

RESOLUTION NO. 17-08-13

A RESOLUTION OF THE TOWN COMMISSION OF THE TOWN OF LAKE PARK, FLORIDA, AMENDING THE TOWN BUDGET FOR FISCAL YEAR 2012-2013 AS PREVIOUSLY ADOPTED BY RESOLUTION NO. 25-09-12; PROVIDING FOR SEVERABILITY; PROVIDING FOR THE REPEAL OF LAWS IN CONFLICT; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF.

WHEREAS, the Town Commission has previously established the budget for the Town of Lake Park for the fiscal year beginning October 1, 2012 and ending September 30, 2013; and

WHEREAS, at the time of its adoption, the budget properly reflected expected revenues and appropriations; and

WHEREAS, to implement this budget, the Town Commission adopted and levied by Resolution No. 28-09-12 a final millage rate for the Fiscal Year 2012-2013; and

WHEREAS, the Town Commission deems it necessary and advisable to amend the budget for the Town of Lake Park for Fiscal Year 2012-2013, which was adopted by Resolution No. 25-09-12.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COMMISSION OF THE TOWN OF LAKE PARK FLORIDA:

Section 1. An amended final budget of the Town of Lake Park General Fund is hereby approved and adopted as set forth in the attached Budget Adjustment Itemization (Attachment A).

Section 2. The Town Manager is hereby authorized to amend/transfer between departmental accounts provided, however, that total appropriated expenditures by fund do not exceed Commission authorized amounts.

Section 3. If any section, subsection, sentence, clause, phase or portion of the Resolution is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall deemed a separate, distinct and independent provision and such holding shall not affect the validity of the remaining portions thereof.

Section 4. This resolution shall take effect immediately upon adoption.

Attachment A

TOWN OF LAKE PARK

BUDGET ADJUSTMENT

Adjustment No: _____

DEPARTMENT: Finance

DATE: _____

ACCOUNT DESCRIPTION	ACCOUNT NUMBER	Debit	Credit
Transfer to Fund Balance	001-51-589-900-99907	\$ 2,480,000	
Due from Marina	001-131.401		\$ 2,480,000
Transfer to Fund Balance	404-53-534-404-99907	\$ 400,000	
Due from Marina	404-131.401		\$ 400,000
Due to General Fund	401-207001	\$ 2,480,000	
Due to Sanitation	401-207404	\$ 400,000	
Transfer to Fund Balance	401-57-579-800-99907		\$ 2,880,000

TOTAL

\$ 5,760,000	\$ 5,760,000
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Explanation: At September 30, 2012, the Marina Fund owed \$2,480,000 to the General Fund and \$400,000 to the Sanitation Fund. The entry above provides the budget to allow for the Town Manager to direct the forgiveness of Debt for the Marina Fund.

See Resolution No. -08-13

APPROVALS:

Department Head: _____

Date: _____

Finance Director: _____

Date: _____

Town Manager: _____

Date: _____

Commission: _____

Date: _____



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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July 3, 2013

Mr. Blake K. Rane
Finance Director
Town of Lake Park
535 Park Avenue
Lake Park, Fl 33403

Dear Mr. Rane:

This letter is in response to your request that we comment on the advisability and process of the Town's General Fund and Sanitation Fund forgiving the debt owed by the Marina Fund. At September 30, 2012, the Marina fund owed \$2,480,000 to the General Fund and \$400,000 to the Sanitation Fund. Also at September 30, 2012 the Marina Fund had deficit unrestricted net assets of \$2,924,454.

There are no reasons under generally accepted accounting principles or auditing standards that would prohibit the Town from forgiving the debt. Ultimately the final decision to forgive the debt would require the approval of the Town Commission and consultation with the Town's attorney. If approved the General Fund and the Sanitation Fund would record transfers out and the Marina Fund would record a transfer in for the debt forgiveness.

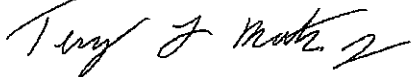
The attached schedules I and II, show what affect the forgiveness would have had on the individual and total funds if it had been done as of September 30, 2012. As shown on this schedule the positive affect on the Marina Fund overshadows the negative effects on the General and Sanitation Funds. The forgiveness of the debt would not have any effect on the unassigned fund balance of the General Fund and the unrestricted net assets of the Sanitation Fund is still positive.

The assets of both the General Fund and Sanitation Fund would decrease by the amount of debt forgiven, but since it is unlikely that the Marina Fund would have sufficient income or cash flows to repay this debt in the near future one could make an argument that the adjusted numbers are a more accurate reflection of the true financial condition of the Town. The adjusted numbers also lead to financial statements that are less complex and are more easily understandable by the average reader. The net assets of the Marina Fund would go from a negative \$2,924,454 to a negative \$44,454, which might help in securing grant funding in the future. In future years, if the Marina Fund operations generate a surplus, the Town could repay the funds through an interfund transfer.

As you are aware, in the 2010 and the 2011 audits the deficit unrestricted net assets in the Marina fund met the criteria of a Condition of a Financial Emergency according to section 218.503(1)(e), Florida Statutes. If this debt had been forgiven in fiscal year 2010 or 2011, the Town would not have met a Condition of a Financial Emergency according to section 218.503(1)(e), Florida Statutes and there would not have been a comment in the management letter concerning this. For fiscal year 2012, the State Legislature changed the definition of Financial Emergency, such that deficit net assets are no longer considered a condition. However, the large deficit in unrestricted net assets is the most significant factor in determining that the Marina Fund is in a deteriorating financial condition as reported in our Management Letter for 2012.

Please let us know if you would like to discuss this in more detail or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry J. Nowlen". The signature is written in a cursive style with a large initial "T".

Nowlen, Holt & Miner, P.A.

Schedule I
 Affect of Debt Forgiveness
 on Individual Funds

	September 30, 2012		
	Actual Balances	Debt Forgiveness	Adjusted Balance
General Fund			
Assets	\$ 3,781,743	(2,480,000)	\$ 1,301,743
Liabilities	\$ 661,011		\$ 661,011
Fund balances			
Nonspendable	3,045,989	(2,480,000)	565,989
Restricted	54,100		54,100
Assigned	-		-
Unassigned	20,643		20,643
Total fund balances	\$ 3,120,732		\$ 640,732
Sanitation Fund			
Assets	\$ 983,183	(400,000)	\$ 583,183
Liabilities	\$ 401,424		\$ 401,424
Net assets			
Investment in capital assets, net of debt	43,406		43,406
Unrestricted	538,353	(400,000)	138,353
Total net assets	\$ 581,759		\$ 181,759
Marina Fund			
Assets	\$ 9,853,627		\$ 9,853,627
Liabilities	\$ 7,893,616	(2,880,000)	\$ 5,013,616
Net assets			
Investment in capital assets, net of debt	4,884,465		4,884,465
Unrestricted	(2,924,454)	2,880,000	(44,454)
Total net assets	\$ 1,960,011		\$ 4,840,011

Schedule II
 Affect of Debt Forgiveness
 on Total Funds

September 30, 2012

	Actual Balances	Debt Forgiveness	Adjusted Balance
<u>Total Governmental Funds</u>			
Assets	\$ 4,648,155	(2,480,000)	\$ 2,168,155
Liabilities	\$ 1,531,715		\$ 1,531,715
Fund balances			
Nonspendable	3,045,989	(2,480,000)	565,989
Restricted	267,633		267,633
Assigned	18,458		18,458
Unassigned	(215,640)		(215,640)
Total fund balances	\$ 3,116,440		\$ 636,440
<u>Total Enterprise Funds</u>			
Assets	\$ 11,872,459	(400,000)	\$ 11,472,459
Liabilities	\$ 8,718,808	(2,880,000)	\$ 5,838,808
Net assets			
Investment in capital assets, net of debt	5,205,987		5,205,987
Restricted	99,592		99,592
Unrestricted	(2,151,928)	2,480,000	328,072
Total net assets	\$ 3,153,651		\$ 5,633,651

The foregoing Resolution was offered by Commissioner O'Rourke, who moved its adoption. The motion was seconded by Vice-Mayor Glas-Castro and upon being put to a roll call vote, the vote was as follows:

	AYE	NAY
MAYOR JAMES DUBOIS	<u>/</u>	—
VICE-MAYOR KIMBERLY GLAS-CASTRO	<u>/</u>	—
COMMISSIONER ERIN FLAHERTY	<u>/</u>	—
COMMISSIONER MICHAEL O'ROURKE	<u>/</u>	—
COMMISSIONER KATHLEEN RAPOZA	<u>/</u>	—

The Town Commission thereupon declared the foregoing Resolution NO. 17-08-13 duly passed and adopted this 7 day of August, 2013.

TOWN OF LAKE PARK, FLORIDA

BY: 
JAMES DUBOIS
MAYOR


ATTEST:


VIVIAN MENDEZ
TOWN CLERK



FLORIDA

Approved as to form and legal sufficiency:

BY: 
THOMAS J. BAIRD
TOWN ATTORNEY