

## **Fund Analysis**

### **Introduction**

This section is not meant to repeat the analysis and discussion contained within the annual audit, but to offer the reader another layer of information regarding the financial position of BBRD in easy to understand “cash accounting” terms. While the audit contains a comprehensive review of all assets and liabilities, this section only deals with cash and assets easily converted to cash (i.e. bank accounts, SBA accounts, short-term receivables, etc.). While the review of an annual budget’s line-items provides the reader granular detail, unless he/she considers the changing nature of the General Fund on a multi-year basis, changes in fund balance can be obscured.

The reader should note the presentation of financial data within this section is oriented to a three-year perspective (prior, current, and next) and includes beginning and ending fund balance figures as opposed to data contained within the “Budgetary Detail” section of this document. Hence some items such as “Contingency” do not appear in this section in the same format as other sections of this document. “Contingency” budgeted for unforeseen yet anticipated change orders or mid-year projects are grouped under “General Government/Recreation” or “Capital.”

### **Fund Structure**

In the last several years, BBRD had two Governmental Funds: General and Debt Service. The General Fund is the operations fund in which all non-debt service transactions are budgeted and recorded. Correspondingly, major debt-service payments were made from the Debt Service Fund and revenues were received from inter-fund transfers from the General Fund. The Debt Service Fund was closed after the final debt service payment was made in January 2017.

Approved as a part of the FY19 Approved Budget was the creation of a new fund (2018 Bond Projects Fund) and re-activation of the inactive Debt Service Fund. Subsequently, the BOT decided to discontinue the pursuit of long-term financing and thus these two funds have been deactivated and are not a part of the FY20 Approved Budget (and is not detailed in this document). Hence, FY20 Approved Budget only contains the General Fund.

Within the General Fund are nine departments for FY20. Typically, all departments except the R&M/Capital Department are used to account for operating revenues/sources and expenditures/uses. The R&M/Capital Department is used for transparency purposes to list where the majority of “projects” are budgeted and expensed. In rare occasions the BOT will instruct staff to budget and expense a significant R&M/capital project in a different department. Additionally, routine R&M projects (i.e. HVAC replacements, minor roof replacements, equipment repairs, etc.) are expensed within the respective departments’ R&M line-items.

Five of the nine departments approved for FY20 are comprised of personnel who provide varied services to internal customers (i.e. other departments and employees), residents, and visitors. The other four departments historically account for specific functions of interest to the BOT (such as Vehicle Storage, Shopping Center, Stormwater, and R&M/Capital Projects). Although each department is budgeted individually, only the General Fund has a balanced budget requirement per Florida Statutes. Some departments are perceived as generating surplus revenue (such as Administration, Vehicle Storage, and Shopping Center) while the other departments (Resident Relations, Food & Beverage, Golf, Property Services, Stormwater, and R&M/Capital Projects) are perceived as operating based on a subsidy generated

from the revenue producing departments; however, there is no such thing as departmental revenue. All revenues within these departments are “General Fund revenues.” Only the long-standing custom of BBRD to budget revenues across the departments requires revenues to be divided across departments. To view each department as independent is to view the specific functions of each department through cloudy lens that ignore the complexity of a modern public entity and the role internal service departments play in providing service to residents and guests through other departments.

The General Fund Summary provided on the following page is similar to the format used in the FY18 Audit (statement of net position and governmental funds balance sheet, page 08; statement of activities and governmental funds revenue, expenditures, and changes in fund balance on page 09) but adapted to the FY20 Budget line-item format. The fund summary in this section is presented in a cash accounting perspective and is more concise than the 5yrFM&CIP data as presented later in this document. Hence, the reader can opt for a concise overview of the General Fund (FY18 through FY20) within this section, a more detailed and futuristic view found in the 5yrFM&CIP section (FY18-24), or a detailed line-item review (FY18-FY20) found within “Budgetary Detail” section.

