

RESOLUTION 2008-11

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LAKE WALES ESTABLISHING RULES FOR ADMINISTRATION AND USE OF THE FUNDS DEPOSITED IN THE GENERAL FUND'S TAX ANTICIPATION ACCOUNT.

Whereas, during the fiscal year ended September 30, 2007, land owned by the City and held within the Community Redevelopment Fund was sold to a developer; and

Whereas, proceeds from the sale of this land were \$3,500,000 and realized gains were \$1,963,070; and

Whereas, such gains are not restricted revenues of the CRA Fund and may be used for any city purpose; and

Whereas, the City Commission designated through the budgetary process that \$1,000,000 of the realized gains would be used for the future construction of a municipal swimming pool and such funds were deposited in an investment account which realized \$31,974.34 in interest earnings through June 30, 2008; and

Whereas, operating a municipal swimming pool is not feasible in the near future due to the severity of property tax reform and the decline of the national economy, both of which adversely affect the City's ability to fund critical public services; and

Whereas, it has been strongly recommended by the City's auditors that the General Fund balance should be increased to an amount equal to 15%-20% of the total operating budget for the purpose of 1) providing adequate financial resources for responding to emergencies; 2) covering non-discretionary expenses such as payroll and insurance premiums that must be paid during the early part of the fiscal year before ad valorem revenues are received; and 3) advancing the costs for construction of grant-funded projects prior to reimbursement from grant sources; and

Whereas, at September 30, 2007, the total fund balance of the General Fund was \$876,741 or 7.7% of the total operating budget for fiscal year 2007-2008; and

Whereas, based on the City's projected financial position for fiscal year ending September 30, 2008, it will be necessary to obtain a Tax Anticipation Note for fiscal year 2008-2009 to provide funding for operating expenses from October 1, 2008 through December 31, 2008 thereby incurring issuance costs in excess of \$25,000 in addition to interest expense; and

Whereas, the City Commission and CRA Board of Commissioners on July 1, 2008 approved the transfer of the above described investment account from the CRA Fund to the General Fund to be set aside in a Tax Anticipation Account for the purpose of providing the funds necessary to cover the City's cash needs during the first quarter of each fiscal year; and

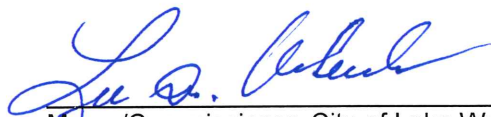
Whereas, said transfer was approved with the stipulation that the account shall be used only for the purposes stated above and shall be made whole by September 30 of every fiscal year so that it may in the future be used to fund a municipal swimming pool; and

Whereas, it is desirable that the City Commission formally adopt such stipulations to ensure the proper administration and use of the Tax Anticipation Account;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LAKE WALES, POLK COUNTY, FLORIDA that the following restrictions and requirements for the Tax Anticipation Account are hereby approved and adopted:

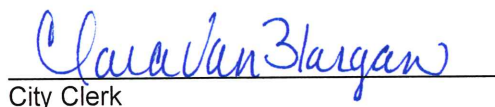
1. The General Fund Tax Anticipation Account may be used only for the following purposes:
 - (a) To advance the funds necessary to pay for non-discretionary expenses such as payroll and insurance premiums that must be paid during the first quarter of the fiscal year and that will be reimbursed when ad valorem revenues are received; and
 - (b) To advance the funds necessary to pay for construction of grant-funded projects that will be reimbursed by federal or state agencies; and
 - (c) To advance financial resources necessary for responding to emergencies that will be reimbursed by insurance proceeds or grants from FEMA or other federal or state agencies.
2. Funds withdrawn from the General Fund Tax Anticipation Account for the purpose stated in paragraph 1(a) shall be replaced as soon as ad valorem tax revenues are received by the City.
3. Funds shall not be withdrawn from the General Fund Tax Anticipation Account for the purpose stated in paragraph 1(b) unless no other advance funding source exists. Funds withdrawn for this purpose shall be replaced as soon as grant funds are received by the City, and funds may not be withdrawn for this purpose unless sufficient time remains for receipt of grant funds prior to September 30.
4. Funds shall not be withdrawn from the General Fund Tax Anticipation Account for the purpose stated in paragraph 1(c) unless no other funds exist for responding to emergencies. Funds withdrawn for this purpose shall be replaced as soon as insurance proceeds or grant funds are received by the City. In the event that insufficient insurance proceeds or grant funds are received to repay all the funds spent for emergency purposes, the difference shall be repaid by ad valorem tax revenues.
5. The General Fund Tax Anticipation Account shall contain a principal balance of \$1,000,000 at September 30 of every year except as provided in paragraphs 6 and 7 herein.
6. In the event that funds have been withdrawn for the purpose stated in paragraph 1(c), the balance may be less than \$1,000,000 at September 30 provided that funds shall be replaced as soon as insurance proceeds or grant funds are received by the City.
7. When the City Commission approves the construction of a municipal swimming pool, the Tax Anticipation Account shall be closed and the balance used for such construction.
8. The \$1,000,000 balance in the General Fund Tax Anticipation Account shall be characterized as a designated unreserved fund balance that requires maintenance of the principal balance.
9. Interest earned by the General Fund Tax Anticipation Account ~~may be used to fund the purchase of capital equipment and vehicles with the approval of the City Commission~~ shall be retained in the account and used to fund expenses related to the construction and/or operation of a municipal swimming pool. [paragraph 9 amended by separate motion of the City Commission prior to passage of resolution]

THIS RESOLUTION INTRODUCED AND PASSED by the City Commission of the City of Lake Wales, Polk County, Florida at its regular meeting on July 15, 2008.



Mayor/Commissioner, City of Lake Wales

ATTEST:



City Clerk