***Enterprise Funds***

In the Enterprise Funds, Bonded Long-Term Debt decreased $3.4 million; the result of scheduled payments of principal. For further information on debt, please see Note 11 to the financial statements.

**Bonded Long-Term Debt**

| | Governmental | | Business | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Sales Tax Revenue Bonds | $ 11.1 | $ 13.4 | $ - | $ - |
| Utility Revenue Bonds | - | - | 165.8 | 147.4 |
| Total Outstanding Debt | $ 11.1 | $ 13.4 | $ 165.8 | $ 147.4 |

**Future Outlook**

The City faced some difficult financial challenges in FY 2022-23, and will face these and other challenges in the foreseeable future.

In governmental activities, an increase in Fund Balance of $2.1 was previously noted. However, the General Fund saw a decrease in Fund Balance of $3.6 million. This is due to a variety of factors including expenditures being up in most major categories and Sales Tax Revenue being relatively flat. The greatest single factor is the absence of the Transfer from the Utilities System Fund, which has recently been $5.2 million. That transfer as originally budgeted for FY 2022-23 was over 9% of the total revenues and transfers for the General Fund. The justification for its absence will be discussed under "business activities".

In business activities, a decrease of $9.0 million in Net Position was noted in Enterprise Funds, the majority of which is attributable to the $10.5 million decrease in Net Position in the Utilities System Fund. As noted, revenues were up from the prior year, but most of the increase was due to fuel cost recovery. Expenses went up much more sharply contributing to the results. There was a steep increase in Receivables in the Utilities System Fund. This was due to the lack of timely cutoffs for non- payment in the prior administration. Uncollected cycle billings rose from $9 million in the prior year to $16.2 million at the end of FY 2022-23. Consequently, the Allowance for Uncollectibles, an estimation used by the City to determine how much of the receivable will never be collected, rose by $4.2 million. This estimation would have been higher if it were not for considerable efforts and success in collections in FY 2023-24 thus far. The effect on the Utilities System Fund's cash flows has been devastating, as evidenced by examining the Statement of Cash Flows. FY 2022-23 shows net cash provided by operations at $12.5 million, compared to $18.3 million in FY 2021-22. This is further evidence of the Utilities System having to pay its obligations to suppliers, employees and the like in full, while not being paid in full for the services it has provided to customers. Balances of cash and equivalents dropped $5.6 million during FY 2022-23, even with the suspension of the Transfer to General Fund of $5.3 million mentioned above. This situation will require considerable attention in order to put the Utilities System Fund, and the City as a whole, back in a favorable financial condition.

**2022-23 Audit is for 2022 activity.**
**Mayor Roy assumed office December 2022;**
**100% of the issues were inherited.**

**This page is unmodified except the Note added in red provides clarity and context but is not part of the original page. This is a management discussion item, but its underlying mathematical data is found in the Independent Auditor's Report. Highlights in blue.**

**The report and management discussion are provided under penalty of law to the State Legislative Auditor.**

See independent auditor's report.