



RESOLUTION NO. 2023-012

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF HIGHLAND BEACH, FLORIDA, AMENDING ITS FUND BALANCE POLICY TO ASSIGN ADDITIONAL FUNDS FOR THE FIRE RESCUE DEPARTMENT.

WHEREAS, the Governmental Accounting Standards issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in order to clarify the meaning of fund balance on financial statements; and,

WHEREAS, the Town's reserve policies are based on sound fiscal principles and best practices designed to allow the Town to maintain continuity of operations in adverse conditions while being mindful of the fiduciary responsibility to taxpayers, both current and future generations; and,

WHEREAS, the Town realized that adequate fund balance levels are an essential component of the Town's overall financial management strategy and a key factor in external credit rating agencies' measurement of the Town's financial strength; and,

WHEREAS, on March 1, 2022, the Town amended its Fund Balance Policy for the General Fund to assign \$4,000,000 pursuant to Resolution 22-005 for the establishment of the Highland Beach Fire Rescue Department; and,

WHEREAS, the estimated construction price levels has experienced substantial increases since March 1, 2022, affecting the cost of construction and COVID related supply chain limitations; and

WHEREAS, the Fire Rescue Project has emerged as a critical priority that requires additional funding to ensure the safety and well-being of the community; and

WHEREAS, considering these inflationary trends, it is essential to update the assigned amount mentioned from \$4,000,000 to \$6,500,000 to align with the current market conditions and reflect the prevailing price levels; and

WHEREAS, the General Fund reserves have been maintained to provide stability and flexibility, allocating an additional **\$1,000,000** to this critical priority project from the General Fund; and

WHEREAS, the ARPA Grant funds allocated for the Water and Sewer funds were originally designated for specific projects but have become available for re-appropriation; and

WHEREAS, reallocating **\$1,500,000** of the \$1,961,344 ARPA Grant funds from the Water and Sewer funds to the Fire Rescue Project would enable the timely completion of essential fire rescue infrastructure and enhance emergency response capabilities; and

Now, therefore, it is hereby resolved to re-appropriate the ARPA Grant funds from the Water and Sewer funds to the Fire Rescue Project, in accordance with the guidelines and regulations outlined by the grant program.

WHEREAS, such a policy has been prepared and Amended thereof is attached as Exhibit “A”.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF HIGHLAND BEACH, FLORIDA AS FOLLOWS:

Section 1: That the foregoing “WHEREAS” clauses are ratified and confirmed as being true and correct and are made a specific part of this resolution.

Section 2: The Town Commission of the Town of Highland Beach hereby adopts the “Town of Highland Beach Fund Balance Policy for the General Fund”, attached hereto as “Exhibit A”, and directs the Town Manager to implement said policy.

Section 3: All Resolutions or parts of Resolutions, insofar as they are inconsistent or in conflict with the provisions of this Resolution, are hereby repealed.

Section 4: This Resolution shall take effect on June 06, 2023.

DONE AND ADOPTED by the Town Commission of the Town of Highland Beach, Florida, this **6th** day of **June 2023**.

ATTEST:

Natasha Moore, Mayor

**REVIEWED FOR LEGAL
SUFFICIENCY**

Lanelda Gaskins, MMC
Town Clerk

Glen Torcivia, Town Attorney
Town of Highland Beach

VOTES:

YES NO

Mayor Natasha Moore
Vice Mayor David Stern
Commissioner Evalyn David
Commissioner Donald Peters
Commissioner Judith M. Goldberg

EXHIBIT A – RESOLUTION NO. 2023-012

TOWN OF HIGHLAND BEACH

as of June 6, 2023

FUND BALANCE POLICY FOR COMPLIANCE WITH GASB STATEMENT NO. 54

A. Fund Balance Policy

The Town hereby establishes and will maintain reservations of Fund Balance, as defined herein, in accordance with Governmental Accounting and Financial Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This Policy shall only apply to the Town's General Fund unless otherwise noted. Fund Balance shall be composed of restricted, committed, assigned, non-spendable, and unassigned amounts.

Fund Balance information is used to identify the available resources to repay long-term debt, stabilize property tax rates, add and/or expand governmental programs and services, , or protect and enhance the financial position of the Town, in accordance with policies established by the Town Commission.

B. Fund Type Definitions

The following definitions will be used in reporting activity in governmental funds of the Town. The Town may or may not report all fund types in any given reporting period based on actual circumstances and activity.

The general fund is used to account for all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account and report the proceeds of *specific revenue sources* that are *restricted* or *committed* to expenditure for *specific purposes* other than debt service or capital projects.

Debt service funds are used to account for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds are used to account for all financial resources restricted, committed, or assigned to expenditure for the acquisition or construction of capital assets.

Permanent funds are used to account for resources restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's purposes.

C. Fund Balance Definitions

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

Non-Spendable Fund Balance – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (e.g., principal of an endowment fund)

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 of the Town Commission, the Town’s highest level of decision making authority. Commitments may be changed or lifted only by the Town Commission taking the same formal action.

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

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 general purposes.

D. Reservations of Fund Balance

1. Assigned Fund Balance- Budget Stabilization

The Town Commission hereby establishes the following assigned fund balance reserves in the General Fund:

a. Budget Stabilization

This assignment protects the general fund against cash flow shortfalls related to timing of projected revenue receipts. The targeted assignment amount shall be 16.7%, or two months of General Fund operating expenditures, net of funds set aside for reserves. The amount reserved shall be adjusted annually on October 1st with a transfer from the Unassigned Fund Balance.

2. Assigned Fund Balance- Disaster Recovery

a. Disaster Recovery

In order to provide the resources necessary to ensure continued operations and maintenance of services to the public, the Town shall assign a fund balance reserve for emergency preparedness in the General Fund. The targeted assignment amount shall be 16.7%, or two months of General Fund operating expenditures, net of funds set aside for reserves. The amount reserved shall be adjusted annually on October 1st with a transfer from the Unassigned Fund Balance.

3. Assigned Fund Balance – Public Safety Services

a. Establishment of Fire Rescue Department

This assignment provides funds to assist with the costs associated with the establishment and operation of the Highland Beach Fire Rescue Department. The funds may be utilized to reconstruct the existing fire station, procure fire response apparatus, recruit and train fire rescue personnel and purchase specialized fire rescue equipment. The fixed amount of the assignment is ~~\$4,000,000~~ \$6,500,000.

E. Disbursement of Fund Balance Reserves

1. Disbursement of funds within the fund balance reserves shall be authorized by a resolution of the Town Commission and may be approved by inclusion in the approved annual budget (and amendments thereto), or shall be authorized pursuant to any ordinances, resolutions or procedures adopted by the Town Commission (such as the Town's procurement code).
2. Prioritization of fund balance use – When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Town to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Town that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

F. Annual Review and Determination of Fund Balance Reserve Amounts

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