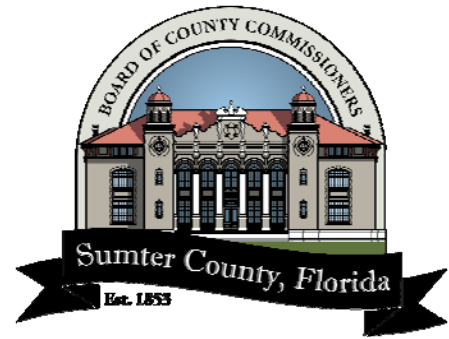


Board of County Commissioners Sumter County, Florida

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Website: <http://sumtercountyfl.gov>



29 September 2020

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

Reference: Fiscal Year 2020/2021 Final Budget

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

The enclosed documents contain the Fiscal Year 2020/2021 (FY 20/21) Final Budget for your consideration for adoption following the Final Budget Hearing.

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 except the Ad Valorem Tax revenue calculated by 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 area of Sumter County, including the municipal and district governments. Sumter County provides more consolidated services for its municipalities than any other county government in the State of Florida to meet the mission of the most effective and efficient service provision. Sumter County also gained recognition as having the most services accredited than any other county government in the State of Florida as well as additional award recognition for its service standards, as shown in the following table.

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Bushnell, FL 33513

County Attorney
The Hogan Law Firm
Post Office Box 485
Brooksville, Florida 34605

Years Valid or Recognized	Recognition	Recognizing Organization
2010-2018	Certificate of Achievement for Excellence in Financial Reporting	Government Finance Officers Association (GFOA)
2013-2019	Distinguished Budget Presentation Award	GFOA
2015-2025	Accredited Public Works Department	American Public Works Association
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)
2020-2023	Accredited Center of Excellence (ACE) - Medical Priority Dispatch System™	International Academies of Emergency Dispatch (IAED)
2020-2023	Accredited Center of Excellence (ACE) – Fire Priority Dispatch System™	International Academies of Emergency Dispatch (IAED)
2017-2022	Accredited Building Department	International Accreditation Service
2017-2020	Accredited Economic Development Organization (AEDO)	International Economic Development Council (IEDC)
2018	Project of the Year Major Structures Public Safety Centers	Florida West Coast Branch APWA
2018	Project of the Year Structures Public Safety Centers	Florida Chapter APWA
2020	Project of the Year Structures Parking Facility	Florida West Coast Branch APWA

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

- Maintaining the financial viability of the organization to provide the desired levels of service to the customers;
- Maintaining the financial flexibility to adapt to statutory, economic and demographic changes; and
- Sustaining and enhancing the public infrastructure to provide for the health, safety, and welfare of the citizens of Sumter County

Moody’s Investor Service’s Issuer Comment 7 December 2018 showed Sumter County with a General Obligation rating of Aa2 with an excellent credit position, sound financial position, and low debt burden but pointed to the contraction of fund balance as a concern. The increase in Ad

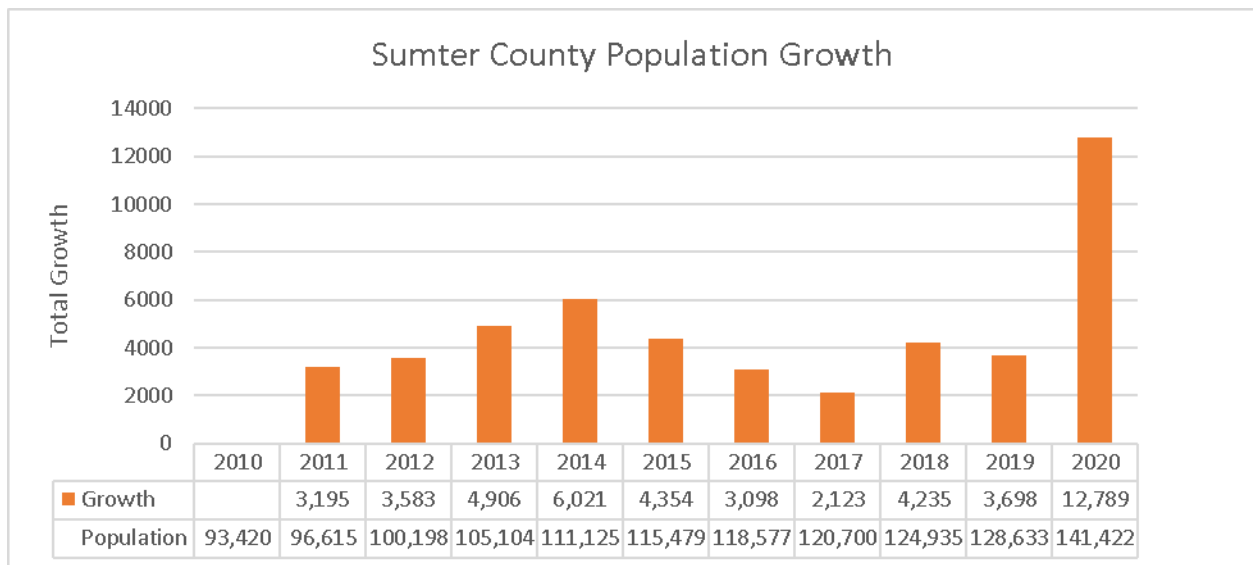
Valorem Taxes in FY 19/20 addressed this concern as well as the areas of focus of the Sumter County Financial Policies.

For the General Fund only, the Financial Policies have four target indices for comparison to the percentage of growth from one year to the next to that of the change in General Fund expenditures growth.

- Sumter County Population Change from 2019 to 2020 (9.94 % : 7.03 %) (Population Source – August 2020 UF BEBR)
- Consumer Price Index (CPI):
 - CPI-W (-0.10 % : 7.03 %)
 - CPI-U (0.10% : 7.03 %)
 (Change from May 2019 to May 2020)
 (Source – U.S. Bureau of Labor Statistics)

Note: Due to COVID-19, the U.S. Bureau of Labor Statistics qualified their data and analysis starting in March of 2020. The CPI-U is a general index that tracks retail prices as they affect all urban consumers. The CPI-W is the index tracking retail prices as they affect urban hourly wage earners and clerical workers.

- Change in per capita Florida personal income 2020 (3.22 % : 7.03 %) (Source – June 2020 Florida Office of Economic and Demographic Research for maximum millage rate calculation)

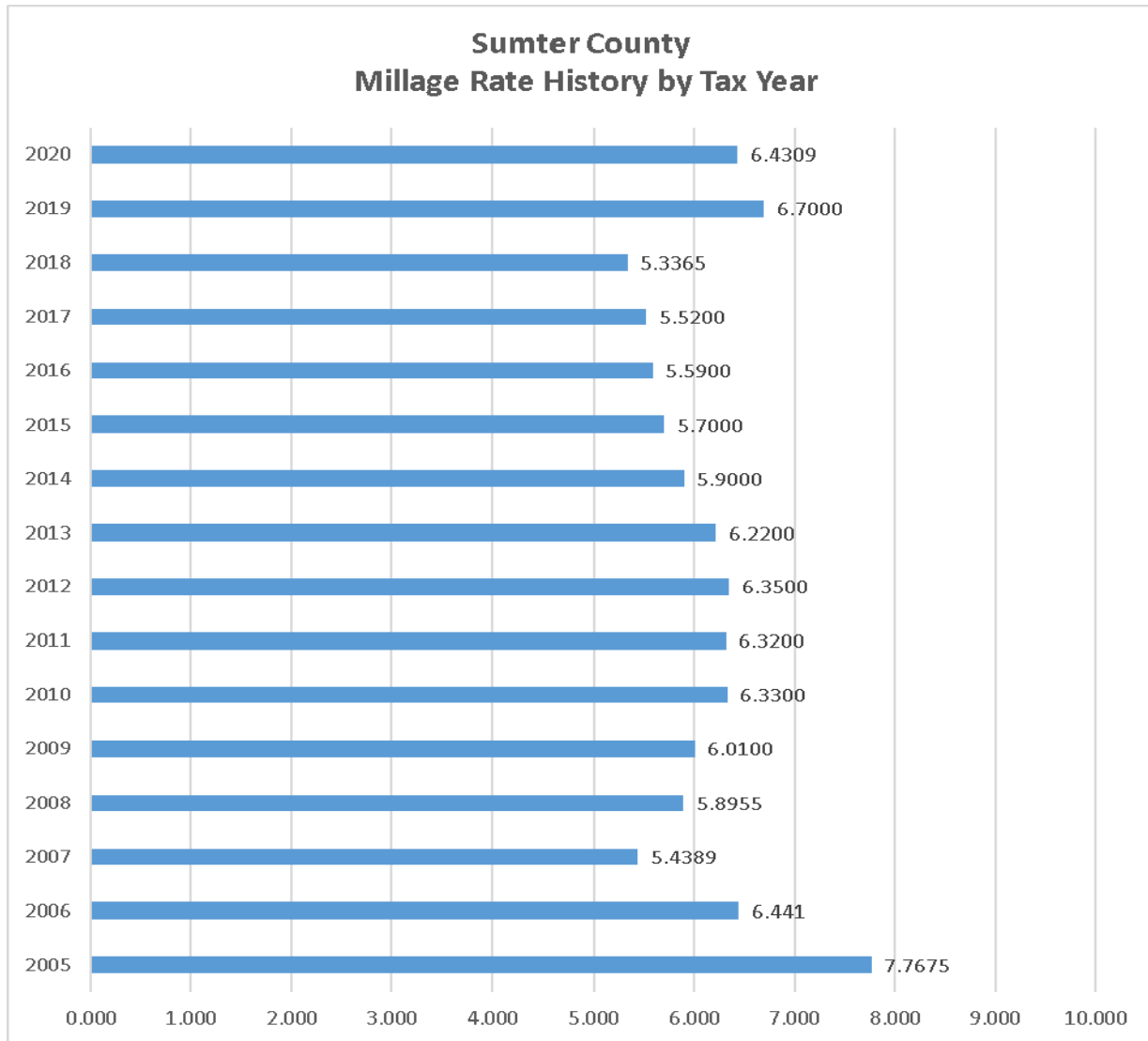


With the starting point of the U.S. Census population for 2010 to 2014, the upward climb each year of population growth correlated to the final build-out of The Villages® residential development north of SR 44. As the build-out was nearing, the BOCC adopted a resolution in 2015 to encourage The Villages® developer to continue the quality age-restricted development in

Sumter County south of SR 44. As shown in 2018, the increase in annual population is due to The Villages® developer choosing to continue the age-restricted community south of SR 44.

The expenditure growth in the General Fund exceeds the CPI-W, CPI-U, and the per capita Florida personal income, but not the population increase.

The Sumter County Board of County Commissioners (BOCC) committed to setting no higher of a millage rate than 6.7000 for five years, starting with the 2019 tax year (FY 19/20). As FY 20/21 is the 2nd year of that commitment. Setting the millage rate at the rolled-back rate is neither legally a tax increase nor a tax decrease. Setting the millage rate higher than the rolled-back rate is a tax increase. The rolled-back rate, based on the Property Appraiser’s certified values, is 6.4309 for the tax year of 2020 (FY 20/21). The rolled-back rate is the millage rate for this FY 20/21 Final Budget. The Final millage rate of 6.4309 would support Sumter County remaining as the 9th lowest total tax rate in the State of Florida.



Outlined in the below table is a summary of the Final FY 20/21 Budget Fund Categories compared to the FY 19/20 Adopted Budget:

	FY 19/20 Adopted Budget	FY 20/21 Final Budget	Percentage Change Increase/ (Decrease)	Dollar Change Increase / (Decrease)
General Fund	124,899,114	133,676,511	7.03%	8,777,397
Special Revenue Funds	80,401,683	57,633,928	(28.32%)	(23,767,755)
Debt Service Funds	13,161,110	11,402,688	(13.36%)	(1,758,422)
Capital Projects Funds	21,027,366	25,513,802	21.34%	4,486,436
Internal Service Fund	12,742,067	13,511,943	6.04%	769,876
Total of All Funds	252,231,340	241,738,872	(4.16%)	(10,492,468)

The total fund amounts in the above table include transfers from one fund to another and can inflate the change from the FY 19/20 Adopted Budget to the FY 20/21 Final Budget, as shown in the Special Revenue Funds. The most significant change in the Special Revenue Funds was the creation of an additional Debt Service Fund (added in the Debt Service Funds) for the gas tax-backed bond for the CR 525E project from US 301 to CR 525 and the Buena Vista Boulevard extension south of SR 44 to Meggison Road. These projects were in the FY 19/20 Adopted Budget in the Secondary Trust Fund 106, pending the bond financing approval. Once the bond financing was approved, the Gas Tax Bond Sinking Fund 215 was created as well as another Capital Project Fund, titled the 2019 Loan Construction Projects (Fund 310). Fund 215 recognizes the debt service payments, and Fund 310 recognizes the bond proceeds and planned road project expenditures.

The General Fund, by its name, has the most discretion of use of its revenue sources to meet the needs of the community as determined by the BOCC.

The Special Revenue Funds include, in order of Fund number:

- 103 County Transportation Trust Fund
- 106 Secondary Trust Fund
- 111 Tourist Development Fund
- 113 Anti-Drug Abuse Fund
- 114 Emergency Telephone System Fund
- 115 State Housing Initiatives Partnering Program (SHIP) Fund (FY 18/19)
- 116 Transit Fund
- 117 Police Education Fund
- 118 Crime Prevention Fund
- 119 SHIP Fund (FY 19/20)
- 120 SHIP Fund (FY 20/21)
- 123 Boating Improvement Fund
- 124 Building Services Fund

- 126 Alcohol/Drug Abuse Fund
- 127 Court Improvement Fund
- 128 Court Local Requirements Fund
- 129 Court Technology Fund
- 153 Sumter County Road Construction District Impact Fee Fund
- 191 Florida Arts License Plate Program Fund
- 196 State Mosquito Control Fund

As implied by each name of the Special Revenue Funds, there are restrictions on the use of the revenues collected based on Florida Statutes. For example, the tourist development tax dollars in the Tourist Development Fund cannot build the proposed Drive-Thru for the Tax Collector's Office at The Villages Annex on C-466 as it does not comply with Statute and Ordinance for the use of these funds. 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 Special Revenue Funds with significant changes from the FY 19/20 Adopted Budget to the FY 20/21 Final Budget are highlighted in this Final Budget letter.

The Debt Service Funds (Fund 215 and Fund 218) are the funds where the debt service is paid for any bond issues approved by the BOCC to fund capital construction projects, whether it is for buildings or roads.

The Capital Projects Funds include the Capital Outlay Reserve (Fund 305), the 2018 Loan Construction (Fund 308), and during FY 19/20, the 2019 Loan Construction Projects Fund (Fund 310) was created. Fund 305 is used for building projects typically receiving unrestricted revenues from the General Fund as a transfer in and specific grants. Fund 308 is used for building projects based on proceeds from bond financing. Fund 310 is used for road projects referenced in the bond financing documents.

The Internal Service Fund is the Group Self-Insurance (Fund 501) that service the BOCC, Sheriff, Property Appraiser, Clerk of Courts, Supervisor of Elections, and the Tax Collector.

More detail about the planned revenues and expenditures will follow within each of the fund categories, 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 1 July 2019, to 30 June 2020, was 2,606 homes, and the spillover growth outside The Villages[®] development added 398 homes despite the impact of COVID-19 on sales of homes starting formally 1 March 2020. Sumter County also had 172 new commercial buildings launched to add over 1.5 million square feet of business space. One of the most significant commercial buildings completed during FY 19/20 was the Brownwood Hotel and Spa and Center for Advanced Health Care.
 - b. 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 spending. The Villages[®] Companies committed their fourth downtown in Sumter County as part of The Villages[®] Companies Regional Road Agreement with Sumter County. They recently announced not just one additional town center, but three new town centers that will provide another boost to capital investment, sales tax revenues, and tourism development tax revenue will grow after their start within the next three years.
 - c. The Villages[®] Companies are rapidly developing the Governor Rick Scott Industrial Park. In addition to The Villages[®] Daily Sun Print Plant, there are over six other industry facilities under construction. Sumter County and The Villages[®] Land Company approved a joint agreement for the construction of a rail spur to this industrial park with a commitment from the developer to construct a trans flow facility that will create more opportunities for our local industry, including those not in the Governor Rick Scott Industrial Park. The opportunities include shipping and receiving goods by rail, which could reduce their cost to ship or receive goods as well as increase partnerships with our Florida ports. The Villages[®] Grown launched in FY 19/20, providing fresh produce directly to the grocers and their customers within The Villages[®] development. This local producer aided our community during COVID-19 as other producers were impacted directly or by the reduction in the nation's shipping capabilities.
 - d. Sumter County's manufacturing sector is also experiencing continued growth, including some new arrivals to Sumter County. Some of these capital investment decisions had a basis from incentives provided by Sumter County in competition with other states. Primus Pipe & Tube, Inc. completed its expansion with capital investment above its commitment of \$30M. Likewise, Great Southern Wood – Bushnell, Inc. completed its warehouse and treatment facilities expansion well

above the committed \$8M capital investment. Highway Systems, Inc. was acquired by Arcosa Traffic and Lighting Structures, LLC. Arcosa executed a new incentive agreement with a commitment of a \$7.5M capital investment that is greater than the previous plans of Highway Systems. MAPEI, Inc. received an incentive for its operational expansion and advanced its plans for the addition of a manufacturing wing earlier than anticipated. Their new expansion will more than double their facility size and will result in a fourfold higher capital investment than previously planned. MAPEI is now expected to invest over \$20M in the expansion. Project Ace is a new industry for our community and is nearing its corporate announcement to locate. They are planning on a \$100M capital investment.

- e. The growing interest in Sumter County as a location for agribusiness research accelerated after the recruitment of Agromillora Florida, Inc. Agromillora expanded its facility during FY 19/20. 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. United Agricultural Services (UAS) expanded its operation and has another expansion using property acquired from Sumter County to encourage their future growth along C-470.
2. Federal economic and workforce changes
 - a. Federal economic and workforce changes are currently favorable for economic development in Sumter County. During COVID-19, development continued particularly in The Villages[®] development as the developer reduced the focus on residential construction and increased the focus on commercial construction. It is this type of partnership with local businesses supporting the jobs in our community that prevented the sharp decline in property values in Sumter County during the Great Recession.
 3. Changes in state tax and expenditure policies
 - a. The State of Florida ruled that school boards providing emergency sheltering would 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 May of 2020 that FEMA closed the books for Sumter County for that emergency. Sumter County is in the final stage of closing out the reimbursements from the State for this emergency.
 - b. During FY 19/20, the State of Florida issued a notice of reduction by 50% of the State Shared Revenues for two months. This reduction impacted the budgeted revenue for the Debt Service Fund 218. Including this reduction, \$2.4M was the total projected loss of revenue in FY 19/20 from 1 March 2020 to 30 June 2020 due to COVID-19. The loss of revenues was directly related to full or partial store closings reducing the sales tax generated from the businesses, the courts not operating to serve all cases reduced the fines

and add-ons to fines, and the reduction in travel-related gas tax receipts. Due to a robust first six months of the fiscal year with both residential and commercial construction, the FY 19/20 budget was able to accept the \$2.4M loss through the end of June 2020. The BOCC restored its Reserve for Contingencies to the minimum 5% of the General Fund operating expenditures less reserves to prepare for the last three months of the fiscal year and the height of hurricane season. The State of Florida revenue projections for FY 20/21 show a sharp decline of over \$6.1M compared to normal trends particularly for the State Shared Revenue, ½ Cent Sales Tax, and Small County Sales Tax.

- c. The CARES Act funding for Sumter County was approved at the 14 July 2020 BOCC meeting. More than \$5.7M will act as a reimbursement for the direct expenditures related to COVID-19 for both local governments and businesses. Since the use of the funds can extend to the end of 2020, an adjustment to the FY 20/21 budget during a reconciliation phase for those funds expended from 1 October 2020 to 30 December 2020.
4. Federal and State mandates requiring local expenditures
 - a. The Medicaid and Health Care Responsibility Act mandates budgeting for the maximum expenditures for each based on population. As one of the fastest-growing counties in the nation, increases in the budget requirements follow the same trending where the FY 20/21 Final Budget amount is \$1,424,200.
 - b. The state mandates from the Marjory Stoneman Douglas High School Public Safety Act increased each year from its initial signing into law in 2018. Although the local schools are the responsible party for increased staffing of security personnel at the schools, the School Board and The Villages® Charter Schools, each contracted with Sumter County and the Sheriff to provide the highest level of service for the students and employees at these schools. This Agreement creates a subsidy arrangement from the BOCC to the community schools that will vary based on usage but has a minimum impact of \$500,000 each year.
 5. Changes in financial markets
 - a. The BOCC took advantage of the low-interest rates during FY 17/18 by securing financing of 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). As rates continued to decline, the BOCC refinanced this same note for a 15-year note at 2.09% for \$28.4 to gain a debt service savings of \$3.7M during FY 19/20.
 - b. The FY 19/20 Adopted Budget planned for a \$40M bond for road projects to meet a portion of The Villages® Regional Road Agreement; however, limiting the financing to be backed by the Constitutional Gas Taxes reduced the bond amount to \$22.5M in a 15-year note at a 2.1% interest rate. 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).

6. Major demographic changes
 - a. 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 drive 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. This is one of the driving factors for the BOCC to increase its focus on improving patient outcomes with our first response capabilities and partnership with the University of Florida (UF) Shands Health Care. The medical direction for the Sumter County Fire & EMS and the contracted ambulance service of AMR was consolidated during FY 19/20 and contracted with the UF College of Medicine to provide the continuity of care from the first contact with the patient through the UF Health Care hospital system.
 - b. 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 be valid.

Policy Assumptions

The FY 20/21 revenue resource estimates align with the Financial Policies of the Sumter County Board of County Commissioners. 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. Following the May 2020 Workshop, the BOCC supported the need to restructure the fire assessment districts and establish a new range of the assessment while holding the current rate of \$124.00 per improved parcel for FY 20/21. The structural change includes the establishment of a single, countywide fire assessment and adjustment to the range of the assessment. This Final Budget document contemplates the countywide fire district in place for the FY 21/22 if the assessment structure change is approved to adjust the range of the fire assessment fee, which is currently capped at \$125.00 per improved parcel.

Economic Assumptions

Revenue projections depend on the current and projected indicators of national, regional, and local economic conditions, including any sustained impacts from the COVID-19 pandemic. 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. The State of Florida revenue estimates are considerably more dire than Sumter County expects since sales tax generation in this county is less dependent on beach and entertainment venue visitations.

Revenue Sources Used for the Projections

The General Fund has seventy-six (76) sources of revenue less various interest accounts. The largest single revenue source is the Ad Valorem Tax (Property Tax). It is also an inelastic revenue source; therefore, the most reliant during significant emergency events such as COVID-19 or a hurricane.

The other major sources of revenue include local option sales tax, intergovernmental transfers, charges for services, and non-Ad Valorem fire assessments. All but the non-Ad Valorem fire assessments are considered elastic revenue sources. In following the BOCC financial policies, revenue is estimated using the states revenue estimates. The local option sales tax is projected with a 19% reduction from FY20 Adopted Budget. However, current revenue trends are suggesting that Sumter County will exceed the revenue estimates.

The total projected General Fund Revenue for FY 20/21 is \$133,676,511. The revenue projection is an increase of \$8,777,397 compared with the FY 19/20 Adopted Budget. The Final Budget balances the expenditures revenues and provides 5% of the General Fund operating expenditures as a Reserve for Cash Balance Forward to provide for recovery and a more modest carrying amount for the next FY Budgeted Cash Balance Forward. The budgeted cash balance forward is not a recurring revenue source. The budgeted cash balance forward revenue is \$19,312,449 more than in the Adopted FY 19/20 budget. The Ad Valorem revenue is \$85,719,483 or (64.12%) of all General Fund sources of revenue.

Projected General Fund Expenditures

Sumter County carries the major burden of public safety and essential services countywide due to the effectiveness and efficiencies gained through the consolidation of municipal and district government services with the County. These consolidated services include veteran services, law enforcement, 911 call taking/dispatch, emergency management, fire & emergency medical services (EMS), ambulance services, household hazardous waste amnesty events, planning, and building services, driveway permitting, transportation impact analysis reviews, housing, economic development, tourism, regional road construction and maintenance, street lighting on regional roads, animal services, mosquito control, fleet maintenance, geographical information systems (GIS), street addressing, traffic signalization, code enforcement, library services, flood plain management, stormwater basin studies, transit services, and public safety radio system.

The expenditure budget process is a modified zero-based process that requires a review of the detailed justifications and priorities for all requested expenditures. To offset any reduction in revenue estimates, the BOCC has reduced current year 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 of this letter 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 increase of seven (7) positions for a total of 220 positions (217 full-time and three (3) part-time)
- The Supervisor of Elections proposes a net increase of one (1) position for a total of 14 positions
- The Sheriff's Office proposes a net increase of one (1) position for a total of 360 positions
- The Tax Collector proposes a net increase of one (1) position for a total of 35 positions
- The Clerk of Courts has no proposed changes and has a total of 61 positions
- The Property Appraiser proposes a net increase of one (1) position for a total of 24 positions.

Included in this budget is funding for a salary increase provided by the BOCC direction at the January 2020 workshop of 1.6% for the Sumter County BOCC and Constitutional Officer budgets. Based on revenue estimates from the State of Florida, Sumter County BOCC is currently holding filling vacant non-public safety positions to offset any reductions in taxes due to COVID-19 until November 2020. Two vacant Quality Assurance Technicians are also being considered to contract out with the University of Florida College of Medicine.

In addition to the summary of position changes that occurred in FY 19/20 and recommended in FY 20/21 as shown in the following table, 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 are pending for these positions. 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.

	POSITION	DIVISION	DESCRIPTION
ADDITIONS			
1	Records Information Specialist	Administrative Services	Approved during FY 19/20 – to support the increased demand for open records requests and archiving of documents
2	Three (3) Animal Control Technicians and Two (2) Animal Control Officers	Animal Services	Approved during FY 19/20 – to increase service availability seven days a week for customers and rescue organizations
3	Six (6) Firefighters	Sumter Fire & EMS	Proposed for FY 20/21 – to support the new fire station opening at Spring Flow Avenue and SR 44 and for tender operations for water shuttling
4	Two (2) Captains	Sumter Fire & EMS	Proposed for FY 20/21 – to support the needs for training and health & safety compliance
DELETIONS			
1	Five (5) Mosquito Control Technicians	Assistant County Administrator	Approved during FY 19/20 – contracted out fully the functions of Mosquito Control
2	Mosquito Control Supervisor	Assistant County Administrator	Approved during FY 19/20 – contracted out fully the functions of Mosquito Control
3	Inventory Technician	Centralized Purchasing	Proposed for FY 20/21 – increased efficiency in operations
RECLASSIFICATIONS AND REASSIGNMENTS			
1	Reclassification of the Senior Maintenance Technician position to a Maintenance Technician position	Facilities & Parks	Approved during FY 19/20 – this followed the retirement of an employee in the position
2	Reclassification of the Animal Services and Mosquito Control Superintendent to the Animal Services Manager	Animal Services	Approved during FY 19/20 – as part of the contracting out of Mosquito Control, the position oversight narrowed to Animal Services
3	Reclassification of the Animal Services Technician Supervisor to an Animal Control Officer	Animal Services	Approved during FY 19/20 – to increase the number of field officers

4	Reclassification of two (2) Inventory Technicians to two (2) Purchasing Technicians	Centralized Purchasing	Approved during FY 19/20 – to meet the increased responsibilities in the division
5	Reclassification of two (2) Budget Analyst and four (4) Budget Technician Positions including pay ranges as well as Assistant Budget Officer to Budget Technician Supervisor	Office of Management & Budget	Approved during FY 19/20 – shift in responsibilities to meet the day-to-day support of the division and focused grant oversight and analysis
6	Reclassification of a Battalion Chief – Training & Safety to a Battalion Chief	Sumter Fire & EMS	Approved during FY 19/20 – to stage for the training and health & safety focus for the division as proposed in FY 20/21
7	Reclassification of a Battalion Chief Position to a Deputy Fire Chief Position	Sumter Fire & EMS	Proposed for FY 20/21 – due to the increase in Florida Statutes for health & safety and training of firefighters, this position would oversee the proposed Captain Positions in the delivery of these service across the three shifts
8	Reclassification of the Assistant Purchasing Agent Position to the Purchasing Agent Position	Centralized Purchasing	Proposed for FY 20/21 – the change increases the auditing and resiliency for the organization

	POSITION	OFFICER	DESCRIPTION
	ADDITIONS		
1	One (1) Customer Service Specialist	Tax Collector	To support the additional volume of service demand
2	One (1) Deputy Clerk	Supervisor of Elections	To support the additional volume of service demand
3	One (1) Administrative Specialist	Property Appraiser	To support the additional volume of parcels and customers
4	One (1) Bailiff – Court Services	Sheriff	To support the additional assigned temporary judges

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Operations

Sumter 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 and ready for operation at the beginning of FY 20/21. For the additional personnel to support the operation, increase our focus on training, health, and safety, as well as increase our water shuttling capabilities, a funding increase for the eight new positions is included in this Final Budget.

The Villages Public Safety Department

The Villages Public Safety Department (VPSD) continues to be the single most significant increase as an expenditure to the General Fund not only due to meeting the growth of The Villages® development but also costs associated with the pending collective bargaining agreement of over \$1M, according to the District Manager's Office. The FY 19/20 Adopted Budget assumed a future increase of \$1M per year based on projected growth; however, the collective bargaining agreement future years have additional increases; therefore, the future budget projection of the VPSD impact to Sumter County is revised to over \$2M per year.

Animal Services

A significant investment by the BOCC occurred during FY 19/20 that included expansion of customer time on the weekends for the open-shelter operations, including a change in management approach. This change and other investments created a return on the investment by regularly achieving a greater than 90% live release rate that rivals those closed-shelter operations in surrounding counties that carry the label as a "No Kill Shelter."

Public Works

Work on inspection and repairs of stormwater piping under the roads the County maintains in The Villages® development is proposed to continue with funding of \$500,000 each year. An additional purchase of decorative posts and signs are in FY 20/21 only to confirm the changes are made to meet the height standards and stacking of road signage on the decorative posts to increase their visibility. The BOCC adopted a change in the solid waste rates for our customers for the Citizen Drop-off Area effective 1 January 2021. The change in rates was focused on reducing the number of categories for rates to simplify the process for customers and our site personnel.

Information Technology

An increase in the scope of the service level agreement contract is proposed to support the planned GIS support to the District and municipal governments as well as the increased cybersecurity, and other resiliency required not only for the BOCC but also the consolidated support we provided to three of the five Constitutional Officers (Tax Collector, Property Appraiser, and Supervisor of Elections).

Reserves

Reserve for Contingency

Sumter County Financial Policies set a minimum General Fund Reserve For Contingency (RFC) at five percent (5%) and a maximum of ten (10%) percent of the General Fund operating expenditures; therefore, transfers and other reserves are not included. The Final Budget has the RFC at \$6,073,441, which is 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 or pandemics.

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 to the rolled-back rate for FY 20/21, the Final Budget has the RCBF at \$5,026,707 or four percent (4%) of the General Fund operating expenditures. The RCBF was at one percent (1%) for the FY 19/20 Adopted Budget. 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 will remain at this level to demonstrate acknowledgment of the liability.

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SPECIAL REVENUE FUNDS

Highlighted in this letter are those funds with significant changes from the FY 19/20 Adopted Budget to this FY 20/21 Final Budget.

County Transportation Trust Fund (103)

The County Transportation Trust Fund (103) receives gas taxes as its primary revenue source. Gas taxes grow at a slower rate compared to the County's other revenues that correlate to population growth due to the use of electric vehicles and more fuel-efficient vehicles. The gas taxes are not a percentage of the sale of fuel but a fixed amount per gallon of type of fuel. Fund 103 transfers out all of its revenue first to the new Fund 215 to meet a portion of the debt service and the remainder to the Secondary Trust Fund (106).

Secondary Trust Fund (106)

The revenue sources for Fund 106 include the transfer provided by Fund 103, 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, other grant revenues, and transfers from the General Fund as required. The Fund 106 expenditures now include a transfer out of a portion of the revenue to the new Fund 215 to meet its portion of the debt service. The balance of the expenditures includes the road projects funded by the grants, the portion of the grants requiring matching local dollars, as well as locally-only funded projects that include a portion of The Villages® Companies Regional Road Agreement. The 2nd amendment to that Agreement is incorporated in this Final Budget. Due to the need to ensure there is sufficient cash flow for the rehabilitation of Morse Boulevard and Buena Vista Boulevard during FY 19/20 as well as to meet the timing of the Agreement reimbursements starting in FY 25/26, \$13,006,713 was transferred from the General Fund to Fund 106.

The Fund 106 road projects are detailed in the Capital Improvement Project (CIP) portion of the Final Budget documents. The summary of these projects include:

- The conclusion of the improvement to C-478 from US 301 to Center Hill funded by three separate grants
- The conclusion of the rehabilitation of Morse Boulevard from 1,000 feet south of the Stillwater Roundabout to 2,500 feet south of the O'Dell Roundabout
- The conclusion of the initial phase of the Advanced Traffic Management System (ATMS)
- Capital Road Resurfacing funding for the preservation and resurfacing according to the four prioritization categories following this funding use for matching additional grants obtained between the date of this letter and the beginning of FY 20/21
- Starting in FY 25/26, Fund 106 is planned to contribute to the reimbursement payments under The Villages® Companies Regional Road Agreement

Crime Prevention Fund (118)

During FY 19/20, the BOCC supported the use of all the available money in Fund 118 through the end of May 2020 for the purpose of advancing the acquisition of body cameras for the Sheriff's Office deputies.

Building Services Fund (124)

Effective 1 October 2019, the rates increased to provide sufficient revenue for the planned increase in expenditures that provide both building and fire plan review but also building and fire inspections for all new additions and alteration of buildings. The fluctuations that can occur with residential and commercial construction placed the burden on the contracted service provider to scale up and down to meet the demand and stay within the revenue stream. If reserves begin to increase towards the statutory cap, then a reduction in the fees will be warranted. Presently there is no indication that the revenues will not cover the planned expenditures; therefore, no additional increase in rates is recommended at this time.

Court Improvement Fund (127)

During FY 19/20, the BOCC initiated court security enhancements in the entrance area based on a security study for the Sheriff's Office and is an allowable expenditure within the statutes governing this fund.

Road Impact Fee Fund (Fund 153)

The Warm Springs Avenue Project from US 301 to CR 505 is in the final stage for acceptance and completion in September 2020. This project is the last of the prior Road Impact Fee Credit Agreements with The Villages® developer. The CR 229 widening project from SR 44 to C-462 is in the design phase and will move to the right-of-way acquisition and construction phase in FY 20/21. The balance of these funds is targeted for reimbursement of the 0% interest five-year term for the construction of the regional roads as part of The Villages® Companies Regional Road Agreement and the first (1st) and second (2nd) amendments to the same. The signalization at US 301 and C-472 is included in this fund. As noted in the description for Fund 106, in the Road Impact Fee Fund reflects the first portion of the funding of this Agreement; however, Fund 106 will supplement the reimbursement starting in FY 25/26. During FY 19/20, the BOCC completed the road impact fee study and adopted an increase to the fees starting 1 October 2020. Based on the proposed increase and volume of new construction (both residential and commercial), revenues outpaced the projections in FY 19/20. This increase modified the projections and reduced the amount and timing of support from Fund 106 and the General Funds support to Fund 106. The adopted 2nd amendment to The Villages® Regional Road Agreement removed the revenues of Fund 153 as an obligated revenue source; however, as described herein, we will still look to use the Fund 153 revenues derived from The Villages® development for the Agreement.

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DEBT SERVICE FUNDS

The Gas Tax Bond Sinking Fund 215 was created during FY 19/20 to provide the debt service location for the bond proceeds presented in the Capital Fund 310. The debt service in Fund 215 is backed by the Constitutional Gas Taxes noted by the transfers from Funds 103 and 106.

The Debt Service Fund 218 contains the 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 (2015A), 2015B Series Bond and 2020 TD Bank Bond (replaced the Citizens First Bank Loan). After satisfying the debt service payments, surplus funds transfer to the General Fund.

For both Debt Service Funds, all debt concludes by the end of 2035.

CAPITAL FUNDS

The Capital Outlay Reserve Fund (Fund 305), Bond Construction Fund (Fund 308), and 2019 Loan Construction Projects Fund for two road projects (Fund 310) are the Capital Funds.

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 Expansion of the North Fleet Maintenance Building started in FY 19/20 and will extend into FY 20/21 for its completion; therefore, the anticipated balance is included in the Final Budget. An additional project associated with the COVID-19 response and future needs is the addition of a drive-thru at The Villages Annex building for the Tax Collector's Office. The BOCC approved the design during FY 19/20 as a planned response activity. By providing the drive-thru at this location, it places this office on parity with the two other current Tax Collector offices. A placeholder project is listed in FY 24/25 in anticipation of the need for a facility equidistant from the Bushnell Courthouse Campus and The Villages Sumter County Service Center campus located in Wildwood to serve the continued growth of The Villages® development.

2018 Loan Construction Fund (Fund 308)

This fund used the proceeds from the bond issuance for the construction of the Courthouse Campus Parking Facility that concluded during FY 19/20 and recognized a Project of the Year. The project also included lighting upgrades for the Courthouse Campus, also concluded during FY 19/20. The remaining work that will occur during FY 20/21 Budget includes the completion of the jail housing addition and the completion of the new West Wildwood Fire Station #33 located on Spring Flow Avenue near SR 44 and I-75. The preparation work for the fire station concluded during FY 19/20 that included the new road, stormwater, and utilities to serve the fire station and adjacent MidFlorida Industrial Park.

2019 Loan Construction Projects Fund (Fund 310)

This fund was created during FY 19/20 to account for the bond proceeds use to design, acquire right-of-way, and construct the extension of Buena Vista Boulevard south of SR 44 to connect to the roundabout at Meggison Road and the realignment and improvements of CR 525E from US 301 to connect to CR 525E west of CR 525.

INTERNAL SERVICE FUND

Group Insurance Fund (501)

The only internal service fund is Sumter County's self-insurance fund for its health and dental plan and voluntary coverages for the retirees, employees, and dependents. This fund serves the BOCC and all five Constitutional Officers. The BOCC approved the changes to the plan effective 1 October 2020 instead of an increase in premium as the Cost of Living Allowance was 1.6%. The changes to the plan include:

Increase Deductible

- Single Coverage
 - In-network from \$500 to \$1,000
 - Out of Network from \$750 to \$1,500
- Family Coverage
 - In-network from \$1,500 to \$3,000
 - Out of Network from \$2,250 to \$4,500

Increase Out-of-Pocket Limit

- Single Coverage
 - In-network from \$2,500 to \$3,000
 - Out of Network from \$5,000 to \$6,000
- Family Coverage
 - In-network from \$5,000 to \$6,000
 - Out of Network from \$10,000 to \$12,000

The FY 19/20 budget was amended to remove the transfer out from General Fund to Fund 501 for the Constitutional Officer Employer Premiums and set them as two distinct line items expenditures in the General Fund with the revenue in Fund 501 recognized in the employer premium contributions rather than as a transfer in from General Fund.

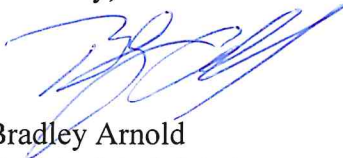
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SUMMARY

The Tentative Budget for FY 20/21 provides a millage rate at the rolled-back rate constituting no 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. 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,



Bradley Arnold
County Administrator