City and Borough of Sitka

Financial Review
March 31, 2015

Results as of March 31, 2015 (All Funds)

City and Borough of Sitka

Financial Statements
(Unaudited)

As of, and for the nine-month period ending,
March 31, 2015

City and Borough of Sitka
Financial Review
FY2015 General Fund Budget Execution

March 31, 2015

Original Planned Deficit Per Budget:	7,453
Budget Adjustments	<u>(3,910,876)</u>
Planned Budget Deficit	(3,903,423)
Actual Revenues Thru 3/31 (79.9%)	21,372,478
Actual Expenditures Thru 3/31 (69.1%)	21,180,902

Note: Budget adjustments in FY15 include transfers to the Public Infrastructure Sinking Fund, Permanent Fund, and Sitka Community Hospital

City and Borough of Sitka
Financial Review
FY2015 General Fund
Budget Adjustments

Transfer to Public Infrastructure Sinking Fund	1,650,000
Transfer to Permanent Fund	600,000
Loan to Sitka Community Hospital	1,000,000
Kettleson Library	357,114
Other Net Adjustments	303,762
Total Net Budget Adjustments	3,910,876

City and Borough of Sitka
Financial Review
General Fund Balance
March 31, 2015 Versus 2014

		3/31/2014		3/31/2015		Difference
Net Available Cash		6,278,266		3,746,311		(2,531,955)
Working Capital		9,137,872		8,735,301		(402,571)
Unrestricted Fund Balance		7,521,402		7,015,710		(505,692)

Notes:

$7,748,100 of cash and fund balance is designated for liquidity and emergency 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
FY2015 Results Through March 31, 2015

Fund		Income/(Loss)	For Capex	Working Capital	Working Capital
Electric Fund		7,972,921	8,574,304	9,409,227	17,983,531
Water Fund		594,366	481,909	489,413	971,322
Wastewater Fund		(282,835)	1,690,475	3,534,215	5,224,690
Solid Waste Fund		(60,156)	823,348	353,717	1,177,065
Harbor Fund		930,393	4,245,670	3,688,493	7,934,163
Airport Terminal Fund	*	(60,041)	427,125	386,286	813,411
Marine Service Center Fund	*	38,376	-	1,608,685	1,608,685
SMC Industrial Park Fund	*	60,111	25,984	848,203	874,187
MIS Fund	*	(65,927)	24,234	354,174	378,408
Central Garage Fund	*	493,405	180,737	2,546,354	2,727,091
Building Maintenance Fund	*	(108,706)	-	2,018,932	2,018,932
CPET Fund	*	(1,481,627)	436,254	-	436,254
Permanent Fund		2,200,571	-	24,135,933	24,135,933

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. This was significant for the Electric Fund and WaterFund; Electric Fund grant revenue was $8.0 million, and Water Fund grant revenue was $582 thousand.

- Both of these situations are being addressed through long-term infrastructure plans, which seek to identify long-term infrastructure needs and determine the correct level of user fees necessary to finance the plan.

Summary

- A modest General Fund surplus is anticipated for FY2015. It will be evaluated for possible transfer to the Permanent Fund and the Public Infrastructure Sinking Fund.

- Additional planned annual increases in electric rates, water rates, wastewater rates, and harbor moorage rates are still required in order to achieve plan goals in future years. Furthermore, electric and moorage rates must be annually evaluated for bond rate covenant sufficiency.

- Annual increases in user fees should be considered 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).

Financial Statements

- You will find attached financial statements for the various significant funds of the City and Borough of Sitka. Information is presented through March, 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 Nine-Month Period Ending March 31, 2015

The financial performance and position of the General Fund through the first nine months of FY2015 remain in line with planned expectations. Trends previously identified remain present. Revenue, especially sales tax collections, is falling short of plan; however, this shortfall has been offset by expenditures being less than planned. As a result, Staff projects a very modest surplus at this point in time for FY15, in the range of $600K. This projected surplus has increased due to expenditure trends remaining far below budget. It is important to understand that future unanticipated events may cause this estimation to change.

Sales tax collections continue to remain a concern, as collections quarters are behind plan and just slightly ahead of FY14. It is almost certain that sales tax collections will not meet plan for the fiscal year. The shortfall to plan could be as high as $420K if both the 1st and 2nd quarter collections are realized at 95% of plan.

To offset the potential shortfall in planned sales tax revenue, controllable expenditures have continued to trend much lower than plan. As of March 31, 2015, controllable expenditures were trending $1,728.8K, or 12.9%, lower than plan. It is unlikely that this low level of budget execution will continue through to the end of the fiscal year, but it is probable that some unexpended appropriations will occur to help offset the loss of General Fund revenue. For this reason, the surplus projected last month has been increased.

It is also important to point out that, at this point in the fiscal year, the Assembly has already made appropriations which have the effect of producing a budget unbalanced in terms of revenues meeting or exceeding revenues. This is because the Assembly has directed to transfer of $3,250,000 to be transferred to the Permanent Fund, Public Infrastructure Sinking Fund, and loaned to the Sitka Community Hospital.

The General Fund generated a surplus of revenues over expenditures of $191.6K for the first nine months of FY2015, compared to $2,934.3K for the comparable period in FY2014. Adjusting for $3,250.0K transferred out of the General Fund as previously described, FY2015 has a surplus of revenues $507.3K greater than the comparable period.

Revenue in the General Fund for the period was $21,372.5K, compared to $21,240.8K in FY2014, an increase of $131.6K. General Fund outlays for the period were $21,180.9K, compared to $18,306.6K in FY2014; however, as already discussed, $3,250.0K was transferred to other funds. Factoring out these transfers of $3,250.0K, outlays have declined by $375.7K. Controllable costs have risen by $364.0K year over year, an increase of 3.2%. This increase is right in line with the increase anticipated from inflation and wage adjustments.

City and Borough of Sitka
General Fund
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2015
(Unaudited)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 66.67%)	Variance To FY2015 Plan
Revenue:																	
Property Taxes	6,187,104	13,865	16,060	16,845	8,853	(59,487)	(1,804)	11,845	7,387	-	-	-	6,200,668	6,143,020	57,648	5,089,302	1,111,366
Sales Taxes	1,678,643	1,079,554	440,273	1,849,955	958,605	247,471	757,033	735,324	230,105	-	-	-	7,976,963	7,903,207	73,756	7,581,000	395,963
Bed Taxes	113,463	19,977	15,157	159,505	7,351	1,783	9,108	24,253	1,979	-	-	-	352,576	326,192	26,384	254,250	98,326
State Assistance	916,960	-	2,638	9,225	13,914	5,805	250	17,050	-	-	-	-	965,842	903,088	62,754	747,525	218,317
Federal Assistance	655,506	-	30,135	-	5,079	(310)	56,668	-	-	-	-	-	747,078	689,353	57,725	1,235,625	(488,547)
Transfer From Permanent Fund, Etc.	2,542	2,578	282,803	282,738	1,884	3,584	282,717	2,420	2,764	-	-	-	864,030	853,565	10,465	937,757	(73,727)
Interfund Billings	-	-	-	-	1,174,822	249,823	228,964	228,964	246,199	-	-	-	2,128,772	2,092,318	36,454	2,133,429	(4,657)
Other Operating Revenue	144,039	317,593	172,005	409,349	214,871	383,436	305,754	104,380	85,122	-	-	-	2,136,549	2,330,098	(193,549)	2,343,303	(206,754)
Total Revenue:	9,698,257	1,433,567	959,071	2,727,617	2,385,379	832,105	1,638,690	1,124,236	573,556	-	-	-	21,372,478	21,240,841	131,637	20,322,191	1,050,288
Outlays:																	
Administrator	72,691	56,338	58,629	97,046	68,694	72,352	94,287	95,509	72,154	-	-	-	687,700	604,027	(83,673)	693,302	5,602
Attorney	16,245	20,767	23,486	21,969	25,667	22,482	22,943	17,444	16,825	-	-	-	187,828	217,226	29,398	234,918	47,090
Clerk	21,648	23,447	31,401	40,191	29,189	31,414	30,897	25,354	28,088	-	-	-	261,629	246,120	(15,509)	295,083	33,454
Finance	103,450	127,110	125,530	167,998	161,901	197,706	127,258	138,404	120,460	-	-	-	1,269,817	1,201,953	(67,864)	1,329,751	59,934
Assessing	17,212	23,835	24,021	31,247	28,197	33,948	26,488	22,668	26,979	-	-	-	234,595	187,870	(46,725)	304,450	69,855
Planning	14,018	18,621	19,704	32,180	40,227	19,797	16,101	20,497	19,822	-	-	-	200,967	173,496	(27,471)	200,427	(540)
General/Shared Expenses	214,042	43,554	158,970	111,976	32,027	62,359	76,575	37,730	17,008	-	-	-	754,241	731,493	(22,748)	650,511	(103,730)
Police	331,164	276,799	304,892	450,706	377,710	339,089	336,889	328,340	358,267	-	-	-	3,103,856	2,981,845	(122,011)	3,448,964	345,108
Fire	141,751	133,102	135,284	189,308	158,413	138,504	138,851	130,456	149,516	-	-	-	1,315,185	1,321,923	6,738	1,516,524	201,339
Public Works	241,786	287,712	246,119	351,536	278,669	270,632	267,155	256,142	263,484	-	-	-	2,463,235	2,413,486	(49,749)	3,368,542	905,307
Library	52,403	61,067	44,460	83,919	86,333	59,380	71,573	59,814	60,003	-	-	-	578,952	569,309	(9,643)	684,198	105,246
Centennial Building	32,336	27,358	27,920	45,388	32,198	38,033	32,315	31,021	30,996	-	-	-	297,565	301,318	3,753	333,876	36,311
Visitors Bureau/SR Citizen Center	84,858	3,413	4,563	86,234	4,125	10,941	83,094	4,498	2,531	-	-	-	284,257	325,789	41,532	308,084	23,827
Debt Service	-	-	11,944	-	7,000	-	9,745	2,104	6,453	-	-	-	37,246	17,110	(20,136)	51,175	13,929
School Support	476,460	476,460	476,460	476,460	522,467	476,460	476,460	476,460	476,460	-	-	-	4,334,147	4,200,389	(133,758)	4,775,641	441,494
Hospital Support	-	-	-	15,399	-	1,091,604	-	-	-	-	-	-	1,107,003	102,712	(1,004,291)	115,910	(991,094)
Fixed Asset Acquisition	-	-	22,045	-	-	-	-	-	-	-	-	-	22,045	55,306	33,261	8,936	(13,109)
Transfers To Other Funds	-	357,114	2,250,000	-	1,433,520	-	-	-	-	-	-	-	4,040,634	2,655,202	(1,385,432)	3,930,052	(110,582)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cost of Sales:	1,820,064	1,936,697	3,965,428	2,201,557	3,286,337	2,864,701	1,810,631	1,646,441	1,649,046	-	-	-	21,180,902	18,306,574	(2,874,328)	22,250,342	1,069,440
Surplus/(Shortfall) of Revenues Over Outlays	7,878,193	(503,130)	(3,006,357)	526,060	(900,958)	(2,032,596)	(171,941)	(522,205)	(1,075,490)	-	-	-	191,577	2,934,267	(2,742,690)	(1,928,151)	2,119,728
	81.23%	-35.10%	-313.47%	19.29%	-37.77%	-244.27%	-10.49%	-46.45%	-187.51%	#DIV/0!	#DIV/0!	#DIV/0!	0.90%	13.81%	-12.92%	-9.49%	10.38%
													17,080,977				
Unrestricted Fund Liquidity																	
Beginning Unrestricted Liquidity:	5,964,073	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,194	7,015,710	7,015,710	7,015,710	5,964,073	3,341,614	2,622,459		
Surplus/(Shortfall) of Revenues Over Outlays:	7,878,193	(503,130)	(3,006,357)	526,060	(900,958)	(2,032,596)	(171,941)	(522,205)	(1,075,490)	-	-	-	191,577	2,934,267	(2,742,690)		
Transfer To Sinking Fund / Permanent Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	0			
Other balance sheet changes:	(588,577)	-	375,760	40,877	(657,831)	1,649,256	37,753	2,866	6	-	-	-	860,060	1,245,521	(385,461)		
Ending Unrestricted liquidity:	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,194	7,015,710	7,015,710	7,015,710	7,015,710	7,015,710	7,521,402	(505,692)		
Total Assets:	24,490,549	24,157,956	21,273,883	22,463,554	20,500,074	18,378,283	18,332,158	17,715,907	16,630,807	16,630,807	16,630,807	16,630,807					
Less Advances to Other Funds:	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)					
Less Liabilities	(1,360,024)	(1,530,561)	(1,277,085)	(1,899,819)	(1,495,178)	(756,726)	(844,789)	(747,877)	(738,261)	(738,261)	(738,261)	(738,261)					
Less CPLTD (Unreimbursed)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)					
Subtotal:	22,721,380	22,218,250	19,587,653	20,154,590	18,595,751	17,212,412	17,078,224	16,558,885	15,483,401	15,483,401	15,483,401	15,483,401					
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)					
Title 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)					
E911 Surcharge:	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)					
Liquidity Restriction	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)					
Emergency Restriction	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(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)					
Unrestricted Working Capital:	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,194	7,015,710	7,015,710	7,015,710	7,015,710					

City and Borough of Sitka
General Fund
Income Statement
For The Twelve-Month Trailing Period Ending March 31, 2015
(Unaudited)

	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	TTM
Revenue:													
Property Taxes	8,156	9,372	27,171	6,187,104	13,865	16,060	16,845	8,853	(59,487)	(1,804)	11,845	7,387	6,245,367
Sales Taxes	73,285	1,390,601	418,736	1,678,643	1,079,554	440,273	1,849,955	958,605	247,471	757,033	735,324	230,105	9,859,585
Bed Taxes	84	33,281	17,990	113,463	19,977	15,157	159,505	7,351	1,783	9,108	24,253	1,979	403,931
State Assistance	31,548	-	60,286	916,960	-	2,638	9,225	13,914	5,805	250	17,050	-	1,057,676
Federal Assistance	800,509	12,745	25,238	655,506	-	30,135	-	5,079	(310)	56,668	-	-	1,585,570
Transfer From Permanent Fund, Etc.	279,718	2,400	102,559	2,542	2,578	280,336	282,738	1,884	3,584	282,717	2,420	2,764	1,246,240
Interfund Billings	225,369	225,369	239,666	-	-	-	-	1,174,822	249,823	228,964	228,964	246,199	2,819,176
Other Operating Revenue	252,085	156,903	588,938	144,039	317,593	172,005	409,349	214,871	383,436	305,754	104,380	85,122	3,134,475
Total Revenue:	1,670,754	1,830,671	1,480,584	9,698,257	1,433,567	956,604	2,727,617	2,385,379	832,105	1,638,690	1,124,236	573,556	26,352,020
Outlays:													
Administrator	75,668	80,962	120,248	72,691	56,338	58,629	97,046	68,694	72,352	94,287	95,509	72,154	964,578
Attorney	22,231	31,075	42,330	16,245	20,767	23,486	21,969	25,667	22,482	22,943	17,444	16,825	283,464
Clerk	27,288	34,157	57,481	21,648	23,447	31,401	40,191	29,189	31,414	30,897	25,354	28,088	380,555
Finance	116,249	166,136	214,275	103,450	127,110	125,530	167,998	161,901	197,706	127,258	138,404	120,460	1,766,477
Assessing	19,770	31,946	33,895	17,212	23,835	24,021	31,247	28,197	33,948	26,488	22,668	26,979	320,206
Planning	18,744	28,932	35,407	14,018	18,621	19,704	32,180	40,227	19,797	16,101	20,497	19,822	284,050
General/Shared Expenses	77,161	40,912	66,493	214,042	43,554	130,082	111,976	32,027	62,359	76,575	37,730	17,008	909,919
Police	332,432	421,220	391,303	331,164	276,799	304,892	450,706	377,710	339,089	336,889	328,340	358,267	4,248,811
Fire	153,505	165,923	273,365	141,751	133,102	135,284	189,308	158,413	138,504	138,851	130,456	149,516	1,907,978
Public Works	266,133	351,003	428,238	241,786	287,712	246,119	351,536	278,669	270,632	267,155	256,142	263,484	3,508,609
Library	59,415	92,697	107,466	52,403	61,067	44,460	83,919	86,333	59,380	71,573	59,814	60,003	838,530
Centennial Building	35,265	53,940	76,714	32,336	27,358	27,920	45,388	32,198	38,033	32,315	31,021	30,996	463,484
Visitors Bureau/SR Citizen Center	83,310	8,962	14,003	84,858	3,413	4,563	86,234	4,125	10,941	83,094	4,498	2,531	390,532
Debt Service	-	-	10,830	-	-	11,944	-	7,000	-	9,745	2,104	6,453	48,076
School Support	860,881	460,627	555,879	476,460	476,460	476,460	476,460	522,467	476,460	476,460	476,460	476,460	6,211,534
Hospital Support	62,557	38,326	21,206	-	-	-	15,399	-	1,091,604	-	-	-	1,229,092
Fixed Asset Acquisition	429	22,261	-	-	-	22,045	-	-	-	-	-	-	44,735
Transfers To Other Funds	67,482	-	145,154	-	357,114	2,250,000	-	1,433,520	-	-	-	-	4,253,270
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cost of Sales:	2,278,520	2,029,079	2,594,287	1,820,064	1,936,697	3,936,540	2,201,557	3,286,337	2,864,701	1,810,631	1,646,441	1,649,046	28,053,900
Surplus/(Shortfall) of Revenues Over Outlays	(607,766)	(198,408)	(1,113,703)	7,878,193	(503,130)	(2,979,936)	526,060	(900,958)	(2,032,596)	(171,941)	(522,205)	(1,075,490)	(1,701,879)
	-36.38%	-10.84%	-75.22%	81.23%	-35.10%	-311.51%	19.29%	-37.77%	-244.27%	-10.49%	-46.45%	-187.51%	-6.46%

Unrestricted Fund Liquidity

	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	TTM
Beginning Unrestricted Liquidity:	7,521,402	6,954,341	6,658,243	5,964,073	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,194	7,521,402
Surplus/(Shortfall) of Revenues Over Outlays:	(607,766)	(198,408)	(1,113,703)	7,878,193	(503,130)	(2,979,936)	526,060	(900,958)	(2,032,596)	(171,941)	(522,205)	(1,075,490)	(1,701,879)
				-	-	-	-	-	-	-	-	-	
Other balance sheet changes:	40,705	(97,690)	419,533	(588,577)	-	349,339	40,877	(657,881)	1,649,256	37,753	2,866	6	1,196,187
Ending Unrestricted liquidity:	6,954,341	6,658,243	5,964,073	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,194	7,015,710	7,015,710

Electric Utility
Financial Analysis
As Of, And For the Nine-Month Period Ending March, 2015

The Electric Fund continued to experience moderate top line growth in revenue for the six-month period ending March 31, 2015; however, earnings before interest (EBI), and earnings before interest and depreciation (EBID) have turned to negative variances in comparison to the same period in FY014. Electricity consumption remains depressed, trending at 97.7% of FY2014 consumption. Increased debt service in conjunction with the Blue Lake Hydroelectric project has continued to cause the debt coverage ratio to fall below the minimum target threshold (the coverage ratio is measured for reporting purposes as of June 30).

Through nine months, the debt coverage ratio stands at 1.01 to 1, compared to 0.97 to 1 as of December 31, 2014 and 1.42 to 1 a year ago (1.25 to 1 is the minimum allowable ratio). This is a 11 basis point improvement from November, where the rate stood at 0.90 to one, yet it is still extremely problematic. This low ratio is due to the increased debt load carried by the electric utility in FY2015. Even though all metrics are modestly increased, the amount of electricity sales has been insufficient to produce the needed revenue to obtain the required debt coverage ratio. As a result, it is now certain that funds will need to be withdrawn from the Rate Stabilization Fund before the end of the Fiscal Year. The amount necessary to be drawn from the rate stabilization fund in order to obtain a 1.25 to 1 debt coverage ratio over the 9-month period would be $1,380,188, an increase of $316,804 since December 31, 2014. The amount available in the Rate Stabilization Fund is $2,508,000. While a substantial portion of the Fund will need to be withdrawn by June 30 in order to meet the Rate Covenant, the amount in the Fund does appear to be sufficient to meet the covenant requirement for FY2015.

Revenue exceeded that for the comparable month in FY14 by $347.8K, a 28.2% increase. Electricity sales also increased by $371.1K, or 38.2%. Electricity consumption has now fallen back behind FY14 for the comparable nine-month period, dropping by 1,916,150 kWh, or 2.3%. Compared to plan, electricity sales revenue exceeded plan for the 9-month period by $183.5K, or 1.8%. It should be noted, however, that these figures reflect increased seasonal demand and electricity sales revenue is projected to fall off as warmer summer weather approaches.

EBI was $3,947.0K for the nine-month comparable period, compared to $4,047.5K a year earlier, a decrease of ($100.5K), or (2.5%). Cost of sales and operating expenses for the 9-month period rose by $398.3K, or 6.1% over FY2014. Compared to plan, costs of sales and operating expenses showed a negative variance of ($101.5K), or (1.5%). EBIDA also decreased on a year over basis by ($163.0K), or (3.0%).

Management now firmly recommends the following two action: that a withdrawal from the Rate Stabilization Fund be made in an amount necessary to achieve the minimum 1.25 to 1 ratio as of June 30, 2015.

City and Borough of Sitka
Electric Utility
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2015

(Unaudited)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L -66.67%)	Variance To FY2015 Plan
Revenue:																	
Electricity Sales	1,040,046	1,167,933	1,082,431	1,006,866	1,109,342	1,245,349	1,221,907	826,272	1,639,676	-	-	-	10,339,822	9,985,627	354,195	10,156,308	183,514
Jobbing	4,003	21,187	1,537	22,963	232,290	209,495	31,088	13,550	186	-	-	-	536,299	512,716	23,583	388,419	147,880
Other Operating Revenue	5,312	4,670	3,777	5,402	3,363	4,972	10,368	6,628	911	-	-	-	45,403	125,452	(80,049)	86,951	(41,548)
Total Revenue:	1,049,361	1,193,790	1,087,745	1,035,231	1,344,995	1,459,816	1,263,363	846,450	1,640,773	-	-	-	10,921,524	10,623,795	297,729	10,631,678	289,846
Cost of Sales:																	
Green Lake	52,596	20,163	39,253	30,008	20,955	47,980	30,241	46,992	112,130	-	-	-	400,318	404,865	4,547	532,343	132,025
Blue Lake	110,498	103,522	109,041	136,445	118,481	147,059	139,237	123,650	152,941	-	-	-	1,140,874	1,114,556	(26,318)	1,160,513	19,639
Diesels	34,420	37,809	93,160	38,877	23,352	73,574	17,362	22,629	20,268	-	-	-	361,451	330,298	(31,153)	477,035	115,584
Switchyard	-	467	321	1,714	2,553	-	1,148	60	-	-	-	-	6,263	3,833	(2,430)	13,001	6,738
Line Maintenance	(7,380)	1,485	1,319	6,331	(6,059)	(797)	67	8,084	(249)	-	-	-	2,801	15,457	12,656	125,188	122,387
Substation Maintenance	(5,235)	-	-	-	(5,969)	4,522	180	1,663	(249)	-	-	-	(5,088)	-	5,088	8,334	13,422
Distribution	90,441	106,205	124,318	238,939	113,173	107,267	132,144	101,275	128,797	-	-	-	1,142,559	980,938	(161,621)	1,072,316	(70,243)
Metering	20,295	30,254	29,892	39,481	30,982	28,576	29,506	27,851	32,456	-	-	-	269,293	262,581	(6,712)	292,194	22,901
Jobbing	59,809	78,496	85,031	134,578	42,575	43,468	44,543	35,443	23,883	-	-	-	547,826	463,162	(84,664)	76,829	(470,997)
Stores	10,568	15,790	13,287	16,238	10,048	10,804	12,418	13,620	13,353	-	-	-	116,126	111,314	(4,812)	113,690	(2,436)
Depreciation	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	-	-	-	1,366,416	1,428,905	62,489	1,366,416	-
Total Cost of Sales:	517,836	546,015	647,446	794,435	501,915	614,277	558,670	533,091	635,154	-	-	-	5,348,839	5,115,909	(232,930)	5,237,856	(110,983)
Gross Margin:	531,525	647,775	440,299	240,796	843,080	845,539	704,693	313,359	1,005,619	-	-	-	5,572,685	5,507,886	64,799	5,393,822	178,863
	50.65%	54.26%	40.48%	23.26%	62.68%	57.92%	55.78%	37.02%	61.29%	#DIV/0!	#DIV/0!	#DIV/0!	51.02%	51.84%	-0.82%	50.73%	0.29%
Selling and Administrative Expenses	95,886	51,549	57,882	84,986	509,337	220,917	235,005	179,767	190,359	-	-	-	1,625,688	1,460,348	(165,340)	1,635,217	9,529
Earnings Before Interest (EBI):	435,639	596,226	382,417	155,810	333,743	624,622	469,688	133,592	815,260	-	-	-	3,946,997	4,047,538	(100,541)	3,758,605	188,392
	41.51%	49.94%	35.16%	15.05%	24.81%	42.79%	37.18%	15.78%	49.69%	#DIV/0!	#DIV/0!	#DIV/0!	36.14%	38.10%	-1.96%	35.35%	0.79%
Non-operating Revenue and Expense:																	
Non-Operating Revenue:	60,100	56,528	65,151	59,454	56,747	54,221	49,176	51,996	58,408	-	-	-	511,781	710,957	(199,176)	493,992	17,789
Bond Fund Interest	1,186	305	3,409	8,246	33,259	28,382	22,727	19,881	22,743	-	-	-	140,138	234,697	(94,559)	140,138	-
Grant Revenue	216,880	957,251	-	(13)	45,344	3,027,760	1,202,037	42,954	2,480,333	-	-	-	7,972,546	12,921,472	(4,948,926)	7,972,546	-
Bonded Interest Expense:	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	-	-	-	(4,361,544)	(2,913,296)	(1,448,248)	(4,361,544)	-
Subordinated Interest expense	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	-	-	-	(236,997)	(247,806)	10,809	(236,997)	-
Total Non-operating Revenue & Expense:	(232,783)	503,135	(442,389)	(443,262)	(375,599)	2,599,414	762,991	(396,118)	2,050,535	-	-	-	4,025,924	10,706,024	(6,680,100)	4,008,135	17,789
Net Income:	202,856	1,099,361	(59,972)	(287,452)	(41,856)	3,224,036	1,232,679	(262,526)	2,865,795	-	-	-	7,972,921	14,753,562	(6,780,641)	7,766,740	206,181
	19.33%	92.09%	-5.51%	-27.77%	-3.11%	220.85%	97.57%	-31.01%	174.66%	#DIV/0!	#DIV/0!	#DIV/0!	73.00%	138.87%	-65.87%	73.05%	-0.05%
EBIDA	587,463	748,050	534,241	307,634	485,567	776,446	621,512	285,416	967,084	-	-	-	5,313,413	5,476,443	(163,030)	5,125,021	188,392
	55.98%	62.66%	49.11%	29.72%	36.10%	53.19%	49.20%	33.72%	58.94%	#DIV/0!	#DIV/0!	#DIV/0!	48.65%	51.55%	-2.90%	48.21%	0.45%
Bond Covenant Ratio (> 1.25 for fiscal year)	0.93	1.18	0.86	0.51	0.82	1.26	1.00	0.48	1.55	#DIV/0!	#DIV/0!	#DIV/0!	1.01	1.42	(0.41)	0.94	0.07
Total kWh Sold	8,502,500	9,488,600	7,249,450	8,440,750	9,448,700	9,878,100	9,823,950	9,044,000	10,474,700	-	-	-	82,350,750	84,266,900	(1,916,150)	74,704,000	7,646,750
Revenue per Kwh Sold	0.1223	0.1231	0.1493	0.1193	0.1174	0.1261	0.1244	0.0914	0.1565	#DIV/0!	#DIV/0!	#DIV/0!	0.1256	0.1185	0.0071	0.1360	(0.0104)
Cost of Sales per Kwh Sold	0.0609	0.0575	0.0893	0.0941	0.0531	0.0622	0.0569	0.0589	0.0606	#DIV/0!	#DIV/0!	#DIV/0!	0.0650	0.0607	0.0042	0.0701	0.0052
												-2.274%					
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	354,680	1,251,185	91,852	(135,628)	109,968	3,375,860	1,384,503	(110,702)	3,017,619	-	-	-	9,339,337	16,182,467	(6,843,130)	9,133,156	206,181
Bonded Debt Principal	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	-	-	-	1,436,247	1,383,750	52,497	1,436,247	-
Subordinated Debt Principal	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	-	-	-	223,560	214,884	8,676	223,560	-
Debt Principal Coverage Surplus/Deficit	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	-	-	-	7,679,530	14,583,833	(6,904,303)	7,473,349	206,181
Debt Principal Coverage Percentage	192%	678%	50%	-74%	60%	1830%	751%	-60%	1636%	#DIV/0!	#DIV/0!	#DIV/0!	563%	1012%	-450%	550%	12%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	-	-	-	7,679,530	14,583,833	(6,904,303)	7,473,349	206,181
Depreciation	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	-	-	-	1,366,416	1,428,905	(62,489)	1,366,416	-
Cash Accumulated For/(Taken From) Asset Replacement	18,433	914,938	(244,395)	(471,875)	(226,279)	3,039,613	1,048,256	(446,949)	2,681,372	-	-	-	6,313,114	13,154,928	(6,841,814)	6,106,933	206,181
Undesignated Working Capital																	
Beginning Undesignated Working Capital	9,405,370	6,471,441	7,275,959	6,557,571	6,886,585	7,381,937	7,915,167	5,829,775	5,800,674	9,409,227	9,409,227	9,409,227	9,405,370	9,140,277	265,093		
Net Income Plus Depreciation Less Principal	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	-	-	-	7,679,530	14,583,833	(6,904,303)		
CapEx, Accruals, and other Balance Sheet Changes	(3,104,186)	(262,244)	(625,817)	649,065	569,807	(2,658,207)	(3,285,472)	266,024	775,357	-	-	-	(7,675,673)	(14,430,256)	6,754,583		
Ending Undesignated Working Capital	6,471,441	7,275,959	6,557,571	6,886,585	7,381,937	7,915,167	5,829,775	5,800,674	9,409,227	9,409,227	9,409,227	9,409,227	9,409,227	9,293,854	115,373		
Working Capital Designated for CapEx	9,225,861	6,027,936	(1,919,681)	10,252,295	6,557,827	6,252,072	6,416,633	6,409,154	8,574,304	8,574,304	8,574,304	8,574,304	8,574,304	23,332,102	(14,757,798)		
Total Working Capital	15,697,302	13,303,895	4,637,890	17,138,880	13,939,764	14,167,239	12,246,408	12,209,828	17,983,531	17,983,531	17,983,531	17,983,531	17,983,531	32,625,956	(14,642,425)		
Current Assets	22,416,003	19,310,060	10,988,554	24,125,010	19,325,528	18,849,680	16,928,849	16,892,269	19,726,842	19,726,842	19,726,842	19,726,842					
Current Liabilities	(4,505,625)	(3,793,089)	(4,137,588)	(4,773,054)	(3,172,688)	(2,469,365)	(2,469,365)	(2,469,365)	469,765	469,765	469,765	469,765					
CPLTD	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)	(2,213,076)					
WCDFCapex	(9,225,861)	(6,027,936)	1,919,681	(10,252,295)	(6,557,827)	(6,252,072)	(6,416,633)	(6,409,154)	(8,574,304)	(8,574,304)	(8,574,304)	(8,574,304)					
Undesignated Working Capital	6,471,441	7,275,959	6,557,571	6,886,585	7,381,937	7,915,167	5,829,775	5,800,674	9,409,227	9,409,227	9,409,227	9,409,227					
	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	-	-					
Capex	(293,341)	(4,155,481)	(7,951,026)	(6,336,257)	(3,773,071)	(3,361,897)	(1,060,203)	(70,314)	(337,926)	-	-	-	(27,339,516)				
Grant Revenue	216,880	957,251	-	(13)	45,344	3,027,760	1,202,037	42,954	2,480,333	-	-	-	7,972,546				
Bond Fund Interest	1,186	305	3,409	8,246	33,259	28,382	22,727	19,881	22,743	-	-	-	140,138				
New FY15 Designated WC	900,000	-	-	18,500,000	-	-	-	-	-	-	-	-	19,400,000				
												Check Figure	8,574,304				

Working Capital Designated for Capex, June 30, 2014

Working Capital designated for Capex, June 30, 2014 8,401,136

63003	Blue Lake Power Plant Improv	57,424
63005	Electric Heat Conversions	86,207
63010	Green Lake FERC Completion	251,474
80003	Feeder Improvements	121,526
80040	A.M.R.	92,571
90261	Island Improvements	184,499
90410	SCADA System Enhancement	99,669
90454	Automated SCADA Dist	-
90512	SMC Rd Upgrade Feeder Express	144,575
90562	Green Lake Power Plant Improv	157,186
90563	Jeff Davis Line Upgrade	-
90594	Blue Lake Third Turbine/Dam	5,729,392
90597	Thimbleberry - Blue Lk Tie Line 69kv	-
90610	Blue Lake FERC Envir Mitigation	98,790
90611	Microwave or Optic Fiber	193,459
90614	Takatz Lake Hydro	-
90626	Blue Lk 69 kv Ring Bus	-
90627	Marine St Sub-Voltage Regulator	9,150
90628	Demand Side Load Management	61,933
90645	HPR to Kramer Line Rise	506,827
90646	Jarvis St Diesel Capacity Incr.	-
90647	Jarvis Tank Inspection	-
90648	Transmission & 1220 upgrade	95,020
90672	Medvejie Transfpormer Replacement	67,095
90716	Blue Lake Sub-Paint & Maintenance	50,000
90717	Jarvic Street Improvements	116,650
90718	Marine Street Sub-Paint & Maintenence	51,225
90719	Warehouse Paving	33,000
90611	Microwave or Optic Fiber	193,459
		8,401,136

New CapEx designations of Working Capital in FY15 Budget

63005	Building Heat Conversions	50,000	
90776	Electric Storage and Shop Building	200,000	
90646	Jarvis St Diesel Capacity Incr.	500,000	
90777	Meter Replacements	100,000	
90410	SCADA System Enhancement	50,000	
			900,000
Plus New Bond Issuance Proceeds:			18,500,000
Plus Bond Fund Interest			140,138
Less FY15 working capital outlays for CapEx			(19,366,970)
Working Capital designated for Capex, June 30, 2015			8,574,304

City and Borough of Sitka
Electric Utility
Income Statement
For TheTrailing Twelve-Month Trailing Period Ending March 31, 2015

(Unaudited)

	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	12-Month Trailing
Revenue:													
Electricity Sales	1,228,787	901,030	913,224	1,040,046	1,167,933	1,082,431	1,006,866	1,109,342	1,245,349	1,221,907	826,272	1,639,676	13,382,863
Jobbing	163,885	2,080	533,212	4,003	21,187	1,537	22,963	232,290	209,495	31,088	13,550	186	1,235,476
Other Operating Revenue	6,711	4,929	374,765	5,312	4,670	3,777	5,402	3,363	4,972	10,368	6,628	911	431,808
Total Revenue:	1,399,383	908,039	1,821,201	1,049,361	1,193,790	1,087,745	1,035,231	1,344,995	1,459,816	1,263,363	846,450	1,640,773	15,050,147
Cost of Sales:													
Green Lake	26,975	39,297	85,146	52,596	20,163	39,253	30,008	20,955	47,980	30,241	46,992	112,130	551,736
Blue Lake	132,722	141,834	223,869	110,498	103,522	109,041	136,445	118,481	147,059	139,237	123,650	152,941	1,639,299
Diesels	44,531	45,582	119,264	34,420	37,809	93,160	38,877	23,352	73,574	17,362	22,629	20,268	570,828
Switchyard	-	670	392	-	467	321	1,714	2,553	-	1,148	60	-	7,325
Line Maintenance	454	(12,269)	14,305	(7,380)	1,485	1,319	6,331	(6,059)	(797)	67	8,084	(249)	5,291
Substation Maintenance	752	146	1,576	(5,235)	-	-	-	(5,969)	4,522	180	1,663	(249)	(2,614)
Distribution	72,960	134,839	211,019	90,441	106,205	124,318	238,939	113,173	107,267	132,144	101,275	128,797	1,561,377
Metering	36,774	45,074	91,612	20,295	30,254	29,892	39,481	30,982	28,576	29,506	27,851	32,456	442,753
Jobbing	138,429	175,124	158,894	59,809	78,496	85,031	134,578	42,575	43,468	44,543	35,443	23,883	1,020,273
Stores	13,197	12,317	24,521	10,568	15,790	13,287	16,238	10,048	10,804	12,418	13,620	13,353	166,161
Depreciation	158,767	158,768	95,272	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	1,779,223
Total Cost of Sales:	625,561	741,382	1,025,870	517,836	546,015	647,446	794,435	501,915	614,277	558,670	533,091	635,154	7,741,652
Gross Margin:	773,822	166,657	795,331	531,525	647,775	440,299	240,796	843,080	845,539	704,693	313,359	1,005,619	7,308,495
	55.30%	18.35%	43.67%	50.65%	54.26%	40.48%	23.26%	62.68%	57.92%	55.78%	37.02%	61.29%	48.56%
Selling and Administrative Expenses	156,850	157,187	1,085,621	95,886	51,549	57,882	84,986	509,337	220,917	235,005	179,767	190,359	3,025,346
Earnings Before Interest (EBI):	616,972	9,470	(290,290)	435,639	596,226	382,417	155,810	333,743	624,622	469,688	133,592	815,260	4,283,149
	44.09%	1.04%	-15.94%	41.51%	49.94%	35.16%	15.05%	24.81%	42.79%	37.18%	15.78%	49.69%	28.46%
Non-operating Revenue and Expense:													
Non-Operating Revenue:	63,440	65,584	(13,749)	60,100	56,528	65,151	59,454	56,747	54,221	49,176	51,996	58,408	627,056
Bond Fund Interest	24,869	18,799	7,110	1,186	305	3,409	8,246	33,259	28,382	22,727	19,881	22,743	190,916
Grant Revenue	2,169,016	1,665,949	2,698,669	216,880	957,251	-	(13)	45,344	3,027,760	1,202,037	42,954	2,480,333	14,506,180
Bonded Interest Expense:	(310,840)	(310,840)	(310,840)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(5,294,064)
Subordinated Interest expense	(27,534)	(27,534)	(27,534)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(319,599)
Total Non-operating Revenue & Expense:	1,918,951	1,411,958	2,353,656	(232,783)	503,135	(442,389)	(443,262)	(375,599)	2,599,414	762,991	(396,118)	2,050,535	9,710,489
Net Income:	2,535,923	1,421,428	2,063,366	202,856	1,099,361	(59,972)	(287,452)	(41,856)	3,224,036	1,232,679	(262,526)	2,865,795	13,993,638
	181.22%	156.54%	113.30%	19.33%	92.09%	-5.51%	-27.77%	-3.11%	220.85%	97.57%	-31.01%	174.66%	92.98%
EBIDA	775,739	168,238	(195,018)	587,463	748,050	534,241	307,634	485,567	776,446	621,512	285,416	967,084	6,062,372
	55.43%	18.53%	-10.71%	55.98%	62.66%	49.11%	29.72%	36.10%	53.19%	49.20%	33.72%	58.94%	40.28%
Bond Covenant Ratio (> 1.25 for fiscal year)	1.86	0.54	(0.43)	0.93	1.18	0.86	0.51	0.82	1.26	1.00	0.48	1.55	0.87
Total kWh Sold	8,875,850	8,437,900	7,552,500	8,502,500	9,488,600	7,249,450	8,440,750	9,448,700	9,878,100	9,823,950	9,044,000	10,474,700	107,217,000
Electricity Sales Revenue per Kwh Sold	0.1384	0.1068	0.1209	0.1223	0.1231	0.1493	0.1193	0.1174	0.1261	0.1244	0.0914	0.1565	0.1248
Cost of Sales per Kwh Sold	0.0705	0.0879	0.1358	0.0609	0.0575	0.0893	0.0941	0.0531	0.0622	0.0569	0.0589	0.0606	0.0722
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	2,694,690	1,580,196	2,158,638	354,680	1,251,185	91,852	(135,628)	109,968	3,375,860	1,384,503	(110,702)	3,017,619	15,772,861
Bonded Debt Principal	153,750	153,750	153,750	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	1,897,497
Subordinated Debt Principal	23,876	23,876	23,876	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	295,188
Debt Principal Coverage Surplus/Deficit	2,517,064	1,402,570	1,981,012	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	13,580,176
Debt Principal Coverage Percentage	11286.19%	6618.34%	9041.04%	192%	678%	50%	-74%	60%	1830%	751%	-60%	1636%	719%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	2,517,064	1,402,570	1,981,012	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	13,580,176
Depreciation	158,767	158,768	95,272	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	1,779,223
Cash Accumulated For/(Taken From) Asset Replacement	2,358,297	1,243,802	1,885,740	18,433	914,938	(244,395)	(471,875)	(226,279)	3,039,613	1,048,256	(446,949)	2,681,372	11,800,953

Undesignated Working Capital													
Beginning Undesignated Working Capital	-	477,318	386,835	111,516	(2,822,413)	(2,017,895)	(2,736,283)	(2,407,269)	(1,911,917)	(1,378,687)	(3,464,079)	(3,493,180)	-
Net Income Plus Depreciation Less Principal	2,517,064	1,402,570	1,981,012	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	13,580,176
CapEx, Accruals, and other Balance Sheet Changes	(2,039,746)	(1,493,053)	(2,256,331)	(3,104,186)	(262,244)	(625,817)	649,065	569,807	(2,658,207)	(3,285,472)	266,024	775,357	(13,464,803)
Ending Undesignated Working Capital	**477,318**	**386,835**	**111,516**	**(2,822,413)**	**(2,017,895)**	**(2,736,283)**	**(2,407,269)**	**(1,911,917)**	**(1,378,687)**	**(3,464,079)**	**(3,493,180)**	**115,373**	**115,373**
Working Capital Designated for CapEx	**35,893,796**	**34,819,481**	**31,558,969**	**-**	**-**	**-**	**9,225,861**	**6,027,936**	**(1,919,681)**	**(1,896,954)**	**(1,877,073)**	**(1,854,330)**	**(1,854,330)**
Total Working Capital	**36,371,114**	**35,206,316**	**31,670,485**	**(2,822,413)**	**(2,017,895)**	**(2,736,283)**	**6,818,592**	**4,116,019**	**(3,298,368)**	**(5,361,033)**	**(5,370,253)**	**(1,738,957)**	**(1,738,957)**

Water Utility
Financial Analysis
As Of, And For the Nine-Month Period Ending March, 2015

Financial operations for the Water Fund continue to show improvement over FY14, both for the month of March and for the comparative 9-month period. The Water Fund, however, remains difficult to analyze due to the high degree to which its cash flows and working capital are influenced by capital expenditures, grant reimbursements, and loan advances. Significant accrual estimates are required in order to accurately state total working capital, and subcomponents of working capital – both undesignated and designated for capital expenditures – are influenced by the degree to which capital outlays can ultimately be reimbursed through grant or loans. Such reimbursements are not determined with certainty until actual quarterly billings are completed, in arrears.

Water sales revenue has increased by $199.5K, or 15.6% compared to the nine-month period ending February 28, 2014. Compared to plan, water sales revenue is $177.6K ahead of projections, a 13.7% positive variance.

Costs of operations have increased by $92.3K over FY2014, or 6.5% increase. Compared to plan, however, costs of operations are showing a positive variance of $85.6K, or 5.4%

The deficit in undesignated working capital has now fully turned into a positive balance, rising to $489.4K. Total working capital was $971.3K as of March 31, 2015.

In the summer of 2014, we had reported that the Water Fund had bottomed out financially, and, that user fee increases were finally causing the Water Fund's financial position to slowly improve. That trend has continued thru March, as all metrics show positive variances and improvement. The large CAPEX impact obscures trends, however.

Recently completed long-term financial forecasting has determined that annual fee increases in the range of 6% for the next decade will be required in order to maintain working capital levels and cover increased debt service payments for debt taken on to finance infrastructure repairs and replacements. A recent financial capacity analysis completed by the State of Alaska echoes this sentiment, stating ***"In light of the fund's insufficient and declining cash reserves and to minimize the financial risk to the ADWF, the (DeGroff Street) loan agreement should be amended to include a provision requiring the adoption of water rates sufficient to: (1) service current and new debt, (2) establish of a cash reserve for unexpected operating expenses, emergency capital contingency expenses, system reinvestment and (3) create a one month reserve for debt service payments."***

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

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan ($/L - 66.67%)	Variance To FY2015 Plan
Revenue:																	
Water Sales	165,341	173,207	167,688	168,384	129,937	190,631	158,489	141,268	181,435	-	-	-	1,476,380	1,276,881	199,499	1,298,745	177,635
Jobbing	(1,788)	7,023	-	3,147	54,983	32,352	(3,176)	787	-	-	-	-	93,328	13,699	79,629	11,850	81,478
Other Operating Revenue	1,367	2,207	2,873	1,644	1,387	1,513	15,910	435	690	-	-	-	28,026	66,675	(38,649)	5,348	22,679
Total Revenue:	164,920	182,437	170,561	173,175	186,307	224,496	171,223	142,490	182,125	-	-	-	1,597,734	1,357,255	240,479	1,315,943	281,792
Cost of Sales:																	
Distribution	23,603	39,154	41,038	57,441	29,820	65,382	22,186	22,562	26,816	-	-	-	328,002	321,172	(6,830)	341,497	13,495
Treatment	19,600	7,640	13,334	8,482	12,809	29,833	19,871	24,085	18,525	-	-	-	154,179	129,696	(24,483)	122,573	(31,606)
Jobbing	-	114	-	-	-	-	-	-	-	-	-	-	114	-	(114)	-	(114)
Depreciation	70,948	70,948	70,948	70,948	70,948	70,948	70,948	70,948	70,948	-	-	-	638,532	600,588	(37,944)	638,532	-
Total Cost of Sales:	114,151	117,856	125,320	136,871	113,577	166,163	113,005	117,595	116,289	-	-	-	1,120,827	1,051,456	(69,371)	1,102,602	(18,225)
Gross Margin:	50,769	64,581	45,241	36,304	72,730	58,333	58,218	24,895	65,836	-	-	-	476,907	305,799	171,108	213,341	263,567
	30.78%	35.40%	26.52%	20.96%	39.04%	25.98%	34.00%	17.47%	36.15%	#DIV/0!	#DIV/0!	#DIV/0!	29.85%	22.53%	7.32%	16.21%	13.64%
Selling and Administrative Expenses	5,310	16,123	6,029	41,031	130,632	73,953	51,113	33,318	32,319	-	-	-	389,828	366,971	(22,857)	493,688	103,860
Earnings Before Interest (EBI):	45,459	48,458	39,212	(4,727)	(57,902)	(15,620)	7,105	(8,423)	33,517	-	-	-	87,079	(61,172)	148,251	(280,348)	367,427
	27.56%	26.56%	22.99%	-2.73%	-31.08%	-6.96%	4.15%	-5.91%	18.40%	#DIV/0!	#DIV/0!	#DIV/0!	5.45%	-4.51%	9.96%	-21.30%	26.75%
Non-operating Revenue and Expense:																	
Non-operating revenue:	(1,140)	(188)	447	508	467	(3,125)	(1,955)	(3,104)	(4,559)	-	-	-	(12,649)	3,582	(16,231)	825	(13,474)
Grant Revenue	-	-	-	-	-	71,256	494,694	-	16,599	-	-	-	582,549	356,598	225,951	235,125	347,424
Interest Expense:	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	-	-	-	(62,613)	(47,970)	(14,643)	(52,349)	(10,264)
Total Non-operating Revenue & Expense:	(8,097)	(7,145)	(6,510)	(6,449)	(6,490)	61,174	485,782	(10,061)	5,083	-	-	-	507,287	312,210	195,077	183,601	323,686
Net Income:	37,362	41,313	32,702	(11,176)	(64,392)	45,554	492,887	(18,484)	38,600	-	-	-	594,366	251,038	343,328	(96,747)	691,113
	22.65%	22.65%	19.17%	-6.45%	-34.56%	20.29%	287.86%	-12.97%	21.19%	#DIV/0!	#DIV/0!	#DIV/0!	37.20%	18.50%	142.77%	-7.35%	44.55%
Earnings Before Interest and Depreciation (EBIDA):	116,407	119,406	110,160	66,221	13,046	55,328	78,053	62,525	104,465	-	-	-	725,611	539,416	186,195	358,184	367,427
	70.58%	65.45%	64.59%	38.24%	7.00%	24.65%	45.59%	43.88%	57.36%	#DIV/0!	#DIV/0!	#DIV/0!	45.42%	39.74%	5.67%	27.22%	18.20%
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	108,310	112,261	103,650	59,772	6,556	116,502	563,835	52,464	109,548	-	-	-	1,232,898	851,626	381,272	541,785	691,113
Debt Principal	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	-	-	-	223,200	198,063	(25,137)	223,200	-
Debt Principal Coverage Surplus/Deficit	83,510	87,461	78,850	34,972	(18,244)	91,702	539,035	27,664	84,748	-	-	-	1,009,698	653,563	356,135	318,585	691,113
Debt Principal Coverage Percentage	437%	453%	418%	241%	26%	470%	2274%	212%	442%	#DIV/0!	#DIV/0!	#DIV/0!	552.37%	429.98%	122.40%	242.74%	309.64%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	83,510	87,461	78,850	34,972	(18,244)	91,702	539,035	27,664	84,748	-	-	-	1,009,698	653,563	356,135	318,585	691,113
Depreciation	70,948	70,948	70,943	70,948	70,948	70,948	70,948	70,948	70,948	-	-	-	638,532	600,588	(37,944)	638,532	-
Cash Accumulated For/(Taken From) Asset Replacement	12,562	16,513	7,902	(35,976)	(89,192)	20,754	468,087	(43,284)	13,800	-	-	-	371,166	52,975	318,191	(319,947)	691,113
Working Capital																	
Beginning Undesignated Working Capital	(638,023)	(279,796)	(160,578)	(82,321)	(15,591)	128,273	216,809	283,401	358,700	489,413	489,413	489,413	(638,023)	(1,043,209)	405,186	(638,023)	-
Net Income Plus Depreciation Less Principal	83,510	87,461	78,850	34,972	(18,244)	91,702	539,035	27,664	84,748	-	-	-	1,009,698	653,563	356,135	318,585	691,113
CapEx, Accruals, and other Balance Sheet Changes	274,717	31,757	(593)	31,758	162,108	(3,166)	(472,443)	47,635	45,965	-	-	-	117,738	35,869	81,869	117,738	-
Ending Undesignated Working Capital	(279,796)	(160,578)	(82,321)	(15,591)	128,273	216,809	283,401	358,700	489,413	489,413	489,413	489,413	489,413	(353,777)	843,190	(201,700)	691,113
Working Capital Designated for CapEx	955,377	951,340	883,418	836,661	692,180	481,909	481,909	481,909	481,909	481,909	481,909	481,909	481,909	385,906	96,003	117,096	364,813
Current Assets	1,303,754	1,382,372	1,398,801	1,412,751	1,412,063	1,290,328	1,356,920	1,178,380	1,309,163	1,309,163	1,309,163	1,309,163	1,309,163	333,779	975,384		
Current Liabilities	(330,573)	(294,010)	(300,104)	(294,081)	(294,010)	(294,010)	(294,010)	(40,171)	(40,241)	(40,241)	(40,241)	(40,241)	(40,241)	(37,564)	(2,677)		
CPLTD	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(297,600)	(264,086)	(33,514)		
WCDFCapex	(955,377)	(951,340)	(883,418)	(836,661)	(692,180)	(481,909)	(481,909)	(481,909)	(481,909)	(481,909)	(481,909)	(481,909)	(481,909)	(385,906)	(96,003)		
Undesignated Working Capital	(279,796)	(160,578)	(82,321)	(15,591)	128,273	216,809	283,401	358,700	489,413	489,413	489,413	489,413	489,413	(353,777)	843,190	(201,700)	691,113
Total Working Capital	675,581	790,762	801,097	821,070	820,453	698,718	765,310	840,609	971,322	971,322	971,322	971,322	971,322	32,129	939,193	(84,604)	1,055,926
	-	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-	-					

Working Capital designated for Capex, June 30, 2014

Japonski Is.Channel Water Line	80041	12,703.78
Japonski Island Water Design	80238	70,000.00
IRWTP Filterbed Rehab	90612	24,225.00
Blue Lake Dam Project	90624	35,000.00
O'Cain Street Main Replacement	90651	88,403.92
UV Disinfection Feasability Study	90652	366,447.41
HPR Water Improvements	90673	392,709.16
SMC Water Improvements	90675	150,000.00
Monastery Street Water mains	90698	34,999.71
Design Baranoff water main	90710	37,225.16

Working Capital designated for Capex, June 30, 2014	955,377
New CapEx designations of Working Capital in FY15 Budget	
Less FY15 working capital outlays for CapEx	(473,468)
Working Capital designated for Capex, June 30, 2015	481,909

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

2 Dist. System meters	90711	50,000.00
Airport Water Main (USCG housing)	90731	70,848.70
Repair Coating Harbor Mountain Storage Tar	90752	10,835.42
Design DeArmond Water Main replacements	90754	50,000.00
Adjustment		(438,021.26)
		955,377.00

City and Borough of Sitka
Water Utility
Income Statement
For The Trailing Twelve-Month Period Ending March 31, 2015
(Unaudited)

	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2013	November 2014	December 2014	January 2015	February 2015	March 2015	12-Month Trailing
Revenue:													
Water Sales	143,984	145,077	143,152	165,341	173,207	167,688	168,384	129,937	190,631	158,489	141,268	181,435	1,908,593
Jobbing	1,198	-	28,816	(1,788)	7,023	-	3,147	54,983	32,352	(3,176)	787	-	123,342
Other Operating Revenue	764	632	2,907	1,367	2,207	2,873	1,644	1,387	1,513	15,910	435	690	32,329
Total Revenue:	145,946	145,709	174,875	164,920	182,437	170,561	173,175	186,307	224,496	171,223	142,490	182,125	2,064,264
Cost of Sales:													
Distribution	39,387	38,642	31,659	23,603	39,154	41,038	57,441	29,820	65,382	22,186	22,562	26,816	437,690
Treatment	12,677	12,030	36,909	19,600	7,640	13,334	8,482	12,809	29,833	19,871	24,085	18,525	215,795
Jobbing	-	-	-	-	114	-	-	-	-	-	-	-	114
Depreciation	66,732	66,732	66,732	70,948	70,948	70,948	70,948	70,948	70,948	70,948	70,948	70,948	838,728
Total Cost of Sales:	118,796	117,404	135,300	114,151	117,856	125,320	136,871	113,577	166,163	113,005	117,595	116,289	1,492,327
Gross Margin:	27,150	28,305	39,575	50,769	64,581	45,241	36,304	72,730	58,333	58,218	24,895	65,836	571,937
	18.60%	19.43%	22.63%	30.78%	35.40%	26.52%	20.96%	39.04%	25.98%	34.00%	17.47%	36.15%	27.71%
Selling and Administrative Expenses	44,863	29,456	39,439	5,310	16,123	6,029	41,031	130,632	73,953	51,113	33,318	32,319	503,586
Earnings Before Interest (EBI):	(17,713)	(1,151)	136	45,459	48,458	39,212	(4,727)	(57,902)	(15,620)	7,105	(8,423)	33,517	68,351
	-12.14%	-0.79%	0.08%	27.56%	26.56%	22.99%	-2.73%	-31.08%	-6.96%	4.15%	-5.91%	18.40%	3.31%
Non-operating Revenue and Expense:													
Non-operating revenue:	(616)	(904)	60	(1,140)	(188)	447	508	467	(3,125)	(1,955)	(3,104)	(4,559)	(14,109)
Grant Revenue	190,909	-	256,247	-	-	-	-	531	71,256	494,694	-	16,599	1,030,236
Interest Expense:	(5,330)	(5,330)	(5,330)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	(78,603)
Total Non-operating Revenue & Expense:	184,963	(6,234)	250,977	(8,097)	(7,145)	(6,510)	(6,449)	(5,959)	61,174	485,782	(10,061)	5,083	937,524
Net Income:	167,250	(7,385)	251,113	37,362	41,313	32,702	(11,176)	(63,861)	45,554	492,887	(18,484)	38,600	1,005,875
	114.60%	-5.07%	143.60%	22.65%	22.65%	19.17%	-6.45%	-34.28%	20.29%	287.86%	-12.97%	21.19%	48.73%
Earnings Before Interest and Depreciation (EBIDA):	49,019	65,581	66,868	116,407	119,406	110,160	66,221	13,046	55,328	78,053	62,525	104,465	907,079
	33.59%	45.01%	38.24%	70.58%	65.45%	64.59%	38.24%	7.00%	24.65%	45.59%	43.88%	57.36%	43.94%
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	234,032	59,347	317,845	108,310	112,261	103,650	59,772	7,087	116,502	563,835	52,464	109,548	1,844,653
Debt Principal	22,007	22,007	22,007	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	24,800	289,221
Debt Principal Coverage Surplus/Deficit	212,025	37,340	295,838	83,510	87,461	78,850	34,972	(17,713)	91,702	539,035	27,664	84,748	1,555,432
Debt Principal Coverage Percentage	1063%	270%	1444%	437%	453%	418%	241%	29%	470%	2274%	212%	442%	638%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	212,025	37,340	295,838	83,510	87,461	78,850	34,972	(17,713)	91,702	539,035	27,664	84,748	1,555,432
Depreciation	66,732	66,732	66,732	70,948	70,948	70,948	70,948	70,948	70,948	70,948	70,948	70,948	838,728
Cash Accumulated For/(Taken From) Asset Replacement	145,293	(29,392)	229,106	12,562	16,513	7,902	(35,976)	(88,661)	20,754	468,087	(43,284)	13,800	716,704
Working Capital													
Beginning Undesignated Working Capital	(353,777)	(356,764)	(288,368)	(638,023)	(279,796)	(160,578)	(82,321)	(15,591)	128,273	216,809	319,401	394,700	(353,777)
Net Income Plus Depreciation Less Principal	212,025	37,340	295,838	83,510	87,461	78,850	34,972	(17,713)	91,702	539,035	27,664	84,748	1,555,432
CapEx, Accruals, and other Balance Sheet Changes	(215,012)	31,056	(645,493)	274,717	31,757	(593)	31,758	161,577	(3,166)	(436,443)	47,635	45,965	(676,242)
Ending Undesignated Working Capital	(356,764)	(288,368)	(638,023)	(279,796)	(160,578)	(82,321)	(15,591)	128,273	216,809	319,401	394,700	525,413	525,413
Working Capital Designated for CapEx	391,864	849,489	752,975	955,377	951,340	883,418	836,661	692,180	481,909	481,909	481,909	481,909	481,909

Wastewater Treatment Utility
Financial Analysis
As Of, And For the Nine-Month Period Ending March 31, 2015

Financial operations for the Wastewater Treatment Fund continued to show improvement over FY14. Revenue has increased by $184.2K, or 9.4% in comparison to the same 9-month period in FY14. Compared to plan for FY15, revenue has exceeded plan by $26.7K, or 1.3% through March.

Costs of operations have increased over the same 9-month period in FY14, however. Costs of sales is up $107.5K, or 5.6%, and administrative costs are up $20.6K, or 3.8%. Compared to plan, however, costs of operations are showing positive variances, falling $333.2K, or 11.3% below projections for the 9-month period.

Undesignated working capital has grown by $425.1K since July 31, to $3,534.2K. Overall working capital stood at $5,224.7K as of March 31, up from $4,961.7 as of July 31. Undesignated working capital is on track to reach the fiscal year-end target of $3,838.8K, as set forth in the Wastewater Treatment Cash Flow, Working Capital and Debt Model.

The rate increase passed last year is having the desired effect, causing working capital to slowly but steadily rise. Cash flows after providing for debt principal repayments are still less than 50% of depreciation, however, indicating the need for continued rate increases in FY17 and beyond, in accordance with the Wastewater Treatment Master Plan.

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 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75.00%)	Variance To FY2015 Plan
Revenue:																	
Wastewater Treatment Services	223,918	223,699	220,834	223,936	223,325	222,167	221,521	219,057	222,405	-	-	-	2,000,862	1,825,483	175,379	2,026,500	(25,638)
Jobbing	1,980	6,507	-	27,488	28,670	65,413	540	823	(25)	-	-	-	131,396	112,444	18,952	83,850	47,546
Other Operating Revenue	2,304	794	3,441	1,909	1,480	1,380	20	530	1,008	-	-	-	12,866	22,996	(10,130)	8,100	4,766
Total Revenue:	228,202	231,000	224,275	253,333	253,475	288,960	222,081	220,410	223,388	-	-	-	2,145,124	1,960,923	184,201	2,118,450	26,674
Cost of Sales:																	
Collection	46,569	60,310	66,831	92,350	68,882	63,488	46,169	58,198	66,958	-	-	-	569,755	371,251	198,504	865,781	296,026
Treatment	24,747	29,043	45,033	43,087	61,695	40,168	40,372	43,751	38,174	-	-	-	366,070	471,239	(105,169)	222,797	(143,274)
Jobbing	(2,177)	-	-	-	-	-	-	-	-	-	-	-	(2,177)	-	(2,177)	-	(2,177)
Depreciation	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	-	-	-	1,110,132	1,093,752	16,380	1,110,132	-
Total Cost of Sales:	192,487	212,701	235,212	258,785	253,925	227,004	209,889	225,297	228,480	-	-	-	2,043,780	1,936,242	107,538	2,198,709	150,575
Gross Margin:	35,715	18,299	(10,937)	(5,452)	(450)	61,956	12,192	(4,887)	(5,092)	-	-	-	101,344	24,681	76,663	(80,259)	181,603
	15.65%	7.92%	-4.88%	-2.15%	-0.18%	21.44%	5.49%	-2.22%	-2.28%	#DIV/0!	#DIV/0!	#DIV/0!	4.72%	1.26%	3.47%	-3.79%	8.51%
Selling and Administrative Expenses	17,007	22,067	20,399	46,836	177,240	83,522	81,846	55,667	59,122	-	-	-	563,706	543,076	20,630	746,355	182,649
Earnings Before Interest (EBI):	18,708	(3,768)	(31,336)	(52,288)	(177,690)	(21,566)	(69,654)	(60,554)	(64,214)	-	-	-	(462,362)	(518,395)	56,033	(826,614)	364,252
	8.20%	-1.63%	-13.97%	-20.64%	-70.10%	-7.46%	-31.36%	-27.47%	-28.75%	#DIV/0!	#DIV/0!	#DIV/0!	-21.55%	-26.44%	4.88%	-39.02%	17.47%
Non-operating Revenue and Expense:																	
Non-operating revenue:	10,021	10,610	10,717	8,930	6,341	12,022	7,671	7,562	8,899	-	-	-	82,773	75,366	7,407	68,400	14,373
Grant Revenue	-	-	-	-	-	-	936	-	6,385	-	-	-	7,321	352,587	(345,266)	335,475	(328,154)
Interest Expense:	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	-	-	-	(89,433)	(30,375)	(59,058)	(89,430)	(3)
Total Non-operating Revenue & Expense:	84	673	780	(1,007)	(3,596)	2,085	(1,330)	(2,375)	5,347	-	-	-	179,527	458,328	(278,801)	493,305	342,527
Net Income:	18,792	(3,095)	(30,556)	(53,295)	(181,286)	(19,481)	(70,984)	(62,929)	(58,867)	-	-	-	(282,835)	(60,067)	(222,768)	(333,309)	50,474
	8.23%	-1.34%	-13.62%	-21.04%	-71.52%	-6.74%	-31.96%	-28.55%	-26.35%	#DIV/0!	#DIV/0!	#DIV/0!	-13.19%	-3.06%	-10.12%	-15.73%	2.55%
Earnings Before Interest and Depreciation (EBIDA):	142,056	119,580	92,012	71,060	(54,342)	101,782	53,694	62,794	59,134	-	-	-	647,770	575,357	72,413	283,518	364,252
	62.25%	51.77%	41.03%	28.05%	-21.44%	35.22%	24.18%	28.49%	26.47%	#DIV/0!	#DIV/0!	#DIV/0!	30.20%	29.34%	0.86%	13.38%	16.81%
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	142,140	120,253	92,792	70,053	(57,938)	103,867	52,364	60,419	64,481	-	-	-	648,431	972,935	(324,504)	776,823	(128,392)
Debt Principal	20,691	20,691	20,691	20,691	20,691	20,691	20,691	20,691	20,691	-	-	-	186,219	143,325	42,894	186,219	-
Debt Principal Coverage Surplus/Deficit	121,449	99,562	72,101	49,362	(78,629)	83,176	31,673	39,728	43,790	-	-	-	462,212	829,610	(367,398)	590,604	(128,392)
Debt Principal Coverage Percentage	687%	581%	448%	339%	-280%	502%	253%	292%	312%	#DIV/0!	#DIV/0!	#DIV/0!	348%	679%	-330.62%	417%	-69%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	121,449	99,562	72,101	49,362	(78,629)	83,176	31,673	39,728	43,790	-	-	-	462,212	829,610	(367,398)	590,604	(128,392)
Depreciation	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	-	-	-	1,110,132	1,093,752	16,380	1,110,132	-
Cash Accumulated For/(Taken From) Asset Replacement	(1,899)	(23,786)	(51,247)	(73,986)	(201,977)	(40,172)	(91,675)	(83,620)	(79,558)	-	-	-	(647,920)	(264,142)	(383,778)	(519,528)	(128,392)
Working Capital																	
Beginning Undesignated Working Capital	2,095,757	3,109,071	3,195,869	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,534,215	3,534,215	2,095,757	1,893,254	202,503	2,095,757	2,095,757
Net Income Plus Depreciation Less Principal	121,449	99,562	72,101	49,362	(78,629)	83,176	31,673	39,728	43,790	-	-	-	462,212	829,610	(367,398)	590,604	(128,392)
CapEx, Accruals, and other Balance Sheet Changes	891,865	(12,764)	(29,835)	30,631	30,627	30,628	26,692	(26,117)	34,519	-	-	-	976,246	(481,147)	1,457,393	-	976,246
Ending Undesignated Working Capital	3,109,071	3,195,869	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,534,215	3,534,215	3,534,215	3,534,215	2,241,717	1,292,498	2,686,361	847,854
Working Capital Designated for CapEx	1,852,663	1,852,663	1,808,592	1,711,405	1,778,570	1,766,306	1,732,537	1,707,995	1,690,475	1,690,475	1,690,475	1,690,475	1,690,475	3,498,152	(1,807,677)	1,638,777	51,698
Current Assets	5,307,376	5,393,532	5,391,727	5,374,533	5,403,899	5,505,439	5,541,390	5,536,886	5,613,102	5,613,102	5,613,102	5,613,102					
Current Liabilities	(97,350)	(96,708)	(96,708)	(96,708)	(106,911)	(106,911)	(118,266)	(124,693)	(140,120)	(140,120)	(140,120)	(140,120)					
CPLTD	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)					
WCDFCapex	(1,852,663)	(1,852,663)	(1,808,592)	(1,711,405)	(1,778,570)	(1,766,306)	(1,732,537)	(1,707,995)	(1,690,475)	(1,690,475)	(1,690,475)	(1,690,475)					
Undesignated Working Capital	3,109,071	3,195,869	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,534,215	3,534,215	3,534,215	3,534,215	2,011,371	1,522,844		
Total Working Capital	4,961,734	5,048,532	5,046,727	5,029,533	5,048,696	5,150,236	5,174,832	5,163,901	5,224,690	5,224,690	5,224,690	5,224,690	5,224,690	5,509,523	(284,833)		
	-	-	-	-	-	-	-	-	-	-	-	-					

Working Capital Designated for Capex

		6/30/2014
90258	Replace Lift Station Alarm System	186,537.23
90259	Cathodic Protection-14 Lift Station	129,103.72
90274	Cove Lift Station Replacement	90,612.26
90447	WWTP Control System	85,402.53

Working Capital designated for Capex, June 30, 2014 1,638,777.00

New CapEx designations of Working Capital in FY14 Budget

Paint Generator Buildings	6,000.00
Replace Coiling Door	20,000.00
Replace Medium Size Lift Station Pumps	40,000.00
Replace Generators - Lift Stations	20,000.00

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

90531	Monastery/Kincaid Sewer Design	30,000.00
90534	W.W. Solids Monofill	30,000.00
90564	HPR/SMC Intersection Main Rehab	-
90565	Jamestown Bay Lift Station Replment	58,231.68
90579	SMC Rd Sewer Ph III	55,545.68
90601	Lake St Lift Station Rebuild	563,957.52
90602	Sanitary Sewer Main Replacement	145,642.62
90654	WWTP Air Control System	21,000.00
90655	SF4 Replacement (Supply Fan)	38,935.02
90676	Brady St Rebuild Lift Station	165,000.00
90697	Japonski Island Sewer Lift Station	18,500.15
90698	Monastery St Sewer/Water Main	889,771.37
90710	Baranoff Water/WW Main \Replacement	57,355.00
90713	Crescent lift Station Replacement	195,000.00
90715	WWTP AHU retrofit	50,000.00
90732	Hollywood Way W/WW Replacement	(13,685.04)
90733	HPR Sewer Improvements (DOT)	37,282.36
90734	New Archangel Sewer Main (Marine-HPR)	23,610.24
	WWTP Exterior Building Rot	(3,480.92)
	Variance	(1,215,544.42)
	Total designated working capital	1,638,777.00

WWTP FY14 - Garage Doors, Blowers, Hi-Press Pump	90,000.00
New fixed assets	35,000.00
Less FY15 working capital outlays for CapEx/ ATF Grant Reimbursements	(159,302.00)
Working Capital designated for Capex, June 30, 2015	1,690,475.00

City and Borough of Sitka
Wastewater Treatment Utility
Income Statement
For The Trailing Twelve-Month Period Ending March 31, 2015
(Unaudited)

	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	12-Month Trailing
Revenue:													
Wastewater Treatment Services	200,205	205,333	205,052	223,918	223,699	220,834	223,936	223,325	222,167	221,521	219,057	222,405	2,611,452
Jobbing	25,203	-	54,064	1,980	6,507	-	27,488	28,670	65,413	540	823	(25)	210,663
Other Operating Revenue	863	600	3,926	2,304	794	3,441	1,909	1,480	1,380	20	530	1,008	18,255
Total Revenue:	226,271	205,933	263,042	228,202	231,000	224,275	253,333	253,475	288,960	222,081	220,410	223,388	2,840,370
Cost of Sales:													
Collection	41,840	90,801	138,426	46,569	60,310	66,831	92,350	68,882	63,488	46,169	58,198	66,958	840,822
Treatment	43,591	55,734	49,483	24,747	29,043	45,033	43,087	61,695	40,168	40,372	43,751	38,174	514,878
Jobbing	-	-	1,891	(2,177)	-	-	-	-	-	-	-	-	(286)
Depreciation	121,528	121,528	143,364	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	1,496,552
Total Cost of Sales:	206,959	268,063	333,164	192,487	212,701	235,212	258,785	253,925	227,004	209,889	225,297	228,480	2,851,966
Gross Margin:	19,312	(62,130)	(70,122)	35,715	18,299	(10,937)	(5,452)	(450)	61,956	12,192	(4,887)	(5,092)	(11,596)
	8.53%	-30.17%	-26.66%	15.65%	7.92%	-4.88%	-2.15%	-0.18%	21.44%	5.49%	-2.22%	-2.28%	-0.41%
Selling and Administrative Expenses	71,958	56,323	472	17,007	22,067	20,399	46,836	177,240	83,522	81,846	55,667	59,122	692,459
Earnings Before Taxes (EBI):	(52,646)	(118,453)	(70,594)	18,708	(3,768)	(31,336)	(52,288)	(177,690)	(21,566)	(69,654)	(60,554)	(64,214)	(704,055)
	-23.27%	-57.52%	-26.84%	8.20%	-1.63%	-13.97%	-20.64%	-70.10%	-7.46%	-31.36%	-27.47%	-28.75%	-24.79%
Non-operating Revenue and Expense:													
Non-operating revenue:	8,483	8,500	60,309	10,021	10,610	10,717	8,930	6,341	12,022	7,671	7,562	8,899	160,065
Grant Revenue	-	17,970	18,259	-	-	-	-	-	-	936	-	6,385	43,550
Interest Expense:	(3,375)	(3,375)	(18,014)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(114,197)
Total Non-operating Revenue & Expense:	5,108	23,095	60,554	84	673	780	(1,007)	(3,596)	2,085	(1,330)	(2,375)	5,347	317,812
Net Income:	(47,538)	(95,358)	(10,040)	18,792	(3,095)	(30,556)	(53,295)	(181,286)	(19,481)	(70,984)	(62,929)	(58,867)	(386,243)
	-21.01%	-46.31%	-3.82%	8.23%	-1.34%	-13.62%	-21.04%	-71.52%	-6.74%	-31.96%	-28.55%	-26.35%	-13.60%
Earnings Before Interest and Depreciation (EBIDA):	68,882	3,075	72,770	142,056	119,580	92,012	71,060	(54,342)	101,782	53,694	62,794	59,134	792,497
	30.44%	1.49%	27.66%	62.25%	51.77%	41.03%	28.05%	-21.44%	35.22%	24.18%	28.49%	26.47%	27.90%
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	73,990	26,170	133,324	142,140	120,253	92,792	70,053	(57,938)	103,867	52,364	60,419	64,481	881,915
Debt Principal	15,925	15,925	47,794	20,691	20,691	20,691	20,691	20,691	20,691	20,691	20,691	20,691	265,863
Debt Principal Coverage Surplus/Deficit	58,065	10,245	85,530	121,449	99,562	72,101	49,362	(78,629)	83,176	31,673	39,728	43,790	616,052
Debt Principal Coverage Percentage	465%	164%	279%	687%	581%	448%	339%	-280%	502%	253%	292%	312%	332%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	58,065	10,245	85,530	121,449	99,562	72,101	49,362	(78,629)	83,176	31,673	39,728	43,790	616,052
Depreciation	121,528	121,528	143,364	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	1,496,552
Cash Accumulated For/(Taken From) Asset Replacement	(63,463)	(111,283)	(57,834)	(1,899)	(23,786)	(51,247)	(73,986)	(201,977)	(40,172)	(91,675)	(83,620)	(79,558)	(880,500)
Working Capital													
Beginning Undesignated Working Capital	2,011,371	2,022,891	1,999,042	2,095,757	3,109,071	3,195,869	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	2,011,371
Net Income Plus Depreciation Less Principal	58,065	10,245	85,530	121,449	99,562	72,101	49,362	(78,629)	83,176	31,673	39,728	43,790	616,052
CapEx, Accruals, and other Balance Sheet Changes	(46,545)	(34,094)	11,185	891,865	(12,764)	(29,835)	30,631	30,627	30,628	26,692	(26,117)	34,519	906,792
Ending Undesignated Working Capital	2,022,891	1,999,042	2,095,757	3,109,071	3,195,869	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,534,215
Working Capital Designated for CapEx	3,496,271	3,598,679	2,708,196	1,852,663	1,852,663	1,808,592	1,711,405	1,778,570	1,766,306	1,732,537	1,707,995	1,690,475	1,690,475

Solid Waste Utility
Financial Analysis
As Of, And For the Nine-Month Period Ending March, 2015

The financial performance of the Solid Waste Fund has remained steady and is ahead of plan for FY15. The Solid Fund Waste Fund has reduced the amount of its loss in comparison to FY14, and, its performance is positive in comparison to Plan. Working capital has stabilized at around $1.17M.

Compared to plan, the Solid Waste Fund is showing positive variances year-to-date in top line solid waste disposal revenue, $2,159.2K versus 2,051.1K; and, costs of sales, $2,016.2K versus $2,046.0K. Selling and administrative costs have increased over FY14, however, $351.0K versus $293.7K. EBI, EBID, and Net Income are all ahead of plan, at $(59.0K), $103.1K, and ($60.2K), respectively.

Undesignated working capital has stabilized in the $350K - $375K range; it was $353.7K as of March 31, 2015. What needs to be taken into account when considering these working capital total is that debt principal for the solid waste fund is paid annually in June, and will be $115,800 in FY2015. Working capital totals reflect this upcoming debt payment. Total working capital as of March 31, 2015 was $1,177.1K.

A significant future event that will affect the financial position and performance of the Solid Waste Fund is the renegotiation of long-term waste disposal contracts in FY15. It is anticipated that new contracts will bring cost increases. Accordingly, Administration will recommend user fee increases in the spring of 2015, as soon as new contract costs are known. It is anticipated that user fee increases will be substantial, in the 10% plus range, reflecting the fact that user fees have not been increased in over a decade.

City and Borough of Sitka
Solid Waste Disposal Utility
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2015
(Unaudited)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75.00%)	Variance To FY2015 Plan
Revenue:																	
Solid Waste Disposal Services	245,483	244,777	237,342	249,325	285,222	233,606	220,763	243,777	198,894	-	-	-	2,159,189	2,051,070	108,119	2,022,705	136,484
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	297	(297)	450	(450)
Other Operating Revenue	203	5,381	42,510	6,454	46,917	7,434	8,149	3,721	28,358	-	-	-	149,127	195,572	(46,445)	235,778	(86,651)
Total Revenue:	245,686	250,158	279,852	255,779	332,139	241,040	228,912	247,498	227,252	-	-	-	2,308,316	2,246,939	61,377	2,258,933	49,384
Cost of Sales:																	
Contract Waste Hauling	62,783	68,278	64,104	66,369	69,130	59,243	62,486	62,933	63,758	-	-	-	579,084	548,214	(30,870)	471,168	(107,916)
Transfer Station	108,650	102,739	112,456	119,730	70,767	103,523	92,660	77,963	86,798	-	-	-	875,286	873,516	(1,770)	940,148	64,862
Landfill	5,483	4,747	9,864	6,992	5,406	13,058	19,352	5,659	11,784	-	-	-	82,345	127,061	44,716	242,491	160,146
Recycling	24,886	26,252	50,965	48,469	30,209	33,530	41,241	32,802	29,105	-	-	-	317,459	335,139	17,680	288,535	(28,924)
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	-	-	-	162,063	162,063	-	162,063	-
Total Cost of Sales:	219,809	220,023	255,396	259,567	193,519	227,361	233,746	197,364	209,452	-	-	-	2,016,237	2,045,993	29,756	2,104,404	88,167
Gross Margin:	25,877	30,135	24,456	(3,788)	138,620	13,679	(4,834)	50,134	17,800	-	-	-	292,079	200,946	91,133	154,529	137,551
	10.53%	12.05%	8.74%	-1.48%	41.74%	5.67%	-2.11%	20.26%	7.83%	#DIV/0!	#DIV/0!	#DIV/0!	12.65%	8.94%	3.71%	6.84%	5.81%
Selling and Administrative Expenses	32,204	31,459	31,900	44,662	35,908	60,875	46,335	33,886	33,806	-	-	-	351,035	293,668	(57,367)	880,036	529,001
Earnings Before Interest (EBI):	(6,327)	(1,324)	(7,444)	(48,450)	102,712	(47,196)	(51,169)	16,248	(16,006)	-	-	-	(58,956)	(92,722)	33,766	(725,507)	666,551
	-2.58%	-0.53%	-2.66%	-18.94%	30.92%	-19.58%	-22.35%	6.56%	-7.04%	#DIV/0!	#DIV/0!	#DIV/0!	-2.55%	-4.13%	1.57%	-32.12%	29.56%
Non-operating Revenue and Expense:																	
Non-operating revenue:	1,986	1,979	1,975	1,987	1,521	2,996	1,906	1,870	2,119	-	-	-	18,339	22,082	(3,743)	22,500	(4,161)
Interest Expense:	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	-	-	-	(19,539)	(20,844)	1,305	(19,541)	2
Total Non-operating Revenue & Expense:	(185)	(192)	(196)	(184)	(650)	825	(265)	(301)	(52)	-	-	-	(1,200)	1,238	(2,438)	2,959	(4,159)
Net Income:	(6,512)	(1,516)	(7,640)	(48,634)	102,062	(46,371)	(51,434)	15,947	(16,058)	-	-	-	(60,156)	(91,484)	31,328	(722,549)	662,393
	-2.65%	-0.61%	-2.73%	-19.01%	30.73%	-19.24%	-22.47%	6.44%	-7.07%	#DIV/0!	#DIV/0!	#DIV/0!	-2.61%	-4.07%	1.47%	-31.99%	29.38%
Earnings Before Interest and Depreciation (EBID):	11,680	16,683	10,563	(30,443)	120,719	(29,189)	(33,162)	34,255	2,001	-	-	-	103,107	69,341	33,766	(563,444)	666,551
	4.75%	6.67%	3.77%	-11.90%	36.35%	-12.11%	-14.49%	13.84%	0.88%	#DIV/0!	#DIV/0!	#DIV/0!	4.47%	3.09%	1.38%	-24.94%	29.41%
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	11,495	16,491	10,367	(30,627)	120,069	(28,364)	(33,427)	33,954	1,949	-	-	-	101,907	70,579	31,328	35,242	66,665
Debt Principal	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	-	-	-	86,850	86,850	-	86,850	-
Debt Principal Coverage Surplus/Deficit	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	-	-	-	15,057	(16,271)	31,328	(51,608)	66,665
Debt Principal Coverage Percentage	119%	171%	107%	-317%	1244%	-294%	-346%	352%	20%	#DIV/0!	#DIV/0!	#DIV/0!	117%	81%	36.07%	40.58%	76.76%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	-	-	-	15,057	(16,271)	31,328	(22,658)	37,715
Depreciation	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	-	-	-	162,063	162,063	-	162,063	-
Cash Accumulated For/(Taken From) Asset Replacement	(16,162)	(11,166)	(17,290)	(58,284)	92,412	(56,021)	(61,084)	6,297	(25,708)	-	-	-	(147,006)	(178,334)	31,328	(184,721)	37,715
Working Capital																	
Beginning Undesignated Working Capital	197,276	284,362	365,548	383,654	364,737	377,868	362,223	320,102	349,797	353,717	353,717	353,717	197,276	537,729	(340,453)	197,276	-
Net Income Plus Depreciation Less Principal	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	-	-	-	15,057	(16,271)	31,328	(51,608)	66,665
Accruals, and other Balance Sheet Changes	85,241	74,345	17,389	21,360	(97,288)	22,369	956	5,391	11,621	-	-	-	141,384	145,808	(4,424)	136,271	5,113
Ending Undesignated Working Capital	284,362	365,548	383,654	364,737	377,868	362,223	320,102	349,797	353,717	353,717	353,717	353,717	353,717	667,266	(313,549)	281,939	71,778
Working Capital Designated for CapEx	756,490	756,490	756,490	756,490	756,377	847,347	835,312	826,442	823,348	823,348	823,348	823,348	823,348	721,490	101,858	595,395	227,953
Current Assets	1,274,496	1,302,446	1,349,537	1,357,648	1,255,081	1,330,757	1,277,205	1,298,646	1,299,934	1,299,934	1,299,934	1,299,934					
Current Liabilities	(117,846)	(64,610)	(93,595)	(120,623)	(5,038)	(5,389)	(5,993)	(6,609)	(7,071)	(7,071)	(7,071)	(7,071)					
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)					
WCDFCapex	(756,490)	(756,490)	(756,490)	(756,490)	(756,377)	(847,347)	(835,312)	(826,442)	(823,348)	(823,348)	(823,348)	(823,348)					
Undesignated Working Capital	284,362	365,548	383,654	364,737	377,868	362,223	320,102	349,797	353,717	353,717	353,717	353,717	353,717	667,266	(313,549)	281,939	71,778
Total Working Capital	1,040,852	1,122,038	1,140,144	1,121,227	1,134,245	1,209,570	1,155,414	1,176,239	1,177,065	1,177,065	1,177,065	1,177,065	1,177,065	1,388,756	(211,691)	877,334	299,731
	-	-	-	-	-	-	-	-	-	-	-	-					

Working Capital Designated for Capex, June 30, 2014

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
		721,490.04

Working Capital designated for Capex, June 30, 2014	721,490.04
New CapEx designations of Working Capital in FY15 Budget	
Solid Waste Master Plan	91,095.00
New fixed assets	35,000.00
Less FY15 working capital outlays for CapEx	(24,237.00)

City and Borough of Sitka
Solid Waste Disposal Utility
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2015
(Unaudited)

Working Capital designated for Capex, June 30, 2015	**823,348.04**

City and Borough of Sitka
Solid Waste Disposal Utility
Income Statement
For The Trailing Twelve-Month Period Ending March 31, 2015
(Unaudited)

	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	12-Month Trailing
Revenue:													
Solid Waste Disposal Services	236,766	238,416	234,487	245,483	244,777	237,342	222,564	285,222	233,606	220,763	243,777	198,894	2,842,097
Jobbing	351	-	-	-	-	-	-	-	-	-	-	-	351
Other Operating Revenue	41,395	3,180	33,209	203	5,381	42,510	33,215	46,917	7,434	8,149	3,721	28,358	253,672
Total Revenue:	278,512	241,596	267,696	245,686	250,158	279,852	255,779	332,139	241,040	228,912	247,498	227,252	3,096,120
Cost of Sales:													
Contract Waste Hauling	61,463	62,809	70,571	62,783	68,278	64,104	66,369	69,130	59,243	62,486	62,933	63,758	773,927
Transfer Station	89,762	133,456	126,523	108,650	102,739	112,456	119,730	70,767	103,523	92,660	77,963	86,798	1,225,027
Landfill	29,064	22,971	33,974	5,483	4,747	9,864	6,992	5,406	13,058	19,352	5,659	11,784	168,354
Recycling	44,802	9,992	74,818	24,886	26,252	50,965	48,469	30,209	33,530	41,241	32,802	29,105	447,071
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,007	18,007	18,005	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	216,082
Total Cost of Sales:	243,098	247,235	323,891	219,809	220,023	255,396	259,567	193,519	227,361	233,746	197,364	209,452	2,830,461
Gross Margin:	35,414	(5,639)	(56,195)	25,877	30,135	24,456	(3,788)	138,620	13,679	(4,834)	50,134	17,800	265,659
	12.72%	-2.33%	-20.99%	10.53%	12.05%	8.74%	-1.48%	41.74%	5.67%	-2.11%	20.26%	7.83%	8.58%
Selling and Administrative Expenses	34,843	34,982	33,363	32,204	31,459	31,900	44,662	35,908	60,875	46,335	33,886	33,806	454,223
Earnings Before Interest (EBI):	571	(40,621)	(89,558)	(6,327)	(1,324)	(7,444)	(48,450)	102,712	(47,196)	(51,169)	16,248	(16,006)	(188,564)
	0.21%	-16.81%	-33.46%	-2.58%	-0.53%	-2.66%	-18.94%	30.92%	-19.58%	-22.35%	6.56%	-7.04%	-6.09%
Non-operating Revenue and Expense:													
Non-operating revenue:	2,114	2,275	592	1,986	1,979	1,975	1,987	1,521	2,996	1,906	1,870	2,119	23,320
Interest Expense:	(2,316)	(2,316)	(2,332)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(26,503)
Total Non-operating Revenue & Expense:	(202)	(41)	(1,740)	(185)	(192)	(196)	(184)	(650)	825	(265)	(301)	(52)	(3,183)
Net Income:	369	(40,662)	(91,298)	(6,512)	(1,516)	(7,640)	(48,634)	102,062	(46,371)	(51,434)	15,947	(16,058)	(191,747)
	0.13%	-16.83%	-34.11%	-2.65%	-0.61%	-2.73%	-19.01%	30.73%	-19.24%	-22.47%	6.44%	-7.07%	-6.19%
Earnings Before Interest and Depreciation (EBID):	18,578	(22,614)	(71,553)	11,680	16,683	10,563	(30,443)	120,719	(29,189)	(33,162)	34,255	2,001	27,518
	6.67%	-9.36%	-26.73%	4.75%	6.67%	3.77%	-11.90%	36.35%	-12.11%	-14.49%	13.84%	0.88%	0.89%
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	18,376	(22,655)	(73,293)	11,495	16,491	10,367	(30,627)	120,069	(28,364)	(33,427)	33,954	1,949	24,335
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	8,726	(32,305)	(82,943)	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(91,465)
Debt Principal Coverage Percentage	190%	-235%	-760%	119%	171%	107%	-317%	1244%	-294%	-346%	352%	20%	21%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	8,726	(32,305)	(82,943)	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(91,465)
Depreciation	18,007	18,007	18,005	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	216,082
Cash Accumulated For/(Taken From) Asset Replacement	(9,281)	(50,312)	(100,948)	(16,162)	(11,166)	(17,290)	(58,284)	92,412	(56,021)	(61,084)	6,297	(25,708)	(307,547)
Working Capital													
Beginning Undesignated Working Capital	667,266	655,632	677,303	197,276	284,362	365,548	383,654	364,737	377,868	362,223	320,102	349,797	667,266
Net Income Plus Depreciation Less Principal	8,726	(32,305)	(82,943)	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(91,465)
Accruals, and other Balance Sheet Changes	(20,360)	53,976	(397,084)	85,241	74,345	17,389	21,360	(97,288)	22,369	956	5,391	11,621	(222,084)
Ending Undesignated Working Capital	655,632	677,303	197,276	284,362	365,548	383,654	364,737	377,868	362,223	320,102	349,797	353,717	353,717
Working Capital Designated for CapEx	770,901	722,896	722,896	756,490	756,490	756,490	756,490	756,377	847,347	835,312	826,442	823,348	823,348

Harbor System
Financial Analysis
As Of, And For the Nine-Month Period Ending March, 2015

Total financial operations for the Harbor Fund for the 9-month period ending March 31, 2015 are exceeding both FY14 historical results and FY15 plan. While revenue has dropped slightly behind plan, it has been more than offset by operating expenses trending substantially less than plan. Permanent moorage is up $2.3K over FY2014 and is $134.2K behind plan; transient moorage, however, is up $11.5K, or 5.0% over FY14 despite a cooperative herring fishery in 2015. Costs of operations have continued to trend lower than the comparable period in FY14, helping to offset flat moorage revenue.

Revenue increased $99.1K, or 6.3%, over the comparable nine-month period for FY2014. Earnings before interest and depreciation (EBIDA) increased by $166.9K, from $205.6K to $372.5K for the comparable nine-month period.

Undesignated working capital declined by ($1,702.6K) in year-over-year comparison with March, 2014, from $5,391.1K to $3,688.5K. This decline is attributable to the designation of $3,221 in working capital for capital projects in FY2015, including $2,900K for the Eliason Harbor Transient Dock project.

The Harbor Fund appears to be executing according to annual plan, with results slightly ahead plan for outlays and slightly behind for revenues. The Harbor Fund is should reaching its adjusted target goal for working capital at the end of FY2015. Adjusting for the timing in receipt of grant proceeds for the Sitka Transient Float and capital project outlays, the Fund is on track to be about $100K ahead fiscal year end working capital goal.

City and Borough of Sitka
Harbor Fund
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2015
(Unaudited)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75.00%)	Variance To FY2015 Plan
Revenue:																	
Permanent Moorage	126,545	162,859	132,467	124,791	125,430	128,950	123,063	123,428	128,364	-	-	-	1,175,897	1,173,627	2,270	1,300,140	(124,243)
Transient Moorage	104,586	55,793	22,115	7,467	4,389	3,851	4,066	8,804	29,855	-	-	-	240,926	229,377	11,549	258,255	(17,329)
Lightering Fees	6,680	17,491	1,943	-	-	18,462	1,943	-	-	-	-	-	46,519	43,232	3,287	38,970	7,549
Other Operating Revenue	12,670	14,998	5,449	8,508	4,671	119,252	7,144	21,312	5,451	-	-	-	199,455	117,502	81,953	108,710	90,745
Total Revenue:	250,481	251,141	161,974	140,766	134,490	270,515	136,216	153,544	163,670	-	-	-	1,662,797	1,563,738	99,059	1,706,075	(43,278)
Cost of Sales:																	
Operations	67,154	80,473	87,441	109,004	90,182	76,151	79,384	73,191	87,954	-	-	-	750,934	808,470	57,536	882,800	131,866
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	-	-	-	498,933	501,382	2,449	498,933	-
Total Cost of Sales:	122,591	135,910	142,878	164,441	145,619	131,588	134,821	128,628	143,391	-	-	-	1,249,867	1,309,852	59,985	1,381,733	131,866
Gross Margin:	127,890	115,231	19,096	(23,675)	(11,129)	138,927	1,395	24,916	20,279	-	-	-	412,930	253,886	159,044	324,342	88,588
	51.06%	45.88%	11.79%	-16.82%	-8.27%	51.36%	1.02%	16.23%	12.39%	#DIV/0!	#DIV/0!	#DIV/0!	24.83%	16.24%	8.60%	19.01%	5.82%
Selling and Administrative Expenses	24,011	32,396	29,243	39,219	190,470	61,956	51,206	53,563	57,293	-	-	-	539,357	549,667	10,310	666,051	126,694
Earnings Before Interest (EBI):	103,879	82,835	(10,147)	(62,894)	(201,599)	76,971	(49,811)	(28,647)	(37,014)	-	-	-	(126,427)	(295,781)	169,354	(341,709)	215,282
	41.47%	32.98%	-6.26%	-44.68%	-149.90%	28.45%	-36.57%	-18.66%	-22.62%	#DIV/0!	#DIV/0!	#DIV/0!	-7.60%	-18.91%	11.31%	-20.03%	12.43%
Non-operating Revenue and Expense:																	
Raw Fish Tax	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	-	-	-	675,000	600,003	74,997	675,000	-
Other Non-Operating Revenue:	10,815	13,674	14,062	11,996	10,814	18,672	14,866	12,792	16,563	-	-	-	124,254	87,979	36,275	107,955	16,299
Grant Revenue	-	-	224	-	-	-	158	-	389,672	-	-	-	390,054	1,870,879	(1,480,825)	390,054	-
Bond Fund Interest Revenue:	3,076	364	351	342	268	1,455	340	347	397	-	-	-	6,940	19,931	(12,991)	6,940	-
Interest Expense Bonds:	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	-	-	-	(131,778)	(133,115)	1,337	(131,778)	-
Interest Expense Loans:	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	-	-	-	(7,650)	(8,163)	513	(7,650)	-
Total Non-operating Revenue & Expense:	73,399	73,546	74,145	71,846	70,590	79,635	74,872	72,647	466,140	-	-	-	1,056,820	696,145	360,675	1,040,521	16,299
Net Income:	177,278	156,381	63,998	8,952	(131,009)	156,606	25,061	44,000	429,126	-	-	-	930,393	400,364	530,029	698,812	231,581
	70.78%	62.27%	39.51%	6.36%	-97.41%	57.89%	18.40%	28.66%	262.19%	#DIV/0!	#DIV/0!	#DIV/0!	55.95%	25.60%	535.06%	40.96%	14.99%
Earnings Before Interest and Depreciation (EBIDA):	159,316	138,272	45,290	(7,457)	(146,162)	132,408	5,626	26,790	18,423	-	-	-	372,506	205,601	166,905	157,224	215,282
	63.60%	55.06%	27.96%	-5.30%	-108.68%	48.95%	4.13%	17.45%	11.26%	#DIV/0!	#DIV/0!	#DIV/0!	22.40%	13.15%	9.25%	9.22%	13.19%
Bond Covenant Ratio	9.59	8.78	5.20	3.09	(2.32)	8.79	3.70	4.44	4.26	#DIV/0!	#DIV/0!	#DIV/0!	5.06	4.16	0.89	4.06	0.99
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	177,278	156,381	63,998	8,952	(131,009)	156,606	25,061	44,000	429,126	-	-	-	930,393	2,141,733	(1,211,340)	283,575	646,818
Bond Debt Principal	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	-	-	-	101,250	86,247	(15,003)	101,250	-
Loan Debt Principal	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	-	-	-	34,011	34,011	-	34,011	-
Debt Principal Coverage Surplus/Deficit	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	-	-	-	795,132	2,021,475	(1,226,343)	249,564	545,568
Debt Principal Coverage Percentage	109%	111%	131%	-147%	90%	111%	250%	152%	104%	#DIV/0!	#DIV/0!	#DIV/0!	117%	6297%	-6180%	833.77%	-833.77%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	-	-	-	795,132	2,021,475	(1,226,343)	249,564	545,568
Depreciation	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	-	-	-	498,933	501,382	2,449	498,933	-
Cash Accumulated For/(Taken From) Asset Replacement	106,812	85,915	(6,468)	(61,514)	(201,475)	86,140	(45,405)	(26,466)	358,660	-	-	-	296,199	1,520,093	(1,223,894)	(249,369)	545,568
Working Capital																	
Beginning Undesignated Working Capital	6,607,377	4,011,560	4,036,959	3,812,628	4,066,335	3,805,766	3,934,257	3,860,579	3,768,185	3,688,493	3,688,493	3,688,493	6,607,377	6,224,842	382,535	6,607,377	-
Net Income Plus Depreciation Less Principal	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	-	-	-	795,132	2,021,475	(1,226,343)	249,564	545,568
Accruals and other Balance Sheet Changes	(2,758,066)	(115,953)	(273,300)	259,784	(114,531)	(13,086)	(83,710)	(121,365)	(493,789)	-	-	-	(3,714,016)	(2,855,196)	(858,820)	(3,226,931)	(487,086)
Ending Undesignated Working Capital	4,011,560	4,036,959	3,812,628	4,066,335	3,805,766	3,934,257	3,860,579	3,768,185	3,688,493	3,688,493	3,688,493	3,688,493	3,688,493	5,391,121	(1,702,628)	3,630,011	58,483
Working Capital Designated for CapEx	4,291,003	4,291,367	4,290,498	4,102,322	4,095,113	3,993,606	3,879,367	3,879,367	4,245,670	4,245,670	4,245,670	4,245,670	4,245,670	1,194,253	3,051,417	3,226,931	1,018,740
Current Assets	8,747,055	8,626,422	8,401,222	8,465,995	8,198,217	8,225,201	8,051,751	7,959,247	8,245,858	8,245,858	8,245,858	8,245,858					
Current Liabilities	(264,144)	(117,748)	(117,748)	(116,990)	(116,990)	(116,990)	(131,457)	(131,347)	(131,347)	(131,347)	(131,347)	(131,347)					
CPLTD	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)					
WCDFCapex	(4,291,003)	(4,291,367)	(4,290,498)	(4,102,322)	(4,095,113)	(3,993,606)	(3,879,367)	(3,879,367)	(4,245,670)	(4,245,670)	(4,245,670)	(4,245,670)					
Undesignated Working Capital	4,011,560	4,036,959	3,812,628	4,066,335	3,805,766	3,934,257	3,860,579	3,768,185	3,688,493	3,688,493	3,688,493	3,688,493	3,688,493	5,391,121	(1,702,628)	3,630,011	(3,630,011)
Total Working Capital	8,302,563	8,328,326	8,103,126	8,168,657	7,900,879	7,927,863	7,739,946	7,647,552	7,934,163	7,934,163	7,934,163	7,934,163	7,934,163	6,585,374	1,348,789	6,856,941	(3,168,448)
	-	-	-	-	-	-	-	-	-	-	-	-					

Working Capital designated for Capex, June 30, 2014

90674	ANB Harbor	619,858
90722	Eliason Harbor Flotation Upgrades	(56,244)
90751	Crescent Harbor Water Line	12,947
90757	Transient Dock Replacement	499,104
	Total designated working capital	1,075,665

Working Capital designated for Capex, June 30, 2014	1,075,665.00
New CapEx designations of Working Capital in FY15 Budget	
Eliason Flotation Upgrade Addnl Appropriation	175,560
Transient Dock Engineering	250,000
Transient Dock Replacement	2,700,000
Crescent Harbor Shelter Roof	95,493
Bond Fund Interest	5,856.00
Less FY15 working capital outlays for CapEx	(56,904.00)
Working Capital designated for Capex, June 30, 2015	4,245,670.00

City and Borough of Sitka
Harbor Fund
Income Statement
For The Trailing Twelve-Month Period Ending March 31, 2015
(Unaudited)

	April 2014	May 2014	June 2014	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	12-Month Trailing
Revenue:													
Permanent Moorage	124,519	139,835	185,028	126,545	162,859	132,467	124,791	125,430	128,950	123,063	123,428	128,364	1,625,279
Transient Moorage	20,675	30,856	51,680	104,586	55,793	22,115	7,467	4,389	3,851	4,066	8,804	29,855	344,137
Lightering Fees	-	-	3,886	6,680	17,491	1,943	-	-	18,462	1,943	-	-	50,405
Other Operating Revenue	7,766	10,158	108,511	12,670	14,998	5,449	8,508	4,671	119,252	7,144	21,312	5,451	325,890
Total Revenue:	152,960	180,849	349,105	250,481	251,141	161,974	140,766	134,490	270,515	136,216	153,544	163,670	2,345,711
Cost of Sales:													
Operations	72,792	108,540	158,975	67,154	80,473	87,441	109,004	90,182	76,151	79,384	73,191	87,954	1,091,241
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	55,710	55,710	53,272	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	663,625
Total Cost of Sales:	128,502	164,250	212,247	122,591	135,910	142,878	164,441	145,619	131,588	134,821	128,628	143,391	1,754,866
Gross Margin:	24,458	16,599	136,858	127,890	115,231	19,096	(23,675)	(11,129)	138,927	1,395	24,916	20,279	590,845
	15.99%	9.18%	39.20%	51.06%	45.88%	11.79%	-16.82%	-8.27%	51.36%	1.02%	16.23%	12.39%	25.19%
Selling and Administrative Expenses	51,853	66,073	87,790	24,011	32,396	29,243	39,219	190,470	61,956	51,206	53,563	57,293	745,073
Earnings Before Interest (EBI):	(27,395)	(49,474)	49,068	103,879	82,835	(10,147)	(62,894)	(201,599)	76,971	(49,811)	(28,647)	(37,014)	(154,228)
	-17.91%	-27.36%	14.06%	41.47%	32.98%	-6.26%	-44.68%	-149.90%	28.45%	-36.57%	-18.66%	-22.62%	-6.57%
Non-operating Revenue and Expense:													
Raw Fish Tax	66,667	66,667	394,435	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	1,202,769
Other Non-Operating Revenue:	5,454	4,445	(67,218)	10,815	13,674	14,062	11,996	10,814	18,672	14,866	12,792	16,563	66,935
Grant Revenue	1,321,641	-	269,526	-	-	224	-	-	-	158	-	389,672	1,981,221
Bond Fund Interest	4,169	5,231	(13,025)	3,076	364	351	342	268	1,455	340	347	397	3,315
Interest Expense Bonds:	(14,642)	(14,642)	(14,639)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	-175701
Interest Expense Loans:	(907)	(907)	(910)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(10,374)
Total Non-operating Revenue & Expense:	1,382,382	60,794	568,169	73,399	73,546	74,145	71,846	70,590	79,635	74,872	72,647	466,140	3,068,165
Net Income:	1,354,987	11,320	617,237	177,278	156,381	63,998	8,952	(131,009)	156,606	25,061	44,000	429,126	2,913,937
	885.84%	6.26%	176.81%	70.78%	62.27%	39.51%	6.36%	-97.41%	57.89%	18.40%	28.66%	262.19%	124.22%
Earnings Before Interest and Depreciation (EBIDA):	28,315	6,236	102,340	159,316	138,272	45,290	(7,457)	(146,162)	132,408	5,626	26,790	18,423	509,397
	18.51%	3.45%	29.31%	63.60%	55.06%	27.96%	-5.30%	-108.68%	48.95%	4.13%	17.45%	11.26%	21.72%
Bond Covenant Ratio	4.32	3.41	17.19	9.59	8.78	5.20	3.09	(2.32)	8.79	3.70	4.44	4.26	5.83
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	1,354,987	11,320	617,237	177,278	156,381	63,998	8,952	(131,009)	156,606	25,061	44,000	429,126	2,913,937
Bond Debt Principal	9,583	9,583	9,587	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	130,003
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	3,779	45,348
Debt Principal Coverage Surplus/Deficit	1,341,625	(2,042)	603,871	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	2,738,586
Debt Principal Coverage Percentage	101%	-554%	102%	109%	111%	131%	-147%	90%	111%	250%	152%	104%	6426%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	1,341,625	(2,042)	603,871	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	2,738,586
Depreciation	55,710	55,710	53,272	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	663,625
Cash Accumulated For/(Taken From) Asset Replacement	1,285,915	(57,752)	550,599	106,812	85,915	(6,468)	(61,514)	(201,475)	86,140	(45,405)	(26,466)	358,660	2,074,961
Working Capital													
Beginning Undesignated Working Capital	5,391,121	5,840,888	5,801,000	7,063,587	4,011,560	4,036,959	3,812,628	4,066,335	3,805,766	3,934,257	3,860,579	3,768,185	5,391,121
Net Income Plus Depreciation Less Principal	1,341,625	(2,042)	603,871	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	2,738,586
Accruals and other Balance Sheet Changes	(891,858)	(37,846)	658,716	(3,214,276)	(115,953)	(273,300)	259,784	(114,531)	(13,086)	(83,710)	(121,365)	(493,789)	(4,441,214)
Ending Undesignated Working Capital	5,840,888	5,801,000	7,063,587	4,011,560	4,036,959	3,812,628	4,066,335	3,805,766	3,934,257	3,860,579	3,768,185	3,688,493	3,688,493
Working Capital Designated for CapEx	1,453,390	3,254,098	2,117,868	-	4,291,003	4,291,367	4,290,498	4,102,322	4,095,113	3,993,606	3,879,367	4,245,670	4,245,670

Airport Terminal
Financial Analysis
As Of, And For the Nine-Month Period Ending March 31, 2015

Financial operations for the Airport Terminal continue to be solid and profitable. Top-line revenue was for the 9-maont period was $309.9K, a decline of ($45.6K) from Fiscal Year 2014. This decline is attributable to a temporary cessation in the collection of passenger facility fees. 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 is in the process of attempting to obtain approval to resume charging the fee in conjunction with expansion of the TSA area. Sufficient passenger facility fees have been collected in the past to pay for all work done on the TSA area expansion project to date.

For the 9-month period, Earnings Before Interest (EBI) were ($72.8K) but Earnings Before Interest and Depreciation (EBID) were $62.2K, indicating solid positive cash flow. Due to the positive cash flow, undesignated working capital grew by $64.3K for the 9-month period, to $386.3K. Total working capital, which includes collected but unspent passenger facility fees, was $813.4K as of March 31, 2015.

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 $386.3K 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, 2014 to June 30, 2015
(Unaudited)

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75%)	Variance To FY2015 Plan
Revenue:									
Leases	91,188.00	91,188.00	89,073.00	-	271,449.00	271,427.00	22.00	277,947.00	(6,498.00)
Other Operating Revenue	14,726.00	17,595.00	6,131.00	-	38,452.00	85,071.00	(46,619.00)	189,747.00	(151,295.00)
						-			
Total Revenue:	105,914.00	108,783.00	95,204.00	-	309,901.00	356,498.00	(46,597.00)	467,694.00	(157,793.00)
Cost of Sales:									
Operations	43,414.00	131,121.00	73,211.00	-	247,746.00	237,521.00	10,225.00	350,372.25	102,626.25
Depreciation	44,988.00	44,988.00	44,989.00	-	134,965.00	133,597.00	1,368.00	134,965.00	-
Total Cost of Sales:	88,402.00	176,109.00	118,200.00	-	382,711.00	371,118.00	11,593.00	485,337.25	102,626.25
Gross Margin:	17,512.00	(67,326.00)	(22,996.00)	-	(72,810.00)	(14,620.00)	(58,190.00)	(17,643.25)	(55,166.75)
	16.53%	-61.89%	-24.15%	#DIV/0!	-23.49%	-4.10%	124.88%	-3.77%	-19.72%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	17,512.00	(67,326.00)	(22,996.00)	-	(72,810.00)	(14,620.00)	(58,190.00)	(17,643.25)	(55,166.75)
	16.53%	-61.89%	-24.15%	#DIV/0!	-23.49%	-4.10%	124.88%	-3.77%	-19.72%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	4,151.00	4,419.00	4,199.00	-	12,769.00	13,292.00	(523.00)	9,270.00	3,499.00
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	4,151.00	4,419.00	4,199.00	-	12,769.00	13,292.00	(523.00)	9,270.00	3,499.00
Net Income:	21,663.00	(62,907.00)	(18,797.00)	-	(60,041.00)	(1,328.00)	(58,713.00)	(8,373.25)	(51,667.75)
	20.45%	-57.83%	-19.74%	#DIV/0!	-19.37%	-0.37%	126.00%	-1.79%	-17.58%
Earnings Before Interest and Taxes and Depreciation (EBITDA):	62,500.00	(22,338.00)	21,993.00	-	62,155.00	118,977.00	(56,822.00)	117,321.75	(55,166.75)
	59.01%	-20.53%	23.10%	#DIV/0!	20.06%	33.37%	121.94%	25.09%	-5.03%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	66,651.00	(17,919.00)	26,192.00	-	74,924.00	132,269.00	(57,345.00)	126,591.75	(51,667.75)
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	66,651.00	(17,919.00)	26,192.00	-	74,924.00	132,269.00	(57,345.00)	126,591.75	(51,667.75)
Debt Principal Coverage Percentage	100%	100%	100%	100%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	66,651.00	(17,919.00)	26,192.00	-	74,924.00	132,269.00	(57,345.00)	126,591.75	(51,667.75)
Depreciation	44,988.00	44,988.00	44,989.00	-	134,965.00	133,597.00	1,368.00	134,965.00	-
Cash Accumulated For/(Taken From) Asset Replacement	21,663.00	(62,907.00)	(18,797.00)	-	(60,041.00)	(1,328.00)	(58,713.00)	(8,373.25)	(51,667.75)
Working Capital									
Beginning Undesignated Working Capital	321,953.00	378,000.00	356,912.00	386,286.00	321,953.00	224,900.00	97,053.00	321,953.00	-
Net Income Plus Depreciation Less Principal	66,651.00	(17,919.00)	26,192.00	-	74,924.00	132,269.00	(57,345.00)	126,591.75	(51,667.75)
CapEx, Accruals, and other Balance Sheet Changes	(10,604.00)	(3,169.00)	3,182.00	-	(10,591.00)	(51,197.00)	40,606.00	-	(10,591.00)
Ending Undesignated Working Capital	378,000.00	356,912.00	386,286.00	386,286.00	386,286.00	305,972.00	80,314.00	448,544.75	(62,258.75)
Working Capital Designated for CapEx	427,769	427,615	427,125	427,125	427,125	509,500	(82,375)	427,125	-
Current Assets	805,769	784,527	813,411	813,411	813,411				
Current Liabilities	-	-	-	-	-				
CPLTD	-	-	-	-	-				
WCDFCapex	(427,769)	(427,615)	(427,125)	(427,125)	(427,125)				
Undesignated Working Capital	378,000	356,912	386,286	386,286	386,286				
Total Working Capital	805,769	784,527	813,411	813,411	813,411				
	-	-	-	-					

July 1, 2014

$ 63,913 - 90656 - Airport Lighting
$363,864 - PFC Projects

$427,777

Working Capital designated for Capex, June 30, 2014	427,777.00
New CapEx designations of Working Capital in FY15 Budget	
FY15 Passenger facility Charges	13.00
	-
Less FY15 working capital outlays for CapEx	(665.00)
Working Capital designated for Capex, June 30, 2015	427,125.00

City and Borough of Sitka
Airport Terminal Fund
Income Statement
For The Twelve-Month Trailing Period Ending September 30, 2014
(Unaudited)

	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	TTM
Revenue:					
Leases	90,928.00	91,188.00	91,188.00	89,073.00	362,377.00
Other Operating Revenue	6,679.00	14,726.00	17,595.00	6,131.00	45,131.00
Total Revenue:	**97,607.00**	**105,914.00**	**108,783.00**	**95,204.00**	**407,508.00**
Cost of Sales:					
Operations	92,465.00	43,414.00	131,121.00	73,211.00	340,211.00
Depreciation	46,356.00	44,988.00	44,988.00	44,989.00	181,321.00
Total Cost of Sales:	**138,821.00**	**88,402.00**	**176,109.00**	**118,200.00**	**521,532.00**
Gross Margin:	**(41,214.00)**	**17,512.00**	**(67,326.00)**	**(22,996.00)**	**(114,024.00)**
	-42.22%	**16.53%**	**-61.89%**	**-24.15%**	**-27.98%**
Selling and Administrative Expenses	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	**(41,214.00)**	**17,512.00**	**(67,326.00)**	**(22,996.00)**	**(114,024.00)**
	-42.22%	**16.53%**	**-61.89%**	**-24.15%**	**-27.98%**
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	7,607.00	4,151.00	4,419.00	4,199.00	20,376.00
Interest Expense:	-	-	-	-	-
Total Non-operating Revenue & Expense:	**7,607.00**	**4,151.00**	**4,419.00**	**4,199.00**	**20,376.00**
Net Income:	**(33,607.00)**	**21,663.00**	**(62,907.00)**	**(18,797.00)**	**(93,648.00)**
	-34.43%	**20.45%**	**-57.83%**	**-19.74%**	**-22.98%**
Earnings Before Interest and Taxes and Depreciation (EBITDA):	**5,142.00**	**62,500.00**	**(22,338.00)**	**21,993.00**	**67,297.00**
	5.27%	**59.01%**	**-20.53%**	**23.10%**	**16.51%**
Debt Principal Coverage					
Simple Cash Flow (Net Income Plus Depreciation)	12,749.00	66,651.00	(17,919.00)	26,192.00	87,673.00
Debt Principal	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	**12,749.00**	**66,651.00**	**(17,919.00)**	**26,192.00**	**87,673.00**
Debt Principal Coverage Percentage	**100%**	**100%**	**100%**	**100%**	**100%**
Simple Asset Replacement Coverage					
Debt Principal Coverage Surplus/Deficit (From Above)	12,749.00	66,651.00	(17,919.00)	26,192.00	87,673.00
Depreciation	46,356.00	44,988.00	44,988.00	44,989.00	181,321.00
Cash Accumulated For/(Taken From) Asset Replacement	**(33,607.00)**	**21,663.00**	**(62,907.00)**	**(18,797.00)**	**(93,648.00)**
Working Capital					
Beginning Undesignated Working Capital	305,972.00	321,953.00	378,000.00	356,912.00	305,972.00
Net Income Plus Depreciation Less Principal	12,749.00	66,651.00	(17,919.00)	26,192.00	87,673.00
CapEx, Accruals, and other Balance Sheet Changes	3,232.00	(10,604.00)	(3,169.00)	3,182.00	(7,359.00)
Ending Undesignated Working Capital	**321,953.00**	**378,000.00**	**356,912.00**	**386,286.00**	**386,286.00**
Working Capital Designated for CapEx	**427,777**	**427,769**	**427,615**	**427,125**	**427,125**

Marine Service Center
Financial Analysis
As Of, And For the Nine-Month Period Ending March 31, 2015

Financial operations for the Marine Service Center continue to be solid and profitable. Top-line revenue for the nine-month period was $173.4K, essentially the same as FY2014. Cost of sales were also essentially the same as FY 14, at $13.4K, resulting in Earnings Before Interest (EBI), of $13.6K and Earnings Before Interest and Depreciation (EBIT) of $121.4K.

Working capital has increased by $217.7K during the nine-month period, and undesignated working capital as of March 31, 2015 was $1,608.9K.

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

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75%)	Variance To FY2015 Plan
Revenue:									
Leases	58,146	58,146	57,094	-	173,386	174,438	(1,052)	174,438	(1,052)
Other Operating Revenue	-	-	-	-	-	-	-	-	-
Total Revenue:	58,146	58,146	57,094	-	173,386	174,438	(1,052)	174,438	(1,052)
Cost of Sales:									
Operations	3,160	31,468	17,363	-	51,991	46,524	5,467	249,563	197,572
Depreciation	35,940	36,051	35,830	-	107,821	112,791	(4,970)	107,821	-
Total Cost of Sales:	39,100	67,519	53,193	-	159,812	159,315	497	357,384	197,572
Gross Margin:	19,046	(9,373)	3,901	-	13,574	15,123	(1,549)	(182,946)	196,520
	32.76%	-16.12%	6.83%	#DIV/0!	7.83%	8.67%	-0.84%	-104.88%	112.71%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	19,046	(9,373)	3,901	-	13,574	15,123	(1,549)	(182,946)	196,520
	32.76%	-16.12%	6.83%	#DIV/0!	7.83%	8.67%	-0.84%	-104.88%	112.71%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	7,961	8,416	8,425	-	24,802	19,843	4,959	17,910	6,892
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	7,961	8,416	8,425	-	24,802	19,843	4,959	17,910	6,892
Net Income:	27,007	(957)	12,326	-	38,376	34,966	3,410	(165,036)	203,412
	46.45%	-1.65%	21.59%	#DIV/0!	22.13%	20.04%	2.09%	-94.61%	116.74%
Earnings Before Interest and Taxes and Depreciation (EBITDA):	54,986	26,678	39,731	-	121,395	127,914	(6,519)	(75,125)	196,520
	94.57%	45.88%	69.59%	#DIV/0!	70.01%	73.33%	-3.31%	-43.07%	113.08%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	62,947	35,094	48,156	-	146,197	147,757	(1,560)	(57,215)	203,412
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	62,947	35,094	48,156	-	146,197	147,757	(1,560)	(57,215)	203,412
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)	62,947	35,094	48,156	-	146,197	147,757	(1,560)	(57,215)	203,412
Depreciation	35,940	36,051	35,830	-	107,821	112,791	(4,970)	107,821	-
Cash Accumulated For/(Taken From) Asset Replacement	27,007	(957)	12,326	-	38,376	34,966	3,410	(165,036)	203,412
Working Capital									
Beginning Undesignated Working Capital	1,462,488	1,525,436	1,560,528	1,608,685	1,462,488	1,254,664	207,824	1,462,488	-
Net Income Plus Depreciation Less Principal	62,947	35,094	48,156	-	146,197	147,757	(1,560)	(57,215)	203,412
CapEx, Accruals, and other Balance Sheet Changes	1	(2)	1	-	-	(9,427)	9,427	-	-
Ending Undesignated Working Capital	1,525,436	1,560,528	1,608,685	1,608,685	1,608,685	1,392,994	215,691	1,405,273	203,412
Working Capital Designated for CapEx	-	-	-	-	-	-	-	-	-
Current Assets	1,525,436	1,560,528	1,608,685	1,608,685	1,608,685				
Current Liabilities	-	-	-	-	-				
CPLTD	-	-	-	-	-				
WCDFCapex	-	-	-	-	-				
Undesignated Working Capital	1,525,436	1,560,528	1,608,685	1,608,685	1,608,685				
Total Working Capital	1,525,436	1,560,528	1,608,685	1,608,685	1,608,685				
	-	-	-	-					

July 1, 2015

$0

Working Capital designated for Capex, June 30, 2014	0.00
New CapEx designations of Working Capital in FY15 Budget	
	-
	-
Less FY15 working capital outlays for CapEx	-
Working Capital designated for Capex, June 30, 2015	0.00

City and Borough of Sitka
Marine Service Center
Income Statement
For The Twelve-Month Trailing Period Ending March 31, 2015
(Unaudited)

	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	TTM
Revenue:					
Leases	58,625	58,146	58,146	57,094	232,011
Other Operating Revenue	263	-	-	-	263
Total Revenue:	**58,888**	**58,146**	**58,146**	**57,094**	**232,274**
Cost of Sales:					
Operations	5,403	3,160	31,468	17,363	57,394
Depreciation	30,971	35,940	36,051	35,830	138,792
Total Cost of Sales:	36,374	39,100	67,519	53,193	196,186
Gross Margin:	**22,514**	**19,046**	**(9,373)**	**3,901**	**36,088**
	38.23%	**32.76%**	**-16.12%**	**6.83%**	**15.54%**
Selling and Administrative Expenses	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	**22,514**	**19,046**	**(9,373)**	**3,901**	**36,088**
	38.23%	**32.76%**	**-16.12%**	**6.83%**	**15.54%**
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	16,011	7,961	8,416	8,425	40,813
Interest Expense:	-	-	-	-	-
Total Non-operating Revenue & Expense:	16,011	7,961	8,416	8,425	40,813
Net Income:	**38,525**	**27,007**	**(957)**	**12,326**	**76,901**
	65.42%	**46.45%**	**-1.65%**	**21.59%**	**33.11%**
Earnings Before Interest and Taxes and Depreciation (EBITDA):	**53,485**	**54,986**	**26,678**	**39,731**	**174,880**
	90.82%	**94.57%**	**45.88%**	**69.59%**	**75.29%**
Debt Principal Coverage					
Simple Cash Flow (Net Income Plus Depreciation)	69,496	62,947	35,094	48,156	215,693
Debt Principal	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	**69,496**	**62,947.00**	**35,094**	**48,156**	**215,693**
Debt Principal Coverage Percentage	**100%**	**100%**	**100.00%**	**100.00%**	**100%**
Simple Asset Replacement Coverage					
Debt Principal Coverage Surplus/Deficit (From Above)	69,496	62,947	35,094	48,156	215,693
Depreciation	30,971	35,940	36,051	35,830	138,792
Cash Accumulated For/(Taken From) Asset Replacement	**38,525**	**27,007**	**(957)**	**12,326**	**76,901**
Working Capital					
Beginning Undesignated Working Capital	1,392,994	1,462,488	1,525,436	1,560,528	1,392,994
Net Income Plus Depreciation Less Principal	69,496	62,947	35,094	48,156	215,693
CapEx, Accruals, and other Balance Sheet Changes	(2)	1	(2)	1	(2)
Ending Undesignated Working Capital	**1,462,488**	**1,525,436**	**1,560,528**	**1,608,685**	**1,608,685**
Working Capital Designated for CapEx	-	-	-	-	-

Gary Paxton Industrial Park Fund
Financial Analysis
As Of, And For the Period Ending March 31, 2015

Financial operations for the Gary Paxton Industrial Park exceeded plan for the 9-month period ending March 31, 2015, but as mentioned in previous reports, declined from the comparable period in FY2014, showing the effects of the downsizing of Blue Lake project construction. Also, the overall favorable variance to plan was mainly achieved by operating cost efficiencies, as overall revenue has fallen ($59.4K) behind plan.

Top-line revenue was $229.5K for the nine-month period, falling short of plan by ($59.4K) and declining from FY14 comparable revenue by ($161.4K). The decline was anticipated, as construction-related leases were terminated.

Costs of operations exceeded last year, but were lower than plan. Total costs of operations for the half year were $500.1K versus comparable prior year costs of $391.2, an increase of $108.2K, or 27.6%. An increase in depreciation, however, accounts for $30.3K of this overall increase; excluding the increase in depreciation, the increase over the comparable period was $77.9K, or 19.9%. Compared to plan, costs of operations were $83.7K less than projected, a positive variance of 14.3%.

Working capital decreased to $874.2K as of March 31, 2015. Undesignated working capital stood at $848.2 as of the same date.

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 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75%)	Variance To FY2015 Plan
Revenue:									
Leases	100,434	62,623	48,210	-	211,267	368,585	(157,318)	276,134	(64,867)
Other Operating Revenue	-	18,190	-	-	18,190	22,306	(4,116)	12,690	5,500
Total Revenue:	100,434	80,813	48,210	-	229,457	390,891	(161,434)	288,824	(59,367)
Cost of Sales:									
Operations	73,634	123,761	72,032	-	269,427	191,532	(77,895)	353,102	83,675
Depreciation	76,880	76,879	76,880	-	230,639	200,337	(30,302)	230,639	-
Total Cost of Sales:	150,514	200,640	148,912	-	500,066	391,869	(108,197)	583,741	83,675
Gross Margin:	(50,080)	(119,827)	(100,702)	-	(270,609)	(978)	(269,631)	(294,916)	24,307
	-49.86%	-148.28%	-208.88%	#DIV/0!	-117.93%	-0.25%	-117.68%	-102.11%	-15.83%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	(50,080)	(119,827)	(100,702)	-	(270,609)	(978)	(269,631)	(294,916)	24,307
	-49.86%	-148.28%	-208.88%	#DIV/0!	-117.93%	-0.25%	-117.68%	-102.11%	-15.83%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	5,674	4,857	1,990	-	12,521	23,597	(11,076)	17,019	(4,498)
Grant Revenue:	51,438	256,206	4,164	-	311,808	38,729	273,079	32,546	279,263
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
Interest Transfer From SMC Contingency	4,707	4,866	4,660	-	14,233	11,843	2,390	9,557	4,676
Interest Expense:	(2,614)	(2,614)	(2,614)	-	(7,842)	(12,606)	4,764	(7,842)	-
Total Non-operating Revenue & Expense:	59,205	263,315	8,200	-	330,720	61,563	269,157	51,280	279,440
Net Income:	9,125	143,488	(92,502)	-	60,111	60,585	(474)	(243,637)	303,748
	9.09%	177.56%	-191.87%	#DIV/0!	26.20%	15.50%	10.70%	-84.35%	95.05%
Earnings Before Interest and Depreciation (EBID):	26,800	(42,948)	(23,822)	-	(39,970)	199,359	(299,933)	(64,277)	24,307
	26.68%	-53.14%	-49.41%	#DIV/0!	-17.42%	51.00%	-68.42%	-22.25%	4.84%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	86,005	220,367	(15,622)	-	290,750	260,922	29,828	(12,998)	303,748
Debt Principal	12,446	12,446	12,446	-	37,338	37,338	-	37,338	-
Debt Principal Coverage Surplus/Deficit	73,559	207,921	(28,068)	-	253,412	223,584	29,828	(50,336)	303,748
Debt Principal Coverage Percentage	691.03%	1770.58%	-125.52%	#DIV/0!	778.70%	309.27%	469.43%	-34.81%	504.24%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	73,559	207,921	(28,068)	-	253,412	223,584	29,828	(50,336)	303,748
Depreciation	76,880	76,879	76,880	-	230,639	200,337	30,302	230,639	-
Cash Accumulated For/(Taken From) Asset Replacement	(3,321)	131,042	(104,948)	-	22,773	23,247	(474)	(280,975)	303,748
Working Capital									
Beginning Undesignated Working Capital	873,804	924,983	868,938	848,203	873,804	712,988	160,816	873,804	-
Net Income Plus Depreciation Less Principal	73,559	220,367	(15,622)	-	278,304	248,476	29,828	(12,998)	291,302
CapEx, Accruals, and other Balance Sheet Changes	(22,380)	(276,412)	(5,113)	-	(303,905)	(72,393)	(231,512)	-	(303,905)
Ending Undesignated Working Capital	924,983	868,938	848,203	848,203	848,203	889,071	(40,868)	860,807	(12,604)
Working Capital Designated for CapEx	25,984	25,984	25,984	25,984	25,984	(50,374)	76,358		
Current Assets	1,254,501	1,198,456	923,971	923,971					
Current Liabilities	(253,750)	(253,750)	-	-					
CPLTD	(49,784)	(49,784)	(49,784)	(49,784)					
WCDFCapex	(25,984)	(25,984)	(25,984)	(25,984)					
Undesignated Working Capital	924,983	868,938	848,203	848,203	848,203	889,071	(40,868)		
Total Working Capital	950,967	894,922	874,187	874,187	874,187	838,697	35,490		
	-	-	-	-					

July 1, 2014

$16,984 - Boat Building

Working Capital designated for Capex, June 30, 2014	16,984.00
New CapEx designations of Working Capital in FY15 Budget	
Purchase of Fixed Assets:	9,000.00
Less FY15 working capital outlays for CapEx (Thru 12/31)	-
Working Capital designated for Capex, September 30, 2014	25,984.00

City and Borough of Sitka
Gary Paxton Industrial Park
Income Statement
For The Twelve-Month Trailing Period Ending March 31, 2015
(Unaudited)

	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	TTM
Revenue:					
Leases	132,359	100,434	62,623	48,210	343,626
Other Operating Revenue	172,021	-	18,190	-	190,211
Total Revenue:	**304,380**	**100,434**	**80,813**	**48,210**	**533,837**
Cost of Sales:					
Operations	165,925	73,634	123,761	72,032	435,352
Depreciation	106,927	76,880	76,879	76,880	337,566
Total Cost of Sales:	**272,852**	**150,514**	**200,640**	**148,912**	**772,918**
Gross Margin:	**31,528**	**(50,080)**	**(119,827)**	**(100,702)**	**(239,081)**
	10.36%	**-49.86%**	**-148.28%**	**-208.88%**	**-44.79%**
Selling and Administrative Expenses	-	-	-	-	-
Earnings Before Interest (EBI):	**31,528**	**(50,080)**	**(119,827)**	**(100,702)**	**(239,081)**
	10.36%	**-49.86%**	**-148.28%**	**-208.88%**	**-44.79%**
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	(7,616)	5,674	4,857	1,990	4,905
Grant Revenue:	142,555	51,438	256,206	4,164	454,363
Sale of Fixed Assets	-	-	-	-	-
Interest Transfer From SMC Contingency	5,963	4,707	4,866	4,660	20,196
Interest Expense:	(4,202)	(2,614)	(2,614)	(2,614)	(12,044)
Total Non-operating Revenue & Expense:	**136,700**	**59,205**	**263,315**	**8,200**	**467,420**
Net Income:	**168,228**	**9,125**	**143,488**	**(92,502)**	**228,339**
	55.27%	**9.09%**	**177.56%**	**-191.87%**	**42.77%**
Earnings Before Interest and Depreciation (EBIDA):	**138,455**	**26,800**	**(42,948)**	**(23,822)**	**98,485**
	45.49%	**26.68%**	**-53.14%**	**-49.41%**	**18.45%**
<u>Debt Principal Coverage</u>					
Simple Cash Flow (Net Income Plus Depreciation)	275,155	86,005	220,367	(15,622)	565,905
Debt Principal	12,446	12,446	12,446	12,446	49,784
Debt Principal Coverage Surplus/Deficit	**262,709**	**73,559**	**207,921**	**(28,068)**	**516,121**
Debt Principal Coverage Percentage	**2210.79%**	**691.03%**	**1770.58%**	**-125.52%**	**1136.72%**
<u>Simple Asset Replacement Coverage</u>					
Debt Principal Coverage Surplus/Deficit (From Above)	262,709	73,559	207,921	(28,068)	516,121
Depreciation	106,927	76,880	76,879	76,880	337,566
Cash Accumulated For/(Taken From) Asset Replacement	**155,782**	**(3,321)**	**131,042**	**(104,948)**	**178,555**
<u>Working Capital</u>					
Beginning Undesignated Working Capital	889,071	873,804	924,983	868,938	889,071
Net Income Plus Depreciation Less Principal	275,155	73,559	220,367	(15,622)	553,459
CapEx, Accruals, and other Balance Sheet Changes	(290,422)	(22,380)	(276,412)	(5,113)	(594,327)
Ending Undesignated Working Capital	**873,804**	**924,983**	**868,938**	**848,203**	**848,203**
Working Capital Designated for CapEx	**16,984**	**25,984**	**25,984**	**25,984**	**25,984**

Management Information Systems (MIS) Fund
Financial Analysis
As Of, And For the Nine-Month Ending March 31, 2015

The MIS Fund continues to hold its own and was operated in accordance with adjusted plan during the period.

Interdepartmental billings increased by $54.9K, or 9.4% in comparison to FY2014. This increase was in line with plan. FY2014 billings included supplemental project-based billings; factoring these billings, overall billings have declined by $50.3K.

Costs of operations increased, by $92.0K, or a negative variance of (15.0%). This increase in operating costs was $23.0K greater than planned, a negative variance of (3.8%). The reason for the negative variances are consulting costs related to management turn-over in the IT Department, costs which were not planned for in the FY14 budget. It is anticipated that these additional costs will subside and the overall MIS Fund budget execution for the full year will be in line with plan.

Undesignated Working capital in the MIS Fund increased by $42.4K, to $354.2K as of March 31, 2015. Total working capital declined by ($17.1K), to $378.4K.

City and Borough of Sitka
MIS Fund
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2015
(Unaudited)

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75%)	Variance To FY2015 Plan
Revenue:									
Data Processing Charges	192,896	248,897	196,647	-	638,440	583,512	54,928	578,690	59,751
Other Operating Revenue	-	-	-	-	-	105,236	(105,236)	37,244	(37,244)
Total Revenue:	**192,896**	**248,897**	**196,647**	-	**638,440**	**688,748**	**(50,308)**	**615,933**	**22,507**
Cost of Sales:									
Operations	211,311	232,088	188,952	-	632,351	546,705	(85,646)	609,394	(22,957)
Depreciation	24,510	24,510	24,509	-	73,529	67,164	(6,365)	73,529	-
Total Cost of Sales:	**235,821**	**256,598**	**213,461**	-	**705,880**	**613,869**	**(92,011)**	**682,923**	**(22,957)**
Gross Margin:	**(42,925)**	**(7,701)**	**(16,814)**	-	**(67,440)**	**74,879**	**(142,319)**	**(66,990)**	**(450)**
	-22.25%	**-3.09%**	**-8.55%**	**#DIV/0!**	**-10.56%**	**10.87%**	**-21.44%**	**-10.88%**	**0.31%**
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	**(42,925)**	**(7,701)**	**(16,814)**	-	**(67,440)**	**74,879**	**(142,319)**	**(66,990)**	**(450)**
	-22.25%	**-3.09%**	**-8.55%**	**#DIV/0!**	**-10.56%**	**10.87%**	**-21.44%**	**-10.88%**	**0.31%**
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	464	3,233	2,352	-	6,049	6,577	(528)	4,829	1,220
Interest Expense:	(1,512)	(1,512)	(1,512)	-	(4,536)	(5,718)	1,182	(4,535)	(1)
Total Non-operating Revenue & Expense:	**(1,048)**	**1,721**	**840**	-	**1,513**	**859**	**654**	**294**	**1,219**
Net Income:	**(43,973)**	**(5,980)**	**(15,974)**	-	**(65,927)**	**75,738**	**(141,665)**	**(66,696)**	**769**
	-22.80%	**-2.40%**	**-8.12%**	**#DIV/0!**	**-10.33%**	**11.00%**	**281.60%**	**-10.83%**	**0.50%**
Earnings Before Interest and Depreciation (EBIDA):	**(18,415)**	**16,809**	**7,695**	-	**6,089**	**142,043**	**(135,954)**	**6,539**	**(450)**
	-9.55%	**6.75%**	**3.91%**	**#DIV/0!**	**0.95%**	**20.62%**	**-19.67%**	**1.06%**	**-0.11%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(19,463)	18,530	8,535	-	7,602	142,902	(135,300)	6,833	769
Debt Principal	11,478	11,478	-	-	22,956	33,252	(10,296)	22,956	-
Debt Principal Coverage Surplus/Deficit	**(30,941)**	**7,052**	**8,535**	-	**(15,354)**	**109,650**	**(125,004)**	**(16,123)**	**769**
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)	(30,941)	7,052	8,535	-	(15,354)	109,650	(125,004)	(16,123)	769
Depreciation	24,510	24,510	24,509	-	73,529	67,164	6,365	73,529	-
Cash Accumulated For/(Taken From) Asset Replacement	**(55,451)**	**(17,458)**	**(15,974)**	-	**(88,883)**	**42,486**	**(131,369)**	**(89,652)**	**769**
Working Capital									
Beginning Undesignated Working Capital	295,306	318,537	344,131	354,174	295,306	327,096	(31,790)	295,306	-
Net Income Plus Depreciation Less Principal	(19,463)	18,530	8,535	-	7,602	142,902	(135,300)	6,833	769
CapEx, Accruals, and other Balance Sheet Changes	42,694	7,064	1,508	-	51,266	(146,689)	197,955	-	51,266
Ending Undesignated Working Capital	**318,537**	**344,131**	**354,174**	**354,174**	**354,174**	**323,309**	**30,865**	**302,139**	**52,035**
Working Capital Designated for CapEx	**55,132**	**50,441**	**24,234**	**24,234**	**24,234**	**142,730**	**(118,496)**	**87,561**	**(63,327)**
Current Assets	447,897	468,800	452,636	452,636					
Current Liabilities	(28,315)	(28,315)	(28,315)	(28,315)					
CPLTD	(45,913)	(45,913)	(45,913)	(45,913)					
WCDFCapex	(55,132)	(50,441)	(24,234)	(24,234)					
Undesignated Working Capital	**318,537**	**344,131**	**354,174**	**354,174**	**354,174**	**323,309**	**30,865**		
Total Working Capital	**373,669**	**394,572**	**378,408**	**378,408**	**378,408**	**466,039**	**(87,631)**		
	-	-	-	-					

City and Borough of Sitka
MIS Fund
Income Statement
For The Twelve-Month Trailing Period Ending March 31, 2015
(Unaudited)

	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	TTM
Revenue:					
Data Processing Charges	194,504	192,896	248,897	196,647	832,944
Other Operating Revenue	1,902	-	-	-	1,902
Total Revenue:	**196,406**	**192,896**	**248,897**	**196,647**	**834,846**
Cost of Sales:					
Operations	171,740	211,311	232,088	188,952	804,091
Depreciation	30,875	24,510	24,510	24,509	104,404
Total Cost of Sales:	202,615	235,821	256,598	213,461	908,495
Gross Margin:	**(6,209)**	**(42,925)**	**(7,701)**	**(16,814)**	**(73,649)**
	-3.16%	**-22.25%**	**-3.09%**	**-8.55%**	**-8.82%**
Selling and Administrative Expenses	-	-	-	-	-
Earnings Before Interest (EBI):	**(6,209)**	**(42,925)**	**(7,701)**	**(16,814)**	**(73,649)**
	-3.16%	**-22.25%**	**-3.09%**	**-8.55%**	**-8.82%**
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	1,123	464	3,233	2,352	7,172
Interest Expense:	(4,695)	(1,512)	(1,512)	(1,512)	(9,231)
Total Non-operating Revenue & Expense:	(3,572)	(1,048)	1,721	840	(2,059)
Net Income:	(9,781)	(43,973)	(5,980)	(15,974)	(75,708)
	-4.98%	**-22.80%**	**-2.40%**	**-8.12%**	**-9.07%**
Earnings Before Interest and Depreciation (EBIDA):	**24,666**	**(18,415)**	**16,809**	**7,695**	**30,755**
	12.56%	**-9.55%**	**6.75%**	**3.91%**	**3.68%**
Debt Principal Coverage					
Simple Cash Flow (Net Income Plus Depreciation)	21,094	(19,463)	18,530	8,535	28,696
Debt Principal	11,084	11,478	11,478	-	34,040
Debt Principal Coverage Surplus/Deficit	10,010	(30,941)	7,052	8,535	(5,344)
Debt Principal Coverage Percentage	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**100.00%**
Simple Asset Replacement Coverage					
Debt Principal Coverage Surplus/Deficit (From Above)	10,010	(30,941)	7,052	8,535	(5,344)
Depreciation	30,875	24,510	24,510	24,509	104,404
Cash Accumulated For/(Taken From) Asset Replacement	**(20,865)**	**(55,451)**	**(17,458)**	**(15,974)**	**(109,748)**
Working Capital					
Beginning Undesignated Working Capital	323,309	295,306	318,537	344,131	323,309
Net Income Plus Depreciation Less Principal	21,094	(19,463)	18,530	8,535	28,696
CapEx, Accruals, and other Balance Sheet Changes	(49,097)	42,694	7,064	1,508	2,169
Ending Undesignated Working Capital	**295,306**	**318,537**	**344,131**	**354,174**	**354,174**
Working Capital Designated for CapEx	**100,176**	**55,132**	**50,441**	**24,234**	**24,234**

Central Garage Fund
Financial Analysis
As Of, And For The Quarter Ending March 31, 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 $1,268.9K and now stands at approximately $1,811.9K. The Central Garage increased the vehicle replacement sinking fund by approximately $471.4K over the last nine 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 continued to be tightly controlled. Costs of operations for the Central Garage declined by $36.9K, or 4.5%, from FY2014 and were also $119.5K less than plan.

Undesignated working capital rose to $2,546.4K, despite the designation of $469.2K in the FY15 budget for vehicle replacements. Total working capital was $2,727.1 as of March 31, 2015.

City and Borough of Sitka
Central Garage Fund
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2015
(Unaudited)

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75%)	Variance To FY2015 Plan
Revenue:									
Vehicle Billings	398,178	400,926	411,540	-	1,210,644	1,099,026	111,618	1,390,505	(179,861)
Other Operating Revenue	33,504	651	-	-	34,155	39,527	(5,372)	25,125	9,030
Total Revenue:	431,682	401,577	411,540	-	1,244,799	1,138,553	106,246	1,415,630	(170,831)
Cost of Sales:									
Operations	73,203	100,589	99,271	-	273,063	306,875	33,812	389,990	116,927
Depreciation	97,976	97,976	55,980	-	251,932	280,231	28,299	251,932	-
Total Cost of Sales:	171,179	198,565	155,251	-	524,995	587,106	62,111	641,922	116,927
Gross Margin:	260,503	203,012	256,289	-	719,804	551,447	168,357	773,709	(53,905)
	60.35%	50.55%	62.28%	#DIV/0!	57.82%	48.43%	9.39%	54.65%	3.17%
Selling and Administrative Expenses	38,510	137,211	75,682	-	251,403	226,221	(25,182)	254,002	2,599
Earnings Before Interest (EBI):	221,993	65,801	180,607	-	468,401	325,226	143,175	519,707	(51,306)
	51.43%	16.39%	43.89%	#DIV/0!	37.63%	28.56%	9.06%	36.71%	0.92%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	12,759	13,317	13,928	-	40,004	43,855	(3,851)	36,879	3,125
Interest Expense:	(5,000)	(5,000)	(5,000)	-	(15,000)	(15,000)	-	-	(15,000)
Total Non-operating Revenue & Expense:	7,759	8,317	8,928	-	25,004	28,855	(3,851)	36,879	(11,875)
Net Income:	229,752	74,118	189,535	-	493,405	354,081	139,324	556,586	(63,181)
	53.22%	18.46%	46.06%	#DIV/0!	39.64%	31.10%	131.13%	39.32%	0.32%
Earnings Before Interest and Depreciation (EBIDA):	319,969	163,777	236,587	-	720,333	605,457	114,876	771,639	(51,306)
	74.12%	40.78%	57.49%	#DIV/0!	57.87%	53.18%	4.69%	54.51%	3.36%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	327,728	172,094	245,515	-	745,337	634,312	111,025	808,518	(63,181)
Debt Principal	12,500	12,500	12,500	-	37,500	37,500	-	37,500	-
Debt Principal Coverage Surplus/Deficit	315,228	159,594	233,015	-	707,837	596,812	111,025	771,018	(63,181)
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)	315,228	159,594	233,015	-	707,837	596,812	111,025	771,018	(63,181)
Depreciation	97,976	97,976	55,980	-	251,932	280,231	(28,299)	251,932	-
Cash Accumulated For/(Taken From) Asset Replacement	217,252	61,618	177,035	-	455,905	316,581	139,324	519,086	(63,181)
Working Capital									
Beginning Undesignated Working Capital	1,991,553	2,118,746	2,295,838	2,546,354	1,991,553	1,485,108	506,445	1,991,553	-
Net Income Plus Depreciation Less Principal	327,728	172,094	245,515	-	745,337	634,312	111,025	808,518	(63,181)
CapEx, Accruals, and other Balance Sheet Changes	(200,535)	4,998	5,001	-	(190,536)	(264,082)	73,546	(496,200)	305,664
Ending Undesignated Working Capital	2,118,746	2,295,838	2,546,354	2,546,354	2,546,354	1,855,338	691,016	2,303,871	242,483
Working Capital Designated for CapEx	432,919	181,289	180,737	180,737	180,737	263,663	(82,926)	87,561	93,176
Current Assets	2,605,590	2,529,627	2,777,683	2,777,683					
Current Liabilities	(3,925)	(2,500)	(592)	(592)					
CPLTD	(50,000)	(50,000)	(50,000)	(50,000)					
WCDFCapex	(432,919)	(181,289)	(180,737)	(180,737)					
Undesignated Working Capital	2,118,746	2,295,838	2,546,354	2,546,354	2,546,354	1,855,338	691,016		
Total Working Capital	2,551,665	2,477,127	2,727,091	2,727,091	2,727,091	2,119,001	608,090		
	-	-	-	-					

City and Borough of Sitka
Central Garage Fund
Income Statement
For The Twelve-Month Trailing Period Ending March 31, 2015
(Unaudited)

	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	TTM
Revenue:					
Vehicle Billings	369,068	398,178	400,926	411,540	1,579,712
Other Operating Revenue	3,309	33,504	651	-	37,464
Total Revenue:	**372,377**	**431,682**	**401,577**	**411,540**	**1,617,176**
Cost of Sales:					
Operations	135,307	73,203	100,589	99,271	408,370
Depreciation	111,672	97,976	97,976	55,980	363,604
Total Cost of Sales:	**246,979**	**171,179**	**198,565**	**155,251**	**771,974**
Gross Margin:	**125,398**	**260,503**	**203,012**	**256,289**	**845,202**
	33.68%	**60.35%**	**50.55%**	**62.28%**	**52.26%**
Selling and Administrative Expenses	**92,154**	**38,510**	**137,211**	**75,682**	**343,557**
Earnings Before Interest (EBI):	**33,244**	**221,993**	**65,801**	**180,607**	**501,645**
	8.93%	**51.43%**	**16.39%**	**43.89%**	**31.02%**
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	35,340	12,759	13,317	13,928	75,344
Interest Expense:	(5,000)	(5,000)	(5,000)	(5,000)	(20,000)
Total Non-operating Revenue & Expense:	**30,340**	**7,759**	**8,317**	**8,928**	**55,344**
Net Income:	**63,584**	**229,752**	**74,118**	**189,535**	**556,989**
	17.08%	**53.22%**	**18.46%**	**46.06%**	**34.44%**
Earnings Before Interest and Depreciation (EBIDA):	**144,916**	**319,969**	**163,777**	**236,587**	**865,249**
	38.92%	**74.12%**	**40.78%**	**57.49%**	**53.50%**
<u>Debt Principal Coverage</u>					
Simple Cash Flow (Net Income Plus Depreciation)	175,256	327,728	172,094	245,515	920,593
Debt Principal	12,500	12,500	12,500	12,500	50,000
Debt Principal Coverage Surplus/Deficit	**162,756**	**315,228**	**159,594**	**233,015**	**870,593**
Debt Principal Coverage Percentage	**1402.05%**	**0.00%**	**0.00%**	**0.00%**	**1841.19%**
<u>Simple Asset Replacement Coverage</u>					
Debt Principal Coverage Surplus/Deficit (From Above)	162,756	315,228	159,594	233,015	870,593
Depreciation	93,411	97,976	97,976	55,980	345,343
Cash Accumulated For/(Taken From) Asset Replacement	**69,345**	**217,252**	**61,618**	**177,035**	**525,250**
<u>Working Capital</u>					
Beginning Undesignated Working Capital	1,855,338	1,991,553	2,118,746	2,295,838	1,855,338
Net Income Plus Depreciation Less Principal	175,256	327,728	172,094	245,515	920,593
CapEx, Accruals, and other Balance Sheet Changes	(39,041)	(200,535)	4,998	5,001	(229,577)
Ending Undesignated Working Capital	**1,991,553**	**2,118,746**	**2,295,838**	**2,546,354**	**2,546,354**
Working Capital Designated for CapEx	**263,663**	**432,919**	**181,289**	**180,737**	**180,737**

Building Maintenance Fund
Financial Analysis
As Of, And For the Quarter Ending March 31, 2015

The Building Maintenance Fund has continued to stabilize financially, with the decline in working capital slowing substantially. Since July 1, 2014, working capital declined by $107.4K, to $2,019K. While internal billings had a negative variance to plan of ($198.0K), costs of operations were substantially reduced from FY2014, a positive variance of $40.0K, and well under plan for FY15, a positive variance of $385.1K.

Going forward, it is management's intention to continue to adjust the internal billing rate so that the Building Maintenance Fund maintains working capital at or above $2 million dollars.

City and Borough of Sitka
Building Maintenance Fund
Income Statement
For The Twelve-Month Period From July 1, 2014 to June 30, 2015
(Unaudited)

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 75%)	Variance To FY2015 Plan
Revenue:									
Building Maintenance Charges	86,259	103,537	89,903	-	279,699	223,015	56,684	477,692	(197,993)
Other Operating Revenue	-	-	-	-	-	-	-	27,941	(27,941)
Total Revenue:	86,259	103,537	89,903	-	279,699	223,015	56,684	505,632	(225,933)
Cost of Sales:									
Operations	120,642	152,755	112,529	-	385,926	440,753	54,827	764,063	378,137
Depreciation	624	625	624	-	1,873	1,873	-	1,873	-
Total Cost of Sales:	121,266	153,380	113,153	-	387,799	442,626	54,827	765,936	378,137
Gross Margin:	(35,007)	(49,843)	(23,250)	-	(108,100)	(219,611)	111,511	(260,304)	152,204
	-40.58%	-48.14%	-25.86%	#DIV/0!	-38.65%	-98.47%	59.82%	-51.48%	12.83%
Selling and Administrative Expenses	1,324	65,889	28,630	-	95,843	81,034	(14,809)	88,877	6,966
Earnings Before Interest (EBI):	(36,331)	(115,732)	(51,880)	-	(203,943)	(300,645)	96,702	(349,181)	145,238
	-42.12%	-111.78%	-57.71%	#DIV/0!	-72.92%	-134.81%	61.89%	-69.06%	-3.86%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	31,360	32,511	31,366	-	95,237	92,648	2,589	50,693	44,545
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	31,360	32,511	31,366	-	95,237	92,648	2,589	50,693	44,545
Net Income:	(4,971)	(83,221)	(20,514)	-	(108,706)	(207,997)	99,291	(298,488)	189,782
	-5.76%	-80.38%	-22.82%	#DIV/0!	-38.87%	-93.27%	175.17%	-59.03%	20.17%
Earnings Before Interest and Depreciation (EBID):	(35,707)	(115,107)	(51,256)	-	(202,070)	(298,772)	96,702	(347,308)	145,238
	-41.40%	-111.17%	-57.01%	#DIV/0!	-72.25%	-133.97%	61.72%	-68.69%	-3.56%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(4,347)	(82,596)	(19,890)	-	(106,833)	(204,709)	97,876	(296,615)	189,782
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	(4,347)	(82,596)	(19,890)	-	(106,833)	(204,709)	97,876	(296,615)	189,782
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)	(4,347)	(82,596)	(19,890)	-	(106,833)	(204,709)	97,876	(296,615)	189,782
Depreciation	624	625	624	-	1,873	1,873	-	1,873	-
Cash Accumulated For/(Taken From) Asset Replacement	(4,971)	(83,221)	(20,514)	-	(108,706)	(206,582)	97,876	(298,488)	189,782
Working Capital									
Beginning Undesignated Working Capital	2,126,331	2,121,983	2,038,828	2,018,932	2,126,331	2,433,084	(306,753)	2,126,331	-
Net Income Plus Depreciation Less Principal	(4,347)	(82,596)	(19,890)	-	(106,833)	(204,709)	97,876	(296,615)	189,782
CapEx, Accruals, and other Balance Sheet Changes	(1)	(559)	(6)	-	(566)	1	(567)	-	(566)
Ending Undesignated Working Capital	2,121,983	2,038,828	2,018,932	2,018,932	2,018,932	2,228,376	(209,444)	1,829,716	189,216
Working Capital Designated for CapEx	-	-	-	-	-	-	-	-	-
Current Assets	2,145,530	2,062,375	2,042,479	2,042,479					
Current Liabilities	(23,547)	(23,547)	(23,547)	(23,547)					
CPLTD	-	-	-	-					
WCDFCapex	-	-	-	-					
	2,121,983	2,038,828	2,018,932	2,018,932	2,018,932	-	2,018,932		
Working Capital	2,121,983	2,038,828	2,018,932	2,018,932	2,018,932	2,228,376	(209,444)		
	-	-	-	-					

City and Borough of Sitka
Building Maintenance Fund
Income Statement
For The Twelve-Month Trailing Period Ending March 31, 2015
(Unaudited)

	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	TTM
Revenue:					
Building Maintenance Charges	135,200	86,259	103,537	89,903	414,899
Other Operating Revenue	2,753	-	-	-	2,753
Total Revenue:	**137,953**	**86,259**	**103,537**	**89,903**	**417,652**
Cost of Sales:					
Operations	231,352	120,642	152,755	112,529	617,278
Depreciation	624	624	625	624	2,497
Total Cost of Sales:	231,976	121,266	153,380	113,153	619,775
Gross Margin:	**(94,023)**	**(35,007)**	**(49,843)**	**(23,250)**	**(202,123)**
	-68.16%	**-40.58%**	**-48.14%**	**-25.86%**	**-48.40%**
Selling and Administrative Expenses	**33,961**	**1,324**	**65,889**	**28,630**	**129,804**
Earnings Before Interest (EBI):	**(127,984)**	**(36,331)**	**(115,732)**	**(51,880)**	**(331,927)**
	-92.77%	**-42.12%**	**-111.78%**	**-57.71%**	**-79.47%**
Non-operating Revenue and Expense:					
Interest and Non-Operating Revenue:	25,315	31,360	32,511	31,366	120,552
Interest Expense:	-	-	-	-	-
Total Non-operating Revenue & Expense:	25,315	31,360	32,511	31,366	120,552
Net Income:	**(102,669)**	**(4,971)**	**(83,221)**	**(20,514)**	**(211,375)**
	-74.42%	**-5.76%**	**-80.38%**	**-22.82%**	**-50.61%**
Earnings Before Interest and Depreciation (EBID):	**(127,360)**	**(35,707)**	**(115,107)**	**(51,256)**	**(329,430)**
	-92.32%	**-41.40%**	**-111.17%**	**-57.01%**	**-78.88%**
Debt Principal Coverage					
Simple Cash Flow (Net Income Plus Depreciation)	(102,045)	(4,347)	(82,596)	(19,890)	(208,878)
Debt Principal	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	**(102,045)**	**(4,347)**	**(82,596)**	**(19,890)**	**(208,878)**
Debt Principal Coverage Percentage	**100%**	**0.00%**	**0.00%**	**0.00%**	**100%**
Simple Asset Replacement Coverage					
Debt Principal Coverage Surplus/Deficit (From Above)	(102,045)	(4,347)	(82,596)	(19,890)	(208,878)
Depreciation	624	624	625	624	2,497
Cash Accumulated For/(Taken From) Asset Replacement	**(102,669)**	**(4,971)**	**(83,221)**	**(20,514)**	**(211,375)**
Working Capital					
Beginning Undesignated Working Capital	2,228,376	2,126,331	2,121,983	2,038,828	2,228,376
Net Income Plus Depreciation Less Principal	(102,045)	(4,347)	(82,596)	(19,890)	(208,878)
CapEx, Accruals, and other Balance Sheet Changes	-	(1)	(559)	(6)	(566)
Ending Undesignated Working Capital	**2,126,331**	**2,121,983**	**2,038,828**	**2,018,932**	**2,018,932**
Working Capital Designated for CapEx	-	-	-	-	-

City and Borough of Sitka
Finance Department

Memo

To: City and Borough of Sitka Assembly

From: Jay Sweeney, Chief Financial and Administrative Officer

Date: June 3, 2015

Re: Historical Ramifications of Not Enacting Annual Utility Fee Increases

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Mayor McConnell and Assembly Members,

I prepared the attached analysis of our Wastewater Treatment Fund to help illustrate the ramifications of delaying necessary utility fee increases. The overall message the analysis presents us is that we are in a challenging financial position not easily rectified without discipline and sacrifice.

The attached analysis is for the last 20 years. It attempts to match the accumulation of cash necessary to replace aging infrastructure. The basic premise is that working capital should roughly equal accumulated depreciation or, in other words, cash is set aside over time to be available to replace infrastructure when it wears out. Thus, working capital should roughly match accumulated depreciation.

The analysis shows that working capital has stayed flat while infrastructure has grown in value by $20 million dollars. Accordingly, the percentage of accumulated depreciation that working capital represents has declined from 20% to 13%, despite a 60% increase in user fees over the last 5 years. The 13% is a bit misleading as well, as the "deficit" in the amount of working capital needed tripled over the last two decades, to $31 million.

At the same time that working capital has stayed static, debt has grown significantly, from $0 in 2002 to $6 million in 2015. These are DEC low-interest loans. Likewise, the amount of each user's monthly wastewater fee used to pay for debt service has grown from $0 in 2002 to $7.58 in 2015. Thus, in 2015, 15 cents out of every dollar of sewer fees goes to loan payments.

I am concerned that we have painted ourselves into a difficult corner. Infrastructure will continue to need to be replaced and, with minimal working capital on hand to pay for the replacements, we will be compelled to continue to borrow, thus continuing to put upward pressure on rates.

For this reason, I again strongly recommend that the Assembly espouse a fiscal policy of annual utility rate increases. If just a single year of rate increases is skipped, the fiscal challenges increase. Discipline and sacrifice will be required to work through this situation.

Lastly, I don't think anyone can be "blamed" for where the fiscal situation is; I think there was a collective short range focus which did not recognize the growing fiscal challenge that was looming. The health or sufficiency of a fund can't be measured statically; instead, it needs be measured at any one point in time against future capital requirements. In this light, the health of the wastewater fund was not good in 2006 and grew progressively worse over the next two decades. What we need to do is learn from the past and recognize the need to ensure that current rates are sufficient to meet future capital requirements as we project them forward.

City and Borough of Sitka
Wastewater Fund
Analysis of Working Capital, Physical Plant, Debt, and Sinking Fund Deficit
1996 to 2015

	Current Assets	Current Liabilities	Working Capital	Total Debt	Historical Infrastructure Value	Accumulated Depreciation	Sinking Fund Deficit	Monthly Rate	Debt Payments	Total Debt Per Account	Monthly Debt Payments Per Account
1996	$ 2,773,471.00	$ 48,040.00	$ 2,725,431.00	$ -	$ 34,407,061.00	$ 12,932,984.00	$ (10,207,553.00)	$ 24.00			
1997	$ 2,517,946.00	$ 78,982.00	$ 2,438,964.00	$ -	$ 36,342,108.00	$ 13,979,232.00	$ (11,540,268.00)	$ 24.00			
1998	$ 3,471,381.00	$ 47,454.00	$ 3,423,927.00	$ -	$ 35,292,122.00	$ 15,052,779.00	$ (11,628,852.00)	$ 24.00			
1999	$ 4,167,390.00	$ 45,709.00	$ 4,121,681.00	$ -	$ 35,380,929.00	$ 16,134,624.00	$ (12,012,943.00)	$ 24.00			
2000	$ 5,120,900.00	$ 74,878.00	$ 5,046,022.00	$ -	$ 35,621,104.00	$ 17,224,104.00	$ (12,178,082.00)	$ 24.00			
2001	$ 5,752,924.00	$ 165,212.00	$ 5,587,712.00	$ -	$ 35,907,433.00	$ 18,317,524.00	$ (12,729,812.00)	$ 24.00			
2002	$ 6,414,934.00	$ 172,424.00	$ 6,242,510.00	$ -	$ 36,398,483.00	$ 19,410,783.00	$ (13,168,273.00)	$ 24.00			
2003	$ 6,776,577.00	$ 322,138.00	$ 6,454,439.00	$ 250,000.00	$ 37,448,599.00	$ 20,510,022.00	$ (14,055,583.00)	$ 24.00			
2004	$ 6,258,905.00	$ 64,080.00	$ 6,194,825.00	$ 1,140,181.00	$ 40,511,190.00	$ 21,617,805.00	$ (15,422,980.00)	$ 24.00			
2005	$ 6,010,660.00	$ 83,022.00	$ 5,927,638.00	$ 1,258,512.00	$ 40,938,856.00	$ 22,726,125.00	$ (16,798,487.00)	$ 24.00			
2006	$ 5,553,966.00	$ 226,865.00	$ 5,327,101.00	$ 2,285,166.00	$ 40,035,252.00	$ 23,890,289.00	$ (18,563,188.00)	$ 30.00			
2007	$ 6,359,747.00	$ 1,540,842.00	$ 4,818,905.00	$ 2,977,303.00	$ 41,620,363.00	$ 25,121,083.00	$ (20,302,178.00)	$ 30.00	$ 104,638	$ 662	$ 2.48
2008	$ 4,967,319.00	$ 304,355.00	$ 4,662,964.00	$ 3,180,967.00	$ 44,406,015.00	$ 26,432,049.00	$ (21,769,085.00)	$ 30.00	$ 92,954	$ 707	$ 2.20
2009	$ 4,438,572.00	$ 364,838.00	$ 4,073,734.00	$ 3,057,178.00	$ 45,288,170.00	$ 27,832,707.00	$ (23,758,973.00)	$ 30.00	$ 142,312	$ 679	$ 3.37
2010	$ 4,463,849.00	$ 383,154.00	$ 4,080,695.00	$ 3,359,409.00	$ 47,382,967.00	$ 29,282,120.00	$ (25,201,425.00)	$ 34.00	$ 142,312	$ 747	$ 3.37
2011	$ 4,444,430.00	$ 241,733.00	$ 4,202,697.00	$ 3,539,569.00	$ 48,720,311.00	$ 30,757,557.00	$ (26,554,860.00)	$ 38.53	$ 142,312	$ 787	$ 3.37
2012	$ 4,721,567.00	$ 589,922.00	$ 4,131,645.00	$ 4,518,988.00	$ 50,625,606.00	$ 32,118,971.00	$ (27,987,326.00)	$ 38.53	$ 142,312	$ 1,004	$ 3.37
2013	$ 4,747,357.00	$ 316,552.00	$ 4,430,805.00	$ 4,952,822.00	$ 51,546,546.00	$ 33,577,313.00	$ (29,146,508.00)	$ 42.19	$ 293,319	$ 1,101	$ 6.95
2014	$ 5,198,626.00	$ 435,252.00	$ 4,763,374.00	$ 5,134,796.00	$ 52,570,832.00	$ 35,057,484.00	$ (30,294,110.00)	$ 46.20	$ 324,249	$ 1,141	$ 7.69
2015	$ 5,094,153.00	$ 408,276.00	$ 4,685,877.00	$ 5,981,362.00	$ 54,094,178.00	$ 36,537,655.00	$ (31,851,778.00)	$ 50.59	$ 319,614	$ 1,329	$ 7.58

Basic Assumption - Required working capital on hand should equal accumulated depreciation. This is a reasonable assumption for a water utility.
This will ensure that adequate working capital is available to pay for replacement of existing infrastructure

Observations and Conclusions From Historical Data:

1. **The value of the wastewater system infrastructure increased by roughly 60% in 20 years, increasing by $20 million dollars. Debt was used to pay for roughly one third of the infrastructure.**

2. **Many additions to infrastructure were replacements of old mains.**

3. **The Water Fund had just 20% of the necessary working capital to replace aging infrastructure in 1996 based solely on historical cost (meaning now allowance for increased costs of replacement over time)**
   As infrastructure was replaced at current costs, the percentage of working capital necessary to replace infrastructure declined to 13%, despite significant rate increases from 2010 - 2015.

4. **Working capital on hand in 1992 was not sufficient to finance the large increase in infrastructure over the next 20 years, despite significant grants.**
   This resulted in a significant amount of debt being assumed to pay for the infrastructure.

5. **If new infrastructure is going to constructed, working capital must be set aside to pay for its eventual replacement. Otherwise, the Municipality will be forced to borrow**
   to pay for the new infrastructure and rates will rise dramatically, as we have seen.

6. **MOST IMPORTANTLY, the financial health, or viability of a fund can only be judged by looking ahead at future capital needs. The Water Fund clearly demonstrates this.**
   $2.7 million in working capital in 1992 may seem to be sufficient when judged in isolation, but when compared to future capital requirements, it was clearly insufficient.