

City and Borough of Sitka

Financial Review

March 31, 2017

Results as of March 31, 2017 (All Funds)

City and Borough of Sitka
Financial Review
FY2017 General Fund Budget Execution
March 31, 2017

Original Planned Deficit Per Budget Ordinance:	0
Budget Adjustments	<u>(1,523,176)</u>
Budget Deficit As Of 3/31:	(1,523,176)
Revenues Thru 3/31 (75%)	21,299,044
Expenditures Thru 3/31 (71%)	20,963,212

Note: Budget adjustments in FY17 include Ordinances 2016-22 and 2016-37A, which appropriated/re-appropriated \$1,072,671 for contingency expenditures

City and Borough of Sitka
Financial Review
FY2017 General Fund
Budget Adjustments

Ordinance 2016-22	873,579
2016 Encumbered Funds Brought Forward	488,050
Other supplemental budget ordinances	<u>214,429</u>
Total Net Budget Adjustments	<u>1,523,176</u>

City and Borough of Sitka
 Financial Review
 General Fund Balance
 March 31, 2017 versus 2016

	3/31/2017	3/31/2016	Difference
Net Available Cash	3,934,668	1,883,528	2,101,109
Unassigned and Available Fund Balance	5,449,751	6,817,576	(1,367,825)
Total Fund Balance	14,874,691	14,538,859	335,832

Notes:

Net Available Cash equals cash plus investments less liabilities less all non-spendable, restricted, committed and assigned fund balances

Nonspendable Fund Balance as of 3/31 = \$245,961

Restricted Fund Balance as of 3/31 = \$900,383

Committed Fund Balance as of 3/31 = \$99,721

Assigned Fund Balance as of 3/31 = \$8,178,855

**City and Borough of Sitka
Financial Review
Fund Net Income and Working Capital
FY2017 Results Through March 31, 2017**

Electric Fund		(230,093)	13,980,984	(1,479,030)	12,501,954
Water Fund		526,865	1,789,752	1,478,255	3,268,007
Wastewater Fund		(230,452)	1,882,314	3,892,389	5,774,703
Solid Waste Fund		(65,559)	74,026	175,718	249,744
Harbor Fund		399,802	472,049	6,497,447	6,969,496
Airport Terminal Fund	*	(72,656)	372,078	550,910	922,988
Marine Service Center Fund	*	44,193	35,064	1,755,844	1,790,908
SMC Industrial Park Fund	*	(77,446)	184,636	538,693	723,329
MIS Fund	*	(95,888)	82,905	(147,180)	(64,275)
Central Garage Fund	*	439,195	3,275,544	259,881	3,535,425
Building Maintenance Fund	*	(33,487)	1,713,886	100,000	1,813,886
CPET Fund	*	(1,983)	496,026	-	496,026
Permanent Fund		(608,278)	22,507,478	-	22,507,478

Comments on Net Losses and Working Capital

- Net losses signify that depreciation expense (the decline in value of infrastructure) exceeds revenue and may signify that infrastructure replacement may eventually need to be funded by bonding and higher user fees.
- Negative undesignated working capital signifies that we have more approved spending for infrastructure than we have fund balance to pay for.
- Net Income/and loss includes grant revenue.
- Long-term infrastructure plans have been developed for all major funds; these plans seek to identify long-term infrastructure needs and determine the correct level of user fees necessary to finance the plan.

Financial Statements

- You will find attached financial statements for the various significant funds of the City and Borough of Sitka. Information is presented through December 31, 2016.
- Financial reporting is shown in the custom reporting format designed by the Finance Department, which combines significant elements of the income statement, cash flow and working capital into one single page report. Traditional financial statements are produced monthly and are distributed to the Administrator and appropriate Department Heads.

Definitions of Key Terms

Working Capital - This is essentially what a Fund has to spend. It is defined as current assets less current liabilities, including the current portion of long term debt. Working capital already earmarked for capital expenditures or otherwise restricted is called Designated Working Capital; the remainder is Undesignated Working Capital. The calculation of General Fund working capital also excludes designated amounts for liquidity and emergency response.

Depreciation Expense - This is an estimation of the decline in value of a long lived asset, which is an expense. When a long lived asset is purchased, cash is paid but expense is not recorded; instead, expense is recorded gradually, over the life of the asset, to match its use against revenues earned in the same period. Most importantly, Depreciation Expense **IS NOT** the accumulation of cash to replace an asset; that is called a sinking fund and is part of Working Capital.

Fund Balance – This is the net assets of a fund. It is equal to total assets less liabilities. It is important to note that a Fund Balance is usually only partially in cash; the remainder may be made up of long lived assets, receivables, and other assets.

Definitions of Key Terms

Net Available Cash – This is equal to cash and investments, less liabilities and restricted or designated fund balances. This is similar to “cash on the barrelhead”.

EBI/EBID – These are accounting terms which measure earnings before certain expenses. EBI is Earnings Before Interest and measures earnings before interest expense. EBID is Earnings Before Interest and Depreciation, and is a rough measure of cash flow from operations.

Enterprise Fund – A fund which is run, and accounted for, similar to a private business. In such a fund, profit is measured and operations are accounted for on a full accrual basis.

Internal Service Fund - A fund which provides services to other funds. Such funds usually have no external source of revenue. Similar to an enterprise fund, profit is measured and operations are accounted for on a full accrual basis.