



City of Homer

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Memorandum

Agenda Changes/Supplemental Packet

TO: MAYOR CASTNER AND HOMER CITY COUNCIL
FROM: MELISSA JACOBSEN, MMC, CITY CLERK
DATE: NOVEMBER 26, 2018
SUBJECT: AGENDA CHANGES AND SUPPLEMENTAL PACKET

WORKSESSION

Memorandum from Finance Director Re: FY20 Budget Projection

PUBLIC HEARING

Ordinance 18-44, An Ordinance of the City Council of Homer, Alaska, Appropriating Funds for the Calendar Year 2019 for the General Fund, the Water Fund, the Sewer Fund, the Port/Harbor Fund, Capital Projects, and Internal Service Funds. City Manager.

Proposed 2019 Budget Amendment



City of Homer

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Finance Department

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Memorandum

TO: Mayor Castner and Homer City Council
THROUGH: Katie Koester, City Manager
FROM: Elizabeth Walton, Finance Director
DATE: November 21, 2018
SUBJECT: FY20 Budget Projection

The purpose of this memo is to detail the methodology used to generate the FY20 budget projection.

General Fund:

In the FY19 budget, the methodology used to generate revenue projections for the General Fund was to take a three year average. This was modified slightly for the FY20 budget, due to the fact that we are still in FY18 and have yet to experience FY19. The revenue projections were achieved by taking a four year average (FY16 Actual, FY17 Actual, FY18 Budget, and FY19 Budget).

There were a couple exceptions to this, primarily in relation to property/sales tax projections and maintaining consistency with the FY19 budget.

The revenue exceptions are detailed as follows:

- Tax projections were generated using our existing regression model. This is consistent with the methodology used in the FY19 budget.
- An additional 0.05% was included in the sales tax line to account for the slight increase in tax rate beginning Jan 2019 (funding for building maintenance on new police station).
- PERS and AK Shared Revenue were excluded from the FY16 and FY17 actual figures.
- Beginning with the FY18 budget, we stopped projecting revenue into the "Other Revenues" category. So, the average formula was overwritten with a zero to be consistent with our current methodology.

The methodology used for the General Fund expenditures was consistent with the revenues (four year average).

The expenditure exceptions are detailed as follows:

- PERS relief expense was excluded from the FY16 and FY17 actual figures.

- The Public Works expenditure was increased to accommodate two positions – PT Custodian and FT Building Maintenance Tech.
- The Airport expenditure was increased to accommodate a portion of the cost associated with the FT Building Maintenance Tech (based on current position allocations).
- Non-Departmental projection was modified to match our historical \$94,000 level.
- Debt Repayment was reduced to zero, due to the library loan payoff last year.
- Energy projection was modified to match our historical level.

The General Fund budget was balanced by modifying the transfers to reserves amount, which is consistent with our current practice.

Utility Fund:

In the FY19 budget, the methodology used to generate revenue projections for the Utility Fund was to use 2017 usage and apply the new rates adopted in 2018. This was modified for the FY20 budget, due to the fact that we are still in FY18 and are unable to get a full year of usage. Prior to the rate change, the revenue was projected based on a three year average. Therefore, it seemed appropriate to apply the same methodology as used for the General Fund. The revenue projections were achieved by taking a four year average (FY16 Actual, FY17 Actual, FY18 Budget, and FY19 Budget).

The methodology used for the Utility Fund expenditures was consistent with the revenues (four year average).

There was one exception to this methodology:

- Debt Repayment was reduced down to zero, as we historically have not budgeted for this line item.

The Utility Fund budget was balanced by modifying the transfers to reserves amount, which is consistent with our current practice.

Port/Harbor Fund:

In the FY19 budget, the methodology used to generate revenue projections for the Port/Harbor Fund was to look at past trends and apply any new rate changes (moorage). The revenue projections for the FY20 budget were achieved by taking a four year average (FY16 Actual, FY17 Actual, FY18 Budget, and FY19 Budget).

The methodology used for the Port/Harbor Fund expenditures was consistent with the revenues (four year average).

There was one exception to this methodology:

- Debt Service was reduced down to zero, as we historically have not budgeted for this line item in this way (rolled up at fund level).

The Port/Harbor Fund budget was balanced by modifying the transfers to reserves amount, which is consistent with our current practice.

Considerations:

Due to the complexity of our financial structure, most of the actuals numbers presented have not been trued up to the financial statements provided through the audit process. As of now, the only figures that have been tied to the audited statements is FY17 for General Fund.

Another point to consider is the newness of the way HART is being distributed. Because 2019 is the first year utilizing the new distribution it makes it difficult to predict how those revenues will impact the General Fund.

FY20 Projected Appropriations:

The model is projecting the following appropriations:

General Fund	\$12,211,679
Utility Fund	\$ 3,789,256
Port/Harbor Fund	\$ 4,556,064

General Fund

Actual

	12/31/2016	12/31/2017	12/31/2018	12/31/2019	FY20 Budget
Revenues					
Property Taxes	\$ 3,182,834	\$ 3,501,159	\$ 3,264,974	\$ 3,406,952	\$ 3,469,685
Sales and Use Taxes	6,429,815	6,669,426	6,474,133	5,408,322	5,599,168
Permits and Licenses	30,209	47,555	28,588	34,963	35,328
Fines and Forfeitures	18,029	28,277	22,154	24,865	23,331
Use of Money	44,312	22,338	36,851	34,346	34,462
Intergovernmental	553,702	580,305	697,355	569,700	600,265
Charges for Services	647,042	569,876	594,808	610,305	605,508
Other Revenues	2,414	15,863	0	0	0
Airport	131,051	157,626	146,869	148,732	146,070
Operating Transfers	1,209,925	2,382,836	1,189,764	2,008,926	1,697,863
Total Revenues	\$ 12,249,332	\$ 13,980,260	\$ 12,455,495	\$ 12,247,111	\$ 12,211,679
Expenditures & Transfers					
Administration	\$ 933,581	\$ 972,908	\$ 1,040,613	\$ 1,096,936	\$ 1,011,009
Clerks	685,114	784,491	713,141	732,594	728,835
Planning	322,068	341,464	364,987	372,876	350,349
Library	781,076	821,282	887,710	919,621	816,360
Finance	636,829	550,117	668,649	694,783	708,182
Fire	919,180	946,920	1,061,339	1,056,416	995,964
Police	3,141,713	3,118,980	3,267,428	3,249,109	3,194,307
Public Works	2,339,209	2,484,942	2,558,787	2,634,653	2,615,474
Airport	169,747	179,710	211,494	206,921	204,559
City Hall, HERC	155,956	170,786	179,019	185,584	172,836
Non-Departmental*	277,000	94,000	94,000	94,000	94,000
2 % COLA					123,412
Total Operating Expenditures	\$ 10,361,473	\$ 10,465,602	\$ 11,047,164	\$ 11,243,493	\$ 11,015,288
Transfer to Other Funds					
Leave Cash Out	\$ 147,492	\$ 233,451	\$ 161,373	\$ 85,232	\$ 156,887
Debt Repayment	99,824	1,226,903	0	0	0
Energy	107,703	10,703	10,703	10,703	10,703
Adjusting Entries		544,557	0	0	0
Total Transfer to Other Funds	\$ 355,019	\$ 2,015,614	\$ 172,076	\$ 95,935	\$ 167,590
Total Transfer to Reserves	\$ 1,745,915	\$ 1,247,598	\$ 1,236,255	\$ 907,683	\$ 1,028,802
Total Expenditures & Transfers	\$ 12,462,407	\$ 13,728,814	\$ 12,455,495	\$ 12,247,111	\$ 12,211,679
Net Revenues Over (Under) Expenditures	\$ (213,075)	\$ 251,446	\$ (0)	\$ (0)	\$ -

*2016 Non-Departmental expenditure included a transfer of \$189,000 to SPARC, per ORD 16-21(S). This transfer utilized fund balance, which explains the sizeable net loss for FY16.

Utility Fund

	Actual				
	12/31/2016	12/31/2017	12/31/2018	12/31/2019	FY20 Budget
Revenues					
Water Fund	\$ 2,108,835	\$ 2,081,823	\$ 2,037,962	\$ 2,116,651	\$ 2,086,318
Sewer Fund	1,719,555	1,753,457	1,797,681	1,722,014	1,748,177
Total Revenues	\$ 3,828,391	\$ 3,835,280	\$ 3,835,643	\$ 3,838,665	\$ 3,834,495
Expenditures & Transfers					
<u>Water</u>					
Administration	\$ 189,644	\$ 144,202	\$ 181,131	\$ 186,199	\$ 175,294
Treatment Plant	485,329	548,924	533,568	633,475	550,324
System Testing	53,690	54,479	55,803	27,400	47,843
Pump Stations	76,857	112,608	112,329	96,919	99,678
Distribution System	254,811	296,639	303,669	302,636	289,439
Reservoir	48,779	52,408	45,944	29,011	44,035
Meters	156,275	158,536	184,333	204,479	175,906
Hydrants	166,732	194,175	184,290	188,537	183,433
<u>Sewer</u>					
Administration	\$ 161,101	\$ 161,138	\$ 161,679	\$ 170,481	\$ 163,600
Plant Operations	612,577	579,229	572,039	671,725	608,893
System Testing	65,477	69,109	66,006	14,500	53,773
Lift Stations	181,424	189,085	186,021	198,646	188,794
Collection System	232,958	226,465	270,471	241,627	242,880
2 % COLA					28,682
Total Operating Expenditures	\$ 2,685,653	\$ 2,786,997	\$ 2,857,284	\$ 2,965,634	\$ 2,852,574
Transfer to Other Funds					
Leave Cash Out	\$ 29,793	\$ 36,233	\$ 19,960	\$ 14,859	\$ 25,211
GF Admin Fees	497,945	465,674	484,120	516,248	490,997
Debt Repayment	1,885	1,506	0	0	-
Other	59,494	43,398	43,398	62,665	52,239
Total Transfer to Other Funds	\$ 589,117	\$ 546,811	\$ 547,477	\$ 593,772	\$ 568,447
Transfers to Reserves					
Water	\$ 316,938	\$ 246,259	\$ 136,214	\$ 121,874	\$ 200,157
Sewer	93,807	310,309	294,667	157,384	213,317
Total Transfer to Reserves	\$ 410,745	\$ 556,568	\$ 430,881	\$ 279,259	\$ 413,474
Total Expenditures & Transfers	\$ 3,685,515	\$ 3,890,376	\$ 3,835,643	\$ 3,838,665	\$ 3,834,495
Net Revenues Over(Under) Expenditures	\$ 142,876	\$ (55,096)	\$ 0	\$ -	\$ (0)

Port/Harbor Fund

Actual

	12/31/2016	12/31/2017	12/31/2018	12/31/2019	FY20 Budget
Revenues					
Administration	\$ 521,616	\$ 476,127	\$ 527,240	\$ 471,040	\$ 499,006
Harbor	2,630,246	2,646,080	2,730,986	2,958,349	2,741,415
Pioneer Dock	332,274	355,281	364,326	363,326	353,802
Fish Dock	596,665	525,370	549,740	553,500	556,319
Deep Water Dock	266,718	232,533	280,500	262,500	260,563
Outfall Line	4,800	4,800	4,800	4,800	4,800
Fish Grinder	8,794	6,694	12,000	12,000	9,872
Load and Launch Ramp	133,247	127,903	135,000	125,000	130,288
Total Revenues	\$ 4,494,361	\$ 4,374,788	\$ 4,604,592	\$ 4,750,515	\$ 4,556,064
Expenditures & Transfers					
Administration	\$ 636,481	\$ 715,834	\$ 640,498	\$ 640,792	\$ 658,401
Harbor	1,227,217	1,218,767	1,255,434	1,325,684	1,256,775
Pioneer Dock	54,448	51,684	63,635	72,800	60,642
Fish Dock	625,558	606,036	568,602	620,672	605,217
Deep Water Dock	85,708	92,508	95,841	104,390	94,612
Outfall Line	3,225	3,225	6,500	6,500	4,863
Fish Grinder	22,316	14,213	22,000	25,475	21,001
Harbor Maintenance	368,475	363,605	406,102	414,990	388,293
Main Dock Maintenance	34,547	37,262	39,589	40,852	38,062
Deep Water Dock Maintenance	63,098	44,136	50,089	51,352	52,169
Load and Launch Ramp	55,209	63,133	85,483	86,446	72,568
2 % COLA					32,113
Total Operating Expenditures	\$ 3,176,281	\$ 3,210,403	\$ 3,233,771	\$ 3,389,953	\$ 3,284,715
Transfer to Other Funds					
Leave Cash Out	\$ 29,971	\$ 68,519	\$ 57,636	\$ 29,241	\$ 46,342
Debt Service	(0)	124,874	0	0	0
GF Admin Fees	573,691	553,422	558,336	591,612	569,265
Other	317,578	367,459	402,628	423,354	377,755
Total Transfer to Other Funds	\$ 921,240	\$ 1,114,274	\$ 1,018,600	\$ 1,044,207	\$ 993,362
Transfers to Reserves					
Administration	\$ 15,569	\$ 33,269	\$ -	\$ -	\$ -
Harbor	0	0	0	0	0
Pioneer Dock	117,339	100,000	300,692	277,801	220,267
Fish Dock	80,000	80,000	6,261	0	0
Deep Water Dock	324,724	300,000	0	0	0
Outfall Line	2,917	3,000	0	0	0
Fish Grinder	7,300	7,300	0	0	0
Load and Launch Ramp	51,819	46,354	49,517	38,554	57,720
Total Transfer to Reserves	\$ 599,668	\$ 569,923	\$ 356,470	\$ 316,355	\$ 277,987
Total Expenditures & Transfers	\$ 4,697,189	\$ 4,894,600	\$ 4,604,591	\$ 4,750,515	\$ 4,556,064
Net Revenues Over(Under) Expenditures	\$ (202,828)	\$ (519,812)	\$ 0	\$ 0	\$ -

City of Homer 2019
Capital Budget

2019 Proposed Budget Amendment Form
OPERATING BUDGET

Fund Name: General Fund

Request Name: Increase funding for books at Homer Public Library

Account #	Account name	Page #	Increase	Decrease	
100-0145-5228	Library - Books	69	\$10,000		

Rationale:

This budget amendment funds the request from the Homer Public Library to restore the book budget to its 2015 funding level (\$47,000 total). See budget request on page 183 of budget document.

Requested By:
Lord

Prepared By:
City Manager