

RESOLUTION NO. 2022- 2883

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF SURFSIDE, FLORIDA, APPROVING AND ADOPTING A FUND BALANCE POLICY; PROVIDING FOR AUTHORIZATION; PROVIDING FOR IMPLEMENTATION; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town of Surfside (“Town”) desires to adopt a formal policy governing the level of unrestricted fund balances that are maintained in the Town’s General Fund (the “Fund Balance Policy”) in accordance with the best practices recommendation of the Government Finance Officers Association (GFOA); and

WHEREAS, the Fund Balance Policy provides broad guidance on how resources will be directed to replenish fund balance should the balances fall below the level prescribed in order to mitigate current and future risks and to ensure stable tax rates; and

WHEREAS, the Town of Surfside desires to adopt the Fund Balance Policy, substantially in the form attached hereto as Exhibit “A,” providing guidelines and framework as to how resources will be directed when fund balances fall below prescribed levels.

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

Section 1. Recitals. That the above and foregoing recitals are true and correct and are hereby incorporated by reference.

Section 2. Fund Balance Policy Approved and Adopted. The Fund Balance Policy, in substantially the form attached hereto as Exhibit “A,” is hereby approved, subject to final approval by the Town Manager and Town Attorney as to form, content, and legal sufficiency.

Section 3. Implementation. The Town Manager and Town Officials are authorized to take all action necessary to implement the Fund Balance Policy and the purposes of this Resolution.

Section 4. Effective Date. This Resolution will become effective upon adoption.

PASSED AND ADOPTED on this 14th day of June, 2022.

Motion By: Vice Mayor Rose

Second By: Commissioner Meischeid

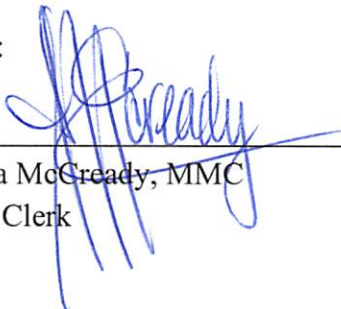
FINAL VOTE ON ADOPTION:

Commissioner Fred Landsman	<u>Yes</u>
Commissioner Marianne Meischeid	<u>Yes</u>
Commissioner Nelly Velasquez	<u>Absent</u>
Vice Mayor Jeff Rose	<u>Yes</u>
Mayor Shlomo Danzinger	<u>Yes</u>



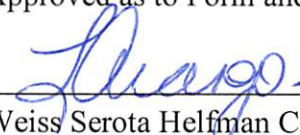
Shlomo Danzinger, Mayor

Attest:



Sandra McCready, MMC
Town Clerk

Approved as to Form and Legal Sufficiency:



Weiss Serota Helfman Cole & Bierman, P.L.
Town Attorney



FUND BALANCE POLICY

A. OBJECTIVE

To help ensure that the Town of Surfside maintains a positive and healthy fund balance and to establish a fund balance policy to insure against unanticipated events that would adversely affect the financial condition of the Town and jeopardize the continuation of necessary public services.

B. SCOPE

This policy shall serve as guidance on the Town of Surfside's Fund Balance/Reserves. The Fund Balance policy establishes an appropriate level of reserves for the Town to target and maintain in the funds primarily the General Fund. The Town's Fund Balance policy looks beyond annual revenues and expenditures to policies promoting the sustainability of Town services and rate structure, property values and capital needs, with a focus on current policies being financially sustainable over the next five years and beyond.

C. POLICY

Committed Fund Balance

This policy will create a Committed Fund Balance with uses as listed below for the General Fund and non-Tourist Board Tourist Resort Fund.

Definition:

Committed Fund Balance - The portion of fund balance that can be used only for the specific purposes determined by a formal action (resolution) of the Town Commission, the Town's highest decision-making authority. Commitments may be changed or lifted only by the Town Commission taking the same formal action (resolution) that imposed the original constraint.

Annual Review and Determination

Compliance with the provisions of this policy shall be reviewed as part of the annual budget adoption process and revisions to the levels of fund balance will be determined during this process.

General Fund

The Town will strive to budget and fund the target amounts listed below in the General Fund as a percentage of the Town's annual operating expenditures of the General Fund.

- 25% Operations & Maintenance (O&M) Reserve
- 20% Hurricane/Natural Disaster Reserve
- 10% Budget Stabilization Reserve
- 5% Capital Projects Reserve

Annual operating expenditures are defined as total budgeted personnel services plus operating expenses.

Working Capital or Operations & Maintenance (O&M) Reserve is for general use to maintain essential services during periods of intense capital and budgetary needs.

The Hurricane/Natural Disaster Reserve should be used for related unbudgeted expenses that are expected to be submitted for reimbursement by the Federal Emergency Management Agency (FEMA).

The Budget Stabilization Reserve should be used during periods of assumed temporary decreases to the property values/ad valorem taxes typical during recessions. This would allow for a budget in which taxes would not need to be increased to cover the current level of service.

The Capital Reserve should be used for needed capital expenditures in a fiscal year in which current net revenues are insufficient to cover project costs. Such a reserve helps to split the costs of infrastructure projects between current and future residents by reducing the amount of future borrowing for major projects.

Tourist Resort Fund

The Town accounts for 100% of total projected revenues in the Tourist Resort Fund. Thirty-four percent (34%) of total revenues are allocated directly for tourism related activities. The expenditure of these funds is governed by the Tourist Bureau Board of the Town of Surfside. The remaining sixty-six percent (66%) of total revenues are allocated for the cost of operating the Community Center and Tennis Center operations, and other resort tax eligible activities.

The Town will strive to budget and fund the target amounts listed below in the Tourist Resort Fund as a percentage of the Town's non-Tourist Board annual operating expenditures of the Tourist Resort Fund.

- 10% Unrestricted Fund Balance
- 10% Hurricane/Natural Disaster Reserve
- 10% Budget Stabilization Reserve
- 10% Capital Reserve

Annual operating expenditures are defined as total budgeted personnel services plus operating expenses.

Working Capital or Operations & Maintenance (O&M) Reserve is for general use to maintain essential services during periods of intense capital and budgetary needs.

The Hurricane/Natural Disaster Reserve should be used for related unbudgeted expenses that may not be reimbursable by the Federal Emergency Management Agency (FEMA).

The Budget Stabilization Reserve should be used during periods of assumed temporary decreases to the tourist resort taxes typical during recessions.

The Capital Reserve should be used for needed capital expenditures in a fiscal year in which current net revenues are insufficient to cover the project's costs.

Building Fund

The Building Fund is a special revenue fund to account for the building department activities within the Town. Revenues sources are generated from fees for the issuance of building permits and inspections related to construction, building, renovation, alteration, repair or other activity requiring a permit by the Code of Ordinances or the Florida Building Code. The fees fund building department operations.

Per Section 553.80(7)(a), F.S., a local government may not carry forward an amount exceeding the average of its operating budget for enforcing the Florida Building Code for the previous 4 fiscal years.

Enterprise Funds

Fees charged to customers will cover operating expenses, debt service and required reserves to meet debt service requirements and a reserve for renewal and replacement of capital assets and infrastructure.

The Town should have an appropriate unrestricted fund balance to be used for cash flow purposes for unanticipated expenses or a non-recurring nature or to meet unexpected increases in service delivery costs.

Fund Balance Policy Implementation

General Fund

FY 22 Personnel Services	\$	8,577,040
FY 22 Operating Expenses	\$	4,338,773
FY 22 Total Operating Expenditures	\$	12,915,813
FY 21 Unrestricted Fund Balance	\$	18,929,974

Recommended Policy

25% Unrestricted Fund Balance	\$	3,228,953
20% Hurricane/Natural Disaster Reserve*	\$	2,583,163
10% Budget Stabilization Reserve	\$	1,291,581
5% Capital Reserve	\$	645,791
	\$	7,749,488

*Current balance is \$2.0M. Only \$583,162.60 additional needed.

Additional Unrestricted Fund Balance \$ 13,180,486

Tourist Resort Fund

FY 22 Personnel Services	\$	1,605,547
FY 22 Operating Expenses	\$	795,406
FY 22 Total Operating Expenditures	\$	2,400,953
FY 21 Unrestricted Fund Balance	\$	2,008,400

Recommended Policy

10% Unrestricted Fund Balance	\$	240,095
10% Hurricane/Natural Disaster Reserve	\$	240,095
10% Budget Stabilization Reserve	\$	240,095
10% Capital Reserve	\$	240,095
	\$	960,381

Additional Unrestricted Fund Balance \$ 1,048,019