



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99687
PHONE: (907) 373-9050
FAX: (907) 373-0788

COUNCIL MEMORANDUM NO. 92-01

FROM: Finance Director

DATE: January 23, 1992

SUBJECT: Funds Transfer in Ordinance Serial No. 92-08

The Bondholder for the Southside Assessment Area noticed that the assets of the Fund appeared to be less than the liabilities by \$23,223.00.

After looking at the problem I discovered that leftover project funds from the Southside Water Project were to be transferred to the Debt Service Fund to cover the cost of reducing assessments along Lake Street after the assessment roll was confirmed. Costs of reducing the assessments was \$13,681.54. Leftover project funds in the amount of \$12,671.30 were charged to the appropriate grant during the FY89 Audit, but were not transferred to the Debt Service Fund. The deficit of \$1,020.24 plus the lack of interest earned on the forgiven assessments allowed the deficit to grow from \$13,681.54 to \$23,223.00.

I have already transferred the original \$12,671.30 to the Debt Service Fund. Passage of Ordinance Serial No. 92-08 will finish this project. This problem and the solution have been reviewed by our Auditors.



Erling P. Nelson, CMC
Finance Director

EPN/mdh



United States
Department of
Agriculture

Farmers
Home
Administration

634 S. Bailey, Suite 103
Palmer, Alaska 99645
Phone: (907) 745-2176
Fax: (907) 745-5398

Edley

December 18, 1991

John Stein, Mayor
City of Wasilla
290 East Herning Ave.
Wasilla, AK 99687

Dear Mr. Stein:

I have received a copy of the city's 1991 audit as required by the loan agreements with FmHA. In reviewing the financial condition of the debt service funds for the four LID's which FmHA holds the bonds for, I am concerned about the fund for the 1986 Southside Water District. The assets for this fund are less than the debt owed on the bonds. Does this indicate any potential problem with the ultimate repayment of the bonds? Does the city's accounting practices include retaining the accrued interest on each funds equity in the central treasury in the separate funds?

Any explanation of this bond fund would be appreciated. Feel free to call if I can be of any help.

Sincerely,

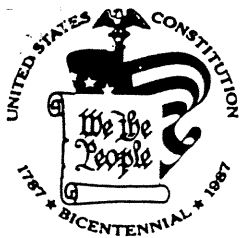
Samuel E. Hardin

SAMUEL E. HARDIN
Chief, Community & Business Programs

RECEIVED

DEC 23 1991

City of Wasilla, Alaska



WASILLA
A Bicentennial
Community

CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99687
PHONE: 373-9050

COUNCIL MEMORANDUM
NO. 87-042

FROM: Erling P. Nelson, Finance Director

DATE: May 13, 1987


SUBJECT: Lake Street Water Assessments

During the Southside Water Assessment Process no protests were filed regarding assessments and no other problems were noted. After the roll was confirmed Mr. Howard Carr questioned the amount of Assessment on Lots 6-2 and 5-1, Block 8, Kennedy Subdivision. Mr. Carr used as a basis an as-built survey which was used in a land use permit dispute with the City.

Upon checking the dimensions shown on the survey against the meets and bounds description done for the Sewer System, I had to agree with Mr. Carr that he was being assessed too much. I suspected that the other lots along the Southside of Lake Street were possibly being assessed too much also. The Administration authorized the physical measurement of all these lots which is summarized on Exhibit #1. The problem is shown graphically on Exhibit #2.

RECOMMEND: 1. Revised Assessment bills be sent based on the new figures.

2. Authorization to the extent possible to use leftover project funds to cover the difference.

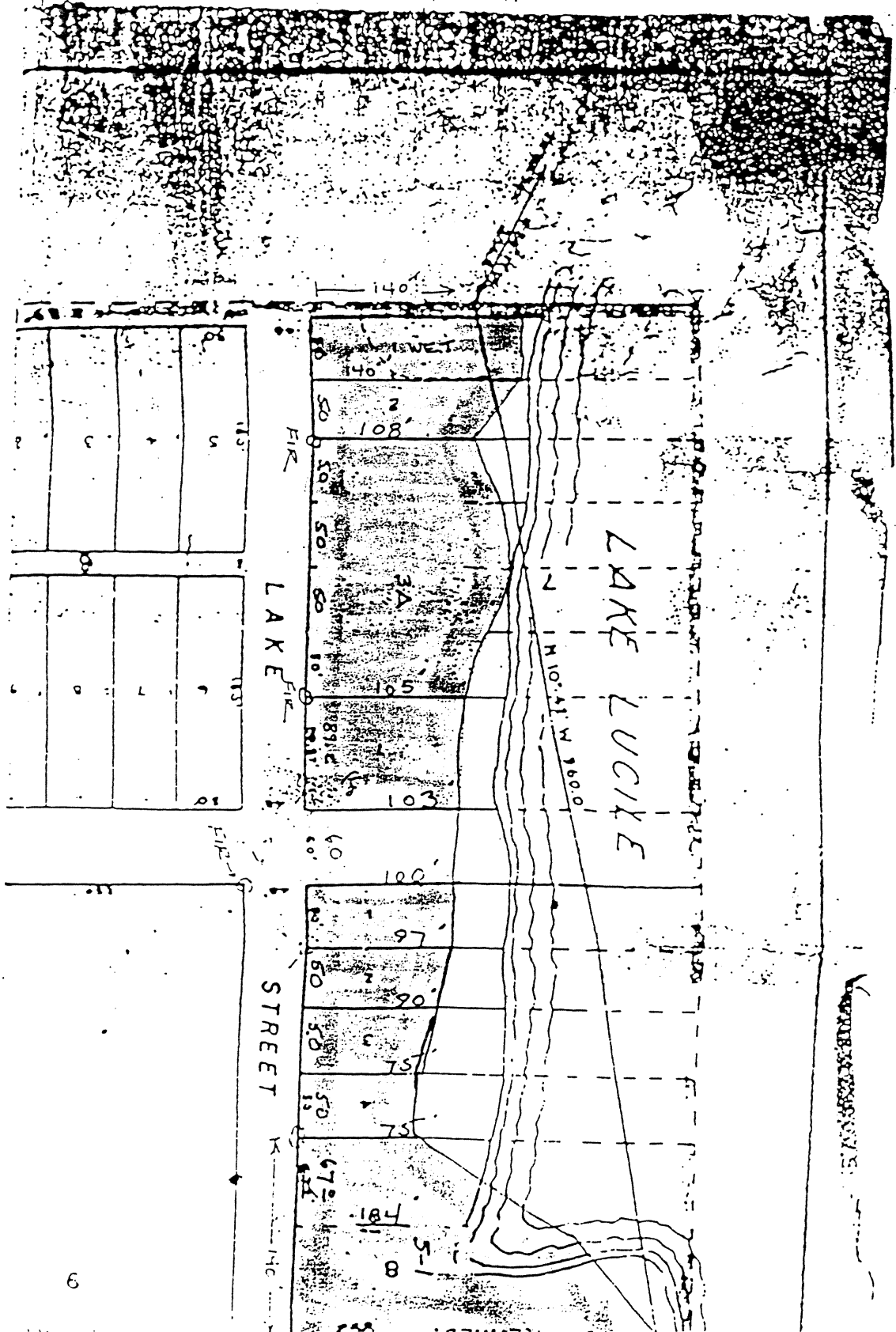


Erling P. Nelson, CMC
Finance Director

Approved
5/13/87

EXHIBIT 1

<u>Block 7</u>	<u>Square Feet</u>		<u>Assessment</u>		<u>(Increase) Decrease</u>
	<u>Old</u>	<u>New</u>	<u>Original</u>	<u>New</u>	
Lot 1	7,500	7,000	\$ 1,890.75	\$ 1,764.70	\$ 126.05
2	7,500	6,250	1,890.75	1,575.63	315.12
3A	30,000	25,125	7,563.00	6,334.01	1,228.99
7	13,470	9,250	3,395.79	2,331.93	1,063.86
<u>Block 8</u>					
Lot 1	7,500	4,925	\$ 1,890.75	\$ 1,241.59	\$ 649.16
2	7,500	4,675	1,890.75	1,178.57	712.18
3	7,500	4,125	1,890.75	1,039.91	850.84
4	7,500	3,750	1,890.75	945.38	945.37
5-1	13,440	14,000	3,388.22	3,529.40	(141.18)
6-1	15,000	5,000	3,781.50	1,260.50	2,521.00
6-2	48,750	27,250	12,289.88	6,369.73	5,420.15
	165,660	111,350	\$41,762.89	\$28,071.35	\$13,691.54





CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99687
PHONE: (907) 373-9050
FAX: (907) 373-0788

MEMORANDUM

TO: Mayor Stein

FROM: Finance Director *elm*

DATE: January 7, 1992

SUBJECT: FmHA Letter of 12/18/91 on Southside Water Bond Fund

Time Line of Events #83-W-1 (Southside Water)

May 12, 1986 Assessment Roll confirmed \$337,115.82.

May 13, 1987 Lake Street Assessments adjusted per CM. No. 87-042, funding source to the extent possible was leftover project funds. \$13,691.54 in net reduction to Assessment Roll, now \$323,424.28.

June 27, 1988 Project Closeout of construction.

June 30, 1989 Assessments Receivable reduced by \$12,671.30, see AJE #46 which is all the project revenue left but unencumbered. Shortage is \$1,020.24. No transfer of funds occurred from the Water Construction Fund to the Debt Service Fund.

Dec. 18, 1991 Inquiry from FmHA.

Analysis:

Problem #1

Assessment reductions were approved without a secure funding source a year after Assessment Roll was certified. This reduced Accounts Receivable which is the funding source for paying off the bonds.

Problem #2

The available project revenue was not transferred to the Debt Service Fund but instead lapsed into the Water Construction Fund, Fund Balance.

Solution:

The difference of \$23,222.00 between Assets and Liabilities in the Debt Service Fund must be made up by transferring assets into the Debt Service Fund before the gap gets any wider. Further, since interest rates are low we should make an early extra payment to reduce the amount of interest we are paying. The schedule below shows how the original \$13,691.54 in forgiveness has grown to \$23,222.00. I propose we transfer the \$23,322.65 shown on the schedule from the Water Construction Fund Balance to the Debt Service Fund Balance. The method of accomplishing the transfer will be prior approved by our auditors. Further, I propose you or I respond to Mr. Hardin in general terms acknowledging the problem and indicate that it will be fixed.

YR.	PRINCIPAL + INVESTMENT INTEREST	ASSESSMENT INTEREST	INVESTMENT INTEREST	AVERAGE % YR.
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87	13,691.54	838.61	838.61	(6.3)
88	14,530.15	838.61	1,089.76	(7.5)
89	15,619.91	838.61	1,327.69	(8.5)
90	16,947.60	838.61	1,271.07	(7.5)
91	18,218.67	838.61	910.93	(5.0)
	18,218.67	+ 4,193.05	+ 910.93	= \$23,322.65



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99687
PHONE: (907) 373-9050
FAX: (907) 373-0788

January 8, 1992

Mr. Samuel E. Hardin
Chief, Community & Business Programs
Farmers Home Administration
634 S. Bailey, Suite 103
Palmer, Alaska 99645

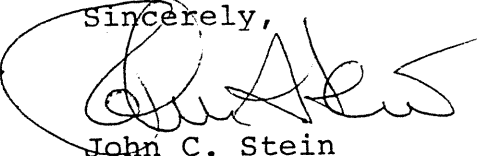
Dear Mr. Hardin:

Thank you for your December 18 letter inquiring regarding the apparent deficiency in the 1986 Southside Water District fund. Finance Director Erling Nelson has investigated the problem and discovered that the City Council approved reductions in the assessment roll after it was certified and necessary fund transfers were not made to compensate for the action.

We propose to correct the situation with a \$23,322.65 transfer to the 1986 Southside Water Debt Service Fund.

We will forward documentation of those actions when complete.

Sincerely,



John C. Stein
Mayor, City of Wasilla

JCS/sbh

cc: Erling Nelson

Enclosure: January 7, 1992 Memo

Cook & Haugeberg
CERTIFIED PUBLIC ACCOUNTANTS

January 22, 1992

RECEIVED

JAN 24 1992

Erling P. Nelson, CMC
City of Wasilla
290 E. Herning Ave.
Wasilla, Alaska 99687

City of Wasilla, Alaska

Dear Erling:

We have reviewed the information you sent us regarding the issues causing the assets in the Southside Water Debt Service Fund to be less than the outstanding principle due on the related debt. It appears that the City does have the authority to transfer the \$12,671.30 of leftover project funds, plus interest, from the Water Construction Fund to the Debt Service Fund. We also believe an appropriating ordinance would be desirable for the \$1,020.25 plus the accumulated interest, to permanently document the transaction.

We have also reviewed the note about special assessments on the attached sheet and have included our comments on it.

If we can be of any further assistance please let us know.

Sincerely,



Steven P. Stanchina
Audit Manager

Attach.