

**CITY OF WASILLA  
ORDINANCE SERIAL NO. 11-10**

**AN ORDINANCE OF THE WASILLA CITY COUNCIL ADOPTING WMC 5.04.005, DEFINITIONS, AND AMENDING WMC 5.04.025, STABILIZATION OF FUNDS, TO COINCIDE THE POLICY OF FUND BALANCE WITH THE NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 54.**

---

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

**Section 2. Adoption of section.** Adopting WMC 5.04.005, Definitions, to read as follows:

**5.04.005 Definitions.**

**The following words or phrases, when used in this chapter, shall have the meanings set forth in this section. For this chapter only, the definitions required by Governmental Accounting Standards Board Statement 54, are listed in the order of importance:**

**“Nonspendable Fund Balance” means amounts that must be maintained intact legally or contractually.**

**“Restricted Fund Balance” means amounts that are constrained for a specific purpose by external parties, constitutional provision or enabling legislation.**

**“Committed Fund Balance” means amounts that are constrained for a specific purpose by council. The addition, removal or change requires approval from council by ordinance. The action**

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

to constrain resources must occur prior to fiscal year-end; however, the amount can be determined in the subsequent period.

“Assigned Fund Balance”, for all governmental funds other than the general fund, means any remaining positive amounts not classified as nonspendable, restricted or committed. For the general fund, means amounts constrained for the intent to be used for a specific purpose. The Finance Director is given authority to make the determination of Assigned Fund Balance.

“Unassigned Fund Balance”, for the general fund, means amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the general fund, means the amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). To determine a residual deficit, no amount should be reported as assigned.

“Maximum unrestricted fund balance” (sum of committed, assigned and unassigned) 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:

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

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

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

3. Any committed fund balance as determined by the close of the most recent audit fiscal year.

“Minimum 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:

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

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

3. Any committed fund balance as determined by the close of the most recent audit fiscal year.

“Minimum net assets” means, for any specified enterprise fund and with respect to any annual budget as amended from time to time, 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.]

**Section 3. Amendment of section.** Amending WMC 5.04.025, Stabilization of funds, to read as follows:

5.04.025 Stabilization of funds.

A. It is the policy of the city to maintain the fund balances and 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 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 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:

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.

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

2. "MINIMUM 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 NET ASSETS" MEANS, FOR ANY SPECIFIED ENTERPRISE FUND AND WITH RESPECT TO ANY ANNUAL BUDGET AS AMENDED FROM TIME TO TIME, 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.]

[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 unrestricted general fund

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

balance not less than the minimum unrestricted fund balance and not more than the maximum unrestricted fund balance.

2. It is the policy of the city not to approve an appropriation from the general fund that would cause the unrestricted general fund balance to be less than the minimum 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 **add to committed fund** balance [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 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 unrestricted general fund balance (as confirmed by the city's annual audit) is less than the minimum unrestricted fund balance, the mayor shall submit to the council a plan to cause the unrestricted general fund balance to be not less than the minimum unrestricted fund balance before the end of the succeeding fiscal year.

[D]C. Enterprise Funds.

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

1. It is the policy of the city to maintain a positive 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 unrestricted net asset balance in each fund at least equal to the minimum unrestricted net assets for that fund.

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

[F]E. It is the policy of the city to add to restricted fund balance [MAINTAIN A RESERVE] in each of its debt service funds [IN] an amount not less than the sum of all restricted [RESERVE] fund balances required by bond ordinances applicable to that fund.

**Section 4. Effective date.** This ordinance shall take effect upon adoption by the Wasilla City Council.

ADOPTED by the Wasilla City Council on February 14, 2011.

  
VERNE E. RUPRIGHT, Mayor

ATTEST:

  
KRISTIE SMITHERS, MMC, City Clerk

[SEAL]

VOTE: Harris, Holler, Katkus, Menard, Sullivan-Leonard and Woodruff in favor.

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



**CITY OF WASILLA  
LEGISLATION STAFF REPORT**

**Ordinance Serial No. 11-10: ADOPTING WMC 5.04.005, DEFINITIONS, AND AMENDING WMC 5.04.025, STABILIZATION OF FUNDS, TO COINCIDE THE POLICY OF FUND BALANCE WITH THE NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 54.**

**Agenda of:** January 24, 2011  
**Originator:** Finance Director

**Date:** January 10, 2011

Route to:	Department	Signature/Date
X	Finance Director	<i>[Signature]</i> 1/10/11
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:**

Effective for Fiscal Year 2011, the City of Wasilla must comply with Governmental Accounting Standards Board (GASB) Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions".

GASB54 is designed to improve the usefulness of fund balance information, but prior to implementation of the new standard, the City of Wasilla must adopt or amend code sections and policies related to:

- committed and assigned funds,
- stabilization funds,
- order of spending resources,
- desired level of fund balance, and
- review of fund classification.

Ordinance Serial No. 11-10 amends the definitions of fund balance in the General Fund, Special Revenue Funds, Capital Project Funds, Permanent Fund and Debt Service Funds to include nonspendable, restricted, committed, assigned and unassigned fund balance. It further provides for funds that in prior years would have been transferred to the Capital Reserve Fund would now be deemed added to Committed Fund Balance. Funds that would have normally been classified as designated unreserved fund balance



are now, for the most part deemed Assigned as to be determined by authority granted to the Finance Director.

Although the City's fund balance policies (i.e., 60% maximum fund balance and 50% minimum fund balance) have not changed, the terminology has. The maximum and minimum fund balance includes the fund balance classifications of committed, assigned and unassigned.

The enterprise fund's net asset classifications have not changed with the onset of GASB54, thus the minimum 50% rule and definitions remain the same.

**STAFF RECOMMENDATION:** Approve the adoption of Ordinance Serial No. 11-10.