



**City of Kodiak  
Financial Update**

**July 1, 2022 – December 31, 2022**

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March 14, 2023

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 2023. The period of this report covers July 1, 2022 through December 31, 2022. 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	First full Week in April
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. Note that the Vehicle Replacement allocations for FY23 are NOT included in this report. They will be included in the report expected to be provided the first week of April.

### **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.

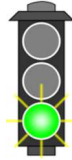
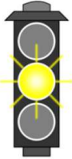
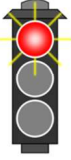
For comparability and ease of use, we have utilized a Traffic Signal indicator. These indicators will guide you through a more efficient assessment of the budget versus actual components. These indicators will fall within a percentage variance of Budget versus Actual for the reporting period of the financial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

<u>Traffic Light Color</u>	<u>Symbol</u>	<u>Expenses - Trigger Points</u>	<u>Revenues - Trigger Points</u>
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 continue to work through this fiscal year.

Respectfully,

David Freswick  
June Freswick  
Interim Finance Directors



## **General Fund Overview**

The reporting period shows total general fund revenues of \$9,885,339 and total general fund expenses of \$15,206,153. This equates to a deficit for the six months ended December 31, 2022 (i.e. the reporting period) of \$5,320,814.

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, 2022, the actual amounts reported do not include the sales tax payments for the October to December 2022 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 the period covered in this report, actual amounts for State Revenue Sharing and State of Alaska Fish Tax exceeded budgeted amounts by approximately \$223,792 for these revenue sources.
- **Net Investment Income:** At this time the biggest part of the adjustments in the general ledger for the investment portfolio have not yet been posted.

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.



## General Fund Budget versus Actual Revenues

**For Six Months Ended December 31, 2022**

	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	\$ 15,547,500	\$ 7,773,750	\$ 5,298,254	\$ (2,475,496)	-32%	Under	
Property Tax	\$ 1,205,000	\$ 602,500	\$ 547,660	\$ (54,840)	-9%	Under	
Licenses and Permits	\$ 101,000	\$ 50,500	\$ 144,380	\$ 93,880	186%	Over	
Intergovernmental	\$ 1,419,139	\$ 709,570	\$ 1,301,933	\$ 592,363	83%	Over	
Charges for Services	\$ 1,955,482	\$ 977,741	\$ 967,010	\$ (10,731)	-1%	Under	
Fines and Forfeitures	\$ 3,500	\$ 1,750	\$ 5,511	\$ 3,761	215%	Over	
Net Investment Income	\$ 50,000	\$ 25,000	\$ -	\$ (25,000)	-100%	Under	
Rents and Royalties	\$ 150,000	\$ 75,000	\$ 56,414	\$ (18,586)	-25%	Under	
Miscellaneous Revenues	\$ 6,000	\$ 3,000	\$ 232,088	\$ 229,088	7636%	Over	
Interfund Charges	\$ 1,712,922	\$ 856,461	\$ 1,332,090	\$ 475,629	56%	Over	
Appropriation - Fund Bal	\$ 5,113,324	\$ 2,556,662	\$ -	\$ (2,556,662)	-100%	Under	
<b>Total General Fund Revenues</b>	<b>\$ 27,263,867</b>	<b>\$ 11,075,272</b>	<b>\$ 9,885,339</b>	<b>\$ (1,189,933)</b>	<b>-11%</b>		



## General Fund Budget versus Actual Revenues

### Sales Tax:

**Reporting Period Budget: \$7,773,750                      Actual: \$ 5,298,254                      Variance: - 32%**

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 2022. Businesses have historically reported less during the 1st quarter and the 2<sup>nd</sup> quarter due to seasonal activity in Kodiak.

### Property Tax:

**Reporting Period Budget: \$602,500                      Actual: \$ 547,660                      Variance: - 9%**

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: \$50,500                      Actual: \$ 144,380                      Variance: 186%**

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: \$977,741                      Actual: \$ 967,010                      Variance: - 1%**

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: \$1,750                      Actual: \$ 5,511                      Variance: 215%**

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: \$ 0                      Variance: - 100%**

Most investment gain/losses have not yet been posted for FY23. 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. The Fed's cut interest rates for most of 2019 through early 2020. Since March 2022 interest rates have been increased eight times. Since bond rates act inversely to interest rates, when interest rates increase the return on bonds decreases.



## General Fund Budget versus Actual Expenses

	For Six Months Ended December 31, 2022						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	
Legislative	\$ 235,671	\$ 117,836	\$ 79,098	\$ (38,738)	-33%	Under	
Legal Services	\$ 60,000	\$ 30,000	\$ 25,332	\$ (4,668)	-16%	Under	
Administrative Departments	\$ 4,384,110	\$ 2,192,055	\$ 1,637,904	\$ (554,151)	-25%	Under	
Public Safety and Life Safety	\$ 9,637,149	\$ 4,818,575	\$ 4,255,456	\$ (563,120)	-12%	Under	
Public Works and Engineering	\$ 2,486,660	\$ 1,243,330	\$ 1,004,926	\$ (238,404)	-19%	Under	
Parks & Recreation and Library	\$ 2,558,234	\$ 1,279,117	\$ 1,079,929	\$ (199,188)	-16%	Under	
Nondepartmental	\$ 7,902,043	\$ 3,951,022	\$ 7,123,508	\$ 3,172,486	80%	Over	
<b>Total General Fund Expenses</b>	<u>\$ 27,263,867</u>	<u>\$ 13,631,935</u>	<u>\$ 15,206,153</u>	<u>\$ 1,574,218</u>	<u>12%</u>		

**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, 2022					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		
Executive Administration	\$ 940,207	\$ 470,104	\$ 405,517	\$ (64,587)	-14%	Under	
Emergency Preparedness	\$ 48,228	\$ 24,114	\$ 8,357	\$ (15,757)	-65%	Under	
City Clerk Administration	\$ 355,610	\$ 177,805	\$ 170,853	\$ (6,952)	-4%	Under	
City Clerk Records Management	\$ 268,361	\$ 134,181	\$ 81,603	\$ (52,578)	-39%	Under	
Finance Administration & Utilities	\$ 1,790,513	\$ 895,257	\$ 563,962	\$ (331,295)	-37%	Under	
Finance IT	\$ 981,191	\$ 490,596	\$ 407,612	\$ (82,984)	-17%	Under	
<b>Total General Fund Administration Expenses</b>	<b>\$4,384,110</b>	<b>\$2,192,057</b>	<b>\$1,637,904</b>	<b>\$ (554,153)</b>	<b>-25%</b>		



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

**For Six Months Ended December 31, 2022**

	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
Police Administration	\$ 1,009,814	\$ 504,907	\$ 459,091	\$ (45,816)	-9%	Under	
Police Station Bond Payments	\$ 446,950	\$ 223,475	\$ 346,475	\$ 123,000	55%	Over	
Police Uniform Patrol & Substation	\$ 2,089,785	\$ 1,044,893	\$ 1,000,835	\$ (44,058)	-4%	Under	
Substation	\$ 9,000	\$ 4,500	\$ 1,795	\$ (2,705)	-60%	Under	
Police Corrections	\$ 1,435,708	\$ 717,854	\$ 729,335	\$ 11,481	2%	Over	
Police Investigations	\$ 312,704	\$ 156,352	\$ 128,478	\$ (27,874)	-18%	Under	
Police Dispatch Services	\$ 465,874	\$ 232,937	\$ 194,615	\$ (38,322)	-16%	Under	
Police Animal Control	\$ 306,281	\$ 153,141	\$ 170,308	\$ 17,167	11%	Over	
Police Drug Enforcement	\$ 192,481	\$ 96,241	\$ 8,686	\$ (87,555)	-91%	Under	
Police Community Services	\$ 203,564	\$ 101,782	\$ 34,701	\$ (67,081)	-66%	Under	
Police Canine	\$ 6,680	\$ 3,340	\$ -	\$ (3,340)	-100%	Under	
Fire Administration	\$ 3,158,308	\$ 1,579,154	\$ 1,181,137	\$ (398,017)	-25%	Under	
<b>Total General Fund Public Safety &amp; Life Safety Expenses</b>	<b>\$ 9,637,149</b>	<b>\$ 4,818,576</b>	<b>\$ 4,255,456</b>	<b>\$ (563,121)</b>	<b>-12%</b>		



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

**Police Station Bond Payments:**

**Reporting Period Budget: \$223,475                      Actual: \$346,475                      Variance: 55%**

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 2023 budget.

**Animal Control**

**Reporting Period Budget: \$153,141                      Actual: \$ 170,308                      Variance: 11%**

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**

	<b>For Six Months Ended December 31, 2022</b>					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	\$ 165,833	\$ 82,917	\$ 65,886	\$ (17,031)	-21%	Under	
Public Works Streets	\$ 1,376,789	\$ 688,395	\$ 521,992	\$ (166,404)	-24%	Under	
Public Works Garage	\$ 306,329	\$ 153,165	\$ 160,082	\$ 6,917	5%	Over	
Public Works Building Inspectors	\$ 388,837	\$ 194,419	\$ 175,900	\$ (18,519)	-10%	Under	
Public Works Municipal Airport	\$ 20,219	\$ 10,110	\$ 16,932	\$ 6,822	67%	Over	
Engineering	\$ 228,653	\$ 114,327	\$ 64,135	\$ (50,192)	-44%	Under	
<b>Total General Fund Public Works &amp; Engineering Expenses</b>	<b>\$ 2,486,660</b>	<b>\$ 1,243,333</b>	<b>\$ 1,004,926</b>	<b>\$ (238,407)</b>	<b>-19%</b>		



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

	<b>For Six Months Ended December 31, 2022</b>						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	
Parks & Recreation Administration	\$ 815,598	\$ 407,799	\$ 352,813	\$ (54,986)	-13%	Under	
Parks & Recreation Teen Center	\$ 310,886	\$ 155,443	\$ 125,775	\$ (29,668)	-19%	Under	
Parks & Recreation Aquatics	\$ 262,823	\$ 131,412	\$ 120,626	\$ (10,786)	-8%	Under	
Parks & Recreation Ice Rink	\$ 166,959	\$ 83,480	\$ 73,252	\$ (10,228)	-12%	Under	
Parks & Recreation Beautification	\$ 12,300	\$ 6,150	\$ 1,104	\$ (5,046)	-82%	Under	
Library Administration	\$ 989,668	\$ 494,834	\$ 406,358	\$ (88,476)	-18%	Under	
<b>Total General Fund Parks &amp; Recreation and Library Expenses</b>	<b><u>\$2,558,234</u></b>	<b><u>\$1,279,118</u></b>	<b><u>\$1,079,929</u></b>	<b><u>\$ (199,189)</u></b>	<b><u>-16%</u></b>		



**General Fund**  
**Budget versus Actual**  
**Non-departmental Expenses**

**For Six Months Ended December 31, 2022**

	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	\$ 788,811	\$ 394,406	\$ 489,045	\$ 94,639	24%	Over	
Nondepartmental Museum	\$ 107,200	\$ 53,600	\$ 9,534	\$ (44,066)	-82%	Under	
Nondepartmental Contributions	\$ 201,200	\$ 100,600	\$ 201,200	\$ 100,600	100%	Over	
Nondepartmental Downtown Maintenance	\$ 24,000	\$ 12,000	\$ 23,730	\$ 11,730	98%	Over	
Nondepartmental Transfers	\$ 6,780,832	\$ 3,390,416	\$ 6,400,000	\$ 3,009,584	89%	Over	
<b>Total NonDepartmental Expenses</b>	<b>\$ 7,902,043</b>	<b>\$ 3,951,022</b>	<b>\$ 7,123,508</b>	<b>\$ 3,172,486</b>	<b>80%</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.

**Non-departmental Museum:**

**Reporting Period Budget: \$53,600    Actual: \$ 9,534    Variance: - 82%**

Non-departmental Museum includes a quarterly contract with the Kodiak Historical Society. These quarterly payments are made at the beginning of each quarter. None of the payments are included in the actual totals for the reporting period as they have not yet been posted. 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 \$149,001 and total expenses of \$208,600. This equates to a deficit for the six months ended December 31, 2022 (i.e. the reporting period) of \$(59,599).

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.

### Tourism 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		
Hotel / Motel Tax Revenues	\$ 250,000	\$ 125,000	\$ 149,001	\$ 53,915	43%	Over	
Net investment income	\$ 2,000	\$ 1,000	\$ -	\$ (1,000)	-100%	Under	
Administrative Expenses	\$ 252,000	\$ 126,000	\$ 208,600	\$ 119,100	95%	Over	
<b>Tourism Fund - Net Revenues Less Expenses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,599)</u>	<u>\$ (59,599)</u>			







Enhancement Fund:

The reporting period shows total revenues to be a loss of \$61,154.

While the Enhancement fund shows an overall deficit, 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 increased by 450 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.

### Enhancement Fund Budget versus Actual Revenues

	For Six Months Ended December 31, 2022						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			
Net Investment Income	\$ 50,000	\$ 25,000	\$ (61,154)	\$ (86,154)	-345%	Under		
Rents and Royalties	\$ 90,000	\$ 45,000	\$ 64,307	\$ 19,307	43%	Over		
Appropriation - Fund Bal	\$ (132,000)	\$ (66,000)	\$ -	\$ 66,000	-100%	Under		
Bank Service Fees	\$ 8,000	\$ 4,000	\$ 6,198	\$ 2,198	55%	Over		
<b>Enhancement Fund Revenues less Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,046)</b>	<b>\$ 3,046</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 generally recorded each month in the Central Treasury and allocated on a quarterly basis to each of the funds. The Fed's cut interest rates for most of 2019 through early 2020. Since March 2022 interest rates have been increased eight times. Since bond rates act inversely to interest rates, when interest rates increase the return on bonds decreases. Return on this investment was a loss through the first quarter but there were gains in each month of the second quarter.





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## **Enterprise Funds Overview**

### **Cargo Fund:**

The reporting period shows total revenues of \$1,125,796 and total expenses of \$576,963. This equates to a surplus for the six months ended December 31, 2022 (i.e. the reporting period) of \$548,833.

### **Boat Harbor Fund:**

The reporting period shows total revenues of \$1,609,221 and total expenses of \$1,736,605. This equates to a deficit for the six months ended December 31, 2022 (i.e. the reporting period) of \$(127,385).

### **Ship Yard Fund:**

The reporting period shows total revenues of \$268,073 and total expenses of \$264,335. This equates to a surplus for the six months ended December 31, 2022 (i.e. the reporting period) of \$3,738.

### **Harbor Electric Fund:**

The reporting period shows total revenues of \$340,322 and total expenses of \$276,308. This equates to a surplus for the six months ended December 31, 2022 (i.e. the reporting period) of \$64,013.

### **Water Utility Fund:**

The reporting period shows total revenues of \$2,302,868 and total expenses of \$1,329,691. This equates to a surplus for the six months ended December 31, 2022 (i.e. the reporting period) of \$973,177.

### **Sewer Utility Fund:**

The reporting period shows total revenues of \$2,430,276 and total expenses of \$2,630,752. This equates to a deficit for the six months ended December 31, 2022 (i.e. the reporting period) of \$(200,476).

### **Trident Basin Fund:**

The reporting period shows total revenues of \$42,249 and total expenses of \$53,322. This equates to a deficit for the six months ended December 31, 2022 (i.e. the reporting period) of \$(11,074).

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

The reporting period shows total revenues of \$212,084 and total expenses of \$445,872. This equates to a deficit for the six months ended December 31, 2022 (i.e. the reporting period) of \$(233,788).

While overall expenses are over budget in total 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 number 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

	<b>For Six Months Ended December 31, 2022</b>						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	\$ 8,847	\$ 4,424	\$ 2,757	\$ (1,667)	-38%	Under	
Charges for Services	\$ 1,700,000	\$ 850,000	\$ 945,128	\$ 95,128	11%	Over	
Net Investment Income	\$ 35,000	\$ 17,500	\$ -	\$ (17,500)	-100%	Under	
Rentals	\$ 245,000	\$ 122,500	\$ 165,618	\$ 43,118	35%	Over	
Miscellaneous	\$ -	\$ -	\$ 12,292	\$ 12,292		Over	
Appropriation - Fund Bal	\$ 666,910	\$ 333,455	\$ -	\$ (333,455)	-100%	Under	
<b>Total Cargo Revenues</b>	<u>\$ 2,655,757</u>	<u>\$ 1,327,879</u>	<u>\$ 1,125,796</u>	<u>\$ (202,083)</u>	<u>-15%</u>		

**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

	<b>For Six Months Ended December 31, 2022</b>						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	
Cargo Administration	\$ 670,694	\$ 335,347	\$ 404,155	\$ 68,808	21%	Over	
Interfund Charges	\$ 153,931	\$ 76,966	\$ 153,931	\$ 76,965	100%	Over	
Warehouse	\$ 6,500	\$ 3,250	\$ 3,464	\$ 214	7%	Over	
Pier II	\$ 1,802,232	\$ 901,116	\$ 15,413	\$(885,703)	-98%	Under	
Pier III	\$ 22,400	\$ 11,200	\$ -	\$(11,200)	-100%	Under	
<b>Total Cargo Expenses</b>	<u>\$ 2,655,757</u>	<u>\$ 1,327,879</u>	<u>\$ 576,963</u>	<u>\$(750,916)</u>	<u>-57%</u>		

#### 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, 2022						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	\$ 43,467	\$ 21,734	\$ 10,725	\$ (11,009)	-51%	Under		
Charges for Services	\$ 2,486,895	\$ 1,243,448	\$ 1,412,411	\$ 168,963	14%	Over		
Pier I Charges for Services	\$ -	\$ -	\$ -	\$ -				
Net Investment Income	\$ 50,000	\$ 25,000	\$ 18,292	\$ (6,708)	-27%	Under		
Rentals	\$ 67,260	\$ 33,630	\$ 44,206	\$ 10,576	31%	Over		
Miscellaneous Revenues	\$ 3,300	\$ 1,650	\$ 44,913	\$ 43,263	2622%	Over		
Interfund Charges	\$ 78,675	\$ 39,338	\$ 78,675	\$ 39,337	100%	Over		
Appropriation - Fund Bal	\$ 1,321,552	\$ 660,776	\$ -	\$ (660,776)	-100%	Under		
<b>Total Harbor Revenues</b>	<b>\$ 4,051,149</b>	<b>\$ 2,025,576</b>	<b>\$ 1,609,221</b>	<b>\$ (416,355)</b>	<b>-21%</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 were to be maintained.

**Miscellaneous Revenue:**

These revenues are miscellaneous in nature and will fluctuate year over year. These revenues are over budget for the reporting period primarily from Rentals from Others revenue.



## Harbor Fund Budget versus Actual Expenses

	For Six Months Ended December 31, 2022					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	\$ 3,586,079	\$ 1,793,040	\$ 1,292,486	\$ (500,554)	-28%	Under	
Interfund Charges	\$ 297,733	\$ 148,867	\$ 297,733	\$ 148,866	100%	Over	
Transfers to Ship Yard	\$ 143,837	\$ 71,919	\$ 143,837	\$ 71,918	100%	Over	
Pier I Expenses	\$ 23,500	\$ 11,750	\$ 2,549	\$ (9,201)	-78%	Under	
<b>Total Harbor Expenses</b>	<b>\$ 4,051,149</b>	<b>\$ 2,025,576</b>	<b>\$ 1,736,605</b>	<b>\$ (288,971)</b>	<b>-14%</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 2023 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, 2022							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		
PERS On Behalf	\$ 1,387	\$ 694	\$ 363	\$ (331)	-48%	Under		
Charges for Services	\$ 128,500	\$ 64,250	\$ 78,688	\$ 14,438	22%	Over		
Net Investment Income	\$ 500	\$ 250	\$ -	\$ (250)	-100%	Under		
Rental Income	\$ 60,000	\$ 30,000	\$ 35,000	\$ 5,000	17%	Over		
Miscellaneous Revenue	\$ -	\$ -	\$ 10,185	\$ 10,185	100%	Over		
Appropriation - Fund Bal	\$ 571,630	\$ 285,815	\$ -	\$ (285,815)	-100%	Under		
Transfers from Boat Harbor	\$ 143,837	\$ 71,919	\$ 143,837	\$ 71,918	100%	Over		
<b>Total Shipyard Revenues</b>	<b>\$ 905,854</b>	<b>\$ 452,928</b>	<b>\$ 268,073</b>	<b>\$ (184,855)</b>	<b>-41%</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:

Most investment gain/losses have not yet been posted for FY23. 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. The Fed's cut interest rates for most of 2019 through early 2020. Since March 2022 interest rates have been increased eight times. Since bond rates act inversely to interest rates, when interest rates increase the return on bonds decreases.



## Shipyard Fund Budget versus Actual Expenses

**For Six Months Ended December 31, 2022**

	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	\$ 697,360	\$ 348,680	\$ 123,157	\$ (225,523)	-65%	Under	
Interfund Charges	\$ 64,657	\$ 32,329	\$ 64,657	\$ 32,328	100%	Over	
Interest Expense	\$ 143,837	\$ 71,919	\$ 76,521	\$ 4,602	6%	Over	
<b>Total Shipyard Expenses</b>	<b>\$ 905,854</b>	<b>\$ 452,928</b>	<b>\$ 264,335</b>	<b>\$ (188,593)</b>	<b>-42%</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.





## Harbor Electric Fund Budget versus Actual Revenues and Expenses

	For Six Months Ended December 31, 2022						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	\$ 627,500	\$ 313,750	\$ 340,322	\$ 26,572	8%	Over	
Revenues - Net Investment Income	\$ 5,000	\$ 2,500	\$ -	\$ (2,500)	-100%	Under	
Appropriation - Fund Bal	\$ (11,665)	\$ (5,833)	\$ -	\$ 5,833	-100%	Under	
Administration Expenses	\$ 555,090	\$ 277,545	\$ 210,563	\$ (66,982)	-24%	Under	
Interfund Charges	\$ 65,745	\$ 32,873	\$ 65,745	\$ 32,872	100%	Over	
<b>Harbor Electric Fund - Net Revenues Less Expenses</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ 64,013</b>	<b>\$ 64,014</b>			

### 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:

Most investment gain/losses have not yet been posted for FY23. 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. The Fed's cut interest rates for most of 2019 through early 2020. Since March 2022 interest rates have been increased eight times. Since bond rates act inversely to interest rates, when interest rates increase the return on bonds decreases.

### 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, 2022					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		
Penalties & Interest	\$ 27,000	\$ 13,500	\$ 17,185	\$ 3,685	27%	Over	
PERS On Behalf	\$ 24,913	\$ 12,457	\$ 4,625	\$ (7,832)	-63%	Under	
Charges for Services	\$ 4,799,200	\$ 2,399,600	\$ 2,263,855	\$ (135,745)	-6%	Under	
Net Investment Income	\$ 30,000	\$ 15,000	\$ -	\$ (15,000)	-100%	Under	
Miscellaneous Revenues	\$ 5,000	\$ 2,500	\$ 17,203	\$ 14,703	588%	Over	
Appropriation - Fund Bal	\$ (1,378,433)	\$ (689,217)	\$ -	\$ 689,217	-100%	Under	
<b>Total Water Revenues</b>	<b>\$ 3,507,680</b>	<b>\$ 1,753,840</b>	<b>\$ 2,302,868</b>	<b>\$ 549,028</b>	<b>31%</b>		

**Penalties & Interest:**

Penalties and interest are charged on past due water utility accounts. These will fluctuate based on the user’s timely payments.

**Net Investment Income:**



Most investment gain/losses have not yet been posted for FY23. 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. The Fed’s cut interest rates for most of 2019 through early 2020. Since March 2022 interest rates have been increased eight times. Since bond rates act inversely to interest rates, when interest rates increase the return on bonds decreases.

**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, 2022							
	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	\$ 3,042,921	\$ 1,521,461	\$ 1,110,741	\$ (410,720)	-27%	Under	
Water Treatment	\$ 464,759	\$ 232,380	\$ 218,951	\$ (13,429)	-6%	Under	
<b>Total Water Utility Expenses</b>	<b>\$ 3,507,680</b>	<b>\$ 1,753,841</b>	<b>\$ 1,329,691</b>	<b>\$ (424,150)</b>	<b>-24%</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, 2022						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	\$ 33,841	\$ 16,921	\$ 10,340	\$ (6,581)	-39%	Under	
Charges for Services	\$ 5,398,979	\$ 2,699,490	\$ 2,389,411	\$ (310,079)	-11%	Under	
Net Investment Income	\$ 20,000	\$ 10,000	\$ -	\$ (10,000)	-100%	Under	
Miscellaneous Revenues	\$ 5,000	\$ 2,500	\$ 30,525	\$ 28,025	100%	Over	
Appropriation - Fund Bal	\$ (337,002)	\$ (168,501)	\$ -	\$ 168,501	100%	Over	
<b>Total Sewer Revenues</b>	<b>\$ 5,120,818</b>	<b>\$ 2,560,410</b>	<b>\$ 2,430,276</b>	<b>\$ (130,134)</b>	<b>-5%</b>		

**Revenues – Charges for Services:**

These revenues will fluctuate each month. City staff anticipates these revenues and corresponding expenses to fluctuate. City staff will continue to monitor these revenues and expenses throughout the fiscal year.

**Net Investment Income:**

Most investment gain/losses have not yet been posted for FY23. 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. The Fed's cut interest rates for most of 2019 through early 2020. Since March 2022 interest rates have been increased eight times. Since bond rates act inversely to interest rates, when interest rates increase the return on bonds decreases.



## Sewer Utility Fund Budget versus Actual Expenses

	For Six Months Ended December 31, 2022						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	
Sewer Transfers	\$ 550,000	\$ 275,000	\$ 620,000	\$ 345,000	125%	Over	
Sewer Collection	\$ 793,716	\$ 396,858	\$ 548,665	\$ 151,807	38%	Over	
Wastewater Treatment	\$ 3,235,428	\$ 1,617,714	\$ 1,183,285	\$ (434,429)	-27%	Under	
Compost	\$ 541,674	\$ 270,837	\$ 278,802	\$ 7,965	3%	Over	
<b>Total Sewer Utility Expenses</b>	<b>\$ 5,120,818</b>	<b>\$ 2,560,409</b>	<b>\$ 2,630,752</b>	<b>\$ 70,343</b>	<b>3%</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.



**Revenues – Charges for Services:**

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

	<b>For Six Months Ended December 31, 2022</b>						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	\$ 15,000	\$ 7,500	\$ 13,309	\$ 5,809	77%	Over	
Revenues - Rentals	\$ 45,000	\$ 22,500	\$ 28,940	\$ 6,440	29%	Over	
Appropriation - Fund Bal	\$ 255,252	\$ 127,626	\$ -	\$ (127,626)	-100%	Under	
Administration Expenses	\$ 315,252	\$ 157,626	\$ 53,322	\$ (104,304)	-66%	Under	
<b>Trident Basin Fund - Net Revenues Less Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,074)</b>	<b>\$ (11,074)</b>			



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

	For Six Months Ended December 31, 2022						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 - PERS	\$ 25,343	\$ 12,672	\$ 5,641	\$ (7,031)	-55%	Under	
Revenues - E-911 Surcharge	\$ 300,000	\$ 150,000	\$ 206,442	\$ 56,442	38%	Over	
Appropriation - Fund Bal	\$ 800,541	\$ 400,271	\$ -	\$ (400,271)	-100%	Under	
Administration Expenses	\$ 1,125,884	\$ 562,942	\$ 445,872	\$ (117,070)	-21%	Under	
<b>E-911 Services Fund - Net Revenues Less Expenses</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ (233,788)</b>	<b>\$ (233,789)</b>			

### 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.



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