

**Discussion / Direction / Decision**  
on CARES Act appropriations.

**POSSIBLE MOTIONS**

**Option A**

**I MOVE TO** give the Municipal Administrator authority to move existing appropriations between expenses, fixed assets, and personnel, so long as the thresholds of the categories approved are maintained, limited to CARES Act funding.

**OR**

**Option B**

**I MOVE TO** acknowledge that we cannot properly identify amounts for each “accounting bin” and allow the Municipal Administrator to come forward after the funding has been spent with a “clean-up” appropriation.




# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members

**Thru:** John Leach, Municipal Administrator 

**From:** Melissa Haley, Finance Director

**Date:** September 3, 2020

**Subject:** Discussion direction on CARES Act appropriations:

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### Background

The assembly approved CARES Act funding appropriations by category, as developed by the CARES Act working group, but overall appropriations were for expenses, as at the time the supplemental appropriation went forward, we did not have the details of the spending. As we develop the various CARES Act program, it is clear that we will have expenditures in personnel and fixed assets and, per section 11.11 of the Charter, the Administrator may not transfer between these accounting classifications. While there have been no deviations from the categories approved by the assembly, in an accounting sense, we have to treat personnel expenses and fixed/capital asset purchase differently from general expenses.

*(From section 11.11 of the Home Rule Charter)*

*(b) **Transfer of Appropriations.** The administrator may transfer part or all of any unencumbered balance between classification of expenditures within a department, sub-department, internal service fund, or enterprise fund except for:*

*(1) Transfer of appropriations for debt service, support payments, fixed assets, or transfers to other funds.*

*(2) Transfer of appropriations to or from personnel costs and travel/training costs.*

### Analysis

In order to move forward with disbursing CARES Act funds prior to the deadline, it is very likely that we will not know until all funding has been expended how much will be allocated to general expense, personnel, and/or fixed/capital assets. We would like to identify a solution preemptively so that the Assembly is proactively aware of this challenge and so that our path forward is open and transparent.

### Fiscal Note

Nothing proposed would impact the total amount of spending, just the “accounting bins”.

### Recommendation

Two proposed paths forward are:

1. Make a motion to give the Administrator authority to move existing appropriations between expenses, fixed assets, and personnel, so long as the thresholds of the categories approved are maintained, limited to CARES Act funding.
2. Make a motion acknowledging that we cannot properly identify amounts for each “accounting bin” and allow the Administrator to come forward after the funding has been spent with a “clean-up” appropriation.