



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

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## Memorandum 17-119

TO: City Council  
FROM: Katie Koester, City Manager  
DATE: September 6, 2017  
SUBJECT: 2017 Budget Status

The purpose of this memo is to provide an update on revenue sources for the General Fund. The tables below detail the City's 2017 revenue projections from Sales Tax and Real Property Taxes which combined make up over 75% of General Fund revenue.

### Property Tax

The 2017 General Fund Revenue projected \$2,914,354 in revenue from Real Property Taxes. However, with the assessed value for 2017 finalized, the City anticipates receiving approximately \$278,675 more than the 2017 budget projected. As you are aware, the Borough changed the methodology for calculating assessed value in 2017 which has likely contributed to the surplus. However, revenue gains are likely mitigated by a general decline in the assessed value of commercial property. Due to the controversy surrounding the 2017 assessed values, it would be prudent to anticipate some changes for 2018. Until the updated methodology settles out, I would recommend using 2016 real property values as the base for estimating revenue for 2018.

Real Property Tax projections for 2017:

Taxable values in the COH for 2017	\$709,562,012
CoH receives 4.5 mills of taxable values	\$3,193,029
CoH 2017 budget	\$2,914,354
Estimated additional revenue over budget	\$278,675

### Sales Tax

The Borough provided the attached table reflecting Sales Tax Revenues from January 1 - June 30, 2017. The trend is consistent; an approximate 1% increase in Sales Tax from year to year. This trend is helpful as we project revenues for the 2018 budget.

	Jan. 1, 2017 - June 30, 2017	Jan. 1, 2016 - June 30, 2016	Jan. 1, 2015 - June 30, 2015	Jan. 1, 2014 - June 30, 2014
COH sales tax revenue collected for Jan. 1 - June 30, 2017	\$78,874,479	\$77,637,293	\$74,709,040	\$75,282,507
Percentage increase from previous year	1.02%	1.04%	0.99%	

**Are we on track for 2017? Yes.**

Keep in mind a large portion of sales tax revenue will come in the 3<sup>rd</sup> quarter, July and August when visitorship peaks. According to the Borough, taxable sales are consistently 20% higher during second half of the year when compared to January – June. Using this model, we estimate revenue will be slightly over our 2017 budget for sales tax.

<b>Sales tax estimates based on 1<sup>st</sup> &amp; 2nd quarter sales and applying 20% increase in sales for second half of 2017</b>	
Estimated taxable sales for 2017	\$173,523,855
3.75% to General Fund	\$6,507,145
2017 sales tax budget	\$6,420,356
Estimated additional revenue over budget	\$86,789

Enc:

2017 Real Property Values

1<sup>st</sup> and 2<sup>nd</sup> Quarter Sales Tax Revenue and Historical Analysis

2017 Budget General Fund Revenue Pie Chart

**GRM Live 2017 REAL PROPERTY TAG 20 SUMMARY**

**CERTIFIED VALUES**

**(Excludes Oil Accounts)**

		<b>ASSESSED VALUES</b>	<b>KPB</b>	<b>CITY</b>
Total Accounts	<b>4,358</b>	Total Ass'd Land	<b>363,841,900</b>	<b>363,841,900</b>
Total Acreage	<b>15,225.39</b>	Total Ass'd Improvements	<b>892,996,400</b>	<b>892,996,400</b>
		Total Ass'd Real Property	<b><u>1,256,838,300</u></b>	<b><u>1,256,838,300</u></b>

**EXEMPTIONS**

<b>MANDATORY EXEMPTIONS</b>		<b>Count</b>	<b>KPB Value</b>	<b>City Value</b>	
<b>400</b>	Government Exempt Value	273	<b>388,907,200</b>	<b>388,907,200</b>	
<b>402</b>	University Exempt Value	2	<b>6,747,800</b>	<b>6,747,800</b>	
<b>404</b>	Religious Exemption	28	<b>17,916,200</b>	<b>17,916,200</b>	
<b>406</b>	Charitable Exempt Value	42	<b>12,662,600</b>	<b>12,662,600</b>	
<b>408</b>	Hospital Exempt Value	1	<b>4,566,100</b>	<b>4,566,100</b>	
<b>410</b>	State Educational Exempt Value	8	<b>996,900</b>	<b>996,900</b>	
<b>411</b>	Armed Forces Agency Exempt Value	1	<b>274,500</b>	<b>274,500</b>	
<b>412</b>	Senior Mandatory Exempt Value	501	<b>71,750,500</b>	<b>71,750,500</b>	
<b>413</b>	Veteran Mandatory Exempt Value	12	<b>1,714,800</b>	<b>1,714,800</b>	
<b>414</b>	Fire Control System Exemption	11	<b>206,888</b>	<b>206,888</b>	
<b>415</b>	ANCSA Native Exempt Value	1	<b>138,300</b>	<b>138,300</b>	
<b>419</b>	MSV Multi-Purpose Senior Variable Exempt V.	1	<b>1,155,100</b>	<b>1,155,100</b>	
<b>420</b>	Electric CoOp Exempt Value	4	<b>4,220,100</b>	<b>4,220,100</b>	
	Total Tag20:	<u>885</u>	<u><b>511,256,988</b></u>	<u><b>511,256,988</b></u>	
<b>OPTIONAL EXEMPTIONS</b>		<b>Count</b>	<b>KPB Value</b>	<b>Count</b>	<b>City Value</b>
<b>451</b>	OP Residential Boro Exemption	915	<b>43,501,400</b>	0	0
<b>452</b>	OP 20k City Residential Exemption	0	0	1,146	<b>22,450,400</b>
<b>453</b>	OP Community Purpose Exempt Value	26	<b>13,560,900</b>	0	0
<b>455</b>	OP Homer Community Exempt Value	0	0	25	<b>13,508,900</b>
<b>462</b>	OP Senior Resident >150k Exempt Value	433	<b>45,036,400</b>	0	0
<b>463</b>	OP Disabled Veteran >\$150k Exempt Value	10	<b>1,646,600</b>	0	0
<b>465</b>	OP Volunteer FF/EMS Exemption 1	5	<b>50,000</b>	5	0
<b>468</b>	OP Volunteer FF/EMS Exemption 1 City	0	0	0	<b>60,000</b>
	Total Tag20:	<u>1,389</u>	<u><b>103,795,300</b></u>	<u>1,176</u>	<u><b>36,019,300</b></u>
	<b>TAG 20 Totals:</b>	<u>2,274</u>	<u><b>615,052,288</b></u>	<u>1,176</u>	<u><b>547,276,288</b></u>

**TAXABLE VALUE**

<b>TOTAL ASSESSED VALUE</b>	<b>1,256,838,300</b>	<b>1,256,838,300</b>
<b>TOTAL EXEMPTIONS</b>	<b>615,052,288</b>	<b>547,276,288</b>
<b>TOTAL TAXABLE</b>	<b><u>641,786,012</u></b>	<b><u>709,562,012</u></b>

**DEFERMENTS AND TAX CREDITS - TAG 20**

<b>VT</b>	<b>Count</b>	<b>Description</b>	<b>Value</b>
<b>DEFERMENTS</b>			
170	3	Agricultural Deferment Value Loss	<b>159,100</b>
171	3	Conservation Easement Value Loss	<b>126,700</b>
	<u>6</u>	<b>TAG Total DEFERMENTS</b>	<b><u>285,800</u></b>
<b>TAX CREDITS</b>			
550	20	Disabled Resident \$500TAX CREDIT Borough	<b>0</b>
	<u>20</u>	<b>TAG Total TAX CREDITS</b>	<b><u>0</u></b>

**GRM Live 2017 REAL PROPERTY TAG 82 SUMMARY**

**CERTIFIED VALUES**

**(Excludes Oil Accounts)**

		<b>ASSESSED VALUES</b>	<b>KPB</b>	<b>CITY</b>
Total Accounts	<b>14</b>	Total Ass'd Land	<b>1,178,800</b>	<b>1,178,800</b>
Total Acreage	<b>10.83</b>	Total Ass'd Improvements	<b>2,495,200</b>	<b>2,495,200</b>
		Total Ass'd Real Property	<b><u>3,674,000</u></b>	<b><u>3,674,000</u></b>

**EXEMPTIONS**

<b>MANDATORY EXEMPTIONS</b>		<b>Count</b>	<b>KPB Value</b>	<b>City Value</b>	
<b>400</b>	Government Exempt Value	2	<b>4,800</b>		<b>4,800</b>
<b>412</b>	Senior Mandatory Exempt Value	4	<b>569,200</b>		<b>569,200</b>
Total Tag82:		<u>6</u>	<u><b>574,000</b></u>		<u><b>574,000</b></u>
<b>OPTIONAL EXEMPTIONS</b>		<b>Count</b>	<b>KPB Value</b>	<b>Count</b>	<b>City Value</b>
<b>451</b>	OP Residential Boro Exemption	5	<b>250,000</b>	0	<b>0</b>
<b>452</b>	OP 20k City Residential Exemption	0	<b>0</b>	0	<b>120,000</b>
<b>462</b>	OP Senior Resident >150k Exempt Value	3	<b>407,800</b>	0	<b>0</b>
Total Tag82:		<u>8</u>	<u><b>657,800</b></u>	<u>0</u>	<u><b>120,000</b></u>
<b>TAG 82 Totals:</b>		<u>14</u>	<u><b>1,231,800</b></u>	<u>0</u>	<u><b>694,000</b></u>

**TAXABLE VALUE**

<b>TOTAL ASSESSED VALUE</b>	<b>3,674,000</b>	<b>3,674,000</b>
<b>TOTAL EXEMPTIONS</b>	<b>1,231,800</b>	<b>694,000</b>
<b>TOTAL TAXABLE</b>	<b><u>2,442,200</u></b>	<b><u>2,980,000</u></b>

**DEFERMENTS AND TAX CREDITS - TAG**

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

<b>City of Homer</b>						
Taxable Sales by Line of Business						
For the period of Jan. 1st - June 30th and comparing the same time period to previous years						
	<b>Jan 2017 - June 2017</b>	<b>Jan 2016 - June 2016</b>	<b>Jan 2015 - June 2015</b>	<b>Jan 2014 - June 2014</b>	<b>% Change 1 year</b>	<b>% Change 4 year</b>
ADMINISTRATIVE, WASTE MAN	\$518,134	\$532,260	\$556,640	\$609,074	-3%	-15%
AGRICULTURE, FORESTRY, FI	\$159,497	\$114,146	\$99,452	\$84,253	40%	89%
ARTS AND ENTERTAINMENT	\$582,603	\$516,543	\$482,782	\$412,580	13%	41%
CONSTRUCTION CONTRACTING	\$900,594	\$850,309	\$773,628	\$881,044	6%	2%
EDUCATIONAL SERVICES	\$123,375	\$117,134	\$109,296	\$106,431	5%	16%
FINANCE AND INSURANCE	\$43,184	\$33,594	\$27,030	\$27,687	29%	56%
GUIDING LAND	\$94,324	\$65,640	\$58,237	\$25,287	44%	273%
GUIDING WATER	\$2,475,511	\$2,528,756	\$2,336,927	\$2,332,320	-2%	6%
HEALTH CARE AND SOCIAL AS	\$203,797	\$121,794	\$103,964	\$107,831	67%	89%
HOTEL/MOTEL/BED & BREAKFA	\$6,092,358	\$6,475,528	\$5,807,491	\$5,520,676	-6%	10%
INFORMATION	\$2,300,537	\$2,397,511	\$2,819,912	\$2,644,539	-4%	-13%
MANUFACTURING	\$690,701	\$677,737	\$645,206	\$769,770	2%	-10%
PROFESSIONAL, SCIENTIFIC	\$1,403,038	\$1,428,337	\$1,353,324	\$1,282,530	-2%	9%
PUBLIC ADMINISTRATION	\$2,410,562	\$1,598,846	\$2,056,117	\$2,077,336	51%	16%
REMEDATION SERVICES	\$108,974	\$96,125	\$105,667	\$252,364	13%	-57%
RENTAL COMMERCIAL PROPERT	\$128,000	\$101,663	\$103,535	\$84,875	26%	51%
RENTAL NON-RESIDENTAL PRO	\$309,140	\$297,380	\$313,716	\$200,894	4%	54%
RENTAL OF SELF-STORAGE &	\$449,687	\$546,486	\$584,807	\$590,720	-18%	-24%
RENTAL PERSONAL PROPERTY	\$318,274	\$288,829	\$312,823	\$417,115	10%	-24%
RENTAL RESIDENTAL PROPERT	\$2,624,580	\$2,612,255	\$2,438,629	\$2,187,598	0%	20%
RESTAURANT/BAR	\$8,799,771	\$9,149,841	\$8,480,345	\$7,689,779	-4%	14%
RETAIL TRADE	\$37,334,580	\$37,030,483	\$35,430,709	\$37,399,695	1%	0%
SERVICES	\$4,150,600	\$4,049,566	\$3,787,117	\$3,643,391	2%	14%
TELECOMMUNICATIONS	\$840,548	\$785,098	\$750,086	\$783,836	7%	7%
TRANSPORTATION AND WAREHO	\$920,805	\$806,507	\$751,732	\$707,791	14%	30%
UTILITIES	\$4,314,867	\$3,843,017	\$3,826,358	\$3,613,967	12%	19%
WHOLESALE TRADE	\$576,438	\$571,908	\$593,510	\$829,124	1%	-30%
<b>Grand Totals</b>	<b>\$78,874,479</b>	<b>\$77,637,293</b>	<b>\$74,709,040</b>	<b>\$75,282,507</b>	<b>1.59%</b>	<b>4.77%</b>



**City of Homer  
2017 Operating Budget**



