

**City of Kodiak  
Financial Update**

**July 1, 2020 – December 31, 2020**

***This page intentionally left blank.***



January 19, 2021

Mayor Branson and City Council Members  
Kodiak, Alaska 99615

Dear Mayor and Council Members:

Enclosed is the financial update for the first six months of fiscal year 2021. The period of this report covers July 1, 2020 through December 31, 2020. The schedule below will provide you with the next scheduled financial updates.

Quarter	Reporting Period	Due Date
Quarter 1	July, August, September, October	2nd full Week in November
Quarter 2	November, December, January	2nd full Week in February
Quarter 3	February, March, April	2nd full Week in May
Quarter 4	May, June	2nd full Week in August

The City's fiscal year end is June 30 each year. Due to the timing of sales tax payments, fiscal year fourth quarter payments are due July 31. The City records the activity in the corresponding June month to record a full year of sales tax payments for the corresponding quarters. As such, the due dates for the Council quarterly reports will coincide to the due dates and recording of all sales tax payments for the corresponding quarters. The fiscal year covered by this report will only report the current fiscal year's activity.

### **Purpose**

The purpose of this report is to provide the Mayor and City Council with financial updates throughout the fiscal year.

### **Document Organization**

The Council Financial Update presents information for the following funds: General Fund, Tourism Fund, Enhancement Fund, Cargo Fund, Harbor Fund, Shipyard Fund, Harbor Electric Fund, Water Fund, Sewer Fund, Trident Basin Fund, and E-911 Services Fund. Funds not included are the Street Assessment funds and Capital Project funds.

Each fund will provide an overview of revenues and expenses by sub-department. These will be compared to the current year budget for the same time period.

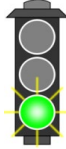
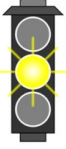
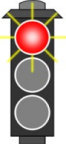
For comparability and ease of use, we have utilized a Traffic Signal indicator. These indicators will guide you through a more efficient assessment of the budget versus actual components. These indicators will fall within a percentage variance of Budget versus Actual for the reporting period of the financial update. This is calculated as follows:

- Annual Budget divided by 12 months = Average Monthly Budget
- Monthly Budget multiplied by the # of months in the reporting period = Reporting Period Budget
- Reporting Period Budget less Actual Revenues or Expenditures in the Reporting Period = \$ Variance
- \$ Variance Divided By the Reporting Period Budget = Budget to Actual Percentage Variance

All significant Budget versus Actual Percentage Variances that result in a Yellow Traffic Light or Red Traffic Light indicator will be accompanied by further explanations.



Traffic Light Indicators

Traffic Light Color	Symbol	Expenses - Trigger Points	Revenues - Trigger Points
Green		Budget to Actual Percentage Variance for the reporting period includes all items that are Under Budget	Budget to Actual Percentage Variance for the reporting period includes all items that are Over Budget
Yellow		Budget to Actual Percentage Variance for the reporting period is less than 25% Over Budget	Budget to Actual Percentage Variance for the reporting period is less than 25% Under Budget
Red		Budget to Actual Percentage Variance for the reporting period is greater than 25% Over Budget	Budget to Actual Percentage Variance for the reporting period is greater than 25% Under Budget

The remainder of this report will show the General Fund revenues and expenses for each sub-department, the Special Revenue funds’ revenues and expenses, and the Enterprise funds’ revenues and expenses. The Traffic Light indicators and signifying events noted above will be shown through each of these funds, departments, and sub-departments.

**Conclusion**

The directors and City Manager are available to provide further explanations as we work through this fiscal year.

Very respectfully,



Julie Liew  
Finance Director



## **General Fund Overview**

The reporting period shows total general fund revenues of \$8,547,750 and total general fund expenses of \$7,652,416. This equates to a surplus for the six months ended December 31, 2020 (i.e. the reporting period) of \$895,335.

While overall revenues are under budget for the reporting period, you should note the following items:

- **Sales taxes:** Sales taxes are seasonal in Kodiak and will fluctuate based on the quarter. Typically, sales tax revenues are higher in the quarter ending June 30 and September 30 each year. However, due to accrual based accounting requirements, the City records an entry at the end of each fiscal year for proper financial reporting. For the reporting period ending December 31, 2020, the actual amounts reported do not include the sales tax payments for the October to December 2020 quarter due to timing of payments.
- **Intergovernmental revenues:** In previous fiscal years, the State of Alaska Fish Tax revenue sharing and other State revenue sharing programs dropped significantly. As a result, the budgeted amount for these revenue sources was lowered. In recent fiscal years, the amounts received increased as compared to prior fiscal years. For fiscal year 2021, actual amounts exceeded budgeted amounts by approximately \$40,816 for these revenue sources.
- **Net Investment Income:** While interest rates had continued to rise over the most recent fiscal years, interest rates have declined as a result of the impact the COVID-19 had on the U.S. and global economy.

While overall expenses are under budget for the reporting period, you should note the following items:

- **One-time insurance expenditures:** Each year, the City budgets insurance allocations from the internal service fund for insurance premiums to the general fund and each of the enterprise funds. These expenses are shown one time at the beginning of each fiscal year.
- **One-time capital expenditures:** Each year, the City departments budget for one-time capital expenditure needs for equipment, vehicles, software, etc. Depending upon timing and availability of the capital equipment needs requested, these funds may be spent early or late in the fiscal year.
- **Staffing:** Staffing across all departments may fluctuate year over year. Positions that were filled at the beginning of the fiscal year may become vacant or vice versa. All budgeted positions approved by the City Council each fiscal year are budgeted. Due to the recruiting process and the amount of qualified applicants, these positions may be vacant for several weeks before being filled. Therefore, many departments may show under budget due to staffing vacancies. In addition, staffing costs for some departments have been funded by the CARES Act funds.



**General Fund**  
**Budget versus Actual**  
**Revenues**

**For Six Months Ended December 31, 2020**

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Sales Tax	\$ 14,500,000	\$ 7,250,000	\$ 4,200,793	\$ (3,049,207)	-42%	Under	
Property Tax	\$ 1,100,000	\$ 550,000	\$ 541,274	\$ (8,726)	-2%	Under	
Licenses and Permits	\$ 80,300	\$ 40,150	\$ 22,844	\$ (17,306)	-43%	Under	
Intergovernmental	\$ 1,566,179	\$ 783,090	\$ 1,162,086	\$ 378,996	48%	Over	
Charges for Services	\$ 1,920,782	\$ 960,391	\$ 864,811	\$ (95,580)	-10%	Under	
Fines and Forfeitures	\$ 3,000	\$ 1,500	\$ 1,220	\$ (280)	-19%	Under	
Net Investment Income	\$ 50,000	\$ 25,000	\$ 4,377	\$ (20,623)	-82%	Under	
Rents and Royalties	\$ 120,000	\$ 60,000	\$ 97,379	\$ 37,379	62%	Over	
Miscellaneous Revenues	\$ 4,500	\$ 2,250	\$ 71,686	\$ 69,436	3086%	Over	
Interfund Charges	\$ 1,741,261	\$ 870,631	\$ 1,581,278	\$ 710,647	82%	Over	
<b>Total General Fund Revenues</b>	<b>\$ 21,086,022</b>	<b>\$ 10,543,012</b>	<b>\$ 8,547,750</b>	<b>\$ (1,995,262)</b>	<b>-19%</b>		



## General Fund Budget versus Actual Revenues

### Sales Tax:

**Reporting Period Budget: \$7,250,000                      Actual: \$ 4,200,793                      Variance: 52%**

Sales tax is reported on a quarterly basis. As such, at the beginning of each fiscal year, July 31, the fourth quarter for the previous fiscal year is due. An accrual entry is made for fourth quarter sales tax each year to record sales tax revenues in the proper reporting period. Therefore, this reporting period will show sales tax reported and recorded as of December 31 for July, August, and September 2020. Businesses have historically reported less during the first quarter and the 2<sup>nd</sup> quarter due to seasonal activity in Kodiak. As this is the first full year with the remote sales tax, staff will continue to monitor sales tax as we work through the fiscal year.

### Property Tax:

**Reporting Period Budget: \$550,000                      Actual: \$ 541,274                      Variance: 2%**

Property taxes are paid in two annual installments that typically occur in October and January each fiscal year. Due to timing, the second payment was not received until after the reporting period. City staff anticipates property tax revenues to exceed budget for the current fiscal year.

### Licenses and Permits:

**Reporting Period Budget: \$40,150                      Actual: \$ 22,844                      Variance: 43%**

Licenses and permits consist of taxi, building, electric, and plumbing permits along with animal and other licenses issued by the City. These will fluctuate based on need throughout the fiscal year. Typically more permits are issued during the spring months in anticipation for the upcoming construction season.

### Charges for Services:

**Reporting Period Budget: \$960,391                      Actual: \$ 864,811                      Variance: 10%**

Charges for services consist of State contracts for boarding prisoners, animal control contract and fees, ambulance service fees, parks and recreation fees, library fees, and public works fees. State contracts are paid on a quarterly basis while parks and recreation and library fees are based upon user activity. As these departments move through different seasonal programs, enrollment in these programs will fluctuate quarter over quarter.

### Fines and forfeitures:

**Reporting Period Budget: \$1,500                      Actual: \$ 1,220                      Variance: 19%**

Fines and forfeitures are primarily from police related activities. These are miscellaneous charges that are received throughout the year. City staff anticipates these charges to fluctuate on a quarterly basis.

### Net Investment Income:

**Reporting Period Budget: \$25,000                      Actual: \$ 4,377                      Variance: 82%**

Investment gains and losses on the operating investments, interest earned on operating investments, and interest earned on citywide bank accounts are recorded each month in the Central Treasury and allocated on a quarterly basis to each of the funds. While interest rates had risen over the past recent years, the Federal Reserve reduced interest rates twice in March 2020 due to the impact the COVID-19 pandemic had on the U.S. and global economies. U.S. interest rates were reduced by 150 basis points which caused bond prices to decline.



## General Fund Budget versus Actual Expenses

**For Six Months Ended December 31, 2020**

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under	Indicator
						Budget for the Reporting Period	
Legislative	\$ 227,589	\$ 113,795	\$ 72,903	\$ (40,892)	-36%	Under	
Legal Services	\$ 75,000	\$ 37,500	\$ 20,107	\$ (17,393)	-46%	Under	
Administrative Departments	\$ 3,589,674	\$ 1,794,837	\$ 1,399,651	\$ (395,186)	-22%	Under	
Public Safety and Life Safety	\$ 9,700,716	\$ 4,850,358	\$ 2,247,173	\$ (2,603,185)	-54%	Under	
Public Works and Engineering	\$ 2,728,989	\$ 1,364,495	\$ 1,195,645	\$ (168,850)	-12%	Under	
Parks & Recreation and Library	\$ 2,510,786	\$ 1,255,393	\$ 1,004,006	\$ (251,387)	-20%	Under	
Nondepartmental	\$ 2,473,438	\$ 1,236,719	\$ 1,712,929	\$ 476,210	39%	Over	
<b>Total General Fund Expenses</b>	<b>\$ 21,306,192</b>	<b>\$ 10,653,097</b>	<b>\$ 7,652,415</b>	<b>\$ (3,000,682)</b>	<b>-28%</b>		

**Non-departmental:**

Non-departmental includes several one-time allocations and transfers made at the beginning of each fiscal year for the entire year. These allocations, contributions, and transfers include: (1) annual citywide insurance allocations; (2) council directed annual nonprofit grant contributions; (3) downtown maintenance; and (4) general fund transfers to capital project funds. All other non-departmental expenses are those expenses not attributable to a specific fund. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.





**General Fund**  
**Budget versus Actual**  
**Administration Departments – Expenses**

**For Six Months Ended December 31, 2020**

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Executive Administration	\$ 1,038,422	\$ 519,211	\$ 255,085	\$ (264,126)	-51%	Under	
Emergency Preparedness	\$ 35,700	\$ 17,850	\$ 3,942	\$ (13,909)	-78%	Under	
City Clerk Administration	\$ 379,844	\$ 189,922	\$ 162,753	\$ (27,169)	-14%	Under	
City Clerk Records Management	\$ 189,346	\$ 94,673	\$ 88,668	\$ (6,005)	-6%	Under	
Finance Administration & Utilities	\$ 1,050,797	\$ 525,399	\$ 509,480	\$ (15,919)	-3%	Under	
Finance IT	\$ 895,565	\$ 447,783	\$ 379,723	\$ (68,060)	-15%	Under	
<b>Total General Fund Administration Expenses</b>	<b>\$ 3,589,674</b>	<b>\$ 1,794,838</b>	<b>\$ 1,399,651</b>	<b>\$ (395,187)</b>	<b>-22%</b>		



**General Fund**  
**Budget versus Actual**  
**Public Safety and Life Safety Departments – Expenses**

	For Six Months Ended December 31, 2020					Over or Under Budget for the Reporting Period	Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance		
Police Administration	\$ 800,446	\$ 400,223	\$ 311,901	\$ (88,322)	-22%	Under	
Police Station Bond Payments	\$ 451,650	\$ 225,825	\$ 340,575	\$ 114,750	51%	Over	
Police Uniform Patrol & Substation	\$ 2,196,142	\$ 1,098,071	\$ 173,591	\$ (924,480)	-84%	Under	
Police Corrections	\$ 1,481,058	\$ 740,529	\$ 585,239	\$ (155,290)	-21%	Under	
Police Investigations	\$ 343,301	\$ 171,651	\$ 82,416	\$ (89,235)	-52%	Under	
Police Dispatch Services	\$ 449,483	\$ 224,742	\$ 66,710	\$ (158,032)	-70%	Under	
Police Animal Control	\$ 272,624	\$ 136,312	\$ 166,591	\$ 30,279	22%	Over	
Police Drug Enforcement	\$ 213,724	\$ 106,862	\$ 77,502	\$ (29,360)	-27%	Under	
Police Community Services	\$ 183,624	\$ 91,812	\$ 90,520	\$ (1,292)	-1%	Under	
Police Canine	\$ 6,679	\$ 3,340	\$ 3,340	\$ (0)	0%	Under	
Police School Resources	\$ 156,095	\$ 78,048	\$ 3,846	\$ (74,202)	-95%	Under	
Fire Administration	\$ 3,145,890	\$ 1,572,945	\$ 344,942	\$ (1,228,003)	-78%	Under	
<b>Total General Fund Public Safety &amp; Life Safety Expenses</b>	<b>\$ 9,700,716</b>	<b>\$ 4,850,360</b>	<b>\$ 2,247,173</b>	<b>\$ (2,603,187)</b>	<b>-54%</b>		



**General Fund**  
**Budget versus Actual**  
**Public Safety & Life Safety Expenses**

**Police Station Bond Payments:**

**Reporting Period Budget: \$225,825                      Actual: \$ 340,575                      Variance: 51%**

The City has an outstanding general obligation bond for the construction of the police station during fiscal year 2009. This bond was refinanced during fiscal year 2016. During refinancing, the bond principal and interest payments changed to December and June each fiscal year. Due to the timing of payments, City staff anticipates the principal and interest payments to remain consistent with the fiscal year 2021 budget.

**Animal Control**

**Reporting Period Budget: \$136,312                      Actual: \$ 166,591                      Variance: 22%**

The police-animal control department includes a quarterly contract with the Kodiak Humane Society. These quarterly payments are made at the beginning of each quarter. The July 1, October 1 and January 1 payments are included in the actual totals for the reporting period, causing a timing difference. While the budget to actual percentage variance shows an overage for the reporting period, city staff does not anticipate the actual expenses to exceed budget for the annual fiscal year.



**General Fund**  
**Budget versus Actual**  
**Public Works and Engineering Departments – Expenses**

	For Six Months Ended December 31, 2020					Over or Under Budget for the Reporting Period	Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance		
Public Works Administration	\$ 136,429	\$ 68,215	\$ 63,140	\$ (5,075)	-7%	Under	
Public Works Streets	\$ 1,572,682	\$ 786,341	\$ 753,156	\$ (33,185)	-4%	Under	
Public Works Garage	\$ 354,384	\$ 177,192	\$ 118,277	\$ (58,915)	-33%	Under	
Public Works Building Inspectors	\$ 329,039	\$ 164,520	\$ 150,804	\$ (13,716)	-8%	Under	
Public Works Municipal Airport	\$ 32,140	\$ 16,070	\$ 3,068	\$ (13,002)	-81%	Under	
Engineering	\$ 304,315	\$ 152,158	\$ 107,199	\$ (44,959)	-30%	Under	
<b>Total General Fund Public Works &amp; Engineering Expenses</b>	<b>\$ 2,728,989</b>	<b>\$ 1,364,496</b>	<b>\$ 1,195,645</b>	<b>\$ (168,851)</b>	<b>-12%</b>		



**General Fund**  
**Budget versus Actual**  
**Parks & Recreation and Library Departments – Expenses**

	For Six Months Ended December 31, 2020					Over or Under Budget for the Reporting Period	Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance		
Parks & Recreation Administration	\$ 779,017	\$ 389,509	\$ 303,275	\$ (86,234)	-22%	Under	
Parks & Recreation Museum	\$ 107,200	\$ 53,600	\$ 72,956	\$ 19,356	36%	Over	
Parks & Recreation Teen Center	\$ 267,779	\$ 133,890	\$ 94,938	\$ (38,952)	-29%	Under	
Parks & Recreation Aquatics	\$ 260,094	\$ 130,047	\$ 108,964	\$ (21,083)	-16%	Under	
Parks & Recreation Ice Rink	\$ 174,910	\$ 87,455	\$ 50,770	\$ (36,685)	-42%	Under	
Parks & Recreation Beautification	\$ 13,000	\$ 6,500	\$ 12,574	\$ 6,074	93%	Over	
Library Administration	\$ 908,786	\$ 454,393	\$ 360,528	\$ (93,865)	-21%	Under	
<b>Total General Fund Parks &amp; Recreation and Library Expenses</b>	<b>\$2,510,786</b>	<b>\$1,255,394</b>	<b>\$1,004,006</b>	<b>\$ (251,388)</b>	<b>-20%</b>		

**Parks & Recreation Museum:**

**Reporting Period Budget: \$53,600**

**Actual: \$ 72,956**

**Variance: 36%**

Parks and Recreation Museum department includes a quarterly contract with the Kodiak Historical Society. These quarterly payments are made at the beginning of each quarter. The July 1, 2020 and October 1, 2020 and January 1, 2021 payments are included in the actual totals for the reporting period, causing a timing difference. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.

**Parks & Recreation Beautification:**

**Reporting Period Budget: \$6,500**

**Actual: \$ 12,574**

**Variance: 93%**

Parks and Recreation Beautification department shows an overage in the budget to actual percentage variance which is attributed to the cost of replacing its inventory of memorial benches.



## General Fund Budget versus Actual Non-departmental Expenses

**For Six Months Ended December 31, 2020**

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Nondepartmental Administration	\$ 479,867	\$ 239,934	\$ 146,346	\$ (93,588)	-39%	Under	
Nondepartmental Contributions	\$ 175,000	\$ 87,500	\$ 175,000	\$ 87,500	100%	Over	
Nondepartmental Downtown Maintenance	\$ 39,000	\$ 19,500	\$ 7,211	\$ (12,289)	-63%	Under	
Nondepartmental Transfers	\$ 1,779,571	\$ 889,786	\$ 1,384,372	\$ 494,586	56%	Over	
<b>Total NonDepartmental Expenses</b>	<b>\$ 2,473,438</b>	<b>\$ 1,236,720</b>	<b>\$ 1,712,929</b>	<b>\$ 476,209</b>	<b>39%</b>		

**Non-departmental:**

Non-departmental includes several one-time allocations and transfers made at the beginning of each fiscal year for the entire year. These allocations, contributions, and transfers include: (1) annual citywide insurance allocations; (2) council directed annual nonprofit grant contributions; (3) downtown maintenance; and (4) general fund transfers to capital project funds. All other non-departmental expenses are those expenses not attributable to a specific department. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.



## **Special Revenue Funds Overview**

### **Tourism Fund:**

The reporting period shows total revenues of \$72,385 and total expenses of \$146,100. This equates to a deficit for the six months ended December 31, 2020 (i.e. the reporting period) of \$(73,715).

While the Tourism fund shows an overall deficit, you should note the following items:

- **Hotel / Motel taxes:** Hotel / Motel taxes are seasonal in Kodiak and will fluctuate based on the quarter. Typically, sales tax revenues are higher in the quarter ending June 30 and September 30 each year. However, the actual reported does not include the hotel/motel taxes for the quarter ending December 31 due to the timing of quarterly payments.

### **Enhancement Fund:**

The reporting period shows total revenues of \$44,370. This equates to a surplus for the six months ended December 31, 2020 (i.e. the reporting period) of \$44,370.

While the Enhancement fund shows an overall surplus, you should note the following items:

**Net Investment Income:** While interest rates had risen over the past recent years, the Federal Reserve reduced interest rates twice in March 2020 due to the impact the COVID-19 pandemic had on the U.S. and global economies. U.S. interest rates were reduced by 150 basis points which caused bond prices to decline. The City utilizes risk-based measures to ensure that public funds are invested in low-risk markets.



**Tourism Fund**  
**Budget versus Actual**  
**Revenues and Expenses**

	<u>For Six Months Ended December 31, 2020</u>					Over or Under	Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Budget for the Reporting Period	
Hotel / Motel Tax Revenues	\$ 200,000	\$ 100,000	\$ 72,192	\$ 53,915	54%	Over	
Net investment income	\$ 5,000	\$ 2,500	\$ 193	\$ (2,307)	-92%	Under	
Administrative Expenses	\$ 205,000	\$ 102,500	\$ 146,100	\$ 119,100	116%	Over	
<b>Tourism Fund - Net Revenues Less Expenses</b>	<b>\$ 410,000</b>	<b>\$ 205,000</b>	<b>\$ (73,715)</b>	<b>\$ (278,715)</b>	<b>-136%</b>		

**Net Investment Income:**

Investment gains and losses on the operating investments, interest earned on operating investments, and interest earned on citywide bank accounts are recorded each month in the Central Treasury and allocated on a quarterly basis to each of the funds. While interest rates had risen over the past recent years, the Federal Reserve reduced interest rates twice in March 2020 due to the impact the COVID-19 pandemic had on the U.S. and global economies. U.S. interest rates were reduced by 150 basis points which caused bond prices to decline.

**Administrative Expenses:**



Administrative expenses include quarterly payments to the Chamber of Commerce and Discover Kodiak. These are expended on the first day of each quarter for the entire fiscal year. The actual expenses noted above include two quarterly payments for July 1, and October 1. In addition, this fund includes annual allocations for services performed by administration, parks and recreation, and public works departments. These allocations are recorded for the entire year at the beginning of each fiscal year. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.





### Enhancement Fund Budget versus Actual Revenues

**For Six Months Ended December 31, 2020**

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Net Investment Income	\$50,000	\$ 25,000	\$17,057	\$ (7,943)	-32%	Under	
Rents and Royalties	\$40,000	\$ 20,000	\$27,313	\$ 7,313	37%	Over	
<b>Enhancement Fund Total Revenues</b>	<b>\$90,000</b>	<b>\$ 45,000</b>	<b>\$44,370</b>	<b>\$ 630</b>	<b>1%</b>		

**Net Investment Income:**

Investment gains and losses on the operating investments, interest earned on operating investments, and interest earned on citywide bank accounts are recorded each month in the Central Treasury and allocated on a quarterly basis to each of the funds. While interest rates had risen over the past recent years, the Federal Reserve reduced interest rates twice in March 2020 due to the impact the COVID-19 pandemic had on the U.S. and global economies. U.S. interest rates were reduced by 150 basis points which caused bond prices to decline.



*This page intentionally left blank.*



## **Enterprise Funds Overview**

### **Cargo Fund:**

The reporting period shows total revenues of \$865,402 and total expenses of \$833,855. This equates to a surplus for the six months ended December 31, 2020 (i.e. the reporting period) of \$31,547.

### **Boat Harbor Fund:**

The reporting period shows total revenues of \$2,276,622 and total expenses of \$1,632,690. This equates to surplus for the six months ended October 31, 2019 (i.e. the reporting period) of \$643,932.

### **Ship Yard Fund:**

The reporting period shows total revenues of \$225,324 and total expenses of \$565,871. This equates to a deficit for the six months ended December 31, 2020 (i.e. the reporting period) of \$(340,547).

### **Harbor Electric Fund:**

The reporting period shows total revenues of \$325,607 and total expenses of \$247,184. This equates to a surplus for the six months ended December 31, 2020 (i.e. the reporting period) of \$78,423.

### **Water Utility Fund:**

The reporting period shows total revenues of \$2,505,348 and total expenses of \$1,483,199. This equates to a surplus for the six months ended December 31, 2020 (i.e. the reporting period) of \$1,022,149.

### **Sewer Utility Fund:**

The reporting period shows total revenues of \$2,546,355 and total expenses of \$2,962,971. This equates to a deficit for the six months ended December 31, 2020 (i.e. the reporting period) of \$(416,617).

### **Trident Basin Fund:**

The reporting period shows total revenues of \$67,979 and total expenses of \$89,403. This equates to a deficit for the six months ended December 31, 2020 (i.e. the reporting period) of \$(89,403).

### **E-911 Services Fund:**

The reporting period shows total revenues of \$222,794 and total expenses of \$521,051. This equates to a deficit for the six months ended December 31, 2020 (i.e. the reporting period) of \$(298,256).

While overall expenses are under budget for the reporting period, you should note the following items:

- **Annual insurance and interfund allocations:** Insurance and interfund administration charges are allocated once a year to the enterprise funds. These charges are allocated at the beginning of each fiscal year to cover the entire year.
- **One-time capital expenditures:** Each year, the City departments budget for one-time capital expenditure needs for equipment, vehicles, software, etc. Depending upon timing and availability of the capital equipment needs requested, these funds may be spent early or late in the fiscal year.
- **Staffing:** Staffing across all departments may fluctuate year over year. Positions that were filled at the beginning of the fiscal year may become vacant or vice versa. All budgeted positions approved by the City Council each fiscal year are budgeted. Due to the recruiting process and the amount of qualified applicants, these positions may be vacant for several weeks before being filled. Therefore, many departments may show under budget due to staffing vacancies. Staffing costs in some departments for the reporting period were funded with the CARES Act funds.



### Cargo Fund Budget versus Actual Revenues

**For Six Months Ended December 31, 2020**

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under	Indicator
						Budget for the Reporting Period	
PERS On Behalf	\$ 8,781	\$ 4,391	\$ 6,941	\$ 2,550	58%	Over	
Charges for Services	\$ 1,500,000	\$ 750,000	\$ 695,705	\$ (54,295)	-7%	Under	
Net Investment Income	\$ 30,000	\$ 15,000	\$ 2,616	\$ (12,384)	-83%	Under	
Rentals	\$ 275,000	\$ 137,500	\$ 160,140	\$ 22,640	16%	Over	
<b>Total Cargo Revenues</b>	<b>\$ 1,813,781</b>	<b>\$ 906,891</b>	<b>\$ 865,402</b>	<b>\$ (41,489)</b>	<b>-5%</b>		

**PERS on Behalf:**

PERS on Behalf payments are made by the State of Alaska throughout the year based on City reported payrolls. The City records this allocation on an annual basis at the end of the fiscal year. The City has been notified that the State is not funding as much into PERS on Behalf as they have done in the past. City staff will continue to monitor PERS on Behalf throughout the fiscal year.



### Cargo Fund Budget versus Actual Expenses

For Six Months Ended December 31, 2020

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Cargo Administration	\$ 565,024	\$ 282,512	\$ 172,761	\$(109,751)	-39%	Under	
Interfund Charges	\$ 180,563	\$ 90,282	\$ 184,127	\$ 93,845	104%	Over	
Warehouse	\$ 22,500	\$ 11,250	\$ 20,432	\$ 9,182	82%	Over	
Pier II	\$ 1,813,252	\$ 906,626	\$ 456,051	\$(450,575)	-50%	Under	
Pier III	\$ 7,400	\$ 3,700	\$ 485	\$(3,215)	-87%	Under	
<b>Total Cargo Expenses</b>	<b>\$ 2,588,739</b>	<b>\$ 1,294,370</b>	<b>\$ 833,855</b>	<b>\$(460,515)</b>	<b>-36%</b>		

**Warehouse:**

The budget to actual percentage variance shows an overage, which could be attributed to unanticipated repairs/replacement to the garage door at the Pier II warehouse. The door is in need of a new replacement due to rust, wear and tear.

**Interfund Charges:**

Interfund charges are one-time allocations for the entire year. These are recorded at the beginning of each fiscal year. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.



## Harbor Fund Budget versus Actual Revenues

**For Six Months Ended December 31, 2020**

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
PERS On Behalf	\$ 36,081	\$ 18,041	\$ 19,682	\$ 1,641	9%	Over	
Charges for Services	\$ 2,626,665	\$ 1,313,333	\$ 2,118,625	\$ 805,292	61%	Over	
Pier I Charges for Services	\$ 23,000	\$ 11,500	\$ -	\$ (11,500)	-100%	Under	
Net Investment Income	\$ 26,000	\$ 13,000	\$ 16,968	\$ 3,968	31%	Over	
Rentals	\$ 17,090	\$ 8,545	\$ 41,500	\$ 32,955	386%	Over	
Miscellaneous Revenues	\$ 7,300	\$ 3,650	\$ 1,303	\$ (2,347)	-64%	Under	
Interfund Charges	\$ 76,713	\$ 38,357	\$ 78,545	\$ 40,188	100%	Over	
<b>Total Harbor Revenues</b>	<b>\$ 2,812,849</b>	<b>\$ 1,406,426</b>	<b>\$ 2,276,622</b>	<b>\$ 870,196</b>	<b>62%</b>		

**PERS on Behalf:**

PERS on Behalf payments are made by the State of Alaska throughout the year based on City reported payrolls. The City records this allocation on an annual basis at the end of the fiscal year. The City has been notified that the State is not funding as much into PERS on Behalf as they have done in the past. City staff will continue to monitor PERS on Behalf throughout the fiscal year.

**Pier I Charges for Services:**

Pier I Charges for services were implemented upon signing the agreement with the State of Alaska for the new ferry dock terminal. Per this agreement, separate subsections of revenues and expenses related to Pier I must be maintained. As the agreement for the new Pier I has not been signed by the City or the State, City staff will continue to monitor throughout the fiscal year and adjust the budget accordingly.

**Miscellaneous Revenue:**

These revenues are miscellaneous in nature and will fluctuate year over year. These revenues are under budget for the reporting period due to the timing of payments. City staff anticipates these revenues to align over the course of the fiscal year.



## Harbor Fund Budget versus Actual Expenses

	For Six Months Ended December 31, 2020					Over or Under Budget for the Reporting Period	Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance		
Harbor Administration	\$ 3,842,236	\$ 1,921,118	\$ 1,186,396	\$ (734,722)	-38%	Under	
Interfund Charges	\$ 288,236	\$ 144,118	\$ 293,680	\$ 149,562	104%	Over	
Transfers to Ship Yard	\$ 84,087	\$ 42,044	\$ 149,876	\$ 107,832	256%	Over	
Pier I Expenses	\$ 31,500	\$ 15,750	\$ 2,738	\$ (13,012)	-83%	Under	
<b>Total Harbor Expenses</b>	<b>\$ 4,246,059</b>	<b>\$ 2,123,030</b>	<b>\$ 1,632,690</b>	<b>\$ (490,340)</b>	<b>-23%</b>		

**Interfund Charges:**

Interfund charges are one-time allocations for the entire year. These are recorded at the beginning of each fiscal year. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.

**Transfers to Ship Yard:**

When the Ship Yard was established and the Marine Travel Lift purchased, the City Council approved revenue bonds and the establishment of the Ship Yard Enterprise Fund. This documentation includes a provision that the Boat Harbor Enterprise Fund would fund the Ship Yard if it was unable to meet operating expenditures. The fiscal year 2021 budget included a transfer to the Ship Yard fund for operations. As transfers occur once at the beginning of each fiscal year, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.



## Shipyard Fund Budget versus Actual Revenues

	For Six Months Ended December 31, 2020						Over or Under Budget for the Reporting Period	Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance			
PERS On Behalf	\$ 5,195	\$ 2,598	\$ 4,344	\$ 1,746	67%	Over		
Charges for Services	\$ 468,000	\$ 234,000	\$ 51,104	\$ (182,896)	-78%	Under		
Net Investment Income	\$ 500	\$ 250	\$ -	\$ (250)	-100%	Under		
Miscellaneous Revenue	\$ -	\$ -	\$ 20,000	\$ 20,000	100%	Over		
Transfers from Boat Harbor	\$ 84,087	\$ 42,044	\$ 149,876	\$ 107,832	256%	Over		
<b>Total Shipyard Revenues</b>	<b>\$ 557,782</b>	<b>\$ 278,892</b>	<b>\$ 225,324</b>	<b>\$ (53,568)</b>	<b>-19%</b>			

**Charges for Services:**

Charges for services will fluctuate based on the number of vessels lifted and stored in the yard for a period of time. The Port and Harbor Advisory Board and the Harbormaster have been exploring ways to increase revenues in the shipyard. In August 2020, the shipyard operations was outsourced to Highmark Marine Fabrication, LLC. The number of vessel lifts and the number of vessels in the yard have increased as compared to prior years.

**Net Investment Income:**



Investment gains and losses on the operating investments, interest earned on operating investments, and interest earned on citywide bank accounts are recorded each month in the Central Treasury and allocated on a quarterly basis to each of the funds. While interest rates had risen over the past recent years, the Federal Reserve reduced interest rates twice in March 2020 due to the impact the COVID-19 pandemic had on the U.S. and global economies. U.S. interest rates were reduced by 150 basis points which caused bond prices to decline.





## Shipyard Fund Budget versus Actual Expenses

**For Six Months Ended December 31, 2020**

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Shipyard Administration	\$ 1,141,608	\$ 570,804	\$ 438,903	\$ (131,901)	-23%	Under	
Interfund Charges	\$ 124,467	\$ 62,234	\$ 126,968	\$ 64,734	104%	Over	
<b>Total Shipyard Expenses</b>	<b><u>\$ 1,266,075</u></b>	<b><u>\$ 633,038</u></b>	<b><u>\$ 565,871</u></b>	<b><u>\$ (67,167)</u></b>	<b><u>-11%</u></b>		

**Interfund Charges:**

Interfund charges are one-time allocations for the entire year. These are recorded at the beginning of each fiscal year. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.



## Water Utility Fund Budget versus Actual Revenues

For Six Months Ended December 31, 2020

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under	Indicator
						Budget for the Reporting Period	
Penalties & Interest	\$ 27,000	\$ 13,500	\$ (5,810)	\$ (19,310)	-143%	Under	
PERS On Behalf	\$ 21,883	\$ 10,942	\$ 14,150	\$ 3,208	29%	Over	
Charges for Services	\$ 4,615,000	\$ 2,307,500	\$ 2,488,513	\$ 181,013	8%	Over	
Net Investment Income	\$ 60,000	\$ 30,000	\$ 6,371	\$ (23,629)	-79%	Under	
Miscellaneous Revenues	\$ 5,000	\$ 2,500	\$ 2,124	\$ (376)	-15%	Under	
<b>Total Water Revenues</b>	<b>\$ 4,728,883</b>	<b>\$ 2,364,442</b>	<b>\$ 2,505,348</b>	<b>\$ 140,906</b>	<b>6%</b>		

**Penalties & Interest:**

Penalties and interest are charged on past due water utility accounts. These will fluctuate based on the user's timely payments. Due to the COVID-19 pandemic, penalties and interest on past due accounts have been waived. City staff will continue to monitor penalties and interest throughout the fiscal year.

**Net Investment Income:**



Investment gains and losses on the operating investments, interest earned on operating investments, and interest earned on citywide bank accounts are recorded each month in the Central Treasury and allocated on a quarterly basis to each of the funds. While interest rates had risen over the past recent years, the Federal Reserve reduced interest rates twice in March 2020 due to the impact the COVID-19 pandemic had on the U.S. and global economies. U.S. interest rates were reduced by 150 basis points which caused bond prices to decline.

**Miscellaneous Revenues:**

These revenues are miscellaneous in nature and will fluctuate year over year. City staff will continue to monitor these revenues throughout the fiscal year.



**Water Utility Fund**  
**Budget versus Actual**  
**Expenses**

For Six Months Ended December 31, 2020							
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Water Distribution	\$ 2,887,303	\$ 1,443,652	\$ 1,166,746	\$ (276,906)	-19%	Under	
Water Treatment	\$ 533,881	\$ 266,941	\$ 316,453	\$ 49,512	19%	Over	
<b>Total Water Utility Expenses</b>	<b>\$ 3,421,184</b>	<b>\$ 1,710,593</b>	<b>\$ 1,483,199</b>	<b>\$ (227,394)</b>	<b>-13%</b>		

**Water Treatment:**

Insurance and interfund administration charges are allocated once a year to the Water Treatment department. These charges are allocated at the beginning of each fiscal year to cover the entire year. Other expenses within this department are falling within the specified budget parameters for the reporting periods. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.



## Sewer Utility Fund Budget versus Actual Revenues

	For Six Months Ended December 31, 2020						Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	
PERS On Behalf	\$ 34,666	\$ 17,333	\$ 29,790	\$ 12,457	72%	Over	
Charges for Services	\$ 5,184,455	\$ 2,592,228	\$ 2,505,813	\$ (86,415)	-3%	Under	
Net Investment Income	\$ 25,000	\$ 12,500	\$ 2,538	\$ (9,962)	-80%	Under	
Miscellaneous Revenues	\$ -	\$ -	\$ 8,214	\$ 8,214	100%	Over	
<b>Total Sewer Revenues</b>	<b><u>\$ 5,244,121</u></b>	<b><u>\$ 2,622,061</u></b>	<b><u>\$ 2,546,355</u></b>	<b><u>\$ (75,706)</u></b>	<b><u>-3%</u></b>		

**Net Investment Income:**

Investment gains and losses on the operating investments, interest earned on operating investments, and interest earned on citywide bank accounts are recorded each month in the Central Treasury and allocated on a quarterly basis to each of the funds. While interest rates had risen over the past recent years, the Federal Reserve reduced interest rates twice in March 2020 due to the impact the COVID-19 pandemic had on the U.S. and global economies. U.S. interest rates were reduced by 150 basis points which caused bond prices to decline.



## Sewer Utility Fund Budget versus Actual Expenses

For Six Months Ended December 31, 2020

	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under	Indicator
						Budget for the Reporting Period	
Sewer Transfers	\$ 230,000	\$ 115,000	\$ 697,372	\$ 582,372	506%	Over	
Sewer Collection	\$ 1,131,389	\$ 565,695	\$ 914,851	\$ 349,156	62%	Over	
Wastewater Treatment	\$ 2,854,619	\$ 1,427,310	\$ 1,038,060	\$ (389,250)	-27%	Under	
Compost	\$ 623,982	\$ 311,991	\$ 312,689	\$ 698	0%	Over	
<b>Total Sewer Utility Expenses</b>	<b>\$ 4,839,990</b>	<b>\$ 2,419,996</b>	<b>\$ 2,962,971</b>	<b>\$ 542,975</b>	<b>22%</b>		

**Sewer Transfers:**

Transfers include transfers to the Sewer Capital Improvement fund as well as Alaska DEC loan proceeds. As the draw down for loans fluctuate based on the expenditures incurred, these transfers will be updated for the loan draw down during the upcoming supplemental budget.

**Sewer Collection:**

Insurance and interfund administration charges are allocated once a year to the Sewer Collection department. These charges are allocated at the beginning of each fiscal year to cover the entire year. Other expenses within this department are falling within the specified budget parameters for the reporting periods. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.



## Harbor Electric Fund Budget versus Actual Revenues and Expenses

	For Six Months Ended December 31, 2020						Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	
Revenues - Charges for Services	\$ 674,500	\$ 337,250	\$ 325,474	\$ (11,776)	-3%	Under	
Revenues - Net Investment Income	\$ 5,000	\$ 2,500	\$ 133	\$ (2,367)	-95%	Under	
Administration Expenses	\$ 576,866	\$ 288,433	\$ 189,390	\$ (99,043)	-34%	Under	
Interfund Charges	\$ 56,633	\$ 28,317	\$ 57,794	\$ 29,477	104%	Over	
<hr/>							
<b>Harbor Electric Fund - Net</b>							
<b>Revenues Less Expenses</b>	<u>\$ 46,001</u>	<u>\$ 23,000</u>	<u>\$ 78,423</u>	<u>\$ 55,423</u>	<u>241%</u>		

### Revenues – Charges for Services:

The Harbor Electric Enterprise Fund provides electricity to users currently residing within the Boat Harbor. These revenues will fluctuate each month based on the number of users. Expenses related to acquiring electricity to provide to the end users will directly correlate with the amount of revenue received. City staff anticipates these revenues and corresponding expenses to fluctuate. City staff will continue to monitor these revenues and expenses throughout the fiscal year.

### Revenues - Net Investment Income:

Investment gains and losses on the operating investments, interest earned on operating investments, and interest earned on citywide bank accounts are recorded each month in the Central Treasury and allocated on a quarterly basis to each of the funds. While interest rates had risen over the past recent years, the Federal Reserve reduced interest rates twice in March 2020 due to the impact the COVID-19 pandemic had on the U.S. and global economies. U.S. interest rates were reduced by 150 basis points which caused bond prices to decline.

### Interfund Charges:

Interfund charges are one-time allocations for the entire year. These are recorded at the beginning of each fiscal year. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.






### Trident Basin Fund Budget versus Actual Revenues and Expenses

	For Six Months Ended December 31, 2020					Over or Under	
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Budget for the Reporting Period	Indicator
Revenues - Charges for Services	\$ 15,000	\$ 7,500	\$ 14,333	\$ 6,833	91%	Over	
Revenues - Rentals	\$ 40,000	\$ 20,000	\$ 53,647	\$ 33,647	168%	Over	
Administration Expenses	\$ 317,500	\$ 158,750	\$ 89,403	\$ (69,347)	-44%	Under	
<b>Trident Basin Fund - Net Revenues Less Expenses</b>	<u>\$ (262,500)</u>	<u>\$ (131,250)</u>	<u>\$ (21,424)</u>	<u>\$ 109,826</u>	<u>-84%</u>		



### E-911 Services Fund Budget versus Actual Revenues and Expenses

	For Six Months Ended December 31, 2020					Over or Under Budget for the Reporting Period	Indicator
	Annual Budget	Reporting Period (6 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance		
Revenues - PERS	\$ 22,351	\$ 11,176	\$ 19,866	\$ 8,690	78%	Over	
Revenues - E-911 Surcharge	\$ 450,000	\$ 225,000	\$ 202,928	\$ (22,072)	-10%	Under	
Administration Expenses	\$ 1,044,420	\$ 522,210	\$ 521,051	\$ (1,160)	0%	Under	
<b>E-911 Services Fund - Net Revenues Less Expenses</b>	<u>\$ (572,069)</u>	<u>\$ (286,034)</u>	<u>\$ (298,256)</u>	<u>\$ (12,222)</u>	<u>4%</u>		

**Revenues – E-911 Surcharge:**

The City receives payments from the Kodiak Island Borough under the Alaska State Statute for the E-911 surcharge on all landline and cellular telephones. Due to the timing of this report, the second quarterly payment from the Kodiak Island Borough had not yet been received.





*This page intentionally left blank.*