

Submitted by: Chairman of the Assembly at the
Request of the May
Prepared by: Office of Management and
Budget
For Reading: June 8, 2004

CLERK'S OFFICE

APPROVED

Date: 7-6-04 ANCHORAGE, ALASKA
AR No. 2004- 153

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING THREE MILLION EIGHT HUNDRED FIFTY NINE THOUSAND SEVEN HUNDRED FORTY SIX DOLLARS (\$3,859,746) OF UNRESTRICTED NET ASSETS AS A CONTRIBUTION FROM THE EQUIPMENT MAINTENANCE FUND (601) TO THE AREAWIDE GENERAL FUND (101) TAXES AND RESERVES FOR SIXTY FOUR THOUSAND SIX HUNDRED EIGHT DOLLARS (\$64,608), THE ANCHORAGE FIRE SA FUND (131) TAXES AND RESERVES FOR ONE MILLION THREE HUNDRED FIFTY NINE THOUSAND SEVEN HUNDRED TWENTY TWO DOLLARS (\$1,359,722) AND THE ANCHORAGE METROPOLITAN POLICE SA FUND (151) TAXES AND RESERVES FOR TWO MILLION FOUR HUNDRED THIRTY FIVE THOUSAND FOUR HUNDRED SIXTEEN (\$2,435,416) TO IMPLEMENT WITH THE MUNICIPALITY OF ANCHORAGE FUND BALANCE DESIGNATION POLICY.

THE ANCHORAGE ASSEMBLY RESOLVES:

Section 1. That the sum of \$64,608 is appropriated from the Equipment Maintenance Fund (Fund 601) Unrestricted Net Assets as a contribution to the Areawide General Fund (101) Taxes and Reserves to implement the Municipality of Anchorage Fund Balance Designation Policy.

Section 2. That the sum of \$1,359,722 is appropriated from the Equipment Maintenance Fund (Fund 601) Unrestricted Net Assets as a contribution to the Anchorage Fire SA Fund (131) Taxes and Reserves to implement the Municipality of Anchorage Fund Balance Designation Policy.

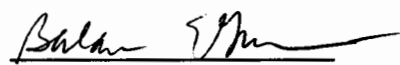
Section 3. That the sum of \$2,435,416 is appropriated from the Equipment Maintenance Fund (Fund 601) Unrestricted Net Assets as a contribution to the Anchorage Metropolitan Police SA Fund (151) Taxes and Reserves to implement the Municipality of Anchorage Fund Balance Designation Policy.

Section 4. This resolution shall take effect immediately upon passage and approval by the Anchorage Municipal Assembly.

PASSED and APPROVED by the Assembly this 6th day of July, 2004.


Chair

ATTEST:


Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 478 -2004

Meeting Date: June 8, 2004

From: Mayor

Subject: AR 2004-153, appropriating \$3,859,746 from unrestricted net assets of the Equipment Maintenance Fund to the Areawide General Fund (\$64,608), Anchorage Fire SA Fund (\$1,359,722) and the Anchorage Metropolitan Police SA Fund (\$2,435,416) to implement the Municipality of Anchorage Unreserved Fund Balance Designation Policy.

The Municipality's unreserved Fund Balance Designation Policy was established to help support the Municipality's bond rating, mitigate current and future risks associated with revenue shortfalls and unanticipated expenditures, help ensure stable tax rates and establish a level of predictability necessary to facilitate effective long-range fiscal planning.

The Bond Rating Designation of 8.25% was first implemented in March of 2002 through a Memorandum of Agreement between the school district and general government. As of the 2004 first quarter budget revision, fund balance levels were adequate to meet the Bond Rating Designation requirement. However, three of the Municipality's five major general funds have insufficient fund balance to comply with the policy requirement for a 2.5% Operating Emergency Designation. Those funds are presented in more detail below. Compliance with the policy for those funds not covered by the 2.5% Operating Emergency Designation will be addressed as part of the annual budget process on an exception basis after input can be received from the appropriate advisory boards.

The following table shows the designated unreserved balances required by policy based on actual 2003 revenues, compared to actual unreserved fund balance levels as of December 31, 2003 for the five major general funds:

FUND	12/31/03 FUND BALANCES	2003 ACTUAL REVENUES	DESIGNATIONS		SURPLUS/ SHORTAGE)
			8.25% BOND RATING	2.5% OPERATING EMERGENCY	
Areawide General 101	9,258,120	86,723,049	7,154,652	2,168,076	(64,608)
Anchorage Fire SA 131	2,340,428	34,419,995	2,839,650	860,500	(1,359,722)
Anchorage Roads & Drainage SA 141	6,197,769	52,336,921	4,317,796	1,308,423	571,550
Anchorage Metro Police SA 151	3,334,356	53,672,286	4,427,964	1,341,807	(2,435,416)
Anchorage Parks & Rec SA 161	1,618,101	14,629,776	1,206,957	365,744	45,401
Total	22,748,774	241,782,027	19,947,019	6,044,550	(3,242,795)

The table indicates a shortfall in the Areawide General, Anchorage Fire SA and Anchorage Metropolitan Police SA Funds of \$64,608, \$1,359,722 and \$2,435,416 respectively. In order to be in compliance with the Fund Balance Policy, a contribution from available net assets of the Equipment Maintenance Fund is proposed to make up the shortages. The fund balances of the five major funds and of almost all other municipal funds are legally restricted for use within the fund. The Equipment Maintenance Fund, an internal service fund, was identified as the source of this interfund transfer when this fund balance policy was first discussed with the assembly during the administration's November 2003 fund balance presentation. At present, it is the only municipal fund with sufficient available net assets and the legal ability to make the interfund transfer. Although this resolution uses a one time source to establish the unreserved fund balance designation called for by the policy, it is the Administration's intent to manage future budgets so that planned revenues and expenditures produce ongoing compliance with fund balance policy within each fund.

The budget detail of the appropriation is presented for information as follows:

<u>Revenues</u>	<u>Account</u>	<u>Amount</u>
601-0770	Unrestricted Net Assets	\$ 3,859,746
101-9250-9601	Contributions from Other Funds	64,608
131-6256-9601	Contributions from Other Funds	1,359,722
151-9258-9601	Contributions from Other Funds	2,435,416

<u>Expenditures</u>	<u>Account</u>	<u>Amount</u>
601-1636-3901	Contributions to Other Funds	\$ 3,859,746

THE ADMINISTRATION RECOMMENDS APPROVAL OF RESOLUTION 2004-153 APPROPRIATING \$3,859,746 AS A CONTRIBUTION FROM UNRESTRICTED NET ASSETS OF THE EQUIPMENT MAINTENANCE FUND (FUND 601) TO THE AREAWIDE GENERAL FUND (FUND 101)(\$64,608), ANCHORAGE FIRE SA FUND (FUND 131)(\$1,359,722) AND ANCHORAGE METROPOLITAN POLICE SA FUND (FUND 151)(\$2,435,416) TO IMPLEMENT MUNICIPALITY OF ANCHORAGE FUND BALANCE DESIGNATION POLICY.

Prepared By: Diana Percy, CPA, Director, Office of Management and Budget

Concurrence: Jeffrey E. Sinz, Chief Fiscal Officer

Fund Certification: Jeffrey E. Sinz, Chief Fiscal Officer

601-770 \$3,859,746

(Unrestricted Net Assets)

Concurrence: Denis C. LeBlanc, Municipal Manager

Respectfully Submitted: Mark Begich, Mayor

Content Information**Content ID :** 001869**Type:** AR_FundsApprop - Funds Approp Resolution**Title:** Appropriating \$3,859,746 Unrestricted Net Assets to Implement
Unreserved Fund Balance Designation Policy**Author:** alanodr**Initiating Dept:** OMB**Date Prepared:** 6/3/04 9:52 AM**Director Name:** Diana Percy, CPA**Assembly Meeting**
Date MM/DD/YY: 06/08/04**Public Hearing Date**
MM/DD/YY: 06/22/04

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2004 JUN -4 PM 9:36
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COUNCIL OFFICE

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
FundsAppropWorkflow	6/3/04 10:05 AM	Checkin	alanodr	Public	001869
OMB_SubWorkflow	6/3/04 10:14 AM	Approve	lohrra	Public	001869
OMB_SubWorkflow	6/3/04 10:17 AM	Approve	lohrra	Public	001869
Finance_SubWorkflow	6/3/04 11:28 AM	Approve	sinzje	Public	001869
MuniManager_SubWorkflow	6/3/04 4:47 PM	Approve	leblancdc	Public	001869
MuniMgrCoord_SubWorkflow	6/3/04 4:56 PM	Approve	katkusja	Public	001869

ADDENDUM – CONSENT AGENDA-INTRODUCTION