

City and Borough of Sitka

Financial Statements
(Unaudited)

As of, and for the fiscal year ending,
June 30, 2014

General Fund
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2014

The financial performance and position of the General Fund has exceeded planned expectations through the end of fiscal year, 2014, increasing the surplus amount for the fiscal year.

The General Fund generated a surplus of revenues over expenditures of \$1,014.4K for FY2014, compared to \$1,214.2K for the fiscal year FY2013. Even though the FY2014 surplus was smaller than that of FY2013, it is still substantial and reflects good news.

Revenue in the General Fund for FY2014 was \$26.223M, compared to \$27.504M in FY2013, a decline of \$1.281M. The difference is attributable to the receipt of school bond debt reimbursement revenue from the State of Alaska. School bond debt reimbursement, along with the related debt service, is now being accounted for in the Seasonal Sales Tax Fund (Fund 651). Sales tax collections have risen by \$692.K, or 7.62%, for the fiscal year, and property tax collections have risen by \$92.K, or 1.52%, for the same comparison period.

General Fund outlays for FY2014 were \$25.209M, compared to \$26.289M in FY2013, a decline of \$1.08M. Controllable Costs (which exclude debt service, school and hospital support, and transfers) decreased by \$106.2K from FY2013, a decrease of 0.6%.

The General Fund also exceeded the annual plan, generating the surplus. Total outlays for operations (controllable costs) were 93.8% of planned levels for the fiscal year. This was a major contributing factor to the large surplus for the fiscal year.

Electric Utility

Financial Analysis

As Of, And For the Fiscal Year Ending June, 2014

Electricity demand in June, 2014 was again lower than that of the previous comparable month in 2013, declining by 1,193.2 kWh, or 13.6%. Electricity consumption for FY14 declined by 3,028.6 kWh from F13, a decline of 2.7% year-over-year. Despite this lower demand, financial results for the Electric Fund remain positive with positive comparisons to the prior fiscal year and plan in almost all metrics.

For the month of June, 2014, revenue was \$144.1K, an increase of \$69.1K, or 5.03%. For the fiscal year ending June 30, 2014, revenue increased \$1,934.2K, or 15.6%. The rate covenant coverage ratio remains healthy, at 1.42 times, and a solid balance exists in the Rate Stabilization fund.

EBI was \$517.0K for June, 2014 compared to \$678.8K a year earlier. For the Fiscal Year ending June 31 2014, EBI was \$5,191.0K, an increase of \$1,671.1K, or 32.2% over FY13. Cost of sales and operating expense growth remained contained throughout the fiscal year, with costs of sales rising by \$263.2K, or 3.0%. EBIDA also increased on a year-over-basis by \$1,690.9K, or 31.3%.

The debt coverage ratio remains healthy, at 1.42 times. The ratio is substantially above the minimum requirement of 1.25 times, and, when compared to the Fiscal Year Ending ending June 31, 2013, the ratio was higher, at 1.43 times versus 1.35 times despite a 2.7% decline in overall electricity consumption.

Working Capital Designated for Capex, June 30, 2013

00	Green Lake Power Plant Improv	61,624
0300	Electric Heat Conversions	162,580
03010	Green Lake FERC Completion	71,474
00003	Feeder Improvements	(59,919)
00040	A.M.R.	93,271
00281	Island Improvements	188,897
00410	SCADA System Enhancement	10,105
00454	Automated SCADA Dist	-
00612	SMC Rd Upgrade Feeder Express	144,575
00502	Green Lake Power Plant Improv	157,186
00563	Jeff Davis Line Upgrade	49,685
00584	Blue Lake Third Turbine/Dam	33,720,905
00587	Thimbleberry - Blue Lk Tie Line 69kV	-
00610	Blue Lake FERC Envir Mitigation	98,790
00611	Microwave or Optic Fiber	998,892
00614	Takotz Lake Hydro	254
00626	Blue Lk 69 kv Ring Bus	-
00827	Marine St Sub-Voltage Regulator	9,150
00828	Demand Side Load Management	40,243
00945	HPR to Kramer Line Rise	506,827
00946	Jarvis St Diesel Capacity Iner.	959,716
00847	Jarvis Tank Inspection	468,675
00648	Transmission & 1220 upgrade	95,020
00672	Medville Transformer Replenishment	76,713
00710	Blue Lake Sub-Plant & Maintenance	50,000
00717	Jarvis Street Improvements	103,287
00719	Marine Street Sub-Plant & Maintenance	171,225
00719	Warehouse Paving	33,000
		<u>37,622,075</u>

Working Capital designated for Capex, June 30, 2013

		37,622,075
New CapEx designations of Working Capital in FY14 Budget		
03,010	Green Lake FERC Compliance	160,000
00,717	Jarvis Street Improvements	75,000
00,003	Feeder Improvements	375,000
00,410	SCADA System Enhancement	50,000
00,611	Microwave or Optic Fiber	125,000
00,626	Demand Side Load Management	35,000
		<u>840,000</u>
Plus New Bond Issuance Proceeds:		
		24,473,642
Plus Bond Fund Interest		
		265,475
Less FY14 working capital outlays for CapEx		
		<u>(54,793,775)</u>
Working Capital designated for Capex, June 30, 2014		
		<u>3,427,317</u>

Water Utility

Financial Analysis

As Of, And For the Fiscal Year Period Ending June 30, 2014

The financial performance of the Water Fund was quite mixed again in June. The Fund showed substantial net income for the month; however, the Water Fund received \$256.2K in grant revenue for the month, which was greater than total net income. Without the grant revenue, the Water Fund would have shown a loss of (\$5.1K) for the month. Total working capital swung back to a positive balance due to the grant revenue, yet the deficit in undesignated working capital increased substantially, due to annual principal payments of \$174K for its DEC loans.

Operating revenues for the month were \$174.9K, an increase of \$1.4K over June of FY2013. Top line water sales revenue increased over FY 2013, rising \$17.6K. Year-to-date, total operating revenue is up \$139.6K, or 8.3%, over FY 2013. Compared to plan, operating revenues exceeded planned levels by \$427.9K, or 30.7%. Top line water sales revenue rose by \$316.7K, or 22.8% over plan.

Year-to-date operating costs decreased by \$240.4K over FY13, despite higher depreciation expenses. Compared to plan, operating costs were lower than planned levels For FY201414 by \$88.1K, or 4.4%.

The Water Fund remains in a weak financial condition. Increased cash flows generated through rate increases passed by the Assembly are being spent for capital improvements, either directly or in increased debt service for DEC loans.

City and Borough of Sitka
Water Utility
Income Statement
For The Trailing Twelve-Month Period Ending June 30, 2014
(Unaudited)

Working Capital designated for Capex, June 30, 2012

1,720,548

**Wastewater Treatment Utility
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2014**

Financial results for the Wastewater Treatment Fund for FY14 improved over FY13 and showed a positive variance to FY14 annual plan.

For the fiscal year ending June 30, 2014, revenue has increased by \$57.5K, or 2.22%. Top line user fee revenue was up \$272.5K, or 12.6%, but was offset by lower jobbing and miscellaneous revenue. Compared to plan for FY14, revenue has exceeded plan by \$303.2K, or 12.9% for the fiscal year ending June 30, 2014.

In addition to increasing top line revenue, the Wastewater Treatment Fund contained operating costs for the fiscal year. Costs of operations decreased by \$34.3K, or -1.0%. Compared to plan for FY14, operating costs remain well under projections, posting a positive variance (costs below plan) of \$395.2K, or 10.4%.

Undesignated working capital rose by \$432.8K in FY14, from \$1,662.9K to \$2,095.8K. Undesignated working capital as of June 30, 2014 was above the targeted balance set forth in the Wastewater Treatment Master Plan for June 30, 2014, which was \$1,750,000.

At this time, no unfavorable trends exist which warrant the attention of management, given the wastewater fee increases scheduled for FY15.

City and Borough of Sitka
Wastewater Treatment Utility
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2014
(Unaudited)

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	FY2014 YTD	FY2013 YTD	Variance To FY2013 YTD	FY2014 Plan (\$/L - 100%)	Variance To FY2014 Plan
Revenue:																	
Wastewater Treatment Services	187,279	208,179	205,010	204,950	205,620	203,627	203,491	204,746	202,581	200,159	205,333	205,052	2,486,027	2,163,479	272,548	2,149,000	317,027
Jobbing	-	710	3,702	37,302	2,361	5,400	58,591	539	3,899	559	25,203	-	191,711	235,468	(43,757)	218,000	(26,289)
Other Operating Revenue	296	1,433	1,919	447	33	287	1,338	958	26,330	863	651	5,826	28,436	199,718	(171,282)	16,000	12,436
Total Revenue:	187,575	210,322	210,631	242,699	208,014	209,314	263,475	206,243	222,650	226,225	205,984	261,042	2,656,174	2,598,665	57,509	2,353,000	303,174
Cost of Sales:																	
Collection	24,598	30,451	34,854	36,734	37,623	43,901	52,976	54,271	55,843	41,840	90,801	138,426	642,318	486,254	156,064	619,588	(22,730)
Treatment	50,052	51,776	53,650	56,236	81,616	38,815	30,335	25,000	63,759	43,591	55,734	49,483	620,047	742,139	(122,086)	702,874	82,827
Jobbing	-	-	-	-	-	-	-	-	-	-	-	1,891	1,891	-	1,891	-	1,891
Depreciation	121,528	121,528	121,528	121,528	121,528	121,528	121,528	121,528	121,528	121,528	121,528	143,364	1,480,172	1,458,331	21,841	1,480,172	-
Total Cost of Sales:	196,178	203,755	210,032	214,498	240,767	224,244	204,839	200,799	241,130	206,958	268,063	393,164	2,744,428	2,686,728	57,700	2,802,834	61,588
Gross Margin:	(8,603)	6,567	999	28,201	(32,753)	(14,930)	58,636	5,444	(18,480)	19,266	(62,079)	(70,122)	(88,254)	(88,063)	(191)	(449,634)	361,380
	-4.59%	3.12%	0.28%	11.62%	-15.75%	-7.15%	22.25%	2.64%	-8.30%	8.52%	-30.14%	-26.66%	-3.32%	-3.32%	0.07%	-19.11%	15.79%
Selling and Administrative Expenses	11,358	17,243	108,978	70,656	57,078	50,483	91,386	64,070	71,823	71,958	58,518	472	674,024	766,015	(91,991)	1,007,270	333,246
Earnings Before Interest (EBI):	(19,961)	(10,676)	(108,380)	(42,455)	(89,831)	(65,413)	(32,750)	(58,625)	(90,303)	(52,692)	(120,597)	(70,594)	(762,278)	(854,078)	91,800	(1,456,504)	694,626
	-10.64%	-5.08%	-51.45%	-17.49%	-43.19%	-31.25%	-12.43%	-28.49%	-40.56%	-23.29%	-58.55%	-26.84%	-28.70%	-32.87%	4.17%	-61.92%	33.22%
Non-operating Revenue and Expenses:																	
Non-operating revenue:	6,496	8,499	8,416	7,280	7,585	6,903	10,315	10,108	9,824	8,483	9,296	60,309	153,454	85,365	68,089	96,000	67,454
Grant Revenue	-	-	-	351,930	-	657	-	-	-	17,070	-	18,259	888,816	403,844	(15,028)	888,816	-
Interest Expense:	(8,375)	(9,375)	(9,375)	(9,375)	(9,375)	(9,375)	(9,375)	(9,375)	(9,375)	(9,375)	(9,375)	(18,014)	(55,139)	(98,006)	42,867	(58,139)	-
Total Non-operating Revenue & Expenses:	8,061	5,124	5,041	355,835	4,210	4,185	6,940	6,733	6,449	5,108	23,621	60,554	597,409	587,215	10,194	529,955	67,454
Net Income:	(16,500)	(5,552)	(103,339)	313,380	(85,621)	(61,228)	(25,810)	(51,892)	(83,854)	(47,584)	(96,706)	(10,040)	(164,869)	(266,863)	101,934	(926,549)	762,080
	-9.01%	-2.64%	-49.06%	129.12%	-41.16%	-29.25%	-9.80%	-25.16%	-37.66%	-21.03%	-46.85%	-3.82%	-6.21%	-10.27%	4.06%	-39.35%	-289.86%
Earnings Before Interest and Depreciation (EBIDA):	101,587	110,852	13,148	79,073	31,697	55,115	88,778	62,902	31,225	68,836	931	72,770	717,894	604,263	113,631	23,268	694,626
	54.15%	52.71%	6.24%	32.58%	15.24%	26.81%	33.70%	30.50%	14.02%	30.43%	0.45%	27.66%	27,03%	23.25%	3.77%	2.48%	26.04%

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
Debt Principal Coverage												
Simple Cash Flow (Net Income Plus Depreciation)	104,624	115,874	16,188	44,608	15,907	50,300	85,718	69,695	37,674	73,844	24,822	133,324
Debt Principal	15,925	15,925	15,925	15,925	15,925	15,925	15,925	15,925	15,925	15,925	15,925	15,925
Debt Principal Coverage Surplus/Deficit	88,700	100,951	2,264	418,983	19,982	44,375	73,793	53,770	21,749	58,019	8,897	85,530
Debt Principal Coverage Percentage	657%	728%	114%	2711%	225%	279%	601%	457%	237%	464%	156%	275%
Simple Asset Replacement Coverage												
Debt Principal Coverage Surplus/Deficit (From Above)	88,700	100,951	2,264	418,983	19,982	44,375	73,793	53,770	21,749	58,019	8,897	85,530
Depreciation	121,528	121,528	121,528	121,528	121,528	121,528	121,528	121,528	121,528	121,528	121,528	143,364
Cash Accumulated For/Taken From Asset Replacement	(32,825)	(21,477)	(119,264)	-297,455	(101,546)	(77,193)	(41,735)	(67,818)	(99,779)	(69,509)	(112,631)	(57,834)
Working Capital												
Beginning Undesignated Working Capital	1,651,908	1,563,683	1,683,036	1,704,599	1,790,588	1,830,238	1,895,254	1,892,945	2,065,356	2,011,371	2,022,891	1,999,042
Net Income Plus Depreciation Less Principal CapEx, Accruals, and Other Balance Sheet Changes	88,700	100,951	2,264	418,983	19,982	44,375	73,793	53,770	21,749	58,019	8,897	85,530
Ending Undesignated Working Capital	1,663,684	1,683,036	1,704,599	1,790,588	1,830,238	1,895,254	1,892,945	2,065,356	2,011,371	2,022,891	1,999,042	2,085,757
Working Capital Designated for CapEx	9,005,995	9,006,995	2,999,395	9,576,517	9,569,047	9,521,799	9,498,152	9,498,152	9,498,152	9,498,152	9,498,152	9,498,152
Current Assets	4,859,126	4,956,327	4,969,121	5,434,244	5,680,463	5,702,858	5,839,919	5,788,919	5,795,571	5,874,131	5,788,919	5,438,626
Current Liab./Res	(87,350)	(78,200)	(73,431)	(82,343)	(80,184)	(95,805)	(85,315)	(85,315)	(85,315)	(85,315)	(85,315)	(160,299)
CPLTD	(191,096)	(191,096)	(191,096)	(191,096)	(191,096)	(191,096)	(191,096)	(191,096)	(191,096)	(191,096)	(191,096)	(125,374)
WDF/Capex	(3,006,955)	(3,006,995)	(2,999,895)	(3,570,517)	(3,568,047)	(3,521,799)	(3,498,152)	(3,498,152)	(3,498,152)	(3,498,152)	(3,498,152)	(2,708,196)
Un Designated Working Capital	1,663,684	1,683,036	1,704,599	1,790,588	1,830,238	1,895,254	1,892,945	2,065,356	2,011,371	2,022,891	1,999,042	2,085,757
Total Working Capital	4,570,680	4,690,031	4,704,599	5,561,105	5,399,285	5,415,053	5,490,497	5,569,508	5,509,523	5,519,162	5,599,721	4,803,853

	8/30/2013	Working Capital designated for Capex, June 30, 2013		2,791,995.00	
Working Capital Designated for Capex					
			New CapEx designations of Working Capital In FY14 Budget		
90258	186,537.23		90676	Replace Brady Lift Station Pump	75,000.00
90259	429,103.72		90457	Replace Channel lift statio	30,000.00
90274	92,527.79		90755	Replace Monastery Lift station	30,000.00
90447	85,402.53		90713	Replace Crescent Lift statio	45,000.00
90457	185,000.00				
90531	30,000.00				
90534	30,000.00				
90564	-				
90565	58,231.68				
90579	55,545.68				
			New fixed assets	85,000.00	
			Less FY14 working capital outlay for CapEx/ ATF Grant Reimbursements	(298,799.00)	
			Working Capital designated for Capex, June 30, 2014	2,708,196.00	

City and Borough of Sitka
Wastewater Treatment Utility
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2014
(Unaudited)

90601	Lake St Lift Station Rebuild	350,000.00
90602	Sanitary Sewer Main Replacement	145,642.62
90654	WWTP Air Control System	21,000.00
90655	SF4 Replacement (Supply Fan)	38,935.02
90663	Brady Street Sewer	-
90665	Oja Street Water/Sewer	-
90676	Brady St Rebuild Lift Station	90,000.00
90697	Japonski Island Sewer Lift Station	18,500.15
90698	Monastery St Sewer/Water Main	889,771.37
90710	Baranoff Water/WW Main Replacement	60,000.00
90713	Crescent Lift Station Replacement	150,000.00
90715	WWTP AHU retrofit	50,000.00
90732	Hollywood Way W/WW Replacement	25,000.00
90733	HPR Sewer Improvements (DOT)	99,277.77
90734	New Archangel Sewer Main (Marine-HPR)	25,000.00
	WWTP Exterior Building Rd	<u>13,460.92</u>
	Total designated working capital	2,791,994.64
	Cross Check	2,791,994.64

**Solid Waste Utility
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2014**

The financial performance of the Solid Waste Fund declined in the fiscal year ending June 30, 2014 and did not meet plan for the fiscal year. The Solid Fund Waste Fund posted a net loss for June, (\$91.2K), or -34.1%, and the Fund has posted a net loss for the fiscal year of (\$223.1K), or -7.35%.

Compared to plan, the Solid Waste Fund posted negative variances for the fiscal year. Top line solid waste disposal revenue was (\$13.8K), or -0.05% below planned levels. EBI, EBID, and Net Income are all also behind plan, at (\$95.5K), (\$95.8K), and (\$103.8K), respectively.

Undesignated working capital declined since the end of July, 2013, decreasing by (\$266.4K), or -49.5%. Undesignated working capital as of June 30, 2014 was \$271.K, and, total working capital as of the same date was \$918.8K.

The Solid Waste Fund continues to be affected by three key metrics: the customer base has remained static, the commodity prices obtained for recycled waste materials has dropped, and costs of operations (especially off-island transportation costs) have risen. Furthermore, user fees have not been raised in several years. As a result, even with a slightly improved gross margin, the Solid Waste Fund has had a steady negative cash flow which has resulted in working capital declining to a precipitously low level. As advocated in the past, the Solid waste Fund must have annual increases in solid waste disposal revenue to offset increases in costs of operations.

**City and Borough of Sitka
Solid Waste Disposal Utility
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2014
(Unaudited)**

	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014	FY2014 YTD	FY2013 YTD	Variance To FY2013 YTD	FY2014 Plan (S/L - 100%)	Variance To FY2014 Plan
Revenue:																	
Solid Waste Disposal Services	230,613	232,132	244,049	248,211	232,322	218,320	216,814	230,568	203,041	236,766	236,416	234,487	2,760,739	2,756,620	4,119	2,807,000	(46,261)
Jobbing	-	-	-	297	-	-	-	-	-	351	-	-	648	2,550	(1,902)	1,000	(352)
Other Operating Revenue	20,683	8,950	34,654	30,464	25,618	15,510	4,825	6,498	48,370	41,395	3,180	39,709	278,356	241,739	36,617	240,500	37,856
Total Revenue:	251,296	241,082	278,703	273,972	257,940	233,830	221,639	237,066	251,411	278,512	241,596	257,696	3,034,743	3,000,909	33,834	3,048,500	(13,757)
Cost of Sales:																	
Contract Waste Hauling	60,568	60,690	61,349	60,620	60,639	62,764	61,040	61,544	59,002	61,463	62,809	70,571	743,057	780,219	37,172	600,000	(143,057)
Transfer Station	120,848	114,321	111,283	105,460	101,436	72,354	95,845	76,928	77,041	89,762	133,456	126,523	1,223,257	1,177,775	(45,482)	1,252,000	28,743
Landfill	5,183	5,053	20,927	18,905	19,935	5,632	22,159	5,365	23,901	29,064	22,971	33,974	213,070	192,350	(20,720)	320,117	107,047
Recycling	25,729	35,333	19,036	59,721	50,083	36,152	32,583	43,510	34,998	44,802	9,592	74,818	464,751	519,163	54,412	319,923	(144,828)
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,005	216,082	216,081	1	216,082	-
Total Cost of Sales:	228,322	233,404	230,602	260,714	250,100	194,809	229,634	205,354	212,849	243,098	247,235	323,891	2,860,217	2,885,598	25,381	2,708,122	(152,095)
Gross Margin:	22,969 9.14%	7,678 3.18%	48,101 17.26%	13,258 4.84%	7,840 3.04%	38,921 16.64%	(7,995) -3.51%	31,712 13.38%	38,462 15.30%	35,414 12.72%	(5,639) -2.33%	(56,195) -21.99%	174,526 5.75%	115,311 3.84%	59,215 1.91%	340,378 11.17%	(165,852) -5.41%
Selling and Administrative Expenses	1,797	5,934	89,219	36,327	31,949	94,089	29,713	22,576	92,064	34,843	34,982	33,863	396,856	376,116	(20,740)	466,861	70,005
Earnings Before Interest (EBI):	21,172 8.43%	1,744 0.72%	(41,118) -14.75%	(23,069) -8.42%	(24,109) -9.35%	4,832 2.07%	(37,708) -17.01%	(864) -0.36%	6,398 2.54%	571 0.21%	(40,621) -16.81%	(89,558) -33.46%	(222,330) -7.33%	(260,803) -8.69%	38,475 1.36%	(126,483) -4.15%	(95,847) -3.18%
Non-operating Revenue and Expense:																	
Non-operating revenue:	1,942	2,297	2,227	2,130	2,013	4,411	2,500	2,347	2,215	2,114	2,275	592	27,063	32,009	(4,946)	35,000	(7,937)
Interest Expense:	(2,316)	(2,316)	(2,316)	(2,316)	(2,316)	(2,316)	(2,316)	(2,316)	(2,316)	(2,316)	(2,316)	(2,332)	(27,808)	(29,545)	1,737	(27,782)	(16)
Total Non-operating Revenue & Expense:	(374)	(19)	(89)	(186)	(303)	2,095	184	31	(101)	(202)	(41)	(1,740)	(745)	2,464	(3,209)	7,208	(7,953)
Net Income:	20,798 8.28%	1,725 0.72%	(41,207) -14.79%	(23,255) -8.49%	(24,412) -9.46%	6,927 2.96%	(37,524) -16.93%	(833) -0.35%	6,297 2.50%	369 0.13%	(40,662) -16.83%	(91,298) -34.11%	(223,075) -7.35%	(258,341) -8.61%	35,266 1.26%	(119,279) -3.91%	(103,800) -3.44%
Earnings Before Interest and Depreciation (EBID):	39,179 15.59%	19,751 8.19%	(23,111) -8.29%	(5,062) -1.85%	(5,102) -2.37%	22,839 9.77%	(19,701) -8.89%	17,143 7.23%	24,405 9.71%	18,578 6.67%	(22,614) -9.36%	(71,553) -26.73%	(6,248) -0.21%	(44,724) -1.45%	38,476 1.28%	89,599 2.94%	(95,847) -3.14%

Debt Principal Coverage																
Simple Cash Flow (Net Income Plus Depreciation)	38,805	19,732	(23,200)	(5,248)	(6,405)	24,934	(19,517)	17,174	24,304	18,376	(22,655)	(73,293)	(6,993)	(42,260)	35,267	
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	115,800	35,267	
Debt Principal Coverage Surplus/Deficit	29,155	10,082	(32,850)	(14,898)	(16,055)	15,284	(29,167)	7,524	14,654	8,726	(32,305)	(82,943)	(122,793)	(158,060)	35,267	
Debt Principal Coverage Percentage	402%	204%	-240%	-54%	-66%	258%	-202%	178%	234%	190%	-235%	-760%	6%	-36%	30.46%	

Simple Asset Replacement Coverage																
Debt Principal Coverage Surplus/Deficit (From Above)	29,155	10,082	(32,850)	(14,898)	(16,055)	15,284	(29,167)	7,524	14,654	8,726	(32,305)	(82,943)	(122,793)	(158,060)	35,267	
Depreciation	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,005	216,082	216,081	1	
Cash Accumulated For/(Taken From) Asset Replacement	11,148	(7,925)	(50,857)	(32,905)	(34,062)	(2,723)	(47,174)	(10,483)	(3,353)	(9,281)	(50,312)	(100,948)	(338,875)	(374,141)	35,266	

Working Capital																
Beginning Undesignated Working Capital	537,729	661,968	677,988	654,452	643,237	637,141	637,433	642,000	643,075	667,266	655,632	677,908	537,729	734,024	(196,295)	
Net Income Plus Depreciation Less Principal	29,155	10,082	(32,850)	(14,898)	(16,055)	15,284	(29,167)	7,524	14,654	8,726	(32,305)	(82,943)	(122,793)	(158,060)	35,267	
Accruals, and other Balance Sheet Changes	95,084	5,938	9,314	3,683	9,959	(14,892)	33,794	(6,449)	(5,537)	(20,360)	53,976	(323,007)	(143,583)	(38,238)	(105,346)	
Ending Undesignated Working Capital	661,968	677,988	654,452	643,237	637,141	637,433	642,000	643,075	667,266	655,632	677,908	271,353	271,353	537,729	(266,376)	
Working Capital Designated for CapEx	722,896	722,896	722,896	722,896	722,896	722,896	722,896	721,490	721,490	770,901	721,509	647,413	647,413	672,896	(25,483)	
Current Assets	1,525,806	1,531,259	1,508,844	1,496,724	1,489,521	1,489,201	1,493,876	1,480,939	1,515,580	1,553,660	1,576,040	1,342,451				
Current Liabilities	(25,338)	(14,597)	(15,696)	(14,793)	(13,786)	(13,074)	(13,282)	(10,576)	(11,026)	(11,329)	(11,430)	(807,887)				
GLTD	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)				
WCDF Capex	(722,896)	(722,896)	(722,896)	(722,896)	(722,896)	(722,896)	(722,896)	(721,490)	(721,490)	(770,901)	(721,509)	(647,413)				
Undesignated Working Capital	661,968	677,988	654,452	643,237	637,141	637,433	642,000	643,075	667,266	655,632	677,908	271,353	271,353	537,729	(266,376)	
Total Working Capital	1,384,864	1,400,884	1,377,348	1,386,133	1,360,037	1,360,329	1,364,896	1,366,565	1,388,756	1,426,533	1,398,812	918,766	918,766	1,210,625	(291,859)	

Working Capital Designated for Capex, June 30, 2013

90413	Sitka Landfill/Granite Creek	56,252.00
90566	Transfer Station	49,724.00
90657	Expand Biosolids Area	500,000.00
90677	Recycle Center Fence	50,000.00
90678	Scrap yard Upgrade	16,920.00
		<u>672,896.00</u>

Working Capital designated for Capex, June 30, 2013

672,896.00	
New CapEx designations of Working Capital in FY14 Budget	
Ramp For Baler	50,000.00
Solid Waste Management Plan	49,703.00
	-
New fixed assets	-
Less FY14 working capital outlays for CapEx	<u>(125,186.00)</u>

City and Borough of Sitka
Solid Waste Disposal Utility
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2014
(Unaudited)

Working Capital designated for Capex, June 30, 2014

547,413.00

Harbor System Financial Analysis As Of, And For the Fiscal Year Ending June 30, 2014

Financial operations for the Harbor Fund for June, and the fiscal year ending June 30, 2014, were solid and helped contribute to the Harbor Fund exceeding FY13 financial performance. The moorage rate increase passed last year has had the intended effect of increasing permanent moorage revenue. Transient moorage is also significantly higher than that in the previous year. Raw Fish Tax, not yet received from the State of Alaska as of October 15, 2014, was estimated and accrued at \$1,138, due to the strong salmon returns in 2013, and contributed to the strong financial performance as the tax had been estimated at \$800K. Increases in costs of operations above the rate of inflation, however, have muted these revenue increases, with Earnings Before Income (EBI) rising by only \$5.8K, or 1.39%.

More so than any other fund, the Harbor Fund displays significant seasonal trends, especially in regards to working capital. Raw fish tax, a significant annual source of revenue, is received in one single payment at the end of the fiscal year. The amount of taxes to be received can't be determined with any certainty, thus no receivable amount is accrued through the year. On the attached report, for income smoothing purposes, a standard monthly estimate of raw fish tax revenue is included in the income statement. This amount is not included in the calculation of undesignated working capital until received, however. As a result, working capital tends to drift downwards through the year, then spiking back up in June, when the amount of taxes to be received is determined.

Revenue increased \$152.1K, or 7.5%, over FY2013, while costs of operations increased by \$146.3K, or 6.2%. Earnings before interest and depreciation (EBIDA) increased by 3.4K, or 1%, from \$342.1K to \$345.6K for the comparable fiscal year. Undesignated working capital grew by \$584.5K in year-over-year comparison with June, 2013, from \$6,224.8K to \$6,809.3K.

The Harbor Fund just fell short of meeting its annual plan for FY2014. EBI was (\$8.8K), or -2.8%, behind plan, and EBID was (\$11.3K), or -3.2% behind plan. Ending undesignated working capital, while increasing, was (\$322.8K) behind the projected level as of June 30. As presented to the Ports and Harbors Commission on October 15, an additional moorage rate increases remain necessary in order to obtain necessary working capital for future infrastructure replacements and renovations. The moorage rate increase for FY2015, however, can be expected to be similar to the percentage increase in FY2014.

City and Borough of Sitka
 Harbor Fund
 Income Statement
 For The Twelve-Month Period From July 1, 2013 to June 30, 2014
 (Unaudited)

90722	Eliason Harbor Flotation Upgrades	2,664.00
90751	Crescent Harbor Water Line	58,909.00
		<u> -</u>
	Total designated working capital	<u>4,387,367</u>

Eliason Flotation Upgrade Addnl Appropriation	50,000.00
Transient Dock	500,000.00
	<u> -</u>
Bond Fund Interest	16,308.00
	<u> -</u>
Less FY14 working capital outlays for CapEx	<u>(4,079,971.00)</u>
Working Capital designated for Capex, June 30, 2014	<u>873,704.00</u>

**Airport Terminal
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2014**

Financial operations for the Airport Terminal continue to be solid and profitable. Top-line revenue was \$454.1K for the fiscal year, a decline of (\$159.2K) from Fiscal year 2013. 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 Fiscal year 2014, Earnings Before Interest (EBI) were (\$55.8K); however, Earnings Before Interest and Depreciation (EBID) were \$124.1K, indicating positive cash flow. Due to the positive cash flow, undesignated working capital grew by \$97K for the fiscal year, to \$322.0K. Total working capital, which includes collected but unspent passenger facility fees, was \$745.8K as of June 30, 2014.

A continuing financial challenge is the inability of the Fund to accumulate working capital greater than the estimate depreciation of the Terminal facility itself, as indicated by the negative EBI for the year. 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 \$322K is available in 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, 2013 to June 30, 2014
(Unaudited)

	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	FY2014 YTD	FY2013 YTD	Variance To FY2013 YTD	FY2014 Plan (\$/L - 100%)	Variance To FY2014 Plan
Revenue:									
Leases	120,544.00	60,476.00	90,407.00	90,928.00	362,355.00	356,360.00	5,995.00	363,269.00	(914.00)
Other Operating Revenue	63,247.00	13,535.00	8,289.00	6,679.00	91,750.00	256,813.00	(165,163.00)	253,000.00	(161,250.00)
Total Revenues:	183,791.00	74,011.00	98,696.00	97,607.00	454,105.00	613,173.00	(159,168.00)	616,269.00	(162,164.00)
Cost of Sales:									
Operations	69,543.00	83,322.00	84,656.00	92,465.00	329,986.00	383,690.00	(53,704.00)	359,847.00	29,861.00
Depreciation	44,532.00	44,533.00	44,532.00	46,356.00	179,953.00	178,130.00	1,823.00	179,953.00	-
Total Cost of Sales:	114,075.00	127,855.00	129,188.00	138,821.00	509,939.00	561,820.00	(51,881.00)	589,800.00	29,861.00
Gross Margin:	69,716.00 37.93%	(53,844.00) -72.75%	(30,492.00) -30.89%	(41,214.00) -42.22%	(55,834.00) -12.30%	51,453.00 8.39%	(107,287.00) 67.40%	76,469.00 12.41%	(132,303.00) -24.70%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	69,716.00 37.93%	(53,844.00) -72.75%	(30,492.00) -30.89%	(41,214.00) -42.22%	(55,834.00) -12.30%	51,453.00 8.39%	(107,287.00) 67.40%	76,469.00 12.41%	(132,303.00) -24.70%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	3,635.00	5,479.00	4,178.00	7,607.00	20,899.00	6,523.00	14,376.00	12,000.00	8,899.00
Interest Expense:	-	-	-	-	-	(939.00)	939.00	-	-
Total Non-operating Revenue & Expense:	3,635.00	5,479.00	4,178.00	7,607.00	20,899.00	5,584.00	15,315.00	12,000.00	8,899.00
Net Income:	73,351.00 39.91%	(48,365.00) -65.35%	(26,314.00) -26.66%	(33,607.00) -34.43%	(34,935.00) -7.69%	57,037.00 9.30%	(51,972.00) 57.78%	88,469.00 14.36%	(123,404.00) -22.05%
Earnings Before Interest and Taxes and Depreciation (EBITDA):	114,248.00 62.16%	(9,311.00) -12.58%	14,040.00 14.23%	5,142.00 5.27%	124,115.00 27.33%	229,583.00 37.44%	(105,464.00) 66.26%	256,422.00 41.61%	(132,303.00) -14.28%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	117,883.00	(3,832.00)	18,218.00	12,749.00	145,018.00	235,167.00	(90,149.00)	268,422.00	(123,404.00)
Debt Principal	44,532.00	44,533.00	44,532.00	46,356.00	179,953.00	31,299.00	(31,299.00)	179,953.00	-
Debt Principal Coverage Surplus/Deficit	117,883.00	(3,832.00)	18,218.00	12,749.00	145,018.00	203,868.00	(58,850.00)	268,422.00	(123,404.00)
Debt Principal Coverage Percentage	100%	100%	100%	100%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	117,883.00	(3,832.00)	18,218.00	12,749.00	145,018.00	203,868.00	(58,850.00)	268,422.00	(123,404.00)
Capital Available For (Taken From) Asset Replacement	44,532.00	44,533.00	44,532.00	46,356.00	179,953.00	178,130.00	1,823.00	179,953.00	-
Capital Available For (Taken From) Asset Replacement	73,351.00	(48,365.00)	(26,314.00)	(33,607.00)	(34,935.00)	25,738.00	(60,673.00)	88,469.00	(123,404.00)
Working Capital									
Beginning Undesignated Working Capital	224,900.00	291,814.00	287,963.00	305,972.00	224,900.00	353,598.00	(128,698.00)	619,517.00	(394,617.00)
Net Income Plus Depreciation Less Principal	117,883.00	(3,832.00)	18,218.00	12,749.00	145,018.00	235,167.00	(90,149.00)	268,422.00	(123,404.00)
CapEx, Accruals, and other Balance Sheet Changes	(50,969.00)	(19.00)	(209.00)	(3,232.00)	(47,965.00)	(30,752.00)	(78,717.00)	(47,965.00)	-
Ending Undesignated Working Capital	291,814.00	287,963.00	305,972.00	321,953.00	321,953.00	619,517.00	(297,564.00)	887,939.00	(565,986.00)
Working Capital Designated for CapEx	509,500	508,639	446,266	423,894	423,894	63,913	359,981	63,034	360,860
Current Assets									
Current Assets	801,314	802,883	752,238	781,074	781,074				
Current Liabilities	(6,281)	(6,281)	(6,281)	(35,227)	(35,227)				
CPLTD									
WCDFCapex	(509,500)	(508,639)	(446,266)	(423,894)	(423,894)				
Undesignated Working Capital	291,814	287,963	305,972	321,953	321,953				
Total Working Capital	801,314	796,602	752,238	745,847	745,847				

July 1, 2013
\$ 63,913 - 90556 - Airport Lighting
\$ 388,617 - PFC Projects
\$458,530

Working Capital designated for Capex, June 30, 2013	458,530.00
New CapEx designations of Working Capital in FY14 Budget	
FY14 Passenger facility Charges	51,199.00
Less FY14 working capital outlays for CapEx	(85,935.00)
Working Capital designated for Capex, June 30, 2014	423,894.00

Marine Service Center

Financial Analysis

As Of, And For the Fiscal Year Ending June 30, 2014

Financial operations for the Marine Service Center continue to be solid and profitable. Top-line revenue for the fiscal year was \$233.1K, a decline of (\$9.1K) from FY2013. Cost of sales were substantially decreased over FY2013, though, \$51.9K compared to \$113.6K, resulting in improved Earnings Before Interest (EBI), \$37.7K versus (\$21.8K) and Earnings Before Interest and Depreciation (EBID), \$181.4K versus \$128.6K.

Working capital increased by \$207.8K during the fiscal year, and undesignated working capital as of June 30, 2014 was \$1,462.5K.

City and Borough of Sitka
Marine Service Center
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2014
(Unaudited)

	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	FY2014 YTD	FY2013 YTD	Variance To FY2013 YTD	FY2014 Plan (S/L - 100%)	Variance To FY2014 Plan
Revenue:									
Leases	58,146	58,146	58,146	58,625	233,063	242,174	(9,111)	232,584	479
Other Operating Revenue	-	-	-	263	263	-	263	-	263
Total Revenue:	58,146	58,146	58,146	58,888	233,326	242,174	(8,848)	232,584	742
Cost of Sales:									
Operations	16,971	23,215	6,338	5,403	51,927	112,576	61,649	200,221	148,294
Depreciation	37,597	37,597	37,597	30,971	143,762	150,386	6,624	143,762	-
Total Cost of Sales:	54,568	60,812	43,935	36,374	195,689	263,962	68,273	343,983	148,294
Gross Margin:	3,578	(2,666)	14,211	22,514	37,637	(21,788)	59,425	(111,399)	149,036
	6.15%	-4.59%	24.44%	38.23%	16.13%	-9.00%	25.13%	-47.90%	64.03%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	3,578	(2,666)	14,211	22,514	37,637	(21,788)	59,425	(111,399)	149,036
	6.15%	-4.59%	24.44%	38.23%	16.13%	-9.00%	25.13%	-47.90%	64.03%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	6,096	6,448	7,299	16,011	35,854	(3,735)	39,589	26,100	9,754
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	6,096	6,448	7,299	16,011	35,854	(3,735)	39,589	26,100	9,754
Net Income:	9,674	3,782	21,510	38,525	73,491	(25,523)	99,014	(85,299)	158,790
	16.46%	6.50%	36.99%	65.42%	31.50%	-10.54%	-1119.06%	-36.67%	68.17%
Earnings Before Interest and Taxes and Depreciation (EBITDA):	41,175	34,931	51,808	53,485	181,999	128,598	66,049	32,363	149,036
	70.81%	60.07%	89.10%	90.82%	77.74%	53.10%	24.64%	13.91%	63.83%

Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	47,271	41,379	59,107	69,496	217,253	124,863	92,390	58,463	158,790
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	47,271	41,379	59,107	69,496	217,253	124,863	92,390	58,463	158,790
Debt Principal Coverage Percentage	100%	100%	100%	100%	100%	100%	100%	100%	0%

Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	47,271	41,379	59,107	69,496	217,253	124,863	92,390	58,463	158,790
Depreciation	37,597	37,597	37,597	30,971	143,762	150,386	(6,624)	143,762	-
Cash Accumulated For/(Taken From) Asset Replacement	9,674	3,782	21,510	38,525	73,491	(29,523)	99,014	(85,299)	158,790

Working Capital									
Beginning Undesignated Working Capital	1,254,664	1,292,508	1,333,886	1,392,994	1,254,664	1,101,016	153,648	619,517	635,147
Net Income Plus Depreciation Less Principal	47,271	41,379	59,107	69,496	217,253	124,863	92,390	58,463	158,790
CapEx Accruals and other Balance Sheet Changes	(9,427)	(2)	1	(2)	(9,425)	28,785	(38,214)	-	(9,425)
Ending Undesignated Working Capital	1,292,508	1,333,886	1,392,994	1,462,488	1,462,488	1,294,664	207,824	677,980	784,506
Working Capital Designated for CapEx	-	-	-	-	-	82,632	(82,632)	-	-

Current Assets	1,292,508	1,333,886	1,392,994	1,462,698	1,462,698	1,254,664	208,034
Current Liabilities	-	-	-	(210)	(210)	-	(210)
CPLTD	-	-	-	-	-	-	-
WCDFCapex	-	-	-	-	-	-	-
Undesignated Working Capital	1,292,508	1,333,886	1,392,994	1,462,488	1,462,488	1,254,664	207,824
Total Working Capital	1,292,508	1,333,886	1,392,994	1,462,488	1,462,488	1,254,664	207,824

	Working Capital designated for Capex, June 30, 2013	0.00
	New CapEx designations of Working Capital in FY14 Budget	-
	Less FY14 working capital outlays for CapEx	-
	Working Capital designated for Capex, June 30, 2014	<u>0.00</u>

Sawmill Creek Industrial Park Fund
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2014

Financial operations for the Sawmill Creek Industrial Park well surpassed those of Fiscal Year 2013 and were in line with plan for Fiscal year 2014. Of note is \$150,000 of other operating revenue recognized in FY14; this represents the recognition of previous water sales deposits as revenue. These deposits had been included in working capital calculations in previous reports; thus, while net income is substantially higher than plan, ending undesignated working capital is right in line with plan.

Top-line revenue surpassed the 4th fiscal quarter of 2013 (April thru June) due to the deposit recognition previously mentioned. Top line rental revenue declined slightly for the quarter as compared to FY13, from \$148.8K to \$132.4K. Total revenue for the quarter was \$304.4K versus \$142.2K, an increase of \$162.2K, or 114.1%. Year-to-date revenue was \$500.9K versus \$297.0K, an increase of \$203.9K, or 68.7%

Costs of operations exceeded last year, but were lower than plan. Total costs of operations for the quarter were \$272.9K versus \$179.1K, an increase of \$93.8K, or 52.%. Year-to-date costs of operations were \$664.7K versus \$536.2K, an increase of \$128.5K, or 24%. It is important to note that increases in depreciation accounted a significant portion of the overall increase in operations; depreciation was up by \$40.1K year-to-date compared to the prior nine-month period.

Working capital rose slightly during the 4th quarter, increasing by \$52.1K. Undesignated working capital declined by \$15.3K in the 4th quarter, however. As of June 30, 2014, overall undesignated working capital was \$890.8K and undesignated working capital was \$873.8K.

City and Borough of Sitka
Sawmill Cove Industrial Park
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2014
(Unaudited)

	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	FY2014 -YTD	FY2013 YTD	Variance To FY2013 YTD	FY2014 Plan (S/L - 100%)	Variance To FY2014 Plan
Revenue:									
Leases	125,676	130,963	111,946	132,359	500,944	296,975	203,969	450,000	50,944
Other Operating Revenue	-	31	22,275	172,021	194,327	300	194,027	-	194,327
Total Revenue:	125,676	130,994	134,221	304,380	695,271	297,275	397,996	450,000	245,271
Cost of Sales:									
Operations	42,334	102,272	46,926	165,925	357,457	269,126	88,331	354,770	2,687
Depreciation	66,779	66,779	66,779	106,927	307,264	267,116	40,148	267,116	40,148
Total Cost of Sales:	109,113	169,051	113,705	272,852	664,721	536,242	128,479	621,886	42,835
Gross Margin:	16,563 13.18%	(38,057) -29.05%	20,516 15.29%	31,528 10.36%	30,550 4.39%	(238,967) -80.39%	269,517 84.78%	(171,886) -38.20%	202,436 42.59%
Selling and Administrative Expenses									
Earnings Before Interest (EBI):	16,563 13.18%	(38,057) -29.05%	20,516 15.29%	31,528 10.36%	30,550 4.39%	(238,967) -80.39%	269,517 84.78%	(171,886) -38.20%	202,436 42.59%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	9,652	9,712	4,233	(7,616)	15,981	16,899	(918)	1,000	14,981
Grant Revenue:	-	29,170	9,559	142,555	181,284	124,688	56,596	38,729	142,555
Sale of Fixed Assets	-	-	-	-	-	5,013	(5,013)	-	-
Interest Transfer From SMC Contingency	4,230	4,336	3,277	5,963	17,806	18,034	(228)	27,000	(9,194)
Interest Expense:	(4,202)	(4,202)	(4,202)	(4,202)	(16,808)	(14,561)	(2,247)	(8,000)	(8,808)
Total Non-operating Revenue & Expense:	9,680	39,016	12,867	136,700	198,263	150,073	48,190	58,729	139,584
Net income:	26,243 20.88%	353 0.73%	33,383 24.87%	168,228 55.27%	228,813 32.91%	(88,884) -29.90%	317,707 62.81%	(113,157) -25.15%	341,970 87.96%
Earnings Before Interest and Depreciation (EBID):	83,342 66.31%	28,722 21.93%	87,295 65.04%	138,455 45.49%	337,814 48.59%	28,149 9.47%	309,665 39.12%	95,230 21.16%	242,584 27.43%

Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	93,022	67,738	100,162	275,155	536,077	178,222	357,855	153,959	382,118
Debt Principal	12,446	12,446	12,446	12,446	49,784	49,782	-2	49,782	-2
Debt Principal Coverage Surplus/Deficit	80,576	55,292	87,716	262,709	486,293	128,440	357,853	104,177	382,116
Debt Principal Coverage Percentage	747.40%	544.26%	804.77%	2210.79%	1076.51%	-83.89%	1160.70%	309.27%	851.43%

Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	80,576	55,292	87,716	262,709	486,293	128,440	357,853	104,177	382,116
Depreciation	66,779	66,779	66,779	106,927	307,264	267,116	40,148	267,116	40,148
Cash Accumulated For/(Taken From) Asset Replacement	13,797	(11,487)	20,937	155,782	179,029	(138,676)	317,705	(162,939)	341,968

Working Capital									
Beginning Undesignated Working Capital	712,988	805,068	851,936	889,071	712,988	332,957	380,031	712,988	-
Net Income Plus Depreciation Less Principal	80,576	67,738	100,162	275,155	529,631	128,440	395,191	153,959	369,672
CapEx, Accruals, and other Balance Sheet Changes	11,504	(20,870)	(63,027)	(290,422)	(362,815)	251,591	(614,406)	(362,815)	(362,815)
Ending Undesignated Working Capital	805,068	851,936	889,071	873,804	873,804	712,988	160,816	866,947	6,857
Working Capital Designated for CapEx		249	(50,374)	16,984	16,984	24,238	(7,254)		
Current Assets	1,104,874	1,154,435	1,137,453	1,220,105					
Current Liabilities	(250,022)	(252,466)	(248,972)	(279,533)					
CPLTD	(49,784)	(49,784)	(49,784)	(49,784)					
WCDF Capex		(249)	50,374	(16,984)					
Undesignated Working Capital	805,068	851,936	889,071	873,804	873,804	712,988	160,816		
Total Working Capital	805,068	852,185	838,697	890,788	890,788	737,226	153,562		

July 1, 2013
\$24,238 - Boat Building

Working Capital designated for Capex, June 30, 2013 24,238.00
New CapEx designations of Working Capital in FY14 Budget
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Less FY14 working capital outlays for CapEx (Thru 3/31) (7,254)
Working Capital designated for Capex, June 30, 2014 16,984.00

**Management Information Systems (MIS) Fund
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2014**

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

Interdepartmental billings increased by \$85.3K, or 10.7% in comparison to FY2013. This increase was right in line with plan, however, as actual revenue exceeded planned revenue by just \$2.1K.

Costs of operations rose by \$19.9K, or 2.5%. This increase in operating costs was \$41.2K less than planned, however, a positive variance of 4.8%.

Working capital in the MIS Fund declined by (\$31.8K), to \$295.3K as of June 30, 2014.

City and Borough of Sitka
MIS Fund
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2014
(Unaudited)

	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	FY2014 YTD	FY2013 YTD	Variance To FY2013 YTD	FY2014 Plan (5% - 100%)	Variance To FY2014 Plan
Revenue:									
Data Processing Charges	194,504	194,504	194,504	194,504	778,016	772,863	5,153	778,022	(6)
Other Operating Revenue	-	-	105,236	1,302	107,538	27,001	80,537	105,000	2,138
Total Revenue:	194,504	194,504	299,740	195,806	885,554	799,864	85,290	883,022	2,132
Cost of Sales:									
Operations	208,346	201,669	136,690	171,749	718,454	707,026	(11,419)	759,806	41,161
Depreciation	22,388	22,388	22,388	30,875	98,039	89,552	(8,487)	98,039	-
Total Cost of Sales:	230,734	224,057	159,078	202,624	816,493	796,578	(19,905)	857,845	41,161
Gross Margin:	(36,230)	(29,553)	140,662	(6,209)	68,670	3,286	65,384	25,377	43,293
	-18.63%	-15.19%	46.93%	-3.16%	7.76%	0.41%	7.35%	2.87%	4.88%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	(36,230)	(29,553)	140,662	(6,209)	68,670	3,286	65,384	25,377	43,293
	-18.63%	-15.19%	46.93%	-3.16%	7.76%	0.41%	7.35%	2.87%	4.88%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	2,147	2,181	2,249	1,123	7,700	5,386	2,314	4,000	3,700
Interest Expense:	(1,906)	(1,906)	(1,906)	(4,695)	(10,413)	-	(10,413)	(10,413)	-
Total Non-operating Revenue & Expense:	241	275	343	(3,572)	(2,713)	5,386	(8,099)	(6,413)	3,700
Net Income:	(35,989)	(29,278)	141,005	(9,781)	65,957	8,672	57,285	18,964	46,993
	-18.50%	-15.05%	47.04%	-4.98%	7.45%	1.08%	67.16%	2.15%	5.30%
Earnings Before Interest and Depreciation (EBIDA):	(13,842)	(7,165)	163,050	24,666	166,709	92,838	73,871	123,416	43,293
	-7.12%	-3.68%	54.40%	12.56%	18.83%	11.61%	7.23%	13.98%	4.86%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(13,601)	(6,890)	163,393	21,094	163,996	98,224	65,772	117,003	46,993
Debt Principal	11,084	11,084	11,084	11,084	44,336	-	44,336	44,336	-
Debt Principal Coverage Surplus/Deficit	(24,685)	(17,974)	152,309	10,010	119,660	98,224	21,436	72,667	46,993
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)	(24,685)	(17,974)	152,309	10,010	119,660	98,224	21,436	72,667	46,993
Depreciation	22,388	22,388	22,388	30,875	98,039	89,552	8,487	98,039	-
Cash Accumulated For/(Taken From) Asset Replacement	(47,073)	(40,362)	129,921	(20,865)	21,621	8,672	12,949	(25,372)	46,993
Working Capital									
Beginning Undesignated Working Capital	327,096	140,685	195,901	323,309	327,096	238,473	88,623	327,096	-
Net Income Plus Depreciation Less Principal	(13,601)	(6,890)	163,393	21,094	163,996	98,224	65,772	117,003	46,993
CapEx, Accruals, and other Balance Sheet Changes	(172,610)	1,906	24,015	(49,097)	(195,786)	(9,601)	(186,185)	(174,751)	(21,035)
Ending Undesignated Working Capital	140,885	135,901	323,309	295,305	295,305	327,096	(31,790)	269,348	25,958
Working Capital Designated for CapEx	235,957	197,938	142,730	100,176	100,176	438,000	(337,824)	87,561	12,615
Current Assets	455,259	405,870	529,946	479,205					
Current Liabilities	(26,807)	(22,434)	(16,307)	(30,123)					
CP/CD	(47,600)	(47,600)	(47,600)	(47,600)					
WCDFCapex	(235,957)	(197,938)	(142,730)	(100,176)					
Undesignated Working Capital	140,885	135,901	323,309	295,305	295,305	327,096	(31,790)		
Total Working Capital	300,852	313,839	466,039	395,482	395,482	414,657	(19,175)		

Building Maintenance Fund

Financial Analysis

As Of, And For the Fiscal Year Ending June 30, 2014

The Building Maintenance Fund continues to post losses, as jobbing billings are significantly less than costs of operations. As depreciation is insignificant in this Fund, these losses from operations are translating into significant sustained decreases in Fund working capital. The shortfall was planned for in FY2014, however, and the Fund is performing better than plan (that is, losses are less than were planned).

Jobbing billings have decreased by (\$97.0K), or -21.3% in comparison to FY2013. Costs of operations for the same period fell, however, by \$107.7K, or 12.0%. Working capital declined by (\$189.9K), from \$2,433.1K to \$2,126.3K, since July 1, 2013.

As has been discussed in previous analyses, even though the losses for FY2014 were planned, they are unsustainable in the long run. Either jobbing billings must be increased or expenses must be decreased. It must be noted, furthermore, that increases in jobbing billings, either through more billings or an increase in the jobbing rate, will have a direct impact on the cost structures of other Funds, increasing their expenditures in turn.

City and Borough of Sitka
 Building Maintenance Fund
 Income Statement
 For The Twelve-Month Period From July 1, 2013 to June 30, 2014
 (Unaudited)

	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	FY2014 YTD	FY2013 YTD	Variance To FY2013 YTD	FY2014 Plan (S/L - 100%)	Variance To FY2014 Plan
Revenue:									
Building Maintenance Charges	-	119,768	103,247	135,200	358,215	455,224	(97,009)	433,573	(75,358)
Other Operating Revenue	-	-	1,415	2,753	4,168	-	4,168	-	4,168
Total Revenue:	-	119,768	104,662	137,953	362,383	455,224	(92,841)	433,573	(71,190)
Cost of Sales:									
Operations	159,048	157,887	123,818	231,352	672,105	737,217	65,112	874,625	202,520
Depreciation	624	625	624	624	2,497	2,497	-	2,497	-
Total Cost of Sales:	159,672	158,512	124,442	231,976	674,602	739,714	65,112	877,122	202,520
Gross Margin:	(159,672) 0.00%	(98,744) -82.35%	(19,780) -18.90%	(94,023) -68.16%	(312,219) -86.16%	(284,490) -62.49%	(27,729) -23.66%	(443,549) -102.30%	131,330 16.14%
Selling and Administrative Expenses	23,191	28,326	29,517	33,961	114,995	157,607	42,612	921,023	206,028
Earnings Before Interest (EBI):	(182,863) 0.00%	(67,070) -56.00%	(49,297) -47.10%	(127,984) -92.77%	(427,214) -117.89%	(442,097) -97.12%	14,883 -20.77%	(764,572) -176.34%	337,358 58.45%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	11,398	49,166	32,084	25,315	117,963	119,910	(1,947)	161,000	(43,037)
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	11,398	49,166	32,084	25,315	117,963	119,910	(1,947)	161,000	(43,037)
Net Income:	(171,465) 0.00%	(17,904) -14.95%	(17,213) -16.45%	(102,669) -74.42%	(309,251) -85.34%	(322,187) -70.78%	12,936 -13.93%	(603,572) -139.21%	294,321 53.87%
Earnings Before Interest and Depreciation (EBID):	(182,239) 0.00%	(66,445) -55.48%	(48,673) -46.50%	(127,360) -92.32%	(424,717) -117.20%	(439,600) -96.57%	14,883 -20.63%	(762,075) -175.77%	337,358 58.57%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(170,841)	(17,279)	(16,589)	(102,045)	(306,754)	(293,847)	(12,907)	(601,075)	294,321
Debt Principal									
Debt Principal Coverage Surplus/Deficit	(170,841)	(17,279)	(16,589)	(102,045)	(306,754)	(293,847)	(12,907)	(601,075)	294,321
Debt Principal Coverage Percentage	100%	100%	100%	100%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(170,841)	(17,279)	(16,589)	(102,045)	(306,754)	(293,847)	(12,907)	(601,075)	294,321
Depreciation	624	625	624	624	2,497	2,497	-	1,249	1,248
Cash Accumulated For/(Taken From) Asset Replacement	(171,465)	(17,904)	(17,213)	(102,669)	(309,251)	(296,344)	(12,907)	(602,324)	293,073
Working Capital									
Beginning Undesignated Working Capital	2,433,084	2,281,400	2,244,963	2,228,376	2,433,084	2,793,499	(360,415)	2,433,084	
Net Income Plus Depreciation Less Principal	(170,841)	(17,279)	(16,589)	(102,045)	(306,754)	(293,847)	(12,907)	(601,075)	294,321
CapEx, Accruals, and other Balance Sheet Changes	19,157	(19,158)	2	-	1	(66,568)	66,569	-	-
Ending Undesignated Working Capital	2,281,400	2,244,963	2,228,376	2,126,331	2,126,331	2,433,084	(306,753)	1,832,009	294,322
Working Capital Designated for CapEx:									
Current Assets	2,316,269	2,261,677	2,246,018	2,196,021					
Current Liabilities	(34,869)	(16,714)	(17,642)	(69,690)					
CPITD									
WCDFCapex									
Working Capital	2,281,400	2,244,963	2,228,376	2,126,331	2,126,331	2,433,084	(306,753)		

**Central Garage Fund
Financial Analysis
As Of, And For The Fiscal Year Ending June 30, 2014**

The Central Garage Fund continues to slowly build back its vehicle sinking fund but remains significantly underfunded. At June 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 \$1093.5K and now stands at approximately \$2,307.3K. The Central Garage is increasing the vehicle replacement sinking fund by approximately \$50K/month. 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.

Costs of operations for the Central Garage for the fiscal year rose by \$19.5K, or 2.9%, but were \$111.9K, or 8.8%, lower than FY2014 plan.

Undesignated working capital rose to \$1,991.5K, an increase of \$508.K since July 1, 2013.

City and Borough of Sitka
Central Garage Fund
Income Statement
For The Twelve-Month Period From July 1, 2013 to June 30, 2014
(Unaudited)

	Jul-Sep 2013	Oct-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	FY2014 YTD	FY2013 YTD	Variance To FY2013 YTD	FY2014 Plan (\$/L - 100%)	Variance To FY2014 Plan
Revenue:									
Vehicle Billings	367,646	356,491	374,889	369,068	1,468,094	1,622,543	(154,449)	1,851,757	(383,663)
Other Operating Revenue	3,409	-	36,118	3,309	42,836	37,375	5,461	33,500	9,336
Total Revenue:	371,055	356,491	411,007	372,377	1,510,930	1,659,918	(148,988)	1,885,257	(374,327)
Cost of Sales:									
Operations	78,679	119,843	108,353	135,307	442,182	480,733	38,551	551,395	109,213
Depreciation	93,410	93,410	93,411	111,672	391,903	372,888	(19,015)	391,903	-
Total Cost of Sales:	172,089	213,253	201,764	246,979	834,085	853,621	19,536	943,298	109,213
Gross Margin:	198,966	143,238	209,243	125,398	676,845	806,297	(129,452)	941,959	(265,114)
	53.62%	40.18%	50.91%	33.68%	44.80%	48.57%	-3.78%	49.95%	-5.17%
Selling and Administrative Expenses	33,515	110,360	82,346	92,154	318,375	364,024	45,649	321,023	2,648
Earnings Before Interest (EBI):	165,451	32,878	126,897	33,244	358,470	442,273	(83,803)	620,936	(262,466)
	44.59%	9.22%	30.87%	8.93%	23.73%	26.64%	-2.92%	32.94%	-9.21%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	24,110	8,944	10,801	35,340	79,195	26,606	52,589	38,500	40,695
Interest Expense:	(5,000)	(5,000)	(5,000)	(5,000)	(20,000)	(22,500)	2,500	(20,000)	-
Total Non-operating Revenue & Expense:	19,110	3,944	5,801	30,340	59,195	4,106	55,089	18,500	40,695
Net Income:	184,561	36,822	132,698	63,584	417,665	446,379	(28,714)	639,436	(221,771)
	49.74%	10.33%	32.29%	17.08%	27.64%	26.89%	19.27%	33.92%	-6.27%
Earnings Before Interest and Depreciation (EBIDA):	258,861	126,288	220,308	144,915	750,373	815,161	(64,788)	1,012,839	(262,466)
	69.76%	35.43%	53.60%	38.92%	49.66%	49.11%	0.55%	53.72%	-4.06%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	277,971	190,232	226,109	175,256	809,568	819,267	(9,699)	1,031,339	(221,771)
Debt Principal	12,500	12,500	12,500	12,500	50,000	50,000	-	50,000	-
Debt Principal Coverage Surplus/Deficit	265,471	177,732	213,609	162,756	759,568	769,267	(9,699)	981,339	(221,771)
Debt Principal Coverage Percentage:	2223.77%	1041.86%	1808.87%	1402.05%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	265,471	177,732	213,609	162,756	759,568	769,267	(9,699)	981,339	(221,771)
Depreciation	93,410	93,410	93,411	93,411	373,642	372,888	754	373,642	-
Cash Accumulated For/(Taken From) Asset Replacement	172,061	24,322	120,198	69,345	385,926	396,379	(10,453)	607,697	(221,771)
Working Capital									
Beginning Undesignated Working Capital	1,485,108	1,479,385	1,638,541	1,855,338	1,485,108	980,650	504,458	980,650	504,458
Net Income Plus Depreciation Less Principal	277,971	130,232	226,109	175,256	809,568	819,267	(9,699)	1,031,339	(221,771)
CapEx, Accruals, and other Balance Sheet Changes	(283,694)	28,924	(9,312)	(35,041)	(309,123)	(314,809)	1,686	(289,500)	(13,623)
Ending Undesignated Working Capital	1,479,385	1,638,541	1,855,338	1,991,553	1,991,553	1,485,108	506,445	1,722,489	269,064
Working Capital Designated for CapEx	313,931	274,132	263,663	263,663	263,663	389,895	(126,232)	274,132	(10,469)
Current Assets	1,842,403	1,950,308	2,164,992	2,328,697					
Current Liabilities	913	12,365	4,009	(23,481)					
CPLTD	(50,000)	(50,000)	(50,000)	(50,000)					
WCDF Capex	(313,931)	(274,132)	(263,663)	(263,663)					
Undesignated Working Capital	1,479,385	1,638,541	1,855,338	1,991,553	1,991,553	1,485,108	506,445		
Total Working Capital	1,793,416	1,912,674	2,119,001	2,255,216	2,255,216	1,519,958	735,258		