

ORDINANCE NO. 1734

AN ORDINANCE OF THE CITY OF DES MOINES, WASHINGTON relating to municipal finance, adding and codifying a new section in Chapter 3.48 DMMC establishing a "Custodial Fund" and adding and codifying a new section in chapter 3.51 DMMC establishing an "Affordable Housing Sales Tax Fund".

WHEREAS, the City of Des Moines prepares its Comprehensive Annual Financial Report in accordance with generally accepted accounting principles and in conformance with financial reporting standards issued by the Governmental Accounting Standards Board; and

WHEREAS, generally accepted accounting principles define what activities are accounted for in custodial funds and special revenue funds; and

WHEREAS, the City Council authorizes the creation, changes, and deletions of funds; and

WHEREAS, from time to time new funds are necessary to track new activities and to comply with new accounting standards; and

WHEREAS, in the 2019 Regular Session, the Washington State Legislature approved, and the Governor signed, Substitute House Bill 1406 (chapter 338, Laws of 2019) now codified in RCW 82.14.540; and

WHEREAS, RCW 82.14.540 authorizes the governing body of a city with population of 100,000 or less to impose a local sales and use tax for the acquisition, construction or rehabilitation of affordable housing or facilities providing supportive housing; for the operations and maintenance costs of affordable or supportive housing; or for providing rental assistance to tenants; and

WHEREAS, the tax is considered to be restricted revenue subject to reporting requirements and audit review for compliance; and

WHEREAS, on November 14, 2019, the City Council passed Ordinance No. 1726, imposing a sales and use tax for affordable and supportive housing in accordance with RCW 84.14.540, fixing the rate of the tax, defining the permissible uses of the proceeds of the tax, setting an expiration date, and adding and codifying a new chapter to Title 3 DMMC entitled "Additional Sales and Use Tax for Affordable and Supportive Housing"; and

WHEREAS, there is a need to create a new fund entitled "Affordable Housing Sales Tax Fund"; and

WHEREAS, it is necessary to adjust appropriations to the 2020 Annual Budget to move \$30,000 in revenue and expenditures from the General to the new Affordable Housing Sales Tax Fund; and

WHEREAS, Government Accounting Standards Board Statement No. 84 made changes to the fiduciary fund classification, which includes activities to be reported in custodial funds; and

WHEREAS, the City of Des Moines holds assets that are for the benefit of individuals, organizations, or other governments that are not part of the City's financial transactions which requires for these assets to be accounted for in a custodial fund; and

WHEREAS, the City Council finds that the amendments contained in this Ordinance are appropriate and necessary for the preservation of the public health and welfare; now therefore,

THE CITY COUNCIL OF THE CITY OF DES MOINES ORDAINS AS FOLLOWS:

Sec. 1. A new section is added to Chapter 3.48 DMMC to read as follows:

3.48.160. Custodial Fund

- (1) There is created a "Custodial Fund."
- (2) The purpose of the fund is for the receipt and expenditure of all moneys received by the City that are held in a trustee capacity or as a custodian for individuals, private organizations, other governments, or other funds.

Sec. 2. A new section is added to Chapter 3.51 DMMC to read as follows:

3.51.113. Affordable Housing Sales Tax Fund

- (1) There is created an "Affordable Housing Sales Tax Fund."

Sec. 5. Effective date. This Ordinance shall take effect and be in full force five (5) days after its final passage by the Des Moines City Council in accordance to law.

PASSED BY the City Council of the City of Des Moines this 27th day of February, 2020 and signed in authentication thereof this 27th day of February, 2020.



M A Y O R

APPROVED AS TO FORM:



City Attorney

ATTEST:



City Clerk

Published: March 3, 2020