

City and Borough of Sitka

Financial Review **June 30, 2018**

Results as of June 30, 2018 (All Funds)

City and Borough of Sitka
Financial Review
FY2018 General Fund Budget Execution
June 30, 2018

Original Planned Deficit Per Budget Ordinance:	(345,778)
Budget Adjustments	<u>(1,088,898)</u>
Budget Deficit As Of 6/30	(1,434,676)
Revenues Thru 6/30 (100%)	28,642,965
Expenditures Thru 6/30 (100%)	27,755,944

*As of 6/30 revenue exceeded plan by \$1,395,940 and
expenditures exceeded plan by \$925,757. The surplus for
the fiscal year was \$887,021.*

City and Borough of Sitka





Financial Review

FY2018 General Fund

Budget Adjustments

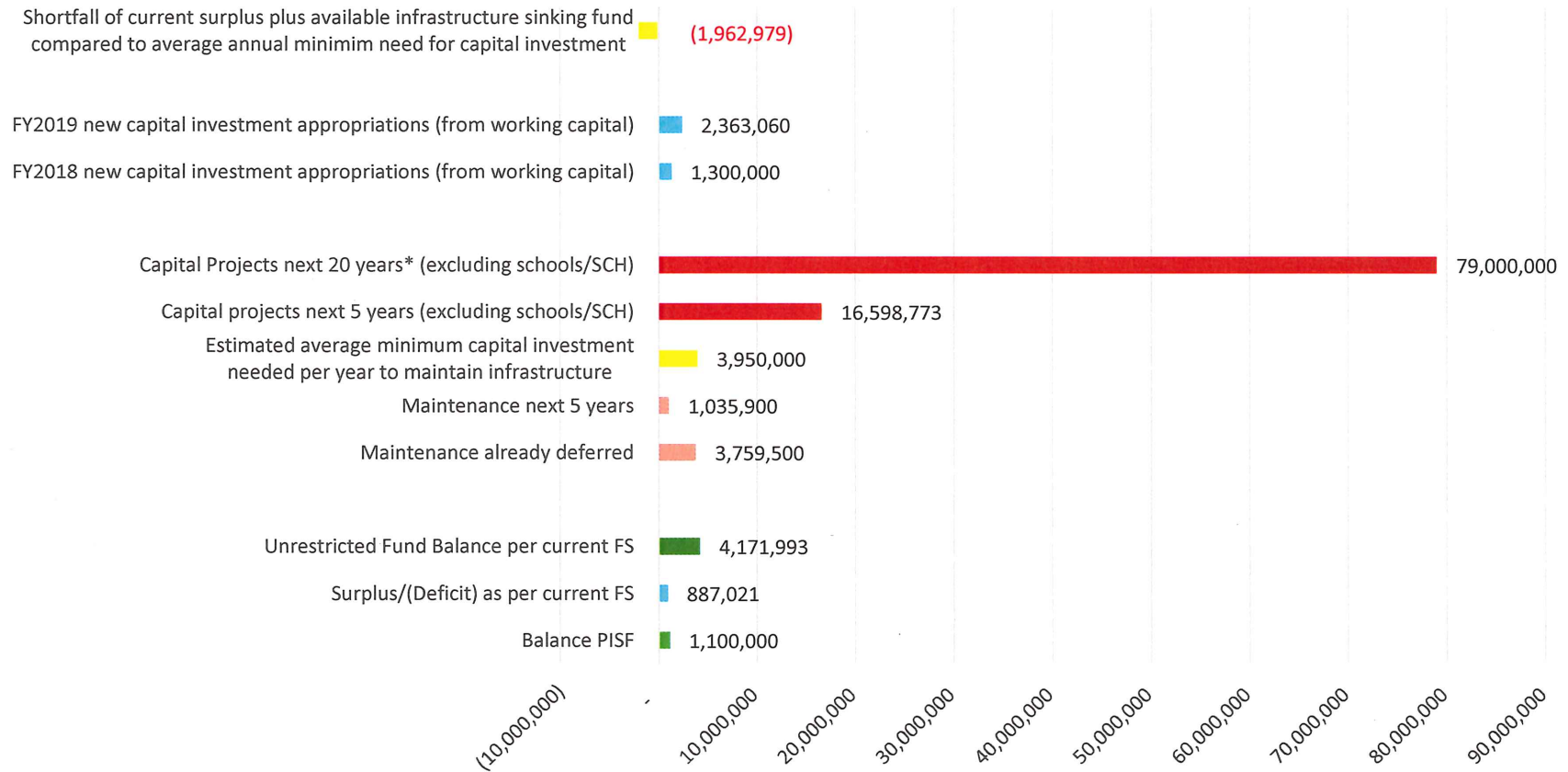
Ordinance 2017-23	252,974
Ordinance 2017-30	10,000
Ordinance 2017-38	15,000
Ordinance 2017-44	51,944
Ordinance 2018-03	57,000
Ordinance 2018-05	100,000
Ordinance 2018-06	2,500
Ordinance 2018-20	0 (Revenue Offset)
Ordinance 2018-43	0 (Revenue Offset)
Ordinance 2018-37	(189,659)
Year end	
Public Infrastructure Sinking Fund Transfer	1,100,000
Encumbrances from FY2017	96,811
Grant revenue offset	(61,944)
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Total Net Budget Adjustments	<u>1,434,676</u>

City and Borough of Sitka
Financial Review
General Fund Balance
June 30, 2018 versus June 30, 2017

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)	10,262,266	9,206,808	
Unassigned and Available Fund Balance (Portion of fund balance not committed for above/other purposes)	4,171,993	3,977,938	Surpluses are 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	15,060,172	14,173,149	

Implications of Financial Status of General Fund as of June 30, 2018

Capital Needs vs. Current Performance



City and Borough of Sitka
Financial Review
Fund Net Income and Working Capital
FY2018 Results Through June 30, 2018

<u>Fund</u>	<u>Accrual Basis Net Income / (Loss)</u>	<u>Unspent Working Capital Appropriated For CAPEX</u>	<u>Unappropriated Working Capital</u>	<u>Total Working Capital</u>
Electric Fund	(3,831,764)	11,488,919	(687,816)	10,801,103
Water Fund	197,828	779,615	1,289,207	2,068,822
Wastewater Fund	468,271	2,313,941	4,597,880	6,911,821
Solid Waste Fund	(881,471)	479,488	(1,241,781)	(762,293)
Harbor Fund	86,486	1,809,408	6,110,580	7,919,988
Airport Terminal Fund	(70,490)	238,345	691,242	929,587
Marine Service Center Fund	154,115	-	1,978,635	1,978,635
Gary Paxton Industrial Park Fund*	(2,001,520)	226,179	477,333	703,512
MIS Fund	(73,368)	-	(17,165)	(17,165)
Central Garage Fund	318,791	112,930	3,376,714	3,489,644
Building Maintenance Fund	(181,985)	-	1,493,005	1,493,005
CPET Fund	187,611	-	607,143	607,143
Permanent Fund	448,628	-	24,181,617	24,181,617

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, 2018.
- 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. Traditional financial statements are produced monthly and are distributed to the Administrator and appropriate Department Heads.

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 (please note that for the GPIIP fund the capital expenditure—which is based on grant revenue—has been included as well to better represent the overall impact of operations).
- 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.

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

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