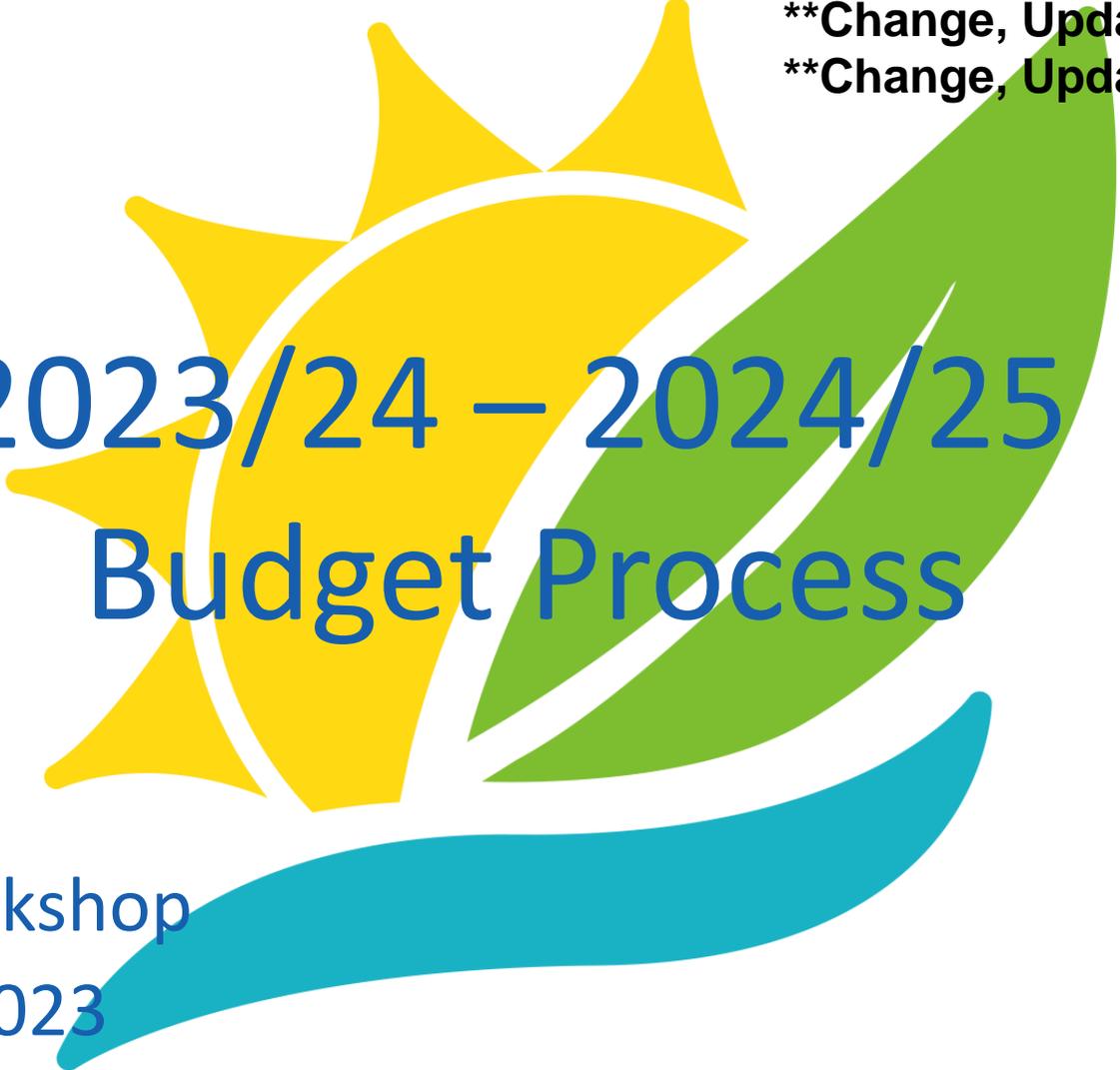


****Change, Updated slides 38-40, 3/3/2023****
****Change, Updated slide 25, 3/8/2023****

A stylized logo featuring a yellow sun with rays on the left, a green leaf on the right, and a teal wave-like shape at the bottom. The sun and leaf are partially overlapping.

2023/24 – 2024/25 Budget Process

BCC Workshop
Mar 9, 2023



CHARLOTTE COUNTY
FLORIDA

Agenda

- Overview of Financial Trends
- Policy Review
- Preliminary Projections
- Moody Update
- Economic Uncertainties
- BCC Strategic Plan

Calendar

December	<p>Review of proposed process with BCC</p> <p>Results from Employee Survey</p>
January	<p>Prepare review packet for BCC</p> <ul style="list-style-type: none"> • Employee Survey • Financial Trends and Projections • Organization and Community Plan
February	<p>BCC Strategic Plan Workshop (BCC Retreat)</p> <p>Board Workshop for Capital Projects</p> <p>Department to update Performance Based Budget Information (PBB)</p>
March	<p>Budget Process Update</p> <ul style="list-style-type: none"> • Assumptions and projected financial status • Confirm direction to organization • Review of Policies <p>Goals Workshop each Focus Area</p> <p>Department budget submission due</p> <p>Department meetings with Budget to review operations and programs, confirm requests and prepare for meeting with Admin</p>

Calendar

April	Departmental Budget meetings with Admin
May	BCC Workshop <ul style="list-style-type: none">• Review of operations, service levels and cost by strategic focus area• Review efforts to advance BCC Goals• Update Revenue Picture
May-June	Internal balancing of budget
July	Presentation of Recommended Budget MSBU Public Hearings
September	Public Hearings on Recommended 2023/24 – 2024/25 Budget BCC adoption of 2023/24-2024/25 Budget

A large, stylized graphic in the background features a yellow sun with rays on the left, a green leaf on the right, and a teal wave-like shape at the bottom. The text "Overview of Financial Trends" is centered over this graphic.

Overview of Financial Trends



Trends

- Revenues
- Expenditures
- Property Valuations
- Employees

* FY21/22 Actuals – Unaudited

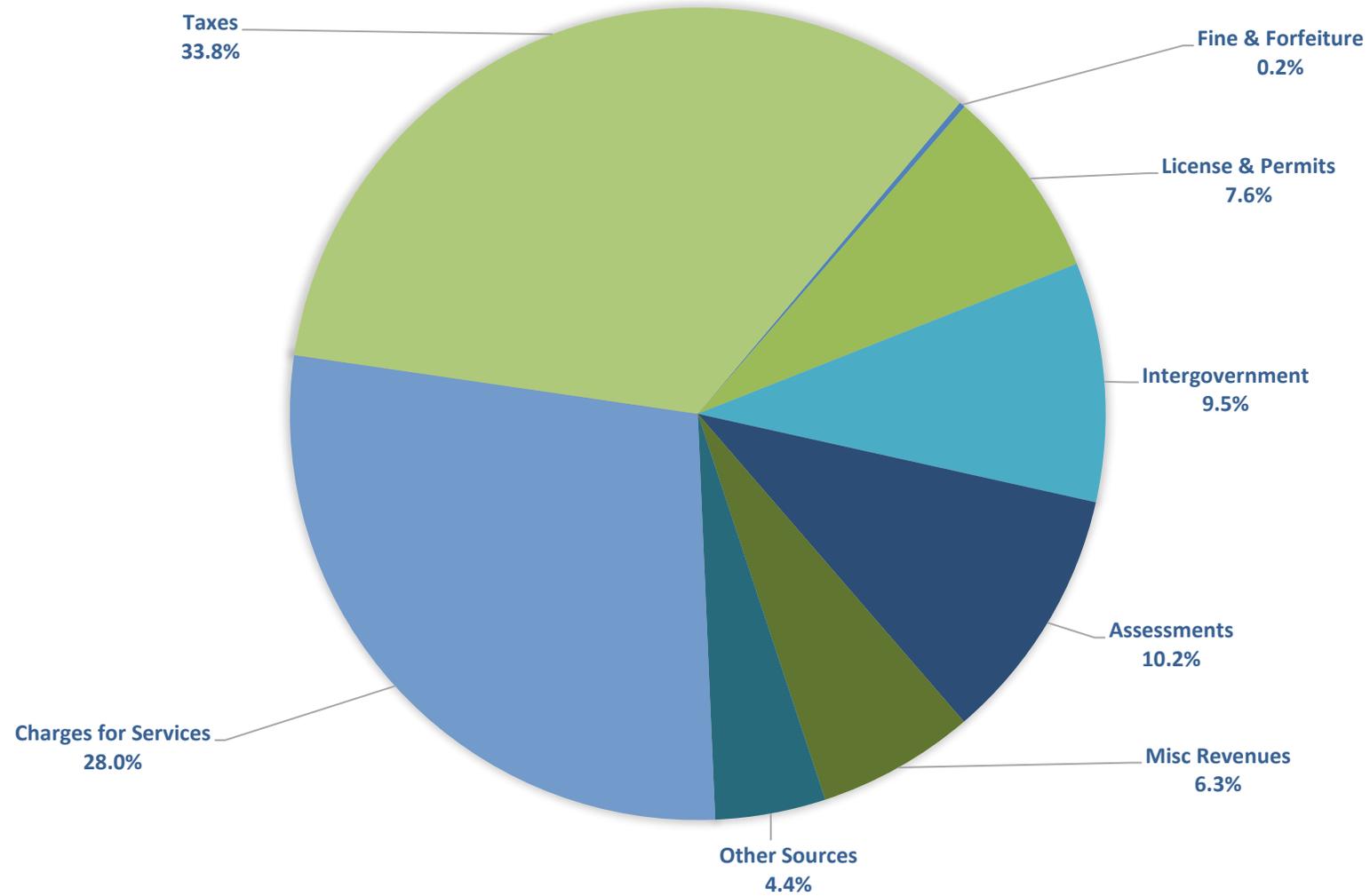
Revenues



CHARLOTTE COUNTY
FLORIDA

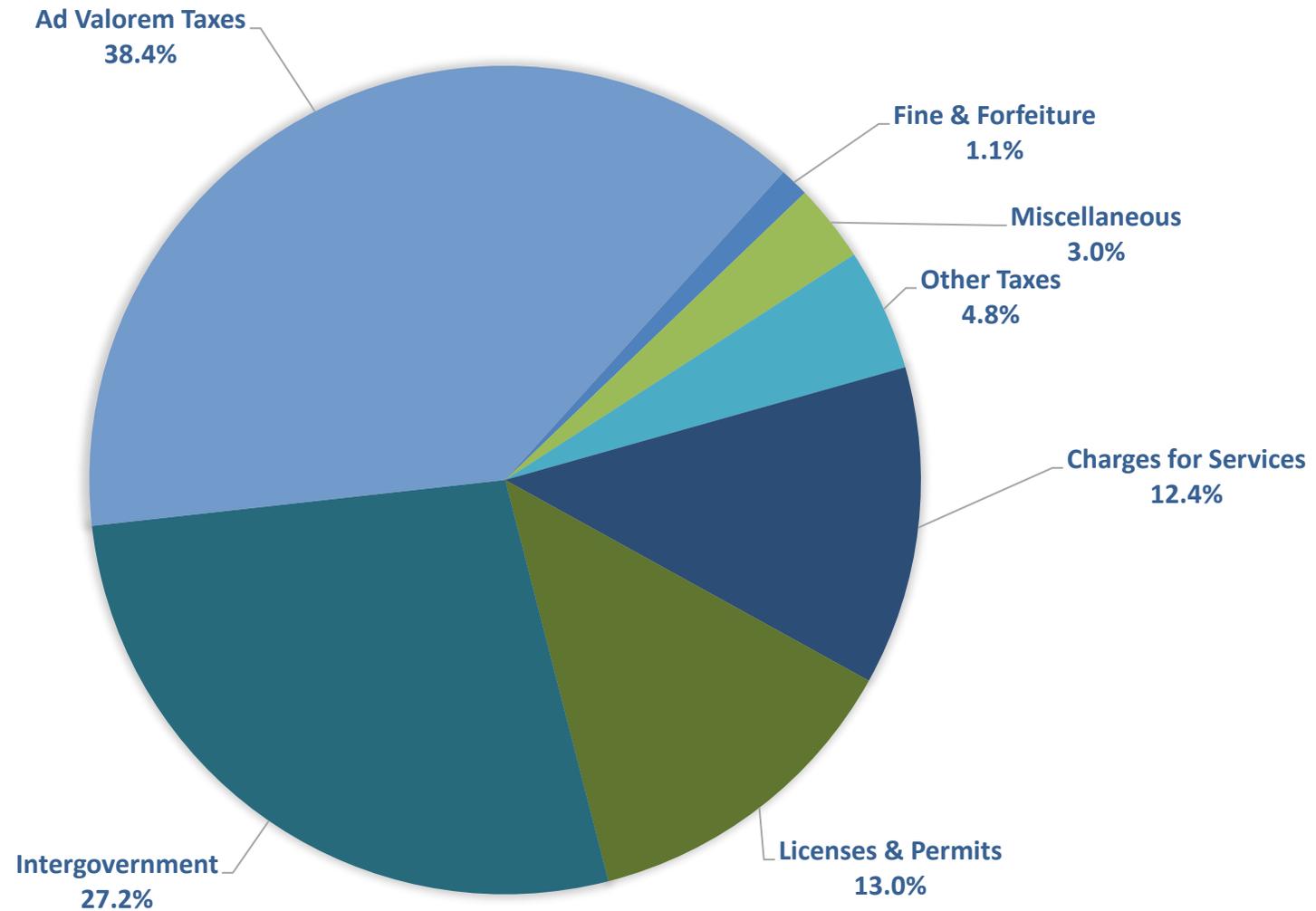
All Funds

Source of Funds (FY21/22)



General Fund

Source of Funds (FY21/22)



Major Revenues

(FY21/22 Actuals)

Ad Valorem Tax	175,527,899
Water & Sewer Charges	97,626,873
Assessments	71,899,833
Local Sales Tax	39,398,768
State Revenue Sharing	30,392,044
Gasoline Tax	14,228,470
Franchise Fees	12,256,500
Landfill Fees	9,709,909
Ambulance Service Fees	9,584,152
Tourist Development Tax	7,762,508
Interest Earnings	6,652,121
Communication Services Tax	4,682,320

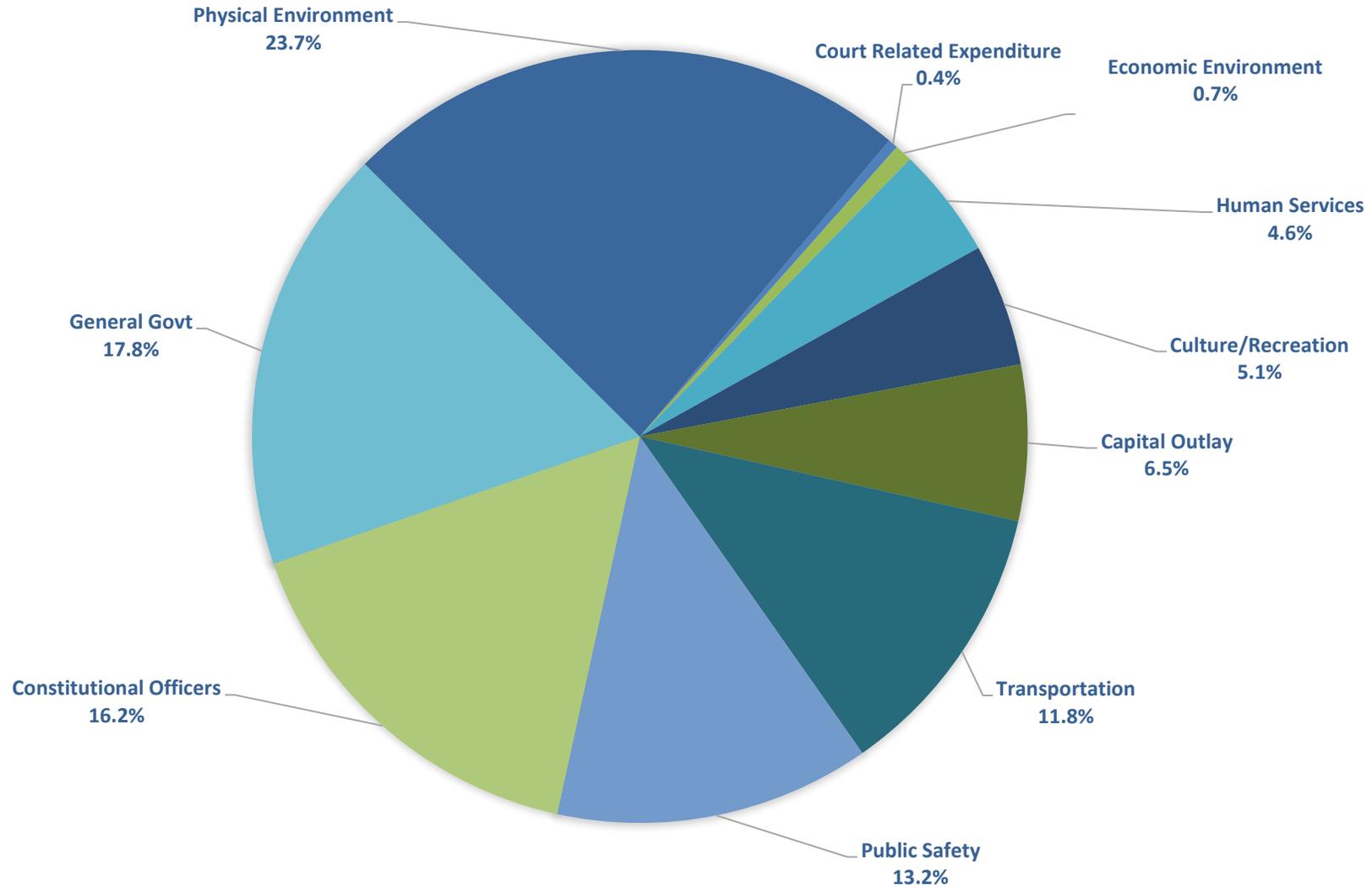


Expenditures



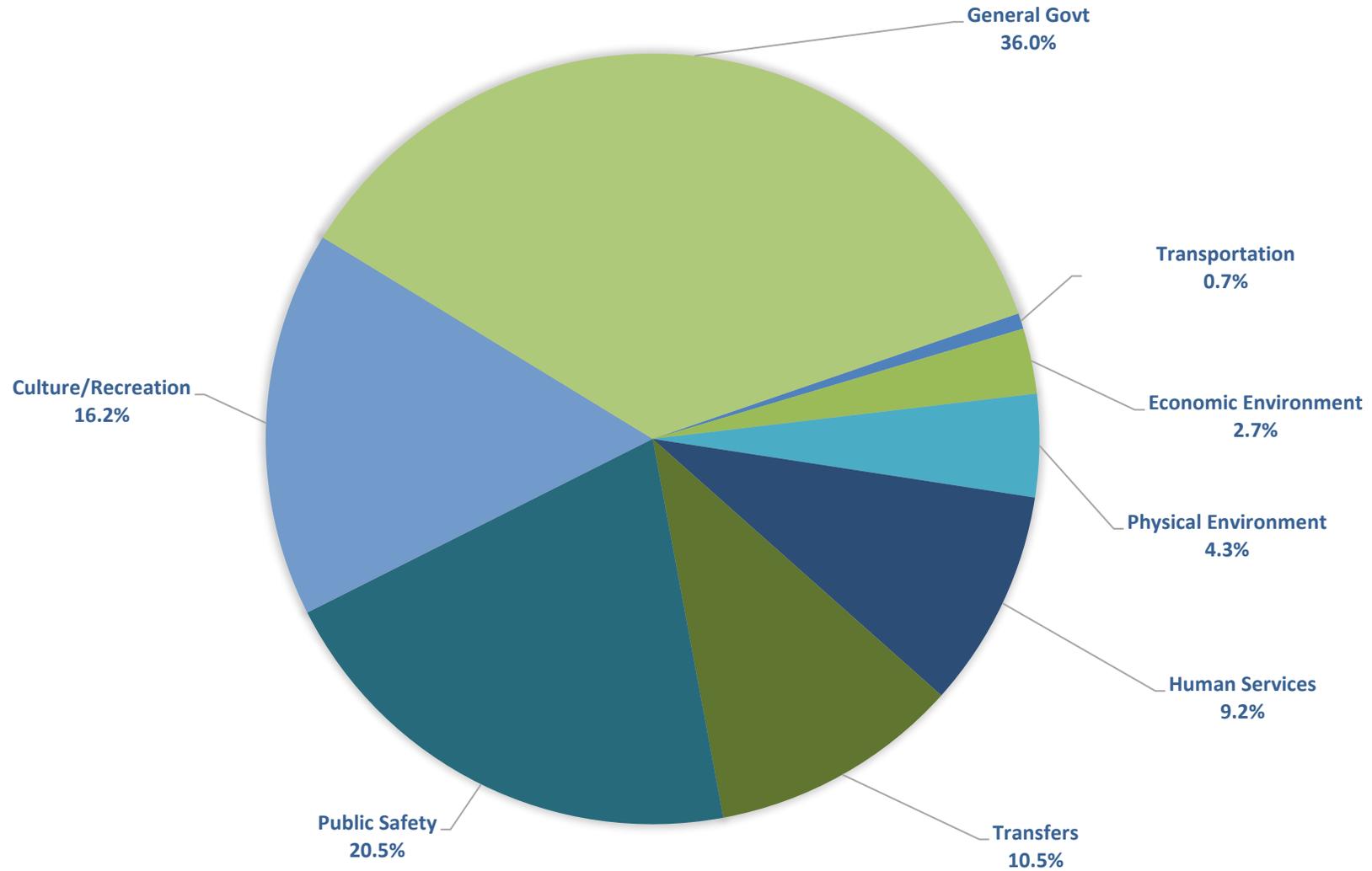
CHARLOTTE COUNTY
FLORIDA

All Funds Expenditures FY21/22



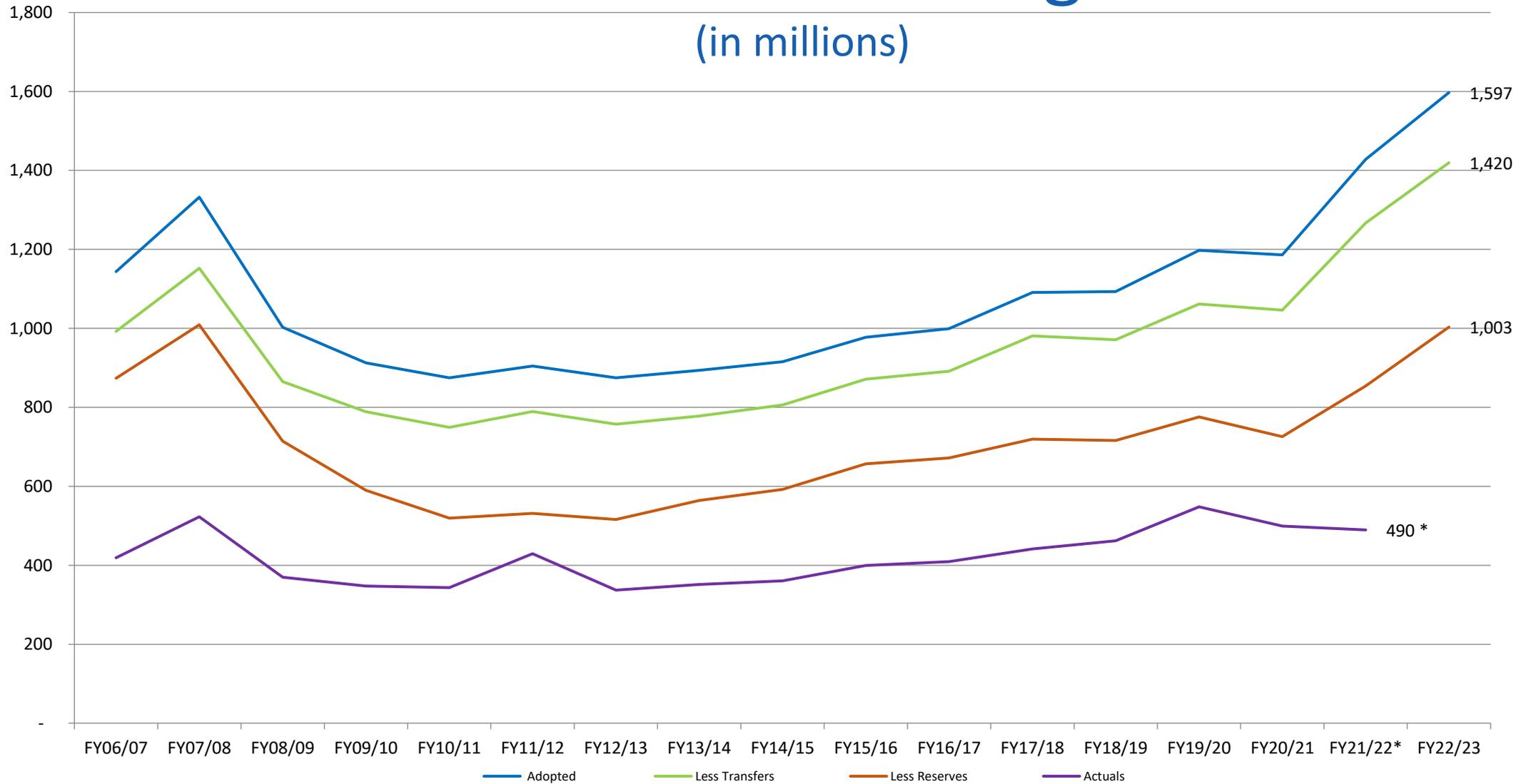
General Fund Expenditures

FY21/22



Net Amended Budgets

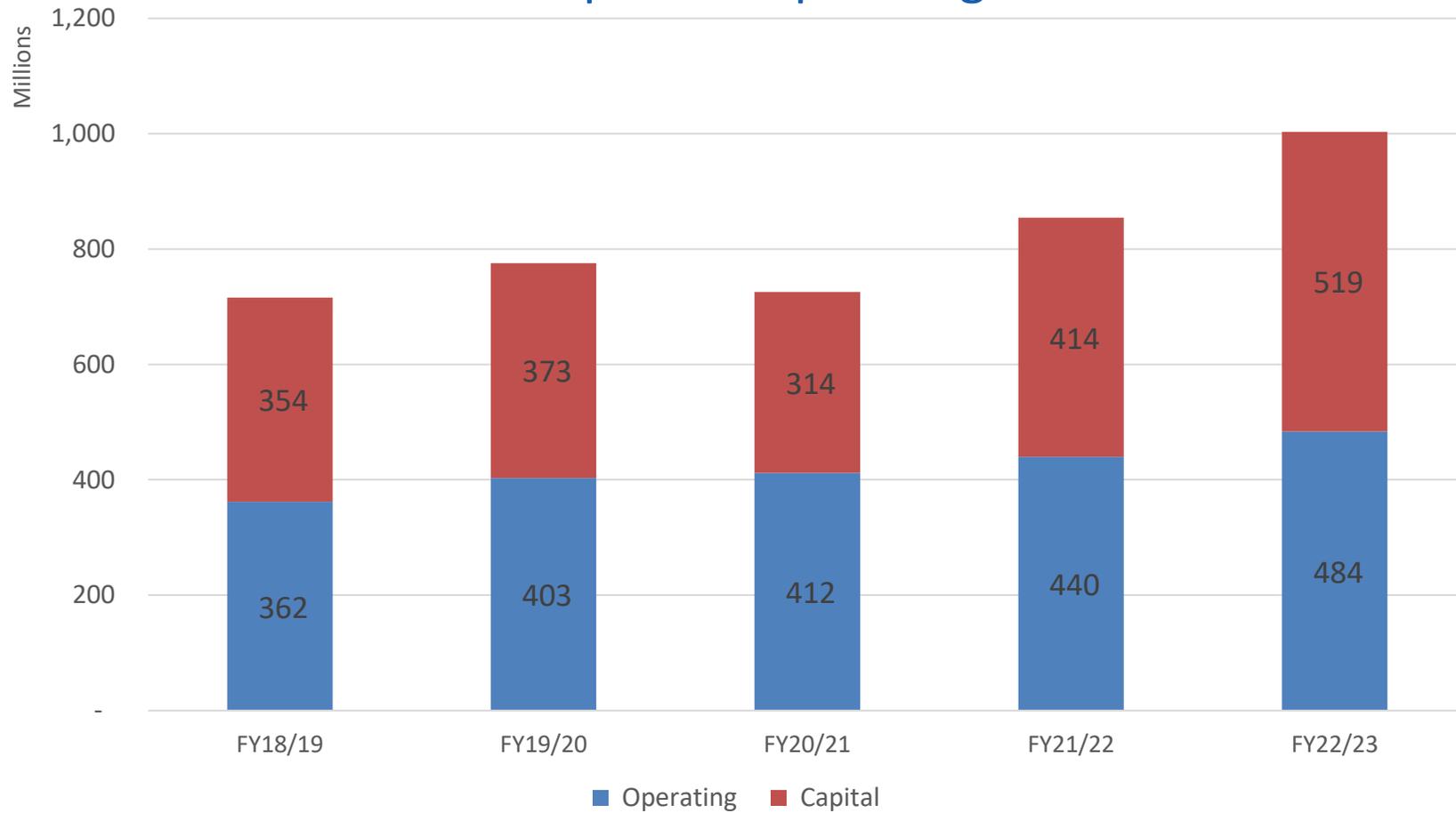
(in millions)



* FY 22 Actuals unaudited 2/1/23

Net Budget

Capital vs Operating

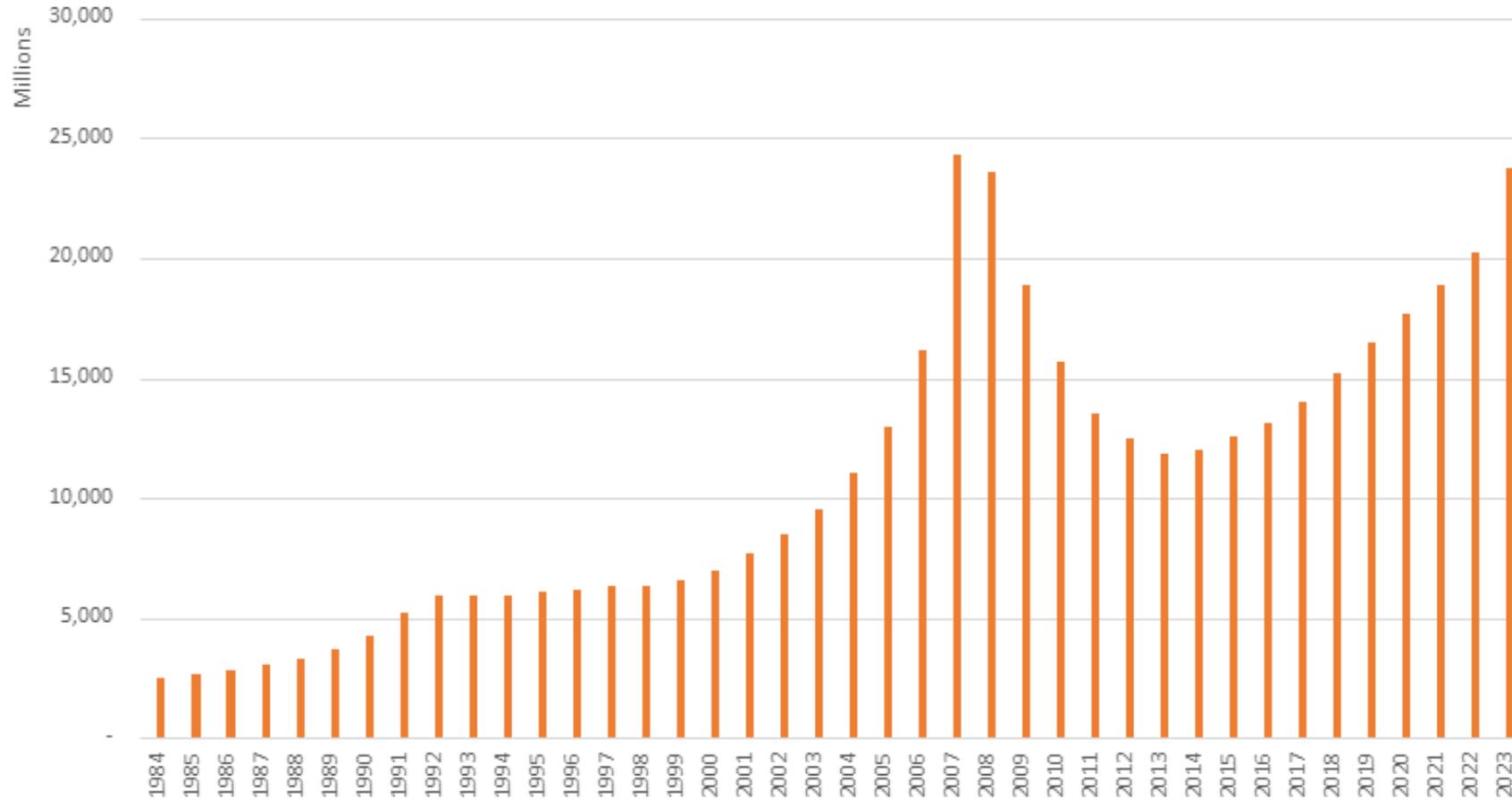


Property Valuations



CHARLOTTE COUNTY
FLORIDA

Assessed Valuation

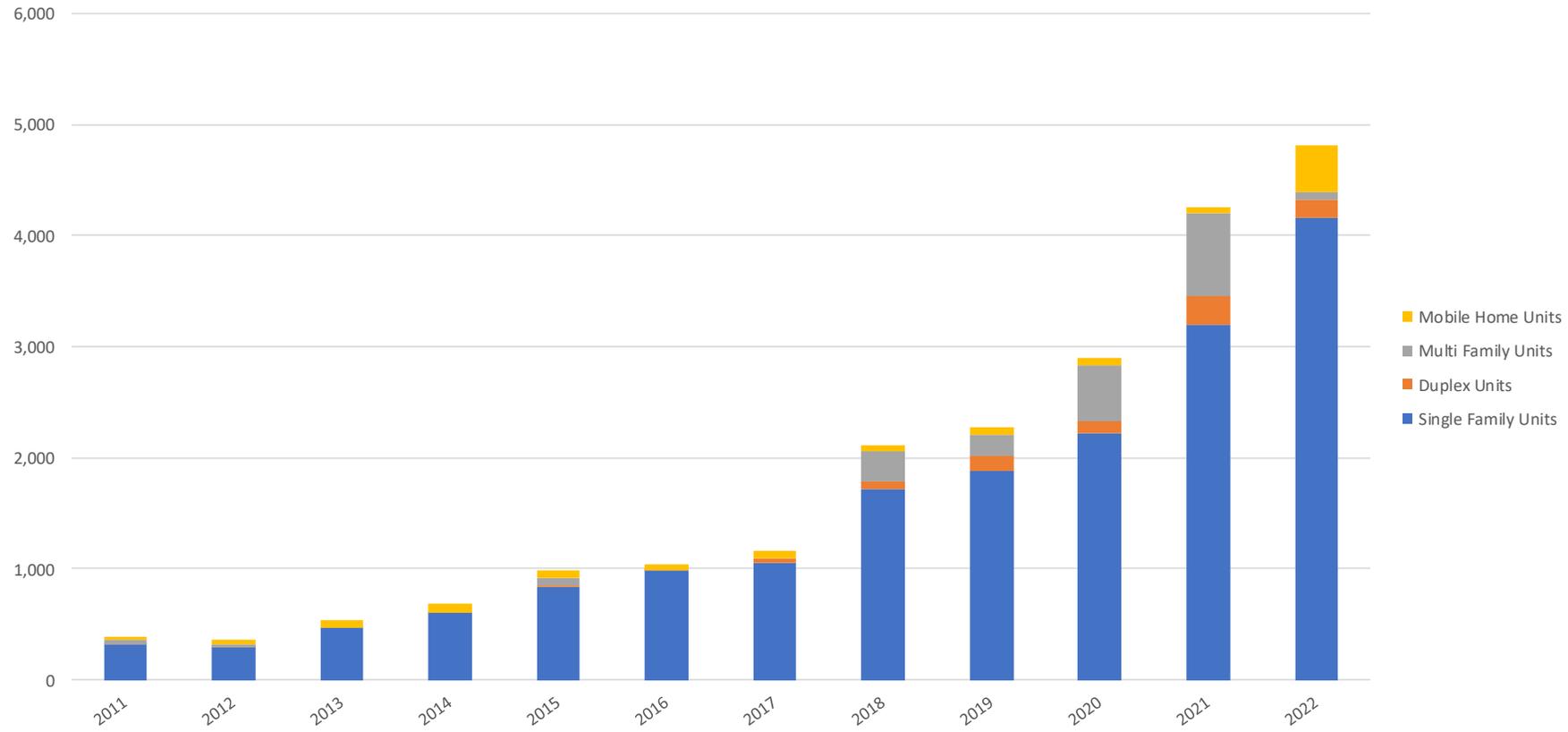


Ad Valorem Variance (Estimated)

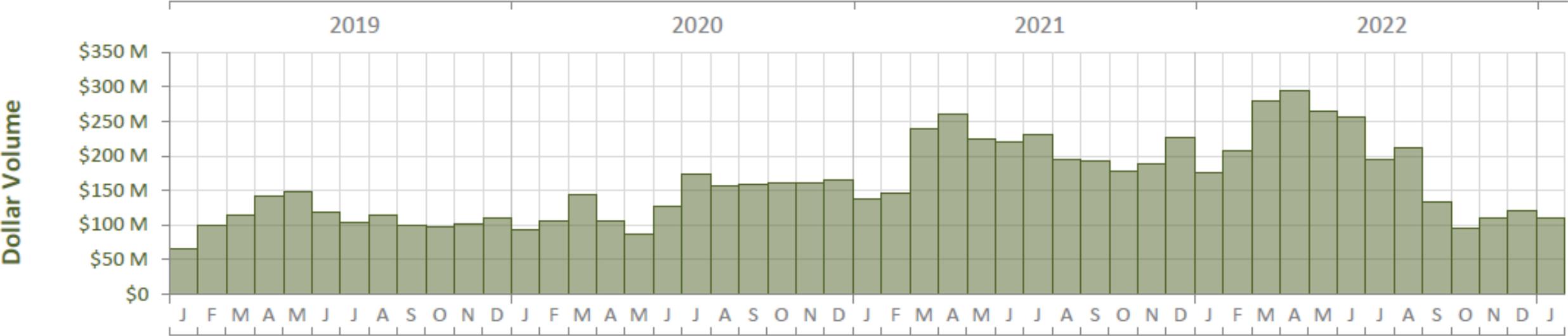
*Presented 9-7-2022

Homestead	2,636,319
New Construction	6,613,616
Non-Residential	4,290,081
Other	<u>18,861,982</u>
	32,401,998

Residential Permits



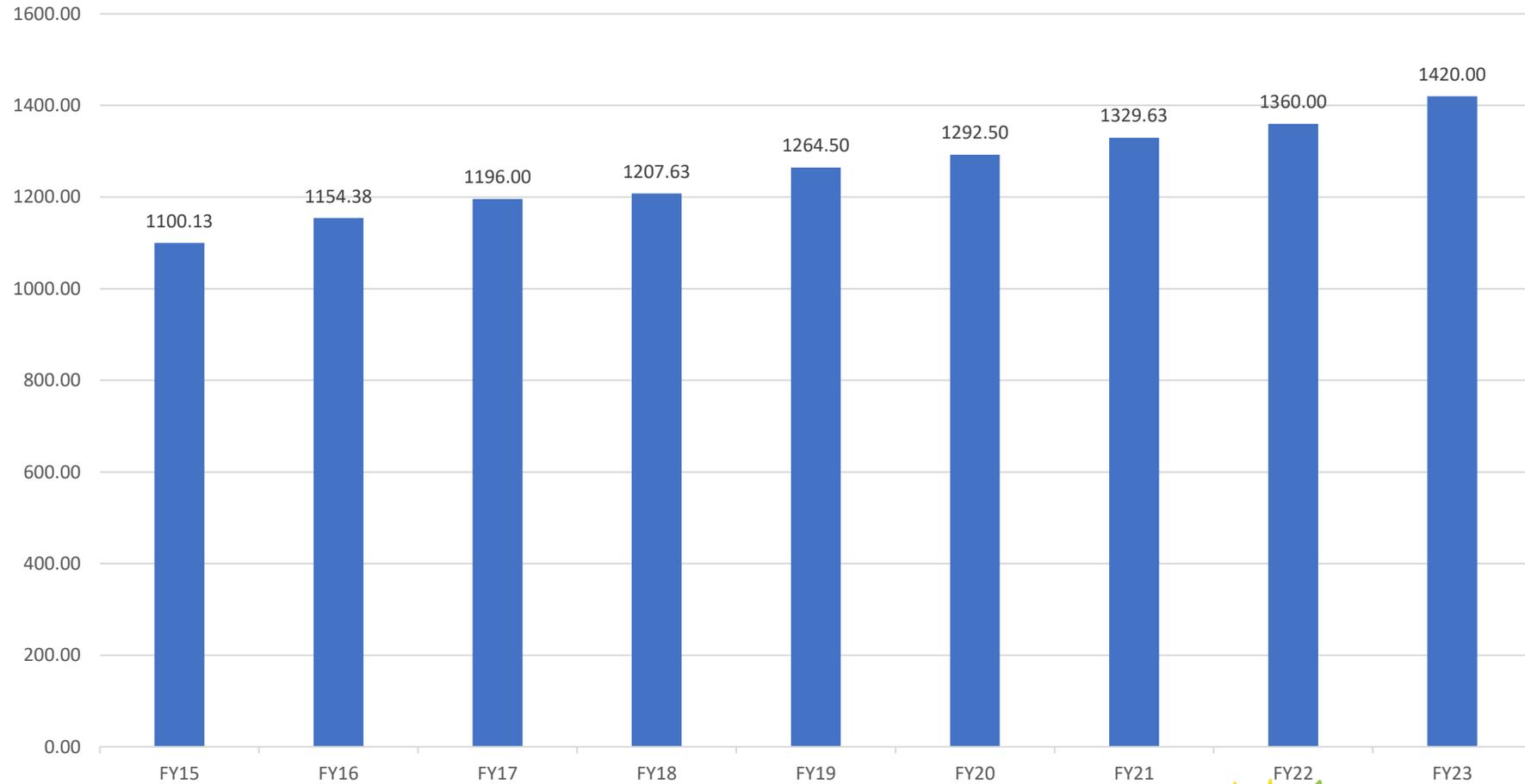
Dollar Volume of Sales



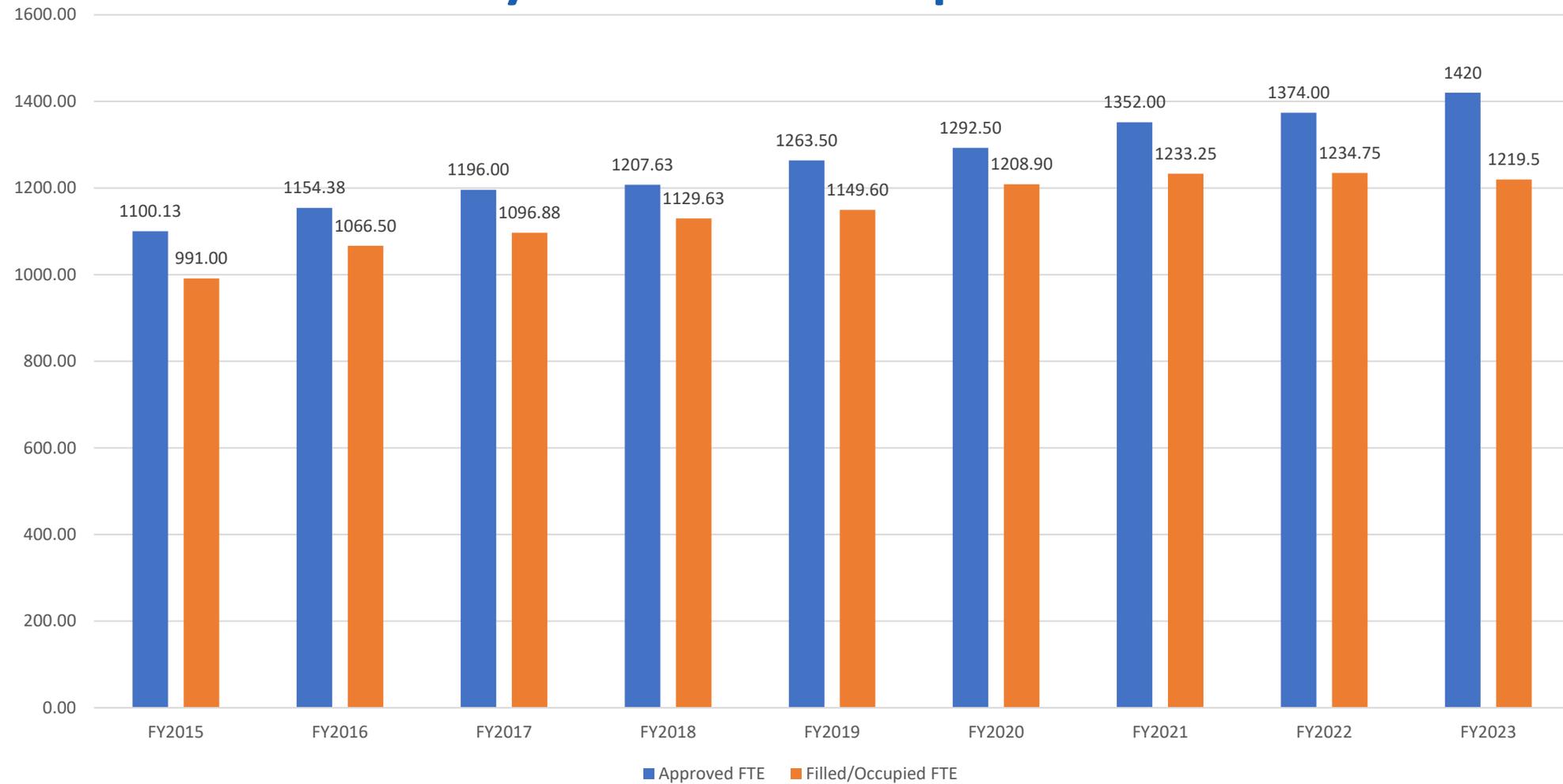
Employees

BCC Countywide FTE Count

As of 10/1/2022



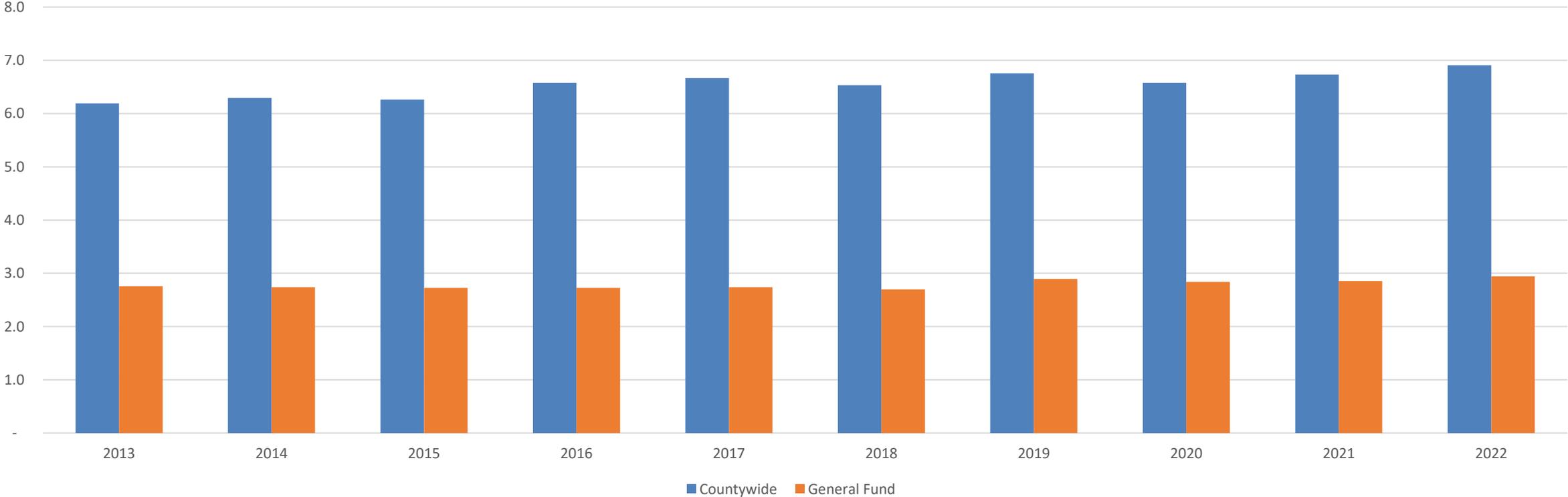
BCC Countywide Occupied FTE Count



*FTE and Occupied counts as of October 1st of the applicable Fiscal Year

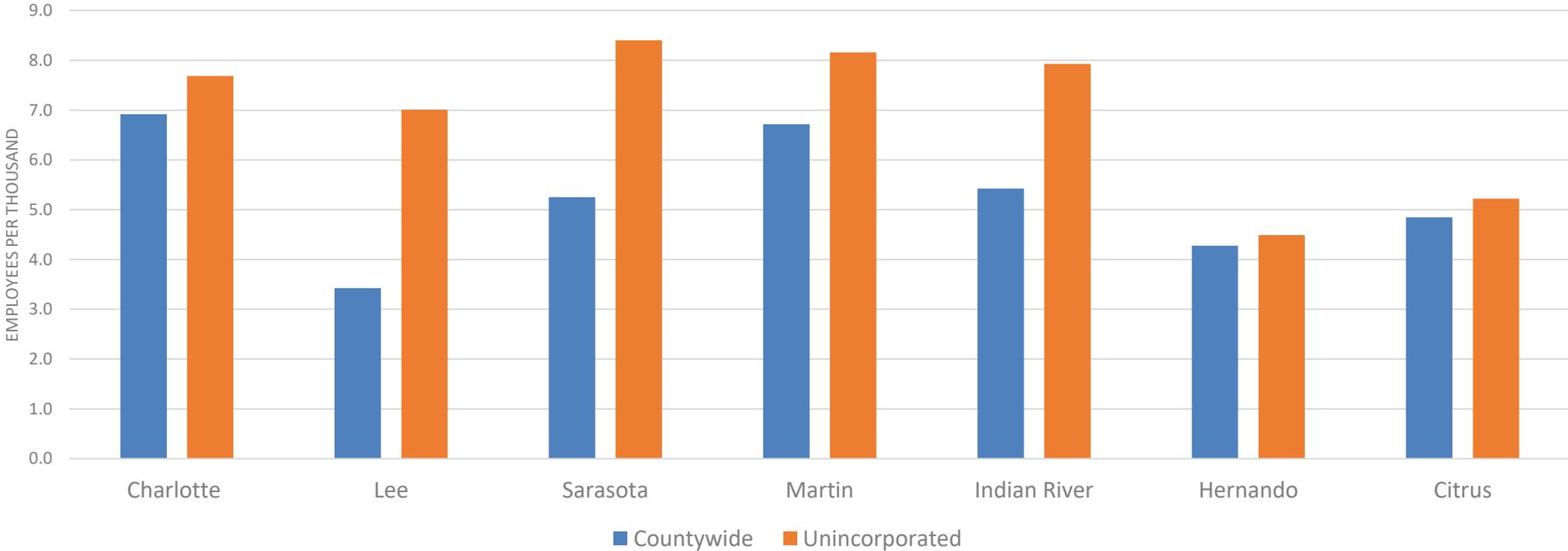
Employees / Thousand Population

Employees per 1000 Population



Employees / Thousand Population

Other County Comparison



Total Employees			
Charlotte	1,359	Indian River	898
Lee	2,746	Hernando	852
Sarasota	2,375	Citrus	766
Martin	1,086		



A large graphic featuring a yellow sun with rays, a green leaf, and a teal leaf, all overlapping. The text is centered over this graphic.

Policy Review

Reserves & Debt



Types of Reserves

- Cash Carry Forward Reserves
- Contingency Reserves
- Fiscal Stabilization Reserves
- Future Capital Reserves
- Restricted Reserves

Reserve Policy

Reserve for Contingencies: To mitigate current and future risks such as revenue shortfalls, unanticipated expenditures, and to ensure stable tax rates; and other unforeseen financial situations. A balance not less than 5% and not greater than 10% percent of the total budget.

Cash Carried Forward Reserve: For the purpose of paying expenses from October 1 of the ensuing fiscal year until the time when the revenues for that year are expected to be available. A balance not less than 5% and not greater than 10% percent of the total budget.

Fiscal Stabilization Reserve: To meet unexpected immediate increases in service delivery costs, or to maintain service levels in the event that an economic downturn should cause a shortfall in revenues or for expenditures associated **with a major storm or other unforeseen disaster that fundamentally alters the current tax base.** A balance not less than 15% percent of the General Fund.

Reserve Policy Revisions

V. Risk Management

Risk Management Self Insurance Funds include Health Benefits, Casualty, and Workers' Compensation Programs, and all maintain reserves for Outstanding Liabilities.

The Health Fund will endeavor to maintain approximately 90 days of claim payments based upon previous full year spending averages.

Minimum reserving for the Casualty Program, and the Workers' Compensation Program, shall not be less than the Annual Actuarial Report at the 70% undiscounted confidence level for Outstanding Liabilities. ~~Additionally, this reserving will also include funding at 1% of Total Insured Value of Property Assets for retentions associated with catastrophic claims such as a named storm, flood, or fire, which cannot be projected within an actuarial study due to infrequent timing, frequency, and severity of these events.~~

Reserves

	Contingency	Cash Carry Forward	Fiscal Stabilization	Future Capital	Restricted	Total
Ad Valorem	18,950,180	17,000,000	21,200,042	-	-	57,150,222
Transportation Trust	3,177,930	-	-	-	-	3,177,930
Building Construction Services	-	3,387,096	-	10,000,000	-	13,387,096
MSBU/TU	25,564,044	21,999,772	-	51,803,455	1,736,962	101,104,233
Fire Rescue Unit	2,630,495	2,630,494	-	-	-	5,260,989
Capital Projects	72,050	-	-	77,270,033	-	77,342,083
Utilities	45,460,798	-	2,481,182	20,517,646	19,077,287 ^a	87,536,913
Landfill	8,227,647	-	-	4,948,280	13,057,168 ^b	26,233,095
All Other *	16,226,777	5,071,090	-	8,679,864	9,553,653	39,531,384
	120,309,921	50,088,452	23,681,224	173,219,278	43,425,070	410,723,945

a Restricted by Bond Covenant to guarantee debt service

b Restricted for future landfill closure

* All Other consists of:

Internal Service Funds such as Self Insurance and Vehicle Revolving Fund

Special Revenue Funds such as Tourism Development and Boater Revolving Fund

Ad Valorem Reserves

	FY23 Total <u>Budgeted Reserves</u>	% of Budget	Target
Contingency	\$ 18,950,180	5.16%	5% - 10%
Cash Carry Forward	\$ 17,000,000	4.63%	5% - 10%
Fiscal Stabilization	<u>\$ 21,200,042</u>	11.38%	>15% *
Total:	\$ 57,150,222		

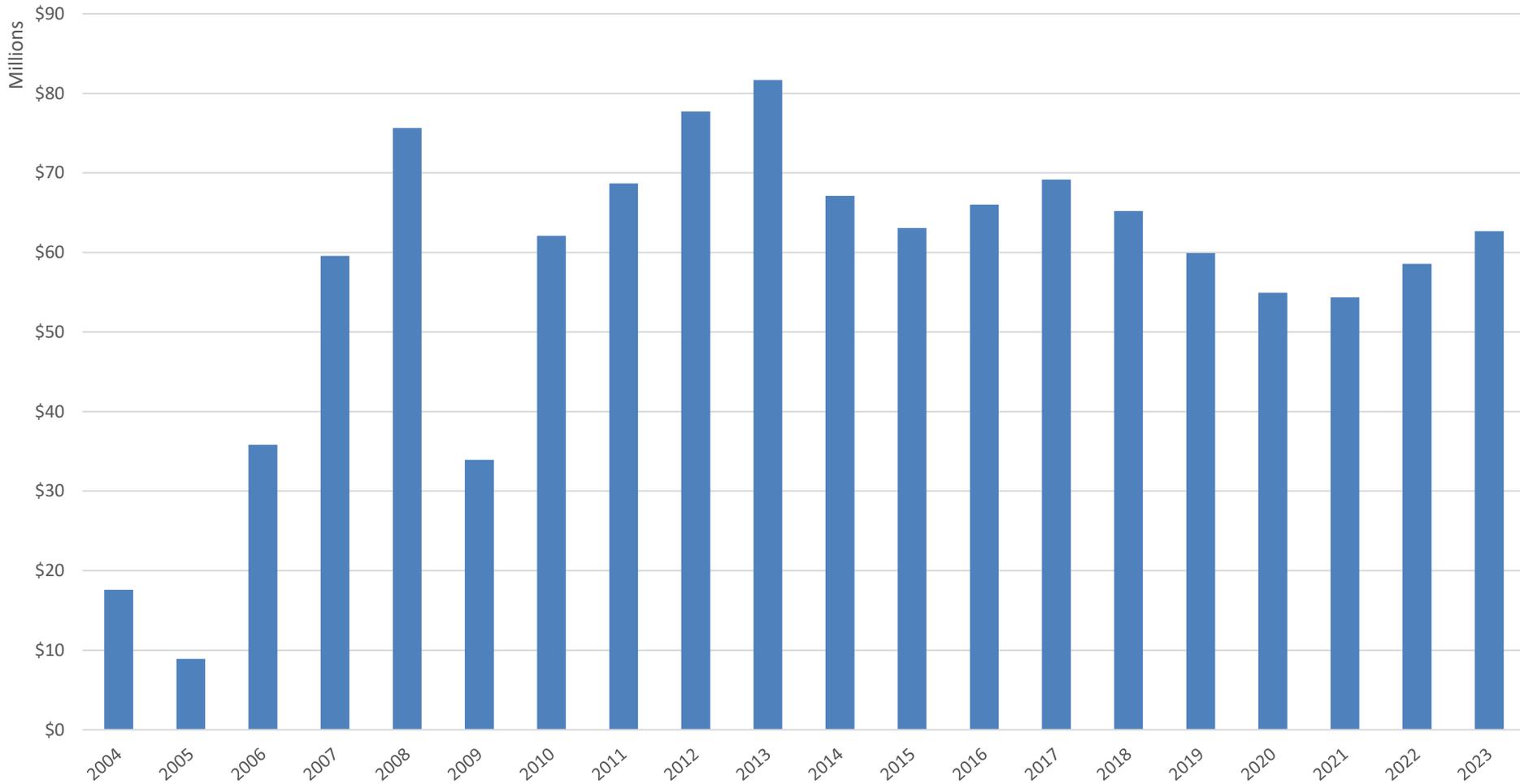
* Percentage of General Fund Only.

Revised Ad Valorem Reserves

	FY23 Total <u>Actual Reserves</u>	% of Budget	Target
Contingency	\$18,950,180	5.16%	5% - 10%
Cash Carry Forward	\$17,000,000	4.63%	5% - 10%
Fiscal Stabilization	<u>\$33,589,329</u>	18.03%	>15% *
Total:	\$69,539,509		

* Percentage of General Fund Only.

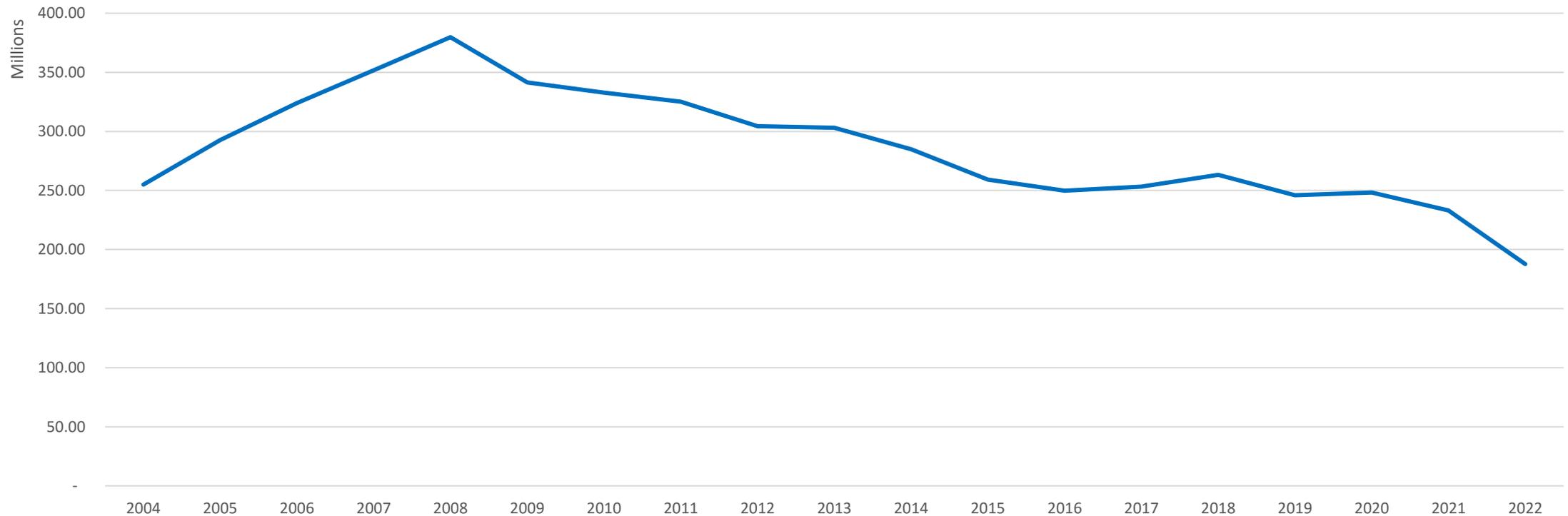
Ad Valorem Beginning Balance



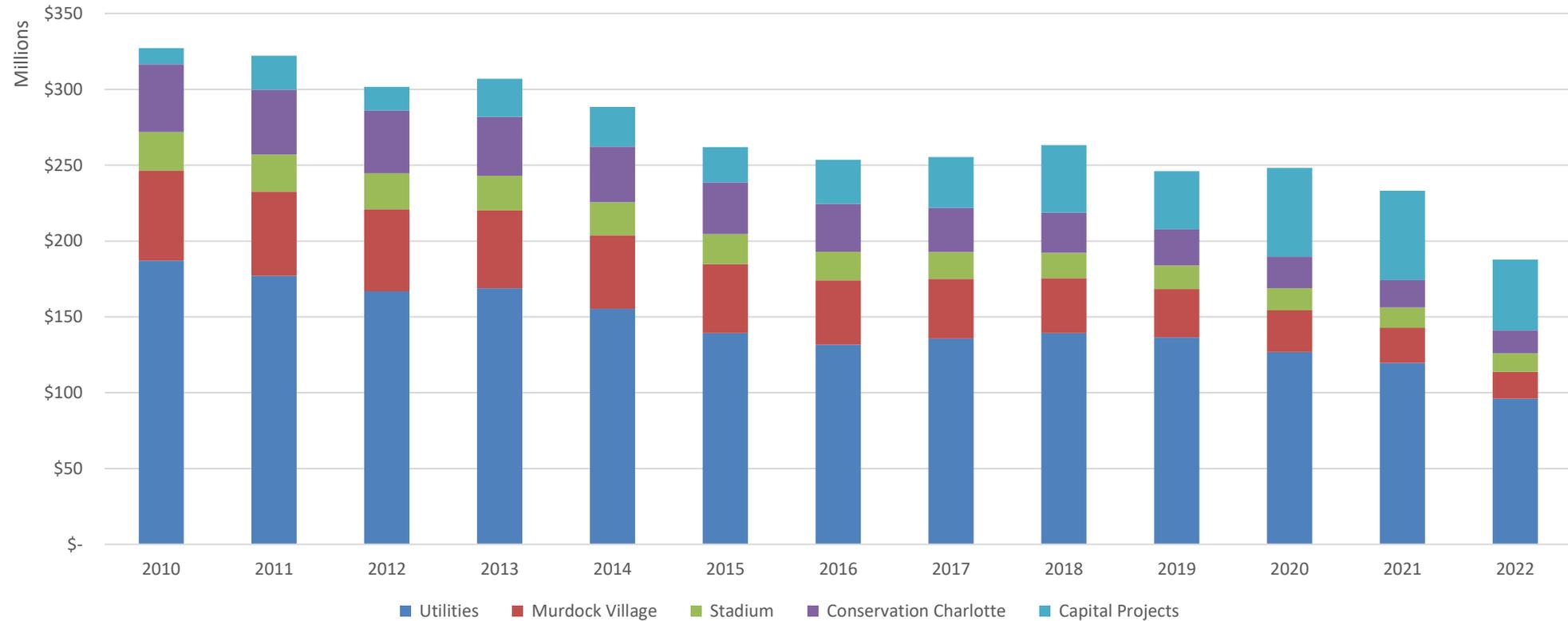
Debt Policy

The objective of Charlotte County's Debt Policy is to maintain the County's ability to incur present and future debt at the most advantageous circumstances to the County and its citizens, for purposes of financing or refinancing approved elements of its capital improvements program and other County projects.

Charlotte County 20 Year Debt Position



Charlotte County Debt Breakdown



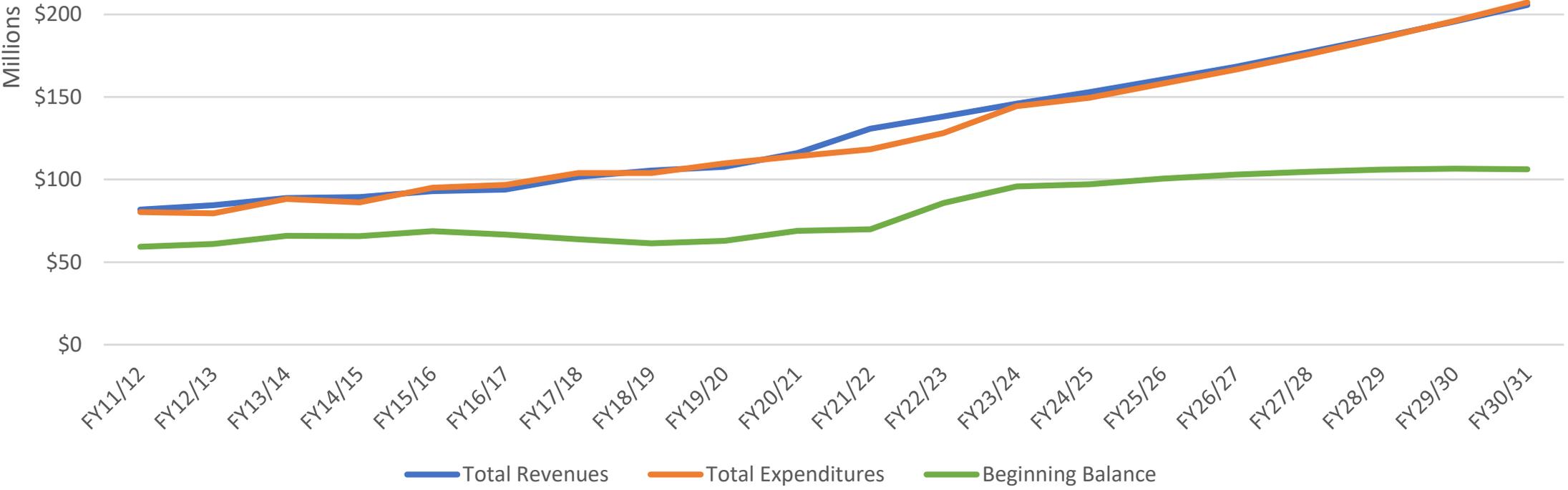
A large, stylized graphic in the background featuring a yellow sun with rays, a green leaf, and a teal wave-like shape. The text "2023/24 Preliminary Projection" is overlaid in blue.

2023/24 Preliminary Projection



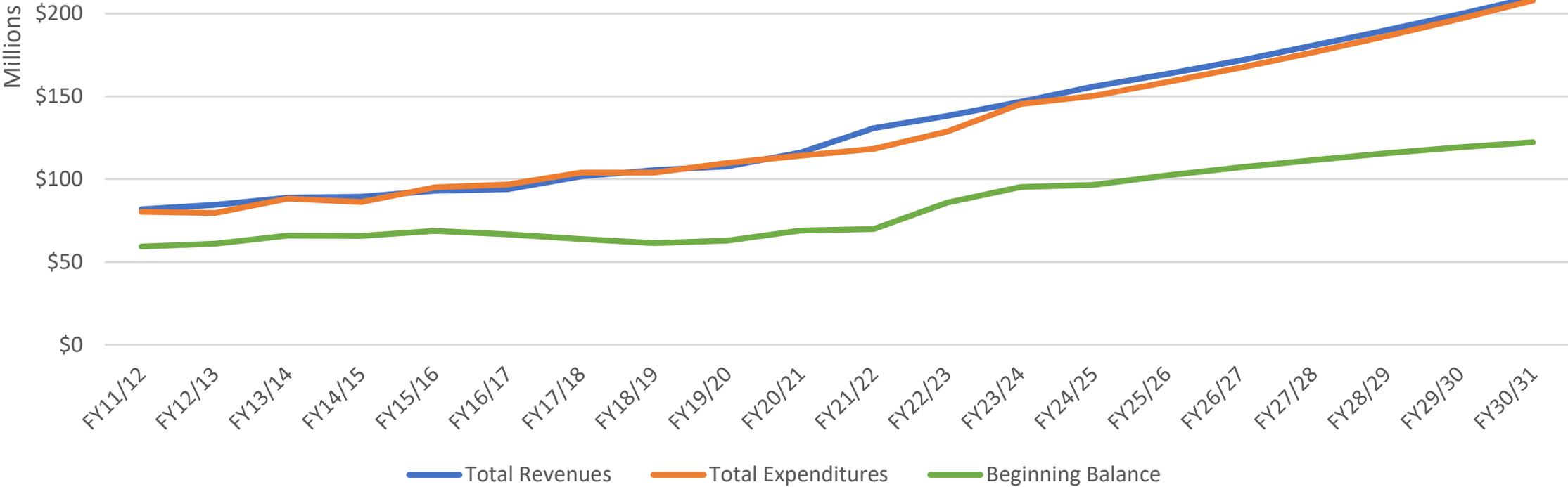
General Fund

10 Year Projection



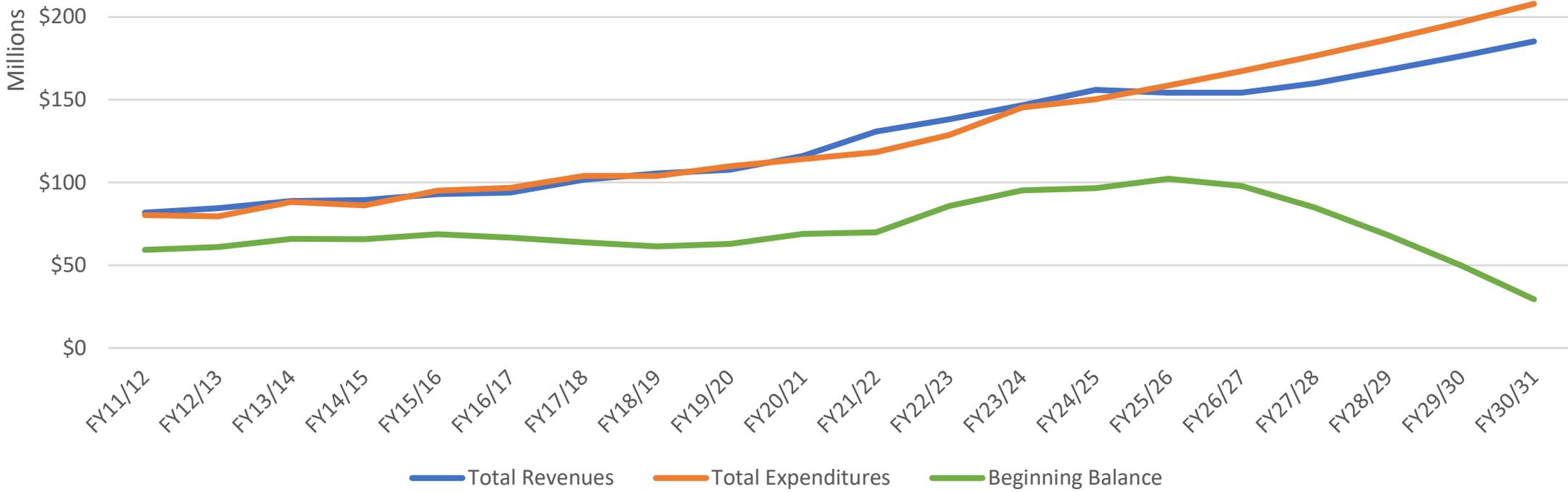
General Fund

with 2 Years Inflation



General Fund

Recession





Moody Update



Environmental, Social & Governance (ESG) Risk

- General Principles, Methodology & Scoring

Purpose of ESG Profiles

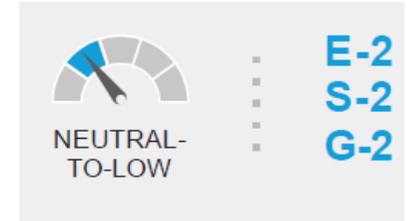
- Provide a perspective on non-financial material issues that may impact credit risk
- Assess risk-levels associated with material issues within a comparable framework
- Classify assigned risk levels within narrow categories and sub-categories

Environmental	Social		Governance	
	Private sector	Public sector	Private sector	Public sector
Physical climate risks	Customer relations	Access to basic services	Financial strategy & risk management	Institutional structure
Carbon transition	Demographic and societal trends	Demographics	Management credibility & track record	Policy credibility and effectiveness
Water management	Human capital	Education	Organizational structure	Budget management
Waste and pollution	Health and safety	Health and safety	Board structure, policies & procedures	Transparency and disclosure
Natural capital	Responsible production	Housing	Compliance & reporting	
		Labor and income		

Source: Moody's Investors Service

Purpose of ESG Profiles

- Provide additional transparency/data for investors
 - Investors are increasingly “values conscious”
 - Rapidly changing world economically AND environmentally/socially
 - Credit ratings and financial trends provide underlying economics
 - ESG profiles provide insight into material governance and administration of assets
- Resiliency is the leading question for each ESG profile score
- Sustainability of resources indicate levels of risk
- Measurement of ability to mitigate risk/capitalize on opportunities
- Each category and sub-category is assessed on a five-point scale
- Score of 1 is positive; score of 5 is very negative



Charlotte County ESG Profile Scores

Environmental Categories — E-4

● High/Moderate	Physical Climate Risk	4	
● Low	Carbon Transition	2	
● Low	Water Management	2	
● Low	Natural Capital	2	
● Low	Waste and Pollution	2	

Charlotte County ESG Profile Scores

Social Categories — S-2

● Low	Demographics	2	
● Low	Labor & Income	2	
● Low	Education	2	
● Low	Housing	2	
● Low	Health & Safety	2	
● Low	Access to Basic Services	2	

Charlotte County ESG Profile Scores

Governance Categories — G-1

● Positive	Institutional Structure	1	
● Positive	Policy Credibility & Effectiveness	1	
● Positive	Budget Management	1	
● Low	Transparency & Disclosure	2	

Impacts of ESG Profile Score on Ratings

Score

Definition



POSITIVE

CIS-1

For an issuer scored CIS-1 (Positive), its ESG attributes are overall considered as having a positive impact on the rating. The overall positive influence from its ESG attributes on the rating is material.



NEUTRAL-
TO-LOW

CIS-2

For an issuer scored CIS-2 (Neutral-to-Low), its ESG attributes are overall considered as having a neutral-to-low impact on the current rating; i.e., the overall influence of these attributes on the rating is non-material.



MODERATELY
NEGATIVE

CIS-3

For an issuer scored CIS-3 (Moderately Negative), its ESG attributes are overall considered as having a limited impact on the current rating, with greater potential for future negative impact over time. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-2.



HIGHLY
NEGATIVE

CIS-4

For an issuer scored CIS-4 (Highly Negative), its ESG attributes are overall considered as having a discernible negative impact on the current rating. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-3.



VERY HIGHLY
NEGATIVE

CIS-5

For an issuer scored CIS-5 (Very Highly Negative), its ESG attributes are overall considered as having a very high negative impact on the current rating. The negative influence of the overall ESG attributes on the rating is more pronounced compared to an issuer scored CIS-4.



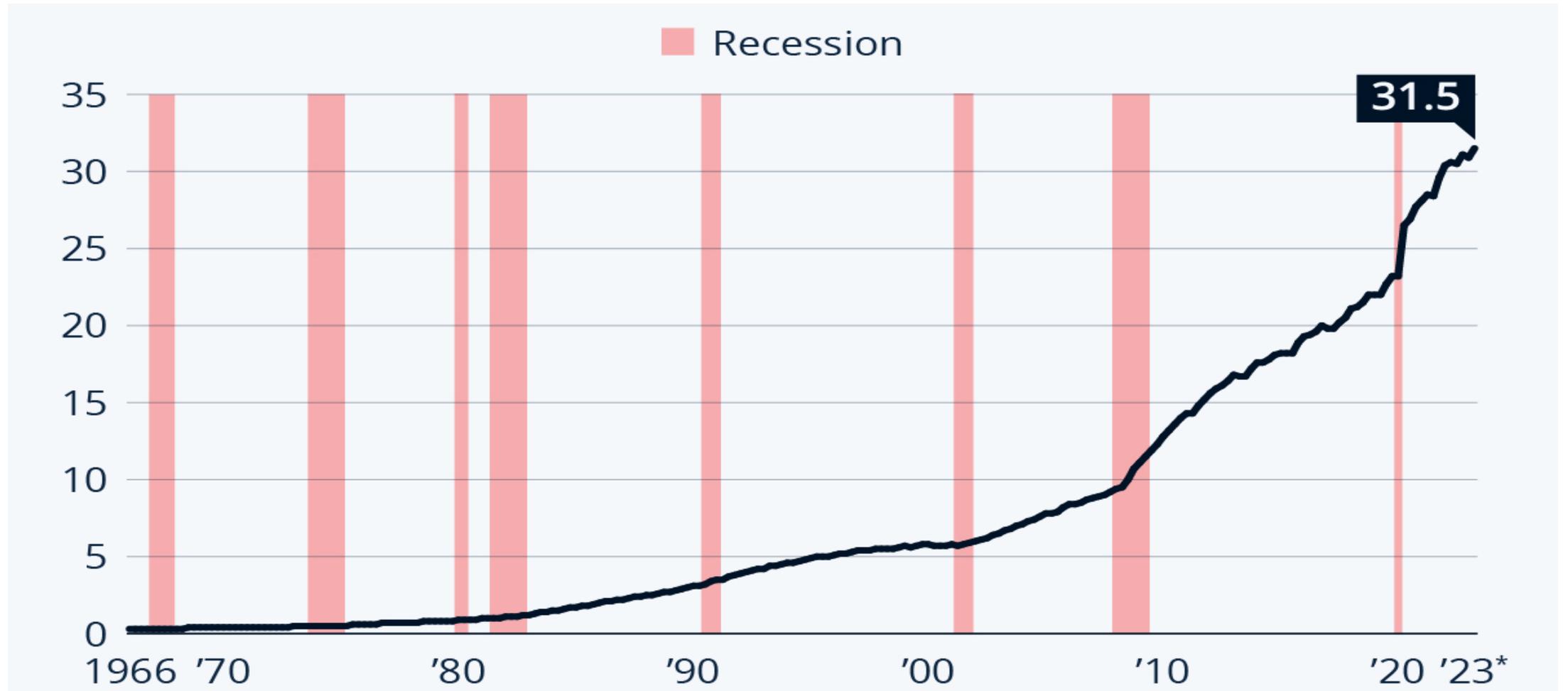
CHARLOTTE COUNTY
FLORIDA

A stylized graphic featuring a yellow sun with rays on the left, a green leaf on the right, and a teal wave-like shape at the bottom. The text "Economic Indicators" is overlaid in the center.

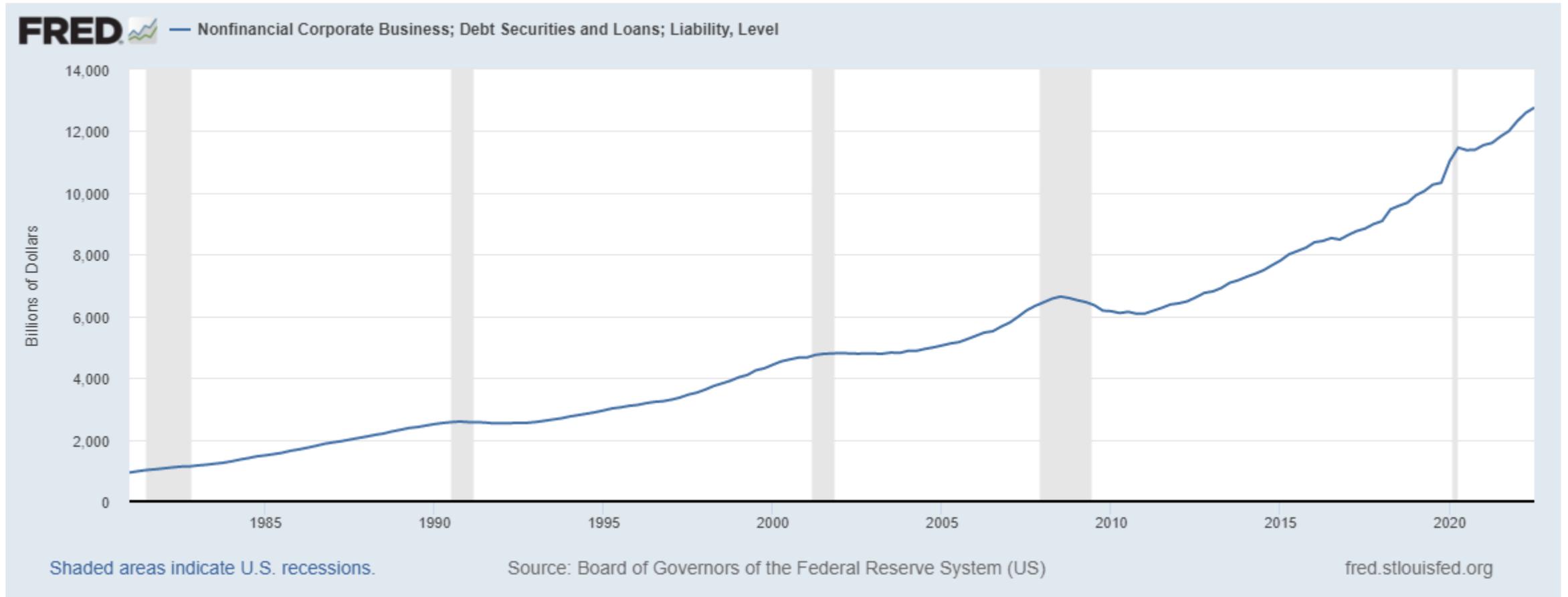
Economic Indicators



National Debt



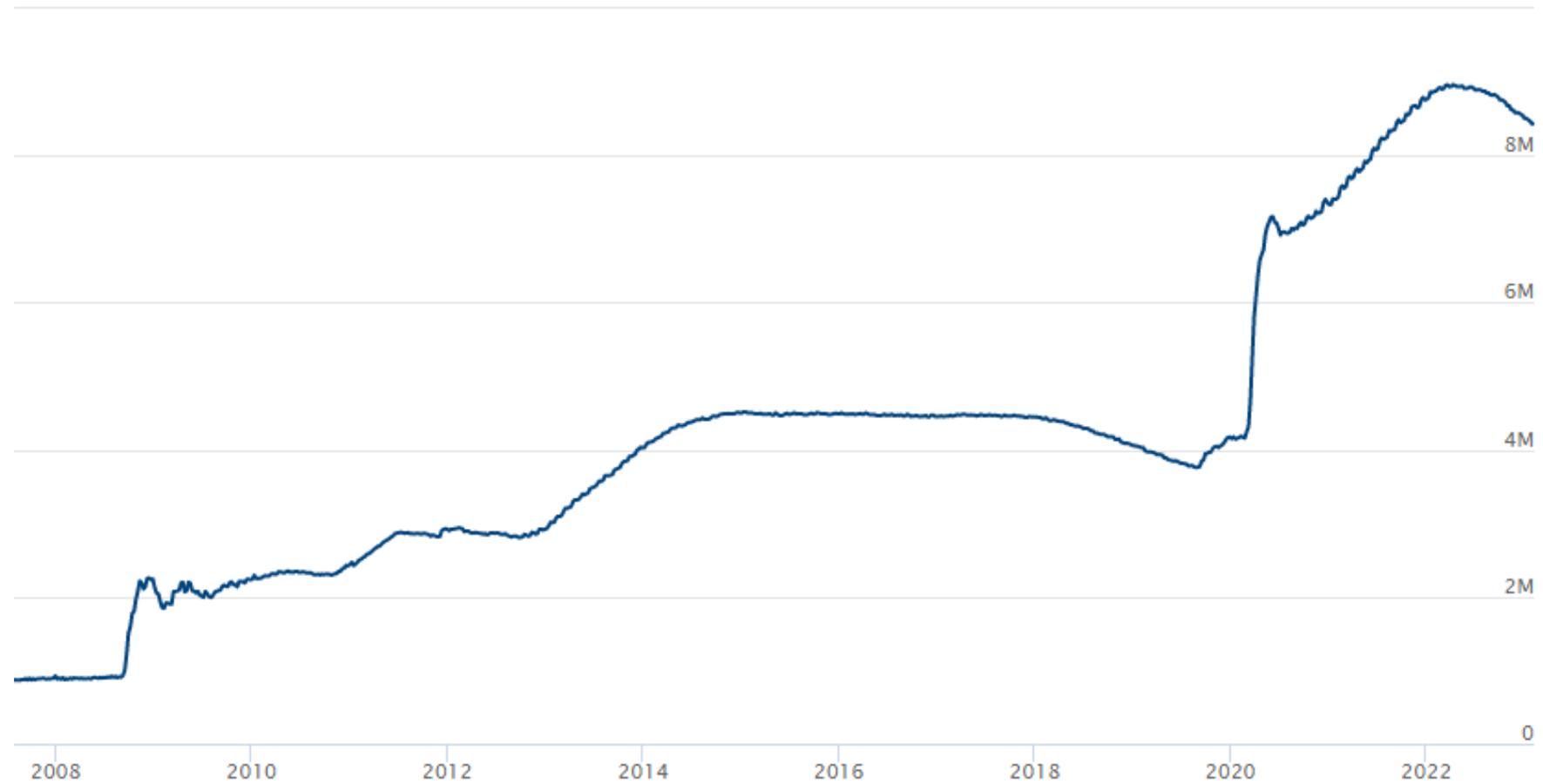
Corporate Debt



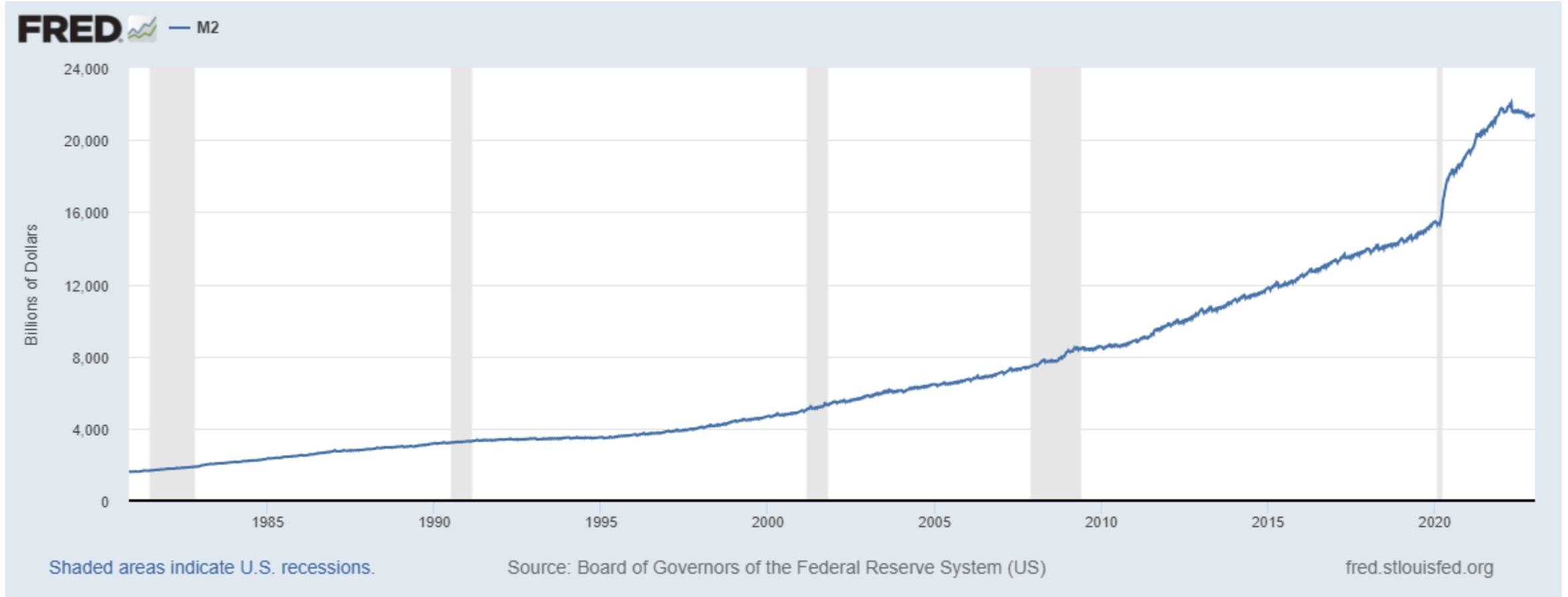
Federal Reserve Assets

Zoom 1m 3m 6m YTD 1y All

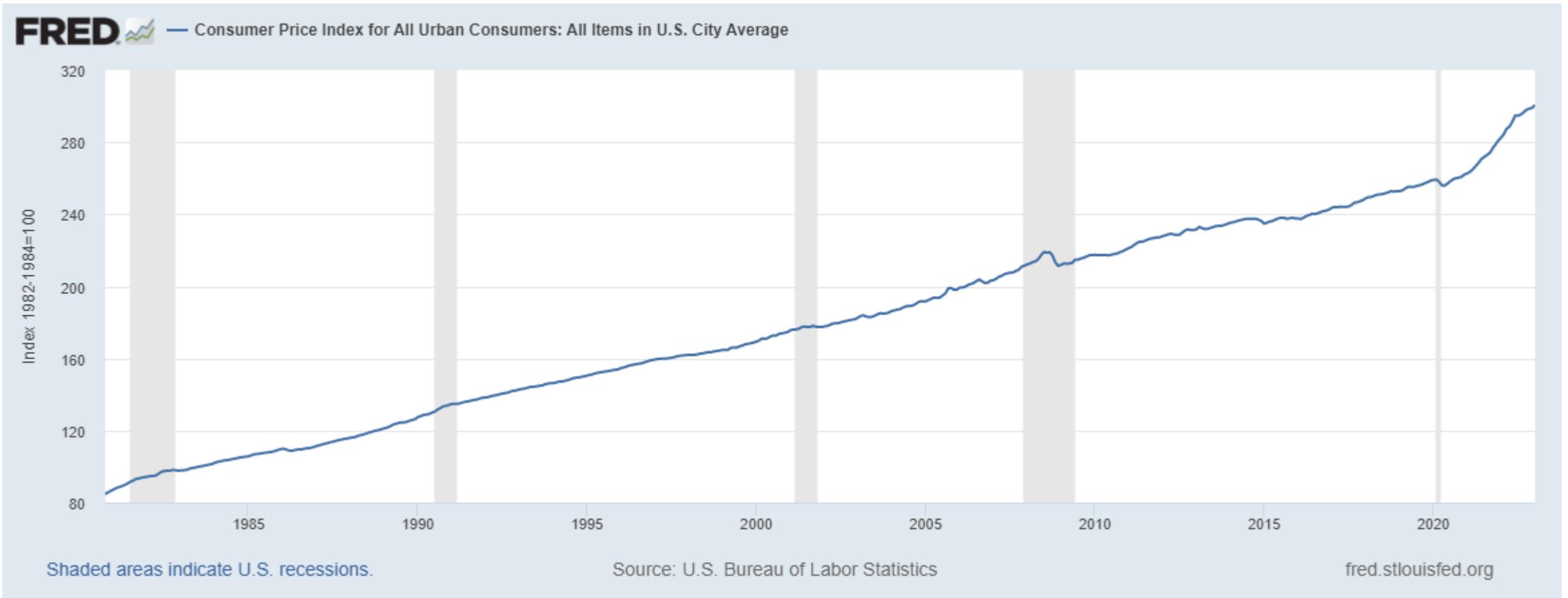
Jul 30, 2007 → Feb 8, 2023



Money Supply



Consumer Price Index



Producer Price Index (PPI)

Construction Materials



Personal Savings Rate

FRED  — Personal Saving Rate

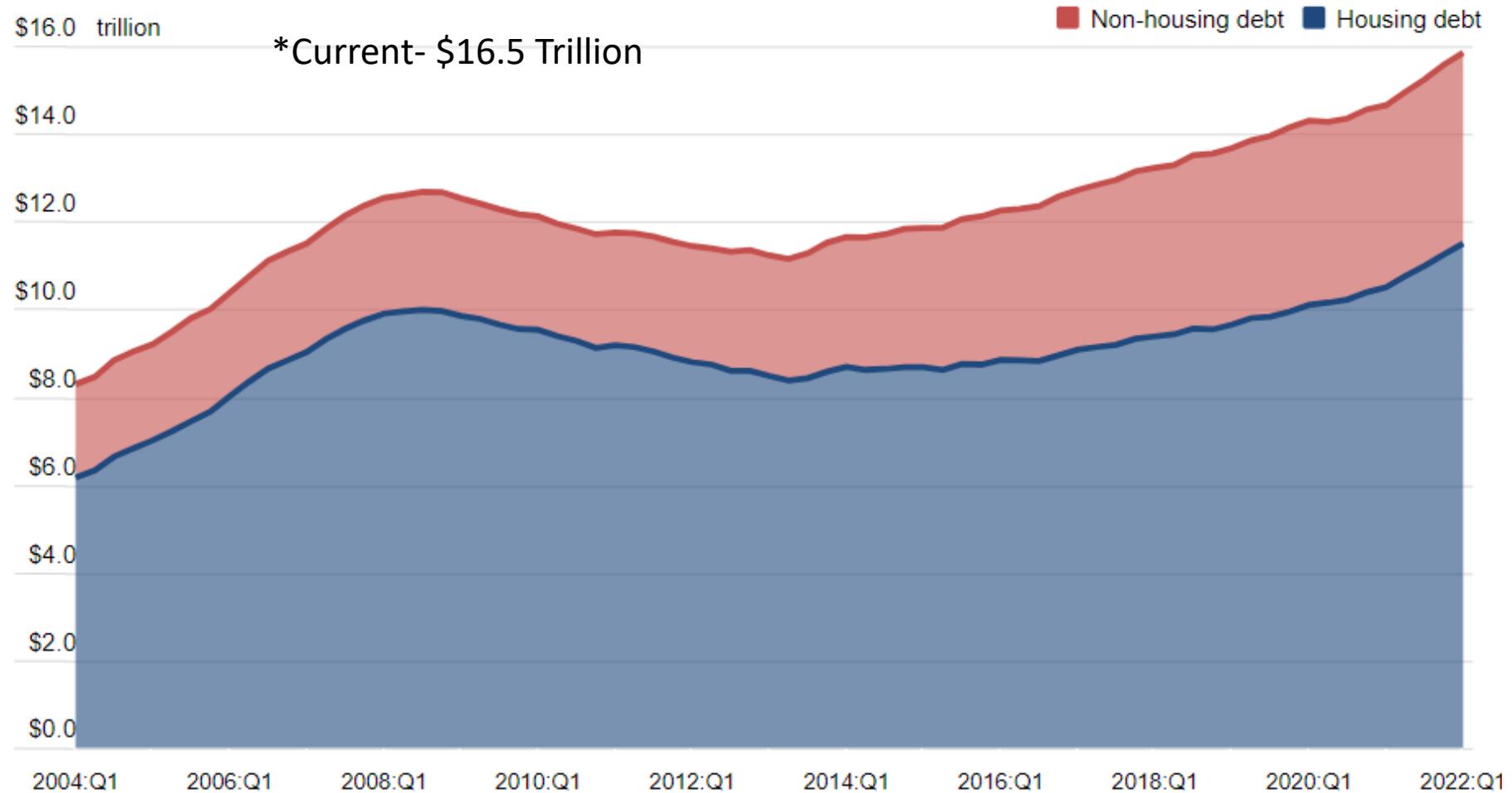


Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Economic Analysis

fred.stlouisfed.org

Total U.S. Household Debt



*Current- \$16.5 Trillion

Federal Funds Effective Rate

FRED  — Federal Funds Effective Rate



Shaded areas indicate U.S. recessions.

Source: Board of Governors of the Federal Reserve System (US)

fred.stlouisfed.org

A large graphic in the background features a yellow sun with rays on the left, a green leaf on the right, and a teal wave-like shape at the bottom. The text is overlaid on this graphic.

BCC Strategic Plan

Confirmation of Goals and initiatives from Feb. 21st BCC Workshop



CHARLOTTE COUNTY
FLORIDA

VISION

MISSION

VALUES

STRATEGIC FOCUS AREAS

Public Services

Economic & Community
Development

Infrastructure

Efficient & Effective
Government

Bold Goals

Strategic Initiatives

Results / Measures

Economic & Community Development

To create a business climate that promotes a diversified, growing economy consistent with sustainable growth management plans, environmental stewardship and enhanced quality of life.



CHARLOTTE COUNTY
FLORIDA

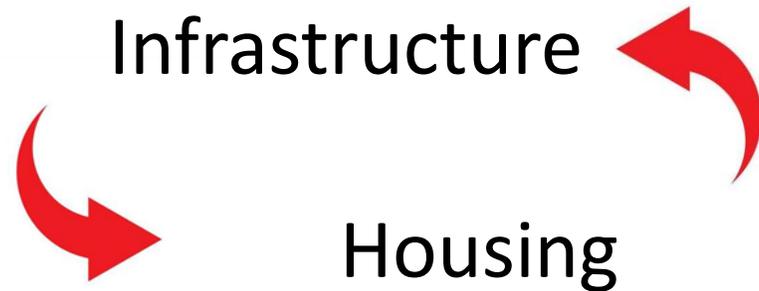
Economic & Community Development

Bold Goals

- Averaging 200 new affordable housing units added to the community inventory per year, 1000 total units added in 5 years
- Develop and implement the One Charlotte One Water integrated water resource management plan before the end of FY2023
- Increase # of college internships to 15 students (5 students per semester) for FY2022. 20 students for FY2023.

Economic & Community Development Housing

- Project future housing needs to develop infrastructure (Comprehensive Plan)



- Position ourselves for Federal and State funding

Economic & Community Development

Water Quality

- Update on post water quality monitoring for Septic to Sewer projects
- Demonstrate results to secure future funding

Economic & Community Development

Developing our own Workforce

- Improve coordination with school district
 - Joint meeting with school board
 - Define “what role we can play”
 - Education on career paths and potential income
 - Introduce students to operations at a younger age
- Review by department what jobs and skillsets are needed for the future

Economic & Community Development

Revised Goals

- Averaging 200 new affordable housing units added to the community inventory per year, 1000 total units added in 5 years
- Develop and implement the One Charlotte One Water integrated water resource management plan before the end of FY2024
- Increase # of internships to 20 students for FY2024 and 2025.

Infrastructure

To build and maintain countywide infrastructure that meets our evolving needs and enhances our community appearance, improves public safety and protects our natural resources.



Infrastructure

Bold Goals

- Funding and completion of Capital Needs Assessment through 2026.
- Define and maintain balance between Capital and Operating budgets.

Infrastructure Capital Needs

- Increase focus on long-range transportation and traffic planning
- Local road master plan
- Position ourselves for Federal and State funding
- Develop list of successful projects to secure future funding

Infrastructure

Revised Goals

- Funding and completion of Capital Needs Assessment through 2029.
- Define and maintain balance between Capital and Operating budgets.

Public Services

To maintain a safe and healthy community by delivering essential services from skilled, professional and dedicated public servants.

Public Services

Bold Goals

- Define levels of maintenance by 2022

Public Services

Levels of Service

- Develop master plan for personnel – 2 yr, 5 yr, 10 yr
- Address levels of efficiency
- Holistic view beyond just positions – tools to get the job done

Public Services

Revised Goals

- Define levels of maintenance by 2024
- Optimize organization based on Levels of Service

Efficient & Effective Government

To manage fiscally sound county operations with a culture of transparency, accountability, citizen engagement and innovation.



CHARLOTTE COUNTY
FLORIDA

Efficient & Effective Government

Bold Goals

- Ensure Culture as “Great Place to Work”
- Ensure Culture of continuous improvement

Efficient & Effective Government Resiliency

- Significant shift in Federal funding – directly to local governments
- Opportunity to prepare for success
- Develop list of successful projects using state or federal funds

Efficient & Effective Government

Revised Goals

- Ensure Culture as “Great Place to Work”
- Ensure Culture of continuous improvement
- Strengthening the resiliency of the organization and community

