


Financial Update – Natural Gas Fund (175)  
City Council Committee of the Whole Meeting 12/13/21




12/10/2021

1

### Presentation Roadmap

- Provide purpose of natural gas fund
- Provide timeline of events
- Define and discuss uses of Free Main Allowance (FMA)
- Display Natural Gas SAD demographics
- Discuss financial statements
- Define and walkthrough restricted cash
- Discuss future revenue streams
- Discuss Ordinance 21-63(S)
- Wrap-up

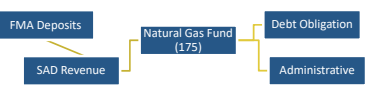



12/10/2021

2

### Purpose of Natural Gas Fund (175)

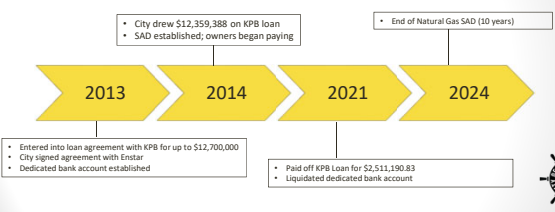

- Per financial statements, “The Gas Line Capital Project Fund accounts for all activities related to the construction of the gas line”
- Examples include: debt obligation costs, administrative costs, Free Main Allowance (FMA) deposits, and Special Assessment District (SAD) revenues

12/10/2021

3

### Timeline of Events





12/10/2021

4

### Free Main Allowance (FMA)

- The contractual definition can be found in your packet (it’s not very helpful).
- Basically speaking...
  - FMA is a fee that people pay when they hook up to natural gas. Enstar collects the fee, and quarterly remits to the City. The FMA is charged/collected for ten years (through 2025).
- Any restrictions on uses of FMA?
  - No. Council is able to determine the appropriate use.




12/10/2021

5

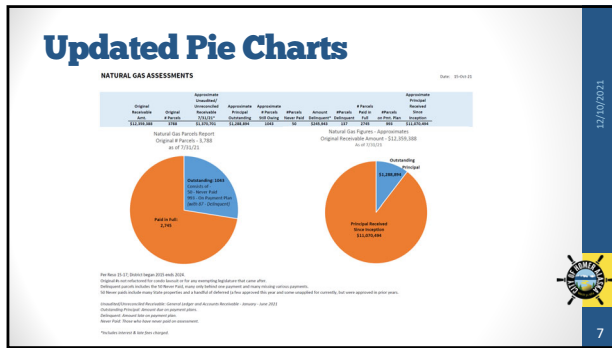
### FMA Appropriations

- Authorized use of FMA, per Council appropriations:
  - Ordinance 21-13 authorized the use of \$1,971,808 (full balance) in FMA to payoff the loan with the Kenai Peninsula Borough



12/10/2021

6



### Balance Sheet - FY20

City of Monroe, Louisiana

Account	Balance	Change	Total
Assets	3,472,902	-	3,472,902
Liabilities	1,971,808	-	1,971,808
Resources	1,501,094	-	1,501,094

12/10/2021

### Natural Gas Fund (175) - Assets

December 31, 2020	Gas Line Capital Project
<b>Assets</b>	
Cash and investments	313,971
Receivables, net of allowance:	
Accounts	18,624
Property taxes	-
Sales taxes	-
Assessments	1,870,307
State and federal grants	-
Interfund loans	-
Due from other funds	-
Inventory	-
Prepaid and other assets	-
Restricted cash and investments	1,270,000
<b>Total Assets</b>	<b>3,472,902</b>

- Cash and Investments
- Simply speaking, representative of proportional share of Central Treasury
- Accounts
- Accounting standards state that revenue is recorded in period in which it is earned.
- FMA was received in January 2021, but it was representative of FMA collected in 2020. Therefore, it is posted here as a receivable (as we didn't actually receive the money from Enstar until January).
- Assessments
- Represents the amount we are expecting to collect in revenue by end of district
- Restricted Cash
- Amount required per KPB contract; now eliminated

12/10/2021

### Natural Gas Fund (175) - Liabilities

Liabilities	Amount
Accounts payable	-
Accrued payroll and related liabilities	-
Unearned revenue	-
Unearned grant revenue	-
Customer deposits	1,971,808
Enstar FMA refunds	-
Due to other funds	-
<b>Total Liabilities</b>	<b>1,971,808</b>

- Enstar FMA Refunds
- Amount is listed under liabilities until Council authorizes use of FMA
- This value represents total FMA collected since inception
- In FY21, City used this full amount to payoff KPB loan
- Special Assessment not yet due
- Represents the amount outstanding to collect on assessments
- Total Liabilities and Deferred Inflows of Resources

12/10/2021

### Natural Gas Fund (175) - Fund Balances

<b>Fund Balances</b>	
Nonspendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned (deficit)	(369,213)
<b>Total Fund Balances (Deficit)</b>	<b>(369,213)</b>

- Unassigned (deficit)
- Represents the fund balance at end of fiscal year
- All negative balances will be categorized into the unassigned fund balance

<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>3,472,902</b>
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12/10/2021

### Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - FY20

City of Monroe, Louisiana


Account	Revenue	Expenditure	Change
Revenues	1,501,094	-	1,501,094
Expenditures	-	1,501,094	(1,501,094)
Change in Fund Balance	1,501,094	(1,501,094)	-

12/10/2021



### Ordinance 21-63(S)

- As written, ORD 21-63(S) directs the Finance department to transfer the positive fund balance out of the Natural Gas Fund (175).
  - This review will be done annually after the Financial Statements have been formally accepted by City Council
  - The transfer will occur the next business day after the acceptance of the statements




12/10/2021

19

### Proposed Amendment

- It was noticed that future FMA needs to be appropriated in order for this to be recognized as revenue on the financial statements.
- Finance proposes that ORD 21-63 (S-2) be substituted for ORD 21-63(S) to include language that appropriates the FMA to the Natural Gas Fund (175)
  - This will streamline the management of the FMA and fund balance




12/10/2021

20

### Closeout

- Staff Recommendation
  - Substitute ORD 21-63(S-2) for ORD 21-63(S) to appropriate future FMA to the Natural Gas Fund (175) and allow for annual transfer of positive fund balance out of Natural Gas Fund (175)
- Any questions?




12/10/2021

21

### Appendix - Key Terms

- Balance Sheet Terms:
  - Cash and Investments – The City has a Central Treasury and, therefore, each fund does not have its own bank account. This is representative of each fund's proportional share of Central Treasury.
  - Assets – Probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. (GAAP - Generally Accepted Accounting Principles)
  - Liabilities – Obligations owed to outside parties. Probable future sacrifices of economic benefits that arise from present obligations or past transactions. (GAAP Accounting)
  - Restricted Cash – Cash that is held for a specific purpose, and, therefore, not available for immediate or general business use. (GAAP - Generally Accepted Accounting Principles)
  - Deferred Inflows – Acquisition of net assets by government that is applicable to a future reporting period. Recognition of revenues is deferred until the future period in which the inflows are related. (GAAP - Generally Accepted Accounting Principles)
- Original Receivable
  - Represents the total amount of assessments due and amount borrowed from KPB.
  - The Natural Gas SAD was created and total amount billed to all customers was \$12,359,388.




12/10/2021

22

### Appendix - City Facilities

- All city parcels that were assessed have been paid in full.
  - Total of 85 city lots for \$277,335.45 (ORD 15-21)
- Facilities **NOT** Connected to Natural Gas:
  - HERC 1 & 2
  - Raw Water Pump Station
  - Ice Plant
  - Smaller facilities include water delivery systems (PRV stations). These are heated with electricity.




12/10/2021

23

### Appendix - Natural Gas SAD Demographics

- All information is as of 7/31/21
- Originally assessed parcels in the SAD: 3,788 (\$12,359,388)
- Parcels paid in full: 2,745 (\$11,070,494 approx. principal)
- Parcels still owing: 1,403 (\$1,288,894 approx. principal)
  - Parcels current on payment plan: 993
  - Parcels in late status: 137 (of which 50 have never paid)



12/10/2021

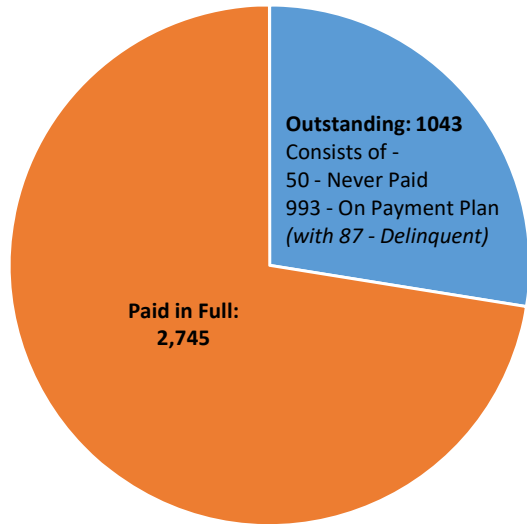
24

# NATURAL GAS ASSESSMENTS

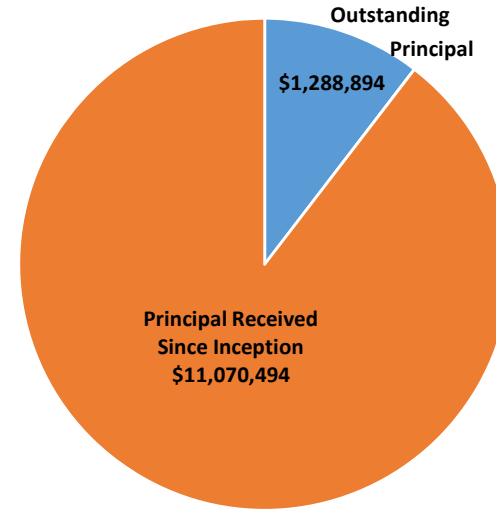
Date: 15-Oct-21

Original Receivable Amt.	Original # Parcels	Approximate Unaudited/Unreconciled Receivable 7/31/21*	Approximate Principal Outstanding	Approximate # Parcels Still Owing	#Parcels Never Paid	Amount Delinquent*	#Parcels Delinquent	# Parcels Paid in Full	#Parcels on Pmt. Plan	Approximate Principal Received Since Inception
\$12,359,388	3788	\$1,370,701	\$1,288,894	1043	50	\$245,943	137	2745	993	\$11,070,494

Natural Gas Parcels Report  
Original # Parcels - 3,788  
as of 7/31/21



Natural Gas Figures - Approximates  
Original Receivable Amount - \$12,359,388  
As of 7/31/21



Per Reso 15-17; District began 2015 ends 2024.

Original #s not refactored for condo lawsuit or for any exempting legislature that came after.

Delinquent parcels includes the 50 Never Paid, many only behind one payment and many missing various payments.

50 Never paid include many State properties and a handful of deferred (a few approved this year and some unapplied for currently, but were approved in prior years).

*Unaudited/Unreconciled Receivable: General Ledger and Accounts Receivable - January - June 2021*

*Outstanding Principal: Amount due on payment plans.*

*Delinquent: Amount late on payment plan.*

*Never Paid: Those who have never paid on assessment.*

*\*Includes interest & late fees charged.*

## City of Homer, Alaska

Governmental Funds  
Balance Sheet

	Major Funds							Total Governmental Funds
	General	Utility Special Revenue	CARES Special Revenue	City Facilities Capital Project	Gas Line Capital Project	HART Roads Capital Project	Nonmajor Funds	
<b>December 31, 2020</b>								
<b>Assets</b>								
Cash and investments	\$ 8,872,675	6,066,095	-	502,440	313,971	6,272,850	5,657,447	27,685,478
Receivables, net of allowance:								
Accounts	188,108	232,943	246,206	-	18,624	-	-	685,881
Property taxes	143,700	-	-	-	-	-	-	143,700
Sales taxes	1,043,307	232,709	-	-	-	217,196	124,110	1,617,322
Assessments	-	2,961,524	-	-	1,870,307	-	476,700	5,308,531
State and federal grants	93,979	113,449	1,714,547	163,944	-	-	-	2,085,919
Interfund loans	104,764	-	-	-	-	-	-	104,764
Due from other funds	1,852,009	-	-	-	-	-	-	1,852,009
Inventory	32,351	544,866	-	-	-	-	-	577,217
Prepaid and other assets	337,916	26,855	-	-	-	-	10,000	374,771
Restricted cash and investments	-	-	-	-	1,270,000	-	-	1,270,000
<b>Total Assets</b>	<b>\$ 12,668,809</b>	<b>10,178,441</b>	<b>1,960,753</b>	<b>666,384</b>	<b>3,472,902</b>	<b>6,490,046</b>	<b>6,268,257</b>	<b>41,705,592</b>
<b>Liabilities</b>								
Accounts payable	\$ 187,501	125,965	472,616	204,335	-	24,448	80,475	1,095,340
Accrued payroll and related liabilities	305,173	41,576	18,793	-	-	-	-	365,542
Unearned revenue	-	-	-	-	-	-	22,827	22,827
Unearned grant revenue	-	-	-	-	-	-	6,673	6,673
Customer deposits	20,888	45,701	-	-	-	-	-	66,589
Enstar FMA refunds	-	-	-	-	1,971,808	-	-	1,971,808
Due to other funds	-	-	1,456,332	-	-	-	363,690	1,820,022
<b>Total Liabilities</b>	<b>513,562</b>	<b>213,242</b>	<b>1,947,741</b>	<b>204,335</b>	<b>1,971,808</b>	<b>24,448</b>	<b>473,665</b>	<b>5,348,801</b>
<b>Deferred Inflows of Resources</b>								
Deferred property taxes	147,850	-	-	-	-	-	-	147,850
Special assessments not yet due	-	2,961,524	-	-	1,870,307	-	476,700	5,308,531
<b>Total Deferred Inflows of Resources</b>	<b>147,850</b>	<b>2,961,524</b>	<b>-</b>	<b>-</b>	<b>1,870,307</b>	<b>-</b>	<b>476,700</b>	<b>5,456,381</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>661,412</b>	<b>3,174,766</b>	<b>1,947,741</b>	<b>204,335</b>	<b>3,842,115</b>	<b>24,448</b>	<b>950,365</b>	<b>10,805,182</b>
<b>Fund Balances</b>								
Nonspendable	475,031	571,721	-	-	-	-	-	1,046,752
Restricted	-	-	-	-	-	6,465,598	1,607,310	8,072,908
Committed	4,493,489	-	-	-	-	-	804,705	5,298,194
Assigned	171,314	6,431,954	13,012	462,049	-	-	3,269,567	10,347,896
Unassigned (deficit)	6,867,563	-	-	-	(369,213)	-	(363,690)	6,134,660
<b>Total Fund Balances (Deficit)</b>	<b>12,007,397</b>	<b>7,003,675</b>	<b>13,012</b>	<b>462,049</b>	<b>(369,213)</b>	<b>6,465,598</b>	<b>5,317,892</b>	<b>30,900,410</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 12,668,809</b>	<b>10,178,441</b>	<b>1,960,753</b>	<b>666,384</b>	<b>3,472,902</b>	<b>6,490,046</b>	<b>6,268,257</b>	<b>41,705,592</b>

See accompanying notes to basic financial statements.

## City of Homer, Alaska

## Governmental Funds

## Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Year Ended December 31, 2020	Major Funds						Nonmajor Funds	Total Governmental Funds
	General	Utility Special Revenue	CARES Special Revenue	City Facilities Capital Project	Gas Line Capital Project	HART Roads Capital Project		
<b>Revenues</b>								
Property taxes	\$ 3,718,482	-	-	-	-	-	26,828	3,745,310
Sales and use taxes	5,705,499	1,401,880	-	-	-	1,261,822	701,069	9,070,270
Permits and licenses	43,425	-	-	-	-	-	-	43,425
Intergovernmental	1,555,388	173,157	9,345,363	508,514	-	-	6,640	11,589,062
Charges for services	2,239,725	3,756,236	-	-	-	-	-	5,995,961
Special assessments	-	481,370	-	-	924,474	-	81,116	1,486,960
Investment income	207,849	127,748	2,122	48,566	11,353	152,136	119,577	669,351
Fines and forfeitures	10,100	-	-	-	-	-	-	10,100
Donations	-	-	-	-	-	-	10,145	10,145
Other	-	-	63,013	1,901	-	-	1,538	66,452
<b>Total Revenues</b>	<b>13,480,468</b>	<b>5,940,391</b>	<b>9,410,498</b>	<b>558,981</b>	<b>935,827</b>	<b>1,413,958</b>	<b>946,913</b>	<b>32,687,036</b>
<b>Expenditures</b>								
Current:								
General government	3,135,343	-	1,822,084	-	-	118,630	44,615	5,120,672
Public safety	4,774,940	-	-	-	-	-	-	4,774,940
Public works	2,666,318	-	-	-	-	-	-	2,666,318
Library	816,125	-	-	-	-	-	-	816,125
Airport	196,466	-	-	-	-	-	-	196,466
Community services	94,000	-	7,575,402	-	-	-	-	7,669,402
Water	-	2,092,129	-	-	-	-	-	2,092,129
Sewer	-	1,635,761	-	-	-	-	-	1,635,761
Debt service:								
Principal	-	870,645	-	-	559,717	-	216,257	1,646,619
Interest	-	132,235	-	-	122,441	-	200,250	454,926
Capital outlay	-	300,546	-	3,816,454	-	128,290	625,621	4,870,911
<b>Total Expenditures</b>	<b>11,683,192</b>	<b>5,031,316</b>	<b>9,397,486</b>	<b>3,816,454</b>	<b>682,158</b>	<b>246,920</b>	<b>1,086,743</b>	<b>31,944,269</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,797,276</b>	<b>909,075</b>	<b>13,012</b>	<b>(3,257,473)</b>	<b>253,669</b>	<b>1,167,038</b>	<b>(139,830)</b>	<b>742,767</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	658,680	99,629	-	-	-	-	551,565	1,309,874
Transfers out	(500,146)	(36,475)	-	(300)	-	(608,810)	(167,577)	(1,313,308)
<b>Net Other Financing Sources (Uses)</b>	<b>158,534</b>	<b>63,154</b>	<b>-</b>	<b>(300)</b>	<b>-</b>	<b>(608,810)</b>	<b>383,988</b>	<b>(3,434)</b>
<b>Special Item - construction of gas pipeline on behalf of third parties</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,349)</b>	<b>-</b>	<b>-</b>	<b>(2,349)</b>
<b>Net Change in Fund Balances</b>	<b>1,955,810</b>	<b>972,229</b>	<b>13,012</b>	<b>(3,257,773)</b>	<b>251,320</b>	<b>558,228</b>	<b>244,158</b>	<b>736,984</b>
<b>Beginning Fund Balances (Deficit)</b>	<b>10,051,587</b>	<b>6,031,446</b>	<b>-</b>	<b>3,719,822</b>	<b>(620,533)</b>	<b>5,907,370</b>	<b>5,073,734</b>	<b>30,163,426</b>
<b>Ending Fund Balances (Deficit)</b>	<b>\$12,007,397</b>	<b>7,003,675</b>	<b>13,012</b>	<b>462,049</b>	<b>(369,213)</b>	<b>6,465,598</b>	<b>5,317,892</b>	<b>30,900,410</b>

See accompanying notes to basic financial statements.