



**City of Kodiak
Financial Update**

July 1, 2022 – January 31, 2023

April 18, 2023

Mayor Branson and City Council Members
Kodiak, Alaska 99615

Dear Mayor and Council Members:

Enclosed is the financial update for the first seven months of fiscal year 2023. The period of this report covers July 1, 2022 through January 31, 2023. 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.

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.

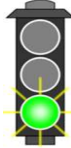

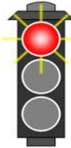
Each fund will provide an overview of revenues and expenses by sub-department. These will be compared to the current year budget for the same time period.

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 equal to or greater than 25% Over Budget	Budget to Actual Percentage Variance for the reporting period is equal to or 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,

David Freswick
 June Freswick
 Staff with Espelin & Associates, Ilc

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General Fund Overview

The reporting period shows total general fund revenues of \$13,332,371 and total general fund expenses of \$17,114,466. This equates to a deficit for the seven months ended January 31, 2023 (i.e. the reporting period) of \$3,782,095.

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 January 31, 2023, the actual amounts reported include the sales tax payments for the October to December 2022 quarter.
- **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 \$461,601 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 over 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 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.
- **Nondepartmental:** Transfers to other departments from the General Fund make up the entire over budget amount.

General Fund Budget versus Actual Revenues

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicato
Sales Tax	\$ 15,547,500	\$ 9,069,375	\$ 7,726,678	\$ (1,342,697)	-15%	Under	
Property Tax	\$ 1,205,000	\$ 702,917	\$ 1,197,466	\$ 494,549	70%	Over	
Licenses and Permits	\$ 101,000	\$ 58,917	\$ 163,974	\$ 105,057	178%	Over	
Intergovernmental	\$ 1,419,139	\$ 827,832	\$ 1,289,433	\$ 461,601	56%	Over	
Charges for Services	\$ 1,955,482	\$ 1,140,698	\$ 979,317	\$ (161,381)	-14%	Under	
Fines and Forfeitures	\$ 3,500	\$ 2,042	\$ 6,186	\$ 4,144	203%	Over	
Net Investment Income	\$ 50,000	\$ 29,167	\$ 53,188	\$ 24,021	82%	Over	
Rents and Royalties	\$ 150,000	\$ 87,500	\$ 64,469	\$ (23,031)	-26%	Under	
Miscellaneous Revenues	\$ 6,000	\$ 3,500	\$ 232,113	\$ 228,613	6532%	Over	
Interfund Charges	\$ 1,712,922	\$ 999,205	\$ 1,619,547	\$ 620,342	62%	Over	
Appropriation - Fund Bal	\$ 5,113,324	\$ 2,982,773	\$ -	\$ (2,982,773)	-100%	Under	
Total General Fund Revenues	\$ 27,263,867	\$ 12,921,153	\$ 13,332,371	\$ 411,218	3%		

**General Fund
Budget versus Actual
Revenues**

Sales Tax:

Reporting Period Budget: \$9,069,375 Actual: \$7,726,678 Variance: - 15%

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 January 31 for October, November, and December 2022. Businesses have historically reported less during the 1st quarter and the 2nd quarter due to seasonal activity in Kodiak.

Charges for Services:

Reporting Period Budget: \$1,140,698 Actual: \$ 979,317 Variance: - 14%

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.

Net Investment Income:

Reporting Period Budget: \$29,167 Actual: \$53,188 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. First and second quarters have been allocated.

Rents and Royalties:

Reporting Period Budget: \$87,500 Actual: \$64,469 Variance: - 26%

The budgeted amount for this has not changed since 2020. All leases, rents and royalties have been posted through the end of January.








Appropriation – Fund Balance:

Reporting Period Budget: \$2,982,773 Actual: \$0 Variance: - 100%

Appropriation will only be used if necessary and only the necessary amount will be appropriated.

General Fund Budget versus Actual Expenses - Overview







For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Legislative	\$ 235,671	\$ 137,475	\$ 100,751	\$ (36,724)	-27%	Under	
Legal Services	\$ 60,000	\$ 35,000	\$ 32,370	\$ (2,630)	-8%	Under	
Administrative Departments	\$ 4,384,110	\$ 2,557,398	\$ 1,851,624	\$ (705,774)	-28%	Under	
Public Safety and Life Safety	\$ 9,637,149	\$ 5,621,671	\$ 5,033,217	\$ (588,454)	-10%	Under	
Public Works and Engineering	\$ 2,486,660	\$ 1,450,552	\$ 1,311,250	\$ (139,302)	-10%	Under	
Parks & Recreation and Library	\$ 2,558,234	\$ 1,492,304	\$ 1,263,022	\$ (229,282)	-15%	Under	
Nondepartmental	\$ 7,902,043	\$ 4,609,526	\$ 7,522,232	\$ 2,912,706	63%	Over	
Total General Fund Expenses	<u>\$ 27,263,867</u>	<u>\$ 15,903,926</u>	<u>\$ 17,114,466</u>	<u>\$ 1,210,540</u>	<u>8%</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. The entire overage amount is from one-time annual transfers to capital project funds.

General Fund Budget versus Actual Administration Departments – Expenses

	For Seven Months Ended January 31, 2023						
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Executive Administration	\$ 940,207	\$ 548,455	\$ 470,464	\$ (77,991)	-14%	Under	
Emergency Preparedness	\$ 48,228	\$ 28,133	\$ 11,793	\$ (16,340)	-58%	Under	
City Clerk Administration	\$ 355,610	\$ 207,440	\$ 196,606	\$ (10,834)	-5%	Under	
City Clerk Records Management	\$ 268,361	\$ 156,544	\$ 93,886	\$ (62,658)	-40%	Under	
Finance Administration & Utilities	\$ 1,790,513	\$ 1,044,466	\$ 616,384	\$ (428,082)	-41%	Under	
Finance IT	\$ 981,191	\$ 572,362	\$ 462,490	\$ (109,872)	-19%	Under	
Total General Fund Administration Expenses	<u>\$4,384,110</u>	<u>\$2,557,400</u>	<u>\$1,851,624</u>	<u>\$ (705,776)</u>	<u>-28%</u>		

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

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 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	\$ 589,059	\$ 538,036	\$ (51,023)	-9%	Under	
Police Station Bond Payments	\$ 446,950	\$ 260,721	\$ 346,475	\$ 85,754	33%	Over	
Police Uniform Patrol & Substation	\$ 2,089,785	\$ 1,219,042	\$ 1,208,659	\$ (10,383)	-1%	Under	
Substation	\$ 9,000	\$ 5,250	\$ 2,174	\$ (3,076)	-59%	Under	
Police Corrections	\$ 1,435,708	\$ 837,497	\$ 860,972	\$ 23,475	3%	Over	
Police Investigations	\$ 312,704	\$ 182,411	\$ 138,735	\$ (43,676)	-24%	Under	
Police Dispatch Services	\$ 465,874	\$ 271,760	\$ 227,527	\$ (44,233)	-16%	Under	
Police Animal Control	\$ 306,281	\$ 178,664	\$ 182,791	\$ 4,127	2%	Over	
Police Drug Enforcement	\$ 192,481	\$ 112,281	\$ 8,761	\$ (103,520)	-92%	Under	
Police Community Services	\$ 203,564	\$ 118,746	\$ 47,790	\$ (70,956)	-60%	Under	
Police Canine	\$ 6,680	\$ 3,897	\$ -	\$ (3,897)	-100%	Under	
Fire Administration	\$ 3,158,308	\$ 1,842,347	\$ 1,471,298	\$ (371,049)	-20%	Under	
Total General Fund Public Safety & Life Safety Expenses	\$ 9,637,149	\$ 5,621,675	\$ 5,033,217	\$ (588,458)	-10%		

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

Police Station Bond Payments:

Reporting Period Budget: \$260,721 Actual: \$346,475 Variance: 33%

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.

Police Corrections:

Reporting Period Budget: \$837,497 Actual: \$860,972 Variance: 3%







The over budget is primarily from employee related labor and associated costs. City staff will continue to monitor this.

Police Animal Control

Reporting Period Budget: \$178,664 Actual: \$ 182,791 Variance: 2%

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 Seven Months Ended January 31, 2023						Indicator
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	
Public Works Administration	\$ 165,833	\$ 96,736	\$ 76,714	\$ (20,022)	-21%	Under	
Public Works Streets	\$ 1,376,789	\$ 803,127	\$ 736,429	\$ (66,698)	-8%	Under	
Public Works Garage	\$ 306,329	\$ 178,692	\$ 189,706	\$ 11,014	6%	Over	
Public Works Building Inspectors	\$ 388,837	\$ 226,822	\$ 214,435	\$ (12,387)	-5%	Under	
Public Works Municipal Airport	\$ 20,219	\$ 11,795	\$ 16,967	\$ 5,172	44%	Over	
Engineering	\$ 228,653	\$ 133,381	\$ 76,998	\$ (56,383)	-42%	Under	
Total General Fund Public Works & Engineering Expenses	\$ 2,486,660	\$ 1,450,553	\$ 1,311,250	\$ (139,303)	-10%		

Public Works Garage

Reporting Period Budget: \$178,692 Actual: \$ 189,706 Variance: 6%

The public works garage had higher employee labor related costs. The Salaries and Wages were lower but other line items were more than anticipated. City staff will continue to monitor this.







Public Works Municipal Airport

Reporting Period Budget: \$11,795 Actual: \$ 16,967 Variance: 44%

Insurance and bonding-insurance for the entire year is posted as a one-time allocation at the beginning of the 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 year.






General Fund

Budget versus Actual Parks & Recreation and Library Departments – Expenses

	For Seven Months Ended January 31, 2023					Over or Under Budget for the Reporting Period	Indicator
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance		
Parks & Recreation Administration	\$ 815,598	\$ 475,766	\$ 422,499	\$ (53,267)	-11%	Under	
Parks & Recreation Teen Center	\$ 310,886	\$ 181,351	\$ 144,906	\$ (36,445)	-20%	Under	
Parks & Recreation Aquatics	\$ 262,823	\$ 153,314	\$ 138,390	\$ (14,924)	-10%	Under	
Parks & Recreation Ice Rink	\$ 166,959	\$ 97,393	\$ 92,726	\$ (4,667)	-5%	Under	
Parks & Recreation Beautification	\$ 12,300	\$ 7,175	\$ 1,104	\$ (6,071)	-85%	Under	
Library Administration	\$ 989,668	\$ 577,307	\$ 463,397	\$ (113,910)	-20%	Under	
Total General Fund Parks & Recreation and Library Expenses	\$ 2,558,234	\$ 1,492,306	\$ 1,263,022	\$ (229,284)	-15%		

General Fund Budget versus Actual Non-departmental Expenses

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Nondepartmental Administration	\$ 788,811	\$ 460,140	\$ 523,717	\$ 63,577	14%	Over	
Parks & Recreation Museum	\$ 107,200	\$ 62,534	\$ 83,295	\$ 20,761	33%	Over	
Nondepartmental Contributions	\$ 201,200	\$ 117,367	\$ 201,200	\$ 83,833	71%	Over	
Nondepartmental Downtown Maintenance	\$ 24,000	\$ 14,000	\$ 26,563	\$ 12,563	90%	Over	
Nondepartmental Transfers	\$ 6,780,832	\$ 3,955,486	\$ 6,687,457	\$ 2,731,971	69%	Over	
Total NonDepartmental Expenses	<u>\$ 7,902,043</u>	<u>\$ 4,609,527</u>	<u>\$ 7,522,232</u>	<u>\$ 2,912,705</u>	<u>63%</u>		

Non-departmental - ALL:

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.

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Special Revenue Funds Overview




Tourism Fund:

The reporting period shows total revenues of \$205,931 and total expenses of \$208,600. This equates to a deficit for the seven months ended January 31, 2023 (i.e. the reporting period) of \$(2,669).

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.

Tourism Fund Budget versus Actual Revenues and Expenses

	For Seven Months Ended January 31, 2023					Over or Under Budget for the Reporting Period	Indicator
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance		
Hotel / Motel Tax Revenues	\$ 250,000	\$ 145,833	\$ 198,196	\$ 52,363	36%	Over	
Net investment income	\$ 2,000	\$ 1,167	\$ 7,735	\$ 6,568	563%	Over	
Administrative Expenses	\$ 252,000	\$ 147,000	\$ 208,600	\$ 119,100	81%	Over	
Tourism Fund - Net Revenues Less Expenses	\$ -	\$ 0	\$ (2,669)	\$ (2,669)			

Tourism Fund Administrative

Reporting Period Budget: \$147,000

Actual: \$208,600





Variance: 81%

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 three quarterly payments for July 1, October 1, and January 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 but will continue to monitor this area.

Enhancement Fund:

The reporting period shows total revenues to be a gain of \$61,065 with the only expense being the bank service fees.

Enhancement Fund Budget versus Actual Revenues

For Seven Months Ended January 31, 2023							
	Annual Budget	Reporting Period (7 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	\$ 29,167	\$ (2,569)	\$ (31,736)	-109%	Under	
Rents and Royalties	\$ 90,000	\$ 52,500	\$ 71,025	\$ 18,525	35%	Over	
Appropriation - Fund Bal	\$ (132,000)	\$ (77,000)	\$ -	\$ 77,000	-100%	Under	
Bank Service Fees	\$ 8,000	\$ 4,667	\$ 7,391	\$ 2,724	58%	Over	
Enhancement Fund Total Revenues	\$ -	\$ -	\$ 61,065	\$ (61,065)			

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 Feds 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 of the next four months.

Bank Service Fees:

In September 2016 Alaska Permanent Capital Management Company (APCM) was retained to manage the Enhancement Fund portfolio. The fees paid to APCM have caused the overage in bank service fees.

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Enterprise Funds Overview

Cargo Fund:

The reporting period shows total revenues of \$1,322,604 and total expenses of \$1,494,221. This equates to a deficit for the seven months ended January 31, 2023 (i.e. the reporting period) of \$(171,617).

Boat Harbor Fund:

The reporting period shows total revenues of \$2,585,612 and total expenses of \$2,264,000. This equates to a surplus for the seven months ended January 31, 2023 (i.e. the reporting period) of \$(321,612).

Ship Yard Fund:

The reporting period shows total revenues of \$277,992 and total expenses of \$531,795. This equates to a deficit for the seven months ended January 31, 2023 (i.e. the reporting period) of \$(253,803).

Harbor Electric Fund:

The reporting period shows total revenues of \$437,236 and total expenses of \$365,223. This equates to a surplus for the seven months ended January 31, 2023 (i.e. the reporting period) of \$72,013.

Water Utility Fund:

The reporting period shows total revenues of \$3,064,713 and total expenses of \$1,997,866. This equates to a surplus for the seven months ended January 31, 2023 (i.e. the reporting period) of \$1,066,847.

Sewer Utility Fund:

The reporting period shows total revenues of \$3,470,431 and total expenses of \$3,572,877. This equates to a deficit for the seven months ended January 31, 2023 (i.e. the reporting period) of \$(102,446).

Trident Basin Fund:

The reporting period shows total revenues of \$46,521 and total expenses of \$179,009. This equates to a deficit for the seven months ended January 31, 2023 (i.e. the reporting period) of \$(132,487).

E-911 Services Fund:







The reporting period shows total revenues of \$302,642 and total expenses of \$529,873. This equates to a deficit for the seven months ended January 31, 2023 (i.e. the reporting period) of \$(227,231).

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.

Cargo Fund Budget versus Actual Revenues

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual	Budget versus Actual	Over or Under	Indicator
				\$ Variance	% Variance	Budget for the Reporting Period	
PERS On Behalf	\$ 8,847	\$ 5,161	\$ 2,757	\$ (2,404)	-47%	Under	
Charges for Services	\$ 1,700,000	\$ 991,667	\$ 1,022,221	\$ 30,554	3%	Over	
Net Investment Income	\$ 35,000	\$ 20,417	\$ 94,604	\$ 74,187	363%	Over	
Rentals	\$ 245,000	\$ 142,917	\$ 190,729	\$ 47,812	33%	Over	
Miscellaneous	\$ -	\$ -	\$ 12,292	\$ 12,292		Over	
Appropriation - Fund Bal	\$ 666,910	\$ 389,031	\$ -	\$ (389,031)	-100%	Under	
Total Cargo Revenues	\$ 2,655,757	\$ 1,549,193	\$ 1,322,604	\$ (226,589)	-15%		

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.

Appropriation – Fund Balance:

The appropriation is budgeted but will only be appropriated if needed and only the amount needed will be transferred. At this point no appropriation has been utilized.

Cargo Fund Budget versus Actual Expenses

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Cargo Administration	\$ 670,694	\$ 391,239	\$ 442,163	\$ 50,924	13%	Over	
Interfund Charges	\$ 153,931	\$ 89,794	\$ 153,931	\$ 64,137	71%	Over	
Warehouse	\$ 6,500	\$ 3,792	\$ 3,551	\$ (241)	-6%	Under	
Pier II	\$ 1,802,232	\$ 1,051,302	\$ 894,331	\$ (156,971)	-15%	Under	
Pier III	\$ 22,400	\$ 13,067	\$ 245	\$ (12,822)	-98%	Under	
Total Cargo Expenses	\$ 2,655,757	\$ 1,549,194	\$ 1,494,221	\$ (54,973)	-4%		

Cargo Administration:








As with other departments, cargo administration had higher employee labor related costs. The Salaries and Wages were lower but other line items were more than anticipated. City staff will continue to monitor this.

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 Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
PERS On Behalf	\$ 43,467	\$ 25,356	\$ 10,725	\$ (14,631)	-58%	Under	
Charges for Services	\$ 2,486,895	\$ 1,450,689	\$ 2,351,619	\$ 900,930	62%	Over	
Pier I Charges for Services		\$ -	\$ -	\$ -			
Net Investment Income	\$ 50,000	\$ 29,167	\$ 45,853	\$ 16,686	57%	Over	
Rentals	\$ 67,260	\$ 39,235	\$ 53,353	\$ 14,118	36%	Over	
Miscellaneous Revenues	\$ 3,300	\$ 1,925	\$ 45,388	\$ 43,463	2258%	Over	
Interfund Charges	\$ 78,675	\$ 45,894	\$ 78,675	\$ 32,781	100%	Over	
Appropriation - Fund Bal	\$ 1,321,552		\$ -				
Total Harbor Revenues	\$ 4,051,149	\$ 1,592,266	\$ 2,585,612	\$ 993,346	62%		

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.

Harbor Fund Budget versus Actual Expenses

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Harbor Administration	\$ 3,586,079	\$ 2,091,880	\$ 1,819,413	\$ (272,467)	-13%	Under	
Interfund Charges	\$ 297,733	\$ 173,678	\$ 297,733	\$ 124,055	71%	Over	
Transfers to Ship Yard	\$ 143,837	\$ 83,905	\$ 143,837	\$ 59,932	71%	Over	
Pier I Expenses	\$ 23,500	\$ 13,709	\$ 3,017	\$ (10,692)	-78%	Under	
Total Harbor Expenses	\$ 4,051,149	\$ 2,363,172	\$ 2,264,000	\$ (99,172)	-4%		

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.

Shipyards Fund Budget versus Actual Revenues

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
PERS On Behalf	\$ 1,387	\$ 810	\$ 363	\$ (447)	-55%	Under	
Charges for Services	\$ 128,500	\$ 74,959	\$ 88,607	\$ 13,648	18%	Over	
Net Investment Income	\$ 500	\$ 292	\$ -	\$ (292)	-100%	Under	
Rental Income	\$ 60,000	\$ 35,000	\$ 35,000	\$ -	0%	Over	
Miscellaneous Revenue	\$ -	\$ 0	\$ 10,185	\$ 10,185		Over	
Appropriation - Fund Bal	\$ 571,630	\$ 333,451	\$ -	\$ (333,451)	-100%	Under	
Transfers from Boat Harbor	\$ 143,837	\$ 83,905	\$ 143,837	\$ 59,932	71%	Over	
Total Shipyards Revenues	\$ 905,854	\$ 528,417	\$ 277,992	\$ (250,425)	-47%		

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.

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. 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.

Appropriation – Fund Balance:

The appropriation is budgeted but will only be appropriated if needed and only the amount needed will be transferred. At this point no appropriation has been utilized.

Shipyard Fund Budget versus Actual Expenses






For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Shipyard Administration	\$ 697,360	\$ 406,794	\$ 390,617	\$ (16,177)	-4%	Under	
Interfund Charges	\$ 64,657	\$ 37,717	\$ 64,657	\$ 26,940	71%	Over	
Interest Expense	\$ 143,837	\$ 83,905	\$ 76,521	\$ (7,384)	-9%	Under	
Total Shipyard Expenses	\$ 905,854	\$ 528,416	\$ 531,795	\$ 3,379	1%		

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 Seven Months Ended January 31, 2023						Indicator
	Annual Budget	Reporting Period (7 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	\$ 366,042	\$ 429,187	\$ 63,145	17%	Over	
Revenues - Net Investment Income	\$ 5,000	\$ 2,917	\$ 8,049	\$ 5,132	176%	Over	
Appropriation - Fund Bal	\$ (11,665)	\$ (6,805)		\$ 6,805	-100%	Under	
Administration Expenses	\$ 555,090	\$ 323,803	\$ 299,478	\$ (24,325)	-8%	Under	
Interfund Charges	\$ 65,745	\$ 38,352	\$ 65,745	\$ 27,393	71%	Over	
Harbor Electric Fund - Net Revenues Less Expenses	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 72,013</u>	<u>\$ 72,014</u>	<u>-7201439%</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.

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Water Utility Fund Budget versus Actual Revenues

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Penalties & Interest	\$ 27,000	\$ 15,750	\$ 20,615	\$ 4,865	31%	Over	
PERS On Behalf	\$ 24,913	\$ 14,533	\$ 4,625	\$ (9,908)	-68%	Under	
Charges for Services	\$ 4,799,200	\$ 2,799,534	\$ 2,793,563	\$ (5,971)	0%	Under	
Net Investment Income	\$ 30,000	\$ 17,500	\$ 228,707	\$ 211,207	1207%	Over	
Miscellaneous Revenues	\$ 5,000	\$ 2,917	\$ 17,203	\$ 14,286	490%	Over	
Appropriation - Fund Bal	\$ (1,378,433)	\$ (804,086)		\$ 804,086	-100%	Under	
Total Water Revenues	\$ 3,507,680	\$ 2,046,148	\$ 3,064,713	\$ 1,018,565	50%		

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.

Charges for Services:



Considering the amount of revenue budgeted and the actual amount received the difference is not an amount which would require an explanation as the shown variance is 0%.

Appropriation – Fund Balance:

The appropriation is budgeted but will only be appropriated if needed and only the amount needed will be transferred. At this point no appropriation has been utilized.






Water Utility Fund Budget versus Actual Expenses

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 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	\$ 1,775,038	\$ 1,771,331	\$ (3,707)	0%	Under	
Water Treatment	\$ 464,759	\$ 271,110	\$ 226,536	\$ (44,574)	-16%	Under	
Total Water Utility Expenses	<u>\$ 3,507,680</u>	<u>\$ 2,046,148</u>	<u>\$ 1,997,866</u>	<u>\$ (48,282)</u>	<u>-2%</u>		

Sewer Utility Fund Budget versus Actual Revenues

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
PERS On Behalf	\$ 33,841	\$ 19,741	\$ 10,340	\$ (9,401)	-48%	Under	
Charges for Services	\$ 5,398,979	\$ 3,149,405	\$ 3,329,933	\$ 180,528	6%	Over	
Net Investment Income	\$ 20,000	\$ 11,667	\$ 99,633	\$ 87,966	754%	Over	
Miscellaneous Revenues	\$ 5,000	\$ 2,917	\$ 30,525	\$ 27,608	946%	Over	
Appropriation - Fund Bal	\$ (337,002)	\$ (196,585)		\$ 196,585	-100%	Under	
Total Sewer Revenues	<u>\$ 5,120,818</u>	<u>\$ 2,987,145</u>	<u>\$ 3,470,431</u>	<u>\$ 483,286</u>	<u>16%</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.

Appropriation – Fund Balance: For Information

The appropriation is a negative revenue amount so it is therefore equivalent to an expense. Though the Over or Under Budget column shows this as an under revenue, since it is negative the Under indicates that funds have not been spent so the Indicator should be green.

Sewer Utility Fund Budget versus Actual Expenses

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Sewer Transfers	\$ 550,000	\$ 320,834	\$ 620,000	\$ 299,166	93%	Over	
Sewer Collection	\$ 793,716	\$ 463,001	\$ 684,085	\$ 221,084	48%	Over	
Wastewater Treatment	\$ 3,235,428	\$ 1,887,333	\$ 1,942,283	\$ 54,950	3%	Over	
Compost	\$ 541,674	\$ 315,977	\$ 326,509	\$ 10,532	3%	Over	
Total Sewer Utility Expenses	\$ 5,120,818	\$ 2,987,145	\$ 3,572,877	\$ 585,732	20%		

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.





Wastewater Treatment:

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.

Compost:

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.

Trident Basin Fund Budget versus Actual Revenues and Expenses





	For Seven Months Ended January 31, 2023						Indicator
	Annual Budget	Reporting Period (7 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	\$ 8,750	\$ 13,309	\$ 4,559	52%	Over	
Revenues - Rentals	\$ 45,000	\$ 26,250	\$ 33,212	\$ 6,962	27%	Over	
Appropriation - Fund Bal	\$ 255,252	\$ 148,897		\$ (148,897)	-100%	Under	
Administration Expenses	\$ 315,525	\$ 184,057	\$ 179,009	\$ (5,048)	-3%	Under	
Trident Basin Fund - Net Revenues Less Expenses	<u>\$ (255,525)</u>	<u>\$ (149,057)</u>	<u>\$ (132,487)</u>	<u>\$ 16,570</u>	<u>-11%</u>		

Appropriation – Fund Balance:

The appropriation is budgeted but will only be appropriated if needed and only the amount needed will be transferred. At this point no appropriation has been utilized.

E-911 Services Fund Budget versus Actual Revenues and Expenses

For Seven Months Ended January 31, 2023

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under Budget for the Reporting Period	Indicator
Revenues - PERS On Behalf	\$ 25,343	\$ 14,784	\$ 5,641	\$ (9,143)	-62%	Under	
Revenues - E-911 Surcharge	\$ 300,000	\$ 175,000	\$ 297,001	\$ 122,001	70%	Over	
Appropriation - Fund Bal	\$ 800,541	\$ 466,983		\$ (466,983)	-100%	Under	
Administration Expenses	\$ 1,125,884	\$ 656,766	\$ 529,873	\$ (126,893)	-19%	Under	
E-911 Services Fund - Net Revenues Less Expenses	<u>\$ (800,541)</u>	<u>\$ (466,982)</u>	<u>\$ (227,231)</u>	<u>\$ 239,751</u>	<u>-51%</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.

Appropriation – Fund Balance:

The appropriation is budgeted but will only be appropriated if needed and only the amount needed will be transferred. At this point no appropriation has been utilized.

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