

**CITY OF HOMER  
HOMER, ALASKA**

City Manager/  
Finance Director

**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.

WHEREAS, The City of Homer utilizes a central treasury to account for all of the City's  
cash and investments to maximize interest income; and

WHEREAS, The majority of the City's cash and investments are held in pooled  
investment accounts; and

WHEREAS, Investment earnings are allocated to various funds based on monthly  
central treasury balances; and

WHEREAS, The Police Station Debt Service Fund failed to receive a distribution of this  
interest income since its inception in 2019; and

WHEREAS, Ordinance 24-27(A) developed an investment income allocation policy to be  
implemented beginning July 1, 2024.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. The Homer City Council hereby amends the FY25 Budget by authorizing a  
transfer of \$550,778, which will correct the distribution from calendar year 2019 through fiscal  
year 2023 as follows:

Transfer from:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
100	General Fund (GF)	\$75,442
151	GF Capital Projects	\$186,060
156	GF CARMA	\$13,348
160	HART Roads	\$69,226
200	Utility Operations	<u>\$206,702</u>
	Total:	\$550,778



44 Transfer to:

45	<u>Fund</u>	<u>Description</u>	<u>Amount</u>
46	152	GF Fleet CARMA	\$13,464
47	<u>Fund</u>	<u>Description</u>	<u>Amount</u>
48	154	Police Station Debt Service Fund	\$47,995
49	155	HART Assessments	\$5,214
50	157	GF Non-Capital Projects	\$1,361
51	165	HART Trails	\$4,168
52	205	HAWSP	\$201,095
53	256-0378	Water CARMA	\$86,617
54	256-0379	Sewer CARMA	\$79,380
55	400	Port & Harbor Operations	<u>\$111,484</u>
56		Total:	\$550,778

57  
58 Section 2. The Homer City Council hereby amends the FY25 Budget by authorizing a  
59 transfer of \$116,368, which will correct the distribution for fiscal year 2024 as follows:

61	Transfer from:		
62	<u>Fund</u>	<u>Description</u>	<u>Amount</u>
63	152	GF Fleet CARMA	\$1,236
64	155	HART Assessments	\$2,078
65	156	GF CARMA	\$3,787
66	157	GF Non-Capital Projects	\$29
67	160	HART Roads	\$34,129
68	165	HART Trails	\$3,167
69	200	Utility Operations	\$4,299
70	205	HAWSP	\$27,318
71	256-0378	Water CARMA	\$6,832
72	256-0379	Sewer CARMA	\$1,025
73	452	Port Fleet Reserve	\$104
74	456	Port Reserve	<u>\$32,364</u>
75		Total:	\$116,368

77	Transfer to:		
78	<u>Fund</u>	<u>Description</u>	<u>Amount</u>
79	100	General Fund (GF)	\$20,710
80	154	Police Station Debt Service Fund	\$83,175
81	400	Port & Harbor Operations	\$4,583
82	415	Port Capital Projects	<u>\$7,900</u>
83		Total:	\$116,368

84  
85 Section 3. This ordinance is a budget amendment only, is not of a permanent nature and  
86 shall not be codified.



ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA this 19<sup>th</sup> day of August, 2024.

CITY OF HOMER



KEN CASTNER, MAYOR

ATTEST:



RENEE KRAUSE, MMC, CITY CLERK

YES: 5

NO: 0

ABSTAIN: 0

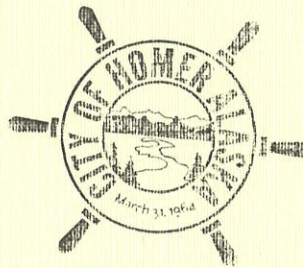
ABSENT: 1

Introduction: 7/22/24

Public Hearing: 8/12/24

Second Reading: 8/19/24

Effective Date: 8/20/24





# MEMORANDUM

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**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

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**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