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**Exhibit A****Town of Palm Beach, Florida****Subject Policy: Enterprise Funds - Contingency Reserve****Effective Date: October 1, 2018**

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**Purpose:** The purpose of this policy is to provide for a Contingency Reserve that will be appropriated annually for unanticipated expenditures of a nonrecurring nature and provide a clear guideline restricting the use of the Contingency Reserve within both the Town Docks and Golf Course Enterprise Funds.

**Policy:** It is the policy of the Town of Palm Beach to annually appropriate a Contingency Reserve of 5% of the proposed Town Docks and Golf Course Enterprise Funds operating expense budgets to address unexpected needs that occur throughout the year, subject to the formal affirmative vote of the Town Council. Examples of the use of this reserve may include:

1. Requests that could not be reasonably anticipated during the budget process for the current year and without funding would result in a detriment to the Town and/or the activities of the fund and,
2. Expenses that are offset by unbudgeted revenues that cannot be appropriated in the current year.

All requests will require a detailed justification to be submitted to the Town Manager, including a statement as to why it is in the Town's best interests to provide the requested funding prior to the next budget cycle.

**Responsibility:** It is the responsibility of the Town Manager and/or Finance Director to advise the Town Council when it may be appropriate to draw down this reserve, identifying the need(s) being met and the reason(s) that the expenditures cannot or should not wait until the next budget cycle.

**Approval Date:** September 13, 2018

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**Exhibit B****Town of Palm Beach, Florida****Subject Policy: Town Docks Enterprise Fund - Repair and Replacement Reserve****Effective Date: October 1, 2018**

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**Purpose:** The purpose of this policy is to create a reserve to fund the replacement cost for Town's docks when they reach the end of their useful life. This reserve can also be used for major repairs (\$50,000 or more) to the infrastructure at the docks. The reserve will reduce the need for borrowing funds to finance the expected re-building of the docks.

**Policy:** It is the policy of the Town of Palm Beach to maintain a reserve for funding the repair and replacement costs of the Town Docks. The reserve fund is to be maintained at a rate of 100% accumulated depreciation based upon the estimated replacement cost. Funds will be drawn from this reserve for the repair or construction of new docks whenever it is determined that they must be replaced. The reserve fund will be increased by an annual appropriation equal to the estimated replacement cost depreciation and any interest earned on the reserve will be allocated to the account. The depreciation will be calculated using the straight-line method with an estimated useful life of 30 years as recommended by the engineers.

Maintenance and Improvement fee revenues received throughout the year will be added to the reserve at fiscal year-end.

**Responsibility:** It is the responsibility of the Town Manager and the Finance Director to advise the Town Council as to the adequacy of the funding level of this reserve. The Town Manager and Finance Director will recommend an appropriation of funds from this reserve to the Town Council whenever it is necessary for construction of a replacement dock(s) is to take place.

**Approval Date: September 13, 2018**

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**Exhibit C****Town of Palm Beach, Florida****Subject Policy: Golf Course Enterprise Fund - Equipment Replacement Reserve****Effective Date: October 1, 2018**

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**Purpose:** The purpose of this policy is to create a reserve within the Golf Course Enterprise Fund to fund the replacement cost of existing equipment, vehicles and computers when they reach the end of their useful lives. The reserve will significantly reduce the budgetary fluctuations due to the purchase of large costly pieces of equipment.

**Policy:** It is the policy of the Town of Palm Beach to maintain a reserve for funding the replacement costs of existing equipment, vehicles, and computers within the Golf Course Enterprise Fund when they reach the end of their useful lives. The fund is to be maintained at a rate of 100% of accumulated depreciation based upon the estimated replacement cost of the assets in the fund. Funds will be drawn from this reserve to purchase replacement equipment that has been fully depreciated and must be replaced. New purchases (non replacement items) shall be appropriated in the fund's budget and added to the fixed asset listing when purchased. These assets will then be depreciated annually for replacement upon the end of the asset's useful life. The reserve fund will be increased by an annual appropriation equal to the annual depreciation. Any interest earned on the reserve will be allocated to the account. The annual depreciation amount will be allocated to the fund as an appropriated expense based on the assets held.

The proceeds, net of costs, from the sale of surplus equipment from the Golf Course Enterprise Fund shall be added to the reserve fund.

Requests for replacement of equipment should be made annually through the budget process and should coincide with the estimated useful life of the asset. All requests will be reviewed for approval by the Town Manager.

Excess reserves in the fund that have built up over time may be used to fund new purchases (non replacement items). Distribution of the excess reserves for new purchases shall be a decision of the Town Manager.

**Responsibility:** It is the responsibility of the Town Manager and the Finance Director to advise the Town Council annually through the budget process of the items and dollar amount for each asset that will be purchased from the equipment replacement fund and to advise to the adequacy of the funding level of this reserve.

**Approval Date:** September 13, 2018

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**Exhibit D****Town of Palm Beach, Florida****Subject Policy: Golf Course Enterprise Fund – Repair and Replacement Reserve****Effective Date: September 30, 2018**

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**Purpose:** The purpose of this policy is to create separate reserves within the Golf Course Enterprise Fund to fund the costs of non-routine maintenance and improvement (M&I) projects at the Par 3 Golf Course and Clubhouse. These reserves will significantly reduce the budgetary fluctuations due to the varying costs of these projects.

**Policy:** It is the policy of the Town of Palm Beach to maintain reserves for funding maintenance and improvement projects at the Par 3 Golf Course and clubhouse. Funds will be drawn from these reserves to fund the cost of non-routine maintenance and improvement projects.

The reserve will be originally funded as follows:

The balances of the Golf Course and Golf Course Clubhouse maintenance and improvement reserves as of September 30, 2018, will be transferred into the Golf Course Enterprise Fund Repair and Replacement Reserve.

***Annual Funding of Reserve:***

Revenues collected during the year from the M&I Fee charged for each round of golf will be added to the reserve, plus, a transfer equal to ½ of the annual depreciation on the clubhouse and golf course.

Requests for the use of these reserves should be made annually through the budget process, and approved by the Town Manager prior to Town Council consideration. In such a situation when the use of these reserves may be unexpectedly needed during the fiscal year, approval from the Town Council shall be required.

**Responsibility:** It is the responsibility of the Town Manager and the Director of Finance to advise the Town Council annually through the budget process of the projects and dollar amount of expenses charged to the reserves and to advise to the adequacy of the funding level of these reserves.

**Approval Date:** September 13, 2018

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**Exhibit E**

**Town of Palm Beach, Florida**

**Subject Policy: Town Docks Enterprise Fund Unrestricted Net Position**

**Effective Date: October 1, 2018**

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**Purpose:** The purpose of this policy is to establish an appropriate level of unrestricted net position in the Town Dock Enterprise Fund. Adequate levels of net position will provide for unanticipated financial impacts as well as provide for one-time expenditures to improve the facilities.

**Policy:** It is the policy of the Town of Palm Beach that the Town maintain minimum unrestricted net position levels equal to 25% of the proposed budgeted revenues in the Town Dock Enterprise Fund. The percentage represents three months of revenue.

**Responsibility:** It is the responsibility of the Town Manager and the Finance Director to implement this policy. The Town Manager will report regarding the status of the net position in the annual budget and/or in the Comprehensive Annual Financial Report.

**Approval Date:** September 13, 2018