



2015/16 – 2016/17 Budget Process

BCC Workshop

April 27, 2015



Agenda

- Overview of Financial Trends
- Policy Review
- Preliminary Projection
- Budget History
- Strategic Focus Areas
 - Economic Development
 - Growth Management



Budget Calendar

Dec	<p>Review of proposed process with BCC – confirm strategic focus areas</p> <p>Results from Employee Survey</p> <p>Results from Citizen Survey</p> <p>SWOT workshops with Dirs & Managers for each Focus Area</p> <p>On-line solicitation of citizen input</p>
Jan	<p>Public Input meetings on operations and services</p> <p>Prepare review packet for BCC</p> <ul style="list-style-type: none"> • SWOT analysis • Citizen Survey • Employee Survey <p>BCC Strategic Plan Workshop</p>
Feb	<p>Budget kick-off</p> <p>BCC workshop for preliminary review</p> <ul style="list-style-type: none"> • Assumptions and projected financial status • Confirm budget process and calendar • Confirm direction to organization • Review of policies • Review of MSBUs <p>Departments update PBB information</p>



Budget Calendar

Mar	<p>Goals workshop with Dirs & Managers for each Focus Area</p> <p>Departmental budget submissions due</p> <p>Departmental meetings with Budget to review operations and programs, confirm requests and prepare for meeting with Admin.</p>
Apr	<p>Departmental budget meetings with Admin</p>
May	<p>BCC workshops</p> <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	<p>Internal balancing of budget</p>
July	<p>Presentation of Recommended Budget</p> <p>MSBU Public Hearings</p> <p>Capital Improvement Program</p>
Sept	<p>Public Hearings on Recommended 2015/16 – 2016/17 Budget</p> <p>BCC adoption of 2015/16 – 2016/17 Budget</p>



Overview of Financial Trends



Trends

- Revenues
- Expenditures
- Property Valuations
- Employees per 1000 Population

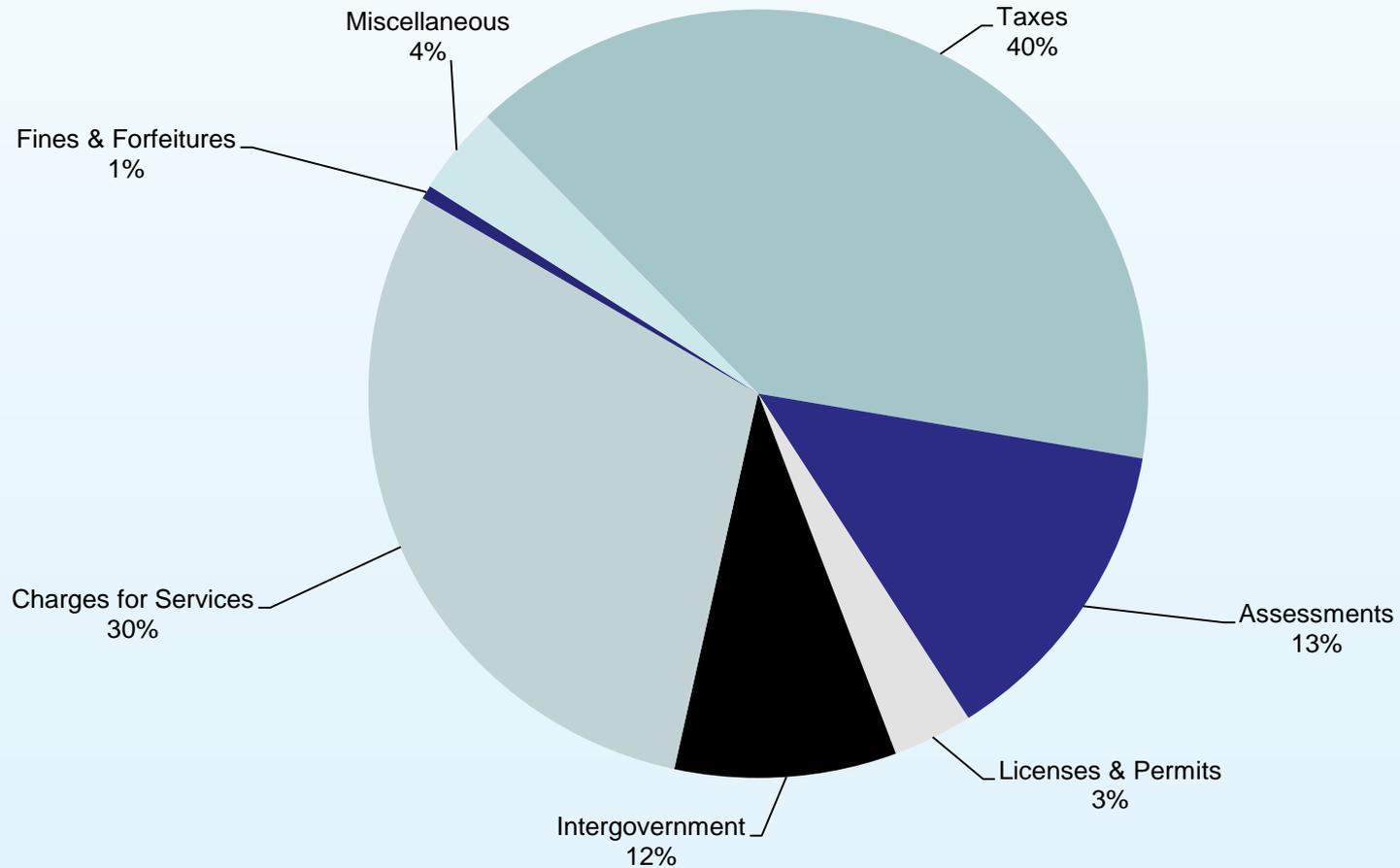
* FY13/14 Actuals



Revenues

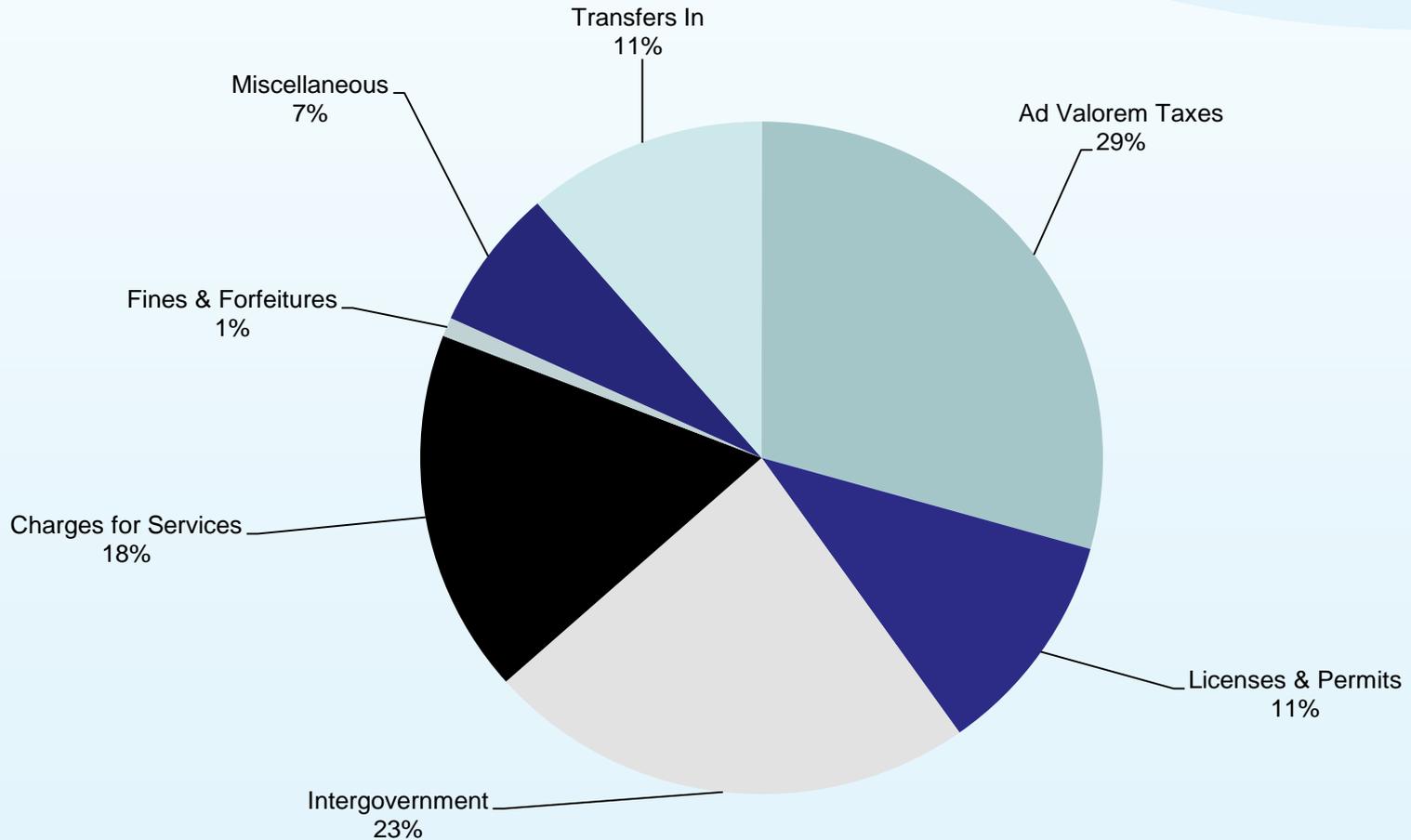


All Funds Source of Funds (FY13/14)





General Fund Source of Funds (FY13/14)





Major Revenues (FY13/14 Actuals)

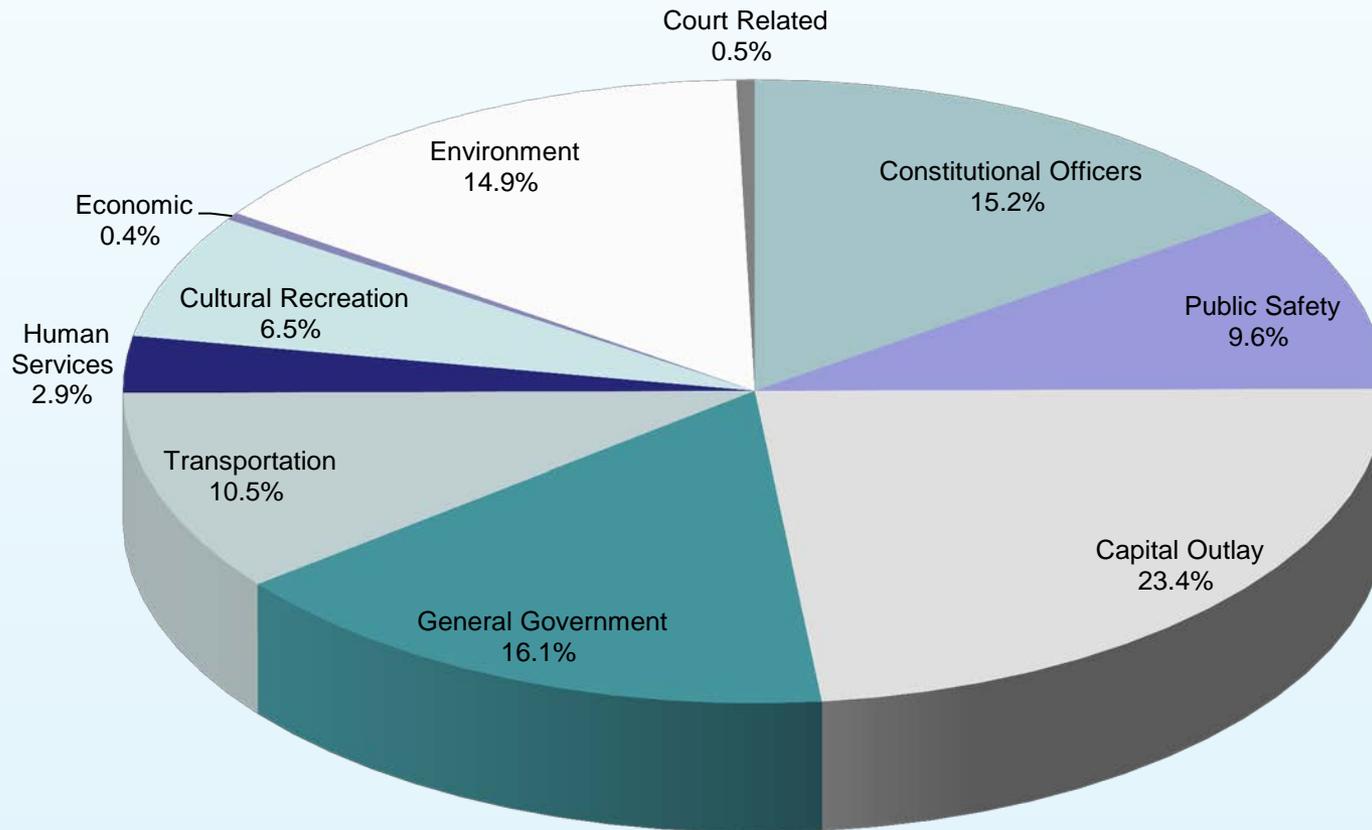
Ad Valorem Tax	103,472,471
Water & Sewer Charges	55,471,101
Assessments	47,474,990
Local Sales Tax	19,990,058
State Revenue Sharing	16,098,452
Gasoline Tax	13,016,516
Franchise Fees	8,777,834
Ambulance Service Fees	7,108,664
Communication Services Tax	5,290,112
Landfill Fees	4,920,330
Tourist Development Tax	2,998,949
Interest Earnings	2,976,282



Expenditures

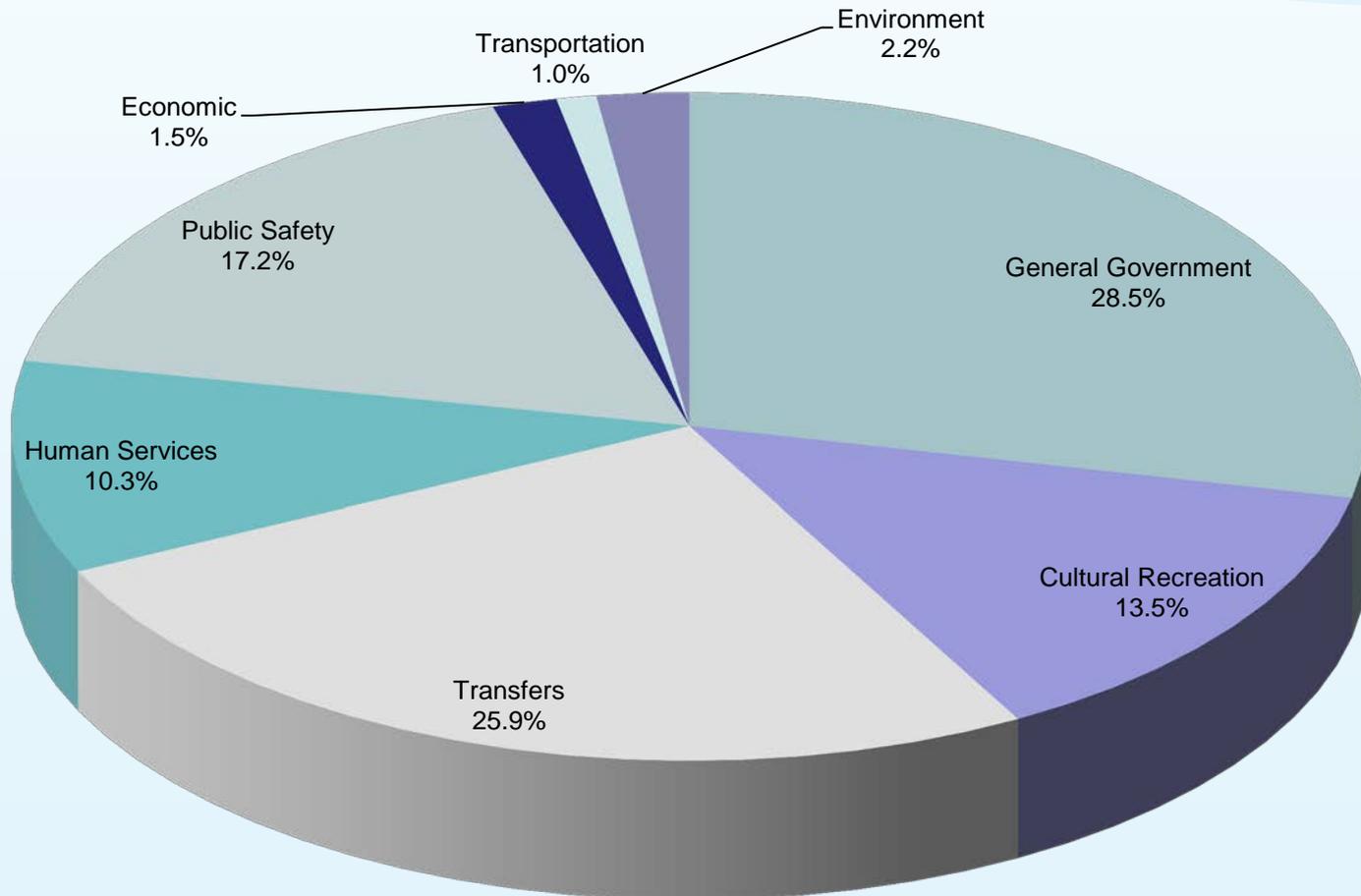


All Funds Expenditures FY13/14



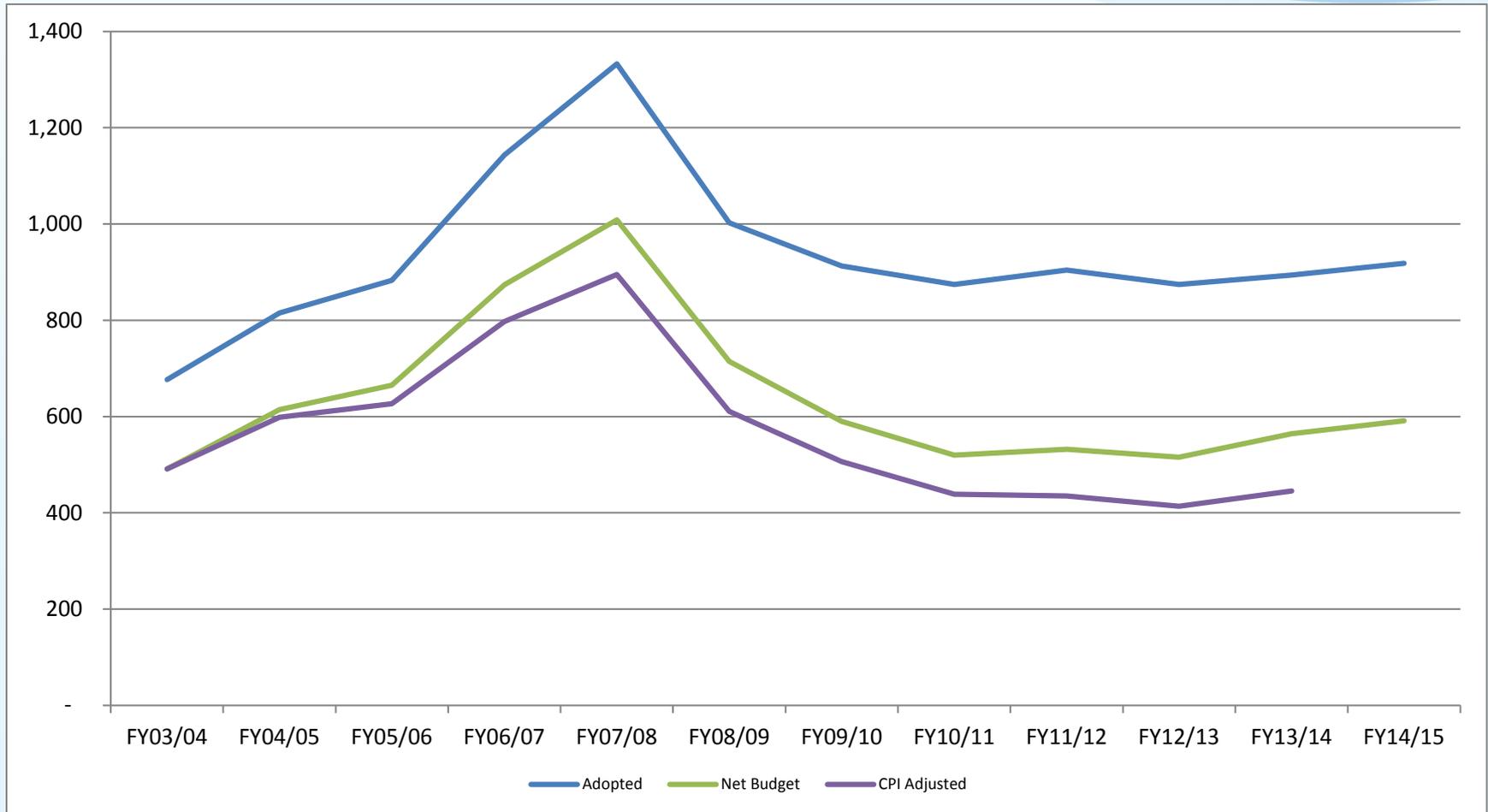


General Fund Expenditures FY13/14



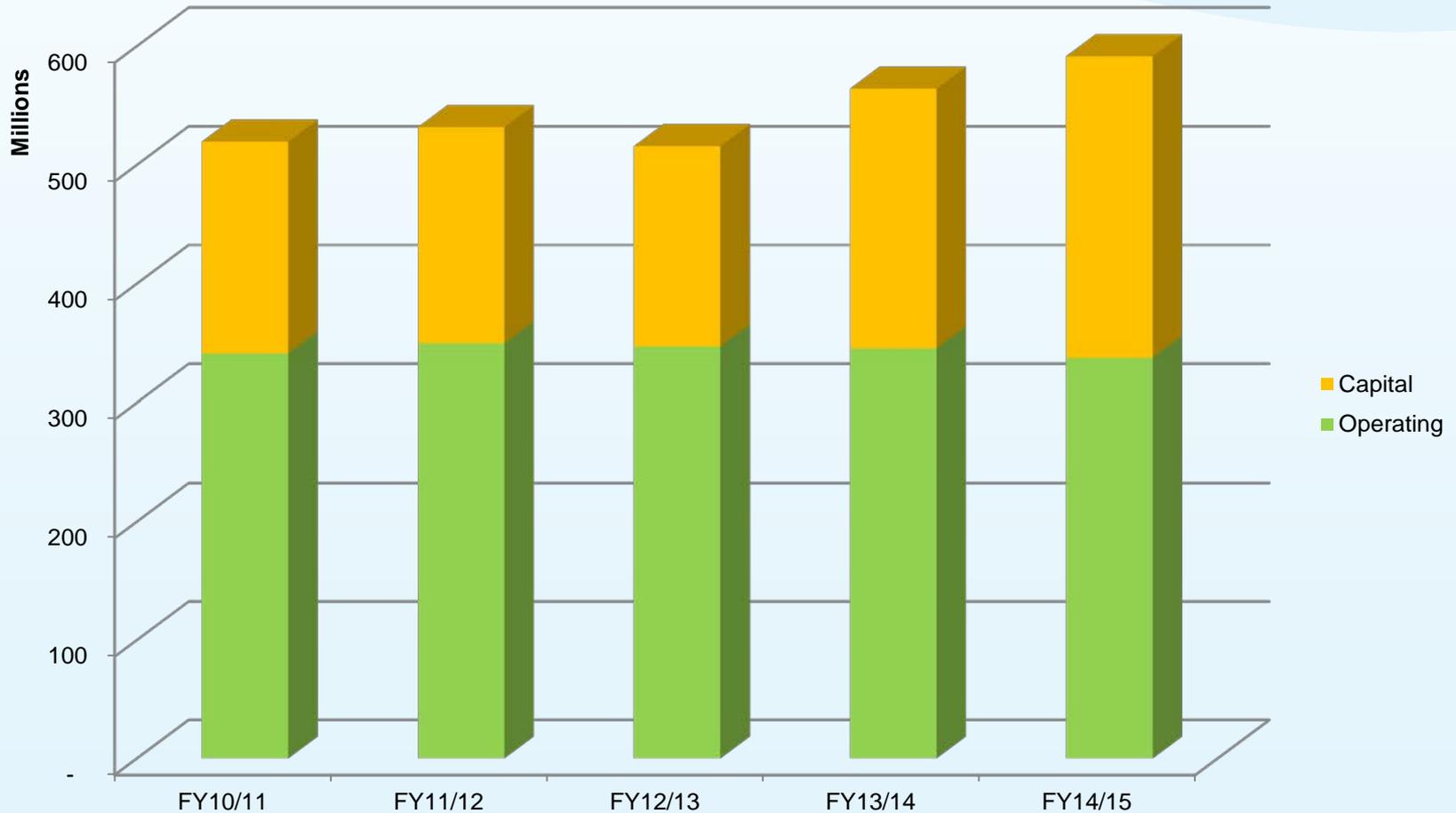


Net Amended Budgets (in millions)





Net Amended Budget (in millions)

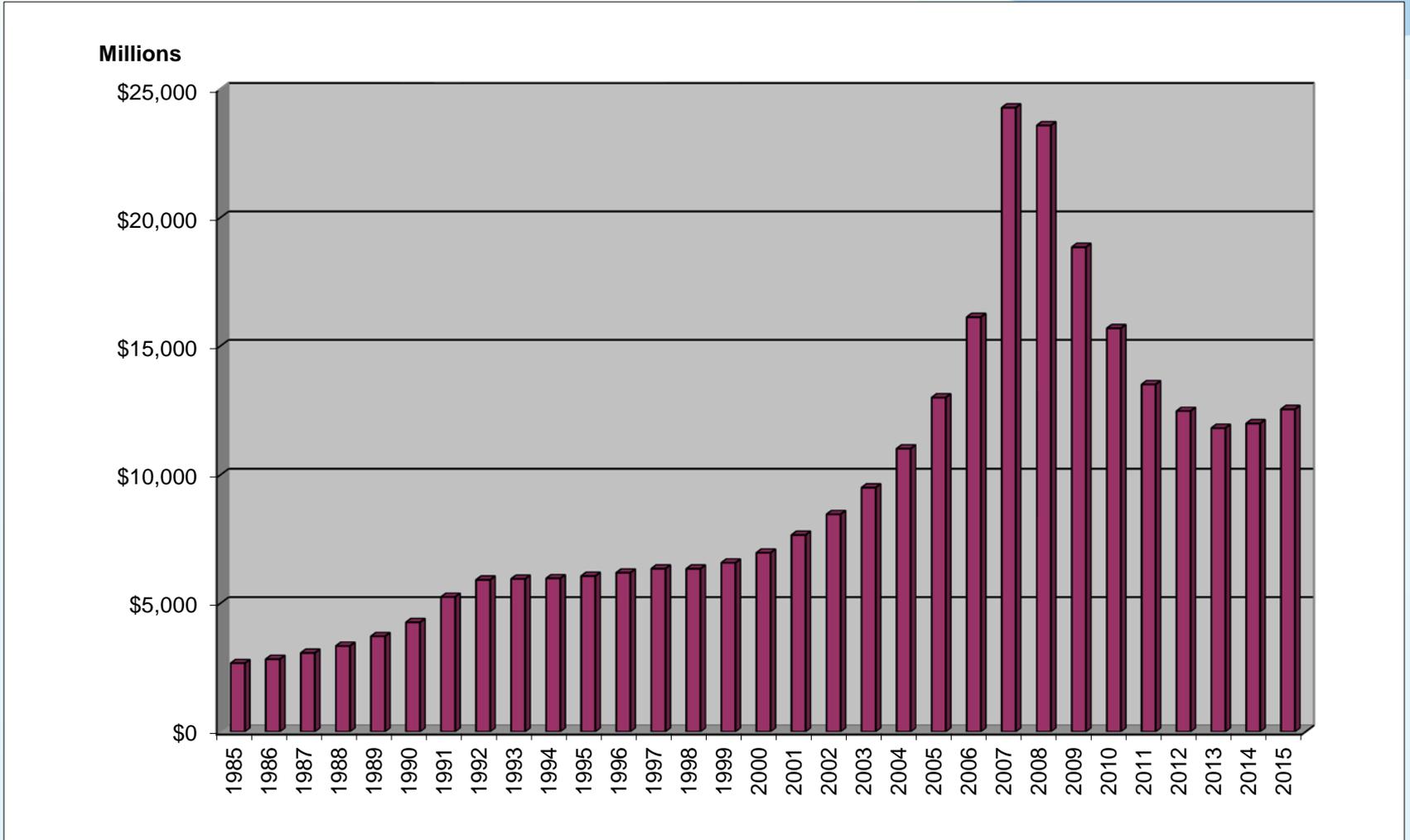




Property Valuations

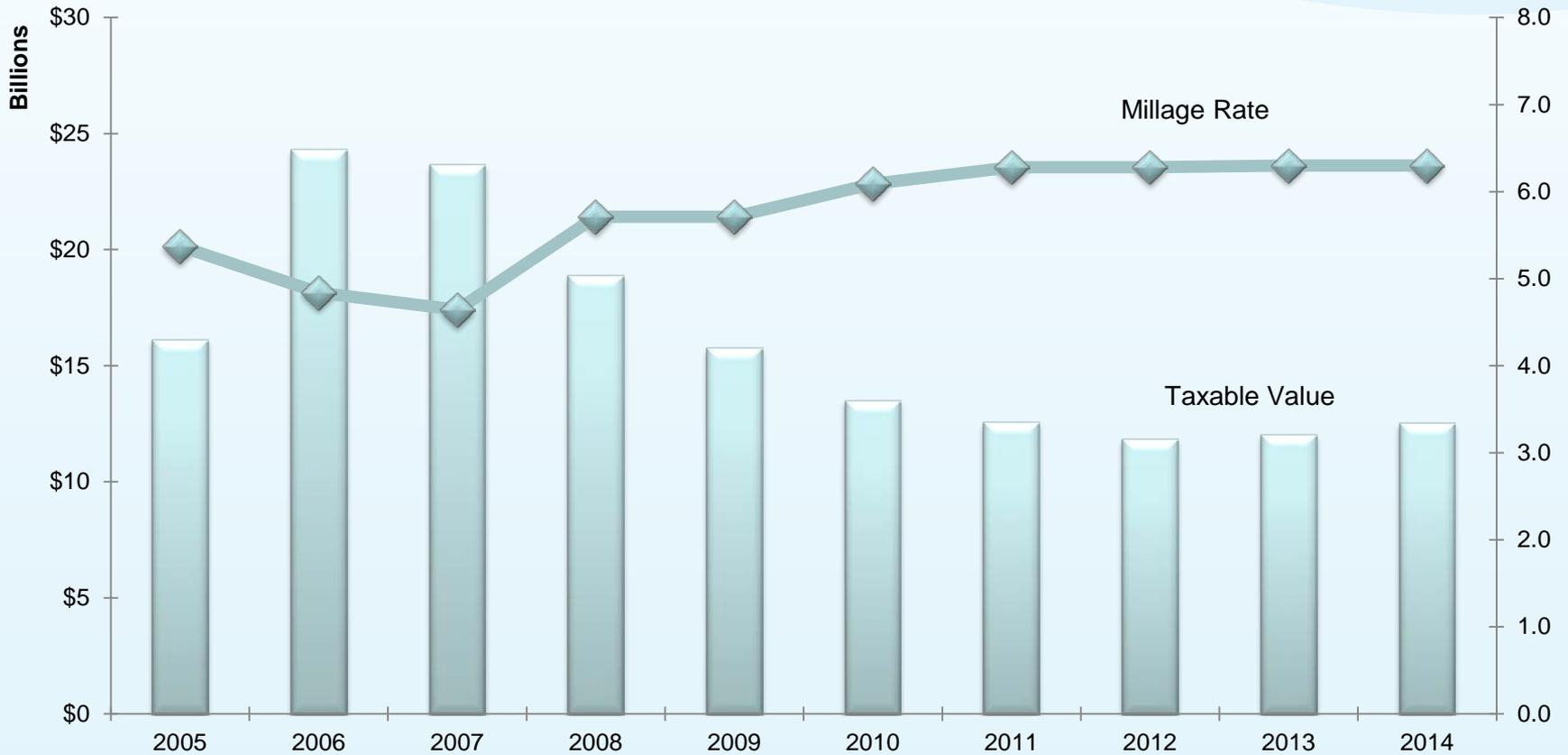


Assessed Valuation



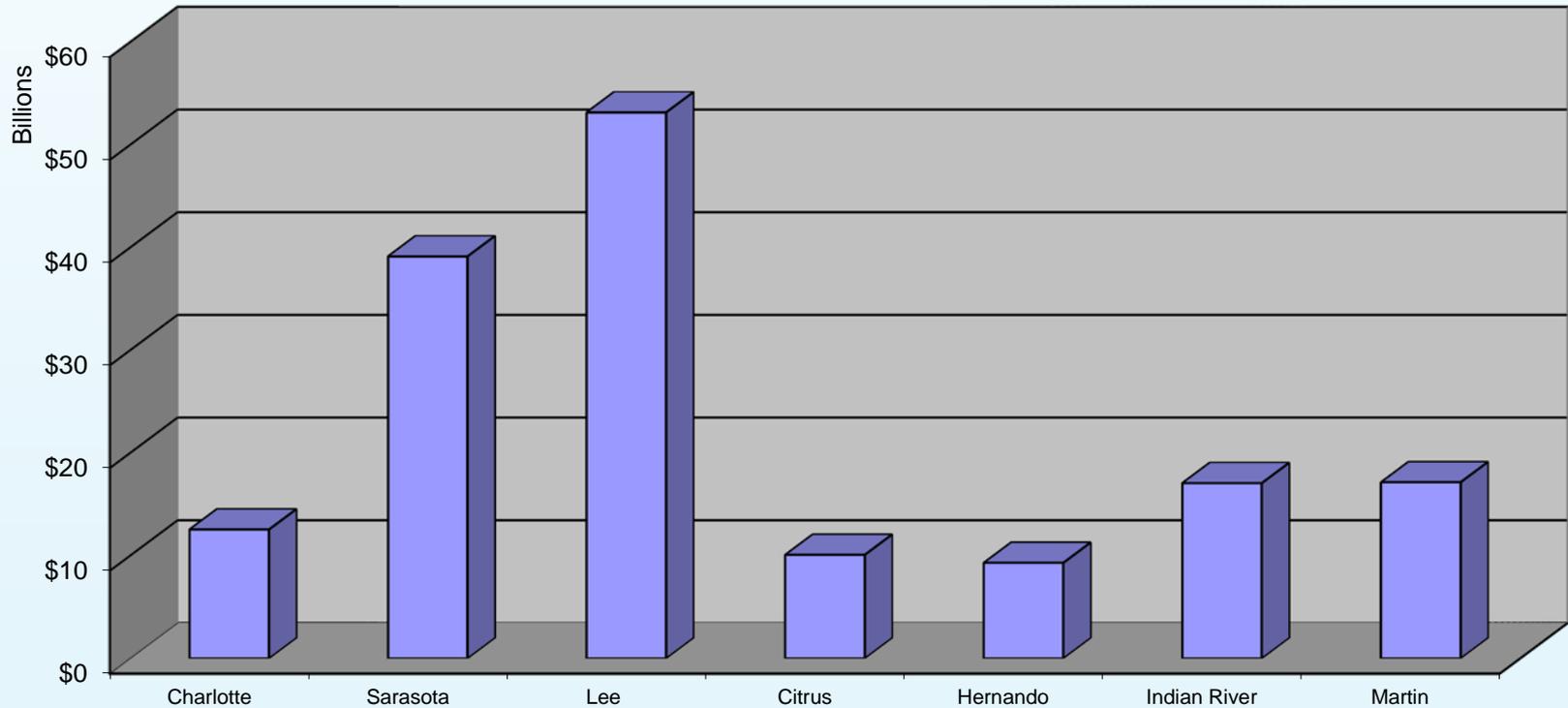


Property Valuations vs Millage Rate





Property Valuations – Other Counties Compared

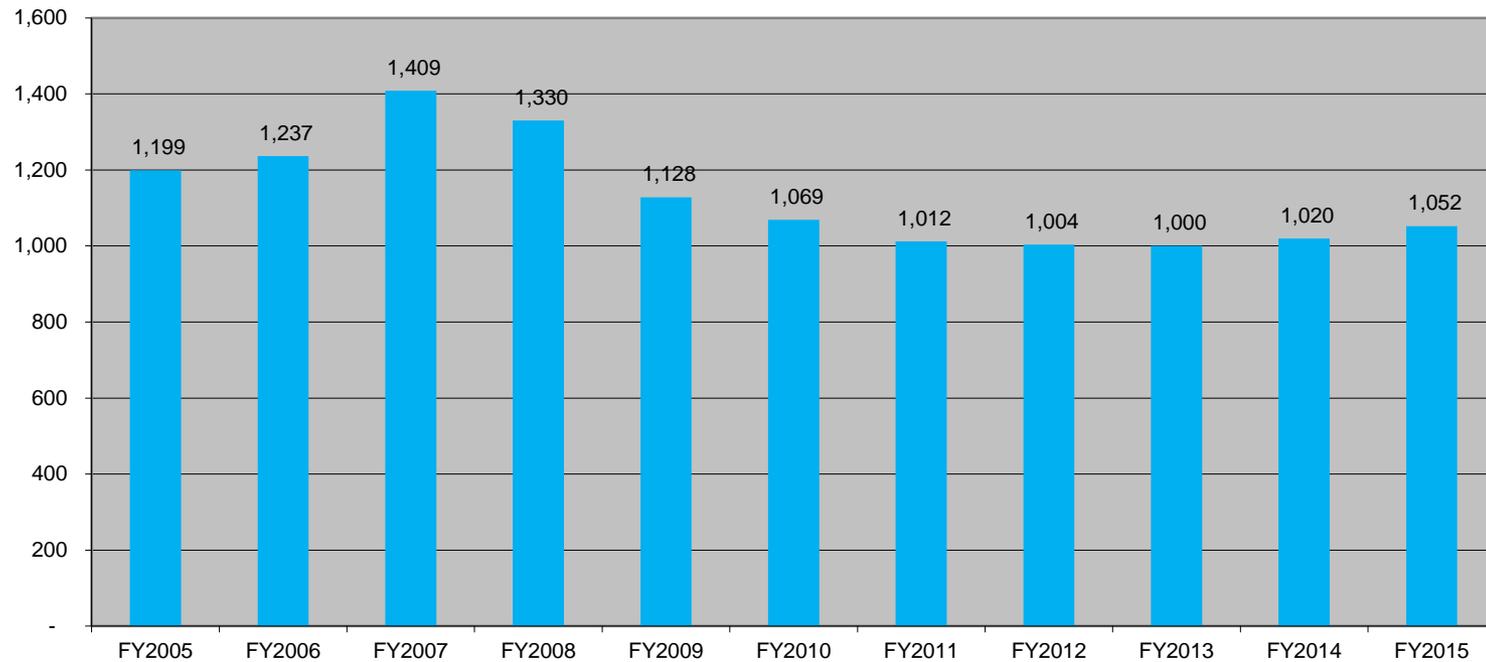




Employees

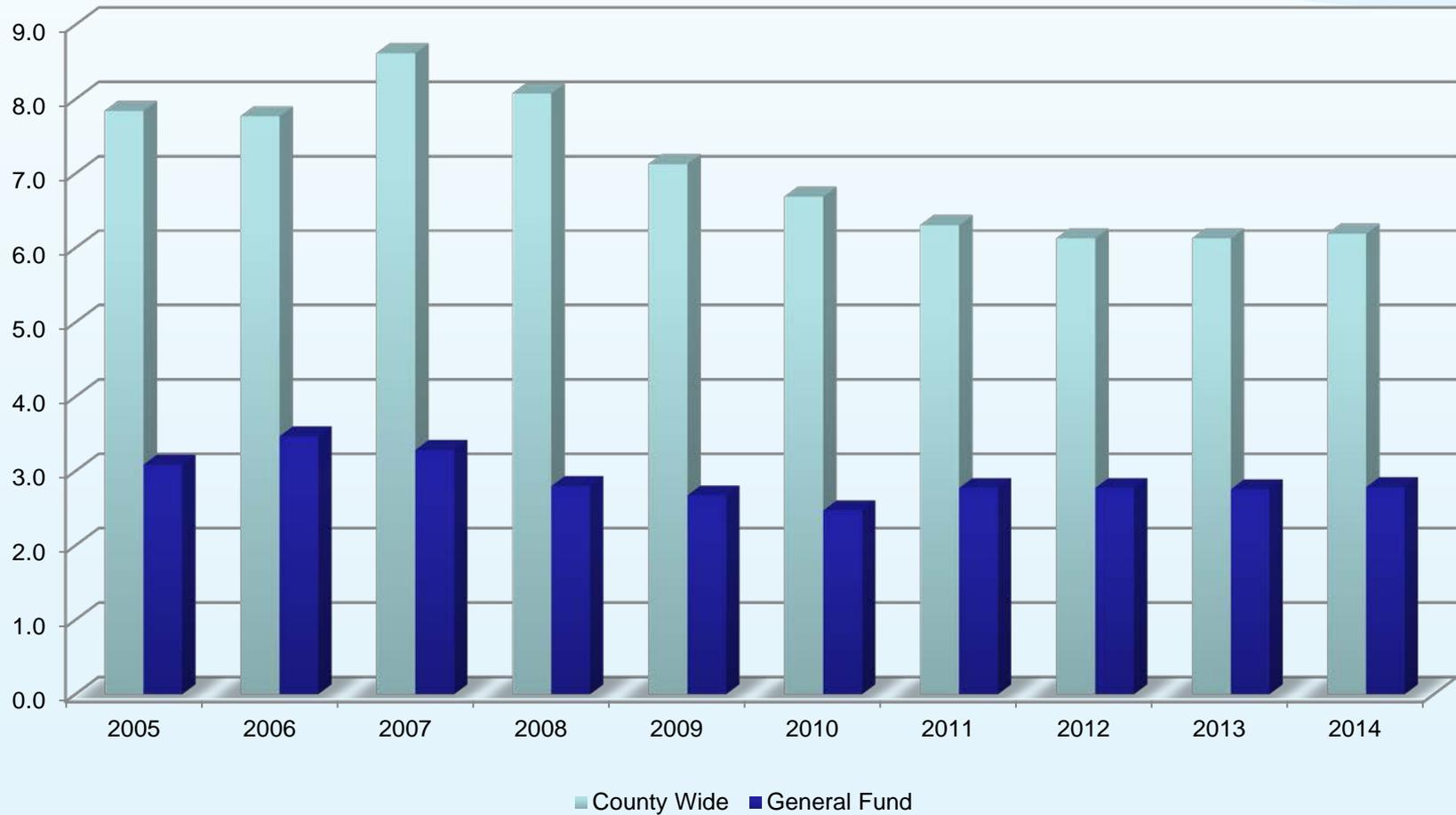


BCC Countywide Full Time Personnel Count



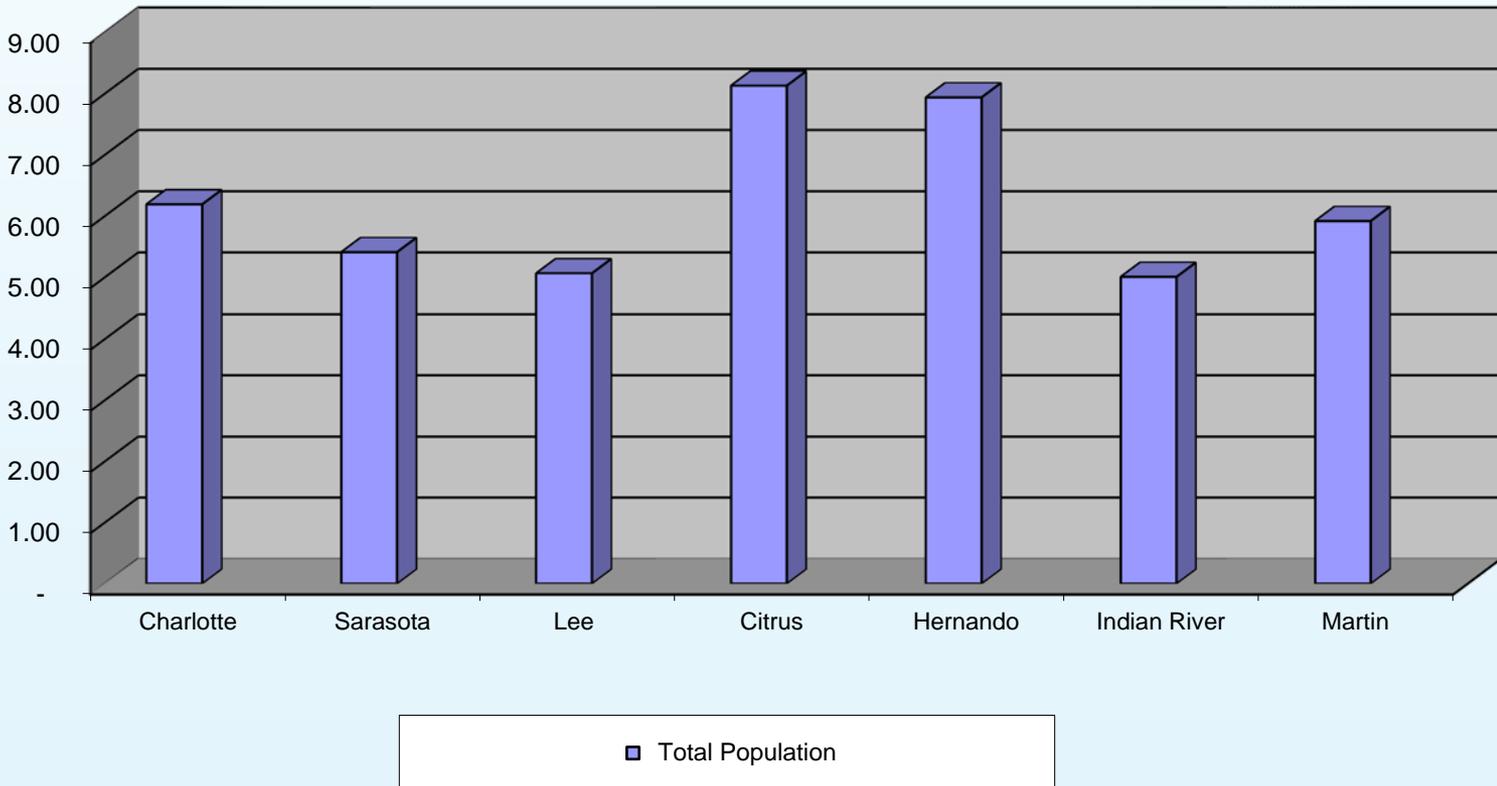


Employees / Thousand Population



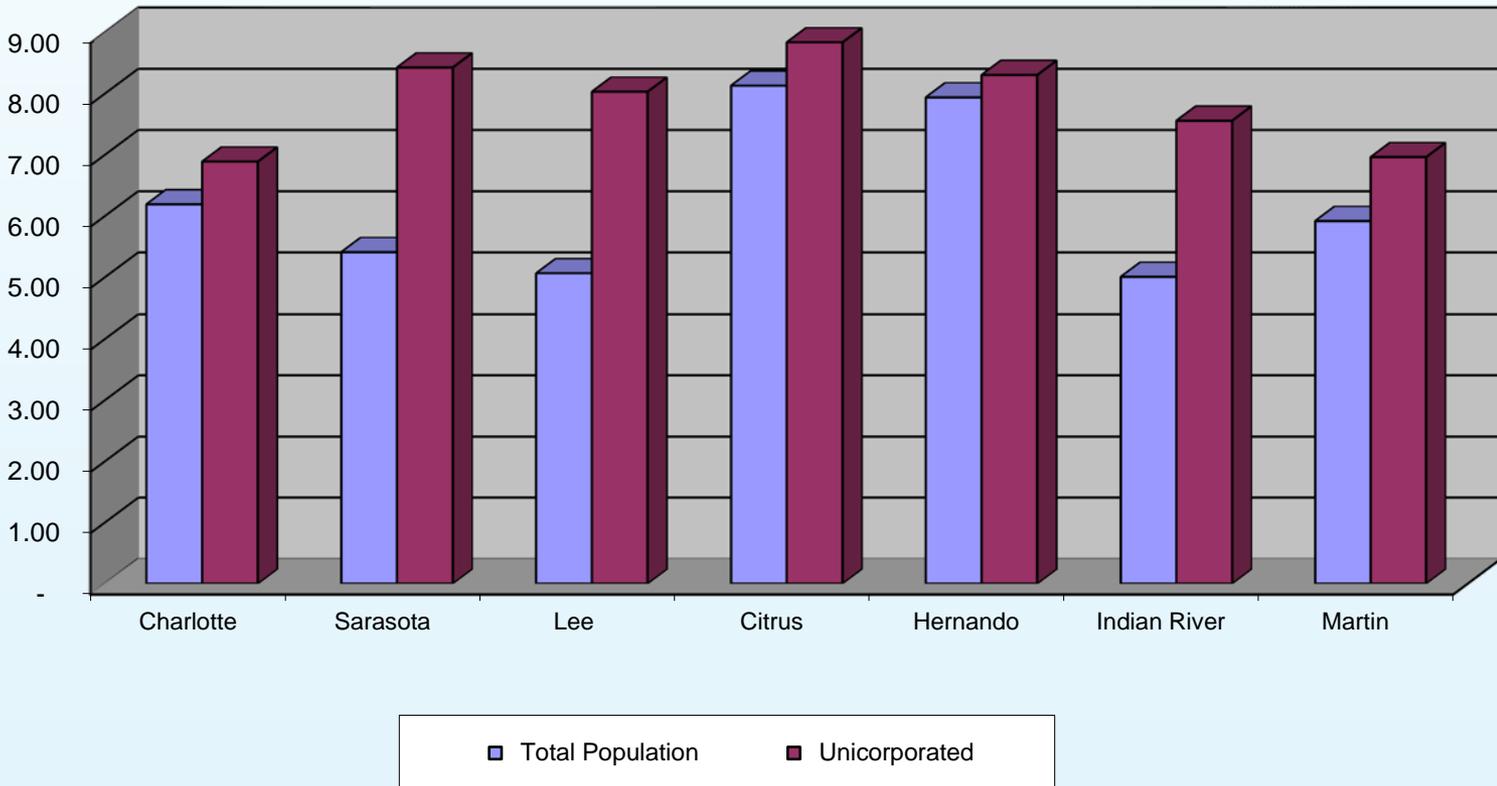


Employees / Thousand Population Other County Comparison





Employees / Thousand Population Other County Comparison





Policy Review

Reserves & Debt



Types of Reserves

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



Reserves

	Cash Carry Forward	Contingency	Fiscal Stabilization	Future Capital	Restricted	Total
Ad Valorem	23,942,451	16,422,994	22,705,427			63,070,872
Transportation Trust		10,205,257				10,205,257
Building Const Services					1,336,954	1,336,954
MSBUs	15,989,647	9,061,771		13,214,272		38,265,690
Fire Rescue Unit	200,000	1,633,742	7,108,935			8,942,677
Road Projects		9,157,943				9,157,943
CCU		15,760,179		3,500,000	20,983,875 *	40,244,054
Landfill		3,340,852		3,445,000	13,357,820 **	20,143,672
All Other ***		6,708,463		9,678,047	6,497,166 *	22,883,676
	40,132,098	72,291,201	29,814,362	29,837,319	42,175,815	214,250,795

* Restricted by Bond Covenant to guarantee debt service

** Restricted for future landfill closure

*** All Other consists of:

- Debt Service Funds such as Stadium Improvement and Conservation Charlotte
- Internal Service Funds such as Self Insurance and Vehicle Revolving Fund



Reserves

	FY 13/14	FY 14/15
Ad Valorem	67,126,833	63,070,872
Transportation Trust	3,716,239	10,205,257
MSBUs	37,140,737	38,265,690
Fire Rescue Unit	12,738,529	8,942,677
Road Projects	9,548,328	9,157,943
CCU	43,130,583	40,244,054
Landfill	20,302,912	20,143,672
All Other	19,841,407	24,220,630
	<hr/>	<hr/>
Total	213,545,568	214,250,795



Reserve Policy

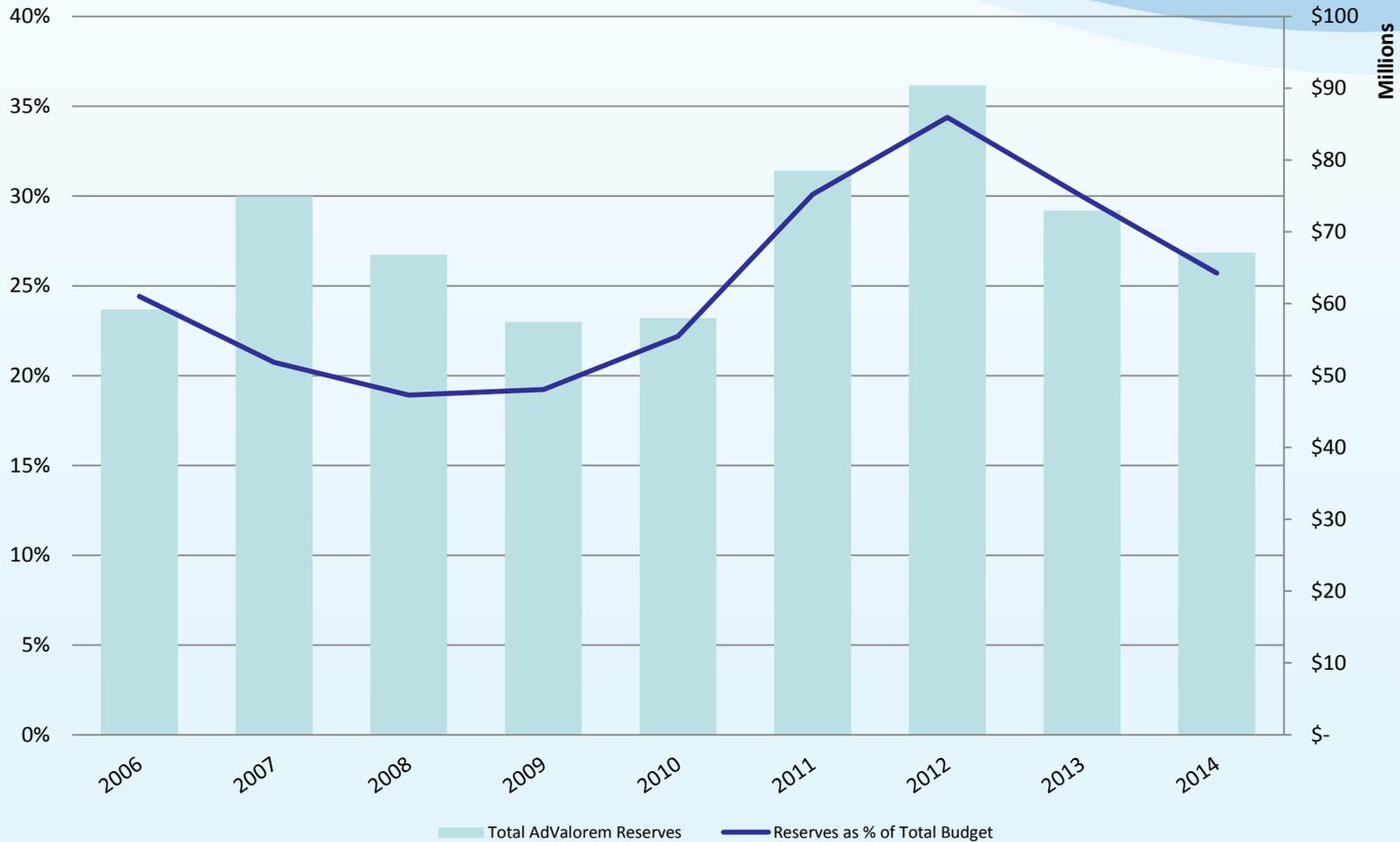
Reserve for Contingencies: To mitigate current and future risks such as revenue shortfalls, unanticipated expenditures, and to ensure stable tax rates; and other unforeseen financial situations. A balance not less than 5% and not greater than 10% percent of the total budget. **Currently @ 6.5%**

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. **Currently @ 9.5%**

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 total budget. **Currently @ 9.0%**



Ad Valorem Fund 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.



County Debt Comparisons

	FY 2013/14	FY 2014/15
CCU	164,882,399	140,013,038
Murdock Village	51,328,388	47,743,918
Conservation Charlotte	38,925,000	36,510,000
Stadium	22,775,000	21,860,000
Capital Projects (cashflow)*	25,016,750	24,607,000
	302,927,537	270,733,956

* Up front borrowing needed to begin multi-year MSBU and gas tax projects



2015/16 Preliminary Projection



General Fund
Five Year Financial Plan - Revenue/Expenditures
(Thousands)

	Actual * FY13/14	Adopted Budget FY14/15	Projected Budget FY15/16	Projected Budget FY16/17	Projected Budget FY17/18	Projected Budget FY18/19
Operating Revenues						
Ad Valorem Taxes	24,171	25,965	27,263	28,626	29,485	30,369
State Shared Revenues	16,098	15,648	16,345	17,162	18,020	18,561
Franchise Fees - FPL	8,778	8,100	8,800	8,976	9,066	9,156
Charges for Services	9,176	8,152	7,920	8,078	8,159	8,241
Other Revenues & Fees	7,205	6,787	3,490	3,560	3,596	3,632
Less 5%-FS 129.01(2)(B)		-3,099	-3,191	-3,320	-3,416	-3,498
Subtotal Central Svs. Chgs	13,261	13,379	13,379	13,379	13,379	13,379
Subtotal Transfers In	9,582	7,723	7,736	8,123	8,366	8,617
Total Revenues	88,271	82,655	81,742	84,584	86,655	88,457
Expenditures						
Personal Services-Excluding Health	27,619	29,398	29,511	30,396	31,308	32,248
FRS Rates	2,685	3,039	3,106	3,199	3,295	3,394
Health & Life Insurance Costs	5,408	6,636	7,166	7,524	7,900	8,295
Operating Expenses	33,905	35,009	35,999	36,359	36,722	37,089
Capital Outlay	1,108	1,098	840	840	840	840
Grants & Aid	4,451	5,289	5,423	5,586	5,753	5,926
Transfers	13,124	7,223	8,207	8,453	8,707	8,968
Total Expenditures	88,299	87,692	90,251	92,357	94,526	96,760
Use of Reserves		5,037	8,510	7,773	7,871	8,303



Variables – Unknown or TBD

Revenues

- Ad Valorem – 5% increase assumed for projection
- Return from Constitutional Offices
- 5% Statutory Reduction
- State Revenue Estimates - July



Variables – Unknown or TBD

Expenditures

- Salary Increases
- Position Requests
- Constitutional Officer Budgets
- FRS Rates



Position Requests

107 requests

Review Process / Evaluation Criteria

- Operational prioritization
- Funding Source
- Strategic Focus Area
- Cost Savings
- Safety / Risk Mitigation
- Growth / Level of Service
- Scope / Customer Service



2015/16 – 2016/17 Budget Process



Budget History

- FY04/05 Hurricane Charley
- FY05/06 Recovery begins
- FY06/07 Recovery
- FY07/08 Economic Downturn
- FY08/09 Performance Based Budgeting
- FY09/10 Property Devaluations
- FY10/11 Working towards Stabilization
- FY11/12 – FY12/13 First 2 Year Budget
- FY13/14 – FY14/15 Preparing for growth



What's Next

FY15/16 – FY16/17

Securing our Future

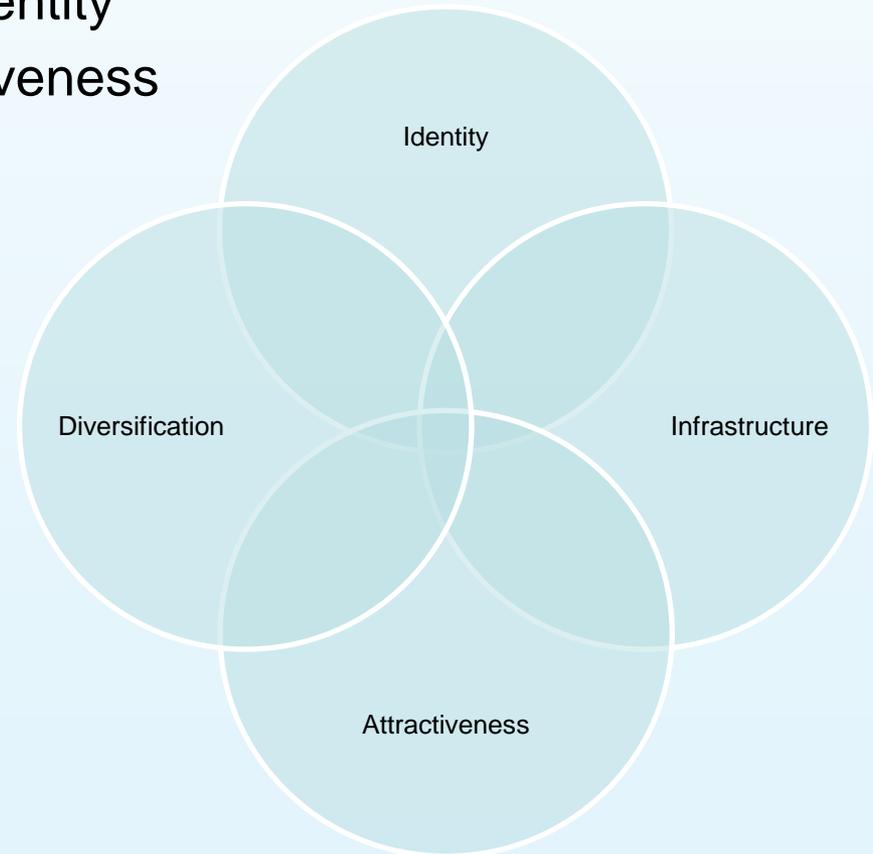
- Impractical development patterns inherited from GDC
- Deferred maintenance
- Growth will return to Charlotte County

- Increased focus on long range planning
- BCC Strategic Plan
- Add Infrastructure as a Strategic Focus Area
- Developing 20-year CIP and maintenance plans



BCC Strategic Priorities

- Economic and Demographic Diversification
- Consensus on Community Identity
- Improved Community Attractiveness
- Competitive Infrastructure





BCC Strategic Focus Areas

Economic Development	Apr 27
Growth Management	Apr 27
Public Safety	May 15
Human Services	May 15
Water Resources	May 18
Quality of Life	May 18
Fiscal / Financial Planning	May 19
Efficient & Effective Government	May 19
Infrastructure	June 1

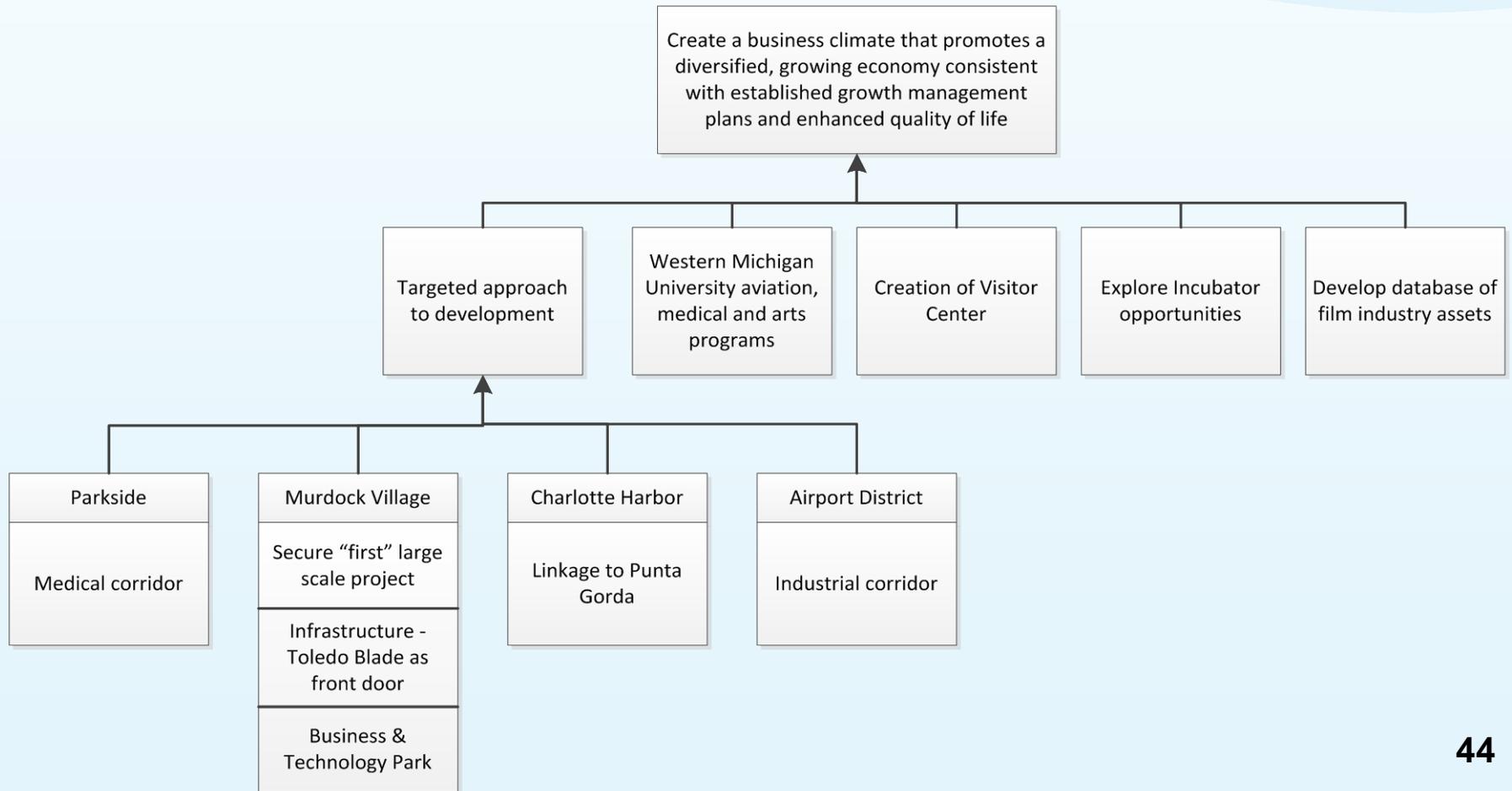


BCC Focus Areas

Economic Development



Economic Development



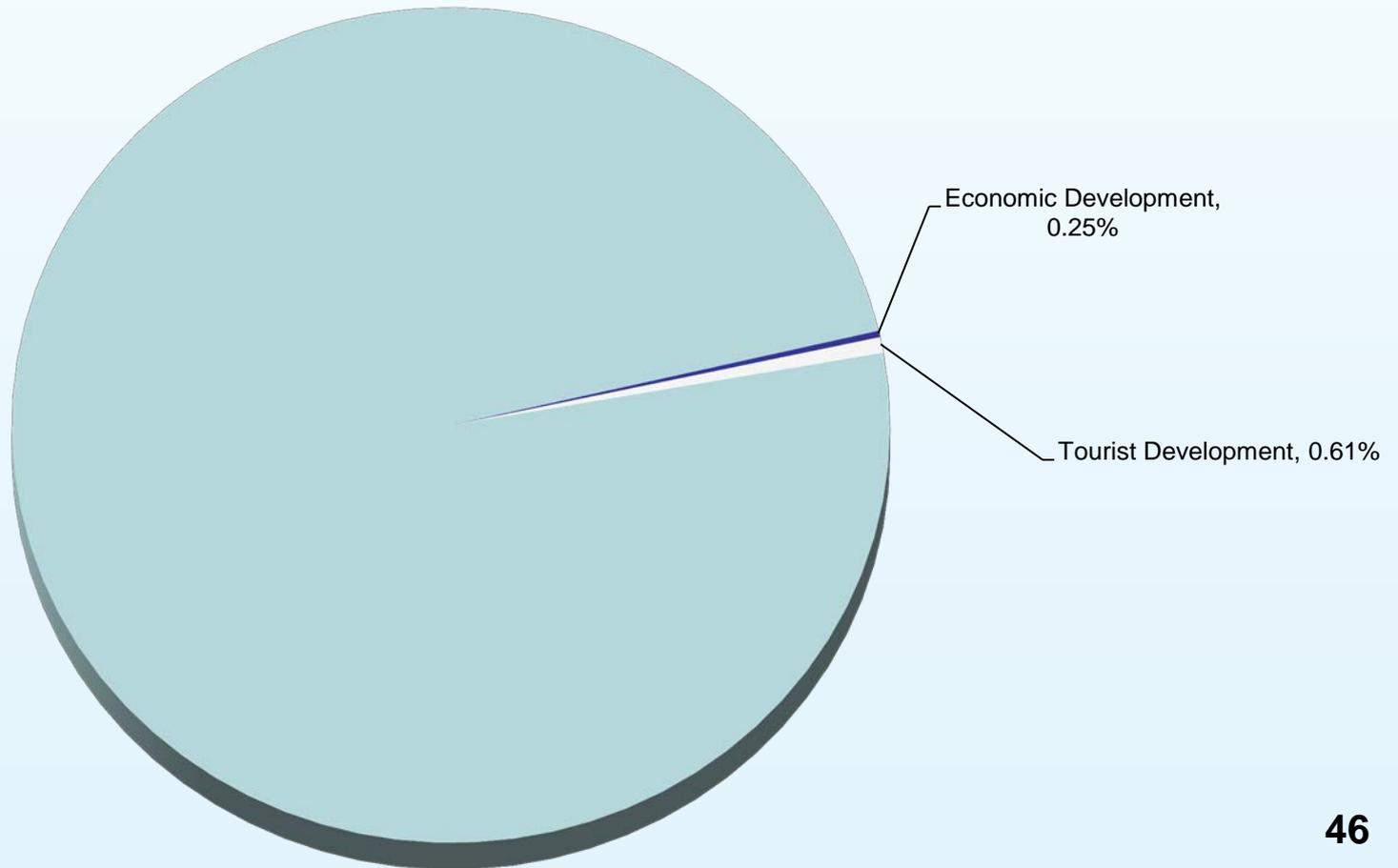


Budgetary overview



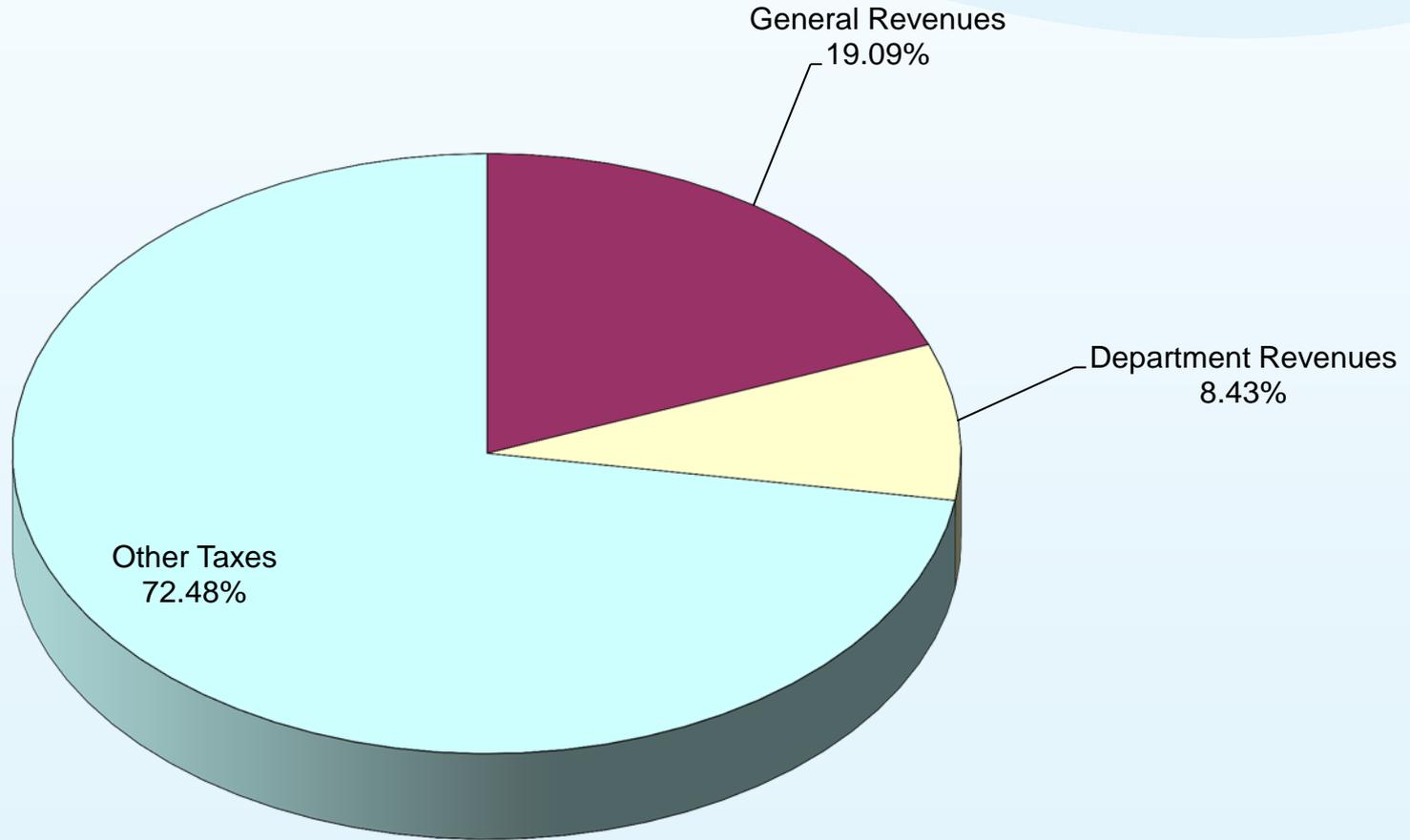
Where does the money go?

Economic Development Proportional to All Expenditures





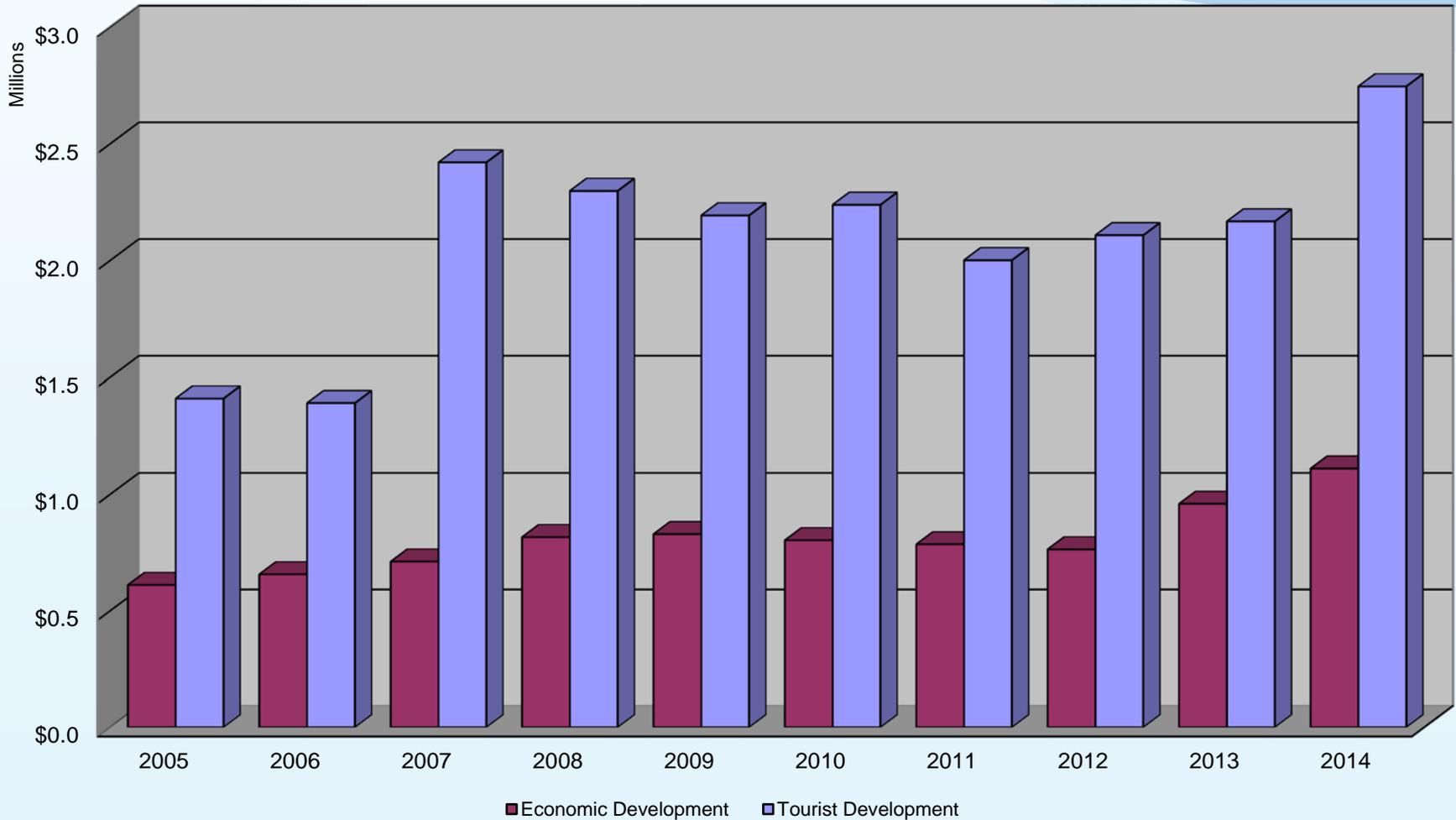
Where does the money come from?





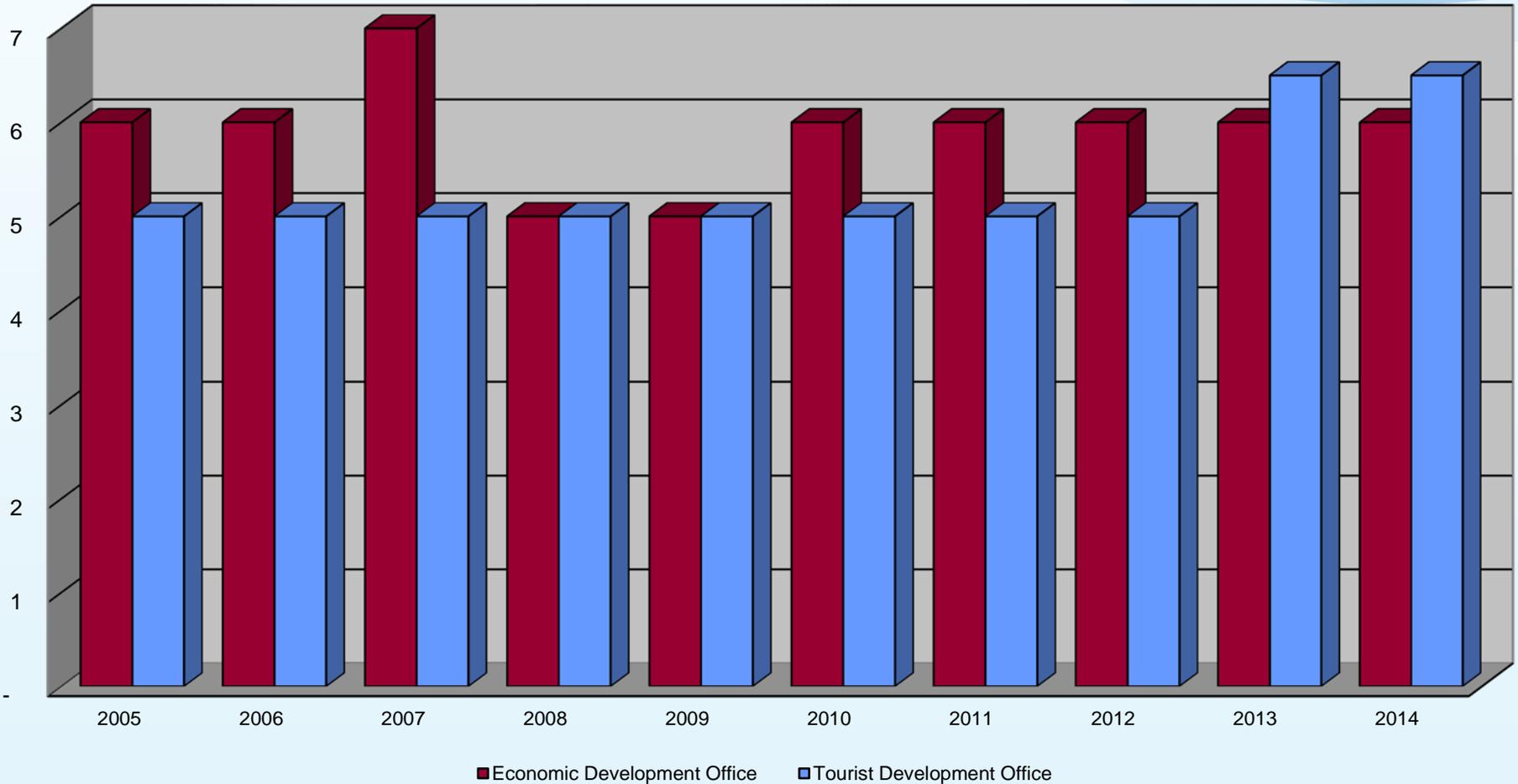
Historical Trend

Total Expenditures





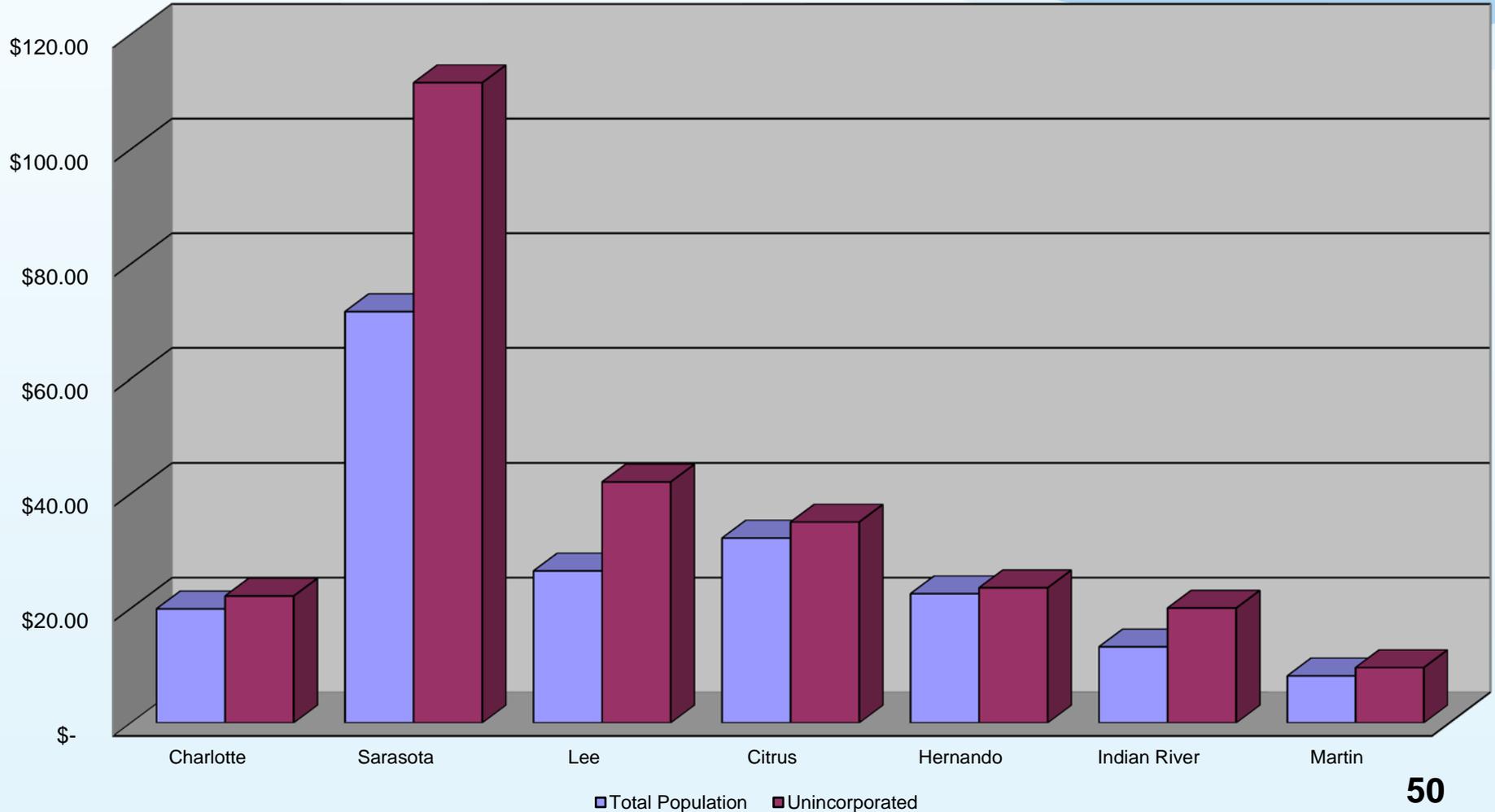
FTE Historical Trend





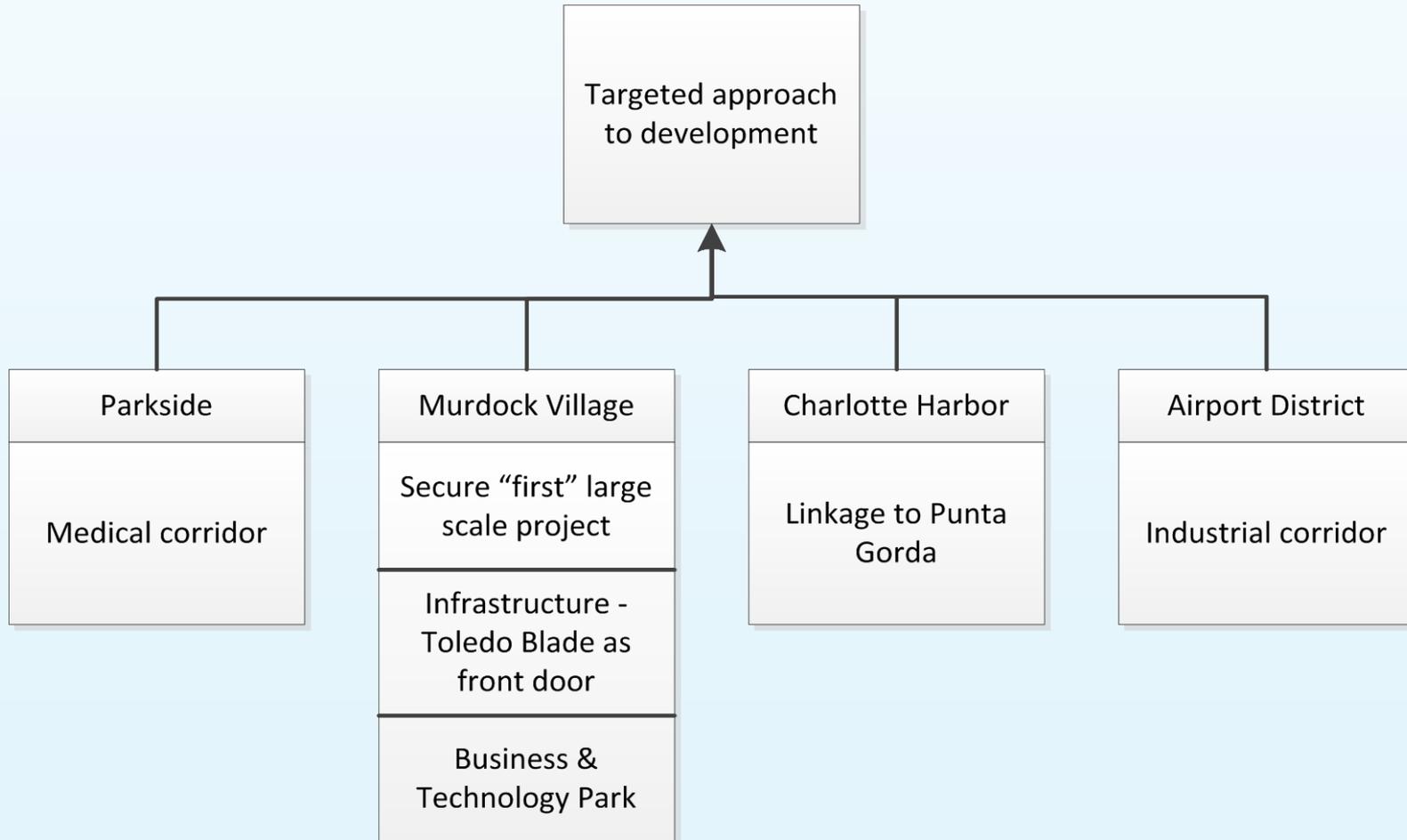
Comparable Counties

\$ Spent / Capita on Economic Development





Immediate Issues or Initiatives





Charlotte Harbor CRA



Established in 1992
Tax Increment approved 2003

Projects Underway:

- Harborwalk
- Trails and Wayfinding – Parmely St.
- Comprehensive Plan and LDRs





Parkside CRA

Established in 2010

Tax Increment approved - 2011

Projects underway:

- Elccam Blvd Multi Use Path
- Harbor Blvd US-41 to Olean
- Olean Blvd
- West Tarpon/Ambrose - CCU/MUP
- Gertrude/Aaron - CCU/MUP
- McGuire Park
- Cultural Center/Family Services
- Wayfinding





Murdock Village CRA



Established in 2003
Tax Increment approved 2005

Priority Projects:

- Secure “first” large scale project and develop alternative configurations
- Infrastructure - Toledo Blade as front door (funding in 2nd tier of Sales Tax Projects)
- Business & Technology Park

MURDOCK VILLAGE

Traffic Count 32,000

870 Acres of Prime Real Estate in Charlotte County, Florida

Traffic Count 25,000

Direct Access to Interstate

Charlotte County Sports Park

Florida's Hottest Opportunity

MURDOCK VILLAGE

870+ prime acres of publicly owned land in the heart of a dense consumer market in Southwest Florida. A strategic location adjacent to the Charlotte County Sports Park (home to Tampa Bay Rays' spring training and the Charlotte Stone Crabs regular season) and just minutes from I-75, scenic Gulf beaches, and the beautiful Charlotte Harbor. Excellent demographics, high traffic counts, with frontage on U.S. 41 and State Road 776, and zoning customized to your needs.

Florida: The perfect climate for business.

Let's talk!

18501 Murdock Circle, Suite 302
Port Charlotte, Florida 33948
Ph: 1 941 764-4941
Ft: 1 941 764-4947
FloridaED@charlottefl.com
www.FloridasInnovationCoast.com

CHARLOTTE COUNTY
Economic Development



Airport District Priorities

- Piper Road Project
 - Extension of Piper Road north from Henry St. to US 17
 - Penny Sales Tax project
 - TIGER grant application in process

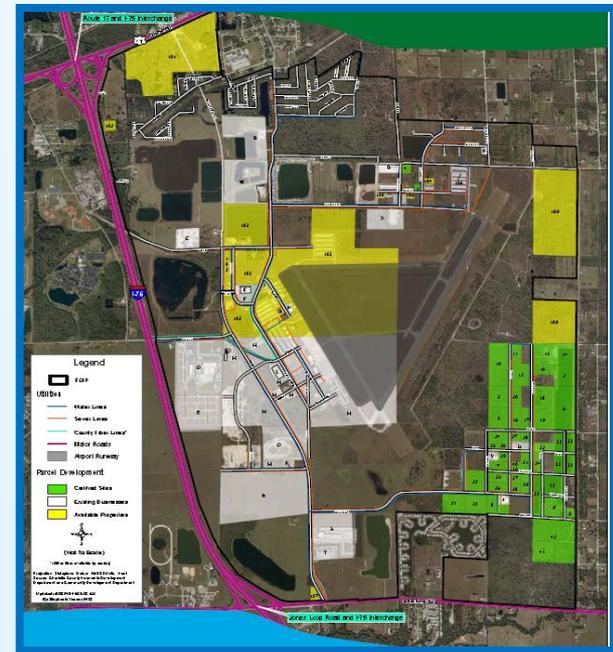




Airport District Priorities

- Certified Sites Program

- Certified sites provide prospects with already complete due diligence data, saving time, money and risk
- Our ECAP Marketing now includes a site map of all airport land, with property owners specified for each available parcel, making site selection for prospects simple and competitive.





Airport District Priorities

- Spec Building Program
 - The Spec Building plans have been developed for the ECAP, and the Economic Development Office already has two solid prospects considering utilization of the pre-permitted building plans





Immediate Issues or Initiatives

Western Michigan University aviation, medical and arts programs

Creation of Visitor Center

Explore Incubator opportunities

Develop database of film industry assets



Western Michigan University and Incubator Options



- Potential resource for Incubator development with WMU

- WMU Flight Training and A&P programs will bring educational opportunities to Charlotte County
- Opportunity to develop workforce locally to support and grow Aviation industry cluster





Visitor Center

- Secure partner counties' support of concept
- Refine vision, scope and plan
- Secure funding commitment
- Site Development & Operational Plan and Budget
- Secure approval of plans and budget



Film Industry Assets

- Reel Crew/Reel Scout – Quantifying our film resources
- Destination Videos – The “Pre-Vacation” experience
- Building the Buzz – Networking/Events



Tourism Budget Recommendation

PT Special Projects Coordinator (Revenue Generated)	30,165
PT Meetings Assistant Coordinator (Revenue Generated)	30,165
Advertising & Promotion	489,754

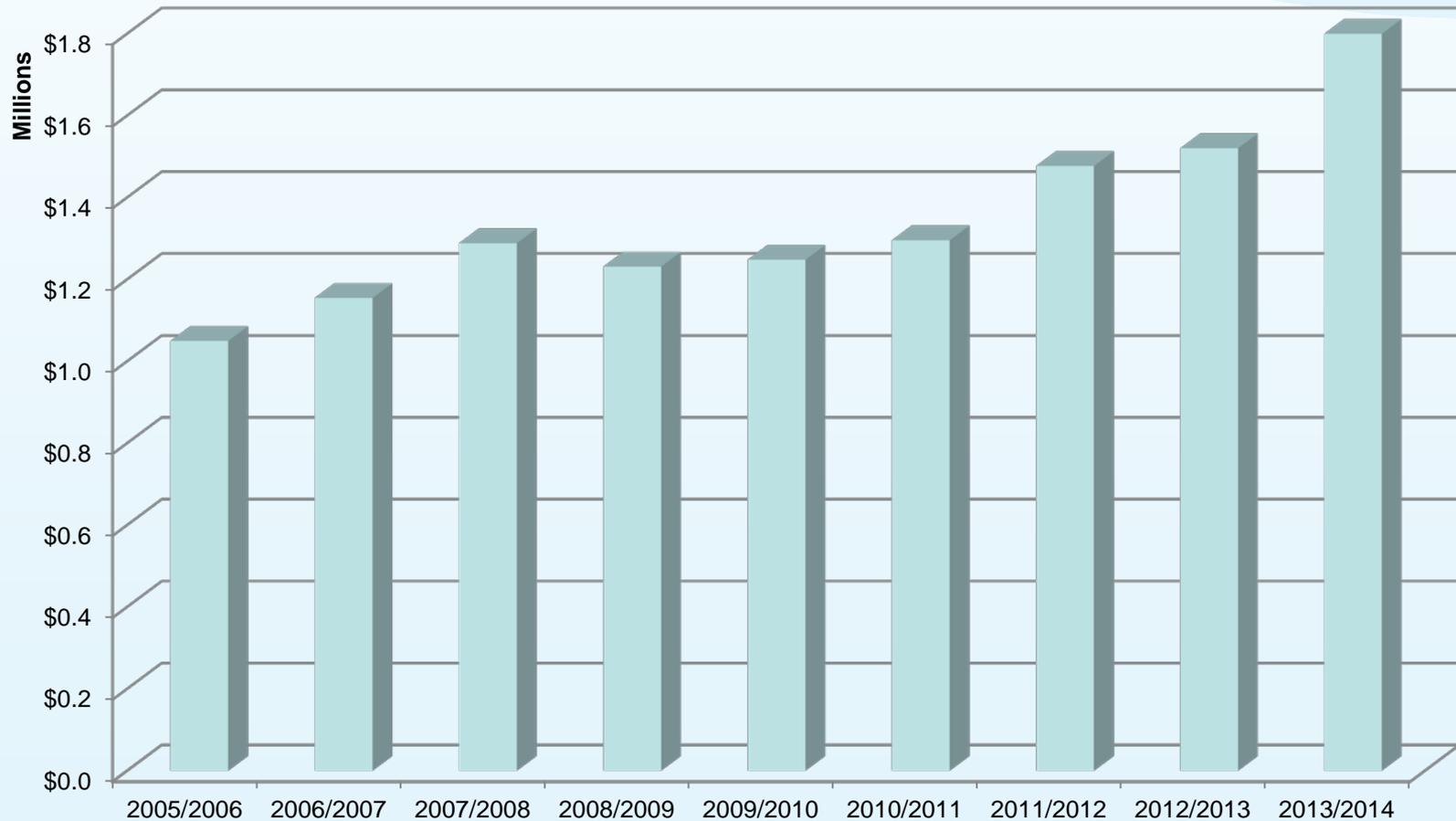


Tourism Budget Reserves

Contingency	214,320	10.0%
Cash Carry Forward	214,320	10.0%
Fiscal Stabilization	293,652	14.0%



Tourism Revenues



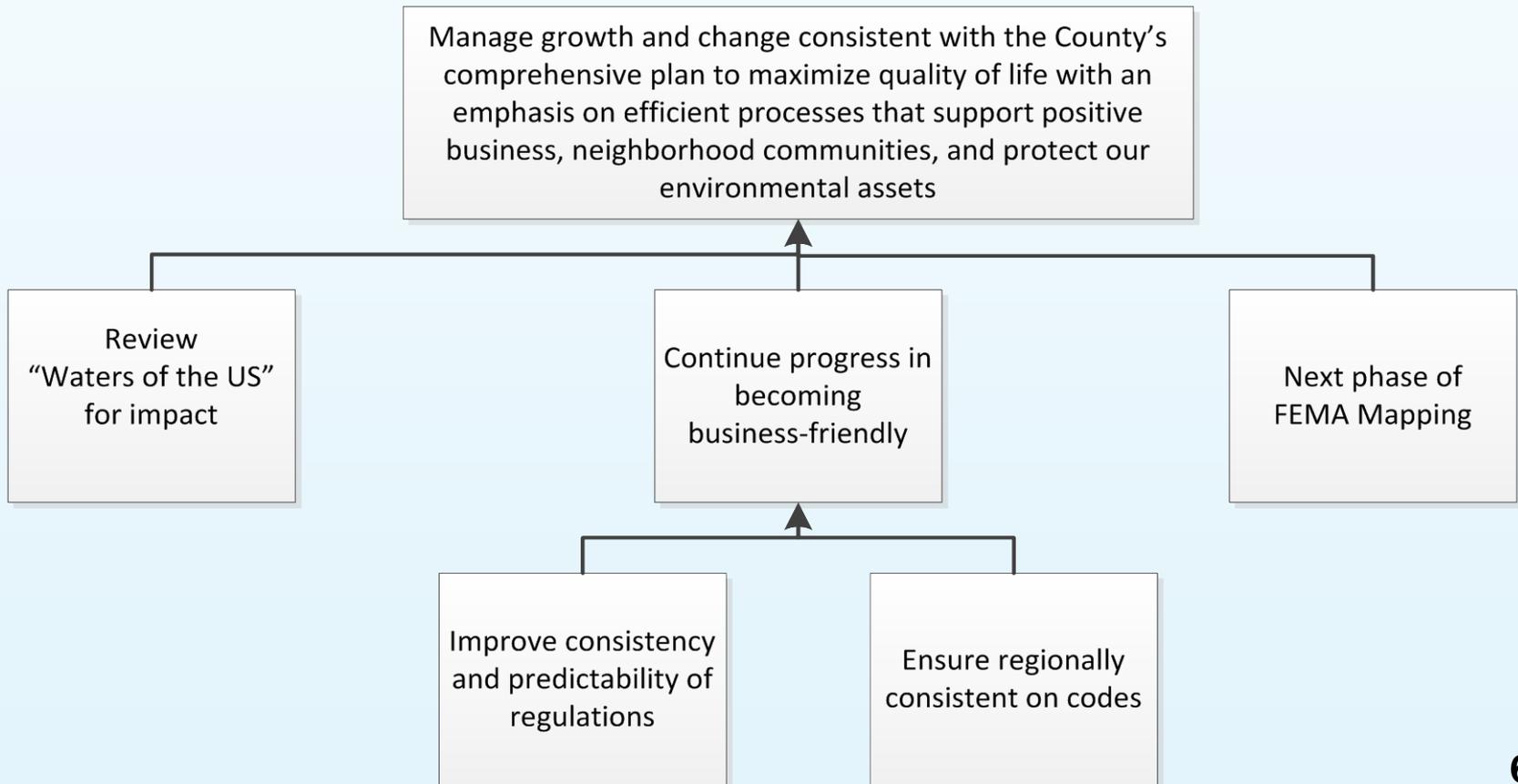


BCC Focus Areas

Growth Management



Growth Management



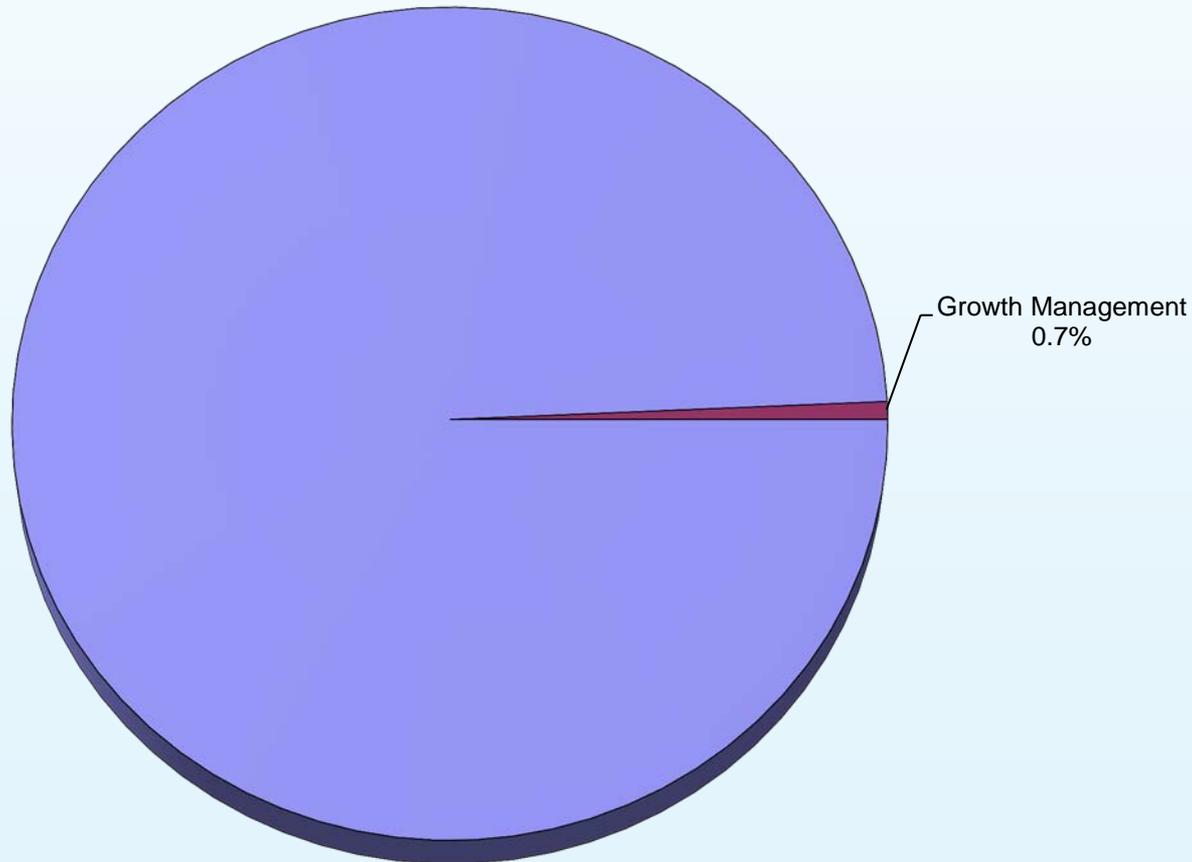


Budgetary overview



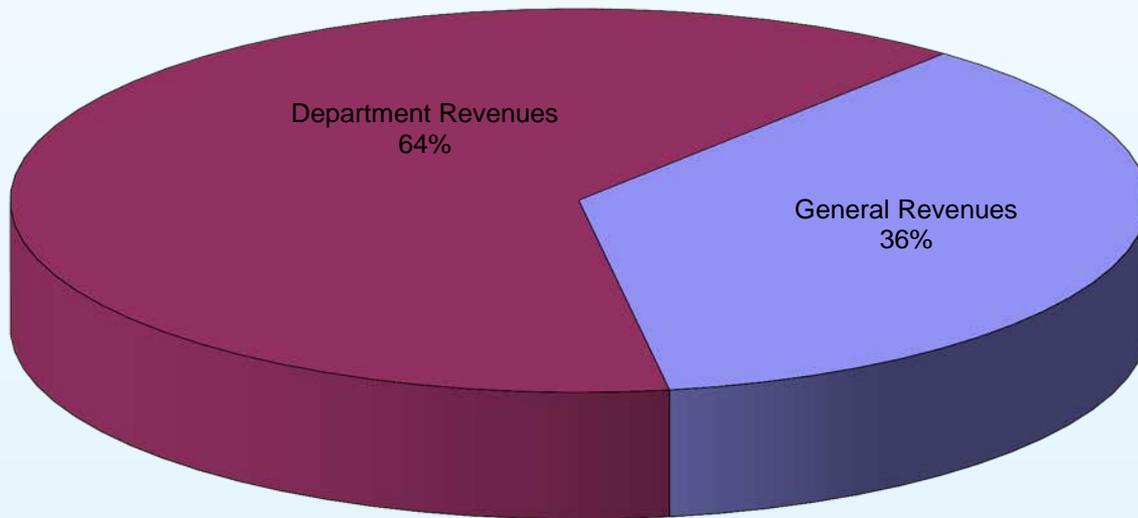
Where does the money go?

Growth Management Proportional to All Expenditures



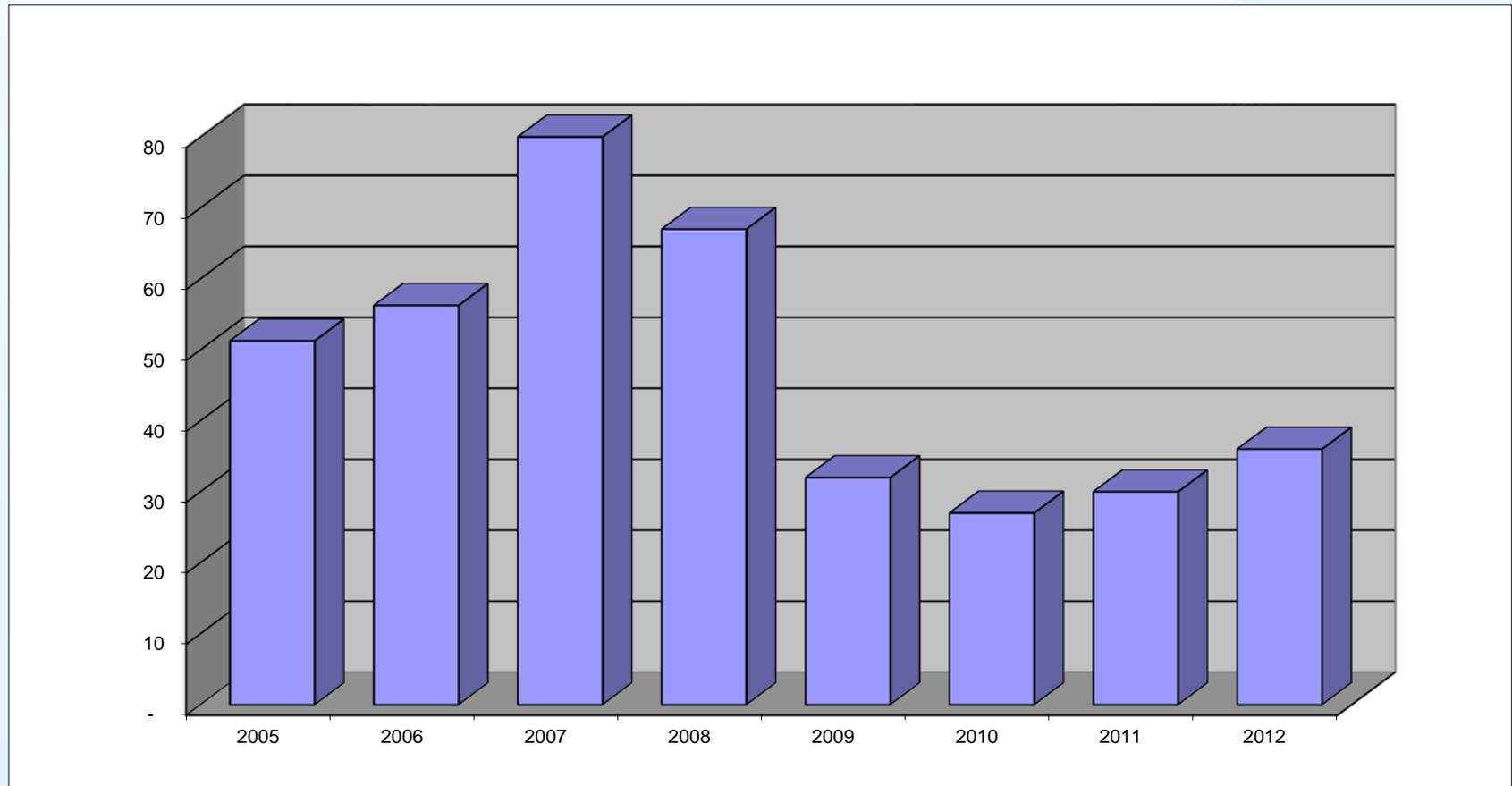


Where does the money come from?





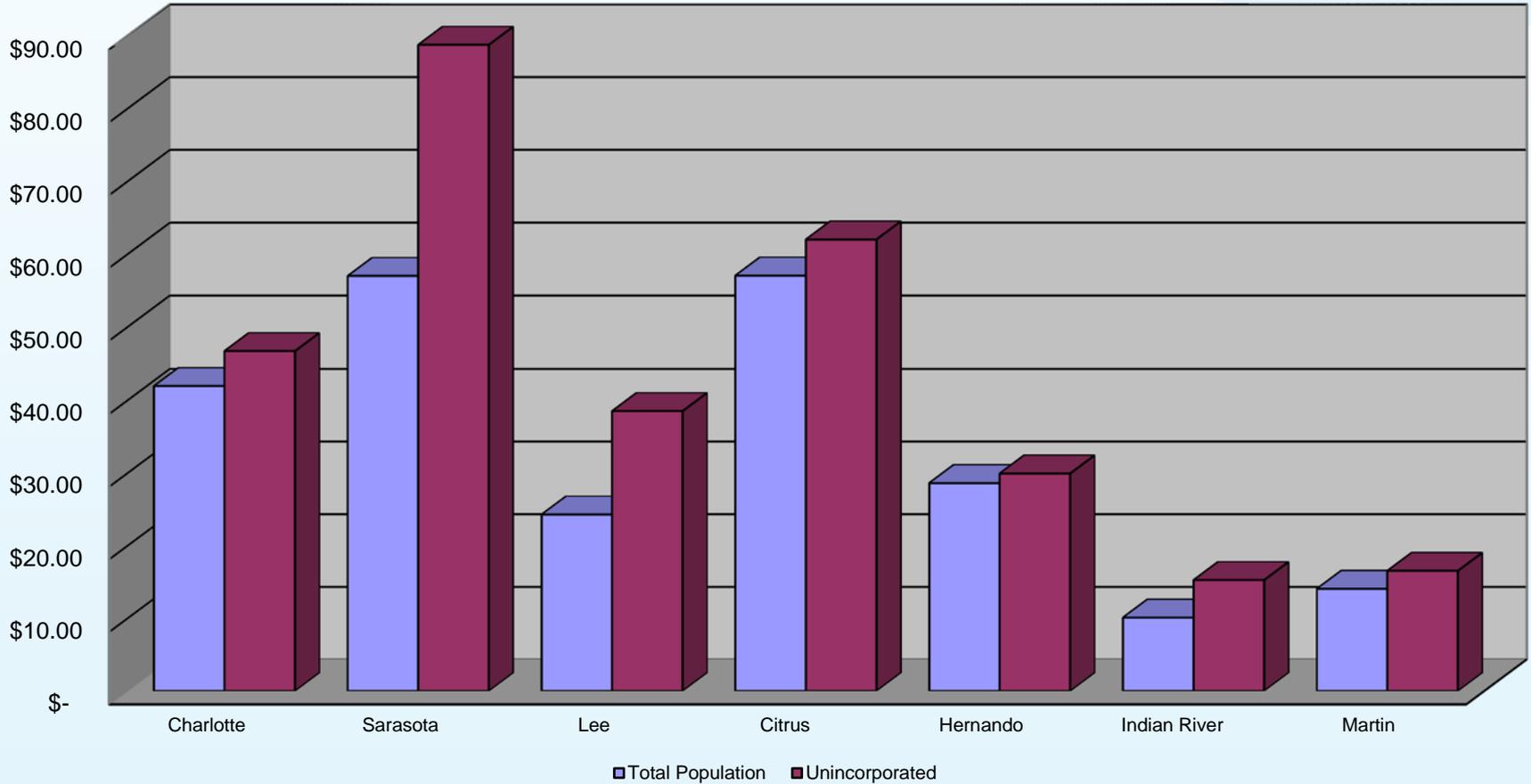
FTE Historical Trend





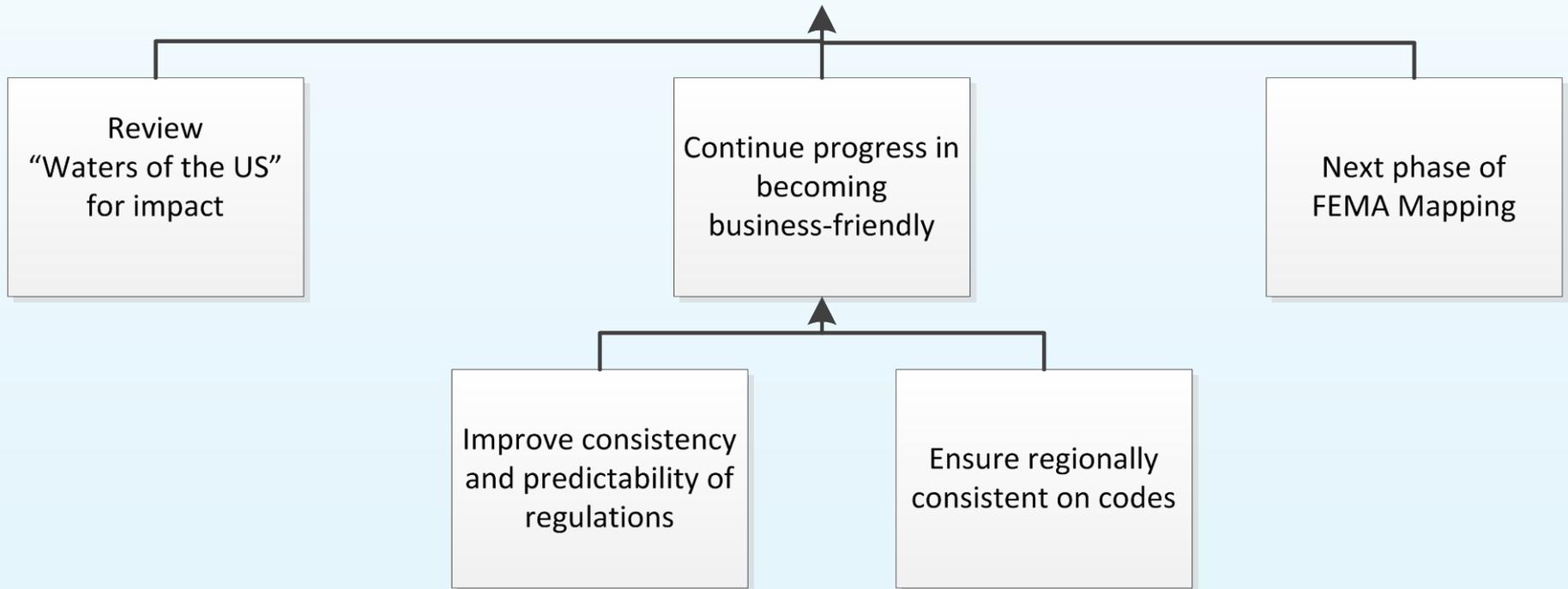
Comparable Counties

\$ Spent / Capita on Growth Management





Growth Management

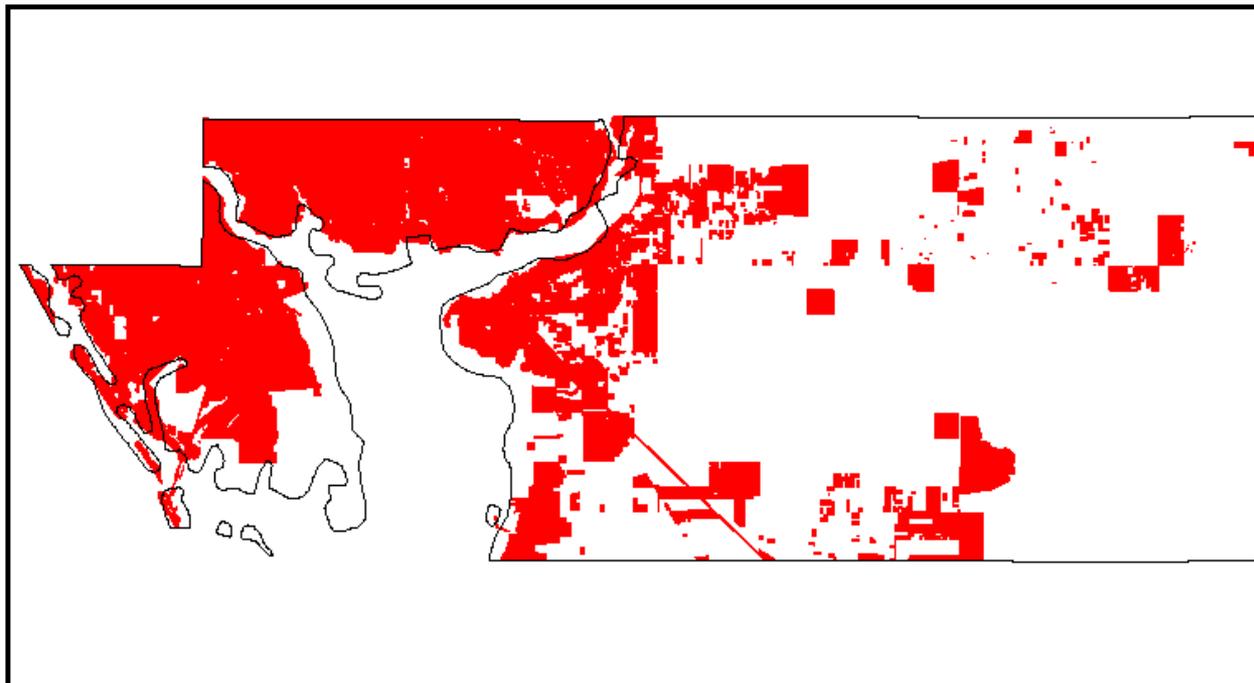




Waters of the U.S.



Existing WOTUS area



Existing WOTUS Area Charlotte County, Florida

GPI 1000 N. Ashley Drive
Suite 100
Tampa, FL 33602
(813) 632-7676
www.gpinet.com

0 5 10
Miles

Figure 1
Map Date: October 21, 2014
Prepared by: AH

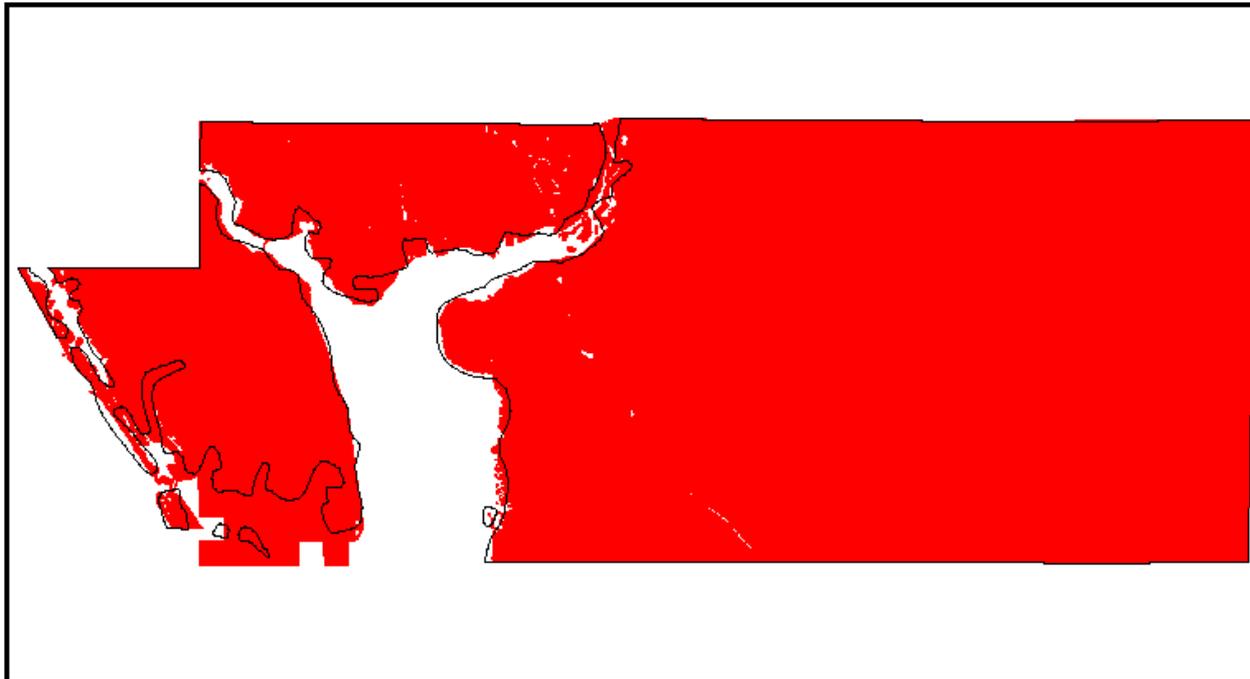
Legend

Charlotte County Existing WOTUS Area

National Hydrography Dataset water bodies provided by USGS. Counties provided by SWFWMD. Parcels provided by Charlotte County.



Proposed WOTUS area



Proposed WOTUS Area Charlotte County, Florida

GPI 1000 N. Ashley Drive
Suite 100
Tampa, FL 33602
(813) 632-7676
www.gpinet.com

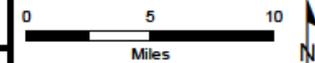


Figure 2

Map Date: October 21, 2014
Prepared by: AH

Legend

Charlotte County Proposed WOTUS Area

National Hydrography Dataset water bodies provided by USGS. Counties provided by SWFWMD. Parcels provided by Charlotte County.



Waters of the US

- \$900 Million to \$2 Billion in additional costs to Charlotte County
- New draft - not public yet



Business-friendly

Focus on technology to improve customer service

- On-line submission of plans and E-plan review
- Use of 311 App for inspection scheduling and payment of fees
- Request for technology position

Home Building Growth Mgmt & Land Dev Licenses Code Enforcement

Search Permits | Schedule an Inspection

Search for Permits

Enter information below to search the County's permitting database. Permits can be searched for by entering any of the following information:

- Job Site Address
- Contractor License Information
- Parcel Number
- Permit Information

Use the dropdown menu to change the Search type.

General Search General Search

Search All Records

Permit Number: Perm& Type: --Select--

Start Date: End Date:

04/23/1975 04/13/2015

License Type: --Select-- License Number:

First: Last: Name of Business:

Street No.: Direction: --Select--

EDGEWATER DRIVE PHASE 2 IMPROVEMENTS

Building Construction Services

Community Development

Building Construction

- Building Construction Home
- Code of Laws & Ordinances
- Florida Building Codes
- Forms & Documents
- Licensing
- Notices & Updates
- Online Services
- Permits

Planning & Zoning

Land Information

Department Listing

Contact Us

Building Construction Services (BCS) is an "umbrella term" commonly used for the Charlotte County Community Development Department and is responsible for the following services:

- Plans Review
- Building Permit Issuance
- Building Construction Inspections
- Fire Prevention Inspections
- Code Compliance Complaints Processing
- Code Enforcement of both State and County licensure or licensing requirements relative to all building trades

The links to the right are a great place to start and provide valuable information for both consumers and businesses. The areas below are portals providing more information and access to services offered by the Community Development Department.

Code Compliance
Report a Code, Ordinance or Building Code Violation

Permits
Overview | Types | Requirements | Fees | Tracking

Licensing
Contractor Licenses | Vehicles for Hire | Sexually Oriented Businesses | Fortune Tellers | Report Contractor Complaints | Report Unlicensed Contractors or Activity

Lien Relief Program
Program Information | Application Form | Fees

Vacant Property Program
Program Information | Register a Vacant Property | Fees | Forms

Research Requests
Permit Research | Lien Research for Code Compliance Cases

Green Building Program
Overview | Requirements | How to Participate | Energy Saving Tips

Elevation Certificate Requests
Overview | Request Copy of an Elevation Certificate

Related Links

- 2013 Proposed Floodplain Ordinance
- 50% Rule Information
- Charlotte County GIS Property Maps
- State of Florida Website
- FEMA
- Punta Gorda Chamber of Commerce
- Charlotte County Chamber of Commerce
- Charlotte-DeSoto Building Industry Association
- Englewood Area Chamber of Commerce
- National Flood Insurance Reform Act of 2012

BCS Notices & Updates

- Englewood Area Fire Control District Impact Fee Increase
Effective Date: 5/27/2015
- Limited Staffing on Thursday April 2, 2015 - Required Continuing Education Class
Effective Date: 4/2/2015
- Online Roof Permits
Effective Date: 3/9/2015
- Roof Repairs Permit Exemption
Effective Date: 2/12/2015
- New Florida Smoke Alarm Law
Effective Date: 1/1/2015

Guides & Publications

- Consumer Guide: Working with Contractors
- Consumer Guide: Permitting for a Single Family Residence
- Guide to Researching Elevation Certificates
- Flood Resistant Construction and the 2010 Florida Building Code



Business-friendly

Improve consistency and predictability of regulations

- Land Development Regulations
- South County Overlay
- Consistency among departmental staff

Ensure regional consistency on codes

- Collaborate with other jurisdictions to ensure consistency
- Participate in regional activities and professional associations

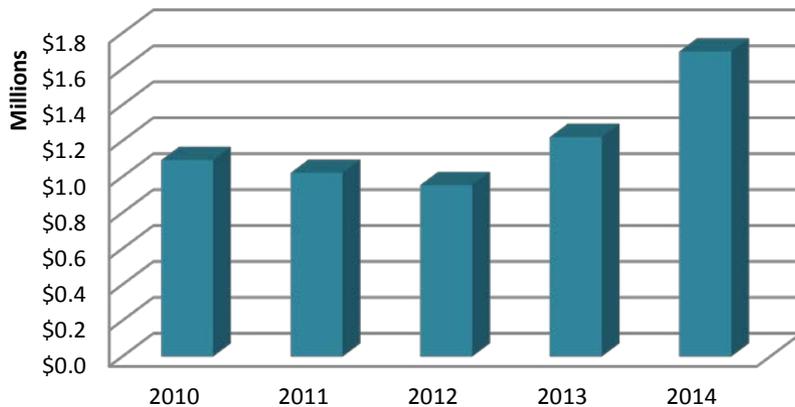


Building Construction Services Budget Recommendation

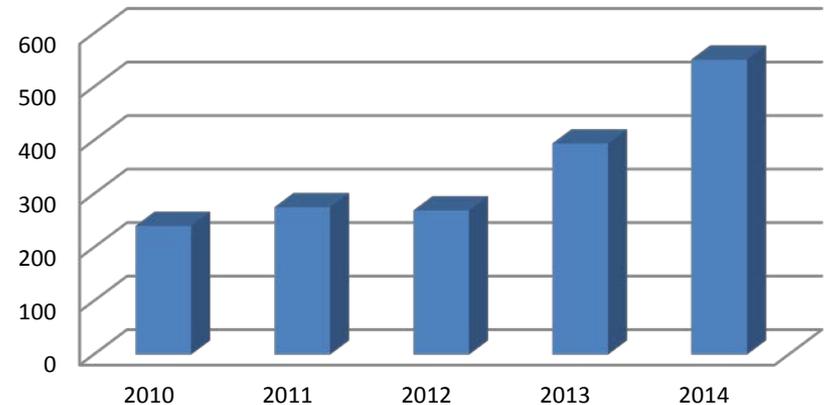
Programmer/Analyst Position
(for Accella support and automation)

93,455

Fund Balance



Single Family Home Permits





FEMA Mapping

- Proactively review and challenge data provided by FEMA as part of their current Risk MAP (Mapping, Assessment and Planning) project
- Provide outreach and communication of results throughout the process
- Utilize non-regulatory Risk MAP products to inform and educate the public and plan mitigation projects.

Charlotte County Financial Reserve Policy

General Policy Statements:

- 1.) The Charlotte Board of County Commissioners realize that it is essential for governments to maintain adequate levels of fund balance to mitigate current and future risks such as revenue shortfalls, natural disasters, unanticipated expenditures, and to ensure stable tax rates; and other unforeseen situations after exhausting all other funding options .
- 2.) Charlotte County's reserve policies are based on sound fiscal principles designed to allow the County to maintain continuity of operations in adverse conditions while being mindful of our fiduciary responsibility to taxpayers, both current and future generations.
- 3.) The County realizes that adequate fund balance levels are an essential component of the County's overall financial management strategy and a key factor in external agencies' measurement of the County's financial strength.
- 4.) Various bond rating agencies recognize that the best reserve policies provide both specificity and flexibility, accomplishing one or more of at least three main criteria: establishing a target level of reserves, or a reserve floor; specifying the appropriate circumstances for drawing down reserves; and directing the replenishment of reserves.
- 5.) The Government Finance Officers Association of the United States and Canada (GFOA) recommends a minimum general fund reserve of no less than five to fifteen percent of operating revenues, or no less than one to two months of regular operating expenditures.
- 6.) Charlotte County lies within a coastal zone highly susceptible to hurricane and storm damage.
- 7.) There exists uncertainty in the economic markets around the world, in regards to the cost of construction materials, interest rates, personnel costs, medical insurance costs, and general inflation.
- 8.) Each sizable fund has been analyzed to determine the type of risk it may be exposed to, the duration of the risk, methods to mitigate that risk and the amount of funds needed to mitigate against that risk.
- 9.) The County's aging infrastructure will require increasing repair and replacement.
- 10.) The County wishes to mitigate other forms of uncertainty such as:
 - Unanticipated changes in the tax and spending policies of federal and state governments;
 - Imposition of mandates by federal and state governments or the courts;
 - Financial impacts of labor agreements, particularly those stemming from collective bargaining; and,

- Unforeseen increases in energy costs.

11.) The fund balance definitions will be reported in accordance with generally accepted governmental accounting principals

SECTION 1. The Charlotte County Board of County Commissioners hereby establishes the following Financial Reserves Policy that includes guidelines for the use of reserve funds, the level of funding (minimum and maximum) for reserve funds and the time period over which reserve funds should be accumulated, and procedures for reporting and managing reserve funds.

SECTION 2. Ad Valorem Reserves

The components of the Ad Valorem Reserve are the combined reserves of the General Fund, Capital Projects Fund, and Law Enforcement Fund and should include, but not be limited to the following:

a.) Reserve for Contingencies

The purpose of Reserve for Contingencies is to maintain adequate levels of fund balance to mitigate current and future risks such as revenue shortfalls, unanticipated expenditures, and to ensure stable tax rates; and other unforeseen financial situations after exhausting all other funding options. The County should strive to maintain a balance not less than 5% and not greater than 10% percent of the total of the budget. Budget is defined as the amount available to spend to include beginning balance and revenues.

b.) Cash Carried Forward

A reserve amount 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. The County should strive to maintain a balance not less than 5% nor greater than 10% percent of the total revenue receipts and balances (beginning balance) of the budget.

c.) Fiscal Stabilization Reserve

The County should strive to maintain a balance not less than 15% percent of the total of the budget. Budget is defined as the amount available to spend to include beginning balance and revenues 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.

SECTION 3. Other General Government Operating Funds

I. Tourism Development Budget

The components of the Tourism Development Reserves should include, but not be limited to the following:

a.) Reserve for Contingencies

The purpose of Reserve for Contingencies is to maintain adequate levels of fund balance to mitigate current and future risks such as revenue shortfalls, unanticipated expenditures, and to ensure stable tax rates; and other unforeseen financial situations after exhausting all other funding options. The County should strive to maintain a balance not less than 5% and not greater than 10% percent of the total of the budget. Budget is defined as the amount available to spend to include beginning balance and revenues.

b.) Cash Carried Forward

A reserve amount 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. The County should strive to maintain a balance not less than 5% nor greater than 10% percent of the total revenue receipts and balances (beginning balance) of the budget.

c.) Fiscal Stabilization Reserve

The County should strive to maintain a balance not less than 15% percent of the total of the budget. Budget is defined as the amount available to spend to include beginning balance and revenues 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.

II. Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis. These funds are generally intended to operate on a break-even basis. There shall be appropriated, in each of the internal service funds, a reserve for cash balance to be carried over in an amount necessary to ensure that balances in the fund at of the end of each fiscal year is greater than or equal to zero. This reserve shall be in addition to all other, including but not limited to amounts reserved for claims incurred but not paid. In any fiscal year when it is projected that the actual amount of balances will be less than or equal to zero at year end, it will be necessary to either increase the rates charged or reduce expenses or both. In any fiscal year when it is projected that the actual amount of balances will be greater than zero at year end, consideration will be given to reducing the rates charged, or to using the accumulated surplus for any legal purpose.

III. Risk Management

Risk Management should maintain a minimum reserve equal to the 70% undiscounted confidence level of the annual actuarial study to ensure financial viability. In addition, should a claim be made against the County that is identified subsequent to the actuarial report and prior to the issuance of the Comprehensive Annual Financial Report that is financially material to the fund and highly likely to succeed, additional reserves should be established to provide adequate funds in reserve. Reserves will be funded through the premium rates charged to the covered entities.

The Risk Management Fund encompasses risk programs including automotive liability, general liability, and property claims. Additional miscellaneous liabilities include aviation, underground storage tanks, and professional liability for the Board of County Commissioners and other Elected Officials. Because of the inherent risk of catastrophic losses associated with the operation of vehicles and heavy equipment, construction work, jail operations, and others, a conservative approach should be taken when establishing the amount of reserves. Insurance and safety industry best practices will be employed to mitigate against these risks.

SECTION 4. General Government Debt Service Funds

Debt Service Funds

Debt Service reserves will be maintained as required by bond covenants or other debt obligations. Excess Debt Service Fund balances should be returned to the general or special revenue fund where the pledged revenue stream is collected.

SECTION 5. General Government Capital Funds

Capital Funds

Capital Funds should maintain fund balance budgeted in reserves if allowable by type of Fund. Many of the Capital Funds are time limited revenues, such as Infrastructure Surtax, and those funds will be expended as available and allowable. Other Capital Funds have time limitations, such as Impact Fees that are required to be spent within six years; those funds will be expended as soon as possible within allowable parameters. Excess funds should be returned to the general or special revenue fund where the appropriated revenue stream is collected.

SECTION 6. Enterprise Funds

I. Charlotte County Utility

The Utility should strive to maintain a minimum balance in the renewal and replacement fund equal to the lesser of one-twelfth (1/12) of five percent (5%) of the prior year's gross revenue or \$2,000,000. The Utility shall strive to maintain an unrestricted operating reserve fund balance equal to an average of sixty to ninety (90) days of the Utilities operating and maintenance expenses as established during its annual budget.

II. Solid Waste

The Solid Waste System should strive to maintain a reserve of sixty (60) to ninety (90) days of operating expenditures, plus fifty percent of the five year Capital Improvement Plan funding. In addition, all reserves required by Florida Department of Environmental Protection Administrative Code associated with landfill operations will be maintained.

III. Sanitation District

The Sanitation District should strive to maintain a reserve of sixty (60) to ninety (90) days of operating expenditures. The reserve will be used in the event of a major interruption to the current revenue stream due to unforeseen circumstances, such as natural or man-made disaster, or significant downturn.

Additional Information

All corresponding calculations and interpretation of calculations of a definitive nature will be determined by the County Administrator or his designee.

Reserve funds will be accumulated over a period that is deemed appropriate by the Board of County Commissioners given the complexity and consideration of a variety economic conditions.

Reserve funds will be reported and approved by the Board of County Commissioners annually during the budget process. Related to the management of reserve funds, all uses and transfers from reserve accounts must be approved by the Board of County Commissioners.

CHARLOTTE COUNTY DEBT POLICY

General Policy Statements:

Debt Policy:

The objective of Charlotte County's (hereinafter "Charlotte County" or "County") 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.

Several guiding principles which are incorporated into the County's Debt Policy are as follows:

1. **Asset Life:** The County will consider long-term financing for the acquisition, replacement, or expansion of physical assets (including land) only if they have a useful life of at least five years. Debt will be used only to finance capital projects and equipment, except in case of emergency. County debt will generally not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.
2. **Capital Financing:** The County will normally rely on specifically generated funds and/or grants and contributions from other governments to finance its capital needs on a pay-as-you-go basis. To achieve this it may become necessary to secure short term (not exceeding 5 years amortization) construction funding. Such financing is anticipated and allows maximum flexibility in Capital Improvement Plan (CIP) implementation. Debt of longer amortization periods (long-term debt) will be issued for capital projects when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries. Debt shall not, in general, be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction.
3. **Credit Ratings:** Charlotte County seeks to maintain the highest possible credit ratings for all categories of short and long-term debt that can be achieved without compromising delivery of basic County services and achievement of adopted County policy objectives.
4. **Capital Planning:** To enhance creditworthiness and prudent financial management, Charlotte County is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment to systematic capital planning is demonstrated through adoption and periodic adjustment of a Comprehensive Plan pursuant to Chapter 163, Florida Statutes, the Florida Growth Management Act and Rule 9 J 5, and the adoption of the five year CIP.
5. **Debt Affordability Measures:** The County will examine the following statistical measures to determine debt capacity and compare these ratios to the standard municipal rating agency median for counties of comparable size and historical ratios to determine debt affordability:
 - Debt per capita;
 - Debt to personal income;
 - Debt to taxable property value; and/or

- Debt service payments as a percentage of revenues.

6. **Debt Limits:** The County will keep outstanding debt within the limits prescribed by State Statute at levels consistent with its creditworthiness, best practices, needs and affordable objectives.
7. **Debt Structure:** Debt will be structured to achieve the lowest possible net cost to the County given market conditions, the urgency of the capital project, and the nature and type of security provided. Moreover, to the extent possible, the County will design the repayment of its overall debt so as to recapture rapidly its credit capacity for future use.
8. **Length of Debt:** Debt will be structured for the shortest amortization period consistent with a fair allocation of costs to current and future beneficiaries or users.
9. **Backloading:** The County will normally seek to structure debt with level principal and interest costs over the life of the debt. "Backloading" of costs will be considered when natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive, when the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present, when such structuring is beneficial to the County's overall amortization schedule, or when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.
10. **Refundings:** The Clerk of the Circuit Court as Chief Finance Officer of the County, County's staff and advisors will undertake periodic reviews of all outstanding debt to determine refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding or the refunding is essential in order to modernize covenants essential to operations and management. In general, advance refundings for economic savings will be undertaken when a net present value savings of at least three percent (3%) of the refunded debt can be achieved. Current refundings that produce a net present value savings of less than three percent (3%) will be considered on a case-by-case basis. Refundings with negative savings will not be considered unless there is a compelling public policy or legal objective.
11. **Credit Enhancements:** Credit enhancement, including letters of credit and bond insurance, may be used, but only when net debt service on the bonds is reduced by more than the costs of the enhancement.
12. **Methods of Sale:** The County will issue debt obligations either through competitive or negotiated sale or through a private placement.
 - a) **Competitive Sale:** A competitive sale is the common method for selecting underwriters for general obligation bonds, which are backed by the full faith and credit of the County. In a competitive bid process, the County, with the assistance of the County's Financial Advisor, will structure the bond issue and publish a Notice of Sale requesting bids from underwriters. After the bids are received, the bonds are awarded to the underwriting syndicate that submitted the best bid, i.e. the lowest true interest cost to the County.
 - b) **Negotiated Sale:** In a negotiated sale, the County works with a single underwriting syndicate. The selection of a syndicate usually is based on factors such as past relationships, special expertise, and the size and nature of the

underwriters' sales efforts. The senior manager of the syndicate will assist the County with structuring the bond issue, preparing the official statement, and obtaining a bond rating. The syndicate will engage in pre-sale marketing, and then will negotiate interest rates with the County. Negotiated sales are common with revenue bond offerings, especially when they involve complex features.

- c) Private Placement: When determined to be beneficial and appropriate, the County may elect to sell its debt obligations through a private placement or limited public offering.

13. **Long Term Debt**: The County will consider the issuance of long-term debt under the following conditions:

- One time capital projects or capital improvement projects, when the project is included in the County's Capital Improvement Program and appropriated in the budget;
- An unusual equipment purchase for which it is determined to be economically beneficial for the County to purchase through financing;
- When a project is not included in the County's Capital Improvement Plan, but it is an emerging critical need whose timing was not anticipated or it is a project mandated immediately by State or Federal requirements. An analysis of the project's impact on the County's Capital Improvement Plan and future budget forecasts will be presented at the time of approval; or
- To finance the acquisition or implementation of a self-supporting proprietary or governmental program/activity.

14. **General Obligation Bonds**: When determined to be the most appropriate method of debt issuance, the County will seek approval through voter referendum to issue general obligation bonds. The full faith and credit of the County secure general obligation bonds. The County makes a pledge to levy the necessary ad valorem tax rate to meet the debt service requirements of the bonds.

15. **Revenue Debt**: As part of the County's financing activities, specific General Fund revenue sources may be identified to pledge for repayment of revenue debt. Before such General Fund commitments are made, specific policy goals and objectives that determine the nature and type of projects qualifying for such support and specific limitations to be placed on the maximum amount of General Fund resources pledged to such projects shall be developed. Key factors that will be considered in determining whether or not the General Fund should be used to secure a particular debt obligation will include the following:

- Demonstration of underlying self-support, thus limiting potential General Fund financial exposure
- Use of General Fund support as a transition to a fully stand alone credit structure, where interim use of General Fund credit support reduces borrowing costs and provides a credit history for new or hard to establish credits.
- General Fund support is determined by the County Commission to be in the County's overall best interest.

The County will finance the capital needs of its revenue producing proprietary activities through the issuance of revenue-secured debt obligations. Prior to approval of such debt, the County Commission will evaluate financial plans and projections showing the feasibility of the planned financing, required rates and charges needed to support the planned financing, and the impact of the planned financing on ratepayers, property owners, County revenues, and other affected parties. The amount of the debt obligations issued by a County will be limited by the feasibility of the overall financing plan on the proprietary activity.

16. **Leasing:** When determined to be advantageous to the County, the County may lease equipment and facilities rather than purchase them outright. Leasing may be appropriate for assets that will be needed for only a short period of time, or which are subject to rapid technological obsolescence. Leasing may also be determined to be appropriate for procuring assets that are too expensive to fund with current receipts in any one year, but with useful lives too short to finance with long-term debt. The decision to lease will be supported by an analysis of lease vs. purchase.
17. **Interfund Borrowing:** Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, only when planned expenditures in the fund making the loan would not be affected. Interfund borrowing may be used when it would reduce costs of interest, debt issuance, and/or administration. Interest charged will be at the current earnings rate of other County funds.
18. **Taxable Debt:** The cost of taxable debt is higher than tax-exempt debt. The issuance of taxable debt is mandated in certain circumstances, and may allow valuable flexibility in subsequent contracts with users or managers of the improvement constructed with the debt proceeds. Therefore, the County may issue taxable obligations when determined to be the best method for the intended purpose.
19. **Variable Rate Debt:** The County may choose to issue securities that pay a rate of interest that varies according to pre-determined formula or results from a periodic remarketing of the securities, consistent with state law and covenants of pre-existing bonds, and depending on market conditions. The County will limit its outstanding bonds in variable rate form to reasonable levels in relation to total debt.
20. **Subordinate Debt:** The County may issue subordinate debt only if it is financially beneficial to the County or consistent with creditworthiness objectives.
21. **Short Term Debt:** Use of short-term borrowing, such as bond anticipation notes and tax-exempt commercial paper, will be undertaken only if the transaction costs plus interest on the debt are less than or equal to the cost of internal financing, or available cash is insufficient to meet working capital requirements as with the implementation of the infrastructure surtax programs.
22. **State Revolving Fund Program:** This program provides funds for projects involving water supply and distribution facilities, stormwater control and treatment projects, air and water pollution control, and solid waste disposal facilities. Whenever possible, this program will be utilized since the costs associated with issuing the notes are low and local agencies benefit from the strength of the State's credit.
23. **Other Borrowing Facilities:** The County may maintain or procure a special facility that

will allow for borrowing on short notice, either in the form of short-term or long-term notes, for small amounts not economical to finance through a regular bond issuance. The facility can be used as an interim financing mechanism when cost effective.

24. **Derivative or Synthetic Debt Structures:** The use of derivative or synthetic debt securities to finance capital projects or to refinance outstanding debt may be an appropriate method of hedging favorable interest rates or to mitigate the risks of interest rate volatility in a variable rate debt program. The value of such derivative securities is derived from the value of an underlying or reference market. Derivatives such as interest rate swaps and interest rate caps and collars are examples of securities that are used by corporations and municipal borrowers to lower and stabilize borrowing costs. The use of derivative debt securities by the County should be considered only upon the recommendation of the Finance Committee, in conjunction with the advice of knowledgeable and experienced experts.
25. **Arbitrage Compliance:** The Clerk of the Circuit Court, as Chief Finance Officer of the County, maintains a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. Arbitrage rebate liabilities will be calculated annually and the liability will be reported in the County's annual financial statements.
26. **Financing Proposals:** Any capital financing proposal to a County Department, Agency, or Utility involving pledge or other extension of the County's credit through sale of securities, execution of loans or leases, marketing guarantees, or otherwise involving directly or indirectly the lending or pledging of the County's credit, may be reviewed by members of the finance Committee.
27. **Conduit Bond Financing:** Periodically, the County is approached with a request to provide conduit bond financing for qualified projects through the Charlotte County Housing Finance Authority or Industrial Development Bonds. Applications for such issues are processed pursuant to guidelines approved by the Charlotte County Board of County Commissioners. The County's Financial Advisor, Bond Counsel, and County Attorney, in coordination with Housing Finance Authority and Industrial Development Bond Citizens Advisory Committee, will review all applications to provide a funding recommendation to the Board, and will charge a reasonable fee for costs and time, to be paid for by the applicant. In addition, the applicant will reimburse the County a reasonable fee for time spent on review of the application by County staff.
28. **County Finance Committee:** The County's Finance Committee consists of the Chief Deputy of Board Services of the Clerk of the Circuit Court, the Chairman of the Charlotte County Board of County Commissioners, as seated annually by the Commission, a second representative from the Board of County Commissioners, the County Administrator or designee, the County Attorney or designee, and the Clerk of the Circuit Court. Others participating in the Finance Committee's efforts to provide technical expertise and advice include representatives from the County's Financial Advisor, Disclosure Counsel and Bond Counsel. The County's Debt Policy is jointly reviewed by the Finance Committee and the Board of County Commissioners at least once every five (5) years, and more frequently if so required.
29. **Financial Disclosure:** The County is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, agencies, other levels of government, and the general public to share clear,

comprehensible, and accurate financial and other relevant requirements on a timely and comprehensive basis. The Clerk of the Circuit Court, as Chief Finance Office of the County, is responsible for ongoing disclosure to established national information repositories and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies, and may carry out such responsibility through the engagement of an outside dissemination agent or supervision of the process by others and will provide final approval.

30. **Investment of Debt Proceeds:** Debt proceeds will be invested primarily to assure the safety and liquidity of such investments, and secondarily, to maximize investment yield. The primary goal of liquidity is to ensure that proceeds will be available to fulfill the purposes of the issue on a timely basis. Debt covenants will specifically address investment guidelines for debt proceeds.