

## Title IV

### Revenue & Finance

**Chapters:**

Chapter 4.01	Budget generally
Chapter 4.02	Budget procedure
Chapter 4.03	Annual financial statements
Chapter 4.04	Contracts & purchasing
Chapter 4.05	Line of Credit

#### Chapter 4.01

##### Budget Generally

**Sections:**

4.01.010	City obligations
4.01.020	Scope of budget
4.01.030	Budgeted revenues
4.01.040	Budgeted expenditures

**Section 4.01.010                      City obligations**

- A.     A bond, contract, lease, or other obligation requiring the payment of funds from the appropriations of a later fiscal year of more than one (1) fiscal year shall be made by ordinance and approved by the voters.
  
- B.     No payment may be authorized or made and no obligation may be incurred except in accordance with an appropriation made by ordinance. The council may make supplemental and emergency appropriations.
  
- C.     The council may authorize contracts for capitol improvements to be financed wholly or partly by the issuance of bonds.

(Ordinance 95-1)

**Section 4.01.020                      Scope of budget**

- A.     The budget shall be a complete financial plan for the operation of the city during the next fiscal year, showing dollar reserves, anticipated revenues and proposed expenditures.
  
- B.     Adoptions of the budget, together with appropriation of the required funds, constitutes the commitment of each sum identified as an

expenditure to the specified purchase or expense or class of purchases or expenses, and authorization and direction to the mayor and the city's appointed officials to expend each budget sum for the specified purpose.

- C. Proposed expenditures shall not exceed anticipated revenues and reserves.

(Ordinance 95-1)

**Section 4.01.030                      Budgeted revenues**

Budgeted revenues shall be itemized, and may be composed of taxes, licenses and permits, intergovernmental revenue, charges for service, fines and forfeitures, miscellaneous revenue, cash reserves, and others needed for proper accounting purposes.

(Ordinance 95-1)

**Section 4.01.040                      Budgeted expenditures**

Budgeted expenditures shall be itemized. Separate provisions shall be included in the budget for at least:

1. Interest, amortization of principal and redemption charges on the public debt for which the faith and credit of the city's is pledged;
2. Administration, operation and maintenance of each office, department or agency of the city;
3. The council's budgetary reserve; and
4. Expenditures proposed for capitol projects, including provisions for down payments on capitol projects.

(Ordinance 95-1)

**Chapter 4.02**

**Budget Procedure**

**Sections:**

- 4.02.010                      Fiscal year
- 4.02.020                      Public records
- 4.02.030                      Proposed budget
- 4.02.040                      Public hearing

4.02.050	Amendment of proposed budget; Adoption; Appropriation of funds
4.02.060	Amendment
4.02.070	Encumbrance
4.02.075	Effective date of budget certification
4.02.080	Excess liability; Lapse of appropriations
4.02.090	Transfers
4.02.100	Biennial projection – capitol program
4.02.110	Preparation guidelines

**Section 4.02.010                      Fiscal year**

The fiscal year of the city government shall begin on the first day of July each calendar year and end on the last day of June of the following calendar year. The fiscal year shall also constitute the budgeted and accounting year.

(Ordinance 95-1)

**Section 4.02.020                      Public records**

The proposed budget and budget message, and upon adoption, the budget, shall be public records open to inspection pursuant to chapter 1.24.

(Ordinance 95-1)

**Section 4.02.030                      Proposed budget**

- A.     The mayor shall prepare and submit to the council no later than May 1<sup>st</sup> of each year, the proposed budget for the following fiscal year, together with the budget message. The proposed budget shall set out estimates of all revenues expected to be received, and provide and appropriate for all anticipated expenditures of money, including contract and other commitments, except expenditures of construction funds derived from bonds or from special assessment. The budget shall be submitted as an ordinance. The council may amend the budget estimate any time prior to adoption.
  
- B.     The proposed budget shall include in parallel column opposite the items of anticipated revenues the amount of each such item actually received in the preceding fiscal year and the budget for the current fiscal year.
  
- C.     The proposed budget shall include in parallel column opposite the items of proposed expenditures, the amount of each such item actually spent in the preceding fiscal year and the budget for the current fiscal year.

- D. At the head of the proposed budget there shall appear a summary of the budget, which needs to be itemized. Principal sources of anticipated revenues and kinds of expenditures by department shall be stated in such a manner as to present to the tax payers a simple and clear summary of the detailed estimates of the budget.

(Ordinance 95-1)

**Section 4.02.040 Public hearing**

The council shall fix the time and place for a public hearing on the proposed budget. Notice of the hearing, together with a summary of the proposed budget, shall be posted in three (3) places in the city not more than ten (10) days, nor less than five (5) days prior to the time fixed for the hearing. At the hearing all interested persons shall be given an opportunity to be heard.

(Ordinance 95-1)

**Section 4.02.050 Amendment of proposed budget; appropriation of funds**

- A. After the conclusion of the public hearing on the proposed budget, the council may insert new items or may increase or decrease the items of the budget except items proposed expenditures fixed by law.
- B. The council shall adopt the budget and make the appropriation by ordinance no later than the fifteenth (15<sup>th</sup>) day of June. The council shall then appropriate the money required for the approved budget.
- C. If no budget has been adopted by the council by the last day of the present fiscal year, the proposed budget that is submitted or amended shall be deemed appropriated for the next fiscal year.

(Ordinance 95-1)

**Section 4.02.060 Amendment**

The budget may be amended by the council at any time after adoption provided no such amendment shall be made until after a public hearing upon the same notice as required for the budget estimate under section 4.04.040. The substance of the proposed amendment or amendments shall be posted with notice of the hearing.

(Ordinance 95-1)

**Section 4.02.070 Encumbrance**

No budget appropriations may be encountered without prior certification by the mayor that there is an unencumbered appropriation sufficient to cover such encumbrances and sufficient funds available to make the expenditure.

(Ordinance 95-1)

**Section 4.02.080 Excess liability; lapse of appropriation**

The mayor and clerk/treasurer shall not permit, without council approval, during any budget year, an expenditure or contract incurring a liability in excess of the amount appropriated for each department of the city. All appropriations covered by the budget lapse at the end of the budget year to the extent that they have not been expended or lawfully encumbered.

(Ordinance 95-1)

**Section 4.02.090 Transfers**

The mayor may approve intra-department transfers of appropriated funds; provided however, that appropriations may not be transferred between departments except by ordinance amending the budget as provided by Section 4.04.060.

(Ordinance 95-1)  
(Ordinance 15-01)

**Section 4.02.100 Biennial projection – capitol program**

At the same time the mayor prepares and submits the proposed budget under the provisions of section 4.04.030, he or she shall present to the council, as a working document, a proposed two (2) year summary budget for the city (excluding capital improvement programs) in the same general form as the budget for the next fiscal year. In addition, the council approval as a working document which shall estimate, by year and for each project, anticipated costs, funding requirements and sources, and include a narrative outlining the need and proposed priority of each project.

(Ordinance 95-1)

**Section 4.02.110 Preparation guidelines**

The budget, including the biennial projection and the five (5) year capitol improvement program, shall be prepared in accordance with the

recommendations of the National Committee on Governmental Accounting of Municipal Finance Officers Association.

(Ordinance 95-1)

### **Chapter 4.03**

#### **Annual financial statement**

**Sections:**

4.03.010 Annual financial statement

**Section 4.03.010 Annual financial statement**

The treasurer shall prepare a statement of annual income and expenditures in accordance with the requirements of AS 29.25.120, Annual audit to be submitted to the State of Alaska following approval by council resolution.

(Ordinance 95-1)  
(Ordinance 24-07)

### **Chapter 4.04**

#### **Contracts and Purchasing**

**Sections:**

4.04.010 Competitive bidding required  
4.04.020 Purchases generally  
4.04.030 Purchasing agent  
4.04.040 Bid invitation  
4.04.050 Prior council approval – when required  
4.04.060 Bid deposits  
4.04.070 Bid submittal and opening  
4.04.080 Rejection of bids  
4.04.090 Award of contract  
  
4.04.110 Contractor bonding  
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4.04.130 Public improvements contracts  
4.04.140 Construction contracts - Letting  
4.04.150 Construction contracts – Administration  
4.04.160 Disbursement setoffs  
4.04.170 Local preference

**(Ordinance 15-05)**

**Section 4.04.010 Competitive bidding required**

- A. All purchases of and contracts for supplies and contractual services greater than five thousand dollars (\$5,000) shall be based wherever possible on competitive bids.
- B. When competitive bids are not deemed to be possible, a purchase or contract may be entered into by resolution of the City Council, reciting the reasons therefore, and specifies how the purchase shall be made or the contract shall be entered into.
- C. All purchases of supplies and/or contractual services of less than five thousand dollars shall be made on the open market, without observing the competitive procurement requirements prescribed within this chapter.  
(Ordinance 15-05)

**Section 4.04.020 Purchase generally**

All supplies and contractual services except as otherwise provided in this chapter, when the estimated cost thereof exceeds five thousand dollars (\$5,000), shall be purchased by formal, written contract from the lowest responsible bidder as defined in section 4.04.090, after due notice inviting proposals.

**Section 4.04.030 Purchasing agent**

- A. The Mayor is the purchasing agent for the City. However the Mayor may designate the Clerk, another city employee, or a designee on special projects (such as Village Safe Water), to be the City purchasing agent, subject to Council approval by resolution.
- B. There shall be a City Purchasing Agent. The Purchasing Agent shall make all purchases of supplies, materials, equipment and  
  
contractual services needed by the offices, departments, and agencies of the City Government, in accordance with the Ordinances of the City and such rules and regulations as may be prescribed by the mayor and approved by the Council.
- C. The Purchasing Agent shall recommend joint purchases with other units of government when the best interest of the City would be served.

**Section 4.04.040 Bid invitation**

- A. Notice inviting bids shall be posted in a newspaper or newspapers of general circulation within the state selected by the Clerk.

Invitation for bids shall be published at least once, at least five days prior to the last day set for the recipient of proposals. The notice is required therein will include a general description of the work, or materials or service, will state where bid forms and specifications may be secured, the closing time for submission of bids and the submission and the time and place of opening bids. Bid deposits, if they are required, will be prescribed in the public notices inviting bids.

- B. The Clerk may also solicit bids from all responsible prospective suppliers who have indicated an interest in bidding on City contracts.
- C. The Clerk shall also advertise all pending purchases by posting a notice on the public bulletin boards in three conspicuous places around the community.
- D. Before bid invitations can be issued, the Clerk will write and have on file for public viewing the Council approved bid specifications. A tentative contract, approved by the Council, will also be available for public inspection.
- E. Bidder list. The City will also invite sealed bids from all responsible prospective contractors who have requested that their names be added to a bidders list, which the City shall maintain; by sending them a copy of such notice or such other notice as will acquaint them with the proposed contract. In any case, invitations sent to contractors on the bidders list will be limited to work that is similar in character and ordinarily performed by the contractors to which the invitations are sent. Failure of any person on the bidders list to receive such invitations to bid shall not invalidate the bidding procedures.

**Section 4.04.050                      Prior Council approval required when**

Every contract for or purchase of, supplies, materials, equipment, or contractual serviced for more than two thousand dollars will require prior approval of the City Council; and under no circumstances may such contracts or purchase be made without first obtaining the approval of the Council.

**Section 4.04.060                      Bid deposits**

When deemed necessary by the Clerk, bid deposits shall be prescribed in the invitation for bid. Unsuccessful bidders shall be entitled to return surety where the City Clerk has required such. A successful bidder shall forfeit any surety required by the Clerk if a bidder fails or refuses to enter into a contract within ten days after the award.

**Section 4.04.070 Bid submittal and opening**

- A. Submitting. Sealed bids will be submitted personally or by mail to the officer designated in the notice inviting bids and will be identified as bids on the outside of the envelope.
- B. Opening. Bids will be opened in the public at the times and place so stated in the public notices which will be immediately after closing time for submission of the bids. Any bidder may review all bids immediately after opening and prior to tabulation or summary.
- C. Tabulation. A tabulation of all bids received will be forwarded to the Council by the purchasing agent with the appropriate recommendations for the acceptance or rejection of bids. A copy of the tabulation will be furnished to each bidder.

**Section 4.04.080 Rejection of bids**

- A. The Council shall have the authority to reject all bids, parts of bids, or all bids for any one or more supplies or contractual services included in the proposed contract, when such rejection is in the best interest of the City.
- B. The Council may determine that rejection of all bids is in the best interest of the City for reasons which include but are not limited to the following:
  - 1. Inadequate, ambiguous, or otherwise deficient specifications were cited in the invitation for bids;
  - 3. The invitation for bids did not provide for consideration of all factors to the cost of the City;
  - 4. The bids received indicate that the City's need may be satisfied in a less expensive manner than contemplated by the invitation for bids;
  - 5. All otherwise acceptable bids received are at unreasonable prices;
  - 6. The bids were not independently arrived at in open competition, were collusive, or were submitted in bad faith; or
  - 7. The bids received did not provide adequate competition to assure reasonable prices.

- C. Negotiate with the three lowest responsible bidders, if bid prices are in excess of the money available.
- D. Negotiation. If the lowest and best bid exceeds the budgeted amount and the City Council does not make additional funds available, the proposed contract for purchase or sale for services or for construction projects will be reduced in a scope sufficiently to bring the estimate of cost within the funds available.
- E. Re-advertise the project for bidding, after making substantial changes in the project plan to bring the cost within the limit of money available.
- F. If the Council rejects all bids under this section it may later direct the Clerk to issue an identical or similar invitations for bids.
- G. Minimum number of bids. All open market purchases or sales whenever possible, be based on at least three competitive bids and will be awarded to the lowest responsible bidder.
- H. Public record. The Purchasing Agent will keep a record of all open market bids submitted in competition thereon; and such records will be open to public inspection.

**Section 4.04.090                      Award of contract**

- A. The Council may award contracts within the purview of this chapter.
- B. Contracts shall be awarded, if at all, to the lowest responsible bidder whose bid is responsive to the invitation for bids.
- C. In determining which bid is the lowest the Council may in its discretion apply the local contractor preference of section 4.04.117
- D. In determining whether the lowest bidder is responsible the Council shall consider:
  - 1. The ability, capacity and skill of the bidder to perform the contract or provide the service required;
  - 2. Whether the bidder can perform the contract or provide the service promptly or within the time specified, without delay or interference;
  - 3. The character, integrity, reputation, judgment, experience and efficiency of previous contracts or services;

4. The previous and existing compliance by the bidder with the laws and ordinances relating to the contract or service;
  5. The sufficiency of the financial resources and ability of the bidder to perform the contract or service;
  6. The quality, availability and adaptability of the supplies or contractual services to the particular use required;
  7. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract, number and scope of conditions attached to the bid; and
  8. The standardization requirements.
- E. **Award to other than the lowest bidder.** When the award is given to other than the lowest bidder, a full and complete written statement of the reasons therefore will be delivered to the unsuccessful low bidder or bidders and filed with the other papers relating to the transaction. The minutes of the city council meeting relating to the matter may be used as the required written statement.
- F. At the Council discretion bidders may be required (with sufficient notice) to appear before Council, in person or by telephone to answer any questions concerning contracts.
- G. At the time of the award of the contract, the bidder will sign a contract with the City of Coffman Cove for the exact thing called for in the invitation to bid within fifteen working days.
- H. For the bid to be responsive the bid must be an offer to perform, without exception, the exact thing called for in the invitation for bids, which will, upon acceptance, bind the bidder to perform in accordance with all the terms and conditions of the invitation and contract. The Council may conclude that a bid is not responsive if for example:
1. The bidder has qualified or changed the terms or conditions of the invitation to bid;
  2. The bid is considered late under section 4.04.070, having been received after the time for the opening;
  3. The bid does not include bid or surety bonds, plans, specifications, samples or other items called for in the invitation to bid; or

4. The bidder does not acknowledge receipt of amendment to the invitation.
- I. The Council may waive trivial or inconsequential deficiencies in a bid.
- J. An aggrieved bidder may, within five working days after the opening of the bids, file an informal appeal.

(Ordinance 15-05)

**Section 4.04.110 Contractor bonding**

Contracts for construction, alteration or repair of public buildings or public works shall be awarded only after the contractor has provided payment and performance bonds pursuant to AS 36.25.010.

(Ordinance 16 01)

**Section 4.04.120 Professional service contracts**

- A. A contract for engineering, architectural, legal, medical or other professional services shall not be binding and effective until it has been approved by the Council. Any other such contract shall be immediately submitted to the Council for approval, which may be given by motion.
- B. A partnership that is not qualified under AS 08.48.251 to provide architectural, engineering or land surveying services required by the contract;
- C. A corporation that is not authorized under AS 08.48.241 to offer architectural, engineering or land surveying services required by the contract.

**Section 4.04.130 Construction contracts – letting**

- A. For the purpose of this section contract means and includes construction contracts. The term shall not include professional services and other contractual services which are in their nature unique and not subject to competition.
- B. All contracts shall be based whenever possible on competitive bids.
- C. All contracts shall be awarded by formal, written contract to the lowest responsible bidder as defined in section 4.04.090 after due notice inviting proposals following procedures established in section 4.04.040

- D. Upon awarding a construction contract the Clerk shall:
  - 1. Immediately notify the state commissioner of labor of the amount of the contract, the identity of the contractor and all subcontractors, the site or sites of the construction and provide a project description; and
  - 2. Verify the bonding requirements of AS 36.25 have been met and that the requirements of AS 08.18 have been met.

**Section 4.04.140 Construction contracts – administration**

All contracts, as defined in 4.04.114 shall be administered by the Council in accordance with the following provisions:

- A. Any change required in the work shall be made after receiving a written change order proposal from the contractor for additions to or deduction from the original contract sum and the original contract time for changes proposed.
- B. Upon receipt of a change order proposal for a change in the contract sum in the amount not exceeding one thousand dollars and after the determination that the contractor's proposal is reasonable, the clerk, at the direction of the council, may issue a written change order. The aggregate sum of change orders so authorized shall not exceed five percent of the original contract sum or one thousand dollars, which ever is greater.
- C. Whenever a change in the work is required immediately upon the discovery of unforeseen conditions, the Mayor shall the power to order such change. If the change is otherwise subject to subsection B of this section, a full report shall be made to the Council no later than one week. The emergency nature of such change order shall be determined by the Mayor.
- D. No partial payment for work completed shall be made to a contractor without approval of the Council of the quantities and values submitted by the contractor. No reduction in retained percentage not called for in the contract shall be made without prior approval of the Council.

**Section 4.04.150 Disbursement setoffs**

- A. Disbursement of monies to a person, form or corporation will be made only after the various receivable accounts of the City have been reviewed for outstanding balances owed. The disbursement will be reduced by setting off the amount of indebtedness due to the City from such person, firm or corporation.

B. All contracts to which the City is a party which will or may involve the disbursement of City funds shall contain the following clause or its substantial equivalent:

1. Disbursement of monies by the City hereunder shall be subjected to setoff pursuant to the provisions of this section 4.04.116 of the Code of Ordinances.

Such contracts include, but are not limited to, oral contracts, employment contracts, construction contracts and purchasing contracts.

#### **Section 4.04.160 Local preference – contractors**

The Council may at their discretion, direct an award of construction contract after competitive bidding to a responsible bidder who has submitted a bid, and who maintains a business office within the City, if that bid does not exceed the lowest responsible bid by more than five thousand dollars or five percent which ever is lowest.

### **Chapter 4.05**

#### **Line of Credit**

##### **Sections:**

Section 4.05.010	Authorization of line of credit.
Section 4.05.020	Access to funds
Section 4.05.030	Repayment
Section 4.05.040	Debt secured by property
Section 4.05.050	Effective date

#### **Section 4.05.010 Authorization of line of credit.**

Reimbursements from grant funds will be used to repay the line of credit. The line of credit will only be used for reimbursable grants and will not be used for any long term commitment of the City of Coffman Cove.

#### **Section 4.05.020 Access to funds**

Electronic transfers of monies may be made by the administrator of the grant or treasurer. The transfer of the monies shall be reported to the Council on a monthly basis, with repayment history. On line verification may be made by Council Members requesting the grant administrator or the treasurer to access the account on line. Requests must be made during business hours whenever

personnel are available. Passwords will not be made available to Council Members.

**Section 4.05.030 Repayment**

When possible, repayment funds shall be automatically deposited in the account. The line of credit will accrue interest on a daily basis whenever money is drawn on the account. Repayments must be expedited to prevent unnecessary interest expenses.

**Section 4.05.040 Debt secured by property**

The City shall make available collateral in the amount of \$750,000. The grant administrator and the treasurer shall work with the bank to identify appropriate city assets without impact to economic growth and development in the community. The final approval shall be the Mayor. The City shall not encumber nor make obligations against the collateral property without prior written consent of the Bank.

**Section 4.05.050 Effective date**

The ordinance shall be in effect immediately upon its passage. The terms of the line of credit will be reviewed every 2 years and change of institutions will depend upon customer service and interest rates.

