



# Fiscal Year 2022–2023 Annual Budget

## Glossary

**Accrual Basis** – The basis of accounting under which transactions are recognized when they occur and are significantly complete.

**Ad Valorem Tax** – A tax levied on the assessed value (net of any exemptions) of real or personal property. This is commonly referred to as “property tax.”

**Adjusted Final Millage** – Under Florida law, the actual tax rate levied by a local government when tax bills are issued. The rate is adjusted for corrected errors in property assessments for tax purposes and for changes in assessments made by property appraisal adjustment boards in each county. Usually, such changes are very slight and the adjusted millage rarely changes from the levy set by the taxing authority.

**Adjusted Taxable Value** – The value of the portion of a jurisdiction’s taxable property for a new year, which represents only the increased value of property on the tax roll from the previous year, and excludes the assessed value of new construction.

**Adopted Budget** – The financial plan of revenues and expenditures for a fiscal year as approved by the Board of County Commissioners.

**Aggregate** – Constituting or amounting to a whole; total.

**Aggregate Millage Rate** – The weighted sum of all property tax levies imposed by the governing body of a county. State law limits the aggregate rate for a county or municipality to \$10 per \$1,000 of assessed taxable value.

**Amendment** – A change to an adopted budget that realigns funds within a fund total.

**Appropriation** – A specific amount of funds authorized by the Board of County Commissioners to which financial obligations and expenditures may be made.

**Article V** – As used herein is Revision 7 of Article V of the Florida Constitution passed in 1998. The revision changed the way that State Courts and related programs are funded. Full implementation occurred in 2003. However, the legislature has passed bills both in 2004 and 2005 making adjustments to various court funding mechanisms.

**Assessed Value** – A value established by the County Property Appraiser for all real or personal property for use as a basis for levying property taxes.

**Balance Forward** – Amount of cash remaining in a particular fund brought into a new fiscal year.

**Balanced Budget** – A budget in which anticipated revenues to be collected in one fiscal year are equal to or greater than the total anticipated expenditures for any one fiscal year.

**Base Budget** – Ongoing expenditures for personnel, operating expenses, and replacement of supplies and equipment required to maintain service levels previously authorized by the Board of County Commissioners.

**Basis of Budgeting** – The basis of budgeting refers to the conversions for recognition of costs and revenue in budget development and in establishing and reporting appropriations that are the legal authority to spend or collect revenues.

**Board of County Commissioners** – The governing Body of Hernando County composed of five persons elected at large.

**Bond** – A written promise to pay a sum of money on a specific date at a specified interest rate as detailed in a bond ordinance. Bonds are typically used for long-term debt to pay for specific capital expenditures.

**Budget** – Comprehensive financial operating plan that allocates limited revenues among competing expenditure requirements for a given time period. The budget, once adopted, is the legal authorization to expend county funds during the the fiscal year. It may be amended during the fiscal year by the governing body and/or management in accordance with procedures, rules and regulations.

**Recommended Budget:** County Administrator’s recommendation to the Board of County Commissioners.

**Tentative Budget:** Board’s modification to the recommendation (basis for the first public hearing).

**Adopted Budget:** Board-approved budget adopted by resolution at the second and final public hearing.

**Budget Accounts** – Accounts used to enter the formally adopted annual operating budget into the general ledger as part of the management control technique of formally integrating the budgetary and financial systems.

**Budget Calendar** – The schedule of key dates involved in the process of adopting and executing an annual budget.

**Budget Document** – The official written statement of the annual fiscal year financial plan for the county as presented by the County Administrator.

**Budget Hearing** – The public hearing conducted by the Board of County Commissioners to consider and adopt the annual budget.

**Budget Message** – A written statement presented by the County Administrator to explain principal budget issues and to provide policy recommendations to the Board of County Commissioners.

**Capital Improvement Funds** – Used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

**Capital Improvement Project** – Physical assets, constructed or purchased, that has a minimum cost of \$50,000, and a minimum useful life of ten (10) years.

**Capital Improvement Programs (CIP)** – Multi-year program for planning and financing public facilities improvements. The program is developed from departmental requests and is based on studies of financial resources available and consistency of proposed improvements with adopted Comprehensive Plan policies. The first year of the CIP will be adopted as an integral part of the annual budget. It includes land acquisitions, building improvements, transportation improvements, improvements, improvements to other public facilities, and equipment over \$50,000, with a useful life of at least ten years.

**Capital Outlay** – Construction and Improvements – Major construction projects that increase the value of the county’s fixed assets.

**Capital Outlay – Equipment** – Durable items more than \$1,000 value which are non-consumable (e.g., vehicles, computers) but do not include capital items such as buildings.

**Capital Project Funds** – Used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

**Cash Basis** – A basis of accounting under which transactions are recognized only when cash is received or disbursed.

**Certificates of Participation** – A type of lease financing where the lessee makes debt service payments to the lessor in exchange for the asset being leased. However, the lessor sells certificates that represent a share of the lease payments to investors.

**Commercial Paper** – Short-term, unsecured promissory notes issued in either registered or bearer form, and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30-45 days.

**Contingency Reserve** – A budgetary reserve to provide for emergency or unanticipated expenditures during the fiscal year.

**Contracted Services** – Services rendered to the county by private firms, individuals or other county departments on a contract basis. Examples include consulting services and legal services.

**County Administrator** – The Chief Executive Officer of the county appointed by the Board of County Commissioners.

**County Share** – The difference between the total expenditures and the amount of revenues supplied by other sources, which is necessary to support the department or program.

**Debt Service** – The costs and payments associated with payment of general long-term debt of principal and interest resulting from the issuance of bonds or other financing.

**Debt Service Funds** – Used to account for accumulation of resources for, and payment of, general long-term debt principal and interest. Specific revenue sources are pledged to provide repayment of various bond issues.

**Dedicated** – Committed for a particular use or function.

**Deficit** – The excess of expenditures over revenues during a fiscal year.

**Dependent Special District** – A special district, organized to perform a single, or restricted number of governmental functions, whose budget is established by the governing body of the County to which it is dependent, i.e., Municipal Service Benefit Unit (MSBU), Municipal Service Taxing Unit (MSTU).

**Depreciation** – The periodic expiration of an asset's useful life.

**Economic** – Of, or relating to the production, development, and management of material wealth, as of a country or household.

**Encumbrance** – The commitment of appropriated funds to purchase an item or service.

**Enhancement** – An improvement to a programmatic service level.

**Enterprise Fund** – A governmental accounting fund in which the services provided is financed and operated similarly to those of a private business enterprise, i.e., through user charges such as Hernando County Utilities Department.

**Expenditure** – Decreases in financial resources for the procurement of assets or the cost of goods and/or services received.

**Expenses** – Charges incurred for operation, maintenance, interest and other charges.

**Final Millage** – The tax rate adopted in the final public budget hearing of a taxing authority.

**Fiscal Year (FY)** – The annual budget year for the county which runs from October 1 through September 30.

**Fixed Assets** – Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than building, i.e., recreation facilities, parking lots, etc.; machinery and equipment with a life expectancy of one year or more.

**Franchise Fees** – User fees charged by the county for use of public rights of way by utility companies. The fee is typically a percentage of gross revenues of the utility company.

**Full-time Equivalency (FTE)** – The percentage of a full year's employment, e.g., one full years' employment is 1.0 FTE, 1/2 years' employment is 0.5 FTE.

**Fund** – 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, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance** – The excess of fund assets over liabilities, also called cash carried forward. These unspent funds are included as revenue in the following year's budget. A negative fund balance is sometimes referred to as a

**Function** – A major class or grouping of tasks directed toward a common goal, such as general government, public safety, physical environment, etc. For the purposes utilized in budgetary analysis, the State of Florida has established these categories of functions and financial reports must be grouped according to those established functions.

**Generally Accepted Accounting Principles (GAAP)** – Uniform minimum standard of and guidelines for financial accounting and reporting. They govern the form and content of an entity's basic financial statements. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time.

**General Fund** – The governmental accounting fund supported by ad valorem (property) taxes, service charges, and other general revenues to provide countywide operating services. This may be referred to as the Operating Fund.

**Goal** – A statement that describes the purpose toward which an endeavor is directed, such as a target or target area.

**Grant** – A contribution of assets (usually cash) by one governmental unit or other organization to another made for a specified purpose.

**Gross Taxable Value** – The total taxable value of real property, plus personal property for operating purposes, plus centrally assessed property for operational purposes for a single year.

**Hazmat** – The department established for the handling and cleanup of hazardous materials during emergency situations.

**Homestead Exemption** – Deduction from the total taxable assessed value of owner-occupied property. The current maximum exemption is \$25,000. Taxpayers must request exemptions.

**Impact Fees** – Fees charged to a developer and/or owner/builder to offset, in whole or part, the cost of capital improvements to meet growth demands.

Impact fees are assessed for county owned capital facilities for parks, fire-rescue, library, law enforcement, public buildings, schools and roads.

**Indirect Costs** – Costs associated with, but are not directly attributable to the providing of a product or service. These are usually costs incurred by administrative departments in the support of operating departments.

**Interfund Transfers** – Budgeted amounts transferred from one governmental accounting fund to another for work or services provided. These represent a “double counting” of expenditures. Therefore, these amounts are deducted from the total county operating budget to calculate the “net” budget.

**Intergovernmental Revenue** – Revenue received from another government unit for a specific purpose, e.g. such as grant awards or sales tax distribution.

**Internal Service Fund** – A governmental accounting fund used to account for the financing of goods or services provided by one county department to another on a cost reimbursement basis.

**Key Objectives** – A broad statement of the purpose of a department and how it relates to other departments within the organizational structure. It establishes the purpose of the departmental organization and states the primary result to be accomplished.

**Level of Service** – Service that comprises actual output of a given program. The focus is on results as indicated by certain units of measure.

**Levy** – To impose taxes, special assessments, or service charges; or, another term used for millage rates.

**Liability** – Debt or other obligations arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date. The term does not include encumbrances.

**Line-Item Budget** – A budget that lists each account category separately along with the dollar amount budgeted for each account, such as office supplies, overtime, or rolling stock purchases.

**Local Option Sales Tax** – An infrastructure surtax to be levied by local governments as approved by referendum at a rate of 1/2 cent or 1 cent. Tax may be effective for up to fifteen years from the date of levy. Proceeds must be expended on fixed capital expenditures or fixed capital costs for construction, reconstruction, or improvement of public facilities that have a life expectancy of five or more years and land acquisition, land improvement, and related design and engineering costs.

**Mandate** – Any responsibility, action, or procedure that is imposed by one sphere of government on another through constitutional, legislative, administrative, executive, or judicial action as a direct order, or that is required as a condition of aid.

**Mill, Millage** – 1/1000 of one dollar; used in computing taxes by multiplying the rate times taxable value divided by 1,000. Example: a millage rate of 5.60: taxable value of \$50,000 =  $(\$50,000/1,000) \times \$5.60 = \$280.00$ .

**Mission Statement** – Describes the overall broad purpose of an entity to which all efforts are directed. A mission statement describes general purposes and values, states the overall reason for existence in terms of results, and



show direction.

**Modified Accrual Basis of Accounting** – A basis of accounting for governmental funds in which revenues are recognized when they become measurable and available as net current assets, and expenditures are recognized when the related fund liability is incurred.

**Municipal Services Benefit Unit (MSBU)** – A specific benefit unit established by the Board of County Commissioners, via an adopted ordinance, which derives a specific benefit for which a levy or special assessment is imposed to defray part or all of the cost of providing that benefit.

**Municipal Services Taxing Unit (MSTU)** – A specific taxing unit established by the Board of County Commissioners, via an adopted ordinance, which derives an indirect benefit for which an ad valorem tax levy is imposed to defray part or all of the cost of providing that benefit.

**Non-operating Expenditures** – Costs of government services that are not directly attributable to a specific County program or operation. Examples include debt service obligations and contributions to community service organizations.

**Non-operating Revenue** – Income received by a government not directly attributable to providing a service. An example would be interest on investments.

**Non-taxing Revenue** – Revenue derived from non-tax sources, including licenses and permits, intergovernmental revenue, charges for services, fines and forfeitures, and other miscellaneous revenue.

**Object Category** – An account to which an expense or expenditure is recorded in order to accumulate and categorize the various types of payments that are made by governments. These are normally grouped into Personal Services, Operating Expenses, Debt Service, Capital Outlay, and Other categories for budgetary analysis and financial reporting purposes. The State of Florida Uniform Accounting System mandates certain object codes.

**Objective** – A defined method to accomplish an established goal; a unit of measurement for performance for the following budget cycle.

**Operating Budget** – Financial plan that presents proposed expenditures for the fiscal year and estimates of revenue to finance them.

**Operating Expenses** – The costs associated with the annual operation of a particular department or division. Operating expenditures vary between departments and/or divisions due to the variations in the requirements for each program area. Operating expenses can include expenditures for travel and per diem, office supplies, postage, advertising costs, insurance premiums, telephone bills, utility charges, and other costs associated with the day-to-day operation of the department or division.

**Operating Revenue** – Revenue directly related to a fund's primary service activities. They consist primarily of users charges for services.

**Personnel Services** – The costs associated with the salaries and benefits paid to county employees. Personal Services include regular salaries, overtime wages, Class C travel, FICA matching taxes, retirement contributions, life and health insurance, workers' compensation premiums, and unemployment charges.

**Program Area** – A specialized area of service within a divisional unit of government. For example, Pavement Management could be considered a program area within the Road Maintenance Division of the Public Works Department.

**Property Appraiser** – The elected county official responsible for setting property valuations for tax purposes and for preparing the annual tax roll.

**Property Tax** – A tax levied on the assessed value (net of any exemptions) of real or personal property.

**Proposed Millage** – The tax rate certified to the property appraiser by each taxing authority within a county. This proposed millage rate is placed on the proposed tax notice sent to property owners. No taxing authority may approve a tax rate that is larger than the one it originally proposed without renotifying the property owners.

**Proprietary Fund** – Fund category that often emulates the private sector and focuses on the measurement of net income. User charges and fees fund expenditures.

**Rebudgets** – Funds budgeted for specific items or projects that were not completed during the prior budget year and budgeted again in the new fiscal year.

**Reserves** – A specified amount of funds set aside to meet future or unanticipated expenses. Expenditure of reserve funds requires approval of the Board of County Commissioners.

**Revenue** – Funds that a government receives as income. These receipts may include the payments, interest earnings, service charges, grants, and intergovernmental payments.

**Revenue Bonds** – Bonds usually sold for constructing or purchasing capital projects. Reliable revenue other than ad valorem taxes is pledged as the source for funding to pay bond principal and interest.

**Revenue Estimates** – A formal estimate of how much revenue will be earned from a specific revenue source for some future period, such as the next fiscal year.

**Rolled Back or Roll Back Rate** – A tax rate that will generate the same tax dollar revenue as in the current fiscal year based on the new assessed value exclusive of new construction.

**Service Level** – Services or products, which result from actual or anticipated output of a given program. Focus is on results, not measures of workload (for example, for the Sheriff's Office – the number of assaults investigated is a workload measure, while the number of assaults cases cleared is a service level).

**Sinking Fund** – An amount sometimes called a debt service fund, into which the issuer makes periodic deposits to assure the timely availability of sufficient monies for the payment of debt service requirements. The revenues to be deposited into the sinking fund and payments there from are determined by the terms of the bond contract.

**Special Revenue Fund** – A governmental accounting fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Statute** – A written law enacted by a duly organized and constituted legislative body.

**Tax Base** – The total property valuations on which each taxing authority levies its tax rates.

**Tax Rate** – Amount of tax stated in terms of a unit of the tax base. For example, 5.000 mills yield \$5 per \$1,000 of taxable value.

**Taxes** – Compulsory charges levied by a government to finance services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. It does not include charges for services such as water and sewer service charges.

**Tax Rate Limit** – Maximum legal property tax rate at which a municipality may levy a tax. It may apply to or for a particular purpose, or for general purposes.

**Tax Roll** – The certification of assessed/taxable values prepared by the Property Appraiser and presented to the taxing authority by July 1 (or later if an extension is granted by the State of Florida) each year.

**Tax Year** – The calendar year in which ad valorem property taxes are levied to finance the ensuing fiscal year budget. For example, the tax roll for the 2005 calendar year would be used to compute the ad valorem taxes levied for the FY 2006 budget.

**Taxable Valuation** – The value used for computing the ad valorem taxes levied against property. The taxable value is the assessed value less any exemptions allowed by law. The most common exemption is the \$25,000 exemption allowed if the owner uses the property as the principal residence. There are also exemptions for disability, government owned, nonprofit owned property and widow's exemption.

**Tentative Millage** – The tax rate adopted in the first public budget hearing of a taxing agency. Under state law, the agency may reduce, but not increase, the tentative millage during the final budget hearing, unless notifying property owners by mail of an increase.

**Transfers** – Amount of funds shifted from one fund to another for a specified purpose.

**TRIM Notice** – “TRuth In Millage,” a tentative tax notice sent to all property owners in August to provide information reflecting tentatively adopted millage rates.

**Truth in Millage Law** – Also called the TRIM bill. A 1980 law enacted by the Florida legislature, which changed the budget process for local taxing agencies. It was designed to keep the public informed about the taxing intentions of the various taxing authorities.

**Trust and Agency Funds** – Funds used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

**Unencumbered Balance** – The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of funds still available for future needs.

**Unfunded Mandate** – Any responsibility, action, or procedure that is imposed by one sphere of government on another through constitutional legislative, administrative, executive, or judicial action as a direct order or that is required as a condition of aid without an aligned funding source.

**Unincorporated Area** – Portion of the county not within the boundaries of any municipality.

**User Fees** – Fees charged for direct receipt of a public service.

**Utility Tax** – A tax levied by the county on consumption of various utilities such as electricity, telephone, gas, and water. The basic tax rate may be levied up to 10.0% of gross receipts or most utility services or commodities.

**Voted Millage** – Property tax levies authorized by voters within a taxing authority. Bond issues that are backed by property taxes are a common form of voted millage in the State of Florida. Such issues are called general obligation bonds.





# Fiscal Year 2022–2023 Annual Budget

## Acronyms

ACOE	United States Army Corps of Engineers
AED	Automatic External Defibrillator
ALS	Advanced Life Support
ARP	American Rescue Plan Act of 2021
ATV	All-Terrain Vehicle
BOCC	Board of County Commissioners
BLS	Basic Life Support
AFR	Annual Financial Report
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CDBG	Community Development Block Grant
CERT	Community Emergency Response Team
CEU	Continuing Education Units
CF	Carry Forward
CFR	Code of Federal Regulations
CGFO	Certified Government Finance Officer
CHCFRD	Central Hernando County Fire and Rescue District
CIAP	Coastal Impact Assistance Program
CIE	Capital Improvements Element
CIP	Capital Improvements Program
COP	Certificates of Participation
CPR	Cardiac Pulmonary Resuscitation
CRA	Community Redevelopment Agency
CST	Communications Services Tax
DCF	Department of Children and Family Services
DOD	Department of Defense
DOR	Department of Revenue
DOT	Department of Transportation
DUI	Driving Under the Influence
DWI	Driving While Intoxicated
EMG	Emergency Management
EMNET	Emergency Management Notification
EMS	Emergency Medical Services
EMT	Emergency Medical Technician
EOC	Emergency Operations Center
FAC	Florida Administrative Code
FAC	Florida Association of Counties
FDEP	Florida Department of Environmental Protection
FGUA	Florida Governmental Utility Authority
FL	Florida
FTE	Full-time Equivalent

## Project

FY	Fiscal Year
FYN	Florida Yards and Neighborhoods Program
GAAP	Generally Accepted Accounting Principles
GIS	Geographic Information Systems
GFOA	Governmental Finance Officers Association
GPS	Global Positioning System
HAZMAT	Hazardous Materials
HBVFD	Hernando Beach Volunteer Fire Department
HCFRD	Hernando County Fire and Rescue District
HCRA	Health Care Responsibility Act
HCSO	Hernando County Sheriff's Office
HCUD	Hernando County Utilities Department
HCWRAP	Hernando County Water Resource Assessment
HIPAA	Health Insurance Portability and Accountability Act
HMO	Health Maintenance Organization
HVAC	Heating, Ventilation, Air Conditioning
JJC	Juvenile Justice Center
LAP	Local Agency Program
LDH	Large Diameter Hose
LOGT	Local Option Gas Tax
LOS	Level of Service
LRTP	Long Range Transportation Plan
MPO	Metropolitan Planning Organization
MSA	Metropolitan Statistical Area
MSBU	Municipal Services Benefit Unit
MSTU	Municipal Services Taxing Unit
NOAA	National Oceanic and Atmospheric Administration
NPDES	National Pollution Discharge Elimination System
OMB	Office of Management and Budget
PE	Professional Engineer
R&R	Renewal and Replacement
RCMP	Residential Construction Mitigation Program
RMPC	Recycled Materials Processing Center
RHI	Regional Health Institute
SAR	Site Assessment Report
SCBA	Self-Contained Breathing Apparatus
SHIP	State Housing Initiatives Partnership
SOP	Standard Operating Procedure
SWFWMD	Southwest Florida Water Management District
TDC	Tourist Development Council
TDD	Telecommunication Devices for the Deaf
TIP	Transportation Improvement Program
TPA	Third Party Administrator
TRIM	Truth in Millage
UF	University of Florida
UPWP	Unified Planning Work Program
USDA	United States Department of Agriculture
VA	Veterans Affairs
VOCA	Victims of Crime Act
WIC	Women, Infants and Children
WMD	Weapons of Mass Destruction
WRWSA	Withlacoochee Regional Water Supply Authority
WTP	Water Treatment Plant

