

BUDGETING FOR RESULTS

**Assumptions, Projections and
Priorities Workshop**

March 6, 2019

Major Revenues

Budget to Actual

	FY 2016 Budget	FY 2016 Actual	FY 2017 Budget	FY 2017 Actual	FY 2018 Budget	FY 2018 Estimated	FY 2019 Budget
Millage Rate	3.5974		3.477		3.407		3.407
Property Taxes		\$ 10,053,675		\$ 10,981,013		\$ 12,065,190	
Change in Value	9,821,110		10,502,170		11,589,930		13,108,770
Net New Construction	257,660		504,720		554,890		562,310
Delinquencies	30,000	33,349	30,000	36,046	30,000	14,700	30,000
Property Taxes-Total	\$ 10,108,770	\$ 10,087,024	\$ 11,036,890	\$ 11,017,059	\$ 12,174,820	\$ 12,079,890	\$ 13,701,080
Communication Services Tax	1,847,240	1,809,323	1,834,900	1,895,026	1,946,040	1,952,280	1,944,190
Electric Franchise Fee	3,100,000	2,941,991	3,275,000	3,121,470	3,275,000	3,234,450	3,438,750
Half-Cent Sales Tax	5,425,390	5,378,559	5,749,410	5,630,639	5,997,420	6,054,860	6,262,790
Municipal Revenue Sharing	1,963,200	2,061,300	2,231,930	2,299,527	2,385,040	2,461,470	2,607,710
District Assessments	25,956,870	26,312,106	26,512,750	27,049,508	27,692,240	27,291,670	28,933,740
Gas Taxes	2,781,870	2,857,991	2,939,440	2,980,577	3,034,220	3,177,820	3,206,430
Impact Fees	2,239,220	3,042,176	3,042,430	2,882,438	4,771,400	4,061,300	5,429,900
Infrastructure Sales Surtax	8,139,640	8,679,097	9,106,080	9,106,080	9,893,410	11,183,790	13,472,640
TOTALS	\$ 61,562,200	\$ 63,169,567	\$ 65,728,830	\$ 65,982,324	\$ 71,169,590	\$ 71,497,530	\$ 78,997,230

Actual Changes in Fund Balance

3-Year Review

Major Operating Fund Balance Analysis	General Fund	Road & Drainage District	Fire Rescue District	Solid Waste District	Building Fund
Fiscal Year 2016					
Beginning Fund Balance	\$ 10,779,537	\$ 10,611,288	\$ 3,271,631	\$ 2,667,917	\$ 2,773,239
Revenues	31,591,708	16,566,593	8,860,194	8,708,346	2,952,873
Expenditures	(30,797,938)	(14,779,276)	(7,825,326)	(8,239,510)	(1,450,372)
Ending Fund Balance	\$ 11,573,307	\$ 12,398,605	\$ 4,306,499	\$ 3,136,753	\$ 4,275,740
Fiscal Year 2017					
Beginning Fund Balance	\$ 11,573,307	\$ 12,398,605	\$ 4,306,499	\$ 3,136,753	\$ 4,275,740
Revenues	33,896,014	16,525,181	9,154,760	9,001,876	3,276,754
Expenditures	(32,873,175)	(16,190,185)	(8,990,188)	(9,515,298)	(1,979,028)
Ending Fund Balance	\$ 12,596,146	\$ 12,733,601	\$ 4,471,071	\$ 2,623,331	\$ 5,573,466
Fiscal Year 2018					
Beginning Fund Balance	\$ 12,596,146	\$ 12,733,601	\$ 4,471,071	\$ 2,623,331	\$ 5,573,466
Revenues	36,862,527	17,551,324	9,306,705	8,780,007	3,441,520
Expenditures	(36,469,779)	(19,202,372)	(9,696,836)	(8,371,537)	(2,856,036)
Ending Fund Balance (estimated)	\$ 12,988,894	\$ 11,082,553	\$ 4,080,940	\$ 3,031,800	\$ 6,158,950

FY 2019 Fund Balance Analysis

Major Operating Fund Balance Analysis	General Fund	Road & Drainage District	Fire Rescue District	Solid Waste District	Building Fund
Fiscal Year 2019					
Beginning Fund Balance	\$ 12,988,894	\$ 11,082,553	\$ 4,080,940	\$ 3,031,800	\$ 6,158,950
Budgeted (Use) or Reserve of Fund Balance (as amended)	(886,650)	(620,310)	(884,550)	(465,050)	(459,450)
Committed Fund Balance- Re-appropriated Projects & Encumbrances	(576,846)	(5,055,747)	(58,855)	-	(271,404)
Contingency/Emergency/Disaster Relief Reserve (20%)	(8,486,541)	(4,305,665)	(2,269,815)	(1,576,344)	(588,701)
Maximum Budget Stabilization & Economic Uncertainty Reserve (10%)	(4,243,271)	(2,152,833)	(1,134,908)	(788,172)	(294,350)
Projected "Available" Fund Balance	\$ (1,204,414)	\$ (1,052,002)	\$ (267,188)	\$ 202,234	\$ 4,545,045

¹ Maximum Fund Balance Policy Reserves adopted with resolution number 2018-R-13 July 2018. Maximum Fund Balance Policy calculation is based on Operating Expenditures and does not include funding set aside for transfers to any other fund.

FY 2019 Renewal & Replacement Fund Balance Analysis

Renewal & Replacement Fund Balance Analysis	General Fund	Road & Drainage District	Fire Rescue District	Solid Waste District	Building Fund	Fleet Mgmt Fund
Fiscal Year 2018						
Ending Fund Balance (unaudited)	\$ 488,707	\$ 1,681,731	\$ 1,655,568	\$ 4,791,280	\$ 167,214	\$ 631,515
Fiscal Year 2019						
Budgeted (Use) or Reserve of Fund Balance	220,990	(149,890)	(558,500)	302,000	12,780	(17,850)
Committed Fund Balance- Re-appropriated Projects & Encumbrances	-	-	-	-	-	-
Projected "Available" Fund Balance	\$ 709,697	\$ 1,531,841	\$ 1,097,068	\$ 5,093,280	\$ 179,994	\$ 613,665

¹ Renewal and Replacement Funds established in FY 2019 and replaced the Capital Acquisition Fund.

Economic Indicators

❑ Unemployment Rate¹:

- Dec 2018-Sarasota County 3.1%, State 3.3%, National 3.7%
- Dec 2017-Sarasota County 3.2%, State 3.7%, National 3.9%

❑ Permit Activity²:

FY 2019 Single Family Residences estimated at 1,200

- on track to meet or exceed projection

FY 2019 Commercial square feet estimated at 120,000

- approximately 155,501 to-date
- Braves Stadium
- Braves Academy
- Publix

❑ Home Sales³: Sales in 2018 in Sarasota County:

- 11,752 single family homes, median sale price \$269,000
- 3,840 condominiums, median sale price \$225,000

Sources: ¹Bureau of Labor Statistics (BLS), ²City of North Port Planning Division, ³Realtor Association of Sarasota and Manatee Counties

Economic Indicators

■ Population Trends: City of North Port

2014 BEBR –	60,295
2015 BEBR –	62,325
2016 BEBR –	64,472
2017 BEBR –	67,196
2018 BEBR –	70,631

Average Annual Growth 6.0%

■ Per Capita Income: State of Florida

2014 Actual -	\$43,064
2015 Actual -	\$45,441
2016 Actual -	\$45,953
2017 Actual -	\$47,407
2018 Forecast -	\$49,160
2019 Forecast -	\$50,681
2020 Forecast -	\$52,250

Average Annual Growth – 3.1%

Source: Population Trends - Bureau of Economic and Business Research (BEBR), Per Capita Income – Bureau of Economic Analysis (BEA).

General Fund

Key Revenue Projections

- ❑ Ad Valorem Taxes – 5% increase
- ❑ Electric Utility Service Tax – 5% increase
- ❑ Communication Service Tax – No change
- ❑ Electric Franchise Fee – 3% increase
- ❑ Half Cent Sales Tax – 6% increase
- ❑ Municipal Revenue Sharing – 8% increase

General Fund/Revenue Impact

Revenue Changes	% Change	Description	Estimated Changes
Ad Valorem Tax-This projection assumes a 97% collection and no rate change	5.00%	Increase	\$ 685,100
Electric Utility Service Tax	5.00%	Increase	44,200
Communication Service Tax	0%	No change	0
Electric Franchise Fees	3.00%	Increase	103,200
Half Cent Sales Tax	6.00%	Increase	375,800
Municipal Revenue Sharing	8.00%	Increase	160,600
Total			\$ 1,368,900

General Fund/Operating Costs

- ❑ Forecasting model includes 2% operating expenditure growth to address inflation
- ❑ Utilize a factor of 3.5% salary growth of existing level of service (LOS) and personnel (not additional). Range is:
 - General Employees: PBA: 4% or 2% Lump Sum
 - 3.0% Proficient AFSCME 1.5% at review
 - 3.5% Highly Effective IAFF: 3-7% per contract
 - 4.0% Exceptional
- ❑ Salary growth of .40% for cost of living adjustment (COLA) existing level of service (LOS) and personnel (not additional)
- ❑ Cost impacts associated with capital projects
 - On-going staffing and operating costs
 - Maintenance

Financial Impacts of Bargaining Unit Contracts Projected During 2018

Police Benevolent Association

2017-2018	\$1,349,900
2018-2019	\$ 267,500
2019-2020	\$ 278,200

International Association of Fire Fighters

2017-2018	\$1,151,670
2018-2019	\$ 400,490
2019-2020	\$ 420,520

Financial Impacts of 2017-2018 Pay Plan Budget Amendments

Police Benevolent Association	\$1,349,900
International Association of Firefighters	760,000
Emergency Medical Services	426,100
General Fund	503,300
Other Funds	711,400
Total Budget Adjustments	\$3,750,700

General Fund

Key Expenditure Changes

2019-2020

Expenditure Changes	% Change	Description	Estimated Changes
Wages - General Fund	3.50%	Increase	\$ 754,100
CPI Adjustment (COLA)	.40%	Increase	85,900
Electricity	4.00%	Increase	18,400
Health Insurance	10.00%	Increase	309,400
Total Projected Expenditure Increase			\$1,167,800

General Fund Projections

GENERAL FUND - Projected Revenues & Expenditures						
	BUDGET FY19	PROJECTED FY20	FORECASTED FY21	FORECASTED FY22	FORECASTED FY23	FORECASTED FY24
Revenue	\$ 42,552,570	\$ 44,306,520	\$ 45,854,450	\$ 47,511,410	\$ 49,438,620	\$ 51,457,610
Use of / (Increase) in Fund Balance	1,463,496	69,430	352,210	473,550	533,290	667,210
Total Revenue & Fund Balance	\$ 44,016,066	\$ 44,375,950	\$ 46,206,660	\$ 47,984,960	\$ 49,971,910	\$ 52,124,820
Expenditures	\$ 44,016,066	\$ 44,375,940	\$ 46,206,650	\$ 47,984,950	\$ 49,971,900	\$ 52,124,810

ASSUMPTIONS						
		PROJECTED FY20	FORECASTED FY21	FORECASTED FY22	FORECASTED FY23	FORECASTED FY24
Ad Valorem Taxes		5.00%	4.00%	4.00%	4.00%	4.00%
Franchise Fees		3.00%	3.00%	3.00%	3.00%	3.00%
Sales Tax		6.00%	6.00%	6.00%	6.00%	6.00%
Expenditures %		0.82%	4.13%	3.85%	4.14%	4.31%

Defining Commission Priorities

- ❑ **Protect key services on which public depends. Health & Public Safety**
- ❑ **Infrastructure: Develop and maintain vital infrastructure improvements**
- ❑ **Affordability, Growth & Development**
- ❑ **Economic Development & Job Creation**
- ❑ **Parks & Recreation; Neighborhood Enhancement, Historic, Cultural, and Environmental Preservation.**
- ❑ **Efficient & Effective Government: Maintain adequate reserves per Fund Balance Policy.**

❑ **City of North Port Strategic Plan Fiscal Year 2018-2021*

General Fund Assumptions

- ❑ Taxable value estimated increase: 5%
- ❑ Budget ad valorem at 97% collection rate
- ❑ Goal of 2019 - Continue Structurally Balanced General Fund budget

Commission Direction

- ❑ **Capital Improvement Projects**
 - Existing Projects
 - New Projects
- ❑ **Roll-back rate, consideration of maintaining existing millage rate, consideration of millage rate increase**
- ❑ **Other**

Discussion