

City of Homer, Alaska

Basic Financial Statements, Required Supplementary Information,
Supplementary Information, and Government Auditing Standards Report

Year Ended June 30, 2024



City of Homer

www.cityofhomer-ak.gov

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City of Homer, Alaska

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City of Homer, Alaska

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Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Homer, Alaska

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homer, Alaska (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures, and changes in fund balance - budget and actual, schedules of the City's information on the net pension liability and net other postemployment benefits (OPEB) assets, and schedules of the City's pension and OPEB contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2024 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements for the year ended June 30, 2024 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.



We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Homer as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated October 8, 2024, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended June 30, 2023, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2023.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BDO USA, P.C.

Anchorage, Alaska
March 31, 2025

Management's Discussion and Analysis

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

Financial Highlights

- The assets and deferred outflows of resources of the City of Homer exceeded its liabilities and deferred inflows of resources on June 30, 2024 by \$154,985,799 (Net Position). Of this amount, unrestricted net position of \$26,216,964 may be used to meet the City's ongoing obligations to citizens and creditors. The City's total net position increased by \$4,950,490 from current year activity. For the year, governmental type activities increased by \$4,554,722 and business type activities increased by \$395,768.

As of June 30, 2024, the City's governmental funds reported combined ending fund balances of \$35,235,711, an increase of \$1,761,921 from the prior year. A combination of factors contributed to the increase, but primarily due to sales tax revenues exceeding the debt service costs.

- At June 30, 2024, the fund balance for the General fund was \$7,983,613. Of this amount, \$2,877,600 was unassigned and available for future use.
- At June 30, 2024, the City of Homer's outstanding governmental noncurrent liabilities totaled \$21,923,469. Business-type debt outstanding was \$4,446,664. These figures include external debt (bonds, loans, capital leases) as well as accrued leave and net pension and OPEB liabilities.

Overview of the Financial Statements

This annual report is comprised of four segments as dictated by Generally Accepted Accounting Principles (GAAP): Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the City of Homer.

- Government-wide financial statements provide both long-term and short-term information about the City's overall condition in a summary format.
- Fund financial statements focus on individual parts of Homer's government, reporting the City's operations in more detail than the government-wide statements.
- The governmental funds statements explain how general government services like public safety were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the port and harbor fund.

The financial statements also include *notes*, which elaborate on some of the information in the basic financial statements that provide more detailed data. The notes to the basic financial statements are followed by a section of required supplementary information that includes budgetary comparison schedules and net pension, and OPEB schedules. In addition to these required elements, we have included other supplementary information such as the individual and combining fund financial statements and schedules.

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

Illustration A-1 Major Features of City of Homer's Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary, such as police, fire, public works, and water/sewer utility	Activities the City operates similar to private businesses, such as port & harbor
Required financial statements	*Statement of net position *Statement of activities	*Balance sheet *Statement of revenues, expenditures and changes in fund balance	*Statement of net position *Statement of revenues, expenses and changes in net position *Statement of cash flows
Accounting basis and measurement focus	Accrual accounting	Modified accrual accounting and current financial resources focus	Accrual accounting
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Illustration A-1 summarizes the major features of the City's financial statements. The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Homer's finances in a manner similar to a private-sector business. These statements can be located as listed in the table of contents of this document.

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

- The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may indicate the improvement or deterioration of the City's financial position.
- The statement of activities presents information showing how the City's net position changed during the concluded period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements of the City are divided into two categories:

- **Governmental activities** - These are functions such as public safety and public works services that are principally supported by taxes and intergovernmental revenue.
- **Business-type activities** - These functions are intended to recover all or a significant portion of their costs through user fees and charges. The City's port and harbor system falls within this category.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Homer, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the period. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Homer maintains twenty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

revenues, expenditures, and changes in fund balances for all major funds. Individual fund data for each of the non-major funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Utility Special Revenue Fund. Budgetary comparison statements are provided for these funds to demonstrate compliance with the budgets.

Proprietary Funds - Services for which the City charges customers a fee are generally reported in the proprietary funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The City of Homer maintains two different types of proprietary funds.

- Enterprise funds - Are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses one enterprise fund to account for its port and harbor system.
- Internal service funds - Are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health benefits and accrued leave cash-outs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

Please note, the following financial analysis is reported in ***thousands***.

Government-wide Financial Analysis

At the close of the 2024 fiscal year, the City's net position (assets exceeding liabilities) totaled \$154,986 (see Table A-1). Of this amount, \$114,788 or 74%, represents the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Because the City of Homer uses these capital assets to provide services to the community, these assets are not available for future spending. The remaining amounts of net position are labeled as restricted or unrestricted.

The restricted balance of \$13,052 in the governmental activities is for OPEB and capital projects. The total unrestricted amount in the governmental activities totals \$20,677 and is available to meet the City's ongoing obligations to citizens and creditors.

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

The following schedule provides a summary of the City's net position:

Table A-1
City of Homer's Net Position
(Amounts reported in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 41,312	38,350	8,093	6,741	49,405	45,091
Noncurrent assets	89,495	88,430	50,881	52,582	140,376	141,012
Total Assets	130,807	126,780	58,974	59,323	189,781	186,103
Deferred outflows	1,775	1,855	327	305	2,102	2,160
Total Assets and Deferred Outflows	132,582	128,635	59,301	59,628	191,883	188,263
Liabilities						
Noncurrent liabilities	21,924	23,093	4,447	4,462	26,371	27,555
Current liabilities	2,039	1,840	828	1,137	2,867	2,977
Total Liabilities	23,963	24,933	5,275	5,599	29,238	30,532
Deferred inflows	759	397	6,900	7,299	7,659	7,696
Total Liabilities and Deferred Inflows	24,722	25,330	12,175	12,898	36,897	38,228
Net Position						
Net investment in capital assets	74,131	72,492	40,657	42,002	114,788	114,494
Restricted	13,052	11,675	928	709	13,980	12,384
Unrestricted	20,677	19,138	5,541	4,019	26,218	23,157
Total Net Position	\$ 107,860	103,305	47,126	46,730	154,986	150,035

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

Table A-2
City of Homer's Changes in Net Position
(Amounts reported in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for services	\$ 6,235	5,112	6,284	5,931	12,519	11,043
Operating grants and contributions	1,053	1,253	41	33	1,094	1,286
Capital grants and contributions	747	1,421	409	526	1,156	1,947
General Revenues						
Property taxes	4,611	4,033	-	-	4,611	4,033
Sales taxes	13,006	13,109	-	-	13,006	13,109
Other	1,576	556	442	190	2,018	746
Total Revenues	27,228	25,484	7,176	6,680	34,404	32,164
Expenses						
General government	4,435	3,621	-	-	4,435	3,621
Public safety	6,485	5,473	-	-	6,485	5,473
Public works	4,749	4,448	-	-	4,749	4,448
Library	1,225	1,095	-	-	1,225	1,095
Airport	284	301	-	-	284	301
Community services	195	85	-	-	195	85
Water and sewer	5,145	4,781	-	-	5,145	4,781
Unallocated interest	195	234	-	-	195	234
Port and harbor	-	-	6,740	6,011	6,740	6,011
Total Expenses	22,713	20,038	6,740	6,011	29,453	26,049
Increase in net position before transfers	\$ 4,515	5,446	436	669	4,951	6,115

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Transfers	\$ 40	(628)	(40)	628	-	-
Increase (Decrease) In Net Position	4,555	4,818	396	1,297	4,951	6,115
Net Position, beginning	103,305	98,487	46,730	45,433	150,035	143,920
Net Position, ending	\$ 107,860	103,305	47,126	46,730	154,986	150,035

The City's net position increased by \$4,951. Revenues exceeded expenses in the governmental activities by \$4,555 and in the business-type activities revenues exceeded expenses by \$396. Key elements of the increases and decreases follow:

- Revenues in the governmental activities increased due to charges for services, property taxes, and other revenues.
- Expenses in the governmental activities increased in all areas except airport and unallocated interest expenses.
- Revenues in the business-type activities increased by \$496 in total. This is mainly due to increases in charges for services of \$353.
- Expenses in the business-type activities also increased by \$729.

This breakdown shows the Sales Taxes by fund. Changes in sales tax dollars from 2023 to 2024 are as follows:

Sales & Use Taxes	2024	2023	Change
Fund			
General	\$ 8,181	8,292	(111)
Utility (Water & Sewer – HAWSP)	2,011	2,007	4
HART Roads Capital Project	1,809	1,806	3
Police Station Debt Service SRF	804	803	1
Hart Trails Capital Project	201	201	-
Total	\$ 13,006	13,109	(103)

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

Financial Analysis of the Governmental Funds

Governmental funds - The focus of the City of Homer's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending following the end of the period.

As of June 30, 2024, the City's governmental funds reported combined ending fund balances of \$35,236 an increase of \$1,762 compared to balances at June 30, 2023. Of the ending balance, \$3,080, or 8.7% is unassigned. The remaining fund balance is restricted for roads and trails \$7,960 and special service district \$46, committed for police station debt service \$2,032, community assistance program \$99, and emergency use \$5,033, or assigned for future capital projects and other purposes \$15,592; and non-spendable in the form of inventory, inter-fund loan and prepaid items \$1,393. The increase of total fund balance during the year is attributed to:

- General Fund increase in fund balance of \$481 from net transfers in of \$593 from other funds.
- HAWSP Debt Service Fund's increase of \$974 is due to the sales tax collections and special assessments exceeding debt service payments.
- HART Roads Capital Projects Fund's increase of \$539 is due to transfers out of \$979 and capital outlay being less than sales tax collections and investment income.
- A decrease of \$314 in nonmajor funds was due to capital outlays of \$2,421.

Governmental Funds (General and Utility Special Revenue) Budgetary Highlights

- General Fund Revenue: Final Budget and Original Budget excluded PERS relief revenue from the State of Alaska, and actual revenues were greater than Final Budget by \$465.
- General Fund Expenditures: Final Budget and Original Budget excluded PERS relief expenditures and actual expenditures were below Final Budget by \$1,110.
- Utility Fund Expenditures and Revenue: Final Operating Budget and original budget excluded intergovernmental revenues and their corresponding expenditures. The net change in fund balance was greater than the final budget by \$602 due to increased charges for services and transfers in.

Capital Asset and Debt Administration

Capital assets - As detailed in Table A-3 below, the City of Homer's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$127,307 (net of accumulated depreciation). This amount represents a \$1,295 decrease over the previous year.

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

Table A-3
City of Homer's Capital Assets (net of depreciation)
(Amounts reported in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 11,747	11,687	15,805	15,805	27,552	27,492
Construction in progress	1,861	2,470	1,305	793	3,166	3,263
Buildings	59,736	59,736	16,381	16,381	76,117	76,117
Improvements other than buildings	64,522	60,701	54,761	54,650	119,283	115,351
Machinery and equipment	20,865	19,629	3,813	3,676	24,678	23,305
Infrastructure	37,056	37,056	-	-	37,056	37,056
Right-to-use leased equipment	121	121	-	-	121	121
Right-to-use leased property and buildings	239	239	-	-	239	239
Accumulated depreciation	(111,697)	(107,513)	(49,208)	(46,829)	(160,905)	(154,342)
Total Capital Assets	\$ 84,450	84,126	42,857	44,476	127,307	128,602

Major Capital Asset Events During the 2024 Fiscal Year Included

Capital Projects Completed

Governmental Funds:

- Water & Sewer – Bunnell Ave and Charles Way water and sewer improvements
- Public Works – Manhole repairs for East Hill repaving
- Public Works – Ben Walters sidewalk

Port & Harbor (Enterprise Fund):

- Float Repair Caps K-Q
- Harbor Basin Cathodic Protection Project

On-Going Projects

Governmental Funds:

- Public Works – Watershed & drainage improvements
- Public Works – Master transportation plan and multi-use center study
- Water & Sewer – Raw water line replacement and digester blowers

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

Port & Harbor (Enterprise Fund):

- Crane 8 control system replacement
- Fish grinder building
- Large vessel study

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

Table A-4
City of Homer's Debt
(Amounts reported in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes payable – utility	\$ 6,629	7,604	-	-	6,629	7,604
General obligation bond payable	3,050	3,280	2,200	2,440	5,250	5,720
Unamortized bond premium	469	516	-	33	469	549
Total	10,148	11,400	2,200	2,473	12,348	13,873
Net pension liability	10,647	10,588	1,959	1,744	12,606	12,332
Leases payable	171	235	-	-	171	235
Compensated absences	957	870	288	246	1,245	1,116
Total Long-term Liabilities	\$ 21,923	23,093	4,447	4,463	26,370	27,556

Long-term liabilities - At the end of the 2024 fiscal year, the City of Homer had total debt outstanding of \$12,348 as detailed in Table A-4. This excludes \$12,606 related to net pension liability, \$171 related to long term leases, and \$1,245 related to the compensated absences.

The notes payable listed under Notes Payable - Utility are used to add water and sewer lines and services to areas. Additionally, the new water treatment plant was built utilizing a loan. Loans are received through the Alaska Department of Environmental Conservation for 20-year periods at 1.5-1.9% interest. The majority of the loans are repaid by the property owner through "SAD" (Special Assessment District). The remaining portion of the loans are paid back by the City of Homer with designated sales tax revenues.

Additional information on the City's Long-term liabilities can be found in Notes 6, 9, and 10 to the basic financial statements.

City of Homer, Alaska

Management's Discussion and Analysis June 30, 2024

Economic Factors and Next Year's Budgets and Rates

The State's fiscal situation remains uncertain as costs continue to rise due to inflation from spending related to novel coronavirus pandemic. This has caused increased uncertainty in the City of Homer's future revenue and expenditure activities. However, the City of Homer will continue to take a conservative approach on forecasting revenues due to the uncertainty of the revenue source, particularly State revenues.

The Water and Sewer Utility Fund remains vulnerable because of a basic fundamental flaw. The City owns an expensive and expansive treatment, collection and distribution infrastructure and has very few customers to pay for maintenance and operations. Priority should be placed on infill and hooking up customers where the infrastructure has already been installed. It is debatable if expanding the system into new, less densely populated areas is a net drain on the system as with those new customers comes increased miles of pipe to maintain.

Requests for Information

This financial report is designed to provide a general overview of the City of Homer's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Finance Department
City of Homer
491 E. Pioneer Ave. Homer, Alaska 99603
Telephone: (907) 235-8121 [email: finance@ci.homer.ak.us](mailto:finance@ci.homer.ak.us)

Basic Financial Statements

City of Homer, Alaska

Statement of Net Position

<i>June 30, 2024</i>	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 30,351,577	7,130,600	37,482,177
Receivables, net of allowance for doubtful accounts:			
Accounts	635,712	512,959	1,148,671
Sales and property taxes	3,597,862	-	3,597,862
State and federal grants and loans	1,305,444	77,218	1,382,662
Assessments	3,567,053	-	3,567,053
Leases	470,199	7,095,394	7,565,593
Internal balances	(19,349)	19,349	-
Inventory	621,228	-	621,228
Prepaid items	782,071	35,028	817,099
Restricted cash and investments	-	317,980	317,980
Net OPEB assets	5,045,237	928,286	5,973,523
Capital assets not being depreciated:			
Land and land improvements	11,747,314	15,804,641	27,551,955
Construction work in progress	1,860,851	1,304,538	3,165,389
Other capital assets, net of accumulated depreciation	70,841,969	25,748,158	96,590,127
Total Assets	130,807,168	58,974,151	189,781,319
Deferred Outflows of Resources:			
Related to pensions	1,424,605	262,117	1,686,722
Related to OPEB	350,020	64,402	414,422
Total Deferred Outflows of Resources	1,774,625	326,519	2,101,144
Total Assets and Deferred Outflows of Resources	\$ 132,581,793	59,300,670	191,882,463

Liabilities, Deferred Inflows of Resources, and Net Position**Liabilities**

Accounts payable	\$ 1,110,130	160,196	1,270,326
Accrued payroll and related liabilities	522,241	92,918	615,159
Accrued interest payable	100,842	3,208	104,050
Prepaid rentals and deposits	72,284	490,577	562,861
Unearned revenue	233,979	18,000	251,979
Noncurrent liabilities:			
Due within one year:			
Accrued leave	600,000	110,000	710,000
Notes payable	943,882	-	943,882
Leases payable	64,297	-	64,297
General obligation bonds payable	245,000	45,000	290,000

City of Homer, Alaska
Statement of Net Position, continued

June 30, 2024	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources, and Net Position, continued			
Liabilities, continued			
Due in more than one year:			
Accrued leave	\$ 357,551	177,730	535,281
Notes payable	5,684,913	-	5,684,913
Leases payable	106,641	-	106,641
Unearned lease revenue	-	63,000	63,000
General obligation bonds payable including bond premium	3,274,363	2,155,000	5,429,363
Special assessment bond payable with government commitment to Kenai Peninsula Borough	-	-	-
Net pension liability	10,646,822	1,958,934	12,605,756
Total Liabilities	23,962,945	5,274,563	29,237,508
Deferred Inflows of Resources:			
Lease related	470,199	6,846,815	7,317,014
OPEB related	288,973	53,169	342,142
Total Deferred Inflows of Resources	759,172	6,899,984	7,659,156
Net Position			
Net investment in capital assets	74,131,038	40,657,337	114,788,375
Restricted for:			
Net OPEB assets	5,045,237	928,286	5,973,523
Roads and trails	7,960,527	-	7,960,527
Special service district	46,410	-	46,410
Unrestricted	20,676,464	5,540,500	26,216,964
Total Net Position	107,859,676	47,126,123	154,985,799
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 132,581,793	59,300,670	191,882,463

See accompanying notes to basic financial statements.

City of Homer, Alaska

Statement of Activities
Year Ended June 30, 2024

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines & Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Govern- mental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 4,434,930	206,180	150,779	477,688	(3,600,283)	-	(3,600,283)
Public safety	6,485,257	404,646	852,911	-	(5,227,700)	-	(5,227,700)
Public works	4,748,821	1,026,349	30,158	-	(3,692,314)	-	(3,692,314)
Library	1,225,075	-	17,033	-	(1,208,042)	-	(1,208,042)
Airport	283,609	219,367	1,595	-	(62,647)	-	(62,647)
Community services	194,876	54,409	-	-	(140,467)	-	(140,467)
Water	3,021,195	2,310,933	-	268,980	(441,282)	-	(441,282)
Sewer	2,123,568	2,013,501	-	-	(110,067)	-	(110,067)
Unallocated interest	194,538	-	-	-	(194,538)	-	(194,538)
Total Governmental Activities	22,711,869	6,235,385	1,052,476	746,668	(14,677,340)	-	(14,677,340)
Business-type Activities							
Port and harbor	6,739,641	6,283,745	40,694	408,892	-	(6,310)	(6,310)
Total	\$ 29,451,510	12,519,130	1,093,170	1,155,560	(14,677,340)	(6,310)	(14,683,650)
General Revenues							
Property taxes					\$ 4,611,273	-	4,611,273
Sales taxes					13,006,233	-	13,006,233
Grants and entitlements not restricted to a specific purpose					59,754	78,772	138,526
Investment income					1,515,127	362,981	1,878,108
Transfers					39,675	(39,675)	-
Total General Revenues and Transfers					19,232,062	402,078	19,634,140
Change in Net Position					4,554,722	395,768	4,950,490
Beginning Net Position					103,304,954	46,730,355	150,035,309
Ending Net Position					\$ 107,859,676	47,126,123	154,985,799

See accompanying notes to basic financial statements.

City of Homer, Alaska

Governmental Funds
Balance Sheet

	Major Funds					Total Governmental Funds
	General	Utility Special Revenue	HAWSP Debt Service	HART Roads Capital Project	Nonmajor Funds	
June 30, 2024						
Assets						
Cash and investments	\$ 6,039,281	1,828,522	6,854,943	5,548,837	9,829,215	30,100,798
Receivables, net of allowance:						
Accounts	198,498	416,850	-	-	20,364	635,712
Property taxes	78,172	-	-	-	-	78,172
Sales taxes	2,213,413	-	544,282	489,854	272,141	3,519,690
Assessments	-	-	2,596,175	-	970,878	3,567,053
State and federal grants and loans	51,866	1,105,247	-	-	148,331	1,305,444
Leases	470,199	-	-	-	-	470,199
Due from other funds	132,086	-	-	-	-	132,086
Inventory	7,916	613,312	-	-	-	621,228
Prepaid and other assets	65,465	-	-	-	716,606	782,071
Total Assets	\$ 9,256,896	3,963,931	9,995,400	6,038,691	11,957,535	41,212,453
Liabilities						
Accounts payable	\$ 331,407	313,022	-	339,922	125,779	1,110,130
Accrued payroll and related liabilities	444,912	69,655	-	-	-	514,567
Unearned revenue	-	-	-	-	233,979	233,979
Customer deposits	26,765	45,519	-	-	-	72,284
Due to other funds	-	-	-	-	9,682	9,682
Total Liabilities	803,084	428,196	-	339,922	369,440	1,940,642
Deferred Inflows of Resources						
Lease related	470,199	-	-	-	-	470,199
Special assessments not yet due	-	-	2,595,023	-	970,878	3,565,901
Total Deferred Inflows of Resources	470,199	-	2,595,023	-	970,878	4,036,100
Total Liabilities and Deferred Inflows of Resources	1,273,283	428,196	2,595,023	339,922	1,340,318	5,976,742
Fund Balances						
Nonspendable	73,381	613,312	-	-	706,606	1,393,299
Restricted	-	-	-	5,698,769	2,308,168	8,006,937
Committed	5,032,632	873,938	-	-	2,130,742	8,037,312
Assigned	-	2,048,485	7,400,377	-	5,269,419	14,718,281
Unassigned	2,877,600	-	-	-	202,282	3,079,882
Total Fund Balances	7,983,613	3,535,735	7,400,377	5,698,769	10,617,217	35,235,711
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,256,896	3,963,931	9,995,400	6,038,691	11,957,535	41,212,453

See accompanying notes to basic financial statements.

City of Homer, Alaska

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2024

Total fund balances for governmental funds		\$ 35,235,711
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Assets, net of accumulated depreciation and amortization consist of:		
Land and land improvements	\$ 11,747,314	
Construction in progress	1,860,851	
Buildings	59,736,029	
Improvements other than buildings	64,522,696	
Machinery and equipment	20,864,562	
Right-to-use leased equipment	120,600	
Right-to-use leased property and buildings	239,090	
Infrastructure	37,055,664	
Accumulated depreciation and amortization	<u>(111,696,672)</u>	
Total Capital Assets		84,450,134
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Special assessments not yet due		3,565,901
Internal service funds are used by the City to charge the cost of certain activities, such as insurance, to individual funds. A portion of the assets and liabilities of the internal service funds is included in the governmental activities in the Statement of Net Position.		
		101,352
Certain other postemployment benefits plans have been funded in excess of the required contributions. These assets are not financial resources and therefore are not reported in the funds.		
Net OPEB assets		5,045,237
Long-term liabilities, including notes payable, bonds payable, and accrued leave, are not due and payable in the current period and therefore are not reported as fund liabilities. These liabilities consist of:		
Accrued interest	(100,842)	
Notes payable - Utility	(6,628,795)	
Leases payable	(170,938)	
Bonds payable - Police Station, including premiums	(3,519,363)	
Accrued leave	(957,551)	
Net pension liability	<u>(10,646,822)</u>	
Total Long-term Liabilities		(22,024,311)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These items are amortized over time.		
Deferred outflows of resources related to pensions	1,424,605	
Deferred outflows of resources related to OPEB	350,020	
Deferred inflows of resources related to OPEB	<u>(288,973)</u>	
Total Deferred Pension Items		<u>1,485,652</u>
Total Net Position of Governmental Activities		<u>\$ 107,859,676</u>

See accompanying notes to basic financial statements.

City of Homer, Alaska

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

	Major Funds					Total Governmental Funds
	General	Utility Special Revenue	HAWSP Debt Service	HART Roads Capital Project	Nonmajor Funds	
Year Ended June 30, 2024						
Revenues						
Property taxes	\$ 4,645,956	-	-	-	3,537	4,649,493
Sales and use taxes	8,180,661	-	2,010,654	1,809,590	1,005,328	13,006,233
Permits and licenses	46,821	-	-	-	-	46,821
Intergovernmental	1,042,853	268,980	-	-	484,328	1,796,161
Charges for services	833,792	4,324,434	-	-	-	5,158,226
Special assessments	-	-	293,015	-	313,370	606,385
Investment income	343,825	187,965	358,823	326,181	298,333	1,515,127
Fines and forfeitures	3,989	-	-	-	-	3,989
Enstar FMA refund	-	-	-	-	68,190	68,190
Other	-	-	-	-	62,737	62,737
Total Revenues	15,097,897	4,781,379	2,662,492	2,135,771	2,235,823	26,913,362
Expenditures						
Current:						
General government	4,352,146	-	-	-	80,976	4,433,122
Public safety	6,157,411	-	-	-	5,821	6,163,232
Public works	3,228,344	-	-	-	-	3,228,344
Library	1,052,271	-	-	-	-	1,052,271
Airport	240,442	-	-	-	-	240,442
Community services	179,000	-	-	-	-	179,000
Water	-	1,874,665	-	-	-	1,874,665
Sewer	-	1,621,088	-	-	-	1,621,088
Debt service:						
Principal	-	-	954,808	-	249,514	1,204,322
Interest	-	4,353	95,384	-	168,233	267,970
Capital outlay	-	1,887,977	-	617,220	2,420,927	4,926,124
Total Expenditures	15,209,614	5,388,083	1,050,192	617,220	2,925,471	25,190,580
Excess of Revenues Over (Under) Expenditures	(111,717)	(606,704)	1,612,300	1,518,551	(689,648)	1,722,782
Other Financing Sources (Uses)						
Transfers in	955,385	818,709	250,967	-	1,690,447	3,715,508
Transfers out	(362,180)	(130,713)	(889,177)	(979,390)	(1,314,909)	(3,676,369)
Net Other Financing Sources (Uses)	593,205	687,996	(638,210)	(979,390)	375,538	39,139
Net Change in Fund Balances	481,488	81,292	974,090	539,161	(314,110)	1,761,921
Beginning Fund Balances	7,502,125	3,454,443	6,426,287	5,159,608	10,931,327	33,473,790
Ending Fund Balances	\$ 7,983,613	3,535,735	7,400,377	5,698,769	10,617,217	35,235,711

See accompanying notes to basic financial statements.

City of Homer, Alaska

**Reconciliation of the Change in Fund Balances of Governmental Funds
to Statement of Activities
Year Ended June 30, 2024**

Net change in fund balances - total governmental funds		\$ 1,761,921
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation and amortization expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays exceeded depreciation.		
Depreciation and amortization	\$ (4,508,498)	
Capital outlays	<u>4,832,180</u>	323,682
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the increase in other long-term assets.		
		313,554
Repayment of the principal of the long-term debt consumes current financial resources in governmental funds. The issuance of long-term debt provides current financial resources in governmental funds. These transaction have no effect on the net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Principal payments of the long-term debt	1,204,322	
Decrease in unamortized bond premium	<u>46,937</u>	1,251,259
Accrued interest on long-term debt is not reported in the funds until the liability matures. This is the decrease in accrued interest payable.		
		26,495
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued leave	(87,276)	
Decrease in lease payable	63,586	
Increase in net pension liability and related deferred accounts	(28,573)	
Increase in net OPEB asset and related deferred accounts	<u>738,315</u>	686,052
Internal service funds are used by management to charge the cost of health insurance and accrued leave cash-outs to individual funds. A portion of the net income of these activities is reported with governmental activities.		
		<u>191,759</u>
Change in Net Position of Governmental Activities		<u>\$ 4,554,722</u>

See accompanying notes to basic financial statements.

City of Homer, Alaska

 Proprietary Funds
 Statement of Net Position

	Major Enterprise Fund Port of Homer	Internal Service Funds
June 30, 2024		
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 7,130,600	\$ 250,779
Accounts receivable, net of allowance for doubtful accounts	512,959	-
State and federal grants receivable	77,218	-
Lease receivable	410,065	-
Prepaid items	35,028	-
Total Current Assets	8,165,870	250,779
Noncurrent Assets		
Capital assets not being depreciated:		
Land and land improvements	15,804,641	-
Construction work in progress	1,304,538	-
Other capital assets, net of accumulated depreciation	25,748,158	-
Restricted cash and investments	317,980	-
Lease receivable	6,685,329	-
Net OPEB assets	928,286	-
Total Noncurrent Assets	50,788,932	-
Total Assets	58,954,802	250,779
Deferred Outflows of Resources:		
Pension related	262,117	-
OPEB related	64,402	-
Total Deferred Outflows of Resources	326,519	-
Total Assets and Deferred Outflows of Resources	\$ 59,281,321	\$ 250,779

See accompanying notes to basic financial statements.

City of Homer, Alaska
Proprietary Funds
Statement of Net Position, continued

June 30, 2024	Major Enterprise Fund <hr/> Port of Homer	Internal Service Funds
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities		
Accounts payable	\$ 160,196	\$ -
Accrued payroll and related liabilities	92,918	7,674
Accrued leave	110,000	-
Accrued interest payable	3,208	-
General obligation bonds payable	45,000	-
Prepaid berth rentals and deposits	490,577	-
Unearned lease revenue	18,000	-
Due to other funds	-	122,404
Total Current Liabilities	919,899	130,078
Noncurrent Liabilities, Net of Current Portion		
Unearned lease revenue	63,000	-
Accrued leave long term	177,730	-
General obligation bonds payable including bond premium	2,155,000	-
Net pension liabilities	1,958,934	-
Total Noncurrent Liabilities	4,354,664	-
Total Liabilities	5,274,563	130,078
Deferred Inflows of Resources:		
Lease related	6,846,815	-
OPEB related	53,169	-
Total Deferred Inflows of Resources	6,899,984	-
Net Position		
Net OPEB assets	928,286	-
Net investment in capital assets	40,657,337	-
Unrestricted	5,521,151	120,701
Total Net Position	47,106,774	120,701
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 59,281,321	\$ 250,779
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund		
	<u>19,349</u>	
Net Position of Business-type Activities	<u>\$ 47,126,123</u>	

See accompanying notes to basic financial statements.

City of Homer, Alaska

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position

	Major Enterprise Fund <u>Port of Homer</u>	Internal Service Funds
<i>Year Ended June 30, 2024</i>		
Operating Revenues		
Port and harbor charges for services	\$ 6,187,530	\$ -
Interfund charges	-	2,694,392
Employee health contributions	-	185,656
Total Operating Revenues	6,187,530	2,880,048
Operating Expenses		
Operations	3,207,282	290,242
Administration	1,180,645	103
Depreciation	2,379,273	-
Employee incentive fees	-	325,203
Insurance premiums	-	2,038,093
Total Operating Expenses	6,767,200	2,653,641
Operating income (loss)	(579,670)	226,407
Nonoperating Revenues (Expense)		
Investment income	362,981	-
Interest expense	(7,625)	-
State PERS relief	40,694	-
Other income	95,862	-
Cruise ship tax	353	-
Fish tax	78,772	-
Total Nonoperating Revenues (Expense)	571,037	-
Income (loss) before transfers and capital contributions	(8,633)	226,407
Transfers in	-	536
Transfers out	(39,675)	-
Capital contributions	408,892	-
Change in net position	360,584	226,943
Beginning Net Position	46,746,190	(106,242)
Ending Net Position	47,106,774	\$ 120,701
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	35,184	
Change in Net Position of Business-type Activities	\$ 395,768	

See accompanying notes to basic financial statements.

City of Homer, Alaska

Proprietary Funds
Statement of Cash Flows

	Major Enterprise Fund Port of Homer	Internal Service Funds
<i>Year Ended June 30, 2024</i>		
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 6,188,187	\$ -
Receipts from interfund services provided and employee contributions	-	2,880,048
Payments to suppliers	(1,985,993)	-
Payments to employees	(2,499,216)	(620,664)
Payments for insurance, claims, and administration	-	(2,038,196)
Net cash flows from (for) operating activities	1,702,978	221,188
Cash Flows from (for) Noncapital Financing Activities		
Increase in due to other funds	-	(20,477)
Transfers in (out)	(39,675)	536
Net cash flows from (for) noncapital financing activities	(39,675)	(19,941)
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(240,000)	-
Interest paid on long-term debt	(42,191)	-
Capital contributions received	858,144	-
Cruise ship tax and fish tax received	79,125	-
Acquisition of property, plant and equipment	(761,427)	-
Net cash flows from (for) capital and related financing activities	(106,349)	-
Cash Flows from (for) Investing Activities		
Investment income received	362,981	-
Net Increase in Cash and Investments	1,919,935	201,247
Beginning Cash and Investments	5,528,645	49,532
Ending Cash and Investments	\$ 7,448,580	\$ 250,779
Reconciliation of Cash to Statement of Net Position		
Unrestricted cash and investments	\$ 7,130,600	\$ 250,779
Restricted cash and investments	317,980	-
Total Cash and Investments	\$ 7,448,580	\$ 250,779

See accompanying notes to basic financial statements.

City of Homer, Alaska
Proprietary Funds
Statement of Cash Flows, continued

Year Ended June 30, 2024	Major Enterprise Fund <hr/> Port of Homer	Internal Service Funds
Reconciliation of Operating Loss to Net Cash		
Flows from (for) Operating Activities		
Operating (loss) income	\$ (579,670)	\$ 226,407
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation	2,379,273	-
Noncash expense - PERS relief	40,694	-
Decrease in allowance for doubtful accounts	44,412	-
Amortization of deferred lease revenue	(18,000)	-
Miscellaneous nonoperating revenues and expense, net	95,862	-
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(78,100)	-
Prepaid items	187,986	-
Lease receivable	302,029	-
Deferred outflows of resources related to pensions	(32,440)	-
Deferred outflows of resources related to OPEB	11,373	-
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(338,429)	-
Accrued payroll and related liabilities	7,723	(5,219)
Accrued leave	42,171	-
Prepaid berth rentals and deposits	41,096	-
Net pension liability	215,186	-
Net OPEB assets	(219,401)	-
Deferred inflows of resources related leases	(386,642)	-
Deferred inflows of resources related to OPEB	(12,145)	-
Net Cash Flows from (for) Operating Activities	\$ 1,702,978	\$ 221,188

See accompanying notes to basic financial statements.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

Organization and Services Provided

The City of Homer, Alaska (the City) was incorporated March 31, 1964 as a first-class city and operates under a Council-Manager form of government. The City provides the full range of municipal services as provided for by Alaska Statute. This includes police and fire protection, ambulance and emergency medical service, water and wastewater service, library, parks, community recreation, public improvements, planning and zoning, port and harbor, airport facilities, and general administrative services.

Scope and Presentation

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

Reporting Entity

The City has reviewed the standards established by the Governmental Accounting Standards Board (GASB) and determined that the City has no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) fees, fines and charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers all revenues except reimbursement grants to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

Property and sales taxes, charges for services, intergovernmental revenues, and investment income associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue in the current period. Most other revenue items are considered to be measurable and available only when received by the government.

The City reports the following major funds:

Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *Utility Special Revenue Fund* accounts for the activities of the water and sewer facility operations including collection and treatment of sewage, and distribution and transmission of water.

The *HAWSP Debt Service Fund* provides dedicated sources of revenue, sales tax and assessments, to secure and retire financing for construction of water and sewer infrastructure.

The *HART Roads Capital Project Fund* accounts for operating grants and capital improvement projects for streets and sidewalks.

Major proprietary fund:

The *Port of Homer Enterprise Fund* accounts for all activities related to the operation of the City's port and harbor.

The City also reports Internal Service Funds which account for the activities relating to the City's health benefit plan and accrued leave cash-outs. These funds report revenues charged to the other funds based on estimated amounts to cover actual costs of benefits.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise fund and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes (including the City's restricted sales taxes), investment income, and State entitlement revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Port of Homer Enterprise Fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues reported in the Utility Special Revenue Fund are comprised primarily of user charges for services. All revenues reported in the fund are used for operations, maintenance and capital outlay. Revenues reported in the HAWSP Debt Service Fund are comprised of sales tax, local assessments, and investment income. Revenues reported in the HART Roads Capital Fund are comprised of sales tax and investment income.

Budgets and Budgetary Accounting

The City Council is required to pass an appropriation ordinance for the General Fund, Enterprise, and Utility Special Revenue Fund which becomes the expenditure budget for each fund for the fiscal year. The City Council may pass subsequent supplemental appropriations which are added to the expenditure budget. Expenditures may not exceed the fund appropriations. The City Manager may transfer amounts between departments within a fund or between cost centers within a department's budget classification. Appropriations on annual budgets lapse at year-end. The City's legally prescribed budgetary basis of accounting differs with generally accepted accounting principles in that it did not budget any PERS relief payments and, accordingly, where budgetary data are presented, the City reports a budgetary to GAAP basis reconciliation. Budget and actual information conform to the same basis of accounting.

Effective January 1, 2020, the City is operating under a biennial budget which will cover two fiscal years in each budget. Effective July 1, 2021, the City of Homer changed the fiscal year to the twelve-month period commencing July 1 through June 30 of the succeeding year.

Encumbrance accounting is employed during the year under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, as an extension of formal budgetary integration in the General

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Fund. Encumbrances outstanding at year-end are reported as appropriate constraints of fund balance if they meet the definitions and criteria described later in these footnotes.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Cash and Investments

A central treasury is used to account for all the City's cash and investments to maximize interest income. Investment earnings are allocated to various funds based on average central treasury balances.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents as the demand deposits and all investments maintained in the central treasury, regardless of maturity period, since the various funds use the central treasury essentially as a demand deposit account. Investments are recorded at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Property taxes are a lien on the assessed value of taxable property as of January 1. Pursuant to Alaska Statute, Title 29.45.240, the City establishes the mill rate levy by June 15. The City is located within the Kenai Peninsula Borough, which acts as the City's agent in the billing and collection of property taxes. Tax bills for one-half of the taxes are mailed prior to July 1 and are payable on August 15; tax bills for the second half of the taxes are mailed by October 1 and are payable on November 15. City property tax revenues in the fund financial statements are recognized in the period in which they are collectible and available (collected within sixty days after year-end) to finance expenditures of the period. At June 30, the delinquent real and personal taxes not currently available are reflected as deferred inflows of the General Fund.

Unbilled Service Revenues

Utility revenues are based on cycle billings rendered monthly to customers. As a result of this cycle billing method, the utilities do not accrue revenues at the end of any fiscal year for services sold but

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

not billed at such date. The Port of Homer bills annual moorage charges in advance, which are presented as unearned revenue at year-end.

Inventory

Supplies or materials acquired by the Utility Special Revenue fund are recorded at cost (specific identification) and are charged as expenditures as used in accordance with the consumption method of accounting for inventory. All other governmental fund types use the purchase method of accounting for inventory. Accordingly, reported inventory for governmental fund types are equally offset by nonspendable fund balance.

Prepaid Items

Prepaid items primarily represent costs of services allocated to succeeding periods and rents paid in advance of the period to which they apply. The City's policy is to charge such costs to the period benefited. Accordingly, reported prepaid items for governmental fund types are equally offset by nonspendable fund balance.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire the asset with equivalent service potential in an ordinary market transaction at the acquisition date. In the case of the initial capitalization of infrastructure assets, the City chose to include all such items, regardless of their acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized. Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	15-45
Improvements other than buildings	3-45
Right-to-use leased equipment	5
Machinery and equipment	3-25
Infrastructure	10-50

Accrued Leave

The City allows employees to accumulate earned, but unused personal leave benefits up to a maximum accumulation of 720 hours. All personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in the governmental fund financial statements unless they have matured (e.g. the

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

employee has terminated employment).

Leases – Lessor

The City is a lessor for noncancellable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund-level financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Leases - Lessee

The City is a lessee for noncancellable leases of equipment as well as space in a building. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Long-term Debt

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount, as applicable.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balances comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use through ordinance. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes but are neither restricted nor committed. The City

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

There is established within the committed fund balance of the general fund an amount equal to four months revenue for the current fiscal year that is restricted to emergency use only. Emergency restricted fund balance shall only be spent to help the City provide quick response to weather, economic uncertainty and unexpected situations such as natural disasters so as to avoid the need for short-term borrowing.

Deferred Outflows/Inflows

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of pension and OPEB related items. These items are amortized resulting in additional expense in future periods.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist of pension, OPEB, and lease related items. Pension and OPEB are amortized resulting in a reduction of expense and lease related are recognized as revenue at a later date.

Pensions and OPEB

For purpose of measuring the net pension and OPEB liability/assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

2. Cash and Investments

The City of Homer utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds."

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of June 30, 2024.

Bank deposits	\$ 1,564,196
Investments	36,235,961
Total Cash and Investments	\$ 37,800,157
Cash and investments	\$ 37,482,177
Restricted cash and investments	317,980
Total Cash and Investments	\$ 37,800,157

Restricted cash and investments primarily represent funds set aside for capital projects, including unspent bond proceeds, interest earnings, refunds from utility corporations, or mandatory bond reserve accounts.

General Investments

Investment Policy

The City's investment policy authorizes investment in the following:

1. U.S. Treasury securities – 5 years;
2. Other obligations of the U.S. Government, its agencies and instrumentalities – five years;
3. Repurchase agreements of acceptable securities listed in (1) or (2) above which meet a margin requirement of 102%;
4. Units of the Alaska Municipal League Investment Pool;
5. Certificates of deposit and other deposits that are collateralized;
6. Uncollateralized deposits to the extent that the deposits are insured by the FDIC or FSLIC;
7. Taxable bonds or notes; graded AA or higher by Moody's or S&P – five years;
8. Commercial paper; graded P1 or higher by Moody's or A1 or higher by S&P – five years;
9. Bankers' acceptances; rated at least AA by Moody's or S&P; and
10. Money market mutual funds.

Investments in taxable bonds and notes, commercial paper, or bankers' acceptances must meet a minimum rating as determined by Moody's Investor Services or Standard and Poor's.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Aside from the investment policy stated above, the City has no specific policy with respect to interest rate risk. Investment maturities at June 30, 2024 are as follows:

<i>Investment Type</i>	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	5 - 10
Federal Home Loan Mortgage Bonds	811,652	811,652	-	-
Federal National MTG Assn. Bonds	1,747,714	-	1,747,714	-
US Treasury	7,057,241	574,264	6,482,977	-
Certificates of deposit	7,732,703	3,766,442	3,966,261	-
Total Subject to Interest Rate Risk	17,349,310	5,152,358	12,196,952	-
Pooled investments (AMLIP)	18,877,708	-	-	-
Money market	8,943	-	-	-
Total Investments	\$ 36,235,961	5,152,358	12,196,952	-

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy specifies the types of investments which can be purchased, in order to limit credit risk, as described above. All of the U.S. government agency investments are rated AAA by Standard and Poor's.

Pooled investments are invested with the Alaska Municipal League Investment Pool, Inc. (AMLIP). The AMLIP is an external investment pool which is rated AAAM by Standard and Poor's for credit risk purposes. Alaska Statute 37.23 establishes regulatory oversight of the Pool. The law sets forth numerous requirements regarding authorized investments and reporting. At June 30, 2024, the share value of investments in the AML pool is approximately equal to fair value.

Custodial Credit Risk – Bank Deposits

In the case of bank deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. It is the City's policy to mitigate this risk by establishing a collateralized agreement in the City's name by an agent of the financial institution holding the demand deposits. Of the bank balance at June 30, 2024, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and \$678,879 was subject to a collateral agreement. The uninsured and uncollateralized amount was \$383,119 at June 30, 2024.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has investments in money market funds totaling \$326,922 that are not held at fair value, but instead recorded at amortized cost, as of June 30, 2024. The City's investment in AMLIP is measured at net asset value, as of June 30, 2024. Management believes that these values approximate fair value. All government securities and certificates of deposit with maturities greater than one year are Level 2 investments on the fair value hierarchy.

3. Accounts Receivable, Valuation Allowances, Deferred Inflows and Unearned Revenues

The City maintains accounts receivable balances of which a portion is reserved as an allowance for doubtful accounts. At June 30, 2024, the City's funds that included an applicable allowances for doubtful accounts, are as follows:

	General Fund	Utility Special Revenue Fund	Nonmajor Fund	Port of Homer Enterprise Fund	Totals
Accounts receivable	\$ 235,104	424,938	20,364	577,161	1,257,567
Allowance for doubtful accounts	(36,606)	(8,088)	-	(64,202)	(108,896)
Accounts Receivable, net	\$ 198,498	416,850	20,364	512,959	1,148,671

Additionally, the General Fund property taxes receivable amount shown has an allowance for uncollectible accounts of \$1,274 on the outstanding balance of \$79,446 for net amount of \$78,172.

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City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2024

At June 30, 2024, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

Deferred Inflows of Resources

Lease related	\$ 470,199
Special assessments not yet due:	
HAWSP Debt Service Special Revenue Fund	2,595,023
Nonmajor Seawall Assessment Special Revenue Fund	640,623
Nonmajor Gas Line Capital Project Fund	238,010
Nonmajor HART Assessment Special Revenue Fund	92,245
Total Deferred Inflows of Resources	\$ 4,036,100

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City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

4. Interfund Balances and Transfers

A schedule of transfers for the year ended June 30, 2024 follows:

Transfers

From General Fund to:	
Utility Special Revenue Fund	\$ 125,471
Internal Service Fund	366
Nonmajor governmental funds	236,343
From Utility Special Revenue Fund to:	
General Fund	10,000
Internal Service Fund	79
Nonmajor governmental funds	120,634
From HAWSP Debt Service Fund to:	
Utility Special Revenue Fund	693,238
Nonmajor governmental funds	195,939
From HART Roads Capital Project Fund to:	
General Fund	933,347
Nonmajor governmental funds	46,043
From Nonmajor Governmental Funds to:	
General Fund	12,038
HAWSP Debt Service Fund	250,967
Nonmajor governmental funds	1,051,904
From Port of Homer Enterprise Fund to:	
Internal Service Fund	91
Nonmajor Governmental Funds	39,584
Total Transfers to Other Funds	\$ 3,716,044

Interfund transfers are routinely recorded throughout the year. Transfers from funds were to pay debt, for capital project, and reserves.

At June 30, 2024, an interfund balance of \$9,682 was owed from the nonmajor governmental funds for short term operation funding to the General Fund.

At June 30, 2024, an interfund balance of \$122,404 was owed from the internal service fund for short term operating funding to the General Fund.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

5. Capital Assets

Capital asset activity for the year ended June 30, 2024 follows:

Governmental Activities	Beginning Balance	Additions and Reclass- ifications	Deletions and Reclass- ifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 11,686,635	60,679	-	11,747,314
Construction in progress	2,469,765	2,426,936	(3,035,850)	1,860,851
Total capital assets not being depreciated	14,156,400	2,487,615	(3,035,850)	13,608,165
<i>Capital assets being depreciated and amortized:</i>				
Buildings	59,736,029	-	-	59,736,029
Improvements other than buildings	60,702,635	3,820,061	-	64,522,696
Machinery and equipment	19,628,966	1,560,354	(324,758)	20,864,562
Right-to-use leased equipment	120,600	-	-	120,600
Right-to-use leased property and buildings	239,090	-	-	239,090
Infrastructure	37,055,664	-	-	37,055,664
Total capital assets being depreciated and amortized	177,482,984	5,380,415	(324,758)	182,538,641
Less accumulated depreciation and amortization for:				
Buildings	36,330,743	986,388	-	37,317,131
Improvements other than buildings	34,142,472	1,906,088	-	36,048,560
Machinery and equipment	13,044,345	741,698	(324,758)	13,461,285
Right-to-use leased equipment	51,951	24,120	-	76,071
Right-to-use leased property and buildings	72,202	36,101	-	108,303
Infrastructure	23,871,219	814,103	-	24,685,322
Total accumulated depreciation and amortization	107,512,932	4,508,498	(324,758)	111,696,672
Total assets being depreciated and amortized, net	69,970,052	871,917	-	70,841,969
Governmental Activities Capital Assets, net	\$ 84,126,452	3,359,532	(3,035,850)	84,450,134

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Business-type Activities	Beginning Balance	Additions and Reclass- ifications	Deletions and Reclass- ifications	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 15,804,641	-	-	15,804,641
Construction in progress	792,916	643,016	(131,394)	1,304,538
Total capital assets not being depreciated	16,597,557	643,016	(131,394)	17,109,179
<i>Capital assets being depreciated and amortized:</i>				
Buildings	16,380,648	-	-	16,380,648
Improvements other than buildings	54,650,085	112,250	-	54,762,335
Machinery and equipment	3,675,607	137,555	-	3,813,162
Total capital assets being depreciated and amortized	74,706,340	249,805	-	74,956,145
<i>Less accumulated depreciation and amortization for:</i>				
Buildings	11,871,225	362,205	-	12,233,430
Improvements other than buildings	31,886,929	1,715,263	-	33,602,192
Machinery and equipment	3,070,560	301,805	-	3,372,365
Total accumulated depreciation and amortization	46,828,714	2,379,273	-	49,207,987
Total capital assets being depreciated and amortized, net	27,877,626	(2,129,468)	-	25,748,158
Business-Type Activities Capital Assets, net	\$ 44,475,183	(1,486,452)	(131,394)	42,857,337

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City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Depreciation and amortization expense was charged to the functions as follows for the year ended June 30, 2024:

Governmental Activities

General government	\$ 222,447
Public safety	644,319
Public works	1,616,376
Library	212,692
Airport	77,881
Water utility	1,177,951
Sewer utility	556,832

Total Depreciation and Amortization Expense – Governmental Activities

\$ 4,508,498

Business-type Activities

Port and harbor	\$ 2,379,273
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The Port of Homer Enterprise Fund received a building from the State of Alaska in 1993 in exchange for the use of land by the State Ferry System until the year 2031. The building houses the Port Maintenance Shop. The value of the building and related unearned revenue is as follows:

Original cost assigned to building	\$ 630,000
Revenue recognized on cumulative basis	(549,000)
	\$ 81,000

Current unearned revenue	\$ 18,000
Noncurrent unearned revenue	63,000

Total Unearned Lease Revenue	\$ 81,000
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City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

6. Long-term Liabilities

The following is a summary of long-term liability transactions of the City for the year ended June 30, 2024:

Governmental Activities	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Notes payable:					
\$2,439,450 2002 Sewer Utility Alaska Clean Water (ACW) loan, due in annual installments of \$121,973 plus interest at 1.5% through August 18, 2025	\$ 365,908	-	121,973	243,935	121,972
\$2,575,394 2002 Water Utility Alaska Drinking Water (ADW) loan, due in annual installments of \$143,078 plus interest at 1.5% through August 18, 2025	429,238	-	143,084	286,154	143,077
\$1,591,733 2012 Sewer Utility ACW loan, due in annual installments of \$66,415 plus interest at 1.5% through August 6, 2032	661,140	-	67,540	593,600	67,356
\$1,086,870 Sewer Utility ACW loan, due in annual installments of \$54,344 plus interest at 1.5% through April 1, 2034	597,778	-	54,343	543,435	54,343
\$2,023,006 2012 Water Utility ADW loan, due in annual installments of \$117,832 including interest at 1.5% through August 18, 2032	1,086,663	-	101,531	985,132	103,054
\$6,188,025 2006 Water Utility ADW loan, due in annual installments of \$364,001, plus interest at 1.5% through December 28, 2029	2,548,010	-	364,001	2,184,009	364,002

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Governmental Activities, continued	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
\$190,926 Water Utility ADW due in annual principal installments of \$9,546 plus interest at 1.5% through October 1, 2037	\$ 143,194	-	9,546	133,648	9,547
\$81,989 Water Utility ADW loan, due in annual installments of \$4,994 including interest at 1.5% through March 1, 2037	59,727	-	3,880	55,847	3,938
\$221,315 Water Utility ADW loan, due in annual installments of \$12,308 including interest at 1.5% through March 1, 2037	154,384	-	9,992	144,392	10,142
\$127,674 Water Utility ADW loan, due in annual installments of \$6,384 plus interest at 1.5% through June 8, 2042	121,290	-	6,384	114,906	6,384
\$139,414 Water Utility Alaska Drinking Water loan, due in annual installments of \$6,971 plus interest at 1.5% through June 2043	139,414	-	-	139,414	6,970
\$46,033 Water Utility Alaska Drinking Water loan, due in annual installments of \$2,302 including interest at 1.5% through June 2043	46,033	-	2,302	43,731	2,302
\$287,692 Sewer Utility Alaska Clean Water loan, due in annual installments of \$14,385 plus interest at 1.83125% through December 2043	287,692	-	70,423	217,269	11,345

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Governmental Activities, continued	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
\$246,600 (maximum) Sewer Utility Alaska Clean Water loan, due in annual installments of \$10,348 plus interest at 1.7938% through May 2043	\$ 206,951	-	-	206,951	10,347
\$189,980 Water Utility Alaska Drinking Water loan, due in annual installments of \$9,499 plus interest at 1.7938% through May 2043	189,980	-	-	189,980	9,499
\$945,611 (maximum) Seawall Alaska Drinking Water loan, due in annual installments of \$19,514 plus interest at 1.5% through January 2052	565,906	-	19,514	546,392	19,514
\$4,100,000 2020 Series A General Obligation Police Station Bonds, due in annual installments of \$190,000-\$375,000 plus interest at 5% through May 1, 2034	3,280,000	-	230,000	3,050,000	245,000
Unamortized bond premium	516,300	-	46,937	469,363	-
Leases payable	234,524	-	63,586	170,938	64,297
Accrued leave	870,275	685,421	598,145	957,551	600,000
Total Governmental Activities Long-Term Liabilities	\$ 12,504,407	685,421	1,913,181	11,276,647	1,853,179

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Business-type Activities	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
\$3,375,000 Series 2013 Harbor General Obligation Bonds, due in annual installments of \$140,000- \$280,000 plus interest at 2% through June of 2025	\$ 200,000	-	200,000	-	-
\$2,300,000 Series 2013 2A Harbor General Obligation Bonds, due in annual installments of \$20,000- \$260,000 plus interest at 2% through December of 2033	2,240,000	-	40,000	2,200,000	45,000
Unamortized bond premium	33,349	-	33,349	-	-
Accrued leave	245,559	152,195	110,024	287,730	110,000
Total Business-type Activities Long-Term Liabilities	\$ 2,718,908	152,195	383,373	2,487,730	155,000

Governmental activities accrued leave is typically liquidated by the General Fund. Debt has typically been liquidated through specific debt service funds. All of the HAWSP Debt Service Fund water and sewer assessment revenue has been pledged for the repayment of the Alaska Drinking Water and Alaska Clean Water loans.

Additionally, the sales tax revenues noted in the Police Station Debt Service Fund has been pledged to repay the general obligation bonds noted above.

Fund	Revenue	Operating Expenses	Net Available for Debt Service	Debt Service Requirement		
				Principal	Interest	Total
HAWSP Debt Service Fund	\$ 2,303,669	-	2,303,669	954,808	95,384	1,050,192
Police Station Debt Service Fund	\$ 804,262	-	804,262	230,000	164,000	394,000

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Annual debt service requirements to maturity for long-term debt, and the loans not yet in repayment status, exclusive of lease payable and accrued leave follow:

Governmental Activities <i>Year Ending June 30,</i>	Notes Payable		
	Principal	Interest	Total
2025	\$ 943,882	101,507	1,045,389
2026	945,629	87,247	1,032,876
2027	682,374	72,971	755,345
2028	684,184	62,639	746,823
2029	686,022	52,281	738,303
2030-2034	1,804,851	137,801	1,942,652
2035-2039	419,992	56,172	476,164
2040-2044	305,751	26,021	331,772
2045-2049	97,570	8,782	106,352
2050-2051	58,540	1,756	60,296
	\$ 6,628,795	607,177	7,235,972

Annual debt service requirements to maturity for the bonds follow:

Governmental Activities <i>Year Ending June 30,</i>	G. O. Bonds Payable		
	Principal	Interest	Total
2025	\$ 245,000	152,500	397,500
2026	255,000	140,250	395,250
2027	265,000	127,500	392,500
2028	280,000	114,250	394,250
2029	295,000	100,250	395,250
2030-2034	1,710,000	264,750	1,974,750
	\$ 3,050,000	899,500	3,949,500

Business-type Activities <i>Year Ending June 30,</i>	G. O. Bonds Payable		
	Principal	Interest	Total
2025	\$ 45,000	39,370	84,370
2026	210,000	38,130	248,130
2027	230,000	35,687	265,687
2028	235,000	32,529	267,529
2029	235,000	28,696	263,696
2030-2034	1,245,000	70,021	1,315,021
	\$ 2,200,000	244,433	2,444,433

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Debt Covenants

The 2013 Harbor bonds require that a reserve account be established in the amount of the largest annual debt service payment (\$290,100) and for the Port to establish and charge fees sufficient to produce 120% of the annual debt service amount. The City has complied with this covenant through the establishment of a dedicated investment account (reported as restricted cash and investments) in the Port of Homer Enterprise Fund. The City was required to maintain the reserve account with the refinancing of \$2,300,000 in May 2021.

7. Risk Management

The City is exposed to various risks of loss including (a) damage to and loss of buildings and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) workers' compensation; i.e., employee injuries, and (e) medical insurance costs of employees.

The City is a member of the Alaska Municipal League Joint Insurance Association (JIA or Association), a governmental insurance pool established by the Alaska Municipal League. The JIA provides the City coverage for property, including building and contents, automobiles, mobile equipment and data processing equipment; casualty, including general liability, and public officials, law enforcement professional liability, auto liability and employee benefit liability; and workers' compensation, including employer's liability. In addition, commercial insurance policies are purchased that transfer the risk of loss, except for relatively low deductibles for marina keeper's legal liability, and underground tank liability. The City has no coverage for potential losses from environmental damages.

The JIA is a public entity risk pool organized to share risks among its members. The Association's bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. The Association made no supplemental assessments during the year ended June 30, 2024.

The JIA provides loss control services and conducts periodic inspections to ensure safe operations. The Finance Director coordinates risk management activities with the other City Directors and City Manager. The General Fund balance is sufficient to meet potential losses related to the JIA basic core coverage and coverage deductibles. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2024

8. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	General	Utility Special Revenue	HAWSP Debt Service	HART Roads Capital Project
Nonspendable:				
Inventory	\$ 7,916	613,312	-	-
Prepaid items	65,465	-	-	-
Total Nonspendable	73,381	613,312	-	-
Restricted:				
Roads and trails	-	-	-	5,698,769
Special service district	-	-	-	-
Community assistance program	-	-	-	-
Total Restricted	-	-	-	5,698,769
Committed:				
Water and sewer	-	873,938	-	-
Emergency use	5,032,632	-	-	-
Police station debt service	-	-	-	-
Community assistance program	-	-	-	-
Total Committed	5,032,632	873,938	-	-
Assigned:				
Library	-	-	-	-
Public safety	-	-	-	-
Community schools	-	-	-	-
Sustainability	-	-	-	-
Water and sewer	-	2,048,485	7,400,377	-
PERS benefits	-	-	-	-
Community recreation center	-	-	-	-
Capital and land	-	-	-	-
Total Assigned	-	2,048,485	7,400,377	-
Unassigned (deficit)	2,877,600	-	-	-
Total Fund Balances	\$ 7,983,613	3,535,735	7,400,377	5,698,769

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

<i>Fund Balances, continued</i>	Nonmajor Funds	Totals
Nonspendable:		
Inventory	\$ -	621,228
Prepaid items	706,606	772,071
Total Nonspendable	706,606	1,393,299
Restricted:		
Roads and trails	2,261,758	7,690,527
Special service district	46,410	46,410
Total Restricted	2,308,168	8,006,937
Committed:		
Water and sewer	-	873,938
Emergency use	-	5,032,632
Police station debt service	2,032,028	2,032,028
Community assistance program	98,714	98,714
Total Committed	2,130,742	8,037,312
Assigned:		
Library	189,184	189,184
Public safety	40,782	40,782
Community schools	270	270
Sustainability	17,079	17,079
Water and sewer	-	9,448,862
PERS benefits	303,621	303,621
Community recreation center	900,000	900,000
Capital and land	3,818,483	3,818,483
Total Assigned	5,269,419	14,718,281
Unassigned	202,282	3,079,882
Total Fund Balances	\$ 10,617,217	35,235,711

9. Leases

Lease Receivable

The City leases land and subleased buildings. The leases range for five to thirty years with renewal options. The City will receive annual payments listed in the table below. There are no agreements as a lessee or lessor that include sale-leaseback or lease-leaseback provision. The City recognized lease revenue and interest revenue during the current fiscal year related to all leases as stated in the table below. As of June 30, 2024, the City receivable for lease payments is stated below. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

As of June 30, 2024, the balance of the deferred inflow of resources is listed below.

	Payment Amount	Lease Revenue	Lease Interest	Lease Receivable	Deferred Inflow
General Fund	\$ 159,777	147,712	12,065	470,199	470,199
Port of Homer	\$ 462,070	389,847	160,042	7,095,394	6,846,815

Lease Payable – Governmental Activities

The City has a lease agreement for multiple printers and copiers for five years. The City also leases property and buildings with original agreements between 6 and 19 years. An initial lease liability was recorded in the amount of \$357,326. As of June 30, 2024 the value of the lease liability was \$170,938. The City is required to make monthly and annual payments totaling \$66,230. The leases have incremental interest rates between 0.89% and 1.24%. The value of the right-to-use asset as of the end of the current fiscal year was \$359,690 and had accumulated amortization of \$175,316.

The future principal and interest lease payments as of June 30, 2024 are as follows:

<i>Year Ended June 30,</i>	Principal	Interest	Total
2025	\$ 64,297	1,933	66,230
2026	46,059	1,266	47,325
2027	37,097	775	37,872
2028	7,713	295	8,008
2029	7,828	180	8,008
Thereafter	7,944	64	8,008
Totals	\$ 170,938	4,513	175,451

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City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

10. Defined Benefit (DB) Pension Plan and OPEB Plans

General Information About the Plan

The City participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Plan was established and is administered by the State of Alaska to provide pension, postemployment healthcare, and death and disability benefits (OPEB). Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

As part of its participation in the PERS DB Plan (Tiers I, II, III), which is a cost-sharing multiple employer defined benefit plan, the City participates in the Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS Defined Contribution Plan (Tier IV). The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan

Historical Context and Special Funding Situation

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

which statutorily capped the employer contribution rate, established a state funded “on-behalf” contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.280 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan’s past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis. The City records the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

Employee Contribution Rates

Regular employees are required to contribute 6.75% (5.25% pension and 1.50% OPEB) of their annual covered salary. Police and firefighters are required to contribute 7.5% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

Employer Effective Rate: This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on *all* PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

ARM Board Adopted Rate: This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Prior to July 1, 2015, there were no constraints or restrictions on the actuarial cost method or other assumptions used in the ARM Board valuation. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates in future years (as demonstrated in the contribution rate tables below).

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the on-behalf contribution in 2015 was significantly higher than the statutory amount. In 2016, the on-behalf contribution has returned to “normal” levels and generally equals the statutory calculation. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. On the enterprise fund and the government-wide financial statements, the on-behalf amounts are included in revenue and expense only to the extent they are applicable to the measurement period. Contribution rates for the period ended June 30, 2024 were determined in the June 30, 2022 actuarial valuations.

City contribution rates were as follows:

<i>July 1, 2023 to June 30, 2024</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	22.00%	18.47%	3.10%
Postemployment healthcare	-%	-%	-%
Total Contribution Rates	22.00%	18.47%	3.10%

In 2024, the City was credited with the following contributions into the pension/OPEB plan.

	Measurement Period July 1, 2022 to June 30, 2023	City Fiscal Period July 1, 2023 to June 30, 2024
Employer contributions pension (including DBUL)	\$ 1,271,733	\$ 1,357,692
Employer contributions OPEB	96,563	100,066
Nonemployer contributions (on-behalf pension)	232,094	261,807
Total Contributions	\$ 1,600,390	\$ 1,719,565

In addition, employee contributions to the Plan for pension totaled \$143,889 during the City’s fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB

At June 30, 2024, the City reported a liability for its proportionate share of the net pension/OPEB liability that reflected a reduction for State pension support provided to the City.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

The amounts recognized by the City for its proportional share, the related State proportion, and the total is as follows:

Net Pension Liability

City proportionate share	\$ 12,605,756
State's proportionate share associated with the City	4,202,651
Total Net Pension Liability	\$ 16,808,407

Net OPEB (Asset) - ARHCT

City proportionate share	\$ (5,578,584)
State's proportionate share associated with the City	(1,880,617)
Total Net OPEB (Asset) - ARHCT	\$ (7,459,201)

Net OPEB (Asset) - ODD

City proportionate share	\$ (215,598)
State's proportionate share associated with the City	-
Total Net OPEB (Asset) - ODD	\$ (215,598)

Net OPEB (Asset) - RMP

City proportionate share	\$ (179,341)
State's proportionate share associated with the City	-
Total Net OPEB (Asset) - RMP	\$ (179,341)

The total pension/OPEB liabilities were measured as of June 30, 2023, and the total pension/OPEB liability used to calculate the net pension/OPEB liability for each Plan was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023. The City's proportion of the net pension/OPEB liabilities were based on a projection of the City's long-term share of contributions to the pension/OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

The City's proportionate share of the net pension/OPEB liability measured at June 30, 2022 was as follows:

City's proportionate share	Measurement Period June 30, 2023	Measurement Period June 30, 2022	Change
Net Pension Liability	0.24311%	0.24195%	0.00116%
Net OPEB Liability - ARHCT	0.24245%	0.24027%	0.00218%
Net OPEB Liability (Asset) - ODD	0.42024%	0.38084%	0.03939%
Net OPEB Liability - RMP	0.37769%	0.34257%	0.03512%

For the year ended June 30, 2024, the City recognized pension and OPEB expense (benefit) of \$(1,960,500) and \$(1,379,966), respectively for PERS in the Statement of Activities.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension Related		OPEB Related	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Deferred Outflows/Inflows of Resources:</u>				
Difference between expected and actual experience	\$ -	-	17,050	(66,367)
Change in assumptions	-	-	19,285	(249,393)
Net difference between projected and actual earnings on pension plan investments	329,030	-	273,915	-
Change in proportion and differences in proportional share	-	-	4,106	(26,382)
City contributions subsequent to the measurement date	1,357,692	-	100,066	-
 Total Deferred Outflows/Inflows Related to Pensions	 \$ 1,686,722	 -	 414,422	 (342,142)

The \$1,357,692 and \$100,066 reported as deferred outflows of resources related to pensions and OPEB, respectively, resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension/OPEB liability in the year ended June 30, 2025.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in pension/OPEB expense as follows:

<i>Year Ending June 30,</i>	Pension Related	OPEB Related	Total
2025	\$ (124,790)	(248,063)	(372,853)
2026	(275,990)	(272,186)	(548,176)
2027	746,647	600,235	1,346,882
2028	(16,837)	(53,919)	(70,756)
2029	-	(28,271)	(28,271)
Thereafter	-	(25,582)	(25,582)
Total Amortization	\$ 329,030	(27,786)	301,244

Actuarial Assumptions

The total pension/OPEB asset for the measurement year ended June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2023.

Actuarial Cost Method	Entry Age Normal
Amortization method	Unfunded Accrued Actuarial Liability, level percent of pay basis
Inflation	2.50% per year
Salary increases	For peace officers/firefighters, increases range from 8.50% to 3.85% based on service. For all others, increases range from 6.75% to 2.85% based on service.
Allocation Methodology	Amounts for the June 30, 2023 measurement date were allocated to employers based on the ratio of the present value of projected future contributions for each employer to the total present value of projected future contributions for the Plan for the fiscal years 2024 to 2039. The liability is expected to go to zero at 2039.
Investment rate of return	7.25%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.75%.
Healthcare cost trend rates (ARHCT and RMP Plans)	Pre-65 medical: 7.0% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 7.5% grading down to 4.5% Rx/EGWP: 7.5% grading down to 4.5% Initial trend rates are from FY 2024 Ultimate trend rates reached in FY 2050
Pension Mortality – Peace Officer/Firefighter	Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 70% of the time.

City of Homer, Alaska

Notes to Basic Financial Statements

Year Ended June 30, 2024

Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

Pension Mortality – Other Pre-commencement mortality rates were based on the Pub-2010 General Employee table, amount-weighted, and projected with MP-2021 generational improvement. Deaths are assumed to result from occupational causes 35% of the time.

Post-commencement mortality rates for healthy retirees were based on 98% of male and 106% of female rates of the Pub-2010 General Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for beneficiaries were based on 102% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

ARHCT and RMP Plans – Mortality – Peace Officer/Firefighter Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.

ARHCT and RMP Plans – All Other Pre-commencement mortality rates were based on the Pub-2010 General Employee table, headcount-weighted, and projected with MP-2021 generational improvement.

Post-commencement mortality rates for healthy retirees were based on 101% of male and 110% of female rates of the Pub-2010 General Retiree

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

	table, headcount-weighted, and projected with MP-2021 generational improvement.
	Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree table, headcount-weighted, and projected with MP-2021 generational improvement.
	Post-commencement mortality rates for beneficiaries were based on 101% of male and 108% of female rates of the Pub-2010 Contingent Survivor table, headcount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member.
ODD Plan – Mortality	<p>Pre-commencement mortality rates were based on the Pub-2010 Safety Employee table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for healthy retirees were based on the Pub-2010 Safety Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for disabled retirees were based on the Pub-2010 Safety Disabled Retiree table, amount-weighted, and projected with MP-2021 generational improvement.</p> <p>Post-commencement mortality rates for beneficiaries were based on the Pub-2010 Contingent Survivor table, amount-weighted, and projected with MP-2021 generational improvement. These rates are applied only after the death of the original member</p>
ARHCT and ODD Plans – Mortality	Deaths are assumed to result from occupational causes 35% of the time.
ARHCT - Participation	<p>100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible.</p> <p>20% of nonsystem paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.</p>
Other	See the experience study report dated July 15, 2022.

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board in June 2022 to better reflect expected future experience. The actuarial assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2021 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

The long term expected rate of return on pension/OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-term Expected Real Rate of Return</i>
Domestic equity	27%	6.17%
Global equity (non-US)	22%	6.55%
Aggregate bonds	23%	1.63%
Real assets	14%	4.87%
Private equity	14%	11.57%
Cash equivalents	-%	0.49%

Discount Rate

The discount rate used to measure the total pension/OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer and non-employer contributions will continue to follow the current funding policy, which meets State statutes. Based on those assumptions, the pension/OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Discount Rate Sensitivity

The following presents the Retirement System's net pension/OPEB liability and the City's proportionate share of the net pension/OPEB liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension/OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	Proportional Share	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERS				
Net Pension Liability	0.24311%	\$ 16,923,189	12,605,756	8,958,796
Net OPEB Liability (Asset)- ARHCT	0.24245%	\$ (3,708,049)	(5,578,584)	(7,149,937)
Net OPEB Liability (Asset) - ODD	0.42024%	\$ (202,575)	(215,598)	(225,734)
Net OPEB Liability (Asset) - RMP	0.37769%	\$ (6,232)	(179,341)	(311,581)

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Pension Plan Fiduciary Net Position

Detailed information about the pension/OPEB plan's fiduciary net position is available in separately issued PERS financial reports.

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates

The following presents the City's proportionate share of the net OPEB asset calculated using the healthcare cost trend rates as summarized in the 2020 actuarial valuation reports as well as what the City's proportionate share of the respective plan's net OPEB asset would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
PERS				
Net OPEB Liability (Asset) - ARHCT	0.24245%	\$ (7,329,677)	(5,578,584)	(3,493,511)
Net OPEB Liability (Asset) - ODD	0.42024%	\$ n/a	n/a	n/a
Net OPEB Liability (Asset) - RMP	0.37769%	\$ (329,329)	(179,341)	22,125

11. Defined Contribution (DC) Pension Plan

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/drb/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the City contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

Benefit Terms

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

Employee Contribution Rate

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

Employer Contribution Rate

For the year ended June 30, 2024, the City was required to contribute 6.63% of covered salary into the Plan. The City and employee contributions to PERS for DC pensions for the year ended June 30, 2024 were \$355,887 and \$569,418, respectively. The City contribution amount was recognized as pension expense/expenditures. During the City's period forfeitures for DC pension used to offset the City's expense/expenditures was \$18,928.

12. Defined Contribution OPEB Plans

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended June 30, 2024 were as follows:

	Other Tier IV	Police/Fire Tier IV
Alaska retiree healthcare trust	-%	-%
Retiree medical plan	1.01%	1.01%
Occupational death and disability benefits	0.30%	0.68%
Total Contribution Rates	1.31%	1.69%

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as "three percent of the average annual employee compensation of **all employees of all employers** in the plan". As of July 1, 2022, for actual remittance, this amount is calculated as a flat rate for each full time or part-time employee per pay period and approximates \$2,303 per year for each full-time employee, and \$1.48 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2024, the City contributed \$208,027 in DC OPEB costs. This amount has been recognized as expense/expenditures.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

13. Contingencies

The City is involved in various claims and pending litigation as part of the normal course of its activities. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the City's financial statements. Amounts received or receivable from grantors are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the General Fund or other applicable fund.

In October 2024, a portable storage device containing personally protected health information and related personally identifiable information for certain individuals was removed from a secured location and misplaced. The City is not able to estimate any impact of future losses associated with the loss of the portable storage device.

14. Designated Sales Tax

City of Homer sales tax is designated for the following purposes:

Water, sewer, and related debt service	0.75%
Road and trail projects	0.75%
Public safety, operations, and maintenance	0.05%
Debt service for construction of police station	0.30%
General Fund – undesignated	3.00%
Kenai Peninsula Borough	3.00%

Total Sales Tax Percentage	7.85%
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Effective January 1, 2009, Ordinance 08-32(s)(A-2) exempts sales tax on non-prepared foods from September 1 through May 31 annually.

15. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan permits all employees to defer a portion of their salary. The deferred compensation is not available for distribution to employees until termination, retirement, death or unforeseeable emergency. Internal Revenue Code provisions require that all assets and income of the plan be held in trust for the exclusive benefit of participants and their beneficiaries.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

16. Related Parties

City purchases goods and services from local companies. Some of these purchases are considered related party transactions due to the nature of the relationships between employees of the City and these local companies. These transactions are not considered significant for individual disclosure.

17. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates (effective dates are adjusted for the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance). The following new accounting standards were implemented by the City for 2024 reporting.

GASB Statement No. 99 – *Omnibus 2022* – Provisions of this Statement address requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, classification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63, which are effective upon issuance. The effective date for the provisions of this Statement related to leases, PPPs, and SBITAs were required to be implemented for year-end June 30, 2024.

GASB Statement No. 100 – *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The Governmental Accounting Standards Board has issued several new accounting standards with upcoming implementation dates (effective dates adjusted for the issuance of GASB 95). Management has not fully evaluated the potential effects of these statements, and actual impacts have not yet been determined. The statements are as follows:

GASB Statement No. 101 – *Compensated Absences* – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 – *Certain Risk Disclosures* – Effective for year-end June 30, 2025. Earlier application is encouraged. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

City of Homer, Alaska

Notes to Basic Financial Statements Year Ended June 30, 2024

GASB Statement No. 103 – *Financial Reporting Model Improvements* – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets* – Effective for year-end June 30, 2026. Earlier application is encouraged. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure requirements will improve consistency and comparability between governments.

Required Supplementary Information

City of Homer, Alaska

100 - General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2024	Budget		Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Property taxes	\$ 4,115,085	4,115,085	4,645,956	-	4,645,956	530,871
Sales and use taxes	8,890,088	8,890,088	8,180,661	-	8,180,661	(709,427)
Permits and licenses	43,797	43,797	46,821	-	46,821	3,024
Intergovernmental	795,532	795,532	1,042,853	(183,118)	859,735	64,203
Charges for services	595,339	595,339	833,792	-	833,792	238,453
Interest Income	-	-	343,825	-	343,825	343,825
Fines and forfeitures	10,303	10,303	3,989	-	3,989	(6,314)
Total Revenues	14,450,144	14,450,144	15,097,897	(183,118)	14,914,779	464,635
Expenditures						
General government	4,901,721	4,952,717	4,352,146	(52,966)	4,299,180	653,537
Public safety	6,163,857	6,175,976	6,157,411	(86,930)	6,070,481	105,495
Public works	3,512,439	3,515,361	3,228,344	(30,158)	3,198,186	317,175
Library	1,079,132	1,084,122	1,052,271	(11,469)	1,040,802	43,320
Airport	229,618	229,618	240,442	(1,595)	238,847	(9,229)
Community services	179,000	179,000	179,000	-	179,000	-
Total Expenditures	16,065,767	16,136,794	15,209,614	(183,118)	15,026,496	1,110,298
Excess of Revenues Over (under) Expenditures	(1,615,623)	(1,686,650)	(111,717)	-	(111,717)	1,574,933
Other Financing Sources (Uses)						
Transfers in	1,728,989	1,800,016	955,385	-	955,385	(844,631)
Transfers out	(113,366)	(113,366)	(362,180)	-	(362,180)	(248,814)
Net Change in Fund Balance	\$ -	-	481,488	-	481,488	481,488
Fund Balance, beginning			7,502,125		7,502,125	
Fund Balance, ending			\$ 7,983,613		\$ 7,983,613	

See accompanying notes to required supplementary information.

City of Homer, Alaska

200 - Utility Special Revenue Fund**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

Year Ended June 30, 2024	Budget		Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance with Final Budget
	Original	Final				
Revenues						
Intergovernmental	\$ -	-	268,980	37,996	306,976	306,976
Charges for services	4,214,393	4,214,392	4,324,434	-	4,324,434	110,042
Investment income	-	-	187,965	-	187,965	187,965
Total Revenues	4,214,393	4,214,392	4,781,379	37,996	4,819,375	604,983
Expenditures						
Water	2,042,094	2,046,055	1,874,665	20,767	1,895,432	150,623
Sewer	1,689,215	1,688,176	1,621,088	17,229	1,638,317	49,859
Debt service:						
Interest	-	-	4,353	-	4,353	(4,353)
Capital outlay	1,083,834	1,083,834	1,887,977	-	1,887,977	(804,143)
Total Expenditures	4,815,143	4,818,065	5,388,083	37,996	5,426,079	(608,014)
Excess of Revenues Over (under) Expenditures	(600,750)	(603,673)	(606,704)	-	(606,704)	(3,031)
Other Financing Sources (Uses)						
Transfers in	103,000	105,923	818,709	-	818,709	712,786
Transfers out	(22,946)	(22,946)	(130,713)	-	(130,713)	(107,767)
Net Change in Fund Balance	(520,696)	(520,696)	81,292	-	81,292	601,988
Fund Balance, beginning			3,454,443			
Fund Balance, ending			\$ 3,535,735			

See accompanying notes to required supplementary information.

City of Homer, Alaska

**Schedule of the City's Information on the Net Pension Liability
Public Employees Retirement System (PERS)**

<i>Fiscal Period</i>	Measurement Period Ended June 30,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Year Ended June 30,								
2024	2024	0.24311%	\$ 12,605,756	\$ 4,202,651	\$ 16,808,407	\$ 8,514,198	148.06%	68.23%
2023	2023	0.24195%	12,332,025	3,411,468	15,743,493	7,565,501	163.00%	67.97%
2022	2022	0.28066%	10,295,961	1,393,745	11,689,706	7,501,842	137.25%	76.46%
Six Months Ended June 30, 2021	2020	0.19507%	11,511,242	4,762,499	16,273,741	7,501,842	153.45%	61.61%
Years Ended December 31,								
2020	2020	0.19507%	11,511,242	4,762,499	16,273,741	7,101,307	162.10%	61.61%
2019	2019	0.21316%	11,668,965	4,631,725	16,300,690	6,616,896	176.35%	63.42%
2018	2018	0.22854%	11,355,996	3,289,937	14,645,933	6,635,180	171.15%	65.19%
2017	2017	0.21319%	11,020,546	4,105,937	15,126,483	6,507,827	169.34%	63.37%
2016	2016	0.25432%	14,215,445	1,792,202	16,007,647	6,372,455	223.08%	59.55%
2015	2015	0.22501%	10,912,909	2,922,750	13,835,659	6,455,186	169.06%	63.96%

See accompanying notes to required supplementary information.

City of Homer, Alaska

Schedule of the City's Information on the Net OPEB Liability (Assets)
Public Employees Retirement System (PERS)

Fiscal Period	Measurement Period Ended June 30,	City's proportion of the net OPEB liability	City's proportionate share of the net OPEB liability (asset)	State of Alaska proportionate share of the net OPEB liability (asset)	Total net OPEB liability (asset)	City's covered- employee payroll	City's proportionate share of the net OPEB liability as a percentage of covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (assets)
Alaska Retiree Healthcare Trust Plan (ARHCT):								
Year Ended								
June 30, 2024	2024	0.24245%	\$ (5,578,584)	\$ (1,880,617)	\$ (7,459,201)	\$ 8,514,198	-65.52%	133.96%
2023	2023	0.24027%	(4,727,406)	(1,350,544)	(6,077,950)	7,565,501	-62.49%	128.15%
2022	2022	0.28174%	(7,227,633)	(946,643)	(8,174,276)	7,501,842	-96.34%	135.54%
Six Months Ended June 30, 2021	2020	0.19511%	(883,569)	-	(883,569)	7,501,842	-11.78%	106.15%
Years Ended December 31,								
2020	2020	0.19511%	(883,569)	-	(883,569)	7,101,307	-12.44%	106.15%
2019	2019	0.21309%	316,184	125,707	441,891	6,616,896	4.78%	98.13%
2018	2018	0.22850%	2,345,089	680,139	3,025,228	6,635,180	35.34%	88.12%
2015-2017	*	*	*	*	*	*	*	*
Occupational Death and Disability (ODD):								
Year Ended								
June 30, 2024	2024	0.42024%	\$ (215,598)	\$ -	\$ (215,598)	\$ 8,514,198	-2.53%	349.24%
2023	2023	0.38084%	(166,954)	-	(166,954)	7,565,501	-2.21%	348.80%
2022	2022	0.37739%	(166,327)	-	(166,327)	7,501,842	-2.22%	374.22%
Six Months Ended June 30, 2021	2020	0.36393%	(99,207)	-	(99,207)	7,501,842	-1.32%	238.80%
Years Ended December 31,								
2020	2020	0.36393%	(99,207)	-	(99,207)	7,101,307	-1.40%	238.80%
2019	2019	0.33209%	(80,515)	-	(80,515)	6,616,896	-1.22%	297.43%
2018	2018	0.30999%	(60,206)	-	(60,206)	6,635,180	-0.91%	270.62%
2015-2017	*	*	*	*	*	*	*	*
Retiree Medical Plan (RMP):								
Year Ended								
June 30, 2024	2024	0.37769%	\$ (179,341)	\$ -	\$ (179,341)	\$ 8,514,198	-2.11%	124.29%
2023	2023	0.34257%	(118,975)	-	(118,975)	7,565,501	-1.57%	120.08%
2022	2022	0.33967%	(91,175)	-	(91,175)	7,501,842	-1.22%	115.10%
Six Months Ended June 30, 2021	2020	0.31899%	22,626	-	22,626	7,501,842	0.30%	95.23%
Years Ended December 31,								
2020	2020	0.31899%	22,626	-	22,626	7,101,307	0.32%	95.23%
2019	2019	0.29512%	70,604	-	70,604	6,616,896	1.07%	83.17%
2018	2018	0.01854%	39,446	-	39,446	6,635,180	0.59%	88.71%
2015-2017	*	*	*	*	*	*	*	*

*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to required supplementary information.

City of Homer, Alaska

**Schedule of City Contributions - Pension
Public Employees Retirement System (PERS)**

<i>Fiscal Period</i>	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Year Ended					
June 30,					
2024	\$ 1,357,692	\$ 1,357,692	\$ -	\$ 8,817,154	15.398%
2023	1,271,733	1,271,733	-	8,514,198	14.937%
2022	1,007,909	1,007,909	-	7,565,501	13.322%
Six Months					
Ended June					
30, 2021	475,167	475,167	-	3,665,330	12.964%
Years Ended					
December 31,					
2020	920,104	920,104	-	7,546,508	12.192%
2019	786,093	786,093	-	6,663,123	11.798%
2018	843,414	843,414	-	6,651,553	12.680%
2017	820,166	820,166	-	6,619,157	12.391%
2016	1,031,207	1,031,207	-	6,414,407	16.076%
2015	644,804	644,804	-	6,402,816	10.071%

See accompanying notes to required supplementary information.

City of Homer, Alaska

**Schedule of the City Contributions - OPEB
Public Employees Retirement System (PERS)**

Fiscal Period	Contractually required contribution	Contributions in relation to the contractually required contribution	Contributions over (short)	City's covered- employee payroll	Contributions as a percentage of covered- employee payroll
<u>Alaska Retiree Healthcare Trust Plan (ARHCT):</u>					
Year Ended					
June 30, 2024	\$ -	\$ -	\$ -	\$ 8,817,154	0.000%
2023	-	-	-	8,514,198	0.000%
2022	137,782	137,782	-	7,565,501	1.821%
Six Months					
Ended June 30,					
2021	91,917	91,917	-	3,665,330	2.508%
Years Ended					
December 31,					
2020	265,264	265,264	-	7,546,508	3.515%
2019	298,559	298,559	-	6,663,123	4.481%
2018	271,357	271,357	-	6,651,553	4.080%
2015-2017	*	*	*	*	*
<u>Occupational Death and Disability (ODD):</u>					
Year Ended					
June 30, 2024	\$ 28,177	\$ 28,177	\$ -	8,817,154	0.320%
2023	25,735	25,735	-	8,514,198	0.302%
2022	21,973	21,973	-	7,565,501	0.290%
Six Months					
Ended June 30,					
2021	9,861	9,861	-	3,665,330	0.269%
Years Ended					
December 31,					
2020	18,882	18,882	-	7,546,508	0.250%
2019	14,066	14,066	-	6,663,123	0.211%
2018	10,678	10,678	-	6,651,553	0.161%
2015-2017	*	*	*	*	*
<u>Retiree Medical Plan (RMP):</u>					
Year Ended					
June 30, 2024	\$ 71,889	\$ 71,889	\$ -	8,817,154	0.815%
2023	70,828	70,828	-	8,514,198	0.832%
2022	57,963	57,963	-	3,665,330	1.581%
Six Months					
Ended June 30,					
2021	30,839	30,839	-	3,665,330	0.841%
Years Ended					
December 31,					
2020	62,453	62,453	-	7,546,508	0.828%
2019	44,061	44,061	-	6,663,123	0.661%
2018	35,366	35,366	-	6,651,553	0.532%
2015-2017	*	*	*	*	*

* GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying notes to required supplementary information.

City of Homer, Alaska

Notes to Required Supplementary Information

1. Budgetary Comparison Schedules

An operating budget is adopted each fiscal year biennially for the General Fund and Utility Special Revenue Fund on the modified accrual basis used to reflect actual revenues and expenditures. The CARES Special Revenue Fund was outside of the normal budget cycle due to the nature of the COVID-19 pandemic and is based on appropriation approved over the fiscal year.

The City follows these procedures in establishing the budgetary data reflected in the required budgetary comparison Schedules:

- a. By the third Friday in April of budgeting years, the City Manager presents the budget proposal for the next two fiscal year, including additional information.
- b. Public hearings are conducted by the City to obtain taxpayer comments.
- c. At a regular Council meeting no less than 10 days before the end of the fiscal year, the Council shall appropriate the funds.
- d. The Council may increase or decrease appropriations during the course of the year and may amend the budget using the same method as for initial adoption.
- e. The City Manager is authorized to transfer budgeted amounts within a department; however, any revisions that result in permanent staffing level revisions, require Council approval. Expenditures may not exceed appropriations at the fund level.
- f. Appropriations lapse at the end of the fiscal year to the extent they have not been fully expended or fully encumbered. Capital appropriations remain in force until the project is finished or abandoned in three years.

The City publishes its biennial budget document and it is available on the City's website at: www.cityofhomer-ak.gov.

2. Pension/OPEB Disclosures

In accordance with GASB Statement 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based. Because a portion of the City's contributions to the Plan (the DBUL) are based on Defined Contribution Wages, covered payroll reported here includes all PERS participating wages (both DB and DC).

Both pension and OPEB tables are intended to present 10 years of information. Additional years' information will be added to the schedules as it becomes available.

Schedules of City's Information on the Net Pension/OPEB Liability

- This table is presented based on the Plan measurement date. For June 30, 2024, the Plan measurement date is June 30, 2023.
- There were no changes in benefit terms from the prior measurement period.

Schedules of City Contributions – Pension/OPEB

- This table is based on the City's contributions for each year presented. A portion of these contributions are included in the plan measurement results, while a portion of the contributions have been reported as a deferred outflow on the statement of net position.

City of Homer, Alaska

Notes to Required Supplementary Information, continued

Changes in Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date of June 30, 2023 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board based on the results of an actuarial experience study for the period July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and were effective June 30, 2022.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

The total OPEB liability (asset) for each plan was determined by actuarial valuations as of June 30, 2022, rolled forward to the measurement date of June 30, 2023 and adjusted to reflect updated assumptions. The updated demographic and economic assumptions were adopted by the Board based on the results of an actuarial experience study for the period from July 1, 2017 to June 30, 2021. The new assumptions were adopted to better reflect expected future experience and were effective June 30, 2022. The actuarial assumptions used in the June 30, 2022 actuarial valuation are the same as those used in the June 30, 2020 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

In 2022, the discount rate was lowered from 7.38% to 7.25%.

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.

Supplementary Information

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

A Special Revenue Fund is established to finance particular activities and is created from proceeds of specific revenue sources that are restricted or committed for specific purposes.

CARES – This fund accounts for the activities of the City’s response to COVID-19 including grants to individuals and organizations, administration of the grant program, and other costs in response to the pandemic.

Police Station Debt Service – This fund accounts for principal and interest payments on the bonds for the police station capital project.

HART Assessments – This fund accounts for assessments that have been earmarked for road improvements.

Noncapital Projects – This fund accounts for projects and grant-related activities that are not capitalized.

Community Recreation Center – This fund accounts for amount that have been set aside for future use.

Retainage Reimbursements – This fund accounts for deposits customers have provided for specific projects until their completion.

Seawall Assessment – This fund accounts for assessments that have been earmarked for bluff erosion control along Ocean Drive Loop.

PERS Funding – This fund accounts for funds set aside for future PERS obligation.

Fire Department Donations – This fund accounts for donations made to the fire department.

Library Donations – This fund accounts for donations made to the library.

Animal Shelter Donations – This fund accounts for donations made to the animal shelter.

Community Schools – This fund accounts for donations to be used for community schools.

Sustainability – This fund accounts for donations for sustainable global warming.

Ocean DR Loop Mill Rate Assessments – This fund accounts for assessments that have been earmarked for seawall maintenance.

Nonmajor Governmental Funds, continued

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for the financial resources expended to acquire or construct major capital assets of a relatively permanent nature. Such financial resources include grants, contributions, bond proceeds, and operating transfers from other funds.

Capital Project Funds provide a formal mechanism to ensure that revenues dedicated to a certain project are used only for that project and enable the City administration to report to grantors of Capital Project Fund revenue that their requirements regarding the use of the revenues are fully satisfied.

Land Reserves – This fund accounts for the accumulation of capital to purchase land.

City Facilities – This fund accounts for all activities related to the construction of general government capital projects including issuance of bonds.

GF Fleet Capital Asset Repair and Maintenance Allowance (CARMA) – This fund accounts for the accumulation of capital to purchase vehicles.

GF CARMA – This fund accounts for monies set aside each year from the General Fund to be used for the maintenance of City buildings and the purchase of General Fund equipment.

HART Trails – This fund accounts for improvements to City trails.

Gas Line – This fund accounts for all activities related to the construction of the gas line.

Energy Revolving Loan – This fund accounts for forward funding of energy efficiency improvement projects with corpus to be reinstated through future repayments.

City of Homer, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Funds											
	CARES 119	Police Station Debt Service 154	HART Assess- ments 155	Non- capital Projects 157	Community Recreation Center 158	Retainage Reimburse- ments 159	Seawall Assess- ments 173	PERS Funding 615	Fire Depart- ment Donations 802	Library Donations 803	Animal Shelter Donations 804	Community Schools 805
June 30, 2024												
Assets												
Cash and investments	\$ -	1,814,315	1,218,727	26,311	900,000	233,979	302,875	303,621	38,213	179,184	335	270
Receivables, net:												
State and federal grants	11,916	-	-	-	-	-	-	-	-	-	-	-
Sales taxes	-	217,713	-	-	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-	-	-	-	-	10,000	-	-
Special assessments	-	-	92,245	-	-	-	640,623	-	-	-	-	-
Total Assets	\$ 11,916	2,032,028	1,310,972	26,311	900,000	233,979	943,498	303,621	38,213	189,184	335	270
Liabilities												
Accounts payable	\$ -	-	-	790	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	233,979	-	-	-	-	-	-
Due to other funds	9,682	-	-	-	-	-	-	-	-	-	-	-
Deferred Inflow of Resources												
Special assessments not yet due	-	-	92,245	-	-	-	640,623	-	-	-	-	-
Total Liabilities and Deferred Inflow of Resources	9,682	-	92,245	790	-	233,979	640,623	-	-	-	-	-
Fund Balances												
Nonspendable - Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-
Restricted:												
Roads and trails	-	-	1,218,727	-	-	-	-	-	-	-	-	-
Special service district	-	-	-	-	-	-	-	-	-	-	-	-
Committed:												
Police station debt service	-	2,032,028	-	-	-	-	-	-	-	-	-	-
Community assistance program	-	-	-	-	-	-	-	-	-	-	-	-
Assigned:												
Library	-	-	-	-	-	-	-	-	-	189,184	-	-
Public safety	2,234	-	-	-	-	-	-	-	38,213	-	335	-
Community schools	-	-	-	-	-	-	-	-	-	-	-	270
Sustainability	-	-	-	-	-	-	-	-	-	-	-	-
PERS benefits	-	-	-	-	-	-	-	303,621	-	-	-	-
Community Recreation Center	-	-	-	-	900,000	-	-	-	-	-	-	-
Capital and land	-	-	-	25,521	-	-	302,875	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balances	2,234	2,032,028	1,218,727	25,521	900,000	-	302,875	303,621	38,213	189,184	335	270
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 11,916	2,032,028	1,310,972	26,311	900,000	233,979	943,498	303,621	38,213	189,184	335	270

City of Homer, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet, continued

	Special Revenue Funds			Capital Project Funds								Total Nonmajor Governmental Funds
	Sustain-ability 807	Ocean Dr Loop Assess-ments 808	Total Special Revenue Funds	Land Reserves 150	City Facilities 151	GF Fleet CARMA 152	GF CARMA 156	HART Trails 165	Gas Line 175	Energy Revolving Loan 620	Total Capital Project Funds	
June 30, 2024												
Assets												
Cash and investments	\$ 17,079	46,410	5,081,319	386,415	215,387	740,825	1,704,686	988,603	300,203	411,777	4,747,896	9,829,215
Receivables, net:												
State and federal grants	-	-	11,916	-	136,415	-	-	-	-	-	136,415	148,331
Sales taxes	-	-	217,713	-	-	-	-	54,428	-	-	54,428	272,141
Other	-	-	-	-	20,364	-	-	-	-	-	20,364	20,364
Prepaid and other assets	-	-	10,000	-	-	706,606	-	-	-	-	706,606	716,606
Special assessments	-	-	732,868	-	-	-	-	-	238,010	-	238,010	970,878
Total Assets	\$ 17,079	46,410	6,053,816	386,415	372,166	1,447,431	1,704,686	1,043,031	538,213	411,777	5,903,719	11,957,535
Liabilities												
Accounts payable	\$ -	-	790	-	71,170	179	53,640	-	-	-	124,989	125,779
Unearned revenue	-	-	233,979	-	-	-	-	-	-	-	-	233,979
Due to other funds	-	-	9,682	-	-	-	-	-	-	-	-	9,682
Deferred Inflow of Resources												
Special assessments not yet due	-	-	732,868	-	-	-	-	-	238,010	-	238,010	970,878
Total Liabilities and Deferred Inflow of Resources	-	-	977,319	-	71,170	179	53,640	-	238,010	-	362,999	1,340,318
Fund Balances												
Nonspendable - Prepaid items	-	-	-	-	-	706,606	-	-	-	-	706,606	706,606
Restricted:												
Roads and trails	-	-	1,218,727	-	-	-	-	1,043,031	-	-	1,043,031	2,261,758
Special service district	-	46,410	46,410	-	-	-	-	-	-	-	-	46,410
Committed:												
Police station debt service	-	-	2,032,028	-	-	-	-	-	-	-	-	2,032,028
Community assistance program	-	-	-	-	98,714	-	-	-	-	-	98,714	98,714
Assigned:												
Library	-	-	189,184	-	-	-	-	-	-	-	-	189,184
Public safety	-	-	40,782	-	-	-	-	-	-	-	-	40,782
Community schools	-	-	270	-	-	-	-	-	-	-	-	270
Sustainability	17,079	-	17,079	-	-	-	-	-	-	-	-	17,079
PERS benefits	-	-	303,621	-	-	-	-	-	-	-	-	303,621
Community Recreation Center	-	-	900,000	-	-	-	-	-	-	-	-	900,000
Capital and land	-	-	328,396	386,415	-	740,646	1,651,046	-	300,203	411,777	3,490,087	3,818,483
Unassigned (deficit)	-	-	-	-	202,282	-	-	-	-	-	202,282	202,282
Total Fund Balances	17,079	46,410	5,076,497	386,415	300,996	1,447,252	1,651,046	1,043,031	300,203	411,777	5,540,720	10,617,217
Total Liabilities and Fund Balances	\$ 17,079	46,410	6,053,816	386,415	372,166	1,447,431	1,704,686	1,043,031	538,213	411,777	5,903,719	11,957,535

City of Homer, Alaska

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024	Special Revenue Funds											
	CARES 119	Police Station Debt Service 154	HART Assess- ments 155	Non- capital Projects 157	Community Recreation Center 158	Retainage Reimburse- ments 159	Seawall Assess- ments 173	PERS Funding 615	Fire Depart- ment Donations 802	Library Donations 803	Animal Shelter Donations 804	Community Schools 805
Revenues												
Property taxes	\$ -	-	-	-	-	-	-	-	-	-	-	-
Sales taxes	-	804,262	-	-	-	-	-	-	-	-	-	-
Intergovernmental	4,333	-	-	7,000	-	-	-	-	-	-	-	-
Investment income	-	-	60,466	1,697	-	-	-	16,422	2,480	9,746	-	-
Special assessments	-	-	26,792	-	-	-	32,063	-	-	-	-	-
Enstar FMA refund	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	42,057	-	-	316	-	-	-
Total Revenues	4,333	804,262	87,258	8,697	-	42,057	32,063	16,422	2,796	9,746	-	-
Expenditures												
Current -												
General government	11,134	-	-	26,268	-	40,604	-	-	-	970	-	-
Public safety	-	-	-	-	-	-	-	-	5,821	-	-	-
Debt service principal	-	230,000	-	-	-	-	19,514	-	-	-	-	-
Debt service interest	-	164,000	-	-	-	-	4,233	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	11,134	394,000	-	26,268	-	40,604	23,747	-	5,821	970	-	-
Excess of Revenues Over (Under) Expenditures	(6,801)	410,262	87,258	(17,571)	-	1,453	8,316	16,422	(3,025)	8,776	-	-
Other Financing Sources (Uses)												
Transfers in	-	-	-	-	900,000	-	-	248,456	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(6,801)	410,262	87,258	(17,571)	900,000	1,453	8,316	264,878	(3,025)	8,776	-	-
Fund Balances, beginning	9,035	1,621,766	1,131,469	43,092	-	(1,453)	294,559	38,743	41,238	180,408	335	270
Fund Balances, ending	\$ 2,234	2,032,028	1,218,727	25,521	900,000	-	302,875	303,621	38,213	189,184	335	270

City of Homer, Alaska

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, continued

Year Ended <i>June 30, 2024</i>	Special Revenue Funds			Capital Project Funds							Total Capital Project Funds	Total Nonmajor Govern- mental Funds
	Sustain- ability 807	Ocean Dr Loop Assess- ments 808	Total Special Revenue Funds	Land Reserves 150	City Facilities 151	GF Fleet CARMA 152	GF CARMA 156	HART Trails 165	Gas Line 175	Energy Revolving Loan 620		
Revenues												
Property taxes	\$ -	3,537	3,537	-	-	-	-	-	-	-	-	3,537
Sales taxes	-	-	804,262	-	-	-	-	201,066	-	-	201,066	1,005,328
Intergovernmental	-	-	11,333	-	472,995	-	-	-	-	-	472,995	484,328
Investment income	924	-	91,735	-	-	41,732	103,654	56,461	4,751	-	206,598	298,333
Special assessments	-	-	58,855	-	-	-	-	-	254,515	-	254,515	313,370
Enstar FMA refund	-	-	-	-	-	-	-	-	68,190	-	68,190	68,190
Other	-	-	42,373	-	-	-	20,364	-	-	-	20,364	62,737
Total Revenues	924	3,537	1,012,095	-	472,995	41,732	124,018	257,527	327,456	-	1,223,728	2,235,823
Expenditures												
Current -												
General government	-	-	78,976	-	-	-	-	-	2,000	-	2,000	80,976
Public safety	-	-	5,821	-	-	-	-	-	-	-	-	5,821
Debt service principal	-	-	249,514	-	-	-	-	-	-	-	-	249,514
Debt service interest	-	-	168,233	-	-	-	-	-	-	-	-	168,233
Capital outlay	-	861	861	585,085	381,671	914,234	481,283	57,793	-	-	2,420,066	2,420,927
Total Expenditures	-	861	503,405	585,085	381,671	914,234	481,283	57,793	2,000	-	2,422,066	2,925,471
Excess of Revenues Over (Under) Expenditures	924	2,676	508,690	(585,085)	91,324	(872,502)	(357,265)	199,734	325,456	-	(1,198,338)	(689,648)
Other Financing Sources (Uses)												
Transfers in	-	-	1,148,456	-	219,745	309,379	-	-	-	12,867	541,991	1,690,447
Transfers out	-	-	-	-	(65,000)	-	(157,431)	(192,478)	(900,000)	-	(1,314,909)	(1,314,909)
Net Change in Fund Balances	924	2,676	1,657,146	(585,085)	246,069	(563,123)	(514,696)	7,256	(574,544)	12,867	(1,971,256)	(314,110)
Fund Balances, beginning	16,155	43,734	3,419,351	971,500	54,927	2,010,375	2,165,742	1,035,775	874,747	398,910	7,511,976	10,931,327
Fund Balances, ending	\$ 17,079	46,410	5,076,497	386,415	300,996	1,447,252	1,651,046	1,043,031	300,203	411,777	5,540,720	10,617,217

General Fund

The General Fund accounts for the financial operations of the City of Homer which are not accounted for in any other fund. Principal sources of revenues are sales taxes, property taxes, charges for services, and intergovernmental revenues. Primary expenditures in the General Fund are for general government, public safety, and public works.

City of Homer, Alaska

100 - General Fund
Balance Sheets

<i>June 30,</i>	2024	2023
Assets		
Cash and investments	\$ 6,039,281	\$ 5,612,963
Receivables		
Property taxes - delinquent, net of allowance for doubtful accounts of \$1,274 (\$2,412 in 2023)	78,172	44,394
Sales taxes	2,213,413	2,230,094
Grants receivables	51,866	-
Accounts receivable, net of allowance for doubtful accounts of \$36,606 (\$18,934 in 2023)	198,498	174,895
Leases	470,199	-
Total Receivables	3,012,148	2,449,383
Due from other funds	132,086	206,919
Inventory	7,916	5,135
Prepaid items	65,465	64,645
Total Assets	\$ 9,256,896	\$ 8,339,045
Liabilities		
Accounts payable	\$ 331,407	\$ 315,393
Accrued payroll and related liabilities	444,912	458,042
Customer deposits	26,765	25,265
Total Liabilities	803,084	798,700
Deferred Inflows of Resources		
Lease related	470,199	-
Deferred property taxes	-	38,220
Total Deferred Inflows of Resources	470,199	38,220
Total Liabilities and Deferred Inflows of Resources	1,273,283	836,920
Fund Balances		
Nonspendable	73,381	69,780
Committed	5,032,632	4,928,471
Assigned - PERS benefits	-	171,314
Unassigned	2,877,600	2,332,560
Total Fund Balances	7,983,613	7,502,125
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,256,896	\$ 8,339,045

City of Homer, Alaska

100 - General Fund

Schedules of Revenues, Expenditures, and
Changes in Fund Balance - with 2024 Budget and Actual

	Year Ended June 30, 2024					2023
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Revenues						
Taxes:						
Property taxes	\$ 4,115,085	4,645,956	-	4,645,956	530,871	\$ 4,077,288
Sales and use taxes	8,890,088	8,180,661	-	8,180,661	(709,427)	8,292,059
Total taxes	13,005,173	12,826,617	-	12,826,617	(178,556)	12,369,347
Permits and licenses	43,797	46,821	-	46,821	3,024	42,973
Intergovernmental:						
State PERS relief	-	183,118	(183,118)	-	-	167,686
Utility cooperative	24,161	24,504	-	24,504	343	24,752
Alcohol beverage tax	25,033	35,250	-	35,250	10,217	-
Public safety	712,338	765,981	-	765,981	53,643	1,035,952
Public works	34,000	34,000	-	34,000	-	34,000
Total intergovernmental	795,532	1,042,853	(183,118)	859,735	64,203	1,262,390
Charges for services:						
Ambulance services	187,094	274,001	-	274,001	86,907	283,609
Fire contracts	112,513	126,656	-	126,656	14,143	112,513
Camping fees	-	-	-	-	-	136,533
Airport services	198,449	219,367	-	219,367	20,918	231,685
Community recreation	31,942	54,409	-	54,409	22,467	38,821
Miscellaneous services	65,341	159,359	-	159,359	94,018	175,426
Total charges for services	595,339	833,792	-	833,792	238,453	978,587
Investment income (loss)	-	343,825	-	343,825	343,825	118,721
Fines and forfeitures	10,303	3,989	-	3,989	(6,314)	13,396
Total Revenues	\$ 14,450,144	15,097,897	(183,118)	14,914,779	464,635	\$ 14,785,414

City of Homer, Alaska

100 - General Fund

Schedules of Revenues, Expenditures, and

Changes in Fund Balance - with 2024 Budget and Actual, continued

	Year Ended June 30, 2024					2023
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Expenditures						
General government:						
City council/mayor:						
Salaries and benefits	\$ 14,056	(12,461)	-	(12,461)	26,517	\$ 8,744
Maintenance and operations	434,546	458,440	-	458,440	(23,894)	338,613
Total city council/mayor	448,602	445,979	-	445,979	2,623	347,357
City clerk:						
Salaries and benefits	415,387	417,040	(8,612)	408,428	6,959	404,630
Maintenance and operations	69,797	56,199	-	56,199	13,598	48,855
Total city clerk	485,184	473,239	(8,612)	464,627	20,557	453,485
City manager:						
Salaries and benefits	663,204	493,050	(8,800)	484,250	178,954	516,212
Maintenance and operations	123,558	61,379	-	61,379	62,179	89,027
Total city manager	786,762	554,429	(8,800)	545,629	241,133	605,239
Personnel:						
Salaries and benefits	176,486	180,280	(3,470)	176,810	(324)	171,738
Maintenance and operations	67,040	55,966	-	55,966	11,074	51,578
Total personnel	243,526	236,246	(3,470)	232,776	10,750	223,316
Economic development:						
Salaries and benefits	279,080	263,649	(4,862)	258,787	20,293	184,747
Maintenance and operations	34,550	22,025	-	22,025	12,525	-
Total economic development	313,630	285,674	(4,862)	280,812	32,818	184,747
Information technology:						
Salaries and benefits	413,246	426,987	(7,990)	418,997	(5,751)	369,423
Maintenance and operations	284,031	250,689	-	250,689	33,342	156,837
Total information technology	697,277	677,676	(7,990)	669,686	27,591	526,260
HERC Building -						
Maintenance and operations	38,352	50,211	-	50,211	(11,859)	43,087
Community recreation:						
Salaries and benefits	221,246	202,204	(2,882)	199,322	21,924	158,164
Maintenance and operations	48,845	43,161	-	43,161	5,684	31,654
Total community recreation	270,091	245,365	(2,882)	242,483	27,608	189,818
Finance:						
Salaries and benefits	774,720	659,549	(11,972)	647,577	127,143	814,898
Maintenance and operations	129,852	71,571	-	71,571	58,281	67,688
Total Finance	904,572	731,120	(11,972)	719,148	185,424	882,586
Planning and zoning:						
Salaries and benefits	327,833	259,636	(4,378)	255,258	72,575	403,726
Maintenance and operations	64,840	27,139	-	27,139	37,701	45,502
Total planning and zoning	392,673	286,775	(4,378)	282,397	110,276	449,228

City of Homer, Alaska

100 - General Fund

Schedules of Revenues, Expenditures, and

Changes in Fund Balance - with 2024 Budget and Actual, continued

	Year Ended June 30, 2024					2023
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Expenditures, continued						
General government, continued:						
City hall complex -						
Maintenance and operations	\$ 140,688	134,072	-	134,072	6,616	\$ 121,128
Leave cash out -						
Salaries and benefits	221,360	221,360	-	221,360	-	122,629
Total general government	4,942,717	4,342,146	(52,966)	4,289,180	653,537	4,148,880
Public safety:						
Emergency services:						
Fire - administration:						
Salaries and benefits	382,274	375,118	(6,753)	368,365	13,909	387,280
Maintenance and operations	342,699	316,843	-	316,843	25,856	213,138
Total fire - administration	724,973	691,961	(6,753)	685,208	39,765	600,418
Fire services:						
Salaries and benefits	488,448	452,491	(7,646)	444,845	43,603	378,224
Maintenance and operations	117,895	94,075	-	94,075	23,820	88,812
Total fire services	606,343	546,566	(7,646)	538,920	67,423	467,036
Emergency medical services:						
Salaries and benefits	488,448	454,932	(7,584)	447,348	41,100	432,813
Maintenance and operations	67,450	57,184	-	57,184	10,266	42,972
Total emergency medical services	555,898	512,116	(7,584)	504,532	51,366	475,785
Total emergency services	1,887,214	1,750,643	(21,983)	1,728,660	158,554	1,543,239
Police department:						
Police administration:						
Salaries and benefits	164,081	163,042	(3,552)	159,490	4,591	160,044
Maintenance and operations	351,815	434,210	-	434,210	(82,395)	401,906
Total police administration	515,896	597,252	(3,552)	593,700	(77,804)	561,950
Police dispatch:						
Salaries and benefits	657,061	669,134	(11,946)	657,188	(127)	665,548
Maintenance and operations	52,750	30,562	-	30,562	22,188	22,685
Total police dispatch	709,811	699,696	(11,946)	687,750	22,061	688,233
Police investigation:						
Salaries and benefits	205,348	239,436	(4,591)	234,845	(29,497)	242,477
Maintenance and operations	28,000	26,752	-	26,752	1,248	32,472
Total police investigation	233,348	266,188	(4,591)	261,597	(28,249)	274,949
Police patrol:						
Salaries and benefits	1,648,090	1,736,406	(32,650)	1,703,756	(55,666)	1,815,946
Maintenance and operations	7,500	7,523	-	7,523	(23)	5,847
Total police patrol	1,655,590	1,743,929	(32,650)	1,711,279	(55,689)	1,821,793

City of Homer, Alaska

100 - General Fund

Schedules of Revenues, Expenditures, and
Changes in Fund Balance - with 2024 Budget and Actual, continued

	Year Ended June 30, 2024					2023
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Expenditures, continued						
Public safety, continued						
Police department, continued						
Jail:						
Salaries and benefits	\$ 696,587	714,813	(12,208)	702,605	(6,018)	\$ 660,777
Maintenance and operations	149,148	119,143	-	119,143	30,005	130,392
Total jail	845,735	833,956	(12,208)	821,748	23,987	791,169
Animal control -						
Maintenance and operations	328,382	265,747	-	265,747	62,635	303,512
Total animal control	328,382	265,747	-	265,747	62,635	303,512
Total police department	4,288,762	4,406,768	(64,947)	4,341,821	(53,059)	4,441,606
Total public safety	6,175,976	6,157,411	(86,930)	6,070,481	105,495	5,984,845
Public works:						
Administration:						
Salaries and benefits	124,611	121,034	(2,175)	118,859	5,752	102,721
Maintenance and operations	88,442	85,828	-	85,828	2,614	85,281
Total administration	213,053	206,862	(2,175)	204,687	8,366	188,002
Maintenance:						
Salaries and benefits	297,311	365,536	(5,993)	359,543	(62,232)	261,813
Maintenance and operations	180,800	215,558	-	215,558	(34,758)	196,930
Total maintenance	478,111	581,094	(5,993)	575,101	(96,990)	458,743
Roads:						
Salaries and benefits	534,042	482,125	(8,473)	473,652	60,390	498,888
Maintenance and operations	635,343	453,904	-	453,904	181,439	411,335
Total roads	1,169,385	936,029	(8,473)	927,556	241,829	910,223
Parks:						
Salaries and benefits	212,689	183,569	(2,395)	181,174	31,515	229,781
Maintenance and operations	226,978	201,544	-	201,544	25,434	310,974
Total parks	439,667	385,113	(2,395)	382,718	56,949	540,755
Motor pool:						
Salaries and benefits	217,206	186,533	(3,242)	183,291	33,915	194,186
Maintenance and operations	456,220	343,595	-	343,595	112,625	389,202
Total motor pool	673,426	530,128	(3,242)	526,886	146,540	583,388
Engineer inspection:						
Salaries and benefits	184,394	185,439	(3,302)	182,137	2,257	170,775
Maintenance and operations	36,530	39,674	-	39,674	(3,144)	23,115
Total engineer inspection	220,924	225,113	(3,302)	221,811	(887)	193,890

City of Homer, Alaska

100 - General Fund

Schedules of Revenues, Expenditures, and
Changes in Fund Balance - with 2024 Budget and Actual, continued

	Year Ended June 30, 2024					2023
	Final Budget	Actual GAAP Basis	Budget to GAAP Difference	Actual Budget Basis	Variance	Actual GAAP Basis
Expenditures, continued						
Public works, continued:						
Janitorial:						
Salaries and benefits	\$ 247,495	284,714	(4,578)	280,136	(32,641)	\$ 256,982
Maintenance and operations	73,300	79,291	-	79,291	(5,991)	25,017
Total Janitorial	320,795	364,005	(4,578)	359,427	(38,632)	281,999
Total public works	3,515,361	3,228,344	(30,158)	3,198,186	317,175	3,157,000
Library:						
Salaries and benefits	816,889	795,946	(11,469)	784,477	32,412	780,320
Maintenance and operations	267,233	256,325	-	256,325	10,908	244,344
Total library	1,084,122	1,052,271	(11,469)	1,040,802	43,320	1,024,664
Airport:						
Salaries and benefits	104,759	103,399	(1,595)	101,804	2,955	158,538
Maintenance and operations	124,859	137,043	-	137,043	(12,184)	128,253
Total airport	229,618	240,442	(1,595)	238,847	(9,229)	286,791
Non-Departmental:						
UAA Business Advisory	10,000	10,000	-	10,000	-	10,000
Museum	79,000	79,000	-	79,000	-	69,000
Chamber of Commerce	75,000	75,000	-	75,000	-	-
Homer Foundation Non-Profit	25,000	25,000	-	25,000	-	25,000
Total non-departmental	189,000	189,000	-	189,000	-	104,000
Total Expenditures	16,136,794	15,209,614	(183,118)	15,026,496	1,110,298	14,706,180
Excess of Revenues Over (Under) Expenditures	(1,686,650)	(111,717)	-	(111,717)	1,574,933	79,234
Other Financing Sources (Uses):						
Transfers in	1,800,016	955,385	-	955,385	(844,631)	1,739,101
Transfers out	(113,366)	(362,180)	-	(362,180)	(248,814)	(1,156,267)
Net Change in Fund Balance	\$ -	481,488	-	481,488	481,488	662,068
Fund Balance, beginning		7,502,125		7,502,125		6,840,057
Fund Balance, ending		\$ 7,983,613		7,983,613		\$ 7,502,125

Utility Special Revenue Fund

The Utility Special Revenue Fund accounts for the activities of the water and sewer facility operations, including collection and treatment of sewage, and distribution and transmission of water.

City of Homer, Alaska
Utility Special Revenue Fund
Combining Balance Sheet

	Utility Operations 200	Utility Capital Projects 215	Utility Reserves 256	Total Utility Fund
<i>June 30, 2024</i>				
Assets				
Cash and investments	\$ 187,753	(1,963,394)	3,604,163	1,828,522
Receivables				
Accounts receivable	416,850	-	-	416,850
State and Federal grants and loans	-	1,105,247	-	1,105,247
Total Receivables	416,850	1,105,247	-	1,522,097
Inventory	613,312	-	-	613,312
Total Assets	\$ 1,217,915	(858,147)	3,604,163	3,963,931
Liabilities				
Accounts payable	\$ 186,494	36,511	90,017	313,022
Accrued payroll and related liabilities	69,655	-	-	69,655
Customer deposits	45,519	-	-	45,519
Total Liabilities	301,668	36,511	90,017	428,196
Fund Balances (Deficits)				
Nonspendable - inventory	613,312	-	-	613,312
Committed	-	-	873,938	873,938
Assigned - water and sewer	302,935	(894,658)	2,640,208	2,048,485
Total Fund Balances (Deficits)	916,247	(894,658)	3,514,146	3,535,735
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 1,217,915	(858,147)	3,604,163	3,963,931

City of Homer, Alaska
Utility Special Revenue Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual

<i>Year Ended June 30, 2024</i>	Budget	Actual	Variance
Revenues			
Charges for services:			
Water charges and connection fees	\$ 2,266,004	2,310,933	44,929
Sewer charges and connection fees	1,948,388	2,013,501	65,113
Total charges for services	4,214,392	4,324,434	110,042
Intergovernmental	-	268,980	268,980
Investment income	-	187,965	187,965
Total Revenues	4,214,392	4,781,379	566,987
Expenditures			
Water:			
Administration	320,005	313,059	6,946
Treatment plant	685,153	691,638	(6,485)
Water system testing	33,000	34,940	(1,940)
Pumping stations	115,707	113,798	1,909
Distribution system	373,036	435,082	(62,046)
Water reservoir	19,025	18,992	33
Water meters	285,596	68,171	217,425
Water hydrants	214,533	198,985	15,548
Total water	2,046,055	1,874,665	171,390
Sewer:			
Administration	310,052	313,365	(3,313)
Sewer plant operations	836,595	844,768	(8,173)
Sewer system testing	18,000	15,618	2,382
Sewer lift stations	216,352	197,578	18,774
Collection system	307,177	249,759	57,418
Total Sewer	1,688,176	1,621,088	67,088
Debt service - Interest	-	4,353	(4,353)
Capital outlay	1,083,834	1,887,977	(804,143)
Total Expenditures	4,818,065	5,388,083	(570,018)
Excess of Expenditures Over (Under) Revenues	(603,673)	(606,704)	(3,031)
Other Financing Sources (Uses)			
Transfers in	105,923	818,709	712,786
Transfers out	(22,946)	(130,713)	(107,767)
Net Change in Fund Balance	<u>\$ (520,696)</u>	81,292	<u>601,988</u>
Fund Balance, beginning		<u>3,454,443</u>	
Fund Balance, ending		<u>\$ 3,535,735</u>	

City of Homer, Alaska

Utility Special Revenue Fund

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

<i>Year Ended June 30, 2024</i>	Utility Operations 200	Utility Capital Projects 215	Utility Reserves 256	Total Utility Fund
Revenues				
Charges for services:				
Water charges and connection fees	\$ 2,310,933	-	-	2,310,933
Sewer charges and connection fees	2,013,501	-	-	2,013,501
Total charges for services	4,324,434	-	-	4,324,434
Intergovernmental	37,996	230,984	-	268,980
Investment income	18,121	-	169,844	187,965
Total Revenues	4,380,551	230,984	169,844	4,781,379
Expenditures				
Water:				
Administration	313,059	-	-	313,059
Treatment plant	691,638	-	-	691,638
Water system testing	34,940	-	-	34,940
Pumping stations	113,798	-	-	113,798
Distribution system	435,082	-	-	435,082
Water reservoir	18,992	-	-	18,992
Water meters	68,171	-	-	68,171
Water hydrants	198,985	-	-	198,985
Total water	1,874,665	-	-	1,874,665
Sewer:				
Administration	313,365	-	-	313,365
Sewer plant operations	844,768	-	-	844,768
Sewer system testing	15,618	-	-	15,618
Sewer lift stations	197,578	-	-	197,578
Collection system	249,759	-	-	249,759
Total Sewer	1,621,088	-	-	1,621,088
Debt service - Interest	4,353	-	-	4,353
Capital outlay	-	593,165	1,294,812	1,887,977
Total Expenditures	3,500,106	593,165	1,294,812	5,388,083
Excess of Revenues Over (Under) Expenditures	880,445	(362,181)	(1,124,968)	(606,704)
Other Financing Sources (Uses)				
Transfers in	103,000	715,709	-	818,709
Transfers out	(623,641)	-	492,928	(130,713)
Net Change in Fund Balances	359,804	353,528	(632,040)	81,292
Fund Balances (Deficits), beginning	556,443	(1,248,186)	4,146,186	3,454,443
Fund Balances (Deficits), ending	\$ 916,247	(894,658)	3,514,146	3,535,735

Port of Homer Enterprise Fund

Enterprise Funds account for operations that are financed and operated in a manner similar to private business operations. The City of Homer utilizes one Enterprise Fund.

Port of Homer – This fund accounts for the operations of the port and harbor.

City of Homer, Alaska
Port of Homer Enterprise Fund
Statements of Net Position

June 30,	2024	2023
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and investments	\$ 7,130,600	\$ 5,210,665
Receivables:		
Accounts, net of allowance for doubtful accounts of \$64,202 (\$19,789 in 2023)	512,959	479,271
State and federal grants	77,218	526,470
Lease receivable	410,065	302,029
Prepaid items	35,028	223,014
Total Current Assets	8,165,870	6,741,449
Noncurrent Assets		
Restricted cash and investments - bond reserves	317,980	317,980
Lease receivable	6,685,329	7,095,394
Net OPEB assets	928,286	708,885
Property, Plant and Equipment		
Property, plant and equipment in service	74,956,145	74,706,340
Land and land improvements	15,804,641	15,804,641
Construction work in progress	1,304,538	792,916
Less accumulated depreciation	(49,207,987)	(46,828,714)
Net Property, Plant and Equipment	42,857,337	44,475,183
Total Noncurrent Assets	50,788,932	52,597,442
Total Assets	58,954,802	59,338,891
Deferred Outflows of Resources:		
Pension related	262,117	229,677
OPEB related	64,402	75,775
Total Deferred Outflows of Resources	326,519	305,452
Total Assets and Deferred Outflows of Resources	\$ 59,281,321	\$ 59,644,343

City of Homer, Alaska
Port of Homer Enterprise Fund
Statements of Net Position, continued

<i>June 30,</i>	2024	2023
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 160,196	\$ 498,625
Accrued payroll and related liabilities	92,918	85,195
Accrued leave	110,000	96,000
Accrued interest payable	3,208	4,425
General obligation bonds payable	45,000	220,000
Prepaid berth rentals and deposits	490,577	449,481
Unearned lease revenue	18,000	18,000
Total Current Liabilities	919,899	1,371,726
Noncurrent Liabilities, net of current portion:		
Unearned lease revenue	63,000	81,000
Accrued leave long term	177,730	149,559
General obligation bonds payable including bond premium	2,155,000	2,253,349
Net pension liabilities	1,958,934	1,743,748
Total Noncurrent Liabilities	4,354,664	4,227,656
Total Liabilities	5,274,563	5,599,382
Deferred Inflows of Resources:		
Lease related	6,846,815	7,233,457
OPEB related	53,169	65,314
Total Deferred Inflows of Resources	6,899,984	7,298,771
Net Position		
Net OPEB assets	928,286	708,885
Net investment in capital assets	40,657,337	42,001,834
Unrestricted (deficit)	5,521,151	4,035,471
Total Net Position	47,106,774	46,746,190
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 59,281,321	\$ 59,644,343

City of Homer, Alaska

Port of Homer Enterprise Fund

Statements of Revenues, Expenses, and Changes in Net Position

<i>Year Ended June 30</i>	2024	2023
Operating Revenues		
Harbor	\$ 4,323,847	\$ 3,802,202
Main dock	245,272	247,935
Fish dock	597,903	506,754
Deep water dock	151,937	365,311
Rents, leases and storage	858,178	862,798
Fish grinder	10,393	6,803
Total Operating Revenues	6,187,530	5,791,803
Operating Expenses		
Harbor	2,127,104	2,186,376
Main dock	135,647	124,313
Fish dock	647,577	518,763
Deep water dock	253,383	225,225
Fish grinder	43,571	22,015
Administration	1,180,645	729,256
Depreciation	2,379,273	2,173,415
Total Operating Expenses	6,767,200	5,979,363
Operating Loss	(579,670)	(187,560)
Nonoperating Revenues (Expenses)		
Investment income	362,981	73,471
Interest expense	(7,625)	(39,773)
State PERS relief	40,694	32,821
Other income	95,862	100,892
Cruise ship tax	353	38,535
Fish tax	78,772	116,236
Net Nonoperating Revenues (Expenses)	571,037	322,182
Income (Loss) Before Transfers and Capital Contributions	(8,633)	134,622
Transfers in	-	750,000
Transfers out	(39,675)	(121,763)
Capital contributions	408,892	526,470
Change in Net Position	360,584	1,289,329
Beginning Net Position	46,746,190	45,456,861
Ending Net Position	\$ 47,106,774	\$ 46,746,190

City of Homer, Alaska
Port of Homer Enterprise Fund
Statements of Cash Flows

<i>Year Ended June 30</i>	2024	2023
Cash Flows from (for) Operating Activities		
Receipts from customers and users	\$ 6,188,187	\$ 5,664,767
Payments to suppliers	(1,985,993)	(2,111,305)
Payments to employees	(2,499,216)	(2,141,880)
Net cash flows from (for) operating activities	1,702,978	1,411,582
Cash Flows from (for) Noncapital Financing Activities		
Transfers in (out)	(39,675)	628,237
Net cash flows from (for) noncapital financing activities	(39,675)	628,237
Cash Flows from (for) Capital and Related Financing Activities		
Principal paid on long-term debt	(240,000)	(210,000)
Interest paid on long-term debt	(42,191)	(56,576)
Capital contributions received	858,144	-
Cruise ship tax and fish tax received	79,125	154,771
Acquisition of property, plant and equipment	(761,427)	(1,002,829)
Net cash flows from (for) capital and related financing activities	(106,349)	(1,114,634)
Cash Flows from (for) Investing Activities		
Investment income received	362,981	73,471
Net Increase in Cash and Investments	1,919,935	998,656
Beginning Cash and Investments	5,528,645	4,529,989
Ending Cash and Investments	\$ 7,448,580	\$ 5,528,645

City of Homer, Alaska
Port of Homer Enterprise Fund
Statements of Cash Flows, continued

Year Ended June 30	2024	2023
Reconciliation of Operating Loss to Net Cash		
Flows from (for) Operating Activities		
Operating loss	\$ (579,670)	\$ (187,560)
Adjustments to reconcile operating loss to net cash flows from (for) operating activities:		
Depreciation	2,379,273	2,173,415
Noncash expense - PERS relief	40,694	32,821
Increase (decrease) in allowance for doubtful accounts	44,412	1,048
Amortization of deferred lease revenue	(18,000)	(18,000)
Miscellaneous nonoperating revenues and expense, net	95,862	100,892
 (Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(78,100)	(140,094)
Lease receivable	302,029	(392,807)
Prepaid items	187,986	(208,389)
Deferred outflows of resources related to pensions	(32,440)	30,182
Deferred outflows of resources related to OPEB	11,373	(36,988)
 Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(338,429)	235,315
Accrued payroll and related liabilities	7,723	16,745
Accrued leave	42,171	24,780
Prepaid berth rentals and deposits	41,096	22,476
Net pension liability	215,186	200,383
Net OPEB (assets) liabilities	(219,401)	413,136
Deferred inflows of resources related leases	(386,642)	299,449
Deferred inflows of resources related to pensions	-	(615,459)
Deferred inflows of resources related to OPEB	(12,145)	(539,763)
Net Cash Flows from (for) Operating Activities	\$ 1,702,978	\$ 1,411,582

City of Homer, Alaska
Port of Homer Enterprise Fund
Combining Schedule of Net Position

	Port & Harbor 400	Capital Projects 415	Fleet Reserve 452	Capital Outlay Reserve 456	Bonds 457	Cruise Ship Landing Tax 460	Total Port Fund
June 30, 2024							
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and investments	\$ 1,914,410	863,363	87,745	4,067,367	232,808	(35,093)	7,130,600
Receivables:							
Trade, net of allowance for doubtful accounts	512,959	-	-	-	-	-	512,959
State and federal grants	-	77,218	-	-	-	-	77,218
Lease receivable	410,065	-	-	-	-	-	410,065
Prepaid items	-	35,028	-	-	-	-	35,028
Total Current Assets	2,837,434	975,609	87,745	4,067,367	232,808	(35,093)	8,165,870
Noncurrent Assets							
Restricted cash and investments - bond reserves	317,980	-	-	-	-	-	317,980
Lease receivable	6,685,329	-	-	-	-	-	6,685,329
Net OPEB assets	928,286	-	-	-	-	-	928,286
Property, plant and equipment:							
Property, plant and equipment in service	74,956,145	-	-	-	-	-	74,956,145
Land and land improvements	15,804,641	-	-	-	-	-	15,804,641
Construction work in progress	1,304,538	-	-	-	-	-	1,304,538
Less accumulated depreciation	(49,207,987)	-	-	-	-	-	(49,207,987)
Net Property, Plant and Equipment	42,857,337	-	-	-	-	-	42,857,337
Total Noncurrent Assets	50,788,932	-	-	-	-	-	50,788,932
Total Assets	53,626,366	975,609	87,745	4,067,367	232,808	(35,093)	58,954,802
Deferred Outflows of Resources:							
Pension related	262,117	-	-	-	-	-	262,117
OPEB related	64,402	-	-	-	-	-	64,402
Total Deferred Outflows of Resources	326,519	-	-	-	-	-	326,519
Total Assets and Deferred Outflows of Resources	\$ 53,952,885	975,609	87,745	4,067,367	232,808	(35,093)	59,281,321

City of Homer, Alaska
Port of Homer Enterprise Fund
Combining Schedule of Net Position, continued

	Port & Harbor 400	Capital Projects 415	Fleet Reserve 452	Capital Outlay Reserve 456	Bonds 457	Cruise Ship Landing Tax 460	Total Port Fund
June 30, 2024							
Liabilities, Deferred Inflows of Resources, and Net Position							
Liabilities							
Current Liabilities							
Accounts payable	\$ 134,105	-	335	25,756	-	-	160,196
Accrued payroll and related liabilities	91,705	1,213	-	-	-	-	92,918
Accrued leave	110,000	-	-	-	-	-	110,000
Accrued interest payable	3,208	-	-	-	-	-	3,208
General obligation bonds payable	-	-	-	-	45,000	-	45,000
Prepaid berth rentals and deposits	490,577	-	-	-	-	-	490,577
Unearned lease revenue	18,000	-	-	-	-	-	18,000
Total Current Liabilities	847,595	1,213	335	25,756	45,000	-	919,899
Noncurrent Liabilities , net of current portion:							
Unearned lease revenue	63,000	-	-	-	-	-	63,000
Accrued leave long term	177,730	-	-	-	-	-	177,730
General obligation bonds payable	-	-	-	-	2,155,000	-	2,155,000
Net pension liabilities	1,958,934	-	-	-	-	-	1,958,934
Total Noncurrent Liabilities	2,199,664	-	-	-	2,155,000	-	4,354,664
Total Liabilities	3,047,259	1,213	335	25,756	2,200,000	-	5,274,563
Deferred Inflows of Resources:							
Lease related	6,846,815	-	-	-	-	-	6,846,815
OPEB related	53,169	-	-	-	-	-	53,169
Total Deferred Inflows of Resources	6,899,984	-	-	-	-	-	6,899,984
Net Position							
Net OPEB assets	928,286	-	-	-	-	-	928,286
Net investment in capital assets	42,857,337	-	-	-	(2,200,000)	-	40,657,337
Unrestricted (deficit)	220,019	974,396	87,410	4,041,611	232,808	(35,093)	5,521,151
Total Net Position	44,005,642	974,396	87,410	4,041,611	(1,967,192)	(35,093)	47,106,774
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 53,952,885	975,609	87,745	4,067,367	232,808	(35,093)	59,281,321

City of Homer, Alaska

Port of Homer Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position (Deficits)

<i>Year Ended June 30, 2024</i>	Port & Harbor 400	Capital Projects 415	Fleet Reserve 452	Capital Outlay Reserve 456	Bonds 457	Cruise Ship Landing Tax 460	Total Port Fund
Operating Revenues							
Harbor	\$ 4,323,847	-	-	-	-	-	4,323,847
Main dock	245,272	-	-	-	-	-	245,272
Fish dock	597,903	-	-	-	-	-	597,903
Deep water dock	151,937	-	-	-	-	-	151,937
Rents, leases and storage	858,178	-	-	-	-	-	858,178
Fish grinder	10,393	-	-	-	-	-	10,393
Total Operating Revenues	6,187,530	-	-	-	-	-	6,187,530
Operating Expenses							
Harbor	2,100,633	1,226	-	25,245	-	-	2,127,104
Main dock	135,647	-	-	-	-	-	135,647
Fish dock	647,577	-	-	-	-	-	647,577
Deep water dock	253,383	-	-	-	-	-	253,383
Fish grinder	40,024	3,250	-	297	-	-	43,571
Administration	1,180,645	-	-	-	-	-	1,180,645
Depreciation	2,379,273	-	-	-	-	-	2,379,273
Total Operating Expenses	6,737,182	4,476	-	25,542	-	-	6,767,200
Operating Income (Loss)	(549,652)	(4,476)	-	(25,542)	-	-	(579,670)
Nonoperating Revenues (Expenses)							
Investment income	140,244	15,058	6,307	201,372	-	-	362,981
Interest expense	34,567	-	-	-	(42,192)	-	(7,625)
State PERS relief	40,694	-	-	-	-	-	40,694
Other income	86,986	8,550	-	326	-	-	95,862
Cruise ship tax	-	-	-	-	-	353	353
Fish tax	78,772	-	-	-	-	-	78,772
Net Nonoperating Revenues (Expenses)	381,263	23,608	6,307	201,698	(42,192)	353	571,037
Income (Loss) Before Transfers and Capital Contributions	(168,389)	19,132	6,307	176,156	(42,192)	353	(8,633)
Transfers in (out)	(481,838)	(296,347)	(88,411)	451,921	375,000	-	(39,675)
Capital contributions	-	408,892	-	-	-	-	408,892
Change in Net Position	(650,227)	131,677	(82,104)	628,077	332,808	353	360,584
Beginning Net Position (Deficits)	44,655,869	842,719	169,514	3,413,534	(2,300,000)	(35,446)	46,746,190
Ending Net Position (Deficits)	\$ 44,005,642	974,396	87,410	4,041,611	(1,967,192)	(35,093)	47,106,774

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided to other City departments on a cost-reimbursement basis.

Health Insurance Fund – This fund accounts for the cost of medical, dental, and vision insurance activities.

Leave Cash-out Fund – This fund accounts for anticipated employee leave cash outs.

City of Homer, Alaska
Internal Service Funds
Combining Statement of Net Position

<i>June 30, 2024</i>	Health Insurance	Leave Cash-out	Total
Current Assets			
Cash and investments	\$ 250,779	\$ -	\$ 250,779
Liabilities and Net Position			
Current Liabilities			
Accrued payroll and related liabilities	7,674	-	7,674
Due to other funds	-	122,404	122,404
Total Current Liabilities	7,674	122,404	130,078
Net Position			
Unrestricted (deficit)	243,105	(122,404)	120,701
Total Liabilities and Net Position	\$ 250,779	\$ -	\$ 250,779

City of Homer, Alaska

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Net Position

<i>Year Ended June 30, 2024</i>	Health Insurance	Leave Cash-out	Total
Operating Revenues			
Interfund charges	\$ 2,383,397	\$ 310,995	\$ 2,694,392
Employee health contributions	185,656	-	185,656
Total Operating Revenues	2,569,053	310,995	2,880,048
Operating Expenses			
Salaries and benefits	-	290,242	290,242
Insurance premiums	2,038,093	-	2,038,093
Administration	103	-	103
Employee incentive fees	325,203	-	325,203
Total Operating Expenses	2,363,399	290,242	2,653,641
Operating Income	205,654	20,753	226,407
Transfers in	536	-	536
Change in Net Position	206,190	20,753	226,943
Beginning Net Position	36,915	(143,157)	(106,242)
Ending Net Position	\$ 243,105	\$ (122,404)	\$ 120,701

City of Homer, Alaska
Internal Service Funds
Combining Statement of Cash Flows

<i>Year Ended June 30, 2024</i>	Health Insurance	Leave Cash-out	Total
Cash Flows from (for) Operating Activities			
Receipts from interfund services provided and employee contributions	\$ 2,569,053	\$ 310,995	\$ 2,880,048
Payments to employees	(330,146)	(290,518)	(620,664)
Payments for insurance, claims, and administration	(2,038,196)	-	(2,038,196)
Net cash flows from (for) operating activities	200,711	20,477	221,188
Cash Flows from (for) Noncapital Financing Activities			
Increase in due to other funds	-	(20,477)	(20,477)
Transfers in	536	-	536
Net cash flows from (for) noncapital financing activities	536	(20,477)	(19,941)
Net Increase in Cash and Investments	201,247	-	201,247
Cash and Investments, beginning	49,532	-	49,532
Cash and Investments, ending	\$ 250,779	\$ -	\$ 250,779

**Reconciliation of Operating Income to Net Cash
Flows from (for) Operating Activities**

Operating income	\$ 205,654	\$ 20,753	\$ 226,407
Adjustments to reconcile operating income to net cash flows from (for) operating activities:			
Increase (decrease) in liabilities:			
Accrued payroll and related liabilities	(4,943)	(276)	(5,219)
Net Cash Flows from (for) Operating Activities	\$ 200,711	\$ 20,477	\$ 221,188

Government Auditing Standards Report



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and Members of the City Council
City of Homer, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Homer, Alaska (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

Anchorage, Alaska
March 31, 2025

City of Homer, Alaska

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
-------------------------------------------------------	------------------------------	----------------------------------------

Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in Government Auditing Standards.



City of Homer

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Summary Schedule of Prior Audit Findings Year Ended June 30, 2024

Finding 2023-001

Significant Deficiency over Controls Pertaining to the Retention of Personal Identifiable Information and Personal Health Information

Condition

A portable storage device containing personally protected health information and related personally identifiable information for the affected individuals was removed from a secured location and misplaced.

Status

This Finding is resolved.

Finding 2023-002

Grant Revenue Reconciliations - Significant Deficiency in Internal Control Over Financial Reporting

Condition

Reconciliations and related details provided on grant revenue were not completed until 16 months after year-end. In addition, the reconciliations indicated that grant receivable and revenue from the prior year were not recorded until the current fiscal year.

Status

This Finding is resolved.

Finding 2023-003

Deadline for Federal Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control Over Compliance

Condition

The City did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended June 30, 2023.

Status

This Finding is resolved.

Finding 2023-004

Deadline for State Single Audit - Reporting - Noncompliance and Material Weakness in Internal Control Over Compliance

Condition

The City did not provide the necessary information to complete the audit related to state programs subject to audit in a timely manner, resulting in the audit not being completed by the State deadline.

Status

This Finding is resolved.