



MEMORANDUM

Ordinance 24-32, An Ordinance of the City Council of Homer, Alaska, Amending the FY25 Budget by Authorizing Transfers Totaling \$667,146 from Various Funds to Make Necessary Adjustments to the Distribution of Unallocated Interest Income

Item Type: Backup Memorandum
Prepared For: Mayor and City Council
Date: July 17, 2024
From: Elizabeth Fischer, Finance Director
Through: Melissa Jacobsen, City Manager

BACKGROUND:

The City of Homer utilizes a central treasury to account for all of the City's cash and investments to maximize interest income. The majority of the City's cash and investments are held in pooled investment accounts. Investment earnings are allocated to various funds based on monthly central treasury balances. While working through an interest income distribution discussion with the Finance Champions it became apparent that the Police Station Debt Service Fund was missing from the distribution. Several conversations took place after this initial discovery to determine the most appropriate path forward to correct the historic distribution.

The final determination was to tackle the correction in two pieces: (1) Income Allocation correction addressing calendar year 2019 through fiscal year 2023; (2) Income allocation correction addressing fiscal year 2024.

DISTRIBUTION CORRECTION – CALENDAR YEAR 2019 THROUGH FISCAL YEAR 2023:

The total unallocated interest income earned in this time period was \$1,111,957.49. The Police Station Debt Service Fund (154) was added to the list of funds to receive interest allocation and central treasury balances were pulled for each fund as of 6/30/23.

The chart to the right illustrates how the unallocated interest income was originally distributed and also the corrected distribution of those funds.

The difference between the correction and actual columns is the value of necessary transfers needing to be done in order to correct the distribution. Those are detailed in the attachment to this memorandum and the ordinance before Council.

Distribution	Actual - thru 6/30/23	Correction
053-0000-2610	(1,111,957.49)	(1,111,957.49)
100-0025-4801	268,350.53	192,908.24
151-0375-4801	186,060.21	-
152-0375-4801	30,684.66	44,148.66
154-0375-4801	-	47,995.04
155-0375-4801	33,100.07	38,314.16
156-0375-4801	87,930.08	74,581.66
157-0375-4801	(3.60)	1,357.63
160-0375-4801	229,936.30	160,709.97
165-0375-4801	29,175.68	33,343.41
200-0400-4801	206,701.97	-
205-0375-4801	(3,865.86)	197,229.16
215-0375-4801	-	-
256-0378-4801	(17,198.96)	69,418.67
256-0379-4801	(8,399.24)	70,980.77
400-0600-4801	69,485.65	180,970.12
415-0380-4801	-	-
452-0374-4801	-	-
456-0380-4801	-	-

DISTRIBUTION CORRECTION – FISCAL YEAR 2024:

The total unallocated interest income earned in this time was \$175,699.28. The Police Station Debt Service Fund (154) was added to the list of funds to receive interest allocation and the distribution was updated accordingly. The corrections were done on a monthly basis and summarized to determine the corrected distribution.

The chart to the right illustrates how the unallocated interest income was originally distributed and also the corrected distribution of those funds.

The difference between the correction and actual columns is the value of necessary transfers needing to be done in order to correct the distribution. Those are detailed in the attachment to this memorandum and the ordinance before Council.

Distribution	Actual - FY24	Correction
053-0000-2610	(175,699.28)	(175,699.28)
100-0025-4801	27,382.26	26,030.12
151-0375-4801	-	-
152-0375-4801	3,163.95	3,005.43
154-0375-4801	-	8,842.13
155-0375-4801	6,230.49	5,917.97
156-0375-4801	9,332.23	8,865.11
157-0375-4801	133.91	127.26
160-0375-4801	33,373.36	31,698.62
165-0375-4801	5,829.02	5,536.54
200-0400-4801	234.33	227.31
205-0375-4801	37,349.68	35,475.25
215-0375-4801	-	-
256-0378-4801	9,730.48	9,239.38
256-0379-4801	5,040.34	4,736.98
400-0600-4801	16,308.40	15,488.17
415-0380-4801	4,121.37	3,914.48
452-0374-4801	295.53	281.77
456-0380-4801	17,173.93	16,312.77

RECOMMENDATION:

Adopt Ordinance 24-32 authorizing transfers to make necessary adjustments to the distribution of unallocated interest income.

ATTACHMENTS:

Distribution of Unallocated Interest Income and Correcting Transfers