



## City of Homer

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

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### Memorandum 19-112

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

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

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

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

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