



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members  
Hugh Bevan, Interim Municipal Administrator

**From:** Melissa Haley, Controller

**Date:** February 4, 2020

**Subject:** Supplemental appropriations Ord 2020-04 and Ord 2020-05

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### Background

While we seek to budget as accurately as possible, there are often corrections identified as the year progresses.

### Analysis

The challenges presented by late changes to the State budget resulted in the supplemental appropriations in 2020-05. These changes are to eliminate transfers out of the General Fund to the Harbor Fund and to the School Bond Debt Service Fund.

In the Harbor Fund, raw fish tax disbursements to the municipality were restored prior to the budget passing, however, while the Harbor Fund budget was corrected, the subsidy remained in the General Fund. This ordinance reduces the budget for transfers out of the General Fund by \$520,000

School bond debt service reimbursement was partially reinstated in the State budget after the FY2020 budget was presented, thus we now need to remove the \$200,000 transfer out of the General Fund as well as corresponding transfer in to the School Bond Debt Service Fund. In addition, we will increase the revenue to correspond with expected state reimbursement (\$900,000).

Supplemental appropriations in 2020-04 are related to areas that during a mid-year review were identified to be under budget. In the GPIP Fund, now that the GPIP dock is in use, we see that the operating expense was under budgeted (it is offset with revenue) and are seeking to increase the operating appropriation by \$34,000. In the case of the Pet Adoption Fund, only \$900 had been budgeted and we are seeking to increase that appropriation by \$10,000. In the Permanent Fund, we did not budget for the investment management fees in the initial budget and seek an appropriation of \$55,000 to cover those fees.

**Fiscal Note**

2020-05

The supplemental appropriations in this ordinance reduce overall budgeted outlays from the General Fund by \$720,000 and increase revenue in the School Bond Debt Service fund by a net total of \$700,000.

2020-04

These supplemental appropriations increase budgeted expense by \$34,000 in the GPIF Fund, \$10,000 in the Pet Adoption Fund, and \$55,000 in the Permanent Fund.

**Recommendation**

Pass ordinances 2020-04 and 2020-05 to address outside changes and corrections identified.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-05
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING APPROPRIATIONS
FOR FISCAL YEAR 2020
(Removing Subsidies for Harbor/School Bond Debt)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to make supplemental operating appropriations for FY2020.

4. ENACTMENT. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2019 and ending June 30, 2020.

Table with 2 main sections: FISCAL YEAR 2020 EXPENDITURE BUDGETS and GENERAL FUND. Includes text: Transfers to Other Funds: Decrease appropriations in the amount of \$200,000 for the additional subsidy to the Debt Service School Bonds Fund and \$520,000 for the subsidy to the Harbor Fund. SPECIAL REVENUE FUND Fund 651 - Debt Service School Bonds - Revenue: Decrease revenue from the General Fund in the amount of \$200,000 for the additional subsidy from the General Fund. Increase Revenue from the state by \$900,000.

EXPLANATION

This supplemental appropriation is to make correction the FY2020 budget based on new information that was received after the budget was passed. In light of the original State budget, the CBS budget included subsidies to other funds that were deemed unnecessary after some revenue sources were restored in the State budget. In the Harbor Fund, the revenue for the raw fish tax was included in the Harbor Fund Budget and the subsidy revenue eliminated, however the subsidy that was originally budgeted out of the general fund was not removed. As reimbursement for school bond debt service was eliminated until late in the State budget process (where it was restored at 50%) the subsidy from the General Fund to the School Bond Debt Service Fund remained in the budget and both the transfer out of the General Fund and the transfer in to the School Bond Debt Service fund need to be eliminated and the revenue from the State in the School Bond Debt Service Fund should be increased

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56 **5. EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its  
57 passage.  
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59 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
60 Alaska this 25<sup>th</sup> Day of February, 2020.  
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63 **ATTEST:**

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**Gary L. Paxton, Mayor**

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67 **Sara Peterson, MMC**  
68 **Municipal Clerk**

69 **1<sup>st</sup> reading 2/11/2020**  
70 **2<sup>nd</sup> and final reading 2/25/2020**  
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72 **Sponsor: Interim Administrator**