

## **Resolution 10-91 Authorizing Operation of the Water and Sewer Enterprise Fund as a Special Revenue Fund**

**Resolution ID:** 10-91

**Resolution Status:** Adopted

**Resolution Effective Date:** Sat Jan 1st, 2011

**Resolution Summary:**

A Resolution of the City Council of Homer, Alaska, Authorizing the City Administration and the City Auditors to Operate, Budget for, and Audit the Water and Sewer Enterprise Fund as a Special Revenue Fund Under Relevant Statutes and Other Applicable Authorities and Renaming the Homer Water and Sewer Enterprise Fund the Homer Water and Sewer Special Revenue Fund. City Manager/Finance Director.

CITY OF HOMER  
HOMER, ALASKA  
City Manager/  
Finance Director  
RESOLUTION 10-91

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, AUTHORIZING THE CITY ADMINISTRATION AND THE CITY AUDITORS TO OPERATE, BUDGET FOR, AND AUDIT THE WATER AND SEWER ENTERPRISE FUND AS A SPECIAL REVENUE FUND UNDER RELEVANT STATUTES AND OTHER APPLICABLE AUTHORITIES AND RENAMING THE HOMER WATER AND SEWER ENTERPRISE FUND THE HOMER WATER AND SEWER SPECIAL REVENUE FUND.

WHEREAS, The Homer Water and Sewer Fund is presently being referred to, budgeted for, and audited as though it were a true enterprise fund in which all expenses, including full depreciation, were paid for by users of the utility; and

WHEREAS, A basic principle of enterprise funds is that all depreciation expenses must be shared with the users of the utility; and

WHEREAS, In reality, the Water and Sewer Fund is not a true enterprise fund because capital costs, and most replacement and depreciation costs are paid for by grants or sales tax revenues through the Homer Accelerated Water and Sewer Fund Program and these improvements then become assets of the Water and Sewer Fund even though that fund did not pay for them; and

WHEREAS, Auditing and establishing operating budgets for the Water and Sewer Fund as though it were a true enterprise fund results in a skewed and deceptive presentation of the fund balance and the overall fiscal condition of the fund; and

WHEREAS, It is common for municipally owned utilities that operate with mixed revenue sources to establish Special Revenue Funds to budget for and audit those utilities; and

WHEREAS, The Finance Department has consulted with the City Auditors, utility rate setting experts, bonding and financing authorities, and other municipalities and has concluded that it is in the best interest of the City to operate the Water and Sewer Fund as a Special Revenue Fund for the reasons provided in the attached memorandum. NOW, THEREFORE, BE IT RESOLVED that the Homer City Council hereby authorizes the City Administration and the City Auditors to operate, budget for, and audit the Homer Water and Sewer Fund as a Special Revenue Fund under relevant statutes and other applicable authorities.

BE IT FURTHER RESOLVED that the Homer City Council hereby officially renames the Homer Water and Sewer Enterprise Fund the Homer Water and Sewer Special Revenue Fund.

# Resolution 10-91 Authorizing Operation of the Water and Sewer Enterprise Fund as a Special Revenue Fund

Published on City of Homer Alaska Official Website (<http://www.cityofhomer-ak.gov>)

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PASSED AND ADOPTED by the Homer City Council this 25th day of October, 2010.

CITY OF HOMER

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JAMES C. HORNADAY, MAYOR

ATTEST:

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JO JOHNSON, CMC, CITY CLERK

Fiscal Note: N/A

Resolution Files  [Resolution 10-91](#)

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