City and Borough of Sitka

Financial Review
June 30, 2019

Results as of June 30, 2019 (All Funds)

City and Borough of Sitka
Financial Review
FY2019 General Fund Budget Execution

June 30, 2019

Original Surplus Per Budget Ordinance:	506,780
Budget Adjustments	(1,936,177)
Budgeted Deficit As Of 6/30	(1,429,396)
Revenues Thru 6/30	31,213,698
Expenditures Thru 6/30	30,515,552
Surplus Achieved:	$697,718
Surplus Achieved:	697,718
Budgeted Deficit as of 6/30	(1,429,396)
Difference From Budget:	$2,127,144

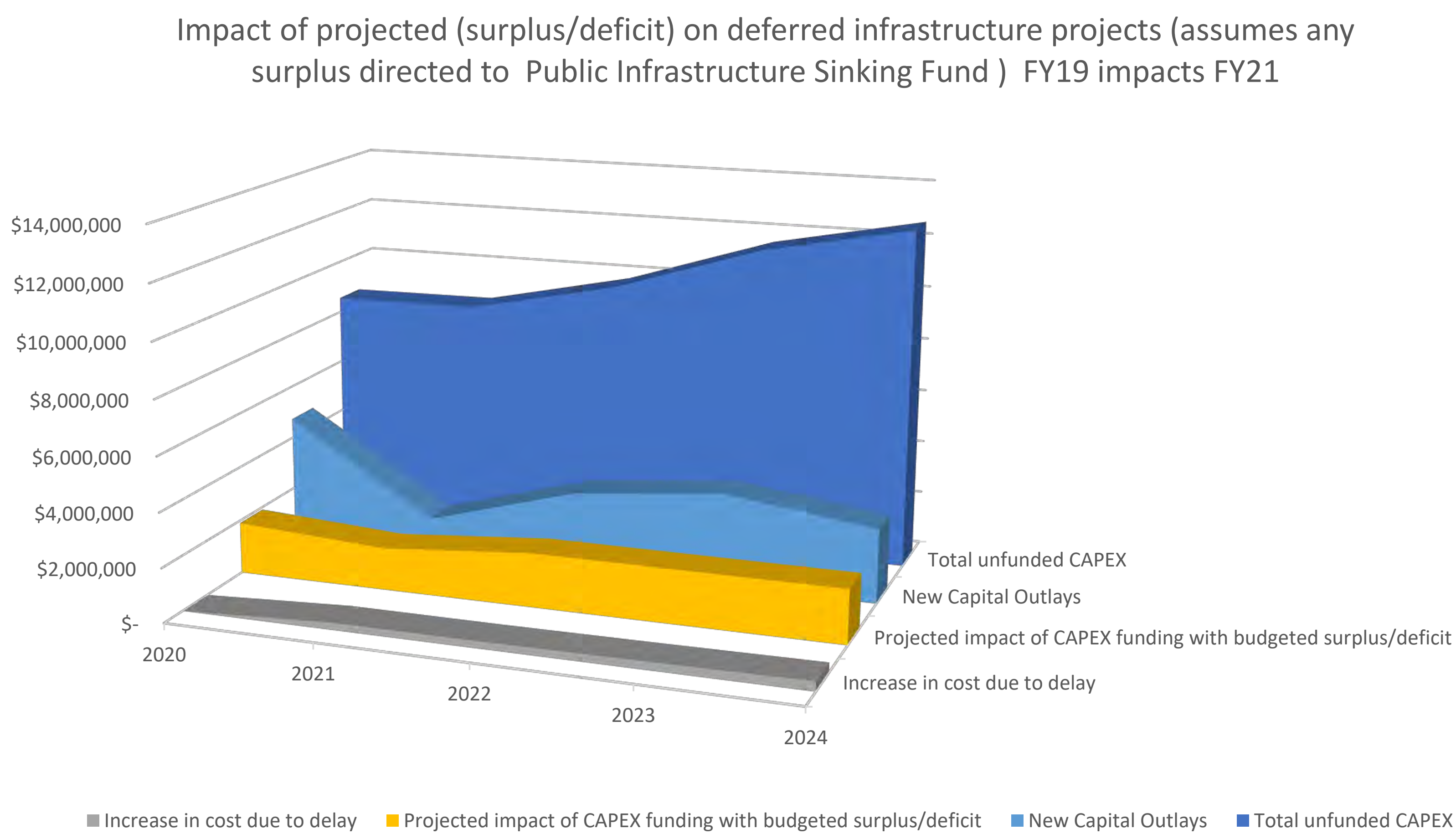
City and Borough of Sitka
Financial Review
FY2019 General Fund
Budget Adjustments

Ordinance 2018-37 (Revenue Offset $25,000) Reappropriate FY2017	242,735
Ordinance 2018-30 E911 System	285,000
Ordinance 2018-48 SCH RFP	150,000
Ordinance 2018-44 Legal Fees	110,000
Ordinance 2018-49 Seaplane Base	50,000
Ordinance 2018-51 (Grant Revenue Offset ($426,160) Grants	0
Ordinance 2018-53 Legal and Consulting Fees SCH Sale	150,000
Ordinance 2018-54 Customer Service Counter Improvements	8,500
Ordinance 2018-55 Senior Citizen Van Match	8,000
Ordinance 2019-01 HCH Staffing & Video Monitoring	50,000
Ordinance 2019-02 (Revenue Offset ($356,000) PERS On-Behalf	0
Ordinance 2019-10 Police Department Investigation	35,000
Ordinance 2019-13 Legal Fees Shepard Vs. CBS	50,000
Ordinance 2019-27 Legal and Consulting Fees SCH Sale	422,000
Encumbrances to 2020	(438,376)
Public Infrastructure Sinking Fund Transfer	679,320
Encumbrances from FY2018	133,988
Total Net Budget Adjustments	1,936,177

City and Borough of Sitka
Financial Review
General Fund Balance
June 30, 2019 versus June 30, 2018

Indicator	Amount	Compared To Last Year	Big Picture
Assigned (Designated) Fund Balance (Includes balance restricted by SGC and other external restrictions such as E-911, liquidity restriction, emergency response, etc)	**10,120,793**	**10,379,647**	
Unassigned and Available Fund Balance (Portion of fund balance not committed for above/other purposes)	**5,637,097**	**4,680,525**	**Surpluses may be transferred into Infrastructure Sinking Fund, while deficits reduce amount of unassigned fund balance. Fine for now, but need to monitor.**
Total General Fund Balance	**15,757,890**	**15,060,172**	

Implications of Financial Status of General Fund as of June 30,2019



City and Borough of Sitka
Financial Review
Fund Net Income and Working Capital
FY2019 Results Through June 30, 2019

Fund	Accrual Basis Net Income / (Loss)	Unspent Working Capital Appropriated For CAPEX	Unappropriated Working Capital	Total Working Capital
Electric Fund	(2,552,118)	7,681,726	1,139,241	8,820,967
Water Fund	288,197	997,435	2,123,364	3,120,799
Wastewater Fund	642,949	2,652,785	4,984,228	7,637,013
Solid Waste Fund	(78,336)	807,342	(1,744,439)	(937,097)
Harbor Fund	691,711	9,176,948	7,421,067	16,598,015
Airport Terminal Fund	319,156	4,276,278	814,942	5,091,220
Marine Service Center Fund	69,778	54,245	1,963,467	2,017,712
Gary Paxton Industrial Park Fund	(530,405)	219,896	506,809	726,705
IT Fund	254,383	471,078	(9,576)	461,502
Central Garage Fund	974,200	312,951	3,855,169	4,168,120
Building Maintenance Fund	(93,234)	-	1,362,366	1,362,366
CPET Fund	(37,550)	-	569,593	569,593
Permanent Fund	(255,740)	-	23,923,467	23,923,467

Financial Statements

- You will find attached financial statements for the various significant funds of the City and Borough of Sitka. Information is presented through June 30, 2019.

- Financial reporting is shown in the custom reporting format designed by the Finance Department, which combines significant elements of the income statement, balance sheet, and cash flow statement into one single page report. At times, reporting formats may be amended to better represent the financial health of a fund, however those changes will be noted.

Comments on Net Losses and Working Capital

- Net losses signify that depreciation expense (the decline in value of infrastructure) exceeds revenue and may signify that infrastructure replacement may eventually need to be funded by bonding and higher user fees.

- Negative undesignated working capital signifies that we have more approved spending for infrastructure than we have fund balance to pay for.

- Net Income/and loss includes grant revenue .

- Long-term infrastructure plans have been developed for all major enterprise funds; these plans seek to identify long-term infrastructure needs and determine the correct level of user fees necessary to finance the plan. A long-term capital improvement plan has been developed for the General Fund; however, due to lack of dedicated revenue streams, funding has not been identified to finance the plan.

- The long-term infrastructure plan for the Electric Department is being reviewed. A revised plan is expected in 2020.

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 appropriated for capital expenditures but unspent is called appropriated but unspent working capital; the remainder is unappropriated 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. Fund balances for governmental-type funds are classified in one of 5 classifications: non-spendable, restricted, committed, assigned, and unassigned and available. Fund balances for enterprise and internal service funds is classified as either restricted or unrestricted.

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 Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	**31,213,270**	**Increased**	**Met Plan**	**State and Federal funding continue to decrease from previous levels**
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	**1,636,383**	**Increased**	**Under budget**	**As many staff positions are vacant savings are realized, but this may result in either less revenue or higher expenses in the future**
Surplus (Shortfall) of Revenues Over Outlays	**697,718**	**Increased**	**More surplus than Planned**	**General Fund is generating a surplus for future infrastructure repair/replacement, but not enough**
Capital Expenditure Outlays (The General Fund's depreciable assets decrease in value for FY18 is $7.4 million (including schools), which could be a benchmark for setting aside funds for future asset replacement)	**1,938,406**	**Decreased**	**Met Plan**	**Not enough is being set aside to replace assets in the future if lack of grant funding continues.**
Assigned (Designated) Fund Balance (Includes balance restricted by SGC and other external restrictions such as E-911, liquidity restriction, emergency response, etc)	**5,367,097**	**Increased by 2.6%**	**Met Plan**	
Unassigned and Available Fund Balance (Portion of fund balance not committed for above/other purposes)	**5,637,097**	**Increased**	**Exceeded Plan**	**Surpluses may be transferred into Infrastructure Sinking Fund, while deficits reduce amount of unassigned fund balance. Fine for now, but need to watch decline.**
Total General Fund Balance	**15,757,890**	**Increased**	**Exceeded Plan**	**Fund balance increased due to surplus for the**

The General Fund's financial performance for FY2019 improved over FY2018 and exceeded planned levels in every metric except for capital expenditure outlays. The General Fund's expenditures were less than budgeted appropriations and revenue was slightly above plan, creating a surplus of $697,718. This surplus was 21.3% lower than the surplus in FY2018, but was still higher than planned. This due to higher revenue than last fiscal year and expenses that are under budget.

The increase in financial position, as reflected in the increase in the unassigned fund balance, should be viewed as temporary, as, per code, any increases in unassigned fund balances are considered for eligible transfer into the Public Infrastructure Sinking Fund in September. Hence, any increase will ultimately be utilized for capital expenditures unless the Assembly decides and directs otherwise.

Management's overriding concern for the General Fund continues to be the inadequate size of its unassigned fund balance compared with known deferred maintenance amounts, and, the small amount of the annual surplus when compared to potential future general obligation bond debt service. The condition of general governmental infrastructure (school buildings, streets, city hall, the police station, etc.) continues to deteriorate each year as the facilities age.

School buildings are of particular concern as the State's school bond debt service reimbursement program no long exists for new debt for building or repairing schools. In addition, the general fund will have to bear more of the burden of paying for existing school bond debt as the state backs away from its original commitment to reimburse debt service. This is an expense that has not been contemplated beyond the 1% seasonal sales tax that will be insufficient to cover debt service should the state continue to reduce the rate of reimbursement. The youngest school building, Keet Gooshi Heen Elementary School, is 32 years old, having been initially constructed in 1986. The oldest building, Baranof Elementary School, is 64 years old, having been constructed in 1954. The other two major school builds are in between. Albeit, major renovations have taken place over the intervening years, but the buildings are getting old. The Police Department facility has aged to the point of being almost insufficient to meet basic law enforcement needs.

The challenge we face is that there is no sinking fund set aside for major renovation of existing buildings or construction of new ones. The unassigned General Fund balance is all that is currently available. Thus, unless the General Fund balance increases substantially in the near future, or significant grant opportunities arise (which is unlikely as the CBS does not have any staff dedicated to seeking grant funding), the issuance of general obligation bonds for schools and a Police Department facility is the most likely funding source the Municipality will turn to.

Issuance of additional general obligation bonds in the future will be complicated by two aspects: the doubtfulness of school bond debt reimbursement by the State of Alaska, and, the inability to levy additional property taxes necessary to meet additional debt service, due to the Charter property tax cap.

The take-away for the General Fund, and particularly for general governmental infrastructure, is that Sitka's general government and school funding situation will continue to worsen. Unfortunately, there are no easy or painless solutions. The challenges in general government funding can't be solved by expense cutting alone unless municipal services are significantly reduced.

As is happening Statewide, our citizens and Assembly must start engaging in a blunt conversation as to what services citizens are willing to pay for in Sitka. The current level of general government services/infrastructure can't be maintained without additional tax revenue, and, proposals to increase taxes in the past have been unpopular and soundly defeated.

City and Borough of Sitka
General Fund
Financial Statements
For The Twelve-Month Period From July 1, 2018 to June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.0%)	Variance To FY2019 Plan
Property Taxes	6,687,596	34,203	8,480	47,346	6,777,625	6,647,375	130,250	6,866,000	(88,375)
Sales Taxes	5,082,865	2,059,030	1,824,201	4,343,109	13,309,205	12,088,127	1,221,079	12,780,000	529,205
Bed Taxes	-	-	-	-	-	-	-	-	-
State Assistance	716,610	171,416	193,534	(63,508)	1,018,052	875,828	142,224	1,304,222	(286,170)
Federal Assistance	36,839	16,855	36,857	1,247,226	1,337,777	1,908,951	(571,174)	1,528,970	(191,193)
Transfer From Permanent Fund, etc.	232,448	1,921,260	7,892	536,774	2,698,374	1,607,903	1,090,471	2,883,097	(184,723)
Interfund Billings	673,862	673,862	673,862	673,862	2,695,448	2,855,203	(159,755)	2,697,736	(2,288)
Other Operating Revenue	691,582	629,876	835,865	1,219,465	3,376,788	2,659,578	717,210	2,840,000	536,788
	14,121,802	**5,506,502**	**3,580,692**	**8,004,274**	**31,213,270**	**28,642,965**	**2,570,305**	**30,900,025**	**313,245**
Administrator	287,486	295,890	297,980	446,813	1,328,169	1,029,605	(298,564)	1,295,995	(32,174)
Attorney	105,083	168,988	193,361	502,505	969,937	223,922	(746,015)	917,890	(52,047)
Clerk	98,051	105,863	107,556	92,813	404,283	403,605	(678)	413,553	9,270
Finance	409,940	455,096	491,405	442,522	1,798,963	1,791,702	(7,261)	1,931,743	132,780
Assessing	87,075	103,623	133,184	103,746	427,628	374,903	(52,725)	456,966	29,338
Planning	43,945	33,771	91,982	35,223	204,921	245,257	40,336	259,376	54,455
General/Shared Expenses	306,591	190,534	143,849	169,392	810,366	788,092	(22,274)	822,236	11,870
Police	1,064,182	1,015,464	1,238,782	1,028,339	4,346,767	4,316,704	(30,063)	4,681,587	334,820
Fire	530,239	463,852	498,858	507,532	2,000,481	1,846,478	(154,003)	2,125,430	124,949
Public Works	840,073	851,048	1,029,638	1,006,898	3,727,657	3,489,951	(237,706)	4,307,350	579,693
Library	217,341	205,672	258,820	215,103	896,936	840,141	(56,795)	936,635	39,699
Centennial Building	136,217	133,881	173,556	177,394	621,048	560,055	(60,993)	624,192	3,144
SR Citizen Center	15,962	31,241	33,060	15,351	95,614	78,113	(17,501)	97,764	2,150
Contingency	-	-	-	-	-	(4,097)	(4,097)	-	-
Debt Service	11,394	-	15,477	4,814	31,685	33,222	1,537	90,741	59,056
School Support	1,744,573	1,744,573	1,849,431	2,035,631	7,374,208	6,987,151	(387,057)	7,374,208	0
Hospital Support	-	-	30,585	120,086	150,671	306,863	156,192	150,671	0
Fixed Asset Acquisition	-	5,653	248,089	7,329	261,071	13,999	(247,072)	532,454	271,383
Transfers To Other Funds	3,292,787	58,500	30,000	1,683,861	5,065,148	4,430,278	(634,870)	5,133,145	67,997
Total Outlays:	**9,190,939**	**5,863,649**	**6,865,612**	**8,595,352**	**30,515,552**	**27,755,945**	**(2,759,607)**	**32,151,936**	**1,636,383**
Surplus/(Shortfall)/Total Revenue	**4,930,863**	**(357,147)**	**(3,284,920)**	**(591,078)**	**697,718**	**887,021**	**(189,303)**	**(1,251,911)**	**1,949,628**
Controllable Costs (Outlays Less Transfers)					**17,632,769**	**15,984,431**	**(1,648,338)**	**18,870,717**	**1,237,948**

City and Borough of Sitka
General Fund
Financial Statements
For The Twelve-Month Period From July 1, 2018 to June 30, 2019
(Unaudited)

General Fund Balance					YTD Balance	FY2018 YTD	Variance To FY2018 YTD
Beginning Total General Fund Balance :	15,060,172	19,991,033	19,633,883	16,348,969	15,060,172	14,173,149	887,023
Surplus/(Shortfall) of Revenues Over Outlays:	4,930,863	(357,147)	(3,284,920)	(591,078)	697,718	887,021	(189,303)
Other balance sheet changes:	(2)	(3)	7	(1)	1	2	(1)
Ending Total General Fund Balance:	**19,991,033**	**19,633,883**	**16,348,969**	**15,757,890**	**15,757,890**	**15,060,172**	**697,719**
As of	9/30/2018	12/31/2018	3/31/2019	6/30/2019	3/31/2019	3/31/2018	
General Fund Balance:							
Total Assets:	**21,099,669**	**20,266,115**	**17,942,343**	**17,333,608**	**17,333,608**	**16,762,776**	**570,832**
Total Liabilities:	**(1,108,636)**	**(632,232)**	**(1,593,374)**	**(1,575,718)**	**(1,575,718)**	**(1,702,604)**	**126,886**
General Fund Balance:	**19,991,033**	**19,633,883**	**16,348,969**	**15,757,890**	**15,757,890**	**15,060,172**	**697,718**
General Fund Balance Detail:							
Non-Spendable Fund Balance	**57,679**	-	**260,657**	**117,381**	**117,381**	**117,381**	-
Restricted Fund Balance	-	-	-	-	-	-	-
Committed Fund Balance	-	-	-	-	-	-	-
Assigned (Designated) Fund Balance						-	-
Advances to Other Funds	**503,154**	**372,494**	**150,000**	**100,000**	**100,000**	**1,206,637**	**(1,106,637)**
911 Surcharges	**527,614**	**527,614**	**527,614**	**612,773**	**612,773**	**527,614**	**85,159**
SRS Title III	**512,663**	**512,663**	**512,663**	**512,663**	**512,663**	**512,663**	-
Liquidity	**5,831,416**	**5,831,416**	**5,831,416**	**6,362,600**	**6,362,600**	**6,015,352**	**347,248**
Emergency Response	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	**2,000,000**	-
Encumbrances	**130,000**	**130,000**	**130,000**	**415,376**	**415,376**	-	**415,376**
Unassigned and Available Fund Balance	**10,428,507**	**10,259,696**	**6,936,619**	**5,637,097**	**5,637,097**	**4,680,525**	**956,572**
Total General Fund Balance:	**19,991,033**	**19,633,883**	**16,348,969**	**15,757,890**	**15,757,890**	**15,060,172**	**697,718**

Unspent Capital Project Working Capital Appropriations	FY2019 Working Capital Appropriations	Grant and Loan $ Paid	adjustments/ closed projects	Cash	State Grant A/R	Federal Grant A/R	Other A/R	Construction In Progress 6/30/2017	Supplies Expense	Contracted & Purchased Services Expenses	Tools	Interdepartment Services Expenses
90583 - City State Building Major Maintenance	-	-	-	42,331.96	-	-	-	-	-	-		-
90679 - Baranof Warm Springs Trail & Stairway	-	-	-	-	-	-	-	-	-	-		-
90690 - City/State Troubleshoot Air Control System	-	-	-	16,000.00				-	-	-		-
90692 - Centennial Hall Reconstruction	-	-	-	26,786.51	-	-	-	-	-	24,926.45		5,215.95
90713 - Crescent & Landfill Lift Station Replacement	-	-	-	-	-	-	-	-	-	-		-
90739 - Sitka Library Expansion	-	-	-	122,404.53	-	-	-	-	444.00	31,575.00		218.01
90740 - Nelson Logging Road	-	570,275.30	-	(5,682.35)	5,682.35	-	-	-	-	881,250.07		68,367.09
90741 - Baranof Warm Springs Dock	-	-	(1,280.96)	-	-	-	-	-	-	-		-
90789 - Justice Center	-	-	-	13,165.34	-	-	-	-	-	34,256.99		12,598.80
90790 - East DeGrof St. Utilites and Street Improvement	-	-	20,763.06	58,014.22				-	-	-		-
90801 - Lincoln Street (Jeff Davis to Metlakatla)	-	-	-	352,408.18	-	-	-	-	-	(22,801.16)		(27,437.42)
90812 - Storm Drain Improvements	-	-	-	100,000.00	-	-	-	-	-	-		-
90814 - Cross Trail Multi-Modal Pathway Phase 6	50,000.00	41,737.63	-	45,734.79	-	4,791.84	-	-	-	49,508.98		13,649.85
90819 - South Lake & West Degroff Improvements	-	-	(20,763.06)	20,763.06	-	-	-	-	-	104.98		-
90820 - Davidoff Storm Sewers	150,000.00	-	(100,000.00)	361,804.47	-	-	-	-	-	18,022.50		6,862.61
90831 - Wayfaring Signage	-	-	-	-	-	-	-	-	-	99,545.38		7,426.24
90832 - CAMAS Software	-	-	-	4,000.00	-	-	-	-	-	32,000.00		-
90834 - Crescent Harbor Playground	-	-	(2,452.81)	-	-	-	-	-	108.76	-		3,645.48
90838 - Lincoln St. Paving (Harbor Way to Harbor Drive_	1,405,000.00	-	(490,000.00)	1,469,293.23	-	-	-	-	-	174,948.06		39,804.92
90844 - Lincoln St Paving (Jeff Davis to Harbor Drive)	-		730,586.00	730,586.00								
90855 - Seawalk Part II	158,060.00	-	-	156,895.09	-	-	-	-	-	-		1,164.91
90859 - Landslide Study Project	-	-	-	2,153.02	-	-	-	-	-	37,400.50		670.21
90861 - Resource Management & GIS Implementation	40,000.00	-	-	40,000.00	-	-	-	-	-	-		-
90866 - City Hall HVAC & Controls Replacement	500,000.00	-	-	500,000.00	-	-	-	-	-	-		-
90867 - Police Department RMS	360,000.00	-	-	360,000.00	-	-	-	-	-	-		-
90876 - Animal Shelter	120,000.00	-	-	56,434.13	-	-	-	-	-	63,565.87		-
90877 - Brady and Gavan St Paving	-	-	-	432,236.49	-	-	-	-	-	955.22		6,808.29
90878 - Katlian Ave Paving	-	-	-	544,416.29	-	-	-	-	-	94,110.33		41,955.38
90879 - Seaplane Base Project	50,000.00	-	-	16,943.01	-	-	-	-	-	6,321.25		31,459.14
90880 - Utility Office Security	8,500.00	-	-	5,739.96	-	-	-	-	31.83	2,135.04	210.49	382.68
90881 - Peterson Storm Sewers			100,000.00	73,482.59		31,087.41				27,011.74		4,075.67
90882 - Security Monitoring Video Equipment (HCH)	30,000.00	-	-	-	-	-	-		14,104.30	11,800.00		895.25
Closed Project Funding Transferred in January 2017	-	-	-	-	-	-	-	-	-	-		-
2.3 Pending allocation FY19	-	-	(241,061.75)		-	-	-	-	-	-		
2.2 - No Job	-	-	4,209.52	-	-	-	-	-	-	-		-
	-	-	-	-	-	-	-	-	-	-	-	-
Totals:	2,871,560.00	612,012.93	(0.00)	5,545,910.52	5,682.35	35,879.25	-	-	14,688.89	1,566,637.20	210.49	217,763.06

Unspent Capital Project Working Capital Appropriations	Advertising	Other & ADJ Mixed Project Expense	Total Expenses	Construction In Progress 6/30/2018	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Fund Balance/ Working Capital
90583 - City State Building Major Maintenance		-	-	-	42,331.96	-	-	-	42,331.96
90679 - Baranof Warm Springs Trail & Stairway		-	-	-	-	-	-	-	-
90690 - City/State Troubleshoot Air Control System		-	-	-	16,000.00	-		-	16,000.00
90692 - Centennial Hall Reconstruction		-	30,142.40	-	26,786.51	-	-	-	26,786.51
90713 - Crescent & Landfill Lift Station Replacement		-	-	-	-	-	-	-	-
90739 - Sitka Library Expansion		-	32,237.01	-	122,404.53	-	-	-	122,404.53
90740 - Nelson Logging Road		-	949,617.16	-	-	336,721.56	60,377.39	397,098.95	(397,098.95)
90741 - Baranof Warm Springs Dock		-	-	-	-	-	-	-	-
90789 - Justice Center		-	46,855.79	-	13,165.34	196.00	-	196.00	12,969.34
90790 - East DeGrof St. Utilites and Street Improvement		138,652.27	138,652.27	-	58,014.22	-		-	58,014.22
90801 - Lincoln Street (Jeff Davis to Metlakatla)		-	(50,238.58)	-	352,408.18	-	51,573.23	51,573.23	300,834.95
90812 - Storm Drain Improvements		-	-	-	100,000.00	-	-	-	100,000.00
90814 - Cross Trail Multi-Modal Pathway Phase 6		-	63,158.83	-	50,526.63	4,791.84	-	4,791.84	45,734.79
90819 - South Lake & West Degroff Improvements		140.30	245.28	-	20,763.06	-	-	-	20,763.06
90820 - Davidoff Storm Sewers	314.65	-	25,199.76	-	361,804.47	12,862.50	637.50	13,500.00	348,304.47
90831 - Wayfaring Signage		-	106,971.62	-	-	-	-	-	-
90832 - CAMAS Software		-	32,000.00	-	4,000.00	-	-	-	4,000.00
90834 - Crescent Harbor Playground		-	3,754.24	-	-	-	-	-	-
90838 - Lincoln St. Paving (Harbor Way to Harbor Drive_		-	214,752.98	-	1,469,293.23	32,857.50	-	32,857.50	1,436,435.73
90844 - Lincoln St Paving (Jeff Davis to Harbor Drive)			-		730,586.00	-			730,586.00
90855 - Seawalk Part II		-	1,164.91	-	156,895.09	-	-	-	156,895.09
90859 - Landslide Study Project		-	38,070.71	-	2,153.02	272.00	-	272.00	1,881.02
90861 - Resource Management & GIS Implementation		-	-	-	40,000.00	-	-	-	40,000.00
90866 - City Hall HVAC & Controls Replacement		-	-	-	500,000.00	-	-	-	500,000.00
90867 - Police Department RMS		-	-	-	360,000.00	-	-	-	360,000.00
90876 - Animal Shelter		-	63,565.87	-	56,434.13	-		-	56,434.13
90877 - Brady and Gavan St Paving		-	7,763.51	-	432,236.49	-	-	-	432,236.49
90878 - Katlian Ave Paving		-	136,065.71	-	544,416.29	13,000.00	-	13,000.00	531,416.29
90879 - Seaplane Base Project		-	37,780.39	-	16,943.01	4,723.40	-	4,723.40	12,219.61
90880 - Utility Office Security		-	2,760.04	-	5,739.96	-	-	-	5,739.96
90881 - Peterson Storm Sewers			31,087.41		104,570.00	4,570.00			104,570.00
90882 - Security Monitoring Video Equipment (HCH)			26,799.55		-	-			-
Closed Project Funding Transferred in January 2017		-	-	-	-	-	-	-	-
2.3 Pending allocation FY19		-	-	-	-	-	-	-	-
2.2 - No Job		-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Totals:	314.65	138,792.57	1,938,406.86	-	5,587,472.12	409,994.80	112,588.12	518,012.92	5,069,459.20

Electric Fund
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

KPI Dashboard

Indicator	Amount	Compared To Last Yr	Compared To Plan	Big Picture
Revenue	**17,475,651**	Declined 0.3% From Last Year	Lower Than Planned	The Electric Fund generated enough revenue in FY2019 to generate the cawsh flow nececessary to meet meet bond covenants. Yellow light warranted over of not setting aside enough cash for capital investment in the future
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	**1,442,967**	**n/a**	Under Budget	**n/a**
Earnings Before Interest & Depreciation ("EBIDA" = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	**9,126,311**	Increased by 0.8% Over Last Year	$195K Under Plan	Electricity sales not reaching planned levels is the reason that EBIDA did not meet plan. Expense control measures helped to offset revenue shortfalls by more than $946K
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	**(2,552,118)**	Net Loss Decreased by 1,280K	Smaller Loss Than Planned	Mark-to-market Adjustment Acounted for A Substantial Portion of the Reduced Loss
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	**(5,195,126)**	Deficit Decreased by $1,085K	Smaller Deficit than Planned	Not setting aside sufficient capital for future asset replacement
Total Working Capital (What total resources are available in the fund)	**8,820,967**	Decreased From Prior Year	Better than Planned	Decline in total working capital due to capital expenditures outpacing cash flow generation
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	**7,681,726**	Declined by 33.8% From Last Year	Met Plan	Working capital appropriated for projects but unspent is declining due to significant capital spending
Undesignated Working Capital (How much of the fund's resources are available?)	**1,139,241**	Balance Has Finally Turned Positive	Exceeded Plan by 7.3% Plan	Very little available for either capital investment or emergency

Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	**202.1**	Less Than Last Year	Met Plan	Watch trend
Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**32.26**	Balance Has Finally Turned Positive	Less Than Plan	Not unexpected, but watch trend

Electricity consumption as compared to the prior fiscal year decreased by about 3,878,850 kWh, a decrease of 3.6% compared to FY2018 consumption. However, due to implementation of the seasonal rates, revenue stayed roughly flat, decreasing $110K from FY2018.

The major, and ongoing, concern that management has is the looming infrastructure needs of the electric utility and our ability to fund them. There are substantial infrastructure needs beyond 5 years (one significant one, described below, is the Green Lake Hydroelectric Facility overhaul. By not saving now, the fund will be required to take on additional debt to complete those projects. The take-away remains that the condition of the electric system, especially the transmission and distribution grid, is aging and requires substantial ongoing capital investments to maintain it.

Examining cash flow, the essential cash flow of the Electric Fund for FY2018 was $2.019M before capital spending. Capital spending was $2,560M in FY 2018; hence, all cash generated in FY2018 was essentially consumed immediately to fund capital spending, as reflected in the decline in total working capital (which declined to $8,821M). As total working capital continues to be drawn down, the risk of having an unforeseen emergency capital expenditure which can't be paid for grows.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can' be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Electric Fund in FY2019 was $635K, which was significant. The amounts of working capital discussed in this financial analysis conservatively factor out the Electric Fund's mark-to-market adjustment.

Looming in the mid-term future (5-10 years) is the first phase of a major overhaul of the Green Lake Hydroelectric Facility. The facility has not had a major overhaul since it was built in the 1980s. The ability to meet Sitka's electricity needs without diesel generation depends on the Green Lake facility, and, postponing a major overhaul puts the facility at increased risk of a serious breakdown which impacts electricity generation. The full cost of a Green Lake major overhaul is not currently fully factored into the long-range fiscal plan for the Electric Fund, further definition of the full cost is expected to be generating during the first phase.

The Electric Fund remains in a very weak financial condition due to a combination of an insufficient amount of working capital, and, a large backlog of deferred maintenance due to aging infrastructure. The financial condition may slowly improve over time, but the weak condition places the utility at heightened risk of not having enough working capital to respond to unplanned infrastructure failures. Active efforts to increase consumption along with managing rates can lead to further improvement. The sooner positive changes are realized, the better for the long-term health of the fund.

City and Borough of Sitka
Electric Fund
Financial Statements
For The Twelve-Month Period From July 1, 2018 to June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.0%)	Variance To FY2019 Plan
Income Statement									
Revenue:									
Electricity Sales	4,469,040	3,620,358	4,257,864	4,629,431	16,976,693	17,086,367	(109,674)	18,555,555	(1,578,862)
Jobbing	169,150	6,710	47,398	51,167	274,425	181,911	92,514	169,150	105,275
Other Operating Revenue	104,506	77,980	146,879	(104,832)	224,533	266,469	(41,936)	426,800	(202,267)
Total Revenue:	**4,742,696**	**3,705,048**	**4,452,141**	**4,575,766**	**17,475,651**	**17,534,747**	**(59,096)**	**19,151,505**	**(1,675,854)**
Cost of Sales:									
Green Lake	158,298	158,449	302,655	210,103	829,505	685,066	(144,439)	1,035,866	206,361
Blue Lake	522,688	468,615	588,057	520,412	2,099,772	2,163,820	64,048	1,949,018	(150,754)
Diesels	125,367	122,090	139,142	282,919	669,518	619,413	(50,105)	986,750	317,232
Switchyard	1,764	3,582	3,615	14	8,975	31,605	22,630	20,000	11,025
Line Maintenance	2,217	65,005	59,961	88,067	215,250	152,845	(62,405)	233,134	17,884
Substation Maintenance	2,433	4,287	2,666	646	10,032	9,259	(773)	18,000	7,968
Distribution	544,547	541,930	584,554	629,032	2,300,063	2,157,020	(143,043)	2,162,380	(137,683)
Metering	104,042	93,830	104,382	103,735	405,989	430,905	24,916	477,090	71,101
Jobbing	28,955	43,646	26,805	7,765	107,171	99,570	(7,601)	100,000	(7,171)
Stores	47,260	51,929	55,115	47,795	202,099	195,467	(6,632)	197,911	(4,188)
Depreciation	1,952,782	1,952,783	1,952,782	1,990,847	7,849,194	7,811,130	(38,064)	7,811,128	(38,066)
Total Cost of Sales:	**3,490,353**	**3,506,146**	**3,819,734**	**3,881,335**	**14,697,568**	**14,356,099**	**(341,469)**	**14,991,277**	**293,709**
Gross Margin:	**1,252,343**	**198,902**	**632,407**	**694,431**	**2,778,083**	**3,178,648**	**(400,565)**	**4,160,228**	**(1,382,145)**
Gross Margin: Operating Revenue	**26.41%**	**5.37%**	**14.20%**	**15.18%**	**15.90%**	**18.13%**	**-2.23%**	**21.72%**	**-5.83%**
Selling and Administrative Expenses	**511,525**	**475,225**	**509,328**	**4,888**	**1,500,966**	**1,936,468**	**435,502**	**2,650,224**	**1,149,258**
Earnings Before Interest (EBI):	**740,818**	**(276,323)**	**123,079**	**689,543**	**1,277,117**	**1,242,181**	**34,936**	**1,510,004**	**(232,887)**
EBI: Operating Revenue	**15.62%**	**-7.46%**	**2.76%**	**15.07%**	**7.31%**	**7.08%**	**0.22%**	**7.88%**	**-0.58%**
Non-operating Revenue and Expense:									
					(5,998,895)				
Operating Subsidy	-	-	-	-	-	-	-	-	-
Bond Interest Subsidy	144,365	144,572	144,570	144,571	578,078	575,663	2,415	574,020	4,058
Misc./Non-Operating Revenue/(Expense)	-	-	-	-	-	134,491	(134,491)	-	-
Enterprise Fund Interest	108,049	122,348	118,674	717,640	1,066,711	(19,836)	1,086,547	250,000	816,711
Bond Fund Interest	15,165	14,081	5,945	55,847	91,038	40,165	50,873	110,000	(18,962)
Grant Revenue	5,007	11,899	3,113	374,386	394,405	178,140	216,265	394,405	-
Transfers in	-	-	-	39,428	39,428	100,000	(60,572)	39,428	-
Bonded Interest Expense:	(1,445,866)	(1,445,866)	(1,445,866)	(1,410,581)	(5,748,179)	(5,800,663)	52,484	(5,783,465)	35,286
Subordinated Interest expense	(62,679)	(62,679)	(62,679)	(62,679)	(250,716)	(281,904)	31,188	(250,715)	(1)
Total Non-operating Revenue & Expense:	**(1,235,959)**	**(1,215,645)**	**(1,236,243)**	**(141,388)**	**(3,829,235)**	**(5,073,944)**	**1,244,710**	**(4,666,327)**	**837,092**
Net Income:	**(495,141)**	**(1,491,968)**	**(1,113,164)**	**548,155**	**(2,552,118)**	**(3,831,764)**	**1,279,646**	**(3,156,323)**	**604,205**
Net Income: Operating Revenue	**-10.44%**	**-40.27%**	**-25.00%**	**11.98%**	**-14.60%**	**-21.85%**	**7.25%**	**-16.48%**	
EBIDA (Earnings before interest, depreciation, amortization)	**2,693,600**	**1,676,460**	**2,075,861**	**2,680,390**	**9,126,311**	**9,053,311**	**73,001**	**9,321,132**	**(194,821)**
	56.79%	**45.25%**	**46.63%**	**58.58%**	**52.22%**	**51.63%**	**0.59%**	**48.67%**	**3.55%**

City and Borough of Sitka
Electric Fund
Financial Statements
For The Twelve-Month Period From July 1, 2018 to June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.0%)	Variance To FY2019 Plan
Key Indicators									
Bond Covenant Ratio (> 1.25 for fiscal year)	1.53	0.98	1.19	1.91	1.40	1.24	0	1.3110	
Total kWh Sold	23,848,800	26,280,800	30,765,750	23,422,250	104,317,600	108,196,450	(3,878,850)	105,421,500	(1,103,900)
Revenue per Kwh Sold	0.1874	0.1378	0.1384	0.1977	0.1627	0.6404	(0.4777)	0.1760	(0.0133)
Cost of Sales per Kwh Sold	0.1464	0.1334	0.1242	0.1657	0.1409	0.5375	0.3966	0.1422	0.0013
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	1,457,641	460,815	839,618	2,539,002	5,297,076	3,979,366	1,317,710	4,654,805	642,271
Bonded Debt Principal	543,750	543,750	543,750	543,750	2,175,000	2,115,000	(60,000)	2,175,000	-
Subordinated Debt Principal	117,002	117,002	117,002	117,002	468,008	332,364	(135,644)	468,007	(1)
Debt Principal Coverage Surplus/Deficit	**796,889**	**(199,937)**	**178,866**	**1,878,250**	**2,654,068**	**1,532,002**	**1,122,066**	**2,011,798**	**642,270**
Debt Principal Coverage Percentage	**221%**	**70%**	**127%**		**200%**	**163%**	**38%**	**176%**	**24%**
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	796,889	(199,937)	178,866	1,878,250	2,654,068	1,532,002	1,122,066	2,011,798	642,270
Depreciation	1,952,782	1,952,783	1,952,782	1,990,847	7,849,194	7,811,130	(38,064)	7,811,128	(38,066)
Cash Accumulated For/(Taken From) Asset Replacement	**(1,155,893)**	**(2,152,720)**	**(1,773,916)**	**(112,597)**	**(5,195,126)**	**(6,279,128)**	**(1,084,002)**	**(5,799,330)**	**604,204**
Working Capital/Balance Sheet									
Cash Flow:									
Net Income + Depreciation Less Principal	**796,889**	**(199,937)**	**178,866**	**1,878,250**	**2,654,068**	**1,532,002**	**1,122,066**	**2,011,798**	**642,270**
CapEx, Accruals, and other Balance Sheet Changes	**(1,075,228)**	**(684,734)**	**(429,015)**	**(1,860,436)**	**(4,049,413)**	**(1,826,756)**	**(2,222,657)**	**(4,049,413)**	**-**
Increase in (Decrease in) Working Capital	**(278,339)**	**(884,671)**	**(250,149)**	**17,814**	**(1,395,345)**	**(294,754)**	**(1,100,591)**	**(2,037,615)**	**642,270**
Plus Beginning Total Working Capital	**10,801,103**	**10,522,764**	**9,638,093**	**9,387,944**	**10,801,103**	**11,095,857**	**(294,754)**	**10,801,103**	**-**
Ending Total Working Capital:	**10,522,764**	**9,638,093**	**9,387,944**	**9,405,758**	**9,405,758**	**10,801,103**	**(1,395,345)**	**8,763,488**	**642,270**
Working Capital Detail:									
Repair Reserve (0.1% of PPE):	**295,936**	**295,936**	**295,936**	**295,936**	**295,936**				
Working Capital Designated for CapEx									
Capital Projects Fund	10,118,463	8,752,614	8,300,600	6,706,403	6,706,403				
Unspent Bond Proceeds	999,450	1,013,531	1,062,011	975,323	975,323				
Total Working Capital Designated for CapEx	**11,117,913**	**9,766,145**	**9,362,611**	**7,681,726**	**7,681,726**				
Undesignated Working Capital	**(891,085)**	**(423,988)**	**(270,603)**	**1,428,096**	**1,428,096**				
Total Working Capital:	**10,522,764**	**9,638,093**	**9,387,944**	**9,405,758**	**9,405,758**				
Days on Hand Annual Cash Outlays:									
Total Working Capital (WC)	**227.62**	**209.50**	**188.46**	**213.00**	**202.05**		-		
Total WC Less Repair Reserve:	**221.22**	**203.07**	**182.52**	**206.30**	**195.69**				
Undesignated WC:	**(19.28)**	**(9.22)**	**(5.43)**	**32.34**	**30.68**				
Working Capital Calculation:									
Current Assets	**14,892,905**	**15,908,613**	**14,890,206**	**17,225,437**	**17,225,437**				
Current Liabilities	**(1,280,171)**	**(2,705,491)**	**(1,282,292)**	**(3,124,650)**	**(3,124,650)**				
Next Debt Principal Payment Accrual	**(466,608)**	**(941,667)**	**(1,596,608)**	**(2,071,667)**	**(2,071,667)**				
One Year's Debt Principal	**(2,623,362)**	**(2,623,362)**	**(2,623,362)**	**(2,623,362)**	**(2,623,362)**				
Total Working Capital	**10,522,764**	**9,638,093**	**9,387,944**	**9,405,758**	**9,405,758**				

Fund 710 Capital Projects Detail By Project Number	2019 Appropriations/Project closure	Investment In Central Treasury	A/R Misc.	A/R State	A Construction In Progress 7/1/2018	FY2019 Supplies Expenses	Repairs & Maintenance Expenses	Contracted Services Expenses	Interdepartment Services Expenses	Tools & Small Equipment Expenses	Equipment Rental Expenses	Other Expenses
63010 - Green Lake FERC Compliance	$ -	$ 62,711.19	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
80003 - Feeder Improvements	$ 200,000.00	$ 31,012.68	$ -	$ -	$ -	$ 66,486.48	$ -	$ 162,635.80	$ -	$ -	$ -	$ -
80381 - Island Transmission Line Route Study	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
80040 - AMR Construction-Closed	$ (30,611.60)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90261 - Island Improvements	$ 25,000.00	$ 83,630.41	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90410 - SCADA	$ -	$ 250,254.94	$ -	$ -	$ -	$ 30,635.96	$ -	$ 19,439.60	$ -	$ 35.00	$ -	$ -
90562 - Green Lake Powerplant	$ 50,000.00	$ 187,236.95	$ -	$ -	$ 4,234.72	$ 4,227.94	$ -	$ 64,021.16	$ 17,138.60	$ -	$ 257.40	$ -
90594 - Blue Lake Dam	$ (469,270.92)	$ -	$ -	$ -	$ -	$ 26,336.96	$ -	$ 99,042.79	$ 293.91	$ -	$ 378.43	$ -
90610 - Blue Lake FERC Compliance	$ -	$ 231,749.34	$ -	$ -	$ 1,758.75	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90614 - Takatz	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90648 - Transmission & 1220 Upgrade-Closed	$ (7,464.81)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90672 - Medvejie Transformer	$ -	$ 103,507.29	$ -	$ -	$ -	$ 21,963.67	$ -	$ 363.83	$ -	$ -	$ -	$ -
90717 -Jarvis Street Improvements	$ -	$ 17,192.34	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90718 -Marine Street Substation	$ 20,000.00	$ 40,956.82	$ -	$ -	$ 56.97	$ 12,797.16	$ -	$ 64,244.75	$ -	$ -	$ -	$ -
90776 - Electric Storage & Shop Building	$ (815,486.60)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90777 - Meter Replacement	$ 95,000.00	$ 17,010.93	$ -	$ -	$ -	$ 98,659.00	$ -	$ -	$ -	$ -	$ -	$ -
90794 - Jarvis Bulk Tank Improvement - Closed	$ (10,686.40)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90804 - Old Powerhouse Conversion	$ 150,000.00	$ 300,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90821 - Capital For Fuel Conversions	$ 600,000.00	$ 950,096.80	$ -	$ -	$ -	$ 24,342.55	$ -	$ 62,875.50	$ -	$ -	$ -	$ -
90823 - Marine Street N-1 Design	$ -	$ 2,731,806.38	$ -	$ -	$ -	$ 589,907.12	$ -	$ 401,261.83	$ -	$ -	$ -	$ -
90824 - Safety Arc Flash Training-Closed	$ 10,000.00	$ -	$ -	$ -	$ 4,139.71	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90828 - Asset Management-Closed	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90829 - Harbor Meters	$ 75,000.00	$ 156,212.80	$ -	$ -	$ -	$ 2,349.27	$ -	$ 12,953.75	$ -	$ -	$ -	$ -
90839 - Green Lake PP 35-Year Overhaul	$ -	$ 70,661.99	$ -	$ -	$ -	$ -	$ 47,582.60	$ 81,603.21	$ -	$ 152.20	$ -	$ -
90840 - Green Lake PP 35-Year Overhaul Inspection	$ -	$ 269,147.47	$ -	$ -	$ 84,316.18	$ 1,618.89	$ -	$ 137,668.83	$ -	$ 523.30	$ -	$ -
90841 - Jarvis Fuel System Repairs	$ 500,000.00	$ 1,115,541.58	$ -	$ -	$ 201,105.57	$ 3,621.90	$ -	$ 74,313.25	$ -	$ 5,417.70	$ -	$ -
90857 - Raw Water Infrastructure Enhancement	$ -	$ 570.09	$ -	$ -	$ 9,034.50	$ -	$ -	$ 90,395.41	$ -	$ -	$ -	$ -
90860 - Cellular Service Enhancement Project	$ -	$ (12,977.82)	$ -	$ -	$ -	$ 46,043.27	$ -	$ 261,734.55	$ -	$ -	$ -	$ 200.00
90884 - Blue Lake Completion	$ -	$ 250,000.00	$ -	$ -	$ -	$ -	$ -	$ 2,363.75	$ -	$ -	$ -	$ -
90869 - Blue Lake Autostart Backup Diesel	$ 70,000.00	$ 70,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90868 - Thimbleberry Bypass	$ 20,000.00	$ 20,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2.2 No Job	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Totals:	**$ 481,479.67**	**$ 6,946,322.18**	**$ -**	**$ -**	$ 304,646.40	$ 928,990.17	$ 47,582.60	$ 1,534,918.01	$ 17,432.51	$ 6,128.20	$ 635.83	$ 200.00

Fund 710 Capital Projects Detail By Project Number	B FY2019 Total Expenses	D (=B) Expenses Reclassified To CIP	E CIP/Expense Reclass to Parent Fund	F (=A+D+E) Construction In Progress 6/30/2018	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	12/31/2018 Working Capital
63010 - Green Lake FERC Compliance	$ -	$ -	$ -	$ -	$ 62,711.19		$ -	$ -	$ 62,711.19
80003 - Feeder Improvements	$ 229,122.28	$ (229,122.28)	$ 229,122.28	$ -	$ 31,012.68	$ 9,616.80	$ -	$ 9,616.80	$ 21,395.88
80381 - Island Transmission Line Route Study	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
80040 - AMR Construction-Closed	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90261 - Island Improvements	$ -	$ -	$ -	$ -	$ 83,630.41	$ -	$ -	$ -	$ 83,630.41
90410 - SCADA	$ 50,110.56	$ (50,110.56)	$ 50,110.56	$ -	$ 250,254.94	$ 1,350.00	$ -	$ 1,350.00	$ 248,904.94
90562 - Green Lake Powerplant	$ 85,645.10	$ (85,645.10)	$ -	$ 89,879.82	$ 277,116.77	$ 60,188.16	$ -	$60,188.16	$ 127,048.79
90594 - Blue Lake Dam	$ 126,052.09	$ (126,052.09)	$ 126,052.09	$ -	$ -	$ -	$ -	$ -	$ -
90610 - Blue Lake FERC Compliance	$ -	$ -	$ -	$ 1,758.75	$ 233,508.09	$ -	$ -	$ -	$ 231,749.34
90614 - Takatz	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90648 - Transmission & 1220 Upgrade-Closed	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90672 - Medvejie Transformer	$ 22,327.50	$ (22,327.50)	$ 22,327.50	$ -	$ 103,507.29	$ -	$ -	$ -	$ 103,507.29
90717 -Jarvis Street Improvements	$ -	$ -	$ -	$ -	$ 17,192.34	$ -	$ -	$ -	$ 17,192.34
90718 -Marine Street Substation	$ 77,041.91	$ (77,041.91)	$ -	$ 77,098.88	$ 118,055.70	$ -	$ -	$ -	$ 40,956.82
90776 - Electric Storage & Shop Building	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90777 - Meter Replacement	$ 98,659.00	$ (98,659.00)	$ 98,659.00	$ -	$ 17,010.93	$ -	$ -	$ -	$ 17,010.93
90794 - Jarvis Bulk Tank Improvement - Closed	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90804 - Old Powerhouse Conversion	$ -	$ -	$ -	$ -	$ 300,000.00	$ -	$ -	$ -	$ 300,000.00
90821 - Capital For Fuel Conversions	$ 87,218.05	$ (87,218.05)	$ 87,218.05	$ -	$ 950,096.80	$ -	$ -	$ -	$ 950,096.80
90823 - Marine Street N-1 Design	$ 991,168.95	$ (991,168.95)	$ 991,168.95	$ -	$ 2,731,806.38	$ 53,125.90	$ -	$53,125.90	$ 2,678,680.48
90824 - Safety Arc Flash Training-Closed	$ -	$ -	$ 4,139.71	$ -	$ -	$ -	$ -	$ -	$ -
90828 - Asset Management-Closed	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90829 - Harbor Meters	$ 15,303.02	$ (15,303.02)	$ 15,303.02	$ -	$ 156,212.80	$ -	$ -	$ -	$ 156,212.80
90839 - Green Lake PP 35-Year Overhaul	$ 129,338.01	$ (129,338.01)	$ -	$ 129,338.01	$ 200,000.00	$ -	$ -	$ -	$ 70,661.99
90840 - Green Lake PP 35-Year Overhaul Inspection	$ 139,811.02	$ (139,811.02)	$ -	$ 224,127.20	$ 493,274.67	$ 113,274.67	$ -	$ 113,274.67	$ 155,872.80
90841 - Jarvis Fuel System Repairs	$ 83,352.85	$ (83,352.85)	$ -	$ 284,458.42	$ 1,400,000.00	$ -	$ -	$ -	$ 1,115,541.58
90857 - Raw Water Infrastructure Enhancement	$ 90,395.41	$ (90,395.41)	$ 99,429.91	$ -	$ 570.09	$ -	$ -	$ -	$ 570.09
90860 - Cellular Service Enhancement Project	$ 307,977.82	$ (307,977.82)	$ 307,977.82	$ -	$ (12,977.82)	$ -	$ -	$ -	$ (12,977.82)
90884 - Blue Lake Completion	$ 2,363.75	$ (2,363.75)	$ 2,363.75	$ -	$ 250,000.00	$ 2,363.75	$ -	$ 2,363.75	$ 247,636.25
90869 - Blue Lake Autostart Backup Diesel	$ -	$ -	$ -	$ -	$ 70,000.00	$ -	$ -	$ -	$ 70,000.00
90868 - Thimbleberry Bypass	$ -	$ -	$ -	$ -	$ 20,000.00	$ -	$ -	$ -	$ 20,000.00
2.2 No Job	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Totals:	$ 2,535,887.32	$ (2,535,887.32)	$ 2,033,872.64	$ 806,661.08	$ 7,752,983.26	**$239,919.28**	**$ -**	**$239,919.28**	$ 6,706,402.90

Water Utility
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	**2,874,635**	Increased From Last year	Did Not Meet Plan	Watch trend
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	**221,790**	**n/a**	Under budget	**n/a**
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	**96,149**	Increased From Last year	Did Not Meet Plan	Ability to finance future water distribution infrastructure major repairs problematic
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	**288,197**	Increased Over Last Year	Did Not Meet Plan	Lower than planned water sales led to lower thn planned net income
Asset Replacement (Net income minus debt principal repayment — gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	**(145,167)**	Improved Over Last Year	Did Not Meet Plan	Impacted by lower thn planned water sales
Total Working Capital (What total resources are available in the fund)	**3,120,799**	Increased From Last Year	Did Not Meet Plan	Watch trend
Working Capital Appropriated For Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	**997,435**	Decreased From Last Year	Met Plan	Watch trend
Undesignated Working Capital (How much of the fund's resources are available?)	**2,123,364**	Greater Than Last Year	Did Not Meet Plan	Not much available for either capital investment or emergency
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	**642.9**	Not Materially Different	Did Not Meet Plan	Watch trend

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	348.5	Greater Than Last Year	Did Not Meet Plan	Watch trend

In FY2019, the Water Fund recorded improved results over FY2018 in most metrics, but, did not achieve planned results. The main reason behind not achieving planned results were water sales, which were $521K under planned levels. The water user fee increase that was enacted helped improve results over FY2018 even though planned water sales were not achieved. Net income improved by $90.3K over FY2019 to $288,197. The absence of State grant income muted the effect of the water user fee increase on net income.

Earnings before Interest and Depreciation (EBID), a surrogate for cash flow from operations, substantially increased over FY2018, up $630K, but fell short of plan. In FY2019, water user fees were substantially increased in order to provide for increased cash flow to pay for the new debt the Municipality must take on to finance the alternative water supply capital improvement. As construction outlays for that project have not ramped up, the additional cash flow has increased undesignated working capital. At the same time, while EBID has increased in year-over-year comparison, it fell ($343.4K) short of plan, due to water user fees not meeting planned levels.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can' be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Water Fund in FY2019 was $47K. The amounts of working capital discussed in this financial analysis conservatively factor out the Water Fund's mark-to-market adjustment.

Even with the increase in undesignated working capital, we will have to continue to use debt to finance our capital needs. This is because the increases in undesignated working capital are far exceeded by the estimated cost of necessary future capital improvements. Key future capital improvements which must be continuously addressed are ongoing replacements of water distribution mains. Many of the original water mains installed in Sitka are now reaching the end of their useful lives and are wearing out. The Municipality has replaced mains in the oldest parts of Sitka, but mains installed in the 1970s are now requiring replacement. This ongoing replacement of water mains will continue to require either working capital or new debt as financing sources. The alternative is to risk water main failure or breakage if older mains are not replaced, causing service disruptions to citizens.

City and Borough of Sitka
Water Utility
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.00%)	Variance To FY2019 Plan
Income Statement									
Revenue:									
Water Sales	737,863	705,773	690,251	699,255	2,833,142	2,328,784	504,358	3,332,700	(499,558)
Jobbing	4,080	8,858	5,922	5,395	24,255	35,633	(11,378)	23,000	1,255
Other Operating Revenue	8,533	8,339	7,923	(7,557)	17,238	27,421	(10,183)	40,400	(23,162)
Total Revenue:	**750,476**	**722,970**	**704,096**	**697,093**	**2,874,635**	**2,391,838**	**482,797**	**3,396,100**	**(521,465)**
Cost of Sales:									
Distribution	75,513	87,223	118,368	123,683	404,787	435,535	30,748	688,493	283,706
Treatment	75,658	75,283	91,693	70,327	312,961	304,284	(8,677)	209,968	(102,993)
Jobbing	-	-	-	-	-	-	-	-	-
Depreciation	320,861	320,861	320,861	364,616	1,327,199	1,283,444	(43,755)	1,283,444	(43,755)
Total Cost of Sales:	**472,032**	**483,367**	**530,922**	**558,626**	**2,044,947**	**2,023,263**	**(21,684)**	**2,181,905**	**136,958**
Gross Margin:	**278,444**	**239,603**	**173,174**	**138,467**	**829,688**	**368,576**	**461,113**	**1,214,195**	**(384,507)**
	37.10%	**33.14%**	**24.60%**	**19.86%**	**28.86%**	**15.41%**	**13.45%**	**35.75%**	**-6.89%**
Selling and Administrative Expenses	**136,623**	**143,773**	**156,175**	**116,808**	**553,379**	**678,424**	**125,045**	**638,211**	**84,832**
Earnings Before Interest (EBI):	**141,821**	**95,830**	**16,999**	**21,659**	**276,309**	**(309,848)**	**586,158**	**575,984**	**(299,675)**
	18.90%	**13.26%**	**2.41%**	**3.11%**	**9.61%**	**-12.95%**	**22.57%**	**16.96%**	**-7.35%**
Non-operating Revenue and Expense:									
Non-operating revenue:	12,483	14,946	16,874	61,526	105,829	20,101	85,728	98,000	7,829
Grant Revenue	35	(35)	-	-	-	581,959	(581,959)	-	-
Interest Expense:	(35,429)	(35,429)	(35,429)	12,346	(93,941)	(94,383)	442	(132,552)	38,611
Total Non-operating Revenue & Expense:	**(22,911)**	**(20,518)**	**(18,555)**	**73,872**	**11,888**	**507,677**	**(495,789)**	**(34,552)**	**46,440**
									-
Net Income:	**118,910**	**75,312**	**(1,556)**	**95,531**	**288,197**	**197,828**	**90,369**	**541,432**	**(253,235)**
	15.84%	**10.42%**	**-0.22%**		**10.03%**	**8.27%**	**18.72%**	**15.94%**	**-5.92%**
Earnings Before Interest and Depreciation (EBID):	**462,682**	**416,691**	**337,860**	**386,275**	**1,603,508**	**973,596**	**629,913**	**1,859,428**	**(343,430)**
	61.65%	**57.64%**	**47.98%**	**55.41%**	**55.78%**	**40.70%**	**15.08%**	**54.75%**	**1.03%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	439,771	396,173	319,305	460,147	1,615,396	1,481,272	134,124	1,824,876	(209,480)
Debt Principal	112,942	112,942	112,942	94,538	433,364	411,046	(22,318)	225,885	207,480
Debt Principal Coverage Surplus/Deficit	**326,829**	**283,231**	**206,363**	**365,609**	**1,182,032**	**1,070,226**	**111,806**	**1,598,992**	**(416,959)**
Debt Principal Coverage Percentage	**389%**				**372.76%**	**360.37%**	**12.39%**	**807.88%**	**-435.12%**

City and Borough of Sitka
Water Utility
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.00%)	Variance To FY2019 Plan
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (from above)	326,829	283,231	206,363	365,609	1,182,032	1,070,226	111,806	1,598,992	(416,959)
Depreciation	320,861	320,861	320,861	364,616	1,327,199	1,283,444	(43,755)	1,327,199	-
Cash Accumulated For/(Taken From) Asset Replacement	**5,968**	**(37,630)**	**(114,498)**	**993**	**(145,167)**	**(213,218)**	**68,051**	**271,793**	**(416,959)**
Working Capital/Balance Sheet									
Cash Flow:									
Net Income Plus Depreciation Less Principal	**326,829**	**283,231**	**206,363**	**365,609**	**1,182,032**	**1,070,226**	**111,806**	**1,598,992**	**(416,959)**
CapEx, Accruals, and other Balance Sheet Changes	**251,554**	**(195,502)**	**(285,363)**	**146,281**	**(83,030)**	**(1,037,075)**	**954,045**	**(83,030)**	**-**
Increase in (Decrease in) Working Capital	**578,383**	**87,729**	**(79,000)**	**511,890**	**1,099,002**	**33,151**	**1,065,851**	**1,515,962**	**(416,959)**
Plus Beginning Total Working Capital	**2,068,822**	**2,647,205**	**2,734,934**	**2,655,934**	**2,068,822**	**2,035,671**	**33,151**	**2,068,822**	**-**
Equals Ending Total Working Capital:	**2,647,205**	**2,734,934**	**2,655,934**	**3,167,824**	**3,167,824**	**2,068,822**	**1,099,002**	**3,584,784**	**(416,959)**
Working Capital Detail:									
Repair Reserve (1% of PPE):	**452,798**	**452,798**	**452,798**	**453,206**	**453,206**				
Working Capital Designated for CapEx	**1,322,870**	**980,681**	**664,447**	**997,435**	**997,435**				
Undesignated Working Capital	**871,537**	**1,301,455**	**1,538,689**	**1,717,183**	**1,717,183**				
Total Working Capital:	**2,647,205**	**2,734,934**	**2,655,934**	**3,167,824**	**3,167,824**				
Days On Hand Annual Cash Outlays:									
Total Working Capital:	**553.82**	**548.91**	**470.95**	**735.51**	**642.92**				
Less Repair Reserve:	**478.64**	**476.78**	**407.22**	**652.07**	**569.99**				
Undesignated Working Capital	**182.33**	**261.21**	**272.84**	**398.70**	**348.51**				
Working Capital Calculation:									
Current Assets	**3,150,704**	**3,238,433**	**3,159,433**	**3,691,226**	**3,691,226**				
Current Liabilities	**(51,730)**	**(51,730)**	**(51,730)**	**(89,437)**	**(89,437)**				
CPLTD	**(451,769)**	**(451,769)**	**(451,769)**	**(433,965)**	**(433,965)**				
Total Working Capital	**2,647,205**	**2,734,934**	**2,655,934**	**3,167,824**	**3,167,824**				

Unspent Capital Project Working Capital Appropriations	FY2019 Adjustments/ Appropriations	FY2019 Payments-Loan Grant & Other	FY2019 Beginning Cash	Ending Cash	Federal Loan A/R	State Grant A/R	Loan A/R	Construction In Progress 7/1/2018	FY2019 Supplies Expenses	FY2019 Contracted Services Expenses	FY2019 nterdepartme Services Expenses	FY2019 ransportatior & Vehicles Expenses	Other & ADJ fpr Mixed Project Expense
80238 - Japonski Island Water Design	$ (20,000)	$ -	$ 70,000.00	$ 50,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90531 - Monastery St (DeGroff to Arrowhead) and Kinkead Utility & Street Improvements	$ 50,000	$ -	$ -	$ 50,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90652 - UV Disinfection Facility	$ (380,000)	$ -	$ 381,747.52	$ 1,747.52	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90790 - DeGroff Street Utilities and Street Improvements	$ -	$ 666,944.59	$ (115,677.67)	$ (29,396.58)	$ (0.00)	$ -	$ 145,548.17	$ 406,552.81	$ -	$ -	$ -	$ -	$ 580,663.50
90796 - Brady Street Water/Wastewater (HPR to Gavan)	$ -	$ -	$ 10,000.00	$ 10,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90801 - Sitka FY17 Paving	$ (20,000)	$ -	$ 31,826.51	$ 11,826.51	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90819 - South Lake / West Degroff Improvements	$ -	$ 197,235.93	$ (196,841.18)	$ (0.00)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 394.75
90826 - SMC Water Tank Planning Site Selection & Survey	$ (250,000)	$ -	$ 250,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90833 - Critical Secondary Water Line	$ 455,000	$ -	$ 24,922.50	$ 321,506.76	$ 149,712.39	$ -	$ 75,527.41	$ 85,326.67	$ -	$ 122,790.77	$ 17,512.33	$ -	$ -
90838 - Lincoln Street Paving (Harbor Way to Harbor Drive)	$ -	$ -	$ 20,000.00	**$ 20,000.00**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90843 - Lake Street (DeGrof to Arrowhead & Hirst)	$ -	$ -	$ 75,000.00	$ 75,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
80859 - Landslide Study	$ 20,000		$ -	$ 11,000.00						$ 9,000.00			
90844 - Lincoln Street Utilities (Jeff Davis to Harbor Drive)	$ (65,000)	$ -	$ 75,000.00	**$ 10,000.00**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90870 - Water Master Plan	$ 100,000	$ -		$ 100,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90877 - Sitka Paving 2017-Brady and Gavan St Paving	$ 5,000	$ -		$ 5,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90878 - Sitka Paving 2017 Katlian	$ 15,000	$ -		$ 15,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90883 - SMC Water Transmission Main Repair	$ -	$ -		$ (7,900.24)	$ -	$ -	$ -	$ -	$ -	$ 1,010.00	$ 6,890.24	$ -	$ -
Unidentified Balancing Amount	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
				$ -									
	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total:	**$ (90,000.00)**	**$ 864,180.52**	**$ 625,977.68**	**$ 643,783.97**	**$ 149,712.39**	**$ -**	**$ 221,075.58**	**$ 491,879.48**	**$ -**	**$ 132,800.77**	**$ 24,402.57**	**$ -**	**$ 581,058.25**

Unspent Capital Project Working Capital Appropriations	FY2019 Total Expenses	Total Assets	Change in Accounts Payable	Change in Retainage Payable	Ending Accounts Payable	Ending Retainage Payable	Total Liabilities	Working Capital
80238 - Japonski Island Water Design	$ -	$ 50,000.00	$ -	$ -	$ -	$ -	$ -	$ 50,000.00
90531 - Monastery St (DeGroff to Arrowhead) and Kinkead Utility & Street Improvements	$ -	$ 50,000.00	$ -	$ -	$ -	$ -	$ -	$ 50,000.00
90652 - UV Disinfection Facility	$ -	$ 1,747.52	$ -	$ -	$ -	$ -	$ -	$ 1,747.52
90790 - DeGroff Street Utilities and Street Improvements	$ 580,663.50	$ 522,704.40	$ -	$ -	$ -	$ -	$ -	$ 116,151.59
90796 - Brady Street Water/Wastewater (HPR to Gavan)	$ -	$ 10,000.00	$ -	$ -	$ -	$ -	$ -	$ 10,000.00
90801 - Sitka FY17 Paving	$ -	$ 11,826.51	$ -	$ -	$ -	$ -	$ -	$ 11,826.51
90819 - South Lake / West Degroff Improvements	$ 394.75	$ (0.00)	$ -	$ -	$ -	$ -	$ -	$ (0.00)
90826 - SMC Water Tank Planning Site Selection & Survey	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90833 - Critical Secondary Water Line	$ 140,303.10	$ 632,073.23	$ (18,112.64)	$ -	$ 17,136.53	$ -	$ 17,136.53	$ 529,610.03
90838 - Lincoln Street Paving (Harbor Way to Harbor Drive)	$ -	$ 20,000.00	$ -	$ -	$ -	$ -	$ -	$ 20,000.00
90843 - Lake Street (DeGrof to Arrowhead & Hirst)	$ -	$ 75,000.00	$ -	$ -	$ -	$ -	$ -	$ 75,000.00
80859 - Landslide Study	$ 9,000.00	$ 11,000.00	$ -	$ -	$ -	$ -	$ -	$ 11,000.00
90844 - Lincoln Street Utilities (Jeff Davis to Harbor Drive)	$ -	$ 10,000.00	$ -	$ -	$ -	$ -	$ -	$ 10,000.00
90870 - Water Master Plan	$ -	$ 100,000.00	$ -	$ -	$ -	$ -	$ -	$ 100,000.00
90877 - Sitka Paving 2017-Brady and Gavan St Paving	$ -	$ 5,000.00	$ -	$ -	$ -	$ -	$ -	$ 5,000.00
90878 - Sitka Paving 2017 Katlian	$ -	$ 15,000.00	$ -	$ -	$ -	$ -	$ -	$ 15,000.00
90883 - SMC Water Transmission Main Repair	$ 7,900.24	$ (7,900.24)	$ -	$ -	$ -	$ -	$ -	$ (7,900.24)
Unidentified Balancing Amount	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		$ -	$ -	$ -				$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total:	**$ 738,261.59**	**$ 1,506,451.42**			**$ 17,136.53**	**$ -**	**$ 17,136.53**	**$ 997,435.41**

Wastewater Utility
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	3,349,807	3.6% Greater Than Previous Year	3.0% Under Plan	
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	729,294	n/a	Under budget	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	1,321,716	Greater Than Previous Year	Exceeded Plan	Continue to Monitor
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	642,949	Greater than Prior Year	Exceeded Plan	Continue to Monitor
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	390,418	Greater than Prior Year	Met Plan	Continue to Monitor
Total Working Capital (What total resources are available in the fund)	7,637,013	Increased Over Prior Year	Exceeded Plan	Not sufficient to fully fund capital improvements without new debt
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	2,652,785	More than Prior Year	Met Plan	Watch trend
Undesignated Working Capital (How much of the fund's resources are available?)	4,984,228	More Than Prior Year	Exceeded Plan	Not sufficient to fully fund capital improvements without new debt
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	1,191.9	Not Significantly Different	Met Plan	Watch trend

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**698.7**	**Not Significantly Different**	**Met Plan**	**Watch trend**

The financial performance of the Wastewater Fund over the fiscal year met or exceeded all aspects of the annual financial plan, and, was improved over FY2018 in all metrics. As with the Water Fund, year-over-year comparisons were impacted by a significant drop in grant revenue; in the case of the Wastewater Fund, grant revenue declined by $406K from FY2018.

The fund's working capital grew, however, due to the combined effect of increased revenue and reduced operating expenses. Total working capital increased by $783K, to $7,637,013. While the Wastewater Fund's working capital is greater than most other CBS enterprise funds, its situation is similar in that there is significant need now and in the near future beyond available working capital for capital investments to maintain infrastructure.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can' be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Wastewater Fund in FY2019 was $153.7K. The amounts of working capital discussed in this financial analysis conservatively factor out the Wastewater Fund's mark-to-market adjustment.

Major elements of Municipal wastewater treatment infrastructure are rapidly reaching the end of their useful life and are in danger of failing. The Municipality has already experienced multiple leaks in the sewer force main which connects the main commercial and residential areas with the treatment plant on Japonski Island. The leaks are due to a combination of age and corrosion, and, full replacement of the aging main will be an expensive proposition. In addition, elements of the waste water treatment plant are in excess of forty years old, their useful life, and are failing. There is insufficient working capital within the wastewater fund to accomplish either of these significant repairs without taking on additional debt.

City and Borough of Sitka
Wastewater Utility
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100%)	Variance To FY2019 Plan
Revenue:									
Wastewater Fees	789,156	786,338	779,173	788,766	3,143,433	2,966,276	177,157	3,156,000	(12,567)
Jobbing	32,873	45,077	38,076	55,634	171,660	222,199	(50,539)	247,000	(75,340)
Other Operating Revenue	4,436	29,691	29,928	(29,341)	34,714	44,288	(9,574)	51,200	(16,486)
Total Revenue:	**826,465**	**861,106**	**847,177**	**815,059**	**3,349,807**	**3,232,763**	**117,044**	**3,454,200**	**(104,393)**
Cost of Sales:									
Collections	254,736	271,366	250,383	146,843	923,328	1,048,019	124,691	1,545,449	622,121
Treatment	105,973	125,839	171,375	75,483	478,670	503,543	24,873	214,296	(264,374)
Fixed assets	8,283	14,775	17,509	(40,567)	-	(0)	(0)	50,279	50,279
Depreciation	218,157	218,158	218,157	240,757	895,229	872,630	(22,599)	872,630	(22,599)
Total Cost of Sales:	**587,149**	**630,138**	**657,424**	**422,516**	**2,297,227**	**2,424,191**	**126,964**	**2,682,654**	**385,427**
Gross Margin:	**239,316**	**230,968**	**189,753**	**392,543**	**1,052,580**	**808,572**	**244,008**	**771,546**	**281,034**
	28.96%	**26.82%**	**22.40%**	**48.16%**	**31.42%**	**25.01%**	**6.41%**	**22.34%**	**9.09%**
Selling and Administrative Expenses	**179,725**	**194,717**	**204,736**	**46,915**	**626,093**	**741,664**	**115,571**	**969,960**	**343,867**
Earnings Before Interest (EBI):	**59,591**	**36,251**	**(14,983)**	**345,628**	**426,487**	**66,908**	**359,579**	**(198,414)**	**624,901**
	7.21%	**4.21%**	**-1.77%**	**42.41%**	**12.73%**	**2.07%**	**10.66%**	**-5.74%**	**18.48%**
Non-operating Revenue and Expense:									
Non-operating revenue:	38,396	37,776	37,456	190,931	304,559	12,261	292,298	113,000	191,559
Grant Revenue	35	1,717	15,387	-	17,139	423,636	(406,497)	17,139	-
Interest Expense:	(35,429)	(35,429)	(35,429)	1,051	(105,236)	(92,781)	(12,456)	(141,716)	36,480
									-
Total Non-operating Revenue & Expense:	**3,002**	**4,064**	**17,414**	**191,982**	**216,462**	**343,116**	**(126,654)**	**(11,577)**	**228,039**
									-
Net Income:	**62,593**	**40,315**	**2,431**	**537,610**	**642,949**	**410,025**	**232,924**	**(209,991)**	**852,940**
	7.57%	**4.68%**	**0.29%**	**65.96%**	**19.19%**	**12.68%**	**199.01%**	**-6.08%**	**25.27%**
Earnings Before Interest and Depreciation (EBIDA):	**277,748**	**254,409**	**203,174**	**586,385**	**1,321,716**	**939,538**	**382,178**	**674,216**	**602,302**
	33.61%	**29.54%**	**23.98%**	**71.94%**	**39.46%**	**29.06%**	**10.39%**	**19.52%**	**19.94%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	280,750	258,473	220,588	778,367	1,538,178	1,282,654	255,524	662,639	875,539
Debt Principal	84,177	84,177	84,177	-	252,531	310,718	58,187	336,707	(84,176)
Debt Principal Coverage Surplus/Deficit	**196,573**	**174,296**	**136,411**	**778,367**	**1,285,647**	**971,936**	**313,711**	**325,932**	**959,715**
Debt Principal Coverage Percentage	**334%**				**609.10%**	**412.80%**	**196.30%**	**196.80%**	**412.30%**

City and Borough of Sitka
Wastewater Utility
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100%)	Variance To FY2019 Plan
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	196,573	174,296	136,411	778,367	1,285,647	971,936	313,711	325,932	959,715
Depreciation	218,157	218,158	218,157	240,757	895,229	872,630	(22,599)	872,630	22,599
Cash Accumulated For/(Taken From) Asset Replacement	**(21,584)**	**(43,862)**	**(81,746)**	**537,610**	**390,418**	**99,307**	**291,111**	**(546,698)**	**937,116**
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	**196,573**	**174,296**	**136,411**	**778,367**	**1,285,647**	**971,936**	**313,711**	**325,932**	**959,715**
CapEx, Accruals, and other Balance Sheet Changes	**(52,070)**	**(527,891)**	**249,636**	**(18,131)**	**(348,456)**	**(814,607)**	**466,151**	**(348,456)**	**-**
Increase in (Decrease in) Working Capital	**144,503**	**(353,595)**	**386,047**	**760,236**	**937,191**	**157,330**	**779,861**	**(22,524)**	**959,715**
Plus Beginning Total Working Capital	**6,853,575**	**6,998,078**	**6,644,483**	**7,030,530**	**6,853,575**	**6,696,245**	**157,330**	**6,959,020**	**(105,445)**
Equals Ending Total Working Capital:	**6,998,078**	**6,644,483**	**7,030,530**	**7,790,766**	**7,790,766**	**6,853,575**	**937,191**	**6,936,496**	**854,270**
Repair Reserve (1% of PPE):	**570,632**	**570,632**	**570,632**	**571,089**	**571,089**				
Working Capital Designated for CapEx	**2,828,793**	**2,736,255**	**3,144,699**	**2,652,785**	**2,652,785**				
Undesignated Working Capital	**3,598,652**	**3,337,596**	**3,315,199**	**4,566,891**	**4,566,891**				
Total Working Capital:	**6,998,078**	**6,644,483**	**7,030,530**	**7,790,766**	**7,790,766**				
Days On Hand Annual Cash Outlays in Total Working Capital:	**955.49**	**834.79**	**840.14**	**3,123.18**	**1,191.87**				
Days On Hand Annual Cash Outlays in Total Working Capital Less Repair Reserve:	**877.58**	**763.10**	**771.95**	**2,894.24**	**1,104.50**				
Days On Hand Annual Cash Outlays in Undesignated Working Capital	**491.34**	**419.32**	**396.16**	**1,830.79**	**698.66**				
Working Current Assets	**7,547,731**	**7,732,425**	**8,217,852**	**8,730,601**	**8,730,601**				
Current Liabilities	**(154,735)**	**(186,138)**	**(186,138)**	**(606,193)**	**(606,193)**				
CPLTD	**(336,707)**	**(336,707)**	**(336,707)**	**(333,642)**	**(333,642)**				
Total Working Capital	**7,056,289**	**7,209,580**	**7,695,007**	**7,790,766**	**7,790,766**				

Project	FY2019 Appropriations	FY2019 Payments-Loan Grant & Other	Cash	State Grant A/R	State Loan A/R	Federal Loan A/R	Construction In Progress 6/30/2018	Advertising Expenses	Supplies Expense	Contracted & Purchased Services Expenses
90447 - WWTP Control System	$ -	$ -	$ 56,949.33	$ -	$ -	$ -	$ 14,597.47	$ -	$ -	$ 67,915.70
90531 - Monastery/Kincaid Sewer Design Rep	$ -	$ -	$ 30,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90565 - Jamestown Bay Lift Station Rebuild	$ -	$ -	$ 58,231.68	$ -	$ -	$ -	$ 26,768.32	$ -	$ -	$ -
90655 - WWTP Rehabilitation	$ 50,000.00	$ -	$ (384,271.11)	$ -	$ 119,071.01	$ 595,212.19	$ 115,060.32	$ -	$ -	$ 531,920.99
90676 - Brady Street Lift Station	$ -	$ -	$ 164,029.51	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,906.61
90713 - Crescent & Landfill Lift Station Replac	$ -	$ 50,259.97	$ 582,024.80	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90750 - WWTP Building Envelope	$ (50,000.00)	$ -	$ -	$ -	$ -	$ -	$ 24,994.60	$ -	$ -	
90783 - Replace Generators - Lift Stations	$ -	$ -	$ 176,852.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 59,148.00
90784 - WWTP Garage Door & Blowers	$ -	$ -	$ 16,278.48	$ -	$ -	$ -	$ 38,051.39	$ -	$ 35,670.13	$ -
90790 - DeGroff Street Utilities and Street Im	$ -	$ 577,322.79	$ 80,040.13	$ -	$ 250,380.89	$ -	$ 332,505.65	$ -	$ -	$ 1,186,850.58
90796 - Brady Street Water/Wastewater HPR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90800 - Hypochlorite Injection System	$ -	$ -	$ 24,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90801 - Sitka FY17 Paving	$ (45,000.00)	$ -	$ 30,491.08	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90803 - Marine Street Street Improvements -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90805 - Replace 1995 CCTV Equipment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90808 - Replace WWTP Chlorine Generator	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90809 - Replace WWTP Influent Grinder	$ -	$ -	$ 100,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90813 - Upgrade RV Dump Site	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90816 - Channel Lift Station	$ -	$ -	$ 97,213.74	$ -	$ -	$ -	$ 138.42	$ -	$ -	$ 4,005.00
90819 - South Lake / West Degroff Improvem	$ -	$ 115,927.35	$ 33,813.57	$ -	$ -	$ -	$ -	$ -	$ -	$ 175.89
90838 - Lincoln Street Paving (Harbor Way to	$ -	$ -	$ 20,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90843 - Lake Street (DeGroff to Arrowhead &	$ -	$ -	$ 53,778.07	$ -	$ -	$ -	$ 21,221.93	$ -	$ -	$ -
90844 - Lincoln Street (Jeff Davis to Harbor D	$ (65,000.00)	$ -	$ 10,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90845 - Trailer-Mounted 3-Phase Generator	$ -	$ -	$ 90,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90846 - WWTP Generator Replacement	$ -	$ -	$ 100,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90856 - Thompsen Lift Station Rehabilitation	$ -	$ -	$ 270,742.50	$ -	$ -	$ -	$ -	$ -	$ -	$ 103,291.50
90858 - Eagle Way LS	$ 85,000.00	$ 2,000.94	$ 220,000.00	$ -	$ -	$ -	$ 258.62	$ -	$ -	$ 17,735.00
90862 - Japonski Sewer Force Main Conditior	$ 250,000.00		$ 249,682.55	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90783 - Replace Lift station generators	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90877 -	$ 5,000.00	$ -	$ 5,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90878 -	$ 40,000.00	$ -	$ 40,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unidentified Balancing Amount	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 270,000.00	$ 745,511.05	$ 2,124,856.33	$ -	$ 369,451.90	$ 595,212.19	$ 573,596.72	$ -	$ 35,670.13	$ 1,979,949.27
closed projects										

Interdepartment Services Expenses	Other & Mixed Project Expense	Total Expenses	Expenses Reclassified To CIP	CIP/Expense Reclass to Parent Fund	Construction In Progress 6/30/2019	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Working Capital
$ -	$ -	$ 67,915.70	$ -	$ -	$ 82,513.17	$ 139,462.50	$ 39,462.50	$ -	$ 39,462.50	$ 17,486.83
$ -	$ -	$ -	$ -	$ -	$ -	$ 30,000.00	$ -	$ -	$ -	$ 30,000.00
$ -	$ -	$ -	$ -	$ -	$ 26,768.32	$ 85,000.00	$ -	$ -	$ -	$ 58,231.68
$ 47,684.48	$ -	$ 579,605.47	$ -	$ -	$ 694,665.79	$ 1,024,677.88	$ 47,394.68	$ -	$ 47,394.68	$ 282,617.41
$ 970.49	$ -	$ 9,877.10	$ -	$ -	$ 9,877.10	$ 173,906.61	$ 8,906.61	$ -	$ 8,906.61	$ 155,122.90
$ 141.07	$ -	$ 141.07	$ -	$ -	$ 141.07	$ 582,165.87	$ -	$ -	$ -	$ 582,024.80
$ -	$ -	$ -	$ -	$ -	$ 24,994.60	$ 24,994.60	$ -	$ -	$ -	$ -
$ -	$ -	$ 59,148.00	$ -	$ -	$ 59,148.00	$ 236,000.00	$ -	$ -	$ -	$ 176,852.00
$ -	$ -	$ 35,670.13	$ -	$ -	$ 73,721.52	$ 90,000.00	$ -	$ -	$ -	$ 16,278.48
$ 112,224.50	$ (719,315.77)	$ 579,759.31	$ -	$ -	$ 912,264.96	$ 1,242,685.98	$ 221,696.88	$ 89,437.91	$ 311,134.79	$ 19,286.23
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ 24,000.00	$ -	$ -	$ -	$ 24,000.00
$ -	$ -	$ -	$ -	$ -	$ -	$ 30,491.08	$ -	$ -	$ -	$ 30,491.08
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ 100,000.00	$ -	$ -	$ -	$ 100,000.00
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 2,647.84	$ -	$ 6,652.84	$ -	$ -	$ 6,791.26	$ 104,005.00	$ 4,005.00	$ -	$ 4,005.00	$ 93,208.74
$ 865.39	$ (535.05)	$ 506.23	$ -	$ (506.23)	$ -	$ 33,813.57	$ -	$ -	$ -	$ 33,813.57
$ -	$ -	$ -	$ -	$ -	$ -	$ 20,000.00	$ -	$ -	$ -	$ 20,000.00
$ -	$ -	$ -	$ -	$ -	$ 21,221.93	$ 75,000.00	$ -	$ -	$ -	$ 53,778.07
$ -	$ -	$ -	$ -	$ -	$ -	$ 10,000.00	$ -	$ -	$ -	$ 10,000.00
$ -	$ -	$ -	$ -	$ -	$ -	$ 90,000.00	$ -	$ -	$ -	$ 90,000.00
$ -	$ -	$ -	$ -	$ -	$ -	$ 100,000.00	$ -	$ -	$ -	$ 100,000.00
$ -	$ -	$ 103,291.50	$ -	$ -	$ 103,291.50	$ 374,034.00	$ 24,034.00	$ -	$ 24,034.00	$ 246,708.50
$ 1,199.18	$ -	$ 18,934.18	$ -	$ -	$ 19,192.80	$ 239,192.80	$ 1,795.00	$ -	$ 1,795.00	$ 218,205.00
$ 317.45	$ -	$ 317.45	$ -	$ -	$ 317.45	$ 250,000.00	$ -	$ -	$ -	$ 249,682.55
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ 5,000.00	$ -	$ -	$ -	$ 5,000.00
$ -	$ -	$ -	$ -	$ -	$ -	$ 40,000.00	$ -	$ -	$ -	$ 40,000.00
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 166,050.40	**$ (719,850.82)**	**$ 1,461,818.98**	**$ -**	**$ (506.23)**	**$ 2,034,909.47**	**$ 5,124,429.89**	**$ 347,294.67**	**$ 89,437.91**	**$ 436,732.58**	**$ 2,652,787.84**

Solid Waste Disposal Utility
Financial Analysis
As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	**4,537,247**	Increased Over Last year	Did Not Meet Plan	Annual Annual user fee increases necessitated by annual contract CPI adjustments
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	**153,873**	**n/a**	Under Budget	Contractual costs are greatly affected by solid waste volumes which are difficult to predict
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	**96,149**	Positive EBIDA Compared to Negative EBIDA in FY2018	Did Not Meet Plan	Cash flow from operations is being generated, but not at planned levels
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	**(78,336)**	Smaller Net Loss Than FY2018	Did Not Meet Plan	Contractual costs exceeding estimated amounts were the reason plan was not met
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	**(194,134)**	Smaller Asset Covereage Deficit Than In FY2018	Did Not Meet Plan	While asset replacement coverage deficit is smaller, it still does not provide for future replacement of assets
Total Working Capital (What total resources are available in the fund)	**(937,097)**	Larger Deficit Than Last Year	Did Not Meet Plan	Negative working capital means Fund borrows from Central Treasury
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	**807,342**	More than Prior Year	Met Plan	Capital project funding has been approved, but there is no working capital to set aside for it.
Undesignated Working Capital (How much of the fund's resources are available?)	**(1,744,439)**	Larger Deficit Than Last Year	Did Not Meet Plan	Needed for infrastructure improvement and emergency repairs

Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	**(74.5)**	**Less Than Last Year**	**Did Not Meet Plan**	**Watch trend**
Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**(144.8)**	**Less Than Last Year**	**Did Not Meet Plan**	**Watch trend**

The Solid Waste Fund's financial condition slightly improved in FY2019. The Fund moved toward stabilizing itself, as losses diminished and the Fund generated a modest amount of positive cash flow from operations. Though somewhat stabilized, the financial condition of the Solid Waste Fund is still extremely weak. The Fund has no reserves, as total working capital is ($989K) and the modest amount of positive cash flow being generated is consumed by capital infrastructure funding needs. If the weak financial condition does not improve, or improves very slowly, the Assembly may need to consider a one-time transfer from the General Fund to improve the Fund's condition.

The effect of the mark-to-market adjustment for the Solid waste Fund was $3,763, which is not significant.

What is difficult to tell is whether the slight improvement of the financial condition is permanent, boding a turn-around, or temporary due to the seasonality of commercial activity in Sitka. Off-island transportation and disposal costs are directly related to the volume of solid waste disposed of in Sitka. Annual budgets and user fees are based on an estimate of the average amount of solid waste disposed of by each customer annually, and, on transportation costs. When the actual amount of solid waste disposed of, or the costs of transporting in (by barge) vary from plan, the Municipality has no current method of recouping the costs overruns from its customers.

Static basic collection revenue remains a concern. As the financial performance of the fund is largely driven by solid waste collection contracts with built-in annual CPI adjustment clauses, pressure to continue to increase user fees annually will continue to occur unless the overall off-island waste stream is decreased. The only area in which citizens can significantly impact the garbage fees they must pay is by disposing of less solid waste, composting all green waste, and removing glass from the waste stream. This perspective has been spoken to before in financial reports but bears repeating. Efforts in this capacity will reduce the tonnage of solid waste shipped off-island, which will improve cash flow and working capital by reducing operating expenses.

City and Borough of Sitka
Solid Waste Utility
Financial Statements
For The Twelve-Month Period Ending June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.00%)	Variance To FY2019 Plan
Revenue:									
Solid Waste Disposal Services	1,133,496	1,030,700	992,203	1,072,174	4,228,573	3,839,937	388,636	4,869,600	(641,027)
Jobbing	-	-	-	2,043	2,043	1,336	707	-	707
Other Operating Revenue	72,125	77,367	77,388	79,751	306,631	219,157	87,474	219,700	86,931
Total Revenue:	**1,205,621**	**1,108,067**	**1,069,591**	**1,153,968**	**4,537,247**	**4,060,430**	**476,817**	**5,089,300**	**(553,389)**
Cost of Sales:					613,042				
Contract Waste Hauling	289,997	245,133	266,610	259,611	1,061,351	1,020,439	(40,912)	1,055,725	(5,626)
Transfer Station	586,650	413,357	277,215	629,749	1,906,971	2,005,885	98,914	1,901,500	(5,471)
Landfill	113,302	130,494	103,558	139,028	486,382	573,384	87,002	547,703	61,321
Scrapyard & Recycling	140,321	177,377	115,330	180,014	613,042	628,869	15,827	669,447	56,405
Jobbing	-	-	-	-		-	-	-	-
Depreciation	45,470	45,471	45,470	32,281	168,692	174,302	5,610	168,692	-
Total Cost of Sales:	**1,175,740**	**1,011,832**	**808,183**	**1,240,683**	**4,236,438**	**4,402,879**	**166,441**	**4,343,067**	**106,629**
Gross Margin:	29,881	96,235	261,408	(86,715)	**300,809**	**(342,449)**	**643,258**	**746,233**	**(445,424)**
	2.48%	**8.68%**			**6.63%**	**-8.43%**	**15.06%**	**14.66%**	**0.40%**
Selling and Administrative Expenses	100,926	98,371	47,914	126,141	373,352	521,049	147,697	420,596	47,244
Earnings Before Interest (EBI):	**(71,045)**	**(2,136)**	**213,494**	**(212,856)**	**(72,543)**	**(863,498)**	**790,955**	**325,637**	**(398,180)**
	-5.89%	**-0.19%**	**19.96%**	**-18.45%**	**-1.60%**	**-21.27%**	**19.67%**	**6.40%**	**13.27%**
Non-operating Revenue and Expense:									
Non-operating revenue:	345	3,663	2,787	6,543	13,338	2,892	10,446	6,100	7,238
Interest Expense:	(4,785)	(4,785)	(4,785)	(4,776)	(19,131)	(15,633)	(3,498)	(19,131)	-
Total Non-operating Revenue & Expense:	**(4,440)**	**(1,122)**	**(1,998)**	**1,767**	**(5,793)**	**(12,741)**	**6,948**	**(13,031)**	**19,979**
Net Income:	**(75,485)**	**(3,258)**	**211,496**	**(211,089)**	**(78,336)**	**(876,239)**	**797,903**	**312,606**	**(390,942)**
	-6.26%	**-0.29%**	**19.77%**	**-18.29%**	**-1.73%**	**-21.58%**	**167.34%**	**6.14%**	**70.65%**
Earnings Before Interest and Depreciation (EBIDA):	**(25,575)**	**43,335**	**258,964**	**(180,575)**	**96,149**	**(689,196)**	**785,345**	**494,329**	**(398,180)**
	-2.12%	**3.91%**	**24.21%**	**-15.65%**	**2.12%**	**-16.97%**	**19.09%**	**9.71%**	**9.38%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(30,015)	42,213	256,966	(178,808)	90,356	(707,169)	797,525	481,298	(390,942)
Debt Principal	28,948	28,948	28,948	28,954	115,798	115,798	-	115,798	-
Debt Principal Coverage Surplus/Deficit	**(58,963)**	**13,265**	**228,018**	**(207,762)**	**(25,442)**	**(822,967)**	**797,525**	**365,500**	**(390,942)**
Debt Principal Coverage Percentage	**-103.69%**	**146%**	**888%**	**-618%**	**78.03%**	**-610.69%**	**688.72%**	**415.64%**	**-337.61%**

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.00%)	Variance To FY2019 Plan
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(58,963)	13,265	228,018	(207,762)	(25,442)	(822,967)	797,525	365,500	(390,942)
Depreciation	45,470	45,471	45,470	32,281	168,692	174,302	5,610	168,692	-
Cash For/(Taken From) Asset Replacement	**(104,433)**	**(32,206)**	**182,548**	**(240,043)**	**(194,134)**	**(997,269)**	**803,135**	**196,808**	**(390,942)**
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	(58,963)	13,265	228,018	(207,762)	(25,442)	(822,967)	797,525	365,500	(390,942)
CapEx, Accruals, and other Balance Sheet Changes	17,576	21,905	(72,086)	(88,631)	(121,236)	332,566	(453,802)	-	(121,236)
Increase in (Decrease in) Working Capital	(41,387)	35,170	155,932	(296,393)	(146,678)	(490,401)	343,723	365,500	(512,178)
Plus Beginning Total Working Capital	(762,293)	(803,680)	(768,510)	(612,578)	(762,293)	(271,892)	(490,401)	(762,293)	-
Equals Ending Total Working Capital:	(803,680)	(768,510)	(612,578)	(908,971)	(908,971)	(762,293)	(146,678)	(396,793)	(512,178)
Working Capital Detail:									
Repair Reserve (1% of PPE):	73,804	73,804	73,804	74,776	74,776				
Working Capital Designated for CapEx	899,996	888,177	828,090	807,342	807,342				
Undesignated Working Capital	(1,777,480)	(1,730,492)	(1,514,473)	(1,815,452)	(1,815,452)				
Total Working Capital:	(803,680)	(768,510)	(612,578)	(933,334)	(933,334)				
Days On Hand Annual Cash Outlays in Total Working	(57.98)	(63.84)	(66.20)	(62.24)	(74.45)				
Days On Hand Annual Cash Outlays in Total Working Capital Less Repair Reserve:	(68.64)	(76.12)	(82.18)	(72.17)	(86.31)				
Days On Hand Annual Cash Outlays in Undesignated	(128.22)	(143.75)	(163.67)	(121.07)	(144.81)				
Working Capital Calculation:									
Current Assets	690,986	556,096	830,823	988,490	988,490				
Current Liabilities	(1,378,868)	(1,208,808)	(1,327,603)	(1,806,026)	(1,806,026)				
CPLTD	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)				
Total Working Capital	(803,680)	(768,510)	(612,578)	(933,334)	(933,334)				

Project	FY2019 Appropriations	Cash	A/R	Construction In Progress 6/30/2018	Supplies Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Total Expenses	Mixed Project Expenses Reclassified
90847 - Expand Biosolids Area	$ -	$ 464,610.91	$ -	$ 20,512.13	$ -	$ 14,138.64	$ 5,516.21	$ 19,654.85	$ -
90871 - Kimsham Landfill Drainage Cc	$ 100,000.00	$ 100,000.00						$ -	
90863 - Scrapyard Water Line	$ 60,000.00	$ 889.94				$ 46,595.00	$ 12,515.06	$ 59,110.06	
90864 - Transfer Station Scale	$ 95,000.00	$ 94,285.15				$ 150.50	$ 1,551.83	$ 1,702.33	
90865 - Transfer Station Building	$ 170,000.00	$ 152,334.04			$ 11,535.58	$ 4,363.84	$ 779.06	$ 16,678.48	
Unidentified Balancing Amount	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 425,000.00	**$ 812,120.04**	**$ -**	**$ 20,512.13**	**$ 11,535.58**	**$ 65,247.98**	**$ 20,362.16**	**$ 97,145.72**	**$ -**

Project	Expenses Reclassified To CIP	CIP/Expense Reclass to Parent Fund	Construction In Progress 6/30/2019	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Working Capital
90847 - Expand Biosolids Area	$ 19,654.85	$ -	$ 40,166.98	$ 504,777.89	$ 4,777.89	$ -	$ 4,777.89	$ 459,833.02
90871 - Kimsham Landfill Drainage Co			$ -	$ 100,000.00	$ -	$ -	$ -	$ 100,000.00
90863 - Scrapyard Water Line	$ -	$ 59,110.06	$ -	$ 889.94	$ -	$ -	$ -	$ 889.94
90864 - Transfer Station Scale	$ 1,702.33		$ 1,702.33	$ 95,987.48	$ -	$ -	$ -	$ 94,285.15
90865 - Transfer Station Building	$ 16,678.48		$ 16,678.48	$ 169,012.52	$ -	$ -	$ -	$ 152,334.04
			$ -	$ -	$ -	$ -	$ -	$ -
Unidentified Balancing Amount	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	$ 38,035.66	**$ 59,110.06**	**$ 58,547.79**	**$ 870,667.83**	**$ 4,777.89**	**$ -**	**$ 4,777.89**	**$ 807,342.15**

Harbor System
Financial Analysis
As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	2,617,055	Greater Than Last year	Met Plan	Annual moorage increases necessary to finance capital improvements
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	269,471	n/a	Under budget	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	603,312	More Than Last year	Exceeded Plan	Cash flow from operations is adequate and exceeding plan but EBIDA is is inconsistant ; watch trend
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	691,711	More Than Last Year	Exceeded Plan	Net income is exceeding plan; watch trend
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	261,362	More Than Prior Year	Exceeded Plan	Asset replacement is adequate; however, ability to finance replacement of large infrastructure assets depends on future moorage increases
Total Working Capital (What total resources are available in the fund)	16,598,015	More Than Prior Year	Exceeded Plan	Working capital is adequate and in line with plan
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	9,176,948	More than Prior Year	Met Plan	Capital project funding adequately addresses current infrastructure needs

Undesignated Working Capital (How much of the fund's resources are available?)	**7,421,067**	**More Than Last Year**	**Exceeded Plan**	**Undesignated working capital is adequate for the present; however, ability to finance replacement of large infrastructure depends on sustained future moorage increases**
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	**2,499.1**	**More Than Last year**	**Exceeded Plan**	**Working capital is adequate and in line with plan**
Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**1,072.6**	**More Than Last Year**	**Exceeded Plan**	**Watch Trend**

The financial performance of the Harbor Fund over the fiscal year met or exceeded all aspects of the annual financial plan, and, was improved over FY2018 in all metrics. Earnings before interest and depreciation (EBID) was $227K greater than plan and $378K greater than FY2018; net income was $642K greater than plan and $605K greater than FY2018.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can' be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Harbor Fund in FY2019 was $187,194. The amounts of working capital discussed in this financial analysis conservatively factor out the Harbor Fund's mark-to-market adjustment.

As first reported in previous Financial Analyses, results for the fiscal year reflect the issuance of $8,025,000 in harbor revenue bonds in November, 2018. The proceeds from this bond issuance is being used to pay for the costs of Phase 1 of the Crescent Harbor Replacement project. Unspent proceeds are reflected in the balance of working capital dedicated for capital projects.

For several years, the Harbor Fund Has continued to follow a fiscal plan designed to ultimately provide the necessary capital to renovate Eliason harbor in the 2030s, with sustained annual moorage increases in the range of 6%. Several developments at the State and local level, however, are poised to disrupt this plan and will require the Municipality to rethink the level of harbor infrastructure it can afford to operate and maintain.

At the State level, the Governor Dunleavy vetoed appropriations for the Municipal Harbor Matching Grant program for FY2020. Unless the Governor and Legislature change course, it is becoming increasingly unlikely that this program will be funded in the future. If the Municipal Harbor Matching Grant program is not funded in the future, it will significantly impact the ability of the Municipality to maintain its harbor system in its current configuration and will force hard decisions regarding abandonment of facilities.

The reason for this conclusion is that the strategic fiscal plan for the harbor system has been built around the assumption that a $5 million grant will be obtained to assist with the renovation of each of the 5 major harbors. If grants are not obtained for the eventual renovation of Sealing Cove Harbor, Thompson Harbor and Eliason Harbor, the combined loss of $15 million in future grant funding would make the moorage rate increases required to self-fund the renovations untenable.

It is highly likely that a combination of events and circumstances will combine, causing pressure to mount to scale back the size and scope of the infrastructure in the harbor system by both condemning and demolishing some of our harbors at the end of their useful lives, or, by selling and privatizing harbors and associated uplands.

City and Borough of Sitka
Harbor Fund
Financial Statements
For The Twelve-Month Period Ending June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L -100.00%)	Variance To FY2019 Plan
Revenue:									
Permanent Moorage	543,406	455,099	446,249	508,749	1,953,503	1,877,478	76,025	1,982,591	(29,088)
Transient Moorage	232,898	45,331	71,020	105,050	454,299	400,302	53,997	434,498	19,801
Lightering Fees	-	-	-	-	-	12,022	(12,022)	20,000	(20,000)
Other Operating Revenue	43,049	49,006	39,376	77,822	209,253	168,410	40,843	175,460	33,793
Total Revenue:	**819,353**	**549,436**	**556,645**	**691,621**	**2,617,055**	**2,458,212**	**158,843**	**2,612,549**	**4,506**
Cost of Sales:									
Operations	349,267	361,555	349,650	429,524	1,489,996	1,546,680	56,684	1,532,511	42,515
Jobbing	-	-	-	-		-	-	-	-
Depreciation	343,056	343,057	343,056	346,599	1,375,768	1,372,226	(3,542)	1,372,226	3,542
Total Cost of Sales:	**692,323**	**704,612**	**692,706**	**776,123**	**2,865,764**	**2,918,906**	**53,142**	**2,904,737**	**46,057**
Gross Margin:	127,030	(155,176)	(136,061)	(84,502)	**(248,709)**	**(460,694)**	**211,985**	**(292,188)**	**43,479**
	15.50%	**-28.24%**	**-24.44%**	**-12.22%**	**-9.50%**	**-18.74%**	**9.24%**	**-11.18%**	**20.42%**
Selling and Administrative Expenses	167,056	148,925	163,292	44,474	523,747	686,679	162,932	703,682	179,935
Earnings (Loss) Before Interest (EBI):	**(40,026)**	**(304,101)**	**(299,353)**	**(128,976)**	**(772,456)**	**(1,147,373)**	**374,917**	**(995,870)**	**223,414**
	-4.89%	**-55.35%**	**-53.78%**		**-29.52%**	**-46.68%**	**17.16%**	**-38.12%**	**55.28%**
Non-operating Revenue and Expense:									
Raw Fish Tax	243,098	243,098	243,098	459,428	1,188,722	900,000	288,722	972,390	216,332
Other Non-Operating Revenue/(Expense):	48,439	52,637	(79,604)	328,458	349,930	90,583	259,347	265,000	84,930
Grant Revenue	-	64,947	80,449	(80,449)	64,947	368,509	(303,562)	84,947	(20,000)
Bond Fund Interest Revenue:	-	9,958	30,565	47,150	87,673	-	87,673	50,000	37,673
Interest Expense Bonds:	(79,729)	(79,729)	(79,729)	19,566	(219,621)	(117,069)	(102,552)	(318,916)	99,295
Interest Expense Loans:	(1,871)	(1,871)	(1,871)	(1,871)	(7,484)	(8,164)	680	(7,482)	(2)
Total Non-operating Revenue & Expense:	**209,937**	**289,040**	**192,908**	**772,282**	**1,464,167**	**1,233,859**	**230,308**	**1,045,939**	**418,228**
Net Income:	**169,911**	**(15,061)**	**(106,445)**	**643,306**	**691,711**	**86,486**	**605,225**	**50,069**	**641,642**
	20.74%	**-2.74%**	**-19.12%**	**93.01%**	**26.43%**	**3.52%**	**381.02%**	**1.92%**	**14239.72%**
Earnings Before Interest and Depreciation (EBIDA):	**303,030**	**38,956**	**43,703**	**217,623**	**603,312**	**224,853**	**378,459**	**376,356**	**226,956**
	36.98%	**7.09%**	**7.85%**	**31.47%**	**23.05%**	**9.15%**	**13.91%**	**14.41%**	**-0.50%**
Bond Covenant Ratio	**4.58**	**2.65**	**2.45**	**4.35**	**3.43**	**3.89**	**(0.46)**	**2.22**	**1.21**

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L -100.00%)	Variance To FY2019 Plan
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	512,967	327,996	236,611	989,905	2,067,479	1,458,712	608,767	1,422,295	645,184
Debt Principal	50,087	50,087	50,087	280,088	430,349	195,348	(235,001)	430,349	-
Debt Principal Coverage Surplus/Deficit	**462,880**	**277,909**	**186,524**	**709,817**	**1,637,130**	**1,263,364**	**373,766**	**991,946**	**645,184**
Debt Principal Coverage Percentage	**1024.15%**	**654.85%**	**472.40%**	**353.43%**	**480.42%**	**746.72%**	**-266.31%**	**330.50%**	**149.92%**
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	462,880	277,909	186,524	709,817	1,637,130	1,263,364	373,766	991,946	645,184
Depreciation	343,056	343,057	343,056	346,599	1,375,768	1,372,226	(3,542)	1,375,768	-
Cash Accumulated For/(Taken From) Asset Replacemen	**119,824**	**(65,148)**	**(156,532)**	**363,218**	**261,362**	**(108,862)**	**370,224**	**(383,822)**	**645,184**
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	462,880	277,909	186,524	709,817	1,637,130	1,263,364	373,766	991,946	645,184
CapEx, Accruals, and other Balance Sheet Changes	358,655	7,789,007	(268,662)	(563,974)	7,315,026	(459,936)	7,774,962	7,315,026	-
Increase in (Decrease in) Working Capital	821,535	8,066,916	(82,138)	145,843	8,952,156	803,428	8,148,728	8,306,972	645,184
Plus Beginning Total Working Capital	7,919,988	8,741,523	16,808,439	16,726,301	7,919,988	7,116,560	803,428	7,919,988	-
Equals Ending Total Working Capital:	8,741,523	16,808,439	16,726,301	16,872,144	16,872,144	7,919,988	8,952,156	16,226,960	645,184
Working Capital Detail:									
Repair Reserve (1% of PPE):	386,339	386,339	386,339	386,526	386,526				
Working Capital Designated for CapEx	1,797,860	9,812,313	9,858,889	9,176,948	9,176,948				
Working Capital Designated for Baranof Warm Spri	13,079	13,588	13,588	17,229	17,229				
Undesignated Working Capital	6,544,245	6,596,199	6,467,485	7,204,506	7,204,506				
Total Working Capital:	8,741,523	16,808,439	16,726,301	16,785,209	16,785,209				
Days On Hand Annual Cash Outlays in:									
Total Working Capital:	1,403.64	2,727.00	2,701.85	2,026.11	2,499.05				
Total Working Capital Less Repair Reserve:	1,341.61	2,664.32	2,639.44	1,979.45	2,441.50				
Undesignated Working Capital	1,050.82	1,070.17	1,044.71	869.64	1,072.63				
Working Capital Calculation:									
Current Assets	8,897,830	16,891,377	16,525,486	18,049,687	18,049,687				
Accrued Raw Fish Tax Receivable	243,098	486,196	729,294	-	-				
Current Liabilities	(148,970)	(138,787)	(128,131)	(854,130)	(854,130)				
CPLTD	(200,348)	(430,348)	(400,348)	(410,348)	(410,348)				
Total Working Capital	8,791,610	16,808,439	16,726,301	16,785,209	16,785,209				

Project	FY2019 Bond Proceeds	FY2019 Appropriations	Bond Fund Cash	Cash	State Grant A/R	State Loan A/R	Federal Loan A/R	Construction In Progress 6/30/2018	Supplies Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Capitalized Interest	Total Expenses
80242 - Seplane Base Planning Study	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
90741 - Baranoff Warm Springs Dock	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
90751 - Crescent Harbor Water Line Replacement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
90757 - Transient Float	$ -	$ -	$ -	$ 262,457.44	$ -	$ -	$ -	$ -	$ -	$ 1,189.00	$ -		$ 1,189.00
90768 - Eliason 5/6 Float replacement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
90798 - Eliason Electrical Upgrades	$ -	$ -	$ -	$ 14,231.34	$ -	$ -	$ -	$ 707.73	$ -	$ -	$ 60.93		$ 60.93
90799 - Eliason Flotation Upgrades	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
90810 - Sealing Cove Maintenance	$ -	$ -	$ -	$ 15,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
90818 - Float Plane Dock	$ -	$ -	$ -	$ (0.00)	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -
90848 - Crescent Harbor Flotation Upgrades	$ -	$ -	$ -	$ 49,843.92	$ -	$ -	$ -	$ 156.08	$ -	$ -	$ -		$ -
90849 - Crescent Harbor Phase 1 Design	$ -	$ -	$ 7,996,889.41	$ 850,656.33	$ -	$ -	$ -	$ 819.73	$ -	$ 136,025.33	$ 63,660.38	$ 115,735.33	$ 315,421.04
90850 - O'Connell Lightering Facility Repair	$ -	$ -	$ -	$ 517,317.89	$ -	$ -	$ -	$ 42,625.77	$ -	$ 501,699.82	$ 9,516.34	$ -	$ 511,216.16
Totals:	$ -	$ -	$ 7,996,889.41	$ 1,709,506.92	$ -	$ -	$ -	$ 44,309.31	$ -	$ 638,914.15	$ 73,237.65	$ 115,735.33	$ 827,887.13

Project	Mixed Project Expenses Reclassified	Expenses Reclassified To CIP	CIP/Expense Reclass to Parent Fund	Construction In Progress 6/30/2019	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Working Capital
80242 - Seplane Base Planning Study	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90741 - Baranoff Warm Springs Dock	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90751 - Crescent Harbor Water Line Replacement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90757 - Transient Float	$ -	$ 1,189.00	$ -	$ 1,189.00	$ 262,457.44	$ -	$ -	$ -	$ 262,457.44
90768 - Eliason 5/6 Float replacement	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90798 - Eliason Electrical Upgrades	$ -	$ 60.93	$ -	$ 768.66	$ 14,939.07	$ -	$ -	$ -	$ 14,939.07
90799 - Eliason Flotation Upgrades	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90810 - Sealing Cove Maintenance	$ -	$ -	$ -	$ -	$ 15,000.00	$ -	$ -	$ -	$ 15,000.00
90818 - Float Plane Dock	$ -	$ -	$ -	$ -	$ (0.00)	$ -	$ -	$ -	$ (0.00)
90848 - Crescent Harbor Flotation Upgrades	$ -	$ -	$ -	$ 156.08	$ 50,000.00	$ -	$ -	$ -	$ 50,000.00
90849 - Crescent Harbor Phase 1 Design	$ -	$ 315,421.04	$ -	$ 316,240.77	$ 8,848,365.47	$ 72,597.74	$ -	$ 72,597.74	$ 8,775,767.73
90850 - O'Connell Lightering Facility Repair	$ -	$ 511,216.16	$ -	$ 553,841.93	$ 559,943.66	$ 476,969.82	$ 24,190.00	$ 501,159.82	$ 58,783.84
Totals:	$ -	$ 827,887.13	$ -	$ 872,196.44	$ 9,750,705.64	$ 549,567.56	$ 24,190.00	$ 573,757.56	$ 9,176,948.08

Airport Terminal Fund
Financial Analysis
As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	**805,441**	Greater Than Last year	Exceeded Plan	Revenue is meeting current neeeds but not enough to finance a new facility eventually
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	**8,845**	**n/a**	Under budget	**n/a**
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	**430,602**	More Than Last year	Exceeded Plan	Cash flow from operations is adequate and exceeding but long-term build up of working capital will not finance a new facility
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	**319,156**	More Than Last Year	Exceeded Plan	Net income is exceeding plan
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	**319,156**	Less Than Prior Year	Exceeded Plan	Asset replacement is adequate for now; however, once depreciation of new renovations begins, asset replacement will turn negative
Total Working Capital (What total resources are available in the fund)	**5,091,220**	More Than Prior Year	Exceeded Plan	Working capital is adequate and in line with plan
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	**4,276,278**	More than Prior Year	Met Plan	Capital project funding adequately addresses current infrastructure needs

Undesignated Working Capital (How much of the fund's resources are available?)	**814,942**	**More Than Prior Year**	**Exceeded Plan**	**Undesignated working capital is adequate for the present; however, ability to unplanned significant repairs is problematic**
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	**4,979.4**	**More Than Prior year**	**Exceeded Plan**	**Watch trend**
Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**764.6**	**Less Than Last Year**	**Met Plan**	**Watch Trend**

The financial performance of the Airport Terminal Fund over the fiscal year met or exceeded all aspects of the annual financial plan, and, was improved over FY2018 in all metrics. Earnings before interest and depreciation (EBID) were $103K greater than plan and $349K greater than FY2018; net income was $162K greater than plan and $346K greater than FY2018. The primary reason for the positive variances from plan and prior year were passenger facility charges (PFCs), which exceeded planned amounts by $55K.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can' be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Airport Terminal Fund in FY2019 was $22,381. The amounts of working capital discussed in this financial analysis conservatively factor out the Airport Terminal Fund's mark-to-market adjustment.

The capital project to renovate the jetways and passenger waiting facility is proceeding according to plan. Passenger facility charges (PFCs) are being collected at the level anticipated and are sufficient to finance debt service payments on the Airport Terminal revenue bonds.

The major challenge that the Airport Terminal faces is similar to other elements of Municipal infrastructure – the facility is aging and maintenance and repair of basic mechanical systems – plumbing, HVAC, and electrical – is increasing in frequency and cost. The building is starting to reach the end of its useful life and insufficient working capital has been accumulated to finance the cost of major structural repairs.

City and Borough of Sitka
Airport Terminal Fund
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100%)	Variance To FY2019 Plan
Revenue:									
Leases	142,205	102,647	102,648	116,661	464,161	398,977	65,184	424,000	40,161
Other Operating Revenue	89,853	108,693	48,365	94,369	341,280	62,008	279,272	287,000	54,280
						-			
Total Revenue:	**232,058**	**211,340**	**151,013**	**211,030**	**805,441**	**460,985**	**344,456**	**711,000**	**94,441**
Cost of Sales:									
Operations	74,368	92,231	98,167	110,073	374,839	379,441	4,602	383,684	8,845
Depreciation	42,575	42,575	42,575	42,575	170,300	170,300	(0)	170,300	-
Total Cost of Sales:	**116,943**	**134,806**	**140,742**	**152,648**	**545,139**	**549,740**	**4,601**	**553,984**	**8,845**
Gross Margin:	**115,115**	**76,534**	**10,271**	**58,382**	**260,302**	**(88,755)**	**339,854**	**157,016**	**103,286**
	49.61%	**36.21%**	**6.80%**	**27.67%**	**32.32%**	**-19.25%**	**98.66%**	**22.08%**	**10.23%**
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	**115,115**	**76,534**	**10,271**	**58,382**	**260,302**	**(88,755)**	349,057	**157,016**	**103,286**
	49.61%	**36.21%**	**6.80%**		**32.32%**	**-19.25%**	**101.34%**	**22.08%**	**10.23%**
Non-operating Revenue and Expense:									
Non-Operating Revenue and Expenses:	5,395	6,138	(22,494)	69,815	58,854	18,265	40,589	19,000	39,854
Bond Fund Interest		4,980	15,283	23,577	43,840	-	-	25,000	18,840
Interest Expense:	-	(20,583)	(20,583)	(2,674)	(43,840)	-	(43,840)	(43,840)	-
Total Non-operating Revenue & Expense:	**5,395**	**(9,465)**	**(27,794)**	**90,718**	**58,854**	**18,265**	**(3,251)**	**160**	**58,694**
Net Income:	**120,510**	**67,069**	**(17,523)**	**149,100**	**319,156**	**(70,490)**	**345,806**	**157,176**	**161,980**
	51.93%	**31.74%**	**-11.60%**	**70.65%**	**39.63%**	**-15.29%**	**100.39%**	**22.11%**	**17.52%**
Earnings Before Interest and Depreciation (EBIDA):	**157,690**	**119,109**	**52,846**	**100,957**	**430,602**	**81,544**	**349,057**	**327,316**	**103,286**
	67.95%	**56.36%**	**34.99%**	**47.84%**	**53.46%**	**17.69%**	**101.34%**	**46.04%**	**7.43%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	163,085	109,644	25,052	191,675	489,456	99,810	389,647	327,476	161,980
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	**163,085**	**109,644**	**25,052**	**191,675**	**489,456**	**99,810**	**389,647**	**327,476**	**161,980**
Debt Principal Coverage Percentage	**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)	163,085	109,644	25,052	191,675	489,456	99,810	389,647	327,476	161,980
Depreciation	42,575	42,575	42,575	42,575	170,300	170,300	0	170,300	-
Cash Accumulated For/(Taken From) Asset Replacemer	**120,510**	**67,069**	**(17,523)**	**149,100**	**319,156**	**(70,490)**	**389,646**	**157,176**	**161,980**

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	163,085	109,644	25,052	191,675	489,456	99,810	389,647	327,476	161,980
CapEx, Accruals, and other Balance Sheet Changes	(8,889)	3,989,080	(197,065)	(88,568)	3,694,558	(75,583)	3,770,141	3,694,558	-
Increase in (Decrease in) Working Capital	154,196	4,098,724	(172,013)	103,107	4,184,014	24,227	4,159,788	4,022,034	161,980
Plus Beginning Total Working Capital	929,587	1,083,783	5,182,507	5,010,494	929,587	905,360	24,227	929,587	-
Equals Ending Total Working Capital:	1,083,783	5,182,507	5,010,494	5,113,601	5,113,601	929,587	4,184,014	4,951,621	161,980
Working Capital Detail:									
Repair Reserve (1% of PPE):	52,070	52,070	52,070	52,070	52,070				
Working Capital Designated for CapEx	349,769	4,526,713	4,471,641	4,276,278	4,276,278				
Undesignated Working Capital	681,943	603,724	486,783	785,253	785,253				
Total Working Capital:	1,083,783	5,182,507	5,010,494	5,113,601	5,113,601				
Days On Hand Annual Cash Outlays in:									
Total Working Capital:	1,329.81	5,127.38	4,657.45	4,239.15	4,979.38				
Days On Hand Annual Cash Outlays in Total Working Capital									
Total Working Capital Less Repair Reserve:	1,265.92	5,075.87	4,609.05	4,195.99	4,928.67				
Undesignated Working Capital	836.75	597.30	452.48	650.97	764.64				
Working Capital Calculation:									
Current Assets	1,083,783	5,203,090	5,179,202	5,339,520	5,339,520				
Current Liabilities	-	(20,583)	(33,708)	(90,919)	(90,919)				
CPLTD	-	-	(135,000)	(135,000)	(135,000)				
Total Working Capital	1,083,783	5,182,507	5,010,494	5,113,601	5,113,601				

Project	FY2019 Transfer In Bond Proceeds	FY2019 Appropriations	Cash	State Grant A/R	Federal Grant A/R	Federal Loan A/R	Construction In Progress 6/30/2018	Advertising Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Capitalized Interest Expenses
90736 - Airport Baggage and TSA Improvements	$ -	$ -	$ -	$ -	$ -	$ -	$ 182,723.91	$ -	$ -	$ -	$ -
90835 - Sitka Airport Terminal Improvements	$ 82,490.54	$ -	$ 166,763.77	$ -	$ 16,835.40	$ -	$ 105,051.44	$ -	$ 100,244.56	$ 22,513.54	$ 60,169.56
90872 - Airport Air Taxi ADA Ramp & Door	$ -	$ 100,000.00	$ 100,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90873 - Airport Heat Pumps For Hold Room	$ -	$ 36,000.00	$ 36,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2.2 No Job	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Totals:	$ 82,490.54	$ 136,000.00	$ 302,763.77	$ -	$ 16,835.40	$ -	$ 287,775.35	$ -	$ 100,244.56	$ 22,513.54	$ 60,169.56

Project	Total Expenses	Construction In Progress 6/30/2019	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Working Capital
90736 - Airport Baggage and TSA Improvements	$ -	$ 182,723.91	$ 182,723.91	$ -	$ -	$ -	$ -
90835 - Sitka Airport Terminal Improvements	$ 182,927.66	$ 287,979.10	$ 471,578.27	$ 6,648.30	$ -	$ 6,648.30	$ 176,950.87
90872 - Airport Air Taxi ADA Ramp & Door	$ -	$ -	$ 100,000.00	$ -	$ -	$ -	$ 100,000.00
90873 - Airport Heat Pumps For Hold Room	$ -	$ -	$ 36,000.00	$ -	$ -	$ -	$ 36,000.00
2.2 No Job	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Totals:	$ 182,927.66	$ 470,703.01	$ 790,302.18	$ 6,648.30	$ -	$ 6,648.30	$ 312,950.87

Marine Service Center
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	167,224	Lower Than Last Year	Exceeded Plan	One of two major leases terminated on 6/30/18 but resumed on a month-to-month basis, causing revenue to decline
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	22,537	n/a	Under budget	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	13,909	Lower Than Last year	Exceeded Plan	Cash flow was reduced due to the partial-year loss of a major tenant
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	69,778	Lower Than Last year	Exceeded Plan	Net income was reduced due to the partial-year loss of a major tenant
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	69,778	Lower Than Last Year	Exceeded Plan	Asset replacement was reduced due to the partial-year loss of a major tenant
Total Working Capital (What total resources are available in the fund)	2,017,712	Not Meaningfully Different	Exceeded Plan	Working capital is adequate and in line with plan
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	54,245	More Than Prior Year	Met Plan	Capital project funding adequately addresses current infrastructure needs
Undesignated Working Capital (How much of the fund's resources are available?)	1,963,467	Not Meaningfully Different	Exceeded Plan	Undesignated working capital is adequate for the present; it is not sufficent to fully pay for asset replacement or major renovation
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	4,914.3	Not Meaningfully Different	Exceeded Plan	Monitor

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**4,785.2**	**Not Meaningfully Different**	**Exceeded Plan**	**Monitor**

The Marine Service Center exceeded planned performance for FY2019. Financial results had negative variances to the prior fiscal year, however, due to the partial-year loss of one of the two major tenants in the building. That tenant departed for several months, then returned on a month-to-month basis.

The mark-to-market adjustment for the Marine Service Center's investment in the Central Treasury increased by $43,505. This amount has been deducted from the level of working capital reported above.

Although conversations with new and existing tenants has taken place, no new long-term leases have been signed (a month-to-month lease was negotiated). Furthermore, the Municipality has the ability to now sell the facility, as grant stipulations prohibiting sale have now expired. The replacement of the departing tenant, negotiations of new leases, and deliberations concerning sale of the facility will have a large impact on the future financial condition and performance of this fund.

City and Borough of Sitka
Marine Service Center
Financial Statements
For The Twelve-Month Period Ended June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Leases	31,883	30,474	30,473	74,394	167,224	243,789	(76,565)	124,632	42,592
Other Operating Revenue	-	-	-	-	-	-	-	-	-
Total Revenue:	**31,883**	**30,474**	**30,473**	**74,394**	**167,224**	**243,789**	**(76,565)**	**124,632**	**42,592**
Cost of Sales:									
Operations	26,221	60,600	43,707	22,787	153,315	63,598	(89,717)	175,506	22,191
Depreciation	7,977	7,976	7,977	7,630	31,560	31,906	346	31,906	346
Total Cost of Sales:	**34,198**	**68,576**	**51,684**	**30,417**	**184,875**	**95,504**	**(89,371)**	**207,412**	**22,537**
Gross Margin:	**(2,315)**	**(38,102)**	**(21,211)**	**43,977**	**(17,651)**	**148,285**	**(165,936)**	**(82,780)**	**65,129**
	-7.26%	**-125.03%**	**-69.61%**	**59.11%**	**-10.56%**	**60.83%**	**-71.38%**	**-66.42%**	**55.86%**
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	**(2,315)**	**(38,102)**	**(21,211)**	**43,977**	**(17,651)**	**148,285**	**(165,936)**	**(82,780)**	**65,129**
	-7.26%	**-125.03%**	**-69.61%**	**59.11%**	**-10.56%**	**60.83%**	**-71.38%**	**-66.42%**	**55.86%**
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	10,637	10,969	11,095	54,728	87,429	5,830	81,599	35,000	52,429
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	**10,637**	**10,969**	**11,095**	**54,728**	**87,429**	**5,830**	**81,599**	**35,000**	**52,429**
Net Income:	**8,322**	**(27,133)**	**(10,116)**	**98,705**	**69,778**	**154,115**	**(84,337)**	**(47,780)**	**117,558**
	26.10%	**-89.04%**	**-33.20%**	**132.68%**	**41.73%**	**63.22%**	**110.15%**	**-38.34%**	**80.06%**
Earnings Before Interest and Depreciation (EBIDA):	**5,662**	**(30,126)**	**(13,234)**	**51,607**	**13,909**	**180,191**	**(166,282)**	**(50,874)**	**65,475**
	17.76%	**-98.86%**	**-43.43%**	**69.37%**	**8.32%**	**73.91%**	**-65.60%**	**-40.82%**	**49.14%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	16,299	(19,157)	(2,139)	106,335	101,338	186,021	(84,683)	(15,874)	117,212
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	**16,299**	**(19,157)**	**(2,139)**	**106,335**	**101,338**	**186,021**	**(84,683)**	**(15,874)**	**117,212**
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)	16,299	(19,157)	(2,139)	106,335	101,338	186,021	(84,683)	(15,874)	117,212
Depreciation	7,977	7,976	7,977	7,630	31,560	31,906	(346)	31,560	-
Cash Accumulated For/(Taken From) Asset Replacemen	**8,322**	**(27,133)**	**(10,116)**	**98,705**	**69,778**	**154,115**	**(84,337)**	**(47,434)**	**117,212**

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	16,299	(19,157)	(2,139)	106,335	101,338	186,021	(84,683)	(15,874)	117,212
CapEx, Accruals, and other Balance Sheet Changes	-	-	(8,311)	(7,445)	(15,756)	-	(15,756)	(15,756)	-
Increase in (Decrease in) Working Capital	16,299	(19,157)	(10,450)	98,890	85,582	186,021	(100,439)	(31,630)	117,212
Plus Beginning Total Working Capital	1,978,635	1,994,934	1,975,777	1,965,327	1,978,635	1,792,614	186,021	1,978,635	-
Equals Ending Total Working Capital:	1,994,934	1,975,777	1,965,327	2,064,217	2,064,217	1,978,635	85,582	1,947,005	117,212
Working Capital Detail:									
Repair Reserve (1% of PPE):	-	-	-	-	-				
Working Capital Designated for CapEx	70,000	70,000	61,688	54,245	54,245				
Undesignated Working Capital	1,924,934	1,905,777	1,903,639	2,009,972	2,009,972				
Total Working Capital:	1,994,934	1,975,777	1,965,327	2,064,217	2,064,217				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	6,942.44	2,975.08	4,103.14	8,266.11	4,914.32				
Working Capital Less Repair Reserve:	6,942.44	2,975.08	4,103.14	8,266.11	4,914.32				
Undesignated Working Capital	6,698.84	2,869.67	3,974.35	8,048.89	4,785.18				
Working Capital Calculation:									
Current Assets	1,994,934	1,975,777	1,965,327	2,064,217	2,064,217				
Current Liabilities									
CPLTD	-	-	-	-	-				
Total Working Capital	1,994,934	1,975,777	1,965,327	2,064,217	2,064,217				

Project	FY2019 Appropriations	Cash	State Grant A/R	Federal Grant A/R	Federal Loan A/R	Construction In Progress 6/30/2018	Advertising Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Total Expenses
90874 - MSC Roof Condenser Replacement	$ 70,000.00	$ 54,245.00	$ -	$ -	$ -	$ -	$ -	$ 15,755.00	$ -	$ 15,755.00
2.2 No Job	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Totals:	$ 70,000.00	$ 54,245.00	$ -	$ -	$ -	$ -	$ -	$ 15,755.00	$ -	$ 15,755.00

Project	Construction In Progress 6/30/2019	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Working Capital
90874 - MSC Roof Condenser Replacement	$ -	$ 54,245.00	$ -	$ -	$ -	$ 54,245.00
2.2 No Job	$ -	$ -	$ -	$ -	$ -	$ -
Totals:	$ -	$ 54,245.00	$ -	$ -	$ -	$ 54,245.00

Gary Paxton Industrial Park
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	136,427	Not Meaningfully Different	Did Not Meet Plan	Reduced lease revenue cash flows will impact future ability to maintain the new dock
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	10,404	n/a	Under budget	n/a
Earnings (Loss) Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	(138,221)	Larger EBID Loss Than Last year	Did Not Meet Plan	Cash flow from operations is negative; rent and tariff revenue is not covering operating costs
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(530,405)	Larger Loss Than Last Year Due Depreciation of New Dock	Met Plan	Ongoing operations not profitable
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	(580,189)	Larger Deficit Than Last Year Due To Addition of New Dock	Met Plan	Asset replacement is inadequate; unless dock revenue markedly increases, no working capital for asset replacement will be accumulated
Total Working Capital (What total resources are available in the fund)	726,705	Not Significantly Different	Met Plan	Working capital is inadquate
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	219,896	Not Significantly Different	Met Plan	Capital project funding adequately addresses current infrastructure needs
Undesignated Working Capital (How much of the fund's resources are available?)	506,809	Not Significantly Different	Met Plan	Adequate for the present; it is not sufficient to fully pay for asset replacement or major renovation
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	840.1	Not Significantly Different	Met Plan	Monitor; adequate for present

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**417.6**	**Not Significantly Different**	**Met Plan**	**Monitor, adequate for present**

As the Big Picture column illustrates, the Gary Paxton Industrial Park Fund is consuming working capital and is not covering costs of operations with revenue. Earnings before Interest and Depreciation, a surrogate for cash flow from operations, was ($138.2K), compared with ($67,203 in FY2018 and FY2019 plan of ($123.1).

The mark-to-market adjustment for the Gary Paxton Industrial Park Fund's investment in the Central Treasury increased by $31,185. This amount has been deducted from the level of working capital reported above.

As the opportunities for leasing have diminished, the hope for improving the financial performance and position rests with the dock and the ability to generate significant moorage and wharfage tariff revenue through it.

To date, however, tariff revenue has continued to not meet expectations. Total tariff-related revenue for fiscal year 2019 was $14,745, ($25.8K) below annual plan. If profitability and positive cash flow can't be achieved, the Municipality may eventually need to seriously consider merging the Park into the General Fund, creating a Department similar to Harrigan Centennial Hall which is subsidized by tax revenues.

City and Borough of Sitka
Gary Paxton Industrial Park Fund
Financial Statements
For The Twelve-Month Period Ending June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Leases	28,404	27,255	31,673	33,341	120,673	118,962	1,711	121,500	(827)
Other Operating Revenue	3,605	483	2,515	9,151	15,754	1,599	14,155	40,500	(24,746)
Total Revenue:	**32,009**	**27,738**	**34,188**	**42,492**	**136,427**	**120,561**	**15,866**	**162,000**	**(25,573)**
Cost of Sales:									
Operations	52,858	60,365	69,386	92,039	274,648	187,764	(86,884)	285,052	10,404
Depreciation	115,186	115,186	115,186	87,108	432,666	333,798	(98,868)	432,666	-
Total Cost of Sales:	**168,044**	**175,551**	**184,572**	**179,147**	**707,314**	**521,562**	**(185,752)**	**717,718**	**10,404**
Gross Margin:	**(136,035)**	**(147,813)**	**(150,384)**	**(136,655)**	**(570,887)**	**(401,001)**	**(169,886)**	**(555,718)**	**(15,169)**
	-424.99%	**-532.89%**	**-439.87%**	**-321.60%**	**-418.46%**	**-332.61%**	**-85.84%**	**-343.04%**	**-75.42%**
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	**(136,035)**	**(147,813)**	**(150,384)**	**(136,655)**	**(570,887)**	**(401,001)**	**(169,886)**	**(555,718)**	**(15,169)**
	-424.99%	**-532.89%**			**-418.46%**	**-332.61%**	**-85.84%**	**-343.04%**	**-75.42%**
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	8,950	5,633	5,599	34,582	54,764	(3,799)	58,563	70,000	(15,236)
Grant Revenue:	-	-	-	-	-	3,117,049	(3,117,049)	-	-
CAPEX related to grant revenue*	-	-	-	-	-	(3,197,224)	3,197,224	-	-
Loss on Impairment	-	-	-	-	-	(1,492,379.00)	1,492,379	-	
Transfers From SMC Contingency Fund	3,235	3,426	3,495	3,545	13,701	11,574	2,127	-	13,701
Transfers to Other Funds	-	-	-	(23,129)	(23,129)	(29,268)	6,139	(23,129)	
Interest Expense:	(1,214)	(1,214)	(1,214)	(1,212)	(4,854)	(6,472)	1,618	(4,854)	-
Total Non-operating Revenue & Expense:	**10,971**	**7,845**	**7,880**	**13,786**	**40,482**	**(1,600,519)**	**1,641,001**	**42,017**	**(1,535)**
Net Income:	**(125,064)**	**(139,968)**	**(142,504)**	**(122,869)**	**(530,405)**	**(2,001,520)**	**1,471,115**	**(513,701)**	**(16,704)**
	-390.72%	**-504.61%**	**-416.82%**	**-289.16%**	**-388.78%**	**-1660.17%**	**1271.39%**	**-317.10%**	**1588.49%**
Earnings Before Interest and Depreciation (EBID):	**(20,849)**	**(32,627)**	**(35,198)**	**(49,547)**	**(138,221)**	**(67,203)**	**(268,754)**	**(123,052)**	**(15,169)**
	-65.13%	**-117.63%**	**-102.95%**	**-116.60%**	**-101.31%**	**-55.74%**	**-45.57%**	**-75.96%**	**-25.36%**

**Note that these financial statements are on a modified acrual basis and CAPEX expenditures related to grant revenue have been included to better illustrate the funds financial position.*

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation excluding capital grants)	(9,878)	(24,782)	(27,318)	(35,761)	(97,739)	(95,168)	(2,571)	(81,035)	(16,704)
Debt Principal	12,446	12,446	12,446	12,446	49,784	49,783	1	49,784	-
Debt Principal Coverage Surplus/Deficit	**(22,324)**	**(37,228)**	**(39,764)**	**(48,207)**	**(147,523)**	**(144,951)**	**(2,572)**	**(130,819)**	**(16,704)**
Debt Principal Coverage Percentage	**-79.37%**	**-199.12%**	**-219.49%**	**-287.33%**	**-196.33%**	**905.93%**	**-1102.25%**	**-162.77%**	**-939.48%**
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(22,324)	(37,228)	(39,764)	(48,207)	(147,523)	(144,951)	(2,572)	(130,819)	(16,704)
Depreciation	115,186	115,186	115,186	87,108	432,666	333,798	98,868	432,666	-
Cash Accumulated For/(Taken From) Asset Replacement	**(137,510)**	**(152,414)**	**(154,950)**	**(135,315)**	**(580,189)**	**(478,749)**	**(101,440)**	**(563,485)**	**(16,704)**

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	(22,324)	(37,228)	(39,764)	(48,207)	(147,523)	(144,951)	(2,572)	(130,819)	(16,704)
CapEx, Accruals, and other Balance Sheet Changes	163,755	11,265	2,959	23,922	201,901	(145,948)	347,849	201,901	-
Increase in (Decrease in) Working Capital	141,431	(25,963)	(36,805)	(24,285)	54,378	(290,899)	345,277	71,082	(16,704)
Plus Beginning Total Working Capital	703,512	844,943	818,980	782,175	703,512	994,411	(290,899)	703,512	-
Equals Ending Total Working Capital:	844,943	818,980	782,175	757,890	757,890	703,512	54,378	774,594	(16,704)
Working Capital Detail:									
Repair Reserve (1% of PPE):	161,122	161,122	161,122	161,283	161,283				
Working Capital Designated for CapEx	234,342	232,402	224,261	219,896	219,896				
Undesignated Working Capital	449,479	425,456	396,792	376,711	376,711				
Total Working Capital:	844,943	818,980	782,175	757,890	757,890				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	1,159.10	1,009.55	859.44	654.30	840.09				
Total Working Capital Less Repair Reserve	938.07	810.94	682.41	515.06	661.31				
Undesignated Working Capital	616.60	524.46	435.99	325.22	417.57				
Working Capital Calculation:									
Current Assets	1,044,083	1,018,110	981,305	916,113	916,113				
Current Liabilities	(149,346)	(149,346)	(149,346)	(108,439)	(108,439)				
CPLTD	(49,784)	(49,784)	(49,784)	(49,784)	(49,784)				
Total Working Capital	844,953	818,980	782,175	757,890	757,890				

GPIP Fund Capital Project Detail Project	FY2019 Appropriations	FY2019 Loan Grant & Other	Cash	State Grant A/R	State Loan A/R	Federal Loan A/R	Construction In Progress 6/30/2018	Supplies Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Transfer Out	Total Expenses
90748 - GPIP Dock	$ -	$ -	**$ 172,879.83**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 772.50**	**$ 1,768.38**	**$ -**	**$ 2,540.88**
90836 - GPIP Shoreline Stabilization	$ -	$ -		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
90837 - GPIP Dock Access Ramp Design	$ 22,000.00	$ -	**$ 30,436.43**	**$ -**	**$ -**	**$ -**	**$ 8,131.30**	**$ -**	**$ 19,768.39**	**$ 7,083.88**	**$ -**	**$ 26,852.27**
90854 - GPIP Site Cleanup	$ -	$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ 16,109.93**	**$ -**	**$ -**	**$ -**	**$ 18,890.07**	**$ -**
90875 - GPIP Wash Down Pad	$ 20,000.00	$ -	**$ 20,000.00**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Totals:	**$ 42,000.00**	**$ -**	**$ 223,316.26**	**$ -**	**$ -**	**$ -**	**$ 24,241.23**	**$ -**	**$ 20,540.89**	**$ 8,852.26**	**$ 18,890.07**	**$ 29,393.15**

GPIP Fund Capital Project Detail Project	Mixed Project Expenses Reclassified	Expenses Reclassified To CIP	CIP/Expense Reclass to Parent Fund	Construction In Progress 6/30/2019	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Working Capital
90748 - GPIP Dock	$ -	$ 2,540.88	$ -	$ 2,540.88	$ 175,420.71	$ -	$ -	$ -	$ 172,879.83
90836 - GPIP Shoreline Stabilization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
90837 - GPIP Dock Access Ramp Design	$ -	$ 26,852.27	$ -	$ 34,983.57	$ 65,420.00	$ 3,420.00	$ -	$ 3,420.00	$ 27,016.43
90854 - GPIP Site Cleanup	$ -	$ (16,109.93)	$ 16,109.93	$ -	$ -	$ -	$ -	$ -	$ -
90875 - GPIP Wash Down Pad	$ -	$ -	$ -	$ -	$ 20,000.00	$ -	$ -	$ -	$ 20,000.00
Totals:	$ -	$ 13,283.22	$ 16,109.93	$ 37,524.45	$ 260,840.71	$ 3,420.00	$ -	$ 3,420.00	$ 219,896.26

Information Technology Fund
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	1,847,594	Greater Than Last year	Met Plan	Achieving plan, but need continue to increase revenue in future to cover asset replacement
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	92,681	n/a	Under Budget	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	815,464	More than Prior Year	Exceeded Plan	Positive EBID is due to transfers for CapEx; otherwise EBID is breakeven
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	254,383	More Than Prior Year	More Than Planned	Net Income is due to transfers for CapEx; otherwise Net Income is breakeven
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	136,614	Greater Than Prior Year	More Than planned	In this fund, asset replacement is especially important as technology quickly becomes obsolete
Total Working Capital (What total resources are available in the fund)	461,502	Greater Than Prior Year	Exceeded Plan	Working capital temporarily increased due to transfers for project funding
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for vehicle acquisition)	471,078	Greater Than Prior Year	Greater Than Planned	Working capital temporarily increased due to transfers for project funding
Undesignated Working Capital (How much of the fund's resources are available?)	(9,576)	Improved Over Prior Year	Better Than planned	Working capital deficit is slowly shrinking
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	108.2	Improved Over Prior Year	Exceeded Plan	Working capital temporarily increased due to transfers for project funding

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**(0.6)**	⇧ **Improved Over Prior Year**	⇧ **Better Than planned**	**Fund must borrow from central treasury**

The IT Fund's financial results for FY2019 are skewed by funding for two major IT projects, the E911 system replacement and the public safety records management system.

The mark-to-market adjustment for the IT Fund's investment in the Central Treasury increased by $7,128. This amount has been deducted from the level of working capital reported above.

Full funding for the E911 system replacement was transferred in from the General Fund E911 designated fund balance in the first quarter, creating the large positive variance in revenue and EBID. On the other hand, funding for the records management system will be through a loan from the Southeast Alaska Economic Development Fund, but, the fixed asset will be a general governmental asset. The cost of the fixed asset will be recouped over time through IT charges to the General Fund (Police Department).

The focus of the IT Fund has been to begin generating cash flow from its operations in order to address its negative working capital position. Progress towards this goal resumed in the third fiscal quarter, however, as the negative balance in working capital balance decreased significantly. Again, funding transfers for capital projects have skewed results, but IT management has believed that heavier spending in the first half of the fiscal year was the root cause, though, and lighter spending in the second half of the fiscal year should result in a small reduction in the negative working capital balance by fiscal year's end.

City and Borough of Sitka
MIS Fund
Financial Statements
For The Twelve-Month Period Ended June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Data Processing Charges	309,670	309,670	309,669	309,670	1,238,679	1,175,598	63,081	1,238,679	(0)
Other Operating Revenue	285,000	13,200	324,060	(12,985)	609,275	13,591	595,684	626,694	(17,419)
Total Revenue:	**594,670**	**322,870**	**633,729**	**296,685**	**1,847,954**	**1,189,189**	**658,765**	**1,865,373**	**(17,419)**
Cost of Sales:									
Operations	390,219	240,388	226,098	175,785	1,032,490	1,060,316	27,826	1,125,171	92,681
Depreciation	49,614	49,615	49,614	46,303	195,146	198,457	3,311	195,146	-
Total Cost of Sales:	**439,833**	**290,003**	**275,712**	**222,088**	**1,227,636**	**1,258,772**	**31,136**	**1,320,317**	**92,681**
Gross Margin:	**154,837**	**32,867**	**358,017**	**74,597**	**620,318**	**(69,584)**	**689,902**	**545,056**	**75,262**
	26.04%	**10.18%**	**56.49%**	**25.14%**	**33.57%**	**-5.85%**	**39.42%**	**29.22%**	**4.35%**
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	**154,837**	**32,867**	**358,017**	**74,597**	**620,318**	**(69,584)**	**689,902**	**545,056**	**75,262**
	26.04%	**10.18%**	**56.49%**	**25.14%**	**33.57%**	**-5.85%**	**39.42%**	**29.22%**	**4.35%**
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	(479)	(751)	66	9,361	8,197	(1,986)	10,183	3,000	5,197
Transfer s out/Interest expense	(360,000)	-	-	(14,132)	(374,132)	(1,798)	(372,334)	(360,000)	(14,132)
Total Non-operating Revenue & Expense	**(360,479)**	**(751)**	**66**	**(4,771)**	**(365,935)**	**(3,784)**	**(362,151)**	**(357,000)**	**(8,935)**
Net Income:	**(205,642)**	**32,116**	**358,083**	**69,826**	**254,383**	**(73,368)**	**327,751**	**188,056**	**66,327**
	-34.58%	**9.95%**	**56.50%**	**23.54%**	**13.77%**	**-6.17%**	**49.75%**	**10.08%**	**3.68%**
Earnings Before Interest and Depreciation (EBIDA):	**204,451**	**82,482**	**407,631**	**120,900**	**815,464**	**128,873**	**686,591**	**740,202**	**75,262**
	34.38%	**25.55%**	**64.32%**	**40.75%**	**44.13%**	**10.84%**	**33.29%**	**39.68%**	**4.45%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(156,028)	81,731	407,697	116,129	449,529	125,088	324,440	383,202	66,327
Debt Principal	-	-	-	117,769	117,769	51,353	66,416	117,769	-
Debt Principal Coverage Surplus/Deficit	**(156,028)**	**81,731**	**407,697**	**(1,640)**	**331,760**	**73,735**	**258,024**	**265,433**	**66,327**
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	(156,028)	81,731	407,697	(1,640)	331,760	73,735	258,024	265,433	66,327
Depreciation	49,614	49,615	49,614	46,303	195,146	198,457	(3,311)	195,146	-
Cash Accumulated For/(Taken From) Asset Replace	**(205,642)**	**32,116**	**358,083**	**(47,943)**	**136,614**	**(124,721)**	**261,335**	**70,287**	**66,327**

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	(156,028)	81,731	407,697	(1,640)	331,760	73,735	258,024	265,433	66,327
CapEx, Accruals, and other Balance Sheet Changes	(175,767)	(94,520)	376,862	94,214	200,789	30,158	170,631	200,789	-
Increase in (Decrease in) Working Capital	(331,795)	(12,789)	784,559	92,574	532,549	103,893	428,655	466,222	66,327
Plus Beginning Total Working Capital	(17,165)	(348,960)	(361,749)	422,810	(17,165)	(121,058)	103,893	(17,165)	-
Equals Ending Total Working Capital:	(348,960)	(361,749)	422,810	515,384	515,384	(17,165)	532,549	449,057	66,327
Working Capital Detail:									
Repair Reserve (1% of PPE):	-	-	-		-				
Working Capital Designated for CapEx	-	-	471,078	471,078	471,078				
Undesignated Working Capital	(348,960)	(361,749)	(48,268)	(2,448)	44,306				
Total Working Capital:	(348,960)	(361,749)	422,810	468,630	515,384				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	(42.44)	(137.32)	170.64	138.98	123.40				
Total Working Capital Less Repair Reserve	(42.44)	(137.32)	170.64	138.98	123.40				
Undesignated Working Capital	(42.44)	(137.32)	(19.48)	(0.73)	10.61				
Working Capital Calculation:									
Current Assets	(279,700)	(292,968)	585,807	963,105	963,105				
Current Liabilities	(68,781)	(68,781)	(68,781)	(376,706)	(376,706)				
CPLTD	-	-	(94,216)	(117,769)	(117,769)				
Total Working Capital	(348,481)	(361,749)	422,810	468,630	468,630				

Central Garage Fund
Financial Analysis
As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	1,807,597	Greater Than Last Year	Did Not Meet Plan	Vehicle charges must cover operating costs and meet sinking fund requirements
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	117,136	n/a	Under budget	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	1,055,675	Greater Than Last year	Met Plan	Cash flow from operations must meet sinking fund requirements
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	974,200	Greater Than Last Year	Exceeded Plan	Impacted by Cash Flow from Operations; must meet sinking fund requirements
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	924,200	Greater Than Last year	Exceeded Plan	Asset replacement is adequate; however, ability to finance future vehicle replacements depends on future vehicle charges
Total Working Capital (What total resources are available in the fund)	4,168,120	More Than Prior Year	Met Plan	Working capital is adequate and in line with plan
Working Capital For Vehicle Replacement (Of the fund's total resources, how much has been already appropriated for vehicle acquisition)	4,068,120	More than Prior Year	Met Plan	Vehicle replacement funding adequately addresses vehicle replacement needs
Undesignated Working Capital (How much of the fund's resources are available?)	100,000	Not significantly different	Met Plan	Undesignated working capital is adequate for the present
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	1,438.8	More Than Prior Year	Met Plan	Cash on hand is adequate for the present

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	**33.8**	**Not significantly different**	**Met Plan**	**Cash on hand is adequate for the present replacement**

The financial health of the Central Garage Fund and its working capital is adequate to meet current vehicle replacement needs, but vehicle charges must be continually adjusted in order to ensure the sinking fund is healthy. Keeping vehicle charges static in a time of rising inflation will cause the working capital of the Fund to decline.

The mark-to-market adjustment for the IT Fund's investment in the Central Treasury increased by $85,100. This amount has been deducted from the level of working capital reported above.

City and Borough of Sitka
Central Garage Fund
Financial Statements
For The Twelve-Month Period Ended June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Vehicle Billings	375,099	375,099	375,099	375,099	1,500,396	1,037,832	462,564	1,666,901	(166,505)
Other Operating Revenue	70,032	83,432	59,007	94,730	307,201	448,695	(141,494)	286,518	20,683
Total Revenue:	**445,131**	**458,531**	**434,106**	**469,829**	**1,807,597**	**1,486,527**	**321,070**	**1,953,419**	**(145,822)**
Cost of Sales:									
Operations	88,555	138,327	114,222	135,873	476,977	437,491	(39,486)	526,688	49,711
Depreciation	126,205	126,205	126,205	107,466	486,081	504,820	18,739	504,820	18,739
Total Cost of Sales:	**214,760**	**264,532**	**240,427**	**243,339**	**963,058**	**942,311**	**(20,747)**	**1,031,508**	**68,450**
Gross Margin:	**230,371**	**193,999**	**193,679**	**226,490**	**844,539**	**544,216**	**300,323**	**921,911**	**(77,372)**
	51.75%	**42.31%**	**44.62%**	**48.21%**	**46.72%**	**36.61%**	**10.11%**	**47.19%**	**-0.47%**
Selling and Administrative Expenses	**71,713**	**80,100**	**79,329**	**43,803**	**274,945**	**307,692**	**32,747.00**	**323,631**	**48,686**
Earnings Before Interest (EBI):	**158,658**	**113,899**	**114,350**	**182,687**	**569,594**	**236,524**	**333,070**	**598,280**	**(28,686)**
	35.64%	**24.84%**			**31.51%**	**15.91%**	**15.60%**	**30.63%**	**0.88%**
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	244,013	19,416	23,351	125,326	412,106	92,267	319,839	291,067	121,039
Interest Expense:	(1,875)	(1,875)	(1,875)	(1,875)	(7,500)	(10,000)	2,500	(7,500)	-
Total Non-operating Revenue & Expense:	**242,138**	**17,541**	**21,476**	**123,451**	**404,606**	**82,267**	**322,339**	**283,567**	**121,039**
Net Income:	**400,796**	**131,440**	**135,826**	**306,138**	**974,200**	**318,791**	**655,409**	**881,847**	**92,353**
	90.04%	**28.67%**	**31.29%**	**65.16%**	**53.89%**	**21.45%**	**204.13%**	**45.14%**	**8.75%**
Earnings Before Interest and Depreciation (EBIDA):	**284,863**	**240,104**	**240,555**	**290,153**	**1,055,675**	**741,344**	**314,331**	**1,103,100**	**(9,947)**
	64.00%	**52.36%**	**55.41%**	**61.76%**	**58.40%**	**49.87%**	**8.53%**	**56.47%**	**1.93%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	527,001	257,645	262,031	413,604	1,460,281	823,611	636,670	1,386,667	73,614
Debt Principal	12,500	12,500	12,500	12,500	50,000	50,000	-	50,000	-
Debt Principal Coverage Surplus/Deficit	**514,501**	**245,145**	**249,531**	**401,104**	**1,410,281**	**773,611**	**636,670**	**1,336,667**	**73,614**
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)	514,501	245,145	249,531	401,104	1,410,281	773,611	636,670	1,336,667	73,614
Depreciation	126,205	126,205	126,205	107,466	486,081	504,820	(18,739)	486,081	-
Cash Accumulated For/(Taken From) Asset Replacemer	**388,296**	**118,940**	**123,326**	**293,638**	**924,200**	**268,791**	**655,409**	**850,586**	**73,614**

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	514,501	245,145	249,531	401,104	1,410,281	773,611	636,670	1,336,667	73,614
CapEx, Accruals, and other Balance Sheet Changes	(45,831)	(26,914)	(426,193)	(147,767)	(646,705)	(283,946)	(362,759)	(646,705)	-
Increase in (Decrease in) Working Capital	468,670	218,231	(176,662)	253,337	763,576	489,665	273,911	689,962	73,614
Plus Beginning Total Working Capital	3,489,644	3,958,314	4,176,545	3,999,883	3,489,644	2,999,979	489,665	3,489,644	-
Equals Ending Total Working Capital:	3,958,314	4,176,545	3,999,883	4,253,220	4,253,220	3,489,644	763,576	4,179,606	73,614
Working Capital Detail:									
Repair Reserve (1% of PPE):	2,909,991	3,182,110	3,459,005	3,826,016	3,826,016				
Working Capital Designated for CapEx	948,323	894,435	440,878	327,204	327,204				
Undesignated Working Capital	100,000	100,000	100,000	100,000	100,000				
Total Working Capital:	3,958,314	4,176,545	3,999,883	4,253,220	4,253,220				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	2,068.20	1,637.06	1,755.38	2,000.02	1,438.82				
Total Working Capital Less Repair Reserve:	547.74	389.78	237.37	200.89	144.52				
Undesignated Working Capital	52.25	39.20	43.89	47.02	33.83				
Working Capital Calculation:									
Current Assets	4,035,638	4,241,369	4,064,707	4,332,374	4,332,374				
Current Liabilities	(14,824)	(14,824)	(14,824)	(29,154)	(29,154)				
CPLTD	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)				
Total Working Capital	3,970,814	4,176,545	3,999,883	4,253,220	4,253,220				

Building Maintenance Fund
Financial Analysis
As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	**508,046**	Greater Than Last Year	Did Not Meet Plan	Revenue from operations not covering cost of operations
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	**413,133**	**n/a**	Under budget	
Earnings (Loss) Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	**(175,175)**	Smaller Loss Than Prior Year	Better than Plan	Cash flows from operations are are not covering operating expenses
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	**(93,234)**	Smaller Loss Than Last Year	Better than Plan	Losses continue to reduce fund balance, even if they are smaller than planned
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (*as estimated by how much our assets are decreasing in value annually*))	**(93,234)**	Smalled Deficit Than Last Year	Better than Plan	There are few assets held by this fund, thus this metric is of less concern.
Total Working Capital (What total resources are available in the fund)	**1,362,366**	Less than Prior Year	Better Than Plan	Working Capital continues to decrease
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for vehicle acquisition)	**n/a**			Most projects held in parent capital project fund
Undesignated Working Capital (How much of the fund's resources are available?)	**100,000**			Most working capital in fund designated for repairs
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	**697.0**	Less than Prior Year	Better Than Plan	

The Building Maintenance Fund continues to show negative cash flow from operations. Earnings before interest and depreciation (EBID), a surrogate for cash flow from operations, was (175,175), indicating a loss and negative cash flow. This loss before interest and depreciation did less, however, in comparison with FY2018 (181,985) and was less than planned (263,882). While the decrease in working capital has slowed from last year, should the current rate at which working capital is decreasing continue, the fund's working capital will eventually become negative.

Ultimately, management must work to develop clear goals for the fund as well as a plan to achieve those goals. Questions that must be answered include:

- What level of working capital should the fund seek to maintain?
- What structure should be used for paying for the services provided by the fund? Do we keep the current structure, but increase the rate? Or, do we move more towards a structure similar to how the admin fee is calculated, but with a focus facilities (and their age)?
- Should a sinking fund for repairs be established? If so, how should it operate?
- Staff are working to implement a new structure for FY2021

It is critical to point out, for the Assembly and Administrator, that any plan which will improve the financial health of the Building Maintenance Fund will also impact the financial health of other funds. This is because the primary source of revenue for the Building Maintenance Fund is the charges it levies to other funds.

Improving the financial position of the Building Maintenance Fund must, therefore, involve increasing internal user fees, as additional cost saving expenditure reduction measures will be very difficult to achieve.

City and Borough of Sitka
Building Maintenance Fund
Financial Statements
For The Twelve-Month Period Ended June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Building Maintenance Charges	88,071	141,208	117,713	156,207	503,199	460,566	42,633	639,920	(136,721)
Other Operating Revenue	-	9,500	4,750	(9,403)	4,847	10,282	(5,435)	49,000	(44,153)
Total Revenue:	**88,071**	**150,708**	**122,463**	**146,804**	**508,046**	**470,848**	**37,198**	**688,920**	**(180,874)**
Cost of Sales:									
Operations	73,948	141,129	120,528	138,881	474,486	529,380	54,894	837,312	362,826
Depreciation	220	220	220	220	880	880	-	880	-
Total Cost of Sales:	**74,168**	**141,349**	**120,748**	**139,101**	**475,366**	**530,260**	**54,894**	**838,192**	**362,826**
Gross Margin:	**13,903**	**9,359**	**1,715**	**7,703**	**32,680**	**(59,412)**	**92,092**	**(149,272)**	**181,952**
	15.79%	**6.21%**	**1.40%**	**5.25%**	**6.43%**	**-12.62%**	**19.05%**	**-21.67%**	**28.10%**
Selling and Administrative Expenses	**59,534**	**63,444**	**74,462**	**11,295**	**208,735**	**168,493**	**(40,242)**	**259,042**	**50,307**
Earnings (Loss) Before Interest (EBI):	**(45,631)**	**(54,085)**	**(72,747)**	**(3,592)**	**(176,055)**	**(227,905)**	**51,850**	**(408,314)**	**232,259**
	-51.81%	**-35.89%**	**-59.40%**	**-2.45%**	**-34.65%**	**-48.40%**	**13.75%**	**-59.27%**	**24.62%**
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	15,852	24,350	20,414	52,405	113,021	45,920	67,101	174,632	(61,611)
Interest Expense and Transfers Out:	(30,200)	-	-	-	(30,200)	-	(30,200)	(30,200)	-
Total Non-operating Revenue & Expense:	**(14,348)**	**24,350**	**20,414**	**52,405**	**82,821**	**45,920**	**36,901**	**144,432**	**(61,611)**
Net Income (Loss):	**(59,979)**	**(29,735)**	**(52,333)**	**48,813**	**(93,234)**	**(181,985)**	**88,751**	**(263,882)**	**170,648**
	-68.10%	**-19.73%**	**-42.73%**	**33.25%**	**-18.35%**	**-38.65%**	**238.59%**	**-38.30%**	**19.95%**
Earnings (Loss) Before Interest and Depreciation (EBIDA	**(45,411)**	**(53,865)**	**(72,527)**	**(3,372)**	**(175,175)**	**(227,025)**	**51,850**	**(407,434)**	**232,259**
	-51.56%	**-35.74%**	**-59.22%**	**-2.30%**	**-34.48%**	**-48.22%**	**13.74%**	**-59.14%**	**24.66%**
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(59,759)	(29,515)	(52,113)	49,033	(92,354)	(181,105)	88,751	(263,002)	170,648
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	**(59,759)**	**(29,515)**	**(52,113)**	**49,033**	**(92,354)**	**(181,105)**	**88,751**	**(263,002)**	**170,648**
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)	(59,759)	(29,515)	(52,113)	49,033	(92,354)	(181,105)	88,751	(263,002)	170,648
Depreciation	220	220	220	220	880	880	-	880	-
Cash Accumulated For/(Taken From) Asset Replacemen	**(59,979)**	**(29,735)**	**(52,333)**	**48,813**	**(93,234)**	**(181,985)**	**88,751**	**(263,882)**	**170,648**

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	(59,759)	(29,515)	(52,113)	49,033	(92,354)	(181,105)	88,751	(263,002)	170,648
CapEx, Accruals, and other Balance Sheet Changes	-	(1)	1	(38,285)	(38,285)	(77,610)	39,325	(38,285)	-
Increase in (Decrease in) Working Capital	(59,759)	(29,516)	(52,112)	10,748	(130,639)	(258,715)	128,076	(301,287)	170,648
Plus Beginning Total Working Capital	1,493,005	1,433,246	1,403,730	1,351,618	1,493,005	1,751,720	(258,715)	1,493,005	-
Equals Ending Total Working Capital:	1,433,246	1,403,730	1,351,618	1,362,366	1,362,366	1,493,005	(130,639)	1,191,718	170,648
Working Capital Detail:									
Sinking Fund & Repair Reserve	1,333,246	1,303,730	1,251,618	1,262,366	1,262,366				
Working Capital Designated for CapEx	-	-	-	-	-				
Undesignated Working Capital	100,000	100,000	100,000	100,000	100,000				
Total Working Capital:	1,433,246	1,403,730	1,351,618	1,362,366	1,362,366				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	799.01	626.14	632.52	827.80	697.01				
Total Working Capital Less Repair Reserve:	55.75	44.61	46.80	60.76	51.16				
Undesignated Working Capital	55.75	44.61	46.80	60.76	51.16				
Working Capital Calculation:									
Current Assets	1,455,736	1,426,220	1,374,108	1,396,335	1,396,335				
Current Liabilities	(22,490)	(22,490)	(22,490)	(33,969)	(33,969)				
CPLTD	-	-	-	-	-				
Total Working Capital	1,433,246	1,403,730	1,351,618	1,362,366	1,362,366				