

RESOLUTION NO. 11-0401

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF MIAMI LAKES, FLORIDA, TO APPROVE A FUND BALANCE POLICY AS REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT PRONOUNCEMENT 54 (“GASB 54”), FUND BALANCE REPORTING AND GOVERNMENT TYPE DEFINITIONS; AUTHORIZING THE TOWN MANAGER TO TAKE ALL ACTIONS NECESSARY TO IMPLEMENT THE FUND BALANCE POLICY; PROVIDING FOR INCORPORATION OF RECITALS; PROVIDING FOR CONFLICTS; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Government Accounting Standards Board (GASB) is an independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments, and is recognized as the official source of generally accepted accounting principles (GAAP) for state and local governments; and

WHEREAS, GASB 54 became effective beginning after June 15, 2010; and

WHEREAS, the GASB requires the Town adopt a Fund Balance Policy in compliance with GASB 54 to allow correct classification of fund balance components; and

WHEREAS, the components for the fund balance will comprise a hierarchy based primarily on the extent to which the government is bound to observe constraints imposed upon the use of the resources; and

WHEREAS, the Town Council hereby approves the Resolution establishing a Fund Balance Policy as required by GASB 54.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF MIAMI LAKES, FLORIDA, AS FOLLOWS:

Section 1. Recitals. Each of the above stated recitals is true and correct and is incorporated herein by this reference.

Section 2. The following is adopted as the Town of Miami Lakes Fund Balance Policy:

Town of Miami Lakes

Fund Balance Policy

Fund Balance Policy

The Town hereby establishes and will maintain reservations of Fund Balance, as defined herein, in accordance with Governmental Account and Financial Standards, Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*.

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

A Fund Balance Policy is adopted in order to secure and maintain investment-grade credit ratings, meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. Fund balance information is used to identify the available resources to repay long-term debt, determine property tax rates, add new governmental programs, expand existing ones, or enhance the financial position of the Town, in accordance with policies established by the Town Council.

Definitions

Fund Balance – The difference between assets and fund liabilities in the governmental funds balance sheet and is referred to as fund equity.

Restricted Fund Balance – Amounts that can be spent only for the specific purposes stipulated by external resource providers (such as grantors), or enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution/ordinance) of the Town Council, the Town's highest level of decision making authority. Commitments may only be changed or lifted by the Town Council taking the same formal action (resolution/ordinance) that imposed the constraint originally.

Assigned Fund Balance – Amounts that the Town intends to use for a specific purpose; the intent shall be expressed by the Town Council or may be delegated to the Town Manager.

Assigned fund balance includes all remaining amounts that are reported in the governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed.

Unassigned Fund Balance – The residual classification for the general fund and includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance which is not obligated or specifically designated and is available for any purpose.

Non-Spendable Fund Balance – Amounts that cannot be spent because they're either (a) not in spendable form or (b) legally or contractually required to be maintained intact. These include inventories, pre-paid items and long term loans and notes receivable.

Funds Subject to a Fund Balance Reserve Policy

A fund balance reserve policy is established for the General Fund. The fund balance reserve policy for this fund is based on the predictability of revenues, volatility of expenditures and liquidity requirements of the fund.

Other Funds such as the Series 2010 Construction Fund and any specific grant funds have been excluded from a fund balance reserve policy due to the nature of the fund as described in more detail by fund type below:

- **Capital Improvement Project Fund(s):** This fund(s) is established on a project length basis and is used to account for revenues and expenditures during the construction/acquisition of major capital facilities and projects. This fund is financed mainly by earmarked revenue sources, grant funds and contributions, and is not used to accumulate resources for future capital improvements, and therefore will not be used to build up reserves.
- **Series 2010 Construction Fund:** This fund is used solely for a single project, that of the new Government Center. Funding comes primarily from borrowed sources along with certain earmarked funds such as impact fees and contributions from the County's GO Bond. This fund is not used to accumulate resources for future capital improvements, and therefore will not be used to build up reserves.
- **Special Revenue Funds:** This fund(s) is used to account for revenues and grant funds specifically earmarked for the maintenance of the Town's transit, transportation, parks and certain administrative facilities. This fund does not have a fund balance reserve policy due to the restrictive nature on the use of these funds.
- **Enterprise Fund:**
 - **Stormwater Utility Revenue Fund:** This proprietary fund accounts for activities of stormwater system including construction and management for the benefit of the public throughout the Town. As a business-type activity fund, it is intended

to recover all or a significant portion of its costs through user fees and charges. This fund does not have a fund balance reserve policy because unrestricted net assets in proprietary funds do not necessarily represent resources available for appropriation. This is due to the fact that capital assets are included in proprietary funds and are excluded from unrestricted net assets. Since it is not likely that the Town will sell the capital assets in order to fund operations, its value is not available for appropriation.

Reservation of Fund Balance – General Fund

Reserves in all governmental funds, with the exception of the General Fund, are characterized as Non-Spendable, Restricted or committed, as determined by the nature of the fund, and shall be maintained strictly within their designated fund.

Section 3. Authorization of Town Manager. The Town Manager is hereby authorized to take all necessary actions to implement the Town of Miami Lakes, Florida, Fund Balance Policy.

Section 4. Repeal of Conflicting Provisions. All provisions of the Code of the Town of Miami Lakes that are in conflict with this Resolution are hereby repealed.

Section 5. Severability. The provisions of this Resolution are declared to be severable, and if any section, sentence, clause or phrase of this Resolution shall for any reason be held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections, sentences, clauses, and phrases of this Resolution, but they shall remain in effect, it being the legislative intent that this Resolution shall stand notwithstanding the invalidity of any part.

Section 6. Effective Date. This Resolution shall be effective immediately upon its adoption.

The foregoing Resolution was offered by Councilmember Pizzi, who moved its adoption. The motion was seconded by Perdomo and upon being put to a vote, the vote was as follows:

Resolution No. 11- 0401

Mayor Michael Pizzi	<u>Yes</u>
Vice-Mayor Nick Perdomo	<u>Yes</u>
Councilmember Mary Collins	<u>Yes</u>
Councilmember Tim Daubert	<u>Yes</u>
Councilmember Nelson Fernandez	<u>Yes</u>
Councilmember Ceasar Mestre	<u>Yes</u>
Councilmember Richard Pulido	<u>Yes</u>

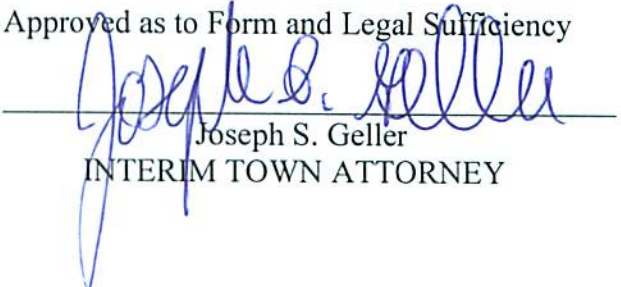
PASSED AND ADOPTED on this 8th day of November, 2011.



Michael Pizzi
MAYOR

Attest:


Marjorie Tejada
TOWN CLERK

Approved as to Form and Legal Sufficiency


Joseph S. Geller
INTERIM TOWN ATTORNEY