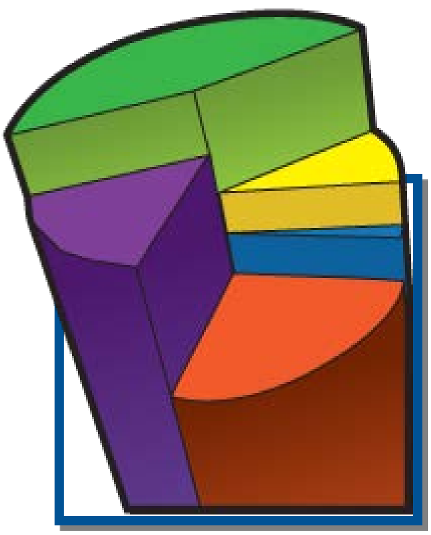
Budget Forecast
FY20 – FY25



Pinellas County, Florida
Office of Management & Budget

Introduction

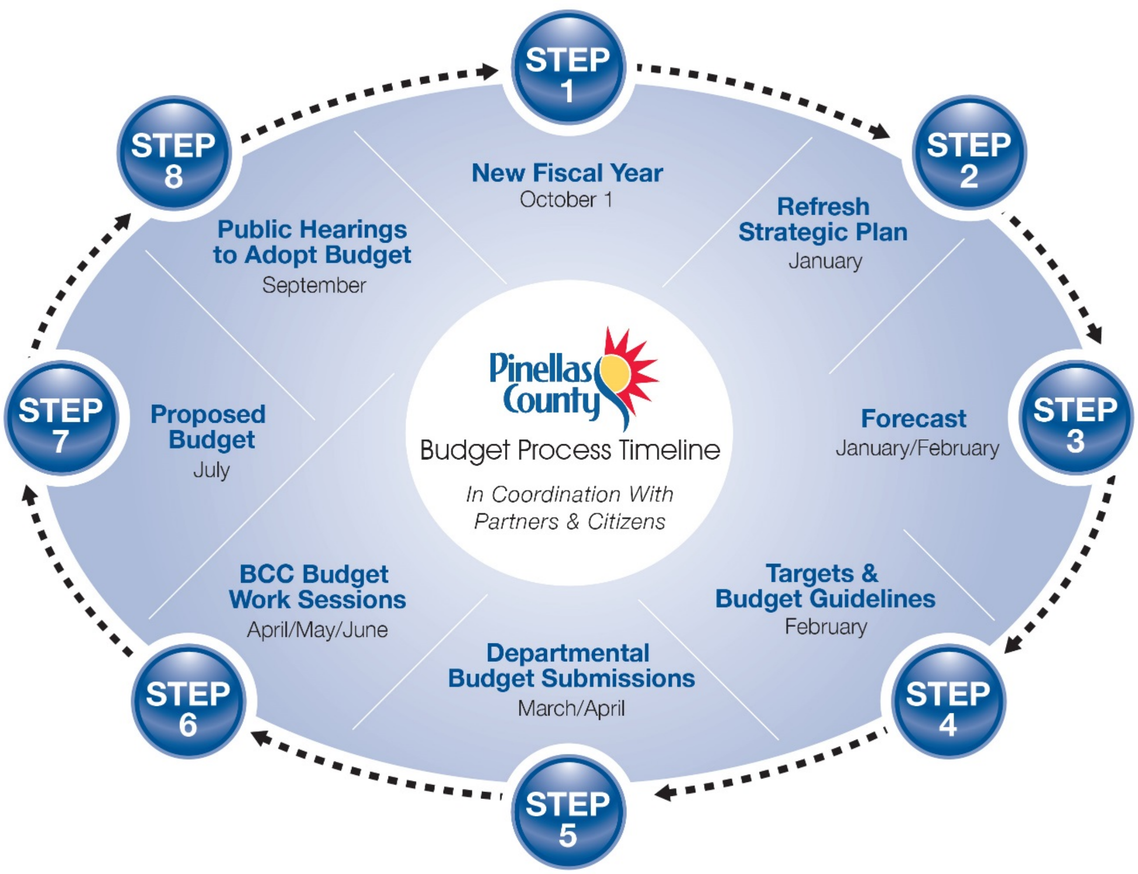
INTRODUCTION

The *Introduction* section of the Budget Forecast: FY20 – FY25 discusses how the Forecast dovetails with the annual budget process, how the Forecast is developed, and how the Forecast can be used as a planning tool to enhance decision-making. It includes the following sections:

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

Forecasting and the Annual Budget Process

After the Board of County Commissioners (Board or BCC) refreshes the strategic plan, the first step in the annual budget process is to update the Forecast in order to develop the budget guidelines for the FY20 budget process.



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

Development of Budget Guidelines

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

Updating the Forecast

After the Forecast is prepared and presented to the Board in the January/February timeframe, the Forecast is updated throughout the fiscal year in parallel with the budget development process.

Purpose of the Forecast

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

Long-Term Fiscal Sustainability

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

Enhanced Decision-Making

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

Developing the Forecast

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

Developing Projections

The Forecast is built upon an individual assessment of 10 of the County's major funds: the General Fund, Tourist Development Tax Fund, Transportation Trust Fund, Capital Projects Fund, Emergency Medical Services Fund, Airport Fund, Water Fund, Sewer Fund, Solid Waste Fund, and Surface Water Assessment Fund.

The process for developing the Forecast includes replacing the projections for FY18 with actual revenue and expenditure information following the close out of the fiscal year as of September 30, 2018. At the same time, the current FY19 revenues and expenditures are projected on a preliminary basis by analyzing the actual revenues and expenditures to date and projecting the remaining months left in the fiscal year. These projections are further refined later in the budget development process as departments provide their projections. The coming FY20 budget year is forecasted based on the best information available at this point in time. The Forecast has a six-year horizon to help determine the long-term financial position of the County's funds as well as the impact of today's budget decisions. The out-years through FY25 are forecast using various projection methods such as trend analysis, linear regression, and moving averages.

Forecast Assumptions

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

Forecast Results

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

Using This Document

The *Executive Summary* section of this document summarizes the key elements of the forecast over the six-year time horizon. The *Economic Overview* section features an overview of the national, state, and local economies. This section provides important context for the various fund forecasts in the document. The *Key Assumptions* section discusses the sources of key revenue and expenditure assumptions that were used to develop each of the fund forecasts. This section is followed by the *Fund Forecasts and ProFormas* section which includes individual forecasts for 10 of the County's major funds. These forecasts are designed to be succinct and help focus the reader on the important elements in the six-year forecasts for each fund. A *Glossary* has also been included to facilitate understanding of key terms.

Executive Summary

EXECUTIVE SUMMARY

Introduction

This is the tenth year that the Budget Forecast has been produced as a stand-alone document. The first step in the annual budget process is to update the Budget Forecast in order to develop the budget guidelines for the FY20 budget process. Developing a multi-year forecast provides decision-makers with at least two key benefits: (1) assessing the long-term financial sustainability of the County's funds, and (2) understanding the impact of today's decisions on the future.

Economic Overview

The national economy appears to be on track for a sustainable recovery and is anticipated to grow by 2.4% annually during the forecast period. However, the ongoing partial federal government shutdown is expected to have a negative impact on GDP growth, with each week restraining growth by 0.1 percentage point. The State's economy continues to improve as population growth, tourism, and the housing market all continue to post strong results. As the national economy continues to improve, Pinellas County is poised to take advantage of the broader recovery. One of the biggest and most visible industries in the County is tourism, which continues to set revenue collection records. For FY20, the property tax base is expected to show positive growth again following five years of decline from FY09 to FY13.

General Fund Forecast

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; marketing and communications; parks and leisure services; and the operations of the Property Appraiser, Tax Collector, and Supervisor of Elections. The forecast projects that the General Fund is balanced throughout the forecast period.

Tourist Development Tax Fund Forecast

The forecast shows the Tourist Development Tax Fund is balanced through FY25 based on the assumption that expenditures would be adjusted to reflect any revenue increases or decreases that may occur. Tourist Development Tax revenue is estimated to grow by 5.1% in FY19 compared to FY18. Revenue is projected to increase by another 3.0% annually from FY20 – FY25.

Expenditures are projected to increase by 46.2% in FY19 as the CVB begins payment on the City of Dunedin Spring Training Facility capital project approved by the BCC in FY17, along with increased spending on beach renourishment projects, increased personnel costs, and additional spending on advertising the destination.

With the addition of the capital program expenditures, expenses are expected to exceed revenue in FY20, and the planned use of capital fund balance will balance the fund. Revenues exceed expenditures during the remainder of the forecast period, and adjustments will be made if revenues fail to meet expectations. The fund maintains operating reserves above the 15.0% target throughout the forecast period. Additional capital reserves are held within the fund and can be used by the BCC to fund projects that will benefit the economy of Pinellas County and comply with allowable use of TDT.

Transportation Trust Fund Forecast

Throughout the forecast period, the Transportation Trust Fund expenditures exceed revenues. This is due to growing imbalances resulting from inflationary pressures on expenditures coupled with the projected slow growth in fuel tax collections. The fund balance is used each year to cover the gap, resulting in a depleted fund balance by FY22.

Capital Projects Fund Forecast

In FY20, expenditures exceed revenues due to project schedules. Beginning in FY21 and continuing through the remainder of the forecast, revenues are shown to exceed expenditures; however the Penny IV projects are not yet fully programmed into the Capital Improvement Plan (CIP). During the FY19 budget process, Penny IV projects that were recurring, reprioritized, previously unfunded and also included in the Penny IV categories, or needed to start in advance of FY20 when Penny IV begins, were programmed into the CIP. During the FY20 budget process, new project requests will be reviewed and prioritized for approval to be included in the CIP Six Year Plan for FY20-FY25. The forecast will be updated accordingly for the proposed budget presented in July.

County staff and administration are currently implementing the Capital Improvement Portfolio Management process for prioritizing projects and managing projects to enhance output, reporting, and decision support. Departments will review all projects in a systemic and holistic manner. Projects will be prioritized that can provide the County with multiple benefits; for example, that will improve drainage, reduce stormwater/wastewater overflows, and provide infrastructure to support economic development. This will enhance the coordination of cross-functional projects to provide efficient delivery of projects and best use of resources.

Emergency Medical Services Fund Forecast

The current millage of 0.9158 is projected to support the current service delivery system and allows the fund to remain above the Board-adopted reserve target of 25.0% through FY25. The fund reserve is projected to end FY18 at 30.7% and remain relatively flat throughout the forecast period, ending at 30.9% in FY25.

Airport Revenue and Operating Fund

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, changing priorities, or capacity issues. Other adjustments to operating expenses may be required to match operating revenues.

Water Funds Forecast

The forecast for the Pinellas County Water System funds shows that the multi-year rate increases approved as part of the FY16 budget process will provide sufficient revenues to maintain reserves and fund capital replacement needs through FY25. There is a four-year rate study currently being conducted by Stantec, the County’s independent utility rates consultant, to determine the need for future rate increases. The Water Funds are structurally balanced through the forecast period.

Sewer Funds Forecast

The forecast for the Sewer System Funds shows that the multi-year rate increases approved as part of the FY16 budget process will provide sufficient revenues to maintain reserves, sustain the debt service coverage ratio, and fund capital replacement needs through FY19. There is a four-year rate study currently being conducted by Stantec to determine the need for future rate increases. Throughout the forecast period, expenditures will exceed revenues, requiring use of fund balance to complete major capital projects. The Sewer Funds are not structurally balanced through the forecast period.

Solid Waste Funds Forecast

The forecast for the Solid Waste Funds shows that the funds are balanced through the forecast period. Solid Waste tipping fee revenues are expected to grow slightly, due to increased solid waste volume during the forecasted six-year period.

Surface Water Special Assessment Funds Forecast

The forecast for the Surface Water Special Assessment Fund indicates the fund is not balanced throughout the forecast period.

From FY20 to FY25, revenues will not be enough to cover new resources and inflationary increases for ongoing expenditures; therefore, accumulated fund balance will be used to offset the variance. In FY17, new additional resources were allocated with the intention to achieve the approved level of service for operations and maintenance of pipes. That resulted in higher than initially anticipated operating expenditures starting in FY18. It is expected, however, that by FY23 Surface Water program expenditures will decrease as the ten-year level of service is achieved. Inflationary increases will continue driving expenditures upwards in FY24 and FY25.

Economic Overview

ECONOMIC OVERVIEW

The *Economic Overview* section of the Budget Forecast: FY20 – FY25 provides important context for the various forecasts in this document and includes the following sections:

- Overall Economic Outlook
    - Government Shutdown, Furloughs, and GDP
    - Economic growth continues to be slow, but steady
    - Tourism continues to shine bright in Florida
    - Population growth

- Employment & Wages
    - Unemployment is low…but apprehension still exists
    - Jobs, jobs, and more jobs

- Housing Trends
    - Home sales volume and median prices
    - Foreclosures
    - Taxable values

- Summary

Overall Economic Outlook

Government Shutdown, Furloughs, and GDP

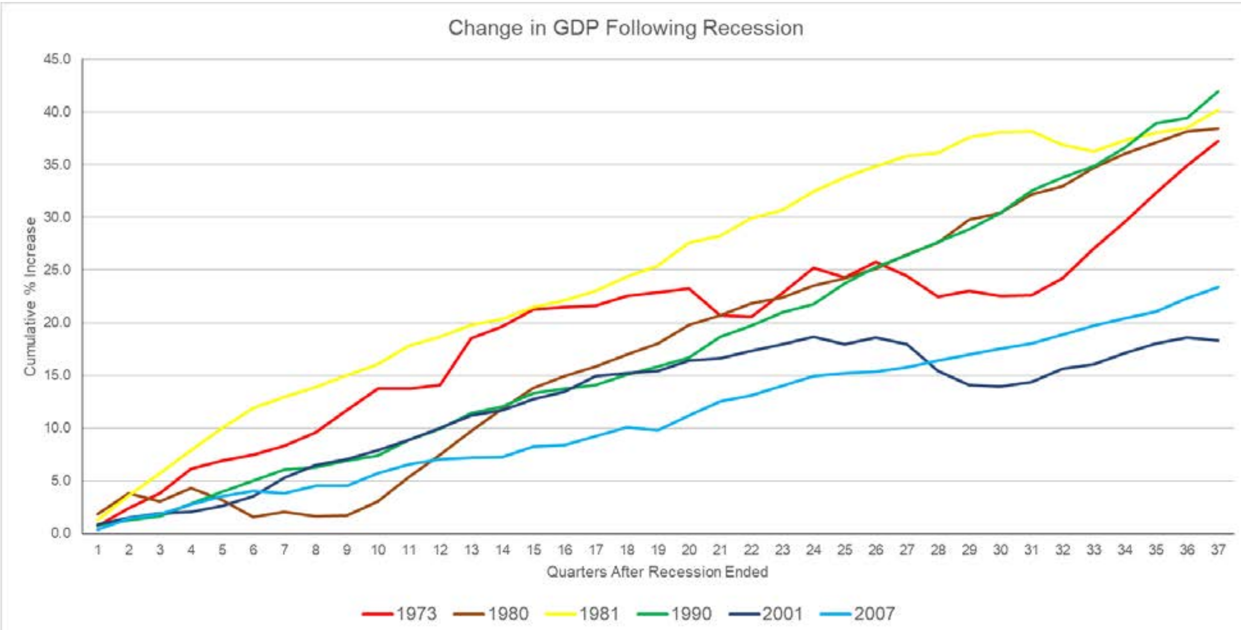
As we have seen many times over the last several years, the Federal Government is once again experiencing a partial shutdown due to a lack of a federal budget. As of the writing of this document, the president, House, and Senate have not agreed on a spending bill that will fund 'non-essential' government operations, including the Department of the Treasury, Department of Agriculture, Department of the Interior, Department of State, and Department of Justice, among many others. More than 800,000 federal employees have been furloughed as the shutdown has surpassed 30 days, the longest in U.S. history, with no end in sight. More than half of these employees, including more than 41,000 federal law enforcement and correctional officers, 53,000 TSA employees, 42,000 Coast Guard employees, and 54,000 Customs and Border Protection employees, will continue to work without a paycheck. The financial impact will be felt immediately by those employees who miss paychecks, causing hardships such as missed mortgage and rent payments, late car payments, and increased stress for a segment of the workforce not accustomed to job uncertainty.

The impact to the broader economy will be felt over a longer period of time. According to estimates from the Trump administration, economic growth (GDP) is now projected to slow by 0.1 percentage point per week of shutdown. This estimate is double what initially was projected as the ripple effect of the shutdown impacts not only those directly furloughed, but also contractors who will not be utilized during the shutdown. If the shutdown lasts through January, it is projected GDP growth would be reduced by 0.5 percentage points. With the current trade tensions with China and other trading partners causing anxiety on both Main Street and Wall Street, this additional shock to the economy is worrisome for economists.

ECONOMIC OVERVIEW

Economic growth continues to be slow, but steady

While the economy continues to grow, it has yet to experience the level of growth normally expected following a recession. More than nine years post-recession, the economy has grown only 23.4% from the end of the economic contraction, compared to an average of 41.3% following recessions from 1948 to 2001.



Source: Federal Reserve Bank of Minneapolis/National Bureau of Economic Research

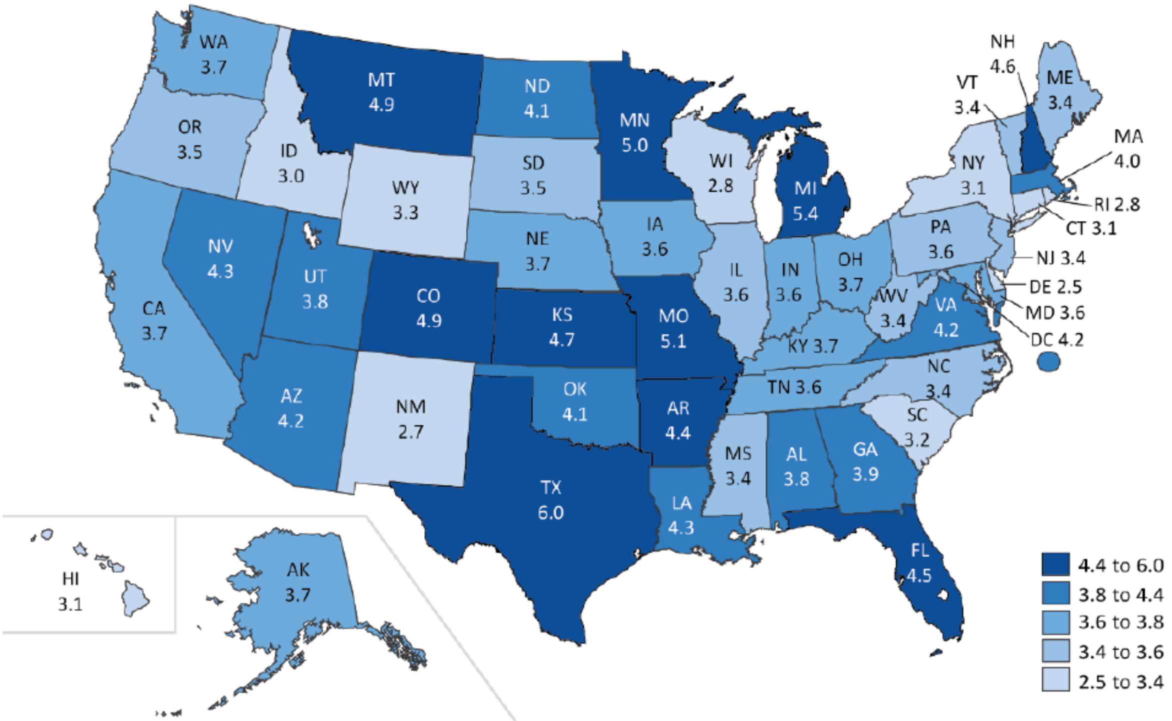
Inflation also impacts the outlook for consumer spending, which makes up almost 70.0% of the Gross Domestic Product (GDP). The Consumer Price Index (CPI), the generally accepted measure of overall inflation, rose by an annual average of 2.4% in 2018. According to the Federal Reserve Bank of Philadelphia's *Survey of Professional Forecasters*, the Congressional Budget Office's *An Update to the Economic Outlook: 2018 to 2028*, and the State of Florida's *National Economic Estimating Conference,* projections for the CPI range from an annual increase of 1.9% to 2.5% during the forecast period.

The Federal Reserve, at their December meeting, raised the U.S. Federal Funds rate from 2.00% to 2.25%, the ninth increase since December 2015. Between June 2009 and December 2015, the Federal Reserve maintained the Federal Funds target rate at 0% as they tried to stimulate the economy out of the Great Recession. Projections from Florida's *National Economic Estimating Conference* indicate additional increases by the Federal Reserve in 2019 and 2020.

Economic performance at the state level has been mixed. During the second quarter of 2018, individual states experienced dramatically different rates of growth. Texas (6.0%), Michigan (5.4%) and Missouri (5.1%) led the way up, while Delaware (2.5%), New Mexico (2.7%), and Wisconsin (2.8%) led the way down. Florida had the 9th best growth rate nationally at 4.5%, better than the national increase of 4.2% and the best performance in the Southeast Region of the United States.

ECONOMIC OVERVIEW

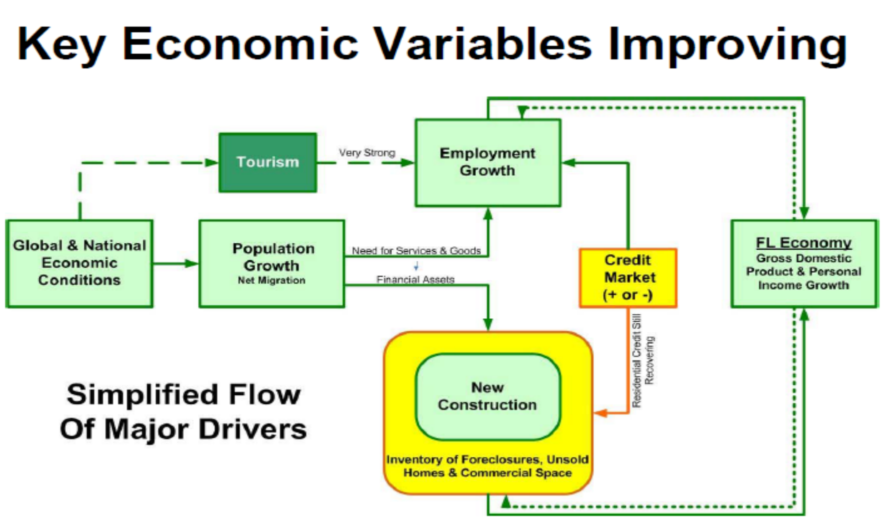
Percent Change in Gross Domestic Product (GDP) by state
2nd quarter 2018



Source: U.S. Bureau of Economic Analysis

In terms of size, Florida's economy is the fourth largest in the United States, representing 5.0% of the total economic output of the country at more than $1.0T.

Locally, the Tampa-St. Petersburg-Clearwater metro area ranks as the 26th largest economy in the United States, a decrease of two spots from 2016. During 2017, the local economy grew by 3.4% to $146.3B, ranking behind only Miami-Fort Lauderdale in Florida by size.

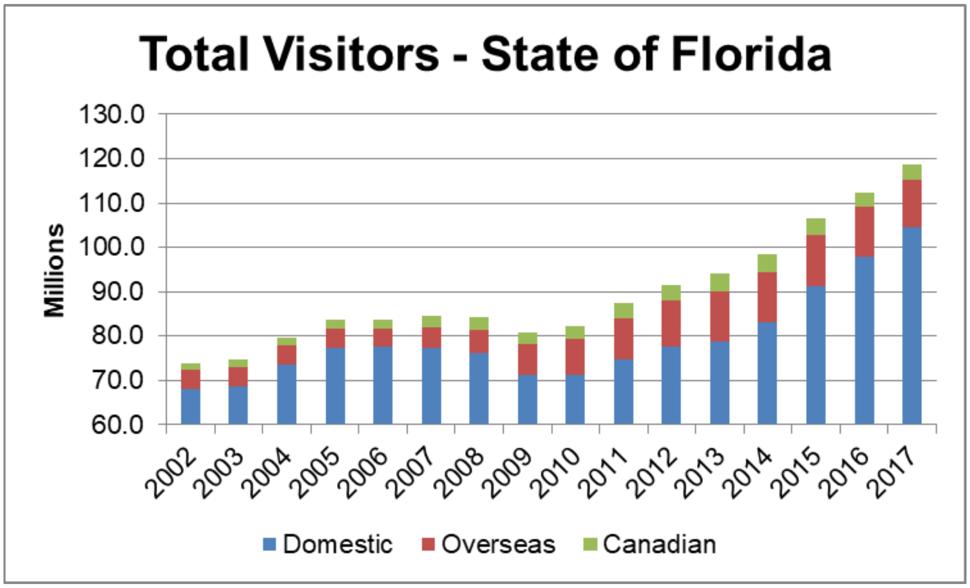


Source: Florida Legislature Office of Economic and Demographic Research

ECONOMIC OVERVIEW

Tourism continues to shine bright in Florida

The economic impact of tourism in Florida is wide-reaching, and is a major driver of the overall economy. Following five years of slow to negative growth in visitors due to the Great Recession, the Deepwater Horizon oil spill in the Gulf of Mexico, and other factors, tourists have come back in droves. Since 2009, total visitors have increased 46.9% to 118.7M people in 2017.

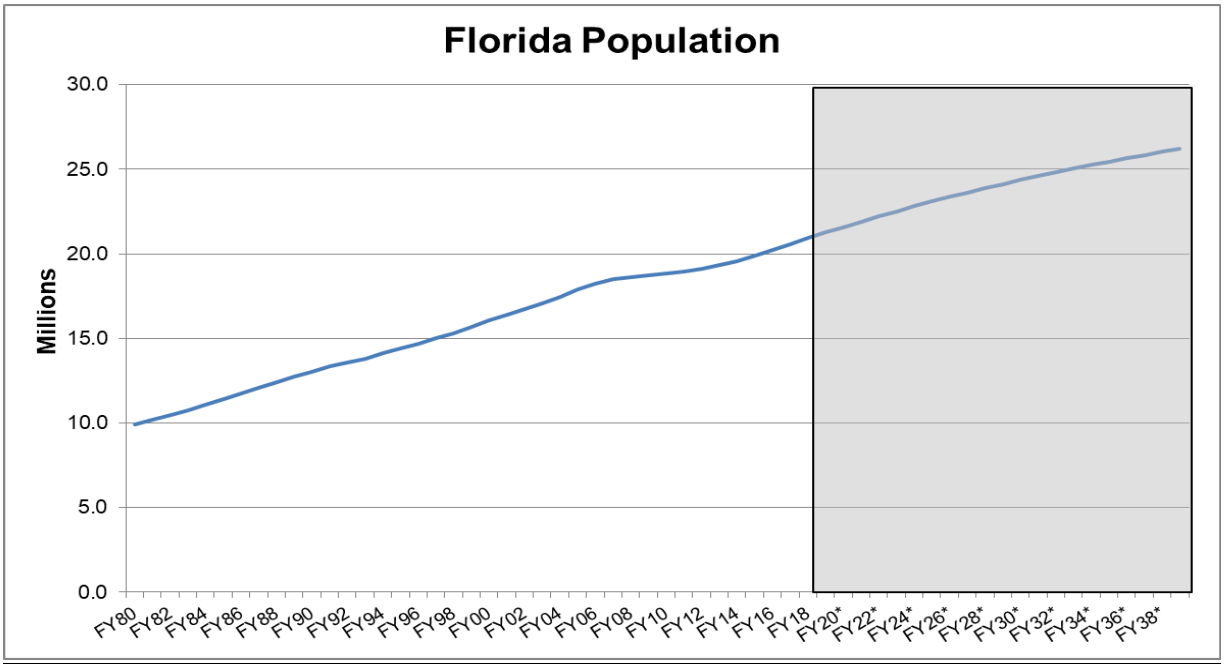


Source: Visit Florida

Population growth

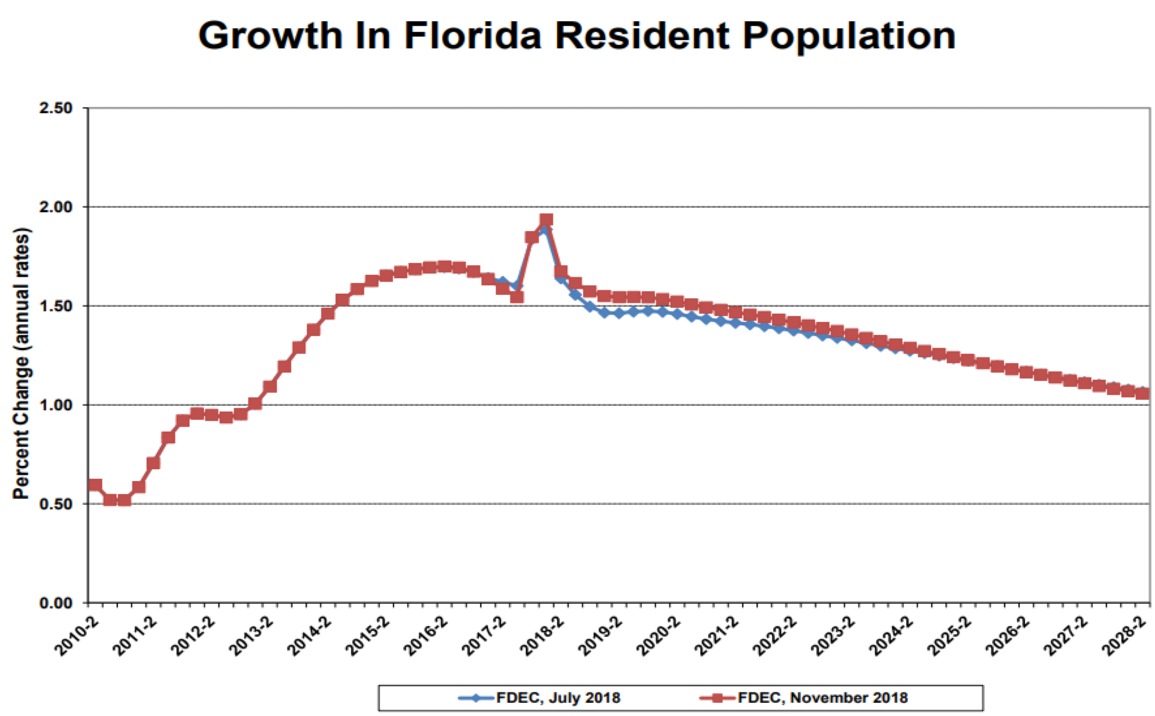
Population growth continues to be the state's primary engine of economic growth, fueling both employment and income growth, and impacting the amount of new construction activity.

Between 2019 and 2030, Florida's population is projected to grow by an average of 1.27%, or 286,137 annually, compared to a national average annual growth rate of 0.75%. After recently passing New York, Florida is now the third most populous state in the United States.



Source: Florida Demographic Estimating Conference, November 5, 2018 (shaded area indicates projections)

By FY40, Florida's population is expected to grow by more than 5.0M people from current level. There are many factors that can greatly impact the projected growth. With the increase in intensity of natural disasters, humanitarian migration may cause a surge in population from one year to the next. As we have experienced after Hurricane Maria devastated Puerto Rico, these unexpected events can have an immediate and long-lasting impact on migration. An estimated 53,134 people permanently moved to Florida as a result of the natural disasters of 2017.



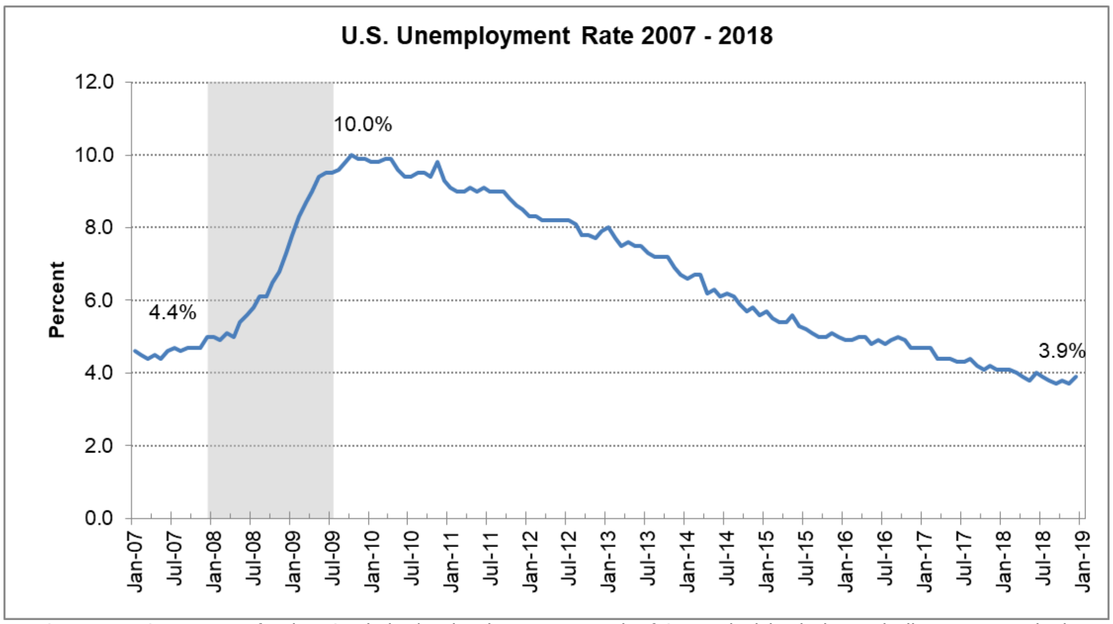
Source: Florida Demographic Estimating Conference, November 5, 2018

Employment & Wages

Unemployment is low…but apprehension still exists

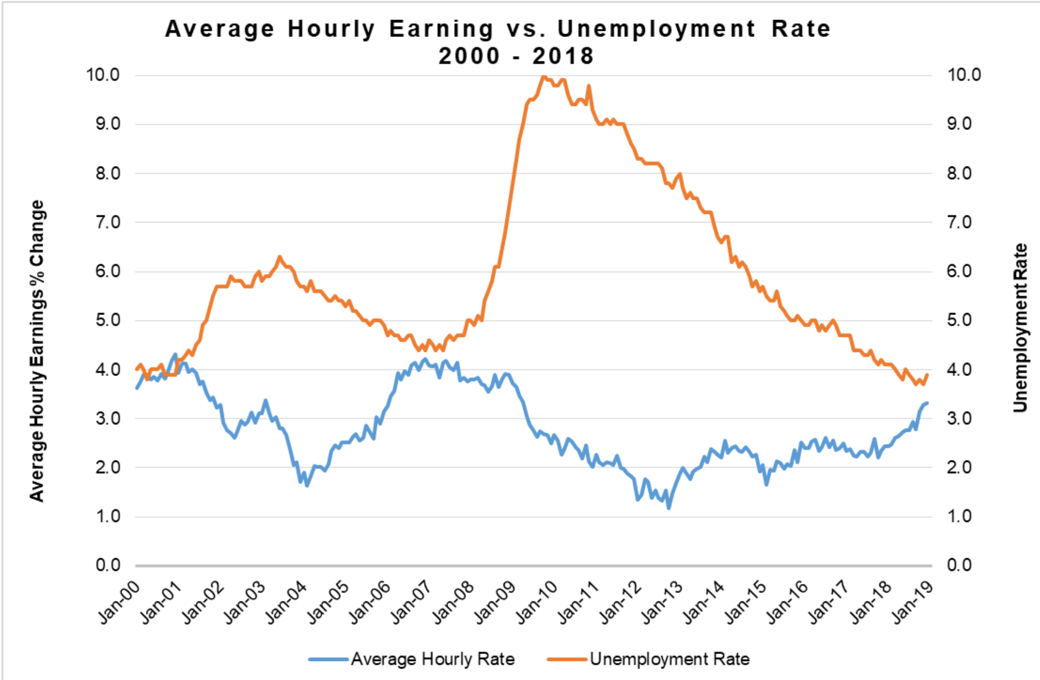
The job growth we've experienced the past several years saw an acceleration in 2018. According to the U.S. Bureau of Labor Statistics, non-farm payrolls added 2.6M jobs in 2018, an increase of 20.6% over 2017. For 99 consecutive months, the Bureau of Labor Statistics has reported increases in non-farm payrolls, averaging 201,000 workers added per month since October 2010. In the last nine years, more than 20.5M jobs have been added. However, accounting for the 8.6M jobs lost during the height of the Great Recession in 2008 and 2009, the net jobs increase is only 11.9M, an average of 90,000 per month for the last eleven years.

The national unemployment rate, which measures the percentage of those age 16 and older actively looking for employment, continued the nearly consistent drop since October 2009 (10.0%), falling to 3.9% in December 2018.



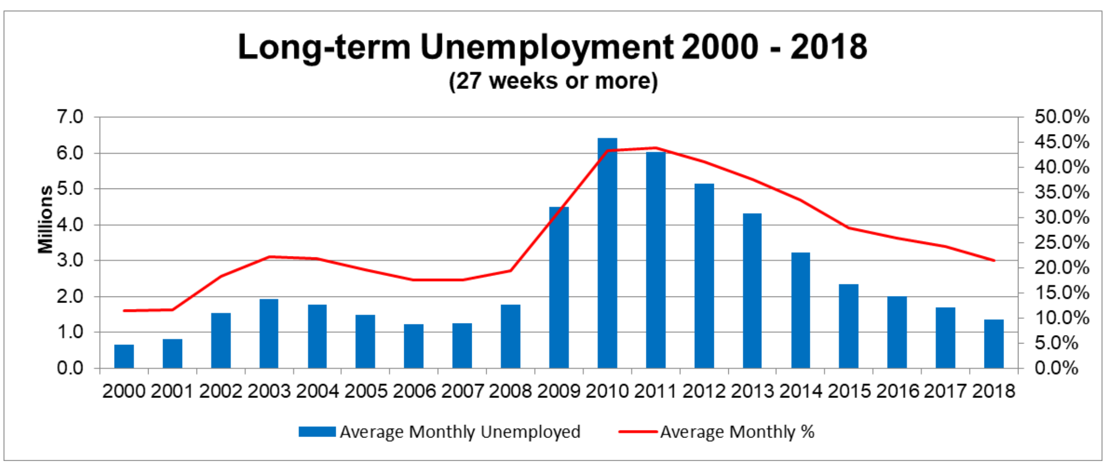
Source: U.S. Bureau of Labor Statistics/Federal Reserve Bank of St. Louis (shaded area indicates recession)

This is at a level considered as 'full employment,' which the Federal Reserve puts between 4.1% and 4.7%. At this level, finding qualified employees becomes more difficult for businesses, increasing the cost of employment, and potentially causing higher inflation. The following chart shows the relationship between the unemployment rate and the change in the average hourly earnings.



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

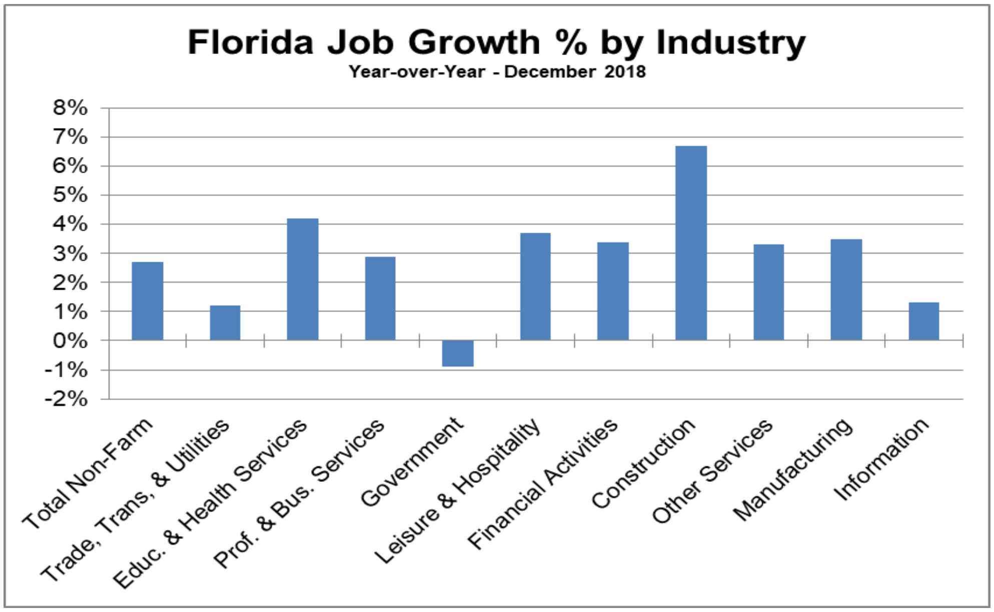
However, these numbers do not paint what many believe is the true employment picture. Long-term unemployment, which is unemployment lasting 27 weeks or longer, continues to plague the labor market. Following the recession of 1981-1982, long-term unemployment topped out at 26.0% seven months after the recession ended. Following the recession of 2001, long-term unemployment topped out at 15.9% one year out. The Great Recession of 2008 has had lingering effects, as long-term unemployment remains above the historical levels seen prior to the recession. As the chart below shows, a monthly average of 1.4M people were still unemployed after 27 weeks in 2018, which is 21.4% of those unemployed.



Source: U.S. Bureau of Labor Statistics

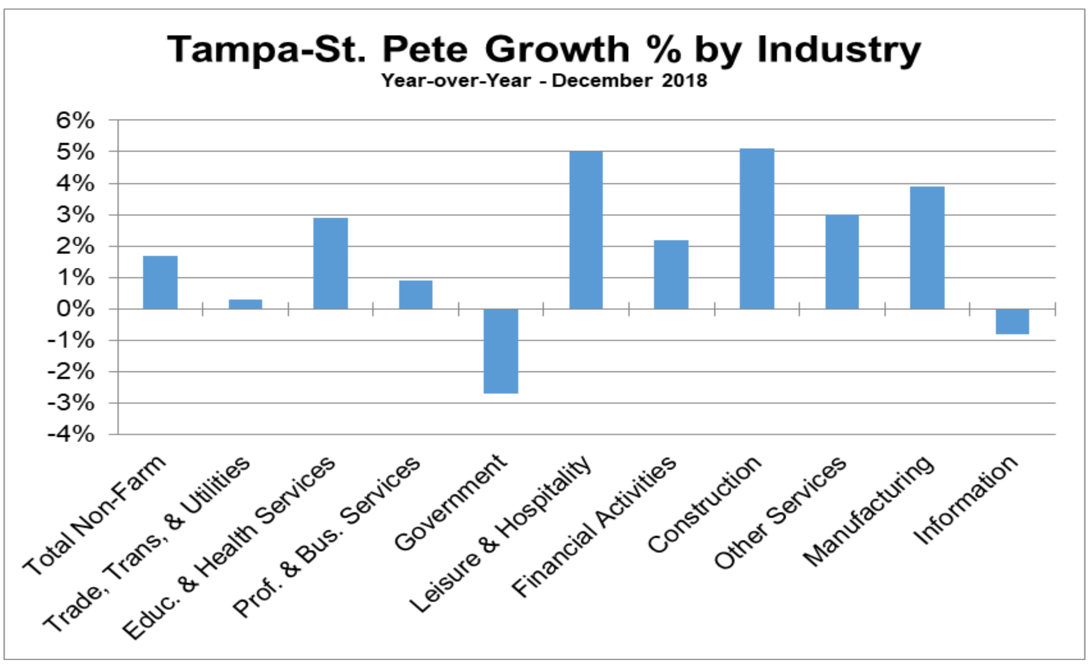
<u>Jobs, jobs, and more jobs</u>

In Florida, the unemployment rate is now less than one-third of the peak during the Great Recession. After reaching a peak of 11.3% in January 2010, the most recent (November 2018) report shows Florida's unemployment rate at 3.3%. Construction added 34,900 jobs since December 2017, an increase of 6.7%. Manufacturing added 12,700 jobs, a 3.5% increase. Statewide, these two industries pay an average annual wage of $49,255 and $59,389, respectively. However, these industries are also both sensitive to changing economic conditions and are susceptible to shocks to the greater economy.



Source: Florida Department of Economic Opportunity

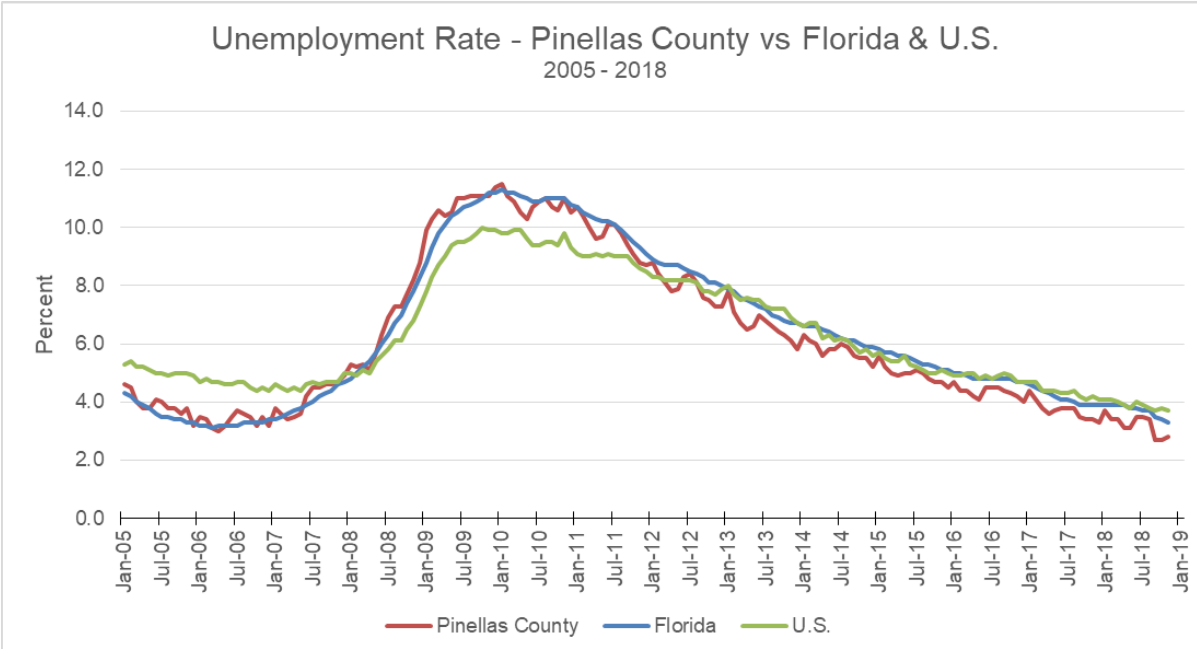
Job growth in the Tampa-St. Petersburg metro area has yielded 28,490 new jobs in 2018, through November. Construction jobs saw a year-over-year increase of 5.1%, adding 3,700 jobs in 2018, while 2,500 Finance Activities jobs were added, a 2.2% increase. These jobs pay an average of $48,321 and $67,738 annually in Pinellas County.



Source: Florida Department of Economic Opportunity

ECONOMIC OVERVIEW

Pinellas County has seen a similarly impressive recovery as measured by the unemployment rate. After topping out at 11.2% in January 2010, the county has experienced an almost consistent decrease in the unemployment rate, with a November rate of 2.8%.

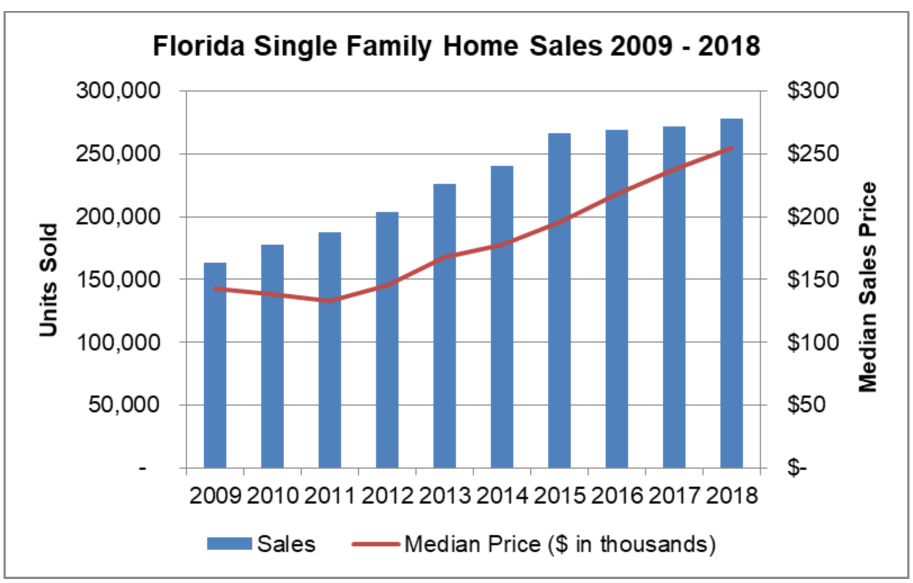


Source: U.S. Bureau of Labor Statistics

Housing Trends

<u>Home Sales Volume and Median Prices</u>

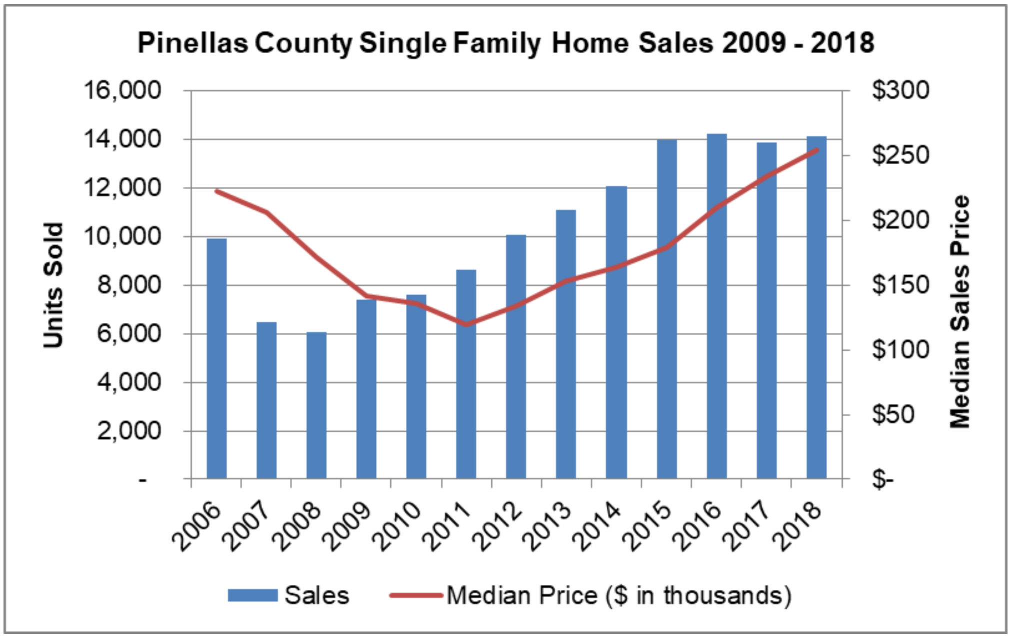
Florida's housing market saw another year-over-year increase in 2018, as both single family homes (2.2%) and townhouses & condos (4.9%) posted gains. Since 2009, single family home sales have increased by 70.3%, while median sales prices have increased by 78.5%.



Source: www.FloridaRealtors.org

ECONOMIC OVERVIEW

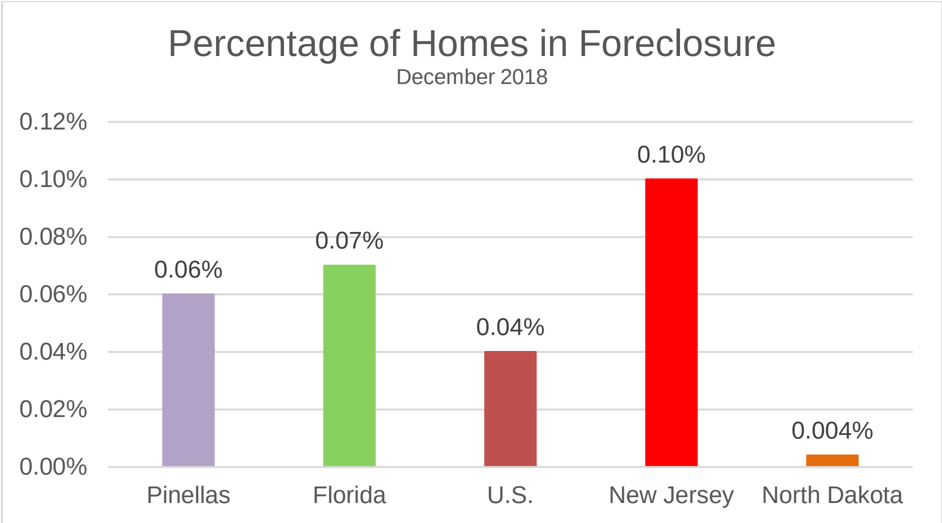
In 2017, following eight years of year-over-year increases, Pinellas County saw a drop in sales in 2017 of 2.3%, to 13,880 units. Sales volume rebounded in 2018, up 1.6% to 14,098 units. Median sales price has increased the last seven years, with 2018 increasing 8.4% to $253,700.



Source: www.PinellasRealtor.org

Foreclosures

According to RealtyTrac, Florida has the fifth-highest foreclosure rate in the U.S. in December 2018, with 1 in 1,526 homes in foreclosure. As a comparison, the foreclosure rate in New Jersey (highest rate) was 1 in 986 homes during the same month, while North Dakota (lowest rate) had 1 in 27,059 homes in foreclosure. Within Florida, Hardee (1 in 322), Hendry (1 in 601), and Bradford (1 in 683) counties lead the state in foreclosure rates. Pinellas County's foreclosure rate is slightly below the state's average, with 1 in 1,580 homes in foreclosure.



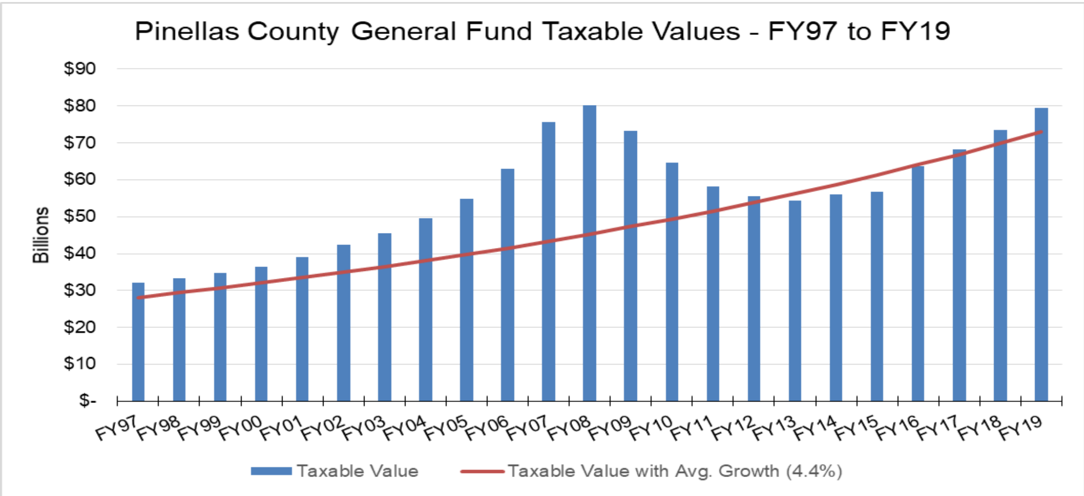
Source: RealtyTrac.com

ECONOMIC OVERVIEW

In Pinellas County, foreclosures have fallen dramatically from the highs of 2008 – 2010, when there were an average of over 1,133 foreclosures per month. In FY18, foreclosures totaled 1,967, an 87.0% decrease from the more than 15,000 foreclosures in FY09.

Taxable Values

The taxable value of properties in Pinellas County has increased six years in a row, following five years of decreasing values due to the collapse of the real estate market during the Great Recession. As the following chart shows, the County experienced dramatic year-over-year increases beginning in FY05, when taxable values increased by 10.5%, which was then followed by increases of 14.6% in FY06 and 20.1% in FY07. These increases put the values well above the trend line, which represents an average increase of 4.4% annually from FY97 to FY19. As quickly as the values rose, they fell, with decreases of 8.7% (FY09), 11.7% (FY10), 9.8% (FY11), 4.8% (FY12), and 2.0% (FY13). According to the *Tax Roll Certification* from the Pinellas County Property Appraiser dated October 5, 2018, property values increased 8.1% from FY18 to $79.4B in FY19.



Source: Pinellas County Property Appraiser/Office of Management & Budget

Summary

- Due to a partial government shutdown, 800,000 federal employee were furloughed for 35 days.
- Government shutdown is expected to reduce economic growth by 0.1 percentage point per week.
- The U.S. economy continues the consistent, but unspectacular, growth it's experienced since the end of the Great Recession. Projections are for more of the same over the next few years.
- Florida's economy ranked 9th best with a 4.5% increase during the 2nd quarter of 2018, outperforming the national increase of 4.2%.
- Florida continues to bring visitors in from all around the world, with 2017 topping 118.7M people.
- Unemployment has fallen for most of the last eight years, from a high nationally of 10.0% in October 2009, to the current level of 3.9%. More than 20.5M jobs have been added since the fourth quarter of 2010, averaging 201,000 per month.

- The trend is matched in Florida as the state's unemployment rate has fallen from the high of 11.3% in late January 2010 to the current level of 3.3%. Through November, the state has added more than 201,800 jobs in 2018.
- Pinellas County has done slightly better, with unemployment dropping from 11.5% in January 2010 to 2.8% in December 2018. The Tampa-St. Petersburg metro area added more than 25,000 jobs during the last twelve months.
- Florida's housing markets have seen increased sales volume for the last nine years (2010 - 2018). Median sales price has increased each year since 2012. In 2018, median sales price was more than $254,000, an increase of 7.2% over 2017.
- Following eight years of sales volume increases, single family home sales dropped in Pinellas County in 2017 by 2.3%. Through November, sales volume is down 2.8%. Median sales prices have increased each year since 2012, with 2018 up 8.5% to $254,000 through November.
- Florida ranks fifth in foreclosure activity in December with 1 in 1,526 (0.07%) homes in some stage of the foreclosure process. The national rate is 1 in 2,536 in December.
- Pinellas County's foreclosure rate is slightly better than the state's rate of 0.06%.
- Taxable values in Pinellas County have risen the last six years following the dramatic decreases the previous five years. Taxable values increased 8.1% in FY18, to $79.4B.

Key Assumptions

KEY ASSUMPTIONS

The *Key Assumptions* section of the Budget Forecast: FY20 – FY25 includes a discussion of the sources of information used to develop assumptions for revenues and expenditures that drive the six-year forecasts for 10 of the County's key funds:

- Assumptions and Forecasting
- Revenue Assumptions
    - Overview
    - Key Assumptions
    - Supporting Information
- Expenditure Assumptions
    - Overview
    - Key Assumptions
    - Supporting Information
- Other Forecast Considerations

Assumptions and Forecasting

Although we have attempted to use the best data and methodologies possible, economic forecasting remains an art, not a science. There is no way to accurately predict the cumulative impact of the market decisions of millions of individuals who have complex and changing motivations for their actions. Unforeseen external events such as war or turmoil in foreign lands can also radically change the economic environment. Despite this uncertainty, and recent experience, forecasting remains a useful tool for identifying potential problems and the need for future action. The forecasts in this document are a baseline using past trends, current policies, and assumptions about future conditions based on reasonable expectations. This provides a context to view current policy decisions in light of their potential impact on the fiscal health of the County in the years to come. The forecast is a key component for maintaining fiscal sustainability in support of the County's Mission, Vision, and Values.

The current consensus of leading economists anticipates continued slow growth and moderate inflation and does not include an economic downturn. We have not attempted to project significant future events such as recessions, oil embargos, or natural disasters. However, in each of the fund reviews, we have identified the known risks to the forecast that could significantly impact the projections.

In establishing revenue and expenditure assumptions, we reviewed data and forecasts from a variety of economists, government agencies, industry associations, and other sources. In particular, we referenced the State of Florida's Revenue Estimating Conferences frequently. The State utilizes a professional, nonpartisan consensus process involving the Legislature, the Governor's Office, and the State's Office of Economic and Demographic Research in developing national and state economic forecasts that are used in all state planning and budgeting actions.

We also reference federal agencies such as the Bureau of Labor Statistics, the Census Bureau, the Congressional Budget Office, and several Federal Reserve banks; as well as private research firms and educational institutions, such as The Conference Board, Wells Fargo, the University of Central Florida, and the University of Florida. The County is not required to use this data, but it provides useful background information for projecting changes in revenues and expenditures. County department and agency staff provided valuable input and review of the assumptions to help ensure that they are reasonable, consistent, and reflect the best judgment of those most familiar with the subject areas.

Revenue Assumptions

Key Assumptions

After five years of decline, countywide General Fund taxable values increased in each of the last six years, with an increase of 8.0% in FY19. The countywide taxable value is the basis for determining the ad valorem tax revenue in the General Fund and Emergency Medical Services Fund. Although tangible personal property is not subject to assessment of the Emergency Medical Services property tax, for the purposes of this forecast, the FY20 through FY25 percentage change in taxable value for the Emergency Medical Service Fund is assumed to be the same as the countywide taxable value change.

The General Fund taxable values in the MSTU areas of the county have increased in each of the last five years. The rate of increase has averaged 1.5 percentage points lower than the countywide growth in recent years. We used this difference to set the projection for the MSTU revenue growth during the forecast period.

Change in Countywide Property Tax Revenue					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
5.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Change in MSTU Property Tax Revenue					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
4.0%	3.0%	3.0%	3.0%	3.0%	3.0%

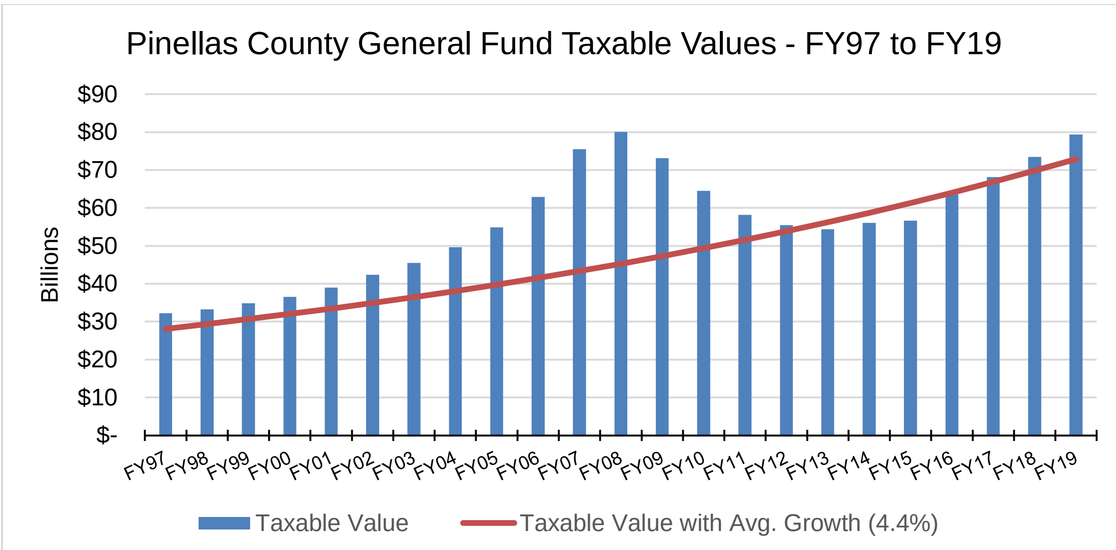
Supporting Information

The overall increase of 8.0% in countywide taxable values for FY19 reflected differing changes in the major components of the tax base. Within these categories, changes in individual properties may vary significantly due to many factors, including location (for example, beach vs. inland) or use (for example, hotel vs. retail). According to the State Ad Valorem Estimating Conference's December 11, 2018 report, statewide taxable values are projected to increase 6.6% for FY20, 6.4% for FY21, and between 5.6% and 5.8% for FY22 – FY25. The same report projects an increase of 7.0% for FY20 in Pinellas County, 6.2% for FY21, and between 5.2% and 5.4% for FY22 – FY25.

In the future, the growth in property tax revenues will be constrained by the revenue caps put in place by the Legislature in 2007, which is discussed below. The boost from new construction in Pinellas County will be limited compared to other counties that are not as built-out as Pinellas County. For example, Orange and Hillsborough counties have large undeveloped areas that are available for major residential, commercial, and industrial expansions. On the other hand, redevelopment efforts, particularly in the community redevelopment areas (CRAs), will have a positive impact on the tax base, but revenue growth for the County General Fund will be limited by the established Tax Increment Financing (TIF) districts, which capture a majority of the increased tax revenue.

Taxable values

The taxable values for FY19 were certified by the Property Appraiser on October 5, 2018. The countywide General Fund taxable value increased by 8.0% compared to the FY18 values, the sixth consecutive year of tax base growth. The preceding five years of tax base decline were unprecedented. Prior to FY08, the tax base only decreased once since World War II, a small 0.6% dip in FY93. Since FY84, countywide General Fund taxable value has increased an average of 4.9% annually, and 4.4% since FY97.



Source: Pinellas County Property Appraiser/Office of Management & Budget

The growth in homesteaded taxable value is subject to the caps imposed by the Save Our Homes amendment. This limits the annual growth in a property's taxable value to the growth in the Consumer Price Index (CPI) or 3.0%, whichever is lower.

Property Taxes are normally one of the most reliable revenue sources available to local governments. As a result, most cities, counties, and school districts have historically depended on the stability of property taxes to build their budgets. As previously discussed, the past decade has seen a marked departure from this pattern.

The unincorporated area (MSTU) General Fund taxable value percentage change is assumed to be slightly less than the countywide taxable value change based on historical trends. Other funds not included in this forecast that are dependent on property taxes are the Fire Districts Fund, the Palm Harbor, East Lake, and Feather Sound Community Service District Funds, the Pinellas Public Library Cooperative Fund, and the Health Department Fund. With the exception of the Health Department Fund, the percentage change in taxable value will differ from the countywide change depending on the composition of the tax roll in each area. In particular, because of differences in the composition of their tax base, individual fire districts are expected to vary significantly from the overall rate of change.

KEY ASSUMPTIONS

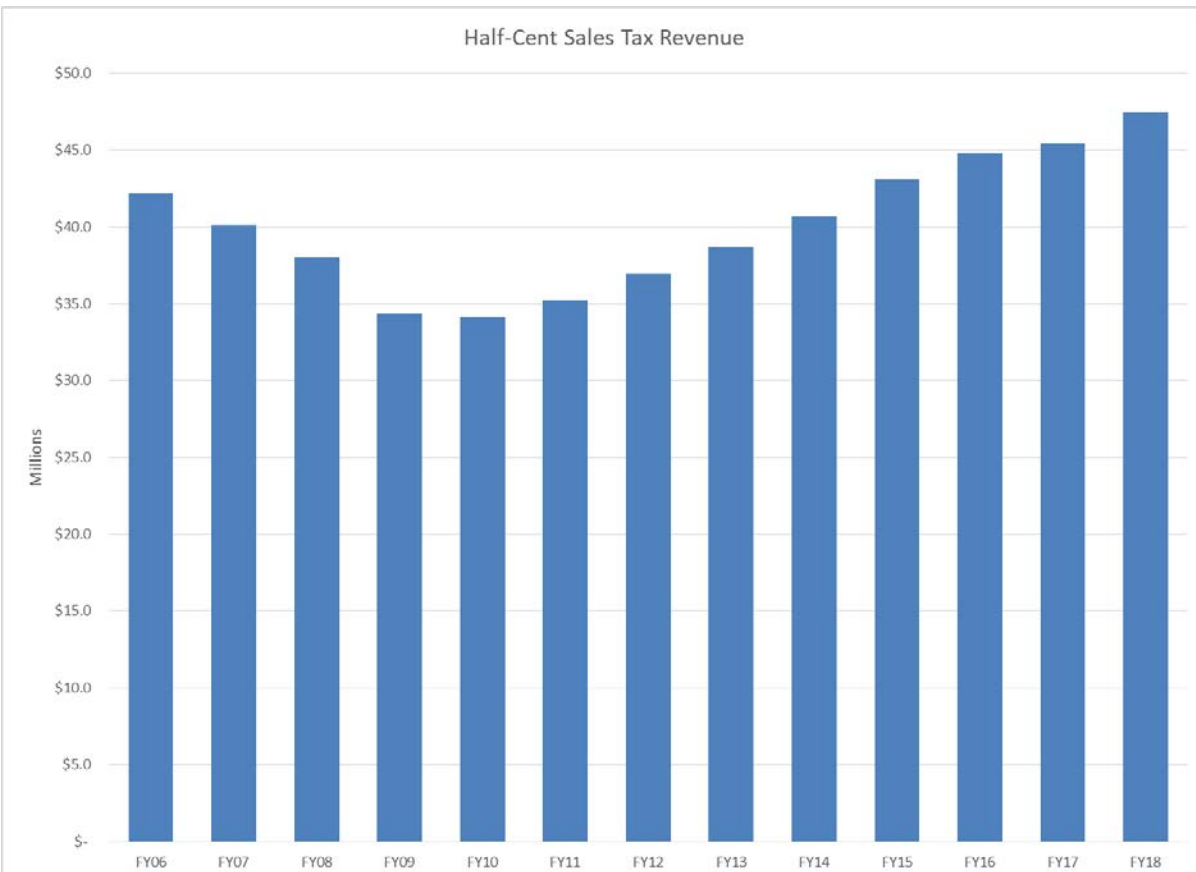
Sales Taxes Overview – General Fund and Capital Projects Fund

Sales tax revenues are highly elastic, increasing and falling with the health of the overall economy. In addition to food and medicine, certain other purchases are exempted from sales tax by legislation. The County receives two types of sales taxes: the Half-Cent Sales Tax and the Local Infrastructure Sales Surtax (Penny for Pinellas).

Half-Cent Sales Tax

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

Half-Cent Sales tax revenue grew by an average of 4.2% over the last eight years, with FY18 increasing 4.4% over FY17.



Source: Office of Management and Budget

Local Infrastructure Sales Surtax (Penny for Pinellas)

The Penny for Pinellas is a 1.0% sales tax dedicated to capital improvement projects in Pinellas County, such as facilities, stormwater improvements, preservation land purchases, roads, bridges, public safety, and parks. As such, this revenue is accounted within the Capital Projects Fund. Without this funding, it is estimated that property owners would have to pay another 2.4 mills on their county and municipal property taxes to generate the same amount of revenue to support these infrastructure projects. With this sales tax, an estimated one-third of the total Penny funds are paid by tourists and seasonal residents. In November 2017, Pinellas County voters approved an extension of the Penny for another ten years through 2029. Note that while the Penny for Pinellas is only applicable to the first $5,000 of any taxable purchase, the growth assumption is assumed to be equivalent to the overall sales tax assumption.

Key Assumptions

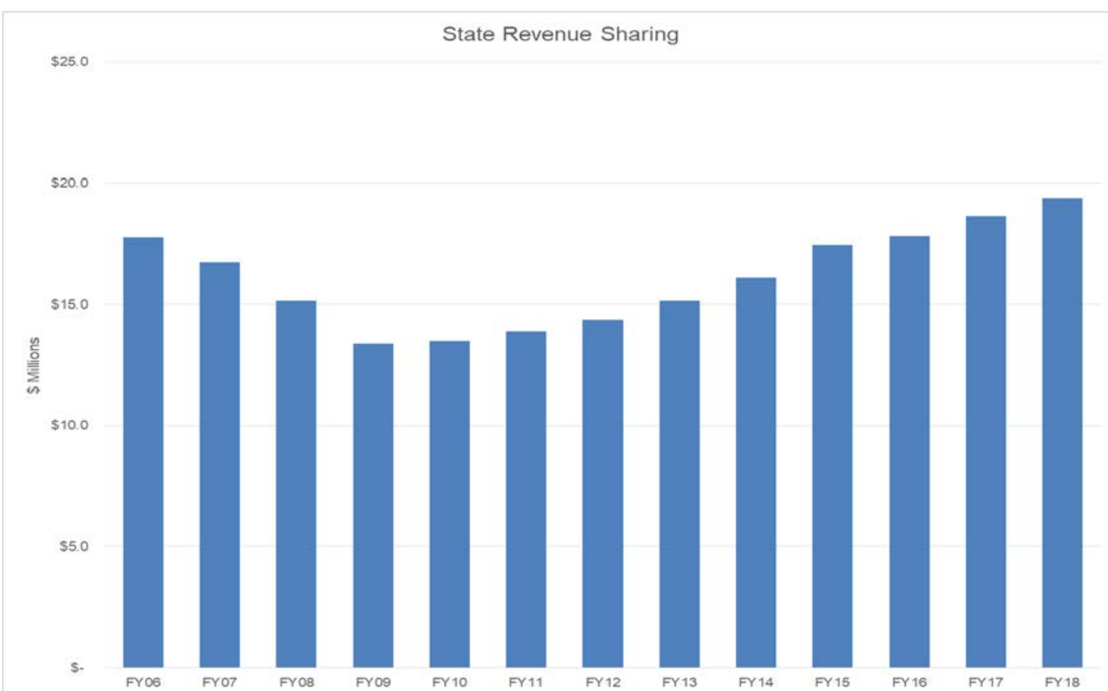
For the State Shared Half-Cent Sales Tax, a 3.5% growth rate is assumed for FY20 – FY25 forecast period, reflecting the continuing economic recovery. Our projection is based on the average change in “Sales Tax/GR” revenue projection in the State Revenue Estimating Conference for *General Revenue Fund* on December 18, 2018.

Change in Half-Cent Sales Tax and Penny for Pinellas Revenue					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

State Revenue Sharing Overview - General Fund

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

Similar to the Half-Cent Sales Tax, Revenue Sharing revenue experienced a ninth consecutive year of growth in FY18. Prior to FY10, this source had declined since FY06.



Source: Office of Management and Budget; FY19 reflects budgeted revenue

KEY ASSUMPTIONS

Key Assumptions

For State Revenue Sharing, a 3.5% growth rate is assumed for FY20 – FY25 forecast period, reflecting the continuing economic recovery. As with the Half-Cent Sales Tax projection, our projection is based on the average change in “Sales Tax/GR” revenue projection in the State’s General Revenue Fund on December 18, 2018.

Change in State Revenue Sharing Revenue					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Communications Services Tax Overview – General Fund

The Communications Services Tax (CST) is paid by unincorporated area residents and is dedicated entirely to providing services for them through the MSTU.

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

Key Assumptions

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

In recent years, the Legislature has approved changes to the CST statutes that have negatively impacted local revenues. The Legislature may continue to study the CST and recommend further structural changes that could lead to reductions in revenue from this source. Since FY13, CST revenue has fallen 16.2%, with FY18 down 5.5% from FY17. Therefore, the forecast projection reflects no growth in this revenue source. However, if revenue continues to fall for this tax, we will adjust our assumption to reflect the additional losses.

Change in Communications Services Tax Revenue					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Interest Earnings Overview – All Funds

The County earns interest on fund balances. These funds are invested by the Clerk of the Circuit Court and Comptroller in accordance with the Board of County Commissioners’ approved Investment Policy. All investment activity is conducted in accordance with Section 218.415, Florida Statutes, and Section 2-144 of the Pinellas County Code. The primary objective of the policy is the safety of County funds. The secondary objective is the provision of sufficient liquidity.

KEY ASSUMPTIONS

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

Key Assumptions

The forecast reflects the short-term outlook for improving earnings and the recent increases in short-term Federal Funds interest rates by the Federal Reserve. The projection is based on the State's "National Economic Estimating Conference" on November 9, 2018.

Rate of Interest Earned on Fund Balances					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
3.2%	3.4%	3.4%	3.4%	3.2%	2.9%

Other Revenue – All Funds

In each fund forecast, the major revenue sources that comprise most of the available resources are specifically analyzed. Depending on the fund, the remaining revenues may include licenses and permits, charges for services, fines and forfeitures, rents, surplus, refunds, reimbursements, and other miscellaneous revenues. For these other revenues, the forecast assumes moderate growth reflecting the anticipated continuing economic recovery and is tied to the CPI projection referenced later in the document.

Change in Other Revenue (non-specific)					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
2.3%	2.3%	2.3%	2.3%	2.3%	2.3%

Key Assumptions for Other Funds - Specific Revenues

Tourist Development Tax- TDT Fund

Tourism is a key driver of the economy in Pinellas County. The County imposes a 6.0% Tourist Development Tax (TDT), also known as the 'bed tax', on rents collected for temporary lodgings. The revenue, highly sensitive to general economic and other conditions, is driven by several factors, including the number of visitors, the length of stay, and the Average Daily Rate (ADR) that hotels and other lodgings are able to collect for rentals.

According to the November 2018 Florida Economic Estimating Conference, statewide projections for total visitors to Florida show an increase of 4.2% in FY20, and increase of 3.2% to 3.7% for FY21 – FY25. While there was exceptional growth in the County's bed tax collections during the last several years, the assumptions used in the forecast are slightly lower than statewide projections due to the sensitivity of this revenue.

Change in Tourist Development Tax Revenue					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Fuel Taxes - Transportation Trust Fund

The County receives several types of gas tax, including State Shared Gas Taxes and Local Option Fuel Taxes. These revenues are dedicated for transportation-related expenditures and are deposited in the Transportation Trust Fund. The State Revenue Estimating Conference for Revenues to State Transportation Trust Fund on December 6, 2018 projects Fuel Consumption growth of 1.04% in FY20 and slower increases each year of the forecast period. The County's gas taxes are based on gallons consumed. An improving economy and lower gas prices are positive signs, but Pinellas County's built out condition and future mandated vehicle fuel efficiency standards lead us to assume continuing slow growth in these revenues. Although the County has the potential to levy an additional 1 to 5 cents in Local Option Gas taxes, there are no tax rate increases built into the forecast.

Change in Fuel Tax Revenues					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
1.0%	0.8%	0.7%	0.6%	0.5%	0.3%

Ambulance User Fee Revenue – EMS Fund

Ambulance user fee revenues are primarily driven by patient demand (transport volume). The average increase in transport volume from FY16 to FY18 was 4.1%. The average increase over 10 years was 3.6%, ranging from 0.7% (FY17) to 8.7% (FY16). Revenues are estimated to increase by 4.0% annually during the forecast period. This is slightly less than the average increases in transport volume the last few years, reflecting changes in health care reform that may impact payments from Medicare, Medicaid, and various other payors. Medicare and Medicaid continue to be the largest payor source, comprising 63.0% of revenue collected.

Change in Ambulance User Fee Revenue					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
4.5%	4.0%	4.0%	4.0%	4.0%	4.0%

Airport Revenues – Airport Fund

Airfield/Flight Line revenue is based on the current level of carriers and projected passenger numbers. Passenger volume level has grown as the airport's main tenant, Allegiant Airlines, has added new cities to their offering for the past several years. As of January 2019, Allegiant serves 55 cities from PIE. Passenger volume level is projected to increase to 2.42M in FY20, a 4.0% increase over FY19. Since 2011, passenger volume has increased an average of 14.5% per year, with more than 2.2M passengers in 2018. This growth will result in airfield / flight line revenue increases ranging from 3.0% to 3.5% over the forecast period.

Change in Airfield/Flight Lines Revenues					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
3.5%	3.0%	3.1%	3.5%	3.1%	3.5%

Rent/Leases/Concessions revenue projections are based on land leases and concessionaire agreements of airport property. The new concessionaire agreement provides higher revenue in the first few years, with out years increasing at a slower rate, which is reflected in the assumptions used in the forecast.

KEY ASSUMPTIONS

Change in Airport Rents/Leases/Concessions Revenues					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
4.0%	5.0%	5.0%	3.0%	3.5%	3.5%

Water and Sewer Rates – Utilities Funds

Following an independent study, a new rate plan will presented to the BCC in 2019. The assumptions do not include rate increases during the forecast period.

Water Funds Revenue

In addition to its retail water customers, the County provides water at wholesale rates to several cities that purchase water in bulk and distribute it to their own retail customers. The amount of water purchased is affected by economic conditions, housing and commercial vacancies, and levels of conservation.

The forecast assumes minimal volume growth of 0.2% annually from FY20 through FY25. The increase used in the forecast is based on figures included in the current rate study.

Change in Water Service Charges Revenue - Retail					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

Change in Water Service Charges Revenue – Wholesale					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

Sewer Funds Revenue

The forecast assumes minimal volume growth of 0.2% annually from FY20 through FY25. The increase used in the forecast is based on figures included in the current rate study.

Change in Sewer Service Charges Revenue - Retail					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

Change in Sewer Service Charges Revenue – Wholesale					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

Solid Waste Funds Revenue – Solid Waste Funds

Tipping fees for the Solid Waste facility are not anticipated to increase during the forecast period. However, because of the impending expiration of the Power Purchase Agreement (PPA) with Duke Energy, the Technical Management Committee (TMC) has begun a rate study. Any recommended changes will be brought to the BCC for approval.

Revenues are expected to grow slowly as the volume of waste disposed increases slightly during the forecast period. The volume growth in the forecast is based on assumptions used in the current rate study.

The contract for electricity sales to Duke Energy contains annual escalations of 6.4% in revenue. The contract expires in December 2024, resulting in a projected decrease of 74.6% in FY25. The County has begun negotiations with Duke Energy on the PPA, but it is still too early to know the outcome.

Change in Solid Waste Tipping Fee Revenues					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
0.2%	0.2%	0.2%	0.2%	0.2%	0.2%

Change in Solid Waste Electrical Capacity Revenues					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
6.4%	6.4%	6.4%	6.4%	6.4%	-74.6%

Surface Water Fund Revenue – Surface Water Special Assessment Fund

The Surface Water Utility was established in FY14. Surface water assessments are determined by a rate structure that includes Equivalent Residential Units (ERUs) based on the median impervious area of single family detached parcels. Any changes to the rate are subject to approval by the BCC. During the forecast period, the assumption is that ERUs will remain flat and revenue increase will be the rate of inflation (CPI).

Change in Surface Water Assessment Revenues					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
2.3%	2.3%	2.3%	2.3%	2.3%	2.3%

Expenditure Assumptions

Personal Services Overview – Salaries – All Funds

The cost of Personal Services (salaries and benefits) is generally the single largest category of expense (for example, more than 60.0% of the General Fund including Constitutional Officers). The FY19 Budget included an average of 3.0% in wage adjustments for most County employees. The Sheriff’s budget also included additional funding for salaries.

Key Assumptions

Compensation adjustments are included in the forecast for FY20 through FY25. Moderate wage adjustments will be required to maintain a compensation structure that can attract and retain quality employees.

Change in Salaries					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Supporting Information

The annual market survey of salaries and benefits for comparable area organizations is being reviewed at this time. Indications are that salaries will need adjustment to remain competitive. Savings due to turnover, as long-time employees at the high end of their salary range are replaced with new hires at lower pay rates, may be offset by increased training needs. The County has also conducted a Pay & Classification study that may result in adjustments in personal services costs, but the impact is not known at this time and has not been reflected in the forecast.

Personal Services Overview – Employee Benefits – All Funds

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

Florida Retirement System (FRS)

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

From 1998 to 2008, the FRS had been one of the few state systems that had an actuarial surplus. This lowered the required contributions set by the Legislature that are based on an employee's salary and benefit category (public safety employees and elected officials have higher benefits). As with most other pension systems, the financial system crisis in the fall of 2008 had a significant effect on the value of FRS investments. As a result, beginning in 2009 the FRS system has had an unfunded liability. The FRS investment portfolio, which is managed by the State Board of Administration, has recovered from this setback with the asset value for the FRS pension plan higher than the previous peak value it had reached in 2007, despite the setback in 2016.

KEY ASSUMPTIONS

Key Assumptions

As of June 30, 2018, the FRS system was 84.8% funded, which is slightly better than the year before.

The State Legislature establishes the employer contribution rates for the FRS system. Employees must also contribute to the system as part of a package of Legislative changes enacted in 2011. The 2013 Legislature increased the FRS rates to fully fund the system's actuarial liability over a multi-year period, and the 2014 Legislature made adjustments to maintain this approach. The actuarial report as of June 2018 indicates that rates may need to be adjusted for the State's 2020 fiscal year. The forecast assumes FRS contribution rate increases of 5.0% on salaries in FY20 – FY25.

The actual contribution rates beginning July 1, 2019 will not be known until the end of the 2019 legislative session. The future growth in the County's FRS dollar contributions will be a combination of rate changes, if any, and the growth in the salary base to which the rates are applied.

Change in FRS Dollar Contributions					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Health Insurance

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

Change in Health Insurance Contributions					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
4.0%	8.0%	8.0%	8.0%	8.0%	8.0%

Supporting Information

The County's health plan is self-insured and is required to maintain the equivalent of two months of medical claims as a reserve in the Employee Health Benefits Fund. Due to lower than anticipated health claims, the fund balance in the Employee Benefits Fund exceeds target levels. Therefore, in FY20, the health insurance cost increase to the departments is set at a lower rate of 4.0% by leveraging excess fund balance, with a return to the anticipated claims growth rate of 8.0% annually in FY21 – FY25. If needed, reserves dedicated to Other Post-Employment Benefits are available to cover any deficit.

KEY ASSUMPTIONS

Personal Services - Combined Impact

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

Change in Personal Services Expenditures (Net Total Salary and Benefit Changes)					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
3.6%	4.2%	4.3%	4.4%	4.4%	4.4%

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

<u>Operating Expenses and Capital Outlay Overview - All Funds</u>

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

<u>Key Assumptions</u>

The forecast assumes that the cost of services, commodities, grants and aids, and equipment will generally track the CPI increases developed by the State in its consensus Revenue Estimating Conference. The State’s projections were reviewed against those from various other sources, including the Survey of Professional Forecasters, the University of Central Florida, and the Federal Reserve. While there are variations in the specific percentages, all of these sources projected continuing low to moderate cost inflation over the forecast period.

Change in Other Non-Personnel Expenditures (CPI)					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
2.3%	2.3%	2.3%	2.3%	2.3%	2.3%

Fuel - All Funds with Fleet Equipment

Fuel costs are dependent on the amount of fuel purchased as well as the price of fuel. The efficiency of the County’s fleet has increased as older vehicles are replaced with new, more fuel efficient vehicles.

FY19 budgeted fuel costs were based on a price of $2.25/gallon for unleaded fuel and $2.45/gallon for diesel. The forecast assumes the same $2.25/$2.45 per gallon for FY20, with increases matching CPI growth from FY21 through FY25.

Change in Fuel Costs (per gallon)					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
0.0%	2.3%	2.3%	2.3%	2.3%	2.3%

Electricity - General Fund and Utilities Funds

The County's facilities are generally charged a commercial rate for electricity by Duke Energy. The Real Estate Management and Utilities departments have both taken steps to decrease annual cost increases by implementing measures to reduce energy consumption. Annual increases of 5.0% in electricity costs throughout the forecast period are projected based on the historical averages and information from Duke Energy, our primary supplier.

Change in Electricity Costs (per kWh)					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Medicaid - General Fund

The County is billed by the State for a portion of Medicaid costs. The process for Medicaid billings was an ongoing dispute between the counties and the State. Prior to the passage of Senate Bill 1520 in 2013, the County's share of costs was based on usage. The new legislation created a seven-year transition period to move counties from the previous billing process to paying based on their respective percentage shares of Medicaid-enrolled Florida residents.

The County's projected Medicaid costs are based on Florida Statute, which is based on billings for current Medicaid services. The assumptions are based on the *Social Services Estimating Conference* Medicaid Caseloads (November 19, 2018) and Medicaid Expenditures (December 10, 2018).

Projected Medicaid Costs ($ millions)					
FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
$12.3	$12.9	$13.5	$14.2	$15.0	$15.8

Other Fund-Specific Expenditures

Ambulance Contract Expenditures – EMS Fund

The County contracts with Paramedics Plus for the County's Sunstar ambulance system. Increases to ambulance contract expenditures can fluctuate based on the Consumer Price Index (CPI-U) for Tampa-St. Petersburg-Clearwater, with a maximum increase of 4.0% in any given year, plus operational increases due to volume. Approximately 63.0% of the ambulance contract costs are fixed, which covers the cost of transports, and increase each year based on CPI. The minimum increase is 0% while the maximum increase is 4.0%. Under the current agreement, which went into effect in FY16, the CPI change has ranged from 0.5% to 2.8%. The remaining costs are variable, based on the number of services provided, and increase with CPI. Transport volume has increased during the current agreement from 0.1% in FY18 to a high of 8.7% in FY16. Based on the recent slowing of volume increases, the forecast assumes a slight slowing of volume in FY21, which continues through the forecast period.

A 4.5% increase is included in the forecast for FY20, and 4.0% in FY20 – FY25 to account for annual CPI increases and increases to transport volume.

Change in EMS Ambulance Contract Expenditures					
FY20	FY21	FY22	FY23	FY24	FY25
4.5%	4.0%	4.0%	4.0%	4.0%	4.0%

First Responder Expenditures – EMS Fund

The County contracts with 18 first responder EMS providers that respond to calls with paramedics and using Advanced Life Support (ALS) equipment. First responder contractual expenditures are primarily driven by personnel costs (80.0% to 90.0% of the total budget). The current First Responder agreement allows for annual growth of 3.0%, along with reimbursement for a portion of overhead at 1.0% of the amount funded. The assumption for FY21 – FY25 is based on the average increase in FY16, FY17, and FY19. FY18 was excluded as the unusually high rate of 11.0% was due to the addition of four units.

Change in EMS First Responder Expenditures					
FY20	FY21	FY22	FY23	FY24	FY25
3.5%	4.0%	4.0%	4.0%	4.0%	4.0%

Purchase of Water - Water Funds

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

Change in Cost of Water Purchased from Tampa Bay Water					
FY20	FY21	FY22	FY23	FY24	FY25
1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Other Forecast Considerations

<u>Climate Change</u>

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

As a coastal community, rising sea levels due to climate change may require expenditures to reconstruct or relocate facilities that are in low-lying areas. At this time, it appears that these costs would not be incurred during the timeframe of the forecast, but this may be re-evaluated as the County's strategic planning process continues and potential areas of concern are identified.

Other Funds

This forecast includes the 10 funds and fund groups that comprise the majority of the County's budget. Most of the more than 30 other funds have a limited scope that does not lend itself to extensive discussion in this document. However, several are worth noting.

The Fire Districts Fund provides fire protection services to the unincorporated area through twelve separate fire districts that are funded entirely by property taxes. Within the fund, each fire district is balanced separately, with a specific millage rate and cap. Services are provided through contracts with municipalities or other independent fire districts based on the unincorporated area's pro rata share of the property values in the district. Because of variations in the composition of the tax base, in a given year some districts may require millage rate adjustments to support the required expenditure levels. One strategy that has been pursued to mitigate the need for rate increases has been competitive bidding of the service contracts in several districts. Potential millage increases will need to take into account the individual millage caps in each district and the overall cap of 10 mills for municipal services taxing units, which includes the General Fund MSTU millage, the Public Library Cooperative, and the Palm Harbor, Feather Sound and East Lake Community Services Districts, as well as the fire districts.

The Air Quality Fund accounts for fees collected by the State and returned to the County to fund vehicular air pollution programs. The Emergency Communications E911 System Fund accounts for fees on wireless and land based communication lines which are collected to help support the emergency communications system. Both services can have an impact on the General Fund, which provides resources for the costs that are not supported by these designated state revenues.

The Fleet Management Fund is an internal service fund that provides for the operation and maintenance of the County's vehicles. Variations in fuel costs impact the expenditures in the County's operating funds. The Fleet Management Fund also purchases replacement vehicles. To avoid large fluctuations in the operating budgets, departments are charged replacement fees over the anticipated life of the vehicle. This provides the resources to purchase a replacement when a vehicle reaches the end of its useful life based on annual evaluations of the condition of the equipment.

The Business Technology Services (BTS) Fund is an internal service fund that provides integrated information and communications technology for the County's departments and agencies. BTS maintains existing systems and also implements new solutions as technology evolves. Besides the financial impact, the planned upgrades and replacements managed by BTS also are critical to the efficient operation of the entire organization.

Potential for Recession

The economic conditions underlying the forecast are based on the current consensus of leading economists. This consensus anticipates continued slow growth and moderate inflation, and does not include an economic downturn. From a historical perspective, since the end of World War II in 1945, there have been eleven recessions. The average length of the recessions is eleven months, with an average expansion period of 59 months – about five years – following the recession. It is reasonable to assume that the economy will slip into recession at some time in the future. This is one of the primary reasons for maintaining adequate reserves in General Fund as well as the other operating funds.

Population Trends

KEY ASSUMPTIONS

There is a limited amount of undeveloped land in Pinellas County. We will see relatively fewer new residents in the future compared to other counties with more opportunities for expansion. Because the distribution formulas for both shared sales taxes and revenue sharing are partially based on population, Pinellas will represent a declining percentage of the state total, so, the percentage of these revenues will also decline. For example, in the 2000 Census Pinellas represented 5.8% of the State's 16.0M residents. By the 2010 Census, Pinellas' population remained virtually the same, while the State population grew to more than 20.0M. As a result, Pinellas represented 4.7% of the State's population in 2016. Current State demographic projections are that this percentage will decrease to 4.1% by 2025, resulting in reductions in Pinellas' share of grants and other revenues that are allocated by population-driven formulas.

Fund Reviews

and

Forecast Pro Formas

FUND REVIEWS & FORECAST PRO FORMAS

The *Fund Reviews & Forecast Pro Forma* portion of the Budget Forecast: FY20 – FY25 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 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:

- Description**:** Provides information concerning the fund such as: fund type, legal authority, authorized uses of proceeds, etc.
- Summary**:** Provides an at-a-glance summary of the six-year forecast.
- 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; communications; parks and recreational services; and the operations of the Property Appraiser, Tax Collector, and Supervisor of Elections.

The General Fund includes operations for both countywide functions and the unincorporated area. These segments are tracked separately within the fund. The unincorporated area is commonly referred to as the MSTU (Municipal Services Taxing Unit). MSTU expenditures are about 10.0% of the total (net of reserves).

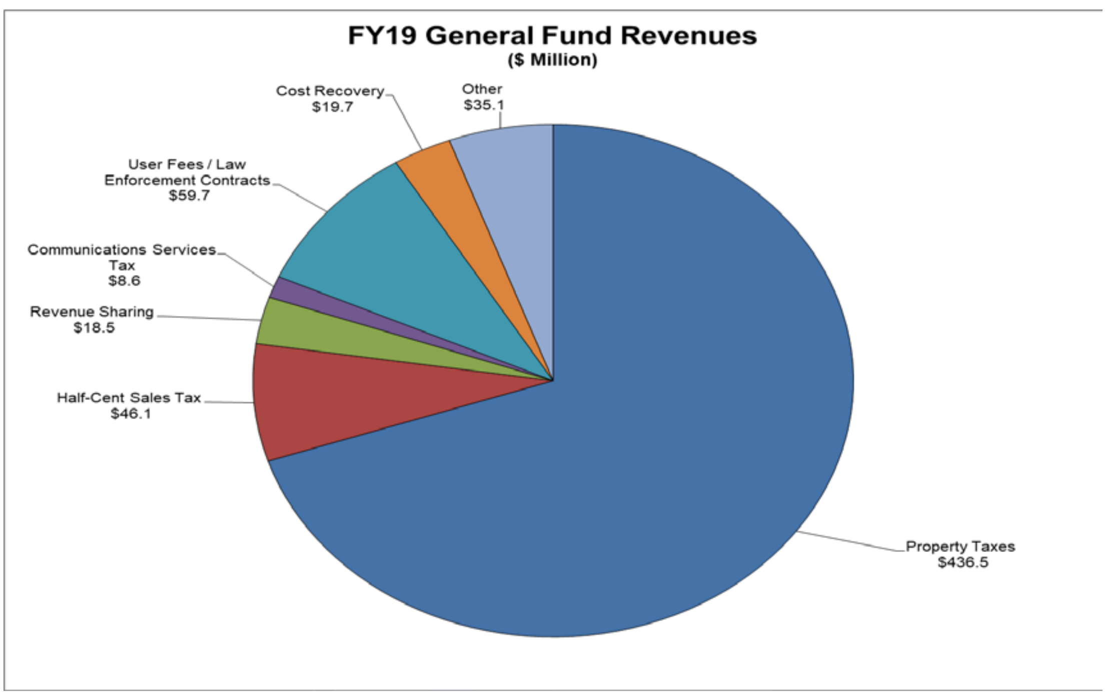
Summary

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 external 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 balanced throughout the forecast period.

Revenues

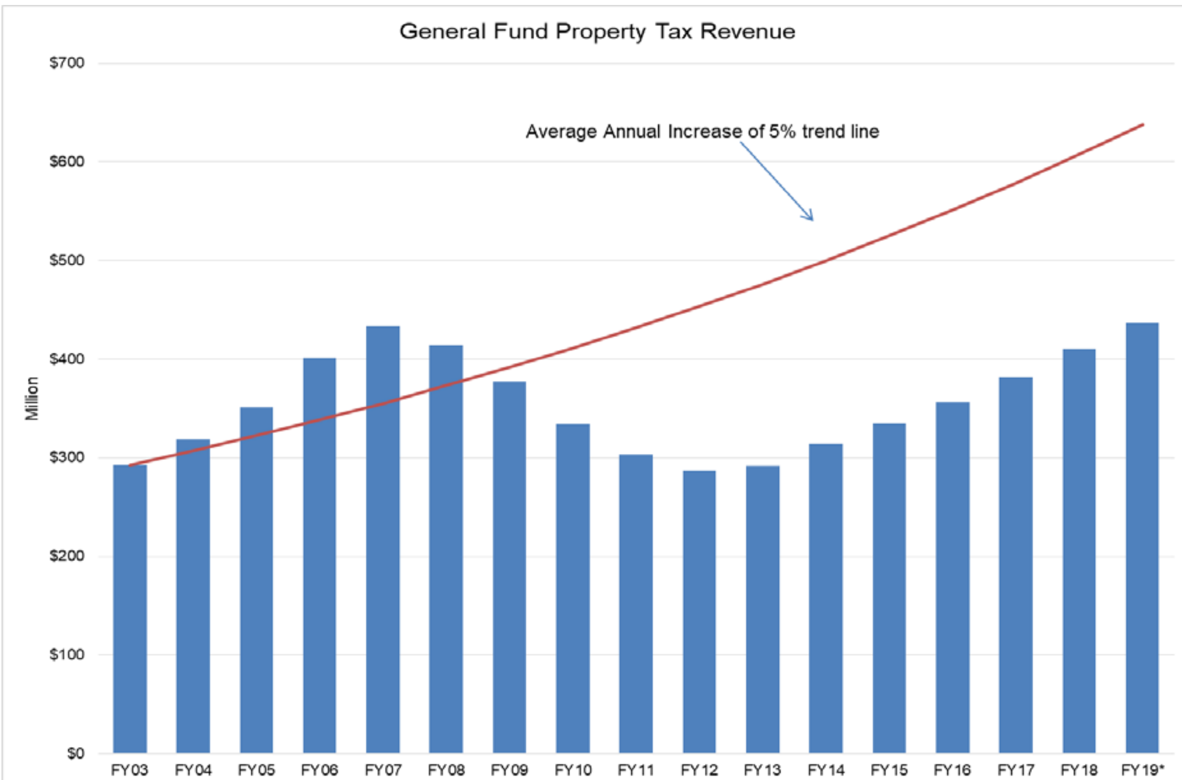
The budgeted revenues in the General Fund for FY19 total $624.2M. Property Taxes are the single largest source of General Fund revenues, accounting for more than two-thirds of the total. The four primary funding sources for the General Fund (Property Taxes, State Shared Half-Cent Sales Taxes, State Revenue Sharing, and Communications Services Taxes) comprise 81.7% of the revenue. The remaining 18.3% is derived from a variety of resources, including user fees, grants, contracts for services, interest, and cost recovery from other County funds.



Property Taxes

For the sixth consecutive year, the taxable value of property increased for FY19 (based on the values as of December 31, 2017). The combined General Fund property taxes for countywide and MSTU are budgeted to generate $436.5M in FY19.

From FY04 through FY12, property values experienced the most extreme “boom and “bust” cycle in more than fifty years. The chart below presents the actual property tax revenues from FY03 through the FY19 Budget. It features a line showing what the historical average 5.0% annual growth in property tax values would have produced based on the amount collected in FY03. Revenue is expected to surpass $430.0M for the first time since FY07.



*FY19 Reflects Budget

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 are less sensitive to changes in economic conditions and diversifies their total revenue portfolio.

Sales Taxes

The second largest General Fund revenue source is the State Shared Half-Cent Sales Tax, which is 7.4% of total General Fund revenues. Sales Tax collections have grown by an average of 4.2% annually since 2011, reaching an all-time high in FY18. This tax is budgeted to generate $46.1M in FY19.

State Revenue Sharing

The third major General Fund source, State Revenue Sharing, is 3.0% of total General Fund revenues. This funding source is also primarily based on the State's sales tax revenue and has shown similar strong growth over the past several years. This source is budgeted to generate $18.5M in FY19.

Communications Services Taxes

The fourth major revenue in the General Fund is the Communications Services Tax (CST). The CST is budgeted to generate $8.6M in FY19, down from a peak of $13.2M in FY07. 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

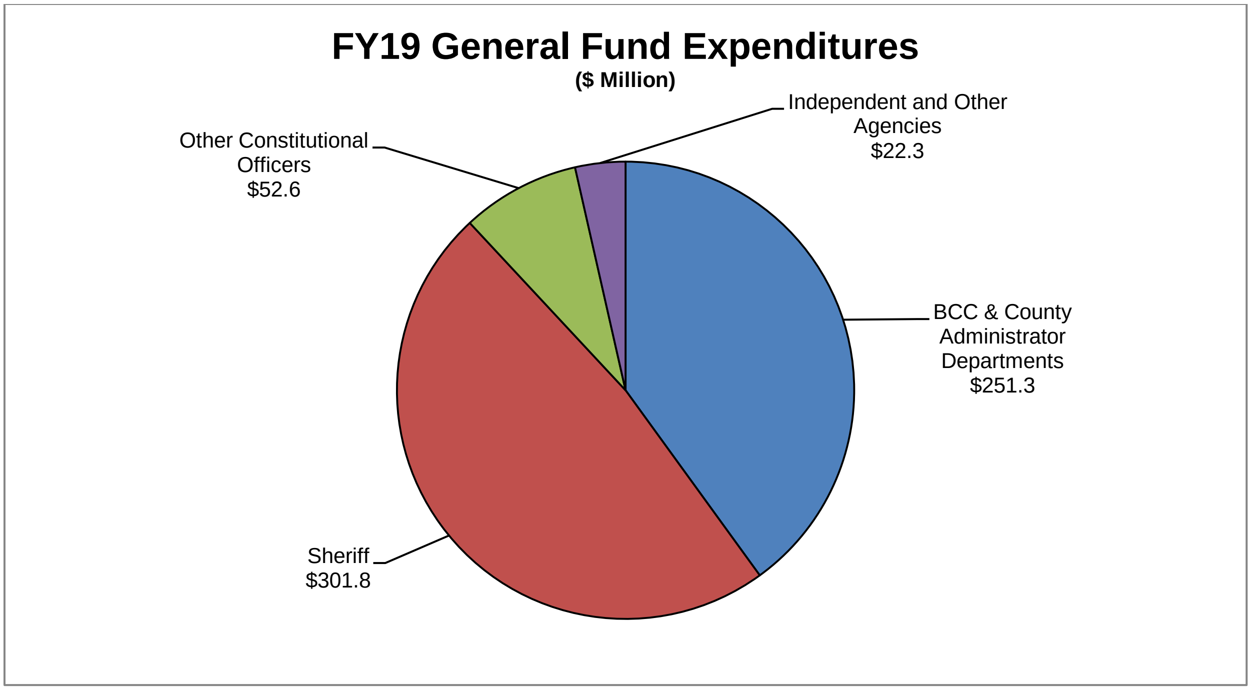
Other revenue sources include user fees, Sheriff's Law Enforcement contracts, cost recovery from other funds, interest earnings, and various other sources including federal and state grants. In general, these revenues are expected to continue moderate growth in FY19 and future years.

Also included in the FY19 revenue are anticipated reimbursements from both the State and Federal governments for expenses related to Hurricane Irma ($17.6M) and Red Tide (7.5M). These revenues are non-recurring and tied directly to expenditures the County incurred during these two incidents.

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; statutorily required support of the Court system, including facilities and technology; human services; emergency management and communications; parks and recreational services; general administration; and the operations of the Property Appraiser, Tax Collector, and Supervisor of Elections.

The budgeted expenditures in the General Fund for FY19 total $628.0M and can be summarized in four groups: the Board of County Commissioners, the Sheriff, other Constitutional Officers, and Independent Agencies.



Board of County Commissioners

This grouping of departments includes the departments under the County Administrator as well as the County Attorney's Office and the Board of County Commissioners (BCC). Funding for these departments totals $251.3M, or 40.0%, of total FY19 General Fund expenditures.

Some of the major BCC programs include: human 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; veterans services; 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 General Fund budget is $301.8M, or 48.1%, of total FY19 General Fund expenditures. Detention and Corrections programs are 39.5% of the Sheriff's budget. The Sheriff also provides Law Enforcement services to both the unincorporated area (MSTU) and by contract to 13 municipalities. The budget for law enforcement is 51.6% of the Sheriff's budget. The remaining 8.9% of the budget provides support to the Court system. 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 FY19 budget includes an appropriation of $2.3M for anticipated grant awards.

Other Constitutional Officers

These agencies, which are headed by independently elected officials, comprise $52.6M, or 8.4%, of total FY19 General Fund expenditures. In most cases, the General Fund only reflects part of the agency's total budget.

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 88.0% of the Tax Collector and 83.3% 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 28.0% 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% of the Supervisor's budget, excluding occasional state or federal grants.

Independent and Other Agencies

These agencies are $22.3M, or 3.6%, of total FY19 General Fund expenditures. They include the County's support for the Judiciary, State Attorney, Public Defender, Consolidated Case Management System (CCMS), Medical Examiner, Office of Human Rights, and Human Resources.

Much of the County's court support is driven by statutory mandates per Article V of the State Constitution that require the County to fund certain technology expenses, programs, and facilities. 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 initiatives. 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.

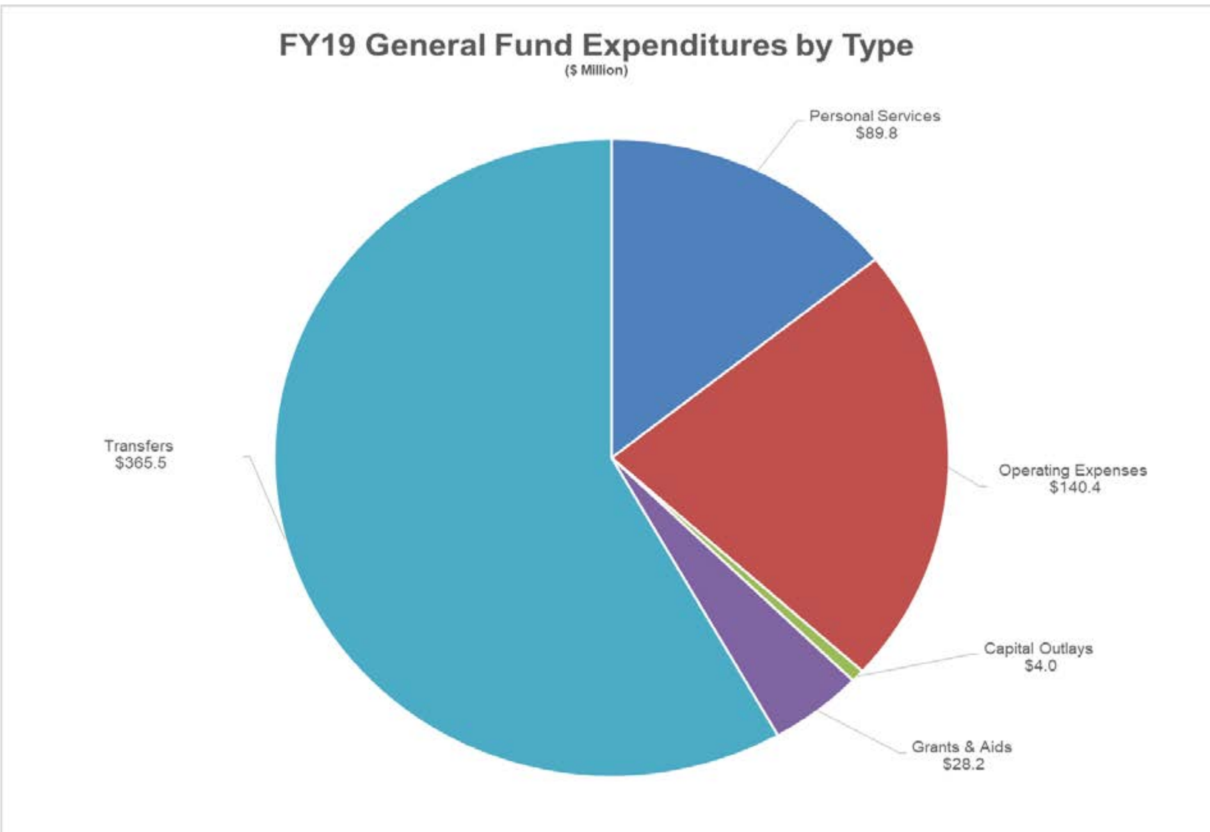
The Medical Examiner also serves the entire Sixth Judicial Circuit, and therefore is supported by both Pinellas and Pasco Counties. The Medical Examiner is not a government employee, but provides forensic investigative and laboratory services to the County by contract.

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 all of the other County elected officials and independent agencies, excluding 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. The FY19 budget for BTS charges is $33.7M, which is 24.0% of the Operating Expenses budget.

Three 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). 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. Nine cities within the county have established a total of thirteen CRAs. In addition, one CRA has been established in the Lealman unincorporated area of the County. The County is budgeted to contribute a total of $15.4M in TIF payments in FY19. The FY19 budget for

Grants and Aids totals $28.2M, which is 4.5% of the total General Fund budget, excluding reserves.

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

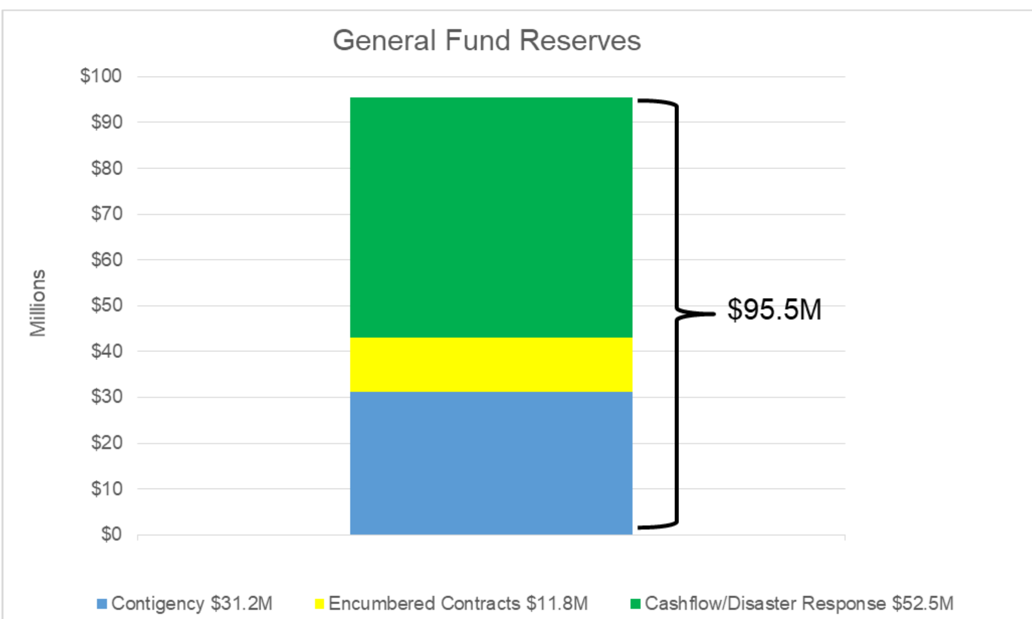
Transfers between funds include ongoing and non-recurring items. For example, an ongoing transfer to the Employee Health Benefits Fund is budgeted to address future liabilities for Other Post-Employment Benefits (OPEB). Also included in this category are the transfers to the Constitutional Officers, such as the Sheriff ($301.8M), Clerk of the Circuit Court ($12.6M), Property Appraiser ($11.3M), Tax Collector ($20.9M), and Supervisor of Elections ($7.8M). The FY19 budget for Transfers is $365.5M and represents 58.2% of the General Fund budget, excluding reserves.

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 realigning these funds.

Maintaining adequate reserves is key to the County's ability to deal with potential emergencies and unforeseen events such as commodity price hikes, unanticipated dips in revenues, or a natural disaster. Having an adequate reserve also demonstrates stability to the financial markets. As 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 FY19 General Fund adopted budget included reserves of $95.5M, or 15.3% of total revenues, which is consistent with the BCC policy target of 15.0%. The components of the General Fund reserves are Contingency, Encumbered Contracts, and Cash Flow /Disaster Response.



Contingency Reserve

The Contingency Reserve, which is budgeted at $31.2M in FY19, 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

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 $11.8M in the Encumbered Contracts Reserve for FY19 represents the average amount that was encumbered at month's end for the 12-month period ending May 2018.

Cash Flow / Disaster Response Reserve

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 69.9% of the total General Fund revenue. As a high hazard coastal county, Pinellas needs to have Disaster Response Reserve funds on hand in case of an emergency such as Hurricane Irma or other natural or man-made disasters. The Cash Flow / Disaster Response reserve is intended for these unexpected situations because reimbursement from the Federal Emergency Management Agency (FEMA) and the State usually cover only a portion of the costs. These funds are not available at the beginning of a disaster, and often are not received for many months or years. The FY19 budget for this reserve account is $52.5M.

Six-Year Forecast

<u>Key Assumptions – Revenues</u>

For the purposes of the forecast, it is assumed that the General Fund millage rates for both countywide and MSTU will remain the same in FY20. The FY19 countywide rate was set at 5.2755 mills, and the MSTU rate was set at 2.0857 mills.

As explained in the Key Assumptions section of this document, the forecast is that countywide taxable values will increase by 5.5% in FY20, and 4.5% in FY21 – FY25.

For the State Shared Half-Cent Sales Tax and State Revenue Sharing, we anticipate 3.5% growth throughout the forecast period.

Communications Services Tax revenue has declined over the past several years but is projected to remain level throughout the forecast period.

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 (FY19) programs and service levels. The basic assumptions for Personal Services and Operating Expenses that are used throughout the forecast apply to the General Fund.

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.

Included in the FY19 Budget are $2.5M in non-recurring funds for the ongoing projects funded by the BP settlement.

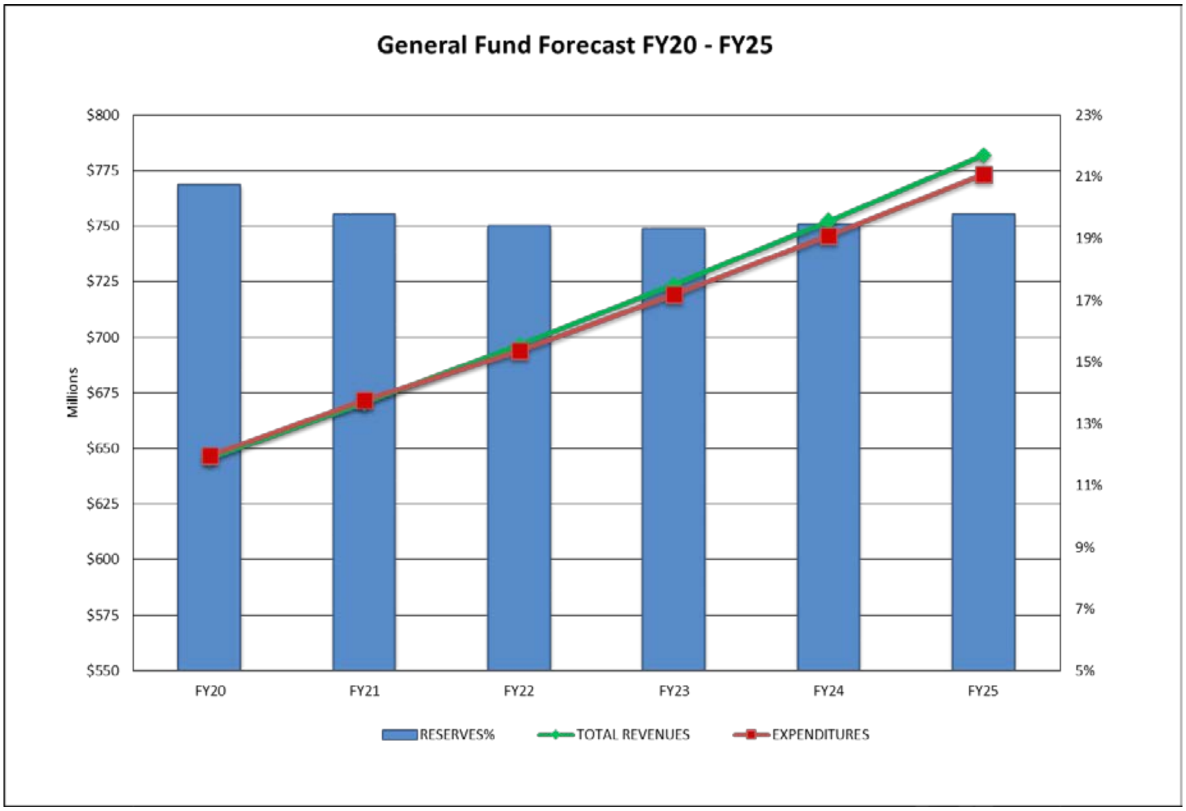
Hurricane Irma expenses totaled $13.2M in FY18. The hurricane-related expenditures were not anticipated and relied on General Fund reserves to offset the costs until the County receives reimbursement. Approximately 87.5% of the hurricane-related expenses are projected to be reimbursed by FEMA and the State. Although the timing of the reimbursement is uncertain, the forecast reflects the reimbursements as FY19 revenue.

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.

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

Key Results

The General Fund is balanced throughout the forecast period.



Potential Risks

<u>REVENUE FACTORS</u>

Taxable Values

There are many factors that can alter the six-year forecast of the General Fund.

With just under 70% of General Fund revenue coming from property tax, a sudden drop in the taxable values of properties will have an immediate, and prolonged, negative impact on the funds needed to pay for county services. This can be seen in the not-too-distant past during the Great Recession of 2008 – 2009. The taxable value dropped 8.7% in FY09, 11.7% in FY10, 9.8% in FY11, 4.8% in FY12, and 2.0% in FY13. These declines in taxable value resulted in a $146.3M cummulative reduction in property tax revenues between FY07 and FY12. Due to the Save Our Homes amendment available to property owners, the increase in taxable values for homesteaded properties is restricted to the annual change in the CPI, with a 3.0% cap

A change of 1.0% in the FY19 countywide taxable value would result in a $4.0M change in revenue at the FY19 millage rate of 5.2755. Similarly, a change of 0.1 mills in the rate using the FY19 taxable value would result in a $7.5M change in revenue. In the following years, these impacts would be amplified by the other growth factors.

Save Our Homes Impact

Another variable is the homesteaded taxable value increase cap imposed by the Save Our Homes (SOH) amendment. The SOH is based on the annual change (December to December) in the Consumer Price Index, as published by the Bureau of Labor Statistics. The CPI for December 2018, which is used to set the homestead cap on certain properties for FY20 growth, increased by 1.9%. As the real estate market continues to recover, the taxable value excluded from assessment of the County's millage has increased from $2.1B in FY13 to $17.1B in FY19. In the current fiscal year, $85.5M in potential revenue is not available to the General Fund due to the protections that are in place with the SOH amendment.

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. The 3.5% annual growth in the Sales Tax assumed in the forecast generates about $1.7M to $2.0M in additional revenue each year, which would be impacted by variations from the anticipated economic assumptions.

The forecast assumes that the sources tied to Revenue Sharing will increase 3.5% annually, the same rate as the growth in Sales Tax. However, there is no Constitutional prohibition against the State changing the formula to reduce or eliminate this revenue source unless the funds have been committed for debt service (which is restricted to 50.0% of the prior year's proceeds). Pinellas has no Revenue Sharing funds pledged to support debt, so the entire allocation is subject to revision by the Legislature.

State Budget Impacts

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 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 $4.6M.

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 of more than $25.0M on local CST revenues.

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.

EXPENDITURE FACTORS

Inflation

On the expenditure side of the equation, the Consumer Price Index (CPI) is a key element. The CPI changes used in the forecast reflect those prepared 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 FY19 recurring costs, would require an additional $5.9M for expenditures. A change of 1.0% in the salary and benefits assumptions would produce a cost variance of $3.8M, and an increase in the inflation rate of 1.0% would result in a $2.0M increase in operating expenses in FY19, 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 of General Fund expenditures (61.5% including transfers to Constitutional Officers), higher than projected FRS contribution rates or health insurance cost increases could have significant negative impacts. The FRS rates approved for the State's 2019 fiscal year (July 1, 2018 to June 30, 2019) 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 as the Legislature and Governor assesses the current state of the fund.

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 the Affordable Care Act and potential changes to it, as well as any related mandates to programs such as Medicaid.

Unfunded Mandates

No new state or federal mandates have been included in the forecast. As the State deals with future budget problems, there may be pressure to push expenses down to local governments even while imposing more restrictions or rollbacks on local revenues.

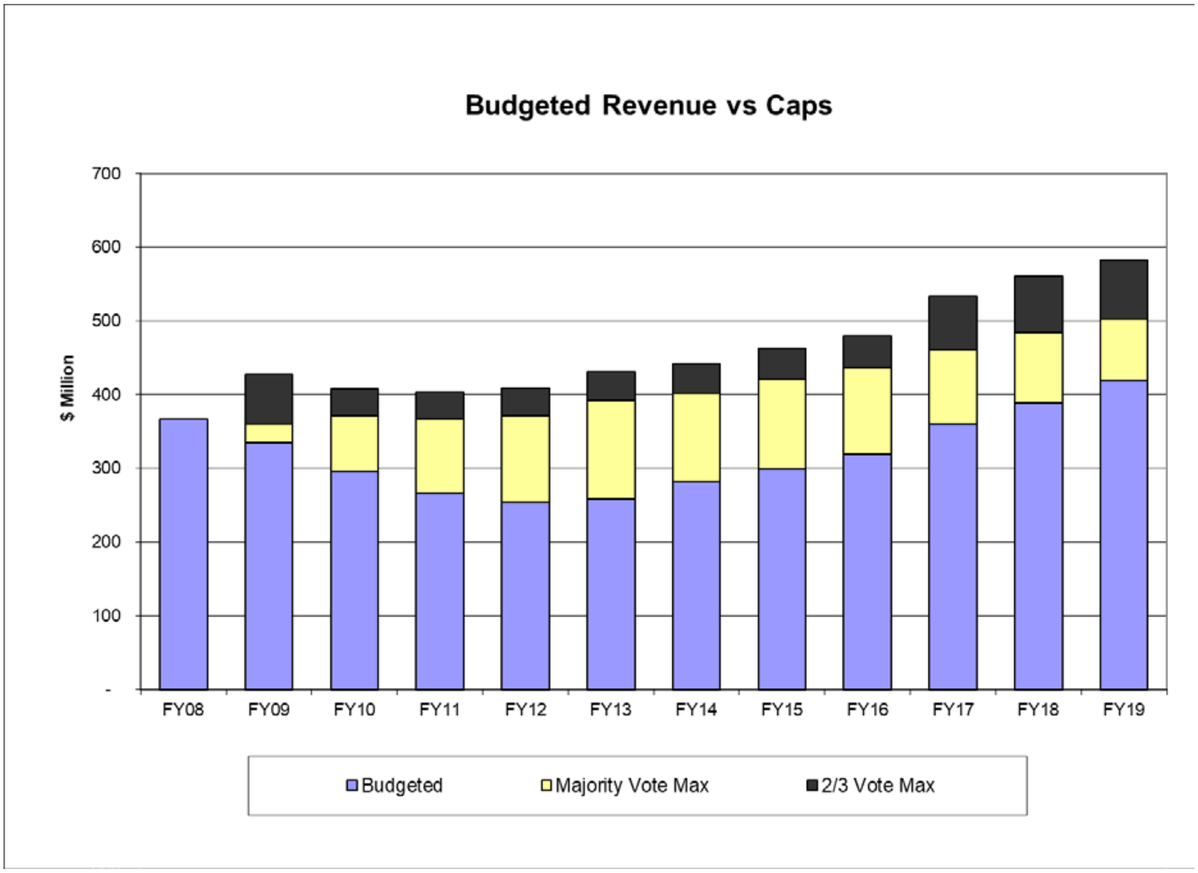
Theoretically, Article VII Section 18 of the Florida Constitution has a prohibition against imposing unfunded mandates on counties and cities. In practice, the Legislature can avoid this prohibition in many ways, through exemptions (such as mandates to enforce criminal laws) or exceptions, including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

Expenditure reductions are an option to be considered. The efforts to find efficiencies and streamline operations will continue to be pursued, but as a result of cuts in funding and workforce during the recession, the total FY19 General Fund $723.5M budget is still less than the $741.8M FY07 budget. Significant new reductions would negatively impact levels of service to the public.

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 (two-thirds) 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 on the next page, capacity under the cap increased as property tax revenues decreased. There is currently a wide spread of $163.2M in potential revenue between the FY19 millage rate of 5.2755 and the super-majority vote cap limit of 7.3302.



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 County enterprise funds.

GENERAL FUND FORECAST
Fund 0001

Forecast Assumptions	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Property Taxes - Countywide	5.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Property Taxes - MSTU	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Half Cent Sales Tax	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Revenue Sharing	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Communications Svc Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Interest	3.2%	3.4%	3.4%	3.4%	3.2%	2.9%
Charges for Services	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Other revenues	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
EXPENDITURES						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Capital Outlay	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Grants & Aids	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%
Estimated New Construction % of tax base	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

GENERAL FUND FORECAST
Fund 0001

(in $ millions)	Actual FY18	Budget FY19	FORECAST Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
BEGINNING FUND BALANCE	**116.9**	**99.4**	**116.4**	**135.4**	**133.9**	**132.8**	**135.4**	**140.0**	**146.4**
REVENUES									
Property Taxes -Countywide	374.7	399.2	403.4	425.6	444.7	464.8	485.7	507.5	530.4
Property Taxes - MSTU	35.7	37.3	37.7	39.2	40.4	41.6	42.8	44.1	45.4
Half Cent Sales Tax	47.4	46.1	48.5	50.2	52.0	53.8	55.7	57.6	59.7
Revenue Sharing	19.4	18.5	19.5	20.2	20.9	21.6	22.3	23.1	23.9
Communications Svc Tax	8.9	8.6	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Grants (fed/state/local)	7.0	5.3	5.3	5.4	5.5	5.6	5.7	5.9	6.0
Interest	2.4	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.7
Charges for Services	51.5	51.0	51.0	52.2	53.4	54.6	55.9	57.1	58.5
Reimbursement - Irma	2.0	17.6	17.6	-	-	-	-	-	-
Reimbursement - Red Tide	-	-	7.5	-	-	-	-	-	-
Other revenues	35.6	39.2	41.3	42.2	43.2	44.2	45.2	46.2	47.3
TOTAL REVENUES	**584.6**	**624.2**	**642.2**	**645.5**	**670.6**	**696.7**	**724.0**	**752.3**	**781.9**
% vs prior year		6.8%	2.9%	0.5%	3.9%	3.9%	3.9%	3.9%	3.9%
TOTAL RESOURCES	**701.5**	**723.6**	**758.6**	**780.8**	**804.5**	**829.5**	**859.4**	**892.3**	**928.3**
EXPENDITURES*									
Personal Services	76.7	89.8	88.0	91.1	95.0	99.0	103.3	107.8	112.5
Operating Expenses	132.8	140.4	137.6	144.1	148.0	152.1	156.4	160.8	165.4
Capital Outlay	2.9	4.0	3.9	4.0	4.1	4.2	4.3	4.4	4.5
Grants & Aids	24.3	28.2	28.2	28.8	31.4	30.4	31.1	32.1	32.8
Transfers	348.4	365.5	365.5	378.9	393.3	408.4	424.2	440.8	458.3
EXPENDITURES	**585.1**	**628.0**	**623.2**	**646.9**	**671.7**	**694.1**	**719.4**	**745.9**	**773.5**
% vs prior year		7.3%	-0.8%	3.8%	3.8%	3.3%	3.6%	3.7%	3.7%
ENDING FUND BALANCE	**116.4**	**95.5**	**135.4**	**133.9**	**132.8**	**135.4**	**140.0**	**146.4**	**154.8**
Ending balance as % of Revenue	19.9%	15.3%	21.1%	20.7%	19.8%	19.4%	19.3%	19.5%	19.8%
TOTAL REQUIREMENTS	**701.5**	**723.5**	**758.6**	**780.8**	**804.5**	**829.5**	**859.4**	**892.3**	**928.3**
REVENUE minus EXPENDITURES (NOT cumulative)	(0.5)	(3.8)	19.0	(1.5)	(1.1)	2.6	4.6	6.4	8.4

*Expenditures for Hurricane Irma ($13.2M), Red Tide ($7.5M), and BP Settlement ($2.5M) are included in the Personal Services, Operating Expenses, Capital Outlay, and Grants & Aids totals in FY18 & FY19.

TOURIST DEVELOPMENT TAX FUND

Description

The Tourist Development Tax (TDT) Fund is a special revenue fund that accounts for the 6.0% 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; the tax 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 the County's obligation to service debt on the City of St. Petersburg's bonds for Tropicana Field. The BCC levied an additional 1.0% in December 2005 to provide funding for promotion and advertising. The sixth percent of TDT was approved by the BCC on August 4, 2015 to provide additional resources to promote the destination and to invest in capital projects that will bring economic benefit to the county. The sixth percent went into effect January 1, 2016.

The fund supports the Convention & Visitors Bureau (CVB), operating 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 and promoting the destination as well as making direct investments in the beaches, museums, and spring training facilities throughout the county.

Summary

The Tourist Development Tax Fund is funded by the Tourist Development Tax, a revenue that is sensitive to general economic conditions. Tourist Development Tax revenue has been steadily increasing since Spring 2010, with record-setting revenue for the past seven years. Tourist Development Tax revenue is estimated to grow by 5.1% in FY19 compared to FY18. Revenue is projected to increase annually by 3.0% from FY20 – FY25.

Expenditures are projected to increase by 46.2% in FY19 as the CVB begins payment on the City of Dunedin Spring Training project, which was part of the list of projects approved by the BCC in FY17. Additionally, increased spending on beach renourishment projects, increased personnel costs, and additional spending on advertising the destination contribute to the increase.

With the addition of the City of Dunedin Spring Training project, expenses are expected to exceed revenue in FY19 and FY20, with a planned use of capital fund reserves to balance the fund. Revenues exceed expenditures during the remainder of the forecast period, and adjustments will be made if revenues fail to meet expectations. The fund maintains operating reserves above the 15.0% target throughout the forecast period. Additional capital reserves are held within the fund and can be used by the BCC to fund projects that will benefit the economy of Pinellas County and comply with allowable use of TDT.

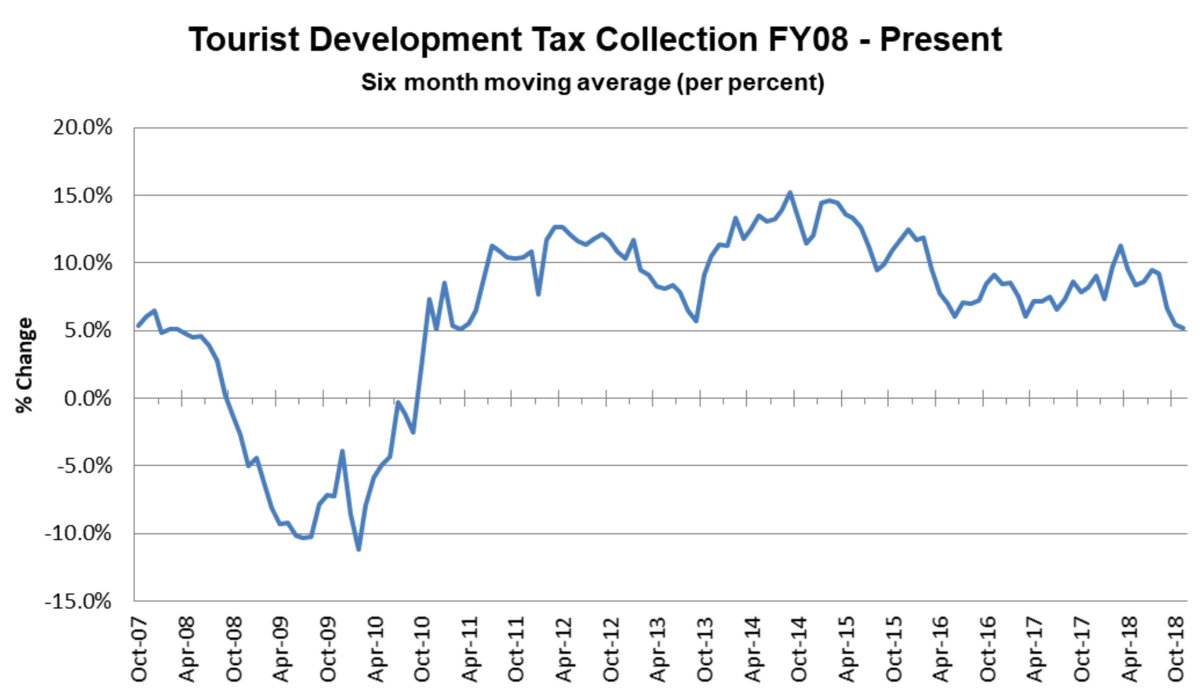
TOURIST DEVELOPMENT TAX FUND

Revenues

The TDT Fund consists almost exclusively of revenue collected through the Tourist Development Tax on temporary lodgings.

Tourist Development Taxes

Tourist Development tax collections are 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 tax collections from October 2007 to November 2018. The data shows that collections bottomed out at the beginning of 2010, but have been rapidly increasing as the economy rebounded from the Great Recession. For the past several years, the increase in tax revenue has outpaced the overall economy.



Source: Pinellas County Tax Collector

Total TDT revenue collected in FY18 increased by $4.9M to $59.7M, 9.0% over FY17. In FY19, TDT revenue is projected to increase by 5.1% compared to FY18. Revenue is projected to increase annually by 3.0% from FY20 – FY25. While recent trends may suggest a stronger growth rate, the increases seen over the past few years are not sustainable without adding significant inventory to available rooms throughout the county.

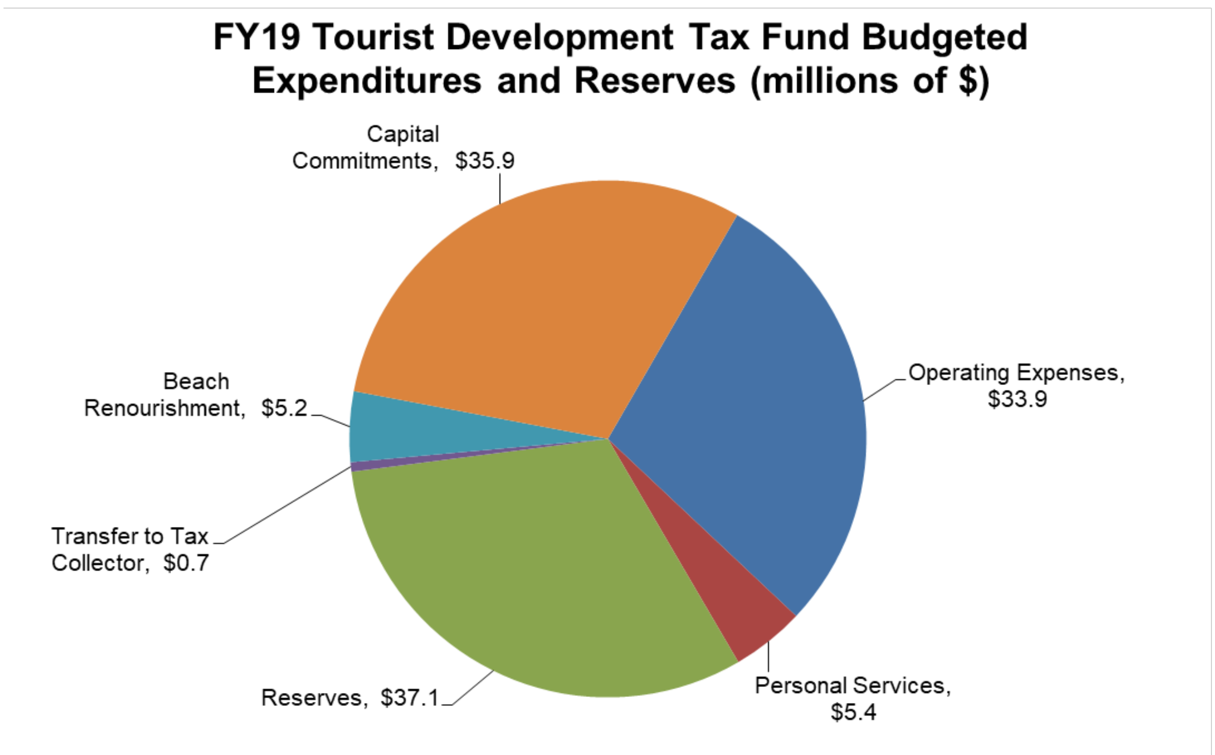
Expenditures

The TDT Fund supports budgeted expenditures and reserves in FY19 totaling $118.4M. The primary expenditures in the fund are $33.9M for operations and promotional activities, $5.4M for personal services, $35.9M for the capital program, $5.2M for beach renourishment, and $37.1M in reserves. Listed below are the seven approved projects that anticipate receiving reimbursement funding in FY19. Two of the projects (Clearwater Philadelphia Phillies Spring Training Facility and

Dali Museum) were funded in previous year's budgets, while the remaining five were part of the expanded capital program approved by the BCC in August 2017. The County's commitment to these new projects is anticipated to be completed within three fiscal years (FY19 – FY21).

FY19 Capital Project Program

Project	FY19 Budget
City of Dunedin - Spring Training	$ 16,100,000.00
Clearwater Marine Aquarium	$ 13,000,000.00
City of Clearwater - Ruth Eckerd Hall	$ 2,750,000.00
American Craftsman Museum	$ 2,000,000.00
City of Clearwater - Countryside Sports Complex	$ 950,000.00
City of Clearwater - Spring Training	$ 587,650.00
The Dali Museum	$ 500,000.00
Total	$ 35,887,650.00



<u>Operations and Promotional Activities</u>

The discretionary expenditure budget of $39.4M includes the staff, operations, and activities that promote the St. Petersburg/Clearwater destination. Promotional activities are primarily comprised of the advertising contracts, with the balance of the funding supporting such programs as sponsorships, publicity, and promotion via technology.

Convention & Visitors Bureau Operations & Promotional Expense

Expenses	FY19 Budget	% of Operations
Personnel	$ 5,430,290.00	13.8%
Advertising/Sales/Promotions	$ 29,890,010.00	76.0%
Operating & Capital Outlay	$ 4,030,990.00	10.2%
Total	$ 39,351,290.00	100.0%

Source: Pinellas County FY19 Adopted Budget

Transfers

To pay the costs associated with the administration and collection of the Tourist Development Tax revenue, a transfer of $666,340 is projected to be made to the Pinellas County Tax Collector in FY19.

Reserves

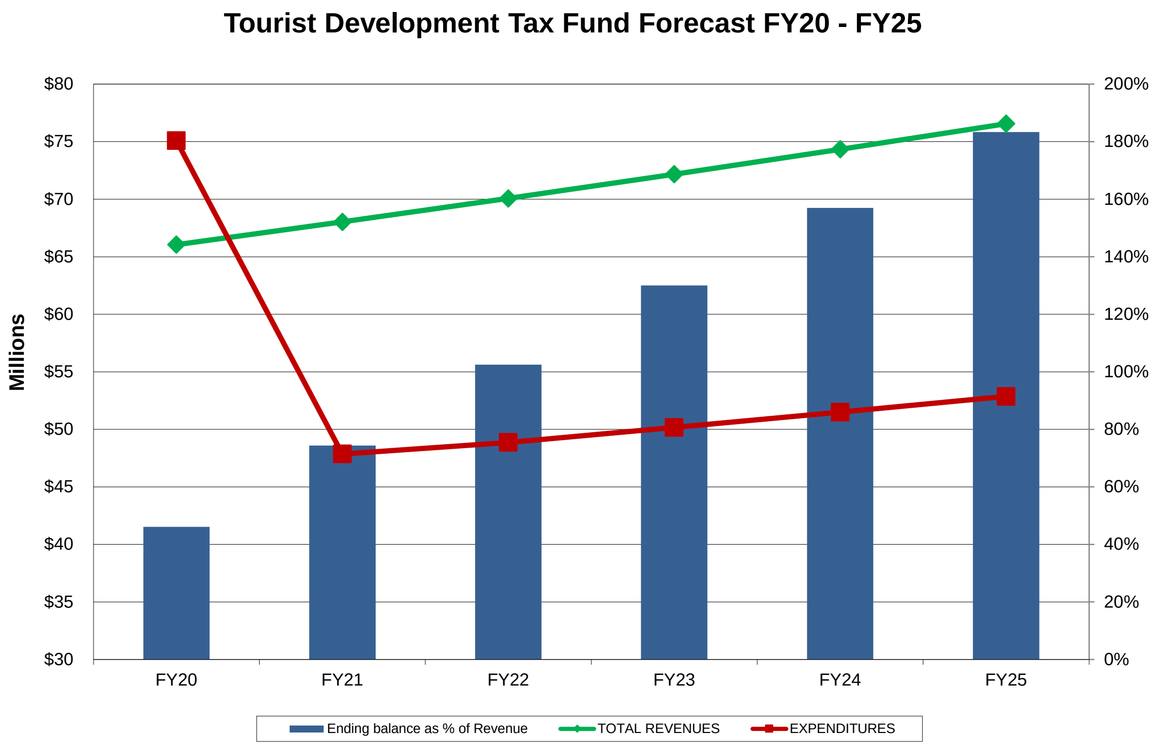
Operating Reserves are budgeted at $23.3M, 36.4% of revenues, in FY19, which is above the desired reserve level of 15.0%. The fund's Operating Reserve will serve as a fiscal shock absorber in the event the TDT revenues decline in response to changes in economic or environmental conditions. The TDT Fund also has established Capital Reserves that will be used to help fund capital projects. The FY19 budget appropriates $13.8M in Capital Reserves, which is 21.5% of revenue. In total, the Tourist Development Council Fund has reserves of $37.1M, or 57.9% of revenue.

Six-Year Forecast

Key Assumptions

The revenue forecast for the Tourist Development Tax Fund reflects increasing growth in the economy, with an increase in Tourist Development Tax revenue of 5.1% above FY18 actual in FY19. Revenue is projected to increase by 3.0% annually from FY20 – FY25. On the expenditure side, personal services are projected to increase 3.6% in FY20. In the remaining years of the forecast, personal services are projected to increase 4.2% - 4.4% annually. Promotional activities (advertising) may be increased during the year as revenue is collected and needs are assessed. Capital expenditures, excluding beach renourishment, decrease by 20.3% in FY20 due to the expected completion of the County's commitment to the Clearwater Marine Aquarium. The fund will use current revenue and capital reserves accumulated over the past few years to satisfy any commitments as quickly as possible without compromising the operational needs of the department.

TOURIST DEVELOPMENT TAX FUND



Key Results

There is a planned use of fund balance in FY20 to continue paying on the County's commitment to the capital program adopted by the BCC in August 2017. Other expenditures, such as personal services, advertising, and other operating items, are expected to follow the assumptions within the forecast. This use of capital fund balance is not expected to reduce the operating reserve fund balance below the 15.0% target.

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 continues to improve, collections should remain strong. The reverse would be true if the economy deteriorates.

Environmental conditions may have an impact as well. Tropical activity, red tide in Tampa Bay and the Gulf of Mexico, or man-made disasters, could potentially damage our reputation or the infrastructure and keep visitors away, keeping their disposable income away as well.

The appreciation or depreciation of the U.S. dollar also has an impact on the number of international visitors to Pinellas County.

Additionally, appreciation in average daily rate, along with limited increases in hotel rooms, could slow growth in the number of overnight tourists in Pinellas County.

Balancing Strategies

The forecast does not show structural gaps in revenues and expenditures. The assumption is that the overall CVB budget, specifically the promotional activities budget, will be increased or decreased to match the Tourist Development Tax revenue stream to keep the fund balanced in the long-term.

TOURIST DEVELOPMENT TAX FUND FORECAST
Fund 1040

Forecast Assumptions	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Tourist Development Taxes	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Interest	3.2%	3.4%	3.4%	3.4%	3.2%	2.9%
Other revenues	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
EXPENDITURES						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Advertising Expense	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Capital Outlay	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%

TOURIST DEVELOPMENT TAX FUND FORECAST
Fund 1040

(in $ thousands)	Actual FY18	Budget FY19	FORECAST Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
BEGINNING FUND BALANCE	**51,028.3**	**54,263.6**	**56,569.4**	**39,464.0**	**30,430.2**	**50,603.7**	**71,809.3**	**93,822.2**	**116,666.7**
REVENUES*									
Tourist Development Taxes	59,718.1	62,738.9	62,738.9	64,621.1	66,559.7	68,556.5	70,613.2	72,731.6	74,913.5
Interest	628.9	813.0	813.0	839.0	867.7	897.4	928.1	957.5	985.6
Other revenues	775.9	547.4	576.2	589.5	603.0	616.9	631.1	645.6	660.4
TOTAL REVENUES	**61,122.9**	**64,099.3**	**64,128.1**	**66,049.5**	**68,030.4**	**70,070.8**	**72,172.3**	**74,334.7**	**76,559.5**
% vs prior year		4.9%	4.9%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
TOTAL RESOURCES	**112,151.2**	**118,362.9**	**120,697.5**	**105,513.6**	**98,460.7**	**120,674.4**	**143,981.6**	**168,156.9**	**193,226.2**
EXPENDITURES									
Personal Services	4,155.8	5,430.3	5,430.3	5,623.1	5,859.2	6,108.3	6,374.0	6,651.2	6,943.9
Operating Expenses	2,803.6	3,995.7	3,995.7	4,087.6	4,181.6	4,277.8	4,376.2	4,476.8	4,579.8
Advertising /Sales/Promotions	23,633.9	29,890.0	29,890.0	30,577.5	31,280.8	32,000.2	32,736.2	33,489.1	34,259.4
Capital Outlay - Operating	55.4	35.3	35.3	36.1	36.9	37.8	38.7	39.6	40.5
Transfer - Tax Collector	521.3	666.3	666.3	686.3	706.9	728.1	749.9	772.4	795.6
Transfer - Beach Renourishment	4,659.5	5,228.2	5,228.2	5,385.1	5,546.6	5,713.0	5,884.4	6,061.0	6,242.8
Capital Spending Program	18,245.0	18,800.0	18,800.0	2,000.0	-	-	-	-	-
Capital Outlay - Dali Museum	500.0	500.0	500.0	500.0	-	-	-	-	-
Capital Outlay - Dunedin Spring Training Facility	419.6	16,100.0	16,100.0	25,600.0					
Capital Outlay - Clearwater Spring Training Facility	587.6	587.7	587.7	587.7	244.9		-	-	-
EXPENDITURES	**55,581.8**	**81,233.5**	**81,233.5**	**75,083.3**	**47,857.0**	**48,865.2**	**50,159.4**	**51,490.2**	**52,861.9**
% vs prior year		46.2%	46.2%	-7.6%	-36.3%	2.1%	2.6%	2.7%	2.7%
ENDING FUND BALANCE	**56,569.4**	**37,129.4**	**39,464.0**	**30,430.2**	**50,603.7**	**71,809.3**	**93,822.2**	**116,666.7**	**140,364.3**
Ending balance as % of Revenue	92.6%	57.9%	61.5%	46.1%	74.4%	102.5%	130.0%	156.9%	183.3%
TOTAL REQUIREMENTS	**112,151.2**	**118,362.9**	**120,697.5**	**105,513.6**	**98,460.7**	**120,674.4**	**143,981.6**	**168,156.9**	**193,226.2**
REVENUE minus EXPENDITURES (NOT cumulative)	5,541.1	(17,134.2)	(17,105.4)	(9,033.8)	20,173.5	21,205.6	22,013.0	22,844.5	23,697.6

*Typically, revenue is budgeted at 95% of expected collections, per State Statute.

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 Advanced Traffic Management System/Intelligent Transportation Systems (ATMS/ITS), 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 fuel taxes collected and distributed on a shared basis to all Florida Counties by the State of Florida, and local option fuel taxes levied by the County.

Two local option taxes have been imposed by the Board of County Commissioners. The first is a one cent levy (referred to by statute as the Ninth Cent) which began in January 2007. It is dedicated to the installation, operation, and maintenance of ATMS/ITS. The other local levy is the Six Cent Local Option Fuel Tax (LOFT) 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%.

Summary

The Transportation Trust Fund is primarily funded by state and local fuel taxes. Revenue is projected to show a gradual incline but not keep pace with inflationary increases for expenditures in this fund. The growth of revenue is limited by more efficient cars and fuel conservation efforts, as well as restrictions imposed by State laws that do not allow indexing fuel taxes for inflation.

The forecast for the Transportation Trust Fund indicates that expenditures exceed revenues throughout the forecast period. This is due to growing imbalances resulting from inflationary pressures on expenditures coupled with the projected slow growth in fuel tax collections. The fund balance is used each year to cover the gap, until the fund balance is depleted in FY22.

Revenues

The Transportation Trust Fund's FY19 budget consists of three primary funding sources: State shared fuel taxes ($10.4M), a six cent per gallon LOFT ($13.4M), and a one cent per gallon fuel tax (the Ninth Cent) earmarked for the ATMS/ITS ($4.0M). The remaining revenues of the fund include interest and other miscellaneous revenues such as reimbursements from other governments for the County's work on municipal and state traffic signal systems.

State Shared Fuel Taxes

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 fuel taxes, as well as the other fuel taxes, are anticipated to increase less than 1.0% each year over the forecast period.

Six Cent Local Option Fuel Tax (LOFT)

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 and the interlocal agreement expire on December 31, 2027. Florida Statutes also provide for the option to impose up to five cents per gallon additional tax.

Ninth Cent Fuel Tax

This resource is a one cent per gallon tax on all motor fuel sold within the County. Unlike the Six Cent Local Option Fuel Tax, the proceeds are not shared with the municipalities. This fuel tax funds the creation and maintenance of the ATMS/ITS in the County. This tax will expire on December 31, 2026.

Expenditures

The Transportation Trust Fund’s budgeted expenditures are $52.3M in FY19 and support Transportation Management, Streets and Bridges, Vegetation Management and Urban Forestry, and Environmental Services programs.

Transportation Management

This program provides design, construction, operation, and maintenance of all traffic control devices for which Pinellas County has legal authority and responsibility per Florida Statute 316, State Uniform Traffic Control. The FY19 budget for this program is $16.0M. The budget includes $2.3M for non-recurring expenditures to fund LED streetlight replacements, the Tierra Verde Beautification Landscape project, and the Cross Bay Ferry agreement.

As 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 fuel tax resource and is focused on high priority traffic corridors in order to size the program to available resources. The FY19 operating expenses for the ATMS/ITS program under Transportation Management are $2.3M.

Streets and Bridges

This program provides for maintenance and operation of County streets and bridges with an FY19 expenditure budget of $14.6M. Key program expenditure areas include inspection, maintenance engineering, management, repair, and maintenance operations. The budget for this program includes $2.7M of non-recurring expenditures, primarily to reduce the backlog of sidewalk repairs and maintenance.

Vegetation Management and Urban Forestry

Vegetation Management includes maintenance of desirable vegetation in ponds and permitted sites, removal and targeted treatment of non-desirable vegetation in the right of ways, ditches, ponds, County property, and parks; and mowing and maintenance of arterial corridors and unincorporated portions of the county. Urban Forestry provides for tree maintenance, inspections, public outreach, and development review and appraisal of damaged public trees in the unincorporated area. For FY19, the budget for this program in the Transportation Trust Fund is $7.7M.

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 included in this fund. The FY19 budget for this program in the Transportation Trust Fund is $1.7M.

Transfers

The Transportation Trust Fund transfers funding to the Capital Project Fund for improvements to the County's transportation infrastructure. The FY19 budget for this program is $12.3M. This budget includes a transfer of $6.3M of the Six Cent Local Option Fuel Tax for resurfacing local roads and bridge rehabilitation. In addition, $6.0M of the Ninth Cent Fuel Tax is allocated for the installation of capital structures needed to implement the ATMS/ITS, such as traffic signal controllers, fiber optics, cameras, and message boards.

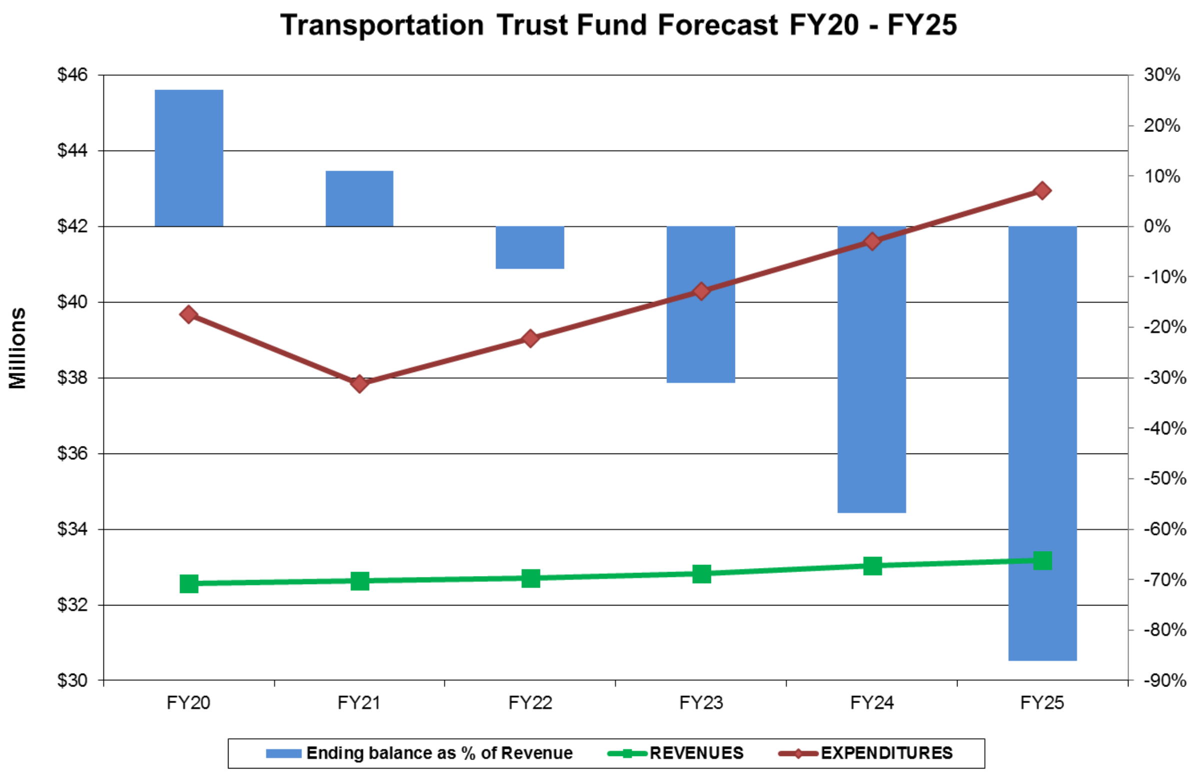
Reserves

The budgeted FY19 reserve level of $12.0M in the Transportation Trust Fund is approximately 38.5% of revenues, which is higher than the 15.0% target reserve level. However, as expenditure increases continue to outpace revenue growth, this reserve level is projected to be depleted by FY22.

Six-Year Forecast

Key Assumptions

As discussed, the main revenue sources for this fund are state shared fuel taxes and local option fuel taxes. The Six Cent Local Option Fuel Tax levy is authorized until 2027, and the Ninth Cent levy is in effect until 2026. These taxes are based on gallons pumped and not fuel prices. Pinellas County's population growth is expected to be minimal through the forecast period due to its built-out condition, which limits the overall increase in fuel consumption. Additionally, the likelihood of future mandated vehicle fuel efficiency standards contributes toward minimal increases in fuel tax revenues despite an improving economy and stable gas prices. Based on the historical reduction and future slow growth patterns, current fuel tax revenues are not expected to keep up with projected inflationary expenditures required for transportation operation and maintenance needs.



Key Results

Transportation Trust Fund expenditures exceed revenues throughout the forecast period, causing a complete depletion of fund balance by FY22.

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 and/or increasing revenue by imposing additional local option fuel taxes.

From an enhanced revenue standpoint, the County has the authority to impose an additional one to five cent tax per gallon of fuel sold within the county. Diesel fuel is not subject to this tax. By statute, proceeds would have to be shared with municipalities. If an interlocal agreement similar to the Six Cent Local Option Tax is assumed, the County's estimated share of one cent of this local option fuel tax would be $2.1M, which is 60.0% of the $3.5M in proceeds that would be generated countywide.

1 cent	2 cents	3 cents	4 cents	5 cents
$2.1M	$4.2M	$6.3M	$8.4M	$10.5M

If no interlocal agreement 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 Fuel 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 cent tax could be levied by a majority plus one vote of the Board, or by approval in a countywide voter referendum.

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

Counties with LOFT greater than Seven Cents	Cents Imposed
Alachua	12¢
Bradford	12¢
Broward	12¢
Charlotte	12¢
Citrus	12¢
Clay	12¢
Collier	12¢
DeSoto	12¢
Escambia	11¢
Hardee	12¢
Hendry	9¢
Hernando	12¢
Highlands	12¢
Jefferson	12¢
Lee	12¢
Leon	12¢
Levy	11¢
Madison	12¢
Manatee	12¢
Marion	12¢
Martin	12¢
Miami-Dade	10¢
Monroe	10¢
Nassau	12¢
Okaloosa	10¢
Okeechobee	12¢
Osceola	12¢
Palm Beach	12¢
Pasco	12¢
Polk	12¢
Putnam	12¢
St. Lucie	12¢
Santa Rosa	12¢
Sarasota	12¢
Suwannee	12¢
Volusia	12¢

Source: Florida Department of Revenue, 2019 Fuel Tax Rates
(http://floridarevenue.com/taxes/Documents/18b05-03_chart.pdf)

Of Florida's 67 counties:

**36, including Pasco, Manatee, and Sarasota, levy more than 7 cents*

**19, including Pinellas and Hillsborough, levy 7 cents*

**12 levy less than 7 cents*

TRANSPORTATION TRUST FUND FORECAST
Fund 1001

Forecast Assumptions	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Ninth Cent Fuel Tax	1.0%	0.8%	0.7%	0.6%	0.5%	0.3%
State Shared Fuel Taxes	1.0%	0.8%	0.7%	0.6%	0.5%	0.3%
Local Option Fuel Taxes	1.0%	0.8%	0.7%	0.6%	0.5%	0.3%
Interest	3.2%	3.4%	3.4%	3.4%	3.2%	2.9%
Other revenues	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
EXPENDITURES						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Capital Outlay	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Grants & Aids	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%

TRANSPORTATION TRUST FUND FORECAST
Fund 1001

(in $ thousands)			FORECAST						
	Actual FY18	Budget FY19	Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
BEGINNING FUND BALANCE	**35,547.7**	**33,081.5**	**34,430.0**	**15,918.6**	**8,805.7**	**3,615.6**	**(2,685.2)**	**(10,130.9)**	**(18,663.4)**
REVENUES									
Ninth Cent Fuel Tax	4,165.6	4,021.3	4,232.9	4,275.2	4,307.7	4,337.9	4,363.9	4,385.7	4,398.9
State Shared Fuel Taxes	10,710.1	10,384.0	10,930.5	11,039.8	11,123.7	11,201.6	11,268.8	11,325.1	11,359.1
Local Option Fuel Tax	13,893.8	13,400.1	14,105.4	14,246.5	14,354.7	14,455.2	14,542.0	14,614.7	14,658.5
Interest	383.7	104.5	110.0	509.4	301.2	123.7	-	-	-
Other revenues	3,009.3	2,325.1	2,447.4	2,503.7	2,561.3	2,620.2	2,680.5	2,742.1	2,805.2
FDOT Grant	-	1,000.0	1,000.0	-	-	-	-	-	-
TOTAL REVENUES	**32,162.5**	**31,234.9**	**32,826.3**	**32,574.6**	**32,648.6**	**32,738.6**	**32,855.1**	**33,067.7**	**33,221.7**
% vs prior year			2.1%	-0.8%	0.2%	0.3%	0.4%	0.6%	0.5%
TOTAL RESOURCES	**67,710.2**	**64,316.5**	**67,256.3**	**48,493.3**	**41,454.4**	**36,354.1**	**30,169.9**	**22,936.7**	**14,558.3**
EXPENDITURES									
Personal Services	13,817.4	16,383.2	15,891.7	16,455.8	17,147.0	17,875.7	18,653.3	19,464.7	20,321.2
Operating Expenses *	14,672.5	15,437.0	14,973.9	15,318.3	15,670.6	16,031.0	16,399.7	16,776.9	17,162.8
Capital Outlay	578.5	152.8	148.2	151.6	155.1	158.7	162.3	166.1	169.9
Grants & Aids	37.5	37.5	37.5	38.4	39.3	40.2	41.1	42.0	43.0
Full Cost Allocation	2,474.2	2,929.7	2,929.7	3,023.5	3,126.9	3,233.8	3,344.4	3,450.4	3,551.5
Transfers to Capital Funds - Ninth Cent	1,700.0	6,000.0	6,000.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0
Non-recurring expenditures	-	5,106.7	5,106.7	1,000.0	-	-	-	-	-
Non-recurring Transfers to Capital Fund	-	6,250.0	6,250.0	2,000.0	-	-	-	-	-
TOTAL EXPENDITURES	**33,280.2**	**52,296.9**	**51,337.7**	**39,687.5**	**37,838.8**	**39,039.4**	**40,300.8**	**41,600.1**	**42,948.3**
% vs prior year			54.3%	-22.7%	-4.7%	3.2%	3.2%	3.2%	3.2%
ENDING FUND BALANCE ASSUMING NO ACTION TAKEN TO RESOLVE SHORTFALLS	**34,430.0**	**12,019.6**	**15,918.6**	**8,805.7**	**3,615.6**	**(2,685.2)**	**(10,130.9)**	**(18,663.4)**	**(28,390.0)**
Ending balance as % of Revenue	107.1%	38.5%	48.5%	27.0%	11.1%	-8.2%	-30.8%	-56.4%	-85.5%
TOTAL REQUIREMENTS	**67,710.2**	**64,316.5**	**67,256.3**	**48,493.3**	**41,454.4**	**36,354.1**	**30,169.9**	**22,936.7**	**14,558.3**
REVENUE minus EXPENDITURES (NOT cumulative)	**(1,117.7)**	**(21,061.9)**	**(18,511.4)**	**(7,112.9)**	**(5,190.1)**	**(6,300.8)**	**(7,445.7)**	**(8,532.5)**	**(9,726.6)**

* Operating Expenses net of Full Cost Allocation

CAPITAL PROJECTS FUND

Description

The Capital Projects Fund is used for 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" (Penny) one-percent local discretionary sales surtax. The Penny has been approved for ten-year periods since 1990, and was approved again in November 2017 for the period January 1, 2020 through December 31, 2029 (Penny IV) by 83% of the voters. As a sales tax, the Penny is sensitive to general economic conditions. Penny revenue is projected to increase by 3.5% in FY20 through FY25, matching general economic growth.

In FY20, expenditures exceed revenues due to project schedules. Beginning in FY21 and continuing through the remainder of the forecast, revenues are shown to exceed expenditures; however, the Penny IV projects are not yet fully programmed into the Capital Improvement Plan (CIP). During the FY19 budget process, Penny IV projects that were recurring, reprioritized, previously unfunded and also included in the Penny IV categories, or needed to start in advance of FY20 when Penny IV begins, were programmed into the CIP. During the FY20 budget process, new project requests will be reviewed and prioritized for approval to be included in the CIP Six Year Plan for FY20 through FY25. The forecast will be updated accordingly for the proposed budget presented in July.

County staff and administration are currently implementing the Capital Improvement Portfolio Management process for prioritizing, coordinating, and managing projects to enhance output, reporting, and decision support. Departments will review all projects in a systemic and holistic manner. Projects will be prioritized that can provide the County with multiple benefits; for example, that will improve drainage, reduce stormwater/wastewater overflows, and provide infrastructure to support economic development. This will enhance the coordination of cross-functional projects to provide efficient delivery of projects and best use of resources.

Revenues

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

<u>Local Discretionary Sales Surtax (Penny for Pinellas)</u>

Penny for Pinellas (Penny) revenues are proceeds of an additional one-percent Local Government Infrastructure Surtax on Sales, pursuant to Section 212.055(2), Florida Statutes, imposed in Pinellas County. The Penny surtax is 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. 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.

The Penny became effective February 1, 1990 for an initial period of ten years and has been extended by referendums in 1997, 2007, and 2017 for three additional ten-year periods (until

December 31, 2029). In accordance with statutory requirements and interlocal agreements with each municipality in Pinellas County for the Penny ending December 31, 2019, the County receives approximately 52.3% of the total monthly collections generated by this tax, following the deduction of a dedicated amount to fund capital projects for Court & Jail facilities which provide a countywide benefit. Beginning January 1, 2020, the interlocal agreement for Penny IV sets aside 11.3% of net proceeds for countywide investments consisting of Economic Development Capital Projects and Housing (land acquisition) at 8.3% and Jail and Courts Facilities at 3.0%. The County's percentage for Penny IV is 51.75%, after the countywide investment distribution.

Grants

The second largest source of revenue in the Capital Projects fund is grants. The FY19 Budget includes $20.8M 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 includes grants that have either been awarded or are highly anticipated to be awarded.

Transfers from Other Funds

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

In FY19 and forward, the General Fund transfer provides funding of $650,000 for the Municipal Services Taxing Unit (MSTU) paving projects, which began in FY14 to address the needs of secondary roads in unincorporated neighborhoods. The FY19 General Fund transfer also includes $3.1M for the Centralized Chiller Facility project (also referred to as the Downtown District Cooling Project) that was completed in FY15. The project was also funded with a federal grant from the Department of Energy.

There is an annual transfer of $1.7M from the Transportation Trust Fund, specifically the proceeds of the Ninth-Cent Fuel Tax, which funds the cost of Intelligent Transportation System/Advanced Transportation Management System (ITS/ATMS) projects. During the FY19 budget process, additional transfers from the Transportation Trust Fund reserves surplus were approved: FY19 an additional amount of $4.3M (total $6.0M) for ITS/ATMS projects; and FY19-FY20 $8.3M non-recurring for other transportation projects such as additional sidewalk projects, resurfacing, bridge rehabilitation, and safety improvements.

The FY19 transfer of $5.3M from the Tourist Development Tax (TDT) Fund (approximately half of the net proceeds from one of the six percents of the TDT) provides funding for beach nourishment projects in the Coastal Management program.

The transfer of $1.9M from the Multi-Modal Impact Fee Fund in FY19 contributes to the costs of authorized transportation projects in the 13 geographic multimodal impact fee districts of the County. The Multi-Modal Impact Fee Fund is used to account for Multi-Modal 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. Effective May 1, 2016, the Transportation Impact Fee (TIF) was replaced by the Multi-Modal Impact Fee (MIF) by Ordinance 16-21.

Expenditures

Expenditures in the Capital Projects Fund consist of capital project expenditures and transfers to other funds for specific capital projects. The current forecast does not include any transfers to other funds.

Capital Projects

The majority of expenditures in the Capital Projects Fund are for infrastructure projects in the areas of transportation, stormwater, drainage and water quality, parks, environmental preservation, courts, jail, public safety, and other public facilities. Please see the *Capital Improvement Program (CIP)* section of the FY19 Adopted Budget document for expenditure highlights of the One-Year CIP and the Ten-Year CIP.

Six-Year Forecast

Key Assumptions

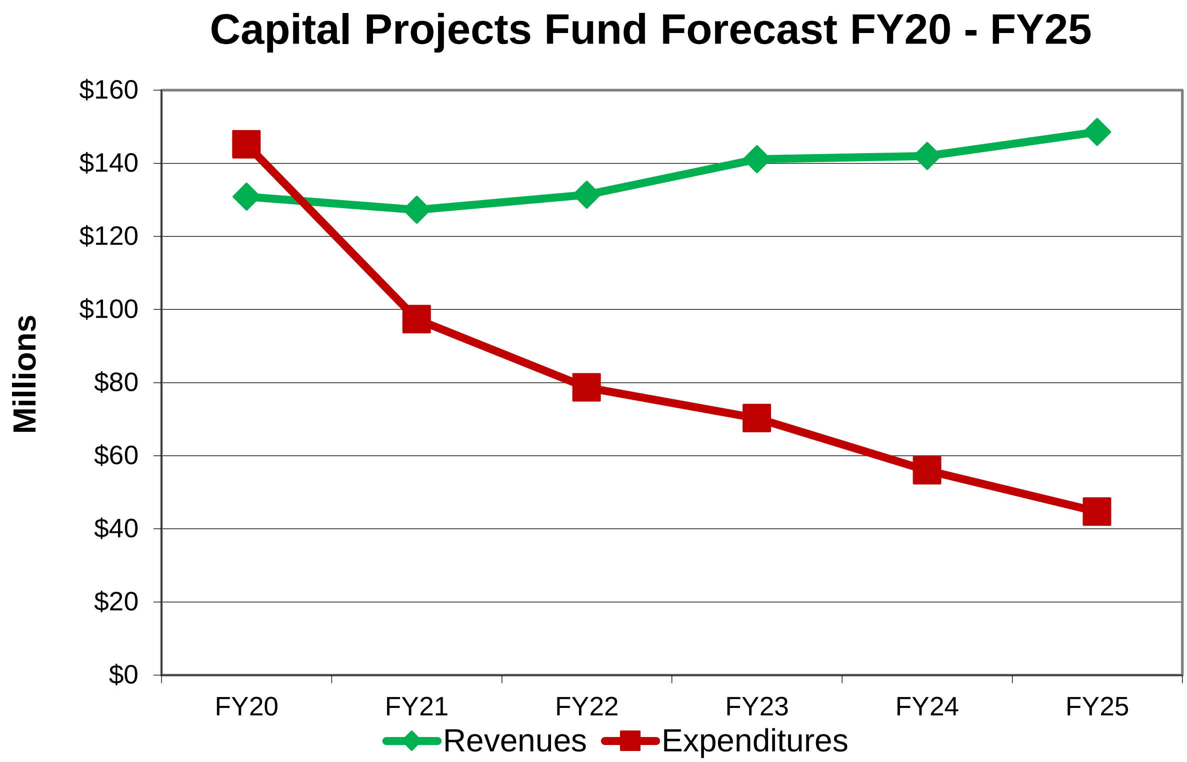
During discussions of the Penny IV interlocal agreement, several scenarios to project estimated revenue for Penny IV were modeled with assumptions based on recessions and historically based annual growth, as well as a flat growth scenario. At that time, the growth rate for the Penny sales tax was projected at 3.5% in FY20, and 2.5% in FY21 through FY25.

The revenue assumptions for the overall Infrastructure Sales Tax (Penny for Pinellas) have been updated and are consistent with the State sales tax revenue projections, averaging 3.5% per year in FY20 through FY25.

The current Penny expires December 31, 2019, and Penny IV begins January 1, 2020 and expires on December 31, 2029.

Key Results

With the current revenue and expenditure estimates, the forecast for the Capital Projects Fund shows that the Fund is balanced through FY25. In FY20, the accumulated fund balance will balance out the expenditures exceeding revenues. Beginning in FY21 and continuing through the remainder of the forecast, revenues are shown to exceed expenditures due to Penny IV projects not being included until they have been prioritized per the portfolio management process and approved for funding. The graph includes anticipated revenues and projected expenditures during the forecast period.



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. According to Florida Department of Transportation's (FDOT) Program Management Office, material prices are trending upward at an average of 8.8% in 2018. Asphalt binder and steel/aluminum are the most volatile. Due to the demand for construction contractors, our current construction engineering inspection contract is 8.5% higher than our previous contract that ended in 2017. This is also supported by FDOT's statistic of a 7.0% increase in construction employment during 2018, and is expected to increase through 2019.

Balancing Strategies

The Capital Projects Fund uses accumulated fund balance to balance the fund through FY20 as the current "Penny for Pinellas" Infrastructure Sales Tax ends December 31, 2019. At that time, Penny IV will begin, and project appropriations will be added to the forecast as they are approved for funding through the County's new portfolio CIP prioritization process.

CAPITAL PROJECTS FUND FORECAST
Fund 3001

Forecast Assumptions	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**
REVENUES						
Infrastructure Sales Tax	**3.5%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**	**3.5%**
Transfer from TDT Fund	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Interest Rate	**3.2%**	**3.4%**	**3.4%**	**3.4%**	**3.2%**	**2.9%**
Other revenues	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.3%**

CAPITAL PROJECTS FUND FORECAST
Fund 3001

(in $ thousands)	Actual FY18	Budget FY19	FORECAST Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
BEGINNING FUND BALANCE	**119,912.0**	**98,713.9**	**111,650.3**	**42,627.8**	**28,349.9**	**58,285.1**	**111,002.1**	**181,908.1**	**267,884.8**
REVENUES									
Infrastructure Sales Tax (Penny for Pinellas)	99,257.2	97,564.0	103,227.5	106,840.5	110,579.9	114,450.2	118,455.9	122,601.9	126,892.9
Grants	12,571.3	20,829.9	20,829.9	10,718.6	4,860.8	3,622.5	7,126.5	1,591.0	1,600.0
Ninth-Cent Fuel Tax (Transfer from Transportation Trust Fund)	1,700.0	6,000.0	6,000.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0	1,700.0
Multi-Modal Impact Fees	1,226.2	1,869.2	1,869.2	1,547.7	1,547.7	1,547.7	1,547.7	1,547.7	1,547.7
Transfer from General Fund	2,750.0	3,730.4	3,730.4	650.0	650.0	650.0	650.0	650.0	650.0
Transfer from TDT Fund	4,659.5	5,228.2	5,228.2	5,385.1	5,546.6	5,713.0	5,884.4	6,061.0	6,242.8
Transfer from Airport Fund	950.0	-	-	-	-	-	-	-	-
Sale-Surplus County Land	1,045.0		-	-	-	-	-	-	-
Transfer from LOFT (Transportation Trust Fund non-recurring)	-	6,250.0	6,250.0	2,000.0	-	-	-	-	-
Compensation for Loss	-	-	-	-	-	-	-	-	-
Interest	1,077.6	975.9	975.9	1,078.7	1,407.4	2,750.0	4,758.3	6,772.7	8,902.3
Other revenues	316.3	920.6	920.6	941.8	963.4	985.6	1,008.3	1,031.5	1,055.2
TOTAL REVENUES	**125,553.1**	**143,368.1**	**149,031.6**	**130,862.3**	**127,255.8**	**131,419.0**	**141,131.0**	**141,955.7**	**148,590.9**
% vs prior year			18.7%	-12.2%	-2.8%	3.3%	7.4%	0.6%	4.7%
TOTAL RESOURCES	**245,465.1**	**242,082.0**	**260,682.0**	**173,490.1**	**155,605.7**	**189,704.1**	**252,133.1**	**323,863.8**	**416,475.7**
EXPENDITURES									
Capital Projects	133,814.8	218,054.2	218,054.2	145,140.2	97,320.6	78,702.0	70,225.0	55,979.0	44,709.0
TOTAL EXPENDITURES	**133,814.8**	**218,054.2**	**218,054.2**	**145,140.2**	**97,320.6**	**78,702.0**	**70,225.0**	**55,979.0**	**44,709.0**
% vs prior year			38.6%	-50.2%	-49.1%	-23.7%	-12.1%	-25.4%	-25%
ENDING FUND BALANCE	**111,650.3**	**24,027.8**	**42,627.8**	**28,349.9**	**58,285.1**	**111,002.1**	**181,908.1**	**267,884.8**	**371,766.7**
Ending balance as % of Resources	45.5%	9.9%	16.4%	16.3%	37.5%	58.5%	72.1%	82.7%	89.3%
TOTAL REQUIREMENTS	**245,465.1**	**242,082.0**	**260,682.0**	**173,490.1**	**155,605.7**	**189,704.1**	**252,133.1**	**323,863.8**	**416,475.7**
REVENUE minus EXPENDITURES (NOT cumulative)	(8,261.7)	(74,686.1)	(69,022.6)	(14,277.9)	29,935.2	52,717.0	70,906.0	85,976.7	103,881.9
net recurring revenues-expenditures	**(8,261.7)**	**(74,686.1)**	**(69,022.6)**	**(14,277.9)**	**29,935.2**	**52,717.0**	**70,906.0**	**85,976.7**	**103,881.9**

Note: Penny IV projects pending approval.

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 countywide basis to finance the operation of a comprehensive countywide 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 Logistics, LLC, 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 EMS system design. The Fiscal Policy guidelines within Ordinance 88-12 state that the Board of County Commissioners (BCC), 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 BCC 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 values have risen each year from FY15 through FY19 and have had a positive effect on the fund. With continued economic recovery, property tax revenue is projected to increase 5.5% in FY20. Since FY13, the millage rate has remained at 0.9158.

The current millage of 0.9158 is projected to support the current service delivery system and allow the fund to remain above the Board-adopted reserve target of 25.0% through FY25. The fund reserve is projected at 28.1% in FY19 and increases to 30.9% by FY25. From FY19 to FY25, the ending fund balance is projected to increase by $13.7M. As the reserve (fund balance as a percentage of expenditures) increases to 30.9%, the level of expenditures increases $32.7M by FY25. The ability to maintain the 25.0% reserve without a future millage rate increase will be affected by: the 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 contracts are currently funded based on actual first responder costs as defined in Board Resolution 09-38. Projected expenses for FY20 reflect the current negotiated agreements with the 18 providers. For FY20, this forecast projects first responder expense growth at 3.5%, which reflects funding increased system enhancements. The forecast projects adjustments for first responder agreements at 4.0% per year beginning in FY20 and going through FY25. The County negotiated a new ambulance service contract with Paramedics Logistics, LLC for a 5-year term beginning FY16. Over the past few years, progress in containing costs, combined with better than anticipated growth in revenue, has improved the outlook for the EMS Fund. 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.

Ambulance User Fees

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 $746 per transport in FY19. The County bills Medicare, Medicaid, private insurance, and various other payers for transport service. Billing for the service is done by Pinellas County employees, with a segment that is outsourced to a billing vendor. The County provides transports for emergencies, non-emergencies, and mental health transports. 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 $59.8M in FY19, and increase 4.0% per year in FY21 through FY25. The BCC has the authority to increase ambulance user fees as necessary. In addition, 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 by 0% in FY16, 8.7% in FY17, 3.5% in FY18, and 2.0% in FY19 but a retail rate increase has no impact on Medicare and Medicaid, which comprise approximately 63.0% of the payer mix. The County also offers an ambulance membership program that citizens can join to minimize out of pocket expenses associated with the cost of ambulance transports. Membership revenue is projected to generate $200,000 per year through the forecast period.

Property Taxes

Property taxes are used to fund the First Responder Program. Property tax revenues decreased significantly from FY08 to FY11 due to legislative rollbacks, the decline in the real estate market, and the Great 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 BCC 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 11-52, approved by the BCC on December 20, 2011). The millage cap for this ad valorem levy is 1.5000 mills.

Expenditures

The Emergency Medical Service Fund supports budgeted expenditures totaling $128.3M in FY19. The primary expenditures in the fund are $58.9M for payments to the ambulance contractor, which includes $1.4M for medical supplies used by the first responder units, and $51.9M for contractual payments and capital reimbursement to the first responders. Program support expenditures total $15.1M for contract management, training, quality assurance, capital purchases, and billing of ambulance claims. Other expenditures include $1.9M for transfers to the Property Appraiser and Tax Collector and $200,000 in the Trust Fund Grant.

Ambulance Contractor Payments

In FY16, the County negotiated a new 5-year service contract with Paramedics Logistics, LLC to continue operating the Sunstar ambulance system. FY19 expense, including medical supplies for first responder units, is budgeted at $58.9M. The forecast includes an expenditure increase of 4.5% in FY20, the last year of the current contract. A 4.0% increase per year from FY21 through FY25 is based on projected annual increases in the CPI and transport volume, along with the potential for renegotiating the ambulance contract.

First Responder Contractual Payments

The County contracts with 18 first responder EMS providers that respond to calls with paramedics using Advanced Life Support (ALS) equipment. FY19 expense is budgeted at $51.1M for operations and $800,000 for capital outlay. 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's personnel, operating, and capital expense for EMS program support totals $15.1M. Support includes ambulance billing, the purchase and maintenance of communication and Electrocardiogram (EKG) equipment, capital outlay, and contract administration. Costs also include the Medical Director's contract and Continuing Medical Education training expenses for all County Paramedics and Emergency Medical Technicians (EMTs).

Transfers

The EMS Fund makes transfers to the Property Appraiser and Tax Collector to cover the costs for assessment and collection of ad valorem tax revenues. FY19 costs for this function are $1.9M. 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 net worth 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. Throughout the forecast period, ad valorem revenue assumes a collection rate of 96.0%, and ambulance revenues assume a collection rate of 100.0%. Estimated reserve levels are projected at 28.0% for the end of FY19 and grow to a level of 30.7% in FY25.

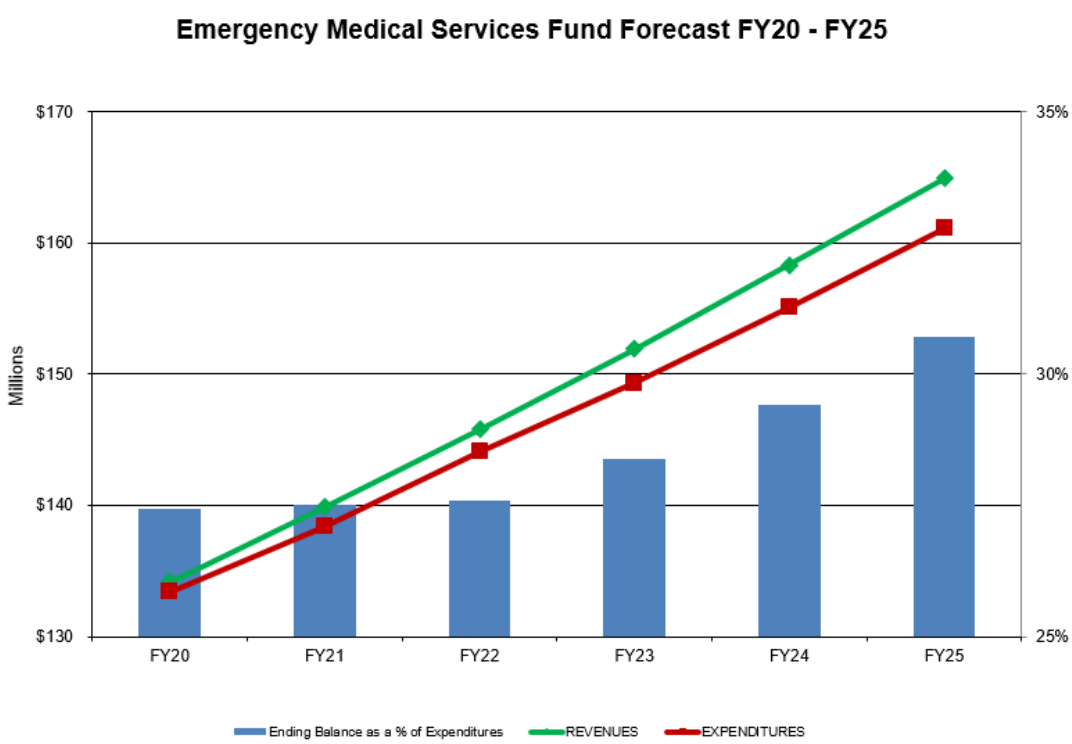
Six-Year Forecast

Key Assumptions

The EMS countywide millage is assumed to remain at the adopted FY19 rate of 0.9158 mills through the forecast period. Ad valorem tax revenue is projected to grow 5.5% in FY20 and 4.5% per year for FY21 through FY25. Ambulance user fee revenues are estimated to increase by 4.5% in FY20, and then 4.0% annually from FY21 to FY25.

Contractual payments for ambulance service are projected to increase by 4.5% for FY20, and then at 4.0% per year through the remaining forecast period. Factors include increased transport volume, increases in the CPI, and the potential to renegotiate the contract in FY20. The County will work with the provider to manage expenses while still maintaining quality service.

In FY20, the first responder service agreements are eligible for a one (1) year contract extension. The forecast period assumes an annual increase of 4.0%. This contract extension would be the first of three (3) possible one-year extensions under the current contract.



Key Results

The preceding chart for the EMS Fund forecast shows revenues exceeding expenditures throughout the forecast period. Based on current assumptions, the reserve level remains above the target of 25.0% throughout the forecast period, reaching 30.9% by FY25.

Potential Risks

A major variable impacting future revenues for this fund is ad valorem revenue and taxable values. If values grow less than projected, or decline, revenue would be negatively affected. Another factor in future revenues will be ambulance user fee revenues as ambulance providers continue to be faced with increased scrutiny and regulatory impacts of non-emergency ambulance transportation services. This trend has led to many public and private health insurance carriers requiring an authorization prior to the service being provided, along with additional documentation. The administration of ambulance services within this category has increased labor demands and slowed the flow of revenue in this area.

Tourism and continued inflow of more visitors and residents into the local area will continue to impact the number of users of the EMS system. Additionally, continued aging of the general population of Pinellas County could result in increased transport volumes.

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

Forecast Assumptions	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Ad Valorem Revenue	5.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Ambulance Service Fees	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Ambulance Annual Members Fees	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Revenue (EMS Trust Fund)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
County Officer Refunds	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Interest	3.2%	3.4%	3.4%	3.4%	3.2%	2.9%
EXPENDITURES						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Operating Expenses-First Resp Med Supplies	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital Outlay	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Ambulance Contract	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Grants & Aids (First Responder Agmts)	3.5%	4.0%	4.0%	4.0%	4.0%	4.0%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Regional Consumer Price Index, % change	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%

EMERGENCY MEDICAL SERVICES FUND FORECAST
Fund 1006

(in $ thousands)	Actual FY18	Budget FY19	FORECAST Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
BEGINNING FUND BALANCE	**33,470.1**	**32,386.6**	**36,265.3**	**36,090.1**	**36,816.3**	**38,305.7**	**40,005.3**	**42,659.5**	**45,898.5**
REVENUES									
Ad Valorem Revenue	60,962.8	65,058.5	65,743.4	69,359.3	72,480.4	75,742.0	79,150.4	82,712.2	86,434.2
Ambulance Service Fees	56,981.9	56,792.3	59,781.4	62,471.6	64,970.4	67,569.2	70,272.0	73,082.9	76,006.2
Ambulance Annual Members Fees	219.8	190.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Grant Revenue (EMS Trust Fund)	116.7	368.7	368.7	200.0	200.0	200.0	200.0	200.0	200.0
County Officer Refunds	407.2	400.3	400.3	404.3	408.4	412.4	416.6	420.7	424.9
Interest	784.5	657.0	850.0	1,154.9	1,259.1	1,310.1	1,368.2	1,352.3	1,344.8
Refund of prior yrs exp	1,062.7	-	-	-	-	-	-	-	-
FEMA Reimbursement (Hurricane Irma)	-	544.9	544.9	-	-	-	-	-	-
Other revenues	312.9	190.0	190.0	190.0	190.0	190.0	190.0	190.0	190.0
TOTAL REVENUES	**120,848.4**	**124,201.8**	**128,078.7**	**133,980.0**	**139,708.3**	**145,623.8**	**151,797.2**	**158,158.1**	**164,800.2**
% vs prior year			6.0%	4.6%	4.3%	4.2%	4.2%	4.2%	4.2%
TOTAL RESOURCES	**154,318.6**	**156,588.4**	**164,344.0**	**170,070.1**	**176,524.6**	**183,929.5**	**191,802.5**	**200,817.6**	**210,698.8**
EXPENDITURES									
Personal Services	4,028.6	4,538.0	4,538.0	4,699.1	4,896.5	5,104.6	5,326.6	5,558.3	5,802.9
Operating Expenses	7,707.7	8,825.4	8,825.4	9,028.4	9,236.1	9,448.5	9,665.8	9,888.1	10,115.6
Operating Expenses - Ambulance Contract (First Responder Medical Supplies)	1,959.1	1,358.7	1,358.7	1,399.4	1,441.4	1,484.6	1,529.2	1,575.1	1,622.3
Capital Outlay *	1,189.0	1,740.3	1,740.3	1,780.3	1,821.3	1,863.1	1,906.0	1,949.8	1,994.7
Ambulance Contract	50,719.0	57,577.7	57,577.7	60,168.7	62,575.5	65,078.5	67,681.6	70,388.9	73,204.4
EMS Trust Fund Grant Expenditures	121.9	368.7	368.7	200.0	200.0	200.0	200.0	200.0	200.0
Grants & Aids (First Responder Agmts)	49,466.1	51,107.4	51,107.4	52,896.1	55,012.0	57,212.4	59,500.9	61,881.0	64,356.2
Grants & Aids (First Responder Capital)**	1,103.4	800.0	800.0	1,037.5	900.0	1,300.0	1,000.0	1,040.0	1,081.6
Transfers to County Officers***	1,758.4	1,937.7	1,937.7	2,044.3	2,136.3	2,232.4	2,332.9	2,437.8	2,547.5
TOTAL EXPENDITURES	**118,053.2**	**128,253.9**	**128,253.9**	**133,253.9**	**138,218.9**	**143,924.2**	**149,143.0**	**154,919.0**	**160,925.2**
% vs prior year			8.6%	3.9%	3.7%	4.1%	3.6%	3.9%	3.9%
ENDING FUND BALANCE	**36,265.3**	**28,334.5**	**36,090.1**	**36,816.3**	**38,305.7**	**40,005.3**	**42,659.5**	**45,898.5**	**49,773.5**
Ending balance as % of Expenditures	30.7%	22.1%	28.1%	27.6%	27.7%	27.8%	28.6%	29.6%	30.9%
TOTAL REQUIREMENTS	**154,318.5**	**156,588.4**	**164,344.0**	**170,070.1**	**176,524.6**	**183,929.5**	**191,802.5**	**200,817.6**	**210,698.8**
REVENUE minus EXPENDITURES (NOT cumulative)	2,795.3	(4,052.1)	(175.2)	726.2	1,489.4	1,699.6	2,654.2	3,239.1	3,875.0

* Capital outlay for County EMS is inflated at the countywide assumption rate.
** FY18 - FY24 Capital expenditures align with planned purchases that have been submitted by agencies.
*** These are fees paid to the Tax Collector and Property Appraiser to cover the costs of assessing and collecting ad valorem taxes.

AIRPORT REVENUE AND OPERATING FUND

Description

In March 1941, construction started for the St. Pete-Clearwater International Airport at its present site. After Pearl Harbor, the Airport was known as Pinellas Army Airfield and 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 in 1946 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 are 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 and capital projects are included in this fund.

The Airport realized an 8.9% increase in airline passengers in 2018 by serving a record 2,237,440 passengers during the calendar year. Allegiant Airlines continues to be the Airport's largest airline, representing 97.8% of passengers served. Allegiant now flies non-stop to over 55 destinations. Other commercial airlines operating at PIE are Sun Country Airlines, Beau Rivage Charter, and Sunwing Airlines. Flair Airlines began service to Winnepeg Canada in December 2018.

Summary

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

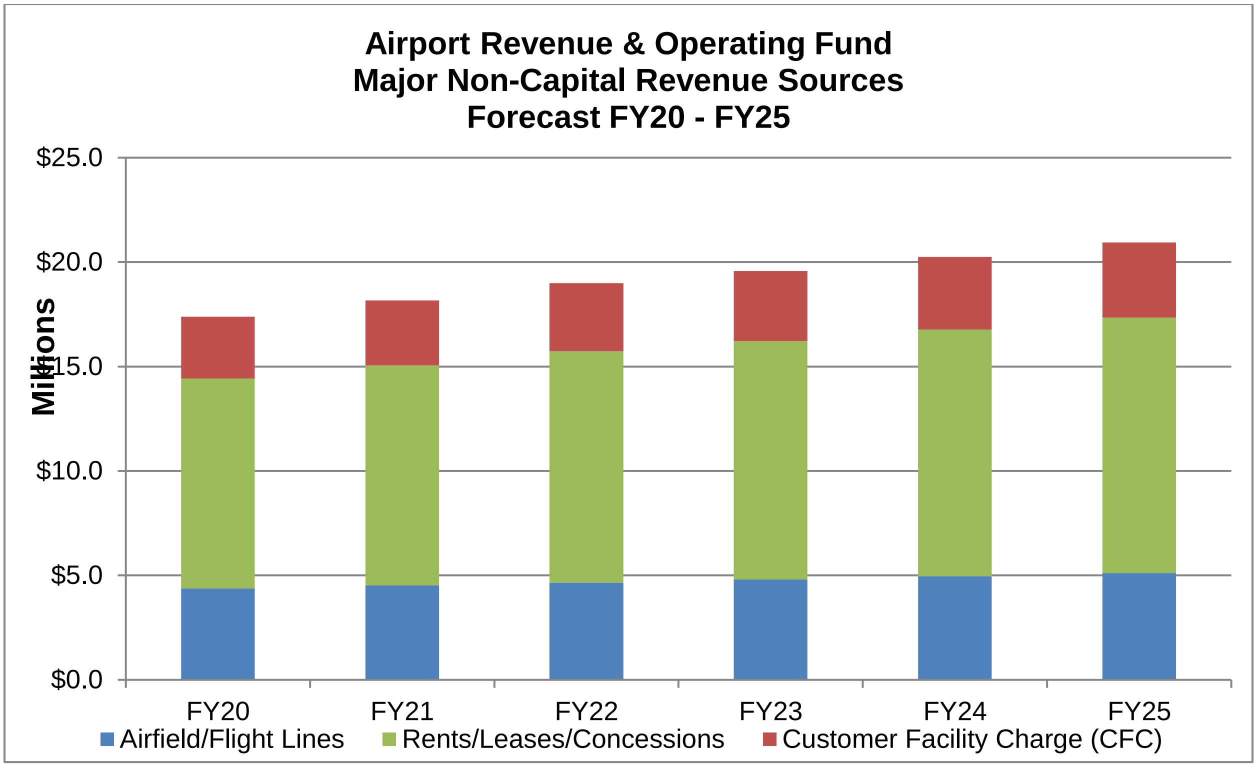
Airport airline and concession revenues have grown in recent years due to increased service from Allegiant Airlines. These revenues are forecasted to increase on average 3.6% per year over the forecast period based on the Airport's agreement with Allegiant and the continued recovery-of the U.S. economy. Additionally, PIE is in negotiations for a new concessionaire contract that is geared to maximizing revenue from food, beverage, and retail options. The forecast for availability of capital contributions and other grant funding is based on current federal and state funding participation ratios.

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, changing priorities, or capacity issues.

AIRPORT REVENUE AND OPERATING FUND

Revenues

Excluding capital contributions and grants, the three major funding sources supporting the Airport Revenue and Operating Fund during the forecast period are Rentals, Leases, and Concessions, Customer Facility Charges, and Airfield and Flight Line Fees. Rentals, Leases, and Concessions and Customer Facility Charges include all direct and indirect revenue related to passenger airlines. These revenues also includes long-term ground lease income. Airfield and Flight Line revenue include U.S. Coast Guard fees, airline landing and fuel flowage fees, and general aviation rent/fees.



Rentals/Leases/Concessions

St. Petersburg-Clearwater International Airport, which is classified as a 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 under long-term ground leases that provide a stable source of revenues. Pinellas County Justice Center, Cracker Barrel Restaurant, and Dynamet Inc. are examples of the long-term ground leases at the Airport. Long-term ground leases typically have a five-year adjustment based on the Consumer Price Index (CPI).

Also included in this revenue source are concessions operating at the airport terminal, such as the paid parking, gift shop, and restaurant. Parking revenue is expected to be negatively impacted during this forecast period due to construction of the State's Gateway Expressway project and the increased amount of airport-funded shuttles that are needed to transport passengers and employees across Roosevelt Blvd until the airport parking lots and roadways are complete at the end of FY19. Rental car concession revenues may also decrease slightly because of the possible shift between renting vehicles versus utilizing Transportation Network Companies (TNCs) such as Uber and Lyft. The new food/beverage/retail concessionaire agreement will result in an increase in concession revenue. The rentals, leases, and concessions revenue is expected to increase by an average of 4% per year over the forecast period.

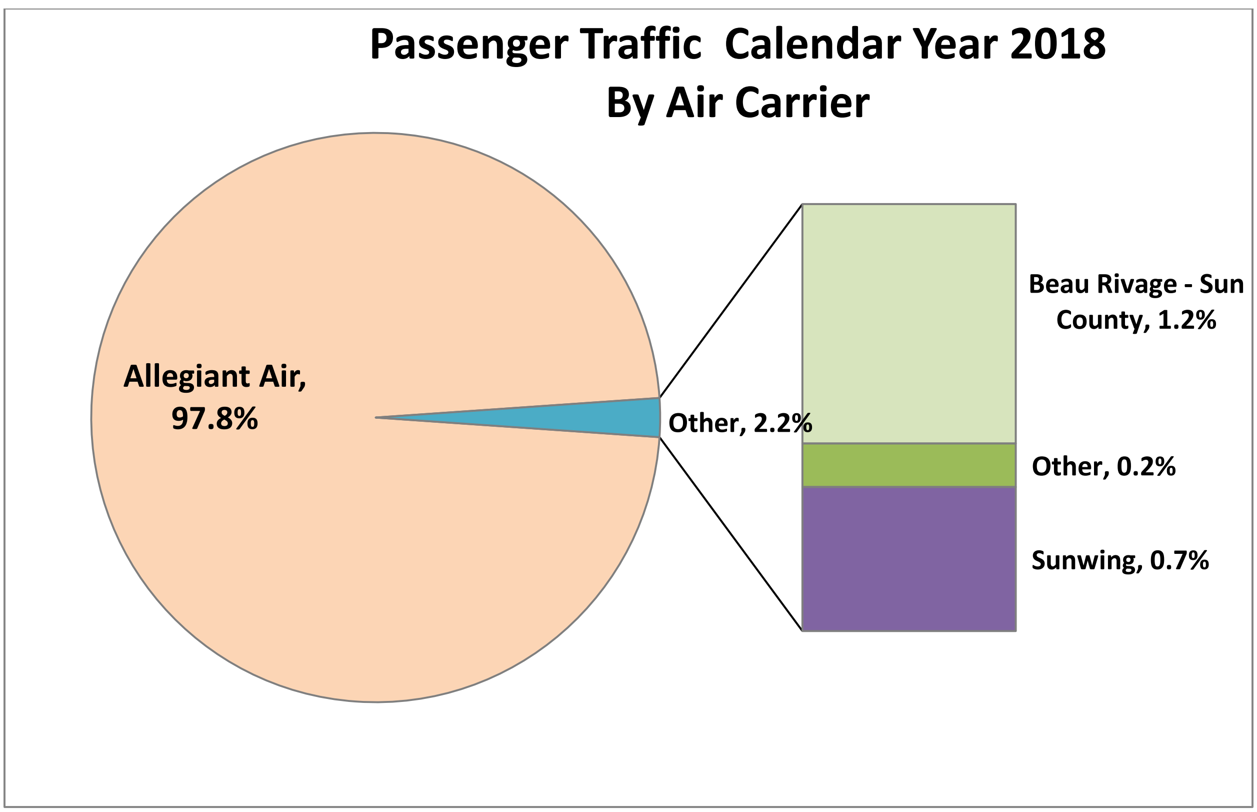
Customer Facility Charges

Customer Facility Charges (CFC) is a user fee approved by the Board of County Commissioners (BCC) and imposed on each rental car user at the Airport. The fee is collected by rental car concessionaires and remitted to the Airport. The State of Florida has no restrictions on the use of the fee. The CFC follows the same revenue assumption as Rents/Leases/Concessions with an average increase of 4% each year as this revenue source is passenger based.

Airfield/Flight Line

Airfield revenue includes U.S. Coast Guard fees, airline 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 an average of 3.3% per year over the forecast period.

The following chart illustrates passenger traffic for the 2018 calendar year. The chart shows that Allegiant Airlines represents 97.8% 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 the same period in 2017, airline passenger traffic for 2018 increased 8.9%.



Capital Contributions, Passenger Facility Charges and Grants

Grants from the FAA and the Florida Department of Transportation (FDOT), along with passenger facility charges 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 capital improvement projects.

The Passenger Facility Charge (PFC) program by the FAA allows the collection of fees for every boarded passenger at commercial airports that have implemented a PFC through an FAA application approval process. These fees are used for FAA approved projects that enhance safety, security, or capacity, reduce noise, or increase air carrier competition. The Airport currently uses these funds for capital improvements only. PFC revenue is projected to increase 3% annually through the forecast period.

Expenditures

In FY19, the Airport Revenue and Operating Fund supports budgeted expenditures and reserves totaling $70.6M of which $33.4M is allocated for capital projects and $22.6M for reserves.

Airport Programs

Of the remaining $14.6M budgeted for operating expenditures, 97.3% supports the Aviation Services program and 2.7% supports 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 FAA lease requirements.

Personal Services

Personal Services expenses are for the salaries and benefits of the 62.5 full-time equivalent positions budgeted to operate both Airport programs. Budgeted Personal Services expenditures in FY19 total $5.8M.

Capital Projects

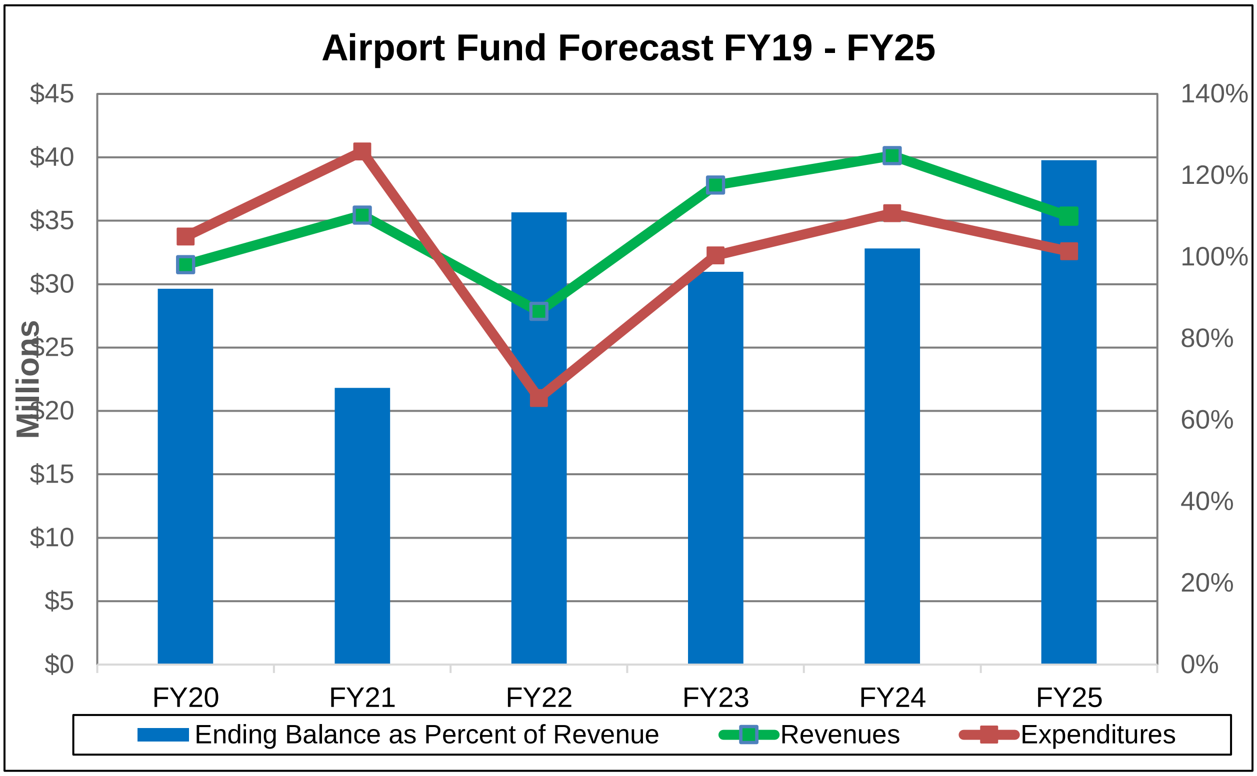
The FY19 budget for Capital Projects is $33.4M. These projects receive partial funding in the form of grants from the FAA, FDOT, and the Transportation Security Administration (TSA). Passenger Facility Charge revenue is also used on specific capital projects with FAA approval. When additional funds are 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 FY20 through FY21, capital projects include a multi-level parking garage, runway rehabilitation, Airco connecting taxiways, and a new cargo apron. The scheduled capital projects in the outer years of the forecast period include construction of a new taxiway, drainage improvements, and a renovated passenger terminal.

AIRPORT REVENUE AND OPERATING FUND

Reserves

The total reserve level in the Airport Revenue and Operating fund is budgeted at $22.6M (67.4%) for FY19. The Airport built reserves over the past several years from the increased passenger airline service revenues, CFCs, 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. 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 FY17 Comprehensive Annual Financial Report, Proprietary Funds Statement of Net Position is $3M.



Six-Year Forecast

Key Assumptions

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

- Operating revenues and expenditures assume the following:
  - FY19 – Estimated at 2.33M total passengers
  - FY20 – Estimated at 2.42M total passengers
  - FY21 – FY25 - 4.0% annual passenger growth
  - A new contract with Allegiant Airlines will be ratified in FY19
  - Operating expenditures are forecasted to increase an average 3.2% over the forecast period

- Airfield/Flight Leases revenue will decrease from the projected 5.5% increase in FY20 due to the new city fee waivers that will expire in FY19.
- In FY21, there will be an increase in revenue from 2.5% to 3% as a result of Sheltair increasing flights
- Rents/Lease/Concession revenue is expected to increase as a result of the new food/beverage/retail concessionaire agreement that will begin in mid-FY19
- In FY21, there will be changes to a several land leases that will result in increased revenue for the Airport
- The passenger facility charge will remain consistent with 3% annual growth
- If needed in the future, expenditures will be adjusted to reflect changes in airline service and revenues

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 and timing of grants.

Potential Risks

Several items can alter the six-year forecast of Airport revenue collections. A primary concern continues to be the strength of the airline industry and the continued dependence on one very successful airline, Allegiant Airlines. Allegiant indicates a 4% annual increase in the number of passengers, but the availability of the airline's aircraft and the ability for PIE to accept additional flights due to diminished terminal capacity could impact this projection.

In FY22, the PIE may be at the estimated maximum capacity of 2.6 – 2.7 million passengers annually. This will not prevent additional passengers from being able to use the Airport, but it will put a strain on resources such as restrooms and available seating. To address this issue, a CIP project for passenger terminal improvements has been identified and budgeted to handle this growth.

Increases in rental/lease income will result when current leases and agreements are renewed and rate base formula escalations occur. These escalations are staggered due to the varying effective dates and termination/extension clauses in each individual lease.

Balancing Strategies

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

AIRPORT FUND FORECAST
Fund 4001

Forecast Assumptions	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Airfield/Flight Lines	3.5%	3.0%	3.1%	3.5%	3.1%	3.5%
Rents/Leases/Concessions/CFC	4.0%	5.0%	5.0%	3.0%	3.5%	3.5%
Passenger Facility Charge (PFC	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Interest	3.2%	3.4%	3.4%	3.4%	3.2%	2.9%
Other revenues	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
EXPENDITURES						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Capital Outlay	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Grants & Aids	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%

AIRPORT FUND FORECAST
Fund 4001

(in $ thousands)	Actual FY18	Budget FY19	FORECAST Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
BEGINNING FUND BALANCE	**42,307.1**	**36,996.8**	**43,773.3**	**31,308.8**	**29,081.2**	**24,055.1**	**30,885.6**	**36,425.2**	**40,979.8**
REVENUES									
Airfield/Flight Lines	4,161.6	4,018.9	4,230.4	4,378.4	4,509.8	4,649.6	4,812.3	4,961.5	5,115.3
Rents/Leases/Concessions	10,778.8	9,179.0	9,662.1	10,048.6	10,551.0	11,078.6	11,410.9	11,810.3	12,223.7
Grants-Operating	115.2	87.6	92.2	94.3	96.5	98.7	101.0	103.3	103.3
Customer Facility Charge (CFC)	2,781.6	2,700.0	2,842.1	2,955.8	3,103.6	3,258.8	3,356.5	3,474.0	3,595.6
Passenger Facility Charge (PFC)	5,657.1	3,964.4	4,173.0	4,298.2	4,427.1	4,559.9	4,696.7	4,837.7	5,007.0
Grants-Capital	5,494.6	12,896.2	13,574.9	8,749.0	11,749.0	3,372.0	12,360.0	13,789.0	8,100.0
FEMA Reimbursements - Irma	-	179.4	188.8	-	-	-	-	-	-
Interest	536.5	566.1	595.9	1,001.9	994.6	822.7	1,056.3	1,154.7	1,200.7
Other revenues	13.5	-	1.9	2.0	2.0	2.1	2.1	2.2	2.2
TOTAL REVENUES	**29,538.9**	**33,591.5**	**35,361.4**	**31,528.2**	**35,433.6**	**27,842.3**	**37,795.9**	**40,132.6**	**35,347.7**
% vs prior year			19.7%	-10.8%	12.4%	-21.4%	35.7%	6.2%	-11.9%
TOTAL RESOURCES	**71,846.1**	**70,588.3**	**79,134.7**	**62,837.0**	**64,514.8**	**51,897.4**	**68,681.5**	**76,557.8**	**76,327.5**
EXPENDITURES									
Personal Services	5,317.9	5,782.9	5,725.1	5,928.3	6,177.3	6,439.9	6,720.0	7,012.3	7,317.4
Operating Expenses	5,455.5	6,934.4	6,865.0	7,022.9	7,184.4	7,349.7	7,518.7	7,691.7	7,868.6
Capital Outlay	118.2	334.0	334.0	341.7	349.5	357.6	365.8	374.2	382.8
Hurricane Irma	30.5	-	-	-	-	-	-	-	-
Full Cost Allocation	1,539.8	1,508.2	1,508.2	1,542.9	1,578.4	1,614.7	1,651.8	1,689.8	1,728.7
Non-recurring CIP expenditures	14,660.9	33,393.6	33,393.6	18,920.0	25,170.0	5,250.0	16,000.0	18,810.0	15,300.0
Transfer to Other Fund(s)	950.0	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	**28,072.8**	**47,953.0**	**47,825.9**	**33,755.8**	**40,459.7**	**21,011.8**	**32,256.3**	**35,578.0**	**32,597.4**
% vs prior year			70.4%	-29.4%	19.9%	-48.1%	53.5%	10.3%	-8.4%
ENDING FUND BALANCE	**43,773.3**	**22,635.2**	**31,308.8**	**29,081.2**	**24,055.1**	**30,885.6**	**36,425.2**	**40,979.8**	**43,730.1**
Ending balance as % of Revenue	148.2%	67.4%	88.5%	92.2%	67.9%	110.9%	96.4%	102.1%	123.7%
TOTAL REQUIREMENTS	**71,846.1**	**70,588.3**	**79,134.7**	**62,837.0**	**64,514.8**	**51,897.4**	**68,681.5**	**76,557.8**	**76,327.5**
REVENUE minus EXPENDITURES	1,466.1	(14,361.6)	(12,464.5)	(2,227.6)	(5,026.1)	6,830.5	5,539.6	4,554.6	2,750.3

* Expenditure lapse is calculated on Personal Services, Operating Expenses and Capital Outlay.
Total Requirements do not include OPEB annual expense or OPEB cumulative liability as reflected in GAAP financial statements. These amounts are shown below.

	Actual FY18	Budget FY19	Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
OPEB annual expense	287.0		287.0	297.2	309.7	322.8	336.9	351.5	367.0
OPEB cumulative (long-term liability)	2,977.5		3,264.5	3,561.6	3,871.3	4,194.1	4,531.0	4,882.6	5,249.5
Reserve Contingencies	2,657.3	3,023.2	3,182.4	2,837.4	3,188.8	2,505.6	3,401.4	3,611.7	3,181.1
Reserve Fund Balance	5,612.4	6,382.4	6,718.7	5,990.4	6,732.4	5,290.0	7,181.2	7,625.2	6,716.1
Total Reserves	8,269.7	9,405.6	9,901.0	8,827.7	9,921.2	7,795.7	10,582.7	11,236.9	9,897.2

WATER FUNDS

Description

The Pinellas County Water System is responsible for providing quality, cost-effective potable water service to County retail and wholesale customers, as shown in the included map. 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 residential, commercial, and industrial 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 three funds: Revenue and Operating, Renewal and Replacement (capital), and Impact Fees. This forecast covers all three funds.

Summary

The forecast for the Pinellas County Water System funds shows that the multi-year rate increases approved as part of the FY16 budget process will provide sufficient revenues to maintain reserves and fund capital replacement needs through FY25. There is a four-year rate study currently being conducted by Stantec, the County's independent utility rates consultant, to determine the need for future rate increases. The Water Funds are structurally balanced through the forecast period.

Revenues

The Water Funds are projected to generate revenues totaling $92.9M in FY19. The Water Funds have two primary funding sources: retail water sales of $70.3M and wholesale water sales of $16.0M.

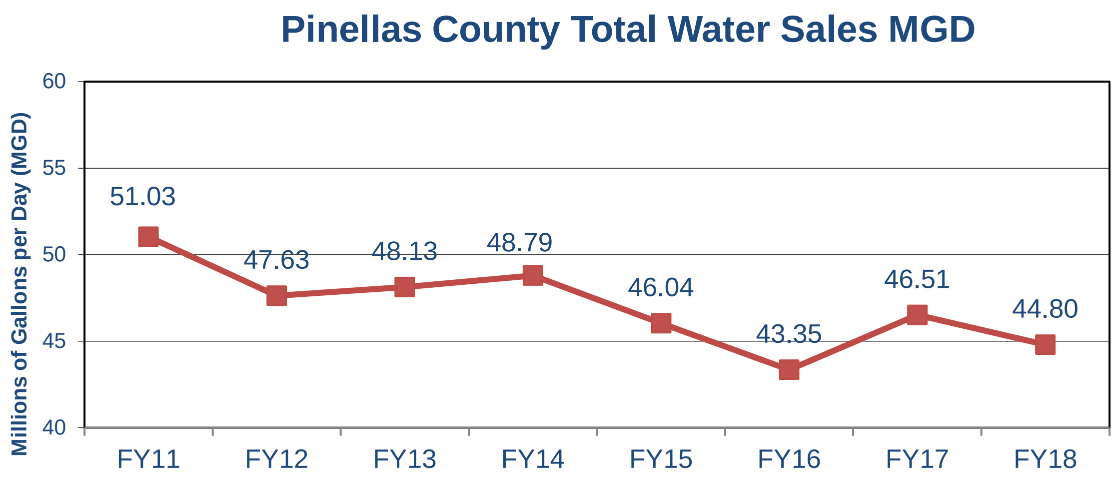
Retail Water Sales

The Water System charges a $6.80 per month base rate and $5.13 per 1,000 gallons for retail water service in FY19, an overall increase of $0.21 per month from FY18. The customer base for retail water sales is both commercial and residential properties in the Pinellas County Water service area. The volume of water sold decreased 4.7% from FY11 to FY18.

Wholesale Water Sales

The Water System rate for FY18 is $4.1329 per 1,000 gallons for wholesale water service. Wholesale Water Sales provide water to the municipalities of Clearwater, Tarpon Springs, Safety Harbor, Oldsmar, Belleair, and Pinellas Park. The volume of water sold declined 29.6% from FY11 to FY18, which can be attributed to the development of independent water sources by wholesale customers (Clearwater, Tarpon Springs, and Oldsmar).

The following graph shows the recent history of the volume of total water sales by the Water System. Total water sales decreased 12.2% from 51.0 million gallons per day (MGD) in FY11 to 44.8 MGD. The amount of water sold can be affected by economic conditions, housing and commercial vacancies, rainfall, and levels of water conservation, as seen in this graph.



Expenditures

The Water Funds support budgeted expenditures totaling $95.3M in FY19. The primary expenditures in the fund are $43.5M for the purchase of water, $16.6M for personal services, $19.2M for operating expenses (excluding the purchase of water), and $16.0M for capital projects and equipment.

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 Inter-local 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 200.7 full-time equivalent employees in FY19. The Personal Services expenditures of $16.6M are for the salaries and benefits of those positions needed to operate the Water System.

Operating Expenditures

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 Improvements and Equipment

The Water System must maintain its equipment, facilities, pipelines, and plants in good working order, using revenues generated within its proprietary funds. Capital improvements and equipment reflect the construction and purchase needs as estimated by staff.

Reserves

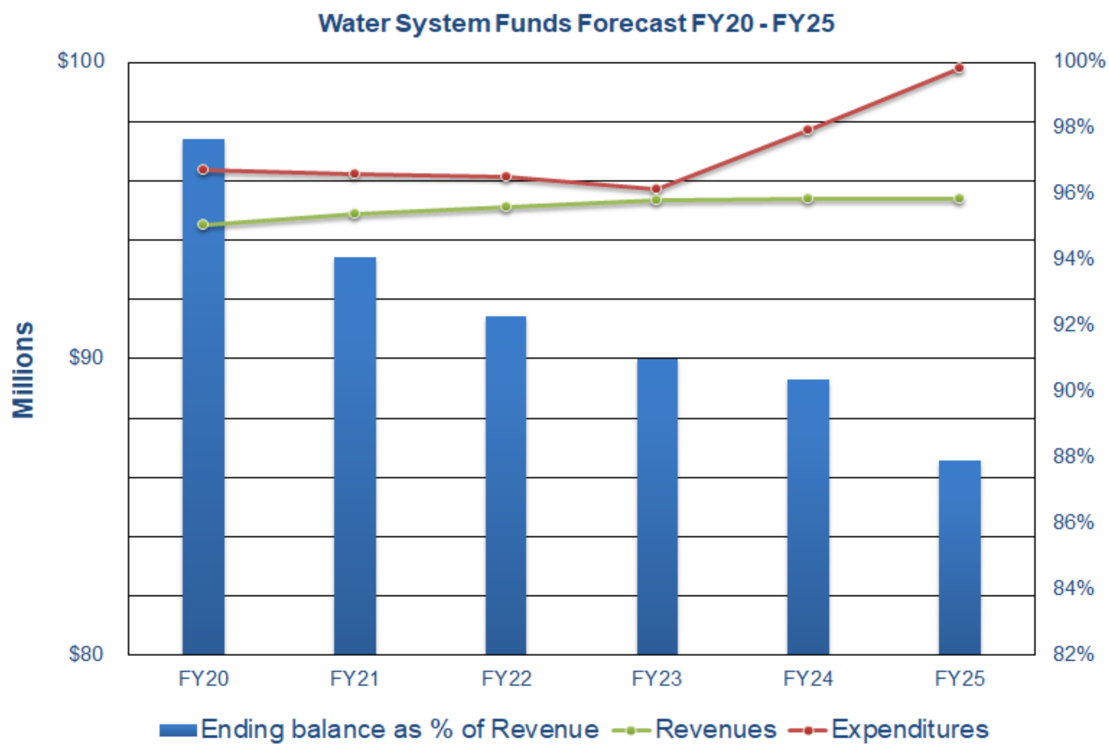
The reserve level in the Water System is budgeted at 90.7% in FY19, which is higher than the targeted reserve level of 25.9%. As a self-supporting enterprise, the Water System maintains $44.3M of budgeted reserves for cash flows and emergencies and $39.9M to fund future capital needs.

Six-Year Forecast

Key Assumptions

The forecast assumes that FY20 to FY24 revenues will increase between 0.1 % and 1.7% each year, while FY25 revenues are expected to remain flat. For expenditures, Personal Services and Operating Expenses reflect the forecast trends described in the Key Assumptions section of this document, while electricity is projected to increase 5.0% per year through the forecast period. The purchase of water from Tampa Bay Water is projected to increase by 1.5% each year of the forecast period. The Capital Improvements and Equipment forecast reflects the construction and purchase needs as estimated by staff.

To balance revenues with projected expenditures, the forecast includes rate increases through FY19 of 1.75% per year for both retail and wholesale water, as adopted by the Board in FY16. There are no rate changes included for FY20 through FY25. The rate study currently being conducted will determine if there is a need for future rate increases.



Key Results

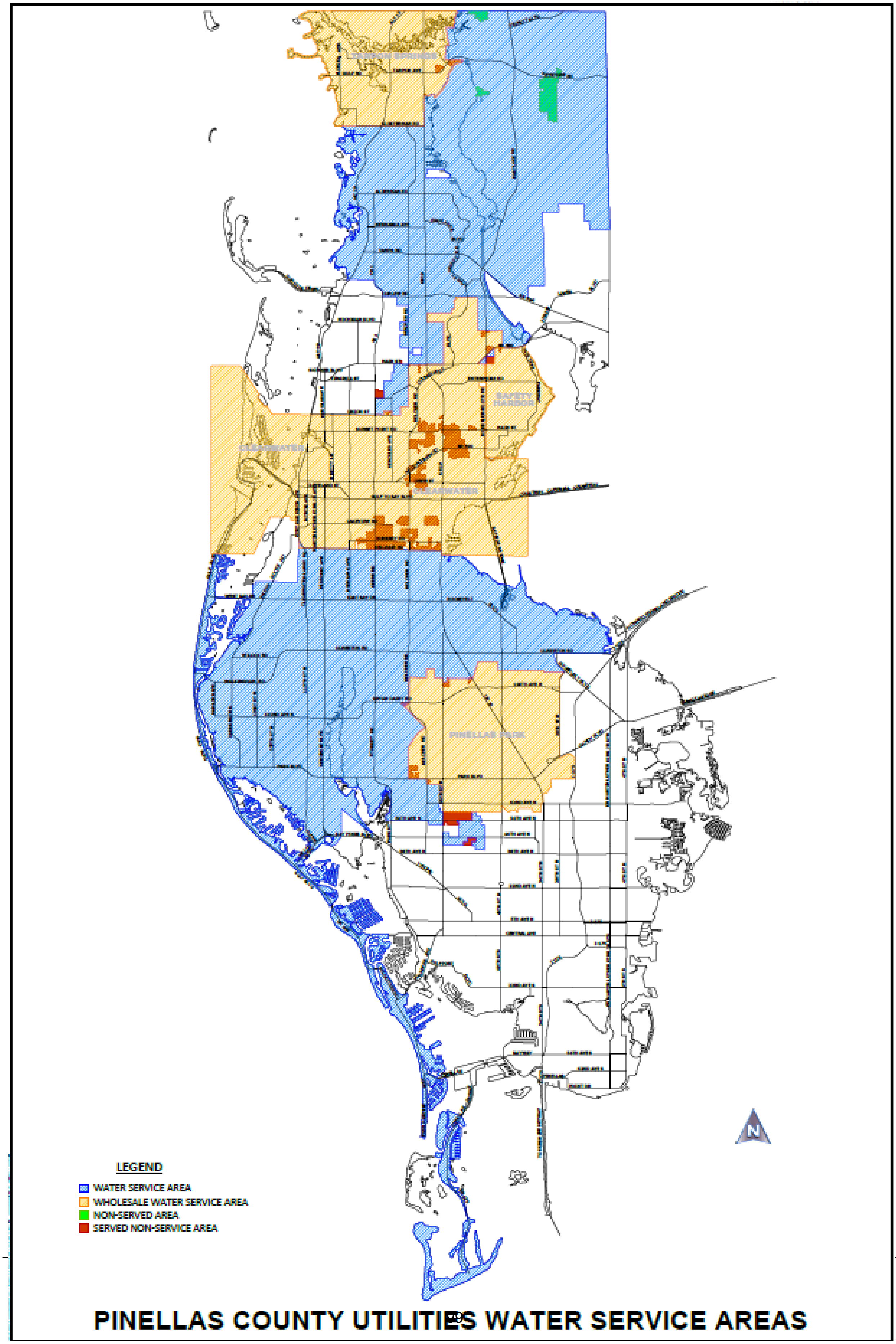
The forecast for the Water System Funds shows that the approved rate increases will provide sufficient revenues to maintain reserves and fund capital replacement needs. The Water Funds are structurally balanced.

Potential Risks

There are several factors that can alter the six-year forecast of the Water System. Any future economic decline could 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. Any disruptions to the governance of Tampa Bay Water could impact our purchased water cost. 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 FY16 budget process, the Water System is balanced over the forecast period. Recurring revenues will be sufficient to cover projected expenditures and maintain sufficient reserves each year during the forecast period.


LEGEND
WATER SERVICE AREA
WHOLESALE WATER SERVICE AREA
NON-SERVED AREA
SERVED NON-SERVICE AREA
N
PINELLAS COUNTY UTILITIES WATER SERVICE AREAS

WATER FUNDS FORECAST
Fund 4031, 4034, & 4036

Forecast Assumptions	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Water Sales-Retail	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Water Sales-Wholesale	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Interest	3.2%	3.4%	3.4%	3.4%	3.2%	2.9%
Other revenues	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
EXPENDITURES						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Purchase of Water	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Power	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%

WATER FUNDS FORECAST
Fund 4031, 4034, & 4036

(in $ thousands)	Actual FY18	Budget FY19	FORECAST Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
BEGINNING FUND BALANCE	**77,315.0**	**86,617.8**	**90,709.6**	**90,426.1**	**88,574.5**	**87,266.9**	**86,272.5**	**85,962.4**	**83,706.5**
REVENUES*									
Water Sales - Retail	69,763.0	70,300.0	70,300.0	70,426.5	70,553.3	70,680.3	70,807.5	70,935.0	71,062.7
Water Sales - Wholesale	16,045.7	15,981.6	15,981.6	16,010.3	16,039.1	16,068.0	16,096.9	16,125.9	16,154.9
Interest	1,351.2	1,349.4	1,349.4	2,893.6	3,029.2	2,984.5	2,950.5	2,725.0	2,452.6
Other Revenues	6,318.6	5,059.7	5,059.7	5,176.0	5,295.1	5,416.9	5,541.5	5,668.9	5,799.3
FEMA Reimbursement - IRMA	0.0	219.3	219.3	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	**93,478.5**	**92,909.9**	**92,909.9**	**94,506.5**	**94,916.8**	**95,149.7**	**95,396.4**	**95,454.8**	**95,469.5**
% vs prior year			-0.6%	1.7%	0.4%	0.2%	0.3%	0.1%	0.0%
TOTAL RESOURCES	**170,793.5**	**179,527.7**	**183,619.6**	**184,932.7**	**183,491.3**	**182,416.6**	**181,669.0**	**181,417.2**	**179,176.0**
EXPENDITURES									
Personal Services	13,454.4	16,647.0	16,147.6	16,720.8	17,423.1	18,163.5	18,953.7	19,778.1	20,648.4
Operating Expenses	6,334.0	7,705.4	7,474.2	7,646.1	7,822.0	8,001.9	8,185.9	8,374.2	8,566.8
Purchase of Water	41,760.9	43,500.0	42,195.0	42,827.9	43,470.3	44,122.4	44,784.2	45,456.0	46,137.8
Power	677.1	928.4	900.6	945.6	992.9	1,042.5	1,094.7	1,149.4	1,206.9
Chemicals	598.6	797.8	773.9	791.7	809.9	828.5	847.6	867.0	887.0
Hurricane IRMA Expenses	93.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost Allocation	7,422.8	9,645.4	9,645.4	9,867.2	10,094.1	10,326.3	10,563.8	10,806.8	11,055.3
Debt Service	28.8	95.0	95.0	97.2	99.4	101.7	104.0	106.4	108.9
Capital Equipment	970.7	1,509.2	1,509.2	1,333.7	1,333.7	1,333.7	1,333.7	1,333.7	1,333.7
Capital Improvements	8,743.0	14,452.7	14,452.7	16,128.0	14,179.0	12,223.5	9,839.0	9,839.0	9,839.0
TOTAL EXPENDITURES	**80,083.9**	**95,280.8**	**93,193.4**	**96,358.2**	**96,224.4**	**96,144.1**	**95,706.6**	**97,710.7**	**99,783.8**
% vs prior year			16.4%	3.4%	-0.1%	-0.1%	-0.5%	2.1%	2.1%
TOTAL ENDING FUND BALANCE	**90,709.6**	**84,246.9**	**90,426.1**	**88,574.5**	**87,266.9**	**86,272.5**	**85,962.4**	**83,706.5**	**79,392.2**
Ending balance as % of Revenue		90.7%	97.3%	93.7%	91.9%	90.7%	90.1%	87.7%	83.2%
TOTAL REQUIREMENTS**	**170,793.5**	**179,527.7**	**183,619.6**	**184,932.7**	**183,491.3**	**182,416.6**	**181,669.0**	**181,417.2**	**179,176.0**
REVENUE minus EXPENDITURES (NOT cumulative)	13,394.7	(2,370.9)	(283.5)	(1,851.6)	(1,307.6)	(994.3)	(310.1)	(2,255.9)	(4,314.3)

Transfers between funds are excluded from revenues and expenditures.
*Revenues reflect the combined impact of projected changes in rates and/or levels of consumption.
**Total Requirements do not include OPEB annual expense or OPEB cumulative liability as reflected in GAAP financial statements. These amounts are shown below.

	Actual FY18	Budget FY19	Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
OPEB annual expense	791.8		791.8	819.9	854.3	890.7	929.4	969.8	1,012.5
OPEB cumulative (long-term liability)	11,279.7		12,071.5	12,891.4	13,745.8	14,636.4	15,565.8	16,535.6	17,548.1

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 for the collection of wastewater from residential, commercial, and industrial users. The Sewer System provides for the treatment and reclamation of water and biosolids through advanced processes that provide removal of pollutants that are harmful to the environment. The system also allows for the recycling of valuable resources that are beneficially re-used in order to protect public health and property while practicing superior environmental stewardship.

The Sewer Funds are enterprise funds, and are committed solely to support Sewer System functions. The Pinellas County Sewer System utilizes three funds: Revenue and Operating, Renewal and Replacement (capital), and Interest and Sinking (debt service). The Sewer System is required to maintain a debt service coverage ratio of 1.25x per the bond covenants.

Summary

The forecast for the Sewer System Funds shows that the multi-year rate increases approved as part of the FY16 budget process will provide sufficient revenues to maintain reserves, sustain the debt service coverage ratio, and fund capital replacement needs through FY19. There is a four-year rate study currently being conducted by Stantec, the County's independent utility rates consultant, to determine the need for future rate increases. Throughout the forecast period, expenditures will exceed revenues, using fund balance to complete major capital projects. The Sewer Funds are not structurally balanced through the forecast period.

Revenues

The Sewer Funds are projected to generate revenues totaling $79.4M in FY19. The Sewer Funds have three primary funding sources: retail sewer charges of $62.4M, wholesale sewer charges of $7.2M, and retail and wholesale reclaimed water charges of $5.8M.

Retail Sewer Charges

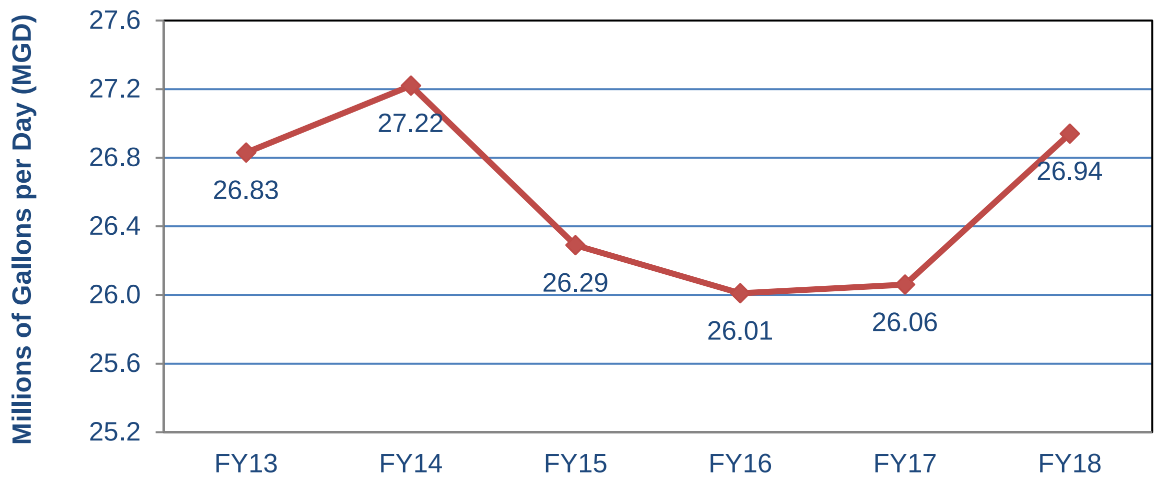
The Sewer System charges a $13.66 per month base rate and $4.99 per 1,000 gallons for retail sewer service in FY19, an overall increase of $0.19 per month from FY18. The customer base for retail sewer service is both commercial and residential properties in the Pinellas County Sewer service area.

Wholesale Sewer Sales

The Sewer System charges $4.3049 per 1,000 gallons for wholesale sewer service in FY19. Wholesale customers are three municipalities within Pinellas County (North Redington Beach, Pinellas Park, and Redington Shores) that purchase sewer service from the Sewer System in bulk after collecting it from their retail sewer customers

The following graph shows the recent history of the volume of wastewater billed by the Sewer System. The amount of wastewater processed is affected by economic conditions, housing and commercial vacancies, and levels of water usage.

Pinellas County Sewer MGD Billed FY13 - FY18



Retail Reclaimed Water Charges

The Reclaimed Water System charges both fixed and volumetric rates depending upon the nature of the delivery system serving each customer. Rates for unfunded systems (systems without pre-existing distribution lines) 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 (2.1%), with the remaining 97.9% of customers paying 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 municipalities within Pinellas County that purchase reclaimed water service from the Reclaimed Water System in bulk and distribute it to their retail customers - St. Pete Beach, South Pasadena, Belleair, and Pinellas Park.

Expenditures

The Sewer Funds support budgeted expenditures totaling $109.0M in FY19. The primary expenditures in the funds are $18.7M for personal services costs, $32.9M for operating expenses, $15.1M for debt service, and $42.2M for capital projects and equipment.

Personal Services

The Sewer System is budgeted for 218.0 full-time equivalent employees in FY19. The Personal Services expenditures of $18.7M are for the salaries and benefits of those positions needed to operate the Sewer System.

Operating Expenses

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

Debt Service

The Sewer System has $132.5M of bond principal outstanding as of September 30, 2018. 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 FY19 through FY28, the debt service requirement is between $14.6M and $14.7M. From FY29 through FY32, debt service payments fall to between $5.0M and $5.5M. The bonds mature between 2024 and 2032.

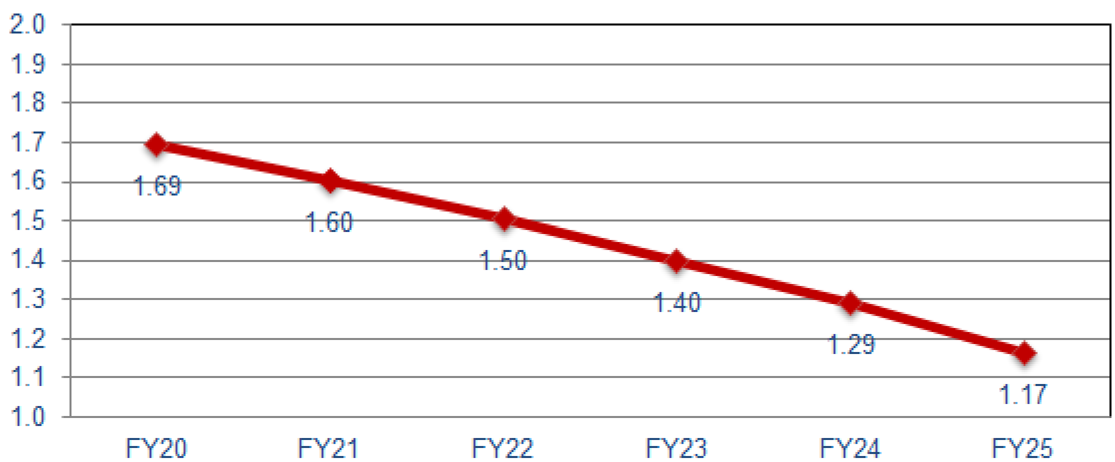
Capital Improvements and Equipment

The Sewer System must maintain its equipment, facilities, pipelines, and plants in good working order, using revenues generated within its proprietary funds. Capital improvements and equipment reflect the construction and purchase needs as estimated by staff.

Reserves

The budgeted reserve level in the Sewer System is 37.4% in FY19, which is higher than the targeted reserve level of 30.6%. As a self-supporting enterprise, the Sewer System maintains $29.7M of budgeted reserves for cash flow and emergencies. In addition, the 2008 bond issue requires a debt service reserve of $322,435.

Sewer System Debt Service Coverage Ratio

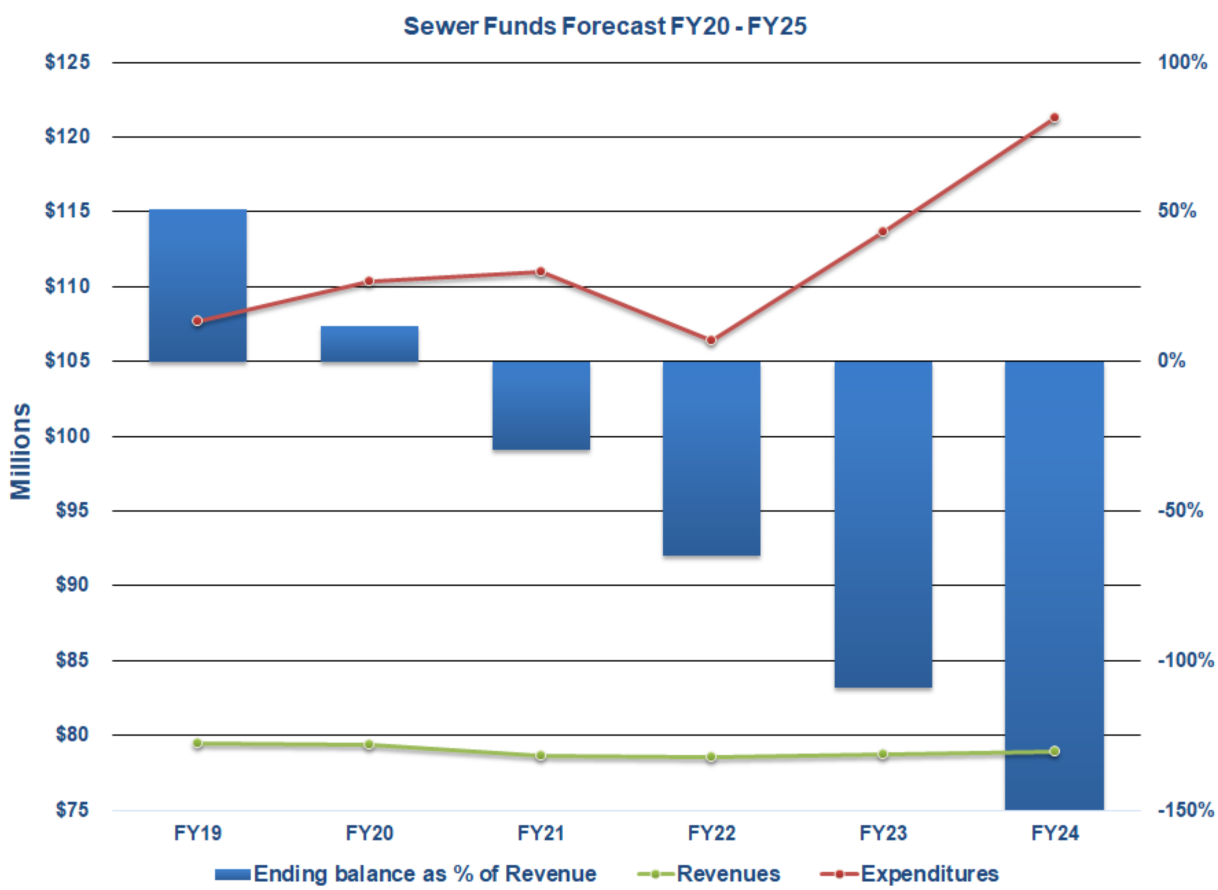


Six-Year Forecast

Key Assumptions

Throughout the forecast period the fluctuation in total annual revenues will range from (1.0)% to 0.3%. For expenditures, Personal Services and Operating Expenses reflect the forecast trends described in the Key Assumptions section of this document, while electricity is projected to increase 5.0% per year through the forecast period. The Capital Improvements and Equipment forecast reflects the construction and purchase needs as estimated by staff.

To balance revenues with projected expenditures, the forecast only includes rate increases through FY19. Burton and Associates, independent consultants, computed that the following sewer rate increases were necessary to meet the projected expenses and reserve needs at the projected sewer demand levels: 1.0% each year FY17 – FY19 for retail and wholesale sewer; 5.0% each year for retail metered reclaimed water and $1.00 to the monthly charge for unmetered retail reclaimed water; and 5.0% for wholesale reclaimed customers. No rate changes are included for FY20 through FY25. The rate study currently being conducted will determine if there is a need for future rate increases.



Key Results

The forecast for the Sewer System Funds shows that the approved rate increases will only provide sufficient revenues to maintain reserves, sustain the debt service coverage ratio, and fund capital replacement needs through FY19. Throughout the forecast period, expenditures will exceed revenues and fund balance will be drawn down to complete major capital projects. The Sewer Funds are not structurally balanced through the forecast period.

Potential Risks

There are several factors 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. Findings from the Wastewater/Stormwater Task Force formed in October of 2016 have increased future capital project costs related to collection system improvements and facility upgrades. 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 multi-year rate increases approved during the FY16 budget process, revenues will be sufficient to cover projected expenditures, maintain sufficient reserves, and sustain the debt service coverage ratio through FY19. The rate study currently being conducted will determine the need for future rate increases. Balancing strategies may also include a reduction in planned capital projects.

SEWER FUNDS FORECAST
Fund 4051, 4052, & 4053

Forecast Assumptions	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Sewer Charges - Retail	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Sewer Charges - Wholesale	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Reclaimed - Retail	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reclaimed - Wholesale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest	3.2%	3.4%	3.4%	3.4%	3.2%	2.9%
Other revenues	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
EXPENDITURE						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Power	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Chemicals	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%

SEWER FUNDS FORECAST
Fund 4051, 4052, & 4053

(in $ thousands)	Actual FY18	Budget FY19	FORECAST Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
BEGINNING FUND BALANCE	**78,723.7**	**59,223.7**	**69,419.6**	**41,209.0**	**10,268.2**	**(21,999.4)**	**(49,878.2)**	**(84,802.1)**	**(127,137.6)**
REVENUES*									
Sewer Charges - Retail	62,433.9	62,369.7	62,369.7	62,500.7	62,631.9	62,763.4	62,895.2	63,027.3	63,159.7
Sewer Charges - Wholesale	8,633.1	7,177.4	7,177.4	7,192.5	7,207.6	7,222.8	7,237.9	7,253.1	7,268.4
Reclaimed - Retail	5,319.3	5,462.5	5,462.5	5,462.5	5,462.5	5,462.5	5,462.5	5,462.5	5,462.5
Reclaimed - Wholesale	333.4	327.2	327.2	327.2	327.2	327.2	327.2	327.2	327.2
Interest	1,097.8	913.2	913.2	1,318.7	351.2	0.0	0.0	0.0	0.0
Other Revenues	2,157.0	2,592.0	2,592.0	2,651.6	2,712.6	2,775.0	2,838.8	2,904.1	2,970.9
FEMA Reimbursement - IRMA	0.0	593.3	593.3	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES	**79,974.6**	**79,435.4**	**79,435.4**	**79,453.2**	**78,693.0**	**78,550.9**	**78,761.7**	**78,974.3**	**79,188.7**
% vs prior year			-0.7%	0.0%	-1.0%	-0.2%	0.3%	0.3%	0.3%
TOTAL RESOURCES	**158,698.3**	**138,659.1**	**148,855.0**	**120,662.3**	**88,961.2**	**56,551.5**	**28,883.5**	**(5,827.8)**	**(47,948.9)**
EXPENDITURES									
Personal Services	16,192.8	18,742.5	18,180.2	18,825.6	19,616.3	20,450.0	21,339.5	22,267.8	23,247.6
Operating Expenses	14,191.5	17,732.1	17,200.2	17,595.8	18,000.5	18,414.5	18,838.0	19,271.3	19,714.5
Power	4,200.5	4,406.3	4,274.1	4,487.8	4,712.2	4,947.9	5,195.2	5,455.0	5,727.8
Chemicals	2,674.6	3,216.5	3,120.0	3,191.7	3,265.1	3,340.2	3,417.1	3,495.7	3,576.1
Hurricane Irma Expenses	25.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost Allocation	6,854.1	7,580.2	7,580.2	7,754.6	7,932.9	8,115.4	8,302.0	8,493.0	8,688.3
Debt Service	14,629.3	15,082.9	15,082.9	15,059.7	15,009.8	14,973.4	14,934.9	14,903.2	14,995.2
Capital Equipment	1,781.2	3,085.2	3,085.2	2,174.8	2,174.8	2,174.8	2,174.8	2,174.8	2,174.8
Capital Improvements	28,729.0	39,123.3	39,123.3	41,304.0	40,249.0	34,013.5	39,484.0	45,249.0	16,055.2
TOTAL EXPENDITURES	**89,278.7**	**108,968.9**	**107,646.0**	**110,394.1**	**110,960.7**	**106,429.7**	**113,685.6**	**121,309.8**	**94,179.5**
% vs prior year			20.6%	2.6%	0.5%	-4.1%	6.8%	6.7%	-22.4%
TOTAL ENDING FUND BALANCE	**69,419.6**	**29,690.1**	**41,209.0**	**10,268.2**	**(21,999.4)**	**(49,878.2)**	**(84,802.1)**	**(127,137.6)**	**(142,128.4)**
Ending balance as % of Revenue	86.8%	37.4%	51.9%	12.9%	-28.0%	-63.5%	-107.7%	-161.0%	-179.5%
TOTAL REQUIREMENTS**	**158,698.3**	**138,659.1**	**148,855.0**	**120,662.3**	**88,961.2**	**56,551.5**	**28,883.5**	**-5,827.8**	**-47,948.9**
Debt Service Coverage	**2.32**	**1.73**	**1.82**	**1.69**	**1.60**	**1.50**	**1.40**	**1.29**	**1.17**
REVENUE minus EXPENDITURES (NOT cumulative)	(9,304.1)	(29,533.5)	(28,210.6)	(30,940.9)	(32,267.6)	(27,878.8)	(34,923.9)	(42,335.5)	(14,990.8)

Transfers between funds are excluded from revenues and expenditures.
*Revenues reflect the combined impact of changes in rate and/or levels of consumption.
**Total Requirements do not include OPEB annual expense or OPEB cumulative liability as reflected in GAAP financial statements. These amounts are shown below.

	Actual FY18	Budget FY19	Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
OPEB annual expense	915.3		915.3	947.8	987.6	1,029.6	1,074.4	1,121.1	1,170.4
OPEB cumulative (long-term liability)	11,501.3		12,416.6	13,364.4	14,352.0	15,381.5	16,455.9	17,577.0	18,747.4

SOLID WASTE FUNDS

Description

Pinellas County Code Chapter 106 mandates that Solid Waste provide waste disposal and recycling for all County citizens and businesses. It does so by employing a safe and environmentally sound integrated solid waste services program. These services emphasize public awareness and communication that enable citizens to make educated choices concerning responsible management of their solid waste.

Solid Waste operates with a core philosophy to reduce, reuse, recycle, recover, and dispose. Disposal of material in the landfill is the last resort. This philosophy enables Solid Waste to extend the life of the landfill. To that end, Solid Waste provides public outreach programs through presentations, tours, event participation, and information provided through web and literature resources. Through site visits, businesses are provided education for proper solid and hazardous waste management practices, compliance, and identification of waste reduction and recycling opportunities.

Solid Waste offers recycling drop off sites located throughout the County, including County parks and beaches. Yard waste is processed into mulch, which is offered free to the public. Reefs are constructed from discarded concrete and derelict ships. The household electronic and chemical collection center offers reuse opportunities through the swap shop and works with contractors to maximize recycling of collected chemicals and electronics. Metals recovered from waste, received for disposal, are recycled.

Materials that are not recycled are received for recovery and disposal. Most materials are routed to the Waste-to-Energy (WTE) facility for recovery, where they are incinerated to generate electricity and reduce the volume of material sent to the landfill for disposal. Metals are also recovered and recycled from the ash generated at the WTE facility.

The landfill is used for disposal of ash from the WTE facility, non-burnable materials such as bricks and dirt, oversized materials that will not fit in the feed chute at the WTE facility, and materials received in excess of the WTE facility processing capacity. Although total solid waste tons delivered to Solid Waste have increased 3.3% annually since 2012, the efforts to reduce, reuse, recycle, and recover have resulted in maintaining the projected landfill life of 2103.

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 proprietary funds dedicated solely to supporting the Solid Waste functions.

The forecast for the Solid Waste Funds shows that the funds are balanced through the forecast period. Solid Waste tipping fee revenues are expected to grow slightly, due to increased solid waste volume during the forecasted six-year period.

SOLID WASTE FUNDS

Revenues

The Solid Waste Funds are projected to generate revenues in FY19 totaling $109.4M. The Solid Waste Funds consist almost exclusively of two primary funding sources: tipping fees of $38.5M and electrical capacity and electricity sales of $68.1M.

Tipping Fees

The current tipping fee is $37.50 per ton for all waste brought to the Solid Waste campus. The fee has not increased since 1988. A multi-year rate study was conducted by a consultant with the potential to build a rate stabilization fund to minimize impacts of anticipated future increases in fees. The Technical Management Committee (TMC) is currently evaluating the program assumptions and options presented in the study to determine the need for a multi-year fee increase recommendation. The volume of waste brought to the Solid Waste Facility is expected to increase slightly during the forecast period. The amount of waste brought to the facility is affected by economic conditions and levels of recycling.

Electrical Capacity and Electricity Sales

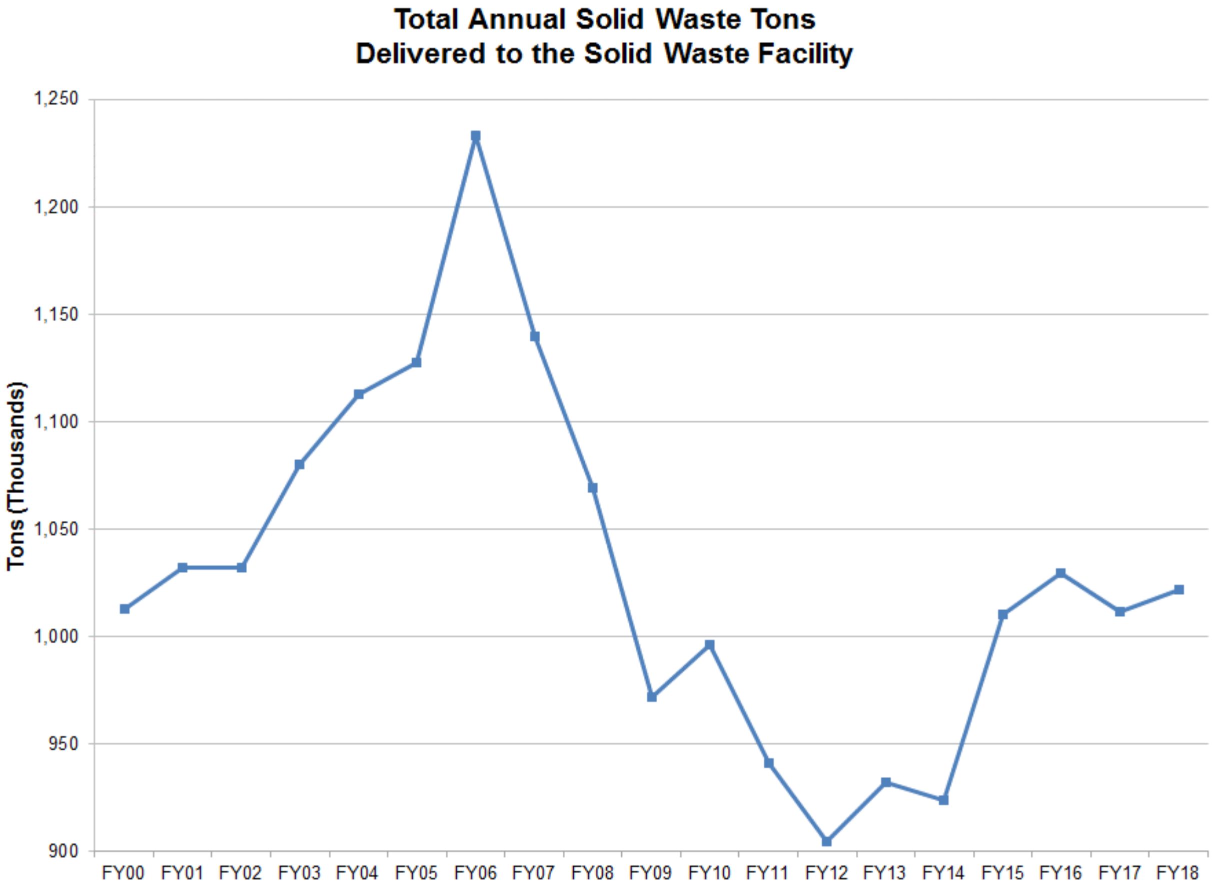
Solid Waste and Duke Energy have a contract in place for the WTE plant to provide Duke Energy with both electrical capacity and generated electricity. The revenue from this contract is defined by rates specified in the contract, which expires in 2024. Solid Waste receives two streams of revenue as a result of this contract – electrical capacity revenue and electricity sales revenue.

Electrical capacity revenue escalates at a fixed rate each year (6.4%) and is affected by the operating capacity of the plant. Electricity sales revenue is affected by the amount of waste received and processed by the plant. An annual 0.5% increase in electricity sales revenue is anticipated beginning in FY21 due to increased waste processing efficiency after the planned WTE plant restoration work is completed.

Recycling Revenue

Solid Waste receives revenue for contract sales of recyclable materials that are brought to the Solid Waste Facility, as well as metals recovered from the WTE process. Due to the metals market conditions, Recycling Revenue is anticipated to remain constant throughout the forecast period. During the forecast period, Solid Waste also plans to implement an additional process to recover more metals from the WTE ash. Anticipated incremental metals recovery revenue is expected to be $1.0M annually, beginning FY22.

The following graph shows historical total annual waste tons delivered to the Solid Waste Facility. Tons delivered are impacted by economic activity and considered to be leading economic trend data.



Source: Pinellas County Solid Waste

Expenditures

The Solid Waste Funds support budgeted expenditures for FY19 totaling \$112.3M. The expenditures in the fund are \$40.5M for the WTE service contract, \$33.9M for capital outlay and equipment, \$11.5M for the landfill service contract, \$19.1M for all other operating expenses, and \$7.1M for personal services.

Capital Outlay and Equipment

Solid Waste maintains its equipment, facilities, and plants utilizing revenues generated within the enterprise funds. Decisions regarding equipment / technology improvements and construction projects are based on condition assessments, permit or regulatory requirements, and recommendations from consultants.

Solid Waste is currently working with a consultant to develop a Master Plan. This Master Plan will serve as the guide for Solid Waste operations and program development to meet the needs of the County over the course of the next 30 years. The consultant's final report with recommendations will be completed during FY19. These recommendations may result in future capital improvement projects and/or additional operating expenses, which are not included in this forecast.

Waste-to-Energy Service Contract

Solid Waste is under contract with Covanta Projects, LLC (Covanta) to operate the WTE plant. The contract commenced in December 2014 and has a 10-year term. In FY19, general operating costs are expected to level off, consistent with waste delivery trends. Capital investment into the facility is expected to decrease due to anticipated completion of WTE plant renovation projects.

Landfill Service Contract

Solid Waste is under contract with Advanced Disposal Inc. to operate the landfill. This contract commenced in August 2018 and has a 10-year term.

Operating Expenses

Solid Waste incurs annual recurring costs for its other programs. Chemicals for plant operations, repair and maintenance, contract services, and liability insurance premiums are major components of Solid Waste's operating expenses.

Personal Services

The Solid Waste System is budgeted for 80.0 full-time equivalent employees in FY19. The Personal Services expenses of $7.1M are for the salaries and benefits of those positions needed to operate the Solid Waste System.

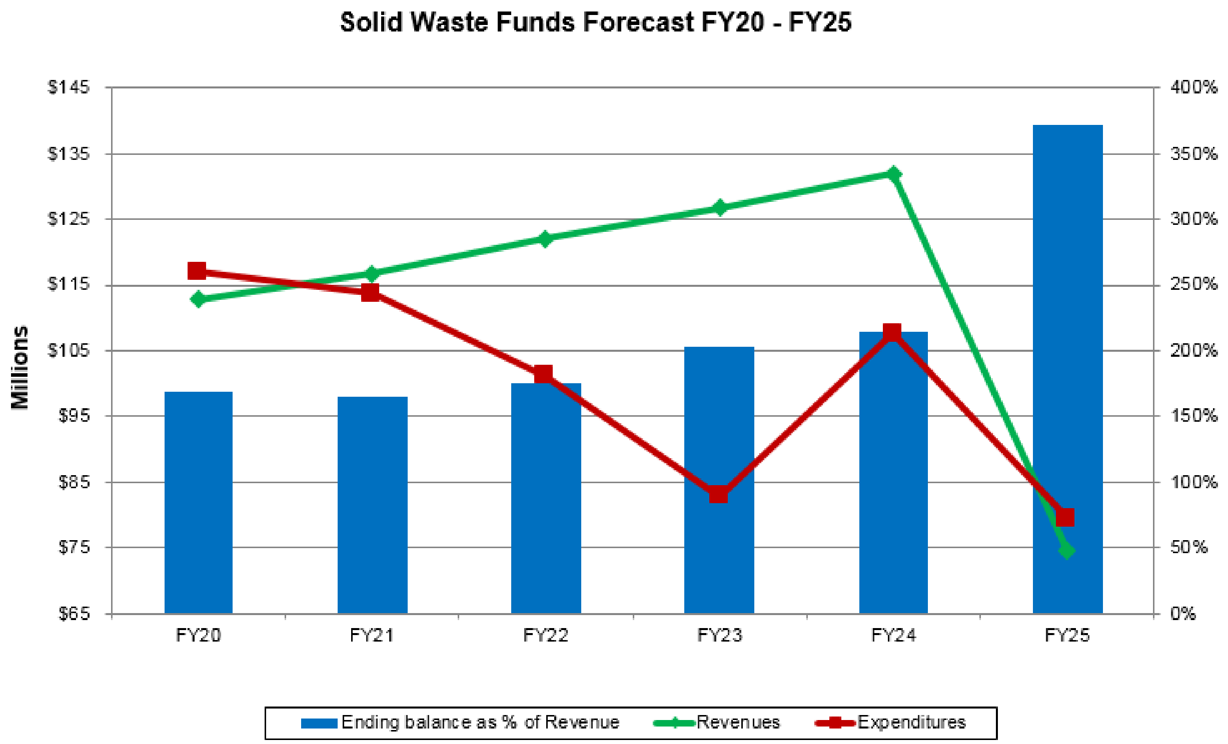
Reserves

The budgeted FY19 reserve level in the Solid Waste System is 147.9% of fund revenues, which is above the 48.6% target reserve level. Solid Waste maintains the following reserves: $4.5M required reserves per the contract with Covanta, $19.7M for three months of operating expenses, $1.4M for continued funding of the vehicle replacement program, $26.3M for renewals and replacements, and the remaining $105.8M is for future needs, consistent with the Solid Waste 25-year capital plan. This higher reserve level is required to meet upcoming capital improvement requirements that are forecasted and to begin setting aside funds for the future post-closure care of the landfill. Florida Department of Environmental Protection estimates post-closure care costs to be approximately $44.1M in FY36.

Six-Year Forecast

Key Assumptions

The revenue forecast assumes a 0.5% increase in electricity sales from FY21 through FY25, a slight increase in tipping fee revenue collections as a result of economic conditions and recycling levels, and no change in recycling revenue. The revenue forecast does not include any increases in tipping fee rates. For expenditures, Personal Services and Operating Expenses 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 through FY21 in anticipation of tighter regulatory requirements and additional required improvements to the WTE plant.



<u>Key Results</u>

The forecast for the Solid Waste Funds shows that revenues are sufficient to provide for expenditures over the forecast period, while still maintaining sufficient reserves. Solid Waste expenditures exceed revenues in FY19. Through FY21, expenditures reflect non-recurring costs associated with additional capital improvements and restorations. Reserves are not anticipated to drop below 160.0% of revenues at any time during the forecast period, and are anticipated to exceed 200.0% in three of the forecast years.

Solid Waste conducted a multi-year rate study via a consultant. This rate study is being evaluated to determine any potential future fee modifications. The rate study contemplates building a rate stabilization fund to minimize impacts of anticipated future increases in tipping fees.

The rate study also addressed the potential need to begin setting aside funds for the future post-closure care of the landfill. These funds would be necessary to provide for maintenance and environmental care of the landfill at a future date when the landfill is envisioned to close. Staff will continue examination of cost estimates, future needs, and reserve funding options as part of the FY20 budget process.

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 historical impact of economic conditions on the volume of waste is evidenced in the graph of Total Annual Solid Waste Tons.

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. Lack of waste could also impact the capacity revenue, if contractual commitments for delivery of electricity are not met, resulting in a gap between revenue and expenditures.

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	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Tipping Fees	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Electricity Sales	0.0%	0.5%	0.5%	0.5%	0.5%	0.5%
Electrical Capacity	6.4%	6.4%	6.4%	6.4%	6.4%	-74.6%
Recycling Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Other revenues	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EXPENDITURES						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
WTE Service Fee	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Landfill Service Fee	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Grants & Aids	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%

SOLID WASTE FUNDS FORECAST
Fund 4021 & 4023

			FORECAST						
(in $ thousands)	**Actual FY18**	**Budget FY19**	**Estimated FY19**	**Estimated FY20**	**Estimated FY21**	**Estimated FY22**	**Estimated FY23**	**Estimated FY24**	**Estimated FY25**
BEGINNING FUND BALANCE	**206,942.8**	**163,336.2**	**194,056.4**	**194,358.1**	**190,173.8**	**193,285.6**	**214,220.0**	**258,083.7**	**282,336.6**
REVENUES									
Tipping Fees	38,860.3	36,557.1	38,481.2	38,546.6	38,612.1	38,677.8	38,743.5	38,809.4	38,875.4
Electricity Sales	11,327.2	9,735.6	11,247.9	11,247.9	11,304.2	11,360.7	11,417.5	11,474.6	11,532.0
Electrical Capacity	53,412.5	56,814.1	56,814.1	60,432.5	64,277.6	68,372.3	72,728.3	77,361.8	19,634.4
Recycling Revenue	1,348.0	618.8	651.4	651.4	651.4	651.4	651.4	651.4	651.4
Incremental Metals Pilot Program Revenue	0.0	0.0	0.0	0.0	0.0	1,000.0	1,000.0	1,000.0	1,000.0
Interest	2,880.3	2,352.1	1,940.6	1,943.6	1,901.7	1,932.9	2,142.2	2,580.8	2,823.4
Other Revenues	-573.4	34.5	36.3	36.3	36.3	36.3	36.3	36.3	36.3
FEMA Reimbursement - Irma	0.0	563.2	211.6	0.0	0.0	0.0	0.0	0.0	0.0
Grants (e.g. Artificial Reef, etc.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL REVENUES *	**107,254.8**	**106,675.4**	**109,383.1**	**112,858.4**	**116,783.4**	**122,031.4**	**126,719.2**	**131,914.3**	**74,552.9**
% vs prior year			2.0%	3.2%	3.5%	4.5%	3.8%	4.1%	-43.5%
TOTAL RESOURCES	**314,197.6**	**270,011.5**	**303,439.5**	**307,216.4**	**306,957.2**	**315,317.1**	**340,939.3**	**389,998.0**	**356,889.5**
EXPENDITURES									
Personal Services	6,006.7	7,065.4	6,853.4	7,096.7	7,394.8	7,709.0	8,044.4	8,394.3	8,763.7
Operating Expenses	9,942.1	13,206.3	12,810.1	13,104.7	13,406.1	13,714.5	14,029.9	14,352.6	14,682.7
Hurricane Irma Expenses	192.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
WTE Contract Service	43,428.7	40,528.2	39,312.4	36,963.6	31,129.7	30,311.2	31,008.4	31,721.6	32,451.2
Landfill Contract Service	10,032.8	11,507.7	11,162.4	11,419.2	11,681.8	11,950.5	12,225.4	12,506.6	12,794.2
Grants & Aids	496.3	500.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0
Cost Allocations	4,781.4	5,512.7	5,512.7	5,639.5	5,769.2	5,901.9	6,037.6	6,176.5	6,318.6
Capital Equipment	371.8	515.8	500.4	873.5	873.5	873.5	873.5	873.5	873.5
Capital Outlay	44,885.1	33,433.0	32,430.0	41,445.5	42,916.4	30,136.4	10,136.4	33,136.4	3,086.4
TOTAL EXPENDITURES	**120,137.9**	**112,269.1**	**109,081.4**	**117,042.6**	**113,671.5**	**101,097.0**	**82,855.6**	**107,661.4**	**79,470.2**
% vs prior year			-9.2%	7.3%	-2.9%	-11.1%	-18.0%	29.9%	-26.2%
TOTAL ENDING FUND BALANCE	**194,059.7**	**157,742.4**	**194,358.1**	**190,173.8**	**193,285.6**	**214,220.0**	**258,083.7**	**282,336.6**	**277,419.3**
Ending balance as % of Revenue	180.9%	147.9%	177.7%	168.5%	165.5%	175.5%	203.7%	214.0%	372.1%
TOTAL REQUIREMENTS **	**314,197.6**	**270,011.5**	**303,439.5**	**307,216.4**	**306,957.2**	**315,317.1**	**340,939.3**	**389,998.0**	**356,889.5**
REVENUE minus EXPENDITURES (NOT cumulative)	**(12,883.1)**	**(5,593.8)**	**301.7**	**(4,184.3)**	**3,111.8**	**20,934.4**	**43,863.7**	**24,252.9**	**(4,917.3)**

* Revenues reflect the combined impact of changes in rates and/or levels of consumption.
** Total Requirements do not include OPEB annual expense or OPEB cumulative liability as reflected in GAAP financial statements. These amounts are shown below.

OPEB annual expense	373.0	388.7	373.0	386.3	402.5	419.6	437.9	456.9	477.0
OPEB cumulative (long-term liability)	4,468.1	4,856.8	4,841.1	5,227.4	5,629.9	6,049.5	6,487.4	6,944.3	7,421.3

SURFACE WATER SPECIAL ASSESSMENT FUND

Description

In FY14, Pinellas County began a surface water assessment program to generate dedicated revenues for the management of stormwater drainage and surface water in the unincorporated County. This was 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). The Clean Water Act regulates discharge of pollutants to the waters of the United States through NPDES permits. The control of pollutant discharges to the Municipal Separate Storm Sewer System (MS4) is a best management practice.

On September 14, 2016, the Board adopted the rate of $117.74 per Equivalent Residential Unit (ERU) per year to fund the Surface Water program. The rate is unchanged from the FY17 and FY18 rates, and the resulting revenue is budgeted at $18.8M for FY19.

Summary

The Surface Water Special Assessment Fund is reliant on the assessment of unincorporated properties' calculated impervious area as expressed in ERUs. This assessment revenue is based on program funding needs to achieve and maintain the desired level of service (B-) for surface water services such as flood control, water quality improvements, and NPDES permit requirements.

The forecast for the Surface Water Special Assessment Fund indicates the fund is not balanced throughout the forecast period.

In FY17, new additional resources were allocated with the intention to achieve the approved level of service for operations and maintenance of pipes. That resulted in higher than initially anticipated operating expenditures starting in FY18. From FY20 to FY25, revenues will not be enough to cover new resources and inflationary increases for ongoing expenditures; therefore, accumulated fund balance will be used to offset the variance. It is expected, however, that by FY23 Surface Water program expenditures will decrease as the ten-year level of service is achieved. Inflationary increases will continue driving expenditures upwards in FY24 and FY25.

Revenues

The primary funding source for the Surface Water Special Assessment Fund is the Surface Water Assessment Fee for the unincorporated area and was first approved in FY14.

Surface water assessments are based upon the estimated amount of impervious surfaces on a parcel which contribute to stormwater runoff. Impervious surfaces include the rooftop, patios, parking lots, and similar areas. The County has determined that the median single-family residence in the Surface Water Special Assessment area includes 2,339 square feet of impervious surface, which is the value of one ERU.

The growth in the number of ERUs (167,651) is anticipated to remain flat through the forecast period. Estimated Surface Water assessment revenue for FY19 is $18.8M. Total revenue could potentially be reduced due to mitigation credits. Mitigation credits are intended to reduce the assessment for developed properties that have onsite stormwater management systems that reduce stormwater runoff impacts from the property to the County system. For FY19, the reduction in revenue from mitigation credits is estimated at $224,383.

FY19 Revenues are based on a rate of $117.74 per ERU, which is unchanged from FY16. On September 14, 2017, Surface Water Resolution No. 17-63 for FY18 and subsequent years was adopted by the Board of County Commissioners. For each fiscal year subsequent to FY18, the rate may be increased by no more than 3.0% of the prior year rate and shall not exceed $128.66 per ERU, unless approved by the Board.

The remaining revenues include grants, interlocal agreements, interest, and other miscellaneous revenues such as registration fees for water quality education classes provided by the County, and reimbursements from other governments for NDPES regulatory fees.

Expenditures

The Surface Water Special Assessment Fund supports budgeted expenditures in FY19 totaling $24.3M for its operational plan. The primary expenditures in the fund are $8.4M for personal services expenditures and $15.9M for various surface water programs that cover permit compliance, watershed planning, and open and closed conveyance maintenance and rehabilitation.

For the overall Level of Service (B-) to be achieved, all sub-programs under the surface water assessment must meet their individual Level of Service (LOS) requirements. All sub-programs are currently meeting their LOS requirements, with the exception of two: operations and maintenance (O&M) of pipes and the corrugated metal pipe (CMP) lining/replacement programs. For the LOS (B-) in O&M of pipes program to be achieved, all pipes must be inspected and maintained once every ten years. For the LOS requirement for CMP lining/replacement to be achieved, 24 miles of the CMPs must be lined/replaced within ten years of surface water assessment inception. The overall LOS (B-) is optimistically trending toward achievement throughout the forecast period. In FY18, the CMP lining/replacement program exceeded the single-year goal, which brought the program up to 95% of its overall goal from FY14 to FY18. In previous years, it fell short of the goal largely due to contractor performance issues. At the current pace, the CMP program should be on track again within two years and is expected to fully meet LOS requirements within the forecast period. Looking forward to the end of the forecast period, all changes implemented to improve surface water program performance should be in full effect and the overall LOS (B-) is expected to be fully met.

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

<u>Transfers</u>

The Surface Water Special Assessment Fund transfers funds to the Tax Collector to cover the costs for collection of the assessment pursuant to Florida Statutes. FY19 budgeted costs for this function are $295,800.

Reserves

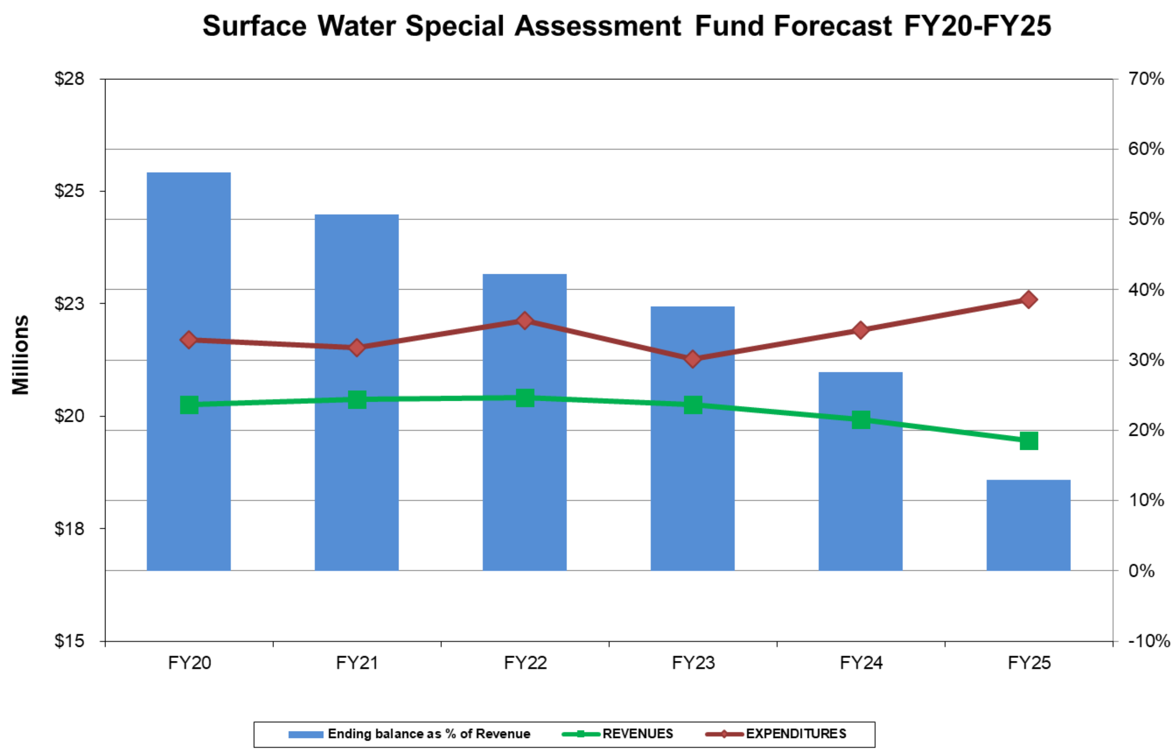
Special assessment revenue is collected from property tax bills which are mailed on the last business day of October. Thus, the majority of the revenue is not received until December, when most of the tax revenue is collected. As a result, expenditures exceed revenues for the first two months of the year; therefore, targeted reserve levels for this fund need to support at least two months of operating expenditures. The FY19 reserve level of $4.3M, or 21.5%, in the Surface Water Special Assessment Fund exceeds the 15.0% required by Budget Policy.

Six-Year Forecast:

Key Assumptions

In the forecasted years, ERU growth is projected to stay flat from FY20 through FY25, but revenue may be negatively impacted by mitigation credits. The rate reflected per ERU is $117.74 through FY25.

Expenditure assumptions are anticipated to follow the inflationary expense growth factors as described in the Key Assumptions section of this document. In FY20, revenues will not be enough to cover estimated inflationary increases for expenditures. By FY23, it is expected that program expenditures will decrease as the ten-year LOS for corrugated metal pipe lining/replacement programs is achieved.



Key Results

In the previous chart, the forecast shows revenues are less than expenditures beginning in FY20 through FY25 as inflationary pressures on expenditures outpace revenues. As the adopted LOS for the corrugated metal pipe program is achieved, expenditures will decrease in FY23. Permit requirements dictate that certain areas of the surface water program, such as the pipe, ditch, and pond programs, adhere to a minimum ten-year maintenance cycle.

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. Mitigation credits for onsite stormwater management systems will also negatively impact revenues.

The Waters of the United States rule under the Clean Water Act by the U.S. Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers may potentially increase program compliance requirements and result in future increased expenditures.

Balancing Strategies

The forecast shows that the Surface Water Special Assessment Fund is out of balance in FY20 as additional resources are allocated to achieve the adopted ten-year LOS. With the estimated flat growth in ERUs, assessment revenues will not be enough to cover inflationary increases for expenditures through FY25. Fund balance will be used to fund this gap until the adopted LOS is achieved and program expenditures decrease.

SURFACE WATER SPECIAL ASSESSMENT FUND FORECAST
Fund 1094

Forecast Assumptions	FY20	FY21	FY22	FY23	FY24	FY25
REVENUES						
Surface Water Assessmt - ERU Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Surface Water Assessmt - CPI incr	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Surface Water Assessmt-Total incr	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
ERU (excludes govt)	167,652	167,652	167,652	167,652	167,652	167,652
Interest	3.2%	3.4%	3.4%	3.4%	3.2%	2.9%
Other revenues	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
EXPENDITURES						
Personal Services	3.6%	4.2%	4.3%	4.4%	4.4%	4.4%
Operating Expenses	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Capital Outlay	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Projected Economic Conditions / Indicators:						
Consumer Price Index, % change	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FL Per Capita Personal Income Growth	2.0%	1.7%	1.1%	0.9%	0.7%	0.7%

SURFACE WATER SPECIAL ASSESSMENT FUND FORECAST
Fund 1094

(in $ thousands)	Actual FY18	Budget FY19	FORECAST Estimated FY19	Estimated FY20	Estimated FY21	Estimated FY22	Estimated FY23	Estimated FY24	Estimated FY25
Annual Rate **	$117.74	$117.74	$117.74	$117.74	$117.74	$117.74	$117.74	$117.74	$117.74
BEGINNING FUND BALANCE	**11,691.3**	**8,719.1**	**13,402.0**	**12,923.9**	**11,487.3**	**10,343.0**	**8,632.8**	**7,636.7**	**5,648.9**
REVENUES									
Surface Water Assessment *									
Non-Ad Valorem Assessment	19,169.9	18,799.4	18,752.3	18,752.3	18,752.4	18,752.4	18,752.4	18,752.4	18,752.4
Grants (fed/state/local)	394.4	489.3	624.3	607.0	737.0	801.3	694.0	398.0	-
Interest	244.8	47.5	321.6	405.3	385.0	346.7	289.3	237.2	162.2
Other revenues	454.2	470.8	485.7	496.8	508.3	520.0	531.9	544.2	556.7
TOTAL REVENUES	**20,263.2**	**19,807.0**	**20,184.0**	**20,261.5**	**20,382.7**	**20,420.3**	**20,267.6**	**19,931.8**	**19,471.3**
% vs prior year			-0.4%	0.4%	0.6%	0.2%	-0.7%	-1.7%	-2.3%
TOTAL RESOURCES	**31,954.5**	**28,526.0**	**33,585.9**	**33,185.3**	**31,869.9**	**30,763.3**	**28,900.4**	**27,568.5**	**25,120.1**
EXPENDITURES									
Personal Services	7,188.9	8,366.4	7,864.4	8,143.6	8,485.6	8,846.3	9,231.1	9,632.6	10,056.5
Operating Expenses	7,765.4	13,004.0	10,403.2	10,642.5	10,120.0	10,352.7	10,590.9	10,834.4	11,083.6
Capital Outlay	1,248.7	98.7	98.7	100.9	103.3	105.6	108.1	110.6	113.1
CIP	2,063.0	2,500.0	2,000.0	2,500.0	2,500.0	2,500.0	1,000.0	1,000.0	1,000.0
Constitutional Officer Transfers	286.5	295.8	295.8	311.1	318.0	325.9	333.7	342.0	350.6
TOTAL EXPENDITURES	**18,552.6**	**24,264.8**	**20,662.1**	**21,698.1**	**21,526.9**	**22,130.5**	**21,263.7**	**21,919.6**	**22,603.8**
% vs prior year			11.4%	5.0%	-0.8%	2.8%	-3.9%	3.1%	3.1%
ENDING FUND BALANCE	**13,402.0**	**4,261.2**	**12,923.9**	**11,487.3**	**10,343.0**	**8,632.8**	**7,636.7**	**5,648.9**	**2,516.3**
Ending balance as % of Revenue	66.1%	21.5%	64.0%	56.7%	50.7%	42.3%	37.7%	28.3%	12.9%
TOTAL REQUIREMENTS	**31,954.5**	**28,526.0**	**33,585.9**	**33,185.3**	**31,869.9**	**30,763.3**	**28,900.4**	**27,568.5**	**25,120.1**
REVENUE minus EXPENDITURES (NOT cumulative)	1,710.7	(4,457.9)	(478.1)	(1,436.6)	(1,144.2)	(1,710.3)	(996.1)	(1,987.8)	(3,132.5)
note: non-recurring expenditures	-		-	-	-	-	-	-	-
net recurring rev- exp	**1,710.7**	**(4,457.9)**	**(478.1)**	**(1,436.6)**	**(1,144.2)**	**(1,710.3)**	**(996.1)**	**(1,987.8)**	**(3,132.5)**

* Per Statute, revenue is budgeted at 95.0% of total calculated amount.
** Annual rate based on 167,651.6 ERU in FY19. Rate may
be increased by no more than 3% of the amount of the per
Net ERU rate for the prior fiscal year and shall not exceed

Glossary

GLOSSARY

Ad Valorem Tax - A tax levied in proportion to the value of the property against which it is levied.

Adopted Budget - The financial plan for the fiscal year beginning October 1. It is required by law to be approved by the Board of County Commissioners at the second of two public hearings.

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

- “Doubled” the existing $25,000 homestead exemption (except for school taxes)
- Allows for up to $500,000 of the Save Our Homes exemption to be applied to another property (portability)
- Imposed a 10.0% cap on assessments for non-homestead property (school taxes exempt)
- Instituted a new tangible personal property exemption of $25,000

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

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

Beginning Fund Balance - The Ending Fund Balance of the previous period. (See Ending Fund Balance definition.)

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

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

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

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

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

Capital Outlay or Capital Equipment - Items such as office furniture, fleet equipment, data processing equipment, and other operating equipment with a unit cost of $1,000 or more.

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

GLOSSARY

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

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

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

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

Debt Service Coverage Ratio - A ratio indicating the amount of cash available to meet annual principal and interest payments on debt. The general calculation is net operating income divided by the total debt service amount.

Dependent Special District - A special district, whose governing body or whose budget is established by the governing body of the County or municipality to which it is dependent.

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

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

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

Enterprise Fund - A fund used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

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

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

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

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

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

Gross Domestic Product - Gross Domestic Product (GDP) is the generally accepted measure of the size of the national economy. GDP is the value of the goods and services produced by the nation’s economy less the value of the goods and services used up in production. GDP is also equal to the sum of personal consumption expenditures, gross private domestic investment, net exports of goods and services, and government consumption expenditures and gross investment.

Gross Domestic Product by state - the market value of goods and services produced by the labor and property located in a state. GDP by state is the state counterpart of the Nation's GDP, the Bureau of Economic Analysis’ featured and most comprehensive measure of U.S. economic activity.

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

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

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

Internal Service Fund - A fund established to finance and account for services and commodities furnished by one department to other departments on a cost reimbursement basis.

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

GLOSSARY

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

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

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

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

Personal Income - The income received by, or on behalf of, all persons from all sources: from participation as laborers in production, from owning a home or business, from the ownership of financial assets, and from government and business in the form of transfers. It includes income from domestic sources as well as the rest of the world. It does not include realized or unrealized capital gains or losses.

Personal Services - Expenses for salaries, wages and related employee benefits provided for all persons, whether full-time, part-time, temporary, or seasonal.

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

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

Revenue - The amount estimated to be received from taxes, fees, permits, or other sources during a fiscal year.

Rolled-Back Rate - The millage rate which, when applied to the total amount of taxable value of property (excluding new construction), produces the same amount of tax dollars as the previous year. Calculation of the "rolled-back rate" is governed by Florida Statutes.

GLOSSARY

Save Our Homes Amendment – This Constitutional Amendment was approved by Florida voters in 1992, and it took effect on the 1995 tax rolls. SOH limits, or caps the annual increase in assessed value of property that has a homestead exemption. It was intended to protect homeowners from escalating property tax bills resulting from growth in market value, a situation that was perceived to be forcing some people, particularly residents on fixed incomes, to sell their homes.

Special Revenue Fund - A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Statute - A written law enacted by a duly organized and constituted legislative body.

Support Funding - Support funding is provided by the Board of County Commissioners for those activities for which costs do not apply solely to any specific county department's function, but are either applicable to the operation of county government as a whole, or are provided for the public good.

Taxable Value - The assessed value of property minus any authorized exemptions (i.e., agricultural, homestead exemption). This value is used to determine the amount of property (ad valorem) tax to be levied.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit.

Transfers - Because of legal or other restrictions, monies collected in one fund may need to be expended in other funds. This is accomplished through Transfer-In (a source of funds) for the recipient fund and an equal Transfer-Out (a use of funds) for the donor fund. When this movement occurs between different funds, it is known as an Interfund Transfer.

Unincorporated Area - That portion of the County which is not within the boundaries of any municipality.

GLOSSARY