

ORGANIZATION OF PASCO COUNTY

Pasco County Government has been organized according to the Council – Administrator form of government since 1973. The Board of County Commissioners (BCC) sets policy, adopts legislation, and approves the budget.

The five members of the BCC are elected at large for staggered, four-year terms. To accomplish this, two Commission seats are up for election in one election cycle with the remaining three Commission seats up for election in a second election cycle two years later. The Chairman is elected annually by the members.

The BCC is responsible for several appointments, one of which is a County Administrator to serve as the chief executive of the County. The County Administrator serves at the pleasure of the Board and conducts the day-to-day County business. This includes the preparation of the budget, overseeing department heads, and recommending policy to the Board. Assisting the County Administrator are five Assistant County Administrators, department heads, and division heads.

The BCC also appoints a County Attorney. The County Attorney provides legal services to the BCC, County departments, divisions, and independent County boards and commissions.

In addition to the BCC, other elected officials include the Judiciary, the State Attorney, the Public Defender, and five constitutional officers, which include the Clerk and Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. Although all of these elected officials are independent offices from the BCC, they receive some or all of their funding from the BCC.

The District School Board of Pasco County (School Board) is a separate local government agency not under the control of the BCC. The School Board is comprised of five individuals elected Countywide. The Superintendent of Schools is a separately elected executive with the responsibility of operating the school system in accordance with board policy.

The organizational chart on the following page depicts the structure of Pasco County Government.

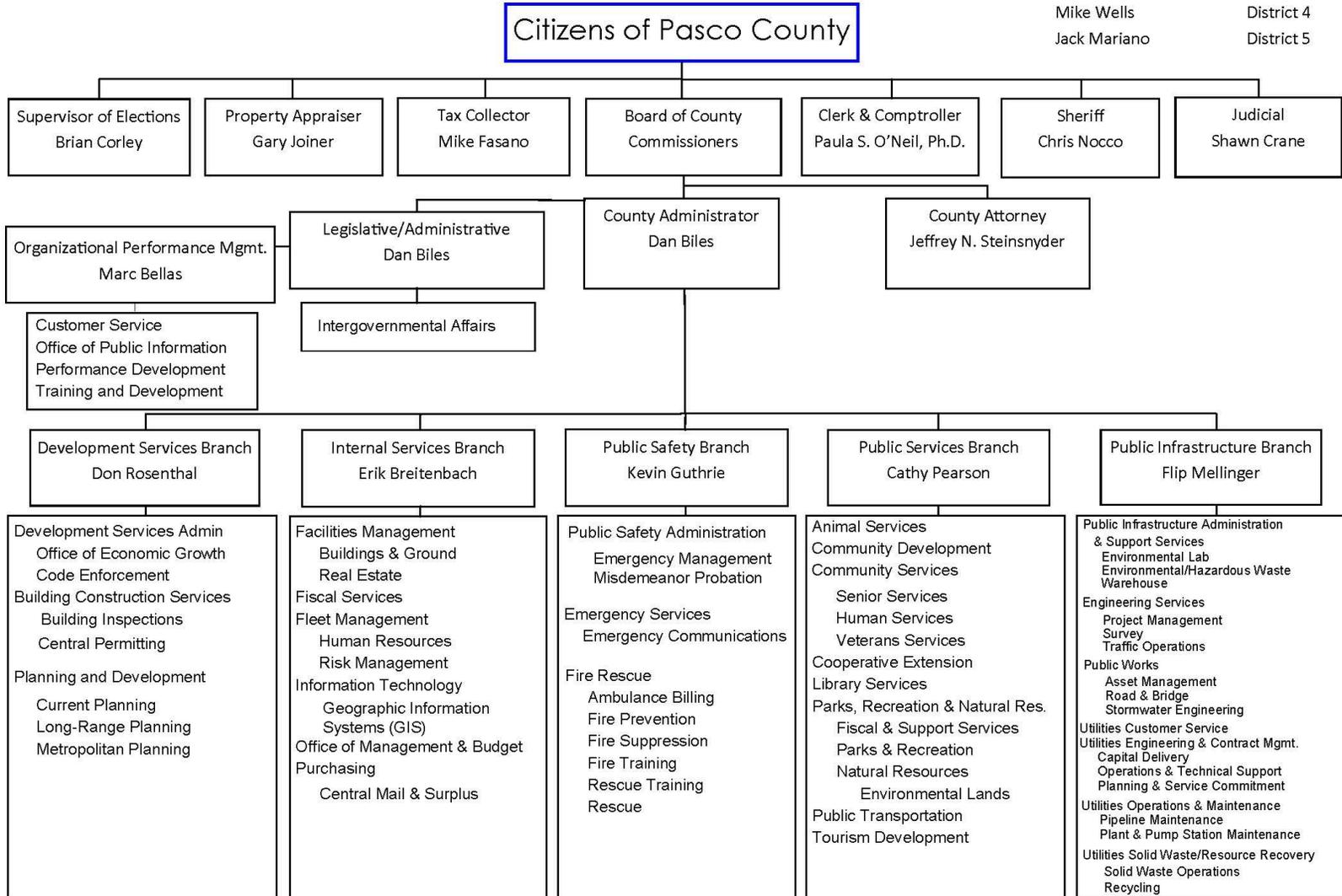
ORGANIZATION OF PASCO COUNTY



Organizational Chart of Pasco County Fiscal Year 2018

Board of County Commissioners

| | |
|-----------------|------------|
| Ron Oakley | District 1 |
| Mike Moore | District 2 |
| Kathryn Starkey | District 3 |
| Mike Wells | District 4 |
| Jack Mariano | District 5 |

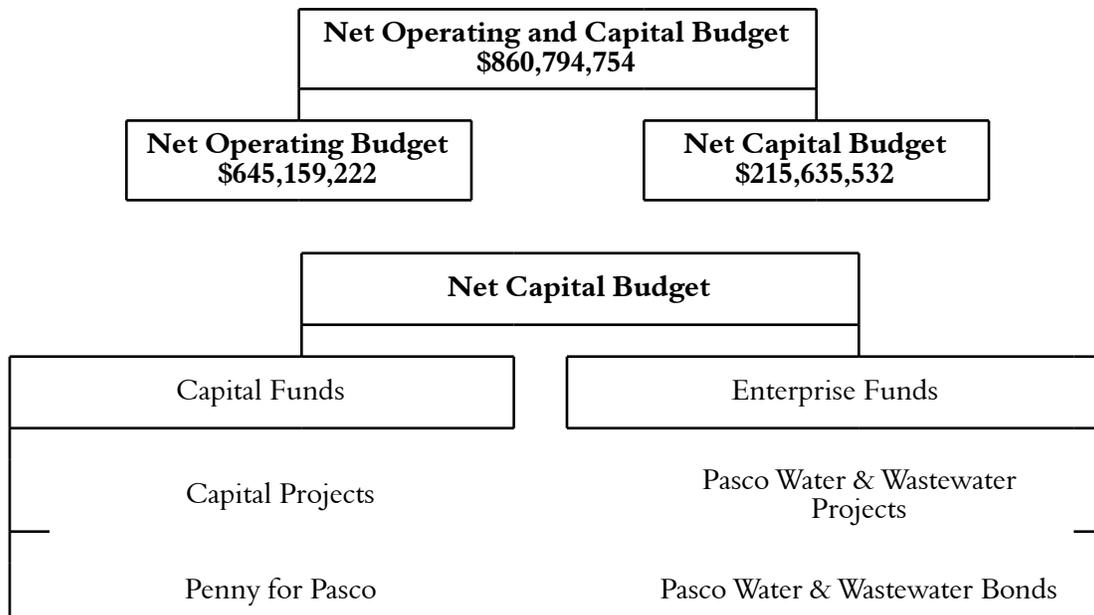


NET OPERATING AND CAPITAL FUNDS

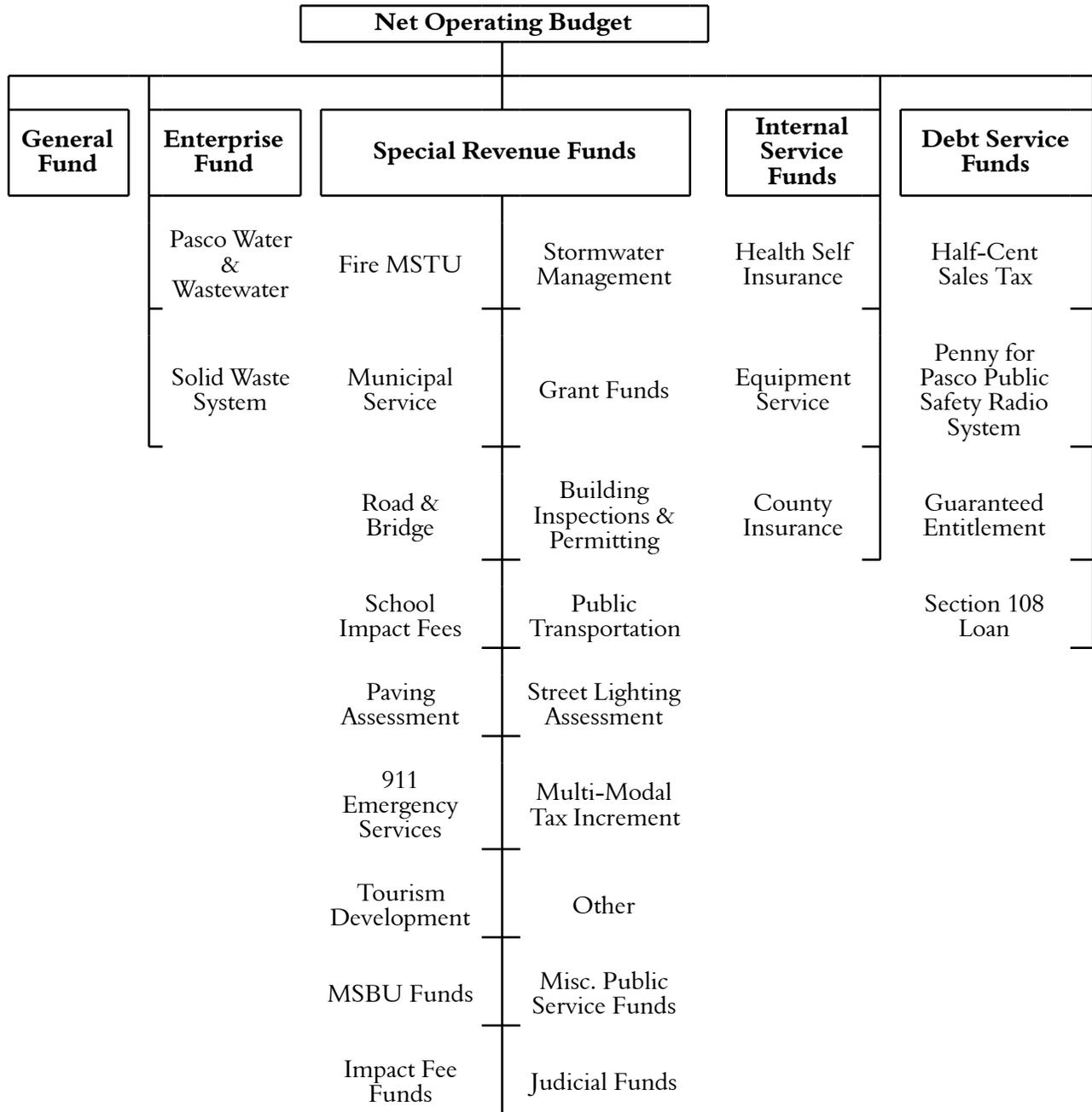
Many of the funds have been created for a special purpose and cannot be used for general government services. The table below outlines the funds Pasco County will have in our FY 2018 budget.

| Fund Type | Purpose | Number of Funds |
|------------------------|---|-----------------|
| General Fund | The County's basic operating fund. It can be used for any purpose. | 1 |
| Special Revenue Funds | Revenue earmarked or restricted by law for a particular purpose such as fire service, grants, Tree Fund, E911 emergency services. | 49 |
| Debt Service Funds | Used to accumulate and pay the principal and interest on long-term debt. | 6 |
| Capital Project Funds | Used to account for the construction or acquisition of fixed assets such as facilities, equipment, and roads. Examples include: Penny for Pasco and Half-Cent Sales Tax Capital Fund. | 13 |
| Enterprise Funds | Revenue sources from services that are substantially supported by customer fees such as the water utility. | 2 |
| Internal Service Funds | Used for services provided to other Funds within the County such as fleet services, employee health insurance, and property. insurance. | 3 |

The picture below depicts the spending plan for the Operating and Capital budgets. It excludes reserves that have been set aside or interfund transfers in each of the funds. The Net Operating Budget and Net Capital Budget have been graphically grouped based on the type of fund outlined in the table above.



NET OPERATING AND CAPITAL FUNDS



FINANCIAL POLICIES

The Budget Development and Adoption Process

The budgeting process is ongoing but the preliminary preparation and forecasting for each year begins in January. The majority of the estimating and forecasting functions occur between the month of March and the formal adoption date of late September. The Pasco County fiscal year runs from October 1 through September 30. The County prepares an operating budget document as well as a five-year Capital Improvement Program (CIP) document. The development of the budget can be divided into three phases: Formulation and Review of Department Requests, Administrative Review and Proposal, and County Commission Review and Adoption.

Formulation and Review of Department Requests

- Early in January, the Office of Management and Budget projects preliminary revenue estimates and establishes targets for departments with the direction and guidance of the County Administrator.
- In late January, the Office of Management and Budget prepares guidelines and instructions for the upcoming budget process and a “Budget Kickoff” meeting is held to deliver the information to the departments.
- Between January and March, departments build their budgets with the assistance of their budget analyst. This includes building business cases for Budget Issues (supplemental requests) and Business Plan Initiatives (new or expanded processes, services, and business models), generating justifications for their budgets, preparing revenue projections for the revenue sources associated with their departments, planning capital projects, estimating the current year end expenditures, and addressing the fiscal and operational needs for the coming year. In addition, requests for interdepartmental services, new vehicles and upgrades, and personnel changes are also generated.
- At the end of March, Business Plan Initiatives are forwarded to a group of Goal Owners that have been assigned specific Goals from the County’s Strategic Plan and the Leadership Group (County Administrator and Assistant County Administrators) for prioritization.
- Between March and April, the Budget Analysts finalize their analysis of the department budgets.
- At the beginning of April, the Budget Director conducts preliminary budget review meetings with departments in order to verify the work of the Budget Analysts and discuss budget requests with Department staff.

Administrative Review and Proposal

- Mid-May through Mid-June the County Administrator conducts departmental meetings to determine specific funding levels to be presented to the Board.
- During this meeting, a high level overview of the current and proposed levels of service offered to citizens are discussed in order to allocate limited resources (funding) to each Department.
- Budget Issues and Business Plan Initiatives are further reviewed to ensure accuracy and alignment with the Strategic Plan.
- At the beginning of July, the Proposed Budget is presented to the Board of County Commissioners, as well as the Business Plan Initiatives that have been prioritized by the Goal Owners and the Leadership Group.

FINANCIAL POLICIES

County Commission Review and Adoption

- During July and August BCC workshops are held to discuss various budget topics, including the Capital Improvement Plan and Business Plan Initiatives.
- During September, the final budget is adopted.

Budget Schedule

The budget process and schedule is governed by Florida Statutes 129 and 200. The proposed budget is submitted to the Board of County Commissioners no later than 35 days after certification of assessed values (or August 4, whichever is later) and includes the proposed tax rate based on the net assessed taxable value of all property in the County. The tax millage rate is derived by dividing the tax revenue by the net taxable value of property.

- June 1 - Submission of budget request to the Board of County Commissioners by the Sheriff, Supervisor of Elections and Clerk of the Circuit Court.
- June 1 - Submission of budget request to the Florida Department of Revenue by the Property Appraiser.
- By July 1 - Certification of the County's net taxable value of property by the Property Appraiser.
- August 1 - Submission of budget request to the Florida Department of Revenue by the Tax Collector and a copy to the Board of County Commissioners.
- By August 4 (or 35 days after certification, whichever is later) - Submission of proposed budget by the County Administrator to the Board of County Commissioners.
- August 4 - September 20 - The Board of County Commissioners may hold work sessions on various sections of the County budget.
- By August 4 (or 35 days after certification, whichever is later) - The Board of County Commissioners must notify the Property Appraiser of the proposed millage rate, rolled-back rate, and the date, time and place of the first public hearing.
- By August 24 - Property Appraiser mails TRIM (Truth In Millage) Notices, which are notices of proposed property taxes.
- Approximately September 3-18 - The Board of County Commissioners holds the first of two public hearings to adopt the proposed budget.
- Approximately September 18-21 - The Board of County Commissioners holds the final public hearing and adopts the budget (must be held within 15 days of the first proposed public hearing).
- October 1 - Effective date of the Pasco County budget.

The budget, as adopted by the Board of County Commissioners, is an estimate of probable income and expenditures for the ensuing fiscal year, with a program or organizational plan for maintaining a proper balance between actual income and expenditures. In accordance with Florida Statute 129, it controls the levy of taxes and the expenditures of money for all County purposes.

The budget may be amended with Board approval if the amount of revenue changes or the appropriation to a particular program changes. (Amendments changing the amount of revenues are controlled by state law for a specific purpose, including, but not limited to, grants, donations, gifts or reimbursement for damages.) Amendments of cost categories within a division budget may be made with the approval of the County Administrator.

FINANCIAL POLICIES

Financial Policies and Procedures

The County Administrator has explicit responsibility for all financial planning for the Board of County Commissioners (BCC) including operating, capital, and debt service budgets; and for the allocation of resources to facilitate accomplishing BCC 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 various team administrators and the Internal Services Branch.

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 Office of Management and Budget is involved in the ongoing effort to research, document, publish and update financial policies and guidelines.

The Board of County Commissioners adheres to a series of financial policies, presented in this section, as a major effort towards documenting a 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 have particular importance.

The policies were developed over a period of time. County staff reviewed recommended budget practices developed by the Government Finance Officers Association (GFOA) and National Advisory Council on State and Local Budgeting (NACSLB). Several of the policies are intended to directly address GFOA and 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 adopted by the Clerk of Circuit Court in his or her capacity as Chief Financial Officer for the Board, which do not require Board approval, do not appear here. There are two key Florida Statutes regulating local government budget development and implementation.

Chapter 129, Florida Statutes, entitled "County Annual Budget," establishes a system for controlling finances of county boards of commissioners throughout the state. Chapter 200, Florida Statutes, "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.

Basis of Accounting

The County follows Generally Accepted Accounting Principles (GAAP) for accounting and financial reporting. Governmental GAAP, as well as State Statute, requires the use of modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary funds.

The General, Special Revenue, Debt Service, and Capital fund budgets are prepared on a modified accrual basis of accounting except that encumbrances are treated as the equivalent of expenditures, as opposed to a reservation of fund balance. Under the modified accrual basis of accounting, revenues are recognized

FINANCIAL POLICIES

in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due, using the current financial resources measurement focus of accounting.

The budgets for the Proprietary Funds and Internal Service Funds are prepared on the full accrual basis of accounting. These funds include Water and Waster Water, Solid Waste, Health, General Insurance, and Equipment Services. Under the full accrual basis, revenues are recorded when earned (for example, water user fees are recognized as revenue when the bills are prepared) and expenses are reported when a liability is incurred, regardless of the timing of related cash flows, using the economic resources measurement focus of accounting.

There are some exceptions to the budgeting of Proprietary Funds using the full accrual basis of accounting. For example, while the accrual method does not recognize loan proceeds as revenue or principal payments on debt obligations as expenditures, loan proceeds are budgeted as revenue and principal payments on debt obligations are budgeted as expenditures. Also, capital expenditures are budgeted as expenses but these must be capitalized under the accrual method of accounting. Finally, depreciation and amortization are not budgeted items.

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 the Governmental Accounting Standards Board (GASB).

- Section 129.01(2)(b), Florida Statutes: The budget will be balanced by fund, that is, the estimated revenues including balances brought forward will equal the total of the appropriations and reserves.
- Section 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.
- Section 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.
- Section 129.01(2)(d), Florida Statutes: A reserve for re-appropriation 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.
- Section 129.06(2)(a), Florida Statutes: Budget changes may be made through the budget amendment process.
- Section 129.06(2)(d & e), Florida Statutes: Fund revenue and expenditure totals may be increased or decreased by formal action of the BCC:
 - Following appropriate public notice and public hearing
 - In the event new revenue is received from an unanticipated source
 - In the County's enterprise or proprietary fund to increase receipts for a particular purpose
- Section 129.06(3)(b), Florida Statutes: Interfund transfers are fixed when the budget is adopted.
- Capital Budget and Capital Improvement Program. Pasco County will develop and implement a comprehensive Capital Budget and a five-year Capital Improvement Program. The first year

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of the Capital Program will represent the Capital Budget with the remaining five years representing the Capital Plan. 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. 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 year's budget (including all funding sources), can be adjusted with the approval of the County Administrator under the Administrative Budget Amendment process.

- Budget Submissions. It is the policy of the Board of County Commissioners that all government organizations funded in whole, or in part, by the BCC submit budget requests for the upcoming year in accordance with the budget instructions distributed annually by the County Administrator, as designated Budget Officer.
- Recovery of Indirect Costs. It is the policy of the BCC that for the calculation of the value of indirect services provided to a department (exclusive of any grant funded programs); the County uses 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 shall reimburse the General Fund for the calculated value of indirect services provided to the internal service department. These costs should be incorporated into service charges levied by the internal service 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.
- Fleet Maintenance. The Fleet Maintenance Department shall 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 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 a fleet replacement reserve will be maintained. The purpose of which is to accumulate the funds necessary to replace County vehicles when they meet County standards for replacement. Fleet

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replacement standards shall be reviewed annually to ensure rental rates are set to recover sufficient funds to replace vehicles.

- Debt Management. 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 loans, 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.)

Budget Amendment Policy

A Budget Amendment is used when budgeted totals are not changed but transferred from one account to another. Budget Amendments are used to transfer funds from one line item to another; one department to another; or from a reserves account to a department. Budget Resolutions allow for budgets to be created or increased/decreased outside of the normal budget cycle. Resolutions can be used to create/amend Life to Date Accounts, such as grants, or to recognize additional revenues in Year to Date Accounts.

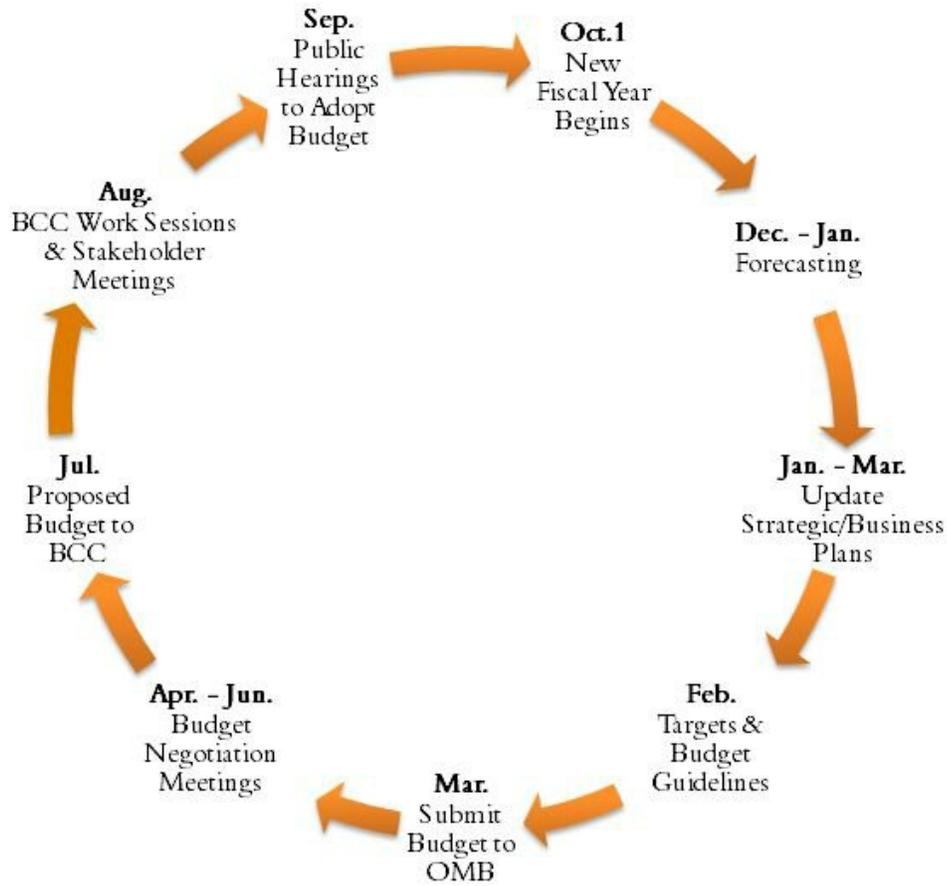
All County departments are expected to have the requisite knowledge of their own budgets in order to determine if it is necessary to request a Budget Amendment/Resolution from the Office of Management and Budget (OMB). OMB will advise departments and process requests in a timely manner based upon Goal Times established by OMB and County Administration. All departments will be responsible for supplying OMB with the required approvals and information in order for OMB to adhere to Goal Times.

The department will determine if the need for a Budget Amendment/Resolution exists and, if necessary, ask OMB staff to provide a budgetary solution. Once a solution has been determined by either the department or OMB staff, the department will provide OMB with the necessary information as outlined below:

- Proof of Assistant County Administrator notification.
- Detailed explanation why Amendment/Resolution is needed.
- For Amendments, the reason funds are not being used in current budgeted area.
- For Resolutions, proof of increase/decrease in revenues (projections, award letter, etc.).

Once OMB staff receives the above information it will be analyzed and confirmed. A Budget Amendment /Resolution will be generated and submitted for approval by an OMB Manager and/or Director.

BUDGET CYCLE



| | | |
|--------------------------|--|---|
| June 1 | Sheriff, Supervisor of Elections, Clerk of the Circuit Court | Submit budget request to the Board of County Commissioners (BCC) |
| June 1 | Property Appraiser | Submit budget request to the Florida Department of Revenue |
| By July 1 | Property Appraiser | Certify the County's net taxable property value |
| July 11 | County Administrator | Submit Proposed Budget to BCC. BCC meeting room, Dade City (DC) 10:00 a.m. |
| July 11 | BCC | BCC Sets Tentative millage rate for TRIM Notices. BCC meeting room, Dade City (DC) 10:00 a.m. West Pasco Govt. Center (WPGC), Board Room, New Port Richey (NPR) 10:00 a.m. |
| By August 1 | Tax Collector | Submit proposed budget to Department of Revenue and provide a copy to BCC. |
| August 4 to September 20 | BCC | Budget Work Sessions may be held by BCC |
| September 19 | BCC | First Public Hearing and Adopt Tentative Budget. 6:30 p.m., BCC meeting room, DC. |
| September 26 | BCC | Final Budget Hearings and Adopt Final Budget and Millage. 6:30 p.m., WPGC, Board Room, NPR. |
| October 1 | All | Effective date of budget. |