



OFFICE OF MANAGEMENT AND BUDGET
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This document, titled Adopted Budget Book FY 2020 TAB D - Financial Policies, is 12 pages in length and is part of the [FY2020 Budget Book published in the Budget section of the Lake County website](#). If you wish to request an accessible version of this document, please contact publicrecords@lakecountyfl.gov.

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FINANCIAL POLICIES



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Financial Structure

County's Organizational Units

The County's organizational units follow the Florida State Chart of Accounts and are organized on the basis of **funds**. The County prepares a budget for 55 separate funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in these funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Departments/Offices are responsible for carrying out a major governmental activity, such as public works.

A department/office may be comprised of one or more unique **divisions** to further define a service delivery, such as the Road Operations Division of the Public Works Department.

A **section** or **program** divides specific responsibilities within a division, for example, Maintenance Area 1 within the Road Operations Division.

Budgeting by Function

Presentation of the operating budget is also structured by Functions which delineate budget expenditures in terms of broad goals and objectives. Major functions include: 1) General Government, 2) Public Safety, 3) Physical Environment, 4) Transportation, 5) Economic Environment, 6) Human Services, 7) Culture and Recreation, and 8) Court-Related Expenditures.

The Comprehensive Annual Financial Report (CAFR) depicts the operating budget by function. Functions may transcend specific fund or departmental boundaries in that a function encompasses all associated activities, regardless of fund or department, directed toward the attainment of a general goal or objective.

Financial Structure

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not required either legally or by Generally Accepted Accounting Principles (GAAP) to be accounted for in other funds are accounted for in the General Fund.

General operating funds of the Clerk of Courts, Property Appraiser, Sheriff and Tax Collector are held and accounted for by each respective Constitutional Office. Funds transferred to these offices from the Board's General Fund are reported in the Constitutional Offices section of this document.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Lake County maintains 38 Special Revenue funds.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The County's budget includes five Debt Service funds.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. There are seven Capital Projects funds in the total budget.

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Lake County's two Enterprise funds are associated with solid waste management.

Internal Service Funds - Internal Service Funds are for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. There are three Internal Service funds.

Financial Structure

Basis of Budgeting – Refers to the conventions for recognition of costs and revenues in budget development and in establishing and reporting appropriations, which are the legal authority to spend or to collect revenues. All Governmental Funds are accounted for using the modified accrual basis and all Proprietary Funds are accounted for by using the accrual basis of accounting.

Measurement Focus

Governmental Fund Types are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on the balance sheets. Accordingly, the reported unreserved fund balances (net current assets) are considered a measure of available, spendable, or appropriable resources. Governmental Fund Type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary Fund Types are accounted for on an “income determination” measurement focus. Accordingly, all assets and liabilities are included on their balance sheets, and the reported fund equity (total reported assets less total reported liabilities) provides an indication of the economic net worth of the fund. Operating statements for Proprietary Fund types (on an income determination measurement focus) report increases (revenues) and decreases (expenses) in total economic net worth.

Basis of Accounting and Measurement Focus

Except for the Enterprise Fund, Lake County develops the revenue and expenditure/expense estimates contained in the annual budget in accordance with Generally Accepted Accounting Principles (GAAP). The budget for the Enterprise Fund is prepared on an annual basis and is in conformance with GAAP, except that capital outlay expenses are budgeted for management purposes and subsequently recorded as fixed assets at year end. In addition, depreciation expense is not budgeted.

Because the revenue and expenditure/expense estimates are based on GAAP, it is important for the reader to have an understanding of accounting principles as they relate to these estimates. The following is a brief overview of the measurement focus and basis of accounting.

All Governmental Fund Types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available.

Primary revenues, including property taxes, special assessments, intergovernmental revenues, charges for services and interest are treated as susceptible to accrual under the modified accrual basis. Other revenue sources are considered measurable and available only when cash is received by the County. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: 1) principal and interest on general long-term debt which is recognized when due; 2) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures until paid; and 3) certain inventories of supplies which are considered expenditures when purchased.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Relationship between Budget and Accounting

During the year, the accounting system is maintained on the same basis as the adopted budget. This enables departmental budgets to be easily monitored, monthly, via accounting system reports. Accounting adjustments are made at fiscal year end to conform to GAAP.

The major differences between this adopted budget and GAAP for **Governmental Fund Types** are:

a) encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of net assets (GAAP); b) certain revenues and expenditures not recognized for budgetary purposes are accrued (GAAP).

Enterprise Fund differences include:

a) encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of net assets (GAAP); b) certain items, e.g., principal expense and capital outlay are recorded as expenditures for budgetary purposes as opposed to adjustments of the appropriate balance sheet accounts (GAAP); c) depreciation is recorded as an expense (GAAP) and not recognized for budgetary purposes.

Budget Policies

Statutory Requirements of a Balanced Budget

Chapters 129 and 200, Florida Statutes, govern the County's annual budgetary process. These Statutes require that the County prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The budget shall control the levy of taxes and the expenditure of money for all County purposes during the ensuing fiscal year. Other provisions include:

- A budget shall be balanced and adopted by the Board of County Commissioners.
- The revenues of the budget shall include 95 percent of all receipts reasonably to be anticipated from all sources, including taxes to be levied.
- The appropriations of the budget shall include itemized appropriations for all expenditures authorized by law, contemplated to be made, or incurred for the benefit to the County during the year and the provision for the reserves as follows:

Budget Amendment Policy

Chapter 129, Florida Statutes, governs amendments to the adopted budget. This Chapter states that the Board at any time within a fiscal year may amend a budget for that year as follows:

1. Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased by motion recorded in the Minutes, provided that the total of the appropriations of the fund may not be changed.
2. Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expense in the same fund or to create an appropriation in the fund for any lawful purpose.

3. A receipt of a nature from a source not anticipated in the budget and received for a particular purpose, including but not limited to grants, donations, gifts or reimbursement for damages, may, by resolution of the Board spread on its Minutes, be appropriated and expended for that purpose.
4. Any changes not included above may be made by resolution or ordinance adopted after a public hearing.
5. Only the following transfers may be made between funds:
 - Transfers to correct errors in handling receipts and disbursements.
 - Budgeted transfers.
 - Transfers to properly account for unanticipated revenue or increased receipts.

Funds Checking Policy

This policy allows the overexpenditure of individual line items within a major object in any organizational code (org code). Major object codes are personal services, operating expenses, capital outlay, debt service and grants and aids. Budget transfers under \$25,000 between the various major object codes within a fund by department may be approved by the County Manager or his/her designee. All other transfers, as well as transfers from reserve accounts, must be approved by the Board.

Reserve for Outstanding Purchase Orders Policy

This policy establishes outstanding purchase order reserves by fund to be included in the subsequent year's budget and provides for the administrative adjustment of department and division budgets in amounts not to exceed the purchase order reserve by fund. At the end of a fiscal year, some purchase orders will remain open because the goods or services have not been received. These purchase orders are "rolled over" to the new fiscal year. The purchase order rollover is an automatic process in the County's financial system. Any excess purchase order reserves that remain after the rollover process is completed would be de-appropriated as part of the mid-year budget amendment.

Debt Management Policies

The objective of Lake County's Debt Management Policy (LCC-57) and Chapter 130 of the Florida Statutes is to establish guidelines and requirements for the development of a debt management system. The policy includes the following directives:

- When the County finances projects through the issuance of bonds, it will pay back the bonds within a period not to exceed 90% of the useful life of the project.
- Where possible, the County will use self-supporting revenue, special assessment, or other self-supporting bonds, instead of general obligation bonds to fund capital projects.
- The County will not use long-term debt to finance current operations.
- The County will seek to maintain and, if applicable, improve its current bond rating.
- The County will maintain good communications with bond rating agencies to inform them about the County's financial conditions. The County will follow a policy of full disclosure, including adherence to Rule 15c2-12 under the Securities Exchange Act of 1934. In compliance with this rule, the County's Comprehensive Annual Financial Report will be forwarded by April 30 to the Municipal Securities Rulemaking Board's EMMA system.

Lake County has not adopted legal debt limits within its financial policies. However, debt ratios such as direct and over all debt per capita and debt per taxable property value are tracked and compared with those recommended by Moody's Investors.

Lake County's bond issues and notes payable are separated into three categories:

- General Obligation Debt – Bonds secured by the ad valorem taxing power of the County. Bonds may be limited as detailed in the voter referendum required prior to issuance of all general obligation bonds.
- Special Obligation Debt – Debt secured by a pledge of special revenue such as Sales Tax or Local Option Gas Tax that is not backed by the ad valorem taxing power of the County.
- Enterprise Fund Debt – Debt secured by a pledge of revenue in the Landfill Enterprise Fund.

Grant Policy

The objective of the Grant Policy (LCC-59) is to provide guidelines in applying to fund services or programs with state and federal funds. The policy includes the following directives:

- A. Grant applications to fund services or programs with state or federal funds should be reviewed by County staff and the Board of County Commissioners with significant consideration given to:
 - The cost of administering the grant relative to the size of the grant;
 - The availability of matching funds if required;
 - The extent to which locally generated funds will be required to support those programs when the original funding is no longer available; and
 - The desirability of the program, i.e., whether or not the County would be funding the program were it not for the grant.
- B. All grant applications must be approved by the Board of County Commissioners prior to submission. The Board must also approve the acceptance of all grants.

Purchasing Policy

The objective of the Purchasing Policy (LCC-18) is to provide guidelines for purchasing of all goods and services made by or on behalf of Lake County. Purchases shall be completed in a manner and method that provides for the most proficient and effective expenditures of County funds and the maximum protection of the County taxpayer by ensuring the prevention of waste and conflict of interest within the procurement function. The policy includes the following directives:

- All purchasing actions are to be conducted on the basis of full and open competition to the greatest degree possible.
- All specifications or statements of work included in County procurement actions shall accurately describe the essential needs of the County, and contain no artificial, arbitrary, or unnecessary requirements that limit competition or increase cost.
- Each procurement action is to be completed in accordance with the best interests of the County, and with the highest level of integrity and fairness to all involved parties throughout the acquisition cycle.
- All County procurement operations are to be conducted in full compliance with all established state and local statutes and regulations with particular regard to ethical standards to be maintained within the purchasing function.

Lake County Fiscal Year 2020 Budget Calendar

January 29, 2019	Board of County Commissioners	Public Hearing for Mid-Year Budget Amendment to reflect FY 2019 fund balances and other adjustments
January 31, 2019	Human Resources, Facilities, IT	All internal service charges due to Budget: Risk allocations, Health Insurance rate, Facilities chargeback, IT chargeback
January 31, 2019	Human Resources	HR Loads Baseline Payrolls in Munis (with Overtime). Departments prepare Form 9's for personnel changes
February 1, 2019	County Manager, Department/Office Directors, All Fiscal Contacts	Budget Kickoff
February 1, 2019	Departments/Offices	Personnel change requests are due in Human Resources. All requests must be entered on a Form 9 and submitted with attachments as appropriate. Form 9 changes will be tracked/approved by CM separately.
February 12, 2019	Board of County Commissioners	Annual Strategies Workshop
February 25, 2019	Departments/Offices	Deadline for departmental budget requests into MUNIS, revenues and expenditures including CIP requests. Fixed Asset Request Forms, Fee Schedules and Budget Impact Statements are due to Budget.
February 26-March 15, 2019	Budget	Analyze departmental requests and prepare recommendations
March 18-March 29, 2019	Departments/Offices	Budget Meetings with County Manager
April 9, 2019	Board of County Commissioners	Public Hearing for Mid-Year Budget Amendment to reflect FY 2019 audited fund balances and other adjustments
April 9, 2019	Board of County Commissioners	Budget Workshop: Agency for Economic Prosperity, Parks & Trails
April 23, 2019	Board of County Commissioners	Budget Workshop: Library Services, IT, Communications, Extension Services, Community Services
May 7, 2019	Board of County Commissioners	Budget Workshop: Building Services, Planning & Zoning, Code Enforcement, Animal Services
May 21, 2019	Board of County Commissioners	Budget Workshop: Fire Rescue, EMS, Emergency Management, Public Safety Support
June 1, 2019	Constitutional Offices, Judicial	Budgets due from Constitutional Offices (excluding Tax Collector) and Judicial
June 1, 2019	Property Appraiser	Preliminary estimate of property tax value due from Property Appraiser (F.S. 129.03)
June 11, 2019	Board of County Commissioners	Budget Workshop: Public Works, Facilities, Human Resources & Risk Management, Fleet
June 14, 2019	Departments/Offices	Program Descriptions, Performance Measures, and Pictures due to Budget
June 14, 2019	Departments/Offices	Deadline for CIP electronic submission
June 25, 2019	Board of County Commissioners	Budget Workshop (Budget Summary)
June 26 – July 5, 2019	Budget	Develop FY 2020 Recommended Budget
July 1, 2019	Property Appraiser	Certification of Taxable Value by Property Appraiser
July 16, 2019	Board of County Commissioners	Budget Workshop - Adoption of TRIM Rates
August 1, 2019	Tax Collector, Departments/Offices	Budget due from Tax Collector. Project Rebudget Requests due to Budget.
August 3, 2019	Budget	Statutory deadline to notify Property Appraiser of proposed TRIM rates and the date, time and place of the first public hearing to adopt the budget (F.S. 200.065)
August 16, 2019	Board of County Commissioners	Budget Workshop - Infrastructure Sales Tax Capital Improvement Plan
August 30, 2019	Board of County Commissioners	Public Hearing - Infrastructure Sales Tax Capital Improvement Plan
August 24, 2019	Property Appraiser	Last day to mail TRIM notices
September 10, 2019 (Cannot conflict with School Board date)	Board of County Commissioners	Statutory Public Hearing – adopt tentative budget and millage rates, set final public hearing date, time and place. TRIM provides the public hearing advertisement requirement. (F.S. 200.065) Board Chambers, 5:05 p.m.
September 20, 2019	Budget	Advertise final budget and millage hearing
September 24, 2019 (Cannot conflict with School Board date)	Board of County Commissioners	Final Public Hearing to adopt the FY 2020 millage rates and budget (F.S. 200.065) Board Chambers, 5:05 p.m.
September 27, 2019	Budget	Deadline to send copy of adopted Millage Resolution to Property Appraiser, Tax Collector and Florida Department of Revenue
October 1, 2019		FY 2020 Adopted Budget goes into effect
Typically after Value Adjustment Board	Property Appraiser	Issue Certification of Final Taxable Value (DR 422's)
Within 3 days receipt of Final Taxable Value	Budget	Complete Certification of Final Taxable Value and return to Property Appraiser
October 24, 2019	Budget	Within 30 Days of adopting final budget certify to the Department of Revenue compliance with TRIM (F.S. Chapter 200.068)
October 24, 2019	Budget	FY 2020 Adopted Budget Book completed and published on the County Website

Budget Process

Policy/Strategy

This annual budget process for Lake County covers the period from October 1, 2019 to September 30, 2020.

In December, the Office of Management and Budget projected revenues and expenditures for the next fiscal year using a five-year financial projection model. Meetings were held with the County Manager and Board of County Commissioners to examine various budget scenarios for the upcoming budgets.

Development

In February, a budget kickoff was held with the department/office directors and department/office financial coordinators to communicate the County's budget guidelines for Fiscal Year 2020.

In late February, the departments/offices submitted their proposed budgets to the Office of Management and Budget for review.

Review

In March, meetings were held with departments/offices to discuss their operating budgets and budget impact statements. Budget workshops were held April through June to present the departments/offices proposed budgets to the Board of County Commissioners. Finally, a budget workshop was held in July for adoption of the proposed millage rates.

Adoption

Copies of the Recommended Budget were distributed to the Board of County Commissioners, County Administration, Constitutional Officers, and made available online to the general public for their inspection prior to the public hearings in September. Following Board approval, the Office of Management and Budget prepared the adopted budget for distribution and posted it online for the general public. The budget for this year became effective October 1, 2019.