



**City of Kodiak  
Financial Update**

**July 1, 2019 – October 31, 2019**





December 12, 2019

Mayor Branson and City Council Members  
Kodiak, Alaska 99615

Dear Mayor and Council Members:

Enclosed is the financial update for the first quarter of fiscal year 2020. The period of this report covers July 1, 2019 through October 31, 2019. The schedule below will provide you with the next scheduled financial updates.

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

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

**Purpose**

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

**Document Organization**

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

Each fund will provide an overview of revenues and expenses by 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

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

The remainder of this report will show the General Fund revenues and expenses for each 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 Overview**

The reporting period shows total general fund revenues of \$5,740,765 and total general fund expenses of \$6,527,222. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(786,457).

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. In addition, due to the timing of sales tax payments in November 2019, November sales tax collected was approximately \$2,031,980.
- **Intergovernmental revenues:** In previous fiscal years, the State of Alaska Fish Tax revenue sharing and other State revenue sharing programs dropped significantly. As a result, the budgeted amount for these revenue sources was lowered. In recent fiscal years, the amounts received increased as compared to prior fiscal years. For fiscal year 2020, actual amounts exceeded budgeted amounts by approximately \$211,495 for these revenue sources.
- **Net Investment Income:** Over the most recent fiscal years, interest rates have continued to rise and due to the City's third-party investment manager, the City has been able to capitalize a greater return on its investments.

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

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



## General Fund Budget versus Actual Revenues

For Four Months Ended October 31, 2019

	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
Sales Tax	\$ 14,527,500	\$ 4,842,500	\$ 2,115,813	\$ (2,726,687)	-56%	Under	
Property Tax	\$ 1,100,000	\$ 366,667	\$ 510,039	\$ 143,372	39%	Over	
Licenses and Permits	\$ 80,300	\$ 26,767	\$ 16,800	\$ (9,967)	-37%	Under	
Intergovernmental	\$ 1,520,000	\$ 506,667	\$ 1,153,395	\$ 646,728	128%	Over	
Charges for Services	\$ 1,820,002	\$ 606,668	\$ 579,046	\$ (27,622)	-5%	Under	
Fines and Forfeitures	\$ 3,000	\$ 1,000	\$ 900	\$ (100)	-10%	Under	
Net Investment Income	\$ 50,000	\$ 16,667	\$ 42,611	\$ 25,944	156%	Over	
Rents and Royalties	\$ 120,000	\$ 40,000	\$ 35,253	\$ (4,747)	-12%	Under	
Miscellaneous Revenues	\$ 4,500	\$ 1,500	\$ 960	\$ (540)	-36%	Under	
Interfund Charges	\$ 1,615,914	\$ 538,638	\$ 1,285,948	\$ 747,310	139%	Over	
<b>Total General Fund Revenues</b>	<b>\$ 20,841,216</b>	<b>\$ 6,947,074</b>	<b>\$ 5,740,765</b>	<b>\$ (1,206,309)</b>	<b>-17%</b>		



## General Fund Budget versus Actual Revenues

### Sales Tax:

**Reporting Period Budget: \$4,842,500                      Actual: \$ 2,115,813                      Variance: 56%**

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 July, August, and September 2019. Businesses have historically reported less during this quarter and the 2<sup>nd</sup> quarter due to seasonal activity in Kodiak. Staff noted that for November 2019, due to a timing of sales tax payments, sales tax collected was approximately \$2,031,890, dropping this variance percentage to 14%. Staff will continue to monitor sales tax as we work through the fiscal year.

### Licenses and Permits:

**Reporting Period Budget: \$26,767                                      Actual: \$ 16,800                                      Variance: 37%**

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

### Charges for Services:

**Reporting Period Budget: \$606,668                                      Actual: \$ 579,046                                      Variance: 5%**

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

### Fines and forfeitures:

**Reporting Period Budget: \$1,000    Actual: \$ 900    Variance: 10%**

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.

### Rents and Royalties:

**Reporting Period Budget: \$40,000    Actual: \$ 35,253    Variance: 12%**

Rents and royalties are comprised of various lease agreements for City owned property and royalties received for quarry activity. The lease agreements have various terms and payments dates. City staff will continue to monitor these agreements throughout the fiscal year.

### Miscellaneous revenues:

**Reporting Period Budget: \$1,500    Actual: \$ 960    Variance: 36%**

These revenues are miscellaneous in nature and will fluctuate on a quarterly basis.



## General Fund Budget versus Actual Expenses

	For Four Months Ended October 31, 2019						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	
Legislative	\$ 222,069	\$ 74,023	\$ 47,959	\$ (26,064)	-35%	Under	
Legal Services	\$ 75,000	\$ 25,000	\$ 10,675	\$ (14,325)	-57%	Under	
Administrative Departments	\$ 3,290,542	\$ 1,096,850	\$ 918,161	\$ (178,689)	-16%	Under	
Public Safety and Life Safety	\$ 9,861,733	\$ 3,287,248	\$ 2,517,790	\$ (769,458)	-23%	Under	
Public Works and Engineering	\$ 2,434,028	\$ 811,345	\$ 676,210	\$ (135,135)	-17%	Under	
Parks & Recreation and Library	\$ 2,458,557	\$ 819,522	\$ 710,322	\$ (109,200)	-13%	Under	
Nondepartmental	\$ 2,199,837	\$ 733,280	\$ 1,646,105	\$ 912,825	124%	Over	
<b>Total General Fund Expenses</b>	<b>\$ 20,541,766</b>	<b>\$ 6,847,268</b>	<b>\$ 6,527,222</b>	<b>\$ (320,046)</b>	<b>-5%</b>		

**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

	<b>For Four Months Ended October 31, 2019</b>						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	\$ 826,042	\$ 275,348	\$ 238,510	\$ (36,838)	-13%	Under	
Emergency Preparedness	\$ 45,500	\$ 15,167	\$ 4,051	\$ (11,116)	-73%	Under	
City Clerk Administration	\$ 366,359	\$ 122,120	\$ 105,483	\$ (16,637)	-14%	Under	
City Clerk Records Management	\$ 184,738	\$ 61,580	\$ 50,591	\$ (10,989)	-18%	Under	
Finance Administration & Utilities	\$ 1,002,403	\$ 334,135	\$ 324,997	\$ (9,138)	-3%	Under	
Finance IT	\$ 865,500	\$ 288,500	\$ 194,529	\$ (93,971)	-33%	Under	
<b>Total General Fund Administration Expenses</b>	<u>\$ 3,290,542</u>	<u>\$ 1,096,850</u>	<u>\$ 918,161</u>	<u>\$ (178,689)</u>	<u>-16%</u>		



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

	For Four Months Ended October 31, 2019						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	
Police Administration	\$ 1,006,552	\$ 335,518	\$ 314,746	\$ (20,772)	-6%	Under	
Police Station Bond Payments	\$ 450,450	\$ 150,150	\$ -	\$ (150,150)	-100%	Under	
Police Uniform Patrol & Substation	\$ 1,855,868	\$ 618,623	\$ 607,109	\$ (11,514)	-2%	Under	
Police Corrections	\$ 1,414,080	\$ 471,360	\$ 403,769	\$ (67,591)	-14%	Under	
Police Investigations	\$ 336,413	\$ 112,138	\$ 47,791	\$ (64,347)	-57%	Under	
Police Dispatch Services	\$ 1,048,150	\$ 349,384	\$ 139,990	\$ (209,394)	-60%	Under	
Police Animal Control	\$ 251,431	\$ 83,811	\$ 79,446	\$ (4,365)	-5%	Under	
Police Drug Enforcement	\$ 170,680	\$ 56,894	\$ 62,151	\$ 5,257	9%	Over	
Police Community Services	\$ 271,290	\$ 90,430	\$ 120,447	\$ 30,017	33%	Over	
Police Canine	\$ 202,953	\$ 67,651	\$ 19,488	\$ (48,163)	-71%	Under	
Police School Resources	\$ 151,175	\$ 50,392	\$ 45,904	\$ (4,488)	-9%	Under	
Fire Administration	\$ 2,702,691	\$ 900,897	\$ 676,949	\$ (223,948)	-25%	Under	
<b>Total General Fund Public Safety &amp; Life Safety Expenses</b>	<b>\$ 9,861,733</b>	<b>\$ 3,287,248</b>	<b>\$ 2,517,790</b>	<b>\$ (769,458)</b>	<b>-23%</b>		



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

**Drug Enforcement**

**Reporting Period Budget: \$56,894                      Actual: \$ 62,151                      Variance: 9%**

The police department reallocated staffing to the detective position within the Drug Enforcement division. This position is budgeted as a detective position, however, a sergeant position is currently filling this role. City staff plans on adjusting the budgeted salaries and related benefits during the supplemental budget process.

**Community Services**

**Reporting Period Budget: \$90,430                      Actual: \$ 120,447                      Variance: 33%**

The Police-Community Services department includes a one-time budgeted capital outlay that was purchased during 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 period.



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

	<b>For Four Months Ended October 31, 2019</b>						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			
Public Works Administration	\$ 126,901	\$ 42,301	\$ 32,992	\$ (9,309)	-22%	Under		
Public Works Streets	\$ 1,323,668	\$ 441,223	\$ 347,304	\$ (93,919)	-21%	Under		
Public Works Garage	\$ 312,524	\$ 104,175	\$ 86,015	\$ (18,160)	-17%	Under		
Public Works Building Inspectors	\$ 348,727	\$ 116,243	\$ 113,743	\$ (2,500)	-2%	Under		
Public Works Municipal Airport	\$ 36,140	\$ 12,047	\$ 18,093	\$ 6,046	50%	Over		
Engineering	\$ 286,068	\$ 95,356	\$ 78,063	\$ (17,293)	-18%	Under		
<b>Total General Fund Public Works &amp; Engineering Expenses</b>	<b>\$ 2,434,028</b>	<b>\$ 811,345</b>	<b>\$ 676,210</b>	<b>\$ (135,135)</b>	<b>-17%</b>			

**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**

	<b>For Four Months Ended October 31, 2019</b>						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	\$ 726,512	\$ 242,171	\$ 223,821	\$ (18,350)	-8%	Under		
Parks & Recreation Museum	\$ 107,200	\$ 35,734	\$ 47,852	\$ 12,118	34%	Over		
Parks & Recreation Teen Center	\$ 263,363	\$ 87,788	\$ 68,097	\$ (19,691)	-22%	Under		
Parks & Recreation Aquatics	\$ 258,520	\$ 86,174	\$ 73,556	\$ (12,618)	-15%	Under		
Parks & Recreation Ice Rink	\$ 181,389	\$ 60,463	\$ 62,667	\$ 2,204	4%	Over		
Parks & Recreation Beautification	\$ 13,000	\$ 4,334	\$ 2,960	\$ (1,374)	-32%	Under		
Library Administration	\$ 908,573	\$ 302,858	\$ 231,369	\$ (71,489)	-24%	Under		
<b>Total General Fund Parks &amp; Recreation and Library Expenses</b>	<b>\$ 2,458,557</b>	<b>\$ 819,522</b>	<b>\$ 710,322</b>	<b>\$ (109,200)</b>	<b>-13%</b>			

**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, 2019 and October 1, 2019 payments are included in the actual totals for the reporting period, causing a timing difference. While the budget to actual percentage variance shows an overage for the reporting period, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.

**Parks & Recreation Ice Rink:**

Parks and Recreation budgeted for the scheduled overhaul of the compressors for the ice rink. During this schedule maintenance, additional repairs and replacements were needed for the microprocessors. City staff anticipates adjusting the repairs and maintenance budget for the ice rink for these unanticipated repairs.



## General Fund Budget versus Actual Nondepartmental Expenses

For Four Months Ended October 31, 2019

	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
Nondepartmental Administration	\$ 440,301	\$ 146,767	\$ 249,747	\$ 102,980	70%	Over	
Nondepartmental Contributions	\$ 175,000	\$ 58,334	\$ 175,000	\$ 116,666	200%	Over	
Nondepartmental Downtown Maintenance	\$ 39,000	\$ 13,000	\$ 6,358	\$ (6,642)	-51%	Under	
Nondepartmental Transfers	\$ 1,545,536	\$ 515,179	\$ 1,215,000	\$ 699,821	136%	Over	
<b>Total NonDepartmental Expenses</b>	<b>\$ 2,199,837</b>	<b>\$ 733,280</b>	<b>\$ 1,646,105</b>	<b>\$ 912,825</b>	<b>124%</b>		

**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.



## Special Revenue Funds Overview

### Tourism Fund:

The reporting period shows total revenues of \$93,355 and total expenses of \$119,082. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(25,727).

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

- **Hotel / Motel taxes:** Hotel / Motel taxes are seasonal in Kodiak and will fluctuate based on the quarter. Typically, sales tax revenues are higher in the quarter ending June 30 and September 30 each year. However, due to accrual based accounting requirements, the City records an entry at the end of each fiscal year for proper financial reporting. Approximately \$18,925 in hotel / motel tax was collected in November 2019. City staff will continue monitoring hotel / motel tax throughout the fiscal year.
- **Administrative Expenses:** Due to the timing of quarterly payments, fifty percent (50%) of all quarterly payments have been made for the year. In addition, all allocations were made at the beginning of the fiscal year. Therefore, City staff does not anticipate a significant fluctuation in administrative expenses between October 31 and the end of the fiscal year.

### Enhancement Fund:




The reporting period shows total revenues of \$36,865. This equates to a surplus for the four months ended October 31, 2019 (i.e. the reporting period) of \$36,865.

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

- **Net Investment Income:** Over the most recent fiscal years, interest rates have continued to rise and due to the City's third-party investment manager, the City has been able to capitalize a greater return on its investments. However, interest rates are dependent upon the public market. The City utilizes risk-based measures to ensure that public funds are invested in low-risk markets.



## Tourism Fund Budget versus Actual Revenues and Expenses

For Four Months Ended October 31, 2019							
	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
Hotel / Motel Tax Revenues	\$ 200,000	\$ 66,667	\$ 90,688	\$ 24,021	36%	Over	
Net investment income	\$ 5,000	\$ 1,667	\$ 2,667	\$ 1,000	60%	Over	
Administrative Expenses	\$ 205,000	\$ 68,334	\$ 119,082	\$ 50,748	74%	Over	
<b>Tourism Fund - Net Revenues Less Expenses</b>	<b>\$ 410,000</b>	<b>\$ 136,668</b>	<b>\$ (25,727)</b>	<b>\$ (162,395)</b>	<b>-119%</b>		

**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, 2019						
	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	\$ 50,000	\$ 16,667	\$ 23,514	\$ 6,847	41%	Over	
Rents and Royalties	\$ 40,000	\$ 13,334	\$ 13,351	\$ 17	0%	Over	
<b>Enhancement Fund Total Revenues</b>	<b>\$ 90,000</b>	<b>\$ 30,001</b>	<b>\$ 36,865</b>	<b>\$ (6,864)</b>	<b>-23%</b>		



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## **Enterprise Funds Overview**

### **Cargo Fund:**

The reporting period shows total revenues of \$791,513 and total expenses of \$883,564. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(92,051).

### **Boat Harbor Fund:**

The reporting period shows total revenues of \$1,414,264 and total expenses of \$1,480,066. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(65,802).

### **Ship Yard Fund:**

The reporting period shows total revenues of \$274,141 and total expenses of \$396,907. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(122,766).

### **Harbor Electric Fund:**

The reporting period shows total revenues of \$126,832 and total expenses of \$471,717. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(344,885).

### **Water Utility Fund:**

The reporting period shows total revenues of \$1,838,594 and total expenses of \$1,242,706. This equates to a surplus for the four months ended October 31, 2019 (i.e. the reporting period) of \$595,888.

### **Sewer Utility Fund:**

The reporting period shows total revenues of \$1,703,858 and total expenses of \$2,066,572. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(362,714).

### **Trident Basin Fund:**

The reporting period shows total revenues of \$31,457 and total expenses of \$98,509. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(67,052).

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





The reporting period shows total revenues of \$6,009 and total expenses of \$362,017. This equates to a deficit for the four months ended October 31, 2019 (i.e. the reporting period) of \$(356,008).

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

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



### Cargo Fund Budget versus Actual Revenues

	For Four Months Ended October 31, 2019						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	\$ 8,481	\$ 2,827	\$ 2,660	\$ (167)	-6%	Under	
Charges for Services	\$ 1,305,000	\$ 435,000	\$ 653,754	\$ 218,754	50%	Over	
Net Investment Income	\$ 30,000	\$ 10,000	\$ 30,937	\$ 20,937	209%	Over	
Rentals	\$ 240,000	\$ 80,000	\$ 104,162	\$ 24,162	30%	Over	
<b>Total Cargo Revenues</b>	<b>\$ 1,583,481</b>	<b>\$ 527,827</b>	<b>\$ 791,513</b>	<b>\$ 263,686</b>	<b>50%</b>		

**PERS on Behalf:**

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



## Cargo Fund Budget versus Actual Expenses

For Four Months Ended October 31, 2019

	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
Cargo Administration	\$ 514,578	\$ 171,526	\$ 254,175	\$ 82,649	48%	Over	
Interfund Charges	\$ 173,585	\$ 57,862	\$ 173,585	\$ 115,723	200%	Over	
Warehouse	\$ 17,500	\$ 5,834	\$ 437	\$ (5,397)	-93%	Under	
Pier II	\$ 1,817,159	\$ 605,720	\$ 455,047	\$ (150,673)	-25%	Under	
Pier III	\$ 7,400	\$ 2,467	\$ 320	\$ (2,147)	-87%	Under	
<b>Total Cargo Expenses</b>	<b>\$ 2,530,222</b>	<b>\$ 843,409</b>	<b>\$ 883,564</b>	<b>\$ 40,155</b>	<b>5%</b>		

**Administration:**

Administration includes a one-time transfer for the entire year for insurance premiums to the internal service fund. 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.

**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 Four Months Ended October 31, 2019						
	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
PERS On Behalf	\$ 34,682	\$ 11,561	\$ 8,269	\$ (3,292)	-28%	Under	
Charges for Services	\$ 2,496,220	\$ 832,074	\$ 1,308,615	\$ 476,541	57%	Over	
Pier I Charges for Services	\$ 23,000	\$ 7,667	\$ 3,368	\$ (4,299)	-56%	Under	
Net Investment Income	\$ 26,000	\$ 8,667	\$ 15,784	\$ 7,117	82%	Over	
Rentals	\$ 16,920	\$ 5,640	\$ 4,184	\$ (1,456)	-26%	Under	
Miscellaneous Revenues	\$ 7,300	\$ 2,434	\$ 3,801	\$ 1,367	56%	Over	
Interfund Charges	\$ 70,243	\$ 23,415	\$ 70,243	\$ 46,828	100%	Over	
<b>Total Harbor Revenues</b>	<b>\$ 2,674,365</b>	<b>\$ 891,458</b>	<b>\$ 1,414,264</b>	<b>\$ 522,806</b>	<b>59%</b>		

**PERS on Behalf:**

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

**Pier I Charges for Services:**

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

**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 Four Months Ended October 31, 2019

	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	\$ 3,451,823	\$ 1,150,608	\$ 1,063,064	\$ (87,544)	-8%	Under	
Interfund Charges	\$ 265,068	\$ 88,356	\$ 265,068	\$ 176,712	200%	Over	
Transfers to Ship Yard	\$ 149,876	\$ 49,959	\$ 149,876	\$ 99,917	200%	Over	
Pier I Expenses	\$ 28,500	\$ 9,500	\$ 2,058	\$ (7,442)	-78%	Under	
<b>Total Harbor Expenses</b>	<b>\$ 3,895,267</b>	<b>\$ 1,298,423</b>	<b>\$ 1,480,066</b>	<b>\$ 181,643</b>	<b>14%</b>		

**Interfund Charges:**

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

**Transfers to Ship Yard:**

When the Ship Yard was established and the Marine Travel Lift purchased, the City Council approved revenue bonds and the establishment of the Ship Yard Enterprise Fund. This documentation includes a provision that the Boat Harbor Enterprise Fund would fund the Ship Yard if it was unable to meet operating expenditures. The fiscal year 2020 budget included a transfer to the Ship Yard fund for operations. As transfers occur once at the beginning of each fiscal year, City staff does not anticipate the actual expenses to exceed budget for the annual fiscal period.



## Shipyard Fund Budget versus Actual Revenues

	For Four Months Ended October 31, 2019						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	\$ 5,018	\$ 1,673	\$ 1,618	\$ (55)	-3%	Under	
Charges for Services	\$ 468,000	\$ 156,000	\$ 122,258	\$ (33,742)	-22%	Under	
Net Investment Income	\$ 500	\$ 167	\$ 389	\$ 222	133%	Over	
Transfers from Boat Harbor	\$ 149,876	\$ 49,959	\$ 149,876	\$ 99,917	200%	Over	
<b>Total Shipyard Revenues</b>	<b>\$ 623,394</b>	<b>\$ 207,799</b>	<b>\$ 274,141</b>	<b>\$ 66,342</b>	<b>32%</b>		

**PERS on Behalf:**

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

**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 have been exploring ways to increase revenues in the shipyard.





## Shipyard Fund Budget versus Actual Expenses

**For Four Months Ended October 31, 2019**

	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
Shipyard Administration	\$ 1,070,544	\$ 356,848	\$ 304,946	\$ (51,902)	-15%	Under	
Interfund Charges	\$ 91,961	\$ 30,654	\$ 91,961	\$ 61,307	200%	Over	
<b>Total Shipyard Expenses</b>	<b>\$ 1,162,505</b>	<b>\$ 387,502</b>	<b>\$ 396,907</b>	<b>\$ 9,405</b>	<b>2%</b>		

**Interfund Charges:**

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



## Water Utility Fund Budget versus Actual Revenues

For Four Months Ended October 31, 2019

	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	\$ 7,420	\$ (1,580)	-18%	Under	
PERS On Behalf	\$ 21,363	\$ 7,121	\$ 4,749	\$ (2,372)	-33%	Under	
Charges for Services	\$ 4,515,000	\$ 1,505,000	\$ 1,744,013	\$ 239,013	16%	Over	
Net Investment Income	\$ 60,000	\$ 20,000	\$ 82,062	\$ 62,062	310%	Over	
Miscellaneous Revenues	\$ 5,000	\$ 1,667	\$ 350	\$ (1,317)	-79%	Under	
<b>Total Water Revenues</b>	<b>\$ 4,628,363</b>	<b>\$ 1,542,788</b>	<b>\$ 1,838,594</b>	<b>\$ 295,806</b>	<b>19%</b>		

**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. City Staff will continue to monitor PERS on Behalf throughout the fiscal year.

**Miscellaneous Revenues:**

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



## Water Utility Fund Budget versus Actual Expenses

**For Four Months Ended October 31, 2019**

	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
Water Distribution	\$ 2,691,070	\$ 897,024	\$ 979,875	\$ 82,851	9%	Over	
Water Treatment	\$ 529,368	\$ 176,456	\$ 262,831	\$ 86,375	49%	Over	
<b>Total Water Utility Expenses</b>	<b>\$ 3,220,438</b>	<b>\$ 1,073,480</b>	<b>\$ 1,242,706</b>	<b>\$ 169,226</b>	<b>16%</b>		

**Water distribution:**

Insurance and interfund administration charges are allocated once a year to the Water Distribution department as well as first quarter depreciation charges. These insurance and interfund administration 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 period. 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 Four Months Ended October 31, 2019

	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
PERS On Behalf	\$ 33,019	\$ 11,007	\$ 8,569	\$ (2,438)	-22%	Under	
Charges for Services	\$ 4,852,525	\$ 1,617,509	\$ 1,664,616	\$ 47,107	3%	Over	
Net Investment Income	\$ 25,000	\$ 8,334	\$ 29,367	\$ 21,033	252%	Over	
Miscellaneous Revenues	\$ -	\$ -	\$ 1,306	\$ 1,306	100%	Over	
<b>Total Sewer Revenues</b>	<b>\$ 4,910,544</b>	<b>\$ 1,636,850</b>	<b>\$ 1,703,858</b>	<b>\$ 67,008</b>	<b>4%</b>		

**PERS on Behalf:**

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



## Sewer Utility Fund Budget versus Actual Expenses

For Four Months Ended October 31, 2019

	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 Transfers	\$ 100,000	\$ 33,334	\$ 252,038	\$ 218,704	656%	Over	
Sewer Collection	\$ 948,143	\$ 316,048	\$ 529,991	\$ 213,943	68%	Over	
Wastewater Treatment	\$ 2,949,045	\$ 983,015	\$ 969,699	\$ (13,316)	-1%	Under	
Compost	\$ 624,811	\$ 208,271	\$ 314,844	\$ 106,573	51%	Over	
<b>Total Sewer Utility Expenses</b>	<b>\$ 4,621,999</b>	<b>\$ 1,540,668</b>	<b>\$ 2,066,572</b>	<b>\$ 525,904</b>	<b>34%</b>		

### Sewer Transfers:

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

### Sewer Collection:

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

### Compost:

Insurance and interfund administration charges are allocated once a year to the Compost 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 Four Months Ended October 31, 2019					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		
Revenues - Charges for Services	\$ 674,500	\$ 224,834	\$ 123,173	\$ (101,661)	-45%	Under	
Revenues - Net Investment Income	\$ 5,000	\$ 1,667	\$ 3,659	\$ 1,992	119%	Over	
Administration Expenses	\$ 901,297	\$ 300,433	\$ 415,378	\$ 114,945	38%	Over	
Interfund Charges	\$ 56,309	\$ 18,770	\$ 56,339	\$ 37,569	200%	Over	
<b>Harbor Electric Fund - Net Revenues Less Expenses</b>	<u>\$ (278,106)</u>	<u>\$ (92,702)</u>	<u>\$ (344,885)</u>	<u>\$ (252,183)</u>	<u>272%</u>		

### Revenues – Charges for Services:

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

### Expenses – Administration:




Administration expenses include a one-time \$350,000 budgeted transfer to the Harbor Improvement Fund for the St. Herman Harbor – Phase I capital project budgeted for fiscal year 2020.

### 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, 2019						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			
Revenues - Charges for Services	\$ 15,000	\$ 5,000	\$ 16,380	\$ 11,380	228%	Over		
Revenues - Rentals	\$ 40,000	\$ 13,334	\$ 15,077	\$ 1,743	13%	Over		
Administration Expenses	\$ 313,500	\$ 104,500	\$ 98,509	\$ (5,991)	-6%	Under		
<b>Trident Basin Fund - Net Revenues Less Expenses</b>	<b>\$ (258,500)</b>	<b>\$ (86,166)</b>	<b>\$ (67,052)</b>	<b>\$ 19,114</b>	<b>-22%</b>			



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

For Four Months Ended October 31, 2019							
	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 - PERS	\$ 5,830	\$ 1,944	\$ 6,009	\$ 4,065	209%	Over	
Revenues - E-911 Surcharge	\$ 450,000	\$ 150,000	\$ -	\$ (150,000)	-100%	Under	
Administration Expenses	\$ 506,917	\$ 168,973	\$ 362,017	\$ 193,044	114%	Over	
<b>E-911 Services Fund - Net Revenues Less Expenses</b>	<u>\$ (51,087)</u>	<u>\$ (17,029)</u>	<u>\$ (356,008)</u>	<u>\$ (338,979)</u>	<u>1991%</u>		

### Revenues – E-911 Surcharge:

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

### Administrative Expenses:

The E-911 Fund administrative expenses consist of emergency related staff time and related benefits, emergency staff training, professional services for maintaining the new E-911 system, and depreciation for the new E-911 system. Due to a change in budgeted salary and benefit allocations after the budget had been prepared, 70% of dispatch salaries and benefits are being allocated to the E-911 fund. The budget will be adjusted during the supplemental to reflect the appropriate percentage.





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