

POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-37
on second and final reading.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

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

From: Jay Sweeney, Chief Finance and Administrative Officer

Date: August 7, 2018

Subject: Approval of Ordinance 2018-37

Executive Summary

The purpose of FY2019 Supplemental Budget Ordinance 2018-37 is to adjust the FY2019 operating budget by re-appropriating unspent funds in the FY2018 operating budget.

Background and Discussion

Per Section 11.2 of the Home Rule Charter of the City and Borough of Sitka (the Charter), Lapse of Appropriations and Surpluses, *"Every unencumbered surplus of the general fund or a service area shall lapse at the close of the fiscal year to the general fund or service area, respectively. An appropriation for a capital improvement shall not lapse until its purpose has been accomplished or abandoned"*.

No provision is made within the Charter for "roll-overs" of unspent funds, with the exception of encumbrances. If a Department Head wishes to retain the ability to spend unencumbered operating appropriations on into a new fiscal year, a new supplemental appropriation must be made (a re-appropriation). The administrative procedure that Sitka employs in regards to re-appropriation requests is twofold: (1) all such requests must be first approved by the Administrator, then (2) a supplemental budget ordinance must be passed, with the requisite two readings, to re-appropriate the funds. The accompanying ordinance accomplishes the second part of the process.

As an important note, when considering the annual operating budget within the context of just one fiscal year, re-appropriations of encumbered funds and re-appropriations of unencumbered, unspent funds have the effect of causing an

otherwise balanced operating budget to become unbalanced with a projected deficit, unless new revenues are identified. The practical effect, however, is that unencumbered, unspent appropriations constitute a surplus generated in the previous year and re-appropriation is a mechanism which provides for an ability to spend part of that surplus in the new fiscal year. If not re-appropriated, surpluses generated in previous fiscal years are examined by the Administrator for potential transfer into the Public Infrastructure Sinking Fund, as set forth in SGC 4.45.020.

In regards to the specific reappropriation requests, see attached ordinance.

Fiscal Note:

The effect of passing this ordinance will be to increase authorized expenditures in FY19 by the following amounts in the following funds:

General Fund – operating budget - \$122,735
Wastewater Fund – operating budget - \$10,000
Building Maintenance Fund – operating budget - \$20,200
Building Maintenance Fund – capital expenditure budget - \$145,000

If passed, new supplemental operating appropriations will lapse June 30, 2019. New capital expenditure appropriations will not lapse until their purpose is accomplished or abandoned.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-37
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2019

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 appropriations for Fiscal Year 2019.

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 appropriations for the budget period beginning July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

<u>FISCAL YEAR 2018 EXPENDITURE BUDGETS</u>
GENERAL FUND
Administration – Operations: Re-appropriate \$65,000 from FY18 to FY19 for the completion of the Sitka Community Hospital RFP process.
Assessing – Operations: Re-appropriate \$26,735 from FY18 to FY19 to refine the MARS CAMA system and to contract for island inspection services.
Recreation- Operations: Re-appropriate \$20,000 from FY18 to FY19 for street sand.
Building Official – Travel/Training: Re-appropriate \$3,000 from FY18 to FY19 for the new hire to attend Building Plans Examiner seminar.
Library- Operations: Re-appropriate \$8,000 from FY18 to FY19 for travel and advertising expense regarding new Library Director hire.
ENTERPRISE AND INTERNAL SERVICES FUNDS
Wastewater Fund-Fixed Assets: Re-appropriate the following fixed assets from FY18 to FY19: scum concentrator drive system - \$10,000.
Building Maintenance Fund – Operations: Re-appropriate the following projects that were budgeted but were not completed from FY18 to FY19: Animal Shelter roof rotted soffit and siding - \$120,000; Senior Center exterior paint - \$16,000; Senior Center cook hood replacement - \$25,000; MSC replace compressor - \$4,200.

In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period July 1, 2018 and ending June 30, 2019 is hereby adjusted as follows:

FISCAL YEAR 2019 EXPENDITURE BUDGETS	
GENERAL FUND	
Administration – Operations: Re-appropriate \$65,000 from FY18 to FY19 for the completion of the Sitka Community Hospital RFP process.	
Assessing – Operations: Re-appropriate \$26,735 from FY18 to FY19 to refine the MARS CAMA system and to contract for island inspection services.	
Recreation- Operations: Re-appropriate \$20,000 from FY18 to FY19 for street sand.	
Building Official – Travel/Training: Re-appropriate \$3,000 from FY18 to FY19 for the new hire to attend Building Plans Examiner seminar.	
Library- Operations: Re-appropriate \$8,000 from FY18 to FY19 for travel and advertising expense regarding new Library Director hire.	
ENTERPRISE AND INTERNAL SERVICES FUNDS	
Wastewater Fund-Fixed Assets: Re-appropriate the following fixed assets from FY18 to FY19: scum concentrator drive system - \$10,000.	
Building Maintenance Fund – Operations: Re-appropriate the following projects that were budgeted but were not completed from FY18 to FY19: Senior Center exterior paint - \$16,000; MSC replace compressor - \$4,200.	
Building Maintenance Fund – Fixed Assets: Re-appropriate funds that were budgeted but were not completed from FY18 to FY19 in the amount of \$25,000 for the Senior Center cook hood replacement and move that appropriation to Fixed Assets.	
CAPITAL PROJECTS	
Animal Shelter Roof Rotted Soffit and Siding Project: Re-appropriate funds in the amount of \$120,000 for Animal Shelter repairs and move that appropriation to a Capital Project.	

EXPLANATION

The Municipal Administrator has determined that various unexpended appropriations for Fiscal Year 2018, which lapsed on June 30, 2018, are essential to the Municipality. The Municipal Administrator, therefore is recommending that the lapsed appropriations identified above be re-appropriated in Fiscal Year 2019 through supplemental appropriations as set forth in Section 11.10 (a) of the Charter. A short explanation of each supplemental appropriation 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 30th Day of August, 2018.

ATTEST:

Matthew Hunter, Mayor

Melissa Henshaw, CMC
Acting Municipal Clerk