

BUDGET

POLICY NO. 29-01

PURPOSE:

The following policy statements are put forth to clarify the formal position of Hernando County as to the preparation, adoption, application, and control of the annual budget.

OVERVIEW:

The establishment of financial policies enables the legislative body, management, and the community to monitor its performance. It also helps in linking long-range financial planning with day-to-day operations and provides for financial emergencies thus improving fiscal stability. This contributes to the credibility and public confidence of the organization. To the credit rating industry and potential investors, such policies and statements show a commitment to sound financial management and fiscal integrity. Sound fiscal policies that are realistic and consistent provide useful guidance for the long-term programming of services and facilities. They also provide a set of assumptions that allow for more accurate budget and tax decisions.

Budgets are vital tools for establishing public policy and maintaining control over the management of public resources. A budget specifies the resources expected to be available to cover the estimated expenditures for carrying out governmental programs and services. The annual operating budget is a financial document projecting revenues and setting forth expenditure to provide services for the fiscal year. The capital budget covers outlays for the acquisition of major long-lived assets, and the resources employed for purchase of those assets. The capital budget should reflect the County's Capital Improvement Program (CIP) which schedules projects over a five-year period.

The Board of County Commissioners set short-term and long-term goals, which are reflected in the budget. These goals are pursued through programs or services that the public sector can provide more efficiently than the private sector. To promote economic efficiency, the budget should allocate resources to the programs and services that generate the greatest benefits and result in the incremental benefit being greater than the incremental cost.

BASIS OF BUDGETING:

The Hernando County budget is prepared in accordance with Generally Accounting Principles (GAAP). The accounts of the county are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that include its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled.

The County adopts budgets for all Governmental Funds and Expendable Trust Funds on a modified accrual basis. Revenues are recognized when they are both measurable and available. Expenditures are recognized when the related liability is incurred. The budgets for Proprietary Funds are adopted on an accrual basis. Revenues are recognized when they are earned and become measurable. Expenses are recognized when they are incurred. For an expense to be incurred the item purchased must be received or the service purchased must be performed. Fund balance allocations (residual unappropriated liquid assets resulting from prior years' operations) are budgeted and included as revenue.

COST ALLOCATION:

The Board of County Commissioners has adopted a Cost Allocation Plan for central services. The practice is to work toward a goal of allocating all costs, wherever practical, to the department receiving the benefits. This involves allocating costs of central services, which include Board of County Commissioners, Clerk Finance, Clerk Records, County Administration Office, Facilities Maintenance, Human Resources, Legal Department, Office of Management and Budget (OMB), Purchasing and Contracts, and Technology Services. In addition, both building use and equipment use allowance are allocated.

INTERFUND LOANS:

Definition – Interfund loans are loans from one County fund to another County fund for a specific purpose with a requirement for repayment.

Purpose – Interfund loans are temporary short-term borrowing of cash and may be made for the following reasons:

- Interfund loans may be used to offset timing differences in cash flow and to offset timing differences between expenditures and reimbursements.
- Interfund loans may be used to alleviate a temporary cash flow deficiency.

Terms and Conditions – Interfund loans should not be used to solve ongoing structural budget problems. Interfund loans shall not be used to balance the budget of the borrowing fund; nor shall they deter any function or project for which the fund was established.

The term of the interfund loan may continue over a period of no more than one year (for grant purposes) but must be "temporary" in the sense that no permanent diversion of the lending fund results from the failure to repay by the borrowing fund.

Interfund loans may only be made from funds not set aside to meet debt service or legally restricted covenants.

Interest must be paid on any interfund loan not used for grant purposes; rates will be determined based on most recent short-term borrowing rates.

Determination of need will be based on OMB coordinating with Administration and the Clerk's Financial Services to determine fluctuating cash flow amounts.

GENERAL BUDGET POLICY STATEMENT:

Hernando County's budget conforms to all the laws of the State of Florida as they relate to the adoption, amendment, and control of the budget. In addition, all policies set forth in this document are designed to provide for and enhance the financial stability of the County.

Budget Development.

Each year the annual budget establishes the level of funding for each of the County's various funds. The goals and objectives, activities and service levels, are dictated by the level of funding and controlled by the budget. The budget serves as an operational guideline for County staff, and instructs the departments as to level of staff, amounts of operating appropriations, and capital purchases allowed.

The first step in the development of the annual budget is to establish goals by working with the County Commissioners at a Planning and Goal Setting Workshop. Area specific economic data will be gathered and used to prepare revenue and expenditure forecasts. Trends, patterns, indexes, property valuation, growth, etc. will be compiled, analyzed, and applied in the preparation of detailed projections. These forecasts become guidelines for the basis of policy decisions developed to achieve the overall goals of the Board, while developing a financially sound budget.

Budget Guidelines.

The budgetary process is oriented toward the full use of the system. Where possible, the County will continue to integrate performance measurements and/or productivity indicators that will allow for continued efforts to improve County programs.

The Hernando County budgeting procedures attempt to identify distinct functions and activities performed by the County and to allocate adequate budget resources to perform these functions and activities at a specified level of service.

The County will assume a status quo budget from year to year with only increases based upon justification or need. The budget will be reviewed with the Board and will focus on the following:

- ☐ Program Changes – An increase in the service level will be detailed and defined as an enhancement. Where a decrease or a reduction in service level is proposed, it will be detailed for the Board as a defined reduction to a program.
- ☐ New Programs – Proposed new programs will be identified as an enhancement and require detailed justification. Analysis is to include long-term fiscal impacts. When requesting a new program, all expenditures must be justified, and a viable revenue source be identified to offset the cost.
- ☐ Staffing – Staff increases will be limited to programs where growth and support specifically require the addition of staff. Reduction of staff will be done when there is no adverse effect on approved service levels.

General Budget Policy.

The Board will annually adopt a balanced budget as their yearly operating and capital plan. The budget will balance expenditures with revenues and be adopted according to the established timetable of the Truth in Millage Act (TRIM).

The County budgets revenues and expenditures on a fiscal year that begins on October 1 and ends on the following September 30.

The goal of the County will be to pay for all recurring expenditures with recurring revenues and use nonrecurring revenues for nonrecurring expenditures. If a deficit seems forthcoming, the Board will reduce appropriations or increase revenues.

Therefore, it will be necessary for Officials and Department Heads to review and control expenditures such that the rate of expenditure does not exceed the approved budget.

The budgeted expenditures and reserves of each fund (including reserves for contingencies, balances to be carried forward, and all other purposes) will equal the sum of projected beginning balances for the fiscal year and all revenues that can be reasonably expected to be received during the fiscal year. In other words, the revenues and expenditures must be equal to present a "balanced budget." Current revenues must equal current expenses.

An effort will be made to keep costs to their absolute minimum so as not to substantially increase the local tax burden.

In accordance with Florida Statutes 129.01(2)(b) and s. 200.065(2)(a), the budgeted receipts must include 95% of all receipts reasonably anticipated from all sources, including taxes to be levied, provided the percent anticipated from ad valorem levies is as specified in s. 200.065(2)(a), and is 100 percent of the amount of the balances estimated to be brought forward at the beginning of the fiscal year. The appropriations must include itemized appropriations for all expenditures authorized by law, contemplated to be made, or incurred for the benefit of the county during the year and the provision for reserves authorized by Florida Statutes 129.01(2)(c).

Authorization of expenditures of County funds will be adopted annually by the Board at the account level (line item).

The budget will provide for adequate maintenance of capital facilities, equipment and for the required replacement of equipment as established by replacement standards.

The County will continue to identify areas for evaluation efforts, by staff, committees, or consultants, to judge the effectiveness and/or efficiency of County services.

OMB must review all agenda items that affect the budget before being placed on the agenda.

The Annual Budget, being an intricate part of maintaining the financial stability of the County and acting as the Financial Plan directing the County in both long-range planning and everyday operations, it is essential that timely reports are generated to inform the Board of County Commissioners and Management Staff of the County's financial progress. OMB will submit to the Board and the County Administrator on a quarterly basis, an overview report of budget to actual, both revenue and expense for all Funds and/or Departments. Any significant changes will be described in detail with any necessary recommended corrective action. Should OMB realize a financial problem exists or trends

warrant closer analysis, the Director of OMB is required to inform the Board and County Administrator as soon as the situation is detected.

Budget Fund Balance Policy.

Prior to the end of the fiscal year each department/division will make a good faith estimate of all encumbrances carried forward into the new fiscal year. These estimates will be incorporated into the new year budget prior to its final adoption. Once the actual encumbrance is brought forward, those accounts will be adjusted accordingly from the estimated amount.

Fund balances anticipated at the end of a fiscal year will be budgeted as the beginning fund balance for that fund for the upcoming fiscal year.

By definition, a Balanced Budget is one in which anticipated revenues to be collected in one fiscal year are equal to or greater than total anticipated expenditures for that fiscal year.

The committed but "unencumbered" balance of agreed to multi-year and revolving projects and/or contracts anticipated not to be completed by September 30 must be re-budgeted in the subsequent fiscal year.

Cash balances remaining in any fund at year-end will stay in that fund for subsequent years. Upon completion of the fiscal year audit, any increase and/or decrease to fund balance will cause adjustments to revenue and/or reserve accounts. Additional funds should not be used to increase expenditures within the budget.

The County shall strive to maintain a fund balance of 18.5% in the General Fund and sufficient fund balances in all other funds to allow for adequate cash flow from one budget year to the next.

Budget Revenue Policy.

Hernando County will maintain a diversified and stable revenue system to shelter it from short-term fluctuations in any one-revenue source.

User fees and charges are established, as permitted by law, at levels related to the cost of providing that service including indirect costs.

OMB will estimate its annual revenues with an objective, analytical process.

The use of revenues pledged to bondholders will conform with every respect to the bond covenants that they have been committed.

The Board and historic collection rates will dictate fee revenue amounts for purposes of budget preparation using fee schedules adopted.

County staff, in conjunction with OMB, will continue to aggressively pursue grant funds. Revenues and expenditures will be budgeted for current grants at grant award levels along with any grant matches and anticipated program income. A budget resolution for the entire grant award including any local matches will be created for new grants at time of award acceptance. (If special circumstances to deviate from this process exist, allowance must be approved by OMB prior to award acceptance.)

Capital Improvement Budget Policy.

Hernando County maintains a Capital Improvement Plan (CIP) that covers a five-year period and is updated annually. Capital Improvements, as they pertain to the CIP, are defined as physical assets, constructed or purchased, that has a minimum useful life of 10 years and a minimum total cost of \$50,000. Proposed projects are ranked, and the available funds are allocated accordingly.

Each year the County will prepare a five-year capital improvement program identifying public facilities and/or equipment by service type and location with estimates of corresponding revenues to pay for such items. The Capital Improvement Program (CIP) will be according to guidelines established by the Capital Improvement Element (CIE) of the Comprehensive Plan.

The CIP will be updated annually.

To show the need for a capital project, the CIP will show all funded and unfunded items for the five-year period.

If funding for the operation of the new project is not available when the estimated completion date is identified, the project should not be funded until a verifiable funding source for operations can be determined.

Should a project be delayed for any reason, an inflation factor (to be determined by the department developing the project) should be added to the cost of the project.

The annual budget will include all capital items identified in the CIP for completing the first year of the five-year program where funding is available.

The County will maintain all assets at a level adequate to protect the County's capital investment and to minimize future maintenance and replacement costs.

The County will determine the least costly financing method for all new projects.

To maintain levels of service to the citizens of Hernando County, a continued stream of funding needs to be associated with the Capital Improvement Fund. Until a dedicated funding source can be established, the Board will direct staff on the amount of funding to be transferred from the General Fund each year for capital projects and an amount for Reserve for Future Capital Projects. Accumulated funding in the Reserve account can only be used for projects included in the Facilities Master Plan and requires a supermajority vote of the Board. Any unused capital funds at the end of each fiscal year will be deposited into the Reserve account.

Budget Reserve Policy.

The County will set aside reserves to address unforeseen and unexpected events and to offset unexpected downturns in revenues from budgeted estimates. Sufficient levels of reserves should ensure continued orderly operation and tax structure stability.

Hernando County's reserve policy will conform to the limits stated in Florida Statute 129.01(2) (c).

Reserves in the General Fund will be calculated at 18.5% and will consist of four (4) categories: Reserve for Contingencies, Reserve for Emergencies, Reserve for Stabilization and Reserve Balance Forward. Each of these reserves shall be established at a minimum level based on a percentage of the total approved General Fund budget less reserves, transfers, debt and grants. All Other Fund Reserves will be budgeted in amounts necessary to preserve the financial stability of the individual Fund.

Following describes in further detail each of these reserves:

- ☐ Reserves for Contingencies should be used for one-time expenditures that do not exceed \$100,000. The reserve shall be established at 0.5% of the total General Fund's operating budget less reserves, transfers, debt and grants. The Board, as needed, should use these reserves for reallocation during the year to provide for small increases in service, delivery costs and unanticipated needs of a nonrecurring nature that may arise throughout the year. While these funds are intended to cover unanticipated budget issues, it is in no way intended to cover poor departmental management of appropriated funds. Use of the Reserves will be by simple majority of the Board in an amount up to \$25,000 and any amount needed to cover costs associated with Federal and/or State mandates. Any amount over \$25,000 must be approved by a supermajority of the Board.
- ☐ The County will establish a General Fund Emergency Reserve for those cases where expenditures are in excess of \$100,000 and the use of such funds are for one-time emergency expenditures (i.e. hurricanes). The reserve shall be established at 3.5% of the total General Fund's operating budget in any one year less reserves, transfers, debt and grants and will only be used if approved by a supermajority vote by the Board of County Commissioners.
- ☐ The County will establish a General Fund Stabilization Reserve for those cases where expenditures are in excess of \$100,000 and the use of such funds are for one-time loss of a major revenue source and/or a severe downturn in the local economy. The reserve shall be established at 3.5% of the total General Fund's operating budget in any one year less reserves, transfers, debt and grants and will be used if approved by a supermajority vote by the Board of County Commissioners. In an effort to maintain Hernando County's financial stability, it is imperative that sufficient reserves be established to carry the County through in financial downturn or emergency.
- ☐ As with many counties, Hernando County relies heavily on Ad Valorem Taxes to fund its General Fund. These funds are not substantially collected until after December 1st. A Reserve for Cash Forward will be budgeted in any fund that requires monies to be carried forward into the following year to support operations until sufficient current revenues are received. The General Fund will maintain a minimum of 11% of the total operating budget in any one fiscal year less reserves, transfers, debt and grants for this reserve.
- ☐ Insurance reserves will be established at a level consistent with purchased insurance policies, adequately indemnify the County, and its officers and employees against loss.

- ☐ Additional reserves may be set aside to cover specific expenditures, where the probability of the expenditure is sufficient to plan for, but estimated costs are unknown (i.e., legal cases).
- ☐ Appropriations from a reserve for future construction and improvement may be made only by resolution of the Board for the purpose or purposes for which the reserve was made.
- ☐ Balance forward is used to fund reserves. If reserves needed exceed balance forward, expense budgets will need to be reduced. If balance forward exceeds reserves needed, the Board will determine how the one-time remaining funds are to be used.

Reserve Replacement Policy.

In order to maintain a stable financial position, it is imperative that once reserve levels are established and met, a policy exists that if these reserves are used for any reason, there is a methodology in place for the recovery and replacement of these reserves. In order to maintain flexibility and not hinder the flow of operations, the replacement of reserves should consist of a two-step process.

- ☐ If the reserve funds used are less than 1% of the total fund budget, they will be required to be replaced in the following budget cycle. Example: Total General Fund Budget equals \$100 million and reserves used were \$600,000 or 0.6%. The entire \$600,000 would be replaced in the following year.
- ☐ If the reserve funds used exceed 1% of the total fund budget, then in each of the succeeding years, a minimum of 1% of the total fund budget for that year will be budgeted to replace the reserves until returned to the established levels. Example: Total General Fund Budget equals \$100 million and reserves used were \$3 million or 3%. \$1 million would have to be replaced each year until the full \$3 million was replaced.

BUDGET MODIFICATION:

Hernando County has two (2) methods of budget modification. The annual budget can either be modified by resolution or budget amendment.

Budget modifications follow the rules set forth in Florida Statute 129.06.

The purpose of this process is to adjust fund amounts to reflect the level of revenues reasonably anticipated to be received and to balance expenditures to these revenues according to state law and sound financial practices.

A budget resolution is processed for Board approval to recognize an unanticipated excess amount of an anticipated revenue and revenue from an unanticipated source. A resolution is also required when transferring revenues between funds. In general, a budget resolution with Board approval is required anytime the overall budgeted fund increases.

Hernando County has two (2) levels of budget amendments.

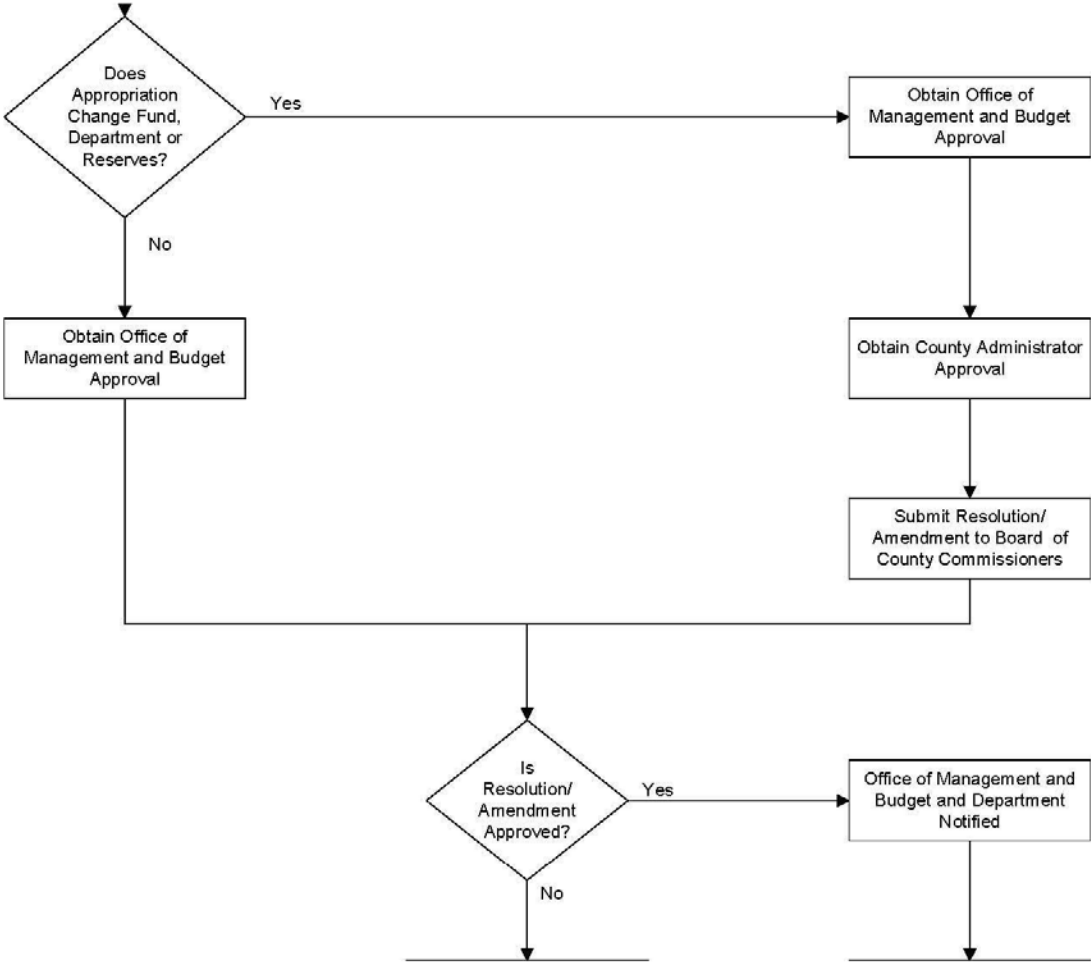
- Any transfer relating to reserves or that will increase staffing levels must have Board approval. This also includes any transfer of positions from one department to another. Any grant matches remaining after a grant has been closed or canceled by its sponsor requires a budget amendment from same department/division to move funds to reserves and must be Board approved.
- The Budget Officer or his/her designee must approve any transfers affecting personnel costs, capital projects/equipment, and/or all other forms of budget changes (changes by line item) within the same fund.

All requests for budget modifications must be submitted on a form entitled "Budget Amendment" and signed by the Department Head. They are then sent to the Office of Management and Budget (OMB) for review and approval. If required, they are sent onto the next level for further approval.

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BUDGET RESOLUTION AND AMENDMENT PROCESS

Department Determines Needed Change
Office of Management and Budget and Department Notified
Clerk Notified to Process Changes



BUDGET PROCEDURE POLICY:

Budget formulation, adoption, and execution involve year-round interaction of many people at various levels within the County. The purpose of this process is to identify service needs, develop strategies for meeting these needs, and development of detailed revenue and expenditure plans to carry out the strategic plans. The budget process incorporates the following procedures and activities.

- ☐ The development of the budget preparation information.
- ☐ An annual meeting with the Office of Management and Budget (OMB) staff, County Administrator and the Board of County Commissioners to set goals and priorities for the coming fiscal year (adoption of a tentative annual budget calendar).
- ☐ Distribution of budget information to all operating units at a kickoff meeting with the County Administrator. This meeting will serve as a forum to answer questions on budget procedures and to inform department heads of budget policies and priorities for the coming budget year.
- ☐ OMB reviews and tabulates all operating budgets, capital improvement projects, and revenue projections. Each submission is analyzed for accuracy, content, and compliance with the previously determined priorities and policies.
- ☐ OMB meets with each department to review their budgets in detail and adjust as needed. These meetings give each department head the opportunity to discuss and defend the amounts requested in their individual department budget submission.
- ☐ The County Administrator and OMB meet with each department to review and evaluate individual budgets. These meetings provide a forum for the explanation of revisions determined by OMB, and for any additional revisions by the County Administrator.
- ☐ Constitutional Officers submit their budgets per statutory guidelines.
- ☐ A tentative balanced budget is generated and distributed to the Board by July 15 of each year.
- ☐ The Board reviews budget requests during budget workshops.
- ☐ The Board certifies proposed millage rates to the Property Appraiser.
- ☐ Public hearings are held to adopt the proposed budget, millage rates, and Capital Improvement Program.
- ☐ October 1, implementation of the adopted budget and Capital Improvement Program.

A finalized budget is published on County website.

Adopted: March 28, 2000
Amended: September 27, 2011
Amended: December 16, 2014
Amended: August 27, 2019
Amended: April 28, 2020

Resolutions



Fiscal Year 2022–2023 Annual Budget

DEBT MANAGEMENT POLICY

POLICY NO. 41-01

I. PURPOSE

To establish guidelines for the issuance and management of the debt of Hernando County, Florida (hereinafter referred to as to "County"). The County is committed to consistent, best practices financial management, including maintaining the financial strength and flexibility of the County and the full and timely repayment of all borrowings.

II. SCOPE

This debt policy applies to all debt issued by the County. Debt issued by state agencies on behalf of the County is not subject to the provisions of this policy.

III. CAPITAL BUDGETING AND DEBT ISSUANCE POLICY

A. Capital Improvement Plan (CIP)

The CIP serves as the planning guide for the construction of public facilities, infrastructure and other capital purchases in the County. The CIP is designed to balance the need for these assets with the fiscal capability of the County to meet those needs. The County shall issue debt to meet these cash flow needs on a short-term or long-term basis, dependent upon the intended use of the proceeds.

B. Long-Term Debt

Long-term debt will be used to finance essential capital projects and certain equipment where it is cost effective, prudent or otherwise determined to be in the best interest of the County. Long-term debt, which includes capital lease financings, should not be used to fund the County's operations. Capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the facilities or equipment.

C. Short-Term Debt

Short-term debt can be used to diversify a debt portfolio, reduce interest costs, provide interim funding for capital projects, provide short term funding for capital assets with a shorter useful life, and to improve the match of assets to liabilities. The County may issue commercial paper, lines of credit, other forms of variable rate debt and synthetic variable rate debt from time to time.

D. Issuance Process

Determination of recommendation for the issuance of both short and long-term debt to the Board of County Commissioners should be made by consensus of the following parties:

County Administrator
County Budget Manager/Director
County Finance Director (Clerk of Court & Comptroller)
Department Director of financed project
Independent Financial Advisor, Bond Counsel, Disclosure Counsel
Other appropriate parties as determined by those listed above

IV. MEASURES OF DEBT LEVELS AND DEBT ISSUANCE LIMITS

1. General Obligation Bonds shall have debt ratios necessary to maintain sound credit ratings.
2. Revenue Bonds shall maintain specific coverage ratios not less than the following:
 - i. Utility System Net Revenues excluding connection fees should be at least equal to 110% of maximum combined debt service, and 120% including connection fees.
 - ii. Public Service Tax Revenues should be at least 135% of combined debt service.
 - iii. Sales Tax Revenues should be at least 125% of debt service.
 - iv. State Revenue Sharing moneys should be at least equal to 110% of maximum combined debt service.
 - v. Local Option Gas Tax Revenues should be at least 150% of the combined maximum debt service requirement.

V. SALE METHODS

The County, upon advice of its Financial Advisor will determine whether the sale of debt shall be via a competitive sale or a negotiated sale on a case-by-case basis after considering such factors as the size and the complexity of the offering and market conditions.

VI. CALL PROVISIONS

Call provisions for the County bond issues shall be made as short as possible considering the impact of shorter call provisions on the interest rate(s) and other factors related to the financing, such as current and expected future interest rate trends and anticipated sources of repayment. The County shall seek to minimize any prepayment premium also considering such factors.

VII. DEBT STRUCTURE

A. Premium Bonds, Discount Bonds, and Capitalized Interest

The County may utilize various debt structures to accomplish its financing goals. These structures may include, but are not limited to, the use of premium bonds, discount bonds, capital appreciation bonds, variable rate and multimodal bonds, and capitalized interest when appropriate.

B. Interest Rate Swaps

The County may consider interest rate swap transactions only as they relate to its debt management program and not as an investment instrument or hedge. Any swap transaction should not include provisions that could impair the outstanding uninsured bond rating of the County.

VIII. VARIABLE RATE DEBT

The County may issue variable rate debt obligations in amounts and in proportion to its fixed rate debt that the County, upon advice of its Financial Advisor, determines are appropriate to achieve the County's goals with respect to its credit rating, risk management, debt management flexibility and debt service costs. The specific amount of variable rate obligations permitted will be set considering cash reserves, market conditions, matching of current and future assets and liabilities, budget procedures and other factors deemed relevant by the County, its Financial Advisor and national credit rating agencies. Variable rate obligations that are swapped to a fixed rate for a term of greater than five (5) years will be considered as fixed rate obligations.

IX. DEBT REFUNDING

The County will monitor outstanding debt in relation to existing conditions in the debt market and may refund any outstanding debt when sufficient cost savings can be realized. Refunding outstanding debt may be considered when the net present value savings between the refunded bonds and the refunding bonds is equal to or greater than 3% for either a current refunding or for an advance refunding. A higher savings threshold may be adopted for when the present value savings could vary from the amount presented at closing (i.e. synthetic refunding, put bonds, swaptions, etc.). Conversely, a lower savings level may be acceptable for certain refunding opportunities (i.e. refunding with a very short duration). The County may also refund existing debt for the purpose of revising bond covenants to meet organizational and/or strategic needs of the County.

X. CREDIT OBJECTIVES

It is the County's intent to maintain and improve the credit ratings on its outstanding bonds. The County will actively seek to adhere to benchmarks and overall debt coverage ratios contemplated in its planning process. The County will also maintain frequent communications with the credit rating agencies and bond insurers.

XI. CREDIT ENHANCEMENT AND LIQUIDITY

Bond insurance, surety policies, letter of credit, liquidity facilities and other credit enhancements or liquidity facilities, may be used when it provides an economic savings and/or enhances investor demand for the County's obligations.

XII. REPORTING AND COMPLIANCE

A. Continuing Disclosure

The County will (1) provide disclosure in connection with the initial sale and distribution of its publicly marketed debt instruments and (2) provide ongoing secondary market information, in compliance with the requirements of applicable federal and state securities laws, rules and regulations.

B. Debt Service Payments

The County will include the appropriations necessary to make the required debt service payments in its annual budget.

C. Compliance with Bond Covenants, Federal and State Law

The County shall comply with all covenants and requirements of bond resolutions, and State and Federal laws authorizing and governing the issuance and administration of debt obligations.

D. Bond Yield Arbitrage Monitoring

The County shall contract for arbitrage calculation services to monitor the earnings on its bond proceeds for each debt series and determine whether a rebate is necessary.

Adopted: July 16, 2019