

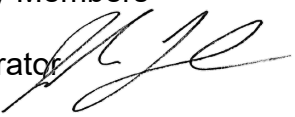
City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Melissa Haley, Finance Director

Date: September 8, 2021

Subject: **FY21 supplemental appropriations for over budget funds**

Background

IT Fund

While staff analyze budgets throughout the year and strive to come forward as soon a potential overbudget situation is identified, in some cases, it becomes apparent that fund has exceed its appropriations only after the fiscal year has ended. This year two situations contributed the overbudget situation in the IT Fund.

1. Telephone expense was under-budgeted for FY21. In addition, one month of FY20 was paid in FY21, so there were 13 months paid in FY21
2. Some CARES Act expenses were paid directly out of the IT Fund (for example our Zoom services). These were reimbursed, but still resulted in higher expense for the IT Fund.

School Bond Debt Service Fund

At the end of FY21 the City and Borough of Sitka participated in a refunding deal through the Alaska Municipal Bond Bank. While this refunding results in savings (NPV savings of over \$650,000 over the life of the refunding bonds), there was an upfront cost of \$48,200, that was not anticipated as part of the budget process. There are also likely to be a small portion of deferred charges that will amortized and included as expense for FY21.

Analysis

In general, staff strive to budget the level they anticipate is needed to provide required services in a realistic manner. Doing so and not padding budgets, means that there will occasionally situations in which funds go over their budgets. Where possible, staff try to catch and address these situations early, but at times, that is not possible.

Fiscal Note

The IT fund need a supplemental appropriation of \$50,000 and the School Bond Debt Service Fund will need a supplemental appropriation of \$60,000.

Recommendation

Approve ordinances 2021-34 and 2021-35 making supplemental appropriations for FY21.