
Town of Palm Beach, Florida**Subject Policy: Town Marina Enterprise Fund – Depreciation Replacement Reserve****Effective Date: October 1, 2021**

Purpose: The purpose of this policy is to create a reserve to partially fund the replacement cost for Town's marina when it reaches the end of its useful life. The reserve will reduce the amount needed for borrowing funds to finance the future reconstruction of the marina.

Policy: It is the policy of the Town of Palm Beach to maintain a reserve for partial funding the replacement cost of the Town Marina. The reserve fund is to be maintained at a rate of 100% accumulated depreciation based upon the cost of construction for the marina built in 2021. Funds will be drawn from this reserve for the construction of new docks whenever it is determined that they must be replaced or are in need of significant repairs. The reserve fund will be increased by an annual appropriation equal to the estimated 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. This reserve will accrue interest on the average balance in the fund. The Town Council must approve the used of these funds. If funds are used from this reserve, it should be replenished to the minimum level as soon as practical.

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: