

# KETCHIKAN CHARTER COMMISSION

## AGENDA STATEMENT

NO     F-2    

MEETING OF March 12, 2004

ITEM TITLE Review and acceptance of the Article X, Finance, of the City of Ketchikan's Charter of 2001, second reading of three SUBMITTED BY John Harrington
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### SUMMARY STATEMENT

At the last regular meeting, the Commission amended and voted on Article X for the Ketchikan 2004 DRAFT Charter, utilizing a comparison document between the Ketchikan 2001 Charter and the Haines, Sitka, Juneau successfully adopted charters.

Since this issue is so complex, the Commission has decided to initially review this article a total of three times.

### RECOMMENDED ACTION:

"I move to approve Article X as amended, Finance, of the Ketchikan 2004 DRAFT Charter in the second reading of three."

## **ARTICLE X FINANCE**

### **Section 10.01 Fiscal Year.**

The fiscal year of the municipality shall begin on the first day of July and shall end on the last day of June, unless otherwise provided by ordinance.

### **Section 10.02 Budget**

(a) At least 60 days before the beginning of the fiscal year, the manager shall prepare and submit to the Assembly a proposed budget for the next fiscal year which shall contain detailed estimates of anticipated revenues and proposed expenditures for the year. Such budget shall include a program of capital expenditures for the year. The total of such proposed expenditures shall not exceed the total of anticipated revenues, including bond proceeds, and reserves. The budget shall be in such form and have such contents as the Assembly may require. The budget shall be approved as provided for in this Charter.

(b) The budget and any budget message accompanying it shall be a public record in the office of the municipal clerk and shall be open to the public. Sufficient copies of the budget and any budget message shall be made for distribution to persons on request.

(c) The Assembly shall hold a public hearing on the proposed budget at least one week after notice of the time of the hearing has been published; and any interested person shall have an opportunity to be heard for or against the estimates or any item thereof. The Assembly may continue the hearing at later meetings.

(d) The Assembly may amend the budget and shall approve the budget, by ordinance or resolution, not later than the third day before the beginning of the fiscal year. If the Assembly fails to adopt the budget and make the appropriations on or before that day, the budget as submitted or as amended shall go into effect and be deemed to be finally adopted by the Assembly and the expenditures shall become the appropriations for the next fiscal year. The appropriations, when made by the Assembly by resolution or ordinance separate from the budget document, need not be in as great detail as the proposed expenditures in the budget.

(e) The budget shall include budgets for the general fund, and for other funds which are deemed to require formal budgeting.

### **Section 10.03 Supplemental and Emergency Appropriations And Transfer of Appropriated Reserves**

Supplemental and Emergency Appropriations and transfer of appropriated balances may be made from available reserves by resolution or ordinance approved by a majority of the Assembly. The Assembly may transfer unencumbered balances or parts thereof from any item of appropriation to any other item of appropriation, including new

items, whether or not such other item is within the same department, office or agency.

**Section 10.04      Taxation: Powers.**

The municipality shall have all powers of taxation which home rule boroughs may have under the state constitution and law.

**Section 10.05      Taxation: Sales and Use Taxes; Ratification of Sales or Use Tax Rate Increases.**

(a) The municipality may, by ordinance, levy sales or use taxes on an areawide basis, a non-areawide basis, and a service area basis.

(b) No increase in the rate of levy of a sales or use tax generally applied on an areawide, non-areawide, or service area basis shall become effective except by an ordinance adopted by the Assembly and ratified by a majority of the qualified voters who vote on the ordinance at a general or special election. If the increase in the rate of levy of the general sales or use tax is limited to a service area or is non-areawide, the vote is limited to those qualified to vote in the area. The Assembly may, by ordinance, but without ratification by the voters, increase the rate of transient occupancy taxes, create or terminate exemptions to the sales tax, change administrative procedures or fees, and increase the rate of levy of sales or use taxes on specifically designated goods or services.

**Section 10.06      Taxation: Assessment, Levy and Collection of Property Taxes -- Exemptions.**

The municipality shall provide for the annual assessment, levy, and collection of taxes on property. No exemptions from taxation except those expressly provided by law or ordinance shall be allowed.

**Section 10.07 Property Tax Limit**

The property tax levy shall not exceed one & four-tenths (1.4%) percent (14 mill) of the assessed valuation of the property to be taxed. The voters may raise this limit by an affirmative vote of the majority of the voters participating in a special or regular election. This section shall not in any way limit the ability of the municipality to meet its bonded obligations and in no event shall the property tax levy during a year exceed three percent (thirty mills) of the assessed value of the property in the municipality.

**Section 10.08 [7]      Taxation: Private Interests in Public Property and Payments in Lieu of Taxation**

(a) Taxation of Private Interests. Private leaseholds, contracts, or interests in land or property owned or held by the United States, the state, or its political subdivisions shall be taxable to the extent of the private interests.

(b) Port Payments in Lieu of Taxation. The Assembly shall require the municipally-

owned port to annually pay to the municipality an amount reasonably estimated to be not more than the amount which said municipally-owned port would pay in taxes, assessments, or charges if subject to all such taxes, without the use of reserves, of the former City of Ketchikan in effect at the time of consolidation. The mill rate used to determine the minimum payment may be decreased proportionately to any decreases approved by the Assembly from the areawide mill rate adopted by the Assembly for the first year following consolidation.

**Section 10.09 [8] Taxation: Assessment -- Equalization.**

The taxable status of property shall, for purposes of property taxes, be determined as of the first day of January, or such other date as may hereafter be prescribed by law, which is called the assessment day. Values on the assessment rolls shall be determined by the full and true value according to the facts existing on the assessment day for the year for which the assessment is made, and no change in the status of property after that day shall be considered in determining its value. In determining such values, any standards of appraisal established by law or ordinance shall be followed. The Assembly, acting as the Board of Equalization, shall equalize valuations of property assessed; provided that the Assembly, by ordinance, may delegate this power to a board created by ordinance when not prohibited by law.

**Section 10.10 [9] Taxation: Lien on Real Property.**

The municipality shall have a first lien on all real property and personal property against which municipal taxes are assessed, for the taxes and any collection charges, penalties, and interest which may accumulate thereto; and the lien shall continue until the taxes and any such charges, penalties, and interest are paid.

**Section 10.11 [0] Taxation: Protection of Lien on Property.**

The municipality may protect its lien for taxes on real property by sale at tax sale, or by purchasing the real property at any tax sale or other public sale, or by direct negotiation with the owner, or in any other legal manner. Any such procedure shall be deemed to be for a public purpose. When the municipality has acquired an interest in real property to protect a tax lien thereon, the owner of any interest in such real property may, within such time as provided by law, redeem the same by paying the delinquent municipal taxes and all accrued charges, penalties, and interest thereon, as provided by law or ordinance. After the municipality has held any tax-delinquent real property for such time as required by law, it may hold the same for public use or may sell it as provided by state law.

Municipal taxes on personal property shall be a debt to the municipality from the persons to whom they are assessed. If any person to whom such taxes are assessed fails or refuses to pay the taxes, such taxes and accrued charges, penalties, and interest may be collected by a personal action in the name of the municipality against the person to whom assessed in a court of competent jurisdiction, or by distraint and

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sale of any personal property of the person assessed. Neither of the remedies herein given shall be exclusive of the other or of any remedy provided by law.

**Section 10.12 [1] Disbursements: Authority - Method.**

Disbursements of municipal funds shall be made only in accordance with appropriations made as provided in this Charter, or, in case of funds which are not formally appropriated, then by authority granted by the Assembly or by the qualified voters of the municipality. The Assembly shall prescribe the method or methods of disbursing municipal funds.

**Section 10.13 [2] Lapse of Appropriations.**

At the close of the fiscal year, an unencumbered appropriation shall lapse into the fund from which appropriated. An appropriation for capital improvements, or in connection with requirements of federal or state grants, shall not lapse until the purpose of the appropriation has been accomplished or abandoned.

**Section 10.14 [3] Annual Audit.**

The Assembly shall provide for an annual independent audit of all municipality and municipal utility accounts. The audit shall be performed by a certified public accountant designated by the Assembly and shall be completed within 120 days following the close of the fiscal year.

**Section 10.15 [4] Deposit and Investments of Funds.**

The Assembly shall regulate the deposit and investment of municipal funds, and shall determine what funds of the municipality may be invested. Municipal funds may be invested only in the following: General-obligation bonds and other general-obligation evidences of indebtedness of the United States, of the State of Alaska, of other states of the United States, of this municipality, and of other municipalities of this state; and such other securities as may be authorized by ordinance.

**Section 10.16 [5] Purchases and Sales.**

The Assembly shall, by ordinance, establish procedures for purchases and sales. Such procedures may include procedures for competitive bidding to the extent and subject to such exceptions established by the Assembly.

**Section 10.17 [6] Public Improvements.**

Public improvements, including local improvements, may be made by the municipal government itself or by contract. Except as provided in Section 8.02(a) or as otherwise provided by law, the Assembly shall award all contracts for such improvements; provided that the Assembly may, by ordinance, authorize the municipal manager or other authority to award such contracts not exceeding an amount to be determined by the Assembly and subject to such regulations as the Assembly may, by ordinance, prescribe. The Assembly may, by ordinance, establish regulations and procedures for

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competitive bidding or solicitations of quotations and awards of contracts and providing for rejection of all bids.

**[Sitka Alternative]** ARTICLE XI FINANCE

Section 11.01 Fiscal Year

The fiscal year of the municipality shall begin on the first day of July and end on the thirtieth day of June of the following year. The Assembly may change the fiscal year provided that the ordinance doing so is adopted not less than one year before the beginning of the first fiscal year affected.

Section 11.02 Submission of Budget, Capital Improvements Program and Message

Not later than 60 days before the end of the current fiscal year, the Administrator shall submit to the Assembly a budget for the following fiscal year, a capital improvements program and an accompanying explanatory message of both. The Assembly may grant an extension of not to exceed 30 days if compelling reasons exist.

Section 11.03 Scope of Budget

(a) Complete Financial Plan. The budget shall be a complete financial plan for all the operations of the municipality, showing all reserves, all estimated revenues from all sources, and all proposed expenditures for all purposes.

(b) Form. The budget shall contain at least the following:

(1) A comparative statement of actual expenditures and actual revenues for the preceding fiscal year for each fund excluding capital project funds.

(2) Estimated expenditures and estimated revenues for the current fiscal year for each fund excluding capital project funds.

(3) A brief explanation of each item.

(4) An analysis of working capital, excluding capital project funds.

(c) Balanced Budget. Proposed expenditures shall not exceed total estimated revenues and reserves.

Section 11.04 Scope of Capital Improvements Program

The Capital Improvements Program shall be a plan for capital improvements proposed for the following six fiscal years, together with the estimated cost of each improvement and the proposed method of financing it. It shall contain at least the following:

(1) A summary of current capital improvements which are unfinished.

(2) A simple, clear summary of the detailed contents of the program, separating all proposed acquisitions of new fixed assets from repairs, maintenance, upgrades, and replacements of existing assets.

(3) Capital improvements pending or proposed to be undertaken within the ensuing fiscal year, together with the estimated cost of each improvement and the proposed method of financing it. Capital improvements to be financed in the following fiscal year shall be included in the budget as well as in the capital improvements program.

(4) A summary of needed capital improvements which are deferred.

Section 11.05 Scope of Message

The administrator's message shall contain an explanation of the budget both in fiscal terms and in terms of work to be done, a description of the important features of the budget, an outline of the proposed financial policy of the municipality for the following fiscal year, and an explanation of each capital improvement to be undertaken within the following six fiscal years.

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### Section 11.06 Hearing

Not later than 15 days before the end of the current fiscal year, a public hearing shall be held on the budget and capital improvements program. All persons interested shall have an opportunity to be heard. At least 10 days prior to the hearing the Assembly shall:

(1) Publish in a newspaper of general circulation in the municipality a summary of the budget and capital improvements program and a notice setting out the time for a public hearing.

(2) Make the budget, the capital improvements program and message a public record available for public inspection and for distribution at such reasonable price as the Assembly may direct.

(3) Deliver copies of the notice and summary of the budget and capital improvements program and the message to newspapers of general circulation in the municipality and to the commercial radio and television stations operating in the municipality.

### Section 11.07 Assembly Action on Budget

(a) Budget Adoption. The Assembly by ordinance shall adopt a budget not later than 10 days before the end of the current fiscal year. If it fails to do so, the budget submitted by the administrator shall be deemed adopted by the Assembly as the budget for the following year.

(b) Tax Levies. Prior to the end of the current fiscal year, the Assembly shall make the tax levies deemed necessary to finance the budget for the ensuing fiscal year. Shall it fail to do so the expenditures proposed in the budget shall become the appropriations for that year.

### Section 11.08 Assembly Action on Capital Improvements Program

The Assembly by resolution shall adopt a capital improvements program not later than 10 days before the end of the current fiscal year. If it fails to do so, the capital improvements program submitted by the administrator shall be deemed adopted by the Assembly.

### Section 11.09 Certification and Distribution

(a) Certification. The budget and capital improvements program as adopted shall be certified by the Mayor and Clerk and shall be a public record.

(b) Distribution. Copies of the budget and capital improvements program as so certified shall be made available at the clerk's office for distribution to the public at such reasonable process as the Assembly may direct.

### Section 11.10 Supplemental and Emergency Appropriations

(a) Supplemental Appropriations. If during any fiscal year there are available revenues received from sources not anticipated in the budget for that year or revenues received in excess of budget estimates, the Assembly by ordinance may make supplemental appropriations for the year up to the amount of the additional revenues.

(b) Emergency Appropriations. Upon declaration by the Assembly that a public emergency exists and describing the emergency in clear and specific terms, the Assembly may make emergency appropriations. Such appropriations may be made by emergency ordinance. If there are no available funds to meet such appropriations the Assembly may provide for supplemental tax levies by an ordinance which shall be introduced at the same meeting at which the emergency appropriations is approved and enacted under the procedures outlined in Section 3.02 of this Charter.

### Section 11.11 Reduction and Transfer of Appropriations

(a) Reduction of Appropriations. If during the fiscal year it appears that

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revenues available will be insufficient to meet the amount appropriated, the administrator shall report to the Assembly without delay. The Assembly by resolution may reduce any appropriation, except for debt service. No appropriation may be reduced by more than the amount of the unencumbered balance.

(b) Transfer of Appropriations. The administrator may transfer part or all of any unencumbered balance between classification of expenditures within a department, subdepartment, 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. All transfers of appropriations will be documented and submitted to the Assembly by the next regular Assembly meeting. The Assembly by ordinance may transfer part or all of any unencumbered balance from one division, department, or sub-department to another. No transfer may be made from appropriations for debt service.

### Section 11.12 Lapse of Appropriations and Surpluses

Every unencumbered surplus of the general fund or a service area shall lapse at the close of the fiscal year to the general fund or service area, respectively. An appropriation for a capital improvement shall not lapse until its purpose has been accomplished or abandoned.

### Section 11.13 Administration of Budget

(a) Budget Authority. The administrator shall be responsible for execution of the budget, with oversight by the assembly. No monies shall be spent other than as authorized by the budget or in excess of budgeted amounts unless specifically authorized by the assembly. The administrator shall provide the assembly with detailed information on budget execution and the assembly shall have the power to change or revoke any authorization.

(b) Signatures Required. All checks and orders, except for those concerned with administration of the school budget, shall be signed by the Mayor or other elected officer designated by the Assembly, and the administrator, finance officer or other administrative officer designated by the Assembly.

(c) Appropriations and Unencumbered Balance Required. No payment may be made and no obligation incurred against the municipality except in accordance with appropriations duly made. No payment may be made and no obligations incurred against any appropriation unless the administrator ascertains that there is a sufficient unencumbered balance in the appropriation and that sufficient funds are or will be available to cover the obligation.

(d) Illegal Acts. Every obligation incurred and every authorization of payment in violation of this Charter shall be void. Every payment made in violation of the provisions of this Charter shall be illegal. All officers or employees of the municipality who authorize or make such payments shall be jointly and severally liable to the municipality for the full amount so paid. The administrator shall proceed forthwith to collect the indebtedness unless otherwise directed by the Assembly.

(e) Notwithstanding Section 11.13(c) of this Charter, the Assembly by ordinance may authorize payment of funds in later fiscal years for a contract, lease or federal or state program or grant that the municipality might not otherwise be able to participate in.

(f) Central Treasury. Except as otherwise provided by the Assembly by ordinance, the Assembly shall provide that all funds of the municipality from whatever source shall be deposited in a central treasury.



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**(g) Centralized Accounting.** Except for the school accounting system and the Community Hospital accounting system, the assembly shall provide for centralized accounting for the municipality. However, at the request of the school board, the assembly shall incorporate the school accounts in the centralized system. The assembly may choose, upon request of the hospital board or upon its own motion to incorporate hospital accounts in the centralized system.

(h) Centralized Purchasing. The Assembly may provide for centralized purchasing, storage, and distribution of any supplies, materials, and equipment for the municipality and its departments if the associated costs and related benefits warrant such procedures.

### Section 11.14 Competitive Bidding

The Assembly by ordinance shall provide for competitive bidding.

(a) Purchases. Contracts for public improvements and whenever practicable other purchase of supplies, materials, equipment and services, except professional services and services of officers and employees of the municipality, shall be by competitive bid and awarded to the lowest qualified bidder. All contracts and purchases exceeding an amount to be established by ordinance shall require prior assembly approval.

(b) Disposals. The municipality may sell, lease, or otherwise dispose of municipal property. Such disposal shall be by competitive bid and awarded to the highest qualified bidder, unless the Assembly finds that competitive bidding is inappropriate due to the nature of the property or the circumstances surrounding its disposal, to include possible unjust results with regard to adjacent or neighboring property owners. The Assembly shall enact ordinances governing property disposals.

### Section 11.15 Enterprise Funds

Revenues from a municipal enterprise whether established before or after the ratification of this Charter shall be first used for debt retirement, construction, acquisition, operation, maintenance, repair and capital improvement of the enterprise. Other uses of such revenues shall be only as authorized by ordinance or by budgetary action.

### Section 11.16 Sitka Permanent Fund

(a) Purpose. A permanent fund is hereby created from appropriations to be made by Assembly by ordinance. The permanent fund shall be maintained separate and apart from all other funds and accounts of the City and Borough. The purpose is to grow the principal of the permanent fund to provide an ever-increasing income stream to the Sitka General Fund in perpetuity. The intent of the income stream is to reduce the tax burden on the citizens of Sitka.

(b) Flow of Money into the Sitka Permanent Fund. The net proceeds from the sale of any municipal real property shall be deposited into the Sitka Permanent Fund. If the property was an active lease immediately prior to its sale by the City and Borough, for the next three years immediately after the sale the proceeds of the sale shall not be used in the distribution calculation described in subsection (c) of this section. For those properties described in the previous sentence, the value used for the distribution calculation shall for those first three years immediately after the sale be the amount of the lease payment that the sold property generated during the last year that the City and Borough owned the property.

(c) Appropriations from the Sitka Permanent Fund to the Sitka General Fund. The Assembly shall annually appropriate to the Sitka General Fund six percent of the average market value of the Sitka Permanent Fund for the past three years. Such appropriation shall occur on July 1st of each year. The market value of the Sitka Permanent Fund for each year shall be that value as of December 31.

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Notwithstanding the first sentence of this subsection, the dollar amount appropriated each year shall not be greater than one hundred fifteen percent nor less than ninety percent of the previous year's appropriation from the Sitka Permanent Fund. No funds in excess of the three-year average described in this subsection's first sentence shall be distributed out of or appropriated from the Sitka Permanent Fund's income or principal unless that distribution or appropriation is specifically authorized by a majority of the qualified voters voting at a general or special election. Nothing in the previous sentence shall affect the obligations of the City and Borough under any present or future bond covenants.

(d) Management of Sitka Permanent Fund. The Sitka Permanent Fund shall be managed on a total rate of return basis, with all dividends and capital gains reinvested into the Sitka Permanent Fund. The Assembly shall adopt an ordinance setting out an investment policy governing the management of the Sitka Permanent Fund. (Amended 10-3-00) (Ord 00-1578).

## Article XIII, Taxation

### Section 13.01 Tax Procedures

The Assembly shall prescribe by ordinance the procedures for tax assessment and collection.

- a. Property Assessment. Such procedures shall provide for the assessment of property at its full and true value and for notice of assessment, administrative appeal, and judicial review.
- b. Property Tax First Lien. Any property tax, together with collection charges, penalties, and interest, is a first lien on that property.
- c. Sales and Use Tax. Any sales or use tax or change in rate thereof shall be by ordinance ratified by a majority of the qualified voters voting on the question.

### Section 13.02 Private Interest Taxable

Private leaseholds, contracts or interests in land or property owned or held by the United States, the state, or other political subdivisions, shall be taxable to the extent of the interests. This paragraph shall have no effect on the right of the municipality to tax other property and no lien provided for in this article shall be construed as an exclusive remedy for all the collection of taxes.

### Section 13.03 Property Tax Limit

The property tax levy shall not exceed six tenths (0.0006) of one percent (6 mill) of the assessed valuation of the property to be taxed. The voters may raise this limit by an affirmative vote of the majority of the voters participating in a special or regular election. This section shall not in any way limit the ability of the municipality to meet its bonded obligations and in no event shall the property tax levy during a year exceed three percent (thirty mills) of the assessed value of the property in the municipality.

## ***[Juneau Alternative]*** ARTICLE IX — FINANCIAL PROCEDURES

*Section 9.1. FISCAL YEAR. The fiscal year of the municipality shall begin on the first day of July and end on the last day of June.*

*Section 9.2. SUBMISSION OF BUDGET, CAPITAL IMPROVEMENTS PROGRAM, AND MESSAGE. (a) By April 5, the manager shall submit to the assembly a budget for the following fiscal year, a capital improvements program, and an accompanying explanatory message of both.*

*(b) Upon submission, the budget, the capital improvements program, and the message shall be a public record*

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*available for public inspection and for distribution at such reasonable price as the assembly may direct. (Serial No. 93-22am § 2, 1993).*

*Section 9.3. SCOPE OF BUDGET. (a) The budget shall be a complete financial plan for all the operations of the municipality, including the education function, showing all reserves, all estimated revenues from all sources, and all proposed expenditures for all purposes.*

*(b) The budget shall include a comparative statement of actual expenditures and actual revenues for the preceding fiscal year and estimated expenditures and estimated revenues for the current fiscal year.*

*(c) Proposed expenditures shall not exceed total estimated revenues and reserves.*

*(d) The assembly by ordinance shall provide for the form of all budgets.*

*Section 9.4. SCOPE OF CAPITAL IMPROVEMENTS PROGRAM. (a) The capital improvements program shall be a plan for capital improvements proposed for the following six fiscal years, together with the estimated cost of each improvement and the proposed method of financing it. It shall contain at least the following:*

*(1) A summary of current capital improvements which are unfinished;*

*(2) A simple, clear summary of the detailed contents of the program;*

*(3) Capital improvements pending or proposed to be undertaken within the ensuing fiscal year, together with the estimated cost of each improvement and the proposed method of financing it.*

*(b) Capital improvements to be financed in the following fiscal year shall be included in the budget as well as in the capital improvements program.*

*(c) The assembly by ordinance shall provide for the form of all capital improvements programs.*

*Section 9.5. SCOPE OF MESSAGE. The manager's message shall contain an explanation of the budget both in fiscal terms and in terms of work to be done, a description of the important features of the budget, an outline of the proposed financial policy of the municipality for the following fiscal year, and an explanation of each capital improvement to be undertaken within the following six fiscal years.*

*Section 9.6. HEARING ON BUDGET AND CAPITAL IMPROVEMENTS PROGRAM. By May 1 a public hearing shall be held on the budget and capital improvements program. All persons interested shall have an opportunity to be heard. At least two weeks prior to the hearing the assembly shall:*

*(a) Publish in a newspaper of general circulation in the municipality a summary of the budget and capital improvements program and a notice setting out the time and place for a public hearing;*

*(b) Deliver copies of the notice and summary of the budget and capital improvements program and the message to newspapers of general circulation in the municipality and to the commercial radio and television stations operating in the municipality.*

*Section 9.7. ASSEMBLY ACTION ON BUDGET. (a) The assembly by ordinance shall adopt a budget by June 15. If it fails to do so, the budget submitted by the manager shall be deemed adopted by the assembly as the budget for the following year.*

*(b) The assembly by ordinance adopted before June 15 shall provide for the tax levies required in the budget. If it fails to do so, the tax levies required in the budget shall be deemed adopted by the assembly.*

*(c) Except as provided in this section, the assembly shall not levy on real or personal property any tax exceeding the total of 12 mills plus that additional millage required to service general obligation indebtedness. The assembly may levy a tax exceeding this total only after seeking and securing voter approval by a majority of those voting on the question at a general or special election. (Adopted by the voters on October 3, 1995, regular election; Serial No. 93-22am § 3, 1993).*

*Section 9.8. ASSEMBLY ACTION ON CAPITAL IMPROVEMENTS PROGRAM. The assembly by resolution shall adopt a capital improvements program by June 15. If it fails to do so, the capital improvements program submitted by the manager shall be deemed adopted by the assembly. (Serial No. 93-22am § 4, 1993).*

*Section 9.9. CERTIFICATION AND PUBLIC RECORDS. (a) The budget and capital improvements program as adopted shall be certified by the manager and the clerk, and shall be a public record.*

*(b) Copies of the budget and capital improvements program as so certified shall be made available at the clerk's office for distribution to the public at such reasonable price as the assembly may direct.*

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*Section 9.10. SUPPLEMENTAL AND EMERGENCY APPROPRIATIONS. (a) If during any fiscal year there are available revenues received from sources not anticipated in the budget for that year or revenues received in excess of budget estimates, the assembly by ordinance may make supplemental appropriations for the year up to the amount of the additional revenues.*

*(b) Upon declaration by the assembly that a public emergency exists and describing the emergency in clear and specific terms, the assembly may make emergency appropriations. Such appropriations may be made by resolution and shall be approved by all assembly members present or by seven of its membership, whichever is the lesser number. If there are no available funds to meet such appropriations, the assembly by resolution may authorize the issuance of emergency notes. These notes shall be paid not later than the last day of the fiscal year following that in which the emergency appropriation was made.*

*Section 9.11. REDUCTION AND TRANSFER OF APPROPRIATIONS. (a) If during the fiscal year it appears that revenues available will be insufficient to meet the amount appropriated, the manager shall report to the assembly without delay. The assembly by resolution may reduce any appropriation, except for debt service or for cash deficit; no appropriation may be reduced by more than the amount of the unencumbered balance.*

*(b) The manager may transfer part or all of any unencumbered balance between classification of expenditures within a department, office, or agency, excluding the education function. The assembly by ordinance may transfer part or all of any unencumbered balance from one department, office, or agency to another. No transfer may be made from appropriations for debt service or for cash deficit.*

*Section 9.12. LAPSE OF APPROPRIATIONS AND SURPLUSES. Every unencumbered surplus of the general fund or a service area shall lapse at the close of the fiscal year to the general fund or service area, respectively. An appropriation for a capital improvement shall not lapse until its purpose has been accomplished or abandoned.*

*Section 9.13. ADMINISTRATION OF BUDGET. (a) No payment may be made and no obligation incurred against the municipality except in accordance with appropriations duly made.*

*No payment may be made and no obligation incurred against any appropriation unless the manager ascertains that there is a sufficient unencumbered balance in the appropriation and that sufficient funds are or will be available to cover the obligation.*

*(b) Every obligation incurred and every authorization of payment in violation of this Charter shall be void.*

*Every payment made in violation of the provisions of this Charter shall be illegal. All officers or employees of the municipality who knowingly authorize or make such payment shall be jointly and severally liable to the municipality for the full amount so paid. The manager shall proceed forthwith to collect the indebtedness unless otherwise directed by the assembly.*

*(c) Notwithstanding Section 9.13(a) of this Charter, the assembly by ordinance may require payment of funds from appropriations of a later fiscal year or of more than one year for any contract, lease or note or bond obligation, or federal or state grant, or any other federal or state program that the municipality may not otherwise participate in.*

*(d) Except as otherwise provided by the assembly by ordinance, the assembly shall provide that all funds of the municipality from whatever source, including the education function, shall be deposited in a central treasury.*

*(e) Except as otherwise provided by the assembly by ordinance, the assembly shall provide for centralized accounting of all accounting functions of the municipality.*

*(f) Except as otherwise provided by the assembly by ordinance, the assembly shall provide for centralized purchasing of supplies, material, and equipment for the municipality and its departments, offices, and agencies. (As amended by Serial No. 74-34 § 4, 1974; Serial No. 74-33 § 4, 1974; Serial No. 74-32 § 4, 1974).*

*Section 9.14. COMPETITIVE BIDDING. (a) The assembly by ordinance shall provide for competitive bidding and procedures for competitive bidding.*

*(b) Contracts for public improvements and, whenever practicable, other purchases of supplies, materials, equipment, and services, shall be by competitive bid and awarded to the lowest qualified bidder. This subsection (b) shall not apply to purchases of:*

*(1) professional services,*

*(2) services of officers and employees of the municipality acting within the scope of their office or employment,*

*(3) services of officers and employees of the state of Alaska or the federal government if such services are provided pursuant to a written agreement with the employer,*

*(4) services of students and members of the faculty of an accredited high school, college, or university if such services are provided pursuant to a written agreement with the school, or*

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*(5) services of members and employees of a nonprofit corporation registered as such with the state of Alaska, if:*

*(A) the services are provided pursuant to a written agreement with the corporation, and*

*(B) the total amount paid by the municipality divided by the number of hours of service provided by the members and employees of the corporation does not exceed double the minimum hourly wage established by the Alaska Wage and Hour Act.*

*(c) All contracts and purchases exceeding an amount to be established by ordinance shall require prior assembly approval. (As amended by Serial No. 98-28 § 2, 1998).*

*Section 9.15. ASSESSMENTS. All real property to be taxed shall be assessed for tax purposes at full and true market value.*

*Section 9.16. ENTERPRISE FUNDS. Revenues from an enterprise, whether established before or after July 1, 1970, shall be first used for debt retirement, construction, acquisition, operation, maintenance, repair, and capital improvement of the enterprise.*

*Section 9.17. SALES AND USE TAX. Any sales or use tax or change in rate thereof shall be by ordinance ratified by a majority of the qualified voters voting on the questions in the affected areas.*

*Section 9.18. AUDITS. The assembly shall provide annually for an independent audit of the accounts of the municipality. The audit shall be made by a certified public accountant designated by the assembly.*

## **[Haines Alternative] ARTICLE IX \_FINANCES**

### **Section 9.01 Annual Budget and Capital Improvements Program**

*The operating budget shall be a complete and balanced financial plan for all operations of the borough, showing all reserves, estimated revenues from all sources, and the proposed expenditures for all purposes in the upcoming fiscal year. It shall also include a comparative statement of actual expenditures and revenues for the preceding year and a projection for the current year.*

*The capital budget shall be the portion of the annual budget detailing the planned capital improvements for the upcoming fiscal year and their source of funding.*

*The capital improvements program (CIP) shall be a plan detailing expected capital improvements for the next six fiscal years, the predicted costs, and proposed method of financing them.*

*Upon adoption by ordinance, the operating budget, capital budget, and CIP shall be the appropriations that govern all spending by the borough.*

*(A) Fiscal year. The fiscal year of the borough shall begin on the first day of July and end on the last day of June the following year.*

*(B) Submission and presentation. No later than April 1 of the current fiscal year, the manager shall present to the assembly the six-year CIP and the proposed operating and capital budget for the following fiscal year. The presentation shall include a written explanation of the budget and CIP focusing on the work to be done and the financial policies that will direct the funding of that work.*

*(C) Hearing and assembly action. The assembly shall hold at least two public hearings on the proposed annual budget no later than June 1. At least ten days prior to each hearing, the assembly shall publish in a general circulation newspaper a summary of the budget and notice of public hearing. Copies of the proposed budget shall be made available to the public.*

*(D) Assembly action and executive certification of budget. The assembly by ordinance shall adopt a budget and establish tax levies not later than June 15. If it fails to do so, the budget and tax levies submitted by the manager shall be deemed adopted by the assembly as the annual budget. The assembly by ordinance may provide for additional procedures regarding submission.*

*The manager shall certify the annual budget and CIP, making them part of the public record.*

### **Section 9.02 Altering and Transferring Appropriations**

*If the manager determines that revenues will be insufficient to meet the amount appropriated, he shall report to the assembly, and the assembly by ordinance and according to borough code may*

## Articles XII, XIII, & XIV

*reduce as necessary any appropriation except for debt service.*

*The manager may transfer part or all of any unencumbered balance to another classification within a department, office, or agency.*

*The manager may transfer balances from one department to another only with the approval of the assembly through a re-appropriation.*

### Section 9.03 Enterprise Funds

*Revenues from a municipal enterprise activity shall be used for the direct operating expenses and other expenses of the enterprise, such as debt retirement and providing for the establishment of an enterprise fund replacement reserve account for major maintenance and repairs. Any other use of enterprise fund revenues shall be made as authorized by ordinance or by budgetary action. If any general funds are used for enterprise fund projects, the amount will be repaid by enterprise activity according to procedures set forth in borough code.*

### Section 9.04 Emergency and Supplemental Appropriations

*Surplus revenues from unexpected sources may be used to fund supplemental appropriations and emergency appropriations, in accordance with borough code.*

### Section 9.05 Lapse of Appropriations

*Every unencumbered surplus of the general fund or special revenue fund shall lapse at the close of the fiscal year to the general fund or service area, respectively. An appropriation for capital improvement, or to meet requirements of federal or state grants, shall not lapse until the project is complete or abandoned.*

### Section 9.06 Administration of the Budget

*(A) Centralized accounting. Except as otherwise provided by ordinance, the assembly shall provide for centralized accounting for all functions of the borough.*

*Except as otherwise provided by ordinance, the assembly shall provide for centralized purchasing and specifically designate the officers who shall write checks and place orders.*

*(B) Appropriations. Payments must be made by appropriation only. No payment may be made and no obligation incurred against any appropriation unless the manager ascertains that sufficient funds are or will be made available.*

*(C) Payments. The assembly shall by ordinance establish bylaws and procedures for making payments and recovering amounts expended without authorization.*

### Section 9.07 Competitive Bidding and Contract Approval

*The assembly by ordinance shall hold competitive bidding for the sales of borough property and the purchasing of goods and services.*

*The sale shall be offered to the highest bidder; the contract shall be awarded to the lowest qualified responsive bidder, excepting only contracts with officers and employees of the borough and professional services.*

### Section 9.08 Audits

*The assembly shall provide for an annual independent audit of the accounts of the borough. The audit shall be made by a certified public accountant designated by the assembly.*

### Section 9.09 Permanent Fund

*(A) Purpose. The Haines Permanent Fund holds and invests income from land sales and other sources identified by ordinance of the borough assembly. The permanent fund shall be maintained in perpetuity as a separate fund, apart from all other funds and accounts of the borough.*

*(B) Principal. The principal of the fund shall be invested in such types of income producing investments specifically designated by ordinance. Any use of principal other than reinvestment shall be made by ordinance ratified by the voters of the borough.*

*(C) Interest income. Only interest and dividends on the fund shall be spent. After a portion or all of the dividend and interest is returned to the fund principal as inflation proofing, surplus may be used for borough expenses.*

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## ARTICLE X TAXATION

### *Section 10.01 Taxing Authority*

*The assembly shall always be the sole taxing authority in the borough.*

### *Section 10.02 Kinds of Taxes*

*The assembly by ordinance may levy any tax and fee allowed by law to pay for borough services and capital improvements.*

### *Section 10.03 Sales Tax Ratification*

*All sales tax ordinances shall be subject to ratification of the electorate within the area in which the tax will be in effect.*

### *Section 10.04 Tax Procedures*

*The assembly by ordinance shall prescribe the procedures for tax assessment, levy, and collection.*

*The procedures shall provide for assessment of property at full and true value, except as otherwise provided by law, and for notice of assessment, appeal, and judicial review.*

*Property taxes, with collection charges, penalties, and interest are first liens upon the property.*