

# FUND ACCOUNTING OVERVIEW

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# BUDGET PREPARATION TIMELINE

## January

- First Quarter Review

## February

- Financial Audit

## March

- Presentation of Annual Progress Report and Citizen Survey Results
- Revise 10 Year Infrastructure Plan

## April

- Presentation of the Year to Date Budget
- Second Quarter Review
- FY 2016 Budget Input Begins for Departments

## May

- Annual Update of the Strategic Action Plan
- Fund Accounting Presentation
- Long Term Financial Planning Presentation



## June

- Revenue Source Presentation
- Property Tax Presentation



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# BUDGET PREPARATION TIMELINE

## July

- General Fund Budget Workshop
- Adopt Maximum Millage Rate
- Proprietary Funds Budget Workshop
- Third Quarter Review

## August

- Special Revenue & Capital Fund Budget Workshop
- Final Proposed Budget Presentation

## September

- Public Hearing to Tentatively Adopt Millage Rate & Budget
- Public Hearing to Adopt Final Millage Rate & Budget

## October – November

- FY 2015 Year End Close-out

## November – December

- End of Year Review
- Citizen's Survey



# PRESENTATION OVERVIEW

- ✓ Regulatory Authorities
- ✓ Fund Accounting
  - What is fund accounting?
  - What is a fund?
  - Classification of funds
- ✓ Revenue Overview
  - Restricted funds
  - Unrestricted funds
  - Future presentation to City Council will provide more detail
- ✓ Tentative Budget Calendar



# REGULATORY AUTHORITIES

- Governmental Accounting Standards Board – GASB
  - Exposure Drafts
  - Statements
  - Technical Bulletins
  - Accounting and Financial Reporting Guidance
- Federal Government
  - Payroll taxes
  - Debt issuance
  - Grant compliance
  - 1099 reporting
  - Yellow Book
- State Government (Statutes, Department of Revenue, Rules of the Auditor General)
  - Truth in Millage (TRIM)
  - Grant compliance
  - Annual reporting requirements



# FUND ACCOUNTING

## What is fund accounting?

Fund accounting is a system for segregating financial resources to ensure and demonstrate **legal compliance** with **restrictions** or other special purposes.

## What is a fund?

A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Funds are divided into various types according to the legal restrictions imposed upon them or by their uses.



# FUND ACCOUNTING

## Fund Types

### ▶ **Governmental**

- General fund
- Special revenue funds
- Capital projects funds
- Debt service funds
- Permanent funds

### ▶ **Proprietary**

- Enterprise funds
- Internal services funds

### ▶ **Fiduciary**

- Trust funds
- Agency funds

## Fund Balance (reserve)

- Excess revenues over expenditures
- Emergencies or one time expenditures
- Not meant to fund continuing operations

## Fund Balance Policy

- General Fund
- Utility Fund
- Other Funds



# FUND CLASSIFICATIONS

- Governmental Funds
  - Primarily supported by taxes
  
- Proprietary Funds
  - Primarily supported by user fees
  
- Trust Funds
  - Not the City's money



# GOVERNMENTAL FUNDS

## ➤ General Fund

- City Council
- Administration
  - City Manager, Communications & Marketing, Purchasing & Contracts Management, Economic Development, City Clerk, Human Resources
- Financial Services
- Community Development
  - Planning, Code Enforcement, Construction Management & Engineering
- Fire & Rescue Services
- Law Enforcement
  - Contract with Sheriff
- Public Works
  - Streets & Drainage, Facilities Maintenance, Parks Facilities
- Parks & Recreation
  - Golf Course and Tennis Center
- Non-Departmental



# GOVERNMENTAL FUNDS

## ➤ Capital Projects Fund

## ➤ Special Revenue Funds

- CDBG Fund
- Police Education Fund
- Police Automation Fund
- Disaster Reserve Fund
- Special Events Fund
- Streets Improvement Fund
- Park Impact Fee Fund
- Fire Impact Fee Fund
- Transportation Impact Fee Fund
- Development Special Projects Fund
- Neighborhood Stabilization Fund
- Old Kings Road Special Assessment Fund
- SR100 Community Redevelopment Fund
- BAC Fund



# PROPRIETARY FUNDS

- Internal Services Funds
  - Fleet Management Fund
  - Health Insurance Fund
  
- Enterprise Funds
  - Information Technology Fund
  - Building Permits Fund
  - Stormwater Management Fund
  - Solid Waste Fund
  - Utility Fund
    - Utility Capital Projects Fund



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# FIDUCIARY FUNDS

## ➤ Trust Funds

- Volunteer Firefighters' Pension Fund
  - Funded by Fire Insurance Premium Taxes
  - Administered by the State



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# FUND ACCOUNTING

The City is prohibited from using funds (revenue) legally restricted for a specific purpose in general operations and must comply with legal and external requirements.

## Some Examples:

- **Small County Surtax**

Capital Projects

- **Utility Revenues**

Operation and Expansion of Utility System

- **Impact Fees**

Infrastructure Capacity Improvements related to Growth

- **Grants**

Specific Programs/Projects



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# RESTRICTED REVENUE SOURCES

## STATE RESTRICTED

### Revenue Source

Fire Insurance Premium Tax

Fuel Tax Refund

Police Automation/Education

Building Permit & Inspection Fees

Local Option Fuel Tax

State Revenue Sharing (b) 24.86%

Tax Increment Revenue (CRA)

Impact Fees

Special Assessments

### Restriction

Volunteer Firefighters pension

Construction & maintenance of roads

Law Enforcement

Applied solely to BPI costs

Transportation expenditures

Transportation expenditures

Per CRA plan

Capacity improvements

Purpose of assessments



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# RESTRICTED REVENUE SOURCES

## OTHER

<b>Type</b>	<b>Restricted by</b>	<b>Use</b>
<b>Water &amp; Sewer Charges</b>	<b>Bond Covenants &amp; City Council</b>	<b>Maintain system &amp; debt service</b>
<b>Small County Surtax</b>	<b>Flagler County Ordinance</b>	<b>Construction &amp; improvement of public facilities, operating expenses etc...</b>
<b>Stormwater Management Fee</b>	<b>Loan Covenants &amp; City Council</b>	<b>Maintain system &amp; debt service</b>
<b>Disaster Reserve</b>	<b>City Council</b>	<b>Costs related to a disaster</b>



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# UNRESTRICTED REVENUE SOURCES

Unrestricted revenue can be used for general purpose and at the discretion of the governing body.

- ✓ Ad Valorem Tax
- ✓ Alcoholic Beverage License
- ✓ Business Tax Receipts (Local Business Tax)
- ✓ Communication Services Tax
- ✓ Natural Gas Franchise Fee
- ✓ Half-Cent Sales Tax
- ✓ Solid Waste Franchise Fee
- ✓ State Revenue Sharing (a) 75.14%
- ✓ *Code Enforcement Red Light*
  - *This revenue source has been allocated by City Council to the Streets Improvement Fund to be used for safety improvements.*
- ✓ *Public Service (Utility) Tax*
  - *This revenue source is currently not in use by the City.*



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# WHAT'S NEXT?

## May

26<sup>th</sup> - Long Term Financial Planning Presentation

## June

9<sup>th</sup> - Revenue Source Presentation

30<sup>th</sup> - Property Tax Primer Presentation

## July

14<sup>th</sup> - Budget Workshop - General Fund

21<sup>st</sup> - Budget Workshop - Adopt Maximum Millage Rate

28<sup>th</sup> - Budget Workshop - Proprietary Funds

## August

11<sup>th</sup> Budget Workshop – Special Revenue Funds & Capital Funds

25<sup>th</sup> - Final Proposed Budget Presentation

## September

Public Hearing to tentatively adopt millage rate and budget

Final Public Hearing to adopt final millage and budget



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