



City of Homer

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Office of the City Manager

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Memorandum

TO: Mayor Castner and City Council
FROM: Katie Koester, City Manager
DATE: September 4, 2019
SUBJECT: 2019 Budget Status

The purpose of this memo is to provide an update on the status of revenue sources for the General Fund in 2019. The tables below detail the City's 2019 revenue projections from Sales Tax and Real Property Taxes which combined make up over 75% of General Fund revenue.

Property Tax

The 2019 General Fund Revenue projected \$3,075,573 in revenue from Real Property Taxes. The assessed value for 2019 has not been finalized, but based on the preliminary values the City is due approximately \$275,647 more than the 2019 budget projected. Keep in mind actual amount collected will likely be lower reflecting the difference between the amount billed and the amount collected by the Borough.

Real Property Tax projections for 2019:

Taxable values in the COH for 2019	\$744,715,500
CoH receives 4.5 mills of taxable values	\$3,351,220
CoH 2019 budget	\$3,075,573
Estimated additional revenue over budget	\$275,647

Sales Tax

The Borough provided the attached table reflecting Sales Tax Revenues from January 1 - June 30, 2019.

	Jan. 1, 2019 - June 30, 2019	Jan. 1, 2018 - June 30, 2018	Jan. 1, 2017 - June 30, 2017	Jan. 1, 2016 - June 30, 2016
COH taxable sales for Jan. 1 - June 30	\$84,727,675	\$83,546,845	\$78,874,479	\$77,637,293
Percentage increase from previous year	1.41%	5.92%	1.59%	

Charges for Services

Year to date, we are behind in charges for services due primarily to the bankruptcy of the company who performed ambulance billing for the City. A new contract has been awarded and we anticipate an influx of funds in the second half of 2019, with some revenue carrying over to 2020 in that line item. Camping revenue has also experienced a decline in 2019.

Are we on track for 2019? Yes.

Keep in mind a large portion of sales tax revenue will come in the 3rd quarter, July and August when visitorship peaks. According to the Borough, taxable sales are consistently 20% higher during second half of the year when compared to January – June. Using this model, we estimate revenue will be slightly over our 2019 budget for sales tax.

Sales tax estimates based on 1st & 2nd quarter sales and applying 20% increase in sales for second half of 2019	
Estimated taxable sales for 2019	\$186,400,885
3.0% to General Fund	\$5,592,027
2019 sales tax budget	\$5,355,237
Estimated additional revenue over budget	\$236,790

Enc:

2019 Real Property Values

1st and 2nd Quarter Sales Tax Revenue and Historical Analysis

2019 Budget General Fund Revenue Pie Chart

Memo from Mayor Castner RE: Effect of Fires on COH Budgeted Income from Sales Tax

GRM Live 2019 REAL PROPERTY TAG 20 SUMMARY

CERTIFIED VALUES

(Excludes Oil Accounts)

		ASSESSED VALUES	KPB	CITY
Total Accounts	4,399	Total Ass'd Land	364,936,800	364,936,800
Total Acreage	15,216.89	Total Ass'd Improvements	934,136,300	934,136,300
		Total Ass'd Real Property	1,299,073,100	1,299,073,100

EXEMPTIONS

MANDATORY EXEMPTIONS		Count	KPB Value		City Value
400	Government Exempt Value	276	386,912,000		386,912,000
402	University Exempt Value	2	6,977,900		6,977,900
404	Religious Exemption	25	15,946,400		15,946,400
406	Charitable Exempt Value	42	12,299,100		12,299,100
408	Hospital Exempt Value	1	4,682,200		4,682,200
410	State Educational Exempt Value	8	937,000		937,000
411	Armed Forces Agency Exempt Value	1	209,100		209,100
412	Senior Mandatory Exempt Value	556	79,860,800		79,860,800
413	Veteran Mandatory Exempt Value	17	2,461,400		2,461,400
415	ANCSA Native Exempt Value	1	436,800		436,800
420	Electric CoOp Exempt Value	4	4,206,400		4,206,400
422	Clerks Deed	1	92,600		92,600
Total Tag20:		934	515,021,700		515,021,700
OPTIONAL EXEMPTIONS		Count	KPB Value	Count	City Value
451	OP Residential Boro Exemption	943	45,117,000	0	0
452	OP 20k City Residential Exemption	0	0	1,193	23,528,800
453	OP Community Purpose Exempt Value	30	15,727,100	0	15,727,100
462	OP Senior Resident >150k Exempt Value	490	54,222,400	0	0
463	OP Disabled Veteran >\$150k Exempt Value	14	2,421,700	0	0
465	OP Volunteer FF/EMS Exemption 1	7	70,000	7	0
468	OP Volunteer FF/EMS Exemption 1 City	0	0	0	80,000
Total Tag20:		1,484	117,558,200	1,200	39,335,900
TAG 20 Totals:		2,417	632,579,900	1,200	554,357,600

TAXABLE VALUE

TOTAL ASSESSED VALUE	1,299,073,100	1,299,073,100
TOTAL EXEMPTIONS	632,579,900	554,357,600
TOTAL TAXABLE	666,493,200	744,715,500

DEFERMENTS AND TAX CREDITS - TAG 20

VT	Count	Description	Value
DEFERMENTS			
170	2	Agricultural Deferral Value Loss	80,600
171	10	Conservation Easement Value Loss	415,000
	12	TAG Total DEFERMENTS	495,600
TAX CREDITS			
550	18	Disabled Resident \$500TAX CREDIT Borough	0
	18	TAG Total TAX CREDITS	0

GRM Live 2019 REAL PROPERTY TAG 82 SUMMARY
CERTIFIED VALUES
(Excludes Oil Accounts)

		ASSESSED VALUES	KPB	CITY
Total Accounts	14	Total Ass'd Land	1,046,300	1,046,300
Total Acreage	10.83	Total Ass'd Improvements	2,558,300	2,558,300
		Total Ass'd Real Property	3,604,600	3,604,600

EXEMPTIONS

MANDATORY EXEMPTIONS		Count	KPB Value		City Value
400	Government Exempt Value	2	4,700		4,700
412	Senior Mandatory Exempt Value	4	483,400		483,400
	Total Tag82:	6	488,100		488,100
OPTIONAL EXEMPTIONS		Count	KPB Value	Count	City Value
451	OP Residential Boro Exemption	4	200,000	0	0
452	OP 20k City Residential Exemption	0	0	0	100,000
462	OP Senior Resident >150k Exempt Value	3	404,300	0	0
	Total Tag82:	7	604,300	0	100,000
	TAG 82 Totals:	13	1,092,400	0	588,100

TAXABLE VALUE

TOTAL ASSESSED VALUE	3,604,600	3,604,600
TOTAL EXEMPTIONS	1,092,400	588,100
TOTAL TAXABLE	2,512,200	3,016,500

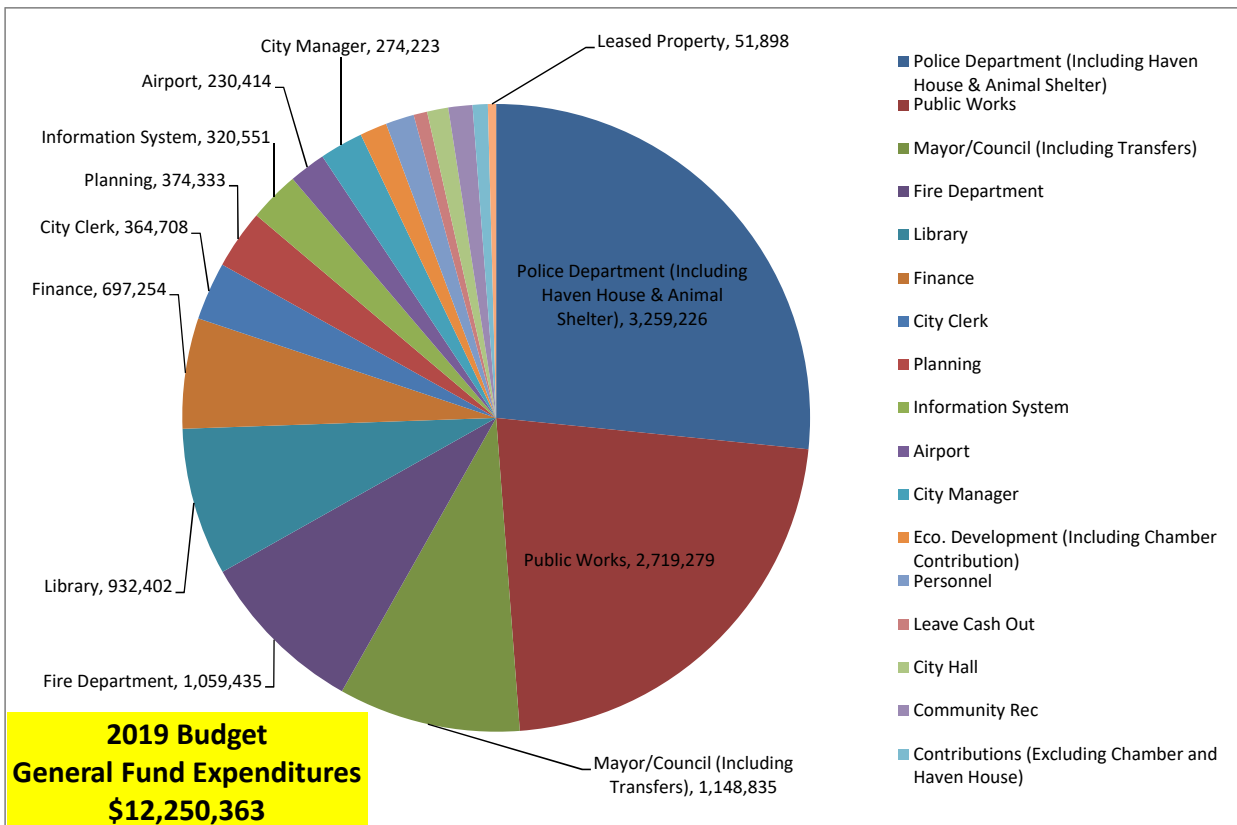
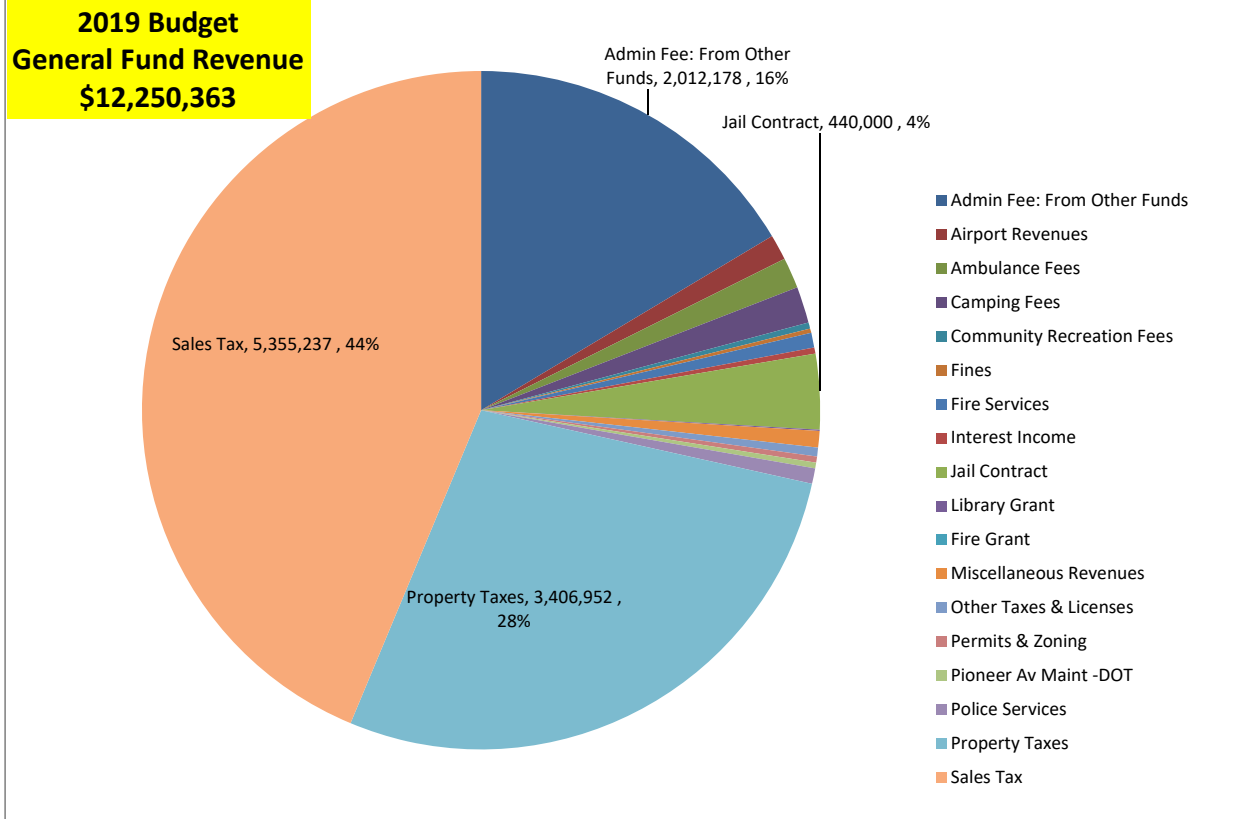
DEFERMENTS AND TAX CREDITS - TAG

<u>VT</u>	<u>Count</u>	<u>Description</u>	<u>Value</u>
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TAG Total

City of Homer						
Taxable Sales by Line of Business						
For the period of Jan. 1st - June 30th and comparing the same time period to previous years						
	Jan 2019 - June 2019	Jan 2018 - June 2018	Jan 2017 - June 2017	Jan 2016 - June 2016	% Change 1 year	% Change 4 year
ADMINISTRATIVE, WASTE MAN	\$347,863	\$359,514	\$518,134	\$532,260	-3%	-35%
AGRICULTURE, FORESTRY, FI	\$795,833	\$237,563	\$159,497	\$114,146	235%	597%
ARTS AND ENTERTAINMENT	\$798,688	\$750,756	\$582,603	\$516,543	6%	55%
CONSTRUCTION CONTRACTING	\$687,061	\$725,104	\$900,594	\$850,309	-5%	-19%
EDUCATIONAL SERVICES	\$115,144	\$116,553	\$123,375	\$117,134	-1%	-2%
FINANCE AND INSURANCE	\$60,171	\$53,205	\$43,184	\$33,594	13%	79%
GUIDING LAND	\$123,664	\$105,778	\$94,324	\$65,640	17%	88%
GUIDING WATER	\$3,161,469	\$2,948,815	\$2,475,511	\$2,528,756	7%	25%
HEALTHCARE AND SOCIAL ASST	\$161,153	\$175,952	\$203,797	\$121,794	-8%	32%
HOTEL/MOTEL/B & B	\$6,000,892	\$5,912,739	\$6,092,358	\$6,475,528	1%	-7%
INFORMATION	\$1,962,904	\$2,034,658	\$2,300,537	\$2,397,511	-4%	-18%
MANAGEMENT OF COMPANIES	\$126,214	\$0	\$0	\$0	100%	100%
MANUFACTURING	\$884,374	\$780,709	\$690,701	\$677,737	13%	30%
MINING/QUARRYING	\$1,300	\$0	\$0	\$0	100%	100%
PROFESSIONAL, SCIENTIFIC	\$1,429,658	\$1,447,632	\$1,403,038	\$1,428,337	-1%	0%
PUBLIC ADMINISTRATION	\$2,262,165	\$2,243,709	\$2,410,562	\$1,598,846	1%	41%
RENTAL COMMERCIAL PROPERT	\$296,330	\$155,050	\$128,000	\$101,663	91%	191%
RENTAL NON-RESIDENTAL PRO	\$322,054	\$331,373	\$309,140	\$297,380	-3%	8%
RENTAL SELF-STORAGE &MINI	\$490,278	\$498,494	\$449,687	\$546,486	-2%	-10%
RENTAL PERSONAL PROPERTY	\$362,465	\$358,843	\$318,274	\$288,829	1%	25%
RENTAL RESIDENTAL PROPERT	\$2,636,993	\$2,784,832	\$2,624,580	\$2,612,255	-5%	1%
RESTAURANT/BAR	\$9,835,194	\$9,875,268	\$8,799,771	\$9,149,841	0%	7%
RETAIL TRADE	\$40,476,484	\$39,812,762	\$37,334,580	\$37,030,483	2%	9%
SERVICES	\$4,220,853	\$4,662,851	\$4,150,600	\$4,049,566	-9%	4%
TELECOMMUNICATIONS	\$746,510	\$920,913	\$840,548	\$785,098	-19%	-5%
TIMBERING	\$505	\$0	\$0	\$0	100%	100%
TRANSPORTATION AND WAREHO	\$1,081,790	\$1,030,799	\$920,805	\$806,507	5%	34%
UTILITIES	\$4,618,455	\$4,503,620	\$4,314,867	\$3,843,017	3%	20%
WHOLESALE TRADE	\$687,444	\$680,636	\$576,438	\$571,908	1%	20%
Grand Totals	\$84,727,675	\$83,546,845	\$78,874,479	\$77,637,293	1.41%	9.13%

**City of Homer
2019 Operating Budget**





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Memorandum 19-112

TO: Katie Koester, City Manager
FROM: Mayor Castner
DATE: August 29, 2019
SUBJECT: Effects of Fires on CoH Budgeted Income from Sales Tax

On Monday night, the City Council spoke about anecdotal evidence of a severe loss of normal August business activity due to the road closures between Anchorage and Homer. While the effective loss of sales tax is unknown until the third quarter accounting and disbursement is made by the Borough, we should be prepared for a short-fall that would require a fund transfer to prevent deficit spending in the following and final quarter.

This is a good time to look at the application of the Emergency Fund. I think the easy path would be to cover the short-fall from the General Fund – Fund Balance, but I would argue that the correct path is to take the money out of the Emergency Fund and replenish the Emergency Fund in the 2020 budget.

By doing this the Council will be exposed to the exigencies of emergency appropriation – a policy matter that needs some further review. They might say there is no rush to resolve the accounting, and we are obligated to cover our expenses. That's all true but belies the fact of a “de facto” administrative transfer without Council consent. The path of funding should be transparent and correct.

We won't know until October, but I wanted to advance the notion to you early so you could give it some consideration.