

City of Punta Gorda



LONG RANGE FINANCIAL PLAN

Fiscal Years 2017-2021



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 2017-2021 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 costs of service for each operating division and descriptions of those services. This will allow for review of the priority of valued services and 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: City Programs and Cost of Service

Section 4: Budget Issues

Section 1: Major Fund Five-Year Forecasts

Core Level of Service Comparative Analysis

In order to set the stage for review of the City’s major fund five-year fiscal forecasts, staff undertook an analysis how Punta Gorda compares with surrounding jurisdictions in delivering core services. The charts below provide a benchmarking analysis of costs to deliver core level of services for eight Southwest Florida municipalities. Services compared include those paid for by property taxes, fees/assessments (sanitation, fire, stormwater/roads/drainage, debt service) and average water/sewer bill. Results of the comparison show:

- Property tax is the only category that fluctuates due to home value.
- Punta Gorda and Bonita Springs are the only cities that do not impose a stormwater or fire service fee.
- Bonita Springs has a separate fire district that enacts a millage rate to perform the service, whereas Punta Gorda’s sole millage rate includes fire service funding.
- Punta Gorda compares favorably for delivery of core services for homes valued at \$100,000 and \$250,000 level.

Basic Taxes and Fees Comparison for Single Family Residential
(Based on Taxable Home Value of \$100,000)

Category	Bonita Springs	Punta Gorda	Naples	Venice	Sarasota	North Port	Cape Coral	Fort Myers
Property Tax	\$ 81.73	\$ 319.69	\$ 118.00	\$ 310.00	\$ 317.28	\$ 359.74	\$ 695.70	\$ 877.60
Water & Sewer	92.95	75.72	136.84	137.80	115.60	120.59	130.27	164.48
Sanitation	179.08	239.40	256.54	202.08	259.92	249.00	158.86	228.96
Stormwater			156.60	154.44	26.90		80.00	138.24
Solid Waste MSTU							11.70	
Fire & Rescue	235.00				279.39	190.52	233.43	45.83
Road & Drainage						119.03		
R & D Capital Improv.						46.00		
Debt Service				17.70	32.53			
Solid Waste Assessment								12.83
Total	\$ 588.76	\$ 634.81	\$ 667.98	\$ 822.02	\$ 1,031.62	\$ 1,084.88	\$ 1,309.96	\$ 1,467.94

Basic Taxes and Fees Comparison for Single Family Residential
(Based on Taxable Home Value of \$250,000)

Category	Bonita Springs	Punta Gorda	Naples	Venice	Sarasota	North Port	Cape Coral	Fort Myers
Property Tax	\$ 204.32	\$ 799.22	\$ 295.00	\$ 775.00	\$ 793.20	\$ 899.35	\$ 1,739.25	\$ 2,194.00
Water & Sewer	92.95	75.72	136.84	137.80	115.60	120.59	130.27	164.48
Sanitation	179.08	239.40	256.54	202.08	259.92	249.00	158.86	228.96
Stormwater	-	-	156.60	154.44	26.90	-	80.00	138.24
Solid Waste MSTU	-	-	-	-	-	-	29.25	-
Fire & Rescue	587.50	-	-	-	279.39	190.52	233.43	45.83
Road & Drainage	-	-	-	-	-	119.03	-	-
R & D Capital Improv.	-	-	-	-	-	46.00	-	-
Debt Service	-	-	-	44.25	81.32	-	-	-
Solid Waste Assessment	-	-	-	-	-	-	-	12.83
Total	\$ 1,063.85	\$ 1,114.34	\$ 844.98	\$ 1,313.57	\$ 1,556.33	\$ 1,624.49	\$ 2,371.06	\$ 2,784.34

General Fund

Based on a continued modestly improving economy, with anticipated increases of 4% in taxable property valuations and flat to slight increase of 2% in shared state revenues and other general fund revenues, the fiscal forecast projects deficits in the range of \$.6 million to \$.86 million per year from FY 2018 through FY 2021. The projected deficit in FY 2018 can be eliminated with use of reserves over the minimum target, but that results in no such reserves available for future years. The forecast includes the one-time infusion of funds (\$500,000) for enhanced drainage services in FY 2017, but does not incorporate future funding beyond that fiscal year.

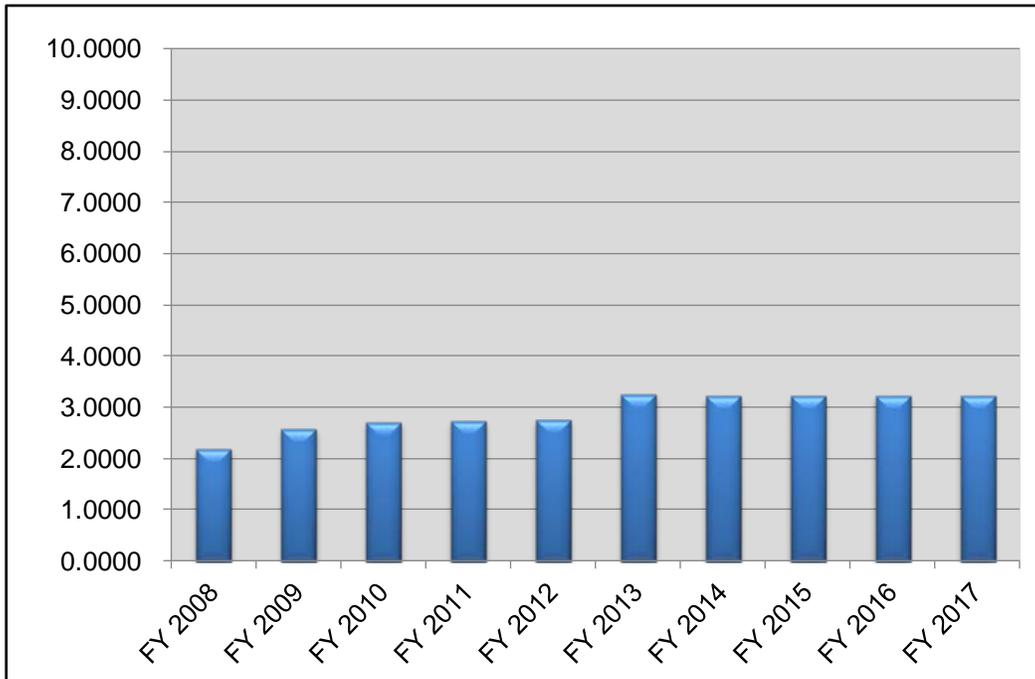
General Fund Proforma Schedule of Revenues and Expenditures Budget FY 2017 through Proforma FY 2021

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Change in Taxable Value of Property	6.6%	4%	4%	4%	4%
Revenues:					
Ad Valorem Taxes	\$8,224,800	\$8,553,800	\$8,895,920	\$9,251,773	\$9,621,860
Other Revenue	10,324,190	10,452,185	10,570,281	10,713,460	10,858,922
Use of Prior Year's Reserves	636,953	846,626			
Total Revenues	19,185,943	19,852,611	19,466,201	19,965,233	20,480,782
Expenditures:					
Personnel Expenditures	13,136,785	13,671,790	14,172,383	14,694,868	15,240,365
Operating Expenditures	3,915,157	4,011,821	4,127,173	4,246,342	4,369,460
Capital	650,001	1,070,000	650,000	743,595	560,000
Transfers to other Funds	510,000	625,000	645,800	667,432	689,929
Transfers for Roads	459,000	459,000	459,000	459,000	459,000
Transfers for Drainage	500,000				
Contingency	15,000	15,000	15,000	15,000	15,000
Total General Expenditures	19,185,943	19,852,611	20,069,356	20,826,237	21,333,754
Expenditures in Excess of Revenue	\$0	\$0	(\$603,155)	(\$861,004)	(\$852,972)
Minimum Reserve (7.0% to 9.0%)	\$1,342,000	\$1,490,000	\$1,606,000	\$1,771,000	\$1,929,000

Millage and Taxable Assessed Value

The FY 2017 millage rate of 3.1969 mills, maintained since FY 2014, is 5% over the rolled back rate of 3.0446. 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 and \$200,000 for the expanded drainage improvement program (additional \$300,000 needed in FY 2017 is budgeted from reserves).

**Property Tax Millage Rates
Fiscal Years 2008 - Budget 2017**



*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.*

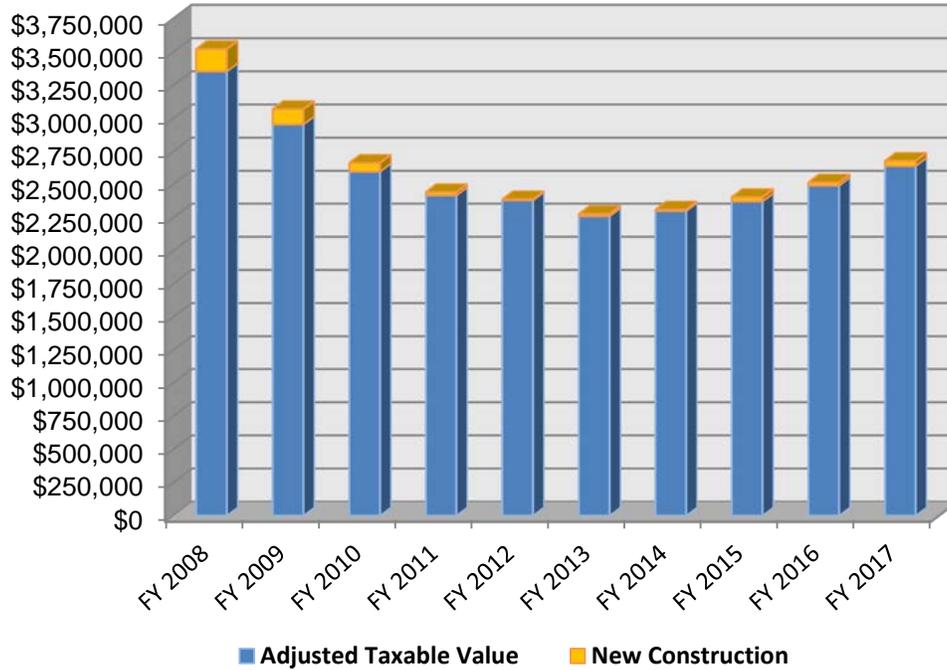
The table and graph below provide a 10 year history of the City’s gross taxable value. The economic decline affected the City’s taxable value by a decrease in value of 35% over a six year period (FY 2007 to FY 2013). The recovery period of four years shows a steady comeback of 18%. The City has, by necessity, maintained the current millage rate to continue to strive towards achieving a balanced budget; where current revenues will equal current expenditures, including transfers to other funds for purposes of road paving improvements, bridge and drainage maintenance, and community redevelopment commitments.

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	\$2,398,248,062	\$90,023,986	3.9%	\$32,800,312
2016	\$2,513,363,249	\$115,115,187	4.8%	\$23,895,443
2017	\$2,678,944,043	\$165,580,794	6.6%	\$38,357,930

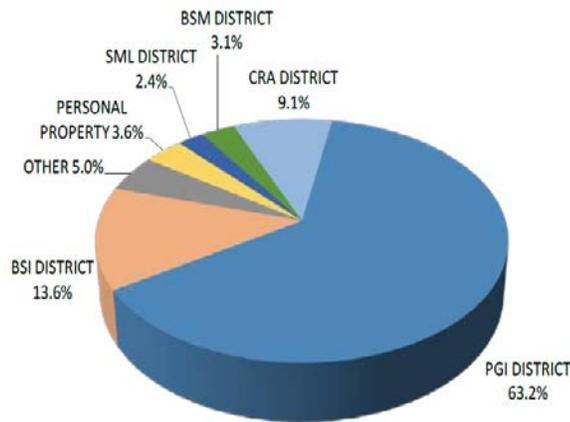
*Includes New Construction

Gross Taxable Value (in thousands)



The Charlotte County Appraiser’s July 1st certification shows a 5% overall increase for properties on the books from the prior year, and an additional 1.6% for new construction, annexations and changes in exemption for calendar year 2015. This is the fourth straight year that property values increased in the City after six consecutive years of declining values (35% decrease from FY 2007 to FY 2013). The net effect of property value changes over the past ten years is a cumulative 23% decrease in taxable values. 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 assessed value) decreased from 3,763 parcels in FY 2013 to 634 in FY 2017.

Review of taxable value distribution shows the following:



Homestead property owners whose taxable value is still below just value (non-parity) is limited to a maximum of an 0.7% increase in assessed value due to the 1992 “Save Our Homes” constitutional amendment that mandates assessed values will increase by the lesser of the CPI Index, (this year 0.7%), or 3%, until such time as the taxable value attains parity with the market value. Below are examples of the effects that the millage rate has on property taxes.

**Calculation of City Ad Valorem Tax on Various
Homestead Single Family Values
Fiscal Year 2017**

Assessed Value	\$150,000	\$300,000
Statutory Homestead	(50,000)	(50,000)
Taxable	\$100,000	\$250,000
Millage Rate	3.1969	3.1969
Tax	\$319.69	\$799.23

General Fund Balance

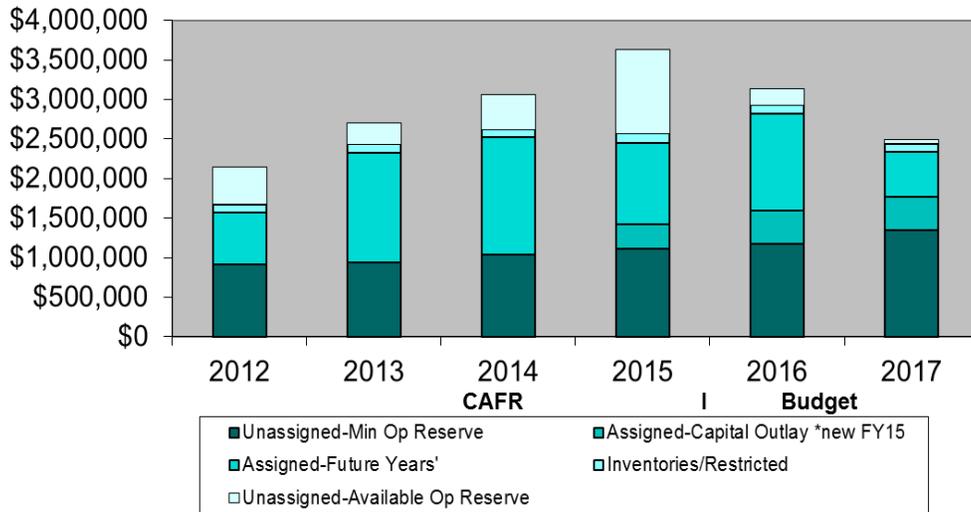
Fund Balance

In January 2016, upon review of Long Range Financial Plan, City Council approved updates to the comprehensive set of financial management policies. The following specifically address fund balance or reserve objectives.

- 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 two months of operating expenditures, or 16.7%.
- For the General Fund and all other operating funds, except the Utilities Fund, the City will establish an unassigned fund balance minimum of 7% of total fund budgeted appropriations. Note: It is intended that this percentage increase each year and eventually attain the GFOA best practice standard.
- 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.
- The City should maintain an adequate level of unrestricted fund balance as working capital to support operations until sufficient current revenues (taxes) are received.
- The City will provide a Capital Outlay Reserve based on the five year capital outlay program needs, and will fund the average annualized five year need, in order to provide a stabilized funding plan.

During the past ten fiscal years (2007 through 2016), the City earmarked a portion of reserves over the minimum policy to assist in paying for ongoing levels of service until such time as the economy rebounds and/or current revenues match current expenditures. The FY 2017 budget continued this practice.

General Fund Balance

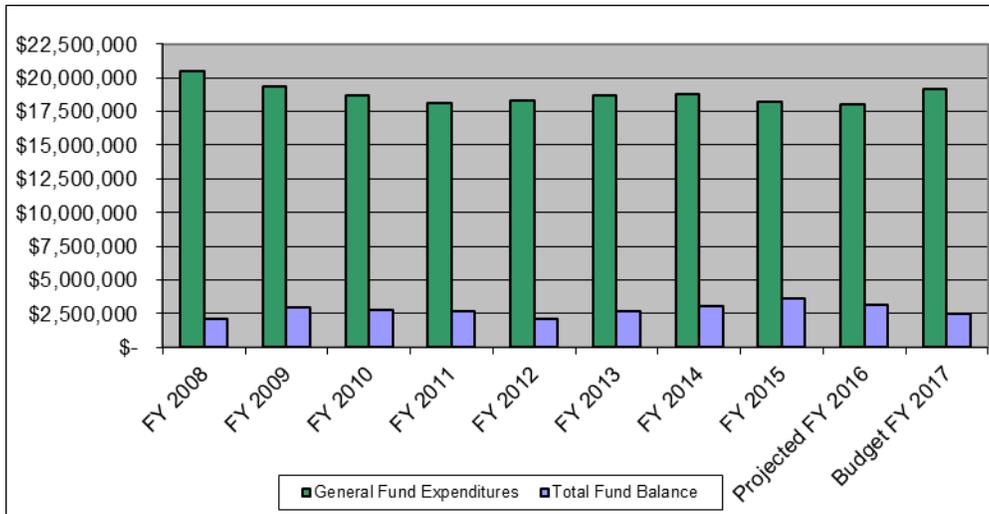


The FY 2017 end of year assigned reserves identifies the use of \$426,626 to reduce the gap in the proforma for FY 2018 and \$148,000 to increase the minimum operating reserve to 7.5% in FY 2018; and use of \$420,000 for the capital outlay reserve that will be funded on an ongoing basis from operations. The unassigned reserve category includes the adopted 7% minimum operating reserve based on the budget for FY 2017 of \$1,342,000. See graph below for historical trend of year end reserves.

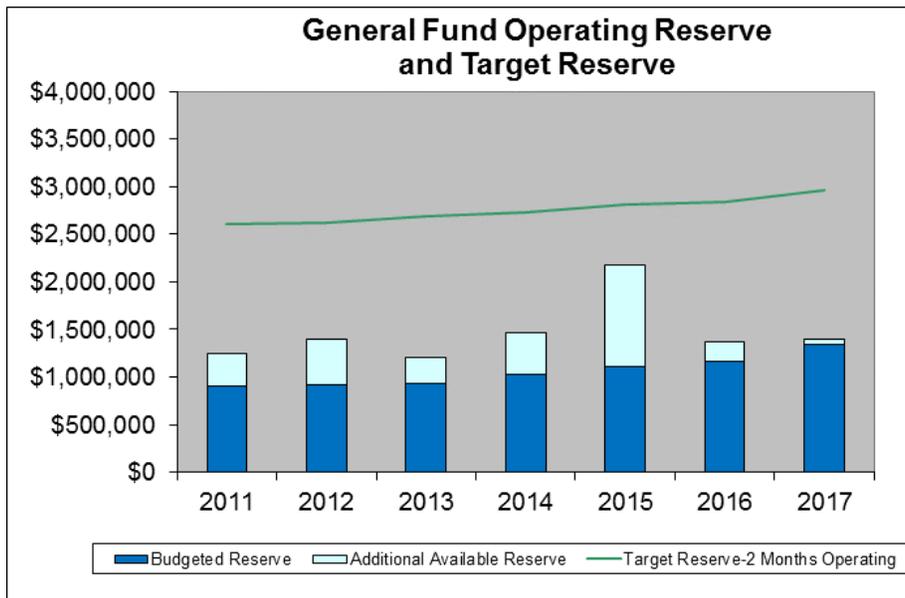
Summary of Fund Balance at end of Fiscal Year

	FY 2014		FY 2015		Projected FY 2016		Budget FY 2017	
	Amount	% of Exp.						
Fund Balance								
Inventories/Restricted	\$ 104,983	0.6%	\$ 117,899	0.6%	\$ 104,000	0.6%	\$ 104,000	0.5%
Assigned-Future Years' Use of Op. Reserve	1,484,576	7.9%	1,027,579	5.7%	1,234,579	6.9%	574,626	3.0%
Assigned-Capital Outlay Reserve		0.0%	312,000	1.7%	420,000	2.3%	420,000	2.2%
Unassigned-Minimum Op. Reserve (Orig)	1,032,000	5.5%	1,109,000	6.1%	1,171,000	6.5%	1,342,000	7.0%
Unassigned-Available Op. Reserve	438,469	2.3%	1,062,940	5.9%	200,937	1.1%	52,937	0.3%
Total Fund Balance	<u>\$ 3,060,028</u>	16.3%	<u>\$ 3,629,418</u>	20.0%	<u>\$ 3,130,516</u>	17.4%	<u>\$ 2,493,563</u>	13.0%
General Fund Orig Budgeted Expenditures	<u>\$ 18,757,261</u>		<u>\$ 18,184,385</u>		<u>\$ 18,003,350</u>		<u>\$ 19,185,943</u>	

Comparison of Fund Balance to Total Expenditures



It is the City Council’s policy to continue to take steps each year to increase the operating reserve segment of the fund balance. Based on the graph below, the budgeted reserve has increased but an infusion of one-time revenues towards the target reserve would assist in accelerating the achievement of the financial policy.



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 21,655 water ERUs (Equivalent Residential Units) and 16,395 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 Groundwater Reverse Osmosis (RO) Water Treatment Plant project is in the plant design, well field construction and testing, and deep injection well construction phases, which are integral components of the overall project in order to proceed with final construction of the plant. Total project costs are currently estimated at \$32.2 million, and the City has received 50% grant approval from the Southwest Florida Water Management District to help defray the above estimated costs.

The current five-year financial forecast is based on 2-day per week watering; average rainfall; and new financing based on the FY 2017-2021 capital improvement plan. City Council adopted a financial policy in March 2014 to fund \$1,120,000 with current revenues those expenses for recurring line and lift station repairs and replacements. Based on the 2015 Rate Sufficiency Study by Burton & Associates with a 50% grant for the RO plant, the proforma includes retention of the recommended 4% increase in water and sewer rates in FY 2018 in order to fund a planned automated meter reading project. With the rate changes, projected revenues and reserves as shown are sufficient to fund the FY 2017-2021 capital improvements plan.

Utilities OM&R Fund
Proforma Schedule of Revenues and Expenses
Projected FY 2017 through Proforma FY 2021

	Projected FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Proposed Rate Change	4%	4%			
Revenues:					
Chg for Serv - Water	\$9,292,146	\$9,749,561	\$9,847,056	\$9,945,527	\$10,044,982
Chg for Serv - Sewer	7,029,838	7,381,330	7,455,144	7,529,695	7,604,992
Other Revenue	412,600	686,012	686,951	687,919	688,915
Total Revenues	16,734,584	17,816,903	17,989,151	18,163,141	18,338,889
Expenses:					
Operations	12,412,625	12,919,715	13,417,606	13,882,730	14,349,913
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	540,000	3,740,000	215,000	170,000	225,000
Existing Debt Service	200,000	200,000	200,000	200,000	200,000
New Debt Service - CIP	202,000	1,572,000	1,572,000	1,572,000	1,572,000
Contribution to Pipeline Project	1,500,000				
Transfer to SRF Fund-1yr payment reserve		1,370,000			
Total Expenses	15,974,625	20,921,715	16,524,606	16,944,730	17,466,913
Revenues in Excess (Shortfall) of Expenses	759,959	(3,104,812)	1,464,545	1,218,411	871,976
Operating Reserves-Beg	6,298,893	7,058,852	3,954,040	5,418,585	6,636,996
Operating Reserves-End	\$7,058,852	\$3,954,040	\$5,418,585	\$6,636,996	\$7,508,972

* Loop force main project moved from FY 2021 to FY 2018 at 50% funding. Remainder of project to be paid with Sewer Impact fees. \$2.5 million was added to FY 2018 as estimate for automated utility meter reading.

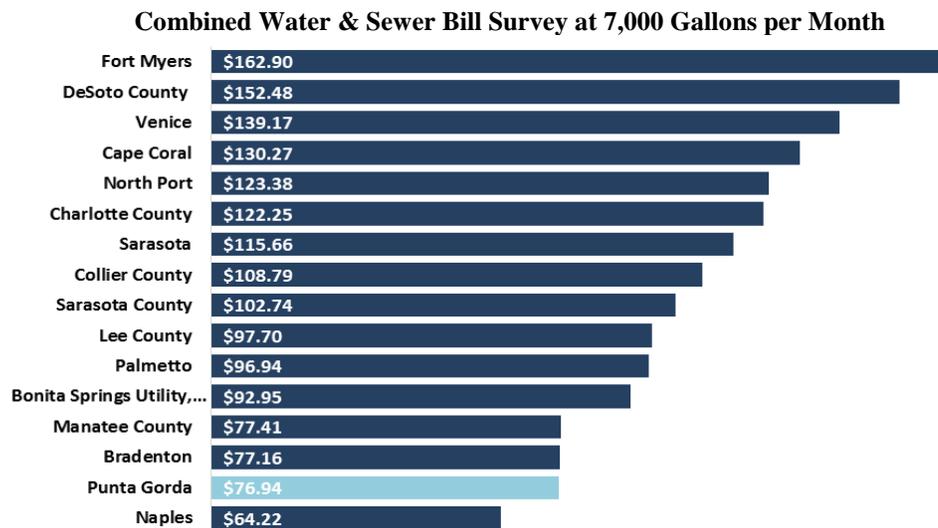
Utilities Operating Reserve

The City has legal and adopted financial policies utilizing reserves for the following purposes:

- Maintain an unassigned fund balance minimum of \$3.1 million; protection against unforeseen revenue declines and extraordinary operating expenses due to economic or weather disasters, and contract bids or equipment failures.
- 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;
- Utilize a Capital Outlay reserve to provide level funding. City Council has approved \$522,000 funding in FY 2017. Starting in FY 2018, the funding level for Capital Outlay reserves is \$600,000 with a growth factor of \$50,000 on an annual basis. If the funds are not spent in the budgeted fiscal year, they will be placed in Capital Outlay reserves. This will ensure that current & future aging issues of mechanical parts in both plants can be addressed in an adequate manner.
- Existing SRF reserve fund maintains one year of debt service payments and proforma shows addition of \$1,370,000 in FY 2018, representing one year of debt service on the new SRF loan.
- The water and sewer impacts have restricted use and are kept in a reserve for growth related capital projects, such as the new R.O. plant and planned wastewater force main on Jones Loop Road.

Utilities Rate Comparison

The City's utility rates are the 2nd lowest among the Southwest Florida utilities surveyed at the current FY 2017 rates.



Community Redevelopment Agency Fund

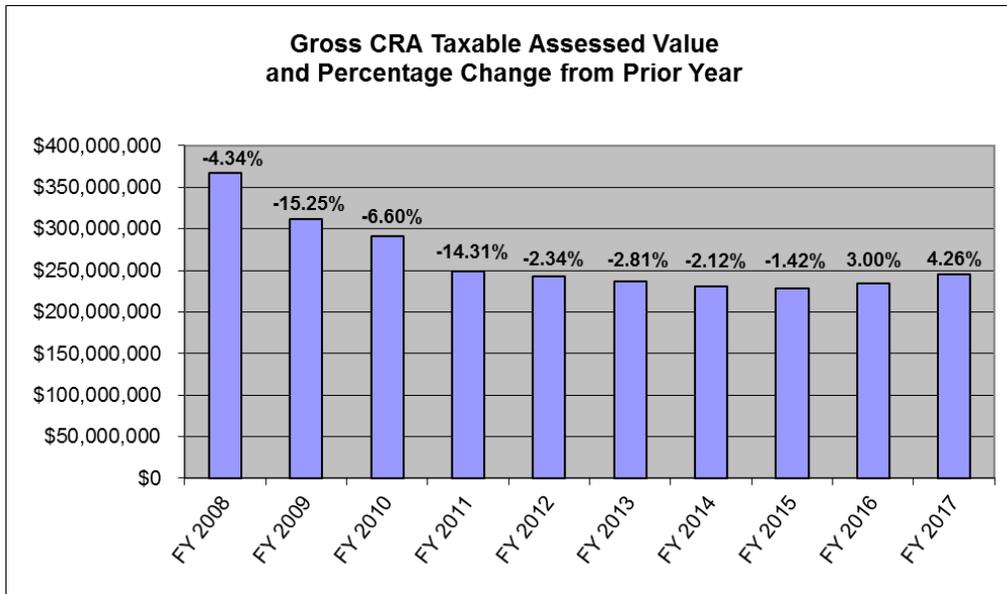
City Council created the Community Redevelopment Agency (CRA) in 1989 as a mechanism to carry out the goals and objectives of the Downtown Redevelopment Plan and Eastside & Downtown Planning Study. Projects constructed within the CRA are funded by property owners within the CRA from tax value increments 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. Over 60% of the CRA tax base is commercial and professional uses.

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 here provide history of taxable value and revenue generated from TIF since FY 2008.

Fiscal Year	Gross CRA Taxable Assessed Value	City TIF Contribution	County TIF Contribution	Total TIF Contribution
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	\$ 228,049,842	\$ 448,578	\$ 884,092	\$ 1,332,670
FY 2016	\$ 234,899,693	\$ 470,728	\$ 927,748	\$ 1,398,476
FY 2017	\$ 244,915,488	\$ 500,000	\$ 982,031	\$ 1,482,031

The graph below depicts the historical trend of assessed values since the height prior to the recent economic recession and current recovery.



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 the 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 conservative assessed property value increases of 3% in FY 2018 through FY 2021. The resulting estimated debt service reserve grows from \$360,000 at end of FY 2017 to \$954,000 at end of FY 2021, providing a buffer for economic downturns thereby ensuring that annual debt service can be met.

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) operations of 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 ages, the need for repair and maintenance will increase. Projected expenditures for FY 2017 reflect this trend. The proforma below includes an annual placeholder of \$140,000 for repairs. If funds are not needed in the current fiscal year, they will carryover to the next fiscal year; thereby ensuring funds are available to properly maintain the infrastructure.

The Herald Court lease revenue for FY 2017 includes the current tenants as well as a projection to fill 1,428 sq. ft. of currently vacant space. Based on these projections, the reserve for the Herald Court Centre shows a balance of \$119,000 in FY 2017 and growing to \$263,000 in FY 2021. 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
Budget FY 2017 through Proforma FY 2021**

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Debt Service Division					
Assessed Property Valuation change	4%	3%	3%	3%	3%
Tax Increment Financing (TIF) Revenue	\$1,482,031	\$1,526,492	\$1,572,287	\$1,619,455	\$1,668,039
CRA Lease Payments (Debt Service)	1,338,313	1,379,439	1,423,924	1,471,648	1,517,548
Revenues in Excess of Debt Svc	143,718	147,053	148,363	147,807	150,491
Reserve - TIF for Debt Svc (Beg)	216,384	360,102	507,155	655,518	803,325
Reserve - TIF for Debt Svc (End)	\$360,102	\$507,155	\$655,518	\$803,325	\$953,816
Herald Court Operations Division					
Herald Court Revenues	\$236,775	\$240,196	\$241,196	\$241,596	\$246,646
Herald Court Operating Expenditures	181,476	193,431	202,061	210,319	219,013
Revenues in Excess of Herald Ct Oper.	55,299	46,765	39,135	31,277	27,633
Reserve - Herald Ct (Beg)	63,303	118,602	165,367	204,502	235,779
Reserve - Herald Ct (End)	\$118,602	\$165,367	\$204,502	\$235,779	\$263,412
CRA Operations Division					
Other CRA Revenues	\$108,652	\$109,588	\$110,533	\$111,486	\$112,448
Other CRA Operating Expenditures	151,100	154,013	157,013	160,104	163,287
Expenditures in Excess of Revenue	(42,448)	(44,425)	(46,480)	(48,618)	(50,839)
Reserve - Other Operations (Beg)	560,192	517,744	473,319	426,839	378,221
Reserve - Other Operations (End)	\$517,744	\$473,319	\$426,839	\$378,221	\$327,382

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 11,500 residential accounts. For the 650 commercial accounts collection is available six days per week. The City has improved the recycling program by providing a 48 gallon rolling cart to each household, which is collected one day per week by an outside vendor. The projected diversion of waste stream from the landfill is 37%, which exceeds the 30% mandate. The program continues in FY 2017 with a rate increase of \$0.75 per month or \$9.00 per year, due to a contract increase. The budget also reflects a 10-year fleet replacement program, lengthened from a 7-year cycle. The four packers scheduled for replacement in FY 2016 will carry over to FY 2017 while the City considers a possible new service delivery, changing from manual collection to semi-automated or fully automated packers. The FY 2017 budget shown below does not reflect the change in packer type and service delivery method as these options are still being explored. As with the general and utility fund, City Council has approved funding of a capital outlay reserve in order to stabilize the funding source. As shown in the proforma, the capital outlay reserve is funded each year until FY 2020, at which time the reserve will be used to pay for the replacement of 3 packers.

Sanitation Fund Proforma Schedule of Revenues and Expenses Budget FY 2017 through Proforma FY 2021

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Revenues:					
Chg. for Service - Refuse Collection	\$3,297,700	\$3,408,294	\$3,519,152	\$3,630,275	\$3,741,668
Other Revenue	24,375	24,375	24,375	21,375	21,375
Total Revenues	3,322,075	3,432,669	3,543,527	3,651,650	3,763,043
Expenses:					
Operations	3,048,546	3,216,036	3,387,592	3,564,196	3,746,037
Capital				750,000	
Total Expenses	3,048,546	3,216,036	3,387,592	4,314,196	3,746,037
Revenues in Excess (Shortfall) of Expenses	273,529	216,633	155,935	(662,546)	17,006
Operating Reserves-Beg	671,386	744,915	736,548	667,483	754,937
Capital Outlay Reserves-Beg	100,000	300,000	525,000	750,000	0
Capital Outlay Reserves-End	\$300,000	\$525,000	\$750,000	\$0	\$250,000
Operating Reserves-End	\$744,915	\$736,548	\$667,483	\$754,937	\$521,943

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 has established permit fees to pay for services provided. Staffing had been reduced from thirteen positions in FY 2006 to five 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. In FY 2016 the part-time clerk was increased to full time and one more full-time building inspector was added.

The FY 2017 budget assumes continued growth in permit revenues. Permit fees will remain the same. The five year proforma projects permit revenues increasing approximately 4-5% in FY 2017 through FY 2019 and remaining level in FY 2020 and FY 2021. A staffing level change to add an inspector and clerk are projected in FY 2019. The City will continue to monitor activity and may adjust work schedules or staffing levels in the future if activity warrants and revenues allow. Capital outlay is projected for replacement of one vehicle per year FY 2017 through FY 2019. As experienced in the previous economic downturn (FY 2008 – 2013), the level of reserves projected is necessary to continue necessary levels of service even during downturns in new construction starts.

Building Fund Proforma Schedule of Revenues and Expenses Budget FY 2017 through Proforma FY 2021

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Revenues:					
Permits, Fees & Special Assmnts.	\$847,500	\$877,500	\$917,500	\$917,500	\$917,500
Other Revenue	28,000	26,000	26,000	26,000	26,000
Total Revenues	875,500	903,500	943,500	943,500	943,500
Expenses:					
Operations	849,661	874,888	1,032,911	1,065,029	1,098,384
Capital	25,000	25,000	25,000		
Total Expenses	874,661	899,888	1,057,911	1,065,029	1,098,384
Revenues in Excess (Shortfall) of Expenses	839	3,612	(114,411)	(121,529)	(154,884)
Operating Reserves-Beg	927,183	928,022	931,634	817,223	695,694
Operating Reserves-End	\$928,022	\$931,634	\$817,223	\$695,694	\$540,810

Laishley Park Municipal Marina Fund

Opened 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 2017 budget incorporates a recently enacted rate increase in the marina fee/mooring fee schedules. The City received approval regarding its application to the State Department of Environmental Protection for amendments to its submerged land lease that has increased rental opportunities during events and for commercial enterprises. The City received a Department of Environmental Protection Clean Vessel Act (CVA) Grant and a Charlotte County Marine Advisory Committee (MAC) Grant for pumpout boat maintenance and operations. The City provides free pumpout services twice a week throughout the Charlotte Harbor waterways.

Laishley Park Marina Fund Proforma Schedule of Revenues and Expenses Budget FY 2017 through Proforma FY 2021

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Revenues:					
Slip & Mooring Rentals	\$436,600	\$438,000	\$439,540	\$441,234	\$443,097
Intergovernmental Revenue	11,649	7,000	7,000	7,000	7,000
Other Revenue	30,750	28,550	28,550	28,550	28,550
Total Revenues	478,999	473,550	475,090	476,784	478,647
Expenses:					
Laishley Park Marina Expenses	188,122	190,536	194,426	198,503	202,782
Marina Park Contract Expenses	238,500	239,515	245,710	252,092	258,665
Capital Outlay	18,000	6,000	6,000	6,000	6,000
Total Expenses	444,622	436,051	446,136	456,595	467,447
Revenues in Excess (Shortfall) of Expenses	34,377	37,499	28,954	20,189	11,200
Operating Reserves-Beg	262,660	297,037	334,536	363,490	383,679
Operating Reserves-End	\$297,037	\$334,536	\$363,490	\$383,679	\$394,879

Canal Maintenance Districts Funds

Punta Gorda Isles Canal Maintenance District

The budget for the Punta Gorda Isles (PGI) canal maintenance assessment district reflects the Advisory Board recommendation to maintain the annual operating assessment of \$550. This covers personnel costs and sustains current sq. ft. replacement even with increased per sq. ft. contract prices.

The five-year proforma maintains the \$550 assessment in FY 2017 and then includes a \$30 increase, beginning in FY 2018 in anticipation of increased costs for seawall replacement due to loss of vacant staging sites. Replacement of one vehicle is included in capital outlay in FY 2020.

PGI Canal Maintenance Fund Proforma Schedule of Revenues and Expenditures Budget FY 2017 through Proforma FY 2021

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Operating Rate	\$550	\$550	\$550	\$550	\$550
Proforma Seawall Repl. Rsrv Rate		\$30	\$30	\$30	\$30
Revenues:					
Operating Assessment	\$2,861,750	\$3,011,750	\$3,011,750	\$3,011,750	\$3,011,750
Other Revenue	5,650	7,390	9,360	10,575	11,125
Total Revenues	2,867,400	3,019,140	3,021,110	3,022,325	3,022,875
Expenditures:					
Operations	899,997	918,602	949,741	982,221	1,016,116
Inlet Dredging	40,000	41,200	42,436	43,709	45,020
Seawalls & Caps R&M	1,760,000	1,812,800	1,867,210	1,923,220	1,980,910
Capital				35,000	
Total Expenditures	2,699,997	2,772,602	2,859,387	2,984,150	3,042,046
Revenues in Excess (Shortfall) of Expenditures	167,403	246,538	161,723	38,175	(19,171)
Operating Reserves-Beg	604,205	621,608	718,146	729,869	668,044
Resrv Seawall Replace-Beg		150,000	300,000	450,000	550,000
Resrv Seawall Replace-End	\$150,000	\$300,000	\$450,000	\$550,000	\$650,000
Operating Reserves-End	\$621,608	\$718,146	\$729,869	\$668,044	\$548,873

Burnt Store Isles Canal Maintenance District

The budget for the Burnt Store Isles (BSI) canal maintenance assessment district reflects the Advisory Committee recommendation to increase the annual operating assessment \$110, from \$460 to \$570. The increase will provide funding for the perimeter dredging project. The current assessment covers personnel costs and will initiate development of a seawall replacement reserve in anticipation of increased operating costs due to pending reduction in available staging lots.

BSI Canal Maintenance Fund Proforma Schedule of Revenues and Expenditures Budget FY 2017 through Proforma FY 2021

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Operating Rate	\$460	\$460	\$460	\$460	\$460
Dredging Rate	\$110	\$110	\$110	\$110	\$110
Revenues:					
Operating Assessment	\$474,800	\$474,800	\$474,800	\$474,800	\$474,800
Dredging Assessment	109,507	109,507	109,507	109,507	109,507
Other Revenue	1,150	1,740	2,180	2,600	3,000
Financing	451,000				
Total Revenues	1,036,457	586,047	586,487	586,907	587,307
Expenditures:					
Operations	91,327	93,350	95,442	97,605	99,842
Inlet Dredging		38,000	38,000	38,000	38,000
Seawalls & Caps R&M	311,000	311,000	311,000	311,000	311,000
Perimeter Dredging Project	560,000				
Debt Service		99,900	99,900	99,900	99,900
Total Expenditures	962,327	542,250	544,342	546,505	548,742
Revenues in Excess (Shortfall) of Expenditures	74,130	43,797	42,145	40,402	38,565
Operating Reserves-Beg	34,363	63,493	62,290	59,435	54,837
Resrv Seawall Replace-Beg	45,000	90,000	135,000	180,000	225,000
Resrv Seawall Replace-End	\$90,000	\$135,000	\$180,000	\$225,000	\$270,000
Operating Reserves-End	\$63,493	\$62,290	\$59,435	\$54,837	\$48,402

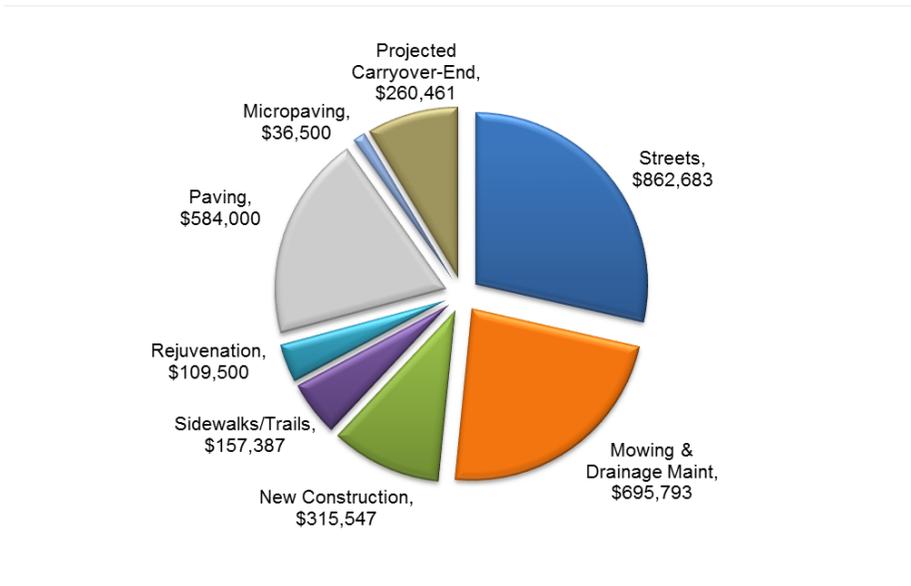
Gas Tax Funds

Based on state statutes providing restrictions on use of gas tax revenue, the City has 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 2008 is displayed here.

Fiscal Year	6 Cents	5 Cents	Total
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	\$ 573,028	\$ 266,710	\$ 839,738
2016	\$ 570,000	\$ 267,000	\$ 837,000
2017	\$ 575,000	\$ 271,000	\$ 846,000

The effect of elasticity of gas consumption (the tax is charged on gallons not dollars) in the past years of increased gas prices resulted in a decline of revenue in the high priced years. Revenues have increased during the recent gas price reduction. The graph below identifies the services provided and the related costs. Some are budgeted in the general fund under the right of way division and some are budgeted in the two gas tax funds. See the following proformas for the gas tax fund details.



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 2021.

**Six Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Budget FY 2017 through Proforma FY 2021**

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Revenues:					
Local Option Gas Tax	\$575,000	\$577,000	\$579,000	\$581,000	\$583,000
Other Revenue	221,828	221,828	221,828	221,828	221,828
Total Revenues	796,828	798,828	800,828	802,828	804,828
Expenditures:					
Operating Expenditures	776,839	796,735	827,333	858,557	890,414
Total Expenditures	776,839	796,735	827,333	858,557	890,414
Revenues in Excess (Shortfall) of Expenditures	19,989	2,093	(26,505)	(55,729)	(85,586)
Operating Reserves-Beg	219,430	239,419	241,512	215,007	159,278
Operating Reserves-End	\$239,419	\$241,512	\$215,007	\$159,278	\$73,692

The Additional Five Cent Gas Tax Fund five-year proforma projects slightly increasing tax revenue, which does not fully support the required annual paving program as identified by the city engineering division. Council addressed the importance of maintaining the City’s road infrastructure with a policy of transferring ad valorem millage revenue of \$459,000 as an ongoing subsidy.

**Additional Five Cent Gas Tax Fund
Proforma Schedule of Revenues and Expenditures
Budget FY 2017 through Proforma FY 2021**

	Budget FY 2017	Proforma FY 2018	Proforma FY 2019	Proforma FY 2020	Proforma FY 2021
Revenues:					
Local Option Gas Tax	\$271,000	\$271,000	\$272,000	\$274,000	\$276,000
Transfer from General Fund Ad Valorem	459,000	459,000	459,000	459,000	459,000
Total Revenues	730,000	730,000	731,000	733,000	735,000
Expenditures:					
Paving	730,000	730,000	731,000	733,000	735,000
Total Expenditures	730,000	730,000	731,000	733,000	735,000
Revenues in Excess (Shortfall) of Expenditures	0	0	0	0	0
Operating Reserves-Beg	21,042	21,042	21,042	21,042	21,042
Operating Reserves-End	\$21,042	\$21,042	\$21,042	\$21,042	\$21,042

Section 2: Financial Management Policies & National Standards

The City of Punta Gorda has prepared a comprehensive set of financial management policies in the areas of financial planning, revenues, and expenditures for adoption by the City Council. These policies are based on recommended, best management practices established by the Governmental Finance Officers Association (GFOA). The most recent comprehensive update of the financial policies were adopted January 18, 2012, amended February 20, 2013, March 19, 2014, January 21, 2015 and January 20, 2016.

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 2017 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, 1% local option sales tax, 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 were supplemental appropriations that were made during the FY 2016 period. Prior year incomplete projects are re-appropriated.*

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 2016 period. The City has not been required to implement emergency appropriations in the past 23 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 2016. There has not been such a need in the past 23 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 will annually prepare a 5 year capital outlay plan for replacement of existing capital outlay, based on an assessment of identified criteria including safety, efficiency and end of life.

Status: *Each Fund has a detailed 5 year capital outlay plan included in the budget document.*

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 projects were Public Safety communications center upgrade and 800 MHz radio frequency.*

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. 1% Local Option Sales Tax capital projects will be budgeted in the 1% Local Option Sales Tax Fund. 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 2017 revenue structure (all funds) is as follows:*

<i>Service Charges, Fines & Forfeitures</i>	<i>23%</i>
<i>Intergovernmental</i>	<i>17%</i>
<i>Ad Valorem Taxes</i>	<i>9%</i>
<i>Permits, Fees & Assessments</i>	<i>8%</i>
<i>Other Taxes</i>	<i>4%</i>
<i>Miscellaneous</i>	<i>4%</i>
<i>Carryover, Financing & Transfers</i>	<i>35%</i>

As shown above, the City's revenue system is 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 2016 supplemental appropriations included use of Fund Balances.*

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 \$8.8 million (FY 2016) and \$9.7 million (FY 2017) in grant monies to fund such projects as the Reverse Osmosis Plant, park development, streetscape, boating-related facilities, and police equipment. The five year Capital Improvement Program identifies several pending capital grants. In addition to the above, the City is host for the Charlotte Harbor National Estuary Program (CHNEP). Their funding is all grants from Federal, State and Local Sources in the amount of \$1.1 million (FY 2016) and \$1.0 million (FY 2017).*

- 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, 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: *Currently there are no outstanding bond issues.*
- 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. Based on the results of the consulting firm hired to analyze water and wastewater user fees and impact fees, modifications to the utilities rate structure and changes to impact fees were approved after public hearing and were implemented in FY 2016 and provide for scheduled increases in FY 2017 and FY 2018 that may be evaluated each year. Recycling fees for Sanitation are increasing due to contract changes. Marina slip fees were updated July FY 2016. 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 in the 10 year plan, and the road network and parks facilities sufficiently accommodate demand. At the request of citizens, City Council is pursuing improving the water quality through construction of a Reverse Osmosis Plant.

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

Status: As part of the 2016 Long Range Financial Plan, the City undertook a review of its economic condition and outlook, financial position and performance, debt profile and management in relation to credit rating agency criteria. The City utilizes a five year proforma to quantify the effects of current decisions on future financial condition.

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 and community redevelopment area tax proceeds.

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 will be 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 loan agreements.*

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, 2017 unrestricted fund balance is projected to be \$2.4 million. This is 13% of budgeted general fund operating expenditures. It is the City Council's intention to continue increasing the minimum reserve as the improving economy allows.*

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:

	FY 2017 Budgeted Expenditures	9/30/17 Budgeted Unrestricted Fund Balance	% of Unrestricted Fund Balance to Expenditures
General Fund	\$19,185,943	\$2,389,563	13%
PGI Canal Maint Fund	2,699,997	771,608	29%
BSI Canal Maint Fund	962,327	153,493	16%
Park Impact Fees Fund	80,000	67,640	84%
Transportation Impact Fees Fund	40,000	37,335	93%
CRA Fund	1,670,889	966,448	60%
Add'l Five Cent Gas Tax Fund	730,000	21,042	3%
Six Cent Gas Tax Fund	776,839	239,419	31%
Charlotte Harbor National Estuary Prog	936,047	63,438	7%
Utilities OM&R Fund	15,974,624	6,744,906	42%
Water System Capacity Escrow Fund	0	1,075,968	n/a
Sewer System Capacity Escrow Fund	360,573	776,280	215%
Sanitation Fund	3,048,546	1,044,915	34%
Building Code Fund	874,661	928,022	106%
Laishley Park Marina Fund	444,622	297,037	67%

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 \$2.4 million General Fund unrestricted fund balance, \$0.4 million is assigned to reducing the FY 2018 projected shortfall and \$0.4 million is assigned use of the fleet/equipment reserve for FY 2018 scheduled replacements.

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 requires an unassigned fund balance minimum of 7.0% of total fund budgeted appropriations. Council intends to reach a 16.7% unassigned fund balance minimum. Each year, as the economy improvement allows, the City will increase the minimum by 0.5%.
- Status:** *For the fiscal year ended September 30, 2016, the General Fund's unassigned balance is projected to be \$1,371,937. Projected for the fiscal year ended September 30, 2017, the City's operating funds, except the Utilities Funds, meets the established unassigned fund balance minimum. The General Fund unassigned balance is \$1,394,937, 7.3% of total general fund expenditures.*
- Policy:** For the Utilities Fund, the City will maintain an unassigned fund balance minimum of at least \$3.1 million.
- Status:** *For the fiscal year ended September 30, 2016, the City's Utilities O, M & R Fund unassigned balance is projected to be \$6,298,893.*
- 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 a minimum of \$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 2017 and will continue to in the future.*
- Policy:** The City will provide a Capital Outlay Reserve (COR) for each of the major funds based on the 5 year capital outlay program needs, and will fund the average annualized 5 year need, in order to provide a stabilized funding plan.
- Status:** *The City Council has established a COR for the General Fund, Utilities Fund, and Sanitation Fund.*
- Policy:** The Canal Maintenance Districts will fund replacement of seawalls to allow for adequate linear footage replacement based on existing analysis.
- Status:** *Burnt Store Isles Canal Maintenance District has established a Seawall Replacement Reserve, beginning with FY 2016. The funding is set at \$45,000 annually and will be reevaluated as costs per linear foot increase, and area for staging are depleted. Punta Gorda Isles Canal Maintenance District has set an annual 3% increase multiplier in the line item funding for seawall replacement in the 5 year proforma, and beginning with the FY 2017 budget, in anticipation of increased costs, a seawall replacement reserve was established.*

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 required by loan agreements.*

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 2017 budget, the following administrative charges are included within the enterprise funds: Utilities \$2,261,785, Sanitation \$362,415, Building \$86,889, Laishley Marina \$32,852.*

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: Identification of City Programs and Costs of Service

This section identifies City programs and services by department as well as costs of service for each program as established in the FY 2017 budget. In this manner, the organization and community can evaluate services delivered, costs associated with those services and priorities to be incorporated in future spending plans.

CITY ADMINISTRATION

City Manager

City Administration

- Manage office divisions (Human Resources, Information Technology & Urban Design) and provide leadership role over departments of Finance, Police, Fire, Public Works & Utilities

Community Outreach

- Weekly Highlights Report, Information Sharing Reports, Action Register and Citizens Academy
- Community presentations/participation before/on boards & committees, community agencies, intergovernmental organizations

Agenda Management

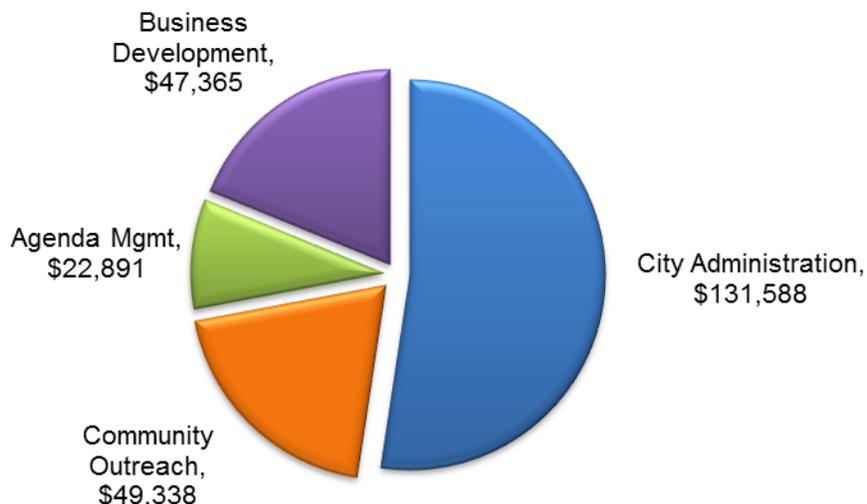
- Development & review of agendas for City Council, Community Redevelopment Agency, joint City/County meetings and special workshops

Business Development

- Incentive programs, review of codes & regulations, response to requests from private sector for assistance, recruitment & retention

Total City Manager

\$ 251,182



Information Technology

Help Desk

- Phone sets, PCs/laptops and peripherals and desktop applications

System Administration – Hardware

- Windows Server System, AS400 System and network infrastructure administration, Network Security, Disaster Recovery

System Administration – Applications

- Sungard Core (H.T.E. and OSSI) and other network applications (i.e. OptiSpool, Tokay Blackflow Prevention, Digital Ally, NovusAGENDA, etc.); systems analysis; application security; and report writing

Web Hosting

- City Website maintenance, Click2Gov applications, and Public Records Search Citizen Portal

Telecommunications

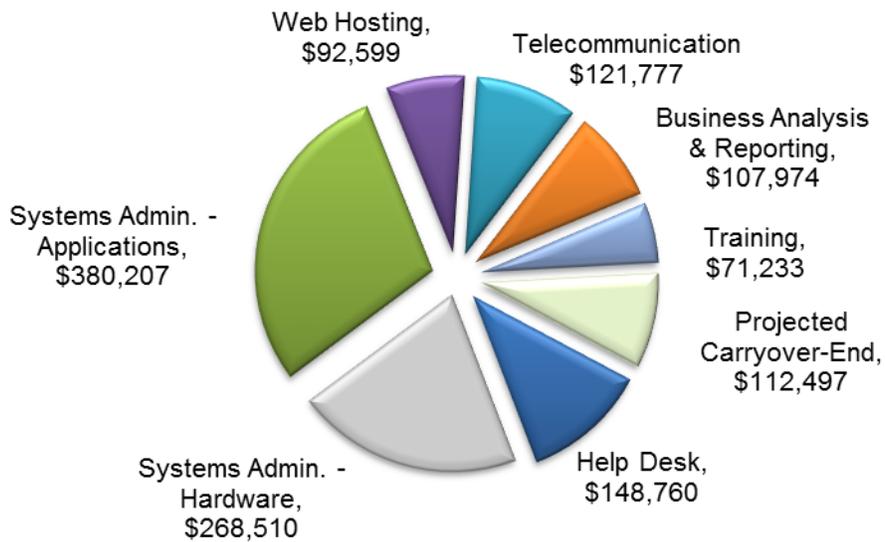
- Installation, configuration and support of Nortel and Cisco phone systems and voice circuits

Business Analysis & Reporting

Training

Total Information Technology

\$1,303,557



Legal

Administration

- Oversee outside legal counsel, Civil response & filings (bankruptcies, foreclosures, tax deeds, liens & real estate transactions)
- Draft and review ordinances, resolutions, agreements/contracts, easements and other legal documents

City Attorney Services

- Legal Research & Opinions and City Code Review
- Agenda review and representation at City Council/CRA meetings
- Prosecution of Code Enforcement and Building cases

Labor Attorney Services

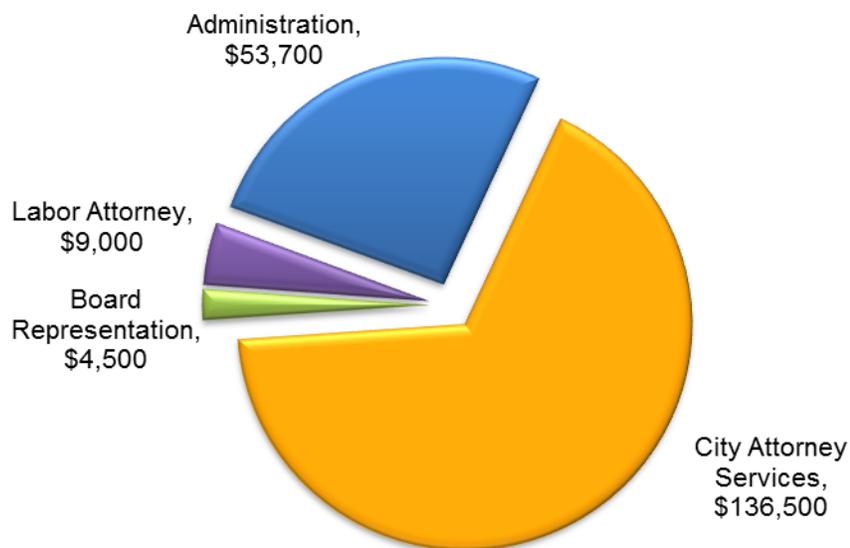
- Legal Research & Opinions; representation

Board Representation

- Agenda review & attend Code Enforcement Board and Building Board (as needed only)

Total Legal

\$ 203,700



Urban Design

Department/Division Administration

- General Administration, Maintenance of Historic Design Guidelines, Oversees and Supports Zoning and Code Compliance, Support of Compliance with State/Federal Statutes, Develop, Update & Maintain all official City maps, Disaster Planning & Mitigation

Short Term Planning Services

- Plan Review, Site Review, Landscaping Review, Building/Zoning permitting review, Permitting, Design Studio, Land Use Review, Planning & Zoning Applications

Long Range Planning Services

- Comprehensive Plan, EAR, State Mandated Plans/Studies, Planning Based Studies/Reports, Land Development Regulations, Development Standards, Land Use Planning, Conceptual Design (includes infrastructure projects), Disaster Planning & Mitigation, Community Rating Service, Local Mitigation Strategy, Affordable Housing Issues

Capital Improvement Projects

- Development (Design), Research & Feasibility, Project Permitting Requirements, Construction Administration, Project Management, Federal Compliance, City Beautification, Financial Planning

Annexation Coordination

- Feasibility/Researching of Annexation opportunities

Board and Committee Support

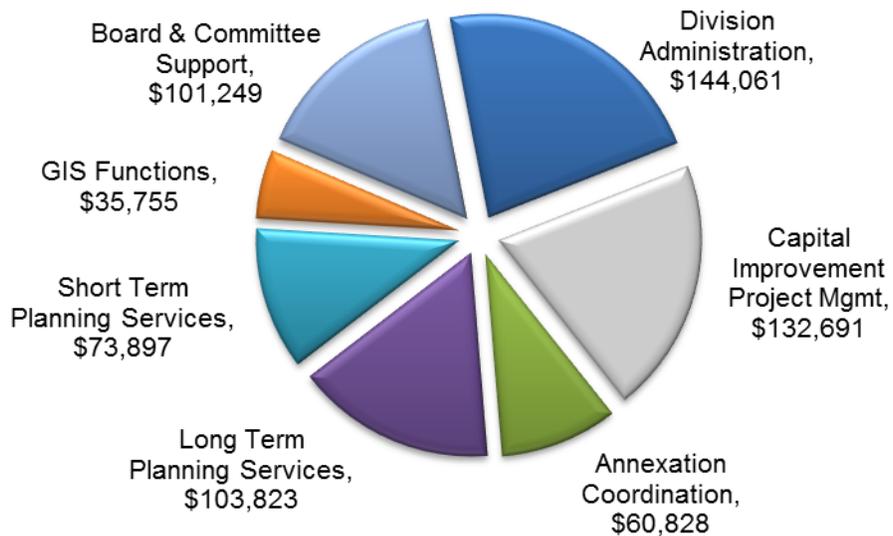
- Board of Zoning Appeals, Planning Commission, Historic Preservation Advisory Board, Development Review Committee, Land Development Review Committee, City Council, TEAM Punta Gorda, MPO (Governing Board, TAC and BPAC), Charlotte County Enterprise Zone, Mural Society, Charlotte County

GIS Functions & Support

- GIS data & analysis GIS related Maps for Boards, Committees and/or departments, Map support for events

Total Urban Design

\$ 652,304



Zoning and Code Compliance

Department/Division Administration

- General Administration, Violation notifications, Inspection Reports, Code cases

Management of City Code of Ordinances

- City Code of Ordinances, Development Standards, Updating & Maintaining, Research & Feasibility, Legal Counsel /Endorsement, Review of Code Violations and Code Cases

Planning Services

- Plan Review, Site Review, Landscaping Review, Building/Zoning permitting review, Permitting, Design Studio, Land Use Review, Planning & Zoning Applications
- Planning Based Studies/Reports, Land Development Regulations

Enforcement of the City Code of Ordinances

- Field Inspections, Posting Property, Responding to Citizen Concerns/Complaints, General Monitoring of City Boundaries, Managing Vacant & Distress Property.

Board and Committee Support

- Code Compliance, Board of Zoning Appeals, Planning Commission, Development Review Committee, Land Development Review Committee, City Council

Event & Park Rental Coordination

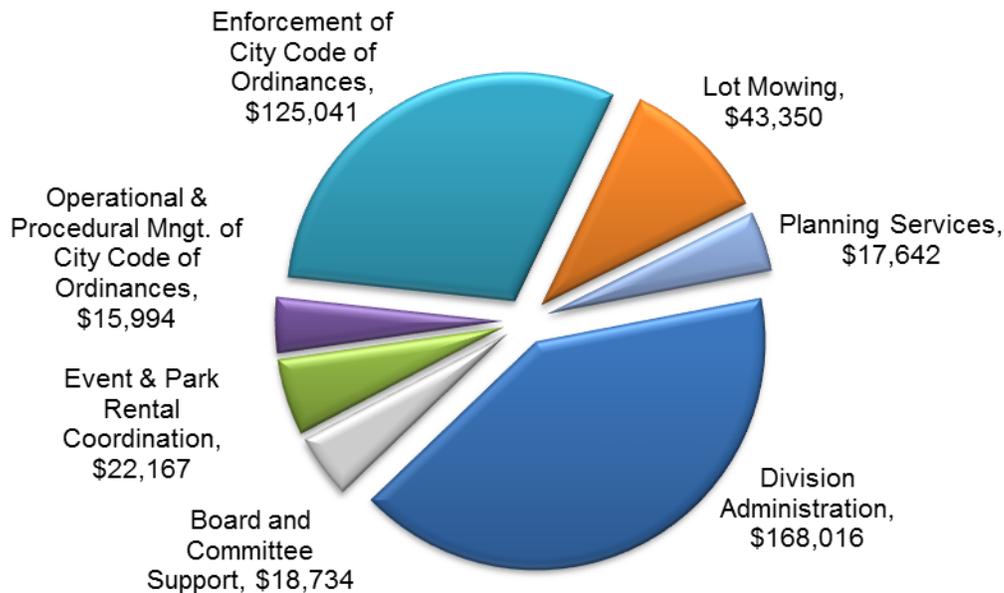
- Business promotions, events, grand opening and temporary event permits, special event permits, park and open space rental

Lot Mowing

- Maintains and performs inspections of the program to ensure vacant properties are maintained

Total Zoning and Code Compliance

\$ 410,994

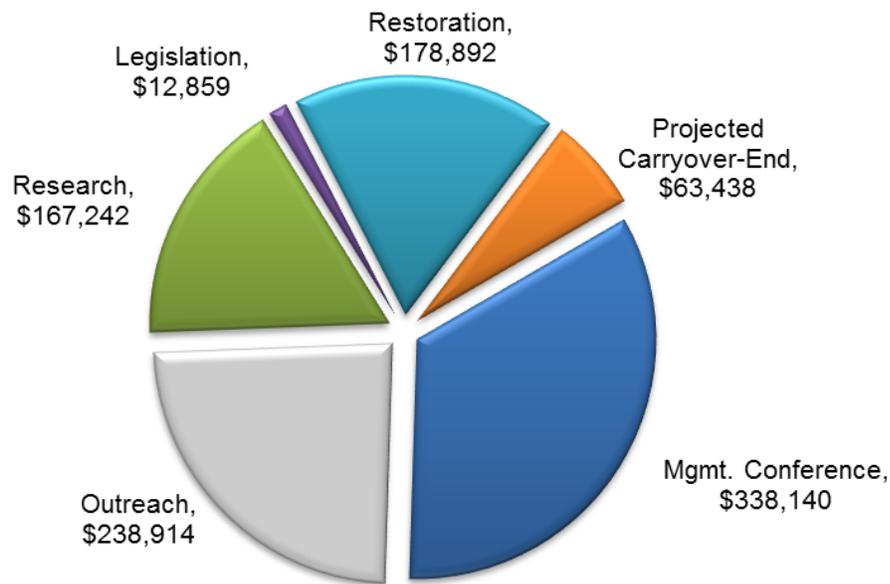


CHARLOTTE HARBOR NATIONAL ESTUARY PROGRAM (CHNEP)

The Clean Water Act requires all NEPs to implement its adopted Comprehensive Conservation and Management Plan (CCMP). CHNEP's CCMP addresses four priority problems that are common throughout the CHNEP seven-county study area and affect the health of its watersheds and estuaries. The priority problems are water quality degradation, hydrologic alterations, fish and wildlife habitat loss and stewardship gaps. The CCMP includes a series of graphic vision maps, quantifiable objectives, priority actions and many support documents. The CCMP addresses the natural resource issues in the entire CHNEP study area. The CHNEP implements the CCMP by building partnerships to develop integrated plans, education and outreach programs and management structures to achieve a sustainable balance between the economy, society and the environment.

Total CHNEP

\$ 999,485



BUILDING

Administration

- Customer Service; Records; Disaster Planning & Mitigation; GIS

Plans Review

- Verification with Florida Building Code and State Fire Codes.

Construction Inspection Services

- Inspect and evaluate construction projects to meet Florida Building Code and State Fire Code. Establish residential line and grades for proper drainage of site.

Licensing and Permitting

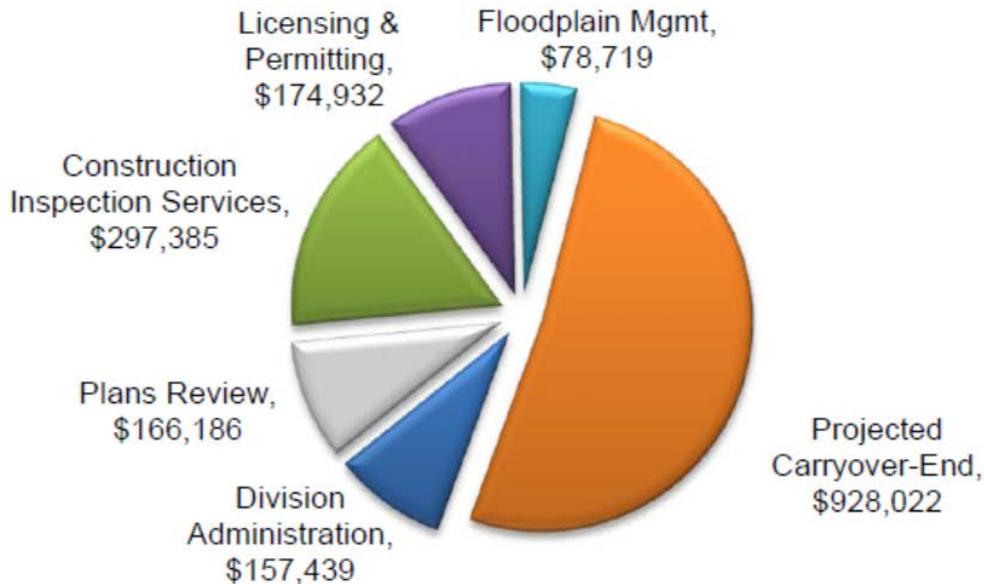
- Verify that all contractors are properly licensed and insured to perform the work contracted; clerical work required for the issuance of required permits; and coordination of inspections and permitting.

Flood Plain Management

- Enforcement of the Flood Protection Ordinance as provided in Article 14 of the City's Land Development Regulations. Manage the City's participation in the Community Rating System under the National Flood Insurance Program.
- Coordination with FEMA

Total Building

\$1,802,683



Human Resources

Employment Administration

- Equal Employment Opportunity; Recruiting, Pre-Employment & Orientation; Employee Pay; Performance Evaluation; Benefits; Separation, post-separation, and retirement; Policy Development

Records Management

- Records storage & updates and Public records processing

Labor Relations

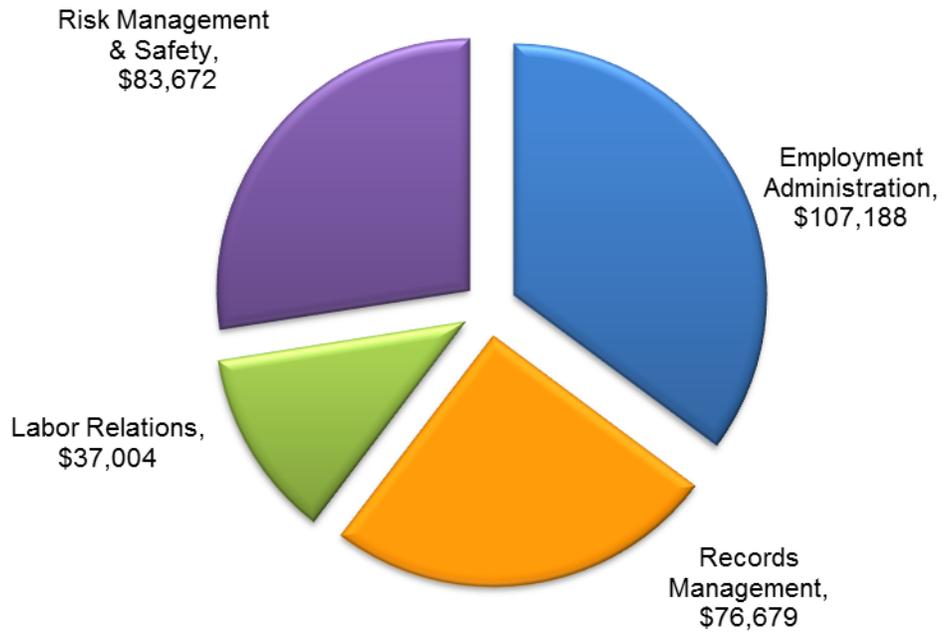
- Surveys and Research, Negotiation, Legal compliance and Contract administration

Risk Management and Safety

- Employment Legal Compliance; Drug Free Workplace compliance; Insurance management; Claims Processing; Liability Litigation Management and Coordination

Total Human Resources

\$ 304,543



CITY CLERK

Financial Management

- Local Business Tax Receipts, Cashiering, Invoicing, Auto Tags/Titles

Records Management

- Public Records Requests, Research, Contracts, Deeds, Easements, Ordinances & Resolutions, Agenda Packets/Minutes, Public Hearing Files, Reference Library, Compliance with State Requirements, Attesting & Recording of Documents

Meeting Management

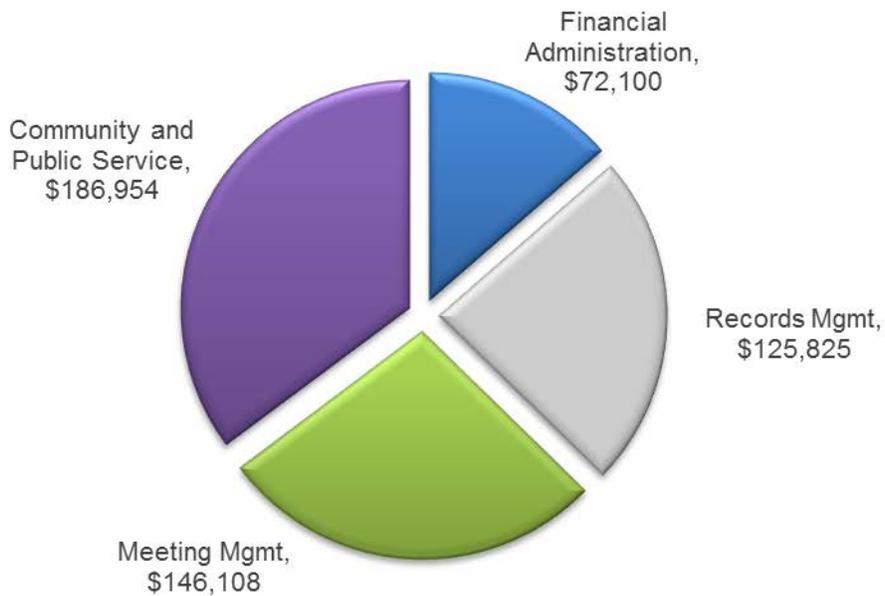
- Boards/Committees, City Council/CRA, Web Posting (Agendas & Minutes), Coordination of Video Taping/Airing

Community/Public Service

- Council Calendars/Correspondence, Telephone Inquiries, City Elections, Domestic Partnership Registry, Legal Ads/Notifications, Notary Services, Citywide Mail

Total City Clerk

\$ 530,987



FINANCE

Finance Division

Accounting & Auditing

- Journal entries, daily transactions, audit preparation and reconciliation, Capital asset accounting, Grant accounting, Project accounting, Internal control

Financial Reporting & Management

- Preparation of the Comprehensive Annual Financial Report (CAFR); Federal, State, pension, and grant reporting; Monthly financial reporting; and Surveys
- Administration of Billing and Collections, Procurement and Finance

Payments & Receipts

- Revenue receipting, Cash disbursements, Monthly bank reconciliations and cash management.

Payroll & Benefit Management

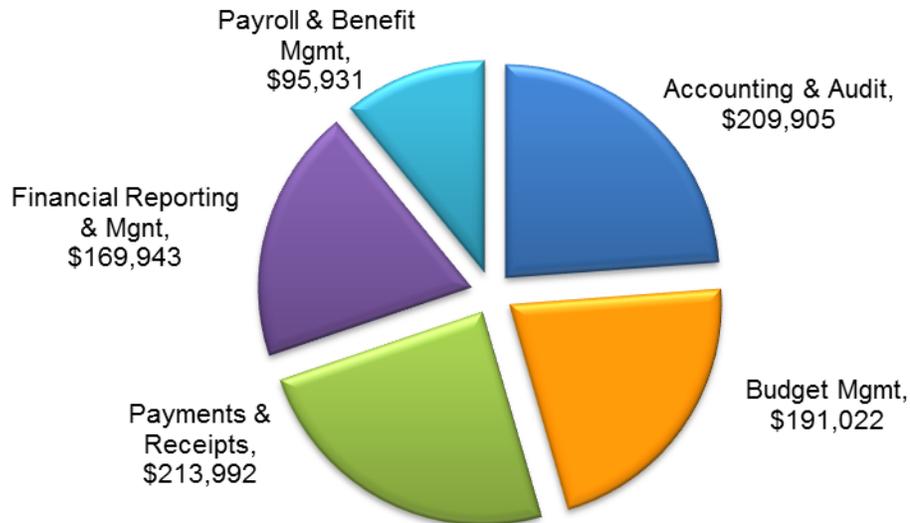
- Employee payroll processing; Federal & State payroll reporting; Payroll related benefit payments

Budget Management

- Preparation of annual operating budget & Capital Improvements Program (CIP); Budgetary internal control and analysis; financial forecasts/planning
- Special Assessment District oversight

Total Finance Division

\$ 880,793



Procurement

Purchasing

- Solicitations, Purchase Orders, Receiving, Reconciliation/PO Changes and Auditing of invoices.

Contract Management

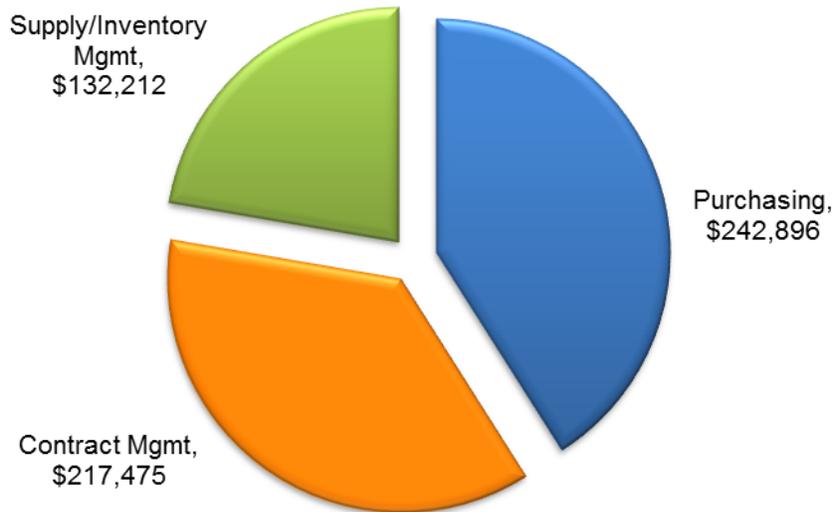
- Managing construction, consulting & term contracts; Insurance; Renewals; Change orders/Amendments; Pay Approvals

Supply/Inventory Management

- Warehouse, Cell Phones, Fuel
- Coordinate disposal of surplus/obsolete; Conduct and manage auctions; Reconcile and reporting

Total Procurement

\$ 592,583



Billing and Collections (Utilities Fund)

Manage Utilities Meter Accounts

- Phone calls, emails, in person, fax; Process account changes and correspondence; Work orders per customer requests; Delinquent notices and service shut off lists

Utilities and Sanitation Billing

- Meter reading data transfers; Re-read work orders and read generated letters; and Bills for mailing and deliver to Post Office
- Coordinate lot mowing assessment accounts with County and City personnel. Maintain records on exempt and permitted properties. Process individual billings and payments for properties not billed on tax bill.

Accounts Receivable

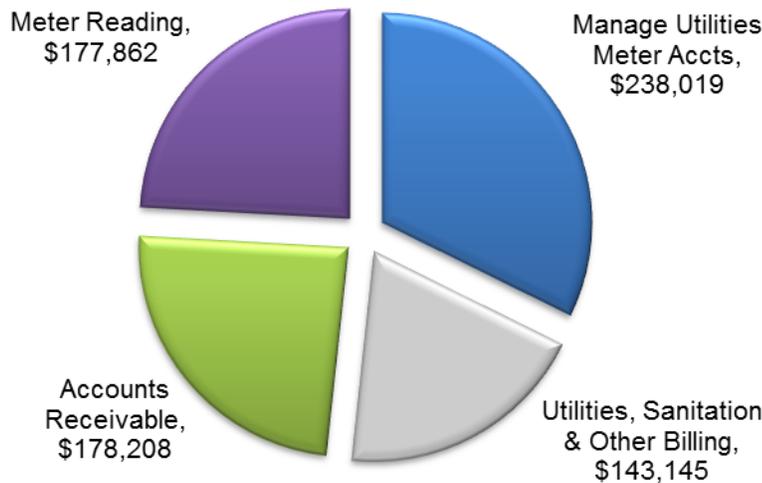
- Accept and process payments; Call customers for payment prior to shut off; Process liens and releases; and Follow up on bankruptcy requirements

Manage Meter Reading Contract

- Track all work done by meter reading contract vendor to provide and verify amounts for invoicing.
- Daily communication with vendor via phone calls and emails regarding contract performance questions and deficiencies.

Total Billing and Collections

\$ 737,234



PUBLIC WORKS

Administration

Department Management

- Manage office divisions (Engineering, Facilities Maintenance, Right-of-Way, Parks & Grounds, Canal Maintenance & Sanitation)

Customer Service

- Work orders for road maintenance, swale improvements, seawall problems & sanitation pickups; and Public information

Sanitation Customer Service

- Work orders for sanitation pickups and service changes

Agenda Management

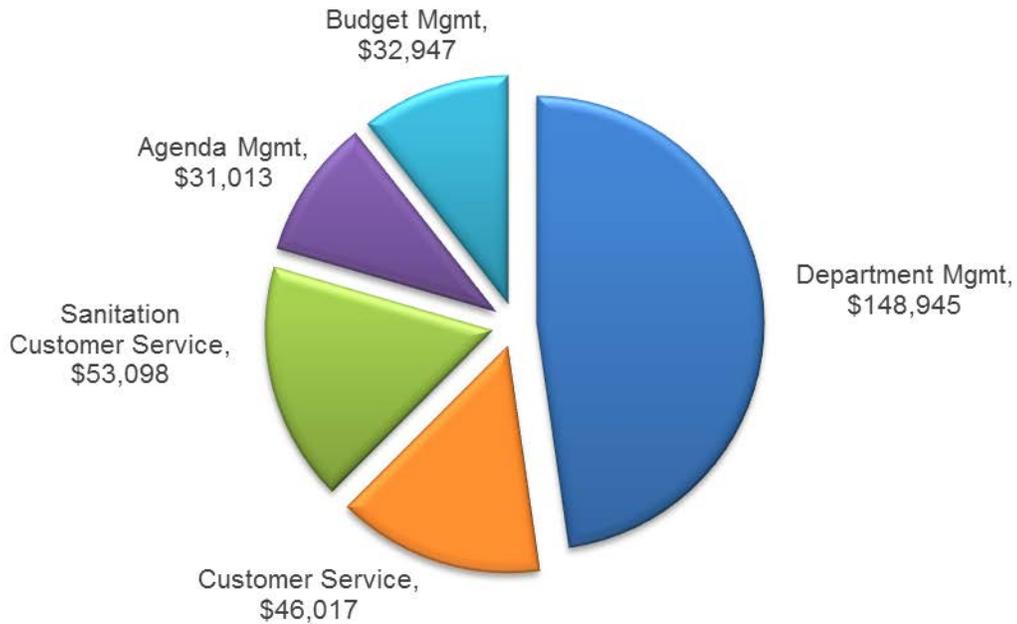
- Development of agendas for City Council, Burnt Store Isles & Punta Gorda Isles Canal Advisory Committees

Budget Management

- Prepare & oversee department budgets

Total Public Works Administration

\$ 312,020



Engineering

Project Management

- Oversee consultant designs and contractor work

Permitting & Development Review Committee (DRC)

- Building permit swale inspections and DRC

Agency Coordination

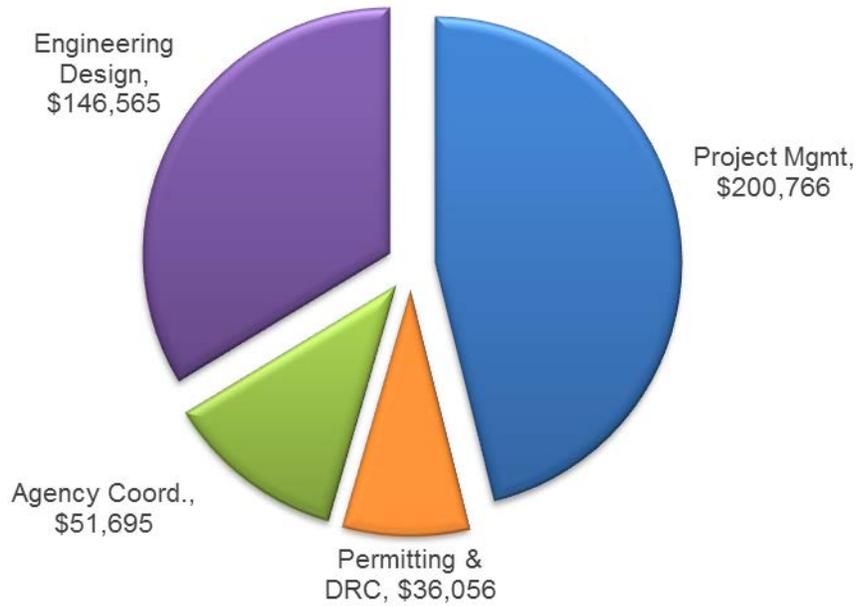
- Coordinate with various agencies: FDOT, FDEP, SWFWMD, Army Corps, Charlotte County, MPO, others

Engineering Design

- In-house work: sidewalks, roadways, drainage, parks

Total Engineering

\$ 435,082



Facilities Maintenance

Maintenance - City Buildings

- Electric, janitorial, lights, plumbing, cleaning

Communications Testing

Contract Administration

- A/C, Pest Control, UPS, Emergency Generators

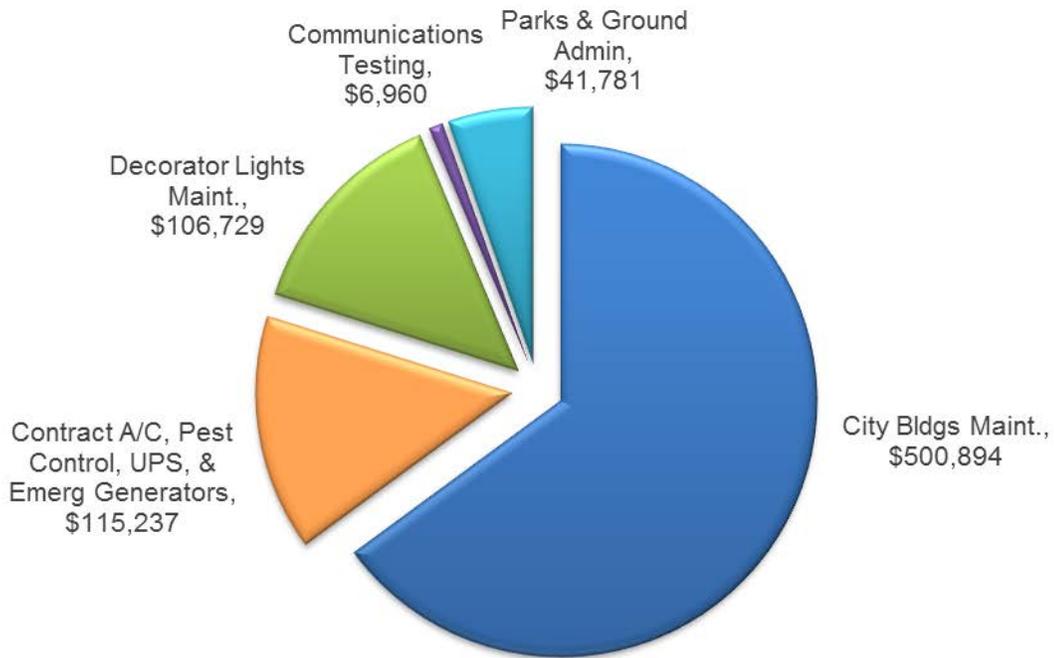
Decorator Lights Maintenance

Parks & Grounds Administration

- Supervision; Coordination of project scheduling & task assignments

Total Facilities Maintenance

\$ 771,601



Right-of-Way (General Fund)

Streets

- Signing, Striping, Signals, Street Lighting, Bridge Maintenance, Railroad Crossing Maintenance and Road Patching

Mowing & Drainage Maintenance

- Pipe Cleaning & Replacement, Basin Maintenance, Swale Grading & Mowing

New Construction

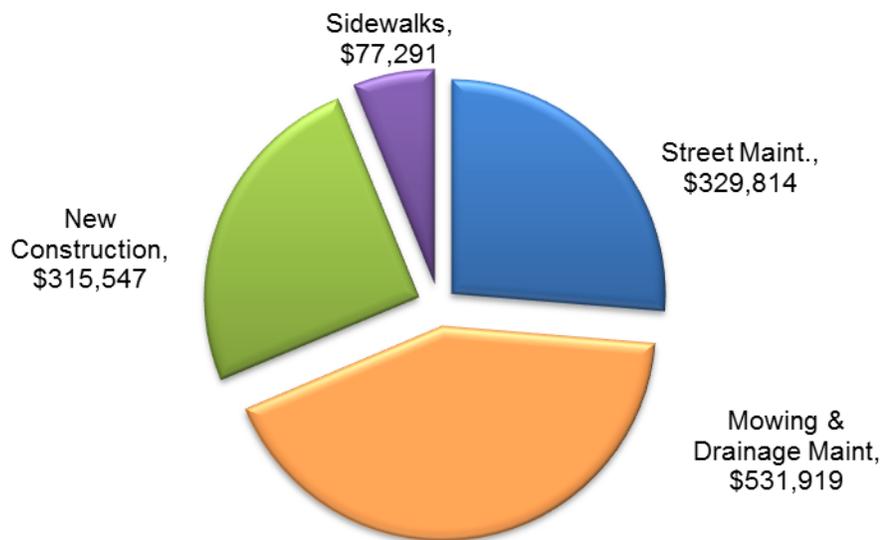
- Parking Lots, On Street Parking, Other Specialty Projects

Sidewalks/Trails

- Sidewalks and Trails

Total Right-of-Way (General Fund)

\$1,254,571



Right-of-Way (5 Cents Gas Tax)

Paving

Rejuvenation

Micropaving

Total Right-of-Way (5 Cents Gas Tax)

\$ 751,042

Right-of-Way (6 Cents Gas Tax)

Streets

Drainage Maintenance

Sidewalks/Trails

Total Right-of-Way (6 Cents Gas Tax)

\$ 1,016,258

* Graph for total of all street maintenance can be found on page 18

Parks & Grounds

Parks Maintenance

- General maintenance, mowing, fertilizing, pest control, sprinkler repairs, landscaping

City Properties Maintenance

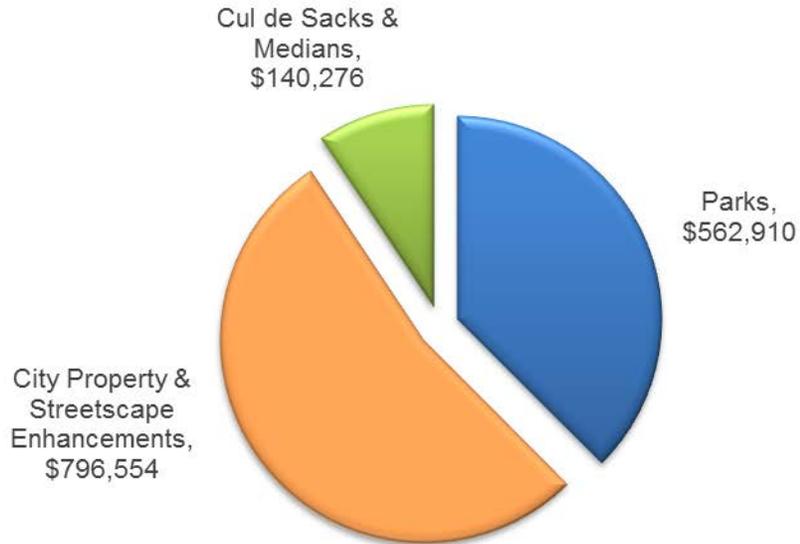
- Streetscape, landscaping, fertilizing, tree trimming, sprinkler repairs & installation, tree planting, Christmas tree set-up & holiday decorating

Cul-de-Sacs & Medians

- Supply of trees, mulch, fertilizer & pest control; Weed spraying, irrigation maintenance & cleaning

Total Parks & Grounds

\$1,499,740



Sanitation

Residential

- Collects refuse from approximately 11,100 residential customers.

Commercial

- Performs approximately 650 services on commercial accounts.

Yardwaste

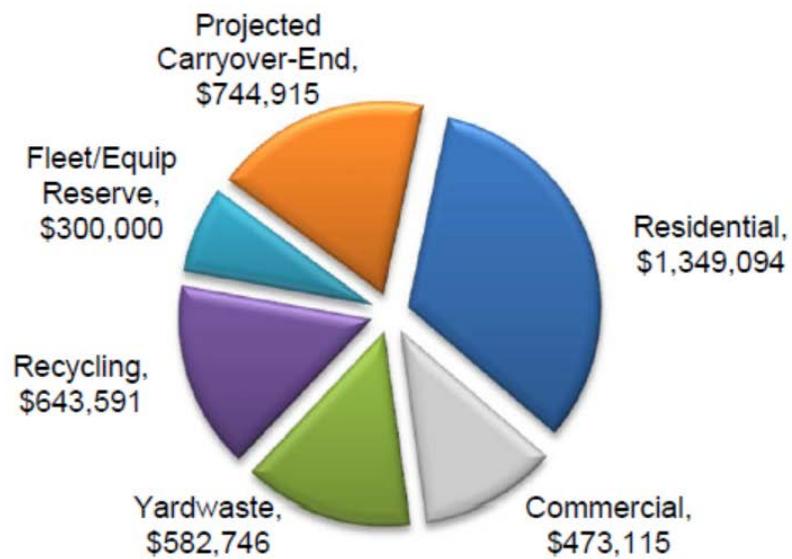
- One a week pickup plus special callouts.

Recycling

- Recycling program using a 48 gallon “single stream” cart program with once a week pickup—Approximately 4,830 tons are diverted from the waste stream annually.

Total Sanitation

\$4,093,461



Punta Gorda Isles Canal Maintenance

Dredging, Trimming, & Administration Misc.

- Oversee contractor doing, seawalls, caps, dredging, rip-rap, marker replacement & mangrove trimming.
- Manage billing approval and budgets for the PGI Canal Maintenance District

Sinkhole repairs

- Filling of holes along the backside of seawall cap with shell material

Cap replacement & Repair

- Replacement of the top portion of a seawall cap
- Repair of seawall cap, removal of debris and replacement of channel markers

Seawall replacement & Repair

- Seawall replacement and pouring of new seawall slabs.

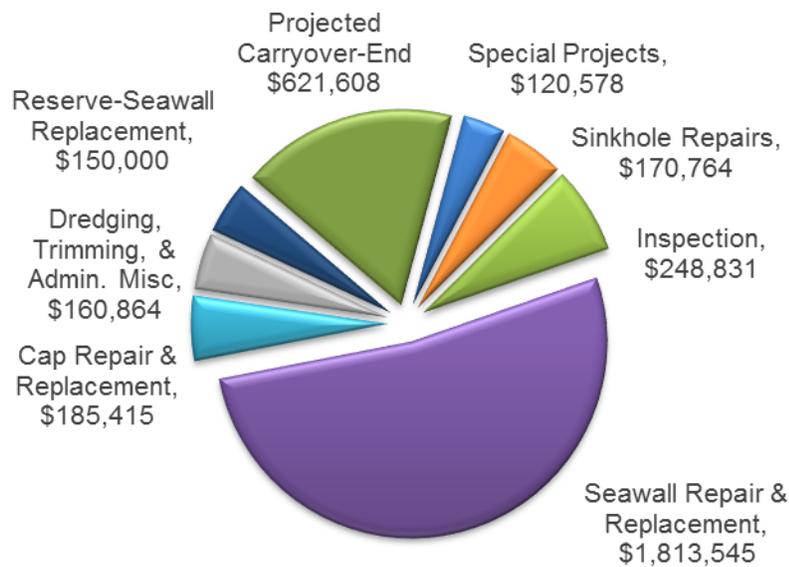
Inspection

- Seawall inspection, Inspection of canal depths and channel markers

Special Projects

Total PGI Canal Maintenance

\$3,471,605



Burnt Store Isles Canal Maintenance

Dredging, Trimming, & Administration Misc.

- Oversee contractor doing, seawalls, caps, dredging, rip-rap, marker replacement & mangrove trimming.
- Manage the billing approval and budgets for the BSI Canal Maintenance District

Sinkhole Repair

- Filling of holes along the backside of seawall cap with shell material, caused from washout through or under the wall.

Inspection

- Seawall inspection and inspection of canal depths, channel markers and catch basins as required by FDEP for the lock removal.

Seawall Replacement

- Seawall replacement and pouring of new seawall slabs

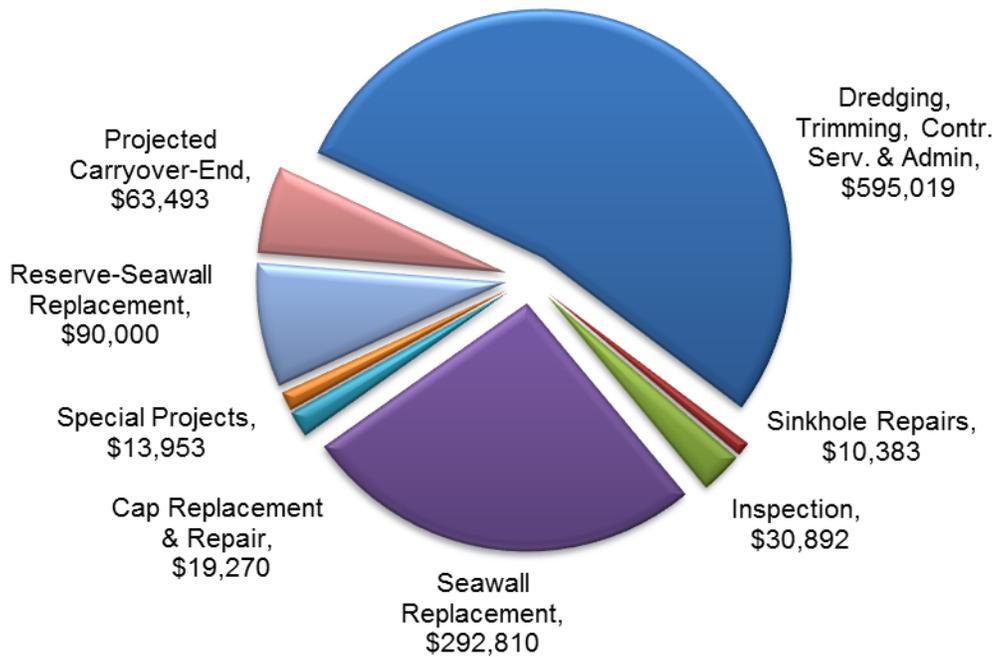
Cap replacement & repair

- Replacement of the top portion of a seawall cap
- Repair of seawall cap, removal of debris and replacement of channel markers

Special Projects

Total BSI Canal Maintenance

\$ 1,115,820



POLICE

Department Leadership

- Manage operations, community outreach, budget, purchasing and criminal justice standards compliance

Uniform Patrol Services

- Patrol, service calls, preliminary criminal investigations, traffic crash investigation/enforcement, Honor Guard Team
- In-Kind Events - annual parades, Halloween, etc.
- Bike Patrol Unit - five member voluntary team
- Canine Unit - augments uniform patrol, suspect apprehension and tracking, tracking of at-risk subjects, narcotic interdiction, community outreach
- Search & Recovery Dive Team - five member voluntary team, underwater evidence/property recovery, waterborne search and rescue

Marine Unit

- Patrol, Water safety presentations and Vessel safety inspection

Criminal Investigations Unit

- Investigations, Narcotics & Vice operations, Computer and White collar crimes

Community Services

- Crime Prevention, Media relations (PIO); SRO program, Do the Right Thing, Neighborhood Watch (includes Marine), Community Presentations, Youth programs and Bank Security Group

School Resource Officer Program

- School Education Programs - DARE provided at Sallie Jones and GREAT provided at PGMS

Employee Development

- Agency training (internal/external), Candidate testing and Recruiting

Evidence/Property & Crime Scene Services

- Evidence management, Quartermaster, Crime Scene Services and Laboratory analysis

Communications

- Police/Fire/Medical Dispatch

Administrative Services

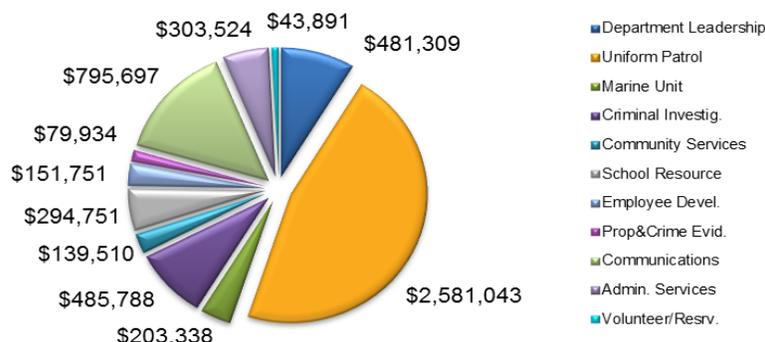
- Records; Grants; Fingerprinting services; special Projects; Law Enforcement Accreditation program; Staff Inspections; Policy development.

Volunteers In Policing program/Police Reserve Unit

- Marine, records, administrative, traffic and parking
- Volunteer unit of certified police officers, Augment police patrols and services

Total Police

\$5,560,536



FIRE

Fire Suppression

- Structure, Vehicle, Boat, Brush and Nuisance

Emergency Medical Response, ALS/BLS

- Advanced Life Support, Heart attack, Stroke, Trauma, Diabetic Emergencies, I.V. Therapy, Respiratory Distress, 12 Lead EKG, General Medical Distress, Vehicle Extrication, Dive/Water Rescue, Water rescue response, Joint boat training, Dive training and certification, sharing resources with PD

Fire Prevention Services

- Code enforcement, Event planning/coordination, inspections, Pre-fire planning, Fire Alarm and Sprinkler plan review and inspection, Fire Cause & Origin Investigation, Board Participation; Development Review Committee, Code Enforcement

Emergency Management Coordination

- Interface with County, State & Federal emergency response agencies; Partnership with the Charlotte County Health Department (Pandemic Emergencies); Function as the County Coordinator for the Florida Fire Chiefs State Emergency Response Plan

Community Education and Outreach Programs

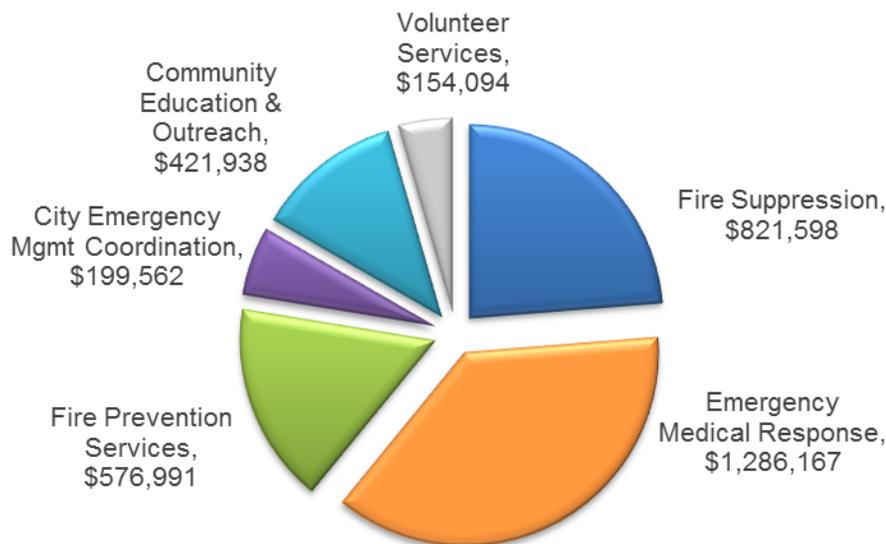
- Family Safety House; Family and Friends CPR program; Fire Extinguisher training; Marine Flare demonstration; Target specific presentations-Boat clubs, Community/civic groups, individual businesses; Church groups, School & Day Care groups, etc.; Community Emergency Response Team (CERT) program(s); Smoke/Carbon Monoxide detector program; Sharps return program; Red Dot program; Medication Take Back program; Vessel “pump-out” (sinking boats); Oil/fuel spill containment in waterway

Volunteer Services

- Administration, suppression and emergency medical response; Public Education- Fire Safety House operation; special detail; Community Relations; Community Emergency Response Team (CERT) program(s)

Total Fire

\$3,460,350



UTILITIES

Utilities Administration

Administration of Utilities Fund and Operating Divisions:

- Water Treatment and Distribution, Wastewater Treatment and Collection, Fleet Maintenance

City Utilities Project Management

Developer Utilities Projects Management

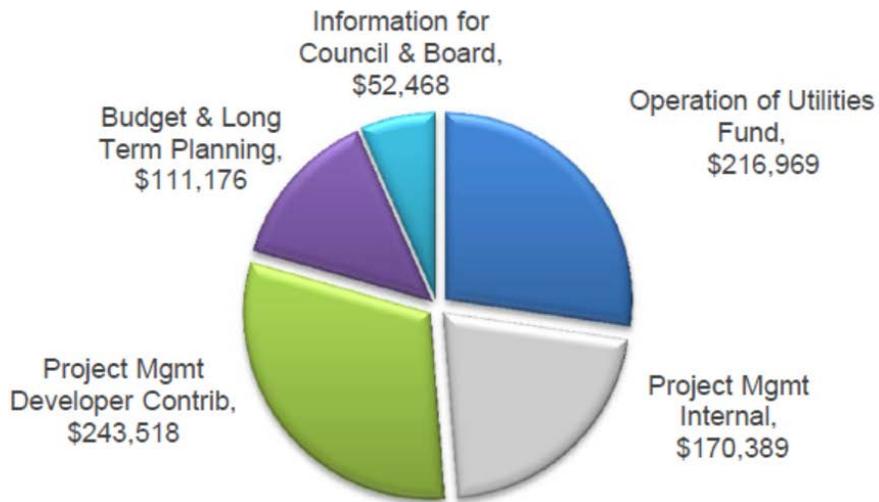
Budget & Long Term Planning

Information, Meetings and Reports

- Utilities Advisory Board, Customer/Council requests for information

Total Utilities Administration

\$ 794,520

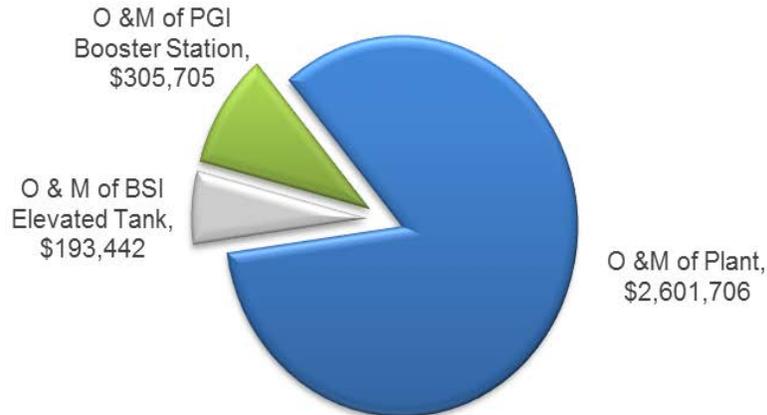


Water Treatment Plant

Shell Creek Water Treatment Facility
Burnt Store Isles elevated water storage Tank
Punta Gorda Isles ground storage tank and booster pumping station.

Total Water Treatment Plant

\$3,100,853

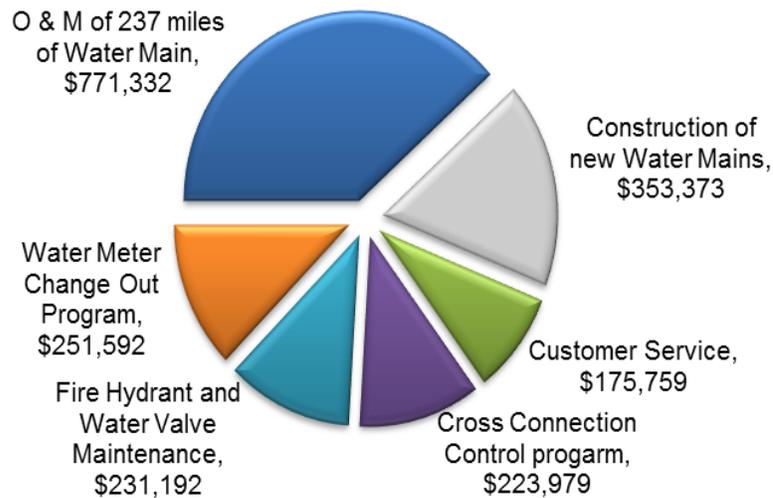


Water Distribution

Water mains maintenance
Construction of new water mains
Cross Connection Control Program
Fire Hydrant and Water Valve Maintenance
Water Meter Change Out Program
Customer Service

Total Water Distribution

\$2,007,227

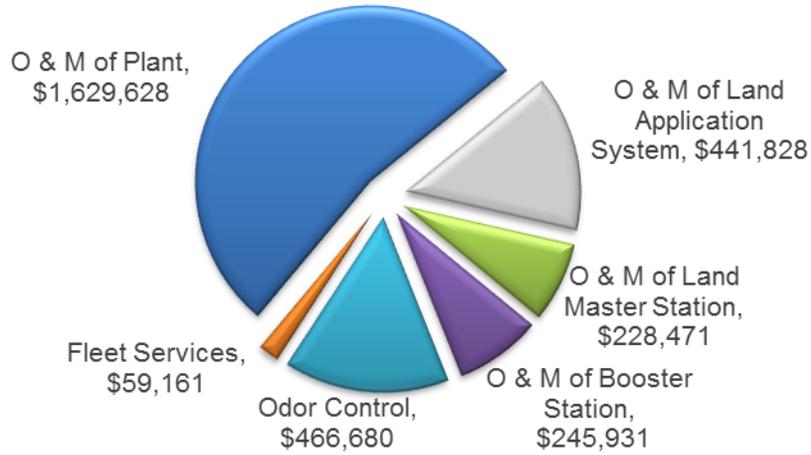


Wastewater Treatment Plant

Wastewater Treatment Plant
525 acre residual disposal site
Master Pumping Station
Booster Pumping Station
Odor & Corrosion control system throughout wastewater collection system and wastewater plant

Total Wastewater Treatment Plant

\$3,071,699

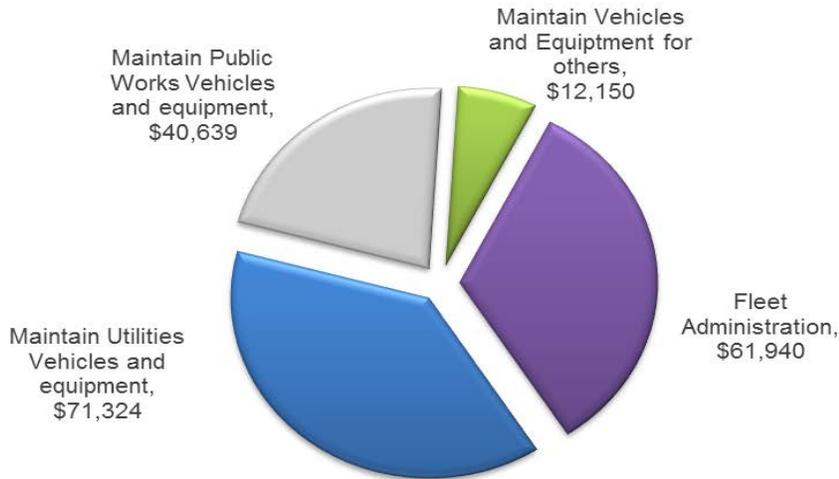


Fleet

Maintain Utility Department vehicles and equipment
Maintain Public Works Department vehicles and equipment
Specialized maintenance of Police vehicles and equipment

Total Fleet

\$ 186,053

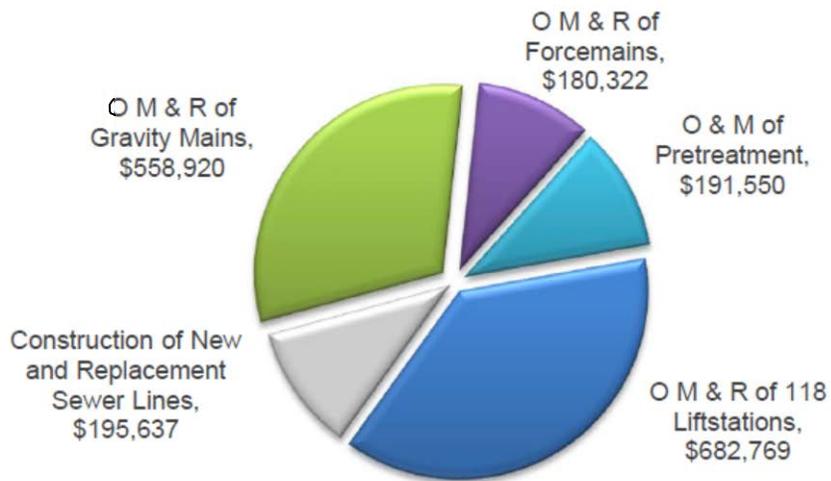


Wastewater Collections

- Sewage pumping stations
- Gravity sewer mains
- Force mains
- Utility pretreatment program
- Constructs new and replacement sewer lines

Total Wastewater Collections

\$1,809,198



Section 4: Budget Issues

General Fund

As pointed out in the fiscal forecast, the General Fund continues to project operating deficits from FY 2018 through 2021. In addition, infusion of funds toward enhanced stormwater/drainage services beyond FY 2017 still needs to be addressed. One of the City's financial management policies continues to recommend recurring revenues be aligned with recurring expenditures. In order to achieve this objective and fund future drainage services, the following millage rate scenarios for FY 2018 can be considered:

- ✓ Fiscal forecast, use of all available reserves, and no funding for enhanced stormwater/drainage services enables retention of current millage rate at 3.1969 mills.
- ✓ Fiscal forecast, no use of any available reserves thereby aligning current revenues with current expenditures, and no funding for enhanced stormwater/drainage services result in millage rate increase of 0.32 mills.
- ✓ Funding enhanced stormwater/drainage services at \$250,000 level results in millage rate increase of 0.09 mills.
- ✓ Funding enhanced stormwater/drainage services at \$500,000 level results in millage rate increase of 0.19 mills.

Sanitation Fund

In May 2016, a plan to automate the remaining two portions of sanitation services (trash and horticulture) was presented to City Council. Staff is in the preparation stages of the plan and prior to its final presentation to Council, the City may wish to revisit outsourcing of all sanitation services. In order to implement automated trash and horticulture services, an initial capital investment in the range of \$1.5-\$2 million is projected, with additional funds to be earmarked in future years to complete transition of the fleet to automated packers. Most private haulers already use an automated service delivery system. If the City were to move toward outsourcing, the selected firm would be required to offer positions to City employees as part of the award approval. In addition, the scope of services could be delineated to match services currently provided by inhouse staff.

To compare the City's rates with surrounding jurisdictions, a survey was taken during July 2016. All rates include once per week service for yard waste and recycling and either once or twice per week refuse pickup, as noted below.

Sanitation Rate Comparison for FY 2017

Jurisdiction	Proposed FY 2017 Cost/Year	Frequency of Service per Week	Outsourced
Sarasota County	\$159.48	1	Yes
Cape Coral	\$163.43	1	Yes
Manatee County	\$171.96	2	Yes
Charlotte County	\$172.00	1	Yes
Collier County	\$188.29	2	Yes
Venice	\$202.08	2	No
Fort Myers	\$228.96	1	No
Punta Gorda	\$248.40	2	No
North Port	\$249.00	1	No
Naples	\$255.25	2	No
City of Sarasota	\$259.92	1	No

Special Use Reserve Fund

The Special Use Reserve Fund (formerly Damage Recovery Fund) has approximately \$5 million in its account. Proceeds (\$3.5 million) from the recent sale of land to Fishermen’s Village coupled with previous proceeds from the former recycling yard and BP Oil Spill settlement resulted in the current cash balance. One of the City’s strategic objectives is to consider how to allocate fund priorities. Opportunities include:

- ✓ Leave fund as is and appropriate on case by case basis as needed.
- ✓ Retain proceeds from Fishermen’s Village sale in reserve fund until such time as legal challenge to sale is resolved.
- ✓ Transfer \$750,000 to General Fund reserves in order to achieve GFOA national standard of two months operating reserve.
- ✓ Set aside \$750,000 for Ponce Park rebuild. This is a planning number and will be adjusted based on design approval and bid results.