



City of Homer

www.cityofhomer-ak.gov

Finance Department

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Memorandum

TO: Mayor Castner and Homer City Council
THROUGH: Marvin Yoder, Interim City Manager
FROM: Elizabeth Walton, Finance Director
DATE: May 11, 2020
SUBJECT: 2019 4th Quarter Financials

This memo will provide additional information related to the 2019 4th Quarter Financial Report.

Report Basics:

The purpose of these reports is to provide a budget versus actual comparison for City Council and at the same time illustrating the operating revenues and expenditures each fund has experienced within a given time period.

Therefore, it is important to remember that these reports are not all inclusive and do not represent all financial activity of the City. The focus is to report on those revenues and expenditures that present themselves as operating and are included in our budget.

For example, you won't see the financial impact of those transfers performed in 2019 to accommodate the massive amount of work done to close out old projects. Those entries were done, but are not considered operational in nature and therefore are not included in these reports.

General Fund:

Preliminary estimates show the General Fund experiencing a roughly \$1.9 million operating surplus for 2019. The primary drivers of this surplus include a significant increase in sales tax revenue (\$930k) and a decent reduction in budgeted expenditures (\$496k).

Here are a couple points to keep in mind regarding the increase in sales tax:

- Taxable sales for 2019 was up from 2018;
- City of Homer increased sales tax from 4.5% to 4.85%
- Collection on online sales tax began

All of these points combined will help to explain the increase the City received in sales tax. The budgeting method for sales tax is extremely conservative and relies on the actual tax

received in the past years. Therefore, new parameters are not introduced into the model until those events are actually experienced.

Big high five to the various general fund departments for paying close attention to their budgets and keeping the overall spending down. The over budget expenditure experienced in the Clerks category is attributed to the Professional Services line item in the Mayor/Council budget. The primary driver behind the sizeable savings in the Public Works budget has to do with that department seeing reductions in labor costs due to the retirement of several long serving employees.

Water and Sewer Fund:

Preliminary estimates show the Water and Sewer Fund experiencing a roughly \$500k operating surplus for 2019. The primary drivers of this surplus include a decent increase in water revenue collected (\$279k) and a decent reduction in budgeted expenditures (\$189k).

Key point to remember regarding the water and sewer revenue:

- Rates were increased between 2018 and 2019, but remained the same into 2020
- Budgeting model utilizes year old usage data with most recently adopted rates
 - o So, for 2019 budget we used 2017 usage and the rates adopted for 2019
 - o This lag in data poses some concern as usage can fluctuate significantly between the years. However, our modeling utilizes a full year of actual usage data and therefore we are left to use almost year old data.

High five to the Water/Sewer team for monitoring expenditures and working hard to keep costs at or under budget.

Port and Harbor Fund:

Preliminary estimates show the Port and Harbor Fund experiencing just shy of a \$310k operating surplus for 2019. The primary drivers of this surplus include a decent increase in rent/lease, berth and ice sales revenue (\$274k). The large over spend for Administration is associated with the harbor bond payment. This is a booking discrepancy and has been addressed in a non-operating journal entry.

High five to those employees at the Harbor for working diligently to keep spending within the bounds of the budget.

Finance Recommendation:

Wait for final audited figures prior to making any decisions regarding these surpluses. It is extremely crucial that we all understand that these numbers are preliminary and are subject to change. There are several audit entries that have yet to be recorded that have the potential to have sizeable impacts on these surpluses. The surplus will still remain for operations, but the fund might not end up seeing these changes depending on results from upcoming audit work.

Quarterly General Fund
Expenditure Report
For Quarter Ended December 31, 2019

	Amended FY19 Budget	Actual As of 12/31/19	Budget Remaining	% Budget Used
<u>Revenues</u>				
Property Taxes	\$ 3,406,952	\$ 3,664,820	\$ 257,868	107.57%
Sales and Use Taxes	5,408,322	6,338,568	930,247	117.20%
Permits and Licenses	34,963	41,152	6,189	117.70%
Fines and Forfeitures	24,865	28,798	3,933	115.82%
Use of Money	34,346	188,592	154,246	549.10%
Intergovernmental	569,700	572,713	3,013	100.53%
Charges for Services	610,305	533,383	(76,922)	87.40%
Other Revenues	-	73,126	73,126	100%
Airport	148,732	200,473	51,741	134.79%
Operating Transfers	2,012,178	2,021,428	9,250	100.46%
Total Revenues	\$ 12,250,363	\$ 13,663,053	\$ 1,412,691	111.53%
<u>Expenditures & Transfers</u>				
Administration	\$ 1,099,661	\$ 1,045,311	\$ 54,350	95.06%
Clerks	751,823	795,653	(43,830)	105.83%
Planning	374,333	363,646	10,687	97.15%
Library	932,402	853,759	78,643	91.57%
Finance	697,254	687,471	9,783	98.60%
Fire	1,059,435	1,002,856	56,580	94.66%
Police	3,259,226	3,252,863	6,362	99.80%
Public Works	2,779,148	2,507,925	271,223	90.24%
Airport	219,842	193,871	25,972	88.19%
City Hall, HERC	185,584	158,750	26,834	85.54%
Non-Departmental	94,000	94,000	-	100.00%
Total Operating Expenditures	\$ 11,452,709	\$ 10,956,104	\$ 496,604	95.66%
Transfer to Other Funds				
Leave Cash Out	\$ 85,232	\$ 85,232	\$ (0)	100%
Debt Repayment	-	-	-	-
Energy	10,703	10,703	-	100%
Adjusting Entries	-	-	-	0%
Total Transfer to Other Funds	\$ 95,935	\$ 95,935	\$ (0)	100%
Total Transfer to Reserves	\$ 701,720	\$ 701,720	\$ -	100%
Total Expenditures & Transfers	\$ 12,250,363	\$ 11,753,758	\$ 496,604	95.95%
Net Revenues Over (Under) Expenditures	\$ 0	\$ 1,909,295		

These numbers are preliminary and are subject to our annual audit.

Quarterly Water and Sewer Fund
Expenditure Report
For Quarter Ended December 31, 2019

	Amended FY19 Budget	Actual As of 12/31/19	Budget Remaining	% Budget Used
Revenues				
Water Fund	\$ 2,116,651	\$ 2,396,077	\$ 279,426	113.20%
Sewer Fund	1,722,014	1,755,995	33,982	101.97%
Total Revenues	\$ 3,838,665	\$ 4,152,073	\$ 313,408	108.16%
Expenditures & Transfers				
<u>Water</u>				
Administration	\$ 186,554	\$ 182,047	\$ 4,507	97.58%
Treatment Plant	634,642	578,574	56,068	91.17%
System Testing	27,400	21,194	6,206	77.35%
Pump Stations	97,019	87,749	9,270	90.44%
Distribution System	303,476	270,807	32,670	89.23%
Reservoir	29,047	21,795	7,252	75.03%
Meters	239,973	201,677	38,296	84.04%
Hydrants	189,233	190,119	(886)	100.47%
<u>Sewer</u>				
Administration	\$ 170,836	\$ 156,663	\$ 14,174	91.70%
Plant Operations	673,035	682,982	(9,947)	101.48%
System Testing	14,500	9,235	5,265	63.69%
Lift Stations	199,213	189,321	9,892	95.03%
Collection System	242,448	225,730	16,718	93.10%
Total Operating Expenditures	\$ 3,007,375	\$ 2,817,892	\$ 189,484	93.70%
Transfer to Other Funds				
Leave Cash Out	\$ 14,859	\$ 14,859	\$ -	100%
GF Admin Fees	517,046	517,046	-	100%
Debt Repayment	-	1,233	(1,233)	100%
Other	59,969	59,969	-	100.00%
Total Transfer to Other Funds	\$ 591,874	\$ 593,106	\$ (1,233)	100.21%
Transfers to Reserves				
Water	\$ 84,252	\$ 84,252	\$ -	100%
Sewer	155,164	155,164	-	100%
Total Transfer to Reserves	\$ 239,416	\$ 239,416	\$ -	100%
Total Expenditures & Transfers	\$ 3,838,665	\$ 3,650,414	\$ 188,251	95.10%
Net Revenues Over(Under) Expenditures	\$ (0)	\$ 501,659		

These numbers are preliminary and are subject to our annual audit.

Quarterly Port and Harbor Fund
Expenditure Report
For Quarter Ended December 31, 2019

	Amended FY19 Budget	Actual As of 12/31/19	Budget Remaining	% Budget Used
Revenues				
Administration	\$ 471,040	\$ 583,666	\$ 112,626	123.91%
Harbor	2,958,349	3,084,288	125,939	104.26%
Pioneer Dock	363,326	343,934	(19,392)	94.66%
Fish Dock	553,500	631,069	77,569	114.01%
Deep Water Dock	262,500	257,210	(5,290)	97.98%
Outfall Line	4,800	4,800	-	100.00%
Fish Grinder	12,000	7,835	(4,165)	65.29%
Load and Launch Ramp	125,000	127,708	2,708	102.17%
Total Revenues	\$ 4,750,515	\$ 5,040,510	\$ 289,995	106.10%
Expenditures & Transfers				
Administration	\$ 642,204	\$ 749,873	\$ (107,669)	116.77%
Harbor	1,328,754	1,235,384	93,371	92.97%
Pioneer Dock	72,980	78,105	(5,125)	107.02%
Fish Dock	622,087	630,667	(8,580)	101.38%
Deep Water Dock	104,600	84,009	20,591	80.31%
Outfall Line	6,500	2,831	3,669	43.55%
Fish Grinder	25,475	21,533	3,942	84.52%
Harbor Maintenance	416,161	422,255	(6,095)	101.46%
Main Dock Maintenance	41,000	36,990	4,009	90.22%
Deep Water Dock Maintenance	51,500	42,784	8,716	83.08%
Load and Launch Ramp	86,699	74,354	12,346	85.76%
Total Operating Expenditures	\$ 3,397,959	\$ 3,378,784	\$ 19,175	99.44%
Transfer to Other Funds				
Leave Cash Out	\$ 29,241	\$ 29,241	\$ -	100%
Debt Service	-	-	-	-
GF Admin Fees	592,576	592,576	-	100%
Other	420,454	420,454	-	100%
Total Transfer to Other Funds	\$ 1,042,271	\$ 1,042,271	\$ -	100.00%
Transfers to Reserves				
Administration	\$ -	\$ -	\$ -	-
Harbor	-	-	-	-
Pioneer Dock	271,984	271,984	-	100%
Fish Dock	-	-	-	-
Deep Water Dock	-	-	-	-
Outfall Line	-	-	-	-
Fish Grinder	-	-	-	-
Load and Launch Ramp	38,301	38,301	-	100%
Total Transfer to Reserves	\$ 310,285	\$ 310,285	\$ -	100%
Total Expenditures & Transfers	\$ 4,750,515	\$ 4,731,340	\$ 19,175	99.60%
Net Revenues Over(Under) Expenditures	\$ 0	\$ 309,171		

These numbers are preliminary and are subject to our annual audit.

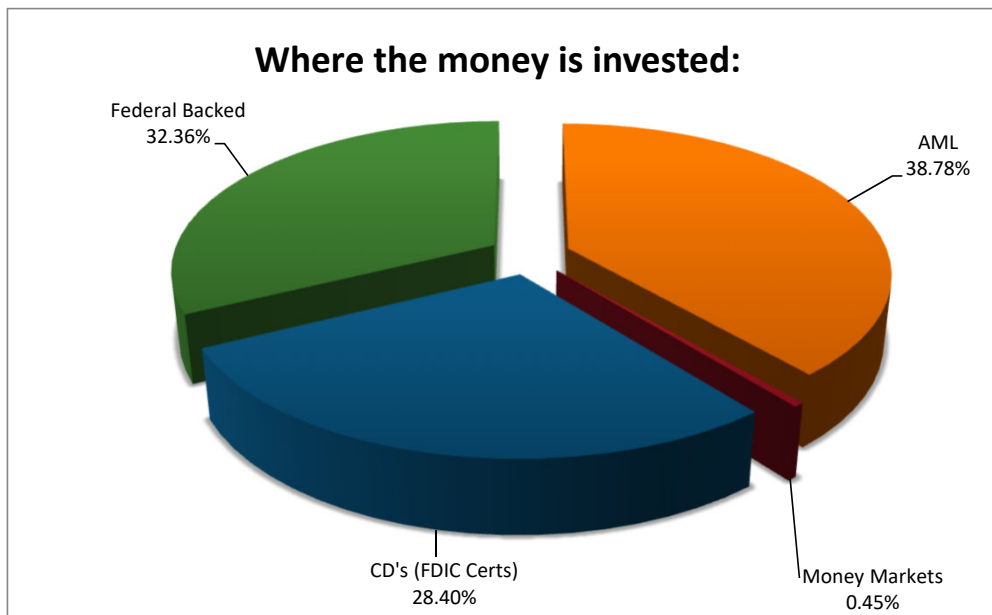
CITY OF HOMER Treasurer's Report

As of:

December 31, 2019

INVESTMENT BY INSTITUTION:	\$ Invested	% Of \$ Invested
Alaska Municipal League	\$ 10,274,341	38%
Pro-Equities	\$ 16,429,673	62%
Total Cash and Investments	\$ 26,704,014	100%

MATURITY OF INVESTMENTS:		AMOUNT	% Of Investment by Maturity Date
1 to 30 Days	1/30/2020	\$ 11,260,752	35%
30 to 120 Days	4/29/2020	\$ 370,685	25%
120 to 180 Days	6/28/2020	\$ 389,051	7%
180 to 365 Days	12/30/2020	\$ 9,188,794	3%
Over 1 Year		\$ 5,494,731	29%
TOTAL		\$ 26,704,014	100%



These investments are made in accordance with the City of Homer's investment policy pursuant to Ordinance 93-14, Chapter 3.10. The balances reported are unaudited.

Proposed Amendments to Resolution 20-008 (S-3)
Rachel Lord

Line 42: ...undeveloped land left **at the end of** the Homer Spit...

Lines 58-61 Delete and replace with:

WHEREAS, erosion is a critical concern along the Homer Spit, and current beaches, vegetation, and infrastructure will be considered and assessed as part of the General Investigation Study for Homer Spit Erosion Mitigation and subsequent Spit Erosion Maintenance and Management Plan the City is actively pursuing with the US Army Corps of Engineers

Lines 69-73

BE IT FURTHER RESOLVED, that **a survey shall be completed to establish the current spatial extent of the current parking area on Lot 31 and** any part of the property that is not developed as of the passage of this resolution shall be maintained in perpetuity as green space and open to the public, free from buildings, parking, camping, hardscaping of any kind, and earthmoving of any kind. ~~beyond regular parking space maintenance, which is spatially limited to present 45 parking spaces.~~

From: [Martin via City of Homer Alaska Official Website](#)
To: [Department Clerk](#)
Subject: Written Testimony Submittal
Date: Monday, May 11, 2020 2:43:39 PM

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Written Testimony for City Council

Name: Ben Martin
Email: Benrains@gmail.com
Phone:
Residency: Non-City Resident

City Council Meeting to Participate In:

Regular Meeting

Mon, 05/11

Public Comments Upon Matters Already on the Agenda - Citizen may comment on regular agenda items not scheduled for public hearing such as Consent Agenda items, Memorandums, Pending Business, New Business, Resolutions, and Ordinances to be introduced.

Written Testimony:

Hello

My name is Ben Martin I am the president of the Homer Charter Association. We strongly ask that you pass this Resolution 20-047 in support of changing the Charter Halibut regulations for the 2020 season. Our fishery is a vital part of Homer's economy as we draw thousands of tourists here each summer to fish Halibut, These anglers spend their money all over town at local restaurants and hotels, gift shops and B and B's, they use our parks and hire all sorts of adventure outfitters. With the current travel mandates imposed by the governor namely the 14 day quarantine we fear that we may not see our out of state visitors this summer. Charter businesses throughout Alaska are seeing massive declines in charter bookings and mass cancellations. If we do not see our tourists, then we need to look to our Alaskan Resident anglers. The intent of liberalizing the charter halibut limits is to provide incentive for Alaskan's to visit Homer and use Charters to catch their fish. We have experienced that our current halibut restrictions are to much for the Alaskan Resident to justify spending the money on a charter to catch their fish. We hope that by opening our day of the week closures and reverting back to a 2 fish of any size bag limit, it will encourage people to come to coastal communities like Homer, and help keep our businesses open this season.

Thank You for your consideration.
Ben Martin
President Homer Charter Association

Electronic Signature: Benjamin Martin

Submitted on Monday, May 11, 2020 - 2:43pm

The results of this submission may be viewed at: <https://www.cityofhomer-ak.gov/node/60081/submission/41551>

From: [Arlene Ronda](#)
To: [Department Clerk](#)
Subject: Emailing City Council Members
Date: Monday, May 11, 2020 4:01:36 PM

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Messages to Council Members' email addresses provided on the City of Homer's website keep bouncing back to me as undeliverable. Please forward the following message to them before today's meeting (!) and let me know what addresses are correct:

In this time of need for social distancing and voter access I urge you vote for Resolution 20-044.

Thank you.
Arlene Ronda

Sent from my iPhone

From: [Jill Walker](#)
To: [Department Clerk](#)
Subject: No mail in ballots
Date: Monday, May 11, 2020 2:19:57 PM

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi. My name is Leatha Williams and I live in Homer. I am 65years old and my husband William williams is 73 years old. My husband has had several heart attacks and has type 2 diabetes. We take precautions when in public such as wearing gloves and masks. We go to the grocery stores. If we feel safe going to the grocery stores why would we not implement our safety precautions and go vote?? Our city is completely capable of making the voter process safe and manageable.

On another point I believe mail in ballots can too easily be corrupted. If it is done on a city level than it will be taken on a national level which I believe is NOT a good idea.

Thank you for your time.
Leatha Williams.

Sent from my iPhone

From: [Erd via City of Homer Alaska Official Website](#)
To: [Department Clerk](#)
Subject: Written Testimony Submittal
Date: Monday, May 11, 2020 1:16:40 PM

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Written Testimony for City Council

Name: Wendy Erd
Email: wendyerd@gmail.com
Phone:
Residency: City Resident

City Council Meeting to Participate In:

Regular Meeting

Mon, 05/11

Public Comments Upon Matters Already on the Agenda - Citizen may comment on regular agenda items not scheduled for public hearing such as Consent Agenda items, Memorandums, Pending Business, New Business, Resolutions, and Ordinances to be introduced.

Written Testimony:

Dear City Council,

As a city resident I strongly support the right to vote by mail.

Thank you
Wendy Erd

Electronic Signature: Wendy Erd

Submitted on Monday, May 11, 2020 - 1:16pm

The results of this submission may be viewed at: <https://www.cityofhomer-ak.gov/node/60081/submission/41531>