY17 through FY19, as recommended in the FY15 Utilities Rates Study performed by Burton & Associates, the County's independent utility rates consultant. There is also a 1.0% annual rate increase projected for FY20 and FY21. In FY15, FY17, FY20, and FY21 expenditures will exceed revenues as fund balance is drawn down as major capital projects are completed. The Sewer Funds are structurally balanced through the forecast period.

Revenues

The Sewer Funds are projected to generate revenues in FY15 totaling $74.2M. The Sewer Funds have four primary funding sources: retail sewer charges of $58.7M, wholesale sewer charges of $9.2M, retail reclaimed water charges of $4.4M, and wholesale reclaimed water charges of $247,000.

<u>Retail Sewer Charges</u>

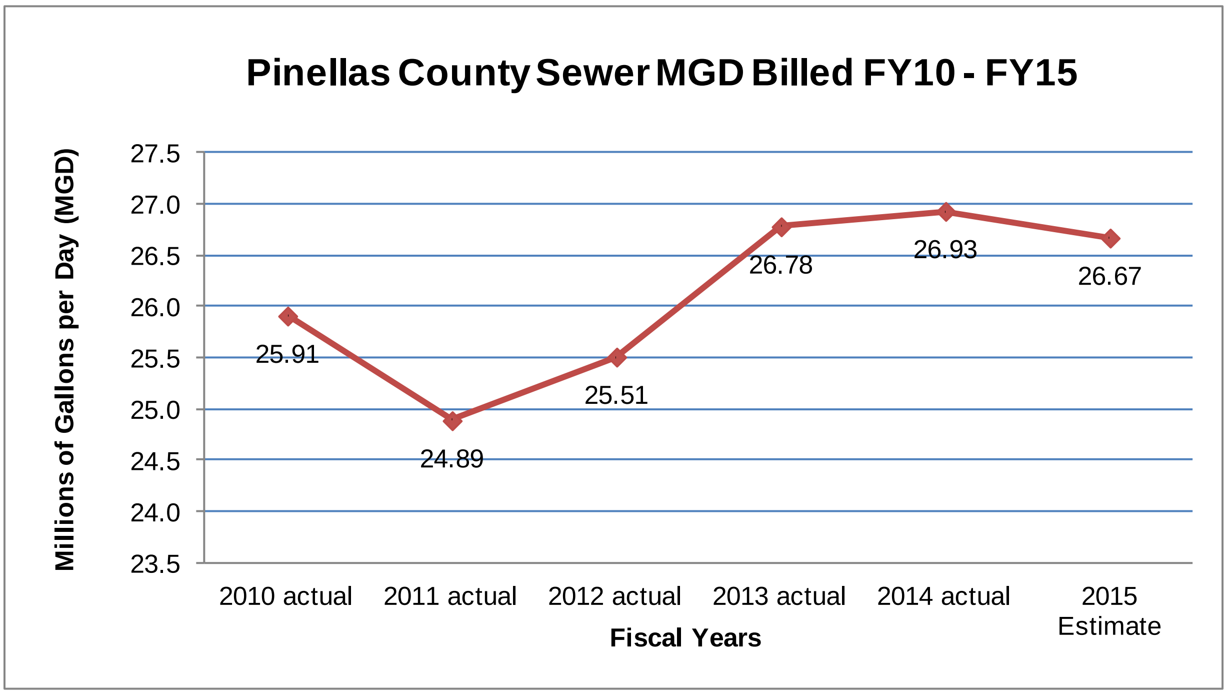
In FY12, a rate increase was adopted that set the FY15 rate for retail customers at a base rate of $13.26 per month and $4.84 per 1,000 gallons. Prior to this approved rate increase, there was a 6.0% increase in FY14, a 6.0% increase in FY13, a 6.0% increase in FY12, a 1.5% increase in FY11, a 3.5% increase in FY10, and no rate increases from FY04 through FY09. The customer base for retail sewer service is both commercial and residential properties in the Pinellas County Sewer service area. The residents and businesses of the City of Indian Rocks Beach became retail customers effective in FY15. The amount of sewage processed is affected by economic conditions, housing and commercial vacancies, and levels of water conservation.

SEWER FUNDS

Wholesale Sewer Sales

The Sewer System charges $4.1783 per 1,000 gallons for wholesale sewer service. Wholesale customers are three 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, and Pinellas Park are the wholesale customers of the Sewer System. The City of Indian Rocks Beach was a wholesale customer until the sale of their sewer collection system to Pinellas County, effective October 1, 2014. 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 Utilities Department

Retail Reclaimed Water Charges

The Reclaimed Water System charges a $12.00 per month rate for unfunded un-metered service (systems without existing distribution lines), a $7.00 per month availability charge and $0.96 per 1,000 gallons for retail reclaimed water service for metered service unfunded systems (systems without existing distribution lines), a $18.00 per month base rate for funded un-metered service (systems with pre-existing distribution lines), and $0.96 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.

Wholesale Reclaimed Water Charges

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

Expenditures

The Sewer Funds support budgeted expenditures in FY15 totaling $78.6M. The primary expenditures in the funds are $16.4M for personal services costs, $25.7M for operating expenses, $14.4M for debt service, and $22.2M for capital outlay.

Personal Services

The Sewer System is budgeted for 192.0 full-time equivalent employees in FY15. The Personal Services expenses of $16.4M are for the salaries and benefits of those positions needed to operate the Sewer System. Sewer System benefits include the $1.1M 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 $170.0M of bond principal outstanding as of September 30, 2014. 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 FY15 through FY29, the debt service requirement is between $14.4M and $14.6M. From FY30 through FY33, debt service payments fall to between $4.9M and $5.3M. The bonds mature between 2017 and 2033.

Operating Expenses

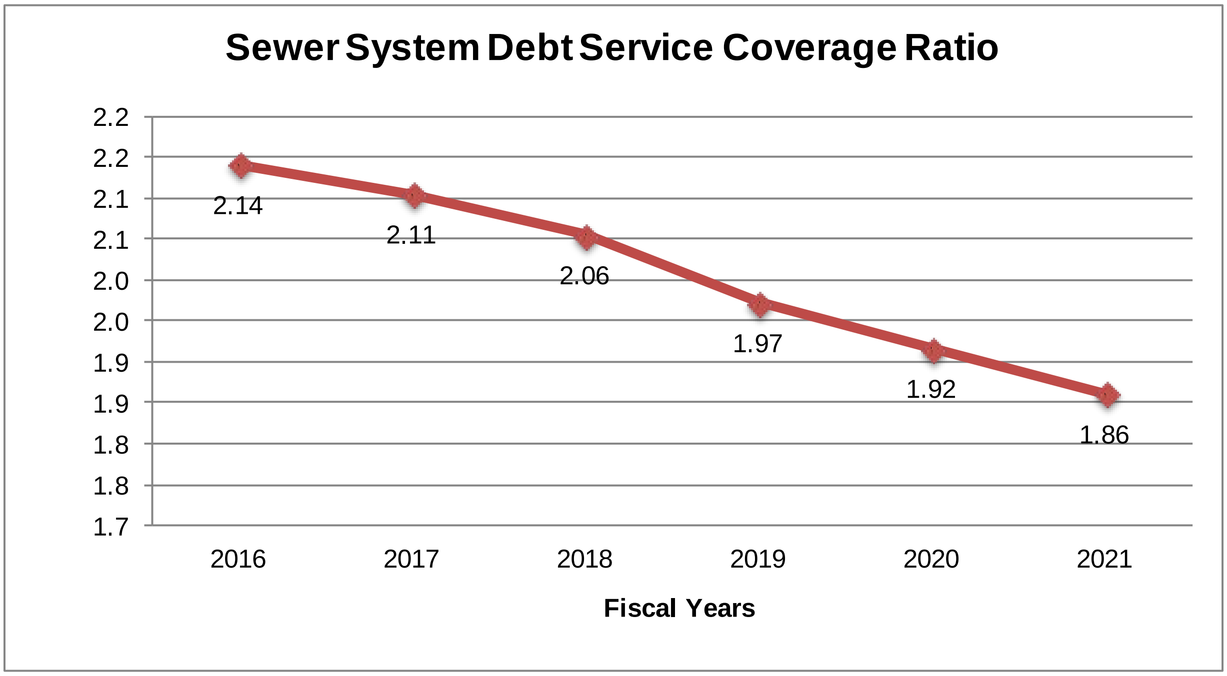
The Sewer System incurs annual recurring costs for repair and maintenance, supplies, fuel, and communications. In addition, utilities to run the facilities and chemicals to treat the waste are major components of the Sewer System’s operating expenses.

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 Pinellas County Engineering and Technical Support Department in the Capital Improvement Program 10-year work plan.

Reserves

The reserve level in the Sewer System is 38.9%, which is higher than the 5.0% - 15.0% reserve level budget policy adopted by the Board. The Sewer System maintains $12.5M of reserves for cash flow and emergencies and $10.4M to fund future capital needs. In addition, the 2008 bond issue requires a debt service reserve of $1.9M.



Source: Pinellas County Utilities Department

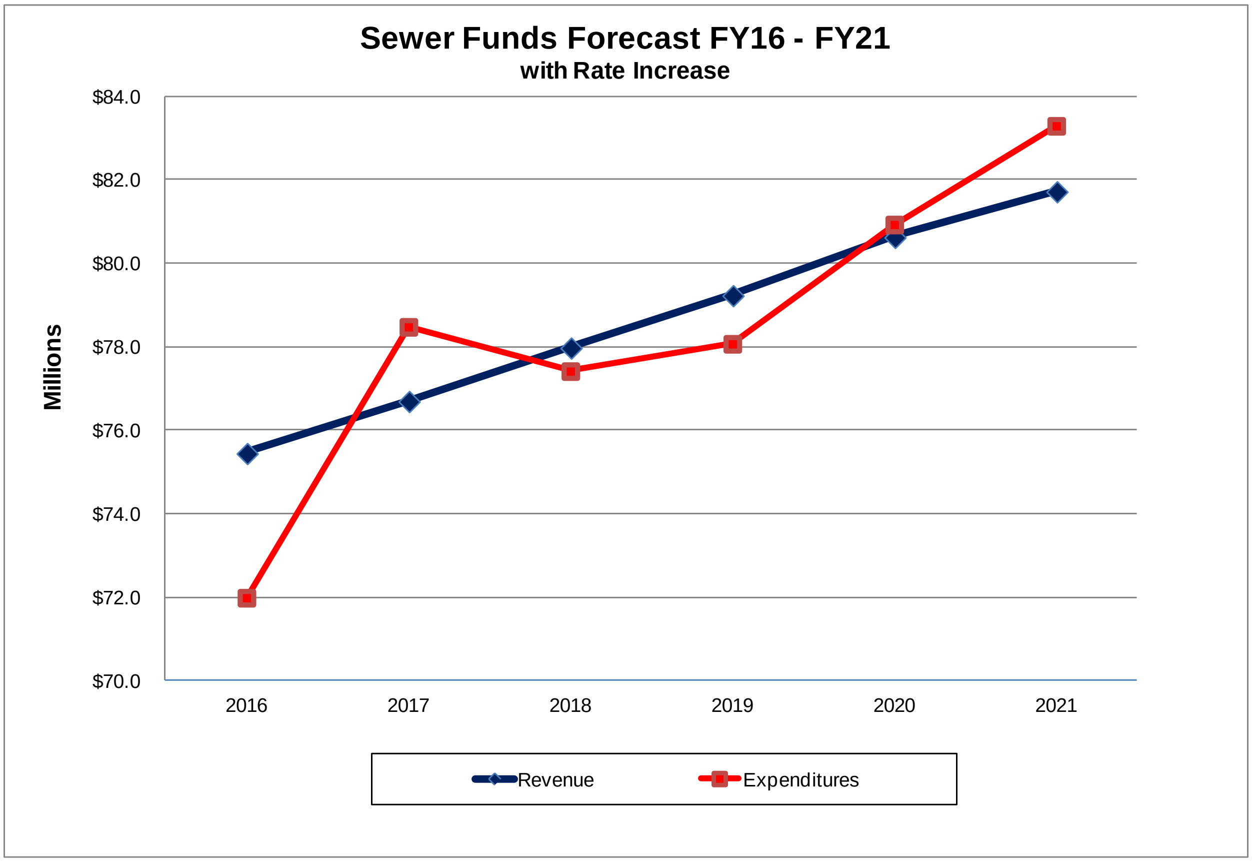
Six-Year Forecast

<u>Key Assumptions</u>

The forecast assumes a 4.4% increase in revenue in FY15. From FY16 through FY21, revenues are projected to increase 1.4% to 1.8% 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 5.0% and 7.0% respectively per year through the forecast period. The capital outlay forecast reflects the construction and purchase needs as estimated by the Pinellas County Engineering and Technical Support Department.

To balance revenues with projected expenditures, multi-year rate increases were approved during the FY12 budget process for both retail and wholesale rates. Burton and Associates, 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 FY12 – FY15 for retail sewer; and 9.0% each year FY12 – FY15 for wholesale sewer; reclaimed water/retail customers: $1.00 to the monthly charge each year FY12 – FY15 for unmetered service and an increase of $0.08 to the user fee per 1,000 gallons each year FY12 – FY15. These multi-year rates were approved by the Board of County Commissioners in September 2011. Included in the forecast are rate increases for FY17 through FY19, as recommended in the FY15 Utilities Rate Study by Burton & Associates, assumed at 1.0% 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. There is also a 1.0% annual rate increase projected for FY20 and FY21.

SEWER FUNDS



Key Results

The forecast for the Sewer System Funds shows that the multi-year rate increases approved in FY12 and future rate increases starting in FY17, 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 FY15, FY17, FY20, and FY21, expenditures will exceed revenues as fund balance is drawn down as major capital projects are completed. Over the forecast period, 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 six-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 FY12 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	2016	2017	2018	2019	2020	2021
REVENUES						
Sewer Charges - Retail *	1.5%	1.2%	1.2%	1.2%	1.2%	1.2%
Sewer Charges - Wholesale *	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Reclaimed - Retail *	5.3%	5.0%	4.8%	4.5%	4.3%	4.2%
Reclaimed - Wholesale *	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Interest	0.4%	0.7%	1.1%	1.4%	1.9%	1.9%
Other revenues	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
EXPENDITURE						
Personal Services	4.5%	4.5%	4.5%	4.3%	4.3%	4.3%
Operating Expenses	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Power	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%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
FL Per Capita Personal Income Growth	2.0%	2.8%	2.6%	1.6%	1.7%	1.6%

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

SEWER FUNDS FORECAST
Fund 4051, 4052, 4053 & 4055

(in $ thousands)	Actual 2014	Budget 2015	FORECAST (@100%) Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE*	**34,007.6**	**58,654.8**	**58,654.8**	**54,573.4**	**58,043.9**	**56,273.3**	**56,843.3**	**58,014.0**	**57,722.4**
REVENUES									
Sewer Charges - Retail	54,860.1	55,755.3	58,689.9	59,583.4	60,283.7	60,992.0	61,708.4	62,433.1	63,166.1
Sewer Charges - Wholesale	9,718.9	8,272.8	9,250.2	9,365.6	9,479.0	9,593.8	9,709.8	9,827.3	9,946.1
Reclaimed - Retail	4,239.2	4,169.0	4,388.4	4,619.4	4,850.3	5,081.3	5,312.3	5,543.2	5,774.2
Reclaimed - Wholesale	255.1	234.7	247.0	259.4	272.3	286.0	300.3	315.3	331.0
Interest	128.1	233.9	246.2	218.3	406.3	619.0	795.8	1,102.3	1,096.7
Other Revenues**	1,928.5	1,343.5	1,414.3	1,410.2	1,410.2	1,410.2	1,410.2	1,410.2	1,410.2
TOTAL REVENUES	**71,129.8**	**70,009.2**	**74,235.9**	**75,456.3**	**76,701.9**	**77,982.2**	**79,236.8**	**80,631.4**	**81,724.4**
% vs prior year		-1.6%	4.4%	1.6%	1.7%	1.7%	1.6%	1.8%	1.4%
TOTAL RESOURCES	**105,137.4**	**128,664.0**	**132,890.8**	**130,029.6**	**134,745.8**	**134,255.6**	**136,080.1**	**138,645.4**	**139,446.8**
EXPENDITURES									
Personal Services	15,653.1	15,279.0	15,279.0	15,966.5	16,685.0	17,435.8	18,185.6	18,967.5	19,783.1
OPEB	1,048.3	1,095.5	1,095.5	1,144.8	1,196.3	1,250.1	1,303.9	1,359.9	1,418.4
Operating Expenses	10,887.2	9,801.1	9,900.1	10,048.6	10,229.5	10,464.7	10,705.4	10,951.6	11,181.6
Power	4,280.1	4,812.4	4,812.4	5,053.0	5,305.7	5,571.0	5,849.5	6,142.0	6,449.1
Chemicals	3,065.2	3,747.0	3,747.0	4,009.3	4,289.9	4,590.2	4,911.5	5,255.3	5,623.2
Cost Allocation	4,853.8	8,211.3	8,211.3	8,334.5	8,484.5	8,679.7	8,879.3	9,083.5	9,274.3
Expenditure Lapse***			(430.5)	(445.6)	(461.9)	(479.9)	(498.4)	(517.6)	(537.3)
Transfer from Water	(959.3)	(919.8)	(919.8)	-	-	-	-	-	-
Debt Service	14,454.2	14,386.0	14,386.0	14,377.7	14,356.6	14,356.8	14,581.3	14,578.7	14,557.0
Capital Equipment	1,160.3	2,926.7	2,949.5	709.9	709.9	709.9	709.9	709.9	709.9
Capital Outlay	10,543.0	19,287.0	19,287.0	12,787.0	17,677.0	14,834.0	13,438.0	14,392.0	14,827.0
TOTAL EXPENDITURES	**64,986.1**	**78,626.1**	**78,317.4**	**71,985.7**	**78,472.5**	**77,412.3**	**78,066.1**	**80,923.0**	**83,286.3**
% vs prior year		21.0%	20.5%	-8.1%	9.0%	-1.4%	0.8%	3.7%	2.9%
TOTAL ENDING FUND BALANCE	**40,151.3**	**50,038.0**	**54,573.4**	**58,043.9**	**56,273.3**	**56,843.3**	**58,014.0**	**57,722.4**	**56,160.5**
Ending balance as % of Resources		38.9%	41.1%	44.6%	41.8%	42.3%	42.6%	41.6%	40.3%
TOTAL REQUIREMENTS	**105,137.4**	**128,664.0**	**132,890.8**	**130,029.6**	**134,745.8**	**134,255.6**	**136,080.1**	**138,645.4**	**139,446.8**
Debt Service Coverage	**2.20**	**1.91**	**2.22**	**2.14**	**2.11**	**2.06**	**1.97**	**1.92**	**1.86**
REVENUE minus EXPENDITURES (NOT cumulative)	6,143.7	(8,616.9)	(4,081.5)	3,470.6	(1,770.6)	569.9	1,170.8	(291.6)	(1,561.9)

*Includes OPEB Impact
** Does not include Capital Contribution from the Water Fund for Reclaimed Water
*** Expenditure lapse of 1.0% is calculated on all expenses excluding Debt Service and Capital Outlay.
Revenues reflect the combined impact of changes in rate and/or levels of consumption.
Estimated revenues forecasted at 100.0%

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 (WTE) plant, household electronic and hazardous waste collection, and recycling programs.

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 fee revenues are not expected to grow in the forecasted six-year period. As was expected with the change in WTE service contractor, the cost to operate the WTE plant increased in FY15.

Revenues

The Solid Waste Funds are projected to generate revenues in FY15 totaling $105.2M. The Solid Waste Funds consist almost exclusively of two primary funding sources: tipping fees of $32.2M and capacity and electricity sales of $55.4M.

<u>Tipping Fees</u>

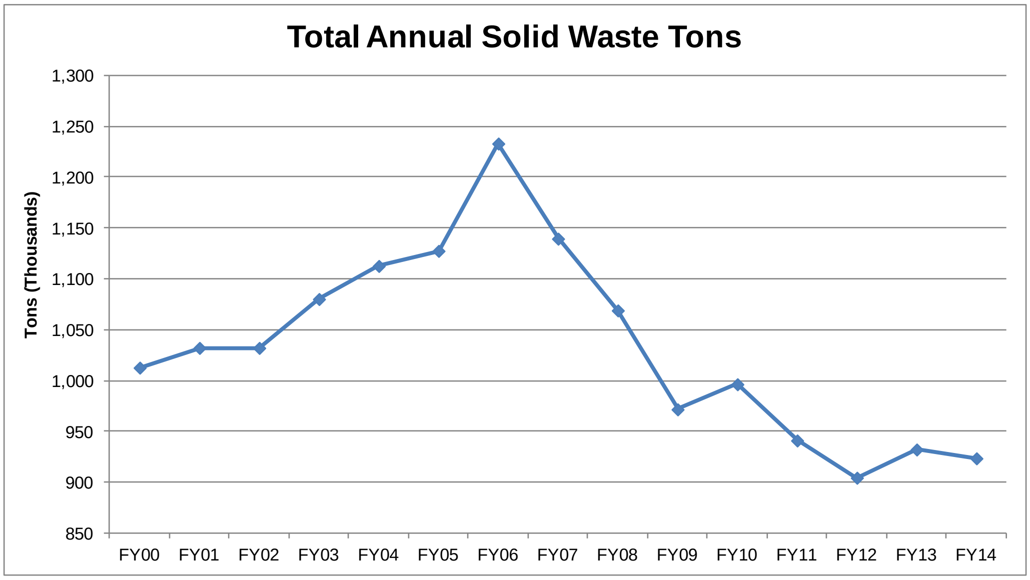
Solid Waste charges $37.50 per ton for all waste brought to the Solid Waste Facility. The rate has not changed since 1988. No rate increase is proposed for FY16, and no rate increases are included in this forecast. However, a multi-year rate study is being conducted by an outside consultant with the potential to build a rate stabilization fund to minimize impacts of any future increase in fees. The volume of waste brought to the Solid Waste Facility is expected to remain flat in FY15. The amount of waste brought to the facility is affected by economic conditions and levels of recycling.

<u>Electricity Sales</u>

Solid Waste receives revenue from the electrical capacity contract with Duke Energy for power produced by the WTE 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 as part 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 six years, this revenue is forecast to increase by 0.5% per year throughout the forecast period.

SOLID WASTE FUNDS

The following graph shows the total annual waste tons delivered to the Solid Waste Facility.



Source: Pinellas County Solid Waste

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 Projects Fund. On September 21, 2010 the Board authorized an interfund loan up to $85.0M to assist with cash flow in the Capital Projects Fund through FY20. The original 2010 to 2020 Penny Program was anticipated to be financed with a $150.0M 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 accrual to a county entity, and greater flexibility in the implementation and terms of the loan.

The first $15.0M was transferred in to the Capital Improvement Fund in FY10. The principal was paid in full in FY15. The FY16 and FY17 estimated budgets include a transfer of $25.0M each year. The annual rate of interest is a variable rate, which is currently less than 1.0%. The principal payments for the estimated $50.0M loan are budgeted for FY18 – FY20.

Expenditures

The Solid Waste Funds support budgeted expenditures and reserves in FY15 totaling $324.2M. The primary expenditures in the fund are $65.4M for the WTE service contract, $11.0M for the landfill service contract, and $31.9M for capital outlay. Budgeted reserves are $193.4M.

Waste-to-Energy Service Contract

Solid Waste is under contract with Covanta Projects, LLC (Covanta) to operate the WTE plant. This contract began December 2014 and has a 10-year term.

Landfill Service Contract

Solid Waste is under contract with Advanced Disposal Inc. to operate the landfill. This contract expires in 2015 and has a three-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. Decisions regarding equipment / technology improvements and construction projects are based on condition assessments, permit or regulatory requirements, and recommendations from consultants.

Personal Services

The Solid Waste System is budgeted for 79.7 full-time equivalent employees in FY15. 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 $25.0M in each of FY16 and FY17 from the Solid Waste Renewal and Replacement Fund as part of the interfund loans to the Capital Projects Fund.

Reserves

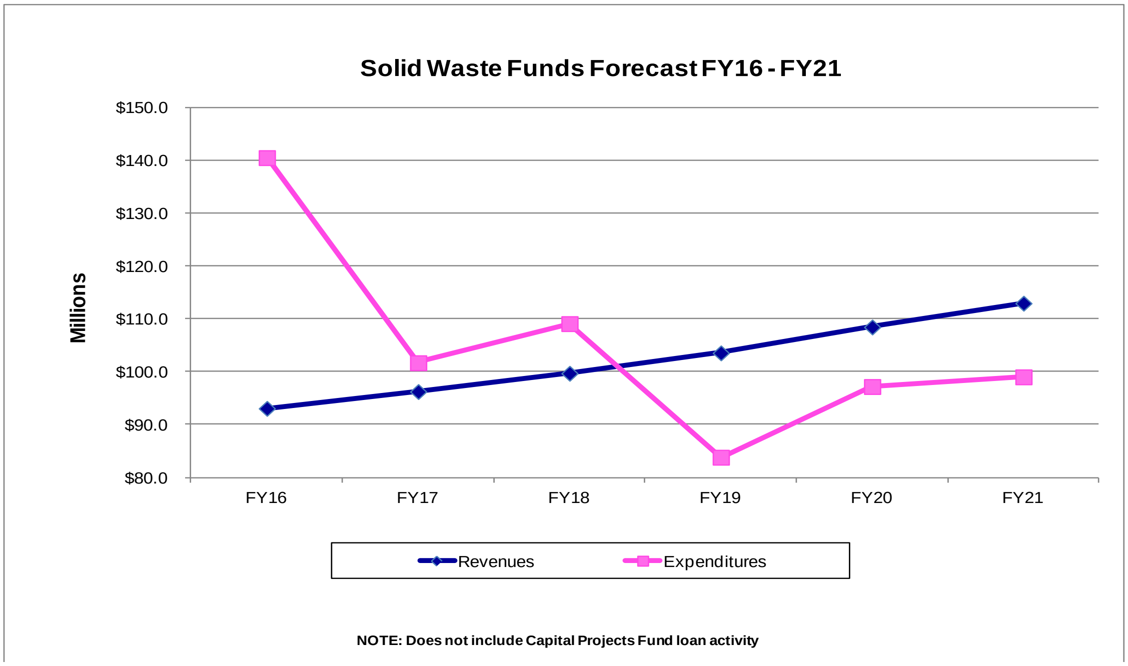
The budgeted FY15 reserve level in the Solid Waste System is 59.6%, which is above the 15.0% reserve level budget policy adopted by the Board. Solid Waste maintains the following reserves: $7.5M required reserves per the contract with Covanta, $11.0M for insurance deductibles, $24.7M for three months of operating expenses, and the remaining $150.2M is for future needs, consistent with their 25-year capital plan. This higher reserve level is required to meet upcoming capital improvement requirements that are forecasted through FY18.

Six-Year Forecast

Key Assumptions

The revenue forecast assumes a 0.5% annual increase in electricity sales and no increase in tipping fees revenue 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 FY15 through FY18 in anticipation of tighter regulatory requirements and additional required improvements.

SOLID WASTE FUNDS



Key Results

The forecast for the Solid Waste Funds shows that the forecasted revenues are sufficient to provide for the forecasted expenditures over the 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 FY19 through FY21. In FY16 through FY18, expenditures reflect non-recurring costs associated with additional capital improvements and restorations. Reserves are not anticipated to drop below 40.0% of revenues at any time during the forecast period, and are anticipated to exceed 60.0% in three of the forecast years.

Solid Waste is conducting a multi-year rate study via an outside consultant. The results of this rate study may suggest building a rate stabilization fund to minimize impacts of any future increase in tipping fees.

Potential Risks

There are some impacts that can alter the six-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.

Additionally, the current electrical capacity contract with Duke Energy expires in 2024. If no contract extensions or supplemental contracts are negotiated to sell WTE power for revenue, the Solid Waste Funds will have a significant gap in revenue and expenditures starting in FY25.

Balancing Strategies

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	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
REVENUES						
Tipping Fees	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Electricity Sales	**0.5%**	**0.5%**	**0.5%**	**0.5%**	**0.5%**	**0.5%**
Electrical Capacity	**6.4%**	**6.4%**	**6.4%**	**6.4%**	**6.4%**	**6.4%**
Recycling Revenue	**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%**
EXPENDITURES						
Personal Services	**4.5%**	**4.5%**	**4.5%**	**4.3%**	**4.3%**	**4.3%**
Operating Expenses	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
WTE Service Fee	**3.7%**	**3.7%**	**3.7%**	**3.7%**	**3.7%**	**3.7%**
Landfill Service Fee	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
HEC3 Costs	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**
Water Treatment Facility	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**
Cost Allocation	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	**1.5%**	**1.8%**	**2.3%**	**2.3%**	**2.3%**	**2.1%**
FL Per Capita Personal Income Growth	**2.0%**	**2.8%**	**2.6%**	**1.6%**	**1.7%**	**1.6%**

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

SOLID WASTE FUNDS FORECAST
Fund 4021 & 4023

(in $ thousands)	Actual 2014	Budget 2015	FORECAST (@100%) Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
BEGINNING FUND BALANCE *	**214,306.6**	**222,730.0**	**232,603.4**	**206,969.8**	**134,564.2**	**104,302.9**	**110,372.9**	**145,478.1**	**176,767.6**
REVENUES									
Tipping Fees	35,012.2	32,119.5	32,119.5	32,119.5	32,119.5	32,119.5	32,119.5	32,119.5	32,119.5
Electricity Sales	12,001.4	10,994.3	10,994.3	11,049.2	11,104.5	11,160.0	11,215.8	11,271.9	11,328.2
Electrical Capacity	41,737.6	42,170.7	44,390.2	47,212.0	50,219.0	53,412.0	56,814.0	60,433.0	64,278.0
Recycling Revenue	3,395.3	1,746.8	1,746.8	1,746.8	1,746.8	1,746.8	1,746.8	1,746.8	1,746.8
Interest	429.2	845.2	845.2	827.9	941.9	1,147.3	1,545.2	2,764.1	3,358.6
Insurance Refund									
Other revenues	467.4	102.5	102.5	104.6	106.7	108.8	111.0	113.2	115.4
Debt Service on Loan from Capital Fund	26.0	0.0	0.0	8.3	189.6	460.6	376.3	31.7	0.0
Loan repayment from Capital Fund	0.0	13,500.0	15,000.0	0.0	0.0	15,000.0	15,000.0	20,000.0	0.0
TOTAL REVENUES	**93,068.9**	**101,478.9**	**105,198.5**	**93,068.2**	**96,427.9**	**115,155.0**	**118,928.6**	**128,480.1**	**112,946.5**
% vs prior year			12.0%	-11.5%	3.6%	19.4%	3.3%	8.0%	-12.1%
TOTAL RESOURCES	**307,375.5**	**324,208.9**	**337,801.8**	**300,038.0**	**230,992.2**	**219,458.0**	**229,301.4**	**273,958.2**	**289,714.2**
EXPENDITURES									
Personal Services[1]	4,327.1	4,371.5	4,371.5	4,568.2	4,773.8	4,988.6	5,203.1	5,426.9	5,660.2
OPEB	401.0	508.0	419.0	437.9	457.6	478.1	498.7	520.2	542.5
Operating Expenses[2]	5,847.1	5,367.5	5,367.5	5,448.0	5,546.0	5,673.6	5,804.1	5,937.6	6,062.3
WTE Service Fee	41,741.1	65,424.5	65,424.5	57,475.2	33,676.8	34,922.9	36,215.0	37,555.0	38,944.5
Landfill Service Fee	10,742.9	10,962.0	10,962.0	11,290.9	11,629.6	11,978.5	12,337.8	12,708.0	13,089.2
HEC3 Costs[3]	1,382.9	2,072.2	2,072.2	2,119.9	2,168.6	2,218.5	2,269.6	2,321.8	2,375.2
Water Treatment Facility[3]	1,420.3	2,366.9	2,366.9	2,421.3	2,477.0	2,534.0	2,592.3	2,651.9	2,712.9
Grants & Aids	505.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Cost Allocations	3,935.9	6,527.8	6,527.8	6,625.7	6,744.9	6,900.1	7,058.8	7,221.1	7,372.8
Capital Equipment	410.0	856.8	1,929.8	137.7	137.7	137.7	137.7	137.7	137.7
Capital Outlay	4,058.8	31,871.0	31,871.0	50,358.0	34,257.0	39,455.0	11,931.0	22,959.0	22,396.0
Interfund Loan to Capital Fund	0.0	0.0	0.0	25,000.0	25,000.0	0.0	0.0	0.0	0.0
Expenditure Lapse[4]	0.0	0.0	(980.1)	(908.9)	(679.7)	(701.9)	(724.8)	(748.4)	(772.6)
TOTAL EXPENDITURES	**74,772.2**	**130,828.2**	**130,832.0**	**165,473.9**	**126,689.4**	**109,085.0**	**83,823.3**	**97,190.6**	**99,020.6**
% vs prior year			75.0%	26.5%	-23.4%	-13.9%	-23.2%	15.9%	1.9%
TOTAL ENDING FUND BALANCE	**232,603.4**	**193,380.8**	**206,969.8**	**134,564.2**	**104,302.9**	**110,372.9**	**145,478.1**	**176,767.6**	**190,693.5**
Ending balance as % of Resources	75.7%	59.6%	61.3%	44.8%	45.2%	50.3%	63.4%	64.5%	65.8%
TOTAL REQUIREMENTS	**307,375.5**	**324,208.9**	**337,801.8**	**300,038.0**	**230,992.2**	**219,458.0**	**229,301.4**	**273,958.2**	**289,714.2**
REVENUE minus EXPENDITURES (NOT cumulative)	**18,296.7**	**(29,349.2)**	**(25,633.6)**	**(72,405.6)**	**(30,261.4)**	**6,069.9**	**35,105.3**	**31,289.5**	**13,925.9**

* Includes OPEB impact
1) Excludes Personal Services cost for HEC3 and Water Treatment Facility
2) Operating Expenses net of Cost Allocation
3) Total cost, including Personal Services
4) Expenditure lapse of 1.0% 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 100.0%.

SURFACE WATER SPECIAL ASSESSMENT FUND

Description

In response to public demand and increased federal regulations imposed by the U.S. Environmental Protection Agency's National Pollution Discharge Elimination System (NPDES) stormwater permitting program as implemented by the Florida Department of Environmental Protection (FDEP), Pinellas County has been mandated to improve stormwater management services. The Clean Water Act requires the control of the discharges of pollutants to the waters of the United States through NPDES permits. The control of pollutant discharge via Municipal Separate Storm Sewer System (MS4) permits is a best management practice. In FY14, Pinellas County began a surface water assessment program to generate dedicated revenues in support of the provision of these services.

On June 18, 2013, the Board of County Commissioners adopted a Master Surface Water Utility Ordinance (Master Ordinance) that outlined the procedural process by which special assessments and fees for surface water management services and improvements can be imposed and collected. It established a Surface Water Utility to be the operational means of implementing and carrying out the functional requirements of the County's surface water management system. It did not mandate that the County impose any surface water charges nor did it set any rates. The Master Ordinance in its present form is only applicable to the unincorporated County.

The Board approved the Initial Surface Water Rate Resolution for FY15 on June 24, 2014 which allowed for the affected public to be notified of the structure and method, as well as the initial rate for FY15, the County was considering assessing for its Surface Water Utility program. Information in the document was contained in the Truth in Millage (TRIM) notice that the public received, notifying each parcel owner of the proposed assessment, his or her estimated assessment amount, the purpose of the assessment, and the public hearing scheduled for September 11, 2014.

At that public hearing, the Board adopted the Surface Water Utility assessment rate of $116.00 per Equivalent Residential Unit (ERU) with a request that staff re-evaluate the way ERUs were calculated. Substantial increases on selected residential and commercial properties for FY15 were encountered due to a newly digitized imaging system that more accurately calculated the impervious surfaces for assessed properties. Responding to Board direction, staff removed such features as private roads and walking paths from the assessment. Additionally, changes to the credit policy and an extension of the credit period will likely reduce future program revenue. This could result in delays in stormwater maintenance and drainage improvements required to meet the level of service adopted by the Board.

Summary

The Surface Water Special Assessment Fund is solely reliant on the fee and its assessment on unincorporated properties. This assessment and revenue is primarily based on ERU and program funding needs. Equivalent Residential Units are based on the estimated median impervious area of single family detached parcels.

The forecast for the Surface Water Fund indicates the fund is not balanced throughout the forecast period. Beginning in FY16 the assessment revenues will not be enough to cover estimated inflationary increases for expenditures and maintain the fund's reserve. It is expected

that revenue increases and/or planned program expenditure savings will be needed to address projected deficits and to maintain adequate reserve levels throughout the forecast period.

Revenues

The primary funding source for the Surface Water Fund is the Surface Water Assessment Fee for the unincorporated area.

The County approved a new fee for unincorporated properties in FY14. Surface water assessments are based upon the estimated amount of stormwater runoff generated by impervious surfaces on a parcel. Impervious surfaces include the rooftop, patios, driveways, parking lots, and similar areas. The County has determined that the median single-family residence in the Surface Water Area includes 2,339 square feet of impervious surface, which is the value of one “Equivalent Residential Unit” or “ERU Value”.

ERU growth is estimated to be mostly flat through the forecast period as the County is built out. Future annexation efforts will have negative impact on the ERU growth rate, potentially reducing the number of ERUs that pay into the Surface Water Utility Fund. There is a large increase in FY15 as revisions primarily affected the commercial parcels in the roll submitted. The FY15 revenue budget is based on 174,412 ERUs; however, the actual number of ERUs assessed is expected to be lower due to the removal of such features as private roads and walking trails from the tax roll.

Based on analysis of the surface water program, for Pinellas County to move the current Level of Service (LOS) C to a proposed LOS B-, the cost per ERU per year was calculated at $116.00 per year per ERU, or $9.60 per month. This annual rate would only be increased if approved by the Board and if required to assist in sustaining the growth in fund expenditures. It is, therefore, anticipated that the rate would need to be increased in FY16.

Expenditures

The Surface Water Assessment Fund supports budgeted expenditures in FY15 totaling $19.4M for its initial preliminary operational plan. The primary expenditures in the fund are $5.8M for personal services expenditures, and $13.3M for multiple surface water programs that cover permit compliance, watershed planning, and open and closed conveyance maintenance and rehabilitation.

Prior to the adoption of the fee, program funding came from a combination of General Fund and Transportation Trust Fund dollars. The allocations from the General Fund and Transportation Trust Fund were no longer sustainable. Reallocating these expenditures to the Surface Water Special Assessment Fund alleviates the burden to these funds.

Transfers

The Surface Water Special Assessment Fund transfers funds to the Property Appraiser and Tax Collector to cover the costs for appraisal and collection of the assessment. FY15 budgeted costs for this function are $314,700. These commissions for the Property Appraiser and Tax Collector are pursuant to Florida Statutes.

Reserves

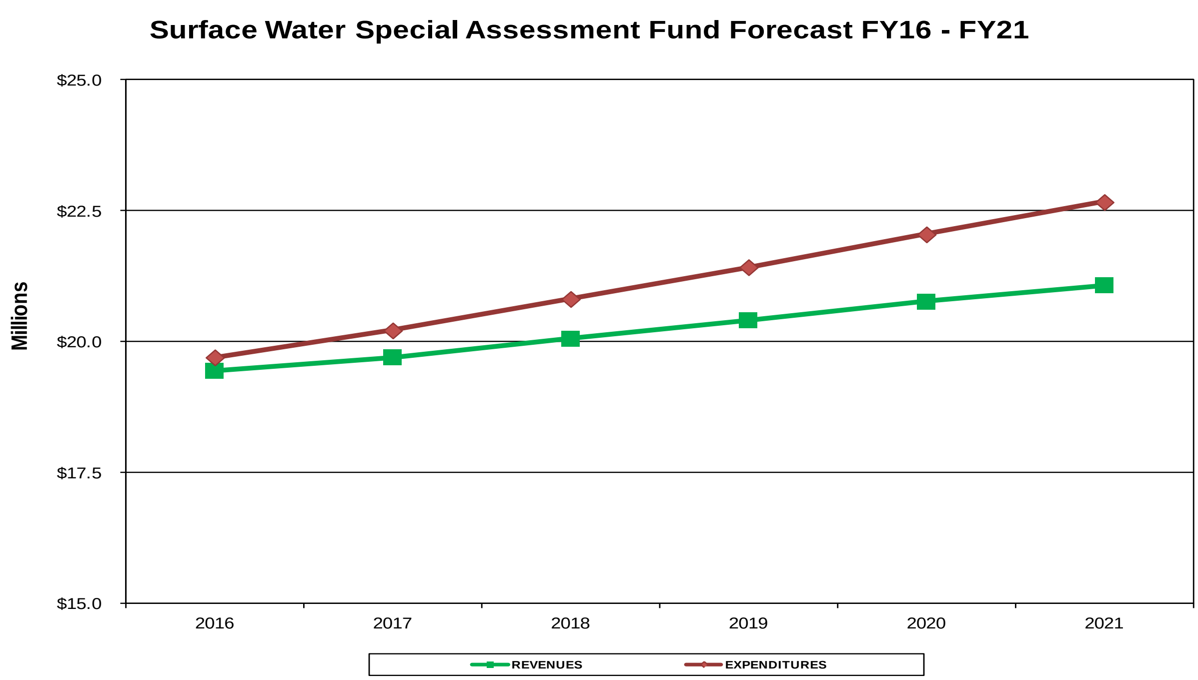
The reserves are required to meet cash flow needs. During the first two months of the fiscal year, expenditures exceed revenues because most of the special assessment revenue is not received until December. As a result, targeted reserve levels for this fund are equal to two months of operating expenditures. The FY15 reserve level of $3.0M in the Surface Water Special Assessment Fund falls just short of that goal but is equal to approximately 13.2% which is within the 5.0% - 15.0% reserve level budget policy adopted by the Board.

Six-Year Forecast:

Key Assumptions

Assessment revenue for FY15 has increased from FY14 reflecting more accurate calculations of impervious surfaces that resulted from a newly digitized imaging system. In the forecasted years, ERU growth may be negatively impacted by potential annexations; therefore, growth is estimated to decrease by 0.5% from FY16 through FY21. The cost per ERU was $116.00 per year in FY14 and FY15, but beginning in FY16, the rate will need to be increased to offset the inflationary increases in program expenditures.

Expenditure assumptions are anticipated to flow with the personal services and inflationary expense growth factors expected for other funds. The FY14 operational plan included deferred spending through FY15 due to the time required to implement the programs, hire and train staff and purchase equipment. The deferred spending resulted in a fund balance that was used for cash flow which enabled the program to continue without interruption into FY15. After FY15, the anticipated revenue with increases equivalent to the CPI will not be enough for the anticipated program expenditures and sufficient reserves throughout the forecast period.



SURFACE WATER SPECIAL ASSESSMENT FUND

Key Results

In the chart above, the forecast shows revenues slightly below expenditures in FY16 with the gap widening in subsequent years as inflationary pressures on expenditures outpace revenues, which also include increases during this period. Program expenditures will need to be decreased during the latter part of the forecast period in addition to potential Board approved rate increases for the fund to remain in balance.

Potential Risks

A major variable impacting future revenues for this fund is the number of unincorporated properties on which to assess the fee. If the number of unincorporated parcels decreases, this fund's revenue will be impacted negatively. This can occur with potential annexations by municipalities. Requests for credits for onsite stormwater management systems will also negatively impact revenues.

Another factor on future revenues will be if the Board does not approve rate increases going forward. Expenditures will continue to outpace revenues, and without sufficient revenues, achieving the adopted LOS may be difficult. Permit requirements dictate that certain areas of the surface water program, such as the ditch and pond programs, adhere to a minimum ten-year maintenance cycle; therefore, delaying these program costs could result in non-compliance.

The potential impact of the new Waters of the United States proposed rule under the Clean Water Act by the U.S. Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers potentially increases program compliance and resulting future expenditures.

Balancing Strategies

The forecast shows that the Surface Water Special Assessment Fund is out of balance beginning in FY16. With the estimated decrease in ERUs, assessment revenues will not be enough to cover inflationary increases for expenditures and to maintain the fund's reserve. In order to balance the fund, there are two strategies to consider.

The primary funding source for the Surface Water Fund is the Surface Water Assessment, and it was originally approved by the Board in order to fund an adopted level of service of B-. The assessment rate is directly affected by the number of ERUs; therefore, in order to reach and sustain that LOS with fewer ERUs, rate increases will be necessary. The assessment, however, can only be increased if approved by the Board.

Another option to balance the fund is to decrease program service levels. Without sufficient revenue increases, it is expected that expenditure reductions will be needed to address projected deficits and to maintain adequate reserve levels throughout the forecast period. Efforts to find efficiencies and streamline operations will continue to be pursued; however, significant cuts to expenditures could delay reaching the level of services adopted by the Board.

SURFACE WATER SPECIAL ASSESSMENT FUND FORECAST
Fund 1094

Forecast Assumptions	2016	2017	2018	2019	2020	2021
REVENUES						
Surface Water Assessmt - ERU Growth	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
Surface Water Assessmt - CPI incr	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Surface Water Assessmt-Total incr	1.0%	1.3%	1.8%	1.8%	1.8%	1.6%
ERU (excludes govt)	173,540	172,672	171,809	170,950	170,095	169,245
Interest	0.4%	0.7%	1.1%	1.4%	1.9%	1.9%
Other revenues	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EXPENDITURES						
Personal Services	4.5%	4.5%	4.5%	4.3%	4.3%	4.3%
Operating Expenses	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Capital Outlay	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	1.5%	1.8%	2.3%	2.3%	2.3%	2.1%
FL Per Capita Personal Income Growth	2.0%	2.8%	2.6%	1.6%	1.7%	1.6%

SURFACE WATER SPECIAL ASSESSMENT FUND FORECAST
Fund 1094

(in $ thousands)	Actual 2014	Budget 2015	FORECAST (@100%) Estimated 2015	Estimated 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Estimated 2021
Annual Rate **	116.00	116.00	116.00	117.74	119.85	122.60	125.41	128.29	130.98
BEGINNING FUND BALANCE		**3,152.8**	**3,267.1**	**3,226.7**	**2,970.2**	**2,456.4**	**1,699.1**	**687.6**	**(597.6)**
REVENUES									
Surface Water Assessment *									
Non-Ad Valorem Assessment	16,323.4	20,231.8	19,376.8	20,432.6	20,694.7	21,063.8	21,438.8	21,821.5	22,167.7
Interest	26.8	20.0	20.0	12.9	20.8	27.0	23.8	13.1	-
Other revenues	-	16.8	16.8	17.2	17.5	17.9	18.2	18.6	19.0
Adjust Fee Revenue to 98%		-	-	-	-	-	-	-	-
Adjust Assessment Revenue to 95%		(1,011.6)	(968.8)	(1,021.6)	(1,034.7)	(1,053.2)	(1,071.9)	(1,091.1)	(1,108.4)
Adjust Non-Fee Revenue to 98%		(0.4)	(0.4)	(0.3)	(0.4)	(0.5)	(0.5)	(0.3)	-
TOTAL REVENUES	**16,350.2**	**19,256.6**	**18,444.4**	**19,440.8**	**19,697.9**	**20,054.9**	**20,408.4**	**20,761.8**	**21,078.3**
% vs prior year			-4.2%	5.4%	1.3%	1.8%	1.8%	1.7%	1.5%
TOTAL RESOURCES	**16,350.2**	**22,409.4**	**21,711.5**	**22,667.5**	**22,668.1**	**22,511.4**	**22,107.5**	**21,449.4**	**20,480.7**
EXPENDITURES									
Personal Services	5,288.4	5,776.7	5,776.7	6,036.6	6,308.3	6,592.2	6,875.6	7,171.3	7,479.6
Operating Expenses	6,948.9	12,820.7	12,820.7	13,013.0	13,247.2	13,551.9	13,863.6	14,182.5	14,480.3
Capital Outlay	601.2	529.0	529.0	537.0	546.6	559.2	572.1	585.2	597.5
Constitutional Officer Transfers	244.5	314.7	314.7	306.6	310.5	316.1	321.7	327.4	332.6
Expenditure Lapse ***			(956.3)	(195.9)	(201.0)	(207.0)	(213.1)	(219.4)	(225.6)
TOTAL EXPENDITURES	**13,083.1**	**19,441.1**	**18,484.8**	**19,697.3**	**20,211.6**	**20,812.3**	**21,419.9**	**22,047.0**	**22,664.5**
% vs prior year			-4.9%	6.6%	2.6%	3.0%	2.9%	2.9%	2.8%
ENDING FUND BALANCE	**3,267.1**	**2,968.3**	**3,226.7**	**2,970.2**	**2,456.4**	**1,699.1**	**687.6**	**(597.6)**	**(2,183.8)**
Ending balance as % of Resources		13.2%	14.9%	13.1%	10.8%	7.5%	3.1%	-2.8%	-10.7%
TOTAL REQUIREMENTS	**16,350.2**	**22,409.4**	**21,711.5**	**22,667.5**	**22,668.1**	**22,511.4**	**22,107.5**	**21,449.4**	**20,480.7**
REVENUE minus EXPENDITURES (NOT cumulative)	3,267.1	(184.5)	(40.4)	(256.5)	(513.7)	(757.4)	(1,011.4)	(1,285.2)	(1,586.2)
note: non-recurring expenditures	-	-	-	-	-	-	-	-	-
net recurring rev- exp	**3,267.1**	**(184.5)**	**(40.4)**	**(256.5)**	**(513.7)**	**(757.4)**	**(1,011.4)**	**(1,285.2)**	**(1,586.2)**

* Per Statute, revenue is budgeted at 95.0% of total calculated amount.
** Annual rate based on 174,412 ERU in FY15 . Rate increases based on CPI and rounded down to nearest penny.
*** Expenditure lapse is calculated at 5.0% in FY15 and 1.0% thereafter.