

CITY OF ALEKNAGIK, ALASKA

Basic Financial Statements and
Additional Supplementary Information

(With Independent Accountant's Review Report)

Year Ended June 30, 2015

CITY OF ALEKNAGIK, ALASKA

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CITY OF ALEKNAGIK, ALASKA

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Independent Accountant's Review Report

Honorable Mayor and City Council
City of Aleknagik, Alaska
Aleknagik, Alaska

We have reviewed the accompanying financial statements of the governmental activities and each major fund of City of Aleknagik, Alaska, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Honorable Mayor and City Council
City of Aleknagik, Alaska

Required Supplementary Information

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Altman, Rogers & Co.

Anchorage, Alaska
January 12, 2016

CITY OF ALEKNAGIK, ALASKA

Statement of Net Position

June 30, 2015

<u>Assets</u>	
Current:	
Cash and cash equivalents	\$ 483,183
Investments	585,240
Receivables:	
Accounts receivable, net	122,699
Grants	60,672
Prepaid	71,845
Inventories	22,510
Total current	<u>1,346,149</u>
Long-term:	
Tax arrears	86,382
Capital assets	9,125,365
Accumulated depreciation	(4,759,798)
Total long-term	<u>4,451,949</u>
Total assets	\$ <u>5,798,098</u>
<u>Liabilities</u>	
Current:	
Accounts payable	11,579
Credit cards payable	327
Accrued payroll and payroll liabilities	15,053
Total current liabilities	<u>26,959</u>
<u>Net Position</u>	
Net investment in capital assets	4,451,949
Unrestricted	1,319,190
Total net position	\$ <u>5,771,139</u>

See accompanying notes and accountant's review report.

CITY OF ALEKNAGIK, ALASKA

Statement of Activities

Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Administration	\$ 253,071	-	-	-	(253,071)
Airport	971	-	-	-	(971)
City council	31,605	-	-	-	(31,605)
Public safety	91,259	-	-	149,469	58,210
Community services	150,672	-	11,982	-	(138,690)
Public works	419,634	190,100	-	-	(229,534)
Total governmental activities	\$ 947,212	190,100	11,982	149,469	(595,661)
General revenues:					
Taxes					179,185
Unrestricted state revenue					143,750
Payment in lieu of taxes - federal					39,367
Other					87,912
Total general revenues					450,214
Change in net position					(145,447)
Net position - beginning of year					5,916,586
Net position - end of year					\$ 5,771,139

See accompanying notes and accountant's review report.

CITY OF ALEKNAGIK, ALASKA

Balance Sheet - Governmental Funds

June 30, 2015

Assets	General Fund	Capital Project Funds		Total Governmental Funds
		Public Safety Building Engineering	Public Safety Building Design	
Cash and cash equivalents	\$ 483,183	-	-	483,183
Investments	585,240	-	-	585,240
Receivables:				
Accounts receivable, net	122,699	-	-	122,699
Grants	59,095	833	744	60,672
Tax arrears	86,382	-	-	86,382
Due from other funds	1,577	-	-	1,577
Prepays	71,845	-	-	71,845
Inventory	22,510	-	-	22,510
Total assets	\$ 1,432,531	833	744	1,434,108

Liabilities, Deferred Inflows of Resources and Fund Balances

Liabilities:				
Accounts payable	11,579	-	-	11,579
Credit cards payable	327	-	-	327
Accrued payroll and payroll liabilities	15,053	-	-	15,053
Due to other funds	-	833	744	1,577
Total liabilities	26,959	833	744	28,536
Deferred inflows of resources:				
Unavailable revenues	86,382	-	-	86,382
Total liabilities and deferred inflows of resources	113,341	833	744	114,918
Fund balances:				
Nonspendable:				
Tax arrears	86,382	-	-	86,382
Prepays	71,845	-	-	71,845
Inventory	22,510	-	-	22,510
Unassigned	1,138,453	-	-	1,138,453
Total fund balances	1,319,190	-	-	1,319,190
	\$ 1,432,531	833	744	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds. 4,365,567

Long-term receivables are not available to pay for current period expenditures and therefore are shown as deferred inflows of resources in the fund financial statements.

Tax arrears 86,382

Net position of governmental activities 5,771,139

See accompanying notes and accountant's review report.

CITY OF ALEKNAGIK, ALASKA

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds

Year Ended June 30, 2015

	General Fund	Capital Project Funds		Total Governmental Funds
		Public Safety Building Engineering	Public Safety Building Design	
Revenues:				
Local sources:				
Taxes	\$ 179,185	-	-	179,185
Charges for services	190,100	-	-	190,100
Other	101,412	-	-	101,412
Intergovernmental:				
City of Dillingham	11,982	-	-	11,982
State of Alaska	143,750	11,883	-	155,633
Federal sources	39,367	-	137,586	176,953
Total revenues	<u>665,796</u>	<u>11,883</u>	<u>137,586</u>	<u>815,265</u>
Expenditures:				
Current:				
Administration	250,987	-	-	250,987
Airport	971	-	-	971
City council	31,605	-	-	31,605
Public safety	37,887	-	-	37,887
Community services	83,045	-	-	83,045
Public works	258,443	-	-	258,443
Capital outlay	-	11,883	137,586	149,469
Total expenditures	<u>662,938</u>	<u>11,883</u>	<u>137,586</u>	<u>812,407</u>
Excess of revenues over expenditures	2,858	-	-	2,858
Fund balances, beginning of year	<u>1,316,332</u>	<u>-</u>	<u>-</u>	<u>1,316,332</u>
Fund balances, end of year	<u>\$ 1,319,190</u>	<u>-</u>	<u>-</u>	<u>1,319,190</u>

See accompanying notes and accountant's review report.

CITY OF ALEKNAGIK, ALASKA

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2015

Net change in fund balances - total governmental funds	\$	2,858
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlays	149,469	
Depreciation expense	<u>(284,274)</u>	(134,805)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of the change in unavailable revenues		
		<u>(13,500)</u>
Change in net position of governmental activities	\$	<u><u>(145,447)</u></u>

See accompanying notes and accountant's review report.

CITY OF ALEKNAGIK, ALASKA

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Original and Final Budget and Actual

General Fund

Year Ended June 30, 2015

	Original and Final Budget Amounts	Actual Amounts	Variance with Original and Final Budget - Positive (Negative)
Revenues:			
Local sources	\$ 140,100	179,185	39,085
Charges for services	93,620	190,100	96,480
Other	308,275	101,412	(206,863)
Intergovernmental:			
City of Dillingham	-	11,982	11,982
State of Alaska	129,923	143,750	13,827
Federal sources	72,001	39,367	(32,634)
Total revenues	<u>743,919</u>	<u>665,796</u>	<u>(78,123)</u>
Expenditures:			
Current:			
Administration	212,821	250,987	(38,166)
Airport	12,300	971	11,329
City council	24,903	31,605	(6,702)
Public safety	56,711	37,887	18,824
Community services	63,405	83,045	(19,640)
Public works	236,987	258,443	(21,456)
Total expenditures	<u>607,127</u>	<u>662,938</u>	<u>(55,811)</u>
Excess of revenues over expenditures	<u>\$ 136,792</u>	2,858	<u>(133,934)</u>
Fund balance, beginning of year		<u>1,316,332</u>	
Fund balance, end of year		<u>\$ 1,319,190</u>	

See accompanying notes and accountant's review report.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements

June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the City of Aleknagik (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The City of Aleknagik, Alaska is a municipal corporation and political subdivision of the State of Alaska, incorporated as a second class city in 1973. The City is a small town located at the head of Wood River on the southeast end of Lake Aleknagik, 16 miles northwest of Dillingham with a population of approximately 200 people which operates under a Mayor-Council form of government.

The City provides a variety of services including general administration, airport, public safety, community services, and public works.

There are no component units combined with the City for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the City's financial statements present only the activities for which its elected governing board is financially accountable.

The more significant of the City's accounting policies are described below:

B. Government-Wide and Fund Financial Statements

The Government-Wide Financial Statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The City does not presently have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include grants and contributions that are restricted to meeting the operations or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Deferred inflows of resources are the acquisition of Fund Balance / Net Position by the City that are applicable to a future reporting period. Deferred outflows of resources are the consumption of Fund Balance / Net Position by the City that are applicable to a future reporting period.

Separate financial statements are provided for governmental fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City reports the following major governmental funds:

The *General Fund* is the primary operating fund of the City. It accounts for all financial resources of the City, except those reported to be accounted for in another fund.

The *Public Safety Building Engineering* and *Public Safety Building Design Capital Project Funds* account for the design and engineering of a new public safety and heavy equipment building.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use for governmental activities, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Amounts reported as program revenues include 1) Charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

Summarized below are the major sources of revenue, which are susceptible to accrual and the applicable recognition policies:

Intergovernmental Revenue:

State of Alaska and federal government cost reimbursable grants and contracts and State of Alaska construction grant revenues are recorded to the extent of allowable expenditures in the period the expenditures are incurred.

State of Alaska fisheries business tax, revenue sharing, federal funds passed through the State of Alaska in the form of PILT payments are recorded in the fiscal year to which they relate.

Local Revenue:

The City collects various taxes and charges for services such as sales tax, bed tax, facilities usage fees, equipment rental, snow removal, boat storage and water and sewer fees. The City also receives additional local revenue in the form of donations, lease payments, and revenue from other local sources which are recognized in the year received. The City earns interest on their investments and the interest is recorded in the General Fund and susceptible to accrual.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities and Equity

1. Cash and Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, mutual funds and short-term investments with original maturities of three months or less from the date of acquisition.

2. Short-term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the Fund Financial Statements and are eliminated in the preparation of the government-wide financial statements.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

3. Inventories and Prepaid

Inventories are valued at cost, which approximates fair value, on a first-in, first-out basis and are recorded as expenditures when consumed. Payments made to vendors for services that are applicable to future accounting periods are recorded as prepaid items. The inventories and the prepaid assets recorded in the Fund Financial Statements do not reflect current available resources and are classified as non-spendable in the Fund Financial Statements.

4. Taxes Receivable

Revenues from taxes, net of estimated refunds, are to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. As a result, tax payments due at year end, relating to the tax period ending June 30, 2015, are recorded as receivable. Receivables in excess of 180 days comprise the balance of the allowance for uncollectible accounts, which has a balance of \$24,236 as of June 30, 2015.

5. Capital Assets

Capital assets used in governmental fund types of the City are recorded in the Government-Wide Financial Statements at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are depreciated on the straight-line method in the Government-Wide Financial Statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives or are not individually greater than \$5,000 are not capitalized in the Government-Wide Financial Statements, but are instead expenses.

6. Unearned Revenue

Unearned revenue arises when resources are received before the City has legal claim to them, as when the grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when there is a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

7. Net Position

In the government-wide financial statements, net position is divided into three components:

- Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

- Restricted net position – consists of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

8. Fund Balance

In the fund financial statements, fund balance includes five classifications as follows:

Nonspendable Fund Balance – amounts that are legally or contractually required to be maintained intact (such as the corpus of an endowment fund) or amounts that are not in a spendable form (such as inventory, prepaid items, supplies, and long-term receivables). Such constraint is binding until the legal or contractual requirement is repealed or the amounts become spendable.

Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. Such constraint is binding unless modified or rescinded by external body, laws, or regulation.

Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the City Council. Commitments may be changed or lifted by the Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – amounts intended to be used by the City for specific purposes: intent can be expressed by the Council or by the City Mayor or designee. Such constraint is binding unless modified or eliminated by the Council or City Mayor. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed.

Unassigned Fund Balance – amounts not contained in the other classifications and available for any purpose. Positive unassigned amounts will be reported only in the General Fund. If another governmental fund, other than the General Fund, has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund.

The order of spending, regarding the restricted and unrestricted fund balance when an expenditure is incurred for which both restricted and unrestricted fund balance is available should first reduce restricted fund balance and then unrestricted fund balance. The order of spending regarding unrestricted fund balance is that committed amounts should be reduced first, followed by the assigned amounts, and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

Compliance with the provisions of the Fund Balance Classification Policy are reviewed annually. The Mayor reports to the Council as close to the end of the year as possible the anticipated year-end fund balance or deficit. The Council takes appropriate action to commit or assign, or otherwise allocate prior year fund balances.

The City's Special Revenue Funds are used to account for services provided to its citizens and other programs that are restricted or committed.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end, except for the capital project funds, which adopt project-length budgets. Unexpended grant Special Revenue Funds are re-appropriated at the beginning of the year for any unexpended prior year appropriations.

Budgetary control is exercised at the fund level. The City administrator is authorized to transfer budget amounts within a fund; however, any supplemental appropriations that amend the total expenditures of any fund require a City Council resolution. Reported budgeted amounts are as originally adopted or as amended by a City Council resolution. All amendments during the year were not considered significant.

B. Excess Expenditures over Appropriations

Expenditures exceeded appropriations in the General Fund by \$43,832.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The City maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as "Cash and cash equivalents" or amounts "Due to other funds" or "Due from other funds." At June 30, 2015, the City had cash and cash equivalents of \$483,183.

\$585,240 of the City's cash and cash equivalents are in the Alaska Municipal League Investment Pool (AMLIP). The investment in AMLIP represents the City's share of ownership in the pool rather than ownership of specific securities. AMLIP is considered to be an external investment pool as defined by Generally Accepted Accounting Principles. AMLIP is not SEC-registered and is unrated. Regulatory oversight of the pool is established by Alaska Statute 37.23. The law sets forth numerous requirements regarding authorized investments and reporting. The pool is incorporated in the State of Alaska as non-profit corporation and reports to a board of directors. Alaska Statute 37.23.050 requires the retention of an investment manager.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

The manager is required to produce monthly disclosure statements on the pool. The pool also has retained an investment adviser who monitors the performance of the investment manager to ensure compliance with investment policies. All participation in the pool is voluntary. The pool must maintain a dollar-weighted average maturity of 90 days or less, and only purchase instruments having remaining maturities of 90 days or less, and only purchase instruments having remaining maturities of 397 days or less. On a monthly basis, the investments in the pool are reviewed for fair values by an independent pricing service. As of September 30, 2014, the fair value of the investments in the pool approximates amortized cost and is equal to the value of pool shares. To obtain a copy of AMLIP's financial statements contact Key Trist of Alaska at 101 West Benson Blvd., Room 302, Anchorage, Alaska 99503.

A listing of the City's investments at June 30, 2015 is as follows:

	Fair Value	Maturities	
		1-5 years	6-10 years
AMLIP Mutual Funds	\$ 585,240	585,240	-

Interest rate risk – The City does not have a formal Investment Policy that limits investment maturities as a means of managing its exposure to fair market losses arising from increasing interest rate risk.

Custodial credit risk – is the risk that in an event of a bank or counterparty failure, the City's deposits and investments will not be returned. The City's bank accounts are insured by the Federal Depository Insurance Corporation (FDIC) to a maximum of \$250,000. At June 30, 2015, the City had \$46,986 of uninsured and uncollateralized cash.

B. Receivables

	General Fund	Public Safety Building Engineering	Public Safety Building Design	Total
Receivables:				
Customers and other	\$ 146,935	-	-	146,935
Grants	59,095	833	744	60,672
Tax arrears	86,382	-	-	86,382
Gross receivables	294,412	833	744	293,989
Less: allowance for uncollectible	(24,236)	-	-	(24,236)
Net receivables	\$ 268,176	833	744	269,753

C. Deferred Inflows of Resources

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidated liabilities of the current period. At June 30, 2015, the City had \$86,382 of deferred inflows consisting of unavailable tax arrears receivable in the General Fund.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

D. Capital Assets

The following is a summary of changes in the capital assets for the year ended June 30, 2015:

	Balance <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2015</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	2,743,100	149,469	(2,743,100)	149,469
Infrastructure	\$ -	2,743,100	-	2,743,100
Buildings	4,229,918	-	-	4,229,918
Equipment	2,002,878	-	-	2,002,878
Total capital assets being depreciated	<u>6,232,796</u>	<u>2,743,100</u>	<u>-</u>	<u>8,975,896</u>
Less accumulated depreciation for:				
Infrastructure	-	91,437	-	91,437
Buildings	3,001,443	55,209	-	3,056,652
Equipment	1,474,081	137,628	-	1,611,709
Net accumulated depreciation	<u>4,475,524</u>	<u>284,274</u>	<u>-</u>	<u>4,759,798</u>
Net capital assets, being depreciated	<u>1,757,272</u>	<u>2,458,825</u>	<u>-</u>	<u>4,216,098</u>
City capital assets, net	<u>\$ 4,500,372</u>	<u>2,458,825</u>	<u>-</u>	<u>4,365,567</u>

Depreciation expense was charged to functions of the City as follows:

Administration	\$ 2,084
Public safety	53,372
Community services	67,627
Public works	161,191
Total	\$ <u>284,274</u>

Buildings, vehicles, and equipment used in the governmental fund types are depreciated under the straight-line method with estimated useful lives as follows:

	<u>Life in Years</u>
Buildings	30
Vehicles	5
Equipment	5-20
Infrastructure	2-30

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

E. Interfund Receivables and Payables and Transfers

Interfund receivables and payables are shown as "Due To" and "Due From" in each of the individual funds. These balances at June 30, 2015 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Public Safety Building Engineering Capital Project Fund	\$ 833
General Fund	Public Safety Building Design Capital Project Fund	<u>744</u>
		\$ <u>1,577</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

IV. OTHER INFORMATION

A. Landfill Closure and Postclosure Liability

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, accounting principles generally accepted in the United States of America require that the City report a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. However, at this time, the study to estimate the ultimate cost of closure and postclosure monitoring has not been completed. As a result, there is no accrual to provide for these costs in the financial statements.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the City's. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City's management expects such amounts, if any, to be immaterial.

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

CITY OF ALEKNAGIK, ALASKA

Notes to Basic Financial Statements, continued

D. Related Parties

As a result of the City's business activities and the geographic isolation of its operations, transactions are conducted in the normal course of business with management and City members.

E. Subsequent Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates covering several topics as follows:

- GASB 72 – *Fair Value Measurement and Application*. Effective for periods beginning after June 15, 2015.
- GASB 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Effective for fiscal years beginning after June 15, 2015.
- GASB 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Effective for fiscal years beginning after June 15, 2016.
- GASB 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Effective for fiscal years beginning after June 15, 2017.
- GASB 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Effective for fiscal years beginning after June 15, 2015.
- GASB 77 – *Tax Abatement Disclosures*. Effective for fiscal years beginning after December 15, 2015.

Statements 73 through 77 are not expected to have any significant impact on the financial statements of the City.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosure related to all fair value measurements.

**ADDITIONAL SUPPLEMENTARY
INFORMATION**

CITY OF ALEKNAGIK, ALASKA

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual

Year Ended June 30, 2015

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:			
Local sources:			
Taxes:			
Sales tax	\$ 45,000	67,447	22,447
Bed tax	95,000	98,238	3,238
Other	100	13,500	13,400
Total taxes	<u>140,100</u>	<u>179,185</u>	<u>39,085</u>
Charges for services:			
Building rental	55,000	62,210	7,210
Equipment rental	10,000	43,000	33,000
Leases	-	37,001	37,001
Snow removal	2,500	73	(2,427)
Boat storage	10,000	9,600	(400)
Water and sewer	1,000	5,536	4,536
Dump fees	1,500	5,845	4,345
Maintenance income	-	2,500	2,500
Contracted services	6,500	19,975	13,475
Other	7,120	4,360	(2,760)
Total charges for services	<u>93,620</u>	<u>190,100</u>	<u>96,480</u>
Other:			
Finance charges	-	493	493
BBEDC block grant	308,000	14,750	(293,250)
BBEDC internship reimbursement	-	4,833	4,833
Aleknagik Natives Limited bus grant	-	80,150	80,150
Miscellaneous	275	1,186	911
Total other	<u>308,275</u>	<u>101,412</u>	<u>(206,863)</u>
Intergovernmental:			
City of Dillingham -			
NTS Senior Grant	-	11,982	11,982
State of Alaska:			
Fisheries business tax	6,000	3,871	(2,129)
State revenue sharing	105,923	106,240	317
Airport maintenance contract	15,000	16,969	1,969
Electric and telephone	3,000	7,156	4,156
Training reimbursement	-	9,514	9,514
Total State of Alaska	<u>129,923</u>	<u>143,750</u>	<u>13,827</u>
Federal sources -			
Payment in lieu of taxes	72,001	39,367	(32,634)
Total revenues	<u>743,919</u>	<u>665,796</u>	<u>(78,123)</u>

(continued)

CITY OF ALEKNAGIK, ALASKA

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, Continued

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures:			
Administration:			
Salaries and benefits	\$ 117,501	125,905	(8,404)
Professional fees	26,000	46,617	(20,617)
Utilities	30,420	22,710	7,710
Insurance	15,000	6,858	8,142
Supplies	8,000	15,078	(7,078)
Equipment	2,600	-	2,600
Travel and lodging	9,000	18,049	(9,049)
Other	4,300	15,770	(11,470)
Total administration	<u>212,821</u>	<u>250,987</u>	<u>(38,166)</u>
Airport - salaries and benefits	<u>12,300</u>	<u>971</u>	<u>11,329</u>
City council:			
Salaries and benefits	11,303	13,064	(1,761)
Travel and lodging	12,900	18,491	(5,591)
Other	700	50	650
Total city council	<u>24,903</u>	<u>31,605</u>	<u>(6,702)</u>
Public safety:			
Salaries and benefits	26,086	10,568	15,518
Utilities	12,250	11,644	606
Insurance	4,500	6,504	(2,004)
Supplies	150	628	(478)
Equipment	8,200	6,488	1,712
Travel and lodging	5,525	2,055	3,470
Total public safety	<u>56,711</u>	<u>37,887</u>	<u>18,824</u>
Community services:			
Salaries and benefits	25,930	24,421	1,509
Professional fees	-	8,655	(8,655)
Utilities	21,500	25,342	(3,842)
Insurance	4,200	4,806	(606)
Supplies	2,275	4,750	(2,475)
Equipment	9,500	13,685	(4,185)
Other	-	1,386	(1,386)
Total community services	<u>63,405</u>	<u>83,045</u>	<u>(19,640)</u>

(continued)

CITY OF ALEKNAGIK, ALASKA

General Fund

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual, Continued

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures:			
Public works:			
Salaries and benefits	\$ 114,712	106,221	8,491
Professional fees	-	15,733	(15,733)
Utilities	46,688	74,484	(27,796)
Supplies	1,040	6,258	(5,218)
Equipment	40,470	21,497	18,973
Insurance and bond	20,562	27,987	(7,425)
Postage and freight	-	3,294	(3,294)
Travel and lodging	8,305	2,766	5,539
Other	5,210	203	5,007
Total public works	<u>236,987</u>	<u>258,443</u>	<u>(21,456)</u>
Total expenditures	<u>607,127</u>	<u>662,938</u>	<u>(55,811)</u>
Excess of revenues over expenditures	<u>\$ 136,792</u>	2,858	<u>(133,934)</u>
Fund balance, beginning of year		<u>1,316,332</u>	
Fund balance, end of year		<u>\$ 1,319,190</u>	

CITY OF ALEKNAGIK, ALASKA

Public Safety Building Engineering Capital Project Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance

Year Ended June 30, 2015

Revenues -		
State of Alaska	\$	<u>11,883</u>
Expenditures:		
Capital outlay:		
Salaries and benefits		1,159
Supplies		124
Professional fees		<u>10,600</u>
Total expenditures		<u>11,883</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

CITY OF ALEKNAGIK, ALASKA

Public Safety Building Design Capital Project Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance

Year Ended June 30, 2015

Revenues -		
Federal revenues passed through the State of Alaska	\$	<u>137,586</u>
Expenditures:		
Capital outlay:		
Salaries and benefits		2,565
Supplies		21
Professional fees		<u>135,000</u>
Total expenditures		<u>137,586</u>
Excess of revenues over expenditures		-
Fund balance, beginning of year		<u>-</u>
Fund balance, end of year	\$	<u><u>-</u></u>

