

1 CITY OF HOMER  
2 HOMER, ALASKA

Mayor

3  
4 ORDINANCE 19-35(S)(A)  
5

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

19 **WHEREAS, Biennial budgeting will provide an opportunity to streamline**  
20 **government services through better long range and strategic financial planning, a longer**  
21 **perspective on program planning, and consolidation of the effort invested in the budget**  
22 **development and approval process, thereby improving services to the citizens of Homer;**  
23 **and**  
24

25 WHEREAS, It is the intent of the City to budget in a fair and transparent manner and  
26 provide adequate oversight by the City Council; and  
27

28 WHEREAS, The City Manager is required to prepare and present a budget proposal for  
29 the following budget period by the third Friday in October; and  
30

31 WHEREAS, It is imperative that the budget process provide the City Council adequate  
32 opportunities to fulfill their appropriation and oversight duties; and  
33

34 WHEREAS, Establishing funds and fund balance and reserve policies will provide better  
35 fiscal accuracy and a more informed budget process; and  
36

37 WHEREAS, It is in the best interest of the City to set aside funds for maintenance and  
38 repairs to ensure the City is funding the highest city-wide priorities; and  
39

40 WHEREAS, The unique location of the City next to the North Pacific Ocean and subject  
41 to frequent earthquakes, volcanic eruptions, flooded rivers, and high fire danger, requires that

42 the City maintain an emergency reserve sufficient **fund balance** to carry out its municipal  
43 duties at a time of disaster; and,

44  
45 ~~WHEREAS, The City Council may supplement, or further delineate designations:~~

46  
47 NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

48  
49 Section 1. Homer City Code 3.05.005 through 3.05.035 of Homer City Code Chapter 3.05,  
50 Budget are amended to read as follows:

51  
52 **3.05.005 Budget assumptions.**  
53 **The City of Homer operates on a traditional biennial budget beginning with the two-year**  
54 **biennium commencing January 1, 2020. The 2020-21 biennial budget and all subsequent**  
55 **budgets shall be prepared, considered and adopted under the provisions of this chapter.**  
56 **The budget shall be adopted every second year of a mayoral term.** By the third Friday in  
57 September the City Manager shall present to the Council an overview of preliminary budget  
58 assumptions for the next fiscal year of the City **a budget period containing the next two fiscal**  
59 **years.** These preliminary assumptions will address, by fund, revenue projections, tax and  
60 utility rates, program additions or deletions, wages and benefits, or other issues with potential  
61 effects upon the City's overall financial condition.

62  
63 **3.05.010 Budget submission – Contents.**  
64 By the third Friday in October **of a budget year,** the City Manager shall present to the Council  
65 a budget proposal ~~for the next~~ **covering each of the next two fiscal years** of the City.

66  
67 **3.05.011 City Manager's budget message.**  
68 The City Manager's budget message shall explain the budget in fiscal terms and in terms of  
69 work programs. It shall contain an outline of the proposed financial policies of the City for the  
70 ensuing **two** fiscal years, describe the important features of the budget, indicate any major  
71 changes from the ~~current year~~ **prior budget period** and from current financial policies,  
72 expenditures, and revenues, together with the reasons for such changes, summarize the City's  
73 debt position and include other material as deemed desirable.

74  
75 **3.05.012 Complete financial plan.**  
76 a. The budget shall provide a complete financial plan of all City funds and activities for  
77 the next **two** fiscal years. In organizing the budget, the City Manager shall utilize the most  
78 feasible combination of expenditure classification by fund, organizational unit, program,  
79 purpose or activity and objective,  
80  
81 b. The budget shall begin with a clear general summary of its contents, which summary  
82 shall show principal sources of anticipated revenue, stating separately the amount to be raised

83 by property taxes, and by department the kinds of expenditures in such a manner as to present  
84 to the public a clear and simple estimate of budget detail.

85  
86 c. The budget shall show in detail all estimated income, including the proposed  
87 property tax levy, but shall exclude State revenue sharing, which will be appropriated when  
88 received. The budget also shall show in detail all proposed expenditures, including debt  
89 service, for the ensuing ~~fiscal year~~ budget period.

90 d. The budget shall be prepared on a modified accrual basis and subsequent reporting  
91 ~~and auditing shall reflect this basis of goods and services are received, and revenues are~~  
92 ~~recorded when payment is received; except for material or available revenue which should be~~  
93 ~~accrued to reflect properly the taxes levied and the revenues earned~~ **shall recognize revenues**  
94 **when they become available and measurable and recognize expenditures when liabilities**  
95 **are incurred.**

96  
97 e. The budget shall include in separate sections:

98  
99 1. Proposed expenditures for each current **fund** operations during the ensuing  
100 ~~fiscal year~~ **budget period** detailed by offices, departments and agencies in  
101 terms of their respective work programs, and the method of financing such  
102 expenditures;

103  
104 2. Anticipated net surplus or deficit (fund balance) for the ensuing ~~fiscal year~~  
105 **budget period** of each enterprise-fund owned or operated by the City and the  
106 proposed method of its disposition; subsidiary budgets for each such enterprise  
107 fund, giving detailed income and expenditures information, shall be presented  
108 in the budget;

109  
110 3. Proposed capital budget will be presented ~~under~~ **as** a separate **section**  
111 ~~document~~ **of the biennial budget. The capital budget shall show capital**  
112 expenditures during the ensuing ~~fiscal year~~ **budget period**, detailed by offices,  
113 departments and agencies, when practicable, and the proposed method of  
114 financing each such capital expenditure.

115  
116 f. Comparative data for the previous and current ~~fiscal years~~ **ensuing budget periods**  
117 shall be provided in a format for ease of comparison **of previous** ~~with the proposed revenues~~  
118 and expenditures.

119  
120 g. ~~Data for the current fiscal year shall include the total of the amounts actually received~~  
121 ~~or encumbered to the time of preparing the budget, plus anticipated receipts and expenditures~~  
122 ~~for the remainder of the current year.~~

123  
124 **3.05.015 Review - Hearing - Adoption - Appropriations.**

125 a. ~~The budget proposal of the City Manager shall be reviewed by the Council and shall~~  
126 ~~be available for public inspection in the office of the City Clerk and the budget summary shall~~  
127 ~~be posted in three public places and published at least once in one or more newspapers of~~  
128 ~~general circulation in the city. **At a Council meeting held not less than 10 days prior to the**~~  
129 ~~**end of the current budget period, the Council shall, by ordinance, appropriate the money**~~  
130 ~~**needed for the ensuing budget period.**~~

131  
132 b. ~~A public hearing on the appropriation ordinance shall be held in accordance with~~  
133 ~~provisions for adoption of an ordinance. All interested parties shall be given an opportunity to~~  
134 ~~be heard on matters relative to the budget. **The budget proposal of the City Manager shall**~~  
135 ~~**be reviewed by the Council and shall be available for public inspection in the office of the**~~  
136 ~~**City Clerk and posted on the City's website.**~~

137  
138 c. ~~At a Council meeting held not less than 10 days prior to the end of the fiscal year, the~~  
139 ~~Council shall, by ordinance make appropriation of the money needed for the following year. **A**~~  
140 ~~**public hearing on the appropriation ordinance shall be held in accordance with provisions**~~  
141 ~~**for adoption of an ordinance. All interested parties shall be given an opportunity to be**~~  
142 ~~**heard on matters relative to the budget.**~~

143  
144 d. A separate appropriation shall be made to each of the various funds of the City. From  
145 the effective date of the budget, the amounts stated therein as expenditures shall be and  
146 become appropriated to the objects and purposes therein named. The City Council may make  
147 supplemental and emergency appropriations, but payment may not be authorized or made  
148 and an obligation may not be incurred except in accordance with approved appropriations.

149  
150 e. ~~**The City Council shall provide for a midbiennium review, and any modification**~~  
151 ~~**shall occur no sooner than eight (8) months after the start, but no later than the**~~  
152 ~~**conclusion of the first year of the biennium. The City Manager shall prepare a proposed**~~  
153 ~~**budget modification and the City shall provide for publication of notice of hearings**~~  
154 ~~**consistent with publication of notices for adoption of other City ordinances. Such**~~  
155 ~~**proposal shall be submitted to the City Council and shall be a public record and be**~~  
156 ~~**available to the public. A public hearing shall be advertised at least once and shall be held**~~  
157 ~~**no later than the first regular Council meeting in December and may be considered from**~~  
158 ~~**time to time. At such a hearing or thereafter, the Council may consider a proposed**~~  
159 ~~**ordinance to carry out such modifications.**~~

160  
161  
162 **3.05.020 Amendments.**

163 The Council may, by ordinance, increase or decrease appropriations during the course of the  
164 budget period, and may also amend the budget using the same method used for its initial  
165 adoption.  
166

167 **3.05.025 System of accounts.**

168 All City accounts shall be organized in a manner consistent with the approved budget. For  
169 purposes of appropriations under HCC3.05.15, the funds of the City are those established by  
170 the Finance Director/Treasurer, recommended by the City Manager and approved by the City  
171 Council. **The City Council may supplement or further delineate designations.**

172  
173 **3.05.030 Unencumbered balances of appropriations – Transfers.**

174 a. The necessary accounting records shall be maintained to reflect the unencumbered  
175 balances of all appropriations. In determining the unencumbered balances of appropriations,  
176 the estimated amounts of commitments for goods or services ordered but not paid for shall be  
177 taken into consideration, and ~~the~~ The Finance Director/Treasurer shall submit to the City  
178 Manager **City Council a quarterly monthly report of all unencumbered balances reflecting**  
179 **operating activity and anticipated expenditures.**

180  
181 b. Unencumbered appropriation balances may be transferred from one budget line item to  
182 another within the same department by the City Manager at any time. Transfer of  
183 appropriations within departments which would permanently amend the approved staffing  
184 level or level of service delivery shall require Council approval.

185  
186 c. At the request of the City Manager, or on its own initiative, the Council may, by resolution,  
187 transfer unencumbered appropriation balances from one department to another within the  
188 same fund.

189  
190 ~~d. Nothing allowed in this section shall violate the requirements of presenting a balanced~~  
191 ~~budget (HCC3.05.045).~~

192  
193 **3.05.035 Lapse of appropriation at end of fiscal year.**

194 a. Except as provided in this section and in HCC\_3.05.040 and 3.05.043 ~~3.05.047 –~~  
195 **3.05.049**, appropriations shall lapse at the end of the fiscal year to the extent that they have  
196 not been fully expended or fully encumbered. **Any earnings from investment of monies**  
197 **accumulated in a fund shall accrue to the fund.**

198  
199 b. An appropriation for a capital expenditure shall continue in force until the purpose  
200 for which it is made has been accomplished or abandoned; the purpose of such appropriation  
201 shall be deemed abandoned if three years pass without disbursement or encumbrance of the  
202 appropriation.

203  
204 **Section 2. Homer City Code 3.05.017, Minimum annual transfer for Homer**  
205 **Accelerated Roads and Trails capital accounts is repealed.**

206  
207 Section 3. Homer City Code 3.05.040, Equipment replacement reserve fund, is repealed.  
208

209 Section 4. Homer City Code 3.05.042, Alternative funding for depreciation, is repealed.

210

211 Section 5. Homer City Code 3.05.043, Health insurance reserve fund, is repealed.

212

213 Section ~~5~~ **6**. Homer City Code 3.05.045, Balanced budget requirements, is amended to  
214 read as follows:

215

216 **3.05.045 Balanced budget requirements.**

217 ~~The budget which is adopted shall be balanced considering all sources of funds.~~

218

219 ~~a. Any action to reconsider, rescind or veto the budget which creates an “imbalance” shall be~~  
220 ~~in violation of this section.~~

221

222 **Projected expenditures shall not exceed projected revenues in the operating budget.**

223 ~~b.~~ Any action to reconsider, rescind, or veto the budget which would affect a balanced budget  
224 must be accompanied by action which maintains a balanced budget.

225

226 Section ~~6~~ **7**. Homer City Code 3.05.047, Capital asset repair and maintenance account,  
227 is enacted to read as follows:

228 **3.05.047 Capital Asset Repair and Maintenance Allowance Fund.**

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

232

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

235

236 **c. Funds in the Capital Asset Repair and Maintenance Allowance Fund shall be**  
237 **available for appropriation and expenditure for equipment replacement, fleet**  
238 **replacement, engineering, or planning services, major maintenance of city facilities, or**  
239 **any other purpose as identified and recommended by the City Manager and authorized**  
240 **by the City Council.**

241

242 Section ~~7~~ **8**. Homer City Code 3.05.048, Capital improvement fund, is enacted to read  
243 as follows:

244

245 **3.05.048 Capital Improvement Fund**

246 **a. There is established a Capital Improvement Fund (CIF). The fund shall be**  
247 **comprised of various Council appropriations for capital projects, acquisitions or**  
248 **initiatives as identified and authorized by the City Council which shall not be limited to**  
249 **only the current budget period.**

250

251 Section ~~8~~ **9**. Homer City Code 3.05.049, General fund – Fund balance, is enacted to read  
252 as follows:

253  
254 **3.05.049. General Fund – Fund Balance.**

255 **a. Purpose. General Fund – The fund balance of the general fund represents the net**  
256 **assets of the general fund and serves as a measure of financial resources.**

257  
258 **b. There is established within the fund balance of the general fund an amount**  
259 **equal to ~~six~~ four months revenue for the current fiscal year that is restricted to**  
260 **emergency use only. Emergency restricted fund balance shall only be spent to help the**  
261 **City of Homer provide quick response to weather economic uncertainty and unexpected**  
262 **situations such as natural disasters so as to avoid the need for short-term borrowing.**

263  
264 **c. Unassigned fund balance shall be available for appropriation by City Council.**

265  
266 **b. Any General Fund budget surplus at the end of a fiscal year will lapse into the**  
267 **General Fund – Fund Balance.**

268  
269 Section 9 **10**. Homer City Code 3.05.050, Priority of funding, is enacted to read as  
270 follows:

271  
272 **3.05.050 Priority of Funding**  
273 **Within the General Fund during the biennial budget process available revenue will be**  
274 **budgeted in the following priority order in order to meet the financial obligations of the**  
275 **City of Homer:**

- 276 **i. Operating budget**  
277 **ii. General Fund – Fund Balance Restricted**  
278 **iii. Capital Asset Repair and Maintenance Allowance Fund**  
279 **iv. General Fund – Fund Balance Unrestricted**

280  
281  
282 Section ~~10~~ **11**. Section 1 of this ordinance shall take effect immediately

283  
284 Section ~~11~~ **12**. Sections 2-9 shall take effect January 1, 2020.

285  
286 Section ~~12~~ **13**. This ordinance is of a permanent and general character and shall be  
287 included in Homer City Code.

288  
289 ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 12 day of August,  
290 2019.

291  
292 CITY OF HOMER

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ATTEST:

*Melissa Jacobsen*

MELISSA JACOBSEN, MMC, CITY CLERK

YES: 6

NO: 0

ABSTAIN: 0

ABSENT: 0

First Reading: 7-22-19

Public Hearing: 8-12-19

Second Reading: 8-12-19

Effective Date: 8-13-19

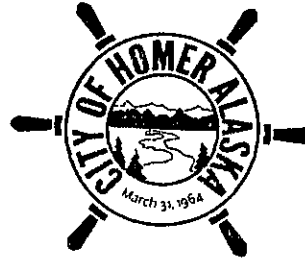
Reviewed and approved as to form.

*Katie Koester*

Katie Koester, City Manager

*Ken Castner*

KEN CASTNER, MAYOR



*Holly C. Wells*

Holly C. Wells, City Attorney

9/24/19