

1
2 **CITY OF HOMER**
3 **HOMER, ALASKA**

Mayor

4
5 **ORDINANCE 19-35**
6

7 AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,
8 AMENDING HOMER CITY CODE CHAPTER 3.05, BUDGET TO
9 INSTITUTE A TRADITIONAL BIENNIAL BUDGET; REPEALING
10 HOMER CITY CODE 3.05.040, EQUIPMENT REPLACEMENT
11 RESERVE, HOMER CITY CODE 3.05.042, ALTERNATIVE FUNDING
12 FOR DEPRECIATION, AND HOMER CITY CODE 3.05.043, HEALTH
13 INSURANCE RESERVE FUND; AMENDING HOMER CITY CODE
14 3.05.045, BALANCED BUDGET REQUIREMENTS; AND ENACTING
15 HOMER CITY CODE; 3.05.047, CAPITAL ASSET REPAIR AND
16 MAINTENANCE ALLOWANCE FUND; 3.05.048, CAPITAL
17 IMPROVEMENT FUND; 3.05.049, GENERAL FUND - FUND BALANCE;
18 AND 3.05.050, PRIORITIZATION OF FUNDING.
19

20 WHEREAS; It is the intent of the City to budget in a fair and transparent manner and
21 provide adequate oversight by the City Council; and
22

23 WHEREAS; The City Manager is required to prepare and present a budget proposal for
24 the following budget period by the third Friday in October; and
25

26 WHEREAS; It is imperative that the budget process provide the City Council adequate
27 opportunities to fulfill their appropriation and oversight duties; and
28

29 WHEREAS; Establishing funds and fund balance and reserve policies will provide better
30 fiscal accuracy and a more informed budget process; and
31

32 WHEREAS; It is in the best interest of the City to set aside funds for maintenance and
33 repairs to ensure the City is funding the highest city-wide priorities; and
34

35 WHEREAS; The unique location of the City next to the North Pacific Ocean and subject
36 to frequent earthquakes, volcanic eruptions, flooded rivers, and high fire danger, requires that
37 the City maintain an emergency reserve sufficient to carry out its municipal duties at a time of
38 disaster; and
39

40 WHEREAS; The City Council may supplement, or further delineate designations.
41

42 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:
43

44 Section 1. Homer City Code 3.05.005 through 3.05.035 of Homer City Code Chapter 3.05,
45 Budget are amended to read as follows:
46

47 **3.05.005 Budget assumptions.**

48 The City of Homer operates on a traditional biennial budget. The budget shall be adopted every
49 second year of a mayoral term. By the third Friday in September the City Manager shall present
50 to the Council an overview of preliminary budget assumptions for a budget period containing
51 the next two fiscal years. These preliminary assumptions will address, by fund, revenue
52 projections, tax and utility rates, program additions or deletions, wages and benefits, or other
53 issues with potential effects upon the City's overall financial condition.
54

55 **3.05.010 Budget submission - Contents.**

56 By the third Friday in October the City Manager shall present to the Council a budget proposal
57 covering each of the next two fiscal years of the City.
58

59 **3.05.011 City Manager's budget message.**

60 The City Manager's budget message shall explain the budget in fiscal terms and in terms of
61 work programs. It shall contain an outline of the proposed financial policies of the City for the
62 ensuing two fiscal years, describe the important features of the budget, indicate any major
63 changes from the prior budget period and from current financial policies, expenditures, and
64 revenues, together with the reasons for such changes, summarize the City's debt position and
65 include other material as deemed desirable.
66

67 **3.05.012 Complete financial plan.**

68 a. The budget shall provide a complete financial plan of all City funds and activities for
69 the next two fiscal years. In organizing the budget, the City Manager shall utilize the most
70 feasible combination of expenditure classification by fund, organizational unit, program,
71 purpose or activity and objective.

72 b. The budget shall begin with a clear general summary of its contents, which summary
73 shall show principal sources of anticipated revenue, stating separately the amount to be raised
74 by property taxes, and by department the kinds of expenditures in such a manner as to present
75 to the public a clear and simple estimate of budget detail.

76 c. The budget shall show in detail all estimated income, including the proposed
77 property tax levy, but shall exclude State revenue sharing, which will be appropriated when
78 received. The budget also shall show in detail all proposed expenditures, including debt
79 service, for the ensuing budget period.

80 d. The budget shall be prepared on a modified accrual basis and subsequent reporting
81 shall recognize revenues when they become available and measurable and recognize
82 expenditures when liabilities are incurred.

83 e. The budget shall include in separate sections:

- 84 1. Proposed expenditures for each current fund operation during the ensuing budget
85 period detailed by offices, departments and agencies in terms of their respective work
86 programs, and the method of financing such expenditures;
- 87 2. Anticipated net surplus or deficit (fund balance) for the ensuing budget period of each
88 fund owned or operated by the City and the proposed method of its disposition;
89 subsidiary budgets for each such fund, giving detailed income and expenditures
90 information, shall be presented in the budget;
- 91 3. Proposed capital budget will be presented as a separate section of the biennial budget.
92 The capital budget shall show capital expenditures during the ensuing budget period,
93 detailed by offices, departments and agencies, when practicable, and the proposed
94 method of financing each such capital expenditure.
- 95 f. Comparative data for the previous and ensuing budget periods shall be provided in a
96 format for ease of comparison of previous with proposed revenues and expenditures.

97

98 **3.05.015 Review – Hearing – Adoption – Appropriations.**

99 a. At a Council meeting held not less than 10 days prior to the end of the current budget
100 period, the Council shall, by ordinance, appropriate the money needed for the ensuing budget
101 period.

102 b. The budget proposal of the City Manager shall be reviewed by the Council and shall
103 be available for public inspection in the office of the City Clerk and posted on the City’s website.

104 c. A public hearing on the appropriation ordinance shall be held in accordance with
105 provisions for adoption of an ordinance. All interested parties shall be given an opportunity to
106 be heard on matters relative to the budget.

107 d. A separate appropriation shall be made to each of the various funds of the City. From
108 the effective date of the budget, the amounts stated therein as expenditures shall be and
109 become appropriated to the objects and purposes therein named. The City Council may make
110 supplemental and emergency appropriations, but payment may not be authorized or made
111 and an obligation may not be incurred except in accordance with approved appropriations.

112

113 **3.05.020 Amendments.**

114 The Council may, by ordinance, increase or decrease appropriations during the course of the
115 budget period, and may also amend the budget using the same method used for its initial
116 adoption.

117

118 **3.05.025 System of accounts.**

119 All City accounts shall be organized in a manner consistent with the approved budget. The City
120 Council may supplement or further delineate designations.

121

122 **3.05.030 Unencumbered balances of appropriations – Transfers.**

123 a. The necessary accounting records shall be maintained to reflect the unencumbered
124 balances of all appropriations. The Finance Director/Treasurer shall submit to the City Council
125 a quarterly report reflecting operating activity and anticipated expenditures.

126
127 b. Unencumbered appropriation balances may be transferred from one budget line item to
128 another within the same department by the City Manager at any time. Transfer of
129 appropriations within departments which would permanently amend the approved staffing
130 level or level of service delivery shall require Council approval.

131
132 c. At the request of the City Manager, or on its own initiative, the Council may, by resolution,
133 transfer unencumbered appropriation balances from one department to another within the
134 same fund.

135
136 d. Nothing allowed in this section shall violate the requirements of presenting a balanced
137 budget (HCC3.05.045).

138

139 **3.05.035 Lapse of appropriation at end of fiscal year.**

140 a. Except as provided in this section and in HCC 3.05.047 – 3.05.049, appropriations
141 shall lapse at the end of the fiscal year to the extent that they have not been fully expended or
142 fully encumbered. Any earnings from investment of monies accumulated in a fund shall accrue
143 to the fund.

144 b. An appropriation for a capital expenditure shall continue in force until the purpose
145 for which it is made has been accomplished or abandoned; the purpose of such appropriation
146 shall be deemed abandoned if three years pass without disbursement or encumbrance of the
147 appropriation.

148

149 Section 2. Homer City Code 3.05.040, Equipment replacement reserve fund, is repealed.

150

151 Section 3. Homer City Code 3.05.042, Alternative funding for depreciation, is repealed.

152

153 Section 4. Homer City Code 3.05.043, Health insurance reserve fund, is repealed.

154

155 Section 5. Homer City Code 3.05.045, Balanced budget requirements, is amended to read as
156 follows:

157

158 **3.05.045 Balanced budget requirements.**

159 Projected expenditures shall not exceed projected revenues in the operating budget. Any
160 action to reconsider, rescind, or veto the budget which would affect a balanced budget must
161 be accompanied by action which maintains a balanced budget.

162

163 Section 6. Homer City Code 3.05.047, Capital asset repair and maintenance account, is enacted
164 to read as follows:

165

166 **3.05.047 Capital Asset Repair and Maintenance Allowance Fund.**

167 a. There is established in the general fund a Capital Asset Repair and Maintenance
168 Allowance Fund (CARMA). The amount of the fund shall be established by City Council in the
169 biennial budget based on the projected maintenance and repair needs of the City.

170 b. Purpose. Capital asset management is essential to extending the life and use of
171 taxpayer funded assets, facilities and infrastructure.

172 c. Funds in the Capital Asset Repair and Maintenance Account shall be available for
173 appropriation and expenditure for equipment replacement, fleet replacement, engineering or
174 planning services, major maintenance of city facilities, or any other purpose as identified and
175 recommended by the City Manager and authorized by the City Council.

176

177 Section 7. Homer City Code 3.05.048, Capital improvement fund, is enacted to read as follows:

178

179 **3.05.048 Capital Improvement Fund**

180 a. There is established in the General Fund a General Fund Capital Improvement Fund
181 (CIF). The fund shall be comprised of various Council appropriations for capital projects which
182 shall not be limited to only the current budget period.

183 b. Purpose. The purpose of the Capital Improvement Fund is to help fund major capital
184 projects, new infrastructure or equipment replacement for the City of Homer.

185 c. Monies in the Capital Improvement Fund shall be designated for major capital
186 projects or initiatives, as identified and authorized by the City Council.

187

188 Section 8. Homer City Code 3.05.049, General fund – Fund balance, is enacted to read as
189 follows:

190

191 **3.05.049. General Fund – Fund Balance.**

192 a. Purpose. General Fund – Fund Balance represents the net assets of the general fund
193 and serves as a measure of financial resources. The purpose of the General Fund – Fund
194 balance is twofold:

195 1. Restricted fund balance shall not fall below six months operating revenue and
196 is intended to help the City of Homer provide quick response to weather
197 economic uncertainty and unexpected situations such as natural disasters so as
198 to avoid the need for short-term borrowing.

199 2. Unrestricted fund balance shall be available for appropriation by City Council

200

201 b. Any General Fund budget surplus at the end of a fiscal year will lapse into the General
202 Fund – Fund Balance.

203

204 Section 9. Homer City Code 3.05.050, Priority of funding, is enacted to read as follows:

205

206 **3.05.050 Priority of Funding**

207 Within the General Fund during the biennial budget process available revenue will be budgeted
208 in the following priority order in order to meet the financial obligations of the City of Homer:

209 i. Operating budget

- 210 ii. General Fund – Fund Balance Restricted
- 211 iii. Capital Asset Repair and Maintenance Allowance Fund
- 212 iv. General Fund – Fund Balance Unrestricted

213
214

215 Section 10. Section 1 of this ordinance shall take effect immediately

216

217 Section 11. Sections 2-9 shall take effect January 1, 2020.

218

219 Section 12. This ordinance is of a permanent and general character and shall be included in
220 Homer City Code.

221

222 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this ____ day of _____,
223 2019.

224

CITY OF HOMER

225

226

227

KEN CASTNER, MAYOR

228

ATTEST:

229

230

231

MELISSA JACOBSEN, MMC, CITY CLERK

232

233

YES:

234

NO:

235

ABSTAIN:

236

ABSENT:

237

238

First Reading:

239

Public Hearing:

240

Second Reading:

241

Effective Date:

242

243

244 Reviewed and approved as to form.

245

246

Mary K. Koester, City Manager

247

Holly C. Wells, City Attorney

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