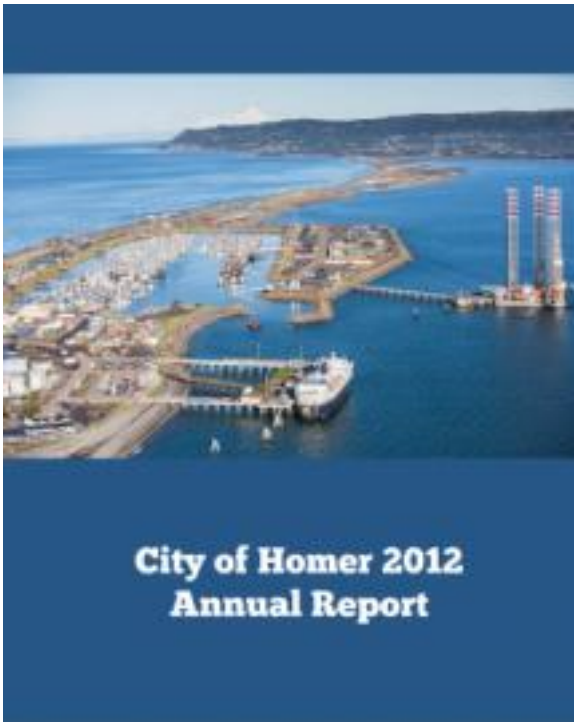


2012 Annual Report



2012 proved to be another rewarding but challenging year for the City of Homer. The fiscal challenges included continued economic stagnation, uncertainty about future revenues, and rapidly increasing health care costs. The disconnect between what residents want from government and what they are willing to pay for continues to generate debate. Despite this, the City government remains in a fiscally sound and stable position. According to the FY 2012 Audit, the fund balance in the General Fund was a healthy \$6,088,612 which is approximately fifty percent of the General Fund budget. Revenues exceeded budget projections by \$760,175 and the excess of revenues over expenditures was \$590,181. The City Council made large transfers to depreciation accounts and General Fund debt is low. The City has been very successful in obtaining funding for capital projects however, the revenues for maintaining this expanding infrastructure is a topic that needs further attention. In 2012 the City began work on a number of large capital projects that will improve infrastructure and stimulate the economy. These projects include trail extensions and upgrades, road paving, improvements for cruise ship passengers and tourists, park improvements, energy efficiency upgrades, and securing financing for a trunk line to bring natural gas to Homer.

The Port and Harbor Enterprise Fund is operating in the black in the sense that real operating expenses, including a transfer into depreciation accounts, did not exceed revenues. Operating revenues in FY 2012 were \$3,917,599. This is an increase in revenues of approximately \$400,000 over 2011 due to increased activity at the Deep Water Dock and implementation of the first phase of adopted fee adjustments. The additional funds were earmarked primarily for transfers into depreciation and bond repayment reserves. For the purpose of the audited financial statement, the auditors have determined that the depreciation expense should be \$1,369,668, which is more than was actually transferred. Therefore, on paper, the fund had an operating loss of \$724,017 in FY 2012. The depreciation reserves are far less than optimal considering the assets the Fund is responsible for. The port and harbor is scheduled to receive about \$24 Million in capital investments in the next two years, financed by a combination of bonds, grants, and enterprise fund contributions. The Port and Harbor serves as an important regional economic engine and the staff do an excellent job providing services to the public. We look forward to making new investments there and improving services to our customers.

The Water and Sewer Special Revenue Fund had a fund balance of \$3,204,482 at the end of 2012. It has a depreciation reserve balance that is significant, but below recommended levels. Revenues exceeded budget projections by \$399,543 in 2012 due in part, to fee schedule amendments. Expenditures exceeded revenues by \$1,724,810 but that is primarily attributable to a large capital outlay. The Fund has a significant debt load however, debt service is paid through assessments and dedicated taxes. The Water and Sewer Fund has significant challenges and some structural problems that must be addressed. In addition, the Council has appointed a Water

2012 Annual Report

Published on City of Homer Alaska Official Website (<http://www.cityofhomer-ak.gov>)

and Sewer Rate Task Force to address perceived inequities in the rate model. Political pressure to keep fees down has placed constraints on maintenance and operations. Given all of these limitations however, the Public Works Department has done an excellent job operating this utility and providing a first class service to the community.

The City of Homer strives to be as efficient, productive, and responsive to the needs of its residents as possible. The City staff continue to look for ways to operate more efficiently and to do more with less. I am proud of the work, the professionalism, and the high level of service that is provided to the public by all City departments. The Library, the Port and Harbor, Public Works, Police, Fire, Finance, Planning, the Clerk's Office, and Community Recreation all had major achievements and successes in 2012. The City's overall success in 2012 was due in large part to the diligence and hard work of the Mayor, the City Council, the Boards and Commissions, citizen volunteers, and dedicated public employees. I believe that a review of this year's annual report will confirm that the City government is functioning at a high level, that its fiscal policies are sound, and that Homer continues to be a very attractive place to live and conduct business. I believe the future for Homer continues to be bright.

Supporting Documents



[2012 annual report for uplaod.pdf](#)

Source URL (retrieved on 2015-01-29 05:59): <http://www.cityofhomer-ak.gov/citymanager/2012-annual-report>