

THE PROCESS OF ADOPTING THE BUDGET

An annual budget, including all such funds as required by law, shall be prepared, approved and adopted for each fiscal year. The budget shall control the levy of taxes and expenditure of money for all County purposes during the ensuing fiscal year. The budget process shall be conducted in accordance with Chapters 125, 129, 200, and 218 of the Florida Statutes, as amended.

SPECIFIC REQUIREMENTS

By July 1, the Property Appraiser must certify the (initial) taxable value of property within each taxing district.

The County Administrator must present a balanced budget to the Board of County Commissioners (BOCC) by July 15.

Within 35 days of either July 1, or the date the Property Appraiser certifies the taxable value of property, whichever is later, the BOCC must set proposed millage rates. At that time, a date, time and place is set for a first public hearing on the proposed budget and millage rates.

Within 65 to 80 days of July 1, or the date the Property Appraiser certifies the taxable value, the BOCC must hold a public hearing, after 5:00 p.m., to hear public testimony and to adopt a tentative budget and tentative millage rates. The first substantive issues discussed must be the percentage increase in the proposed aggregate millage rate over the rolled-back rate and the specific purposes for which the ad valorem tax revenues are being increased. (Information on rolled-back millages may be found in this document and a definition may be found in the glossary.) Prior to the conclusion of the hearing, the BOCC shall amend the tentative budget as it deems necessary, adopt the amended tentative budget, recompute its proposed millage rates and publicly announce the percent, if any, by which the recomputed proposed aggregate millage exceeds the rolled-back rate. That percentage shall be characterized as the percentage increase in property taxes tentatively adopted by the BOCC (regardless of whether millage rates have changed). A date, time and place for a second public hearing is set at this hearing. As with the first public hearing, the second public hearing must be held after 5:00 p.m.

Within fifteen days after the first public hearing, the County must publish two adjacent budget ads in a newspaper of general circula-

tion in the County. One advertisement notifies County residents of the BOCC's intent to finally adopt millage rates and a budget, identifying any increase in property taxes. The second advertisement summarizes the tentative budget, showing for each budget and for the total of all budgets, the proposed millage rates, balances, reserves, and major revenues and expenditures classifications. Specific size, placement, and wording requirements apply, as set forth in Chapter 200.065(3) of the Florida Statutes.

Within two to five days after the advertisements are published, a second public hearing is held to hear public testimony and to adopt a final budget and final millage rates. If, for any reason, the adoption of the final budget is delayed beyond the start of the next fiscal year, the BOCC can expend moneys as outlined in Chapter 200.065(2)(g) of the Florida Statutes, as amended.

Copies of completed resolutions adopting the final millages are forwarded to the Property Appraiser and the Tax Collector by the Clerk of the BOCC within approximately 100 days of certification of preliminary taxable value by the Property Appraiser.

Not later than 30 days following adoption of an ordinance or resolution establishing a property tax levy, the BOCC shall certify, to the Florida Department of Revenue, compliance with the provisions of Chapter 200 of the Florida Statutes, as amended. In addition to a statement of compliance, the certification package includes a copy of the adopted millage resolution or ordinance, a copy of the budget advertisements including proof of publication, and a copy of the Certification of Taxable Value form.

Copies of the budget shall be filed with the Clerk of the BOCC as public records.

Upon final adoption of the budget, the budget shall regulate the expenditures of the County and the budget shall not be amended, except as provided for in Chapter 129.06, Florida Statutes. Pursuant to Chapter 129.07, Florida Statutes, it is unlawful for the BOCC to expend or contract for expenditures in any fiscal year in excess of the amount budgeted in each fund. Unexpended funds for uncompleted projects and encumbrances for capital outlay (equipment) at the close of the fiscal year may be reappropriated in the succeeding fiscal year.

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The process for adopting the FY 06 budget for Hillsborough County consisted of four distinct phases.

The Planning Phase began October 1, 2004 with in-house review of the FY 04 and FY 05 two-year budget process and consideration of comments from the review of prior budget documents by the Government Finance Officers Association (GFOA). The FY 04 and FY 05 biennial (two-year) budget received GFOA's *Distinguished Budget Presentation Award*, including both *Special Capital Recognition* and *Special Performance Measures Recognition*. The planning phase continued with preparation of budget instructions, examples, and training materials.

The Preparation Phase for the FY 06 and FY 07 two-year budget process for all BOCC funded organizations began with a budget "kick-off" with the County Administrator on January 11, 2005. Concurrent with the budget "kick off" meeting, instructions and forms were electronically distributed to all organizations. For the FY 06 and FY 07 budget process departments were to prepare decision units and related summaries for all programs by funding source. Decision Units are prepared at various levels of service delivery including "minimum service level", "continuation service level", "new mandates" and "desired service level". The following represents the definitions of each service level:

Minimum Service Level – The most important level of service provided by any organization. Any funding less than this level would result in no appropriation. Resources less than those provided at this level is insufficient to accomplish the basic mission. This very basic level of service represents the reason the organization exists and the intended purpose of the organization.

Continuation Service Level - Funding needed to provide the same level of services in the next fiscal year as was provided in the current fiscal year. It does not necessarily provide funding for growth in demand for services. While the continuation level provides for the same number of funded positions, the budgeted cost of those positions is increased to reflect inflation and any increase in benefits.

New Mandates – A new mandate represents any request to meet a new Federal law, State Statute, or Board of County Commissioners (BOCC) Ordinance; a request to comply with a BOCC directive supported by a resolution or approved motion; or a request to meet the operating impact of a completed capital project.

Desired Service Level – Includes requests for additions to the continuation level of service to an expanded population or geographical base or additions either to initiate a new program or activity.

These "decision units" describe distinct services and levels at which these services may be offered. Department or agency management then ranks each decision unit by funding source

against all decision units in the funding source and in the department. The ranking of "decision units" gives management a means of evaluating what services could be offered at a variety of funding levels by a department. For both FY 06 and FY 07, departments were also allowed to submit "desired decision units" reflecting service or activity levels above the continuation level.

In our continuing effort to deliver the most cost effective and efficient services to the citizens of Hillsborough County, each organization was required to submit a proposal for a 3% efficiency savings/reduction to their continuation level budget. The purpose of this initiative was to examine how services are provided and identify opportunities for cost savings within existing programs. The expectation was that service delivery would not be measurably reduced as a result of these efficiencies. At a minimum, the efficiency proposal was to reflect a cost savings from both the FY 06 and FY 07 budget equal to 3% of the continuation budget for a department, including all funding sources.

The Strategic Decision Unit was new for this biennial budget process. This form represents the primary vehicle for tying the Board of County Commissioner's strategic goals to the budget planning process.

The Strategic Decision Unit is being used to identify and develop all of the strategies for the County's Strategic Plan, whether those strategies require more money or not. Many of these Strategic Decisions Units identified creative ways to deliver strategic plan objectives through existing funding levels. Departments were also encouraged to provide "alternative" strategies for delivering the same strategic objective.

The deadline for BOCC departments and agencies to submit their budget packages to the Management and Budget Department was March 4th. Although Florida Statutes allow most Constitutional Officers to submit their budgets on June 1st, the County Administrator asked them to make their submissions earlier to accommodate an accelerated schedule. All were able to supply preliminary budget information in the requested time.

The Review Phase consisted of scheduled budget work sessions between the County Administrator, appropriate Assistant County Administrator, selected Department Directors and budget staff to review and discuss the departmental budget submittals. These sessions began in April and continued through May.

In addition to the departmental budget meetings, there were four formal budget workshops conducted with the BOCC. These workshops were scheduled so that the Board could be more involved in the budget process and provide input into the prioritization of issues that led to the development of the recommended budget.

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The Public Adoption Phase began with the formal presentation of the County Administrator's Recommended Budget on June 8, 2005. The BOCC review of the budget and the public process of review, change, and formal adoption lasted through late September. This phase included seven workshops with the BOCC and four public hearings of which two were mandatory under State law. Although two of these public hearings were not required by State law, the BOCC wanted to give county residents opportunities for input to the budget prior to the Board setting proposed millage rates.

The second milestone of this phase involved setting the proposed millage rates for FY 06. This was accomplished at a workshop on July 28th. The proposed millage rates approved at the July 28th workshop were used by the Property Appraiser to prepare Truth-in-Millage (TRIM) notices distributed in mid-August.

TRIM notices advise County taxpayers of how tax rates proposed by all local taxing authorities combined with current information on

assessed value of real property will affect the taxes on each taxed parcel of land. The TRIM notice also serves as the official notification of the time and place of the first public hearing for adoption of both tentative millage rates and a tentative budget by each taxing authority.

The third milestone in this phase was the first of two State required public budget hearings. The first public budget hearing was held on September 8th. After hearing public testimony at the hearing, the BOCC adopted tentative millage rates and a tentative FY 06 budget.

The fourth and final milestone in this phase was the adoption of the FY 06 budget and millage rates at the second public hearing on September 22nd. The second public hearing was advertised by a published notice with detailed information of the tentative millage rates and the tentative budget.

BUDGET PROCESS MILESTONES

Planning

- October - December - Staff review of previous biennial budget process, comments from GFOA reviewers, and Board policies.

Preparation

- January 11 – Budget “kick-off” meeting; Electronic Distribution of Budget Instructions and Forms
- February 7 – Confirmation of Personnel Worksheets due from all organizations
- February 18 – Revenue Worksheets due from all organizations
- March 4 - Budget Submissions Due
- June 1 - Budget Submissions Due From Sheriff, Clerk, Property Appraiser, and Supervisor of Elections

Review

- January 26 - BOCC Workshop; Discussion of the budget process and a discussion of potential issues for future budget workshops.
- February 23 – BOCC Workshop; Presentation of County-wide General Fund and Unincorporated Area General Fund Five-Year Pro Formas, discussion of ad valorem tax rates, discussion of compensation issues, and a proposed approach for handling temporary and vacant positions.
- March 9 – BOCC Workshop; Presentation on pay and classification study and recommendations on compensation.
- April 13 – BOCC Workshop; Discussion of ad valorem tax rates, non ad valorem revenues, and Community Investment Tax and related debt capacity.
- April – May - County Administrator review of proposed budgets and decision units with Management and Budget Department staff, the Assistant County Administrators and representatives from BOCC departments, agencies and Constitutional Officers.
- June 1 - Preliminary tax roll information from the Property Appraiser's Office available.

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Public Adoption

- June 8 – BOCC Budget Workshop; County Administrator presented the Budget, discussion of 3% efficiency proposals and the linkage of the Budget to the County's Strategic Plan.
- June 9 - BOCC Budget Workshop; Discussed the recommended budgets for the Board of County Commissioners, County Internal Performance Auditor, County Attorney, Aging Services, Animal Services, Children's Services, Communications, Community Liaisons, Consumer Protection and Professional Responsibility, Cooperative Extension, County Administrator, Debt Management, Economic Development, Equal Opportunity Administrator, Fire Rescue, Fleet Management, Health and Social Services, HIPAA Compliance Office, Housing and Community Code Enforcement, Human Resources, Information and Technology Services, Library Services, Management and Budget, Medical Examiner, Neighborhood Relations, and Parks, Recreation and Conservation.
- June 9 - Public Hearing to Accept Public Input on the Operating and Capital Improvement Budgets
- June 14 – BOCC Budget Workshop; Discussed the recommended budgets for Planning and Growth Management, Public Safety, Public Works, Purchasing, Real Estate, Solid Waste, Water Resource Services, Water Resources Team, Property Appraiser, Public Defender, Sheriff, State Attorney Part I and Part II, Supervisor of Elections, Tax Collector, Charter Review Board, Civil Service Board, Environmental Protection Commission, Law Library, Legislative Delegation, Metropolitan Planning Organization, Planning Commission, Soil and Water Conservation Board, and the Value Adjustment Board.
- June 16 – BOCC Budget Workshop; Discussed allocations for Non-Profit Organizations and Governmental Agencies, and Non-Departmental Allotments.
- July 1 - Official preliminary taxable values provided by the Property Appraiser's Office
- July 1 – Statutory deadline for submitting proposed CIP to the Hillsborough County City/County Planning Commission
- July 15 - County Administrator's Recommended FY 06 and FY 07 Budget filed with the Clerk in accordance with Florida Statutes
- July 21 – BOCC Budget Workshop; Discussed the status of the Budget and the recommended FY 06 Capital Budget and the recommended FY 06 – FY 11 Capital Improvement Program; items flagged for consideration included renovation of EPC building, US Africa Foundation, Trinity Café, Affordable Housing Task Force, PD and E for Lithia-Pinecrest Road Improvements, Lowry Park Zoo, Florida Aquarium, Hillsborough Crisis Center, and ELAPP funding issues.
- July 21 - Public Hearing to Accept Public Input on the Operating and Capital Improvement Budgets
- July 27 – BOCC Budget Workshop; Discussed outstanding budget issues including canal dredging, Veterans combat duty tax grant, East Tampa CDC, Valrico Park, and Redlands Christian Migrant Association.
- July 28 - BOCC Budget Workshop to Reconcile Changes to the Budget and Set Proposed TRIM Millage Rates
- September 8 - First State-Required Public Hearing to Adopt Tentative Millage Rates and Tentative Budget
- September 22 - Second State-Required Public Hearing to Adopt Final Millage Rates and the FY 06 Operating and Capital Improvement Budgets

PROCEDURES FOR AMENDING THE BUDGET

For a full discussion of the County's budget process, see **The Process of Adopting the Budget** section in this budget document.

After the formal adoption of the budget by the Board of County Commissioners (BOCC) in September for the fiscal year beginning October 1, changes may be made to the adopted budget with a budget amendment. An amendment is a BOCC agenda item processed to increase or to decrease an existing budget. At no time can the budget be amended so that it is no longer balanced.

Items requiring action by the BOCC are usually initiated by the individual department affected by the item. These items are accompanied by an AGENDA ITEM COVER SHEET form. This form is also used to amend the budget. However, the following additional information is required for budget amendments:

- The subject section of the AGENDA ITEM COVER SHEET must state Request for Budget Amendment Resolution and identify the subject of the amendment and the fiscal year.
- The recommendation section of the cover sheet must state where funds are coming from and where funds are going; justification on why the action is needed; and the amount of the increase or decrease.
- The financial impact section of the cover sheet must state the impact on the current year's budget as well as the recurring impact on future years' budgets. Any increase or decrease in a reserve account should reflect the balance of the reserve subsequent to the action requested in the budget amendment.
- A separate form entitled LINE ITEM DETAIL showing the specific accounts affected must accompany the cover sheet.
- Each department director is responsible for initiating agenda items, via an electronic agenda workflow system, that affect their department's activities or budget. The completed AGENDA ITEM COVER SHEET with the LINE ITEM DETAIL, including the estimated impact on the next fiscal year and any

other appropriate information, is electronically signed by the department director and then forwarded for review through the organization. Electronic review and signature is performed in the following sequence:

- Department Director
- Management and Budget Department.
- County Attorney's Office (concurrent with review and approval by Management & Budget)
- Assistant County Administrator (required for departments under the County Administrator).

All budget amendments, approved by the above referenced organizations/staff, are processed by the Administrative Services Section of the County Administrator's Office for final coordination and preparation of the BOCC's agenda. Copies of all budget amendments are electronically forwarded to the Clerk of the Circuit Court's Finance Department to facilitate pre-audit of the proposed budget revisions.

The Management and Budget Department reviews the request for accuracy, availability of funds, completeness, compliance with BOCC Policies, and other matters considered appropriate for good financial management. If changes or corrections to a budget amendment are required, the item is electronically rejected back to the originating department by Management and Budget.

Upon approval by the BOCC, the budget amendment is posted to the financial system, a budget resolution is prepared by the Clerk to the BOCC, signed by the Chairman of the BOCC, and forwarded to the Clerk's Office for inclusion in the Board's official records. In accordance with BOCC Policy 03.02.05.00, any budget amendment that requires a drawdown on the reserve for contingency in either the Countywide General Fund or the Unincorporated Area General Fund must be approved by a super majority vote of the BOCC.

FINANCIAL POLICIES AND PROCEDURES

The County Administrator has explicit responsibility for all financial planning for the Board of County Commissioners (BOCC) including operating, capital and debt service budgets; and for the allocation of resources to facilitate accomplishing BOCC goals. The County Administrator is also responsible for developing long-range financial planning strategies, including reserve policies and forecasting. These functions are performed by the Deputy County Administrator, the Management and Budget Department and the Debt Management Department.

To execute these responsibilities and to maintain sound financial management practices, it is important to have financial policies and related procedures that complement the statutory requirements and professional standards which establish local governments' financial management framework. To this end, the Management and Budget Department and the Debt Management Department are involved in the on-going effort to research, document and publish financial policies and guidelines.

In FY 98, the Board of County Commissioners adopted a series of new financial policies, which are presented in this section, as a major effort towards documenting a more comprehensive approach to financial management. In some cases, written policies replaced informal rules that had been in place for years, but had not been previously documented and formally approved. Given the structure of county government in Florida, with most accounting functions residing with the elected Clerk of Circuit Court, and the budget function residing with the County Administrator who reports to the elected Board, the documentation and approval of policies may have particular importance.

The new policies were developed over a period of close to three years, during which draft policies were distributed to bond rating agencies and during which County staff reviewed draft recommended budget practices under development by the **National Advisory Council on State and Local Budgeting (NACSLB)**. Several of the new policies are intended to directly address NACSLB recommended budget practices.

It should be noted that the policies listed here reflect those adopted by the Board of County Commissioners. Other financial policies that are adopted by the Clerk of Circuit Court in his or her capacity as Chief Financial Officer for the Board, but which do not require Board approval, do not appear here.

There are two key Florida Statutes regulating local government budget development and implementation, Chapters 129 and 200. Chapter 129, entitled "County Annual Budget," establishes a system for controlling finances of county boards of commissioners throughout the state. Chapter 200, "Determination of Millage," defines the duty of the county commissioners in setting the rate of taxation. These statutory provisions set the framework for the budgetary process. In addition, Generally Accepted Accounting Principles (GAAP) for state

and local governments as set forth by the Governmental Accounting Standards Board (GASB), provide professional standards that guide public financial management and reporting.

POLICIES AND GUIDELINES

The following policy statements guide the annual budget development and monitoring functions of the County. They correspond closely to explicit provisions found in the statutes and complement professional standards established by GASB.

- 1. Chapter 129.01(2)(b), Florida Statutes:** The budget will be balanced by subfund, that is, the estimated revenues including balances brought forward will equal the total of the appropriations and reserves.
- 2. Chapter 129.01(2)(b), Florida Statutes:** Budgeted reimbursements are considered anticipated receipts and as such will be budgeted at 95% of the estimated fiscal year total.
- 3. Chapter 129.01(2)(c)1, Florida Statutes:** Reserves for contingencies may be established for each fund during the annual budget development process, and when established, will be in compliance with Florida Statutes requiring that reserves for contingencies not exceed ten percent of the total budget.
- 4. Chapter 129.01(2)(d), Florida Statutes:** A reserve for reappropriation will be provided in each fund as necessary to provide for the payment of vouchers which have been incurred in the year(s) prior to the fiscal year for which the budget is being prepared.
- 5. Chapter 129.06(2)(a), Florida Statutes:** Budget changes may be made through the budget amendment process.
- 6. Chapter 129.06(2)(d & e), Florida Statutes:** Fund revenue and expenditure totals may be increased or decreased by formal action of the BOCC: a) following appropriate public notice and public hearing, b) in the event new revenue is received from an unanticipated source, or c) in the County's enterprise funds.
- 7. Chapter 129.06(3)(b), Florida Statutes:** Interfund transfers are fixed when the budget is adopted.
- 8. Hillsborough County Ordinances 92-8 and 95-18: Safety of Investment Principal.** The highest priority in the handling of investments for the County is safety of principal. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities, defaults, or erosion of market value. Investments shall be diversified to the extent practicable to control risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. From time to time, securities may be traded for other similar securities

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to improve yield, maturity, or credit risk. For these type transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security:

- Yield has been increased
- Maturity has been reduced
- Quality of investment has been improved
- A positive blend for arbitrage purposes has been accomplished

9. Hillsborough County Ordinances 92-8 and 95-18: Reverse repurchase agreements are specifically prohibited.

10. Grant Application Tracking - BOCC Policy 03.01.03.00: It is the policy of the BOCC that all organizations directly funded by the Board participate in the tracking system by sharing information on all applications for new, or expansions of existing state and federal grants for which the Board would be responsible for appropriations, regardless of whether or not the Board would be responsible for providing matching funds. Information should be provided to the Management and Budget Department within five business days of application in a form established by the County Administrator.

Purpose: The purpose of this policy is to establish and maintain a method of tracking applications for all federal and state grant funds that the BOCC would be responsible for appropriating.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy and to provide monthly reports to the BOCC on the status of outstanding grant applications.

11. Acceptance of Credit Cards, Charge Cards, and Debit Cards for Payment of County Fees and Charges for Service - BOCC Policy 03.01.04.00: Departments under the authority of the Board of County Commissioners have the option of allowing the public to pay fees and charges for services with credit cards, charge cards, and debit cards. A department opting to allow the public to use credit cards will meet all the following conditions:

- Use the County's approved credit card service vendors to process the charges.
- Adhere to agreements with the approved credit card service vendors.
- Not charge a person using a credit card, charge card, and debit card a surcharge or fee for using the card.
- Explicitly budget in its operating budget the cost of paying credit card service vendor's fees. This budgeting will begin in the fiscal year the department starts to accept credit cards.

- Budget the cost of equipment, software, and professional services needed to implement the acceptance of credit cards, charge cards, and debit cards. This budgeting will also begin in the fiscal year the department starts to accept credit cards, charge cards, and debit cards.
- Because these cards can be considered a substitute for cash, the department will develop policies and procedures in concert with the Clerk of the Circuit Court to insure prudent management and accountability of card charges, chargebacks, and card account number security.
- Pursuant to Chapter 215.322(5) of the Florida Statutes, individual credit card, charge card, or debit card account numbers are confidential and are exempt from the provisions of Chapter 119.07(1) of the Florida Statutes.

Purpose: To allow departments under the Board of County Commissioners to have the option of accepting credit cards, charge cards, and debit cards from the public for payment of fees and charges for services. The acceptance of credit cards is authorized by Chapter 215.322 of the Florida Statutes.

Responsibility: It is the responsibility of each department opting to allow the public to use credit cards, charge cards, and debit cards to implement the above policy.

12. Bids for Capital Improvement Projects 10% or More in Excess of Estimated Construction Costs - BOCC Policy 03.02.01.00: It is the policy of the Board of County Commissioners that in instances where the low bid on a Capital Improvement Project amounting to \$50,000 or more exceeds the estimated construction costs by ten percent (10%) or more, the County Administrator shall appoint a committee to review the low bid.

Purpose: The purpose of this policy is to establish a uniform system for review of capital improvement project bids exceeding the estimated construction costs by 10% or more.

Responsibility: It is the responsibility of the County Administrator to instruct the Chairman of the Review Committee to set a time for review of the project bid. The review shall consist of, but not be limited to, the plan quality, unit quantities, current unit cost, escalation clauses, if any, and other items pertinent to the project. The Committee shall present recommendations to the County Administrator on whether to accept or reject the low bid.

13. Capital Budget And Capital Improvement Program - BOCC Policy 03.02.02.00: During the first year of the County's biennial budget Hillsborough County will develop and implement a comprehensive Capital Budget and a six-year Capital Improvement Program. The first two years of the Capital Program will represent the Capital Budget with the remaining four years representing the Capital Plan. During the second year of the County's bi-

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ennial budget there will be a one-year Capital Budget and a four-year Capital Plan.

The Planning Commission, Constitutional Officers, Environmental Protection Commission, County Administrator and their departments, other agencies which provide services to Hillsborough County residents, and organized citizen groups, will have the opportunity to provide input to the Capital Improvement Program process. Capital project financing will be derived from various funding sources including, but not limited to, bonds, short term loans and notes, fuel taxes, federal and State grants, community investment tax (Local Government Infrastructure Surtax), enterprise revenue, impact fees and the levy of ad valorem taxes and non-ad valorem assessments as determined by the Board of County Commissioners.

The Capital Improvement Program will comply with the Laws of Florida, (specifically Florida Statute 125.85(2) Florida Statutes), the Florida Administrative Code, Generally Accepted Accounting Principles (GAAP), necessary to assure proper accounting and fiscal management techniques and any County Ordinance, Policy and Procedure which relates to Capital Improvements and does not prohibit or restrict compliance with Section 218.33, Florida Statutes.

A list of priority categories for the Capital Improvement Program will be established by the Board of County Commissioners. This list will determine initial consideration of proposed projects for the Capital Improvement Program and provide a basis for evaluation and subsequent funding. Conformance with Board priority categories will aid in assuring the worthiness of a capital improvement project in relation to factors such as public health, safety, welfare, impact on the operational cost for government services and the implications for concept of growth management.

Additions or deletions of projects in the adopted Capital Improvements Program shall be by a Resolution of the Board of County Commissioners amending the Capital Improvements Program Resolution. Such additions or deletions shall be submitted to the Planning Commission for review of the change's impact upon the adopted level of service at least ten calendar days prior to the Board of County Commissioners' meeting at which the amendment is to be considered.

Changes in the cost of a current year project, advancing projects into the current year or delaying them from the current year to a future year in the adopted Capital Improvements Program shall be handled pursuant to the budget amendment procedure contained in Section 129.06, Florida Statutes.

Changes in the cost of a current year project that are less than 10% or less than \$100,000, whichever is least, of the project's all

years budget (including all funding sources), can be adjusted with the approval of the County Administrator under the Administrative Budget Amendment process. The Board of County Commissioners will be provided with a quarterly report of all such administrative adjustments.

Emergency additions to the Capital Improvements Program shall be made pursuant to the County Administrator's emergency purchasing authorization in the Hillsborough County Purchasing Manual with appropriate amendments to the Capital Improvements Program to be made as soon as reasonably possible thereafter.

In addition to the Capital Budget and the Capital Improvement Program, an annual update will be prepared, as identified in the Comprehensive Plan for Unincorporated Hillsborough County. Specifically, an annual update will be provided for:

- a. public facilities requirements related to standards set for potable water, sanitary sewer, solid waste, stormwater management, parks and recreation facilities, and arterial and collector roads; and
- b. revenue forecasts and analysis of financial capacity, as related to the above-listed public facilities.

Purpose: The purpose of this policy is to establish Board of County Commissioners guidelines and requirements for the submission of an annual Capital Budget and the biennial development of a Six-Year Capital Improvement Program (CIP) that will be county-wide in scope and administer the implementation framework for an adequate capital projects foundation to serve the needs of the residents of Hillsborough County. The CIP is designed to balance the need for public facilities and infrastructure as expressed by the County's Comprehensive Plan with the fiscal capability of the County to meet those needs. The CIP serves as a general planning guide for the construction of general purpose and utility facilities in the County. The CIP process provides a framework for careful development of reliable capital expenditure and revenue estimates and the timely scheduling of short- and long-term debt issues.

Definition: For the purpose of the Hillsborough County Capital Improvement Program:

1. A **Capital Project** is a set of activities, with related expenditures and schedule which includes one or more of the following:
 - a. delivery of a distinct asset or improvements to an existing asset, which will become an asset owned by Hillsborough County and be recorded on the financial records of the County as a capital asset under generally accepted accounting principles,

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- b. any contribution by Hillsborough County to other governmental or not-for-profit entities for the purpose of delivering a capital improvement. In situations where the improvement is not nor will it become an asset of the County, it will be included in the Capital Improvement Program as a contribution,
- c. any project, including equipment, which is funded from the Community Investment Tax (CIT),
- d. any engineering study or master plan necessary for the delivery of a capital project, and
- e. major repair, renovation or replacement of existing facilities.

The cost and timing of these Capital Improvements are to be identified in the Capital Improvement Program. The project scope, schedule, and costs approved by the Board of County Commissioners. A Project Manager is identified for managing each capital project.

2. **A Major Repair, Renovation or Replacement Capital Project** is a project which is primarily intended to preserve or enhance the operational condition of the existing facility and may increase the capacity of the facility. Facilities undergoing major repair and replacement may include existing buildings, roads for resurfacing purposes, wastewater treatment facilities, etc. A project will be considered for the Major Repair, Renovation or Replacement Capital Project category if it has an estimated cost of \$100,000 or greater, or extends its useful life by at least five years, or adds capacity or square footage to an existing facility, or will require more than a twelve-month period to deliver. A project which does not extend the useful life of the asset by at least five years, or does not add capacity or square footage to an existing facility and will be delivered within a twelve-month period will be included in the County's routine repair and replacement program.
3. **The Capital Improvement Program** is the Board's approved financial plan of Capital Projects. The Capital Improvement Program will include "new" Capital Projects and Major Repair, Renovation or Replacement Capital Projects. "New" Capital Projects include the acquisition of new capital facilities through either purchase or construction, or assets acquired through public/private partnerships. The Capital Improvement Program should include any new facility or any existing facility which is being changed to either extend the useful life by at least five years, increase capacity, increase square footage, increase the level of service to the community, or change the function of the facility.
4. Project Costs represent the purchase price or construction costs of a project, including other capitalizable costs incurred such as feasibility studies, cost-benefit analysis, site

acquisition, legal and title costs, appraisal and surveying fees, architect and accounting fees, design and engineering services, initial fixtures and equipment, and transportation charges necessary to place the completed asset in its intended location and condition for use.

Responsibility: It is the responsibility of the Management and Budget Department under the direction of the County Administrator to prepare and submit to the Board of County Commissioners for its approval and adoption:

- a. a Capital Improvement Budget; and
- b. a Capital Improvement Program for Hillsborough County.

The Management and Budget Department is also responsible for preparing and submitting the annual update for the unincorporated area.

BOARD OF COUNTY COMMISSIONERS PRIORITY CATEGORIES FOR THE CAPITAL IMPROVEMENT PROGRAM - The following criteria, which is not presented in any sequence, will be used to establish priority for making decisions related to capital projects to be funded in the Capital Improvement Program:

- Projects which are necessary to conform to state or federal laws or court rulings.
- Projects eligible for restricted revenues such as state and federal grants.
- Projects necessary in carrying out Hillsborough County's Comprehensive Plan for unincorporated Hillsborough County.
- Major repair and replacement capital projects.
- Projects which reduce future operating costs or improve effectiveness of operation of county services.
- Projects which are essential to the health, safety and welfare of the community.
- Projects which stimulate private investment or otherwise effect measurable neighborhood and economic improvement.
- Projects which involve inter-agency cooperation.
- Projects which will improve the cultural and recreational activities of the community.
- Projects which provide measurable environmental benefit.
- Projects which improve accessibility to County facilities to all citizens.

14. **Budget Submissions - BOCC Policy 03.02.02.01:** It is the policy of the Board of County Commissioners (BOCC) submit budget request for the upcoming year (or in the case of a two year budget process, for two years) in accordance with the budget instructions distributed annually by the County Administrator, as designated Budget Officer.

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(Exception: This policy does not apply to organizations receiving funds through a contract or interlocal agreement.)

Purpose: The purpose of this policy is to provide consistent disclosure of the budgets requested by organizations funded by the Board of County Commissioners (BOCC).

Responsibility: It is the responsibility of each organization requesting funds to comply with this policy. The County Administrator, as designated Budget Officer, will advise the BOCC if any organization fails to provide the necessary detail.

15. Use of Excess Fund Balance- BOCC Policy 03.02.02.02: It is the policy of the BOCC that upon completion of the annual financial audit, any excess fund balance in the General Fund and General Purpose MSTU Fund will be appropriated by budget amendment pursuant to Section 129.06, Florida Statutes, as follows:

- 25 percent will be transferred to a fleet replacement account in the Fleet Services Fund for the replacement of vehicles including annual rental costs until the County's fleet replacement account for each fund has attained industry replacement standards, as identified by the Fleet Maintenance Department; and
- 25 percent will be transferred to a designated reserve in the Self Insurance Fund for unbudgeted litigation or judgement expenses until the reserve in that account equals one percent of the combined General Fund and General Purpose MSTU Fund; and
- 50 percent will be appropriated to the catastrophic emergency reserve in the Self Insurance Fund until reserves in that account match eight percent of expenditures in the General Fund and General Purpose MSTU Fund; and
- any additional funds remaining as a result of meeting the required thresholds identified in (1), (2) or (3) will be split in the same ratio to meet the remaining threshold(s).

Once the standards are met for fleet replacement, unbudgeted litigation and judgments, and catastrophic reserves, excess fund balance in either fund may be appropriated in the next adopted budget for any legal purpose.

Excess fund balance is defined as both, (1) underexpenditures which may be realigned in the budget in which it was appropriated pursuant to Section 129.06(2)(a), Florida Statutes and, (2) unanticipated revenue which may be appropriated pursuant to Section 129.06(2)(f), Florida Statutes, that combined exceed the budgeted beginning fund balance for the next fiscal year.

Purpose: The purpose of this policy is to provide for prudent use of any excess fund balance to improve the County's financial security.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator as Budget Officer, to implement this policy.

16. Earmarking of Funds - BOCC Policy 03.02.02.03: It is the policy of the BOCC that the budget avoid "earmarking" of available revenues that would unnecessarily restrict the full range of potential uses of such revenues. The use of various funds, however, will be consistent with generally accepted accounting principles and Florida Statutes, Section 129.02.

Purpose: The purpose of this policy is to provide the BOCC maximum discretion in the use of its funds.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

17. Self Insurance Fund - BOCC Policy 03.02.02.04: It is the policy of the BOCC that the County's self-insured programs are fully funded, including reserves for incurred-but-not-reported (IBNR) claims, through annual assessments to covered departments and agencies. Unrecovered costs in one year may be recovered in a subsequent year through adjustments to charges.

Purpose: The purpose of this policy is to ensure that all programs managed through the Self Insurance Fund are fully funded through the fees recovered through covered departments and agencies, including administrative costs and reserves. Covered programs include: health insurance, worker's compensation, auto liability, and general liability.

Responsibility: It is the responsibility of the Management and Budget Department, the Purchasing Department, and the Human Resources Department, under the direction of the County Administrator, to implement this policy.

18. Pay-As-You-Go Funding of Capital Improvement Projects - BOCC Policy 03.02.02.05: It is the long-term policy of the BOCC to use at least one percent of the County's unrestricted General Fund revenues and one percent of the County's unrestricted General Purpose MSTU Fund revenues to provide pay-as-you-go funding for the general government capital improvement program (CIP) for renewal, replacement and/or improvement of County facilities. For the purpose of this calculation, fund balance, transfers and other non-revenue sources will not be considered.

Purpose: The purpose of this policy is to establish a long-term target for financing a portion of the County's general government capital improvement program through pay-as-you-go funding, in order to provide adequate funding for minor projects, rehabilitation and renovation of existing assets, and front-end funding of other projects for which total project cost has not been calculated.

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Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

19. Prioritization of Capital Projects - BOCC Policy 03.02.02.06:

It is the policy of the BOCC that capital projects be prioritized based on standards established for each program. Within the prioritization process, capital maintenance of existing infrastructure will be given a higher priority than new construction. New construction projects will be prioritized based on standards established for each program, including comprehensive plan standards and impact fee standards.

Purpose: The purpose of this policy is to ensure that prioritization of capital projects reflect established community standards, and that the County maintains its existing infrastructure investments.

Responsibility: It is the responsibility of the Management and Budget Department, using input from the Planning and Growth Management Department, under the direction of the County Administrator, to implement this policy.

20. Minimizing the Expense of Financing Capital Projects - BOCC Policy 03.02.02.07:

It is the policy of the BOCC that short-term or long-term financing for capital projects be based on anticipated cash requirement so as to borrow only when funds are needed, and to fully comply with federal tax code in regard to arbitrage rebates. That is, funds shall not be borrowed for future phases of a project, if those funds will not be needed within the next twelve months and the County will incur additional interest expense or operating impacts as a result of such action.

As necessary, the County will employ the use of bond anticipation notes (BAN's), pay-as-you-go financing until an accurate project cost can be determined, and/or breaking a bond issue into phases.

Purpose: The purpose of this policy is to minimize the financing (interest) expense and operational impacts that may result from borrowing funds for future capital project requirements.

Responsibility: It is the responsibility of the Management and Budget Department, and the Debt Management Department, under the direction of the County Administrator, to implement this policy.

21. Operating Impact of Capital Projects - BOCC Policy 03.02.02.08:

It is the policy of the BOCC that all capital projects considered for funding by the County include information on the potential impacts on maintenance, as well as any cost of operating the project. Such information will include any savings resulting from the project, as well as any new costs. The operating im-

pact information shall be provided for the period covered in the County's current six year Capital Improvement Program. No capital project shall be funded unless operating impacts have been assessed and the necessary funds can be reasonably assumed to be available, when needed.

Purpose: The purpose of this policy is assess the impact of capital projects on the need for operational funding. Such assessment should prevent the County from building or acquiring a project that the County cannot afford to operate and/or maintain.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

22. User Fees and Cost Recovery - BOCC Policy 03.02.02.09:

It is the policy of the BOCC that the County may from time to time establish or update fees for services provided by the County (user fees). The County will identify the full cost of providing a service for which fees are charged. Wherever practical, the County shall identify cost recovery goals for each fee and authorize automatic adjustment so that the fee can be updated to recover the same portion of the County's cost over time. The calculation of cost will include all reasonable and justifiable direct and indirect cost components.

Purpose: The purpose of this policy is to identify the full cost of services for which user fees are charged and to establish, over time, specific cost recovery goals for these services that can be maintained as costs change.

The calculation of the full cost of providing a service does not suggest that user fees should fully recover the cost, only that the public should know what portion of the cost is being recovered through user fees, and such recovery rate should be maintained unless the Board acts to increase or reduce a cost recovery goal.

23. Recovery of Indirect Costs - BOCC Policy 03.02.02.10:

It is the policy of the BOCC that for the calculation of the value of indirect services provided to a department (exclusive of any grant-funded programs), the County use the most current, "full-cost" cost allocation plan.

- Enterprise operations - Each County enterprise operating shall reimburse the General Fund for the Calculated Value of indirect services provided to the enterprise. These costs should be incorporated into service charges levied by the enterprise. The amount actually charged should be based on the amount derived during the budget process.
- Internal service operations - Each County internal service operation shall reimburse the General Fund for the calculated value of indirect services provided to the internal ser-

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vice department. These costs should be incorporated into service charges levied by the internal service fund.

- Building Division - The Building Division of the Planning and Growth Management Department shall reimburse the General Fund for the calculated value of indirect services provided to the Building Division. These costs should be incorporated into permit and licensing fees levied by the Division.
- Special Library District - The Library Services Department, which is funded through the Special Library District, shall reimburse the General Fund for the calculated value of indirect services provided to the Library Services Department. These costs should be incorporated into the annual budget, and should be covered by the millage levied for the Special Library District Fund.
- Other Funds - As appropriate, other operating funds such as the General Purpose MSTU Fund and the Transportation Trust Fund will reimburse the General Fund for the calculated value of indirect services provided to departments funded from those funds. The Management and Budget Department should determine where such charges are appropriate. These costs should be incorporated into the annual budget, and should be covered by the revenues available to those funds.

Purpose: The purpose of this policy is to establish how indirect cost charges are assessed to recover a portion of the General Fund costs for central service departments from other funding sources.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

24. Anticipated Revenue Shortfalls - BOCC Policy 03.02.02.11:

It is the policy of the BOCC that in the event a significant revenue shortfall is within an operating fund, the County will develop a plan to reduce expenditures, use reserves, or take other appropriate actions to maintain the financial integrity of the County.

Purpose: The purpose of this policy is to ensure that a measurable reduction in revenues results in actions to reduce expenditures. Budget control is based on budgeted revenues. In the event actual revenues are anticipated to fall short of budget, expenditures should be reduced to ensure that a shortage of funds or a drawdown of fund balance does not occur.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

25. Fleet Maintenance -BOCC Policy 03.02.02.12: It is the policy of the BOCC that the Fleet Maintenance Department operate

within an internal service fund. The internal service fund shall recover, over time, the full cost of providing fleet maintenance services to customers, as well as the projected replacement cost (net of salvage value) for vehicles owned by Fleet Maintenance and rented to departments and agencies. The Department will develop a fleet replacement schedule and update that schedule annually.

Within this internal service fund, there will be maintained a fleet replacement reserve, the purpose of which is to accumulate the funds necessary to replace County vehicles when they meet County standards for replacement. Fleet replacement standards shall be reviewed annually to ensure rental rates are set to recover sufficient funds to replace vehicles.

Purpose: The purpose of this policy is to operate the Fleet Maintenance Department in a self-sufficient manner, reflecting both maintenance of County vehicles and replacement of vehicles.

Responsibility: It is the responsibility of the Fleet Maintenance Department, under the direction of the County Administrator and with the assistance of the Management and Budget Department and the Debt Management Department, to implement this policy.

26. Pay Comparability with Public And Private Employers- BOCC

Policy 03.02.02.13: It is the policy of the BOCC that pay ranges for all employees be adjusted so that the County can maintain the 50th percentile in a comparison of pay with public and private employers. For the purposes of that comparison, the midpoint of each County pay range is the imputed market value of a job and should be set so that one-half of comparable employers pay lower (the basis for a 50th percentile) and the other one-half pay higher.

Purpose: The purpose of this policy is for the County to be a competitive employer.

Responsibility: It is the responsibility of the Management and Budget Department and the Human Resources Department, under the direction of the County Administrator, to implement this policy.

27. Performance Pay - BOCC Policy 03.02.02.14: It is the policy of

the BOCC that the budget include an annual pay adjustment for employees, with each employee's actual pay adjustment based on an assessment of job performance.

Purpose: The purpose of this policy is for the County to maintain a pay system for employees under the County Administrator that ties pay increases to performance as an incentive for employee performance.

Responsibility: It is the responsibility of the Management and Budget Department and the Human Resources Department, un-

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der the direction of the County Administrator, to implement this policy.

- 28. Performance Measurement - BOCC Policy 03.02.02.15:** It is the policy of the BOCC that performance measures be developed for all organizations to provide information on workload, efficiency and effectiveness. Comparative information should be provided in budget documents for a minimum of three or four years--the previous year, the current year, and the upcoming budget year or years. Selection of measures shall reflect quantifiable key objectives for each organization, industry standards, and the availability of data.

Purpose: The purpose of this policy is to provide the public with quantifiable objectives for each organization and statistics on performance that can be compared over time, and against similar organizations in other jurisdictions. Objectives and measures provide the public with information on outcomes resulting from the investment of public funds in an organization's operations.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

- 29. Multi-Year Projection of Operating Funds - BOCC Policy 03.02.02.16:** It is the policy of the BOCC that the County annually prepare a Pro Forma projection of revenues and expenditures for the General Fund and Unincorporated General Fund that builds on the adopted current year budget and extends that budget five years - consistent with the period covered by the County's capital improvement program. The projections should include the anticipated operating impacts of the adopted capital improvement program. Major assumptions should be outlined and sensitivity analysis should be provided for alternate assumptions. In addition to the financial projections, the County will prepare a financial plan outlining how the County can address any shortfalls identified in the projections.

Purpose: The purpose of this policy is to establish multi-year financial planning as a strategic planning tool for major operating funds that receive ad valorem tax revenue. A model can be used with trend analysis to project future revenues and expenditures using alternative economic, planning and policy assumptions. The model can be used, in turn, to develop a financial plan of action to address any identified needs.

The financial planning process helps shape decisions and permits necessary and corrective action to be taken before problems become more severe. A financial forecast and the associated financial plan is not a forecast of what is certain to happen, but rather a device to highlight significant issues or problems that must be addressed if goals are to be achieved, and a plan to address those issues or problems.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy by preparing an annual report by February 1.

- 30. Budgetary Position Control- BOCC Policy 03.02.02.17:** It is the policy of the BOCC that the total number of permanent full-time positions and part-time positions working 30 hours or more per week approved in the adopted budget for each department, agency or office may not be exceeded without prior approval of a change in the authorized staffing level. The County Administrator as designated Budget Officer, may authorize position realignments between departments, agencies and offices with the consent of any affected appointing authorities, so long as the realignment is not inconsistent with the work program in the approved budget.

Additions to the approved number of total positions (i.e., permanent full-time and part-time positions working 30 hours or more per week in all organizations funded by the BOCC) will require BOCC approval.

Purpose: The purpose of this policy is to control expenditures on positions through control of the number of positions each organization is authorized to fill.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

- 31. Budget Override Authority - BOCC Policy 03.02.02.18:** It is the policy of the BOCC that a procedure exist to permit the County Administrator, as designated Budget Officer, to provide authorization to the Clerk of Circuit Court, as Chief Financial Officer, to bypass or override established budgetary controls when there are no appropriations or insufficient appropriations with a designated department or agency funding source. To address the immediate operational requirement, such override will be requested only in situations when it is absolutely necessary and when a budget amendment has been prepared for approval by the BOCC at any of their next scheduled meetings, and when the County Administrator is not aware of any reason why the BOCC would reject approval of the budget amendment. At no time shall the fund be overexpended. The authority to prepare the budget amendment and coordinate the override with the Clerk of the Circuit Court may be delegated to the Budget Director.

In addition, this policy also authorizes the Clerk of Circuit Court to automatically process overrides on statutory payments (i.e., payroll, payroll benefits, and workers compensation payments), accounting system interfaces, and accounting corrective action when such processing is in the best interest of the County.

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Budget amendments to correct such overrides become the responsibility of the department or agency through their routine budget monitoring process.

Purpose: The purpose of this policy is to provide for temporary bypass of normal budgetary controls when, in the conduct of normal business, a department or agency has expended its approved budget or has incurred unanticipated expenditures and it becomes necessary to issue warrants or process purchase orders or requisitions prior to having the Board of County Commissioners (BOCC) approve additional appropriations through a budget amendment.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

32. Balanced Budget - BOCC Policy 03.02.02.19: It is the policy of the BOCC that the County adopt a balanced budget for all funds and any component subfunds of those funds. The County will avoid budget and accounting practices that balance the budget at the expense of future budgets. The budget will not use one-time (non-recurring) sources to fund continuing (recurring) uses, postpone expenditures, intentionally underestimate expenditures or overstate revenues, or use external borrowing for operational requirements.

Purpose: The purpose of this policy is to establish professional standards for the balancing of the annual budget that are consistent with a goal of long term financial health for the County.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

33. Budgetary Control - BOCC Policy 03.02.02.20: It is the policy of the BOCC that the budget be controlled at the level of character of expense within a subfund, by department or agency. In accordance with Florida Statutes, Section 129.06, the County Administrator, as designated Budget Officer, may authorize budget amendments within a subfund and within a department or agency or within a County Administrator department. Budget amendments will only be authorized with the consent of any affected agency.

Reserves and new revenues may not be appropriated through this process, intrafund and interfund transfers may not be changed, and total appropriations of the department or agency shall not be changed.

Purpose: The purpose of this policy is to formalize the County's level of budgetary control, and to provide for the administrative realignments of funds by the Budget Officer in accordance with

Florida Statutes, Section 129.06, to deal with unexpected needs as long as service to the public is not negatively impacted, and as long as there is timely reporting to the BOCC.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

34. Fiscal Year - BOCC Policy 03.02.02.21: It is the policy of the BOCC that County programs be operated on a fiscal year period beginning each October 1, and ending the following September 30, except where such timing is inconsistent with federal or state programs. Operating contracts will include language that funding in future fiscal years will be subject to the availability of funds.

Purpose: The purpose of this policy is to conform the timing and reporting of County-operated programs to the fiscal year established for counties under Florida Statutes, Section 129.04, except where such timing would be inconsistent with federal or state programs. Consistent timing of program years with the fiscal year will allow reconciliation between program reporting and existing requirements for financial reporting. In general, this impacts non-grant programs where program reporting will be inconsistent with financial reporting unless both follow the same reporting period.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

35. Reserve for Cash Balance (Stabilization Funds) - BOCC Policy 03.02.02.22: It is the policy of the BOCC that the County budget an ending fund balance for an upcoming fiscal year equal to a minimum of 5 percent of expenditures. The calculation will be based on expenditures in the most recent year for which audited actuals are available. For example, in preparing the budget for FY 08, an ending fund balance will be budgeted equal to 5 percent of FY 06 audited expenditures, since the budget for FY 08 will be prepared during FY 07. If a budget for FY 09 is also budgeted as a part of a biennial budget process, it will also be based on FY 06 expenditures, since that will still be the most recent year for which audited expenditures are available.

For the purpose of this calculation, expenditures will include transfers to Constitutional Officers but exclude interfund transfers.

This policy applies to the following operating funds: General Fund, Unincorporated General Fund (MSTU Fund), and Special Library District Fund.

Recognizing that the minimum 5 percent target may not be accomplished immediately, the County will move toward that level through the following interim objectives:

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- FY 00 a minimum of 0.625 percent
- FY 01 a minimum of 1.250 percent
- FY 02 a minimum of 1.875 percent
- FY 03 a minimum of 2.500 percent
- FY 04 a minimum of 3.125 percent
- FY 05 a minimum of 3.750 percent
- FY 06 a minimum of 4.375 percent
- FY 07 a minimum of 5.000 percent

Purpose: In order to be fiscally prudent, current revenues should pay for current expenditures. One-time sources such as beginning fund balance should be allocated only to one-time uses or carried forward. A reserve for cash balance to be carried forward as authorized by Section 129.01(2)(C)2. Florida Statutes should be budgeted each year at an adequate level to insulate the County against unanticipated revenue shortfalls and/or unanticipated expenses in the upcoming year and to ensure that sufficient cash is available in the following year to meet the County's obligations until revenues are anticipated to be available.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

- 36. Fact Based Decision Making - BOCC Policy 03.02.02.23:** It is the policy of the Board of County Commissioners that departments and organizations engage in the collection and use of data in making decisions. Such a process will ensure the financial stability of the County is maintained, and County residents and businesses are well-served through effective decision-making.

Purpose: The purpose of this policy is to establish that Hillsborough County government should incorporate the review of facts underlying an issue prior to making decisions. This pertains to decisions made both by staff and by the Board of County Commissioners. The facts used may include financial data, legal precedents, engineering statistics and other forms of data.

Responsibility: It is the responsibility of each department and organization to comply with this policy.

- 37. Service and Program Delivery - BOCC Policy 03.02.02.24:** It is the policy of the Board of County Commissioners (BOCC) that each department and organization funded by the BOCC continually measure the efficiency and effectiveness of services and programs and benchmarks.

Purpose: The purpose of this policy is to establish that services and programs provided by the County are evaluated to ensure that the best approach for delivery is selected which is both efficient and effective. Programs and services are the methods by

which a government addresses priorities created through its policies and plans.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

- 38. Budget Adjustment For Turnover Savings - BOCC Policy 03.02.02.25:** It is the policy of the Board of County Commissioners that in preparing the budget, the County Budget Officer may budget less than the calculated annual cost of personnel based on an analysis of historical expenditure trends which reflect the savings that result from resignations, retirements, transfers, etc. In the event an amount is budgeted that is less than that which would be necessary to pay all employees for a full year, the amount that is subtracted from the budget to reflect such turnover savings or attrition will be placed in a reserve within the respective fund and be available only for appropriation to meet personnel costs for budgeted positions. This reserve shall not be used to hire new employees or to meet other operational requirements. The funds placed in reserve may be used to meet unanticipated personnel requirements of any organization in which a reduced level of personnel funding was budgeted as a result of the application of this policy. Any balance remaining at year-end will be available for appropriation in the subsequent year.

In implementing this policy, provisions should be made to exempt organizations with fewer than 50 positions and this policy does not apply to the budgets of Constitutional Officers.

Purpose: The purpose of this policy is to allow the budget to reflect anticipated year-end personnel expenditures while ensuring that adequate funds are available to fund all positions throughout a fiscal year.

Budgeting the cost of positions based on historic knowledge of savings that result from turnover resulting from resignations, terminations, retirements, and promotions (also known as budgeting for attrition) better reflects what will actually be spent on personnel costs. At the same time, provision must be made in case turnover is less than anticipated, and to recognize the potential problems for organizations with few employees and for Constitutional Officers who maintain their own accounting systems and return unspent funds at year-end.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator as County Budget Officer, to implement this policy.

- 39. Use of Capital Project Appropriations - BOCC Policy 03.02.02.26:** Appropriations for a capital project deemed not needed to complete that project should be appropriated in the following order.

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In accordance with bond covenants, grant contracts, statutory provisions, or other legal requirements, maintain a contingency balance within each subfund sufficient to allow completion of currently approved capital projects. This contingency balance (the sum of Allocated Funds for Future Capital Projects, Allocated Funds for Future Land Acquisition and Reserve for Future Capital outlay) shall be computed as follows:

- 1) On an all years basis, the contingency balance for capital projects within any subfund shall equal at least 10% of the subfund's total all years appropriation less the sum of actual all years expenditures, all reserves, and all years appropriations for allocated funds for future land acquisition and future capital projects.
- 2) Once contingency balance requirements have been met, remaining capital project appropriations may be used to reduce outstanding debt within the applicable program if permitted by bond covenants and if doing so does not create an economic or financial loss.

If the requirements in 1) and 2) above have been met, remaining funds may be used to initiate new projects.

Depending on the original funding source, if no unfunded needs currently exist, if no other requirements are specified under bond covenants, grant contracts, statutory provisions or other legal requirements, excess funds shall be added to Reserve for Future Capital Outlay. If the funds were originally transferred from a tax fund then remaining appropriations may be returned to that tax fund.

Note that any time a budget amendment (either administrative or Board agenda item) is submitted to reduce the total funding for a given project, the amount of the proposed reduction will be deemed to be "remaining" appropriations subject to this policy.

Appropriations associated with projects from general allocations for a type of project (i.e., the annual appropriation for road resurfacing, sidewalks, intersection improvements, median barriers, school flashers, etc.) will be returned to the allocated funds account established for that purpose and will not be subject to these requirements.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator as County Budget Officer, to implement this policy.

- 40. Environmental Land Acquisition Program (ELAP) Fund - BOCC Policy 03.02.03.00:** It is the policy of the Board of County Commissioners that general obligation bonds for ELAP not be issued this fiscal year in order to save issuance and interest costs. Further, it is the policy of the Board that .25 mills be levied in September 1991 to continue the ELAP program and to

further adopt an ordinance or to amend the existing ordinance to declare the levy in September 1991, the first year of the 20-year period.

Purpose: The purpose of this policy is to clarify the financing of the Environmental Land Acquisition Program (ELAP) for 1991-1992 as it pertains to a referendum approved by voters on March 3, 1987, and a referendum approved by voters on October 2, 1990. The 1987 referendum authorized a tax levy of up to .25 mills for a period not to exceed four years. The 1990 referendum authorized general obligation bonds payable from ad valorem taxes at a rate not exceeding .25 mills in any one year for a period not to exceed 20 years from the first levy.

Responsibility: It is the responsibility of the Municipal Services Team under the County Administrator to be the coordinating agency for this policy.

- 41. Reserve for Catastrophic Emergencies - BOCC Policy 03.02.04.00:** It is the policy of the (BOCC) to maintain a Catastrophic Emergency ("Rainy Day") reserve within the County's Self Insurance Fund for events of such magnitude that they could not otherwise be covered by available, budgeted funds. This reserve shall be used only for one or more of the following events:

- Local disaster recover requiring County expenditures;
- Unanticipated County liability;
- Major County revenue shortfall.

Expenditures or revenue of the County's enterprise operations are excluded. Use of this reserve requires approval by a super majority vote of the BOCC, and the prior drawdown of all available, and appropriate, contingency reserves.

- 42. Reserve for Contingency - BOCC Policy 03.02.05.00:** It is the policy of the Board of County Commissioners (BOCC) to reduce the draw downs on the Reserve for Contingencies to only those requests that meet one or more of the following criteria:

1. could not be reasonably anticipated during the budget process for the current year and without funding would result in material financial penalty or detriment to the County;
2. are the result of new unfunded/federal mandates that require immediate funding;
3. would not be part of any County competitive funding program in the following year, and/or;
4. are offset by unbudgeted revenues that cannot be appropriated in the current year.

All requests will require detailed justification including a statement as to why these requests could not wait until the next budget cycle, and will require a supermajority vote of the BOCC for passage.

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Purpose: The purpose of this policy is to provide a clear guideline restricting the use of the Reserve for Contingency within the unrestricted general Fund and within the unrestricted General Purpose MSTU Fund.

Responsibility: It is the responsibility of the County Administrator and the Budget Department to advise the BOCC when it may be appropriate to draw down this reserve, identifying the criterion which has been met. Proposed budget amendments that appropriate contingency reserves in the General Fund or General Purpose MSTU Fund will be placed on the regular section of the BOCC agenda of a regularly scheduled meeting for BOCC discussion.

Any deviation to this policy shall require a super-majority vote of the BOCC prior to consideration of the budget amendment.

- 43. Debt Management - BOCC Policy 03.02.06.00:** It is the policy of the Board of County Commissioners: (a) to periodically approve the issuance of Debt Obligations on behalf of the County to finance the construction, acquisition and/or equipping infrastructure and other capital assets to meet its governmental obligations to its residents; (b) to approve the issuance of Debt Obligations to refund outstanding debt when indicated by market conditions or management considerations; (c) that such Debt Obligations are issued and administered in such a manner as to ensure and sustain the long-term financial integrity of the County, to achieve the highest possible credit ratings and to preserve and enhance the quality of life, safety and welfare of its residents; (d) that such Debt Obligations shall not be issued or debt proceeds used to finance current operating expenditures of County government except as provided for herein; and, (e) to issue or guarantee, if necessary, Debt Obligations on behalf of independent authorities and agencies of the County to finance the construction, acquisition and/or equipping of infrastructure and capital assets which serve a public purpose and further the goals of County government.

[The term "Debt Obligations" shall mean bonds, notes, letters and lines of credit, or other securities issued by the County to fund a capital project providing a public benefit and secured by a pledge on a specific revenue source or a covenant to budget and appropriate specific revenues.]

Purpose: To establish parameters and guidance for the issuance, management, monitoring, assessment and evaluation of all Debt Obligations (defined below) issued by Hillsborough County.

Responsibility: It is the responsibility of the Debt Management Department, under the direction of the County Administrator and with the advice of the Finance Committee, to implement this policy.

- 44. Water and Wastewater Financial Policy - BOCC Policy 03.03.01.00:** Hillsborough County intends to operate its water and wastewater system in a businesslike manner using financial procedures which are consistent with those used in standard utilities operations. The Water Department shall be an enterprise fund department existing solely on its own revenues (i.e. monthly service revenues and fees, grants, interest income, bond sale proceeds, etc.) and such revenues are expended only for use of the Water Department. Further, monthly water and wastewater service revenues shall be used, to the greatest extent possible, to provide for the operation and maintenance of the utilities system, renewal and replacement, debt service (except for the portion eligible to be paid by capacity fees), and any capital rehabilitation related to service of existing customers.

In addition, the funds to expand the utilities system to service new customers shall be obtained through capacity fees, past earnings of the system, grants (including Community Investment Tax), proceeds from bonded Capacity Assessments Units (CAU's), and un-bonded CAU's. Provided, however, that any Water Department funds may be used to meet cash flow requirements to expand the utilities system with a return of those funds used in lieu of capacity fees. Capacity fees and CAUs shall be accounted for as set forth in appropriate county ordinances and bond covenants. Also, these fees and all other Water Department fees, rates and charges shall be reviewed on an annual basis to determine their sufficient for providing service in compliance with the bond resolution.

Oversight Responsibility: The Water Department under the direction of the County Administrator will establish and execute procedures necessary and comply with existing ordinances and bond covenants to accomplish the appropriate financial planning, accounting and review for the operation, maintenance and expansion of the utilities system.

- 45. Community Investment Tax Financial Policies - BOCC Policy 03.03.05.00:** The Board of County Commissioners is committed to the efficient delivery of projects to be funded by the Community Investment Tax. The Board recognizes that during the delivery period, the costs of the projects may change and opportunities to expedite projects may arise. The policy is summarized below and is described in more detail in the attachment.

A reserve is established to cover unanticipated costs of projects funded by the Community Investment Tax. The County Administrator may use the reserve to cover contingencies and cost increases which are within 10% or \$100,000 (whichever is less). If cost increases are over 10% or \$100,000, then the County Administrator may recommend a funding alternative which may include the reserve. If a project cost is lower, its scope is reduced, or it is not feasible to implement, then funds originally allocated to the project will be allocated to the reserve. If the reserve is suffi-

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cient to cover contingencies in a given year, the County Administrator may recommend expediting a project programmed for funding in future years. In the event a project programmed for future years becomes needed sooner than anticipated, the County Administrator may recommend using the reserve, detaining a current project, or consider financing. Financing may be recommended if the following conditions are met: the reserve is insufficient; there is a cost-savings or other economic reason, and there are sufficient staff resources to implement the project.

Purpose: To establish financial parameters and guidance for the implementation of projects funded by the Community Investment Tax.

Responsibility: It is the responsibility of the Management and Budget Department and the Office of the Capital Program Administrator, under the direction of the County Administrator, to implement this policy.

46. The Writing Off of Uncollectible Accounts Receivables for the Fire Rescue Department - BOCC Policy 03.04.20.01:

1. Fire Rescue will make every effort to insure that each account is processed in accordance with its operating procedures before designating the account as uncollectible.
2. Accounts that are outstanding for three years or more from date of service will be deemed uncollectible. Write offs will be done four times a Year (as of Dec. 31, Mar. 31, Jun. 30, and Sept. 30).
3. Accounts with a balance of \$5.00 or less, and are outstanding for three months or more will be deemed uncollectible and written off.
4. A detailed listing of these uncollectible accounts will be approved by the Director of Fire rescue.
5. The listing will be submitted to BOCC Accounting Department after each write off.
6. The BOCC Accounting Department will, upon receipt of the listing, reduce accounts receivable in the general ledger and charge the amount to the allowance for Bad Debt Account. Fire Rescue will reduce the balance on the Daily Collection Report with the write off, and account details of the write off will be removed from the subsystem.
7. The listing of the write offs will be maintained as a permanent record. Collection against write offs will be recorded as a separate revenue (Revenue on prior years write off).

Purpose: County Fire Rescue shall use all reasonable means to pursue and collect any and all monies due the County for services provided.

Responsibility: It is the responsibility of Fire Rescue, under the direction of the County Administrator, to implement this policy.

47. Guidelines for Use of Phosphate Severance Taxes - BOCC Policy 03.04.24.00:

- It is the intent that phosphate severance tax revenue be separately accounted for in the County's accounting structure so that a clear record of receipts, balances, interest earnings, and uses may be maintained. Under the County's accounting structure, this requires maintaining revenues and recording expenditures within a separate subfund.
- While several uses have previously been identified as eligible uses of this tax, it is the policy of this Board that the funds be used for phosphate-related purposes. Pursuant to this policy, phosphate-related purposes shall consist of or be similar to such uses as restoration of phosphate lands for appropriate and lawful public reuse, mitigation or remediation of environmental damage or harm caused or likely to be caused by phosphate mining or its related and intended activity, or repair or improvement of public infrastructure directly damaged or likely to be damaged from such phosphate activities. Any expenditure of phosphate severance tax revenue not covered by the above definition will require a super-majority vote of the Board of County Commissioners.
- To prevent any abuse of these funds and interest thereof, any new use of phosphate revenue, will be reviewed by the County Attorney's Office and then presented to the Board of County Commissioners as a County Administrator recommendation in a staff report on the regular agenda for Board concurrence. No new use will be included in any recommended budget or budget amendment presented to the Board without prior approval.

Purpose: Hillsborough County receives from the State of Florida a portion of the taxes paid by phosphate mining companies for mining activities within Hillsborough County. Florida Statutes provide certain constraints on the use of phosphate taxes by Hillsborough County, limiting their use to phosphate-related expenditures. The purpose of this policy is to establish parameters for the use of those taxes.

Responsibility: It is the responsibility of the Management and Budget Department, under the direction of the County Administrator, to implement this policy.

48. Capital Funding for Outside Agencies - BOCC Policy 04.05.00.00:

It is the policy of the Board of County Commissioners that any agreement to fund capital projects for private, non-profit agencies must include a specified time limit for construction to commence and a reasonable projection for construction to be completed.

Further, it is the policy of the Board of County Commissioners that any agreement with a private, non-profit agency to fund all or a portion of that agency's capital project also carry with it the stipu-

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lation that the County be repaid its funding portion if the property or facility is later sold, unless the funds are to be used for a specifically approved purpose of the Board of County Commissioners.

Purpose: The purpose of this policy is to establish guidelines if and when the Board of County Commissioners funds capital projects for private, non-profit agencies.

Responsibility: It is the responsibility of the County Administrator, through the appropriate County departments, to monitor agreements with outside agencies to see that this policy is maintained.

49. Funding Reclaimed Water Improvement Unit (RWIU) Projects - BOCC Policy 09.07.07.00: For Hillsborough County to provide Reclaimed Water Improvement Unit (RWIU) Projects to residential subdivisions, two-fold funding will be required:

- 1) Reclaimed Water Facilities – Transmission. These will be funded from existing Utility Enterprise Fund Bond proceeds through specific Capital Improvement Program (CIP) projects. If bond proceeds are not sufficient, other Utilities Enterprise funds may be used upon BOCC approval.
- 2) Reclaimed water Facilities – Distribution. The initial funds to design and construct these may come from either:
 - Utility System Rate Stabilization Fund;
 - Short-term bond anticipation notes (BAN) and/or,
 - Other Utility Enterprise funds approved by the BOCC.

A budget amendment will be presented to the BOCC to appropriate the initial amounts from the above-referenced funds (#2) and thereafter if necessary.

The Utility System funds and BAN may be refinanced with long-term, fixed rate assessment district bonds. Funding, regardless of its source, will be repaid from assessments on property within the RWIU. The choice of financing alternatives will be determined on a case-by-case basis depending upon the economic

feasibility to the homeowners and the economic and credit impact on the Utility Enterprise System.

Purpose: The purpose of this policy is to establish guidelines for the funding of the Reclaimed Water Improvement Unit (RWIU) Projects.

Definitions:

- a. Reclaimed Water Improvement Unit (RWIU). A legal mechanism for establishing a special assessment district to finance the design and construction of a reclaimed water distribution system within a subdivision.
- b. Reclaimed Water Facilities – Transmission. Those pipes, valves, fittings, and appurtenances used to convey reclaimed water from a wastewater treatment plant or pump station to reclaimed water distribution facilities.
- c. Reclaimed Water Facilities – Distribution. Those pipes, valves, fittings, service connections, and appurtenances used to convey reclaimed water transmission facilities to customers within a subdivision.

Responsibility: It is the responsibility of the Public Utilities Department, under the direction of the County Administrator, to be the coordinating agency for this policy to ensure compliance.

50. The Clerk is hereby authorized to invest public funds on hand at prevailing market rates in:

- those investments outlined in Chapters 125.31 and 218.415, Florida Statutes;
- Standard and Poor's "Qualified Investments for 'AAA' Financing," subject to collateralization requirements of Chapter 280, Florida Statutes;
- shares of the Florida Counties Investment Trust (FCIT) Government Fund or any other FCIT investment fund, the assets of which are restricted to investment instruments authorized by Section 125.31, Florida Statutes or by ordinance of the County, subject to execution of necessary documents; and
- other investment vehicles authorized by BOCC resolution.