

RESOLUTION NO. 782-R

A RESOLUTION ACCEPTING THE CITY'S AUDITOR, GRANT THORNTON, RECOMMENDATION TO RECLASSIFY THE WATER FUND, SEWER FUND, AND INTERNAL SERVICE FUND AS SPECIAL REVENUE FUND TYPE AND THE WATER SYSTEM IMPROVEMENT FUND AND SEWER SYSTEM IMPROVEMENT FUND AS CAPITAL PROJECTS FUND TYPE AND TO EXPRESS COUNCIL'S CURRENT INTENT REGARDING "FUNDING" OF DEPRECIATION.

Whereas, the Water Fund, Water System Improvement Fund, Sewer Fund, Sewer System Improvement Fund and Internal Service Fund have been classified as Proprietary Fund Types (enterprise or internal service); and

Whereas, governmental accounting standards defines a fund as an enterprise fund type "where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges;" and

Whereas, an internal service fund type is required by generally accepted accounting principles where goods or services are provided on a cost-reimbursement (including depreciation) basis; and

Whereas, it has been concluded that depreciation is not being "funded" by user charges within the respective funds and, therefore, proprietary fund type designation is inappropriate for these specified funds; and

Whereas, at some future date depreciation may be funded it would be appropriate to reclassify these funds to Enterprise fund standing; and

Whereas, the City's auditor, Grant Thornton, recommends reclassification of fund types, and also, requests expression of Council intent regarding "funding" of depreciation.

NOW, THEREFORE BE IT RESOLVED BY THE COMMON COUNCIL FOR THE CITY OF TROUTDALE THAT:

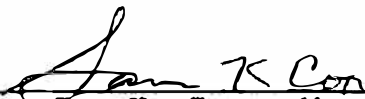
SECTION 1. In order to assist with the General Purpose Financial Statement Fund Type classification of the Water Fund, Water System Improvement Fund, Sewer Fund, Sewer System Improvement Fund and Internal Service Fund, we acknowledge that it is currently not the intent of this Council to recover the cost of fixed assets primarily through user charges and support the proposed recommendation to classify the Water Fund, Sewer Fund and Internal Service Fund as Special Revenue Funds and the Water System Improvement Fund and the Sewer System Improvement Fund as Capital Projects Funds.

ADOPTED BY THE COMMON COUNCIL OF THE CITY OF TROUTDALE THIS 24TH DAY  
OF OCTOBER 1989.

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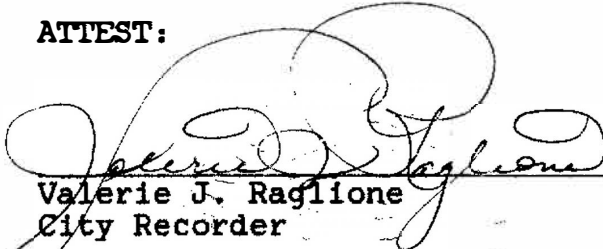
NAYS 0

ABSTAINED 0

  
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Sam K. Cox, Mayor

Date Signed: OCTOBER 25, 1989

ATTEST:

  
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Valerie J. Raglione  
City Recorder

Fin 10:7