

Lake County Comprehensive Plan Capital Improvements Element

Prepared by: **Barbara Lehman**
County Finance Department

Capital Improvements Element 9J-5.016(1) (c) states:

“Existing revenue sources and funding mechanisms available for capital improvement financing, such as ad valorem taxes, bonds, state funds, federal funds, gas taxes and impact fees shall be inventoried.”

This section is a summary of the various revenues the County receives and any restrictions on their use. The County uses fund accounting to segregate revenues and expenses that are designated for a particular purpose. A fund is a self balancing group of accounts that includes assets, liabilities, equity, revenues and expenses. By using fund accounting, the County can demonstrate compliance with laws and regulations that control the use of particular revenue sources. The following is a description of the various funds of the County by fund type, a description of significant revenues found in each fund and a discussion of any restrictions on the use of these funds.

General Fund

The General Fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except for those funds required to be accounted for in another fund. The following are the primary revenues of the general fund:

- **Ad Valorem Taxes:** These are taxes levied on the assessed value (net of exemptions) of real and personal property at a millage rate set by the County. The amount of taxes to be collected is determined by multiplying the millage rate times the assessed value of property within the unincorporated area of the county. The millage rate for fiscal year 2005 is set at 5.817 mills for the general fund. The assessed value of real and personal property as of the latest valuation date (January 1, 2003) was \$10.4 billion. With an estimated revenue for 2005 at \$68.2 million, it is the largest revenue source for the County.
- **State Sales Tax:** This is a distribution of net sales taxes to eligible cities and counties and represents the largest source of state shared revenues. Its primary

purpose is to provide relief from ad valorem and utility taxes in addition to providing funds for local programs.

- **State Revenue Sharing:** These revenues are distributed by the state from net cigarette taxes and certain sales taxes. There are no restrictions on the use of these revenues except for some statutory limits on the amount that can be pledged for debt.
- **Communication Services Tax:** This tax is a simplification of the taxes that were charged on telecommunications, cable, and related services prior to October 1, 2001. In Lake County this tax replaces the Cable Franchise Fees that we previously received. These funds may be used for any public purpose including repayment of debt.
- **Court Technology Fee:** These fees were effective July 1, 2004 with the implementation of Revision 7 to Article V of the state constitution. An additional \$2.00 was added to the cost of recording a document in the public records of the County to be used only for the technology needs of the State Attorney, Public Defender, Courts and Clerk of Courts.
- **Interest Income:** Pooled cash accounts are maintained for each fund. Excess operating funds are invested in accordance with the County's investment policy. Each fund is then credited with interest earnings based on its average daily cash balance. Interest earnings can be used for any public purpose.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (other than for major capital projects). The County maintains a number of special revenue funds. A discussion of the more significant funds follows.

County Transportation Trust Fund: This fund is used to account for revenues and expenditures incurred to carry on all work on roads and bridges in the County in accordance with Section 336.022, Florida Statutes. Some of the major sources of revenue include:

- **Local Option Gas Tax:** A county may levy between one to six cents per gallon on motor fuel. Lake County has imposed the maximum of 6 cents. These taxes may be used to fund transportation expenses including public transportation; roadway and right of way operation, maintenance and drainage; street lighting; support services and facilities such as traffic signs, engineering, signalization and pavement markings, bridge maintenance and operation; and debt service.

- **9th Cent Gas Tax:** This is another local option gas tax that was adopted by referendum effective January 1, 1983. It is a tax of 1 cent

on every net gallon of motor and diesel fuel sold within the county. These proceeds may only be used to fund local transportation expenses.

- **Constitutional Gas Tax:** This tax is equal to 2 cents per gallon and is distributed by the state based on a formula which takes into account county area, population and collections. The proceeds must be used for the acquisition, construction and maintenance of roads including debt service on bonds issued for these purposes.
- **County Gasoline Tax:** This tax is levied at the rate of 1 cent per gallon. The intent of the tax is to reduce a county's reliance on ad valorem taxes. These proceeds are allocated using the same formula as the constitutional gas tax. The proceeds are to be used by counties for transportation related expenses including debt service.

Road Impact Fees Fund: The Road Impact Fees fund is used to account for capital improvements for roads according to the provisions set forth by County ordinance. Lake County imposes a road impact fee on new development for road improvements necessary to meet demands generated by new growth and development. Fees are assessed according to a fee schedule structured to take into account specific impacts generated by common land uses. Funds are collected by district and must be spent within that district within a certain time period.

Library, Park and Fire Rescue Impact Fees Funds: Impact fees for libraries, parks and fire rescue are imposed by ordinance and accounted for in separate special revenue funds. Library impact fees are collected countywide and must be used for the construction of library facilities and related costs, including debt service. Parks impact fees are collected in three districts located in the unincorporated area of the county. These fees must be used for constructing or improving the county park system. Fire rescue impact fees are collected county wide and must be used for construction of fire and rescue facilities and related costs, including debt service.

County Sales Tax Fund: This fund is used to account for revenues collected from the discretionary infrastructure sales surtax pursuant to Chapter 212, Part I, Florida Statutes. This one cent levy was originally approved by referendum on November 3, 1987, for a period of 15 years. An extension for another 15 years was approved by referendum November 6, 2001. This levy will expire December 31, 2016. The proceeds of this tax must be used for infrastructure and for certain equipment with a useful life of 5 years or more, or for debt service for borrowings used for these purposes.

Stormwater Management Fund: The County began collecting ad valorem taxes at the rate of .1 mills per year in a five year plan to raise this tax to .5 mills.

The rate reached .5 mills in FY 2004. These funds must be used for projects that will improve water quality in the county. The Stormwater Management Municipal Services Taxing Unit used to account for these funds was established by County Ordinance 1990-25, in accordance with Sections 125.0101 and 197.3632, Florida Statutes.

Resort/Development Tax Fund: Tourist development taxes are collected on transient rentals of less than six months and must be used to promote tourism as mentioned below. The tax is authorized by Section 125.0104, Florida Statutes and County Ordinance 1984-7. A majority vote of the qualified electors of the County approved this local option tax November 6, 1984. The rate was 2% from December, 1984 until April, 2003 when the rate increased to 4%. These funds can only be used to construct, acquire, maintain or operate convention centers, museums, auditoriums or similar facilities that are open to the public; to promote and advertise tourism in the state; to fund convention bureaus, tourist information bureaus or similar agencies; or to pay debt service on bonds issued for such purposes.

Building Services Fund: This fund is used to account for revenues collected and expenditures incurred for permitting, inspections and plans review for the building services of the County. These services were previously reported in the General Fund until FY 2002. The primary source of revenue in this fund is from the issuance of building permits.

There are a number of other special revenue funds that are used to account for grants or other specific purposes. These funds include:

Christopher C. Ford Commerce Park Fund: To account for revenues (land sales and interest earned) and expenditures during the development of this county-owned property. The Lake County Industrial Development Authority is participating in oversight responsibilities pursuant to Chapter 159, Part III, Florida Statutes.

Mosquito Management Fund: To account for State Grants and local matching funds in accordance with Chapter 388, Florida Statutes and for the operation of the arthropod control program.

Law Library Fund: To record the activity of the Lake County Law Library established by County Ordinance 72-7, effective January 1, 1973.

Aquatic Plant Management Fund: To account for state grants and local funding for the operations of the Aquatic Weed Control Program in accordance with Chapter 369, Part II, Florida Statutes.

Fish Conservation Trust Fund: To account for the revenues and expenditures for fish stocking and conservation in accordance with Chapter 67-1604, Laws of Florida.

Community Development Fund: To account for the revenues and expenditures in accordance with the Community Development Block Grant from the U.S. Department of Housing and Urban Development, under Title I of the Housing and Community Development Act.

Public Transportation Fund: To account for the activities of the County as Community Transportation Coordinator, responsible for ensuring that coordinated transportation services are provided to the transportation disadvantaged residents of Lake County in accordance with Chapter 427, Florida Statutes.

Lake County Ambulance Fund: To account for ad valorem tax revenues collected for the Lake County Municipal Service Taxing Unit for Ambulance and Emergency Medical Services in accordance with Ordinance 2000-35.

Emergency 9-1-1 Fund: To account for revenues and expenditures for Emergency 9-1-1 telephone services in accordance with Section 365.171, Florida Statutes.

Affordable Housing Assistance Trust Fund: To account for revenues received from the State Housing Initiative Partnership Program pursuant to Sections 420.9072 - 420.9079, Florida Statutes.

Section 8 Housing Fund: To account for revenues and expenditures for housing assistance to qualified persons in accordance with a grant from the U.S. Department of Housing and Urban Development.

Municipal Service Benefit Units Funds: To account for the financing of public improvements and services deemed to benefit the properties against which special assessments are levied in accordance with Sections 125.0101 and 197.3632, Florida Statutes.

Law Enforcement Trust Fund: To account for the proceeds from the sale of confiscated property in accordance with Section 932.7055, Florida Statutes.

Criminal Justice Trust Fund: To account for revenues and expenditures incurred in providing state attorney and public defender services pursuant to Section 27.3455, Florida Statutes. The revenues are from additional amounts assessed on fines, penalties and court costs.

Pollution Recovery Fund: To account for revenues collected as civil penalties and through enforcement actions against violators of Chapters 6 and 9, Land Development Regulations. Monies obtained are to be used to restore the polluted area that was the subject of the violation to its former condition, enhance pollution control activities in Lake County, or purchase pollution control equipment for Lake County in accordance with Chapter 93-344, Laws of Florida.

Code Enforcement Liens Fund: To account for revenues collected for administrative fines and other noncriminal penalties imposed for the pending or repeated violation of a county ordinance. These revenues are used for the cleanup of county property acquired through code enforcement liens.

Lake County Municipal Taxing Unit for Fire Protection Fund: To account for the revenues and expenditures for county-wide consolidated fire protection.

County Wide Library Fund: To account for the State, Local and County revenues and expenditures received and disbursed on behalf of the County-Wide Library system.

Animal Shelter Trust Fund: To account for the receipt and disbursement of contributions to the County's Animal Shelter.

Employee Benefit Fund: To account for the collection of commissions received from vending machine sales in County buildings.

Proprietary Funds

The County has two types of proprietary funds, the Landfill Enterprise Fund and the Fleet Maintenance and Insurance Internal Service Funds. Both of these fund types use accounting rules similar to that of a business and are structured to measure the results of operations.

Landfill Enterprise Fund –The Landfill Fund is used to account for the operation of the County's active landfills, the activities of a contract with an outside vendor for the operation of an incinerator, water quality operations, and the monitoring of the County's closed landfills. Primary revenues are tipping fees and a special assessment for collection and disposal of solid waste. The special assessment is imposed on residents in the unincorporated area of the county. The fund has \$8,000,000 in outstanding debt for funds borrowed for construction and closure of landfills.

Fleet Maintenance, Board and Clerk Insurance Funds: These funds are internal service funds which provide services to other county departments. Charges for services in the internal service funds are recorded as expenses in the other funds. Internal service funds are a method of cost allocation and are not a source of revenue for the County.

Debt Service Funds

Debt service funds are used to accumulate funds to pay principal and interest on the County's outstanding bonds. The County has one outstanding bond issue, the Pari-Mutuel Revenues Replacement Bonds. The Pari-Mutuel Revenues Bonds Debt Service

Fund accounts for revenues received from the state for this purpose which is an allocation from state sales tax.

Capital Projects Funds

Capital projects funds are used to account for the construction of projects that will generally take more than a year to construct. The County has two capital projects funds: Sales Tax Capital Projects Fund and the Parks Capital Projects fund. Sales Tax Capital Projects are funded by the infrastructure sales surtax reported in the County Sales Tax Fund. Parks Capital projects were originally funded by a general fund transfer. These funds were then used to provide a local match for obtaining grant funds.

Trust and Agency Funds

The County has a number of trust and agency funds which are used to account for funds held on behalf of an individual, agency or another government. These funds are custodial in nature and do not report any revenue or expense.