

City of Punta Gorda



LONG RANGE FINANCIAL PLAN

Fiscal Years 2012-2016



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 the 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 2012-2016 Long Range Financial Plan continues to present multi-year fiscal forecasts for the City's major fund groups, includes information that highlights costs on a programmatic level and discusses the City's financial management policies in relation to national standards. The Plan is shown in the following format:

Section 1: Major Fund Five-Year Forecasts

Section 2: Identification of City Programs and Service Levels

Section 3: City's Financial Management Policies & National Standards

Section 1: Major Fund Five-Year Forecasts

General Fund

The Plan forecasts that the current revenue base will not support the existing level of municipal services through 2016. Annual deficits are projected in the range of \$1.6 million to \$3.6 million from FY 2013 through FY 2016. The forecast assumes the same millage rate for general operations and a rate associated with street resurfacing through FY 2016. The property tax base is projected to decrease 2% in FY 2013, flat in FY 2014 and modest 2-3% gains thereafter. The forecast also assumes no wage increases in FY 2013 and specific benefit cost increases (pension-20%, health insurance-6%, and workers compensation-8%) resulting in an overall 4.5% increase to personnel expenditures in FY 2013 and 5% increase thereafter. In FY 2012, Advanced Life Support (ALS) services were implemented at Fire Station #1. Additional personnel and startup operating expenditures are forecasted in FY 2013 for a 2nd station and FY 2014 for a 3rd station. Property and liability insurance premiums are projected to increase 3% while other operating expenditures are held flat for FY 2013 and forecasted to increase 3% thereafter. Transfers are based on Infrastructure Sales Surtax (ISS) revenues, General Construction Fund and CRA funding requirements. The Plan model is a “baseline” projection; that is, future revenues and expenditures are estimated based on the City’s current sources of revenue and level of services.

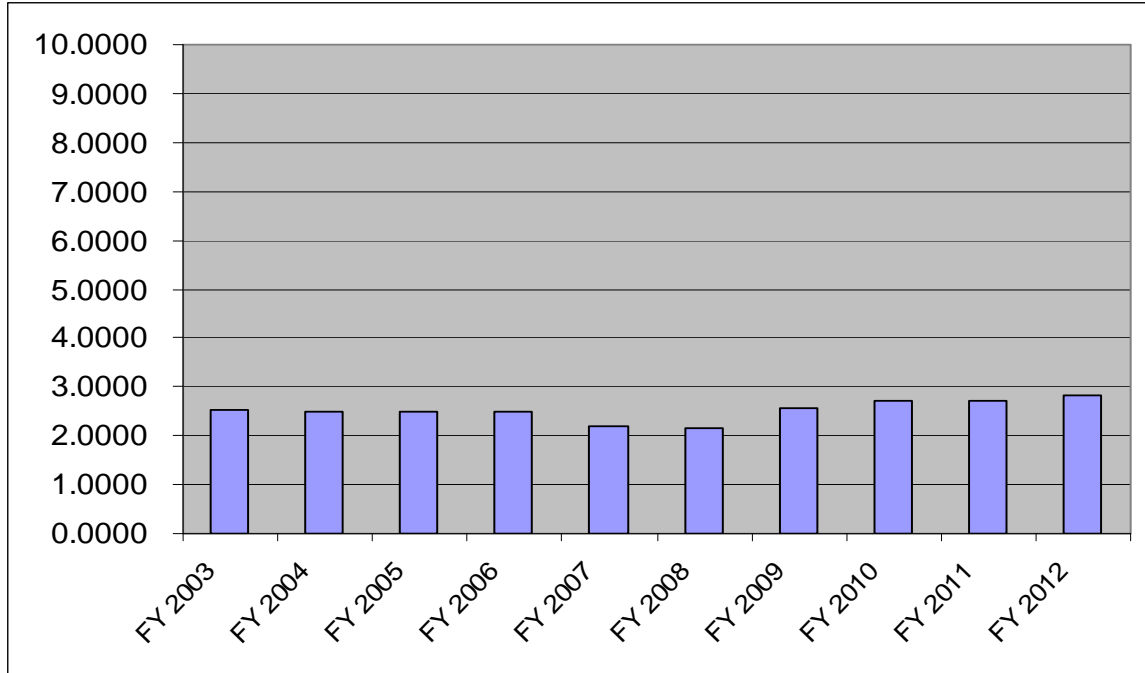
General Fund Proforma Schedule of Revenues and Expenditures

	Budget FY 2012	Proforma FY 2013	Proforma FY 2014	Proforma FY 2015	Proforma FY 2016
Change in Taxable Value of Property	-3.26%	-2%	0%	2%	3%
Revenues:					
Ad Valorem Taxes	\$6,177,500	\$6,053,945	\$6,053,945	\$6,175,025	\$6,360,275
Ad Valorem Taxes-Roads	48,000	355,000	355,000	355,000	355,000
Other Revenue	10,745,135	10,909,700	11,134,250	9,862,310	9,543,950
Use of Prior Year's Reserves	1,615,280	109,155			
Use of Storm Fund Reserves	345,000				
Total Revenues	18,930,915	17,427,800	17,543,195	16,392,335	16,259,225
Expenditures:					
Personnel Expenditures	12,391,585	12,836,980	13,498,925	14,172,975	14,880,720
Operating Expenditures	3,602,120	3,475,330	3,575,100	3,669,625	3,771,105
Capital	394,425	215,000	215,000	215,000	215,000
Transfers to other Funds	2,162,785	2,124,785	2,431,025	983,325	596,740
Transfers for Roads	355,000	355,000	355,000	355,000	355,000
Contingency	25,000	25,000	25,000	25,000	25,000
Total General Expenditures	18,930,915	19,032,095	20,100,050	19,420,925	19,843,565
Expenditures in Excess of Revenue	\$ 0	(\$1,604,295)	(\$2,556,855)	(\$3,028,590)	(\$3,584,340)
5% Minimum Reserve	\$915,000	\$952,000	\$1,005,000	\$971,000	\$993,000

Millage and Taxable Assessed Value

The FY 2012 millage rate of 2.7462 mills represents a 0.8% increase over the FY 2011 millage rate of 2.7251 and is 2.6% under the state defined rolled back/rolled forward rate. Included in the millage rate is \$355,000 earmarked entirely for the road resurfacing program. The calculated rolled back/rolled forward rate results in the same property tax revenues, sans new construction, as the previous year. This is the third straight year the City has enacted a millage rate below the rolled back rate.

Property Tax Millage Rates
Fiscal Years 2003 - 2012

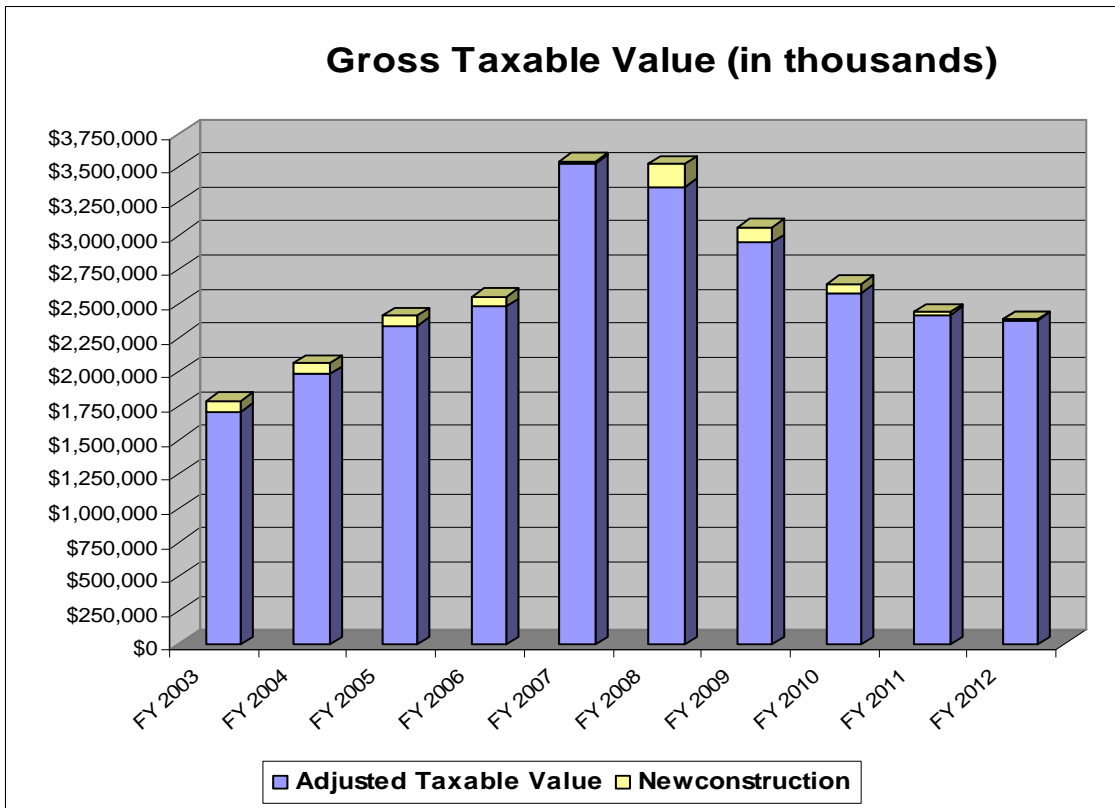


A mill is equal to one dollar of tax for each \$1,000 of taxable value.
Florida Statutes caps the millage rate at 10 mills.

City of Punta Gorda, FL History of Taxable Property Values

Fiscal Year	Final Gross Taxable Value*	\$ Change From Previous Year	% Change from Previous Year	New Construction
2007	\$3,515,560,986			\$13,851,000
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	\$2,367,794,584	-\$79,917,326	-3.3%	\$7,854,000

*Includes New Construction



Property values have experienced a decline in the City of Punta Gorda for the fifth straight year. In previous years, the protection of Save Our Homes resulted in a majority of homestead property taxable values being below just values. The number of homestead properties at parity (market or just value equaling taxable value) has decreased from 3,074 parcels to 2,294. Initial review of taxable value data shows the following:

- 49% of total parcels in the City decreased in taxable value, 46% increased and 5% retained the same value. Many of the parcels that increased in value are in the undeveloped (non-homestead) residential category.

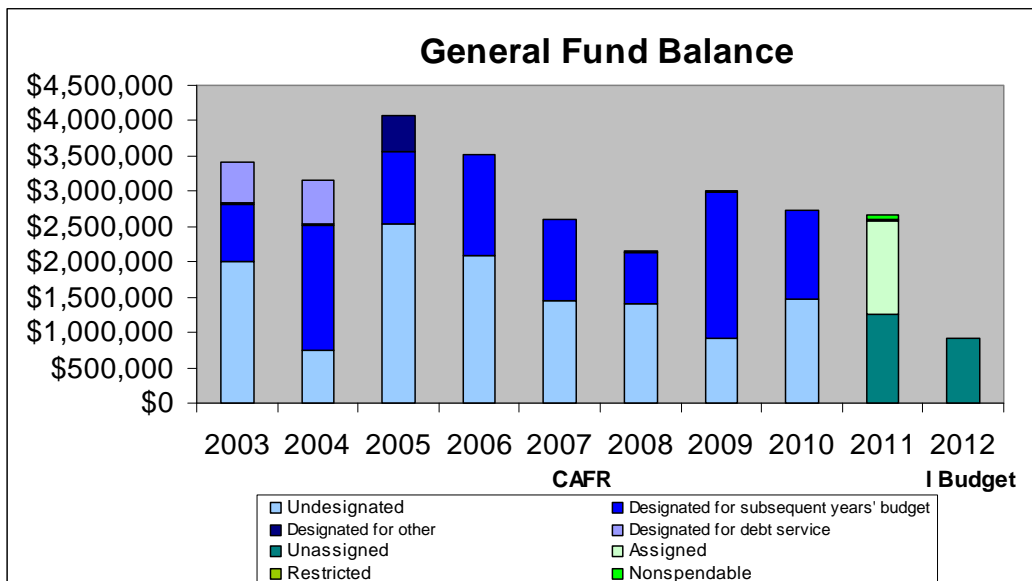
- Approximately 45% of parcels in the City are classified as homestead and of those, 39% are at parity (just value equals assessed value). Based on this data, one can surmise that over 72% of the parcels in the City are now at parity, since by definition all non-homestead properties are at parity.
- The increase in the City's tax base from those parcels that experienced an increase in value is 8%.
- The decrease in the City's tax base from those parcels that experienced a decline in value is 2%. Commercial properties experienced a smaller decline in value, reflected by the 2.3% decrease in value in the Community Redevelopment Area versus the 3.3% decline in the City as a whole.

General Fund Balance

On April 19, 2006, City Council adopted a comprehensive set of financial management policies, one of which specifically addressed a fund balance or reserve objective:

Policy: An adequate level of unreserved 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 follow the GFOA recommendation for a minimum level of unreserved fund balance for the General Fund. The GFOA states the unreserved fund balance for the General Fund should be five to fifteen percent of regular general fund annual operating revenues or one to two months of regular General Fund operating expenditures.

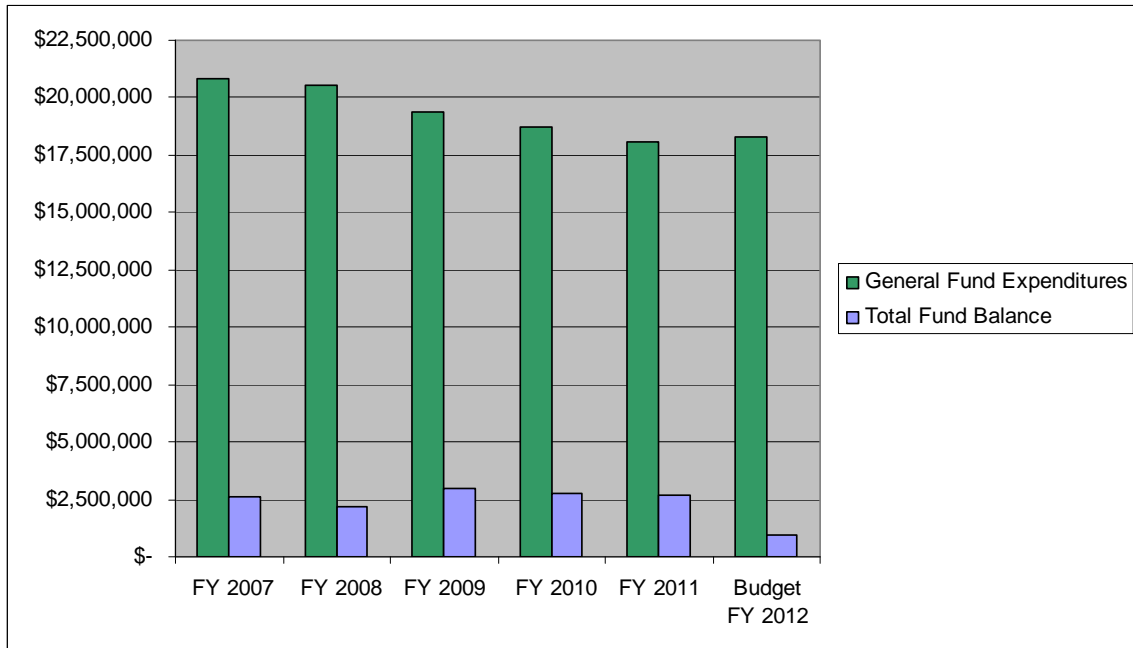
During the past six fiscal years (2007 through 2012), the City earmarked a portion of reserves over the minimum 5% guideline to assist in paying for ongoing levels of service until such time as the economy rebounds. The Government Finance Officers Association's (GFOA) best practices standard has been revised to a minimum of 2 months of operating expenditures. It should be the City's goal to increase the operating reserve to reach the recommended 16.7% target, which equates to 2 months of operating expenses.



The table below provides a summary of the fund balance for FY 2007 (actual), FY 2008 (actual), FY 2009 (actual), FY 2010 (actual), FY 2011 (actual) and FY 2012 (budgeted). It should be noted that for FY 2011, the Governmental Accounting Standards Board (GASB) statement #54 was implemented which changed the categories by which fund balance was defined. Additionally, using the updated GFOA best practice standard as noted previously, the unrestricted fund balance for FY 2011 and 2012 should be \$2,604,000 and \$2,625,000 based on original budgeted operating expenditures.

**Analysis of General Fund Balance
as a Percentage of General Fund Expenditures
at Fiscal Year End**

	FY 2007		FY 2008		FY 2009		FY 2010		FY 2011		Budget FY 2012	
	Amount	% of Exp.	Amount	% of Exp.	Amount	% of Exp.	Amount	% of Exp.	Amount	% of Exp.	Amount	% of Exp.
Fund Balance												
GASB 54 IMPLEMENTED FUND BALANCE CATEGORIES FY 2011												
Nonspendable									\$ 69,170		\$ -	
Restricted									31,798			
Assigned									1,323,782	7%		
Unassigned									1,251,292	7%	915,000	5%
PRIOR TO GASB 54 FUND BALANCE CATEGORIES												
Reserved for Other	\$ 12,073		\$ 13,325		\$ 23,330		\$ 20,258					
Unreserved:												
Designated for:												
Reappropriations	155,401		240,932		277,517		284,521					
Subsequent years' budget	1,132,549	5%	721,756	4%	1,771,857	9%	967,000	5%				
Undesignated - funds	1,304,812	6%	1,173,546	6%	926,440	5%	1,468,130	8%				
Total Fund Balance	\$ 2,604,835	13%	\$ 2,149,559	10%	\$ 2,999,144	15%	\$ 2,739,909	15%	\$ 2,676,042	15%	\$ 915,000	5%
General Fund Expenditures	\$ 20,813,750		\$ 20,508,272		\$ 19,363,053		\$ 18,694,400		\$ 18,097,737		\$ 18,273,419	



Water & Sewer Fund

The City operates its water and sewer system as an enterprise fund and funds the operations primarily through user fees. The utility service area encompasses approximately 38 square miles and extends beyond the corporate City limits. There are approximately 20,650 water ERUs (Equivalent Residential Units) and 15,365 sewer ERUs. Customers outside the corporate City limits pay a 25% surcharge. Customers inside the corporate City limits pay a 10% water utilities tax.

Utilities Fund Proforma Schedule of Revenues and Expenses

	FY 2012	Proforma FY 2013	Proforma FY 2014	Proforma FY 2015	Proforma FY 2016
Water & Sewer growth change	0.5%	0.75%	1%	1%	1%
Revenues:					
Chg for Serv - Water	\$8,002,000	\$8,062,015	\$8,142,635	\$8,224,060	\$8,306,300
Chg for Serv - Sewer	6,141,000	6,187,060	6,248,930	6,311,420	6,374,530
Other Revenue	181,250	182,150	183,110	184,100	185,110
Total Revenues	14,324,250	14,431,225	14,574,675	14,719,580	14,865,940
Expenses:					
Operations	11,253,640	11,549,005	11,985,235	12,445,825	12,925,890
Renewal & Replacement of Infrastructure	1,120,000	1,120,000	1,120,000	1,120,000	1,120,000
Transfer for Capital Improvement Projects	3,000,000			800,000	
Existing Debt Service	2,095,150	2,267,205	643,685	543,415	543,530
New Debt Service - CIP	310,000	347,000	457,000	499,000	654,000
Total Expenses	17,778,790	15,283,210	14,205,920	15,408,240	15,243,420
Expenses in Excess of Revenue	(3,454,540)	(851,985)	368,755	(688,660)	(377,480)
Operating Reserves-Beg	6,474,120	3,019,580	2,167,595	2,536,350	2,944,880
Release of Renewal/Repl. Bond Reserve				1,097,190	
Operating Reserves-End	\$3,019,580	\$2,167,595	\$2,536,350	\$2,944,880	\$2,567,400

The financial pro-forma forecasts minimal increases in growth due to current economic conditions. There are no rate increases indicated or needed through FY 2016. Operating reserves are scheduled to be used for capital projects and portions of debt service obligations through FY 2016. The forecast also incorporates a new philosophy of funding with current revenues those expenses used for recurring line and lift station repairs and replacements. The five year proforma identifies an amount of \$1,120,000 annually towards this effort. Even with this annual expense, the FY 2016 ending operating reserve is projected to be approximately \$2.6 million.

Utilities Fund Operating Reserve Policy

The Government Finance Officers Association’s (GFOA) best practices standard has been revised to maintain a minimum of 2 months of operating expenditures. We are recommending that City Council amend the City’s reserve policy to more closely follow the GFOA best practices standard. The City’s adopted financial policy requires a minimum of 5% of expense appropriations which would be \$889,000. Recognizing that this is not adequate for risk exposure, the City has maintained a target operating reserve of \$1 million. The table below shows the comparison of current practice and GFOA recommended best practice.

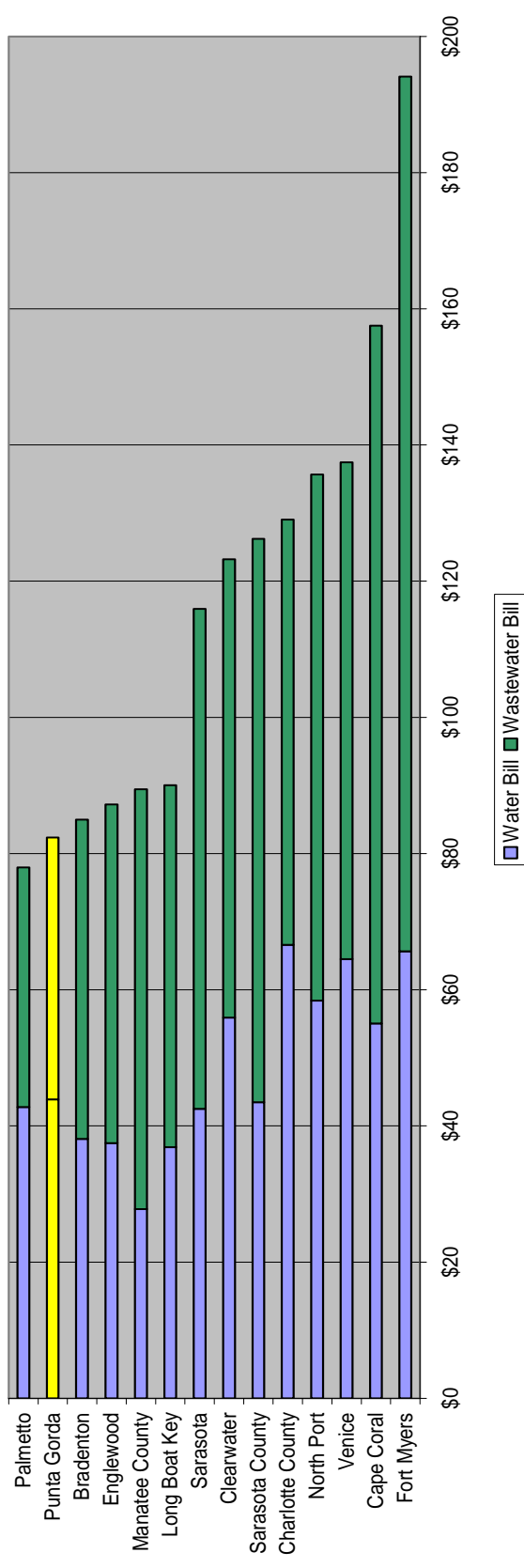
Operating Reserve Comparison	Amended FY 2012	Proforma FY 2013	Proforma FY 2014	Proforma FY 2015	Proforma FY 2016
City Financial Reserve Policy 5% of Appropriations	888,940	764,160	710,296	770,412	762,171
City Target Operating Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
GFOA Best Practice 2 Month Operations Reserve	1,875,990	1,925,220	1,997,940	2,074,720	2,154,750

Utilities Fund Debt Coverage Ratio Requirements

In April 2002, the City issued \$16,200,000 in utility system refunding revenue bonds to refund all outstanding 1986 and 1992 bonds. The City pledged to maintain debt coverage ratios of 1.1 by net revenue. As shown below, adequate debt coverage ratios have been maintained over the years.

Fiscal Year	Debt Coverage Ratio
2002	3.6
2003	2.9
2004	3.0
2005	3.2
2006	3.6
2007	2.7
2008	5.4
2009	3.0
2010	2.8
2011	3.0

FY 2012 Combined Water & Wastewater Bill Survey @ 9000 Gallons Per Month



	Fort Myers	Cape Coral	Venice	North Port	Charlotte County	Sarasota County	Clearwater	Sarasota	Long Boat Key	Manatee County	Englewood	Bradenton	Punta Gorda	Palmetto
Water Bill	\$65.64	\$55.07	\$64.52	\$58.41	\$66.60	\$43.48	\$55.90	\$42.50	\$36.89	\$27.79	\$37.48	\$38.08	\$43.88	\$42.78
Wastewater Bill	\$128.45	\$102.44	\$72.94	\$77.24	\$62.44	\$82.75	\$67.32	\$73.42	\$53.16	\$61.65	\$49.72	\$46.92	\$38.47	\$35.20

9,000 gallons is the assumed monthly use for calculating the single residential family monthly cost.

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 tables below provide histories of taxable value and revenue generated from such property taxes since FY 2003.

Fiscal Year	Gross CRA Taxable Assessed Value	Percent Increase or Decrease
FY 2003	\$207,196,204	
FY 2004	\$232,811,067	12.36%
FY 2005	\$243,631,799	4.65%
FY 2006	\$205,246,835	-15.76%
FY 2007	\$383,774,587	86.98%
FY 2008	\$367,113,862	-4.34%
FY 2009	\$311,130,098	-15.25%
FY 2010	\$290,592,852	-6.60%
FY 2011	\$249,005,996	-14.31%
FY 2012	\$243,188,559	-2.34%

Fiscal Year	City TIF Contribution	County TIF Contribution	Total
FY 2003	\$306,095	\$585,930	\$892,025
FY 2004	\$358,268	\$704,460	\$1,062,728
FY 2005	\$383,733	\$739,041	\$1,122,774
FY 2006	\$293,400	\$636,131	\$929,531
FY 2007	\$627,124	\$1,394,380	\$2,021,504
FY 2008	\$591,466	\$1,236,559	\$1,828,025
FY 2009	\$562,664	\$1,250,570	\$1,813,234
FY 2010	\$538,621	\$1,139,173	\$1,677,794
FY 2011	\$436,047	\$974,342	\$1,410,389
FY 2012	\$424,246	\$970,103	\$1,394,349

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

City and County tax contributions to the CRA have resulted in a fiscal forecast that projects by FY 2015, the CRA will experience a budget gap that will have to be mitigated by increases in property value, new development on the tax rolls and/or lease proceeds. The following proforma is based on conservative growth assumptions. Even with these, by FY 2015 there is indication that an alternative funding source should be identified to fulfill the debt obligations for the

Herald Court Centre, as well as outstanding debt on prior improvements in the CRA district, including the Laishley Park Marina. Debt balloon payments of \$5.6 million are due in January 2013 and the debt terms will be reviewed. It is anticipated that once the economy rebounds there will be adequate revitalization within the CRA district to meet the funding requirements, however the timing of that recovery is unsure.

**City of Punta Gorda, FL
Community Redevelopment Agency
Proforma Schedule of Revenues and Expenditures
FY 2012 through Proforma FY 2016**

	FY 2012	Proforma FY 2013	Proforma FY 2014	Proforma FY 2015	Proforma FY 2016
Assessed Property Valuation change	-2.34%	0%	3%	5%	5%
Revenues:					
Tax Increment Financing (TIF)	\$1,394,350	\$1,394,350	\$1,436,180	\$1,507,990	\$1,867,390
Other Revenue	235,725	289,250	305,340	326,000	328,905
Total Revenues	1,630,075	1,683,600	1,741,520	1,833,990	2,196,295
Expenditures:					
Operating Expenditures	179,125	194,930	203,985	208,225	217,650
Debt Service	1,322,370	1,521,450	3,196,975	3,192,575	3,192,405
Total Expenditures	1,501,495	1,716,380	3,400,960	3,400,800	3,410,055
Excess Revenue (Shortfall)	128,580	(32,780)	(1,659,440)	(1,566,810)	(1,213,760)
Projected Carryover - Beginning	1,597,140	1,725,720	1,692,940	33,500	
Proj Carryover (Shortfall) - Ending	\$1,725,720	\$1,692,940	\$33,500	(\$1,533,310)	

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 approximately 10,200 residential accounts and 650 commercial accounts. A 2-bin curbside recycling program has been implemented for all residential units, collected one day per week. The FY 2012 budget retained the annual rate of \$19.20 per month or \$230.40 per year for the residential customer at the same level of service. The budget also reflects a change in fleet replacement from a 7-year cycle to at least a 10-year changeout program based upon evaluation of truck condition and repair history. This policy change results in additional funds set aside for fleet maintenance. To compare the City's rates with surrounding jurisdictions, a survey was undertaken during June 2011.

City of Punta Gorda
Sanitation Rate Comparison with Neighboring Communities
FY 2011 and FY 2012

<u>Jurisdiction</u>	<u>FY 2011 Cost/Year</u>	<u>FY 2012 Cost/Year</u>	<u>Frequency of Service per week</u>	<u>Outsourced</u>
Charlotte County	\$148.04	\$148.04	1	yes
Manatee County	\$153.24	\$153.24	2	yes
Sarasota County	\$159.48	\$159.48	1	yes
Collier	\$167.67	\$167.67	2	yes
Cape Coral*	\$175.00	\$175.00	1	yes
Venice	\$202.08	\$202.08	2	no
Lee County**	\$220.37	\$220.37	1	yes
Fort Myers	\$228.96	\$228.96	1	no
Punta Gorda	\$230.40	\$230.40	2	no
Naples	\$248.10	\$248.10	2	no
North Port	\$267.00	\$267.00	1	no

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

* Change in hauler

** Average rate of five sanitation districts in Lee County

The financial pro-forma projects no cash flow deficits through FY 2016, based on the current fee schedule, minimal customer growth and expenditure fluctuations caused by investments in fleet replacements.

Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues					
Single Family	\$1,566,000	\$1,573,830	\$1,589,570	\$1,605,465	\$1,621,520
Multi Family	569,000	571,845	577,560	583,340	589,170
Commercial	552,000	552,000	552,000	552,000	552,000
Yardwaste & Recycling	181,000	181,905	183,725	185,560	187,415
Other	21,300	19,800	20,300	20,300	920,300
Use of Prior Year's Reserves	391,620		324,400		144,780
Total	3,280,920	2,899,380	3,247,555	2,946,665	4,015,185
Expenditures					
Personnel	1,145,610	1,187,775	1,247,165	1,309,525	1,375,000
Operating	1,163,595	1,181,835	1,215,275	1,251,735	1,289,285
Administrative Fee	326,045	326,045	335,115	344,455	354,075
Capital Outlay	521,530	20,000	450,000		900,000
Debt Service	124,140	101,885			96,825
Total	3,280,920	2,817,540	3,247,555	2,905,715	4,015,185
Surplus	\$ 0	\$ 81,840	\$ 0	\$ 40,950	\$ 0

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. Over the past four years, staffing was reduced from 13 full time employees in FY 2006 to 5 full time equivalents by the end of FY 2011. To generate additional revenue as well as decrease expenditures in the General Fund, the building inspector scope of duties expanded to include structural fire inspections, right of way permitting and inspections and utilities capital project daily inspections. In the previous two years, a reduced work week was utilized to reduce personnel-related costs. These measures were put in place due to a reduction in permit applications and stagnant growth trends. Growth trends in single family and miscellaneous permits have been positive and necessitated in reinstating the hours lost for all personnel, in order to continue timely inspections and processing.

The financial forecast shows that use of reserves will continue to be necessary to compensate for limited growth in revenues. The FY 2015 shortfall is projected to be \$26,385.

Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues					
Fees	\$393,100	\$425,415	\$461,605	\$499,960	\$542,095
Use of Prior Yr's Reserves	145,555	127,655	116,520	78,000	
Total	538,655	553,070	578,125	577,960	542,095
Expenditures					
Personnel	408,570	422,810	443,955	466,150	489,460
Operating	130,085	130,260	134,170	138,195	142,340
Total	538,655	553,070	578,125	604,345	631,800
Surplus/(Shortfall)	\$ 0	\$ 0	\$ 0	(\$26,385)	(\$89,705)

Lashley Park Municipal Marina Fund

Created in 2007, the Lashley Park marina area is operated as an enterprise fund and includes operation and leasing of boat slips, related parking, pump-out facilities, marina building and environs. Under a cost plus fee based system, marina operations are provided by a private company. Revenues to support operations are generated from slip rentals, bait sales and community room rentals. The FY 2012 budget maintains the currently adopted marina fee schedule as well as opening of the East Mooring Field. Based on current occupancy, the marina is forecasted to deplete its reserves by the end of FY 2013. The City has already made application to the State Department of Environmental Protection for amendments to its submerged land lease that, if approved, will increase rental opportunities during events and for commercial enterprises.

Laisley Park Municipal Marina Fund Proforma

Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues					
Slip & Mooring Field Rentals	\$206,750	\$210,765	\$215,805	\$220,860	\$227,940
Other	25,230	25,500	25,750	26,010	26,270
Use of Prior Yr's Reserves	22,030	18,240	4,655		
Total	254,010	254,505	246,210	246,870	254,210
Expenditures					
Operating	254,010	254,505	262,140	270,005	278,105
Surplus/(Shortfall)	\$ 0	\$ 0	(\$15,930)	(\$23,135)	(\$23,895)

Canal Maintenance Districts Funds

The City has two canal maintenance assessment districts – Punta Gorda Isles (PGI) and Burnt Store Isles (BSI). Assessments to each benefited property owner pay for maintenance of canals, seawalls and navigation channels within their respective district. The annual fee for each single family lot in PGI is \$500 and \$400 in BSI. To avoid assessment increases beginning in FY 2013, the accelerated seawall and cap replacement program is scaled back.

Punta Gorda Isles

Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Rate	\$500	\$500	\$500	\$500	\$500
Revenues					
Assessments	\$2,575,200	\$2,575,200	\$2,575,200	\$2,575,200	\$2,575,200
Other	16,000	15,500	15,500	15,500	15,500
Use of Prior Yr's Reserves	155,530	28,520		4,625	45,865
Total	2,746,730	2,619,220	2,590,700	2,595,325	2,636,565
Expenditures					
Personnel	585,975	604,450	634,670	666,405	699,725
Operating	304,865	274,770	281,235	288,920	296,840
Seawall & Dredging	1,855,890	1,740,000	1,674,795	1,640,000	1,640,000
Total	2,746,730	2,619,220	2,590,700	2,595,325	2,636,565
Surplus/(Shortfall)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

PGI repair and maintenance has been accelerated by approximately 25% in order to catch up on identified damaged seawalls & seawall caps. The current \$500 assessment is expected to be maintained until the current backlog is completed.

Burnt Store Isles

Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Rate	\$400	\$400	\$400	\$400	\$400
Revenues					
Assessments	\$412,030	\$412,030	\$412,030	\$412,030	\$412,030
Other	500	500	500	500	500
Use of Prior Yr's Reserves	107,800	25	810	1,620	2,450
Total	520,330	412,555	413,340	414,150	414,980
Expenditures					
Operating	41,090	41,155	41,940	42,750	43,580
Seawalls, Dredging & Mangrove Trimming	479,240	371,400	371,400	371,400	371,400
Total	520,330	412,555	413,340	414,150	414,980
Surplus/(Shortfall)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Gas Tax Funds

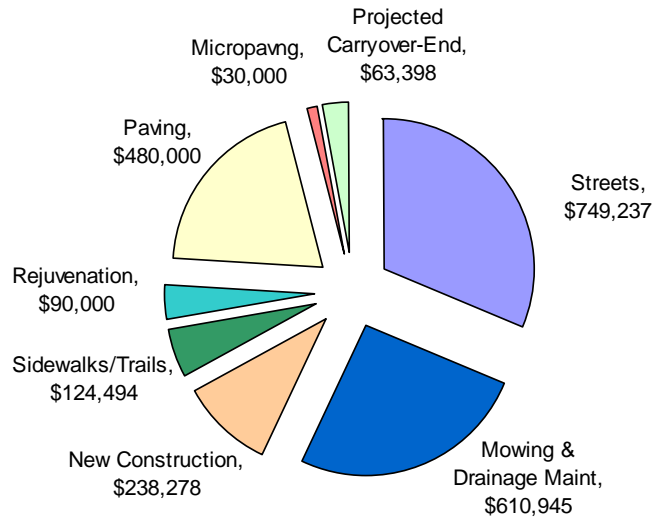
The City has established local option fuel taxes in two parts – the first six cents is used for such transportation expenditures as street sweeping, street lights, traffic lights, bridge maintenance, railroad crossings and sidewalk repairs. The second five cents is used for road paving (rejuvenation 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 2003 follows.

Fiscal Year	6 Cents	5 Cents	Total
2003	\$ 590,446	\$ 368,253	\$ 958,699
2004	\$ 626,543	\$ 389,088	\$ 1,015,631
2005	\$ 593,419	\$ 354,535	\$ 947,954
2006	\$ 606,122	\$ 363,786	\$ 969,908
2007	\$ 580,185	\$ 350,341	\$ 930,526
2008	\$ 561,707	\$ 269,443	\$ 831,150
2009	\$ 559,547	\$ 243,311	\$ 802,858
2010	\$ 567,590	\$ 241,762	\$ 809,352
2011	\$ 507,120	\$ 234,770	\$ 741,890
2012 (Budget)	\$ 512,000	\$ 238,000	\$ 750,000

The elasticity of gas consumption (the tax is charged on gallons not dollars) in the recent years of increased gas prices has resulted in a decline of revenue.

The importance of maintaining the City’s road infrastructure was addressed by transferring general funds of \$355,000 for roads to complete the third year of a ten year plan. It is projected that the general fund will continue to provide an additional millage for ad valorem revenue of \$355,000 each year in order to progress with the plan.



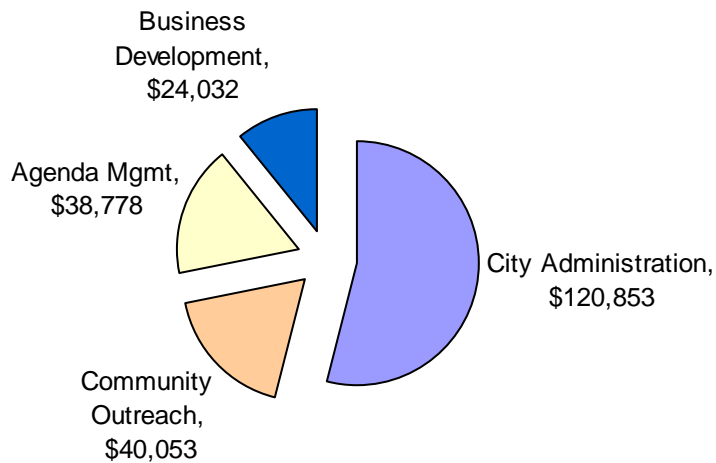
* This graph combines Gas Tax Funds and General Fund Right of Way Division

Section 2: Identification of City Programs and Service Levels

This section identifies City programs by department as well as levels of service costs for each program. 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.

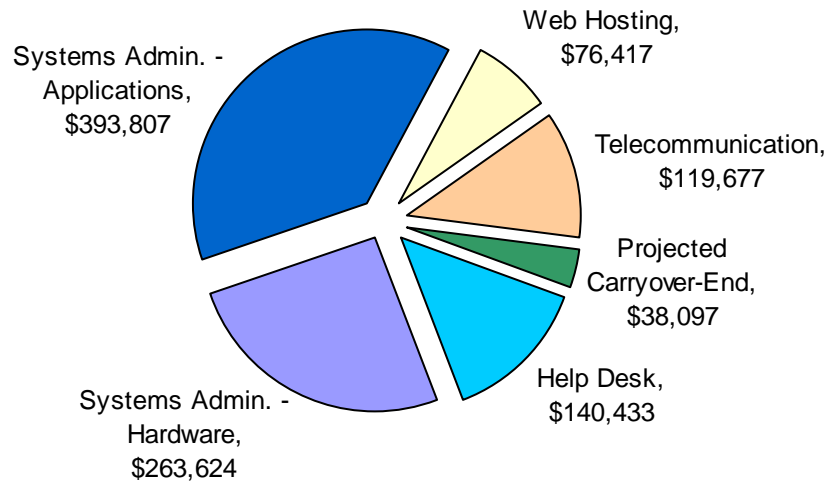
City Manager

City Administration	\$ 120,853
<ul style="list-style-type: none"> • Manage office divisions (Human Resources, Information Technology & Legal) and provide leadership role over departments of Finance, Growth Management, Police, Fire, Public Works & Utilities 	
Community Outreach	\$ 40,053
<ul style="list-style-type: none"> • Weekly Report, Information Sharing, City Hallways Newsletter & Action Register • Community presentations/participation before/on boards & committees, community agencies, intergovernmental organizations 	
Agenda Management	\$ 38,778
<ul style="list-style-type: none"> • Development & review of agendas for City Council, Community Redevelopment Agency, joint City/County meetings and special workshops 	
Business Development	\$ 24,032
<ul style="list-style-type: none"> • Incentive programs, review of codes & regulations, response to requests from private sector for assistance, recruitment & retention 	
Total City Manager	\$ 223,716



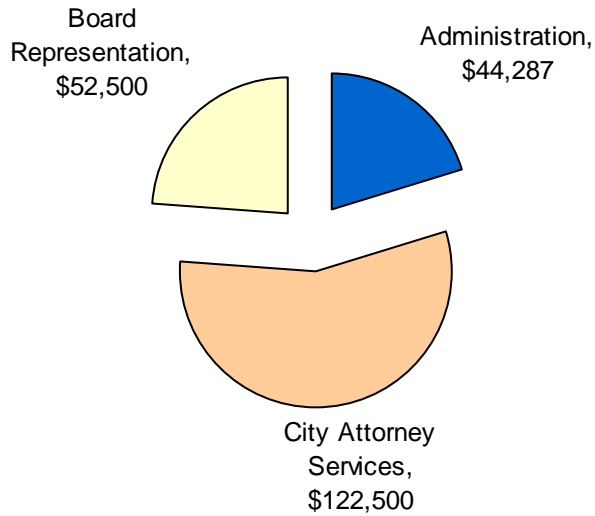
Information Technology

Help Desk	\$ 140,433
• Phone sets, PCs/laptops and peripherals and desktop applications	
System Administration – Hardware	\$ 263,624
• Windows Server System, AS400 System and network infrastructure administration, Network Security, Disaster Recovery	
System Administration – Applications	\$ 393,807
• 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	\$ 76,417
• City Website maintenance and Click2Gov applications	
Telecommunications	\$ 119,677
• Installation, configuration and support of Nortel and Cisco phone systems and voice circuits	
Total Information Technology	\$ 993,958



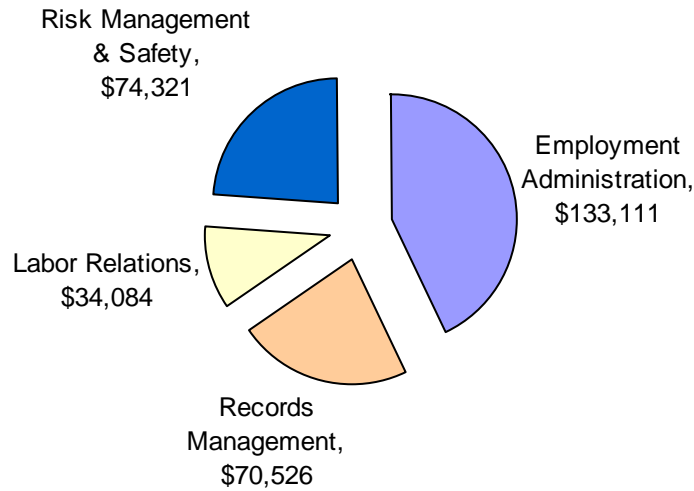
Legal

Administration	\$ 44,287
• 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	\$ 122,500
• Legal Research & Opinions and City Code Review	
Board Representation	\$ 52,500
• Review Agenda & Attendance at City Council/CRA, Code Enforcement Board and Building Board	
Total Legal	\$ 219,287

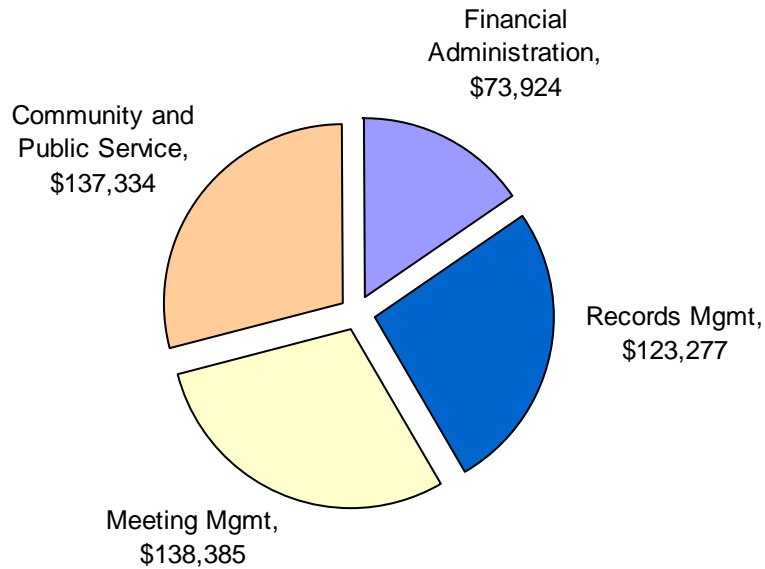


Human Resources

Employment Administration	\$ 133,111
• Equal Employment Opportunity; Recruiting, Pre-Employment & Orientation; Employee Pay; Performance Evaluation; Benefits; Separation, post-separation, and retirement; Policy Development	
Records Management	\$ 70,526
• Records storage & updates and Public records processing	
Labor Relations	\$ 34,084
• Surveys and Research, Negotiation, Legal compliance and Contract administration	
Risk Management and Safety	\$ 74,321
• Employment Legal Compliance; Drug Free Workplace compliance; Insurance management; Claims Processing; Liability Litigation Management and Coordination	
Total Human Resources	\$ 312,042

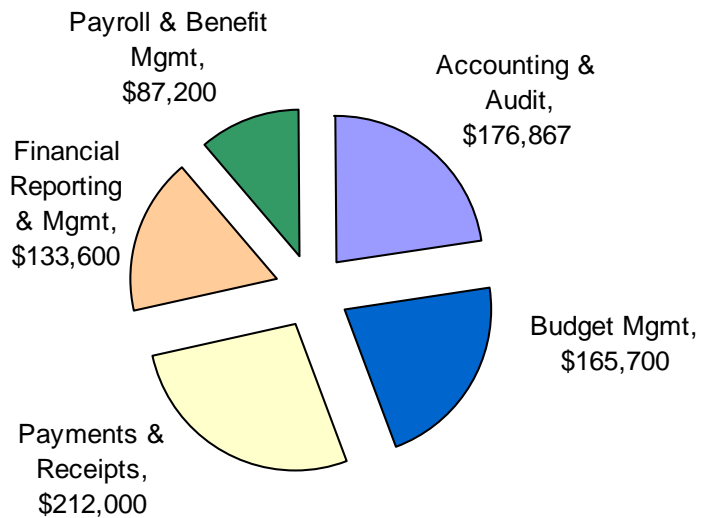


City Clerk	
Financial Management	\$ 73,924
• Local Business Tax Receipts, Cashiering, Invoicing, Auto Tags/Titles	
Records Management	\$ 123,277
• Public Records Requests, Research, Contracts, Deeds, Easements, Ordinances & Resolutions, Agenda Packets/Minutes, Public Hearing Files, Reference Library, Compliance with State Requirements, Attesting & Recording of Documents	
Meeting Management	\$ 138,385
• Boards/Committees, City Council/CRA, Web Posting (Agendas & Minutes), Coordination of Video Taping/Airing	
Community/Public Service	\$ 137,334
• Council Calendars/Correspondence, Telephone Inquiries, City Elections, Legal Ads/Notifications, Notary Services, Citywide Mail	
Total City Clerk	\$ 472,920



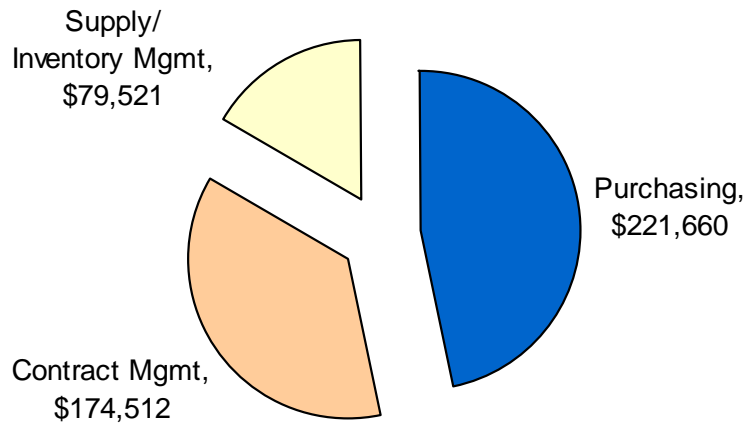
Finance

Accounting & Auditing	\$ 176,867
• Journal entries, daily transactions, audit preparation and reconciliation, Capital asset accounting, Grant accounting, Project accounting, Internal control	
Financial Reporting & Management	\$ 133,600
• 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	\$ 212,000
• Revenue receipting, Cash disbursements, Monthly bank reconciliations and cash management	
Payroll & Benefit Management	\$ 87,200
• Employee payroll processing; Federal & State payroll reporting; Payroll related benefit payments	
Budget Management	\$ 165,700
• Preparation of annual operating budget & Capital Improvements Program (CIP); Budgetary internal control and analysis; financial forecasts/planning	
Total Finance	\$ 775,367



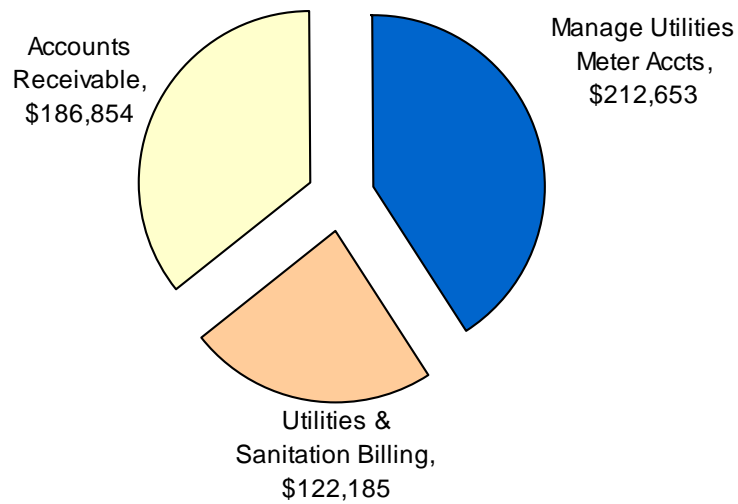
Procurement

Purchasing	\$ 221,660
• Solicitations, purchase orders, Receiving, Reconciliation/PO Changes and Auditing invoices	
Contract Management	\$ 174,512
• Managing construction, consulting & term contracts; Insurance; Renewals; Change orders/Amendments; Pay Approvals	
Supply/Inventory Management	\$ 79,521
• Warehouse, Cell Phones, Fuel	
• Coordinate disposal of surplus/obsolete; Conduct and manage auctions; Reconcile and reporting	
Total Procurement	\$ 475,693



Billing and Collections (Water & Sewer Fund)

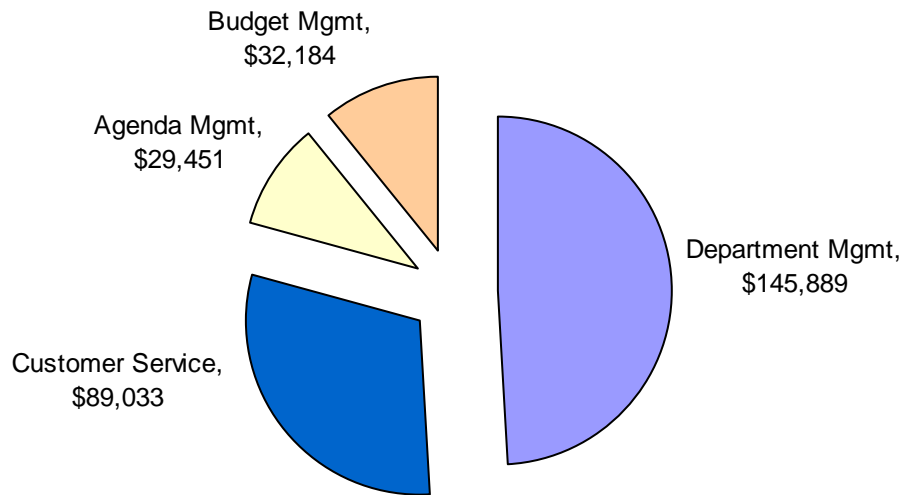
Manage Utilities Meter Accounts	\$ 212,653
• Phone calls, emails, in person, fax; Process account changes and correspondence; Work orders per customer requests; Delinquent notices and service shut off lists	
Utilities and Sanitation Billing	\$ 122,185
• Meter reading data transfers; Re-read work orders and read generated letters; and Bills for mailing and deliver to Post Office	
Accounts Receivable	\$ 186,854
• Accept and process payments; Call customers for payment prior to shut off; Process liens and releases; and Follow up on bankruptcy requirements	
Total Billing and Collections	\$ 521,692



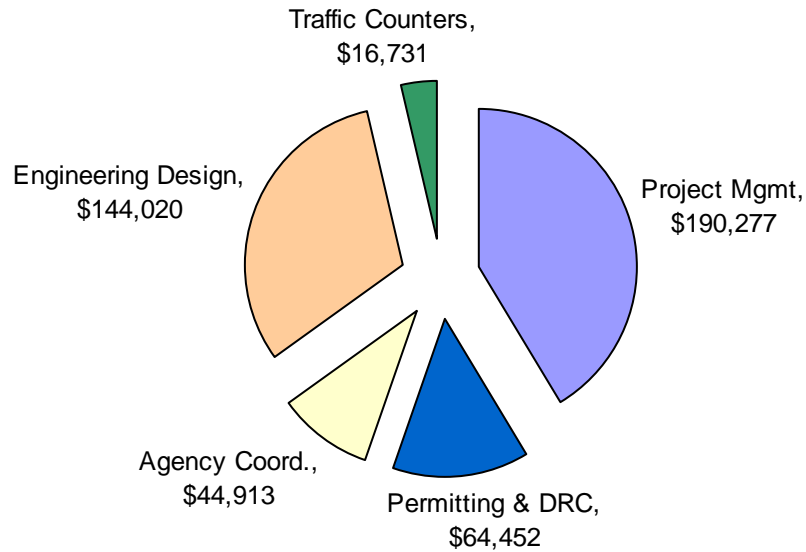
Public Works

Administration

Department Management	\$ 145,889
• Manage office divisions (Engineering, Facilities Maintenance, Right-of-Way, Parks & Grounds, Canal Maintenance & Sanitation)	
Customer Service	\$ 89,033
• Work orders for road maintenance, swale improvements, seawall problems & sanitation pickups; and Public information	
Agenda Management	\$ 29,451
• Development of agendas for City Council, Burnt Store Isles & Punta Gorda Isles Canal Advisory Committees	
Budget Management	\$ 32,184
• Prepare & oversee department budgets	
Total Public Works Administration	\$ 296,557

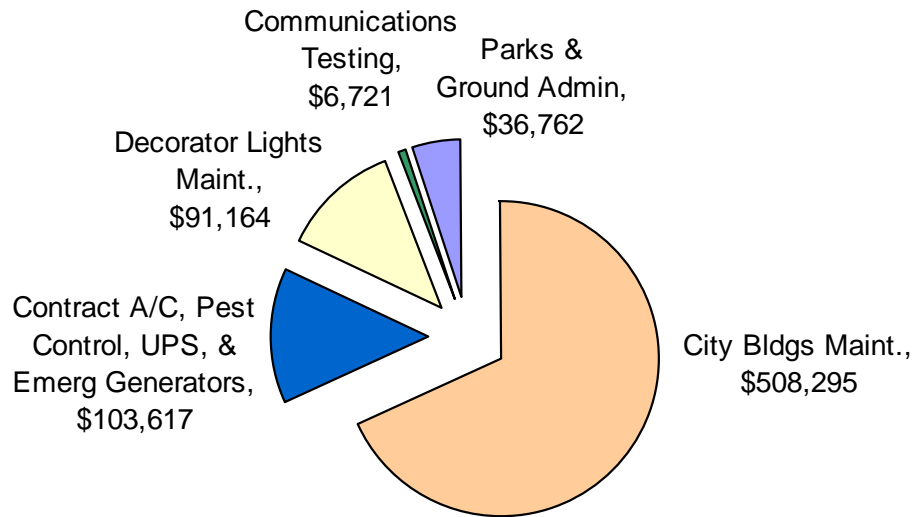


Engineering		
Project Management		\$ 190,277
•	Oversee consultant designs and contractor work	
Permitting & Development Review Committee (DRC)		\$ 64,452
•	Building permit swale inspections and DRC	
Agency Coordination		\$ 44,913
•	Coordinate with various agencies: FDOT, FDEP, SWFWMD, Army Corps, Charlotte County, MPO, others	
Traffic Counters		\$ 16,731
•	Traffic counts two times per year (furnished to Property Appraiser, County, FDOT & others)	
Engineering Design		\$ 144,020
•	In-house work: sidewalks, roadways, drainage, parks	
Total Engineering		\$ 460,393



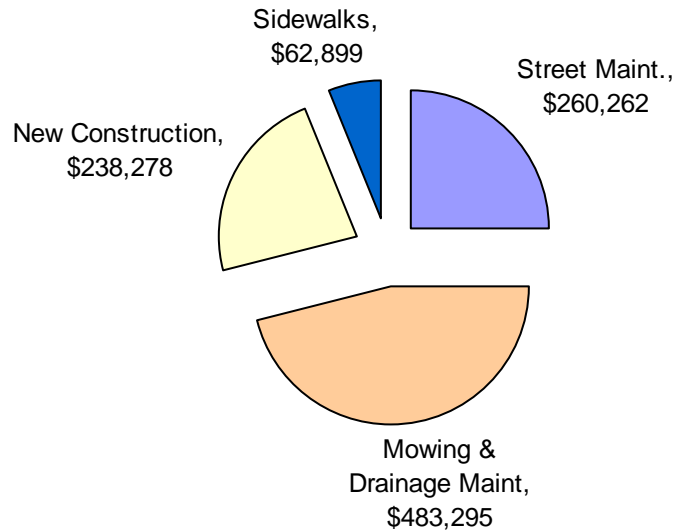
Facilities Maintenance

Maintenance - City Buildings	\$ 508,295
• Electric, janitorial, lights, plumbing, cleaning	
Communications Testing	\$ 6,721
Contract Administration	\$ 103,617
• A/C, Pest Control, UPS, Emergency Generators	
Decorator Lights Maintenance	\$ 91,164
Parks & Grounds Administration	\$ 36,762
• Supervision; Coordination of project scheduling & task assignments	
Total Facilities Maintenance	\$ 746,559



Right-of-Way (General Fund)

Streets	\$ 260,262
• Signing, Striping, Signals, Street Lighting, Bridge Maintenance, Railroad Crossing Maintenance and Road Patching	
Mowing & Drainage Maintenance	\$ 483,295
• Pipe Cleaning & Replacement, Basin Maintenance, Swale Grading & Mowing	
New Construction	\$ 238,278
• Parking Lots, On Street Parking, Other Specialty Projects	
Sidewalks/Trails	\$ 62,899
• Sidewalks and Trails	
Total Right-of-Way (General Fund)	\$1,044,734



Right-of-Way (5 Cents Gas Tax)

Paving	\$ 480,000
Rejuvenation	\$ 90,000
Micropaving	\$ 30,000
Total Right-of-Way (5 Cents Gas Tax)	\$ 600,000

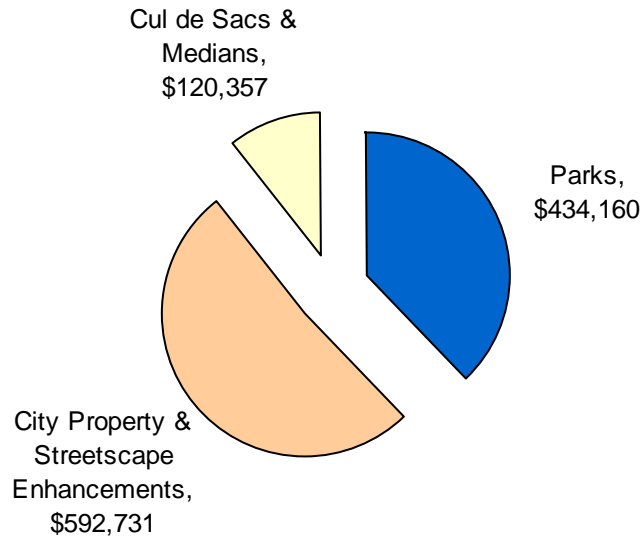
Right-of-Way (6 Cents Gas Tax)

Streets	\$ 488,975
Drainage Maintenance	\$ 127,650
Sidewalks/Trails	\$ 61,595
Total Right-of-Way (6 Cents Gas Tax)	\$ 678,220

* Graph for total of all street maintenance can be found on page 17

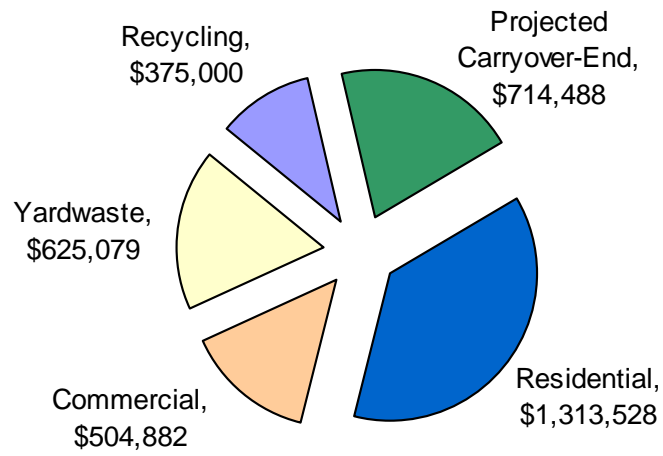
Parks & Grounds

Parks Maintenance	\$ 434,160
• General maintenance, mowing, fertilizing, pest control, sprinkler repairs, landscaping	
City Properties Maintenance	\$ 592,731
• Streetscape, landscaping, fertilizing, tree trimming, sprinkler repairs & installation, tree planting, Christmas tree set-up & holiday decorating	
Cul-de-Sacs & Medians	\$ 120,357
• Supply of trees, mulch, fertilizer & pest control; Weed spraying, irrigation maintenance & cleaning	
Total Parks & Grounds	\$1,147,248



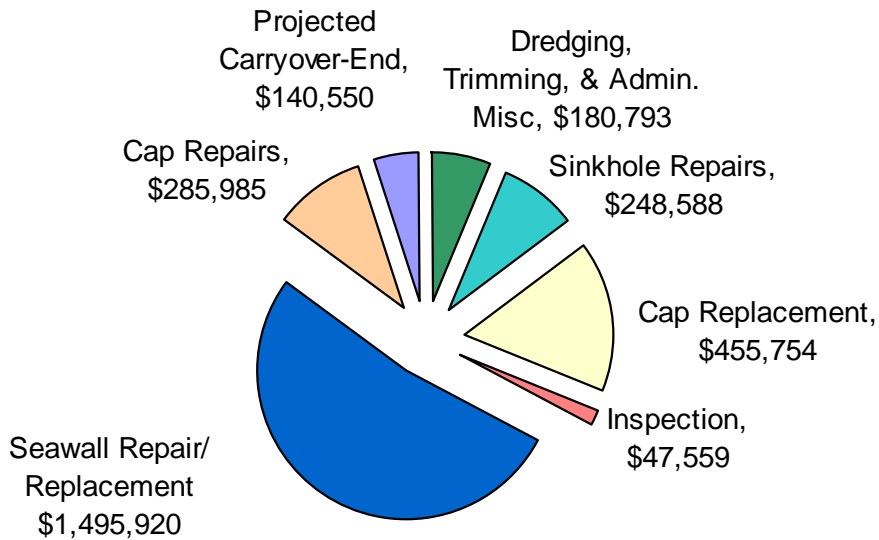
Sanitation
Residential
Commercial
Yardwaste
Recycling
Total Sanitation

\$1,313,528
\$ 504,882
\$ 625,079
\$ 375,000
\$2,818,489



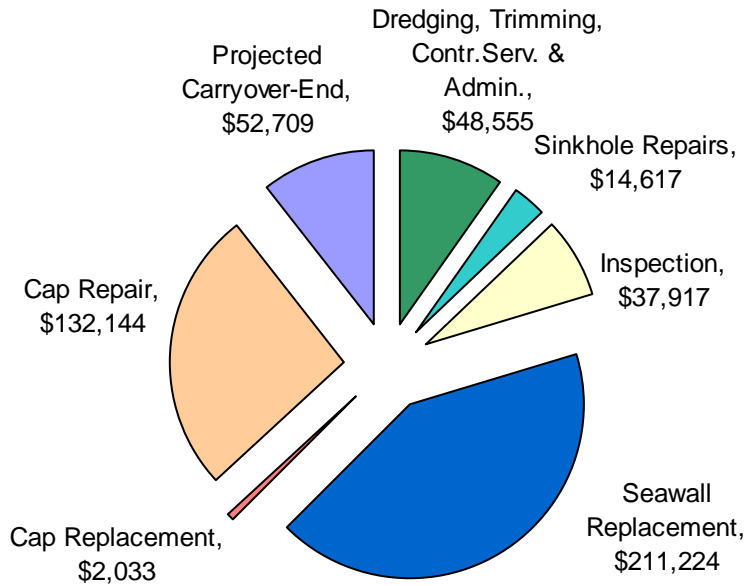
Punta Gorda Isles Canal Maintenance

PGI Contract Management	\$ 180,793
<ul style="list-style-type: none"> • Oversee contractor doing, seawalls, caps, dredging, rip-rap, marker replacement & mangrove trimming. • Manage billing approval and budgets for the PGI Canal Maintenance District 	
Sinkholes	\$ 248,588
<ul style="list-style-type: none"> • Filling of holes along the backside of seawall cap with shell material 	
Cap replacement	\$ 455,754
<ul style="list-style-type: none"> • Replacement of the top portion of a seawall cap 	
Wall Replacement	\$1,495,920
<ul style="list-style-type: none"> • Seawall replacement and pouring of new seawall slabs. 	
Inspection	\$ 47,559
<ul style="list-style-type: none"> • Seawall inspection, Inspection of canal depths and channel markers 	
Cap Repair & Miscellaneous	\$ 285,985
<ul style="list-style-type: none"> • Repair of seawall cap, removal of debris and replacement of channel markers 	
Total PGI Canal Maintenance	\$2,714,599



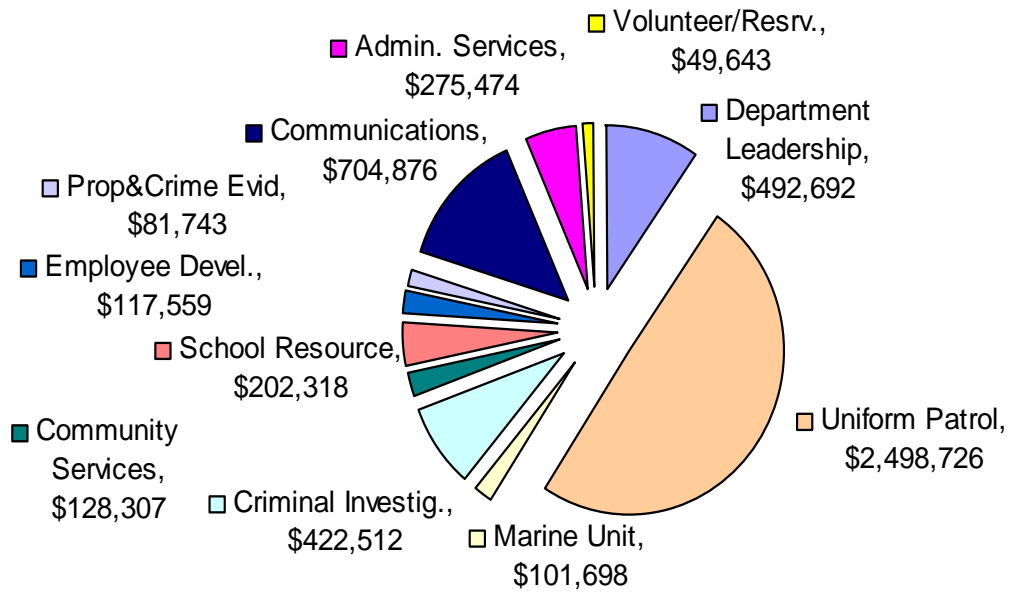
Burnt Store Isles Canal Maintenance

BSI Contract Management	\$ 48,555
<ul style="list-style-type: none"> • Oversee contractor doing, seawalls, caps, dredging, rip-rap, marker replacement & mangrove trimming. • Manage the billing approval and budgets for the BSI Canal Maintenance District 	
Sinkholes	\$ 14,617
<ul style="list-style-type: none"> • Filling of holes along the backside of seawall cap with shell material, caused from washout through or under the wall. 	
Cap Replacement	\$ 2,033
<ul style="list-style-type: none"> • Replacement of the top portion of a seawall cap 	
Wall Replacement	\$ 211,224
<ul style="list-style-type: none"> • Seawall replacement and pouring of new seawall slabs. 	
Inspection	\$ 37,917
<ul style="list-style-type: none"> • Seawall inspection and inspection of canal depths, channel markers and catch basins as required by FDEP for the lock removal. 	
Cap Repair & Miscellaneous	\$ 132,144
<ul style="list-style-type: none"> • Repair of seawall cap, removal of debris and replacement of channel markers 	
Total BSI Canal Maintenance	\$ 446,490

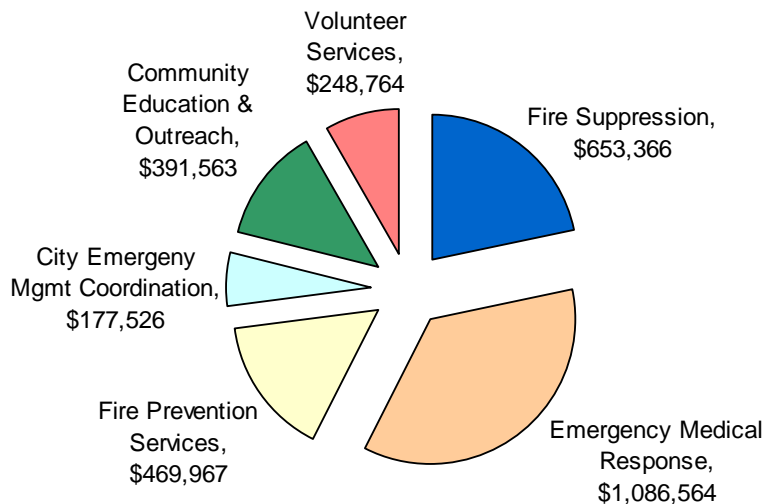


Police	
Department Leadership	\$ 492,692
• Manage operations, Community outreach, Budget, Purchasing and Criminal Justice Standards compliance	
Uniform Patrol Services	\$2,498,726
• Patrol, service calls, Preliminary criminal investigations, Traffic crash investigation/enforcement, Honor Guard Team	
• In-Kind Events - Annual Parades, Redfish Cup, 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	
Police Reserve Unit	\$ 49,643
• Volunteer unit of certified police officers, Augment police patrols and services	
Volunteers In Policing program	Inc above
• Marine, Records, Administrative, Traffic and Parking	
Marine Unit	\$ 101,698
• Patrol, Water safety presentations and Vessel safety inspections	
Criminal Investigations Unit	\$ 422,512
• Investigations, Narcotics & Vice operations, Computer and White collar crimes	
Evidence/Property & Crime Scene Services	\$ 81,743
• Evidence management, Quartermaster, Crime Scene Services and Laboratory analysis	
Community Services	\$ 128,307
• Crime Prevention, SRO program, Do the Right Thing, Neighborhood Watch (includes Marine), Community Presentations, Youth programs and Bank Security Group	
• School Education Programs - DARE provided at Sallie Jones and GREAT provided at PGMS	
School Resource Officer Program	\$ 202,318
Communications	\$ 704,876
• Police/Fire/Medical Dispatch	

Employee Development	\$ 117,559
• Agency training (internal/external), Candidate testing and Recruiting	
Administrative Services	\$ 275,474
• Records; Grants; Media relations (PIO); Fingerprinting services; special Projects; Law Enforcement Accreditation program; Staff Inspections; Policy development	
Total Police	\$5,075,548

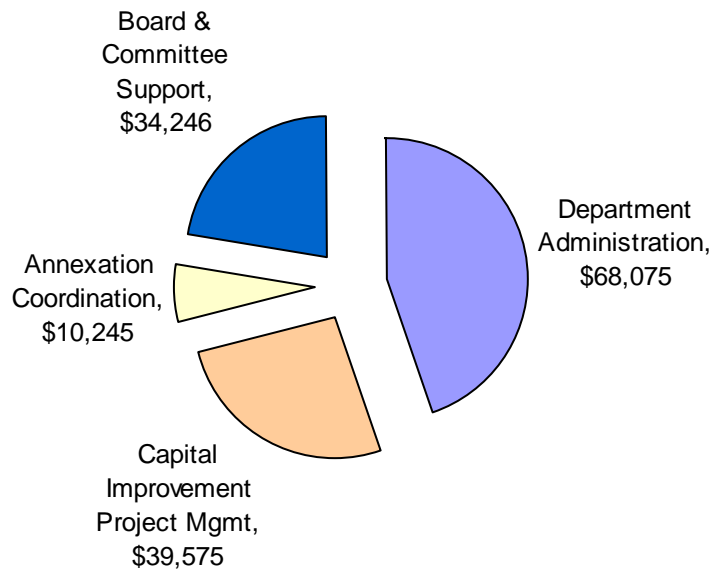


Fire	
Fire Suppression	\$ 653,366
• Structure, Vehicle, Boat, Brush and Nuisance	
Emergency Medical Response	\$1,086,564
• Heart attack, Stroke, Trauma, Dive/Water rescue, General medical distress	
Fire Prevention Services	\$ 469,967
• Code enforcement, Event planning/coordination, inspections, Pre-fire planning, Fire Alarm and Sprinkler plan review and inspection, Fire Cause & Origin Investigation, Board Participation; Development Review Committee, Code Enforcement	
Emergency Management Coordination	\$ 177,526
• Interface with County, State & Federal emergency response agencies; Partnership with the Charlotte County Health Department (Seasonal and H1N1 Flu vaccinations); Function as the County Coordinator for the Florida Fire Chiefs State Emergency Response Plan	
Community Education and Outreach Programs	\$ 391,563
• Family Safety House; Fire Extinguisher training; Marine Flare disposal/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; Marine Flare Drop-Off program; Vessel “pump-out” (sinking boats); Oil/fuel spill containment in waterway	
Volunteer Services	\$ 248,764
• 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	\$3,027,750



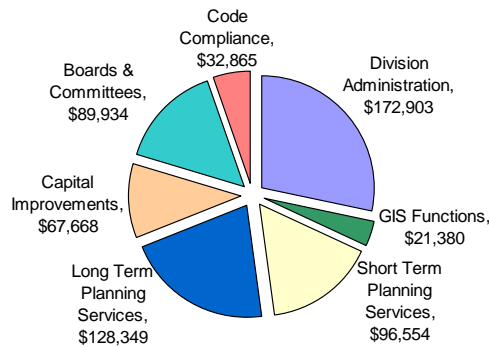
Growth Management

Department Administration	\$ 68,075
• Manage Divisions (Urban Design, Building, Code, GIS); Easement & ROW negotiations	
Capital Improvement Project Management	\$ 39,575
• Development (Design), Construction Administration, Financial Planning	
Annexation Coordination	\$ 10,245
• Feasibility/Researching of Annexation opportunities	
Board and Committee Support	\$ 34,246
• City Council, Revitalization Committee, Waterfront Development Advisory Committee, Board of Zoning Appeals, Planning Commission, Historic Preservation Advisory Board, Development Review Committee, Land Development Review Committee, Code Compliance, Canal Advisory Boards, TEAM Punta Gorda, MPO (TAC/BPAC), Main Street Punta Gorda, Mural Society, Charlotte County	
Total Growth Management Administration	\$ 152,141



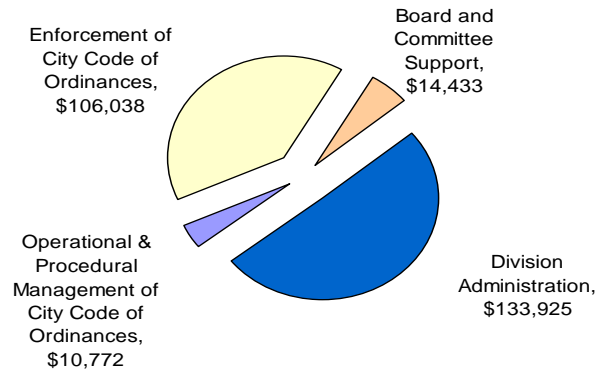
Urban Design

Department/Division Administration	\$ 172,903
<ul style="list-style-type: none"> General Administration, Maintenance of Historic Design Guide -lines, Compliance of State/Federal Statutes, Update & Maintain all official City maps, Disaster Planning & Mitigation 	
Short Term Planning Services	\$ 96,554
<ul style="list-style-type: none"> Plan Review, Site Review, Landscaping Review, Building/Zoning permitting review, Permitting, Design Studio, Event & Park Planning, Land Use Review, Planning & Zoning Applications 	
Long Range Planning Services	\$ 128,349
<ul style="list-style-type: none"> 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	\$ 67,668
<ul style="list-style-type: none"> Development (Design), Research & Feasibility, Project Permitting Requirements, Construction Administration, Project Management, Federal Compliance, City Beautification, Financial Planning 	
Board and Committee Support	\$ 89,934
<ul style="list-style-type: none"> Revitalization Committee, Waterfront Development Advisory Committee, Board of Zoning Appeals, Planning Commission, Historic Preservation Advisory Board, Development Review Committee, Land Development Review Committee, City Council, TEAM Punta Gorda, MPO (TAC/BPAC), Main Street Punta Gorda, Mural Society, Charlotte County 	
GIS Functions & Support	\$ 21,380
<ul style="list-style-type: none"> GIS data & analysis GIS related Maps for Boards, Committees and/or departments, Map support for events 	
Code Compliance Support	\$ 32,865
<ul style="list-style-type: none"> Management and enforcement of City Codes; Code Violations and Code Cases; Field Inspections, Posting Property, Responding to Citizen Concerns/Complaints, Managing Vacant & Distress Property, Lot Mowing; Board and Committee Support: Code Compliance, City Council 	
Total Urban Design	\$ 609,653



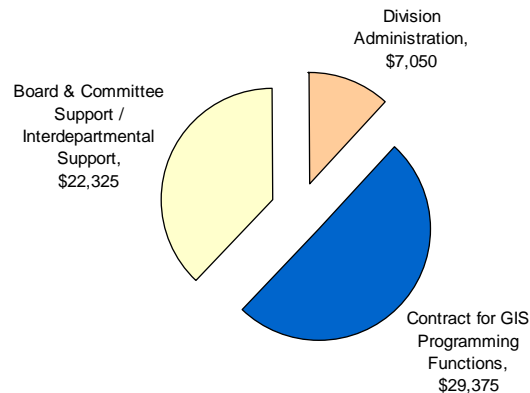
Code Compliance

Department/Division Administration	\$ 133,925
• General Administration, Violation notifications, Inspection Reports, Code cases	
Management of City Code of Ordinances	\$ 10,772
• City Code of Ordinances, Development Standards, Updating & Maintaining, Research & Feasibility, Legal Counsel /Endorsement, Review of Code Violations and Code Cases	
Enforcement of the City Code of Ordinances	\$ 106,038
• Field Inspections, Posting Property, Responding to Citizen Concerns/Complaints, General Monitoring of City Boundaries, Managing Vacant & Distress Property, Lot Mowing	
Board and Committee Support	\$ 14,433
• Code Compliance, City Council	
Total Code Compliance	\$ 265,168



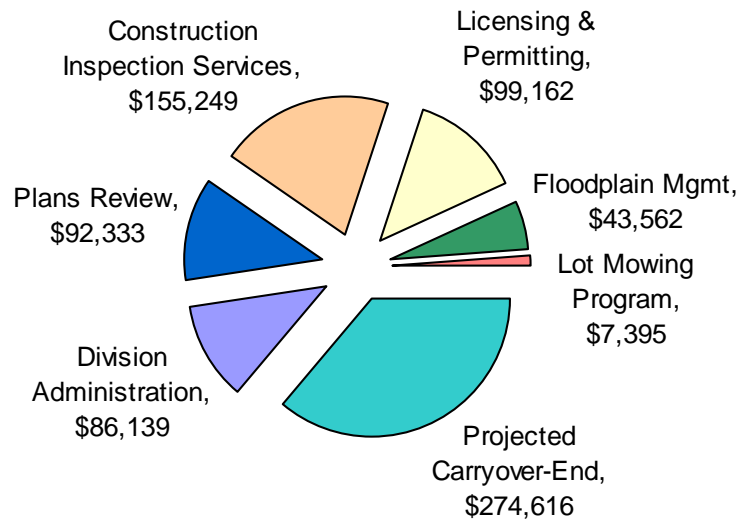
GIS

Department/Division Administration	\$ 7,050
City/County coordination of GIS Functions	\$ 29,375
Board and Committee / Interdepartmental Support	\$ 22,325
Total GIS	\$ 58,750



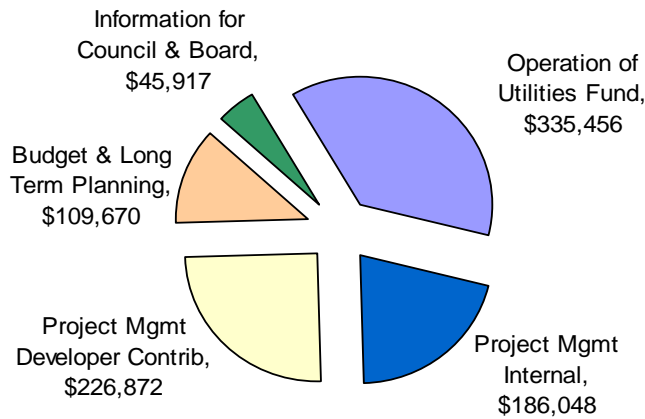
Building

Administration	\$ 86,139
• Customer Service; Records; Disaster Planning & Mitigation; GIS	
Plans Review	\$ 92,333
• Verification with Florida Building Code	
Construction Inspection Services	\$ 155,249
• Inspect and evaluate construction projects to meet Florida Building Code.	
Licensing and Permitting	\$ 99,162
• 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.	
FEMA	\$ 43,562
• Enforcement of the Flood Protection Ordinance as provided in Article 14 of the City’s Land Development Regulations.	
Lot Mowing Administration	\$ 7,395
Total Building	\$ 483,840



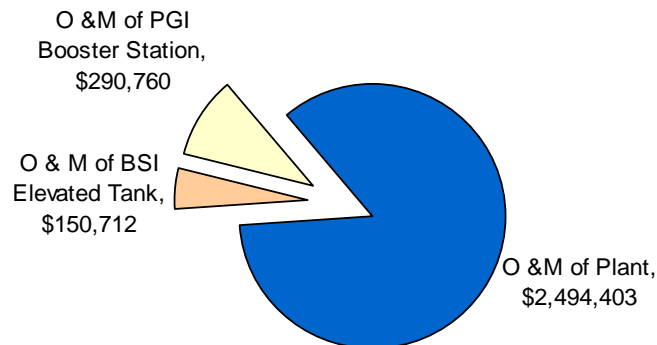
Utilities

Administration	\$ 335,456
• Manage Divisions (Water Treatment & Maintenance, Wastewater Treatment & Maintenance)	
City Utilities Project Management	\$ 186,048
Developer Utilities Projects Management	\$ 226,872
Budget & Long Term Planning	\$ 109,670
Meetings and reports	\$ 45,917
• Utilities Advisory Board, Customer/Council requests for information	
Total Utilities Administration	\$ 903,963



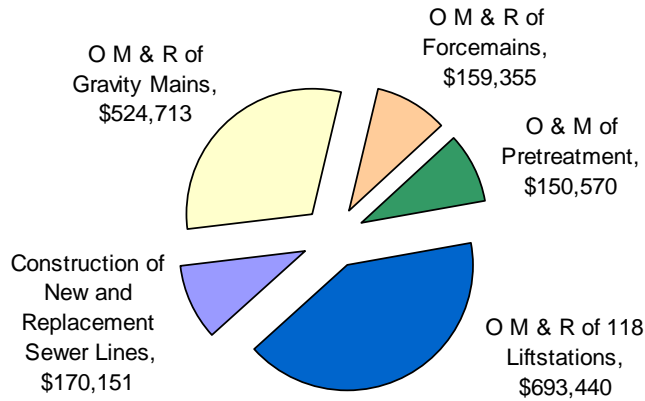
Water Treatment Plant

Shell Creek Water Treatment Facility	\$2,494,403
Burnt Store Isles elevated water storage Tank	\$ 150,712
Punta Gorda Isles ground storage tank and booster pumping station.	\$ 290,760
Total Water Treatment Plant	\$2,935,875



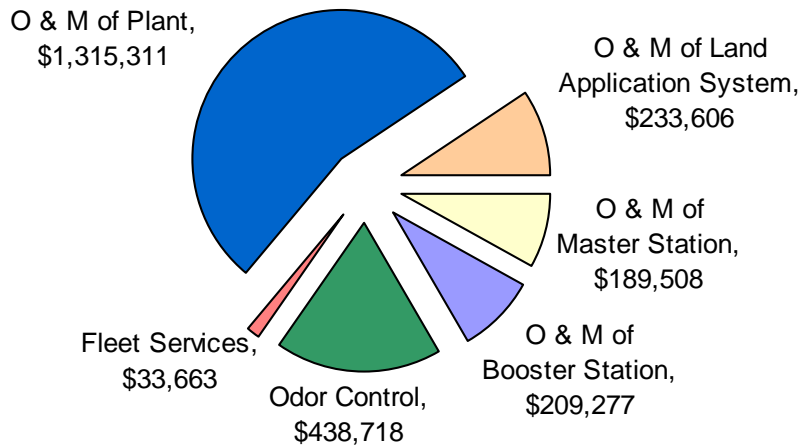
Wastewater Collections

Sewage pumping stations	\$ 693,440
Gravity sewer mains	\$ 524,713
Forcemains	\$ 159,355
Utility pretreatment program	\$ 150,570
Constructs new and replacement sewer lines	\$ 170,151
Total Wastewater Collections	\$1,698,229



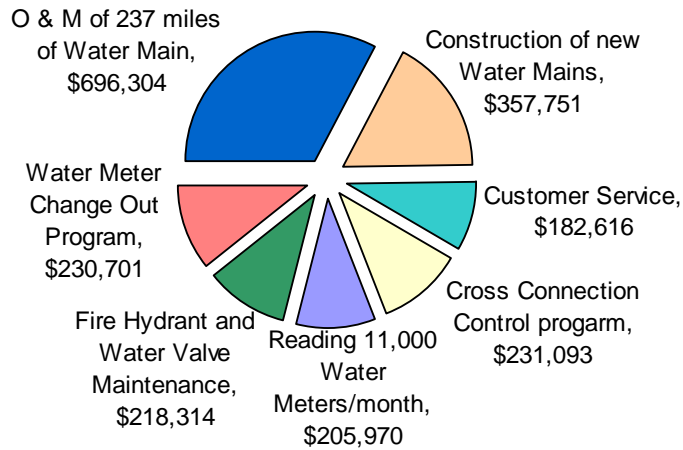
Wastewater Treatment Plant

Wastewater Treatment Plant	\$1,315,311
525 acre residual disposal site	\$ 233,606
Master Pumping Station	\$ 189,508
Booster Pumping Station	\$ 209,277
Odor & Corrosion control system throughout wastewater collection system and wastewater plant	\$ 438,718
Fleet Services for Utilities & Public Works	\$ 33,663
Total Wastewater Treatment Plant	\$2,420,083



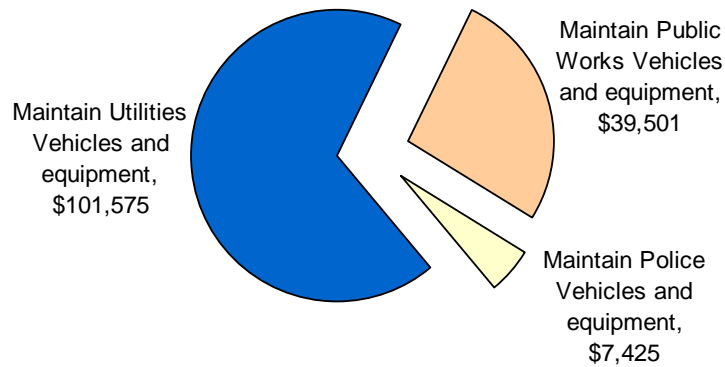
Water Distribution

Water mains maintenance	\$ 696,304
Construction of new water mains	\$ 357,751
Cross Connection Control Program	\$ 231,093
Reads - water meters monthly	\$ 205,970
Fire Hydrant and Water Valve Maintenance	\$ 218,314
Water Meter Change Out Program	\$ 230,701
Customer Service	\$ 182,616
Total Water Distribution	\$2,122,749



Fleet

Maintain Utility Department vehicles and equipment	\$ 101,575
Maintain Public Works Department vehicles and equipment	\$ 39,501
Specialized maintenance of Police vehicles and equipment	\$ 7,425
Total Fleet	\$ 148,501



Section 3: Financial Management Policies & National Standards

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

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 2012 budget reflects 95.5 percent of anticipated ad valorem revenue, in order to account for discounts and delinquent property owners.*

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

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

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

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

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

Status: There were no supplemental appropriations for the FY 2011 period.

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

Status: There were no emergency appropriations necessary for the FY 2011 period. The City has not been required to implement emergency appropriations in the past 20 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 2011. There has not been such a need in the past 20 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 interdepartmental. Reappropriations from the previous year's budget 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 for viewing by the community at large.*

Asset Inventory:

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

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

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

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

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

Status: *The City has and will continue to work with the County on any joint capital improvement needs. Recent joint capital improvements projects include Aqui Esta and Shreve/Pompano road improvements and construction of the Event & Conference Center.*

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

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

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

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 2012 revenue structure (all funds) is as follows:*

<i>Service Charges, Fines & Forfeitures</i>	<i>27%</i>
<i>Intergovernmental</i>	<i>10%</i>
<i>Ad Valorem Taxes</i>	<i>9%</i>
<i>Permits, Fees & Assessments</i>	<i>7%</i>
<i>Other Taxes</i>	<i>5%</i>
<i>Miscellaneous</i>	<i>5%</i>
<i>Carryover, Financing & Transfers</i>	<i>37%</i>

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

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

Status: *Monthly financial reports are prepared and distributed to elected officials and available for public viewing. The reports include budget vs. actual revenues and expenditures for the City's major fund groups and identification of trends that denote any projected revenue shortfalls 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 and/or equipment are used to finance capital projects and/or purchase of equipment. The FY 2012 budget uses \$345,000 in storm reserves for a one-time salary increase for general employees coupled with a like increase in that employee's contribution to one's pension plan. With this one exception, the City does not use one time revenues sources to fund ongoing operations.*

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. During the past three fiscal years, the City has received and/or been awarded \$1.6 million (FY 2009), \$2.4 million (FY 2010) and \$2.4 million (FY 2011) in grant monies to fund such projects as flooding mitigation, recreational trails, streetscape, water plant expansion, building upgrades and boating-related facilities.*

Policy: Sometimes governmental services are provided on credit. Properly documented controls over revenues are imperative in accounts receivable management. Timely efforts should be made to pursue the collection of delinquent accounts by the department generating the receivable.

Status: *The City has implemented a variety of measures to collect monies owed, including lien powers, debt collection agency, code enforcement and utility turn off.*

Policy: Adjustments to account receivables must be properly documented using internal controls that include segregation of duties and supervisory review. Upon any suspicion of fraud, management should be notified in a timely manner.

Status: *Internal controls over accounts receivable are in place. Suspicion of fraud or other malfeasance are brought to management and if necessary Police Department's attention, although these actions have not been necessary.*

Policy: The use of revenues which have been pledged to bondholders will conform to the bond covenants which commit those revenues.

Status: *The City is currently in conformance with bond covenants. The City's independent auditors review bond covenant conformance on an annual basis and report any discrepancies, of which there have not been any instances of such non-conformance.*

Policy: The City will recalculate the full cost of activities supported by user fees to identify the impact of inflation and other cost increases and will revise user fees upon approval of the City Council.

Status: *Fee changes are initiated through the ordinance process and, as such, are reviewed and approved by City Council through public hearings. User fees in the City's enterprise funds are established to pay for ongoing operations and adjusted accordingly.*

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

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

Expenditure Policies:

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

Debt Management:

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

Status: *The City maintains a five year capital improvements program that prioritizes investment in its infrastructure necessary to support growth and economic development. The City’s water & wastewater plants have sufficient capacity to support projected growth beyond 2016, and the road network and parks facilities sufficiently accommodate demand.*

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

Status: *As part of the 2011 Long Range Financial Plan, the City undertook a comprehensive review of its economic condition and outlook, financial position and performance, debt profile and management in relation to credit rating agency criteria. The City’s Utility System Refunding Revenue Bonds, Series 2002, have underlying ratings of A1 from Moody’s and AA- with a stable outlook from Standard & Poor’s.*

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

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

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

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

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

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

Policy: If cost effective, the City will purchase private bond insurance at the time of issuance.

Status: *When the City is in the midst of bond issuance, a price to benefit calculation is made to see if bond insurance is cost effective to produce a higher rating and reduced interest rate.*

Policy: The City will analyze its existing debt to take advantage of changing market conditions and to minimize future costs.

Status: *The City monitors market conditions and undertakes refinancing/refunding opportunities where feasible.*

Policy: The City will maintain an adequate debt service fund regarding each issue and budget for the annual payment of principal and interest.

Status: *The annual budget includes a debt service fund, schedule of debt outstanding and a five year projection of debt service payments. The fund includes sufficient monies to pay all principal and interest obligations as required by bond covenants.*

Reserve or Stabilization Accounts:

Policy: The City 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: *The FY 2012 Annual Budget projects an unrestricted ending fund balance of \$4.4 million, which is 14% of total operating expenditures of \$31.4 million from unrestricted funds. The reserve level is sufficient to cover for any temporary revenue shortfalls or unexpected expenses.*

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: 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 above, the projected FY 2012 unrestricted ending fund balance of \$4.4 million represents 14% of total operating expenditures of \$31.4 million from unrestricted funds. This position is adequate to support the City's sound financial condition.*

Policy: The City will 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, 2011 unrestricted fund balance is projected at \$2.6 million, which is 16.7% of general fund operating expenditures.*

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 or city administrator, 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: For the General Fund, the City will establish an unassigned fund balance minimum of 7% of general fund operating expenditures.

Status: *For the fiscal year ended September 30, 2011, the City's unassigned balance is 8% of general fund operating expenditures.*

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

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

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

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

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

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

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

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

Operating/Capital Expenditure Accountability:

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

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

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

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

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

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

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

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

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

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

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

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

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

Status: Enterprise funds are Proprietary Funds as defined and, as such, are self supported by user fee charges. Each enterprise fund pays an administrative charge to the General Fund for support provided based on an annual review of such administrative expenses. In the FY 2012 budget, the following administrative charges are included within the enterprise funds:

<i>Utilities</i>	\$2,185,190
<i>Sanitation</i>	\$ 298,745
<i>Building</i>	\$ 63,500
<i>Laishley Marina</i>	\$ 15,200

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.*