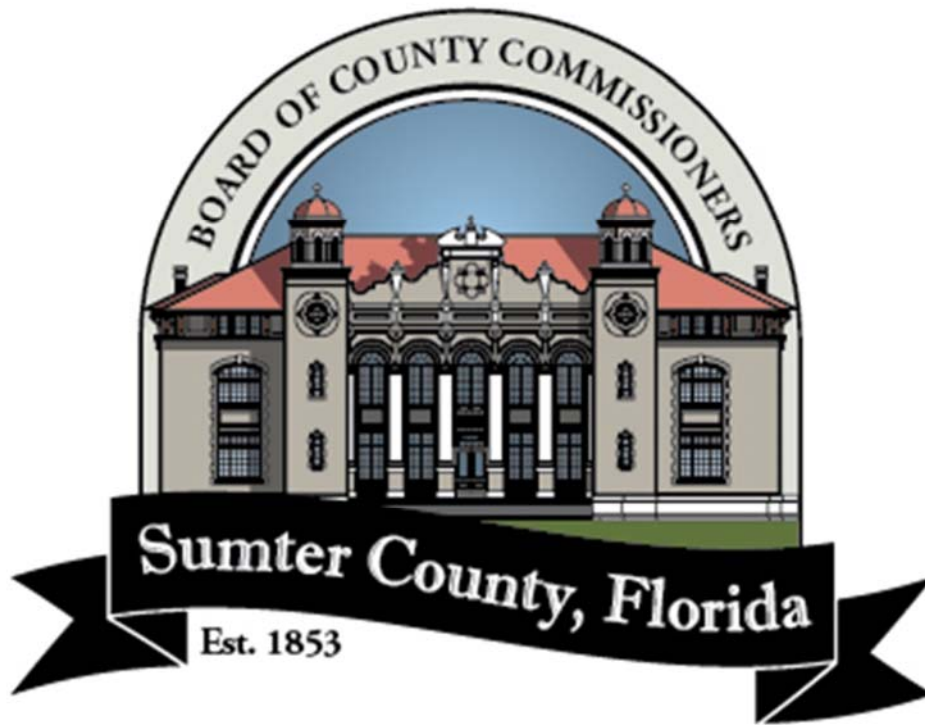


**Sumter County
Board of County Commissioners**



**FINANCIAL POLICIES
July 2022**



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SECTION I - BUDGET

The Sumter County (County) budget process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided given the anticipated level of available resources. The budget policy states how this is done and also addresses the need for financial health and stability.

A. SCOPE

This policy applies to all budgeted funds which are the responsibility and under the management of the Sumter County Board of County Commissioners (BOCC).

B. BALANCED BUDGET

Florida Statutes (F.S.), Chapter 129, establish the legal requirements for budget preparation, presentation, adoption, execution and amendment. Chapter 200 establishes the determination of millage, method of fixing, limitation of millage, notification process and certification of compliance. By statute direction, the budget shall control the levy of taxes and the expenditure of monies for all County purposes during the ensuing fiscal year. Further requirements are listed below:

1. The budget shall be balanced - total estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves.
2. The budget shall conform to the Uniform Accounting Systems Manual annually updated by the Florida Department of Financial Services.
3. The revenues within the budget shall include 95 percent (95%) of all receipts reasonably to be anticipated from all sources, including taxes to be levied. Grants will be budgeted at 100 percent (100%) upon receipt of final award notification.
4. The appropriations within the budget shall include itemized appropriations for all expenditures authorized by law, contemplated to be made or incurred for the benefit of the County during the year and the provision for the reserves authorized.
5. The BOCC shall receive and examine the adopted budget for each fund and shall require such changes to be made, as it shall deem necessary, provided the budget shall remain in balance.
6. The BOCC shall hold public hearings to adopt the tentative and final budgets pursuant to F.S. 200.065.

C. FINANCING CURRENT EXPENDITURES

Current expenditures shall be financed with current revenues which shall include that portion of fund balance in excess of authorized reserves. The County shall avoid budgetary procedures that balance current expenditures through the obligation of future resources.



The County shall strive to avoid short-term borrowing to meet operating budget requirements. Nevertheless, this policy shall not prohibit short-term borrowing should a critical need arise.

D. LEVEL OF BUDGET ADOPTION

All budgets shall be adopted at the legal level of budgetary control, which is the fund level. The budgeted expenditures shall not exceed the total appropriations for any fund.

E. BUDGET OBJECTIVE BY TYPE OF FUND

The following budget objectives are established for the different types of funds that may be utilized by the County:

- **General Fund** - The budget for the General Fund shall provide for the general government operations of the County and maintain working capital necessary for financial health and stability.
- **Special Revenue Funds** - Budgets are prepared for special revenue funds to include legally restricted revenue sources and how these sources are utilized (i.e., Court Technology Fund, etc.).
- **Debt Service Fund(s)** - Revenues shall be established and fund balance maintained sufficient for debt expenditures and required reserves. The Florida Constitution and Sumter County set no legal debt limits.
- **Capital Projects Fund(s)** - Budgets for capital projects shall not lapse at the end of a fiscal year, but shall remain in effect until project completion or re-appropriation by the BOCC.
- **Internal Service Fund(s)** - Internal service fund budgets shall be prepared on a self-supporting basis. Revenue rates and charges shall be identified to cover all expenses, including depreciation and debt service (if any). An example of this type of fund is the Group Insurance Fund.
- **Enterprise Fund(s)** - A business approach is used in budgeting for enterprise funds. Enterprises shall be self-supporting when possible and minimize losses when break-even is not possible. The County does not currently have any Enterprise Funds.
- **Trust Fund(s)** - Budgets are not required for trust funds since trustee agreements provide necessary spending authorization and control. The County does not currently have any Trust Funds.

F. PERFORMANCE BUDGET

In addition to the line item budget, the budget document shall include "performance" budget information. The performance budget provides information on the goals and objectives that each division seeks to accomplish during the budget year. The performance budget also utilizes "performance indicators" which measure services rendered and divisional



efficiency/effectiveness on a historical basis. The performance budget projects the targeted indicators for the upcoming budget year. The County shall strive to minimize and reduce, if possible, staffing levels required to accomplish its service delivery.

G. BUDGET PREPARATION

For each division, budgets shall be prepared for current services, replacement vehicles and equipment, and expanded services or extraordinary items. A current services budget is defined as that level of funding which is necessary to provide the same level of service for the upcoming year that is currently being provided. The current services budget will include replacement capital equipment. An expanded services budget includes funding requests associated with new services, additional personnel and/or new capital equipment.

General Financial Goals

- To maintain the financial viability of the County in order to provide adequate levels of County services to the customers.
- To maintain financial flexibility in order to continually adapt to local, regional, state, economic, statutory and demographic changes.
- To maintain and enhance public infrastructure in order to provide for the health, safety and welfare of the County's citizens.
- To review annually the percentage increase in population, CPI, and per capita Florida personal income against the expenditures increase in General Fund. The review of General Fund will be less any proposed grant expenditures. The review will also document expenditures for mandates and operational impacts.

Revenue Policy

1. Office of Management & Budget (OMB) will estimate revenues as early as possible in the budget process in order to provide appropriations limitations. The BOCC will establish the County's budget priorities based upon the revenue estimates and required levels of service.
2. The budget shall be balanced. Therefore, the total estimated receipts (including balances brought forward) shall equal the total appropriations and reserves in accordance with Chapters 129 and 200 F.S.
3. In general, current operating revenue should be sufficient to support current operating expenditures.
4. In recognition of the overall dependence on Ad Valorem taxes, the County will strive to develop a diversified and stable revenue system.



5. "Earmarking" of available revenues that would unnecessarily restrict the full range of potential uses of such revenues will be avoided. The use of various funds, however, will be consistent with Generally Accepted Accounting Principles (GAAP) and Chapter 129.02 F.S.
6. One-time revenues will be utilized to fund one-time expenditures wherever possible. If one-time revenues are assigned to pay for recurring expenditures then a three to five year plan for transferring the expenditure to a recurring revenue source will be adopted by the County as a part of the budget process in the initial year.
7. The BOCC is authorized to establish and collect fees and charges for certain services rendered by the County. These services are available to all residents of the County but are not needed by the majority of residents, therefore, those utilizing the services are charged for the service. All fees and charges are to represent a reasonable reimbursement to the County for its actual cost in providing that specific County service. All requested changes to the Schedule of Fees and Charges during the fiscal year are presented to the BOCC for its review and approval. A fee schedule is therefore adopted and amended by resolution. The County will annually recalculate the full cost of activities, including direct and indirect costs, currently supported by user fees and charges to identify the impact of inflation and other cost increases. Supporting documentation showing calculations for fees charged will be submitted by Divisions as part of the annual budget process. Divisions shall retain supporting documentation as required by the GS1-FL Record Retention Policy. A thorough review of the countywide fee schedule will be conducted bi-annually by either a consulting firm and/or the authorized designee appointed by the County Administrator.
8. Investment accounts will be reviewed quarterly by OMB in coordination with Finance to determine if the budget reflects accurate prevailing interest rates.

Operating Budget Procedure

Budget Requests

1. Develop a proposed and planned budget covering a fiscal year period to include personal services, operating, capital outlay, and non-operating categories.
2. All BOCC divisions shall submit a fiscal year budget request in the manner and form prescribed by the County Administrator no later than date set forth in the budget instruction manual.
3. Constitutional Officers, with the exception of the Property Appraiser, shall submit a fiscal year budget request in the manner and form prescribed by the County Administrator no later than May 1st in accordance with Florida Statutes, Chapter 129.03(2), as amended.



Appropriation Policy

Budget appropriations will be made as follows:

1. Appropriations will be made at the major expenditure category: personal services, operating expense, capital outlay, debt service, grants and aids, and non-operating expenses.
2. All requests to fund private, not-for-profit outside agencies shall be maintained with an annual appropriation. All agencies seeking funding from the BOCC should do so during the annual budget process.
3. Service Alignment: Knowing what a program or activity costs, and understanding what benefits are derived from these programs or activities, allows the County to make informed funding decisions. Divisions shall utilize performance indicators in order to track performance, support operational improvement, and determine effective use of resources for each program.
4. Budget Issue Requests for new, reduced, eliminated or expanded programs: When new, reduced, expanded or elimination of programs or increased/decreased levels of service are proposed as a Budget Issue, divisions will identify any applicable Federal or State mandates; outline client benefits and strategic initiatives demonstrate alignment to organizational goals, objectives, and agreements; identify related health and safety issues; demonstrate conformance to industry/professional standards; identify all funding sources, including fees or tax increases needed to partially or fully fund the program or service. Also required is any documentation of any offsetting revenue or cost avoidance associated with this issue as well as consequences of not funding.

Not-for-Profit Funding Policy

The County will provide funding to not-for profit (non-profit) entities as required by Florida Statute and to those entities that provide a direct relationship service to County residents that Sumter County would have otherwise provided.

All organizations will be required to provide copies of the most recent annual report or financial statements and furnish a detailed budget request. Organizations approved for funding shall provide detailed expenditure reports of how the funds were utilized. The funds will be awarded via an approved contract. The reporting requirements detailed in the contract are necessary to monitor the benefits of the various services being provided to the citizens of Sumter County.

All requests for funding by a non-profit entity shall be submitted on or before May 1st of the year in which the Sumter County fiscal year budget is planned for adoption.



H. BUDGET CONTROL REPORTS

A system of budgetary controls shall be maintained to assure adherence to the budget. Timely monthly financial reports shall be prepared comparing actual revenues, expenditures and encumbrances with budgeted amounts.

I. AUTHORIZATION OF BUDGET ADJUSTMENTS

The budget document is dynamic rather than static. The budget document is a revenue and spending plan that requires adjustment from time to time as circumstances change. Approval of the BOCC is required for increases in total fund budgets, increases in the number of authorized positions, or increases to projects in the Capital Improvement Plan. The numbers of authorized positions are those regular full-time and part-time positions approved by the BOCC during the annual budget process. Approval of the BOCC is required for changes to employee salaries, in accordance with the employee manual, and capital outlay budgets. Investment accounts may need periodic adjustment based on prevailing interest rate changes and are not considered transfers. Finance and OMB will coordinate the timing of these types of adjustments to ensure sufficient account balance and preclude a negative impact on the budget.

J. BUDGET TRANSFERS

Approval is required for budget transfers as follows:

1. Transfers requested within a major expenditure category, between major expenditure categories, and/or between cost centers within the same division require approval by the County Administrator. Budgeted capital expenditures within the Capital Outlay Reserve fund may be reallocated between projects as deemed necessary by the County Administrator through the transfer process. Budget adjustments impacting any reserve account must be completed through a budget amendment as stated in Section K.
2. Transfers within the same division and fund of a Constitutional Officers' budget requires only the approval of the Constitutional Officer, except as prohibited in Chapter 129.06(5) F.S. for Officers who are not seeking reelection or have not been reelected.
3. Transfers in the adopted budget for Constitutional Officers' budgets are considered annual resource allocations and will be performed on an approved regular disbursement schedule (i.e. bi-weekly, monthly, quarterly, etc.).
4. Transfers for accounts designated as "Transfer" accounts in the adopted budget will be performed with concurrence of both OMB and Finance on a quarterly basis and during the year-end process.



K. BUDGET AMENDMENT PROCESS

The BOCC shall authorize new projects and such action shall include the estimated cost and funding source for said project. Any necessary budget amendments, including budgets for any projects authorized during the fiscal year, shall be enacted through a budget amendment resolution. The budget amendment resolution shall be balanced for each and every fund provided therein.

The budget amendment may include the following types of changes:

1. Any and all changes to appropriations related to encumbrances for grants, donations and capital projects not completed in the prior fiscal year will be submitted to the BOCC as a budget amendment during the current fiscal year.
2. Any and all changes to appropriations between funds or divisions, or from any reserve account, require BOCC approval.
3. Upon completion of the prior fiscal year's Comprehensive Annual Financial Report (CAFR), the operating budget may be adjusted to reflect actual beginning fund balances if deemed necessary by the County Administrator. Audited fund balances that are less than the budgeted amount will be adjusted to prevent spending of resources not available. Pursuant to F.S. 129.06 (2), the BOCC at any time within a fiscal year may amend a budget for that year, and may within the first 60 days of a fiscal year amend the budget for the prior fiscal year, as follows:
 - (a) Appropriations for expenditures in any fund may be increased or decreased in the same fund by motion recorded in the minutes, provided that the total of the appropriations of the fund may not be changed.
 - (b) 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, but expenditures may not be charged directly to the reserve for contingencies.
 - (c) The reserve for future construction and improvements may be appropriated by resolution for the purposes for which the reserve was made.
 - (d) 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 BOCC, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. Such receipts and appropriations must be added to the budget of the proper fund. The resolution may amend the budget to transfer revenue between funds to properly account for unanticipated revenue.
 - (e) Increased receipts for enterprise or proprietary funds received for a particular purpose may, by resolution of the BOCC, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the budget. The resolution may amend the budget to transfer revenue between funds to properly account for increased receipts.
 - (f) Amendments not specifically authorized in Chapter 129.06(2) (a-e) F.S. require the amendment be authorized by resolution or ordinance of the BOCC and adopted following a public hearing. The public hearing must be



advertised at least two (2) days, but not more than five (5) days, before the date of the hearing.

K. BUDGET LAPSES AT FISCAL YEAR END

All operating budget appropriations shall expire at the end of the fiscal year. In accordance with generally accepted accounting principles, purchases encumbered in the current fiscal year but not received until the following year are paid from the budget of the following fiscal year.



SECTION II - FUND BALANCE POLICY

The purpose of this policy is to establish a minimum level of fund balance for the general operating funds of the BOCC. The term "fund balance" represents the excess of assets over liabilities and funds set aside as reserves. The "fund balance" reflects cumulative financial operating results of the receipts and expenditures made from the general funds of the BOCC.

The level of the unassigned fund balance, that is, the portion of fund balance in the General Fund which is neither encumbered nor reserved and is therefore available for appropriation, is one of the indications of the status of the County's financial health.

In the preparation of a general fund budget for the ensuing fiscal year, the County Administrator, using the best available information, estimates the unassigned General Fund balance that is anticipated as of September 30, that is, the day prior to the commencing of the ensuing fiscal year. The actual unassigned General Fund balance cannot be determined until the year-end audit is completed. The County Administrator will estimate a conservative General Fund balance due to the uncertainty involved in calculating a General Fund balance during July, three months before the end of fiscal year. In most years, the audited ending General Fund balance exceeds the unassigned General Fund balance that was estimated for the adoption of the General Fund budget.

It is the consensus of the BOCC that the establishment of a definite policy creating goals for attaining and maintaining unassigned General Fund balance by the County will serve as a significant indication for rating agencies and the investment community. The BOCC commits to balance its political goals with a strong financial operating policy. The BOCC shall demonstrate its obligation to the citizens to conduct the financial operations of the County in a fiscally conservative manner.

It is further the consensus of the BOCC that they establish an unassigned General Fund balance that can be maintained over a period of years in order to project and control revenues, to provide an adequate level of funding for unforeseeable and unknown contingencies, to recognize the need for maintaining high financial grade rating for capital market borrowings and to demonstrate its adherence to conservative, prudent and obtainable financial goals.

A. RESERVE FOR CONTINGENCIES

In order to express the County's determination to maintain long-term financial strength and provide fiscally sound financial operations in the tradition for which the BOCC has long been known, the following policy goals are established:

1. The County Administrator will prepare and administer a reserve for contingencies for the General Fund in an amount not greater than ten percent (10%) of the total available, unassigned fund and in accordance with Chapter 129.01(2) (c) F.S. The reserve for contingencies shall be separate from any cash carry forward fund balances.



2. The reserve for contingencies will be maintained at a level not less than five percent (5%) of the General Fund operating budget excluding other reserves and transfers out.
3. The County's budget will be amended at such time as the BOCC authorizes the use of the reserve for contingencies. All requests for the use of any reserve for contingencies shall be accompanied by information prepared by OMB showing the year-to-date activity of the reserve for contingencies account as well as the current reserve for contingencies account balance and the net effect on the reserve for contingencies account balance.

B. RESERVE FOR CASH CARRY FORWARD

In order to express the County's determination to maintain long-term financial strength and provide fiscally sound financial operations in the tradition for which the BOCC has long been known, the following policy goal is established:

The reserve for cash carry forward will be maintained at a level not less than five percent (5%) of the General Fund operating budget excluding other reserves and transfers out, and no greater than ten percent (10%).

C. RESERVE FOR OTHER POST-EMPLOYMENT BENEFITS LIABILITY (OPEB)

Refers to the present value of the commitments the BOCC has for employee post-employment benefits other than pensions as of the date of the financial statements. The liability is determined from an actuarial valuation commissioned by the BOCC.

Although the County is making contributions based on "pay-as-you-go" financing requirements, the BOCC has determined that it is in the County's best interest to plan for future obligations by setting aside an additional "OPEB Reserve" amount annually for the purpose of mitigating the OPEB liability.

Funding of the minimum additional "OPEB Reserve" amount shall be contingent upon the BOCC meeting the Financial Policy goals for the Reserve for Contingencies and the Reserve for Cash Carry Forward.

1. If both of these goals are met, the annual minimum additional "OPEB Reserve" shall be calculated at three percent (3%) of the Net OPEB Obligation – End of Year as reported in the most recent completed CAFR.
2. If either of the Financial Policy goals stated in the preceding paragraph is not met, the amount of funding added to the "OPEB Reserve" for the current fiscal year shall be at the discretion of the BOCC.



SECTION III - CAPITAL IMPROVEMENTS POLICY

Mission

To provide comprehensive planning and analysis of the long-range capital needs of Sumter County. This process contributes to the fiscal review and prioritization of such capital projects as facility development (new construction and improvements), infrastructure maintenance, technology, major equipment, and systems installations.

A. PLANNING PROCESS

The capital improvements planning process includes development of both a one year budget and a five year plan. Each year County divisions prepare and submit a one-year budget and a five year Capital Improvements Plan (CIP) to the County Administrator. Meetings are held between divisions and the County Administrator to review CIP submissions to determine specific funding levels to be recommended to the BOCC.

The County Administrator presents the recommended projects to the BOCC in conjunction with the ensuing fiscal year budget discussion. Upon formal adoption of the fiscal year budget, the adopted fiscal year Capital Improvements Budget is established as the initial year of the five year Capital Improvements Plan.

B. PLANNING FOR THE "OUT" YEARS

The value of any capital plan can be evaluated in how well it enables the County to anticipate future capital needs. Through planning, the County can develop a realistic funding plan for the most essential projects. A long term perspective is essential to this planning process, yet it is the most challenging aspect of planning.

C. CAPITAL PROJECTS

A Capital Project (CP) is defined as an active or proposed non-recurrent expenditure in one or more specified plan year of an amount \$50,000 or more for a permanent fixed asset (building, land, improvement, or equipment including installation) which has a useful life or extends the useful life of an existing fixed asset ten years or more.

Included within the above definition of a Capital Improvement Project are the following items:

1. Construction of new County facilities
2. Remodeling or expansion of existing facilities
3. Purchase, improvement and development of land
4. Street construction, reconstruction, resurfacing or road improvements
5. Sidewalks
6. Drainage projects
7. Vehicles, heavy equipment, computers and other machinery and equipment
8. Planning and engineering costs related to specific capital improvements



A capital project includes the purchase, construction, enhancement, or maintenance of physical infrastructure systems or facilities. These include bridges, streets, sidewalks, street lighting, traffic control, parking facilities, public buildings and related equipment, communication systems, major equipment purchases, trees, and recreation facilities. In addition, a capital project may enhance economic development through job creation, business formation, and housing production.

Capital Improvement Projects typically meet one or more of the following criteria:

1. Land, land improvements, construction of new or replacement buildings, renovation or restoration of buildings, structures, facilities and infrastructure with a cost of \$50,000 or more and a useful life of at least ten (10) years.
2. Equipment and furnishings purchased as a part of a capital project.
3. Durable equipment with an original unit cost of \$50,000 or more.
4. Replacement equipment (an integral part of a building, structure, or facility) which costs \$50,000 or more.

The Capital Improvements Plan not only includes a list of projects which the County intends to fund over the next five years, but also an explanation of how it will finance these projects. The BOCC's objective is to meet the capital needs of the County in a manner that is most beneficial to the citizens. Projects in the CIP shall be prioritized during the annual review.

The following criteria shall be considered in prioritizing projects:

1. Does the project eliminate a public hazard?
2. Does the project eliminate existing capacity deficits?
3. Is the project located to meet the need of projected growth patterns?
4. Does the project accommodate new development and redevelopment service demands?
5. Is the project consistent with regional or state agency plans?
6. Does the project maintain adopted level of services standards?
7. Does the project improve efficiency?
8. Does the project provide a new service?
9. What is the expected useful life?
10. What is the effect on operation and maintenance costs for the project?
11. What are the available state/federal grants for the project?
12. What are the prior commitments for the project?

D. MAINTENANCE AND REPLACEMENT OF CAPITAL EQUIPMENT

Priority shall be given in budget preparation and enactment for adequate maintenance of capital equipment and facilities, and for their orderly replacement. The County shall strive to allocate approximately 10 percent of the annual General Fund budget toward the addition and replacement of capital assets.



E. STREETS AND ROADS CAPITAL IMPROVEMENT PROGRAM

Capital improvements that support surface transportation consist of projects involving roads, streets, street accessories, sidewalks, bridges, and parking structures. The objective of the Streets and Roads Capital Improvement Program is to provide safe, attractive, and efficient public transportation ways and infrastructure systems. Funding for these systems is determined primarily through the use of condition criteria including age, structural adequacy, maintenance problems, construction projects, citizen complaints, and other requests. These criteria are used to assess the condition of the infrastructure system, plan budgets in a cost effective manner, and predict annual preservation effort requirements. Decisions concerning whether a preservation treatment, repaving, or reconstruction is most cost effective for a pavement segment are determined by life-cycle cost analysis. These analyses help to establish priorities for maintenance and replacement for the eligible projects within available funds. These projects are \$50,000 or more and create or extend the useful life of the project at least ten (10) years.

F. ACCOUNTING FOR ROAD PROJECTS

Asset Preservation vs. Expansion

Capital projects are classified into two categories: Preservation and Expansion. Preservation refers to capital projects where the major objective is to reconstruct, rehabilitate, or otherwise restore an existing system or facility to full functionality. In contrast, Expansion refers to projects where the primary objective is to construct a new system or to expand an existing system or facility to meet increased demands or to enhance development. The CP focuses primarily on asset Preservation, a result of investing in necessary maintenance of existing assets combined with limited financial resources to pursue significant enhancement.

Construction / Capacity Improvements are Expansion capital expenditures and involve the building of a new road, street or bridge on a new location, and the addition of lanes to increase the capacity for through traffic. The BOCC will use an accounting object code in the capital project 6000 categories to reflect these improvements.

Note: Local roads under the jurisdiction of the County constructed by a developer or under impact fees or special assessments must have the cost recorded in the appropriate capital account with an offsetting credit to an appropriate revenue account such as contributions and donations from private sources, impact fees, or special assessments.

Preservation / Structural Improvements is a Preservation capital expenditure and involves the improving of an existing road or street by correcting the grades, rebuilding existing grade separations, drainage structures, width, alignment, resurfacing, and the hard surfacing of limerock roads. It also includes the initial signage of newly constructed roads or streets, major resigning projects, and the installation, replacement or improvement of traffic signals. The BOCC will use an accounting object code in the capital project 6000 categories to reflect these improvements.

Preventive Maintenance is an operating expense and is a planned strategy of cost-effective treatments to an existing roadway system and its appurtenances that preserve assets by retarding deterioration and maintaining functional condition without significantly increasing



structural capacity. Preventative Maintenance is the routine work and materials required to keep the road or street, roadbed, surface, and drainage in good repair; prevent damage from water or wind; repair and paint guard rails; provide for safe and convenient travel by keeping signs, signals and pavement marking in good condition; and cleaning the road or street surface. The BOCC will use the accounting object code 4640 - Road Maintenance Program to reflect these types of improvements.

Preventive maintenance includes, but is not limited to, one or more of the following:

- Pavement crack sealing
- Micro surfacing
- Chip sealing
- Concrete joint resealing
- Concrete joint repair
- Filling shallow pavement cracks
- Patching concrete
- Shoulder resurfacing
- Bituminous overlays of 1-1/2 inches or less in thickness
- Restoration of drainage
- Pollution prevention
- New treatments as they may be developed

G. DEFINITIONS

New Pavement - New pavement is a pavement structure placed on a prepared sub-grade. It applies to new highway construction, to a relocated highway, or to the new part of a widened or enhanced highway.

Pavement Reconstruction - Reconstructed pavement or full depth reconstruction results when an existing pavement structure is completely removed to the sub-grade and replaced with a new pavement structure. This type of work is needed when the existing pavement has deteriorated to such a weakened condition that it cannot be salvaged. The type and extent of pavement and base distress will determine when pavement reconstruction is necessary.

Pavement Reclamation - Reclaimed pavement reuses an existing pavement structure through the milling / pulverizing and mixing of the existing pavement and granular sub-base into a gravel base material to be overlaid with new Hot Mix Asphalt (HMA) or Superpave layers.

Pavement Resurfacing - Pavement resurfacing or leveling and resurfacing can be used if the engineer determines that an existing pavement and base is in reasonably good condition. A pavement resurfacing may be in conjunction with roadway widening and/or corrective work to the existing pavement. Pavement resurfacing involves the application of properly timed surface treatments to enhance and/or maintain roadways in good condition. The resurfacing will return the pavement to a high level of serviceability and extend the roads service life.

Pavement resurfacing performed as a result of capital improvements to the road is deemed part of the project and recorded as described in the Preservation/Structural Improvement section of this document.



Pavement resurfacing of 1-1/2 inches or less in thickness that is performed as a stand-alone project and does not enhance the road or add to the roads actual base structure is deemed preventative maintenance and recorded as described in the Preventative Maintenance section of this document.

Superpave (Superior PERforming Asphalt PAVement) - Superpave is a high-performance overlay performance-graded binder in an open-graded friction course (OGFC) design. It is a performance-based system of specifications for designing asphalt pavements to meet demanding roadway needs. This performance-based approach offers more durable pavements that are specifically designed with local temperature extremes and traffic loads in the equation. Superpave designs provide longer-lived asphalt pavements that will stand up to local climate and traffic volumes at lower costs.

SECTION IV - MISCELLANEOUS

A. MAINTENANCE AND REPLACEMENT OF CAPITAL EQUIPMENT

Priority shall be given in budget preparation and enactment for adequate maintenance of capital equipment and facilities, and for their orderly replacement. The County shall strive to allocate approximately 10% of the annual General Fund budget toward the addition and replacement of capital assets.

B. CONTRIBUTIONS

Unless authorized by the BOCC, contributions to programs operated by County divisions shall be subject to the County's Donation Policy. The County welcomes both unrestricted contributions, as well as restricted contributions compatible with the County's programs and objectives. Any material contributions shall be appropriated by the BOCC prior to expenditure.

C. ADMINISTRATIVE SERVICE FEE

An administrative service fee may be assessed to any fund, other than the General Fund, based upon documentation and/or an outside independent study. The fee will be based on actual cost to provide the administrative service. With this system, the transfer to the General Fund will increase as fund revenues increase.

D. INTER-FUND LOAN POLICY

Inter-fund Loan Policies are intended to provide parameters and guidance for the management of loans between funds. Inter-fund loans may be necessary to provide adequate cash flow for reimbursable grants and contractual obligations with deferred revenues.

1. Repayment of any inter-fund loan shall not exceed one year without approval of the BOCC. Inter-fund loans outstanding at fiscal year-end will be reported to the BOCC.
2. Any fund may receive a total inter-fund loan of up to \$25,000 with approval from the County Administrator.



3. Any fund may receive a total inter-fund loan in excess of \$25,000 with the approval from the BOCC.
4. Due to the receipt of ad-valorem taxes not being sufficiently received until the end of November, the County may not have sufficient cash carry forward fund balances to maintain an adequate cash flow in the beginning of the fiscal year. Therefore upon the approval from the County Administrator, the General Fund may borrow short-term from other appropriate funds until the receipts of ad-valorem tax revenue provide adequate cash flow. In no instance, without approval of the BOCC, shall the inter-fund loan remain unpaid past September 30 of the year the inter-fund loan is made.

E. NET BUDGET

A net budget total shall be calculated as well as a gross budget total in order to prevent the "double counting" of revenues and expenditures. The net budget total is calculated by subtracting inter-fund transfer amounts from the gross budget total.

F. DISTINGUISHED BUDGET PRESENTATION AWARD AND CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The County shall seek ways to continually improve its budget documentation in order to retain the Award for Distinguished Budget Presentation from the Government Finance Officers Association. This award signifies that the County is effectively communicating its budget story to its citizens, elected and administrative officials, and to outside interested parties such as bond rating agencies. The County shall continue to improve its budget document to maintain a high level of communication and earn the prestigious award.

The County shall seek ways to continually improve its financial reporting documentation in order to retain the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. This award signifies that the County publishes an easily readable and efficiently organized comprehensive financial annual report, the contents of which conform to program standards. Such report must satisfy both GAAP and applicable legal requirements.

SECTION V - INVESTMENT POLICY

The purpose of this policy is to set forth the investment objectives and parameters for the management of public funds of the BOCC cash reserves. This policy is designed to ensure the prudent management of public funds with maximum security, the availability of operating and capital funds when needed, and an investment return competitive with comparable funds and financial market indices.



A. SCOPE

In accordance with Florida Statutes (F.S.) § 218.415, this investment policy applies to the investment of public funds in excess of the amounts needed to meet current expenses, which includes cash and investment balances of the following funds:

1. General Fund
2. Special Revenue Funds
3. Debt Service Funds
4. Capital Project Funds
5. Internal Service Fund

The policy does not apply to the investment of principal, interest, reserve, construction, capitalized interest, redemption, or escrow accounts created by ordinance or resolution pursuant to the issuance of bonds where the investments are held by an authorized depository.

B. INVESTMENT OBJECTIVES

The primary objectives, in priority order, of the County's funds will be:

1. Safety
Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. Liquidity
The investment strategy will provide sufficient liquidity to meet the County's reasonable anticipated cash flow requirements.
3. Yield
The Clerk of Circuit Court (hereinafter referred to as the "Clerk") or the Clerk's Designee will strive to maximize the return on the portfolio throughout budgetary and economic cycles, commensurate with the County's safety and liquidity objectives.

C. PERFORMANCE MEASUREMENT

Performance will be measured against the three month Treasury Bill rate of return.

D. PRUDENCE AND ETHICAL STANDARDS

The "prudent person" standard shall be used by investment officials in the management of the overall investment portfolio. The Finance Director, or persons performing the investment functions, acting as a "prudent person" in accordance with these written policies and procedures, and exercising due diligence, shall not be responsible for an individual security's credit risk or market price changes provided that appropriate monitoring efforts are performed. The "prudent person" standard is herewith understood to mean the following:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the



management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

The Clerk staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Also, employees involved in the investment process shall disclose to the Clerk, in accordance with F.S. § 218.415, any material financial interests in financial institutions that conduct business with the County, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the County's investment program.

E. DELEGATION OF AUTHORITY

Responsibility for the administration of the investment program is hereby delegated to the Finance Director, who shall establish investment procedures based on these policies. No person may engage in an investment transaction except as stated in the Internal Control Section of the policy. The Finance Director shall be responsible for the implementation of internal controls and monitoring the activities of subordinate staff.

F. AUTHORIZED INVESTMENTS

As established by County ordinance, the Finance Director or appropriate management staff shall purchase or sell investment securities at prevailing market rates. Authorized instruments are as follows:

1. The State Board of Administration's Local Government Surplus Funds Trust Fund (Florida Prime) or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in F.S. § 163.01.
2. Florida Local Government Investment Trust (FLGIT).
3. Securities and Exchange Commission registered fixed income funds with a credit quality rating equal to or greater than the credit rating of the United States Treasury Bill from a nationally recognized rating agency.
4. Interest-bearing time deposits or savings accounts in Qualified Public Depositories as defined in F.S. § 280.02(26) or Interest-bearing time deposits or savings accounts insured by the Federal Deposit Insurance Corporation (FDIC), or through a custodian agreement of FDIC Insured Institutions.
5. The Certificate of Deposit Account Registry Service (CDARS).
6. Direct obligations of the United States Treasury.
7. Obligations of federal agencies, government sponsored enterprises, and instrumentalities.
8. Securities of, or other interest in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company



Act of 1940, 15 United States Code ss. 80a-1 et seq., as amended from time to time, provided the investment objectives of said investment company or investment trust are similar to the investment objectives of this Policy.

G. MATURITY AND LIQUIDITY REQUIREMENTS

1. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds shall have an average weighted maturity of no longer than thirty-six (36) months. Keeping the average weighted maturity to less than 36 months will help minimize interest rate risk.
2. Investments of bond reserves, construction funds, and other non-operating funds shall have a term appropriate to the need for funds and in accordance with debt covenants, but in no event shall exceed ten (10) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Master Repurchase Agreement.

H. PORTFOLIO COMPOSITION

Credit risk, which is the risk that in issuer will not fulfill its obligation, will be mitigated by only purchasing high-rated securities and monitoring the credit worthiness of investments.

I. RISK AND DIVERSIFICATION

Assets held shall be diversified to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these instruments are bought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically as necessary by the Clerk or Clerk's designee and reported quarterly to the County.

J. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

1. The Clerk or the Clerk's Designee shall only purchase securities from financial institutions which are qualified as public depositories by the Treasurer of the State of Florida or primary securities dealers as designated by the Federal Reserve Bank of New York.
2. Repurchase agreements shall only be entered into with primary securities dealers and financial institutions which are state qualified public depositories. The Clerk or Clerk's designee will require the Master Repurchase Agreement to be executed prior to any repurchase transactions.

K. THIRD-PARTY CUSTODIAL AGREEMENTS

All securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by the County should be properly designated as an asset of the County. The Clerk or the Clerk's Designee will execute a Third-Party Custodial Safekeeping Agreement with a commercial bank or the commercial bank's trust department. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States



which has a branch or principal place of business in the State of Florida as defined in F.S. § 658.12, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits maintained by book-entry at the issuing bank shall clearly identify the County as the owner.

- (a) The Clerk or the Clerk's Designee will execute a Third-Party Custodial Safekeeping Agreement with a commercial bank or the commercial bank's trust department which is separately chartered by the United States Government or the State of Florida. All securities purchased and/or collateral obtained by the Clerk or Clerk's designee shall be properly designated as an asset of the County and held in safekeeping by the custodian and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by an authorized Clerk staff member. The Third-Party Custodial Safekeeping Agreement shall include letters of authority from the Clerk or the Clerk's Designee, details as to responsibilities of each party, notification of security purchases, sales, delivery, repurchase agreements, wire transfers, safekeeping and transactions costs, procedures in case of wire failure or other unforeseen mishaps including liability of each party.
- (b) The custodian shall provide the Clerk's Finance Department with safekeeping receipts that provide detail information on the securities held by the custodian. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

L. MASTER REPURCHASE AGREEMENT

The Clerk or Clerk's designee will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions will adhere to requirements of the Master Repurchase Agreement.

M. INTERNAL CONTROLS

The Clerk or Clerk's designee shall establish and monitor a set of written internal controls designed to protect the County's funds and ensure proper accounting and reporting of securities transactions. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. No person may engage in an investment transaction except as authorized under the terms of this policy.

N. CONTINUING EDUCATION

Governmental officials responsible for making investment decisions or the Chief Financial Officer shall complete eight (8) hours of continuing education annually in subjects or courses of study related to investment practices and products.



O. REPORTING

A portfolio report shall be provided each month to the Clerk and appropriate management staff. The report shall include a breakdown of the portfolio showing book values as well as its overall performance during that period. Annually, a recapitulation report will be presented to the County in addition to quarterly reports.

P. ACCOUNTING

In order to record investment earnings in a fair and equitable way, the investment returns will be allocated across all funds on a pro rata basis based on the total cash/investment balance in each fund.

Q. AUDITS

As part of the County's annual audit, the County's Certified Public Accountant, pursuant to F.S. § 11.45, shall report the County's compliance with F.S. § 218.415.

R. POLICY REVIEW AND AMENDMENT

1. The Clerk, Finance Director, and BOCC staff shall review these policies in their entirety on an annual basis.
2. This policy may be amended in writing with the adoption by the Sumter County Board of County Commissioners.