

Introduced by:
Date:
Action:
Vote:

Mayor
03/12/02
Adopted
8 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH
RESOLUTION 2002-029**

**A RESOLUTION APPROVING THE BOROUGH INTEREST EARNINGS
ALLOCATION POLICY AND RETROACTIVELY ALLOCATING INTEREST
EARNINGS TO FUND 241, THE SCHOOL FUND, FOR FISCAL YEARS 1999, 2000
AND 2001**

- WHEREAS,** the Governmental Accounting Standards Board Statement Number 31 (GASB 31) established certain requirements for governmental entities that utilize investment pools; and
- WHEREAS,** the borough utilizes an internal investment pool and is subject to these requirements; and
- WHEREAS,** GASB 31 provides that the interest earnings of a fund or service area participating in an internal investment pool may be recorded and retained in the general fund only when there is a legal or contractual basis to do so; and
- WHEREAS,** it has been the historical practice of the borough to retain and record such interest in the General Fund as compensation for services provided by the General Fund; and
- WHEREAS,** the assembly adopted Resolution 98-037 on May 19, 1998 which formally established the borough's policy regarding the allocation of interest earnings from the borough's central investment pool; and
- WHEREAS,** Section 3 of Resolution 98-037 provided that the general fund would retain all interest earnings associated with school district operating funds because of a statutory provision that required the borough treat interest earnings as part of the "local contribution" to schools; and
- WHEREAS,** the passage of SB36 during the 1998 legislative session changed the definition of "local contribution" to schools so that interest earnings on school operating funds can now be allocated to the district without impacting the amount of the local contribution; and
- WHEREAS,** a review conducted by the Finance Department indicates that several funds that now exist were not addressed in resolution 98-037 and need to be added to the borough' interest income allocation policy; and

WHEREAS, it has also been the historical practice of the borough to retain and record such interest in the General Fund when a fund otherwise entitled to record the interest earnings derives all of its revenue in the form of transfers from the General Fund, or when state statutes require that the amount of the transfer from the General Fund be reduced by the amount of the interest earnings otherwise allocated.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That interest earned from the equity in the borough's internal investment pool owned by the following funds/service areas shall be retained by the General Fund as compensation for intragovernmental services provided by the General Fund:

Fund Number and Description

206	Nikiski Fire Service Area
207	Bear Creek Fire Service Area
209	Anchor Point Fire & Emergency Medical Service Area
211	Central Emergency Service Area
212	Kachemak Emergency Service Area
220	Central Peninsula Emergency Medical Service Area
225	North Peninsula Recreation Service Area
236	KPB Road Service Area
242	Post Secondary Education Fund
243	Tobacco Tax
250	Land Trust Fund
251	Kenai River Fund
260	Disaster Relief Fund
262	Environmental Protection Fund
275	Community and economic Development
280	Nikiski Senior Service Area

SECTION 2. That interest earned from the equity in the borough's internal investment pool owned by the following funds or service areas shall be retained and recorded in the General Fund because these funds derive all of their revenue in the form of transfers from the General Fund:

Fund Number and Description

265	Underground Storage Tanks
400	School Capital Projects Fund
407	General Government Capital Projects Fund
411	Solid Waste Capital Projects Fund

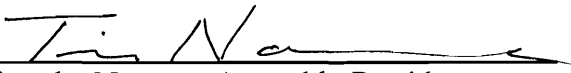
SECTION 3. That interest earned from the equity in the borough's internal investment pool owned by Fund 241, School Fund, shall be allocated back to that fund net of the estimated value of services provided by the General Fund. The value of services provided by the General Fund shall be set at \$290,000 annually for the base year 2001. The value of services will be discounted or increased at a rate of 3% per year for each year preceding or following the 2001 base year. Upon adoption of this ordinance, the borough shall make a one-time retroactive allocation of interest earnings to Fund 241, School Fund, for fiscal years 1999, 2000 and 2001 in the following amounts:

<u>Fiscal Year</u>	<u>Amount</u>
1999	\$269,201
2000	\$289,929
2001	\$818,404

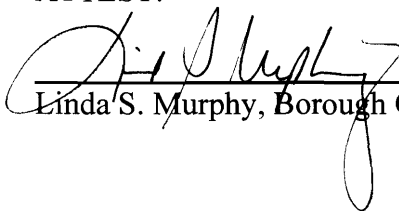
SECTION 4. That interest earned from the equity in the borough's internal investment pool owned by all other funds or service areas shall be recorded as interest income in those funds or service areas.

SECTION 5. Except as additionally provided in Section 3 of this Resolution, this resolution shall be applied to all interest earned by the Kenai Peninsula Borough internal investment pool after June 30, 2001.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 12TH DAY OF MARCH, 2002.


Timothy Navarre, Assembly President

ATTEST:


Linda S. Murphy, Borough Clerk

