

A large graphic featuring a yellow sun with rays on the left and a green leaf on the right, both with white outlines. A teal wave-like shape is positioned below the leaf. The text "Policy Review Reserves & Debt" is centered over the sun and leaf.

Policy Review Reserves & Debt

BCC Workshop
Mar 15, 2022



CHARLOTTE COUNTY
FLORIDA

Agenda

- Reserves Policy Review
- Debt Policy Review

Reserves Policy Review



Types of Reserves

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

Reserve Policy

Reserve for Contingencies: To mitigate current and future risks such as revenue shortfalls, unanticipated expenditures, and to ensure stable tax rates; and other unforeseen financial situations. A balance not less than 5% and not greater than 10% percent of the total budget. **6.05%**

Cash Carried Forward Reserve: For the purpose of paying expenses from October 1 of the ensuing fiscal year until the time when the revenues for that year are expected to be available. A balance not less than 5% and not greater than 10% percent of the total budget. **5.06%**

Fiscal Stabilization Reserve: To meet unexpected immediate increases in service delivery costs, or to maintain service levels in the event that an economic downturn should cause a shortfall in revenues or for expenditures associated with a major storm or other unforeseen disaster that fundamentally alters the current tax base. A balance not less than 15% percent of the General Fund. **11.94%**

Ad Valorem Reserves

	<u>Total Reserves</u>	<u>% of Budget</u>	<u>Target</u>
Contingency	\$ 20,354,777	6.05%	5% - 10%
Cash Carry Forward	\$ 17,000,000	5.06%	5% - 10%
Fiscal Stabilization	<u>\$ 21,200,042</u>	11.94%	>15% *
Total	\$ 58,554,819		

* Percentage of General Fund Only.



Ad Valorem Reserves

	<u>Total Reserves</u>	<u>% of Budget</u>	<u>Target</u>
Contingency	\$ 20,926,812	6.05%	5% - 10%
Cash Carry Forward	\$ 17,502,424	5.06%	5% - 10%
Fiscal Stabilization	<u>\$ 29,580,703</u>	15.82%	> 15% *
Total:	\$ 68,009,939		

* Percentage of General Fund only.



Reserves

	Contingency	Cash Carry Forward	Fiscal Stabilization	Future Capital	Restricted		Total
Ad Valorem	20,354,777	17,000,000	21,200,042	-	-		58,554,819
Transportation Trust	5,574,467	-	-	-	-		5,574,467
Building Construction Services	-	5,532,133	-	-	-		5,532,133
MSBU/TU	15,982,586	12,818,698	-	66,648,623	1,853,049		97,302,956
Fire Rescue Unit	3,111,550	3,111,550	-	-	-		6,223,100
Capital Projects	72,550	-	-	55,639,022	-		55,711,572
Utilities	37,457,671	-	2,481,182	44,207,117	19,343,633	a	103,489,603
Landfill	9,083,140	-	-	4,948,280	13,057,168	b	27,088,588
All Other *	18,274,702	5,143,031	238,144	19,175,325	10,537,019		53,368,221
	109, 911,443	43,605,412	23,919,368	190,618,367	44,790,869		412,845,459

a Restricted by Bond Covenant to guarantee debt service

b Restricted for future landfill closure

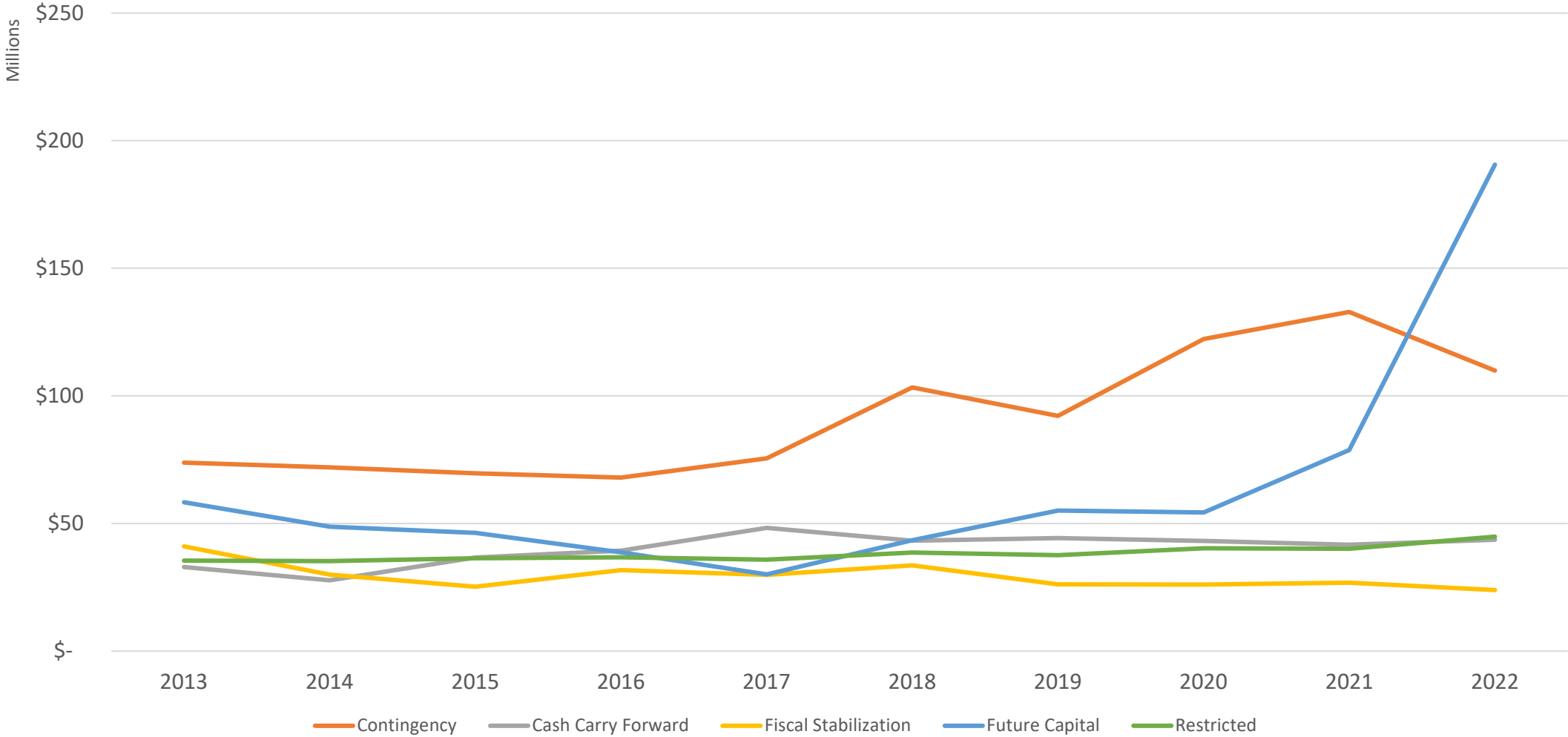
* All Other consists of:

Internal Service Funds such as Self Insurance and Vehicle Revolving Fund

Special Revenue Funds such as Tourism Development and Boater Revolving Fund

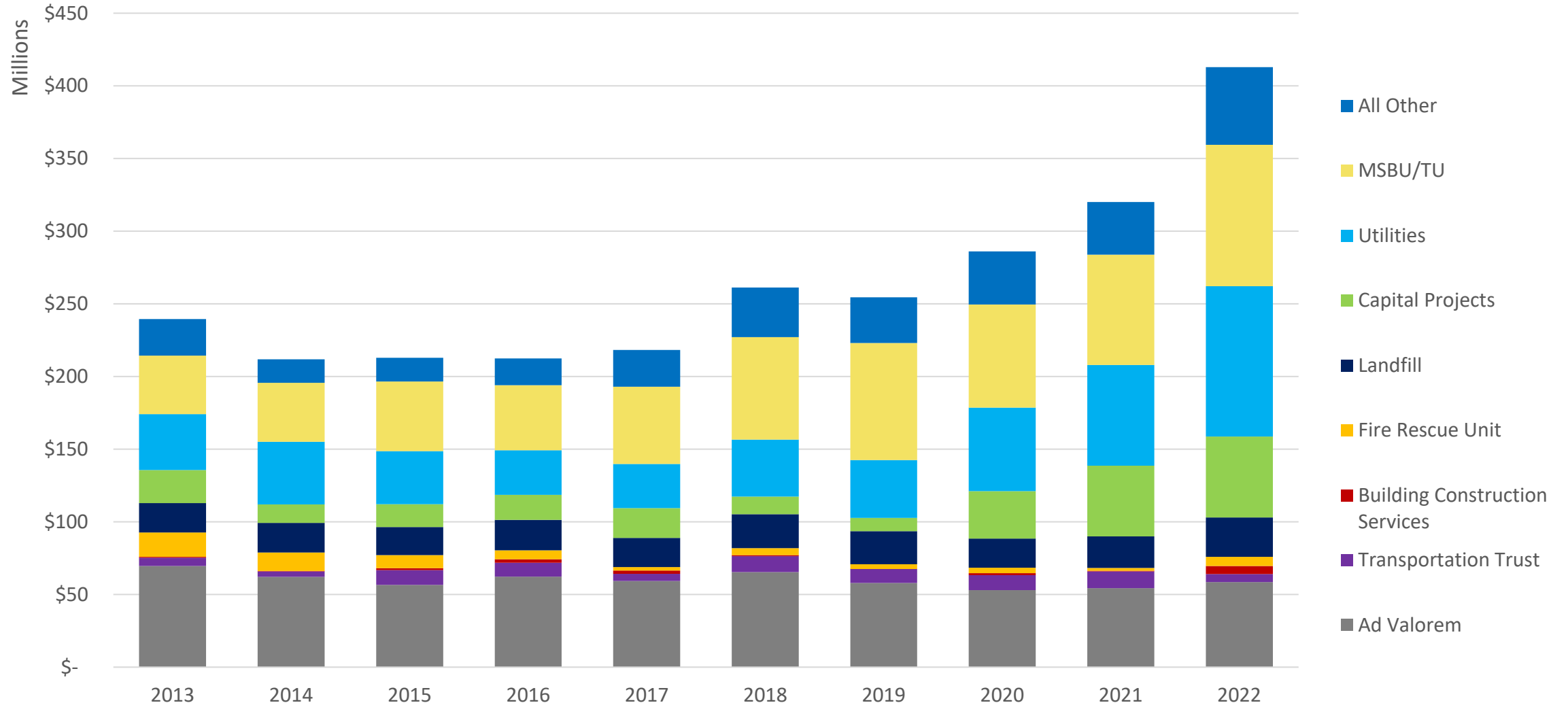
Total Reserves

10 Year History by Category



Total Reserves

10 Year History by Fund



Modification to the Reserve Policy

- Section 2: Ad Valorem Reserves
IV. Future Capital Outlay Reserve
- Section 3: Other General Government Operating Funds
V. Risk Management

Ad Valorem Reserves

IV. Future Capital Outlay Reserve - Addition

A reserve amount for the purpose of funding capital project expenditures that are part of the approved Capital Improvement Program and are held within the Capital Projects Fund. These dollars are restricted for approved capital projects using ad valorem revenues. Reserves in this area may be used as contingency on approved capital projects or future planned expenses on projects that are part of the Capital Needs Assessment.

Other General Government Operating Funds

V. Risk Management - Original

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

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

Other General Government Operating Funds

V. Risk Management - Updated

Risk Management Self Insurance Funds include Health Benefits, Casualty, and Workers' Compensation Programs, and all maintain reserves for Outstanding Liabilities.

The Health Fund will endeavor to maintain approximately 90 days of claim payments based upon previous full year spending averages.

Minimum reserving for the Casualty Program, and the Workers' Compensation Program, shall not be less than the Annual Actuarial Report at the 70% undiscounted confidence level for Outstanding Liabilities. Additionally, this reserving will also include funding at 1% of Total Insured Value of Property Assets for retentions associated with catastrophic claims such as a named storm, flood, or fire, which cannot be projected within an actuarial study due to infrequent timing, frequency, and severity of these events.

Debt Policy Review

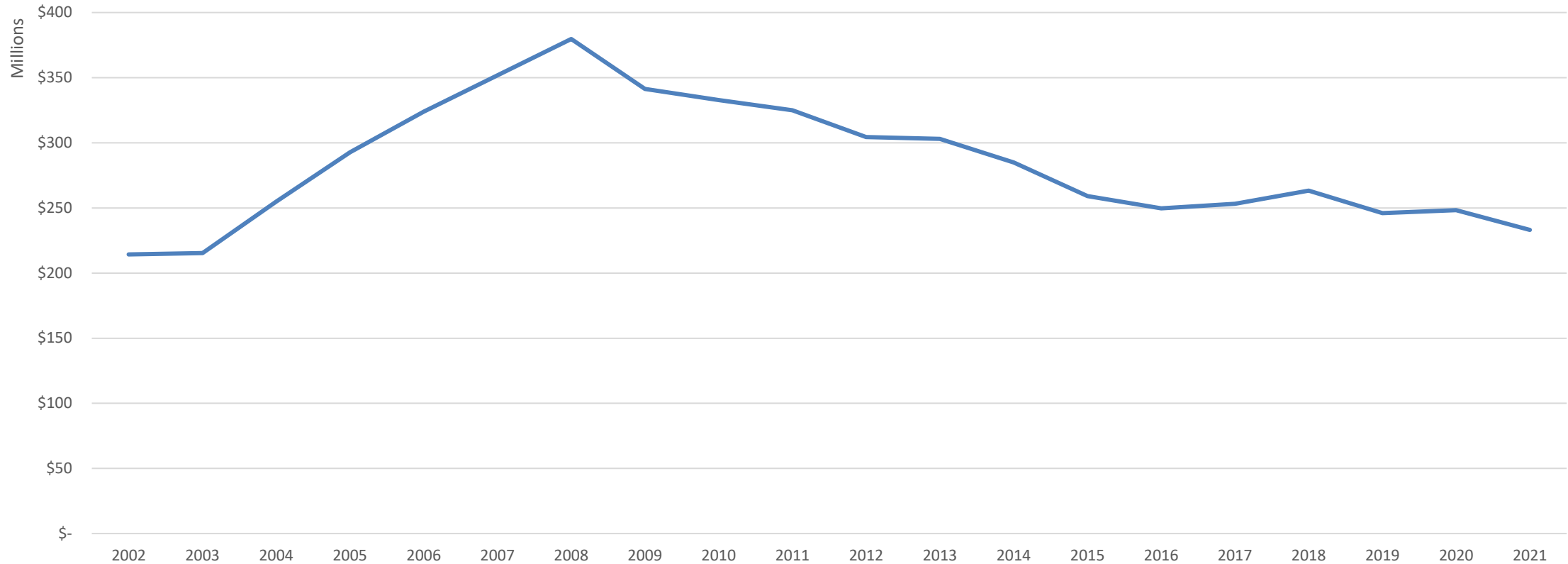


CHARLOTTE COUNTY
FLORIDA

Debt Policy

The objective of Charlotte County's Debt Policy is to maintain the County's ability to incur present and future debt at the most advantageous circumstances to the County and its citizens, for purposes of financing or refinancing approved elements of its capital improvements program and other County projects.

Charlotte County 20 Year Debt Position



Charlotte County Debt Breakdown

