

# City of Punta Gorda



## LONG RANGE FINANCIAL PLAN

Fiscal Years 2015-2019



In January 2008, the City published its first Business Plan which incorporated economic and financial strategies and key performance measures into a single document. In order to augment the financial strategy component of the Plan, a long-range financial plan was developed in January 2009 to assist management in the planning and allocation of resources to achieve City Council's goal of maintaining fiscally responsible decision making within all sectors of the organization. The Plan provided the organization with an opportunity to change or influence current policies and practices before they created critical fiscal strains on the budgetary fabric.

The Fiscal Years 2015-2019 Long Range Financial Plan presents multi-year fiscal forecasts for the City's major fund groups as well as a comparison of the City's financial management policies in relation to national standards. In addition, the Plan identifies budget categories and operational practices for a more in-depth review and determination as to whether to continue budgeting for in the future. The Plan is shown in the following format:

Section 1: Major Fund Five-Year Forecasts

Section 2: Financial Management Policies & National Standards

Section 3: Budget Categories and Operational Practices

## Section 1: Major Fund Five-Year Forecasts

### General Fund

The fiscal forecast is based on an expected gradually improving economy. It anticipates a modest increase of 4% in taxable property valuations and flat to slight increases of 2% in State-shared revenues and other general fund revenues. The proforma fiscal forecast projects deficits ranging from \$.5 million to \$.9 million in fiscal year 2016 and 2019 respectively. The general fund financial plan eliminated a projected budgetary gap in FY 2015 and initiated planning for future years' budgets. As a result of continued budget reduction measures and increasing property values coupled with retention of the current millage rate, previously projected shortfalls as high as \$3.4 million have been significantly reduced as shown below. It is intended that with conservative spending and allowance of growth in ad valorem revenue, that the City will continue to progress towards achieving a balanced budget, without relying on reserves.

#### General Fund Proforma Schedule of Revenues and Expenditures Projected FY 2015 through Proforma FY 2019

	Projected FY 2015	Proforma FY 2016	Proforma FY 2017	Proforma FY 2018	Proforma FY 2019
Change in Taxable Value of Property	4.1%	4%	4%	4%	4%
<b>Revenues:</b>					
Ad Valorem Taxes	\$7,377,000	\$7,672,080	\$7,978,965	\$8,298,120	\$8,630,050
Other Revenue	10,243,405	9,761,315	9,893,035	10,026,855	10,162,815
Use of Prior Year's Reserves	732,555	104,000			
<b>Total Revenues</b>	<b>18,352,960</b>	<b>17,537,395</b>	<b>17,872,000</b>	<b>18,324,975</b>	<b>18,792,865</b>
<b>Expenditures:</b>					
Personnel Expenditures	12,588,190	12,636,695	13,033,665	13,447,675	13,879,615
Operating Expenditures	4,015,905	4,024,785	4,142,145	4,263,465	4,388,895
Capital	385,315	349,000	312,000	312,000	312,000
Transfers to other Funds	740,300	577,470	557,470	596,370	596,025
Transfers for Roads	609,000	459,000	459,000	459,000	459,000
Contingency	14,250	15,000	15,000	15,000	15,000
<b>Total General Expenditures</b>	<b>18,352,960</b>	<b>18,061,950</b>	<b>18,519,280</b>	<b>19,093,510</b>	<b>19,650,535</b>
<b>Expenditures in Excess of Revenue</b>	<b>\$0</b>	<b>(\$524,555)</b>	<b>(\$647,280)</b>	<b>(\$768,535)</b>	<b>(\$857,670)</b>

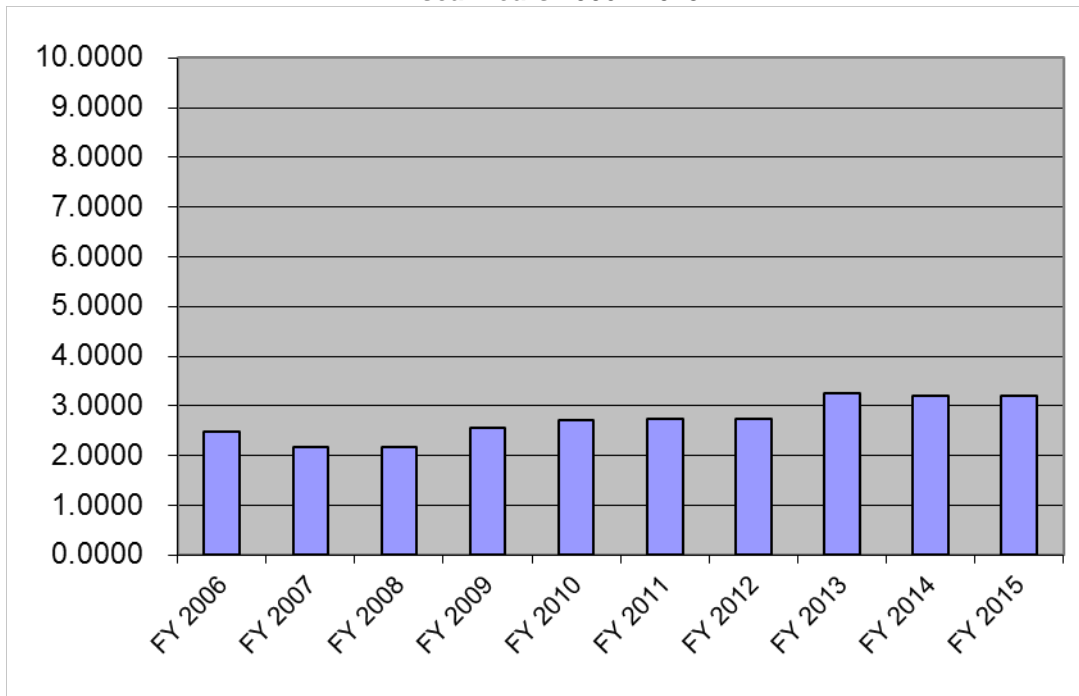
The current FY 2016 proforma shortfall of \$524,555 is a working number that has not been offset against estimated operating reserve-end, except for the \$104,000 directed by City Council during the FY 2015 budget process. Alternative solutions will be discussed with Council prior to any further direction regarding additional use of reserves be used to close the gap. Below are the projected year-end reserves as well as the minimum reserve amount based on the City's adopted financial policy.

<b>Estimated Capital Reserve – End</b>	\$ 312,000	\$ 312,000			
<b>Estimated Operating Reserve – End</b>	\$2,015,474	\$1,911,474			
<b>Minimum Reserve (6% to 8%)</b>	\$1,175,000	\$1,175,000	\$1,297,000	\$1,433,000	\$1,573,000

## Millage and Taxable Assessed Value

The FY 2015 millage rate of 3.1969 mills is 2.95% over the rolled back rate of 3.1054. The calculated rolled back rate results in the same property tax revenues, sans new construction, as the previous year. Included in the millage rate is \$459,000 earmarked for the road resurfacing program, which represents an increase of \$104,000 from previous years' allocations.

**Property Tax Millage Rates  
Fiscal Years 2006 - 2015**



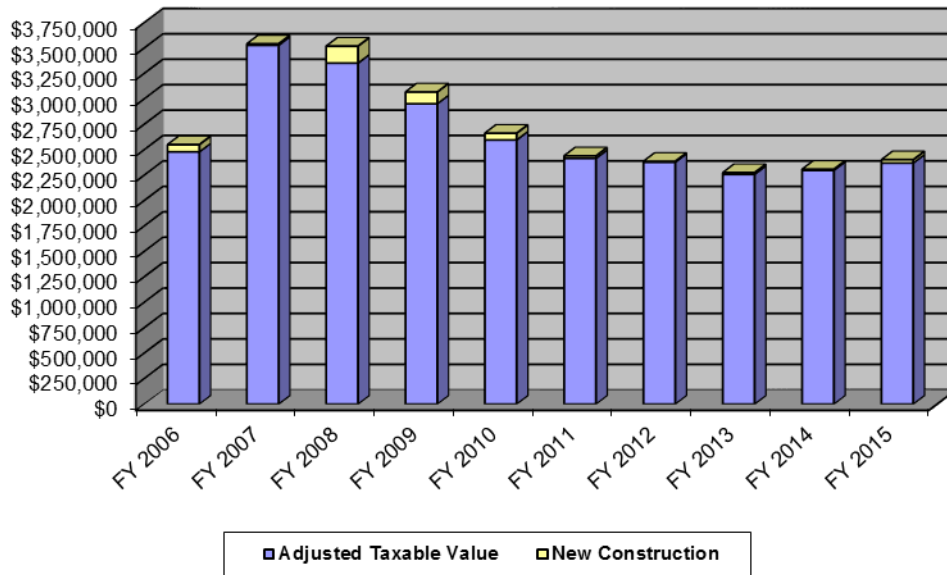
*A mill is equal to one dollar of tax for each \$1,000 of taxable value.  
Florida Statutes caps the millage rate at 10 mills.*

## History of Taxable Property Values

Fiscal Year	Final Gross Taxable Value*	\$ Change From Previous Year	% Change from Previous Year	New Construction
2008	\$3,496,182,626	-\$19,378,360	-0.6%	\$168,546,000
2009	\$3,062,265,808	-\$433,916,818	-12.4%	\$115,280,000
2010	\$2,646,132,752	-\$416,133,056	-13.6%	\$65,914,000
2011	\$2,447,711,910	-\$198,420,842	-7.5%	\$24,317,000
2012	\$2,367,768,124	-\$79,943,786	-3.3%	\$7,854,000
2013	\$2,270,096,296	-\$97,671,828	-4.1%	\$16,856,000
2014	\$2,308,224,076	\$38,127,780	1.7%	\$9,890,893
2015	\$2,403,601,442	\$95,377,366	4.1%	\$32,800,312

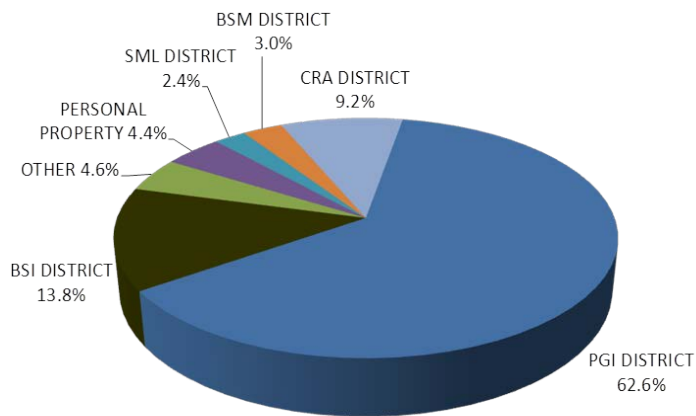
\*Includes New Construction

### Gross Taxable Value (in thousands)



Analysis of taxable value information shows a 2.7% overall increase for properties from the prior year, and an additional 1.4% for new construction, annexations and changes in exemption for calendar year 2013. This is the second straight year that property values increased in the City. In previous years, the protection of Save Our Homes resulted in a majority of homestead property taxable values being below just values. Due to increasing property values, the number of homestead properties at parity (market or just value equaling taxable value) decreased from 3,763 parcels in FY 2013 to 963 in FY 2015.

Review of taxable value distribution shows the following:



Approximately 44% of parcels in the City are classified as homestead and of those, 16% are at parity (just value equals assessed value). Based on this data, one can surmise that over 63% of the parcels in the City are now at parity, since by definition all non-homestead properties are at parity.

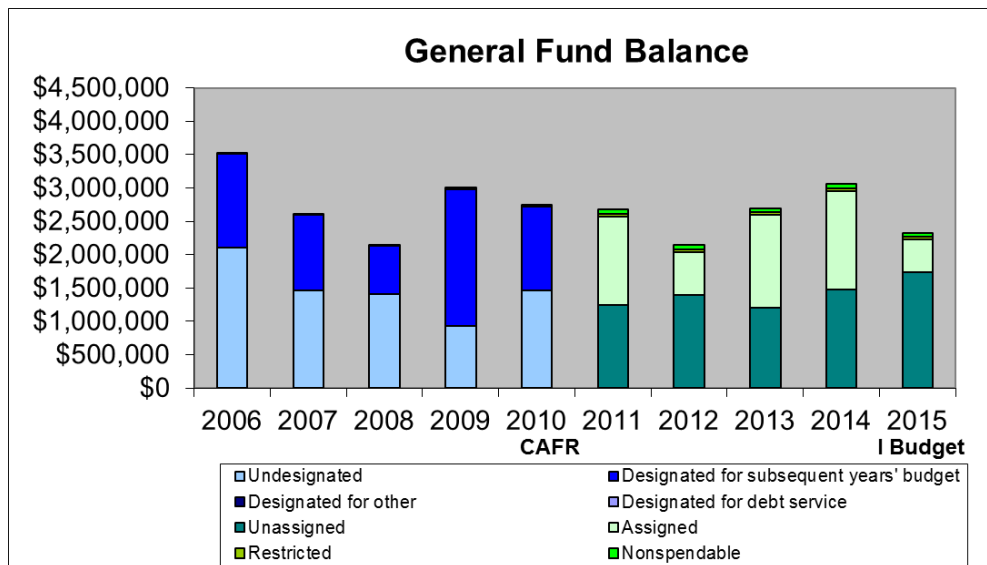
- The Save Our Homes increase limit on non-parity homestead properties is by statute the January to January change in the calculated consumer price index of 1.5%.
- In the final assessment, commercial properties experienced a slight decrease in value, as reflected by the decrease in value in the Community Redevelopment Area of -1.33%.

## General Fund Balance

On March 19, 2014, City Council approved amendments to the comprehensive set of financial management policies. The following specifically address fund balance or reserve objectives. Amendments are highlighted in italics.

- An adequate level of unrestricted fund balance will be maintained so credit rating agencies will recognize the City is in sound financial condition when they evaluate the City's credit worthiness.
- The City will strive to follow the GFOA recommendation for a minimum level of unrestricted fund balance for the General Fund. The GFOA states the unrestricted fund balance for the General Fund should be a minimum of 2 months of operating expenditures. *Note: Currently it equates to \$2.8 million of the City's general fund.*
- For the General Fund and all other operating funds, except the Utilities Fund, the City will establish an unassigned fund balance minimum of 6% of total fund expenditures. The proforma shows an increase to the minimum balance to 6.5% for FY 2016. *Note: It is intended that this percentage increase periodically and eventually attain the GFOA best practice standard. The proforma identifies the minimum reserve increasing by .5% each year.*
- The City should have a prudent level of unrestricted fund balance to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unexpected one time expenditures.
- An adequate level of unrestricted fund balance will be maintained as working capital to support operations until sufficient current revenues (taxes) are received.

During the past nine fiscal years (2007 through 2015), the City earmarked a portion of reserves over the minimum guideline to assist in paying for ongoing levels of service until such time as the economy rebounds. The FY 2016 proforma continues this practice to a more limited extent.

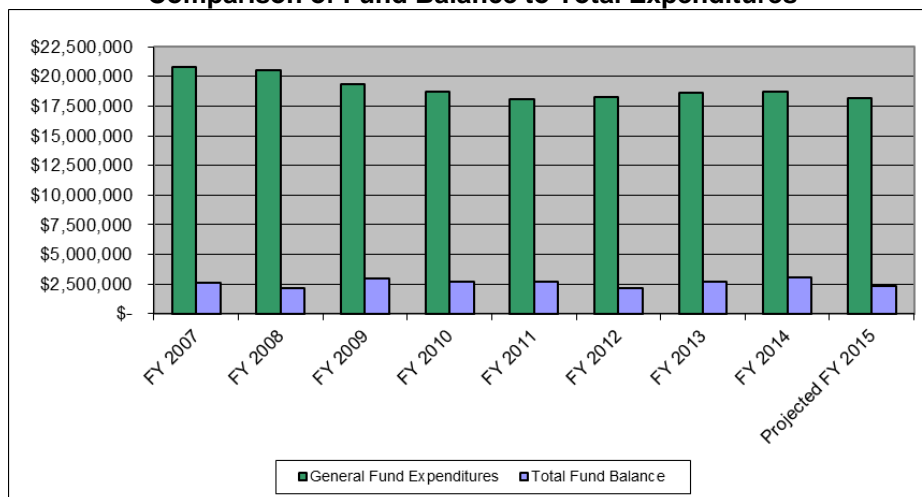


The table below provides a summary of the designated and unassigned fund balance at end of year for actual FY 2014 and projected FY 2015.

	FY 2014		Projected FY 2015	
	Amount	% of Exp.	Amount	% of Exp.
<b>Fund Balance</b>				
Inventories/Restricted	\$ 104,983	0.5%	\$ 104,000	0.6%
Assigned-Future Years' Use of Op. Reserve	1,484,576	7.9%	170,000	0.9%
Assigned-Capital Outlay Reserve		0.0%	312,000	1.7%
Unassigned-Minimum Op. Reserve (Orig)	1,032,000	5.5%	1,109,000	6.0%
Unassigned-Available Op. Reserve	438,469	2.3%	632,474	3.4%
<b>Total Fund Balance</b>	<b>\$ 3,060,028</b>	<b>16.3%</b>	<b>\$ 2,327,474</b>	<b>12.6%</b>
<b>General Fund Orig Budgeted Expenditures</b>	<b>\$ 18,757,261</b>		<b>\$ 18,496,385</b>	

The FY 2015 budget identified the use of \$104,000 to reduce the gap in the proforma for FY 2016, and \$312,000 to establish a reserve for capital outlay that will be funded on an annual basis. The projected FY 2015 operating reserve ending balance is expected to be \$736,000 greater than the minimum reserve requirement of 6.5% or \$1,175,000 in FY 2016. These funds may be used for one-time expenditures or to balance the future year's operating budget, left unassigned and available, or to increase the minimum required percentage for the operating reserve, as discussed in the City's reserve policy above. See graph below for historical trend of year end reserves.

**Comparison of Fund Balance to Total Expenditures**



### Water & Sewer Fund

The City operates its water and sewer system as an enterprise fund and revenues are derived primarily through user charges for service (fees). The utility service area encompasses approximately 38 square miles and extends beyond the corporate City limits. There are approximately 20,870 water ERUs (Equivalent Residential Units) and 15,695 sewer ERUs. Customers outside the corporate City limits pay a 25% surcharge, which is reduced to 10% for those customers who meet specific economic development criteria. Customers inside the corporate City limits pay a 10% water utilities tax to the City of Punta Gorda general fund.

The City has embarked on developing a groundwater reverse osmosis (RO) water treatment plant. Project costs, at this time, are in the preliminary design phase (not final design estimates) and reflect a contingency of 15%, bringing the total estimated cost to \$32.2 million. On September 17, 2014, City Council approved moving forward with a phased-in rate increase scenario during FY 2016-2018 that provides for debt service related to project financing and maintenance of a \$3.1 million operating reserve. In light of the decision to complete the RO Plant, the fiscal forecast below is based on 2-day per week watering, average rainfall, modest customer growth and a projected 12.0% rate increase smoothed over a three-year timeframe. A \$1.5 million grant that was tentatively awarded by the Southwest Florida Water Management District (SWFWMD) may not materialize and, as a result, has not been included in projected FY 2015 numbers. However, FY 2014 revenues exceeded projections by \$320,000, expenditures were less than budget by \$446,000, and debt expense for FY 2015 has been reduced by \$404,000, thereby allowing the City to forego financing in the event of a grant doesn't materialize. The proforma maintains the targeted \$3.1 million operating reserve. A more detailed rate study is pending during FY 2015, which will further refine recommended rate adjustments.

**Utilities OM&R Fund**  
**Proforma Schedule of Revenues and Expenses**  
**Projected FY 2015 through Proforma FY 2019**

	Projected FY 2015	Proforma FY 2016	Proforma FY 2017	Proforma FY 2018	Proforma FY 2019
<b>Revenues:</b>					
Revenue	\$15,289,655	\$15,461,765	\$15,337,365	\$15,487,470	\$15,639,095
Intergovernmental Grants	900,000				
Financing	6,715,820	2,100,000	26,200,000		
Use of Prior Yr Reserves	564,575				
<b>Total Revenues</b>	<b>23,470,050</b>	<b>17,561,765</b>	<b>41,537,365</b>	<b>15,487,470</b>	<b>15,639,095</b>
<b>Expenses:</b>					
Operations & Capital	22,283,210	16,109,965	39,806,680	14,198,640	14,429,460
Existing Debt Service	782,840	782,955	200,000	200,000	200,000
New Debt Service - CIP	404,000	1,060,000	2,904,000	2,904,000	2,904,000
<b>Total Expenses</b>	<b>23,470,050</b>	<b>17,952,920</b>	<b>42,910,680</b>	<b>17,302,640</b>	<b>17,533,460</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	0	(391,155)	(1,373,315)	(1,815,170)	(1,894,365)
<b>Operating Reserves-Beg</b>	3,658,645	3,094,070	3,286,755	3,116,150	3,161,035
<b>Rate Increase</b>					
<b>0%, 4%, 4%, 4%, 0%</b>	0	583,840	1,202,710	1,860,055	1,878,655
<b>Operating Reserves-End</b>	<b>\$3,094,070</b>	<b>\$3,286,755</b>	<b>\$3,116,150</b>	<b>\$3,161,035</b>	<b>\$3,145,325</b>
<b>R&amp;R Reserve –End</b>	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
<b>Minimum Op. Reserve</b>	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000	\$3,100,000

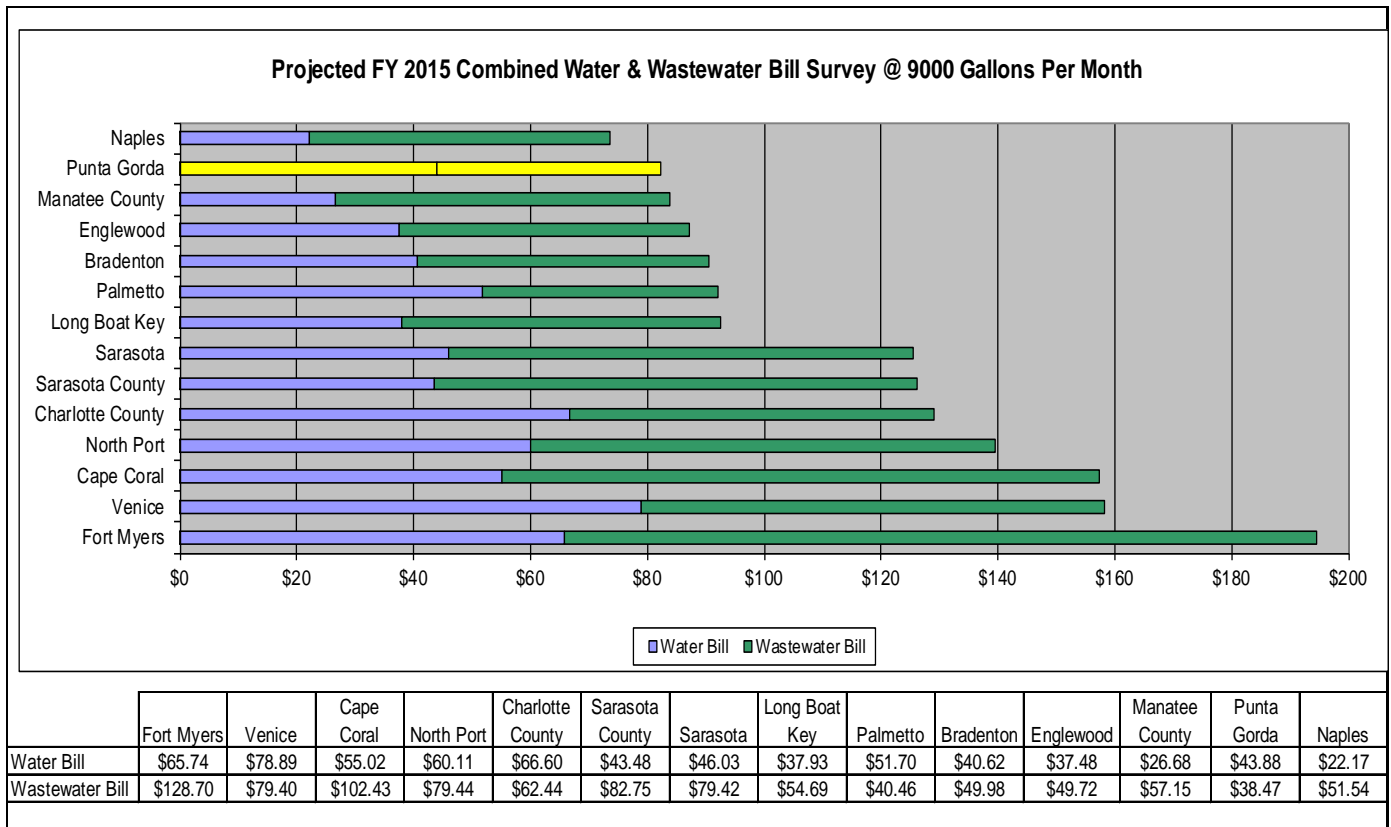
**Utilities Operating Reserve**

City Council adopted a financial policy to maintain an unassigned fund balance minimum of 8% of total Utilities operational expenses and to increase it .5% annually. Based on the above proforma, uncertainty of grant awards and the final cost of the R.O. plant, City Council approved maintenance of the current \$3.1 million operating reserve level. An amended financial policy will be provided for discussion and adoption during the budget process. In addition, City Council adopted a financial policy to provide an emergency fund for existing infrastructure by retaining the Renewal and Replacement fund of \$1.5 million, which until January 2014 was required by bond covenants. The bonds are now fully retired.



## Utilities Rate Comparison

Based on a July 2014 survey, the City's utility rates are the 2nd lowest among Southwest Florida utilities surveyed.



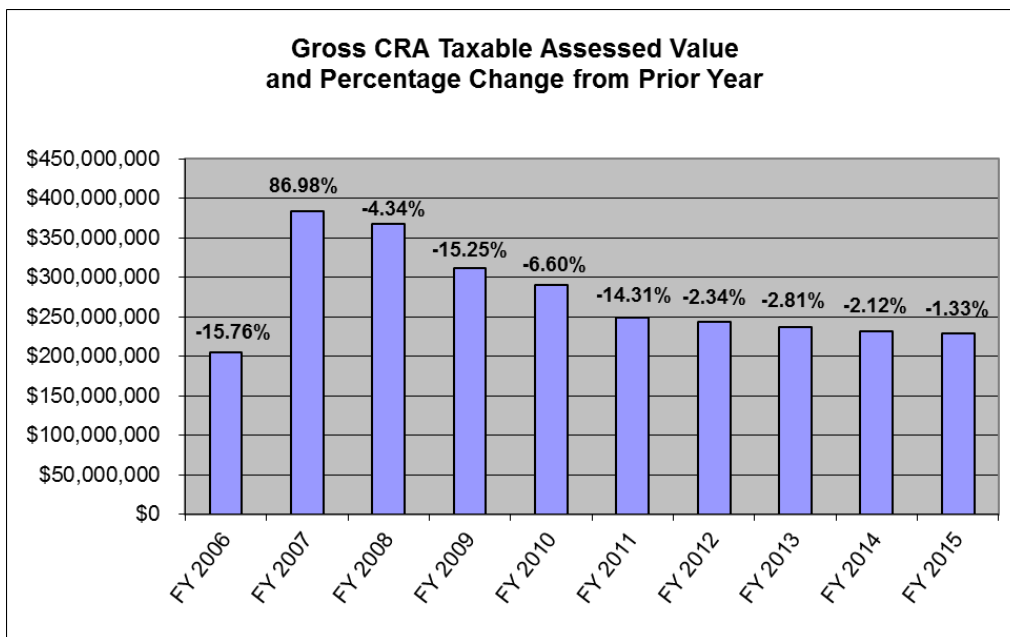
## Community Redevelopment Agency Fund

City Council created the Community Redevelopment Agency (CRA) in 1989 as a mechanism to carry out the goals and objectives of the Downtown Redevelopment Plan and Eastside & Downtown Planning Study. Projects constructed within the CRA are funded by property owners within the CRA from tax value increments generated over the 1989 base year. The CRA has focused redevelopment efforts on projects which assist in rebuilding our public spaces. These efforts concentrate on several expansive projects which stress the importance of maintaining our public waterfront, alleviate parking issues and help to re-establish the critical mass of structures and economic activity within the downtown area and adjacent neighborhoods

The CRA has experienced dramatic fluctuations in taxable assessed value and related City/County tax increment finance (TIF) contributions over the past ten years. The tables shown on the next page provide history of taxable value and revenue generated from TIF since FY 2006.

Fiscal Year	Gross CRA Taxable Assessed Value	City TIF Contribution	County TIF Contribution	Total TIF Contribution
FY 2006	\$205,246,835	\$293,400	\$636,131	\$929,531
FY 2007	\$383,774,587	\$627,124	\$1,394,380	\$2,021,504
FY 2008	\$367,113,862	\$591,466	\$1,236,559	\$1,828,025
FY 2009	\$311,130,098	\$562,664	\$1,250,570	\$1,813,234
FY 2010	\$290,592,852	\$538,621	\$1,139,173	\$1,677,794
FY 2011	\$249,005,996	\$436,047	\$974,342	\$1,410,389
FY 2012	\$243,188,559	\$424,246	\$970,103	\$1,394,349
FY 2013	\$236,361,169	\$480,644	\$929,373	\$1,410,017
FY 2014	\$231,340,961	\$458,101	\$902,447	\$1,360,548
FY 2015	\$228,274,481	\$448,578	\$884,092	\$1,332,670

Over 60% of the CRA tax base is commercial and professional uses.



In July 2012, the CRA Board and City Council, in partnership with Charlotte County, recognized that declining taxable values could not support the repayment schedule of existing debt. In doing so, the three governing bodies approved extension of the life of the CRA until December 31, 2030. Subsequently, the City completed refinancing CRA debt to better match income flow and to eliminate projected deficits. The proforma anticipates a conservative progressive increase of 1% in FY 2016 and 2017, 2% in FY 2018 and 3% in FY 2019. The resulting estimated debt service reserve grows from \$128,000 at end of FY 2015 to \$196,000 at end of FY 2019. This indicates that the restructured CRA debt can be managed even in an extended land value recession. The proforma for the district has been divided into three divisions to better identify the funding sources for the three responsibilities of the district: 1) retirement of the CRA debt through the County and City TIF; 2) operating and maintaining Herald Court Centre (HCC); and 3) maintenance of the infrastructure contributed by the district, such as the marina, interactive fountain, restrooms and pavilions adjacent to the marina, mooring field, HCC parking structure and numerous gateway enhancements, intersection treatments, pocket parks and Martin Luther King Boulevard. As the infrastructure begins to age, the need for repair and maintenance will increase and it is the intention of staff to develop the necessary analysis to put in place a financial policy to address this need.

The Herald Court lease revenue for FY 2015 includes the current tenants as well as a projection to fill 1,402 sq. ft. (vacant improved unit) October 1<sup>st</sup> and 2,605 sq. ft. (vacant unimproved unit) by December 1<sup>st</sup>. Those leases have been delayed and the reduced revenue is reflected in the proforma. An estimated \$27,000 is being utilized from the CRA operations reserve to cover the shortfall. In FY 2017 proforma, an additional 1,591 sq. ft. (vacant improved unit) is projected to be filled and in FY 2018 the final 3,335 sq. ft. is projected to be improved and leased. Based on these projections, the reserve for the Herald Court Centre shows a balance of \$33,000 in FY 2015 and growing to \$230,000 in FY 2019. This reserve has two segments, the first is those funds received through the common area maintenance (CAM) fee and prepaid taxes from tenants that must be reserved for such use and the second is available to cover shortfalls in lease revenue for purposes of ongoing operations and maintenance.

**Community Redevelopment Agency  
Proforma Schedule of Revenues and Expenditures  
Projected FY 2015 through Proforma FY 2019**

	<b>Projected FY 2015</b>	<b>Proforma FY 2016</b>	<b>Proforma FY 2017</b>	<b>Proforma FY 2018</b>	<b>Proforma FY 2019</b>
<b>Debt Service Division</b>					
Assessed Property Valuation change	-1.33%	1%	1%	2%	3%
Tax Increment Financing (TIF) Revenue	\$1,332,670	\$1,345,997	\$1,359,457	\$1,386,645	\$1,428,245
CRA Lease Payments (Debt Service)	1,282,054	1,310,792	1,338,314	1,379,439	1,423,924
Revenues in Excess of Debt Svc	50,616	35,205	21,143	7,206	4,321
Reserve - TIF for Debt Svc (Beg)	78,082	128,698	163,903	185,046	192,252
<b>Reserve - TIF for Debt Svc (End)</b>	<b>\$128,698</b>	<b>\$163,903</b>	<b>\$185,046</b>	<b>\$192,252</b>	<b>\$196,573</b>
<b>Herald Court Operations Division</b>					
Herald Court Revenues	\$148,350	\$199,982	\$225,248	\$280,948	\$281,648
Use of CRA Other Operations Reserve	27,083				
Total Revenues	175,433	199,982	225,248	280,948	281,648
Herald Court Operating Expenditures	164,335	180,931	188,766	208,587	212,802
Revenues in Excess of Herald Ct Operations	11,098	19,051	36,482	72,361	68,846
Reserve - Herald Ct (Beg)	22,358	33,456	52,507	88,989	161,350
<b>Reserve - Herald Ct (End)</b>	<b>\$ 33,456</b>	<b>\$52,507</b>	<b>\$ 88,989</b>	<b>\$161,350</b>	<b>\$230,196</b>
<b>CRA Operations Division</b>					
Other CRA Revenues	\$106,804	\$107,724	\$108,652	\$109,588	\$110,533
Other CRA Operating & Capital	380,583	126,800	128,654	130,564	132,531
Revenues in Excess (Shortfall) of Other Operations	(273,779)	(19,076)	(20,002)	(20,976)	(21,998)
Reserve - Other Operations (Beg)	1,359,628	1,085,849	1,066,773	1,046,771	1,025,795
<b>Reserve - Other Operations (End)</b>	<b>\$1,085,849</b>	<b>\$1,066,773</b>	<b>\$1,046,771</b>	<b>\$1,025,795</b>	<b>\$1,003,797</b>

## Sanitation Fund

The City operates its sanitation services as an enterprise fund and collects refuse two days per week and horticulture one day per week for 10,680 residential accounts and 650 commercial accounts. A 2-bin curbside recycling program has been implemented for all residential units, collected one day per week. The budget retains the annual rate of \$19.20 per month or \$230.40 per year for the residential customer at the same level of service. The budget reflects a 10-year fleet replacement program, reduced from a 7-year cycle. There are 4 packers that will reach the 10 year age in FY 2016. Prior to that time an evaluation of truck condition, repair history, and a review of recommendation to convert to natural gas, as a fueling source, will be made to determine the appropriate timing for replacement.

### Sanitation Fund Proforma Schedule of Revenues and Expenses Projected FY 2015 through Proforma FY 2019

	Projected FY 2015	Proforma FY 2016	Proforma FY 2017	Proforma FY 2018	Proforma FY 2019
Single, Multifamily, Yardwaste, Recycling growth rate		1%	1%	1%	1%
<b>Revenues:</b>					
Chg. for Services - Refuse Collection	\$2,977,380	\$3,001,635	\$3,026,130	\$3,050,870	\$3,075,860
Other Revenue	28,400	28,400	28,400	28,400	28,400
<b>Total Revenues</b>	<b>3,005,780</b>	<b>3,030,035</b>	<b>3,054,530</b>	<b>3,079,270</b>	<b>3,104,260</b>
<b>Expenses:</b>					
Operations	2,734,855	2,814,940	2,905,590	2,999,825	3,097,825
Capital	33,155	980,000			
<b>Total Expenses</b>	<b>2,768,010</b>	<b>3,794,940</b>	<b>2,905,590</b>	<b>2,999,825</b>	<b>3,097,825</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>237,770</b>	<b>(764,905)</b>	<b>148,940</b>	<b>79,445</b>	<b>6,435</b>
<b>Operating Reserves-Beg</b>	<b>997,023</b>	<b>1,234,793</b>	<b>469,888</b>	<b>618,828</b>	<b>698,273</b>
<b>Operating Reserves-End</b>	<b>\$1,234,793</b>	<b>\$469,888</b>	<b>\$618,828</b>	<b>\$698,273</b>	<b>\$704,708</b>

To compare the City's rates with surrounding jurisdictions, a survey was undertaken during July 2014. The survey will be updated during the FY 2016 budget process.

### Sanitation Rate Comparison with Neighboring Communities Actual FY 2014 and Proposed FY 2015

<u>Jurisdiction</u>	<u>Actual FY 2014 Cost/Year</u>	<u>Proposed FY 2015 Cost/Year</u>	<u>Frequency of Service per week</u>	<u>Outsourced</u>
Charlotte County	\$148.04	\$148.04	1	yes
Sarasota County	\$159.48	\$159.48	1	yes
Manatee County	\$163.32	\$163.32	2	yes
Collier	\$167.67	\$167.67	2	yes
Cape Coral	\$195.57	\$197.55	1	yes
Venice	\$202.08	\$202.08	2	no
Fort Myers	\$228.96	\$228.96	1	no
Punta Gorda	\$230.40	\$230.40	2	no
North Port	\$249.00	\$249.00	1	no
Naples	\$248.10	\$255.25	2	no

All of the above rates include once per week service for yard waste and recycling

## Building Fund

Building services are operated as an enterprise fund and includes all aspects of permitting, inspections, plans review and licensing of contractors to support the State and City building codes. The City establishes permit fees to pay for services provided. Staffing had been reduced from 13 positions in FY 2006 to 5 in FY 2013 with furloughs. This reduction was due to a decline in permit applications, inspections and stagnant growth trends. The turnaround began in FY 2013 and staff was reinstated to full 40 hour work weeks. During FY 2014, with continued growth in permit applications and inspections, a full-time building inspector and a part-time permit clerk were added mid-year.

The FY 2015 budget assumes continued growth in permit revenues. Permit fees are not being recommended for change. An additional permit review for line and grade will be provided by building inspectors, and the fees will be retained in the building fund. An additional truck for the increased inspection staff was added to the FY 2015 budget, and reserves were partially used to fund the expenditure. The five-year proforma projects permit revenues increasing approximately 5% and no change in staffing level of operations. The City monitors activity and adjusts work schedules or staffing levels if activity warrants and revenues allow. The ending operating reserve is projected to grow from the balance in FY 2015 of \$674,000 to a level of \$866,000 in FY 2019. As seen in the recent seven-year downturn, this level of reserve is necessary to sustain an acceptable level of service during an economic slump.

### Building Fund Proforma Schedule of Revenues and Expenses Projected FY 2015 through Proforma FY 2019

	Projected FY 2015	Proforma FY 2016	Proforma FY 2017	Proforma FY 2018	Proforma FY 2019
<b>Revenues:</b>					
Permits, Fees & Special Assessments	\$710,500	\$741,500	\$773,500	\$807,500	\$843,500
Other Revenue	20,000	20,000	20,000	20,000	20,000
<b>Total Revenues</b>	<b>730,500</b>	<b>761,500</b>	<b>793,500</b>	<b>827,500</b>	<b>863,500</b>
<b>Expenses:</b>					
Operations	739,310	730,870	752,065	774,055	796,885
<b>Total Expenses</b>	<b>739,310</b>	<b>730,870</b>	<b>752,065</b>	<b>774,055</b>	<b>796,855</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(8,810)</b>	<b>30,630</b>	<b>41,435</b>	<b>53,445</b>	<b>66,615</b>
<b>Operating Reserves-Beg</b>	<b>682,742</b>	<b>673,932</b>	<b>704,562</b>	<b>745,997</b>	<b>799,442</b>
<b>Operating Reserves-End</b>	<b>\$673,932</b>	<b>\$704,562</b>	<b>\$745,997</b>	<b>\$799,442</b>	<b>\$866,057</b>

## Laishley Park Municipal Marina Fund

Opening in April 2007, Laishley Park is operated as an enterprise fund to include the marina and park amenities. The City outsourced management of the marina to Marina Park LLC, however retained the authority to set boat slip, community room, ship's store and pavilion rental rates. The budget reflects projected revenues from the above sources as well as personnel and operating costs associated with management of the marina area. Staffing coverage is provided seven days a week, 365 days per year.

The FY 2015 budget maintains the 2007 adopted marina fee schedule and 2011 East Mooring Field fee schedule. The City received approval regarding its application to the State Department of Environmental Protection for amendments to its submerged land lease that will increase rental opportunities during events and for commercial enterprises. In addition, a survey of regional marina rates was completed which showed the City's rates to be competitive. The City received approval of a 75% grant from the Florida Department of Environmental Protection and 25% from the County Marine Advisory Committee for operating costs associated with the pump-out boat.

The five-year proforma maintains current rates and operations and is projected to maintain an operating reserve of over 25%. The improvement over the prior year projection is based on the actual revenue in FY 2014 of \$383,000 which was 35% higher than budgeted. Changes made were to capitalize on the amended submerged land lease which allows higher capacity for slip rentals, and enhanced marketing, but the most significant factors were the uptick in the economy and reduced gas prices. The renewal and replacement for marina infrastructure – docks, dredging of basin, marina building and plaza, is currently provided by the CRA. Together with current practices, an analysis of future R & R needs will be conducted and will result in a proposed financial policy for Council consideration.

### Laishley Park Marina Fund Proforma Schedule of Revenues and Expenses Projected FY 2015 through Proforma FY 2019

	Projected FY 2015	Proforma FY 2016	Proforma FY 2017	Proforma FY 2018	Proforma FY 2019
<b>Revenues:</b>					
Slip & Mooring Rentals	\$297,300	\$299,300	\$301,500	\$303,920	\$306,580
Intergovernmental Revenue	24,480	18,800	19,365	19,945	20,545
Other Revenue	24,415	25,415	30,015	31,015	31,015
<b>Total Revenues</b>	<b>346,195</b>	<b>343,515</b>	<b>350,880</b>	<b>354,880</b>	<b>358,140</b>
<b>Expenses:</b>					
Laishley Park Marina Expenses	155,345	160,875	163,985	167,160	169,905
Marina Park Contract Expenses	199,255	182,850	188,695	194,700	200,265
<b>Total Expenses</b>	<b>354,600</b>	<b>343,725</b>	<b>352,680</b>	<b>361,860</b>	<b>370,170</b>
<b>Revenues in Excess (Shortfall) of Expenses</b>	<b>(8,405)</b>	<b>(210)</b>	<b>(\$1,800)</b>	<b>(\$6,980)</b>	<b>(\$12,030)</b>
<b>Operating Reserves-Beg</b>	<b>124,865</b>	<b>116,460</b>	<b>116,250</b>	<b>114,450</b>	<b>107,470</b>
<b>Operating Reserves-End</b>	<b>\$116,460</b>	<b>\$116,250</b>	<b>\$114,450</b>	<b>\$107,470</b>	<b>\$95,440</b>

## Canal Maintenance Districts Funds

### Punta Gorda Isles Canal Maintenance District

The budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects continuance of an annual assessment of \$500. One truck replacement and addition of power wheelbarrows for optimizing productivity are scheduled. The five-year proforma maintains the \$500 assessment.

#### PGI Canal Maintenance Fund Proforma Schedule of Revenues and Expenditures Projected FY 2015 through Proforma FY 2019

	Projected FY 2015	Proforma FY 2016	Proforma FY 2017	Proforma FY 2018	Proforma FY 2019
Rate	\$500	\$500	\$500	\$500	\$500
<b>Revenues:</b>					
Operating Assessment	\$2,612,000	\$2,612,000	\$2,612,000	\$2,612,000	\$2,612,000
Other Revenue	219,000	19,000	19,000	19,000	19,000
<b>Total Revenues</b>	<b>2,831,000</b>	<b>2,631,000</b>	<b>2,631,000</b>	<b>2,631,000</b>	<b>2,631,000</b>
<b>Expenditures:</b>					
Operations	838,260	862,470	891,355	921,510	953,000
Inlet Dredging	308,200	40,000	40,000	40,000	40,000
Seawalls, Caps and Stabilization	1,765,000	1,670,000	1,670,000	1,670,000	1,670,000
Capital	56,910	55,000			
<b>Total Expenditures</b>	<b>2,968,370</b>	<b>2,627,470</b>	<b>2,601,355</b>	<b>2,631,510</b>	<b>2,663,000</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(137,370)</b>	<b>3,530</b>	<b>29,645</b>	<b>(510)</b>	<b>(32,000)</b>
<b>Operating Reserves-Beg</b>	<b>470,413</b>	<b>333,043</b>	<b>336,573</b>	<b>366,218</b>	<b>365,708</b>
<b>Operating Reserves-End</b>	<b>\$333,043</b>	<b>\$336,573</b>	<b>\$366,218</b>	<b>\$365,708</b>	<b>\$333,708</b>

Over the past four years, staff initiated a comprehensive inspection of seawalls and seawall caps. Results from the July 2013 seawall review are as follows:

#### Ratings of PGI Cap and Seawall Conditions

##### Seawall Cap:

Good condition: 455,794 ft. = 86.3 miles = 94.9%  
 Needs repair: 2,800 ft. = 0.6 miles = 0.6%  
 Needs replacement: 13,644 ft. = 2.6 miles = 2.8%  
 Unable to assess: 7,987 ft. = 1.5 miles = 1.7%

##### Seawall:

Good condition: 391,118 ft. = 74.1 miles = 81.4%  
 Needs monitored: 78,627 ft. = 14.9 miles = 16.4%  
 Needs replacement: 1,954 ft. = 0.4 miles = 0.4%  
 Unable to assess: 8,526 ft. = 1.6 miles = 1.8%

This information has been placed in the City's Geographic Information System database and will be used to prioritize future repairs/replacement and budget needs. An updated seawall review is still in process.

**Burnt Store Isles Canal Maintenance District**

The budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects continuance of an annual assessment of \$400 and funding for the removal of the boat lock hinge pilings in order to allow safer passage and use by larger boats. The five-year proforma maintains the \$400 assessment and current levels of operations through the planned use of reserves.

**BSI Canal Maintenance Fund  
Proforma Schedule of Revenues and Expenditures  
Projected FY 2015 through Proforma FY 2019**

	<b>Projected FY 2015</b>	<b>Proforma FY 2016</b>	<b>Proforma FY 2017</b>	<b>Proforma FY 2018</b>	<b>Proforma FY 2019</b>
Rate	\$400	\$400	\$400	\$400	\$400
<b>Revenues:</b>					
Operating Assessment	\$414,800	\$414,800	\$414,800	\$414,800	\$414,800
Other Revenue	250	250	250	250	250
<b>Total Revenues</b>	<b>415,050</b>	<b>415,050</b>	<b>415,050</b>	<b>415,050</b>	<b>415,050</b>
<b>Expenditures:</b>					
Operations	53,270	54,155	54,960	55,795	56,660
Inlet Dredging	47,500	30,000	30,000	30,000	30,000
Seawalls, Caps and Stabilization	331,800	331,000	331,000	331,000	331,000
BSI Boat Lock Piling Removal	100,000				
<b>Total Expenditures</b>	<b>532,570</b>	<b>415,155</b>	<b>415,960</b>	<b>416,795</b>	<b>417,660</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(117,520)</b>	<b>(105)</b>	<b>(910)</b>	<b>(1,745)</b>	<b>(2,610)</b>
<b>Operating Reserves-Beg</b>	<b>173,200</b>	<b>55,680</b>	<b>55,575</b>	<b>54,665</b>	<b>52,920</b>
<b>Operating Reserves-End</b>	<b>\$55,680</b>	<b>\$55,575</b>	<b>\$54,665</b>	<b>\$52,920</b>	<b>\$50,310</b>

Over the past four years, staff initiated a comprehensive inspection of seawalls and seawall caps. Results from the July 2013 seawall review are as follows:

**Ratings of BSI Cap and Seawall Conditions**

**Seawall Cap:**

Good condition: 93,949 ft. = 17.7 miles = 98.8%  
 Needs repair: 252 ft. = 0.1 miles = 0.3%  
 Needs replacement: 593 ft. = 0.1 miles = 0.6%  
 Unable to assess: 248 ft. = 0.1 miles = 0.3%

**Seawall:**

Good condition: 84,945 ft. = 16.0 miles = 89.3%  
 Needs monitored: 9,511 ft. = 1.8 miles = 10.0%  
 Needs replacement: 338 ft. = 0.1 miles = 0.4%  
 Unable to assess: 248 ft. = 0.1 miles = 0.3%

This information has been placed in the City’s Geographic Information System database and will be used to prioritize future repairs/replacement and budget needs. An updated seawall review is still in process.



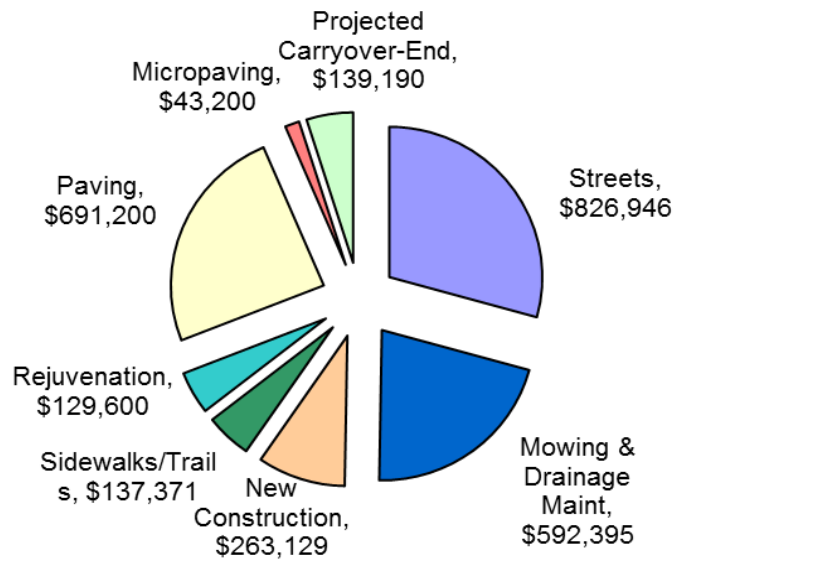
## Gas Tax Funds

Based on state statutes providing restrictions on use of gas tax revenue, the City established local option fuel taxes in two funds. The first six cents is used for transportation expenditures such as roadway and right of way maintenance, drainage, street sweeping, street lights, traffic sign and signals, bridge maintenance, railroad crossings and sidewalk repairs. The second five cents is used only for road capital improvement such as paving rejuvenation and resurfacing.

Proceeds from fuel taxes are distributed by the State to Charlotte County and the City. The City’s share for the first six cents distribution has been reduced from 11.14% to 10.40% beginning in FY 2011, and the next five cents remains at 6.74%. The distribution allocation is determined by the five-year average transportation expenditures or interlocal agreement. A history of revenue received since FY 2006 is displayed here.

Fiscal Year	6 Cents	5 Cents	Total
2006	\$ 606,122	\$ 363,786	\$ 969,908
2007	\$ 580,185	\$ 350,341	\$ 930,526
2008	\$ 561,707	\$ 269,443	\$ 831,150
2009	\$ 559,547	\$ 243,311	\$ 802,858
2010	\$ 567,590	\$ 241,762	\$ 809,352
2011	\$ 507,120	\$ 234,770	\$ 741,890
2012	\$ 531,479	\$ 248,444	\$ 779,923
2013	\$ 526,830	\$ 243,574	\$ 770,404
2014	\$ 548,919	\$ 259,217	\$ 808,136
2015	\$ 549,000	\$ 255,000	\$ 804,000

The effect of elasticity of gas consumption (the tax is charged on gallons not dollars) in recent years of increased gas prices had resulted in a decline of revenue. It is anticipated, with the trend in significantly reduced gas prices that consumption will increase but for an undetermined period of time. The following graph depicts the cost of services related to all Right of Way activities, both those budgeted in the gas tax funds and in the general fund.



\* This graph combines Gas Tax Funds and General Fund Right of Way Division

The Six Cent Gas Tax Fund five-year proforma maintains the current level of service and projects the use of reserves to cover shortfalls through FY 2017.

**Six Cent Gas Tax Fund  
Proforma Schedule of Revenues and Expenditures  
Projected FY 2015 through Proforma FY 2019**

	<b>Projected FY 2015</b>	<b>Proforma FY 2016</b>	<b>Proforma FY 2017</b>	<b>Proforma FY 2018</b>	<b>Proforma FY 2019</b>
<b>Revenues:</b>					
Local Option Gas Tax	\$549,000	\$554,490	\$560,035	\$565,635	\$571,290
Other Revenue	190,940	192,430	193,960	197,370	198,950
<b>Total Revenues</b>	<b>739,940</b>	<b>746,920</b>	<b>753,995</b>	<b>763,005</b>	<b>770,240</b>
<b>Expenditures:</b>					
Operating Expenditures	778,050	797,305	818,130	839,585	861,685
<b>Total Expenditures</b>	<b>778,050</b>	<b>797,305</b>	<b>818,130</b>	<b>839,585</b>	<b>861,685</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(38,110)</b>	<b>(50,385)</b>	<b>(64,135)</b>	<b>(76,580)</b>	<b>(91,445)</b>
<b>Operating Reserves-Beg</b>	<b>225,620</b>	<b>187,510</b>	<b>137,125</b>	<b>72,990</b>	
<b>Operating Reserves-End</b>	<b>\$187,510</b>	<b>\$137,125</b>	<b>\$72,990</b>	<b>(\$3,590)</b>	

The Additional Five Cent Gas Tax Fund five-year proforma projects a modest increase in tax revenue, which still does not fully support annual paving program needs as identified by engineering staff. Council addressed the importance of maintaining the City’s road infrastructure with a revised policy of transferring additional ad valorem millage revenue of \$459,000 as an ongoing subsidy. Council also designated a one-time use of \$150,000 of General Fund reserves in FY 2015 for paving needs.

**Additional Five Cent Gas Tax Fund  
Proforma Schedule of Revenues and Expenditures  
Projected FY 2015 through Proforma FY 2019**

	<b>Projected FY 2015</b>	<b>Proforma FY 2016</b>	<b>Proforma FY 2017</b>	<b>Proforma FY 2018</b>	<b>Proforma FY 2019</b>
<b>Revenues:</b>					
Local Option Gas Tax	\$255,000	\$260,000	\$265,000	\$270,000	\$275,000
Transfer from General Fund Ad Valorem	609,000	459,000	459,000	459,000	459,000
<b>Total Revenues</b>	<b>864,000</b>	<b>719,000</b>	<b>724,000</b>	<b>729,000</b>	<b>734,000</b>
<b>Expenditures:</b>					
Paving	1,424,000	719,000	724,000	729,000	734,000
<b>Total Expenditures</b>	<b>1,424,000</b>	<b>719,000</b>	<b>724,000</b>	<b>729,000</b>	<b>734,000</b>
<b>Revenues in Excess (Shortfall) of Expenditures</b>	<b>(560,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating Reserves-Beg</b>	<b>571,417</b>	<b>11,417</b>	<b>11,417</b>	<b>11,417</b>	<b>11,417</b>
<b>Operating Reserves-End</b>	<b>\$11,417</b>	<b>\$11,417</b>	<b>\$11,417</b>	<b>\$11,417</b>	<b>\$11,417</b>

## **Section 2: Financial Management Policies & National Standards**

On April 19, 2006, City Council adopted a comprehensive set of financial management policies in the areas of financial planning, revenues and expenditures. These policies were (and continue to be) based on recommended, best management practices established by the Government Finance Officers Association (GFOA). Periodically, the City conducts a review of such policies and recommends adjustments where applicable. The most recent update was March 2014.

### Financial Planning Policies

Balanced Budget Policy: Defines a balanced operating budget and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.

Long Range Planning Policy: Supports a financial planning process that assesses the long term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.

Asset Inventory Policy: Requires an inventory and assessment of the condition of all major capital assets. This information will be used to plan for the ongoing financial commitments required to maximize the public's benefit.

### Revenue Policies

Understanding the revenue stream is essential to prudent planning. Policies should be established to recognize stable versus volatile revenues, or at best economically-sensitive revenue sources and predetermine the method to minimize the effect and thereby avoid potential service disruptions caused by revenue fluctuations.

### Expenditure Policies

The expenditures of municipalities define the ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability. Policies should reflect the City's desire to maximize efficiency and allocation of scarce resources.

The policies on the following pages provide the framework for the City's financial management planning and decision-making process.

## Financial Planning Policies

The City makes program and service decisions and allocates scarce resources through the budget process. The mission of the budget process is to help decision makers make informed decisions about the provision of services and capital assets and to promote stakeholder participation in the process.

### Balanced Budget:

**Policy:** The City will adopt a balanced operating budget and will provide for disclosure when a deviation from a balanced operating budget is planned or when it occurs. The City's definition of a balanced budget is current revenues, including financing proceeds plus unrestricted fund balance, exceeds or equals current year appropriations.

**Status:** *The City's annual budget is balanced in accordance with the above defined parameters.*

**Policy:** A calendar will be designed each year to provide the framework necessary to formulate a sound budget and allow for stakeholder participation. The calendar will be set to ensure the City complies with the Truth in Millage (TRIM) law, Chapter 200, Florida Statutes.

**Status:** *The City's budget calendar adheres to the State TRIM law.*

**Policy:** For each fund all reasonably expected revenues and projected beginning carryover balance will equal the budgeted expenditures and year end carryover balance.

**Status:** *All funds budgeted include projections of annual revenues and expenditures and beginning/ending fund balances.*

**Policy:** All funds are included in the annual budget process and incorporated in the budget document.

**Status:** *The annual budget document includes all funds.*

**Policy:** The City will budget at least 95 percent of the anticipated gross ad valorem proceeds which provide a discount for early tax payments. Florida Statutes, section 200.065, states each taxing authority will not utilize less than 95 percent of the taxable value.

**Status:** *The FY 2015 budget reflects 96 percent of anticipated ad valorem revenue, in order to account for discounts and delinquent property owners.*

**Policy:** The City will maintain a budgetary control system, including an encumbrance system to ensure adherence to the budgeted appropriations.

**Status:** *The City uses an encumbrance system as required by the Code of Ordinances.*

**Policy:** Project length budgets are adopted for the Capital Improvement Projects. Appropriations for these projects will remain open and carry over to succeeding years until they are completed.

**Status:** *Capital improvements budgets for general construction, community redevelopment area, community development block grant, sanitation and utilities remain open until complete or canceled.*

**Policy:** Supplemental appropriations. If during the fiscal year the City Manager certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City Council by resolution may make supplemental appropriations for the year up to the amount of such excess.

**Status:** *Grant awards and capital outlay from increased Infrastructure Sales Surtax were supplemental appropriations that were made during the FY 2014 period.*

**Policy:** Emergency appropriations. To meet a public emergency affecting life, health, property or the public peace, the City Council may by resolution make emergency appropriations. To the extent that there are no available unappropriated revenues to meet such appropriations, the City Council may by such resolution authorize the issuance of emergency notes which may be renewed from time to time, but the emergency notes and renewals of any fiscal year shall be paid not later than the last day of the fiscal year next succeeding that in which the emergency appropriation was made.

**Status:** *There were no emergency appropriations necessary for the FY 2014 period. The City has not been required to implement emergency appropriations in the past 21 years due to revenue shortfalls.*

**Policy:** Reduction of appropriations. If at any time during the fiscal year it appears probable to the City Manager that the revenues available will be insufficient to meet the amount appropriated, he or she shall report to the City Council without delay, indicating the estimated amount of the deficit, any remedial action taken and recommendations as to any other steps to be taken. The City Council shall then take such further action as it deems necessary to prevent or minimize any deficit and for that purpose it may by resolution reduce one or more appropriations.

**Status:** *There was no need for a reduction of appropriations during FY 2014. There has not been such a need in the past 21 years.*

**Policy:** Transfer of appropriations. At any time during the fiscal year the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, office or agency and, upon written request by the City Manager, the City Council may by resolution transfer part or all of any unencumbered appropriation balance from one department, office or agency to another.

**Status:** *All transfers to date have been approved at the appropriate level. Reappropriations from the previous year's budget were approved by City Council. Any uses of operating reserves were approved by City Council.*

**Policy:** No appropriation for bonded debt service may be reduced or transferred, and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.

**Status:** *All debt service appropriations remain in compliance with legal stipulations.*

### Long Range Planning:

**Policy:** The City will support a financial planning process that assesses the long term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.

**Status:** *This is an ongoing process of which the City will continue to adhere.*

**Policy:** The City will prepare multi-year fiscal forecasts for all of its major funds.

**Status:** *Multi-year fiscal forecasts are prepared for all major fund groups and delineated in the Long Range Financial Plan, Annual Budget and updated periodically throughout the fiscal year.*

**Policy:** The City will maintain a prudent cash management and investment program in order to meet daily cash requirements, increase funds available for investment and earn maximum rates of return on invested funds commensurate with appropriate security and the approved investment policy.

**Status:** *On September 5, 2001, the City adopted an Investment Policy in accordance with guidelines developed by the State of Florida. The City's cash management and investment program complies with such policies.*

**Policy:** The City will follow its adopted investment/portfolio policy when handling public funds.

**Status:** *As stated above, the City complies with guidelines in its Investment Policy.*

**Policy:** The City will pool cash from each fund for investment purposes.

**Status:** *The City pools cash for optimum tracking as well as investment purposes.*

**Policy:** On a monthly basis the Finance Department will prepare a Schedule of Investments report that details the amounts and types of U. S. Government securities, the amounts invested with the Local Government Surplus Trust Funds Investment Pool (LGSTFIP) and the amount in the interest earning checking account. The schedule will include the interest rate, market value, purchase date and maturity date.

**Status:** *The above schedules are prepared on a monthly basis and distributed to elected officials and available on the City's website for viewing by the community at large.*

### Asset Inventory:

**Policy:** The City will inventory and assess the condition of all major capital assets. This information will be used to plan for the ongoing financial commitments required to maximize the public's benefit.

**Status:** *The asset inventory is conducted on an annual basis which coincides with the annual audit. Assets are purchased in compliance with the budget process, and records are maintained within the Finance Department. Asset write-offs are approved by the affected Department Director.*

**Policy:** The review of capital assets will assess the need for and condition of these assets. This review is an important component of an overall evaluation of community needs and priorities. This review will also focus on the impact of deferred maintenance, funding issues and legal or regulatory changes.

**Status:** *The inventory and review process assists the various departments as to age, condition, availability and quantity of their equipment. This review helps during the budget process.*

**Policy:** The City shall encourage Charlotte County participation in the funding of the capital improvements that jointly serve both City and Charlotte County residents.

**Status:** *The City has and will continue to work with the County on any joint capital improvement needs. The most recent joint capital improvement project was Aqui Esta road improvements.*

**Policy:** The City will stay abreast of developments that may affect the major capital assets, such as regulatory changes, population movements or technological advances, and consider the impact of these issues in the goal setting process.

**Status:** *The above review takes place during the annual inventory audit and annual budget preparation.*

**Policy:** Capital projects will be budgeted in the General Construction Fund or the Utility Construction Fund as needed. CRA capital projects will be budgeted in the CRA budget. CDBG capital projects will be budgeted in the CDBG Fund.

**Status:** *The annual budget reflects capital improvements projects within their respective fund groups as denoted above.*

**Policy:** Equipment that has a cost basis in excess of State of Florida statutory minimums will be assigned a fixed asset number and tagged to identify the equipment as property of the City.

**Status:** *The State statutory minimum is currently \$1,000. The City tags its fixed assets at this rate in compliance with the statutory minimum.*

**Policy:** City departments and divisions will be provided a list of equipment to perform an inventory check on an annual basis. Variances from the inventory list will be reported and the fixed asset inventory records will be updated.

**Status:** *The fixed asset inventory check is done at the end of each fiscal year, which is September 30. Variances are signed off by Department Directors.*

**Policy:** The Procurement Division shall have the power to sell or dispose of obsolete and surplus property by public auction, competitive sealed bidding, trade-in, or other appropriate methods in conformance with any applicable state law. No employee of the department having direct control of the commodities or handling the disposition of the commodities shall be entitled to purchase such commodities. No other City employee shall be allowed to purchase obsolete or surplus property except through a competitive bid process or public auction.

**Status:** *The City adheres to this policy for all disposed items.*

### **Revenue Policies**

An understanding of the revenue stream is essential to prudent financial planning. Most of these policies seek stability to avoid potential service disruptions caused by revenue shortfalls.

**Policy:** The City will estimate its annual revenues by objective and analytical processes. The budget document will include documentation of major revenue sources.

**Status:** *The analytical review of revenues uses 10 year historical data for various revenue sources and projected economic indicators. Use of both historical trends and economic indicators enhances reliability in revenue estimation.*

**Policy:** The City shall maintain a diversified revenue system to the extent provided by Florida Statutes, in order to insulate it from short term fluctuations from any one revenue source.

**Status:** *The FY 2015 revenue structure (all funds) is as follows:*

<i>Service Charges, Fines &amp; Forfeitures</i>	<i>27%</i>
<i>Intergovernmental</i>	<i>9%</i>
<i>Ad Valorem Taxes</i>	<i>10%</i>
<i>Permits, Fees &amp; Assessments</i>	<i>8%</i>
<i>Other Taxes</i>	<i>5%</i>
<i>Miscellaneous</i>	<i>5%</i>
<i>Carryover, Financing &amp; Transfers</i>	<i>36%</i>

*As shown above, the City's revenue system is quite diverse and does not rely on any one revenue source to fund its overall operations.*

**Policy:** The City will analyze and prepare monthly reports that compare the budget with actual revenues for major funds. The reports will monitor progress toward the planned revenue goals. Significant changes may be uncovered in advance, permitting action to avoid a crisis.

**Status:** *Monthly financial reports for major funds are prepared and distributed to elected officials and available on the City's website for public viewing. The reports include budget vs. actual revenues and expenditures and identification of trends that denote any projected revenue variances or extraordinary expenses.*



- Policy: The City discourages the use of one time revenues to fund ongoing expenditures.
- Status: *One time revenues such as sale of property, equipment and/or capital grants are used to finance capital projects and/or purchase of equipment. FY 2014 supplemental appropriations included use of Fund Balances. Also capital grants for a Laishley Park Marina pumpout boat were accepted for reimbursement during FY 2014.*
- Policy: Grants should be actively pursued. All costs of grant requirements will be analyzed and presented with the proposal for City Council consideration. Revenues will be budgeted for current grants. The budget will be amended for new grants upon award.
- Status: *Grants are pursued by all of the City's departments. The City has received and/or been awarded \$1.5 million (FY 2014) and \$0.9 million (FY 2015) in grant monies to fund such projects as flooding mitigation, recreational trails, streetscape, boating-related facilities, police equipment, and utility related uses. The five year Capital Improvement Program identifies several pending capital grants. New for the FY 2015 Budget is the inclusion of the Charlotte Harbor National Estuary Program (CHNEP). Their funding is all grants from Federal, State and Local Sources in the amount of \$1.0 million.*
- Policy: Sometimes governmental services are provided on credit. Properly documented controls over revenues are imperative in accounts receivable management. Timely efforts should be made to pursue the collection of delinquent accounts by the department generating the receivable.
- Status: *The City has implemented a variety of measures to collect monies owed, including lien powers, debt collection agency, code enforcement and utility turn off.*
- Policy: Adjustments to account receivables must be properly documented using internal controls that include segregation of duties and supervisory review. Upon any suspicion of fraud, management should be notified in a timely manner.
- Status: *Internal controls over accounts receivable are in place. Suspicion of fraud or other malfeasance are brought to management and if necessary Police Department's attention, although these actions have not been necessary.*
- Policy: The use of revenues which have been pledged to bondholders will conform to the bond covenants which commit those revenues.
- Status: *The City is currently in conformance with bond covenants. The City's independent auditors review bond covenant conformance on an annual basis and report any discrepancies, of which there have not been any instances of such non-conformance.*
- Policy: The City will recalculate the full cost of activities supported by user fees to identify the impact of inflation and other cost increases and will revise user fees upon approval of the City Council.
- Status: *Fee changes are initiated through the ordinance process and, as such, are reviewed and approved by City Council through public hearings. User fees in the City's enterprise funds are established to pay for ongoing operations and adjusted accordingly.*

**Policy:** All revenues, which are reasonably expected to be unexpended and unencumbered at the end of the fiscal year, will be anticipated as “projected carryover ending” and budgeted accordingly for the following fiscal year.

**Status:** *Projected carryover balances are budgeted within the City’s fund groups. Staff completes a review of purchase orders, accounts receivable and final personnel/operating expenses prior to reaching a fund balance projection.*

### **Expenditure Policies**

The expenditures of municipalities define an ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability.

#### **Debt Management:**

**Policy:** A significant portion of a City’s capacity to influence and/or encourage economic development can be measured by the adequacy of its infrastructure and its capacity to support growth.

**Status:** *The City maintains a five year capital improvements program that prioritizes investment in its infrastructure necessary to support growth and economic development. The City’s water & wastewater plants have sufficient capacity to support projected growth for a number of years, and the road network and parks facilities sufficiently accommodate demand. At the request of citizens, City Council is pursuing the feasibility of improving water quality through a Reverse Osmosis project.*

**Policy:** The City will seek to maintain high bond ratings to minimize borrowing costs and preserve access to credit.

**Status:** *As part of the 2014 Long Range Financial Plan, the City undertook a comprehensive review of its economic condition and outlook, financial position and performance, debt profile and management in relation to credit rating agency criteria.*

**Policy:** Whenever possible the City will use revenue bonds instead of general obligation bonds.

**Status:** *The City does not have any outstanding general obligation bonds, nor does it have any plans to undertake such a process. All debt outstanding is in the form of revenue or tax increment financing to be retired with the use of utility user fees, community redevelopment area tax proceeds and infrastructure sales surtax monies.*

**Policy:** The term of any bonds, notes or leases shall not exceed the useful life of the asset being financed.

**Status:** *All debt outstanding does not extend beyond the useful life of the asset.*

**Policy:** The City shall not issue notes or bonds for non-capital items.

**Status:** *The City does not issue notes or bonds for its operations.*

- Policy: If cost effective, the City will purchase private bond insurance at the time of issuance.
- Status: *When the City is in the midst of bond issuance, a price to benefit calculation is made to see if bond insurance is cost effective to produce a higher rating and reduced interest rate.*
- Policy: The City will analyze its existing debt to take advantage of changing market conditions and to minimize future costs.
- Status: *The City monitors market conditions and undertakes refinancing/refunding opportunities where feasible. CRA loans for Laishley Park and Herald Court Centre were refinanced with a lower interest rate in FY 2013.*
- Policy: The City will maintain an adequate debt service fund regarding each issue and budget for the annual payment of principal and interest.
- Status: *The annual budget includes a debt service fund, schedule of debt outstanding and a five year projection of debt service payments. The fund includes sufficient monies to pay all principal and interest obligations as required by bond covenants.*

Reserve or Stabilization Accounts:

- Policy: The City will use Governmental Accounting Standards Board (GASB) Statement #54 definitions for the five classifications of fund balance for governmental fund types. These are non-spendable, restricted, committed, assigned and unassigned.
- Status: *Under the GASB definition the City's General Fund balance is categorized as: **non-spendable**- including prepaid expenses and inventories; **restricted**- including outside parties, grants and bond agreements; **committed**- including requirements established by city ordinance prior to end of fiscal year (there are none currently); **assigned**- intended use established by council, including appropriated reserves used to balance the subsequent year's budget, purchase order rollovers and reappropriations for incomplete projects from prior fiscal year; and **unassigned**- which is all other general fund balance. The latter three comprise the GFOA defined **unrestricted fund balance**, and is the amount which is to be used to verify the calculation of the 16.7% of operating expenditures. Operating expenditures include personnel, operations, contingency and capital outlay.*
- Policy: The City will strive to follow the Government Finance Officers Association (GFOA) recommendation for a minimum level of unrestricted fund balance for the following major operation funds: General Fund, Utilities OM&R Fund, Sanitation Fund, Building Fund, and Marina Fund. The GFOA states the unrestricted fund balance for the General Fund should be a minimum of 2 months of operating expenditures.
- Status: *Based on GFOA recommended best practice, the City's unrestricted fund balance in the General Fund should be 16.7% of operating expenditures. The September 30, 2015 unrestricted fund balance is projected at \$1.6 million, which is 9% of budgeted general fund operating expenditures.*

Policy: An adequate level of unrestricted fund balance will be maintained as working capital to support operations until sufficient current revenues (taxes) are received.

Status: *The City has not needed to issue tax or revenue anticipation notes to support operations until sufficient current revenue is generated. Sufficient cash balances are maintained to support operations throughout the year.*

Policy: The City should have a prudent level of unrestricted fund balance to protect against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unexpected one time expenditures.

Status: *Generally, the unrestricted fund balance is limited to use within its own fund and/or for specific types of expenditures. The collective reserve level is sufficient to cover for any temporary revenue shortfalls or unexpected expenses. Of the \$1.6 million General Fund unrestricted fund balance; \$0.4 million is assigned to reducing the FY 2015 projected shortfall.*

	FY 2015 Budgeted Expenditures	9/30/15 Budgeted Unrestricted Fund Balance	% of Unrestricted Fund Balance to Expenditures
General Fund	\$18,184,385	\$1,607,999	9%
PGI Canal Maint Fund	2,630,394	314,546	12%
BSI Canal Maint Fund	464,880	52,371	11%
Park Impact Fees Fund	60,000	97,358	162%
Transportation Impact Fees Fund	33,000	6,482	20%
CRA Fund	1,525,470	1,351,439	89%
Damage Recovery Fund	10,000	524,566	
Add'l Five Cent Gas Tax Fund	864,000	9,361	1%
Six Cent Gas Tax Fund	777,080	129,829	17%
Charlotte Harbor National Estuary Prog	964,265	7,273	1%
Utilities OM&R Fund	20,089,238	3,379,823	17%
Water System Capacity Escrow Fund	300,000	512,979	171%
Sewer System Capacity Escrow Fund	360,573	483,427	134%
Sanitation Fund	2,743,215	1,128,150	41%
Building Code Fund	730,166	645,944	88%
Laishley Park Marina Fund	329,600	52,132	16%

Policy: An adequate level of unrestricted fund balance will be maintained so credit rating agencies will recognize the City is in sound financial condition when they evaluate the City's credit worthiness.

Status: *As noted previously, the collective reserve level is adequate to support the City's sound financial condition.*

Policy: For the General Fund, and all other operating funds, except the Utilities Fund, the City will establish an unassigned fund balance minimum of 6.0% of total fund expenditures.

Status: *Projected for the fiscal year ended September 30, 2015, the City's operating funds, except the Utilities Funds, meets the established unassigned fund balance minimum. The General Fund unassigned balance is 6.6% of total general fund expenditures.*

Policy: For the Utilities Fund, the City will maintain an unassigned fund balance minimum of 8.0% of total Utilities O, M & R Fund expenses.

Status: *Projected for the fiscal year ended September 30, 2015, the City's unassigned balance is 16.8% of total Utilities O, M & R Fund expenses.*

Policy: For the Utilities Fund, for protection of infrastructure, a renewal and replacement reserve of \$1,500,000 will continue for unforeseen major line breaks and equipment failures.

Status: *This reserve has been maintained.*

Policy: The Utilities Fund, for protection of infrastructure, will cash fund \$1,120,000 annually for recurring line and lift station renewal and replacements as identified in the five year capital improvement plan.

Status: *The Utilities Fund has budgeted to cash fund \$1,120,000 the recurring line and lift station renewal and replacements for FY 2015 and will continue to in the future.*

Policy: The City will not permit a deteriorating financial condition as described by the Florida Auditor General and Florida Statutes section 218.503 that would result in an audit management letter finding.

Status: *Florida Statutes identify a number of items that can trigger the State described indicator of deteriorating financial conditions. The City is in compliance with all of those indicators thereby avoiding a finding of deteriorating financial condition.*

Policy: The City will monitor financial indicator trends. We will follow the Florida Auditor General Financial Condition Assessment Procedures.

Status: *The City monitors financial indicators, as recommended by the Auditor General, as part of its annual budget process. These trends are discussed as well with the City's external auditor each year during the audit process.*

Policy: Annually the City will appropriate a contingency line item in funds where deemed necessary to provide for unanticipated expenditures of a nonrecurring nature or to meet small increases in service delivery costs.

Status: *Two of the City's larger funds, General and Utilities, have contingency accounts set aside for unanticipated emergencies or small increases in service delivery. The City does not foresee a need to supplement fund balances with a budgeted contingency in its smaller funds.*

Policy: All projected beginning and ending fund balances will be presented in the annual budget.

Status: *The annual budget includes all fund balance projections within each fund.*

Operating/Capital Expenditure Accountability:

**Policy:** Governmental Funds are accounted for in accordance with Generally Accepted Accounting Principles (GAAP). Expenditures are recorded when the services or goods are received and the liabilities incurred. All proprietary funds use the accrual basis of accounting and expenses are recognized when they are incurred.

**Status:** *Governmental Funds are defined as the general fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. Proprietary Funds are enterprise funds and internal service funds. The City follows GAAP in its accounting function.*

**Policy:** The City Manager will present a balanced budget. Essential services will receive first priority for funding. The City will identify low priority services for reduction or elimination, if necessary, before essential services.

**Status:** *In compliance with State law, the City Manager presents and the City adopts a balanced budget each year. Budget alternatives which identify service level cost reduction options as well as costs associated with any service level enhancements are presented to City Council in April of each year and updated, as requested, during the period May through September as part of the annual budget process.*

**Policy:** The budget will provide for adequate maintenance and repair of capital plant and equipment and for their orderly replacement.

**Status:** *The City provides adequate funding for repair and maintenance of its capital assets as well as implements a structured program for replacement.*

**Policy:** The budget will consider the cost effect on the operating budget from additional capital items and program.

**Status:** *An integral part of the five year capital improvements program is the impact on operating budget calculations for each project included in the program. In this manner, the City fully understands future operating budget implications prior to initiation of planned capital improvements.*

**Policy:** The budget will provide sufficient funding to cover annual debt retirement.

**Status:** *Debt service coverage is a requirement of our lenders, and the City provides sufficient coverage as stipulated in bond covenants.*

**Policy:** The City will analyze and prepare monthly reports that compare the budget with actual expenditures for major funds. The reports will monitor progress toward the budgeted appropriations. Significant changes may be uncovered in advance, permitting action to avoid a crisis.

**Status:** *Monthly financial reports are prepared as required by the City's Code of Ordinances. These reports are provided to elected officials and available for viewing by the community at large.*

Policy: Enterprise fund operations shall be self supporting and shall pay administrative charges to the General Fund for administrative support.

Status: *Enterprise funds are Proprietary Funds as defined and, as such, are self supported by user fee charges. Each enterprise fund pays an administrative charge to the General Fund for support provided based on an annual review of such administrative expenses. In the FY 2015 budget, the following administrative charges are included within the enterprise funds: Utilities \$2,085,380, Sanitation \$321,655, Building \$80,290, Laishley Marina \$35,815.*

Policy: The City will prepare a five year Capital Improvement Program (CIP) as part of the annual budget process. Coordination of the CIP budget with the operating budget will ensure that all funding considerations are made. The CIP details major infrastructure type improvements and construction projects. Capital items of an operating nature such as automobiles or personal computers are budgeted in each operating department budget.

Status: *The City prepares a five year CIP on an annual basis. Project detail includes a description of planned improvements, estimated cost, financing sources, project status, impact on operating budget and project area map, if applicable.*

Policy: The City will adopt the first year of a multi-year plan for capital improvements, update it annually and make every attempt to complete all capital improvements in accordance with the plan.

Status: *The City adheres to the policy with the understanding that planned capital projects may be delayed due to delays in permitting, environmental conditions, bidding and/or re-prioritization by elected officials.*

### Section 3: Budget Categories and Operational Practices

The Long Range Financial Plan projects continual budgetary gaps in the General Fund; albeit smaller gaps than in previous forecasts. The projected gaps in the Utilities Fund directly attributable to debt service related to the RO Plant project is planned to be mitigated with a phased-in rate increase. If the City receives additional grant funds from the Southwest Florida Water Management District and/or State Legislature, the rate increase can be minimized. Projected gaps in the Marina and Six Cent Gas Tax Funds in the outlying years are anticipated to be mitigated with slip rentals and adjusted service levels, respectively.

The City’s budgeting philosophy is based on a program budget format based on levels of service and performance to be achieved. In order to develop departmental programs, line items are established that culminate in an overall budget to achieve desired results. Council has requested that staff undertake a review of budget categories and operational practices that might be considered for elimination and/or adjustment. Staff has developed such a list that is accompanied by potential impacts.

#### Organization Restructuring & Wage Adjustment

Business principles call for evaluation of an organization’s administrative structure in an effort to flatten hierarchy, readjust span of control, realize savings and maintain efficiency and communication. Initiated as part of the 2008 Business Plan, the City has taken a macro view of all levels of positions as part of the past eight years’ budget preparation and implemented a myriad of changes which resulted in position eliminations and a flattened hierarchy. One of the key human resources related outcome measures in the Business Plan is the ratio of full time employees to City population. City staffing for FY 2015 is 267 funded full time equivalent (f.t.e.) positions. The increase from the previous year is due to the inclusion of 4 Charlotte Harbor National Estuary Program employees as City positions. Over the past eight years, the City reduced employee counts by 46 f.t.e. positions, representing a 15% overall decrease. One of the key performance measures identified in the business plan is ratio of full time employees to population. The five City Council members are included in the number of employees. The following chart highlights this trend.

Fiscal Year	Population Estimates	Employees	Ratio Employees/ Per 100/Population
2015	17,632	267	1.5
2014	17,556	263	1.5
2013	17,349	265	1.5
2012	17,177	265	1.5
2011	16,907	265	1.6
2010 Census	16,641	270	1.6
2009	16,989	291	1.7
2008	17,651	308	1.7
2007	17,444	313	1.8
1999	13,646	277	2.0



During the timeframe of position reductions, wage adjustments for the City's workforce (general employees, police & fire) have been minimized.

Fiscal Year	General	Police	Fire
2015	3%	3%	3%, .5% bonus**
2014	0%	0%	0%, .5% bonus**
2013	One time lump sum merit payment between \$1,000-1,580	One time lump sum merit payment between \$1,000-1,580	One time lump sum merit payment between \$1,000-1,580*, .5% bonus**
2012	0%*	0%	3% education incentive
2011	0%	0%	3% education incentive
2010	0%	0%	0%
2009	3% merit*	3% merit	3% education incentive
2008	2.3% merit*	4% plus 2% merit	3% education incentive plus 3% merit

\*Employee received one-time wage adjustment (added to base or as lump sum) equal to increase in health insurance or pension plan contribution, thereby resulting in no increase in take home pay.

\*\*Firefighter Employees received in FY 13, FY 14 and FY 15 a 0.5% one-time lump sum payment coupled with increase in pension contribution from 8.0% to 8.5%; 8.5% to 9% and 9% to 9.5% respectively; thereby resulting in decrease in take home pay.

The fiscal forecast includes projected 3% employee wage adjustments during FY 2016-2019. Human Resources will be undertaking a more thorough review of the City's pay plan in relation to the Southwest Florida market. The City has previously established a policy that our salary plan should be in the 50<sup>th</sup> percentile of our competitive market.

### Operating Expense Containment – City Wide

The FY 2016 proforma projects an overall 1.4% increase in general fund operating expenditures compared to original FY 2015 personnel and operating. Preparation of remaining departmental operating line items at the same level as FY 2015 will reduce the projected budget gap by \$90,000. Applying the same strategy to the Utilities Fund for FY 2016 will reduce operating costs by \$94,000.

Further scrutiny of operating expense line items are highlighted below. Two such areas have been pared back over the previous budgets:

#### Memberships, Conferences, Training, Publications:

	FY 2015	FY 2009
General Fund	\$55,850	\$83,172
Utilities Fund	\$12,400	\$34,691
Canal Maint. Fund	\$ 900	\$ 904
Sanitation Fund	\$ 3,110	\$ 1,600
Building Fund	\$ 3,500	\$ 6,500
Information Tech	<u>\$12,000</u>	<u>\$15,000</u>
<b>Total</b>	<b>\$87,760</b>	<b>\$141,867</b>

#### Travel and Per Diem:

	FY 2015	FY 2009
General Fund	\$34,945	\$66,985
Utilities Fund	\$ 6,550	\$26,918
Canal Maint. Fund	\$ 200	\$ 600
Sanitation Fund	\$ 2,000	\$ 2,000
Building Fund	\$ 2,000	\$ 5,500
Information Tech	<u>\$ 4,000</u>	<u>\$ 4,500</u>
<b>Total</b>	<b>\$49,695</b>	<b>\$106,503</b>

Further paring back would reduce memberships and further limit attendance at conferences, assessment accreditation services and participation in professional association committees.

## **Outsourcing**

Outsourcing, commonly referred to as privatization, represents another tool than can be used by policymakers to reduce or minimize increases in budgetary expenditures. The City has initiated outsourcing in a number of services, to include the following:

- Legal Services
- Council Meetings on CCTV
- Elections
- Canal Maintenance and Lot Mowing Assessment Billing and Collection
- Land Information and Geographic Information Systems
- SHIP Housing Funds Administration
- Vehicle Speedometer Calibration Tests
- Radio Communication Repairs
- Fleet Maintenance and Repairs
- Pavement Striping
- Traffic Signal Maintenance and Repairs
- Street Sign Fabrication and Furnishing
- Recycling
- Mowing

In the past 10 years, outsourcing has also been explored for the following services but not initiated:

- Police – contract with Charlotte County Sheriff for Police functions including dispatch
- Fire – contract with Charlotte County Fire for service delivery
- Sanitation – contract with private refuse company
- Utilities – contract with private company to provide water and sewer services

## **Operating Expense Containment – Department Specific**

Staff has put together a list of operational activities for Council consideration that serve to reduce expenditures and/or free up time for existing employees to address other needs.

### **City Manager - Administration**

- Eliminated hard-copy agenda packets
  - City Council provided tablets
  - Agenda packets available on City’s website for interested parties
- Eliminate City Newsletter
- Eliminate Citizens’ Academy
  - Record sessions, and make available on-line
  - Post PowerPoint presentations on-line

### **City Manager - Urban Design**

- Decentralize certain functions to improve efficiency within a geographic area
  - Print permits for zoning on a 3<sup>rd</sup> floor printer
  - Expand UD cashier functions to include cash and credit card payments
- Streamline the resident parking permit process
  - Tie to land file

- On-line application to be approved without re-keying data, printable permit version then created from application.

### **City Clerk**

- Eliminate tracking of alcoholic beverage tax payments by Clerk's Office. We track but we do not generate any reports or do anything else with the information.
- Eliminate distribution of free lapel pins in response to requests received from individual collectors received from abroad.
  - Requires staff time to compose letter.
  - Cost is approximately \$2.50 for postage for each mailing as well as the cost to produce the pins. Have received a dozen or so requests in the past year.
- Eliminate providing a hard copy of the New Residents Guide.
  - Save labor and material costs
  - Make City information available on-line
  - Link information for other agencies, if they make available
- Eliminate printing of the Charlotte County Commission minutes and maintaining them in binders in the mailroom for Councilmembers' reference.
  - The Commission minutes are available on the County's website.
  - City Clerk's Office receives them via email and could store them electronically for one year in case anyone should need a hard copy or have trouble accessing them from the County's website.
- Eliminate stand-alone elections in odd numbered years and hold elections every two years in even numbered years in conjunction with State elections.
  - Stand-alone elections cost the City \$30,000 to \$50,000 every other year (if there are opposed candidates).
  - Elections would be handled by the Charlotte County Supervisor of Elections in conjunction with State elections and would involve little or no cost to the City.
  - Requires Charter amendment to change election dates
- Allow credit card payments for miscellaneous fees if system can accommodate non-customer account payments
  - Convenience for customers

### **Finance – Budget, Accounting and Cash Management**

- Discontinue hard copies of budget and CAFR, where possible (Est \$400)
  - Documents are available on-line
- Eliminate walk-in, mail-in payments for retiree health insurance premiums (Staff time savings)
  - Appx 400 transactions handled by HR, City Clerk and then Finance
  - Instead use automatic bank draft, as we do with 3,447 utilities billing customers, or reoccurring credit card charge
- Eliminate walk-in, mail-in payments for annual/semi-annual slip rentals (Staff time savings)
  - Appx 900 transactions handled by Dockmaster, Finance and City Clerk
  - Instead use automatic bank draft, or reoccurring credit card charge
- Reduce use of paper and scanning and delivery time by utilizing OptiWorkFlow for payroll documentation: absence slips and overtime pay. Est. appx 3,000 sheets and 52 hours of time. The estimated savings of \$1,000 is spread across all departments so may not translate to a budget cut but does provide staff time to be used more productively.

## **Finance - Procurement**

- Optimize use and acceptance of OptiWorkFlow for delivery receipts, invoices for electronic signature and routing where possible, and as may be required
  - Cut cost on paper and copy cost
  - Expedite the process by eliminating physical traveling

## **Finance - Billing & Collection**

- Discontinue mailing of new resident letters (Est \$2,000)
  - Make available at display stations and at City's website

## **Public Works**

- Swale Maintenance policy revision:
  - Establish a policy that addresses uncontrolled thatch layer blocking drainage within the right of way

## **Fire**

- Reduce fleet, decrease average age and related repair requirements
  - Replace two old vehicles with one new vehicle
  - Use removable skids
    - A water tank for brush fires
    - Sands bags or other emergency equipment for storm preparedness

## **Police**

- New Hire Testing - Have new hire testing held on an as needed basis. This would cut down on 4 testing cycles a year, which would save approximately 3 weeks of manpower time and a \$1,000 in testing materials. This is not inclusive of command staff hours dedicated to conducting interviews of applicants
- Annual Physical Ability Testing – If eliminated, this would save approximately 48 hours in overtime costs annually.
- Promotional Testing – The department conducts a promotional process every two years. The cost has recently gone up to \$4,800 for Humphries and Associates to tailor the process to our departmental needs and proctor it. This process is a weeklong in duration in which there is overtime associated with officers participating in it. The department also has to pay hotel and per diem to outside agency evaluators, and there are many hours dedicated to the preparation, proctoring, and completing of the process by command staff.
- Limit accreditation assessor field work to one per person per year
- Parade Expenses- Approximately \$5,100 per year.

## **Utilities**

- Explore the feasibility of deploying Automated Meter Read (AMR) meters, through phasing
  - for new meter sets in the county service areas, and
  - subsequently change out old meters in existing county service areas
- Explore outsourcing of meter reading function

**Operating Expense Containment - previously explored but not recommended for further consideration by Council**

- Eliminate Canine Patrol
- Eliminate Marine Patrol
- Reduce or eliminate School Resource Officer (SRO) Program
- Eliminate Police programs for DARE & GREAT
- Reduce community services – a function of Police
- Reduce minimum patrol coverage
- Use of Battalion Chief on apparatus to meet minimum staffing needs (save OT)
- Eliminate funding of volunteer firefighter & CERT programs
- Eliminate fire response to all non-emergency incidents
- Eliminate funding for In-Kind Events and Parades
- Cooper St. Recreation Center Electricity & Janitorial (reinstated electricity)
- Eliminate 2nd airing of Council meetings
- United Way contribution
- Eliminate or reduce Charter memberships (i.e. CHEC)
- Reduce refuse pick up from 2 days to 1 day per week