

FINANCIAL INDICATORS AND MAJOR REVENUE SOURCES

INTRODUCTION

As recommended by the Government Finance Officers Association (GFOA), the International City/County Management Association (ICMA) and good management practices, the Brevard County Budget Office monitors and uses several economic, demographic and financial indicators in the budget development and financial monitoring process. In most instances, there is either a direct or an indirect correlation between the following economic and demographic information and the County's budget.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Some of the indicators monitored on a periodic basis by the Budget Office are viewed as indications of community needs. These indicators have an impact upon the budget development process.

Community needs indicators include Population, Unemployment, Personal Income per Capita, Taxable Sales, Consumer Price Index, and Taxable Property Values. The historical information and discussion concerning the meaning of each indicator can be found in the accompanying charts.

Population

Brevard County's rate of growth during the 2000's was 14.1% as the population grew from 476,230 in 2000 to 543,376 in 2010. It is currently the tenth most populous county in the State, with an estimated population of 601,492 in 2019. According to the University of Central Florida's Institute for Economic Competitiveness, Brevard County's rate of population growth should slightly exceed the State's growth rate over the next few years.

Unemployment

Although the number of retired citizens is increasing in Brevard County, a majority of its citizens participate in the work force. Unemployment rates, therefore, often have an effect upon Counties' financial decision-making processes. Unemployment in the Brevard County area decreased to 3.2% in 2019, which represents a 8.57% decrease from the prior year.

Personal Income

Counties generally monitor Personal Income per capita as a means of measuring residents' ability to fund the services provided by Counties. From 2010 to 2019, personal income per capita in Brevard County grew 39.84% from \$37,284 to \$52,140. During that same period, the Consumer Price Index grew 16.97%. The difference of these growth rates implies that the residents' ability to pay for services has outpaced inflation.

Taxable Sales

Taxable sales of products and services in Brevard County are a key indicator of economic health of the County. Also, as part of the County's General revenues, the County receives one-half of one-cent of Florida's Sales Used Tax; therefore, this indicator has a direct impact upon the County's General Fund budget. Collections in Fiscal Year 2011-2012 totaled \$21 million and estimated to collect \$26.4 million in Fiscal Year 2020-2021. This reflects an improvement of \$5.4 million during this period.

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Consumer Price Index

The Consumer Price Index (CPI) is used by the County as a standard against which the price increases in the goods and services purchased by the County are measured. Additionally, the CPI is used as a guideline in determining levels of pay raises for County employees. It is frequently used as part of the measure of increase in certain revenue and expenditure levels when financial forecasts of county activity are made.

The National Consumer Price Index-U (All Urban Consumers - U. S. City Average) for September 30, 2009 was 213.77; at September 30, 2019 this index was 254.38, a 19% increase for the period analyzed.

Taxable Property Values

Taxable property values and the rate of new construction activity are key indicators monitored by the Budget Office. Property tax revenues are the single most significant source of revenue for the general government activities of the County. Changes in property values and the resulting changes in tax rates are the primary considerations in the budget development process. Property values began to recover in 2014, due to the recovery of the overall economy.

Other Measurements

Several measurements of local activity and a few national indicators are also monitored by the Budget Office. Local airport activity, Port Canaveral activity, and NASA tour attendance are taken as indicators of local economic health. On a national basis, the year-end Dow Jones Industrial Average (DJIA) is watched. Mortgage financing and refinancing is measured on a statewide and local basis. There had been a correlation between the year-end DJIA and mortgage activity and the level of State Shared Revenue received by the County. However, this correlation has been lost with the recent legislative changes in the elements of the State Shared Revenue format.

FINANCIAL INDICATORS

Revenue and Expenditure Indicators

The Budget Office examines a number of financial indicators related to the financial condition of the County as reported in its Comprehensive Annual Financial Report annually. These indicators include Revenues per Capita, General-Countywide Property Tax Revenues, Intergovernmental Revenues, Expenditures per Capita, Fund Balances, Number of Full-Time Employees, and Long-Term Debt. These "indicators" are presented in the accompanying charts. Most of the indicators also present per capita information and adjustments for inflation so that the reader may see the appropriate trends adjusted for inflation's effect.

Fund Balance

The County's Fund Balance is used to provide governmental agencies with funds necessary to meet their cash flow requirements at the beginning of each fiscal year.

The County's Fund Balance also includes funds which have been brought forward from prior year capital projects, as well as funds retained because of the County's debt reserve requirements.

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The General Fund Balance at September 30, 2019 was \$50 million or 21.29% of General Fund operating revenues. The Government Finance Officers' Association (GFOA) recommends that governments maintain unreserved fund balance in the General Fund of no less than five to 15 percent of General Fund operating revenues. While rating agencies and creditors have provided minimum guidelines for fund balance for Florida governments, a variety of factors must be considered when evaluating the adequacy of fund balance in the General Fund. Some of these considerations are: the timing of revenue collections, transfers to Charter Officers, the limited ability to increase property taxes, and investment earnings of Fund Balance.