

ORDINANCE NO. 33-08

AN ORDINANCE ESTABLISHING THE FUEL INTERNAL SERVICE FUND

WHEREAS, the City has a centralized fuel purchasing activity in which the Street Department purchases fuel in the Motor Vehicle Highway Fund and then bills other departments and funds of the City on a cost-reimbursement basis; and

WHEREAS, the reporting of an activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis is appropriately accounted for by the use of an internal service fund under GAAP (Generally Accepted Accounting Principles); and

WHEREAS, the Motor Vehicle Highway Fund is a special revenue fund designated to receive state motor vehicle highway distributions and other designated revenues for the purposes specified by IC 8-14-1-5, and the rate of increase and magnitude of fuel purchasing in the Motor Vehicle Highway Fund has created significant overstatement of City spending on fuel in the City budget and inconsistency in year-to-year comparisons; and

WHEREAS, the use of internal service fund accounting for centralized fuel purchasing will result in a true measure of spending for fuel purchasing in the City budget and provide clarity to City officials and citizens;

NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF WEST LAFAYETTE, INDIANA, that:

Section 1.

The Fuel Internal Service fund is established for the purpose of accounting for centralized fuel purchases for the City. All departments and funds that use the centralized City fuel purchasing service shall fully reimburse the Fuel Internal Service Fund on a cost-reimbursement for fuel usage. Disbursements to fuel vendors for centralized fuel purchasing shall be made without appropriation from the Fuel Internal Service Fund.

Section 2.

The Street Department under the direction of the Street Commissioner shall administer the Fuel Internal Service Fund, making fuel purchases on behalf of City funds and departments, and billing users on a full cost-reimbursement basis.

Section 3.

The Fuel Internal Service Fund will be effective January 1, 2009.