

City and Borough of Sitka

Financial Review

June 30, 2015

Results as of June 30, 2015 (All Funds)

City and Borough of Sitka

Financial Review

FY2015 General Fund Budget Execution

June 30, 2015

Original Planned Surplus Per Budget:	7,453
Budget Adjustments	<u>(3,649,686)</u>
Planned Budget Deficit	(3,642,233)
Actual Revenues Thru 6/30 (109%)	29,227,140
Actual Expenditures Thru 6/30 (101%)	30,621,436
Fiscal Year Deficit:	(1,394,296)
Fiscal Year Surplus When Transfers Excluded:	1,855,704

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

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

Transfer to Public Infrastructure Sinking Fund	1,650,000
Transfer to Permanent Fund	600,000
Loan to Sitka Community Hospital	1,000,000
Kettleson Library	357,114
Other Net Adjustments	<u>42,572</u>
Total Net Budget Adjustments	<u>3,649,686</u>

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

		6/30/2014		6/30/2015		Difference
Net Available Cash		2,892,727		1,328,796		(1,563,931)
Working Capital		6,573,119		6,161,498		(591,621)
Unrestricted Fund Balance		6,923,118		6,461,497		(461,621)

Notes:

\$6,748,100 of cash and fund balance is designated for liquidity and emergency response (\$1,000,000 advanced to SCH)

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

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

City and Borough of Sitka
Financial Review
Fund Net Income and Working Capital
FY2015 Results Through June 30, 2015

<u>Fund</u>		<u>Income/(Loss)</u>		<u>WC Designated For Capex</u>		<u>Undesignated Working Capital</u>		<u>Total Working Capital</u>
Electric Fund		9,369,892		8,574,304		10,806,198		19,380,502
Water Fund		4,123,301		902,096		280		902,376
Wastewater Fund		(519,210)		1,322,467		3,398,748		4,721,215
Solid Waste Fund		(298,697)		782,686		(132,800)		649,886
Harbor Fund		1,085,649		3,383,635		4,839,635		8,223,270
Airport Terminal Fund	*	(132,324)		420,911		407,311		828,222
Marine Service Center Fund	*	(124,908)		-		1,485,038		1,485,038
SMC Industrial Park Fund	*	95,576		25,984		898,228		924,212
MIS Fund	*	(79,085)		-		249,996		249,996
Central Garage Fund	*	568,544		-		2,726,158		2,726,158
Building Maintenance Fund	*	(164,596)		-		2,016,480		2,016,480
CPET Fund	*	(1,582,137)		335,744		-		335,744
Permanent Fund		1,284,579		-		24,064,674		24,064,674

Comments on Net Losses and Working Capital

- Net losses signify that depreciation expense (the decline in value of infrastructure) exceeds revenue and may signify that infrastructure replacement may eventually need to be funded by bonding and higher user fees.
- Negative undesignated working capital signifies that we have more approved spending for infrastructure than we have fund balance to pay for.
- Net Income/and loss includes grant revenue. This was significant for the Electric Fund and Water Fund; Electric Fund grant revenue was \$7.97 million, and Water Fund grant revenue was \$4.2 million.
- Long-term infrastructure plans have been developed for all major funds; these plans seek to identify long-term infrastructure needs and determine the correct level of user fees necessary to finance the plan.

Summary

- A modest General Fund surplus was generated FY2015. \$1,000,000 was subsequently transferred into the Public Infrastructure Sinking Fund.
- Additional planned annual increases in electric rates, water rates, wastewater rates, and harbor moorage rates are still required in order to achieve plan goals in future years. Furthermore, electric and moorage rates must be annually evaluated for bond rate covenant sufficiency.
- Annual increases in user fees should be considered and essential. Forgoing an annual increase in user fees, even in just one year, has a compounding negative effect of the sufficiency of working capital to pay for future infrastructure replacement. This, in turn, begets additional borrowing to pay for infrastructure which, in turn, results in higher user fees to pay for debt service. Several of our funds are highly leveraged (meaning that a significant amount of the current infrastructure has been financed through debt).

Financial Statements

- You will find attached financial statements for the various significant funds of the City and Borough of Sitka. Information is presented through June, 2015.
- Financial reporting is shown in the custom reporting format designed by the Finance Department, which combines significant elements of the income statement, cash flow and working capital into one single page report. Traditional financial statements are produced monthly and are distributed to the Administrator and appropriate Department Heads.

Definitions of Key Terms

Working Capital - This is essentially what a Fund has to spend. It is defined as current assets less current liabilities, including the current portion of long term debt. Working capital already earmarked for capital expenditures or otherwise restricted is called Designated Working Capital; the remainder is Undesignated Working Capital. The calculation of General Fund working capital also excludes designated amounts for liquidity and emergency response.

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

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

Definitions of Key Terms

Net Available Cash – This is equal to cash and investments, less liabilities and restricted or designated fund balances. This is similar to “cash on the barrelhead”.

EBI/EBID – These are accounting terms which measure earnings before certain expenses. EBI is Earnings Before Interest and measures earnings before interest expense. EBID is Earnings Before Interest and Depreciation, and is a rough measure of cash flow from operations.

Enterprise Fund – A fund which is run, and accounted for, similar to a private business. In such a fund, profit is measured and operations are accounted for on a full accrual basis.

Internal Service Fund - A fund which provides services to other funds. Such funds usually have no external source of revenue. Similar to an enterprise fund, profit is measured and operations are accounted for on a full accrual basis.

City and Borough of Sitka

Financial Statements
(Unaudited)

As of, and for the fiscal year ending,
June 30, 2015

**General Fund
Financial Analysis
As Of, And For The Fiscal Year Ending June 30, 2015**

The financial performance and position of the General Fund exceeded expectations for fiscal year 2015. The General Fund posted a surplus of \$778K for the fiscal year, when transfers of prior year surpluses to the Permanent Fund and Public Infrastructure Sinking Fund are excluded. This surplus was the basis for the Administrator's recommendation to transfer another million dollars to the Public Infrastructure Sinking Fund in FY2016.

Sales tax collections fell both (\$429.2K), or (4.2%) short of plan and (\$107.1K, or (1.1%) short of prior year. The Assembly decision to increase the taxable transaction limit in FY2016 will help total sales tax collections to increase; however, flat collections indicate a stagnant underlying economy. Offsetting disappointing sales tax collections were increased property tax collections, which surpassed prior year collections by \$57.4, or 0.9%.

Controllable expenditures were much lower than plan, leading to the surplus. Planned controllable costs were \$17,824.8K and actual outlays were \$16,324.6K, \$1,500.2K or 8.4% under plan. Thus, with flat revenues, operating efficiencies were the source of the surplus in FY2015.

The undesignated and unrestricted fund balance in the General Fund, as of June 30, 2015, was \$6,108.2K, an increase of \$144.1K over FY2015. Of this undesignated and unrestricted fund balance, \$1,330.7 was present in cash and cash equivalent assets, again, the source of the subsequent transfer in FY2016 to the Public Infrastructure Sinking Fund.

The total fund balance of the General Fund as of June 30, 2015 was \$15,009.7K. Of this amount \$5,748.1 K was designated for overall Municipal liquidity; \$1,000.0 K was an emergency reserve; \$1,670,000 was designated for Title III Secure Rural schools, E911 surcharge, and other purposes; \$130,000 was designated for encumbrances, and the remainder was undesignated.

The General Fund remains healthy and another year with a surplus, despite more liberal budgeting, places the Municipality in a good position to respond to needs in other areas, if required.

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

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (\$/L - 100.00%)	Variance To FY2015 Plan
Revenue:																	
Property Taxes	6,187,104	13,865	16,060	16,845	8,853	(59,487)	(1,804)	11,845	7,387	6,514	10,989	26,975	6,245,146	6,187,719	57,427	6,785,736	(540,590)
Sales Taxes	1,678,643	1,079,554	440,173	1,849,955	958,605	247,471	757,033	735,334	230,220	820,862	635,157	245,620	9,678,727	9,785,829	(107,102)	10,108,000	(429,273)
Bed Taxes	113,463	19,977	15,157	15,157	7,351	1,783	9,108	24,253	1,979	24,716	5,492	29,132	411,916	377,547	34,369	339,000	72,916
State Assistance	916,960	-	2,638	9,225	13,914	5,805	17,050	-	-	48,968	-	3,069,792	4,082,602	994,922	3,087,680	996,700	3,085,902
Federal Assistance	-	-	30,135	-	5,079	(310)	56,668	-	-	30,112	22,010	1,354,469	1,498,163	1,527,845	(29,682)	1,647,500	(149,337)
Transfer From Permanent Fund, Etc.	2,542	2,578	282,803	282,738	1,884	3,584	282,717	1,420	2,764	287,839	2,398	3,100	1,167,367	1,238,242	(70,875)	1,250,342	(82,975)
Interfund Billings	-	-	-	-	1,174,822	249,823	228,964	228,964	246,199	198,965	228,964	251,048	2,807,749	2,782,722	25,027	2,844,572	(36,823)
Other Operating Revenue	144,039	317,593	172,005	409,349	214,871	382,436	905,754	104,380	85,122	421,073	117,137	583,167	3,257,926	3,328,024	(70,098)	3,124,404	133,522
Total Revenue:	9,042,751	1,433,567	959,071	2,727,617	2,385,979	832,105	1,638,690	1,124,246	573,671	1,847,049	1,022,147	5,563,303	29,149,596	26,222,850	2,926,746	27,096,254	2,053,342
Outlays:																	
Administrator	72,691	56,338	58,629	97,046	68,694	72,352	94,287	95,509	72,154	66,149	97,979	254,858	1,106,686	880,905	(225,781)	924,402	(182,284)
Attorney	16,245	20,767	23,486	21,969	25,667	22,482	22,943	17,444	16,825	23,510	33,847	113,460	358,645	317,862	(40,783)	313,274	(45,421)
Clerk	21,648	23,447	31,401	40,191	29,189	31,414	30,897	25,354	28,088	28,466	41,142	114,052	445,289	365,046	(80,243)	393,444	(51,845)
Finance	103,450	127,110	125,530	167,998	161,901	197,706	127,258	138,404	120,802	134,381	197,113	566,144	2,167,797	1,698,613	(469,184)	1,773,001	(394,796)
Assessing	17,212	23,835	24,021	31,247	28,197	33,948	26,488	22,668	26,979	25,672	50,329	118,995	429,591	273,481	(156,110)	405,933	(123,658)
Planning	14,018	18,621	19,704	32,180	40,227	19,797	16,101	20,497	19,822	18,249	28,683	79,695	327,594	256,579	(71,015)	267,236	(60,358)
General/Shared Expenses	214,042	43,554	158,970	111,976	32,027	62,359	76,575	37,730	17,008	98,638	52,900	23,991	929,770	916,059	(13,711)	867,348	(62,422)
Police	331,164	276,799	304,892	450,706	377,710	339,089	336,889	328,340	358,267	345,395	479,085	1,407,129	5,335,465	4,126,800	(1,208,665)	4,598,618	(736,847)
Fire	141,751	133,102	135,284	189,308	158,413	138,504	138,851	130,456	149,516	142,878	189,242	563,964	2,211,269	1,914,716	(296,553)	2,022,032	(189,237)
Public Works	241,786	287,712	246,119	351,536	278,669	270,632	267,155	256,142	263,484	269,397	397,497	1,056,653	4,186,782	3,458,860	(727,922)	4,491,389	(304,607)
Library	52,403	61,067	44,460	83,919	86,333	59,380	71,573	60,003	63,579	64,003	63,579	245,358	964,061	828,887	(135,174)	912,264	(51,797)
Centennial Building	32,336	27,358	27,920	45,388	32,198	38,033	32,315	31,021	30,996	33,261	43,401	148,922	523,149	467,237	(55,912)	445,168	(77,981)
Visitors Bureau/SR Citizen Center	84,858	3,413	4,563	86,234	4,125	10,941	83,094	4,498	2,531	88,835	8,910	12,739	394,741	432,064	37,323	410,779	16,038
Debt Service	-	-	11,944	-	7,000	-	9,745	2,104	6,453	1,380	-	9,627	48,253	27,940	(20,313)	68,233	19,980
School Support	476,460	476,460	476,460	476,460	522,467	476,460	476,460	476,460	476,460	510,123	952,920	446,372	6,243,562	6,077,776	(165,786)	6,367,521	(123,959)
Hospital Support	-	-	-	15,399	-	1,091,604	-	-	-	-	-	-	15,399	224,801	209,402	154,546	139,147
Fixed Asset Acquisition	-	-	22,045	-	-	-	-	-	-	-	-	-	22,045	77,996	55,951	11,915	(10,130)
Transfers To Other Funds	-	357,114	2,250,000	-	1,433,520	-	-	-	-	80,106	-	790,599	4,911,339	2,867,838	(2,043,501)	5,240,069	328,730
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cost of Sales:	1,820,064	1,936,697	3,965,428	2,201,557	3,286,337	2,864,701	1,810,631	1,646,441	1,649,388	1,930,019	2,649,190	4,860,984	30,621,437	25,208,460	(5,412,977)	29,667,122	(954,315)
Surplus/(Shortfall) of Revenues Over Outlays	7,222,687	(503,130)	(3,006,357)	526,060	(900,958)	(2,032,596)	(171,941)	(522,195)	(1,075,717)	(82,970)	(1,627,043)	702,319	(1,471,840)	1,014,390	(2,486,230)	(2,570,868)	1,099,028
	79.47%	-35.10%	-313.47%	19.29%	-37.77%	-244.27%	-10.49%	-46.45%	-187.51%	-4.49%	-159.18%	12.62%	-5.05%	3.87%	-8.92%	-9.49%	4.44%
Unrestricted Fund Liquidity													25,639,800				
Beginning Unrestricted Liquidity:	5,964,073	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,204	7,015,710	7,053,643	5,431,724	5,964,073	3,341,614	2,622,459		
Surplus/(Shortfall) of Revenues Over Outlays:	7,222,687	(503,130)	(3,006,357)	526,060	(900,958)	(2,032,596)	(171,941)	(522,195)	(1,075,717)	(82,970)	(1,627,043)	702,319	(1,471,840)	1,014,390	(2,486,230)		
Transfer To Sinking Fund / Permanent Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	0			
Other balance sheet changes:	66,929	-	375,760	40,877	(657,881)	1,649,256	37,753	2,866	223	120,903	5,124	(25,887)	1,615,923	1,608,069	7,854		
Ending Unrestricted Liquidity:	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,204	7,015,710	7,053,643	5,431,724	6,108,156	6,108,156	5,964,073	144,083		
Total Assets:	24,490,549	24,157,956	21,273,883	22,463,554	20,500,074	18,378,283	18,332,158	17,715,907	16,630,807	16,315,705	15,008,365	16,155,007					
Less Advances to Other Funds:	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)					
Less Liabilities	(1,360,024)	(1,530,561)	(1,277,085)	(1,899,819)	(1,495,178)	(756,726)	(844,789)	(747,877)	(738,261)	(385,226)	(699,805)	(1,145,273)					
Less CPLTD (Unreimbursed)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)					
Subtotal:	22,721,380	22,218,250	19,587,653	20,154,590	18,595,751	17,212,412	17,078,224	16,558,885	15,483,401	15,521,334	13,899,415	14,656,392					
Less Reserved Amounts:																	
Advances other Funds:	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)					
Title III Funds:	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)					
E911 Surcharge:	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)					
Liquidity Restriction	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)					
Emergency Restriction	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(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)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)					
Unrestricted Working Capital:	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,194	7,015,710	7,053,643	5,431,724	6,108,156					

Electric Utility Financial Analysis As Of, And For the Twelve-Month Period Ending June, 2015

The Electric Fund experienced moderate top line growth of \$662.8K, or 5.1%, in revenue for Fiscal year 2015. This top line growth was due to the increase in user fees enacted during the fiscal year, as electricity consumption declined by 3,839,900 kWh, or (-3.5%). Earnings before interest (EBI), and earnings before interest and depreciation (EBID), both had small positive variances in comparison to the same period in FY014.

Increased debt service in conjunction with the Blue Lake Hydroelectric project caused the preliminary debt coverage ratio to fall below the minimum target threshold of 1.25 (the coverage ratio is measured for reporting purposes as of June 30). As a result, to remain in compliance with debt covenants, \$2,006,696 was transferred from the Rate Stabilization Fund on June 30, bringing the final debt coverage ratio to 1.26. In May of 2015, the Assembly authorized the transfer of an additional \$2,500,000 from the Southeast Alaska Economic Development Fund into the Rate Stabilization Fund. As a result of the increase to the rate stabilization fund and its subsequent use, the balance of the rate stabilization fund stood at \$3,001,304 as of June 30, 2015.

In FY16, bonded debt service will increase by \$173K, due to a full year of interest payments on the final Blue Lake Hydroelectric Project bond issue. As a result, the need for required system revenue will increase by \$217K (125%). In fiscal year 2015, system revenue was \$2M short of the amount necessary to achieve the minimum debt coverage ratio (hence, the need for the transfer from the rate stabilization fund on June 30). The same need will continue forward in FY2016 and subsequent years until such a time as user fees are raised, or electricity consumption increases, to produce a combined effect of achieving the 1.25 debt coverage ratio without a transfer from the rate stabilization fund. As an approximate 8% electricity user fee increase was enacted in FY2016, the anticipated withdrawal from the rate stabilization fund in FY2016 is approximately \$1,125M, assuming no increase in electricity consumption levels. Thus, an additional rate increase in the 8 to 10% range is necessary in early FY2017 to continue to remain in compliance with bond covenants.

Total revenue in FY2015 exceeded that of FY2014 by \$989.9K, a 6.7% increase. As mentioned, electricity sales also increased by \$662.8K, or 5.1%.

EBI was \$4,921.1K for fiscal year, compared to \$4,383.7K a year earlier, a increase of \$537.4K, or 12.2%. Cost of sales and operating expenses for the fiscal year rose by \$452.6K, or 4.8% over FY2014.

When looking forward to FY16 and beyond, it is critical to focus on several key issues, especially as users voice increasing opposition to additional user fee increases. First, system revenue is not adequate to meet minimum bond covenant ratios without some combination of increased

user fees and electricity consumption will produce an additional \$1.25M annually in revenue. If the Municipality falls out of compliance, taking on additional bonded debt for any purpose anywhere in the Municipality will become much more difficult. Secondly, total available working capital is low for a stand-alone electric utility serving 4,000 customers. The 125% debt coverage ratio requirement will help to generate cash flow from operations sufficient to pay for some system renovation and/or system enhancements, but if the cost of near-term system upgrade requirements outpaces the growth of working capital, the utility may be placed in the difficult position of either bonding again (with resulting rate increases) or delaying critical improvements. Accordingly, a utility master plan outlining required capital expenditures over the next decade is critical in order to ensure that appropriate steps are taken to ensure adequate financial health of the utility.

City and District
Elect
Income
For The Twelve-Month Period From July 1, 2014 to June 30, 2015

(Unaudited)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (5/L -91.67%)	Variance To FY2015 Plan
Revenue:																	
Electricity Sales	1,040,046	1,167,933	1,082,431	1,006,866	1,109,342	1,245,349	1,221,907	826,272	1,639,676	1,253,926	1,019,444	1,077,342	13,690,434	13,028,668	661,766	13,964,733	(274,299)
Jobbing	4,003	21,187	1,537	22,963	232,290	209,495	31,088	13,550	186	141,055	140	186,939	864,413	1,211,893	347,480	534,069	330,364
Other Operating Revenue	5,312	4,670	3,772	5,402	3,363	4,972	10,368	6,628	911	5,120	4,624	1,132,283	1,187,480	511,857	675,623	119,556	1,067,924
Total Revenue:	1,049,361	1,193,790	1,087,745	1,035,231	1,344,995	1,459,816	1,263,363	846,450	1,640,773	1,400,151	1,024,208	2,396,464	15,742,347	14,752,418	989,929	14,618,358	1,123,989
Cost of Sales:																	
Green Lake	52,596	20,163	39,253	30,008	20,955	47,980	30,241	46,992	112,130	42,186	41,508	134,425	618,437	556,283	(62,154)	731,961	113,524
Blue Lake	110,498	103,522	109,041	136,445	118,481	147,059	139,237	123,650	152,941	128,869	185,688	534,470	1,989,901	1,612,981	(376,920)	1,595,683	(394,218)
Diesel	34,420	37,809	93,160	38,877	23,352	73,574	17,362	22,629	20,268	20,634	44,821	209,299	636,205	539,675	(96,530)	655,914	19,709
Switchyard	-	467	1,714	6,331	2,553	-	1,148	60	-	910	771	236	8,180	4,895	(3,285)	17,876	9,696
Line Maintenance	(7,380)	1,485	1,319	6,331	(6,059)	(797)	67	8,084	(249)	16,429	3,864	759	24,053	17,947	(6,106)	172,132	148,078
Substation Maintenance	(5,235)	-	-	(5,269)	4,522	180	1,663	(249)	-	-	-	13,999	8,911	2,474	(6,437)	11,459	2,548
Distribution	90,441	106,205	124,318	238,939	113,173	107,267	137,144	107,175	126,797	104,684	126,747	496,232	1,870,222	1,399,756	(470,466)	1,474,414	(395,808)
Metering	20,795	30,254	29,892	39,481	30,982	26,576	29,406	27,853	32,456	29,421	40,382	136,125	475,221	436,041	(39,180)	401,761	(73,460)
Jobbing	59,809	78,496	85,031	134,578	42,575	43,468	44,543	35,443	23,889	39,150	60,278	138,056	795,609	150,299	(645,310)	105,638	(679,673)
Stores	10,568	15,790	13,287	16,238	10,048	10,804	12,418	13,620	13,353	13,829	24,758	50,138	204,851	161,349	(43,502)	156,321	(48,530)
Depreciation	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,822	123,209	1,793,271	1,841,712	48,441	1,670,062	(123,209)
Total Cost of Sales:	517,838	546,015	647,446	784,435	501,915	614,227	558,670	533,091	635,154	548,136	630,539	1,836,948	8,614,562	7,508,722	(905,840)	6,993,220	(1,421,342)
Gross Margin:	531,525	647,775	440,299	240,796	843,080	845,539	704,693	313,359	1,005,619	852,015	343,569	559,516	7,227,785	7,243,696	84,089	7,625,133	(297,353)
	50.65%	54.26%	40.48%	23.26%	62.68%	57.97%	55.12%	37.02%	61.29%	60.85%	33.54%	23.35%	46.55%	49.10%	-2.55%	52.16%	-5.61%
Selling and Administrative Expenses	95,886	51,549	57,882	84,986	509,337	220,917	235,005	179,767	190,359	183,054	232,585	365,407	2,406,734	2,860,006	453,272	2,206,906	(199,828)
Earnings Before Interest (EBI):	435,639	596,226	382,417	155,810	333,743	624,622	469,688	133,592	815,260	668,961	110,984	194,109	4,921,051	4,383,690	537,361	5,418,233	(497,182)
	41.51%	49.94%	35.16%	15.05%	24.81%	42.79%	37.18%	15.78%	49.69%	47.78%	10.84%	8.10%	31.26%	29.72%	1.54%	37.06%	-5.80%
Non-operating Revenue and Expense:																	
Non-Operating Revenue:	60,100	56,528	65,151	59,454	56,747	54,221	49,176	51,996	58,408	54,983	82,356	2,522,943	3,172,063	826,232	2,345,831	679,230	2,492,833
Bond Fund Interest	1,186	305	3,409	8,246	33,259	28,362	27,727	19,881	22,743	20,643	17,435	24,358	202,574	285,475	(82,901)	178,216	24,358
Grant Revenue	216,880	957,251	-	(13)	45,344	3,027,037	42,954	2,450,331	198,768	(519)	(519)	1,815,422	9,986,217	19,455,106	(9,468,889)	8,170,795	1,815,422
Bonded Interest Expense	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(5,815,392)	(5,815,392)	(1,969,574)	(5,330,776)	(484,616)
Subordinated Interest Expense	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(315,526)	(330,408)	14,812	(789,663)	(76,333)
Total Non-operating Revenue & Expense:	(232,783)	503,135	(443,389)	(443,262)	(375,599)	2,599,614	762,891	(396,118)	2,050,335	(238,555)	(411,677)	3,851,774	7,229,466	16,390,588	(9,161,123)	3,407,402	3,921,664
Net Income:	202,856	1,099,361	(59,972)	(287,452)	(41,856)	3,224,036	1,232,679	(262,526)	2,865,785	432,406	(300,693)	4,045,883	12,150,517	20,724,228	(8,573,712)	8,826,035	3,934,483
	19.33%	92.09%	-5.51%	-27.77%	-3.11%	220.85%	97.57%	-31.01%	174.66%	30.88%	-29.36%	168.83%	77.18%	140.82%	-43.64%	60.38%	16.81%
EBIDA	587,463	748,050	534,241	307,634	485,567	776,446	621,512	285,416	967,084	820,785	252,806	317,318	6,714,332	6,225,402	488,930	7,088,395	(620,391)
	55.88%	62.66%	49.11%	29.72%	36.10%	53.19%	49.20%	33.72%	58.94%	58.62%	25.66%	13.24%	42.65%	42.20%	0.45%	48.49%	-5.84%
Bond Coverage Ratio (to 1.25 for fiscal year)	1.01	1.27	0.93	0.55	0.89	1.36	1.04	0.52	1.68	1.42	0.53	4.08	1.26	1.32	(0.06)	1.08	0.18
Total kWh Sold	8,502,500	9,488,600	7,249,450	8,440,750	9,448,700	9,878,100	9,823,950	9,044,000	10,474,700	8,859,700	7,248,500	6,834,300	105,293,250	109,133,150	(3,839,900)	102,670,400	2,622,850
Revenue per kWh Sold	0.1223	0.1231	0.1493	0.1193	0.1374	0.1261	0.1244	0.0914	0.1565	0.1415	0.1406	0.1576	0.1300	0.1194	0.0106	0.1360	(0.0060)
Cost of Sales per kWh Sold	0.0609	0.0575	0.0893	0.0941	0.0531	0.0622	0.0569	0.0589	0.0606	0.0619	0.0939	0.2688	0.0799	0.0668	0.0111	0.0681	(0.0118)
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	354,680	1,251,185	91,852	(135,628)	109,968	3,375,860	1,384,503	(110,702)	3,017,619	584,330	(148,871)	4,169,092	13,943,788	22,615,991	(8,672,203)	10,496,097	3,447,692
Bonded Debt Principal	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	1,914,996	1,845,000	69,996	1,755,413	159,583
Subordinated Debt Principal	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	298,080	285,512	11,568	273,240	24,840
Debt Principal Coverage Surplus/Deficit	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,984,669	11,730,712	20,484,479	(8,753,767)	8,467,444	3,263,269
Debt Principal Coverage Percentage	192%	678%	50%	-74%	60%	1830%	751%	-60%	1636%	317%	-81%	2261%	630%	1061%	-431%	517%	113%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,984,669	11,730,712	20,484,479	(8,753,767)	8,467,444	3,263,269
Depreciation	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,822	123,209	1,793,271	1,841,712	(48,441)	1,602,062	1,633,209
Cash Accumulated For/(Taken From) Asset Replacement	18,433	914,938	(244,395)	(471,875)	(226,279)	3,039,613	1,048,256	(446,949)	2,681,372	247,983	(485,116)	3,861,460	9,937,441	18,462,767	(8,705,326)	8,307,322	1,630,060
Undesignated Working Capital																	
Beginning Undesignated Working Capital	7,014,168	4,080,239	4,884,757	4,166,369	4,495,383	4,990,735	5,523,965	3,438,573	3,409,472	7,018,025	3,003,232	3,153,387	7,014,168	9,140,277	(2,126,109)	10,496,097	3,447,692
Net Income Plus Depreciation Less Principal	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,984,669	11,730,712	20,484,479	(8,753,767)	8,467,444	3,263,269
Capex, Accruals, and other Balance Sheet Changes	(13,104,186)	(282,244)	(625,817)	649,065	569,807	(2,658,207)	(3,285,472)	775,357	(4,414,600)	433,445	(4,414,600)	433,445	(5,891,442)	(22,610,588)	12,719,146	10,496,097	3,447,692
Ending Undesignated Working Capital	4,080,239	4,884,757	4,166,369	4,495,383	4,990,735	5,523,965	3,438,573	3,409,472	7,018,025	3,003,232	3,153,387	8,553,438	8,553,438	7,014,168	1,839,270		

63003	Blue Lake Plant Improvements	57,424
63005	Electric Vehicle Charging Stations	86,207
63010	Green Lake - WRC Completion	251,474
60003	Feeder Improvements	121,526
60040	A.M.R.	92,571
60261	Island Improvements	184,499
90410	SCADA System Enhancement	99,669
90454	Automated SCADA Dist	-
90512	SMC Rd Upgrade Feeder Express	144,575
90562	Green Lake Power Plant Improv	157,185
90563	Jett Davis Line Upgrade	-
90594	Blue Lake Third Turbine/Dam	8,120,594
90597	Thimbleberry - Blue Lk Tie Line 68kv	-
90610	Blue Lake FERC Envir Mitigation	98,790
90611	Microwave or Optic Fiber	193,459
90614	Takatz Lake Hydro	-
90626	Blue Lk 68 kv Ring Bus	-
90627	Marine St Sub-Voltage Regulator	9,150
90628	Demand Side Load Management	61,938
90645	HPR to Kramer Line Rise	506,827
90646	Jarvis St Diesel Capacity Incr.	-
90647	Jarvis Tank Inspection	-
90648	Transmission & 1220 upgrade	95,020
90672	Madvejie Transformer Replacement	67,095
90716	Blue Lake Sub-Plant & Maintenance	50,000
90717	Jarvis Street Improvements	116,650
90718	Marine Street Sub-Plant & Maintenance	51,225
90719	Warehouse Paving	33,000
90611	Microwave or Optic Fiber	<u>193,459</u>
		<u>10,792,338</u>

New CapEx designations of Working Capital in FY15 Budget

63005	Building Heat Conversions	50,000	
90776	Electric Storage and Shop Building	200,000	
90646	Jarvis St Diesel Capacity Incr.	500,000	
90777	Meter Replacements	100,000	
90410	SCADA System Enhancement	<u>50,000</u>	900,000
Plus New Bond Issuance Proceeds:			18,500,000
Plus Bond Fund Interest			202,574
Less FY15 working capital outlays for CapEx			<u>(20,941,042)</u>
Working Capital designated for Capex, June 30, 2015			<u>9,453,870</u>

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

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	12-Month Trailing
Revenue:													
Electricity Sales	1,040,046	1,167,933	1,082,431	1,006,866	1,109,342	1,245,349	1,221,907	826,272	1,639,676	1,253,926	1,019,444	1,077,242	13,690,434
Jobbing	4,003	21,187	1,537	22,963	232,290	209,495	31,088	13,550	186	141,055	140	186,939	864,433
Other Operating Revenue	5,312	4,670	3,777	5,402	3,363	4,972	10,368	6,628	911	5,170	4,624	1,132,283	1,187,480
Total Revenue:	1,049,361	1,193,790	1,087,745	1,035,231	1,344,995	1,459,816	1,263,363	846,450	1,640,773	1,400,151	1,024,208	2,396,464	15,742,347
Cost of Sales:													
Green Lake	52,596	20,163	39,253	30,008	20,955	47,980	30,241	46,992	112,130	42,186	41,508	134,425	618,437
Blue Lake	110,498	103,522	109,041	136,445	118,481	147,059	139,237	123,650	152,941	128,869	185,688	534,470	1,989,901
Diesels	34,420	37,809	93,160	38,877	23,352	73,574	17,362	22,629	20,268	20,634	44,821	209,299	636,205
Switchyard	-	467	321	1,714	2,553	-	1,148	60	-	910	771	236	8,180
Line Maintenance	(7,380)	1,485	1,319	6,331	(6,059)	(797)	67	8,084	(249)	16,629	3,864	759	24,053
Substation Maintenance	(5,235)	-	-	-	(5,969)	4,522	180	1,663	(249)	-	-	13,999	8,911
Distribution	90,441	106,205	124,318	238,939	113,173	107,267	132,144	101,275	128,797	104,684	126,747	496,232	1,870,222
Metering	20,295	30,254	29,892	39,481	30,982	28,576	29,506	27,851	32,456	29,421	40,382	136,125	475,221
Jobbing	59,809	78,496	85,031	134,578	42,575	43,468	44,543	35,443	23,883	39,150	60,278	138,056	785,310
Stores	10,568	15,790	13,287	16,238	10,048	10,804	12,418	13,620	13,353	13,829	24,758	50,138	204,851
Depreciation	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,822	123,209	1,793,271
Total Cost of Sales:	517,836	546,015	647,446	794,435	501,915	614,277	558,670	533,091	635,154	548,136	680,639	1,836,948	8,414,562
Gross Margin:	531,525	647,775	440,299	240,796	843,080	845,539	704,693	313,359	1,005,619	852,015	343,569	559,516	7,327,785
	50.65%	54.26%	40.48%	23.26%	62.68%	57.92%	55.78%	37.02%	61.29%	60.85%	33.54%	23.35%	46.55%
Selling and Administrative Expenses	95,886	51,549	57,882	84,986	509,337	220,917	235,005	179,767	190,359	183,054	232,585	365,407	2,406,734
Earnings Before Interest (EBI):	435,639	596,226	382,417	155,810	333,743	624,622	469,688	133,592	815,260	668,961	110,984	194,109	4,921,051
	41.51%	49.94%	35.16%	15.05%	24.81%	42.79%	37.18%	15.78%	49.69%	47.78%	10.84%	8.10%	31.26%
Non-operating Revenue and Expense:													
Non-Operating Revenue:	60,100	56,528	65,151	59,454	56,747	54,221	49,176	51,996	58,408	54,983	82,356	2,522,943	3,172,063
Bond Fund Interest	1,186	305	3,409	8,246	33,259	28,382	22,727	19,881	22,743	20,643	17,435	24,358	202,574
Grant Revenue	216,880	957,251	-	(13)	45,344	3,027,760	1,202,037	42,954	2,480,333	198,768	(519)	1,815,422	9,986,217
Bonded Interest Expense:	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(5,815,392)
Subordinated Interest expense	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(315,996)
Total Non-operating Revenue & Expense:	(232,783)	503,135	(442,389)	(443,262)	(375,599)	2,599,414	762,991	(396,118)	2,050,535	(236,555)	(411,677)	3,851,774	7,229,466
Net Income:	202,856	1,099,361	(59,972)	(287,452)	(41,856)	3,224,036	1,232,679	(262,526)	2,865,795	432,406	(300,693)	4,045,883	12,150,517
	19.33%	92.09%	-5.51%	-27.77%	-3.11%	220.85%	97.57%	-31.01%	174.66%	30.88%	-29.36%	168.83%	77.18%
EBIDA	587,463	748,050	534,241	307,634	485,567	776,446	621,512	285,416	967,084	820,785	262,806	317,318	6,714,322
	55.98%	62.66%	49.11%	29.72%	36.10%	53.19%	49.20%	33.72%	58.94%	58.62%	25.66%	13.24%	42.65%
Bond Covenant Ratio (> 1.25 for fiscal year)	1.01	1.27	0.93	0.55	0.89	1.36	1.08	0.52	1.68	1.42	0.53	4.08	1.26
Total kWh Sold	8,502,500	9,488,600	7,249,450	8,440,750	9,448,700	9,878,100	9,823,950	9,044,000	10,474,700	8,859,700	7,248,500	6,834,300	105,293,250
Electricity Sales Revenue per Kwh Sold	0.1223	0.1231	0.1493	0.1193	0.1174	0.1261	0.1244	0.0914	0.1565	0.1415	0.1406	0.1576	0.1300
Cost of Sales per Kwh Sold	0.0609	0.0575	0.0893	0.0941	0.0531	0.0622	0.0569	0.0589	0.0606	0.0619	0.0939	0.2688	0.0799
Debt Principal Coverage													
Simple Cash Flow (Net Income Plus Depreciation)	354,680	1,251,185	91,852	(135,628)	109,968	3,375,860	1,384,503	(110,702)	3,017,619	584,230	(148,871)	4,169,092	13,943,788
Bonded Debt Principal	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	159,583	1,914,996
Subordinated Debt Principal	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	24,840	298,080
Debt Principal Coverage Surplus/Deficit	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,984,669	11,730,712
Debt Principal Coverage Percentage	192%	678%	50%	-74%	60%	1830%	751%	-60%	1636%	317%	-81%	2261%	630%
Simple Asset Replacement Coverage													
Debt Principal Coverage Surplus/Deficit (From Above)	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,984,669	11,730,712
Depreciation	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,824	151,822	123,209	1,793,271
Cash Accumulated For/(Taken From) Asset Replacement	18,433	914,938	(244,395)	(471,875)	(226,279)	3,039,613	1,048,256	(446,949)	2,681,372	247,983	(485,116)	3,861,460	9,937,441

Undesignated Working Capital													
Beginning Undesignated Working Capital	7,014,168	4,080,239	4,884,757	4,166,369	4,495,383	4,990,735	5,523,965	3,438,573	3,409,472	7,018,025	3,003,232	3,153,387	7,014,168
Net Income Plus Depreciation Less Principal	170,257	1,066,762	(92,571)	(320,051)	(74,455)	3,191,437	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,984,669	11,730,712
CapEx, Accruals, and other Balance Sheet Changes	(3,104,186)	(262,244)	(625,817)	649,065	569,807	(2,658,207)	(3,285,472)	266,024	775,357	(4,414,600)	483,449	1,715,382	(9,891,442)
Ending Undesignated Working Capital	4,080,239	4,884,757	4,166,369	4,495,383	4,990,735	5,523,965	3,438,573	3,409,472	7,018,025	3,003,232	3,153,387	8,853,438	8,853,438
Working Capital Designated for CapEx	11,617,063	8,419,138	471,521	12,643,497	8,949,029	8,643,274	8,807,835	8,800,356	10,965,506	10,612,222	8,964,478	9,453,870	9,453,870
Total Working Capital	15,697,302	13,303,895	4,637,890	17,138,880	13,939,764	14,167,239	12,246,408	12,209,828	17,983,531	13,615,454	12,117,865	18,307,308	18,307,308

Water Utility Financial Analysis As Of, And For the Fiscal Year Ending June, 2015

Financial operations for the Water Fund improved in FY15, a direct reflection of the series of water increases finally having a positive impact. For the first time in many years, the Water Fund ended the year with a positive balance in undesignated working capital, \$0.2K. Total working capital grew by \$585K, to \$902.4K.

The Water Fund is difficult to analyze due to the high degree to which its cash flows and working capital are influenced by capital expenditures, grant reimbursements, and loan advances. Significant accrual estimates are required in order to accurately state total working capital, and subcomponents of working capital – both undesignated and designated for capital expenditures – are influenced by the degree to which capital outlays can ultimately be reimbursed through grant or loans. Billings on many projects are completed quarterly and, as a result, working capital often is negative until reimbursements are received – indicating that the Water Fund is a net borrower from the General Fund.

Water sales revenue increased by \$258.5K, or 15.1% compared to FY2014. Compared to plan, water sales revenue were \$235.9K ahead of plan, a 13.6% positive variance.

In the summer of 2014, we had reported that the Water Fund had bottomed out financially, and, that user fee increases were finally causing the Water Fund's financial position to slowly improve. That trend has continued throughout FY2015 and barring increased inflation in operating costs, working capital in the Water Fund should continue to build.

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

July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (\$/L - 100.00%)	Variance To FY2015 Plan
165,341 (1,788) 1,367	173,207 7,023 2,202	167,688 - 2,873	168,394 3,147 1,644	129,937 54,983 1,387	190,631 32,352 1,513	158,489 (3,176) 15,910	141,268 787 435	181,435 - 690	131,268 2,898 1,939	195,276 10,294 3,490	164,627 3,351 101,568	1,967,551 109,871 135,023	1,709,094 43,713 70,978	258,457 66,158 64,045	1,731,660 15,800 7,130	235,891 94,071 127,893
164,920	182,437	170,561	173,175	186,307	224,496	171,223	142,490	182,125	136,105	209,060	269,546	2,212,445	1,823,785	388,660	1,754,590	457,855
23,603 19,600 114 70,948	39,154 7,640 114 70,948	41,038 13,334 - 70,948	57,441 8,482 - 70,948	29,820 12,809 - 70,948	65,382 29,833 - 70,948	22,186 19,871 - 70,948	22,562 24,085 - 70,948	26,816 18,525 - 70,948	25,571 43,746 - 70,948	39,362 23,782 - 70,948	149,834 35,502 - 75,452	542,769 257,209 114 855,880	430,860 191,312 - 800,784	(111,909) (65,897) (114) (55,096)	455,329 163,431 - 855,880	(87,440) (93,778) (114) -
114,151	117,856	125,320	136,871	113,577	166,163	113,005	117,595	116,289	140,265	134,092	260,788	1,655,972	1,422,956	(233,016)	1,474,640	(181,332)
50,769 30.78%	64,581 35.40%	45,241 26.52%	36,304 20.96%	72,730 39.04%	58,333 25.98%	58,218 34.00%	24,895 17.47%	65,836 36.15%	(4,160) -3.06%	74,968 35.86%	8,758 3.25%	556,473 25.15%	400,829 21.98%	155,644 3.17%	279,950 15.96%	276,523 9.20%
5,310	16,123	6,029	41,031	130,632	73,953	51,113	33,318	32,319	60,107	38,004	89,473	577,412	480,729	(96,683)	658,251	80,839
45,459 27.56%	48,458 26.56%	39,212 22.99%	(4,727) -2.73%	(57,902) -31.08%	(15,620) -6.96%	7,105 4.15%	(8,423) -5.91%	33,517 18.40%	(64,267) -47.22%	36,964 17.68%	(80,715) -29.94%	(20,939) -0.95%	(79,900) -4.38%	58,961 3.43%	(378,301) -21.56%	357,362 20.61%
(1,140) (6.957)	(188) (6.957)	447 (6.957)	508 (6.957)	467 (6.957)	(3,125) (6.957)	(1,955) (6.957)	(3,104) (6.957)	(4,559) (6.957)	(5,066) (6.957)	(2,970) (6.957)	(4,993) 9,104	(25,678) 4,237,341 (67,423)	2,122 803,754 (63,960)	(27,800) 3,433,587 (3,463)	1,100 313,500 (69,799)	(26,778) 3,923,841 2,376
(8,097)	(7,145)	(6,510)	(6,449)	(5,959)	61,174	485,782	(10,061)	5,083	(9,887)	1,542,273	2,104,036	4,144,240	741,916	3,402,324	244,801	3,899,439
37,362 22.65%	41,313 22.65%	32,702 19.17%	(11,176) -6.45%	(63,861) -34.28%	45,554 20.29%	492,887 287.86%	(18,484) -12.97%	38,600 21.19%	(74,154) -54.48%	1,579,237 755.40%	2,023,321 750.64%	4,123,301 186.37%	662,016 36.30%	3,461,285 890.57%	(133,500) -7.61%	4,256,801 193.98%
116,407 70.58%	119,406 65.45%	110,160 64.59%	66,221 38.24%	13,046 7.00%	55,328 24.65%	78,053 45.59%	62,525 34.88%	104,465 725,611	6,681 4.91%	107,912 51.62%	(5,263) -1.95%	834,941 37.74%	720,884 39.53%	114,057 -1.79%	477,579 27.22%	357,362 10.52%
108,310 24,800 83,510	112,261 24,800 87,461	103,650 24,800 78,850	59,772 24,800 34,972	7,087 24,800 (17,713)	116,502 24,800 91,702	563,835 24,800 539,035	52,464 24,800 27,664	109,548 24,800 84,748	(3,206) 24,800 (28,006)	1,650,185 24,800 1,625,385	2,098,773 25,799 2,072,974	4,979,181 298,599 4,680,582	1,462,			

6/30/2015

Working Capital designated for Capex, June 30, 2014

955,377

New CapEx designations of Working Capital in FY15 Budget

Japonski Is Channel Water Line	80612	12,703.78	\$	12,704	New CapEx designations of Working Capital in FY15 Budget
Japonski Island Water Design	80238	70,000.00	\$	70,000	
IRWTP Filterbed Rehab	90612	24,225.00	\$	24,225	
Blue Lake Dam Project	90624	35,000.00	\$	35,000	
O'Callin Street Main Replacement	90651	88,403.92	\$	88,340	Less FY15 working capital outlays for CapEx
UV Disinfection Feasibility Study	90652	366,447.41	\$	152,759	
HPR Water Improvements	90679	392,709.16	\$	34,384	
SMC Water Improvements	90675	150,000.00	\$	150,000	
Monastery Street Water mains	90698	34,999.71	\$	120,400	Working Capital designated for Capex, June 30, 2015
Desin Baranoff water main	90720	37,225.16	\$	94,545	

Less FY15 working capital outlays for CapEx

(53,281

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

2 Dist. System meters	90711	50,000.00	\$	50,000
Airport Water Main (USCG housing)	90721	70,848.70	\$	8,904
Repair Coating Harbor Mountain Storage Tank	90732	10,835.42	\$	10,835
Design DeArmond Water Main replacements	90754	50,000.00	\$	50,000
Adjustment		<u>(438,021.70)</u>	\$	<u>-</u>
		955,377.00		902,096

Wastewater Treatment Utility Financial Analysis As Of, And For the Fiscal Year Ending June 30, 2015

Financial operations for the Wastewater Treatment Fund showed improvement over FY2014. Although the net loss for FY2015 was higher than FY2014, both revenue and earnings before interest and depreciation (EBID) rose in comparison with FY2014. Total revenue increased by \$577.8K, or 21.75% in comparison to FY2014; user fees increased by \$231K, or 8.7%. Compared to plan for FY2015, revenue exceeded plan by \$409.3K, or 14.5%.

Costs of operations increased over FY2014, however. Costs of sales increased \$538.2K, or 19.6%, and administrative costs increased \$168.5K, or 25.0%. Compared to plan, however, total costs of operations exceeded plan by just \$11.1K, or 0.3%, for FY2015.

Undesignated working capital grew during FY2015 by \$1,072.6K, to \$3,398.7K. Overall working capital stood at \$4,721.2K as of the end of FY2015, a decline of (\$82.7K) from the end of FY2014. The decline in total working capital while undesignated working capital rose is a result of the expenditure of significant designated working capital on capital improvements during the year. Undesignated working capital fell short of the fiscal year-end target of \$3,838.8K, as set forth in the Wastewater Treatment Cash Flow, Working Capital and Debt Model.

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

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

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 100.00%)	Variance To FY2015 Plan
Revenue:																	
Wastewater Treatment Services	223,918	223,699	220,834	223,936	223,325	222,167	221,521	219,057	222,405	180,495	262,488	223,246	2,667,091	2,436,027	231,064	2,702,000	(34,909)
Jobbing	1,980	6,507	-	27,488	28,670	65,413	540	823	-	43,313	3,769	61,270	239,748	191,711	48,037	111,800	127,948
Other Operating Revenue	2,304	794	3,441	1,909	1,480	1,380	20	530	1,008	2,107	2,760	309,341	327,074	28,436	298,638	10,800	316,274
Total Revenue:	228,202	231,000	224,275	253,333	253,475	288,960	222,081	220,410	223,388	225,915	269,017	593,857	3,233,913	2,656,174	577,739	2,824,600	409,313
Cost of Sales:																	
Collection	46,569	60,310	66,831	92,350	68,882	63,488	46,169	58,198	66,958	57,182	81,072	321,360	1,029,369	642,318	387,051	1,154,374	125,005
Treatment	24,747	29,043	45,033	43,087	61,695	40,168	40,372	43,751	38,174	56,690	48,827	112,092	583,679	620,047	(36,368)	297,062	(286,617)
Jobbing	(2,177)	-	-	-	-	-	-	-	-	-	-	-	(2,177)	1,891	(4,068)	-	(2,177)
Depreciation	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,346	123,346	314,918	1,671,742	1,480,172	191,570	1,671,742	-
Total Cost of Sales:	192,487	212,701	235,212	258,785	253,925	227,004	209,889	225,297	228,480	237,218	253,245	748,370	3,282,613	2,744,428	538,185	3,123,178	(163,789)
Gross Margin:	35,715	18,299	(10,937)	(5,452)	(450)	61,956	12,192	(4,887)	(5,092)	(11,303)	15,772	(154,513)	(48,700)	(88,254)	39,554	(298,578)	249,878
	15.65%	7.92%	-4.88%	-2.15%	-0.18%	21.44%	5.49%	-2.22%	-2.28%	-5.00%	5.86%	-26.02%	-1.51%	-3.32%	1.82%	-10.57%	9.06%
Selling and Administrative Expenses	17,007	22,067	20,399	46,836	177,240	83,522	81,846	55,667	59,122	61,816	65,836	151,126	842,484	674,024	168,460	995,140	152,656
Earnings Before Interest (EBI):	18,708	(3,768)	(31,336)	(52,288)	(177,690)	(21,566)	(69,654)	(60,554)	(64,214)	(73,119)	(50,064)	(305,639)	(891,184)	(762,278)	(128,906)	(1,293,718)	402,534
	8.20%	-1.63%	-13.97%	-20.64%	-70.10%	-7.46%	-31.36%	-27.47%	-28.75%	-32.37%	-18.61%	-51.47%	-27.56%	-28.70%	1.14%	-45.80%	18.24%
Non-operating Revenue and Expense:																	
Non-operating revenue:	10,021	10,610	10,717	8,930	6,341	12,022	7,671	7,562	8,899	7,892	7,769	(45,560)	52,874	153,454	(100,580)	91,200	(38,326)
Grant Revenue	-	-	-	-	-	-	936	-	6,385	-	-	263,530	270,851	388,816	(117,965)	447,300	(176,449)
Interest Expense:	(4,021)	(4,021)	(4,021)	(4,021)	(4,021)	(4,021)	(4,021)	(4,021)	(4,021)	(4,020)	(4,020)	(4,020)	(48,249)	(55,139)	6,890	(119,240)	70,991
Total Non-operating Revenue & Expense:	6,000	6,589	6,696	4,909	2,320	8,001	4,586	3,541	11,263	3,872	3,749	213,950	371,974	597,409	(225,435)	657,740	138,123
Net Income:	24,708	2,821	(24,640)	(47,379)	(175,370)	(13,565)	(65,068)	(57,013)	(52,951)	(69,247)	(46,315)	(91,689)	(519,210)	(164,869)	(354,341)	(635,928)	116,768
	10.83%	1.22%	-10.99%	-18.70%	-69.19%	-4.69%	-29.30%	-25.87%	-23.70%	-30.65%	-17.22%	-15.44%	-16.06%	-6.21%	-9.85%	-22.52%	6.46%
Earnings Before Interest and Depreciation (EBIDA):	142,056	119,580	92,012	71,060	(54,342)	101,782	53,694	62,794	59,134	50,227	73,282	9,279	780,558	717,894	62,664	378,024	402,534
	62.25%	51.77%	41.03%	28.05%	-21.44%	35.22%	24.18%	28.49%	26.47%	22.23%	27.24%	1.56%	24.14%	27.03%	-2.89%	13.38%	10.75%
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	148,056	126,169	98,708	75,969	(52,022)	109,783	58,280	66,335	70,397	54,099	77,031	223,229	1,056,034	1,205,025	(148,991)	1,035,764	20,270
Debt Principal	18,681	18,681	18,681	18,681	18,681	18,681	18,681	18,681	18,681	18,681	18,681	18,681	224,172	222,969	1,203	248,292	(24,120)
Debt Principal Coverage Surplus/Deficit	129,375	107,488	80,027	57,288	(70,703)	91,102	39,599	47,654	51,716	35,418	58,350	204,548	831,862	982,056	(150,194)	787,472	44,390
Debt Principal Coverage Percentage	793%	675%	528%	407%	-278%	588%	312%	355%	377%	290%	412%	1195%	471%	540%	-69.36%	417%	54%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	129,375	107,488	80,027	57,288	(70,703)	91,102	39,599	47,654	51,716	35,418	58,350	204,548	831,862	982,056	(150,194)	787,472	44,390
Depreciation	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,348	123,346	123,346	314,918	1,671,742	1,480,172	191,570	1,671,742	-
Cash Accumulated For/(Taken From) Asset Replacement	6,027	(15,860)	(43,321)	(66,060)	(194,051)	(32,246)	(83,749)	(75,694)	(71,632)	(87,928)	(64,996)	(110,370)	(839,880)	(498,116)	(341,764)	(884,270)	44,390
Working Capital																	
Beginning Undesignated Working Capital	2,095,757	3,109,071	3,195,869	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,526,485	4,137,680	2,095,757	1,893,254	202,503	2,095,757	2,095,757
Net Income Plus Depreciation Less Principal	129,375	107,488	80,027	57,288	(70,703)	91,102	39,599	47,654	51,716	35,418	58,350	204,548	831,862	982,056	(150,194)	787,472	44,390
CapEx, Accruals, and other Balance Sheet Changes	883,939	(20,690)	(37,761)	22,705	22,701	22,702	18,766	(34,043)	26,593	(43,148)	552,845	(943,480)	471,129	(549,207)	1,020,336	-	471,129
Ending Undesignated Working Capital	3,109,071	3,195,869	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,526,485	4,137,680	3,398,748	3,398,748	2,326,103	1,072,645	2,883,229	515,519
Working Capital Designated for CapEx	1,852,663	1,852,663	1,808,592	1,711,405	1,778,570	1,766,306	1,732,537	1,707,995	1,690,475	1,690,475	1,685,914	1,322,467	1,322,467	2,708,196	(1,385,729)	1,322,467	-
Current Assets	5,307,376	5,393,532	5,391,727	5,374,533	5,403,899	5,505,439	5,541,390	5,536,886	5,613,102	5,614,817	6,231,512	5,323,217					
Current Liabilities	(97,350)	(96,708)	(96,708)	(96,708)	(106,911)	(106,911)	(118,266)	(124,693)	(140,120)	(149,565)	(159,626)	(353,710)					
CPLTD	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)	(248,292)					
WCDFCapex	(1,852,663)	(1,852,663)	(1,808,592)	(1,711,405)	(1,778,570)	(1,766,306)	(1,732,537)	(1,707,995)	(1,690,475)	(1,690,475)	(1,685,914)	(1,322,467)					
Undesignated Working Capital	3,109,071	3,195,869	3,238,135	3,318,128	3,270,126	3,383,930	3,442,295	3,455,906	3,534,215	3,526,485	4,137,680	3,398,748	3,398,748	2,095,757	1,302,991		
Total Working Capital	4,961,734	5,048,532	5,046,727	5,029,533	5,048,696	5,150,236	5,174,832	5,163,901	5,224,690	5,216,960	5,823,594	4,721,215	4,721,215	4,803,953	(82,738)		

Working Capital Designated for Capex

Working Capital designated for Capex, June 30, 2014

1,638,777.00

6/30/2014 6/30/2015

New CapEx designations of Working Capital in FY14 Budget

90258	Replace Lift Station Alarm System	186,537.23	4,264.98	Paint Generator Buildings	6,000.00
90259	Cathodic Protection-14 Lift Station	129,103.72	20,896.28	Replace Coiling Door	20,000.00
90274	Cove Lift Station Replacement	90,612.26	-	Replace Medium Size Lift Station Pumps	40,000.00
90447	WWTP Control System	85,402.53	14,597.47	Replace Generators - Lift Stations	20,000.00

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

90531	Monastery/Kincaid Sewer Design	30,000.00	-
90534	W.W. Solids Monofill	30,000.00	-
90564	HPR/SMC Intersection Main Rehab	-	-
90565	Jamestown Bay Lift Station Replment	58,231.68	26,768.32
90579	SMC Rd Sewer Ph III	55,545.68	-
90601	Lake St Lift Station Rebuild	563,957.52	898,706.54
90602	Sanitary Sewer Main Replacement	145,642.62	-
90654	WWTP Air Control System	21,000.00	-
90655	SF4 Replacement (Supply Fan)	38,935.02	3,064.98
90676	Brady St Rebuild Lift Station	165,000.00	-
90697	Japonski Island Sewer Lift Station	18,500.15	-
90698	Monastery St Sewer/Water Main	889,771.37	-
90710	Baranoff Water/WW Main \Replacement	57,355.00	-
90713	Crescent lift Station Replacement	195,000.00	-
90715	WWTP AHU retrofit	50,000.00	-
90732	Hollywood Way W/WW Replacement	(13,685.04)	-
90733	HPR Sewer Improvements (DOT)	37,282.36	92,513.89
90734	New Archangel Sewer Main (Marine-HPR)	23,610.24	-
90744	Jeff Davis St W/WW Improvements	-	24,045.38
90750	WWTP Exterior Building Rot	(3,480.92)	21,870.92
90766	Baranof & Monastery Street W/WW Variance	(3,480.92)	215,738.21
		<u>(1,215,544.42)</u>	<u>-</u>
	Total designated working capital	<u>1,635,296.08</u>	<u>1,322,466.97</u>

WWTP FY14 - Garage Doors, Blowers, Hi-Press Pump	90,000.00
New fixed assets	35,000.00
Less FY15 working capital outlays for CapEx/ ATF Grant Reimbursements	<u>(527,310.00)</u>
Working Capital designated for Capex, June 30, 2015	<u>1,322,467.00</u>

**Solid Waste Utility
Financial Analysis
As Of, And For the Fiscal Year Ending June, 2015**

Total working capital in the Solid Waste Disposal Fund declined by \$268.9K during FY2015. The Fund ended the fiscal year with total working capital of \$649.9, all which was designated for capital improvements.

Total cash outlays of all types for the Solid Waste Disposal Fund in FY2015 were \$3,358,780, which includes capital spending and debt principal repayment. Total operating revenue was \$3,086.6, or (\$272.0K) short of break even.

The significance operating cash flows being insufficient to cover cash outlays means that, as the Assembly considers user fee increases for the solid waste disposal services, we not only have to raise fees to cover new and increased contractual costs but also have to cover cash flow shortfalls in the existing fee structure.

The requirement for a user fee increase which has been endorsed by the Solid Waste Advisory Group is now essential and critical. We have asserted that operating revenues must be, as a minimum, \$3.5 million per year. As presented to the Solid Waste Advisory Group, this amounts to a requirement for an additional \$413.0 minimum in additional revenue, and, a resulting 21.3% user fee increase.

The ramifications of not raising solid waste user fees are clear – the Solid waste Fund will run out of working capital in the course of the next 18 months, once the higher costs of the new solid waste contract take hold. If the Solid Waste Fund runs out of working capital, it will have to borrow from the Central Treasury, with a resulting decrease in investment earnings for other funds.

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

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (5/L - 100.00%)	Variance To FY2015 Plan
Revenue:																	
Solid Waste Disposal Services	245,483	244,777	237,342	249,325	285,222	233,606	220,763	243,777	198,894	167,676	288,682	229,558	2,845,105	2,760,739	84,366	2,696,940	148,165
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	648	(648)	600	(600)
Other Operating Revenue	203	5,381	42,510	6,454	46,917	7,434	8,149	3,721	28,358	36,354	14,743	41,310	241,534	273,356	(31,822)	314,370	(72,836)
Total Revenue:	245,686	250,158	279,852	255,779	332,139	241,040	228,912	247,498	227,252	204,030	303,425	270,868	3,086,639	3,034,743	51,896	3,011,910	74,729
Cost of Sales:																	
Contract Waste Hauling	62,783	68,278	64,104	66,369	69,130	59,243	62,486	62,933	63,758	72,710	61,288	61,936	775,018	743,057	(31,961)	628,224	(146,794)
Transfer Station	108,650	102,739	112,456	119,730	70,767	103,523	92,660	77,963	86,798	92,791	145,879	100,957	1,214,913	1,223,257	8,344	1,253,530	38,617
Landfill	5,483	4,747	9,864	6,992	5,406	13,058	19,352	5,659	11,784	11,477	8,306	59,239	161,367	213,070	51,703	323,321	161,954
Recycling	24,886	26,252	50,965	48,469	30,209	33,530	41,241	32,802	29,105	89,551	50,603	95,902	553,515	464,751	(88,764)	384,713	(168,802)
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	16,539	214,616	216,082	1,466	214,616	-
Total Cost of Sales:	219,809	220,023	255,396	259,567	193,519	227,361	233,746	197,364	209,452	284,536	284,083	334,573	2,919,429	2,860,217	(59,212)	2,804,404	(115,025)
Gross Margin:	25,877	30,135	24,456	(3,788)	138,620	13,679	(4,834)	50,134	17,800	(80,506)	19,342	(63,705)	167,210	174,526	(7,316)	207,506	(40,296)
	10.53%	12.05%	8.74%	-1.48%	41.74%	5.67%	-2.11%	20.26%	7.83%	-39.46%	6.37%	-23.52%	5.42%	5.75%	-0.33%	6.89%	-1.47%
Selling and Administrative Expenses	32,204	31,459	31,900	44,662	35,908	60,875	46,335	33,886	33,806	24,337	35,802	36,250	447,424	396,856	(50,568)	1,173,381	725,957
Earnings Before Interest (EBI):	(6,327)	(1,324)	(7,444)	(48,450)	102,712	(47,196)	(51,169)	16,248	(16,006)	(104,843)	(16,460)	(99,955)	(280,214)	(222,330)	(57,884)	(965,875)	685,661
	-2.58%	-0.53%	-2.66%	-18.94%	30.92%	-19.58%	-22.35%	6.56%	-7.04%	-51.39%	-5.42%	-36.90%	-9.08%	-7.33%	-1.75%	-32.07%	22.99%
Non-operating Revenue and Expense:																	
Non-operating revenue:	1,986	1,979	1,975	1,987	1,521	2,996	1,906	1,870	2,119	1,924	1,771	(14,461)	7,573	27,063	(19,490)	30,000	(22,427)
Interest Expense:	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,175)	(26,056)	(27,808)	1,752	(26,055)	(1)
Total Non-operating Revenue & Expense:	(185)	(192)	(196)	(184)	(650)	825	(265)	(301)	(52)	(247)	(400)	(16,636)	(18,483)	(745)	(17,738)	3,945	(22,428)
Net Income:	(6,512)	(1,516)	(7,640)	(48,634)	102,062	(46,371)	(51,434)	15,947	(16,058)	(105,090)	(16,860)	(116,591)	(298,697)	(223,075)	(75,622)	(961,930)	663,233
	-2.65%	-0.61%	-2.73%	-19.01%	30.73%	-19.24%	-22.47%	6.44%	-7.07%	-51.51%	-5.56%	-43.04%	-9.68%	-7.35%	-2.33%	-31.94%	22.26%
Earnings Before Interest and Depreciation (EBID):	11,680	16,683	10,563	(30,443)	120,719	(29,189)	(33,162)	34,255	2,001	(86,836)	1,547	(83,416)	(65,598)	(6,248)	(59,350)	(751,259)	685,661
	4.75%	6.67%	3.77%	-11.90%	36.35%	-12.11%	-14.49%	13.84%	0.88%	-42.56%	0.51%	-30.80%	-2.13%	-0.21%	-1.92%	-24.94%	22.82%
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	11,495	16,491	10,367	(30,627)	120,069	(28,364)	(33,427)	33,954	1,949	(87,083)	1,147	(100,052)	(84,081)	(6,993)	(77,088)	35,242	(119,323)
Debt Principal	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	115,800	115,800	-	115,800	-
Debt Principal Coverage Surplus/Deficit	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(96,733)	(8,503)	(109,702)	(199,881)	(122,793)	(77,088)	(80,558)	(119,323)
Debt Principal Coverage Percentage	119%	171%	107%	-317%	1244%	-294%	-346%	352%	20%	-902%	12%	-1037%	-73%	-6%	-66.57%	30.43%	-103.04%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (From Above)	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(96,733)	(8,503)	(109,702)	(199,881)	(122,793)	(77,088)	(22,658)	(177,223)
Depreciation	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	18,007	16,539	214,616	216,082	(1,466)	214,616	-
Cash Accumulated For/(Taken From) Asset Replacement	(16,162)	(11,166)	(17,290)	(58,284)	92,412	(56,021)	(61,084)	6,297	(25,708)	(114,740)	(26,510)	(126,241)	(414,497)	(338,875)	(75,622)	(237,274)	(177,223)
Working Capital																	
Beginning Undesignated Working Capital	197,276	284,362	365,548	383,654	364,737	377,868	362,223	320,102	349,797	353,717	275,697	319,782	197,276	537,729	(340,453)	197,276	-
Net Income Plus Depreciation Less Principal	1,845	6,841	717	(40,277)	110,419	(38,014)	(43,077)	24,304	(7,701)	(96,733)	(8,503)	(109,702)	(199,881)	(122,793)	(77,088)	(80,558)	(119,323)
Accruals, and other Balance Sheet Changes	85,241	74,345	17,389	21,360	(97,288)	22,369	956	5,391	11,621	18,713	52,588	(342,880)	(130,195)	(217,660)	87,465	136,271	(266,466)
Ending Undesignated Working Capital	284,362	365,548	383,654	364,737	377,868	362,223	320,102	349,797	353,717	275,697	319,782	(132,800)	(132,800)	197,276	(330,076)	252,989	(385,789)
Working Capital Designated for CapEx	756,490	756,490	756,490	756,490	756,377	847,347	835,312	826,442	823,348	807,840	790,611	782,686	782,686	721,490	61,196	595,395	187,291
Current Assets	1,274,496	1,302,446	1,349,537	1,357,648	1,255,081	1,330,757	1,277,205	1,298,646	1,299,934	1,206,406	1,232,830	960,053					
Current Liabilities	(117,846)	(64,610)	(93,595)	(120,623)	(5,038)	(5,389)	(5,993)	(6,609)	(7,071)	(7,071)	(6,639)	(194,369)					
CPLTD	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)					
WCDFCapex	(756,490)	(756,490)	(756,490)	(756,490)	(756,377)	(847,347)	(835,312)	(826,442)	(823,348)	(807,840)	(790,611)	(782,686)					
Undesignated Working Capital	284,362	365,548	383,654	364,737	377,868	362,223	320,102	349,797	353,717	275,697	319,782	(132,800)	(132,800)	197,276	(330,076)	252,989	(385,789)
Total Working Capital	1,040,852	1,122,038	1,140,144	1,121,227	1,134,245	1,209,570	1,155,414	1,176,239	1,177,065	1,083,537	1,110,393	649,886	649,886	918,766	(268,880)	848,384	(198,498)

Working Capital Designated for Capex, June 30, 2014

Working Capital designated for Capex, June 30, 2014

721,490.04

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

New CapEx designations of Working Capital in FY15 Budget

Solid Waste Master Plan

91,095.00

New fixed assets

35,000.00

Less FY15 working capital outlays for CapEx

(64,899.00)

721,490.04

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

Working Capital designated for Capex, June 30, 2015	<u>782,696.04</u>
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Harbor System Financial Analysis As Of, And For the Fiscal Year Ending June, 2015

Total financial operations for the Harbor Fund for the fiscal year ending June 30, 2015 exceeded the FY15 plan but fell short of FY14 results. While revenue exceeded FY14 results, it was offset by higher operating costs and, as a result, both earnings before interest (EBI) and earnings before interest and depreciation (EBID) were lower than FY14. IN FY15, the Fund posted bottom line net income of \$256.8K and cash flow after debt service of \$905K. As a result, total working capital as of June 30, 2015 grew to \$8,223.2K, an increase of \$540K. Undesignated working capital, however, declined by (\$1,767.7K) to \$4,839.6K. This decline is attributable to the designation of \$3,221.0K of working capital for capital expenditures, including \$2,700,000 for the Transient Dock replacement Project.

Moorage revenue, both permanent and temporary, was flat in comparison to FY2014, increasing by just \$1K, or 0.06%. Combined moorage was (\$121.2K) or (5.8%) under plan, however. Permanent moorage was the largest contributing factor to the decline; rate increases were matched by the departure of smaller vessels from the harbor system.

Total revenue increased \$180.3K, or 8.0%, over FY2014. Earnings before interest and depreciation (EBIDA) decreased by (\$85.7K), from \$342.5K to \$256.8K for the comparable fiscal year.

The Harbor System Master Cash Flow, Working Capital, and Debt Model projected ending working capital for the Harbor Fund as of June 30, 2015 to be \$4,327.3K. Actual total ending working capital was \$8,223.3K, a variance of \$3,896K. A substantial part of the difference was the anticipation, by the Model, that total outlays for the Transient Dock project would be completed by June 30, 2015. As of June 30, 2015, however, just \$624.4K was expended on the Transient Dock project, accounting for \$2,524.7 in the variance between actual and planned working capital.

Despite the timing of outlays for the Transient Dock project, the balance of working capital in the Harbor Fund was ahead of planned levels at the end of FY2015 by \$1,371.3K. The amount of raw fish tax received was a contributing factor, as \$900K was planned and \$1,127.0K was received.

As for future increases in moorage rates, the overall capital expenditure plan for the next 40 years needs to be revisited in light of the fiscal situation at the State of Alaska. Future moorage rate increases anticipated 50% harbor construction matching grants and such grant may be in jeopardy. If State of Alaska funding can no longer be counted on to assist with harbor renovation costs, project scopes may need to be scaled back. Accordingly, while the additional working capital accumulated in FY15 was positive, no commitment can be made at this time as to its effect on future moorage rate increases.

For The Twelve-Month Period From July 1, 2014 to June 30, 2015
(Unaudited)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan %/L - 100.0%	Variance To FY2015 Plan
Revenue:																	
Permanent Moorage	126,545	162,859	132,467	124,791	125,430	128,950	123,063	123,428	128,364	131,907	137,559	158,635	1,603,998	1,623,009	(19,011)	1,733,520	(129,522)
Transient Moorage	104,586	55,793	22,115	7,467	4,389	3,851	4,066	8,804	29,855	16,557	29,029	66,176	352,688	332,588	20,100	344,340	8,348
Lighting Fees	6,680	17,491	1,943			18,452	1,943			3,438	3,438	8,550	55,687	47,118	8,569	51,060	3,727
Other Operating Revenue	12,670	14,998	5,449	8,508	4,671	119,252	7,144	21,312	5,451	12,402	18,721	188,017	414,595	243,917	170,658	344,947	269,648
Total Revenue:	250,481	251,141	161,974	140,766	134,490	270,515	136,216	153,544	163,670	160,866	184,747	418,558	2,426,968	2,246,652	180,316	2,274,767	152,201
Cost of Sales:																	
Operations	67,154	80,473	87,441	109,004	90,182	76,151	79,384	73,191	87,954	116,411	138,326	376,391	1,382,062	1,148,777	(233,285)	1,177,067	(204,995)
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,440	55,438	59,291	669,102	666,074	(3,028)	665,248	(3,854)
Total Cost of Sales:	122,591	135,910	142,878	164,441	145,619	131,588	134,821	128,628	143,391	171,851	193,764	435,682	2,051,164	1,814,851	(236,313)	1,842,315	(208,849)
Gross Margin:	127,890	115,231	19,096	(23,675)	(11,129)	138,927	1,395	24,916	20,279	(10,985)	(9,017)	(17,124)	375,804	431,801	(55,997)	432,452	(56,648)
	51.06%	45.88%	11.79%	-16.82%	-8.27%	51.36%	1.02%	16.23%	12.39%	-6.83%	-4.88%	-4.09%	15.48%	19.22%	-3.74%	19.01%	-3.53%
Selling and Administrative Expenses	24,011	32,396	29,243	39,219	190,470	61,956	51,206	53,563	57,293	63,877	63,362	121,503	788,099	755,383	(32,716)	888,068	99,969
Earnings Before Interest (EBI):	103,879	82,835	(10,147)	(62,894)	(201,599)	76,971	(49,811)	(28,647)	(37,014)	(74,862)	(72,379)	(138,627)	(412,295)	(323,582)	(88,713)	(455,616)	43,321
	41.47%	32.98%	-6.26%	-44.68%	-149.90%	28.45%	-36.57%	-18.66%	-22.62%	-46.54%	-39.18%	-33.12%	-16.99%	-14.40%	-2.59%	-20.03%	3.04%
Non-operating Revenue and Expense:																	
Raw Fish Tax	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	302,000	1,127,000	1,127,772	(772)	900,000	227,000
Other Non-Operating Revenue:	10,815	13,674	14,062	11,996	10,814	18,672	18,866	12,792	16,563	56,336	55,116	228,974	424,680	30,660	394,020	143,940	280,740
Grant Revenue	-	-	224	-	-	-	158	-	389,672	1,371	(267,564)	605	124,646	3,462,046	(3,337,580)	122,490	1,976
Bond Fund Interest Revenue:	3,076	364	351	342	268	1,455	340	347	397	437	321	-	7,698	16,306	(68,008)	7,998	(300)
Interest Expense Bonds:	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,638)	(175,700)	(177,038)	1,338	(175,704)	4
Interest Expense Loans:	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(850)	(10,200)	(10,887)	687	(10,887)	687
Total Non-operating Revenue & Expense:	73,399	73,546	74,145	71,846	70,590	79,635	74,872	72,647	466,140	117,652	(192,619)	516,091	1,497,944	1,169,319	328,625	987,837	510,107
Net Income:	177,278	156,381	63,998	8,952	(131,009)	156,606	25,061	44,000	429,126	42,790	(264,998)	377,464	1,085,649	845,737	239,912	532,221	553,428
	70.78%	62.27%	39.51%	6.36%	-97.41%	57.89%	18.40%	28.66%	262.19%	26.60%	-143.44%	90.18%	44.71%	37.64%	133.05%	23.40%	21.34%
Earnings Before Interest and Depreciation (EBIDA):	159,316	138,272	45,290	(7,457)	(146,162)	132,408	5,626	26,790	18,423	(19,422)	(16,941)	(79,336)	256,407	342,492	(85,685)	209,632	47,175
	63.60%	55.06%	27.96%	-5.30%	-108.68%	48.95%	4.13%	17.45%	11.26%	-12.07%	-9.17%	-18.95%	10.58%	15.24%	-4.66%	9.22%	1.37%
Bond Covenant Ratio	9.59	8.78	5.20	3.09	(2.32)	8.79	3.70	4.44	4.26	4.34	2.84	17.45	5.85	5.20	0.65	4.06	1.79
Debt Principal Coverage																	
Simple Cash Flow (Net Income Plus Depreciation)	177,278	156,381	63,998	8,952	(131,009)	156,606	25,061	44,000	429,126	42,790	(264,998)	377,464	1,085,649	4,125,277	(3,039,628)	283,575	802,074
Bond Debt Principal	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	11,250	135,000	115,000	(20,000)	135,000	-
Loan Debt Principal	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	45,348	45,348	-	45,348	-
Debt Principal Coverage Surplus/Deficit	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	27,761	(280,027)	362,435	905,301	3,964,929	(3,059,628)	238,227	667,074
Debt Principal Coverage Percentage	109%	111%	131%	-147%	90%	111%	250%	152%	104%	154%	95%	104%	120%	9097%	-8977%	625.33%	-625.33%
Simple Asset Replacement Coverage																	
Debt Principal Coverage Surplus/Deficit (from Above)	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	27,761	(280,027)	362,435	905,301	3,964,929	(3,059,628)	238,227	667,074
Depreciation	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,437	55,440	55,438	59,291	669,102	666,074	(3,028)	665,248	3,854
Cash Accumulated For/Taken From Asset Replacement	106,812	85,915	(6,468)	(81,514)	(201,475)	86,140	(45,405)	(26,466)	358,660	(27,679)	(335,465)	303,144	236,199	3,298,855	(3,062,656)	(427,021)	663,220
Working Capital																	
Beginning Undesignated Working Capital	6,607,377	3,939,951	3,965,350	3,812,628	4,066,335	3,805,766	3,934,257	3,860,239	3,767,498	3,687,409	4,073,812	3,944,768	6,607,377	6,224,842	382,535	6,607,377	-
Net Income Plus Depreciation Less Principal	162,249	141,352	48,969	(6,077)	(146,038)	141,577	10,032	28,971	414,097	27,761	(280,027)	362,435	905,301	3,964,929	(3,059,628)	238,227	667,074
Accruals and other Balance Sheet Changes	(2,829,675)	(115,953)	(201,691)	259,784	(134,531)	(13,086)	(84,050)	(121,712)	(494,186)	358,642	150,981	532,432	(2,673,043)	(3,582,394)	909,351	(3,228,312)	555,269
Ending Undesignated Working Capital	3,939,951	3,965,350	3,812,628	4,066,335	3,805,766	3,934,257	3,860,239	3,767,498	3,687,409	4,073,812	3,944,768	4,839,635	4,839,635	6,607,377	(1,767,742)	3,617,292	1,222,343
Working Capital Designated for CapEx	4,362,612	4,362,976	4,290,498	4,102,322	4,095,113	3,993,606	3,879,707	3,880,054	4,246,754	4,067,472	3,687,359	3,383,635	3,383,635	1,075,665	2,307,970	3,228,312	155,323
Current Assets	8,747,055	8,626,422	8,401,222	8,465,995	8,198,217	8,275,201	8,051,751	7,959,247	8,245,858	8,452,979	7,943,822	8,777,078	8,777,078	8,161,509	615,569		
Current Liabilities	(264,344)	(117,748)	(117,748)	(116,990)	(116,990)	(116,990)	(131,347)	(131,347)	(131,347)	(131,347)	(131,347)	(131,347)	(131,347)	(298,119)	(75,341)		
WCID	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	(180,348)	-		
WCDFCapex	(4,362,612)	(4,362,976)	(4,290,498)	(4,102,322)	(4,095,113)	(3,993,606)	(3,879,707)	(3,880,054)	(4,246,754)	(4,067,472)	(3,687,359)	(3,383,635)	(3,383,635)	(1,075,665)	(2,307,970)		
Undesignated Working Capital	3,939,951	3,965,350	3,812,628	4,066,335	3,805,766	3,934,257	3,860,239	3,767,498	3,687,409	4,073,812	3,944,768	4,839,635	4,839,635	6,607,377	(1,767,742)	3,617,292	1,222,343
Total Working Capital	8,302,563	8,328,326	8,103,126	8,168,657	7,900,879	7,927,863	7,739,946	7,647,552	7,934,163	8,141,284	7,632,127	8,223,270	8,223,270	7,683,042	540,228	6,845,604	1,377,666
Working Capital designated for Capex, June 30, 2014											1,075,665.00						
90674 ANB Harbor	619,858																
90722 Elason Harbor Flotation Upgrades	(56,244)																
90751 Crescent Harbor Water Line	12,947																
90757 Transient Dock Replacement	499,104																
Total designated working capital	1,075,665																
Working Capital designated for Capex, June 30, 2014																	
New CapEx designations of Working Capital in FY15 Budget																	
Elason Flotation Upgrade Addtl Appropriation																	
Transient Dock Engineering																	
Transient Dock Replacement																	
Crescent Harbor Shelter Roof																	
Bond Fund Interest																	
Less FY15 working capital outlays for CapEx																	
Working Capital designated for Capex, June 30, 2015																	

Airport Terminal Financial Analysis As Of, And For the Fiscal Year Ending June 30, 2015

Financial operations for the Airport Terminal were solid in FY2015 and cash flow was positive, increasing working capital.

Top-line fiscal year revenue was \$371.7K, an increase of \$9.3K from Fiscal Year 2014. The addition of lease revenue from Delta Airlines in the Spring of 2015 offset the loss of passenger facility charges, resulting in the slight increase.

For the fiscal year, Earnings Before Interest (EBI) were (\$145.5K) but Earnings Before Interest and Depreciation (EBID) were \$47.4K, indicating solid positive cash flow. Due to the positive cash flow, undesignated working capital grew by \$85.4K for the fiscal year, to \$407.3K. Total working capital, which includes collected but unspent passenger facility fees, was \$828.2K as of the end of the fiscal year.

At the same time that cash flow was solid and working capital increased in FY2015, the amount of cash flow generated was not sufficient to offset the decline in value (depreciation) of the terminal. This point is critically important to underscore, as airport terminal operations, by themselves, are insufficient to accumulate the amount of working capital necessary to either construct a new terminal building someday, or, substantially renovate the existing building. As of June 30, 2015, total working capital in the Airport Terminal Fund amounted to \$828.2K, which is equal to approximately 35% of the approximate amount which should have been accumulated to date. This shortfall signals the eventual requirement to either finance the eventual terminal replacement/renovation with some sort of debt or subsidization, or, the need to obtain a grant to ultimately construct a new building.

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

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (\$/L - 100%)	Variance To FY2015 Plan
Revenue:									
Leases	91,188.00	91,188.00	89,073.00	100,271.00	371,720.00	362,355.00	9,365.00	370,596.00	1,124.00
Other Operating Revenue	14,726.00	17,595.00	6,131.00	19,514.00	57,966.00	91,750.00	(33,784.00)	25,299.60	32,666.40
Total Revenue:	105,914.00	108,783.00	95,204.00	119,785.00	429,686.00	454,105.00	(24,419.00)	395,895.60	33,790.40
Cost of Sales:									
Operations	43,414.00	131,121.00	73,211.00	134,515.00	382,261.00	329,986.00	52,275.00	467,163.00	84,902.00
Depreciation	44,988.00	44,988.00	44,989.00	57,987.00	192,952.00	179,953.00	12,999.00	192,952.00	-
Total Cost of Sales:	88,402.00	176,109.00	118,200.00	192,502.00	575,213.00	509,939.00	65,274.00	660,115.00	84,902.00
Gross Margin:	17,512.00 16.53%	(67,326.00) -61.89%	(22,996.00) -24.15%	(72,717.00) -60.71%	(145,527.00) -33.87%	(55,834.00) -12.30%	(89,693.00) 367.31%	(264,219.40) -66.74%	118,692.40 32.87%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	17,512.00 16.53%	(67,326.00) -61.89%	(22,996.00) -24.15%	(72,717.00) -60.71%	(145,527.00) -33.87%	(55,834.00) -12.30%	(89,693.00) 367.31%	(264,219.40) -66.74%	118,692.40 32.87%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	4,151.00	4,419.00	4,199.00	434.00	13,203.00	20,899.00	(7,696.00)	12,360.00	843.00
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	4,151.00	4,419.00	4,199.00	434.00	13,203.00	20,899.00	(7,696.00)	12,360.00	843.00
Net Income:	21,663.00 20.45%	(62,907.00) -57.83%	(18,797.00) -19.74%	(72,283.00) -60.34%	(132,324.00) -30.80%	(34,935.00) -7.69%	(97,389.00) 398.82%	(251,859.40) -63.62%	119,535.40 32.82%
Earnings Before Interest and Taxes and Depreciation (EBITDA):	62,500.00 59.01%	(22,338.00) -20.53%	21,993.00 23.10%	(14,730.00) -12.30%	47,425.00 11.04%	124,119.00 27.33%	(76,694.00) 314.08%	(71,267.40) -18.00%	118,692.40 29.04%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	66,651.00	(17,919.00)	26,192.00	(14,296.00)	60,628.00	145,018.00	(84,390.00)	(58,907.40)	119,535.40
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	66,651.00	(17,919.00)	26,192.00	(14,296.00)	60,628.00	145,018.00	(84,390.00)	(58,907.40)	119,535.40
Debt Principal Coverage Percentage	100%	100%	100%	100%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	66,651.00	(17,919.00)	26,192.00	(14,296.00)	60,628.00	145,018.00	(84,390.00)	(58,907.40)	119,535.40
Depreciation	44,988.00	44,988.00	44,989.00	57,987.00	192,952.00	179,953.00	12,999.00	192,952.00	-
Cash Accumulated For/(Taken From) Asset Replacement	21,663.00	(62,907.00)	(18,797.00)	(72,283.00)	(132,324.00)	(34,935.00)	(97,389.00)	(251,859.40)	119,535.40
Working Capital									
Beginning Undesignated Working Capital	321,953.00	378,000.00	356,912.00	386,286.00	321,953.00	224,900.00	97,053.00	321,953.00	-
Net Income Plus Depreciation Less Principal	66,651.00	(17,919.00)	26,192.00	(14,296.00)	60,628.00	145,018.00	(84,390.00)	(58,907.40)	119,535.40
CapEx, Accruals, and other Balance Sheet Changes	(10,604.00)	(3,169.00)	3,182.00	35,321.00	24,730.00	(47,965.00)	72,695.00	-	24,730.00
Ending Undesignated Working Capital	378,000.00	356,912.00	386,286.00	407,311.00	407,311.00	321,953.00	85,358.00	263,045.60	144,265.40
Working Capital Designated for CapEx	427,769	427,615	427,125	420,911	420,911	427,777	(6,866)	427,125	(6,214)
Current Assets	805,769	784,527	813,411	831,896	831,896				
Current Liabilities	-	-	-	(3,674)	(3,674)				
CPLTD	-	-	-	-	-				
WCDFCapex	(427,769)	(427,615)	(427,125)	(420,911)	(420,911)				
Undesignated Working Capital	378,000	356,912	386,286	407,311	407,311				
Total Working Capital	805,769	784,527	813,411	828,222	828,222				

July 1, 2014

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

\$427,777

Working Capital designated for Capex, June 30, 2014 427,777.00

New CapEx designations of Working Capital in FY15 Budget

FY15 Passenger facility Charges 98.00

Less FY15 working capital outlays for CapEx (6,964.00)

Working Capital designated for Capex, June 30, 2015 420,911.00

**Marine Service Center
Financial Analysis
As Of, And For the Fiscal year Ending June 30, 2015**

Financial operations for the Marine Service Center exceeded plan for FY2015 and generated a small amount of positive cash flow. The 4th fiscal quarter (April thru June) saw a large amount of expenses recorded; these served to reduce the positive financial performance seen in the prior three quarters.

Top-line revenue for the fiscal year was \$219.1K, \$14.0K less than FY2014. Cost of sales increased by \$171.9K, or 88% over FY2014, resulting in Earnings Before Interest (EBI), of (\$148.6K) and Earnings Before Interest and Depreciation (EBIT) of (\$1.1K).

Working capital increased by \$22.6K during the fiscal year, and undesignated working capital as of June 30, 2015 was \$1,485.0K.

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

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 100%)	Variance To FY2015 Plan
Revenue:									
Leases	58,146	58,146	57,094	45,742	219,128	233,063	(13,935)	232,584	(13,456)
Other Operating Revenue	-	-	-	(108)	(108)	-	(108)	-	(108)
Total Revenue:	58,146	58,146	57,094	45,634	219,020	233,063	(14,043)	232,584	(13,564)
Cost of Sales:									
Operations	3,160	31,468	17,363	168,185	220,176	51,927	168,249	332,751	112,575
Depreciation	35,940	36,051	35,830	39,637	147,458	143,762	3,696	147,458	-
Total Cost of Sales:	39,100	67,519	53,193	207,822	367,634	195,689	171,945	480,209	112,575
Gross Margin:	19,046	(9,373)	3,901	(162,188)	(148,614)	37,374	(185,988)	(247,625)	99,011
	32.76%	-16.12%	6.83%	-355.41%	-67.85%	16.04%	-83.89%	-106.47%	38.61%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest and Taxes (EBIT):	19,046	(9,373)	3,901	(162,188)	(148,614)	37,374	(185,988)	(247,625)	99,011
	32.76%	-16.12%	6.83%	-355.41%	-67.85%	16.04%	-83.89%	-106.47%	38.61%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	7,961	8,416	8,425	(1,096)	23,706	35,854	(12,148)	23,880	(174)
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	7,961	8,416	8,425	(1,096)	23,706	35,854	(12,148)	23,880	(174)
Net Income:	27,007	(957)	12,326	(163,284)	(124,908)	73,228	(198,136)	(223,745)	98,837
	46.45%	-1.65%	21.59%	-357.81%	-57.03%	31.42%	-88.45%	-96.20%	39.17%
Earnings Before Interest and Taxes and Depreciation (EBITDA):	54,986	26,678	39,731	(122,551)	(1,156)	181,136	(182,292)	(100,167)	99,011
	94.57%	45.88%	69.59%	-268.55%	-0.53%	77.72%	-78.25%	-43.07%	42.54%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	62,947	35,094	48,156	(123,647)	22,550	217,253	(194,703)	(76,287)	98,837
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	62,947	35,094	48,156	(123,647)	22,550	217,253	(194,703)	(76,287)	98,837
Debt Principal Coverage Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	62,947	35,094	48,156	(123,647)	22,550	217,253	(194,703)	(76,287)	98,837
Depreciation	35,940	36,051	35,830	39,637	147,458	143,762	3,696	147,458	-
Cash Accumulated For/(Taken From) Asset Replacement	27,007	(957)	12,326	(163,284)	(124,908)	73,491	(198,399)	(223,745)	98,837
Working Capital									
Beginning Undesignated Working Capital	1,462,488	1,525,436	1,560,528	1,608,685	1,462,488	1,254,664	207,824	1,462,488	-
Net Income Plus Depreciation Less Principal	62,947	35,094	48,156	(123,647)	22,550	217,253	(194,703)	(76,287)	98,837
CapEx, Accruals, and other Balance Sheet Changes	1	(2)	1	-	-	(9,429)	9,429	-	-
Ending Undesignated Working Capital	1,525,436	1,560,528	1,608,685	1,485,038	1,485,038	1,462,488	22,550	1,386,201	98,837
Working Capital Designated for CapEx	-	-	-	-	-	-	-	-	-
Current Assets	1,525,436	1,560,528	1,608,685	1,608,685	1,608,685				
Current Liabilities	-	-	-	-	-				
CPLTD	-	-	-	-	-				
WCDFCapex	-	-	-	-	-				
Undesignated Working Capital	1,525,436	1,560,528	1,608,685	1,608,685	1,608,685				
Total Working Capital	1,525,436	1,560,528	1,608,685	1,608,685	1,608,685				
	-	-	-	(123,647.00)					

July 1, 2015

Working Capital designated for Capex, June 30, 2014 0.00

New CapEx designations of Working Capital in FY15 Budget -

Less FY15 working capital outlays for CapEx -

Working Capital designated for Capex, June 30, 2015 0.00

Gary Paxton Industrial Park Fund
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2015

Financial operations for the Gary Paxton Industrial Park exceeded plan for the fiscal year ending June 30, 2015, but as mentioned in previous reports, declined from the comparable period in FY2014, showing the effects of the downsizing of Blue Lake project construction. Also, the overall favorable variance to plan was mainly achieved by operating cost efficiencies, as overall revenue was (\$13.8K) behind plan.

Top-line revenue was \$347.1K for the fiscal year, falling short of plan by (\$13.8K) and declining from FY14 comparable revenue by (\$324.0K). The decline was anticipated, as construction-related leases were terminated.

Costs of operations exceeded last year, but were lower than plan. Total costs of operations for the fiscal year were \$642.7K versus comparable prior year costs of \$664.7K, an decrease of \$22.0K, or 3.3%. Compared to plan, costs of operations were \$136.7K less than projected, a positive variance of 17.5%.

Total working capital increased to \$924.2K as of June 30, 2015, an increase of \$33.4K from June 30, 2014. Undesignated working capital stood at \$898.2K as of the June 30, 2015.

A final item of note is that \$32,400 was transferred back from the Permanent Fund to the GPIIP Fund to reimburse for the cost of selling land. The \$32,400 was recorded as other operating revenue. The Sitka Charter provides that net proceeds from land sales (sales price less cost of sales) are transferred to the Permanent Fund. In the case of the GPIIP land sale, costs of the sale was incurred subsequent to the sale, thus necessitating the adjustment.

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

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 100%)	Variance To FY2015 Plan
Revenue:									
Leases	100,434	62,623	48,210	135,825	347,092	500,944	(153,852)	368,179	(21,087)
Other Operating Revenue	-	18,190	-	6,014	24,204	194,327	(170,123)	16,920	7,284
Total Revenue:	100,434	80,813	48,210	141,839	371,296	695,271	(323,975)	385,099	(13,803)
Cost of Sales:									
Operations	73,634	123,761	72,032	65,523	334,950	357,457	22,507	470,802	135,852
Depreciation	76,880	76,879	76,880	77,134	307,773	307,264	(509)	307,264	509
Total Cost of Sales:	150,514	200,640	148,912	142,657	642,723	664,721	21,998	778,066	136,361
Gross Margin:	(50,080)	(119,827)	(100,702)	(818)	(271,427)	30,550	(301,977)	(392,967)	121,540
	-49.86%	-148.28%	-208.88%	-0.58%	-73.10%	4.39%	-77.50%	-102.04%	28.94%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	(50,080)	(119,827)	(100,702)	(818)	(271,427)	30,550	(301,977)	(392,967)	121,540
	-49.86%	-148.28%	-208.88%	-0.58%	-73.10%	4.39%	-77.50%	-102.04%	28.94%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	5,674	4,857	1,990	(3,201)	9,320	15,981	(6,661)	22,692	(13,372)
Grant Revenue:	51,438	256,206	4,164	5,721	317,529	181,284	136,245	43,394	274,135
Sale of Fixed Assets	-	-	-	32,400	32,400	-	32,400	-	32,400
Interest Transfer From SMC Contingency	4,707	4,866	4,660	4,846	19,079	17,806	1,273	12,743	6,336
Interest Expense:	(2,614)	(2,614)	(2,614)	(3,483)	(11,325)	(16,808)	5,483	(10,456)	(869)
Total Non-operating Revenue & Expense:	59,205	263,315	8,200	36,283	367,003	198,263	168,740	68,373	298,630
Net Income:	9,125	143,488	(92,502)	35,465	95,576	228,813	(133,237)	(324,594)	420,170
	9.09%	177.56%	-191.87%	25.00%	25.74%	32.91%	-7.17%	-84.29%	77.12%
Earnings Before Interest and Depreciation (EBID):	26,800	(42,948)	(23,822)	76,316	36,346	337,814	(302,486)	(85,703)	122,049
	26.68%	-53.14%	-49.41%	53.80%	9.79%	48.59%	-38.80%	-22.25%	32.04%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	86,005	220,367	(15,622)	112,599	403,349	536,077	(132,728)	(17,330)	420,679
Debt Principal	12,446	12,446	12,446	12,444	49,782	49,784	(2)	49,784	(2)
Debt Principal Coverage Surplus/Deficit	73,559	207,921	(28,068)	100,155	353,567	486,293	(132,726)	(67,114)	420,681
Debt Principal Coverage Percentage	691.03%	1770.58%	-125.52%	904.85%	810.23%	309.27%	500.96%	-34.81%	535.77%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	73,559	207,921	(28,068)	100,155	353,567	486,293	(132,726)	(67,114)	420,681
Depreciation	76,880	76,879	76,880	77,134	307,773	307,264	509	307,264	509
Cash Accumulated For/(Taken From) Asset Replacement	(3,321)	131,042	(104,948)	23,021	45,794	179,029	(133,235)	(374,378)	420,172
Working Capital									
Beginning Undesignated Working Capital	873,804	924,983	868,938	848,203	873,804	712,988	160,816	873,804	-
Net Income Plus Depreciation Less Principal	73,559	220,367	(15,622)	112,599	390,903	523,631	(132,728)	(17,330)	408,233
CapEx, Accruals, and other Balance Sheet Changes	(22,380)	(276,412)	(5,113)	(62,574)	(366,479)	(362,815)	(3,664)	-	(366,479)
Ending Undesignated Working Capital	924,983	868,938	848,203	898,228	898,228	873,804	24,424	856,474	41,754
Working Capital Designated for CapEx	25,984	25,984	25,984	25,984	25,984	16,984	9,000		
Current Assets	1,254,501	1,198,456	923,971	974,685					
Current Liabilities	(253,750)	(253,750)	-	(689)					
CPLTD	(49,784)	(49,784)	(49,784)	(49,784)					
WCDFCapex	(25,984)	(25,984)	(25,984)	(25,984)					
Undesignated Working Capital	924,983	868,938	848,203	898,228	898,228	873,804	24,424		
Total Working Capital	950,967	894,922	874,187	924,212	924,212	890,788	33,424		

July 1, 2014	Working Capital designated for Capex, June 30, 2014	16,984.00
\$16,984 - Boat Building	New CapEx designations of Working Capital in FY15 Budget	
	Purchase of Fixed Assets:	9,000.00
	Less FY15 working capital outlays for CapEx (Thru 12/31)	-
	Working Capital designated for Capex, September 30, 2014	25,984.00

**Management Information Systems (MIS) Fund
Financial Analysis
As Of, And For the Fiscal year Ending June 30, 2015**

The MIS Fund was operated in accordance with adjusted plan during FY2015. Although comparisons with FY2014 were negative, this was not unexpected and was provided for in the FY2015 plan.

Interdepartmental billings increased by \$57.1K, or 7.3% in comparison to FY2014. This increase was in line with plan. FY2015 billings included supplemental project-based billings; factoring these billings, overall billings increased by just \$8.6K, or 1.1%.

Costs of operations increased, by \$183.2K, or a negative variance of (22.4%). This increase in operating costs was \$82.3K greater than planned, a negative variance of (9.0%). The reason for the negative variances are consulting costs related to management turn-over in the IT Department, costs which were not planned for in the FY14 budget. These costs are subsiding and it is anticipated that the FY16 budget execution will be in line with plan.

Total working capital in the MIS Fund declined by (\$145.5K), to \$250.0K.

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

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 100%)	Variance To FY2015 Plan
Revenue:									
Data Processing Charges	192,896	248,897	196,647	196,647	835,087	778,016	57,071	771,586	63,501
Other Operating Revenue	-	-	-	90,931	90,931	107,138	(16,207)	49,658	41,273
Total Revenue:	192,896	248,897	196,647	287,578	926,018	885,154	40,864	821,244	104,774
Cost of Sales:									
Operations	211,311	232,088	188,952	262,522	894,873	718,445	(176,428)	812,525	(82,348)
Depreciation	24,510	24,510	24,509	31,301	104,830	98,039	(6,791)	104,830	-
Total Cost of Sales:	235,821	256,598	213,461	293,823	999,703	816,484	(183,219)	917,355	(82,348)
Gross Margin:	(42,925)	(7,701)	(16,814)	(6,245)	(73,685)	68,670	(142,355)	(96,111)	22,426
	-22.25%	-3.09%	-8.55%	-2.17%	-7.96%	7.76%	-15.72%	-11.70%	3.75%
Selling and Administrative Expenses	-	-	-	-	-	-	-	-	-
Earnings Before Interest (EBI):	(42,925)	(7,701)	(16,814)	(6,245)	(73,685)	68,670	(142,355)	(96,111)	22,426
	-22.25%	-3.09%	-8.55%	-2.17%	-7.96%	7.76%	-15.72%	-11.70%	3.75%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	464	3,233	2,352	(4,615)	1,434	7,700	(6,266)	6,439	(5,005)
Interest Expense:	(1,512)	(1,512)	(1,512)	(2,298)	(6,834)	(10,413)	3,579	(6,834)	-
Total Non-operating Revenue & Expense:	(1,048)	1,721	840	(6,913)	(5,400)	(2,713)	(2,687)	(395)	(5,005)
Net Income:	(43,973)	(5,980)	(15,974)	(13,158)	(79,085)	65,957	(145,042)	(96,506)	17,421
	-22.80%	-2.40%	-8.12%	-4.58%	-8.54%	7.45%	-354.94%	-11.75%	3.21%
Earnings Before Interest and Depreciation (EBIDA):	(18,415)	16,809	7,695	25,056	31,145	166,709	(135,564)	8,719	22,426
	-9.55%	6.75%	3.91%	8.71%	3.36%	18.83%	-15.47%	1.06%	2.30%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(19,463)	18,530	8,535	18,143	25,745	163,996	(138,251)	8,324	17,421
Debt Principal	11,478	11,478	11,478	11,892	46,326	44,336	1,990	46,326	-
Debt Principal Coverage Surplus/Deficit	(30,941)	7,052	(2,943)	6,251	(20,581)	119,660	(140,241)	(38,002)	17,421
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(30,941)	7,052	(2,943)	6,251	(20,581)	119,660	(140,241)	(38,002)	17,421
Depreciation	24,510	24,510	24,509	31,301	104,830	98,039	6,791	98,039	6,791
Cash Accumulated For/(Taken From) Asset Replacement	(55,451)	(17,458)	(27,452)	(25,050)	(125,411)	21,621	(147,032)	(136,041)	10,630
Working Capital									
Beginning Undesignated Working Capital	295,306	318,537	344,131	354,174	295,306	327,096	(31,790)	295,306	-
Net Income Plus Depreciation Less Principal	(19,463)	18,530	8,535	18,143	25,745	163,996	(138,251)	8,324	17,421
CapEx, Accruals, and other Balance Sheet Changes	42,694	7,064	1,508	(122,321)	(71,055)	(195,786)	124,731	-	(71,055)
Ending Undesignated Working Capital	318,537	344,131	354,174	249,996	249,996	295,306	(45,310)	303,630	(53,634)
Working Capital Designated for CapEx	55,132	50,441	24,234	-	-	100,176	(100,176)	87,561	(87,561)
Current Assets	447,897	468,800	452,636	312,529					
Current Liabilities	(28,315)	(28,315)	(28,315)	(16,297)					
CPLTD	(45,913)	(45,913)	(45,913)	(46,236)					
WCDFCapex	(55,132)	(50,441)	(24,234)	-					
Undesignated Working Capital	318,537	344,131	354,174	249,996	249,996	295,306	(45,310)		
Total Working Capital	373,669	394,572	378,408	249,996	249,996	395,482	(145,486)		

Central Garage Fund
Financial Analysis
As Of, And For The Fiscal year Ending June 30, 2015

The Central Garage Fund continues to build back its vehicle sinking fund. At September 30, 2012, the Central Garage Fund's vehicle replacement sinking fund was calculated to be underfunded by approximately \$3,401K (\$3.4 million). Since 2012, the underfunding has been improved by \$1,467K and now stands at approximately \$1,934K. The Central Garage increased the vehicle replacement sinking fund by approximately \$470.9K in FY2015. It is important to note that contributions to the vehicle replacement sinking fund are a flow-through after expenses and are dependent on expenses running in line with plan.

Operating costs continued to be tightly controlled. Costs of operations for the Central Garage declined by \$21.9K, or 1.9%, from FY2014 and were also \$73.3K less than plan.

Undesignated working capital rose to \$2,726.2K, despite the designation of \$469.2K in the FY15 budget for vehicle replacements. Total working capital was also \$2,726.2K, as all scheduled vehicle replacements in FY2015 were completed..

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

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (S/L - 100%)	Variance To FY2015 Plan
Revenue:									
Vehicle Billings	398,178	400,926	411,540	415,029	1,625,673	1,468,094	157,579	1,854,007	(228,334)
Other Operating Revenue	33,504	651	-	48,064	82,219	42,836	39,383	33,500	48,719
Total Revenue:	431,682	401,577	411,540	463,093	1,707,892	1,510,930	196,962	1,887,507	(179,615)
Cost of Sales:									
Operations	73,203	100,589	99,271	171,156	444,219	442,182	(2,037)	519,986	75,767
Depreciation	97,976	97,976	55,980	137,085	389,017	391,903	2,886	389,017	-
Total Cost of Sales:	171,179	198,565	155,251	308,241	833,236	834,085	849	909,003	75,767
Gross Margin:	260,503	203,012	256,289	154,852	874,656	676,845	197,811	978,504	(103,848)
	60.35%	50.55%	62.28%	33.44%	51.21%	44.80%	6.42%	51.84%	-0.63%
Selling and Administrative Expenses	38,510	137,211	75,682	89,730	341,133	318,375	(22,758)	338,669	(2,464)
Earnings Before Interest (EBI):	221,993	65,801	180,607	65,122	533,523	358,470	175,053	639,835	(106,312)
	51.43%	16.39%	43.89%	14.06%	31.24%	23.73%	7.51%	33.90%	-2.66%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	12,759	13,317	13,928	12,517	52,521	79,195	(26,674)	49,172	3,349
Interest Expense:	(5,000)	(5,000)	(5,000)	(2,500)	(17,500)	(20,000)	2,500	-	(17,500)
Total Non-operating Revenue & Expense:	7,759	8,317	8,928	10,017	35,021	59,195	(24,174)	49,172	(14,151)
Net Income:	229,752	74,118	189,535	75,139	568,544	417,665	150,879	689,007	(120,463)
	53.22%	18.46%	46.06%	16.23%	33.29%	27.64%	76.60%	36.50%	-3.21%
Earnings Before Interest and Depreciation (EBIDA):	319,969	163,777	236,587	202,207	922,540	750,373	172,167	1,028,852	(106,312)
	74.12%	40.78%	57.49%	43.66%	54.02%	49.66%	4.35%	54.51%	-0.49%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	327,728	172,094	245,515	212,224	957,561	809,568	147,993	1,078,024	(120,463)
Debt Principal	12,500	12,500	12,500	12,500	50,000	50,000	-	50,000	-
Debt Principal Coverage Surplus/Deficit	315,228	159,594	233,015	199,724	907,561	759,568	147,993	1,028,024	(120,463)
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	315,228	159,594	233,015	199,724	907,561	759,568	147,993	1,028,024	(120,463)
Depreciation	97,976	97,976	55,980	137,085	389,017	373,642	15,375	373,642	15,375
Cash Accumulated For/(Taken From) Asset Replacement	217,252	61,618	177,035	62,639	518,544	385,926	132,618	654,382	(135,838)
Working Capital									
Beginning Undesignated Working Capital	1,991,553	2,118,746	2,295,838	2,546,354	1,991,553	1,485,108	506,445	1,991,553	-
Net Income Plus Depreciation Less Principal	327,728	172,094	245,515	212,224	957,561	809,568	147,993	1,078,024	(120,463)
CapEx, Accruals, and other Balance Sheet Changes	(200,535)	4,998	5,001	(32,420)	(222,956)	(303,123)	80,167	(496,200)	273,244
Ending Undesignated Working Capital	2,118,746	2,295,838	2,546,354	2,726,158	2,726,158	1,991,553	734,605	2,573,377	152,781
Working Capital Designated for CapEx	432,919	181,289	180,737	-	-	263,663	(263,663)	87,561	(87,561)
Current Assets	2,605,590	2,529,627	2,777,683	2,930,935					
Current Liabilities	(3,925)	(2,500)	(592)	(154,777)					
CPLTD	(50,000)	(50,000)	(50,000)	(50,000)					
WCDFCapex	(432,919)	(181,289)	(180,737)	-					
Undesignated Working Capital	2,118,746	2,295,838	2,546,354	2,726,158	2,726,158	1,991,553	734,605		
Total Working Capital	2,551,665	2,477,127	2,727,091	2,726,158	2,726,158	2,255,216	470,942		

**Building Maintenance Fund
Financial Analysis
As Of, And For the Fiscal year Ending June 30, 2015**

The Building Maintenance Fund has continued to stabilize financially, with the decline in working capital slowing substantially. Since July 1, 2014, working capital declined by (\$109.9K), to \$2,016.5K. Internal billings for the fiscal year increased by \$60.2K, to \$418.5K, an increase of 16.8%. This increase is an important positive development, as problems in billing in past years had produced operating losses. While internal billings had a negative variance to plan of (\$218.5K), costs of operations were substantially lower than plan (\$347.9K, resulting in earnings before interest registering \$197.3K ahead of plan..

Going forward, it is management's intention to continue to adjust the internal billing rate so that the Building Maintenance Fund maintains working capital at or above \$2 million dollars. To this extent, Finance and Public Works officials have had several productive meetings in which the framework of a revised internal billing system has been laid out.

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

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (5/L - 100%)	Variance To FY2015 Plan
Revenue:									
Building Maintenance Charges	86,259	103,537	89,903	138,767	418,466	358,215	60,251	636,922	(218,456)
Other Operating Revenue	-	-	-	91,416	91,416	4,168	87,248	37,254	54,162
Total Revenue:	86,259	103,537	89,903	230,183	509,882	362,383	147,499	674,176	(164,294)
Cost of Sales:									
Operations	120,642	152,755	112,529	284,926	670,852	672,105	1,253	1,018,750	347,898
Depreciation	624	625	624	1,433	3,306	2,497	(809)	3,306	-
Total Cost of Sales:	121,266	153,380	113,153	286,359	674,158	674,602	444	1,022,056	347,898
Gross Margin:	(35,007)	(49,843)	(23,250)	(56,176)	(164,276)	(312,219)	147,943	(347,880)	183,604
	-40.58%	-48.14%	-25.86%	-24.40%	-32.22%	-86.16%	53.94%	-51.60%	19.38%
Selling and Administrative Expenses	1,324	65,889	28,630	8,930	104,773	114,995	10,222	118,503	(13,730)
Earnings Before Interest (EBI):	(36,331)	(115,732)	(51,880)	(65,106)	(269,049)	(427,214)	158,165	(466,383)	197,334
	-42.12%	-111.78%	-57.71%	-28.28%	-52.77%	-117.89%	65.12%	-69.18%	16.41%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	31,360	32,511	31,366	9,216	104,453	117,963	(13,510)	67,590	36,863
Interest Expense:	-	-	-	-	-	-	-	-	-
Total Non-operating Revenue & Expense:	31,360	32,511	31,366	9,216	104,453	117,963	(13,510)	67,590	36,863
Net Income:	(4,971)	(83,221)	(20,514)	(55,890)	(164,596)	(309,251)	144,655	(398,793)	234,197
	-5.76%	-80.38%	-22.82%	-24.28%	-32.28%	-85.34%	98.07%	-59.15%	26.87%
Earnings Before Interest and Depreciation (EBID):	(35,707)	(115,107)	(51,256)	(63,673)	(265,743)	(424,717)	158,974	(463,077)	197,334
	-41.40%	-111.17%	-57.01%	-27.66%	-52.12%	-117.20%	65.08%	-68.69%	16.57%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(4,347)	(82,596)	(19,890)	(54,457)	(161,290)	(306,754)	145,464	(395,487)	234,197
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	(4,347)	(82,596)	(19,890)	(54,457)	(161,290)	(306,754)	145,464	(395,487)	234,197
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(4,347)	(82,596)	(19,890)	(54,457)	(161,290)	(306,754)	145,464	(395,487)	234,197
Depreciation	624	625	624	1,433	3,306	2,497	809	3,306	-
Cash Accumulated For/(Taken From) Asset Replacement	(4,971)	(83,221)	(20,514)	(55,890)	(164,596)	(309,251)	144,655	(398,793)	234,197
Working Capital									
Beginning Undesignated Working Capital	2,126,331	2,121,983	2,038,828	2,018,932	2,126,331	2,433,084	(306,753)	2,126,331	-
Net Income Plus Depreciation Less Principal	(4,347)	(82,596)	(19,890)	(54,457)	(161,290)	(306,754)	145,464	(395,487)	234,197
CapEx, Accruals, and other Balance Sheet Changes	(1)	(559)	(6)	52,005	51,439	1	51,438	-	51,439
Ending Undesignated Working Capital	2,121,983	2,038,828	2,018,932	2,016,480	2,016,480	2,126,331	(109,851)	1,730,844	285,636
Working Capital Designated for CapEx	-	-	-	-	-	-	-	-	-
Current Assets	2,145,530	2,062,375	2,042,479	2,067,140					
Current Liabilities	(23,547)	(23,547)	(23,547)	(50,660)					
CPLTD	-	-	-	-					
WCDFCapex	-	-	-	-					
Working Capital	2,121,983	2,038,828	2,018,932	2,016,480	2,016,480	2,126,331	(109,851)		