



**City of Kodiak
Financial Update**

July 1, 2016 – January 31, 2017



April 11, 2017

Mayor Branson and City Council Members
Kodiak, Alaska 99615

Dear Mayor and Council Members:

Enclosed is the financial update for the second quarter of fiscal year 2017. The period of this report covers July 1, 2016 through January 31, 2017. The schedule below will provide you with the next scheduled financial updates. Due to the timing of the first issue, fiscal year 2017 financial 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 November
Quarter 2	November, December, January	2nd full Week in February
Quarter 3	February, March, April	2nd full Week in May
Quarter 4	May, June	2nd full Week in August

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

Purpose

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

Document Organization

The Council Financial Update presents information for the following funds: General Fund, Tourism Fund, Enhancement Fund, Cargo Fund, Harbor Fund, Shipyard Fund, Harbor Electric Fund, Water Fund, Sewer Fund, 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 subdepartment. These will be compared to the current year budget for the same time period.




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

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

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



Traffic Light Indicators

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

The remainder of this report will show the General Fund revenues and expenses for each subdepartment, 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 subdepartments.

Conclusion

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

Very respectfully,



Kelly Mayes
Finance Director



General Fund Budget versus Actual Revenues

For Seven Months Ended January 31, 2017

	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
Sales Tax	\$ 12,327,500	\$ 7,191,042	\$ 5,363,688	\$ (1,827,354)	-25%	Under	
Property Tax	\$ 953,500	\$ 556,209	\$ 1,063,014	\$ 506,805	91%	Over	
Licenses and Permits	\$ 52,300	\$ 30,509	\$ 66,706	\$ 36,197	119%	Over	
Intergovernmental	\$ 2,813,431	\$ 1,641,169	\$ 835,041	\$ (806,128)	-49%	Under	
Charges for Services	\$ 1,661,217	\$ 969,044	\$ 867,646	\$ (101,398)	-10%	Under	
Fines and Forfeitures	\$ 15,000	\$ 8,750	\$ 915	\$ (7,835)	-90%	Under	
Net Investment Income	\$ 10,000	\$ 5,834	\$ -	\$ (5,834)	-100%	Under	
Rents and Royalties	\$ 230,000	\$ 134,167	\$ 86,003	\$ (48,164)	-36%	Under	
Miscellaneous Revenues	\$ 22,000	\$ 12,834	\$ 169,481	\$ 156,647	1221%	Over	
Interfund Charges	\$ 1,565,978	\$ 913,488	\$ 1,521,942	\$ 608,454	67%	Over	
Total General Fund Revenues	\$ 19,650,926	\$ 11,463,046	\$ 9,974,436	\$ (1,488,610)	-13%		



General Fund Budget versus Actual Revenues

Sales Tax:

Reporting Period Budget: \$7,191,042 Actual: \$ 5,363,688 Variance: 25%

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 (October, November, and December 2016 sales tax) and all prior sales tax reporting from July 1 through January 31, 2017. Businesses have historically reported less during this quarter due to seasonal activity in Kodiak. The percentage variance has decreased from 52% for the first reporting period to 25% for this reporting period. Therefore, City staff expects the sales tax variance to continue this trend and decrease throughout the remainder of the fiscal year.

Intergovernmental:

Reporting Period Budget: \$1,641,169 Actual: \$ 835,041 Variance: 49%

Intergovernmental revenues consist of PERS On Behalf, State Revenue Sharing Community Assistance Program, Department of Revenue Fish Taxes, Business Shared Fisheries Fish Taxes, Fuel Sharing, Alcohol Beverage Sharing, Utility Revenue Sharing, and State Operating Grants. The City typically receives revenue from these sources in one or two installment payments throughout the year. These are usually received in November and April each year.

As of the reporting period, the intergovernmental revenues received include the following: (1) State Revenue Sharing annual amount of \$249,635; (2) Department of Revenue-Fish Tax annual amount of \$525,670; (3) DCED Shared Revenues first payment of \$52,979; (4) marijuana license fees \$500; and (5) small operating grants totaling \$ 5,911. Remaining intergovernmental revenues to be received include PERS on Behalf, utility revenue sharing, fuel tax sharing, alcohol beverage sharing, and the final payment of DCED Shared Revenues.

Charges for Services:

Reporting Period Budget: \$969,044 Actual: \$ 867,646 Variance: 10%

Charges for Services consist of various charges provided by the City. These include boarding of prisoners contracts with the State of Alaska, Animal Control, Building Inspection contracts with the Kodiak Island Borough, Ambulance Services, Parks and Recreation fees, and Library fees. Building Inspection fees in the Kodiak Island Borough are slightly lower as compared to previous periods. City staff will continue to monitor these charges throughout the fiscal year.

Fines and forfeitures:

Reporting Period Budget: \$8,750 Actual: \$ 915 Variance: 90%

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: \$5,834 Actual: \$-0- Variance: 100%

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 once a year on a pro rata basis to each of the funds. As such, the allocations have not been recorded. Due to the timing of this report, City staff will update this procedure to perform allocations on a quarterly basis for future reporting periods.

Rents and Royalties:

Reporting Period Budget: \$134,167 Actual: \$86,003 Variance: 36%

Rents and royalties are comprised of various lease agreements for City owned property. These lease agreements have various terms and payment dates. City staff will continue to monitor these agreements throughout the fiscal year.



General Fund Budget versus Actual Expenses

For the Seven Months Ended January 31, 2017

	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	\$ 288,404	\$ 168,236	\$ 142,000	\$ (26,236)	-16%	Under	
Legal Services	\$ 100,000	\$ 58,334	\$ 66,571	\$ 8,237	14%	Over	
Administrative Departments	\$ 2,703,650	\$ 1,577,131	\$ 1,266,349	\$ (310,782)	-20%	Under	
Public Safety and Life Safety	\$ 9,550,366	\$ 5,571,053	\$ 4,289,827	\$ (1,281,226)	-23%	Under	
Public Works and Engineering	\$ 2,508,494	\$ 1,463,291	\$ 1,047,397	\$ (415,894)	-28%	Under	
Parks & Recreation and Library	\$ 2,502,059	\$ 1,459,537	\$ 1,261,081	\$ (198,456)	-14%	Under	
Nondepartmental	\$ 1,945,261	\$ 1,134,737	\$ 1,728,742	\$ 594,005	52%	Over	
Total General Fund Expenses	<u>\$ 19,598,234</u>	<u>\$ 11,432,319</u>	<u>\$ 9,801,967</u>	<u>\$ (1,630,352)</u>	<u>-14%</u>		

Legal Services:

Legal services for the first seven months of the fiscal year include general counsel and ongoing citywide litigation expenses. Legal services related to construction projects are not included in these amounts and are included in the specific capital project. City staff will continue to monitor legal services throughout the upcoming months.

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 the Seven Months Ended January 31, 2017							
	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	\$ 704,353	\$ 410,873	\$ 302,986	\$ (107,887)	-26%	Under	
Emergency Preparedness	\$ 38,000	\$ 22,167	\$ 15,613	\$ (6,554)	-30%	Under	
City Clerk Administration	\$ 350,890	\$ 204,686	\$ 168,559	\$ (36,127)	-18%	Under	
City Clerk Records Management	\$ 189,406	\$ 110,487	\$ 84,797	\$ (25,690)	-23%	Under	
Finance Administration & Utilities	\$ 877,218	\$ 511,711	\$ 384,859	\$ (126,852)	-25%	Under	
Finance IT	\$ 543,783	\$ 317,207	\$ 309,535	\$ (7,672)	-2%	Under	
Total General Fund Administration Expenses	<u>\$2,703,650</u>	<u>\$ 1,577,131</u>	<u>\$1,266,349</u>	<u>\$ (310,782)</u>	<u>-20%</u>		



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

	<u>For the Seven Months Ended January 31, 2017</u>					Over or Under	
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Budget for the Reporting Period	Indicator
Police Administration	\$ 948,258	\$ 553,151	\$ 404,259	\$ (148,892)	-27%	Under	
Police Station Bond Payments	\$ 532,240	\$ 310,474	\$ 182,913	\$ (127,561)	-41%	Under	
Police Uniform Patrol	\$1,594,160	\$ 929,927	\$ 864,621	\$ (65,306)	-7%	Under	
Police Corrections	\$1,458,828	\$ 850,983	\$ 686,208	\$ (164,775)	-19%	Under	
Police Investigations	\$ 350,270	\$ 204,325	\$ 75,491	\$ (128,834)	-63%	Under	
Police Dispatch Services	\$1,224,737	\$ 714,430	\$ 552,916	\$ (161,514)	-23%	Under	
Police Animal Control	\$ 221,358	\$ 129,126	\$ 115,617	\$ (13,509)	-10%	Under	
Police Drug Enforcement	\$ 152,431	\$ 88,919	\$ 50,671	\$ (38,248)	-43%	Under	
Police Community Services	\$ 208,147	\$ 121,420	\$ 102,150	\$ (19,270)	-16%	Under	
Police Canine	\$ 281,858	\$ 164,418	\$ 30,498	\$ (133,920)	-81%	Under	
Police School Resources	\$ 167,708	\$ 97,830	\$ 74,506	\$ (23,324)	-24%	Under	
Fire Administration	\$2,410,371	\$1,406,050	\$1,149,977	\$ (256,073)	-18%	Under	
Total General Fund Public Safety & Life Safety Expenses	\$9,550,366	\$5,571,053	\$4,289,827	\$ (1,281,226)	-23%		



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

	For the Seven Months Ended January 31, 2017					Over or Under	
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Budget for the Reporting Period	Indicator
Public Works Administration	\$ 127,629	\$ 74,451	\$ 55,634	\$ (18,817)	-25%	Under	
Public Works Streets	\$1,488,133	\$ 868,078	\$ 639,597	\$(228,481)	-26%	Under	
Public Works Garage	\$ 278,995	\$ 162,748	\$ 126,598	\$ (36,150)	-22%	Under	
Public Works Building Inspectors	\$ 314,736	\$ 183,596	\$ 98,058	\$ (85,538)	-47%	Under	
Public Works Municipal Airport	\$ 18,550	\$ 10,821	\$ 12,018	\$ 1,197	11%	Over	
Engineering	\$ 280,451	\$ 163,597	\$ 115,492	\$ (48,105)	-29%	Under	
Total General Fund Public Works & Engineering Expenses	\$2,508,494	\$1,463,291	\$1,047,397	\$(415,894)	-28%		

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 the Seven Months Ended January 31, 2017						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	
Parks & Recreation Administration	\$ 717,073	\$ 418,293	\$ 381,874	\$ (36,419)	-9%	Under	
Parks & Recreation Museum	\$ 109,700	\$ 63,992	\$ 75,365	\$ 11,373	18%	Over	
Parks & Recreation Teen Center	\$ 267,317	\$ 155,935	\$ 130,368	\$ (25,567)	-16%	Under	
Parks & Recreation Aquatics	\$ 242,625	\$ 141,532	\$ 112,813	\$ (28,719)	-20%	Under	
Parks & Recreation Ice Rink	\$ 163,992	\$ 95,662	\$ 78,903	\$ (16,759)	-18%	Under	
Parks & Recreation Beautification	\$ 13,000	\$ 7,584	\$ 6,007	\$ (1,577)	-21%	Under	
Library Administration	\$ 988,352	\$ 576,539	\$ 475,751	\$ (100,788)	-17%	Under	
Total General Fund Parks & Recreation and Library Expenses	\$2,502,059	\$1,459,537	\$1,261,081	\$(198,456)	-14%		

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, 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 period.



**General Fund
Budget versus Actual
Nondepartmental Expenses**

For the Seven Months Ended January 31, 2017



	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	\$ 497,157	\$ 290,009	\$ 344,470	\$ 54,461	19%	Over	
Nondepartmental Contributions	\$ 184,500	\$ 107,625	\$ 184,500	\$ 76,875	71%	Over	
Nondepartmental Downtown Maintenance	\$ 40,000	\$ 23,334	\$ 20,205	\$ (3,129)	-13%	Under	
Nondepartmental Transfers	\$ 1,223,604	\$ 713,769	\$ 1,179,567	\$ 465,798	65%	Over	
Total NonDepartmental Expenses	\$ 1,945,261	\$ 1,134,737	\$ 1,728,742	\$ 594,005	52%		

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 Seven Months Ended January 31, 2017						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	
Hotel / Motel Tax Revenues	\$ 170,500	\$ 99,459	\$ 108,155	\$ 8,696	9%	Over	
Administrative Expenses	\$ 189,500	\$ 110,542	\$ 136,150	\$ 25,608	23%	Over	
Tourism Fund - Net Revenues Less Expenses	<u>\$ (19,000)</u>	<u>\$ (11,083)</u>	<u>\$ (27,995)</u>	<u>\$ (16,912)</u>	<u>153%</u>		

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 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.



**Enhancement Fund
Budget versus Actual
Revenues**






For Seven Months Ended January 31, 2017							
	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	\$ 40,000	\$ 23,334	\$ 6,618	\$ (16,716)	-72%	Under	
Rents and Royalties	\$ 66,800	\$ 38,967	\$ 45,889	\$ 6,922	18%	Over	
Enhancement Fund Total Revenues	<u>\$ 106,800</u>	<u>\$ 62,301</u>	<u>\$ 52,507</u>	<u>\$ 9,794</u>	<u>16%</u>		

Net Investment Income:

For the four months ended October 31, 2016, the City Enhancement fund was invested in various U.S. agency bonds and certificates of deposit. During this time, many agency bonds were called prior to maturity and the City began contracting services with Alaska Permanent Capital Management as a third party investment management and advisory group. Investment management services with Alaska Permanent Capital Management begin during October 2016. Due to this change in investment management policies, City staff anticipates increased returns on investments throughout the remainder of the fiscal year.



Cargo Fund Budget versus Actual Revenues

	For the Seven Months Ended January 31, 2017					Over or Under	Indicator
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Budget for the Reporting Period	
PERS On Behalf	\$ 35,017	\$ 20,427	\$ -	\$ (20,427)	-100%	Under	
Charges for Services	\$ 995,500	\$ 580,709	\$ 491,478	\$ (89,231)	-15%	Under	
Net Investment Income	\$ 7,000	\$ 4,084	\$ -	\$ (4,084)	-100%	Under	
Rentals	\$ 222,500	\$ 129,792	\$ 144,823	\$ 15,031	12%	Over	
Miscellaneous Revenues	\$ -	\$ -	\$ 6,568	\$ 6,568	100%	Over	
Total Cargo Revenues	<u>\$ 1,260,017</u>	<u>\$ 735,012</u>	<u>\$ 642,869</u>	<u>\$ (92,143)</u>	<u>-13%</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. While the actual amount shows \$-0- received for the reporting period, thus resulting in an under-budget amount, this is actually due to the timing of the allocation made at the end of the year.

Charges for Services:

Charges for services include wharfage and handling, preferential use agreements with Matson, dockage at Pier III, and cruise ship revenues. Some charges for services are seasonal and will fluctuate throughout the year. City staff will continue to monitor these revenue sources throughout the fiscal year.

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 once a year on a pro rata basis to each of the funds. As such, the allocations have not been recorded. Due to the timing of this report, City staff will update this procedure to perform allocations on a quarterly basis for future reporting periods.



Cargo Fund Budget versus Actual Expenses

For the Seven Months Ended January 31, 2017

	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	\$ 406,109	\$ 236,897	\$ 192,058	\$ (44,839)	-19%	Under	
Interfund Charges	\$ 141,686	\$ 82,651	\$ 141,686	\$ 59,035	71%	Over	
Transfers	\$ 815,000	\$ 475,417	\$ 815,000	\$ 339,583	71%	Over	
Warehouse	\$ 27,000	\$ 15,750	\$ 1,725	\$ (14,025)	-89%	Under	
Pier II	\$ 472,399	\$ 275,567	\$ 282,185	\$ 6,618	2%	Over	
Pier III	\$ 19,000	\$ 11,084	\$ 1,446	\$ (9,638)	-87%	Under	
Total Cargo Expenses	\$1,881,194	\$1,097,366	\$1,434,100	\$ 336,734	31%		

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:

Transfers are one-time transfers to other funds. These are approved during the budget process or approved through City Council action items and recorded immediately after approved. 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:

Pier II expenses are supplies, repairs and maintenance, utilities, and depreciation expense related to this facility. Utilities expenses are slightly higher than anticipated. City staff will continue to monitor these expenses throughout the fiscal year.



Harbor Fund Budget versus Actual Revenues

	For the Seven Months Ended January 31, 2017					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		
PERS On Behalf	\$ 147,365	\$ 85,963	\$ -	\$ (85,963)	-100%	Under	
Charges for Services	\$2,129,500	\$1,242,209	\$1,803,954	\$ 561,745	45%	Over	
Pier I Charges for Services	\$ 33,000	\$ 19,250	\$ -	\$ (19,250)	-100%	Under	
Net Investment Income	\$ 14,000	\$ 8,167	\$ 9,519	\$ 1,352	17%	Over	
Rentals	\$ 16,500	\$ 9,625	\$ 7,883	\$ (1,742)	-18%	Under	
Miscellaneous Revenues	\$ 7,300	\$ 4,259	\$ 23,093	\$ 18,834	442%	Over	
Interfund Charges	\$ 74,258	\$ 43,318	\$ 74,258	\$ 30,940	100%	Over	
Total Harbor Revenues	<u>\$2,421,923</u>	<u>\$1,412,791</u>	<u>\$1,918,707</u>	<u>\$ 505,916</u>	<u>36%</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. While the actual amount shows \$-0- received for the reporting period, thus resulting in an under-budget amount, this is actually due to the timing of the allocation made at the end of the year.

Pier I Charges for Services:

Pier I Charges for services will be implemented upon signing the agreement with the State of Alaska for the new ferry dock terminal. Per this agreement, separate subsections of revenues and expenses related to Pier I must be maintained.




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.



Harbor Fund Budget versus Actual Expenses

For the Seven Months Ended January 31, 2017

	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Over or Under	Indicator
						Budget for the Reporting Period	
Harbor Administration	\$ 3,510,035	\$ 2,047,521	\$ 1,789,871	\$ (257,650)	-13%	Under	
Interfund Charges	\$ 248,084	\$ 144,716	\$ 248,084	\$ 103,368	71%	Over	
Pier I Expenses	\$ 33,500	\$ 19,542	\$ 1,353	\$ (18,189)	-93%	Under	
Total Harbor Expenses	\$3,791,619	\$2,211,779	\$2,039,308	\$(172,471)	-8%		

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.



Shipyard Fund Budget versus Actual Revenues

	For the Seven Months Ended January 31, 2017					Over or Under	
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Budget for the Reporting Period	Indicator
PERS On Behalf	\$ 23,235	\$ 13,554	\$ -	\$ (13,554)	-100%	Under	
Charges for Services	\$ 688,000	\$ 401,334	\$ 191,598	\$ (209,736)	-52%	Under	
Net Investment Income	\$ 1,000	\$ 584	\$ 12	\$ (572)	-98%	Under	
Miscellaneous Revenues	\$ 2,000	\$ 1,167	\$ 2,911	\$ 1,744	149%	Over	
Total Shipyard Revenues	<u>\$ 714,235</u>	<u>\$ 416,639</u>	<u>\$ 194,521</u>	<u>\$ (222,118)</u>	<u>-53%</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. While the actual amount shows \$-0- received for the reporting period, thus resulting in an under-budget amount, this is actually due to the timing of the allocation made at the end of the year.

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 number of vessel lifts and the number of vessels in the yard for an extended period have decreased as compared to prior years. The Port and Harbor Advisory Board and the Harbormaster are currently exploring ways to increase revenues in the shipyard.



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 once a year on a pro rata basis to each of the funds. As such, the allocations have not been recorded. Due to the timing of this report, City staff will update this procedure to perform allocations on a quarterly basis for future reporting periods.



Shipyard Fund Budget versus Actual Expenses

For the Seven Months Ended January 31, 2017

	Annual Budget	Reporting Period (7 Months)	Actual	Budget versus Actual	Budget versus Actual	Over or Under Budget for the Reporting Period	Indicator
		Budget		\$ Variance	% Variance		
Shipyard Administration	\$ 1,172,241	\$ 683,808	\$ 554,608	\$ (129,200)	-19%	Under	
Interfund Charges	\$ 111,157	\$ 64,842	\$ 111,157	\$ 46,315	71%	Over	
Total Shipyard Expenses	<u>\$ 1,283,398</u>	<u>\$ 748,650</u>	<u>\$ 665,765</u>	<u>\$ (82,885)</u>	<u>-11%</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 the Seven Months Ended January 31, 2017

	Annual Budget	Reporting Period	Actual	Budget versus	Budget versus	Over or Under	Indicator
		(7 Months) Budget		Actual	Actual	Actual	
				\$ Variance	% Variance		
Penalties & Interest	\$ 27,000	\$ 15,750	\$ 10,395	\$ (5,355)	-34%	Under	
PERS On Behalf	\$ 91,563	\$ 53,412	\$ -	\$ (53,412)	-100%	Under	
Charges for Services	\$4,542,000	\$2,649,500	\$2,447,777	\$ (201,723)	-8%	Under	
Net Investment Income	\$ 2,000	\$ 1,167	\$ -	\$ (1,167)	-100%	Under	
Miscellaneous Revenues	\$ 5,000	\$ 2,917	\$ 16,393	\$ 13,476	462%	Over	
Transfers from Other funds	\$ 30,000	\$ 17,500	\$ -	\$ (17,500)	-100%	Under	
Total Water Revenues	<u>\$4,697,563</u>	<u>\$2,740,246</u>	<u>\$2,474,565</u>	<u>\$ (265,681)</u>	<u>-10%</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 is not funding as much into PERS on Behalf as they have done in the past. While the actual amount shows \$-0- received for the reporting period, thus resulting in an under-budget amount, this is actually due to the timing of the allocation made at the end of the year.

Charges for Services:

Charges for Services include City and Borough flat rate customers, metered customers, and hookup services. The metered services are slightly lower for the reporting period due to the seasonality of the industrial users. City staff anticipates these revenues aligning with the budgeted revenues throughout the fiscal year.

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 once a year on a pro rata basis to each of the funds. As such, the allocations have not been recorded. Due to the timing of this report, City staff will update this procedure to perform allocations on a quarterly basis for future reporting periods.

Transfers from Other Funds:

These transfers represent the one-time purchase of joint equipment to be used with Parks and Recreation and the Water fund departments. As of the reporting period, this transfer had not yet been made.



Water Utility Fund Budget versus Actual Expenses

	For the Seven Months Ended January 31, 2017						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	Budget for the Reporting Period		
	Budget	Budget	Actual	\$ Variance	% Variance	Period		
Water Transfers	\$ -	\$ -	\$ 548,128	\$ 548,128	100%	Over		
Water Distribution	\$2,726,447	\$1,590,428	\$ 1,376,509	\$(213,919)	-13%	Under		
Water Treatment	\$ 639,541	\$ 373,066	\$ 436,480	\$ 63,414	17%	Over		
Total Water Utility Expenses	\$3,365,988	\$1,963,494	\$ 2,361,117	\$ 397,623	20%			

Water Transfers:

Water transfers consist of transfers to the Water Capital Improvement fund. These transfers are for loans received during the reporting period for specific Water capital improvement projects. The budgeted amount for this type of transfer is typically addressed during the supplemental budget ordinance throughout the fiscal year.

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:

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 the Seven Months Ended January 31, 2017					Over or Under	Indicator
	Annual Budget	Reporting Period (7 Months) Budget	Actual	Budget versus Actual \$ Variance	Budget versus Actual % Variance	Budget for the Reporting Period	
PERS On Behalf	\$ 151,373	\$ 88,301	\$ -	\$ (88,301)	-100%	Under	
Charges for Services	\$ 4,189,800	\$ 2,444,050	\$ 2,441,398	\$ (2,652)	0%	Over	
Net Investment Income	\$ 4,000	\$ 2,334	\$ -	\$ (2,334)	-100%	Under	
Miscellaneous Revenues	\$ -	\$ -	\$ 21,903	\$ 21,903	100%	Over	
Total Sewer Revenues	\$4,345,173	\$2,534,685	\$2,463,301	\$ (71,384)	-3%		

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. While the actual amount shows \$0- received for the reporting period, thus resulting in an under-budget amount, this is actually due to the timing of the allocation made at the end of the year.

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 once a year on a pro rata basis to each of the funds. As such, the allocations have not been recorded. Due to the timing of this report, City staff will update this procedure to perform allocations on a quarterly basis for future reporting periods.



Sewer Utility Fund Budget versus Actual Expenses

For the Seven Months Ended January 31, 2017

	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 Collection	\$ 831,601	\$ 485,101	\$ 545,478	\$ 60,377	12%	Over	
Wastewater Treatment	\$3,066,170	\$1,788,600	\$1,469,090	\$ (319,510)	-18%	Under	
Compost	\$ 585,307	\$ 341,430	\$ 206,668	\$ (134,762)	-39%	Under	
Total Sewer Utility Expenses	<u>\$4,483,078</u>	<u>\$2,615,131</u>	<u>\$2,221,236</u>	<u>\$ (393,895)</u>	<u>-15%</u>		

Sewer Collection:

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



Harbor Electric Fund Budget versus Actual Revenues and Expenses

	For the Seven Months Ended January 31, 2017					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		
Revenues - Charges for Services	\$ 673,000	\$ 392,584	\$ 428,813	\$ 36,229	9%	Over	
Revenues - Net Investment Income	\$ 1,000	\$ 584	\$ -	\$ (584)	-100%	Under	
Administration Expenses	\$ 576,042	\$ 336,025	\$ 317,982	\$ (18,043)	-5%	Under	
Interfund Charges	\$ 61,842	\$ 36,075	\$ 61,842	\$ 25,767	71%	Over	
Harbor Electric Fund - Net Revenues Less Expenses	<u>\$ 36,116</u>	<u>\$ 21,068</u>	<u>\$ 48,989</u>	<u>\$ 27,921</u>	<u>133%</u>		

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 once a year on a pro rata basis to each of the funds. As such, the allocations have not been recorded. Due to the timing of this report, City staff will update this procedure to perform allocations on a quarterly basis for future reporting periods.

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

	<u>For the Seven Months Ended January 31, 2017</u>					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		
Revenues - Charges for Services	\$ 13,000	\$ 7,584	\$ 15,278	\$ 7,694	101%	Over	
Revenues - Rentals	\$ 33,000	\$ 19,250	\$ 22,347	\$ 3,097	16%	Over	
Administration Expenses	\$ 301,293	\$ 175,755	\$ 163,639	\$ (12,116)	-7%	Under	
Trident Basin Fund - Net Revenues Less Expenses	<u>\$ (255,293)</u>	<u>\$(148,921)</u>	<u>\$ (126,014)</u>	<u>\$ 22,907</u>	<u>-15%</u>		



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