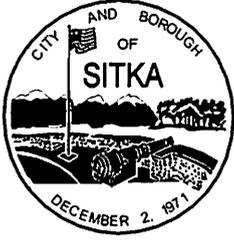


## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2017-38 on  
second and final reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Hunter and Assembly Members  
Keith Brady, Municipal Administrator

**From:** Jay Sweeney, Chief Finance and Administrative Officer

**Date:** October 31, 2017

**Subject:** Approval of Appropriation for Display Cabinets to be Procured with Rasmuson Foundation Grant

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### Background

A new Rasmuson Foundation grant was awarded to the CBS during the unplanned transition of both the Grant Accountant and the Interim Municipal Administrator. During that transition, no supplemental appropriation was requested from the Assembly. To correct this previous discrepancy, a supplemental appropriation is now being requested. This grant and the associated appropriation is needed for display cases for the William Stortz Gallery which will be procured with these proceeds.

### Analysis

A grant application was submitted to acquire display cabinets for the William Stortz Gallery. At the time of the submission of the application, it was not fully understood by the grant application preparer that, even if the grant was received, an appropriation would still be required to expend it.

At the time of receipt of the grant, the Municipality was undergoing transition in multiple roles associated with this particular grant. Coordination of the application for the grant, its subsequent receipt, and planning for its expenditure was adversely impacted by personnel transition at the time.

Normally, a small procurement such as that for display cabinets could be covered by annual operating appropriations. As display cabinets are considered fixed assets (furniture & fixtures), however, a fixed asset appropriation is needed. No fixed asset appropriations were passed made in the FY2018 General Fund budget. Transfer of appropriations guidelines direct that fixed asset appropriations are an Assembly decision.

Procurement and installation of the display cabinets are a worthy endeavor and in the public's interest, but, can't be accomplished without a valid appropriation. It is important to emphasize that no taxpayer funds are being expended on this procurement; it is 100% grant funded.

If the Assembly does not approve the supplemental appropriation, the grant will be lost.

**Fiscal Note**

An application was made to the Rasmuson Foundation for a \$15,000 grant for display cases for the William Stortz Gallery. The grant was subsequently awarded (see attachment).

Display cases valued at \$15,000 are considered fixed assets. No appropriation for fixed assets is contained for the General Fund in the FY2018 budget.

Even if a grant will pay for 100% of the cost of a procurement, an appropriation is still required, per Section 11.13 of the Home Rule Charter.

Transfers of appropriations between classifications of expenditures for fixed assets require Assembly approval, per Section 11.11 (b) (1) of the Charter.

**Recommendation**

Approve the supplemental budget ordinance for procurement of display cases.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2017-38
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY18 BUDGET

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 adjust the FY18 budgets for known changes.

4. ENACTMENT. The Assembly of the City and Borough of Sitka hereby adjusts the FY18 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

Table with 1 row and 1 column containing the text: FISCAL YEAR 2018 EXPENDITURE BUDGETS, GENERAL FUND, General Fund – Fixed Assets: To appropriate \$15,000 to acquire display cabinets for the William Stortz Gallery. A grant from the Rasmuson Foundation will pay for all costs and grant revenue will be increased by \$15,000.

EXPLANATION

Necessary revisions in the FY 2018 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 28th Day of November, 2017.

ATTEST:

Matthew Hunter, Mayor

Melissa Henshaw, CMC
Acting Municipal Clerk

1st reading 11/7/17
2nd reading 11/28/17