

1
2
3 **RESOLUTION NO. 2012-25**
4

5 **A RESOLUTION OF THE VILLAGE COMMISSION OF**
6 **THE VILLAGE OF BISCAYNE PARK, FLORIDA**
7 **ESTABLISHING THE FUND BALANCE POLICY AS**
8 **REQUIRED BY GOVERNMENTAL ACCOUNTING**
9 **STANDARDS BOARD STATEMENT**
10 **PRONOUNCEMENT 54 (“GASB 54”), AUTHORIZING**
11 **THE VILLAGE MANAGER TO TAKE ALL ACTIONS**
12 **NECESSARY TO IMPLEMENT THE FUND BALANCE**
13 **POLICY; PROVIDING FOR CONFLICT; PROVIDING**
14 **FOR SEVERABILITY; PROVIDING FOR INCLUSION;**
15 **PROVIDING FOR AN EFFECTIVE DATE.**
16

17 WHEREAS, the Village desires to establish a Fund Balance Policy for the General
18 Fund consistent with the Governmental Accounting Standards Board (GASB) Statement
19 No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions;” and

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

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

26 WHEREAS, GASB 54 requires the adoption of a Fund Balance Policy to allow
27 correct classification of fund balance components; and

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

31 WHEREAS, the Village Commission finds it to be in the best interests of its
32 citizenry to establish a Fund Balance Policy, as required by Governmental Accounting

1 Standards Board Statement Pronouncement 54, and to authorize the Village Manager to take
2 all actions necessary to implement the Fund Balance Policy.

3 NOW, THEREFORE, BE IT ORDAINED BY THE VILLAGE COMMISSION OF
4 THE VILLAGE OF BISCAYNE PARK, FLORIDA, AS FOLLOWS:

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

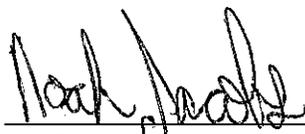
7 Section 2. The Village Commission of the Village of Biscayne Park hereby
8 adopts the "Village of Biscayne Park Fund Balance Policy," attached hereto as "Exhibit A,"
9 and hereby directs the Manager to implement said policy.

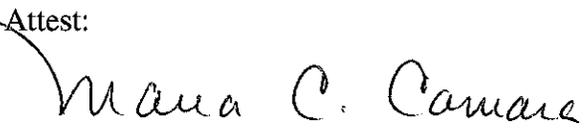
10 Section 3. All resolutions or parts of resolutions in conflict herewith, be and the
11 same are repealed to the extent of such conflict.

12 Section 4. If any Section, sentence, clause or phrase of this Resolution is held to
13 be invalid or unconstitutional by any court of competent jurisdiction, then said holding shall
14 in no way affect the validity of the remaining portions of this Resolution.

15 Section 5. This Resolution shall become effective immediately upon passage
16 and adoption.

17
18 PASSED AND ADOPTED this 10th day of July, 2012.

19
20
21
22 
23 _____
24 Noah Jacobs, Mayor

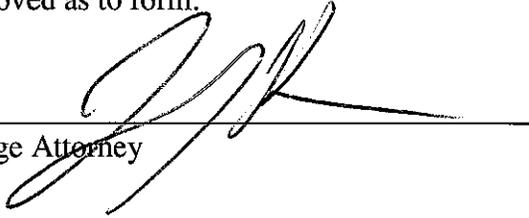
25 Attest:
26
27 
28 _____
29 Maria C. Camara, Village Clerk

**The foregoing resolution upon being
put to a vote, the vote was as follows:**

Mayor Jacobs: Yes
Vice Mayor Ross: Yes
Commissioner Anderson: Yes
Commissioner Cooper: Yes
Commissioner Watts: Yes

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

Approved as to form:


Village Attorney

1 **Exhibit “A”**

2
3 **VILLAGE OF BISCAYNE PARK – FUND BALANCE POLICY**

4
5 **Policy**

6
7 The Village will establish and maintain reservations of Fund Balance, as defined herein, in
8 accordance with Governmental Account and Financial Standards, Board Statement No. 54
9 *Fund Balance Reporting and Governmental Fund Type Definitions.*

10
11 The objective of GASB 54 is to enhance the usefulness of fund balance information by
12 providing clearer fund balance classifications that can be more consistently applied and by
13 clarifying the existing governmental fund type definitions.

14
15 The Village Balance Policy is adopted in order to secure and maintain investment-grade
16 credit ratings, meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency
17 or unanticipated expenditures and/or revenue shortfalls. Fund balance information is used to
18 identify the available resources to repay long-term debt, determine property tax rates, add
19 new governmental programs, expand existing ones, or enhance the financial position of the
20 Village, in accordance with policies established by the Commission

21
22 **Definitions**

23
24 Fund Balance – The difference between assets and fund liabilities in the governmental funds
25 balance sheet and is referred to as fund equity.

26
27 Restricted Fund Balance – Amounts that can be spent only for the specific purposes
28 stipulated by external resource providers (such as grantors), or enabling legislation.
29 Restrictions may be changed or lifted only with the consent of the resource providers.

30
31 Committed Fund Balance – Amounts that can be used only for the specific purposes
32 determined by a formal action (resolution/ordinance) of the Village Commission.
33 Commitments may only be changed or lifted by the Commission taking the same formal
34 action that imposed the constraint originally.

35
36 Assigned Fund Balance – Amounts that the Village intends to use for a specific purpose; the
37 intent shall be expressed by the Village Commission. Assigned fund balance includes all
38 remaining amounts that are reported in the governmental funds, other than the general fund,
39 that are not classified as non-spendable and are neither restricted nor committed.

40
41 Unassigned Fund Balance – The residual classification for the general fund and includes
42 amounts that are not contained in the other classifications. Unassigned amounts are the
43 portion of fund balance which is not obligated or specifically designated and is available for
44 any purpose.

45
46 Non-Spendable Fund Balance – Amounts that cannot be spent because they are not in
47 spendable form or legally required to be maintained intact. These include inventories, pre-
48 paid items and long term loans and notes receivable.

1 **Funds Subject to a Fund Balance Reserve Policy**

2
3 A fund balance reserve policy is established for the General Fund and is based on the
4 predictability of revenues, volatility of expenditures and liquidity requirements of the fund.
5 Other Funds such as Sanitation Fund or Capital Improvement Project Fund have been
6 excluded from a fund balance reserve policy due to the nature of the fund as described
7 below:
8

- 9
- 10 • Capital Improvement Project Fund – This fund is established on a project length
11 basis and is used to account for revenues and expenditures during the
12 construction/acquisition of major capital facilities and projects. Capital projects are
13 financed by earmarked revenue sources, grant funds and contributions, and are not
14 used to accumulate resources for future capital improvements.
 - 15 • Enterprise Fund – Sanitation – This proprietary fund accounts for activities of
16 sanitation management for the benefit of the public throughout the Village. As a
17 business-type activity fund it is intended to recover all or a significant portion of its
18 costs through user fees and charges. This fund does not have a fund balance reserve
19 policy because unrestricted net assets in proprietary funds do not represent resources
20 available for appropriation. Capital assets are not available for appropriation since it
21 is not likely that the Village will sell or liquidate the assets in order to fund
22 operations.

23 **Classifications of Fund Balance**

24
25 Restricted Fund Balance – The Village Commission hereby acknowledges and directs the
26 Village Manager to maintain the following restricted fund balance classifications:

- 27
- 28 • Restricted Donations
 - 29 • Long-term Sanitation Fees Receivable
 - 30 • Capital Projects
 - 31 • Transportation
 - 32 • Public Safety

33 Committed Fund Balance - The Village Commission hereby acknowledges and directs the
34 Village Manager to maintain the following committed fund balance classifications:

- 35
- 36 • Future Projects
 - 37 • Vehicle Replacement

38 Assigned Fund Balance – The Village Commission hereby acknowledges that there is
39 currently no assigned fund balance in the General Fund. Village Management will assign
40 fund balance as it deems appropriate in accordance with this policy.
41

42 Non-Spendable Fund Balance – The Village Commission hereby acknowledges and directs
43 Village Manager to maintain the following non-spendable fund balance classifications in the
44 General Fund:

- 45
- 46 • Inventory using the inventory classification established for those amounts relating to
47 inventories that are not in a spendable form.
 - 48 • Prepayments using the classification for those amounts relating to prepaid
49 expenditures that are not in a spendable form.

1 **Minimum Level of Unassigned Fund Balance**

2
3 The Village recognizes that unanticipated events could adversely affect the financial
4 condition of the Village and jeopardize the continuation of necessary public services. The
5 establishment of a minimum level of unassigned Fund Balance in the General Fund will,
6 among other things:

- 7 • Provide sufficient cash flow for daily financial needs,
8 • Provide funds for unforeseen expenditures related to emergencies,
9 • Offset significant economic downturns or revenue shortfalls, and
10 • Help to secure and to maintain favorable bond ratings for the Village's debt.

11
12 The Village will maintain unassigned fund balance in the General Fund, at each fiscal year
13 end, reflecting 15% of the following year's projected budgeted expenditures and outgoing
14 transfers.

15
16 **Disbursement of Fund Balance**

17
18 In any fiscal year where the Village is unable to maintain a 15% minimum level of fund
19 balance as required in this section, the Village Manager shall prepare and submit in
20 conjunction with the proposed budget a plan for expenditure reductions and/or revenue
21 increases necessary to restore the minimum requirements. As part of the annual budget
22 process the Commission shall review and, if necessary, amend the plan submitted by the
23 Manager for restoring the amounts of unassigned fund balance to the required minimum
24 levels. Any deficit in the required minimum amount must be restored no later than the end
25 of the second fiscal year following the occurrence.

26
27 **Disbursement of Fund Balance**

28
29 Disbursements of funds within the fund balance classifications shall be authorized by one of
30 these methods:

- 31 • A separate resolution of the Village Commission
32 • Inclusion in the approved annual budget and amendments thereto, or
33 • Action pursuant to any ordinances, resolutions, or procedures adopted by the Village
34 Commission (such as procurement code).

35
36 **Spending Prioritization for Unrestricted Fund Balance**

37
38 Unless otherwise authorized by the Village Commission, when expenditures are incurred for
39 purposes for which amounts in any of the unrestricted fund balance categories could be used
40 committed amounts will be reduced first, followed by assigned amounts and then
41 unassigned amounts.

42
43 **Annual Review and Determination of Fund Balance Amounts**

44
45 Compliance with the provisions of this policy shall be reviewed as a part of the annual
46 budget adoption process, and the amounts of restricted, committed, assigned, non-spendable
47 and the minimum level of unassigned fund balance shall be determined during this process.

1 **Additional Information, Requirements/Responsibilities**

2
3 Disbursements of funds within the fund balance classifications shall be authorized by one of
4 these methods:

- 5 • A separate resolution of the Village Commission
6 • Inclusion in the approved annual budget and amendments thereto, or
7 • Action pursuant to any ordinances, resolutions, or procedures adopted by the Village
8 Commission (such as procurement code).
9

10 **Effective Date**

11
12 This Policy shall take effect immediately upon adoption and will be applied beginning with
13 the preparation of the Village's Comprehensive Annual Financial Report for the Fiscal Year
14 ending September 30, 2011.
15
16