

RESOLUTION 2024-10

A RESOLUTION OF THE CITY OF FLAGLER BEACH, FLORIDA, APPROVING THE ADOPTION OF GASB 54 STANDARDS AND APPLICATIONS; AND APPROVING A FUND BALANCE POLICY FOR THE GENERAL, UTILITY, STORMWATER AND SANITATION FUNDS; PROVIDING FOR CONFLICTS, SEVERABILITY, AND EFFECTIVE DATE.

WHEREAS, the Governmental Accounting Standards Board (GASB), has issued its Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, with the intent of improving financial reporting by providing fund balance categories that will be more easily understood; and

WHEREAS, the City of Flagler Beach must comply with GASB 54 as required beginning with the upcoming fiscal year October 1, 2024-September 30, 2025 fiscal year; and

WHEREAS, the City Commission of the City of Flagler Beach has considered a "Fund Balance Policy for the General, Utility, Stormwater and Sanitation funds" (Attachment "A"), which outlines the policy and procedures enacted to accurately categorize and report fund balance in the General, Utility, Stormwater, and Sanitation funds.

WHEREAS, the policy entitled, "City of Flagler Beach - Fund Balance Policy," provides that the City Commission may commit General, Utility, Stormwater and Sanitation fund balance for specific purposes by taking formal action and these committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specific use through the same formal action taken to establish the commitment; and

WHEREAS, this policy delegates to the City Manager the authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

WHEREAS, the City has established a minimum fund balance policy to ensure these target amounts have been established in order to provide a reasonable level of assurance that the City's day-to-day operations will continue during emergency circumstances and capital project needs. The minimum fund balance is shown in the annual financial statements as unassigned fund balance.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF FLAGLER BEACH, FLORIDA, THAT:

SECTION 1. Recitals. The foregoing recitals are incorporated herein and found by the City Commission to be true and correct statements as to the legislative findings of the City Commission.

SECTION 2. The Fund Balance Policy attached here to as Exhibit "A" is hereby approved and adopted by the City Commission.

SECTION 3. This Resolution shall become effective immediately upon passage.

SECTION 4. Severability. If any section, subsection, sentence, clause, or phrase of this Resolution is, for any reason, held to be unconstitutional by a court of competent jurisdiction, such holding will not affect the validity of the remaining portions of this Resolution.

SECTION 5. Effective Date. This Resolution will take effect immediately upon adoption.

ADOPTED this _____ day of _____, 2024.

CITY OF FLAGLER BEACH

Suzie Johnston, Mayor

Attest:

Penny Overstreet City Clerk

EXHIBIT "A"

CITY OF FLAGLER BEACH, FL FUND BALANCE POLICY

Background

In February 2009, the Governmental Accounting Standards Board (GASB) issued *GASE #54 Fund Balance Reporting and Governmental Fund Type Definitions*. The statement substantially changes how fund balances are categorized. It clarifies/modifies how some of the governmental funds are presented and classified.

<i>Reserved</i> Non-spendable	<i>Not available for appropriation</i> Not available for spending, either now or in the future, because of (e.g., debt retirement)	
<i>Designated</i> Restricted	<i>Available for appropriation but intended for a specific use.</i> Constraints on spending that are legally enforceable by outside parties.	
Unrestricted	<i>Designated</i> Committed	<i>Not available for appropriation</i> Constraints on spending that the government imposes upon itself by highest-level formal action prior to the close of the period.
	<i>Undesignated</i> Assigned	<i>Available for appropriation</i> Resources intended for spending for a purpose set by the governing body itself or by some person or body delegated to exercise such authority in accordance with policy established by the Board.
	Unassigned	Residual (General fund only)

Purpose

The purpose of this policy is to establish a key element of the financial stability of the City of Flagler Beach by setting guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the City maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and similar circumstances. The fund balance also provides cash flow liquidity for the City's general operations.

Definitions

Fund Equity - A fund's equity is generally the difference between its assets and its liabilities.

Fund Balance - An accounting distinction is made between the portions of fund equity that spendable and non-spendable. These are broken up into five categories:

- 1) **Non-spendable fund balance** - includes amounts that are not in a spendable form or are required to be maintained intact. Examples are inventory or permanent funds.
- 2) **Restricted fund balance** - includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation. Examples include grants and child safety fees.
- 3) **Committed fund balance** - includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- 4) **Assigned fund balance** - comprises amounts *intended* to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- 5) **Unassigned fund balance** - is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

Policy

Committed Fund Balance

The City or Flagler Beach Commission is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is an ordinance approved by the City Commission. The resolution must either be approved or rescinded, as applicable, prior to the last day or the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance

The City Commission has authorized the Finance Director as the official authorized to assign fund balance to a specific purpose as approved by this fund balance policy.