

**CITY OF WASILLA  
ORDINANCE SERIAL NO. 10-18**

**AN ORDINANCE OF THE WASILLA CITY COUNCIL AMENDING WMC 5.04.025, STABILIZATION OF FUNDS, BY INCREASING THE MINIMUM UNRESTRICTED PERCENTAGE REQUIRED FOR THE ENTERPRISE FUNDS AND UPDATING THE CODE TO REFLECT CURRENT ACCOUNTING LAW.**

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**Section 1. Classification.** This ordinance is of a general and permanent nature and shall become part of the city code.

**Section 2. Amendment of section.** WMC 5.04.025, Stabilization of funds, is hereby amended to read as follows:

A. It is the policy of the city to maintain the fund balances and [RETAINED EARNINGS] net assets of the various city operating funds at levels sufficient to maintain the city's creditworthiness, and to provide financial resources for unforeseeable emergencies. The purpose of this section is to carry out [THESE POLICIES] this policy first before allowing further designation of unrestricted fund balance or net assets.

B. Definitions. The following words or phrases, when used in this chapter, shall have the meanings set forth in this section:

1. "Maximum [UNDESIGNATED] unrestricted fund balance" means, with respect to any annual budget as amended from time to time, an amount that is equal to sixty (60) percent of the sum of:

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**Bold and underline added.** [CAPS AND BRACKETS, DELETED.]

a. Budgeted general fund operating expenditures, net of any budgeted reimbursement of such expenditures in the current fiscal year, plus

b. The budgeted amount of general obligation debt service, not including general obligation debt service with a dedicated revenue source.

2. "Minimum [UNDESIGNATED] unrestricted fund balance" means, with respect to any annual budget as amended from time to time, an amount that is equal to fifty (50) percent of the sum of:

a. Budgeted general fund operating expenditures, net of any budgeted reimbursement of such expenditures in the current fiscal year, plus

b. The budgeted amount of general obligation debt service, not including general obligation debt service with a dedicated revenue source.

3. "Minimum [RETAINED EARNINGS] net assets" means, for any specified enterprise fund and with respect to any annual budget as amended from time to time, [TWENTY (20)] fifty (50) percent of the amount derived by deducting from the total amount of expenses budgeted for that fund, (i) budgeted expenditures from the fund for debt service and capital projects, and (ii) the budgeted allowance for depreciation for the fund.

**Bold and underline added.** [CAPS AND BRACKETS, DELETED.]

C. General Fund.

1. The annual budget for the general fund that is presented to the council, and all amendments to the annual budget for the general fund that are presented to the council, shall provide for an [UNDESIGNATED] unrestricted general fund balance not less than the minimum [UNDESIGNATED] unrestricted fund balance and not more than the maximum [UNDESIGNATED] unrestricted fund balance.

2. It is the policy of the city not to approve an appropriation from the general fund that would cause the [UNDESIGNATED] unrestricted general fund balance to be less than the minimum [UNDESIGNATED] unrestricted fund balance, except where the appropriation is required for an emergency expenditure or a major capital purchase.

3. It is the policy of the city to appropriate to the capital projects reserve fund any amount in the general fund balance at the end of a fiscal year (as confirmed by the city's annual audit) in excess of the maximum [UNDESIGNATED] unrestricted fund balance for the succeeding fiscal year, unless the annual budget for the succeeding fiscal year provides for the expenditure of that excess during the succeeding fiscal year.

4. If at the end of the fiscal year the [UNDESIGNATED] unrestricted general fund balance (as confirmed by the city's annual audit) is less than the minimum [UNDESIGNATED] unrestricted fund

**Bold and underline added.** [CAPS AND BRACKETS, DELETED.]

balance, the mayor shall submit to the council a plan to cause the [UNDESIGNATED] unrestricted general fund balance to be not less than the minimum [UNDESIGNATED] unrestricted fund balance before the end of the succeeding fiscal year.

D. Enterprise Funds.

1. It is the policy of the city to maintain a positive [RETAINED EARNINGS] net asset balance in each of the enterprise funds to provide sufficient reserves for emergencies and revenue shortfalls.

2. The annual budgets for the sewer and water enterprise funds that are presented to the council, and all amendments to the annual budgets for the sewer and water enterprise funds that are presented to the council, shall provide for an [UNRESERVED RETAINED EARNINGS] unrestricted net asset balance in each fund at least equal to the minimum [RETAINED EARNINGS] unrestricted net assets for that fund.


E. It is the policy of the city not to maintain positive [RETAINED EARNINGS] net asset balances in the internal service funds. The city shall transfer accumulated [RETAINED EARNINGS] unassigned net assets from an internal service fund to other operating funds.

F. It is the policy of the city to maintain a reserve in each of its debt service funds in an amount not less than the sum of all reserve fund balances required by bond ordinances applicable to that fund.


**Bold and underline added.** [CAPS AND BRACKETS, DELETED.]

**Section 3. Effective date.** This ordinance shall take effect upon adoption by the Wasilla City Council.

ADOPTED by the Wasilla City Council on June 14, 2010.

  
VERNE E. RUPRIGHT, Mayor

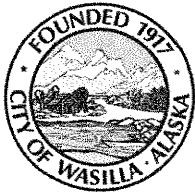
ATTEST:

  
KRISTIE SMITHERS, MMC, City Clerk

[SEAL]

VOTE: Hall, Holler, Katkus, Larson and Woodruff in favor. Harris absent.

**Bold and underline added.** [CAPS AND BRACKETS, DELETED.]



**CITY OF WASILLA  
LEGISLATION STAFF REPORT**

**ORDINANCE SERIAL No. 10-18: AMENDING WMC 5.04.025, STABILIZATION OF FUNDS, BY INCREASING THE MINIMUM UNRESTRICTED PERCENTAGE REQUIRED FOR THE ENTERPRISE FUNDS AND UPDATING THE CODE TO REFLECT CURRENT ACCOUNTING LAW.**

**Agenda of:** May 24, 2010  
**Originator:** Finance Director

**Date:** May 12, 2010

Route to:	Department	Signature/Date
	Chief of Police	
X	Finance Director	<i>[Signature]</i> 5/12/2010
X	Interim Deputy Administrator	<i>[Signature]</i>
X	City Clerk	<i>[Signature]</i>

**REVIEWED BY MAYOR VERNE E. RUPRIGHT:** *[Signature]*

**FISCAL IMPACT:**  yes  no

Funds Available  yes  no

**Account name/number:** N/A

**Attachments:** None

**SUMMARY STATEMENT:**

Governmental Accounting Standards Board (GASB) statement number 54 "Fund Balance Reporting and Governmental Fund Type Definitions" requires implementation for those fiscal years after June 15, 2010. This statement changes how fund balance is presently reported from "Reserved and Unreserved" to new classifications of 1.Nonspendable 2.Restricted 3.Committed 4.Assigned, and 5.Unassigned. Ordinance Serial No. 10-18 corrects the terminology used to reflect current accounting terms as per GASB 54.

With the passage of Ordinance Serial No. 10-17(AM), "Providing for the adoption of the annual budget for FY2011" came the plan to increase the minimum required net assets in the Enterprise Funds (Water Fund, Sewer Fund, Airport Fund, and the Curtis D. Menard Memorial Sports Center Fund) from the currently required 20% to 50% of operational expenses less debt service, capital projects and depreciation (currently not budgeted for as a single line item).

This change would provide an estimated six month reserve to each Enterprise Fund as opposed to the current two month reserve. This reserve could be used for unanticipated circumstances and events (e.g., revenue shortfalls, unanticipated expenditures).

Though the Airport Fund and the Curtis D. Menard Memorial Sports Center Fund receive a large portion of its funding from a General Fund Transfer, it is the opinion of Finance that the minimum net asset requirement be established as it is the City's intent to have each of these funds self sustaining at some point in the future. In the interim, the City may direct the minimum to these funds be lower due to the transfer from the General Fund.

**STAFF RECOMMENDATION:** Approve the adoption of Ordinance Serial No. 10-18.