

M E M O R A N D U M

To: Tom Harmer, Town Manager
From: Sue Smith, Finance Director
Report date: August 2, 2021
Meeting date: September 13, 2021
Subject: Resolution 2021-19, Amending the Fiscal Year 2020-2021 (FY21) Adopted Budget to Establish a New Bayside District Debt Service Fund, Transferring Residual Balances in 2010 G.O. Facility Debt Service Fund to Capital or Nonrecurring Fund, and Transferring the Australian Pine Tree Removal Program to the General Fund in Preparation for the FY21 Audit

Recommended Action

Hold public hearing, and pass Resolution 2021-19.

Background

After discussion with the Town’s auditors, in preparation for the FY21 audit, as well as the development of the FY22 Budget, it has come to our attention that some budget amendments are necessary in FY21. These are necessary to make some desired accounting changes associated with the new Beach Districts, the Australian Pine Program Fund, and closing out the 2010 Facilities Debt Fund. The changes made in FY21 have relevance on how we craft certain funds in the FY22 Budget. Staff is bringing these amendments forward for formal action, prior to adoption of the FY22 Budget.

Australian Pine Tree Program. As discussed during the June 21, 2021 Special Budget Workshop, we will merge the Australian Pine Tree (A-Pine) Program Fund (#115) with the General Fund (#001). Finance staff originally created a separate Special Revenue Fund in FY18 to track the A-Pine Removal Program and carry forward the unused funds from year to year. However, under GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, if the primary source of revenue for a particular program is predominantly the General Fund, it doesn’t fit the definition as a Special Revenue Fund. As a result of this condition for financial statement reporting, our auditors have combined the two funds in the Annual Comprehensive Financial Report (ACFR) since 2018. Finance prefers to close the A-Pine Fund and create a new line item within the General Fund budget that can be evaluated annually for funding as part of the budget process. This will also eliminate any confusion on matching the financial records to the Annual Comprehensive Financial Report (ACFR) The following budget amendment moves the A-Pine Fund Budget into the General Fund by appropriating \$35,000 to a new expense line in the General Fund using unappropriated Fund Balance.

Account number	Account Description	Increase (Decrease)
001-10-30-582.8212	Australian Pine Tree Removal Grant	35,000
001-90-22-581-0115	Transfer to Australian Pine Fund	(\$35,000)

Finance staff will make required journal entries to move all Fund #115 Assets, Liabilities, and equity in Fund Balance, as well as reclassify all revenue and expense transactions in Fund #115 to the General Fund.

Special Beach District Funds. Pursuant to Section 218.39(3)(a), Florida Statutes, special districts that are *independent* and meet audit thresholds must have a separate audit regardless of whether or not it is a component unit of another reporting entity. The Town's new Gulfside and Bayside Districts are considered *dependent* special districts and are included within the reporting entity of the Town and *do not* require separate audits. However, for financial reporting, the Town's auditors desire to show our *dependent* districts (component units) distinctly within the Financial Statements. Currently each district's ad valorem taxes are deposited directly into a single fund, the General Obligation Beach Debt Service Fund.

To accommodate the change in reporting, we have created a second Debt Service Fund for the Bayside District and renamed the existing Debt Service Fund, the Gulfside District, to account for collection of ad valorem taxes. The debt payments will then be split among the two distinct funds.

The following budget amendment is required to establish the new Bayside District Fund (#201) and move part of the Gulfside Budget to the Bayside Budget. Finance staff will post reclassification journal entries retroactive to October 1 2020 for transactions incurred to date.

Existing Gulfside District Debt Service Fund (#202) - Revenues

Account number	Account Description	Increase (Decrease)
202-00-36-311.1003-20BOND	Gulfside Taxes/Sarasota County	(402,039)
202-00-36-311.1004-20BOND	Gulfside Taxes/Manatee County	(197,920)
202-00-00-361.1000	Investment Income	<u>(1,760)</u>
Total Revenues		<u>(601,719)</u>

Existing Gulfside District Debt Service Fund (#202) - Expenses

Account number	Account Description	Increase (Decrease)
202-80-80-571.7101-20BOND	Principal	(554,875)
202-80-80-571.7101-20BOND	Interest Exp	(45,084)
202-00-00-531.3115	Prof Services/Invest Exp	<u>(130)</u>
Total Expense		(600,089)

New Bayside District Debt Service Fund (#201) - Revenues

Account number	Account Description	Increase (Decrease)
201-00-36-311.1003-20BOND	Bayside Taxes/Sarasota County	402,039
201-00-36-311.1004-20BOND	Bayside Taxes/Manatee County	197,920
201-00-00-361.1000	Investment Income	<u>1,760</u>
Total Revenue		<u>601,719</u>

New Bayside District Debt Service Fund (#201) - Expenses

Account number	Account Description	Increase (Decrease)
201-80-80-571.7101-20BOND	Principal	554,875
201-80-80-572.7201-20BOND	Interest Exp	45,084
201-00-00-531.3115	Prof Services/Invest Exp	<u>130</u>
Total Expense		600,089

Closing of 2010 G.O. Facility Debt Fund. The General Obligation Debt for the 2010 Series Refunding Facility Bonds matured on October 1, 2019 during the FY20 budget. A small residual balance of \$10,703 remains in the fund which must be used for Facility Capital Improvements, per the bond’s tax certificate. Finance is requesting a budget amendment to transfer the residual balance to the Capital or Nonrecurring Fund (#308) to be used toward current or future facility improvements, shown below:

2010 G.O. Facility Debt Fund (#203)

Account number	Account Description	Increase (Decrease)
203-90-80-581.0308	Transfer to Capital Project Fund	<u>10,703</u>
Total Expenses		10,703

Capital or Nonrecurring Fund (#308)

Account number	Account Description	Increase (Decrease)
308-00-00-381.0203	Transfer from G.O. Debt Fund	<u>10,703</u>
Total Revenues		10,703

Staff Recommendation

Hold public hearing, and pass Resolution 2021-19.

Attachments

Resolution 2021-19

RESOLUTION 2021-19

A RESOLUTION OF THE TOWN OF LONGBOAT KEY, FLORIDA, AMENDING THE FISCAL YEAR ADOPTED BUDGET BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021; ESTABLISHING BAYSIDE DISTRICT DEBT SERVICE FUND, TRANSFERRING RESIDUAL BALANCES IN 2010 GENERAL OBLIGATION FACILITY DEBT SERVICE FUND TO CAPITAL OR NONRECURRING FUND, TRANSFERRING THE AUSTRALIAN PINE TREE REMOVAL PROGRAM TO THE GENERAL FUND, PROVIDING FOR SEVERABILITY; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, in preparation for the fiscal year 2021 (FY21) audit, certain budget amendments are necessary in order to make desired accounting changes associated with the new Beach Districts, the Australian Pine Tree (A-Pine) Program Fund and the closing of the 2010 Facility Debt Fund; and,

WHEREAS, the changes presented herein, have relevance on the structure of the FY22 Budget to be adopted on September 27, 2021; and,

WHEREAS, the legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the appropriations), pursuant to Town Charter is at the Department level; and,

WHEREAS, the Town Manager has the authority to transfer appropriations up to \$20,872 between or within departments within the same fund; and,

WHEREAS, budget transfers greater than \$20,872, or amendments which change the original budget in total or amendments requiring the use of unappropriated fund balance, require Town Commission approval; and,

WHEREAS, the Town desires to merge the Australian Pine Tree Removal Special Revenue Fund (#115) into the General Fund (#001), including existing fund balances and create a new line item in the General Fund Budget (#001-10-30-582.8212); and,

WHEREAS, the Town desires to transfer the \$35,000 budget from Australian Pine Tree Removal Special Revenue Fund (#115) to the General Fund Budget #001-10-30-582.8212; and,

WHEREAS, the Town desires to close the 2010 General Obligation (G.O.) Facility Debt Service Fund (#203) through the transfer of \$10,703 residual balance to the Capital or Nonrecurring Fund (#308) to be used toward current or future capital facility improvements; and,

WHEREAS, the Town desires to create the Bayside District Debt Service Fund (#201), to be able to distinctively present the Town's new dependent special districts for Financial Statement reporting and audit purposes; and,

WHEREAS, the Town desires to amend the existing Gulfside District Debt Service Fund (#202), which collects the ad valorem taxes for both districts, to accommodate the change in accounting for the new Bayside District Debt Service Fund (#201); and,

WHEREAS, the Finance Director certifies that sufficient unappropriated balances are available in the above referenced funds to make the required appropriations; and,

WHEREAS, Article V, Section 9 of the Town Charter provides for such a supplemental appropriation.

NOW, THEREFORE, be it resolved by the Town Commission of the Town of Longboat Key, Florida, that:

SECTION 1. The above Whereas clauses are true and correct and are hereby ratified, confirmed and fully incorporated by reference.

SECTION 2. The Adopted Budgets of the designated Funds listed above of the Town of Longboat Key for the fiscal year beginning October 1, 2020, and ending September 30, 2021, as adopted pursuant to Resolution 2020-14 are hereby amended as follows:

General Fund Budget (#001)

Account number	Account Description	Increase (Decrease)
001-10-30-582.8212	Australian Pine Tree Removal Grant	35,000
001-90-22-581-0115	Transfer to Australian Pine Fund	(35,000)

2010 G.O. Facility Debt Fund (#203)

Account number	Account Description	Increase (Decrease)
203-90-80-581.0308	Transfer To Capital Project Fund	<u>10,703</u>
Total Expenses		10,703

Capital or Nonrecurring Fund (#308)

Account number	Account Description	Increase (Decrease)
308-00-00-381.0203	Transfer From G.O. Debt Fund	<u>10,703</u>
Total Revenues		10,703

Existing Gulfside District Debt Service Fund (#202) - Revenues

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New Bayside District Debt Service Fund (#201) - Revenues

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Total Expense		600,089

SECTION 3. If any section, subsection, sentence, clause, or provision of this Resolution is held invalid, the remainder of the Resolution shall not be affected.

SECTION 4. This Resolution shall become effective immediately upon adoption.

Passed, following public hearing, by the Town Commission of the Town of Longboat Key, Florida, on the 13th day of September, 2021.

Kenneth Schneier, Mayor

ATTEST:

Trish Shinkle, Town Clerk



End of Agenda Item