

## **CHAPTER SIX**

### **FINANCE CODE**

#### **6.0 PURPOSE**

The purpose of the Osceola County Finance Code is to establish, simplify, centralize, and modernize the policies governing the financial operations of the County. The Finance Code establishes policies over Capital Assets, Debt, Disbursements, Financial Reporting, Fund Balance, Grants, Internal Controls, Investments, and the Revenue/Receipts Cycle. The Finance Code permits the continued development of comprehensive financial policies and procedures that provide for increased public confidence in the management of public funds, and communicates to the entire County the objectives of the Board of County Commissioners (Board). County Administration and the Clerk of the Circuit Court (Clerk), for the functions they perform on behalf of the Board, have the responsibility to establish and maintain an adequate system of Internal Control, as well as, provide on a timely basis, to the Board, governmental agencies, creditors and other constituencies reliable financial information. Definitions for terms referenced throughout the Chapter are located in Appendix A.

#### **6.1 GENERAL PROVISIONS**

##### **6.1-1 APPLICABILITY**

The provisions of the Finance Code shall apply to the administration of the receipt, management, and disbursement of funds on behalf of the Board, by the Board and the departments, and agencies under the control of the Board. Expenditures of federal or state assistance funds and grants will be conducted in accordance with the applicable laws and regulations, which may not be reflected in, or may be inconsistent with, any provision of the Finance Code. However, nothing in the Finance Code shall prevent the County from complying with the terms and conditions of any grant, contract, gift, or bequest that is otherwise consistent with the law.

##### **6.1-2 WAIVER OF REQUIREMENTS**

The Osceola County Board of County Commissioners may, when consistent with law, waive any or all requirements or provisions set forth in the Finance Code and proceed thereafter to take action that is deemed to be in the best interest of the County.

##### **6.1-3 CHANGES IN LAWS AND REGULATIONS**

In the event an applicable law, regulation, or accounting standard is modified or eliminated, or a new law, regulation, or accounting standard is adopted, the revised law, regulation, or accounting standard shall, to the extent inconsistent with the Finance Code, automatically

supersede the Finance Code.

#### 6.1-4 REQUIREMENT OF GOOD FAITH

The Finance Code requires all parties involved in the administration of the receipt, management, and disbursement of County funds to act in good faith.

#### 6.1-5 CONFIDENTIAL INFORMATION

Confidential information shall be administered in accordance with the Public Records Act, Chapter 119, Florida Statutes, as amended and other applicable provisions of the law.

### 6.2 AUTHORITY

#### 6.2-1 BOARD OF COUNTY COMMISSIONERS

- A. The Osceola County Home Rule Charter, Chapter 125 and Chapter 218, Florida Statutes and Section 69I, Florida Administrative Code grants the Board of County Commissioners the ability to establish policies governing the administration of public funds.
- B. The Board has the right to approve the expenditure of funds except as otherwise provided in the Administrative Code. In addition, the ability to enter into agreements and contracts that commit the expenditure of funds is further defined in Chapter 3 of the Administrative Code - Procurement Code, as amended.
- C. The Board is responsible for establishing expectations for internal control, communicating those expectations to agencies working on behalf of the Board, management, and evaluating management's effectiveness toward implementing policies and procedures to achieve a controlled environment.

#### 6.2-2 COUNTY MANAGER

In accordance with Chapter 1.2 of the Administrative Code, the County Manager is responsible for the day-to-day administration of the County and to administer and carry out the policies of the Board.

- A. The County Manager or Designee shall have the authority to adopt operational procedures, consistent with this Chapter of the Administrative Code and Florida Statutes governing financial management.
- B. The County Manager or Designee shall have the authority to approve the expenditure of funds within the threshold established in Chapter 3 of the Administrative Code -

Procurement Code, as amended.

- C. Reporting Requirements: The County Manager, or Designee, shall, not less than once a month, review the report that sets forth all checks, drafts, wire transfers, and transfers between depository accounts approved and executed by the Clerk of Circuit Court and submit to the Board as an agenda item and/or via electronic communication by the Clerk of the Circuit Court.
- D. Grants: To maximize limited public resources, the County Manager shall direct staff to actively pursue Grant resource opportunities and utilize Grant funds to supplement and enhance the long-term goals and objectives of the County. Grants shall be prepared, submitted, and monitored in accordance with this Policy.
- E. The County Manager or Designee shall coordinate with the Clerk and provide oversight over the functions the Clerk provides on behalf of the Board.
- F. The County Manager shall make available a financial enterprise system for use by County Departments including an appropriate module for use by the Clerk. As a major County financial investment, the system shall provide multiple services that are able to efficiently flow data from one module to another (e.g. Procurement into Accounts Payable), be centrally managed through the County's IT Department, and ensure proper use and segregation of duties utilizing the Prudent Person principal.

#### 6.2-3 COUNTY ATTORNEY

In accordance with Chapter 1.3 of the Administrative Code, the County Attorney or Designee serves as legal counsel and represents the Board and County departments, including the Finance Office. In addition, the County Attorney is responsible for securing outside legal counsel when deemed necessary for transactions such as Bond and Disclosure Counsels.

#### 6.2-4 COUNTY FINANCE STAFF

- A. The County Manager shall designate the qualified individuals responsible to manage the County's budgetary controls and the department's financial management as identified throughout this Policy, including the following:
  - 1. Review the County's adopted Finance Code and regulations whenever necessary, and propose any necessary amendments to the Board to ensure integrity of the financial system.
  - 2. Coordinate and monitor on behalf of the Board the Clerk's administration of the receipt, management, and disbursement of all funds.

3. Supervise the centralized time and attendance process and coordinate with the Clerk to ensure disbursement of payroll.
  4. Coordinate and monitor on behalf of the Board the Clerk's issuance of payment for employment, goods, and services as approved and/or executed by the Board, County Manager, County Attorney, and/or Designee(s) via check, wire, direct deposit, Automated Clearing House (ACH), Electronic Funds Transfer (EFT), and Procurement Card (P-Card).
  5. Supervise the pre-audit of requests for payment for grants and Fixed Assets.
  6. Assist the County Manager in the development, implementation, and administration of financial procedures and processes.
  7. Be responsible for internal control over financial reporting and coordinate and monitor on behalf of the Board the investment of the County's funds.
  8. Ensure County Finance employees maintain the number of continuing education hours required to meet State Statutes and/or retain any certifications and/or licenses necessary for the administration of their assigned duties.
  9. Ensure the Annual Comprehensive Financial Report (ACFR) is completed annually to include the independent annual audit through partnership with the Clerk.
- B. Finance employees are responsible for assisting with the development, implementation, and delivery of the same.

#### 6.2-5 COUNTY DEPARTMENT ADMINISTRATORS/DIRECTORS

As designated by the County Manager, Departments' Administrators/Directors are responsible for their functional areas, and associated accounts. As it relates to this Finance Code, this includes, but is not limited to, the following responsibilities:

- A. Preparation and submittal of invoices to be processed for payment.
- B. Ensure Fixed Assets are properly managed and accounted for as a part of the County's annual inventory.
- C. Review and approve timecards.

#### 6.2-6 CLERK OF THE CIRCUIT COURT

As a service provider to the Board per the Florida Constitution, the Clerk of the Circuit Court is responsible for the administration of the following duties:

- A. Custodian of County funds and accountant of the Board of County Commissioners maintaining a set of books that reflect the amount on hand, amount received, amount expended, and the balances.
- B. Administration of the receipt, management, and disbursement of all funds including payroll.
- C. Not less than once a month, per Florida Statute 218.35(3), the Clerk shall submit a report to the Board for their consideration at a Board meeting the various financial activities as an agenda item. The report will set forth all checks, drafts, wire transfers, and transfers between depository accounts approved and executed.
- D. Participate and support the County in the completion of the Annual Comprehensive Financial Report (ACFR) by ensuring a timely and accurate trial balance is prepared and delivered to the County's Finance team and ensuring timely preparation of all accounting material required for the completion of the ACFR.
- E. Ensure County funds are invested in accordance with this Policy, the County's Investment Policy and regulations.
- F. Ensure Clerk employees that are providing County services maintain the number of continuing education hours required to meet State Statutes and/or retain any certifications and/or licenses necessary for the administration of their assigned duties.

### 6.3 INTERNAL CONTROL

An adequate system of Internal Control is necessary for County Administration and the Clerk to discharge its responsibilities. Controls ensure that assets are not exposed to unauthorized access and use, transactions are properly recorded in the financial records, and the financial information is reliable. External entities rely on financial information to make decisions toward appropriations, loans, debt, gifts, grants, and other contractual relationships. County resources are dependent upon the system of Internal Control. The County's external, Independent Auditors are required to report annually upon the adequacy of the County's and Clerk's systems for control over financial reporting and compliance. The safeguarding of County assets and the reliability which the County and others can place upon its financial records is dependent upon the effectiveness of the Internal Control process.

#### 6.3-1 GENERAL PROVISIONS

- A. As designated by the County Manager, the County will establish and maintain a system of Internal Controls and complementary Procedures for budgetary, Department financial management, and asset control that satisfy the Board's objectives in the following categories:
  - 1. Safeguarding of County assets;
  - 2. Reliability and integrity of financial information;
  - 3. Compliance with County Policies, plans, Procedures, laws, and regulations;
  - 4. Economical and efficient use of County resources; and
  - 5. Meeting established objectives and goals for County operations and programs.
- B. There is a balance between effective controls and mission accomplishment, however. Costs associated with Internal Controls should not exceed their benefit, nor should controls be allowed to stifle mission effectiveness and timely action.
- C. The County Manager shall cause to be developed an implementing Procedure ensuring that all levels of management must assess the costs, benefits, and risks to develop and implement alternative controls to create a positive control environment and compensate for the risks of non-compliance, loss of assets, or unreliable reporting while accomplishing the County's mission.

#### 6.3-2 RESPONSIBILITIES

- A. Internal Responsibility: It is the Policy of the Board that any individuals, including Clerk employees working on behalf of the Board, with delegated approval authority are responsible for establishing, maintaining, and supporting a system of Internal Controls within their areas of responsibility and for creating the control environment.
  - 1. Adequate supervision is necessary to ensure that Internal Controls are operating as intended.
  - 2. Application of this Policy is to ensure the effectiveness of operations and the safeguarding of assets within their respective areas of responsibility.
  - 3. Ensure prompt corrective action on all Internal Control findings and recommendations made by internal and external auditors.
  - 4. Strengthening Internal Controls when weaknesses are detected.
  - 5. Ensure that direct reports have adequate knowledge, skills, and abilities to function within, and contribute to, an effective Internal Control environment. This

includes providing access to appropriate training on topics relevant to their job responsibilities.

6. Periodically review departmental procedures to ensure the general principles of Internal Control are being followed.
- B. External Responsibility: All levels of Internal Control are subject to examination by external Independent Auditors who are required to report on the adequacy of Internal Controls over finance and compliance.

### 6.3-3 REQUIREMENTS

- A. Separation of Duties: Duties are to be separated so that one person's work routinely serves as a check on another's work. No one person is allowed complete control over more than one key function or activity (e.g., authorizing, approving, certifying, disbursing, receiving, or reconciling).
- B. Authorization and Approval: Proposed transactions are authorized when proper and consistent with County policy. Transactions are approved by the person who is the delegated approval authority, which is usually delegated on the basis of special competency or knowledge.
- C. Custodial and Security Arrangements: Responsibility for physical security/custody of County assets is separated from recordkeeping/accounting for those assets. Unauthorized access to County assets and accounting records shall be prevented.
- D. Review and Reconciliation:
  1. Departmental financial records and documents shall be examined in a timely manner by qualified employees, as designated by the County Manager, who have sufficient understanding of the County's policies and systems to verify that recorded transactions were accounted for and recorded accurately.
  2. Internal financial records and documentation with the County accounting system reports and Financial Statements shall be compared to verify their reasonableness, accuracy, and completeness.
  3. The general Internal Control principles should be applied to all departmental financial operations.
  4. All County systems, processes, operations, functions, and activities are subject to these evaluations. The overall results of these evaluations provide information

regarding the County's overall system of control.

- E. Information and Communication: The parties shall implement a means of communicating significant information to County Administration. Additionally, the County and the Clerk will communicate effectively with external parties, such as contractors, suppliers, regulators, citizens, and other stakeholders.
- F. Risk Assessment:
  - 1. It is the Policy of the Board to manage risk within the County's financial system and processes; however, it is understood that all risk can not be completely eliminated.
  - 2. Additionally, the County recognizes that not all risks are equal. Some are more likely than others to occur, some would have a greater impact than others if they occur, but still must be balanced with the ability to operate as effectively and efficiently as possible.
  - 3. As such, the County Manager and Designee(s) are authorized to determine how to address the risk once identified and how to manage it.
  - 4. Generally, the Risk Assessment process is an ongoing one, but the County Manager, or Designee, shall cause an internal assessment to be completed no less than once a year.

#### 6.4 FINANCIAL REPORTING AND GENERAL ACCOUNTING

The County and the Clerk on behalf of the Board generate countless business and financial records every day including, but not limited to, purchase orders, contracts, expense reports, invoices, receipts, deposits, regulatory reports, emails, timesheets, and many others.

##### 6.4-1 FINANCIAL REPORTING

- A. Providing Financial Statement information that is accurate, timely, reliable, and consistent is of the utmost importance. Any failure to create and maintain accurate, timely, reliable, and consistent business and financial records can pose legal and business risks for the County.
- B. Accurate records are critical for making sound business decisions and maintaining the integrity of required financial disclosures and other Financial Statements. The Board of County Commissioners, management, citizens, financial institutions, rating agencies, bond holders, and other government agencies rely on the accuracy of the County's



financial records. As a result, information provided to the users of the County's Financial Statements will be of high quality and consistent with standards of excellence.

C. The County is responsible for the following:

1. Preparation of complete and accurate annual county-wide Financial Statements (Annual Comprehensive Financial Report) in accordance with generally accepted accounting principles including Governmental Accounting Standards Board (GASB) Statements, the rules of the Auditor General of the State of Florida, and state and federal regulations as applicable.
2. Maintaining appropriate Departmental accounting / financial reporting principles, procedures, and Internal Controls.
3. Ensure areas under the responsibility of the Board, such as inventory and debt management, are handled in accordance with generally accepted accounting principles.

D. The Clerk is responsible for the following:

1. Support of the County's preparation of complete and accurate annual county-wide Financial Statements (Annual Comprehensive Financial Report) in accordance with generally accepted accounting principles.
2. Maintaining appropriate accounting / financial reporting principles, procedures, and Internal Controls.
3. Ensuring all required financial reporting is presented in accordance with, and following, Governmental Accounting Standards Board (GASB) Statements, the rules of the Auditor General of the State of Florida, and state and federal regulations as applicable.

E. The County Manager shall ensure that the County's employees and others to which this Policy applies are responsible and accountable for maintaining the integrity of the Department's financial reporting. Accordingly, all must:

1. Ensure that records created and used, reflect the true nature of the County's transactions.
2. Follow all review and approval procedures for expenditures.
3. Comply with the County's Internal Controls.

4. Follow document retention requirements.

#### 6.4-2 EXTERNAL INDEPENDENT AUDITOR SELECTION AND OVERSIGHT

- A. In accordance with best practices and Florida Statutes 218, as amended, the County will select its external auditors on a periodic, competitive basis through the establishment of an Auditor Selection Committee.
- B. The Board hereby authorizes the establishment of an Auditor Selection Committee to be appointed whenever a competitive selection is contemplated under this policy. Such Auditor Selection Committee shall consist of:
  1. One (1) representative of the Board to be recommended by the Chair and appointed by the Board that has financial related experience. Such representative may not be a County employee, although an employee may serve in an advisory capacity.
  2. One (1) representative from the five (5) Osceola County elected Constitutional Officers as appointed by each respective elected official: the Clerk of Circuit Courts, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. Such representative may be the elected official or a designated representative with professional, financial expertise, but may not be from an auditing firm that intends to respond to the request for proposals. The representative may not be an employee of any such elected official, although an employee may serve in an advisory capacity.
- C. Selection of the External Auditor shall be done in accordance with Florida Statutes 218 and facilitated by the County.
  1. Procurement Services shall facilitate the competitive process including assisting the committee with preparing the solicitation documents.
  2. Issue a request for proposals (RFP) for audit services that includes the factors established by the committee.
  3. Ensure that the committee publicly announces the RFP and the solicitation documents are available for interested firms.
- D. Auditor Selection Committee:
  1. Shall establish the factors to be used for evaluation such as the ability of

personnel, Florida public sector experience, ability to furnish the required services, and such other factors as may be determined by the committee to be applicable to its requirements. Compensation shall also be included as a factor; however, it shall not be a predominant factor.

2. Shall publicly announce the RFP and ensure interested firms are able to obtain the solicitation documents.
  3. Evaluate proposals provided by qualified firms, then rank, through individual scoring, the top three (3) firms deemed to be the most highly qualified to perform the required services after considering the factors established. If fewer than three firms respond to the RFP, the committee shall recommend such firms as it deems to be the most highly qualified.
  4. Recommend additional firms if the Board or its Designee is unable to negotiate a satisfactory written contract in accordance with statutory provisions with the recommended firms.
- E. The Board shall select the highest-ranked qualified firm as evaluated by the committee or must publicly document the reason for not selecting said firm.
- F. If the highest-ranked qualified firm is not selected, the Board shall select the second highest-ranked qualified firm as evaluated by the committee or must publicly document the reason for not selecting said firm.
- G. If the first and second highest-ranked qualified firms are not selected, the Board shall select the third highest-ranked qualified firm as evaluated by the committee or must publicly document the reason for not selecting said firm.
- H. Audit services shall be evidenced by a written contract embodying all provisions and conditions of the procurement of such services.

#### 6.4-3 GENERAL ACCOUNTING

- A. State and local governments are required to prepare separate sets of Financial Statements for Governmental Funds, Proprietary Funds, and Fiduciary Funds. It is also required to prepare a set of governmental-wide Financial Statements to comply with Generally Accepted Accounting Principles (GAAP). The accounts of the County are organized and operated on the basis of Funds. Fund accounting segregates resources according to their intended purpose and is used to aid management in compliance and budget management. Each Fund is balanced and organized in accordance with the State of Florida Uniform Accounting System (UAS) Manual for Florida Counties, as amended.

- B. Basis of Accounting: The type of accounting the County utilizes impacts many things including how and when items should be budgeted and recognized.
  - 1. Modified-Accrual Basis of Accounting is used in the preparation of the Governmental Fund Financial Statements.
  - 2. Accrual Basis Accounting is used in the preparation of the Proprietary Funds, Fiduciary Funds, and government-wide Financial Statements.
- C. Chart of Accounts: The County's Budget utilizes the State of Florida's UAS Manual to develop its Chart of Accounts which is replicated in the financial enterprise system for accounting purposes. Following the guidance in the UAS Manual, the County Manager, or Designee, will establish the Budget in accordance with a uniform chart of accounts, classification/categories of funds, and the County's Organizational Chart.

## 6.5 REVENUE AND CASH RECEIPTS

Established guidelines for the recording of the Board's revenue are necessary to ensure the accuracy and reliability of the County's revenue collections. Proper and timely recording is of critical importance and is primarily the responsibility of the Clerk. All County revenue shall be recorded in conformance with GAAP as applicable to governments. The Clerk shall design, maintain, and administer a revenue system to assure compliance with generally accepted standards accounting principles, established procedures, departmental guidelines, and regulatory requirements.

### 6.5-1 GENERAL PROVISIONS

- A. The County receives its operational funds from a variety of sources. The Board of County Commissioners levies some primary taxes such as Ad Valorem, Tourist Development, Public Service, Local Option Gas, etc. The Board also sets various charges for specific services, like permit fees, garbage collection, etc. Many other types of revenue are received by the County, including, but not limited to, operating funds shared by the state, court fines, occupational licenses, and interest revenue.
- B. The Clerk is responsible for proper and timely recording of the Board's revenues.

### 6.5-2 REVENUE COLLECTION

- A. All revenue received shall be posted promptly and accurately to the appropriate Fund in the accounting period in which they were received.

- B. Any cash receipts must be kept locked in a safe in a secure location before pick-up by courier.
- C. Except as otherwise provided by applicable debt instruments, interest revenue shall be allocated to individual Capital Projects and/or cost centers based on direction by the County Manager, or Designee, in the appropriate Fund on a monthly basis in an amount proportional to the amount of cash in said Fund.

#### 6.5-3 NON-SUFFICIENT FUNDS AND UNCOLLECTABLE ACCOUNTS

- A. Checks that are returned from the bank as non-sufficient funds regardless of the reason (insufficient funds, closed account, stop payment, etc.) are subject to additional fees based on Florida Statutes Ch. 832, as amended. Fees charged by the County to offset allowable charges will be included in the County's Annual Fee Resolution.
- B. The County Manager, or Designee, is authorized to waive the County's approved non-sufficient funds fee in accordance with implementing Procedures.
- C. Once the County has exhausted all efforts of collection, uncollectable accounts may be sent to a collection agency or to relevant law enforcement agency.
- D. After all collection efforts are exhausted by the County, collection agencies or Sheriff's Office, uncollectable accounts in excess of \$100 will be sent to the Board for write-off approval. Accounts in an amount of less than \$100 are considered de minimis and the costs to collect outweigh the benefit.

#### 6.6 FUND BALANCE

- A. The Board's Fund Balance Policy establishes a key element of the financial stability by setting guidelines for Fund Balance in conformity with the Government Accounting Standards Board (GASB).
- B. The Board recognizes that Unassigned Fund Balance is an important measure of economic stability, and that it is essential to maintain adequate levels of Unassigned Fund Balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The Unassigned Fund Balance also provides cash flow liquidity for the County's general operations. It is the County's goal to achieve an Unassigned Fund Balance in compliance with State Statutes, each Fund's revenue sources, and Chapter 4 of the Administrative Code, Budget Code.
- C. Restricted Fund Balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling

legislation such as grants and impact fees.

- D. Committed Fund Balance requires formal Board action to establish, modify, or rescind an existing commitment. Adoption of the County's Budget and/or Budget Amendments as approved by the Board can authorize changes to a Committed Fund Balance. The Board's action must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.
- E. Assigned Fund Balance: The Board or County Manager may assign Fund Balance to a specific purpose.
- F. Order of Expenditure of Funds: When multiple categories of Fund Balance are available for expenditure, the County will start with the most allowable restricted category and spend those funds first before moving down to the next category with available funds.

## 6.7 DEBT

In order to ensure that Osceola County maintains a sound debt position and that the County's credit quality is protected, it is the Board's commitment to make full and timely repayment of all outstanding debt and to adhere to the Finance Code.

### 6.7-1 RESPONSIBILITY

- A. The County Manager shall designate the qualified individuals responsible to manage the County's debt processes, including the following:
  - 1. Developing and presenting financing, regardless of type, recommendations to County Administration.
  - 2. Coordinate with the County Manager/Designees and the County Attorney and external parties in developing recommendations to the Board to ensure the County is exercising sound fiscal management of the County's debt structure.
  - 3. Maintaining a system of record keeping that maintains compliance with the County's ongoing disclosure undertakings to established Nationally Recognized Municipal Securities Information Repositories (NRMSIR's) and disclosure standards promulgated by state and national regulatory bodies and meet the arbitrage rebate compliance (as calculated by an independent, qualified consultant) requirements of the federal tax code.
  - 4. The County is responsible for reviewing and securing financing for all Financed

Purchases (formerly Capital Leases) as needs arise and ensuring that any Financed Purchases are reviewed for compliance with all relevant guidance for recording and disclosure. In addition, the County is responsible for evaluating all agreements/contracts for compliance with the provisions of GASB 87 - Leases and GASB 98 - Subscription Based Information Technology Arrangements (SBITAs). For this purpose, the County has determined the following guidelines will apply:

- a. The provisions of GASB 87/96 will be used to determine if an agreement falls under either of these standards. This includes a provision that the non-cancellable term of the agreement (including renewals) is longer than twelve (12) months, the agreement is for a specified period of time and specific asset, and the transaction represents an exchange or exchange-like transaction. Other provisions of these standards will also be used to evaluate each agreement.
- b. All leases/SBITAs will be evaluated for their impact on the County's ACFR. Only material leases/SBITA agreements will be recorded on the County's general ledger and included in the ACFR statements and footnote disclosures.
  - 1) For Proprietary funds, materiality will be evaluated for each major fund and then by the aggregate of non-major funds (separately calculated for Enterprise and Internal Service funds). Any revenue, expense, receivable, liability, or deferred balance calculated in accordance with the provisions of GASB 87/96 that is more than 5% of the corresponding statement line (revenue, expense, receivable, liability, or deferred balances) for that fund, or the aggregate of nonmajor Enterprise or Internal Service funds if the transaction is recorded in a nonmajor fund, will be considered material for this purpose. The County will utilize a capitalization threshold of \$100,000 for individual leased assets. When the threshold is applied to the leased assets, no leases are required to be recorded under Statement 87.
  - 2) For Governmental funds, materiality will be evaluated at the fund level for lessor agreements. For major funds, any revenue, receivable or deferred balance calculated in accordance with the provisions of GASB 87/96 that is more than 5% of the corresponding statement line (revenue, receivable or deferred balances) for that fund, or the aggregate of nonmajor funds by type (special revenue, debt service or capital projects) if the transaction is recorded in a nonmajor fund, will be considered material for this

purpose. For lessee agreements, materiality will be determined at the entity-wide level for governmental activities. Any expense, liability or deferred balance that is more than 5% of the corresponding statement line (expense, liability, or deferred balances) will be considered material for this purpose. The County will utilize a capitalization threshold of \$100,000 for individual leased assets. When the threshold is applied to the leased assets, no leases are required to be recorded under Statement 87.

- c. All material Leases/SBITAs will be disclosed through the County's dissemination agent Digital Assurance Certification, LLC (DAC) or any other agent appointed from time to time by the County. All material leases/SBITAs will be included in the ACFR and the notes to the financial statements.
- B. External Advisors: Whenever in the best interest of the County, the County will utilize the services of independent third-party providers. Services will be sought in accordance with the County's approved Procurement Code and will include providing expertise on items such as:
1. Financial Advisors: Financial Advisors will provide advice and recommendations to the County on items such as analyzing current debt structures, cash and required reserves, investment of bond proceeds, financing options that provide the County with the most efficient and the greatest current and future financial flexibility, assistance with the Request For Proposal (RFP) process for other external financial services and recommendations on appropriate methods for the issuance of County debt obligations.
  2. Bond Counsel: Bond Counsel is responsible for issuing an opinion as to the legality and, where applicable, tax-exempt status of all debt obligations. The County will also seek the advice of Bond Counsel on other types of financings and on other questions involving federal tax or arbitrage law. Bond Counsel is also responsible for the preparation of the debt instrument authorizing issuance of Obligations and all of the closing documents to complete the sale and will perform other services as requested by the County.
  3. Underwriters: Underwriters must be selected by competitive bids on bonds for all competitive sales. In order to appoint an Underwriter and/or team of Underwriters for Negotiated Sales, Underwriters are first selected through the Request for Proposal (RFP) process or as otherwise approved by the Board to create a pool. The appointed Underwriter / Underwriting team in a Negotiated Sale will be selected from the approved pool based on a number of relevant



factors. Factors to consider will include, but are not limited to, the size of the issuance, type of issuance and experience, current market factors, and proper coverage of different markets.

4. Disclosure Counsel: Disclosure Counsel will be utilized for all public offerings to render an opinion to the County (and a reliance letter to the Underwriters, if requested) in connection with each offering to the effect that, with certain conditions, nothing came to their attention to indicate the offering document contains any untrue statement or omits a material fact required to be included. Disclosure Counsel shall also provide legal advice to the County to assist in meeting its secondary market disclosure obligations.
5. The County may periodically select other service providers (e.g., escrow agents, verification agents, trustees, arbitrage consultants, etc.) as necessary to meet legal requirements and minimize net County debt costs.

#### 6.7-2 USE OF DEBT

The County will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets, including land, only if they have a useful or economic life of at least five years. County debt will generally not be issued for periods exceeding the useful or economic life of a project or projects to be financed. Debt of longer amortization periods will be issued for capital projects when it is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries.

#### 6.7-3 CREDITWORTHINESS

- A. Credit Ratings: Osceola County seeks to maintain the highest practicable credit ratings for all categories of short and long-term debt that can be achieved without compromising delivery of basic County services and achievement of adopted County Policies.
- B. Financial Disclosure: Osceola County is committed to full and complete required financial disclosure. In addition, the County will cooperate fully with rating agencies, bond issuers, institutional and individual investors, other levels of government and the general public to share clear, comprehensive, and accurate financial and other relevant information. The County is committed to meeting secondary market disclosure requirements on a timely and comprehensive basis.
- C. Debt Limit: Other than General Obligation (GO) Debt and other debt paid by ad valorem taxes, neither state law nor Osceola County Home Rule Charter provides any limits on the amount of debt that may be incurred. However, the County will keep outstanding debt consistent with its creditworthiness, best practices, needs, and affordability objectives.

- D. Debt Service Coverage: The creditworthiness of revenue-backed debt, whether tax revenues or other non-ad valorem revenues, is generally measured by debt service coverage. Acceptable coverage levels vary from one type of revenue to another and from time to time. Prior to issuance of revenue-backed debt, an evaluation of projected coverage will be made to determine that the credit rating of the debt will not be materially impaired by the proposed issuance or foreseeable future debt issuances.

#### 6.7-4 STANDARDS AND STRUCTURE

Debt obligations will be structured to achieve the lowest possible net cost to the County given market conditions, the urgency of the project, and the nature and type of security provided. Moreover, in achieving its objectives and to the extent possible, the County will design the repayment of its overall debt so as to recapture its financing capacity for future use.

- A. Maximum Maturity: County Administration may recommend a longer term if it finds that there is an overriding business reason and/or public purpose to extend, subject to IRS regulations for tax-exempt debt. In general, however, County debt obligations will have a maximum maturity of the earlier of:
  - 1. The estimated useful or economic life of the capital improvement being financed;
  - 2. Thirty (30) years; or
  - 3. The final maturity of a debt obligation being refinanced.
- B. Financing Structures: The Board has authority to approve a variety of financing types. The County Manger shall designate the individuals with the required expertise, including external advisors, to identify the most prudent and sound financing structure. The following structures are authorized:
  - 1. Long Term Financing: May include either competitive or negotiated sales depending on the situation and to ensure the best terms for the County as identified in the implementing Procedures.
  - 2. Short-Term/Interim Financing: Different types of short-term financing include Commercial Paper, Lines / Letters of Credit, Bank Loans, Capital Leases or similar structures. In accordance with implementing Procedures, this type of financing is generally more appropriate for when funding needs are smaller or for an interim basis.
  - 3. Capitalized Interest: In specific circumstances and subject to the federal and state

law, interest may be capitalized from the date of issuance of debt obligations through the completion of construction for revenue-generating projects or for projects in which the revenue designated to repay the debt obligation will be collected at a future date, subject to IRS regulations for tax-exempt debt.

4. **Back-loading:** The Board authorizes substantially deferring principal payments (Back-loading) when the benefits derived can clearly be demonstrated to be greater than traditional level or declining principal payment structures, when such structuring is beneficial to the County's overall amortization schedule, when natural disasters or extraordinary or unanticipated external factors make the short-term cost of debt prohibitive, or when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.
  5. **Variable Rate Debt:** Debt that has a Variable Rate may only be utilized when the interest rate varies according to a pre-determined formula or results from a periodic remarketing of the securities, consistent with federal and state law and covenants of pre-existing bonds, and depending on market conditions. The County will limit its outstanding bonds in Variable Rate form to reasonable levels in relation to total debt.
  6. **Refunding:** The County and Financial Advisors will undertake periodic reviews of all outstanding debt to determine refunding opportunities. A Refunding will be considered within federal tax law constraints, when permitted by law, and in accordance to implementing Procedures. Generally, in order to proceed, there will be a net economic benefit or is necessary in order to modernize or restructure covenants essential to operations and management.
- C. **Credit Enhancements:** Credit Enhancements (letters of credit, bond insurance, etc.) may be used, but only when net debt service on the bonds is reduced by more than the costs of the enhancement.
  - D. **State or Federal Financing Programs:** When in the best interests of the County, these programs will be considered and pursued.
  - E. **Derivatives:** Derivatives may be appropriate when a specific financial objective can be achieved that is consistent with the overall financial policy, related risks are analyzed and are considered reasonable in the circumstances and recommended by the County Manager. The Board must approve the use of any Derivative and a swap policy prior to entering into a Derivative agreement.
  - F. **Reimbursement Resolution:** The County Manager, or Designee, and Bond Counsel may

submit a Reimbursement Resolution to the Board so while the long-term funding plan is developed, the initial expenses for a project may be reimbursed from debt proceeds.

#### 6.7-5 ADMINISTRATION AND PROCESS

- A. Bond Covenants: The County will comply with all covenants and requirements of the bond resolutions as well as federal and state laws authorizing and governing the issuance and administration of debt obligations.
- B. Report to Bondholders: As designated by the County Manager, the Finance Office shall prepare and release to all interested parties the Annual Comprehensive Financial Report (ACFR) or supplemental information which will act as the ongoing disclosure document required under the Continuing Disclosure Rules promulgated by the Securities Exchange Commission [S.E.C. Rule 15c2-12(b)(5)].
- C. Bond and Note Sales: The County Manger and designated individuals, including external advisors, shall assist in the production of appropriate resolutions and other related financing documents for Board consideration that will include a Sources and Uses Plan.
- D. Investment of Proceeds: All proceeds of debt incurred by the County, other than conduit debt obligations, shall be invested as part of the County's consolidated cash pool unless otherwise specified by the Bond Covenants. Such investments shall be consistent with those authorized by existing state law, the County's Investment Policy, and/or Bond Covenants.
- E. Costs and Fees: All legally allowable costs and fees related to issuance of direct debt obligations bonds may be paid out of bond proceeds as determined in the best interests of the County.
- F. Conduit Bond Financing: Periodically the County receives requests to approve Conduit Bond Financing for qualified projects. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. The County Attorney's Office and, if applicable the County Manager, or Designee, in coordination with the outside entity, will review all applications to provide a recommendation to the Board regarding issuance of conduit debt.

#### 6.7-6 POST-ISSUANCE TAX COMPLIANCE

- A. Post-Issuance Compliance sets forth specific policies of Osceola County designed to monitor post-issuance compliance of tax-exempt qualified obligations issued by the County with applicable provisions of the Internal Revenue Code of 1986, as amended, and

regulations promulgated hereunder. The County is responsible for identifying, on a timely basis, facts relevant to demonstrating compliance with the Treasury requirements that must be satisfied subsequent to the issuance. The County's tax exempt Obligations are required to ensure the interest is, or will continue to be, or would be but for certain provisions of the Internal Revenue Code, excludable from gross income for federal income tax purposes.

- B. The County recognizes that compliance with applicable provisions of the Internal Revenue Code and is an on-going process, necessary during the entire term of the Obligations, and is an integral component of the County's debt management. Accordingly, the analysis of those facts, implementation, and management of the County's Policy may require on-going monitoring and consultation with Bond Counsel beyond the scope of its initial engagement with respect to the issuance of particular Obligations.
- C. The County approves the terms and structure of Obligations executed by it. Due to differences in the types of debt issuances authorized by the County, Procedures will be developed to ensure compliance with the specific variations and implemented in consultation with Bond Counsel. Specific Post-Issuance Compliance Procedures address the relevant areas described below. The following list is not intended to be exhaustive and further areas may be identified from time to time by staff in consultation with Bond Counsel. Tax-exempt qualified obligations shall include:
  - 1. Obligations on which interest is excludable from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended, and regulations thereunder; and
  - 2. Obligations on which interest is not excludable from gross income for federal income tax purposes, but federal law otherwise requires such obligations to satisfy requirements of the Code applicable to tax-exempt obligations, as amended.
- D. The Finance staff, as designated by the County Manager, is responsible for monitoring Post-Issuance Compliance issues.

## 6.8 CAPITAL ASSETS

### 6.8-1 GENERAL PROVISIONS

- A. The acquisition, disposition, and monitoring of County owned property is governed by Chapter 274, Florida Statutes and Rule 69I-73, Florida Administrative Code, as well as, GAAP. The Board capitalizes assets that are real or personal property, tangible and intangible with a value equal or greater than the capitalization threshold for their respective asset class and have an estimated initial useful life of greater than one year.

This does not apply to assets acquired for income or profit.

- B. These requirements also apply to Court Administration and the Constitutional Offices, with the exception of the Sheriff's Office. The Sheriff is specifically excluded by Florida State Statutes that require them to separately track their assets. The Health Department's assets that are under state ownership are also excluded.
- C. Asset Classes and Thresholds: Osceola County reports the following asset classes: Land, Buildings and Building Improvements, Improvements other than Buildings, Infrastructure, Equipment, Works of Art and Historical Resources, Books (Library Collections), Construction in Progress, and Intangible Assets. A capitalization threshold is established for each capital asset category and is included in Appendix A. Definitions.
- D. Aggregate Capitalization Threshold: Osceola County tracks and records purchases that individually fall below the capitalization thresholds established under Appendix A. Definitions "Capital Asset Classes and Thresholds" and establishes an aggregate threshold of \$500,000 when the assets purchased are significant to the County's operation.

#### 6.8-2 VALUATION

- A. Generally, Capital Assets should be reported at their historical cost including all ancillary charges necessary to place the asset into its intended location and its intended condition for use. When the historical cost of a Capital Asset is not available, an estimated historical cost may be used to value the asset.
- B. Donated Capital Assets should be reported at the fair value on the date the donation is made.
- C. Valuation of Classes:
  - 1. Land: Capitalized at its purchase price or at fair market value if donated. Betterments, site preparation, and site improvements that ready land for its intended use are added to the cost of the land. Land is not depreciable as it is characterized as having an unlimited life.
  - 2. Building and Building Improvements:
    - a. Building: Capitalized at its purchase price along with any other costs associated with getting the Building ready for use. Capitalize all project costs associated with the original construction of a Building.
    - b. Building Improvements: Capitalized if the improvements materially extend

the useful life of the Building, increase the value of a Building, or both. Building improvements will be capitalized separately and depreciated over their useful lives.

3. Improvements other than Buildings: Capitalize project costs exceeding the threshold of constructing structures other than Buildings which are also consider land improvements.
4. Infrastructure: Capitalize project costs exceeding the threshold of constructing infrastructure assets. Improvements made to infrastructure that materially extend the useful life, increase the value of the infrastructure, or both, by 25 percent (25%) of the original life or cost should be capitalized.
5. Equipment: Capitalize at its purchase price and any other costs associated with getting the asset ready for its intended use.
6. Construction in Progress (CIP): All projects for Capital Assets that are not completed at the end of the fiscal year shall be capitalized to their appropriate capital asset classes when the County has received a transfer of title for land acquisition, the final Certificate of Occupancy, or the date the asset is placed into service as determined through cooperation with the Department, Clerk, Budget, and Finance teams.
7. Lease Purchase Assets: Assets should be capitalized if the lease agreement meets any one of the following criteria:
  - a. The lease transfers ownership of the property to the lessee by the end of the lease term.
  - b. The lease contains a bargain purchase option which is the option to purchase the asset at a price that is expected to be significantly lower than the fair value of the asset at the date that the option becomes exercisable.
  - c. The lease term is equal to or greater than 75 percent (75%) of the estimated economic life of the leased property.
  - d. The present value of the minimum lease payments at the inception of the lease, excluding executor cost, equals at least 90 percent (90%) of the fair value of the leased asset.
8. Leasehold Improvements: Leasehold Improvements by the lessee, who have the right to use these leasehold improvements over the term of the lease, are

capitalized only if they revert to the lessee at the expiration of the lease. If capitalized, they are amortized over the shorter of the remaining lease term or the useful life of the improvement. Leasehold improvements do not have a residual value.

9. Intangible Assets: Intangible Assets have no physical substance, but have value for longer than one year. As a result, they may be capitalized if certain criteria are met:
  - a. Purchased Software: The cost must equal or exceed \$10,000 and its useful life must exceed one year.
  - b. Internally Generated Software: Internal development of software or purchased software that requires more than minimal incremental effort (more than 5–10%) to implement. A determination as to whether or not the outlays incurred should be capitalized or not is required based on approved procedures.
  - c. Right-of-Way: This type of easement, in which a Fee Simple Title is obtained, is defined as an absolute estate in perpetuity, one in which the owner is entitled to the entire property with unconditional power of disposition. Therefore, this type of easement should be capitalized.
10. Aggregate Capitalization: Purchased assets that are below the individual capitalization threshold may be tracked and recorded in the County's asset database if the below internal standard is met:
  - a. Purchases meet or exceed \$500,000 and are significant to the County's operations;
  - b. Purchases are procured in one or multiple invoices but are related to the same Purchase Order;
  - c. Estimated useful life of the assets will exceed two (2) years from the date of acquisition; and
  - d. If the purchases are related to Grant funding, it will not interfere with any Federal requirements that prevent the use of capitalization thresholds.
11. Exceptions:
  - a. Repair and Maintenance (R&M): Costs incurred to maintain the operating



condition of the asset and the original use of the Building are expensed, not capitalized.

- b. Easement: Interest in land owned by another that entitles its holder to the right to use the land for a specific or limited purpose. An easement does not give the holder a right of “possession” of the property, only a right of use. An Easement where there is only granted right of use, is temporary, or where the cost is minimal will not be capitalized.
- c. Attractive or High-Risk Assets: Although not capitalized if below the threshold, Attractive or High-Risk Assets may still be tracked as an asset. Attractive or High-Risk Assets contain sensitive data, pose a public safety risk, and/or are prone to frequent theft or loss (e.g. computers, tablets, cameras, etc.). This also includes property that is required to be tracked by law, regulation, or contractual agreement (e.g. item purchased via grant funding). While not capitalized, individual items are tagged, tracked in the County’s financial system, and disposed of in accordance with requirements, policies, and procedures.

### 6.8-3 DEPRECIATION

The County uses straight-line depreciation (historical cost divided by useful life). It is the County’s policy that Capital Assets have no residual value at the end of their useful life. Capital Assets should be depreciated or amortized (generally, the depreciation of intangible assets) over their estimated useful lives unless they are inexhaustible (e.g. land), construction in progress, or considered to have an indefinite useful life.

### 6.8-4 IMPAIRMENT

A Capital Asset is considered to be impaired when its service utility has permanently declined significantly and unexpectedly. Events or changes in circumstances that lead to impairments are not considered normal or ordinary. In addition, a temporary decline in service utility would not constitute impairment. Generally, an asset would be considered impaired if the decline in service utility of the asset was large in magnitude and the event or change in circumstances was outside the normal life cycle of the asset.

### 6.8-5 DISPOSITION

- A. Recommendations for the disposition of property owned by the Board and Constitutional Offices that is obsolete or no longer serves a useful function shall be presented to the Board to be declared surplus.

- B. All reasonable efforts will be utilized to locate property, but any property that has been deemed lost or stolen for two consecutive years will be presented to the Board to be removed from property records. In addition, if it is determined that the property has been stolen, the appropriate law enforcement agency will be contacted.
- C. Property declared surplus is eligible to be destroyed, donated, traded-in, scrapped, recycled, used for parts, or sold by auction to the highest bidder. Assets available for donation will be presented to non-profit/not-for-profit agencies for consideration prior to submitting to the Board for disposition.
- D. Unless otherwise directed by the Board, as delegated by the County Manager, the Finance Office, with input from relevant County personnel (Department Head, Fleet Manager, IT Director, etc.) that are most familiar with the condition of the asset, are responsible for ensuring the most appropriate disposition method is utilized.

## 6.9 INVESTMENT ADMINISTRATION

As the financial assets of the Constitutional Officers are not under the direct control of the Board, this Section applies only to all financial assets of the Osceola County Board of County Commissioners, which includes those of Court Administration that are included within the County's Budget, in accordance with current state statutes. At such time as the funds under the Constitutional Officers' direct control pass to Osceola County, this Code will become applicable.

### 6.9-1 GENERAL PROVISIONS

- A. Certain funds are invested in compliance with specific investment policies contained within bond Resolutions. Those policies were adopted in accordance with Florida Statutes Chapter 125.31 and 218.415, and are not in conflict with this Section of the Administrative Code.
- B. In accordance with Florida Constitution Article VIII (d) the Clerk of the Circuit Court is the custodian of all County funds which would include the responsibility for the day-to-day management of the investment of said funds.
- C. As the Board's funds, the County is authorized to establish Board-approved Policies, along with implementing Procedures, to guide how their funds can be invested.
- D. The Clerk is required to adhere to said Policy.
- E. By separate Resolution, the Board has adopted an Investment Policy. As identified, the following objectives must be met, listed in priority order, and shall apply to the investment of the County's funds in qualified public depositories as follows:

1. Safety of the Principal: The primary objective is the protection of County funds.
  2. Liquidity of the Funds: The instruments the County's funds are invested in shall provide sufficient liquidity to meet the County's operating and capital requirements.
  3. Investment Income: While the income to be derived from investing public funds is the third priority when compared to accountability and accessibility, it is of utmost importance. The County Manager, or Designee, will strive to maximize investment income as it can be an important revenue source.
- F. Performance Measurement: Portfolio and performance reports shall be provided to the County and appropriate management staff, in accordance with County Policy.

#### 6.9-2 INTERNAL CONTROLS

In concert with the Internal Control section of this Policy and in accordance with Section 218.415(13), Florida Statutes, the Clerk shall ensure the Prudent Person standard is met and procedures are in place to prevent loss of funds which might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees.

#### 6.10 GRANTS COMPLIANCE AND ADMINISTRATION

##### 6.10-1 GENERAL PROVISIONS

The County Manager, through each department, shall actively pursue Grant resource opportunities, and utilize Grant funds to supplement and enhance the long-term goals and objectives of the County. It is the goal of the Board, however, to ensure there is proper coordination and oversight of Grant activities, thereby providing accountability to citizens, improving efficiency, and enhancing the impact of Grant funded programs and services.

- A. County Grants must comply with the following: *Government Auditing Standards* issued by the Comptroller General of the United States, Title 2 *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, *Rules of the Auditor General*.
- B. The County Manager will designate the County Department responsible to coordinate an application and upon award provide Grant administration and compliance monitoring. The Finance Office, when designated by the County Manager, will act as the centralized Grants information location for departments, agencies and auditors.

- C. In accordance with State Statutes, as amended, formal recognition of awarded Grant funds and the corresponding appropriation of expense, as a part of the County's Budget, require Board approval.
- D. In accordance with County Policy, formal acceptance of an awarded Grant that increases the County Manager's authorized number of Full Time Equivalent employees requires Board approval.
- E. When seeking Board approval, the County will request authorization for the County Manager to execute future documentation, amendments, etc. for the Grant on behalf of the Board to facilitate ongoing Grant administration through close-out.

#### 6.10-2 APPLICATION

- A. The County Manager, or Designee(s) shall ensure adequate resources exist for the implementation of the proposed Grant funded activity, and required matching funds are reasonable, appropriate and available prior to the application being made.
- B. In order to reduce the financial impact on the community in the event of a major disaster or emergency, the County Manager designates the Finance Office and Emergency Management to share duties and coordinate to provide a point of contact for public assistance applications and awards designed for disaster relief as outlined in the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended. For each incident, the Finance Office and Emergency Management will coordinate and appoint a primary point of contact for that incident with support from the other. Regardless of the specific point of contact, the Finance Office shall coordinate and support the application, compliance, and documentation requirements to maximize the amount of funding available for recovery.

#### 6.10-3 SUBMITTAL

In accordance with this Code, the Board and/or County Manager/Designee may execute and submit Grant applications and accept awards within certain thresholds or conditions.

- A. If the submission of the application obligates the County to accept an award that exceeds the County Manager's approved signatory authority under the Procurement Code, Board approval may be required.
- B. If the grantor specifically requires the signature of the Chair of the Board, the application will be submitted to the Board for consideration.
- C. The County Manager may authorize the submittal of a grant, accept awarded grants, and

execute grant agreements if any or all of the following apply:

1. The County's match will be provided for via existing in-kind resources such as existing staff, services already provided, etc.
2. The County's match will be provided for via a cash contribution but is within the County Manager's signature authority under the Osceola County Procurement Code.
3. The County's match will be provided for via a cash contribution and the funds are included in the Budget for the same purpose thus, if awarded, the Grant would free-up County appropriations.
4. The Grant application is for employees to support a Board approved project.
5. The Grant, if approved, would provide additional resources in support of the Board's approved Strategic Plan.

#### 6.10-4 ADMINISTRATION

- A. As designated by the County Manager, it is the responsibility of the Department that was awarded the Grant to ensure all requirements of the grantor are fulfilled and the County is in compliance through successful Grant close-out.
- B. The Finance Office, per the County Manager, will assist Departments with management as well as oversee certain federal grants specifically assigned for administration.
- C. The County is responsible for the facilitation of the Single Audit as a part of the ACFR.

#### 6.11 DISBURSEMENTS

##### 6.11-1 GENERAL PROVISIONS

- A. The uniform and consistent direction for allowable expenditures for invoices and related transactions is applicable without exception to all funds owned or administered by Board.
- B. The Clerk is responsible for the timely disbursement of County funds. All disbursement of County public funds shall be properly accumulated, classified, and processed in accordance with generally accepted standard accounting principles, established procedures, departmental guidelines, and regulatory requirements including all applicable state and federal laws by the Clerk.

- C. All expenditures must be reasonable and necessary and be budgeted for carrying out the programs, services, and activities of the Board. Expenditures must be documented in such a way that clearly substantiates the reasonability of the amount and adherence to the County's Administrative Code.
- D. All vendors who submit invoices for payment must provide a completed W-9 form in compliance to IRS regulations.
- E. It is the responsibility of all Departments to ensure this Policy and the County Manager's implementing Procedures are followed to ensure accurate and timely payments to all vendors.
- F. Travel for business purposes and other reimbursements to employees must be paid in the same timeframes and processes as payments to vendors under this policy, except payment of Class C travel meals. All travel reimbursements are subject to the regulations of Florida Statute 112.06-1, IRS regulations, in accordance with per diems as specified under U.S. General Services Administration, and the County's Travel Code.

#### 6.11-2 SALES TAX

Osceola County Board of County Commissioners is exempt from the payment of sales and use taxes in the State of Florida according to Rule 12A-1.038, Florida Administrative Code. Whenever possible, a current sales tax exemption certificate must be provided to all vendors and suppliers before making any purchases. Fraudulent use of the exempt certificate for the personal benefit of an individual is a criminal offense and will be pursued.

#### 6.11-3 PROMPT PAYMENT

- A. The County abides by Florida Statutes with respect to all matters relating to the payment for purchases of goods and services.
- B. Construction Services: Payment for the purchases of construction services is specified in Florida Statute 218.735, as amended.

#### 6.11-4 USE OF PROCUREMENT

- A. Generally, purchases are to be made through the Procurement Services Department, as designated by the County Manager, to assist with providing the appropriate review for compliance with all pertinent state laws, regulations, and Board policies. Chapter 3 of the Administrative Code, Procurement Code, specifically deals with the manner in which goods/services, and/or construction services are procured.

- B. P-Cards: The Board has implemented the use of procurement credit cards (P-Card) as a method for paying for goods and services for certain transactions. Each P-Card purchase is subject to the same Policies and Procedures as other transactions.
- C. As identified in the Administrative Code Chapter 3, the Procurement Code provides for alternative procurement methods for certain transactions, such as Direct Pay Requests.

#### 6.11-5 PAYROLL

- A. It is the policy of the Osceola County Board of County Commissioners to ensure all employees are paid in a timely and accurate manner and in compliance with the Fair Labor Standards Act (FLSA); rules and regulations of federal law; statutes, rules, and regulations of the state; Administrative Code, Chapter 2, Personnel Policies and Procedures; and all approved collective bargaining agreements.
- B. The County pays all employees on a bi-weekly schedule; the work week begins on a Saturday, 12:00 AM and ends on a Friday, 11:59 PM. Employees are paid for hours worked based on their classification status under FLSA.
- C. The County Manager designates the Finance Office's Payroll Section as responsible for finalizing the processing of timecard review and approval, preparing the file for upload into the financial enterprise system, processing/reconciling payroll, as well as facilitating and reconciling payments to payroll vendors for employee benefits and payroll deductions.
- D. The Clerk is responsible for processing payroll disbursements including payments to payroll vendors for employee benefits and payroll deductions (i.e. printing checks & submitting EFT files to the bank).
- E. In accordance with Administrative Code, Chapter 2 - Personnel Policies and Procedures, the County must maintain adequate Internal Controls over payroll processing. This includes establishing an appropriate separation of duties, assuring that payroll entries are approved at the proper level, verifying entries for accuracy, and regular monitoring of the validity of the payroll.
- F. Departments are required to retain adequate back-up documentation for all adjustments, manual transactions, leave requests, etc. to support time worked by employees in compliance with Administrative Code, Chapter Two - Personnel Policies and Procedures.
- G. Errors in timekeeping not communicated before payroll processing will be addressed on the following pay period including any leave and/or monetary adjustments. Manual checks issued to employees to correct an error outside of the normal pay cycle may be

considered depending on the circumstance, but will be coordinated with the Clerk.

- H. Direct deposit is mandatory for all Board employees. Employees who do not have an account eligible for direct deposit shall contact the designated Payroll Section to discuss options.
- I. Garnishment: The Board is required by law to deduct a certain dollar amount from an employee's pay to the extent required by law or as stated on the garnishment order. A mandatory Garnishment Fee is deducted from the employee's pay for the administration of the order in accordance with State Statutes, as amended.
- J. The amounts required for tax withholding are set by federal law and are published annually in IRS Circular E. All fringe benefits will follow the tax requirements as set in IRS Publication 15B.
- K. The County Manager's Finance Office Payroll section will distribute employees' W-2 Wage and Tax Statements on or before January 31st of each year either through paper format via the United States Postal Service or electronically.



## APPENDIX A. - DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set forth below whenever they appear in Chapter 6 of the Administrative Code and/or correlating County Manager Procedures:

**“Accrual Basis Accounting”** means a method of accounting that recognizes the financial effect of transactions, events and interfund activities when they occur, regardless of the timing of related cash flows.

**“Administrative Code / Code”** means the compilation of the Board’s Policy / rules for its operations.

**“Advance Refunding”** means a transaction in which new debt is issued to refinance existing debt (old debt); proceeds must be placed in escrow pending call date or maturity of the debt to be refunded.

**“Aggregate Capitalization Threshold”** means the purchase of assets that fall below the capitalization thresholds established under the Capital Asset Classes and Thresholds individually, but are considered significant in the aggregate threshold of \$500,000 when the assets purchased are significant to the County’s operation.

**“Annual Comprehensive Financial Report (ACFR)”** means a complete set of financial statements issued by a governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board and provides a summarization of all of the annual reports of the entity’s agencies.

**“Assigned Fund Balance”** means the portion of the net position of a Governmental Fund that represents resources set aside (“earmarked”) by the government for a particular purpose.

**“Back-loading”** means Debt structured with substantially deferred principal payments, is often significantly more expensive over the life of the issue than debt with level or declining debt service payments.

**“Bank Loans”** means loans for a term of not more than 20 years to provide an alternative option to smaller financing needs that require a longer amortization than interim financing options.

**“Benefits”** means employee benefits, other than salary and wages, including employer contributions to a retirement system, social security, insurance, and similar direct benefits as well as other costs such as Other Post-Employment Benefits (OPEB) expense accrual, Worker’s Compensation, and Unemployment Compensation Insurance.

**“Board”** means the County's duly elected legislative branch that is responsible for setting policies, adopting ordinances, appropriating funds, approving the budget and assessing the millage rate.

**“Bond Counsel”** means an attorney or law firm retained, typically by the issuer, to give the traditional Bond Counsel opinion. Such opinion customarily opines that the bonds have been validly issued and, if tax exemption is intended, that the bonds are tax-exempt bonds. The opinion also may address related matters, such as state or local tax exemption and the enforceability of certain security provisions. Typically, Bond Counsel may prepare, or review and advise the issuer regarding, authorizing resolutions, bond contracts, official statements, validation proceedings and litigation.

**“Bond Covenants”** means contractual obligations set forth in a bond contract. Covenants commonly made in connection with a bond issue may include covenants to charge fees sufficient to provide required pledged revenues (called a “rate covenant”); to maintain casualty insurance on the project; to complete, maintain and operate the project; not to sell or encumber the project; not to issue parity bonds or other indebtedness unless certain tests are met (“additional bonds” or “additional indebtedness” covenant); and not to take actions that would cause tax-exempt interest on the bonds to become taxable or otherwise become arbitrage bonds (“tax covenants”). A covenant whereby a party is affirmatively obligated to undertake a duty in order to protect the interests of bondholders (e.g., to maintain insurance) is referred to as an “affirmative” or “protective covenant.” A covenant whereby the issuer obligates itself to refrain from performing certain actions (e.g., not to sell the project) is referred to as a “negative covenant.”

**“Budget Amendment”** means the different mechanisms identified in Chapter 4 – Budget Code used to revise the Adopted budget to reflect changes that occur throughout the fiscal year.

**“Building”** means a class of Capital Assets that is a permanent structure, attached to a foundation and roofed, not intended to be transportable or movable generally used to house persons, animals, property, and fixtures attached to and forming a permanent part of such a structure. Examples of expenditures to be capitalized as Building are as follows:

- Original purchase price and costs associated with remodeling, reconditioning, or altering a Building to make it available for the purpose for which it was acquired.
- Demolition of old Buildings.
- All costs associated with the original construction of a Building.
- Preparation of plans, specifications, and blueprints.
- Architects’ and engineers’ fees for design and supervision.
- Fixtures consisting of equipment, machinery, and other furnishings that are attached to the Building. These fixtures generally cannot be removed without detaching the item from the Building itself.

**“Building Improvements”** means a class of Capital Assets that are improvements to a permanent structure, attached to a foundation and roofed, not intended to be transportable or movable shall be capitalized if they materially extend the useful life of the Building, increase the value of a Building, or both. The improvement must meet the capitalization threshold and one of the following criteria:

- The improvement adds square footage to the existing Building.
- The improvement is a major renovation that prepares an existing Building for a new use.
- The improvement increases the life or value of the Building by 25 percent (25%) of the original life or cost.

**“Capital Assets/Assets”** means tangible or intangible assets held and used in County operations, which have a service life of more than one year and meet the County’s capitalization policy. Capital assets of the county include land, infrastructure, and improvements to land, Buildings, leasehold improvements, vehicles, furnishings, equipment, collections, and all other tangible and intangible assets that are used in County operations.

**“Capital Asset Classes and Thresholds”** means the different types of Capital Assets and the dollar value limit at which purchased items are to be capitalized in the County’s financial enterprise system. Based on current GASB, GAAP, etc. guidance, as amended, the County utilizes the below classes and thresholds as follows:

<u>Asset Class:</u>	<u>Capitalization Threshold:</u>
Land	Capitalize All
Buildings / Building Improvements	Capitalize All
Improvements other than Buildings	\$10,000
Infrastructure	\$10,000
Equipment	\$5,000
Works of Art and Historical Resources	Capitalize All
Books (Library Resources)	Capitalize All
Construction in Progress	\$10,000
Intangible Assets	
Software	\$10,000
Right of Way / Easement	\$10,000

**“Capitalized Interest”** means the interest added to the cost of a self-constructed, long-term asset. It involves the interest on debt used to finance the asset's construction. This capitalized interest will be part of the asset's cost reported on the balance sheet, and will be part of the asset's depreciation expense that will be reported in future income statements.

**“Chart of Accounts”** means a created list of the accounts used by an organization to define each class of items for which money or the equivalent is spent or received. It is used to organize the budget and finances of the County in accordance with the UASM and the County Manager’s Organizational Chart and to segregate expenditures, revenue, assets, and liabilities in order to give interested parties a better understanding of the financial health of the entity.

**“Clerk of the Circuit Court (Clerk)”** means the independently elected Constitutional Officer that, by virtue of the Constitution, has been delegated functions on behalf of the Board including the accountant and custodian of County funds. The Clerk is also responsible for non-County related functions but, unless specified, references in the Policy refer to those services being performed on behalf of the Board.

**“Commercial Paper”** means unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**“Committed Fund Balance”** means Fund Balance amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

**“Conduit Debt Financing”** means certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer’s financial reporting entity.

**“Constitutional Officers”** means the five Officers who are independently elected countywide on a partisan ballot with no term limits including: the Clerk of Courts, Property Appraiser, Tax Collector, Supervisor of Elections, and Sheriff.

**“Construction in Progress”** means amounts expended in one fiscal year on new construction, land or Building improvement, or other tangible capital construction projects that will be finished in a future year.

**“Competitive Sale”** means issuing debt through a competitive bidding process. Bids are awarded on a true interest cost basis (TIC), or other method deemed appropriate based on then-current market practices, provided other bidding requirements are satisfied.

**“County”** means Osceola County, Florida, a charter county and political subdivision of the State.

**“County Administration”** means the means County Manager, Chief Operating Officer,

Deputy County Manager(s), and/or Assistant County Manager(s) when acting in the capacity of the County Manager in accordance with approved, written delegation of authority, and determined necessary by the County Manager to assist with overseeing the day-to-day operations of the County.

**“County Departments”** means a division/area of the County Manager’s Organizational Chart with a particular area of responsibility.

**“County Manager”** means the chief executive officer of the County appointed pursuant to Section 2:3 A. of the Osceola County Home Rule Charter, or such person's designee.

**“County Manager’s Procedure/Procedure(s)”** means an established process in support of the Board’s Policies developed by the relevant staff, reviewed by the County Attorney’s Office, and approved by the County Manager in order to provide direction to staff in carrying out the day-to-day administration of the County.

**“County’s Finance Office”** means the component of County government reporting to the County Manager, or Designee, with the responsibility to perform various functions including the coordination and monitoring of the Clerk on behalf of the Board.

**“Credit Enhancements”** means the improvement of the credit profile of a structured financial transaction, or the methods used to improve the credit profiles of such products or transactions. It is a key part of the securitization transaction in structured finance, and is important for credit rating agencies when rating a securitization. It is also the use of the credit of an entity, other than the issuer or obligor, to provide additional security in a bond or note financing. This term typically is used in the context of bond insurance, bank letters of credit and other facilities, state intercept guarantees and credit programs of federal or state governments or federal agencies, but also may refer more broadly to the use of any form of guaranty, secondary source of payment or similar additional credit-improving instruments.

**“Credit Ratings”** means the measurement of the probability of the timely repayment of principal and interest and is assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). The factors upon which the rating agencies base their credit ratings vary with each type of issue.

**“Current Refunding”** means a Refunding transaction in which the proceeds of the refunding debt are applied within 90 days of each transaction to redeem the debt to be refunded. This situation differs from an Advance Refunding, where proceeds of the refunding bonds are placed in escrow pending the call or maturity of the debt to be refunded.

**“Debt”** means money owed by one party, the debtor, to a second party, the creditor. Debt is generally subject to contractual terms regarding the amount and timing of repayments of

principal and interest.

**“Derivatives”** means a financial instrument whose value derives from the application of some variable (“underlying”) to a contractually determined amount, or from the association of an underlying with a payment provision that involves little or no initial net investment, and that allows for net settlement.

**“Debt Service Coverage”** means a benchmark used in the measurement of an entity’s ability to produce enough revenues to cover its debt payments. It is usually expressed as a minimum ratio that is acceptable to a lender and may be a loan condition.

**“Departments’ Administrators/Directors/Department Heads”** means executive level managers assigned to oversee a specific division/area of responsibility in accordance with the County Manager’s Organizational Chart.

**“Depreciation”** means a rational and systematic allocation of the cost of a Capital Asset over its estimated useful life.

**“Digital Assurance Certification, LLC (DAC)”** means the organization that provides post-issuance securities and tax compliance services to municipal securities market participants, and operates an integrated disclosure repository for obligors’ municipal and direct/taxable bond issues.

**“Disbursements”** means the payment of money from a fund or account.

**“Disclosure Counsel”** means an attorney or law firm retained by the issuer to provide advice on issuer disclosure obligations and to prepare the official statement and/or continuing disclosure agreement.

**“Easement”** means interest in land owned by another that entitles its holder to the right to use the land for a specific or limited purpose but does not give the holder a right of “possession” of the property, only a right of “use”. An Easement where there is only a granted right of use, is temporary, or where the cost is minimal/ value is immaterial will not be capitalized such as the following:

- Drainage Easement
- Temporary Construction Easement
- Pond Easement
- Maintenance Easement
- Signal Easement
- Visibility Easement

**“Equipment”** means a class of Capital Assets that includes Fixed or movable tangible assets used for operations the benefits of which extend beyond one year from date of acquisition. Examples of assets in this category are machinery, vehicles, computers, and furniture. Expenditures to be capitalized as part of the cost of the equipment include, but are not limited to, the purchase price, freight or other transportation charges, and installation costs necessary to place the equipment into operation.

**“Fair Labor Standards Act (FLSA)”** means a United States law which sets out various labor regulations regarding interstate commerce employment, including minimum wages, requirements for overtime pay and limitations on child labor. In general, the FLSA is intended to protect workers against certain unfair pay practices or work regulations.

**“Fee Simple Title”** means ownership in land in which the owner has full and irrevocable ownership of the land and any buildings on that land, and is the highest ownership interest possible that can be had in real property.

**“Fiduciary Funds”** means the category of funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government’s own programs. Fiduciary Funds are separate funds that are used to record assets held by departments and are classified into four different types:

1. Pension Trust Funds;
2. Investment Trust Funds;
3. Private-purpose Trust Funds; and
4. Agency Funds.

**“Financial Reporting”** means a set of documents prepared by government agencies at the end of an accounting period, containing a summary of accounting data for that period that includes background notes, forms, and other information.

**“Financial Statements”** means a tabulation of amounts derived from accounting records and expressed in words and dollars, that displays either the financial position of the reporting unit at a moment in time or inflows and outflows of resources from transactions or other events during a period of time prepared in conjunction with the Annual Comprehensive Financial Report (ACFR).

**“Fiscal Year”** means the period commencing on October 1 of each year and continuing through the next succeeding September 30, or such other period as may be prescribed by law as the fiscal year for the County.

**“Fixed Assets”** means assets which are purchased for long-term use and are not likely to be converted quickly into cash, such as land, buildings, and equipment.

**“Florida Administrative Code (FAC)”** means the official compilation of the rules and regulations of Florida regulatory agencies.

**“Fund”** means a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**“Fund Balance”** means the difference between assets and liabilities reported in a Governmental Fund.

**“Fund Equity”** means a term used in Proprietary Funds, and is generally the difference between its assets and its liabilities.

**“Garnishment”** means a court order directing that money or property of a third party (usually wages paid by an employer) is seized to satisfy a debt owed by a debtor to a plaintiff creditor.

**“Garnishment Fee”** means a fee that is deducted from the employee’s pay for the administration of a Garnishment order according to the frequency in which the deduction occurs to satisfy a debt owed to a federal or state agency, or creditor.

**“Generally Accepted Accounting Principles (GAAP)”** means conventions, rules, and procedures that serve as the norm for the fair presentation of Financial Statements.

**“General Obligation (GO) Debt”** means voter-approved bonds issued by the County that are payable from ad valorem taxes.

**“Governmental Accounting Standards Board (GASB)”** means a standard-setting body, associated with the Financial Accounting Foundation and comparable to the Financial Accounting Standards Board. GASB establishes standard of financial accounting and reporting practices for state and local governmental units.

**“Governmental Funds”** means Funds that are used to account for most typical governmental functions focusing on the acquisition, use, and balances of an organization’s expendable financial resources and the related current liabilities. The accounting for Governmental Funds (General, Special Revenue, Debt Service, Capital Projects, and Permanent) has a budget orientation using the current financial resources measurement focus and the modified accrual basis of accounting.



**“Grant”** means financial assistance pursuant to written agreements/contracts to carry out a specific purpose.

**“Impaired Capital Asset”** means an asset is considered to be impaired when its Service Utility has permanently declined significantly and unexpectedly. Events that may be indicative of impairment include:

1. Evidence of physical damage;
2. Changes in legal or environmental factors;
3. Technological changes or evidence of obsolescence;
4. Changes in the manner or duration of use of a capital asset; and /or
5. Construction stoppage.

**“Improvements Other Than Buildings/Land improvements”** means a class of Capital Assets used for permanent (i.e., non-moveable) improvements, other than Buildings, that add value to land, but do not have an indefinite useful life. Examples of expenditures to be capitalized as Improvements Other Than Buildings include, but are not limited to:

- Cost of constructing or improving structures such as boat docks and ramps;
- Parks and recreation areas, athletic fields;
- Fences;
- Retaining walls;
- Parking lots; and
- Most landscaping.

**“Independent Auditors”** means the independent, external certified public accounting firm that is a County vendor selected in accordance with Florida Statutes for the County, to examine the financial records, accounts, transactions, accounting practices and Internal Controls of the County.

**“Infrastructure”** means a class of Capital Assets that are long-lived, normally are stationary (fixed) in nature, and normally can be preserved for a significantly greater number of years than most capital assets. Examples of Infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, communication towers/antennas, and lighting systems. The cost of land as part of an Infrastructure project should be separately classified as land.

**“Intangible Assets”** means a class of Capital Assets that has no physical substance, but has value for longer than one year. Examples of assets in this category are computer software (purchased), internally generated developed software, an easement, water rights, timber rights, patents, and trademarks.

**“Interfund Loans”** means money advanced from one Fund to another Fund when insufficient money is available to meet obligations of the Fund receiving the advancement, or are necessary for capital expenditures of the Fund receiving the advancement, but only if the advancement does not 1) conflict with other local, state, or federal laws; or 2) restrict, impede or limit implementation or fulfillment of the original purposes for which the money was received in the Fund providing the advancement.

**“Internal Control”** means integrated set of policies and procedures designed to assist management to achieve its goals and objectives with a framework that provides a favorable control environment, the continuing assessment of risks, the design, implementation, and maintenance of effective control-related policies and procedures, the effective communication of information, and the ongoing monitoring of the effectiveness of control-related policies and procedures as well as the resolution of potential problems identified by controls.

**“Internally Generated Software”** means an Intangible Asset that includes software development costs of Internally Generated Software or Purchased Software that requires more than minimal incremental effort (more than 5–10%) to implement. Outlays incurred related to the development of Internally Generated Software that are identifiable should be capitalized only upon the occurrence of all of the following:

1. Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the Intangible Asset;
2. Demonstration of the technical or technological feasibility for completing the project; and
3. Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multiyear project, continue development of the Intangible Asset.

Outlays incurred prior to meeting those criteria should be expensed as incurred. Training and annual maintenance and or support should not be included in the cost of the software.

**“Investments”** means money committed or property acquired for future income.

**“Investment Bankers”** means an individual who works in a financial institution that is in the business primarily of raising capital for companies, governments, and other entities, or who works in a bank’s division that is involved with these activities.

**“Land”** means a class of Capital Assets that is capitalized at its purchase price or at fair market value if donated. Betterments, site preparation, and site improvements that ready land for its intended use are added to the cost of the land. Land is not depreciable as it is characterized as having an unlimited life. Examples of expenditures to be capitalized along with Land are as

follows:

- Commissions and professional fees such as title insurance, title searches, legal fees, engineering, appraisal, architect, surveying, environmental assessments, etc.
- Demolition of existing Buildings and relocation costs (less salvage)
- Land preparation costs such as excavation, grading, fill, draining, etc.
- Removal, relocation or reconstruction any property belonging to others such as railroad, telephone and power lines, etc.

**“Leases”** means a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.

**“Leasehold Improvements”** means a class of Capital Assets that is the construction of new Buildings or Improvements made to existing structures by the lessee, who has the right to use these leasehold improvements over the term of the lease. Moveable equipment or office furniture that is not attached to the leased property is not considered a Leasehold Improvement. Leasehold Improvements do not have a residual value and thus are only capitalized if they revert to the lessee at the expiration of the Lease. If capitalized, the amortization schedule will be the shorter of the remaining Lease term or the useful life of the Improvement.

**“Lines and Letters of Credit”** means agreements with commercial banks or other financial entities for purposes of acquiring lines or letters of credit that will provide the County with access to credit under terms and conditions as specified in such agreements.

**“Modified-Accrual Basis of Accounting”** means the basis of accounting used in conjunction with the current financial resources measurement focus that modifies the accrual basis of accounting in two important ways: revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when that liability is first incurred (if earlier).

**“Negotiated Sale”** means the issuer and a few buyers negotiate the terms of a transaction (municipal bonds) in lieu of competitive bidding. Negotiated Sale of debt shall be considered when the complexity of the issue requires specialized expertise, when it would result in substantial savings in time or money, when market conditions are unusually volatile, or when it is otherwise in the best interest of the County and authorized by the Board.

**“Non-spendable Fund Balance”** means Fund Balance amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or permanent funds.

**“Non-Sufficient Funds”** means giving checks, drafts, bills of exchange, debit card orders, and other order on banks without first providing funds in or credited with the depositories on

which the same are made or drawn to pay and satisfy.

**“Obligations”** means any outstanding debt or regular payment that the County must make.

**“Official Statements”** means a document prepared by or on behalf of the issuer of municipal securities in connection with a primary offering that discloses material information on the offering of such securities. Official statements typically include information regarding the purposes of the issue, how the securities will be re-paid, and the financial and economic characteristics of the issuer, conduit borrower or other obligated person with respect to the offered securities. Investors and market intermediaries may use this information to evaluate the credit quality of the securities and potential risks of the primary offering.

**“Ordinances”** means the most authoritative form of action taken by the Board, and once adopted, becomes an established law that generally governs matters not already covered by state or federal laws.

**“Organizational Chart”** means the County Manager’s structure for delineating the functions and responsibilities of the staff and various Departments under his/her direction that is presented to the Board for approval.

**“Post-Issuance Tax Compliance”** means the adherence with the numerous federal tax rules imposed on tax-exempt bonds, including but not limited to, limitations on the use of bond proceeds, reporting requirements, arbitrage rebate monitoring, bond proceeds investment restrictions, and record retention requirements.

**“Proprietary Funds”** means Funds that focus on the determination of the operating income, changes in net position (or cost recovery) financial position, and cash flows. There are two types of Proprietary Funds: Enterprise Funds and Internal Service Funds.

**“Prudent Person”** means the persons performing the County’s Investment functions shall act as a “prudent person” in accordance with County Policies and Procedures exercising due diligence. Investments shall be made with judgment and care, under prevailing circumstances, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment to protect from shady, risky, or otherwise questionable Investments.

**“Purchase Order”** means the County’s document used to authorize a purchase transaction with a vendor that contains provisions for construction, goods and/or services ordered, as well as applicable terms and other factors or conditions relating to the transaction.

**“Purchased Software”** means a collection of instructions and data that tell a computer

how to work and when purchased is considered an Intangible Asset in which the cost is capitalized in accordance with approved thresholds.

**“Repair and Maintenance (R&M)”** means costs incurred to maintain the operating condition of an existing asset and the original use of the Building. These costs are expensed, not capitalized. The following are examples of maintenance expenses: routine repairs and ongoing maintenance of the asset such as cleaning, pest extermination, electrical and plumbing fixtures, repainting of interior or exterior surfaces, replacement of siding, replacement of carpet, tile, adding, removing and/or moving of walls relating to renovation projects, but may also include larger projects, such as re-roofs, if the project does not increase the value or life of the Building, road, etc. For example, road resurfacing simply maintains the use of the asset and is thus expensed (R&M). To the contrary, road reconstruction that rebuilds the road from the base and/or adds lanes, amenities, etc. is capitalized.

**“Resolutions”** means a Board policy presented for the Board's consideration which only has to be considered by the Board once.

**“Restricted Fund Balance”** means Fund Balance amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include Grants and impact fees.

**“Revenue/Receipts Cycle”** means review of revenue and receipts that the County receives during any given accounting cycle.

**“Right-of-Way (ROW)”** means a type of Easement in which Fee Simple Title is obtained, defined as an absolute estate in perpetuity, one in which the owner is entitled to the entire property, with unconditional power of disposition. Therefore, this type of easement should be capitalized.

**“Risk Assessment”** means the identification and analysis of relevant risks to the achievement of an organization's objectives for the purpose of determining how those risks should be managed.

**“Service Utility”** means the usable capacity that a Capital Asset was expected to provide at its acquisition as it relates to Impairment of Capital Assets.

**“Sources and Uses Plan”** means a plan prepared by Financial Advisors to identify the source and use of Bond Proceeds and the funding source for the repayment of debt.

**“State of Florida Uniform Accounting System (UAS) Manual”** means the rules and regulations mandated by Section 218.33, FS statutes to be used as the standard for recording and reporting of financial information to the State of Florida including the UAS Chart of Accounts as

the basis for the budget and accounting systems so that preparation of financial reports will be consistent with other local reporting entities.

**“Third Party Custodial Safekeeping Agreement”** means the letters of authority from the County Manager and/or Designee, details as to responsibilities of each party, notification of security purchases, sales, delivery, re-purchase agreements, wire transfers, safekeeping and transactions costs, procedures in case of wire failure, or other unforeseen mishaps including liability of each party.

**“Unassigned Fund Balance”** means Fund Balance amounts that are the residual classification of the General Fund only and includes all amounts not contained in other classifications and are technically available for any purpose.

**“Underwriters”** means a company or other entity that administers the public issuance and distribution of securities from a corporation or other issuing body. An underwriter works closely with the issuing body to determine the offering price of the securities, and buys them from the issuer and sells them to investors via the underwriter's distribution network.

**“Variable Rate Debt”** means an interest rate on a loan or security that fluctuates over time, because it is based on an underlying benchmark interest rate or index that changes periodically.

**“Year-End”** means the end of the fiscal year.

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