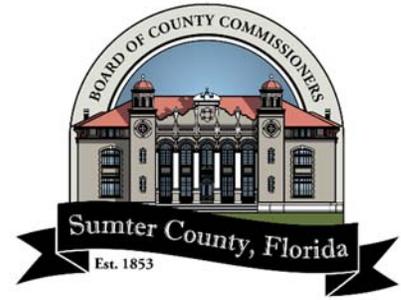


Board of County Commissioners Sumter County, Florida

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September 12, 2019

Chairman Don Burgess
Vice Chairman Steve Printz
Second Vice Chairman Doug Gilpin
Commissioner Garry Breeden
Commissioner Al Butler

Reference: Fiscal Year 2019/2020 Final Budget

Honorable Chairman, Vice Chairman, Second Vice Chairman, and Commissioners:

The enclosed documents contain the Fiscal Year 2019/2020 (FY 19/20) Final Budget for your review and approval.

The Final Budget mirrors the details of the Tentative Budget.

This letter provides additional clarifications based on input from the public following the Tentative Millage, and Tentative Budget Public Hearing held on September 10, 2019. In short, the proposed property tax increase for the FY 19/20 budget ensures the level of service provided to the customers remain resilient over the next five years as Sumter County strives to stay in front of the rapid growth rather than behind it.

This Final Budget complies with the provisions of Chapters 129 and 200 of the Florida Statutes that govern the budget process. All revenue estimates are derived either from the State of Florida or internally generated with the exception of the ad valorem tax revenue that is derived from the final millage rate applied to the Property Appraiser's certified assessed taxable property values.

This Final Budget meets the required funding level for consolidated services within the growth of the metropolitan areas of Sumter County, including the areas of municipal and district governments while providing exceptional delivery of customer service. Sumter County maintains high standards in its service delivery.

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These standards of service delivery continue to receive recognition from professional organizations such as:

Years Valid or Recognized	Recognition	Recognizing Organization
2010-2017	Certificate of Achievement for Excellence in Financial Reporting	Government Finance Officers Association (GFOA)
2013-2019	Distinguished Budget Presentation Award	GFOA
2015-2020	Accredited Public Works Department	American Public Works Association (APWA)
2017-2022	Accredited Fire & EMS Department	Commission on Fire Accreditation International
2017-2022	Accredited Emergency Management	The Council of State Governments
2019-2022	Accredited Ambulance Service	Commission on Accreditation of Ambulance Services (CAAS)
2017-2020	Accredited Economic Development Organization	International Economic Development Council (IEDC)
2017-2022	Accredited Building Department	International Accreditation Service
2018	Project of the Year 2018	Florida Chapter APWA

The Final Budget complies with the goals of the Sumter County Financial Policies in three specific areas:

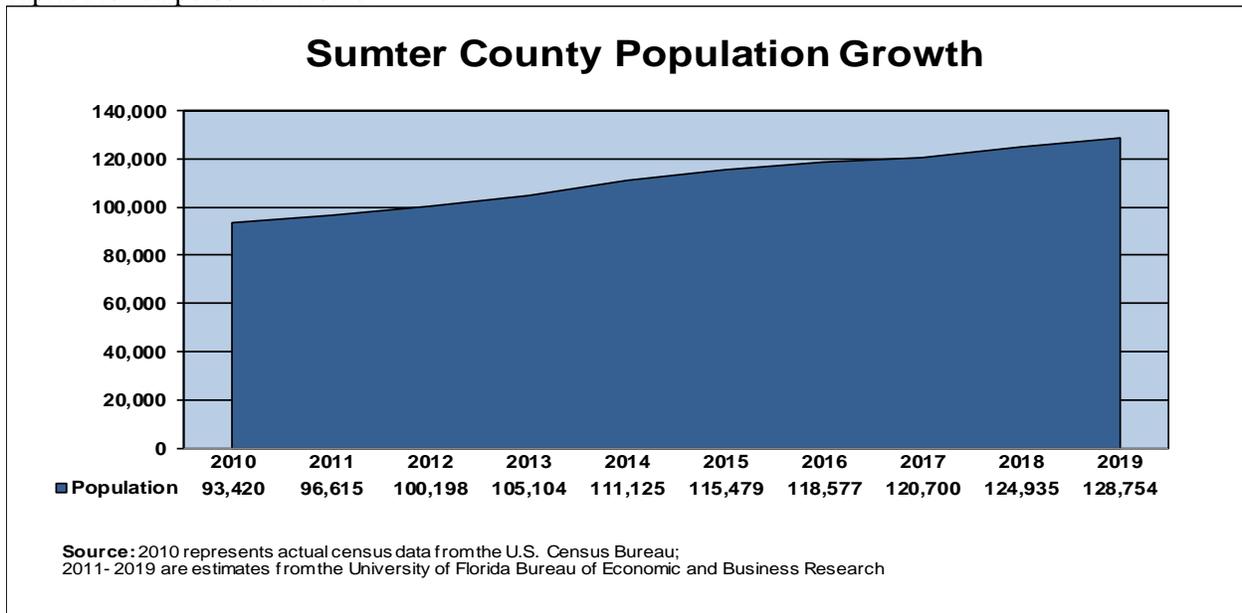
- Maintaining the financial viability of the County to provide adequate levels of services to the customers;
- Maintaining the financial flexibility to adapt to statutory, state, regional, local, economic and demographic changes; and
- Sustaining and enhancing the public infrastructure to provide for the health, safety, and welfare of the County's citizens.

Moody's Investor Service's Issuer Comment 7 December 2018 shows Sumter County with a General Obligation rating of Aa2 with a very good credit position, good financial position, and low debt burden but pointed to the contraction of fund balance as a concern. The contraction of the fund balance relates to meeting the demands of a booming economy and rapid growth of Sumter County that increased reoccurring expenditures that now require additional reoccurring revenue. The final millage rate will increase the primary revenue source of the General Fund to sustain the goals of the Sumter County Financial Policies and Sumter County's rating position.

Four target indices compare their percentage of growth from one year to the next to that of the General Fund expenditures percentage growth.

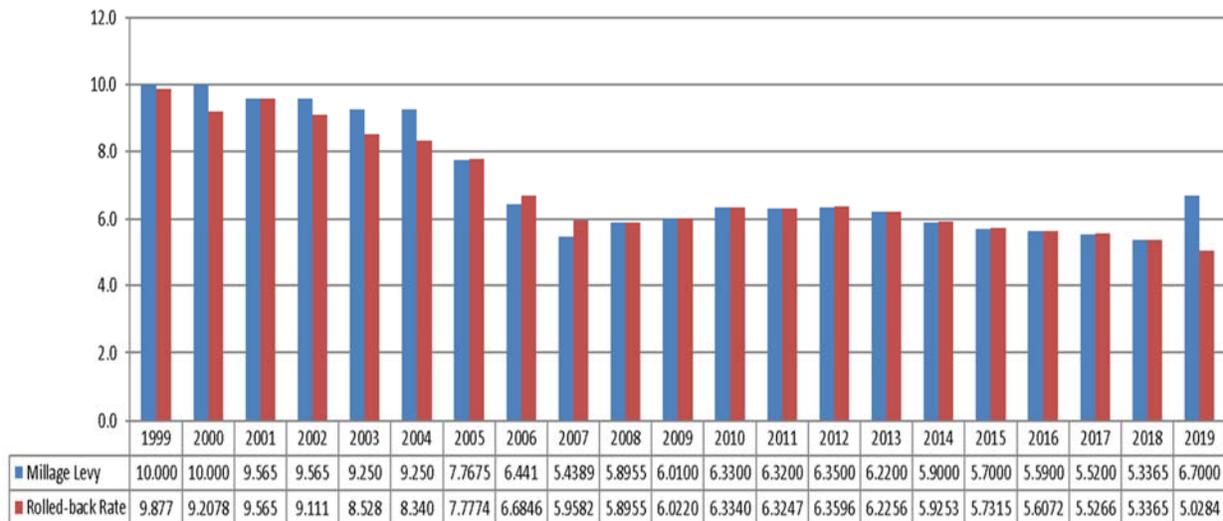
- Sumter County Population Change 2018/2019 (3.05 % : 13.45 %) (Population Source – April 2019 estimate from the U.S. Census Bureau)
- Consumer Price Index (CPI):
 - CPI-W – May 2019 (1.70 % : 13.45 %)
 - CPI-U – May 2019 (1.80 % : 13.45%)
 (Source – U.S. Bureau of Labor Statistics)
- Change in Per capita Florida personal income 2019 (3.39 % : 13.45 %) (Source – March 2019 Florida Office of Economic and Demographic Research)

The expenditure growth in the General Fund exceeds the population growth, CPI-W, CPI-U, and the per capita Florida personal income.



The Sumter County Board of County Commissioners (BOCC) meets the legal standard of no tax increase when setting the millage rate at or below the rolled-back rate. The final millage rate of 6.7000 is 1.6716 mills greater than the rolled-back rate of 5.0284 (33.09% increase) or a 25.6% increase when compared with the prior year millage rate of 5.3365 and constitutes a tax increase. For the last 14 years, Sumter County had the fourth (4th) lowest total tax rate of any county in the State of Florida with Collier, Walton, and Monroe Counties listed as the 3rd, 2nd, and lowest respectively. Collier, Walton, and Monroe Counties are all proposing a tax increase for their FY 20 budgets. For the five year projection, there is no plan for the millage rate to exceed 6.7 each year.

Sumter County Millage Rate History by Tax Year



Outlined below are the final budget increases and decreases by fund type:

	FY 18/19 Adopted Budget	FY 19/20 Final Budget	Percentage Change Increase/ (Decrease)	Dollar Change Increase / (Decrease)
General Fund	110,093,384	124,899,114	13.45%	14,805,730
Special Revenue Funds	37,884,035	80,401,683	112.31%	42,517,648
Debt Service Fund	12,018,943	13,161,110	9.50%	1,142,167
Capital Projects Funds	29,430,000	21,027,366	(28.55%)	(8,402,634)
Internal Services Fund	<u>11,857,576</u>	<u>12,742,067</u>	7.4%	<u>884,491</u>
Total of All Funds	201,283,938	252,231,340	25.3%	50,947,402

The total fund amounts in the above table include transfers from one fund to another and over inflates the change from the FY 18/19 Adopted Budget to the FY 19/20 Final Budget as most noticed in the Special Revenue Funds.

Special Revenue Funds include the Law Enforcement Trust Fund, Tourist Development Fund, Anti-Drug Abuse Fund, Emergency Telephone System Fund, State Housing Initiatives Partnering Program (SHIP) Funds, Transit Fund, Police Education Fund, Crime Prevention Fund, Boating Improvement Fund, Building Services Fund, Alcohol/Drug Abuse Fund, Court Improvement Fund, Court Local Requirements Fund, Court Technology Fund, Florida Arts License Plate Program Fund, State Mosquito Control Fund, Sumter County Road Construction District Impact Fee Fund, County Transportation Trust Fund, and Secondary Transportation Trust Fund. As implied by each of the names of each of the Special Revenue Funds, there are restrictions on the use of the revenues collected based on Florida Statutes. For example, tourist development tax dollars in the Tourist Development Fund cannot be spent to build the proposed animal services building in this Final Budget. Another example is the Sumter County Road Construction District Impact Fee Fund is limited to road capacity improvements only (new roads, widening of roads, and intersection improvements). The significant changes in the special revenue funds are found in the County Transportation Trust Fund that transfers all its revenues to the Secondary Transportation Trust. The Secondary Trust Fund shows a significant increase in revenues with the corresponding significant road maintenance and construction work balanced over the five-year planning horizon.

The Capital Projects Funds include only the Capital Outlay Reserve (Fund 305) and the 2018 Loan Construction (Fund 308). Fund 305 is used for building projects typically receiving unrestricted revenues from the General Fund as a transfer in and certain grants. Fund 308 is used for building projects based on proceeds from a bond or loan financing.

The Internal Service Fund is the Group Self-Insurance (Fund 501).

More detail about the planned revenues and expenditures will follow, starting with the General Fund since it is the largest of all of the funds in both revenues and expenditures.

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GENERAL FUND

Projected Revenues

Change Scenarios Considered

Deliberation of the following six change scenarios was part of the budget preparation process for the projection of revenues:

1. Changes in the level of local economic activity
 - a. A significant jump in local economic activity is the largest factor for both the revenue projections and planned expenditures. The Villages[®] development twelve-month rate of home construction from July 1, 2018, to June 30, 2019, was 2,100 homes, and the spillover growth outside The Villages[®] development added 341 homes. Sumter County also had 159 new commercial buildings launched to add over 2.5 million square feet of business space. One of the largest commercial buildings under construction in The Villages[®] development is a hotel/spa facility complex with a permit value over \$200 million that will contribute to the area tourism by adding a medical tourism component in the adopted Sumter County Tourism Strategic Plan.
 - b. Coupled with the age-restricted home construction and noted commercial construction is a surge in workforce housing demand and for our local construction industry. The pace of construction in all employment sectors drives the growth in tax and non-tax revenues but simultaneously urges a faster pace of capital expenditures by Sumter County, dominated by the need for more regionally significant roads, improvements to existing regional roads, and reoccurring operational expenditures. The Villages[®] Companies committed their fourth (4th) downtown in Sumter County as part of a Regional Road Agreement with Sumter County. When the new downtown begins within the next ten (10) years, another boost to capital investment, sales tax revenues, and tourism development tax revenue will grow.
 - c. The Villages[®] Companies expanded into industrial recruitment with the acquisition and development of the new Governor Rick Scott Industrial Park. They also ventured into more agribusiness with the development of The Villages[®] Grown that will launch shortly to bring fresh produce directly to the grocers and their customers within The Villages[®] development.
 - d. Sumter County's manufacturing is also experiencing continued growth including some new arrivals to Sumter County, particularly with existing industry expansions. Some of these capital investment decisions had a basis from incentives provided by Sumter County in competition with other states. Primus Pipe & Tube initiated construction of its \$30M investment as well as Great Southern Wood – Bushnell, Inc.'s \$8M warehouse and treatment facilities. Both companies are working on the next phase of their future expansions, including a potential \$500M investment by Primus Pipe & Tube. Highway Systems executed an incentive agreement to diversify their manufacturing operation and commence construction no later than 2020. One of our new firms, Mapei, started their warehouse operations and commenced the building expansion approvals for their \$5.1M manufacturing wing. One additional new manufacturer is performing its due diligence phase for acquiring property to locate their manufacturing and distribution operations based on the support and incentives provided by Sumter County.
 - e. The growing interest in Sumter County as a location for agribusiness research accelerated after the recruitment of Agromillora Florida, Inc. Agromillora is currently considering its next expansion in Sumter County. Briteleaf Nursery expanded its

operation to include a research and development (R&D) facility at their existing nursery operation in Lake Panasoffkee with the support of Sumter County incentives targeting R&D. With the recent and proposed changes for hemp and marijuana production, Sumter County Economic Development is fielding more site visits and inquiries for investment in Sumter County due to the pro-agriculture policies of the Board of County Commissioners but also the central location for distribution via the multiple regional and interstate transportation access point.

2. Federal economic and workforce changes

Federal economic and workforce changes are currently favorable for economic development in Sumter County. The federal tax reductions stimulated our local manufacturing to expand their operations to respond to the rise in national economic activity. National economists are conflicted in the timing and depth of the next recession; however, as seen during the recent recession, the partnership with The Villages® Companies prevented the decline in property values in Sumter County more so than any other county in the State of Florida as well as provided continued, albeit slower, home and commercial construction for the duration of the recession. The continued construction aided in maintaining a viable workforce in Sumter County as the upswing from the recession materialized.

3. Changes in state tax and expenditure policies

The State of Florida ruled that school boards providing emergency sheltering will not separately seek federal reimbursement from the Federal Emergency Management Agency (FEMA); instead, each county will be responsible for the reimbursement of the school board directly based on the FEMA criteria. This ruling increases the cash outlay of Sumter County when activating emergency shelters owned by the Sumter County School Board and decreases cash flow due to the length of time for FEMA reimbursement for eligible expenditures. Due to the delay in FEMA and the State Department of Emergency Management reimbursement of local governments, multiple back-to-back emergencies could have significant cash flow implications for Sumter County. Following Hurricane Irma's impact to Sumter County in September 2017, it was not until June of 2019 that FEMA cleared the final and largest amount (over \$2 million) for final review by the Florida Department of Emergency Management for release to Sumter County; therefore, reimbursement is still pending.

4. Federal and state mandates requiring local expenditures

Although the state mandates from the Marjory Stoneman Douglas High School Public Safety Act targeted local schools as the responsible party for increased staffing of security personnel at each school, the schools and Sumter County supported the use of the Sheriff's School Resource Officers for this service. The School Board and The Villages® Charter Schools each contracted with Sumter County and the Sheriff to best utilize the limited state funding. After the first year of implementation of the new law in 2018, additional requirements emerged from the updated law in 2019 with no appreciable funding from the State of Florida to the schools. Sumter County entered into a new contract, effective July 1, 2019, for one year, with each school entity having a finite and discretionary amount of staff hours of school resource officers to deploy for their school security requirements. Each school entity will reimburse Sumter County at a rate of \$25 per hour; therefore, Sumter County's assistance is greater than the budgeted \$500,000 reimbursement from the schools. This level of financial support is a clear indicator of the Board of County Commissioners care for the children and educators of Sumter County.

5. Changes in financial markets

When the Federal Reserve Board indicated continued increases in the federal funds rate, future borrowing by Sumter County will have increased costs; therefore, during FY 17/18 Sumter County secured a 20-year note at 2.96% for the \$30.1 million for three major capital

projects directly associated with the demands from the growth in Sumter County (a fire station, a parking structure at the courthouse complex, and an additional jail housing unit). With the market rates for financing still favorable and the demand for repair and expansion of roads, this Final Budget includes borrowing of \$40 million in a 10-year note or bond. The rate of interest for the term is planned at no greater than 3.5% for projects. The financing supports the timing of the road projects committed in The Villages® Companies Regional Road Agreement that are the direct responsibility of Sumter County (Buena Vista Boulevard south of SR 44 to Meggison Road and CR 525E from CR 525 to US 301 to serve the industrial park area) as well as regional road repairs, resurfacing, and capacity improvements such as the balance of the rehabilitation of Morse Boulevard from C-466 to SR 44, Buena Vista Boulevard from C-466 to SR 44, C-466A two eastbound lanes from Canal Street to Morse Boulevard, Powell Road from CR 44A to SR 44, C-475N from the Marion County line to C-466, C-478 from US 301 to Center Hill and a new signal at C-466 and Preston. Using beneficial market timing can advance these road projects to support continued economic development, traffic management and safety, and support of property values.

6. Major demographic changes

As the county with the highest average age as well as the highest median aged population in our nation, this population continues to grow due to the success of The Villages® development. A large number of older adults in Sumter County drives the growth of the number and quality of medical services in Sumter County, such as free-standing emergency rooms, future hospitals, and specialty medical care. The need to diversify the economy remains a priority due to the demographic growth as noted with the focused incentives to increase the manufacturing and agribusiness R&D presence in Sumter County.

These change scenarios coupled with three primary assumptions noted below, influence revenue estimations, including those that are tax and non-tax generated. Using moderate economic and demographic assumptions to develop fiscal projections implies that all reasonable effort of considering mitigating factors occurred. It is likely that unanticipated events can affect the long-term projections of revenues or expenditures in the future.

The major assumptions for the next fiscal year are demographic, policy, and economic activity.

Demographic Assumptions

The continued growth of The Villages® age-restricted and non-age-restricted residential developments assumes a contribution rate of an average net gain of 3,000 people per year. Based on the residential home construction rates, this assumption continues to have validation.

Policy Assumptions

The FY 19/20 revenue resource estimates align with the Financial Policies of the Sumter County Board of County Commissioners. With the demand for capital road funding, the Public Works operational funding shifts fully in this Final Budget from the County Transportation Trust Fund (CTT) to the General Fund. The assumption is the Financial Policies will be in effect through the five-year budget period unless otherwise modified by subsequent legal actions, budgetary changes, or actual economic conditions.

Economic Assumptions

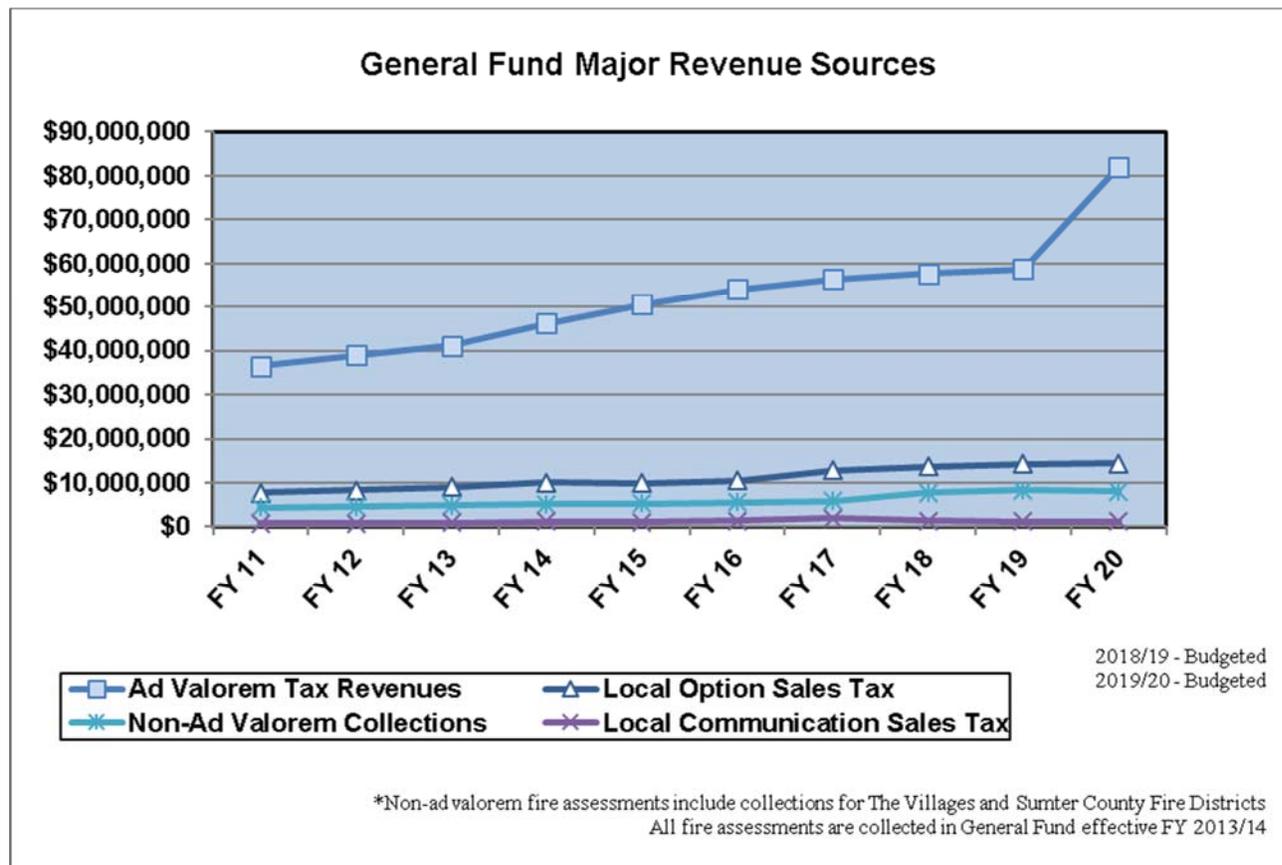
Revenue projections depend on the current and projected indicators of national, regional, and local economic conditions. Such signs include short-term interest rates, stock market fluctuations, employment rates, residential and industrial construction, housing and retail sales, and inflation. Revised assumptions for each of these indicators influence revenue projections over the five-year budget period.

Revenue Sources

The General Fund has eighty-nine (89) sources of revenue. The largest single revenue source is property tax (ad valorem).

The other sources of revenue include local option sales tax, non-ad valorem assessments, intergovernmental transfers, charges for services, and other sources.

The total projected General Fund Revenue for FY 19/20 is \$124,899,114. The revenue projection is an increase of \$14,805,730 compared with the FY 18/19 adopted budget. The Final Budget balances the expenditures and reoccurring revenues and provides 1% of the General Fund operating expenditures as a Reserve for Cash Balance Forward to provide for recovery and more modest carrying amount for the next FY Budgeted Cash Balance Forward. Cash balance forward is not a recurring revenue source. The cash balance forward revenue projection is \$9,597,771 less than the adopted FY 18/19 budget. The Ad Valorem revenue is \$82,113,728 or (65.74%) of all General Fund sources of revenue.



Projected General Fund Expenditures

The major reoccurring operational service increases include the significant subsidy funding for Sheriff's school resource officers to support the School Board and The Villages® Charter School compliance with the Marjory Stoneman Douglas High School Public Safety Act and its latest amendments, the increase in presence of The Villages® Public Safety Department as The Villages® development grows, and consolidated services that started during FY 18/19 such as fleet maintenance services for all Sumter County operations, excluding the Sheriff's Office, and the Community Development Districts (CDDs), 911 call taking/dispatch (all municipalities), regional road street lighting (all CDDs and municipalities), Geographic Information Systems (GIS) (all CDDs and municipalities less Wildwood), Signalization (all CDDs and municipalities less Bushnell).

The expenditure budget process is a modified zero-based process that requires a review of the detailed justifications and priorities for all requested expenditures. The Final Budget contains a five-year operational budget (Proforma) with a comparison of the Final Budget to the prior year adopted and amended budget and a five-year capital improvement plan. This projected expenditure budget section summarizes only the significant changes under the headings of Personnel, Operations, and Capital. The General Fund is the primary focus in this letter; however, other funds are highlighted for any significant changes in the Final Budget.

Personnel

The single largest operational expenditure in a local government's budget is the cost of salaries and benefits. The Final Budget includes funding for positions as noted below:

BOCC proposes a net decrease of two positions for a total of 213 positions (210 full-time and three (3) part-time).

The Supervisor of Elections proposes a net increase of one (1) position for a total of 13 positions.

The Sheriff's Office proposes a net increase of eight (8) positions for a total of 358 positions.

The Tax Collector proposes a net decrease of two (2) positions for a total of 34 positions.

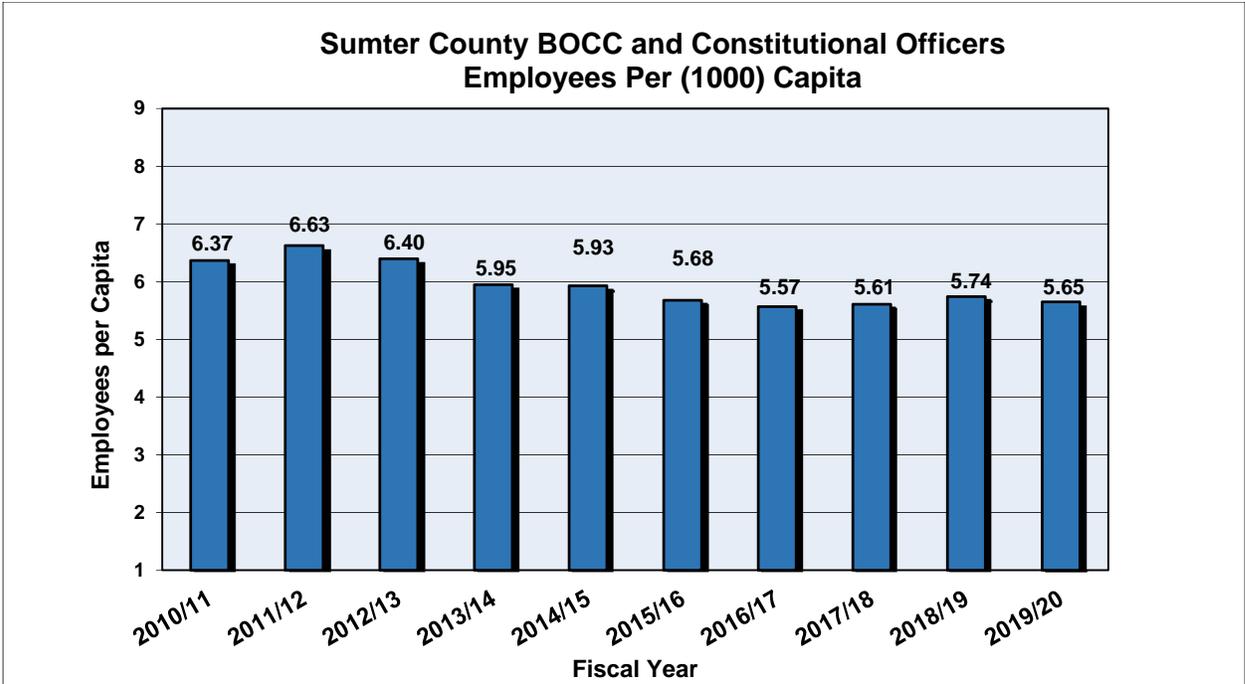
The Clerk of Circuit Court proposes a net increase of two (2) positions for a total of 61 positions.

The Property Appraiser proposes a net increase of two (2) positions for a total of 23 positions.

The attached document "FY 19/20 Sumter County Organization" illustrates the deployment location of personnel in providing services to our customers.

The combined total of BOCC and Constitutional Officers positions on a per capita basis (1,000 persons of the population) per year comparison is below the 2007/08 benchmark of 6.47 employees.

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Included in this budget is funding for a salary increase provided by the BOCC direction at January 2019 workshop of 2.8% for the Sumter County BOCC and Constitutional Officer budgets.

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Provided below is a summary of all the changes to positions that include the elimination, the addition, and any other changes to the positions from the adopted FY 18/19 budget and reflected in the Final Budget FY 19/20 organizational chart:

	POSITION	DIVISION	DESCRIPTION
	ADDITIONS		
1	Fleet Manager	Assistant County Administrator	Approved during FY 18/19 – to support the transit and increased fleet responsibilities
2	Assistant Public Works Director - Facilities and Parks	Facilities and Parks	Approved during FY 18/19 – to support the vertical construction projects and increased contract management responsibilities
3	Quality and Compliance Assurance Manager	Compliance and Quality Assurance	Approved during FY 18/19 - to provide increased oversight of quality and compliance of patient outcomes and the citizen information center responsibilities
4	Quality Assurance Technician	Compliance and Quality Assurance	Approved during FY 18/19 - to support the quality and compliance responsibilities
5	Budget Analyst	Office of Management and Budget	Approved during FY 18/19 – to support the increased financial and budget compliance requirements
	DELETIONS		
1	(2) GIS Technicians	Public Safety	Approved during FY 18/19 – contracted out fully the functions of GIS to fill the demand and flexibility requirements
2	Chief Building Inspector	Building Services	Proposed to contract out this service to support the Building Official demand needs and flexibility requirements
3	Animal Control Technician	Animal Services and Mosquito Control	Proposed to increase the existing contracted services to fill the demand and flexibility requirements
4	(2) Administrative Professionals	Administrative Services	Approved during FY 18/19 – the increased use of contracted services to fill the demand and flexibility requirements

RECLASSIFICATIONS AND REASSIGNMENTS			
1	Reclassification of four (4) Administrative Professional positions to four (4) Records and Information Specialist positions	Administrative Services	Approved during FY 18/19 – to support the increased demand and statutory compliance of open records, website compliance, agenda preparation, and other high functioning responsibilities
2	Reclassification of an Animal Control Technician to an Animal Control Technician Supervisor	Animal Services and Mosquito Control	Approved during FY 18/19 – to provide increased oversight of the contracted support as well as increase coordination for adoptions and rescues
3	Reclassification of an Animal Control Officer to an Animal Control Supervisor	Animal Services and Mosquito Control	Approved during FY 18/19 – to increase the availability of an ACO supervisor for training ACOs as well as support for personnel in the field
4	Move Animal Services and Mosquito Control Division to the Assistant County Administrator Department	Assistant County Administrator	Approved during FY 18/19 – to provide greater oversight for transitions and performance as well as support to the teams
5	Create the Compliance and Quality Assurance Division and add it to the Assistant County Administrator Department	Assistant County Administrator	Approved during FY 18/19 - to support more quality and compliance oversight of patient outcomes and the citizen information center
6	Move Emergency Management Division to the Assistant County Administrator Department	Assistant County Administrator	Approved during FY 18/19 – to centralize oversight of the BOCC public safety services
7	Move Fleet Services Division to the Assistant County Administrator Department	Assistant County Administrator	Approved during FY 18/19 – to provide direct oversight of the interface and operations of the increased fleet maintenance since a significant portion are public safety vehicles. To also correct the course of the transit operations for better performance outcomes
8	Move Fire and Emergency Medical Services Department to the Assistant County Administrator Department	Assistant County Administrator	Approved during FY 18/19 - to centralize oversight of the BOCC public safety services
9	Eliminate the Public Safety Support Division	Assistant County Administrator	Approved during FY 18/19 – the division’s dispersal to Emergency Management and Compliance and Quality Assurance rendered it obsolete

10	Reclassification of an Administrative Professional to a Quality Assurance Technician	Compliance and Quality Assurance	Approved during FY 18/19 – to coincide with the shift of the Citizen Information Center responsibilities to the Compliance and Quality Assurance Division from the Administrative Division
11	Reclassification of a Quality Assurance Analyst to a Quality Assurance Technician	Compliance and Quality Assurance	Approved during FY 18/19 – to update the additional technical responsibilities of the position
12	Reclassification of an Administrative Professional to a Development Technician	Development Services	Approved during FY 18/19 – to increase the support of building services due to the increased workload from the significant building permitting activities
13	Reclassification of the Assistant Economic Development Director to an Economic Development Specialist - PT	Economic Development	Approved during FY 18/19 – to retain the talents of the former Economic Development Director
14	Reclassification of a Technology Project Specialist to an Emergency Management Technician	Emergency Management	Approved during FY 18/19 – to increase the support to Emergency Management with its additional public safety radio responsibilities
15	Reclassification of the Fire Chief from a pay range 38 to a pay range 34	Fire and EMS	Approved during FY 18/19 - to provide for the appropriate compensation for this position and reflect the standard hours of this position
16	Reclassification of the Assistant County Budget Officer from a pay range 33 to a pay range 36	Office of Management and Budget	Approved during FY 18/19 – to place in the correct range for the duties being performed and aid in the recruitment for the position
17	Reclassification of an Equipment Operator to a Traffic Engineering Technician	Operations	Approved during FY 18/19 - to support the growth in signage, lighting, and signalization support
18	Create the Facilities and Parks Division in the Public Works Department	Public Works	Approved during FY 18/19 – to support the growth of facilities and park maintenance, modifications, and new vertical construction projects

	POSITION	OFFICER	DESCRIPTION
	ADDITIONS		
1	(2) Financial Clerk II	Clerk of the Circuit Court	Proposed to support the additional financial reporting and auditing demands
2	(4) Civilian Road Patrol	Sheriff	Proposed to increase law enforcement activities on patrol and decrease the time for accident reporting for customers
3	(4) Dispatch Call Taker	Sheriff	Proposed due to the increased demand from the consolidation of services with Wildwood
4	Deputy Clerk	Supervisor of Elections	Proposed due to the growth of registered voters
5	Valuation Director	Property Appraiser	Proposed to direct the commercial appraisals, field appraisers, and tangible personal property functions
6	Data Entry Specialist	Property Appraiser	Proposed to support the growth of property data entry
	DELETIONS		
1	(2) Customer Service Specialist	Tax Collector	Increased efficiencies and use of contract employees to meet the performance criteria

BOCC

In addition to the summary of position changes that occurred in FY 18/19 and proposed in FY 19/20, the initial research was favorable for the recommendation and subsequent approval in August 2019 to outsourcing the Mosquito Control operations. The formal budget documentation of this change will be updated as an amendment to the adopted FY 19/20 budget so the currently open and filled positions will remain through the reduction in force period ending on February 2020.

The maximum salaries of all of the elected officials including the Commissioners are set by the State of Florida each September per Florida Statutes §145.001; therefore the salaries were budgeted estimates. Likewise, the participation of Sumter County in the State of Florida Retirement System (FRS) is mandatory per Florida Statutes Chapter 121; therefore, the budgeted contribution rates follow the directive received from the State of Florida in July of each year. Sumter County has an additional mandate to participate in the State of Florida Retiree Health Insurance Subsidy (HIS) Program that is also a cost-sharing, multiple-employer defined benefit pension plan per Section 112.363, Florida Statutes.

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Operations

Public Works

Effective June 1, 2019, Public Works ceased supplemental payments to the Districts for landscaping for consistency throughout the jurisdictions in Sumter County. With this reduction in payments, Districts 1-3 shed their street lighting costs to Sumter County and the municipalities and Districts 5-10 gained the same benefit for the named and regional roads within those areas. The difference in this transition for the District governments was \$300,000 annually to their benefit, and an estimated \$200,000 will benefit the municipal governments for the cost shifts to the County.

Public Works started its migration that will be fully in place, as noted in this Final Budget for full funding in the General Fund rather than the County Transportation Trust (CTT) Fund 103.

The full complement of engineering staff members are in place and include five (5) people to manage the closeout of the existing construction projects and manage the significant increase in the size and number of road projects.

The stormwater work activity will continue to provide regular inspection and repair of stormwater piping in The Villages® development as well as canal cleaning in the southern areas of Sumter County and long-term planning in partnership with the Southwest Florida Water Management District (SWFWMD). The SE 25th Jumper Creek Crossing project is budgeted but dependent on funding and permitting support from SWFWMD before proceeding. The demand for this project was evident in the aftermath of Hurricane Irma as the pipes were inadequate to handle the flow in the creek and weakened the structure for residents to access their homes.

The FY 18/19 budget contemplated the surplus and sale of the Croom-A-Coochee Recreation Park due to inactivity and vandalism; however, two grants remain associated with this park until June 30, 2025. Reconsideration can occur after this date without financial penalty from the grantor.

Assistant County Administrator

Fleet & Transit

FY 17/18 provided the first phase of implementation of the leased vehicle program from one-ton and less with the support of the Property Appraiser, Tax Collector, Supervisor of Elections, UF/IFAS, and Health Department. This program continued into FY 18/19 with the leasing of only four vehicles as a review of the actual usage of vehicles led to a reduction in the size of our overall fleet that was one of the targeted benefits of the program. The transition will show in the future reduced long-term maintenance costs, increase in the positive appearance, safety, and fuel efficiency of the new leased vehicles. This program allows the change out of vehicles on a five-year term to maximize the utility of the vehicles within its warranties and ensure each vehicle achieves at least 10,000 miles of annual usage. The fleet operation transition to the Assistant County Administrator supported the customer service need associated with the consolidation of fleet maintenance with the District governments as of June 1, 2019.

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Fire & EMS

The new West Wildwood Fire station #33 located near the intersection of CR 44A and SR 44 and East of I-75 will be constructed by the end of FY 20; therefore, additional staffing will be required in FY 21.

County Administrator

The Villages[®] Public Safety Department

The new fire station #47 opened in July 2019, and additional stations and staffing are planned to coincide with the rapid pace of growth of The Villages[®] development. The dates of the proposed openings and associated staffing are represented by an expenditure increase of \$1 million each year, starting after FY 20.

OMB

The new Assistant Budget Officer will start the review to select new budgeting software to replace the existing software that lacks effective reporting capabilities for the division managers to tie the funding of operations with their operational performance measures. It is the desire to select software that not only serves our internal needs but also provides outward access to the citizens for their review of the budget details and performance reporting of the organization.

Welfare

Sumter County's mandated liability increased from \$1,363,672 to \$1,423,712. These State of Florida mandated costs are associated with the required Medicaid participation, Indigent Burials, and the Health Care Responsibility Act.

Reserves

Reserve for Contingency

Sumter County Financial Policies set a minimum General Fund reserve for contingency (RFC) at five percent and a maximum of ten percent of the General Fund operating budget; therefore, transfers and other reserves are not included. The Final Budget has the RFC at \$5,840,653 or slightly greater than the five percent (5%) minimum of the General Fund operating portion of the fund. The basis for maintaining the Reserve for Contingencies is to provide funds for unforeseen circumstances such as major weather events.

Reserve for Cash Balance Forward (RCBF)

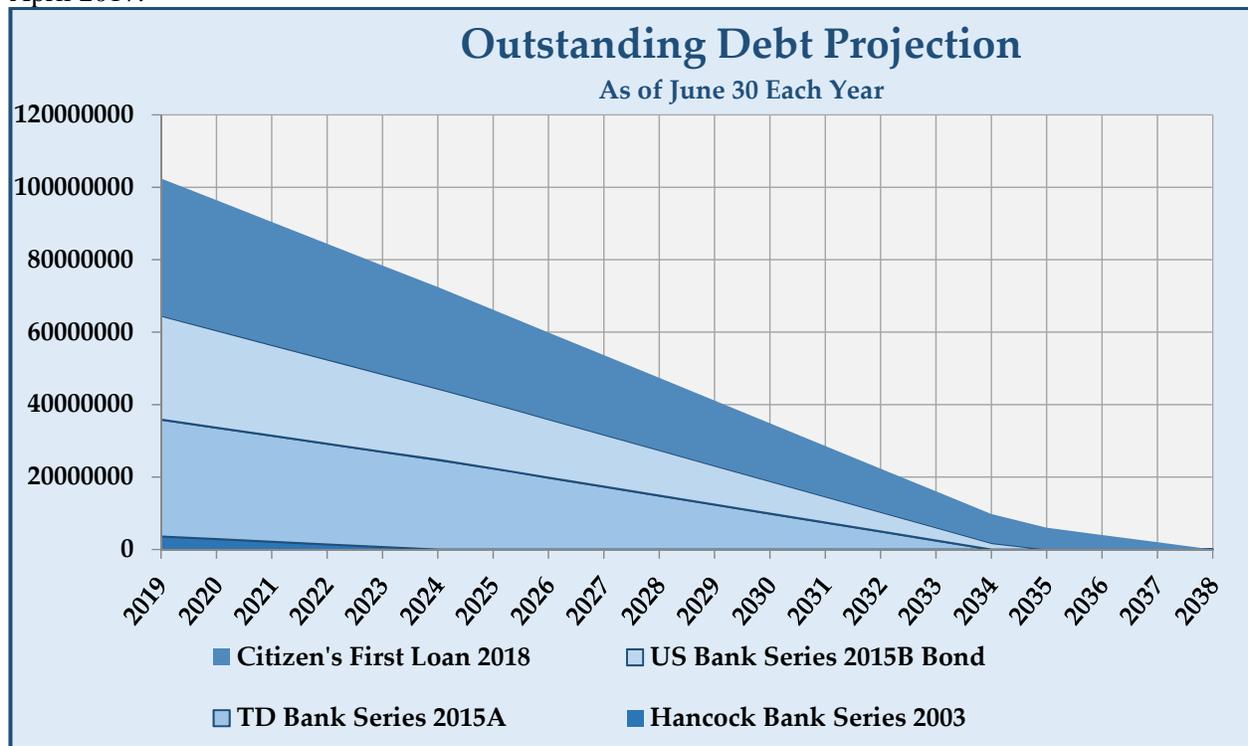
The Sumter County Financial Policies require a minimum of two (2) months cash flow (16.67% of the General Fund operating budget) derived from a Government Finance Officers Association recommendation of an unrestricted fund balance of no less than two months. The policies also provide a recovery period to regain that position should there be a need to budget less than the required minimum. Based on the amount of prepayment of property taxes in Sumter County and to reduce the millage rate for FY 20, the Final Budget has the RCBF at 1% of the General Fund Operating Expenditures. The RCBF provides the reserves for cash flow for the General Fund. The secondary benefit of the RCBF is to reduce the fluctuation and reliance on the budgeted cash balance forward revenue since it is a one-time revenue source.

Reserve for Other Post-Employment Benefits (OPEB)

Governmental Accounting Standards Board (GASB) Statement 45 requires an update of the Other Post-Employment Benefits (OPEB) net obligation valuation every two years. Post-employment healthcare benefits are the most common form of OPEB. Funding of OPEB is not required; however, the proposed reserve amount is \$500,000 and remain at this level to demonstrate acknowledgment of the liability.

DEBT SERVICE FUND

Pledged revenues from the half-cent sales tax, state revenue sharing, and pari-mutuel funds pay the principal and interest of the Hancock Bank 2003 Series Bond Refunding, TD Bank 2006 Series Bond Refunding, 2015B Series Bond and 2018 Citizens First Bank Loan. After satisfying the debt service payments, surplus funds transfer to the General Fund. The Banc of America debt for the Public Safety Radio System retired during FY 18/19. Fitch Ratings listed Sumter County with an AA+ rating for this Debt Service Fund as of April 2017.



Outstanding Debt Summary					
As of June 30 2019					
	Final Payment Date	Original Principal	Original Interest	Total Financed	Total Outstanding As of 6/30/19
Hancock Bank Series 2003	6/1/2024	\$ 7,340,000	\$ 824,801	\$ 8,164,801	\$ 3,594,950
TD Bank Series 2015A Loan	6/1/2034	\$ 28,602,982	\$ 9,701,622	\$ 38,304,604	\$ 32,260,142
US Bank Series 2015B Bond	6/1/2035	\$ 24,330,000	\$ 11,365,265	\$ 35,695,265	\$ 28,653,188
Citizen's First 20 Year Bank Loan	6/1/2038	\$ 30,066,000	\$ 9,770,274	\$ 39,836,274	\$ 37,921,961
Total Outstanding Debt		\$ 90,338,982	\$ 31,661,962	\$ 122,000,944	\$ 102,430,240

CAPITAL FUNDS

The Capital Outlay Reserve Fund and Bond Construction Fund include the completion of the courthouse complex parking structure, the continuation of the construction of the 256-bed jail housing addition, and the completion of the new Fire Station 33 including the road, stormwater, and utilities to serve the site and future industrial park, an expansion of the existing north fleet maintenance building, and an additional building for animal services.

Capital Outlay Reserve Fund (Fund 305)

The Capital Outlay Reserve Fund receives a transfer from the General Fund to support the vertical construction projects not funded by debt service. The animal services building will support the removal of the two temporary sheds used for storage of food and laundry equipment. It will also provide a smaller room for the now infrequent use of euthanasia so that the existing euthanasia building can transition to another cat segregation for disease and aid in increased rescue and adoption opportunities. The north fleet maintenance building needs an expansion to support the future opportunity of the Sheriff's fleet when the time for this consolidation appears as well as to house the displaced Public Works equipment used for servicing road, signs, and signals in the north area of Sumter County.

Fund	Projects	Location	Project Cost
Capital Outlay Reserve	Animal Services Building	Lake Panasoffkee	\$200,000
Capital Outlay Reserve	Expansion of the North Fleet Maintenance Building	Wildwood	\$700,000
		Total FY 19/20	\$900,000

2018 Loan Construction Fund (Fund 308)

Projects in the 2018 Loan Construction Fund reflect projects in the BOCC Capital Improvement Plan but funded through the issuance of the 2018 Loan. The FY 19/20 plan for these projects includes the completion of the first two projects and the jail housing project extending into FY 20/21 for completion early 2021.

Fund	Projects	Location	Project Cost
2018 Loan Construction	West Wildwood Fire Station #33	Wildwood	\$2,290,000
2018 Loan Construction	Courthouse Parking Structure and Lighting Upgrade	Bushnell	\$2,837,366
2018 Loan Construction	Jail Housing Unit and Supporting Infrastructure	Bushnell	\$8,000,000
		Total FY 19/20	\$13,127,366

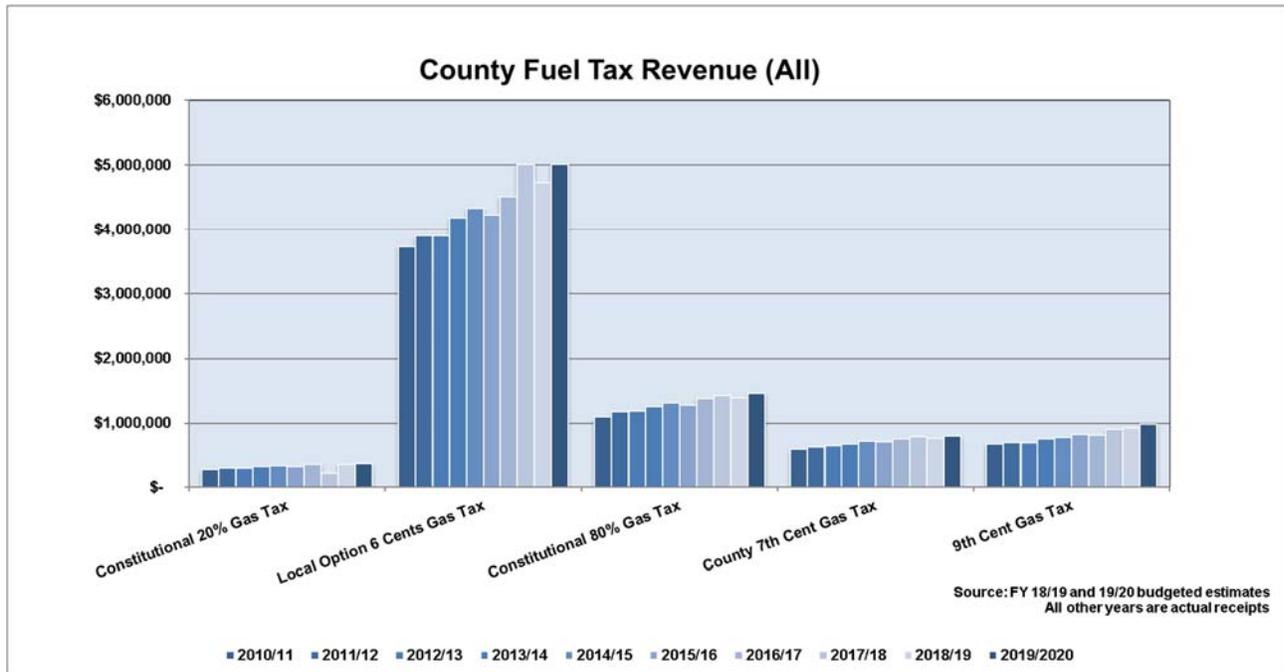
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SIGNIFICANT SPECIAL REVENUE FUNDS

The Final Budget provides a significant increase in road construction projects as found in three major special revenue funds: Fund 103, Fund 106, and Fund 153. To meet the demand for maintenance and support the continued demand for capacity to meet the growth of the community, this Final Budget recommends financing a \$40 million note from the revenues from Fund 103 and Fund 106 as well as two projects for funding by the Road Impact Fee Fund (completion of Warm Springs Avenue from CR 505 to US 301 and the improvement to CR 229 from SR 44 to CR 462). Several regionally significant road projects are included in the financing as part of The Villages® Regional Road Agreement such as the phases of Marsh Bend Trail, Meggison Road, Morse Boulevard south of Warm Springs Road, Corbin Trail, and improvements on Warm Springs Avenue east of Florida’s Turnpike, Marsh Bend Trail. The section of Marsh Bend Trail (fka C-501) south of the Corbin Trail roundabout to C-470 is planned for funding from Fund 106 and a Better Utilizing Investments to Leverage Development (BUILD) grant if awarded. The CR 551 area of roads is proposed for funding from Fund 106 and a Community Development Block Grant if awarded.

County Transportation Trust Fund (103)

The County Transportation Trust Fund (CTT) receives gas taxes as its primary revenue source. As noted in the graphic below, gas taxes do not have the same growth rate as Sumter County’s population or the demand for maintenance of the road system. The Final Budget dedicates all CTT funds as a transfer to the County Transportation Secondary Trust Fund (ST) for use for the capital road projects. The operational expenditures are part of the General Fund in the Final Budget and moving forward.



Secondary Trust Fund (106)

The revenue sources for Fund 106 include the County Transportation Trust (CTT) gas taxes, Secondary Trust (ST) gas taxes, Small County Outreach Program (SCOP) state grant funds, Small County Resurfacing Program (SCRAP) state grant funds, Local Agency Program (LAP) federal grant funds, BUILD federal grant funds, Community Development Block federal grant funds, other grant revenues, and transfers from

the General Fund as required. The project summaries and FY 19/20 portion of the project costs are summarized in the following table.

Fund	Project	Description	Project Cost
Secondary Trust	C-48 Withlacoochee River Bridge (SCOP)	Complete the balance of the rehabilitation project	\$10,000
Secondary Trust	CR 48 Jumper Creek Bridge (SCOP)	Complete the balance of the rehabilitation project	\$50,000
Secondary Trust	C-470 Lake Panasoffkee Outlet Bridge #184054 (SCOP)	Complete the balance of the rehabilitation project	\$50,000
Secondary Trust	C-476 Withlacoochee Bridge (SCOP)	Complete the balance of the rehabilitation project	\$70,000
Secondary Trust	C-478 from SR 471 to South Center Hill East – Less Curves covered under LAP (SCOP)	This project consists of the resurfacing of C-478 from SR 471 to the Southern limits of the City of Center Hill	\$4,284,100
Secondary Trust	C-478 From US 301 to SR 471 - Less Curves covered under LAP	This project consists of resurfacing and addition of shoulders for C-478 from US 301 to SR 471	\$2,164,000
Secondary Trust	C-478 Curves from US 301 to the Southern Limits of Center Hill (LAP)	The project consists of grade and pavement modifications as well as signage to improve the safety of the curves on C-478 from US 301 to the Southern limits of the City of Center Hill	\$1,123,300
Secondary Trust	CR 462 from CR 475 to US 301 (LAP)	This project consists of widening, and other improvements along C-462 from NE 15th Drive to CR 228 to improve the safety of the curve	\$324,220
Secondary Trust	Advanced Traffic Management System (CIGP)	The Advanced Traffic Management System (ATMS) Master Plan Phase I implementation	\$1,026,500
Secondary Trust	Marsh Bend Trail (fka C-501) from Corbin Trail roundabout to C-470 (BUILD)	This project will widen to 4-lanes the balance of Marsh Bend Trail to C-470. The FY 19/20 work will be the design if awarded the grant	\$2,532,000
Secondary Trust	CR 245E/CR 245A Intersection and Resurfacing	Complete the balance of this project from FY 18/19	\$170,000
Secondary Trust	CR 525E Phase II	This project involves the construction of the widening and realignment of CR 525E from US 301 to CR 525/CR 525E west of CR 525. The project will improve the operation of the industrial properties in the area and stage for the future realignment of US 301 and serve the future interchange at I-75	\$2,500,000

Fund	Project	Description	Project Cost
Secondary Trust	CR 551 area road resurfacing (CDBG)	This project will consist of a partnership with the City of Bushnell as water line extension will be part of the project to improve the success of the grant application to resurface the roads in this area	\$900,000
Secondary Trust	C-466A from Canal to Morse Boulevard (Eastbound two lanes only)	This project will provide the rehabilitation of the pavement as it shows signs of similar rapid deterioration as found on Morse Boulevard and Buena Vista Boulevard from C-466 to SR 44	\$500,000
Secondary Trust	Morse Boulevard from Stillwell Roundabout to SR 44	This project will provide the rehabilitation of the pavement	\$6,000,000
Secondary Trust	Buena Vista Boulevard from north of the Arnold Palmer Roundabout to CR 44A	The project will provide the rehabilitation of the pavement	\$6,000,000
Secondary Trust	C-475N from the Marion County Line to C-466 / Buena Vista Boulevard from CR 44A to SR 44 / Powell Road from CR 44A to SR 44	This project consists of three road segments for milling and resurfacing	\$1,381,169
Secondary Trust	New signalization at C-466 and Preston Drive	This project will provide 4-way signalization at this intersection	\$575,000
Secondary Trust	New signalization at Inspiration Drive and C-462	Funding of the project is 75% from one developer and the balance from a future developer on the opposite side of C-462. It will provide 4-way signalization at this future intersection	\$450,000
Secondary Trust	Buena Vista Boulevard from SR 44 to Meggison Road	This project will start with a design in FY 19/20 and provide a four-lane facility to connect regional roads	\$1,100,000
		Total FY 19/20	\$31,210,289

The new regional roadway contract with The Villages® Companies made the CTT and ST gas taxes as well as the Road Impact Fees priority revenues for meeting the financial payment obligations under the contract. This contract requires The Villages® Companies to provide the right-of-way, design, and long-term stormwater management of the right-of-way for all regional roads in the agreement except CR 525E, Marsh Bend Trail south of the Corbin Trail roundabout, and Buena Vista Boulevard south of SR 44. These roads of exception will be the full responsibility of Sumter County. The Villages® Companies will also provide the financing (fronting the construction costs with no interest (0%) for a term of five years) for the construction portion only for the regional roads noted in the contract with the noted exceptions listed herein. In exchange for this public-private partnership, The Villages® Companies committed their fourth downtown in Sumter County rather than in neighboring Lake County.

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Road Impact Fee Fund (Fund 153)

Projects in the Road Impact Fee Fund reflect a portion of the BOCC Capital Improvement Plan for roads. The funds for capital originate from the fees collected for the consumption impact of new development on the road network in Sumter County at the point of building permit issuance. A study of the road impact fees is underway to meet the Florida Statutory obligations; however, no increase of the fee is proposed due to the required increase in building permit fees effective October 1, 2019. The Marsh Bend Trail Project (formerly known as C-501) from Warm Springs Avenue to the southside of the Corbin Trail roundabout was completed in FY 18/19. The two projects proposed for funding by the Road Impact Fee Fund for the FY 19/20 are noted in the below table. The completion of the Warm Springs Project will conclude the last Road Impact Fee Credit Agreement. CR 229 has a total projected cost of \$4,968,831 over three years of the design, right-of-way acquisition, and construction. The revenues for this fund are projected to remain at \$3.5 million annually.

Fund	Project	Location	Project Cost
Road Impact Fee	Completion of Warm Springs Avenue (formerly known as C-468) from CR 505 to US 301	Wildwood	\$2,246,000
Road Impact Fee	CR 229 from SR 44 to CR 462	Wildwood	\$300,000
		Total FY 19/20	\$2,546,000

BUILDING SERVICES FUND

The building permit fees were artificially low along with a 50% discount for electronic submission of plans to both encourage a more paperless review process and to reduce the reserves in this fund. As planned with the FY 18/19 budget adoption, a study concluded the necessity to increase the fees to ensure service costs were fully covered. The Final Budget includes the revenues required by the fee increase and as adopted by the BOCC at its August 13, 2019 meeting for an effective date of October 1, 2019, to provide sufficient notice to the customers of the rate increase and adjustments in the permitting software.

COURT TECHNOLOGY FUND

This fund receives its major revenue from \$2 per recorded page in the official records of the Clerk of Circuit Court. The fund supports the technology needs of the court (judges) and the offices of Guardian Ad Litem, the State Attorney, and the Public Defender. Fees from the Clerk of Circuit Court are not sufficient to meet the demand for the court technology services. Per Florida Statutes §29.008, the BOCC is responsible for supporting Court Technology Fund activities; therefore, the Final Budget includes a subsidy of \$300,000 from the General Fund.

BOATING IMPROVEMENTS FUND

Projects in the Boating Improvements Fund historically met the needs of the boat ramp parks of Sumter County. Due to meeting all anticipated demands at these facilities, this fund is proposed to support the City of Wildwood’s Lake Deaton Park and the anticipated demand from the new residents of The Villages® development and the surrounding area. The funds for capital originate from the vessel registration fees.

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INTERNAL SERVICE FUND

GROUP INSURANCE FUND

The only internal service fund is Sumter County's self-insurance fund for its health and dental plan and voluntary coverages. This fund serves the BOCC and the Constitutional Officers. The implementation of the voluntary LifeScan program beyond the mandatory use for our Fire & EMS personnel was successful not only in participation but also the primary purpose of early detection and treatment of medical issues to reduce long-term hospitalization expenses. The BOCC approved increases to the employee, dependent, and retiree rates effective October 1, 2019, as claim expenses increased. Based on our actuarial reporting, we will be seeking another premium increase on October 1, 2020, to reduce the General Fund Transfer to support this fund. The new Florida State law will further increase the need for premium increases for this fund since any firefighter diagnosed with cancer will receive a \$25,000 payout from the insurance fund.

SUMMARY

The Final Budget for FY 19/20 provides a millage rate that is greater than the rolled-back rate constituting an increase in property taxes. This budget supports the commitments to the increased capital investments in facilities and regional roadways to encourage further capital investment from private sources for sustained economic prosperity in Sumter County.

Each year the preparation of the budget improves in levels of detail and justification. This effort requires participation at all levels within Sumter County's entities with the Office of Management and Budget, providing the substantial compilation of this Final Budget for your review. I appreciate the efforts of all employees to provide a transparent presentation of the financial and operational plan for Sumter County's delivery of service.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Bradley Arnold', is written over a faint, illegible background.

Bradley Arnold
County Administrator