

POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-42
on second and final reading.




City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

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

From: Jay Sweeney, Chief Finance and Administrative Officer 

Date: August 22, 2018

Subject: Approval of FY2019 Supplemental Budget Ordinance 2018-42

Background

The purpose of FY2019 Supplemental Budget Ordinance 2018-42 is to adjust the FY2019 operating budget by re-appropriating encumbered but unspent funds in the FY2018 operating budget.

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"*. The Municipality has historically interpreted this provision of the Charter to mean that encumbered but unspent appropriations at the end of a fiscal year do not lapse.

Analysis

The accounting system for the Municipality is not able to maintain unexpired operating appropriations in one fiscal year while simultaneously accounting for expenditures against such appropriations in subsequent fiscal years. Therefore, in order to ensure the provisions of Section 11.12 of the Charter are adhered to, encumbered but unexpended appropriations at the end of each fiscal year are re-appropriated through a supplemental appropriation as set forth in Section 11.10 of the Charter.

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 - \$133,998.10
Electric Fund - \$148,730.67
Wastewater Fund – operating budget - \$125,838.70
Solid Waste Fund - \$9,217.49

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Harbor Fund - \$28,639.50
MIS Fund - \$1,078.56
Central Garage Fund - \$112,929.62

If passed, new supplemental operating appropriations will lapse June 30, 2019.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-42
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2019
(FY2018 PURCHASE ORDERS)

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 which is necessary to ensure that encumbered appropriations do not lapse at the end of a fiscal year, in accordance with Section 11.12 of the Home Rule Charter of the City and Borough of Sitka.

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, 2018 and ending June 30, 2019 is hereby adjusted as follows:

| <u>FISCAL YEAR 2019 EXPENDITURE BUDGETS</u> |
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| 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, 2018 and ending June 30, 2019 is hereby adjusted as follows for the purchase orders open as of June 30, 2018. |
| General Fund -\$133,998.10; Electric Fund - \$148,730.67; Wastewater Fund - \$125,838.70; Solidwaste Fund - \$9,217.49; Harbor Fund - \$28,639.50; MIS Fund - \$1,078.56; and Central Garage Fund - \$112,929.62. |

EXPLANATION

Section 11.12 of the Home Rule Charter of the City and Borough of Sitka (the Charter) specifies that unencumbered surpluses of the General Fund lapse at the end of a fiscal year. The Municipality has historically interpreted this provision of the Charter to mean that encumbered appropriations at the end of a fiscal year do not lapse.

The accounting system for the Municipality is not able to maintain unexpired operating appropriations in one fiscal year, but, account for expenditures against such appropriations in subsequent fiscal years. Therefore, in order to ensure the provisions of Section 11.12 of the Charter are adhered to, encumbered but unexpended appropriations at the end of each fiscal year are re-appropriated through a supplemental appropriation as set forth in Section 11.10 of the Charter.

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 11th Day of September, 2018.

ATTEST:

Matthew Hunter, Mayor

**Sara Peterson, MMC
Municipal Clerk**

**1st reading 8/30/18
2nd and final reading 9/11/18**

Sponsor: Administrator