



**City of Kodiak
Financial Update**

July 1, 2018 – October 31, 2018



December 11, 2018

Mayor Branson and City Council Members
Kodiak, Alaska 99615

Dear Mayor and Council Members:

Enclosed is the quarterly financial update for quarter 1 fiscal year 2019. The period of this report covers July 1, 2018 through October 31, 2018. The schedule below will provide you with the next scheduled quarterly updates. Due to the timing of this first issue, fiscal year 2018 quarterly updates will be provided as close to this schedule as possible.

| Quarter | Reporting Period | Due Date |
|-----------|----------------------------------|---------------------------|
| Quarter 1 | July, August, September, October | 2nd full Week in December |
| 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 Quarterly 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, and Trident Basin 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.

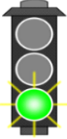

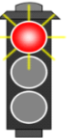
For comparability and ease of use, we have utilized a Traffic Signal indicator. These indicators will guide you through a more efficient assessment of the budget versus actual components. These indicators will fall within a percentage variance of Budget versus Actual for the reporting period of the quarterly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

Special Note:

Some indicators will have two lights. The first is to draw attention to the raw variance. The second light is based on my personal judgment. As many of the budget line items are affected by their timing in the year, I have given my own assessment with a second light and explanation below the table.

The remainder of this report will show the General Fund Revenues and 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,

Karl Swanson
Interim Finance Director



General Fund Budget versus Actual Revenues

| | For Four Months Ended October 31, 2018 | | | | | Over or Under | | Indicator |
|--|--|---|---------------------|---|--|--|--|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Budget for the Reporting Period | | |
| Sales Tax | \$ 15,827,500 | \$ 5,275,834 | \$ 3,465,097 | \$ (1,810,737) | -34% | Under | | |
| Property Tax | \$ 1,003,500 | \$ 334,500 | \$ 532,400 | \$ 197,900 | 59% | Over | | |
| Licenses and Permits | \$ 58,800 | \$ 19,600 | \$ 28,873 | \$ 9,273 | 47% | Over | | |
| Intergovernmental | \$ 1,146,839 | \$ 382,280 | \$ 1,146,839 | \$ 764,559 | 200% | Over | | |
| Charges for Services | \$ 1,661,217 | \$ 553,739 | \$ 473,950 | \$ (79,789) | -14% | Under | | |
| Fines and Forfeitures | \$ 3,000 | \$ 1,000 | \$ 509 | \$ (491) | -49% | Under | | |
| Net Investment Income | \$ 20,000 | \$ 6,667 | \$ 23,964 | \$ 17,297 | 259% | Over | | |
| Rents and Royalties | \$ 81,900 | \$ 27,300 | \$ 49,100 | \$ 21,800 | 80% | Over | | |
| Miscellaneous Revenues | \$ 4,500 | \$ 1,500 | \$ 8,459 | \$ 6,959 | 464% | Over | | |
| Interfund Charges | \$ 1,607,662 | \$ 535,888 | \$ 1,478,550 | \$ 942,662 | 176% | Over | | |
| Total General Fund Revenues | <u>\$ 21,414,918</u> | <u>\$ 7,138,308</u> | <u>\$ 7,207,741</u> | <u>\$ 69,433</u> | <u>1%</u> | | | |



General Fund
Budget versus Actual
Revenues

Sales Tax:

Reporting Period Budget: \$5,275,834 Actual: \$ 3,489,097 Variance: -33%

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 October 31 for three months (July through September), while the reporting period budget is for four months (July through October). The three month revenue compared to a three month budget amount would show a -12% variance. Continued efforts still need to be made in assessing taxpayer compliance to ensure an equitable tax for all.

Charges for Services:

Reporting Period Budget: \$553,739 Actual: \$ 473,950 Variance: -14%

Charges for services include various fees for fire, parks & recreation, library, police, public works, and building inspections. In addition, charges for services include the jail contract and state trooper contract with the State of Alaska. As of the reporting period, only the first quarter payment for the jail contract and none of the payments for the state trooper contract had been received. City staff will continue to monitor these payments throughout the remainder of the fiscal year.

Fines and forfeitures:

Reporting Period Budget: \$1,000 Actual: \$509 Variance: -49%

Fines and forfeitures include various charges for late payments and poor behavior. Therefore, an unfavorable variance is favorable for the City. The budget is so small, even large variances will not have an effect on the City's overall budget.

Net Investment Income:

Reporting Period Budget: \$6,667 Actual: \$23,964 Variance: 259%

The increase in interest rates have yielded significantly higher returns. The Finance Department will continue to assess our cash position to take advantage of these increased rates.



General Fund Budget versus Actual Expenses

| | For Four Months Ended October 31, 2018 | | | | | Over or Under Budget for the Reporting Period | Indicator |
|--|--|---|---------------------|---|--|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | | |
| Legislative | \$ 259,869 | \$ 86,623 | \$ 44,058 | \$ (42,565) | -49% | Under | |
| Legal Services | \$ 75,000 | \$ 25,000 | \$ 11,847 | \$ (13,153) | -53% | Under | |
| Administrative Departments | \$ 3,340,221 | \$ 1,113,408 | \$ 813,679 | \$ (299,729) | -27% | Under | |
| Public Safety and Life Safety | \$ 10,179,376 | \$ 3,393,130 | \$ 2,310,953 | \$ (1,082,177) | -32% | Under | |
| Public Works and Engineering | \$ 2,429,416 | \$ 809,808 | \$ 567,785 | \$ (242,023) | -30% | Under | |
| Parks & Recreation and Library | \$ 2,524,872 | \$ 841,628 | \$ 616,263 | \$ (225,365) | -27% | Under | |
| Nondepartmental | \$ 2,877,025 | \$ 959,009 | \$ 2,527,562 | \$ 1,568,553 | 164% | Over | |
| Total General Fund Expenses | <u>\$ 21,685,779</u> | <u>\$ 7,228,606</u> | <u>\$ 6,892,147</u> | <u>\$ (336,459)</u> | <u>-5%</u> | | |

Nondepartmental:

Nondepartmental 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 nondepartmental 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 Four Months Ended October 31, 2018 | | | | | | Indicator |
|---|--|------------------------------------|-------------------|----------------------------------|---------------------------------|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | |
| Executive Administration | \$ 830,555 | \$ 276,852 | \$ 154,984 | \$ (121,868) | -44% | Under | |
| Emergency Preparedness | \$ 38,000 | \$ 12,667 | \$ 6,754 | \$ (5,913) | -47% | Under | |
| City Clerk Administration | \$ 379,101 | \$ 126,367 | \$ 95,749 | \$ (30,618) | -24% | Under | |
| City Clerk Records Management | \$ 193,877 | \$ 64,626 | \$ 46,223 | \$ (18,403) | -28% | Under | |
| Finance Administration & Utilities | \$ 1,056,408 | \$ 352,136 | \$ 267,734 | \$ (84,402) | -24% | Under | |
| Finance IT | \$ 842,280 | \$ 280,760 | \$ 242,235 | \$ (38,525) | -14% | Under | |
| Total General Fund Administration Expenses | \$3,340,221 | \$ 1,113,408 | \$ 813,679 | \$ (299,729) | -27% | | |



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

| | For Four Months Ended October 31, 2018 | | | | | Over or Under Budget for the Reporting Period | Indicator |
|--|--|---|---------------------|---|--|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | | |
| Police Administration | \$ 966,459 | \$ 322,153 | \$ 271,702 | \$ (50,451) | -16% | Under | |
| Police Station Bond Payments | \$ 448,850 | \$ 149,617 | \$ - | \$ (149,617) | -100% | Under | |
| Police Uniform Patrol | \$ 1,983,514 | \$ 661,172 | \$ 408,371 | \$ (252,801) | -38% | Under | |
| Police Corrections | \$ 1,627,705 | \$ 542,569 | \$ 337,427 | \$ (205,142) | -38% | Under | |
| Police Investigations | \$ 345,994 | \$ 115,332 | \$ 95,296 | \$ (20,036) | -17% | Under | |
| Police Dispatch Services | \$ 1,070,723 | \$ 356,908 | \$ 138,581 | \$ (218,327) | -61% | Under | |
| Police Animal Control | \$ 231,596 | \$ 77,199 | \$ 88,413 | \$ 11,214 | 15% | Over | |
| Police Drug Enforcement | \$ 180,475 | \$ 60,159 | \$ 42,557 | \$ (17,602) | -29% | Under | |
| Police Community Services | \$ 224,962 | \$ 74,988 | \$ 73,310 | \$ (1,678) | -2% | Under | |
| Police Canine | \$ 212,349 | \$ 70,783 | \$ 55,294 | \$ (15,489) | -22% | Under | |
| Police School Resources | \$ 189,014 | \$ 63,005 | \$ 47,488 | \$ (15,517) | -25% | Under | |
| Fire Administration | \$ 2,697,735 | \$ 899,245 | \$ 752,514 | \$ (146,731) | -16% | Under | |
| Total General Fund Public Safety & Life Safety Expenses | \$ 10,179,376 | \$ 3,393,130 | \$ 2,310,953 | \$ (1,082,177) | -32% | | |

Animal Control

The 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 and the October 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 period.



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

| | For Four Months Ended October 31, 2018 | | | | | Over or Under | | Indicator |
|---|--|---|------------------|---|--|--|--|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Budget for the Reporting Period | | |
| Public Works Administration | \$ 112,309 | \$ 37,437 | \$ 30,601 | \$ (6,836) | -18% | Under | | |
| Public Works Streets | \$ 1,329,523 | \$ 443,175 | \$ 313,145 | \$ (130,030) | -29% | Under | | |
| Public Works Garage | \$ 326,996 | \$ 108,999 | \$ 63,125 | \$ (45,874) | -42% | Under | | |
| Public Works Building Inspectors | \$ 340,763 | \$ 113,588 | \$ 83,323 | \$ (30,265) | -27% | Under | | |
| Public Works Municipal Airport | \$ 22,600 | \$ 7,534 | \$ 12,347 | \$ 4,813 | 64% | Over | | |
| Engineering | \$ 297,225 | \$ 99,075 | \$ 65,244 | \$ (33,831) | -34% | Under | | |
| Total General Fund Public Works & Engineering Expenses | <u>\$2,429,416</u> | <u>\$ 809,808</u> | <u>\$567,785</u> | <u>\$ (242,023)</u> | <u>-30%</u> | | | |

Municipal Airport:

Municipal airport expenses include annual insurance allocations. These allocations are recorded at the beginning of the fiscal year for the entire 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.



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

| | For Four Months Ended October 31, 2018 | | | | | | Over or Under Budget for the Reporting Period | Indicator |
|---|--|---|-------------------|---|--|-------|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | | | |
| Parks & Recreation Administration | \$ 794,281 | \$ 264,761 | \$ 180,372 | \$ (84,389) | -32% | Under | | |
| Parks & Recreation Museum | \$ 107,200 | \$ 35,734 | \$ 48,031 | \$ 12,297 | 34% | Over | | |
| Parks & Recreation Teen Center | \$ 257,596 | \$ 85,866 | \$ 62,613 | \$ (23,253) | -27% | Under | | |
| Parks & Recreation Aquatics | \$ 262,216 | \$ 87,406 | \$ 72,868 | \$ (14,538) | -17% | Under | | |
| Parks & Recreation Ice Rink | \$ 182,587 | \$ 60,863 | \$ 34,386 | \$ (26,477) | -44% | Under | | |
| Parks & Recreation Beautification | \$ 13,000 | \$ 4,334 | \$ 1,200 | \$ (3,134) | -72% | Under | | |
| Library Administration | \$ 907,992 | \$ 302,664 | \$ 216,793 | \$ (85,871) | -28% | Under | | |
| Total General Fund Parks & Recreation and Library Expenses | <u>\$ 2,524,872</u> | <u>\$ 841,628</u> | <u>\$ 616,263</u> | <u>\$ (225,365)</u> | <u>-27%</u> | | | |

Parks & Recreation Museum:

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 and October 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 period.



General Fund Budget versus Actual Nondepartmental Expenses

| | For Four Months Ended October 31, 2018 | | | | | Over or Under | Indicator |
|---------------------------------------|--|------------------------------------|--------------------|----------------------------------|---------------------------------|---------------------------------|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Budget for the Reporting Period | |
| Nondepartmental Administration | \$ 425,184 | \$ 141,728 | \$ 229,714 | \$ 87,986 | 62% | Over | |
| Nondepartmental Contributions | \$ 175,000 | \$ 58,334 | \$ 175,000 | \$ 116,666 | 200% | Over | |
| Nondepartmental Downtown Maintenance | \$ 33,000 | \$ 11,000 | \$ 8,119 | \$ (2,881) | -26% | Under | |
| Nondepartmental Transfers | \$2,243,841 | \$747,947 | \$2,114,729 | \$1,366,782 | 183% | Over | |
| Total NonDepartmental Expenses | <u>\$2,877,025</u> | <u>\$959,009</u> | <u>\$2,527,562</u> | <u>\$1,568,553</u> | <u>164%</u> | | |

Nondepartmental:

Nondepartmental 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 nondepartmental 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.



Tourism Fund Budget versus Actual Revenues and Expenses

| | For Four Months Ended October 31, 2018 | | | | | | Over or Under Budget for the Reporting Period | Indicator |
|--|--|---|--------------------|---|--|------|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | | | |
| Hotel / Motel Tax Revenues | \$ 170,500 | \$ 56,834 | \$ 75,016 | \$ 18,182 | 32% | Over | | |
| Administrative Expenses | \$ 170,500 | \$ 56,834 | \$ 106,150 | \$ 49,316 | 87% | Over | | |
| Tourism Fund - Net Revenues Less Expenses | \$ - | \$ - | \$ (31,134) | \$ (31,134) | 100% | | | |

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 Four Months Ended October 31, 2018

| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | Indicator |
|--|------------------|---|------------------|---|--|---|-----------|
| Net Investment Income | \$ 40,000 | \$ 13,334 | \$ 18,249 | \$ 4,915 | 37% | Over | |
| Rents and Royalties | \$ 18,900 | \$ 6,300 | \$ 18,284 | \$ 11,984 | 190% | Over | |
| Enhancement Fund Total Revenues | <u>\$ 58,900</u> | <u>\$ 19,634</u> | <u>\$ 36,533</u> | <u>\$ (16,899)</u> | <u>-86%</u> | | |



Cargo Fund Budget versus Actual Revenues

| | For Four Months Ended October 31, 2018 | | | | | | Indicator |
|-----------------------------|--|------------------------------------|-------------------|----------------------------------|---------------------------------|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | |
| PERS On Behalf | \$ 15,000 | \$ 5,000 | \$ 1,926 | \$ (3,074) | -61% | Under | |
| Charges for Services | \$ 1,189,000 | \$ 396,334 | \$ 551,671 | \$ 155,337 | 39% | Over | |
| Net Investment Income | \$ 12,000 | \$ 4,000 | \$ 20,293 | \$ 16,293 | 407% | Over | |
| Rentals | \$ 235,825 | \$ 78,609 | \$ 118,242 | \$ 39,633 | 50% | Over | |
| Miscellaneous Revenues | \$ - | \$ - | \$ 1,593 | \$ 1,593 | 100% | Over | |
| Total Cargo Revenues | <u>\$ 1,451,825</u> | <u>\$ 483,943</u> | <u>\$ 693,725</u> | <u>\$ 209,782</u> | <u>43%</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 may not fund as much into PERS on Behalf as they have done in the past.



Cargo Fund Budget versus Actual Expenses

| | For Four Months Ended October 31, 2018 | | | | | | Over or Under Budget for the Reporting Period | Indicator |
|-----------------------------|--|---|-------------------|---|--|-------|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | | | |
| Cargo Administration | \$ 512,941 | \$ 170,981 | \$ 210,232 | \$ 39,251 | 23% | Over | | |
| Interfund Charges | \$ 147,340 | \$ 49,114 | \$ 147,340 | \$ 98,226 | 200% | Over | | |
| Warehouse | \$ 12,500 | \$ 4,167 | \$ 1,356 | \$ (2,811) | -67% | Under | | |
| Pier II | \$ 567,506 | \$ 189,169 | \$ 453,364 | \$ 264,195 | 140% | Over | | |
| Pier III | \$ 7,000 | \$ 2,334 | \$ 2,832 | \$ 498 | 21% | Over | | |
| Total Cargo Expenses | \$ 1,247,287 | \$ 415,765 | \$ 815,124 | \$ 399,359 | 96% | | | |

Cargo Administration:

Cargo Administration expenses include annual insurance allocations. These allocations are recorded at the beginning of the fiscal year for the entire 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.

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.

Pier II:

When the 2019 budget was being prepared, Pier III was still in a lawsuit with no settlement in sight. It was decided not to capitalize, and depreciate, the project until the final cost was known. While preparing for the audit, it was determined that the final cost of Pier III was known and should be capitalized as of June 30, 2018 and depreciated starting July 1, 2019. For the first three months of fiscal year 2019, Pier III incurred \$308,229 in depreciation. Historically, all depreciation has been recorded in the Pier II Sub Fund, and therefore Pier II is over budget by a significant amount. During the upcoming budget preparation, City staff will reevaluate Pier III depreciation and plan accordingly.

Pier III:

Pier III incurred some repair and maintenance expense that, due to the small budget, revealed a negative budget variance. City staff will review budgeting for Pier III in the upcoming budget cycle.



Harbor Fund Budget versus Actual Revenues

| | For Four Months Ended October 31, 2018 | | | | | | Over or Under Budget for the Reporting Period | Indicator |
|------------------------------|--|---|---------------------|---|--|-------|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | | | |
| PERS On Behalf | \$ 25,000 | \$ 8,334 | \$ 9,046 | \$ 712 | 9% | Over | | |
| Charges for Services | \$ 2,515,359 | \$ 838,453 | \$ 1,241,033 | \$ 402,580 | 48% | Over | | |
| Net Investment Income | \$ 21,000 | \$ 7,000 | \$ 12,158 | \$ 5,158 | 74% | Over | | |
| Rentals | \$ 16,750 | \$ 5,584 | \$ 4,142 | \$ (1,442) | -26% | Under | | |
| Miscellaneous Revenues | \$ 7,300 | \$ 2,434 | \$ 316 | \$ (2,118) | -87% | Under | | |
| Interfund Charges | \$ 78,228 | \$ 26,076 | \$ 78,228 | \$ 52,152 | 100% | Over | | |
| Total Harbor Revenues | <u>\$ 2,663,637</u> | <u>\$ 887,881</u> | <u>\$ 1,344,923</u> | <u>\$ 457,042</u> | <u>51%</u> | | | |

Rentals:

Rentals include office space rental for the Alaska Marine Highway System. 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.

Miscellaneous Revenues:

Miscellaneous revenues include unscheduled cash receipts that are difficult to foresee. The budget is so small, even large variances will not have an effect on the City's overall budget.



Harbor Fund Budget versus Actual Expenses

For Four Months Ended October 31, 2018

| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | Indicator |
|------------------------------|--------------------|---|--------------------|---|--|---|-----------|
| Harbor Administration | \$3,478,408 | \$1,159,470 | \$1,043,377 | \$(116,093) | -10% | Under | |
| Interfund Charges | \$ 274,779 | \$ 91,593 | \$ 274,799 | \$ 183,206 | 200% | Over | |
| Transfers | \$ 158,950 | \$ 52,984 | \$ 158,950 | \$ 105,966 | 200% | Over | |
| Pier I Expenses | \$ 27,500 | \$ 9,167 | \$ 1,303 | \$ (7,864) | -86% | Under | |
| Total Harbor Expenses | <u>\$3,939,637</u> | <u>\$1,313,214</u> | <u>\$1,478,429</u> | <u>\$ 165,215</u> | <u>13%</u> | | |

Interfund Charges and Transfers:

Interfund charges and Transfers 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.



Shipyard Fund Budget versus Actual Revenues

For Four Months Ended October 31, 2018

| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under | Indicator |
|--------------------------------|-------------------|---|-------------------|---|--|--|-----------|
| | | | | | | Budget for the Reporting Period | |
| PERS On Behalf | \$ 5,000 | \$ 1,667 | \$ 1,443 | \$ (224) | -13% | Under | |
| Charges for Services | \$ 455,500 | \$ 151,834 | \$ 201,272 | \$ 49,438 | 33% | Over | |
| Net Investment Income | \$ 500 | \$ 167 | \$ - | \$ (167) | -100% | Under | |
| Transfer from Harbor | \$ 158,950 | \$ 52,984 | \$ 158,950 | \$ 105,966 | 100% | Over | |
| Total Shipyard Revenues | <u>\$ 619,950</u> | <u>\$ 206,652</u> | <u>\$ 361,665</u> | <u>\$ 155,013</u> | <u>75%</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 may not fund as much into PERS on Behalf as they have done in the past.




Net Investment Income:

Investment gains and losses, interest for the operating investments, and interest earned on citywide bank accounts are recorded each month in the Central Treasury and allocated four times a year on a pro rata basis to each of the funds. As the Shipyard Fund has no cash in the Central Treasury, they are not allocated investment income.



Shipyard Fund Budget versus Actual Expenses

For Four Months Ended October 31, 2018

| | Annual Budget | Reporting Period (4 Months) | Actual | Budget versus Actual | Budget versus Actual | Over or Under Budget for the Reporting Period | Indicator |
|--------------------------------|---------------------|-----------------------------------|-------------------|----------------------------|----------------------------|---|---|
| | | Budget | | \$ Variance | % Variance | | |
| Shipyard Administration | \$ 1,056,113 | \$ 352,038 | \$ 268,882 | \$ (83,156) | -24% | Under |  |
| Interfund Charges | \$ 90,681 | \$ 30,227 | \$ 90,681 | \$ 60,454 | 200% | Over |   |
| Total Shipyard Expenses | <u>\$ 1,146,794</u> | <u>\$ 382,265</u> | <u>\$ 359,563</u> | <u>\$ (22,702)</u> | <u>-6%</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.



Water Utility Fund Budget versus Actual Revenues

For Four Months Ended October 31, 2018

| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | Indicator |
|-----------------------------|---------------------|---|---------------------|---|--|---|-----------|
| Penalties & Interest | \$ 27,000 | \$ 9,000 | \$ 7,000 | \$ (2,000) | -22% | Under | |
| PERS On Behalf | \$ 15,000 | \$ 5,000 | \$ 3,524 | \$ (1,476) | -30% | Under | |
| Charges for Services | \$ 4,365,000 | \$ 1,455,000 | \$ 1,694,122 | \$ 239,122 | 16% | Over | |
| Net Investment Income | \$ 40,000 | \$ 13,334 | \$ 49,310 | \$ 35,976 | 270% | Over | |
| Miscellaneous Revenues | \$ 5,000 | \$ 1,667 | \$ 415 | \$ (1,252) | -75% | Under | |
| Total Water Revenues | <u>\$ 4,452,000</u> | <u>\$ 1,484,001</u> | <u>\$ 1,754,371</u> | <u>\$ 270,370</u> | <u>18%</u> | | |

Penalties & Interest:

Penalties and interest are charged on past due water utility accounts. These will fluctuate based on the user's timely payments. City staff will continue to monitor penalties and interest throughout the fiscal year.

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 may not fund as much into PERS on Behalf as they have done in the past.

Miscellaneous Revenues:

Miscellaneous revenues include unscheduled cash receipts that are difficult to foresee. The budget is so small, even large variances will not have an effect on the City's overall budget.



Water Utility Fund Budget versus Actual Expenses

| | For Four Months Ended October 31, 2018 | | | | | | Indicator |
|-------------------------------------|--|------------------------------------|--------------------|----------------------------------|---------------------------------|---|-----------|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | |
| Water Distribution | \$2,877,141 | \$ 959,047 | \$ 988,129 | \$ 29,082 | 3% | Over | |
| Water Treatment | \$ 525,394 | \$ 175,132 | \$ 246,575 | \$ 71,443 | 41% | Over | |
| Transfers to Other funds | \$ 25,000 | \$ 8,334 | \$ 25,000 | \$ 16,666 | 200% | Over | |
| Total Water Utility Expenses | <u>\$3,427,535</u> | <u>\$1,142,513</u> | <u>\$1,259,704</u> | <u>\$ 117,191</u> | <u>10%</u> | | |

Water Distribution:

Insurance and interfund administration charges are allocated once a year to the Water Distribution 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.

Water Treatment:





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.

Transfers:

Transfers 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.



Sewer Utility Fund Budget versus Actual Revenues

| | For Four Months Ended October 31, 2018 | | | | | | Indicator |
|-----------------------------|--|---|---------------------|---|--|---|---|
| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | |
| PERS On Behalf | \$ 25,000 | \$ 8,334 | \$ 7,400 | \$ (934) | -11% | Under |  |
| Charges for Services | \$ 4,619,800 | \$ 1,539,934 | \$ 1,512,373 | \$ (27,561) | -2% | Under |  |
| Net Investment Income | \$ 10,000 | \$ 3,334 | \$ 16,026 | \$ 12,692 | 381% | Over |  |
| Miscellaneous Revenues | \$ - | \$ - | \$ 2,837 | \$ 2,837 | 100% | Over |  |
| Total Sewer Revenues | \$ 4,654,800 | \$ 1,551,602 | \$ 1,538,636 | \$ (12,966) | -1% | | |

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 may not fund as much into PERS on Behalf as they have done in the past.

Charges for Services:

Charges for Services are slightly below budget but above prior year. The Sewer utility is currently having a rate study which will determine future revenues. City staff will continue to monitor penalties and interest throughout the fiscal year.



Sewer Utility Fund Budget versus Actual Expenses

For Four Months Ended October 31, 2018

| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | Indicator |
|-------------------------------------|--------------------|---|--------------------|---|--|---|-----------|
| Sewer Collection | \$ 757,136 | \$ 252,379 | \$ 332,831 | \$ 80,452 | 32% | Over | |
| Wastewater Treatment | \$2,735,671 | \$ 911,891 | \$ 994,807 | \$ 82,916 | 9% | Over | |
| Compost | \$ 612,811 | \$ 204,271 | \$ 323,237 | \$ 118,966 | 58% | Over | |
| Total Sewer Utility Expenses | <u>\$4,105,618</u> | <u>\$1,368,541</u> | <u>\$1,650,875</u> | <u>\$ 282,334</u> | <u>21%</u> | | |

Sewer Utility Expenses:

Insurance and interfund administration charges are allocated once a year to the Sewer Utility across departments. 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 Four Months Ended October 31, 2018

| | Annual Budget | Reporting Period (4 Months) Budget | Actual | Budget versus Actual \$ Variance | Budget versus Actual % Variance | Over or Under Budget for the Reporting Period | Indicator |
|--|------------------|------------------------------------|--------------------|----------------------------------|---------------------------------|---|-----------|
| Revenues - Charges for Services | \$ 674,500 | \$ 224,834 | \$ 121,789 | \$ (103,045) | -46% | Under | |
| Revenues - Net Investment Income | \$ 1,000 | \$ 334 | \$ 3,946 | \$ 3,612 | 1081% | Over | |
| Administration Expenses | \$ 551,263 | \$ 183,755 | \$ 74,533 | \$ (109,222) | -59% | Under | |
| Interfund Expenses | \$ 75,417 | \$ 25,139 | \$ 75,417 | \$ 50,278 | 200% | Over | |
| Harbor Electric Fund - Net Revenues Less Expenses | <u>\$ 48,820</u> | <u>\$ 16,274</u> | <u>\$ (24,215)</u> | <u>\$ (40,489)</u> | <u>-249%</u> | | |

Charges for Services:

Charges for services primarily consist of electric charges to boats in the harbor. This revenue is directly offset by the expense of obtaining the electricity. As such, you will notice that administration expenses are under budget by the same approximate amount as the revenues for the corresponding charges. These revenues are seasonal and will fluctuate based on the number of users in the harbor. City staff will continue to monitor these charges for services throughout the fiscal year.

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 Four Months Ended October 31, 2018 | | | | | | Indicator |
|--|--|------------------------------------|--------------------|----------------------------------|---------------------------------|---|-----------|
| | Annual Budget | Reporting Period (4 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 | \$ 5,000 | \$ 14,333 | \$ 9,333 | 187% | Over | |
| Revenues - Rentals | \$ 40,000 | \$ 13,334 | \$ 14,898 | \$ 1,564 | 12% | Over | |
| Administration Expenses | \$ 303,555 | \$ 101,185 | \$ 93,019 | \$ (8,166) | -8% | Under | |
| Trident Basin Fund - Net Revenues Less Expenses | <u>\$ (248,555)</u> | <u>\$ (82,851)</u> | <u>\$ (63,788)</u> | <u>\$ 19,063</u> | <u>-23%</u> | | |



This page intentionally left blank.