



Item No. 16d

AGENDA ITEM REQUEST FORM

Town Manager

Connie Hoffmann

Department Submitting Request

Dept Head's Signature

REGULAR
COMMISSION MTG
Meeting Dates - 7:00 PM

DEADLINE TO
Town Clerk

ROUNDTABLE/
SPECIAL MEETING
Meeting Dates / TIME

DEADLINE TO
Town Clerk
7 Days Prior (noon)

- July 26, 2011 SPECIAL BUDGET 5:30 PM
- July 26, 2011
- Aug 23, 2011
- Sept 12, 2011 1st PUBLIC HEARING
- Sept 13, 2011
- Sept 26, 2011 2nd PUBLIC HEARING
- Sept 27, 2011

- July 15 (5:00 pm)
- July 15 (5:00 pm)
- Aug 12 (5:00 pm)
- Sept 01 (5:00 pm)
- Sept 02 (5:00 pm)
- Sept 15 (5:00 pm)
- Sept 16 (5:00 pm)

- Insert Date/Time

*Subject to Change

- | | | | |
|---------------------------------------|---|--|---------------------------------------|
| <input type="checkbox"/> Presentation | <input type="checkbox"/> Reports | <input type="checkbox"/> Consent | <input type="checkbox"/> Ordinance |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Quasi Judicial | <input checked="" type="checkbox"/> Old Business | <input type="checkbox"/> New Business |

FY2011 DESIGNATED HIGH PRIORITY ITEM
PRIORITY TOPIC:

SUBJECT TITLE: EMERGENCY FUNDS

EXPLANATION: As I explained at the last Commission meeting, funds in the amount of \$2,329,648 are described in the Town's financial records as being unreserved, but designated for emergencies. At the July 26th budget meeting, Commissioner Clottey suggested that the Town Commission take action to restrict those funds so that they can only be used for emergency purposes. Commissioner Vincent asked whether there was any mandate in the Charter regarding a storm emergency reserve.

In researching the answer to Commissioner Vincent's question, I found that there is no such reference in the Charter, but Section 18-70 of the Code of Ordinances established an emergency reserve account that must be maintained in a separate bank account, without any indication of the amount to be placed in that reserve.

The Finance Director verifies that there is a separate bank account for this purpose, but it does not have the full \$2.3 million in it reported in the annual financial report. The code requires that the Commission approve transfers or disbursements from that account, so we recommend the Commission approve a transfer from the general fund account to the emergency account.

The Town's external auditor has advised us that the Government Accounting Standards Board (GASB) has mandated new classifications and descriptive terms for reserves and fund balances which will take effect with the annual financial report for FY 2011. In order to comply with the new GASB directives and accomplish what Commission Clottey has suggested, the Commission needs to take formal action to declare these funds as "committed" to a specific purpose. ("Committed" refers to amounts that can only be used for a specific purpose as determined by formal action of the Commission.)



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If the Commission wishes to commit these funds for specific uses, I think the term "emergency" is too generic. I believe it would be better to designate the funds as committed to the purpose of recovery from a natural disaster declared by the Federal, State of Florida or Broward County governments that covers the Town of Lauderdale-by-the-Sea. Although the funds could be committed by a simple motion of the Commission, the use of a Resolution makes the decision a bit more formal. Obviously, making the designation by Ordinance would be even more formal and would take two separate votes for future Commissions to undo.

With Commission direction on this matter, we can bring it back for formal approval on September 13th.

Other Code Provisions

The Code requires that the Town Commission review the amount of funds in the reserve in conjunction with your approval of the annual budget, so we will place that review on the agenda of the budget hearing in September.

The Code also requires that the Finance Director prepare and present a separate written report on the status of the emergency reserve account at the second Commission meeting of each month. Now that we are aware of that Code requirement, we are now reporting it monthly, beginning with the July financial report elsewhere on this agenda.

EXPECTED OUTCOME: Commission direction on more specific designation of the "emergency" funds and approval of the transfer to the emergency account.

RECOMMENDATION: Approve a transfer of \$333,712.68 from the General Fund Master Account to General Fund Emergency Reserve Account.

EXHIBITS: Section 18-70 of the Code of Ordinances

Reviewed by Town Attorney
 Yes No

Town Manager Initials CH