

City and Borough of Sitka

Financial Review September 30, 2015

Results as of September 30, 2015 (All Funds)

City and Borough of Sitka
Financial Review
FY2016 General Fund Budget Execution
September 30, 2015

Original Planned Deficit Per Budget Ordinance:	(723,000)
Budget Adjustments	<u>(1,250,837)</u>
Budget Deficit As Of 9/30:	(1,973,837)
Actual Revenues Thru 9/30 (41%)	11,776,413
Actual Expenditures Thru 9/30 (22%)	6,596,875

Note: Budget adjustments in FY16 use of \$1,000,000 of contingency for disaster response and \$1,045,000 transfer to Public Infrastructure Sinking Fund

City and Borough of Sitka
Financial Review
FY2016 General Fund
Budget Adjustments

Contingency (Disaster Response)	1,000,000
Transfer From Permanent Fund	(302,218)
Transfer to Public Infrastructure Sinking Fund	1,045,000
Other Net Adjustments	<u>231,055</u>
Total Net Budget Adjustments	<u>1,973,837</u>

City and Borough of Sitka
 Financial Review
 General Fund Balance
 September 30, 2015 Versus 2014

	9/30/2014	9/30/2015	Difference
Net Available Cash	6,851,583	6,266,280	((585,258)
Working Capital	11,946,266	12,367,258	420,992
Unrestricted Fund Balance	14,801,218	18,519,134	3,717,916

Notes:

\$6,748,100 of cash and fund balance is designated for liquidity

*Emergency response fund balance designation at 9/30/2016 \$0
 (\$1,000,000 advanced to SCH and \$1,000,000 disaster response)*

Net Available Cash equals cash plus investments less liabilities less all designated fund balances

Working Capital is current assets less current liabilities less liquidity and emergency response reserves

**City and Borough of Sitka
Financial Review
Fund Net Income and Working Capital
FY2016 Results Through September 30, 2015**

<u>Fund</u>		<u>Income/(Loss)</u>	<u>WC Designated For Capex</u>	<u>Undesignated Working Capital</u>	<u>Total Working Capital</u>
Electric Fund		(52,403)	4,010,454	10,886,927	14,897,381
Water Fund		88,948	1,000,023	98,819	1,098,842
Wastewater Fund		(270)	2,375,790	2,544,586	4,920,376
Solid Waste Fund		(38,257)	-	881,603	881,603
Harbor Fund		514,629	3,075,736	6,113,347	9,189,083
Airport Terminal Fund	*	(52,406)	520,523	348,985	869,508
Marine Service Center Fund	*	(19,683)	-	1,500,372	1,500,372
SMC Industrial Park Fund	*	(97,057)	25,319	880,416	905,735
MIS Fund	*	61,467	572,000	(236,297)	335,703
Central Garage Fund	*	155,052	870,405	2,113,769	2,984,174
Building Maintenance Fund	*	(37,306)	-	1,897,599	1,897,599
CPET Fund	*	(28,797)	306,946	-	306,946
Permanent Fund		93,427	-	24,158,100	24,158,100

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.

Summary

- Results for the 1st Quarter of Fiscal year 2016 are generally in accordance with plan. Challenges are surfacing, however, requiring the attention of management.
- Sales tax receipts in the General Fund are showing modest year-over-year growth but are less than projected.
- Significant new infrastructure requirements have been identified in the Electric Fund in excess of \$30 million over the next 6 years. Electricity consumption is declining and either rates must be increase, the fund subsidized, or a combination of both in order to adhere to bond covenants.
- Core infrastructure (streets, sewers, water mains) continue to age and require systematic repair. Total annual core infrastructure spending needs to be maintained in order to avoid increasing the deferred maintenance backlog.
- User fee increases of at least the annual rate of inflation need to be implemented annually in order to generate cash flow from operations to fund infrastructure repairs. Annual increases in user fees should be considered and essential. Forgoing an annual increase in user fees, even in just one year, has a compounding negative effect of the sufficiency of working capital to pay for future infrastructure replacement. This, in tern, begets additional borrowing to pay for infrastructure which, in turn, results in higher user fees to pay for debt service. Several of our funds are highly leveraged (meaning that a significant amount of the current infrastructure has been financed through debt).

Summary (Continued)

- The transfer rate from the Permanent Fund, at 6% as specified in the Charter, is too high to maintain the Fund's value. Decreasing the transfer rate will compound fiscal pressures on the General Fund, however. The Investment Advisory Committee is devising a recommendation to the Assembly.
- Anticipated harbor matching grants have not been obtained due to fiscal pressures at the State level. Moorage rate increases necessary to finance all projected harbor system repairs at the local level are unsustainable. Either harbor moorage rates must be subsidized through general tax revenue, or, the harbor system must be redesigned and possibly downsized to a sustainable level.

Financial Statements

- You will find attached financial statements for the various significant funds of the City and Borough of Sitka. Information is presented through September 30, 2015.
- 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 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.

**General Fund
Financial Analysis
As Of, And For The Three-Month Period Ending September 30, 2015**

The financial performance and position of the General Fund through the first three months of FY2015 are more or less in line with planned expectations. One disappointing exception, however, are sales tax collections which, while greater than FY2015, are significantly below planned levels. A bright spot which offsets disappointing sales tax collections are the controllable cost portion of outlays, which are 12.2% under plan for the year-to-date.

The General Fund generated a surplus of revenues over expenditures of \$4,930.3K for the first three months of FY2016, compared to \$3,713.2K for the comparable period in FY2015. Transfers from the General Fund to capital project funds and the Public Infrastructure Sinking Fund have a \$1,607.1K variance from year to year due to timing, however. Adjusting for this difference, FY2016 has a surplus of revenues (\$390.0K) lower than the comparable period in FY2015.

Revenue in the General Fund for the period was \$11,776.4K, compared to \$11,435.3K in FY2015, an increase of \$341.0K. Of concern is sales tax revenues; sales tax revenues were forecasted to trend by 4% above FY15 actuals, and for the first three months, total sales taxes collected are (\$66.9K), or (2.1%). Certainly, timing differences account for some of this decrease. 2nd calendar quarter 2015 taxes remitted on a quarterly basis in the 3rd calendar quarter (1st fiscal quarter of FY2016) declined by (\$211.3K) year-over-year. Some of these taxes were remitted on a monthly basis instead in FY2015, taking advantage of the monthly remitter discount. The most insightful quarter, in which there are no timing differences and there is a pure apples-to-apples basis is the 3rd calendar quarter of 2015/1st fiscal quarter of FY2016. These taxes have come in 2% greater than the comparable FY2015 period, but, still 2% less than planned.

General Fund outlays for the period were \$6,846.1K, compared to \$7,722.2 in FY2015; however, as already discussed, timing difference in transfers account for \$1.607K of this difference. Factoring this difference out, overall outlays have risen by \$731.0K. Controllable costs (which exclude school district support, hospital support, debt service and transfers) have risen by \$185.2K year over year, an increase of 5.07%.

City and Borough of Sitka
General Fund
Income Statement
For The Twelve-Month Period From July 1, 2015 to June 30, 2016
(Unaudited)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (\$/L - 25.00%)	Variance To FY2016 Plan	
Revenue:																		
Property Taxes	6,196,276	(88,461)	5,381	-	-	-	-	-	-	-	-	-	6,113,196	6,217,029	(103,833)	6,386,100	(272,904)	
Sales Taxes	1,550,222	1,017,345	563,963	-	-	-	-	-	-	-	-	-	3,131,530	3,198,470	(66,940)	2,666,350	465,180	
Bed Taxes	278,069	6	35,677	-	-	-	-	-	-	-	-	-	313,752	148,597	165,155	-	313,752	
State Assistance	869,454	-	3,000	-	-	-	-	-	-	-	-	-	872,454	919,598	(47,144)	230,650	641,804	
Federal Assistance	9,000	-	-	-	-	-	-	-	-	-	-	-	9,000	30,135	(21,135)	367,000	(358,000)	
Transfer From Permanent Fund, Etc.	2,205	2,626	2,619	-	-	-	-	-	-	-	-	-	7,450	287,923	(280,473)	724,980	(717,530)	
Interfund Billings	219,812	219,812	219,812	-	-	-	-	-	-	-	-	-	659,436	-	659,436	709,532	(50,096)	
Other Operating Revenue	209,112	53,122	407,361	-	-	-	-	-	-	-	-	-	669,595	633,637	35,958	814,271	(144,676)	
Total Revenue:	9,334,150	1,204,450	1,237,813	-	-	-	-	-	-	-	-	-	11,776,413	11,435,369	341,024	11,858,883	(122,470)	
Outlays:																		
Administrator	46,642	45,205	50,087	-	-	-	-	-	-	-	-	-	141,934	187,658	45,724	216,282	74,348	
Attorney	20,402	21,455	31,403	-	-	-	-	-	-	-	-	-	73,260	60,498	12,762	79,723	6,463	
Clerk	16,796	26,272	30,320	-	-	-	-	-	-	-	-	-	73,388	76,496	3,108	104,168	30,780	
Finance	106,501	136,191	121,232	-	-	-	-	-	-	-	-	-	363,924	336,090	27,834	432,619	68,695	
Assessing	18,996	25,954	25,060	-	-	-	-	-	-	-	-	-	70,010	65,068	4,942	82,983	12,973	
Planning	17,476	22,184	23,270	-	-	-	-	-	-	-	-	-	62,930	52,343	10,587	71,227	8,297	
General/Shared Expenses	213,841	35,946	73,581	-	-	-	-	-	-	-	-	-	323,368	416,566	93,198	226,097	(97,271)	
Police	414,159	338,835	364,772	-	-	-	-	-	-	-	-	-	1,117,766	912,855	204,911	1,155,793	38,027	
Fire	148,503	144,465	170,338	-	-	-	-	-	-	-	-	-	463,306	410,137	53,169	519,145	55,839	
Public Works	226,933	272,654	316,689	-	-	-	-	-	-	-	-	-	816,276	775,617	40,659	1,120,893	304,317	
Library	58,056	65,954	66,704	-	-	-	-	-	-	-	-	-	190,714	157,930	32,784	220,667	29,953	
Centennial Building	48,926	35,821	39,204	-	-	-	-	-	-	-	-	-	123,951	87,614	36,337	121,853	(2,098)	
Visitors Bureau/SR Citizen Center	5,157	4,575	6,348	-	-	-	-	-	-	-	-	-	16,080	92,834	76,754	22,251	6,171	
Contingency	-	103,222	213,633	-	-	-	-	-	-	-	-	-	316,855	-	316,855	316,855	-	
Debt Service	-	12,961	-	-	-	-	-	-	-	-	-	-	12,961	11,944	1,017	16,453	3,492	
School Support	559,793	559,793	559,794	-	-	-	-	-	-	-	-	-	1,679,380	1,429,380	250,000	1,811,880	132,500	
Hospital Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,662	38,662
Fixed Asset Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	22,045	22,045	-	-	
Transfers To Other Funds	-	-	1,000,000	-	-	-	-	-	-	-	-	-	1,000,000	2,607,114	1,607,114	1,000,000	-	
Total Cost of Sales:	1,902,181	1,851,487	3,092,435	-	-	-	-	-	-	-	-	-	6,846,103	7,722,189	876,086	7,557,249	711,146	
Surplus/(Shortfall) of Revenues Over Outlays	7,431,969	(647,037)	(1,854,622)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	4,930,310	3,713,200	1,217,110	4,341,634	588,677	
	79.62%	-53.72%	-149.83%										5,833,142	32.47%	41.87%	9.39%	36.49%	5.38%
Unrestricted Fund Liquidity																		
Beginning Unrestricted Liquidity:	6,108,156	12,866,210	13,219,173	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	6,108,156	5,964,073	144,083			
Surplus/(Shortfall) of Revenues Over Outlays:	7,431,969	(647,037)	(1,854,622)	-	-	-	-	-	-	-	-	-	4,930,310	3,713,200	1,217,110			
Transfer To Sinking Fund / Permanent Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-			
Other balance sheet changes:	(673,915)	1,000,000	1	-	-	-	-	-	-	-	-	-	326,086	442,689	(116,603)			
Ending Unrestricted Liquidity:	12,866,210	13,219,173	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	10,119,962	1,244,590			
Total Assets:	22,956,401	22,310,077	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	20,422,173	
Less Advances to Other Funds:	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	(300,000)	
Less Liabilities	(514,700)	(515,413)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	(482,130)	
Less CPLTD (Unreimbursed)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	(53,342)	
Subtotal:	22,088,359	21,441,322	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	19,586,701	
Less Reserved Amounts:																		
Advances other Funds:	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	
Tie III Funds:	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	
ES11 Surcharge:	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	(316,981)	
Liquidity Restriction	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	(6,422,013)	
Emergency Restriction	(1,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Encumbrances:	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	
Unrestricted Working Capital:	12,866,210	13,219,173	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	11,364,552	10,119,962	1,244,590			

City and Borough of Sitka
General Fund
Income Statement
For The Twelve-Month Trailing Period Ending September 30, 2015
(Unaudited)

	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	TTM
Revenue:													
Property Taxes	16,845	8,853	(59,487)	(1,804)	11,845	7,387	6,514	10,989	26,975	6,196,276	(88,461)	5,381	6,141,313
Sales Taxes	1,849,955	958,605	247,471	757,033	735,324	230,105	820,862	635,157	245,620	1,550,222	1,017,345	563,963	9,611,662
Bed Taxes	159,505	7,351	1,783	9,108	24,253	1,979	24,716	5,492	29,132	278,069	6	35,677	577,071
State Assistance	9,225	13,914	5,805	250	17,050	-	46,968	-	3,069,792	869,454	-	3,000	4,035,458
Federal Assistance	-	5,079	(310)	56,668	-	-	30,112	22,010	1,354,469	9,000	-	-	1,477,028
Transfer From Permanent Fund, Etc.	282,738	1,884	3,584	282,717	2,420	2,764	297,839	2,398	3,100	2,205	2,626	2,619	886,894
Interfund Billings	-	1,174,822	249,823	228,964	228,964	246,199	198,965	228,964	251,048	219,812	219,812	219,812	3,467,185
Other Operating Revenue	409,349	214,871	383,436	305,754	104,380	85,122	421,073	117,137	583,167	209,112	53,122	407,361	3,293,884
Total Revenue:	2,727,617	2,385,379	832,105	1,638,690	1,124,236	573,556	1,847,049	1,022,147	5,563,303	9,334,150	1,204,450	1,237,813	29,490,495
Outlays:													
Administrator	97,046	68,694	72,352	94,287	95,509	72,154	66,149	97,979	254,858	46,642	45,205	50,087	1,060,962
Attorney	21,969	25,667	22,482	22,943	17,444	16,825	23,510	33,847	113,460	20,402	21,455	31,403	371,407
Clerk	40,191	29,189	31,414	30,897	25,354	28,088	28,466	41,142	114,052	16,796	26,272	30,320	442,181
Finance	167,998	161,901	197,706	127,258	138,404	120,460	134,381	197,113	566,144	106,501	136,191	121,232	2,175,289
Assessing	31,247	28,197	33,948	26,488	22,668	26,979	25,672	50,329	118,995	18,996	25,954	25,060	434,533
Planning	32,180	40,227	19,797	16,101	20,497	19,822	18,249	28,683	79,695	17,476	22,184	23,270	338,181
General/Shared Expenses	111,976	32,027	62,359	76,575	37,730	17,008	98,638	52,900	23,991	213,841	35,946	73,581	836,572
Police	450,706	377,710	339,089	336,889	328,340	358,267	345,395	479,085	1,407,129	414,159	338,835	364,772	5,540,376
Fire	189,308	158,413	138,504	138,851	130,456	149,516	142,878	189,242	563,964	148,503	144,465	170,338	2,264,438
Public Works	351,536	278,669	270,632	267,155	256,142	263,484	269,397	397,497	1,056,653	226,933	272,654	316,689	4,227,441
Library	83,919	86,333	59,380	71,573	59,814	60,003	63,579	76,142	245,388	58,056	65,954	66,704	996,845
Centennial Building	45,388	32,198	38,033	32,315	31,021	30,996	33,261	43,401	148,922	48,926	35,821	39,204	559,486
Visitors Bureau/SR Citizen Center	86,234	4,125	10,941	83,094	4,498	2,531	88,835	8,910	12,739	5,157	4,575	6,348	317,987
Contingency	-	-	-	-	-	-	-	-	-	-	103,222	213,633	316,855
Debt Service	-	7,000	-	9,745	2,104	6,453	1,380	-	9,627	-	12,961	-	49,270
School Support	476,460	522,467	476,460	476,460	476,460	476,460	510,123	952,920	446,372	559,793	559,793	559,794	6,493,562
Hospital Support	15,399	-	1,091,604	-	-	-	-	-	(1,091,604)	-	-	-	15,399
Fixed Asset Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers To Other Funds	-	1,433,520	-	-	-	-	80,106	-	790,599	-	-	1,000,000	3,304,225
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cost of Sales:	2,201,557	3,286,337	2,864,701	1,810,631	1,646,441	1,649,046	1,930,019	2,649,190	4,860,984	1,902,181	1,851,487	3,092,435	29,745,009
Surplus/(Shortfall) of Revenues Over Outlays	526,060	(900,958)	(2,032,596)	(171,941)	(522,205)	(1,075,490)	(82,970)	(1,627,043)	702,319	7,431,969	(647,037)	(1,854,622)	(254,514)
	19.29%	-37.77%	-244.27%	-10.49%	-46.45%	-187.51%	-4.49%	-159.18%	12.62%	79.62%	-53.72%	-149.83%	-0.86%
Unrestricted Fund Liquidity													
Beginning Unrestricted Liquidity:	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,194	7,015,710	7,053,643	5,431,724	6,108,156	12,866,210	13,219,173	10,119,962
Surplus/(Shortfall) of Revenues Over Outlays:	526,060	(900,958)	(2,032,596)	(171,941)	(522,205)	(1,075,490)	(82,970)	(1,627,043)	702,319	7,431,969	(647,037)	(1,854,622)	(254,514)
	-	-	-	-	-	-	-	-	-	-	-	-	-
Other balance sheet changes:	40,877	(657,881)	1,649,256	37,753	2,866	6	120,903	5,124	(25,887)	(673,915)	1,000,000	1	1,499,103
Ending Unrestricted liquidity:	10,686,899	9,128,060	8,744,721	8,610,533	8,091,194	7,015,710	7,053,643	5,431,724	6,108,156	12,866,210	13,219,173	11,364,552	11,364,552

Electric Utility

Financial Analysis

As Of, And For the Three-Month Period Ending September, 2015

The Electric Fund experienced moderate top line growth in revenue for the three-month period ending September 30, 2015, but earnings before interest (EBI), Earnings before interest and depreciation (EBID), and net income all declined during the same period. Electricity consumption has continued to decrease in year-over-year comparisons. As anticipated, increased debt service in conjunction with the Blue Lake Hydroelectric project has caused the debt coverage ratio to fall below the minimum target threshold (the coverage ratio is measured for reporting purposes as of June 30); the ratio has improved slightly from September 30, 2014.

Revenue exceeded that for the comparable period in FY15 by \$183.6K, a 5.5% increase. Electricity sales, however, increased by \$157.6K, or 4.8%. Electricity consumption decreased over FY15 for the comparable three-month period, declining by 741.000 kWh, or (2.9)%.

EBI was \$1,289.0 K for the three-month comparable period, compared to \$1,414.3K a year earlier, a decrease of (\$125.3K), or (8.9%). Cost of sales declined but overall operating expenses rose for the 3-month period, increasing \$308.9K, or 16.2%. Expense timing differences are responsible for this decline, however, and it is anticipated that overall costs of operations will climb by 3% during the year. EBIDA also decreased on a year-over-basis by (\$131.7K), or (7.1%).

The debt coverage ratio increased, however, to 0.94 times, compared to 0.90 times a year ago. Timing in the recording of bond fund interest is the reason for the difference.

Operating results are essentially moving sideways, and, they have not been sufficient to supply the extra cash flow required to meet the debt coverage ratio. As a result, management will consider a combination of three correctional steps. First, management will look to make withdrawals, as planned for and anticipated, from the Rate Stabilization Fund to mitigate the ratio deficit. As of June 30, 2014, the rate Stabilization Fund stood at \$3,001.3K. Secondly, management will consider adopting an electric rate increase, and, look to implement the rate increase earlier than July 1, 2016. Finally, management will consider options for a long-term subsidization of the electric fund from general governmental revenues until electricity consumption increases.

Working Capital Designated for Capex, June 30, 2014		6/30/2015	
63003	Blue Lake Power Plant Improv	57,424	-
63005	Electric Heat Conversions	86,207	151.00
63010	Green Lake FERC Completion	251,474	141,499.00
80003	Feeder Improvements	121,526	(10,249.00)
80040	A.M.R.	92,571	22,086.00
80281	Island Improvements	184,499	174,911.00
80410	SCADA System Enhancement	99,669	97,368.49
80484	Automated SCADA Dist	-	-
80612	SMC Rd Upgrade Feeder Express	144,575	144,575.00
80682	Green Lake Power Plant Improv	157,186	123,094.89
80683	Jeff Davis Line Upgrade	-	-
80894	Blue Lake Third Turbine/Dam	5,729,392	-
80897	Thimbleberry - Blue Lk Tie Line 69kv	-	-
80810	Blue Lake FERC Envir Mitigation	98,790	98,790.00
80811	Microwave or Optic Fiber	193,459	139,106.00
80814	Takatz Lake Hydro	-	-
80826	Blue Lk 69 kv Ring Bus	-	-
80827	Marine St Sub-Voltage Regulator	9,150	9,150.00
80828	Demand Side Load Management	61,938	28,938.00
80645	HPR to Kramer Line Rise	806,827	63,710.00
80646	Jarvis St Diesel Capacity Incr.	-	(447,076.00)
80647	Jarvis Tank Inspection	-	-
80648	Transmission & 1220 upgrade	95,020	(128,165.00)
80672	Medveje Transformer Replacement	67,095	(8,227.00)
80718	Blue Lake Sub-Plant & Maintenance	50,000	-
80717	Jarvis Street Improvements	116,650	10,612.00
80718	Marine Street Sub-Plant & Maintenance	51,225	171,122.00
80719	Warehouse Paving	33,000	28,600.00
80776	Electric Storage and Shop Building	200,000	124,452.00
80777	Meter Replacements	-	100,000.00
80811	Microwave or Optic Fiber	193,459	139,106.00
		<u>8,601,136</u>	<u>1,023,554</u>

Working Capital designated for Capex, June 30, 2014		1,023,554	
New CapEx designations of Working Capital in FY16 Budget			
80003	Feeder Improvements	200,000	
80040	Automated Meter Reading	50,000	
80410	Scada System Enhancements	50,000	
80582	Green Lake Power Plant Improvements	150,000	
80610	Blue Lake FERC License Mitigation	325,000	
80611	Microwave or Fiber Optic	100,000	
80645	HPR - Kramer - Cascade Creek Line Riser	100,000	
80646	Jarvis Street Diesel Capacity Increase	750,000	
80672	Medveje Hatchery Transformer Replacement	75,000	
80717	Jarvis Street Improvements	50,000	
80718	Marine Street Substation Maintenance	60,000	
80719	Warehouse Paving	25,000	
80776	Electric Storage & Shop Building	800,000	
80777	Meter Replacement	150,000	
	Old Blue Lake Powerhouse Conversion	150,000	
	Sitka Transient Float Electrical Conversion	500,000	
		<u>3,535,000</u>	
Plus New Bond Issuance Proceeds: -			
Plus Bond Fund Interest 56,827			
Less FY15 working capital outlays for CapEx <u>(606,827)</u>			
Working Capital designated for Capex, June 30, 2015 <u>4,010,454</u>			

City and Borough of Sitka
Electric Utility
Income Statement
For The Trailing Twelve-Month Trailing Period Ending September 30, 2015

(Unaudited)

	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	12-Month Trailing
Revenue:													
Electricity Sales	1,006,866	1,109,342	1,245,349	1,221,907	826,272	1,639,676	1,253,926	1,019,444	1,005,116	1,052,246	1,236,631	1,159,140	13,775,915
Jobbing	22,963	232,290	209,495	31,088	13,550	186	141,055	140	186,939	480	200	51,318	889,704
Other Operating Revenue	5,402	3,363	4,972	10,368	6,628	911	5,170	4,624	1,134,721	5,501	4,825	4,133	1,190,618
Total Revenue:	1,035,231	1,344,995	1,459,816	1,263,363	846,450	1,640,773	1,400,151	1,024,208	2,326,776	1,058,227	1,241,656	1,214,591	15,856,237
Cost of Sales:													
Green Lake	30,008	20,955	47,980	30,241	46,992	112,130	42,186	41,508	134,425	53,038	30,860	32,632	622,955
Blue Lake	136,445	118,481	147,059	139,237	123,650	152,941	128,869	185,688	534,470	110,372	163,986	152,199	2,093,397
Diesels	38,877	23,352	73,574	17,362	22,629	20,268	20,634	44,821	209,299	12,217	47,319	63,657	594,009
Switchyard	1,714	2,553	-	1,148	60	-	910	771	236	2,204	4,429	832	14,857
Line Maintenance	6,331	(6,059)	(797)	67	8,084	(249)	16,629	3,864	759	2,598	2,755	2,062	36,044
Substation Maintenance	-	(5,969)	4,522	180	1,663	(249)	-	-	13,999	3,522	-	3,522	19,840
Distribution	238,939	113,173	107,267	132,144	101,275	128,797	104,684	126,747	495,121	89,842	162,657	137,882	1,938,528
Metering	39,481	30,982	28,576	29,506	27,851	32,456	29,421	40,382	136,125	20,492	29,020	42,271	486,563
Jobbing	134,578	42,575	43,468	44,543	35,443	23,883	39,150	60,278	138,056	14,078	22,576	18,417	617,045
Stores	16,238	10,048	10,804	12,418	13,620	13,353	13,829	24,758	50,139	8,744	13,799	12,662	200,412
Depreciation	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,822	144,645	149,683	149,683	149,683	1,808,284
Total Cost of Sales:	794,435	501,915	614,277	558,670	533,091	635,154	548,136	680,639	1,857,274	466,790	627,084	614,469	8,431,934
Gross Margin:	240,796	843,080	845,539	704,693	313,359	1,005,619	852,015	343,569	469,502	591,437	614,572	600,122	7,424,303
	23.26%	62.68%	57.92%	55.78%	37.02%	61.29%	60.85%	33.54%	20.18%	55.89%	49.50%	49.41%	46.82%
Selling and Administrative Expenses	84,986	509,337	220,917	235,005	179,767	190,359	183,054	232,585	365,407	161,764	175,712	179,658	2,718,551
Earnings Before Interest (EBI):	155,810	333,743	624,622	469,688	133,592	815,260	668,961	110,984	104,095	429,673	438,860	420,464	4,705,752
	15.05%	24.81%	42.79%	37.18%	15.78%	49.69%	47.78%	10.84%	4.47%	40.60%	35.34%	34.62%	29.68%
Non-operating Revenue and Expense:													
Non-Operating Revenue:	59,454	56,747	54,221	49,176	51,996	58,408	54,983	82,356	2,353,362	8,950	54,446	54,392	2,938,491
Bond Fund Interest	8,246	33,259	28,382	22,727	19,881	27,743	20,643	17,435	276,120	17,701	20,589	20,537	508,263
Grant Revenue	(13)	45,344	3,027,760	1,202,037	42,954	2,480,333	198,768	(519)	1,815,422	(1,673)	1,601	-	8,812,014
Bonded Interest Expense:	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(496,527)	(496,527)	(496,527)	(5,851,125)
Subordinated Interest Expense	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,540)	(25,329)	(25,329)	(25,329)	(313,191)
Total Non-operating Revenue & Expense:	(443,262)	(375,599)	2,599,414	762,991	(396,118)	2,050,535	(236,555)	(411,677)	3,933,748	(496,878)	(445,220)	(446,927)	6,094,452
Net Income:	(287,452)	(41,856)	3,224,036	1,232,679	(262,526)	2,865,795	432,406	(300,693)	4,037,843	(67,205)	(6,360)	(26,463)	10,800,204
	-27.77%	-3.11%	220.85%	97.57%	-31.01%	174.66%	30.88%	-29.36%	173.54%	-6.35%	-0.51%	-2.18%	68.11%
EBIDA	307,634	485,567	776,446	621,512	285,416	967,084	820,785	262,806	248,740	579,356	588,543	570,147	6,514,036
	29.72%	36.10%	53.19%	49.20%	33.72%	58.94%	58.62%	25.66%	10.69%	54.75%	47.40%	46.94%	41.08%
Bond Covenant Ratio (> 1.25 for fiscal year)	0.51	0.82	1.26	1.00	0.48	1.55	1.32	0.49	4.40	0.85	0.94	0.91	1.28
Total kWh Sold	8,440,750	9,448,700	9,878,100	9,823,950	9,044,000	10,474,700	8,859,700	7,248,500	6,834,300	8,151,950	8,478,750	7,868,850	104,552,250
Electricity Sales Revenue per Kwh Sold	0.1193	0.1174	0.1261	0.1244	0.0914	0.1565	0.1415	0.1406	0.1471	0.1291	0.1459	0.1473	0.1318
Cost of Sales per Kwh Sold	0.0941	0.0531	0.0622	0.0569	0.0589	0.0606	0.0619	0.0939	0.2718	0.0573	0.0740	0.0781	0.0806
									#DIV/0!				
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	(135,628)	109,968	3,375,860	1,384,503	(110,702)	3,017,619	584,230	(148,871)	4,182,488	82,478	143,323	123,220	12,608,488
Bonded Debt Principal	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	162,917	162,917	162,917	1,924,998
Subordinated Debt Principal	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	25,844	25,844	25,844	301,092
Debt Principal Coverage Surplus/Deficit	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,998,065	(106,283)	(45,438)	(65,541)	10,382,398
Debt Principal Coverage Percentage	-74%	60%	1830%	751%	-60%	1636%	317%	-81%	2268%	44%	76%	65%	566%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,998,065	(106,283)	(45,438)	(65,541)	10,382,398
Depreciation	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,822	144,645	149,683	149,683	149,683	1,808,284
Cash Accumulated For/(Taken From) Asset Replacement	(471,875)	(226,279)	3,039,613	1,048,256	(446,949)	2,681,372	247,983	(485,116)	3,853,420	(255,966)	(195,121)	(215,224)	8,574,114
Undesignated Working Capital													
Beginning Undesignated Working Capital	6,557,571	6,886,585	7,381,937	7,915,167	5,829,775	5,800,674	9,409,227	5,394,434	5,544,589	9,748,094	10,607,241	10,756,122	6,557,571
Net Income Plus Depreciation Less Principal	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,998,065	(106,283)	(45,438)	(65,541)	10,382,398
CapEx, Accruals, and other Balance Sheet Changes	649,065	569,807	(2,658,207)	(3,285,472)	266,024	775,357	(4,414,600)	483,449	295,440	965,430	194,319	196,345	(6,053,043)
Ending Undesignated Working Capital	6,886,585	7,381,937	7,915,167	5,829,775	5,800,674	9,409,227	5,394,434	5,544,589	9,748,094	10,607,241	10,756,122	10,886,926	10,886,926

**Water Utility
Financial Analysis
As Of, And For the Three-Month Period Ending September, 2015**

Financial operations for the Water Fund showed marked improvement over FY15 for the comparative 3-month period. Water sales revenue increased \$76.0K, or 15.0% compared to FY2014. Compared to plan for FY16, water sales revenue exceeded plan by \$51.1K, or 9.6% for the 3-month period ending September 30, 2015.

In addition to increasing top line revenue, the Water Fund was successful in controlling operating costs. Costs of sales increased by \$11.2K, or 3.1% for the comparative three-month period in FY15. Compared to plan, cost of sales remain well under projections, posting a positive variance (costs below plan) of \$57.4K, or 14.2%. There are some differences in the timing of expense reporting, however, and it is anticipated that the large positive variances in costs will decrease as the year progresses.

Undesignated working capital grew to \$98.8K in September; overall working capital was \$1,098.8K as of September 30, 2014.

In the summer of 2014, we had reported that the Water Fund had bottomed out financially, and, that user fee increases were causing the Water Fund's financial position to slowly improve. That trend has continued over the last quarter, as all metrics show positive variances and improvement. Continuing increases in user fees are required in the Water Fund, but these fees are now driven by future capital expenditure requirements..

City and Borough of Sitka
Water Utility
Income Statement
For The Trailing Twelve-Month Period Ending June 30, 2016
(Unaudited)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (\$/L - 25.00%)	Variance To FY2016 Plan
Revenue:																	
Water Sales	183,279	196,144	202,838	-	-	-	-	-	-	-	-	-	582,261	506,236	76,025	531,179	51,082
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	5,235	(5,235)	15,000	(15,000)
Other Operating Revenue	725	1,415	2,175	-	-	-	-	-	-	-	-	-	4,315	6,447	(2,132)	2,395	1,920
Total Revenue:	184,004	197,559	205,013	-	-	-	-	-	-	-	-	-	586,576	517,918	68,658	548,574	38,002
Cost of Sales:																	
Distribution	22,670	28,261	25,622	-	-	-	-	-	-	-	-	-	76,553	103,795	27,242	149,844	73,291
Treatment	13,292	20,034	24,528	-	-	-	-	-	-	-	-	-	57,854	40,574	(17,280)	41,975	(15,879)
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	114	114	-	-
Depreciation	70,573	70,573	70,573	-	-	-	-	-	-	-	-	-	211,719	212,844	-1,125	211,719	-
Total Cost of Sales:	106,535	118,868	120,723	-	-	-	-	-	-	-	-	-	346,126	357,327	11,201	403,538	57,412
Gross Margin:	77,469	78,691	84,290	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	240,450	160,591	79,859	145,036	95,414
	42.10%	39.83%	41.11%										40.99%	31.01%	9.99%	26.44%	14.55%
Selling and Administrative Expenses	31,968	32,141	67,258	-	-	-	-	-	-	-	-	-	131,367	27,462	(103,905)	166,754	35,387
Earnings Before Interest (EBI):	45,501	46,550	17,032	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	109,083	133,129	(24,046)	(21,718)	190,801
	24.73%	23.56%	8.31%										18.60%	25.70%	-7.11%	-3.96%	22.56%
Non-operating Revenue and Expense:																	
Non-operating revenue:	(1,568)	(1,869)	159	-	-	-	-	-	-	-	-	-	(3,278)	(881)	(2,397)	1,975	(5,253)
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	161,000	(161,000)
Interest Expense:	(5,619)	(5,619)	(5,619)	-	-	-	-	-	-	-	-	-	(16,857)	(20,871)	4,014	(17,450)	593
Total Non-operating Revenue & Expense:	(7,187)	(7,488)	(5,460)	-	-	-	-	-	-	-	-	-	(20,133)	(21,752)	1,617	145,525	(165,660)
Net Income:	38,314	39,062	11,572	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	88,948	111,377	(22,429)	123,808	(34,860)
	20.82%	19.77%	5.64%										15.16%	21.50%	-32.67%	22.57%	-7.41%
Earnings Before Interest and Depreciation (EBIDA):	116,074	117,123	87,605	-	-	-	-	-	-	-	-	-	320,802	345,973	(25,171)	190,002	130,801
	63.08%	59.29%	42.73%										54.69%	66.80%	-12.11%	34.64%	20.06%
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	108,887	109,635	82,145	-	-	-	-	-	-	-	-	-	300,667	324,221	(23,554)	335,527	(34,860)
Debt Principal	28,372	28,372	28,372	-	-	-	-	-	-	-	-	-	85,116	74,400	(10,716)	85,116	-
Debt Principal Coverage Surplus/Deficit	80,515	81,263	53,773	-	-	-	-	-	-	-	-	-	215,551	249,821	(34,270)	250,411	(34,860)
Debt Principal Coverage Percentage	58%	58%	29%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	353.24%	435.78%	-82.54%	994.20%	-40.96%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	80,515	81,263	53,773	-	-	-	-	-	-	-	-	-	215,551	249,821	(34,270)	250,411	(34,860)
Depreciation	70,573	70,573	70,573	-	-	-	-	-	-	-	-	-	211,719	212,844	-1,125	211,719	-
Cash Accumulated For/(Taken From) Asset Replacement	9,942	10,690	(16,800)	-	-	-	-	-	-	-	-	-	9,832	96,977	(87,145)	38,692	(34,860)
Working Capital																	
Beginning Undesignated Working Capital	280	(60,704)	37,145	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	280	(638,023)	638,303	280	-
Net Income Plus Depreciation Less Principal	80,515	81,263	53,773	-	-	-	-	-	-	-	-	-	215,551	249,821	(34,270)	250,411	(34,860)
CapEx, Accruals, and other Balance Sheet Changes	(141,499)	16,588	7,901	-	-	-	-	-	-	-	-	-	(117,012)	305,881	(422,893)	(117,012)	-
Ending Undesignated Working Capital	(60,704)	37,145	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	(82,521)	181,140	133,679	(54,860)
Working Capital Designated for CapEx	1,063,082	1,054,816	1,000,023	1,000,023	1,000,023	1,000,023	1,000,023	1,000,023	1,000,023	1,000,023	1,000,023	1,000,023	1,000,023	883,418	116,605	1,000,023	-
Current Assets	1,365,744	1,455,379	1,451,831	1,451,831	1,451,831	1,451,831	1,451,831	1,451,831	1,451,831	1,451,831	1,451,831	1,451,831	1,451,831	1,398,801	53,030		
Current Liabilities	(51,274)	(51,528)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	(40,897)	
CPLTD	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	(312,092)	
WCDFCapex	(1,063,082)	(1,054,816)	(1,000,023)	(1,000,023)	(1,000,023)	(1,000,023)	(1,000,023)	(1,000,023)	(1,000,023)	(1,000,023)	(1,000,023)	(1,000,023)	(1,000,023)	(883,418)	(116,605)		
Undesignated Working Capital	(60,704)	37,145	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	98,819	(82,521)	181,140	98,819	-
Total Working Capital	1,002,378	1,091,961	1,098,842	1,098,842	1,098,842	1,098,842	1,098,842	1,098,842	1,098,842	1,098,842	1,098,842	1,098,842	1,098,842	801,097	297,745	1,098,842	-
	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Working Capital designated for Capex, June 30, 2015

Working Capital designated for Capex, June 30, 2015

902,096

Japanski Is.Channel Water Line	80041	\$ 12,704
Japanski Island Water Design	80338	\$ 70,000
IRWTP Filterbed Rehab	90612	\$ 24,225
Blue Lake Dam Project	90624	\$ 35,000
O'CaIn Street Main Replacement	90651	\$ 88,340
UV Disinfection Feasibility Study	90652	\$ 152,759
HPR Water Improvements	90673	\$ 34,384
SMC Water Improvements	90675	\$ 150,000
Monastery Street Water mains	90698	\$ 120,400
Design Baranoff water main	90710	\$ 94,545

New CapEx designations of Working Capital in FY16 Budget

90796	Brady Street, HPR to Gavin	5,000
90797	Convert Whitcomb Heights Tank PRV to RC	11,000
90790	DeGross Street Utilities & Street Improvements	25,000
90772	Gavan Street Utilities and Street Improvements	5,000
90803	Marine Street Utilities & Street Improvements	50,000
	Erler to Osprey	
90651	O'CaIn Street Main Replacement	65,000
		161,000

City and Borough of Sitka
Water Utility
Income Statement
For The Trailing Twelve-Month Period Ending June 30, 2016
(Unaudited)

2 Dist. System meters	90711	\$ 50,000
Airport Water Main (USCG housing)	90731	\$ 8,904
Repair Coating Harbor Mountain Storage Tank	90752	\$ 10,835
Design DeArmond Water Main replacements	90754	\$ 50,000
Adjustment		\$ -
		<u>\$902,096</u>

Less FY16 working capital outlays for CapEx	<u>(63,073)</u>
Working Capital designated for Capex, June 30, 2016	<u>1,000,023</u>

City and Borough of Sitka
Water Utility
Income Statement
For The Trailing Twelve-Month Period Ending September 30, 2015
(Unaudited)

	October 2013	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	12-Month Trailing
Revenue:													
Water Sales	168,384	129,937	190,631	158,489	141,268	181,435	131,268	195,276	164,627	183,279	196,144	202,838	2,043,576
Jobbing	3,147	54,983	32,352	(3,176)	787	-	2,898	10,294	3,351	-	-	-	104,636
Other Operating Revenue	1,644	1,387	1,513	15,910	435	690	1,939	3,490	101,568	725	1,415	2,175	132,891
Total Revenue:	173,175	186,307	224,496	171,223	142,490	182,125	136,105	209,060	269,546	184,004	197,559	205,013	2,281,103
Cost of Sales:													
Distribution	57,441	29,820	65,382	22,186	22,562	26,816	25,571	39,362	149,834	22,670	28,261	25,622	515,527
Treatment	8,482	12,809	29,833	19,871	24,085	18,525	43,746	23,782	35,502	13,292	20,034	24,528	274,489
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	70,948	70,948	70,948	70,948	70,948	70,948	70,948	70,948	75,452	70,573	70,573	70,573	854,755
Total Cost of Sales:	136,871	113,577	166,163	113,005	117,595	116,289	140,265	134,092	260,788	106,535	118,868	120,723	1,644,771
Gross Margin:	36,304 20.96%	72,730 39.04%	58,333 25.98%	58,218 34.00%	24,895 17.47%	65,836 36.15%	(4,160) -3.06%	74,968 35.86%	8,758 3.25%	77,469 42.10%	78,691 39.83%	84,290 41.11%	636,332 27.90%
Selling and Administrative Expenses	41,031	130,632	73,953	51,113	33,318	32,319	60,107	38,004	89,473	31,968	32,141	67,258	681,317
Earnings Before Interest (EBI):	(4,727) -2.73%	(57,902) -31.08%	(15,620) -6.96%	7,105 4.15%	(8,423) -5.91%	33,517 18.40%	(64,267) -47.22%	36,964 17.68%	(80,715) -29.94%	45,501 24.73%	46,550 23.56%	17,032 8.31%	(44,985) -1.97%
Non-operating Revenue and Expense:													
Non-operating revenue:	508	467	(3,125)	(1,955)	(3,104)	(4,559)	(5,066)	(2,970)	(4,993)	(1,568)	(1,869)	159	(28,075)
Grant Revenue	-	531	71,256	494,694	-	16,599	2,136	1,552,200	2,099,925	-	-	-	4,237,341
Interest Expense:	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	9,104	(5,619)	(5,619)	(5,619)	(63,409)
Total Non-operating Revenue & Expense:	(6,449)	(5,959)	61,174	485,782	(10,061)	5,083	(9,887)	1,542,273	2,104,036	(7,187)	(7,488)	(5,460)	4,145,857
Net Income:	(11,176) -6.45%	(63,861) -34.28%	45,554 20.29%	492,887 287.86%	(18,484) -12.97%	38,600 21.19%	(74,154) -54.48%	1,579,237 755.40%	2,023,321 750.64%	38,314 20.82%	39,062 19.77%	11,572 5.64%	4,100,872 179.78%
Earnings Before Interest and Depreciation (EBIDA):	66,221 38.24%	13,046 7.00%	55,328 24.65%	78,053 45.59%	62,525 43.88%	104,465 57.36%	6,681 4.91%	107,912 51.62%	(5,263) -1.95%	116,074 63.08%	117,123 59.29%	87,605 42.73%	809,770 35.50%
													379638
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	59,772	7,087	116,502	563,835	52,464	109,548	(3,206)	1,650,185	2,098,773	108,887	109,635	82,145	4,955,627
Debt Principal	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	25,799	28,372	28,372	28,372	309,315
Debt Principal Coverage Surplus/Deficit	34,972	(17,713)	91,702	539,035	27,664	84,748	(28,006)	1,625,385	2,072,974	80,515	81,263	53,773	4,646,312
Debt Principal Coverage Percentage	241%	29%	470%	2274%	212%	442%	-13%	6654%	8135%	384%	386%	290%	1602%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	34,972	(17,713)	91,702	539,035	27,664	84,748	(28,006)	1,625,385	2,072,974	80,515	81,263	53,773	4,646,312
Depreciation	70,948	70,948	70,948	70,948	70,948	70,948	70,948	70,948	75,452	70,573	70,573	70,573	854,755
Cash Accumulated For/(Taken From) Asset Replacement	(35,976)	(88,661)	20,754	468,087	(43,284)	13,800	(88,954)	1,554,437	1,997,522	9,942	10,690	(16,800)	3,791,557
Working Capital													
Beginning Undesignated Working Capital	(82,321)	(15,591)	128,273	216,809	319,401	394,700	854,226	(959,990)	(3,951)	280	(60,704)	37,145	(82,321)
Net Income Plus Depreciation Less Principal	34,972	(17,713)	91,702	539,035	27,664	84,748	(28,006)	1,625,385	2,072,974	80,515	81,263	53,773	4,646,312
CapEx, Accruals, and other Balance Sheet Changes	31,758	161,577	(3,166)	(436,443)	47,635	374,778	(1,786,210)	(669,346)	(2,068,743)	(141,499)	16,586	7,901	(4,465,172)
Ending Undesignated Working Capital	(15,591)	128,273	216,809	319,401	394,700	854,226	(959,990)	(3,951)	280	(60,704)	37,145	98,819	98,819
Working Capital Designated for CapEx	836,661	692,180	481,909	346,746	117,096	117,096	(2,148,492)	(167,629)	902,096	1,063,082	1,054,816	1,000,023	1,000,023

**Wastewater Treatment Utility
Financial Analysis
As Of, And For the Three-Month Period Ending September, 2015**

Financial operations for the Wastewater Treatment Fund showed improvement over FY15 for the comparative 3-month period. For the comparable three-month period, revenue increased by \$76.7K, or 11.2%. Compared to plan for FY16, revenue exceeded plan by \$19.6K or 2.7% for the 3-month period ending September 30, 2015.

In addition to increasing top line revenue, the Wastewater Treatment Fund also continued its trend of controlling operating costs. Costs of operations increased by \$106.7K, or 15.2%, for the comparative three-month period in FY2015. The timing of the recording of internal charges is a large part of this increase however. Compared to plan, operating costs were well under projections, posting a positive variance (costs below plan) of \$179.7K, or 18.2%.

Total working capital grew during the fiscal quarter by \$199.6K, to \$4,920.3K. Substantial appropriations of working capital to new capital projects have muted growth in undesignated working capital, however, as it declined by \$1,065K to \$2,333.4K as of September 30, 2015.

The financial performance of the Wastewater treatment Fund, operating in conjunction with plan, clearly demonstrates the underlying financial dynamics of this Fund. Large amounts of cash flow from operations are necessary to finance internal expenditures for capital repairs and improvements. The designation of new working capital for capital expenditures at the start of each fiscal year causes a decline in available, undesignated working capital. Annual requirements for designations of working capital for CAPEX are substantial, given the size and age of the infrastructure base; such new designations were \$709K in FY2016, requiring \$709K in cash flow from operations in order to keep total working capital from declining.

City and Borough of Sitka
Wastewater Treatment Utility
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2015
(Unaudited)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (5/L - 25.00%)	Variance To FY2016 Plan
Revenue:																	
Wastewater Treatment Services	233,417	234,816	235,795	-	-	-	-	-	-	-	-	-	704,028	668,451	35,577	708,625	(4,597)
Jobbing	165	-	51,578	-	-	-	-	-	-	-	-	-	51,743	8,487	43,256	23,518	23,518
Other Operating Revenue	725	1,415	2,175	-	-	-	-	-	-	-	-	-	4,315	6,539	(2,224)	3,588	728
Total Revenue:	234,307	236,231	289,548	-	-	-	-	-	-	-	-	-	760,086	683,477	76,609	740,438	19,649
Cost of Sales:																	
Collection	35,553	65,521	65,869	-	-	-	-	-	-	-	-	-	166,943	173,710	(6,767)	298,496	131,553
Treatment	31,954	46,449	56,309	-	-	-	-	-	-	-	-	-	134,712	98,823	35,889	75,315	(59,398)
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,177)	2,177	-	-
Depreciation	107,383	107,383	107,383	-	-	-	-	-	-	-	-	-	322,149	370,044	(47,895)	322,149	-
Total Cost of Sales:	174,890	219,353	229,561	-	-	-	-	-	-	-	-	-	623,804	640,400	(16,596)	695,959	72,155
Gross Margin:	59,417	16,878	59,987	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	136,282	43,077	93,205	44,479	91,804
	25.36%	7.14%	20.72%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	17.93%	6.30%	11.63%	6.01%	11.92%
Selling and Administrative Expenses	52,265	58,202	72,316	-	-	-	-	-	-	-	-	-	182,783	59,473	123,310	290,315	107,532
Earnings Before Interest (EBI):	7,152	(41,324)	(12,329)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	(46,501)	(16,396)	(30,105)	(245,837)	199,336
	3.05%	-17.49%	-4.26%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-6.12%	-2.40%	-3.72%	-33.20%	27.08%
Non-operating Revenue and Expense:																	
Non-operating revenue:	7,240	9,322	9,432	-	-	-	-	-	-	-	-	-	25,994	31,348	(5,354)	28,000	(2,006)
Grant Revenue	-	-	(34)	-	-	-	-	-	-	-	-	-	(34)	-	(34)	292,625	(292,659)
Interest Expense:	(6,757)	(6,757)	(6,757)	-	-	-	-	-	-	-	-	-	(20,271)	(12,063)	(8,208)	(20,271)	(11)
Total Non-operating Revenue & Expense:	483	2,565	2,641	-	-	-	-	-	-	-	-	-	46,231	43,411	2,820	340,896	290,653
Net Income:	7,635	(38,759)	(9,688)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	(270)	27,015	(27,285)	95,059	(95,329)
	3.26%	-16.41%	-3.35%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-0.04%	3.95%	-3.99%	12.84%	-12.87%
Earnings Before Interest and Depreciation (EBIDA):	114,535	66,059	95,054	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	275,648	353,648	(78,000)	76,312	199,336
	48.88%	27.96%	32.83%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	36.27%	51.74%	-15.48%	10.31%	25.96%
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	115,018	68,624	97,695	-	-	-	-	-	-	-	-	-	281,337	372,933	(91,596)	417,208	(135,871)
Debt Principal	27,184	27,184	27,184	-	-	-	-	-	-	-	-	-	81,552	56,043	25,509	81,552	-
Debt Principal Coverage Surplus/Deficit	87,834	41,440	70,511	-	-	-	-	-	-	-	-	-	199,785	316,890	(117,105)	335,656	(135,871)
Debt Principal Coverage Percentage	423%	252%	359%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	345%	665%	-320.46%	512%	-167%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	87,834	41,440	70,511	-	-	-	-	-	-	-	-	-	199,785	316,890	(117,105)	335,656	(135,871)
Depreciation	107,383	107,383	107,383	-	-	-	-	-	-	-	-	-	322,149	370,044	(47,895)	322,149	-
Cash Accumulated For/(Taken From) Asset Replacement	(19,549)	(65,943)	(36,872)	-	-	-	-	-	-	-	-	-	(122,364)	(53,154)	(69,210)	13,507	(135,871)
Working Capital																	
Beginning Undesignated Working Capital	3,398,748	2,406,189	2,459,502	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	3,398,748	2,095,757	1,302,991	3,398,748	2,095,757
Net Income Plus Depreciation Less Principal CapEx, Accruals, and other Balance Sheet Changes	87,834	41,440	70,511	-	-	-	-	-	-	-	-	-	199,785	316,890	(117,105)	335,656	(135,871)
Ending Undesignated Working Capital	2,406,189	2,459,502	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	3,598,533	2,412,647	(1,185,114)	3,598,533	(1,185,114)
Working Capital Designated for CapEx	2,358,881	2,358,881	2,375,790	2,375,790	2,375,790	2,375,790	2,375,790	2,375,790	2,375,790	2,375,790	2,375,790	2,375,790	2,375,790	1,808,592	567,198	2,375,790	-
Current Assets	5,280,708	5,348,988	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946	5,469,946
Current Liabilities	(189,425)	(204,392)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)	(223,357)
CPLTD	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)
WCDFCapex	(2,358,881)	(2,358,881)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)	(2,375,790)
Undesignated Working Capital	2,406,189	2,459,502	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	2,544,586	3,238,135	(693,549)	2,544,586	-
Total Working Capital	4,765,070	4,818,383	4,920,376	4,920,376	4,920,376	4,920,376	4,920,376	4,920,376	4,920,376	4,920,376	4,920,376	4,920,376	4,920,376	5,046,727	(126,351)	4,920,376	-
	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

Working Capital Designated for Capex - Continuation of Pre-FY2016 Projects
As of
6/30/2015

90258	Replace Lift Station Alarm System	4,264.98
90259	Catholic Protection-14 Lift Station	20,896.28
90274	Cove Lift Station Replacement	-
90447	WWTP Control System	14,597.47
90531	Monastery/Kincaid Sewer Design	30,000.00
90534	W.W. Solids MonoFill	-
90564	HPR/SMC Intersection Main Rehab	-
90565	Jamestown Bay Lift Station Replment	26,768.32
90579	SMC Rd Sewer Ph III	-
90601	Lake St Lift Station Rebuild	532,622.88

Working Capital designated for Capex, June 30, 2015

1,659,881.28

New CapEx designations of Working Capital in FY16 Budget, Designated on 7/1/2016

90796	Brady Street (HPR to Gavan)	5,000.00
90790	DeGross Street Utilities & Street Improvements	25,000.00
90772	Gavan Street (Brady to Cascade)	5,000.00
90800	Hypochlorite Infection System	24,000.00
90744	Jeff Davis St W/WW Improvements	20,000.00
90803	Marine St W/WW Improvements (Erlor to Osprey)	50,000.00
90805	Replace 1995 CCTV Inspection Equipment	160,000.00
90808	Replace WWTP Chlorine Generator	160,000.00
90809	Replace WWTP Influent Grinder	100,000.00
90813	Upgrade RV Dump Site	-

City and Borough of Sitka
Wastewater Treatment Utility
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2015
(Unaudited)

90602	Sanitary Sewer Main Replacement	199,642.62	
90654	WWTP Air Control System	-	(Combined)
90655	WWTP AHU retrofit	109,935.02	
90676	Brady St Rebuild Lift Station	165,000.00	
90697	Japonski Island Sewer Lift Station	-	
90698	Monastery St Sewer/Water Main	-	
90710	Baranoff Water/WW Main Replacement	-	
90713	Crescent lift Station Replacement	193,984.62	
90715	WWTP AHU retrofit	-	(Combined)
90732	Hollywood Way W/WW Replacement	25,000.00	Loan/Grant/WC
90733	HPR Sewer Improvements (DOT)	7,352.38	
90734	New Archangel Sewer Main (Marine-HPR)	-	
90744	Jeff Davis St W/WW Improvements	(143.66)	Loan/Grant/WC
90750	WWTP Exterior Building Rot	(23,039.63)	
90766	Baranof & Monastery Street W/WW	183,000.00	Loan/Grant/WC
90781	Replace Colling Door	20,000.00	
90782	Replace Medium Size Lift Station Pumps	40,000.00	
90783	Replace Generators - Lift Stations	20,000.00	
90784	WWTP FY14 - Garage Doors, Blowers, Hi-Press Pump	90,000.00	
	Variance	-	
	Total designated working capital, COB 6/30/2015	1,659,881.28	

90750	WWTP Exterior Building Rot	50,000.00
90655	WWTP AHU retrofit	100,000.00
	New fixed assets	19,400.00
	Less FY15 working capital outlays for CapEx/ ATF Grant Reimbursements	-
	Working Capital designated for Capex, June 30, 2015	2,378,281.28

City and Borough of Sitka
Wastewater Treatment Utility
Income Statement
For The Trailing Twelve-Month Period Ending September 30, 2015
(Unaudited)

	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	12-Month Trailing
Revenue:													
Wastewater Treatment Services	223,936	223,325	222,167	221,521	219,057	222,405	180,495	262,488	223,246	233,417	234,816	235,795	2,702,668
Jobbing	27,488	28,670	65,413	540	823	(25)	43,313	3,769	61,270	165	-	51,578	283,004
Other Operating Revenue	1,909	1,480	1,380	20	530	1,008	2,107	2,760	309,341	725	1,415	2,175	324,850
Total Revenue:	253,333	253,475	288,960	222,081	220,410	223,388	225,915	269,017	593,857	234,307	236,231	289,548	3,310,522
Cost of Sales:													
Collection	92,350	68,882	63,488	46,169	58,198	66,958	57,182	81,072	321,360	35,553	65,521	65,869	1,022,602
Treatment	43,087	61,695	40,168	40,372	43,751	38,174	56,690	48,827	112,092	31,954	46,449	56,309	619,568
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	123,348	123,348	123,348	123,348	123,348	123,348	123,346	123,346	314,918	107,383	107,383	107,383	1,623,847
Total Cost of Sales:	258,785	253,925	227,004	209,889	225,297	228,480	237,218	253,245	748,370	174,890	219,353	229,561	3,266,017
Gross Margin:	(5,452) -2.15%	(450) -0.18%	61,956 21.44%	12,192 5.49%	(4,887) -2.22%	(5,092) -2.28%	(11,303) -5.00%	15,772 5.86%	(154,513) -26.02%	59,417 25.36%	16,878 7.14%	59,987 20.72%	44,505 1.34%
Selling and Administrative Expenses	46,836	177,240	83,522	81,846	55,667	59,122	61,816	65,836	151,126	52,265	58,202	72,316	965,794
Earnings Before Interest (EBI):	(52,288) -20.64%	(177,690) -70.10%	(21,566) -7.46%	(69,654) -31.36%	(60,554) -27.47%	(64,214) -28.75%	(73,119) -32.37%	(50,064) -18.61%	(305,639) -51.47%	7,152 3.05%	(41,324) -17.49%	(12,329) -4.26%	(921,289) -27.83%
Non-operating Revenue and Expense:													
Non-operating revenue:	8,930	6,341	12,022	7,671	7,562	8,899	7,892	7,769	(45,560)	7,240	9,322	9,432	47,520
Grant Revenue	-	-	-	936	-	6,385	-	-	263,530	-	-	(34)	270,817
Interest Expense:	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(4,020)	(6,757)	(6,757)	(6,757)	(103,787)
Total Non-operating Revenue & Expense:	(1,007)	(3,596)	2,085	(1,330)	(2,375)	5,347	(2,045)	(2,168)	213,950	483	2,565	2,641	422,124
Net Income:	(53,295) -21.04%	(181,286) -71.52%	(19,481) -6.74%	(70,984) -31.96%	(62,929) -28.55%	(58,867) -26.35%	(75,164) -33.27%	(52,232) -19.42%	(91,689) -15.44%	7,635 3.26%	(38,759) -16.41%	(9,688) -3.35%	(499,165) -15.08%
Earnings Before Interest and Depreciation (EBIDA):	71,060 28.05%	(54,342) -21.44%	101,782 35.22%	53,694 24.18%	62,794 28.49%	59,134 26.47%	50,227 22.23%	73,282 27.24%	9,279 1.56%	114,535 48.88%	66,059 27.96%	95,054 32.83%	702,558 21.22%
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	70,053	(57,938)	103,867	52,364	60,419	64,481	48,182	71,114	223,229	115,018	68,624	97,695	917,108
Debt Principal	20,691	20,691	20,691	20,691	20,691	20,691	20,691	20,691	18,681	27,184	27,184	27,184	265,761
Debt Principal Coverage Surplus/Deficit	49,362	(78,629)	83,176	31,673	39,728	43,790	27,491	50,423	204,548	87,834	41,440	70,511	651,347
Debt Principal Coverage Percentage	339%	-280%	502%	253%	292%	312%	233%	344%	1195%	423%	252%	359%	345%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	49,362	(78,629)	83,176	31,673	39,728	43,790	27,491	50,423	204,548	87,834	41,440	70,511	651,347
Depreciation	123,348	123,348	123,348	123,348	123,348	123,348	123,346	123,346	314,918	107,383	107,383	107,383	1,623,847
Cash Accumulated For/(Taken From) Asset Replacement	(73,986)	(201,977)	(40,172)	(91,675)	(83,620)	(79,558)	(95,855)	(72,923)	(110,370)	(19,549)	(65,943)	(36,872)	(972,500)
Working Capital													
Beginning Undesignated Working Capital	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,526,485	4,137,680	3,398,748	2,195,076	2,248,389	3,238,135
Net Income Plus Depreciation Less Principal	49,362	(78,629)	83,176	31,673	39,728	43,790	27,491	50,423	204,548	87,834	41,440	70,511	651,347
CapEx, Accruals, and other Balance Sheet Changes	30,631	30,627	30,628	26,692	(26,117)	34,519	(35,221)	560,772	(943,480)	(1,291,506)	11,873	14,573	(1,556,009)
Ending Undesignated Working Capital	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,526,485	4,137,680	3,398,748	2,195,076	2,248,389	2,333,473	2,333,473
Working Capital Designated for CapEx	1,711,405	1,778,570	1,766,306	1,732,537	1,707,995	1,690,475	1,690,475	1,685,914	1,322,467	2,358,881	2,358,881	2,375,790	2,375,790
Total Working Capital	5,029,533	5,048,696	5,150,236	5,174,832	5,163,901	5,224,690	5,216,960	5,823,594	4,721,215	4,553,957	4,607,270	4,709,263	4,709,263

**Solid Waste Utility
Financial Analysis
As Of, And For the Three-Month Period Ending September, 2015**

The financial performance of the Solid Waste Fund has remained more-or-less steady and, while financial performance has deteriorated in comparison to FY2015, is ahead of plan for FY2016. Working capital has stabilized around \$850,000 and management has unappropriated all past working capital designations, leaving all working capital available for re-appropriation.

Compared to plan, the Solid Waste Fund is now showing positive variances year-to-date. Top line solid waste disposal revenue is \$71.4K, or 10.6% above the planned level. EBI, EBID, and Net Income are also all ahead of plan, at \$(36.4K), \$17.9K, and (\$38.3K), respectively.

As previously mentioned, total working capital has stabilized at approximately \$850K. EBID for the three month period was \$18.0K, showing modest positive cash flow from operations; however, pro-rated debt principal repayments will consume most of the excess cash generated when the annual debt repayment is made, hence causing the flat level of working capital. All working capital is now available for re-appropriation.

As a final note, the fiscal impact of increased utility fees and contractual expenses has not yet been reflected in the accompanying financial statements. Staff expects that, which both revenues and outlays will increase, the ultimate financial performance will be in line with projections.

City and Borough of Sitka
Solid Waste Disposal Utility
Income Statement
For The Twelve-Month Period From July 1, 2015 to June 30, 2016
(Unaudited)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (S/L 0.25%)	Variance To FY2016 Plan
Revenue:																	
Solid Waste Disposal Services	230,827	222,697	292,159	-	-	-	-	-	-	-	-	-	745,683	727,602	18,081	674,235	71,448
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13	(13)
Other Operating Revenue	9,812	22,791	7,272	-	-	-	-	-	-	-	-	-	39,875	48,094	(8,219)	78,593	(38,718)
Total Revenue:	240,639	245,488	299,431	-	-	-	-	-	-	-	-	-	785,558	775,696	9,862	752,840	32,718
Cost of Sales:																	
Contract Waste Hauling	62,523	62,757	63,596	-	-	-	-	-	-	-	-	-	188,876	195,165	6,289	157,056	(31,820)
Transfer Station	102,790	136,371	133,983	-	-	-	-	-	-	-	-	-	373,144	323,845	(49,299)	313,383	(59,762)
Landfill	5,733	7,968	29,156	-	-	-	-	-	-	-	-	-	42,857	20,094	(22,763)	27	(42,830)
Recycling	8,133	28,394	25,818	-	-	-	-	-	-	-	-	-	62,345	102,103	39,758	96,178	33,833
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,129	18,129	18,129	-	-	-	-	-	-	-	-	-	54,387	54,021	(366)	54,387	-
Total Cost of Sales:	197,308	253,619	270,682	-	-	-	-	-	-	-	-	-	721,609	695,228	(26,381)	621,031	(100,578)
Gross Margin:	43,331	(8,131)	28,749	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	63,949	80,468	(16,519)	131,809	(67,860)
	18.01%	-3.31%	9.60%										8.14%	10.37%	-2.23%	17.51%	-9.37%
Selling and Administrative Expenses	33,517	33,728	33,145	-	-	-	-	-	-	-	-	-	100,390	95,563	(4,827)	293,345	192,955
Earnings Before Interest (EBI):	9,814	(41,859)	(4,396)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	(36,441)	(15,095)	(21,346)	(161,536)	125,095
	4.08%	-17.05%	-1.47%										-4.64%	-1.95%	-2.69%	-21.46%	16.82%
Non-operating Revenue and Expense:																	
Non-operating revenue:	1,256	1,509	1,497	-	-	-	-	-	-	-	-	-	4,262	5,940	(1,678)	7,500	(3,238)
Interest Expense:	(2,026)	(2,026)	(2,026)	-	-	-	-	-	-	-	-	-	(6,078)	(6,513)	435	(6,514)	436
Total Non-operating Revenue & Expense:	(770)	(517)	(529)	-	-	-	-	-	-	-	-	-	(1,816)	(573)	(1,243)	986	(2,802)
Net Income:	9,044	(42,376)	(4,925)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	(38,257)	(15,668)	(22,589)	(160,550)	122,293
	3.76%	-17.26%	-1.64%										-4.87%	-2.02%	-2.85%	-21.33%	16.46%
Earnings Before Interest and Depreciation (EBID):	27,943	(23,730)	13,733	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	17,946	38,926	(20,980)	(107,149)	125,095
	11.61%	-9.67%	4.59%										2.28%	5.02%	-2.73%	-14.23%	16.52%
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	27,173	(24,247)	13,204	-	-	-	-	-	-	-	-	-	16,130	38,353	(22,223)	63,554	(47,424)
Debt Principal	9,650	9,650	9,650	-	-	-	-	-	-	-	-	-	28,950	28,950	-	28,950	-
Debt Principal Coverage Surplus/Deficit	17,523	(33,897)	3,554	-	-	-	-	-	-	-	-	-	(12,820)	9,403	(22,223)	34,604	(47,424)
Debt Principal Coverage Percentage	282%	-251%	137%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	56%	132%	-76.76%	219.53%	-163.81%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	17,523	(33,897)	3,554	-	-	-	-	-	-	-	-	-	(12,820)	9,403	(22,223)	5,654	(18,474)
Depreciation	18,129	18,129	18,129	-	-	-	-	-	-	-	-	-	54,387	54,021	366	54,387	-
Cash Accumulated For/(Taken From) Asset Replacement	(606)	(52,026)	(14,575)	-	-	-	-	-	-	-	-	-	(67,207)	(44,618)	(22,589)	(48,733)	(18,474)
Working Capital																	
Beginning Undesignated Working Capital	(132,800)	(191,075)	39,499	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	(132,800)	197,276	(330,076)	(132,800)	-
Net Income Plus Depreciation Less Principal	17,523	(33,897)	3,554	-	-	-	-	-	-	-	-	-	(12,820)	9,403	(22,223)	34,604	(47,424)
Accruals, and other Balance Sheet Changes	(75,798)	264,471	838,550	-	-	-	-	-	-	-	-	-	1,027,223	176,975	850,248	1,027,223	-
Ending Undesignated Working Capital	(191,075)	39,499	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	383,654	497,949	929,027	(47,424)
Working Capital Designated for CapEx	816,490	816,490	0	0	0	0	0	0	0	0	0	0	0	756,490	(756,490)	0	-
Current Assets	747,193	981,421	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035	1,007,035
Current Liabilities	(5,980)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)	(9,634)
CPLTD	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)
WCDFCapex	(816,490)	(816,490)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Undesignated Working Capital	(191,075)	39,499	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	383,654	497,949	929,027	(47,424)
Total Working Capital	625,415	855,989	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	881,603	1,140,144	(258,541)	929,027	(47,424)
	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)				

Working Capital Designated for Capex, July 1, 2015

90413	Sitka Landfill/Granite Creek	56,252.40
90566	Transfer Station	49,724.05
90657	Expand Biosolids Area	500,000.00
90677	Recycle Center Fence	50,000.00
90678	Scrap yard Upgrade	15,513.59
90756	Ramp For Baler	50,000.00
90756	Replace Road on Recycle Building	-

Working Capital designated for Capex, June 30, 2015

721,490.04	
New CapEx designations of Working Capital in FY16 Budget	
Replace Roof on Recycle Building	95,000.00
Less FY16 working capital outlays for CapEx/Unappropriations	(816,490.04)
Working Capital designated for Capex, June 30, 2016	-

City and Borough of Sitka
Solid Waste Disposal Utility
Income Statement
For The Twelve-Month Period From July 1, 2015 to June 30, 2016
(Unaudited)

721,490.04

City and Borough of Sitka
Solid Waste Disposal Utility
Income Statement
For The Trailing Twelve-Month Period Ending September 30, 2015
(Unaudited)

	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	12-Month Trailing
Revenue:													
Solid Waste Disposal Services	222,564	285,222	233,606	220,763	243,777	198,894	167,676	288,682	229,558	230,827	222,697	292,159	2,836,425
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Revenue	33,215	46,917	7,434	8,149	3,721	28,358	36,354	14,743	41,310	9,812	22,791	7,272	260,076
Total Revenue:	255,779	332,139	241,040	228,912	247,498	227,252	204,030	303,425	270,868	240,639	245,488	299,431	3,096,501
Cost of Sales:													
Contract Waste Hauling	66,369	69,130	59,243	62,486	62,933	63,758	72,710	61,288	61,936	62,523	62,757	63,596	768,729
Transfer Station	119,730	70,767	103,523	92,660	77,963	86,798	92,791	145,879	100,957	102,790	136,371	133,983	1,264,212
Landfill	6,992	5,406	13,058	19,352	5,659	11,784	11,477	8,306	59,239	5,733	7,968	29,156	184,130
Recycling	48,469	30,209	33,530	41,241	32,802	29,105	89,551	50,603	95,902	8,133	28,394	25,818	513,757
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	16,539	18,129	18,129	18,129	214,982
Total Cost of Sales:	259,567	193,519	227,361	233,746	197,364	209,452	284,536	284,083	334,573	197,308	253,619	270,682	2,945,810
Gross Margin:	(3,788) -1.48%	138,620 41.74%	13,679 5.67%	(4,834) -2.11%	50,134 20.26%	17,800 7.83%	(80,506) -39.46%	19,342 6.37%	(63,705) -23.52%	43,331 18.01%	(8,131) -3.31%	28,749 9.60%	150,691 4.87%
Selling and Administrative Expenses	44,662	35,908	60,875	46,335	33,886	33,806	24,337	35,802	36,250	33,517	33,728	33,145	452,251
Earnings Before Interest (EBI):	(48,450) -18.94%	102,712 30.92%	(47,196) -19.58%	(51,169) -22.35%	16,248 6.56%	(16,006) -7.04%	(104,843) -51.39%	(16,460) -5.42%	(99,955) -36.90%	9,814 4.08%	(41,859) -17.05%	(4,396) -1.47%	(301,560) -9.74%
Non-operating Revenue and Expense:													
Non-operating revenue:	1,987	1,521	2,996	1,906	1,870	2,119	1,924	1,771	(14,461)	1,256	1,509	1,497	5,895
Interest Expense:	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,175)	(2,026)	(2,026)	(2,026)	(25,621)
Total Non-operating Revenue & Expense:	(184)	(650)	825	(265)	(301)	(52)	(247)	(400)	(16,636)	(770)	(517)	(529)	(19,726)
Net Income:	(48,634) -19.01%	102,062 30.73%	(46,371) -19.24%	(51,434) -22.47%	15,947 6.44%	(16,058) -7.07%	(105,090) -51.51%	(16,860) -5.56%	(116,591) -43.04%	9,044 3.76%	(42,376) -17.26%	(4,925) -1.64%	(321,286) -10.38%
Earnings Before Interest and Depreciation (EBID):	(30,443) -11.90%	120,719 36.35%	(29,189) -12.11%	(33,162) -14.49%	34,255 13.84%	2,001 0.88%	(86,836) -42.56%	1,547 0.51%	(83,416) -30.80%	27,943 11.61%	(23,730) -9.67%	13,733 4.59%	(86,578) -2.80%
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	(30,627)	120,069	(28,364)	(33,427)	33,954	1,949	(87,083)	1,147	(100,052)	27,173	(24,247)	13,204	(106,304)
Debt Principal	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	115,800
Debt Principal Coverage Surplus/Deficit	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(96,733)	(8,503)	(109,702)	17,523	(33,897)	3,554	(222,104)
Debt Principal Coverage Percentage	-317%	1244%	-294%	-346%	352%	20%	-902%	12%	-1037%	282%	-251%	137%	-92%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(96,733)	(8,503)	(109,702)	17,523	(33,897)	3,554	(222,104)
Depreciation	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	16,539	18,129	18,129	18,129	214,982
Cash Accumulated For/(Taken From) Asset Replacement	(58,284)	92,412	(56,021)	(61,084)	6,297	(25,708)	(114,740)	(26,510)	(126,241)	(606)	(52,026)	(14,575)	(437,086)
Working Capital													
Beginning Undesignated Working Capital	383,654	364,737	377,868	362,223	320,102	349,797	353,717	275,697	319,782	(132,800)	(191,075)	39,499	383,654
Net Income Plus Depreciation Less Principal	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(96,733)	(8,503)	(109,702)	17,523	(33,897)	3,554	(222,104)
Accruals, and other Balance Sheet Changes	21,360	(97,288)	22,369	956	5,391	11,621	18,713	52,588	(342,880)	(75,798)	264,471	838,550	720,053
Ending Undesignated Working Capital	364,737	377,868	362,223	320,102	349,797	353,717	275,697	319,782	(132,800)	(191,075)	39,499	881,603	881,603
Working Capital Designated for CapEx	756,490	756,490	756,490	756,490	756,377	753,283	737,775	720,546	823,348	816,490	816,490	0	0

Harbor System Financial Analysis As Of, And For the Three-Month Period Ending September, 2015

Financial operations for the Harbor Fund in September, and for the 3-month period ending September 30, are exceeding both FY2015 historical results and FY2016 plan. All comparative financial ratios have improved over the comparable period in FY2015. Revenue increased \$215.3K, or 32.4%, over the comparable three-month period for FY2015; factoring out timing differences in the recording of the harbor assessment fee, revenues increased by a respectable 16.1%. Earnings before interest and depreciation (EBIDA) increased by \$96.2K, from \$342.9K to \$439.0K for the comparable three-month period.

Permanent moorage has increased by \$65.1K, or 15.4% over FY2015. Costs of operations have trended higher than the comparable period in FY2015, but the increases are more than offset by revenue increases. Costs of operations have increased by \$118.2K; however, there are timing differences in the recording of some comparable costs. Management Fees are included in the 1st quarter FY2016 and they were recorded in the 2nd quarter of 2015; factoring this timing difference out, comparable costs rose by \$22.6K, or 4.7%.

Undesignated working capital increased by 2,197.0K in year-over-year comparison with September, 2015, from \$3,812.6K to \$6,009.6K. A major factor in the increase is the lapsing of unspent appropriations for completed projects, notably the ANB Harbor project.

The Harbor Fund appears to be executing according to annual plan, with results ahead plan for all metrics. As specified in the Harbor System Master Plan, annual moorage rate increases are appropriate and necessary to generate the working capital and cash flow necessary to continue to repair and renovate harbor facilities. The positive results experienced so far this fiscal year, if they continue, may temper the anticipated rate increase planned for next spring.

City and Borough of Sitka
 Harbor Fund
 Income Statement
 For The Twelve-Month Period From July 1, 2015 to June 30, 2016
 (Unaudited)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (\$/L - 25.00%)	Variance To FY2016 Plan
Revenue:																	
Permanent Moorage	149,628	188,280	149,062	-	-	-	-	-	-	-	-	-	486,970	421,871	65,099	386,275	100,695
Transient Moorage	77,036	77,724	38,631	-	-	-	-	-	-	-	-	-	193,391	182,494	10,897	94,750	98,641
Lighting Fees	5,729	6,875	52,711	-	-	-	-	-	-	-	-	-	65,315	26,114	39,201	13,250	52,065
Other Operating Revenue	15,827	118,327	-	-	-	-	-	-	-	-	-	-	133,274	33,117	100,157	36,237	97,037
Total Revenue:	247,290	391,256	240,404										878,950	663,596	215,354	530,512	348,438
Cost of Sales:																	
Operations	61,031	87,791	96,162	-	-	-	-	-	-	-	-	-	244,984	235,068	(9,916)	301,864	56,880
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	55,116	55,116	55,116	-	-	-	-	-	-	-	-	-	165,348	166,311	(963)	165,349	1
Total Cost of Sales:	116,147	142,907	151,278										410,332	401,379	(8,953)	467,213	56,881
Gross Margin:	131,143	248,349	89,126										468,618	262,217	206,401	63,299	405,319
	53.03%	63.47%	37.07%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	53.32%	39.51%	13.80%	41.38%	41.38%
Selling and Administrative Expenses	61,878	64,089	68,952										194,919	85,650	(109,269)	212,858	17,939
Earnings Before Interest (EBI):	69,265	184,260	20,174										273,699	176,567	97,132	(149,559)	423,258
	28.01%	47.09%	8.39%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	31.14%	26.61%	4.53%	-28.19%	59.33%
Non-operating Revenue and Expense:																	
Raw Fish Tax	79,750	79,750	79,750	-	-	-	-	-	-	-	-	-	239,250	225,000	14,250	239,250	-
Other Non-Operating Revenue:	14,192	16,316	16,130	-	-	-	-	-	-	-	-	-	46,638	38,551	8,087	18,750	27,888
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	224	(224)	750,000	(750,000)
Bond Fund Interest Revenue:	-	-	-	-	-	-	-	-	-	-	-	-	-	3,791	(3,791)	-	-
Interest Expense Bonds:	(14,192)	(14,192)	(14,192)	-	-	-	-	-	-	-	-	-	(42,576)	(83,926)	1,350	(42,575)	(1)
Interest Expense Loans:	(794)	(794)	(794)	-	-	-	-	-	-	-	-	-	(2,382)	(2,550)	168	(2,381)	(1)
Total Non-operating Revenue & Expense:	78,956	81,080	80,894										240,930	266,101	(25,171)	963,044	(722,114)
Net Income:	148,221	265,340	101,068										514,629	442,668	71,961	813,485	(288,856)
	59.94%	67.82%	42.04%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	58.55%	66.71%	33.42%	153.34%	-94.79%
Earnings Before Interest and Depreciation (EBIDA):	124,381	239,376	75,290										439,047	342,878	96,169	15,790	423,258
	50.30%	61.18%	31.32%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	49.95%	51.67%	-1.72%	2.98%	46.98%
Bond Covenant Ratio	8.44	12.97	12.06	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	11.00	7.86	3.14	3.53	7.47
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	148,221	265,340	101,068	-	-	-	-	-	-	-	-	-	514,629	397,657	116,972	978,834	(464,205)
Bond Debt Principal	11,667	11,667	-	-	-	-	-	-	-	-	-	-	23,334	33,750	10,416	35,000	(11,666)
Loan Debt Principal	3,779	3,779	-	-	-	-	-	-	-	-	-	-	7,558	11,337	3,779	11,337	(3,779)
Debt Principal Coverage Surplus/Deficit	132,775	249,894	101,068										483,737	352,570	131,167	932,497	(448,760)
Debt Principal Coverage Percentage	112%	106%	100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	106%	350%	-3401%	2112.42%	-2112.42%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	132,775	249,894	101,068	-	-	-	-	-	-	-	-	-	483,737	352,570	131,167	932,497	(448,760)
Depreciation	55,116	55,116	55,116	-	-	-	-	-	-	-	-	-	165,348	166,311	(963)	165,349	(1)
Cash Accumulated For/Taken From Asset Replacement	77,659	194,778	45,952										318,389	186,259	132,130	767,148	(448,759)
Working Capital																	
Beginning Undesignated Working Capital	4,839,635	5,983,074	6,074,518	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	4,839,635	6,607,377	(1,767,742)	4,839,635	-
Net Income Plus Depreciation Less Principal	132,775	249,894	101,068	-	-	-	-	-	-	-	-	-	483,737	352,570	131,167	932,497	(448,760)
Accruals and other Balance Sheet Changes	1,010,664	(158,450)	(62,239)	-	-	-	-	-	-	-	-	-	789,975	(3,147,319)	3,937,294	270,897	519,078
Ending Undesignated Working Capital	5,983,074	6,074,518	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	3,812,628	2,300,719	6,043,029	70,318
Working Capital Designated for CapEx	3,117,417	3,114,565	3,075,736	3,075,736	3,075,736	3,075,736	3,075,736	3,075,736	3,075,736	3,075,736	3,075,736	3,075,736	3,075,736	4,290,498	(1,214,762)	2,339,819	735,917
Current Assets	9,435,186	9,537,970	9,537,970	9,537,970	9,537,970	9,537,970	9,537,970	9,537,970	9,537,970	9,537,970	9,537,970	9,537,970	9,537,970	8,401,222	1,136,748	9,537,970	-
Current Liabilities	(149,347)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(163,539)	(117,748)	(465,791)	(163,539)
CPID	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(180,348)	(5,000)	(185,348)
WCDF Capex	(3,117,417)	(3,114,565)	(3,075,736)	(3,075,736)	(3,075,736)	(3,075,736)	(3,075,736)	(3,075,736)	(3,075,736)	(3,075,736)	(3,075,736)	(3,075,736)	(3,075,736)	(4,290,498)	1,214,762	(3,075,736)	-
Undesignated Working Capital	5,983,074	6,074,518	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	6,113,347	3,812,628	2,300,719	6,043,029	70,318
Total Working Capital	9,100,491	9,189,083	9,189,083	9,189,083	9,189,083	9,189,083	9,189,083	9,189,083	9,189,083	9,189,083	9,189,083	9,189,083	9,189,083	8,103,126	1,085,957	8,382,848	806,235

Working Capital designated for Capex, June 30, 2015

Deficit Project Offset	75,753
90722 Elason Harbor Flotation Upgrades	(630,348)
90757 Transient Dock Replacement	3,023,828
90769 Crescent Harbor Shelter Roof	(12,719)

Total designated working capital **2,948,075**

Working Capital designated for Capex, June 30, 2015

New CapEx designations of Working Capital In FY16 Budget	2,948,075.00
90799 Elason Flotation Upgrade West Transient	125,000
90798 Elason Harbor Electrical Upgrades	15,000
90810 Sealing Cove Harbor Maintenance Repairs	15,000
80242 Seaplane Base Environmental Analysis	20,000

Bond Fund Interest

Less FY16 working capital outlays for CapEx

(47,339.00)

Working Capital designated for Capex, June 30, 2016

3,025,716.00

City and Borough of Sitka
Harbor Fund
Income Statement
For The Trailing Twelve-Month Period Ending September 30, 2015
(Unaudited)

	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	12-Month Trailing	
Revenue:														
Permanent Moorage	124,791	125,430	128,950	123,063	123,428	128,364	131,907	137,559	158,635	149,628	188,280	149,062	1,669,097	
Transient Moorage	7,467	4,389	3,851	4,066	8,804	29,855	16,557	29,029	66,176	77,036	77,724	38,631	363,585	
Lightering Fees	-	-	18,462	1,943	-	-	-	3,438	5,730	5,729	6,875	52,711	94,888	
Other Operating Revenue	8,508	4,671	119,252	7,144	21,312	5,451	12,402	14,721	188,017	14,897	118,377	-	514,752	
Total Revenue:	140,766	134,490	270,515	136,216	153,544	163,670	160,866	184,747	418,558	247,290	391,256	240,404	2,642,322	
Cost of Sales:														
Operations	109,004	90,182	76,151	79,384	73,191	87,954	116,411	138,326	376,391	61,031	87,791	96,162	1,391,978	
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	55,437	55,437	55,437	55,437	55,437	55,437	55,440	55,438	59,291	55,116	55,116	55,116	668,139	
Total Cost of Sales:	164,441	145,619	131,588	134,821	128,628	143,391	171,851	193,764	435,682	116,147	142,907	151,278	2,060,117	
Gross Margin:	(23,675) -16.82%	(11,129) -8.27%	138,927 51.36%	1,395 1.02%	24,916 16.23%	20,279 12.39%	(10,985) -6.83%	(9,017) -4.88%	(17,124) -4.09%	131,143 53.03%	248,349 63.47%	89,126 37.07%	582,205 22.03%	
Selling and Administrative Expenses	39,219	190,470	61,956	51,206	53,563	57,293	63,877	63,362	121,503	61,878	64,089	68,952	897,368	
Earnings Before Interest (EBI):	(62,894) -44.68%	(201,599) -149.90%	76,971 28.45%	(49,811) -36.57%	(28,647) -18.66%	(37,014) -22.62%	(74,862) -46.54%	(72,379) -39.18%	(138,627) -33.12%	69,265 28.01%	184,260 47.09%	20,174 8.39%	(315,163) -11.93%	
Non-operating Revenue and Expense:														
Raw Fish Tax	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	302,000	79,750	79,750	79,750	1,141,250	
Other Non-Operating Revenue:	11,996	10,814	18,672	14,866	12,792	16,563	56,336	15,116	228,974	14,192	16,316	16,130	432,767	
Grant Revenue	-	-	-	158	-	389,672	1,371	(267,564)	605	-	-	-	124,242	
Bond Fund Interest	342	268	1,455	340	347	397	437	321	-	-	-	-	3,907	
Interest Expense Bonds:	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,638)	(14,192)	(14,192)	(14,192)	-174,350	
Interest Expense Loans:	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(794)	(794)	(794)	(10,032)	
Total Non-operating Revenue & Expense:	71,846	70,590	79,635	74,872	72,647	466,140	117,652	(192,619)	516,091	78,956	81,080	80,894	1,517,784	
Net Income:	8,952 6.36%	(131,009) -97.41%	156,606 57.89%	25,061 18.40%	44,000 28.66%	429,126 262.19%	42,790 26.60%	(264,998) -143.44%	377,464 90.18%	148,221 59.94%	265,340 67.82%	101,068 42.04%	1,202,621 45.51%	
Earnings Before Interest and Depreciation (EBIDA):	(7,457) -5.30%	(146,162) -108.68%	132,408 48.95%	5,626 4.13%	26,790 17.45%	18,423 11.26%	(19,422) -12.07%	(16,941) -9.17%	(79,336) -18.95%	124,381 50.30%	239,376 61.18%	75,290 31.32%	352,976 13.36%	
Bond Covenant Ratio	3.09	(2.32)	8.79	3.70	4.44	4.26	4.34	2.84	17.45	8.44	12.97	12.06	6.46	
Debt Principal Coverage														
Simple Cash Flow (Net Income Plus Depreciation)	8,952	(131,009)	156,606	25,061	44,000	429,126	42,790	(264,998)	377,464	148,221	265,340	101,068	1,202,621	
Bond Debt Principal	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,667	11,667	-	124,584	
Loan Debt Principal	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	-	41,569	
Debt Principal Coverage Surplus/Deficit	(6,077)	(146,038)	141,577	10,032	28,971	414,097	27,761	(280,027)	362,435	132,775	249,894	101,068	1,036,468	
Debt Principal Coverage Percentage	-147%	90%	111%	250%	152%	104%	154%	95%	104%	112%	106%	100%	2893%	
Simple Asset Replacement Coverage														
Debt Principal Coverage Surplus/Deficit (From Above)	(6,077)	(146,038)	141,577	10,032	28,971	414,097	27,761	(280,027)	362,435	132,775	249,894	101,068	1,036,468	
Depreciation	55,437	55,437	55,437	55,437	55,437	55,437	55,440	55,438	59,291	55,116	55,116	55,116	668,139	
Cash Accumulated For/(Taken From) Asset Replacement	(61,514)	(201,475)	86,140	(45,405)	(26,466)	358,660	(27,679)	(335,465)	303,144	77,659	194,778	45,952	368,329	
Working Capital														
Beginning Undesignated Working Capital	3,812,628	4,066,335	3,805,766	3,934,257	3,860,239	3,767,498	3,687,409	3,687,409	4,073,812	3,944,768	4,839,635	5,983,074	6,074,518	3,812,628
Net Income Plus Depreciation Less Principal	(6,077)	(146,038)	141,577	10,032	28,971	414,097	27,761	(280,027)	362,435	132,775	249,894	101,068	1,036,468	
Accruals and other Balance Sheet Changes	259,784	(114,531)	(13,086)	(84,050)	(121,712)	(494,186)	358,642	150,983	532,432	1,010,664	(158,450)	(62,239)	1,264,251	
Ending Undesignated Working Capital	4,066,335	3,805,766	3,934,257	3,860,239	3,767,498	3,687,409	4,073,812	3,944,768	4,839,635	5,983,074	6,074,518	6,113,347	6,113,347	
Working Capital Designated for CapEx	4,102,322	4,095,113	3,993,606	3,879,707	3,880,054	4,246,754	4,067,472	3,687,359	3,383,635	3,117,417	3,114,565	3,075,736	3,075,736	

Airport Terminal Financial Analysis As Of, And For the Three-Month Period Ending September 30, 2015

Financial performance for the Airport Terminal Fund deteriorated in the first fiscal quarter of FY2016, due to unusual and one-time costs not previously seen. A lease termination settlement resulted in a one-time charge of \$10.0K and unusual building repair and maintenance costs totaled \$13.6K.

Top-line revenue was \$116.6K for the quarter, an increase of \$10.6K from FY2015. This increase was attributable to increased lease revenue from Delta Air Lines. Top line revenue fell (\$51.9K) short of plan, however, due to planned collections of Passenger facility Charges not commencing. Passenger facility fees are added to airline tickets and must be approved by the Federal Aviation Administration in conjunction with a specific project. The Municipality has been in the process of attempting to obtain approval to resume charging the fee in conjunction with expansion of the TSA area.

Costs of sales increased by \$84.8K over FY2015. A significant reason for the negative variance was a difference in the timing of inter-department service charges. These charges were recorded in the first quarter of FY2016, as opposed to the 2nd quarter in FY2015. Factoring out this timing difference, operating costs increased by (\$27.8K), with other significant contributing factors being the lease termination settlement and building repairs, as previously mentioned.

For the quarter, Earnings (Loss) Before Interest (EBI) were (\$56.6K) and Earnings Before Interest and Depreciation (EBIDA) were (\$14.9K), indicating negative operating cash flow. Total working capital, which includes collected but unspent passenger facility fees, was \$869.5K as of September 30, 2015. Undesignated working capital as of September 30, 2015 was \$349.0K.

A continuing financial challenge is the inability of the Fund to accumulate working capital greater than the estimate depreciation of the Terminal facility itself. This trend, unless changed by future events, would mean that insufficient cash will be on hand on the eventual day that the facility needs to be replaced or substantially renovated. The fact that the terminal is already decades old and only \$349K is available in undesignated working capital is evidence of this fact. As a result, it is highly likely that the eventual major renovation or replacement of the Terminal will either need to be funded through a grant, or, through bonded debt of some sort.

City and Borough of Sitka
 Airport Terminal Fund
 Income Statement
 For The Twelve-Month Period From July 1, 2015 to June 30, 2016
 (Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (S/L - 25%)	Variance To FY2016 Plan
Revenue:									
Leases	101,826	-	-	-	101,826	91,188	10,638	105,513	(3,687)
Other Operating Revenue	14,757	-	-	-	14,757	14,726	31	63,000	(48,243)
Total Revenue:	116,583	-	-	-	116,583	105,914	10,669	168,513	(51,930)
Cost of Sales:									
Operations	131,452	-	-	-	131,452	43,414	(88,038)	112,030	(19,422)
Depreciation	41,738	-	-	-	41,738	44,988	3,250	41,738	-
Total Cost of Sales:	173,190	-	-	-	173,190	88,402	(84,788)	153,768	(19,422)
Gross Margin:	(56,607)	-	-	-	(56,607)	17,512	95,457	14,745	(71,352)
	-48.56%	#DIV/0!	#DIV/0!	#DIV/0!	-48.56%	16.53%	894.71%	8.75%	-57.30%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	(56,607)	-	-	-	(56,607)	17,512	(74,119)	14,745	(71,352)
	-48.56%	#DIV/0!	#DIV/0!	#DIV/0!	-48.56%	16.53%	-694.71%	8.75%	-57.30%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	4,201	-	-	-	4,201	4,151	50	4,275	(74)
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	4,201	-	-	-	4,201	4,151	50	4,275	(74)
Net Income:	(52,406)	-	-	-	(52,406)	21,663	(74,069)	19,020	(71,426)
	-44.95%	#DIV/0!	#DIV/0!	#DIV/0!	-44.95%	20.45%	-694.25%	11.29%	-56.24%
Earnings Before Interest and Depreciation (EBIDA):	(14,869)	-	-	-	(14,869)	62,500	(70,869)	56,483	(71,352)
	-12.75%	#DIV/0!	#DIV/0!	#DIV/0!	-12.75%	59.01%	-664.25%	33.52%	-46.27%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(10,668)	-	-	-	(10,668)	66,651	(77,319)	60,758	(71,426)
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	(10,668)	-	-	-	(10,668)	66,651	(77,319)	60,758	(71,426)
Debt Principal Coverage Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(10,668)	-	-	-	(10,668)	66,651	(77,319)	60,758	(71,426)
Depreciation	41,738	-	-	-	41,738	44,988	(3,250)	192,952	(151,214)
Cash Accumulated For/(Taken From) Asset Replacement	(52,406)	-	-	-	(52,406)	21,663	(74,069)	(132,195)	79,789
Working Capital									
Beginning Undesignated Working Capital	407,311	348,985	348,985	348,985	407,311	321,953	85,358	407,311	-
Net Income Plus Depreciation Less Principal	(10,668)	-	-	-	(10,668)	66,651	(77,319)	60,758	(71,426)
CapEx, Accruals, and other Balance Sheet Changes	(47,658)	-	-	-	(47,658)	(10,604)	(37,054)	-	(47,658)
Ending Undesignated Working Capital	348,985	348,985	348,985	348,985	348,985	378,000	(29,015)	468,069	(119,084)
Working Capital Designated for CapEx	520,523	520,523	520,523	520,523	520,523	427,769	92,754	427,125	93,398
Current Assets	869,508	869,508	869,508	869,508	869,508				
Current Liabilities	-	-	-	-	-				
CPLTD	-	-	-	-	-				
WCDFCapex	(520,523)	(520,523)	(520,523)	(520,523)	(520,523)				
Undesignated Working Capital	348,985	348,985	348,985	348,985	348,985	378,000	(29,015)		
Total Working Capital	869,508	869,508	869,508	869,508	869,508	805,769	63,739		

July 1, 2015
 \$ 56,949 - 90656 - Airport Lighting
 \$363,962 - PFC Projects
 \$420,911

Working Capital designated for Capex, June 30, 2015 420,911
 New CapEx designations of Working Capital in FY16 Budget
 Airport Boiler 130,000
 Less FY15 working capital outlays for CapEx (30,388)
 Working Capital designated for Capex, June 30, 2016 520,523

City and Borough of Sitka
Airport Terminal Fund
Income Statement
For The Twelve-Month Trailing Period Ending September 30, 2015
(Unaudited)

	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	TTM
Revenue:					
Leases	91,188	89,073	100,271	101,826	382,358
Other Operating Revenue	<u>17,595</u>	<u>6,131</u>	<u>19,514</u>	<u>14,757</u>	<u>57,997</u>
Total Revenue:	108,783	95,204	119,785	116,583	440,355
Cost of Sales:					
Operations	131,121	73,211	134,515	131,452	470,299
Depreciation	<u>44,988</u>	<u>44,989</u>	<u>57,987</u>	<u>41,738</u>	<u>189,702</u>
Total Cost of Sales:	<u>176,109</u>	<u>118,200</u>	<u>192,502</u>	<u>173,190</u>	<u>660,001</u>
Gross Margin:	(67,326) -61.89%	(22,996) -24.15%	(72,717) -60.71%	(56,607) -48.56%	(219,646) -49.88%
Selling and Administrative Expenses	-	-	-	-	-
Earnings Before Interest (EBI):	(67,326) -61.89%	(22,996) -24.15%	(72,717) -60.71%	(56,607) -48.56%	(219,646) -49.88%
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	4,419	4,199	434	4,201	13,253
Interest Expense:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-operating Revenue & Expense:	<u>4,419</u>	<u>4,199</u>	<u>434</u>	<u>4,201</u>	<u>13,253</u>
Net Income:	<u>(62,907)</u> -57.83%	<u>(18,797)</u> -19.74%	<u>(72,283)</u> -60.34%	<u>(52,406)</u> -44.95%	<u>(206,393)</u> -46.87%
Earnings Before Interest and Depreciation (EBIDA):	(22,338) -20.53%	21,993 23.10%	(14,730) -12.30%	(14,869) -12.75%	(29,944) -6.80%
<u>Debt Principal Coverage</u>					
Simple Cash Flow (Net Income Plus Depreciation)	(17,919)	26,192	(14,296)	(10,668)	(16,691)
Debt Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Principal Coverage Surplus/Deficit	<u>(17,919)</u>	<u>26,192</u>	<u>(14,296)</u>	<u>(10,668)</u>	<u>(16,691)</u>
Debt Principal Coverage Percentage	100.00%	100.00%	100.00%	100.00%	100.00%
<u>Simple Asset Replacement Coverage</u>					
Debt Principal Coverage Surplus/Deficit (From Above)	(17,919)	26,192	(14,296)	(10,668)	(16,691)
Depreciation	<u>44,988</u>	<u>44,989</u>	<u>57,987</u>	<u>41,738</u>	<u>189,702</u>
Cash Accumulated For/(Taken From) Asset Replacement	<u>(62,907)</u>	<u>(18,797)</u>	<u>(72,283)</u>	<u>(52,406)</u>	<u>(206,393)</u>
<u>Working Capital</u>					
Beginning Undesignated Working Capital	378,000	356,912	386,286	407,311	378,000
Net Income Plus Depreciation Less Principal	(17,919)	26,192	(14,296)	(10,668)	(16,691)
CapEx, Accruals, and other Balance Sheet Changes	<u>(3,169)</u>	<u>3,182</u>	<u>35,321</u>	<u>(47,658)</u>	<u>(12,324)</u>
Ending Undesignated Working Capital	356,912	386,286	407,311	348,985	348,985
Working Capital Designated for CapEx	427,615	427,125	420,911	520,523	520,523

**Marine Service Center
Financial Analysis
As Of, And For the Three-Month Period Ending September 30, 2015**

Financial operations for the Marine Service Center varied from plan in the first quarter of FY2016, due to the timing of some billings and repair work. The fund is expected to perform in accordance with its plan for the fiscal year as a whole, however.

Top-line revenue for the three-month period was \$77.5K, compared to \$58.1K in FY2015. The difference is due to the timing of billings for October, which were recorded in the first quarter revenue for this fiscal year, and, thus caused the positive variance.

Cost of sales increased by (\$66.1K) over FY2015. This increase had to do with the timing of certain expenditures, however. In particular, \$73.7K of repairs were performed in the first quarter of FY2016; in the comparable first quarter of FY2015, no repairs were performed, causing a large negative variance.

Working capital increased by \$15.3K during the quarter, and undesignated working capital as of September 30, 2015 was \$1,500.4K. This represents a year-to-year decline in working capital from September 30, 2014 to September 30, 2015 of (\$25.1K).

City and Borough of Sitka
Marine Service Center
Income Statement
For The Twelve-Month Period From July 1, 2015 to June 30, 2016
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (S/L - 25.00%)	Variance To FY2016 Plan
Revenue:									
Leases	77,528	-	-	-	77,528	58,146	19,382	58,596	18,932
Other Operating Revenue	-	-	-	-	-	-	-	-	-
Total Revenue:	77,528	-	-	-	77,528	58,146	19,382	58,596	18,932
Cost of Sales:									
Operations	70,154	-	-	-	70,154	3,160	66,994	47,873	(22,281)
Depreciation	35,016	-	-	-	35,016	35,940	(924)	35,016	-
Total Cost of Sales:	105,170	-	-	-	105,170	39,100	66,070	82,889	(22,281)
Gross Margin:	(27,642)	-	-	-	(27,642)	19,046	(46,688)	(24,293)	(3,349)
	-35.65%	#DIV/0!	#DIV/0!	#DIV/0!	-35.65%	32.76%	-68.41%	-41.46%	5.80%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	(27,642)	-	-	-	(27,642)	19,046	(46,688)	(24,293)	(3,349)
	-35.65%	#DIV/0!	#DIV/0!	#DIV/0!	-35.65%	32.76%	-68.41%	-41.46%	5.80%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	7,959	-	-	-	7,959	7,961	(2)	8,200	(241)
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	7,959	-	-	-	7,959	7,961	(2)	8,200	(241)
Net Income:	(19,683)	-	-	-	(19,683)	27,007	(46,690)	(16,093)	(3,590)
	-25.39%	#DIV/0!	#DIV/0!	#DIV/0!	-25.39%	46.45%	-71.84%	-27.46%	2.08%
Earnings Before Interest and Taxes and Depreciation (EBITDA):	7,374	-	-	-	7,374	54,986	(47,612)	10,723	(3,349)
	9.51%	#DIV/0!	#DIV/0!	#DIV/0!	9.51%	94.57%	-85.05%	18.30%	-8.79%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	15,333	-	-	-	15,333	62,947	(47,614)	18,923	(3,590)
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	15,333	-	-	-	15,333	62,947	(47,614)	18,923	(3,590)
Debt Principal Coverage Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	15,333	-	-	-	15,333	62,947	(47,614)	18,923	(3,590)
Depreciation	35,016	-	-	-	35,016	35,940	(924)	35,016	-
Cash Accumulated For/(Taken From) Asset Replacement	(19,683)	-	-	-	(19,683)	27,007	(46,690)	(16,093)	(3,590)
Working Capital									
Beginning Undesignated Working Capital	1,485,038	1,500,372	1,500,372	1,500,372	1,485,038	1,462,488	22,550	1,485,038	-
Net Income Plus Depreciation Less Principal	15,333	-	-	-	15,333	62,947	(47,614)	18,923	(3,590)
CapEx, Accruals, and other Balance Sheet Changes	1	-	-	-	1	1	-	-	1
Ending Undesignated Working Capital	1,500,372	1,500,372	1,500,372	1,500,372	1,500,372	1,525,436	(25,064)	1,503,961	(3,589)
Working Capital Designated for CapEx	(1)	(1)	(1)	(1)	(1)	-	(1)	-	(1)
Current Assets	1,500,371	1,500,371	1,500,371	1,500,371	1,500,371				
Current Liabilities	-	-	-	-	-				
CPLTD	-	-	-	-	-				
WCDFCapex	1	1	1	1	1				
Undesignated Working Capital	1,500,372	1,500,372	1,500,372	1,500,372	1,500,372				
Total Working Capital	1,500,371	1,500,371	1,500,371	1,500,371	1,500,371				

July 1, 2015

\$0

Working Capital designated for Capex, June 30, 2015	0.00
New CapEx designations of Working Capital in FY16 Budget	-
Less FY16 working capital outlays for CapEx	-
Working Capital designated for Capex, June 30, 2016	0.00

City and Borough of Sitka
Marine Service Center
Income Statement
For The Twelve-Month Trailing Period Ending September 30, 2015
(Unaudited)

	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	TTM
Revenue:					
Leases	58,146	57,094	45,742	77,528	238,510
Other Operating Revenue	-	-	(108)	-	(108)
Total Revenue:	58,146	57,094	45,634	77,528	238,402
Cost of Sales:					
Operations	31,468	17,363	168,185	70,154	287,170
Depreciation	36,051	35,830	39,637	35,016	146,534
Total Cost of Sales:	67,519	53,193	207,822	105,170	433,704
Gross Margin:	(9,373) -16.12%	3,901 6.83%	(162,188) -355.41%	(27,642) -35.65%	(195,302) -81.92%
Selling and Administrative Expenses	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	(9,373) -16.12%	3,901 6.83%	(162,188) -355.41%	(27,642) -35.65%	(195,302) -81.92%
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	8,416	8,425	(1,096)	7,959	23,704
Interest Expense:	-	-	-	-	-
Total Non-operating Revenue & Expense:	8,416	8,425	(1,096)	7,959	23,704
Net Income:	(957) -1.65%	12,326 21.59%	(163,284) -357.81%	(19,683) -25.39%	(171,598) -71.98%
Earnings Before Interest and Taxes and Depreciation (EBITDA):	26,678 45.88%	39,731 69.59%	(122,551) -268.55%	7,374 9.51%	(48,768) -20.46%
Debt Principal Coverage					
Simple Cash Flow (Net Income Plus Depreciation)	35,094	48,156	(123,647)	15,333	(25,064)
Debt Principal	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	35,094	48,156.00	(123,647)	15,333	(25,064)
Debt Principal Coverage Percentage	100%	100%	100.00%	100.00%	100%
Simple Asset Replacement Coverage					
Debt Principal Coverage Surplus/Deficit (From Above)	35,094	48,156	(123,647)	15,333	(25,064)
Depreciation	36,051	35,830	39,637	35,016	146,534
Cash Accumulated For/(Taken From) Asset Replacement	(957)	12,326	(163,284)	(19,683)	(171,598)
Working Capital					
Beginning Undesignated Working Capital	-	35,092	83,249	(25,064)	-
Net Income Plus Depreciation Less Principal	35,094	48,156	(123,647)	15,333	(25,064)
CapEx, Accruals, and other Balance Sheet Changes	(2)	1	-	1	-
Ending Undesignated Working Capital	35,092	83,249	(40,398)	(9,730)	(25,064)
Working Capital Designated for CapEx	-	-	-	(1)	(1)

Gary Paxton Industrial Park Fund
Financial Analysis
As Of, And For the Period Ending September 30, 2015

Financial operations for the Gary Paxton Industrial Park were in line with plan for the first quarter of Fiscal Year 2016. Earnings before interest (EBI) varied just \$616 from plan for the quarter, showing good alignment of operations with plan..

Top-line revenue was \$25.3K for the quarter, falling short of plan by (\$29.0K). This revenue shortfall was offset by operating efficiencies, however.

Costs of operations were both lower than planned levels and lower than prior year. Total costs of operations for the quarter were \$129.6K versus plan of \$180.4K and prior year of \$150.5.

Working capital fell slightly during the 1st quarter, decreasing by \$18.5K. As of September 30, 2015, overall working capital was \$905.7K and undesignated working capital was \$880.4K.

City and Borough of Sitka
Gary Paxton Industrial Park
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2015
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (S/L - 100%)	Variance To FY2016 Plan
Revenue:									
Leases	25,290	-	-	-	25,290	100,434	(75,144)	54,202	(28,912)
Other Operating Revenue	-	-	-	-	-	-	-	22,500	(22,500)
Total Revenue:	25,290	-	-	-	25,290	100,434	(75,144)	76,702	(51,412)
Cost of Sales:									
Operations	52,770	-	-	-	52,770	73,634	20,864	103,566	50,796
Depreciation	76,816	-	-	-	76,816	76,880	64	76,816	-
Total Cost of Sales:	129,586	-	-	-	129,586	150,514	20,928	180,382	50,796
Gross Margin:	(104,296)	-	-	-	(104,296)	(50,080)	(54,216)	(103,680)	(616)
	-412.40%	#DIV/0!	#DIV/0!	#DIV/0!	-412.40%	-49.86%	-362.54%	-135.17%	-277.23%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	(104,296)	-	-	-	(104,296)	(50,080)	(54,216)	(103,680)	(616)
	-412.40%	#DIV/0!	#DIV/0!	#DIV/0!	-412.40%	-49.86%	-362.54%	-135.17%	-277.23%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	5,100	-	-	-	5,100	5,674	(574)	5,375	(275)
Grant Revenue:	-	-	-	-	-	51,438	(51,438)	43,394	(43,394)
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
Interest Transfer From SMC Contingency	4,566	-	-	-	4,566	4,707	(141)	3,500	1,066
Interest Expense:	(2,427)	-	-	-	(2,427)	(2,427)	-	(2,427)	-
Total Non-operating Revenue & Expense:	7,239	-	-	-	7,239	59,392	(52,153)	49,842	(42,603)
Net Income:	(97,057)	-	-	-	(97,057)	9,312	(106,369)	(53,838)	(43,219)
	-383.78%	#DIV/0!	#DIV/0!	#DIV/0!	-383.78%	9.27%	-393.05%	-70.19%	-322.86%
Earnings Before Interest and Depreciation (EBID):	(27,480)	-	-	-	(27,480)	26,800	(54,152)	(26,864)	(616)
	-108.66%	#DIV/0!	#DIV/0!	#DIV/0!	-108.66%	26.68%	-135.34%	-35.02%	-73.64%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(20,241)	-	-	-	(20,241)	86,005	(106,246)	22,978	(43,219)
Debt Principal	12,446	-	-	-	12,446	12,446	-	49,784	(37,338)
Debt Principal Coverage Surplus/Deficit	(32,687)	-	-	-	(32,687)	73,559	(106,246)	(26,806)	(5,881)
Debt Principal Coverage Percentage	-162.63%	#DIV/0!	#DIV/0!	#DIV/0!	-162.63%	309.27%	-471.90%	46.16%	-518.05%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(32,687)	-	-	-	(32,687)	73,559	(106,246)	(26,806)	(5,881)
Depreciation	76,816	-	-	-	76,816	76,880	(64)	307,264	(230,448)
Cash Accumulated For/(Taken From) Asset Replacement	(109,503)	-	-	-	(109,503)	(3,321)	(106,182)	(334,070)	224,567
Working Capital									
Beginning Undesignated Working Capital	898,228	880,416	880,416	880,416	898,228	873,804	24,424	898,228	-
Net Income Plus Depreciation Less Principal	(32,687)	-	-	-	(32,687)	73,559	(106,246)	22,978	(55,665)
CapEx, Accruals, and other Balance Sheet Changes	14,875	-	-	-	14,875	(22,380)	37,255	-	14,875
Ending Undesignated Working Capital	880,416	880,416	880,416	880,416	880,416	924,983	(44,567)	921,206	(40,790)
Working Capital Designated for CapEx	25,319	25,319	25,319	25,319	25,319	25,984	(665)		
Current Assets	955,519	955,519	955,519	955,519	955,519				
Current Liabilities	-	-	-	-	-				
CPLTD	(49,784)	(49,784)	(49,784)	(49,784)	(49,784)				
WCDFCapex	(25,319)	(25,319)	(25,319)	(25,319)	(25,319)				
Undesignated Working Capital	880,416	880,416	880,416	880,416	880,416	924,983	(44,567)		
Total Working Capital	905,735	905,735	905,735	905,735	905,735	950,967	(45,232)		

July 1, 2015
\$16,984 - Boat Building
\$ 9,000 - Fixed Assets

Working Capital designated for Capex, June 30, 2015 25,984.00
New CapEx designations of Working Capital in FY16 Budget
Purchase of Fixed Assets: -
Less FY16 working capital outlays for CapEx (Thru 9/30) (665)
Working Capital designated for Capex, September 30, 2015 **25,319.00**

City and Borough of Sitka
Gary Paxton Industrial Park
Income Statement
For The Twelve-Month Trailing Period Ending September 30, 2015
(Unaudited)

	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	TTM
Revenue:					
Leases	62,623	48,210	135,825	25,290	271,948
Other Operating Revenue	<u>18,190</u>	<u>-</u>	<u>6,014</u>	<u>-</u>	<u>24,204</u>
Total Revenue:	80,813	48,210	141,839	25,290	296,152
Cost of Sales:					
Operations	123,761	72,032	65,523	52,770	314,086
Depreciation	<u>76,879</u>	<u>76,880</u>	<u>77,134</u>	<u>76,816</u>	<u>307,709</u>
Total Cost of Sales:	200,640	148,912	142,657	129,586	621,795
Gross Margin:	(119,827) -148.28%	(100,702) -208.88%	(818) -0.58%	(104,296) -412.40%	(325,643) -109.96%
Selling and Administrative Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings Before Interest (EBI):	(119,827) -148.28%	(100,702) -208.88%	(818) -0.58%	(104,296) -412.40%	(325,643) -109.96%
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	4,857	1,990	(3,201)	5,100	8,746
Grant Revenue:	256,206	4,164	5,721	-	266,091
Sale of Fixed Assets	-	-	32,400	-	32,400
Interest Transfer From SMC Contingency	4,866	4,660	4,846	4,566	18,938
Interest Expense:	<u>(2,614)</u>	<u>(2,614)</u>	<u>(3,483)</u>	<u>(2,427)</u>	<u>(11,138)</u>
Total Non-operating Revenue & Expense:	263,315	8,200	36,283	7,239	315,037
Net Income:	143,488 177.56%	(92,502) -191.87%	35,465 25.00%	(97,057) -383.78%	(10,606) -3.58%
Earnings Before Interest and Depreciation (EBIDA):	(42,948) -53.14%	(23,822) -49.41%	76,316 53.80%	(27,480) -108.66%	(17,934) -6.06%
Debt Principal Coverage					
Simple Cash Flow (Net Income Plus Depreciation)	220,367	(15,622)	112,599	(20,241)	297,103
Debt Principal	<u>12,446</u>	<u>12,446</u>	<u>12,444</u>	<u>12,446</u>	<u>49,782</u>
Debt Principal Coverage Surplus/Deficit	207,921	(28,068)	100,155	(32,687)	247,321
Debt Principal Coverage Percentage	1770.58%	-125.52%	904.85%	-162.63%	596.81%
Simple Asset Replacement Coverage					
Debt Principal Coverage Surplus/Deficit (From Above)	207,921	(28,068)	100,155	(32,687)	247,321
Depreciation	<u>76,879</u>	<u>76,880</u>	<u>77,134</u>	<u>76,816</u>	<u>307,709</u>
Cash Accumulated For/(Taken From) Asset Replacement	131,042	(104,948)	23,021	(109,503)	(60,388)
Working Capital					
Beginning Undesignated Working Capital	924,983	868,938	848,203	898,228	924,983
Net Income Plus Depreciation Less Principal	220,367	(15,622)	112,599	(32,687)	284,657
CapEx, Accruals, and other Balance Sheet Changes	<u>(276,412)</u>	<u>(5,113)</u>	<u>(62,574)</u>	<u>14,875</u>	<u>(329,224)</u>
Ending Undesignated Working Capital	868,938	848,203	898,228	880,416	880,416
Working Capital Designated for CapEx	25,984	25,984	25,984	25,319	25,319

**Management Information Systems (MIS) Fund
Financial Analysis
As Of, And For the Three-Month Ending September 30, 2015**

The MIS Fund was operated in accordance with plan during the period and financial results were as anticipated.

Interdepartmental billings increased by \$192.9K in comparison to FY2015. This increase was in line with plan and is attributable to increased billing necessary to pay for the costs of the network redesign and other capital projects.

Costs of operations increased by \$12.6K to \$248.5K, an increase of 5.4% over FY2015, but \$2.0K, or 0.8%, under plan, a positive variance.

Undesignated Working capital in the MIS Fund decreased to (\$236.3K) as of September 30, 2015. This is attributable to the designation of \$572.0K of working capital for capital projects right at the start of the fiscal year. The funds will be recouped throughout the fiscal year when quarterly billings occur; thus undesignated working capital should return to its planned level by the end of FY2016. Total working capital increased by \$85.7K, to \$335.7K as of September 30, 2015.

City and Borough of Sitka
 A15 Fund
 Income Statement
 For The Twelve-Month Period From July 1, 2016 to June 30, 2016
 (Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (\$/L - 25%)	Variance To FY2016 Plan
Revenue:									
Data Processing Charges	308,403	-	-	-	308,403	192,896	115,507	307,467	936
Other Operating Revenue	729	-	-	-	729	-	729	-	729
Total Revenue:	309,132	-	-	-	309,132	192,896	116,236	307,467	1,715
Cost of Sales:									
Operations	225,646	-	-	-	225,646	211,311	(14,335)	223,597	(2,049)
Depreciation	22,812	-	-	-	22,812	24,510	1,698	22,812	-
Total Cost of Sales:	248,458	-	-	-	248,458	235,821	(12,637)	246,409	(2,059)
Gross Margin:	60,724	-	-	-	60,724	(42,925)	103,649	61,058	(334)
	19.64%	#DIV/0!	#DIV/0!	#DIV/0!	19.64%	-22.25%	41.89%	19.86%	-0.22%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	60,724	-	-	-	60,724	(42,925)	103,649	61,058	(334)
	19.64%	#DIV/0!	#DIV/0!	#DIV/0!	19.64%	-22.25%	41.89%	19.86%	-0.22%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	1,847	-	-	-	1,847	464	1,383	1,675	172
Interest Expense:	(1,104)	-	-	-	(1,104)	(1,512)	408	(1,104)	-
Total Non-operating Revenue & Expense:	743	-	-	-	743	(1,048)	1,781	571	172
Net Income:	61,467	-	-	-	61,467	(93,873)	105,420	61,629	(162)
	19.88%	#DIV/0!	#DIV/0!	#DIV/0!	19.88%	-22.80%	90.67%	20.04%	-0.16%
Earnings Before Interest and Depreciation (EBIDA):	83,536	-	-	-	83,536	(18,415)	101,951	83,870	(334)
	27.02%	#DIV/0!	#DIV/0!	#DIV/0!	27.02%	-9.55%	36.56%	27.28%	-0.26%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	84,279	-	-	-	84,279	(19,463)	103,742	84,441	(162)
Debt Principal	11,887	-	-	-	11,887	11,478	409	11,887	-
Debt Principal Coverage Surplus/Deficit	72,392	-	-	-	72,392	(30,941)	103,333	72,554	(162)
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	72,392	-	-	-	72,392	(30,941)	103,333	72,554	(162)
Depreciation	22,812	-	-	-	22,812	24,510	(1,698)	22,812	-
Cash Accumulated For/(Taken From) Asset Replacement	49,580	-	-	-	49,580	(55,451)	105,031	49,742	(162)
Working Capital									
Beginning Undesignated Working Capital	249,996	(236,297)	(236,297)	(236,297)	249,996	295,306	(45,310)	295,306	(45,310)
Net Income Plus Depreciation Less Principal	84,279	-	-	-	84,279	(19,463)	103,742	84,441	(162)
CapEx, Accruals, and other Balance Sheet Changes	(570,572)	-	-	-	(570,572)	42,694	(613,266)	-	(570,572)
Ending Undesignated Working Capital	(236,297)	(236,297)	(236,297)	(236,297)	(236,297)	318,537	(554,834)	379,747	(616,044)
Working Capital Designated for CapEx	572,000	572,000	572,000	572,000	572,000	55,132	516,868	572,000	-
Current Assets	397,320	397,320	397,320	397,320	397,320	397,320	397,320	397,320	397,320
Current Liabilities	(15,704)	(15,704)	(15,704)	(15,704)	(15,704)	(15,704)	(15,704)	(15,704)	(15,704)
CPLTD	(45,913)	(45,913)	(45,913)	(45,913)	(45,913)	(45,913)	(45,913)	(45,913)	(45,913)
WCDFCapex	(572,000)	(572,000)	(572,000)	(572,000)	(572,000)	(572,000)	(572,000)	(572,000)	(572,000)
Undesignated Working Capital	(236,297)	(236,297)	(236,297)	(236,297)	(236,297)	318,537	(554,834)	379,747	(616,044)
Total Working Capital	335,703	335,703	335,703	335,703	335,703	379,669	(57,514)	379,747	(57,514)

City and Borough of Sitka
MIS Fund
Income Statement
For The Twelve-Month Trailing Period Ending September 30, 2015
(Unaudited)

	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	TTM
Revenue:					
Data Processing Charges	248,897	196,647	196,647	308,403	950,594
Other Operating Revenue	-	-	90,931	779	91,710
Total Revenue:	248,897	196,647	287,578	309,182	1,042,304
Cost of Sales:					
Operations	232,088	188,952	262,522	225,646	909,208
Depreciation	24,510	24,509	31,301	22,812	103,132
Total Cost of Sales:	256,598	213,461	293,823	248,458	1,012,340
Gross Margin:	(7,701) -3.09%	(16,814) -8.55%	(6,245) -2.17%	60,724 19.64%	29,964 2.87%
Selling and Administrative Expenses	-	-	-	-	-
Earnings Before Interest (EBI):	(7,701) -3.09%	(16,814) -8.55%	(6,245) -2.17%	60,724 19.64%	29,964 2.87%
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	3,233	2,352	(4,615)	1,847	2,817
Interest Expense:	(1,512)	(1,512)	(2,298)	(1,104)	(6,426)
Total Non-operating Revenue & Expense:	1,721	840	(6,913)	743	(3,609)
Net Income:	(5,980) -2.40%	(15,974) -8.12%	(13,158) -4.58%	61,467 19.88%	26,355 2.53%
Earnings Before Interest and Depreciation (EBIDA):	16,809 6.75%	7,695 3.91%	25,056 8.71%	83,536 27.02%	133,096 12.77%
<u>Debt Principal Coverage</u>					
Simple Cash Flow (Net Income Plus Depreciation)	18,530	8,535	18,143	84,279	129,487
Debt Principal	11,478	-	11,892	11,887	35,257
Debt Principal Coverage Surplus/Deficit	7,052	8,535	6,251	72,392	94,230
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100.00%
<u>Simple Asset Replacement Coverage</u>					
Debt Principal Coverage Surplus/Deficit (From Above)	7,052	8,535	6,251	72,392	94,230
Depreciation	24,510	24,509	31,301	22,812	103,132
Cash Accumulated For/(Taken From) Asset Replacement	(17,458)	(15,974)	(25,050)	49,580	(8,902)
<u>Working Capital</u>					
Beginning Undesignated Working Capital	318,537	344,131	354,174	249,996	318,537
Net Income Plus Depreciation Less Principal	18,530	8,535	18,143	84,279	129,487
CapEx, Accruals, and other Balance Sheet Changes	7,064	1,508	(122,321)	(570,572)	(684,321)
Ending Undesignated Working Capital	344,131	354,174	249,996	(236,297)	(236,297)
Working Capital Designated for CapEx	50,441	24,234	-	572,000	572,000

**Central Garage Fund
Financial Analysis
As Of, And For The Quarter Ending September 30, 2015**

The Central Garage Fund continues to build back its vehicle sinking fund. At September 30, 2012, the Central Garage Fund's vehicle replacement sinking fund was calculated to be underfunded by approximately \$3,401.4 (\$3.4 million). Since 2012, the underfunding has been improved by \$1,327.7K and now stands at approximately \$2,113.0K. The Central Garage increased the vehicle replacement sinking fund by approximately \$258.0K over the last three months. It is important to note that contributions to the vehicle replacement sinking fund are a flow-through after expenses and are dependent on expenses running in line with plan.

Operating costs were tightly controlled in the first quarter. Costs of operations for the Central Garage were \$71.6K, or 21.7% less than plan.

Undesignated working capital was \$2,113.8K, despite the designation of \$870.5K in the FY2016 budget for vehicle replacements. Total working capital was \$2,984.K as of September 30, 2015, a year-over-year increase of \$507.0K.

City and Borough of Sitka
Central Garage Fund
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2016
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (S/L - 25.00%)	Variance To FY2016 Plan
Revenue:									
Vehicle Billings	332,892	-	-	-	332,892	398,178	(65,286)	337,751	(4,859)
Other Operating Revenue	68,658	-	-	-	68,658	33,504	35,154	5,922	62,736
Total Revenue:	401,550	-	-	-	401,550	431,682	(30,132)	343,673	57,877
Cost of Sales:									
Operations	81,229	-	-	-	81,229	73,203	(8,026)	121,472	40,243
Depreciation	98,697	-	-	-	98,697	97,976	(721)	98,697	-
Total Cost of Sales:	179,926	-	-	-	179,926	171,179	(8,747)	220,169	40,243
Gross Margin:	221,624	55.19%	#DIV/0!	#DIV/0!	221,624	260,503	(38,879)	123,504	98,120
	55.19%	#DIV/0!	#DIV/0!	#DIV/0!	55.19%	60.35%	-5.15%	35.94%	19.26%
Selling and Administrative Expenses	77,474	-	-	-	77,474	38,510	(38,964)	108,870	31,396
Earnings Before Interest (EBI):	144,150	-	-	-	144,150	221,993	(77,843)	14,634	129,516
	35.90%	#DIV/0!	#DIV/0!	#DIV/0!	35.90%	51.43%	-15.53%	4.26%	31.64%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	15,277	-	-	-	15,277	12,759	2,518	15,000	277
Interest Expense:	(4,375)	-	-	-	(4,375)	(5,000)	625	(4,375)	-
Total Non-operating Revenue & Expense:	10,902	-	-	-	10,902	7,759	3,143	10,625	277
Net Income:	155,052	-	-	-	155,052	229,752	(74,700)	25,259	129,793
	38.61%	#DIV/0!	#DIV/0!	#DIV/0!	38.61%	53.22%	247.91%	7.35%	31.26%
Earnings Before Interest and Depreciation (EBIDA):	242,847	-	-	-	242,847	319,969	(77,122)	113,331	129,516
	60.48%	#DIV/0!	#DIV/0!	#DIV/0!	60.48%	74.12%	-13.64%	32.98%	27.50%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	253,749	-	-	-	253,749	327,728	(73,979)	123,956	129,793
Debt Principal	12,500	-	-	-	12,500	12,500	-	12,500	-
Debt Principal Coverage Surplus/Deficit	241,249	-	-	-	241,249	315,228	(73,979)	111,456	129,793
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	241,249	-	-	-	241,249	315,228	(73,979)	111,456	129,793
Depreciation	98,697	-	-	-	98,697	97,976	721	97,976	721
Cash Accumulated For/(Taken From) Asset Replacement	142,552	-	-	-	142,552	217,252	(74,700)	13,480	129,072
Working Capital									
Beginning Undesignated Working Capital	2,726,158	2,113,769	2,113,769	2,113,769	2,726,158	1,991,553	734,605	1,991,553	734,605
Net Income Plus Depreciation Less Principal	253,749	-	-	-	253,749	327,728	(73,979)	123,956	129,793
CapEx, Accruals, and other Balance Sheet Changes	(866,138)	-	-	-	(866,138)	(200,535)	(665,603)	(496,200)	(369,938)
Ending Undesignated Working Capital	2,113,769	2,113,769	2,113,769	2,113,769	2,113,769	2,118,746	(4,977)	1,619,309	494,460
Working Capital Designated for CapEx	870,405	870,405	870,405	870,405	870,405	-	870,405	87,561	782,844
Current Assets	3,041,612	3,041,612	3,041,612	3,041,612					
Current Liabilities	(7,438)	(7,438)	(7,438)	(7,438)					
CPLTD	(50,000)	(50,000)	(50,000)	(50,000)					
WCDFCapex	(870,405)	(870,405)	(870,405)	(870,405)					
Undesignated Working Capital	2,113,769	2,113,769	2,113,769	2,113,769	2,113,769	2,118,746	(4,977)		
Total Working Capital	2,984,174	2,984,174	2,984,174	2,984,174	2,984,174	2,551,665	432,509		

City and Borough of Sitka
Central Garage Fund
Income Statement
For The Twelve-Month Trailing Period Ending September 30, 2015
(Unaudited)

	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	TTM
Revenue:					
Vehicle Billings	400,926	411,540	415,029	332,892	1,560,387
Other Operating Revenue	<u>651</u>	<u>-</u>	<u>48,064</u>	<u>68,658</u>	<u>117,373</u>
Total Revenue:	401,577	411,540	463,093	401,550	1,677,760
Cost of Sales:					
Operations	100,589	99,271	171,156	81,229	452,245
Depreciation	<u>97,976</u>	<u>55,980</u>	<u>137,085</u>	<u>98,697</u>	<u>389,738</u>
Total Cost of Sales:	<u>198,565</u>	<u>155,251</u>	<u>308,241</u>	<u>179,926</u>	<u>841,983</u>
Gross Margin:	203,012 50.55%	256,289 62.28%	154,852 33.44%	221,624 55.19%	835,777 49.82%
Selling and Administrative Expenses	<u>137,211</u>	<u>75,682</u>	<u>89,730</u>	<u>77,474</u>	<u>380,097</u>
Earnings Before Interest (EBI):	65,801 16.39%	180,607 43.89%	65,122 14.06%	144,150 35.90%	455,680 27.16%
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	13,317	13,928	12,517	15,277	55,039
Interest Expense:	<u>(5,000)</u>	<u>(5,000)</u>	<u>(2,500)</u>	<u>(4,375)</u>	<u>(16,875)</u>
Total Non-operating Revenue & Expense:	<u>8,317</u>	<u>8,928</u>	<u>10,017</u>	<u>10,902</u>	<u>38,164</u>
Net Income:	<u>74,118</u> 18.46%	<u>189,535</u> 46.06%	<u>75,139</u> 16.23%	<u>155,052</u> 38.61%	<u>493,844</u> 29.43%
Earnings Before Interest and Depreciation (EBIDA):	163,777 40.78%	236,587 57.49%	202,207 43.66%	242,847 60.48%	845,418 50.39%
Debt Principal Coverage					
Simple Cash Flow (Net Income Plus Depreciation)	172,094	245,515	212,224	253,749	883,582
Debt Principal	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>50,000</u>
Debt Principal Coverage Surplus/Deficit	<u>159,594</u>	<u>233,015</u>	<u>199,724</u>	<u>241,249</u>	<u>833,582</u>
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	1767.16%
Simple Asset Replacement Coverage					
Debt Principal Coverage Surplus/Deficit (From Above)	159,594	233,015	199,724	241,249	833,582
Depreciation	<u>97,976</u>	<u>55,980</u>	<u>137,085</u>	<u>98,697</u>	<u>389,738</u>
Cash Accumulated For/(Taken From) Asset Replacement	<u>61,618</u>	<u>177,035</u>	<u>62,639</u>	<u>142,552</u>	<u>443,844</u>
Working Capital					
Beginning Undesignated Working Capital	2,118,746	2,295,838	2,546,354	2,726,158	2,118,746
Net Income Plus Depreciation Less Principal	172,094	245,515	212,224	253,749	883,582
CapEx, Accruals, and other Balance Sheet Changes	<u>4,998</u>	<u>5,001</u>	<u>(32,420)</u>	<u>(866,138)</u>	<u>(888,559)</u>
Ending Undesignated Working Capital	<u>2,295,838</u>	<u>2,546,354</u>	<u>2,726,158</u>	<u>2,113,769</u>	<u>2,113,769</u>
Working Capital Designated for CapEx	181,289	180,737	-	870,405	870,405
Total Working Capital	<u>2,477,127</u>	<u>2,727,091</u>	<u>2,726,158</u>	<u>2,984,174</u>	<u>2,984,174</u>

**Building Maintenance Fund
Financial Analysis
As Of, And For the Quarter Ending September 30, 2015**

The steps taken to stabilize the Building Maintenance Fund are starting to have their desired effect. The Fund is close to break even on a cash basis. Working capital declined by \$36.9K, to \$1,979.6K. While internal billings had a negative variance to plan of (\$41.2K), costs of operations were substantially under plan for FY2016, a positive variance of \$84,1K.

While substantial improvements have been obtained in its financial performance it is critical that continued focus be placed on controlling expenditures in this Fund in order to keep working capital at or near the target level of \$2.0M.

City and Borough of Sitka
Building Maintenance Fund
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2016
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (S/L - 25.00%)	Variance To FY2016 Plan
Revenue:									
Building Maintenance Charges	137,997	-	-	-	137,997	86,259	51,738	179,231	(41,234)
Other Operating Revenue	-	-	-	-	-	-	-	-	-
Total Revenue:	137,997	-	-	-	137,997	86,259	51,738	179,231	(41,234)
Cost of Sales:									
Operations	165,121	-	-	-	165,121	120,642	(44,479)	259,662	94,541
Depreciation	422	-	-	-	422	624	202	422	-
Total Cost of Sales:	165,543	-	-	-	165,543	121,266	(44,277)	260,084	94,541
Gross Margin:	(27,546)	-	-	-	(27,546)	(35,007)	7,461	(80,854)	53,308
	-19.96%	#DIV/0!	#DIV/0!	#DIV/0!	-19.96%	-40.58%	20.62%	-45.11%	25.15%
Selling and Administrative Expenses	27,727	-	-	-	27,727	1,324	(26,403)	38,149	(10,422)
Earnings Before Interest (EBI):	(55,273)	-	-	-	(55,273)	(36,331)	(18,942)	(119,002)	63,729
	-40.05%	#DIV/0!	#DIV/0!	#DIV/0!	-40.05%	-42.12%	2.06%	-66.40%	26.34%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	17,967	-	-	-	17,967	31,360	(13,393)	17,824	143
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	17,967	-	-	-	17,967	31,360	(13,393)	17,824	143
Net Income:	(37,306)	-	-	-	(37,306)	(4,971)	(32,335)	(101,178)	63,872
	-27.03%	#DIV/0!	#DIV/0!	#DIV/0!	-27.03%	-5.76%	-62.50%	-56.45%	29.42%
Earnings Before Interest and Depreciation (EBID):	(54,851)	-	-	-	(54,851)	(35,707)	(19,144)	(118,580)	63,729
	-39.75%	#DIV/0!	#DIV/0!	#DIV/0!	-39.75%	-41.40%	1.65%	-66.16%	26.41%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(36,884)	-	-	-	(36,884)	(4,347)	(32,537)	(100,756)	63,872
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	(36,884)	-	-	-	(36,884)	(4,347)	(32,537)	(100,756)	63,872
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(36,884)	-	-	-	(36,884)	(4,347)	(32,537)	(100,756)	63,872
Depreciation	422	-	-	-	422	624	(202)	422	-
Cash Accumulated For/(Taken From) Asset Replacement	(37,306)	-	-	-	(37,306)	(4,971)	(32,335)	(101,178)	63,872
Working Capital									
Beginning Undesignated Working Capital	1,934,483	1,897,599	1,897,599	1,897,599	1,934,483	2,126,331	(191,848)	2,126,331	(191,848)
Net Income Plus Depreciation Less Principal	(36,884)	-	-	-	(36,884)	(4,347)	(32,537)	(100,756)	63,872
CapEx, Accruals, and other Balance Sheet Changes	-	-	-	-	-	(1)	1	-	-
Ending Undesignated Working Capital	1,897,599	1,897,599	1,897,599	1,897,599	1,897,599	2,121,983	(224,384)	2,025,575	(127,976)
Working Capital Designated for CapEx	-	-	-	-	-	-	-	-	-
Current Assets	1,917,936	1,917,936	1,917,936	1,917,936	1,917,936	1,917,936	-	1,917,936	-
Current Liabilities	(20,337)	(20,337)	(20,337)	(20,337)	(20,337)	(20,337)	-	(20,337)	-
CPLTD	-	-	-	-	-	-	-	-	-
WCDFCapex	-	-	-	-	-	-	-	-	-
Total Working Capital	1,897,599	1,897,599	1,897,599	1,897,599	1,897,599	2,121,983	(224,384)	2,121,983	(224,384)

City and Borough of Sitka
Building Maintenance Fund
Income Statement
For The Twelve-Month Trailing Period Ending September 30, 2015
(Unaudited)

	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	TTM
Revenue:					
Building Maintenance Charges	103,537	89,903	138,767	137,997	470,204
Other Operating Revenue	-	-	91,416	-	91,416
Total Revenue:	103,537	89,903	230,183	137,997	561,620
Cost of Sales:					
Operations	152,755	112,529	284,926	165,121	715,331
Depreciation	625	624	1,433	422	3,104
Total Cost of Sales:	153,380	113,153	286,359	165,543	718,435
Gross Margin:	(49,843) -48.14%	(23,250) -25.86%	(56,176) -24.40%	(27,546) -19.96%	(156,815) -27.92%
Selling and Administrative Expenses	65,889	28,630	8,930	27,727	131,176
Earnings Before Interest (EBI):	(115,732) -111.78%	(51,880) -57.71%	(65,106) -28.28%	(55,273) -40.05%	(287,991) -51.28%
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	32,511	31,366	9,216	17,967	91,060
Interest Expense:	-	-	-	-	-
Total Non-operating Revenue & Expense:	32,511	31,366	9,216	17,967	91,060
Net Income:	(83,221) -80.38%	(20,514) -22.82%	(55,890) -24.28%	(37,306) -27.03%	(196,931) -35.06%
Earnings Before Interest and Depreciation (EBID):	(115,107) -111.17%	(51,256) -57.01%	(63,673) -27.66%	(54,851) -39.75%	(284,887) -50.73%
Debt Principal Coverage					
Simple Cash Flow (Net Income Plus Depreciation)	(82,596)	(19,890)	(54,457)	(36,884)	(193,827)
Debt Principal	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	(82,596)	(19,890)	(54,457)	(36,884)	(193,827)
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%
Simple Asset Replacement Coverage					
Debt Principal Coverage Surplus/Deficit (From Above)	(82,596)	(19,890)	(54,457)	(36,884)	(193,827)
Depreciation	625	624	1,433	422	3,104
Cash Accumulated For/(Taken From) Asset Replacement	(83,221)	(20,514)	(55,890)	(37,306)	(196,931)
Working Capital					
Beginning Undesignated Working Capital	2,121,983	2,038,828	2,018,932	2,016,480	2,121,983
Net Income Plus Depreciation Less Principal	(82,596)	(19,890)	(54,457)	(36,884)	(193,827)
CapEx, Accruals, and other Balance Sheet Changes	(559)	(6)	52,005	-	51,440
Ending Undesignated Working Capital	2,038,828	2,018,932	2,016,480	1,979,596	1,979,596
Working Capital Designated for CapEx	-	-	-	-	-