

# MAYOR AND COMMISSIONERS OF THE TOWN OF PERRYVILLE

## RESOLUTION NO. 2018 - 12

**A RESOLUTION OF THE MAYOR AND COMMISSIONERS OF THE TOWN OF PERRYVILLE TO FORGIVE, RETROACTIVELY TO JUNE 30, 2018, REPAYMENT OF THE UNPAID BALANCE OF A CERTAIN \$600,000 LOAN FROM THE TOWN SEWER FUND'S UNRESTRICTED NET POSITION TO THE TOWN WATER FUND'S UNRESTRICTED NET POSITION; AND MATTERS GENERALLY RELATED UNRESTRICTED NET POSITIONS IN THE TOWN'S WATER AND SEWER FUNDS.**

EXPLANATORY STATEMENT: Pursuant to Resolution 2014-05 the Mayor and Commissioners established a Fund Balance Policy for the Town of Perryville to implement the requirements of Government Accounting Standards Board Statement 54 for governmental fund balance reporting. In order to raise the Town Water Fund's unrestricted net position to be in compliance with the minimum required by the Fund Balance Policy the Mayor and Commissioners, by Resolution 2017-05, authorized the transfer of \$600,000 from the Sewer Fund's unrestricted net position to the Water Fund's unrestricted net position, subject to the repayment terms set forth in that Resolution. One payment in the amount of \$10,000 has been made from the Water Fund to the Sewer Fund pursuant to the repayment terms. Despite and because of the debt created by the loan, the Water Fund's unrestricted net position will not be restored to the minimum level required by the Fund Balance Policy for many years. Therefore, the Mayor and Commissioners have determined that, in order to promptly restore the Water Fund's unrestricted net position to the Fund Balance Policy's required minimum level, it is in the public interest to waive and forgive the Water Fund's repayment of the balance of the loan to the Sewer Fund, retroactively to June 30, 2018. Even with the forgiveness of the loan repayment, the Sewer Fund's unrestricted net position will remain above the Fund Balance Policy's required minimum level.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Commissioners of the Town of Perryville hereby authorize the forgiveness, and waive repayment, of the balance of the \$600,000 loan from the unrestricted net position of the Town's Sewer Fund to the unrestricted net position of the Town's Water Fund as authorized by Resolution 2017-05, retroactive to June 30, 2018.

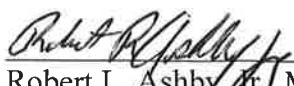
AND BE IT FURTHER RESOLVED, that this Resolution shall take effect immediately upon its passage.

READ AND PASSED THIS 21<sup>st</sup> day of August, 2018.

ATTEST:

MAYOR AND COMMISSIONERS OF  
THE TOWN OF PERRYVILLE

  
\_\_\_\_\_  
Jackie Sample, Town Clerk

  
\_\_\_\_\_  
Robert L. Ashby, Jr., Mayor