BUDGET PHILOSOPHY AND PROCESS

PHILOSOPHY

Seminole County is committed to providing high levels of service to its residents, at the lowest possible cost, in order to minimize taxpayer burden. In developing the County's budget, attention is given to assuring that the budget is in balance, both on an overall basis and within each of the funds. Within that endeavor, the budget is designed to reflect the direction of the Board of County Commissioners and the best interests of the citizens of Seminole County.

PROCESS

Fiscal Year

Seminole County's budget is based on a fiscal, rather than calendar, year. The fiscal year begins on October 1 and ends on September 30. Fiscal Year 2001/02 runs from October 1, 2001 through September 30, 2002; Fiscal Year 2002/03 starts on October 1. 2002 and runs through September 30, 2003.

Statutory Requirements

In the State of Florida, county budgets are governed by State statutes. Chapter 129 of Florida Statutes, entitled "County Annual Budget," specifically directs (among other requirements) that a budget be prepared annually, that it be balanced, and that in no case shall total appropriations of any budget be exceeded (Florida Statutes 129.07).

Funds Included

The County's budget is consolidated and presents planned disposition of all available resources in all funds. The Board of County Commissioners' adopted budget serves as the County's financial plan for the ensuing fiscal year.

Basis of Accounting and Budgeting

County accounts are organized on the basis of funds, sub-funds, and account groups, each of which is considered a separate accounting entity. Operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, fund equity, revenues and expenditures.

A modified accrual basis of accounting is used for governmental funds (general, special revenue, debt service and capital projects). Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which services or goods are received and liabilities are incurred.

Revenue is considered available if it is collected during the current period, or after the end of the period but in time to pay current year-end liabilities. Revenue is generally considered to be measurable if cash flow can be reasonably estimated. Expenditures, for the most part, are recorded on an accrual basis because they are measurable when they are incurred.
In Proprietary Funds (Enterprise and Internal Service), the accrual basis of accounting/budgeting is used. Revenues are recognized in the accounting period in which they are

earned and become measurable. Expenditures are recognized in the accounting period in which they are incurred.

Essential elements of the accrual accounting method include:

1) Deferral of expenditures and subsequent amortization of deferred costs (pre-paid expenses, supplies, etc.).
2) Deferral of revenues until they are earned.
3) Capitalization of certain expenditures and subsequent depreciation of capitalized assets (depreciation of machinery cost).
4) Accrual of revenues that have been earned and expenses that have been incurred.

Budget Adoption Process

Florida Statutes chapters 129 and 200 specify annual budget process requirements. In February, the Fiscal Services Department in conjunction with operating departments updates revenue projections for the budget year and four years into the future. Fiscal Services finalizes these projections and determines available resources for the upcoming budget year.

During March, department directors meet with the Deputy County Managers to examine programs. Departments then complete their budget proposals and after review by Fiscal Services Analysts, proposals are reviewed jointly by the Fiscal Services Department and the Deputy County Managers. The County Manager provides final review and direction. Based on this direction, the Fiscal Services Department prepares the County Manager's Proposed Budget for presentation to the Board of County Commissioners in July.

The Board of County Commissioners holds work sessions during July to review the County Manager's proposed budget and provide Fiscal Services with direction in developing the proposed budget which is made available to the public and forms the basis for the first public hearing in September. At the Board of County Commissioners' second regularly scheduled July meeting, a tentative millage is adopted and provided to the Property Appraiser for notification to all Seminole County property owners in August.

Once property owners have been notified of tentative millage and taxes, the Board of County Commissioners cannot increase millages unless new or revised notices are subsequently mailed to taxpayers. Millages and taxes may be adjusted downward at either the first or second public budget hearing without re-notification to taxpayers. Any changes directed by the Board of County Commissioners at the first public hearing are incorporated into the tentative final budget which forms the basis for the second public hearing in September.

During the second public hearing, the Board of County Commissioners adopts a resolution stating the millage rates to be levied and adopts the final budget. Per Florida statutory requirements the adopted budget becomes effective on October 1.

Amendments after Adoption

Florida Statutes direct that, upon final adoption, budgets shall regulate the expenditures of the County. Itemized estimates of expenditures shall have the effect of fixed appropriations and shall not be amended or altered or exceeded except as provided by statute.

The Board of County Commissioners at any time within a fiscal year may amend a budget for that year as follows:

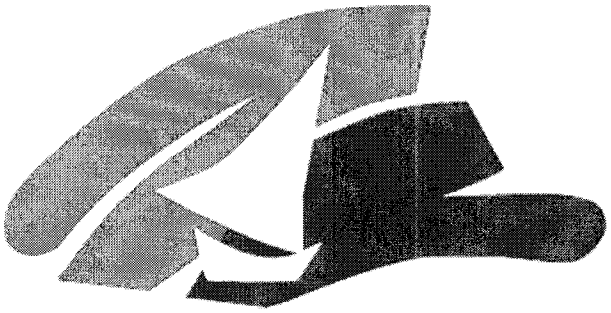
1) Appropriations for expenditures in any fund may be increased or decreased and other appropriations in the same fund correspondingly increased or decreased with the approval of the Board of County Commissioners, provided that total appropriations of the fund are not changed.

2) Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expense in the same fund for any lawful purpose, but no expenditures shall be charged directly to the reserve for contingencies.

3) The Board of County Commissioners may appropriate the reserve for future construction and improvements for the purpose or purposes for which the reserve was established.

4) Revenues from a source not anticipated in the budget and received for a particular purpose (including, but not limited to, grants, donations, gifts or reimbursement for damages) may, upon approval of a resolution by the Board of County Commissioners, be appropriated and expended for that purpose. Such receipts and appropriations shall be added to the budget of the proper fund. The resolution may amend the budget to transfer revenue between funds to properly account for unanticipated revenue.

5) Increased receipts for enterprise or proprietary funds received for a particular purpose may, upon approval of a resolution by the Board of County Commissioners, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided in the budget.

6) If an amendment to the budget is required for a purpose not specifically authorized in Florida Statutes 129.06 (2)(a-e), an amendment may be authorized by resolution of the Board of County Commissioners following a public hearing advertised at least 2 days, but not more than 5 days before the hearing date.

Florida statutes provide for the delegation of authority to approve certain types of budget transfers. The Board of County Commissioners has established through resolution that the Budget Officer (County Manager) may authorize certain transfers (excluding capital budget transfers) which are intra-departmental in nature and less than $25,000, and the Fiscal Services Department Director less than $2,500. All other budget transfers and amendments to the adopted budget must be approved by the Board of County Commissioners.