

**CITY OF HOMER  
HOMER, ALASKA**

Lord/Davis

**ORDINANCE 24-27(A)**

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,  
AMENDING HOMER CITY CODE CHAPTER 3.10 INVESTMENTS AND  
COLLATERALIZATION OF PUBLIC FUNDS BY ADDING SECTION  
3.10.105, INVESTMENT INCOME ALLOCATION.

WHEREAS, The City of Homer recognizes the importance of prudent financial management and maximizing returns on public funds; and

WHEREAS, Transparent accounting practices are essential for maintaining public trust and ensuring responsible stewardship of taxpayer dollars; and

WHEREAS, The City has maintained an internal system for investing City funds and regularly allocating investment income based on the proportion of each funds contributed principal, but no formal written policy; and

WHEREAS, Bonded funds require careful management in order to avoid running afoul of federal and state regulations related to arbitrage; and

WHEREAS, Written policies will clarify for City staff, the Council, and the public the system of allocation of investment income across City funds.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends Homer City Code Chapter 3.10 Investments and Collateralization of Public Funds by adding section 3.10.105 Investment income allocation, to read as follows:

**Chapter 3.10**

**INVESTMENT AND COLLATERALIZATION OF PUBLIC FUNDS**

**Sections:**

3.10.010 Scope.

3.10.015 Objectives.

3.10.020 Delegation of authority.

3.10.030 Prudence.

3.10.040 Authorized investments.

3.10.050 Placement of City investments.



3.10.060 Diversification.  
3.10.070 Collateralization.  
3.10.080 Safekeeping.  
3.10.090 Agreements.  
3.10.100 Internal controls.

**3.10.105 Investment income allocation**

3.10.110 Reporting.  
3.10.120 Definitions.  
3.10.130 *Repealed.*

**3.10.105 Investment income allocation.**

**Investment income should be allocated in three methods:**

- (1) Investment accounts shall be established for projects utilizing bonding as a financing source to enable transparent accounting of investment/interest income. This will also allow for the ability to more easily monitor arbitrage. Interest income generated on these accounts will be directly deposited into the dedicated account and will not be subject to the allocation method.**
- (2) Investment accounts shall be established for dedicated sales tax funds to enable transparent accounting of investment/interest income. Interest income generated in these accounts will be directly deposited into the dedicated account and will not be subject to the allocation method.**
- (3) Allocation Method: All other investment/interest income that is earned shall be deposited in an unallocated interest income account and subsequently distributed proportionally based on ending cash balance, on a monthly basis, as follows:**
  - a. Cash balances from all funds associated with the General Fund shall be pooled to determine the General Fund CARMA allocation.**
  - b. Cash balances from all funds associated with the Utility Fund shall be pooled to determine the Utility Fund allocation. This allocation should then be split 50/50 between Water CARMA and Sewer CARMA.**
  - c. Cash balances from all funds associated with the Port Enterprise Fund shall be pooled to determine the Port Reserves allocation.**

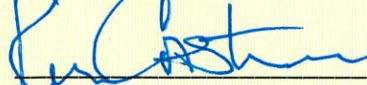
Section 2. This Ordinance is of a permanent and general character and shall be codified.

**Section 3. This Ordinance will be effective July 1, 2024.**



ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this 17<sup>th</sup> day of June, 2024.

CITY OF HOMER



KEN CASTNER, MAYOR

ATTEST:



RENEE KRAUSE, MMC, ACTING CITY CLERK

YES: 6

NO: 0

ABSTAIN: 0

ABSENT: 0

First Reading: 6/10/24

Public Hearing: 6/17/24

Second Reading: 6/17/24

Effective Date: 6/18/24

