



Lakewood Ranch

Community Development Districts
Homeowners' Associations

ADMINISTRATIVE POLICY

NUMBER: CDD5-2012-03	DATE: September 13, 2012
REVISIONS:	
APPROVED BY/AUTHORITY: Lakewood Ranch Community Development District 5	SIGNATURE:

SUBJECT: **Fund Balance/Reserve Levels**

PURPOSE:

To provide a guideline for establishing reserve levels to promote both fiscal stability and to meet future capital expenditures.

POLICY:

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in order to enhance how fund balance information is reported and improve its decision-usefulness. In essence, the promulgation establishes a hierarchy based largely on the extent to which a government is bound to observe spending constraints that govern how it can use amounts reported in the governmental funds balance sheet.

The classifications of Statement No. 54 are:

1. Non-spendable amount: amounts not in spendable form, e.g., inventory, or are required to be maintained intact.
2. Restricted: amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.
3. Committed: amounts that can be used only for specific purposes determined by a formal action of the government's decision-making authority.
4. Assigned: amounts *intended* to be used by the government for specific purposes.
5. Unassigned: amounts not contained in other classifications and the residual classification for the general fund, which are technically available for any purpose.

Based on the above regulations, CDD5 has agreed to attain and maintain General Reserves at a minimum amount of \$750,000.

LAKEWOOD RANCH CDD5 EXECUTIVE SUMMARY

SUBMIT DATE

September 5, 2012

SUBMITTED BY

Steve Ziellnski

BOARD MEETING DATE

September 13, 2012

ISSUE:

GASB Statement No. 54: Fund Balance Classifications

BACKGROUND:

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in order to enhance how fund balance information is reported and improve its decision-usefulness. In essence, the promulgation establishes a hierarchy based largely on the extent to which a government is bound to observe spending constraints that govern how it can use amounts reported in the governmental funds balance sheet.

The classifications of Statement No. 54 are:

- Nonspendable: amounts not in spendable form, e.g., inventory, or are required to be maintained intact.
- Restricted: amounts that can be spent only for specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.
- Committed: amounts that can be used only for specific purposes determined by a formal action of the government's decision-making authority.
- Assigned: amounts *intended* to be used by the government for specific purposes.
- Unassigned: amounts not contained in other classifications and the residual classification for the general fund, which are technically available for any purpose.

BUDGET IMPACT:

n/a

APPROVALS:

Submitters Approval

SHZ

Manager Approval

SHZ

Attorney Approval

Finance Approval

RECOMMENDATION:

That the Board approves the recommended fund balance classification as per the attached document provided by the CFO in compliance with GASB Statement No. 54.

MOTION:

AS

MADE

MC

SECOND

15-0
Approved
Denied

CDD5
FUND BALANCES
GASB, STATEMENT NO. 54
CLASSIFICATION RECOMMENDATIONS

Fund Balance as of August 31, 2012		<u>\$ 951,934</u>
Audit: 9/30/2011	\$ 674,902	
FY2012 Utilization	\$ (218,600)	
FY2012 Appropriation Transfers to Road Reserves	\$ 77,000	
Current Year Results of Operations	\$ 418,633	
 Non-spendable:		
Cannot be converted into cash, e.g., Inventory, prepaid expenses	<u>\$ 4,771</u>	\$ 4,771
 Restricted:		
Pertains to restrictions set forth by constitution or legislation.	<u>\$ -</u>	\$ -
 Committed:		
Can be used only for specific purposes as determined by the Board.		
Road Reserves	\$ 232	
Infrastructure Reserves	\$ -	
Maintenance Facility	\$ 14,204	
Irrigation Study	<u>\$ 2,250</u>	\$ 16,686
 Assigned:		
To be used for specific purposes but is not restricted or committed.	<u>\$ 79,204</u>	\$ 79,204
 Unassigned:		
Residual amount not included in other classifications.	<u>\$ 851,273</u>	\$ 851,273
 Total Classified Fund Balance		<u><u>\$ 951,934</u></u>

Notes:

Restricted:

Committed:

Assigned: Target Balance: \$750,000

Unassigned: \$188,500 used in FY2013; \$161,000 appropriated in FY2013;

Includes unaudited Current Year to Date Results of Operations