

Capital Improvement Program Policies

- ❖ Citrus County maintains a Capital Improvement Program (CIP) that covers a five-year period and is updated annually in conjunction with the budget. Proposed projects are prioritized and available funds are allocated accordingly. An integral part of this process is a review of the County's current debt and the County's financial ability to issue new debt. The Capital Improvement Program is published as a separate document. Funding for current fiscal year projects is included in the adopted budget.
- ❖ In January, department heads assess their capital projects to determine if they meet the definition of a capital improvement project. A capital improvement project is defined as any new building, equipment, additions to structures, purchase of existing structures, the purchase of land in conjunction with new or existing structures and road and bridge projects that would normally have a life of at least **ten (10) years** and a initial cost of greater than **\$50,000**. Both of these criteria must be met in order to be considered a capital project.
- ❖ CIP requests are reviewed by Office of Management and Budget staff during the months of February and March.
- ❖ Meetings are held between Departments, Office of Management and Budget and County Administration to review CIP submissions to determine specific funding levels to be approved.
- ❖ The County Administrator will schedule a CIP Workshop to present the recommended projects to the Board of County Commissioners in April or May.

Relationship between the Capital and Operating Budgets

The capital and operating budgets affect each other in a number of ways. The amount of debt that can be supported by the operating budget helps determine the value of the bonds that can be sold in any given fiscal year. Operating budget resources, as governed by the County's revenue and by its budget stability and debt management policies, determine the level and composition of the County's capital budget. The

County's debt policy contains guidelines to help the County stay within a sound fiscal framework despite year-to-year variations in the amount of resources available for debt service.

Capital budget decisions affect the operating budget in several ways. First and foremost is the amount of operating budget revenue that must be used to provide for debt service payments on any revenue bonds sold to fund capital projects.

A second impact the capital budget has on the operating budget consists of the operating and maintenance costs associated with the completed facilities. The greatest operating impacts occur with a new facility, such as the opening of a new park. In such instances, costs relating to new maintenance and support staff and additional operating and utility expenses must all be included in the operating budget.

Other types of capital projects may have a relatively small impact on the operating budget. Renovations rarely increase operating costs much, if at all. Road, storm drainage, and other infrastructure projects do not normally result in the need for additional costs. However, when such projects reach a critical mass, additional maintenance staff will be needed, and at some point in the future, resurfacing and other expensive maintenance activities will be required.

Capital expenditures can also have positive impacts on the operating budget. For instance, infrastructure maintenance funded through the capital budget can result in substantial operating budget savings. An example is the resurfacing of roads using capital budget funds, which usually reduces the need for temporary repairs of potholes and other maintenance funded from the operating budget. Likewise, the renovation of an old facility will usually result in lower maintenance costs for that facility. New construction can also serve to reduce operating expenses if the new facility results in less need for rented or leased space.

Decision Making and Analysis

The County's planning and budgeting decisions are based on a number of processes currently in place. The specific tools used are:

- ❖ Citizen Advisory Boards – Aviation Advisory Board, Citrus Springs Advisory Council, Special Library District Advisory Board and

Transportation Disadvantaged Coordinating Board currently exist;

- ❖ Master Planning – Specific functions and processes are included in written plans, such as the Comprehensive Plan, Airport Master Plan, Fire Services Master Plan, Parks Master Plan and Boat Ramp Master Plan;
- ❖ Five-Year Financial Plan – Multi-year forecasting of revenues and expenditures;
- ❖ Fleet Replacement Program – Equipment replacement covering the useful life of all vehicle classes;
- ❖ Financial Trend Monitoring System – Systematic analysis of major financial indicators;
- ❖ Fire Apparatus Replacement Schedule – Replacement schedule covering useful life of engines and rescue (10 year front line and 5 year reserve fleet), all other fire apparatus (15 years).

Debt Service Policy

Citrus County's debt policies are detailed in the Debt Management Policy as adopted by the Board of County Commissioners. The policy includes the following items:

- ❖ Long-term debt obligations will not be used to fund regular operations.
- ❖ The amount of long-term debt issued annually will be monitored to maintain bank-qualified status and take advantage of small issuer exemptions in the federal arbitrage laws.
- ❖ Tax-exempt debt will continue to be issued as long as it provides savings over issuing taxable debt.
- ❖ Debt will not be used for a term exceeding the useful life of the underlying assets purchased or constructed with the proceeds.
- ❖ Advanced refunding of debt will be considered if a present value savings of at least three (3) percent can be realized.

Citrus County has no legal debt limits. The only restriction on general obligation bonds is that voters of the county must, through a referendum, approve the use of ad valorem tax

proceeds to repay the debt. The 10 mill cap on ad valorem taxes may be exceeded for the purpose of debt service on general obligation bonds upon approval of the voters of the County. Citrus County currently has no general obligation bonds outstanding.



Citrus County Fund Structure

As a means of tracking and accounting for money, the operations of the county are divided into *funds*. The easiest way for most people to think about funds is to compare them to bank accounts. Money comes into a fund from a variety of sources and is then used to provide services to the public. Within funds are departments (i.e., Public Works Department) and within departments are *cost centers*.

Each of these accounting units facilitates the tracking of costs and effectiveness of services provided to the public. Within cost centers are *accounts* or *line items*. These are the basic units of measurement in the budget and make it possible to determine costs of specific programs.

Each fund is accounted for with a separate set of self-balancing accounts that compromise its assets, liabilities, fund equity, revenues, and expenditures. The following are the county's fund types that are commonly used to account for capital improvement projects.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The county appropriates current year expenditures and anticipated revenue. The modified accrual basis of accounting is applied.

Capital Project Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities. The modified accrual basis of accounting is applied.

Revenues

Following are descriptions of the County's major revenue sources that are commonly used to fund capital improvement projects.

Impact Fees

Impact fees are an assessment made against all new development that contributes to the burden of public facilities and services. They are a one-time fee designed to aid in paying for growth and are collected for the following eight categories:

emergency medical services, fire, law enforcement, libraries, parks and recreation, public buildings, schools and transportation. The County began collecting impact fees in 1987.

Citrus County uses impact fees to supplement other types of fees and taxes to fund capital construction projects necessitated by growth. Impact fees constitute a significant funding source and enable the County to provide facilities and services, some of which are mandated by the County's comprehensive plan. The County has seven years in which to spend the funds from the date they were collected.

The fee structure must be reasonably related to the actual costs of the projected improvements. Also, the amount of impact fees varies according to the type of development. The fee breakdown for a typical residential unit is shown below.

<i>Single Family Home Impact Fees 1,501 to 2,499 sf Effective January 13, 2009</i>	
Category	
EMS	\$63.38
Fire	\$433.23
Law Enforcement	\$256.50
Libraries	\$251.26
Parks and Recreation	\$722.79
Public Buildings	\$624.80
Schools	\$2,109.05
Transportation	\$2,426.27
Total	\$6,887.28

Revenue estimates are prepared based on revenues collected in prior years and year-to-date revenue in the current year, along with current and projected building permit activity.

Ad Valorem Tax

Ad valorem taxes are levied on the assessed value of real and tangible personal property located within the County. Intangible property and motor vehicles are excluded from this tax. The tax is limited to a 10 mill cap, except for voted debt service millage and voted millage not

to exceed two years. Exemptions related to this tax include a \$25,000 homestead exemption for Florida residents and an exemption for property used for charitable or government purposes. There are annual limits on increases in property values used to compute the amount of this tax. The Property Appraiser and Tax Collector are responsible for the administration and collection of ad valorem taxes. The State of Florida, Department of Revenue sets the rules and regulations and prescribes the forms to be used in the process.

The millage rate is set by resolution of the Board of County Commissioners and in accordance with Florida Statutes. Revenue from ad valorem taxes is computed using the taxable value of property and the millage rate adopted by the Board of County Commissioners. Ad valorem taxes are collected by the Tax Collector. Taxes are due by March 31, and discounts up to 4% are available for paying early.

Ad valorem taxes are considered general revenue funds and may be used for any county purpose. Revenues of Municipal Services Taxing Units (MSTU) are restricted to the specific purpose for which the MSTU was created. The County has two special taxing districts: fire protection and libraries.

Constitutional Fuel Tax

The Constitutional Fuel Tax was authorized by the Florida Constitution in 1941 and approved by the voters in 1943. It is levied at the rate of 2 cents per gallon on motor fuel. Proceeds are allocated to the County in accordance with a distribution formula consisting of county area, county population, and the number of gallons of motor fuel sold in the county.

Fuel dealers remit the tax to the State of Florida, Department of Revenue. The Department of Revenue transfers the tax to the State Board of Administration for distribution to the County. Funds are first used for any debt service payments related to road and bridge purposes. Of the remaining amount, 20% is returned to the County. The rest of the proceeds are forwarded to the State of Florida, Department of Transportation. Distributions are wired to the County monthly.

Revenue estimates are provided by the Department of Revenue's Office of Tax Research. Proceeds must be used for the acquisition, construction, and maintenance of

roads. They may also be used as matching funds for transportation related grants.

County Fuel Tax

The County Fuel Tax is levied at the rate of 1 cent per gallon on motor fuel. The legislative intent of this tax is to reduce the County's reliance on ad valorem taxes. Proceeds are allocated to the County in accordance with a distribution formula consisting of county area, county population, and the number of gallons of motor fuel sold in the county. The State of Florida, Department of Revenue administers this tax.

Fuel dealers remit the tax to the Department of Revenue. The Department of Revenue wires the proceeds to the County on a monthly basis.

Revenue estimates are prepared by the Department of Revenue's Office of Tax Research. Proceeds must be used for transportation related expenditures. The expenditures must be for acquisition of right-of-ways; construction, reconstruction, maintenance and repair of transportation facilities; and roads and bridges. Proceeds may also be used for debt service of transportation related projects. The County has not pledged any proceeds from this tax as security for debt obligations.

Local Option Fuel Tax

The Local Option Fuel Tax may be levied at the rate of 1 cent to 6 cents per gallon on motor fuel. Citrus County levies the entire 6 cents per gallon on motor fuel. The tax is levied at the rate of 6 cents per gallon on diesel fuel, whether or not a county has levied any of the tax on motor fuel. Proceeds are distributed to the County in accordance with an interlocal agreement established between the County and municipalities located within the County's border. Any changes in the tax rate must be made prior to July 1 to be effective January 1 of the following year. The State of Florida, Department of Revenue administers this tax.

Fuel dealers remit the tax to the Department of Revenue. The Department of Revenue wires the proceeds to the County on a monthly basis. The Board of County Commissioners receives 90.95% of the distribution allocated to the County. The cities of Inverness and Crystal River share in the remaining 9.05%.

Revenue estimates are prepared by the Department of Revenue's Office of Tax

Research. Proceeds must be used for transportation expenditures. The expenditures must be for public transportation operation and maintenance; roadway and right of way maintenance and drainage; street lighting; traffic signs, signals, and pavement markings; and bridge maintenance and operations. The County has pledged the first cent of the Local Option Gas Tax as security for the financing of 2004 County Road 486 Improvement Project.

2nd Local Option Fuel Tax

The 2nd Local Option Fuel Tax may be levied at the rate of 1 cent to 6 cents per gallon on motor fuel. Citrus County levies the entire 6 cents per gallon on motor fuel. Proceeds are distributed to the County in accordance with an interlocal agreement established between the County and municipalities located within the County's border. Any changes in the tax rate must be made prior to July 1 to be effective January 1 of the following year. The State of Florida, Department of Revenue administers this tax.

Fuel dealers remit the tax to the Department of Revenue. The Department of Revenue wires the proceeds to the County on a monthly basis. The Board of County Commissioners receives 90.95% of the distribution allocated to the County. The cities of Inverness and Crystal River share in the remaining 9.05%.

Revenue estimates are prepared by the Department of Revenue's Office of Tax Research. Proceeds must be used for transportation expenditures. The expenditures must be for public transportation operation and maintenance; roadway and right of way maintenance and drainage; street lighting; traffic signs, signals, and pavement markings; and bridge maintenance and operations. The County has used this revenue source as security for interim financing of the County Road 486 Phase II Widening Project.

Ninth Cent Fuel Tax

The Ninth Cent Fuel Tax may be levied at the rate of 1 cent per gallon on motor fuel. Citrus County levies the one cent per gallon tax on motor fuel. The one cent per gallon tax on diesel fuel is levied in every county, whether or not the county levies the tax on motor fuel. Counties may, but are not required to, share the proceeds of this tax with municipalities located within its borders. Citrus County has not elected to share these proceeds. The tax must be authorized by an ordinance adopted by an

extraordinary vote of the governing body or voter approval in a countywide referendum. It must be levied before July 1 to be effective January 1 of the following year. The State of Florida, Department of Revenue administers this tax.

Fuel dealers remit the tax to the Department of Revenue. The Department of Revenue wires the proceeds to the County on a monthly basis.

Revenue estimates are prepared by the Department of Revenue's Office of Tax Research. Proceeds must be used for transportation expenditures. The expenditures must be for public transportation operation and maintenance; roadway and right of way maintenance and drainage; street lighting; traffic signs, signals, and pavement markings; and bridge maintenance and operation.

Local Government Half-Cent Sales Tax

The Half-Cent Sales Tax program was created in 1982 and is the largest state-shared revenue source of the County. The purpose of the program is to provide revenue for local needs and provide relief from ad valorem taxes. The amount received is based on an allocation formula consisting of total county population, total unincorporated county population, and total incorporated county population. The State of Florida, Department of Revenue administers this program.

The funds received are 8.814% of the net sales tax proceeds collected pursuant to Chapter 212, Florida Statutes. The funds are wired monthly from the Department of Revenue.

Revenue estimates are provided by the Department of Revenue's Office of Tax Research. Two-thirds of the amount received must be expended on countywide programs or to provide countywide tax relief. Proceeds may be pledged for principal and interest payments on any capital project. The County has used this revenue source as security for the 2001A Capital Improvement Bonds, 2001B Capital Improvement Refunding Bonds, 2003 Capital Improvement Refunding Bonds, Countywide Radio System Loan, 2004A and 2004B Capital Improvement Bonds, 2008 Capital Improvement Refunding Bonds and financing for construction of the Emergency Operations Center.

Charges for Services

Solid Waste Management is an enterprise fund where revenue for operations is provided by user fees charged at the landfill, an assessment on each residential unit in the County in the amount of \$25 per year and a fee charged to businesses with waste disposal service at \$1.20 per cubic yard.

The Water Resources Department consists of enterprise funds where revenue for operations is provided by user fees such as water sales, wastewater sales, water connection fees, sewer connection fees, and other charges for services.

Capital Revenue and Expenditure Category Descriptions

REVENUES

General Fund Taxes

Revenue derived from ad valorem taxes and may be used for any County purpose.

Fire District Taxes

Revenue derived from fire special taxing district ad valorem taxes and may be used for any fire related purpose.

Road and Bridge Taxes

Revenue derived from transportation ad valorem taxes.

Gas Taxes

Revenue derived from various fuel taxes levied on motor fuel sales within the County and proceeds must be used for transportation related construction and maintenance.

Library District Taxes

Revenue derived from library special taxing district ad valorem taxes and may be used for any library function.

Landfill Fees

Charges for the use of the County landfill.

Operating Fees

Charges for water and wastewater sales.

System Expansion

Water and wastewater connection fees.

Renewal and Replacement Fees

Charges for water and wastewater sales, as set aside for renewal and replacement.

Impact Fees

A one time assessment made against all new impact-generating land development that contributes to the burden of public facilities and services.

Grants

Grants or entitlements for goods and services provided by governmental agencies or other entities.

Loan

Proceeds obtained from the issuing of debt.

Other

Special assessments, boating improvement funds, and other miscellaneous funding sources.

EXPENDITURES

Planning and Design

Engineering, architectural, appraisal, and other services procured as independent professional assistance.

Land

Land acquisition, easements, and right of way costs.

Construction

All costs associated with building structures, parks, roads, and other such improvements.

Equipment

County transit buses, fire apparatus and other heavy machinery and equipment.

Debt Service

Principal and interest payment of debt.

Other

Expenditures that do not fall in above categories. For example: other contractual services, computer software and transfers to other funds.

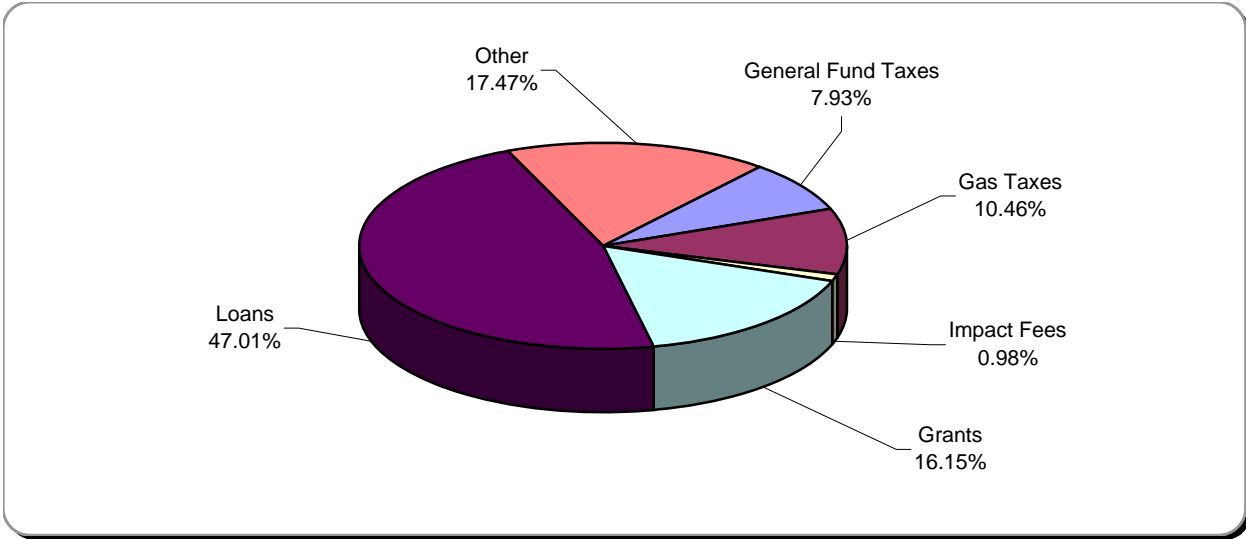
Capital Improvement Project Summary

	<i>FY 09/10</i>	<i>FY 10/11</i>	<i>FY 11/12</i>	<i>FY 12/13</i>	<i>FY 13/14</i>	Totals
<i>Sources of Funding</i>						
General Fund Taxes	6,119,389	11,716,781	19,184,742	5,553,230	5,616,480	48,190,622
Fire District Taxes	-	807,000	1,706,408	1,022,436	842,308	4,378,152
Gas Taxes	8,069,000	7,019,000	10,772,000	7,502,000	7,500,000	40,862,000
Library District Taxes	408,900	408,700	408,900	408,900	508,900	2,144,300
Tipping Fees	5,491,250	5,814,500	2,203,000	1,832,000	2,245,600	17,586,350
Operating Fees	3,674,900	4,504,616	3,760,216	4,354,426	5,033,066	21,327,224
Water Connection Fees	904,000	154,000	154,000	154,000	154,000	1,520,000
Wastewater Connection Fee	469,000	480,000	491,000	503,000	515,000	2,458,000
Renewal and Replacement	1,038,313	1,066,397	1,095,474	1,189,789	1,225,808	5,615,781
Impact Fees	752,485	1,163,235	5,050,093	879,100	3,201,100	11,046,013
Grants	12,454,294	10,527,967	10,589,665	4,759,420	10,114,194	48,445,540
Loan	36,250,000	17,900,000	2,062,500	2,725,000	17,455,000	76,392,500
Other	1,485,400	7,645,000	1,280,000	1,580,000	2,713,400	14,703,800
Total Funding	77,116,931	69,207,196	58,757,998	32,463,301	57,124,856	294,670,282
<i>Capital Expenditures</i>						
Planning	3,624,350	6,475,665	3,570,900	1,501,007	3,551,355	18,723,277
Land	6,627,084	301,050	20,000	368,776	125,000	7,441,910
Construction	42,438,134	43,757,485	38,456,908	12,966,567	33,705,314	171,324,408
Equipment	1,467,513	2,589,780	2,091,674	2,661,925	4,081,721	12,892,613
Debt Service Payments	10,694,600	12,248,216	11,304,516	11,588,026	12,165,466	58,000,824
Other	12,265,250	3,835,000	3,314,000	3,377,000	3,496,000	26,287,250
Total Expenditures	77,116,931	69,207,196	58,757,998	32,463,301	57,124,856	294,670,282
<i>Capital Improvement Projects:</i>						
Aviation	6,337,184	2,601,000	3,262,500	1,976,950	6,256,869	20,434,503
Public Buildings	5,141,384	9,112,950	12,529,600	2,804,600	2,806,400	32,394,934
Citrus Springs MSBU	410,000	360,000	310,000	310,000	310,000	1,700,000
Fire Rescue	136,100	1,043,100	2,242,508	1,308,536	1,078,408	5,808,652
General Fund	1,876,500	2,944,183	1,700,700	1,081,100	1,052,405	8,654,888
Library District	432,900	432,700	432,900	432,900	1,032,900	2,764,300
Parks and Recreation	661,400	6,541,750	767,600	919,000	301,000	9,190,750
Solid Waste Management	5,491,250	20,314,500	2,203,000	3,332,000	9,679,000	41,019,750
Transportation Funds	42,989,000	7,039,000	14,782,000	7,522,000	10,100,000	82,432,000
Utilities Division	12,836,213	10,205,013	8,263,190	8,226,215	19,082,874	58,613,505
Water Quality	805,000	8,613,000	12,264,000	4,550,000	5,425,000	31,657,000

Total Projects **294,670,282**



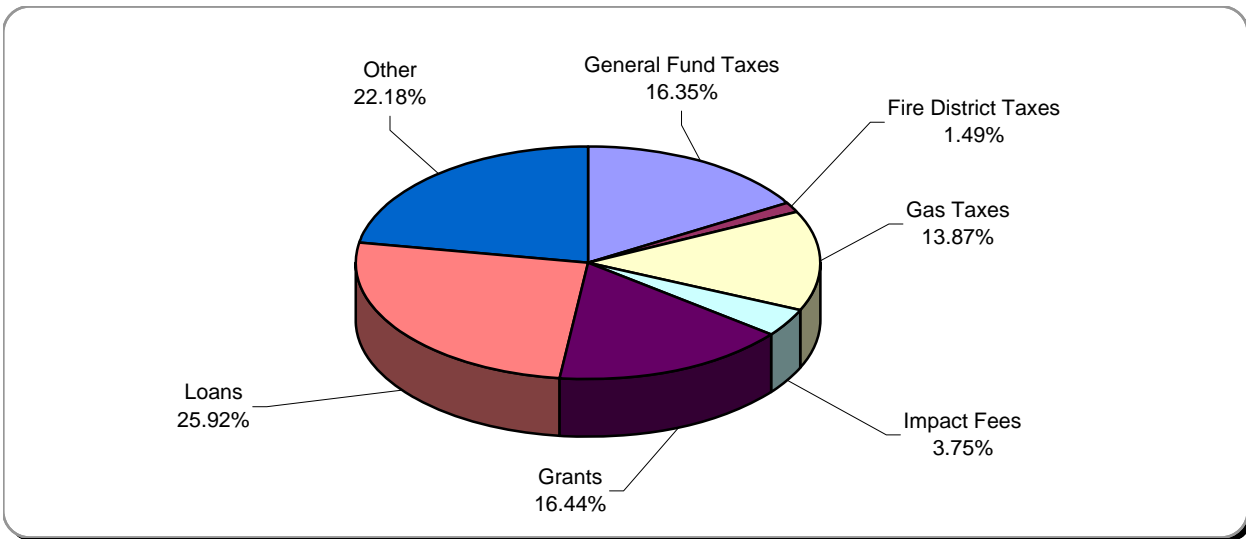
Capital Improvement Projects by Revenue FY 2010



The pie chart above represents the revenue sources, which total \$77,116,931, that the Board of County Commissioners committed for fiscal year 2010.

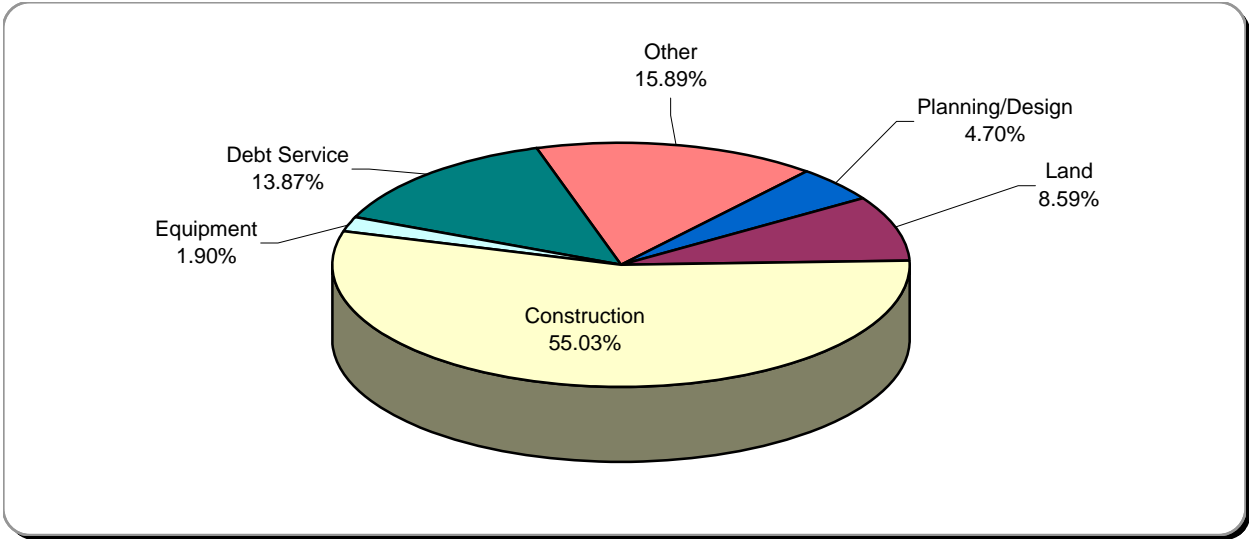
Below represents a breakdown of the revenue sources which comprise the total of \$294,670,282 for Citrus County's five-year Capital Improvement Program for fiscal years 2010-2014.

FY 2010-2014





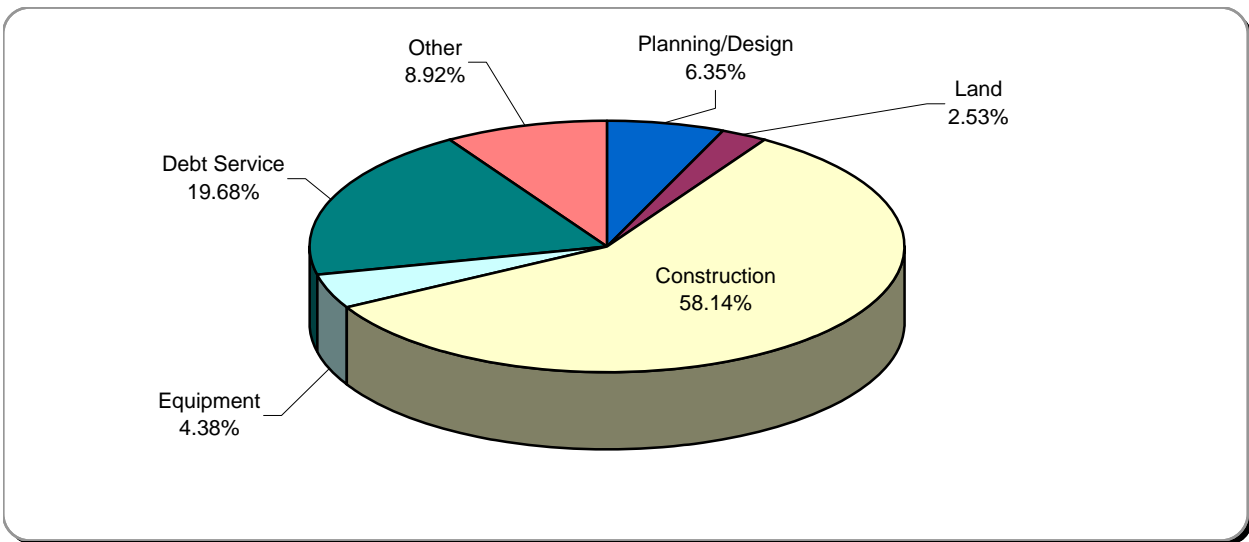
Capital Improvement Projects by Expenditure FY 2010



The pie chart above represents the capital expenditures, which total \$77,116,931, that the Board of County Commissioners committed for fiscal year 2010.

Below represents a breakdown of the capital expenditures which comprise the total of \$294,670,282 for Citrus County's five-year Capital Improvement Program for fiscal years 2010-2014.

FY 2010-2014



Operational Impact Summary

	<i>FY 09/10</i>	<i>FY 10/11</i>	<i>FY 11/12</i>	<i>FY 12/13</i>	<i>FY 13/14</i>	Totals
<i>Operational Expenditures</i>						
Personal Services	-	61,400	157,400	193,800	198,800	611,400
Operating	3,100	1,935,835	1,950,455	1,965,175	1,973,725	7,828,290
Debt Service Payments	-	-	-	192,000	984,000	1,176,000
<i>Total Operational Impacts</i>	3,100	1,997,235	2,107,855	2,350,975	3,156,525	9,615,690
<i>Capital Improvement Projects:</i>						
<i>Number</i>	<i>FTE</i>					
<i>P2007-06</i> Betz Farm Community Park	-	-	109,820	109,820	109,820	329,460
<i>P2009-01</i> Eugene Martin Park Construction	-	50,220	50,220	50,220	50,220	200,880
<i>P2008-03</i> HARP, Phase III Field Expansion	-	100,000	100,000	100,000	100,000	400,000
<i>P2006-07</i> Sportsman's Park Design and Construction	-	-	-	50,220	50,220	100,440
<i>S2007-01</i> Leachate Treatment Planning	-	-	-	192,000	192,000	384,000
<i>S2009-01</i> Materials Recovery Facility (MRF)	-	-	-	-	792,000	792,000
<i>S2006-02</i> Transfer Station & Associated Site Imprvmts	-	1,843,015	1,843,015	1,843,015	1,843,015	7,372,060
<i>U2002-03</i> Emergency Generators	-	-	-	-	6,000	6,000
<i>U2008-21</i> Fire Hydrants	1,500	2,300	3,000	3,800	4,750	15,350
<i>U2007-03</i> Master Lift Station & 16" Forcemain	-	-	-	-	6,500	6,500
<i>U2008-01</i> Upgrades at Meadowcrest LS #1	1,600	1,700	1,800	1,900	2,000	9,000