BASIS OF ACCOUNTING – FINANCIAL STATEMENTS

The **modified accrual** basis of accounting is utilized for the Governmental Funds. Under this basis, revenues are recognized when they become susceptible to accrual; i.e., when they become both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting in the period that the liability is incurred. The exception to this general rule is that expenditures for principal and interest on general long-term debt are recognized when due and expenditures for compensated absences are recorded when paid.

The **accrual** basis of accounting is utilized for the Proprietary Funds. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period that the liability is incurred. In contrast to Governmental Funds, depreciation is recorded.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Although encumbrances outstanding at fiscal year end are carried forward if not cancelled, the corresponding budget is not and must be re-appropriated in the following year if not anticipated in that year's approved budget.

BASIS OF ACCOUNTING – BUDGET

Budgets presented for governmental funds have been prepared in accordance with generally accepted accounting principles (GAAP), using the modified accrual basis of accounting. Budgets presented for proprietary funds have also been prepared using the modified accrual basis of accounting which is not in accordance with GAAP. Depreciation and amortization are not included in budgetary statements since these do not use spendable resources. Payments for debt service and capital outlay are also expensed under the modified accrual basis which is not in accordance with GAAP for proprietary funds.

BUDGET PROCESS AND CALENDAR

Budget Process

The County's budgetary process is governed by Florida Statutes, in particular Chapters 129 and Chapter 200. Chapter 200 details the requirements for adoption of local government ad valorem millage rates. Chapter 129 sets forth specific requirements for the form and content of county budgets and their execution and amendment.

In addition to State Statute, the County's budget approval process is defined by the County Charter and the County Code (ordinances). It also has additional steps which are designed to provide the Board of County Commissioners and the general public with opportunities for early input into budgetary decisions. State law requires that the budget be balanced. Further, there are very specific and detailed rules known collectively as the "Truth in Millage" or "TRIM" law. These rules dictate the approval process for the budget in general and property taxes in particular. The TRIM law sets the timetable for the County Property Appraiser to deliver estimated and certified tax rolls to the taxing authorities, including the County. It further requires that a tentative millage rate be approved by the County by a certain date, that the Appraiser mail notices of proposed taxes (TRIM notices) to all property owners by a certain date, that two public hearings be held within certain specific time periods, and that the County run newspaper advertisements which follow exact specifications for wording, size, and placement prior to the final public hearing. The hearings themselves must be conducted according to a prescribed format and sequence of Board of County Commissioners actions. This includes the calculation and announcement of "rolled back" millage rates which would

result in no additional property tax revenue (for comparison purposes), and the percentage change in property tax revenue from the prior year resulting from the actual proposed millage rate. Finally, the County must document its compliance with the TRIM rules and submit this documentation to the State for review and approval.

By referendum (11-2-2004), the County Administrator is the designated budget officer. F.S. 129.03(3) specifies that the County Administrator submit a recommended budget to the Board no later than 15 days after certification of value by the property appraiser. This budget must contain information outlined in F.S. 129.02. In addition to the budget document, supplemental detail and other information is provided to the Board and public and posted on the County's website.

The budgets of the Constitutional Officers, while approved by the Board of County Commissioners, are subject to the control of those elected officials. Additionally, the budgets of the Tax Collector and Property Appraiser are submitted to the State Department of Revenue for approval. The Sheriff's budget may be appealed to the State cabinet.

Special committees of County Commissioners, other elected officials, staff, or citizens recommend allocations in some programs. These include the Information Technology Board, the Unified Personnel System, and the Social Action Funding Committee.

Major planning processes which may impact the budget include the County Comprehensive Plan, which defines infrastructure requirements and levels of service according to State statutes. The Comprehensive Plan includes a Capital Improvements Element, which is updated in conjunction with the Capital Improvement Program and budget. Many of the County's operations also have ongoing planning activities which can affect both operations and capital projects. Examples of these are the Airport Master Plan and the Information Technology Plan.

The **Budget Calendar** is presented beginning on page **K-11.**

Budgetary Control and Adjustments

The operating funds are subject to budgetary control by combined major object expenditure categories (e.g., Personal Services + Operating Expenses + Capital Outlay + Grants & Aids) on a cost center basis. The cost center structure was modified in FY2012 and FY2013 to accommodate program budgeting. The Board of County Commissioners approves supplemental appropriations by Resolution and Board Budget Amendments between departments during the fiscal year. The County Administrator is authorized to execute Budget Amendments between cost centers within individual departments provided that the amendment does not realign more than 50% of the department's total budget. These amendments are reported quarterly to the Board.

Major capital facilities and improvements are accounted for within the Capital Projects Funds and are subject to budgetary control on a cost center basis. Appropriations not expended lapse at the end of the fiscal year. The County Administrator is authorized to execute Budget Amendments between cost centers within functional categories (e.g., Transportation) if the amendment does not realign more than 50% of the total functional category budget. As with administrative operating amendments, these are reported quarterly to the Board. Reallocations between functional categories require Board Budget Amendments.

Any budgetary action that involves the Reserve for Contingencies in a fund requires a Board Budget Amendment. A budgetary action that involves the Reserve for Future Years requires a Board resolution. A budgetary action that involves the Reserve - Fund Balance and transfers between funds requires a public hearing in conjunction with a Board resolution.