

**CITY OF WHITTIER, ALASKA  
RESOLUTION # 01-2021**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITTIER,  
ALASKA, ESTABLISHING A NEW INTERNAL SERVICE FUND FOR  
THE PURPOSE OF PAYING EMPLOYEE COMPENSATED ABSENCE  
LIABILITIES, AND APPROPRIATING FUNDS**

**WHEREAS**, the City Council established Budget Policies when it passed Resolution #31-2020 on December 15, 2020, with the goal of proactively taking steps to strengthen the financial health of the City; and

**WHEREAS**, Budget Policy Goal #4 is the “Accrued Annual Leave Budget Policy” which recommends creation of an internal service fund to accumulate cash to pay for the accrued but unused portion of annual leave for General Fund employees, where Fund assets are used solely to pay accumulated annual leave; and

**WHEREAS**, the mandated 2003 implementation of GASB Statement No. 34 resulted in liabilities for the current portion of employee compensated absences (unpaid accrued annual leave) no longer appearing in the financial statements of the General Fund; and

**WHEREAS**, the impact of these accounting rule changes is that the cash to pay for employee annual leave is no longer set aside to pay liabilities as they are incurred but instead, when an employee terminates employment or cashes out annual leave there is an unanticipated (unbudgeted) increase in General Fund expenditures; and

**WHEREAS**, this Resolution intends instead, to set aside the cash to pay for General Fund employee annual leave as the benefits are earned; cash will be transferred from the General Fund to the Compensated Absences Fund annually, based on the annual increase or decrease in the value of the annual leave liability; and

**WHEREAS**, this action will reduce cash in the General Fund but will more accurately reflect the true value of the Fund Balance of the General Fund and when an employee terminates employment or cashes-out annual leave, the financial impact will not adversely affect the General Fund.

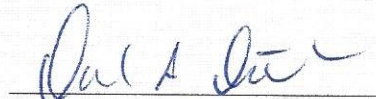
**NOW, THEREFORE, BE IT RESOLVED** by the City Council of Whittier, Alaska that the city manager is authorized to establish a new Compensated Absences Internal Service Fund to accumulate cash to pay employee compensated absences, and to transfer the value of the annual leave liability each year-end between the General Fund and the Compensated Absences Fund, with this resolution being retroactive to December 31, 2020.

**PASSED AND APPROVED** by a duly constituted quorum of the Whittier City Council this 26<sup>th</sup> day of January, 2021.

**ATTEST:**



Jim Hunt  
City Manager



Dave Dickason  
Mayor

Ayes: 7  
Nays: 0  
Absent: 0  
Abstain: 0