



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
Dave Miller, Interim Municipal Administrator

From: Melissa Haley, Acting CFAO

Date: August 21, 2019

Subject: FY2020 Appropriation of funds encumbered in FY2019

Summary

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 (committed) 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.

Background

While there is a firm end to the fiscal year, often projects are ongoing and continue into a new fiscal year. When this happens, the committed portion of the budget must be moved into the new fiscal year.

Fiscal Note

The FY2019 budget will be reduced by \$1,272,286 (\$415,376 in the General Fund, \$246,565 in the Electric Fund, \$23,776 in the Water Fund, \$52,068 in the Wastewater Fund, \$4,395 in the Solid Waste Fund, \$21,570 in the Harbor Fund, \$168,059 in the IT fund, \$331,664 in the Central Garage Fund, and \$8,812 in the Building Maintenance Fund) and the FY2020 Budget will increase by the same amount.