

CITY AND BOROUGH OF JUNEAU

| Fund Title | Beginning Balance | + | Projected Revenues | + | Support From | - | Support To | - |
|--------------------------------------|----------------------|---|-----------------------|---|-------------------|---|-------------------|---|
| General Fund | \$ 3,243,000 | | 38,707,900 | | 18,610,800 | | 25,579,400 | |
| Special Revenue Funds: | | | | | | | | |
| Visitor Services | 258,500 | | 405,500 | | 1,567,800 | | - | |
| Marine Passenger Fee | 79,200 | | 4,941,000 | | - | | 4,800,000 | |
| Eaglecrest | (70,700) | | 2,060,700 | | 750,000 | | - | |
| Education - Operating | 763,000 | | 53,354,000 | | 24,234,400 | | 338,500 | |
| Education - Special Revenue/Other | 1,816,700 | | 14,661,000 | | 1,188,500 | | 180,000 | |
| Lands and Resource Management | 2,313,900 | | 731,700 | | - | | 17,000 | |
| * Roaded Service Area | 3,897,200 | | 16,752,300 | | 12,286,000 | | 427,000 | |
| ** Fire Service Area | 431,600 | | 2,120,000 | | 1,003,000 | | - | |
| Downtown Parking | (62,100) | | 500,500 | | 202,000 | | - | |
| Affordable Housing | 852,900 | | - | | - | | - | |
| Sales Tax | 12,074,300 | | 45,617,400 | | - | | 44,071,000 | |
| Hotel Tax | 269,600 | | 1,070,000 | | - | | 1,147,800 | |
| Port Development | 251,100 | | 7,402,500 | | - | | 7,325,000 | |
| Tobacco Excise Tax | 76,100 | | 1,340,000 | | - | | 1,335,600 | |
| Library Minor Contributions | 122,500 | | 4,000 | | - | | - | |
| Total Special Revenue Funds | 23,073,800 | | 150,960,600 | | 41,231,700 | | 59,641,900 | |
| Enterprise Funds: | | | | | | | | |
| Harbors | 3,134,100 | | 3,689,400 | | - | | - | |
| Docks | 3,101,700 | | 1,851,800 | | 287,600 | | - | |
| Water | 2,110,400 | | 4,378,400 | | - | | - | |
| Wastewater | 4,670,700 | | 9,723,400 | | - | | - | |
| Airport | 720,100 | | 5,849,900 | | - | | - | |
| Hazardous Waste | 1,930,100 | | 1,096,200 | | - | | - | |
| Hospital | 20,623,500 | | 93,449,400 | | 1,177,500 | | - | |
| Total Enterprise Funds | 36,290,600 | | 120,038,500 | | 1,465,100 | | - | |
| Internal Service Funds: | | | | | | | | |
| *** Public Works Fleet | 3,073,800 | | 4,512,500 | | - | | - | |
| Risk Management | 7,242,100 | | 19,773,000 | | - | | - | |
| Total Internal Service Funds | 10,315,900 | | 24,285,500 | | - | | - | |
| LIDS/Debt Service/Work Force: | | | | | | | | |
| LIDS | 445,700 | | 258,700 | | - | | - | |
| Debt Service | 4,184,900 | | 20,100,700 | | 1,507,800 | | - | |
| Work Force | - | | 2,806,500 | | - | | - | |
| Capital Project Funds | - | | - | | 22,760,300 | | 257,700 | |
| Jensen-Olson Arboretum | 2,215,200 | | 171,800 | | - | | 85,800 | |
| Interdepartmental Charges | - | | (33,088,700) | | - | | - | |
| Total City Funds | \$ 79,769,100 | | 324,241,500 | | 85,575,700 | | 85,564,800 | |

* Includes National Forest Timber Receipts Reserves of \$63,600

** Includes National Forest Timber Receipts Reserves of \$62,700

*** Includes Replacement Reserves

CHANGES IN FUND BALANCES – FY14

| Adopted Budget | = | Subtotal | - | Reserves | = | Ending Balance | Fund Title |
|---------------------|---|-------------------|---|-------------------|---|-------------------|--------------------------------------|
| 31,797,800 | | 3,184,500 | | 1,729,400 | | 1,455,100 | General Fund |
| | | | | | | | Special Revenue Funds: |
| 2,095,500 | | 136,300 | | - | | 136,300 | Visitor Services |
| 5,500 | | 214,700 | | - | | 214,700 | Marine Passenger Fee |
| 2,795,900 | | (55,900) | | - | | (55,900) | Eaglecrest |
| 77,510,600 | | 502,300 | | - | | 502,300 | Education - Operating |
| 15,938,100 | | 1,548,100 | | - | | 1,548,100 | Education - Special Revenue/Other |
| 964,200 | | 2,064,400 | | 1,193,700 | | 870,700 | Lands and Resource Management |
| 31,282,100 | | 1,226,400 | | 1,063,600 | | 162,800 | * Roaded Service Area |
| 3,361,300 | | 193,300 | | 62,700 | | 130,600 | ** Fire Service Area |
| 604,300 | | 36,100 | | - | | 36,100 | Downtown Parking |
| - | | 852,900 | | - | | 852,900 | Affordable Housing |
| 766,600 | | 12,854,100 | | 9,030,800 | | 3,823,300 | Sales Tax |
| 29,200 | | 162,600 | | - | | 162,600 | Hotel Tax |
| 5,500 | | 323,100 | | - | | 323,100 | Port Development |
| 16,500 | | 64,000 | | - | | 64,000 | Tobacco Excise Tax |
| 25,000 | | 101,500 | | - | | 101,500 | Library Minor Contributions |
| 135,400,300 | | 20,223,900 | | 11,350,800 | | 8,873,100 | Total Special Revenue Funds |
| | | | | | | | Enterprise Funds: |
| 3,264,000 | | 3,559,500 | | 753,200 | | 2,806,300 | Harbors |
| 1,392,300 | | 3,848,800 | | - | | 3,848,800 | Docks |
| 3,407,700 | | 3,081,100 | | - | | 3,081,100 | Water |
| 9,727,100 | | 4,667,000 | | - | | 4,667,000 | Wastewater |
| 5,872,700 | | 697,300 | | - | | 697,300 | Airport |
| 1,500,000 | | 1,526,300 | | - | | 1,526,300 | Hazardous Waste |
| 87,031,400 | | 28,219,000 | | - | | 28,219,000 | Hospital |
| 112,195,200 | | 45,599,000 | | 753,200 | | 44,845,800 | Total Enterprise Funds |
| | | | | | | | Internal Service Funds: |
| 5,104,700 | | 2,481,600 | | - | | 2,481,600 | *** Public Works Fleet |
| 21,962,100 | | 5,053,000 | | - | | 5,053,000 | Risk Management |
| 27,066,800 | | 7,534,600 | | - | | 7,534,600 | Total Internal Service Funds |
| | | | | | | | LIDS/Debt Service/Work Force: |
| 385,700 | | 318,700 | | - | | 318,700 | LIDS |
| 22,946,500 | | 2,846,900 | | 2,845,300 | | 1,600 | Debt Service |
| 2,806,500 | | - | | - | | - | Work Force |
| 22,502,600 | | - | | - | | - | Capital Project Funds |
| - | | 2,301,200 | | 2,097,200 | | 204,000 | Jensen-Olson Arboretum |
| (33,088,700) | | - | | - | | - | Interdepartmental Charges |
| 322,012,700 | | 82,008,800 | | 18,775,900 | | 63,232,900 | Total City Funds |

CHANGES IN FUND BALANCES – FY14

Summary

The City and Borough's budget practice is to carry over the minimum amounts of fund balance necessary to help meet future operating needs, to buffer unanticipated operating revenue changes or to avoid significant year-to-year variations in the operating mill levies.

The Assembly adopted an updated policy in October 2012 to maintain a general governmental budget reserve of not less than two months (16.7%) general operating revenue. General governmental operating revenue is comprised of the General Fund and the Roaded Service Area, Fire Service Area and Sales Tax Special Revenue Funds. The budget reserve is intended to ensure adequate resources in the event of an emergency or significant unanticipated reduction in revenues. The CBJ budget reserve will be adjusted annually based on the most recently-audited annual financial statements. Appropriations from the budget reserve (use) requires Assembly action and will be limited to providing temporary funding for unforeseen needs on an emergency or nonrecurring basis; or to permit orderly budget reductions and/or tax adjustments, for a period not to exceed two fiscal years, when funding sources are lost or substantially reduced. If the budget reserve falls below the target (two months general governmental operating revenue or 16.7%) a plan for replenishment will be developed by the City Manager and presented to the Assembly for action. Reserve replenishment takes priority over tax reductions and/or mill rate reductions. The projected balance in the Budget Reserve at the end of FY14 is \$11.760 million.

Individual Funds

The following is a summary and explanation of the FY14 projected ending fund balances. The fund balance review is targeted specifically at the General, Major Special Revenue, and Fleet Funds. The majority of the special revenue funds' fund balances are use restricted and not considered available for general governmental functions.

General Fund – The budget as presented projects \$1,455,100 carry forward of available fund balance for years after FY14, excluding the \$1.729 million set aside as part of the general governmental budget reserve. In order to balance the FY14 operating budgets we are projecting to use \$58,400 in FY14 to fund balance.

Marine Passenger Fee – In October 1999, voters approved a \$5.00 per person cruise ship passenger fee. The CBJ began collecting revenues in April 2000. Marine passenger fees can be used for mitigating the impacts of cruise ship passengers on local services and for port related capital projects. The projected ending fund balance is \$214,700 for FY14.

Eaglecrest – The ending FY14 fund balance (deficits) are projected to be \$(55,900). Prior to FY07, Eaglecrest had experienced several bad ski seasons in a row resulting in a significant fund deficit. The policy is to keep fund balance at a sufficient level to offset one bad season every three years. The ski area has looked for ways to increase revenues in both the ski and non-ski season. They are working with the Assembly on a year-round plan to better utilize the facilities and reduce the fund balance deficit. Eaglecrest has been able to reduce its fund balance deficit from a high of just under \$1 million at the end of FY07.

Education Operating and Special Revenue/Other – These fund balances are managed by the Juneau School District Board of Education. The District's Operating Fund includes reserves and designated monies not available for spending, \$502,300 for FY14. The District tries to carry an additional \$500,000 forward in their Operating Fund in case of revenue shortfalls the subsequent year. The Special Revenue/Other fund balances of \$1,548,100 for FY14 are revenue specific and may only be used for very specific program activities according to federal, state, or donor designations.

Lands and Resource Management – The projected carryover for FY14 is \$870,700. Reserves of \$1,193,700 for FY14, from loan repayments, are set aside for replacement of floatplane engines. Lands and Resources is currently being used to account for the noise abatement program (funded with marine passenger fees) associated with commercial floatplane noise impacting residential areas. These funds are restricted for noise abatement loans and are not considered available for other general governmental functions.

CHANGES IN FUND BALANCES – FY14

Roaded Service Area – The budget as presented will carry over \$162,600 for FY14 in fund balance (this excludes, \$1,000,000 set aside as part of the general governmental budget reserve and \$63,600 in restricted funds under the Secured Rural Schools/Roads Reserves program).

Fire Service Area – The total projected carryover is \$130,600 for FY14 (excluding \$62,700 in restricted funds under the Secured Rural Schools/Road Reserves program). These funds are restricted for fire related purposes. The ending FY14 balance represents approximately 4% of annual operations.

Downtown Parking – The total projected carryover is \$36,100 for FY14. This balance is restricted and not considered available for other general governmental functions.

Sales Tax – Sales tax funds are used for a variety of functions including general operations, capital projects and the general governmental Budget Reserve. The total projected carry forward of available fund balance for FY14 is \$3,823,300 (excluding budget reserve of \$9,030,800 for FY14). The FY14 ending balance is as follows –

| | |
|--|----------------------|
| • 1% 5-year temp. levy for various capital improvements, ending September 30, 2013 | 1,129,300 |
| • 1% 5-year temp. levy for various capital improvements, ending September 30, 2018 | 48,100 |
| • 1% 5-year temp. levy for areawide roads, ending June 30, 2012 | 672,400 |
| • 2% 1% permanent & 1% temp. operational levy | 1,944,400 |
| • 1% 5-year temp. levy, the Sales Tax Budget Reserve | 9,030,800 |
| • 3% permanent liquor sales tax levy | <u>29,100</u> |
| Total Projected Fund Balance | <u>\$ 12,854,100</u> |

Port Development– The Port Development Fund includes revenues from the \$3 per passenger CBJ Port Development Fee and the \$5 per passenger State Marine Passenger Fee. FY12 is the first year that the CBJ received State Marine Passenger fees. The projected carryover for the Port Development Fund is \$323,100 for FY14. By Federal law these funds (both the CBJ and State funds) are use restricted to the safety and efficiency of the cruise ships and their passengers. The port development funds for FY14 are being used to support the Docks and Harbors cruise ship berth enhance capital project.

Visitor Services, Affordable Housing, Hotel Tax, Tobacco Excise Tax, and Library Minor Contributions – The projected carryover for these funds is obligated for specific uses and not considered available for general governmental functions.

Enterprise Funds (for all funds) – The total projected carryover of \$45,171,200 for FY14 represents expendable resources and not retained earnings balances. The accrual method of accounting required for these funds results in retained earnings being generated without available spendable resources. The amount available for operations will be the lessor of working capital or available resources (cash). These amounts, where noted, also include available reserves set aside for fixed asset replacement.

During FY08, Harbors sold revenue bonds in order to refinance DeHart’s Marina (\$1.345 million), to construct the Auke Bay Loading Facility (\$4.2 million), and provide major maintenance to Old Douglas Boat Harbor (\$4.2 million). As part of the borrowing, the CBJ must set aside one year’s debt payment as a reserve (\$753,200) and hold the reserve for the life of the bonds, twenty-five years.

Fleet Services – Fleet services include both Equipment Acquisition and Fleet Maintenance. The projected carryover is \$2,481,600 for FY14. Approximately \$318,000 for FY14 of this fund balance is attributable to Fleet Maintenance with the remainder belonging to the Equipment Acquisition Fund. The Equipment Acquisition fund is be used to acquire various equipment needed for City operations (Police, Fire, Streets, etc) and the fund balance is supported by a multi-year replacement/funding plan. The Equipment Acquisition replacement plan identifies the specific equipment, the estimated cost for each, and the year of planned replacement.

CHANGES IN FUND BALANCES – FY14

Risk Management – The total projected carryover for FY14 is \$5,053,000. The individual ending components of this balance are made up of \$3,803,400 Health & Wellness, \$294,400 Safety & Workers Compensation, \$1,181,100 General/Auto Liability, \$(50,200) Employee Practice/Property, \$(124,800) Special Coverage, and \$(50,900) for Unemployment Compensation. The Risk Management Officer and Finance Director have recommended a minimum fund balance of \$1,900,000 be retained in the reserves. These reserve funds support all CBJ functions including hospital and the School District. No specific balances are required beyond the actuarial determination amounts. However, the State of Alaska does have the authority to regulate CBJ's third party coverage if they feel our self-insurance reserves are too low.

LID's – The fund balance carryover is \$318,700 for FY14 and comprised of the sewer and water extension and consolidated LID fund balances. The water and sewer extension fund balances represent amounts available for future expansion of the water and sewer lines and comprise \$1,206,000 for FY14. Consolidated LID's carryover balance is projected to be a deficit of \$(887,300) for FY14. The principal balances in these funds have been levied for specific purposes, it is inappropriate to use these principal balances for anything other than the identified projects.

Debt Service – The total projected carryover is \$2,846,900 for FY14, of which \$2,845,300 is reserved. The reservation of fund balance is for the sales tax sinking fund that was established to repay the debt on the \$12.1M and \$7.717M School bond issues. The unreserved fund balance is targeted as a reasonable minimum to be maintained. However, there are no specific rules for maintaining a set balance since all bonds now carry fixed interest rates.

Jensen-Olson Arboretum – The projected carryover for FY14 is \$2,301,200, of which \$2,097,200 is reserved. This fund was established in FY07 to account for the Jensen-Olson property donated to the city. The donated property and other assets were to provide initial and ongoing support for an arboretum. We have reserved the principal amount, which the CBJ is precluded from spending as terms of the trust agreement. The term "arboretum" means a collection of living plants; including trees, shrubs, herbaceous and specimens permanently maintained for the purpose of recreation, research and education.

The remaining items contained in these schedules have been included for number comparisons only. The amounts shown do not represent available resources.