

1 By: Bryce J. Ward, Mayor
2 Aaron Lojewski
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4 Introduced: 03/11/2021
5 Advanced: 03/11/2021
6 Amended: 03/25/2021
7 Adopted: 03/25/2021
8

9 FAIRBANKS NORTH STAR BOROUGH

10 ORDINANCE NO. 2021 – 14

11
12 AN ORDINANCE RENAMING AND REDEFINING THE FACILITIES MAINTENANCE
13 RESERVE ESTABLISHED IN ORDINANCE NO. 99-016 TO THE CAPITAL IMPROVEMENT
14 PROGRAM AND MAINTENANCE RESERVE BY AMENDING FNSBC TITLE 7 TO ADD
15 DEFINITIONS OF FUND AND RESERVE ACCOUNT, ADDING NEW SECTIONS TO
16 ESTABLISH RESERVE ACCOUNTS INCLUDING THE CAPITAL IMPROVEMENT PROGRAM
17 AND MAINTENANCE RESERVE ACCOUNT, PROVIDING FOR A GENERAL FUND
18 TRANSFER TO THE CAPITAL IMPROVEMENT PROGRAM AND MAINTENANCE RESERVE,
19 REQUIRING A CONTRIBUTION TO THE CAPITAL IMPROVEMENT PROGRAM AND
20 MAINTENANCE RESERVE IN THE MAYOR'S PROPOSED BUDGET, AND MAKING OTHER
21 RELATED CHANGES; AND, RECOMPUTING AND ADJUSTING THE FEBRUARY 2021
22 TRANSFERS OF THE FISCAL YEAR 2019-20 "NET GENERAL FUND LAPSE"
23

24
25 WHEREAS, The Capital Improvement Program (CIP) was redefined by the
26 Assembly with Ordinance No. 2019-35; and
27

28 WHEREAS, Ordinance No. 99-016 established the Facilities Maintenance
29 Reserve Fund (FMR); and
30

31 WHEREAS, Over time, the use of the FMR has changed to now be the
32 primary mechanism to fund the CIP which includes such things as major maintenance,
33 renovation or rehabilitation, expansion, demolition, and new construction; and
34

35 WHEREAS, It is the intent of this ordinance to rename the FMR, to establish
36 it in Fairbanks North Star Borough (Borough) Code, and to change its purpose so that it
37 can be used for all types of major facility needs related to the capital improvement
38 program, including new construction projects; and
39

40 WHEREAS, The primary funding mechanism of the CIP is the FMR; and

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT
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41 WHEREAS, The Borough Assembly created a mandatory funding
42 mechanism for the FMR with Ordinance No. 2018-46 by requiring the mayor to propose
43 a budget with seven percent of current areawide tax revenue being contributed to the
44 FMR; and

45
46 WHEREAS, The Assembly increased the FMR contribution requirement
47 amount from seven percent to nine percent of current areawide taxes with Ordinance
48 No. 2019-48; and

49
50 WHEREAS, Ordinance No. 2005-72 first provided for prescribed, yet
51 sporadic, contributions from the general fund to the FMR, amended by Ordinance
52 No. 2012-01 and now codified at FNSBC 7.04.120(A); and

53
54 WHEREAS, FNSBC 7.04.120(A) provides for a transfer from the general fund
55 to the FMR from a portion of the Code-defined "net general fund lapse," if any; and

56
57 WHEREAS, Annual budgeting for major facility needs is a more advisable
58 mechanism to fund these needs rather than relying on a general fund lapse; and

59
60 WHEREAS, If at the close of the fiscal year, funds remain unspent, investing
61 them into a sustainable capital improvement program can be considered prudent; and

62
63 WHEREAS, Excess funds above the requirements of the CIP could be used
64 to lower taxes, cover revenue shortfalls, or stabilize Borough finances; and

65
66 WHEREAS, The code-defined "net general fund lapse" is calculated using a
67 budgetary basis which does not correspond to the GAAP-basis change in the general
68 fund's unassigned fund balance; and

69
70 WHEREAS, Consequently, it is sensible to remove the use of a budgetary
71 lapse and to instead use only the change in GAAP-basis unassigned fund balance to
72 determine any transfer to the capital improvement program and maintenance reserve
73 based on the results of the prior fiscal year.

74
75 NOW, THEREFORE, BE IT ORDAINED by the Assembly of the Fairbanks
76 North Star Borough:

77
78 Section 1. Sections 3 through 8 of this ordinance are of a general and
79 permanent nature and shall be codified. Sections 1, 2, 9, and 10 of this ordinance are
80 not of a general and permanent nature and shall not be codified.

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81 Section 2. The facilities maintenance reserve fund as established by
82 Ordinance No. 99-016 is dissolved, and the facilities maintenance reserve fund is
83 reestablished as the capital improvement program and maintenance reserve (CIPMR) as
84 set forth in this ordinance.

85
86 Section 3. FNSBC 7.04.010, Definitions, is amended as follows [the Clerk
87 shall add or amend the definitions in alphabetical order]:

88 "Fund" means a [SEPARATE ACCOUNTING ENTITY ESTABLISHED FOR A SPECIFIC
89 PURPOSE] fiscal and accounting entity with a self-balancing set of accounts that is used
90 to record cash and other financial resources, together with all related liabilities and
91 residual equities or balances, and changes therein, that are segregated for the purpose
92 of carrying on specific activities or attaining certain objectives in accordance with special
93 regulations, restrictions, or limitations in accordance with governmental accounting
94 standards.

95 "Reserve" or "reserve account" is an enduring account, and includes accounts used to
96 accumulate appropriated funds to meet particular future costs or financial obligations,
97 most notably for various capital needs; or to accumulate specific revenues for a particular
98 related function or functions.

99
100 Section 4. FNSBC 7.12.010, Definitions, is amended as follows [the Clerk
101 shall add or amend the definitions in alphabetical order]:

102 "Fund" means a [SEPARATE ACCOUNTING ENTITY ESTABLISHED FOR A SPECIFIC
103 PURPOSE] fiscal and accounting entity with a self-balancing set of accounts that is used
104 to record cash and other financial resources, together with all related liabilities and
105 residual equities or balances, and changes therein, that are segregated for the purpose
106 of carrying on specific activities or attaining certain objectives in accordance with special
107 regulations, restrictions, or limitations in accordance with governmental accounting
108 standards.

109
110 Section 5. Chapter 7.04 FNSBC, Fiscal Management, is amended by adding
111 a new section 7.04.075 as follows:

112 7.04.075 Reserve accounts established.

113 A. The assembly may establish reserve accounts.

114 B. Reserve accounts of the borough include, but are not limited to, the capital
115 improvement program and maintenance reserve. This reserve shall be used to account
116 for cash and other assets placed into it periodically. Such funds are accumulated for
117 projects included in the capital improvement program and include such things as major
118 maintenance, repairs, upgrades, renovation or rehabilitation, expansion, demolition, and
119 new construction of Borough facilities. All expenditure of these funds must be made by
120 appropriation ordinance.

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121 Section 6. Subsection A of FNSBC 7.04.120, Lapsing of funds, is hereby
122 amended as follows:

123 A. At the close of the fiscal year, an unencumbered appropriation for operations shall
124 lapse into the fund from which appropriated. [FURTHER, EACH YEAR, AFTER THE
125 ACCEPTANCE OF THE AUDIT BY THE AUDIT COMMITTEE AND, IF POSSIBLE, PRIOR TO
126 JANUARY 1ST, 66 AND TWO-THIRDS PERCENT OF THE NET GENERAL FUND LAPSE IN
127 THE MOST RECENT COMPLETE AND AUDITED FISCAL YEAR SHALL BE TRANSFERRED
128 FROM THE GENERAL FUND TO THE FACILITIES MAINTENANCE RESERVE, AND FIVE
129 PERCENT OF THE NET GENERAL FUND LAPSE IN THE MOST RECENT COMPLETE AND
130 AUDITED FISCAL YEAR SHALL BE TRANSFERRED FROM THE GENERAL FUND TO THE
131 ASSET REPLACEMENT RESERVE FUND. "NET GENERAL FUND LAPSE" IS DEFINED AS
132 THE LESSER OF (1) THE POSITIVE VARIANCE BETWEEN THE FINAL BUDGET AND THE
133 FISCAL YEAR ACTUALS ON A BUDGETARY BASIS FOR THE NET CHANGE IN FUND
134 BALANCE (EXCLUDING PROJECT AND OTHER ABNORMAL LAPSE IMPACTS), OR (2) THE
135 INCREASE IN THE UNASSIGNED FUND BALANCE ON GENERALLY ACCEPTED PRINCIPLES
136 (GAAP) BASIS, AND THE AMOUNT SHALL BE CAPPED, IF NECESSARY, FOR THE
137 BOROUGH TO REMAIN IN COMPLIANCE WITH ITS MOST RECENTLY ADOPTED FISCAL
138 POLICY RELATED TO THE MINIMUM LEVEL OF GENERAL FUND UNASSIGNED FUND
139 BALANCE. WITHIN 30 DAYS OF THE TRANSFERS, THE MAYOR SHALL NOTIFY THE
140 ASSEMBLY OF THE DATE AND AMOUNT OF EACH TRANSFER.]

141
142 Section 7. Chapter 7.04 FNSBC, Fiscal Management, is amended by adding
143 a new section 7.04.123 as follows:

144 7.04.123 General fund transfer to the capital improvement program and maintenance
145 reserve.

146 Each year, after the acceptance of the audit by the audit committee, if the approved
147 budgeted contribution to the capital improvement program and maintenance reserve was
148 less than ten percent of the approved budgeted areawide tax revenue (excluding
149 penalties and interest and prior years' delinquent taxes), any increase in the general fund
150 unassigned fund balance shall be transferred to the capital improvement program and
151 maintenance reserve to equal ten percent of the approved budgeted areawide tax
152 revenue (excluding penalties and interest and prior years' delinquent taxes). The increase
153 in the general fund unassigned fund balance is on a Generally Accepted Accounting
154 Principles (GAAP) basis. Any such transfer shall not exceed the increase in the general
155 fund unassigned fund balance. Any approved budgeted contribution to fund balance shall
156 not be included in the calculation of the GAAP-basis increase in the general fund
157 unassigned fund balance. Furthermore, the amount of the transfer shall be capped, if
158 necessary, for the borough to remain in compliance with its most recently adopted fiscal
159 policy related to the minimum level of general fund unassigned fund balance. Within 30
160 days of the any transfer, the mayor shall notify the assembly of the date and amount of
161 the transfer.

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162 Section 8. Subsections C and D of FNSBC 7.12.020, Budget submission, are
163 hereby amended as follows:

164 C. The borough mayor shall deliver to the assembly, on or before the first Thursday
165 following April 1st of each year, the total proposed comprehensive budget of the borough,
166 the recommended allocation of funds to each proposed expenditure category within the
167 proposed budget, and appropriation ordinances in the form provided for in FNSBC
168 7.12.100(A). Included in this submission shall be:

- 169 1. The board of education's budget as submitted to the mayor;
- 170 2. The assembly's proposed budget as submitted to the mayor by the borough
171 clerk;
- 172 3. The budgets of the various departments of the borough executive branch;
- 173 4. Each department identified and grouped according to whether it is a direct
174 public service department, a support service department or a governance department, as
175 provided in FNSBC 2.08.030, together with a subtotal for these three groupings;
- 176 5. The proposed capital improvement program budget, including amounts
177 proposed to be contributed to the [FACILITIES MAINTENANCE RESERVE FUND]capital
178 improvement program and maintenance reserve as required by this section;
- 179 6. The proposed borough service area budgets accompanied by an estimate
180 of unencumbered funds by service area;
- 181 7. The proposed budgets of each fund authorized by the borough, including
182 special revenue and enterprise funds;
- 183 8. The mayor's recommendations on all the budgets;
- 184 9. A schedule of all revenues and grants expected to be received during the
185 fiscal year;
- 186 10. A proposed appropriation ordinance implementing the mayor's
187 recommendations on the total budget;
- 188 11. The amount of local taxes required to fund the budget and the tax levies
189 required by the area to generate the required taxes;
- 190 12. A proposed resolution implementing the mayor's recommendation for local
191 support to the board of education;
- 192 13. A proposed resolution implementing the mayor's recommendations for local
193 tax levies.

194 D. The borough mayor's total proposed comprehensive budget delivered to the
195 assembly must include a contribution to the [FACILITIES MAINTENANCE RESERVE
196 FUND]capital improvement program and maintenance reserve of at least [NINE]10
197 percent of the estimate of areawide tax revenue included in that budget, excluding
198 penalties and interest and prior year[']s' delinquent taxes.

199
200 Section 9. Recomputations and Adjustments. The department of financial
201 services is directed to recompute the February 2021 transfers of the fiscal year 2019-20
202 "net general fund lapse" and to adjust the books and records of the borough to reflect

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203 the provisions of this ordinance as if they had been in effect at the time of the audit
204 committee's acceptance of the fiscal year 2019-20 audit and financial reports.

205
206 Section 10. Effective Date. This ordinance is effective at 5:00 p.m. on the
207 first Borough business day following its adoption.

208
209 ADOPTED THE 25TH DAY OF MARCH 2021.
210

211
212
213
214
215 
216 Mindy O'Neall
217 Presiding Officer

218 ATTEST:

219
220 
221 _____
222 April Trickey, CMC, Borough Clerk
223 by Adena Benn, CMC, Deputy Clerk
224

225 Yeses: Tomaszewski, Williams, Sanford, Wilson, Lyke, Cash, Lojewski, O'Neall
226 Noes: None
227 Other: Cooper (Excused)

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