

Denali Borough, Alaska
Ordinance 06-08
Version A

INTRODUCED BY: Assembly Member Teresa Hall

AN ORDINANCE AMENDING CHAPTER 3.20 TITLED MANAGEMENT OF FUNDS
AMENDING 3.20.080 TITLED CAPITAL PROJECT RESERVE FUND AND PROVIDING FOR
ITS FUNDING.

BE IT ENACTED by the Assembly of the Denali Borough, Alaska that:

Section 1. Classification. This ordinance is of a general and permanent nature.

Section 2. Purpose and intent.

Chapter 3.20 of the Denali Borough Code of Ordinances is amended as follows:

Chapter 3.20

MANAGEMENT OF FUNDS

Sections:

- 3.20.010 Treasurer.
- 3.20.020 Bond.
- 3.20.030 Deposits and withdrawals.
- 3.20.040 Investments.
- 3.20.050 Permanent investment fund.
- 3.20.060 Major school maintenance reserve fund.
- 3.20.070 Capital improvement fund.
- 3.20.080 Capital project reserve fund.

3.20.010 Treasurer.

A. The [As] Treasurer[, the Clerk] is the custodian of all municipal funds and shall be responsible for the management of all cash and negotiable instruments of the Borough and shall develop and maintain such records, systems and procedures as may, in his or her opinion, be necessary for that purpose.

B. All accounting functions for all Borough departments and offices are the responsibility of the Treasurer. The Treasurer shall provide the following statements to the Assembly on a monthly basis:

1. Summary statement of cash receipts and disbursements;
2. Reconciliation statement: banks-funds, investments; and,
3. Statement of expenditures compared with appropriations.

3.20.020 Bond.

A. The Borough may by resolution or ordinance require Borough officers, appointed officials, or employees in addition to the [Clerk/]Treasurer to be individually bonded. All

Borough officers, officials and employees not individually bonded shall be covered by a blanket bond. The Borough shall pay the premiums for all bonds required by this section.

B. The official bond of a Borough officer, official, or employee when required by ordinance or resolution shall be in a form joint and several, and made payable to the Borough in the penal sum and with the conditions required by law.

3.20.030 Deposits and withdrawals.

A. The [Clerk] treasurer is authorized to deposit Borough funds in such federally insured commercial banks, savings and loan associations, or investment accounts as the assembly may authorize by resolution. All such deposits shall be held in the name of the Borough. The Clerk, Treasurer, Mayor, and Assembly members as designated by the Assembly are authorized signatories on such accounts.

B. All withdrawals from or checks drawn on such accounts, shall require two signatures, one by the Clerk, Treasurer, Mayor, or another authorized member of the Assembly.

C. No check may be drawn unless there are sufficient funds in the account on which the check is drawn to pay the check.

3.20.040 Investments.

The [Clerk] Treasurer shall periodically determine necessary cash balances to be maintained in the Borough's demand deposit accounts and shall invest excess cash in securities of the United States, any state or local governments, commercial paper, time certificates of deposit or any other form of security as may be authorized by law commensurate with the following stipulations:

- A. Preference shall be given to Alaskan securities and financial institutions;
- B. Investment in corporate stocks and bonds is prohibited; and,
- C. All transactions shall be made and held in the name of the Borough.

3.20.050 Review of public funds.

The purpose of this section is review detailed accounting of the expenditures of any public funds from the Denali Borough. To receive Denali Borough funds or to the borough's endorsement for any request of funds the requirements must be met:

All entities or organizations must submit to the mayor and the borough assembly a detailed accounting of the expenditures of all such funds received from or through the Denali Borough for the proceeding calendar year. This accounting is due by March 1st to allow time for the current year's budget and for the consideration of any future borough endorsement request.

This is required for all funds with the exception of state designated funds such as state funding to communities grants, school funds, public safety, and other state and federal designated funds.

All such records shall be deemed public records under Chapter 1.20 DBC.

3.20.060 Permanent investment fund.

A. Management Guidelines. The Assembly recognizes its fiduciary responsibility to manage the financial assets of the Denali Borough Permanent Investment Fund (DBPIF) in

the sole and best interests of the Fund and wishes to establish a standard of care for investment of fund assets. The following standard of care shall apply to all investments.

The Borough Assembly, staff, investment advisors, and bank custodians shall exercise the judgment and care under the circumstances then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation, but in regard to the long term investment of funds considering the probable safety of capital as well as probable income. The Assembly will establish written investment policies by formal Resolution which shall be adhered to without exception.

The Assembly will review the investment policies of the Corporation at least once each year during the month of May and will, by formal action, re-adopt or modify said policies.

The Assembly will establish by formal resolution a plan for the allocation of investment assets each year thus determining a percentage range of the amount of assets which will be committed to marketable debt securities and common stock.

The [Clerk] Treasurer shall maintain on file within the offices of the Borough monthly reports which indicate the following:

1. All transactions affecting the investment account, to include purchases and sales of securities, transfers of cash into and out of the account, interest or dividends received by the account;
2. A listing of all assets held in the investment account including identification of the security, original purchase price, and current market price.

B. Investment Policies. The Assembly wishes to establish DBPIF investment guidelines pertaining to risk, diversification investment advisors and custodians. The following securities are authorized for investment for the DBPIF:

1. Obligations of the United States Treasury.
2. Obligations of agencies of the United States Government.
3. Certificates of deposit and bankers acceptances which have a demonstrated secondary market and are issued by a financial institution which is rated at least "A" by one of the two major rating services.
4. Certificates of deposit issued by Alaska banks which do not fall in the above category provided the certificates do not exceed FDIC insurance and non-liquidity is acceptable.
5. A no-load mutual fund which replicates the S&P 500 Index.
6. No load money market mutual fund.

No investment shall be made in any one security in excess of five percent of the total investment portfolio, measured by market value, except for obligation of the U.S. Government and its agencies. Investments shall be diversified in a broad market investment such as to mirror the market as a whole.

The Investment Advisor and the Custodian Bank shall be engaged by formal written contracts and the Investment Advisor and Custodian Bank will be two separate parties. Both parties will be required to submit monthly transaction and asset reports. The Investment Advisor will be registered with the State of Alaska and the U.S. Securities and Exchange Commission. The Custodian Bank will be a regulated bank and the Investment Advisor will be insured with a professional liability policy and the Custodian be insured with a banker's bond or similar fidelity policy.

3.20.070 Major school maintenance reserve fund.

- A. [Created.] A Denali Borough Reserve Fund for Major School Maintenance is hereby created. The Fund will be maintained separate and apart from all other funds of the Borough.
- B. [Funding.] The Assembly shall provide by an appropriation, money to fund the Major School Maintenance Reserve Fund. All appropriations shall be made by ordinance.
- C. [Investment of the Fund.] The Major School Maintenance Reserve Fund shall be maintained, secured, and invested along with the General Fund.
- D. [Investment Income.] Any interest, dividends, or income earned by the Major School Maintenance Reserve Fund will remain in this fund.
- E. [Disbursement of Funds.] A disbursement of funds from the Major School Maintenance Reserve Fund will be by ordinance.
- F. [Appropriate Use of Funds.] Funds in this reserve account may only be used to maintain a satisfactory and safe condition of pre-existing facilities.

3.20.080 Capital improvements fund.

- A. [Created.] The Denali Borough reserve fund for capital improvements is hereby created.
- B. [Purpose.] The purpose for this fund is to set aside and disperse capital projects funds in the Denali Borough.
- C. [Investment.] The investment vehicle for these funds may be a three-year bond ladder.
- D. [Criteria.] Capital projects must meet the following criteria:
 - 1. A project must be listed on the six-year Denali Borough capital improvements program list;
 - 2. A new asset or construction or an improvement on an existing asset that extends its life significantly;
 - 3. Capital projects should not include improvements that are routine in nature;
 - 4. Requires a two-thirds majority vote by the Denali Borough assembly;
 - 5. Projects should be in the public interest and beneficial to the area;
 - 6. The assembly should make the final decision on administration of a project;
 - 7. Should comply with all federal and state laws and regulations. The applicants are responsible for permits and evidence of such permits;
 - 8. Applicants should be responsible for all aspects of a project;
 - 9. An application should contain the following:
 - a. Project description;
 - b. Administration of project/who will administer;
 - c. Value and credentials of project;
 - d. Benefit of project for borough and community;
 - e. Cost breakdown;
 - f. In awarding contracts for capital improvement projects, preference shall be given to local contractors of local hire as per DBC 3.35.050(C) (1).

3.20.090 Capital projects reserve fund.

- A. [Created.] A Denali Borough reserve fund for Capital projects is hereby created. The Fund will be maintained separate and apart from all other funds of the Borough.

B. [Funding. The assembly shall provide by an appropriation, money to fund the Capital Projects Reserve Fund. All appropriations shall be made by ordinance.] The assembly shall provide by resolution , the annual deposit of revenues equaling 35% of the annual revenue collected through the Denali Borough Sales and Services Tax as provided by DBC 3.45. All appropriation coming out of this fund shall be by ordinance.

C. [Investment of the Fund.] The capital projects reserve fund shall be maintained, secured, and invested along with the General Fund.

D. [Investment Income.] Any interest, dividends, or income earned by the capital projects reserve fund will remain in this fund.

E. [Disbursement of Funds.] A disbursement of funds from the capital projects reserve fund will be by ordinance.

F. [Appropriate Use of Funds. Funds in this reserve account may only be used to fund capital projects within the Denali Borough.] Funds in this reserve account may be used to provide for capitol projects that may not fall under the major school maintenance reserve fund including the Denali Borough Matching Grants DBC 3.21 and other capitol projects as deemed appropriate by Borough ordinance. All programs are subject to Denali Borough financial audits per DBC 3.20.045.

G. [Definition of] Capital projects means building or infrastructure projects, except for maintenance and repairs.

Section 3. _____ Effective date.

This ordinance becomes effective upon its approval by the Denali Borough Assembly, adoption of ordinance 06-____ and the majority of voters in the next general election in November 2006.

Date introduced: February 8, 2006

First Reading: February 8, 2006

Public Hearing held in Anderson _____

Public hearing held in Healy _____

Public Hearing held in McKinley Village _____

Public Hearing held in Cantwell _____

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this ____th day of _____, 20____.

Mayor

ATTEST:

Borough Clerk